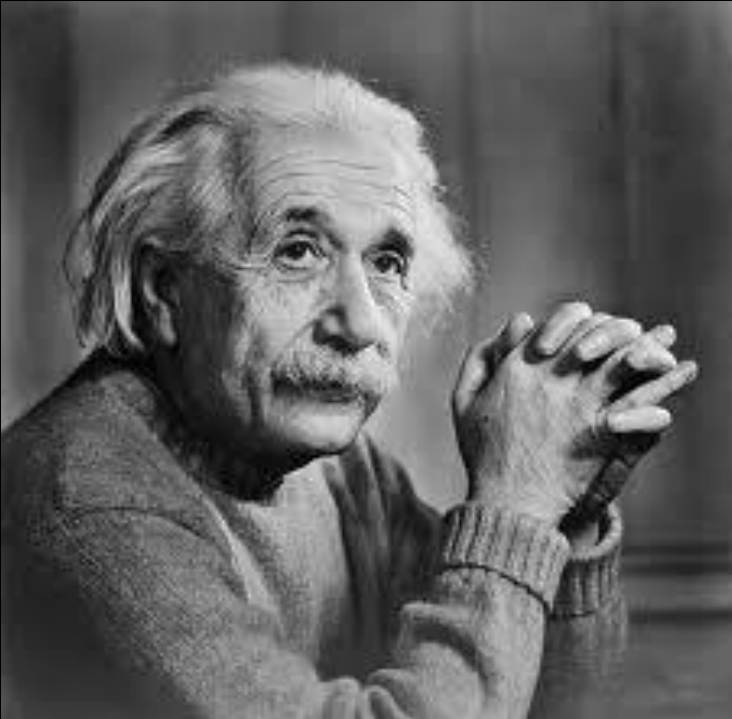


# *Maximizing Impact, Capturing Total Performance*

Jed Emerson

*Korea Capital Market Institute*

*September 19, 2012*



“Try not to become a man of success, but rather try to become a man of value.”



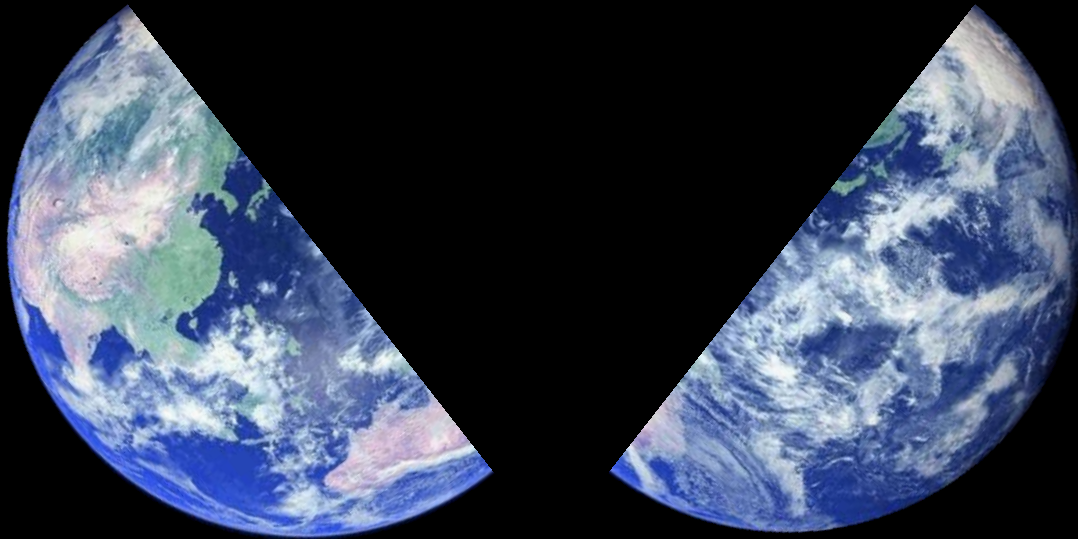
# The Bifurcated World





# The Bifurcated World works... as long as you stick to one side

- Capital markets
- Philanthropy
- Metrics and measurement
- Education and career paths
- Laws and regulations



# *A Blended Value Perspective*

- *Value is whole and non-divisible*
- *Business can make an effective and morally legitimate contribution to solving social challenges; NGOs have capacity to leverage economic tools.*
- *Investors may actively target social and environmental value creation in their for-profit investments.*
- *There is a capital continuum and flow of organizational form, with various structural options for maximizing total performance with multiple returns.*

# *A Winning Philanthropic Business Model?*

For every dollar you donate, 95 cents is invested in the pursuit of financial return and a nickel is invested in our business...

