



GETTING STARTED: INVESTING IN AN EQUITABLE FUTURE

What to Expect:

- We have built a framework to assess investment opportunities across all asset classes and to understand how they help Black, Indigenous, and People of Color (BIPOC) communities thrive and bring about structural change to advance racial justice.
- We present three categories of investments that support BIPOC communities; those promoting: **1) Diversity and Inclusion 2) Racial Equity 3) Racial Justice.**
- We offer examples of **actionable investment opportunities** advancing an equitable future.
- Readers are asked to **share feedback** and **suggest investment opportunities** to improve this living document.



About CapShift

CapShift LLC and its subsidiary CapShift Advisors LLC (collectively CapShift) have developed an impact investing platform that seeks to empower philanthropic and financial institutions, along with their clients, to mobilize capital for social and environmental change. CapShift provides a curated set of vetted opportunities sourced from its proprietary database containing over 1,000 public, private, and nonprofit ventures and funds operating globally and locally across all major themes. Our suite of solutions makes it easy to source, implement, and monitor impact investments. Learn more at www.capshift.com.

About TheCaseMade

At TheCaseMade, we strive to transform communities by helping leaders powerfully, intentionally, and effectively build the public's will to participate in equitable and inclusive systems change. We partner with organizations and cross-sector collaborations that have a passion for making the world a better place for all people, a commitment to equity, a desire for deep learning, a capacity for engaged listening, and an openness to working differently than they have before. Learn more at www.thecasemade.com.



Introduction

There has never been a more important moment to invest directly in the initiative and strength of companies and funds driven by social impact. This is especially true as our nation grapples with the issues of discrimination, exclusion, and racial injustice. Across America, corporate leaders, entrepreneurs, and everyday citizens are recognizing – some for the first time – that building financial equity in business ventures goes hand in hand with the work of advancing racial equity in our communities. In fact, it is becoming increasingly clear that those efforts are one in the same – that a strong business climate is one where people see their stake in the success of each other.

“Now is the moment to demonstrate the power of capital to strengthen and support marginalized individuals and disenfranchised communities.”

We all benefit from an equitable future, where our investment dollars unlock both financial returns and better living conditions for those most in need. Right now, CapShift and TheCaseMade are working with leaders across the country to design that more equitable future – helping them use their energy and innovation to ensure that each person has the opportunity to thrive and every business can prosper.

As leaders in the financial services, philanthropic, and impact investing industries, we have the unique opportunity to finance an equitable future, opening pathways to success driven by capital, resources, and talent. Now is the moment to demonstrate the power of capital to strengthen and support marginalized individuals and disenfranchised communities. This is our opportunity to marshal the resources needed to catalyze the most important social movement of our lifetime and to take meaningful steps to realize the hopes and dreams of so many Americans.

CapShift and TheCaseMade partnered because of our shared focus on helping investors and organizations take action for social good. We know that America is stronger when everyone thrives and when we acknowledge and address the pernicious legacy of racial injustice in our country. We believe our role in this historic moment is to help investors effectively channel long-withheld capital into Black, Indigenous, and other communities of color in America.

We jointly developed this Racial Justice Framework to evaluate investment opportunities on their potential for advancing racial justice in the United States, leveraging CapShift's database of impact investment opportunities. If you would like your fund or social enterprise to be evaluated, please send information to issuer@capshift.com.

We recognize that reversing decades of unjust underinvestment in Black, Indigenous, and People of Color (BIPOC) communities is a long-term commitment with no established roadmap. We enter this work with humility, understanding that we must listen to and share our power with the communities of people who have been most affected by those injustices. We may not get it right every time, but we intend to be accountable to our results.

Racial Justice Framework

Our racial justice framework currently consists of 20 questions that delve into an investment's processes, practices, and external reporting. When we applied the framework to an initial set of investments – whether they were explicitly seeking racial justice outcomes or not – we found that opportunities fell along a continuum of **diversity and inclusion** to **racial equity** to **racial justice**.

