

Impact Investing at Fidelity Charitable

Impact investing is attracting strong interest from individuals, families and institutions seeking to “do well while doing good” with their investments. It’s a broad term that includes investments in funds and companies intentionally targeting positive social and environmental benefits in addition to financial returns, as well as those actively screening out companies with practices that are perceived to have negative impacts on people and the planet.

Impact investing can also be more broadly defined to include recommending grants to charitable organizations and projects that can blend these grant funds with capital in order to support larger or higher-risk projects that may not otherwise be financially viable.

Fidelity Charitable® offers donors vast impact investing solutions, and our team of experts is here to support you regardless of where you are on your impact investing journey.

As a member of the Private Donor Group (PDG), Fidelity Charitable provides you with several options to recommend impact investments within your Giving Account®. You can recommend:

- ☒ Investments in sustainable and impact investing pools
- ☒ Investments* in socially responsible mutual funds or Exchange Traded Funds (ETFs)
- ☒ Investments* in socially responsible fixed-income products, such as community and green bonds
- ☒ Investments* in impact-oriented private equity or venture capital funds
- ☒ A grant to an impact investing nonprofit
- ☒ A recoverable grant to a nonprofit

* Account must participate in the Charitable Investment Advisor Program (CIAP) or the Charitable DonorFlex Program (DonorFlex). For CIAP investments are generally made at the discretion of the CIAP. For both DonorFlex and CIAP, investments are subject to review and approval by Fidelity Charitable.

Impact Investing Options for Your Giving Account®



Sustainable and Impact Investing Pools

Sustainable and impact investing pools offer strategies that consider social and environmental factors while also emphasizing financial returns. Donors may choose from a variety of fixed income and equity strategies that align with their grantmaking time horizons.



Traditional Grants to Impact Investing Nonprofits

There are a number of nonprofit organizations that raise charitable dollars and invest these funds in socially minded organizations and projects. These investments generate returns, which the nonprofit then uses for new investments in the future. These nonprofits may focus on a particular geographic region or social or environmental cause. Recommending a grant to such a nonprofit is a straightforward and efficient way to support social enterprises and nonprofits working in a particular region or cause area.



Socially Responsible Mutual Funds and Exchange Traded Funds (ETFs)

Many public equity funds actively consider environmental and social factors in their selection of stocks. Some funds positively weight companies that perform well on Environmental, Social, and Governance (ESG) factors, while others screen out companies with poor environmental and social performance or that operate in certain "sin" sectors such as alcohol, firearms, tobacco, and gambling. Additionally, some public equity funds focus on specific themes and may choose to invest in companies based on their policies (e.g. a gender-focused fund that evaluates a company's diversity policies) or based on the specific products and services they provide (e.g. a climate-focused fund that invests in renewable energy providers).

A Giving Account participating in the Charitable Investment Advisor Program (CIAP) or the Charitable DonorFlex Program (DonorFlex) can be invested in a range of socially conscious mutual funds and ETFs.



Socially Responsible Fixed-Income Products (e.g., Community and Green Bonds)

There are also a growing number of fixed-income products that take into consideration social and environmental factors. Many municipal bonds are targeted to sustainable infrastructure or community development projects. There are also several "sustainable" bond funds that focus on companies with strong ESG practices. A Giving Account participating in CIAP or DonorFlex can be invested in a range of socially responsible fixed-income products.



Impact-Oriented Private Equity or Venture Capital Funds

There are a growing number of venture capital and private equity funds that invest in impact-oriented businesses. These businesses, led by social entrepreneurs, work in various locations (such as low-income communities in the U.S.) or sectors (such as affordable housing, sustainable agriculture, or education). The required holding periods and expected financial performance of these funds can vary widely. Investment in impact-oriented private equity is an available option for Giving Accounts participating in CIAP or DonorFlex. Fund recommendations are subject to review and acceptance by Fidelity Charitable.



Recoverable Grants to a Nonprofit

Many nonprofit organizations rely on a mix of donations and earned revenue to deliver the charitable services they provide. These organizations may earn revenue via contracts with local or federal government agencies, as in the case of a homeless shelter, or from ticket or membership sales, as in the case of a museum or theater. In addition to donations and earned revenue, many of these nonprofits run into situations where an influx of capital, similar to a loan, can be valuable in helping them manage cash flow, make investments in facilities, or otherwise prepare for future growth. During times of crisis, nonprofits may have additional, specific needs, such as help responding to urgent situations or rebuilding depleted resources and bridging the gap while they wait for recovery financing.

Because the funds initially granted to an organization supporting a particular initiative may be returned to Fidelity Charitable, these same dollars can be used again to further support other causes in the future—multiplying the impact of their gift in powerful ways. A recoverable grant is not a loan. Instead, when donors recommend recoverable grants, there are agreed-upon expectations of the donor with respect to the grantee's use of the grant and the recommended schedule to return the funds to Fidelity Charitable.

Whether in times of crisis or in response to a planned scenario, PDG donors have the opportunity to support the organizations they care about through recoverable grant recommendations.