PHENIX CAPITAL

MARCH 2025

IMPACT REPORT

Impact Fund Universe Report

An impact investing market map for institutional investors

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Navigating the Impact Fund Universe

With just five years remaining to achieve the Sustainable Development Goals (SDGs), it is time to ask some difficult questions regarding what needs to be done post 2030 to build a resilient, flourishing and prosperous world where 'no one is left behind'.

Looking at the world politically, economically and environmentally, this report takes stock of the current impact investing landscape from the point of view of impact funds, SDG preferences and investor choices.

By way of background politically, 2024 continued the trend of global democratic decline and strengthening authoritarianism.

Moreover, at the start of the year there were at least 10 conflicts to watch including: Syria, Sudan, Ukraine and Israel/Palestine. Both events likely to hinder the progress for Peace, Justice & Strong Institutions (SDG16).

According to the Economist Intelligence Unit's 2024 Democracy Index, the global score has fallen from 5.52 in 2006 to an historic low of 5.17 in 2024, when 130 countries of the total 167 covered by the index either registered a decline or made no improvement towards democracy.

Almost 40% of the world's population now live under authoritarian rule. Trump's inauguration at the start of 2025 as President of the USA, a country currently classified as a "flawed democracy", is likely to drive the needle further towards authoritarianism.

Economically, despite a resilient 2024, the global economy is showing signs of slower growth, lingering inflation and an uncertain policy environment. According to the OECD's latest *Interim Economic Outlook*, global growth will slow to 3.1% in 2025 and 3.0% in 2026.

These numbers do not factor in the potential impact of tariffs and trade wars that would severely impact two key goals, namely, Decent Work & Economic Growth (SDG8) and Industry, Innovation & Infrastructure (SDG9).

The S&P 500 may have clocked one of its strongest two-year periods of returns for the index since 1928, but global equities remain vulnerable to geopolitics and potential recessions. Despite equity strength, no sector, or region, is completely immune to shocks as technology stocks saw in January.

The release of DeepSeek's chatbot, a Chinese competitor to OpenAI's ChatGPT, saw chip giant Nvidia lose almost $600 billion of its value, the biggest drop for a single company in US stock market history.

Environmentally, the World Meteorological Organisation confirmed that 2024 was likely the first calendar year to be more than 1.5˚C above the pre-industrial era, with a global mean near-surface temperature of 1.55 ± 0.13 ˚C above the 1850-1900 average.

It was the warmest year in the 175-year observational record.

The WMO's *State of the Global Climate report* stated that in 2024: atmospheric concentration of carbon dioxide are at the highest levels in the last 800,000 years; globally each of the past 10 years were individually the 10 warmest years on record; and each of the past eight years has set a new record for ocean heat content.

Moreover, the 18 lowest Arctic sea-ice extents on record were all in the past 18 years. It was also the three lowest Antarctic ice extents were in the past three years and the largest three-year loss of glacier mass on record occurred in the past three years.

Moreover, the rate of sea level rise has doubled since satellite measurements began. All of these are drivers for weather related events such as floods, droughts, tropical cyclones and wildfires, making Climate Action (SDG13) more important than ever.

“Our planet is issuing more distress signals…Leaders must step up to make it happen, seizing the benefits of cheap, clean renewables for their people and economies…” said United Nations Secretary-General António Guterres.

In this issue, we talk to the team at Gilde Healthcare about its upcoming new Climate Solutions Fund, which comes at a time where while China currently emits the most carbon dioxide, it is the US that has the highest per capita emissions rate. A direction that is likely to increase now President Donald Trump has announced plans to withdraw from the Paris Agreement.

With an estimated annual cost of $5 trillion to $7 trillion to achieve the SDGs by 2030, the current financing gap is estimated at around $4 trillion, according to the 2024 SDG report.

Yet climate-related extreme weather events has cost the global economy more than $2 trillion over the past decade, according to the International Chamber of Commerce.

Taking a fresh look at investing in change is mission critical for both developed and developing nations. As mentioned by Dirk Meuleman, Phenix Capital’s CEO, in introduction to the report, achieving the SDGs by 2030 may be unlikely, but by changing the focus of financing sustainable development may allow for a “bigger bang for the buck”.

Finance-first impact investing has always been about returns-first impact, and so product development has focused on cherry picking themes, such as the energy transition, and asset classes, such as private equity, as well as the developed markets as a favoured region, which tick the risk, return and impact boxes.

Before highlighting the key data takeaways for 2024 it is worth asking “what does this all mean for impact investing?”.

In his opening remarks to the World Leaders Climate Action Summit at COP29 in Baku, Azerbaijan's capital last year, the UN head's Guterres, re-iterated the red thread that ties all of the SDGs together.

"[The climate crisis] is a story of avoidable injustice: The rich cause the problem, the poor pay the highest price," Guterres said, citing Oxfam research.

The recent Oxfam briefing paper *Carbon Inequality Kills: Why curbing the excessive emissions of an elite few can create a sustainable planet for all* presented data on the luxury transport consumption and investment emissions of 50 of the world's richest people is more than the consumption emissions of the poorest 2%, equivalent to 155 million people combined.

But imagine the positive impact on both SDG13 and potentially Reduced Inequalities (SDG10) if those 50 made a significant change to their use of luxury jets and yachts.

The climate crisis is a cost of living crisis that impacts the poorest hardest (No Poverty – SDG1), but as decimated harvests push up global food prices (Zero Hunger – SDG2) and destroyed homes and businesses (Sustainable Cities & Communities – SDG11) increase insurance premiums globally, the GDP of all economies will be affected.

"Worsening climate impacts will put inflation on steroids unless every country can take bolder climate action," said Simon Stiell, executive secretary of the UN Framework Convention on Climate Change, adding, "Climate impacts are carving up to 5% off GDP in many countries".

Humanity could reach an environmental point of no return in the next decade, according to the World Economic Forum's *Global Risks Report 2025*. Of the top 10 risk over the next two years, 14% of the respondents cited 'extreme weather events', making it the second most severe risk in the short term, but the only environmental one.

Over the longer term, however, five of the 10 risks are environmental and the four at the top in order of severity are: extreme weather events; biodiversity loss and ecosystem collapse; critical change to earth systems; and natural resource shortages.

There might be 17 SDGs, but in terms of financing, they are not treated equally, according to AidData's 2023 report *Financing Agenda 2030: Are donors missing the mark on the Sustainable Development Goals?* Is now perhaps the time to start looking at the framework of the goals from a different point of view?

Instead of picking the investment theme, should investors and asset managers start looking at solving problems from the bottom goals up?

If natural capital and its biodiversity subset are part humanity's survival, shouldn't Climate Action, Life Below Water (SDG14); and Life on Land (SDG15) be the core impact investments?

The collateral impact benefits of investing in these three SDGs include: Responsible Consumption & Production (SDG12), which could in turn reduce poverty (SDG1), feed (SDG2), heal (Heath & Wellbeing - SDG3), fuel (Affordable & Clean Energy - SDG7), employ (SDG8) and house (SDG11) people in both developed and developing nations. Alternative and collaborative investment action is required to turn the climate 'Titanic' around.

UNFCCC's Stiell urged nations to learn lessons from the pandemic, when billions suffered because collective action was not taken fast enough when supply chains were smashed. "Climate finance is global inflation insurance. Rampant climate costs should be public enemy number one".

Have we arrived at the point where Climate Action and protection of natural capital and biodiversity requires a military style plan? Investor action and demand will need to be the core drivers of change in a world where politics looks increasingly indifferent to the climate crisis.

Key Takeaways

- **190% growth in the number of impact funds since 2015** to reach 2,907 with almost 46% open to investments
- 4.2% year on year growth in number of impact funds added to database including **122 new launches in 2024**
- 1,193 managers in the database, of which **52.6% are open to raising assets**
- 62% of funds focus on private markets with **48% allocating to private equity**
- **€701 billion raised by the impact funds since 2015**, representing a growth rate of almost 160%.
- **28% growth in total target size for impact funds**, which is now at €377 billion, since last year
- Average target size of impact funds has **decreased by 11.8% to €345 million**
- 37% of the funds in the database have selected Affordable & Clean Energy (SDG7) as a theme
- **62 new launches selected Climate Action (SDG13)** as a theme, with 53 selecting SDG7
- **90.5% of the North American private market assets are private equity**
- **43.5% of Central and South America's are invested via private debt**
- **20% of all impact funds are private equity funds focused on Good Health & Wellbeing (SDG3)**, while 7% of all impact funds are private debt focused on No Poverty (SDG1)
- **Almost 43% of DFI investments are via private debt**, while nearly 90% of corporates prefer private equity
- **€145 billion real asset capital from the developed markets** and infrastructure makes up 58% of all assets raised
- **330 real asset funds targeting SDG7**
- **80% of investors favour infrastructure assets** with pension funds committing more than 50% of their allocation to it
- **92.6% of public market capital has been raised in listed equities**
- **Public debt impact funds favour SDG11**, while public equity funds focus on SDG7
- **61 public equity commitments by foundations** with >90% of family offices planning to allocate to listed equities

Key Takeaways

Impact Fund Universe at a glance: 2021 - 2024

Impact funds at a glance	2021	2022	2023	2024
Number of Impact Funds	2319	2585	2790	2907
Asset Managers	852	945	1090	1193
Funds currently raising	611	883	1186	1330
Asset Managers currently raising	451	563	739	627
Total Capital Committed to Date (EUR BN)	610	665	691	701
Total Target Size to date (EUR BN)	148	180	294	377
Average Capital Committed (EUR M)	97	278	275	300
Average Target Size (EUR M)	192	350	391	345

ABOUT PHENIX CAPITAL

CATALYSING INSTITUTIONAL CAPITAL TOWARDS THE SDGS

Phenix Capital Group is an impact investment consultant that enables institutional investors to make impact investments.

We assist asset owners and asset managers in aligning their investments with their values, financial objectives, and the Sustainable Development Goals.

www.phenixcapitalgroup.com

Our Vision

We envision a world in which institutional capital helps to end poverty, protect the planet and ensure prosperity for all

Our Mission

Our mission is to enable and catalyse institutional investments that realise financial, social and environmental returns

What we do

To achieve our mission, we enable institutional investors to allocate capital to impact investments through our Events & Webinars, Impact Databases, Impact Fund Assessment and Investor IQ.

About impact database

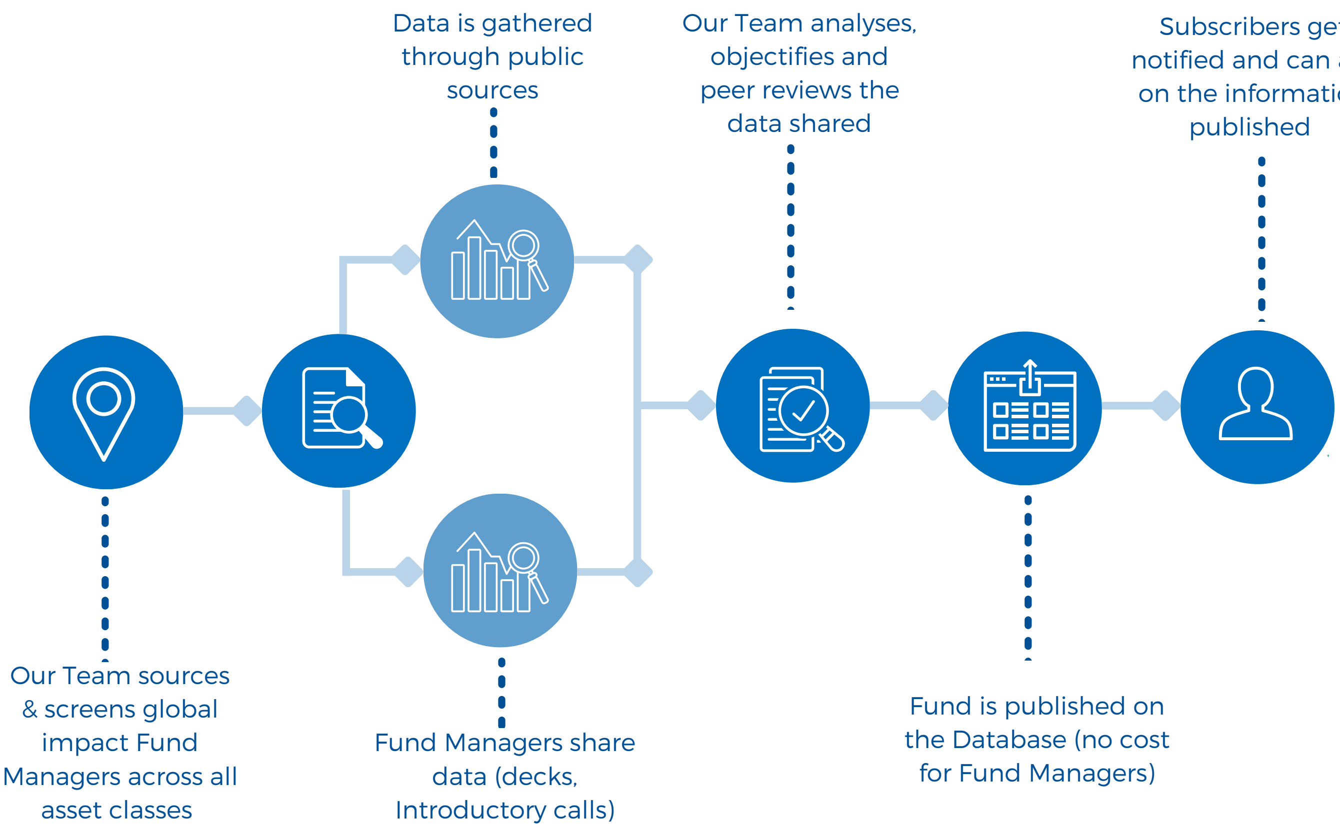
Phenix Capital's mission is to enable the allocation of capital from institutional investors towards social and environmental solutions while supporting the 2030 Sustainable Development Goals (SDGs). With the Impact Database, Phenix Capital aims to provide investors with access to and intelligence on the impact fund market opportunities available to them.

