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McConnell**

La Fondation  
**McConnell**  
Foundation

# Impact Investing

Sharing the McConnell experience

# Background

Established in 1937, the J.W. McConnell Family Foundation engages Canadians in building a more innovative, inclusive, sustainable, and resilient society.

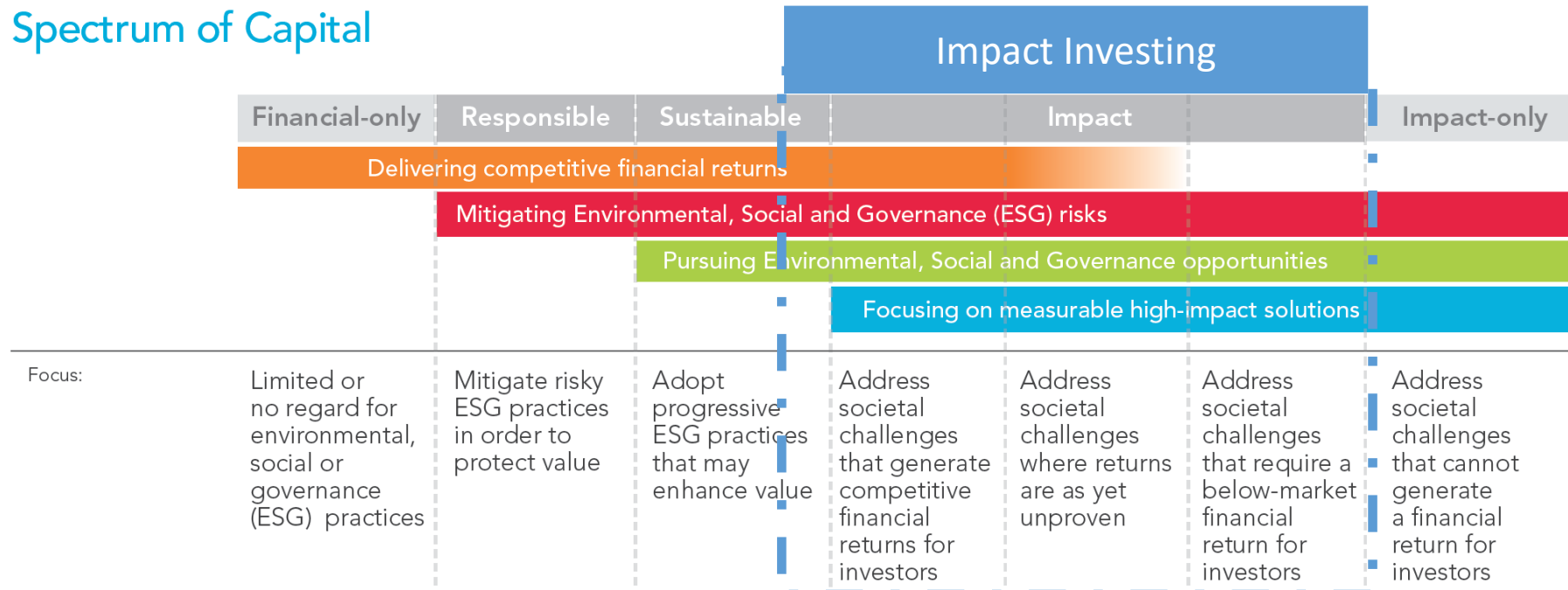
- From scaling initiatives to systems intervention
- 18 years of work in Social Innovation and Social Finance

~ \$22M / year



# Where does impact investing sit?

## Spectrum of Capital



# Foundation Definitions

“direct investments and investment strategies that *intentionally* create positive social, environmental and/or economic impact beyond generating financial return”.



## Mission Related Investments (MRI)

Investments that are in line with our *mission*, with an expectation of *market or above-market financial returns*.

## Program Related Investments (PRI)

Investments that further the Foundation’s specific *program* objectives, with a tolerance for *below-market financial returns*.

