

INTERVIEW WITH KRISTIN HULL

Nia Community Investment Fund

Malaika: Hello everybody, and thanks so much for joining us. I'm Malaika Maphalala, and this is my co-host, Carrie VanWinkle. We are working on this series called Women Invested, which is about how women are creating positive change in our communities and in the world through socially responsive and impact investing. And today, we're sitting with Kristin Hull, who has been kind of a wonderful role model around 100% impact investing, so we're excited to sit with you today.

Kristin founded Nia Community Investments in 2010. Nia Community is focused on consciously investing for social justice and environmental sustainability in Oakland. She began her career as a bilingual educator and later co-founded the North Oakland Community Charter School. Interested in innovative solutions for social change, Kristin entered the field of impact investing while serving as a board member for various non-profit organizations including the Mosaic Project, and the Nicholson Foundation.

In 2013, she partnered with Domini Social Investments to create Nia Global Solutions, an innovative stock portfolio bringing impact investing offerings to public markets. In 2015, Nia Global Solutions formed a new partnership with Green Alpha Advisors to provide leadership in sustainable and impact investing for individuals, advisors and institutions. So thanks so much for joining us today, Kristin. So, Kristin, it seems like there are really two key parts of the work that you do through Nia Community, and then Nia Global Solutions. Could you give us an overview really of those two arms of what you do for our listeners to understand?

Kristin: Absolutely. And thank you for having me, and thank you for doing this series, it's really exciting, the work that you all are up to. And so Nia is a Swahili word, it means intention and purpose, and so really the intention is to do money with meaning and purpose. So Nia Community is really focusing on Oakland, we're trying to highlight women entrepreneurs and entrepreneurs of color doing essential work for social change and also for environmental sustainability. And in the process of doing that work, it really was apparent that women and lots of people were having a hard time accessing their financial power, and there, using our investments for good. And that we were really missing some opportunities for impact in the public markets.

And so given a background of family company that was focused on the public markets, I took the educational path and the impact path and brought it over to the public markets. And that is Nia Global Solutions, and o that is currently a separately managed account that's available in with daily liquidity, all of the things that we would expect with the public markets, and yet we also bring the impact. And so we're really focused on six solution themes, and diversity in leadership is also a criteria, and then the impact really comes when we're looking at the engagement with each of our companies. Really encouraging them to be the best companies that they can be. So whether that's letter-writing, conversations, meetings, social media, really engaging with those companies to encourage them to stretch.

And it might mean adding more women or diversity in leadership, and it might be just encouraging them whether their product or service is doing something amazing, could they do more of it?

Carrie: And you're also working with Green Alpha Advisors right now, is that one of the hats that you're wearing? Would you tell us about your role with them?

Kristin: Sure, so they are officially the...they work with me to do portfolio management for Nia Global Solutions, and so what they bring is an amazing analysis of the next economy and really helping us think through what are the companies, the products and services that are going to be needed both transitioning us to a fair and just sustainable economy, and then what are those companies that are going to be the ones helping us through that? So we're really looking at renewable energy, you know, completely fossil fuel free from inception by design. And then also, what are those sustainable companies.

So with Nia, we look at our six solution themes, one of them being healthcare. So looking at both access to and innovation to both cures and remedies for some of our really worst diseases. We're also thinking about sustainable transportation, how can we get people and things to the places they need to be in a sustainable and cost-effective way? And then also housing. We really think about eco-housing, how are we going to house all of our populations? And then access, so financial access particularly for banking and loans to those that have not had those opportunities in the past. Those are some of the things we look at with Green Alpha.

Carrie: I'd love to hear all six of these areas that you focus on.

Kristin: Great, so thank you for asking. So we really, when creating this product, we're looking at what were the themes and solutions that we needed

for people and planet to exist on this planet indefinitely? So really thinking about particularly the climate change, about mitigation and then also adaptation, so how are we going to address the issues that are coming up for us? That's going to mean limiting our fossil fuels, and really investing in our renewable energies.

