

# INVEST *for* MORE

Financial Return • Local Impact







# Investing for more: financial return *and* local impact

Investing for local impact means making focused, carefully selected investments into companies, organizations, and funds with the intention of generating a measurable, beneficial social impact in our Baltimore region, as well as a financial return.

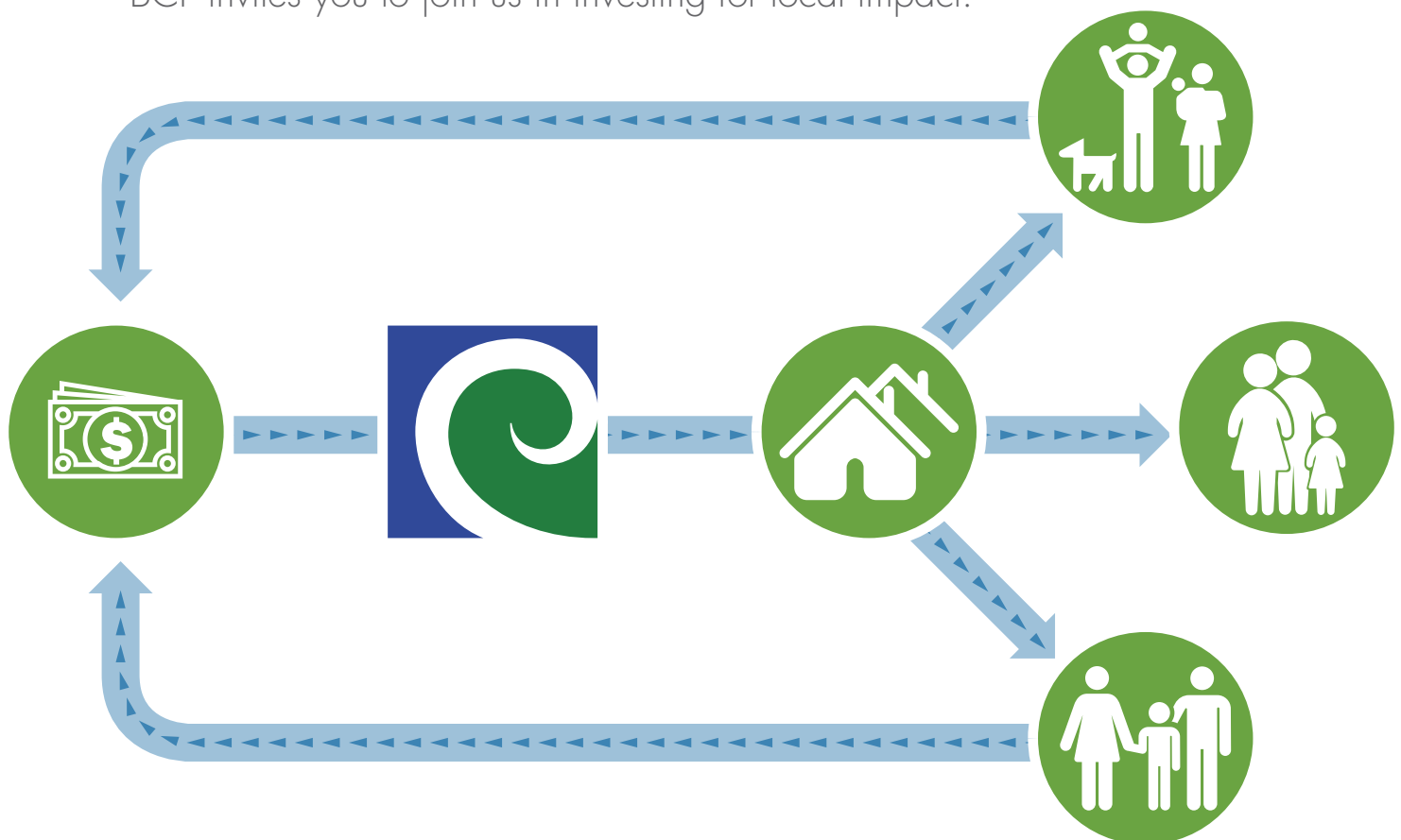


# How Does It Work?

BCF is committing up to four percent of its invested assets to an investment pool dedicated to local impact. BCF invests for local impact through intermediaries in a variety of instruments that directly support economic growth and human capital in the Baltimore region. For example: one of BCF's first local impact investments went to Enterprise Community Partners to support development of multifamily affordable housing in Baltimore.

