

An aerial, isometric view of a neighborhood. The houses are simple, blocky structures in various shades of grey, white, and brown. The trees are stylized, green, geometric shapes. The ground is a vibrant green. The perspective is from a high angle, looking down at the neighborhood.

# Impact and ESG Investing Survey

3rd Edition | October 2021

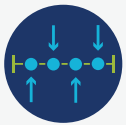
# Impact and ESG Investing Survey

## 3rd Edition | October 2021

Thank you to everyone who participated in our 3rd Impact and ESG Investing Survey. The results are always informative and we very much appreciate your time and efforts in completing the survey.

### Introduction

We are pleased to share the results of CCM's 3rd annual impact and ESG investing survey. Our goal for the survey is to share data and insights in impact and ESG investing, and we appreciate and thank those that participated. This year's survey had 62 participants. We have highlighted below some data points that stood out to us in this year's survey.



### Impact Investing Across Asset Classes

Investors continue to make impact investments across a variety of asset classes including cash, fixed income, equities, private equity, and real estate. There were also impact investments listed in asset classes in the "Other" category such as venture capital, social enterprises, and hedge funds.



### Most Popular Impact Areas

Similar to last year's survey, the top three most popular impact areas were the environment, sustainable initiatives, and affordable housing. Affordable housing increased slightly from last year with minority communities moving down in popularity. Neighborhood revitalization showed a substantial increase from 2020 to 2021 going from 29.7% to 39.3%.



### Important Factors in Impact and ESG Managers

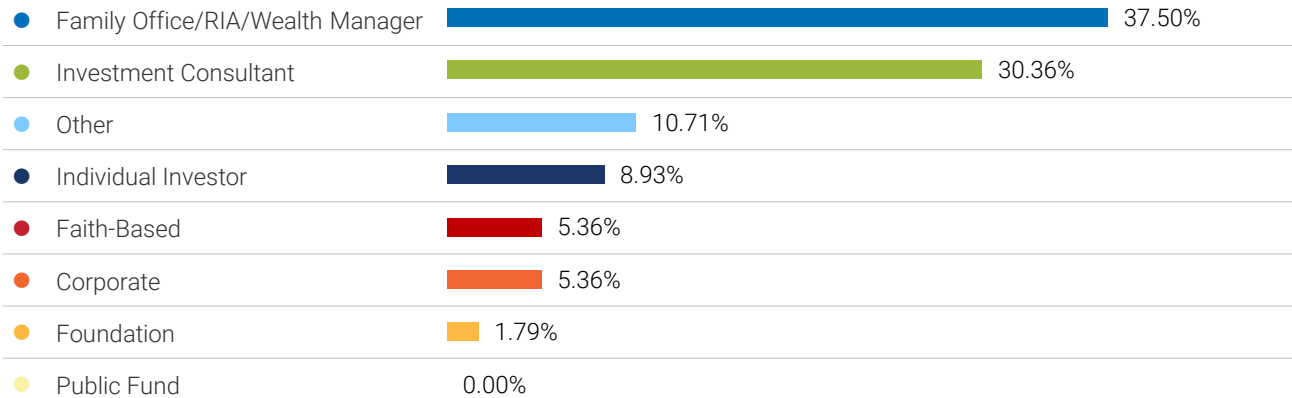
"Track record/reputation/returns" came in first (moving up from second in last year's survey) with almost 80% checking it off as a factor important when looking at impact and ESG investing managers. We agree this is extremely important especially with the increase in managers in the space along with the asset growth of the industry.

# Impact and ESG Investing Survey Results

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## Type of Investor

Results ordered high-to-low

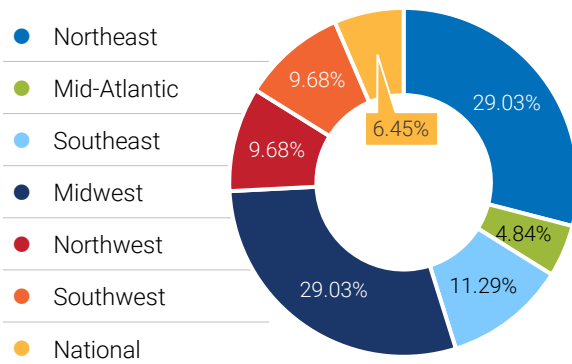


### Other responses:

- CDFI
- Private equity investor
- Non-profit financial services
- Asset manager
- Impact investment manager
- Government-chartered non-profit CED investment authority
- OCIO

