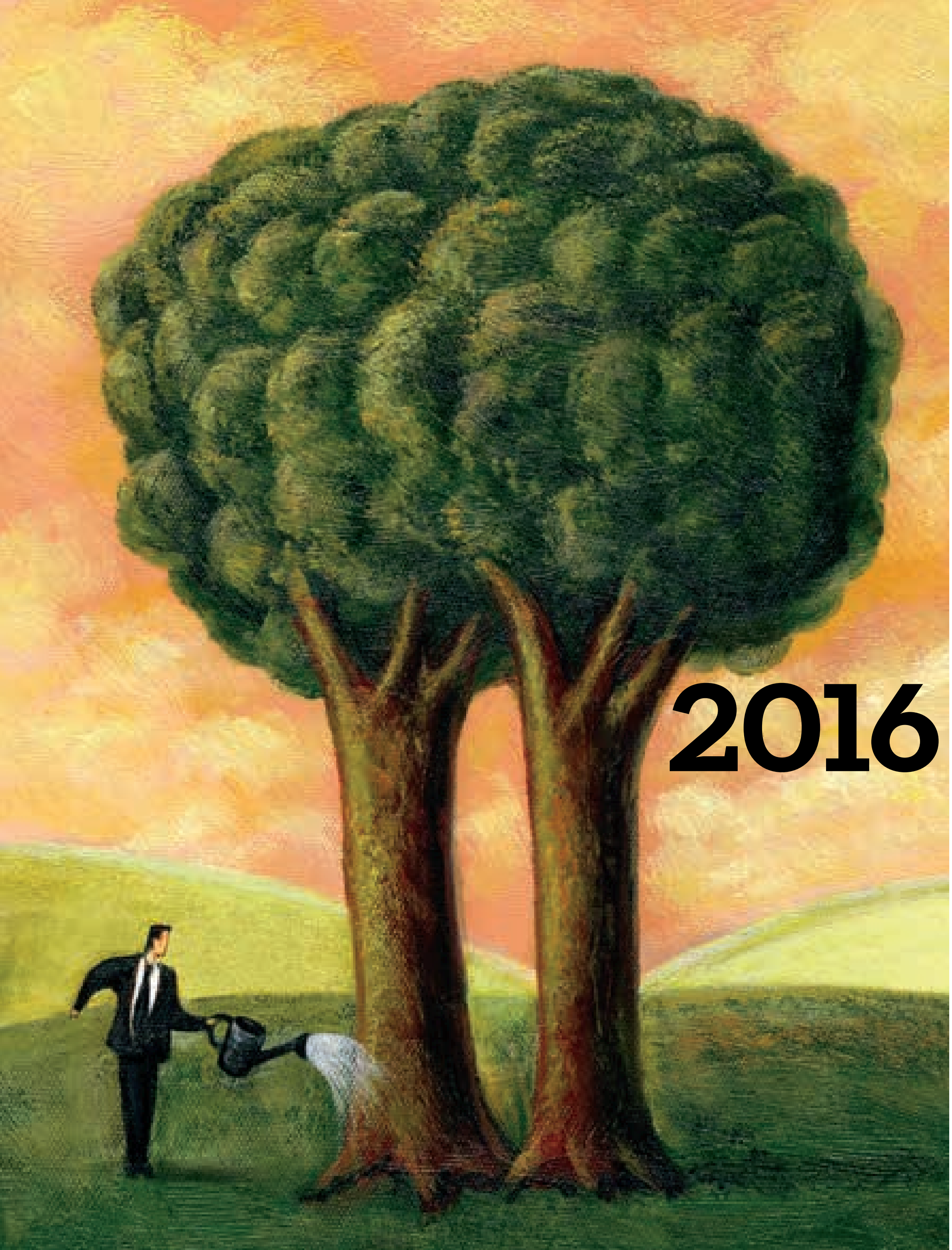


GIIN
GLOBAL IMPACT INVESTING NETWORK

THE SIXTH EDITION

2016 Annual Impact Investor Survey

JPMorgan Chase & Co.

UKaid from the British people

THE IMPACT PROGRAMME

2016 Annual Impact Investor Survey

Authored by the GIIN Research Team

Abhilash Mudaliar, Director

Hannah Schiff, Manager

Rachel Bass, Associate

About the Global Impact Investing Network (GIIN)

The GIIN is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing. Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, see www.thegiin.org.

Acknowledgements

Sponsors

This year, we begin a new stage of the long and fruitful partnership between the GIIN and J.P. Morgan on this report. In previous years, J.P. Morgan's Social Finance team has worked side-by-side with the GIIN to shape the survey questions, analyze the data, and draft the report. Their team has played a pioneering role in developing this important research. While this year we are excited to have taken on the execution of the project fully in-house, J.P. Morgan has continued to provide valuable support as an anchor sponsor.

The study was also produced with support from the U.K. Government through the Department for International Development's Impact Programme.

Research support

The Research Team would like to recognize the contributions of various members of the broader GIIN Team. We thank Rebecca Kurland for desk research on key market developments in 2015. For review and input we thank Susan Balloch, Amit Bouri, Ari Cohen, Giselle Leung, Kelly McCarthy, Kimberly Moynihan, Sapna Shah, and Wen-Hua Yang.

Beta testers

The survey instrument was beta-tested by Liz Adams of the Lyme Timber Company, Amy Bell and Ali El Idrissi of J.P. Morgan, Claudia Belli and Jacky Prudhomme of BNP Paribas, Huib-Jan de Ruijter of FMO, Cindy Hu of Prudential, Christine Looney of the Ford Foundation, Urmi Sengupta of the MacArthur Foundation, Bhairvee Shavdia of HCAP, and Julie Shea of Root Capital.

Additionally, several GIIN team members beta-tested the survey instrument and provided valuable feedback: Ari Cohen, Giselle Leung, Kelly McCarthy, Peter Murphy, Annie Olszewski, Sapna Shah, Andrew Siwo, and Brett Stevenson.

May 2016

USD 15.2 billion

committed by 157 respondents to

7,551 impact investments in 2015

Letter from the CEO

Dear readers,

We live in a data-driven world. This is certainly true in the investing world. And it is especially true in impact investing, a rapidly growing practice of using investments to drive critical social and environmental change. Impact investing, while deeply rooted in both the heart and the head, is a movement where data can play a key role in guiding us to a better world.

As such, I am pleased to introduce the 2016 Annual Impact Investor Survey. This is the sixth edition of our landmark report, the world's most comprehensive annual survey of the impact investing market. Each year we look to build on previous surveys, to support those already making impact investments, and help orient those looking to start. This year's research includes important information around investor perspectives, highlighting respondent views on topics such as impact measurement, liquidity and other key challenges, and investment decision-making processes.

Reflecting momentum that has been indicated in various other forms—interest from multiple governments and global leaders, increased media coverage, and a growing GIIN membership body that now includes over 220 organizations across the world—this research shows significant activity in 2015, as well as investor plans to increase commitments in 2016. While signs of growth are important and encouraging, we want to celebrate more than growth alone; I am particularly excited by this survey's important data about gains in market sophistication.

The respondents, a diverse and active group of impact investors, noted progress against key areas of development in the impact investing industry. They reported seeing more research and data available, improvements in the availability of trained professionals, and more high-quality investment opportunities. Additionally, as impact measurement is a core component of impact investing, we at the GIIN are especially encouraged to note that 99% of respondents report that they measure impact, with 65% using metrics aligned with IRIS, the GIIN'S catalog of social and environmental metrics.

The respondents, a diverse and active group of impact investors, noted progress against key areas of development in the impact investing industry.

A key takeaway I'd like to emphasize is that the data show impact investing is no longer a nascent market. Investors around the world have been hard at work to grow and improve this market—demonstrating that investments can and should be directed toward addressing some of the most pressing social and environmental challenges. And with momentous levels of importance being placed on the COP21 climate agreement and the United Nation's Sustainable Development Goals, impact investing's coming of age is particularly timely given the clear role impact investors can play in advancing such global efforts. We thank impact investors for their leadership. And we thank you for your readership.

I welcome your thoughts and reactions.

Amit Bouri
CEO, Global Impact Investing Network
abouri@thegiin.org

Table of Contents

List of Tables and Figures

List of Tables

List of Figures

Methodology

This report captures data from 158 impact investors collected via a survey distributed between December 2015 and February 2016. Respondents variously answered questions in relation to their activities since inception, specifically in 2015 as well as plans for 2016.

Inclusion criteria

All respondents represent impact investing organizations, not individual investors. In an effort to ensure that respondents have meaningful experience managing impact investments, survey-eligibility criteria required that respondents either: a) have committed USD 10 million in impact investments since their inception and/or b) have closed at least five impact investing transactions. The GIIN provided its definition of impact investing (see Appendix 2), against which respondents self-reported their eligibility.

Sample overlap with previous surveys

The sample for this survey changes to some extent each year, which is important to consider when comparing findings presented in this report with those from previous surveys. Out of the 158 respondents in this year's sample, 101 also responded in 2015. The Research Team analyzed this overlapping sub-sample to discern changes in activity of the same set of respondents. This analysis is presented where appropriate.

Data accuracy

While the GIIN Research Team conducted basic data checks and sought clarifications as appropriate prior to analysis, all information in this report is based on self-reported data. Respondents were instructed to complete the survey with respect only to their impact investing portfolios. The GIIN provided its definition of 'impact investing' as a guide (see Appendix 2), which respondents applied to their portfolios as they saw fit.

Data recoding

A handful of survey questions allowed respondents to provide free-form answers. In order to enable more useful interpretation of responses, where underlying meanings were unambiguous, the GIIN Research Team recoded these free-form responses into more uniform categories or themes.

Role of outliers

As is often the case in research, a handful of outliers in a sample can have outsized influence on aggregate findings. Some respondents to our annual survey manage comparatively large impact investing portfolios. Where appropriate and feasible, this report presents analysis both including and excluding outliers in order to enable more nuanced interpretations of findings.

Scoring method for ranked questions

Throughout the survey, there are several questions where respondents ranked a given set of options relative to each other (e.g., most important challenges or most important reasons for tracking impact). This report presents both the overall rank and a 'score' for each answer choice intended to represent how close the rankings are to one another. These scores are calculated by weighting each rank by the number of respondents that selected it and summing those weighted totals. For example, if respondents were asked to rank the top three of a set of options, the score for each option = (number that ranked it first × 3) + (number that ranked it second × 2) + (number that ranked it third × 1). In cases with tied scores, tied answer choices will have the same rank.

Cutting the data by sub-group to extract notable findings

The majority of findings in this report aggregate the responses of all 158 impact investors that responded to the survey. The report also presents notable differences in responses by different sub-groups of respondents—such as, for example, investors with the majority of their capital allocated to a particular asset class or geography. Table i presents a full list of these sub-groups.

Table i: Respondent sub-groups referenced in the report

Sub-group	Description of the category	Number of respondents
DM-HQ Investors	Respondents headquartered in developed markets	123
EM-HQ Investors	Respondents headquartered in emerging markets	31
Fund Managers	Respondents that self-identified as fund managers	93
Non-fund Managers	Respondents that self-identified as any type of organization other than fund manager	65
Private Debt Investors	Respondents that allocate ≥75% of their current impact investment assets under management (AUM) to private debt	39
Private Equity Investors	Respondents that allocate ≥75% of their current impact investment AUM to private equity	43
Market Rate Investors	Respondents principally targeting risk-adjusted, market rate returns	93
Below Market Investors	Respondents principally targeting below market rate returns, some closer to market rate and some closer to capital preservation returns	65
DM-focused Investors	Respondents who allocate ≥75% of their current impact investment AUM to developed markets	63
EM-focused Investors	Respondents who allocate ≥75% of their current impact investment AUM to emerging markets	79

Note: Some investors marked 'no single HQ location,' so the total of DM-HQ plus EM-HQ is less than the full sample.
Source: GIIN

Region and sector codes

For brevity, regions and sectors referenced in the report are given shorter names. These codes are shown in Tables ii and iii. The survey instrument did not provide region definitions or lists of countries by region, so responses reflect respondents' interpretations of each region's boundaries.

Table ii: Region codes

Code	Name of region
DM	**Developed Markets**
North America	United States and Canada
WNS Europe	Western, Northern, and Southern Europe
Oceania	Oceania
EM	**Emerging Markets**
SSA	Sub-Saharan Africa
LAC	Latin America and the Caribbean (including Mexico)
South Asia	South Asia
ESE Asia	East and Southeast Asia
MENA	Middle East and North Africa
EECA	Eastern Europe, Russia, and Central Asia

Source: GIIN

Table iii: Sector codes

Code	Name of sector
Arts & culture	Arts & culture
Conservation	Conservation
Education	Education
Energy	Energy
Fin Services (excl. microfinance)	Financial services (excluding microfinance)
Food & Ag	Food & agriculture
Healthcare	Healthcare
Housing	Housing
ICT	Information and communication technologies
Infrastructure	Infrastructure
Manufacturing	Manufacturing
Microfinance	Microfinance
WASH	Water, sanitation, and hygiene
Other	Other

Source: GIIN

Executive Summary

This report presents the findings of the sixth annual impact investor survey. Across years, the survey has maintained a core set of questions on investor activity and perspectives. This year's report also includes deeper consideration of topics such as the use of social and environmental data, responsible exits, and investment decision-making. Special sections throughout the report highlight notable market developments in 2015 based on secondary research.

Sample characteristics

One hundred fifty-eight organizations responded to this year's survey. The sample of respondents includes a diverse group of impact investors spanning various geographies, organization types, and return philosophies.

- Most organizations in the sample are headquartered in developed markets, with 44% based in North America and 32% based in WNS Europe. Meanwhile, 20% of organizations in the sample are headquartered in emerging markets.[1]
- Nearly 60% of respondents are fund managers, with foundations the next-largest category at 13%. Other categories include banks (6%), development finance institutions, family offices, and pension funds/insurance companies (2-3% each).
- Six in ten respondents principally target risk-adjusted, market rate returns, while 25% target 'below market rate returns: closer to market rate' and 16% target 'below market rate returns: closer to capital preservation.'

Investment activity

In total, respondents committed more than USD 15 billion to impact investments in 2015 and plan to commit 16% more capital than that in 2016.[2]

- Respondents committed a total of USD 15.2 billion to 7,551 impact investing deals in 2015 (Table iv).
- In 2016, respondents plan to increase capital committed by 16% to USD 17.7 billion and number of deals by 55% to 11,722.

Table iv: Number and size of investments made and targeted

n = 157

	2015 Reported		2016 Planned	
	Number of deals	Capital committed (USD millions)	Number of deals	Capital to be committed (USD millions)
Mean	48	97	75	113
Median	9	12	10	18
Sum	7,551	15,231	11,722	17,723

Source: GIIN

- Among 97 organizations that provided complete information in both last year's and this year's surveys,[3] capital committed decreased slightly (by 7%), while the number of deals completed increased by 2%.

1 The other 3% of organizations have no single headquarters location.

2 This figure excludes one respondent for which data could not be verified in time to draft this report.

3 Four of the 101 repeat respondents did not provide complete information to enable comparison.

State of the market

Respondents indicated continued improvements in the sophistication of the impact investing industry. They also described a range of challenges—as well as progress made to surmount them.

- Areas in which respondents indicated the greatest progress include 'professionals with relevant skillsets,' 'research and data on products and performance,' and 'sophistication of impact measurement practice' (where more than 85% indicated either 'some progress' or significant progress').

- The most significant identified challenges to industry growth concerned appropriate types of capital across the risk-return spectrum—especially early-stage (including seed and venture) capital that does not necessarily require high returns—and high-quality investment opportunities with track record (Table v).

Table v: Challenges to the growth of the impact investing industry

n = 158; 'Progress' column indicates the percent of respondents that noted 'some' or 'significant' progress on this indicator

Rank	Score	Available answer choices: "Lack of..."	Progress
1	431	Appropriate capital across the risk/return spectrum	73%
2	379	High-quality investment opportunities (fund or direct) with track record	82%
3	280	Suitable exit options	55%
4	265	Innovative deal/fund structures to accommodate investors' or investees' needs	78%
5	260	Common understanding of definition and segmentation of the impact investing market	84%
6	220	Research and data on products and performance	87%
7	216	Sophistication of impact measurement practice	86%
8	205	Professionals with relevant skill sets	88%
9	114	Government support for the market	69%

Note: Respondents ranked the top five challenges from a choice of nine options. Scores are calculated by weighting each rank by the number of respondents that selected it and summing those weighted totals.
Source: GIIN

Asset allocations

Collectively, as of the end of 2015, 156 respondents to this year's survey managed USD 77.4 billion in impact investing assets.[4] Their allocations reflect the diversity of strategies applied in impact investing and include many different geographies, sectors, and asset classes.

Geography

- Capital flows from developed markets—where organizations managing 92% of sample AUM are headquartered—to emerging markets, where roughly half the assets are allocated.

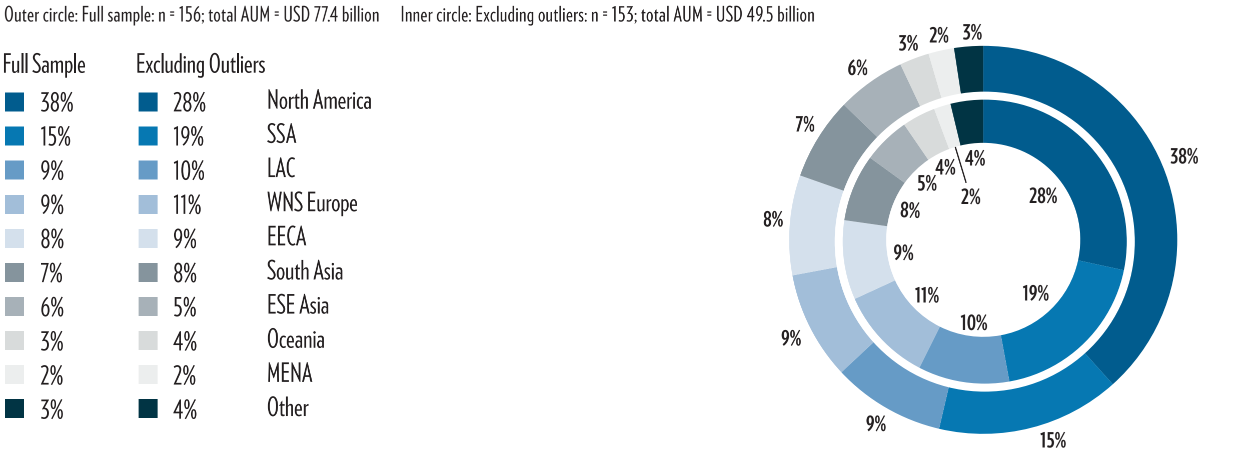
- More than 50 respondents have impact investing allocations in each of SSA, North America, LAC, South Asia, and ESE Asia.

- The top geographies in terms of amount of capital allocated are North America, SSA, and LAC (Figure i).

- There is strong interest in SSA, with 40 respondents planning to increase allocations there during 2016. Many also plan to increase their capital allocated to ESE Asia (30), South Asia (25) and LAC (23) (Figure ii).

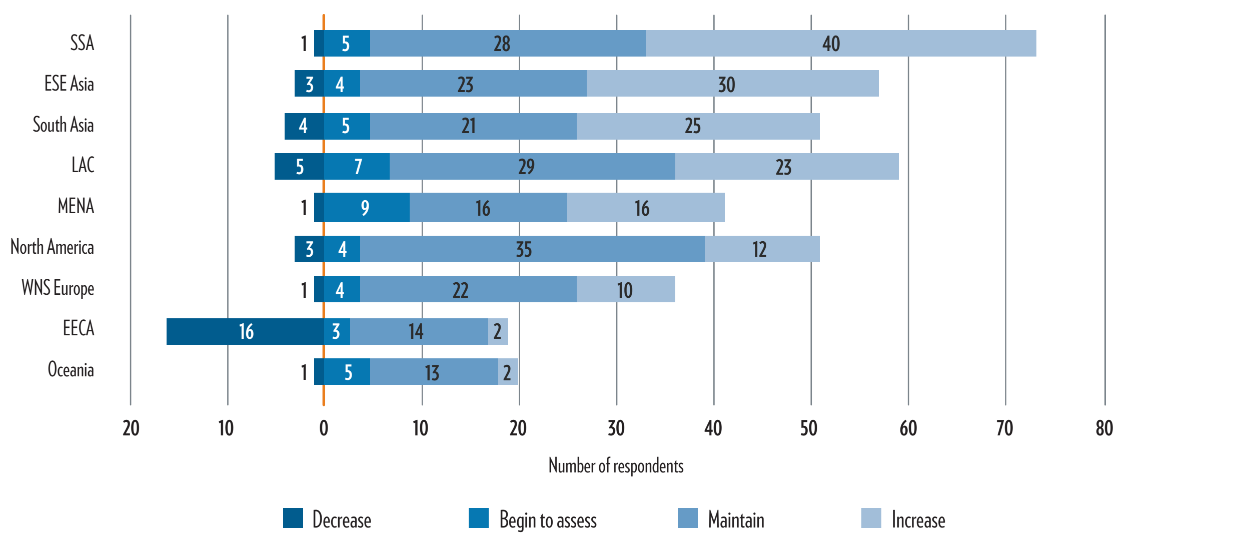
4 Two respondents declined to provide information regarding their assets under management.

Figure i: Total AUM by geography



Note: Respondents that allocated to 'other' geographies primarily described investments with a global focus and/or investments that span multiple regions.
Source: GIIN

Figure ii: Planned allocation changes by geography during 2016



Source: GIIN

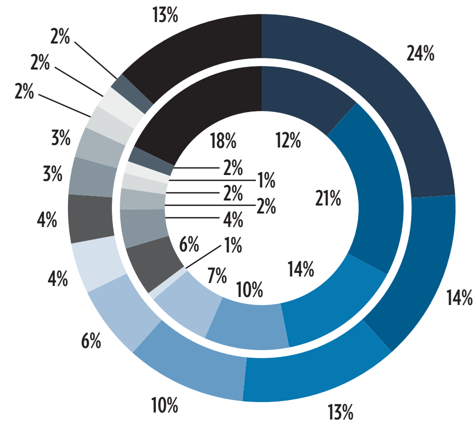
Sector

- There is diversity in sectors of activity, with at least 60 respondents active in each of food & agriculture, healthcare, housing, energy, education, microfinance, and other financial services.
- The largest sectors by asset allocation are housing, microfinance, energy, and other financial services (Figure iii).
- The sector to which the largest number of respondents plan to increase allocations during 2016 is food & agriculture (53 respondents). Forty-three plan to increase to energy and 41 to healthcare (Figure iv).

Figure iii: Total AUM by sector

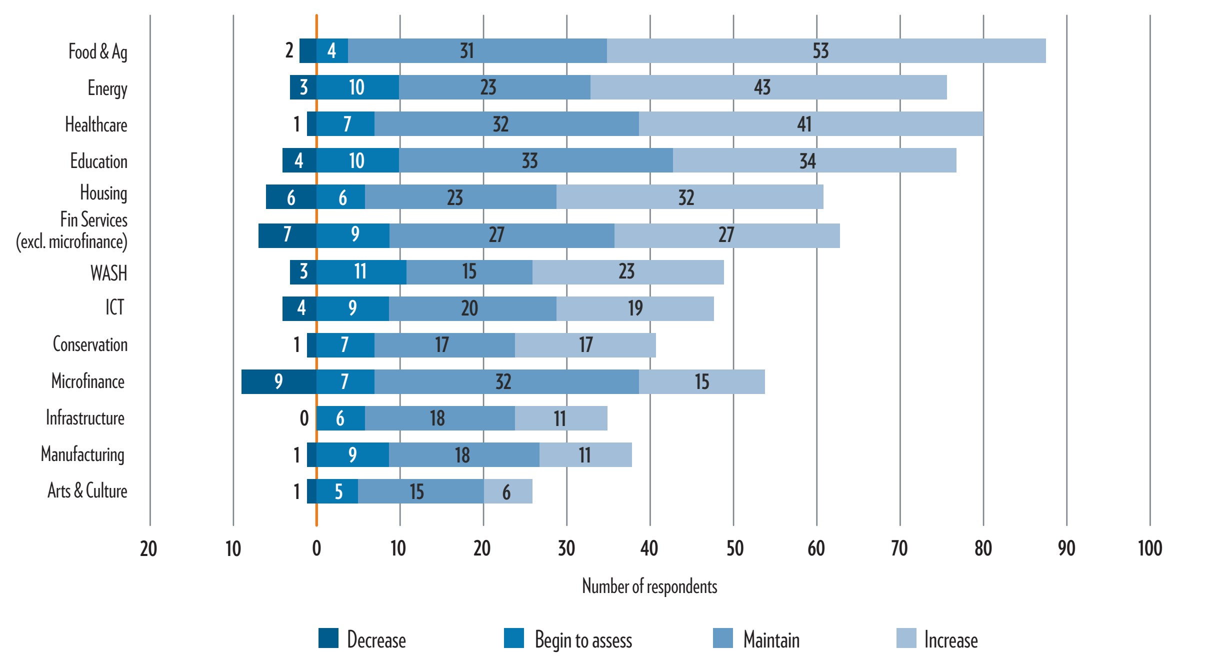
Outer circle: Full sample: n = 156; total AUM = USD 77.4 billion   Inner circle: Excluding outliers: n = 153; total AUM = USD 49.5 billion

Full Sample	Excluding Outliers	
24%	12%	Housing
14%	21%	Microfinance
13%	14%	Energy
10%	10%	Fin Services (excl. microfinance)
6%	7%	Food & Ag
4%	1%	WASH
4%	6%	Healthcare
3%	4%	Education
3%	2%	Manufacturing
2%	2%	ICT
2%	1%	Infrastructure
2%	2%	Conservation
13%	18%	Other



Note: 'Other' includes arts & culture, timber, forestry, waste management, pollution control, humanitarian assistance, community revitalization, and childcare.
Source: GIIN

Figure iv: Planned allocation changes by sector during 2016



Source: GIIN

Instrument

- Of the 158 respondents, 110 are active in private equity, 89 are active in private debt, 55 are active in equity-like debt, and 27 are active in real assets.
- The largest asset classes in terms of AUM-weighted allocations are private debt, real assets, and private equity, though the size of real assets is driven by a few large investors in that asset class.
- Although only seven respondents currently have any allocation to pay-for-performance instruments, 16 plan to assess allocating to this instrument in 2016.

Stage of business

- One hundred twelve (112) respondents invest in growth-stage ventures, 87 invest at venture-stage, and 72 invest in seed/start-up stage businesses. These three stages of business together account for about half of AUM.
    - The majority of capital managed by EM-focused investors is allocated to growth-stage and mature companies. In contrast, for DM-focused investors, there is more of a spread across earlier and later stages.
- Most real assets investors have expectations of cash flows within three years or less from the time of investment (14 within one year, eight within one to three years).

Intermediary market

Fund managers play an important role in connecting impact investing capital with investment opportunities.

Investing via funds

- Fifty-five respondents (35% of the full sample) invest via intermediaries.
- 'GP expertise in investment selection and management' and 'access to opportunities in specific sectors' were the most important motivations for investing via funds.
- When evaluating fund managers, 'sector expertise' and 'impact potential' were seen as 'very important' by more than 70% of respondents that invest through funds.

Fund manager activity

- Ninety-three fund managers responded to the survey.
- Fund managers raised USD 6.7 billion in 2015 (n=71) and plan to raise USD 12.4 billion in 2016 (n=78; Table vi).

