Private Impact Investing

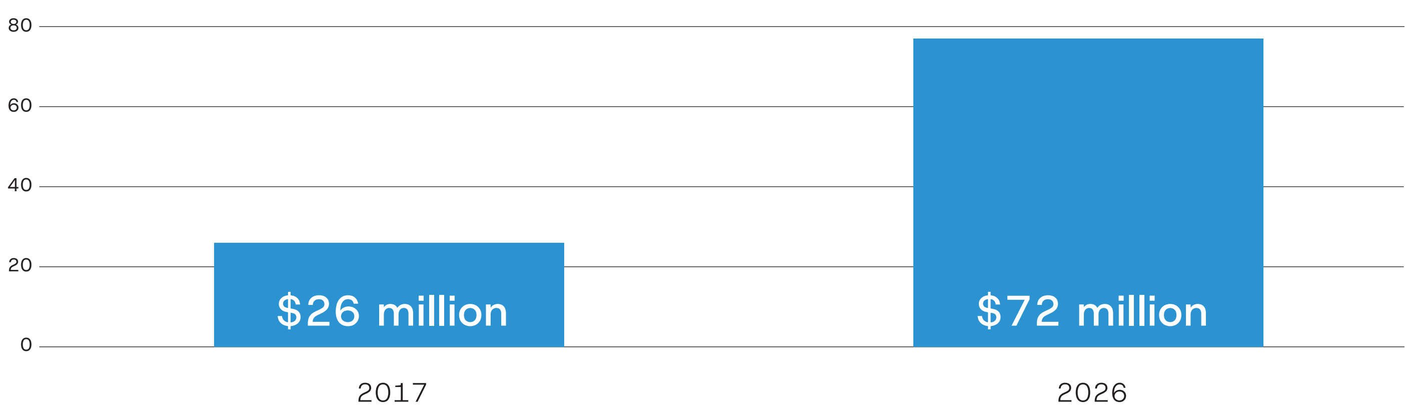
Newsletter 2026

Reynders, McVeigh Capital Management, LLC

Private impact investing offers solutions to counteract the very tangible effects of a climate in crisis, income inequality, and systemic structural racism.

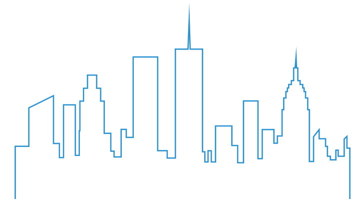
The number of opportunities has grown alongside the evidence that investing for impact — that is, for an environmental or social as well as financial return — can play a strong role in creating long-term systemic change. At Reynders, McVeigh Capital Management, we define impact investing as private-placement investments that aim to, at minimum, recycle capital, while also producing a measurable environmental or social return. We assess these investments based on three criteria: financial risk, financial return, and social/environmental impact. Our practice has grown over time to include a wide variety of asset classes and areas of impact, with more than $72 million of client funds invested for change.

GROWTH OF PRIVATE IMPACT ASSETS



2026 Trends in Impact Investing

Place-Based Impact Investing



Place-based impact investing refers to impact investments that are focused on a targeted and specific geography (such as a city, community, or neighborhood). Most often, place-based investing is focused on the particular challenges facing that community and centers community voices to determine solutions. This type of investing usually brings together different sectors, multiple types of capital (for example: loans, loan guarantees, revenue-based financing, equity) and can be focused on a variety of areas, such as healthcare, economic development, or affordable housing.[1]

A place-based approach to impact investing has specific benefits. Solutions to social problems can be tailored to that community and take context into account directly from community members. Capital stays local, becoming re-invested in community businesses and institutions. And this approach can foster a sense of ownership amongst community members.[2]

Clients of Reynders, McVeigh have engaged with place-based approaches through a few organizations local to our own office, including:

- **Boston Impact Initiative (BII)** – BII manages a $22 million fund focused on investing integrated capital into social enterprises owned by entrepreneurs of color and community-owned or controlled real estate to prevent displacement in Massachusetts and the Northeast. BII also trains emerging fund managers across the country in structuring, raising, and managing a blended capital fund.

- **Boston Ujima Project** – The Boston Ujima Project is a democratic, member-run organization with a mission to return wealth to Boston's working-class communities of color. Ujima came about as a way to combat the increasing wealth gap in the city of Boston. The Ujima Fund has made investments in the Dorchester Food Co-op, the Boston Neighborhood Community Land Trust, and the Bay State Banner.

The organizations highlighted above are examples of the broader impact investing ecosystem that has developed in Boston over the past decade. For a deeper look at its evolution and the role investors can play in supporting positive community outcomes, listen to Carrie Endries' recent conversation on ImpactAlpha's Agents of Impact **podcast**.

The Challenge and Opportunity of the "Silver Tsunami"

The American small business landscape is undergoing an enormous transition. Dubbed the "Silver Tsunami," this shift refers to the large component of seniors who own a small business and are planning to retire. In the U.S., small businesses employ more than 62 million Americans and generate approximately 43% of U.S. GDP.[3] More than half of small business owners are over age 55 and one in four is over 65.[4] A U.S. Bank study estimates that only about half of these business owners have a succession plan in place.[5] Finding a suitable buyer is challenging, and companies may shut down or sell to larger enterprises outside of the community. However, opportunities exist to share the wealth created by these businesses and pass on ownership.

