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INSIGHTS

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A WEALTH OF CHOICES: COMPLEXITIES OF TODAY'S PHILANTHROPY



BNP PARIBAS
WEALTH MANAGEMENT

THE MEANING OF WEALTH

A decade ago Charly and Lisa Kleissner moved from wealthy to rich. The windfall came from the public offering of a Silicon Valley technology company, Ariba, where Charly Kleissner was the chief technology officer. "We could have stayed on the treadmill of the startup world and tried to recreate that business success over and over, which most Silicon Valley guys decide to do," says Charly Kleissner.

They jumped off that treadmill. Their philosophy: "The meaning of wealth is not to create more wealth but to do something good." Traditional philanthropy, which they think makes sense mostly in disaster scenarios, was not for them. The Kleissners do not want to merely deal with facts on the ground. They want to impact the future.

To this end, they created the KL Felicitas Foundation, which blends grant making with impact investing. The aim is to produce social entrepreneurs who deserve blended capital from impact investors. These investments, however, cannot be made with a financial exit in mind. "It's about sustainable impact with an appropriate financial reward, as opposed to the other way around," stresses Kleissner.

He does not hide his feelings about the traditional investment metrics: "If you mess up the planet, what's the market return on that? You just push the cleanup to society, so you should include that in your market rate return, if you call it market rate."

But the Kleissners understand that in order to appeal to other investors, which is their goal, they need to prove that impact investing leads to competitive financial returns. To this end they took the novel step of releasing a detailed analysis not only of how their impact portfolio has been constructed over time, but also of how the various asset classes have performed.

The proof is in the pudding: The financial performance across asset classes of their portfolio was generally close to, and sometimes even ahead of, the most relevant traditional benchmark.

The Kleissners are also tirelessly traveling the world, most recently to Australia and Germany, rallying investors to impact investing. "We are not the only ones anymore. It's a global groundswell," says Kleissner. They now have some 50 asset owners committed to their 100% Impact Network, which demands that investors make a commitment to put 100% of the investable assets of one of their leading investment vehicles into impact investments. The total amount of money committed by the 100% Impact Network members is around \$4 billion. The Kleissners' goal for the next decade: to get from \$4 billion to \$400 billion.



CHARLY AND LISA KLEISSNER,
Founders, KL Felicitas Foundation
