

# RACIAL JUSTICE SOURCING REPORT



CapShift and TheCaseMade partnered in developing a framework to help investors understand how to invest in a more equitable future. You can read more about this in our report, [Getting Started: Investing in an Equitable Future](#). This sourcing report highlights investments and recoverable grants that fall into three categories:

- 1. Diversity and Inclusion:** These opportunities actively monitor and seek to improve the diversity and inclusion metrics associated with their organization, the companies they are investing in, or the beneficiaries of their services.
- 2. 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. They do this by helping individuals and communities thrive.
- 3. Transforming the System for Racial Justice:** These opportunities advance structural change through a transformative approach. They seek positive outcomes and model new systems that champion a more just future.

CapShift has reviewed all the opportunities in this report using our Racial Justice Framework. We will continue to add opportunities as they are reviewed.

## IMPACT CATEGORY KEY



EDUCATION



HOUSING



HEALTH



AFFORDABLE CREDIT



NEW BUSINESSES



## DIVERSITY AND INCLUSION

### ACHIEVE PARTNERS PUTTING AMERICA BACK TO WORK FUND



ACHIEVE  
PARTNERS

PRIVATE EQUITY FUND

**Min. Investment:**  
\$1,000,000  
**Fees:** 2-1.5% / 20% / 8%  
**Term:** 10 years  
**Geography:** United States, Canada

#### DESCRIPTION

Private equity firm addressing training gaps in the United States by developing "last-mile" programs that provide skills training at no cost to talented apprentices, a significant number of which are BIPOC individuals, to help them access high-quality jobs in the technology and healthcare sectors.

#### TARGETED IMPACT AND OUTCOMES

Open pathways to high-paid skilled jobs for underrepresented talent by partnering with universities and corporations to identify BIPOC candidates, provide last mile skills training, job placement, and assistance as these individuals progress in their careers.

#### POTENTIAL FUNDING EXAMPLE

Acquisition of a healthcare IT solutions company that provides electronic medical record (EMR) systems; the fund partners with colleges and workforce boards to hire and train BIPOC candidates on EMR and place them at hospitals and healthcare systems facing a talent shortage.

#### RISK CONSIDERATIONS

Private equity investments carry operational risk. Portfolio companies would be impacted if a recession limits job openings, which the fund mitigates by focusing on resilient sectors with skill shortages.

**COLLAB CAPITAL – COLLAB FUND I** 



**VENTURE FUND**

**Min. Investment:** \$250,000  
**Fees:** 2% /20%  
**Term:** 10 years  
**Geography:** United States

**DESCRIPTION**

Venture fund that targets early-stage Black-led businesses with less than \$500,000 of outside investment or debt with the goal of creating a pathway for Black founders to access networks and grow businesses that generate positive social and economic impacts.

**TARGETED IMPACT AND OUTCOMES**

Seeks to close the wealth gap and disparities in access to capital by providing Black entrepreneurs with the opportunity to expand businesses, leverage connections, and create sustainable jobs, helping build community wealth.

**POTENTIAL FUNDING EXAMPLE**

Music Tech Works is a Black-owned marketplace for researching and licensing commercial music. It connects artists creating music, entities that own the rights to music, and those seeking to license music for commercial usage.

**RISK CONSIDERATIONS**

Fund targets early stage businesses which by nature carry elevated execution risks.

**SDS AMERICAN SOUTH REAL ESTATE FUND II** 



**REAL ESTATE FUND**

**Min. Investment:** \$250,000  
**Fees:** Max at 1.85%  
**Term:** 7-9 years  
**Geography:** Southern United States

**DESCRIPTION**

Real estate fund that invests in BIPOC-majority, low- and moderate-income communities in southern regions in the U.S., positioning these communities to take advantage of the region's strong economic growth potential.

**TARGETED IMPACT AND OUTCOMES**

Permanently increase affordable housing supply and provides jobs to BIPOC-majority communities through construction and development of undermaintained property, and over time, attract more development capital into these underserved communities.

**POTENTIAL FUNDING EXAMPLE**

The construction of a 28-unit apartment complex in a low-income community in Georgia. The property is intended to serve a population that is 70% BIPOC and 33% below the federal poverty level.

**RISK CONSIDERATIONS**

Real estate investing may carry additional risk related to construction costs, rental yield, and ultimately exit values.

**THE 22 FUND I** 



**VENTURE FUND**

**Min. Investment:** \$250,000  
**Fees:** 2% per annum  
**Term:** 10 years  
**Geography:** United States

**DESCRIPTION**

Venture fund that invests in BIPOC- and women-led manufacturing companies that are tech-based and export-oriented with a mission to create quality jobs for underserved low- and moderate-income communities and drive financial returns.