Three main variables have been central to construct, monitor and update the database: **funds considered have an impact proposition, institutional scale, and target market-rate returns.**

Impact Investing goes beyond negative screening and using Environmental, Social and Governance (ESG) integration to reduce harm or avoid risks, to generating intentional positive impact. Phenix Capital defines impact investing as **investing with the dual mandate of financial return and positive societal or environmental impacts**, with the notion of measuring the positive and negative impact of investments, ensuring both **intentionality and additionality** among these.

Phenix Capital's Impact Database features funds that align with this definition through their creation of solutions for global social and environmental issues, whilst prioritising financial returns. This category of impact investments can be referred to as **financial-first impact investments**.

FUND SOURCING PROCESS



Impact themes mapped against the SDGs

Phenix Capital Group has mapped the SDGs against Impact Themes, which are based on **the most globally endorsed terms used by practitioners in the financial sector** and what's used by generally accepted frameworks, to enable both fund managers and fund allocators to better **understand how the SDGs and it's sub-goals translate into outcome-based investment areas -** by the name that they are commonly known and referred to in the financial industry.

Mapped against the SDGs' sub-goals, our Impact Themes offer a comprehensive way for investors and fund managers in the financial industry to identify what social or environmental outcome is generated by an impact investment and its contribution to the Sustainable Development Goals.

The revamped impact themes are already available in our Impact Database for fund filtering, via the Fund Search function.

A word from our CEO

With just five years remaining, ongoing conflicts, a changing geopolitical landscape characterised by tariffs, trade wars, climate and energy uncertainties as well as Europe and Japan re-building their armies, achieving the Sustainable Development Goals looks ever less likely. This notwithstanding continuing investment and scaling up action to build a resilient, flourishing and prosperous world remains at the heart of Phenix Capital's mission. In this interview, Phenix Capital Group's CEO talks about impact investing and its importance in an increasingly uncertain world.

In a world of increasing geopolitical and climate risk, why is it ever more important for investments to show measurable impact?

In any periods marked by increasing uncertainty good quality data becomes essential for sound decision making. Any investments will have an impact, whether positive or negative. And, as investors, we should be accountable for the impacts of our investments. That is why good quality impact measurements are essential. In the last years a lot of work has been done to harmonise standards, and to verify impact claims, but it is still too easy for impact claims to be exaggerated, especially as there is often double counting in impact.

What do you see as the core themes over the coming years?

As ever the topics of climate and nature, as well as alleviating poverty and hunger will stay important. But given the aging population in most of the developed world I can see healthcare becoming more important as a theme, as well as biodiversity. Both of these topics are broadly supported but investing in peace and justice, which is traditionally one of the smaller themes in impact investing, may see a growth.

Do you see global politics, particularly the weakening of democracy in many countries, as hampering impact investing's move to mainstream?

Dirk Mueleman
CEO
Phenix Capital Group

Not really actually. I see criticism of greenwashing and of exaggerated impact claims, but in the end the larger trend of asset owners taking responsibility or being held accountable for the impact of their investment decisions is one trend that I expect to continue, with broad support all over the world.

Private equity continues to dominate the impact fund universe in terms of numbers of funds and assets raised, what other strategies are essential for change?

Both venture capital as well as private debt are some of the most impactful asset classes to invest in for funding change. Many of the world's issues require innovation and cannot be solved by more funding alone. Therefore, targeted as well as active strategies that seek to address specific problems and bottlenecks will continue to be needed to address the many problems we face in the world.

A word from our CEO

2024 is likely to have been the first calendar year to be more than 1.5°C above the pre-industrial era, what more needs to be done from an investment perspective to accelerate the journey to Net-Zero?

For the energy transition we are running into bottlenecks and these will need to be addressed. Grid capacity and the overhaul of our energy system, this will take much more than putting up more solar panels and wind mills, although these do help. We still need many technological developments on energy generation and storage. A Manhattan project style initiative around nuclear fusion, and one around energy storage, which also works in cold weather, might be a needed step in the right direction.

Impact investing has become synonymous with the SDGs, but what next for the strategy after the 2030 deadline has passed?

The SDGs are a helpful framework to prioritise and communicate where to put the focus of an impact investment programme. And although we likely won't have ended corruption by 2030 or ended world hunger by then, the themes I think are still useful in investment programmes. There are many problems in the world that need to be addressed with investment capital. There will be newer themes that emerge like we have seen around biodiversity that are not captured in a single SDG. That was to be expected. In the end what matters is that we make our investment decisions in such a way that they contribute to flourishing of every person and group and not detract from that, and for a flourishing planet with all it's different species.

What is the IIQ service, and what else is new or coming soon at Phenix Capital?

Investor IQ is our latest product that uses AI as well as human intelligence and service to identify the asset owners that are likely most interested in a fund.

I believe it is a game changer for fund managers looking to raise capital for their impact fund. It helps to identify the most likely prospects for a specific fund, based on our unique proprietary datasets that cover more than 1,800 asset owners with active impact programmes.

Investor IQ reduces costs, and takes a lot of the random guess work out of what is currently often a highly inefficient process and replacing it with a data driven targeted approach. We created a tool that looks to take a lot of research and guesswork out of identifying the right prospective investors. A tool that we believe works as an extension to the sales and marketing function of impact fund managers and at the same time reduces time for asset owners having to decline fund managers that fall far outside their mandate scope. Making impact at scale requires more effectiveness and efficiency in raising impact funds.

Feature in an impact report

Every month Phenix Capital Group publishes a new Impact Report, bringing up-to-date data on impact investments and interviews with impact fund managers and investors from the field.

PAST REPORTS INCLUDE:

[Read all our impact reports here]

WOULD YOU LIKE TO BE FEATURED IN THE NEXT EDITION?

Showcase your impact investing thought leadership to our audience of thousands of impact investors. We have a range of asset classes and impact themes to choose from below so you can choose your area of expertise.

Talk to our team about opportunities to be featured. Upcoming report topics include:

MONTH	REPORT THEME
April	Deep-dive on Blue Economy Funds
May	Deep-dive on Biodiversity Funds
June	Private debt at a Glance
August	Net-Zero Funds at a Glance
September	Real Asset Funds at a Glance
October	Impact Investor Report - The Bigger Picture
November	Gender Lens Funds at a Glance
December	Public Equity Funds at a Glance

Contact us to feature in an impact report!

Impact Fund Universe Overview

2907

Impact Funds since 2015

1193

Impact Fund Managers since 2015

1330

Impact Funds Raising Capital since 2015

627

Impact Fund Managers Raising Capital since 2015

€701 bn

Total Capital Raised by Impact Funds since 2015

€377 bn

Total Target Size of Impact Funds

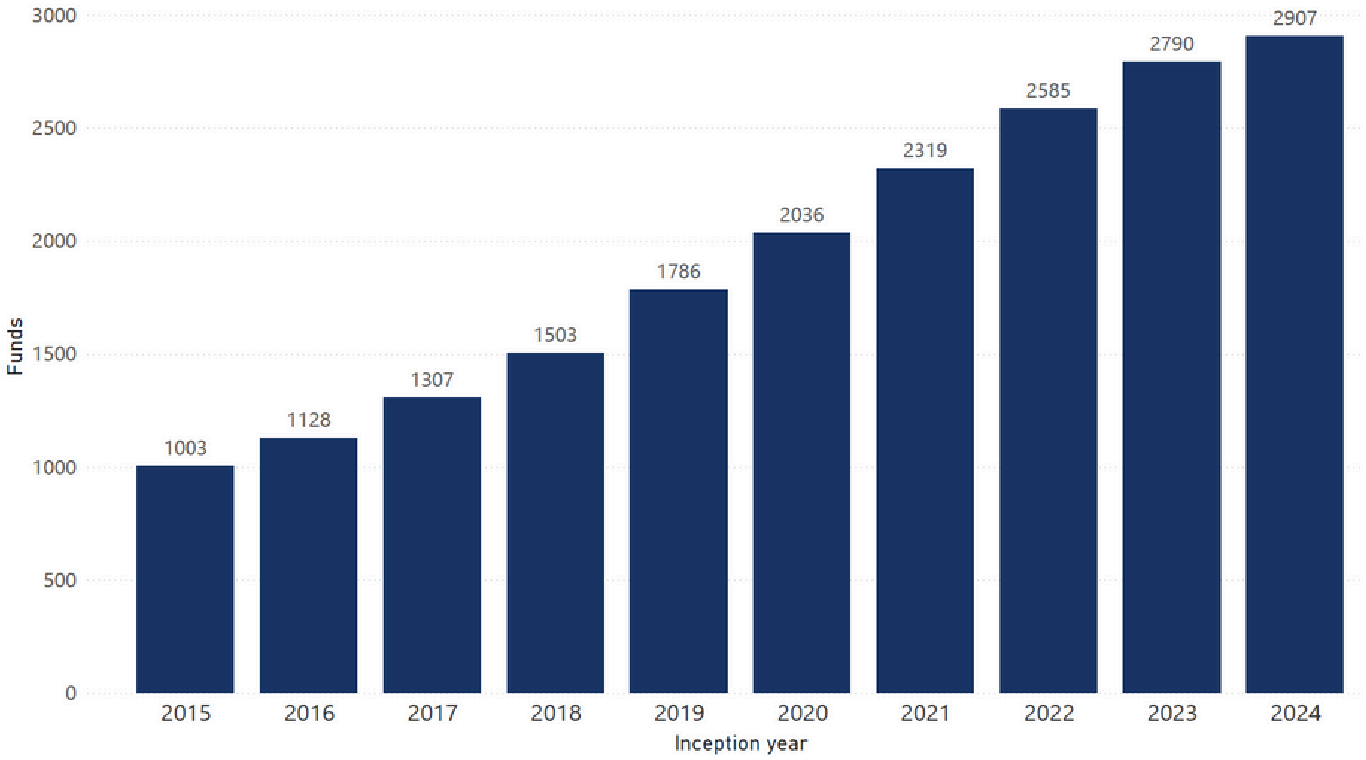
€300 m

Average Capital Raised by Impact Funds since 2015

€345 m

Average Target Size of Impact Funds

Cumulative Number of Impact Funds by Year



*Funds without inception year data have been assigned the value from the reference year (2015)

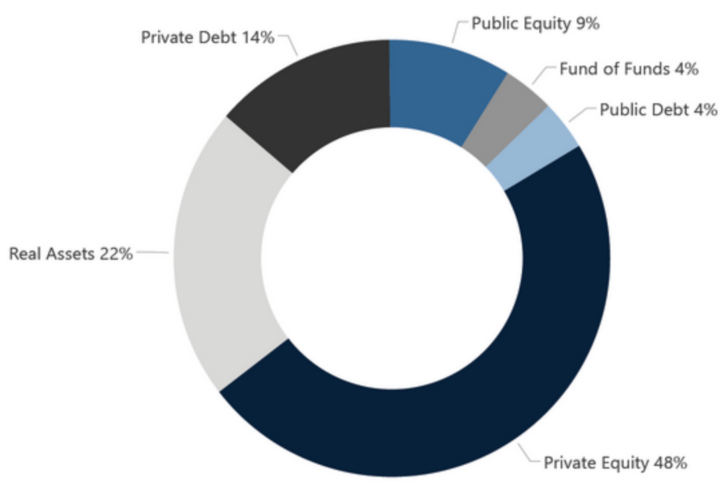
There are 2,907 impact funds in the Phenix Impact Database. Over the past decade, the number of funds has grown by almost 190% from 1003 in 2015.

