



Impact Investing Report **2021**

Overview and Investment Profiles

Data as of Q4 2021

(December 31, 2021)

McConnell



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Acknowledgements

I would like to convey my deep appreciation for the many individuals who have helped guide our impact investing work,

including our colleagues at the McConnell Foundation, members of our Investment Committee and Board, and our many external collaborators. They have helped shape our vision for this work and have enabled us to contribute to the positive impact that is happening in communities across Turtle Island.

I also want to specifically acknowledge and thank the individuals who helped make this report possible:

- **Gilles Hervé Koffi, Fabrice Noundou** and **Heidy O'Donova** for their work on the content and for managing our impact investing portfolio on a daily basis,
- **Wren Laing**, who joined the team recently and whose support has already made a significant impact on our work.
- **Maggie MacDonald, Emilie White** and **Adrienne Hiles** for communications support,
- **Aquil Virani** for graphic design work
- Our **investment partners**, managers, portfolio companies and service providers for their support and cooperation in generating the critical data that makes this report relevant and for ensuring that our practices are in line with our values.

This past year was a period of transition for the Foundation. Following a strategic review, we began the shift towards orienting all our work toward three focus areas: community resilience, reconciliation and climate. We believe these focus areas are interdependent and must be addressed by the whole of our endowment in order to ensure the wellbeing of future generations.

2021 was also a period of transition for the Investment team, as several of our colleagues moved on to new projects. I would like to acknowledge the work of **Erica Barbosa Vargas**, who led our impact investing work for many years and was integral to our progress thus far. I would also like to thank **Julie Segal** and **Maha Fakih**, who laid the groundwork for this report and supported our investment managers throughout much of 2021.

We recently welcomed several new members to our team:

Gilles Hervé Koffi, Wren Laing and **Fabrice Noundou**.

Along with **Heidy O'Donova**, our newly formed investment team, whose diverse professional and academic experiences are embedded in responsible and impact investing, will guide our work going forward and further align our investments with our mission. They each bring to the Foundation a humble, mindful, and service-oriented approach that is reflected in this report.

It has been almost 15 years since we made our first impact investment, and yet, this work is still developing. Over the years, our impact investment strategy has evolved and strengthened thanks to the help and guidance of our many partners and collaborators, to whom we are grateful. As we continue to learn and grow, your insights and support on how we can improve on this work are vital and welcome.



Edmund Piro

Chief Investment Officer
McConnell Foundation

Preface

After two years of unprecedented challenges, we continue to face a moment of global uncertainty. The world is grappling with an existential climate crisis, economic and political instability, systemic social injustice, and the need to rebuild as we cautiously resurface on the other side of the COVID-19 pandemic. In Canada, there is a critical focus on reconciliation, and there is a growing need to address a housing affordability crisis that is amplifying inequality and threatening community cohesion.

Thankfully, we also face an unparalleled global opportunity. There is a growing movement of investors seeking to create impact with their capital and a widespread recognition that capital markets must evolve to include stronger standards of sustainability and demonstrate greater concern for societal impact alongside financial return. At McConnell, we are committed to consciously steering our entire endowment towards advancing our mission of a resilient, inclusive, and sustainable society that can successfully address its complex challenges.

With an ability to take risks with philanthropic and investment capital, we are in a privileged position to ask: How can our investments work alongside our granting to achieve maximum social good?

Much of 2021 was characterized by a continued shift of mainstream capital towards impact, with fund managers and asset owners adopting mandates increasingly focused on ESG and responsible investing. There has been a blurring of the boundaries between ESG and impact, as investors see both the financial and impact potential of doing more. Many are increasingly investing with the deliberate intention to have a positive impact on social, economic, and environmental problems. There is also now widespread adoption of net zero carbon targets and a greater recognition that to achieve the full potential of impact finance, investors will need to focus on both the “S”, social, and the “E”, environment, of ESG. As more and more capital begins to flow towards impact, there is a growing track-record that shows that by centering social and environmental change as the main drivers for an investment, investors can play a pivotal role in addressing the urgent challenges we face.

However, along with a more crowded market there is a renewed and necessary emphasis on **impact integrity**. The need for a shared commitment to transparency and consistency around impact performance has never been greater in order to ensure that these increasing flows of capital are leading to genuinely better outcomes for society and the environment. At McConnell, we are committed to being fully transparent about the impact that is, and is not, being achieved by each of our investments. We are currently in the process of improving our impact methodology and reporting practices so that we may better learn and adopt emerging best practices, while supporting our partners and the wider market to do the same. We are also embedding Equity, Diversity, Inclusion and Accessibility (EDIA) considerations into our investment process and impact reporting, a core priority in 2022. We look forward to reporting on these considerations in future years.

Our impact investment practice continues to develop. In recognition of the evolution of the market, we remain focused on adapting our investment approach to be proactive, seeking out new partners and identifying and catalyzing the most impactful opportunities from the larger variety of investment products that are available. We are also concentrating on leveraging our position as an institutional investor to encourage other large asset managers to direct their capital towards impact, with an emphasis on our three focus areas of community resilience, reconciliation and climate change.



ABC Impact Framework

A

Avoiding Harm:

\$506M (69%) through implementation of negative screens and passive ESG integration.

B

Benefiting Stakeholders:

\$84M (12%) through active ESG integration and shareholder engagement in addition to negative screens.

C

Contributing to solutions:

\$134M (19%) through various impact investments

We have updated the map of the foundation's investments for 2021 along the **Impact Management Project's spectrum** – the ABC of Capital – to deepen our understanding of how our investment managers, through their various impact strategies, are contributing to furthering our sustainability objectives. Across our portfolio, we operate with the goal of 100% responsible investing, and at the end of last year we signed the **Canadian Investor Statement on Climate Change** which identifies actions we will be taking through our endowment to support the transition to a net-zero carbon economy. We made new commitments of \$26 million in impact investments in 2021 and as of December 31, 19% or \$134 million of our assets are dedicated to impact investing. We are committed to increasing this proportion in the years to come.

This annual report provides an update on our allocation as of 2021 to the “C” —Contributing to Solutions — in the ABC Impact Framework. This report also shares some portfolio level data and highlights the diversity of approaches with which impact investing managers are using capital to make extraordinary contributions to social and environmental transformation, in Canada and globally.

Impact investing is of course only one tool of many which contribute to creating a resilient, inclusive, and sustainable society. We are thankful to all our partners and the many other initiatives and organizations that complement our impact investing portfolio, including programs, field-building, policy work, and our philanthropic partnerships.

With the rapidly growing impact investing market comes an ever-expanding opportunity for all types of investors to participate. We remain committed to learning and adapting our impact strategy and investment practice so that our portfolio is a demonstration of what is achievable when impact comes first. Together we can continue to build an impact investment market in Canada that is transparent, innovative, transformative and ready to respond to the most pressing needs of our time. Join us as we embark on this next phase of our impact investment journey.

Wren Laing, Investment Director,
and the entire investment team:
Gilles Hervé Koffi, Fabrice Noundou,
Heidy O'Donova, Edmund Piro.





Impact Investing Thesis

Currently, the Foundation seeks to invest through impact investing intermediaries to achieve the following goals:

- 1 Scale impact** (across a range of domains and sectors) that aligns with our mission or programs. Examples of investments that are enabling this goal are private equity funds investing in for-profit social enterprises so they can grow and deliver more products and services, or funds that are increasing the number of affordable housing units available in the market.
- 2 Strengthen the capacity of the community sector** by enabling new forms of financing for charities and non-profits.
- 3 Build and influence the market** through financial innovation and by shifting corporate and institutional behaviour. This is achieved by investing to test a new financial mechanism in the private markets, or in the public markets, by investing in managers with strong shareholder engagement that may lead to impactful change of corporate – and industry – behaviour.
- 4 Build and strengthen ecosystems of innovation**, so that we can support the development of entire communities and ecosystems that in turn nurture innovators and innovative projects.

Investment categories

Our impact investments are also classified along **2 categories** based on their financial characteristics and degree of alignment with our programs and mission. These are:

1. Program-related investments (PRIs)

PRIs are investments that must be tightly aligned with the Foundation's philanthropic programs and through which we may tolerate terms and returns that are more flexible or below expected market rates of return or even in the form of loan guarantees.

2. Mission-related investments (MRIs)

MRIs seek what would be traditionally considered market rates of return. They are generally those where the manager is more mature and has characteristics that are aligned with general institutional investor requirements.

See “Key Terms” section for more complete definitions.



