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Surdna Foundation Commits \$100 Million to Impact Investments

By Nicole Wallace | February 6, 2017



Barbara Armand, owner of the construction management firm Armand Corporation, says her company saw significant growth after receiving investments from the Business Outreach Center Network, which the Surdna Foundation is supporting.

The Surdna Foundation plans to put \$100 million of its roughly \$1 billion endowment into investments that seek both financial and social returns.

The investments are an experiment, says Shuaib Siddiqui, Surdna's director of impact investing.

"We're carving out this \$100 million pool of capital to figure out: Can we continue to meet the needs of the foundation, our commitment to grant making, but also invest in a mission-aligned way and generate the returns we need to generate?" he says.

The New York family foundation plans to dedicate \$18 million of the money to investments that are closely in line with the goals of its three grant-making programs: strong local economies, sustainable environments, and thriving cultures.

For example, Surdna made a four-year, \$700,000 loan to the Business Outreach Center Network, a small-business development network, to provide loans to minority and women-owned construction businesses.

The program-related investments become another tool for creating change, Mr. Siddiqui says: "We can figure out where does grant making help and where can we use investment dollars?"

The rest of the money will be placed in mission investments that share the foundation's values but aren't as closely tied to its grant making. One example might be a clean-energy investment that helps fight climate change. Surdna doesn't make grants in the area of climate change, but it's closely related to the foundation's sustainability mission.

Getting Up to Speed

When the foundation started thinking about impact investing in 2014, there was "a very wide range of understanding and enthusiasm" among board members and employees, says Phillip Henderson, Surdna's president. The fund embarked on more than two years of study, which it details in a [new report](#), "Mapping the Journey to Impact Investing. "

Surdna hopes sharing its experience will help other foundations that want their investments to be in line with their missions but feel overwhelmed by the subject.

Says Mr. Henderson: "We thought by sharing the story, warts and all, that this might actually help some folks get started."