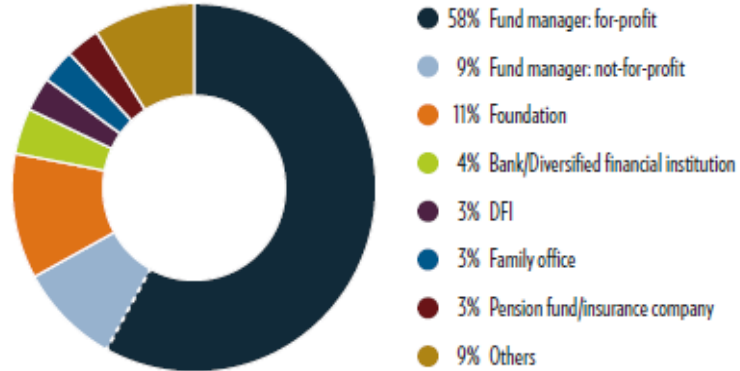
# Current market report

(source GIIN, 2017)

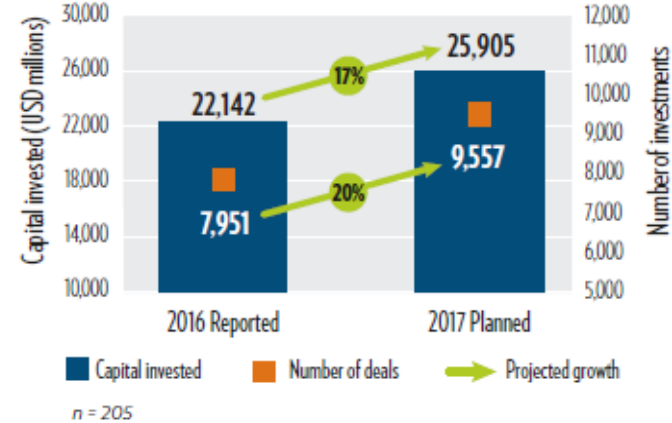
Respondents manage  
**USD 114 billion**  
in impact  
investing assets  
n = 208