For the 12 months ending December 2024, the universe of impact funds has grown in number by 4.2% with a 42.8% growth rate over the last five years. There were 122 new fund launches in 2024.

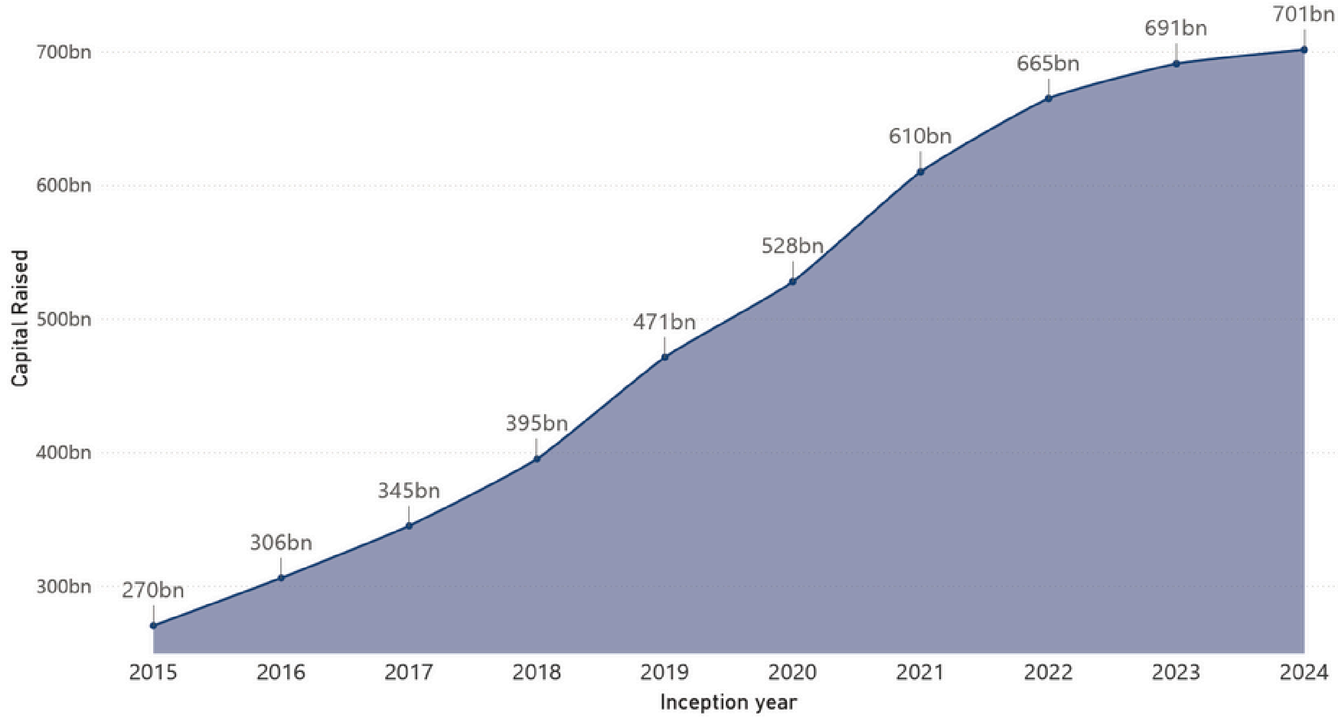
Private equity continues to be the favoured asset class for impact investors, making up 48% of the impact fund universe. Private market funds make up 62% of the funds in the database.

Meanwhile, real assets are the second single largest strategy with 22% of the impact fund universe with 331 of the real asset funds focused on infrastructure (not necessarily as a sole focus), 173 on real estate and 106 on timber and forestry with 81 real asset funds investing in cropland and farming.

Impact Fund Strategies by Asset Class



Cumulative Capital Raised (EUR) by Year



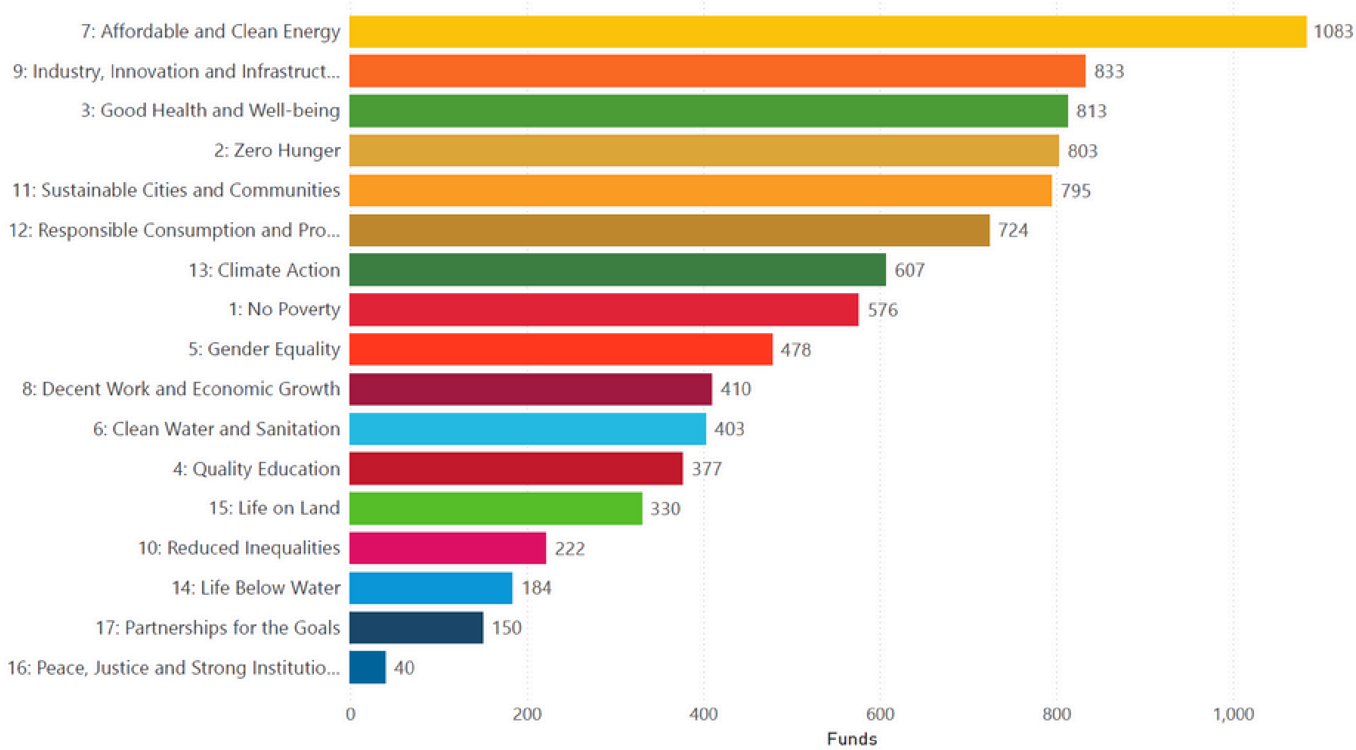
Cumulatively, the funds in the impact database have raised €701 billion since 2015, representing a growth rate of almost 160%, accumulating assets steadily each year. For the 12 months ending December 2024, the cumulative capital raised by the impact fund universe has grown by almost 1.5% with a 32.8% growth rate over the last five years.

Looking at the number of impact funds by Sustainable Development Goals (SDG) selected (bearing in mind many funds, including new launches, will select multiple SDGs), Affordable & Clean Energy (SDG7) is the most popular theme in the database, selected by 37% of the funds. Industry, Innovation & Infrastructure (SDG9), Good health & Wellbeing (SDG3) and Zero Hunger (SDG2) are the next most popular themes selected by more than 800 funds for each theme.

In keeping with the urgency that the climate crisis requires, given multiple climate related records were broken in 2024, Climate Action (SDG13) was the most popular SDG for 62 new launches. SDG7 was the next most popular SDG selected by 53 funds, in keeping with the trend of decarbonisation and achieving Net Zero. The third most popular SDG for new launches was Sustainable Cities & Communities (SDG11), selected by 40 new funds.

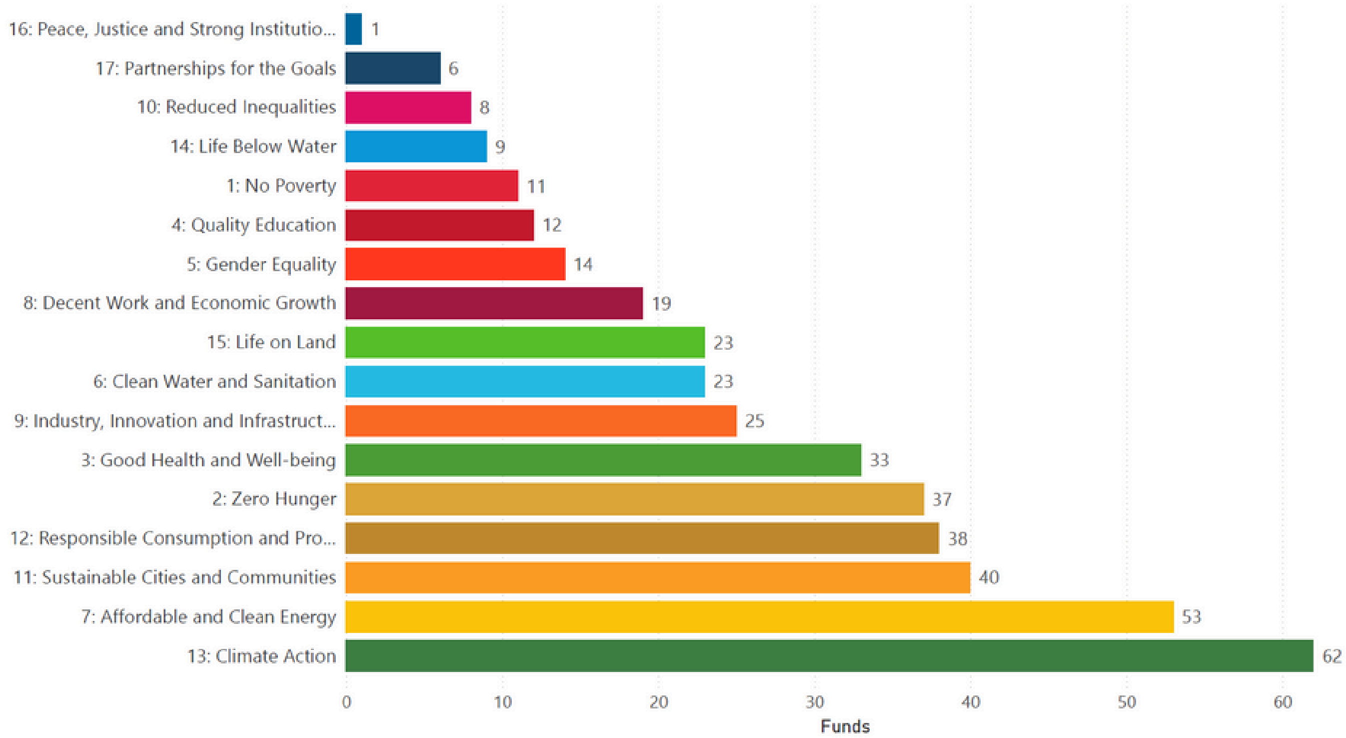
The natural world, as represented by Life on Land (SDG15) and Life Below Water (SDG14) still seem to be less favoured for new launches, selected by 23 and nine funds, respectively. SDG15 is a theme for 11.4% of the database, while SDG14 only makes up 6.3% of the funds in the database. Although probably one of the most important at this moment in geopolitics, the least popular theme is Peace, Justice & Strong Institutions (SDG16). It was selected by one new fund and there are 40 funds in total targeting SDG16, equivalent to 1.4% of the database.

Number of Impact Funds by SDG targeted



*Data may overlap as funds can target several SDGs.