Portfolio At A Glance

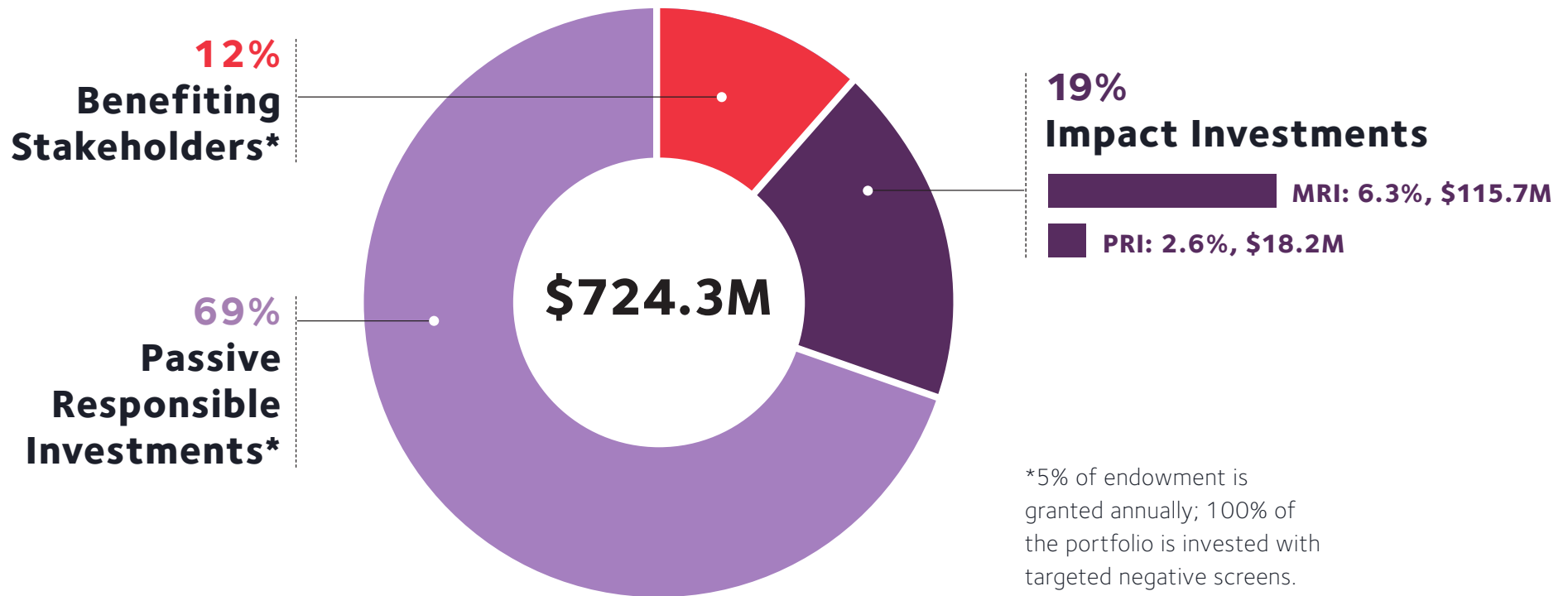
Portfolio overviews,
financial breakdowns
and impact areas
Q4 2021

Photo provided by Amplify Capital.



The McConnell Foundation's Total Assets

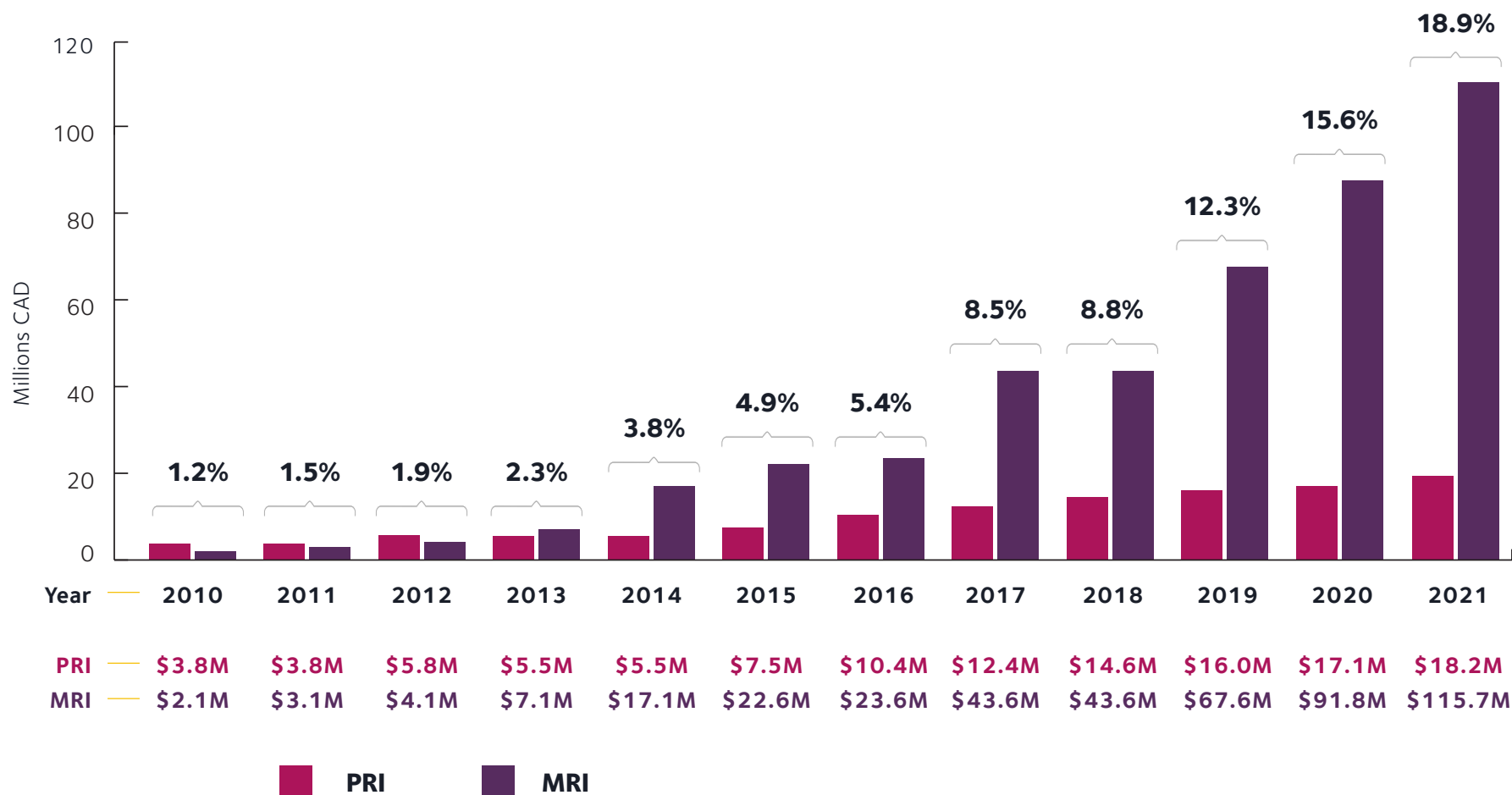
Across our endowment, we operate with the goal of 100% responsible investing. As of December 31, 2021, 19% of our assets (\$134 million) are committed to impact investing, while a further 12% (\$84 million) can be classified as active responsible investing. We are dedicated to increasing the proportion of our assets dedicated to impact investing in the years to come and ensuring that all of our investments contribute to McConnell's mission.



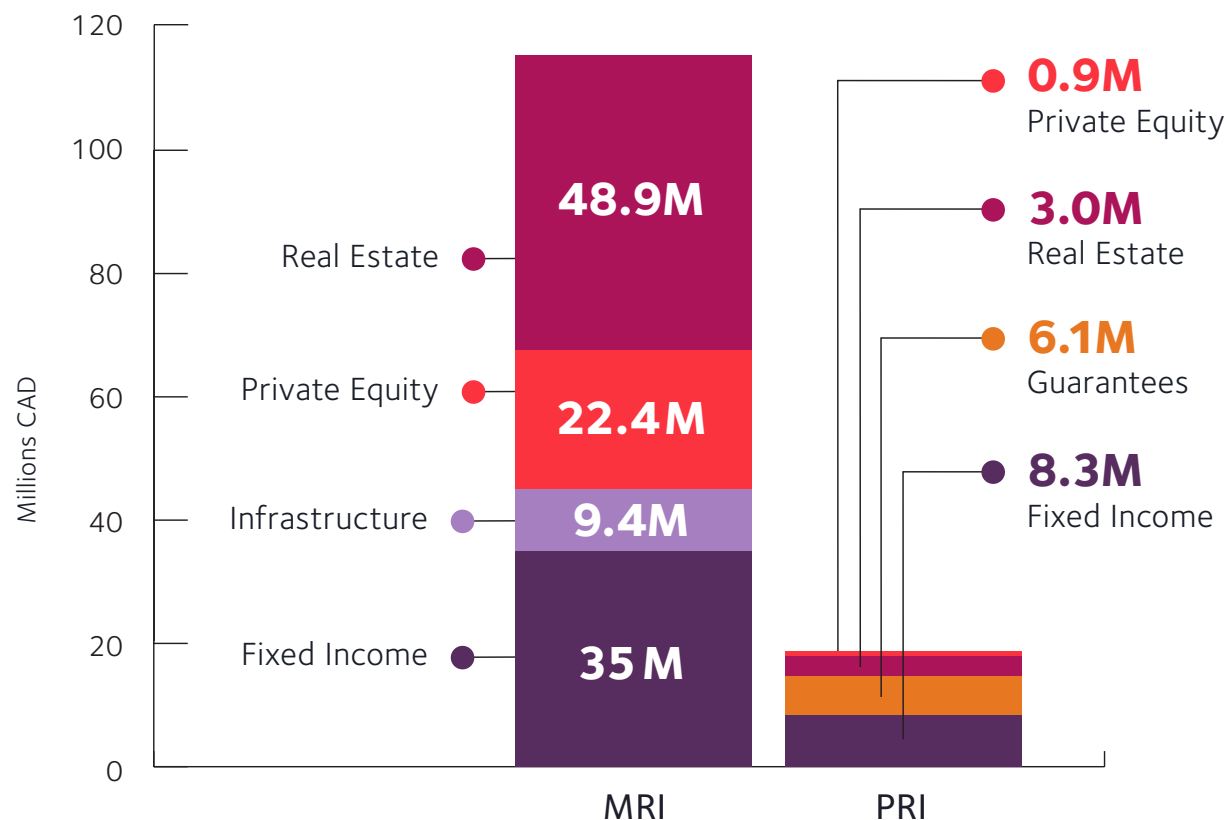
Impact Investing Portfolio

In 2021, we made three new investments totaling \$26 million, two MRIs and one PRI.