While all of these approaches can play a valuable role in a portfolio that seeks to advance a future where all people can thrive, they are not equally impactful. We hope this framework can help guide investors toward the most transformative opportunities while balancing other considerations such as financial return, risk, liquidity, and additional impact outcomes. We also hope our work will provide those seeking capital with tangible steps they can take to move further along on their own journey toward racial justice. Finally, we encourage capital seekers committed to racial justice to reach out to CapShift to raise awareness among our broad client base of charitable asset owners and impact investors.

What We Mean by...

Diversity and inclusion: The efforts and practices in which different racial groups or individuals are culturally and socially accepted, welcomed, and treated equally.

Racial equity: The condition that would be achieved if one's racial identity is no longer predictive of, in a statistical sense, how one fares.

Racial justice: The systematic fair treatment of all races. Not just the absence of discrimination and inequities, but also deliberate systems and supports to achieve and sustain racial equity over the long term.

Our Racial Justice Framework segments investment opportunities into three categories:

1 Diversity and Inclusion



These investment funds intentionally seek or support **diversity and inclusion** in employees or ownership. They generally measure the diversity of their customers and the beneficiaries of their portfolio company's services.

Diversity and inclusion efforts can have an immediate short-term benefit for individuals who otherwise would not have access – or would have difficulty accessing – key services or capital in the current social and economic structures. More transformative impact hinges upon breaking down the societal barriers that were preventing access initially. But, it is important to take the first step, which is what investment opportunities that are committed to diversity and inclusion do.

EXAMPLE

Achieve Partners is a private equity firm focused on addressing training gaps in our country by developing “last-mile” programs within its portfolio companies to help students place into good entry-level jobs in specific healthcare and technology roles. Achieve Partners works with corporations to identify training needs in skilled entry level BIPOC candidates and monitors the success of these candidates through training, their first placement, and their ultimate success at their new employer.

2 Racial Equity



These investments support **racial equity** by creating pathways for BIPOC communities to thrive. Instead of impacting immediate beneficiaries, they support longer-term outcomes that level the playing field for others in the community.

Investing in equitable communities can benefit individuals in very tangible ways – creating opportunities for affordable homes, access to healthcare, quality schools, or well-paying jobs. These opportunities allow individuals to invest in themselves, their families, and local businesses that provide goods and services the community needs. If these investments succeed and are redeployed, previously neglected communities may see a reinforcing cycle of employment and asset ownership.

EXAMPLE

The **Southern Opportunity and Resilience Fund (SOAR)** supports racial equity by providing access to flexible, low-cost credit for BIPOC-owned or managed small businesses and nonprofits in the southern United States. This special purpose vehicle channels capital into local community development financial institutions (CDFIs) that can provide technical assistance and support to business owners, many of whom have never accessed traditional financing. By providing this capital now, these businesses have a better chance to weather the impacts of Covid-19 and continue to support and grow their local communities.

3 Racial justice



These investments drive systematic change, a necessary precondition for true **racial justice**. These organizations are taking steps to change the system of capital and resource allocation to treat not just the symptoms of institutional racism, but to develop a potential cure for historical underinvestment in BIPOC communities.

System-change efforts challenge society's assumptions about how things are done. The theory of change put forth by the investment opportunity directly addresses the institutional disenfranchisement of BIPOC communities and highlights the potential for another way forward. The immediate benefits to individuals or communities may be small scale, but the proof of an alternative path forward has the potential to be catalytic.

EXAMPLE

Seed Commons is a community wealth cooperative made up of 20 locally rooted, “non-extractive” loan funds whose mission, investment process, and practices advance racial justice. The core mission of Seed Commons is to “channel investment to marginalized communities that have faced the brunt of the extractive economy, deindustrialization, and systemic discrimination.” While Seed Commons raises money centrally, it gives local communities control of the capital, deciding collectively where to invest, as well as reinvest any proceeds. It works to help communities build wealth by providing non-extractive financing, which means that loans are only repaid based on growth in revenue and profit, and not funded by existing assets from a business or business owner.

