Approximately 45% of McKnight’s endowment is mission-aligned, a testament to how seriously we take the idea that our endowment portfolio ought to help further our mission and reflect our values. Our impact investing program seeks investments that create affordable housing, help build the sustainability of our metro region, support small businesses owned by people of color, increase energy efficiency, and increase access for low to moderate income communities to renewable energy and efficiency solutions.

Structural racism has long been a fixture in the traditional banking system, leading to unbanked communities and small businesses. One of the most immediate ways that McKnight, as an institutional investor, can advance equity is by providing capital to our local communities still recovering from Covid-19 and the civil unrest that followed the murder of George Floyd.

McKnight is investing $5 million in the Community Asset Transition Fund built by Twin Cities LISC, the regional office of the national community development organization Local Initiatives Support Corporation. The fund is working with experienced community nonprofit developers, such as the Twin Cities Land Bank, Neighborhood Development Center, and Seward Redesign.

The organizations will either develop the properties or preserve them until community partners, including developers that identify as Black, Indigenous, and people of color, plan and secure financing for the long term. Community organizations envision buildings that offer lower-rent offices and storefronts for businesses displaced after the unrest or forced to close because of the pandemic. They want incubator spaces for BIPOC and immigrant entrepreneurs and opportunities for tenants to own the buildings. They want truly affordable housing and vibrant economic activity.

Learn about the Community Asset Transition Fund
DEI INVESTING IN ACTION

Beyond our investment portfolio, we strive to leverage our influence as a consumer of financial products, a shareholder, and a market participant to advance equity in the financial sector.

SMALL ACTIONS WE HAVE TAKEN

- Consistently raise questions about diversity, equity, and inclusion on investment teams among all types of managers—from the smallest general partnerships to the large, publicly owned financial services companies.
- Analyzed our advisors—Mercer, Goldman Sachs’s Imprint Capital, and Cambridge Associates—on the systems and standards they use to assess equity as they evaluate fund managers.
- Continue to monitor these firms over time to see how they increase diversity among their own staffs at all levels.
- Participated in a study by the John S. and James L. Knight Foundation of the 50 largest American foundations and provided data for their reporting on privately owned US-based asset managers that are majority-owned by women or people of color.

STRATEGIC QUESTIONS WE’RE STILL NAVIGATING

- How can we systematize our approach to DEI inquiry with asset managers to improve consistency, and use the data to take actionable steps toward equity with our investments?
- How do we orient our standards for program related investments (an IRS-defined "charitable investment") to ensure equitable outcomes for organizations led by Black, Indigenous, and people of color?