

Impact Investing

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THE J.W. McCONNELL FAMILY FOUNDATION

Introduction

From SRI & RI

- Negative screening → proactive triple bottom line
- ESG standards
- Innovation in financial markets

To Impact Investing

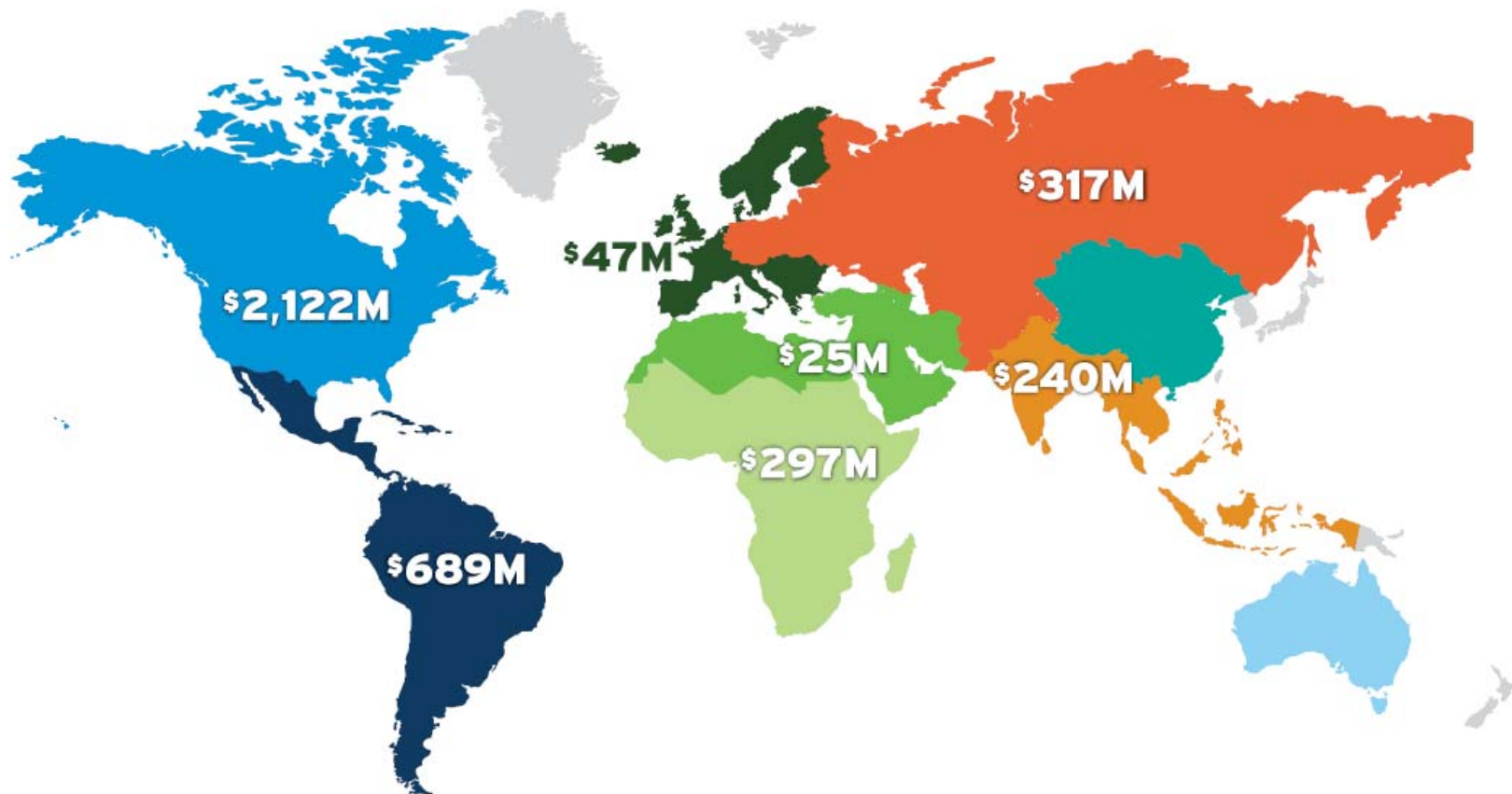
Investments that create positive social, environmental and economic impact, while generating financial return

Foundations:

- Program related investments (PRI) & Mission related investments (MRI)

Reported Impact Investments

2011 Reported Investments by Region



Source: Saltuk, Bouri and Leung, *Insight into the Impact Investment Market*, 2011