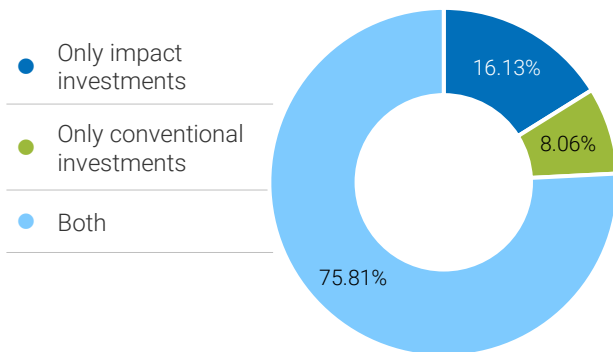
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## Where are you located in the U.S.?



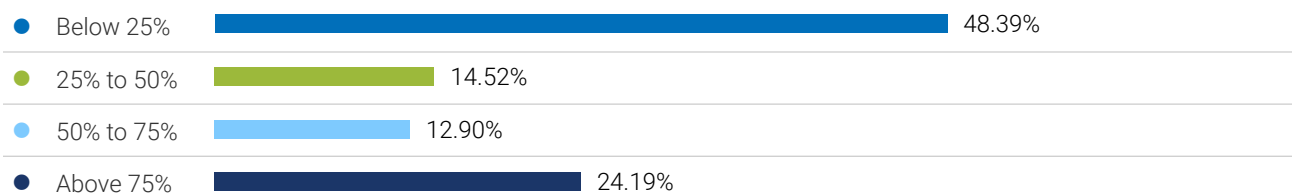
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## Do you/your clients make conventional investments, impact investments, or both?



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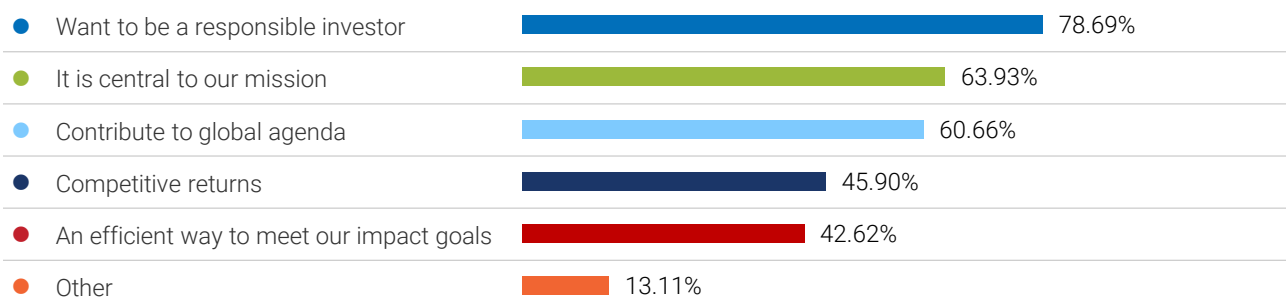
## What portion of your/your client's overall investment is in impact investments?



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## What motivates your organization/your clients to make impact and ESG investments? (Check all that apply)