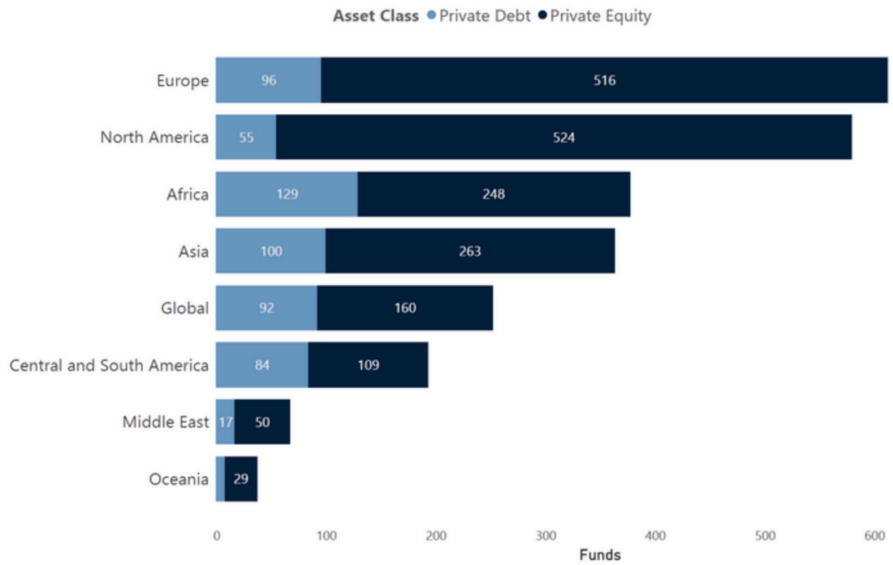
Number of Impact Funds launched in 2024 by SDG targeted



*Data may overlap as funds can target several SDGs.

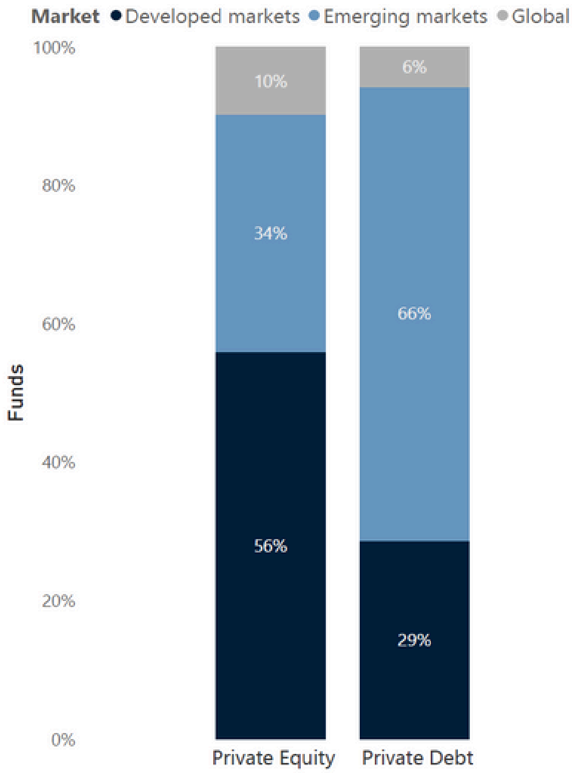
Private Markets
Debt and Equity

Distribution of Private Funds per Region Targeted



*Data may overlap as funds can target several Regions.

Distribution of Private Funds per Market Targeted



With 33 fewer funds focused on North America than Europe, the region has the greatest proportion, 90.5%, of its private market assets dedicated to private equity investments.

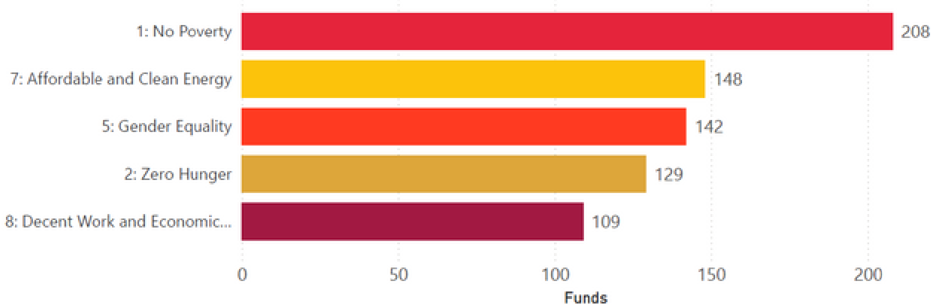
Europe boasts 84% of the 612 impact funds focusing on private equity. In line with private debt being an asset more used for financing in the emerging markets (66% versus the 34% for private equity),

Central and South America has 43.5% of its private market investments via private debt, while Africa 34% of the 377 funds are private debt funds. The Middle East has 74.6% of funds allocated via private equity, while Asia has 72.5%.

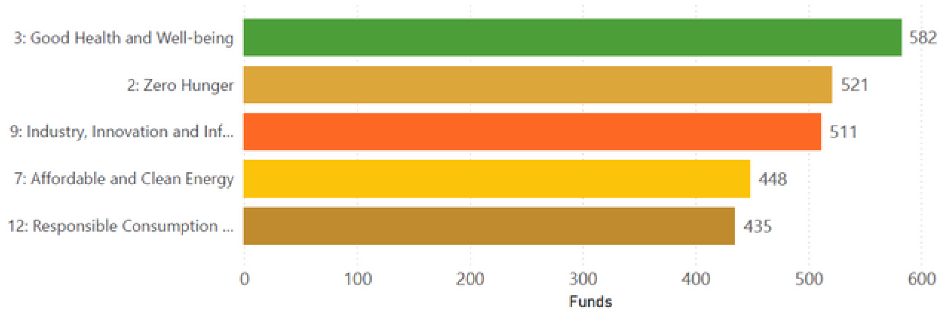
Private Markets
Debt and Equity

SDGs most targeted by Private Funds

Private Debt



Private Equity



*For clarity, this chart only displays the top SDGs. Other SDGs are not represented.
**Data may overlap as funds can target several SDGs.

Looking at the SDGs most targeted by private markets and, given 56% of the private equity funds in the database focus on developed markets, it is not too surprising to see that four of the top five SDGs are those typically prevalent in developed market investment portfolios. These include: 582 private equity funds targeting Good Health & Wellbeing (SDG3); 511 funds investing in Industry, Innovation & Infrastructure (SDG9) and 435 in Responsible Consumption & Production (SDG12).

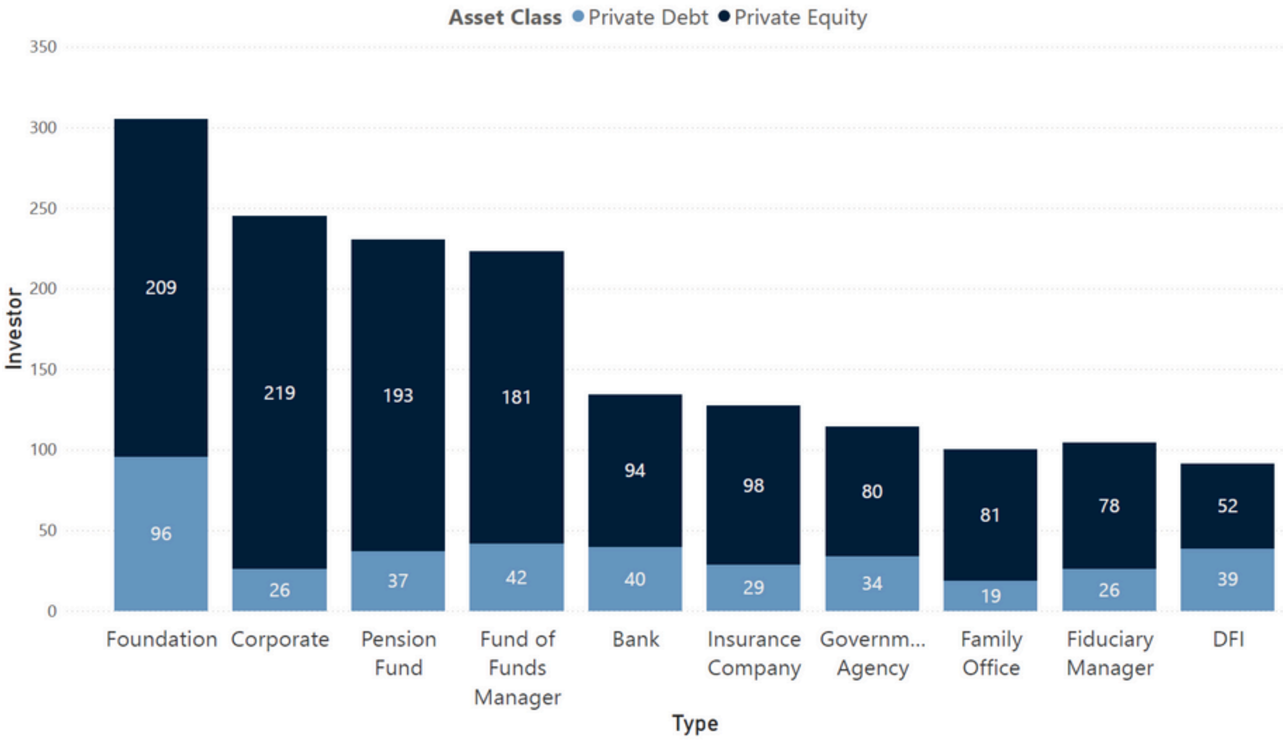
The two themes that both private equity and private debt have in common are Zero Hunger (SDG2) and Affordable & Clean Energy (SDG7). Decarbonisation and the energy transition are global themes, and the climate crisis, as well as global conflicts and trade wars, are making food security as global concern too.

What is interesting is that for the likely more emerging market focused private debt investments SDG7 is the second most popular choice with 148 funds, while it is the 4th for 448 private equity funds, which have SDG2 as the second most selected SDG for 521 funds. For private debt, Zero Hunger is the fourth most popular SDG with 129 funds.

Unsurprisingly, as 66% of the private debt impact funds focus on the emerging markets, the three remaining themes include: 208 funds targeting No Poverty (SDG1); 142 investing in Gender Equality (SDG5); and 109 private debts funds allocating to Decent Work & Economic Growth (SDG8).

Private Markets
Debt and Equity

Investors with Commitments to Private Market Funds by Type



*For clarity, this chart only displays the top Investor Types. Other Types are not represented.
**Data may overlap as investors can commit to multiple Asset Classes and may belong to several Types .

Looking at the break down of private market investments by investor type, foundations are by far the biggest allocator to this asset class with 209 allocating to private equity and 96 to private debt. Looking at private equity specifically, there are 219 corporates that invest in private equity, compared to 26 that invest in private debt.

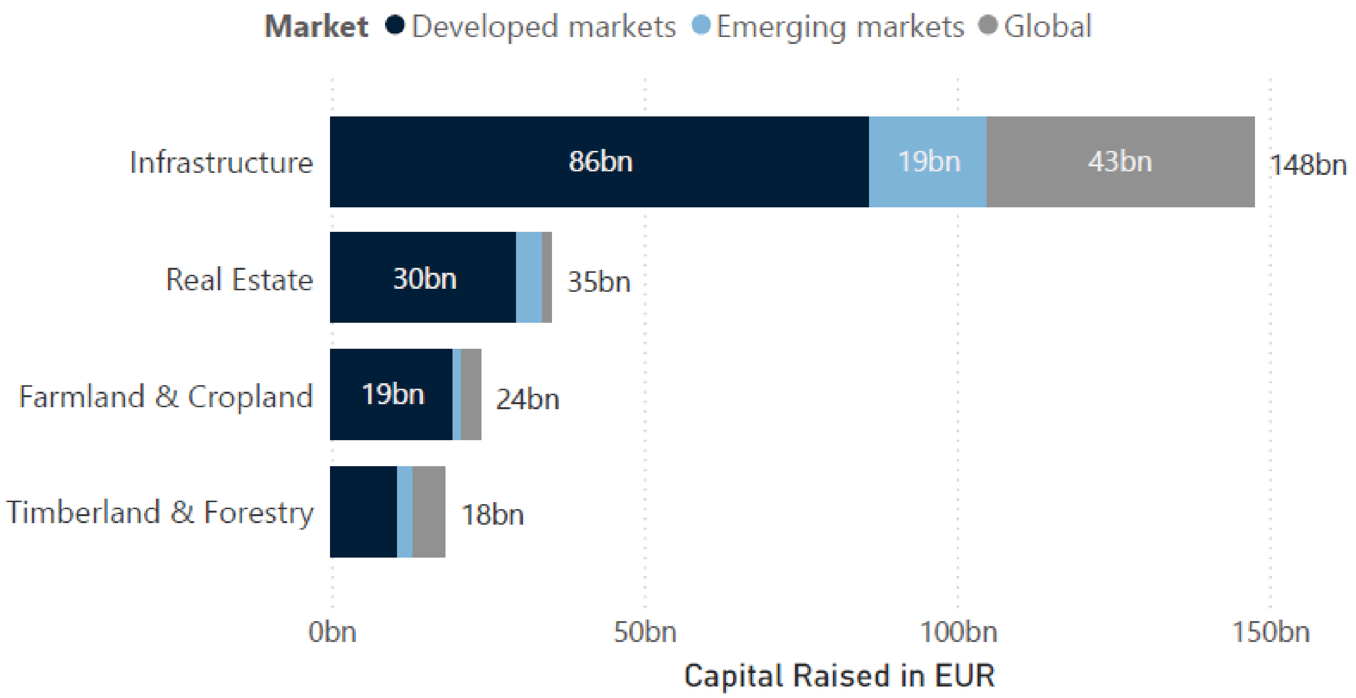
All of the investor types have a preference for private equity over private debt for their impact portfolios, which mirrors the fact that 48% of the funds in the Phenix Impact Database are private equity funds, compared to 14% allocating to private debt.

