

## A Year of Impact - Personal Reflections

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### **Last Year – Going Deeper into Impact and an Unexpected Personal Challenge**

About a year ago, Lisa and I published our Family Foundation's latest impact report, in partnership with New Philanthropy Capital and Sonen Capital: '[In pursuit of deep impact and market-rate returns: KL Felicitas Foundation's Journey.](#)' We demonstrated how to build a 100% impact portfolio with market-rate-returns – as measured over a 10-year period and with about half of the investments in thematic impact investments that contribute to solutions, i.e., *deep impact investments*.

Over the course of the past year, I gave dozens of keynotes all over the world connecting impact, consciousness and technology; challenging the status quo and making the case for systemic change. The combination of these themes would have been close to impossible just a few years ago, as the impact community was not connected to the consciousness movement, and Silicon Valley's elite could not have been further removed from meaningful impact. Yet in today's world even the financial sector understands that proposing solutions by linearly projecting from the past will not work.

Seven months ago, I was diagnosed with lymphoma, which required my full attention while going through chemo. Last month I was officially declared in remission and I am on my way to a full recovery. What a year it was!

In this article I share my personal reflections about the Impact Economy as well as my own journey. I conclude by linking personal transformation to systemic change – both necessary to co-create the deep impact economy, where the financial system serves humanity and the planet as opposed to itself.

### **The Impact Economy – Serving Humanity and the Planet**

We are at the beginning of an unprecedented global transformation, where humanity has precious little time to figure out how to sustainably live on a planet with finite resources. During this transition to an 'impact economy' all systems will have to change, especially the financial system. The status quo of adapting existing systems to deal with systemic issues like inequality, social justice, climate change and poverty is not going to be good enough.

Part of the solution is impact investing which is driven by two different movements: The *Broad* Impact Movement and the *Deep* Impact Movement. The Broad Impact Movement is embracing Environmental, Social and Governance (ESG) criteria in the context of adapting the existing system; examples include ESG funds and sustainable Exchange Traded Funds. The Deep Impact Movement is embracing thematic and systemic solutions while challenging the existing system; examples include direct equity and debt investments in regenerative enterprises, social-impact bonds, blended capital structures, and investments in community development banks.

These two movements are complimentary: Today, most 100% impact portfolios that want to maximize their impact, and have significant liquidity constraints as well as a targeted financial return, need to invest in both broad and deep impact investments. Public equities and public debt lend themselves better to broad impact, and private and structured debt as well as private equity and real assets lend themselves better to deep impact.

The broad impact movement is growing fast. I don't expect its leaders (e.g., institutional capital) to challenge their existing business models. They are caught in the 'innovators dilemma.' They will continue to maximize their income capacity without a real desire to challenge the systemic causes. This is not because they are bad, but because the market for deep impact is still tiny, and because of real or perceived systemic constraints like the current interpretation of fiduciary responsibility, or the attachment to social constructs like market rate returns and its associated benchmarks. There is no benchmark for alleviating poverty for the base of the pyramid; and nobody knows the market-rate return for providing health care services for the poorest of the poor.

There is no silver-bullet to usher in the era of deep impact. And we have not invented the theory of deep impact yet, which needs to fully integrate impact risk & return with financial risk & appropriate return, even though [Tonic's T100](#) project and KL Felicitas Foundation's latest impact report are steps in the right direction.

Many practitioners are working on relevant topics that together will eventually lead to systemic change: democratization of deep impact investing, new term sheets, new fund structures, new investment vehicles, and blended capital approaches; impact management methodologies, open source data-sets, and radical transparency that will enable researchers to develop machine learning algorithms for deep impact. And the inclusion and engagement of beneficiaries in everything we do.

Deep impact investors, who have dedicated 100% of their assets to impact, cannot decouple their values from their investments. They see their portfolios as an expression of who they are. When asked about what comes first, their impact investments or their personal engagement, the answer is both. Let me share how my recent personal journey has influenced my impact life.

### **My Personal Journey – How I dealt with an Unexpected Challenge**

My journey over the past few months was dominated by dealing with lymphoma. My task was to create wellness, not just to treat illness. Statistics are important, but they are just statistics. They do not determine any individual case, including mine! There is no type of cancer that does not have some rate of survival. The question for me was: What can I do to get on the right side of these statistics? I went at it with a warrior's attitude: I was determined to live each day to the very best of my ability. And I chose to live my life to the very fullest, focusing on possibilities, not problems.

My intentions were set on hope and healing, detached from the outcomes. Even though my cancer temporarily weakened my body, it permanently strengthened my spirit and soul. I have been able to actively cultivate inner peace, serenity, a quiet confidence and a more grateful and joyful way of living. I am very grateful for that and for all the support from family and friends, without which I could not have healed.

I believe that the impact of my life is a direct reflection of my inner state of being; that my life is the ultimate expression of who I am; and that creating myself is the most creative act I will ever undertake. It is therefore

my responsibility to continue my mindfulness journey and personal transformation in order to have deeper and more meaningful impact. I believe that humanity's trajectory is to a large extent a reflection of the state of human consciousness. The current trajectory is not very good and the responsibility of changing humanity's trajectory is squarely ours.

Elevated awareness and consciousness are prerequisites for co-creating systemic change, the change to a deep impact economy. Let me connect the two.

### **Personal Transformation and Systemic Change**

The broad impact movement is an important step forward. Yet, even if all the capital in the world embraces ESG, climate change will not be mitigated in time, inequalities will increase, social justice will stay a dream and poverty will not be alleviated – the system will not change.

The fledgling deep impact economy is challenging the existing system, and is emerging from a growing awareness and consciousness. Deep impact investing is not an intellectual exercise nor can it be legislated. It is an expression of human consciousness. Impact investing without the heart is an intellectual exercise that will not lead to deep impact.

The deep impact movement is emerging as evidenced by organizations like ImpactAssets, Toniic and many others. I envision a time in the not-too-distant future when impact investors can easily construct a 100% impact portfolio based on the impact they care about, constrained by the impact risk they are willing to take as well as their liquidity requirements – resulting in the appropriate financial returns. In order to help the deep impact movement to thrive, it will be necessary to co-create a coalition of deep impact players, who are consciously taking steps to do that.

What does that mean for me? My intention is to lead a meaningful, happy and joyous life – in service to others. I help evolve human consciousness to be in harmony with the universe. I actualize my intention by focusing on my mindfulness practice. My path is the path of non-ego-based action – detached from the outcomes. I walk this path in 'Yoga consciousness' with joy, equanimity, humility and compassion – mindfully, conscious and aware. This is how I prepare myself for dying peacefully and mindfully – whenever the time comes.