



INVIGORATING IMPACT: DESIGNING AN ESG PROGRAM FOR COMMUNITY FOUNDATION DONORS

OVERVIEW

Community foundations play a vital role in helping to address local needs and support area nonprofits. Their philanthropic activities are fueled by donations from individuals, families, businesses and sometimes government grants. Over time, donors have grown more mindful of how their charitable dollars are invested, seeking to make communities more livable and sustainable for future generations.

Angeles partnered with a longstanding Community Foundation Client to expand their offerings to donors in response to a growing focus on sustainability and to elevate their impact to their community.

 Angeles

The Client

A California-based community foundation who has worked with Angeles for over a decade.

The Goal

To design a custom investment strategy, while maintaining consistency with the foundation's mission and organizational strategies and delivering competitive net of fee performance, to invigorate the existing and potential donor base.

The Collaboration Process

Leveraging Angeles' deep research on ESG values, mission-related, and impact investments, Angeles collaborated with the Investment Committee to formulate a new investment pool. Identifying the primary emphasis of the pool was paramount, alongside how the pool would be structured and implemented.

In the preliminary stages, Angeles presented findings from an initial review of SRI and ESG to the foundation's investment committee, including an illustrious portfolio for an ESG pool. This included providing additional portfolio and performance information and additional input on the foundation's ESG priorities to determine the committee's main emphasis for the pool: sustainability.

From there the team created a proposal. Investments in the proposal focused on companies with:

- lower carbon emissions
- a majority of their revenue focused on positive impact in education, affordable housing, and financial equity
- a commitment to transitioning to clean energy

The Results

The foundation formalized a Socially Responsible Pool (SRP) that provides donors with access to investments with high sustainability ratings, positive economic development, renewable resources, and strong governance practices.

To further assist, Angeles held a meeting with the community foundation's donors to introduce the pool and facilitate an educational session. The Q&A style meeting helped engage donors and garnered additional inflows and interest in the SRP.

Donors have responded enthusiastically to the new SRP, and the foundation is optimistic that over time this positive reception within the community will help attract additional assets to support the foundation's grantmaking. Less than two years since the SRP inception, the fund has grown by over 8x¹ through additional investments from donors and capital appreciation.

Angeles continues to monitor and report on all holdings to ensure they meet the sustainability and return objectives, in addition to vetting additional investments for inclusion. The SRP's expected return profile and its underlying cost structure both compare favorably to the foundation's pre-existing Long-Term investment pool.

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¹Fund inception is February 2019 with an initial investment of \$1.3 million dollars. As of 12/31/20 the pools assets were approximately \$10.7 million, comprised of additional net contributions of approximately \$8.2 million with the remainder net performance gains.



About Angeles Mission Related Investing

Angeles takes a proactive and holistic approach to the adoption of responsible investing. At a firm level, we cultivate and promote a culture of ethics and social responsibility, and we value and foster diversity and inclusion. We believe these attributes enable us to make better investment decisions. We integrate responsible investing into our manager research process at all levels and are committed to adopting and implementing the United Nations-backed Principles of Responsible Investing (UNPRI) where consistent with our fiduciary duty to clients. Aligning our oversight and management of client assets is integral to the important missions and values of our clients, and Angeles recognizes that clients have a range of missions and values to which their institutions are committed. Our work in this area acknowledges the diversity of these commitments.

The Angeles Mission-Related Investing (MRI) Committee oversees the execution of our goals in mission-related investing, including responsible, sustainable, diverse, and impact investing. This Committee meets weekly and is led by Anna McGibbons, an Investment Officer and Partner at our firm. The MRI Committee ensures that our manager research process is consistently applied and promotes a cohesive understanding across the firm of the distinctions and priorities of MRI investing. Angeles recognizes that clients have a range of missions and values to which their institutions are committed, and our work in this area acknowledges the diversity of these commitments. When creating portfolios, Angeles utilizes our proprietary database, which contains customized fields for classifying products as ESG/SRI/Diverse/Impact, allowing us to efficiently manage our research to identify and track managers and strategies with a range of MRI considerations in their strategies.

Please find our complete Responsible Investing Policy on our website www.angelesinvestments.com.



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