ANNUAL IMPACT INVESTOR SURVEY

2019

THE NINTH EDITION

GIIN
GLOBAL IMPACT INVESTING NETWORK

USAID
FROM THE AMERICAN PEOPLE

2019 ANNUAL IMPACT INVESTOR SURVEY

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About the Global Impact Investing Network (GIIN)

The Global Impact Investing Network (GIIN) is the leading global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. 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 http://www.thegiin.org/.

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THE IMPACT INVESTING INDUSTRY IS GROWING.

RESPONDENTS MADE OVER

13,000 DEALS IN 2018

AND PLAN TO INVEST IN MORE THAN

15,000 DEALS IN 2019

LETTER FROM THE MANAGING DIRECTOR

Dear Reader,

I wouldn't surprise you if I opened this letter with a brief statement on the devastation of climate change or the savagery of unequal access to the most basic of services and the tragic consequences that await us if we do not act now and act fast. You likely share in the ambition for impact investing to combat these problems. You may even be expecting me to write about the GIIN's unabashed vision for a world where finance is a force for good, and impact investing helps to get us there.

But you know all this, and I find myself impatient at the thought of dwelling there when we have so much work left to do.

The good news is that this year's *Annual Impact Investor Survey* shows our industry is increasingly sophisticated. We are starting to overcome challenges that used to stop conversations before they started. Fully one-third of our respondents are motivated to make impact investments *because of* – not in spite of – their financial return potential. Our report also captures headway made against the 18 actions we charted in our 2018 *Roadmap for the Future of Impact Investing* to strengthen the market and drive even greater impact. The impact investing industry offers glimmers of an impact-aware future, in the here and now, and we have a lot to be proud of.

The impact investing industry offers glimmers of an impact-aware future, in the here and now, and we have a lot to be proud of.

But growth without impact is pointless. The USD 502 billion in impact investment assets, estimated through the GIIN's *Sizing the Impact Investing Market* report, is nowhere near enough, and we can say that as truth even before we attempt to articulate what that USD 502 billion has accomplished. Certainly, a long-term approach is warranted as we shift the very essence of financial markets and combat problems that have challenged us for decades, if not longer. But patience is not complacence.

Earlier this year, we at the GIIN emboldened our definition of impact investing to four *Core Characteristics* that set a high bar of expected practices. As more organizations take notice of impact investing, this stronger statement on what impact investing is will provide the clarity that, we hope, will channel this interest into more capital that produces positive, sustainable changes in our world. We assert that impact investors should have specific impact intentions; consider evidence and impact data in the design of their investment strategies; manage their impact performance; and contribute to the growth of the industry. But impact investors have never shied away from high expectations – humility and tenacity are the true hallmarks of this industry. Over half of respondents struggle to source talent for impact management, yet they nearly universally measure and manage impact, and over 60% go further to share best practices with one another. The *Characteristics* celebrate and codify these achievements and address one action laid out in the *Roadmap* – creating a shared identity. It's up to all of us to make sure all 18 are tackled.

Each year, our *Survey* captures a single moment in this young and dynamic industry, reflecting both progress and obstacles. For better or worse, investment has always meant influence, and this influence comes from a thousand choices each of us makes every day. Let's choose "better" – a world where our choices drive universal well-being and environmental prosperity. Thank you for the hope and curiosity that led you to pick up this report. We trust you find something in here that sparks your imagination.

Warm regards,
Sapna Shah

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METHODOLOGY

This report captures data from 266 impact investors collected via a survey distributed during January and February 2019. Respondents answered questions regarding their activities since inception and during 2018 and regarding their plans for 2019.

NOTE TO READERS

Rather than estimating the overall size of the impact investing market, this report offers a snapshot of global impact investing activity. For information about the market size, see the GIIN's 2019 report, *Sizing the Impact Investing Market*.[1]

Inclusion criteria

All respondents represent impact investing organizations, not individual investors. To ensure that respondents had meaningful experience managing impact investments, survey-eligibility criteria required that respondents either: (1) had invested at least USD 10 million in impact investments since their inception or (2) had made at least five impact investments, or both. The GIIN provided its definition of impact investing (see Appendix 2), which respondents used to self-report their eligibility based on these criteria.

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 year's report with those from previous years. Of the 266 respondents in this year's sample, 170 also responded in 2018 (the full 2018 sample comprised 229 respondents). The Research Team analyzed this overlapping sub-sample to discern changes in activity by the same set of respondents. The Research Team also examined changes and trends in investment activities over the last four years by comparing responses from the 83 investors that completed both the 2015 and 2019 Annual Surveys (with 2014 and 2018 data).

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.

Data recoding

A handful of survey questions requested free-form answers from respondents. To enable more useful interpretation of these 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 the Annual Survey manage comparatively large impact investing portfolios, potentially skewing aggregate analysis toward their particular concentrations. Where appropriate and feasible, this report presents analysis including and / or excluding outliers to enable more nuanced interpretation of findings.

Analyzing data by sub-group to extract notable findings

Most findings presented in this report aggregate the responses of all 266 impact investors in the sample. The report also presents statistically significant differences in responses by sub-groups of respondents—such as investors with a large majority of their capital allocated to a particular asset class or geography. The statistical significance of differences between sub-groups was tested at the 90% confidence level. Table i presents a full list of these respondent sub-groups. Additionally, this report presents more precise sub-group analysis as relevant, such as analysis of those respondents that are focused on a given region (see list of regions in Table ii).

1 Abhilash Mudaliar and Hannah Dithrich, *Sizing the Impact Investing Market* (New York: Global Impact Investing Network, 2018).

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	208
EM-HQ Investors	Respondents headquartered in emerging markets	49
EM-focused Investors	Respondents that allocate ≥ 75% of their current impact investment assets under management (AUM) to emerging markets	116
DM-focused Investors	Respondents that allocate ≥ 75% of their current impact investment AUM to developed markets	116
Private Debt-focused Investors	Respondents that allocate ≥ 75% of their current impact investment AUM to private debt	80
Private Equity-focused Investors	Respondents that allocate ≥ 75% of their current impact investment AUM to private equity	63
Market-Rate Investors	Respondents that principally target risk-adjusted, market-rate returns	176
Below-Market Investors	Respondents that principally target below-market-rate returns, some closer to market-rate and some closer to capital preservation	90
Small Investors	Respondents with total impact investment AUM ≤ USD 100 million	143
Medium Investors	Respondents with total impact investment AUM > USD 100 million and ≤ USD 500 million	68
Large Investors	Respondents with total impact investment AUM > USD 500 million	55

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

Source: GIIN

Region and sector codes

For brevity, regions and sectors referenced in the report are given codes, as shown in Tables ii and iii. The survey instrument did not provide lists of countries by region, so responses reflect respondents' interpretations of each region's boundaries. In some cases, the Research Team analyzed differences in investment activities and market perceptions among respondents that allocate 75% or more of their AUM to a particular region. The numbers of respondents by region are listed in Table ii to provide context for regional comparisons throughout the report. Such analysis focused only on regions to which a meaningful sample has substantial allocations.

Table ii: Region codes

Code	Name of region	Number of respondents that allocate ≥ 75% of AUM to each region
DM	Developed Markets	
East Asia	East Asia	6
Oceania	Oceania	4
U.S. & Canada	United States and Canada	70
WNS Europe	Western, Northern, and Southern Europe	19
EM	Emerging Markets	
EECA	Eastern Europe, Russia, and Central Asia	2
LAC	Latin America and the Caribbean (including Mexico)	15
MENA	Middle East and North Africa	2
Southeast Asia	Southeast Asia	6
South Asia	South Asia	12
SSA	Sub-Saharan Africa	33

Source: GIIN

Table iii: Sector codes

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

Source: GIIN

EXECUTIVE SUMMARY

This report presents findings from the Global Impact Investing Network's ninth Annual Impact Investor Survey reflecting 266 respondents' impact investing activities and perspectives on industry development, including new sections exploring human resources; diversity, equity, and inclusion; and the role of governments in supporting the industry. The report also analyzes trends among the subset of 83 four-year repeat respondents.

KEY FINDINGS

1. The impact investing industry is diverse.
2. The impact investing market continues to grow and mature.
3. Impact measurement and management is central to investors' goals and practices.
4. Impact investors report performance in line with both financial and impact expectations.
5. Impact investors indicate commitment to developing the industry.

1 THE IMPACT INVESTING INDUSTRY IS DIVERSE

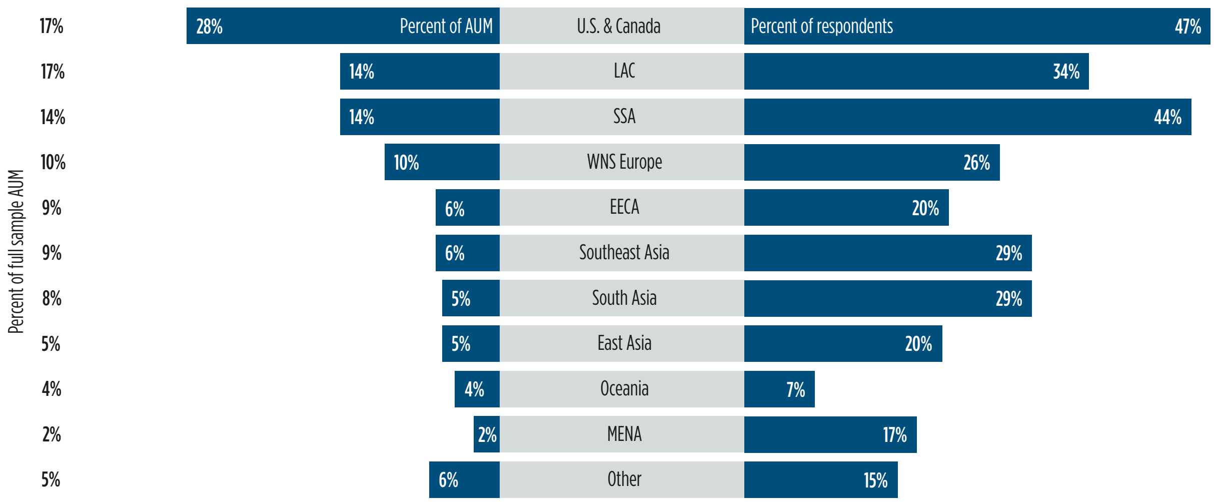
The 266 respondents to this year's Annual Survey reflect diverse players and objectives across the market:

- **Organization type:** Nearly two-thirds of respondents identify as fund managers, while the rest are various other organization types, including foundations, banks / diversified financial institutions, DFIs, family offices, permanent investment companies, and pension funds.
- **Headquarters location:** A majority of respondents are headquartered in developed markets, most commonly the U.S. & Canada (45%) and WNS Europe (27%).
- **Investment focus:** Two-thirds of respondents make only impact investments; the remaining third also make conventional investments.
- **Target returns:** About two-thirds of respondents principally target market-rate returns (66%), and the remaining third are split between those targeting returns closer to market rate (19%) and those targeting returns closer to capital preservation (15%).
- **Impact objectives:** Fifty-six percent of respondents target both social and environmental impact objectives, 36% target only social objectives, and 7% target only environmental objectives.

Impact investors also have diverse asset allocations. In total, respondents manage USD 239 billion in impact investing assets which they invest across geographies, sectors, and instruments. Investors allocate capital globally, with about half of total assets (excluding outliers) allocated to emerging markets and half to developed markets (Figure i).

Figure i: Geographic allocations by AUM and number of respondents

Left side—Percent of AUM, excluding three outliers: n = 259; AUM = USD 131 billion
Right side—Percent of respondents with any allocation to each geography: n = 266; respondents may allocate to multiple geographies

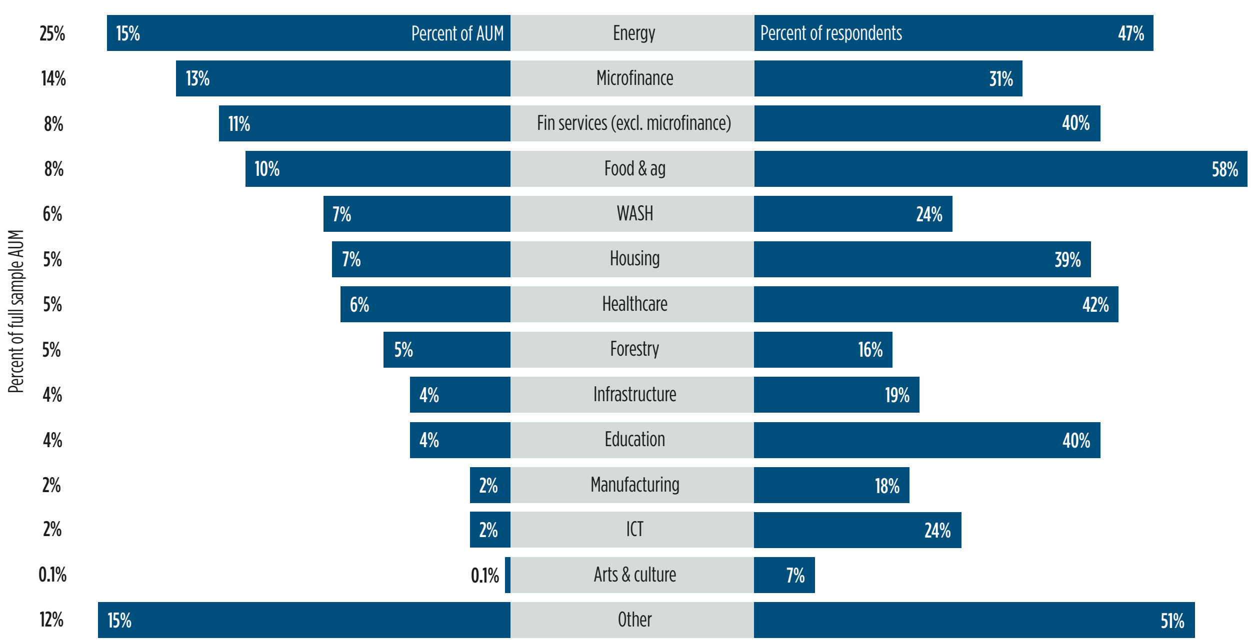


Note: 'Other' includes investments allocated globally. Besides outliers, AUM figures also exclude three respondents that declined to share AUM data.
Source: GIIN

By sector, respondents have committed to basic services (Figure ii). Excluding outliers, they have allocated the greatest share of assets to energy (15%), microfinance (13%), and other financial services (11%).

Figure ii: Sector allocations by AUM and number of respondents

Left side—Percent of AUM, excluding three outliers: n = 259; AUM = USD 131 billion
Right side—Percent of respondents with any allocation to each sector: n = 266; respondents may allocate to multiple sectors



Note: 'Other' sectors include commercial real estate, the retail sector, community development, and multi-sector allocations. Besides outliers, AUM figures also exclude three respondents that declined to share AUM.
Source: GIIN

Respondents indicate strong activity in private markets, with 26% of their capital allocated through private debt and 22% invested through private equity. Investors are also increasingly active in public markets, allocating 17% of their capital through public equity and 14% through public debt.

2 THE IMPACT INVESTING MARKET CONTINUES TO GROW AND MATURE

Collectively, respondents manage USD 239 billion in impact investing assets. A subset of 80 respondent organizations that participated in the Annual Survey both four years ago and this year grew their impact investing assets from USD 37 billion four years ago to nearly USD 69 billion this year, a compound annual growth rate (CAGR) of nearly 17%. Over this four-year period, the geographies that experienced strongest growth were MENA (CAGR of 43%) and South Asia (24%), while the fastest growing sectors were infrastructure (61%), WASH (43%), and ICT (43%).

Respondents also forecast strong future growth. During 2018, they invested over USD 33 billion into more than 13,000 impact investments (Table iv). Looking ahead, these organizations plan to invest over USD 37 billion into more than 15,000 investments during 2019, reflecting 13% projected growth in the volume of capital invested and 14% growth in their number of investments.

NOTE TO READERS

These figures represent the assets of a sample of investors, and as such, do not estimate the overall size of the impact investing market. The GIIN estimated the full impact investing market at USD 502 billion as of the end of 2018 in its recently published report, *Sizing the Impact Investing Market*.[2]

Table iv: Volume of capital invested and number of investments, reported in 2018 and planned for 2019
n = 258

	Capital invested (USD millions)		Number of investments	
	2018 reported	2019 planned	2018 reported	2019 planned
Mean	128	146	52	59
Median	15	20	7	6
Sum	33,130	37,266	13,303	15,216
Aggregate % growth (projected)	–	13%	–	14%

Note: Excludes five outliers and three respondents that did not report 2018 investment activity.
Source: GIIN

Respondents perceive substantial progress across the industry in several areas, including the availability of research (92% citing at least some progress) and the sophistication of impact measurement and management practice (89%). However, challenges remain. The industry, respondents say, continues to lack appropriate capital across the risk–return spectrum (41% citing as a significant challenge) and suitable exit options (38%).

2 Mudaliar et al., *Sizing the Impact Investing Market*.

3 IMPACT MEASUREMENT AND MANAGEMENT IS CENTRAL TO INVESTORS' GOALS AND PRACTICES

The practice of impact investing is defined by investors' deliberate pursuit of positive, measurable social or environmental impact. In fact, 80% of respondents indicated that desire to work for a mission-driven organization motivates their staff, and 79% indicated their staff are interested in aligning their careers with their personal values. At the organizational level, respondents make impact investments because they are part of their commitment as responsible investors (85%) and because intentionally pursuing impact is central to their mission (84%).

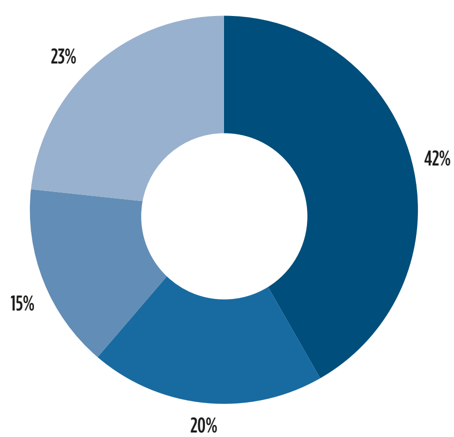
Nearly universally, impact investors measure and manage their impact (98%), typically using a mix of qualitative information, proprietary metrics, and metrics aligned to IRIS or other standard frameworks.[3] Notably, more than 60% of investors specifically track their investment performance to the United Nations' Sustainable Development Goal (SDGs), driven by a desire to integrate into a global development paradigm (Figure iii). Respondent organizations target a range of impact themes aligned to the SDGs, most commonly decent work and economic growth (73%), no poverty (61%), reduced inequalities (59%), and good health and well-being (58%).

Figure iii: Tracking impact performance to the UN SDGs

n = 266

Percent of respondents

- 42% Yes, for all of our investments
- 20% Yes, for some of our investments
- 15% No, though we plan to do so in the near future
- 23% No, and we don't have any foreseeable plans to do so



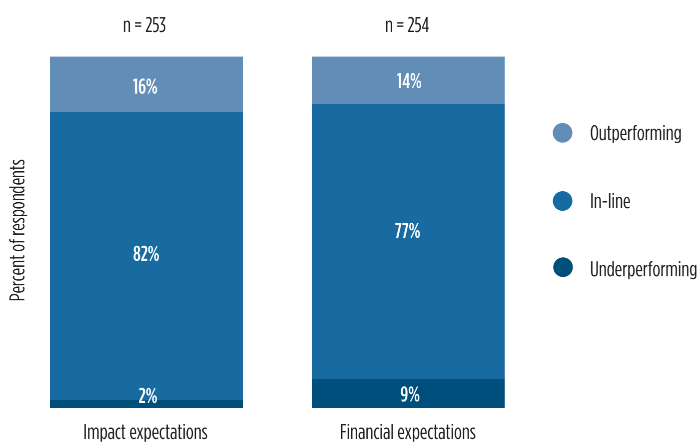
Source: GIIN

4 IMPACT INVESTORS REPORT PERFORMANCE IN LINE WITH BOTH FINANCIAL AND IMPACT EXPECTATIONS

Over 90% of respondents reported performance in line with or exceeding both their impact and their financial expectations (Figure iv). About 15% indicated outperforming their expectations since inception.

Figure iv: Performance relative to expectations

Number of respondents shown above each bar; some respondents chose 'not sure' and are not included.



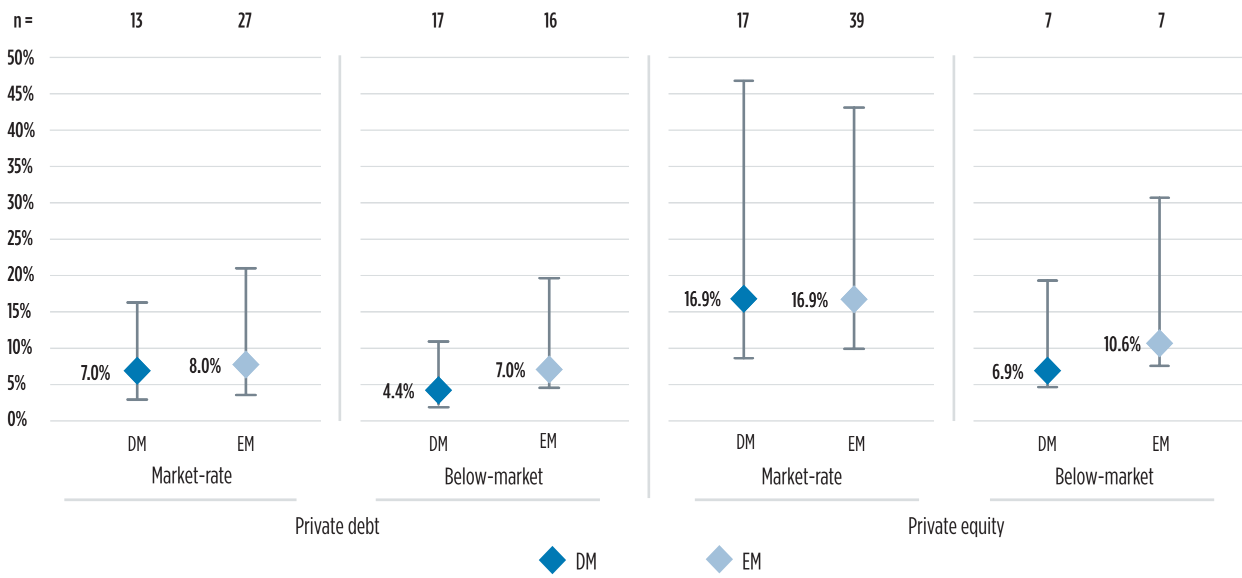
Source: GIIN

3 The four investors reporting that they do not measure their impact performance indicated plans to do so in the future.

Respondents also reported their average gross realized returns since inception (Figure v). As would be expected, market-rate-seeking investments generally outperformed below-market investments, and emerging-market investments generally outperformed developed-market investments, though generally with greater variance.

Figure v: Average gross realized returns for private markets investments (since inception)

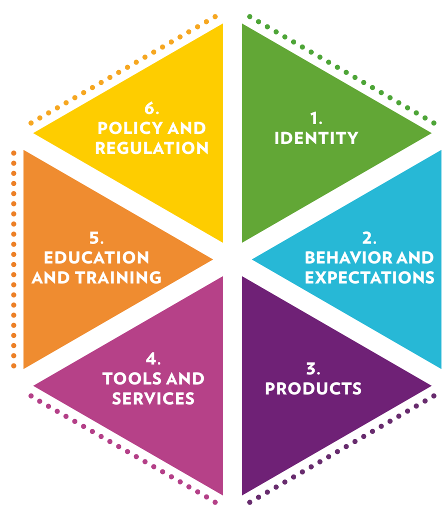
Number of respondents shown above each figure. Averages shown beside each diamond; error bars represent 10th through 90th percentiles.



Source: GIIN

5 IMPACT INVESTORS INDICATE COMMITMENT TO DEVELOPING THE INDUSTRY

Impact investors largely recognize their role in contributing to broader field-building efforts and industry development. For example, over 80% of respondents indicated making some contribution toward the various actions recommended in the GIIN's 2018 Roadmap for the Future of Impact Investing.[4] Most contributed to progress in sharing best practices for impact measurement and management (61%), supporting the development of businesses focused on impact (52%), and training finance professionals (43%). Respondents further view the impact investing industry as having a key role to play in driving broader shifts in investment practice, most notably by changing mindsets about the fundamental purpose of finance in society and driving all investing to integrate impact considerations as the 'new normal.'



Respondents also shared the belief that impact investors should implement policies and practices that advance representation in the investment process of a range of stakeholders in addition to shareholders. Overall, 72% of respondents described having such policies in place, including policies to guide their own internal operations and governance (47%), inform their selection of and engagement with investees (51%), and target a wide range of stakeholders (30%).

4 Amit Bouri, Abhilash Mudaliar, Hannah Schiff, Rachel Bass, and Hannah Dithrich, Roadmap for the Future of Impact Investing: Reshaping Financial Markets (New York: The Global Impact Investing Network, 2018).

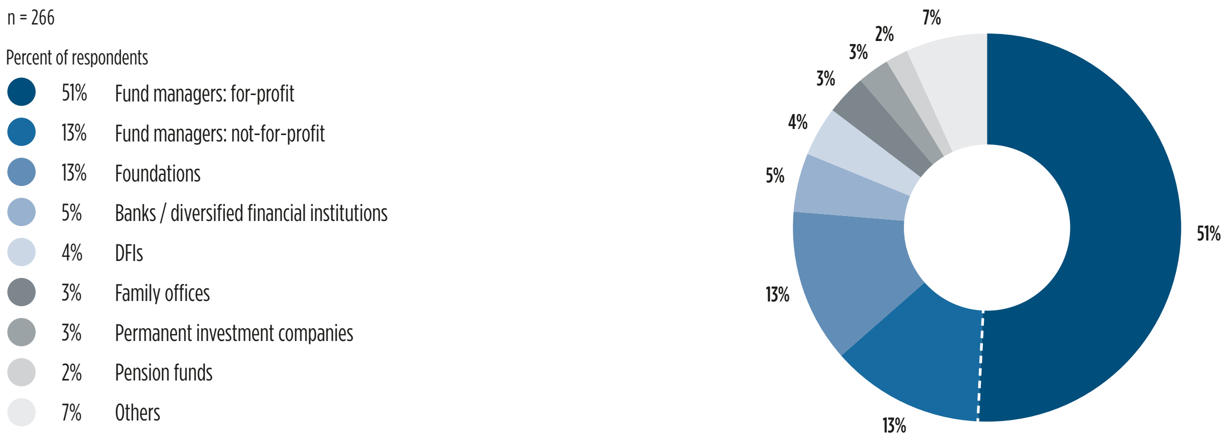
SAMPLE CHARACTERISTICS

The GIIN's 2019 Annual Impact Investor Survey gathered data and insights from 266 impact investors. An overview of some key characteristics of this sample follows below.

