



Social Finance Impact First Fund

Quarterly Report for the Period Ending December 31, 2024

Quarterly Report

For the period ending December 31, 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. Our teams work across the public, private, and social sectors, leveraging multiple approaches to achieve impact.

OVERVIEW

Thank you for your support of the Social Finance Impact First Fund (the Fund). We are pleased to share with you this quarterly update, which covers Fund activity through December 31, 2024.

We created the Fund to make it easier to put money to work in market-based solutions to our country's toughest social and environmental challenges. Since launching the Fund a year and half ago, we've raised close to \$18 million from philanthropic individuals and organizations. We have deployed capital across a diversified portfolio of impact-first investments—supporting affordable homeownership, clean energy and the environment, job creation in underserved rural areas, and access to affordable child care. We keep allocated but undrawn capital at a community development financial institution (CDFI) bank committed to benefiting low- and moderate-income communities and facilitating the flow of capital into underserved markets.

Learn more about the Fund's portfolio below and in our recently released [2024 Impact Report](#).

QUARTERLY HIGHLIGHTS

During the fourth quarter, our team partnered with the teams at [Blackstar Stability Distressed Debt Fund](#) (Blackstar), [Afterglow Climate Justice Fund](#) (Afterglow), and [RuralWorks Partners](#)

(RuralWorks) to support their growth and effective deployment of capital. Some updates:

- RuralWorks continues to invest in growth-oriented businesses focused on protecting the planet and growing wealth in rural communities. The team recently closed on their fourth investment in [EarthOptics](#), a company with an innovative soil-testing technology that helps farmers and ranchers better understand their soil's chemical, physical, and biological properties, optimize spending, and unlock sustainable farming opportunities. EarthOptics has offices in Raleigh, North Carolina; Emeryville, California; Arlington and Blacksburg, Virginia; Minneapolis, Minnesota; and Fayetteville, Arkansas, along with two laboratories in Emeryville, California and Memphis, Tennessee. Learn more about the EarthOptics transaction [here](#).
- Afterglow has provided debt financing to five companies focused on helping nonprofit organizations, low-income people, and other underserved communities access clean energy, green jobs, energy savings, and enhanced resiliency. Their \$3 million loan to Capital Good Fund's [Georgia BRIGHT Solar Communities](#) program, for example, helps nonprofit organizations, houses of worship, and government facilities install solar and

energy storage systems. Capital Good Fund’s CEO, Andy Posner, explains, “[e]very dollar that a community organization saves on energy is a dollar they can invest in their mission. And by adding battery storage, they can also serve as resilience hubs during increasingly common extreme weather events. So our program is truly win-win-win.” A recent 4.8kW solar installation on Unitarian Universalist Fellowship of Statesboro (UUFS) will offset 76% of the congregation’s energy needs and provide \$9,000 in energy savings over the life of the system. Read more about the Georgia BRIGTH program and the UUFS project [here](#).

- Blackstar has helped 90 families to remain in their homes with a stable path to homeownership by converting predatory contracts-for-deeds into mortgages. Blackstar’s clients are low- and moderate-income families across the South, Southeast, Mid-Atlantic, and Midwestern United States with an average household income of approximately \$45,000. To date, Blackstar’s financing has helped families reduce their monthly principal payments, on average, by 24%, and resulted in an average transfer of \$42,000 in home equity to homeowners.

Our team continues to work with [Mission Driven Finance](#) to finalize our bridge loan for property acquisitions that will build a portfolio of child care venues for their Care Access Real Estate (CARE) Real Estate Investment Trust. As we’ve described in past reports, CARE aims to tackle the urgent shortage of affordable child care, ensuring that childcare providers have access to suitable, high-quality facilities. It also focuses on creating economic opportunities for caregivers—predominantly low-income women, many from underserved communities—to grow their businesses and build wealth.

On the fundraising front, in the fourth quarter, we secured over \$5.5 million in new investment from new and existing participants in the Fund.

We were pleased to welcome new capital from donor advised fund (DAF) holders at Seattle Foundation and Amalgamated Foundation, as well as recoverable grants and/or investments from DAF holders at Vanguard Charitable, Fidelity Foundation, The Boston Foundation, and Combined Jewish Philanthropies.

We are hosting an in-person event that highlights the value of impact-first investing for DAF holders in achieving their philanthropic goals later this month at our offices in Boston. (Details on this and other upcoming events below.)

