

Re-imagining Philanthropy & the Role of Foundation Endowments



JUSTICE FUNDERS

Powering Philanthropic Transformation

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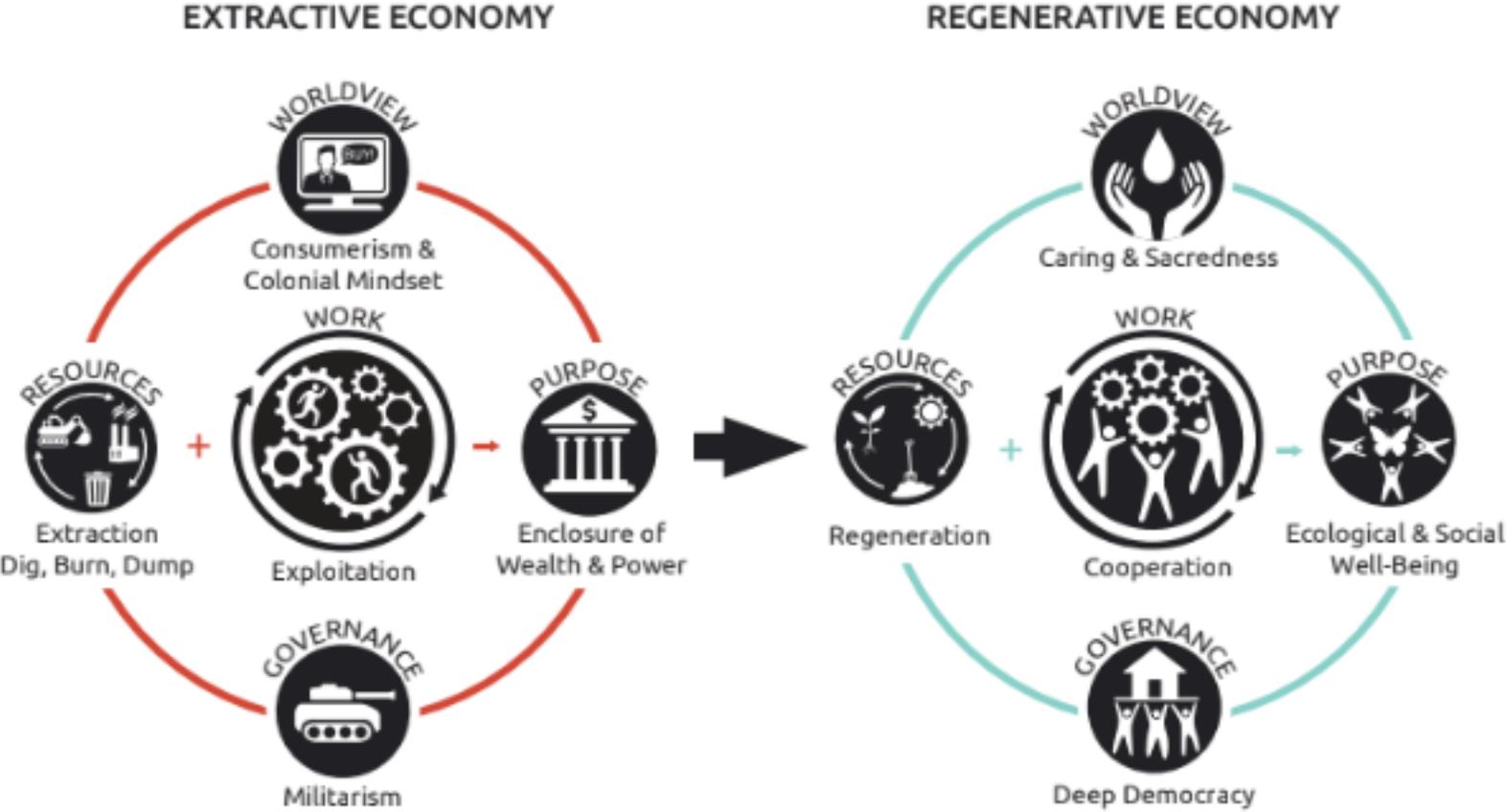
A new vision of philanthropy:

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

Extractive

Less Extractive

Restorative

Regenerative

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

Extractive

Less Extractive

Restorative

Regenerative

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

Extractive

Less Extractive

Restorative

Regenerative

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.





