

# All In: Aligning Assets to Mission on Local, National and Global Scales

As a community-led philanthropy and investor in Central Wisconsin, Incourage is committed to aligning all of our assets in ways that advance our core purpose of co-creating an inclusive, adaptive and sustainable community. Described as *impact*, *mission* or *community investing*, for Incourage, all the terms mean aligning all resources to meet the changing needs of our people and place.

Community investing bridges the gap between Wall Street and Main Street. Wall Street's stock exchanges and megabanks typically seek large investments with predictable pathways to short-term financial gains. Main Street's investment needs seldom fit this "box". Community investing fills the gap, offering loans and investments on more flexible and patient terms. This enables entrepreneurs to launch new ventures, while sustaining existing businesses and nonprofit service providers. It also provides households access to fair consumer loans for family needs, along with fair mortgages in the important move from renter to homeowner.

In urban, rural and tribal communities across the nation, the path to sustainable communities is long-term and requires active participation of local business owners, workers and residents. It needs local investment to boost business start-up and expansion, and active ownership of regional, national and global companies that employ local workers. Flexibility to respond to changing market conditions is also critical, as the nature of production and competition change dramatically over time.

## Combining Local, National and Global Investments

Incourage has learned first-hand the importance of this multi-faceted approach. Located within the nation's top paper and timber manufacturing state, traditionally recognized as America's Dairyland, as well as the world's largest cranberry-producing region, Incourage operates within a largely rural area. The region's productive forests, farms and bogs long supplied local households, as well as manufacturers and distributors who employed residents to create world-class consumer and industrial products.

The region's industries are increasingly challenged by global economic forces, ranging from restructuring of the paper industry with the rise of digital media and lower-cost timber imports, to the rise of corporate agribusiness and ongoing price volatility for the region's broad range of agricultural products.

Increasingly taking the place of traditional farms and mills are large corporate employers, ranging from big box retailers to the nation's fast food providers. These companies employ a growing number of the state's residents, affecting everything from wage levels to public benefits and land use policies. While sustainable agriculture, renewable energy innovations and web-based businesses offer new opportunity, emerging sectors require careful cultivation and oversight.

To respond to evolving conditions and deliver on our commitment to work with residents in co-creating a sustainable community, Incourage combines investing in local businesses, farms and development organizations, with active ownership and strategic investments in regional, national and global companies that employ local workers. With prudence and care, our investment strategy seeks to address community needs and foster community potential, while partnering with aligned regional and national corporations, philanthropies, and community and government agencies to create opportunity for all.

## Starting at Home

Incourage began local investing over a decade ago with insured deposits in local banks and credit unions. We then allocated a portion of our fixed-income portfolio to regional high-performing Community Development Financial Institutions (CDFIs). This includes members of the CDFI collaborative, Invest in Wisconsin, which provide affordable loans and other services to local small businesses, affordable housing developers, health and human service organizations and households. Invest in Wisconsin's recent video, located on Incourage's website at [incouragecf.org](http://incouragecf.org), shows how Incourage's community investments with its CDFIs are making a difference. For alternative investments, Incourage secures private equity holdings that promote the long-term ownership of local companies in local hands, particularly among experienced women entrepreneurs and entrepreneurs of color.

## Impact Investing Timeline

- 2005**  
Insured deposits in local depositories
- 2009**  
Up to 1% of assets for impact investing
- 2010**  
Initial Wisconsin CDFI investment
- 2011**  
Up to 3.5% of assets for impact investing
- 2012**  
Additional Wisconsin CDFI investment  
  
Tribune real estate investment
- 2014**  
Committed to 100% alignment of assets with mission
- 2015**  
Researched place-based, values-aligned approaches
- 2016**  
Approved 100% for Mission Investment Policy Statement  
  
Began design of Wisconsin passive index fund  
  
Established active ownership in select local companies  
  
Additional Wisconsin CDFI investments
- 2017**  
Launched Wisconsin Shared Stewardship Equities Fund, a passive index fund  
  
Invested in regional private equity strategy
- 2018**  
Launched shareholder engagement and network on corporate community stewardship  
  
Researching innovating fixed-income product with state finance agency  
  
Initiated work on a Wisconsin impact investing collaborative
- 2019**  
Additional Wisconsin CDFI investment

Early in the process, Incourage acquired our downtown's underutilized Tribune building and residents joined us in determining that this historic building on the Wisconsin River will be the site for an economic and community hub. Through a partnership between Incourage, the University of Wisconsin-Stevens Point and other local institutions, the Tribune will house the Partnership for Sustainable Communities, fostering local economic transition and regional collaboration.