From a pipeline perspective, new capital raised means new capital to deploy. As a result, our team has advanced three prospective investment opportunities to our full diligence phase. We are focused on adding shorter duration investments to the portfolio. We are also focused on financing for small businesses, employee ownership structures, and regenerative agriculture. We look forward to sharing more detail on our pipeline and what we’re learning in upcoming calls and reports.

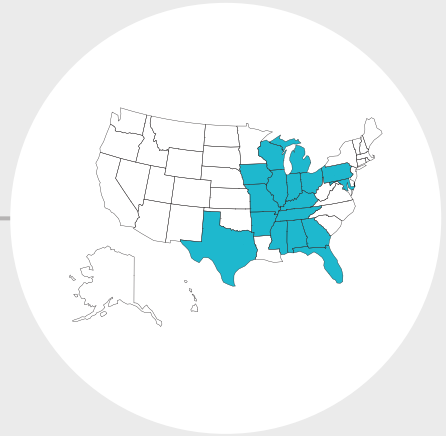
Finally, we continue to work to expand the impact investing field more broadly:

- Our impact investing advisory team is partnering with community foundations and philanthropic families nationwide to direct more charitable dollars towards impact investments. Current engagements include the design of a place-based fund for a \$1 billion community foundation in the Pacific Northwest, development of another place-based impact-first investment portfolio for a foundation in northern Massachusetts, due diligence and program design for the Aspen Community Foundation’s impact investing pilot, a series of tailored next generation impact investing workshops for a large family office, and a partnership with a national membership organization focused on capacity-building for foundation boards and investment committees.

OUR GROWING PORTFOLIO

Through our investments in Blackstar Stability Distressed Debt Fund, Afterglow Climate Justice Fund and RuralWorks Partners, the Fund has exposure to a diversified and growing portfolio of climate and social investments.

BLACSTAR
STABILITY



Mortgages for 90 families in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Michigan, Mississippi, Missouri, Ohio, Pennsylvania, Tennessee, Texas, and Wisconsin.

CANDIDE
GROUP

Georgia BRIGHT

GREEN ENERGY JUSTICE
COOPERATIVE

RE-VOLV

Debt financing for five companies helping underserved communities access clean energy, green jobs, energy savings, and enhanced resiliency.

SOLAR HOLLER

sunwealth

AMERICAN unagi

EARTHOPTICS

RURALWORKS

Growth equity to four rural companies focused on sustainability and growing rural jobs.

GLAVEL
FOAM CLASS GRAVEL

TIMBERHP

We'll share learnings from this work, and talk with community foundations who are leaders in place-based investing on our February 24 webinar on "[Carveouts for Place-Based Impact Investing](#)."

- The [Social Finance Institute](#) continues our work with the [Rustandy Center for Social Sector Innovation](#) at the University of Chicago Booth School of Business on a set of online interactive portfolio allocation tools to demonstrate how moving capital to impact-first investments can help philanthropies and donors increase their impact. We are also partnering with the Wharton Impact Investing Research Lab and University of Pennsylvania Center for High Impact Philanthropy on an applied research project focused on cataloguing key learnings from foundations starting or expanding their use of program-related investments (PRIs).

Reach out to Jess at jbrooks@socialfinance.org to learn more about these initiatives or to connect us with other individuals or organizations who should know about them.

UPCOMING EVENTS

Mobilizing capital toward social and environmental solutions takes partnership. We are always working to grow our community of investors, philanthropists, foundations, fund managers, advisors, thought leaders and policymakers with whom we collaborate. Here are upcoming events in Boston, Austin and San Francisco where we'll highlight key partners and leaders in impact investing. Please let us know if you're planning to be in these cities, or if there are individuals in your network we should talk with to let them know about these events.

- On **Tuesday, February 25 at 4 p.m. EST**, we will host an **in-person** event in Boston with Impact First Fund investor Andrew Balson, Managing Partner and Founder of Cove Hill

Partners. Andrew was the first investor in the Impact First Fund. He'll sit down with Social Finance CEO and Co-Founder, Tracy Palandjian, and Vice President and Impact First Fund portfolio manager, Stephen Vicinelli, to talk about how he's using impact investments from his donor advised fund at Combined Jewish Philanthropies to maximize the impact of his charitable dollars and unlock social innovation. Join us in Boston for "[Impact-First Investing and its Role in a Philanthropic Portfolio](#)." Space is limited so please reach out to Jess at jbrooks@socialfinance.org if you'd like to participate or if there are individuals in your network who we should invite.

