



Understanding Impact Investing

Impact Investing: A Strong and Growing Market

The sustainable and impact investing market is strong and growing.

\$715 Billion

The current impact investing market is now at \$715 billion, a **40% increase over two years**, with investors saying their allocations will continue to grow.¹

\$17.1 Trillion

Investments considering **environmental, social, and governance (ESG) factors** now stand at \$17.1 trillion, or 1 in 3 dollars under professional management in the U.S. This represents a **42% increase since 2018**.²



Faith-based institutional investors reported **\$27 billion in ESG assets**, up from **\$24 billion in 2018**.³



of institutional investors **are integrating or considering integrating** sustainable investing in all or part of their portfolios

80%

are integrating sustainable investing

+

15%

are actively considering sustainable investing

Further, **57%** of institutional investors foresee a near future when they **will only allocate to investment managers with a formal approach to ESG**.⁴

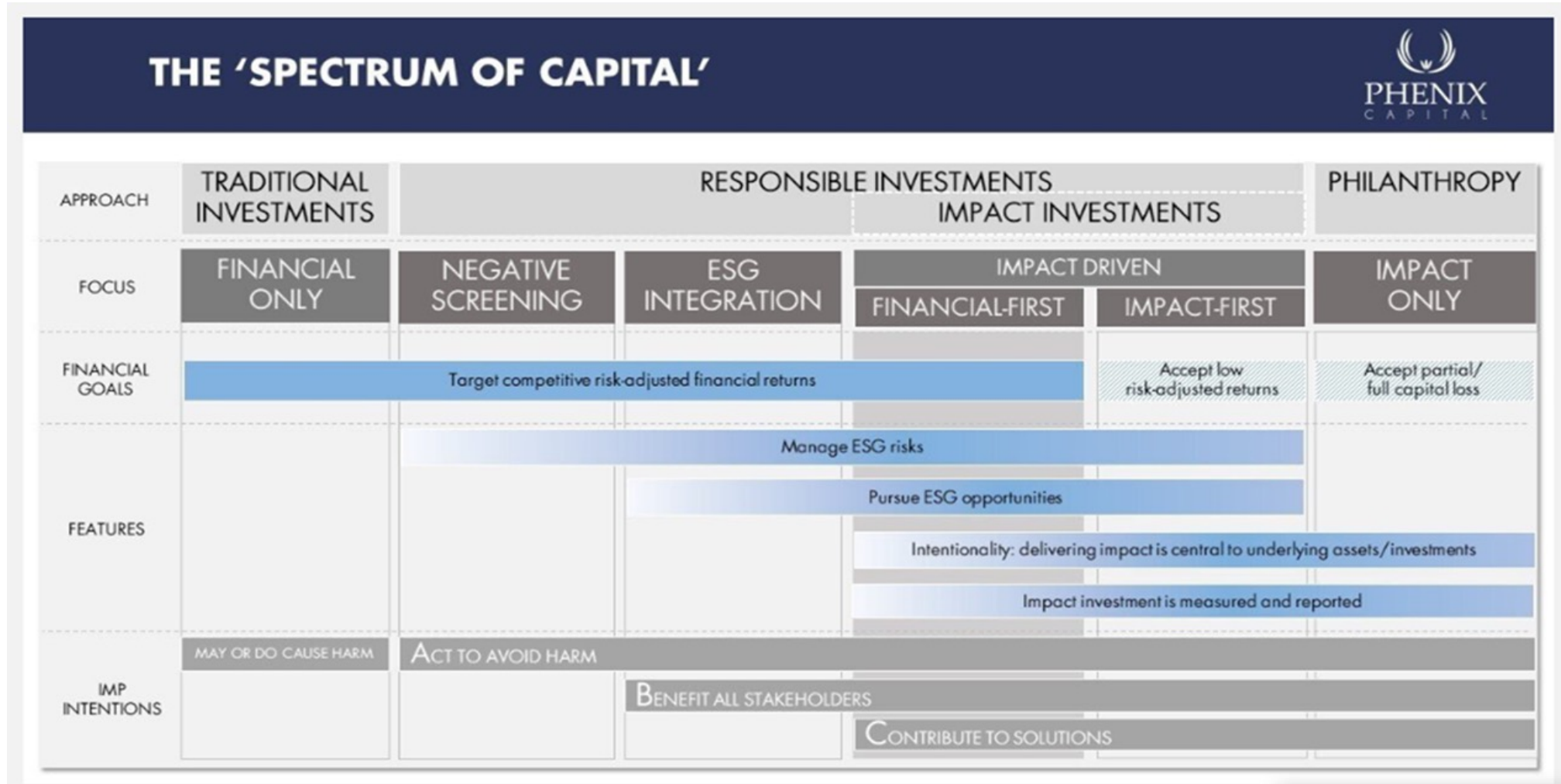
¹ GIIN (Global Impact Investing Network) [2020 Annual Impact Investor Survey](#)