So publicly-traded companies can really take us to scale in those areas. So we were thinking about wind, solar and waves in particular, but also some of our efficiencies, such as the LED lightbulbs, companies like that. Also, looking at expanded access to healthcare, so both mitigating our tropical diseases that with climate change, our tropical area around the globe has expanded, and so our tropical and neglected diseases are more rampant than they had been in the past. We're also thinking about some of our worst cancers as well as HIVs. So, both the innovation and then also the access has been really essential, thinking about that.

And those companies that are working on those go public pretty early, and so that's a really good place for us to play investing in those. We're also really concerned about food, so organic and non-GMO is really a concentration for us, and thinking about really farm to table, and so the verticals and the horizontals for supply chain for food are really healthy both for our planet and then obviously for the things that we are eating ourselves.

Thinking about communication and then education, and we can't necessarily right now solve for all of our education problems in a publicly-traded company, and yet we do look for that within all of our companies. So, are they educating their employees? Are they educating their communities? What kinds of education services are they engaging in? That's really important to us at Nia. We're also thinking about access as far as financial products, so that's really loans and banking, particularly in some of the countries and areas where people have been underbanked or underserved as far as access to financial capital, or starting small businesses, it could be for loans. So financial services, we're really thinking about the underbanked and for housing. Whether it's for a house loan, for a student loan, or maybe for a small business. That's usually women and people of color that we're addressing with financial access.

And then finally, housing. How are we going to house all of our people and can we do it in an eco-community building and sustainable way? So those are our six themes.

Carrie: Really exciting. And I'm guessing just your personal values and concerns have driven this focus.

Kristin: I would say that they are heavily influenced by my personal concerns. And yet in talking to women and smart investors, these are very much their shared concerns as well.

Carrie: So tell us a little bit more about what drew you to the work and why it's been important for you to focus in the way that you focus. Or create, you're so innovative, so even to create what you've created.

Kristin: Oh, thank you for that. So, I have intrinsically always had that drive to address social justice and social justice issues. I think just the way I grew up having access to opportunities has been really important, that that is shared by everyone. So that's been something I've been working on my whole life. And now to be able to do it in the financial markets, that really is one of our biggest institutions, and so, could we create access, transparency, really bringing transparency, and accessibility. So, can we make this easy to understand, can we make it straightforward, and can we make it inviting? Particularly for women to come in and be able to invest their money into the world that they want to see.

Malaika: I'm really very impressed actually and interested in how you have come into this work as both a woman and a mother, and I would love to hear you talk more about how you think women in particular can influence or be impacted by this kind of work.

Kristin: Absolutely. Traditionally, especially in this country, women have been more focused more on the home, on purchasing. We have quite a bit of power in our purchasing power as consumers. And yet our investments haven't been easy to access. We have investment products that aren't very clear, very difficult to find out what the fees are or what might even be in them, and so to the extent that we can make things that are local, that are easy to understand, and that are really simple investments, are going to pay off in many ways. The other essential part that I bring is the emphasis on diversity in leadership. And so that really is nothing opposed to white men, and yet groupthink can be a problem and it has been an issue as far as performance in some of our largest companies and our small companies. So adding the focus of women allows women investors to see themselves in these companies, it also allows for a different kind of product or service design, as well as a different kind of governance for these companies. So that's been one of the things that I've been trying to drive, is diversity in leadership.

Malaika: A couple of years back, I wrote an article about Root Capital's work in agriculture, and particularly their work with women in agriculture. And then just recently, I learned that you may have had a significant role in helping

them move their focus in that direction to women in agriculture. Could you talk a little bit about that experience?

Kristin: Absolutely, and this really speaks to the power of the investor. We were looking at Root Capital as a possible deal and I was, at that time, really learning about these mid-level loans. I knew about micro-loans and I knew about how essential that could be, particularly in some of our developing countries and getting some of these smaller businesses to be sustainable. And yet looking at the mid-level where someone might already have three sewing machines and maybe needed a solar panel to be able to work longer hours, or might need a little advance money to buy a few more sewing machines. Or it might be to plant a larger harvest, or to hire some workers to help when the harvest is due.

