

Families Pursue Mission-Related Investing

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Mission-Related Investing (MRI)—investing directly in for-profit companies with social and environmental objectives—is becoming the latest trend among family foundations. Due to recent portfolio declines, families have begun reevaluating their philanthropic programs and are supplementing their grant-giving with income-generating investments.

Some families are funneling up to 2% of their assets annually into investments ranging from publicly-traded solar tech names to private equity investments in startups, to subsidized, below-market rate investments. “Historically, people have viewed their investment side separate from their gifting side,” says **Ted Neild**, president of MFO **Gresham Partners**. “Mission-related investing brings these two things together.”

Randy Ottinger, overseer of the **Ottinger Foundation**, says he’s gearing up to take the MRI plunge, as he prepares to shift the family’s activist focus. “My father was a Congressman for 20 years, and he was interested in energy and the environment, so our foundation was initially focused on that. But my generation is more interested in poverty and economic justice,” explains Ottinger, who says he plans initially to invest in community banks and low-income credit unions.

Donald Cummings, managing partner of Geneva Ill.-based investment firm **Blue Haven Capital**, says he chiefly targets fixed income MRI opportunities, such as school district bonds, to advance the quality of education in poor neighborhoods. “It’s a way to support causes you believe in. We vote with our dollars,” he declares.

Mission-Related Investing can be labor intensive, requiring proxy voting and conscientious shareholder activism. **Chris Phillips**, director of marketing for the \$1.5 billion multi-family office **Threshold Group**, says families frequently don’t realize what they’re getting themselves into. “It’s one thing to stop buying tobacco stocks. Now it’s about putting investment dollars to work in a positive way, not just in an exclusionary way,” Phillips says.

Private equity requires even more intense monitoring to ensure businesses are run efficiently and tilting towards profitability, with some investors taking seats on boards in order to keep a close watch on things. For the intense involvement, **Laura Boorishian**, principal at consulting firm **DiCicco, Gulman & Co.**, eschews MRI in favor of donor-advised funds. “They’re easier to administer, and you don’t have to file a tax return,” she says.

Still, **Lisa Hagerman**, director of MRI research and advocacy group **More for Mission**, says family interest in MRI is now growing faster than interest from the larger public foundations, mainly because

families have smaller boards and direct donor involvement that can implement MRI ideas faster. More for Mission doesn't break down family MRI assets specifically, but about half of the \$31 billion MRI assets it tracks across 61 foundations comes from smaller, private organizations.

—*Andrew Bloomenthal*