Give the requirements for impact investing, namely a need for longer term financing for impact and change, private equity is a more suitable instrument than for example listed equity, where it is harder to measure and monitor impact.

Private equity focuses on the long-term growth of portfolio companies, with an average holding period of five to seven years before exit. Moreover, as an impact investor, private equity managers typically take and an active management role in their portfolio companies, making strategic and operational improvements and supporting them during scale-up.

Real Assets

Cumulative Capital Raised by Market



Real assets is a category divided into four subsectors: infrastructure; real estate; farmland & cropland; and timberland and forestry. In terms of capital raised, roughly €145 billion, comes from the developed markets.

Infrastructure in developed markets makes up 58% of all assets raised, while for real estate it is almost 86% and 79% for farmland & cropland. While infrastructure technically falls under the purview of Industry, Innovation and Infrastructure (SDG9) in reality nearly every SDG has an infrastructure requirement.

According to the latest Phenix Capital infrastructure-focused impact fund report, From a fund development perspective, Affordable and Clean Energy (SDG7), SDG9, and Climate Action (SDG13) are the most popular, respectively, while from an investor perspective the third most popular was Responsible Consumption & Production (SDG12).

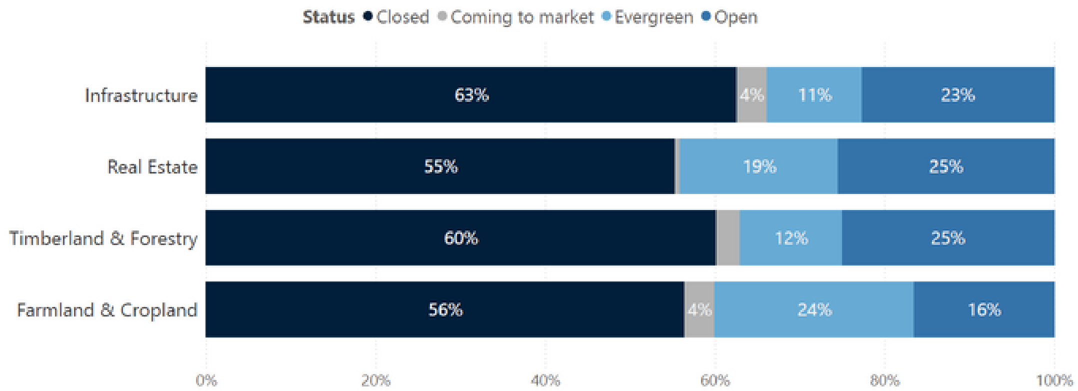
Infrastructure is an ideal asset class for long term risk-averse liability-driven investors as the asset class has resilient and predictable cashflows, embedded inflation protection, and low correlation to the other asset classes in the portfolio.

In terms of fund-raising status, more than half of the real asset funds across all four subsectors are closed to new investments, and between 34% and 45% of the four sectors have open or evergreen funds ready to accept investments. Farmland & cropland, and infrastructure have 4% of their funds waiting to launch.

*Data may overlap as funds can target several Asset Classes.

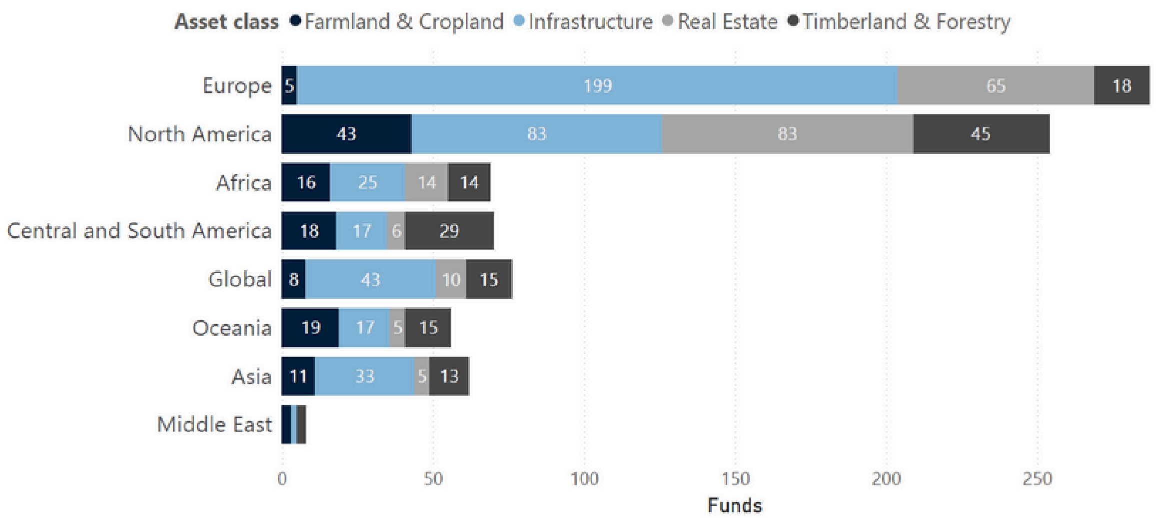
Real Assets

Distribution of Funds per Fundraising Status



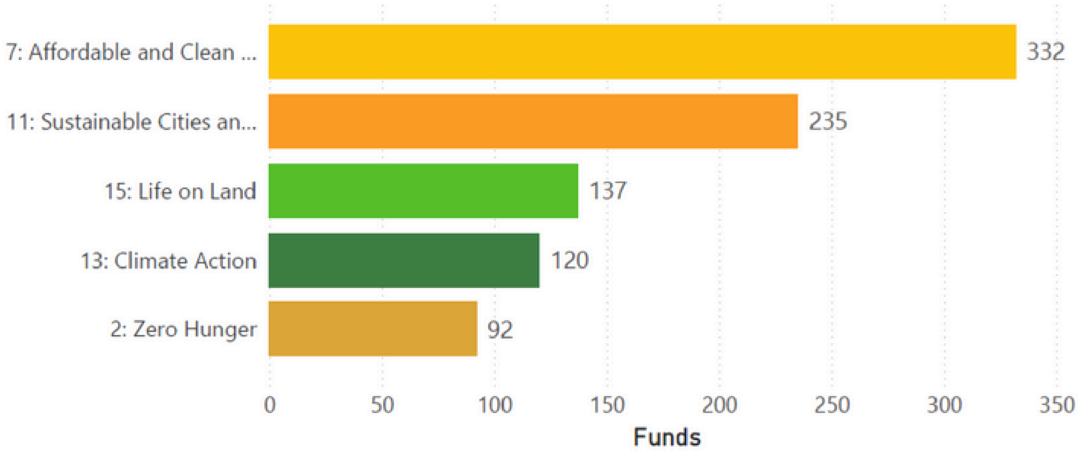
For regional real asset preference, Europe has 69% of its funds focused on infrastructure, while North America has almost 65% of its funds split equally between real estate and infrastructure. Central and South America has more than 41% focused on timberland & forestry assets.

Breakdown of Funds per Region Targeted



*Data may overlap as funds can target several Asset Classes.

SDGs most targeted by Real Assets Funds



*For clarity, this chart only displays the top SDGs. Other SDGs are not represented.
**Data may overlap as funds can target several SDGs.

More than 330 real asset funds are targeting Affordable & Clean Energy, making SDG7 the most popular theme among real asset allocators. Along with the 120 funds focused on Climate Action (SDG13), these two SDGs are a way to invest in the green energy transition, which is driving the formation of new real "clean energy" assets that support creation and distribution of renewable energy sources such as solar and wind
.

According to BloombergNEF's *Energy Transition Investment Trends 2025*, global investment in the energy transition hit a record $2.1 trillion in 2024, climbing 11% from a year earlier, and more than doubling since 2020. The largest sectors are electrified transport at $757 billion, renewable energy at $728 billion and power grids at $390 billion.

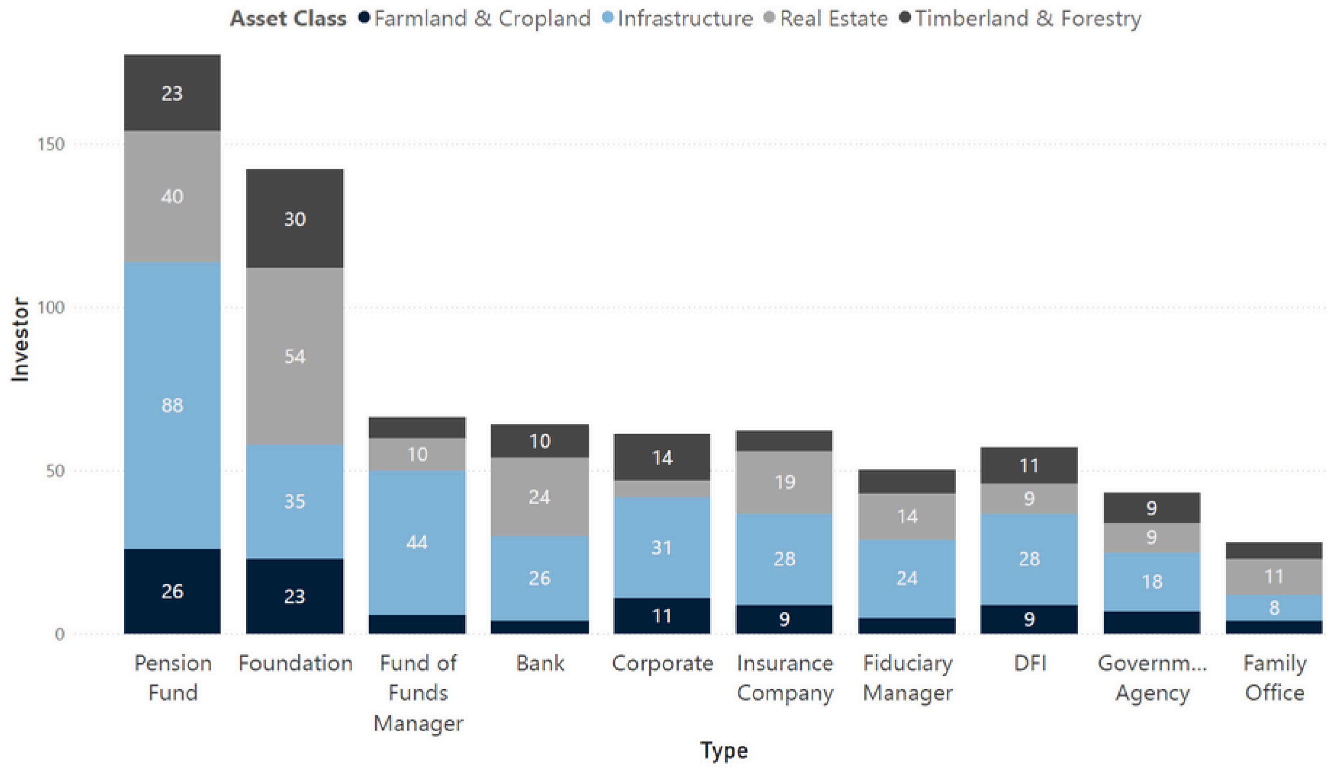
Ongoing challenges in scaling up 'emerging' clean technologies saw seven other sectors (nuclear, carbon capture and storage, hydrogen, clean shipping, electrified heat and clean industry), accounting for just 7.4% of total investment, and declining by 23% in 2024. That said, according to the International Renewable Energy Agency, cumulative 2024 to 2030 global investment in renewables and associated carbon-reduction technologies will need to amount to $47 trillion.

