

SUN-TIMES

MONEY

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MARKETS 286.73
LAST WEEK 27.85
47.53



DOW INDUSTRIALS
up 2.2% to 13,593.37
S&P 500
up 1.9% to 1,465.77
NASDAQ COMPOSITE
up 1.5% to 3,183.95

Cubs owner a conduit for social investing



THE CURIOUS
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ROEDER REPORT

David Roeder reports on real estate at 6:22 p.m. every Thursday on WBBM-AM (780) and WBBM-FM (105.9). The reports are repeated at 10:22 p.m. Thursday and 7:22 a.m. Sunday

If you want to invest to help society as well as your own bottom line, the fund community provides many ways to go about it. The catch is that not all of them seem satisfying or have an impact.

Some funds will screen out companies that deal in alcohol, tobacco or weapons and, depending on your point of view, that may be enough for your social conscience.

But what if you wanted your investment to go right to work, building affordable housing, starting a business in a poor part of town or providing a micro-loan to an enterprising African? And what if you wanted to get your money back, with a small return for good measure?

Then the best alternative for the average person is a Calvert Community Investment Note, a product that's been around since 1995. It has had a global reach, with investments in more than 100 countries, and a deep tie to Chicago.

The primary underwriter and distributor of the Calvert notes is Chicago-based Incapital LLC, whose chairman is Tom Ricketts, owner

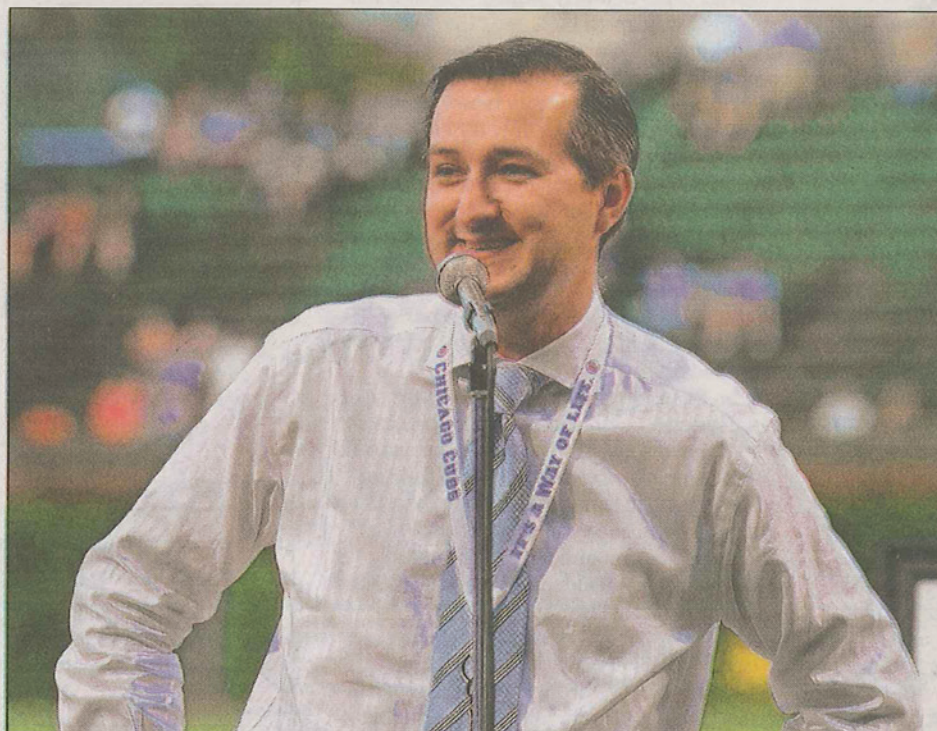
of the Chicago Cubs. Ricketts said he signed on with the foundation in 2005 and since then has distributed with no markup \$165 million in notes. He hopes to be at \$200 million by year-end.

"That's a stunning amount of money to raise for a social investment," Ricketts said. Incapital, with its bond trading screens on the desks of more than 700 broker-dealers and asset managers, gave the Calvert notes a distribution channel it previously lacked.

"It's just a good idea. It's a 'teach a man to fish' kind of thing," Ricketts said. "It's not a grant. Almost all of the loans get paid back. It's empowering."

The sales would have been impossible without the notes' track record as established by their nonprofit sponsor, the Bethesda, Md.-based Calvert Foundation. Chief executive Lisa Hall said that since inception, the notes have paid all obligations to investors.

The notes are offered in one- to five-year maturities with interest rates that range from 0.50 percent for one year to 2 percent for five years. While they aren't for someone who wants to



"That's a stunning amount of money to raise for social investment," Cubs owner Tom Ricketts says of the \$165 million in investment notes distributed since 2005. | TOM CRUZE-SUN-TIMES FILE

crank up interest income, they are an alternative to U.S. Treasuries.

"In the past, our investors would trade off financial return for social return. In today's interest-rate environment, there is no tradeoff at all. Arguably, we have a market-rate return," Hall said.

The foundation has philanthropic support for its own costs, so it can direct all the note investments to organizations that in turn lend it at below-market rates. Profits from the interest rate spread are reinvested.

In the Chicago area, the notes support the Chicago

Community Loan Fund and the Illinois Facilities Fund, which provide low-cost and flexible financing to non-profits. They also provide deposits for Chicago-based Urban Partnership Bank, which concentrates on financial services in minority neighborhoods. The money goes right to work.

The term used here is "social impact investing." Hall said buyers of the notes tend to be people with modest incomes, slightly older than the nation's average and disproportionately women. She theorized that women, as primary caregivers, "are often closer to the social needs in their com-

munities."

The foundation was launched with support from mutual fund family Calvert Investments, which emphasizes social alternatives, but is now independent.

People can buy the notes through their brokers, but the foundation provides an online option for anyone who wants to send in amounts as small as \$20. The information is at Calvertfoundation.org.

For Ricketts, the transparency in how the notes work is another selling point.

Incapital is a midsized operation; last year it underwrote \$45 billion in bonds,

so the Calvert piece is just a sliver of its business. But it's one close to Ricketts' heart. "This is actually a very direct, very impactful way of getting dollars to work immediately," he said.

To which one might respond — and this is high praise from a White Sox fan — "Hey hey, holy mackerel."

QE INFINITY: That's the name some traders have given to the Federal Reserve's new, open-ended commitment to bond buying, otherwise known as the third round of "quantitative easing," or QE 3. Many doubt that it will make any difference, since near-zero interest rates have yet to spur consumer demand or significantly reduce unemployment.

Some have suggested that a bigger impact on the economy will come from Apple (AAPL) and its introduction of the iPhone 5. JPMorgan's chief economist, Michael Feroli, calculated that it could boost the nation's Gross Domestic Product by \$3.2 billion in the fourth quarter, about 0.33 percent.

Buy one on credit. Then the Fed wins too.

CLOSING QUOTE: "Since 2009, when markets began their recovery from that Great Recession low, average daily volume (the amount of shares changing hands) has been trending lower; it is now loitering at half the levels of five years ago. That's not a good sign for future stock prices." — Stephen Mack, president, Mack Investment Securities