So having this mid-level loan really was interesting to me and I wanted to learn more about it. In the course of the due diligence with Root Capital, we asked how many, what percentage of these loans were going to women. And they didn't know. They were very, very willing to figure it out, and so they went back to their own people, and while they were looking at those numbers and really trying to figure this out, we had a chance to kind of powwow and think more about it, and said, "Actually, we really need all of these loans to go to women."

So they got back to us and we said this and they said, "Well, actually, we could create that product for you. So not only would we be putting your own money to work with 100% women-owned businesses, but we could then offer it as a product to other people." So, of course, we were thrilled. It happened to coincide timing-wise with them getting some work with the Gates Foundation, and they were able to do a lot of research on this, and it's been a successful product for them, which is exciting. I like to tell the story because, one, Root Capital is fabulous to work with, also because the power of the investor, and women particularly, can we raise our concerns and our voices, we will be heard.

Malaika: That's a very empowering thought. Actually, one of the pieces I was particularly moved by was I looked at Root Capital's work, was they talked about how, in agriculture, loans in agriculture have traditionally as is often the case in how money moves in the investment world, traditionally they've gone to men and men-run enterprises. And when they tried to figure out, how to get money to women and to women's farming enterprises, they realized they actually had to switch, change even what types of agricultural products to focus on. That the men generally were involved in industrial agriculture that was the commodities, whereas the women were very much involved in the staples of community, and wild crafting and wild-harvested types of products. I

thought this was a really interesting learning that Root Capital went through and is adjusting their capital, their loans, that direction is making a huge difference in these women's lives. So thanks for your work behind the scenes on that one, I was really excited to learn about that.

Kristin: That's exciting, and it's also something for us to think about, I think Root Capital's learnings and we're all in the field learning this that, one, what is it, what does an entrepreneur look like and what do business activities look like? And I think that Root Capital has had a great opportunity to really revisit that and I think the rest of us really get an opportunity to say, "Hey, maybe we could expand our ideas of what an entrepreneur looks like."

Carrie: So just to follow-up on that or kind of take that to some of the local investing work that you've been doing in the Oakland areas, tell us more that. And I'm guessing you have more to say about what an entrepreneur looks like and how you've helped create change there.

Kristin: Oh, absolutely. So I grew up in Oakland, and so it is where my home and my heart is. And it also, honestly, makes it much easier to do due diligence when people live right down the street, or the businesses or just a five-minute ride away. So that has been an exciting place to play, it's also a much needed community right now, with so many exciting businesses coming up. So one of the main things I love to highlight is the hub at Oakland, our Impact Hub, Oakland, I'm one of the co-founders there in addition to being one of the investors. That's been an amazing place for us to really have a place for social change-makers to gather, for them to get work done, to share innovations, to share issues and to really advance the causes. And whether it'd be getting advice on whether to do a B-Corp, or an LLC, or a non-profit, all the way to marketing and business plans, and we have some fabulous incubators. We have Uptima Bootcamp where entrepreneurs can go through and learn from each other and from the guides there about really sustainable business practices, so that's been a really, really exciting part of my work in Oakland.

Carrie: Kristin, has there been something in particular you feel is yours and maybe Nia's unique contributions in the field? You've already highlighted some of them, but what else would you like to share there?

Kristin: Sure. Well, at Nia, we're really trying to bring transparency to everything that we do and hoping that the financial industry will follow suit. So building out a website right now that has all of our investments listed for Nia Community. Both a sentence or two about the goal and the mission of the company, and then a sentence or two about why we picked it. So people can go on there and say, "Oh wow, this is really interesting to me." Or ask

questions about why they did this. So that's one of the essential parts. The other part is really gathering our entrepreneurs so that they can come together, so that they can learn from each other and then share insights with each other. So that's something we're really working on.

I would say another issue that I'm really trying to work on is transforming, what does a term sheet look like? And how we can get the right capital to the right entrepreneur at the right time? So sometimes, it means equity in a company and sometimes that means a loan, and sometimes it means a loan guarantee so that they could get a lease or sometimes putting in money for a mortgage. So it really depends...it's not a one-size fit all, I guess, and bringing some of those nuances in has been part of the fun, and then also getting to know what these businesses need.

Carrie: Can you give us an example of that?

