

# THE IMPACT INVESTOR

FALL 2020

Our fall 2020 issue of The Impact Investor newsletter is now available. We are living in unprecedented times and continue to remain focused on the long-term outcomes of the pandemic. While much has unfortunately been negative throughout this crisis, there have also been instances of unification and positive change. This newsletter highlights initiatives we created as a result of COVID-19 and the many instances of racial injustice our communities have experienced and recently brought to the forefront of the national conversation. We have also included a spotlight on like-minded organizations, Impact Shares and CNote. As always, we welcome your ideas for future newsletters and hope you continue to remain healthy and safe. Please email suggestions to [jhorwitz@ccminvests.com](mailto:jhorwitz@ccminvests.com).

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## 2020 INITIATIVES

This year has been a challenging one, to put it lightly. Between acts of violence and the pandemic, people of all ages, religious affiliations, backgrounds, and ethnicities are filled with thoughts of fear and worry. As is typically the case with catastrophes, there are some positive effects. From communities unifying to help those in need to ramping up volunteer efforts to families spending more time together, we have witnessed acts of heroism, selflessness, and bravery. These are taxing times and through it all, people are still looking to spread hope. Given our role as an impact and ESG manager, we have had many discussions about what we can do to aid in encouraging, engaging, and investing in positive change and outcomes. The result is a combination of investment initiatives, volunteering, and donations, several of which we have highlighted below.

### COVID-19 Relief Initiative

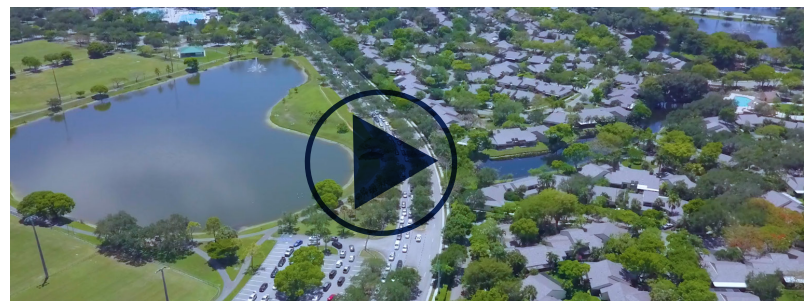


The spread of COVID-19 continues to impact communities nationwide with tremendous social and economic strains for society. Underserved neighborhoods and individuals have been hard hit, with the impact of COVID-19 spotlighting pre-existing financial and economic disparities faced by low-income people, particularly communities of color. In May, CCM launched a [\\$100 million initiative to invest in COVID-19 relief efforts](#), offering investors the opportunity

to provide capital to underserved people and neighborhoods, economic recovery programs, and small businesses. We believe our mandate from clients to provide needed capital to low- and moderate-income communities and families is more vital than ever, and this initiative offers investors a way to complement philanthropic efforts to support those in need. As of August 31, we have invested approximately \$70 million in the initiative and look forward to increasing this amount in the remainder of 2020 and in the years ahead.

### Community Outreach Supporting COVID-19 Relief Efforts

CCM is committed to giving back to the communities and environment in which we live and work. Witnessing the magnitude of the destruction caused by COVID-19, we were highly motivated to find ways to support our local communities, organizations aiding in relief efforts, and those most in need. Our team is volunteering at food distributions, decorating medals for medical workers, making masks, and donating to organizations supporting relief efforts. In June, we created a video on CCM's community outreach supporting [COVID-19 relief efforts](#), and some of the organizations we have volunteered with and supported during these challenging times.



As a result of COVID-19 and the investments highlighted in this piece, we have expanded our existing theme of Disaster Recovery, Resilience, and Remediation to include investments benefiting widespread health emergencies.