**TARGETED IMPACT AND OUTCOMES**

Build intergenerational wealth for women and BIPOC through business ownership and creation of opportunities for high skilled shops for individuals from underserved and low-and-moderate income communities.

**POTENTIAL FUNDING EXAMPLE**

Invest in a BIPOC-led manufacturing company that builds transportation rail systems for street cars, trams, and trolleys. This company is the first of its kind to provide turnkey hydrogen powered solutions for streetcar propulsion.

**RISK CONSIDERATIONS**

Venture investing carries significant risk of financial and impact returns. Funds seeks to mitigate risk by investing in proven technologies that already generate revenue.



## SUPPORT THRIVING COMMUNITIES WITH A FOCUS ON RACIAL EQUITY

### APIS & HERITAGE CAPITAL PARTNERS' LEGACY FUND I

#### APIS & HERITAGE

#### PRIVATE EQUITY FUND

**Min. Investment:** \$250,000  
**Fees:** 2-2.5%  
**Term:** 10 years +1 +1  
**Geography:** United States

#### DESCRIPTION

Private equity fund that aims to increase business value, grow workers' wealth, and preserve jobs. A&H acquires small and medium-sized businesses that have at least 40% BIPOC representation in their workforce and transitions them to employee ownership.

#### TARGETED IMPACT AND OUTCOMES

Manager seeks to activate \$250 million in institutional capital to transfer \$500 million in business assets to 5,000 BIPOC workers in the next 10 years, reducing the racial wealth gap.

#### POTENTIAL FUNDING EXAMPLE

Investment in a 58-employee (70% BIPOC) landscaping business in Shreveport, LA to convert it to a 100% employee ownership structure, which is projected to generate \$24-36,000 in additional wealth for each employee over the next 7 years.

#### RISK CONSIDERATIONS

Mezzanine instruments carry a risk of capital impairment and loss correlated with standard business risk. A&H mitigates this risk by investing in businesses with long operational histories and by leveraging ESOP tax benefits to improve cash positions.

### HOPE CREDIT UNION - IMPACT DRIVEN DEPOSITS



#### CERTIFICATE OF DEPOSIT

**Min. Investment:** N/A  
**Fees:** N/A  
**Term:** 12-60 months  
**Geography:** Alabama, Arkansas, Louisiana, Mississippi, Tennessee

#### DESCRIPTION

Certificate of deposit in a Black and women owned CDFI credit union with a 26 year track record of extending credit and deposit services to expand small business, home and account ownership opportunities among people and communities of color in the Deep South.

#### TARGETED IMPACT AND OUTCOMES

HOPE seeks to move \$100 million in low-cost, federally insured deposits into historically marginalized communities, resulting in financing that builds intergenerational wealth for 25k individuals, homeowners, and small businesses. Every deposit is reinvested directly into people and communities of color in the deep south.

#### POTENTIAL FUNDING EXAMPLE

Auto loan for a borrower in a Mississippi Delta town (40% poverty rate/\$30k median household income) who needs to travel to work 15 miles away at the family farm. He was able to borrow from HOPE, the only financial institution in town, and start work to support his aging relatives.

#### RISK CONSIDERATIONS

Deposits up to \$250,000 are federally insured. Deposits over this level are subject to potential loss of capital, but only after equity and subordinate debt holder capital is called upon.

### PCDC-CHCANYS COVID-19 COMMUNITY HEALTH CARE RESILIENCY FUND



#### RECOVERABLE GRANT

**Min. Investment:** \$250,000  
**Fees:** N/A  
**Term:** 4 years  
**Geography:** New York State

#### DESCRIPTION

Loan fund by CDFI committed to improving health equity, to make working capital available to health centers to increase their capacity to deliver care and services and improve the quality of healthcare in low income communities most affected by the COVID-19 pandemic.

#### TARGETED IMPACT AND OUTCOMES

Increase access to screening, treatment, and preventative healthcare in low-income, BIPOC majority communities, resulting in improvements in health outcomes, such as reductions in low birth weight births, reduced hypertension, and diabetes rates, all of which can help communities thrive.

#### POTENTIAL FUNDING EXAMPLE

\$500K loan to community health center serving a 70% Black patient base to make needed investments to safely serve patients during the pandemic to increase access and quality of prenatal care, increase HIV care, and increased cancer screening.