Table vi: Capital raised in 2015 and planned capital raise in 2016, USD millions

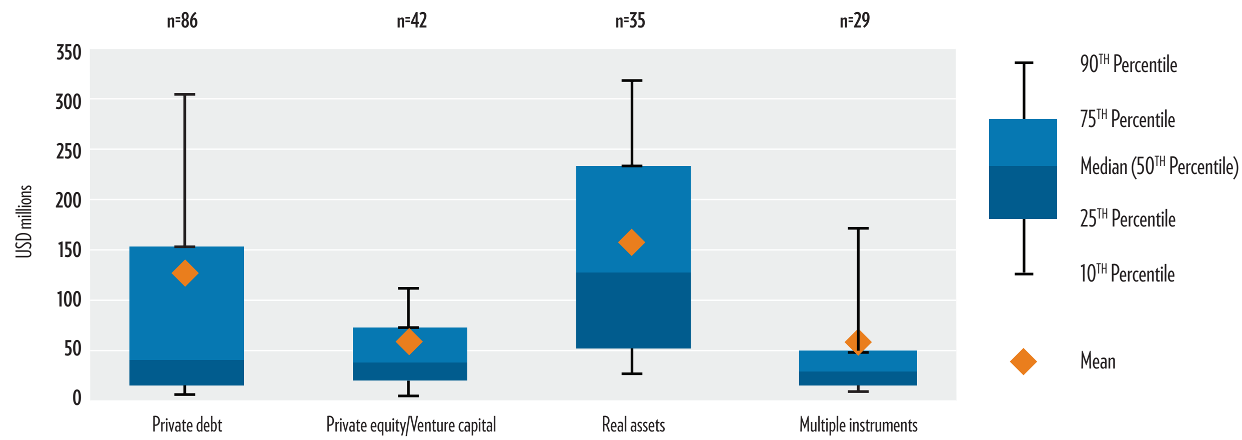
Median and mean calculations exclude respondents that answered 'zero,' as not all fund managers raise capital every year.

	2015	2016 planned
Sum	6,693	12,434
Median	15	50
Mean	94	159
n	71	78

Source: GIIN

- Sixty-two (62) fund managers have raised capital from family offices/high-net-worth individuals (HNWIs), and 57 have raised capital from foundations. While smaller numbers of fund managers have raised capital from banks, pension funds, and DFIs, these three sources have provided the greatest total amount of capital.
- Apart from demonstrating a track record of performance, fund managers generally did not report significant challenges in raising capital from investors.
- For fund managers who have raised more than one fund, most second funds include some investment from first-fund investors—though these repeat investors tend to contribute smaller proportions of the total capital.
- Median fund sizes for private debt and private equity funds are similar (USD 43 and 40 million, respectively). Median fund size for real assets is larger, at USD 129 million (Figure v).

Figure v: Distribution of fund size by asset class



Source: GIIN

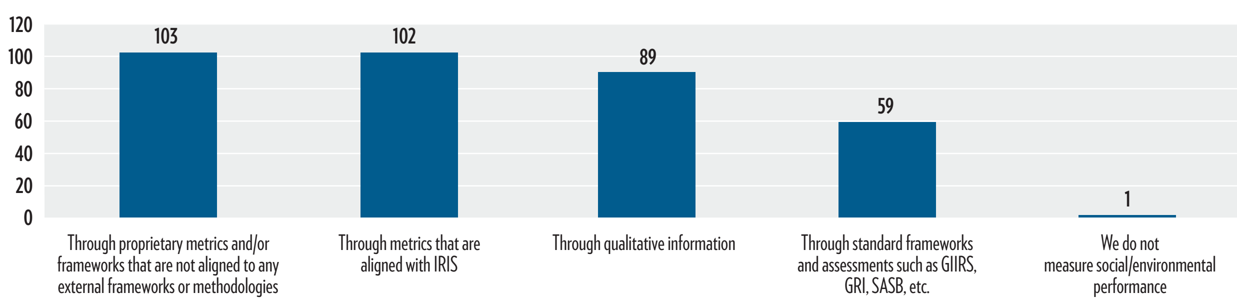
Targeting and measuring social and environmental impact

Impact investors target a range of social and environmental impact themes. Standardized and customized metrics are often used in combination for measuring progress against impact objectives, and a high proportion of respondents reported using data on social and environmental performance for their decision-making.

- At least half of respondents target each of the following social impact themes: access to finance, employment generation, health, education, income/livelihoods, and entrepreneurship.
- Among environmental themes, the top areas of focus are renewable energy, energy efficiency, and clean technology.
- Most respondents (65%) reported using metrics that are aligned with IRIS[5], and the same proportion reported using proprietary metrics and frameworks. Slightly more than half (56%) reported using qualitative information (Figure vi).

Figure vi: How social/environmental performance is measured

Respondents could select multiple options; number of respondents that selected each option shown above each bar.



Source: GIIN

5 IRIS is the catalog of generally accepted performance metrics managed by the GIIN. See http://iris.thegiin.org/. Since some standard frameworks and assessments, such as GIIRS, are built using IRIS metrics, the proportion of respondents using IRIS metrics in some form may be even higher than is reflected here.

- The most common ways of seeking impact are by selling products/services that benefit a target population (82% of respondents) or by providing employment to a target population (66%). Roughly half of respondents report seeking impact by selling products/services that benefit the environment (54%) and pursuing operational improvements that benefit the environment (48%).
- Most respondents integrate responsibility for managing social and environmental performance into their investment teams (56%) or share this responsibility between dedicated staff and investment teams (23%). Only 1% relies on external expertise for measuring impact performance.
- Eighty percent of respondents use data on investees' social and environmental performance for decision-making. Of those who do so, four in five use such data for pre-screening or due diligence, and over 55% use it to improve their investment management and to inform portfolio allocation decisions.

Investment performance

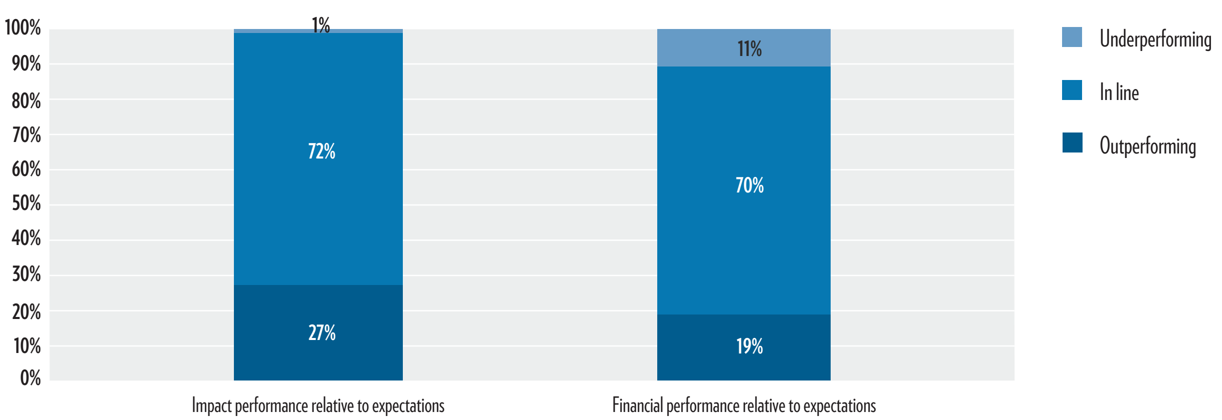
Respondents to the survey indicated high levels of satisfaction with their investment performance.

Performance

- Average gross return expectations for debt were 5.4% in developed markets and 8.6% in emerging markets. For equity, average gross return expectations were 9.5% in developed markets and 15.1% in emerging markets.
- The vast majority of respondents reported that their investments have performed either in line with or exceeded both impact and financial expectations (Figure vii).
    - Eighty-nine percent (89%) reported financial performance in line with or better than their expectations, and 99% reported impact performance in line with or better than expectations.
- While most respondents did not experience any major risk events in 2015, the greatest perceived risk factor remains 'business model execution & management risk,' followed by 'liquidity & exit risk.'

Figure vii: Performance relative to expectations

n = 151; Some respondents chose 'not sure,' and their responses are not included here.



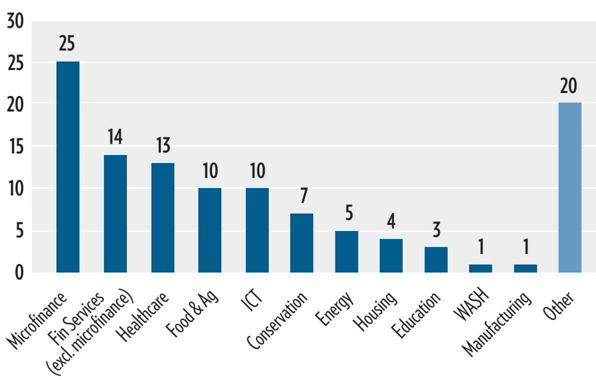
Source: GIIN

Private equity exits

- Across last year's and this year's surveys, a total of 33 respondents reported on 113 private equity exits that took place between 2008 and 2015.
    - Microfinance and other financial services were the sectors with the most exits, with 25 and 14 exits each, respectively. There were also 13 exits in healthcare.
    - Most exits took place in North America (29) and South Asia (27).
    - Respondents held their investments for an average of 58 months before exiting, and most sold their entire stakes.
    - A third of investments were sold to strategic buyers, and a third were sold to financial buyers.

Figure viii: Sample private equity exits by sector, 2008 - 2015

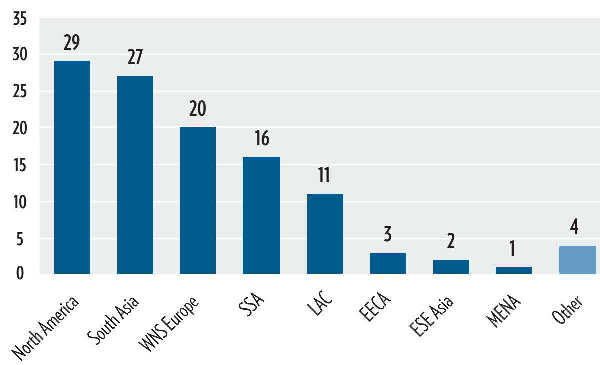
n = 33 investors; 113 exits



Note: 'Other' sectors include tourism, hospitality, business services, real assets, and media.
Source: GIIN

Figure ix: Sample private equity exits by region, 2008 - 2015

n = 33 investors; 113 exits



Source: GIIN

Responsible exits

- Fifty-three percent (53%) of respondents believe that impact investors have a responsibility to try to ensure the continuity of impact after they exit for all types of investments, and a further 29% believe that they have this responsibility for some types of investments.

Investment decision-making

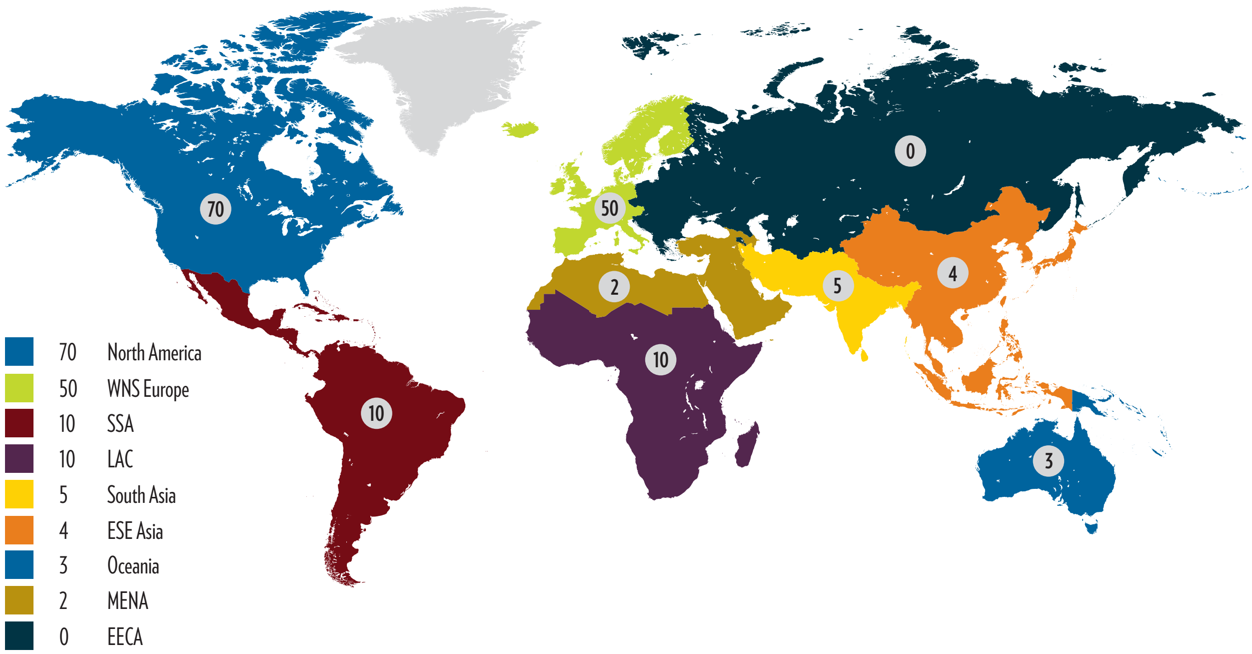
Forty-six respondents allocate capital to both conventional and impact investments. The top reasons these respondents allocate capital to impact investments are commitment as a responsible investor, an efficient way to meet impact goals, and response to client demand. Many of these respondents use either the same or a similar process to make investment decisions for both conventional and impact investments.

Sample Characteristics

In order to better contextualize the analysis, this section provides information on various background characteristics of the respondent sample.

Figure 1: Map of respondent headquarters locations

n = 158



Note: Four respondents did not have a single headquarter location and are not depicted on the map above.
Source: GIIN

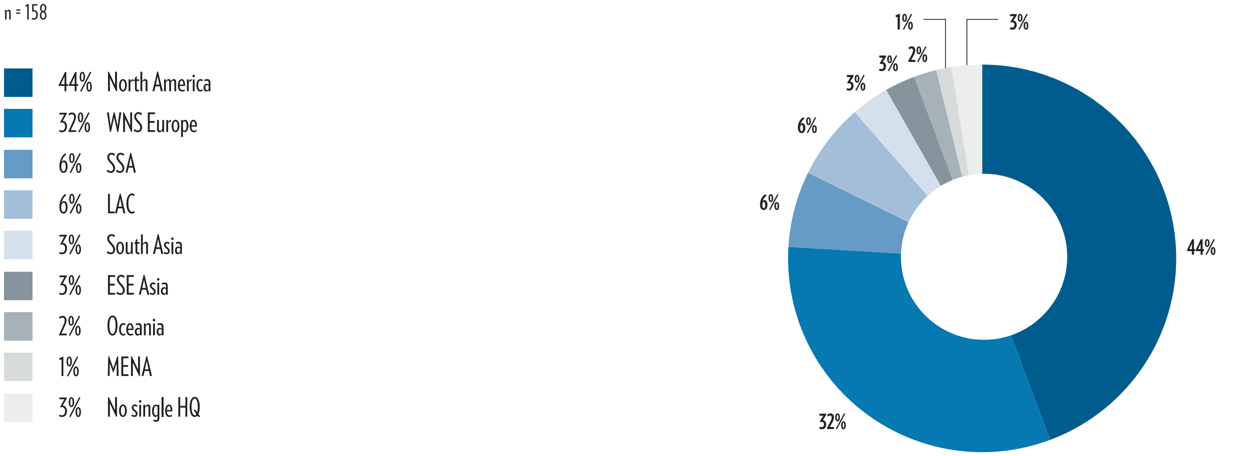
Headquarters locations

Headquarters locations are shown in Figures 1 and 2. Most organizations in the sample are headquartered in developed markets, with 44% of organizations based in North America and 32% based in WNS Europe. Meanwhile, 20% of organizations are headquartered in emerging markets.[6]

6 The remaining organizations have no single headquarters location.

Figure 2: Location of sample headquarters by number of respondents

n = 158



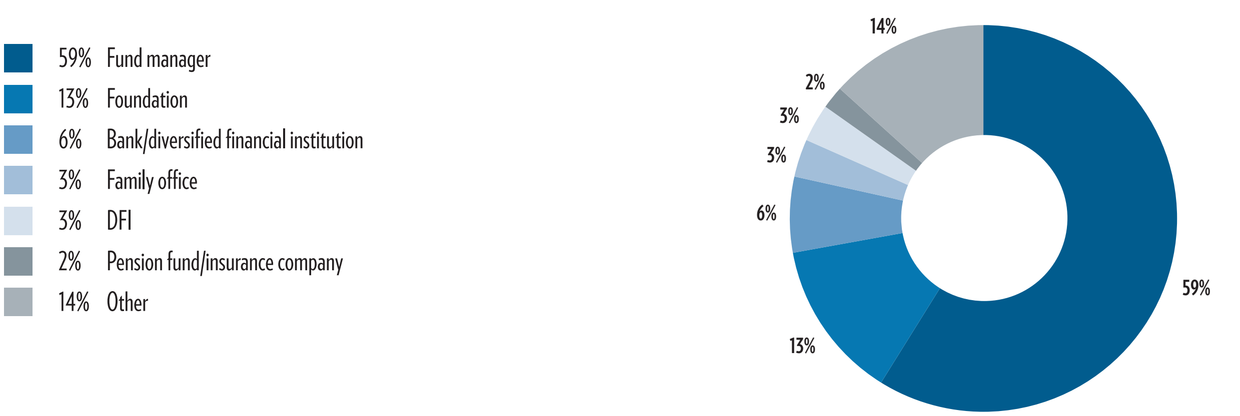
Source: GIIN

Organization type

Among 158 total respondents, 93 organizations (59%) identified as fund managers. A further 21 organizations (13%) identified as foundations (Figure 3). A greater proportion of respondents headquartered in emerging markets are fund managers (77%) compared to the proportion of fund managers among all respondents headquartered in developed markets (53%).

Figure 3: Organization type by number of respondents

n = 158



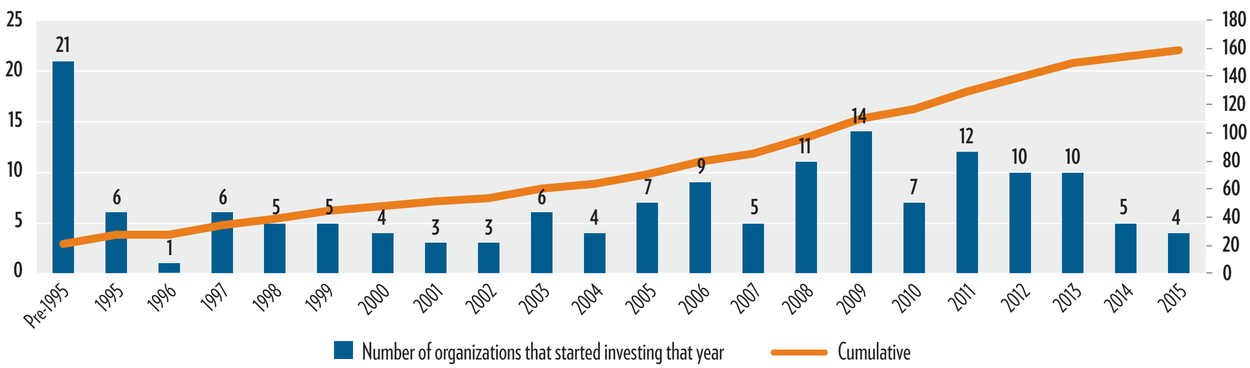
Note: 'Other' includes non-profit organizations, credit unions, community development finance institutions, and hybrid organizations that cannot easily be classified.
Source: GIIN

Year of first impact investment

Over half of respondents (87) made their first impact investment within the last ten years (Figure 4). Among the remaining 71 respondents, 21 (or 13% of the full sample) made their first impact investment before 1995. Seventy-seven percent (77%) of EM-HQ respondents made their first impact investment during the last ten years, compared to 49% of DM-HQ respondents that did so.

Figure 4: Year of first impact investment

n = 158; Left axis bar chart: Number of organizations that started investing that year; Right axis line graph: Cumulative



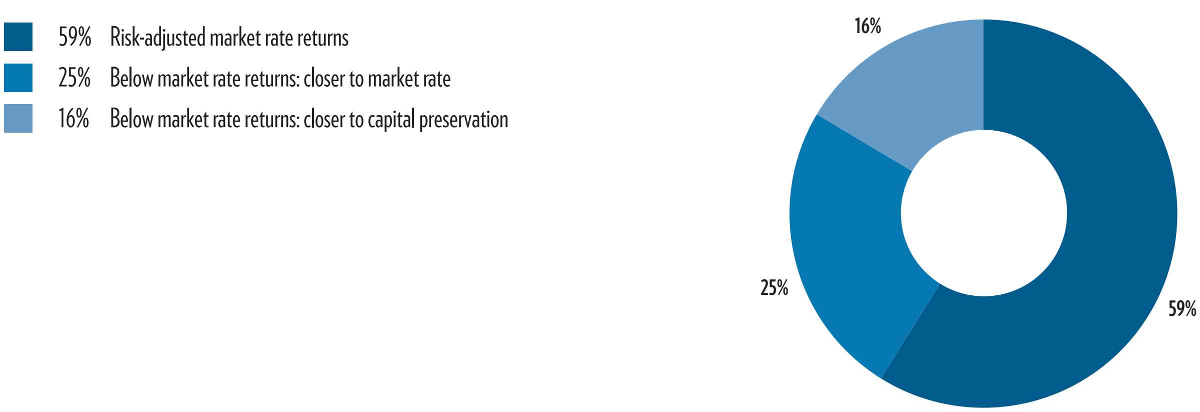
Source: GIIN

Target returns sought

Nearly 60% of respondents primarily target 'risk-adjusted, market rate returns' (Figure 5), while a quarter of respondents primarily target 'below market rate returns: closer to market rate' and 16% target 'below market rate returns: closer to capital preservation.' Later analysis throughout this report will split investors into two categories based on the returns they seek: Market Rate and Below Market respondents.

Figure 5: Target financial returns principally sought by number of respondents

n = 158



Source: GIIN

2015 MARKET DEVELOPMENT

Notable New Entrants and Activity

In the past few years, major institutional investors,[7] such as Zurich Insurance and AXA Group, have entered the impact investing market. That momentum continued to build in 2015, with impact investing gaining traction with additional institutional investors. The examples below reflect growing interest in the impact investing industry from some of the world's leading investing firms.

- In February 2015, **BlackRock Inc.** announced the creation of BlackRock Impact,[8] which will deploy both equity and debt globally into investment solutions that produce measurable social and environmental outcomes.[9] The unit will also manage over USD 225 billion already with the firm in values-aligned strategies. BlackRock appointed Deborah Winshel, formerly of the Robin Hood Foundation, as a Managing Director and the first global head of impact investing at the firm.

- In April 2015, **Bain Capital, LP** announced the formation of a new unit focused on impact investing. The unit plans to raise funds from high-net-worth individuals, public pensions, and endowments to invest in companies and projects that promote broader social good. Investments will focus primarily on the U.S. and will span sectors including health, energy, education, environment, and neighborhood development. Former Massachusetts Governor Deval Patrick joined the private equity firm as Managing Director and is tasked with overseeing the new unit.[10]

- In July 2015, **Goldman Sachs Asset Management** announced that it would acquire **Imprint Capital**, an investment advisory firm exclusively focused on impact investing. While Goldman Sachs has been active in impact investing for many years, its acquisition of Imprint will deepen its capacity to deliver environmental, social, and effective governance (ESG) impact and impact investing opportunities.[11]

- Also in September, Australian Superannuation fund **HESTA** announced a partnership with Social Ventures Australia to launch the Social Impact Investment Trust. HESTA committed AUD 30 million to the trust, which is one of Australia's largest impact funds. The fund aims to raise AUD 100 million to invest in opportunities that improve employment, education, housing, and health.[12]

---

7 'Institutional investor' in this context means a large organization, such as a bank, pension fund, or insurance company, that makes substantial and varied investments.

8 Jessica Toonkel, "Exclusive: BlackRock to Ramp up Impact Investing," *Reuters*, February 9, 2016, http://www.reuters.com/article/us-blackrock-impact-exclusive-idUSKBN0LD18W20150209.

9 BlackRock, "BlackRock Appoints Deborah Winshel to Lead Impact Investing Platform," press release, February 15, 2015, https://www.blackrock.com/corporate/en-us/newsroom/press-releases/article/corporate-one/press-releases/deborah-winshel-lead-impact-investing-platform_US.

10 Ryan Dezember, "Massachusetts Ex-Gov. Patrick to Run New Bain Unit," *Wall Street Journal*, April 13, 2015, http://www.wsj.com/articles/massachusetts-ex-gov-patrick-to-run-new-bain-unit-1428973279.

11 Goldman Sachs, " Goldman Sachs Asset Management (GSAM) to Acquire Leading Institutional Impact Investing Firm Imprint Capital," press release, July 13, 2015, http://www.goldmansachs.com/media-relations/press-releases/current/gsam-announcement-7-13-15.html.

12 Alex Clifton-Jones, "HESTA Partners with SVA to Launch New Impact Fund," *Impact Investing Australia*, September 15, 2015, http://impactinvestingaustralia.com/uncategorized/hesta-partners-with-sva-to-launch-new-impact-fund/.

Investment Activity

Capital committed since inception

Respondents collectively reported USD 116.2 billion in capital committed for impact investments since inception, at an average of USD 735 million and median of USD 87 million. Notably, USD 43.8 billion (38% of total capital committed since inception) has been committed by just three respondents.[13]

Activity in 2015 and plans for 2016

Among the full sample, respondents committed USD 15.2 billion to 7,551 deals in 2015, with a median amount of USD 12 million of capital committed to a median of nine impact investment deals (Table 1).[14] (Notably, the four largest respondents accounted for USD 7.0 billion of this total.) These respondents plan to increase their capital committed in 2016 by 16% to USD 17.7 billion and plan to increase their deal volume by 55% to 11,722 deals. Specifically, 110 (70%) plan to increase the number of deals they make in 2016, and 91 (58%) plan to increase the amount of capital committed (Figure 6). Meanwhile, 30 respondents (19%) plan to decrease the number of deals they make in 2016, while 33 (21%) plan to decrease the amount of capital they will commit.

Table 1: Number and size of investments made and targeted

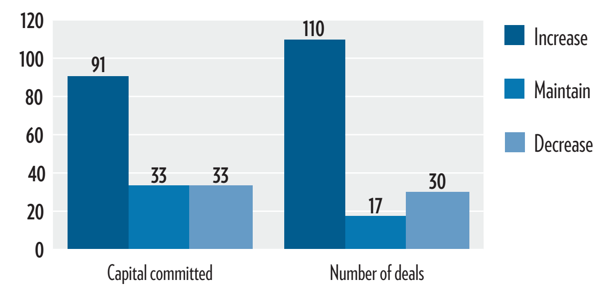
n = 157

	2015 Reported		2016 Planned	
	Number of deals	Capital committed (USD millions)	Number of deals	Capital to be committed (USD millions)
Mean	48	97	75	113
Median	9	12	10	18
Sum	7,551	15,231	11,722	17,723

Source: GIIN

Figure 6: Number of respondents that plan to increase, decrease, or maintain level of activity, 2015-2016

n = 157



Source: GIIN

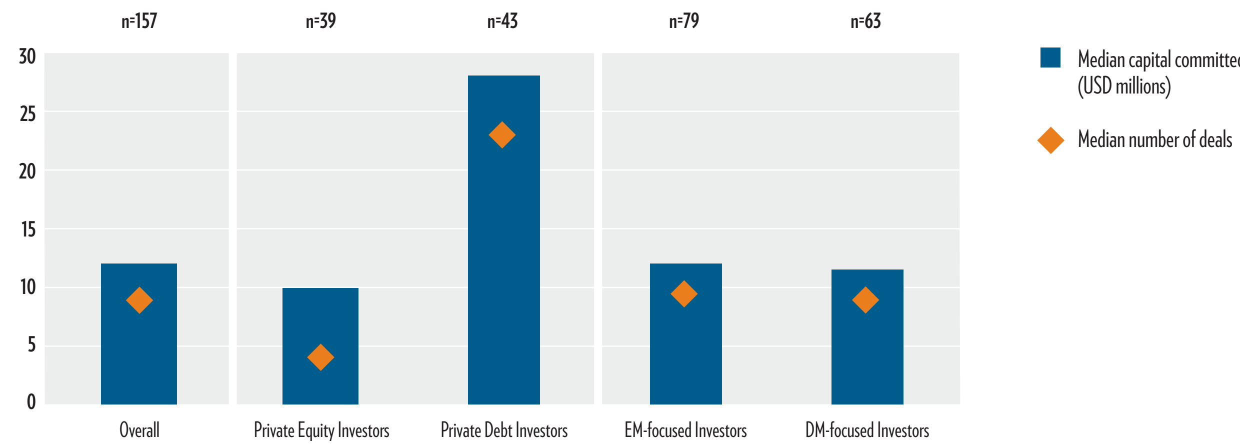
Considering investors by type, there are some notable contrasts between investors primarily using private equity and those primarily using private debt (Figure 7). The median Private Equity respondent completed four transactions and committed USD 10 million in capital in 2015, while the median Private Debt respondent completed 23 transactions and committed USD 28 million during the year.

