

# Investing with Purpose: Mission-Aligned Investing 101

Mission-aligned investing is the practice of directing investment assets into opportunities that support or enhance an investor's mission and values. For nonprofit institutions – including universities, foundations, and endowments – this means investing in ways that not only seek competitive financial returns but also advance the organization's social, environmental, or ethical objectives.

## Why Mission-Aligned Investing Matters

Mission-aligned investing helps ensure that investments reflect institutional priorities and strengthen stakeholder trust.

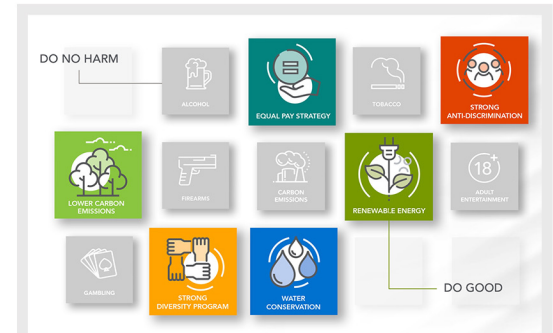
Mission-alignment starts with a genuine commitment to mission, coupled with a rigorous evaluation of how investments will advance that mission in practice. With financial resources and operational efforts working towards the same objectives, mission-aligned investing helps organizations amplify long-term impact.

This approach also helps boards foster trust and transparency with donors, beneficiaries, and the communities they serve.

## Key Considerations

When integrating mission-aligned investing into your investment strategy, it is important to consider several core elements:

- **Craft a holistic Investment Policy Statement (IPS)** – Integrating mission alignment into the IPS helps ensure a holistic strategy. Boards should work with their investment advisor to assess their IPS and apply best practices for this approach.
- **Align assets with mission** – Working with an investment advisor who specializes in mission-aligned investing, you can identify investments across asset classes and sectors to help focus contributions on advancing the broader mission.
- **Understand what's most important to you** – Your investment advisor can help you understand and leverage the nuances between impact investing, socially responsible investing (SRI), diversity, equity, and inclusion (DEI) investing, and environmental, social, and governance (ESG) investing – among other strategies.
- **Establish a benchmark** – Setting custom performance benchmarks is an important step in building and tracking a portfolio that generates competitive, market-based returns while reflecting institutional mission.
- **Communicate financial and impact performance** – Regular financial and impact reporting is critical for accountability and transparency for stakeholders. Impact reporting quantifies how the investment portfolio helps amplify the mission.



### Do no harm. Do good.

When implementing a mission-aligned investment strategy, consider two guiding principles:

**DO NO HARM** by reducing exposure to companies with characteristics and practices that do not align with institutional values.

**DO GOOD** by allocating assets to companies whose practices align with institutional goals and surpass the benchmark and policies of their peers.

By understanding the role of mission-aligned investing, organizations can adopt an investment strategy that helps achieve both financial returns and amplify institutional mission.

For more information on mission-aligned investing best practices, contact [james.lumberg@southcoladvisors.com](mailto:james.lumberg@southcoladvisors.com).