

What are they talking about?



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Mission Investing

Mandate-related Investing

Program Related Investing

Community Investing

Mission-Related Investing

Values-based Investing

Blended Value Investing

Socially responsible investing

Responsible Investing

Sustainable Investing

Impact Investing

Social Finance



Current Foundation Business Model



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96.5%

3.5%

Source: Tim Draimin, SIG



Mission-related investing



- Aligning a foundation's financial investments with its mission, while maintaining long-term targeted financial returns.
- Dual objectives of furthering mission/ program goals and earning financial returns.
- Two categories of investments:
 1. Market rate mission-related investments (MRIs) that support program goals
 2. Program Related Investments (PRIs) to create specific program benefits often earning a below-market return.

Source: More for Mission



Evolving Distinctions



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“Traditional” Capital Markets

- Active consideration of environmental, social and governance (ESG) factors in investment decisions
- Screening
- Active ownership - shareholder engagement & proxy voting

Non-Traditional Markets

- Program-related investing
- Impact investing – outside public equities
- Community/mission investing

The Context: Changing Investment climate



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- Financial crisis caused re-examination of risk, asset allocation & short-term thinking
- Growing evidence of correlation between strong ESG & financial performance
- Evolution of SRI
- Myth of lower returns debunked
- Evolving understanding of fiduciary duty



The Context: Changing Investment climate



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- Sustainability & triple bottom-line thinking leading to concepts like “blended value” & impact investing
- New metrics & tools to measure social & environmental impacts of investments
- Success of micro credit & other tools
- Incredible innovation in financial instruments

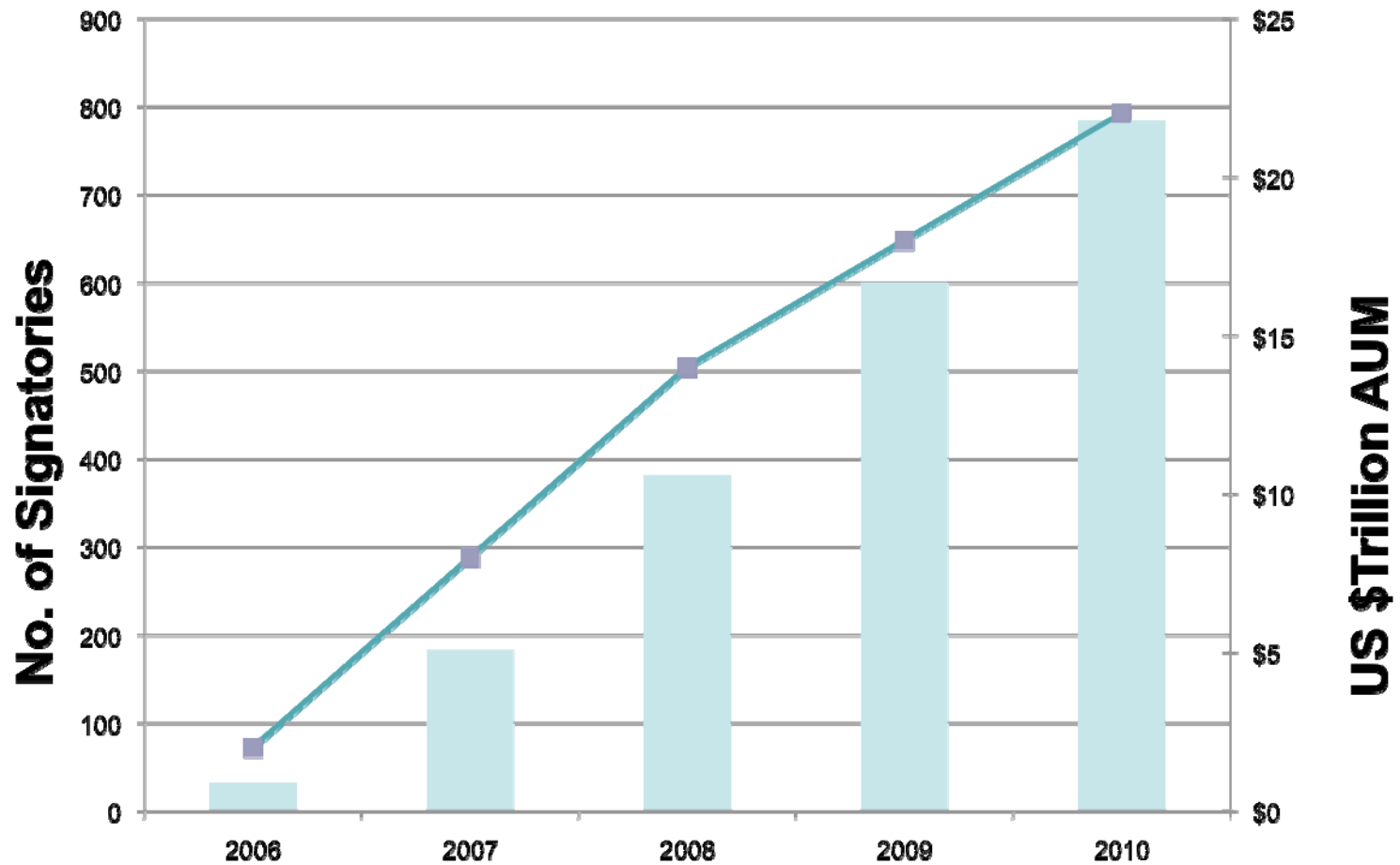
From the Tyranny of OR to the Genius of AND



UNI PRI Signatories and AUM



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Growth of Foundation Experience



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- More for Mission campaign in US – 90 foundations (18 community foundations) with \$34 billion in assets committed to increasing mission-related investing
- CFC's Responsible Investing Pilot Project
- CFC Collaboration with Philanthropic Foundations of Canada (PFC) and the Canadian Environmental Grantmakers Network



Canadian Community Foundations



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- Hamilton launched \$5 million Hamilton Community Investing Fund, Jantzi analysis of portfolio, beginning implementation of RI
- Ottawa adopted new investment policy based on UN PRI, participated in Mercers carbon footprint portfolio analysis, integrated ESG in its Canadian, US & international portfolios, beginning proxy voting
- Edmonton building SEF & moving beyond
- Vancouver recruited new board member to help champion, Resilient Capital, co-investments with Vancity
- Winnipeg looking at cash management



Community Foundations...



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...have the opportunity to change the conversation from short-term grantmaking to poor parts of a community to long-term investment strategies that strengthen business, home ownership, education, and wealth creation opportunities for the betterment of all.

from Equity Advancing Equity

A Canadian Snapshot



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- Canadian Task Force on Social Finance
 - Impact Investors Council of Canada
 - Social Venture Exchange at TSX
 - Sustainable Finance Initiative and the SIP designation
 - Community Forward Fund
 - Canadian Impact Investment Fund of Funds
 - HRSDC-led federal gov't initiative
- ... and a whole lot more

Canadian Social Finance Task Force



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Recommendation #1:

- To maximize their impact in fulfilling their mission, Canada's public and private foundations should invest at least 10% of their capital in mission-related investments (MRI) by 2020 and report annually to the public on their activity.