

How to Make Impact Investments in the Arts

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August 1, 2017

Want to marry your love of the Arts with impact investing? Pretty easy to do these days. Less than 0.5% of impact investors put their money in the arts and culture sector, according to a [survey co-published by the Global Impact Investing Network \(GIIN\) and J.P Morgan](#). But more than \$1.5 billion in such opportunities are going to be available over the next five years, claims the [latest research by artist-to-impact investor connector Upstart Co-Lab](#).

What kind of impact investments are on offer? Consider videogame producer [E-Line Media](#), which recently partnered with Alaska's Iñupiat tribe to create a videogame highlighting the tribe's unique culture and form of environmentalism. The partners are aiming to expand, in a captivating way, the educational horizons of videogaming youth. In the game, an Alaskan Iñupiat girl and her pet fox go into an endless snow storm to uncover why it's not stopping, their journey accompanied by music created with traditional Iñupiat instruments and visuals representing the Iñupiat culture. Hint: Global warming is involved.

Other E-Line Media videogames explore everything from civics to systems thinking. The company's projects are historically funded through philanthropic gifts, government contracts, and impact investors. E-Line often seeks funds to invest in the production and distribution of their videogames.



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Meanwhile, Elia, based in Brooklyn, New York, targets physical disabilities, and developed a new alphabet for blind people, which it believes will be easier to read than Braille for native English readers. The raised alphabets are similar to English alphabets, so newly-blind people who might have grown up with English can pick up the new language more easily and feel able to communicate. Zady, also from New York City, aims to sustain the Earth by selling women's clothing made in an environmentally-friendly methodology. They use raw materials that are biodegradable and last a long time to reduce landfill waste, while most fashion lines rely on a disposable cycle.

If you want an investment that's local and tangible, consider investing in affordable housing for artists or building a cultural district within a city, actions that can do everything from reduce local crime to reduce obesity, according to the University of Pennsylvania's Social Impact of the Arts Project. How do you get into the game? Consider EngAGE and Meta Housing Corporation's Burbank Senior Artist Colony, a 121-unit housing facility with art studios, digital filmmaking labs, and a theatre, or Stockade Studios and Stockade Work's 70,000-square foot filmmaking facility in Kingston, New York, equipped with soundstages and a screening room.

Fine, but can you make money? The returns for arts-focused opportunities are comparable to impact investments in general, which means most investors seek risk-adjusted market-rate returns. According to the GIIN, impact-investing returns outperform investor expectations 70% of the time.

“The companies are there, but they are not yet getting the attention,” says Laura Callanan, founding partner at Upstart Co-Lab. So, make sure you press your financial advisors to get you the impact investment opportunities you want. In all likelihood, your financial advisor can find you plenty of impact investments to help girls and women or boost an educational system, but they’ll probably give you a blank stare if you say you want to invest in the “creative economy.”

Callanan says this is because impact investing in the space hasn’t been “named and framed,” with relevant opportunities often falling into other categories, such as community development, affordable housing, and small business. There’s an effort underway to correct it. Upstart Co-Lab’s team claims to be working with the U.S. Department of Treasury’s Community Development Financial Institutions Fund and Opportunity Finance Network to separate the creative industry’s information in future reporting and surveying, while also trying to raise the arts-as-investment profile with the likes of J.P. Morgan Private Bank and Goldman Sachs’s Imprint Capital.

In other words, watch the space grow—creatively.