Results ordered high-to-low



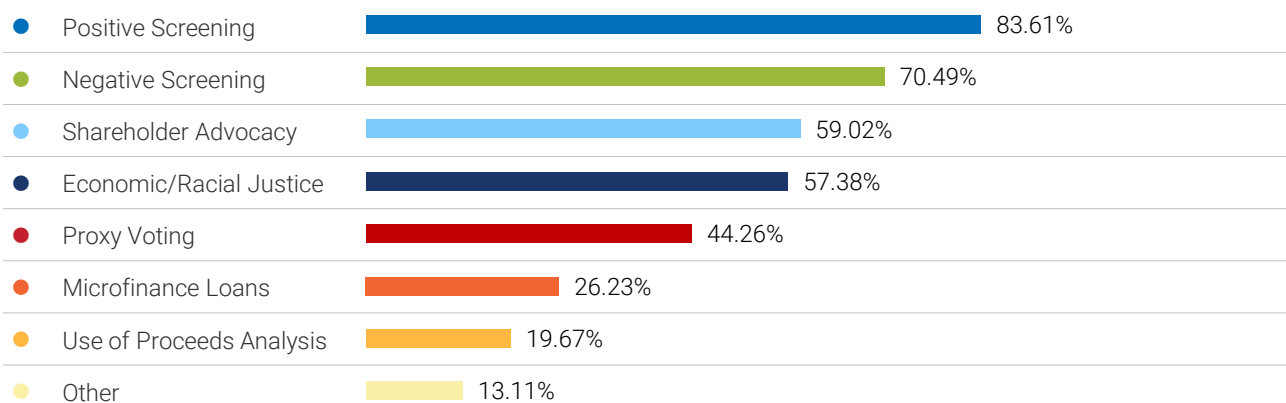
### Other responses:

- Am shifting portfolio from traditional investment approach to one that matches my values (finishing up learning phase which is ongoing and will make strategic changes in 2022)
- We approach investing through a values-based lens
- Help the local community (which jives with mission)
- Address risk more holistically
- Fix what is wrong with capitalism
- Align client goals with their missions and values
- Climate change is an existential threat to humanity

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## What type of impact investing are you/your client's making? (Check all that apply)

Results ordered high-to-low



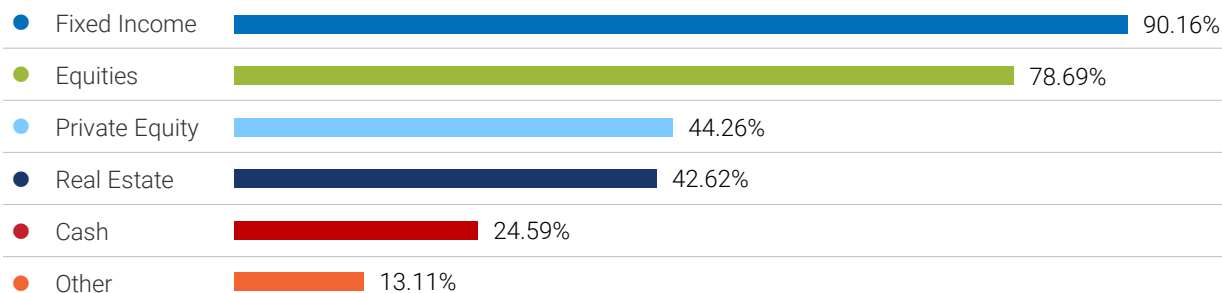
### Other responses:

- I may assign proxies to As You Sow and am working on my value priorities now
- Climate
- Corpus carve out
- Place-based investing to address housing instability and financial wellness
- Governance practices driven by conviction, wisdom, and virtue
- Renewable energy
- Capital to non-profit projects, CDBG funds for business expansion & microenterprise TA, solar/energy efficiency loans, technical assistance to stakeholders, state tax credit investments in community projects
- We make impact first loans through our loan fund and are integrating impact analysis in our investment portfolio

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## What asset classes are you/your client's making impact investments? (Check all that apply)