Rachel J. Robasciotti

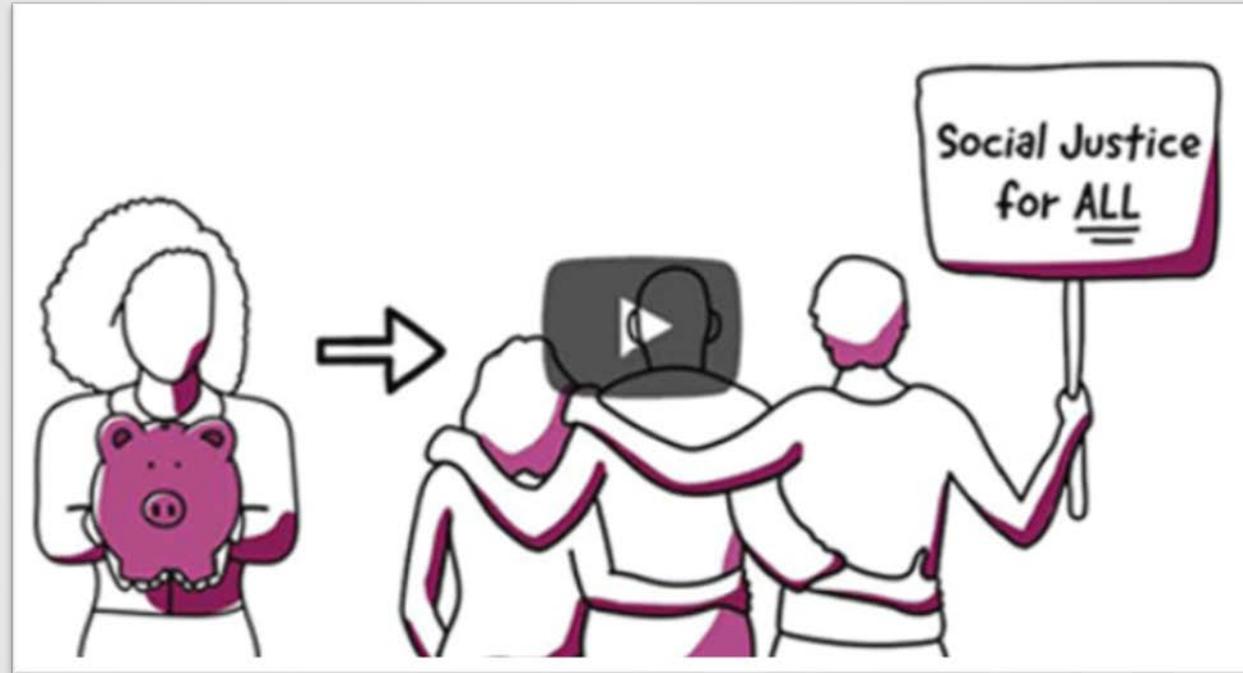
First community-developed investing criteria.

Seeks to align corporate behavior with social justice movements.

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

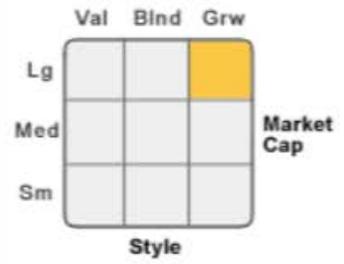
Includes social justice organizations and allies, investors, and investment managers.

RISE Video Introduction



Portfolio

Stock style



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.

What is this?