Organization type

Most of the 266 respondents identified as fund managers (64%; Figure 1), of which 51% were for-profit and 13% were not-for-profit. Foundations constituted 13% of the sample, while the remainder comprised banks (5%), development finance institutions (DFIs; 4%), family offices (3%), permanent investment companies (3%), pension funds (2%), and others.

Figure 1: Organization type



Note: 'Other' organizations include university endowments, non-governmental organizations, corporations, community development finance institutions, cooperatives, and social impact investment wholesalers.

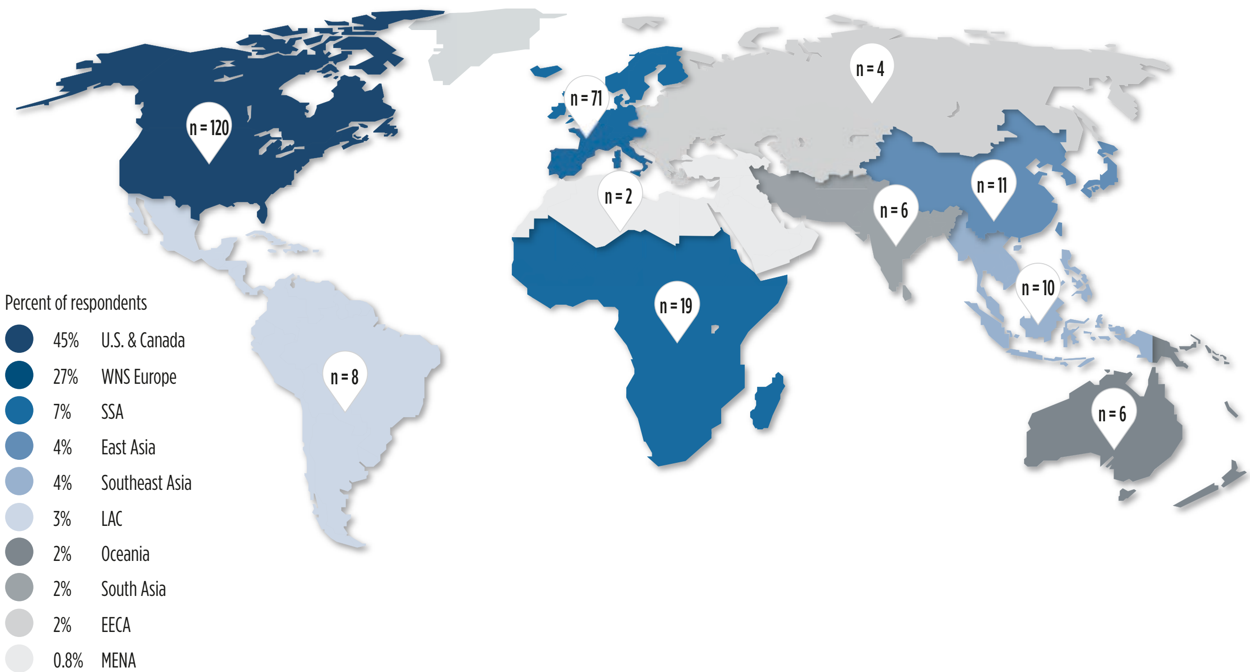
Source: GIIN

Headquarters location

The sample primarily comprises organizations headquartered in developed markets (78%), including the U.S. & Canada (45%) and WNS Europe (27%; Figure 2). Eighteen percent are based in emerging markets, including 7% in SSA and 4% in Southeast Asia. The regional distribution of respondents is fairly consistent with last year's respondents, of which 82% were headquartered in developed markets and 15% were headquartered in emerging markets.

Figure 2: Organization headquarters location

n = 257



Note: Nine respondents reporting no single headquarters location are excluded from this chart.

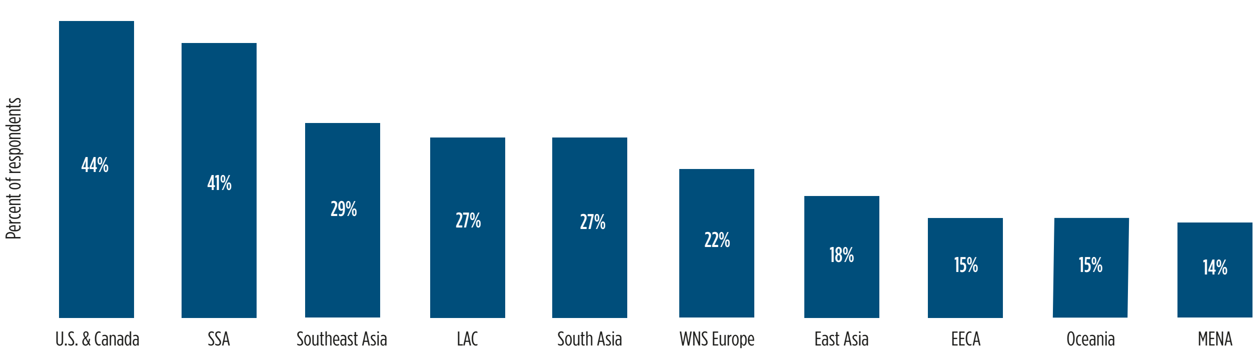
Source: GIIN

Regional offices

To better understand impact investors' operations and global reach, respondents were asked to provide the locations of their organization's regional offices. Nearly half of respondents listed at least one regional office (48%), and the median respondent had one regional office in addition to their headquarters. As shown in Figure 3, investors' regional offices are more evenly distributed across geographies than are their headquarters locations. While relatively few investors are headquartered in emerging markets, 62% have at least one office there. Forty-four percent of respondents had a regional office in the U.S. & Canada, 41% in SSA, 29% in Southeast Asia, and 27% each in LAC and South Asia.

Figure 3: Locations of regional offices

n = 128; respondents could indicate multiple regional offices.



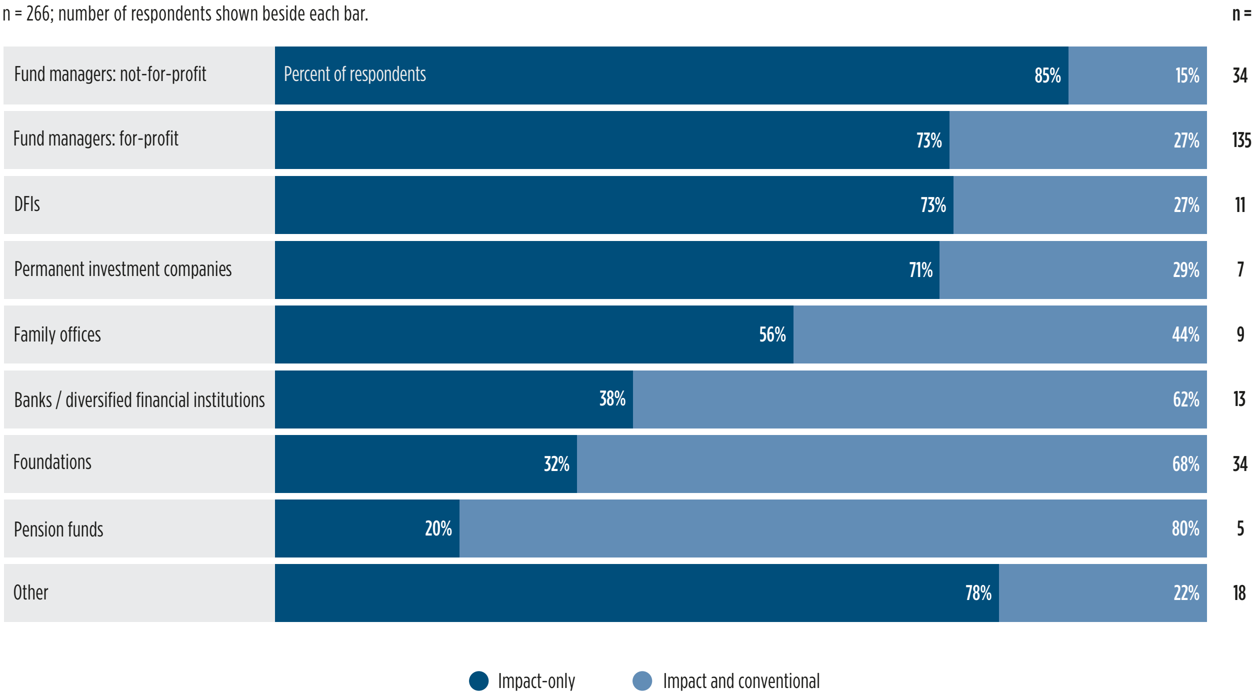
Source: GIIN

Investors making impact and conventional investments

Respondents indicated whether they make conventional investments in addition to their impact investments (Figure 4). Most respondents make only impact investments (66%), with the rest making both impact and conventional investments. More than 70% of all DFIs, fund managers, and permanent investment companies make only impact investments. A large proportion of EM-focused Investors (80%) make only impact investments, compared to 60% of DM-focused Investors. In addition, 73% of investors who target below-market returns make only impact investments, compared to 63% of Market-Rate Investors.

Figure 4: Impact-only and impact-and-conventional investors by organization type

n = 266; number of respondents shown beside each bar.



Note: 'Other' organizations include university endowments, non-governmental organizations, corporations, community development finance institutions, cooperatives, and social impact investment wholesalers.

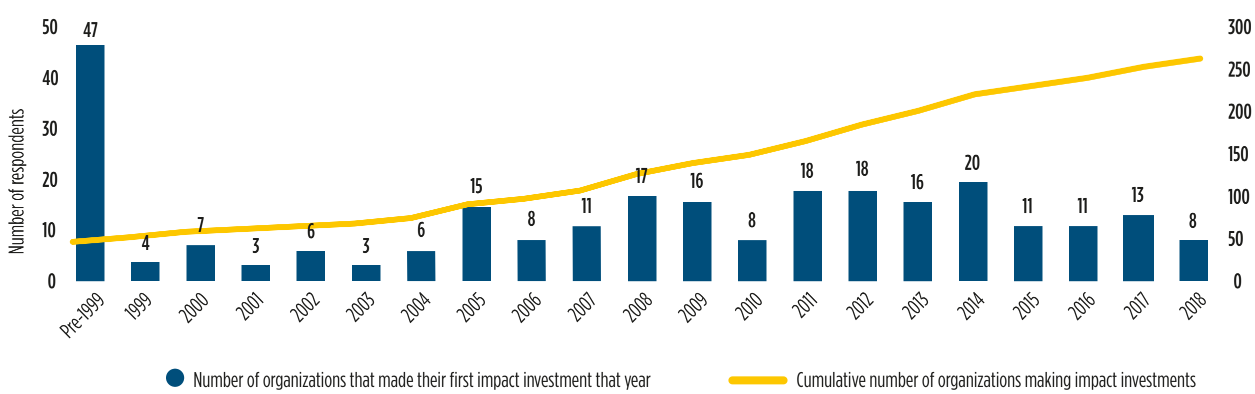
Source: GIIN

Year of first impact investment

The impact investing industry continues to welcome new entrants into the market. Nearly three-fifths of all respondents entered the market over the last ten years, and nearly a quarter made their first impact investment within the last five years (Figure 5). Of investors making their first impact investments in the past decade, 66% make only impact investments and 34% make both impact and conventional investments.

Figure 5: Year of first impact investment

n = 266

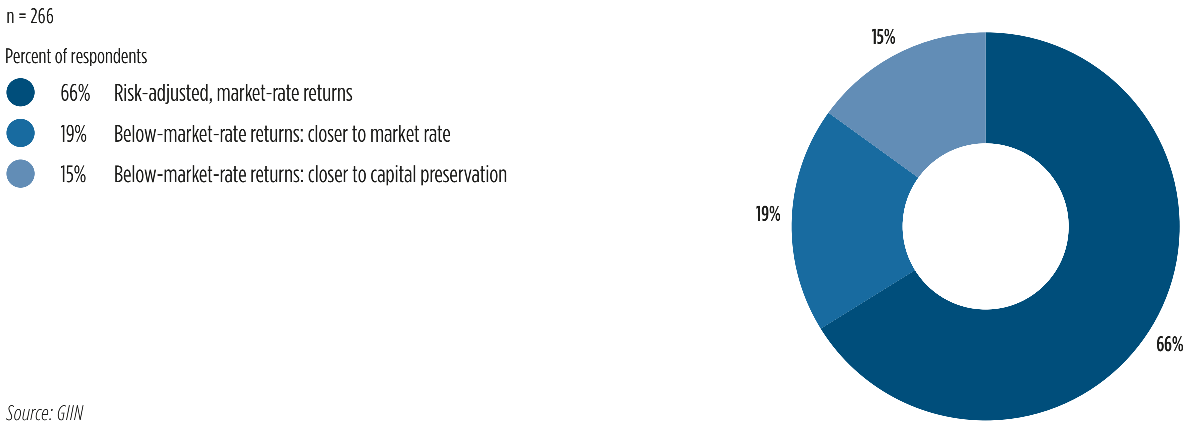


Source: GIIN

Target financial returns

Impact investors target financial returns along a continuum ranging from capital preservation to competitive market rate. Most respondents principally target risk-adjusted, market-rate returns (66%; Figure 6). A further 19% primarily seek below-market returns that are closer to market rate, and the remaining 15% target returns closer to capital preservation. Over 70% of foundations and not-for-profit fund managers pursue below-market returns. Most Private Debt-focused Investors also target below-market returns (59%), whereas a majority of Private Equity-focused Investors target market-rate returns (79%).

Figure 6: Targeted financial returns principally sought

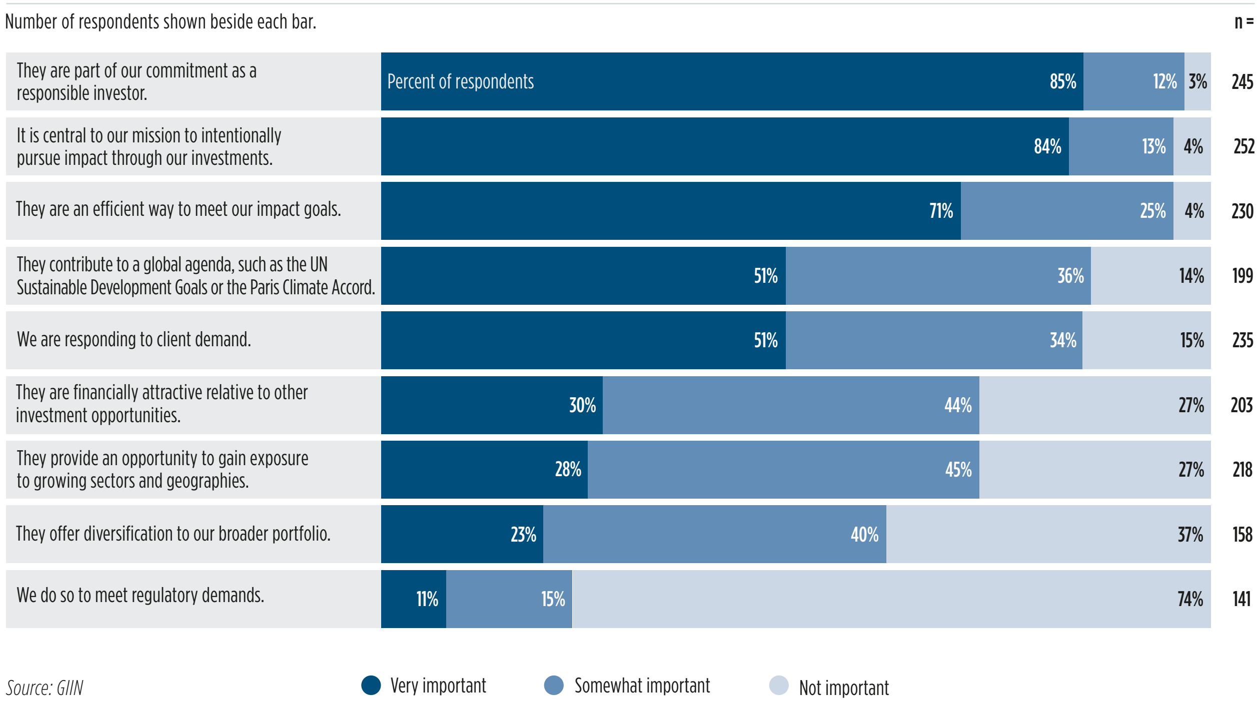


Source: GIIN

Motivations for making impact investments

Both impact and financial factors motivate impact investors to enter the market. The most common motivators for making impact investments relate to organizations' commitments to be responsible investors (85%), dedication to their missions (84%), and the pursuit of efficient ways to meet their impact goals (71%; Figure 7). Investors making only impact investments were significantly more likely to indicate their mission as a key motivator than were investors who make both impact and conventional investments (93% vs. 61%). Over half of all respondents considered contribution to a global agenda, such as the United Nation's Sustainable Development Goals or the Paris Climate Accord, a 'very important' motivator for making impact investments. This sentiment was stronger among EM-focused Investors than among DM-focused Investors (59% vs. 33%).

Figure 7: Motivations for making impact investments



Source: GIIN

Almost one-third of investors cited impact investing as financially attractive relative to other investment opportunities, with a greater share of DM-focused than EM-focused Investors highlighting this motivation as 'very important' (30% vs. 16%). Market-Rate Investors were more likely to cite a range of financial motivators as 'very important' than were Below-Market Investors, including the financial attractiveness of impact investing (36% vs. 0%), client demand for impact investing (43% vs. 36%), and opportunity for portfolio diversification (21% vs. 1%).

Sample characteristics by sub-group

Table 1 breaks down the sample by several key characteristics: geographical focus, instrument focus, target returns, and size.

Table 1: Sample characteristics by sub-group

n = 266

Sub-group	Description	Percent of respondents
DM-HQ investors	Investors headquartered in developed markets	78%
EM-HQ investors	Investors headquartered in emerging markets	18%
EM-focused investors	Investors with ≥ 75% of impact investing AUM invested in emerging markets	44%
DM-focused investors	Investors with ≥ 75% of impact investing AUM invested in developed markets	44%
Private-debt-focused investors	Investors with ≥ 75% of impact investing AUM invested in private debt	30%
Private-equity-focused investors	Investors with ≥ 75% of impact investing AUM invested in private equity	24%
Market-rate investors	Investors principally targeting market-rate returns	66%
Below-market investors	Investors principally targeting below-market-rate returns	34%
Small investors	Investors with ≤ USD 100 million impact investing AUM	54%
Medium investors	Investors with > USD 100 million and ≤ USD 500 million impact investing AUM	26%
Large investors	Investors with > USD 500 million impact investing AUM	21%

Note: Some respondents reported no single headquarters location, so EM- and DM-HQ figures do not sum to 100%.
Source: GIIN

Some significant overlaps between sub-groups are highlighted below:

- Over 70% of Market-Rate Investors focus on private equity, while 69% of Below-Market Investors focus on private debt.
- Among Large Investors, 85% seek market-rate returns, compared to 76% and 54% of Medium and Small Investors, respectively.
- More than 70% of Below-Market Investors make only impact investments, compared to 63% of Market-Rate Investors.
- Eighty percent of EM-focused Investors make only impact investments, compared to 60% of DM-focused Investors.

STATE OF THE MARKET

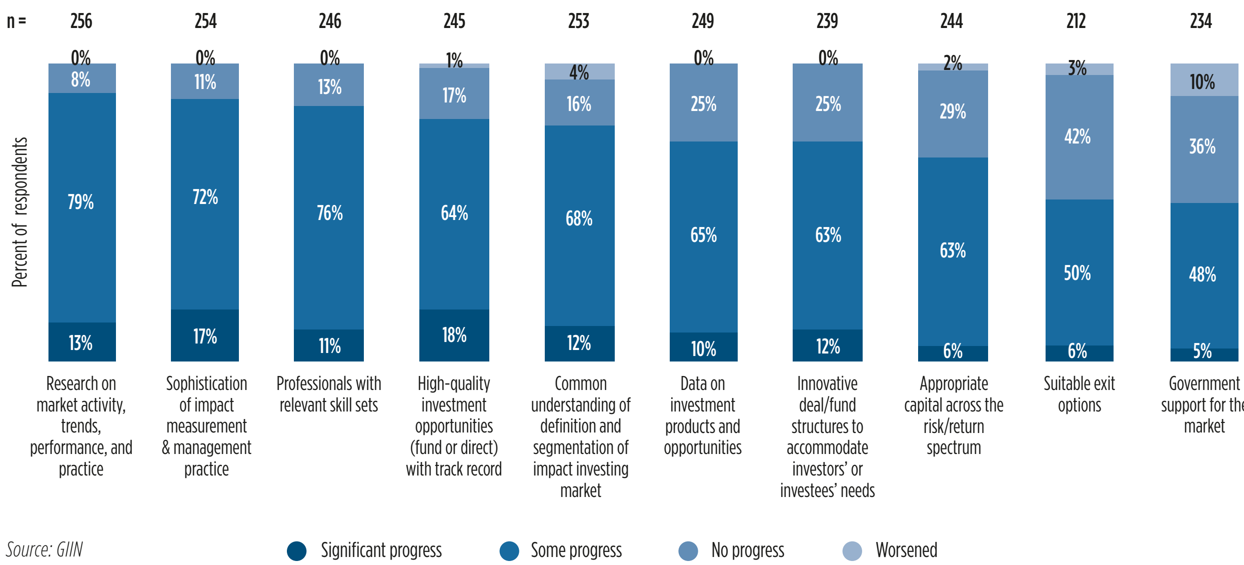
Progress on indicators of market growth

Each year, respondents share their perspectives on the market's growth, development, and major challenges.

This year, the greatest proportion of respondents noted at least some progress in 'research on market activity, trends, performance, and practice' (92%; Figure 8). The vast majority also noted at least some progress in the 'sophistication of impact measurement and management practice' (89%) and the availability of 'professionals with relevant skill sets' (87%). Roughly half of all respondents noted at least some progress in terms of 'suitable exit options' (56%) and 'government support for the market' (53%). Conversely, 10% of respondents observed worsening government support, and 4% noted worsening in the 'common understanding of definition and segmentation of impact investing'.

Figure 8: Progress on indicators of market growth

Number of respondents shown above each indicator; some respondents chose 'not sure / not applicable' and are not included. Ranked by percent selecting 'some progress' or 'significant progress.'



Various respondent segments perceived progress differently. By investment strategy, for example, a greater share of private-equity-focused respondents indicated at least some progress in the availability of 'suitable exit options' (61%) than did private-debt-focused respondents (40%). More Market-Rate Investors indicated progress in the availability of 'appropriate capital across the risk–return spectrum' than did Below-Market Investors (74% vs. 59%). Market-Rate Investors also saw greater progress on the availability of 'suitable exit options' compared to Below-Market Investors (61% vs. 42%).

By geographic focus, fewer respondents allocating capital primarily to South Asia perceived progress in available 'data on investment products and opportunities' (58%) than did respondents focused on other regions. A greater proportion of DM-focused Investors indicated worsening 'government support for the market' (18%) than did EM-focused Investors (3%). In particular, a greater share of respondents focused on LAC perceived increasing 'government support for the market' (57%) compared to other respondents, particularly those investing primarily in WNS Europe (32%).

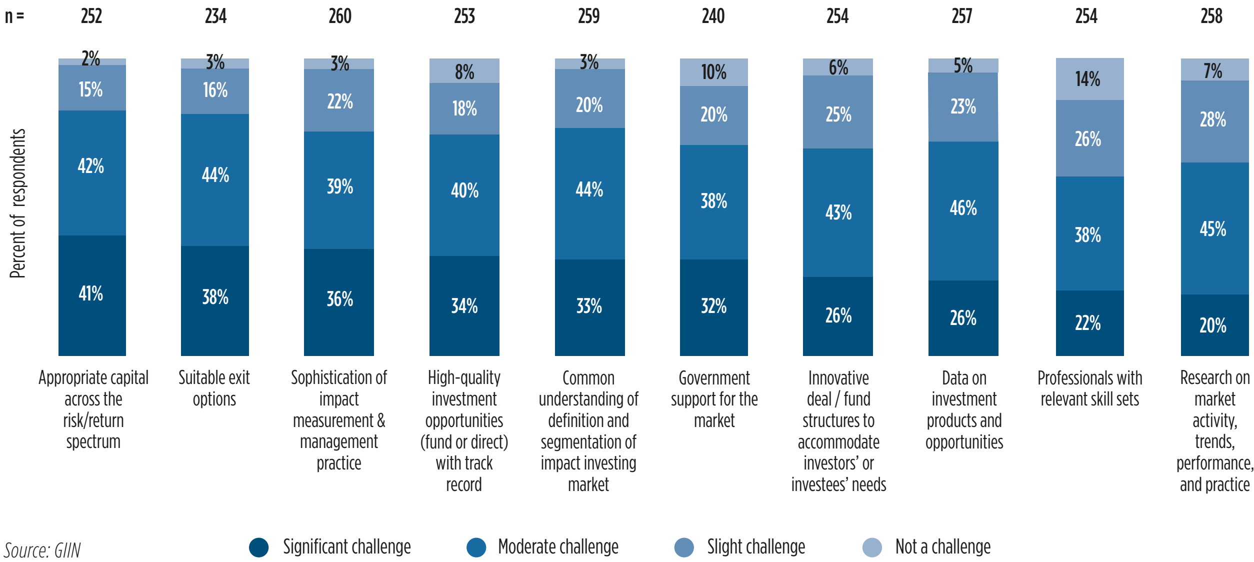
Challenges

A lack of 'appropriate capital across the risk / return spectrum' remains the most significant challenge facing impact investors, according to respondents (41%; Figure 9). Over a third of respondents also cited a lack of 'suitable exit options,' limited 'sophistication of impact measurement and management practice,' and a lack of 'high-quality investment opportunities with track records' as significant challenges. Meanwhile, only about one in five respondents indicated as significant challenges the availability of 'professionals with relevant skill sets' or 'research on market activities, trends, performance, and practice,' reflecting the progress just described.

For the most part, different perceptions of challenges were not statistically significant between sub-group segments. However, compared to respondents investing primarily in other regions, respondents investing primarily in LAC perceived two challenges as more severe: the 'sophistication of impact measurement and management practice' (73%) and the lack of 'suitable exit options' (69%).