End-of-year Net Total in millions of dollars
% of Total Endowment



Financial breakdown: Portfolio by asset class



Our Impact Investment portfolio contains a diversity of asset classes. For PRIs and MRIs alike, we may invest through a range of mechanisms in venture capital, private equity, fixed income, real estate and outcomes finance.

What is essential across the board is a demonstration of **impact integrity**^{*} in the investment process of the manager. This means that intentional positive societal impact is core to the investment thesis and the manager has the resources and processes in place to adequately manage and deliver on this objective. All the managers in our portfolio are tackling societal issues, and are achieving one or more of our overarching objectives, in their own unique way.

^{*} See page 31–34 of *The Impact Principle: Widening Participation & Deepening Practice for impact investment at Scale*. Published by the Global Steering Group for Impact Investment.

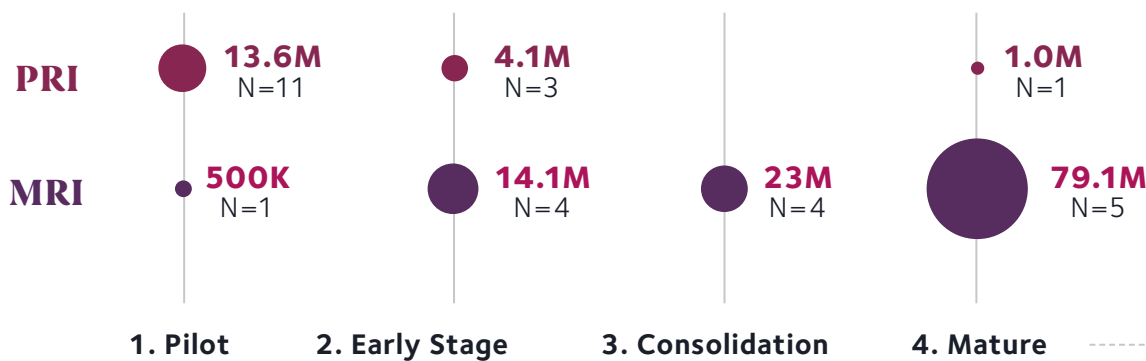
Participation in the Impact Investing Market

We are interested in understanding the evolution and growth of the impact investing market. To do this through our own portfolio we look at two metrics: 1) the total assets under management by the funds in which we invest, and 2) the development stage of our investees over time. Twelve of our MRIs and PRIs have reached more mature stages over the course of our investment.

Type	McConnell's investment	Total fund / project size
PRI	\$18.2M	\$201.2M
MRI	\$115.7M	\$5.2B
Total	\$133.9M	\$5.4B

Committed by Stage of Development of the Investee

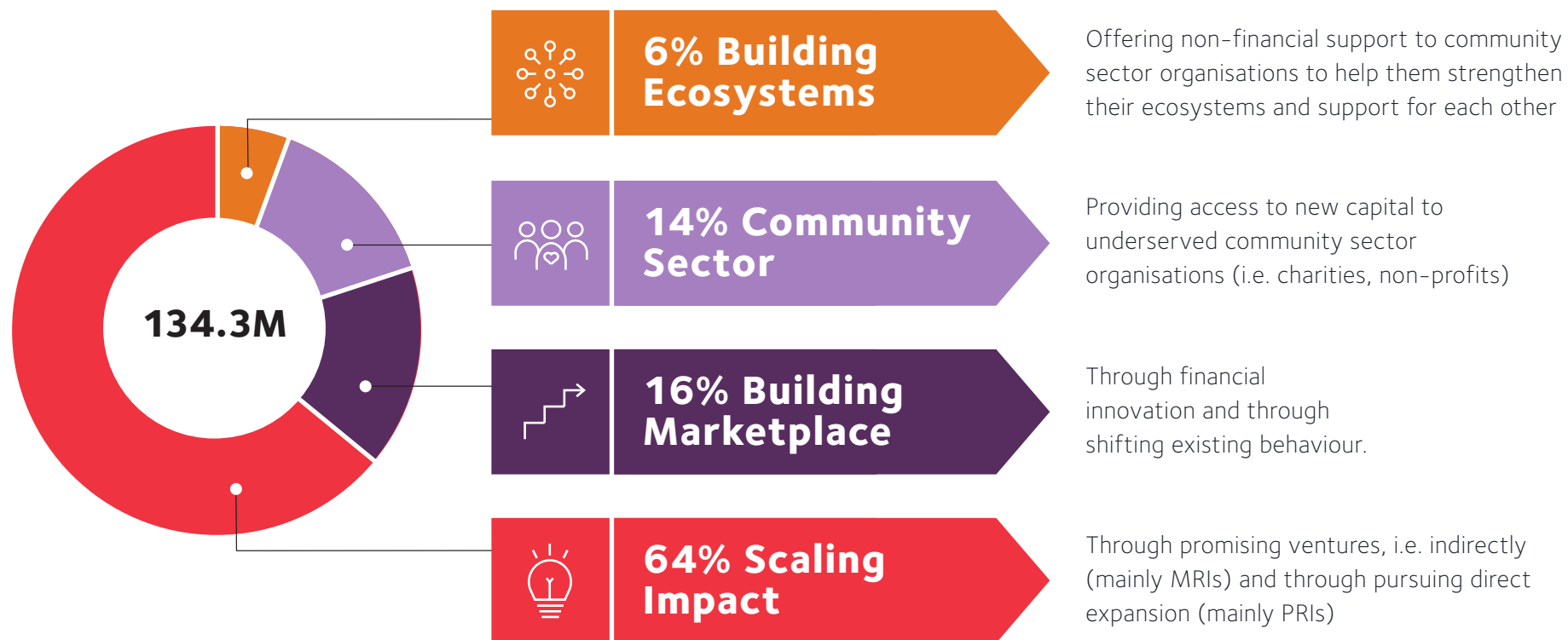
As part of our market building efforts, we invest in managers that are at different stages of development.



- 1. Pilot:** first prototype or experimental.
- 2. Early Stage:** post pilot and has a repeatable clear process in place, can be a first time mechanism.
- 3. Consolidation:** the manager has successfully implemented early stage and is moving beyond first project but may not have reached full sustainability at the firm level; may be expanding staff, investors and partnerships.
- 4. Mature:** the manager is of sufficient scale and has capacity to be sustainable, has a track record and can engage a diverse range of investors and may attract institutional type.

Impact Categories

The foundation's 29 impact investees are pursuing a combination of the following goals and objectives that are classified in the following **four** impact categories.



Contribution to the United Nations Sustainable Development Goals (SDGs)

SDG NUMBER



Aggregated KPIs

Notable increase in affordable housing with an **additional 2024 affordable units being financed** in 2021. The amount of MWh of renewable energy produced **increased by more than 50% to 17.8M** in 2021.

Affordable housing



3592

units financed
(with **6** investees
contributing to
this KPI)

Energy & Environment

17.8M

MWh of clean
renewable energy
produced
(**3** investees)



7.8M

tonnes of GHG
displaced/replaced/
reduced (**4** investees)

Entrepreneurship



1808

companies/
individual tenants
(**8** investees)

% of investees serving particular demographics*



63%

Young people (under 35)



