

IMPACT INVESTING:

INVESTMENTS intended to generate *social or environmental benefits* as well as **FINANCIAL RETURNS**

IMPACT INVESTING

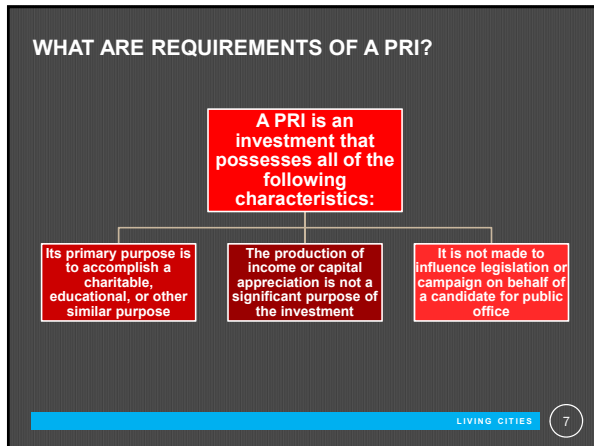


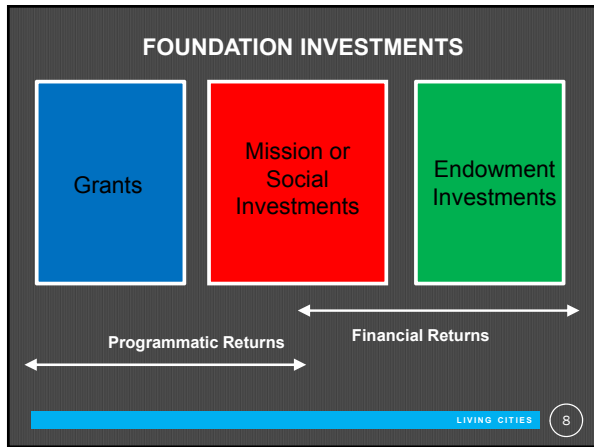
Aligning investing practices with impact goals is a practice that can be traced back to the Quakers & Ben Franklin!

IMPACT INVESTING & FOUNDATIONS

Program-Related Investments (PRIs) are investments made by Foundations to support charitable activities.

Unlike grants, PRIs provide foundations a return on their investment through repayment and interest on loans or return on equity, allowing the foundations to recycle their resources.





SOCIAL + FINANCIAL GAIN = INVESTING FOR IMPACT

	Donating		Impact Investing		Investing			
Donors/ Investors	Charitable Donor	Strategic Phil. Donor	Venture Phil. Donor	Impact First Investor	Finance First Investor	Sustainable Investor	Socially Responsible Investor	Financial Investor
Screening	Basic compliance	High impact org.	Orgs with potential to scale	Social impact first, then seek positive financial result	Financial first, then seeking positive social impact	Financial + positive screen for ESG	Financial + negative screen	Financial only (includes basic regulatory compliance)
Expected Impact Intent	Full	Full with leverage	Full with leverage	Significant	Some	Modest	Neutral	None
Donors/ Investors Seeking	Orgs with mission they believe in	Well-run orgs in donor theory of change	High impact and scalable	High social impact with above-market rate financial return	High-rate return with some social/ environmental impact	Market rate returns that are socially targeted	Maximize profits without provoking consumer	Maximize profits with no regard to social impact

↓ PRI ↓ MRI

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TRADITIONAL PHILANTHROPY

Fund Grants from Earnings ~ 5% of assets

Invest Endowment Assets 95% of assets

Seek only social return by making grants

Seek only financial return to fund grants while preserving or growing endowment

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NEW PHILANTHROPIC INVESTING CONTINUUM

Grants Recoverable Grants PRIs: Program-Related Investments MRIs: Mission-Related Investments Endowment Investments

Primary Motivation: Social Return

Primary Motivation: Financial Return

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PRI BENEFITS FOR FOUNDATIONS

- ✓ *Mission:* more assets working towards mission, augments grants
- ✓ *Feasibility:* proof of concept (prove creditworthiness)
- ✓ *Leverage:* attract other capital from banks, corps, gov't by taking real/perceived risk
- ✓ *Flexibility:* fill financing gap, variable structure & terms
- ✓ *Recyclable:* can be deployed for new projects
- ✓ *Size:* can fund larger projects that exceed typical grant amounts
- ✓ *Pay-Out:* can help meet distribution requirement
- ✓ *Strength:* foster sustainability, increase accountability

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BENEFITS: LEVERAGE OTHER CAPITAL

- PRI investors are willing to accept lower financial returns and/or higher risk for achievement of targeted social outcomes
- Buffers risk and/or enables others to receive greater returns
- Induces more financially motivated investors to invest capital

Bottom Line: more capital from banks, corporations & gov't going toward issues you care about

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IMPACT INVESTING & LIVING CITIES

Members have pioneered the use of PRIs as early as the 1960s.

Seven of our members together accounted for 25% of total PRI dollars invested between 2000-2010.



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DALLAS IMPACT INVESTING COLLABORATIVE

Align resources towards learning, innovation, and shared investment



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