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# 2020 INITIATIVES

## Minority CARES Initiative



On Juneteenth, CCM launched its new Minority Community Advancement Racial Empowerment Strategy, also known as Minority CARES. The program was created in response to strong client interest in investments that focus on improving the lives of those in historically marginalized communities and increasing economic opportunities for people of color. Minority CARES amplifies and expands upon our existing investing philosophies by utilizing a blend of eight of CCM's 18 existing impact themes, which

enables investors to target and positively impact and empower minority individuals, businesses, and communities.

Minority CARES utilizes CCM's investment-grade fixed income impact strategy already available on major platforms and in various impact investing models. It invests in market-rate, well-researched bonds that align with the values of social justice, improvement in the lives of those in historically marginalized communities, and increased economic opportunity for people of color. To date, we have invested approximately \$150 million in the initiative. For more information, please download our [Minority CARES overview](#) and listen to a [replay of a webinar](#) on the initiative.

Systemic racial discrimination is present throughout history. In the 1930s, mortgage lenders deliberately 'redlined' or marked specific neighborhoods with higher proportions of non-white residents to intentionally deny loans in those areas. Since that time, denying services based on geography has extended to many industries, including insurance, healthcare, and supermarkets, resulting in communities that have experienced chronic disinvestment and extraction of resources over time.<sup>1</sup>

One of the most frequently asked questions we have received regarding Minority CARES is if it is a new fund or strategy. It is not. It is a way to target an investment specifically to support minority people, families, and communities through our existing flagship core fixed income strategy whether in a separate account or in the CRA Qualified Investment Fund Institutional Shares (CRANX) or Retail Shares (CRATX). All investors in Minority CARES will receive granular level impact reporting on the positive outcomes of the entire initiative. The first quarterly impact report for Minority CARES will be available following the end of the third quarter 2020. Institutional investors in separate accounts or in CRANX will still receive CCM's traditional impact reporting.

## Minority CARES Video



Given the level of interest in and excitement around Minority CARES, we created a new video on the initiative in July which highlights the history of economic injustice, how Minority CARES looks to have a positive impact in underserved minority communities, and ways in which to invest. The video features CCM's CFO, James Malone, and his family's personal experience with racial injustice. We are so pleased with the video and very much appreciate James sharing his story. We hope you enjoy it too. The video is available [here](#).

# SPOTLIGHT ON IMPACTSHARES AND C-NOTE

In our ongoing efforts to network with and spotlight like-minded organizations, this edition of The Impact Investor features overviews of two organizations, Impact Shares and CNote, committed to changing and advancing the world of impact investing.

**Impact Shares** is an investment firm that offers three exchange-traded funds, including the NAACP Minority Empowerment ETF (NACP), designed to provide broad equity market exposure to U.S. large and mid-cap companies that align with the NAACP's vision of good corporate citizens. The ETF, which tracks the Morningstar Minority Empowerment Index, was created using criteria the NAACP developed to score and rank companies in the S&P 500 based on factors including board and supplier diversity and community involvement. Impact Shares invests in change and is committed to changing the world of impact investing, one socially conscious ETF at a time. Impact Shares helps organizations translate their social values into an investable product that is traded on the NYSE. Being a part of their ETFs means committing to an evolving set of criteria, defined by their non-profit partners, to ensure ongoing alignment of corporate behaviors with social values. All net profits go directly back to their non-profit partners. For more information, visit <https://impactetfs.org/>.<sup>2</sup>

**CNote** is an award-winning impact investment platform where investors can earn more by investing in the causes and communities that matter to them. CNote is a **Community Development Financial Institution (CDFI)** and is women-founded and women-led. Working exclusively with federally certified CDFIs and low-income designated credit unions, CNote offers fixed income and cash opportunities that cover all 50 states and allows investors to customize their investments. Investors can target 26 unique investing themes that include Refugee Crisis and Immigration Issues, Climate Change, Affordable Housing, and Racial Equity and maps investments with the UN Sustainable Development Goals. Place-based investing is also offered as an option and investors can target specific geographies (from a regional to a city focus) and communities. In collaboration with CDFI Partners, CNote works to drive investment capital to underserved communities and build a more inclusive economy for all. For more information, visit <https://www.mycnote.com/>.<sup>3</sup>