63%

Low-income families



66%

Women



34%

Immigrants / newcomers

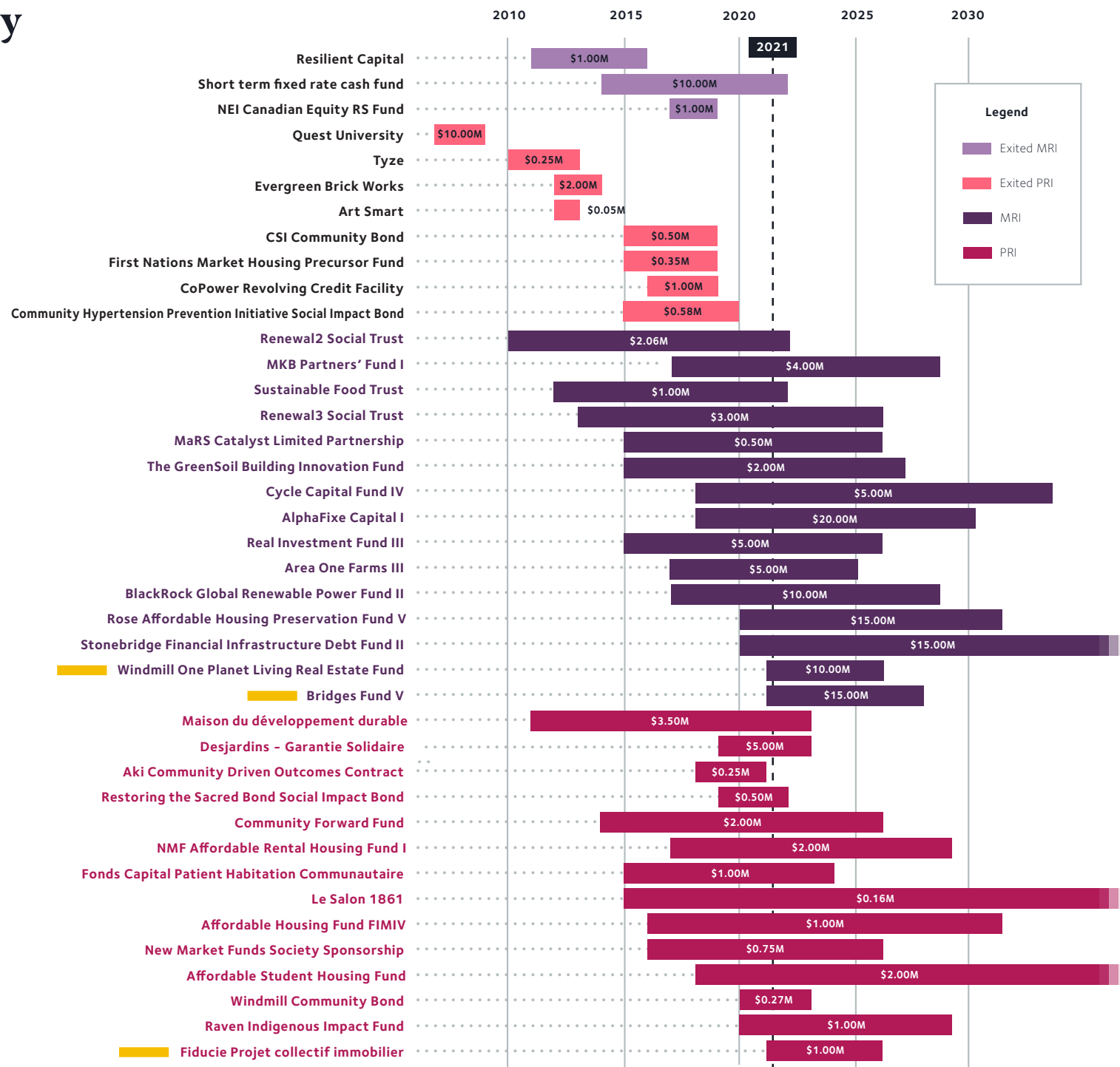


38%

Indigenous people

* The percentage of investments that intentionally serve a demographic, either a) based on company founders/ownership or b) the beneficiary. Some investees serve more than one demographic.

Portfolio History



New investments in 2021:

1. Bridges Fund V

Private Equity
\$15M MRI, pg. 49

2. Windmill One Planet Living Real Estate Impact Fund

Private Equity
\$10M MRI, pg. 34

3. Fiducie - Projet collectif immobilier

Private Equity
\$1M PRI, pg. 33

How to read our profiles

[MANAGER – PRODUCT NAME INDICATED IN THE TITLE]



MCCONNELL INVESTING GOAL(S)

The McConnell investing goal that the investment relates to

Targetted Sustainable Development Goal (SDG) icons

KPI



KPI 1

Key Performance Indicator related to the investment's activities in 2021



KPI 2

Key Performance Indicator related to the investment's activities in 2021

Description

Summary of the investment manager and their activities.

Governance: Whether McConnell participates in a fund's governance committees.

Rationale

Summary of why the Foundation decided to pursue the investment and the strategic fit with McConnell's own program and mission objectives.



Program Related Investments (PRIs)

Investment profiles and
Key Performance Indicators (KPI)
Q4 2021

Photo provided by Jonathan Rose Companies





CFFAC – Community Forward Fund

ASSET CLASS

Private debt

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$2,000,000

FUND SIZE

\$14,060,000

TARGET RETURN

3.5%

YEAR OF INVESTMENT

2014

VINTAGE YEAR

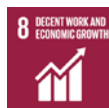
2014

TERM

Open-ended structure

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

- Strengthen community sector capacity
- Build the marketplace through financial innovation

KPI

15
active loans
(**58** loans since inception)



7.2M
in active loans

74%
of loans directed
to **nonprofits***



26%
of loans directed
to **charities***

* in \$ outstanding

Description

The Community Forward Fund provides loans to Canadian charities and non-profits to advance a more sustainable charitable and non-profit sector. The organization offers educational resources, such as financial workshops, to enhance the financial literacy of its borrowers and enable them to better manage their current and future financial needs.

Rationale

The Foundation's investment is specifically directed towards non-profit and charitable borrowers that would otherwise not likely have access to loan financing. These loans enable non-profit and charitable organizations to be more independently financially sustainable and to better plan for their long term programs. Fund investors benefit from regular income distribution payments.



Windmill Microlending – Community Bond

ASSET CLASS

Private debt

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$750,000

FUND SIZE

\$7,500,000

TARGET RETURN

1.5%

YEAR OF INVESTMENT

2020

VINTAGE YEAR

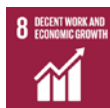
2018

TERM

3

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS



Scale impact across domains and sectors



Build the marketplace through financial innovation

KPI

\$10.8M

in approved
loans



3.6x

average
income growth

41% to 8%

drop in unemployment



1047

approved loans
to newcomers

Description

Windmill Microlending is a registered charity serving newcomers since 2005. Windmill offers microloans of up to \$15,000 to help skilled immigrants and refugees continue their careers in Canada, empowering them to achieve economic prosperity. Windmill supports clients to obtain the Canadian licensing or training required to work in their field, or to secure a position which matches their level of education, skills and experience. Funded by the public and private sector, Windmill is Canada's largest microlending program for immigrants and refugees.

Rationale

This Community Bond finances Windmill's loan capital, enabling the organization to provide additional loans to new clients. Canada welcomes over 180,000 skilled immigrants each year, but reaccreditation in Canada can be costly and slow. This Community Bond is aligned with the Foundation's mission of supporting a more inclusive, resilient Canada.

Fiducie – Fonds d'aide à la rénovation de l'habitation communautaire

ASSET CLASS

Private debt

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$1,000,000

FUND SIZE

\$31,500,000

TARGET RETURN

4%

YEAR OF INVESTMENT

2015

VINTAGE YEAR

2015

TERM

7 (+1)

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

 Strengthen community sector capacity

KPI



17

loans authorized
(8 loans repaid)

340

affordable units
financed



73%

of average market
rate for renters

Description

The principal mission of the *Fiducie du Chantier de l'économie sociale* has been to foster the expansion and development of collective enterprises by increasing their access to financing and enhancing the capitalization of social economy enterprises. La Fiducie designed this Fund to enable the renovation of non-profit and cooperative housing in a way that would maintain affordability of the rent paid by tenants.

Governance: McConnell sits on the Conseil consultatif.

Rationale

The mission of the *Fonds d'aide à la rénovation de l'habitation communautaire* (FondsARHC) [Fund to assist community housing renovations] is to enable repairs or renovations to existing affordable rental real estate buildings in a way that preserves the initial rent affordability. Patient loan capital is offered to eligible housing co-operatives and non-profits to finance major work they would otherwise be unable to afford.



ASSET CLASS

Private debt

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$2,000,000

FUND SIZE

\$11,000,000

TARGET RETURN

6%

YEAR OF INVESTMENT

2018

VINTAGE YEAR

2018

TERM

20

INVESTMENT TIMELINE

Q4 2021



Fiducie – Fonds d'investissement pour logement étudiant (FILE)



MCCONNELL INVESTING GOALS



Strengthen community sector capacity

KPI



1 project*

invested in

*One additional project is postponed pending a review of new loan terms

144

affordable units
financed



40%

of average market
rate for renters

Description

The principal mission of the *Fiducie du Chantier de l'économie sociale* Trust has been to foster the expansion and development of collective enterprises by increasing their access to financing and enhancing the capitalization of social economy enterprises.

Governance: McConnell sits on the Conseil consultatif and the Conseil consultatif d'investissement.

Rationale

The Fund provides debt to build and operate affordable student housing projects led by cooperatives and not-for-profits. Its objective is to build 500 units for students near university campuses in Montreal and across Quebec. This fund is an opportunity to create a new offering in Quebec's student housing market that aligns with the principles of the social economy. Furthermore, the investment aligns with the Foundation's community resilience focus area.



