

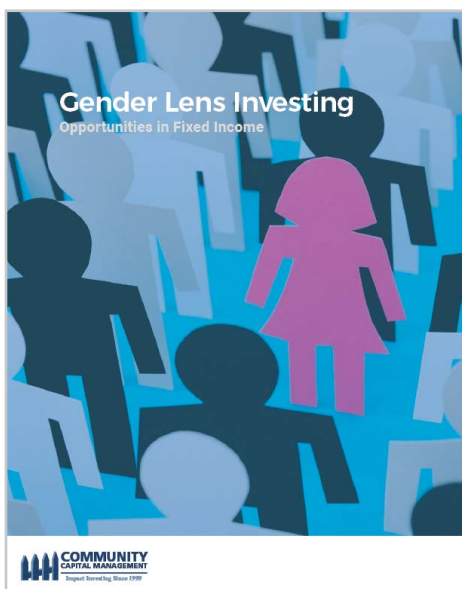
# THE **IMPACT** INVESTOR

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We are excited to share our fall 2018 issue of The Impact Investor newsletter. Highlights include: Opportunity Zones, our new Gender Lens report, economic inclusion as a new impact theme with investment examples, and a spotlight on the Social Impact Lab at Lynn University.

## NEW REPORT: **GENDER LENS INVESTING, OPPORTUNITIES IN FIXED INCOME**



Gender lens investing (GLI) is a hot topic as more and more investors look for opportunities to improve the lives of women and girls. While GLI is becoming increasingly popular, many still think it is limited to avoiding exposure to companies with poor gender diversity records or seeking companies in which women are represented at the executive and board levels.

Investors are increasingly interested in GLI and how it can be applied to a fixed income portfolio. Our new report, *Gender Lens Investing: Opportunities in Fixed Income*, includes details on how CCM looks at and evaluates fixed income GLI and includes case studies in fixed income and interviews with experts in GLI. To download a copy, please click [here](#).

## WATCH OUR VIDEO: HOW TO CUSTOMIZE IMPACT INVESTMENT PORTFOLIOS

Many impact investors often ask the team at CCM, "How are you able to customize impact portfolios? How does it work?" It's a great question, and our latest 2-minute video walks investors through the process from beginning to end. It was created to illustrate how investors can target specific geographies or impact themes, the customized quarterly impact reports investors receive, and what makes CCM's impact targeting process so unique and impactful. The video highlights our pioneering fixed income impact investing strategy from two perspectives – impact and financial.

Watch the video at [www.ccminvests.com](http://www.ccminvests.com).

## NEW IMPACT THEME: **ECONOMIC INCLUSION**



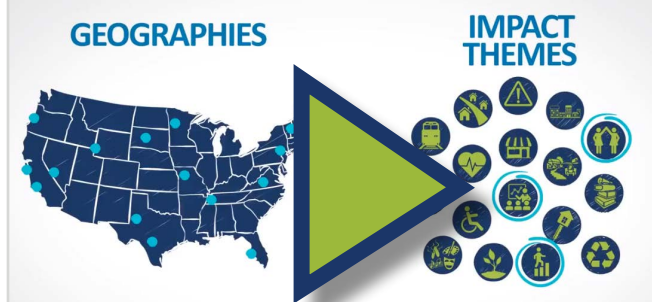
Economic mobility and access to capital are declining in many areas of the U.S. Income inequality has reached historically high extremes. While the two are often lumped together, a New York Times article, "It's Not the Inequality; It's the Immobility", points out that income equality is about bridging the gap between the rich and the poor, while economic mobility is about elevating the poor as rapidly as possible. At CCM, we think both are equally important and that investments that support economic inclusion can help bring more people and families to a point of entry to the financial markets that will lead to subsequent access to conventional resources.

In response to client requests and trends in the impact investing space, the team at CCM is continually evaluating opportunities to find additional themes that can contribute to positive environmental and social outcomes while looking to delivering superior

risk-adjusted returns. We are excited to share that thus far in 2018, we expanded our theme offerings with one new addition: economic inclusion.