- Social Finance Institute Managing Director, Karen Anderson, will lead a panel on "[New Partnerships to Finance Workforce Mobility](#)" on **Wednesday, March 5 at SXSW** (South by Southwest) in Austin. Karen will be joined by Claire Casey, the CEO of AARP Foundation, Ryan Craig from Achieve Partners and Hector Mujica from Google to discuss new ways to reorient and reenergize workforce training to support the needs of workers across all generations—from recent high school graduates to boomers—through outcomes-based partnerships and innovative financing approaches. [Let us know](#) if you're planning to attend SXSW or would like to join us in Austin for a private reception on workforce partnerships.
- Mike Silvestri will lead a session on impact investing at **Confluence Philanthropy's 15th Anniversary Practitioners Gathering** in San Francisco on **Tuesday, March 11**. Mike will be presenting with philanthropic leaders for "Beyond Binaries: Reimagining Portfolio Allocation for Impact." The discussion will focus on how charitable individuals and organizations are tailoring the types of capital they deploy to maximize their impact. If you are planning to be in San Francisco in March

or know of individuals we should connect with while we're there, [get in touch](#).

Our **Quarterly Update Webinar** is scheduled for **Tuesday, March 4 at 12 p.m. EST**. The webinar will provide a recap of information included here and in our [2024 Impact Report](#). We'll talk with Social Finance Vice President of Impact Investing Catherine Dun Rappaport about the Fund's approach to Impact Measurement and Management (IMM), and how we're partnering with fund managers to consider impact at each stage of the investment process.

**[REGISTER FOR OUR
QUARTERLY INVESTOR UPDATE](#)**

The Impact First Fund's work wouldn't be possible without your partnership. On behalf of all of us here at Social Finance, thank you for your support and engagement. We look forward to continuing to work with you—and with all our partners in the impact ecosystem—to deliver measurable results for people and planet.



Kirstin Hill
President & Chief Operating Officer
Social Finance



Jess Brooks
Vice President, Investor Relations
Social Finance

MEASURING OUR IMPACT: A CONVERSATION WITH TRACY AND KIRSTIN



There are so many challenges in the world. Impact-driven entrepreneurs are developing bold, market-based solutions to address them.

Kirstin: Our team thinks about impact at each stage of the investment process: from early sourcing through investment and on-going management. We're looking at impact data across five dimensions: what, who, how much, contribution, and risk. We're realistic about what can (and cannot) be measured, especially for funds that are in the early days of operation. We try to right-size our data collection, so the funds' first priorities are making good investments that generate positive impact, not reporting.

Impact measurement isn't static—it needs to be nuanced and it needs to be useful. We want to be candid about what we're learning and to use our experience to inform future investments here at Social Finance and across the fields of philanthropy and investment.

It's still early, but our fund managers' initial investments provide a good sense of what their impact may look like. [Blackstar](#) is helping low- and moderate-income families own their homes with traditional mortgages that allow them to build equity and increase household net assets. [Afterglow](#) is financing businesses that make solar more affordable in underserved markets – from houses of worship and nonprofits in Georgia to homes and businesses in Appalachia. [RuralWorks](#) is supporting businesses that strengthen rural communities from a company making eco-friendly wood fiber insulation in a former paper mill in Maine to a Virginia-based company helping farmers test soil health and transition to regenerative farming practices.

There's a real need for the type of capital the Impact First Fund can provide. We're entering 2025 with more than 40 U.S.-based funds under review for potential investment, and another 220+ in our pipeline. We're partnering with those funds—and with donor-advised funds, foundations, family offices, wealth advisors, and financial institutions across the country to get the word out. And we're continuing to build out our portfolio with investments that demonstrate the power and promise of impact-first investing.

Tracy: There are so many challenges in the world. Impact-driven entrepreneurs are developing bold, market-based solutions to address them. If we get capital flowing to these solutions, we have the opportunity to catalyze a new wave of ingenuity and to inspire the next generation of social innovators. It's an all-hands-on-deck moment. Social Finance and our partners are ready to do our part.

This January, as the Impact First Fund released its [2024 Impact Report](#), Social Finance CEO and Co-Founder Tracy Palandjian and President and COO Kirstin Hill reflected on why we launched the Fund, what we're learning and what we hope to achieve.