Our Framework for Evaluating Racial Justice Across Impact Investments

CapShift, with support from TheCaseMade, has developed a framework to determine where an investment is on the continuum of supporting racial justice. Some of the core issues we address include:

- How intentional is the fund in addressing racial equity in its investment approach, as well as its internal organization and governance?
- Does the firm clearly identify near-term primary beneficiaries in BIPOC communities as well as longer-term anticipated outcomes? What do they report externally?
- Is the fund partnering with local communities that have faced chronic underinvestment and underrepresentation so that the voice of the community is heard when investment decisions are made?
- Does the fund or its investment team have a proven track record of helping historically underinvested communities thrive?
- Is the fund looking to drive system-wide change and if so, has it identified and addressed the major hurdles to achieve this change?

Our Investment Categories

We understand many of our readers are looking to apply a racial justice lens to investments in specific issue areas or asset classes where they are already active. Below, we highlight five traditional impact investment categories that address some of the symptoms of racial inequity in the United States. These sectors have short-term positive impacts on communities that have faced underinvestment or underrepresentation, have the potential to promote racial equity in America, and, in some instances, may lead to structural change to support racial justice. Others currently focus on diversity and inclusion but have the potential to move along the path toward supporting racial equity – and, ultimately, racial justice through their processes and procedures.

The five categories of investments are:



Education

Provide high-quality, affordable education and skills attainment to create more pathways to high-paid and meaningful jobs over time.



Housing

Increase access to a diversity of housing options, reduce homelessness, and create pathways for home ownership to enable asset growth.



Health

Provide affordable access to healthy food, healthcare, and wellness services to enable communities to thrive.



Affordable Credit

Support lending to BIPOC-owned small businesses and nonprofits and individuals, providing a path to equity ownership of real assets (buildings, small businesses, and intellectual property) by community members.



Funding to Create or Build New Businesses

Deploy equity or debt capital to entrepreneurs to create new ecosystems of innovation or validate new technologies, through BIPOC fund managers and/or funds that back BIPOC entrepreneurs or small business owners.

For those interested in delving deeper into any of these categories or exploring other sectors, please reach out to our team, and we can provide a more comprehensive list of investment opportunities organized by category.

Initial Investment and Recoverable Grant Opportunities



Diversity and Inclusion

These opportunities actively monitor and seek to improve the diversity and inclusion metrics associated with their organization, the groups they are investing in, or the beneficiaries of their services. Investors should anticipate that the manager monitors the diversity and representation of the fund leadership and limited partners, as well as the executive teams and stakeholders of portfolio companies.



Achieve Partners

Invests in programs to close the training gap and help BIPOC graduates secure high-quality jobs.



American South Real Estate Development Fund

Develops affordable housing in underinvested BIPOC communities in the Deep South.



Apis & Heritage Capital Partners

Invests to provide full employee ownership of businesses with at least one-third BIPOC employees (and target of 70%).



Support Thriving Communities with a Focus on Racial Equity

The primary benefit of these investments is to correct some of the injustices that occur because of systemic racism. These investments seek to promote thriving individuals and communities.



Slauson & Co

Provides venture funding, mentoring and assistance, and a network of investors to historically ignored BIPOC founders.



Renaissance HBCU Fund

Builds real estate-oriented community economic development projects on or near the campuses of Historically Black Colleges and Universities (HBCUs).



SOAR Fund

Lends flexible capital to BIPOC business owners and women in the Deep South to weather Covid-19 pandemic.



Hope Credit Union

Extends credit and deposit services that expand small business, home and account ownership opportunities among people and communities of color in the Deep South.



Transforming the System for Racial Justice

These opportunities advance structural change through a transformative approach. They not only seek positive outcomes but also model new systems that can be used for a more just future.