Equity characteristics as of 03/31/2018

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



ESG / Socially Responsible

Social Fund

Stock holdings | Bond holdings | Short-term reserve holdings

Stock Holdings

446 Holdings

1-50 of 446 | Next>

Holding ▾	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	\$12,112,636
American International Group Inc.	220,232	\$11,985,025



ESG / Socially Responsible

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

Published on April 17, 2018



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#638 Occidental to pay \$ x

Secure | https://www.justice.gov/archive/opa/pr/Pre_96/December95/638.txt.html

FOR IMMEDIATE RELEASE ENR
THURSDAY, DECEMBER 21, 1995 (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

Social Screens

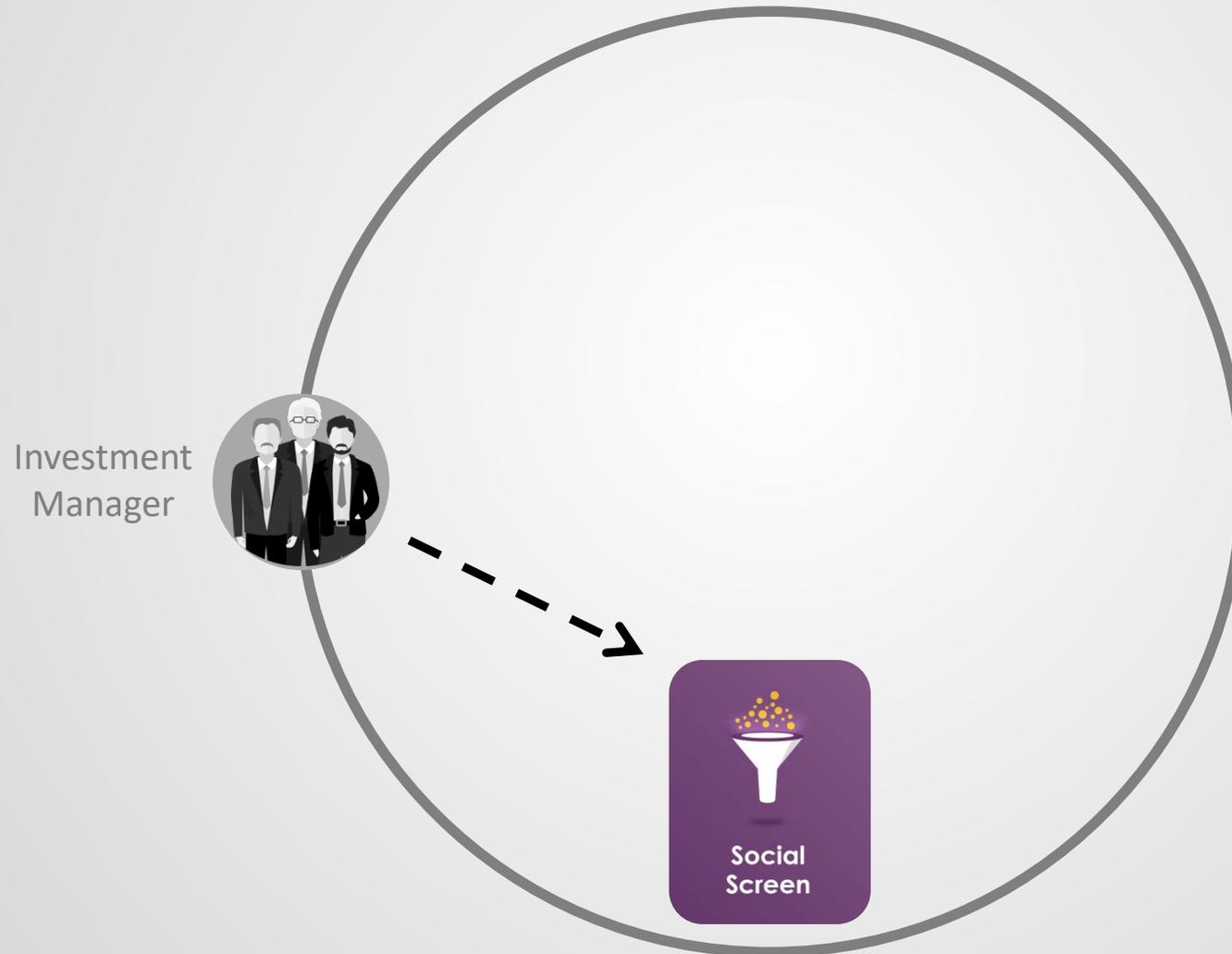
“Best-in-Class” » Least Bad Actor

OR

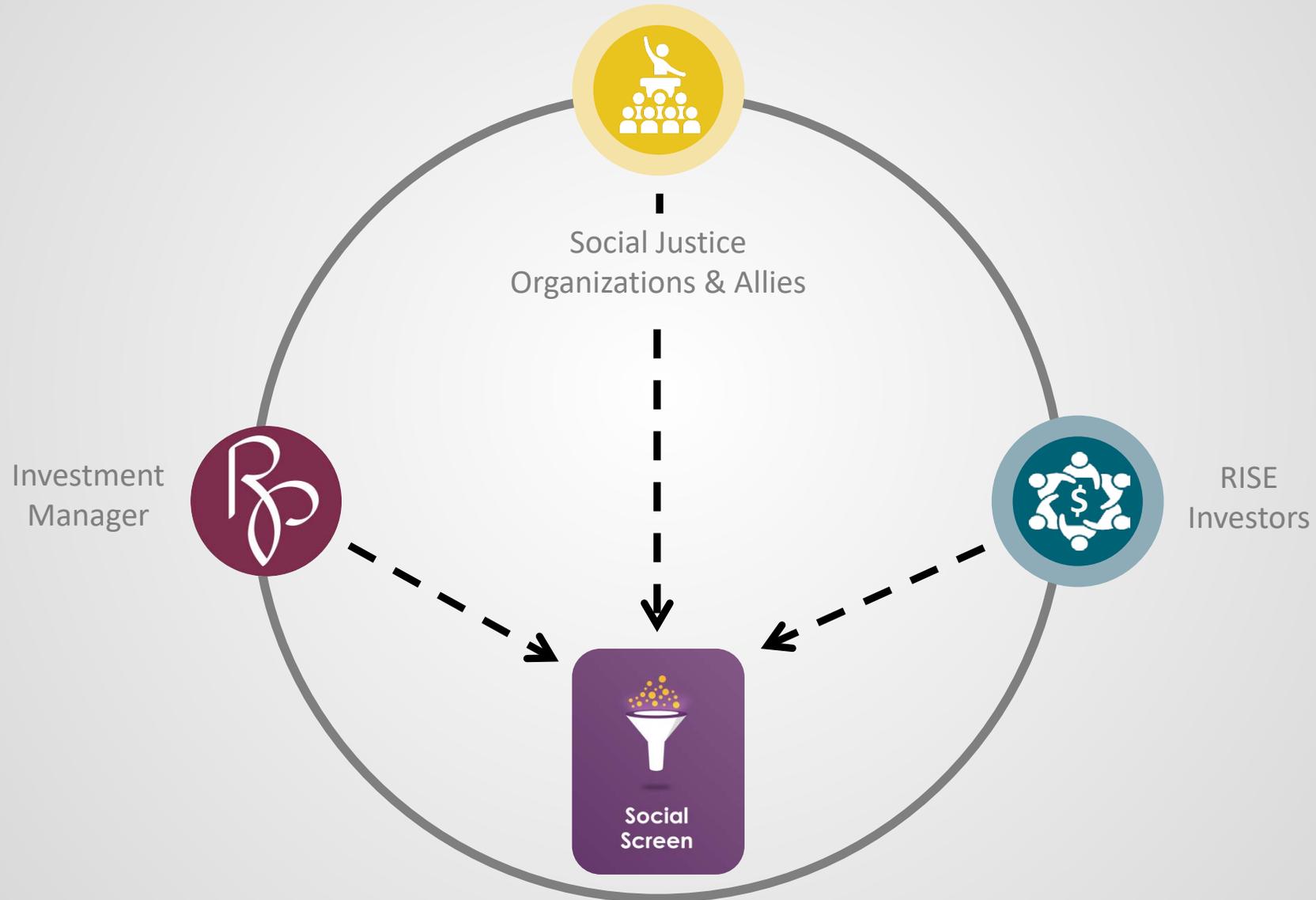
ESG = Environment Social Governance



Socially Responsible Investing



Social Justice Investing



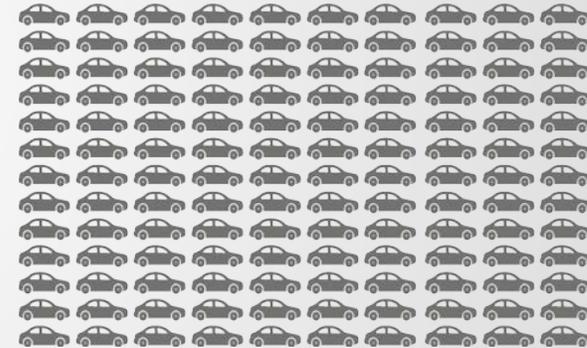
Why Publicly Traded Companies?