Tracy: Communities across the country are grappling with challenges too large and complex to solve with philanthropy and traditional investing alone. At the same time, foundations and donor-advised funds have more than \$1.7 trillion on their balance sheets earmarked for charitable purposes. Most of that capital ends up being channeled into traditional investments. We want to mobilize it for impact.

The Fund builds on our experience creating and managing more than 20 impact funds and portfolios, including the [UP Fund](#), the [Google Career Certificates Fund](#), and our [Dreamers Graduate Loan Program](#). Through this work, we've developed experience structuring portfolios that optimize impact across multiple stakeholder groups, implementing practical, rigorous systems for impact measurement and management, and using what we learn to evolve our practice and grow the resources available for impact investing. Through our [Impact Investing Advisory practice](#), we recognized the need for an easier on-ramp to impact investing: a one-stop solution that makes it easier for philanthropists to put money to work and easier for impact-driven fund managers and entrepreneurs to access the capital they need to scale their models.

CLOSED & COMMITTED INVESTMENTS

as of December 31, 2024



Blackstar Stability Distressed Debt Fund

Issue Area(s): Affordable Housing and Homeownership
Asset Class: Private Real Estate
Commitment: \$5.0M closed in Q4 2023
Impact Metrics: Equity Transferred, Reduction in Interest Payments, and Growth in Wealth

U.N. SUSTAINABLE DEVELOPMENT GOALS



Afterglow Climate Justice Fund

Issue Area(s): Clean Energy and Environment
Asset Class: Private Debt
Commitment: \$2.5M closed in Q4 2023
Impact Metrics: Carbon Emission Reduction, Reduction in Energy Bills, and Quality Jobs Created

U.N. SUSTAINABLE DEVELOPMENT GOALS



RuralWorks

Issue Area(s): Rural Business, Economic Mobility, and Environment
Asset Class: Growth Equity
Commitment: \$2.5M closed in Q3 2024

U.N. SUSTAINABLE DEVELOPMENT GOALS



Mission Driven Finance

Issue Area(s): Child Care and Economic Mobility
Asset Class: Private Debt
Commitment: \$2.0M committed Q2 2024

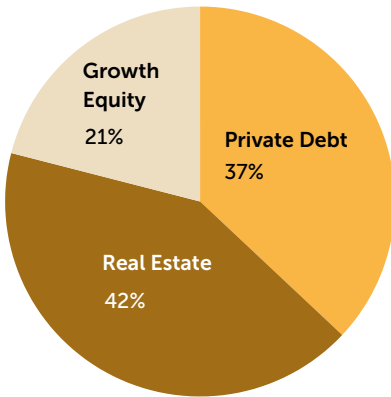
U.N. SUSTAINABLE DEVELOPMENT GOALS



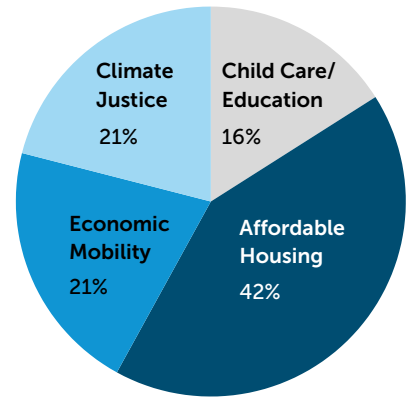
CLOSED & COMMITTED CAPITAL

as of December 31, 2024

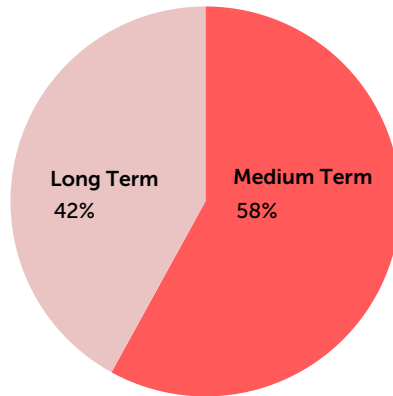
By Strategy



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	Private Debt	Climate Justice	Long Term
RuralWorks	Closed	\$2.5M	Growth Equity	Economic Mobility	Long Term
CARE REIT (Mission Driven Finance)	Committed	\$2.0M	Private Debt	Child Care/Education	Medium Term



If you have questions, comments, or ideas, we want to hear from you. Reach out to Jess at jbrooks@socialfinance.org to find time to connect.

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