

# Investing for Impact: A Philanthropy California Investment Collaborative



California has the largest economy of any US state and would have the fifth largest economy in the world if it were its own nation.<sup>1</sup> But despite the ability to generate such massive GDP, the state ranks disproportionately low (32nd of all states) in economic health, which encompasses measures of unemployment and underemployment, poverty, foreclosure rates, and the uninsured population.<sup>2</sup> Members of Philanthropy California - an alliance of Northern California Grantmakers (NCG), Southern California Grantmakers (SCG), and Catalyst of San Diego and Imperial Counties (Catalyst) - grant millions of dollars annually to build economic health, but know that grant dollars alone will not be enough.

Philanthropy California believes in the results seen from impact investing and considers it a promising tool to amplify impact. Impact investing can complement grant strategies and go beyond grant dollars to align investments with the social impacts organizations seek while meeting fiduciary requirements. Making impact investments requires organizations to work in new ways and learning from colleagues is a great way to get started, develop best practices and collaborate for more impact. As Philanthropy California works to bring members actionable opportunities for increasing impact, we are pleased that the year-old collaborative has been beneficial to Catalyst, Northern California Grantmakers, and Southern California Grantmakers members.

## Investing for Impact: A Philanthropy California Investment Collaborative

California's regional associations are working together to increase impact in building and sustaining thriving, equitable communities. Philanthropy California supports members' philanthropic impact investing efforts through education and opportunities to collaborate. Investing for Impact: A Philanthropy California Investment Collaborative provides a

coordinated approach for investors to direct market-rate investments in California with a specific focus on underinvested communities and families. The Investment Collaborative catalyzes like-minded investors seeking to support positive social outcomes in California across a breadth of impact focuses and supports an investor cohort to bring investment officers together to foster peer learning across impact investment strategies.<sup>3</sup>

Dollars go to support affordable housing, job creation and small business growth, increased access to healthcare and education, and related community development measures for populations too often left behind, as well as environmental sustainability to help create thriving long-term communities. The Philanthropy California Investment Collaborative combines the opportunity for a broad range of asset owners across the State to invest together and measure the social impact of the combined investments, with the opportunity for competitive market-rate returns.

## Investment Approach

Philanthropy California recognizes the challenges foundations face in aligning market-rate investments both with mission and/or impact focus, especially within the local communities they care about. Through this partnership between Philanthropy California and RBC Global Asset Management (RBC GAM), the Investment Collaborative is a cohort focused on investing in high quality, liquid fixed income securities and customized loan pools towards specific geographic and thematic impact goals.

## Investment Options Include:

- Access Capital Community Investment Strategy
- Impact Bond Strategy
- Customized separate accounts

<sup>1</sup>Source: <https://markets.businessinsider.com/news/stocks/california-economy-16-mind-blowing-facts-2019-4-1028142608>

<sup>2</sup>ibid

<sup>3</sup>Philanthropy California participants' ability to designate geographies and/or themes is dependent on the amount of their investment and the vehicle through which they invest.

Eligible participants can designate specific impact geographies and/or themes depending upon the amount of their investment and the vehicle through which they invest. Themes might include climate change solutions, community development or racial wealth inequalities. Confronting the economic disparities that Black, Indigenous and people of color (BIPOC) face today will require comprehensive efforts that extend beyond philanthropy. Impact Investing can be a part of the solution by deploying investment dollars to support upward economic mobility for BIPOC families. Regardless of amount or vehicle, all participants will receive a report detailing the underlying loans in each California security RBC GAM invests in on behalf of The Philanthropy California Investment Collaborative.

### Other Investment Collaboratives

RBC GAM has already seen early success from another regional philanthropic network leading

the way in similar efforts. The Minnesota Council on Foundations, who with leadership from the McKnight Foundation, the Bush Foundation, and the Otto Bremer Trust, were able to catalyze a group of foundations to invest more than \$97 million in Minnesota (as of 3/31/21) through RBC GAM's impact investing strategies.

RBC GAM is excited to partner with Philanthropy California to unlock capital toward social impact in California. As the world begins to recover from the aftermath of the COVID-19 pandemic, we believe we can be a part of the solution to reinstate self-sustaining communities and businesses and witness their growth and prosperity. We look forward to serving as a resource as you explore ways to put your investment dollars to work to promote positive outcomes in your communities.

### Next Steps:

- [Learn more](#) about The Philanthropy California Investment Collaborative
- Set up time with the [RBC GAM team](#) to discuss further

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