SFNNC – Restoring the Sacred Bond

ASSET CLASS

Private debt

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$500,000

FUND SIZE

\$2,612,300

TARGET RETURN

4.1%

YEAR OF INVESTMENT

2019

VINTAGE YEAR

2019

TERM



3.5

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

-  Scale impact across domains and sectors
-  Build the marketplace through financial innovation

KPI

94 mothers

supported in program to date
out of a targeted **200** mothers
at end of the SIB's term



88 child births to date

61 maintained with mother as a result of support from
birth helpers, **7** with family members, and **3** children
reunited with their mothers to date

Description

Southern First Nations Network of Care (SFNNC), an integral part of Manitoba's Child and Family Services since 2003, delivers culturally appropriate child & family services to First Nation citizens across the province of Manitoba. The organization acts as the investment manager in this product, working with Wiji'idiwag Ikwewag to deliver doula birth assistance services to Indigenous mothers who are at risk of having their child apprehended.

Governance: McConnell appointed Diane Roussin to the Project Board.

Rationale

Child apprehension often creates long-term damage to a child's future prospects. This \$2.6M prevention-based program is an opportunity to achieve positive health and social outcomes, demonstrate the effectiveness of a culturally appropriate birth helper to at-risk mothers, reduce systemic biases in the health care system and incent the Province to finance and scale the program over the long-term.



Raven Indigenous Capital Partners – Aki Community Outcomes Contract

ASSET CLASS

Recoverable grant

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$250,000

PROJECT SIZE

\$4,300,000

TARGET RETURN

4%

YEAR OF INVESTMENT

2018

VINTAGE YEAR

2018

TERM

2 (+2)

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

- Scale impact across domains and sectors
- Build the marketplace through financial innovation

KPI

3*

First Nations communities

* Aki was able to partner with third community as CMHC took the full outcomes buyer position

\$28,366

in average energy savings costs (per home, per year)



50

geothermal systems completed

Description

Raven Indigenous Capital Partners was founded in 2018 and is already recognized as a leader in the Canadian social finance space for its work in building a reconciliation economy. Raven structures and manages funds that support the development of Indigenous communities and entrepreneurs, and serves as a bridge between private capital and Indigenous values.

Rationale

Indigenous communities in Canada have long experienced energy poverty in the form of high-cost, high polluting diesel power systems. Manitoba-based Aki Energy — an Indigenous-owned and managed social enterprise — has developed an alternative: hiring and training Indigenous community members to install solar and geothermal systems, reducing energy costs and GHG emissions. This investment directly supports Aki's future work.



ASSET CLASS

Private equity

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$1,000,000

FUND SIZE

\$25,000,000

TARGET RETURN

6%

YEAR OF INVESTMENT

2020

VINTAGE YEAR

2019

TERM

9 (+2)

INVESTMENT TIMELINE

Q4 2021



Raven Indigenous Capital Partners – Raven Indigenous Impact Fund



MCCONNELL INVESTING GOALS



Scale impact across domains and sectors



Build the marketplace through financial innovation

KPI

10 enterprises

financed since inception

80%*

of companies
led by Indigenous
entrepreneurs

*100% of companies
passed Raven's Indigenous
Impact Screen (which includes
ownership, management,
governance, beneficiaries, etc.)



138

Indigenous
employees hired
by portfolio
companies

Description

Raven Indigenous Capital Partners was founded in 2018 and is already recognized as a leader in the Canadian social finance space for its work in building a reconciliation economy. Raven structures and manages funds that support the development of Indigenous communities and entrepreneurs, and serves as a bridge between private capital and Indigenous values.

Rationale

The Fund seeks to revitalize the Indigenous economy in Canada by investing venture capital in early- and growth-stage Indigenous-led enterprises. The manager supports its investees — the entrepreneurs — with partnerships, business guidance, and network connections in addition to financial capital. The Fund presents a sustainable, values-driven approach to community resilience and economic empowerment.



New Market Funds Society – Sponsorship Loan

ASSET CLASS

Recoverable grant

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$269,000

FUND SIZE

\$1,178,000

TARGET RETURN

N/A

YEAR OF INVESTMENT

2016

VINTAGE YEAR

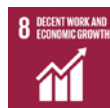
2016

TERM

11

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

Build the marketplace through financial innovation

KPI



\$65.2M

assets under management in impact investment products across Canada



2174

partner and staff hours contributed to developing SF ecosystem (in 2021)

Description

New Market Funds Society (NMFS) is a charity that supports the development of Canada's social finance ecosystem. Together with New Market Funds Inc. (a B Corp), it achieves this through structuring and fundraising new impact investing products, engaging in policy discussions and supporting the development of other organizations. NMFS's mandate is strongly aligned with the Foundation's goal of addressing Canada's complex social, environmental and economic challenges.

Governance: McConnell sits on the Board.

Rationale

In 2013, NMFS raised its first round of sponsorship funds from five impact investing organizations from across Canada: Vancity, Trico Foundation, Bealight Foundation, RISQ (QC) and Makeway (formerly Tides Canada). The Foundation's participation supports the development of new social innovation and social finance products. As a Board member, the Foundation has the opportunity to collaborate and participate in the organization's priorities.



New Market Funds – Rental Housing Fund I LP

ASSET CLASS

Private equity

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$2,000,000

FUND SIZE

\$24,720,000

TARGET RETURN

6%

YEAR OF INVESTMENT

2017

VINTAGE YEAR

2017

TERM

10 (+2)

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

- Scale impact across domains and sectors
- Strengthen community sector capacity
- Build the marketplace through financial innovation

KPI



6 properties

with investment
totalling **\$12.6M**

338

affordable units
financed



Rent at

65%

of average area median
income for renters

Description

New Market Funds (NMF) is a pan-Canadian manager that structures impact investing products, engages in policy discussions and supports the development of other organizations. The NMF Rental Housing Fund I LP supports non-profits and co-operatives that own and operate affordable multi-family rental properties across Canada.

Rationale

The Fund provides equity financing which is gradually transferred back to the local housing operator. This investment facilitates community ownership of affordable real-estate projects and maintains long-term housing affordability. NMF's mandate is strongly aligned with the Foundation's mission of addressing Canada's complex social, environmental and economic challenges.



ASSET CLASS

Private debt

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$1,000,000

FUND SIZE

\$20,000,000

TARGET RETURN

5%

YEAR OF INVESTMENT

2016

VINTAGE YEAR

2016

TERM

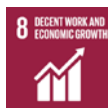
15

INVESTMENT TIMELINE

Q4 2021



Bâtir son Quartier – Fonds Investissement Montreal IV



MCCONNELL INVESTING GOALS

Build and strengthen ecosystems of innovators

KPI



4 loans

to non-profit providers

246

affordable units financed



82%

of average market rate for renters

Description

The Fonds d'investissement de Montréal (FIM) is a limited partnership managed by an independent board of directors. FIM enables non-profit organizations and housing co-operatives to purchase, renovate and improve rental properties in order to create healthy, affordable and safe housing for low- and modest-income households. The four investment phases of FIM are coordinated by Bâtir son quartier, a non-profit social economy enterprise with more than 40 years of experience in creating supportive living environments.

Rationale

This Fund is the manager's fourth iteration of their successful strategy. It provides an opportunity to improve access to housing, enable non-profit and co-operative building operators to build their equity, and put private capital at the service of local Montreal communities.



ASSET CLASS

Direct private equity

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$160,000

FUND SIZE

\$3,600,000

TARGET RETURN

20%

YEAR OF INVESTMENT

2015

VINTAGE YEAR

2016

TERM

Open-ended structure

INVESTMENT TIMELINE

Q4 2021



GI Quo Vadis – Le Salon 1861



MCCONNELL INVESTING GOALS

Build and strengthen ecosystems of innovators

KPI



0*

community events

*Due to COVID-19



1 heritage building

preserved and repurposed
for commercial and community activities

Description

Gestion immobilière Quo Vadis Inc. is a B Corp real estate developer, founded in 1993. It preserves and restores historically and architecturally significant buildings providing commercial opportunities for creative and innovative entrepreneurs that integrate business, culture and community. Quo Vadis specializes in working with small and medium-sized businesses to meet their rental needs.

Rationale

Le Salon 1861 repurposed a local church into a community space and entrepreneurial hub. This pilot project hopes to inspire further development of historical buildings as collaborative spaces across Canada, to encourage social innovation, create synergies within communities and establish best practices in responsible real estate. Investing in Le Salon 1861 allows the Foundation to partner in a landmark project of civic revitalization.



ASSET CLASS

Private debt

CRA CATEGORY

PRI – Loan Guarantee

COMMITTED AMOUNT

\$3,095,000

FUND SIZE

\$23,400,000

TARGET RETURN

0%

YEAR OF INVESTMENT

2010

VINTAGE YEAR

N/A

TERM

13

INVESTMENT TIMELINE

Q4 2021



équiterre

Équiterre – Maison du développement durable



MCCONNELL INVESTING GOALS



Strengthen community sector capacity



Build and strengthen ecosystems of innovators

KPI



Successfully accessed loan financing and constructed the building to **LEED Platinum standards.**

Description

La Maison du développement durable (MDD) [Centre for Sustainable Development] provides a space for reflection, innovation, education, synergy and collaboration around sustainable development. Eight socially and environmentally focused organizations created the MDD in downtown Montreal as a demonstration green building and a place to house their operating activities.