There are 235 real asset funds targeting Sustainable Cities & Communities (SDG11) and specifically as can be seen in the previous real estate fund raising chart more than 85% of the €35 billion in property funds is being invested in the developed world. Right now, some 55% of the world's population lives in urban areas, but the United Nations predicts this will *increase to 68% by 2050*. For this reason, sustainable real estate and materials such as green cement can support SDG 11.

There are 137 funds with a focus on Life on Land (SDG15) and 92 on Zero Hunger (SDG2), which are likely to be focusing on Timberland & Forestry and Farmland & Cropland, respectively.

Real Assets

Investors with Commitments to Real Assets Funds by Type



*For clarity, this chart only displays the top Investor Types. Other Types are not represented.
**Data may overlap as investors can commit to multiple Asset Classes and may belong to several Types .

This new chart looks at commitments to real assets by investor type. Of the 10 major real asset investors, eight allocate more to infrastructure than the other three sub asset classes with foundations and family offices having proportionately more commitments to real estate and the latter allocating nearly 58% to it.

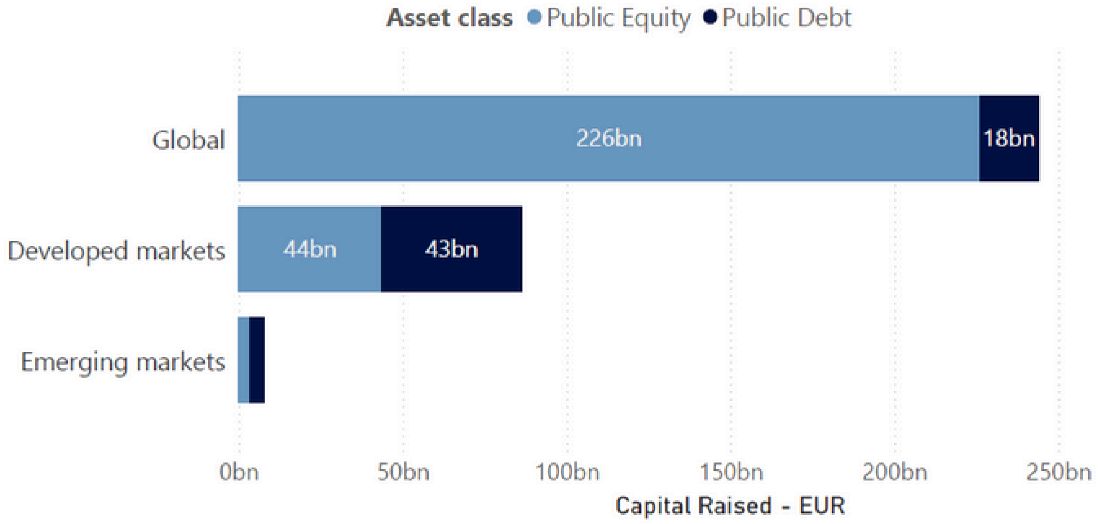
Pension funds are the biggest real asset investors. While investing across all four sub classes, 50%, equivalent to 88 commitments, is allocated to infrastructure impact funds. Foundations, which also commit to all four-sub classes, prefer real estate and have committed 38% of their allocation to property, compared to 25% to infrastructure. Foundations also have 21% committed to timberland & forestry, and 16% to farmland & cropland. This compares to 13% and 15%, respectively, for pension funds.

More than 80% of fund of funds manager allocations go to infrastructure funds, while banks are more evenly split between infrastructure, roughly 44%, and real estate, approximately 41%. Corporates are big investors in infrastructure with more than 55% in commitments, while insurance companies have 50% committed to it and 34% to real estate. The infrastructure/real estate split for fiduciary managers is 63%/36%.

DFIs and government agencies also have the majority of their commitments to infrastructure, almost 50% in both cases. DFIs also have about 32% split equally between farmland & cropland and real estate, the remaining 19% is in timberland & forestry. Less than 50% of government agency commitments, are split between real estate and timberland & forestry.

Public Markets

Cumulative Capital Raised by Market



*Data may overlap as funds can target several Asset Classes.

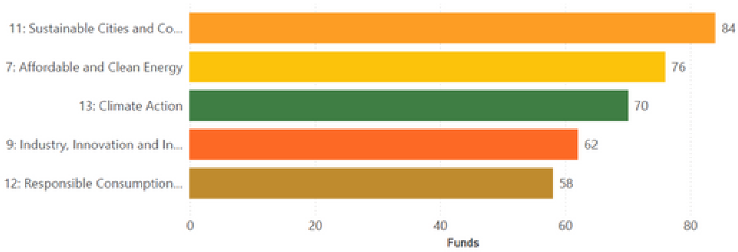
The majority of public market capital raised, 92.6%, is in public equity with a global mandate. Although public equity was not the original access point for impact investing, it has grown in importance for investors that need liquidity and as an exit from venture capital and private equity impact investments.

Of the €244 billion in global public market assets, only €18 billion is committed to public debt. For both developed and emerging markets the split between public equity and public debt capital raised is 50/50 but for the emerging markets the amounts are nominal in the millions. While for developed markets €44 billion has been raised in listed equities and €43 billion in public debt.

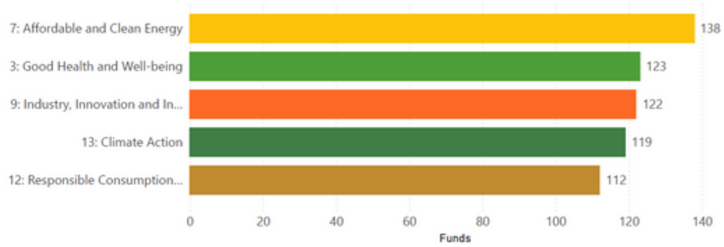
It is interesting to see that of the top five SDGs, both public debt and public equity funds target four of the same, namely, Affordable & Clean Energy (SDG7), Climate Action (SDG13), Industry, Innovation & infrastructure (SDG9), as well as Responsible Consumption & Production (SDG12). The main difference is that public debt funds have 84 commitments to Sustainable Cities & Communities (SDG11), the most popular theme, while 123 public equity funds target Good Health & Wellbeing (SDG3) as the second most popular theme after SDG7.

SDGs most targeted by Public Markets Funds

Public Debt

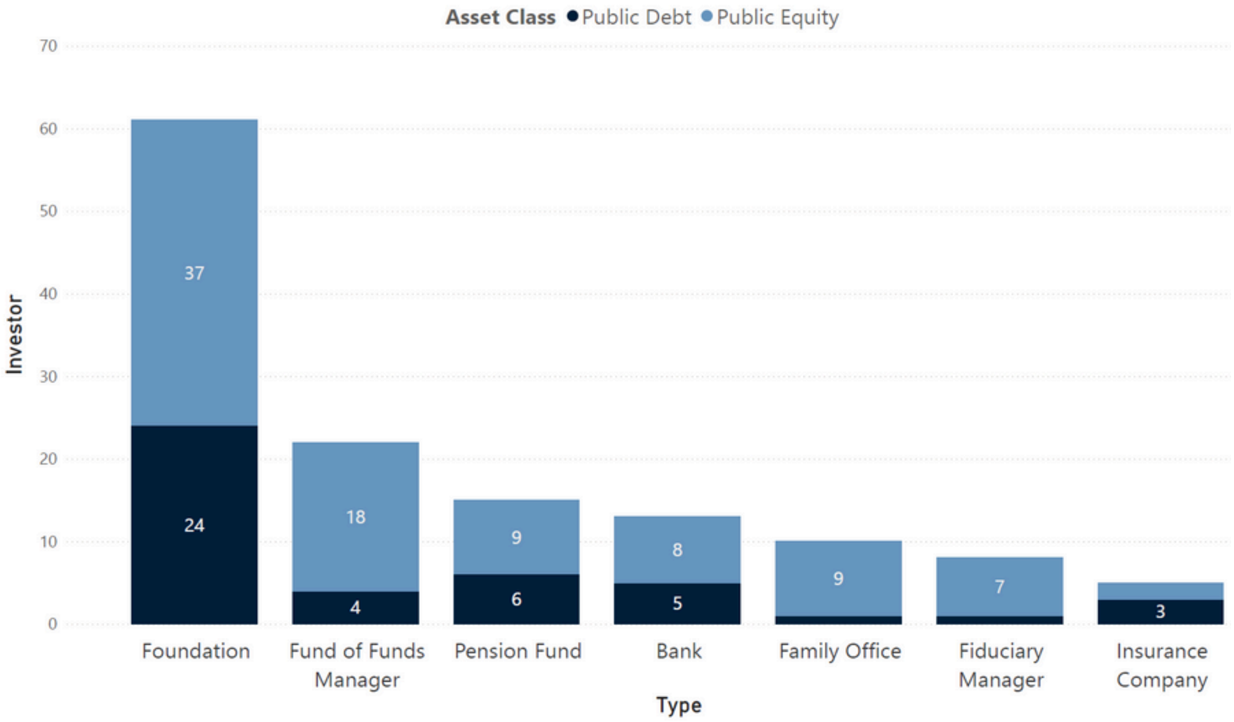


Public Equity



Public Markets

Investors with Commitments to Public Market Funds by Type



*For clarity, this chart only displays the top Investor Types. Other Types are not represented.
**Data may overlap as investors can commit to multiple Asset Classes and may belong to several Types .

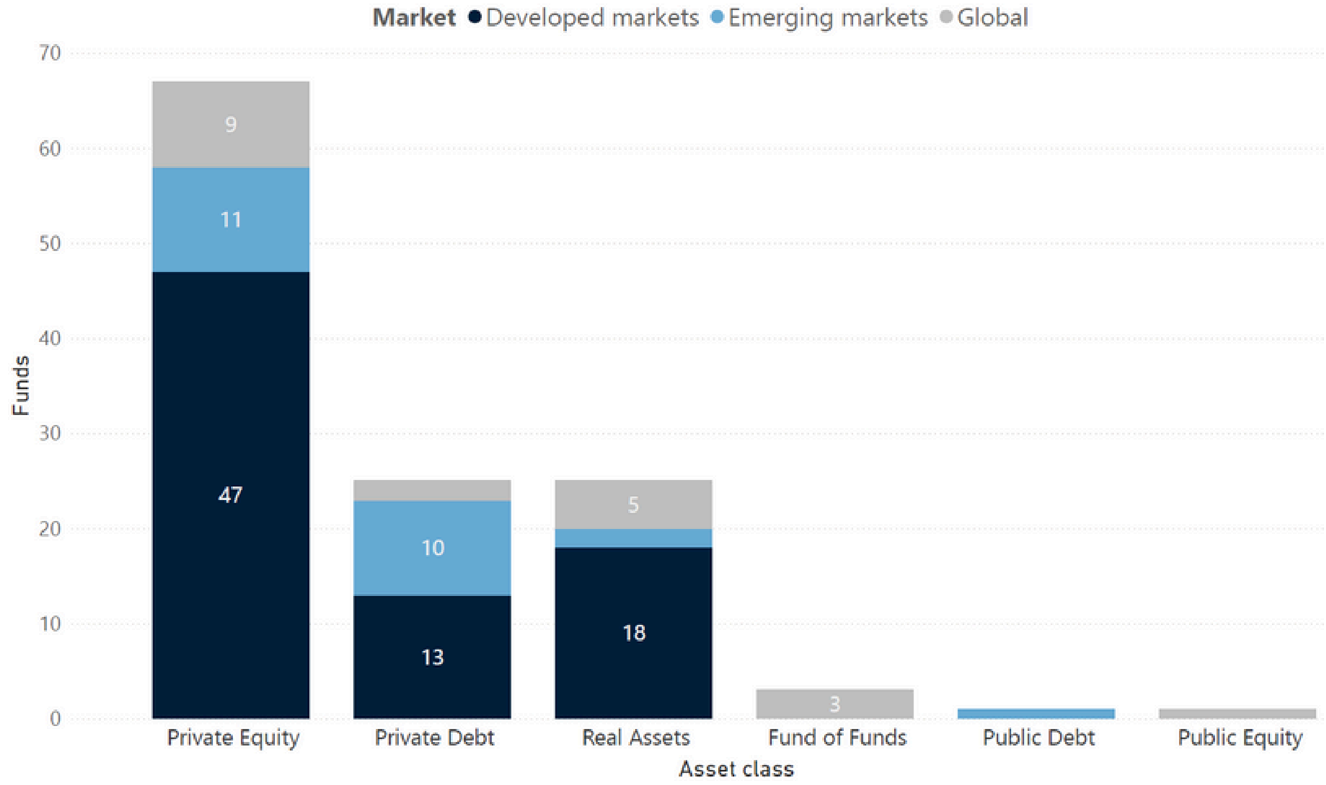
This new chart looks at commitments to public market impact funds by investor type. Of the seven investor types investing in public markets, all but insurance companies, which have more than a 60% commitment to public debt, have a preference to listed equities.