Seed Commons

Leads a community-driven effort to deploy non-extractive financing to cooperative businesses in underinvested communities of color.



Fair Food Fund

Invests in businesses with BIPOC ownership and customers that provide healthy nutrition to food deserts across the country.



Ujima Fund

Democratically allocates financing to small businesses, real estate, and infrastructure projects to advance economic development in BIPOC communities.

Take Action

If you are interested in investing in the prosperity of all communities, we encourage you to:

- 1 Identify your investment goals** and determine how you can incorporate the racial justice framework into your own approach. You may want to focus on fund managers that demonstrate strong diversity and inclusion in their executive team, an approach which has been demonstrated to correlate with excess return.¹ Or, perhaps you are focused on system-wide change, and an investment in an emerging manager with a highly intentional approach of incorporating the BIPOC community in their investment decisions is the best way to achieve your impact goals.
- 2 Take the first step** and engage with some of the opportunities we have identified to move money into funds or recoverable grants that are on the racial justice continuum. We are happy to provide our advice or connect you directly with any investment opportunity featured in our [Racial Justice Sourcing Report](#).
- 3 Provide us with feedback.** This racial justice framework is a living document and there are many investment opportunities we have not evaluated or identified. We will continue to publish updates that include more opportunities and recoverable grants. CapShift is also on its own learning journey, navigating how we can support racial justice in our own organization. We welcome your feedback on either of those efforts at support@capshift.com.

1. <http://go.glenmede.com/racial-equity>

CapShift's Commitment

At CapShift, we are committed to taking actionable steps to promote racial equity and justice within our organization and across greater society. Our commitments include:



1. Fostering an environment within CapShift that is supportive and inclusive of BIPOC communities. This includes assessing and refining our formal organizational structures and processes, such as our recruitment and hiring policies, as well as our overall culture.



2. Lifting up and help strengthen the voices of BIPOC communities. Through our impact investing platform, we will identify and highlight opportunities that empower BIPOC communities with representation and decision-making power – through fund leadership, authority over investment decisions, products and services provided, and other means.



3. Supporting the experimentation and development of new financial tools and structures that promote equality and justice as core values.

Addressing systemic racism requires creating equitable, transformative, and scalable mechanisms of mobilizing capital. We endeavor to thoughtfully leverage our role in the impact investing ecosystem to help seed and support the development of these innovative mechanisms as they emerge.

We anticipate that these methods will evolve and grow over time as we take steps to further our shared goal. Throughout this evolution, we strive to be intentional, to be humble, and to listen.

This report does not constitute an offer to sell or a solicitation of an offer to purchase any security. Any such offer or solicitation would only be made pursuant to a offering memorandum or prospectus. All investments entail a high degree of risk and no assurance can be given that the investment objective will be achieved or that investors will receive a return of their capital. Any investment opportunities highlighted in this presentation are presented for illustrative purposes only. Opportunities may not be suitable for all investors due to differences in risk tolerance, investor status, and investment time horizons, amongst other factors. Additionally, investments may not achieve stated social, environmental, or similar objectives.

Advisory services are provided by CapShift Advisors LLC, an SEC registered investment advisor. Investments in securities are not FDIC insured, are not bank guaranteed and may lose value. Investing in securities involves risks, and there is always the potential of losing money when you invest in securities. Before investing, consider your investment objectives and CapShift Advisors LLC's charges and expenses. CapShift Advisors LLC's advisory services are designed to assist clients in achieving discrete financial goals. They are not intended to provide financial planning with respect to every aspect of a client's financial situation, they do not incorporate investments that clients hold elsewhere, and they do not provide tax advice. Past performance does not guarantee future results, and the likelihood of investment outcomes are hypothetical in nature. Nothing in this presentation constitutes an offer, solicitation of an offer, or advice to buy or sell securities in jurisdictions where CapShift Advisors LLC is not registered.