ONE PERSON



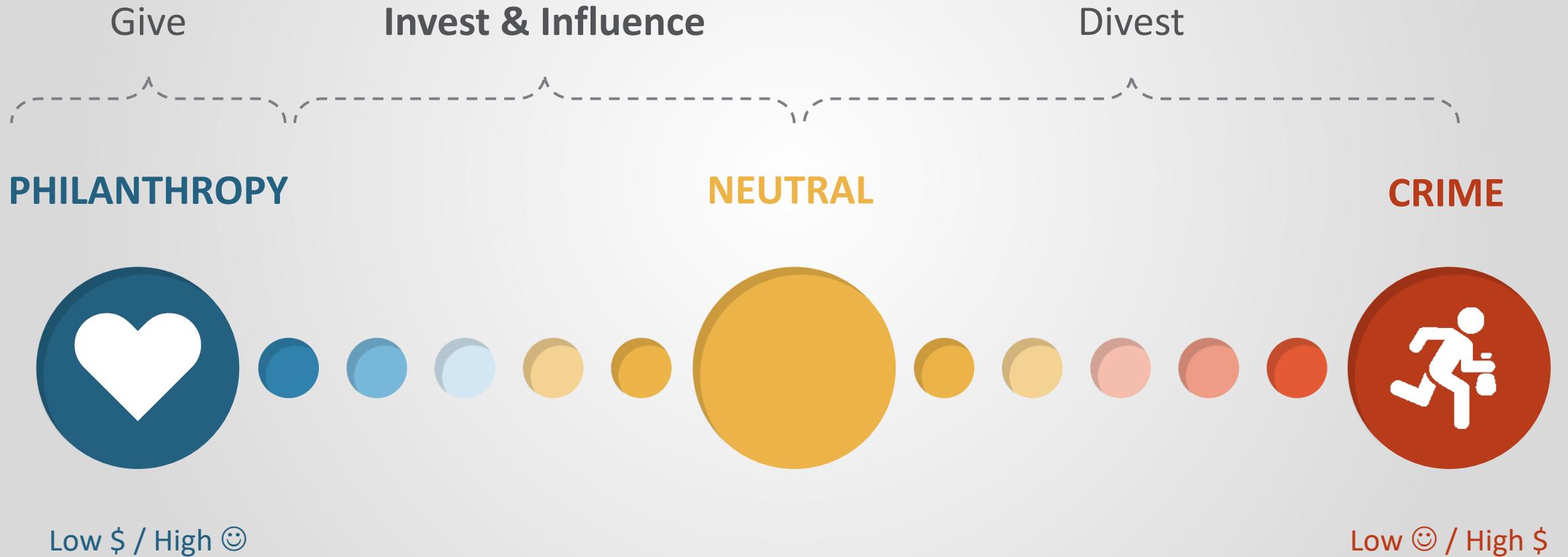
5 Tons of Carbon

Google



5 Million Tons of Carbon

Theory of Change



Tools & Resources

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

www.investforbetter.org

- Education and Tools for Impact Investing

American Friends Service Committee (The Quakers)

investigate.afsc.org

- Prisons & Detention
- Money Bail
- Borders
- Occupied Territories

As You Sow

www.asyousow.org

- Gender Equity (limited)
- Fossil Fuels
- Deforestation

Code Pink

weaponfreefunds.org

- Weapons & Firearms





Robasciotti & Philipson

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THAT LIVES YOUR VALUES:

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EXAMPLES

1. Racial Justice
2. Weapons & Firearms
3. Gender Equity

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ENDNOTES

(7:47) This content is available on a third-party website. Please note that we do not endorse this site or the products and services you might find there.

(13:26) 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

(14:24) 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.

