

Strategy Summit 2023 Key Takeaways

After a multi-year hiatus, The Impact team was thrilled to gather as an impact community at The Impact's Strategy Summit on April 25-27 in New York City! We were delighted to welcome 70 members - 40 principals and 30 executives - from 53 distinct families to share impact investment and portfolio construction strategies as we support members moving from collaboration to **ACTION!**

Recognizing the challenges families and their in-house teams face as they define and build out an impact investment strategy, the theme of this year's program was ***Operationalizing Impact: From Vision to Implementation.***

The multi-day program included member panels, member-led collaboration discussions, and experienced speakers who shared their "on the ground" perspective. We also held an optional half-day following the formal programming of the Strategy Summit for conversations with impact fund managers based in NYC working on climate change and social equity.

The introductory session asked attendees to consider three questions:

- **What do you need from your money?**
- **What do you dream of for your money?**
- **Who do you want to make money from your money?**

Below are highlights of discussions and reflections of participants and speakers from the gathering held on Roosevelt Island.



Investment Strategies

Maintain a long-term view - and “double down” on your impact thesis - amidst cyclical movements of the market.

The opening plenary session was entitled **Impact Investing in the Current Macroeconomic Cycle**. Three members shared their personal experiences and strategies to “stay true” to their values and impact objectives amidst significant market volatility and uncertainty. One member felt a stronger sense of obligation to support entrepreneurs and impactful funds through this market cycle as investees face additional challenges on their path to market viability, especially those from underrepresented groups.

Another panelist added that a “flight to quality” (a misguided term) amidst market volatility primarily meant a “flight to familiarity” – where funding levels for BIPOC and women entrepreneurs are falling to pre-COVID levels - as investors revert to funding managers and founders who looked like them. The panel discussed other challenges including a huge gap between perceived risk and actual risk in the market, the significant contraction in available capital (worsened through the recent banking crisis), hiring and retaining in-house investment talent, and the growth and pervasiveness of AI in many areas of life with a worrying lack of regulation. **The panel’s “call to action” for impact-focused families was to avoid reverting back to traditional investing methods which feel safe, and to recognize that families have the privilege to build investment strategies that align their values with their investments.**

Families can build a holistic portfolio to combat climate change.

Two climate investors shared their strategies in a “show me” session on **Building a Climate-Aligned Portfolio: From Vision to Implementation**.

Speakers shared lessons learned from two decades of investing to support great entrepreneurs investing for sustainability: 1) There is a range of impact intensities across asset classes and it is difficult to make a strong case for a high degree of impact in public equities without actively engaging the companies in the public equity space, 2) Venture investments and sustainable real assets have significant potential leverage and high intensity of impact, and 3) Applying a climate lens systematically across the entire portfolio - looking at significant leverage points to bring a broader set of tools (including supporting great social entrepreneurs, philanthropic capital, advocacy, and influence) - all have worked to create positive outcomes for Capricorn in support of the vision of the founder.

Speakers discussed three common investor motivations that shape very different approaches to investing with a climate lens. 1) Investors whose primary motivation is climate mitigation tend to use an analytical or cost-benefit approach focused on the reduction of GHG at scale, 2) Investors who are more community and people-focused tend to look at investments related to climate justice, nature-based solutions, or technological solutions that solve specific issues for the community

impacted by climate change, and 3) Families who are most concerned about the financial threat and large macro trends tend to focus on defensive strategies to minimize risks of stranded assets and instead choose to invest in innovations seeking to generate long term returns. **The two speakers encouraged families to consider portfolio-level frameworks to help them get clarity about their climate-related goals and to “get going” in deploying capital towards those objectives.**

Impact first does not necessarily mean concessionary returns.

In another member-led panel on [The Evolution of Impact First Investment Strategies](#), four members shared their distinct philosophies and approaches to impact first investing. The ImPact member moderating the panel opened by explaining that impact first to her was more about constantly questioning and challenging the current capitalist structure and paradigm of a wealth holder – as she acknowledges that she has the privilege and freedom to build an investment strategy that is not purely return-focused. One panelist held a similar perspective, describing that impact first was about knowing what you value in terms of both returns and impact; for him, his family has defined their values as focused on improving human agency and supporting disenfranchised communities. This panelist has worked through a process where he and his wife are clear that they do not feel the need to create intergenerational wealth. To this member, conceding (and “concessionary”) has a reluctant and defeatist aspect to it. Instead, he says that if you are clear about what your values are, and **“if you define what you are wanting from each investment, then it is wrong to say that you are “conceding” anything. Instead, you are driving the impact that you are hoping to achieve.”**

To another panelist, “impact first” was about more creatively selecting the appropriate investment tool to solve a given problem - demonstrating that approaches beyond traditional return-seeking can often generate better outcomes, especially in extractive markets. For another panelist based in Chile, who is running the family’s venture capital strategy, the family explicitly wants impact creation from every investment. At the same time, they are adopting a pragmatic approach to achieving that impact in an emerging market by seeking market returns from their fund investments, in order to build out a sustainable venture capital ecosystem in a region that does not have an established venture market.

The overall sentiment of the panel was that the asset management industry - and investment benchmarks - lead us back to focus on the current wealth paradigm where the sole goal is financial return. **It is up to families as wealth owners to redefine the system and drive new thinking around their investments' impact, risk and return expectations.**

In order to affect change in a complex system, you will need to utilize all tools in your toolbelt – philanthropy, investment capital, advocacy, and policy.