We define economic inclusion as: assisting and supporting the process of bringing targeted groups, individuals, and communities closer to the economic mainstream and capital markets. Financial literacy training, loans to first-time homebuyers, small business loans, rent-to-own housing programs, and "banking the unbanked" initiatives are all examples of economic inclusion opportunities.

We always welcome your thoughts on potential new impact themes so please call us (954-217-7999) or email us ([jhorwitz@ccminvests.com](mailto:jhorwitz@ccminvests.com)) with your ideas. For examples of investments with economic inclusion, please see [page 3](#) of this newsletter.





# OPPORTUNITY ZONES: THE GOOD, THE BAD, AND THE FUTURE

By now you may have heard about Opportunity Zones, which were created in the Tax Cuts and Jobs Act of 2017.<sup>1</sup> In case you have not, an Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation authority to the Internal Revenue Service.

## The Good

Unlike other programs, investors aren't getting any upfront tax credits. They can reinvest their capital gains from other investments into these opportunity zones. Over time, they get preferable treatment on the profits from these new investments. After 10 years, additional capital gains are tax free.<sup>2</sup>

## The Bad

There is nothing guaranteed about an Opportunity Zone meaning that just because an area is designated, it doesn't mean there will be automatic availability of new investment capital. Or that investments made in Opportunity Zones will perform well. States are still figuring out how to bring in investors and investors are still looking at how they can take advantage of investment opportunities.

## The Future

Now that Opportunity Zones have been finalized and approved, the next step is for the Treasury Department to issue regulations. Unfortunately, the most optimistic timing for issuance of guidance is likely toward the end of 2018.<sup>3</sup> In the meantime, CCM is working on a new product to accomplish the goals of Opportunity Zones and we will keep you updated on details as it unfolds.

## The Bottom Line

Opportunity Zones were created to encourage investors to help revitalize low-income communities, boost affordable housing, reduce poverty, increase employment, and spur growth. However, like with all investments, risk is inherent and due diligence is required. As the first new community development tax incentive enacted since the 2000s, we are optimistic that Opportunity Zones will do what they were intended to do, and we are excited to see the outcomes.

<sup>1</sup> <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>

<sup>2</sup> <https://finance-commerce.com/2018/06/qa-how-to-invest-in-opportunity-zones/>

<sup>3</sup> <https://skodaminotti.com/blog/qualified-opportunity-funds-opportunity-zones/>

# SPOTLIGHT ON THE SOCIAL IMPACT LAB AT LYNN UNIVERSITY

In our continuous efforts to network with like-minded organizations in our community, CCM team members Jamie Horwitz, chief marketing officer, and Andy Kaufman, senior portfolio manager, recently visited The Social Impact Lab at Lynn University in Boca Raton, Florida. The Social Impact Lab is run by Jerry Hildebrand, executive director and a pioneer in social entrepreneurship, and Erina McWilliam-Lopez, associate director. It was wonderful to hear first-hand the impactful and powerful work taking place. We were connected with Jerry and Erina through our client, The Cordes Foundation, of which Jerry sits on the board of directors.

The Social Impact Lab is an experiential learning space to generate positive impact, both locally and globally, through sustainable business concepts. Expanding on Lynn's longstanding citizenship, cultural and career prep programs, students can gain social impact training, take part in experiential learning opportunities and network with industry professionals.

Ambassador Corps (AC) is the Social Impact Lab's annual summer apprenticeship where students can gain tangible work experience and the fundamentals for entering a career in social impact. The program is made up of two components: a pre-departure certificate training focused on building character and leadership and providing a comprehensive understanding of how finance and business can be tools for positive change; and an internship with a social enterprise or impact investment firm in locations such as Rwanda, Macedonia and the U.S. We are excited about the opportunities to work with The Social Impact Lab including potential school year and summer internships for Lynn students at CCM.





# CCM IMPACT THEME FOCUS: ECONOMIC INCLUSION



We are excited that our impact opportunity set continues to grow with two investment examples below that are helping to shape our new impact theme of economic inclusion. These investments meet our stringent impact and financial criteria and also help to further diversify our portfolios.