## RESPONDENTS INVESTED USD 22 BILLION INTO ALMOST 8,000 DEALS IN 2016

209 RESPONDENTS

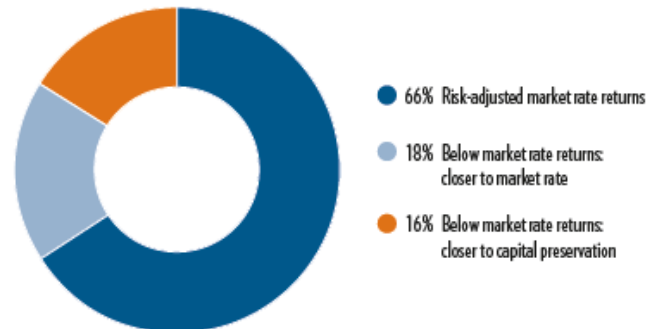


2016 INVESTMENT ACTIVITY AND PLANS FOR 2017



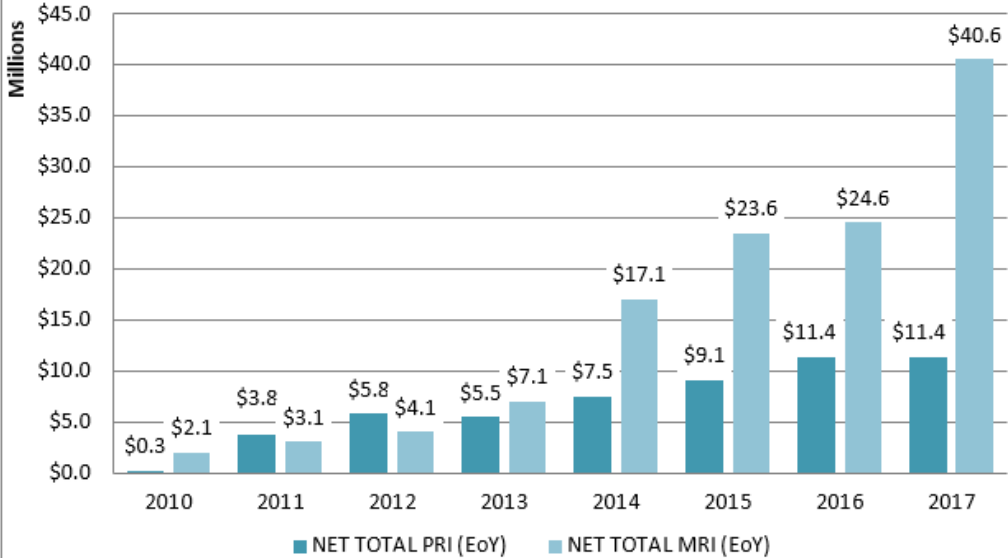
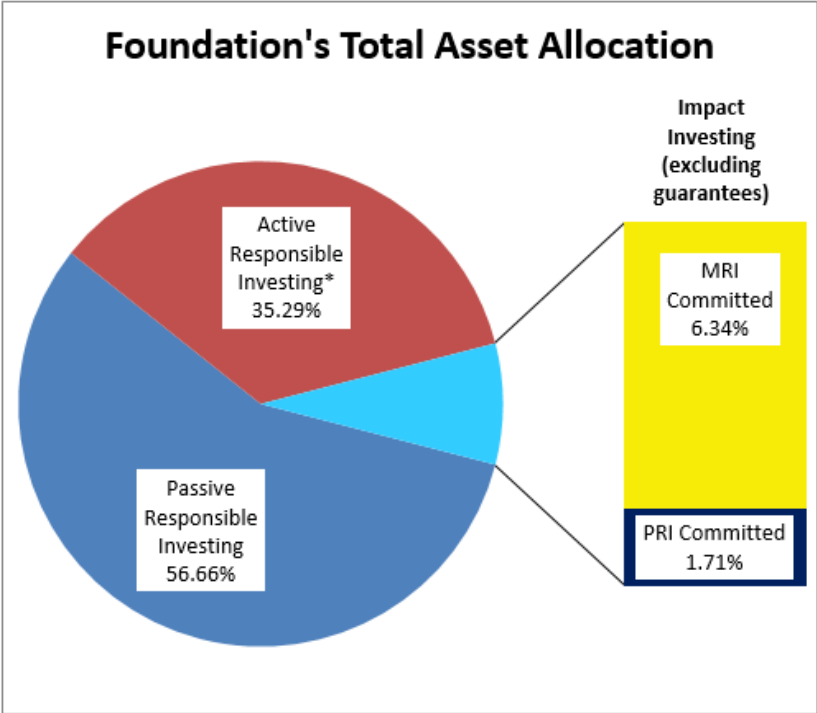
## PERFORMANCE AND EXPECTATIONS

TARGET FINANCIAL RETURNS



AUM in  
Canada  
\$9.2B  
(2016)