Figure 9: Challenges to the growth of the impact investing industry

Number of respondents shown above each indicator; some respondents chose 'not sure / not applicable' and are not included. Ranked by percent selecting 'significant challenge.'



Source: GIIN

Roadmap

In March 2018, the GIIN released the *Roadmap for the Future of Impact Investing*, the culmination of a broad consultative effort which offers an ambitious vision for the future in which financial markets play a central role in driving solutions to social and environmental problems.[5] Achieving the vision requires a wide range of shifts in investment practice; respondents were asked about the importance of each and the potential for impact investing to drive progress towards them (Table 2).

Table 2: Importance of and potential of impact investing to drive shifts in investment practice
Scale 1-5

	Importance of shift in investment practice	Potential of impact investing to drive shift
n	203 – 207	193 – 201
Changing mindsets about the fundamental purpose of finance in society	4.27	4.29
Driving towards the integration of impact considerations as the 'new normal' in all investing	4.25	4.23
Achieving a more appropriate balance between shareholder interests and interests of all stakeholders (e.g., customers, employees, natural environment)	4.20	4.06
Prioritizing long-term performance without ignoring urgent challenges	3.97	3.68
Including previously underrepresented voices in investment teams	3.76	3.68
Achieving a more appropriate mix between 'financial' investments and 'real economy' investments	3.47	3.37

Note: Scores are calculated by weighting each shift by the number of respondents selecting each level of importance or potential and summing those weighted totals. A score of five indicates high importance or high potential, and a score of one indicates low importance or low potential.
Source: GIIN

Respondents largely shared the perception that impact investing can change mindsets about the fundamental purpose of finance in society, drive the integration of impact considerations in all investing, and push for a better balance between the interests of shareholders and the interests of other stakeholders. Respondents also largely expressed the belief that these three shifts are all important. While still important, it may be relatively less critical or feasible, respondents suggested, for impact investing to drive shifts in the mix of 'financial' and 'real economy' investments or in the inclusion of previously underrepresented voices on investment teams.

5 Bouri et al., Roadmap for the *Future of Impact Investing: Reshaping Financial Markets*.

The *Roadmap* report outlined a plan of action for the impact investing market to lead progress toward the future vision it described through 18 concrete actions across six categories. Asked to consider their own contributions toward progress against each of these actions, the vast majority of respondents indicated making contributions to progress in 'identity' (85%; Figure 10), most notably in sharing best practices for impact measurement and management (IMM) and reporting (61%) and in establishing principles for impact investing (52%). Two-thirds of respondents also reported making efforts in 'education and training,' specifically by supporting the development of businesses focused on impact (52%) and training finance professionals (43%). The lowest proportion of respondents contributed to policy and regulation advocacy (33%).

Figure 10: Contributions toward each Roadmap action

n = 218; optional question.

1. IDENTITY
- 1a. Establish principles for impact investing (52%)
- 1b. Share best practices for IMM and reporting (61%)
- 1c. Clarify the roles of various types of capital (39%)

2. BEHAVIOR & EXPECTATIONS
- 2a. Align incentives with impact (33%)
- 2b. Launch a campaign to change mindsets about the role of capital (14%)
- 2c. Update fundamental investment theory (19%)

3. PRODUCTS
- 3a. Develop retail products (17%)
- 3b. Expand institutional-quality products (38%)
- 3c. Commit capital to emerging fund managers (21%)
- 3d. Advance blended-finance vehicles (30%)

4. TOOLS & SERVICES
- 4a. Develop ratings for impact (27%)
- 4b. Build analysis and allocation tools that incorporate risk, return, and impact (37%)
- 4c. Expand impact investment banks (4%)

5. EDUCATION & TRAINING
- 5a. Train finance professionals (43%)
- 5b. Support the development of businesses focused on impact (52%)

6. POLICY & REGULATION
- 6a. Clarify fiduciary duty (7%)
- 6b. Establish tax incentives for impact investments (3%)
- 6c. Create an environment conducive to impact investing (30%)

Source: GIIN

Respondents also reported a number of specific contributions toward progress against the actions listed in the Roadmap. For example, several cited internal efforts, including the strengthening of their processes and reporting for IMM and the development of retail and blended finance products. Others indicated contributions to strengthen the field, including the support of education programming for investment professionals, clients, and investees and the development of resources concerning IMM, financial performance, and emerging opportunities (such as Opportunity Zones and Gender Lens Investing). Still others noted participation in broad field-building efforts, such as the Efficient Impact Frontiers Collaboration led by Root Capital, the Operating Principles for Impact Management led by the IFC, and the promotion of the SDGs by various actors around the world.

RESPONDENTS' CONTRIBUTIONS TOWARDS ROADMAP ACTIONS

"We contributed to editing various books on impact investing and are providing teaching facilities to an SDG investing course at a globally renowned university, as well as financing it for some of our employees." – Fund Manager

"Through our asset allocations, and on a pre-emptive basis, we measure impact while managing our downside risks on both social and environmental issues. We seek to engage in a way that builds tailored capital solutions for our companies." – Fund Manager

"We have developed seven transition themes for our listed equities and bonds that are instrumental in the transition towards a sustainable economy, derived from global trends that we believe will shape the future. Further, one of our inclusive finance investment funds for retail investors is listed on the Amsterdam stock exchange to make it available for a wider investor base." – Fund Manager

"Through the launch of one of our impact funds, we have contributed to sharing best practices by adding an institutional-quality product and speaking to the three-dimensional efficient frontier of risk, return, and impact. We are also educating our workforce and leaders in the hopes of creating an environment more conducive to further impact investing." – Fund Manager

Strengthening the Identity of Impact Investing

In March 2018, the GIIN published the *Roadmap for the Future of Impact Investing*, which offers an ambitious vision for the future of financial markets and prioritizes actions for various stakeholders to expand the impact investing industry and realize that vision. The first category of action outlined in the report involves strengthening the identity of impact investing, including by establishing principles for impact investing and by clarifying the roles of different types of capital across the risk–return spectrum.[6] Throughout 2018 and early 2019, various actors have advanced efforts related to the industry's identity.

Identity (1a): Establish principles for impact investing

- In April 2019, the **GIIN** released the Core Characteristics of Impact Investing to offer the financial markets greater clarity on what constitutes credible impact investing practice. By this definition, impact investors:
    1. intentionally contribute to positive social and environmental impact alongside a financial return;
    2. use evidence and impact data in investment design;
    3. manage impact performance; and
    4. contribute to the growth of impact investing.[7]

  These four fundamental tenets represent the GIIN's perspective, refined in partnership with leading impact investors throughout 2018, on the baseline expectations for investors adopting an impact investing approach. They distinguish impact investing from other types of investing, help investors understand the terms that define the credibility of their practice, and offer reference points for investors to assess the quality of a potential investment partner's impact investing practice.
- Also in April 2019, the **International Finance Corporation** (IFC) released and announced the first group of signatories to its Operating Principles for Impact Management. These nine principles establish a common discipline for the management of impact investments, describing expectations across the investment lifecycle, including strategy, origination and structuring, portfolio management, exit, and independent verification.[8]

Identity (1c): Clarify the roles of various types of capital

- In June, the **Asian Venture Philanthropy Network** (AVPN) published The Continuum of Capital in Asia: Highlights Across the Full Spectrum of Social Investment, a report that examines the impact sought by different types of investors across the risk–return continuum, the flow of capital from asset owners to intermediaries to enterprises, and how investors provide capital within the Asian context. Its recommendations for strengthening the impact investing market in Asia include increasing collaboration among actors, developing tools for impact measurement, and supporting intermediaries.[9]
- In August, the **Principles for Responsible Investment** (PRI) published the Impact Investing Market Map, a resource to help institutional asset owners and large fund managers assess impact investment opportunities in listed equities, growth-stage and mature companies, and large infrastructure projects. The Market Map offers these investors clarity on the role they may play in the impact investing market, defining ten social and environmental themes aligned with the SDGs: energy efficiency, green buildings, renewable energy, sustainable agriculture, sustainable forestry, water, affordable housing, education, health, and inclusive finance. Within each of these themes, the Market Map lists the types of businesses that can generate impact, the conditions used to identify specific impact investments (such as third-party certifications and financial and business model considerations), and common IRIS metrics used to measure social and environmental performance.[10]
- In November, the **Omidyar Network** continued its campaign to promote the value of different types of capital across the risk–return spectrum by sponsoring an Economist Intelligence Unit research paper and a series of nine articles on *The Economist* digital platform. The articles were authored by leaders of several impact investing organizations targeting various asset classes, strategies, and financial returns. The authoring organizations included foundations, family offices, institutional investors, and early- and growth-stage fund managers, among others. The overview article, authored by Omidyar Network's senior leaders, declared that the debate about tradeoffs between financial return and impact performance hinders the industry's ability to grow and that instead, the industry should embrace all types of capital along the financial returns continuum.[11] The subsequent eight articles describe how different investors achieve their financial and impact goals through impact investing.

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6 Bouri et al., *Roadmap for the Future of Impact Investing*.

7 "Core Characteristics of Impact Investing," Global Impact Investing Network, https://thegiin.org/characteristics.

8 International Finance Corporation (IFC), Investing for Impact: Operating Principles for Impact Management (Washington, DC: IFC, February 2019).

9 Martina Mettgenberg-Lemiere, Nguyen Le Phuong Anh, and Olivia Yutong Wang, The Continuum of Capital in Asia: Highlights Across the Full Spectrum of Social Investment (Singapore: Asian Venture Philanthropy Network, 2018).

10 Kurt Alois Morriesen, Impact Investment Market Map (London: Principles for Responsible Investing, 2018).

11 Matt Bannick, Mike Kubzansky, and Robynn Steffen, "Voices Across the Returns Continuum: How Impact Investing Can Unlock New Capital for Even Greater Impact," The Economist (sponsored by Omidyar Network), November 2018.

INVESTMENT ACTIVITY

Capital invested since inception

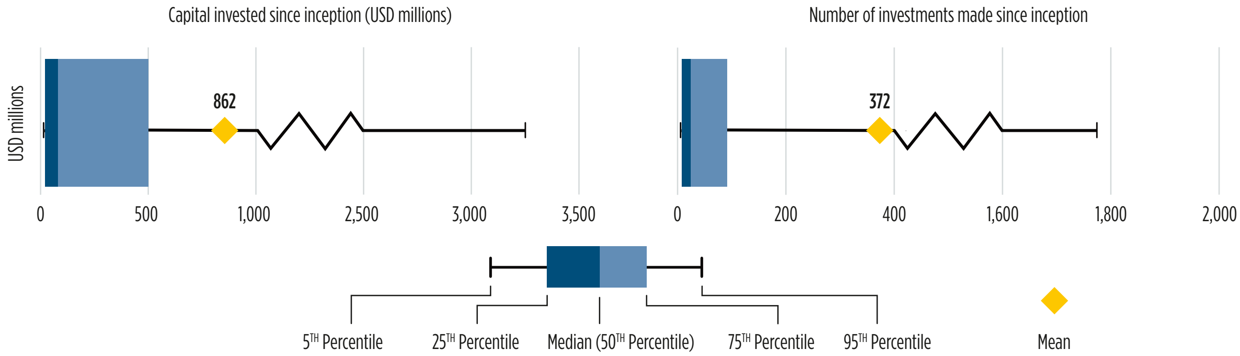
Since their respective inceptions, a total of 261 respondents reported investing USD 514 billion into 196,019 investments, with three large outliers accounting for 56% of capital invested and slightly under half of total transactions (Figure 11).[12] The median respondent invested USD 75 million into 35 investments since inception.

NOTE TO READERS

Earlier in 2019, the GIIN estimated the total AUM of the impact investing industry at USD 502 billion, a figure that estimates the total volume of assets under management at the end of 2018. By contrast, estimates for the volume of capital invested by respondents in the survey sample since inception include capital reinvested and capital returned to investors over the years.

Figure 11: Capital invested and number of investments since inception

n = 258; capital invested figures in USD millions.



Note: Excludes three outliers and five respondents that did not report investment activity since inception.

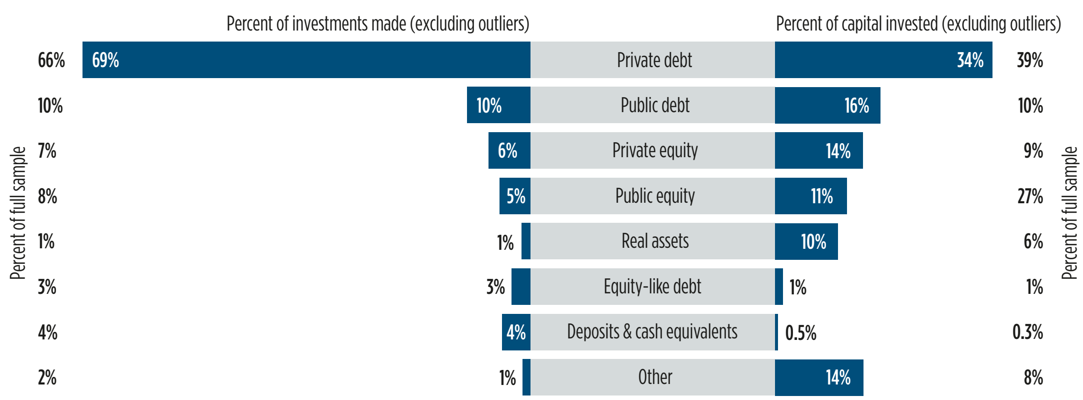
Source: GIIN

Activity in 2018 by asset class

Together, 261 respondents invested USD 35 billion into 13,358 impact investments during 2018.[13] Over one-third of this capital and nearly 70% of transactions were invested through private debt (Figure 12).[14] Public debt accounted for 16% of capital invested and 10% of investments, while private equity accounted for 14% of capital invested and 6% of investments.

Figure 12: Volume of capital invested and number of investments made in 2018, by asset class

n = 261; capital invested figures in USD millions. Percentages of full sample (including outliers) shown alongside each bar.



Note: Excludes two outliers and three respondents that did not report 2018 investment activity.

Source: GIIN

12 Five respondents did not report investment activity since inception.

13 These figures exclude two outliers. Including these outliers, total 2018 investment activity was USD 60 billion in 14,416 investments. Three respondents that did not report 2018 figures have also been excluded.

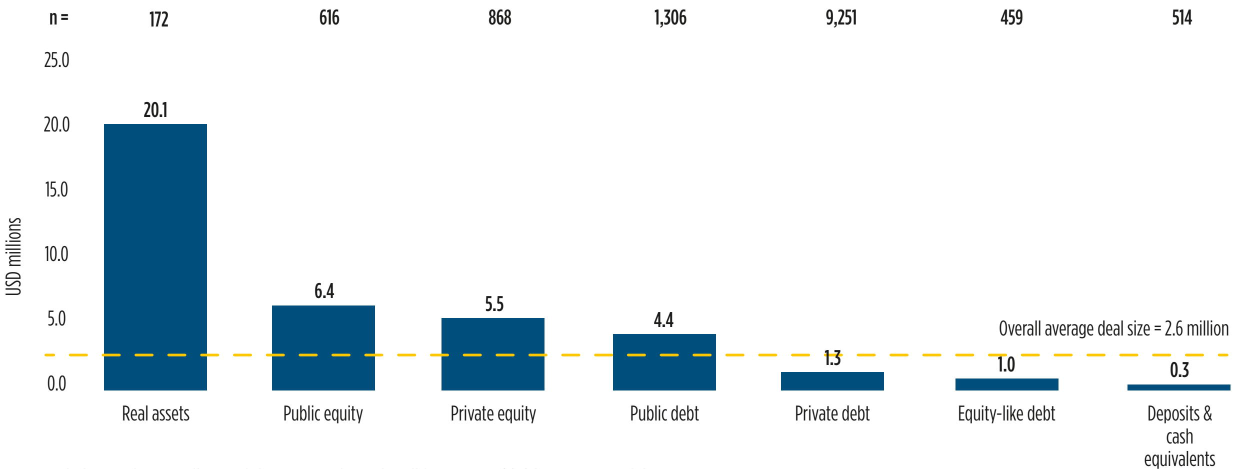
14 Excluding two outliers and three respondents that did not report 2018 investment activity.

Average deal size

Respondents' average deal size in 2018 was USD 2.6 million (Figure 13). The average deal size was largest among investments made through real assets (USD 20.1 million), followed by public equity (USD 6.4 million) and private equity (USD 5.5 million).[15] Deposits and cash equivalents saw the smallest average deal size (USD 0.3 million), followed by equity-like debt (USD 1.0 million). Market-rate Investors' average deal size was three times that of Below-Market Investors (USD 3.6 million vs. 1.2 million).

Figure 13: Average deal size in 2018 among various asset classes

Figures in USD millions; number of investments made through each asset class is shown above bars.



Note: Excludes two large outliers and three respondents that did not report 2018 investment activity.
Respondents reported 172 investments made using 'other' instruments, with an average deal size of USD 28.0 million.
Source: GIIN

Planned investment activity for 2019

Together, respondents plan to invest USD 37 billion into 15,216 impact investments in 2019, expressing growth expectations over 2018 of 13% in volume of capital invested and 14% in number of investments (Table 3).[16] The median respondent expects to invest USD 20 million in 2019, an increase of 33% from a median of USD 15 million in 2018.

In 2019, DM-focused Investors expect to increase the volume of capital they invest in 2019 by far more than do EM-focused Investors (18% vs. 6%) while EM-focused investors expect greater growth in the number of investments they will make compared to DM-focused investors (28% vs. 7%).[17] Private-debt-focused investors plan to make 23% more investments in 2019, while Private Equity-focused Investors, by contrast, expect to make 14% fewer investments. However, both Private Debt and Private Equity Investors expect to increase the amount of capital they invest in 2019 (by 36% and 22%, respectively). Market-Rate Investors plan to grow their number of transactions by 6% in 2019 and increase the amount of capital they invest by 15%. Below-Market Investors expect to increase their volume of transactions and capital invested by 28% and 1%, respectively.

Table 3: Volume of capital invested and number of investments, reported in 2018 and planned for 2019
n = 258

	Capital invested (USD millions)		Number of investments	
	2018 reported	2019 planned	2018 reported	2019 planned
Mean	128	146	52	59
Median	15	20	7	6
Sum	33,130	37,266	13,303	15,216
Aggregate % growth (projected)	–	13%	–	14%

Note: Excludes five outliers and three respondents that did not report 2018 investment activity.
Source: GIIN

15 Excluding two outliers and three respondents that did not report 2018 investment activity.

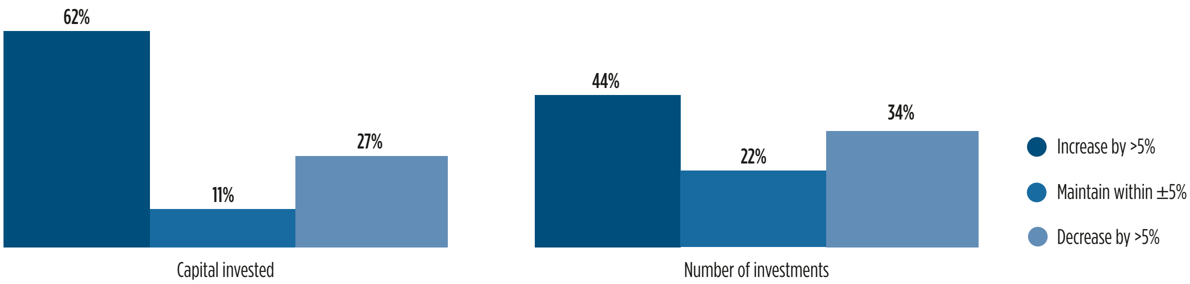
16 Three outliers with large year-over-year differences were removed from Tables 3 and 4.

17 Investors that allocate capital across both emerging and developed markets expect to increase the volume of capital invested by 25% and decrease their number of investments by 15%.

Compared to 2018, a plurality of respondents plans to increase their activity by more than 5% in terms of both capital invested (62%) and number of investments (44%; Figure 14) during 2019.[18] Slightly over one-third of respondents expect to decrease the number of investments they make, and a little more than a quarter expect to decrease the volume of capital they invest. Some fluctuation is natural given the often-cyclical nature of investment activity.

Figure 14: Percentage of respondents that plan to increase, maintain, and decrease their level of activity in 2019

n = 257



Note: Excludes three respondents that did not report 2018 investment activity and six respondents that did not report 2019 planned activity.
Source: GIIN

Activity by organization type

Of all organization types, fund managers reported the most total activity in 2018 (Table 4). DFIs reported the highest median amount of capital invested, followed by banks and pension funds. DFIs and banks also reported the highest median number of transactions. Fund managers and banks expect the largest absolute growth in capital invested between 2018 and 2019 (expected growth of 26% and 6%, respectively), while DFIs and banks expect the highest absolute growth in number of investments (11% and 2%, respectively).

Table 4: Investment activity by organization type

		Capital invested (USD millions)			Number of investments		
	n	Median 2018	Total 2018	Total planned 2019	Median 2018	Total 2018	Total planned 2019
Fund managers: for-profit	133	15	15,155	19,834	6	6,111	6,716
Fund managers: not-for-profit	33	12	2,688	2,596	9	1,436	1,283
DFIs	10	99	8,636	8,590	25	454	503
Banks / diversified financial institutions	12	80	3,771	4,004	22	2,180	2,226
Pension funds	3	41	122	115	5	31	28
Permanent investment companies	7	20	1,010	144	4	105	37
Foundations	34	9	673	907	5	1,196	2,677
Family offices	8	9	78	71	5	77	37
Other	18	8	998	1,006	10	1,713	1,709
Total	258	15	33,130	37,266	7	13,303	15,216

Note: Excludes five outliers and three respondents that did not report 2018 investment activity. 'Other' organizations include university endowments, non-governmental organizations, corporations, community development finance institutions, cooperatives, and social impact investment wholesalers.
Source: GIIN

18 Excludes three respondents that did not report 2018 investment activity and six respondents that did not report 2019 planned activity.

Comparing 2018 planned and reported activity

Table 5 compares the planned and reported activities of 163 respondents that completed the survey in both 2018 and 2019.[19] Around one-third of respondents exceeded their targets in terms of both number of investments and amount of capital invested, but most fell short of their targets by more than 5%. However, collectively, both capital invested and the number of investments made in 2018 exceeded plans, by 4% and 7%, respectively.

Table 5: Capital invested and number of investments in 2018 among repeat respondents
n = 163; capital invested figures in USD millions.

	2018 Planned	2018 Reported	Percent change	Percent that exceeded by >5%	Percent that met within ± 5% of target	Percent that fell short by >5%
Capital invested	48,235	50,203	4%	34%	9%	57%
Number of investments	9,903	10,591	7%	34%	11%	55%

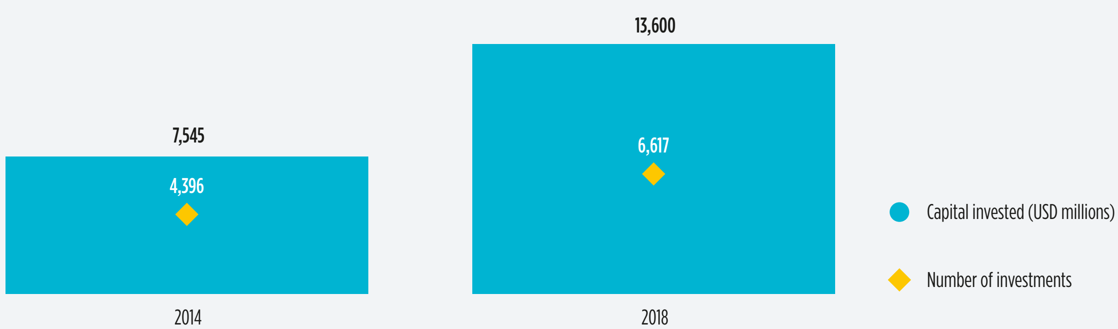
Note: Excludes three respondents that did not report 2018 investment activity.
Source: GIIN

FOUR-YEAR TRENDS

Four-year repeat respondents that contributed to the Annual Survey in 2014 and again in 2018 grew their volume of capital invested by 16% per annum from USD 7.5 billion in 2014 to USD 13.6 billion in 2018, and grew their number of impact investments by 11% per annum from 4,396 in 2014 to 6,617 in 2018 (Figure 15). Average deal size grew by 20%, from just over USD 1.7 million in 2014 to nearly USD 2.1 million in 2018.

Figure 15: Reported activity in 2014 and 2018 among four-year repeat respondents

n = 80; capital invested in USD millions.



Note: Excludes three respondents that made substantive shifts in how they capture and report impact investing transaction data, such that numbers over this time period are not comparable.
Source: GIIN

19 Three respondents that did not share 2018 investment activity are excluded.

ASSET ALLOCATIONS

Assets under management

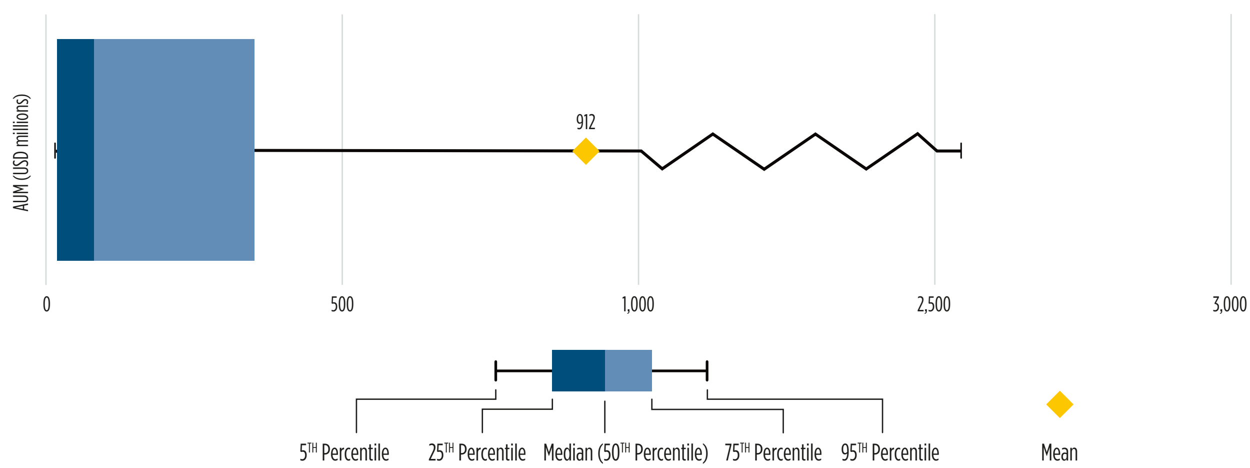
NOTE TO READERS

The total AUM of Survey respondents does not represent an estimate of the overall size of the impact investing market; rather, it represents the assets only of the responding sample of investors. These respondents are, of course, representative of the broader universe, but they do not reflect the full universe. The full impact investing market is estimated at USD 502 billion as of the end of 2018. For more information, see the GIIN's 2019 report, *Sizing the Impact Investing Market*.

