



Social Finance Impact First Fund

Quarterly Report for the Period Ending June 30, 2024

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For the period ending June 30, 2024

ABOUT SOCIAL FINANCE

Social Finance is a national nonprofit and registered investment adviser. Since 2011, Social Finance has designed or managed 20+ impact investment funds, social impact bonds, and thematic impact investment portfolios ranging in size from \$3M to \$100M, mobilizing more than \$400M of impact capital toward measurable, positive social impact. The firm's work is unified by the common objective of expanding opportunity for marginalized communities.

OVERVIEW

Thank you for your support of the **Social Finance Impact First Fund**. We are pleased to share this quarterly update, which covers Fund activity through June 30, 2024.

We created the Impact First Fund to make it easier for people and organizations to put money to work supporting innovative solutions to our most pressing social and environmental challenges. The Fund seeks to:

- Reduce barriers to impact investing, making the process more accessible and cost-efficient;
- Achieve positive social and environmental impact, investing in funds that achieve measurable impact and developing viable systems to measure and report on that impact;
- Be intentional about the funds and people we invest in, prioritizing early-stage, innovative funds that are well-positioned for future growth, including funds led by and serving women, people of color, and marginalized groups; and
- Help define, build, and grow the field of impact-first investing by documenting what works well and promoting effective practices to scale the field.

Since our launch in the fall of 2023, we have raised capital from a community of partners, including those new to impact-first investing and leaders in the field. We have committed this capital across a diversified, growing portfolio of impact-driven investments, which:

- Promote homeownership and wealth-building for low-income individuals and families;
- Provide credit to developers addressing and mitigating the effects of climate change, with a focus on access to clean energy, low-emission transportation, and energy efficiency;
- Support entrepreneurs and create jobs in rural and economically disadvantaged communities;
- Create high quality, affordable childcare, while offering opportunities to build wealth for care providers.



We identified each of these investments through a robust investment sourcing process that prioritizes impact and financial rigor. We evaluated the opportunity landscape by conducting in-depth research, including interviews with leading on-the-ground practitioners and funders to identify both unmet sector needs and fund managers with investable, potentially transformative solutions. We vetted these managers and their funds through a rigorous due diligence process focused on impact and financial and operational sustainability. In collaboration with fund managers and other investors, we negotiated funding terms that balance the needs and interests of all stakeholders in the transaction. Finally, we are actively monitoring these investments, partnering with fund managers to help them deliver on their objectives, in terms of both impact and financial return.

We also support impact by keeping allocated but undrawn funds at a community development financial institution (CDFI) with a mandate to lend at least 60% of its capital in low- and moderate-income communities and a commitment to ensuring at least 75% of its capital positively benefits people and/or the planet.

Two key parts of bringing new resources and solutions to underserved markets are 1) raising awareness of these solutions among new audiences of philanthropists and investors, and 2) making it easier for capital to flow. To this end, we're proud to partner with leading philanthropic institutions — Fidelity Charitable, Vanguard Charitable, The Boston Foundation, Combined Jewish Philanthropies, UBS (through National Philanthropic Trust), Moneta Group, and Schwab Charitable — to make it possible for their clients to put charitable capital to work. We also have welcomed investment from established impact investment leaders such as Ford Foundation, as well as philanthropic individuals and organizations who are new to impact investing and focused on using their resources to expand access to opportunity for others.



QUARTERLY HIGHLIGHTS

In the second quarter, we committed to two new investments:

- **[Rural Works](#)**, a growth equity fund based in Burlington, VT targeting investments in ready-to-scale businesses that protect the environment and stimulate economic mobility in rural areas (communities with populations of 50,000 or less). RuralWorks' investments are focused on sustainable and regenerative agriculture, local and regional food systems, waste upcycling, forest and fisheries, and other industries including rural power, electric distribution, water, and waste disposal. Social Finance committed \$2.5 million, bringing RuralWorks' total capital to almost \$50 million. Our investment in RuralWorks closed in August.
- **[Mission Driven Finance's Care Access Real Estate \(CARE\)](#)**, a real estate investment trust (REIT) that seeks to address the critical shortage of affordable childcare, ensure that facilities are high quality, and provide opportunities for caregivers to expand their businesses and build wealth. CARE supports childcare businesses operating in low-income communities, which are typically led by women and/or people of color. The Impact First Fund approved a \$2.0 million short-term bridge loan to the CARE REIT, providing critical early-stage capital. This investment, with a target closing date later this fall, will allow the Impact First Fund to learn from this work as we explore the possibility of becoming an equity investor.

These investments bring new issue areas into our portfolio and broaden the Fund's geographic reach, while helping us balance the potential future liquidity needs of our investors.