(18:47) Environmental and Climate Justice: NAACP website; <https://www.naacp.org/issues/environmental-justice>

(20:58) **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.**

(23:47) As of May 23, 2019 RISE (Return on Investment & Social Equity) operated by Robasciotti & Philipson has the most comprehensive racial justice screens that exist

(26:07) Worse Off Than When They Enrolled: The Consequence of For-Profit Colleges for People of Color: The Aspen Institute website; <https://www.aspeninstitute.org/blog-posts/worse-off-than-when-they-enrolled-the-consequence-of-for-profit-colleges-for-people-of-color>

(32:20) American Friends Service, As You Sow, Color of Change, Movement for Black Lives, Code Pink, Freedom Cities, Make the Road, Racial Justice Investing Coalition, Urban Justice Center, Harvard Prison Divestment Project, Interfaith Coalition for Corporate Responsibility, Worth Rises, Aramark, Century Link, Goldman Sachs, Halliburton, National Rifle Association, and Smith & Wesson are not affiliated with Robasciotti & Philipson

(43:25) 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.

(45:42) Racial Disparities in SRI Funds: Solutions with Sonya website; <http://www.solutionswithsonya.com/racial-disparities-in-sri-funds/>

(46:24) Robasciotti & Philipson receives quantitative data from Ethic Investments

(48:37) JP Morgan Backs Away From Private Prison Finance: Reuters website; <https://www.reuters.com/article/us-jp-morgan-prisons/jpmorgan-backs-away-from-private-prison-finance-idUSKCN1QM1LE>

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RISE

RETURN ON INVESTMENT
& SOCIAL EQUITY



Arabella
Advisors

October 3, 2019

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

Approaches for Getting Started

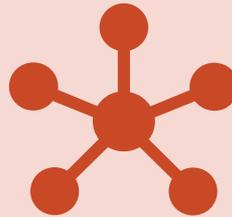
Northern California Grantmakers
& Justice Funders

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**

Assess & Upgrade

Cash Deposits

Physical money, short-term deposits, and highly-liquid assets that investors can quickly convert into cash

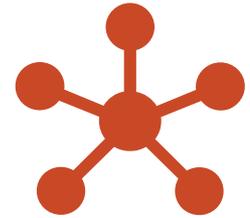


Guarantee

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



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

Mission-Related Investments (MRIs)

An investment that aims to generate both financial and social returns

Program-Related Investments (PRIs)

A type of MRI a foundation uses to further its programmatic objectives

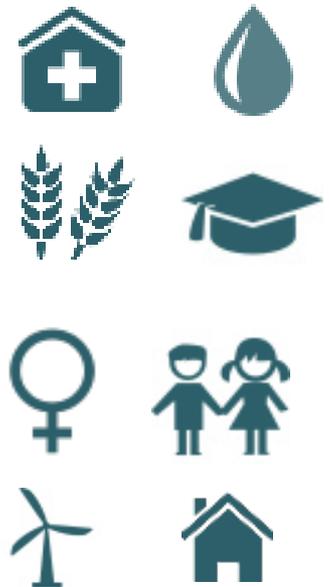
	Mission-Related Investments (MRIs)	Program-Related Investments (PRIs)
Source	Foundation's investment resources (endowment)	Foundation's charitable resources (5% payout)
Primary Purpose	To receive a mix of social and financial returns, to whatever degree the foundation deems appropriate	To further the foundation's charitable purposes; the investment's significant purpose cannot be to generate income or participate in political or legislative activity
Returns	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	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
Tax Guidelines	Treated like traditional investment returns and are federally taxable	Tax-deductible for federal tax purposes
Investees	For-profit and nonprofit organizations	For-profit and nonprofit organizations
Legal Definition	No legal definition; applies to any investment that has both a financial and social purpose	Explicitly defined in Section 4944 of the Internal Revenue Code

To Consider: Social Justice Values

Who	<ul style="list-style-type: none">• Who are you investing in?• Are you providing access to capital to underserved communities?
What	<ul style="list-style-type: none">• What are you investing in?• How do an investments products and/or services promote equity?
How	<ul style="list-style-type: none">• 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





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Advisors

Thank you!

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