Rationale

The Foundation's guarantee enabled financing from banking institutions for the building's initial construction costs. The Foundation's strong balance sheet allowed the bank to offer a more reasonable interest rate on MDD's loan. This guarantee helped enable the creation of one of Quebec's greenest buildings — the first LEED Platinum certified building in the province.



La Caisse d'économie solidaire Desjardins – Garantie solidaire

ASSET CLASS

Private debt

CRA CATEGORY

PRI – Loan Guarantee

COMMITTED AMOUNT

\$5,000,000

FUND SIZE

\$15,000,000

TARGET RETURN

1%

YEAR OF INVESTMENT

2019

VINTAGE YEAR

N/A

TERM

Open

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS



Strengthen community sector capacity



Build the marketplace through financial innovation

KPI

\$2.5M

in loan guarantees
from McConnell



\$3.5M

total guaranteed
by the **3** partners

\$87.5M

total financing of
projects enabled



14

organizations
with guarantees

Description

La Caisse d'économie solidaire Desjardins (CES) is the leading financial institution dedicated to non-profits, unions and social enterprises in Quebec. It is part of the Desjardins Group, which is the largest association of credit unions in North America, managing over \$260 billion in assets for its members.

Governance: McConnell sits on the Approvals Committee.

Rationale

This guarantee to the Caisse is committed equally by the McConnell, Chagnon, and Saputo Foundations. Its purpose is to enable community organizations — including charities, non-profits and co-operatives — to access credit that they would otherwise not receive. This investment directly supports the Foundation's mission by creating a new financial product that provides community organizations with access to financing.



Fiducie – Projet collectif immobilier

ASSET CLASS

Private equity

CRA CATEGORY

PRI – Conventional

COMMITTED AMOUNT

\$1,000,000

FUND SIZE

\$16,000,000

TARGET RETURN

5%

YEAR OF INVESTMENT

2021

VINTAGE YEAR

2021

TERM

5

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

 Strengthen community sector capacity

KPI



8 acquisition projects

in real estate

Description

A blended funding initiative consisting of three complementary funds, to enable community sector organizations and non-profits to acquire real estate assets or invest in real estate projects at affordable prices in the Greater Montreal area. The fund aims to address the problem of obtaining affordable and appropriate real estate, which has become a significant challenge for community organizations.

Rationale

This investment is closely aligned with the Foundation's impact investing goals of supporting the capacity development of the community sector and developing the market through financial innovation. It addresses an important gap in the market to meet the demand from non-profit organizations for commercial real estate. The Foundation's capital will enable investors with lower risk tolerance to participate in later stages of the investment, enabling long-term, multi-stage support for borrower organizations.



ASSET CLASS

Private equity

CRA CATEGORY

MRI - Market Building

COMMITTED AMOUNT

\$10,000,000

FUND SIZE

\$100,000,000

TARGET RETURN

18%

YEAR OF INVESTMENT

2021

VINTAGE YEAR

2021

TERM

5(+3)

INVESTMENT TIMELINE

Q4 2021



Windmill One Planet Living Real Estate Impact Fund LP1



MCCONNELL INVESTING GOALS

 Strengthen community sector capacity

KPI



968

metric tonnes of waste prevented from entering landfills



56.6K

cubic metres in water savings, equalling \$202K in savings



14.4M eKWh

saved in energy to powering 1175 homes for a year

Description

The OPL fund invests in both retrofit and new construction assets, the majority in partnership with impact-oriented, urban landowners. The real estate sectors targeted include deep building retrofits as well as community and large-scale mixed-use developments that are targeting carbon neutral and socially progressive outcomes. The fund is committed to clear and transparent reporting of impact outcomes, incorporating clear social and sustainable impact metrics into its investment criteria, ranging from community engagement to sustainable water and mineral use, to the implementation of carbon-free production strategies in urban food chains.


Rationale

The fund's investments align with the foundation's mission on two dimensions, firstly in the fight against climate change through the reduction of energy and water consumption, targeted to be at least 50% lower than the traditional development model, and secondly, through the creation of more inclusive communities through the design of healthy green buildings that regenerate natural ecosystems thereby improving the quality of life of local communities.

A photograph of two wind turbines standing in a field of bright yellow flowers under a blue sky with scattered white clouds. A thin yellow horizontal line is positioned above the main title.

Mission Related Investments (MRIs)

Investment profiles and
Key Performance Indicators (KPI)
Q4 2021

Decorative graphic element consisting of several overlapping, curved, semi-transparent lines in shades of pink, orange, and purple, located in the bottom right corner of the dark blue background.



ASSET CLASS

Public debt

CRA CATEGORY

MRI - Institutional Grade

COMMITTED AMOUNT

\$20,000,000

FUND SIZE

\$450,000,000

TARGET RETURN

50 bps above benchmark:
FTSE Canadian Bond Index

YEAR OF INVESTMENT

2019

VINTAGE YEAR

2017

TERM

Open-ended structure

INVESTMENT TIMELINE

Q4 2021



AlphaFixe

AlphaFixe Capital – Green Bond Fund



MCCONNELL INVESTING GOALS

Scale impact across domains and sectors

KPI



168 tCO₂eq/\$M

emissions avoided annually



5716Kwh/\$M

energy savings

Description

Founded in 2008, AlphaFixe Capital Inc. is a leading fixed income investment manager. The Firm's investment philosophy includes a rigorous risk management process and prioritizes flexibility and capital preservation. AlphaFixe has been a UNPRI signatory since 2009 and applies ESG factors to investment decision-making across portfolios. AlphaFixe launched the first Green Bond Fund in Canada in 2017.

Rationale

Green bonds are debt instruments that finance 'green' projects – those which directly contribute to a low carbon economy. Through this Green Bond Fund, the Foundation supports green infrastructure and efficiency projects led by companies, regional and federal governments or supranational organizations.



Stonebridge Financial – Infrastructure Debt Fund II

ASSET CLASS

Private debt

CRA CATEGORY

MRI – Institutional Grade

COMMITTED AMOUNT

\$15,000,000

FUND SIZE

\$563,656,419

TARGET RETURN

Bloomberg Barclays
Canada Aggregate –
Corporate TR Index
Unhedged CAD

YEAR OF INVESTMENT

2020

VINTAGE YEAR

2014

TERM

Open-ended structure

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

Scale impact across domains and sectors

KPI

\$339M

in **23** renewable
energy projects
since inception



\$209M

in **14** renewable
energy projects
benefiting First Nations

0.88M

MWh clean
energy produced
annually



0.40M

tCO₂ greenhouse
gas reductions
annually

Description

Stonebridge was founded in 1998. The Firm originates private debt financing for Canadian infrastructure projects ranging from \$10M to \$200M. Stonebridge is a signatory of the UNPRI and adheres to the Equator Principles. Fund II provides fixed rate, senior construction and take-out debt. The Fund invests in energy and social infrastructure projects across Canada, across diverse sub-categories including hospitals, transit, and all types of renewable energy.

Governance: McConnell is an observer (non-voting) on the Partners Advisory Committee.

Rationale

By developing renewable energy projects and infrastructure across Canada, often investing in partnership with Indigenous communities, Stonebridge's investments support more resilient and lower-carbon communities. As the project syndicator, Stonebridge develops and finances these projects. The Firm plays two key roles as an arranger and debt provider. Through this investment, the Foundation supports low-carbon infrastructure across the country.



Real Ventures – Investment Fund III

ASSET CLASS

Private equity

CRA CATEGORY

MRI – Institutional Grade

COMMITTED AMOUNT

\$5,000,000

FUND SIZE

\$88,250,000

TARGET RETURN

20%

YEAR OF INVESTMENT

2015

VINTAGE YEAR

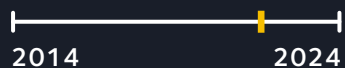
2014

TERM

10 (+2)

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

- Scale impact across domains and sectors
- Build and strengthen ecosystems of innovators

KPI

106

enterprises supported



64 partner hours

per month spent at entrepreneurship events



10

ecosystem-building events

Description

Real Ventures is an entrepreneur-centric investment platform of seed and early stage venture funds that builds the early stage startup ecosystem in Montreal with hopes of expanding across Canada. They invest in entrepreneurs that are behind emerging tech ecosystems, disrupting existing industries and business models.

Governance: McConnell is a member of the Limited Partners Advisory Committee.

Rationale

Given Real Ventures' contribution to stimulating the Canadian venture capital industry and their values-driven approach to investment selection, there is clear alignment from both the target return and ecosystem-building perspective. The Foundation's investment relationship and strategic partnership with Real Ventures facilitates knowledge transfer and collaboration for further developing social innovation and social finance activity in Montreal and across Canada.



Jonathan Rose Companies

Jonathan Rose – Rose Affordable Housing Preservation Fund V

ASSET CLASS

Private equity

CRA CATEGORY

MRI – Institutional Grade

COMMITTED AMOUNT

\$15,000,000 USD

FUND SIZE

\$525,000,000 USD

TARGET RETURN

Net 9 – 12%

YEAR OF INVESTMENT

2020

VINTAGE YEAR

2019

TERM

10

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

Scale impact across domains and sectors

KPI



Description

Jonathan Rose Companies specializes in impact real estate investing. The Firm has a track record in the affordable housing sector, having invested approximately \$2.3 billion in development, investment and project management work. Since the Firm's inception, they've acquired over 15,000 affordable and mixed-income multi-family housing units.

