



# **More for Mission**

**Southeastern Council of Foundations 40<sup>th</sup> Annual Meeting  
Mission Related Investing Panel  
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Memphis, TN**

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## Institutional Investors and Targeted Investing

- Investors: Foundations, banks, public pension funds, insurance companies, faith-based organizations
- Language: Economically targeted investments, emerging domestic markets, double/triple bottom line, responsible investing, impact investing, **mission investing**
- Driven by **investor intent**, rationale based on purpose, mission and fiduciary duty of institutional investor



# What is Mission Investing?

*Seeking opportunities to align a foundation's financial investments with the mission of the organization, while maintaining long-term targeted financial returns.*

Comes in various labels:

- Program Related Investments (PRIs) - create specific program goals
- Market-rate investments (MRIs) - broadly support program goals
- Sustainable Screens on public equities
- Shareholder Advocacy



## Concept to Execution

1. Board's comfort level with the philosophy of aligning investments with their mission, whether endowment or 5% payout
2. Defining Goals: What counts as mission investing?
3. Setting asset class parameters in line with strategic portfolio asset allocations



## Pilot Program: W.K. Kellogg Foundation \$100 million MDI Program

([www.wkkf.org](http://www.wkkf.org))

<b>Asset Classes</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
1 Cash and Cash Equivalents	10%	20%	100%
2 Fixed Income	10%	30%	80%
3 Private Equity	10%	30%	50%
4 Real Assets	5%	20%	40%