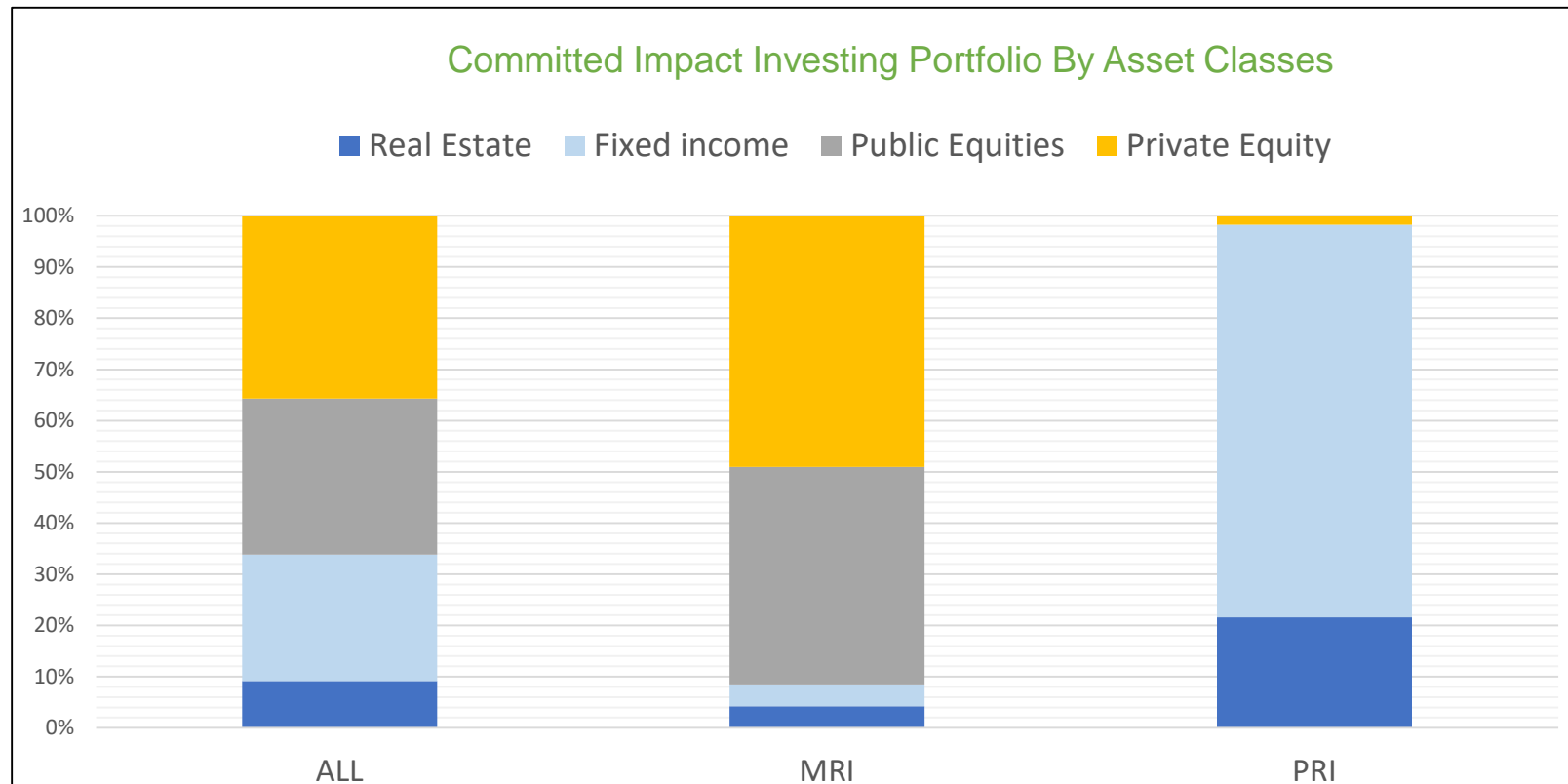
# McConnell's portfolio evolution



(II) Impact Investment - (CRA) Canadian Revenue Agency  
 \*Based on a sustainable investment screening covering 60% of the portfolio