Survey data indicated less variation by region, with the median EM-focused investor completing nine transactions and committing USD 12 million in capital, while the median DM-focused investor completed nine transactions and committed USD 11 million. These regional figures are close to the numbers reported above for the overall sample.

13 Readers will note that there may be some overlap in respondents' financial commitments as some will invest indirectly through fund managers that have also responded to our survey. We note though, that 73% of the capital managed by our respondents is invested directly into companies or projects, and any potential overlap will only relate to the percentage invested indirectly.

14 Excludes one respondent for which data could not be verified in time to draft this report.

Figure 7: Median capital committed and deals made in 2015



Source: GIIN

Looking at the year ahead, most organization types plan modest growth in aggregate (Table 2). Fund managers and pension funds/insurance companies project the greatest growth in 2016 in terms of the amount of capital they intend to commit. Overall, banks and diversified financial institutions plan to commit less total capital while, conversely, still anticipating an increase in the number of deals they make during the year. Family offices plan a steady level of activity over the next year.

Table 2: Investment activity by organization type

n = 157

		Capital committed (USD millions)			Number of deals		
Organization Type	**n**	**2015 Reported Median**	**2015 Reported Sum**	**2016 Planned Sum**	**2015 Reported Median**	**2015 Reported Sum**	**2016 Planned Sum**
Fund manager	92	10	7,192	9,463	6	4,749	8,425
DFI	4	978	5,012	4,937	76	305	325
Bank/diversified financial institution	10	27	1,609	1,395	15	758	990
Foundation	21	8	260	291	7	182	238
Pension fund/ insurance company	3	75	264	600	9	33	50
Family office	5	6	204	202	9	60	63
Other	22	7	690	836	18	1,464	1,631
Total	**157**	**12**	**15,231**	**17,723**	**9**	**7,551**	**11,722**

Source: GIIN

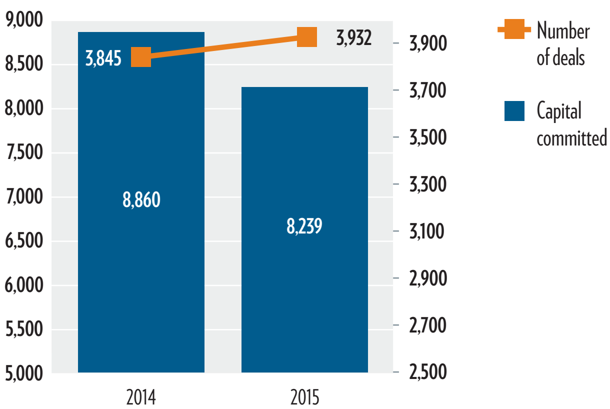
Repeat respondents

2014 reported versus 2015 reported

Ninety-seven respondents provided complete information about amount of capital committed and number of deals on both last year's and this year's surveys.[15] Among this sample group, capital committed decreased slightly (by 7%), while the number of deals increased by 2% (Figure 8). As shown in Figure 9, nearly half of this sub-group of respondents increased their capital committed (47, 48%) and number of deals (45, 46%), while a similar number decreased their capital committed (46, 47%) and number of deals (43, 44%).

Figure 8: Reported activity in 2014 and 2015 among repeat respondents

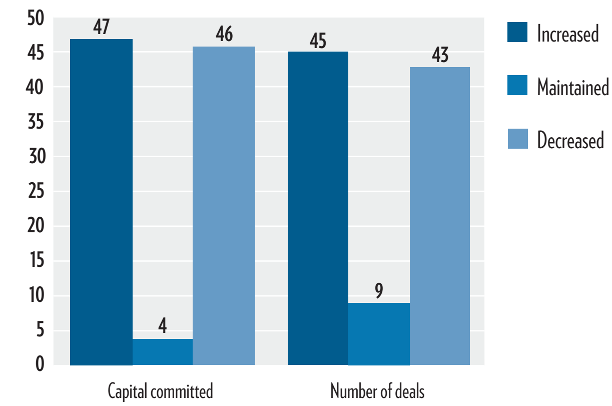
n = 97; Left axis: Committed capital in USD millions; Right axis: Number of deals



Source: GIIN

Figure 9: Number of repeat respondents that increased, decreased, or maintained level of activity, 2014-2015

n = 97



Source: GIIN

2015 planned versus 2015 reported

The Research Team also examined how the 97 repeat respondents' plans for 2015 as indicated in their survey responses last year compared to what they reported in this year's survey (Table 3). Overall, in 2015, 80% of repeat respondents met or exceeded their planned amount of committed capital and number of deals. However, in aggregate, respondents fell short of their planned amount of committed capital and number of deals by 15% and 14%, respectively.

Table 3: Capital committed and number of deals in 2015 among repeat respondents

n = 97

	Planned	Reported	Percent Change	Number that exceeded	Number that met target	Number that fell short
Deals	4,546	3,932	-14%	56	21	20
Capital committed (USD millions)	9,744	8,239	-15%	69	9	19

Source: GIIN

15 There were 101 respondents in total across the two years. However, four of these respondents' surveys had data inconsistencies or inconsistencies in interpretation from one year to the next, so these have been excluded from this analysis.

State of the Impact Investing Market

Progress on indicators of market growth

Respondents were asked to assess progress across a range of indicators of market growth, with high proportions of investors reporting at least some progress on most of these industry-development indicators (Figure 10). In addition, 20% saw 'significant progress' in 'research and data on products and performance,' and 19% saw 'significant progress' in terms of both 'professionals with relevant skillsets' and 'high-quality investment opportunities (fund or direct) with track records'.

Consistent with last year's survey, the greatest number of respondents saw 'no progress' in two areas of market development: government support and suitable exit options. However, even in these two categories, more than half of respondents felt there had been at least some progress over the year.

While one respondent (an investment management firm) commented that local government support has diminished, another felt that governments around the world have awakened to impact investing: "We have seen a significant improvement in the realization by government organizations that development impact can only be achieved in collaboration with the private sector".

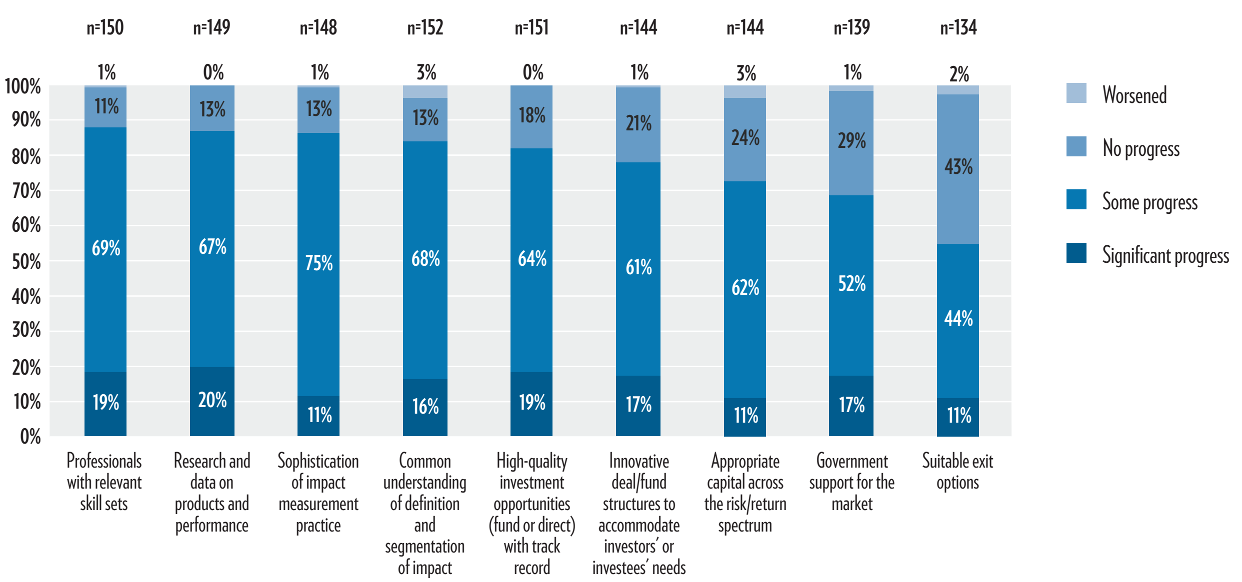
Respondents' comments on industry progress

"The GIIN/Cambridge Benchmark Report has brought a first example of research on real returns. Often cited as a reference."
– Foundation

"We have seen a significant improvement in the realization by government organizations that development impact can only be achieved in collaboration with the private sector."
– Respondent

Figure 10: Progress on indicators of market growth

Number of respondents is shown above each indicator; some respondents chose 'not sure,' and their responses are not considered here.



Source: GIIN

Social Impact Investment Taskforce

In 2014, governments around the world expressed support for impact investing through their support of the Social Impact Investment Taskforce. This task force, established under the UK presidency of the G8, included several working groups and national advisory boards for the countries involved. Respondents were asked how this activity had affected their work in the year since. Among 39 respondents commenting on the task force, about half indicated that the Taskforce has had some positive impact. Fourteen (36%) felt the Taskforce had elevated awareness of impact investing among governments, institutional investors, and the general public. Two respondents (5%) were involved on the advisory board or in local efforts, and two other respondents (5%) had adjusted their impact strategies to reflect the recommendations of the Taskforce. However, 21 (54%) also said they have not yet felt any impact on their activities.

Respondents from three countries noted specific actions taken by their governments in response to the Taskforce: Canada has taken initial steps to develop a DFI, the French Development Agency has established dedicated impact investing facilities, and Israel has issued its first social impact bonds and a "matching fund to support employment of under-served populations."

Respondents' comments on the Social Impact Investment Taskforce

"I have learned a lot from other country's [sic] experiences and the process has expanded my view of the broader global narrative on impact investing and how it is perceived or interpreted."
– Foundation

"The taskforce's work had little to no direct effect on our activities, but it did help raise the impact investing industry's profile, lending the practice greater credibility in the market."
– Family office

"[We've seen] higher interest from all types of investors, [and] launching of an international community [which is] reassuring for the sector."
– Fund manager

Challenges

The two most critical challenges to industry growth identified by respondents this year are the same as have been identified for the past three years: 'lack of appropriate capital across the risk/return spectrum' and 'lack of high-quality investment opportunities (fund or direct) with track record' (Table 4).[16] Nonetheless, as noted above, a majority of respondents also saw at least some progress in these two areas. The area in which the least number of respondents saw at least some progress was 'suitable exit options' and this ranked as the third-greatest challenge overall.

Table 4: Challenges to the growth of the impact investing industry

n = 158; 'Progress' column indicates the percent of respondents that noted 'some' or 'significant' progress on this indicator from Figure 10

Rank	Score	Available answer choices: "Lack of..."	Progress
1	431	Appropriate capital across the risk/return spectrum	73%
2	379	High-quality investment opportunities (fund or direct) with track record	82%
3	280	Suitable exit options	55%
4	265	Innovative deal/fund structures to accommodate investors' or investees' needs	78%
5	260	Common understanding of definition and segmentation of the impact investing market	84%
6	220	Research and data on products and performance	87%
7	216	Sophistication of impact measurement practice	86%
8	205	Professionals with relevant skill sets	88%
9	114	Government support for the market	69%

Note: Respondents ranked the top five challenges from a choice of nine options. Scores are calculated by weighting each rank by the number of respondents that selected it and summing those weighted totals.
Source: GIIN

The top two challenges are consistent across geographies. However, whereas respondents investing primarily in emerging markets ranked 'lack of suitable exit options' as the third-greatest challenge, those investing primarily in developed markets ranked 'lack research and data on performance and products' third. As noted above, many investors saw some progress in this area, perhaps indicating an appetite for even more research and data.

16 In previous years, the answer choice regarding high-quality investment opportunities did not specify 'fund or direct' in the wording.

The topic of definition and segmentation of the impact investing market attracted several interesting comments from respondents. One investor noted there is a "need to move away from a single definition of impact investing—there are different risk, return, and impact characteristics in different sectors, geographies, and deal sizes." Another (a non-bank financial institution) noted that "we are still seeing that there is often disproportionate focus on financial returns and social/environmental impact is taken for granted. Whereas some types of impact can be generated without sacrificing financial return, we should avoid the conclusion that it is possible to generate all types of impact without sacrificing financial return."

Respondents that indicated 'lack of appropriate capital across the risk/return spectrum' as a challenge were asked to provide more detail regarding where along that spectrum they saw the greatest gap(s). Of the 39 respondents that provided detailed comments, the highest number identified gaps related to stage-of-business or risk tolerance. In terms of stage, many respondents (31) noted a lack of seed, early-, and venture-stage capital. In terms of risk, respondents identified limited availability of risk-willing capital that would accept higher impact in lieu of higher financial returns (12), opportunities for first-loss capital or loan guarantees (4), and a need for analysis and pricing of emerging-market or forex risk (2). Some respondents also noted there is a lack of market rate, risk-adjusted capital (4), and four respondents noted there is a lack of patient, long-term capital. Further, five respondents identified an opportunity for institutional investors to engage more across the entire risk/return spectrum.

2015 MARKET DEVELOPMENT

U.S. Regulations

2015 saw two important regulatory updates governing the investment activities of private foundations and federally regulated pension funds in the United States, both of which hold promise for encouraging greater capital flows into impact investments.

Guidance for Foundations

In September, the U.S. Treasury Department issued guidance stating that private foundations may invest their endowments with an eye towards their own charitable purposes, even if doing so might sacrifice financial returns.[17] "When exercising ordinary business care and prudence in deciding whether to make an investment, foundation managers may consider all relevant facts and circumstances, including the relationship between a particular investment and the foundation's charitable purposes," the guidance stated.

It further clarified that "foundation managers are not required to select only investments that offer the highest rates of return, the lowest risks, or the greatest liquidity so long as the foundation managers exercise the requisite ordinary business care and prudence under the facts and circumstances prevailing at the time of the investment in making investment decisions that support, and do not jeopardize, the furtherance of the private foundation's charitable purposes."

A 2011 study by the Commonfund Institute found that nine percent of private foundations applied ESG criteria to their investment decisions. In 2015, a study, also by the Commonfund—this time in partnership with the Council on Foundations—found that 19% of private foundations used various types of mission-aligned investing strategies, such as negative screening and direct impact investing.[18] Thus, the U.S. Treasury's guidance provides welcome clarity as foundations seem to be increasingly interested in using mission-related investing to further their charitable goals.

Guidance for Pension Funds

In October, the U.S. Department of Labor (DoL) issued new guidance for pension funds interested in pursuing "economically targeted investments" (ETIs), a type of impact investment that seeks certain social or environmental goals alongside a market-rate financial return.[19]

> "Issues like the US Department of Labor clearing the way for impact investing in retirement plans in Oct 2015 are important advances into unleashing potential capital flows to our fund in the future."
>
> – Fund manager

The new DoL guidance is intended to encourage more ETIs. It states that "fiduciaries may consider social and environmental goals as tie-breakers when choosing between investment alternatives that are otherwise equal with respect to return and risk over the appropriate time horizon." The guidance also clarifies that "environmental, social, and governance issues may have a direct relationship to the economic value of the plan's investment," and thus that these issues "are not merely collateral considerations or tie-breakers, but rather are proper components of the fiduciary's primary analysis of the economic merits of competing investment choices."

U.S.-based pension funds have a combined USD 17.9 trillion in assets under management.[20] According to a survey by Deloitte, as of 2013 only six percent of U.S. pension funds had made an impact investment, but 64% said they expected to make impact investments in the future. This revised ETI guidance can hopefully spur pension funds towards realizing those ambitions.

---

17 Peter Holiat, Office of the Associate Chief Counsel (Tax-Exempt and Government Entities Division), "Investments Made for Charitable Purposes: Notice 2015-62," *Internal Revenue Service*, https://www.irs.gov/pub/irs-drop/n-15-62.pdf.

18 John Cochrane, "The MRI Guidance Is a Really Big Deal," *Council on Foundations* (blog), September 23, 2015, http://www.cof.org/blogs/re-philanthropy/2015-09-23/mri-guidance-really-big-deal.

19 Department of Labor, Employee Benefits Security Administration, "Interpretive Bulletin Relating to the Fiduciary Standard under ERISA in Considering Economically Targeted Investments," 29 CFR 2509, RIN 1210-AB73

(Oct. 26, 2015), https://federalregister.gov/a/2015-27146.

20 The new guidance only applies to pension plans that are governed by the federal Employment and Retirement Securities Act of 1974 (ERISA), which covers about half of all pension assets under management in the United States. However, in practice, even pension funds that are regulated at the state and local levels have typically adopted some version of the federal ERISA standards. See John Griffith and Diane Yentel, "New Guidance Opens the Door for More Impact Investments by Pension Funds," Enterprise (blog), October 22, 2015, http://blog.enterprisecommunity.com/2015/10/administration-investments-pension.

Asset Allocations and Future Plans

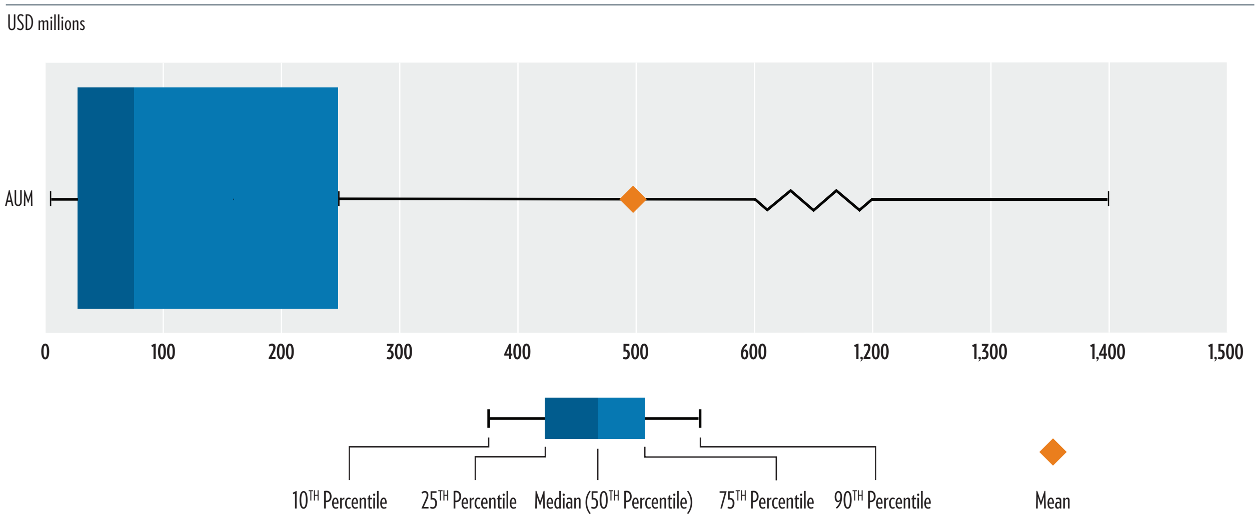
This section breaks down respondents' impact investing assets under management (AUM) by region, sector, instrument, and stage of business, as well as noting planned allocation changes during 2016.

Assets under management

As of the end of 2015, 156 respondents to this year's survey collectively managed USD 77.4 billion in impact investing assets.[21] The average and median impact investing AUM of these respondents were USD 496 million and USD 75 million, respectively, reflecting the fact that a handful of respondents are managing large pools of impact investing assets (Figure 11).

The three largest respondents account for USD 27.9 billion of the total sample AUM of USD 77.4 billion. Analysis in this section will both include and exclude these outliers to provide readers with more helpful insights.

Figure 11: Distribution of sample AUM



Source: GIIN

More specifically, the three largest respondents account for USD 27.9 billion (36%) of the total USD 77.4 billion AUM in the sample. As warranted, this section will present analyses that both include and exclude these outliers in order to provide more helpful insights.

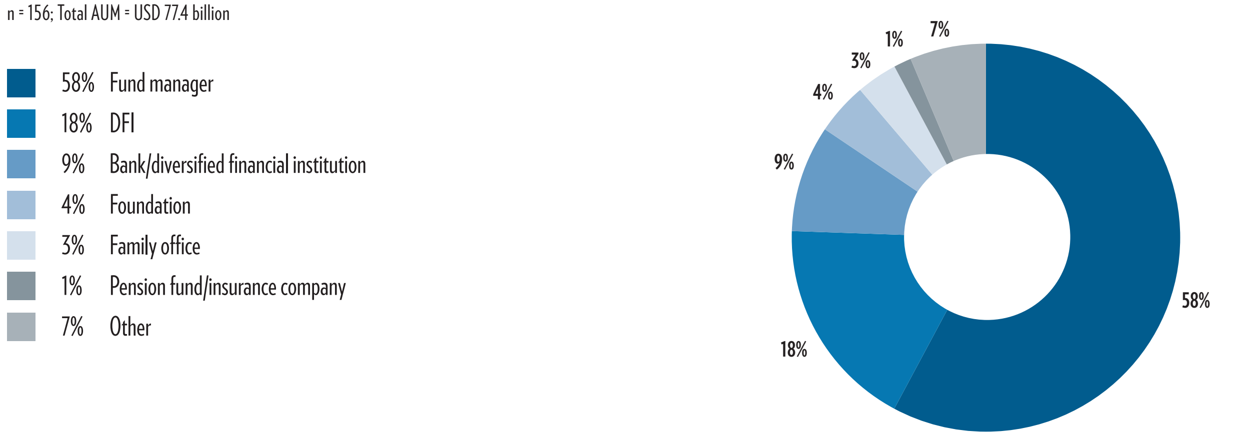
21 Two respondents declined to provide AUM information.

AUM by organization type

The volume of impact investing AUM varies by organization type (Figure 12). Fund managers, which account for 57% of the total respondent sample, manage 58% of sample AUM. DFIs, which make up only 3% of the total respondent sample, account for 18% of sample AUM, while banks account for 9% of sample AUM. Overall, the median AUM for DFIs and pension funds/insurance companies are USD 1,742 million and USD 435 million, respectively (Table 5). Fund managers, family offices, and foundations all manage roughly USD 55-80 million at the median.

Figure 12: Total AUM by organization type

n = 156; Total AUM = USD 77.4 billion



Source: GIIN

Table 5: AUM statistics by organization type, USD millions

	AUM (USD Millions)			
Organization type	Total	Mean	Median	Count
Fund manager	44,758	486	77	92
DFI	13,564	3,391	1,742	4
Bank/diversified financial institution	6,882	688	181	10
Foundation	3,364	160	58	21
Family office	2,641	660	66	4
Pension fund/insurance company	1,135	378	435	3
Other	5,058	230	35	22
Total	**77,402**	**496**	**75**	**156**

Source: GIIN

AUM by geographic focus

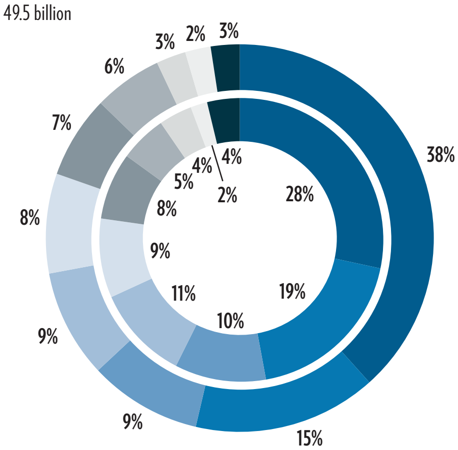
Impact investors make investments all over the world. Overall, roughly half of assets under management are in developed markets and half are in emerging markets, even though the investors managing the vast majority of this capital are headquartered in developed markets (Figure 2, in the Sample Characteristics section). Excluding outlier investors, 28% of global AUM is allocated to North America and 19% to SSA, with roughly 10% allocated to each of WNS Europe, LAC, EECA, and South Asia (Figure 13).

It is also instructive to consider the number of investors with any allocation to a specific region (Figure 14). The number of investors having any allocation to SSA, LAC, and South Asia is more-or-less on par with the number that have an allocation to North America. Further, nearly half as many investors have some allocation to MENA as do to North America, even though the AUM allocation to these regions is 2% versus 38%, respectively. This suggests that most investors typically have smaller volumes of capital allocated to various emerging markets than they do to North America.

Figure 13: Total AUM by geography

Outer circle: Full sample: n = 156; total AUM = USD 77.4 billion Inner circle: Excluding outliers: n = 153; total AUM = USD 49.5 billion

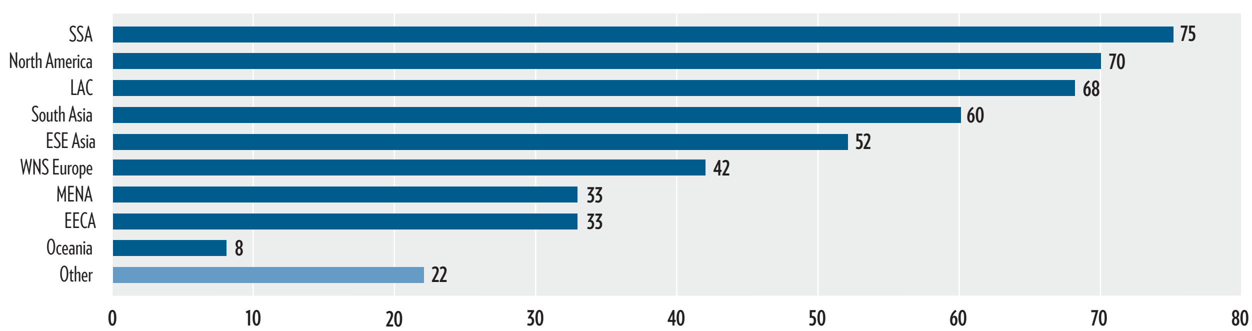
Full Sample	Excluding Outliers	
38%	28%	North America
15%	19%	SSA
9%	10%	LAC
9%	11%	WNS Europe
8%	9%	EECA
7%	8%	South Asia
6%	5%	ESE Asia
3%	4%	Oceania
2%	2%	MENA
3%	4%	Other



Note: Respondents that allocated to 'other' geographies primarily described investments with a global focus and/or investments that span multiple regions.
Source: GIIN

Figure 14: Number of respondents with allocations to a geography

n = 158



Note: Respondents that allocated to 'other' geographies primarily described investments with a global focus and/or investments that span multiple regions.
Source: GIIN

There are some notable differences in geographic allocations between investors (excluding the three outliers) in different segments (Table 6):[22]

- Nearly half of assets managed by Private Equity investors are in South Asia and SSA, whereas Private Debt investors have a strong focus on North America, EECA, and LAC.
- Investors headquartered in WNS Europe and North America account for 92% of total sample AUM between them. Those headquartered in Europe tend to have portfolios diversified across the globe (including in WNS Europe itself), whereas those headquartered in North America have a significant allocation to North America itself.
- Nearly a third of assets managed by respondents seeking risk-adjusted, market rate returns is allocated to North America, while more than a third of assets managed by those principally seeking below-market returns is in SSA.

22 Although the insights described exclude the three large outlier respondents, the conclusions are largely the same if they are included, except that North America becomes a much larger focus for Below Market respondents.