Results ordered high-to-low



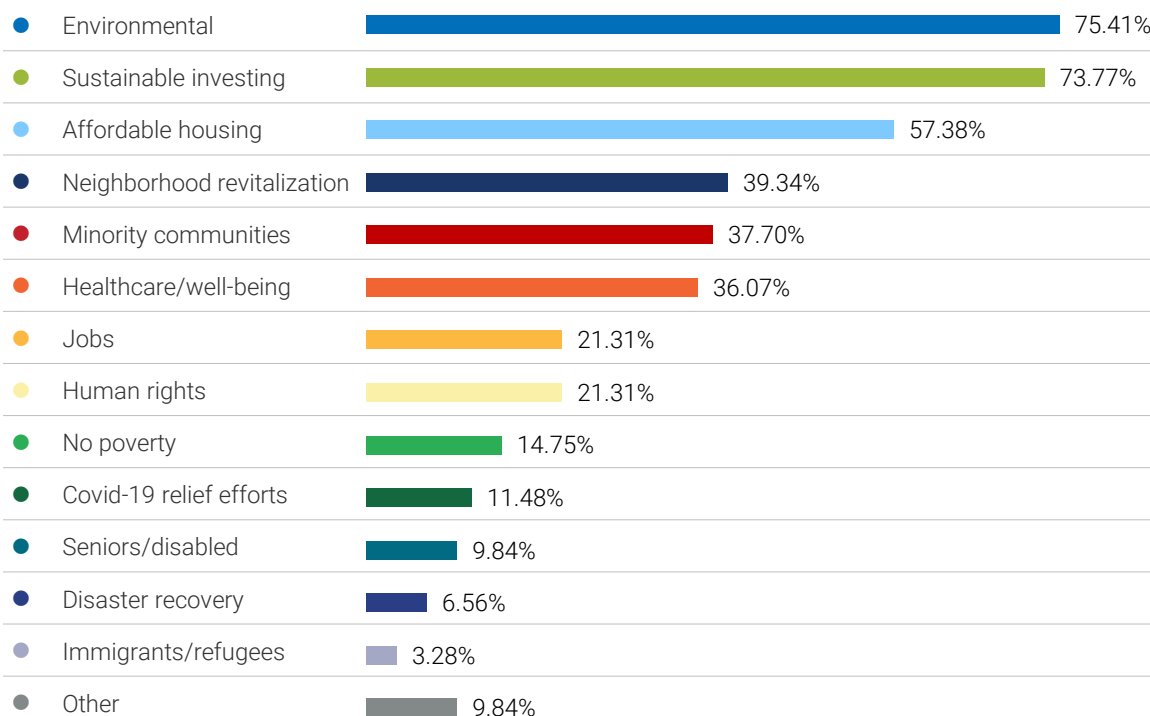
### Other responses:

- One small investment via Small Change with more asset shifting to come
- Bridge loan financing
- Social enterprises
- Organic farmland, sustainable timber/forestry
- Direct investments in local community
- Community facilities, TA programs (grants, loans, tax-credit equity)
- Venture capital
- Hedge funds

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## What impact area(s) does your overall organization invest in most? (Check all that apply)

Results ordered high-to-low



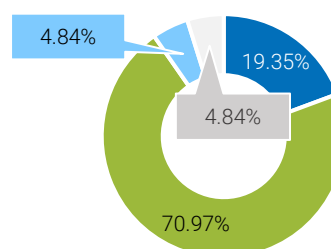
### Other responses:

- Racial/gender equitable
- Access to capital
- Clean energy
- Low carbon
- Gender lens
- Downtown redevelopment, water/sewer, projects that benefit low/moderate income families, arts/culture, recreation/outdoor access, community economic development
- All of the above through SEI CARES foundation and our clients the same through various strategies

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How are your impact and ESG investments performing relative to your expectations?

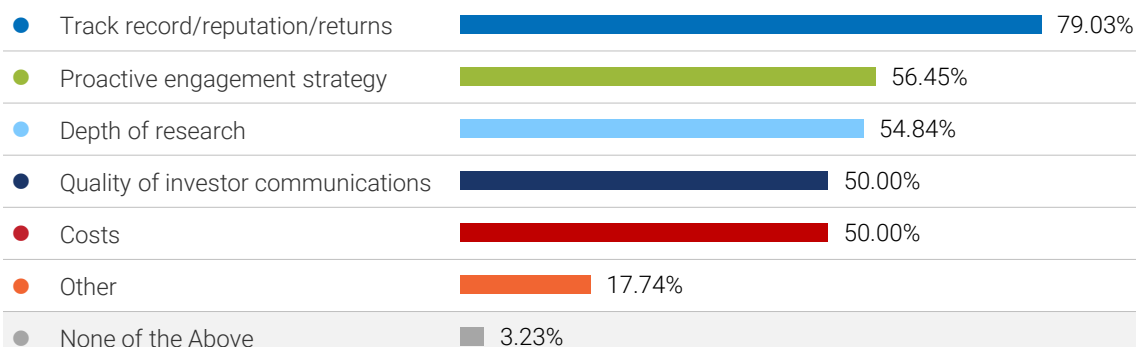
- Above
- In line
- Below
- N/A



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What factors do you/your clients think are most important in your impact and ESG manager? (Check all that apply)