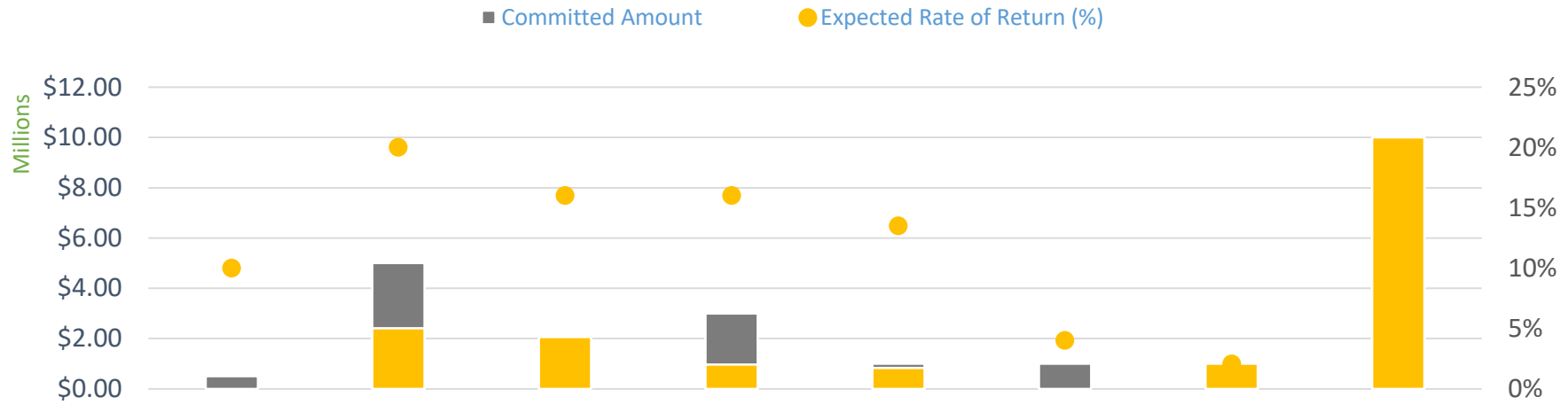
\* non-RI: investments that do not follow explicit RI policy other than negative screens for Tobacco companies.