Governance: McConnell is a member of the Impact Committee.

Rationale

The Fund intends to acquire, transform, actively asset manage and opportunistically dispose of affordable, mixed-income and workforce multi-family housing in high-demand, transit-oriented locations in the United States. This real estate investment with strong environmental and social objectives aligns with the Foundation's mission and priority to advance community wellbeing in cities.



Area One Farms – Fund III

ASSET CLASS

Private equity

CRA CATEGORY

MRI – Institutional Grade

COMMITTED AMOUNT

\$5,000,000

FUND SIZE

\$135,000,000

TARGET RETURN

10 – 12%

YEAR OF INVESTMENT

2017

VINTAGE YEAR

2015

TERM

10

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

Scale impact across domains and sectors

KPI



22,885 acres

farmed with no-till farming*

*No-till farming is an agricultural technique for growing crops or pasture without disturbing the soil through tillage.



19

incentivized families
(and **29** employees, each paid a living-wage salary)

Description

Area One Farms operates four private equity funds in the Canadian farmland sector, with activity mainly in Alberta and Ontario. The Fund partners with established farm operators to acquire and increase the productivity of off-market farmland, creating value through stable long-term capital growth and annual crop-based income.

Governance: McConnell is a member of the Limited Partners Advisory Committee.

Rationale

The Fund enables the sustainable expansion of family-owned farms while encouraging innovative farmland practices to improve farmers' financial returns and environmental sustainability. In the context of the Foundation's work in supporting more sustainable food systems, investing in farmland represents an opportunity to engage and have impact in a key area.



BlackRock

BlackRock – Global Renewable Power Fund II



MCCONNELL INVESTING GOALS

Scale impact across domains and sectors

KPI



**6.6M
MWh***

clean energy produced

*Expected since inception production of fully operational Fund portfolio assuming 100% ownership.



**2.9M
tCO2****

greenhouse gas reductions

**IEA World Energy Outlook:
0.44 metric tons of CO2 per MWh



**5.5M
meters³**

water reductions

Description

BlackRock, Inc. is the world's largest asset manager with over \$6 trillion in assets under management. They have substantial industry experience, insight, and technical expertise across market sectors, and have the largest global private markets renewables platform with \$6 billion AUM.

Rationale

The BlackRock Global Renewable Power Fund II seeks attractive risk-adjusted returns through a diversified portfolio. The Fund focuses on wind and solar renewable power assets in OECD countries. This Fund is an opportunity to leverage the Foundation's endowment in the transition to a lower-carbon global future.

ASSET CLASS
Infrastructure

CRA CATEGORY
MRI – Institutional Grade

COMMITTED AMOUNT
\$7,500,000 USD

FUND SIZE
\$1,650,000,000 USD

TARGET RETURN
7.5%

YEAR OF INVESTMENT
2017

VINTAGE YEAR
2016

TERM
10 (+2)

INVESTMENT TIMELINE
Q4 2021



Cycle Capital – Cycle Capital Fund IV

ASSET CLASS

Private equity

CRA CATEGORY

MRI – Market Building

COMMITTED AMOUNT

\$5,000,000

FUND SIZE

\$144,696,970

TARGET RETURN

15%

YEAR OF INVESTMENT

2019

VINTAGE YEAR

2019

TERM

12 (+2)

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

 Scale impact across domains and sectors

KPI



5
companies
in portfolio



\$4.45M
invested per company
on average



7717
tCO₂
greenhouse gas
reductions

Description

Cycle Capital was founded in 2009. It is a cleantech venture capital firm based in Montreal with a presence in Toronto, Qingdao China, New York and Seattle. The Firm focuses on early commercialization-stage businesses across sectors such as sustainable agriculture, green IoT, green chemistry, renewable energy and energy efficiency, sustainable transportation and smart cities.

Governance: McConnell is a member of the Impact Committee.

Rationale

This Fund enables the Foundation to participate in scaling-proven clean technologies across North America while supporting the growth and development of Canadian entrepreneurs. The technologies financed through this investment aim to facilitate the transition to a more sustainable, lower-carbon economy.



ASSET CLASS

Private equity

CRA CATEGORY

MRI - Market Building

COMMITTED AMOUNT

\$1,000,000

FUND SIZE

\$11,460,000

TARGET RETURN

15%

YEAR OF INVESTMENT

2012

VINTAGE YEAR

2012

TERM

8 (+2)

INVESTMENT TIMELINE

Q4 2021



InvestEco

InvestEco - Sustainable Food Fund Trust



MCCONNELL INVESTING GOALS

- Scale impact across domains and sectors

KPI

6
social enterprises
financed since inception



\$1.65M
invested per company
on average



100%
of investees are
social enterprises

Description

Investeco Capital Corp (2003) recognized that environmentalism provided a business opportunity that wasn't yet tapped by the mainstream investment industry. The Fund invests in small to medium-sized growth-stage private companies that provide sustainable food and agriculture solutions.

Rationale

The Fund finances social enterprises across North America that offer sustainable consumer grocery products and use innovative, responsible production methods. The Fund targets an above-market financial return while enabling the Foundation to support innovative companies that provide healthy and sustainable food alternatives.



renewal

Renewal Funds – Renewal2 Social Investment Fund

ASSET CLASS

Private equity

CRA CATEGORY

MRI – Market Building

COMMITTED AMOUNT

\$2,062,280

FUND SIZE

\$35,000,000

TARGET RETURN

Market-rate

YEAR OF INVESTMENT

2010

VINTAGE YEAR

2010

TERM

10 (+2)

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

Scale impact across domains and sectors

KPI



Description

Renewal Funds invest in scalable, early-stage companies across North America that build a triple-bottom-line economy. Renewal finances retail companies offering more sustainable alternatives to consumers across food, well-being and technology. Having been in operation since 2008, Renewal Funds is a market leader in structuring this type of impact investment.

Rationale

The Fund finances social enterprises across North America that apply innovative, responsible production methods. The Fund targets an above-market financial return while enabling the Foundation to support scalable companies that provide sustainable products to consumers. The Fund focuses on responsible consumption but also invests in related clean technologies.



ASSET CLASS

Private equity

CRA CATEGORY

MRI - Market Building

COMMITTED AMOUNT

\$3,000,000

FUND SIZE

\$63,000,000

TARGET RETURN

Market-rate

YEAR OF INVESTMENT

2013

VINTAGE YEAR

2014

TERM

10 (+2)

INVESTMENT TIMELINE

Q4 2021



renewal

Renewal Funds – Renewal3 Trust



MCCONNELL INVESTING GOALS

💡 Scale impact across domains and sectors

KPI

14
companies financed
since inception



\$4.3M
invested per company
on average

2
successful
exits to date



100%
of investees are
social enterprises

Description

Renewal Funds invest in scalable, early-stage companies across North America that build a triple bottom line economy. Renewal finances retail companies offering more sustainable alternatives to consumers across food, well-being and technology. Having been in operation since 2008, Renewal Funds is a market leader in structuring this type of impact investment.

Rationale

The Fund finances social enterprises across North America that apply innovative, responsible production methods. The Fund offers an above-market financial return while enabling the Foundation to support scalable companies that provide sustainable products to consumers. The Fund focuses on responsible consumption but also invests in related clean technologies.



Greensoil – Building Innovation Fund

ASSET CLASS

Private equity

CRA CATEGORY

MRI – Market Building

COMMITTED AMOUNT

\$1,500,000 USD

FUND SIZE

\$59,000,000 USD

TARGET RETURN

20%

YEAR OF INVESTMENT

2016

VINTAGE YEAR

2015

TERM

9 (+3)

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

Scale impact across domains and sectors

KPI

12

companies financed
since inception



\$3.7M

invested per company
on average



6

cleantech companies
in portfolio

Description

Greensoil PropTech Ventures operates a private equity fund that invests in North American products that enhance the operation or resource efficiency of real estate infrastructure. The manager takes strategic minority positions in companies that create efficiency value through products, services and technologies.

Rationale

Through this Fund, the Foundation is able to support the development and scaling of energy efficient innovations in the real estate sector while yielding an above-market-rate target return. Given the high emission intensity of real estate and infrastructure, the technologies this Fund supports are key to transitioning to a lower carbon economy.

Amplify Capital – MaRS Catalyst Fund LP*

* Previously Mars Capital

ASSET CLASS

Private equity

CRA CATEGORY

MRI – Market Building

COMMITTED AMOUNT

\$500,000

FUND SIZE

\$5,800,000

TARGET RETURN

15%

YEAR OF INVESTMENT

2016

VINTAGE YEAR

2016

TERM

10 (+2)

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

Scale impact across domains and sectors

KPI

12
companies financed
since inception

\$533K
invested per company
on average

60
ecosystem
events in 2020

Description

The MaRS Centre for Impact Investing (MCII) is a social finance hub and project incubator that was designed to increase the awareness and effectiveness of social finance. It catalyzes new capital, talent and collaborative initiatives to mobilize private capital for public good and deliver innovative market-based solutions to Canada's social and environmental challenges.