Although foundations have the biggest allocation in terms of absolute commitments to public markets (numbering 61), like banks their allocation to public equities is roughly 61% to their 39% to public debt.

Pensions funds too have a 60/40 split between public equity and public debt commitments, while family offices have more than 90% of their commitments to public equities. Funds of funds and fiduciary managers have an 82% and 88% commitment to public equities, respectively.

Listed equity markets are key to catalysing impact investing at scale as they provide an exit route for venture capital and private equity investments. The global public equity market capitalisation stood at $124.63 trillion in 2023, while the size of the global private equity market reached approximately $5.3 trillion in 2023, which means there is significant potential to increase potential of impact investing, and more over allow it to reach a wider market.

Overview of Impact Funds Launched in 2024 by Asset Class and Market



In total 122 new impact funds were launched in 2024, of which more than 55% were private equity funds, and of these 70% focused on the developed market private equity, 16.4% on the emerging markets and 13.4% had a global remit.

Although there were only 24 private debt launches, 20% of the total new funds launched, 54% focused on the developed markets and 42% on the emerging markets. Real asset fund launches also made up 20% of the total launched, but for this asset class 75% focused on developed markets, while 21% had a global remit.

All three fund of funds launches had a global remit, while public equity and public debt saw one new fund for each strategy with a global and emerging market remit, respectively.

The new launches have taken the year ending December 2024 to 2,907 funds. The average target size of new funds launched is now €345 million, while the average capital raised by impact funds stands at €300 million.

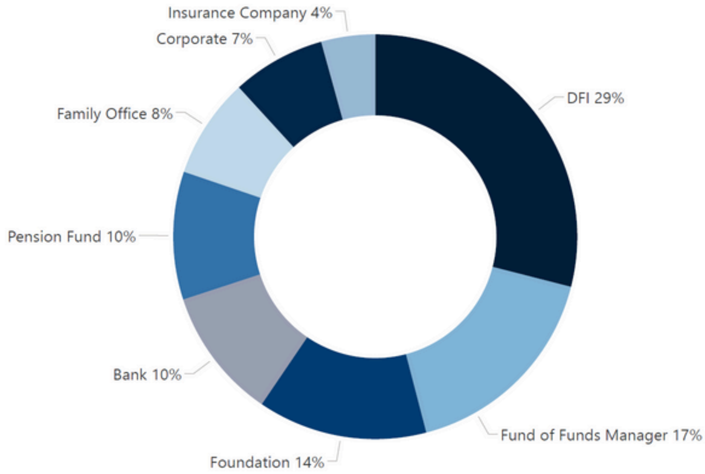
In this report, we cover Gilde Healthcare's new Climate Solutions fund, set to launch in 2025, as is Privium Fund Management's Biodiversity Impact Fund, a non-listed, multi-manager fund of funds launched in partnership with Impact Orange Partners. WaterEquity's new Water & Climate Resilience Fund is an impact fund focused on climate-resilient water and sanitation infrastructure, launched last year, which has raised more than $100 million.

Breakdown of Investor Types, in Commitments to Funds Targeting SDG 13

These two new charts show investor types committing to Climate Action (SDG13) as well as regions targeted by SDG13 funds.

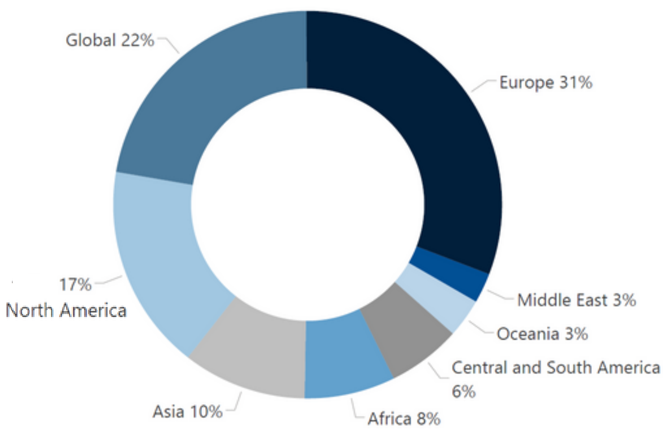
For the former, Development Finance Institutions (DFIs) are the biggest investor group focusing on SDG13 making up almost 30% of the investor pool followed by fund of funds managers that make up 17% and at 14% foundations come in third.

In terms of geography, 31% of SDG13 focused funds target Europe, while 22% have a global remit and 17% target North America.



*Data may overlap as investors may belong to several Types .

Region Targeted by SDG 13 Focused Funds



*Data may overlap as Funds can target several Regions .

As temperatures continue to break new records—2024 was the warmest year in the 175-year observational record—associated extreme weather events are going to become the norm. Before environmental and societal damage is even calculated, economically, this will have a knock-on effect on insurance premiums and eventually GDP.

Climate change accounted for approximately $600 billion in insured weather-related losses between 2002-2022. According to new analysis, climate-attributed losses are now growing at 6.5% annually compared to 4.9% for insured weather losses, rising from 31% to 38% of the total share over the last decade.

With respect to gross domestic product, a report by the National Bureau of Economic Research (NBER), suggests that climate change costs the world 12% in GDP losses for every 1˚C of warming.

The 'social cost of carbon' could be around $1,056 per metric ton of carbon dioxide emissions. Investing in SDG13 as a core investment can help to support many other SDGs.

SDG 13 Focused Funds by Asset Class and Status

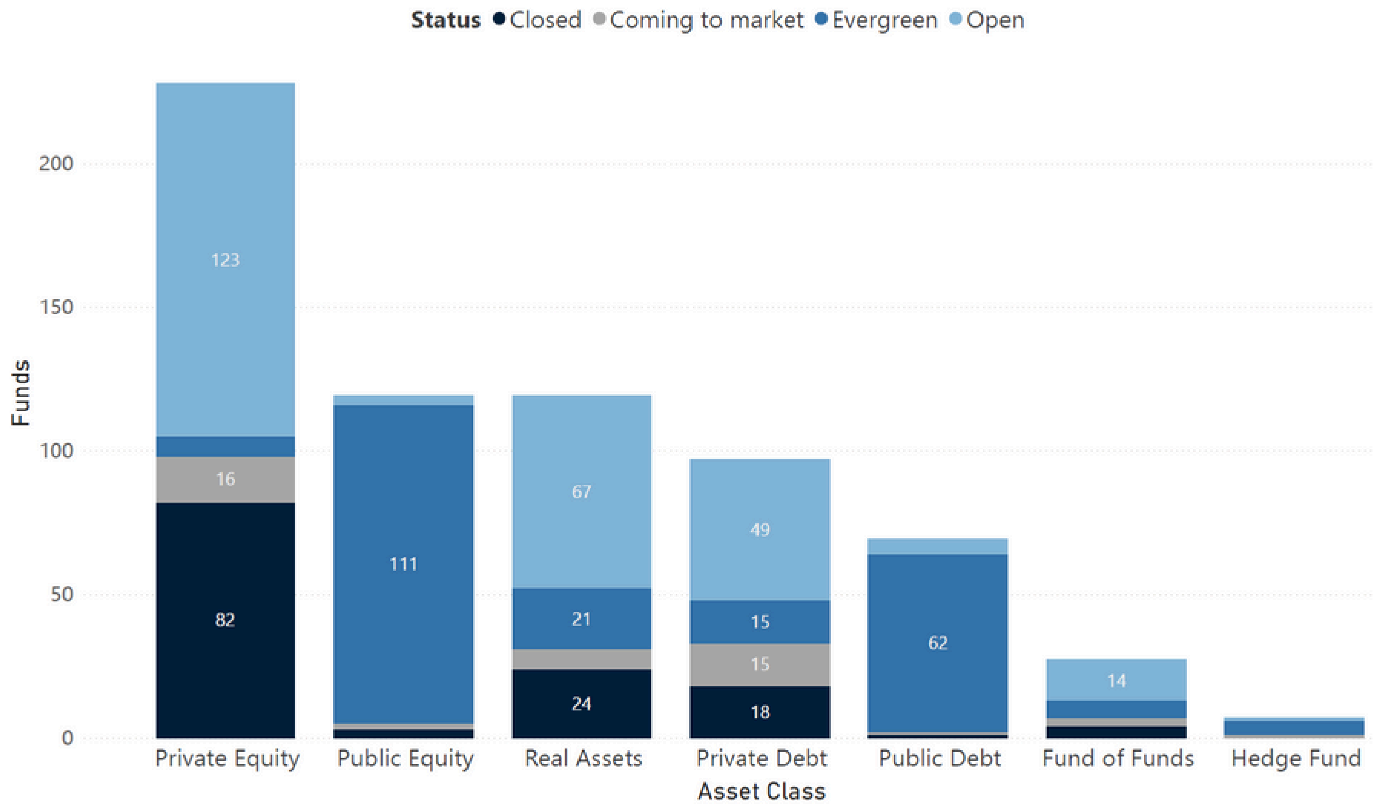
At COP29 in Azerbaijan last November, UN Secretary-General António Guterres was very clear on the importance of climate finance. "...the world must pay up, or humanity will pay the price...Climate finance is not charity, it's an investment; climate action is not optional, it's imperative," he stated. Right now, the gap between adaptation needs and finance could reach up to $359 billion a year by 2030.

Private equity continues to be the favoured asset class for allocating to SDG13, but with only 55% of the universe open for investment and only 16 funds coming to market, scaling impact is a challenge. Interestingly, by the nature of listed equities almost all the universe is open to investment, and perhaps scaling the public markets (both public equity and public debt) might be one way to drive large scale change.

According to a study of the European equity market, public companies can help fight climate change by integrating climate considerations. The market values low exposure to climate risk, and carbon emissions have a negative effect on company returns.

When it comes to real assets, roughly 60% of the funds are open for investment, while if both open and ever green private debt funds are taken into consideration then more than 66% of the universe is available to investors.

All of the SDGs are impacted by Climate Action, so SDG13 needs to become a core investment both by private investors and governments. Blended finance needs to play a greater role in the emerging markets, while the growth of the green/climate bond market needs to continue. The market capitalisation of the green bond market has reached $2.9 trillion, up nearly sixfold since 2018. Annual issuance reached $700 billion in 2024 but this is a fraction of the estimated $2 trillion annual investment needed to tackle climate change.



Interview

IN THIS INTERVIEW, DAVID DE GRAAF, PARTNER, AND STEPHANIE MOOIJ, HEAD OF RESPONSIBLE INVESTMENT AT GILDE HEALTHCARE, DISCUSS THE NEXT PHASE OF BUILDING OUT THE IMPACTFUL GILDE HEALTHCARE PLATFORM AS THEY PREPARE TO LAUNCH A NEW LOWER MID-MARKET PRIVATE EQUITY FUND FOCUSED ON CLIMATE SOLUTIONS.

Stephanie Mooij
Head of Responsible Investment

Stephanie joined Gilde Healthcare in 2022. She oversees Gilde's impact investments and ensures alignment with the firm's ESG policies. She has been working in impact for a decade, most recently as Responsible Investment Manager at Aegon Asset Management. As part of Aegon's investment committee for its Global Equity Impact fund, Stephanie's role involved integrating ESG practices and ensuring accurate and timely reporting across Aegon Asset Management's global engagement activities. Prior to this, she worked as an equity analyst at Ownership Capital. Stephanie holds a PhD in Responsible Investment from Oxford University and a Master's degree in Finance and Investments from Erasmus University in the Netherlands.

David de Graaf
Partner

Based in Utrecht, David de Graaf joined Gilde Healthcare in 2024 as a partner to set up the Climate Solutions Fund. David was previously responsible for Vendis Capital's investments in the Dutch market as well as its impact anf ESG strategy. Before that, he worked for Action, a portfolio company of 3i, where he was responsible for developing and driving the company wide value creation plan. David started his career at Credit Suisse (M&A) and also worked at Gilde Buy Out Partners (now Rivean Capital).

How did Gilde's impact journey start?