### Shareholder Advocacy

In tandem with these regional investments, Incourage acquires strategic holdings in traded companies whose operations have a significant bearing on local communities. Incourage votes its shares and otherwise gives voice to resident concerns in favor of positive moves by these companies, such as increases in their minimum wage. While fostering a business environment that embraces innovation and change, we promote practices that steward local worker, community and environmental interests. Given ongoing restructuring in our region's core industries such as paper, Incourage engages directly with corporate management to advocate for responsible restructuring that safeguards the long-term interests of workers and the community. We work in partnership with like-minded shareholders, stakeholders and public officials to set new standards for sustainable business practices and transitions.

### Innovating for Impact – Wisconsin Shared Stewardship Equities Fund

Building on our targeted efforts as well as broader advances in the impact investing field, in 2017 Incourage launched the Wisconsin Shared Stewardship Equities Fund (WSSEF) to more closely align our equity holdings with community interests. A passive index fund, Incourage weights WSSEF portfolio holdings on whether the companies employ workers in central Wisconsin, have headquarters in Wisconsin, or have employees more broadly in the state. Its impact objective prioritizes companies that have good workforce and governance practices and are working to create a new economy based upon environmentally sustainable solutions. Its investment objective is to deliver returns in line with a benchmark index – here, the Russell 3000 – with minimal tracking error or deviation from the expected benchmark return.

The WSSEF allows for proxy voting and shareholder dialogue to encourage responsible practices and business growth in Wisconsin. Here, Incourage applies its *connected capitals* approach that engages its own and the community's moral, human, social, intellectual, reputational and natural capital, along with financial capital, to advance its core purpose of co-creating an inclusive, adaptive and sustainable community. Operating from core beliefs that people are our greatest asset, Incourage works with residents, employers, investors, and others to create the conditions for strong corporate performance as part of sustainable regional economies. We engage with our partners to build value chains of regional suppliers that circulate dollars to build local wealth and resiliency, align our own spending to these goals and offer transparency and a full accounting of our performance to all our stakeholders.

#### Wisconsin Shared Stewardship Equities Fund

Identifying companies for the Wisconsin Shared Stewardship Equities Fund (WSSEF) required customized research as accessible, contemporary data on which publicly traded companies employ workers in Wisconsin's zip codes were not readily available.

An initial review of Fortune 500 companies employing Wisconsin workers was underweighted in the energy sector. Research on 325 energy companies from the Russell 3000 led to identifying 15 more companies with employees in the state.

Research by MIT Sloan School graduates further expanded the data set to support an WSSEF portfolio that could outperform the Russell 3000 on Incourage's place-based and social criteria, while reflecting higher clean tech revenues than occur in the Russell 3000 benchmark index.

### Leveraging Experience

Across its impact investing strategies, Incourage taps experience from over a decade of working with regional employers to create quality jobs and ensure that any resident who wants to work has opportunities to prepare for and secure a family sustaining job and advance in a local career over time. While the criteria for a "quality job" vary by industry and other factors, Incourage works with employers to incorporate a living wage, basic benefits, career and wealth-building opportunities (including potential employee stock ownership), and a workplace that balances employee and business needs. Incourage brings insight from a long partnership with the National Fund for Workforce Solutions as one of its first rural grantees. We are expanding partnerships that foster environmental sustainability practices, ranging from carbon disclosure to energy-efficient operations and renewable energy sources.

### Partnering for a Sustainable Future

Incourage has worked with trusted advisors to develop its community and broader impact investing strategy, including Aperio Group, Avivar Capital, Colonial Consulting and Network Impact. We welcome the opportunity to work with co-investors and strategic partners toward investment strategies and models for inclusive, sustainable development that can be replicated in rural, urban and tribal communities nationwide.

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