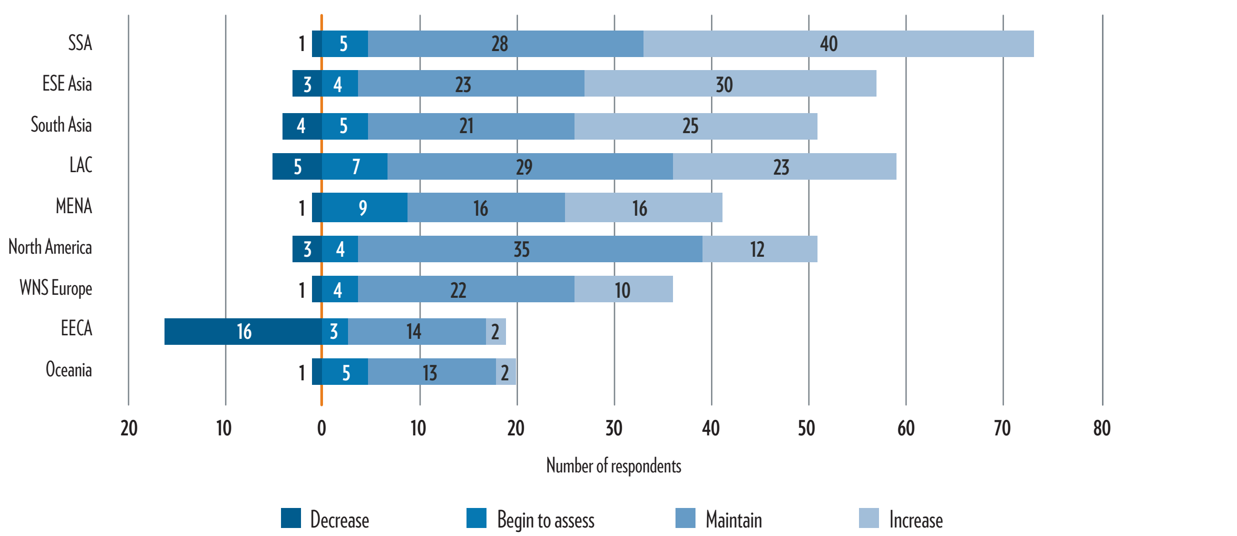
Table 6: Geographic allocations by various segments

	Asset class focus		Headquarters		Target returns	
	Private Debt Investors	Private Equity Investors	North America	WNS Europe	Market Rate Investors	Below Market Investors
EECA	19.6%	1.4%	2.0%	19.6%	11.3%	3.3%
ESE Asia	8.0%	6.2%	3.5%	7.9%	5.8%	4.5%
LAC	17.5%	13.2%	5.2%	17.8%	11.2%	7.9%
MENA	3.6%	3.3%	0.6%	3.3%	2.2%	1.2%
North America	24.6%	17.1%	64.6%	4.3%	31.4%	20.7%
Oceania	0.3%	0.8%	0.0%	0.7%	5.4%	0.0%
South Asia	8.6%	25.3%	6.2%	8.3%	8.9%	4.7%
SSA	12.6%	23.9%	8.9%	12.5%	11.9%	36.4%
WNS Europe	2.3%	6.2%	1.2%	24.3%	10.2%	11.7%
Other	2.8%	2.7%	7.7%	1.3%	1.6%	9.4%
Number of Investors	**39**	**43**	**69**	**48**	**90**	**63**
Total AUM (USD millions)	**18,522**	**4,965**	**20,225**	**20,928**	**35,777**	**13,746**

Note: Figures in this table exclude the three large outlier respondents.
Source: GIIN

Looking ahead, emerging markets are a key area of focus for impact investors (Figure 15). Forty investors (25%) plan to increase their allocations to SSA over the coming year, while 23-30 (15-19%) are planning to increase their allocations to each of ESE Asia, South Asia, and LAC. Notably, 16 investors (10%) plan to decrease their allocations to EECA.

Figure 15: Planned allocation changes by geography during 2016



Source: GIIN

2015 MARKET DEVELOPMENT

Research on Impact Investing in Africa

For the past three years, more investors have indicated that they would like to increase their allocations to sub-Saharan Africa than to any other region. Yet detailed information on impact investing in the region has been sparse, until recently. In 2015 and early 2016, several studies aimed to provide insights to help impact investors and other stakeholders better navigate these markets.

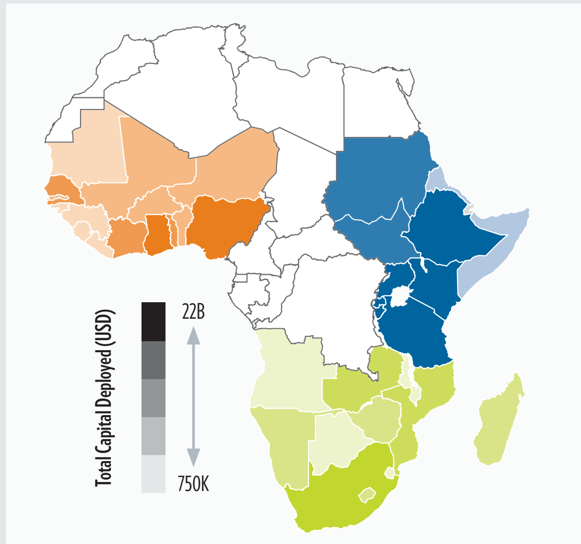
Three such studies were published by the GIIN, in partnership with Open Capital Advisors and Dalberg Global Development Advisors, focusing on East, West, and Southern Africa.[23] The figure at right shows the number of active impact investors and relative amounts of capital deployed in all three regions (the majority of activity has been within the past 10 years). In sum, these studies found a total of USD 7.3 billion of private impact investment capital and USD 31.1 billion of capital from development finance institutions deployed across the three regions over the past decade. The studies also break down the deployment of capital by instrument and deal size, along with providing information on the supply of capital, demand for investments, and ecosystem for impact investing in each region.

Additional research published in 2015 about impact investing activity in sub-Saharan Africa reflects broad interest in the region:

- The **United Nations Development Programme** (UNDP) published a report on the trends, constraints, and opportunities for impact investors in Africa.[24] This report explores both the demand and supply of impact investment capital in sub-Saharan Africa and proposes a framework for collaboration between private- and public-sector actors to grow the market.
- The **UK Department for International Development** (DFID) published a survey of impact investment markets in both sub-Saharan Africa and South Asia as of 2014.[25] The study explored market dynamics, investor perceptions, and recommendations for future investment in both regions.

These studies are important first steps in better understanding impact investment markets at regional and country levels in different parts of the world.

Total Impact Investing Capital Deployed by Country



East Africa Landscape Study (11 countries):
- 20 International DFIs
- 135 Non-DFIs

West Africa Landscape Study (16 countries):
- 14 International DFIs
- 32 Non-DFIs

Southern Africa Landscape Study (12 countries):
- 23 International DFIs
- 3 Domestic DFIs
- 81 Non-DFIs

Note: DFIs are Development Finance Institutions, government-backed entities that invest in the private sector for the purpose of economic development. Non-DFIs include fund managers, foundations, angel investors, banks, and pension funds.

23 To access these reports, see The GIIN, "Knowledge Center," https://thegiin.org/knowledge-center/. In 2015, the GIIN also published a report on the *Landscape for Impact Investing in South Asia*, https://thegiin.org/knowledge/publication/the-landscape-for-impact-investing-in-south-asia.

24 UNDP, *Impact Investing in Africa: Trends, Constraints, and Opportunities* (UNDP: New York, 2015), http://www.undp.org/africa/privatesector.

25 DFID: Impact Programme, "Survey of the Impact Investment Markets 2014: Challenges and Opportunities in sub-Saharan Africa and South Asia" (London: DFID, August 2015), http://www.theimpactprogramme.org.uk/wp-content/uploads/2015/08/DFID-Impact-Programme-Market-Survey-Web-20151.pdf.

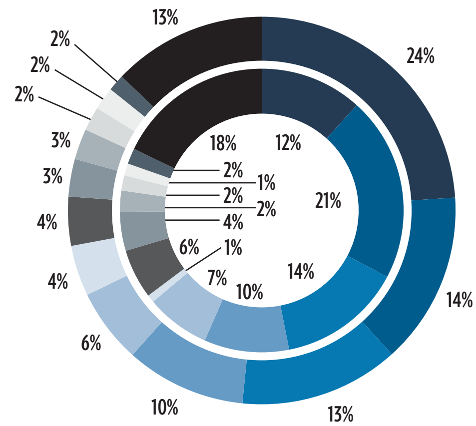
AUM by sector

Impact investors allocate capital to a wide range of sectors. Microfinance, energy, housing, and other financial services (excluding microfinance) enjoy the greatest aggregate allocations across the sample (Figure 16). Interestingly, however, food & agriculture and healthcare are the sectors to which the greatest number of investors have any allocation (Figure 17), although combined they account for roughly 10% of sample AUM (or 13% excluding outliers). This suggests these sectors have a high number of small allocations.

Figure 16: Total AUM by sector

Outer circle: Full sample: n = 156; total AUM = USD 77.4 billion Inner circle: Excluding outliers: n = 153; total AUM = USD 49.5 billion

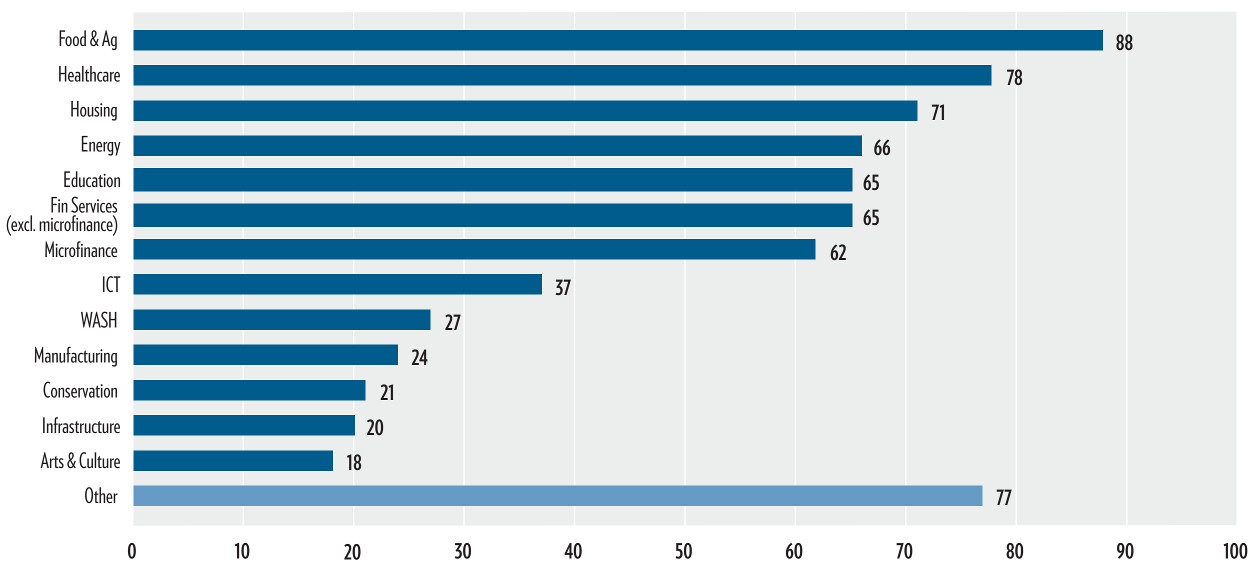
Full Sample	Excluding Outliers	
24%	12%	Housing
14%	21%	Microfinance
13%	14%	Energy
10%	10%	Fin Services (excl. microfinance)
6%	7%	Food & Ag
4%	1%	WASH
4%	6%	Healthcare
3%	4%	Education
3%	2%	Manufacturing
2%	2%	ICT
2%	1%	Infrastructure
2%	2%	Conservation
13%	18%	Other



Note: 'Other' includes arts & culture, timber, forestry, waste management, pollution control, humanitarian assistance, community revitalization, and childcare.
Source: GIIN

Figure 17: Number of respondents with allocations to a sector

n = 158



Source: GIIN

There are some interesting contrasts in the sample for various segments:[26]

- Private Debt investors' assets are focused in microfinance, with over one-third of their AUM allocated to this sector. By contrast, nearly one-quarter of assets managed by Private Equity investors is allocated to other financial services (excluding microfinance).
- Respondents headquartered in North America have a strong focus on energy and housing, but these respondents have allocated less than five percent of their AUM to microfinance. On the other hand, 43% of assets managed by respondents headquartered in WNS Europe is allocated to microfinance alone.
- Finally, respondents focused on developed markets appear to favor housing and energy, while those focused on emerging markets have a large collective allocation to microfinance.

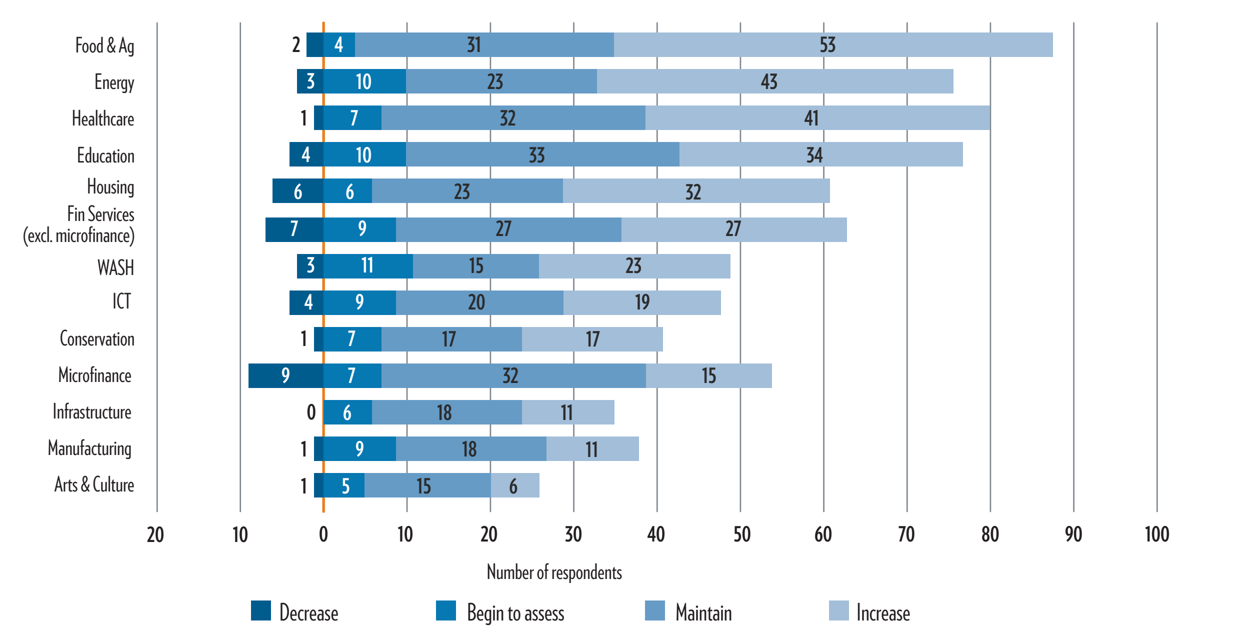
Table 7: Sector allocations by various segments

	Asset class focus		Headquarters		Geographic focus	
	Private Debt Investors	Private Equity Investors	North America	WNS Europe	DM-focused Investors	EM-focused Investors
Conservation	2.1%	6.0%	2.3%	1.6%	2.8%	1.4%
Education	7.9%	3.9%	5.0%	4.8%	4.6%	4.9%
Energy	13.7%	7.1%	18.5%	13.9%	14.3%	10.3%
Food & Ag	7.9%	14.4%	5.3%	9.7%	5.0%	9.0%
Fin Services (excl. microfinance)	9.4%	23.5%	11.7%	4.0%	8.7%	10.8%
Healthcare	2.1%	6.0%	9.3%	3.1%	4.7%	2.5%
Housing	6.3%	6.2%	17.3%	9.6%	22.5%	4.6%
ICT	1.3%	6.2%	3.1%	0.4%	1.4%	2.0%
Infrastructure	0.0%	0.4%	1.2%	0.2%	0.9%	1.7%
Manufacturing	1.8%	1.5%	1.7%	0.6%	1.7%	3.7%
Microfinance	36.2%	15.7%	4.6%	43.4%	1.4%	36.0%
WASH	0.1%	2.2%	0.9%	0.5%	0.6%	1.1%
Other	11.3%	6.9%	19.0%	8.2%	31.4%	12.0%
Number of Investors	**39**	**43**	**69**	**48**	**61**	**77**
Total AUM (USD millions)	**18,522**	**4,965**	**20,139**	**20,928**	**18,155**	**24.111**

Note: Figures in this table exclude the three large outlier respondents
Source: GIIN

Looking ahead, respondents report a strong interest in increasing their allocations to a range of basic services sectors. Food & agriculture, energy, healthcare, education, and housing are the sectors to which the greatest number of respondents plan to increase allocations (Figure 18).

Figure 18: Planned allocation changes by sector during 2016



Source: GIIN

26 The insights described here exclude the three large outlier respondents. However, the primary conclusions are consistent even for the full sample.

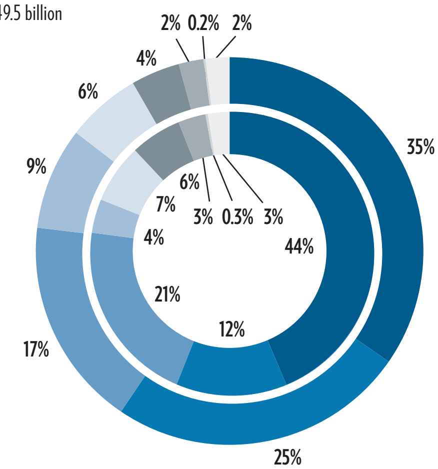
AUM by instrument

Private equity and private debt are the most common instruments used in impact investing, deployed by 110 and 89 respondents, respectively (Figure 20). However, the overall allocation to private debt is much higher than that to private equity, reflecting the fact that some larger investors allocate much more of their capital to private debt. The significant overall allocation to real assets is driven by one very large investor; the adjusted allocation, excluding outliers, is shown in the inner circle of Figure 19.

Figure 19: Total AUM by instrument

Outer circle: Full sample: n = 156; total AUM = USD 77.4 billion   Inner circle: Excluding outliers: n = 153; total AUM = USD 49.5 billion

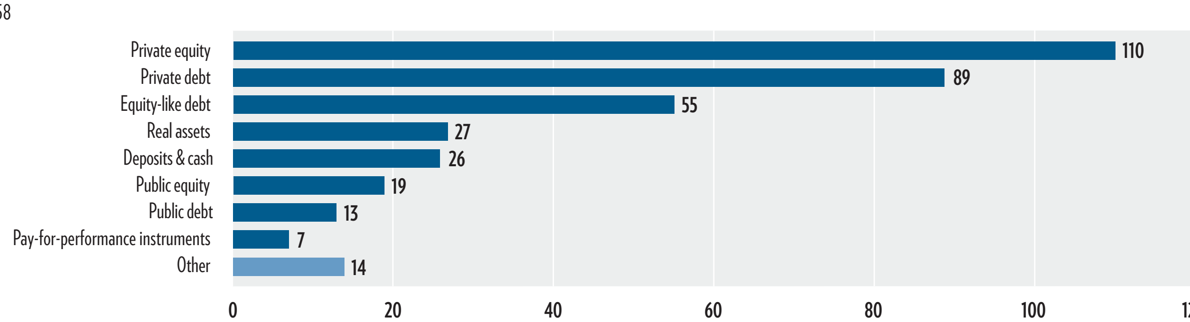
Full Sample	Excluding Outliers	
35%	44%	Private debt
25%	12%	Real assets
17%	21%	Private equity
9%	4%	Public equity
6%	7%	Equity-like debt
4%	6%	Public debt
2%	3%	Deposits & cash
0.2%	0.3%	Pay-for-performance instruments
2%	3%	Other



Source: GIIN

Figure 20: Number of respondents with allocations using an instrument

n = 158



Source: GIIN

It is also useful to examine how allocations by instrument vary with organization type. The figures in Table 8 exclude the three large outlier respondents.[27] Of the various asset owners, notably, family offices and pension funds/insurance companies use debt instruments minimally, focusing instead on equity (primarily private equity) and real assets. DFIs and financial institutions, on the other hand, utilize far more debt than equity. Finally, foundations use these two types in roughly equal measure, and fund managers utilize a broad range of instruments, including real assets.

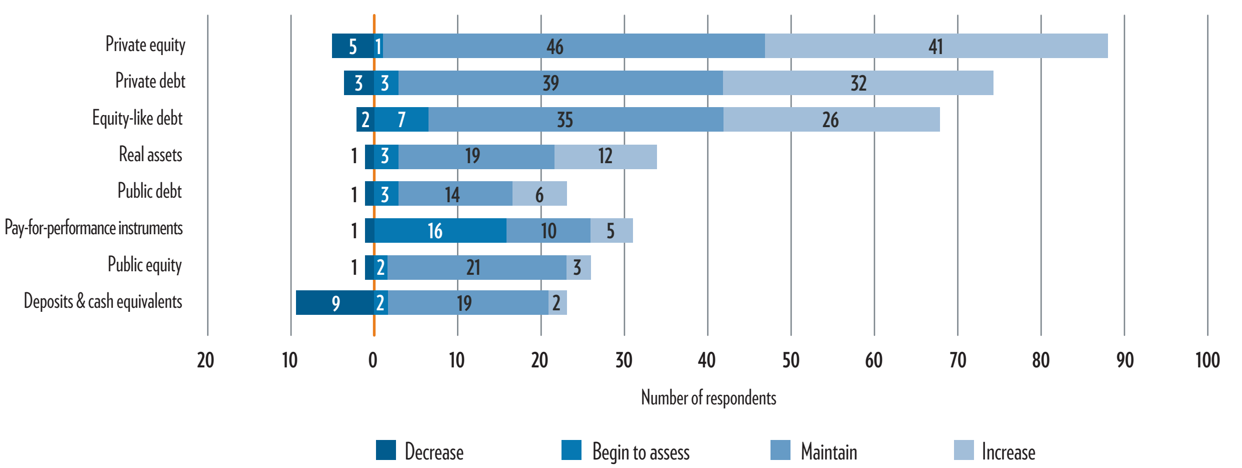
Table 8: Instrument allocation by organization type

	Bank/diversified financial institution	DFI	Family office	Foundation	Fund manager	Pension fund/insurance company	Other	AUM (USD millions)
Deposits & cash	5.3%	0.0%	0.0%	0.3%	4.2%	4.5%	1.0%	**1,597**
Private debt	78.3%	93.0%	0.6%	32.6%	38.8%	8.6%	23.7%	**21,583**
Public debt	0.0%	0.0%	0.6%	2.1%	10.4%	0.0%	1.7%	**2,964**
Equity-like debt	0.1%	1.0%	0.1%	4.7%	3.5%	0.0%	45.3%	**3,439**
Private equity	14.2%	3.9%	40.1%	27.8%	22.4%	42.5%	16.7%	**10,442**
Public equity	0.1%	0.0%	20.0%	8.9%	4.1%	0.4%	0.3%	**1,952**
Real assets	1.9%	0.0%	38.7%	0.2%	15.2%	42.6%	8.8%	**6,147**
Pay-for-performance instruments	0.0%	0.0%	0.0%	0.4%	0.2%	0.1%	1.2%	**137**
Other	0.0%	2.1%	0.0%	23.1%	1.1%	1.4%	1.4%	**1,242**
Number of investors	**10**	**3**	**5**	**21**	**91**	**3**	**22**	**155**
AUM (USD millions)	**6,882**	**3,664**	**2,641**	**3,364**	**26,758**	**1,135**	**5,058**	**49,502**

Note: Figures in this table exclude the three large outlier respondents.
Source: GIIN

Looking ahead to 2016, many respondents plan to increase their allocations to private equity, private debt, and equity-like debt (Figure 21). Also worth noting is that 16 respondents (10%) intend to begin to assess pay-for-performance instruments (whereas only seven (4%) currently have any allocation to such instruments). Several respondents also plan to decrease their allocations to cash deposits, perhaps signaling their intentions to redeploy this capital into investments.

Figure 21: Planned allocation changes by instrument during 2016



Source: GIIN

27 The conclusions described are consistent even when the full sample is included.

Real assets investors

This year's survey took a closer look at the activities of the 27 impact investors that reported having some allocation to real assets. As seen in Table 9, a dozen or so of these investors have real asset investments in each of housing, commercial real estate, and land, and seven have investments in community real estate. Among these top four categories, median AUM is highest in land (which includes investments in areas such as forests, rangeland, and agricultural land) and lowest in community real estate (examples of which include charter schools and health clinics).

Table 9: Allocations to real assets sectors

n = 27

	Housing	Commercial real estate	Community real estate	Land	Equipment	Other
Median AUM (USD millions)	37	46	10	70	3	38
Average AUM (USD millions)	963	77	69	384	7	33
Number of respondents	14	11	7	11	4	4

Source: GIIN

AUM by stage of business

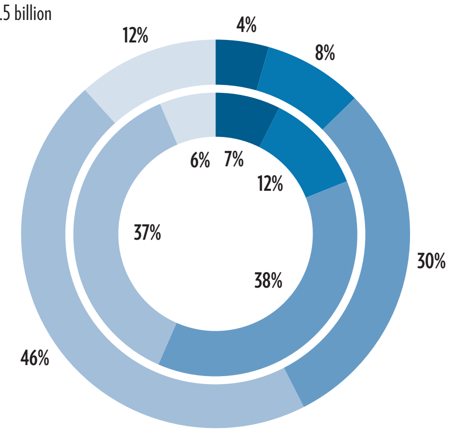
Impact investors allocate capital to businesses across various stages, from seed stage all the way to mature companies.[28] One hundred and twelve (112) respondents have some allocation to businesses at the growth stage, while 87 allocate to venture-stage and 72 allocate to start-up-stage businesses; 62 have some capital invested in mature, private companies (Figure 23). When considering AUM-weighted allocations, however, mature and growth-stage companies account for the largest share, most likely because transaction sizes in more mature investees are larger (Figure 22).

Figure 22: Total AUM by stage of business

Outer circle: Full sample: n = 143; total AUM = USD 68.8 billion Inner circle: Excluding outliers: n = 140; total AUM = USD 44.5 billion

Excludes 13 respondents who allocate exclusively to 'N/A'

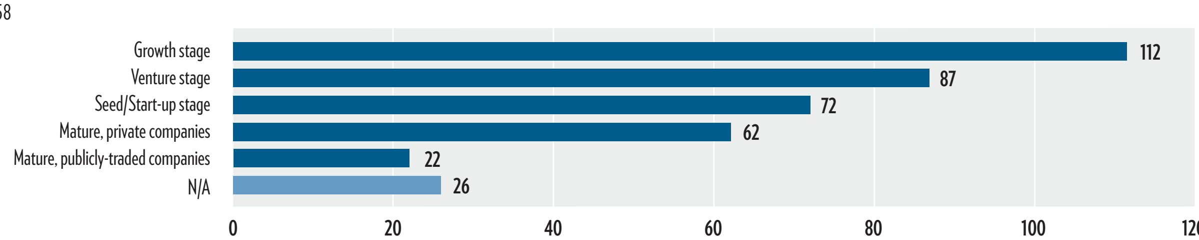
Full Sample	Excluding Outliers	
4%	7%	Seed/Start-up stage
8%	12%	Venture stage
30%	38%	Growth stage
46%	37%	Mature, private companies
12%	6%	Mature, publicly-traded companies



Source: GIIN

Figure 23: Number of respondents with allocations to a stage of business

n = 158



Source: GIIN

28 For definitions of these business stages, see Appendix 2.

The types of investees to which Private Equity and Private Debt investors allocate capital are notably different (Table 10). Nearly 90% of the AUM of those investing primarily via private equity is allocated to investees in the seed, venture, or growth stages. By contrast, roughly half of the AUM of those investing primarily via private debt is placed in mature, private companies, with most of the remainder allocated to growth-stage companies. In addition, investors focused primarily on developed markets tend to allocate significantly more capital to earlier-stage ventures than do investors focused primarily on emerging markets.