Beyond these new investments, Social Finance has worked to grow the Fund and the broader field of impact-first investing. Some highlights:

- We launched the [Social Finance Institute](#), a field-building initiative to advance outcomes-based, impact-first funding models. Impact-first investing took center stage at our April launch event, where President & COO Kirstin Hill moderated a discussion with John Green, Co-Founder and Managing Principal of Blackstar Stability Distressed Debt Fund, the Fund's first investment; Rebecca Moffett, President of Vanguard Charitable; and Liesel Pritzker Simmons, Co-Founder and Principal of Blue Haven Initiative.
- Our work was highlighted in a [Stanford Social Innovation Review article](#) on the importance of funding impact data measurement. Authors Sasha Dichter of 60 Decibels and Aaron Bourke of RPCK Rastegar Panchal write, "Central to the Fund's strategy is a rigorous Impact Measurement and Management (IMM) process that ensures that the Fund not only targets but also achieves meaningful social and environmental impact."



MA Governor Maura Healey, Tracy Palandjian, and Boston Mayor Michelle Wu at the Vatican Climate Summit

- Social Finance CEO and Co-Founder Tracy Palandjian joined Builders Vision and the World Economic Forum for "Building for the Future," a retreat organized for a global community of family business owners, visionary leaders, passionate impact investors, and dedicated experts committed to driving positive change. Tracy also spoke at the [Vatican Climate Summit](#), where she described Social Finance's partnership with the Commonwealth of Massachusetts on a Climate Careers Fund to recruit and train a diverse workforce to help meet the state's 2050 climate goals.
- Our team led panels and discussions focused on impact-first investing and catalytic philanthropy for Aspen Institute, Confluence Philanthropy, Mission Investors Exchange, and ImpactPHL, among others.

Kirstin Hill (far left) explores impact-first investing with panelists Rebecca Moffett, John Green, and Liesel Pritzker-Simmons during the launch of the Social Finance Institute in April 2024.



LOOKING AHEAD

Our success in this work — growing the Impact First Fund itself and the total dollars invested for impact — depends on partnerships with investors, supporters, and allies like you. We welcome the opportunity to connect with you, and with other individuals and organizations you work with, to share more about our work and how to get involved.

This fall, we are teeing up a series of conversations, both formal and informal, with individual investors and philanthropists, family offices, foundations, and corporate partners to talk about how to activate their capital for impact. We are organizing webinars, attending and speaking at meetings and conferences (including the National Center for Family Philanthropy's 2024 Forum, The Financial Times' Moral Money Americas, SOCAP, and the DAF Giving Summit), and participating in industry-wide initiatives aimed at improving impact measurement and accountability. We are also authoring the Fund's first annual impact report, which we expect to release in Q4. Let us know if there are individuals or organizations in your network with whom we can share more about the Fund, or whose insight would be valuable to this work.

Mark your calendar for our quarterly investor webinar, scheduled for Tuesday, October 1st at 12pm Eastern. The webinar will provide a recap of the information included here, plus a deep dive on climate investing featuring Aner Ben-Ami from the Afterglow Climate Justice Fund. Ben-Ami will share insights about how Afterglow is both addressing climate change and building wealth and prosperity in the U.S. communities likely to be the most impacted by climate change. [Register here.](#)

On behalf of all of us here at Social Finance, thank you for your partnership and your support of the Impact First Fund. We look forward to continuing to work with you — and with all our partners and allies in this ecosystem — to invest in measurable positive outcomes for people and planet.



Kirstin Hill
President & COO



Jess Brooks
Vice President
Investor Relations

CLOSED & COMMITTED INVESTMENTS

as of June 30, 2024



Blackstar Stability Distressed Debt Fund

Black-owned and -led real estate investment fund helping low- and middle-income homeowners refinance predatory home loans and build wealth

Asset Class: Private Real Estate
Commitment: \$5.0M closed in Q4 2023

U.N. SUSTAINABLE DEVELOPMENT GOALS

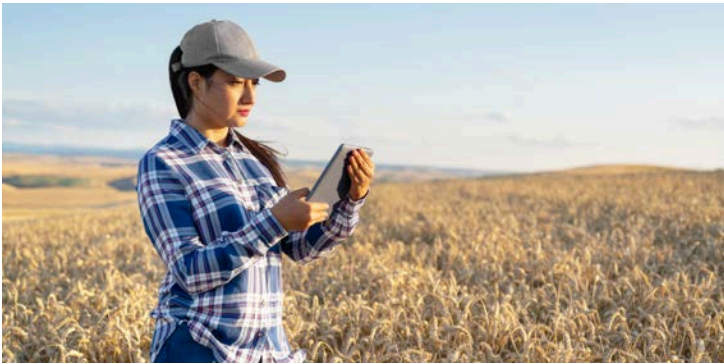


Afterglow Climate Justice Fund

Provides catalytic debt to community-based clean energy projects benefitting underserved communities disproportionately affected by climate change