## Oportun

CCM recently invested in Oportun Notes representing 91,176 customer-friendly small consumer loans to borrowers with limited credit history to borrowers in the following states: California, Texas, Illinois, Nevada, Arizona, Florida, Utah, and New Mexico.

Oportun, formerly known as Progreso Financiero, was certified by the U.S. Treasury Department in 2009 as a Community Development Financial Institution (CDFI). CDFI's are mission-driven financial institutions that are dedicated to providing financial services to meet the needs of economically disadvantaged individuals within underserved communities. In order to become a certified CDFI, the financial institution must: have a primary mission of promoting community development; provide financial products and services; serve one or

more defined low-income target markets; maintain accountability to the community it serves; and be a legal non-governmental entity. In recognition of Oportun's goals of increasing economic opportunity for its clients, promoting community development, and serving low-income or underserved communities Oportun has received this certification.

Established in 2005 and headquartered in Redwood City, California, Oportun now has 270 retail locations in Arizona, California, Florida, Illinois, New Mexico, Nevada, Texas and Utah. As of December 31, 2017, there were 2,669 full-time employees located in the United States and Mexico. Oportun offers bilingual (English/Spanish) servicing and documentation via telephone, Web, mobile, or in-person.



## Freedom Financial

Founded in 2002, Freedom Financial began with the mission of creating the first consumer-friendly option for people struggling with debt. Today the company provides consumer education, installment loans, and debt restructuring solutions covering the full credit spectrum from prime to sub-prime consumers. The company's goal is to ensure people have all the information they need to make informed choices to solve their debt problems. As an industry leader, Freedom Financial was involved in establishing the 2010 Federal Trade Commission rules that ban abusive debt settlement practices; the organization is a founding member of the American Fair Credit Council (AFCC), which is dedicated to promoting and adhering to best practices in the credit advocacy industry; and they are also a platinum member of the International Association of Professional Debt Arbitrators.

CCM recently invested in the Freedom Financial Notes comprised of 17,697 loans to borrowers across 36 states and the District of Columbia. The top five states by both number of loans and percentage of the current principal balance are California, Texas, Florida, Ohio, and Pennsylvania.

The mission of Freedom Financial is to provide financial solutions, services, and education that enable people to reduce debt, build wealth, and achieve financial freedom. By staying true to this mission, Freedom Financial has grown to employ over 2,100 professionals and resolved debts for over 580,000 clients.



# LEADERSHIP CONFERENCE WOMEN RELIGIOUS: 2018 ASSEMBLY IN ST. LOUIS

The Leadership Conference Women Religious (LCWR) is the association of the leaders of congregations of Catholic women religious in the United States. The conference has about 1,350 members, who represent nearly 80 percent of the approximately 48,500 women religious in the United States. Founded in 1956, the conference assists its members to collaboratively carry out their service of leadership to further the mission of the Gospel in today's world.

In August, CCM exhibited at our 3rd LCWR Assembly in St. Louis. It was a wonderful event where we met with clients and chatted with LCWR members on incorporating impact investments and what it looks like in a Catholic context.



# CCM FALL 2018 CONFERENCE SCHEDULE

CCM will be at the following conferences this fall:

## The 2018 Sustainable Investing Conference at the United Nations

September 11  
New York, NY

## High Water Women

October 17  
New York, NY

## Sustainable Investing Solutions

October 29  
Washington DC

## Schwab Impact

October 29 - 31  
Washington DC

## RCRI

October 30 - November 1  
Orlando, FL

## The SRI Conference

November 1 - 3  
Colorado Springs, CO

## FT Investing for Good USA

December 4  
New York, NY



## VISIT [CCMINVESTS.COM](http://CCMINVESTS.COM) TO:

- ✓ Watch our video on how to customize impact investment portfolios
- ✓ Download our 2017 Annual Impact Report
- ✓ View our blog with recent content on Walk and Bike Scores, our two-prong investment approach, and myths about impact/ESG investing

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