Table 10: Business stage allocations by various segments

	Instrument focus		Geographic focus	
	Private Equity Investors	Private Debt Investors	EM-focused Investors	DM-focused Investors
Seed/Start-up stage	13.3%	4.6%	3.9%	14.9%
Venture stage	26.8%	3.9%	7.2%	18.5%
Growth stage	48.2%	43.9%	45.3%	36.1%
Mature, private companies	10.6%	47.5%	40.0%	27.6%
Mature, publicly-traded companies	1.1%	0.1%	3.6%	2.9%
Number of investors	**43**	**39**	**78**	**61**
Total AUM (USD millions)	**4,552**	**14,902**	**20,318**	**13,960**

Note: Figures in this table exclude the three large outlier respondents.
Source: GIIN

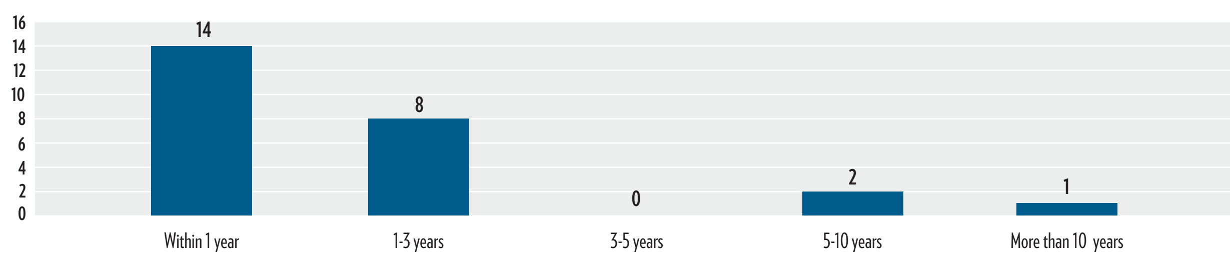
Real assets investors

For roughly one in six respondents, the business-stage categories discussed above are not relevant, as these impact investors invest in projects or real assets rather than in companies. This year, real asset investors were asked to describe how quickly they expected their investments to generate cash flows (at the time of investment). This question is roughly analogous to 'stage of business.'

Twenty-five respondents (of a total 27 with an allocation to real assets) answered this question. Of these, 14 expected initial cash flow from at least some of their investments within one year, and eight expected initial cash flows in 1-3 years (Figure 24). Only one respondent expected to wait more than 10 years before realizing any cash flows from its real asset investments.

Figure 24: Minimum waiting period for expected cash flows from real asset investments by number of respondents

n = 25



Source: GIIN

The Intermediary Landscape

Respondents were asked to provide in-depth information about the intermediary landscape in the impact investing industry. This section includes the perspectives of both investors that invest via intermediaries and the fund managers themselves.

Motivations for investing through funds

Fifty-five respondents to this year's survey (35%) indicated that they invest via funds or intermediaries (regardless of whether they also invest directly into companies or projects), outlining a range of motivations for doing so. The most important factor identified was 'GP expertise in investment selection and management.' Access to sector-specific opportunities and diversification benefits ranked overall as the second- and third-most important reasons (Table 11).[29]

Table 11: Motivations for investing through funds/GPs

A weighted 'index' is shown for each option, with '3' indicating the highest importance and '1' the lowest.

	Overall	EM-focused investors	DM-focused investors
GP expertise in investment selection and management	2.69	2.55	2.81
Access to opportunities in specific sectors	2.45	2.32	2.33
Diversification/risk benefits versus investing directly	2.43	2.22	2.67
Access to opportunities in specific geographies	2.37	2.50	2.05
Deploying capital efficiently / avoiding transaction costs associated with small investments	2.30	2.28	2.24
n	50-54	18-20	21

Note: Respondents were asked to rank each motivation as either 'very important', 'somewhat important' or 'not important.' The 'index' in the above table was calculated by allocating a score of '3' to 'very important', '2' to 'somewhat important' and '1' to 'not important'. The sum of these scores was then divided by the number of respondents. So, if all respondents were to choose 'very important' for a particular option, the index would be 3. A range is provided for 'n' because some respondents chose 'N/A or not sure' for certain options; these responses are not included in the index.

Source: GIIN

Investors focused primarily on emerging markets and those focused primarily on developed markets expressed notably different motivations. EM-focused investors highlighted access to geographically specific opportunities as a particularly compelling reason for investing through intermediaries, while scoring diversification benefits the lowest. DM-focused investors, on the other hand, attached high importance to the benefits of diversification but scored access to geographically specific opportunities the lowest.

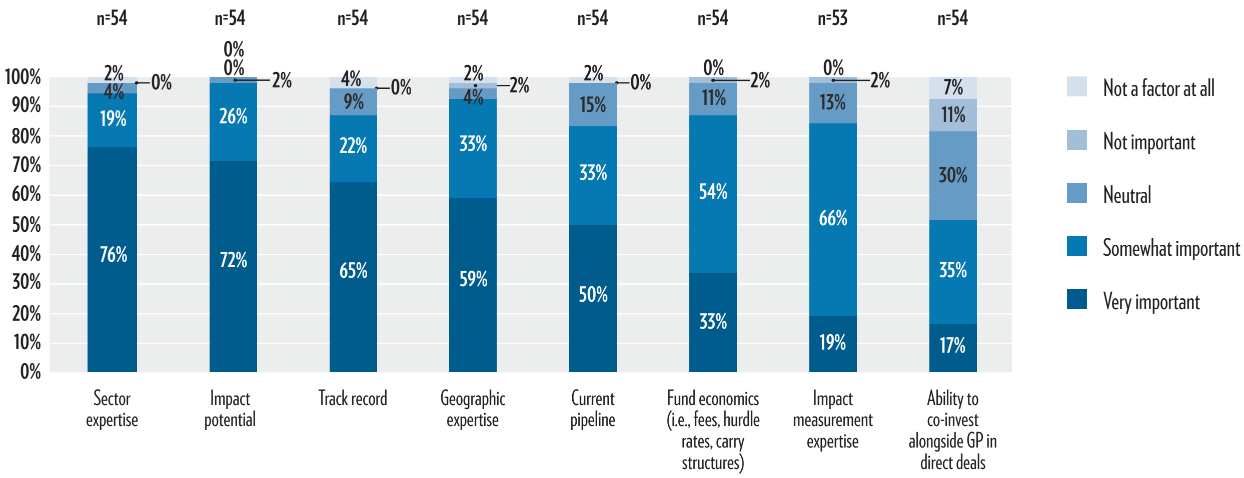
29 A few respondents provided additional factors not offered in the answer choices, including 'GP proximity for portfolio management,' 'GP expertise in supporting portfolio companies,' 'knowledge of local context,' and 'access to networks.'

Considerations when evaluating fund managers

Respondents were asked to rate the importance they place on various factors when evaluating fund managers. The findings are illustrated in Figure 25. First, while over 70% of respondents identified impact potential as a 'very important' factor in evaluating fund managers, just 20% assessed impact measurement expertise as 'very important.' Overall, respondents also placed much greater emphasis on sectoral expertise than they did on geographic expertise. Notably, though, for investors focused primarily on emerging markets, geographic expertise scored marginally higher than did sectoral expertise.[30]

Figure 25: Importance of various factors in evaluating fund managers / GPs

Listed in order of number of respondents selecting 'very important'. Some respondents chose 'not sure' and these responses are not included.



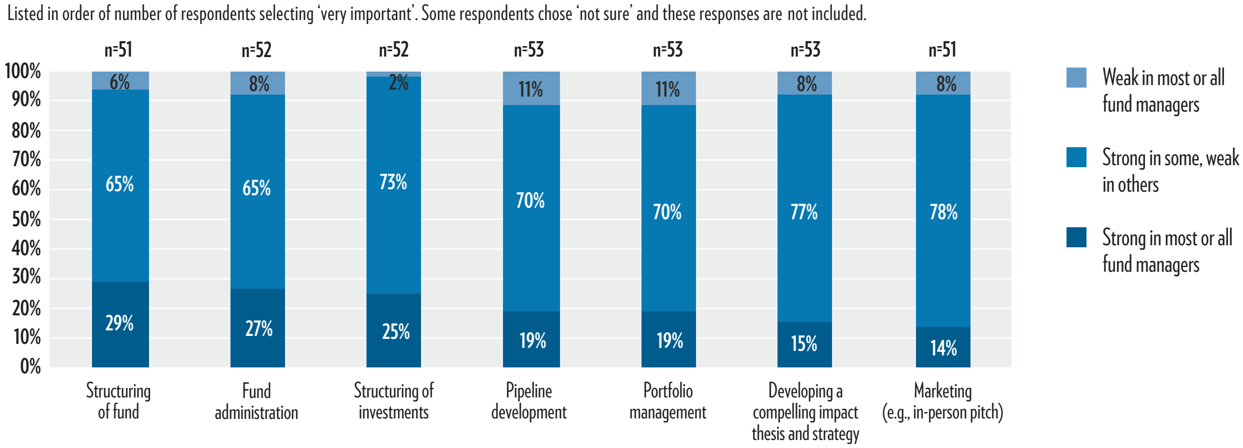
Source: GIIN

Assessment of fund manager skills

Respondents also assessed fund manager skill levels across a range of attributes. Generally, responses exhibited limited variation, with investors noting that a range of skills related to fund structuring, pipeline development, and marketing were strong in some fund managers and weak in others (Figure 26). Overall, the traits that the highest proportion of respondents identified as being 'strong in most or all fund managers' (roughly 30% of respondents) were related to fund structuring and fund administration, and the traits that the highest proportion of respondents identified as being 'weak in most or all fund managers' (roughly 10% of respondents) were related to pipeline development and portfolio management.

Figure 26: Assessment of fund manager skills

Listed in order of number of respondents selecting 'very important'. Some respondents chose 'not sure' and these responses are not included.



Source: GIIN

30 A few respondents provided additional factors not offered in the answer choices. Several of these related to the fund's management team, such as "team's history working together", "team composition" and, simply, "investment team." Another write-in answer was "commitment to/integration of impact in investment strategy."

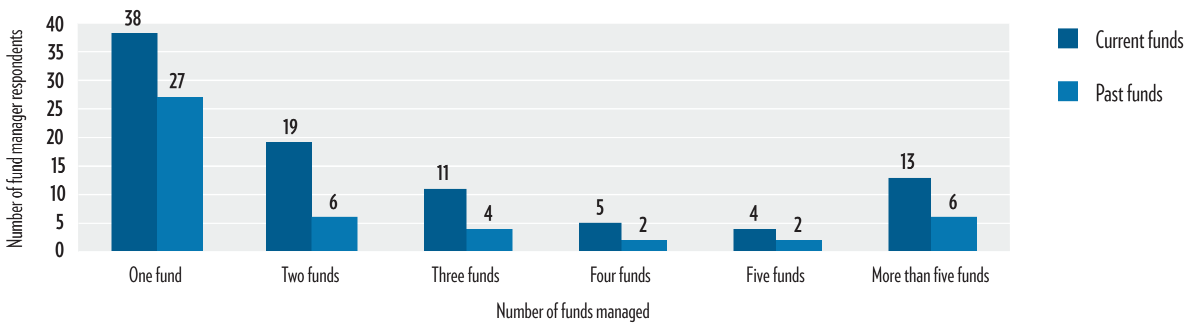
Fund manager activity

Funds managed

In total, 93 fund managers responded to this survey, 90 of which submitted information on the number of funds they manage. These 90 fund managers currently manage 434 impact investing funds. However, it should be noted that two respondents reported managing 182 funds between them. Most fund managers reported that they currently manage one, two, or three funds (Figure 27), with a median of two funds.

Figure 27: Number of current and past funds managed by number of respondents

n = 90; Number of respondents shown above each bar.



Source: GIIN

Capital raising

Fund managers raised nearly USD 6.7 billion (n=71) in capital in 2015 and plan to raise USD 12.4 billion (n=78) in 2016 (Table 12). The volumes of funds raised in 2015 by fund managers that primarily target emerging markets and those that primarily target developed markets were more or less equivalent, although about twice as many individual fund managers targeted emerging markets. At the median, EM-focused fund managers raised USD 10 million in 2015, compared to USD 30 million raised at the median for DM-focused fund managers. Fund managers headquartered in emerging markets raised USD 866 million (median USD 5 million; n=17), while those headquartered in developed markets raised USD 5.6 billion (median USD 25 million; n=50).

Table 12: Capital raised in 2015 and planned capital raise in 2016

Median and mean calculations exclude respondents that answered 'zero', as not all fund managers raise capital every year. All dollar figures in USD millions.

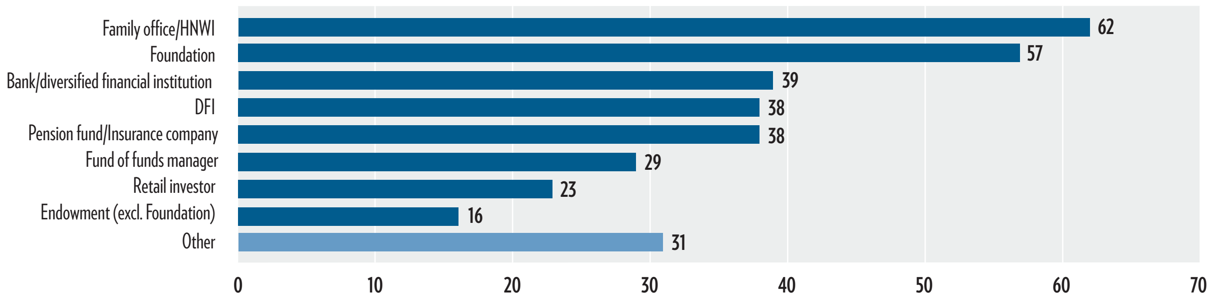
	Overall		EM-focused investors		DM-focused investors		EM headquartered		DM headquartered	
	2015	2016 planned	2015	2016 planned	2015	2016 planned	2015	2016 planned	2015	2016 planned
Sum	6,693	12,434	3,035	5,710	2,977	5,607	866	2,152	5,591	10,203
Median	15	50	10	50	30	55	5	50	25	60
Mean	94	159	69	124	142	216	51	113	112	179
n	71	78	44	46	21	26	17	19	50	57

Source: GIIN

Fund investors

Fund managers raise capital from a wide variety of investor types. Roughly 60 fund managers reported raising at least some capital from family offices and foundations, and just under 40 reported raising some capital from banks, DFIs, and pension funds/insurance companies (Figure 28).

Figure 28: Number of fund managers who have raised capital from various investor types



Source: GIIN

Overall, pension funds/insurance companies and banks are the largest sources of capital for fund managers. However, sources of capital do vary by geographic focus and asset class (Table 13).

- Over 20% of capital raised by fund managers primarily focused on emerging markets comes from DFIs, while fund managers primarily focused on developing markets report raising almost no capital from DFIs.[31]
- Private Equity fund managers raise nearly one-third of their capital from family offices and HNWIs, while Private Debt fund managers raise very little from this segment. Instead, Private Debt fund managers report raising significantly more capital from banks and retail investors than do Private Equity fund managers.
- Last, but not least, fund managers of all types report raising sizeable amounts of capital from pension funds/insurance companies.[32]

Table 13: Fund manager sources of capital (AUM-weighted)

	Overall	EM-focused Investors	DM-focused Investors	Private Debt Investors	Private Equity Investors
Bank/diversified financial institution	17.7%	17.0%	28.2%	21.6%	7.3%
DFI	12.3%	21.5%	0.7%	21.4%	22.2%
Endowment (excluding Foundation)	0.9%	1.3%	0.6%	0.9%	1.8%
Family office/HNWI	10.9%	10.2%	13.4%	4.4%	30.3%
Foundation	4.2%	4.1%	6.3%	3.0%	7.5%
Fund of funds manager	5.1%	3.9%	4.6%	3.0%	5.0%
Pension fund or Insurance company	28.5%	25.7%	40.8%	21.1%	18.3%
Retail investor	16.0%	10.3%	2.1%	17.2%	3.4%
Other	4.2%	6.0%	3.2%	7.4%	4.1%
Total AUM	**26,642**	**14,453**	**8,066**	**8,449**	**3,935**
Number of fund managers	**90**	**55**	**29**	**17**	**35**

Note: Figures in this table exclude the three large outlier respondents.
Source: GIIN

31 Although not shown, fundraising by managers headquartered in EM vs. DM follows a similar pattern.

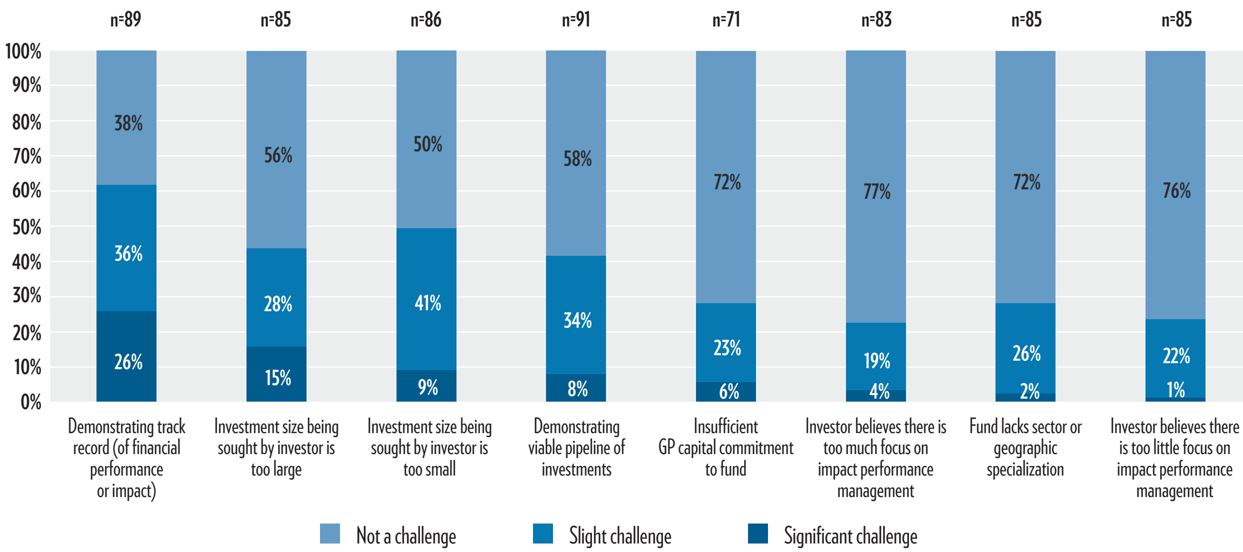
32 These findings do not differ markedly if outliers are excluded. For both the 'overall' and 'DM-focused' segments, 'pension funds/insurance companies' becomes the top-ranked category, and 'bank/diversified financial institution' becomes second-ranked; otherwise, the numbers are the same.

Challenges in fundraising

Fund managers were asked to provide their opinions on the challenges they face in raising capital (Figure 29). Strikingly, a majority of respondents considered most of these factors to be 'not a challenge.' The only factor that a majority of respondents considered at least a 'slight challenge' was 'demonstrating a track record'.

Figure 29: Fund manager challenges in raising capital

Listed in order of number of respondents selecting 'significant challenge'. Some respondents chose 'not sure/not applicable', and these responses are not included.



Source: GIIN

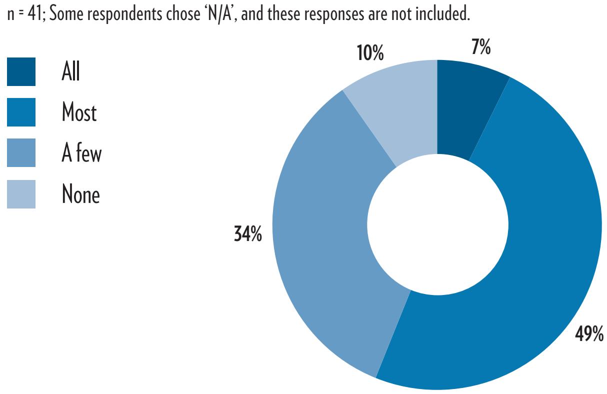
Investor continuity

Fund managers who have raised more than one fund were asked two questions to gauge repeat interest from investors. Out of 41 fund managers who responded to the question, 56% said that 'most' or 'all' investors from their first funds had invested in their second funds (Figure 30). Only 10% said that none of the investors from their first funds had invested in their second funds.

Respondents were also asked what proportion of capital in their second funds came from investors who had invested in their first funds. Out of 40 responses to this question, 52% noted that the majority of capital in their second funds came from those who had invested in their first funds, while 33% noted that less than 25% of capital in their second funds came from those who had invested in their first funds (Figure 31).

Figure 30: Proportion of investors in first fund who invested in second fund

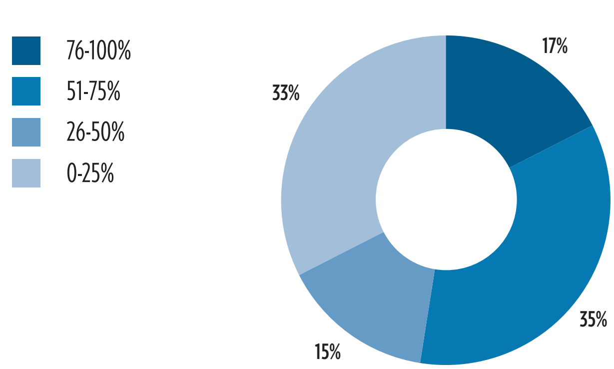
n = 41; Some respondents chose 'N/A', and these responses are not included.



Source: GIIN

Figure 31: Proportion of capital in second fund from investors in first fund

n = 40



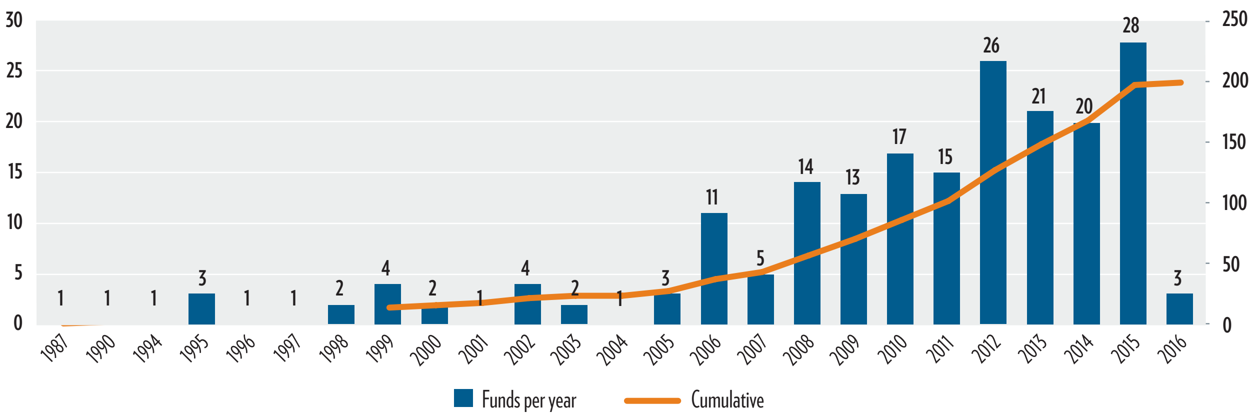
Source: GIIN

Fund landscape

Several respondents provided detailed economic information related to the funds they manage, such as fund size, asset class, fund term, and carried interest. In aggregate, 90 fund managers provided information on over 200 funds, with vintage years ranging from 1987 to 2016 (with the vast majority launched within the past decade; Figure 32).

Figure 32: Number of funds by vintage year

Left axis: Number of funds per year; Right axis: Cumulative number of funds.

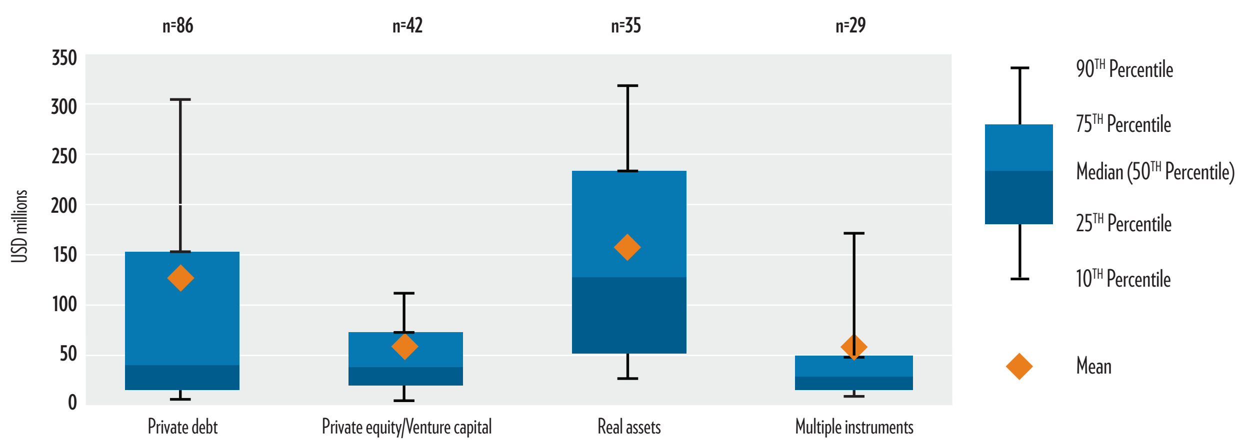


Source: GIIN

Fund size and carried interest

Respondents provided fund size information on 86 PE/VC funds, 42 private debt funds, 35 real asset funds, and 29 multi-asset-class funds.[33] Real asset funds, not surprisingly, generally tend to be larger than private debt and PE/VC funds (Figure 33). However, whereas the median private debt fund is about the same size as the median PE/VC fund (USD 43 million versus USD 40 million), the average private debt fund is much larger—indicating the presence of a handful of very large private debt funds in the sample.

Figure 33: Distribution of fund size by asset class



Source: GIIN

33 Respondents also provided information on four public equity funds, three public debt funds, and three equity-like debt funds, but these samples are too small for meaningful analysis.

Respondents also provided information on carried interest, the average of which varies substantially by asset class. Carried interest ranges from 1.7% for private debt funds to 17.4% for private equity funds (Table 14).

Table 14: Average carried interest by asset class

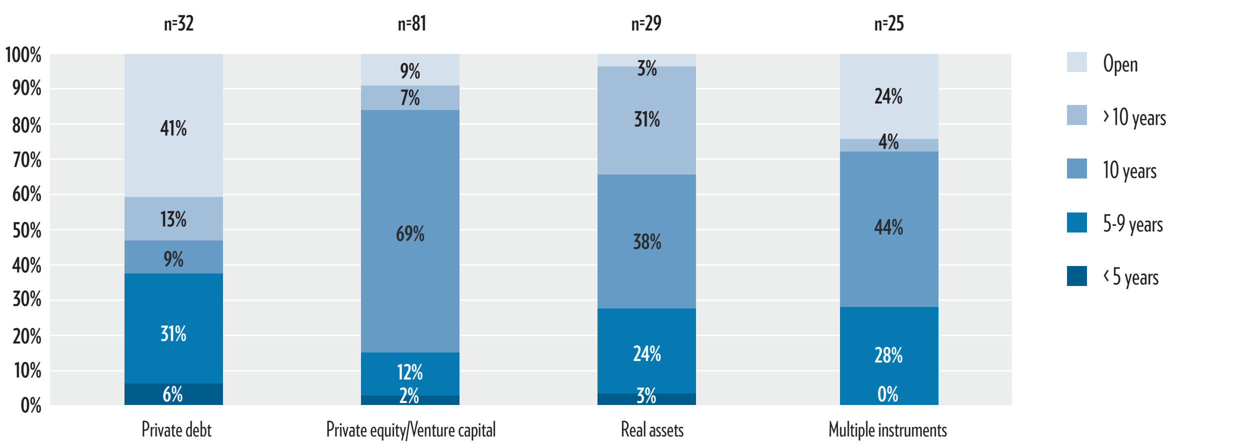
	Private debt	Private equity/ Venture capital	Real assets	Multiple instruments
Average carried interest	1.7%	17.4%	12.3%	7.9%
n	20	72	20	22

Source: GIIN

Fund term

Fund terms vary by asset class. Real asset funds skew longer, with two-thirds of such funds having 10-year or longer terms (Figure 34). PE/VC funds are almost all 10-year funds, with a handful having slightly shorter or longer terms. Forty percent of private debt funds have open-ended terms, but of those with fixed terms, most are in the range of 5-9 years.