Market Development Barriers

Current Barriers

- Impact measurement
- Metrics
- Intermediaries
- Financial innovation & financial products
- Regulation
- Market coordination
- Sector reputation
- Liquidity & exit strategies

Role of Foundations

2000-2010

- PRI – MRI Investments*

*Alignment of investments
with Mission*

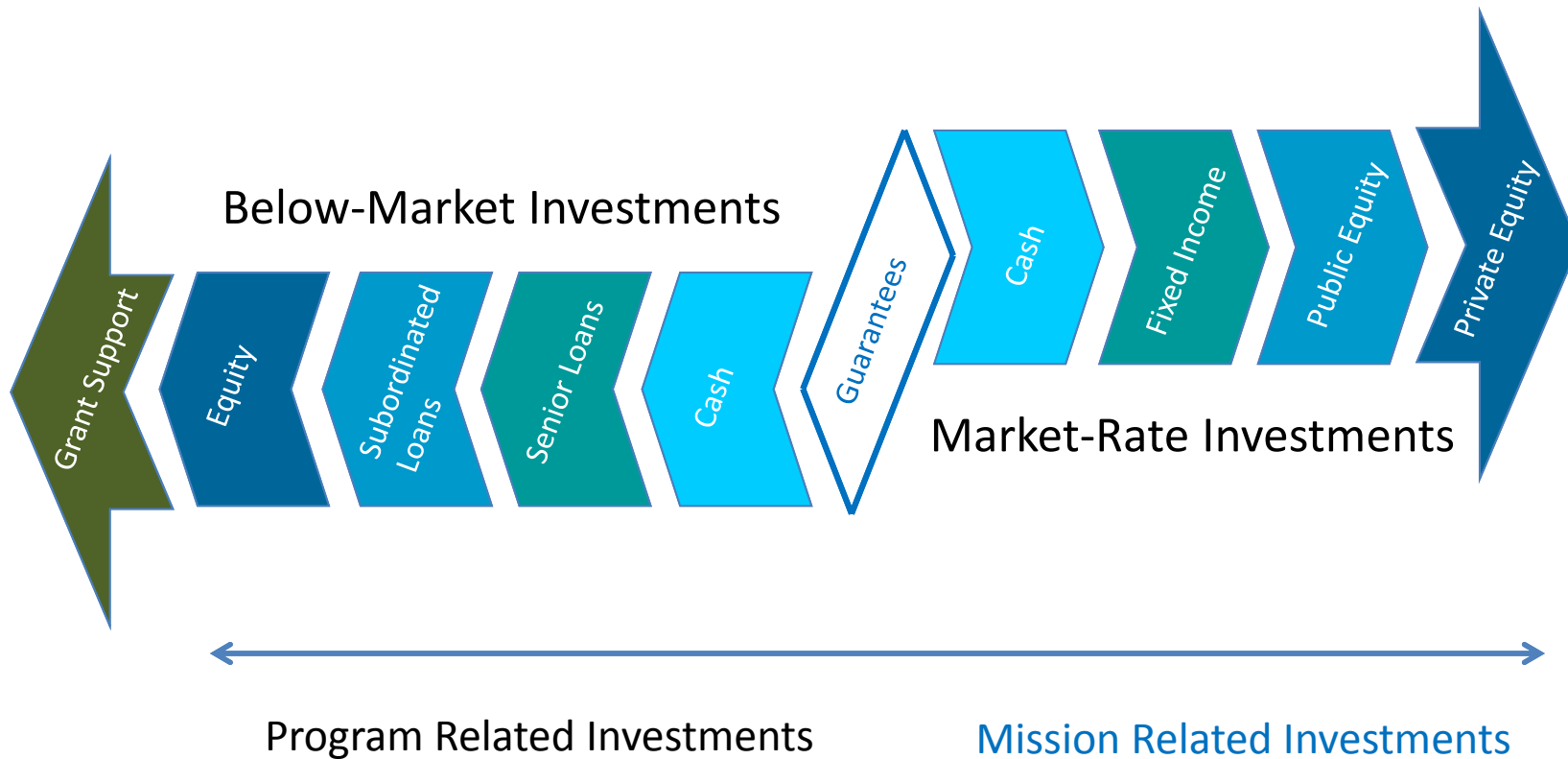
Today

- PRI – MRI Investments
- Investment in Infrastructure & Ecosystem Development
- Raising Sector Capacity
- New relationships & collaboration

* Stranberg, C. (2010): profiles the state of community/mission investment of 9 Canadian Foundations.