Kristin: Sure. So when we were starting Hub, Oakland, one of the essential pieces was being able to sign our lease, and we really needed a loan guarantee to do that. And I was able to broker that with our staff social finance, and they were really great about helping us do a loan guarantee so that we could sign our lease. And so that wasn't a direct equity investment and yet it really advanced the cause in our business model tremendously.

Malaika: Just to let you know that the transparency that you talked about earlier that you have actually...you reveal all of the investments that you make through Nia Community. And you tell a little bit about each investment and why you made it, and share that with the public, I really see how that has...you've become a role model really for many through that work. I think that's been really significant and one of the things I really appreciated about your contribution, so thank you for that in particular as well as all the other things that you're working on. I would like to ask you to answer the question of, why does socially responsive investing matter to you and why do you think it's important in the bigger world?

Kristin: Oh, that's a good question. So to live on a world that's sustainable, to live on a planet that's sustainable means that we need to be at peace with each other, and that means to me that there needs to be some kind of equity for opportunity, as well as for our basic livelihood. And I see business as a big power to be able to do that, and I think particularly as women, we do want to invest our money in a world we want to see. I think soon impact investing will just be called smart investing. Because, really, we're looking at returns that are going to be sustainable for the planet.

And I talked about well-run companies tend to have a diverse team. So that's probably what we want for our world anyway, so helping people to kind of nudge us along in that direction I think is just going to be good for everybody. I also would talk about that some of our investment thesis right now that we're still living out in our incumbent economy is really based on modern portfolio theory, which isn't modern anymore. At the time, it was developed, I think we did have an understanding that we lived on a world with infinite resources, and so we could expect infinite growth. Well, since that time, we've really discovered that maybe our world isn't full of infinite resources and maybe we need to actually protect and nurture some of the resources that we do have here. And so to expect infinite growth with our investments maybe isn't the smartest investment approach, so bringing some of these concepts in of social justice and sustainability I think will just become smart investing.

Carrie: So at some point, you committed to moving the Foundation's investments to be 100% mission-aligned, am I saying that right?

Kristin: Absolutely, yes.

Carrie: So tell us about that process, what pushback you got in making that commitment and wanting to go forward with that, and some successes, and some lessons learned?

Kristin: Well, at that time, I was part of the Family Foundation, the Hull Family Foundation, and in 2007, it was really all of us that decided that we wanted to have our investments aligned with our values. And we had help from some advisors at that time, and we identified seven community banks that were doing excellent work. They were loaning to some of our underbanked communities, they were keeping money in their local communities, both for small businesses as well as educational loans, and we were really excited about that. So we moved all of the 100% of the endowment into cash in these seven community banks. And that was in 2007.

And the fun part about that was that we were then 100% mission-invested, aligned with our values, and the goals of the Foundation. And in 2008, we had begun to do a few fixed-income investments, and we were then up 2%, and foundations at that time were down 28%. And so it was a good place to be. It was a fun place to be, it also was a great time for me personally to check in with my intuition. I couldn't have ever have said that I was foreseeing a mortgage crisis, or any of the devastating things that were happening in the market, but it did affirm for me that investing with my values was going to be a smart way to proceed, and that really has empowered me to move forward for the last almost 10 years now.

Malaika: And the impression I've had as I've kind of followed your work over the years is that initially through the Foundation, you were really focused on impact investing, direct, local, within the community investing. And then this work in the public markets has been kind of a more recent chapter of the work you're doing. I'm curious about that transition, you know, how you came to that change and that focus.

Kristin: It's really been asset class by asset class. I think I told you we really started in cash, I then moved into studying and investing in fixed income. And what was really great about going asset class by asset class is that I really was able to learn and understand both the possibilities and the limitations of each asset class, and so by doing a lot of the fixed income work, I saw, "Oh, wow there're some places where equity is really needed," private equity, and I started to do that kind of community work.

