

Impact Investing

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The FWA's Impact Investing Committee brought together an expert panel of market makers who shared their experiences, decision-making processes, goals and due diligence methodologies on impact investing. Impact investing is an emerging investment approach in which investors seek both financial returns and positive societal outcomes.

This sold-out event was hosted at the J.P. Morgan headquarters and moderated by Brinda Ganguly, Associate Director of the Rockefeller Foundation, and featured panelists: Amy Bell, Executive Director, Social Finance at J.P. Morgan; Christine Looney, Senior Program Investment Officer at the Ford Foundation; Gloria Nelund, Chairman and CEO of TriLinc Global, LLC; and Gil Crawford, Co-Founder and CEO of Microvest. An engaging dialogue ensued.

Brinda Ganguly **opened the panel by noting, “*Intentional investing creates both social impacts and financial returns.*”** She asked each panelist to present strategies for impact investing and to provide specific examples:

Amy Bell delved into JP Morgan's approach to impact investing, noting that it has the dual objective of achieving both positive impact and financial return. She discussed the bank's catalytic role as one of the lead investors with other diverse groups of impact investors, many of whom are new to the impact investing space and gain comfort in investing side by side with a large institutional bank. Amy highlighted one of many compelling examples of JPM's strategy: The African Agricultural Capital Fund. This investment targets rural small-holder farmers in East Africa and provides them with the capital to become profitable businesses while supplying fresh produce to local citizens.

“We're starting to see a new type of investor entering the space—more corporations,” explained Christine Looney, who noted that the Ford Foundation was one of the pioneers in impact investing by creating Program Related Investments (PRIs) in the late 60s. This style of



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Associate Director
of the Rockefeller Foundation



(l-r): Impact Investing Committee Co-chairs Pat Addeo and Nelun deS. Wijeyeratne flank FWA President Kimberly Weinrick

hybrid investing bridges the world of finance and social purpose. The low-cost funds provided by the PRIs often make it possible to attract more commercially oriented capital to enterprises that would otherwise not be funded. She gave an example of an investment in a transformative public transportation project that lowers the burden of transportation costs for residents to get to their workplace.

Gil Crawford from MicroVest shared his viewpoint that it is important to apply a commercial framework to impact investing. It is the goal of MicroVest to provide risk-adjusted returns to its investors while providing entrepreneurs financial products and services at a lower cost. Gil believes that the key to the success of MicroVest lies in the superior due diligence process undertaken by his team.

“Our goal is connect the power that people have—with their investment dollars to worthy causes.” Gloria Nelund of TriLinc Global highlighted her company’s focus on bringing impact investments to the retail market. She hopes to see impact investments as part of a standard portfolio, with investors receiving competitive financial returns and positive economic, social or environmental impact. Gloria highlighted an investment in an electronics retailer in Indonesia providing loans for the purchase of electronic products to middle market consumers that have very limited or no access to financing. She compared it to bringing “Sears” to Indonesia.

Brinda also questioned the panelists on market dynamics, deal structures, key performance metrics, and future challenges and trends. Due diligence and market education were areas that were stressed by all of the panelists.

Gil and Gloria discussed the costs of rigorous due diligence and ways each of their firms tackled these costs. Gil highlighted that the in-depth due diligence rigor helped them isolate the hidden value of the companies to which they were providing funds. Third party firms, industry-led organizations and standardized metrics are all critical to helping the industry and its future participants better navigate the investment opportunities in this challenging space.

When looking toward the future, the panelists noted that impact investing is still in its infancy, where the potential for growing the pie is immense. As impact investing grows, the industry will need to be wary of potential deterrents that could cast a shadow on this discipline, as was seen in microfinance’s rapid rise. On the



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Gil Crawford
Co-Founder and CEO
Microvest

other hand, a new class of investors in the high-net worth and individual retail sector appear primed to best support impact investing in the near term. These are the investors who can start leveraging the power of their capital by expressing their values through their investment dollars. The hope is that this will fundamentally alter investment practices, and that impact investing will be the conduit for change.

The panelists noted that further education about impact investing was required to take the industry to the next level. To help with that education, each panelist provided attendees with ideas on how they could personally promote impact investing in their own lives. Whether it is through discussing impact investing with their clients as an alternative investment option, educating their colleagues in their respective institutions, or putting their own personal capital to work, everyone can begin to contribute to the future success of impact investing.

*Special thanks to **Sophia Tran-Vu** who provided this article.*

[View the photo gallery](#)



Amy Bell
Executive Director,
Social Finance
J.P. Morgan