

HOW TO MAKE A POSITIVE IMPACT WITH YOUR INVESTMENTS

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Many of us like to think we'll leave behind some sort of legacy. We also like to think that maybe we can even influence change with our actions. One way to make a difference is through your investments.

Measuring Positive Impact |

The Rockefeller Foundation's [Global Impact Investing Network](#) is one of the premier associations that look to use investments for the advancement of good. The foundation coined the term "*impact investing*" and laid out its four main characteristics:

1. **Intentional:** First of all, the intent of the investor must be present. The investor must want to make a difference through the investments they make.
2. **Return Expectations:** Next, there must be an expectation of returns. Impact investing isn't about throwing money at an issue. The investor expects, at the very least, a return of original capital. However, most impact investors also expect a return on the capital invested.
3. **Range of Asset Classes and Return Expectations:** Just as you have assets that perform differently in a "regular" portfolio, it makes sense to expect that your returns will vary when you engage in impact investing. Some assets will return below market results, while others will beat the market.
4. **Impact Measurement:** Finally, you should be able to measure the impact of your investments. Whether it's a positive effect on one person, whether your investment is helping to lift an entire village out of poverty, or whether it contributes to the development of cleaner energy (and a better environment), there should be transparency and a way to see progress.

While you might not always see an immediate and direct result with your investment, when you choose carefully, it should be possible to see progress and make a difference with how you use your money.

Microloans | One way to have a positive impact one person at a time is to provide microloans to entrepreneurs in underdeveloped countries. These microloans allow you to invest as little as \$25 per “note” with well-known entities like [Kiva.org](https://www.kiva.org) and [Grameen Bank](https://www.grameenbank.com).

You choose small entrepreneurs to loan money to, and they repay you with interest. For many of these entrepreneurs, particularly women, success means support for multiple people in an area. Some investors put in thousands of dollars to back entrepreneurs, helping them overcome poverty and contribute to their local economies—while earning a return as well.

Companies with a Mission | It's also possible to make an impact by buying stocks of companies that have a mission. There are companies working for better outcomes, and when you invest, you provide them with the capital to move forward.

Environmentalism is an example. If you are interested in investing with the intention of helping improve the environment, there are companies like Solar First and Tesla that create products that could eventually help the environment.

You can also look for companies that are compatible with your values. There are companies that support religious principles and join efforts to lobby for certain laws and practices.

If you agree with these values and the efforts the company makes, you can support them.

Funds | It's also possible to invest in funds with missions to impact good. One example of a fund designed for impact investing is RSF Social Finance. It's a direct loan fund that includes a combination of for-profit social enterprises and non-profit organizations. This fund has been around since 1984 and the loans it makes advances various causes. The returns are relatively low (similar to what you would see with a CD), but the potential impact is far-reaching.

There are other funds that focus on non-profits and social enterprises as well—and that offer better returns. You can also look for mutual funds and ETFs that are collections of assets that can make a difference in the long run. Clean energy funds, funds that focus on fair trade, and other types of funds may be of interest.

Additionally, there are REITs that focus on affordable housing, and real estate investment groups that help build affordable housing and manage properties that help small business growth in underserved areas.

How you choose to invest your money is entirely up to you. But, yes, it is possible to do some good with your investment while enjoying the potential returns.

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