#### RISK CONSIDERATIONS

Recoverable grants may see capital impairment if loans do not perform, somewhat mitigated by the business model of health centers, as well as a 25% first-loss capital layer from PCDC.

## RENAISSANCE EQUITY PARTNERS – HBCU OPPORTUNITY ZONE FUND LP



### REAL ESTATE FUND

**Min. Investment:**  
\$250,000  
**Fees:** 2% / 7% / 20%  
**Term:** 11 years  
**Geography:** United States

#### DESCRIPTION

Fund that focuses on real estate-oriented community development projects capable of revitalizing the areas surrounding Historically Black Colleges and Universities (HBCUs) and promoting Black ownership to drive positive social impact outcomes in the surrounding communities.

#### TARGETED IMPACT AND OUTCOMES

Promote asset ownership, job creation, affordable housing, and job training opportunities in historically underinvested and marginalized communities near HBCUs to revitalize communities, increase asset ownership by the community, and long-term career advancement for trainees

#### POTENTIAL FUNDING EXAMPLE

Development of a transit-oriented, mixed-use project with 150 apartments and 25,000 sq. ft of commercial space to help small businesses and provide housing to community members.

#### RISK CONSIDERATIONS

Real estate development projects in low income neighborhoods carry risks which are heightened in the near-term by Covid-19. Additional capital will fund new developments and add diversification benefits.

## SLAUSON & CO FUND I



### VENTURE FUND

**Min. Investment:**  
\$250,000  
**Fees:** 2.5% / 20%  
**Term:** 10 years +1 +1  
**Geography:** United States

#### DESCRIPTION

Venture fund and an accelerator program that invests in underrepresented people of color, women and LGBTQ+ entrepreneurs in technology and consumer products businesses while providing them with access to mentorship resources and investor connections.

#### TARGETED IMPACT AND OUTCOMES

Increase access to venture capital for underserved BIPOC, women, and LGBTQ+ entrepreneurs who are disproportionately overlooked in the tech and retail sector. The accelerator program is designed to provide guidance and develop networks to help entrepreneurs, creating an ecosystem of funding.

#### POTENTIAL FUNDING EXAMPLE

Early-stage tech company launched by a Black woman who is a first-time startup entrepreneur who developed a technology platform to help small businesses manage internal accounting and avoid unexpected tax bills.

#### RISK CONSIDERATIONS

Investments in pre-seed and early stage companies carry significant financial risks, which manager seeks to mitigate through technical assistance and mentoring of founders.

## SOUTHERN OPPORTUNITY AND RESILIENCE (SOAR) FUND – CLASS B SUBORDINATE NOTES



### SUBORDINATE DEBT OR RECOVERABLE GRANT

**Min. Investment:**  
\$1,000,000  
**Fees:** +3% one-time, 1.5% ongoing  
**Term:** 6 years  
**Geography:** South and Southeast U.S.

#### DESCRIPTION

Unique fund to channel capital into Southern communities – home to 52% of the Black, 36% of the Latinx, and 31% of the Native American population in the U.S. – that have historically lacked access to capital and need it to help weather Covid-19 and drive an eventual recovery.

#### TARGETED IMPACT AND OUTCOMES

Affordable, flexible loans to under-resourced, BIPOC-owned businesses (target 70% of borrowers) helps the businesses manage through the Covid-19 crisis, and over time, help narrow the wealth gap in the South.

#### POTENTIAL FUNDING EXAMPLE

Loan to a diner in rural Mississippi owned and managed by a Black family to help cover employee salaries, bulk ingredient purchases, and monthly mortgage payments.

#### RISK CONSIDERATIONS

Recoverable grant and subordinate notes carry loss of capital loss, which is mitigated by ~10% loan loss reserves and grant capital. Covid-19 does elevate risk of loan losses.



# TRANSFORMING THE SYSTEM FOR RACIAL JUSTICE

## BOSTON IMPACT INITIATIVE BUSINESS RESILIENCE FUND



RECOVERABLE GRANT

**Min. Investment:** \$25,000  
**Fees:** N/A  
**Term:** 5 years  
**Geography:** Eastern Massachusetts

### DESCRIPTION

Charitable loan fund providing low-cost loans and hands-on technical assistance to minority-owned or-serving businesses in eastern Massachusetts to sustain operations in the face of Covid-19, helping some of the region's most vulnerable entrepreneurs rebuild their prospects for growth.

### TARGETED IMPACT AND OUTCOMES

Providing flexible, affordable capital and technical assistance to BIPOC-owned and/or -serving businesses will restore the productive capacity of communities of color, which faces added challenges due to Covid-19, and drive further investment in these communities.