Figure 34: Fund term by asset class



Source: GIIN

Multiple funds

Several fund managers provided information on multiple funds they manage (or have managed). Specifically, 27 fund managers provided information on three or more funds. Interestingly, of these, only 14 (i.e., just over half) maintained the same asset class for all funds they have managed. (The others switched, for example, from PE/VC to private debt or from public debt to real assets.)

Eight PE/VC fund managers provided information on exactly three funds each. Table 15 examines this small, yet relatively homogenous sample more closely. Average fund size grew by 50% from USD 41 million for their first funds to USD 62 million for their third funds. In looking at growth between their second and third funds, however, it should be noted that the average vintage year for their third funds is 2014, so these funds may not yet have finished raising capital.

Table 15: Select fund data for PE/VC fund managers that have managed three funds

n = 7-8

	Fund 1	Fund 2	Fund 3
Average fund vintage year	2005	2010	2014
Average fund size (USD millions)	41.3	60.1	61.8
Average carried interest	16.4%	15.3%	16.5%

Source: GIIN

2015 MARKET DEVELOPMENT

Impact Investing and the Sustainable Development Goals

In the year 2000, the UN, along with governments and non-governmental organizations around the world, committed to eight priority goals to achieve by 2015, the Millennium Development Goals (MDGs). In September 2015, the UN and other stakeholders adopted the new Sustainable Development Goals (SDGs), building on the momentum inspired by the MDGs.[34] The SDGs comprise 17 social and environmental objectives, ranging from the eradication of global poverty to the conservation of the world's oceans and marine resources, each with targets to be met by 2030. Whereas the MDGs were focused on developing countries, the SDGs apply to both developed and developing countries.

The ambitious nature of the SDGs underscores the critical role to be played by private-sector businesses and investors. Even with the support of governments, NGOs, charities, and foundations, a significant funding gap still exists to support the achievement of the SDGs by 2030. For example, for developing countries alone, the shortfall between current aid flows and the investment needed to finance sustainable development is, it has been estimated, around USD 2.5 trillion per year.[35]

Given this global momentum toward aligned action, impact investors have begun to examine their activities in the context of their contributions to the SDGs.

- **Bank of America** aligned its 2012 commitment of USD 50 billion over the next 10 years to advance a low-carbon economy with SDG 7: Affordable and clean energy. In order to achieve its goal, Bank of America will employ a wide range of financing tools, including lending, equipment finance, capital-market and advisory activity, carbon finance, and advice and investment solutions for clients.[36]

- **Deutsche Bank** has shown interest in pursuing strategies to support the SDGs. Deutsche Bank Asset Management is a member of the Sustainable Development Investment Partnership, which intends to mobilize USD 100 billion of private capital within the next five years.[37] In addition, the firm manages several public-private partnership funds in support of various SDGs, including the Essential Capital Consortium and the Africa Agriculture and Trade Investment Fund. Deutsche Bank also achieved accreditation for the UN's Green Climate Fund, which allows for joint product development in support of financing SDG13: Climate action.

- The **Inter-American Development Bank (IDB)** committed to advance partnerships related to the SDGs, particularly to SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture. The IDB plans to support the development of environmentally sustainable agriculture in Latin America and the Caribbean, a region particularly affected by malnutrition.[38]

34 United Nations Sustainable Development: Knowledge Platform, https://sustainabledevelopment.un.org/post2015/summit.

35 Bruno Bischoff, Ben Ridley, and Sandrine Simon, *Aiming for Impact: Credit Suisse and the Sustainable Development Goals* (Zurich: Credit Suisse, 2015), https://www.credit-suisse.com/media/assets/corporate/docs/about-us/responsibility/banking/aiming-for-impact.pdf.

36 "$50 billion, 10 year Environmental Business Initiative," https://business.un.org/en/commitments/1902.

37 Deutsche Bank, "Deutsche Bank enters new partnership addressing Sustainable Development Goals," press release, October 20, 2015, https://www.db.com/newsroom_news/2015/cr/deutsche-bank-enters-new-partnership-addressing-sustainable-development-goals-en-11240.htm.

38 Bernardo Guillamon, "Want to Save the World? Invest in Latin America – Together," *Inter-American Development Bank* (blog), August 6, 2015, http://blogs.iadb.org/partnerships-for-development/2015/08/06/want-to-save-the-world-invest-in-latin-america-together/.

2015 MARKET DEVELOPMENT

- **Mkoba Private Equity Fund** committed to assess the impact of its USD 150 million fund on the SDGs. The fund invests in small and medium-sized enterprises engaged in agriculture and agribusiness, manufacturing, innovative technologies, mobile payment systems, and city services in six developing countries. The investment team will also help investees track their contributions to the SDGs at the company level.[39]
- **Sarona Asset Management** is embedding the Sustainable Development Goals (SDGs) framework in the way it measures and evaluates the impact of its investments.[40] Sarona completed an analysis of how the 49 companies that were in Sarona Frontier Markets Fund 2's portfolio at the end of September 2015 relate to the SDGs. The firm found that the companies contribute to 16 out of the 17 SDGs, and 105 out of the 169 underlying targets. Sarona shares this analysis with existing and potential investors.
- **Sonen Capital** examined its portfolio's alignment with the SDGs. Its annual impact report[41] describes how its investments in areas such as clean power, sustainable timber, and green real estate contribute to seven of the SDGs. The report also maps Sonen's three investment strategies—public equities, fixed income, and real assets—to these seven SDGs.

Several resources were developed in 2015 to help investors and businesses that seek to contribute to the new global priorities. Investors and business may, for example, wish to take advantage of new financial structures (such as blended finance) or align with impact metrics (as outlined in the SDG compass).

- **Blended Finance Vol. 1: A Primer for Development Finance and Philanthropic Funders** developed by the OECD and World Economic Forum
- **SDG Compass** developed by the Global Reporting Initiative (GRI), United Nations Global Compact (UNGC), and World Business Council for Sustainable Development (WBCSD)
- **Investing in Sustainable Development Goals** published by the UN Conference on Trade and Development **(UNCTAD)**
- **More than the Sum of Its Parts: Making Multi-Stakeholder Initiatives Work** developed by the Global Development Incubator (GDI), USAID, and the Omidyar Network

39 *"Equity Investments for SDGs One Company at a Time,"* https://business.un.org/en/commitments/3968#overview.

40 Sarona Responsible Investments. Accessed April 2016. http://www.saronafund.com/responsible-investments/

41 *Sonen Capital 2015 Annual Impact Report.* April 2016. Accessed April 15, 2016. http://www.sonencapital.com/wp2015/wp-content/uploads/2016/04/2015AIR.pdf.

Targeting and Measuring Social and Environmental Impact

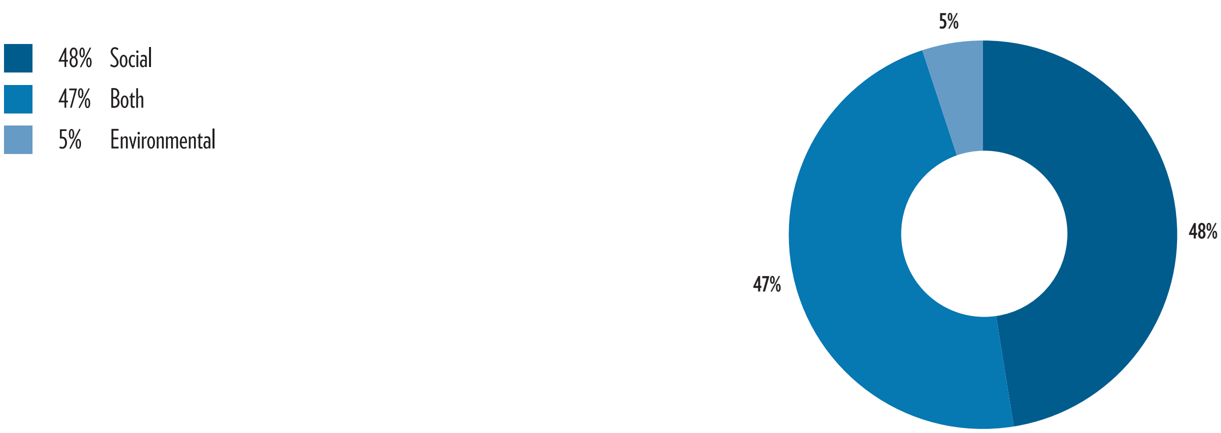
Impact goals

Setting impact goals is the first step in measuring and managing the social and environmental performance of impact investments. Nearly half of respondents (48%) report primarily targeting social impact goals, while about the same number (47%) target both social and environmental impact goals. Five percent of respondents primarily target environmental goals (Figure 35). This breakdown is generally similar to last year's, although a slightly higher percentage indicated 'both' this year, with a smaller percentage targeting 'social' impact goals alone.

There is some variation by geographic focus of investments. Compared to EM-focused respondents, a higher proportion of DM-focused respondents target primarily environmental impact goals (11%; 45% social and 44% both), whereas just 1% of EM-focused respondents focus primarily on environmental goals (55% social and 44% both).

Figure 35: Primary impact objectives

n = 158



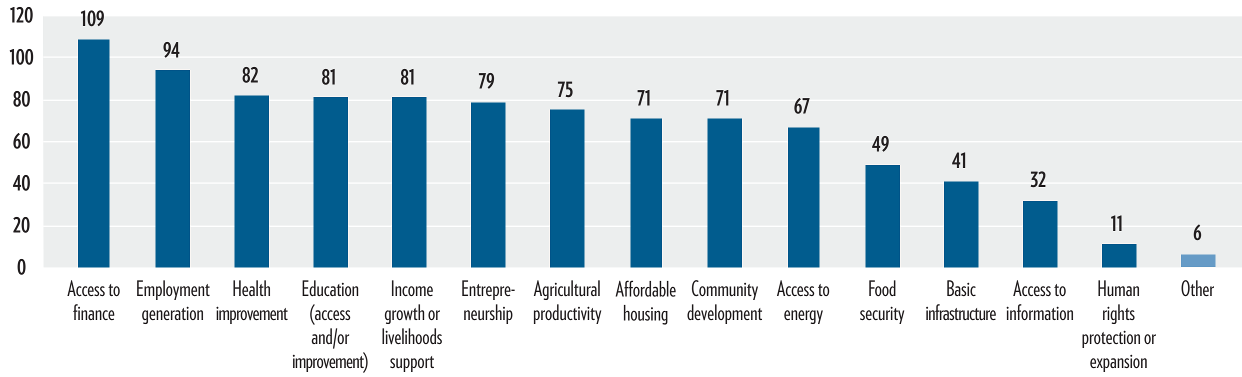
Source: GIIN

Social impact themes

Respondents shared information on more specific social and environmental themes of focus. The most commonly targeted social impact themes (Figure 36) were access to finance (109 respondents, 68%), employment generation (94, 60%), and health improvement (82, 52%). Education access or improvement and income growth/livelihoods support were each selected by 81 respondents, or 51% each of the full sample.

Figure 36: Social impact themes targeted by number of respondents

Respondents could select multiple options; number of respondents that selected each option shown above each bar.



Note: Six respondents selected 'other' and indicated themes including arts and culture, youth development, aboriginal housing, property rights, enhanced IT services, and women's empowerment.
Source: GIIN

Which social impact themes respondents target is generally very consistent across various segments of the respondent set, with the following noteworthy exceptions:

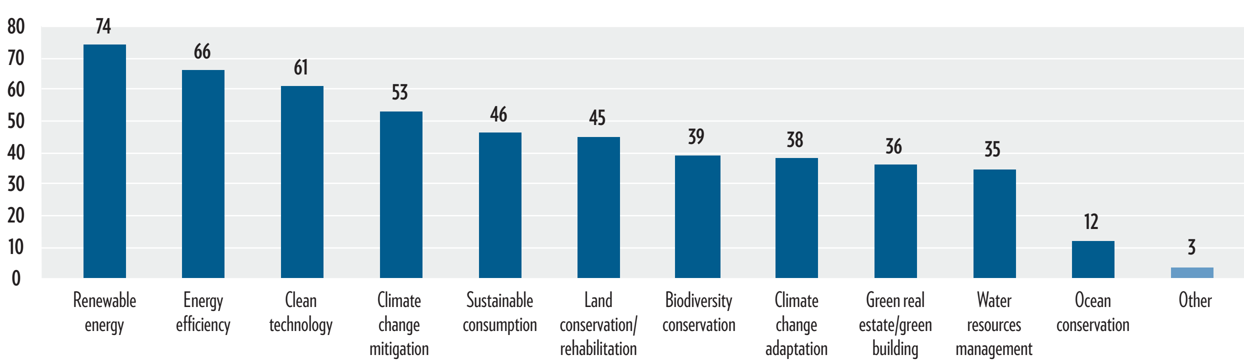
- 'Community development' is the most popular theme for organizations primarily focused on developed markets and the second-most popular theme for organizations headquartered in North America.
- Agricultural productivity is the third-most popular theme for organizations primarily targeting emerging markets.
- Access to energy is the third-most popular theme for organizations headquartered in WNS Europe.

Environmental impact themes

In terms of targeted environmental impact themes (Figure 37), the most popular among respondents is renewable energy (74 respondents, 47% of total sample), followed by energy efficiency (66, 42%) and clean technology (61, 39%).

Figure 37: Environmental impact themes targeted by number of respondents

Respondents could select multiple options; number of respondents that selected each option shown above each bar.



Note: Three respondents selected 'other' and indicated themes including soil conservation and halting deforestation.
Source: GIIN

A few segments' top environmental impact themes varied from the overall sample; otherwise, top themes by segment were very similar to the overall sample.

- For EM-focused investors, clean technology was the second-most popular environmental theme, and climate change mitigation was third.
- For respondents headquartered in WNS Europe, climate change mitigation was second-most popular, and energy efficiency was third.

Motivations for investing in climate change themes

Given the increased attention paid to climate change issues in 2015 (see related '2015 Market Development' box on page 39), respondents who selected either 'climate change mitigation' or 'climate change adaptation' were asked to rank a series of possible motivations for pursuing climate-change-related objectives through their portfolios. Respondents investing in these themes reported being motivated more by their own impact goals than by financing opportunities or the potential for risk mitigation (Table 16).[42]

Table 16: Motivations for targeting climate-change-related objectives
n = 57

Rank	Score	Motivation
1	250	Alignment with my environmental impact goals
2	191	Alignment with my social impact goals
3	160	Client demand
4	146	Financing opportunities
5	108	To mitigate risk in my portfolio

Note: Respondents ranked all five answer choices. Scores are calculated by weighting each rank by the number of respondents that selected it and summing those weighted totals.

Source: GIIN

Water resources management sub-sectors

To better understand investor interest in water-related themes, the survey asked respondents that target water resources management to provide more specific information about sub-sectors within those targets. The three most common reported sub-sectors (Table 17) were water efficiency technologies, water quality conservation, and wastewater treatment and reuse facilities, each with 27 respondents (77% of the 35 who invest in water resources management). Interestingly, of these 35 respondents, 28 (80%) target both social and environmental impact objectives, and 31 (89%) principally target market-rate returns.

Table 17: Water resources management sub-sectors
n = 35

Option	n	Percentage of those investing in water resources management
Water quality conservation	27	77%
Water efficiency technologies	27	77%
Wastewater treatment and reuse facilities	27	77%
Access to clean water	24	69%
Filtration and desalination technology or infrastructure	19	54%
Irrigation	16	46%
Storage	16	46%
Water resource use in operations of investees	15	43%
Water rights	12	34%

Source: GIIN

42 In early 2016, the GIIN released "Impact Measurement in the Clean Energy Sector," which demonstrates how social impact goals might drive investment in that sector. An example of a relevant social impact goal is improving access to clean energy for poor or underserved populations. See the full report at: https://thegiin.org/knowledge/publication/network-insights-impact-measurement-in-the-clean-energy-sector.

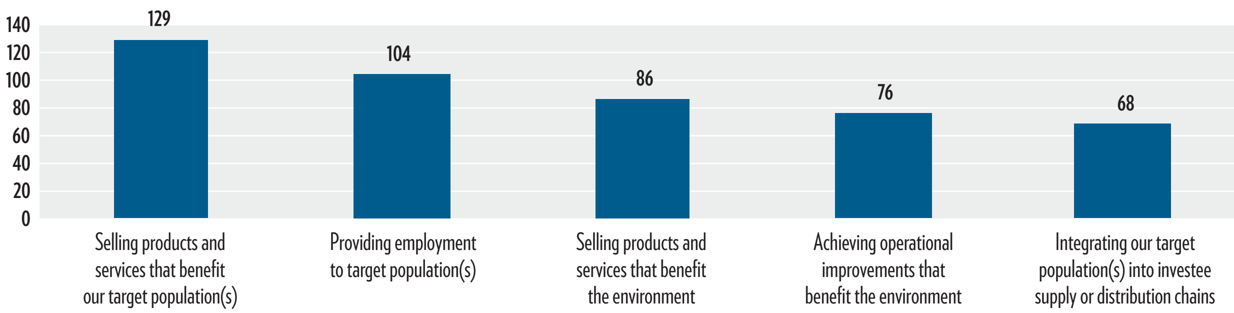
Impact strategies

Impact investors seek to achieve their impact targets in a variety of ways (Figure 38). The largest number of respondents seeks impact by investing in businesses that sell products or services benefitting a specified target population (129 respondents, 82% of the total sample). Providing employment to target populations is also a common approach (104, 66%).

While these top two strategies are primarily related to social impact, the proportion of respondents applying environmentally oriented strategies this year has decidedly increased compared to last year.[43] In particular, the third-most selected option this year was selling products or services that benefit the environment (86, 54%); last year, this option was the least popular of the choices, with 53 respondents out of a slightly smaller total sample of 146 respondents (36%). 'Integrating our target populations into investee supply or distribution chains' was third-most popular among below-market-rate investors and fifth for market-rate investors.

Figure 38: Strategies for achieving social and/or environmental impact

Respondents could select multiple options; number of respondents that selected each option shown above each.



Source: GIIN

Impact management and measurement practices

Impact investors use a range of practices to measure their impact. To better understand these practices, the survey this year collected information about respondents' motivations, metrics and frameworks, use of data collected, team structure, and challenges.

Motivation

Unsurprisingly, since measuring social and environmental performance is a key feature of impact investing, almost all respondents (95%) expressed that it is 'very important' to measure impact because doing so is part of their mission (Figure 39). Many respondents also noted that measurement is important to 'better understand and improve impact performance' (81% indicating 'very important'). Some respondents commented further and in more detail. One fund manager highlighted the importance of measurement for internal communication: "Our internal company culture and morale is driven by responsible investment, and so we are each personally interested in the outcomes of our work. So internal communication of impact should not be underestimated!"

Respondents' comments on motivations for measuring impact

"Current data can lead us to future/developing markets/products."
– Loan fund

"We want to improve and increase our impact and therefore need tomeasure it."
– Bank/Diversified financial institution

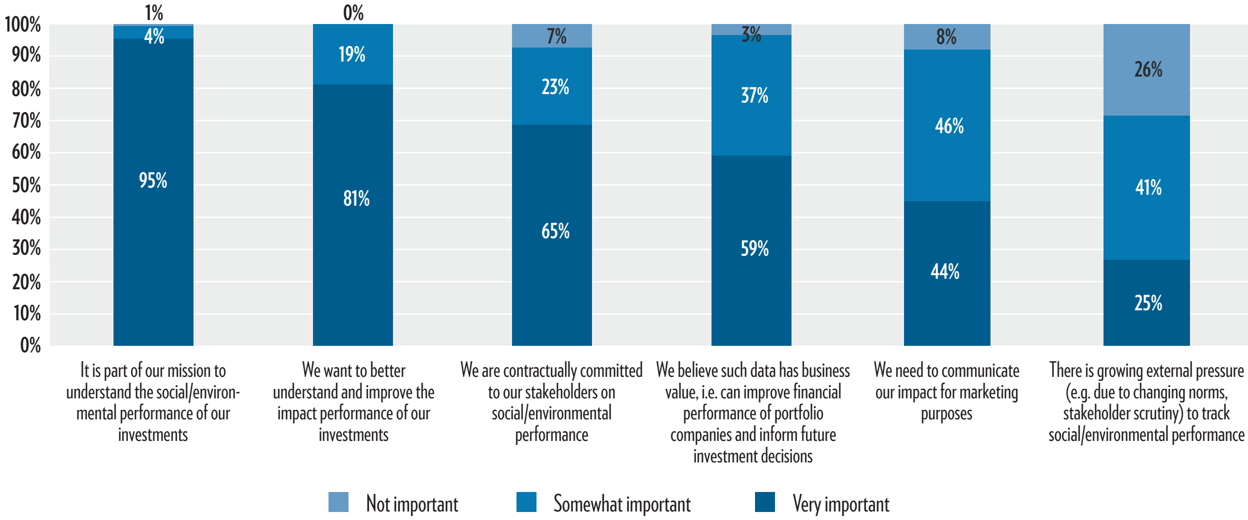
"Our internal company culture and morale is driven by responsible investment."
– Fund manager

This year, 65% of respondents indicated that contractual commitments were a 'very important' reason for measuring social and environmental performance. Nearly six in ten respondents also noted that measuring social/environmental performance was 'very important' because doing so can have business value. Business value was an especially important motivator for measurement among the 15 respondents that reported outperforming their impact expectations, 13 of whom identified this motivation as 'very important.' Respondents' use of social and environmental data to inform business decisions is explored in greater depth in the following section.

43 This includes a higher proportion of the 101 repeat respondents, though they do not account for the full increase.

Figure 39: Reasons for measuring social and environmental performance

n = 155; Listed in order of percentage of respondents selecting 'very important'. Some respondents chose 'N/A', and these are not shown here.



Source: GIIN

Measurement tools

Many impact investors use a combination of standardized and custom metrics to build a measurement system that fits their goals and investment strategies (Figure 40), with roughly equal numbers of respondents using proprietary metrics and frameworks (103) as those using metrics aligned with IRIS (102, or 65% of the total sample in both cases).[44]

A higher proportion of DM-focused investors use proprietary metrics (76%) than use IRIS-aligned metrics (54%). By contrast, IRIS-aligned metrics are more commonly used by EM-focused investors (71%) than are proprietary metrics (54%). A high proportion of the overall sample (89, 56%) uses qualitative information to capture the social and environmental performance of their investments.

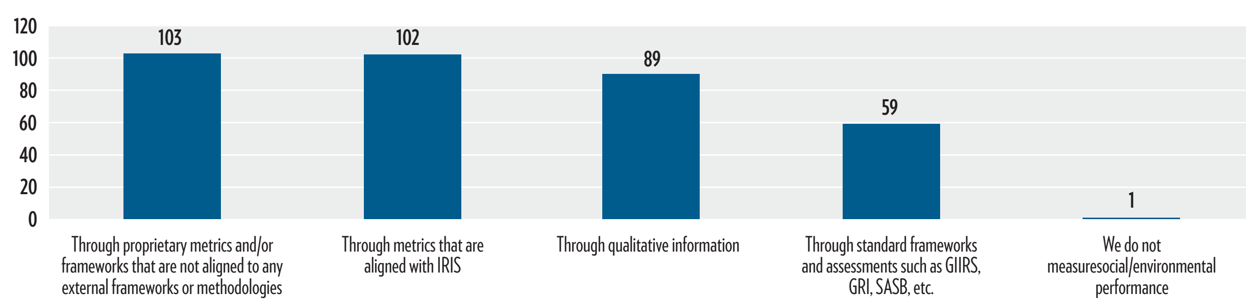
The Research Team analyzed the proportions that used selected various combinations of these options:

- Fifty-eight respondents (37%) use both IRIS-aligned metrics and proprietary metrics and/or frameworks.
- Sixty-three respondents (40%) use both IRIS-aligned metrics and qualitative information.
- Sixty-six respondents (42%) use both proprietary metrics and/or frameworks and qualitative information.

Other standardized frameworks and ratings mentioned by respondents include GIIRS, Social Return on Investment (SROI), and Social Performance Indicators (SPI4) for microfinance.

Figure 40: How social/environmental performance is measured

Respondents could select multiple options; number of respondents that selected each option shown above each bar.



Source: GIIN

44 IRIS is the catalog of generally accepted performance metrics managed by the GIIN. See http://iris.thegiin.org/. Since some standard frameworks and assessments, such as GIIRS, are built using IRIS metrics, the proportion of respondents using IRIS metrics in some form may be even higher than is reflected here.

Use of social and environmental data

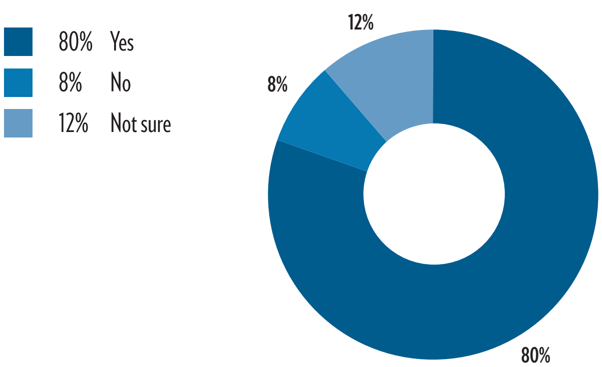
As noted earlier, 59% of respondents indicated that the business value of social and environmental performance data is a 'very important' reason for measuring impact, and a further 37% indicated this is a 'somewhat important' reason. Consistent with this finding, 80% of respondents indicated that they use data on investees' social and environmental performance to inform their business decisions (Figure 41).

> "[We] tranche our disbursements; if certain metrics aren't achieved then we don't release additional payments."
>
> – Foundation

Respondents reported using these data in a variety of ways (Figure 42), the most common of which were pre-screening and due diligence (101 respondents, 80% of those who use it), improving investment management (73, 58%), and informing portfolio allocation decisions (70, 56%). These top three uses of these data are all related to decisions investors make; uses related to decisions investees make, such as improving operational efficiency, were less frequently identified. This finding is perhaps unsurprising given this survey's focus on investors rather than investees.

Figure 41: Do you use data on investees' social and environmental performance to inform business decisions?

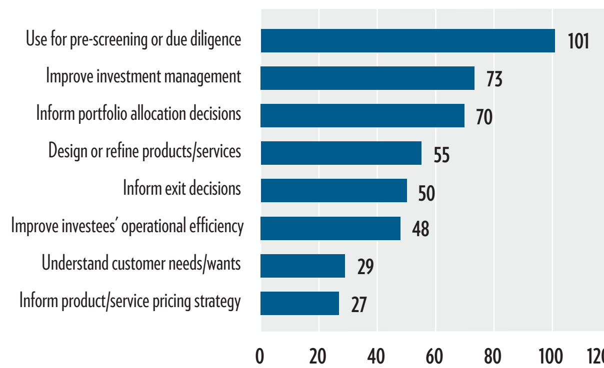
n = 158



Source: GIIN

Figure 42: How do you use data on investees' social and environmental performance to inform business decisions?

Number of respondents that selected each option shown.



