



About this Social Capital Markets Fan:

This asset class fan is generally applicable to both market rate and non-market rate investments. It is not an exact continuum. Amount of social impact is not directly related to the asset class, but the perception of social impact can influence movement along the continuum for investors taking on more risk, for example. Also gaps in the capital market and or scarcity of available capital are greater in the right hand side of the spectrum.

Key

Deposit Accounts: Mission-based insured deposit accounts in community development banks and credit unions with little transaction cost.

Certificates of Deposit: Similar to the above, insured and low friction placements but can take more to manage effectively especially if searching for yield.

Loan Pools and CD Bonds: Intermediary pools, investment notes and community development bonds can provide deeper reach into communities and international reach in diverse portfolios of nonprofit and for profits.

Direct Lending Domestically: Structuring direct loans in the US requires more risk management than pools, and higher transaction structuring requirements of the investor.

Direct Lending Internationally: Outside of the US, country and currency risk, higher transaction and monitoring costs are the norm.

Sub DT CD Banks and CDFIs: Subordinate debt to provide capital adequacy for balance sheet driven community development lenders absorb risk of senior lenders and thus are higher risk and more scarce capital, plus generally have more complex structures and transaction costs.

Equity CD Bank and EQ-like for CU/CDFIs: As a layer below subordinate debt, junior in risk, capital adequacy in this bucket can be as hard to find as grants, be highly leveraged and relatively arcane in structure.

Domestic Private EQ and EQ-like: Equity into for profits and equity like positions in nonprofits is exposed to direct business risks and execution, with the earlier the stage the riskier in general.

International Private EQ and EQ-like: International equity into social enterprises and ventures is also exposed to political and currency risks, and greater transaction and monitoring costs.

Strategic Grants: Grants often go where capital is scarcest and where recovery with return cannot supported. Transaction cost are often high as a percentage of deployment due in part to sizing.

Credit: Based loosely upon work done by Calvert Social Investment Foundation.