Local impact investments are expected to yield a double bottom line: an expected overall financial return of about 3% as well as a social return through the projects supported.

BCF invites you to join us in investing for local impact.



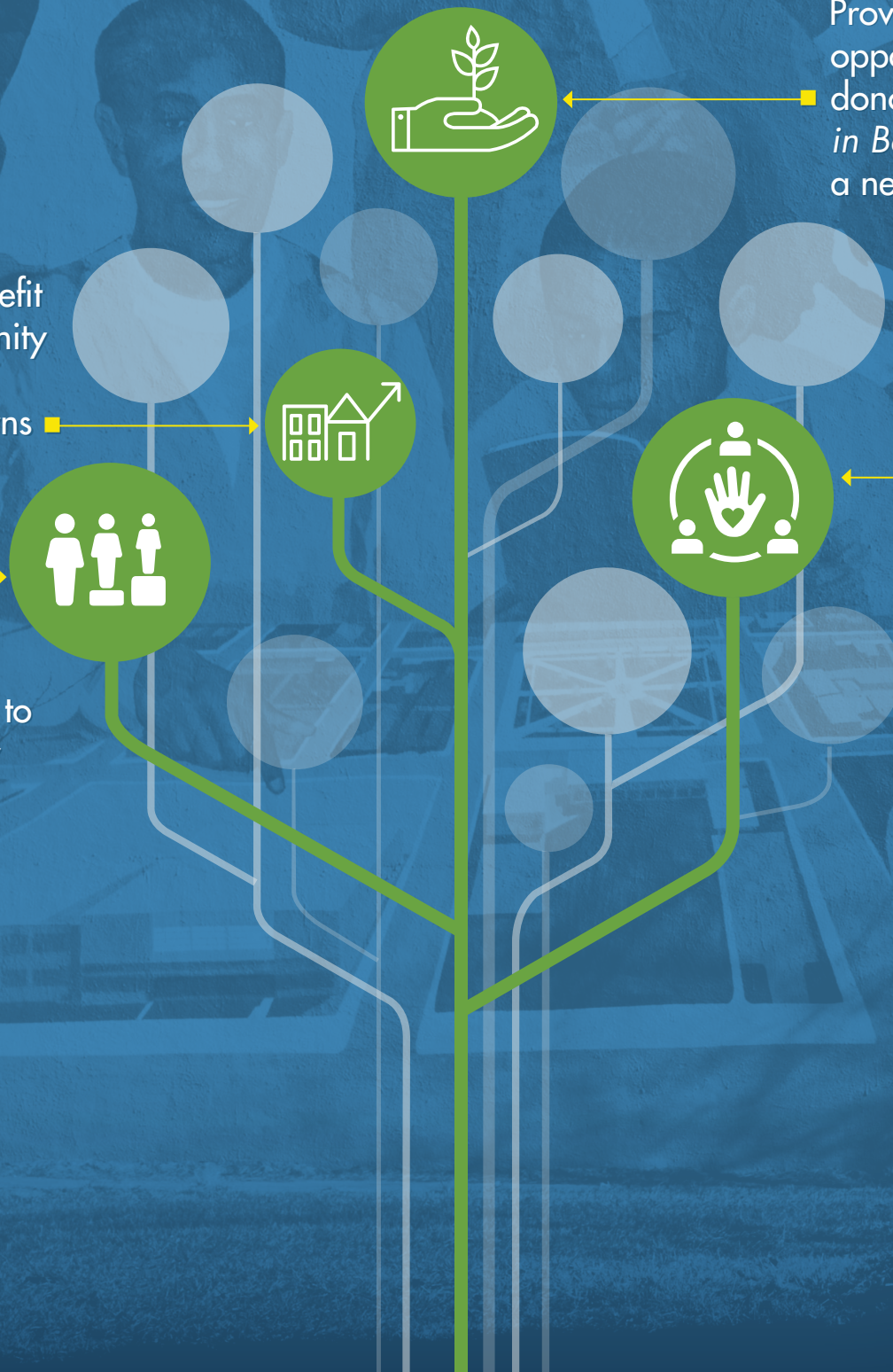
# Benefits of Local Impact Investing

Provide an opportunity for donors to *Invest in Baltimore* in a new way

Generate benefit to the community as well as financial returns

Further our commitment to racial equity

Align more of our capital with our mission







# How **YOU** Can Invest for More

## Achieving local impact as well as financial return

### Do you have a donor-advised fund at BCF?

You may commit a portion of your **non-endowed donor-advised fund** for a period of seven years for local impact investments. Funds with assets greater than \$50,000 may commit up to 75%; funds with assets less than \$50,000 may commit up to 20%.

During the seven years, these assets will not be available for grantmaking, but will provide a financial return to your donor-advised fund as well as local impact through the projects supported by BCF's local impact investments.

At the end of seven years, you may choose to renew your commitment for another seven years, or have the assets returned to your fund to be used for grants that you recommend. Administrative fees will continue to be calculated on your Fund's total assets including those committed to local impact investments.

If your donor-advised fund is **endowed**, your fund is fully invested in the BCF Pool, a portion of which is committed to local impact investments. Because of rules governing investment of endowments\* your endowed donor-advised fund may not make an additional commitment to local impact investments.

### You don't have to be a fundholder to help!

Help us Invest for More by making a donation of any size. Your gift to the Invest for More Fund will permanently increase the money available for BCF's local impact investments, and we will report regularly on the projects made possible by your generosity.

*\*UPMIFA (the Uniform Prudent Management of Institutional Funds Act) requires that BCF invest endowed funds in a diversified portfolio, such as the BCF Pool, designed to maintain value over time.*



# Q&A

## Will investment returns be affected?

There will be little or no effect on investment returns in the BCF Pool. BCF will commit up to 4% of assets in the BCF Pool to local impact investments, and anticipates returns that are competitive with fixed income investments. Our financial goal for local impact investments is a blended return of 3%.

