



Program Overview

The Small Business Investment Company (SBIC) Program, administered by the U.S. Small Business Administration (SBA), is a multi-billion investment program created in 1958 to bridge the gap between entrepreneurs' need for capital and traditional sources of financing. Over the past five years, the program has channeled \$13 billion of capital to more than 6,300 U.S. small businesses representing a variety of industries across the country. These results were achieved through a proven public-private partnership that leverages the full faith and credit of the U.S. government to increase the pool of investment capital available to small businesses.

The SBIC Public-Private Partnership at Work

The SBIC Program harnesses the talent of professional investment fund managers to identify and finance promising small businesses. Qualified fund managers that complete the SBIC Program's rigorous application process are granted a license to operate their fund as an SBIC. The SBIC can then leverage capital raised from private investors, such as banks, pension funds or high net-worth individuals, with government-guaranteed debt obtained through the program. For every \$1 the fund raises from investors, SBA will commit up

SBIC PROGRAM QUICK FACTS

From FY2009 through FY2013:

- Over \$13 billion in financing was invested in small businesses
- Over 6,300 businesses received investments
- 22% of the small businesses financed were located in low-to-moderate income areas
- 9% of the small businesses were women-, minority- or veteran-owned

to \$2 of debt, subject to a cap of \$150 million. The SBIC manager can then assemble a portfolio of long-term investments in American small businesses. When the investments are realized and the fund begins to wind-down, the SBIC will repay its SBA-guaranteed debt and share the profits from its investments with the private investors that backed the fund.



Flexible Financing for the Lower-Middle Market

Most applicants to the SBIC Program seek a Standard License, which accommodates a wide range of investment strategies. For those funds investing in market segments that face unique challenges in accessing capital, SBA offers two additional license types.

Standard License

Strategy: For SBIC applicants seeking the broadest investment mandate, with no limits beyond the basic set of SBIC investment criteria (see next page)

Application Process: Rolling

Processing Time: Normal

SBA-Guaranteed Leverage:

- Up to 2x private capital
- \$150M cap

Impact Investment License

Strategy: Applicants commit to investing 50% of their capital in "impact investments," such as clean energy or low-to-moderate income investments.

Application Process: Rolling

Processing Time: Expedited

SBA-Guaranteed Leverage:

- Up to 2x private capital
- \$150M cap

Early Stage License

Strategy: Applicants commit to deploy at least 50% of their capital in early-stage companies that have yet to achieve positive cash flow.

Application Process: Single Deadline

Processing Time: Normal

SBA-Guaranteed Leverage:

- Up to 1x private capital
- \$50M cap

Learn How to Participate at www.sba.gov/inv or e-mail asksbic@sba.gov

Fund Managers:

Take advantage of our "Pre-Screening" process and consult with an SBIC Program Investment Officer to assess your fit with the SBIC Program.

Fund Investors:

SBICs deliver multiple benefit to its investors such as CRA credit for banks, exemption from the Volcker Rule and the potential for enhanced returns.

Small Business Owners:

Visit our online directory of active SBICs and review our articles on how best to approach an SBIC for financing.

Fueling the Growth of an Emerging Industry

The SBIC Program allocates roughly \$200 million in annual SBA-guaranteed leverage commitments to the Impact Investment Fund, which is available to funds licensed as Impact SBICs. The Impact Investment Fund was created to support small business investment strategies designed to both maximize financial return and generate enhanced social, environmental and economic impact. With each new Impact SBIC licensed, SBA hopes to contribute to the impact industry's growth; demonstrating that investors can use their capital to affect positive change in their communities while also earning strong financial returns. (For more information visit www.sba.gov/inv/impact)

Supporting a Range of Impact Strategies

Impact SBICs, like Standard SBICs, maintain an exclusive focus on financing U.S. small businesses in need of capital. As beneficiaries of the Impact Fund, they also make a commitment to deploy at least 50% of their invested capital in "impact investments." These investments may be either pre-approved, SBA-Identified impact investments or Fund-Identified impact investments applicants define as part of their licensing application. While every Impact SBIC fund manager must meet the SBIC Program's licensing qualifications standards, the application, investment and measurement requirements of the Impact Fund vary depending on the type of investment strategy a fund pursues.

WHAT IS IMPACT INVESTING?

Impact investing is the practice of investing with the goal of generating positive social, environmental or economic impact alongside financial return. The Global Impact Investing Network (www.thegiin.org), cites several core characteristics of the approach, summarized here:

- **Intentionality:** Impact investors deploy capital with the intention of generating impact.
- **Financial Return:** Impact investors always expect a financial return, whether market rate or a simple recovery of principal.
- **Measurement:** Impact investors commit to measure the social, environmental or economic impact of their investments.

Common Requirements	Apply	Invest	Measure
	Meet SBA licensing standards and obtain expedited processing	Deploy at least 50% of invested capital in "impact investments"	Assess and report on the outcomes achieved
SBA-Identified Strategy ONLY	Describe strategy and track record of making impact investments.	Impact investments are those made in: <ul style="list-style-type: none"> • Economically-Distressed Areas • Low-to-Moderate Income Areas • Rural Areas • SBIR/STTR Recipients • Qualified Low-Income Communities 	Report impact investments using standard SBA reporting forms
Fund-Identified Strategy ONLY	Describe strategy, track record and provide the fund's customized definition of an "impact investment"	"Impact investments" must be consistent with fund's customized definition	Obtain an independent, third-party assessment of fund's impact, such as a GIIRS rating

Impact SBIC Profiles

Michigan Growth Capital Partners

Detroit, MI & New York, NY

Licensed: 2011

Also known as the InvestMichigan! Mezzanine Fund, Michigan Growth Capital Partners was the first Impact SBIC licensed. The fund focuses on providing capital to businesses headquartered in, which have a significant presence in, or which plan to expand or relocate to Michigan.

www.investmichigan.com

SJF Ventures III

Durham, NC

Licensed: 2012

SJF Ventures pursues a national strategy focused on cleantech, energy efficiency, technology enhanced services and sustainable agriculture. The fund provides growth equity to companies with strong financial, community and environmental results. SJF is a GIIRS-rated impact fund.

www.sjfventures.com

Bridges US Sustainable Growth Fund

New York, NY

Licensed: 2014

Founded in 2002 and with offices in London and New York, Bridges is dedicated entirely to sustainable and impact investing. The US Fund will invest in high-growth, high-impact businesses located in or serving underserved markets in healthcare, education and sustainable living. It is a GIIRS-rated impact fund.

www.bridgesventures.com