### POTENTIAL FUNDING EXAMPLE

Below-market loan to a BIPOC-owned commercial laundry company that lost hotel customer base, is now supporting hospitals, and meets BI's mission-based criteria that includes inclusive ownership, fair jobs, and local sourcing.

### RISK CONSIDERATIONS

Lending to small businesses carry significant risks which have been amplified by Covid-19. The fund has limited first loss capital, which heightens risk of capital impairment. BI mitigates, but does not eliminate, this through deep engagement with its portfolio companies.

## BOSTON UJIMA PROJECT – THE UJIMA FUND UMOJA NOTES



LOAN FUND OR RECOVERABLE GRANT

**Min. Investment:** \$1,000  
**Fees:** N/A  
**Term:** 3 years  
**Geography:** Greater Boston Area

### DESCRIPTION

Democratic loan fund that seeks to advance economic development in underserved Boston neighborhoods by entrusting the affected communities with the decision-making power to elect and select the fund's investments in local small businesses, real estate, and infrastructure.

### TARGETED IMPACT AND OUTCOMES

Transfer economic power and decision-making to members of low-income, BIPOC-majority communities while providing financing and support to local businesses, creating a model for future democratically-structured funds.

### POTENTIAL FUNDING EXAMPLE

Loan to multicultural composting cooperative based in Dorchester, one of the fund's neighborhoods of focus, and launched by lower-income entrepreneurs of color. 97% of Ujima voting members approved the loan.

### RISK CONSIDERATIONS

The fund is structured to maximize impact and thus does carry a risk of impairment due to the fact that all loans are unsecured, and 90% are junior to other obligations, and the fund has a limited track record and concentrated group of borrowers.

## FAIR FOOD NETWORK FAIR FOOD FUND



5-YEAR NOTE OR RECOVERABLE GRANT AT 1.5% ANNUALLY

**Min. Investment:** \$50,000  
**Fees:** N/A  
**Term:** 5 years  
**Geography:** Midwest, Mid-Atlantic, Northeast

### DESCRIPTION

Blended finance fund that provides flexible capital and technical business assistance to support enterprises in the food supply chain that are led by BIPOC and women entrepreneurs. The fund is reimagining capital in communities so that food enterprises are engines of a more equitable future.

### TARGETED IMPACT AND OUTCOMES

Improve the health and wealth of BIPOC and women-led businesses and their surrounding communities through increased healthy food access, support for family farmers, job creation and economic development, and diverse ownership.

### POTENTIAL FUNDING EXAMPLE

Provide working capital to a community-owned grocery store that offers SNAP, or food stamp, incentives helping increase healthy food access while boosting families' food buying power and supporting local farmers.

### RISK CONSIDERATIONS

This recoverable grant carries risk of capital loss due to the early-stage nature of borrowers; this risk is mitigated through curated business assistance as well as a 20% loan loss reserve for first loss protection.

## SEED COMMONS



### SUBORDINATE DEBT OR RECOVERABLE GRANT, 0-2% INTEREST

**Min. Investment:**  
\$25,000  
**Fees:** N/A  
**Term:** 2-10 years  
**Geography:** United States, with significant presence in Southeast, CA, and NYC

#### DESCRIPTION

Loan fund comprised of local organizations that provide “non-extractive capital” (e.g. only repaid from business growth) to worker and community-owned businesses. Allocation decisions are originated at the community level, with capital reinvested into each community.

#### TARGETED IMPACT AND OUTCOMES

By shifting investment decisions to the community, local businesses, usually owned and run by BIPOC individuals (84% of borrowed \$\$ in current portfolio), can increase employee ownership, expand operations, and hire more, creating a reinforcing cycle.

#### POTENTIAL FUNDING EXAMPLE

Investment in a NYC nail salon that will be owned by its employees, all of whom are women of color, in a cooperative model. This new ownership model is in contrast to the conventionally more exploitive ownership structures seen in the nail salon industry.

#### RISK CONSIDERATIONS

Investments in small businesses and the nature of non-extractive financing carries additional risks for investors vs. traditional lenders; risk is mitigated by technical assistance and 20% equity-like endowment.

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If you're interested in learning more about one of these opportunities, accessing these opportunities through your donor advised fund, or exploring additional sourcing and due diligence services, please visit <https://capshift.com/investing-in-racial-justice/>, email [info@capshift.com](mailto:info@capshift.com), or call us at 617-865-5096.

If you would like to submit an investment opportunity for review, please send overview materials to [issuer@capshift.com](mailto:issuer@capshift.com).

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