I was then very happy with our portfolio, I had then started to do some investments which later became Nia Community investments, and was very happy with the work I was doing and I was actually very proud at that time to be out of the public markets 100%. What was challenging about that was telling the story in a way that would resonate and be useful for others, particularly investors that were for many reasons stuck or wedded to the public markets. So that was the initial impetus for change, is I thought, wow, to be really effective, I'm going to need to have every asset class in this portfolio so that I can really show and model that. And I went and looked at products in the public markets and there weren't any that were meeting the criteria that I had already established in my public investing. So that kind of was the impetus to say, "Wow, there's a place here for solutions."

People really hadn't been doing the specific solutions investing, we had SRI which is screening out the bad, maybe that is, for some people, tobacco, or alcohol or firearms or now with the divest movements, some people are screening out the fossil fuel companies. And yet there wasn't that product of people really moving forward into the solutions and investing into what they wanted to see. And at that time, I had already identified that diverse teams was a smart investment, it is also the world I wanted to live in, and I wanted that opportunity for others to be able to invest in the public markets.

One of the best qualities of the public markets is the daily liquidity, so being able to keep daily liquidity, being able to come and go from an investment as you needed was a pretty essential part of a portfolio, and then also to bring my activist self into that area by the engagement, by the letter-writing, by doing meetings with our different, both employees and then also executive teams, on these differing companies. And then I would say the other reason to really go back into our big Wall Street capital system is that if we're going to

make significant change, those are our biggest companies, that is our biggest industry. And so while it's a big task to take on, that's really where we need to see the most change. So, I took it upon.

Carrie: So what would you like to see in this space that you're not seeing, or you would like to see exponentially more of?

Kristin: Oh, wow. So we need advisors that are really open to this kind of work. Right now, our advisors are, for better or worse, they're our gatekeepers, and so to the extent that our advisors know, understand or embrace this investing into the world that we want to see, that's going to be really, really essential. So I'd love to see education and inspiration for our financial advisors. So another thing I really think is essential for all of us is to add investing into our public school curriculum. So at the high school level or even earlier, what does it mean to have money, to loan it out, to keep it, to invest it, and what are some of the options? And then, what happens to that money when it's being invested? I think that having a basic understanding will just help so much, because then we'll have some educated investors able to ask their questions, able to bring their values to really move us forward.

Carrie: Yeah, I think Malaika and I whole-heartedly agree with you there, that part of the challenge that we definitely see is that our clients and people who need to be engaged who are not yet engaged are so intimidated by engaging in the investment world. It's very common to talk to women who have cash sitting in bank accounts that they inherited, or that they've built up over time, and they're just afraid to do something with it. And if they had this comfort level from starting to learn this at a much younger age, I think they'd be less likely to be so paralyzed to take action.

Kristin: I agree 100%. And I had the fortune of growing up with a dad who was really engaged with this, and so this was dinner table conversation for us. We talked about the need for more foreign equities, I learned at an early age to buy low and sell high and what commodities were, it was a very different kind of growing up for me, and yet it was very empowering as far as dealing with our finances.

Carrie: Do you have like a message or any words of wisdom that you'd like to offer up to other women investors?

Kristin: Sure. So I would say that no question is a dumb question, and to not be intimidated about really asking whether it's about a product or a service, or what you might be needing. And to really open that door to be able to ask those questions. And if you're not getting a response that you want, or the level of service or the care that you need, then it might actually be time to

move on. But there are people out there just like yourselves who really do care about this and who want to see women investors empowered and really investing with their values.

Malaika: I'd just like to kind of close us here by saying, Kristin, thank you so much for all the work that you're doing. I do really see how you're serving as a role model in so many ways for other foundations as well as women as investors. I appreciate your voice about just acknowledging that as women, we do have something to contribute and to just really go ahead and be...feel empowered in what our contribution is and how we can create the kind of change that we want to see. And I love what you keep saying about investing in the world that we want to have, so thank you so much for your work and thank you so much for joining us today.

Kristin: Thank you. Thank you to both of you.

Carrie: I would add that the words that are coming up for me to describe you are bold, courageous yet smart and grounded. It's so inspiring to just see all the different things that you've done and that you're doing, and we appreciate the work you're doing in the world.

Kristin: Oh, thank you. Thanks to both of you. And I'm thrilled to be on this path with other smart, caring, really thoughtful women.

Carrie: Super.