Re-imagining Philanthropy & the Role of Foundation Endowments
A new vision of philanthropy:

Rejects the accumulation of wealth and power

Redistributes wealth, democratizes power and shifts economic control to communities
A Strategy Framework For a Just Transition

Source: Climate Justice Alliance Just Transition Principles
Transforming our underlying assumptions on the role of capital

Away from an assumption that individuals and institutions have the right to endlessly accumulate capital and make decisions on how it should be allocated for the public good, where the preservation of wealth and power is prioritized over the needs of people and the environment;

Towards an assumption that, rather than being accumulated by individuals and institutions, capital must support the collective capacity of communities most impacted by economic inequality to produce for themselves, give to and invest directly in what their communities need, and retain the returns generated from these investments. All aspects of collective well-being are prioritized over the wealth and power of a few.
Transforming our underlying approach to philanthropy

Away from an approach where foundations maintain power, accumulate wealth and grow their endowments indefinitely to exist in perpetuity, by maximizing their return on investments even at the expense of communities they claim to support;

Towards an approach where foundations actively support new economic systems that transfer the management and control of financial resources away from institutions and into the hands of communities who have been impacted by wealth accumulation and the extractive economy.
Transforming how our endowments are managed

Away from a strategy of investing in for-profit companies that cause social, economic and environmental devastation to communities around the world in order to maximize financial returns for the foundation.

Towards a strategy of investing in local and regional efforts that replenish community wealth and build community assets – like worker cooperatives and community land trusts – in ways that emphasize transformative impact while rejecting the need to maximize financial returns for the foundation.
First community-developed investing criteria.

Seeks to align corporate behavior with social justice movements.

Centers the voices of those most impacted by systems of oppression.

Includes social justice organizations and allies, investors, and investment managers.
RISE Video Introduction
### Portfolio

**Stock style**

- **Market Cap**
  - Large
  - Medium
  - Small

- **Style**
  - Value
  - Blend
  - Growth

Social Fund seeks to track the performance of a benchmark index that measures the investment return of large- and mid-capitalization stocks.

Learn more about this portfolio’s investment strategy and policy.

### Equity characteristics as of 03/31/2018

<table>
<thead>
<tr>
<th></th>
<th>Social</th>
<th>US Select Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of stocks</td>
<td>447</td>
<td>446</td>
</tr>
<tr>
<td>Median market cap</td>
<td>$84.9 billion</td>
<td>$84.9 billion</td>
</tr>
<tr>
<td>Price/earnings ratio</td>
<td>22.5x</td>
<td>22.5x</td>
</tr>
<tr>
<td>Price/book ratio</td>
<td>3.2x</td>
<td>3.2x</td>
</tr>
<tr>
<td>Return on equity</td>
<td>16.1%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Earnings growth rate</td>
<td>7.8%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Foreign holdings</td>
<td>0.4%</td>
<td>—</td>
</tr>
<tr>
<td>Turnover rate (as of fiscal year end August)</td>
<td>11.1%</td>
<td>—</td>
</tr>
<tr>
<td>Short-term reserves</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fund total net assets</td>
<td><strong>$4.1 billion</strong></td>
<td>—</td>
</tr>
<tr>
<td>Share class total net assets</td>
<td>—</td>
<td><strong>$2.4 billion</strong></td>
</tr>
</tbody>
</table>

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## ESG / Socially Responsible

### Social Fund

Stock holdings | Bond holdings | Short-term reserve holdings

### Stock Holdings

#### Holdings | Shares | Market Value
---|---|---
Apple Inc. | 1,241,252 | $208,257,261
Microsoft Corp. | 1,833,567 | $167,349,660
JPMorgan Chase & Co. | 844,318 | $92,849,650
Facebook Inc. Class A | 578,039 | $92,364,852
Johnson & Johnson | 659,219 | $84,478,915
Accenture plc Class A | 151,500 | $23,255,250
Goldman Sachs Group Inc. | 85,985 | $21,656,182
NIKE Inc. Class B | 318,292 | $21,147,320
Activision Blizzard Inc. | 180,620 | $12,184,625
Occidental Petroleum Corp. | 186,463 | $12,112,836
American International Group Inc. | 220,232 | $11,985,025

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Goldman Sachs Analyst: Curing Patients Not a Sustainable Medical Business Model

Published on April 17, 2018
FOR IMMEDIATE RELEASE

THURSDAY, DECEMBER 21, 1995

ENR

(202) 616-2771
TDD (202) 514-1888

OCCIDENTAL TO PAY $129 MILLION IN LOVE CANAL SETTLEMENT

WASHINGTON, D.C. -- In a successful end to a toxic dump disaster that became synonymous with the hazards of environmental pollution, and that gave birth to the nation's Superfund program to clean up the most hazardous toxic waste sites, the Justice Department and the Environmental Protection Agency announced today that the Occidental Chemical Corporation will pay the government $129 million to cover the costs of the Love Canal incident that began in the late 1970's. The agreement results
Social Screens

= *non-financial* investing criteria
"Best-in-Class" » Least Bad Actor

OR

ESG = Environment Social Governance
Socially **Responsible** Investing
Social Justice Investing

Social Justice Organizations & Allies

Investment Manager

RISE Investors

Social Screen
Theory of Change

- Give
- Invest & Influence
- Divest

PHILANTHROPY
- Low $ / High 😊

NEUTRAL

CRIME
- Low 😞 / High $
Robasciotti & Philipson
robasciotti.com
• What’s in Your Portfolio? Analysis
  (no cost 45-minute Zoom session)