As of the end of 2018, 262 respondents managed USD 239 billion in impact investing assets.[20] Respondents each managed USD 912 million on average, yet the median respondent managed USD 82 million (Figure 16), since several organizations manage large amounts of capital. In fact, the three largest respondents account for 45% of the full sample's AUM. Since these large investors can have an outsized impact on AUM analyses toward their particular allocations, analyses are presented throughout this section both including and excluding these three respondents to show a more representative and insightful picture of the sample.[21]

Figure 16: Distribution of respondent AUM (USD millions)

n = 262; AUM = USD 239 billion. Showing 5th through 95th percentiles.



Note: Excludes four respondents that did not share AUM figures.

Source: GIIN

A third of respondents reported making conventional investments in addition to impact investments; these 88 respondents manage 34% of the full sample's AUM. On average, these organizations direct 22% of their total AUM to impact investments, though at the median they direct just 5% of their total AUM to impact investments. For several large investors, impact investments account for less than 1% of their overall AUM.

20 Four respondents did not share AUM figures.

21 Mudaliar et al., Sizing the Impact Investing Market.

FOUR-YEAR TRENDS

The Research Team examined the change in AUM among 80 four-year repeat respondents since 2014.[22] In aggregate, this sample increased their impact investing AUM at a CAGR of nearly 17% over these four years, growing from USD 37.1 billion to USD 68.5 billion.

AUM by organization type

By organization type, pension funds had the most AUM at the median, at USD 1.7 billion (Table 6). Also at the median, DFIs managed USD 530 million. For-profit and nonprofit fund managers managed USD 120 million and USD 55 million at their respective medians. Overall, however, DFIs accounted for nearly half of sample AUM, nonprofit and for-profit fund managers 37%, and pension funds another 9%.

Table 6: Sample AUM by organization type (USD millions)

Organization type	n	Median	Mean	Sum	Percent of total AUM
DFIs	11	530	10,115	111,262	47%
Fund managers: for-profit	134	120	544	72,879	31%
Fund managers: not-for-profit	34	55	425	14,450	6%
Pension funds	5	1,700	4,254	21,270	9%
Banks / diversified financial institutions	13	200	712	9,255	4%
Foundations	34	42	139	4,741	2%
Permanent investment companies	7	126	176	1,232	0.5%
Family offices	7	40	56	393	0.2%
Others	17	42	198	3,358	1%
Total	262	82	912	238,839	100%

Note: 'Other' organizations include university endowments, non-governmental organizations, corporations, community development finance institutions, cooperatives, and social impact investment wholesalers.
Source: GIIN

Investors may make both direct investments into companies or other projects and indirect investments into fund managers or other intermediaries that manage capital. Overall in the sample, 72% of AUM was invested directly, while 21% was invested indirectly.[23] There is variation by organization type on the proportion of capital invested directly and indirectly. Excluding outliers, permanent investment companies as well as for-profit fund managers allocated the greatest proportion of their assets directly (96% and 86%, respectively). Family offices, and foundations allocated more evenly, with family offices investing 57% of their AUM directly, and foundations allocating 46% directly. On the other hand, 98% of pension funds' capital was allocated indirectly, and 76% of bank capital.

22 Three respondents that changed their reporting methodologies substantively are excluded from this analysis.

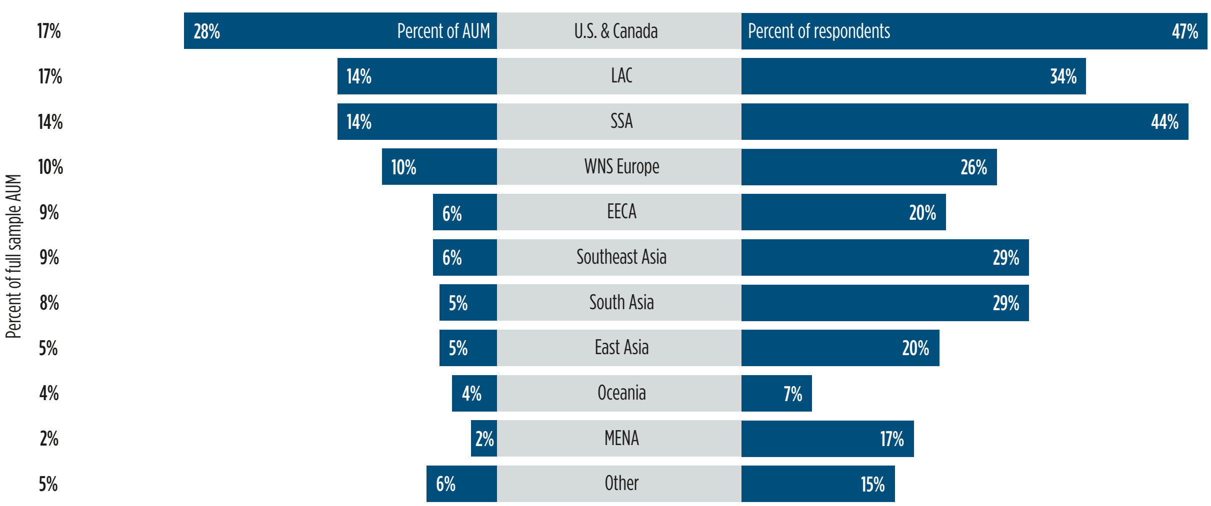
23 The remaining 7% was invested via 'other' forms. Also worth noting is the possibility that some of the 21% invested indirectly may be double counted in the survey, i.e. invested by asset owners into fund managers also responding to the survey.

AUM by geography of investment

Respondents invest their capital around the world. Overall, allocations were split evenly between developed and emerging markets (47% each), though – excluding outliers – 58% of capital was allocated to emerging markets and 37% to developed markets (Figure 17).[24] The U.S. & Canada accounted for 28% of total AUM, while LAC and SSA accounted for 14% each. Including outliers, respondents allocated 17% of capital to each of the U.S. & Canada and LAC. Indeed, almost half of respondents reported some allocation to the U.S. & Canada, 44% to SSA, and just over a third to LAC.

Figure 17: Geographic allocations by AUM and number of respondents

Left side—Percent of AUM, excluding three outliers: n = 259; AUM = USD 131 billion
Right side—Percent of respondents with any allocation to each geography: n = 266; respondents may allocate to multiple geographies



Note: 'Other' includes investments allocated globally. Besides outliers, AUM figures also exclude three respondents that declined to share AUM data.
Source: GIIN

24 The remaining 5% was allocated globally.

Differences in geographic allocations by respondent sub-groups are shown in Table 7. Private-equity-focused investors allocated a greater proportion of their assets to Southeast Asia and South Asia than did private-debt-focused investors. Other differences between sub-groups are not statistically significant.

Table 7: Asset allocations by geography, among respondent sub-groups

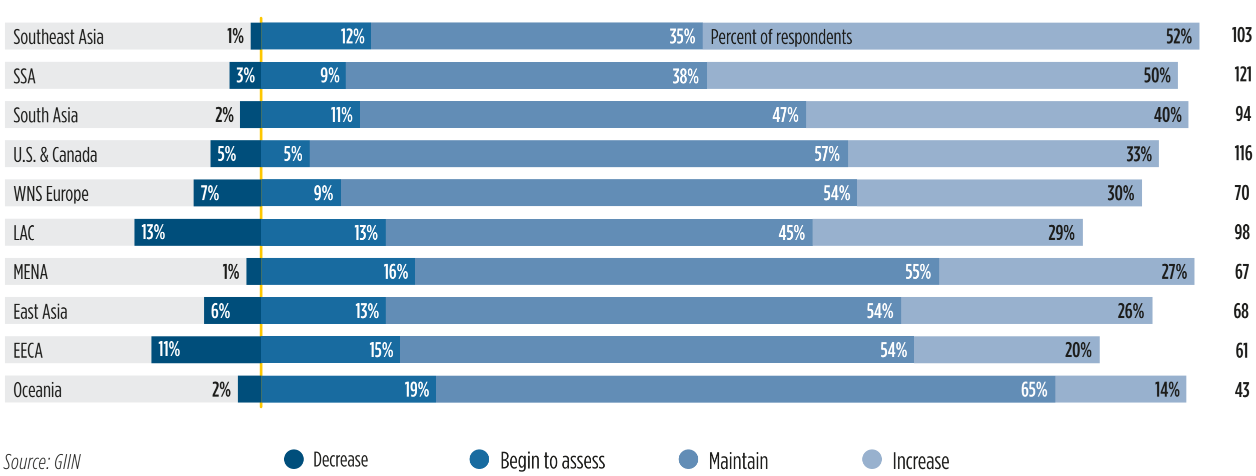
		Asset class focus		Target returns		Size of impact investing AUM		
	Overall	Private-equity-focused	Private-debt-focused	Market-rate	Below-market	Small	Medium	Large
U.S. & Canada	28%	30%	26%	29%	24%	37%	34%	15%
LAC	14%	6%	16%	16%	7%	14%	8%	18%
SSA	14%	21%	16%	12%	24%	13%	20%	13%
WNS Europe	10%	3%	3%	12%	5%	11%	15%	11%
EECA	6%	2%	11%	6%	4%	2%	2%	9%
Southeast Asia	6%	14%	8%	6%	2%	7%	4%	9%
South Asia	5%	18%	13%	5%	5%	9%	8%	9%
East Asia	5%	4%	4%	4%	10%	3%	2%	5%
Oceania	4%	0.0%	0.0%	2%	14%	1%	5%	4%
MENA	2%	1%	3%	2%	4%	1%	1%	2%
Other	6%	1%	2%	7%	1%	3%	1%	6%
n	259	78	62	169	90	139	68	55
Total AUM (USD millions)	130,708	15,945	38,735	107,508	23,200	4,309	15,888	218,642

Note: Table excludes outliers, except for the sub-group of Large Investors.
Source: GIIN

Respondents indicated plans to increase allocations to several emerging markets (Figure 18). About half of respondents plan to grow their allocations to Southeast Asia and SSA. Forty percent plan to increase allocations to South Asia; South Asia was also the second-fastest-growing region by allocation among four-year repeat respondents (24% CAGR; Table 8). Thirty percent or more of respondents also plan to increase allocations to the U.S. & Canada and WNS Europe. On the other hand, 13% and 11% plan to decrease allocations to LAC and EECA, respectively. Last, but not least, nearly one in five respondents plan to begin assessing opportunities in Oceania.

Figure 18: Planned geographic allocation changes for 2019

Number of respondents shown beside each bar.



Source: GIIN

FOUR-YEAR TRENDS

Trends among four-year repeat respondents indicate the fastest growth in MENA (43% CAGR), albeit from a small base. South Asia saw CAGR of 24%, as mentioned above, and LAC at 21% and ESE Asia at 20%.

Table 8: Growth in geographic allocations among repeat respondents (2014 – 2018)
n = 80; figures in USD millions.

Geography	2014	2018	CAGR
MENA	702	2,972	43%
South Asia	2,838	6,663	24%
LAC	5,443	11,854	21%
ESE Asia	3,069	6,264	20%
U.S. & Canada	5,487	10,653	18%
SSA	8,118	13,514	14%
EECA	5,366	8,040	11%
WNS Europe	4,368	6,281	10%
Oceania	123	133	2%
Other	1,609	2,128	7%
Total	37,124	68,502	17%

Note: East and Southeast Asia were disaggregated in the 2018 Survey but have been combined for this analysis. Three repeat respondents were excluded from AUM analyses because of significant changes in their reporting methodologies from 2014 to 2018.

Source: GIIN

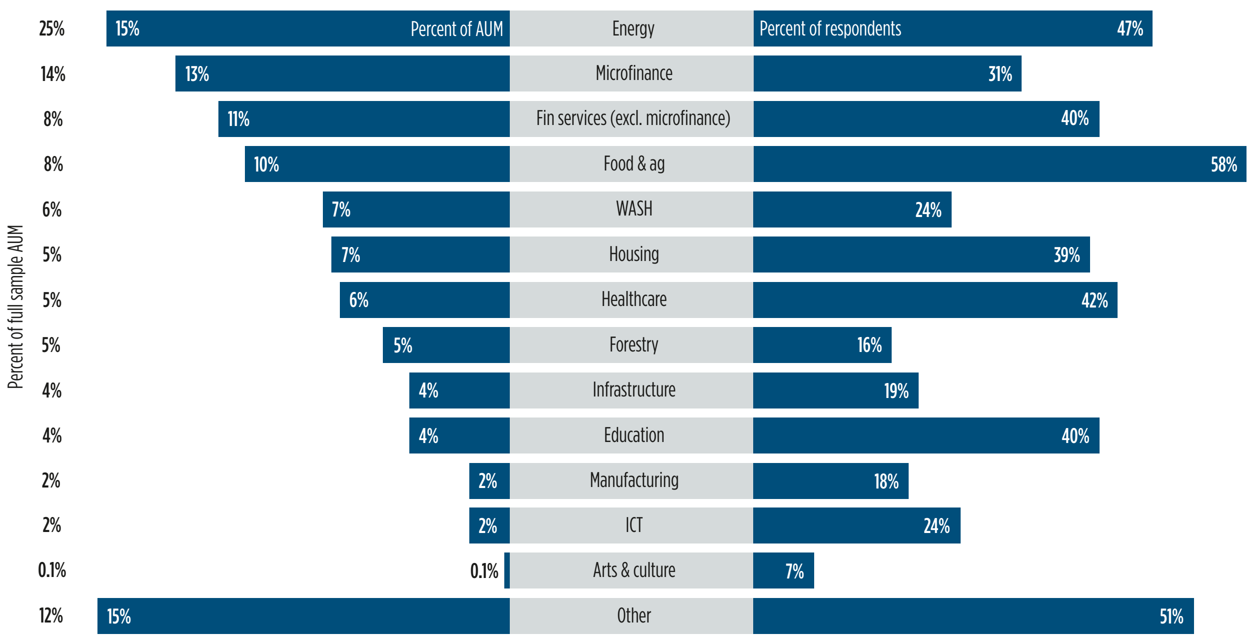
AUM by sector of investment

Investors' allocations reflect demand for impact capital across sectors. Respondents overall indicated significant allocations to financial services (13% to microfinance and 11% to other financial services; Figure 19), energy (15%), and food & agriculture (10%).

While food & agriculture received 10% of total AUM, it is the most common sector for investment, with 58% of respondents reporting some allocation to the sector, suggesting smaller average investment sizes. Education is somewhat similar, accounting for just 4% of total AUM but with 40% of respondents having some exposure to it. Energy is also a common sector for investment, with almost half of respondents indicating some allocation.

Figure 19: Sector allocations by AUM and number of respondents

Left side—Percent of AUM, excluding three outliers: n = 259; AUM = USD 131 billion
Right side—Percent of respondents with any allocation to each sector: n = 266; respondents may allocate to multiple sectors



Note: 'Other' sectors include commercial real estate, the retail sector, community development, and multi-sector allocations. Besides outliers, AUM figures also exclude three respondents that declined to share AUM.

Source: GIIN

Sector allocations differed by sub-group (Table 9). EM-focused Investors had a much greater allocation to financial services and microfinance than did DM-focused Investors (45% combined vs. 3%); private-debt-focused investors also allocated almost half of their capital to microfinance, compared to 7% allocation by private-equity-focused investors. DM-focused Investors allocated a greater share of their capital to housing (13%) and forestry (11%) than did EM-focused Investors (1% and 0%, respectively). Private-equity-focused investors also had greater allocations to healthcare than did private-debt-focused investors (21% vs. 3%). Finally, Market-Rate Investors allocated a greater proportion of their capital to energy than did Below-Market Investors (18% vs. 4%).

Table 9: Asset allocations by sector, among respondent sub-groups

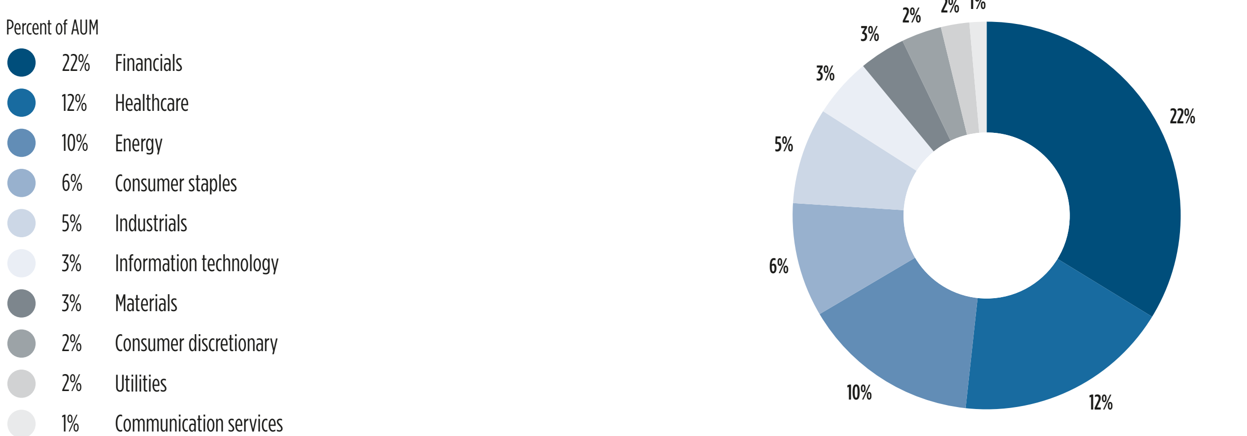
		Geographic focus		Asset class focus		Target returns	
	Overall	DM-focused	EM-focused	Private-equity-focused	Private-debt-focused	Market-rate	Below-market
Energy	15%	16%	13%	10%	10%	18%	4%
Microfinance	13%	1%	23%	7%	47%	13%	8%
Fin services (excl. microfinance)	11%	2%	22%	18%	9%	12%	8%
Food & ag	10%	8%	14%	13%	6%	8%	19%
WASH	7%	17%	0.7%	1%	0.5%	8%	1.1%
Housing	7%	13%	1%	8%	9%	6%	9%
Healthcare	6%	6%	5%	21%	3%	6%	10%
Forestry	5%	11%	0.4%	5%	0.3%	2%	16%
Infrastructure	4%	2%	7%	0.3%	0.7%	4%	6%
Education	4%	6%	2%	7%	5%	3%	8%
Manufacturing	2%	1%	3%	1%	1%	2%	2%
ICT	2%	3%	0.9%	3%	1%	2%	0.9%
Arts & culture	0.1%	0.3%	0.0%	0.0%	0.4%	0.1%	0.2%
Other	15%	13%	9%	6%	6%	17%	7%
Number of investors	259	114	112	78	62	169	90
Total AUM (USD millions)	130,708	47,337	57,229	15,945	22,789	107,508	23,200

Note: Excludes outliers. 'Other' sectors include commercial real estate, the retail sector, community development, and multi-sector allocations.
Source: GIIN

Based on investor requests for insight into how impact investor portfolios align with more conventional sector taxonomies, the Research Team asked respondents to indicate how they allocate impact AUM across Global Industry Classification Standard (GICS) sectors. Ninety-eight respondents managing USD 26 billion did so. These respondents allocated 35% of their assets to real estate, 22% to financials, and 12% to healthcare, with other GICS sectors trailing these allocations (Figure 20). Several GICS sectors are relatively easy to compare to the sectors historically used in this survey, such as healthcare and energy. Other GICS sectors may encompass multiple segments; the financials sector, for example, likely includes both financial services and microfinance.

Figure 20: Allocations to GICS sectors

n = 98; AUM = USD 26 billion. Optional question.

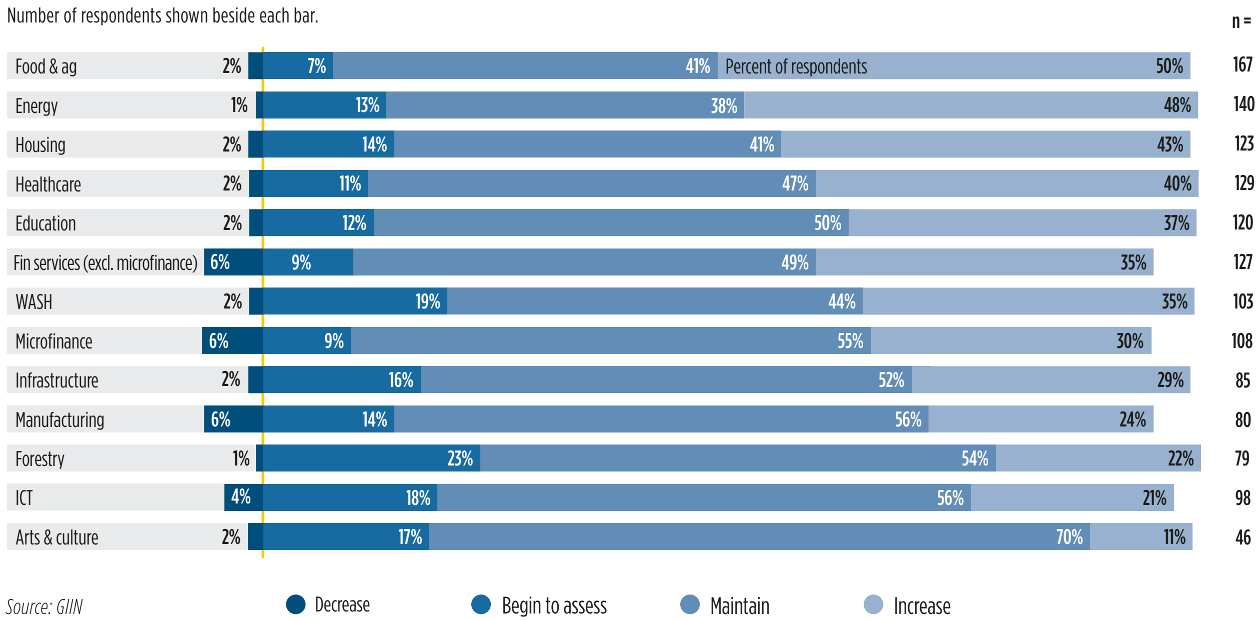


Source: GIIN

During 2019, half of investors plan to increase their allocations to food & agriculture and 48% to energy, reflecting continued interest in these sectors (Figure 21). Respondents also show increasing interest in other basic service sectors like housing, healthcare, and education. On the other hand, 6% plan to decrease allocations to each of microfinance, financial services, and manufacturing. Nearly one in four will begin to assess forestry, and nearly one in five plan to begin to assess WASH and ICT.

Figure 21: Planned sector allocation changes for 2019

Number of respondents shown beside each bar.



Source: GIIN

FOUR-YEAR TRENDS

Over the past four years, repeat respondents grew their allocations to infrastructure at the fastest rate, at 61% per annum (Table 10). Other fast-growing sectors included WASH and ICT, at 43% per annum each. Substantial energy investments are again reflected here, with allocations to the sector growing at 30% per annum. Interestingly, whereas non-microfinance financial services grew at 27% per annum, microfinance grew at just 6% annually.

Table 10: Growth in sector allocations among repeat respondents (2014 – 2018)
n = 80; figures in USD millions.

Sector	2014	2018	CAGR
Infrastructure	336	2,270	61%
WASH	170	709	43%
ICT	303	1,268	43%
Energy	4,861	13,978	30%
Fin services (excl. microfinance)	5,424	14,122	27%
Healthcare	2,187	5,367	25%
Food & ag	2,151	5,048	24%
Education	1,116	1,867	14%
Manufacturing	403	555	8%
Housing	2,689	3,561	7%
Microfinance	8,487	10,677	6%
Arts & culture	129	36	-27%
Other	8,866	9,044	0%
Total	37,124	68,502	17%

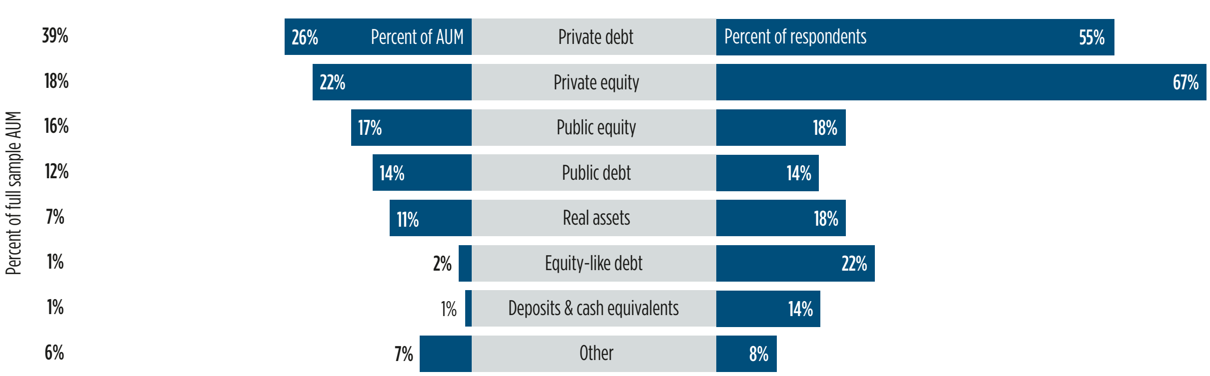
Note: Three repeat respondents were excluded from AUM analyses because of significant changes in their reporting methodologies from 2014 to 2018.
Source: GIIN

AUM by instrument of investment

Impact investors deploy capital through a range of asset classes, often leveraging multiple financial instruments through diversified investment strategies. Private markets remain the most common; excluding outliers, 67% of investors allocate via private equity and 55% allocate via private debt, which account for 22% and 26% of total AUM excluding outliers, respectively (Figure 22). Including outliers, however, private debt allocations account for 39% of respondents' assets. Much capital also flows to public markets, with 17% in public equities and 14% in public debt (excluding outliers).

