


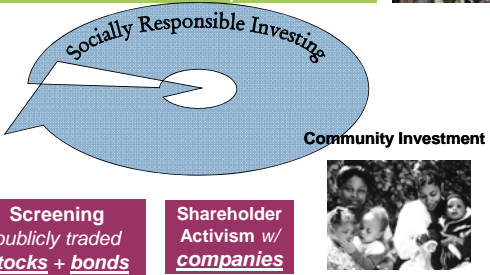



Context of Community Investing

Shari Berenbach
President & CEO
Calvert Foundation

November 2009

Where does Community Investing fit into the broader responsible investment picture?

Screening publicly traded stocks + bonds

Shareholder Activism w/ companies

...in *people!*






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COMMUNITY FACILITIES

- financing facilities for non profits, daycares, clinics, cooperatives and environmental programs

AFFORDABLE HOUSING

- build/rehab housing
- first mortgages
- training & empowerment

COMMUNITY INVESTMENTS TARGET FOUR CRITICAL AREAS

MICROENTERPRISE

- small cottage industries
- loans less than \$25k US
- as little as \$50 abroad
- peer lending/tech. assist


SMALL BUSINESS

- targeted populations assisted to start/expand businesses
- \$25,000 and over



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The Landscape of Community Investment Institutions...




Insured

- Community Banks
- Credit Unions

Not Insured

- CD Venture Capital
- Community Loan Funds
- Development Corps
- Microcredit Institutions



Community Investment Portfolios

'Market'

Risk/Return

'Below Market'

- Up to 4% Rate (often decided upon by investor)
- 1 to 5 year Terms (or longer if possible)
- As little as \$1,000 minimums
- Social Impact can be targeted to your concerns!

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Industry Growth


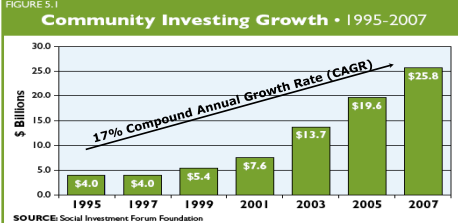


FIGURE 5.1
Community Investing Growth • 1995-2007



Year	Value (\$ Billions)
1995	\$4.0
1997	\$4.0
1999	\$5.4
2001	\$7.6
2003	\$13.7
2005	\$19.6
2007	\$25.8


SOURCE: Social Investment Forum Foundation

- More investors are examining the social impact of their investments.
- Community investment instruments are becoming more sophisticated.

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About Calvert Foundation




- **Mission:** To End Poverty Through Investment!
- **Goals:**
 - Maximize the flow of capital to disadvantaged communities in order to foster a more equitable and sustainable society
 - Establish community investment as a new asset class in the financial services industry
- To meet these goals, Calvert Foundation employs a range of innovative financial products and services

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Our Three Main Programs




Social Enterprises	Statistics	Description
1. Community Investment Note ("CIN")	<ul style="list-style-type: none"> 1995 launch 6,000 investors Assets: \$190mm 	<i>Low-risk, soft-return security</i> , available nationally to individuals and institutions, used to provide financing for community development intermediaries on flexible terms
2. Community Investment Partners ("CIP")	<ul style="list-style-type: none"> 1998 launch 24 Clients Assets: \$75mm 	<i>Core capabilities on fee basis:</i> <ul style="list-style-type: none"> Due diligence/asset admin services Investor note administration on behalf of other issuers CIN-like securities registrations Structuring/underwriting for direct investments from foundations and social investors
3. Calvert Giving Fund ("CGF") & Giving Assets	<ul style="list-style-type: none"> 2001 Fall launch 325 donors Assets: \$27mm 	<i>Donor advised funds</i> offering mix of socially-responsible & community investment options (e.g. CIN), and providing web-based flexibility for giving and investing options

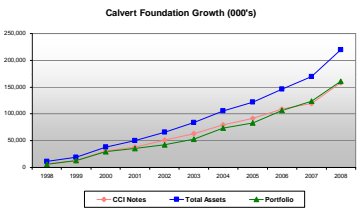
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Calvert Foundation Track Record



Calvert Foundation Growth (000's)




Recent Statistics YE 08:

- \$218 million total Assets
- \$169 million in Note sales
- \$161 million in Portfolio
- Portfolio growth rate of 25% p.a. in past 5 years
- Loss rate < 0.20%
- 4,600 investors

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OVERVIEW | Photo © Jamie Rose for Calvert Foundation | Page 8

CCI Note Model



Investors

Individuals
Foundations
Faith-Based
Nonprofits
High Net Worth
Corporations

Sr. Sub Debt
Jr. Sub Debt

GiftShares

CCI Note

\$190 million
Loan Pool
Diversified &
Professionally-
Managed

Capital Support

Partners

Affordable
Housing

Microfinance

Community
Development

Social
Innovations

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Making Sense of the Social Capital Market

Value Maximization

- Sustainable Development
- Impact Investing
- Triple Bottom Line Investing
- MRI Investing
- Program-Related Investing Community Investing
- Philanthropy (venture, strategic, etc.)
- Social Enterprise

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F.B. Heron Foundation's Mission Investing Continuum...

Below-Market Investments

Program Related Investments

- Equity
- Subordinated Loans
- Senior Loans
- Cash
- Guarantees

Market-Rate Investments

- Cash
- Fixed Income
- Public Equity
- Private Equity

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from www.fbheron.org/viewbook_frontiers.pdf.
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Mapping the Social Capital Market

Quad A Risk Adjusted Returns & Low Risk (Fixed Income)	Quad B Risk Adjusted Returns & Capital at Risk
Quad C Below Market Returns & Low Risk (Fixed Income)	Quad D Below Market Returns & Capital at Risk

Market Returns (top), Soft Returns (bottom), Low Risk (left), High Risk (right)

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Social Capital Market – Opportunities Exist in All Quadrants

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What to Think?

- Exciting time as we create a more organized framework for understanding the social capital market.
- There are increasing opportunities to introduce rigor and discipline and foster steps toward sustainability among initiatives that had historically relied exclusively on grants.
- You can intelligently layer slices of capital appropriate to investor preferences with different risk/return appetites
 - Affordable housing: Layers of private and public subsidy, allow commercial returns for some investors and affordable housing for families in need.
 - MicroFinance: Below market capital and grants help to build strong institutions which over time can generate market rates of return.
 - Leverage: Small amount of modestly priced capital can leverage substantially more financing for social enterprises

Bottom Line: Social Capital Market Framework allows you to reach more communities in need, while fostering sustainable strategies to benefit the poor

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We have come a long way... great need and opportunity remains

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