CDFIs are private financial institutions dedicated to delivering responsible, affordable lending to help underserved people and communities join the economic mainstream.<sup>4</sup>




# IMPACT AND ESG INVESTMENTS WITH A FOCUS ON COVID-19 RELIEF EFFORTS AND RACIAL EQUALITY

## Bank of America

### Nationwide Sector: Corporate Bonds

In May 2020, Bank of America Corporation issued a \$1 billion corporate social bond, the first offering from a U.S. financial institution that directly links all proceeds to financing elements of the healthcare industry battling the COVID-19 pandemic. Proceeds will fund loans and lines of credit to Bank of America's global commercial banking clients who are involved in responding to the COVID-19 pandemic and who operate in one of these subsectors of the healthcare industry:

#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:

-  Affordable Health and Rehab Care
-  Disaster Recovery, Resilience, and Remediation
-  Healthy Communities

- Not-for-profit hospitals
- Healthcare equipment
- Skilled nursing facilities
- Healthcare supplies

The bank will apply additional criteria to clients in these sectors to determine which activities qualify as a response to the COVID-19 pandemic. They include:

- Not-for-profit hospitals and skilled nursing facilities must be treating COVID-19 patients

- Producers of healthcare equipment and supplies must be manufacturing equipment or supplies that can be used for the following categories related to the COVID-19 pandemic:
  - Testing for infection or antibodies. Testing supplies include lab equipment, swabs, and reagents.
  - Diagnosis including tracking disease progression and evaluating symptoms. Diagnosis equipment includes imaging equipment to diagnose pulmonary disease.
  - Treatment of infection and related symptoms. Treatment supplies include hospital beds, face masks, face shields, intravenous delivery systems, and products used to maintain a sterile treatment environment.
  - Prevention of the disease. Prevention supplies including personal protective equipment and vaccines.

Investments eligible for funding includes new and existing investments, with disbursements made between March 11, 2020, when the World Health Organization (WHO) declared COVID-19 a global pandemic, through the maturity or redemption of the notes. The target population to be benefited by the eligible social investments described above includes populations affected by the COVID-19 pandemic. Given the expansive nature of the pandemic, this may include the entire public.

## City of Oakland




### Oakland, California Sector: Taxable Municipals

Bond proceeds are being used to fund certain street paving, resurfacing and reconstruction; bicycle, pedestrian and traffic calming improvements; and construction, purchase, improvement, or rehabilitation of the City's facilities, including fire, library, parks, recreation, and senior facilities consistent with the City's Capital Improvement Program. Examples of projects financed include the Rainbow Recreation Center and Arroyo Viejo Recreation Center.

People of color comprise a greater proportion of the population in East Oakland and West Oakland than overall Oakland. In East Oakland, Latinos make up the largest racial group, followed by African Americans. There is high poverty in East and West Oakland. Low-income communities of color like East and West Oakland disproportionately suffer from chronic disease complications and deaths.<sup>5</sup> Centers like those listed below can help improve health outcomes and increase rates of educational attainment, among other positive impacts, for these minority communities.

Rainbow Recreation Center is in a low-income, high-minority, high-poverty census tract where 94 percent of the population are minorities and 26 percent live below the poverty line. Located in Oakland's Seminary District, the Rainbow Recreation Center was originally built in 1980 and needed updating and expansion to better serve the local community. The 9,985 square foot building includes a gymnasium, kitchen and pantry, and a large multipurpose room. The recent renovation added 4,600 square feet of space, including a new workout room, daycare facility, and computer lab, while also expanding the existing kitchen and multipurpose room. The community center sits on a 1.85-acre

#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:

-  Education and Childcare
-  Environmental Sustainability
-  Healthy Communities
-  Minority Advancement

park which consists of a tennis court, basketball courts, a skateboarding area, and play structures and open space. The renovation project also included converting the under-utilized tennis courts into a turf soccer field, introduction of an edible educational garden, and installation of an outdoor exercise area. The project design features radiant floors, natural ventilation, ceiling fans, 100 percent outside air with heat recovery, and a Lucid dashboard. The project is targeting LEED Silver certification.