Figure 22: Instrument allocations by AUM and number of respondents

Left side—Percent of AUM excluding outliers: n = 259; AUM = USD 131 billion
Right side—Percent of respondents with any allocation to each instrument: n = 266; respondents may allocate to multiple instruments



Note: Right side excludes three outliers. 'Other' includes guarantees and pay-for-success instruments.
Source: GIIN

Sub-groups of respondents use different instruments (Table 11). DM-focused Investors allocate 30% of their capital to public equities, while EM-focused Investors had no allocation in that asset class at all. Market-Rate Investors allocated a greater share to equity investments, in both private and public markets, than did Below-Market Investors. On the other hand, Below-Market Investors had higher allocations to public debt (35%) than did Market-Rate Investors (9%). Large Investors allocated a greater share of capital to public markets than did Small and Medium Investors.

Table 11: Asset allocations by instrument, among respondent sub-groups

		Geographic focus		Target returns		Size of impact investing AUM		
	Overall	DM-focused	EM-focused	Market-rate	Below-market	Small	Medium	Large
Private debt	26%	14%	39%	26%	23%	34%	29%	25%
Private equity	22%	23%	24%	23%	16%	42%	35%	19%
Public equity	17%	30%	0.2%	20%	1%	6%	8%	18%
Public debt	14%	6%	17%	9%	35%	4%	6%	15%
Real assets	11%	26%	0.2%	10%	16%	4%	14%	11%
Equity-like debt	2%	0.5%	3%	2%	2%	5%	4%	1%
Deposits & cash equivalents	1%	0.5%	1%	0.9%	1%	2%	1%	0.9%
Other	7%	1%	14%	6%	8%	2%	2%	8%
Number of Investors	259	114	112	169	90	139	68	55
Total AUM (USD millions)	130,708	63,907	148,789	215,639	23,200	4,309	15,888	218,642

Note: Table excludes outliers, except for the sub-group of Large Investors.

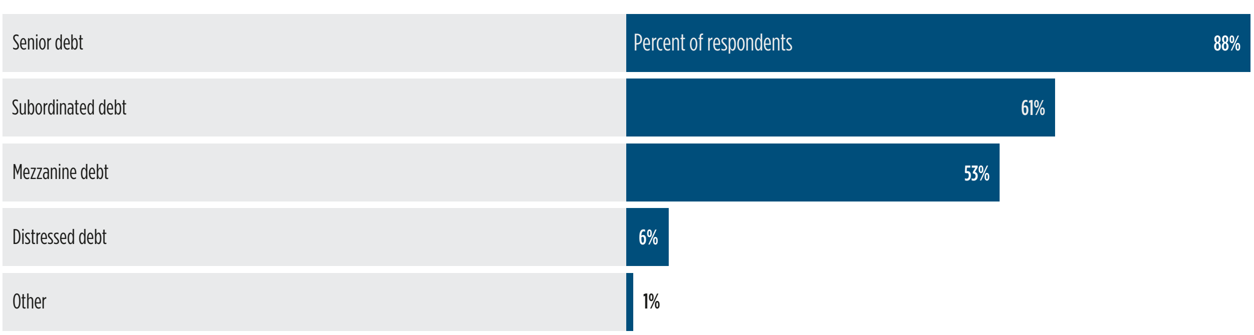
Source: GIIN

This year, respondents were asked to provide additional detail about their investments in three commonly used asset classes: private debt, public equities, and real assets.

Private debt: Respondents investing in private debt were asked to report through which types of private debt they invest. Among 138 respondents to this question, the vast majority (88%) invest in senior debt (Figure 23), followed by subordinated (61%) and mezzanine debt (53%).

Figure 23: Types of private debt through which respondents invest

n = 138; optional question. Respondents could invest through multiple types of private debt.



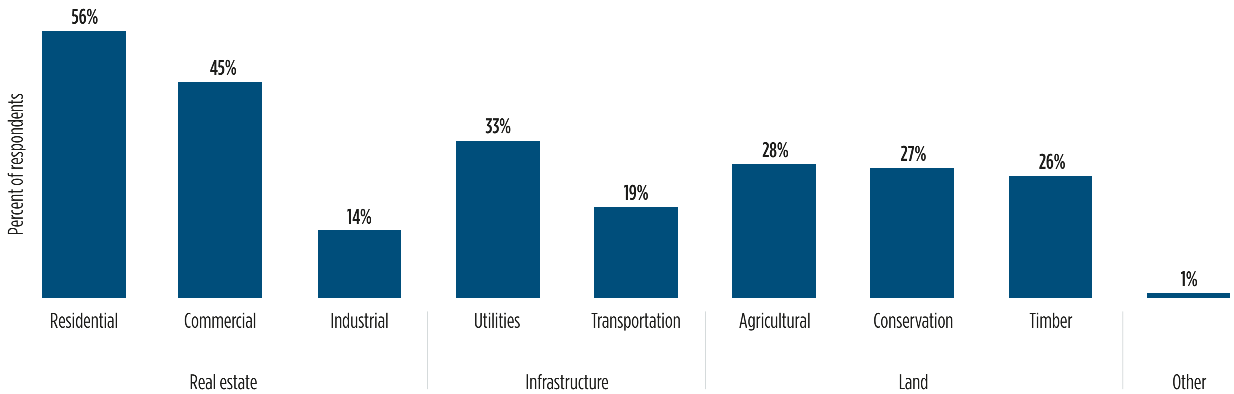
Source: GIIN

Public equities: Respondents investing in public equities described their average holding period for such investments. These 36 respondents hold public equities for wide ranging time periods, from 2 months to 7 years, with an average holding period of 2.5 years. Thirty-one of these respondents principally target market-rate returns and five target below-market returns.

Real assets: Respondents investing in real assets indicated through which types of real assets they invest. Among 86 respondents, 56% invest in residential real estate (Figure 24), 45% invest in commercial real estate, and a third invest in utilities infrastructure.

Figure 24: Types of real assets through which respondents invest

n = 86; optional question. Respondents could invest through multiple types of real assets.



Source: GIIN

FOUR-YEAR TRENDS

Among four-year repeat respondents, allocations through real assets have grown the fastest (38% CAGR excluding one outlier; Table 12). Allocations to public equity have grown at the second-fastest rate (25%), followed by public debt (15%), indicating that respondents expanded into new instruments beyond private equity and private debt. Allocations through equity-like debt have decreased by 19% per annum.

Table 12: Growth in instrument allocations among repeat respondents (2014 – 2018)
n = 79; figures in USD millions.

Instrument	2014	2018	CAGR
Real assets	1,205	4,362	38%
Public equity	1,130	2,759	25%
Public debt	2,392	4,116	15%
Private equity	8,684	13,506	12%
Private debt	15,964	21,234	7%
Deposits & cash equivalents	957	857	-3%
Equity-like debt	4,466	1,944	-19%
Other	1,582	1,547	-1%
Total	36,380	50,325	8%

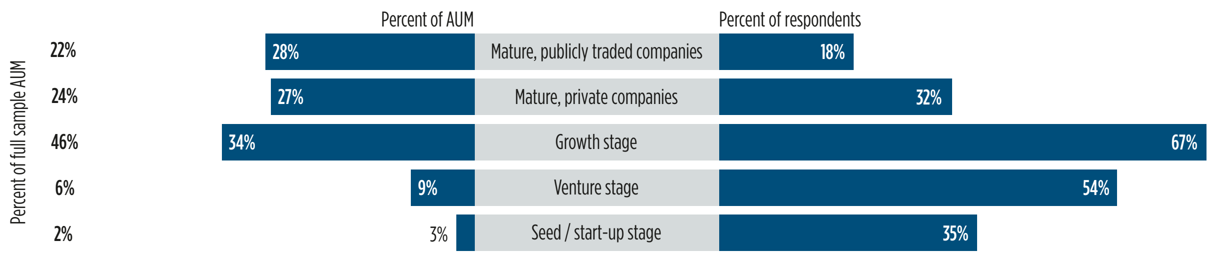
Note: Three repeat respondents were excluded from AUM analyses because of significant changes in their reporting methodologies from 2014 to 2018. This analysis also excludes one outlier respondent. Including this respondent, total allocations to public debt increased by 75%.
Source: GIIN

AUM by stage of business

While many impact investors allocate capital into companies, others invest in real assets or other projects. Among respondents investing in companies, the greatest share of AUM (excluding outliers) is invested into growth-stage companies, followed by mature private and publicly traded companies (Figure 25). Less capital is invested into start-ups or venture-stage companies, which generally require smaller amounts of capital. Interestingly, however, more than half of respondents invest in venture-stage companies, and 35% invest in seed or start-up companies.

Figure 25: Allocations by stage of business, by AUM and number of respondents

Left side—Percent of AUM excluding outliers: n = 196; AUM = USD 79 billion
Right side—Percent of respondents with any allocation to each instrument: n = 198; respondents may allocate to multiple instruments. Optional question.



Note: Right side excludes three outliers. 'Other' includes guarantees and pay-for-success instruments.
Source: GIIN

Sub-groups invest in different stages of business (Table 13). EM-focused Investors allocated proportionally twice as much capital to growth-stage companies as did DM-focused Investors (49% vs. 21%), while DM-focused Investors allocated sizably more capital to mature, public companies than did EM-focused Investors (47% vs. 8%). Similarly, Market-Rate Investors allocated a greater share of capital to mature, public companies than did Below-Market Investors (31% vs. 3%).

Table 13: Allocations by stage of business, across respondent sub-groups

		Geographic focus		Target returns		Size of impact investing AUM		
	Overall	EM-focused	DM-focused	Market-rate	Below-market	Small	Medium	Large
Seed/Start-up stage	3%	4%	2%	2%	3%	8%	9%	0.9%
Venture stage	9%	9%	7%	8%	14%	30%	15%	5%
Growth stage	34%	49%	21%	35%	22%	39%	43%	47%
Mature, private companies	27%	31%	23%	24%	58%	16%	22%	25%
Mature, publicly-traded companies	28%	8%	47%	31%	3%	6%	12%	23%
Number of Investors	196	98	73	129	67	113	50	35
Total AUM (USD millions)	79,218	33,556	32,186	70,825	8,393	3,125	11,376	64,717

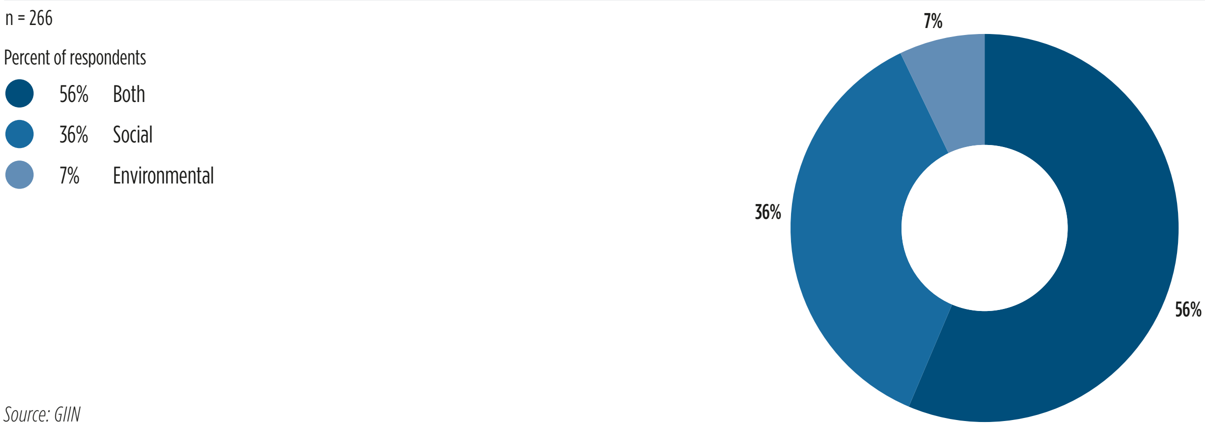
Note: Table excludes outliers, except for the sub-group of Large Investors.
Source: GIIN

IMPACT MEASUREMENT AND MANAGEMENT

Impact objectives

A defining characteristic of impact investing is the intentional pursuit of positive, measurable social or environmental impact, or both, alongside financial returns. In this year's survey, 56% of respondents stated that they target both social and environmental objectives, while 36% target only social impact objectives and 7% target only environmental objectives (Figure 26). Among four-year repeat respondents, 42% reported targeting both social and environmental objectives in 2014; 59% did so in 2018.

Figure 26: Primary impact objectives



Source: GIIN

Around 44% of EM-focused Investors target only social impact objectives, compared to 35% of DM-focused Investors (Table 14). Meanwhile, just 1% of EM-focused Investors target only environmental objectives, whereas 13% of DM-focused Investors do so. A higher proportion of Market-Rate Investors target both social and environmental objectives compared to Below-Market Investors (65% vs. 39%). As such, Below-Market Investors are significantly more likely to target only social impact objectives than are Market-Rate Investors (54% vs. 27%). Large Investors are more likely to target both social and environmental impact objectives than are Medium and Small Investors (71% compared to 60% and 49%, respectively). Conversely, nearly half of all Small Investors target only social objectives, compared to 29% and 20% of Medium and Large Investors, respectively.

Table 14: Primary impact objectives by sub-group

	Geographic focus		Target returns		Size		
	EM-focused	DM-focused	Market-rate	Below-market	Small	Medium	Large
n	116	116	176	90	143	68	55
Both	55%	52%	65%	39%	49%	60%	71%
Social	44%	35%	27%	54%	46%	29%	20%
Environmental	1%	13%	7%	7%	5%	10%	9%

Source: GIIN

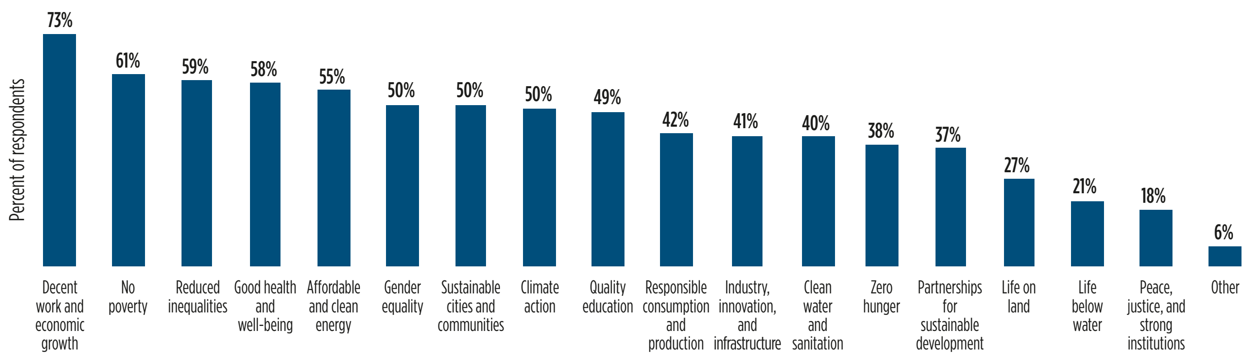
Impact investors around the world target a variety of SDG-aligned impact themes (Figure 27). Nearly 75% of investors target 'decent work and economic growth,' and more than half target each of 'no poverty,' 'reduced inequalities,' 'good health and well-being,' and 'affordable and clean energy.' The median investor reported targeting seven themes across their portfolio.

SDG-aligned thematic focuses vary with respondent sub-groups. Market-Rate Investors are significantly more likely to target a few specific themes compared to Below-Market Investors: 'affordable and clean energy' (62% vs. 41%), 'climate action' (57% vs. 35%), 'clean water and sanitation' (49% vs. 23%), and 'industry, innovation, and infrastructure' (47% vs. 29%). Similarly, EM-focused Investors are more likely than DM-focused Investors are to target 'no poverty' (76% vs. 42%), 'gender equality' (63% vs. 32%), and 'decent work and economic growth' (80% vs. 63%). On the other hand, DM-focused Investors are more likely to target 'sustainable cities and communities' (62% vs. 36%), 'climate action' (54% vs. 38%), and 'peace, justice, and strong institutions' (26% vs. 8%).

There was notable overlap between investors who target 'decent work and economic growth' and those who target, respectively, 'no poverty' (54%) and 'reduced inequalities' (52%). Furthermore, nearly half of investors who target 'decent work and economic growth' also target 'good health and well-being' (47%), 'quality education' (44%), and 'gender equality' (44%).

Figure 27: Targeted SDG-aligned themes

n = 252; optional question. Respondents could indicate multiple themes.



Note: 'Other' themes include affordable and safe housing, sustainable technology, cybersecurity protection, strengthening of faith-based institutions, racial and ethnic equity and inclusion, circular economy, and SME development.

Source: GIIN

Gender Lens Investing

Gender lens investments are investments made into companies, organizations, and funds with the explicit intent to create a positive, measurable effect on gender. In the GIIN's *2018 Annual Impact Investor Survey*, about 70% of respondents reported applying a gender lens to their investment processes. Most of them make investments into companies that have good internal gender equality policies or that target women and girls as beneficiaries.[25] Several notable examples in 2018 of impact investors seeking to advance gender equality are noted below.

- In January, **Bloomberg** inaugurated its Sector-Neutral Bloomberg Gender-Equality Index, comprising more than 100 listed companies across 10 sectors in 24 countries. The index, which builds on the Financial Services Gender-Equality Index that was launched in 2016, aims to provide investors with standardized data on gender equality. It measures gender equality for both employees and end clients by examining workforce statistics and policies, external community engagement, and product offerings. Firms interested in participating completed a survey developed by Bloomberg and third-party gender experts, and those firms that scored at or above a certain threshold (established by Bloomberg) were included in the 2018 Index.[26]
- In March, the **Overseas Private Investment Corporation** (OPIC) launched the 2X Global Women's Initiative to mobilize more than USD 1 billion to invest in projects that support women in developing countries. OPIC plans to invest USD 350 million directly, mobilizing additional private investment, into projects that will support lending to women-owned businesses, as well as women-owned and women-led emerging-market private equity funds.[27]
- The 2X Global Women's Initiative inspired two additional initiatives. In June, the **DFIs of the G7** announced the 2X Challenge: Financing for Women to collectively mobilize USD 3 billion by 2020 toward investing in women. Criteria for investment into businesses include products or services that specifically benefit women or thresholds for women's ownership, leadership, or employment.[28] In November, the DFI Gender Finance Collaborative was established by 14 DFIs and the European Investment Bank to encourage the creation of principles, definitions, and methodologies for incorporating 'gender smart' decision-making into their own investments and operations. The Collaborative, which is initially hosted and chaired by CDC Group, will meet several times per year to share strategies, develop tools, elevate co-investment opportunities, raise awareness among other investors, and map external resources for gender smart decision-making. Additionally, the members of the collaborative will commit to supporting increased numbers of women in leadership positions among investees for which the DFIs oversee recruitment processes.[29]
- In August, the **GIIN** launched a Gender Lens Investing Working Group, a platform for GIIN members to share collective lessons learned and explore the challenges and opportunities in catalyzing and growing Gender Lens Investing (GLI). The Group comprises approximately 130 individuals from more than 70 organizations both actively or interested in pursuing GLI. In quarterly meetings, continuing through May 2019, the Working Group contributed to several industry resources, including a repository of materials on GLI, a database of GLI tools, and a selection of GLI case studies.
- In October, **The Billion Dollar Fund** launched with plans to channel USD 1 billion into companies founded by women entrepreneurs over the next decade. The fund, along with a network of venture capital fund managers, DFIs, sovereign wealth funds, and other institutional investors, seeks to mobilize blended capital to expand financing to women entrepreneurs and women-founded and women-led companies by 2020. Beyond 2020, investors will be encouraged to re-invest their initial investment in women-founded businesses until USD 1 billion of capital has been reached.[30]
- In November, the world's first global **Gender-Smart Investing Summit** brought together 300 attendees from 43 countries in London to tackle the barriers to deploying capital with a gender lens. The Summit explored the topics of data and measurement, finance as a tool for social change, resources for learning, global investment trends, and investments in key sectors and geographies.[31]

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25 Abhilash Mudaliar, Rachel Bass, and Hannah Dithrich, *Annual Impact Investor Survey 2018* (New York: Global Impact Investing Network, 2018).

26 Bloomberg, "104 Companies Included in First Sector-Neutral Bloomberg Gender-Equality Index," news release, January 22, 2018.

27 OPIC, "OPIC Unveils 2x Women's Initiative to Mobilize More Than $1 Billion To Invest in The World's Women," news release, March 7, 2018.

28 OPIC, "G7 DFIs Announce '2x Challenge' to Mobilize $3 Billion to Invest in the World's Women," news release, June 9, 2018.

29 CDC Group, "Development Finance Institution Gender Finance Collaborative," news release, November 5, 2018.

30 "About Us," The Billion Dollar Fund.

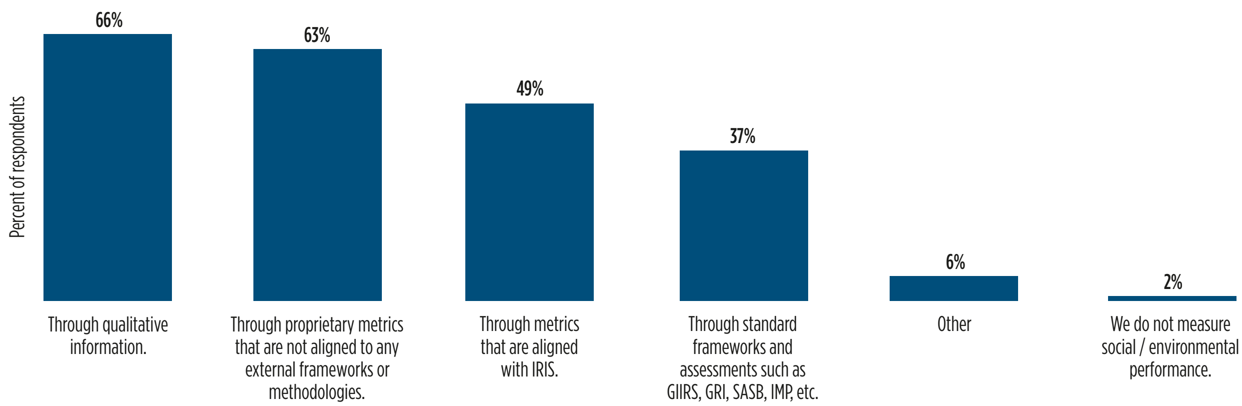
31 "About The Summit," Gender-Smart Investing Summit.

Measuring impact performance

Impact investors are committed to measuring, managing, and reporting on the impact of their investments. They do this using a variety of metric sets and standard frameworks, among other methods. Around two-thirds of impact investors use qualitative information, with a slightly lesser proportion using proprietary metrics and nearly half using metrics aligned to IRIS (Figure 28).[32] Only 2% of impact investors reported not yet measuring social or environmental performance; these respondents expressed plans to do so in the near future.

Figure 28: Methods of measuring social and environmental performance

n = 266; respondents could indicate multiple methods.



Note: 'Other' includes respondents that measure impact using logic model frameworks or theory of change, carbon offsets, manager-reported documents, contractors, or investee-reported metrics. The four respondents that reported that they do not measure impact plan to do so in the future.

Source: GIIN

Most investors use a blend of these tools to understand and manage their impact. Among those respondents using more than one method or framework, the most common combinations include proprietary metrics and qualitative information (44%) and IRIS metrics and qualitative information (34%).

Respondents focused on different markets indicated different preferences for impact measurement. For example, EM-focused Investors were more likely to use IRIS metrics than were DM-focused Investors (63% vs. 33%), and they were also more likely to use other standardized frameworks and assessments (40% vs. 32%). Conversely, a higher proportion of DM-focused compared to EM-focused Investors reported using proprietary metrics (67% vs. 56%) and qualitative information (69% vs. 57%).

32 IRIS is the catalog of generally accepted performance metrics within the IRIS+ system, managed by the GIIN. Since several 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. For more on IRIS, see http://iris.thegiin.org/.

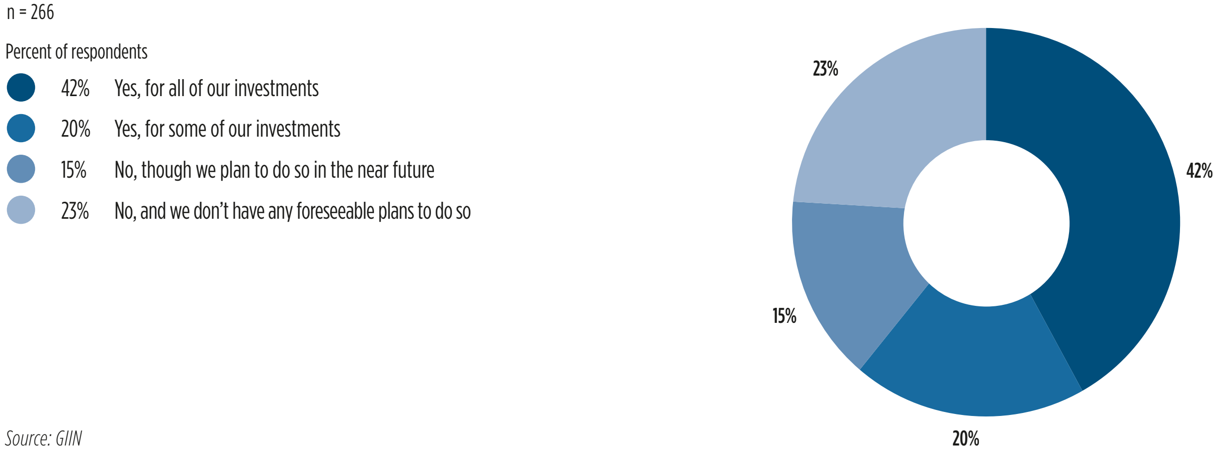
Impact investing and the UN Sustainable Development Goals

The SDGs, established in 2015 and adopted by the 193 UN Member States, encourage collaboration between the private, public, and philanthropic sectors to further social and environmental progress across a wide range of themes and sectors. The SDGs have gained significant traction since their ratification four years ago. More than 40% of impact investors reported tracking the performance of all of their investments to the SDGs, and 20% reported doing so for some of their investments (Figure 29). Another 15% plan to do so in the future.

EM-focused Investors were significantly more likely than their DM-focused counterparts to track performance against the SDGs for all of their investments (54% vs. 28%). Furthermore, nearly half of investors making only impact investments reported tracking performance to the SDGs for all of their investments, compared to 32% of investors making both impact and conventional investments.

Figure 29: Tracking impact performance to the UN SDGs

n = 266



Source: GIIN

Impact investors reported targeting the SDGs for a variety of reasons, with the greatest share of respondents doing so in order to communicate their impact externally or to integrate into the global development paradigm (90% and 71%, respectively; Figure 30). Fewer respondents indicated that the SDGs help attract investors (44%) or identify co-investors (16%).