*(Insert your “business” here: Small Business Development, Education, Social Justice, Environment, Economic Development, whatever you care about...)*



95% of your assets are, at best, neutral to your institution's mission....



....while 5% of your assets drive 100% of your mission.

***What Percent of Your Capital is Advancing Your Mission?***

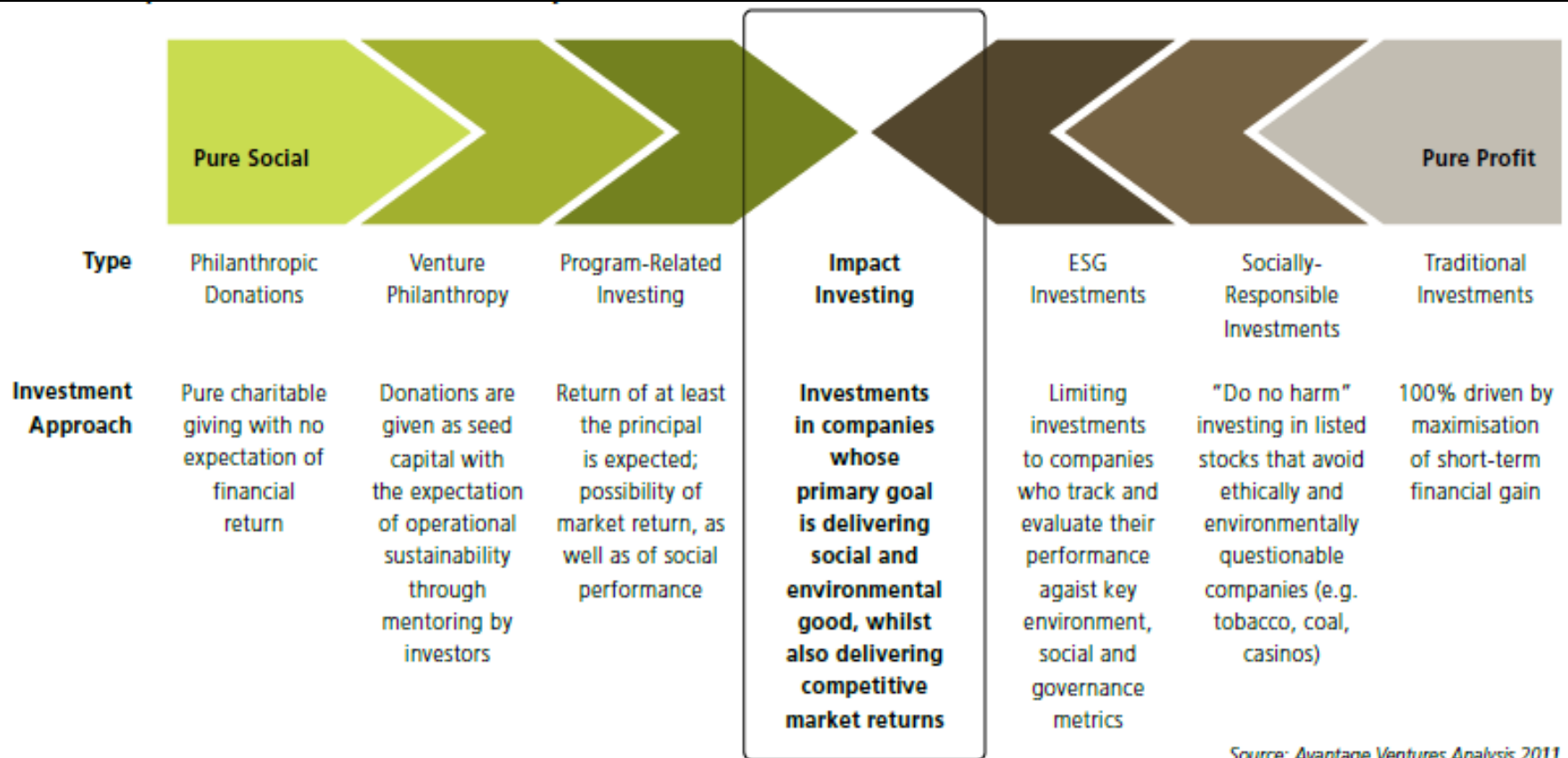
# The New Golden Rule #1

Portfolio size does not define the breadth  
of one's vision nor determine the tools  
you may use to create  
the future you desire

*Wealth Management and Fiduciary Translation:  
Your financial AUM and charitable Payout  
are not your current value  
nor your future potential!*

