

# HOPE Enterprise Corporation

A HIGH IMPACT FUND



## 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 supported 50 community facilities with a combined \$52 million in financing. These facilities – which include community health centers, clinics, rural hospitals, schools, nonprofit organizations, fire and rescue facilities, and other critical community facilities – provide essential services, create thousands of jobs, and serve tens of thousands of people annually.

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 \$3.6 billion in financing that has benefitted nearly 2 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.

For further information, contact Safia Kryger-Nelson at MCF, 415.464.2515 or skryger-nelson@marincf.org.



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
<b>ASSET CLASS</b>	Private Debt	
<b>TARGET FUND SIZE</b>	\$283MM	
<b>TERM</b>	5 years	
<b>TARGET RETURN</b>	1.5%	
<b>GEOGRAPHY</b>	Economically distressed parts of the Deep South, including Alabama, Arkansas, Louisiana, Mississippi and Tennessee	
<b>IMPACT AREAS</b>	Financial inclusion, small business lending, community development, racial equity	
<b>INVESTMENT FEES</b>	This recommendation will incur an additional fee of 0.40%. The fee is calculated on current asset basis.	
<b>INVESTMENT THESIS</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	
<b>IMPACT THESIS</b>	<ul style="list-style-type: none"> <li>HOPE seeks 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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	
<b>ILLUSTRATIVE INVESTMENTS</b>	<p>Sabrina Narcisse is the proud owner of "Sabrina Narcisse, LLC." This human resources management firm brings a holistic approach to organizational culture, offering recruitment and consulting services and training courses. Ms. Narcisse started her business in 2018, and in 2022, Narcisse wanted to expand her services to offer training courses for entry- to manager level employees. Already a HOPE member, she felt confident coming to HOPE for assistance. When she could not get financing from other financial institutions, she knew HOPE would help. Narcisse received a Power of HOPE Small Business loan. Power of HOPE loans were developed to meet the working capital expenses of small businesses impacted by the pandemic by providing low-interest rate loans up to \$10,000. Narcisse has since hired additional staff to to help her operations become sustainable. The consulting firm is now positioned for growth.</p>	
<b>STRENGTHS</b>	Exemplary track record of investor repayment, net write-offs of less than 1%, demonstrated commitment to internal racial and gender diversity, resilient portfolio quality in the face of challenges of COVID-19	
<b>RISKS</b>	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. LEGAL AND PROGRAM DISCLAIMER: This is not a solicitation to buy or sell securities, nor a private placement offering pursuant to any private placement memorandum that must be issued to qualified investors. 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.