Asset Class: Private Debt
Commitment: \$2.5M closed in Q4 2023

U.N. SUSTAINABLE DEVELOPMENT GOALS



RuralWorks

Growth equity fund addressing the wealth and opportunity gap in rural communities by investing in companies that create good jobs and benefit the environment

Asset Class: Growth Equity
Commitment: \$2.5M committed Q2 2024*

U.N. SUSTAINABLE DEVELOPMENT GOALS



*Closed in August 2024



Mission Driven Finance

Expands the supply of quality child care facilities in low-income communities while helping providers, primarily women and people of color, grow their businesses and build wealth

Asset Class: Private Debt
Commitment: \$2.0M committed Q2 2024

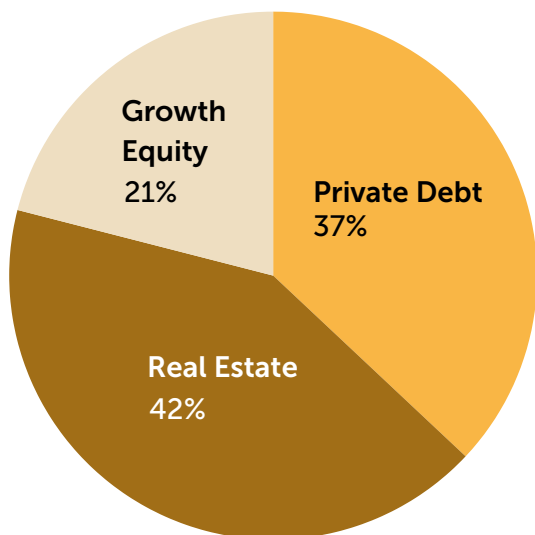
U.N. SUSTAINABLE DEVELOPMENT GOALS



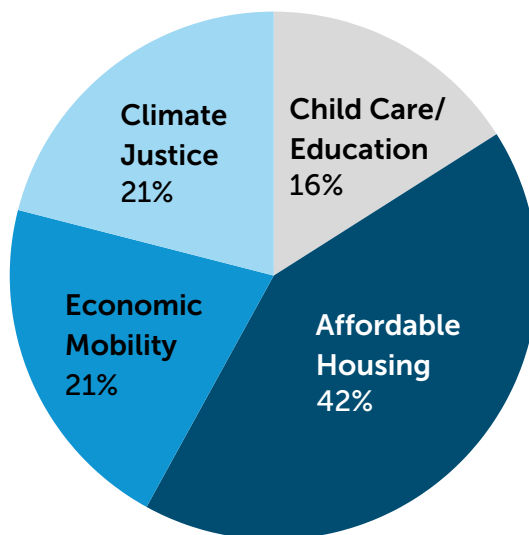
CLOSED & COMMITTED CAPITAL

as of June 30, 2024

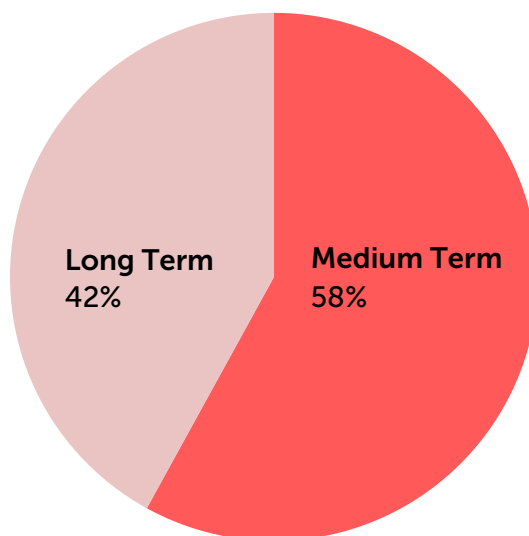
By Strategy



By Issue Area



By Duration



FUND	STATUS	INVESTMENT	STRATEGY	ISSUE AREA	DURATION
Blackstar Stability Distressed Debt Fund	Closed	\$5.0M	Real Estate	Affordable Housing	Medium Term
Afterglow Climate Justice Fund	Closed	\$2.5M	Growth Equity	Climate Justice	Long Term
RuralWorks	Committed	\$2.5M	Private Debt	Economic Mobility	Long Term
CARE REIT (Mission Driven Finance)	Committed	\$2.0M	Private Debt	Child Care/Education	Medium Term

