



Investing Where It Matters: Making Place-Based Strategies Work for Foundations

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Your foundation has deep ties to the communities it serves. Relationships. Reputation. A record of impact.

But too often, those same communities are overlooked by the capital markets — underbanked, underinvested, and excluded from the flow of institutional dollars.

For many foundations and families, the drive to [align investments with place-based missions](#) is growing stronger. The impulse is grounded in both mission and logic: if a foundation exists to strengthen a region or community, shouldn't its investments do the same?

But despite the growing momentum, many foundations face a persistent question: *How?*

The barriers are real: visibility into local opportunities is limited, internal resources are stretched, and balancing fiduciary responsibility with regional commitment can feel like walking a tightrope.

At CapShift, we help foundations bridge that gap. Through our work with one Midwestern foundation, we developed four principles that underpinned a successful regional investment strategy, and how they might inform yours.

From Mission to Market: A Midwest Foundation's Journey

The client — a regional foundation focused on improving the local quality of life — came to us with a clear vision: deploy a portion of their portfolio into investments that would create tangible impact across their home city and broader region.

Their challenge? Grasping the full landscape of opportunities. They lacked visibility across the many investable local opportunities, weren't sure how to evaluate them, and wanted to ensure their decisions aligned with both fiduciary and mission-related goals.

Over the course of several months, CapShift built and implemented for the foundation a place-based investment strategy — guiding the foundation through four critical phases:

1. Define the Boundaries of "Place" and Purpose

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Place is not a strategy in itself. For any investment program to be effective, it must first answer: Which communities are we trying to serve, and how do we define local impact within them?

In the case of our Midwest foundation partner, the geographic boundaries were clear: a multi-county region undergoing demographic shifts and economic transition. But place-based investing demands more than a ZIP code — it requires intentionality about outcomes.

After working with the foundation to identify the strategic anchors of the investment portfolio, CapShift translated those themes into investment criteria around risk, return, and liquidity of options suitable for the foundation, as well impact on the local community, issuer experience in executing on strategy, strong equity characteristics, and a diversified set of opportunities, setting a course for targeted discovery.

2. Build a Discovery Infrastructure That Extends Beyond Your Walls

High-quality sourcing is one of the most underestimated challenges in place-based investing. Regional opportunities rarely appear in traditional databases, and many investable community vehicles remain below the radar of institutional investors.

CapShift approached sourcing for this client through a dual-track strategy:

- Searched our database of impact offerings in our Research Engine to identify options aligned with the foundation's themes; and
- Engaged local partners and community-based organizations in close partnership with the foundation to surface lesser-known opportunities grounded in local context.

A robust place-based pipeline is built at the intersection of breadth and local relationships. Without both, promising investments would remain out of view.

3. Design for Diversification — Not Just Geography

One of the common myths about place-based investing is that narrowing the geographic lens prohibits diversification. In reality, thoughtful portfolio design can produce both local alignment and risk-adjusted balance.

The final portfolio CapShift curated for the foundation included five investments across multiple asset classes and time horizons: private credit, fixed income, and real assets. Each investment aligned with at least one of the foundation's priority themes, and the collective portfolio offered a mix of liquidity profiles and return expectations appropriate to the client's mandate.

4. Uphold Diligence Standards — and Use Them to Strengthen Ecosystems

Investing locally should not mean lowering the bar. If anything, proximity can increase reputational risk and underscore the importance of disciplined evaluation. Our approach applies

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rigorous diligence across financial, operational, and impact measures to vet opportunities thoroughly. But diligence can also serve a generative function: clarifying what's investable today, and what may be investable tomorrow.

In this engagement, CapShift applied institutional diligence across each opportunity — assessing financial risk, operational capacity, governance, and the integrity of the impact thesis.

In doing so, we also flagged a few promising community-rooted funds that lacked the infrastructure to responsibly manage institutional capital. This exercise helped the foundation identify potential grantmaking or capacity-building efforts that could later open the door to investment.

Diligence is not only about decision-making — it's also about discovery. When conducted well, it reveals new roles for capital across your ecosystem. Rigorous diligence creates both accountability and opportunity.

Make It Happen: Centering Place in Your Strategy

Foundations are uniquely positioned to lead in place-based investing. Their local knowledge, long time horizons, and dual commitment to mission and stewardship give them the tools — and the imperative — to invest where they work.

What's needed is not more will, but more clarity: a process that honors both investment discipline and community insight.

The good news: Place-based investing doesn't require an overhaul of your investment strategy — it starts with intention and grows with the right support. For this Midwest foundation partner, place-based investing meant aligning every lever, from strategy to sourcing to execution, around where their mission lives.

At CapShift, we help foundations navigate this path with clarity and confidence. Whether you're just getting started or ready to deploy capital, we bring the tools, partnerships, and expertise to make your place-based goals actionable.

Interested in getting started? Contact us to receive a free sourcing report in the region of your choice: [Request Form](#)