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Impact Investing – PRI/MRI



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Impact Investing – PRI/MRI

Mission-Related Type

- Private Equity (2)
- Term Deposit

Program-Related Product

- Loan guarantee
- No interest loan
- Loan pledge

Thank you

www.mcconnellfoundation.ca

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Investment Funds

Table 1: Four Impact Investing Funds

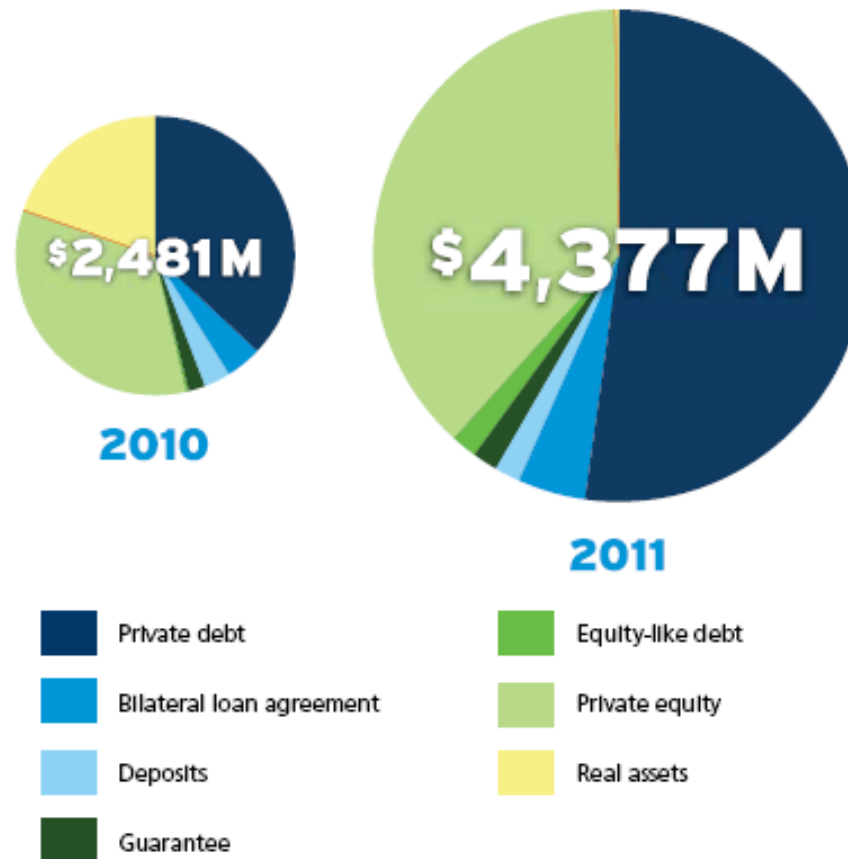
Fund	Year Founded	Focus	Assets Under Management/ Investments Made	Expected Rate of Return*
Acumen Fund	2001	Loans and equity investments in Africa and Asia in businesses focusing on health, housing, water and energy	\$70 million in 65 enterprises	6%
Calvert Foundation	1988	Loans to community-based financial institutions in 100 countries	\$200 million	0–2%
IGNIA	2008	Venture capital firm placing long-term investments in companies providing products and services to BoP populations in Latin America	\$102 million	25%
Root Capital	1999	Loans to farmers' cooperatives in Africa and the Americas	\$120 million in loans between 1999 and 2011	2.5–3.0%