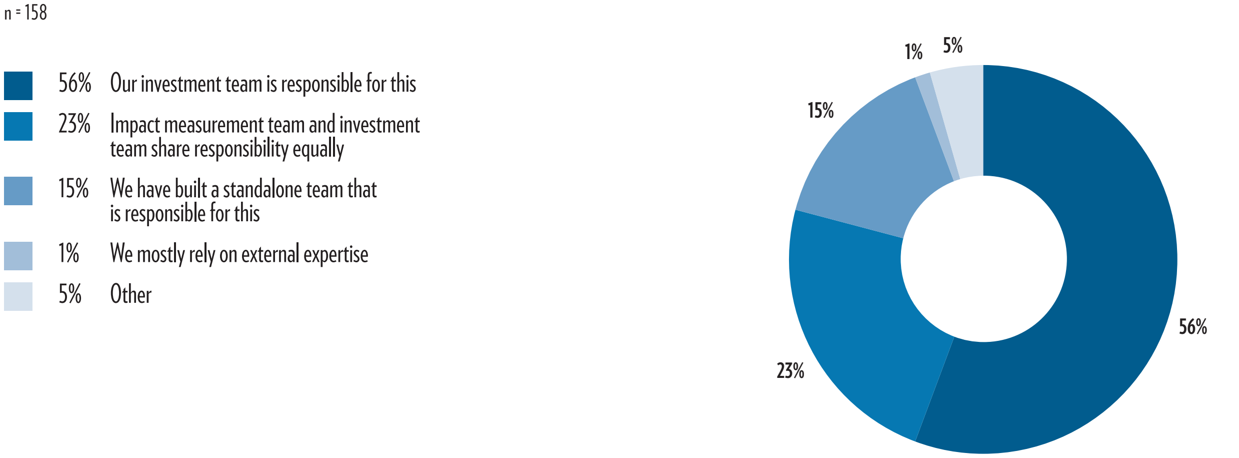
Source: GIIN

Team structure

More than half of respondents (56%) reported that their investment team is principally responsible for managing social and environmental performance, and roughly a quarter (23%) said that their impact measurement and investment teams share equal responsibility (Figure 43). Only 1% of respondents rely on external expertise to manage these aspects of their investments.

Figure 43: Who is principally in charge of managing the social/environmental performance of your investments?

n = 158



Source: GIIN

Measurement challenges

Respondents were given the opportunity to share their greatest impact measurement challenge in an open-ended question. Forty-five respondents shared comments on this topic, from which the Research Team identified six common themes (Table 18).

Table 18: Measurement challenges

n = 45; Themes reflect the Research Team's interpretations of open-ended comments. Respondents could address more than one theme.

Theme	Number of respondents
Resource constraints at the investee and/or investor levels (including lack of appropriate staff, time, and budget, as well as desire to avoid interfering with day-to-day operations)	17
Aggregating metrics from diverse investees and from investors with diverse requirements	14
Collecting data that is accurate and timely	12
Moving beyond outputs to measure things like outcomes, impact, and additionality	11
Selecting relevant metrics to track progress against investment goals (relevance to investors and/or investees)	7
Capturing intangible results that are not readily quantifiable	5

Source: GIIN

In a comment reflecting some of these common concerns, one fund manager respondent described their greatest challenge as, "Navigating the balance between measuring impact as we, from a bottom-up perspective, understand it for each company and conforming that to industry standards/benchmarks which tend to provide a more 'surface'-level view of impact."

Respondents' comments on challenges in measuring impact

"It can be difficult to get good data from investees; they sometimes don't have the resources to track, analyze, and report on the range of measures we would like to see."
– Bank/diversified financial institution

"Truly understanding the impact of an intervention (product or service). Measuring the outcome of the intervention."
– Fund manager

"Challenging to integrate common indicators across diverse sectors."
– Fund manager

"Making relative judgments on impact performance, which is challenging both due to lack of track record [and of] benchmarks for impact achievement in the market."
– Bank/diversified financial institution

2015 MARKET DEVELOPMENT

Climate Finance

2015 was a landmark year for global recognition of the need to combat climate change. In December, at a historic conference held by the United Nations in Paris, officials from 195 countries signed an agreement committing to action to prevent increases in the earth's temperature from exceeding two degrees Celsius above the temperature of pre-industrial times.[45]

A core theme of the Paris summit (known as "COP21") and its accompanying activities was financing for the range of efforts required to achieve this ambitious goal. The transition to a low-carbon and climate-friendly economy has piqued the interest of both private and public financiers. Many private investors see the coming transition as an opportunity to invest in new technologies, infrastructure, and energy sources. Others are finally seeing broader interest in investments they have already been making for years, such as conservation of forests or wetlands.

Other notable developments in climate finance during 2015 included the following:

- **Launch of the Land Degradation Neutrality Fund by the UN Convention to Combat Desertification managed by French asset manager Mirova.**[46] The fund aims to rehabilitate 12 million hectares of degraded land per year, with the impact goals of mitigating climate change, conserving biodiversity, and improving food security and nutrition. The fund managers estimate there are opportunities for investment through the fund worth more than USD 1 billion.

- **Citi's commitment to a USD 100 billion, 10-year initiative to finance activities that reduce the impacts of climate change.**[47] Investment areas include renewable energy, energy efficiency, sustainable urban transportation, green affordable housing, and water and sanitation infrastructure.

- **Announcement by the World Bank Group that it will increase its climate financing to USD 29 billion per year by 2020.**[48] This total includes both direct finance for climate-change-related work and leveraged co-financing. The Group's private investment arm, the International Finance Corporation, deployed USD 2.3 billion in 103 climate-related investments in FY 2015 alone, as well as mobilizing another USD 2.2 billion from other investors. Other multilateral institutions have made smaller annual commitments to the theme, including the African Development Bank, the Asian Development Bank, and the Inter-American Development Bank.[49]

- **Launch of the Breakthrough Energy Coalition by Bill Gates, Mark Zuckerberg, and 20 other billionaires.** The multibillion-dollar facility is expected to invest in early-stage clean energy technologies around the world.[50]

- **FMO's introduction of Climate Investor One to facilitate financing for renewable energy projects in emerging markets.** During COP21, the Minister for Foreign Trade and Development Cooperation of the Netherlands announced a EUR 50 million commitment to the instrument, which aims to catalyze a further USD 2 billion in finance from public and private sources.[51]

---

45 Helen Briggs, "Global Climate Deal: In Summary," *BBC News*, December 12, 2015, http://www.bbc.com/news/science-environment-35073297.

46 UNCCD and Mirova, *Land Degradation Neutrality Fund: An Innovative Investment Fund Project (2015)*, http://www.unccd.int/Lists/SiteDocumentLibrary/Publications/2015_ldn_fund_brochure_eng.pdf.

47 Citigroup, "Citi Announces $100 Billion, 10-Year Commitment to Finance Sustainable Growth," press release, February 18, 2015, http://www.citigroup.com/citi/news/2015/150218a.htm.

48 "Climate Finance: Overview," World Bank, accessed March 15, 2016, http://www.worldbank.org/en/topic/climatefinance/overview.

49 Smita Nakhooda et al., *10 Things to Know about Climate Finance in 2015* (London: Overseas Development Institute, December 2015), http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/10093.pdf.

50 Breakthrough Energy Coalition, http://www.breakthroughenergycoalition.com/en/index.html.

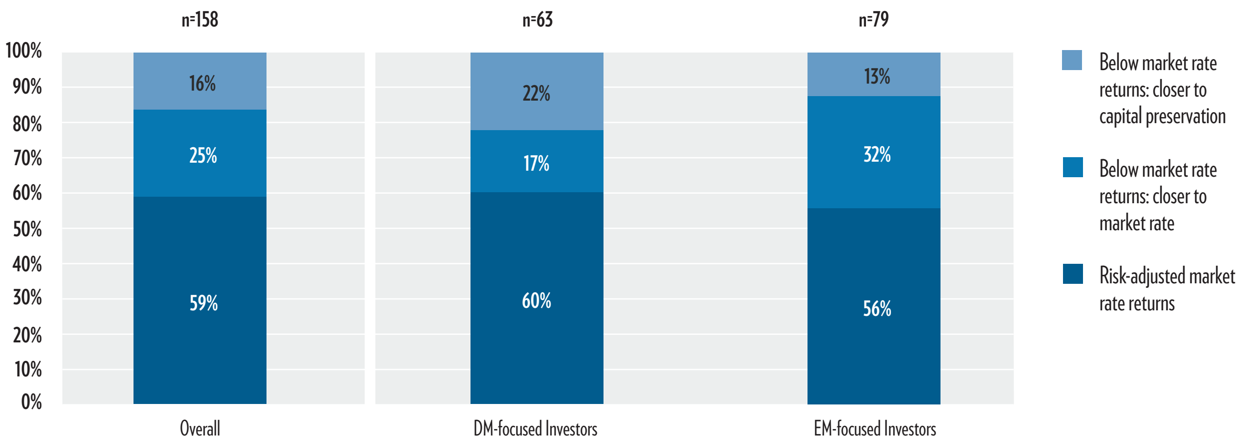
51 The Lab, "Dutch Government announces € 50 million commitment to Climate Investor One," press release, December 3, 2015, http://climatefinancelab.org/press-release/dutch-government-announces-e50m-commitment-to-climate-investor-one/.

Investment Performance

Target financial returns

As noted earlier, 59% of respondents primarily target risk-adjusted, market rate returns. Of the remainder, 25% primarily target below-market-rate returns that are closer to market rate returns, and 16% target returns that are closer to capital preservation. A slightly higher percentage of DM-focused investors seeks market-rate returns compared to EM-focused investors (Figure 44).

Figure 44: Target return type by geography of investment



Source: GIIN

Table 19 shows gross return expectations of respondents for 2015 vintage investments for both debt and equity in developed and emerging markets. Average expectations are higher for both asset classes in emerging markets.

Table 19: Gross return expectations for 2015 vintage investments, overall sample

Overall	DM debt	EM debt	DM equity	EM equity
Mean	5.4%	8.6%	9.5%	15.1%
Standard deviation	4.2%	5.1%	7.4%	7.4%
n	34	44	33	50

Note: Excludes three respondents for which data could not be verified.
Source: GIIN

Unsurprisingly, return expectations vary depending on whether the investor is principally seeking market rate or below market rate returns, especially for equity. Across the four segments analyzed (Table 20), mean return expectations are higher for Market Rate investors than for those principally seeking below market returns, and the range of return expectations is generally (though not always) greater for Market Rate investors.

Table 20: Gross return expectations for Market Rate and Below Market respondents for 2015 vintage investments

	DM debt	EM debt	DM equity	EM equity
Market Rate respondents				
Mean	6.6%	9.8%	13.6%	16.8%
Standard deviation	5.3%	6.2%	8.1%	6.0%
n	17	24	23	35
Below Market respondents				
Mean	4.2%	7.2%	9.4%	11.0%
Standard deviation	2.1%	3.1%	4.5%	6.7%
n	17	20	10	15

Note: Excludes three respondents for which data could not be verified.
Source: GIIN

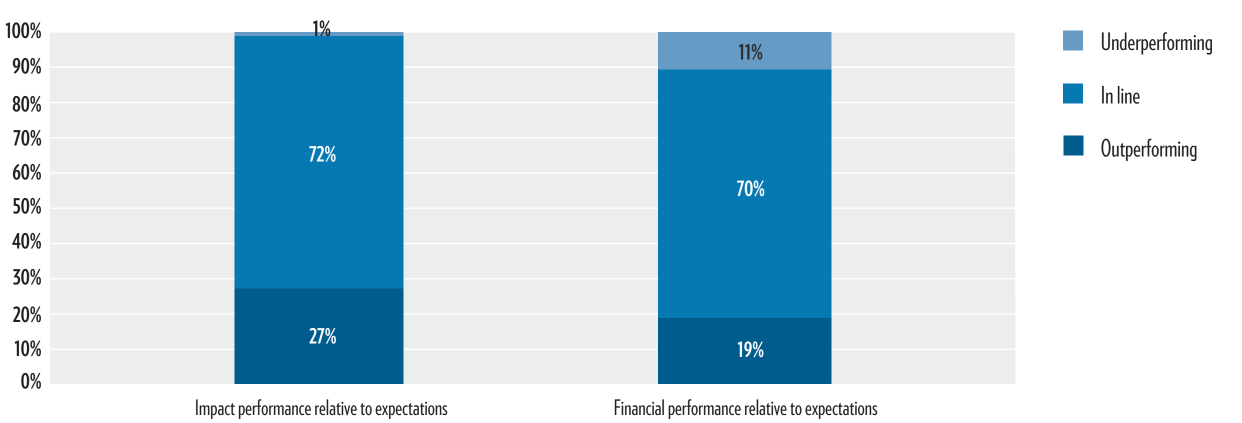
Respondents also indicated which external financial benchmarks they use for their impact investments, if any. Responses included numerous different indices and benchmarks; no more than three respondents mentioned any single benchmark. (This variety could be expected given the wide range of strategies in the sample, both by asset class and geography.) Some investors use broad public equity indices, such as the MSCI All Countries World Index, FTSE, S&P 500, or the Russell indices. Several also cited narrower, but still traditional indices, such as US Treasuries, Barclays US High-Yield, and Barclays US Aggregate Bond Indices. Other benchmarks mentioned include private equity benchmarks developed by Cambridge Associates and Preqin, the Symbiotics Microfinance Index, and the NCREIF Timberland Property Index. Several respondents noted that they do not use any external benchmarks, and some pointed to a lack of evidence on performance of their specific investment strategy.

Performance relative to expectations

The vast majority of respondents reported that their investments have either met or exceeded both impact and financial performance expectations (Figure 45). Of the 41 respondents (27%) who reported outperforming their impact expectations, 15 (10%) also reported outperforming their financial expectations. Only one respondent reported underperformance in both categories.

Figure 45: Performance relative to expectations

n = 151; Some respondents chose 'not sure,' and their responses are not included here.

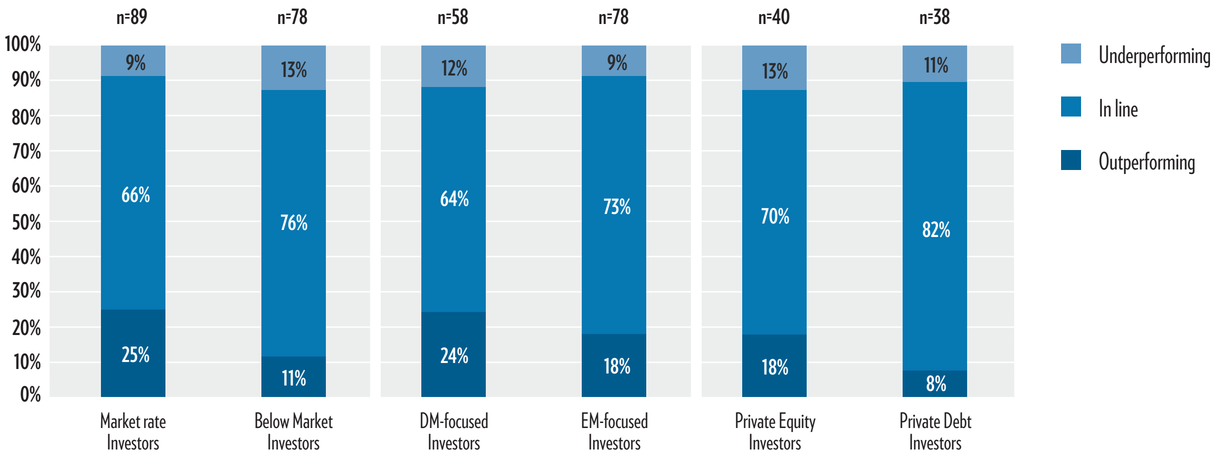


Source: GIIN

Variation in financial performance compared to expectations is evident both by geography of investment and by returns principally sought (Figure 46).[52] Relative to expectations, higher percentages of DM-focused investors saw both outperformance (24%) and underperformance (12%) compared to EM-focused investors (18% and 9%, respectively). Elsewhere, while 25% of Market Rate investors reported outperforming financial expectations, just 11% of Below Market investors did so. By asset class focus, a larger share of PD investors saw performance in line with expectations than did PE investors. PE investors saw more of both outperformance and underperformance (18% and 13%) than did PD investors (8% and 11%).

Figure 46: Financial performance relative to expectations by geography of investment, target returns sought, and asset class focus

Number of respondents shown above each bar; Some respondents chose 'not sure,' and their responses are not included here.



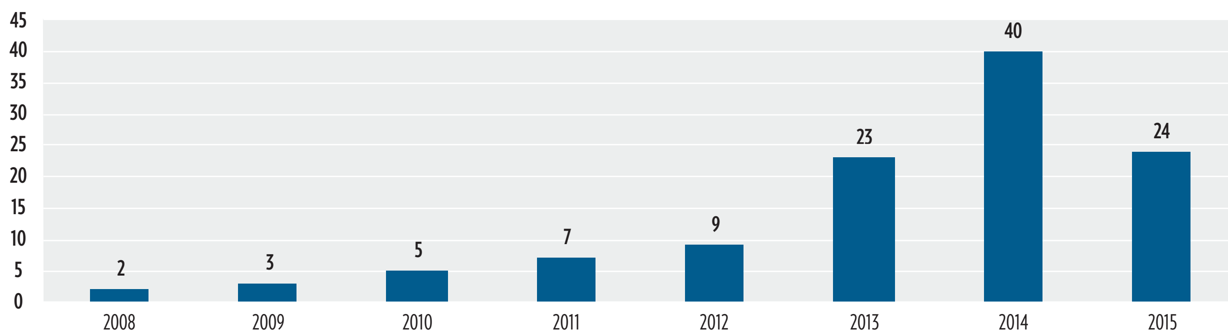
Source: GIIN

Private equity exits

About two-thirds of respondents to this survey both last year and this year indicated that they make private equity investments (65% in last year's survey sample, 68% in this year's). In both years, these investors were given the option to report on their five most recent exits. Thirty-three investors reported a total of 113 unique exits across both surveys.[53] Twenty of these investors (60%) primarily seek market-rate returns, and these 20 investors accounted for 76% of all exits analyzed in this section. The years of these exits range from 2008-2015 (Figure 47).

Figure 47: Sample private equity exits by year

n = 33 investors; 113 exits



Source: GIIN

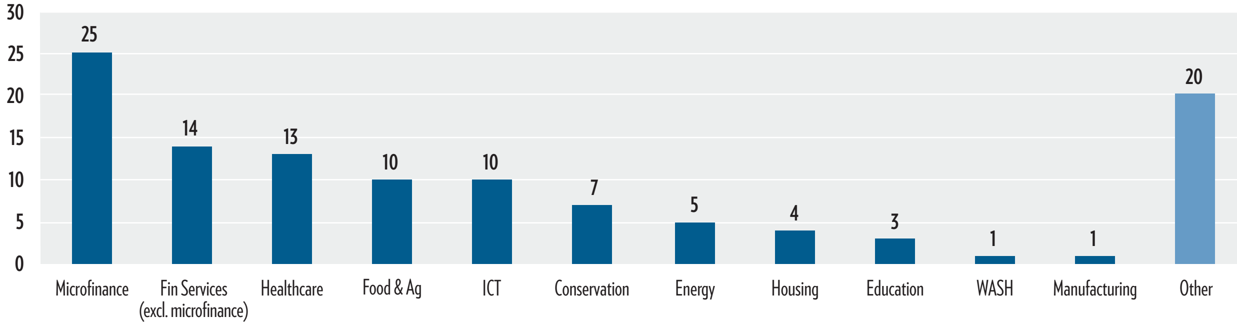
A third of the exits were in either microfinance (25, 22%) or other financial services (14, 12%). There were 13 exits (12%) in the third-largest sector, healthcare. There were also 10 exits each (9%) in food and agriculture and in information and communications technologies (Figure 48).

52 There were no discernible variations by segment in reported impact performance versus expectations.

53 The 77 exits reported in last year's survey report, Eyes on the Horizon, are included in this analysis.

Figure 48: Sample private equity exits by sector, 2008 - 2015

n = 33 investors; 113 exits

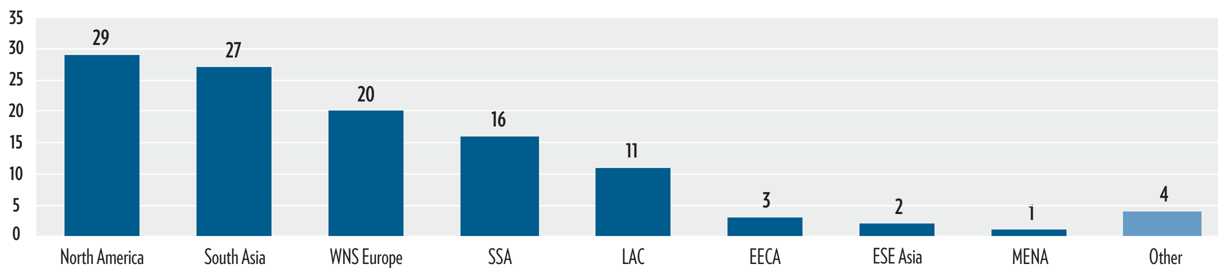


Note: 'Other' sectors include tourism, hospitality, business services, real assets, and media.
Source: GIIN

By region (Figure 49), a similar number of exits were reported in North America (29, 26%) and South Asia (27, 24%). The region with the next-highest number of exits was WNS Europe, with 20 exits (18%). All 29 exits in North America were made by investors primarily seeking market-rate returns, as were the majority of the South Asia and WNS Europe exits. By contrast, in SSA, 10 of the 16 exits (63%) were made by below-market-rate investors.

Figure 49: Sample private equity exits by region, 2008 - 2015

n = 33 investors; 113 exits

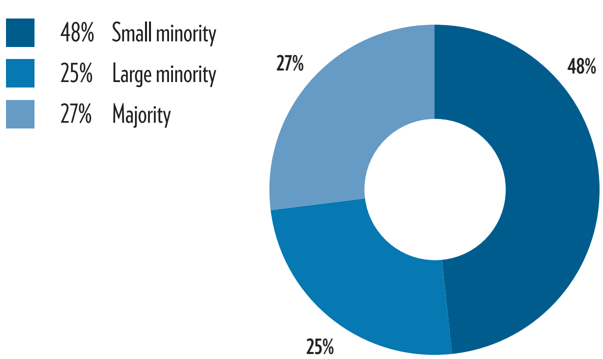


Source: GIIN

Among the sample of private equity exits, 73% were minority stake (48% small minority stakes and 25% large minority; Figure 50). The average holding period before exit was approximately 58 months, or just under five years. Respondents seeking primarily below-market-rate returns held their investments an average of 68 months, compared to 54 months on average for market-rate-seeking respondents (27% longer). Figure 51 shows the number of exits in each holding-period bracket.

Figure 50: Initial ownership stake of sample exits, 2008 - 2015

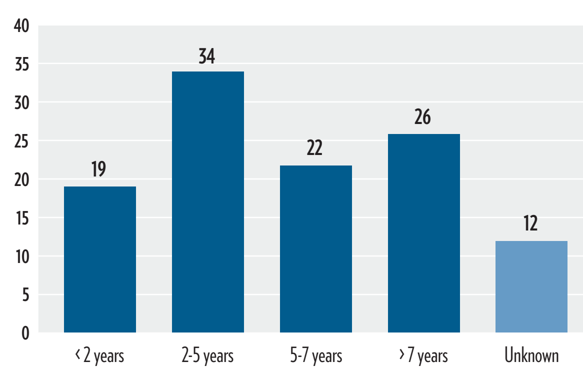
n = 89; 24 with unknown stake not shown



Source: GIIN

Figure 51: Holding period of sample exits, 2008 - 2015

Number of exits is shown above each category.



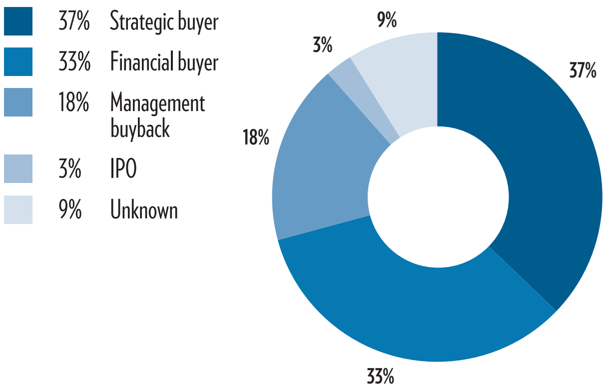
Source: GIIN

Respondents indicated the mechanisms by which they exited their investments. More than a third of exited investments were sold to a strategic buyer, while roughly another third were sold to financial buyers. Management buybacks account for 18% of exits (Figure 52).

When exiting, investors sold their entire stakes in 75% of cases. Selling the full stake was especially common in cases of management buyback or sales to a strategic buyer. Partial exits, on the other hand, were most likely when selling to a financial buyer (Table 21).

Figure 52: Exit mechanisms, 2008 - 2015

n = 33 investors; 113 exits



Source: GIIN

Table 21: Exit mechanisms and exit types, 2008 - 2015

	Financial buyer	IPO	Management buyback	Strategic buyer	Total
Partial	16	2	1	7	26
Full	21	1	19	35	76
Total	**37**	**3**	**20**	**42**	**102**

Source: GIIN

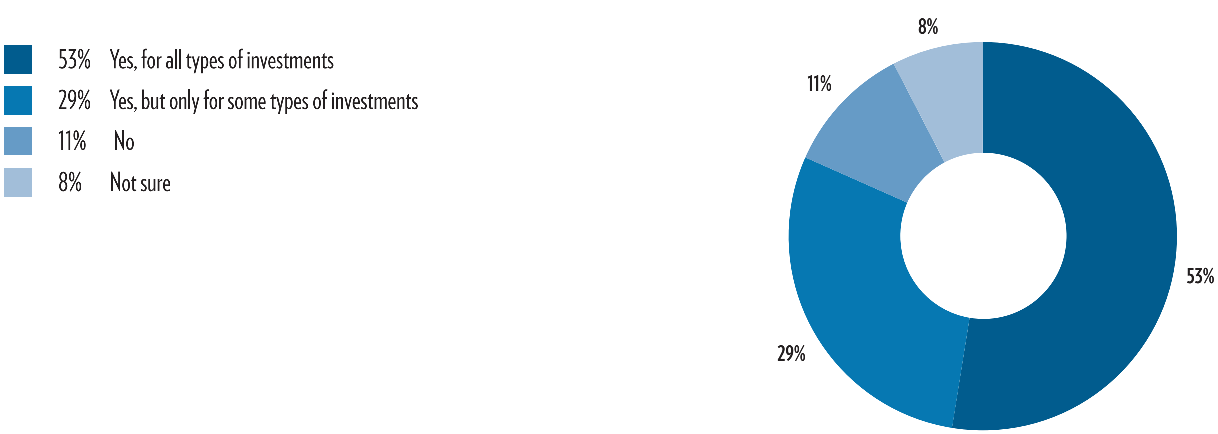
Responsible exits

The topic of 'responsible exits' is much-discussed in the impact investing community. Respondents were asked if they believe impact investors have a responsibility to try to ensure the continuity of impact after they exit an investment. More than half of respondents believe investors have a responsibility to do so for all types of investments (Figure 53). Eleven percent reported their belief that impact investors do not have this responsibility, while another 29% said they believe investors' responsibility depends on the type of investment. Respondents further commented that this responsibility is not always controllable (e.g., in public markets) and that the degree of responsibility sometimes depends on whether or not the investor can afford follow-up.