Results ordered high-to-low



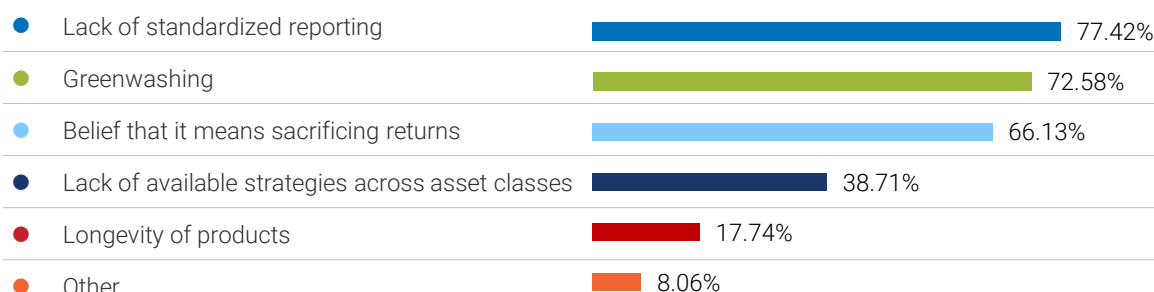
#### Other responses:

- Vibe and customized reports
- Commitment
- Authenticity
- What the actual impact investment is
- Level of conviction and efforts to innovate and challenge conventional practices
- SDGs
- Level of impact for racial and environmental issues
- Understanding our organization's specific values, instead of assuming a universal values lens will apply
- Investing in companies creating solutions to environmental and social issues
- Impact reporting is becoming more important
- Overall alignment of management firm with client values

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What do you think are some of the challenges facing the impact investing industry? (Check all that apply)

Results ordered high-to-low



#### Other responses:

- Storytelling and understandable data
- Perception that it is only about climate change i.e., "tree hugging"
- Access to knowledge of potential impact investments, such as cooperatives
- Viable deal flow: technical assistance needed to support investees
- Politics

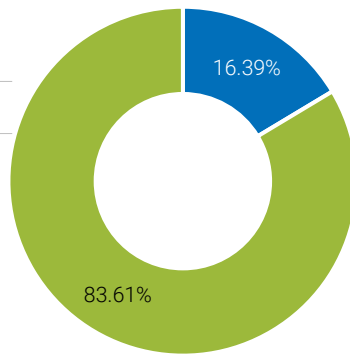


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## Has the COVID-19 pandemic changed your organization's/your client's impact area(s) of focus?

● Yes

● No



### If yes, how so?

- More racial equity-focused investments
- Impact is more important
- High returns have motivated more investors to impact social change with portfolio
- More urgency on social justice + climate change
- Increased focus on COVID recovery
- Shifted some of our resources to shorter-term COVID relief; deployed new Federal funds
- Greater focus on diversity, equity, and inclusion
- More urgent than before; more desire to allocate money

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## What impact investments has your organization/your clients made to help COVID-19 relief and economic/racial justice efforts?

- CCM Community Impact Bond Fund (CRANX), SRI funds, DAFs, QCDs, Community Investment Notes and other mutual funds with good ESG screening, CHGX, JSTC
- Made this a top corporate priority
- Guarantees of financial loans for BIPOC-led affordable housing developers, establishing a loan pool for BIPOC/women founders to recover from economic shocks caused by pandemic, investment in a BIPOC fund manager that conducts intensive anti-bias training for underlying investments, investing in career impact bond to upskill underemployed (mostly BIPOC) people for IT and light manufacturing jobs
- We are in the early stages of exploring investment options that address economic/racial justice
- Given to charities; donated to various organizations
- Increased grants
- NCIF Cares II
- Continued investing in funds with strong track records of advocacy
- Increased investments in small businesses located in low- and moderate-income areas
- UNICEF Bridge Fund, One Acre Fund, CDFI loan funds
- Most institutional clients that are looking to make an impact utilize CCM strategies and select other strategies
- Helping with medical supplies and facilities in Myanmar; providing food and shelter for those in need
- Structured public-private partnerships to provide small business relief overlooked by PPP program
- Increased support for Food Shelves
- Nothing specific investment wise, only direct financial support to local organizations
- Massive COVID relief through our portfolio companies
- Invest in CCM, invest in APIs & Heritage, RCIF, Kachuwa Fund
- Shareholder advocacy with large public companies on racial justice issues, including COVID vaccine distribution
- Small loans to nonprofit organizations, deployment of Federal CARES Act funds for critical public services (homelessness, food, mental health, transportation, etc.)
- Affordable Housing
- This one is hard to target for retail investors
- Munis and MBS financing underserved communities/affordable housing
- Bank of America has contributed significant donations and financing for these issues
- More fund on deposit at Black-controlled financial institutions
- Racial justice is a part of our screening as we identify investments (using data aggregator YourStake)
- Paycheck Protection Program, grants