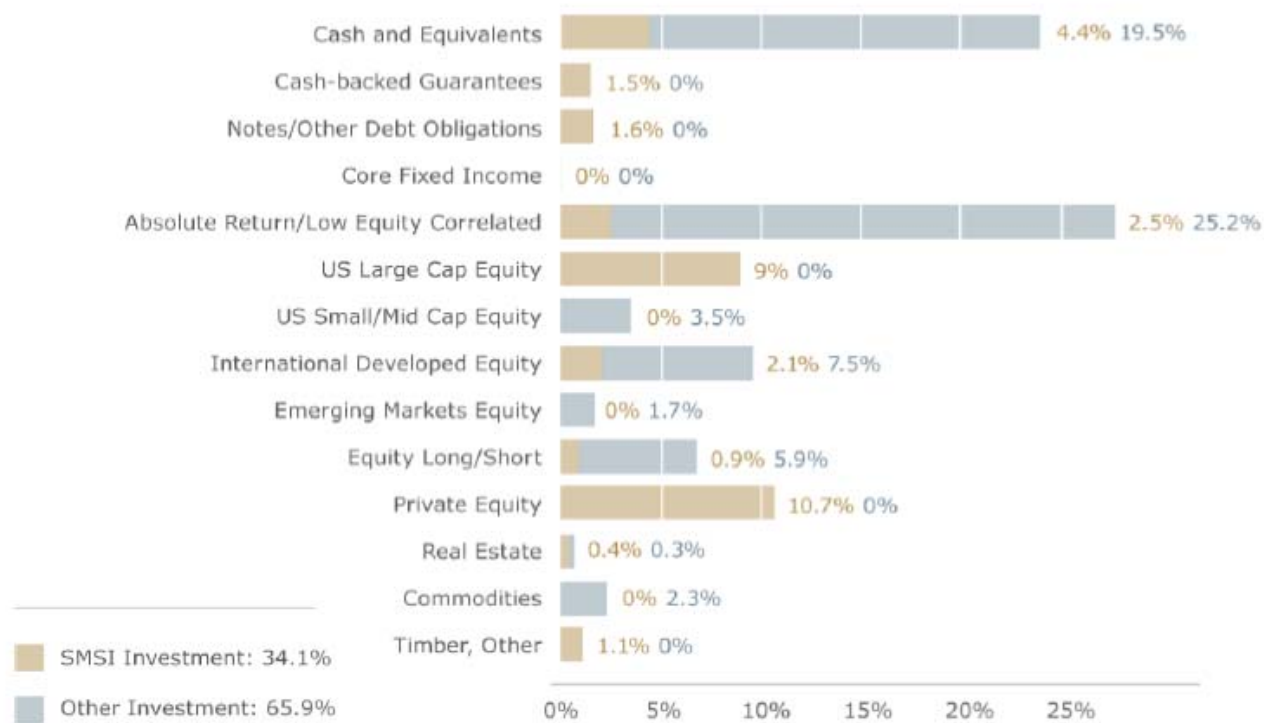
  

<b>Core Strategies</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
1 Education and Learning	5%	21%	60%
2 Mississippi/New Mexico/Delta Region/Gulf Coast	5%	21%	60%
3 Michigan	5%	21%	60%
4 Wealth Creation	5%	21%	60%
5 Program Staff Generated	5%	16%	25%



## Integrated Approach: KL Felicitas Foundation ([www.klfelicitasfoundation.org](http://www.klfelicitasfoundation.org))

### Current Asset Allocation March 2009





# Baton Rouge Area Foundation

- 1997 started journey toward mission investing – to stop economic divide in Baton Rouge
- Foundation's real estate portfolio—*Commercial Properties Realty Trust*—purchased and renovated Hilton Capitol Center
- Combined foundation capital, tax credits, and bank financing to create a \$65 million hotel. Opened in 2006 - created walkable downtown district
- Bon Carre Shopping Center, crime ridden abandoned mall, now a research and business hub (30 companies, 5,000 employees)
- Mission Investments at year-end 2007: 17% of total assets
- On horizon: Workforce housing project in Raleigh, NC, housing community in New Orleans



## Mission investing preliminary returns Across asset classes vs. Benchmark Annual returns at 12-31-08

- Cash (6 respondents) .6 to 4.5%  
vs. Citigroup 3-Month U.S. Treasury Bill: 1.8%
- Fixed Income (2 respondents) 3.1 to 4%  
vs. Barclays Capital Aggregate Bond Index: 5.41%
- Public Equities (1 respondent) -37%  
vs. S&P 500 -38.49%
- Venture Capital (3 respondents) 5 to 20%  
vs. Thomson Reuters' U.S. Private Equity Performance -20.9%
- Equity Real Estate (2 respondents) -9 to -22%  
vs. NCREIF Property Index -6.5%
- Program Related Investments (3 respondents) 1.3 to 2.8%  
vs. Long-term rate of inflation 2.5%



# Barriers to Mission Investing

- Perception of fiduciary duty, no guiding mission investing policy
- Traditional view that foundation seeks to outperform market with 95% and create high impact through grants
- Generations may come to mission investing from different perspectives
- Finding mission investment opportunities to align with a foundation's specific geographic focus
- Investment Officers and Program Officers working in silos
- Gatekeepers unfamiliarity with investment intermediaries and concept of mission investing



## Campaign Resource Center

- Vehicle to implement campaign goals and serve as a resource to foundations seeking tools on mission investing. Center is housed at the Boston College Institute for Responsible Investment.
- Web-based resource center [www.moreformission.org](http://www.moreformission.org)
- Members-Only Portal of mission investing opportunities
- Why Join? Networking foundation mission investors, quarterly calls with industry experts, access to issue specific working groups, demonstration of commitment to mission investing
- More information: [lisa.hagerman@bc.edu](mailto:lisa.hagerman@bc.edu)



## More for Mission Goals

- Create network of foundations committed to mission investing
- At October 2009, 59 foundation CEOs signed on representing \$31 billion in total assets
- Goal: show increase in investments totaling 2% of foundation endowments—approximately \$10 billion in new commitments to mission investing
- Where are we starting from?
  - Survey respondents' assets at 12/31/08: \$26.6 billion
  - Assets in Mission Investments at 12/31/08: \$1.3 billion or 4.7%