

Activate Your Organization's Balance Sheet for Impact

Institutional investors can play a critical role in addressing societal issues by activating their organization's balance sheet for impact. With issues like racial equity, climate change, and the ongoing disparities from the COVID-19 pandemic at the forefront of national conversation, institutional investors — including corporations, foundations, endowments, and pensions, to name a few — have an opportunity to leverage their balance sheet to help support these vital community activities in a pioneering way.

Recent Attention on Balance Sheet Activism

Global Impact Investing Network (GIIN)

GIIN recently launched its Corporate Impact Investing Initiative to explore and mobilize ways corporations can both make impact investments and leverage partnerships with impact investors to achieve sustainability goals. The initiative aims to help companies better deliver on their social and environmental goals and commitments while also achieving shareholder and business objectives by connecting them with a new set of tools and resources.¹

A corporate impact investing landscape report is GIIN's first step in exploring the role of corporations as asset owners and identifying opportunities for corporations to facilitate collaboration with impact investors. The GIIN's landscape report will provide an overview of innovations underway and case studies on how corporations are leveraging impact investing approaches and partners to provide insights on the opportunities and options in working with these emerging strategies. Research interviews have started, with a final report targeted for the first half of 2023.¹

The U.S. Impact Investing Alliance

The Alliance recently shared a new report, "Impact in the Balance: Leveraging Foundation Assets for Mission," which sets out to examine how private foundations are leveraging their balance sheets for impact in innovative ways. The report encourages foundations to do more with more, including implementing new strategies that expand the use of the balance sheet for mission and modifying existing tools to encourage risk taking, innovation, and field building.

Many foundations already implement and scale many of these tools, and the report looks to encourage more foundations to expand their breadth and for all foundations to utilize these tools with more regularity and at greater scale going forward.²

Case Studies: Balance Sheet Activism

Foundation

The Cordes Foundation activates 100% of its balance sheet for impact, investing in mission-aligned opportunities across multiple asset classes with a specific focus on gender lens investing. Its investment strategy seeks to deliver strong risk-adjusted, market-rate financial returns because of its focus on social impact and not the lack thereof. Its traditional investments are allocated among debt and equity managers with robust, integrated diligence processes that analyze financial, environmental, social, and governance factors in publicly traded companies. Its alternative investments are allocated among debt and equity managers of funds, fund-of-funds, and early-stage social ventures. In addition to putting cash and equivalents with impactful institutions, it puts its good financial standing to work as a loan guarantor to emerging market small and medium enterprises (SMEs) and microfinance institutions.³

Insurance Company

In April 2021, New York Life announced a \$1 billion impact investment initiative with the aim to address the racial wealth gap by investing in underserved and undercapitalized communities over the next three years. It will focus on supporting small businesses, affordable housing, and community development. Its long-term impact investment strategy is to develop large-scale solutions and investment structures that aim to deliver broad and inclusive economic outcomes linked to job growth, health and wellness, and personal and household advancement.⁴

Corporate Foundation

In April 2020, Visa Foundation launched the Equitable Access Initiative, a five-year, \$200 million strategic commitment to support gender diverse and inclusive small- to medium-sized businesses (SMBs) around the world. As a part of the initiative, Visa will provide \$60 million in grants and \$140 million in impact investments with a gender and diversity lens. Visa Foundation's commitment to investing \$140 million into intermediaries and funds globally is primarily focused on emerging markets, with a gender lens across the entire portfolio from SMB borrowers up to venture capital partners. The goal is to increase the number of women who control capital, the number of women entrepreneurs who can access that capital, and the number of women who benefit from those businesses as employees or customers.⁵

CCM's Role

CCM's customizable thematic and place-based liquid fixed income strategies are an innovative way for impact-aligned balance sheet optimization. CCM offers a mutual fund, exchange-traded fund (ETF), and separate accounts that can provide debt financing for positive social activities aligned with an organization's values and/or within their communities. Along with traditional financial reports, clients meeting minimum requirements receive detailed quarterly impact reports showing the positive impact metrics and outcomes of their portfolio. These reports include impact stories as to what the investments are financing and aggregate the cumulative impact of all portfolio investments. This information can be shared with boards, stakeholders, and in annual reports.

About CCM: Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission. 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 — seeks to deliver strong financial performance while simultaneously having positive long-term economic and sustainable outcomes. 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.

“CCM is committed to showing our clients the positive outcomes of their fixed income investments through our innovative use-of-proceeds impact investing research that goes beyond checking a box for impact investing and negative screening.”

— David Sand, Chief Impact Strategist

¹ https://thegiin.org/assets/GIIN%20Corporate%20Impact%20Investing%20Initiative_2022.pdf

² <https://static1.squarespace.com/static/539e71d9e4b0ccf778116f69/t/632c616dbeaa3a0b4987c4ff/1663852909770/FINAL%2B-%2BImpact%2Bin%2Bthe%2BBalance+%281%29.pdf>

³ <https://www.cordesfoundation.org/impact-investing>

⁴ <https://www.newyorklife.com/newsroom/2021/impact-investment-initiative>

⁵ <https://usa.visa.com/about-visa/visa-foundation.html>

The Cordes Foundation mentioned in this piece is a client of CCM.

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