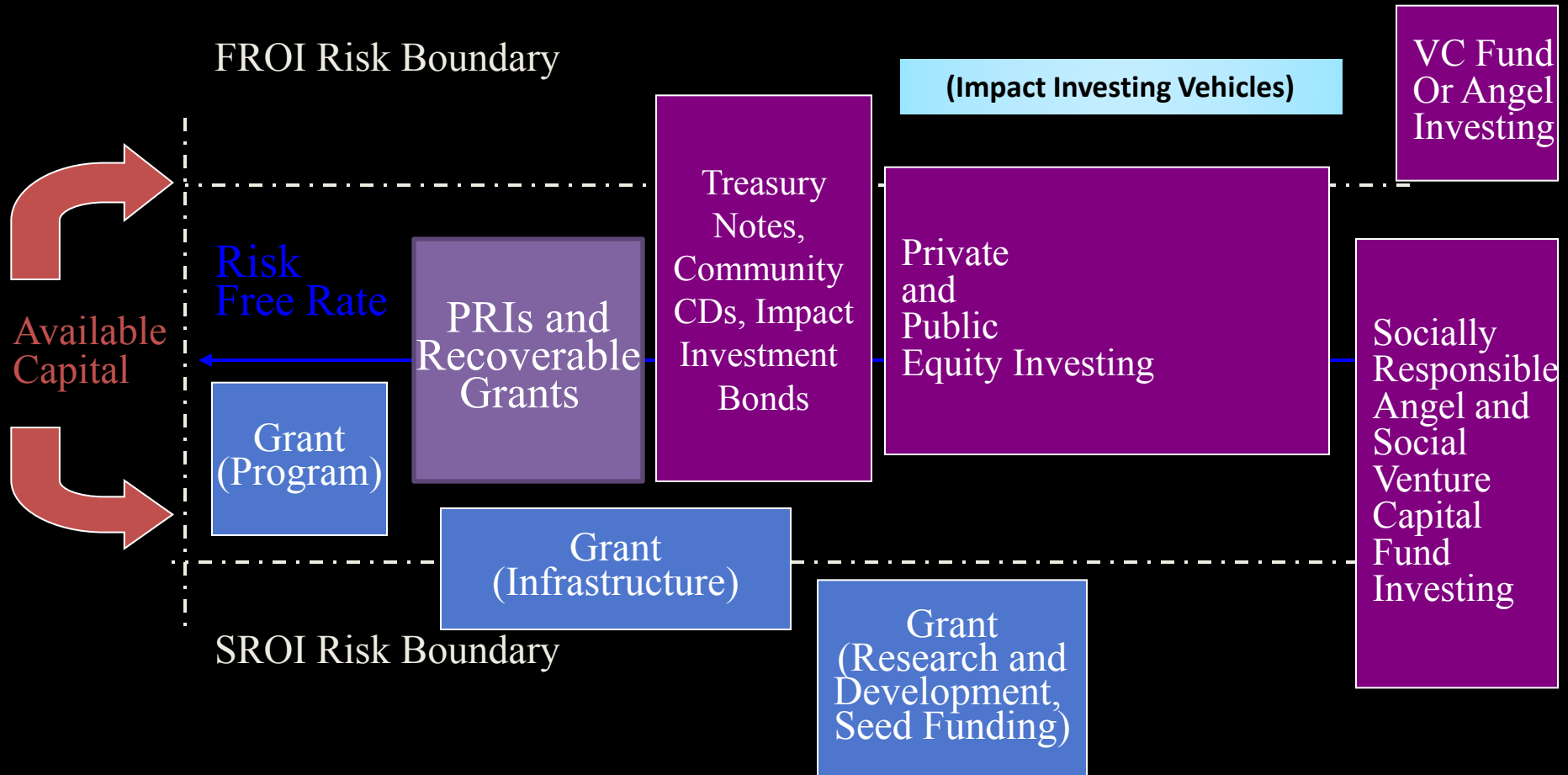


# Spectrum of Social & Financial Objectives



# A Unified Investment Portfolio

## *Traditional Diversified Investment Portfolio*



# Solutions for Impact Investors

## Rockefeller Philanthropy Advisors

ILLUSTRATIVE LANDSCAPE OF IMPACT THEMES WITH ASSET CLASS EXPOSURES

SOCIAL, ENVIRONMENTAL OR BLENDED IMPACT THEMES	ASSET CLASSES								
	Liquidity	Income & Wealth Preservation			Capital Appreciation & Wealth Growth			Inflation Protection	
	Cash / Cash-Alternatives	Notes / Other Debt Obligations	Bonds	Absolute Return/ Low Equity Cor-related	Public Equity	Equity Long/ Short	Private Equity	Real Estate	Commodities, Timber & other Real Assets
	Climate Change	Green Bank Deposit		Tax-exempt Green Bonds	CO2 Trading	Positive & Negative Screening	Clean Tech Venture Capital	Green REITS	
	Energy			Screened Corporate Bonds	Alternative Energy Project Finance	Exchange Traded Funds (ETF's)	Renewable Energy	Energy Efficiency Venture Capital	Sustainable Feedstocks
	Water			Corporate Infrastructure Bonds	Water Treatment Project Finance	Unit Investment Trust, Closed End Funds	Water Funds	Water Technology Venture Capital	Water Rights
	Community Development	Community Bank CD's	Foreclosure Repair		Microfinance Institutions Debt	Shareholder Proxy Voting		Community Development Venture Capital	Transportation - Smart Development Funds
	Social Enterprises	Social Bank Deposits	Social Enterprise Credit			Micro-Cap Listed Social Companies		Small & Medium Enterprise	Conservation / Ecotourism