* Rates of return are not risk-adjusted

Sources: Acumen Fund, Calvert Foundation, IGNIA, Root Capital, 2011–2012

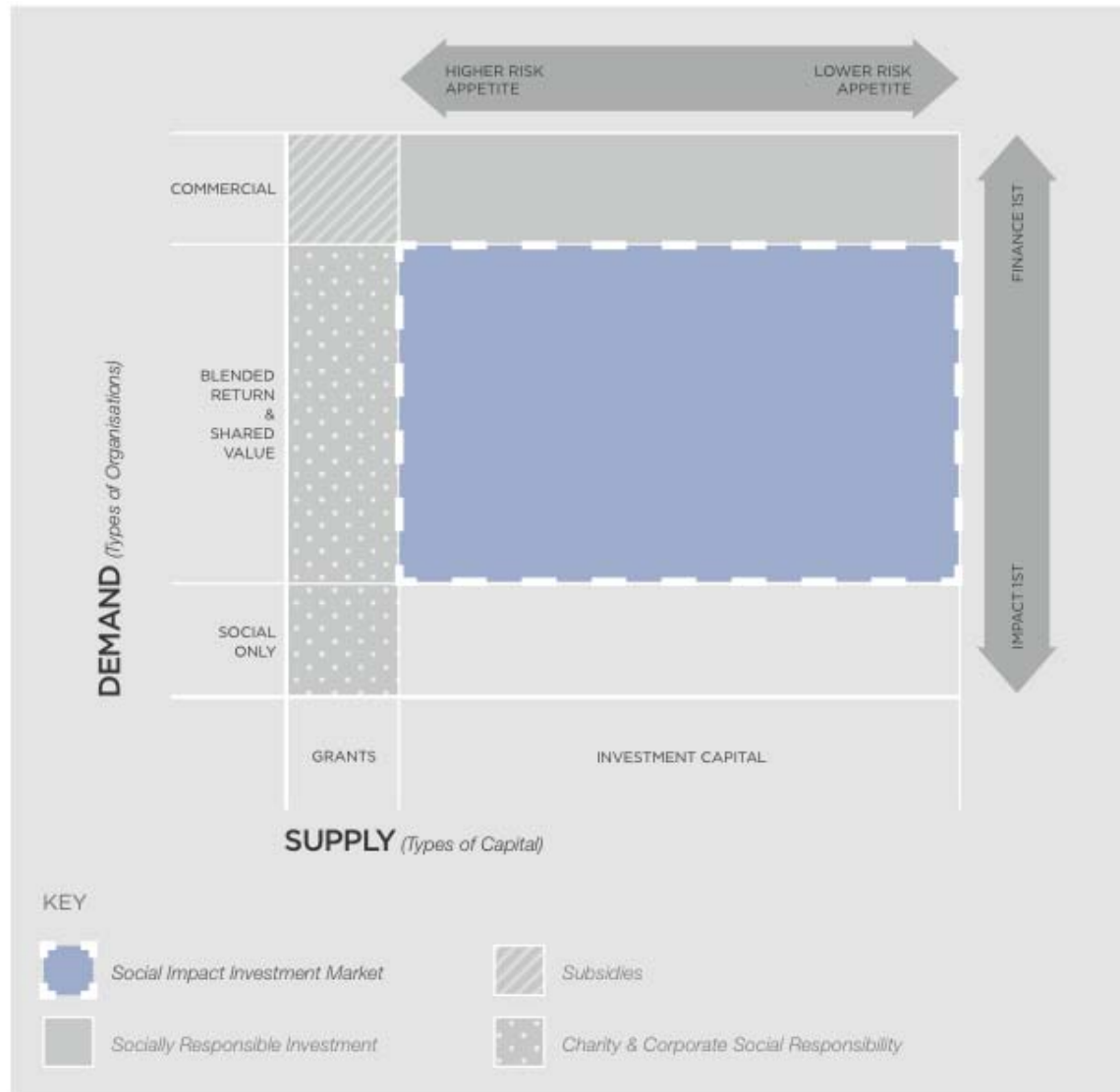
Reported Investments

Value of Reported Investments by Type



Source: Saltuk, Bouri and Leung, *Insight into the Impact Investment Market*, 2011