# Portfolio Breakdown

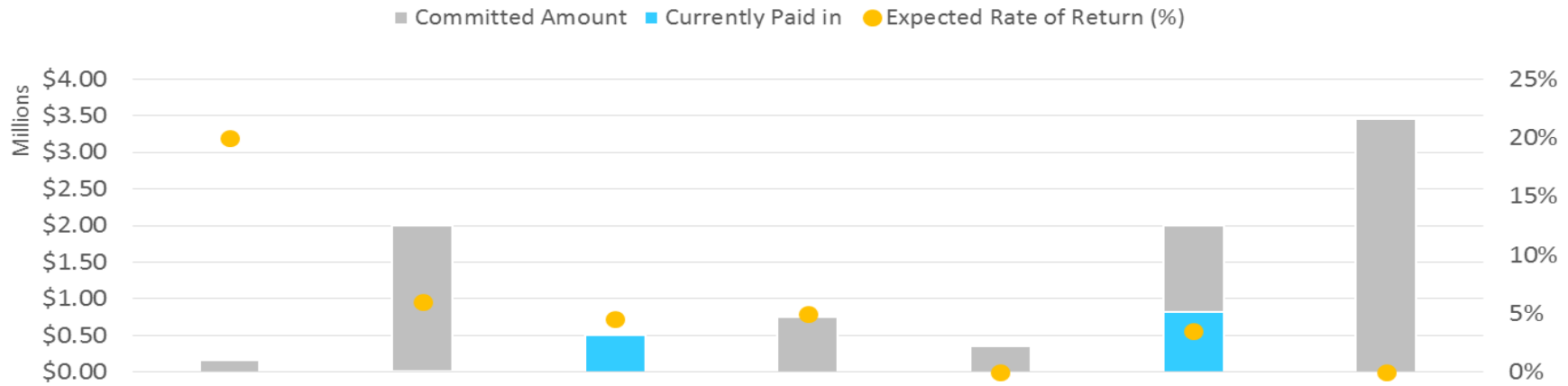




### MRI Portfolio: Committed and Disbursed Amounts and Expected Rate of Return by Investment



### PRI Portfolio: Committed and Disbursed Amounts and Expected Rate of Return by Investment

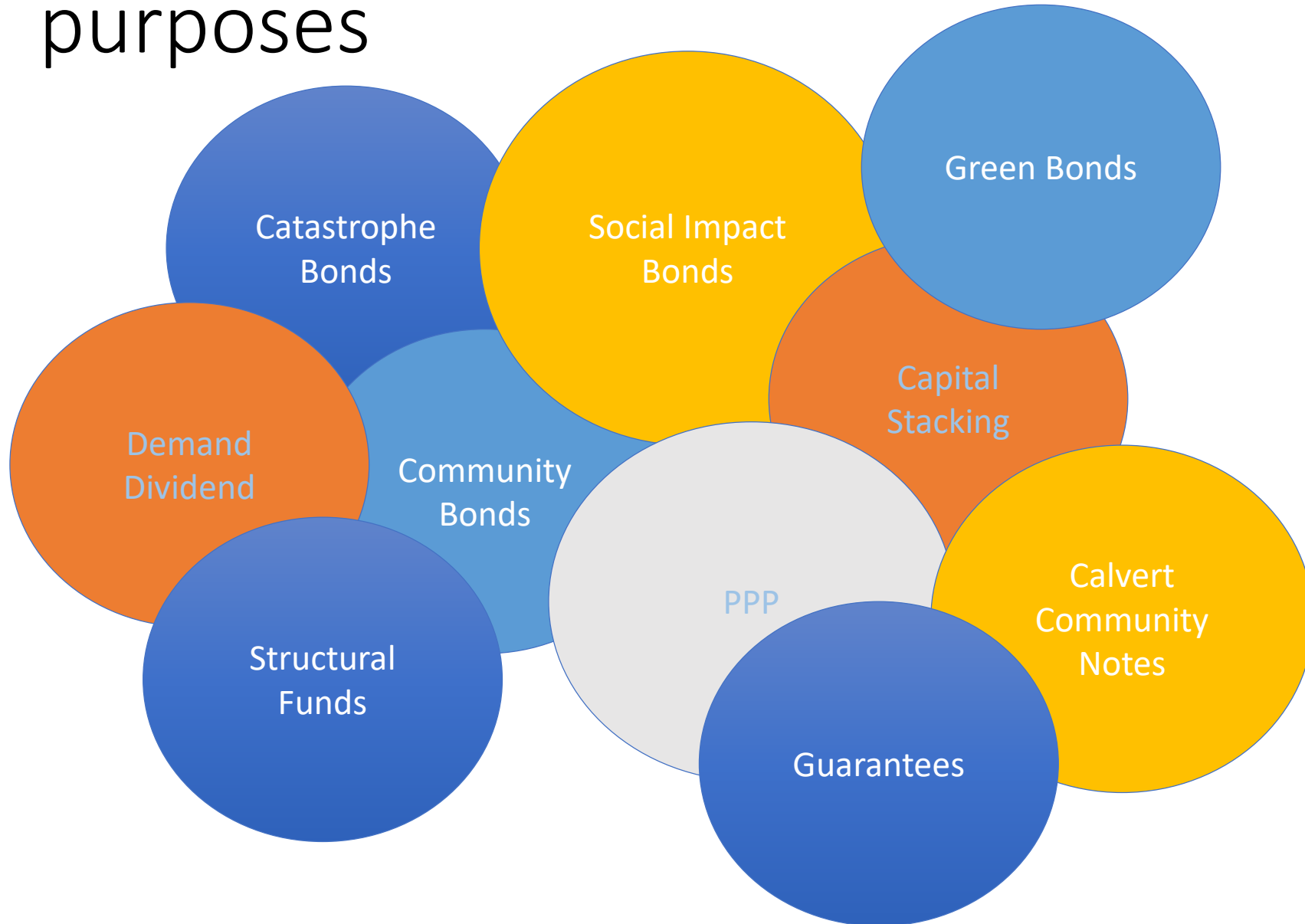


# Portfolio

*(excluding deals that have been approved but not yet signed)*



# Different models for different purposes



# SOLUTIONS FINANCE: AN INTEGRATED APPROACH



## IMPACT INVESTING INCLUDES:

- Debt and equity
- Public and private
- Direct and indirect
- Concessionary or risk-adjusted market-rate of return

## GRANTING FOR:

- Capacity Building
- Transition and Growth
- Investment Readiness

## RESPONSIBLE INVESTING THROUGH:

- Negative/Positive Screening
- Shareholder Activism
- Community Investment

## FINANCIAL INNOVATION THROUGH NEW:

- Models
- Co-Investment
- Valuation
- Instruments