Governance: McConnell sits on the Limited Partners Advisory Committee.

Rationale

The Fund targets promising seed-stage ventures with high growth potential and core social purpose aims. This investment could prove beneficial for demonstrating the growing opportunities in impact investing.



MKB MACKINNON,
BENNETT & CO.

MackKinnon, Bennett & Co. – MKB Partners Fund

ASSET CLASS

Private equity

CRA CATEGORY

MRI – Market Building

COMMITTED AMOUNT

\$4,000,000

FUND SIZE

\$52,410,000

TARGET RETURN

20%

YEAR OF INVESTMENT

2018

VINTAGE YEAR

2015

TERM

10 (+2)

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

 Scale impact across domains and sectors

KPI

7 companies

financed



\$6.1M

invested per company on average

Description

MackKinnon, Bennett & Co. is a specialized Montreal-based private equity firm that provides growth capital to companies at the forefront of innovation in next-generation energy and transportation sectors. They structure and manage investments with the mission of accelerating the energy and transportation transformation while making a sustainable impact and generating attractive returns.

Rationale

By investing in products and services contributing to a low-carbon economy, the MKB Partners Fund directly aligns with the Foundation's low carbon economy objectives. The fund addresses a significant funding gap in the Canadian cleantech ecosystem for growth and commercialization-stage companies. Furthermore, this investment is an opportunity to leverage current market trends to deploy environmentally sustainable solutions while yielding strong expected returns.

Bridges Fund V

ASSET CLASS

Private equity

CRA CATEGORY

MRI - Market Building

COMMITTED AMOUNT

\$15,000,000

FUND SIZE

\$300,000,000

TARGET RETURN

15%

YEAR OF INVESTMENT

2021

VINTAGE YEAR

2020

TERM

7

INVESTMENT TIMELINE

Q4 2021



MCCONNELL INVESTING GOALS

Scale impact across domains and sectors

KPI

1295

lower cost, affordable
housing units



110

green logistics
units on **10** sites



10%

more efficient buildings than
new build standards

Description

The fund invests in the real estate sector, focusing on niche markets with high development potential through direct management of corporate assets or joint venture partnerships, primarily in the United Kingdom and in alternative investment sectors in high-growth locations. The objective of these investments is to support the creation of regeneration areas and exemplary sustainable environmental projects, including healthcare, education and other investments that can generate social benefits.

Rationale

Managed by a sustainability and impact fund manager with a social and environmental mission, this fund contributes to McConnell's impact investing goal of increasing impact in a range of sectors consistent with our mission and programs. The fund is relevant to our climate change and community resilience focus areas through investments in alternative, needs-based sectors such as low-cost housing in underserved areas, environmentally friendly logistics and industrial developments in growth areas, and healthcare-related assets.



Exited Investments



Closed Investments

Product	Term	Domain	Instrument	Invested Amount	Exit Value
1. Mission-related investment	2011 - 2016	Multiple Sectors	Fixed Income - Secured deposit	\$1,000,000	\$1,102,000
2. Mission-related investment	2017 - 2019	Multiple Sectors	Cash	\$1,000,000	\$1,002,562
3. Mission-related investment	2015 - 2020	Multiple Sectors	Public Equity - Canada	\$10,000,000	\$10,546,329
4. Program-related investment	2010 - 2013	Health & Health services	Private Equity (direct)	\$250,000	\$1
5. Program-related investment	2012 - 2014	Environment	Fixed Income - Loan guarantee	\$2,000,000 *	n/a
6. Program-related investment	2012 - 2013	Arts & Culture	Fixed Income - Loan (direct)	\$500,000	\$12,500
7. Program-related investment	2015 - 2019	Entrepreneurship	Fixed Income - Community Bond (direct)	\$500,000	\$613,382
8. Program-related investment **	2015 - 2019	Reconciliation	Real Estate - Loan	\$350,000	\$28,783**
9. Program-related investment	2016 - 2019	Energy	Fixed Income - Loan	\$1,000,000	\$1,065,721
10. Program-related investment	2007 - 2009	Education	Fixed Income - Loan (direct)	\$10,000,000	\$11,052,625
11. Program-related investment	2016 - 2021	Health	Fixed Income - Social Impact Bond	\$ 500,000	\$ 677,268

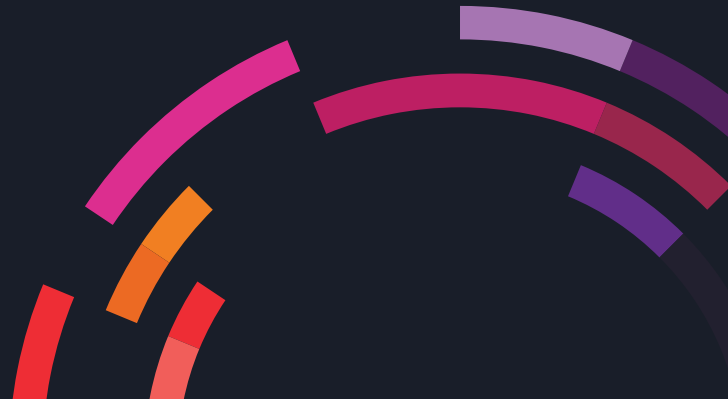
* With this guarantee, no dollar amount was disbursed. The guarantee agreement came to term without any default on the part of Investee.

** This loan has a patient repayment schedule. Full capital repayment, including a 2% return, is scheduled for 2033.

Appendices



Photo provided by Jonathan Rose Companies





Key Terms

In order to make this report accessible to a wider audience we would like to offer our definitions of a few of the key terms used in this report and in the investment profiles.

Asset class is a category of financial instruments which have similar financial structures and behave similarly in the marketplace. McConnell invests across asset classes and holds impact investments in private debt, public equities, and private equity, among others.

As of Q4 2021 is to say that the data in this report is from the year before December 31, 2021.

Commitment amount is the amount of capital that McConnell has agreed to provide to the investee.

Successful exits are exits that have yielded the expected financial return while also achieving the intended impact outcomes. For private equity fund investments, for example, successful exits would be those that demonstrated a growing scale of impact between the time of investment and exit.

Target Return is based on the Foundation's expectation of financial earnings over the return of investment capital.

Flexible Capital is a category of McConnell's target return. Investment indicated as flexible capital may yield a financial return that is in line with risk adjusted market-rates or may display certain concessionary elements.

Vintage year is the starting "milestone year" for when each investee began the operations. Given the diverse nature of McConnell's impact investing portfolio, its definition differs slightly between investees. For most funds, it refers to the year in which the investee made their first fund investment. For other funds, it references the start date of related activities. In many cases, the vintage year will precede the year of McConnell's investment.

Mission-Related Investments (MRI) are financial investments made in either for-profit or non-profit funds with the intent of achieving mission-related objectives and normally earning market-rate financial returns. We distinguish between two types of MRIs: Institutional MRIs and Market-Building MRIs.

Institutional MRIs exhibit the following characteristics:

- Have an established track record in terms of financial performance.
- Have a deep, knowledgeable and experienced team.
- Clear, repeatable and proven investment process.
- Attracts institutional financial players (pension funds, endowments, etc).
- Are of a significant size.
- Examples in our portfolio include BlackRock Global Renewable Power Fund, Area One Farms Farmland Fund and Real Ventures Venture Capital Fund.

Market-building MRIs exhibit some or all of the following characteristics:

- Target the development of a new intermediary, financial instrument, investment thesis or scope of intervention.
- Play a role in building the marketplace and help attract larger pools of capital.
- The Foundation's participation could be considered catalytic.
- Examples in our portfolio include Investeco, Greensoil, MaRS, Renewal2 & Renewal3 private equity funds.

Program-Related Investments (PRI) are investments that are made in not-for-profit organizations and social funds to further the foundation's programmatic objectives and to generate financial returns, with a tolerance for below-market rates of return. We distinguish between two types of PRIs: loan guarantees and conventional PRIs.

Loan guarantees exhibit some or all of the following characteristics:

- In addition to fees that may be charged, commitments made under the form of guarantees are still productive towards the endowment's financial return.
- Examples in our portfolio include the Maison du Développement Durable (\$3M) and the Desjardins loan guarantee program (\$5M).

Conventional PRIs exhibit some or all of the following characteristics:

- Target the development of a new intermediary, financial instrument, investment thesis or scope of intervention.
- Play a role in building the marketplace and help attract larger pools of capital. The Foundation's participation could be considered catalytic. Examples in our portfolio include New Markets affordable rental equity fund, and the Fiducie affordable housing renovation debt fund. CoPower revolving debt warehouse, ABSCAN Indigenous housing debt pilot fund.



Return Targets & Allocation Policy

Our financial objectives and allocation for the different types of impact investments are as follows:

Impact Investment (Type)	Return target	Allocation Policy	
		%	Typical Investment Size
Institutional MRIs	6.5% target return	Uncapped	Over \$5M
Market-building MRIs		7%	Up to \$5M
Loan guarantee	Inflation-hedge		
Conventional PRIs		3%	\$250K - \$2M



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