Gilde Investment Management was founded in 1982 and is one the oldest still thriving venture capital and private equity firms in the north of Europe. For a period of time Gilde was part of Rabobank spinning out in three different entities more than 20 years ago, Gilde Buyout Partners (now Rivean capital), Gilde Equity Management and Gilde Healthcare.

Today, the three Gilde funds are completely independent investment partnerships, each with their own strategy and focus: Gilde Equity Management is an independent private equity company that invests in businesses that are rooted in the Benelux and have international aspirations; and Gilde Buy Out Partners (now Rivean Capital) is a European mid-market private equity fund.

It was during the time with Rabobank that our co-founders met to eventually co-found Gilde Healthcare in 2005, as a specialised healthcare investor, and the third Gilde investment company. Today, Gilde Healthcare has two flagship strategies, the Venture & Growth fund, which was launched in 2005, and a Private Equity fund, which was launched in 2009, both focused on the healthcare sector.

These two funds, which collectively have more than €2.6 billion in assets under management, focus on "better care at lower cost". The recently launched Venture & Growth Fund VI is classified as an SFDR Article 9 fund, which requires funds to have a clearly defined impact goal. Given Gilde Healthcare's longstanding focus on healthcare and the integration of ESG and impact across all its funds since 2019, this approach is well within familiar territory. More recently, Gilde Healthcare has decided to initiate a climate solution strategy as a logical extension of the impactful Gilde Healthcare platform.

Hein Ploegmakers and I have come in as partners to set up this new Climate Solutions Fund. Both of us have a history at Gilde Buy Out Partners, having worked there together for a number of years, and therefore know the senior Gilde Healthcare team already for a long time. Gilde Healthcare already had the necessary infrastructure to manage SFDR Article 9 impact funds, so once the opportunity in the lower mid-market climate space was identified, it was a logical next step to launch the new impact fund focused on the climate space. Additionally, Gilde Healthcare was approached by several large institutions asking if we could establish such a fund.

Much like the healthcare funds before it, the new Article 9 private equity climate solutions fund will have a clear specialisation—in this case, carbon reduction. As such, investments will focus on companies that are dedicated to reducing carbon emissions. The senior deal team already has a proven track record in the European lower mid-market, and as the fund operates on the Gilde platform, it benefits from access to shared resources such as risk management, compliance, and IT. ESG/Impact expertise, led by Stephanie, is embedded across the platform and will be actively leveraged. The Climate Solutions team is further supported by several operating partners, which bring hands-on expertise in driving operational improvements, strategic growth, and unlocking value across portfolio companies. Furthermore, support is provided by a Climate Advisory Board, which will help assess and develop the impact cases.

Can you discuss the Climate Solutions Fund?

Operating on the Gilde Healthcare platform, the Climate Solution Fund is in the process of being launched, with the final close expected in the coming months. Available to European professional financial investors, its SFDR Article 9 goal is to "invest in solutions that address the triple planetary crisis", with an overarching focus on carbon reduction. As UN Secretary-General António Guterres said in his special address on Climate Action in 2024, "Climate finance is not a favour. It is fundamental element to a liveable future for all".

The investments, which will focus on buy-and-build potential and international expansion opportunities, are well-suited for roll-ups or organic growth strategies. The fund is targeting companies that aim to address the three core crises: the energy transition, the loss of biodiversity, and the reduction of waste and pollution.

More specifically, in terms of sectors supporting the energy transition, the fund will focus on mobility, green energy, and the built environment. Potential investments include home energy and solar installations, carbon capture providers, building energy management systems, and low GHG cargo and air transport. To support biodiversity, the fund will target sectors like environmental conservation and food systems, with investments in for example water management, alternative foods, and indoor farming. For reducing waste and managing pollution, the fund will focus on clean manufacturing, green consumer products and services, and waste management and recycling. Investments may include circularity initiatives, materials efficiency, and re-commerce marketplaces.

Limited Partners can expect a fund targeting market standard returns with a SFDR Article 9 impact goals on top. The fund, targeting €250 million in assets, will focus on companies with an EBITDA of €2 million to €10 million, primarily in the Benelux and German-speaking countries. Similar to the healthcare funds, its investment sweet spot is in lower mid-market businesses with significant growth potential. The fund will invest equity tickets of up to €50 million, with the potential to increase to €100 million including co-invest from investors in the fund.

Why focus on carbon dioxide reduction as headline goal?

The world needs to reduce carbon emissions from 59 billion tonnes per year to zero by 2050 to meet the Paris Agreement's targets. Achieving this will require substantial investment, which is why the primary SFDR Article 9 goal is to reduce carbon emissions. Whilst carbon reduction is our primary focus, we also track other key performance indicators (KPIs), such as waste diversion rate or water usage, if relevant. Through our experience with healthcare funds, we have developed a robust Article 9 process to ensure compliance, including rigorous ESG data collection and reporting. Additionally, our extensive work with the Impact Council on the healthcare platform has demonstrated the value it adds both pre- and post-investment.

To measure impact in the Climate Solutions fund, we will conduct a comprehensive Life Cycle Assessment (LCA) for each investment. This assessment will evaluate carbon emissions across the entire lifecycle of the product or service—from materials sourcing and production to transportation, use, and end-of-life disposal. By analysing each stage in detail, we can accurately quantify the carbon footprint and identify areas for carbon reduction.

Post-investment, this data will not only guide us in assessing the effectiveness of our impact but will also enable us to work closely with portfolio companies to implement strategies that further reduce their carbon emissions. Similarly, we will work closely with our Climate Advisory Board, mirroring the role of the Impact Council, to drive ongoing improvements in our climate-focused investments.

From an investment perspective, climate investing is the fastest-growing segment within private markets, expanding from a niche focus to more than 20% of venture capital and private equity markets. In our target regions—Benelux and DACH—climate-related deals represent a significant portion of deal flow, accounting for 17% of relevant M&A activity, based on our own analysis. Most of these deals are focused on the energy transition, though there are also promising opportunities in biodiversity and waste & pollution.

Can you outline your value creation process?

We create value in five key areas.

Sourcing: We focus on the in development and still fragmented climate solutions market, targeting core "buy-and-build" investments. We actively source deals in-house, with 75% of our opportunities coming through our extensive network, research, and industry connections.

Analysis: Our team leverages extensive investment and ESG expertise to conduct deep dives into attractive sectors. We assess market potential, growth trends, risks, and regulatory changes. We use a detailed framework to identify companies that fit our investment criteria, avoiding infrastructure-heavy opportunities and focusing on operational growth.

Operational Improvements: Once investments are made, we work closely with company leadership to accelerate the (organic) growth in both sales and profitability of the portfolio company.

Buy-and-build: Through the execution of an active buy-and-build strategy we aim to accelerate the growth of the portfolio company and essentially build market leaders in attractive niche segments.

Impact: Our Operational Partners and Climate Advisory Board play a key role in identifying impactful areas for improvement. Additionally, we integrate ESG/Impact principles and set targets on material ESG topics as well as impact to further enhance value.

How does your ESG/Impact Assessment work?

We see ESG and impact as closely intertwined but distinct concepts. ESG looks at a company's policies and practices, while impact refers to impact a company creates through its products or services for people and the planet. For example, a renewable energy company that meets impact criteria but was caught polluting nearby rivers, causing significant environmental harm, would not be a suitable investment.

In line with SFDR Article 9, we ensure that our investments do no significant harm, which necessitates rigorous due diligence to maintain the fund's Article 9 status. While ESG screening is an important first step, our primary focus is on ESG integration throughout the investment process and post-investment collaboration with portfolio companies. This includes annual ESG surveys, ongoing dialogue, setting ESG targets, and annual measurement of progress with our proprietary framework.

On the impact side, we ensure that all investments are 100% sustainable and generate measurable, positive environmental impact. A key part of this process is the LCA, which allows us to evaluate the carbon emissions of a product or service throughout its life cycle and determine if it outperforms the relevant reference scenario.

Additionally, we use the Impact Management Project's Five Dimensions of Impact framework (5 IMP)—who, what, how much, contribution, and risk—to structure the impact story and ensure that we're driving meaningful, measurable outcomes with each investment.

By focusing on both ESG practices and tangible impact, we ensure that each investment aligns with our commitment to sustainable, positive change while also contributing to long-term financial success.

What challenges are you facing and what next?

Setting up a new SFDR Article 9 private equity fund is not without its challenges. An industry-wide challenge is the reliability and availability of ESG and impact data. Knowing that these challenges exist is why we set up our team of experts and advisors, although this Article 9 journey is easier as we have been through it before.

As ESG and impact are an integral part of the value creation plan for our companies we have specific targets for them post investment. In healthcare, we work with our portfolio companies post investment offering sessions where all the portfolio companies that want to learn new concepts such as best practices. Recently, we hosted a session on cyber security and how to become more resilient. We will be doing the same with the climate fund.

Gilde Healthcare

Headquartered in Utrecht, Netherlands, Gilde Healthcare is a specialised impact investor currently managing more than €2.6 billion across three fund strategies: Healthcare Venture&Growth, Healthcare Private Equity and Climate Solutions Private Equity.

The Healthcare Venture&Growth fund invests in innovative companies active in digital health, medtech, instruments and therapeutics in Europe and North America. Meanwhile, the Healthcare Private Equity fund participates in profitable North-west European lower mid-market healthcare companies with an EBITDA of €2 million to €15 million including healthcare providers, suppliers of medical products and service providers to the healthcare sector.

The Climate Solutions Private Equity fund participates in profitable North-west European lower mid-market companies in the climate space with an EBITDA of €2 million to €10 million that help to reduce carbon emissions. The firm, which has local offices in Frankfurt, Germany, and Boston, USA, has a team of 54 full time equivalent employees spanning 13 nationalities.

For further information: https://gildehealthcare.com/

PHENIX IMPACT FUND ASSESSMENT

Phenix Impact Fund Assessment is a proprietary framework developed in close consultation with institutional asset owners and industry leaders, for the purpose of **assessing the robustness of a fund's impact proposition**.

On 6 themes and 45 criteria, it examines to what extent the policies, procedures and human resources are in place to deliver the impact that a fund aims to create.

ASSESSING THE ROBUSTNESS OF IMPACT FUND PROPOSITIONS

Uncover strengths and weaknesses

Adopt industry best practices

Prepare for institutional impact due diligence

VISIT SITE >>>

Glossary & Symbols

Committed capital: Amount committed in a fund vehicle by its limited partners / investors.

Developed markets: We include Europe (excl. Eastern Europe), North America, Asia Pacific (Singapore, Japan, and South Korea only), Oceania (New Zealand, Australia) Middle East and Africa (Israel only).

Direct lending: A specialised form of private debt, in which loans are made to middle-market companies. It is the private debt strategy with lower risk, achieved by using collateral.

Emerging markets: We include Latin and Central America, Asia Pacific (excl. Singapore, Japan, South Korea), Middle East and Africa (excl. Israel) Europe (Eastern Europe only).

Fund managers: Organisation managing commingled, pooled and customised vehicles invested by institutional asset owners. Also called General Partner or GP.

Global: Funds that have an investment geographic scope encompassing both developed and emerging markets.

Impact investing: Investments with the dual mandate of financial return and positive societal or environmental impacts, with the notion of measuring the positive and negative impact of investments, ensuring both intentionality and additionality among these.

Institutional asset owners: Outsourced CIOs, pension funds, insurance companies, family offices, sovereign wealth funds, endowments, foundations, banks, fiduciary managers, discretionary investment consultants. Also called Limited Partner or LP.

Market targeted: Markets fund managers target for their investments: We include Global, Developed markets, Emerging markets.

Mezzanine: A specialised form of financing in which loans are subordinated to banks, with no collateral. It is the most equity-like form of private debt.

Microcredit: A common form of microfinance, characterised by small loans to individuals or small companies.

Private debt: Debt instruments to companies: direct lending, mezzanine, microfinance strategies.

Public debt: Publicly traded fixed income securities: investment grade or high yield, focused on green bonds and municipal and community infrastructure and affordable housing issuers.

Regions targeted: Regions fund managers target for their investments: We include Asia Pacific (East Asia, Central Asia, South Asia, South East Asia), Europe (Western Europe, Eastern Europe), Global, Latin and Central America, Middle East and Africa (East Africa, Middle East, Northern Africa, West Africa, Southern Africa), North America, Oceania.

Target fund size: Amount the fund manager is targeting when raising capital.

Vintage: Year where the fund manager first calls capital from investors.

Full glossary: www.phenixcapitalgroup.com/impact-investing-glossary

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Contact us to learn more about impact investing

E: info@phenixcapitalgroup.com

T: +31 20 240 27 31

www.phenixcapitalgroup.com

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