> "Impact investors should seek reasonable mechanisms to commit investments to ongoing impact and management of ESG. This will deepen the efficacy of the sector and ensure lasting outcomes—who wants their good work to go to waste!?"
> – Fund manager

Figure 53: Do you believe impact investors have a responsibility to try to ensure the continuity of impact after they exit an investment?

n = 158

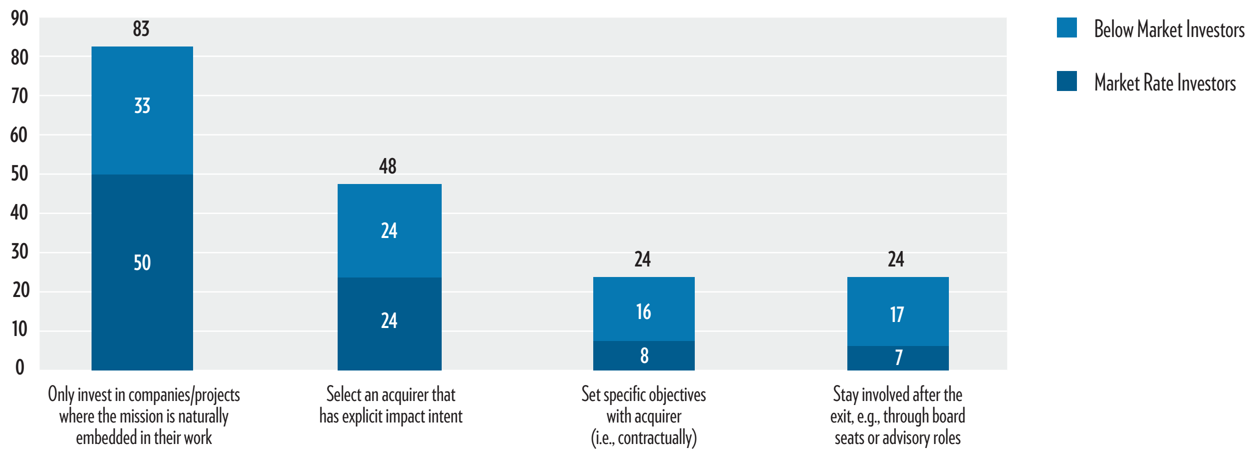


Source: GIIN

The most popular approach to ensuring continuity of impact is to select investments in which the mission is naturally embedded in their work (83 respondents). Forty-eight respondents noted that they select acquirers that have explicit impact intent. Other options were related to setting specific objectives with acquirers and staying involved post-exit (24 respondents each). These last two responses, which entail more active involvement, were more commonly selected by below-market-rate investors than by market-rate investors (Figure 54).

Figure 54: How do you try to ensure continuity of impact at exit?

Respondents could select more than one option; total that selected each shown above bar.

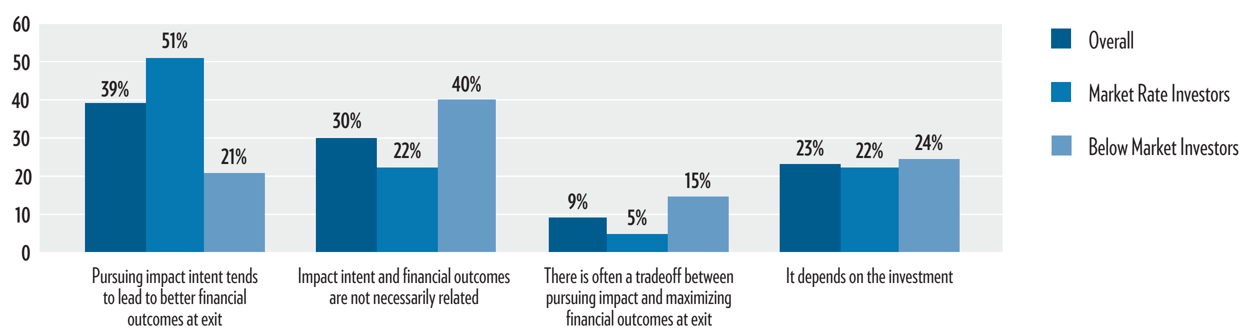


Source: GIIN

Respondents also answered a question about the relationship between impact and financial success at the time of exit. While half of Market Rate respondents indicated that pursuing impact intent tends to lead to better financial outcomes, only 21% of Below Market respondents selected this option (Figure 55). A higher proportion of Below Market respondents compared to Market Rate respondents indicated that there is not necessarily a relationship between impact and financial success at exit (40% versus 22%, respectively) or that there is a tradeoff between these two (15% versus 5%, respectively). Nearly a quarter of each group indicated that the relationship between impact and financial success depends on the investment.

Figure 55: Relationship between pursuing the impact intent of the investment and achieving the best financial outcomes at exit

Overall n = 148; Market rate n = 86; Below market n = 62



Source: GIIN

Risk

Respondents answered two questions related to risk: first, whether they had experienced any significant risk events in 2015, and second, ranking various contributors of risk in their portfolio. Eighty-four percent of respondents reported that they had not experienced significantly more and/or worse covenant breaches or material adverse changes than they had expected in 2015 (Table 22). Sixteen percent reported having experienced some type of risk event (slightly higher than last year's 11%, though a different sample). For the sub-group of repeat respondents to both of the past two years' surveys, these proportions have remained fairly static. Notably, this year 31% of PD investors experienced risk events, compared to just 9% of PE investors. Multiple respondents noted that macroeconomic issues were driving these changes in risk, especially the devaluations of various local currencies against the US dollar.

Table 22: Covenant breaches or material adverse changes experienced in 2015
n = 158

	Number of respondents	Percentage of respondents
Yes	25	16%
No	133	84%

Source: GIIN

When asked to rank the top five contributors of risk to their impact investment portfolios, respondents ranked 'business model execution & management risk' first by a large margin (Table 23), consistent with the past four years of surveys.[54] As was the case last year, 'liquidity & exit risk' ranked second. 'Market demand & competition risk' ranked third, followed by 'financing risk' and 'country & currency risk.' The risks ranked second through sixth are quite close in terms of their scores, indicating that respondents had broadly similar levels of concern with each of these factors. Two new choices offered on the survey this year, 'impact risk' and 'ESG risk,' ranked last (see definitions in Appendix 2).

Investors operating in different segments of the market expressed some differences in their assessments of risk:

- For those primarily focused on emerging markets, 'country & currency risk' ranked second with a considerably higher score than the next three highest-ranked options, which were 'financing risk,' 'liquidity & exit risk,' and 'macroeconomic risk.'

- For investors principally seeking below market returns, 'financing risk' ranked a clear second, while 'liquidity & exit risk' ranked fifth, reflecting the fact that these investors emphasize the risk of their investees being unable to raise subsequent capital over the risk that the investor cannot exit the investment at a desired time.

Table 23: Contributors of risk to impact investment portfolios
n = 158

Rank	Score	Answer Option
1	556	Business model execution & management risk
2	331	Liquidity & exit risk
3	317	Market demand & competition risk
4	305	Financing risk
5	304	Country & currency risks
6	278	Macroeconomic risk
7	116	Perception & reputational risk
8	110	Impact risk
9	53	ESG risk

Note: Respondents ranked the top five risks from a choice of nine options. Scores are calculated by weighting each rank by the number of respondents that selected it and summing those weighted totals.
Source: GIIN

54 Readers comparing scores from last year's survey may notice that scores are much higher across all risks this year, because this year respondents were asked to rank their top five risks rather than the top three.

Liquidity

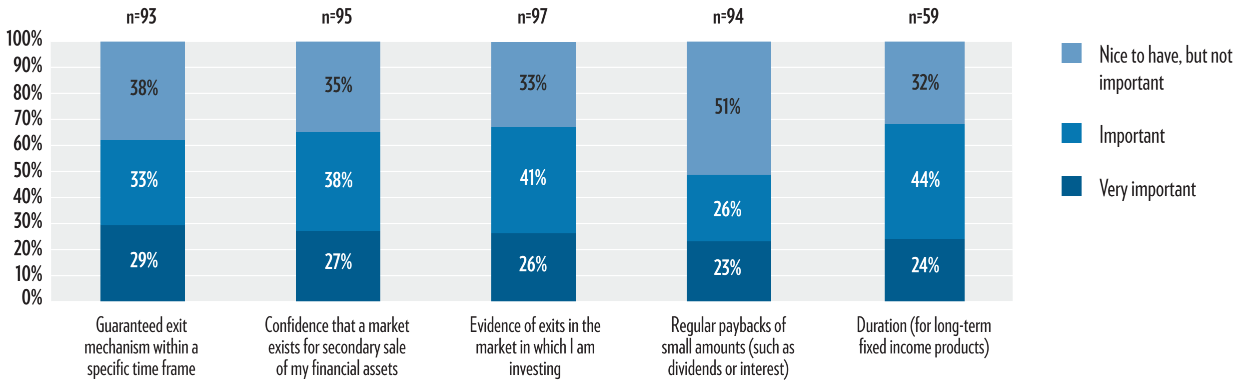
An important consideration for investors of all types, liquidity is an increasingly discussed topic in the impact investing landscape. This year's survey included two questions on the topic.

Importance of various liquidity features

Respondents offered their opinions on the importance of various ways in which liquidity might be realized in an investment. Overall, respondents expressed similar views on a range of liquidity features they assessed (Figure 56).

Figure 56: Importance of various liquidity features

Number of respondents shown below each bar; Some respondents chose 'N/A or not sure,' and their responses are not shown here.



Source: GIIN

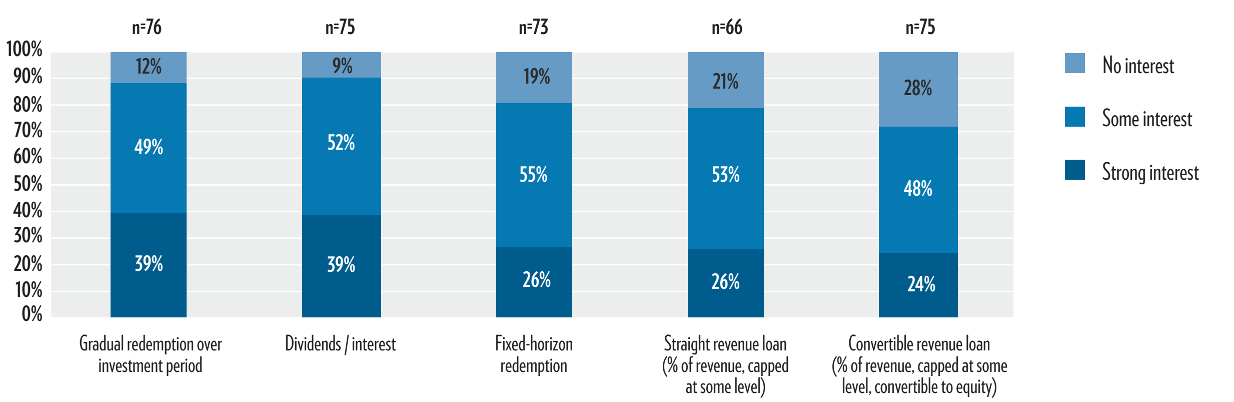
However, investors focused on different asset classes attached greater or lesser importance to certain liquidity features. Unsurprisingly, a large share of Private Debt investors deemed regular payments of small amounts 'very important' (50%), while 86% of Private Equity investors felt regular payments are only 'nice to have.' Compared to the overall sample, PE investors gave slightly more importance to confidence that a market exists for secondary sales ('very important' for 32% of PE investors) and evidence of exits in their market ('very important' for 37%).

Interest in tools for enabling greater liquidity

Respondents indicated their interest in various tools for enabling greater liquidity. Close to 40% expressed 'strong interest' in 'gradual redemption over the investment period' and 'dividends/interest' (Figure 57). About a quarter of respondents expressed 'strong interest' in each of three other tools offered: fixed-horizon redemptions, straight revenue loans, and convertible revenue loans. Compared to Private Equity investors, a higher percentage of Private Debt investors expressed 'strong interest' in 'dividends/interest' and 'fixed-horizon redemption'. More PE investors than PD investors expressed 'strong interest' in a 'convertible revenue loan.'

Figure 57: Interest in tools for enabling greater liquidity

Number of respondents shown above each option; Some respondents selected 'not applicable,' and their responses are not shown here.



Source: GIIN

2015 MARKET DEVELOPMENT

Financial Performance Research

Both current and potential impact investors have increasingly expressed demand for research on the financial performance of impact investments. In 2015, several organizations responded to this demand with studies evaluating the performance of private equity and private debt impact investments.

Private Equity

- In June 2015, the **GIIN** and **Cambridge Associates** published a report analyzing the financial performance of 51 private equity impact investing funds seeking market-rate returns.[55] Included funds pursue a range of social impact objectives and operate across geographies and sectors with vintage years ranging from 1998 to 2010. The study found that, while competitive market-rate returns are achievable in private equity impact investing, manager selection is critical—just as in conventional private equity investing.
- In October 2015, the **Wharton Social Impact Initiative** published a study analyzing the performance of private equity funds between 2000 and 2015.[56] The study found that private equity impact investing funds seeking risk-adjusted market rate returns were able to achieve returns comparable to public-market equivalents.

Private Debt

- In June 2015, **EngagedX** published a study analyzing 426 transactions made between 2002 and 2014 by three social investment financial intermediaries in the UK.[57] Included transactions took place across a range of sectors and did not necessarily target market-rate returns, often prioritizing the provision of appropriate capital to social purpose organizations over and above the making of financial returns. This was reflected in varied performance, with the authors finding greater net losses on funds that might have been more focused on testing the principles of social investment, while those that were set up to be more financially sustainable performed "reasonably well."
- In July 2015, the **Boston Consulting Group** published research which considered both the transaction- and fund-level performance of the Futurebuilders England Fund, an early entrant to the UK social investment market that offers repayable finance, grants, and professional support to community-development organizations.[58] The study analyzed data from 148 total transactions made between 2004 and 2010, many of which included both investment and grant components.[59] According to the study, Futurebuilders achieved a high rate of capital recovery, particularly from simple loan products, despite lending to organizations with little prior exposure to loan finance.

These studies represent significant advancement in the effort to bridge information gaps regarding the financial performance of impact investments. However, further research is needed to understand performance across different market segments. Financial performance analysis will remain a priority on the GIIN's research agenda in the years ahead.

55 Amit Bouri et al., *Introducing the Impact Investing Benchmark* (Global Impact Investing Network and Cambridge Associates: June 25, 2015), https://thegiin.org/knowledge/publication/introducing-the-impact-investing-benchmark.

56 Jacob Gray et al., Great Expectations: *Mission Preservation and Financial Performance in Impact Investing* (Philadelphia: Wharton Social Impact Initiative, October 2015), http://socialimpact.wharton.upenn.edu/wp-content/uploads/2013/11/Great-Expectations_Mission-Preservation-and-Financial-Performance-in-Impact-Investing_10.7.pdf.

57 The Social Investment Market through a Data Lens. Social Investment Research Council. June 5, 2015. http://www.engagedx.com/downloads/SIRC_EngagedX_The_Social_Investment_Market_Through_a_Data_Lens_FINAL.pdf.

58 Adrian Brown, Lina Behrens, and Anna Schuster, *A Tale of Two Funds: The Management and Performance of Futurebuilders England* (London: Boston Consulting Group, July 2015), http://www.sibgroup.org.uk/fbe/.

59 The study did not specify the fund's target rates of return.

Investment Decision-Making

Forty-six respondents allocate capital to both conventional and impact investments. This section provides insights into their motivations and decision-making processes.

Motivations for allocating capital to impact investments

Respondents indicated both financial and non-financial motivations for allocating capital to impact investments, with the top three choices reflecting a commitment to responsible investment, a desire to meet impact goals, and response to client demand (Table 24). These were also the top three motivations highlighted by last year's respondents. The lowest-ranked responses concerned portfolio diversification and regulatory requirements, again consistent with last year's findings.

Table 24: Motivations for conventional investors to allocate capital to impact investments
n = 146

Rank	Score	Available answer choices
1	77	They are a part of our commitment as a responsible investor
2	60	They are an efficient way to meet our impact goals
3	50	We are responding to client demand
4	49	They provide an opportunity to gain exposure to growing sectors and geographies
5	20	They are financially attractive relative to other investment opportunities
6	16	They offer diversification to our broader portfolio
7	4	We do so to meet regulatory requirements

Note: Respondents ranked the top three motivations from a choice of seven options. Scores are calculated by weighting each rank by the number of respondents that selected the option and summing those weighted totals.

Source: GIIN

Investment committee

Nineteen respondents offered insights into the similarities and differences between their investment committees for impact and those for conventional investments. Eleven of the 19 respondents (58%) use the same investment committee for both conventional and impact investment decisions. Four respondents (21%) appoint impact investment committees that include some members of their conventional investment committees along with members who serve only on the impact investment committee. These dedicated members are elected for their expertise selecting and managing impact investments.

The remaining four respondents (21%) reported having wholly different investment committees for their impact and conventional investments. One key distinction between the committees is that these impact investment committees must include expertise in social and/or environmental impact in addition to expertise managing investments, whether that is achieved through a mix of individuals having different backgrounds or by including professionals who have both types of experience. Additionally, some impact investment committees include senior investment managers as well as corporate social responsibility managers. Some respondents noted that the composition of their committees differ according to the size of investment under consideration.

Due diligence

Seventeen respondents commented on their due diligence practices for impact and conventional investments. Eight of the 17 (47%) noted that their due diligence practice was the same for both types of investment. Five (29%) commented that their due diligence process is more or less the same for both types of investments but that their due diligence for impact investments includes an additional impact screen to assess and evaluate each investment's social and environmental characteristics. In such cases, impact viability and impact risk are assessed in tandem with financial due diligence. One respondent noted that, although they collect the same data for diligence of both impact and conventional investments, certain key factors are weighed differently between the two cases.[60]

> "Every investment our firm reviews on behalf of clients is assessed for its potential to generate impact. However, those identified as impact investments, whether by the investee or our research staff, are evaluated more closely for their social or environmental characteristics."
>
> – Family office

The remaining four respondents, three of which are foundations, indicated having substantive differences between their due diligence approach for impact investments and that for conventional investments.[61] In practice, these variations emerge in different approaches to assessment of risk and return, use of different consultants, and evaluation of impact. One foundation respondent noted that its impact investments are also reviewed for programmatic alignment. One respondent noted, "Due diligence for impact investments focuses first on program fit, then emphasis is on operational capacity and financial prospects to achieve at least return of capital." Two respondents also indicated that due diligence for impact investments generally takes longer to complete than that for conventional investments.

Sixteen respondents commented on both their investment committees and their due diligence processes (Table 25). Respondents who used the same investment committee for their impact investments as for their conventional investments were also more likely to apply the same due diligence processes. No respondents used the same investment committee but different due diligence processes, or vice versa.

Table 25: Impact investment decision-making processes compared to conventional investment processes

n = 16

		Due Diligence Process			
		Different due diligence	Additional impact screen only	Same due diligence	Total
Investment Committee	Different committee	2	1	-	**3**
	Overlapping committees	2	2	-	**4**
	Same committee	-	2	7	**9**
	Total	**4**	**5**	**7**	

Source: GIIN

60 This respondent did not specify how or which key factors might be weighed differently.

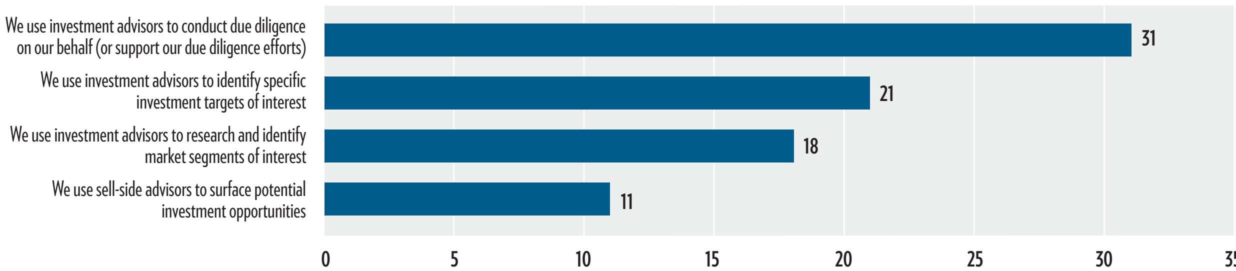
61 The fourth respondent identified as a bank/diversified financial institution.

Use of investment advisors

Among the sample, 52 respondents (33%) reported using investment advisors to support their impact investing work (Figure 58). Of these, 31 (60%) use them to conduct due diligence on their behalf, while others use them to identify specific investment targets of interest (21, 40%), to research and identify market segments of interest (18, 35%), and to locate potential investment opportunities (11, 21%).

Figure 58: How respondents use investment advisors to support their impact investing work

n = 52; Respondents could select more than one option; Number of respondents that selected each option shown.



Source: GIIN

Appendices

Appendix 1. List of Survey Respondents

We are grateful to the following organizations for their contributions, without which this survey would not be possible.

3Sisters Sustainable Management/ Scarab Funds

Aavishkaar Venture Management Services

Adobe Capital

AgDevCo

Alterfin

Annie E. Casey Foundation

Anonymous 1

Anonymous 2

Anonymous 3

Aravaipa Ventures

Arun LLC

ASN Novib Microcredit Fund

Athena Capital Advisors

Aventura Investment Partners

AXA IM

Bamboo Finance

Bethnal Green Ventures

Big Issue Invest

Big Society Capital

BlueOrchard Finance Ltd.

BNP Paribas

Bridges Ventures LLP

BuildForward Capital

Business Partners International

Caisse Solidaire

California Fisheries Fund, Inc.

Calvert Social Investment Foundation

Capria/Unitus Seed Fund

Capricorn Investment Group

CDC Group

Christian Super

Citizen Capital Partenaires

Community Capital Management, Inc.

Community Investment Management, LLC

Community Reinvestment Fund, USA

Conservation Forestry

Conservation International

Contact Fund, LLC

Contrarian Drishti Partners

COOPEST

Cordaid Investment Management

Core Innovation Capital

CoreCo Private Equity

Craft3

Creas

Creation Investments Capital Management, LLC

Credit Suisse

Cultivian Sandbox Ventures

Développement international Desjardins

Deutsche Bank

Dev Equity

Developing World Markets (DWM)

EcoEnterprises Fund

Ecotrust Forest Management

Elevar Equity

Endeavor Global

Energy Access Ventures

ENGIE Rassembleurs d'Energies

Enterprise Community Partners

Equity for Tanzania (EFTA)

Finance in Motion

Fledge

FMO

Fondazione Sviluppo e Crescita - CRT

Fonds 1818

Ford Foundation

Forsyth Street

Futuregrowth Asset Management

GAWA Capital

Global Partnerships

Gordon and Betty Moore Foundation

Grameen Credit Agricole Foundation

Grassroots Business Fund

Grassroots Capital Management PBC/Caspian Impact Investment Advisers

Gray Ghost Ventures

GroFin

Habitat for Humanity International

HCAP Partners LLC

Heron Foundation

Homewise, Inc.

Hooge Raedt Social Venture (HRSV)

Investisseurs et Partenaires (I&P)

ICCO Investments

IDP Foundation, Inc.

IGNIA

Impact Community Capital

Impact First Investments

Impax Asset Management

Inversor Fund

J.W. McConnell Family Foundation

JPMorgan Chase & Co.

Kois Invest

Kukula Capital Plc

LeapFrog Investments

LGT Venture Philanthropy

Lok Capital

Lombard Odier SA

Lundin Foundation

Lyme Timber

MacArthur Foundation

MainStreet Capital Partners

Media Development Investment Fund

Mergence Investment Managers

MicroVest Capital Management, LLC

National Community Investment Fund

Nesta Impact Investments

New Forests

New Market Funds

NewWorld Capital Group

Nonprofit Finance Fund

Northern California Community Loan Fund

Novastar Ventures

Oikocredit Private Equity

Omidyar Network

Omnivore Partners

Overseas Private Investment Corporation (OPIC)

Pacific Community Ventures

Phatisa Fund Managers

PhiTrust

Progression Capital Africa Ltd

Prudential Impact Investments

Promotora Social México (PSM)

Quadia

Renewal Funds

responsAbility Investments AG

Root Capital

RS Group

Robert Wood Johnson Foundation (RWJF)

Sarona Asset Management

Self-Help Credit Union

Shared Interest

Sitawi

SJF Ventures

SLM Partners

Social and Sustainable Capital

Social Investment Business

Sonen Capital

Stichting DOEN

Symbiotics

The California Endowment

The Climate Trust

The David and Lucile Packard Foundation

The McKnight Foundation

The Osiris Group

The Rockefeller Foundation

TIAA-CREF

Treehouse Investments, LLC

Triodos Investment Management

Triple Jump

Truestone Impact Investment Management

TVM Capital Healthcare partners

Upaya Social Ventures

Vermont Community Loan Fund

VilCap Investments

Vital Capital Fund

Vox Capital

Voxtra

Working Capital for Community Needs (WCCN)

Appendix 2. List of Definitions Provided to Survey Respondents

General

- **Impact investments:** Investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return.
- **Capital committed:** Capital the organization has agreed to contribute to a fund or other investment, rather than capital committed to your organization/fund by another investor.
- **Mission-related investments (MRIs):** Investments that support a foundation's mission and programmatic goals while seeking risk-adjusted market-rate returns. MRIs are part of the foundation's total assets, known as its endowment or corpus.
- **Economically targeted investments (ETIs):** Investments that are selected for the benefits they create in addition to the investment return to the employee benefit plan investor.

Instruments

- **Deposits & cash equivalents:** Cash management strategies that incorporate intent toward positive impact.
- **Private debt:** Bonds or loans placed to a select group of investors rather than being syndicated broadly.
- **Public debt:** Publicly traded bonds or loans.
- **Equity-like debt:** An instrument between debt and equity, such as mezzanine capital or deeply subordinated debt. Often a debt instrument with potential profit participation. E.g. convertible debt, warrant, royalty, debt with equity kicker.
- **Private equity:** A private investment into a company or fund in the form of an equity stake (not publicly traded stock).
- **Public equity:** Publicly traded stocks or shares.
- **Real assets:** An investment of physical or tangible assets as opposed to financial capital, e.g. real estate, commodities.
- **Pay-for-performance instruments (e.g., social impact bonds):** A form of outcomes-based contract in which public sector commissioners commit to pay for significant improvement in social outcomes for a defined population. Private investment is used to pay for interventions, which are delivered by service providers. Financial returns to investors are made by the public sector on the basis of improved social outcomes.

Stages of growth

- **Seed/Start-up:** Business idea exists, but little has been established operationally; pre-revenues.
- **Venture:** Operations are established, and company may or may not be generating revenues, but does not yet have positive EBITDA.
- **Growth:** Company has positive EBITDA and is growing.
- **Mature:** Company has stabilized at scale and is operating profitably.

Contributors of risk

- **Country and currency risks:** Risks which include political, regulatory, local economic or currency-linked risks.
- **ESG risk:** Risk derived from noncompliance with environmental, social, or governance criteria.
- **Financing risk:** Risk of the investee not being able to raise subsequent capital necessary to its growth.
- **Impact risk:** The possibility that the investment does not achieve the desired social or environmental benefits.
- **Liquidity and exit risk:** The risk of being unable to exit the investment at the desired time.
- **Macroeconomic risk:** Risk that includes regional or global economic trends.

Exit mechanisms

- **Strategic buyer:** A buyer, usually another company in the same sector, whose reasons for purchasing stake include potential for synergies with their existing company.
- **Financial buyer:** A buyer that is primarily interested in the potential for the company to generate a financial return.
- **IPO:** Initial public offering, or the first sale of stock by a private company to the public.
- **Management buyback:** Management or other executives purchase shares from the investor.

For more information

Please contact Hannah Schiff at hschiff@thegiin.org with any comments or questions about this report.

To download industry research by the GIIN and others, please visit www.thegiin.org/knowledge-center.

Disclosures

The Global Impact Investing Network ("GIIN") is a nonprofit 501c(3) organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry.

Readers should be aware that the GIIN has had and will continue to have relationships with many of the organizations identified in this report, through some of which the GIIN has received and will continue to receive financial and other support.

The GIIN has collected data for this report that it believes to be accurate and reliable, but the GIIN does not make any warranty, express or implied, regarding any information, including warranties as to the accuracy, validity or completeness of the information.

This material is not intended as an offer, solicitation, or recommendation for the purchase or sale of any financial instrument or security.

GLOBAL IMPACT INVESTING NETWORK

Global Impact Investing Network
30 Broad Street
38th Floor
New York, NY 10004 USA
info@thegiin.org
646.837.7430