	Health & Wellness				Structured Public Note			Consumer Product Venture Capital	Organic Farming
	Sustainable Development	Trade Finance Guarantee / Deposit		Smart Growth Municipal Bonds	Blended Debt/ Equity Hybrid Structures	Thematic Screening			Ranch Land, Agriculture
Education	Linked Deposit / Guarantee		Charter School Bonds				Education Private Equity	University Green Building	Timber

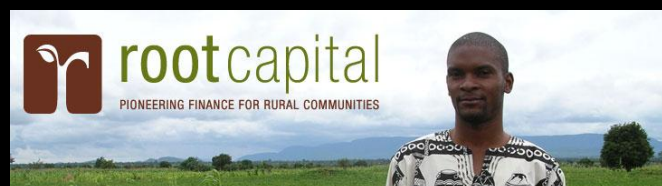
## *Sample Categories of Impact Investing Products*

- Private Equity and Debt Direct Invest Funds
  - ImpactAssets IA-50
  - ImpactBase
- Social Investment Bonds
  - Social Impact Bonds
  - Renewable Energy Development Bonds
- Capital Stacking Investment Deals
  - Living Cities Fund
  - Direct Deals at the Local Level
- Investment Loans
  - Community Development Finance Loans
  - Commercial Loans with social intent

# Impact Investment Managers



- Manages \$150 mm in debt and equity funds investing in a global portfolio of microfinance institutions with consistent financial performance since inception in 2004.



- Has deployed over \$ 170 mm in working capital financing to Fair Trade farmer cooperatives in the developing world using debt capital provided by investors with no defaults since inception in 1999.



- Manages \$500 mm+ in community development loans to social enterprises in the U.S. and the developing world; issues 1-10 year Community Investment Notes to investors with no defaults since inception in 1995.