² Ibid.

³ According to US SIF's [2020 Report on US Sustainable, Responsible and Impact Investing Trends](#)

⁴ According to Morgan Stanley's [2020 Sustainable Signals: Asset Owners See Sustainability as Core to the Future of Investing](#) (PDF)

Impact Investing Spectrum



- Source – [Phenix Capital](#) (first published by [Bridges Fund Management](#))

Impact Investments Defined

Impact investments are investments made with the intention to generate positive, measurable social and environmental impact, alongside a financial return.

Source: Global Impact Investing Initiative (GIIN) <https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing>

Impact Investments Defined

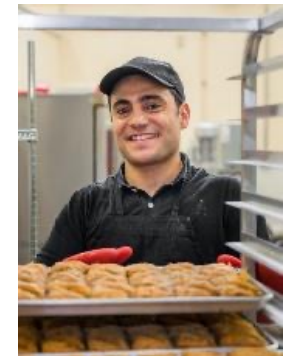
Impact investments can be made in both **emerging and developed markets**, and target a **range of returns** from below market to market rate, depending on investors' strategic goals.

The growing impact investment market provides **capital to address the world's most pressing challenges** in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, affordable and accessible basic services including housing, healthcare, and education

Source: Global Impact Investing Initiative (GIIN) <https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing>

Impact Investments: Key Characteristics

- **INTENTIONALITY** - An investor's intention to have a positive social or environmental impact is essential.
- **INVESTMENT WITH RETURN EXPECTATIONS** - Expectation to generate a financial return on capital or, at minimum, a return of capital. Financial returns range from below market (or “concessionary”) to risk-adjusted market rate.
- **ACROSS A RANGE OF ASSET CLASSES** - Impact investments can be made across asset classes including cash equivalents, fixed income, venture capital, public and private equity.
- **IMPACT IS MEASURED AND REPORTED**



Impact Investments by Asset Class & Investor Type

Asset Class	Example Products	Retail	Accredited
Cash	<ul style="list-style-type: none"> • Checking & savings accounts, CDs at CDFI banks & credit unions 	x	x
Fixed income	<ul style="list-style-type: none"> • Debt investment in impact notes • Debt investment in a loan fund • Debt investment in microfinance or small/medium enterprise fund 	x	x x x
Private equity	<ul style="list-style-type: none"> • Equity investment in a community development venture capital fund 		x
Real assets	<ul style="list-style-type: none"> • Equity investment in a community real estate fund • Equity investment in a farmland or conservation fund 		x x
Direct investments	<ul style="list-style-type: none"> • Debt or equity investment in a private company • Online crowdfunding into community businesses and projects 	x	x x

It is time for investors to step up

If the capital markets can reach outside of their comfort zone, they will notice that there is **enormous, untapped potential** in serving new populations and new markets with new business models that are addressing the world's most urgent challenges.