Figure 30: Reasons for tracking performance to the SDGs

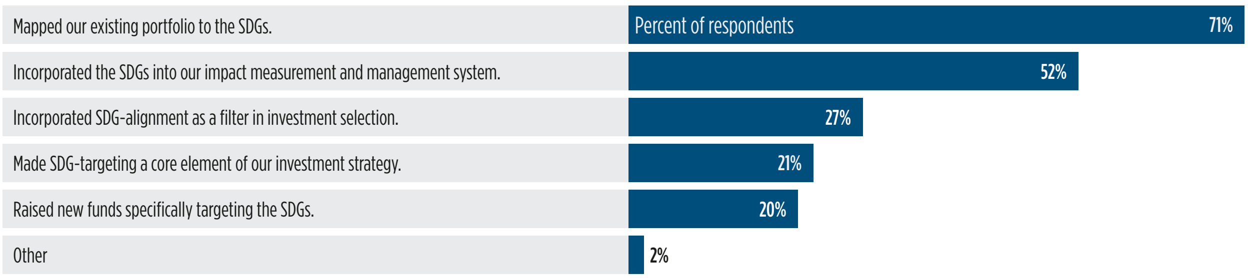
n = 163; optional question. Respondents could indicate multiple reasons.

Source: GIIN

Respondents were also asked to share how they have incorporated the SDGs into their impact investing practice. The greatest share of respondents have mapped their existing portfolios to the SDGs (71%; Figure 31), and more than half incorporated the SDGs into their IMM systems (52%).[33] Only one in five have raised new funds to specifically target the SDGs.

Figure 31: Ways to incorporate SDGs into impact investing practice

n = 163; optional question. Respondents could indicate multiple methods for incorporating SDGs into practice.



Note: 'Other' methods include incorporating SDGs into impact targets and aligning particular, existing funds to SDGs.

Source: GIIN

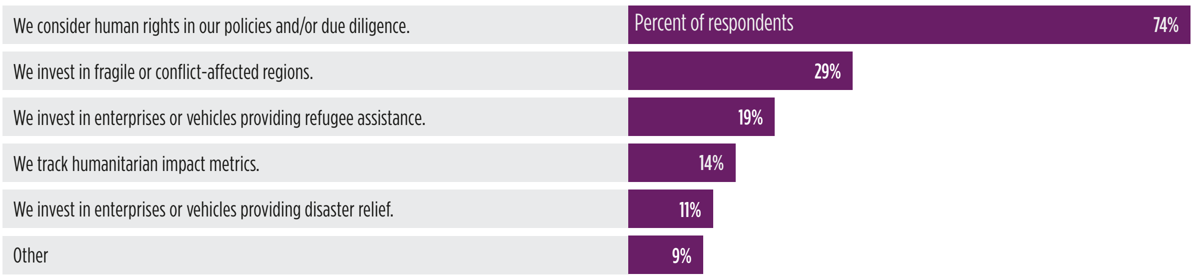
33 The GIIN has developed guidance on how to use IRIS+ to describe and measure impact performance aligned with the UN Sustainable Development Goals (SDGs), using either IRIS+ core metrics sets or through the IRIS catalogue of metrics. To learn more, visit http://iris.thegiin.org/.

Investing in Refugee Issues

This year's survey asked respondents whether they address humanitarian issues in their impact investing activities and, if so, how. About half of respondents indicated addressing humanitarian issues in their impact investing practice. Almost three-quarters of these respondents consider human rights in their policies or due diligence, and about 30% invest in fragile or conflict-afflicted regions (Figure 32).

Figure 32: Ways to address humanitarian issues in impact investing

n = 137; optional question. Respondents could indicate multiple ways to address humanitarian issues.



Note: Other ways to address humanitarian issues include applying the Universal Declaration of Human Rights and IFC Performance Standards and investing in affordable housing, indigenous issues, food security, and disability services. Forty-eight percent of respondents do not address humanitarian issues.

Source: GIIN

Notably, 19% of respondents indicated that they invest in enterprises or vehicles providing refugee assistance, tackling a growing issue. During 2018 alone, 68.5 million people were forcibly displaced worldwide, of which 25.4 million fled their home countries and became refugees, often in regions lacking resources to provide the basic services and employment necessary for those communities to thrive.[34] The following developments took place during 2018.

- In July, the **Refugee Investment Network** (RIN) was established as an initiative of the Global Development Incubator (an incubator of social impact projects) to mobilize USD 1 billion in investments and generate more than one million jobs for refugees and their host communities by 2030.[35] The RIN aims to link entrepreneurial refugees with investors to spur economic growth, create jobs, and increase stability among displaced populations and their host countries. In addition, the organization provides research and articulates policies that support refugee populations. The RIN's report, *Paradigm Shift: How Investment Can Unlock the Potential of Refugees*, introduced a Refugee Lens which investors can use to assess their investments for positive impact on displaced populations and their host communities.[36]
- The **Tent Partnership for Refugees**, a nonprofit founded in 2015 by Hamdi Ulukaya, CEO of Chobani, seeks to mobilize the private sector to improve the lives of people displaced from their home countries and the lives of those in the host communities absorbing refugees. The organization has established a network of more than 100 businesses and investors that have made commitments to respond to the refugee crisis.[37] In September 2018, the Tent Partnership announced several impact investing initiatives launched by its network members, including the following.[38]
  - **17 Asset Management**, a fund manager based in New York, committed to launch 17 Jordan, a platform to promote Jordan-focused investment deals, a third of which will impact refugees and their host communities. Through the platform, 17 Asset Management plans to raise funds for market-rate-seeking impact investments, including deals that create new jobs for refugees.[39]
  - **GroFin**, a fund manager that specializes in investments into small and growing businesses in Africa and the Middle East, committed to invest approximately USD 5 million over two years, through its existing Nomou Jordan Fund, into eight SMEs in Jordan that are either owned by refugees or employ refugees. In addition to financial investment, GroFin will provide these SMEs with pre- and post-investment capacity-building support to improve investment-readiness and provide local and international business connections. GroFin will also encourage the other SMEs in its Jordan portfolio to hire refugees, with a target of employing more than 100 refugees through the Nomou Jordan Fund.[40]
  - **KOIS**, a Belgian fund manager and active investor in refugee communities, committed to raise a USD 20 million three-year development impact bond structured to support training, entrepreneurship, and job placement for Syrian refugees and local host populations in Jordan and Lebanon. The first tranche of the bond will be disbursed in 2019, providing funding to the Near East Foundation to expand existing entrepreneurship training and provide seed capital for an additional 2,500 Syrian refugees and 2,500 locals in Jordan and Lebanon.[41]

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34 "Figures at a Glance," United Nations High Commissioner for Refugees, updated June 19, 2018.

35 "About," Refugee Investment Network.

36 John Kluge, Timothy Docking, and Joanne Ke Edelman, *Paradigm Shift: How Investment Can Unlock the Potential of Refugees* (Washington, DC: Refugee Investment Network, October 2018).

37 "Frequently Asked Questions," Tent Partnership for Refugees.

38 Tent Partnership for Refugees, "20 Global Companies Announce New Commitments to Help Address the Refugee Crisis," news release, September 24, 2018.

39 "Our Members: Impact Investment," Tent Partnership for Refugees, accessed on January 21, 2019.

40 "Our Members: Impact Investment," Tent Partnership.

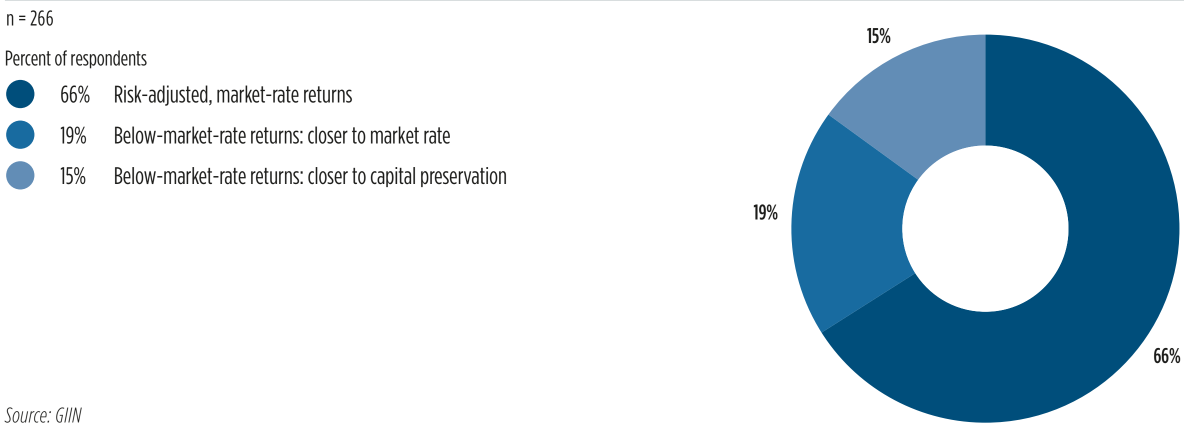
41 "Our Members: Impact Investment," Tent Partnership.

INVESTMENT PERFORMANCE AND RISK

Target financial returns

In addition to pursuing positive impact, impact investors seek to generate positive financial returns along a spectrum ranging from capital preservation to competitive, risk-adjusted, market-rate returns. Among this year's respondents, approximately two-thirds principally target risk-adjusted, market-rate returns (66%; Figure 33). The remaining third are split among those primarily targeting below-market-rate returns closer to market rate (19%) and below-market-rate returns closer to capital preservation (15%).

Figure 33: Target financial returns principally sought



Source: GIIN

Return targets vary by organization type, a reflection of different investors' strategies, impact targets, and structures (Table 15). Unsurprisingly, the vast majority of for-profit fund managers principally target market-rate returns (84%), whereas most nonprofit fund managers target below-market returns (72%). Most foundations also principally target below-market-rate returns (71%), while most other organization types principally target market-rate returns.

Table 15: Target returns by organization type

	n	Below-market	Market-rate
Fund managers: for-profit	135	16%	84%
Fund managers: not-for-profit	32	72%	28%
Foundations	34	71%	29%
Banks / diversified financial institutions	13	31%	69%
DFIs	12	25%	75%
Family offices	9	22%	78%
Permanent investment companies	7	29%	71%
Pension funds	5	0%	100%
Other	19	58%	42%

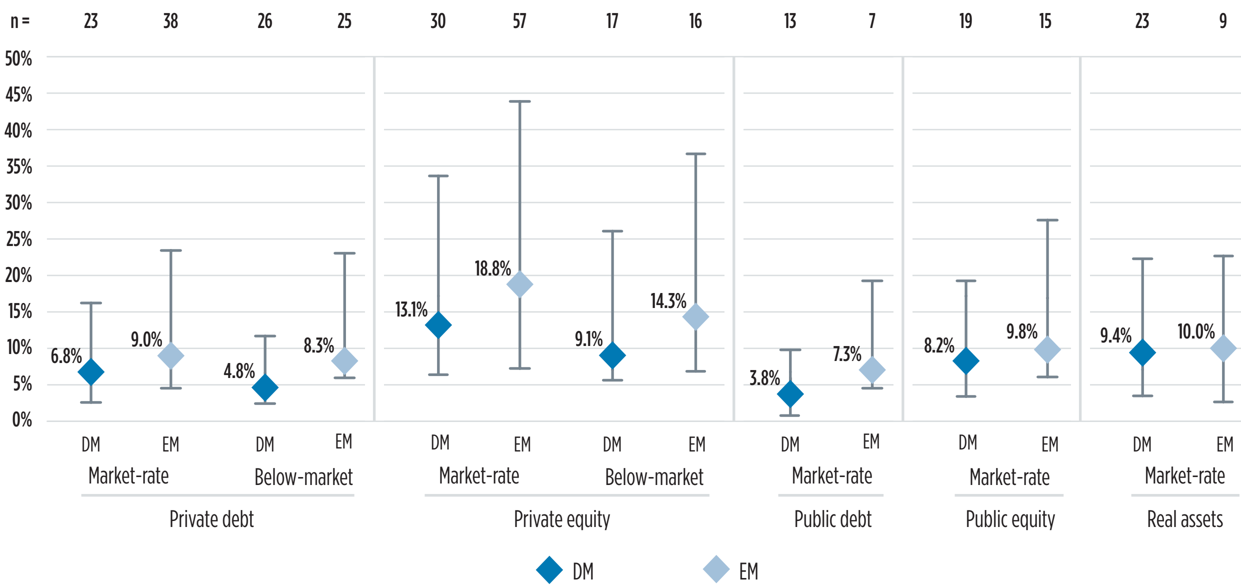
Note: 'Other' organizations include university endowments, non-governmental organizations, corporations, community development finance institutions, cooperatives, and social impact investment wholesalers.
Source: GIIN

In private markets, average gross return expectations vary by geographic focus, asset class, and investor return philosophy (Figure 34). Performance expectations for 2018 vintage investments are generally higher for market-rate seeking investors than for below-market investors. Additionally, gross return expectations are higher and more widely distributed for emerging-market investments than for developed-market investments in private markets.

Several market-rate-seeking investors also described their gross return expectations for 2018 vintage investments in public markets. Again, respondents indicated higher expectations for those investments in emerging markets than for those in developed markets.

Figure 34: Average gross return expectations for private markets investments (2018 vintage)

Number of respondents shown above each figure. Averages shown beside each diamond; error bars represent the 10th through 90th percentiles.



Note: Too few respondents shared data on below-market-rate investments in public debt, public equity, or real assets to enable meaningful analysis.

Source: GIIN

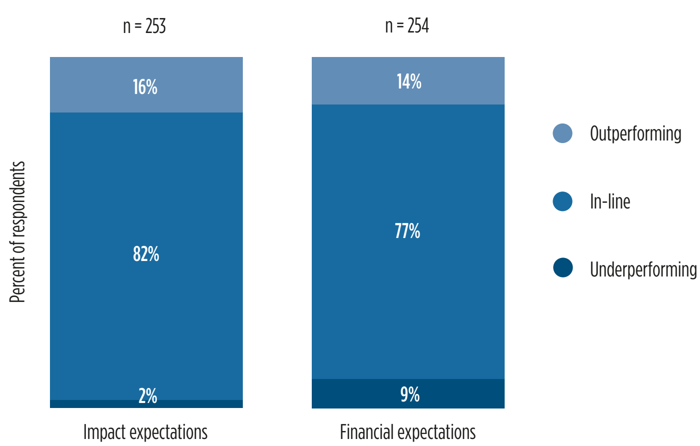
Performance relative to expectations

Overwhelmingly, respondents indicated meeting or exceeding both their impact and financial performance expectations for their investments to date (Figure 35). Approximately 15% of respondents indicated outperforming in both respects, and just 2% and 9% of respondents, respectively, reported underperforming relative to their impact and financial performance expectations.

Satisfaction with performance varied slightly by respondent segment, while impact performance against expectations did not vary significantly by respondent segment. DM-focused Investors, for example, were more likely to report financial performance in-line with or exceeding expectations than were EM-focused Investors (97% vs. 85%). By asset class focus, 97% of private-debt-focused investors indicated financial performance meeting or exceeding expectations compared to 88% of private-equity-focused investors.

Figure 35: Performance relative to expectations

Number of respondents shown above each bar; some respondents chose 'not sure' and are not included.

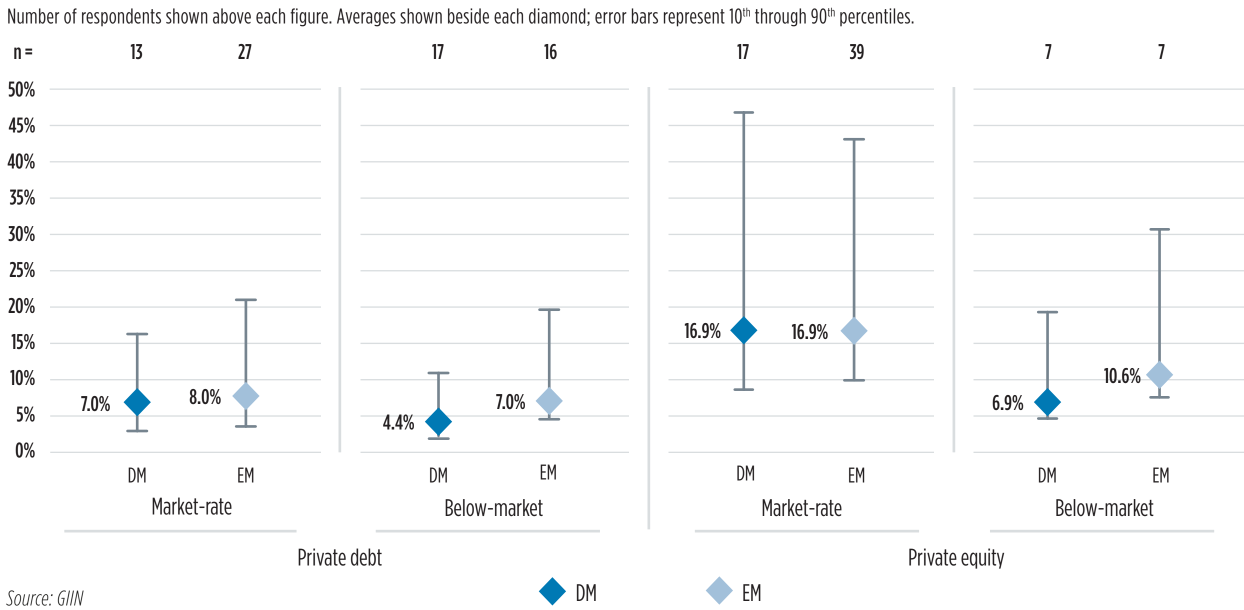


Source: GIIN

Realized gross returns

Respondents also shared their realized gross returns since inception. Unsurprisingly, among private market investments, realized returns were higher among market-rate-seeking respondents than among below-market respondents and higher for emerging-market investments than for developed-market investments (Figure 36).

Figure 36: Average gross realized returns for private markets investments (since inception)



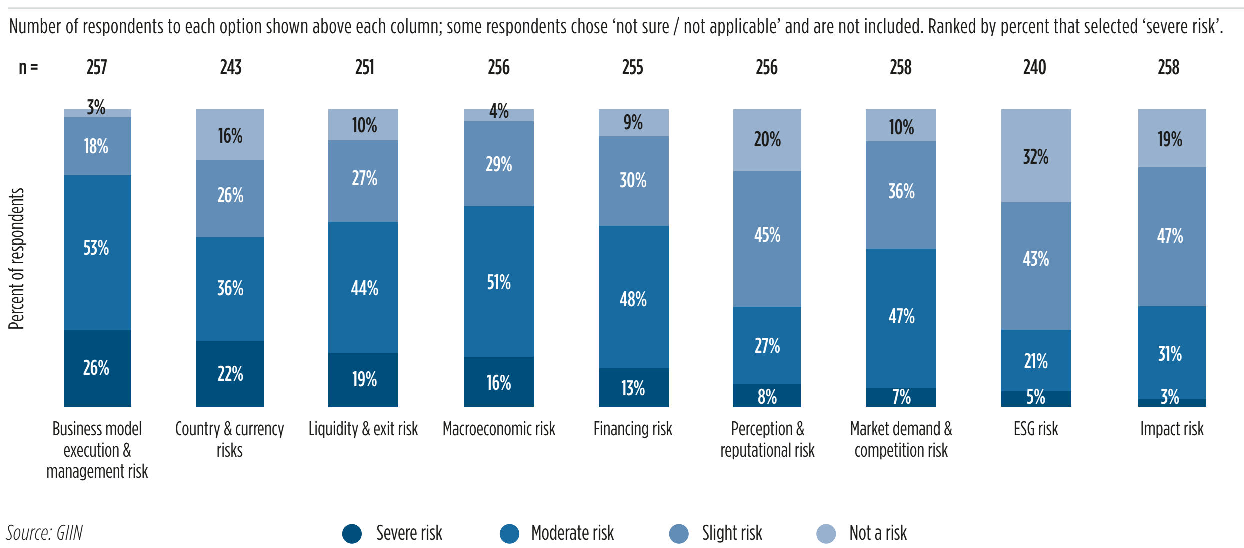
Source: GIIN

Risk

Alongside returns, investors also evaluate risk when making and managing investments. Across years, respondents have consistently cited 'business model execution and management risk' as the most severe risk to their portfolios (26%; Figure 37). About one-fifth of respondents also cited 'country and currency risks' and 'liquidity and exit risk' as severe; notably, 'country and currency risk' was perceived as severe by 40% of respondents primarily allocating to LAC and 36% of those primarily allocating to SSA. Conversely, fewer than 10% of respondents cited each of 'perception and reputational risk,' 'market demand and competition risk,' 'ESG risk,' or 'impact risk' as severe.

Private-debt-focused and private-equity-focused investors indicated different perceptions of key risk factors. Private Debt-focused Investors were more likely to cite 'country and currency risk' as severe than were Private Equity-focused Investors (33% vs. 21%). Compared to investors primarily allocating through private debt, however, those primarily allocating through private equity were more likely to cite 'financing risk' (15% vs. 8%) and 'impact risk' (8% vs. 0%) as severe.

Figure 37: Contributors of risk to impact investment portfolios



Source: GIIN

Additionally, respondents shared their experiences of adverse risk events during 2018. The majority faced no significant risk events during the year (78%; Table 16). Notably, respondents investing primarily in emerging markets faced a higher incidence of risk events (30%) than did DM-focused Investors (14%). This prevalence was especially pronounced among SSA-focused investors (42%).

Table 16: Significant risk events experienced in 2018 by sub-groups

	Overall	EM-focused	DM-focused	PE-focused	PD-focused	Market-rate	Below-market
n	266	116	116	80	63	176	90
Yes	22%	30%	14%	16%	27%	19%	28%
No	78%	70%	86%	84%	73%	81%	72%

Source: GIIN

Respondents described specific causes of these risk events, including:

- poor governance by company boards, management teams, or both;
- poor governance by LPs, investment partners, or both;
- extreme weather events;
- political unrest, specifically in Ethiopia, Kenya, Tanzania, Turkey, Lebanon, and Nicaragua;
- currency devaluation in various markets, including Namibia and India; and
- destabilized trade relations between the United States and its trade partners.

CURRENT MARKET TOPICS

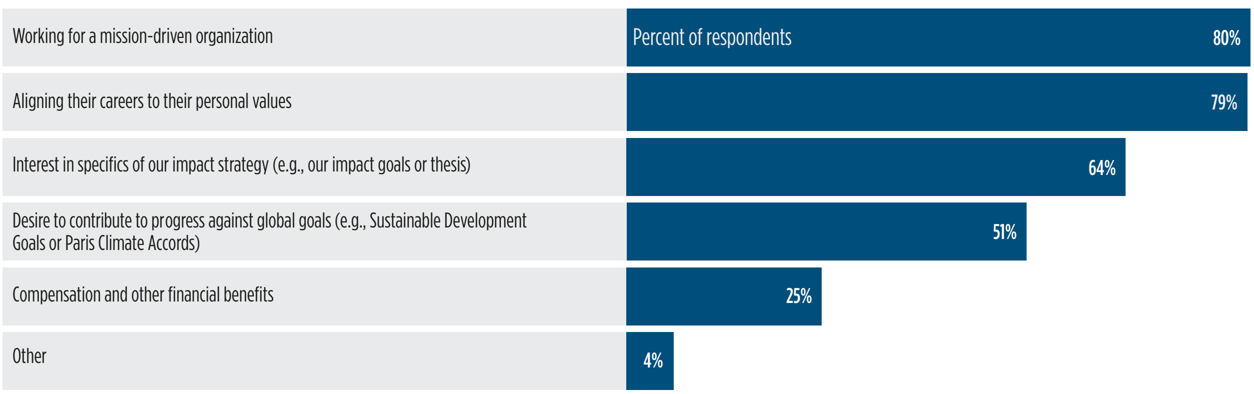
As the impact investing industry continues to grow and mature, the Research Team gathers perspectives each year on selected ‘hot topics’ to offer insights into industry development. This year’s report explores human resources; diversity, equity, and inclusion; and the role of governments and policy.

Human resources

Increasing numbers of professionals are seeking careers in impact investing, and organizations in the field, of course, increasingly demand skilled professionals. Respondents were asked to share their views of what motivates individuals to work in impact investing. Most commonly, respondents cited a desire to work for a mission-driven organization (80%; Figure 38) and to align their careers with their personal values (79%). Only a quarter of respondents cited compensation and other financial benefits as a motivating factor for their teams. A greater share of Below-Market Investors cited motivations to work for a mission-driven organization than did Market-Rate Investors (90% vs. 74%), but a larger share of Market-Rate than Below-Market Investors cited a desire to contribute to progress against global goals (59% vs. 37%) and compensation (32% vs. 11%) as motivations for their staff.

Figure 38: Motivations to work in impact investing

n = 266; respondents could indicate multiple motivations.



Note: Other motivations include interest in working in a young and growing industry, interest in the sector of investment, demand for flexible work schedules, and desire to contribute to regional goals.

Source: GIIN

Impact investment firms hire staff from several different backgrounds (Table 17). Respondents indicated that their investment management staff primarily come from conventional investing or corporate backgrounds (80% and 45%, respectively). Most investor relations staff come from conventional investing firms (56%). Interestingly, IMM staff come from a range of sectors; nearly 40% of respondents source IMM staff from each of philanthropy or nonprofit and international development or NGO backgrounds.

Table 17: Proportion of respondents that source staff from various sectors

n = 225; optional question. Respondents may source talent from multiple sectors.