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## Do you/your clients think that impact investing can help narrow economic and social disparities for minority communities?



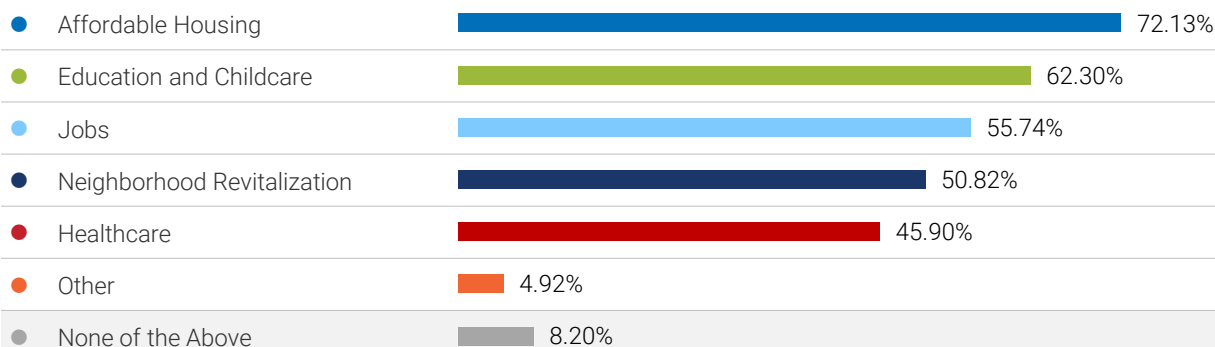
### If yes, how so? If no, why not?

- Looking for small business and community infrastructure – local food, housing, community renewable energy projects and job training
- Community foundations established specific funds to assist with challenges related to COVID-19
- More healthcare focused
- Elevated racial and economic justice
- My focus has changed from environment, sustainable food systems, and refugees to include domestic community support
- There is a much greater focus in providing working capital/bridge financing to contractors, particularly small/diverse contractors, so they can get back to work
- Looking at social factors more closely
- Elevated social themes
- Always have been focused on higher impact investment affecting environmental and social justice issues
- It has increased the client awareness of the necessity of investing in companies whose "DNA" includes social responsibility and looking out for the welfare of the communities they serve
- It has increased our urgency to deploy funds in support of affordable housing, economic inclusion, and small business support
- Racial inequality and social justice issues have been magnified by COVID-19
- Greater focus on racial diversity at the asset manager level
- The pandemic gave my partner and I time to focus on moving our firm from traditional investing to impact focused investing – we plan to have our default investment strategy be SRI

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## Are there specific impact areas you/your clients would like to see an investment focus on as it relates to minority advancement? (Check all that apply)

Results ordered high-to-low



### Other responses:

- Access to financial capital for minority entrepreneurs
- All the above
- All, we view racial equity as needed a comprehensive approach to advance change



## About Community Capital Management, LLC

Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission. Headquartered in Fort Lauderdale with employees in Boston, Charlotte, the New York City area, and Southern California, CCM was founded in 1998 and manages approximately \$4 billion in assets. The firm believes a fully integrated portfolio – one that includes environmental, social, and governance (ESG) factors – can deliver strong financial performance while simultaneously having positive long-term economic and sustainable impact. CCM's strategies utilize an innovative approach to fixed income and equity investing by combining the positive outcomes of impact and ESG investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. For more information, please visit: [www.ccminvests.com](http://www.ccminvests.com).

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