Additional



Source: Evenett & Richter, 2011

BUT

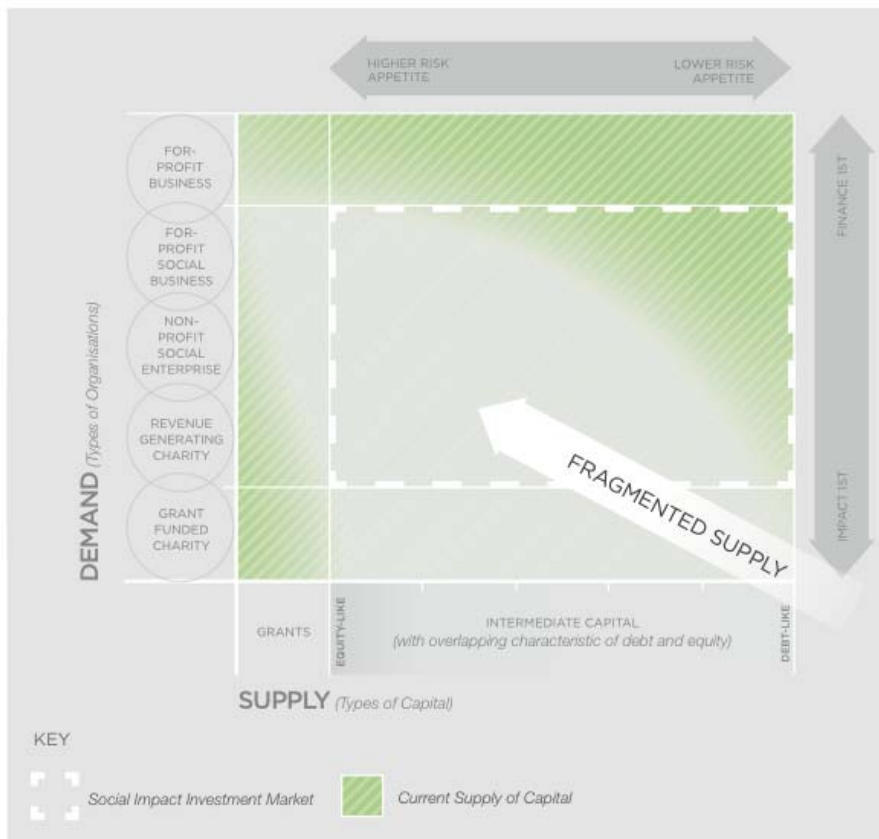


Figure 3: Capital Supply⁹

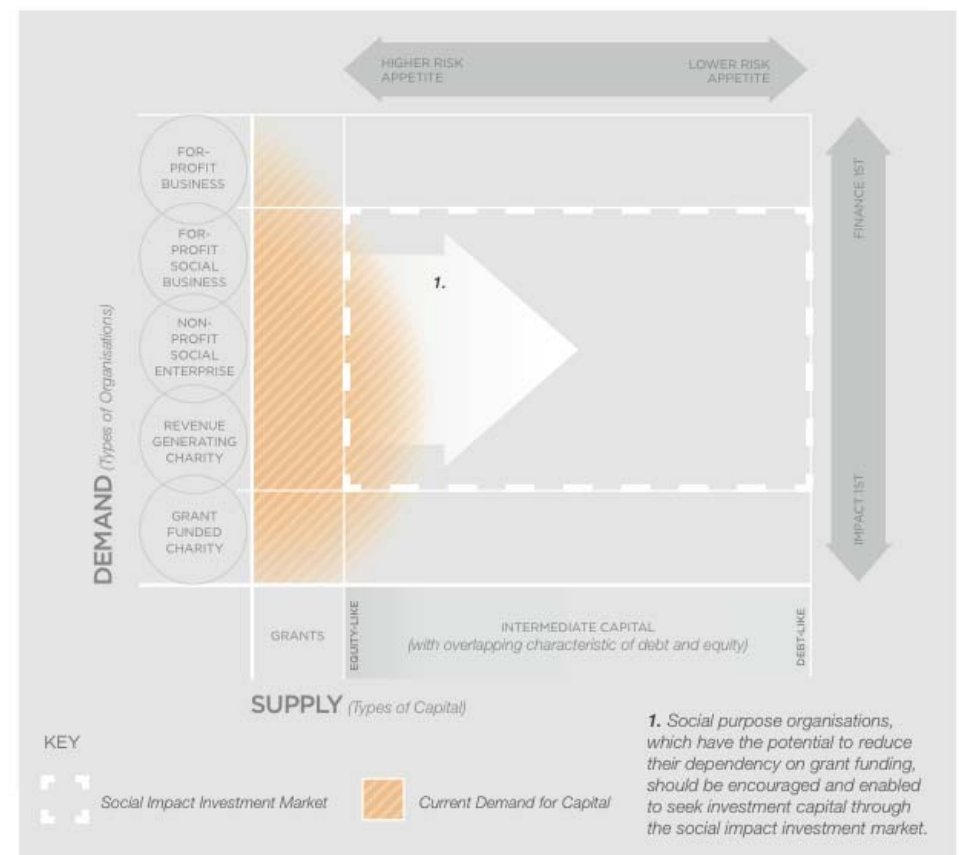


Figure 4: Capital Demand¹⁰

1. Social purpose organisations, which have the potential to reduce their dependency on grant funding, should be encouraged and enabled to seek investment capital through the social impact investment market.