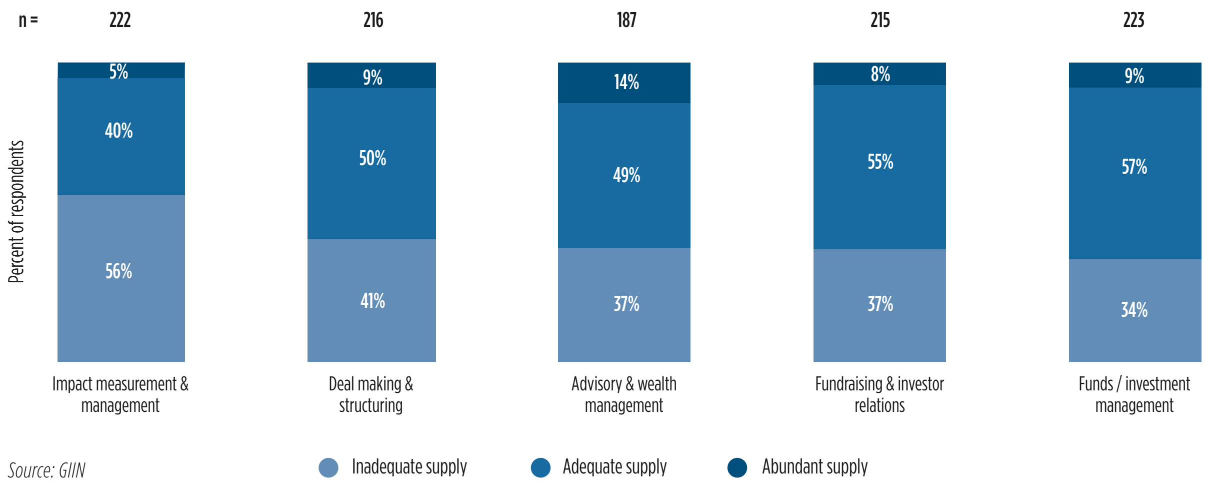
	Investment management staff	Investor relations staff	Impact measurement & management staff
Conventional investing firms	80%	56%	33%
Philanthropy / nonprofit firms	19%	24%	38%
International development organizations or NGOs	20%	17%	39%
Corporates	45%	35%	29%

Source: GIIN

About half of respondents indicated that the availability of skilled professionals remains a challenge facing the industry. To better understand gaps in the market, respondents rated the current supply of professionals with different skillsets (Figure 39). More than half indicated the number of professionals with IMM skills is insufficient. Forty-one percent believe there is an inadequate supply of professionals skilled in deal making and structuring.

Figure 39: Supply of skilled professionals in the impact investing industry

Number of respondents shown above each bar; some respondents chose 'not sure / not applicable' and are not included. Ranked by percent selecting 'inadequate supply.' Optional question.



Source: GIIN

Additionally, respondents indicated having some challenges attracting and retaining staff, particularly at senior or executive levels (Table 18). More than 40% noted significant challenges attracting or retaining senior-level investment management staff, and over a third face significant challenges attracting or retaining senior-level IMM staff.

Table 18: Percent of respondents indicating significant challenges attracting or retaining staff

Optional question.

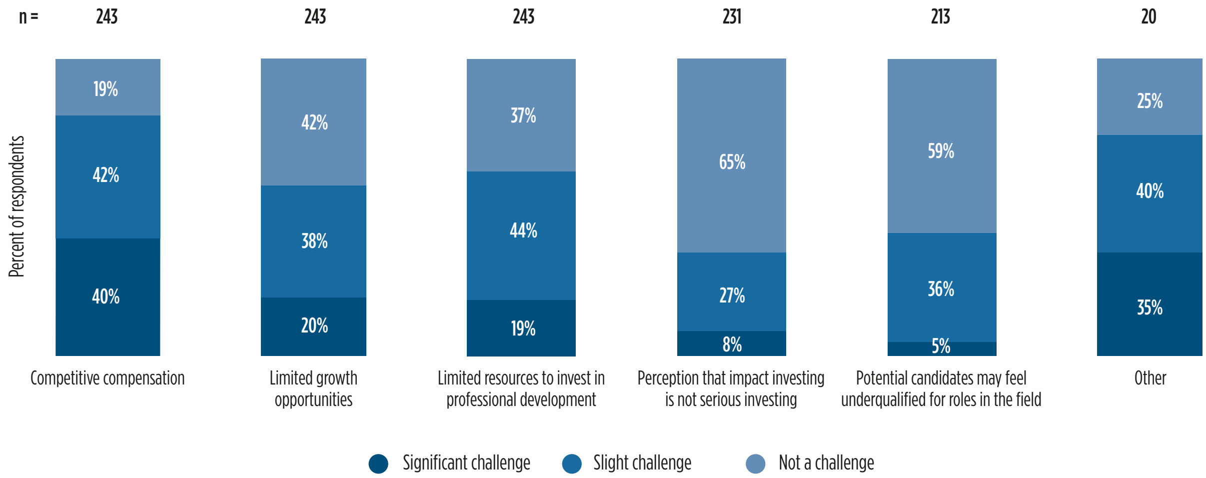
	n	Junior/entry-level	Mid-level	Senior-level / executives
Investment management	172 - 175	13%	30%	42%
Investor relations	120 - 125	9%	14%	26%
Impact measurement and management	137 - 142	20%	23%	36%

Source: GIIN

Respondents indicated a few different causes for the challenges they have faced in attracting and retaining talent (Figure 40). Most commonly, respondents cited a lack of 'competitive compensation' as a significant challenge (40%). About 20% of respondents also cited 'limited growth opportunities' and 'limited resources for professional development' as significant challenges. Notably, only 8% of respondents said that they find the 'perception that impact investing is not serious investing' to be a significant challenge. Other challenges respondents cited included limited awareness of the impact investing field, limited track record of the field (and therefore a small pool of qualified professionals), misalignment with respect to mission and culture fit, and difficult operating environments, specifically in emerging markets.

Figure 40: Challenges in attracting and retaining staff

Number of respondents shown above each bar; some respondents chose 'not sure / not applicable' and are not included. Ranked by percent selecting 'significant challenge.' Optional question.



Note: 'Other' challenges include mission and culture fit, difficulty meeting diversity and inclusion goals, limited time for organizational development and coaching, and a lack of experienced candidates.

Source: GIIN

Diversity, equity, and inclusion

Many impact investors seek to help develop and strengthen communities and therefore value policies and practices that advance the representation of diverse stakeholders and inclusion of traditionally underrepresented groups. A clear majority of respondents (72%) have policies in place to ensure that their impact investing practices promote diversity, equity, and inclusion.

Respondents indicated three levels at which they implement such policies: internally to their own organizations (47%), through the selection of and engagement with investees (51%), and at the level of target stakeholders (30%). Internally, respondents described policies to hire local or historically underrepresented staff; to ensure workplace equity through appropriate wages, benefits packages, and parental leave policies; to establish codes of conduct; and to routinely evaluate their diversity policies and procedures. Respondents also described policies pertinent to the selection and management of their investees, specifically incorporating indicators of diversity—such as race and gender—into the screening, due diligence, selection, and management of investments, and evaluating investee founders, senior leadership, and teams for diversity. Lastly, many respondents noted including various indicators of diversity in their IMM and reporting processes to ensure that their investees adequately serve various target populations.

RESPONDENTS' COMMENTS ON DIVERSITY, EQUITY, AND INCLUSION

"Diversity in the workplace is an important aspect of good management. It is not about quotas or targets but about valuing everyone in the organization as an individual." – Fund Manager

"Prior to entering an investment, we ensure that the potential investee meets core eligibility standards of inclusiveness, equity, and diversity. Among other measures, we investigate and evaluate the potential investee's internal practices, based on an assessment of social performance, corporate governance, and responsibility of the business model." – Fund Manager

"At the core of our values as a company is the respect for the dignity and worth of the individual. Our imperative is to attract and retain the best talent by providing a corporate environment where people from varying backgrounds can develop professionally and build a rewarding career." – Fund Manager

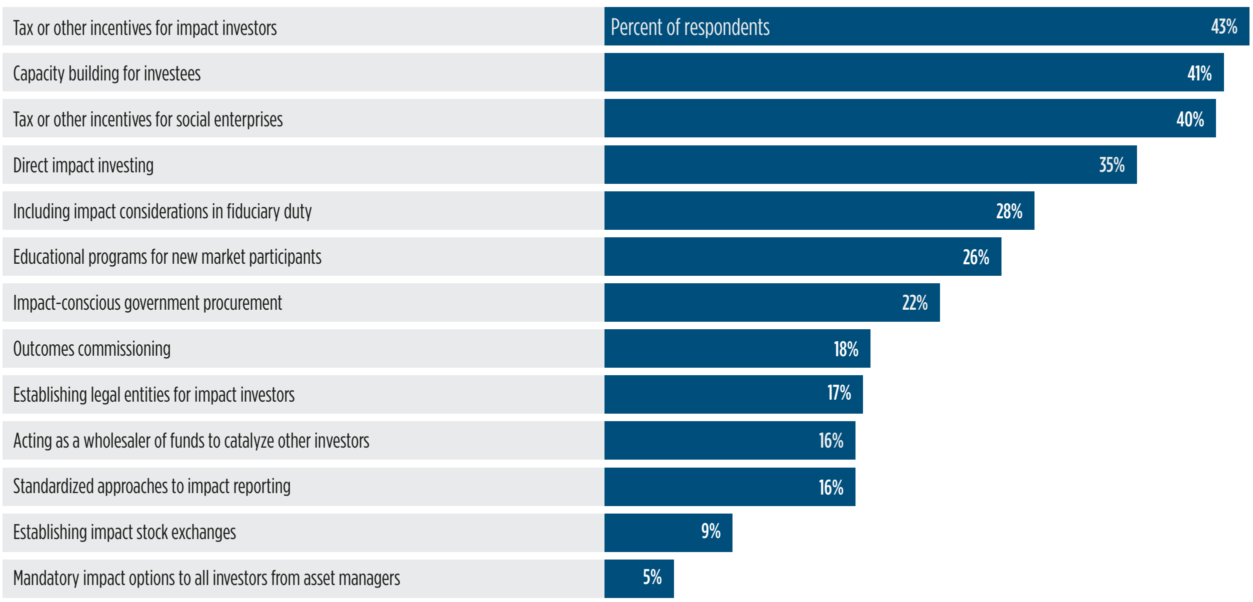
"Gender equality is one of three, cross-cutting, transversal topics that complement our priority business areas. We integrate value-added, opportunity-based gender interventions in our investments and couple these proactive initiatives with gender-focused safeguards. We support our clients' human capital strategies by advising clients to create and drive their internal gender equality policies and action plans and advising clients to identify the underserved in their value chain to better support the end customer, client, or supplier." – DFI

The role of government and policy

Policy and regulation can create a supportive environment for impact investments. To better understand governments' role, respondents indicated which policy tools have proven effective in the countries in which they invest (Figure 41). Many such tools are designed to incentivize impact investment, such as tax incentives for impact investors or social enterprises (43% and 40%, respectively) and the inclusion of impact considerations in fiduciary duty (28%). Other government roles respondents cited include training (for example, by providing capacity-building for investees; 41%) and educational programming for new participants in the market (26%). About a third of respondents also cited a role for governments in direct impact investing.

Figure 41: Effective tools used by governments to advance the impact investing market

n = 176; optional question.



Source: GIIN

Respondents also commented on legal or regulatory barriers that impede their work. These barriers include:

- regulations on foreign investment and foreign ownership;
- inconsistent and unpredictable application of policy, particularly pertaining to foreign direct investment and taxes;
- complex capital controls, such as in India and China;
- interest rate caps;
- restrictive application or interpretation of fiduciary duty, or both;
- non-existent or limited reporting regulations;
- general political instability and corruption; and, in some cases,
- an absence of regulation for impact investing.

Regulatory Developments

Governments are important actors in the impact investing ecosystem, whether directly making impact investments themselves, developing regulatory frameworks and policies to encourage private impact investment, or facilitating the formation of impactful enterprises. In 2018, many individual governments demonstrated their commitment to expanding impact investing worldwide.

France: In January, the French government launched the French Impact Initiative to unite and diversify social entrepreneurs and boost solutions to problems facing French society. The initiative comprises a national social innovation accelerator aiming to mobilize EUR 1 billion of public and private funding in five years for venture- and growth-stage businesses. It selected 22 social enterprises, called "French Impact Pioneers," based on the demonstrated success of their business models in at least one province for three years or longer. These companies received capacity-building support and funding to help them grow to scale.[42]

Portugal: The Portuguese government approved the creation of the EUR 55 million Fund for Social Innovation (FIS) under the country's Portugal Inovação Social program. The FIS will provide both equity and debt financing for enterprises recognized as Innovation and Social Entrepreneurship Initiatives by the *Portugal Inovação Social*. The equity capital will catalyze further investment into social innovation projects by guaranteeing additional capital co-invested by private investors.[43]

United States: In April, the U.S. federal government designated the first set of Opportunity Zones to spur investment in economically distressed areas of 18 states, with Opportunity Zones now designated in all 50 states, the District of Columbia, and five U.S. territories. Investors into Opportunity Zones receive tax benefits and can also form Qualified Opportunity Funds by self-certifying using a tax form to make investments into Opportunity Zones.[44]

Separately, in October, the U.S. Congress passed the BUILD Act, which reorganized and expanded the development finance capacities of the government under a new agency called the International Development Finance Corporation. The new organization will combine the functions of the former Overseas Private Investment Corporation (OPIC) and the U.S. Agency for International Development's (USAID) Development Credit Authority. The new agency will have a portfolio of up to USD 60 billion, make project-level data publicly available to increase transparency, and enjoy the flexibility to provide equity and grants alongside debt.[45]

Australia: In June, the Office of Social Impact Investment (OSII) of the state government of New South Wales announced that it will deploy AUS 20 million over four years to finance innovative strategies to prevent the homelessness of people exiting government services such as public housing, custodial settings, or juvenile justice. Along with this initiative, OSII is piloting a rate card, which lists the outcomes that the government seeks to achieve and the price for such outcomes. The rate card will assist investors to develop proposals for social impact bonds and simplify impact measurement.[46]

United Kingdom: In September, the UK Department of Work and Pension introduced new regulations for pension funds, whereby trust-based pension schemes will be required to have a policy on how they consider ESG factors in their investments.[47] The regulations, which will be implemented starting in October 2019, will also mandate that trustees who do not consider the 'long-term financial risks or opportunities from ESG' explain in their policies why not doing so does not hurt the returns from their investments.[48]

G20: In December, at the 2018 G20 Summit in Argentina, the G20 Leaders' "Declaration: Building Consensus for Fair and Sustainable Development" recognized impact investment as a driver of inclusive and sustainable business.[49] Additionally, the Development Working Group, a sub-group of the G20, issued the "G20 Call on Financing for Inclusive Business," which encourages governments to provide friendly regulatory environments for inclusive businesses in order to promote sustainable development.[50]

42 "Le French Impact," https://le-frenchimpact.fr/#lefrenchimpact.

43 "Fundo Inovação Social," https://www.fis.gov.pt/.

44 "Opportunity Zones Frequently Asked Questions," Internal Revenue Service, https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions.

45 Adva Saldinger, "A New US Development Finance Agency Takes Flight," *Devex*, October 4, 2018.

46 Office of Social Impact Investment, "Calls for Early Intervention Models to Prevent Homelessness," news release, June 18, 2018.

47 UK Sustainable Investment and Finance Association, "New Government Regulation Makes Clear Existing Pension Scheme Duty to Consider ESG Factors," news release, September 11, 2018.

48 Attracta Mooney, "ESG Wake-Up Call for Pension Laggards," *Financial Times*, October 15, 2018.

49 "G20 Leaders' Declaration: Building Consensus for Fair and Sustainable Development," G20 Argentina, 2018.

50 "G20 Call on Financing for Inclusive Businesses: Bridging the Financial Gap for Inclusive Businesses," G20 Argentina, 2018.

THE FUND MANAGER LANDSCAPE

Fund managers play an important role in directing impact investing capital to opportunities on the ground. This section describes the perspectives of respondents that invest into funds and the activities of fund managers themselves.

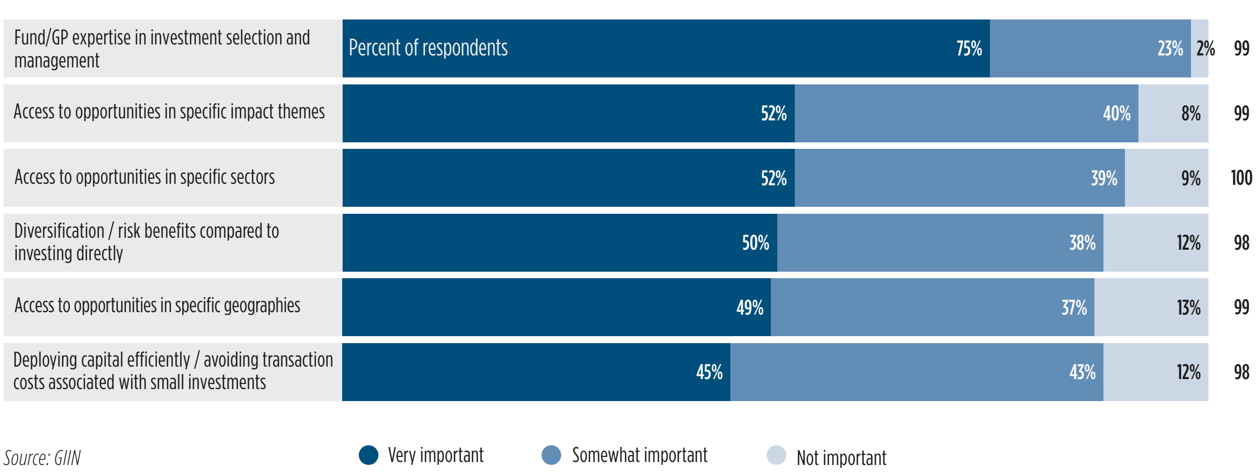
Investing into funds

Thirty-eight percent of respondents invest into funds or other investment intermediaries (regardless of whether they invest directly). At the median, these respondents invest nearly half of their capital (47%) indirectly via funds or other intermediaries. Just over a quarter are focused on private equity and 16% are focused on private debt. Three-quarters have geographically focused strategies, with 43% focused on developed markets and 33% on emerging markets.

These respondents shared their motivations for investing through funds. The greatest share indicated fund or General Partner (GP) expertise in investment selection and management as a very important reason to invest through fund managers (75%; Figure 42). Roughly half of respondents also identified access to specific opportunities – whether sectors, impact themes, and geographies – as very important motivations for investing via fund managers.

Figure 42: Motivations for investing via fund managers

Number of respondents shown beside each bar. Optional question.



Source: GIIN

Fund manager activity

The 169 fund manager respondents comprise 64% of the total sample and account for 37% of total sample AUM.[51] Of these, 81% identified as for-profit fund managers; the remaining 19% identified as nonprofit fund managers.

Capital raising

Excluding one outlier, fund managers collectively raised nearly USD 14 billion in 2018 and plan to raise nearly USD 24 billion in 2019 (Table 19).[52] The median capital raise in 2018 was USD 33 million; in 2019, the median fund manager projects a capital raise of USD 50 million. At the median, for-profit fund managers raised more capital than did nonprofit fund managers.

51 Of 169 fund manager respondents, three did not provide responses to these questions.

52 One hundred twenty-one organizations reported raising capital in 2018 (as not all fund managers raise capital each year), and 146 reported their capital raise plans for 2019. One outlier is excluded from analyses on 2018 capital raise; including this respondent, the full sample raised USD 28 billion in 2018.

Table 19: Fund manager capital raises in 2018 and plans for raising capital in 2019
Excludes respondents that did not report raising capital in 2018 or did not share their projections for 2019. Figures in USD millions.

	All fund managers		For-profit fund managers		Not-for-profit fund managers	
	2018	2019 projected	2018	2019 projected	2018	2019 projected
n	120	146	95	116	25	30
Mean	113	164	131	179	47	106
Median	33	50	43	50	16	27
Sum	13,594	23,910	12,426	20,716	1,168	3,194

Source: GIIN

Fund managers' capital raises reported in 2018 and planned for 2019 differ among sub-groups (Table 20). Managers investing primarily in private debt and those investing primarily in private equity raised similar amounts of capital at the median, though in total private-debt-focused managers raised about USD 800 million more.

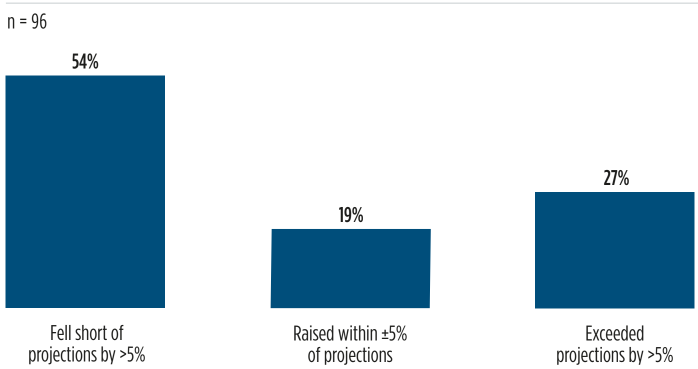
Table 20: Fund manager capital raises in 2018 and plans for capital raise in 2019, by sub-group
Excludes respondents that did not report raising capital in 2018 or did not share projections for 2019. Figures in USD millions.

	Headquarters locations				Geographic focus				Asset class focus				Target returns			
	DM-HQ		EM-HQ		EM-focused		DM-focused		Private-debt-focused		Private-equity-focused		Market-rate		Below-market	
	2018	2019P	2018	2019P	2018	2019P	2018	2019P	2018	2019P	2018	2019P	2018	2019P	2018	2019P
n	92	110	25	33	55	72	51	58	33	36	35	50	82	107	38	39
Mean	124	190	67	81	93	125	118	180	111	174	82	154	139	183	58	112
Median	40	55	20	40	27	46	38	50	27	70	30	50	46	60	12	30
Sum	11,445	20,937	1,672	2,523	5,115	9,034	6,007	10,443	3,669	6,259	2,854	7,676	11,387	19,545	2,207	4,365

Source: GIIN

Ninety-six fund managers also responded to the Survey last year. The Research Team compared their projected capital raises for 2018 (as noted in their responses last year) with their reported capital raises in 2018 (per their responses this year). Over a quarter of fund managers surpassed their capital raise plans by more than 5%, 19% raised within 5% of their plans, and more than half raised more than 5% below their capital raise plans (Figure 43).

Figure 43: Projected versus actual 2018 capital raises



Source: GIIN

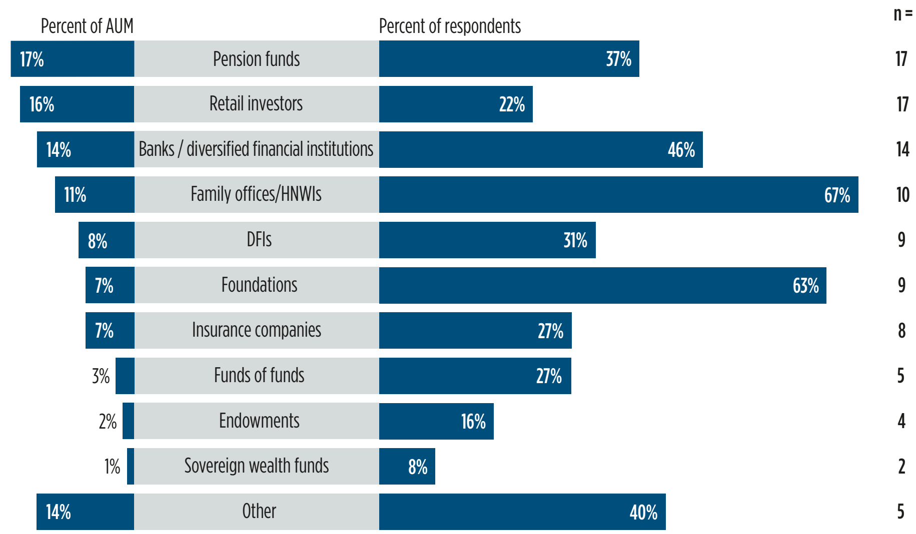
Fund managers' sources of capital

The 166 fund managers reporting their activity manage a collective USD 87 billion in impact investing assets. On average, they manage USD 517 million or, at the median, USD 104 million. Excluding one outlier, which primarily raised capital from 'other' government sources, 165 fund managers sourced USD 79 billion from a wide variety of investors (Figure 44). Two-thirds of fund managers have raised capital from family offices or high-net-worth individuals (HNWIs) and 63% from foundations, though just 11% and 7%, respectively, of all fund manager capital comes from these two types of investors. Just over a third have raised capital from pension funds, which account for the greatest share of fund manager capital (17%).

Interestingly, while only a quarter have raised capital from retail investors, this segment accounts for the second-greatest share of capital (16%). Another 14% of capital is sourced from banks or diversified financial institutions. Lastly, whereas over a quarter have raised at least some capital from funds of funds, this segment accounts for just 3% of capital raised.

Figure 44: Proportion of capital and number of fund managers that manage capital from each investor type

Left side—Percent of AUM: n = 165; AUM = USD 79 billion. Excludes one outlier
Right side—Percent of respondents managing capital from each investor type: n = 166



Source: GIIN

Fund manager sub-groups access different sources of capital (Table 21). Twenty-three percent of EM-focused fund manager capital is sourced from DFIs, compared to none for DM-focused managers, which is perhaps not surprising. Interestingly, institutional capital flows relatively equally to EM- and DM-focused managers: pension funds account for 17% and 20% of their capital and banks account for 20% and 12%, respectively. For-profit fund managers raise about half their capital from pension funds, retail investors, and family offices, while nonprofit managers raise almost no capital from these types of investors. Private Debt-focused Investors have raised a lot more of their capital from banks and retail investors than have Private Equity-focused Investors, whereas the latter have raised a lot more of their capital from family offices.

Table 21: Fund managers' sources of capital by geographic focus, asset class focus, and target returns (AUM-weighted)

	Geographic focus			Target returns				Size of impact investing AUM		
	Overall, excluding outliers	For-profit	Nonprofit	EM-focused	DM-focused	Private-Debt-focused	Private-Equity-focused	Small	Medium	Large
Pension funds	17%	19%	2%	17%	20%	9%	16%	6%	13%	17%
Retail investors	16%	17%	4%	7%	15%	10%	1%	2%	11%	16%
Banks / diversified financial institutions	14%	11%	43%	20%	12%	33%	9%	11%	13%	13%
Family offices/HNWIs	11%	12%	3%	9%	14%	3%	22%	25%	19%	8%
DFIs	8%	9%	1%	23%	0.2%	18%	17%	16%	9%	7%
Foundations	7%	7%	11%	4%	9%	5%	5%	16%	10%	5%
Insurance companies	7%	6%	20%	4%	5%	7%	9%	5%	9%	6%
Funds of funds	3%	3%	0.3%	3%	3%	2%	5%	3%	3%	2%
Endowments	2%	2%	0.4%	2%	2%	0.7%	6%	0.7%	3%	1%
Sovereign wealth funds	1%	2%	0.0%	2%	1%	0.9%	4%	0.0%	2%	1%
Others	14%	14%	15%	8%	19%	12%	5%	16%	9%	24%
n	165	135	30	78	71	38	60	123	42	81
AUM (USD millions)	79,053	72,879	6,350	26,026	40,766	19,679	14,277	68,877	10,351	2,481

Note: Excludes one outlier that sourced all capital from 'other' government sources.