# Impact Investing for Blended Value: Pioneering a New Integrated Path



Microfinance has brought basic financial services to 100 million people and mobilized \$50 billion of investment capital



# Impact Investing for Blended Value: Pioneering a New Integrated Path



> 500 million mobile phone  
users in Africa

300 million mobile money  
transfers on mPesa platform  
in Kenya in 2010



# Impact Investing for Blended Value: Pioneering a New Integrated Path



73,000 “affordable private schools” in India alone

Indian School Finance company loans expand schools and quality



# Impact Investing for Blended Value: Pioneering a New Integrated Path



Enterprise has mobilized \$11 billion to help build or preserve more than 280,000 affordable homes in the US



# New Practices Require Growing Skill Sets



17,000 Participants (12,000 from traditional finance institutions) trained in development/comm. finance



1,000 bankers volunteered within a week of impact investing unit creation



Social enterprise the most popular club at top business schools

# The Implications of Impact Investing for **Korea and Its People:**

*How will we...*

...Monitor/regulate investment?

...Develop transformational leadership?

...Measure value?

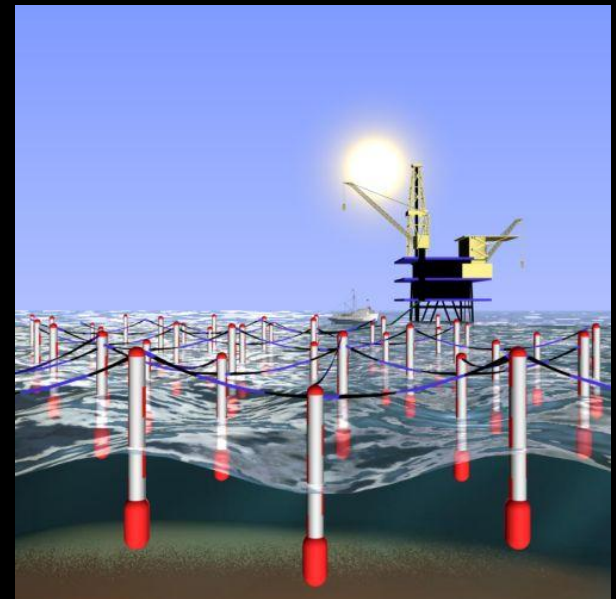
...Unlock philanthropic capital?

...Move the money?

# The Impact Investing wave is upon us: will we capture its potential ?



?





# ***What is it going to take for Korea to Capture its Potential?***

**Openness**

**Seek out unusual bedfellows**

**Humility**

**Avoid becoming “the new Them”**

**Discernment**

**Separate the wheat from the chaff**

**Patience**

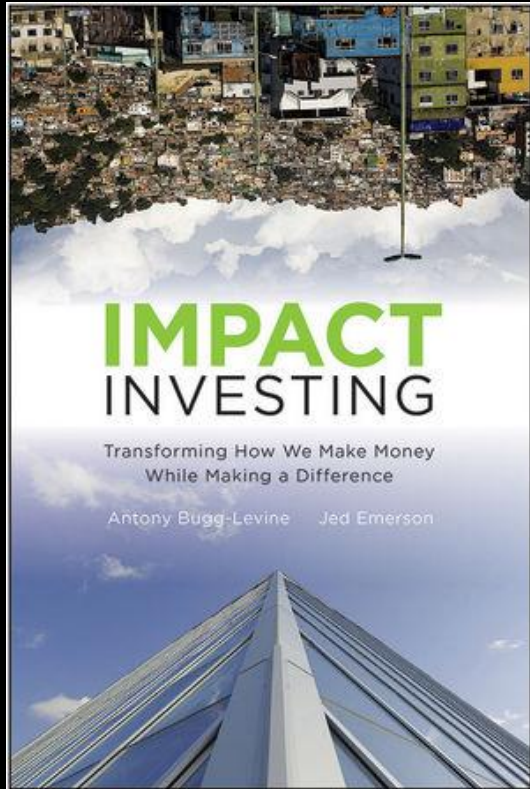
**Watch the grass grow**

**Discipline**

**Resist idea inflation**

**Spirit**

**Break molds, challenge assumptions**



***Thank you!***

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