Impact Finance Center
www.impactfinancecenter.org
• Investment Advisor Evaluation & Search
  (low cost analysis and recommendations)

Invest for Better
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American Friends Service Committee (The Quakers)
investigate.afsc.org
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• Money Bail
• Borders
• Occupied Territories

As You Sow
www.asyousow.org
• Gender Equity (limited)
• Fossil Fuels
• Deforestation

Code Pink
weaponfreefunds.org
• Weapons & Firearms
Our Difference is Our Strength

1. Racial Justice
2. Weapons & Firearms
3. Gender Equity
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August 14, 2017 Robasciotti & Philipson launched a community-sourced campaign to name its new impact investing platform (RISE – Return on Investment & Social Equity) and the corresponding approach it used, “social justice investing”. The domain name www.socialjusticeinvesting.com was purchased on January 2018 Robasciotti & Philipson launched RISE – Return on Investment & Social Equity. RISE uses evidence-based practice and a community-informed social screen to build portfolios that meet financial goals while also serving the greater good.

Environmental and Climate Justice: NAACP website; https://www.naacp.org/issues/environmental-justice

By “higher returns” we mean, all things being equal, there are two identical companies; one of the two spends money cleaning up waste while the other doesn’t. We assume the company will have lower costs than an identical company that did not clean up its waste.

As of May 23, 2019 RISE (Return on Investment & Social Equity) operated by Robasciotti & Philipson has the most comprehensive racial justice screens that exist.


Border Security Expo 2019 is a study on borders and the militarization of borders that is co-authored by Robasciotti & Phillipson and American Friends Service Committee. Not yet released.

Racial Disparities in SRI Funds: Solutions with Sonya website; http://www.solutionswithsonya.com/racial-disparities-in-sri-funds/

Robasciotti & Philipson receives quantitative data from Ethic Investments.


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Foundation Endowments...Activate!
Aligning Investment Strategy with Social Justice Values

Approaches for Getting Started

Northern California Grantmakers & Justice Funders
Common Impact Investing Approaches

Assess and Upgrade

Extend Mission

Experiment
Approach: Assess & Upgrade

- Evaluate existing public equity and debt investment portfolio and identify opportunities to incorporate impact investing products

- Best for foundations that have a lower risk tolerance but want to pursue broad social and environmental impact
<table>
<thead>
<tr>
<th>Cash Deposits</th>
<th>Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical money, short-term deposits, and highly-liquid assets that investors can quickly convert into cash</td>
<td>A legal agreement in which a third party to a financial transaction promises to pay a lender if an investee is unable to do so</td>
</tr>
</tbody>
</table>

![Amalgamated Bank Logo](image1)  
![MCE Logo](image2)  

Assess & Upgrade
Approach: Extend Mission

- Start with existing grant portfolio and identify viable investment opportunities that closely align with the foundation’s mission

- Best for funders that are driven by targeted impact and are willing to consider opportunities with potentially higher risk
Approach: **Experiment**

- Carve out dedicated resources for impact investing and respond to aligned opportunities that arise.

- Best for funders that are **comfortable with risk**, want to be more **hands-on**, and learn by doing.
## Impact Investing for Foundations

### Impact Investments

<table>
<thead>
<tr>
<th>Mission-Related Investments (MRIs)</th>
<th>Program-Related Investments (PRIs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>An investment that aims to generate both financial and social returns</td>
<td>A type of MRI a foundation uses to further its programmatic objectives</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>Foundation’s investment resources (endowment)</th>
<th>Foundation’s charitable resources (5% payout)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Purpose</strong></td>
<td>To receive a mix of social and financial returns, to whatever degree the foundation deems appropriate</td>
<td>To further the foundation’s charitable purposes; the investment’s significant purpose cannot be to generate income or participate in political or legislative activity</td>
</tr>
<tr>
<td><strong>Returns</strong></td>
<td>Can be below-, at-, or above-market rate; typically at- or above-market rate, often aims to support the long-term sustainability of the foundation</td>
<td>Can be below-, at-, or above-market rate; typically yield below-market financial returns to subsidize the impact outcome, though there is no rule dictating the rate of return</td>
</tr>
<tr>
<td><strong>Tax Guidelines</strong></td>
<td>Treated like traditional investment returns and are federally taxable</td>
<td>Tax-deductible for federal tax purposes</td>
</tr>
<tr>
<td><strong>Investees</strong></td>
<td>For-profit and nonprofit organizations</td>
<td>For-profit and nonprofit organizations</td>
</tr>
<tr>
<td><strong>Legal Definition</strong></td>
<td>No legal definition; applies to any investment that has both a financial and social purpose</td>
<td>Explicitly defined in Section 4944 of the Internal Revenue Code</td>
</tr>
</tbody>
</table>
## To Consider: Social Justice Values

<p>| | |</p>
<table>
<thead>
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</table>
| **Who** | • Who are you investing in?  
• Are you providing access to capital to underserved communities? |
| **What** | • What are you investing in?  
• How do an investments products and/or services promote equity? |
| **How** | • How are you investing?  
• Is your investment structure aligned with your investees needs and objectives? |
Getting Started: Resources

- Mission Investors Exchange (MIE) – program-related investments
- Confluence Philanthropy – mission-related investments
- Opportunity Finance Network – community development finance institutions (CDFIs)
- Social Venture Circle – direct investments in social enterprises
Thank you!

Alexandra LaForge
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