

KEY TAKEAWAYS



- Write a strong investment policy that includes clear objectives as to mission intent, and a commitment to racial, gender, and socioeconomic equity.
- Understand your place in the ecosystem.
- Seek guidance from values-aligned partners and experts.
- Partner with intermediaries and trusted co-investors for maximum efficiency and impact.

GROVE INVESTMENT STRATEGY OVERVIEW

In 2016, the Grove Foundation made the decision to align all of its assets with its mission to ensure that all people have access to resources, respect and sense of belonging, and the opportunity to live and contribute fully as themselves.

We began the process by rewriting the [investment policy statement](#) and then transitioning approximately \$150 million from more traditional investments to mission-aligned investments. We then went asset class by asset class to accomplish our goal. Guided by the principles of keeping things simple and managing assets in-house, we started by changing who we did business with based on alignment with the Foundation's values and goals.

By 2018, the organization had:

Ceased banking with Wells Fargo and moved their accounts to Amalgamated Bank after evaluating several mission-aligned banks;

Selected fund managers (such as Trillium Asset Management and Boston Common Asset Management) for their public equities management, screening out fossil fuels, prisons and other socially harmful endeavors and ensuring that fund managers would engage actively as shareholders;

Selected Breckenridge for its focus on sustainable bond strategies, and worked with Morgan Stanley to develop and maintain their own bond ladder, over time buying bonds that were each individually screened for fit with green or social justice objectives;

Invested in other, complementary strategies (such as MicroVest, an emerging market fund supporting underbanked communities, a local, housing-focused CDFI, and Calvert Impact's Community Investment Note).

AS A CATALYTIC INVESTOR:



ENSURE THAT YOUR FINANCIAL RETURN TARGETS ARE IN LINE WITH YOUR GOALS.



BE WILLING TO TAKE PERCEIVED FINANCIAL RISKS.



KNOW THAT GOING FIRST AND BEING NIMBLE IN TIMING AND PROCESS CAN ALSO MAKE AN INVESTMENT CATALYTIC.

CARVEOUT STRATEGY

In 2017, the board allocated a carveout (within its broader, 100% mission-aligned portfolio) that aimed to align deeply with its programmatic and grantmaking objectives and to serve a catalytic role in advancing its mission within the investment space.



Over time, Grove made more than 20 investments into companies and funds, with check sizes ranging from \$125,000 up to \$2 million (most typically \$500-750,000) - for a total of approximately \$18M. Grove invested in companies and helped launch funds to support reproductive health, immigration, economic inclusion, and climate justice, with a focus on Black, Indigenous, and Immigrant communities. The portfolio goal overall was a return target of 80% so that we could invest in opportunities with moderate return and also take on financial risk. This allowed us to be the first investor in a project, to provide junior or otherwise at-risk capital, and take other perceived financial risks in order to pilot and scale projects. To date, however, there have not been any financial losses related to these efforts.

Within this larger carveout, The Candide Group helped us to accelerate their work in the climate justice space, and together Candide and Grove founded a climate justice investment collective that resulted in four foundations meeting monthly to review potential deals and co-invest in high-impact opportunities. Grove committed \$3M to this collective work, which ultimately led to more than \$22M in climate justice investments. Key to this effort was engaging with two community impact advisors to help deepen the racial and social equity lens on those investments. Their wisdom and perspective was leveraged across the initiative, which is evolving into a larger effort.

Given the Foundation's limited capacity, right-sizing diligence was a key component of this carveout strategy, and is often a big challenge for both investors and investees in the field. When playing a lead or early role, we went deep in evaluating an opportunity. And when an intermediary or trusted partner had established connections and a strong track record, less diligence was necessary. In other words, being flexible in terms of process was the key.

THE IMPACT



Measuring impact can be tough when investments are early in their development. It can take years to demonstrate how dollars have impacted communities, in which case the focus can be on process milestones. For example, Navajo Power is an indigenous owned and led Public Benefit Corporation that was formed to create a new model for the development of renewable energy on tribal lands – a model that centers Indigenous communities and ensures that communities get the benefits they desire from energy projects. In 2018, The Grove Foundation invested an initial \$350K in Navajo Power in the form of a 1% loan/Program-Related Investment. We went on to invest an additional \$400K between 2019 and 2022, and has also served as a source for investor references and referrals. Navajo Power is now thriving and growing, including having added a sister business “Navajo Power Home” which aims to bring electricity to homes on the Navajo Nation. To date, more than 100 solar and storage systems have been installed through Navajo Power Home.

Mission Driven Finance and Freedom for Immigrants teamed up to create The Freedom 100 Fund - a pilot fund focused on posting bond for 100 immigrants who are in immigrant detention. Formed in 2020, the \$1M fund was fully utilized toward its goal within two years. Freedom for Immigrants provides case management support for people who have been bonded out, while they await their immigration hearing – at which time a decision is made on their case and the cost of the bonds can be returned to the Fund. The Grove Foundation invested \$150K in the Fund and also contributed grant dollars to Freedom for Immigrants to support the case management services and other needs related to the nonprofit's work on the Fund.