

Billionaire Lukas Walton's family office fans impact investing push

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Lukas Walton

Builders Vision, the investing and philanthropy platform of billionaire Lukas Walton, has shifted its \$1 billion endowment into what it calls “impact investments,” leading a broader shift in family offices to connect their investing and giving.

Chicago-based Builders Vision will announce today that its Builders Initiative Foundation has moved 90% of its endowment into “mission-related” investments -- investments in keeping with Builder’s broader goals of sustainability and equity. Most foundations have 20% or less of their endowments in ESG or impact investments, so the 90% level sets a new benchmark for family offices and foundations.

“If we are going to make lasting change happen, we need our mission to show up in everything we do – especially in how we commit our resources,” said Lukas Walton, the grandson of Walmart founder Sam Walton. “That’s why we are investing our endowment in companies, organizations and strategies that prioritize sustainable and equitable solutions.”

Walton, 36, is at the forefront of a rapid generational shift in family offices, as inheritors and entrepreneurs in their 30s and 40s use their fortunes to drive social change. For decades, family offices split their philanthropy and investing — making money on one side and giving it

away on the other. The new generation wants their investments to pursue the same solutions as their giving, fusing “profits with purpose.”

“We believe profit and purpose are not at odds, quite the opposite,” said Matt Knott, Builders Vision’s President and COO and a former executive at PepsiCo. “Purpose-driven businesses will be competitively advantaged going forward. The brands and companies that people feel good about will have competitive advantage.”

Billions for social change

Even as ESG investing faces a backlash and criticism of “greenwashing,” the rise of impact investing among family offices is accelerating. A Credit Suisse survey of family offices found that nearly half of family offices surveyed plan to increase their sustainable investing over the next 2-3 years. As more family wealth passes down to younger generations, and more tech wealth is created by young founders, family offices are pouring billions into start-ups, stocks and private equity aimed at social change.

“This next generation is unstoppable,” said James Gifford, head of Sustainable and Impact Advisory and Thought Leadership at Credit Suisse. “They are bringing out the best of free markets and of social innovation.”

Adds Knott, the Builders Vision president: “This new generation of family offices want to drive impact, they want to make a difference with the wealth they’re inheriting.”

Builders Vision, which has more than \$4 billion in assets, includes a direct investing arm, asset management unit and philanthropy. All are aimed at three main issues: food, ocean health and energy transition. Builders Vision has assembled teams of in-house experts to fund the highest impact ideas and share them across the philanthropy, start-up and investing worlds. The Builder’s Initiative Foundation is part of the philanthropy arm of Builders Vision, which has multiple funds and pools of capital, each with their own targets and investing missions.

Philanthropy, Walton says, can’t solve the world’s biggest problems, even with government help. The big technological innovations needed in energy, agriculture and the environment will likely come from entrepreneurs. At the same time, many impact-related start-ups are too risky for traditional venture capital firms and angel investors. Walton and his team say that Builders Vision and other large family offices are uniquely positioned to fund companies and non-profits across the risk spectrum.

NGO to IPO

“We want to provide the capital solution from NGO to IPO,” said Sanjeev Krishnan, chief investment officer of S2G Ventures, the Builders Vision venture capital fund.

For instance, the oceans team at the Builders Initiative used an LLC to invest in a small start-up called Matter, a U.K.-based company developing tech solutions for capturing, harvesting and recycling microplastics. As it grew, it became an attractive venture capital investment, leading Builders' VC arm, S2G, to recently invest seven figures.

S2G, with about \$2 billion in capital, has funded 80 companies and was an early investor in SweetGreen and Beyond Meat. Its portfolio includes everything from Farmer Focus, which partners with family farms to raise organic chicken, to Common Energy, which funds community solar projects.

While Krishnan declined to give specific returns, S2G ranks in the top quartile of VC firms, according to Cambridge Associates benchmarks.

With its 90% endowment shift into mission-related investments, even the Builders Initiative Foundation endowment — which funds the philanthropy— is now focused on positive social and environmental impact. Noelle Laing, chief investment officer of Builders Initiative, said the real-return target is still 5% net of fees, which is standard for endowments.

“We think you can achieve market rates of return while integrating ESG factors and integrating an impact lens into our strategies,” Laing said. “We think it’s just smarter investing.”