In this session, entitled [Systemic Investing: Moving from Theory to Practice](#), three members shared their reflections, takeaways, and approaches for effecting transformational changes. One member reflected that investors have been trained to specialize in one kind of capital, one specific sector, or one type of return expectation, but showing up with just one tool is not going to affect the

kind of transformational change needed in a complex system. One panelist was driven to think more systemically after he achieved what he thought were his investment goals, and asked himself the question: **“What game am I playing?” and “How do I win?”**

Investing with a systems lens asks investors to look beyond a single entity or single investment, and instead look at the broader system to identify leverage points for change and then select the specific tool/set of tools that best enables the change. Another member suggested using the problem you are trying to solve as the starting point and employing systems analysis to uncover the underlying dynamics that shape the problem to craft meaningful interventions. All three members agreed that investing with a systemic lens and investing for change systematically requires research, iteration, and collaboration and that it is a long game. Additional resources shared in the session: [Systems Change Lab's Impact Data](#) and Cambridge Institute for Sustainability Leadership's paper on [Unleashing the Sustainable Business](#).

Implementing an Investment Strategy

Families can build and implement a sophisticated and comprehensive multi-asset strategy that is aligned with a family's values and optimized for impact. In a member-led “show and tell” session entitled **Operationalizing a Multi-Asset Impact Strategy**, a single family office based in Italy shared their extraordinarily comprehensive program to govern, manage, measure and report the impact of their investing strategy across asset classes. An office, working closely with ten key family members, narrowed the 17 UN Sustainable Development Goals into 5 general impact themes that informed their investment strategy - applying both a “top-down” risk framework with a “bottom-up” investment sourcing/selection approach. Attendees of this session were very grateful to learn from this forward-looking and sophisticated family office as other ImPact family offices seek to “leapfrog” ahead to a new level of impact integration.

Wealth owners can use Investment Policy to set and achieve both their investment and impact goals, explored in the session **Translating Guiding Lights into Investment Policy**. Attendees of this session shared that an Investment Policy Statement (IPS) often feels like a highly technical document - stating tolerance for different types of risks, determining “guardrails” and “constraints,” setting out asset allocation parameters, defining impact measurement and monitoring requirements, and clarifying roles and responsibilities for clear accountability. But this session explored that an IPS is more effective when it helps wealth owners answer important questions such as **“What problems are you trying to solve in your investing life?”**, **“What is the purpose of this capital?”**, and **“What risks are you actually seeking to mitigate?”**

ADVANCING EQUITY AND THE JUST TRANSITION

Operationalizing the Just Transition: Energy, Power, and Ownership featured three exceptional speakers in discussion around powerful transitions that are currently underway globally around energy, power, and ownership. Speakers all spoke of their own personal journeys as disruptors starting with the moment they realized that the status quo was highly unjust and needed radical change. One shared examples of funders shifting power structures by giving voice to stakeholders through purposeful feedback loops, allowing peer-based decision-making into investment processes, and building community ownership into green investment. Another speaker spoke about her pioneering work with Purpose Trusts and other types of innovative legal structures that allow social and environmental impact to be legally protected and prioritized and she challenged the attendees in the room to consider more broadly the concept of fiduciary duty. The third speaker highlighted the opportunity to build wealth in marginalized communities through the sale of companies to employees, citing the extraordinary wave of small to medium businesses that will be facing ownership transitions over the next decade. Together, the women gave members actionable ideas around how they can move towards more equitable structures in their own investments and businesses.

Powering Community-Driven Solutions to Advance Racial and Economic Equity

This session, moderated by The Impact's Director of North America Milton Speid, shared deeply personal stories from an ImPact member and the CEO of Common Future, in a discussion of the importance of empowering diverse stakeholders in investing in local community-driven solutions. The panelists talked about how important bringing their own lived experiences has been to their work, and how essential it is to "get proximity to the issues", prioritizing voices of local experts that have too often been ignored. One panelist mentioned how often we have opted for scale over community, and how that choice has led to harmful consequences. As one panelist said, "**Genius does not know zip codes**" - find and support great ideas and thinking in communities that have not had access to resources in the past.

Families can use innovative structures, processes, and incentives for radical impact. ImPact Fellow Aunnie Patton Power brought together themes and insights from the two-day program into the closing session and shared three case studies to address climate change, inequality, and racial justice in a practical session on **Operationalizing Impact for Radical Change**.

Friday Impact Managers Conversation

Based on members' requests, we added an additional optional day following the formal programming of the Strategy Summit for a conversation with impact fund managers based in NYC. This session was held at The ImPact's law firm's office in midtown Manhattan. Twenty-three members gathered in midtown Manhattan to hear from 7 different fund managers and learn about

their investment strategies, investment processes, and impact measurement approaches. For this session, we heard from managers working on two thematic verticals: climate change and social equity. This session was held in collaboration with Impact Capital Managers (ICM), a nonprofit organization whose mission is to accelerate the performance of its members and to scale the private capital impact investing marketplace with integrity and authenticity.

Concluding Thoughts

We asked each member who stayed until the end of the Friday session to share a word or two of what was on their minds as we concluded the multi-day event. Below are some highlights of what members shared.



Thanks to all attendees, panelists, and speakers for an inspiring and energizing Strategy Summit!

And now, to **Action!**

The ImPact Team