1 Place-based Investing | Activating Place-Based Partnerships for Equitable Economic Development
2 The Power of Place: Local Context in Impact Investing
3 'Silver Tsunami' Is Coming for Small Businesses, Jobs
4 Navigating the great small business ownership transition | McKinsey
5 'Silver Tsunami' Is Coming for Small Businesses, Jobs

Impact investors are exploring options, including:

- **Employee ownership** – organizations like Apis & Heritage are working with business owners to convert their firms to employee-owned enterprises.

- **Cooperative conversions** – organizations including the Cooperative Fund of the Northeast and Seed Commons work with small businesses to convert them to cooperative ownership models.

Both models have the potential to build wealth for employees and their communities. In addition, these models may place wealth and ownership toward minority individuals and communities. McKinsey notes that this moment is a major wealth transfer, and up to $3 trillion in value could be unlocked with these transfers. If current patterns persist, about 28% of transferring value would accrue to women and Black and Latino individuals combined.[6]

Some barriers in this transition include limited knowledge of these options and few organizations or little capital available to assist. Impact investment organizations have an opportunity to take advantage of this critical moment to preserve wealth-generating businesses for workers and the communities they live in and serve.

Impact Investments Fill Federal Funding Gaps

Federal funding reorganization and cuts have dramatically influenced the impact investment landscape in recent years. Most notably, the US Treasury's CDFI Fund, which supports Community Development Financial Institutions (CDFIs), faces continuing uncertainty as a target of government budget cuts. CDFIs are specialized lenders, such as mission-driven banks, credit unions, and loan funds, that expand access to capital in underserved communities. Heading into 2027, the White House budget request proposes a $200 million cut to the fund and other community-serving programs.[7] Historically supported on both sides of the political aisle, CDFIs have been a fundamental way to build financial wealth through small business loans, homeownership and credit building.

Threats to the CDFI Fund can have outsized impact on certain areas, such as rural communities. Studies indicate that rural CDFIs have more difficulty finding funders due to proximity. Consequently, rural CDFIs were more likely to rely on federal funding as a major source of capital. These organizations say this funding has allowed them to expand programs, keep flexible terms, and try new strategies to serve their communities.[8] Funding from impact investors towards CDFIs in rural areas can help supplement a lower level of federal funding. Clients of Reynders, McVeigh have supported rural lending through CDFIs such as Coastal Enterprises, Inc and Oweesta.

6 Navigating the great small business ownership transition | McKinsey
7 OFN Statement on the Fiscal Year 2027 President's Budget Request – OFN
8 2025 CDFI Survey: Perspectives From Small-Town Mission-Driven Lenders | Richmond Fed

Federal funding cuts also have an impact on small business loans. In March of 2026, the U.S. Small Business Administration (SBA) issued a new policy to ban foreign nationals and non-citizens from SBA-guaranteed small business loans.[9] Previously, these loans were available to legal permanent residents. In 2025, only about 4% of these loans went to businesses of permanent residents. Although a small share, these loans had the potential to be transformative to the entrepreneurs. The SBA is often an initial lender with reasonable rates and builds credibility for these businesses.[10] With recent cuts, CDFIs have used impact investment notes to step up to fill this gap, offering fair loan terms to immigrant-owned businesses.

2026 Impact Newsletter Spotlights

Craft3 is a CDFI that has invested more than $890 million in urban and rural communities in Oregon and Washington since 1994.[11] Its mission is to improve lives across the Pacific Northwest by providing responsible capital for businesses, homeowners, nonprofits, and communities. Clients of Reynders, McVeigh Capital Management have held investments in Craft3 for over a decade. Most recently, our clients have supported their Conservation Bridge Fund. This fund focuses on land conservation and provides bridge capital and expertise in a quick manner to organizations such as land trusts, tribes, and conservation groups. This support allows these groups to acquire properties ahead of long-term financing.

Regenerative Social Finance (RSF) is an impact-first financial services organization based in San Francisco. RSF provides capital to social enterprises addressing key issues in the areas of climate and energy, food and agriculture, education, and community impact. Since 1984, RSF has channeled more than $1 billion to social enterprises.[12] They also administer Donor Advised Funds (DAFs), charitable investment accounts from which donors can direct grants to nonprofit organizations, and offer a "double impact" program where assets in DAFs can be invested in their note program before being deployed. Clients of Reynders, McVeigh have been invested in RSF for over a decade.

Social Finance is a nonprofit and investment advisor that serves as the fund manager of the Dreamers Graduate Student Loan program. The goal of this program is to support "Dreamers" in achieving economic mobility via student-friendly loans for graduate school.[13] The fund provides graduate loans for Dreamers with DACA (Deferred Action for Childhood Arrivals) or TPS (Temporary Protected Status), who cannot access federal loans. Their services have reached over 200 students, and they have made over 450 loans.[14] Clients of Reynders, McVeigh have recently invested in the Dreamers Fund in response to increased anti-immigration sentiment and policies.

9 SBA Bans Foreign Nationals from Accessing SBA-backed Loans | U.S. Small Business Administration
10 Small-business loans are caught in the immigration crackdown : NPR
11 https://www.craft3.org/
12 RSF | Regenerative Social Finance
13 "Dreamers" are undocumented immigrants who came to the United States as children.
14 CapShift Annual Impact Survey 2025