

HOPE Enterprise Corporation

A HIGH IMPACT FUND



Photo courtesy of Hope Enterprise Corporation

FIGHTING INEQUITY IN THE DEEP SOUTH THROUGH FINANCIAL INCLUSION AND SMALL BUSINESS LENDING

Hope Enterprise Corporation is a Black-led Community Development Financial Institution (CDFI) that provides investors with the opportunity to help people in the Deep South region access non-predatory financial services and build wealth. From the Mississippi Delta, through the bayous and backwaters of Louisiana, and across the black belt of Alabama, HOPE's service area is home to a third of the counties experiencing persistent poverty in America. Not coincidentally, the Southern U.S. is also home to 54% of the Black population in America, many of whom have struggled to build wealth due to centuries of racist policies and intergenerational poverty.

Unfortunately, lack of income is just one aspect of poverty in the Deep South. These areas are also where jobs are hardest to come by and where the conditions with regards to housing, education, health, and other vital contributors to human dignity and economic mobility lag behind the rest of the nation. The solutions to these challenges are multifaceted and complex, but all require access to affordable financial tools.

In addition to providing capital starved individuals with financial tools and resources, HOPE has a long track record of investing in historically under resourced people and places throughout the Deep South. Each day, the organization serves 40,000 members of which 1/3 established their first banking relationship ever with HOPE. Its mortgage program, designed to address disparities associated with the racial wealth gap, provided financing to households with credit scores that were 100 points below the national median credit score, 90% of which were households of color, 86% of which were first time homebuyers and 64% of which were women-headed households. HOPE's business and economic development lending supported the development of nearly 300 affordable housing units, health care access for over 200,000 patients, improved education facilities for 23,000 students and 1,200 jobs. Importantly two thirds of these loans made were to Black-owned or led enterprises.

HOPE is raising a pool of private debt capital with a term of 5 years and an interest rate of 1.5%. The funding will support HOPE's mission to strengthen communities, build assets and improve lives in economically distressed areas of the Deep South by providing access to high quality financial products and related services.

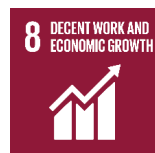
ABOUT HOPE

HOPE (Hope Enterprise Corporation, Hope Credit Union and Hope Policy Institute) provides financial services; aggregates resources; and engages in advocacy to mitigate the extent to which factors such as race, gender, birthplace and wealth limit one's ability to prosper. Since 1994, HOPE has generated more than \$3.9 billion in financing that has benefitted nearly 2.7 million people in Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

ABOUT THE VENTURE IMPACT PROGRAM (VIP)

VIP is an innovative way for MCF donors to engage in impact investing through philanthropy. Via a partnership with ImpactAssets — a market leader in impact investing — VIP enables philanthropic dollars to be directed towards both non-profit and for-profit companies that are seeking to make positive social or environmental impact.

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ImpactAssets		RISK RETURN MATRIX		
RISK LEVEL	HIGH RISK			
	MODERATE RISK			
	LOW RISK	X		
		NON-MARKET RATE	NEAR-MARKET RATE	MARKET RATE
RELATIVE RETURN				



ImpactAssets		FUND SUMMARY
ASSET CLASS	Private Debt	
TARGET FUND SIZE	\$283MM	
TERM	5 years	
TARGET RETURN	1.5%	
GEOGRAPHY	Economically distressed parts of the Deep South, including Alabama, Arkansas, Louisiana, Mississippi and Tennessee	
IMPACT AREAS	Financial inclusion, small business lending, community development, racial equity	
INVESTMENT FEES	This recommendation will incur an additional fee of 0.40%. The fee is calculated on current asset basis.	
INVESTMENT THESIS	<ul style="list-style-type: none"> HOPE provides banking and credit services, invests in critical community services such as schools and hospitals, and provides small business loans to entrepreneurs in the Deep South. 	
IMPACT THESIS	<ul style="list-style-type: none"> HOPE seeks to close the Black/white homeownership gap, strengthen communities, build assets, and improve lives in economically distressed areas of the Deep South by providing access to high-quality financial products and related services. The Deep South is home to 8 of the 10 poorest states in the U.S. and one third of the country's Persistent Poverty Counties, defined as counties where the poverty rate has exceeded 20% for three consecutive decades. Black Americans living in the south are still more likely to suffer intergenerational poverty, have a greater prevalence of underlying health conditions and live in communities with severely underfunded community services. Black-owned and led financial institutions are located in Black communities at much higher rates than White-owned financial institutions, and lend at much higher rates to Black home and small business owners seeking credit. However, the number of Black-led financial institutions in the US has declined by 50% over the past 20 years. 	
ILLUSTRATIVE INVESTMENTS	<p>Louis Services, Inc. is a nonprofit organization that focuses on building permanent supportive housing for the City of New Orleans homeless population. Founder Lou Anne White, who serves as the Executive Director for Louis Services, has had years of involvement in permanent supportive housing, an evidence-based model that combines affordable housing with flexible services. "We really want to focus on moving people off the streets," said White. Partnering with local architectural companies and volunteers, Louis constructed the first duplex house in the Lower 9th Ward. When it came time to finance the project, White went to local banks but was turned down. She then came to HOPE. "With us being a fairly new organization, no one wanted to take a chance with us... but HOPE did," said White. HOPE provided a \$150,000 loan which was used to pay off a construction loan financed by another New Orleans-based Community Development Financial Institution. Along with the housing duplex, Louis also offers the Edible Landscape program, where tenants can learn about gardening and grow their own fruits and vegetables. Since the completion of the first duplex, Louis has been awarded four additional duplex properties in the Lower 9th Ward through the New Orleans Redevelopment Authority. White plans to use this housing model to create more housing for individuals who are homeless living in New Orleans' under-resourced communities.</p>	
STRENGTHS	Exemplary track record of investor repayment, net write-offs of less than 0.01%, demonstrated commitment to internal racial and gender diversity, resilient portfolio quality in the face of challenges of COVID-19	
RISKS	Organization dependent upon donor support for operational sustainability, economic impact of COVID-19 has elevated small business lending risk	

There is no guarantee that any projection, forecast or opinion around any given investment will be realized with respect to impact, performance or liquidity. Past performance does not guarantee future results.

IMPACT ASSETS LEGAL AND PROGRAM DISCLAIMER: This is not a solicitation to buy or sell securities, nor a private placement offering. It is an informational description of charitably oriented, social purpose investment options that have been approved by ImpactAssets only for use in its donor advised fund asset base. It is only for use by its donors. Any allocation to private debt and equity investment options may result in losses and illiquidity that will be borne solely by each donor advised fund account with investment in these options, as will associated program fees. Investment minimums apply. Grant making from the principal value will not be possible until distributions are returned to The ImpactAssets Donor Advised Fund. There is no guarantee of any recovery of capital. The Fund Manager has not approved the information contained in this Fund profile, including the assignment of risk ratings contained herein. The Units may be offered solely to, and subscriptions will be accepted only from "Accredited Investors," as defined in Rule 501(a) of Regulation D promulgated under the authority of the Act, who are also "Qualified Clients," as defined in Rule 205-3 of the United States Investment Advisers Act of 1940, as amended.