Arroyo Viejo Recreation Center is in a moderate-income, high-minority, high-poverty census tract where 99 percent of the population are minorities and 25 percent live below the poverty line. Located in East Oakland, Arroyo Viejo Recreation Center was newly renovated to include a new media lab, dance studio, classrooms, security cameras, and a food pantry. The ADA-compliant center offers computer operation and repair classes, literacy/reading club, investment club for youth, a teen center, a conflict resolution center, and a Friday Night Live for teens. The center offers children access to the Early Head Start program. Early Head Start promotes school readiness for children from birth to age five. The program offers free early childhood education and care, prenatal education, and family services to eligible Oakland residents. Families experiencing homelessness and children in foster care are automatically eligible. Early Head Start offers programs including individualized education, health services, disabilities services, and nutrition services.



Source: <https://www.oaklandca.gov/topics/rainbow-recreation-center>



# MAPPING CCM'S IMPACT THEMES WITH THE SUSTAINABLE DEVELOPMENT GOALS



Over the years, we have seen a proliferation of U.S. and global standards, goals, and principles that seek to unite likeminded investment managers and their clients around various desirable and needed objectives. While all guidelines have been

helpful to the industry, the one that seems to have the greatest usage and traction are the **United Nations Sustainable Development Goals (SDGs)**. Many of CCM's 18 impact themes overlap with the SDGs from human empowerment to environmental sustainability to education and childcare. While all of our impact themes play a role in the 17 SDGs, we have highlighted below those that are in direct alignment. We continue to monitor the SDGs and how they align with our themes as we build and innovate. We also recently created a new perspective of how our impact themes align with the SDGs, available [here](#).

The SDGs, released in September 2015, aim to end all forms of poverty, fight inequalities, and tackle climate change, while ensuring that no one is left behind. They are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace, and justice.

UN SDG Goal	CCM's Impact Themes	UN SDG Goal	CCM's Impact Themes
<b>1</b> No Poverty	Affordable Health and Rehab Care Affordable Housing Disaster Recovery, Resilience, and Remediation Human Empowerment	<b>7</b> Affordable and Clean Energy	Environmental Sustainability
<b>2</b> Zero Hunger	Sustainable Agriculture	<b>8</b> Decent Work and Economic Growth	Enterprise Development and Jobs
<b>3</b> Good Health and Well Being	Affordable Health and Rehab Care Disaster Recovery, Resilience, and Remediation Healthy Communities	<b>9</b> Industry, Innovation, and Infrastructure	Neighborhood Revitalization Transit-Oriented Development
<b>4</b> Quality Education	Education and Childcare Gender Lens	<b>10</b> Reduced Inequalities	Economic Inclusion
<b>5</b> Gender Equality	Gender Lens	<b>11</b> Sustainable Cities and Communities	Affordable Housing Transit-Oriented Development
<b>6</b> Clean Water and Sanitation	Environmental Sustainability	<b>13</b> Climate Action	Environmental Sustainability

Source: <https://www.ccminvests.com/wp-content/uploads/2020/06/CCM-Impact-Themes-and-SDGs-Perspective.pdf>



## VISIT [CCMINVESTS.COM](https://ccminvests.com) TO:

- ✓ Download information on our latest [initiatives](#)
- ✓ Listen to a [replay](#) of our webinar on Minority CARES
- ✓ Read our updated [perspectives](#)

<sup>1</sup> <https://missioninvestors.org/resources/how-racial-inequity-shapes-all-aspects-american-society> <sup>2</sup> <https://impactetfs.org/>

<sup>3</sup> <https://www.mycnote.com/> <sup>4</sup> <https://ofn.org/CDFIs>

<sup>5</sup> <http://www.acphd.org/media/401560/cumulative-health-impacts-east-west-oakland.pdf>

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