Source: GIIN

FOUR-YEAR TRENDS

A sample of 41 fund managers responded to the survey both this year and four years ago. The AUM of these respondents had an overall CAGR of 16% (Table 22). The greatest increase in their sources of capital was from banks / diversified financial institutions, which rose at a rate of 24% per annum. Fund managers grew their capital sourced from retail investors by 21% per annum and from family offices / HNWIs by 16% per annum.

Table 22: Changes in fund managers' sources of capital, among four-year repeat respondents
n = 41; figures in USD millions.

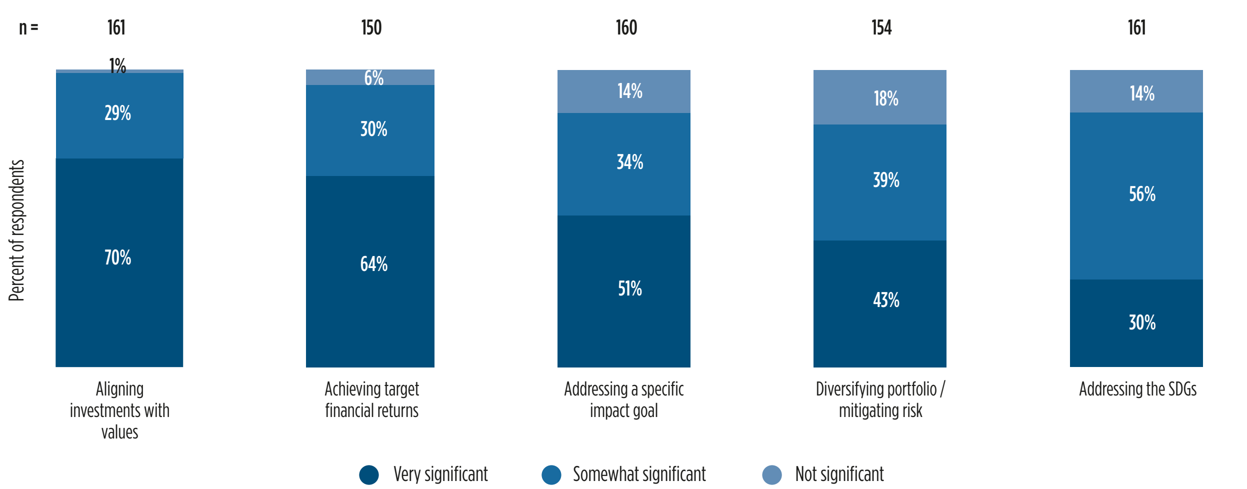
Source of capital	2014	2018	CAGR
Banks / diversified financial institutions	2,311	5,412	24%
Retail investors	2,229	4,848	21%
Family offices / HNWIs	2,658	4,880	16%
Endowments (excl. foundations)	130	216	14%
Foundations	1,156	1,874	13%
Pension funds or insurance companies	4,134	6,534	12%
DFIs	3,051	3,612	4%
Funds of funds	654	579	-3%
Other	140	2,030	95%
Total	16,462	29,985	16%

Note: This year's survey included an option for 'sovereign wealth funds,' which has been combined with 'other' for this analysis. The high growth in 'other' sources of funding largely resulted from two organizations.
Source: GIIN

Eighty-five percent of respondents to this year's survey cited client demand as a 'somewhat' or 'very important' motivation for making impact investments, reflecting a growing sense that client demand is driving growth in the industry. This year, the Research Team asked fund managers to describe the various drivers of client demand for their impact investing businesses. The top factor cited was clients' interest in aligning their investments with their values, which 70% of fund managers noted as 'very important' (Figure 45). Interestingly, 64% of managers identified achieving target financial returns as a very important driver of demand. Also, although just 30% of fund managers identified achieving the SDGs as a 'very important' driver of demand, respondents commonly cited addressing specific impact goals as a driver of demand (51%).

Figure 45: Drivers of client demand to fund managers' impact investing businesses

n = 165



Note: Four fund managers did not answer this question. Six respondents indicated 'other' drivers of demand, such as fulfilling requirements for the Community Reinvestment Act and delivering verified reductions in emissions.
Source: GIIN

Fund managers also commented on the challenges they face in raising capital from both impact and impact-agnostic investors (Table 23). The top two challenges in raising capital from both types of investors were demonstrating a financial track record and assuaging investors' concerns about exit options and liquidity. In addition, fund managers note that impact-agnostic investors are generally more concerned than are impact investors about financial indicators—such as achieving their target returns (29% vs. 12%)—and the specific risks of impact investing (23% vs. 6%). On the other hand, impact investors appear to be more concerned about demonstrations of impact track record (16% vs. 5%).

Table 23: Percentage of fund managers noting a significant challenge in each area

Optional question.

	In raising capital from impact investors	In raising capital from impact-agnostic investors
n	161	127
Demonstrating financial track record	25%	28%
Investor is concerned about exit options / liquidity	19%	28%
Demonstrating impact track record	16%	4%
Demonstrating viable pipeline of investments	14%	12%
Investor does not believe its target returns will be achieved	12%	23%
Investment size being sought by investor is too small	10%	9%
Investment size being sought by investor is too large	10%	11%
Investor believes there is too little focus on impact performance management	6%	2%
Investor believes the risk of impact investing to be too great	6%	18%
Fund lacks sector or geographic specialization	4%	5%
Investor believes there is too much focus on impact performance management	0%	5%

Two most significant challenges   Two least significant challenges

Source: GIIN

Faith-based investing

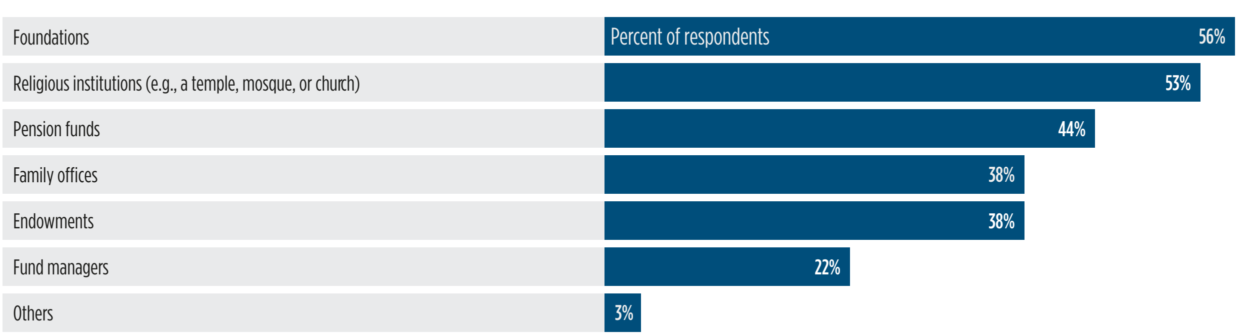
Faith-based organizations are organizations for which the tenets or values of faith drive their mission or for which faith is their reason-to-be. Many faith-based organizations have substantial financial assets and, given their values-driven orientation, are potentially well placed to make impact investments.

In this year's survey, fund managers answered several questions about raising capital from faith-based investors. Thirty-five fund managers specifically target faith-based investors as part of their fundraising strategies. Further, many fund managers noted that they have raised capital from faith-based investors but do not specifically target them. Others, still, indicated having no faith-based investors in their networks.

The thirty-five fund managers that specifically target faith-based investors have received an average of 18% of all capital they manage from this segment (10% at the median). The faith-based investors from which they raise capital are most commonly foundations (from which 56% of these fund managers raised some capital), religious institutions (53%), and pension funds (44%; Figure 46).

Figure 46: Proportion of fund managers that have raised capital from each type of faith-based investor

n = 32; optional question. Managers may raise capital from multiple types of faith-based investors.



Note: 'Others' include retail faith-based investors and raising capital through financial advisors. Three fund managers that target faith-based investors reported not having yet raised any capital from faith-based investors.

Source: GIIN

Fund managers also ranked challenges faced in raising capital from faith-based investors, and their top-cited challenge was that their fund does not target the specific impact themes of interest to faith-based investors (Table 24). The second-most-significant challenge was that faith-based investors lack knowledge or familiarity with impact investing, and the third-ranked challenge was faith-based investor concern that their target returns will not be achieved or concerns about liquidity and exit options, a common challenge facing fund managers generally.

Table 24: Fund manager challenges in raising capital from faith-based investors
n = 33; optional question.

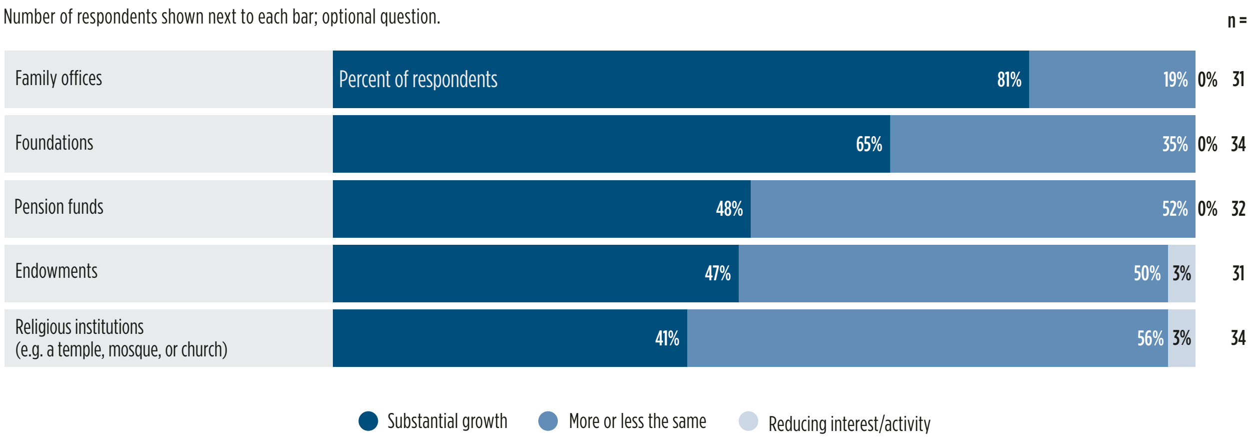
Challenge	Difficulty ranking
Fund does not target the specific impact themes of interest to faith-based investors	85
Investor lacks knowledge or familiarity with impact investing	81
Investor does not believe its target returns will be achieved or is concerned about exit options / liquidity	76
Investor is satisfied with ESG / negative screening options	57
Investor is satisfied with 'doing good' through its operations	46
Investment size being sought by investor is too large	32

Note: Respondents ranked their top three challenges in raising faith-based investor capital. Total scores were calculated by giving top challenges a score of three, second-highest challenges a score of two, and third-highest rankings a score of one, then multiplying these by the number of respondents selecting each option.
Source: GIIN

Lastly, fund managers were asked to report the volume of growth they expect to see over the next three years from faith-based investors in impact investing (Figure 47). The greatest share of fund managers anticipated significant growth from family offices (81%), followed by foundations (65%). Nearly half of fund managers expect to see substantial growth from endowments and pension funds, and nearly the same proportion expect to see about the same level of activity from these types of faith-based investors.

Figure 47: Fund managers' expectations of growth in impact investing from various types of faith-based investors

Number of respondents shown next to each bar; optional question.



Note: Four respondents indicated expected growth from 'other' investor types, which included retail faith-based investors and health systems.
Source: GIIN

Faith-Based Investing

Faith-based investors are organizations that use the tenets and values of their faith to shape their investment policies and processes. Faith-based investors are increasingly looking to impact investing to achieve financial and impact targets aligned with their faith. Below are several examples from 2018.

- In February, **Indonesia's Ministry of Finance** issued the world's first sovereign green sukuk; an oversubscribed, five-year issuance raised USD 1.25 billion for projects related to the transition to a low-emission economy and climate-resilient growth.[53] Sukuks are Islamic financial certificates similar to bonds. Instead of paying interest, which is prohibited in Islamic finance, the certificates represent the ownership of a tangible asset from which investors receive earnings.[54] The UNDP is providing the Indonesian Ministry of Finance capacity-building support to produce an impact report about the investments' impacts on climate.
- In May, the **Vatican** issued a statement, "Oeconomicae et pecuniariae quaestiones" ("Economic and Financial Issues"), calling for ethics in economics and finance.[55] In July, the Third Vatican Conference on Impact Investing, which took place in Rome, explored how impact investing can increase access to jobs for at-risk youth in developing countries, support migrants and refugees through financing of small and medium-sized enterprises (SMEs), increase healthcare access for the poor, and combat and adapt to climate change.[56]
- In November, the **Jewish Communal Fund** (JCF), a donor-advised fund, announced new impact investment opportunities across asset classes. These include the JCF Social Impact Loan Program, which works with the Hebrew Free Loan Society to offer interest-free loans, as well as Israel Bonds and the Market Vector Israel ETF that aligns with core Jewish values.[57]

53 Emma Dunkley, "Indonesia Issues World's First Green Sukuk Bond," *Financial Times*, February 22, 2018.

54 "Sukuk," *Investopedia*, last modified April 7, 2018.

55 Elise Harris, "Vatican Offices Urge Re-Calibration of Financial Markets," *Catholic News Agency*, May 17, 2018.

56 Catholic Relief Services, "Third Vatican Conference on Impact Investing to Explore How Impact Capital Can Help the Poor," news release, June 8, 2018.

57 Jewish Communal Fund, "Jewish Communal Fund Launches Several Social Impact Opportunities, Just in Time for Giving Tuesday," news release, November 27, 2018.

APPENDIX 1: List of survey respondents

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

2B Community

Aavishkaar

Accion Venture Lab

ACTIAM

Adobe Capital / New Ventures

African Wildlife Foundation

AlphaMundi

Alterfin

Ameris Capital

Ankur Capital

Annie E. Casey Foundation

Annona Sustainable Investments

Anonymous 1

Anonymous 2

Anonymous 3

Anonymous 4

Anonymous 5

Anonymous 6

Anonymous 7

Anonymous 8

Anonymous 9

Anonymous 10

Anonymous 11

Anonymous 12

Anthem Asia

Aqua-Spark

Aquila Capital

ARK Impact Asset Management, Inc.

Ashburton Investments

Athena Capital Advisors LLC

Avanath Capital Management

AXA Investment Managers

Bank Degroof Petercam

Basis Investments

Battle Creek Community Foundation

BESTSELLER FOUNDATION

Bethnal Green Ventures

Beyond Capital Fund

Big Society Capital

Banque de Luxembourg Investments (BLI)

Blue Haven Initiative

BlueOrchard Finance Ltd

BNP Paribas

Bridge

Bridges Fund Management

Business Oxygen Pvt., Ltd.

Business Partners International

Calvert Impact Capital, Inc.

Capital 4 Development Partners

Capricorn Investment Group

CDC Group

CEI Ventures, Inc.

Christian Super

Clean Energy Trust

Clearinghouse CDFI

Closed Loop Partners

Coastal Enterprises, Inc.

Columbia Threadneedle Investments

Community Capital Management, Inc.

Community Forward Fund Assistance Corp

Community Investment Management, LLC

Conservation Resource Partners

Cooperative Fund of New England

Cordaid Investment Management

Core Innovation Capital

CoreCo

Craft3

CREAS

Creation Investments Capital Management, LLC

Credit Suisse

Cultivian Sandbox

D3 Jubilee Partners

Dalio Family Office (DFO)

DBL Partners

De Pury Pictet Turrettini & Co., Ltd

Dev Equity

Développement International Desjardins

DOB Equity

DOEN Participaties

DWS Group

EcoEnterprises Fund

Edwards Mother Earth Foundation

EFM

EFTA, Ltd

Eight Investment Partners

Elevar Equity

Enclude

Enterprise Community Partners

EXEO Capital

Farmland LP

Finance in Motion

FINCA Ventures

FinDev Canada

Fledge

FMO

Fondazione Sviluppo e Crescita CRT

Ford Foundation – PRI

Ford Foundation – MRI

Foundation Our Future

Franklin Templeton

Futuregrowth Asset Management

Garden Impact

GAWA Capital

Generation Investment Management

Geronimo Energy

Global Innovation Fund

Global Partnerships

Goodwell Investments

Gordon and Betty Moore Foundation

Grace Impact

Grassroots Capital Management and Caspian Impact Investors

Gray Ghost Ventures

GroFin

GSSG Solar, LLC

Habitat for Humanity International

Hamilton Community Foundation

HCAP Partners

Heron Foundation

HESTA

Hooge Raedt Social Venture (HRSV)

Idaho-Nevada CDFI

IDB Invest

IDP Foundation, Inc.

IFU Investment Fund for Developing Countries

IGNIA Partners

Impact Community Capital, LLC

Impact Engine

Impact Investment Group

Impax Asset Management

Incofin Investment Management

Inerjys Ventures

Innovare Advisors

Inspirit Foundation

International Finance Corporation (IFC)

International Fund for Agricultural Development (IFAD)

Invest in Visions

Investec Asset Management

Investisseurs & Partenaires (I&P)

iungo capital

Japan Social Impact Investment Foundation

JCS Investments, Ltd.

John D. and Catherine T. MacArthur Foundation

JPMorgan Chase & Co.

Kaizen Private Equity

KBI Global Investors

Kukula Capital

Kuramo Capital Management

LeapFrog Investments

Livelihoods Venture

Living Cities, Inc.

Local Enterprise Assistance Fund

Local Initiatives Support Corporation

Lok Capital

Low Income Investment Fund

Lupoff Friends and Family Interests, LLC

Luxembourg Microfinance and Development Fund

MainStreet Partners

Maj Invest

Mary Reynolds Babcock Foundation, Inc.

Medical Credit Fund

Mennonite Economic Development Associates (MEDA)

Menterra Venture Advisors Private Limited

Merck & Co., Inc.

Mercy Corps

Metropolitan Economic Development Association

Michael & Susan Dell Foundation

MicroVest Capital Management

Mission Driven Finance

Mobilize Invest – Groupe Renault

National Community Investment Fund (NCIF)

NatureVest (The Nature Conservancy)

NeighborWorks Capital

Nesta

Neuberger Berman

New Forests

New Market Funds

New Summit Investments

Nexus for Development

NN IP

Nomura Asset Management Co., Ltd

Nonprofit Finance Fund

Norsad Finance

Novastar Ventures

Nuveen, A TIAA Company

Obviam AG

Oikocredit International

Okavango Capital

Omnivore

OMTRIX

Open Value Foundation

Organización Román

Overseas Private Investment Corporation (OPIC)

Pakistan Microfinance Investment Company

Patamar Capital

Perpetual Investors

PGGM

Phatisa

Phitrust Partenaires

Praxis Mutual Funds

Prudential Impact Investments

Promotora Social México (PSM)

Quadia SA

Quadria Capital

Renewal Funds

responsAbility Investments AG

Reyl

Root Capital

RS Group

SA Capital, Ltd.

Safer Made

San Luis Obispo County Housing Trust Fund

Sarona Asset Management

SeaChange Capital Partners

Seattle Foundation

Shared Interest

Shinsei Corporate Investment, Ltd.

SilverStreet Capital

Sitra

SJF Ventures

SLM Partners

SME Impact Fund

Social Finance

Social Investment Business

Social Ventures Australia

Sonen Capital

Sophia University

SunFunder

Surdna Foundation

Sycomore Asset Management

Symbiotics

TBL Mirror Fund and Africa Tech Ventures

Temporis Capital

Terra Global Investment Management, LLC

The California Endowment

The Climate Trust

The David and Lucile Packard Foundation

The Esmée Fairbairn Foundation

The J.W. McConnell Family Foundation

The Life Initiative

The Lyme Timber Company

The McKnight Foundation

The Rise Fund (TPG)

The Rockefeller Foundation

The Sasakawa Peace Foundation

Treehouse Investments, LLC

TriLinc Global

Triodos Investment Management

Triple Jump

Turner Impact Capital

UBERIS

UBS

UN Capital Development Fund (UNCDF)

UOB Venture Management

Upaya Social Ventures

Vermont Community Loan Fund (VCLF)

Vision Ridge Partners

Vital Capital Fund

Volta Capital

Vox Capital

W.K. Kellogg Foundation

WaterEquity

Wellington Management

Wespath Benefits and Investments

WHEB Asset Management

Women's World Banking

XSML Capital

Zora Ventures

APPENDIX 2: List of definitions provided to survey respondents

General

- **Impact investments:** Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.
- **Faith-based investors:** Organizations for which faith is the reason-to-be or for which the tenets or values of faith drive their mission and purpose.
- **Gender lens investments:** Investments made into companies, organizations, and funds with the explicit intent to create a positive effect on gender.
- **Real economy:** Economic activity from producing goods and services.
- **Financial economy:** Economic activity from buying and selling on the financial markets.

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, such as 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, such as real estate or commodities.

Stages of growth

- **Seed / Start-up:** Business idea exists, but little has been established operationally; pre-revenue.
- **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

- **Business model execution and management risks:** Risks of a company generating lower profits than anticipated and ineffective and / or underperforming management.
- **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.
- **Market demand and competition risk:** Risks of low demand for the investee's product or service or declining revenues from the actions of a competitor.
- **Perception and reputational risks:** Risks of loss resulting from damages to an investor's or investee's reputation.

APPENDIX 3:
Outreach partners

The GIIN appreciates the assistance of the following organizations, which helped to encourage impact investors in their networks to participate in the survey.

Acrux Partners is an advisory firm focused on responsible and impact investing in South America. In addition to consulting work, Acrux Partners promotes and advocates for the development and consolidation of the responsible and impact investment sector in South America.

http://www.acruxpartners.com/

The Bertha Centre for Social Innovation and Entrepreneurship is a specialized unit at the University of Cape Town's Graduate School of Business (GSB). Its mission is to build the capacity and pioneering practices in Africa—with partners, practitioners and students—to advance the discourse and systemic impact of social innovation. In collaboration with the GSB, the Centre has integrated social innovation into the business school curriculum, established a wide community of practitioners and awarded over ZAR 7 million in scholarships to students from across Africa. It was established in 2011 in partnership with the Bertha Foundation, a family foundation that works with inspiring leaders who are catalysts for social and economic change and human rights, the Centre has become a leading academic center in Africa.

http://www.gsb.uct.ac.za

Confluence Philanthropy advances mission-aligned investing. It supports and catalyze a community of private, public and community foundations, families, individual donors, and their values-aligned investment managers representing more than USD 70 billion in philanthropic assets under management, and over USD 3.5 trillion in managed capital. Members are committed to full mission alignment when prudent and feasible. Based in the United States, Europe, Latin America, Canada, and Puerto Rico, members collectively invest around the world.

http://www.confluencephilanthropy.org/

Impact Investors Council is a member-based industry body that has been established to build a compelling and comprehensive India Impact story and strengthen Impact Investing in India. Envisioned in 2013, IIC was incorporated in December 2014. IIC promotes the cause of supporting underprivileged citizens through Impact Investing. Its mission is to encourage private capital to bridge the social investment gap in India in sectors such as financial inclusion, clean energy, education, water and sanitation, and healthcare. It has an active support from around 40 prominent impact investors and ecosystem players managing funds in excess of USD 1 billion.

http://www.iiic.in

SIIF aims to catalyze a new capital flow model that transcends existing boundaries between private, public, and civil sectors. SIIF seeks to nurture a social impact investment ecosystem that will support Japan's sustainable development, making it a global forerunner in shouldering social issues unique to developed economies. SIIF takes three approaches to achieve its mission:

(1) Fund: Provide risk capital and demonstrate a variety of models for social impact investment in Japan.

(2) Hub: Build the cornerstone of the ecosystem and connect impact communities into a network by providing subsidies, investments, and other financial as well as non-financial support to intermediaries that connect business operators, investors, and other important stakeholders.

(3) Thinktank: Co-create, circulate, and catalyze social change together with important stakeholders. SIIF seeks to produce information and make policy proposals necessary for the growth of a social impact investment market.

http://www.siif.or.jp

New Ventures (NV) catalyzes innovative enterprises that generate profit and contribute to solve environmental and social problems in Latin America. As the leading platform of the impact investing sector in the region, NV works through four main pillars, which are acceleration, financing, promotion, and training, to strengthen the regional social entrepreneurship ecosystem.

http://www.nvgroup.org

The leading national network of community development financial institutions (CDFIs), Opportunity Finance Network (OFN) shapes policy, conducts research, and creates partnership and programs that help its members deliver high impact in financially stressed communities. OFN's members offer responsible financial products and services in all types of communities—urban, rural, suburban, and Native—across the United States. With its members, investors, and partners, OFN connects communities to capital that creates jobs, supports small business, builds affordable housing, cultivates healthy food and energy efficiency, and promotes safe borrowing and lending.

http://www.ofn.org

The Dutch Association of Investors for Sustainable Development (VBDO) is a not-for-profit multi-stakeholder organization. Its mission is to make capital markets more sustainable. Members include asset managers, non-governmental organizations, consultancies, trade unions, insurance companies, banks, pension funds, and individual investors. VBDO believes that we can no longer afford not to have sustainability embedded in capital markets. VBDO is the Dutch member of the international network of social investment fora (SIFs).

https://www.vbdo.nl

About the Global Impact Investing Network

This report is a publication of the Global Impact Investing Network (GIIN), the leading global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN builds critical market infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry.

Research

The GIIN conducts research to provide data and insights on the impact investing market and to highlight examples of effective practice.

thegiin.org/research

Impact Measurement and Management (IMM)

The GIIN provides tools, guidance, trainings, and resources to help investors identify metrics and integrate impact considerations into investment management.

thegiin.org/imm

Membership

GIIN Membership provides access to a diverse global community of organizations interested in deepening their engagement with the impact investment industry.

thegiin.org/membership

Initiative for Institutional Impact Investment

The GIIN Initiative for Institutional Impact Investment supports institutional asset owners seeking to enter, or deepen their engagement with, the impact investing market, by providing educational resources, performance research, and a vibrant community of practice.

thegiin.org/giin-initiative-for-institutional-impact-investment

Roadmap for the Future of Impact Investing

Interested in helping to build the field of impact investing? The GIIN's *Roadmap for the Future of Impact Investing: Reshaping Financial Markets* presents a vision for more inclusive and sustainable financial markets and articulates a plan for impact investing to lead progress toward this future. To download the Roadmap and find more information about opportunities to get involved, visit **roadmap.thegiin.org**.

For more information

Please contact Rachel Bass at rbass@thegiin.org with any comments or questions about this report.

To download industry research by the GIIN and others, please visit https://thegiin.org/research.

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.

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