## What kind of local impact does BCF expect to see?

We will identify investments focused on Baltimore City and County. Local impact investments may include, for instance, small business lending, affordable housing, healthy food access, workforce development or education.

## Who is choosing the investments?

The Impact Investing Subcommittee of the Investment Committee will explore opportunities for local impact investments and make recommendations to the Investment Committee, which will make final decisions on investments. BCF staff and consultants will assist with performing due diligence on the investment opportunities.

## What kind of oversight will there be on the local impact investments?

BCF intends to invest with Community Development Financial Institution (CDFI) intermediaries who have a strong track record of working with borrowers. Therefore, there will be two layers of oversight of the

local impact investments. Individual investments will receive oversight from the CDFI intermediaries who make the investments. BCF's Investment Committee will regularly review performance data from those intermediaries.

## Who else is using local or other forms of impact investing, and what have the results been like?

Impact investing is becoming common both for community foundations across the U.S. and for private foundations in Baltimore and elsewhere. According to the Global Impact Investing Network (GIIN), impact investments are growing rapidly and represented \$114 billion in capital in 2016. Nationally, community development financial institutions, BCF's likely partners, have a successful 30-year history of doing this work—during that time, they have created more than one million jobs, more than 1.5 million housing units, and 192,000 businesses. In 2015, CDFIs provided at least \$5 billion in capital to low income individuals and communities. Their financial results were on par with mainstream financial institutions.

## What is the role of the Subcommittee?

The Subcommittee will recommend investments to the Investment Committee, monitor the overall liquidity of the investments with respect to BCF's needs, and provide overall direction. BCF's Investment Committee will make all final decisions on local impact investments.



# BCF Impact Investing Subcommittee



Patricia P. Baum  
RBC Wealth Management, Baum  
Jackson Investment Group



Oswaldo Acosta  
Latino Economic  
Development Center



Beth Bafford  
Calvert Foundation



Matthew D. Gallagher  
Goldseker Foundation



Darius Graham  
Weinberg Foundation



Amy Perez Jackson  
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Vernon Reid  
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Invest in Baltimore

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