

Social investment jargon-buster

BD Giving is democratising finance by avoiding jargon and defining technical language so everyone can participate in the conversation, regardless of background. This document explains some of the language and ideas in our press release.

Why should investors care about democratising access to private markets?

Some of the highest-impact investments are in private markets, including social and affordable housing, natural capital, low-carbon energy, town regeneration, lending to social enterprises. Yet, currently, access to private markets has been difficult for many investors who don't have the significant scale and resources needed to meet high minimum level investments and the complexities of private asset investment.

This means that today, many savers are limited to investment choices that merely "avoid harm" rather than proactively intend to create positive social or environmental impact. Snowball is working to make a product available for all investors which provides access to good long-term financial returns *and* creates measurable positive impact.

What are private and public markets?

Anyone can access and invest in public markets, whereas private markets are typically accessible to investors that meet qualifying criteria. Public markets feature mainstream investments, like stocks in companies, whereas private markets feature alternatives, such as those mentioned above.

An asset class is a grouping of investments that have similar characteristics, such as risk levels, and are subject to the same laws and regulations.

Diversification means spreading your investments around so that your exposure to any one type of asset is limited. This approach is designed to reduce the risk.

Endowment is a legal structure for managing, and in many cases indefinitely perpetuating, a financial investment. Often in the form of a donation to a non-profit organisation, which uses the resulting investment income for good work.

Impact means the changes to the world we expect to see because of our investment. This could be numbers of people helped, the amount of change or the creation of things that make the world better. Snowball and BD Giving value impact equally with return.

Investment portfolio is a collection of financial investments like stocks, bonds, and funds. Snowball is the first addition to Barking and Dagenham's investment portfolio.

Liquidity refers to how quickly you can get back the money you have invested (without having to pay a penalty for taking it back).

Return is the amount (in money) we expect to get back from our investment. This is usually shown as a percentage gained over a set period of time.

Risk is the chance that you won't get the return you expected from an investment. We reduce risk by understanding what guarantees attached to the return or by doing due diligence (our homework) on the investment.

Social investment is the process of using finance to achieve a social outcome, as well as a financial return.