IMPACT SUMMIT AMERICA

IMPACT INVESTING CONFERENCE FOR INSTITUTIONAL INVESTORS

30 October
2024
NEW YORK

UPHOLDING AGAINST HEADWINDS

INVESTORS CONTINUE BUILDING AN EQUITABLE SYSTEM

PROGRAME,
FEATURED IMPACT STRATEGIES,
& IMPACT RELATED READINGS

#ImpactSummitAmerica

PHENIX CAPITAL

We support the UN Sustainable Development Goals

WELCOME LETTER

Dear reader,

We are delighted to welcome you to New York for Impact Summit America, our US event, now in its **5th year**. In 2024, we saw continued progress but also increasing polarization, geopolitical risks, and regulatory uncertainties that make sustaining long-term impact more complex. The stakes are higher, and to navigate these headwinds, we must move beyond performative gestures and embrace sustained, genuine engagement.

At the recent **79th UN General Assembly**, more than 140 leaders spoke across 235 events, spotlighting what the world is facing- how to reform and uphold the outdated global economic order by creating new pathways to peace and addressing pressing issues such as the escalating threat of nuclear war, global public health crises, climate disruption, and the rising challenges of impunity, inequality, and uncertainty.

A rescue plan to steer the Sustainable Development Goals back on track, was agreed upon. **Pact for the Future**, a landmark declaration pledging concrete actions towards a safer, more peaceful, sustainable and inclusive world for tomorrow's generations. The Pact's five broad focus areas include: sustainable development; international peace and security; science and technology; youth and future generations and transforming global governance.

Our agenda this year, structured around the event's overarching theme, 'Upholding Against Headwinds' reflects the growing need for resilience and boldness in a rapidly changing world. It's no longer just a call to action—it's about embodying the principles that we, as investors and changemakers, claim to uphold, and taking concrete steps to ensure our capital drives real solutions.

This year's agenda will address three core areas that reflect the evolving landscape- **Navigating Polarization, Standardizing Impact Metrics, and Addressing Social Equity**.
The investor panel brings together leading experts to discuss how institutional investors and foundations build and maintain resiliency in their portfolios while navigating global disruptions, market fluctuations, and systemic challenges across different asset classes.

The Phenix Impact Investing Academy's morning workshop, designed specifically for executives and senior decision-makers in the impact investing industry, challenges participants in a scenario-based discussion that focuses on navigating the ethical dilemmas that arise when impact investors face adverse effects or difficult trade-offs in their investments.

In our breakout sessions, our panel of experts will discuss strategies to drive climate equity by aligning investment with social and environmental justice. Another breakout session will explore how biodiversity can be protected and restored through innovative investments and nature-based solutions.

We are also delighted to have **two highly poignant keynote speeches**. Frank Altman, Forbes Author; Former President and CEO, Community Reinvestment Fund, USA, has been a leading advocate for financial inclusion since 1980, will examine the trajectory of Diversity, Equity, and Inclusion (DEI) commitments within the finance industry, highlighting the disparity between ambitious pledges and their actual implementation.

Before lunch, Pedro Antonio Guazo Alonso, Representative of the Secretary-General for Investments and Assets, United Nations Joint Staff Pension Fund (UNJSPF), provides investors a powerful opportunity to incorporate an impact lens in their decision-making.

This Summit also features dynamic InvestorConnect sessions, designed as fast-paced speed meetings specifically tailored for asset owners. Investors have an efficient opportunity to explore a curated selection of scalable impact investment strategies across various asset classes and impact themes.

We have partnered with strategic organisations: Global Impact Investing Network and the Principles for Responsible Investment, to create an exciting programme that educates the investor community regarding impact investing, and which also equips them the tools to either start or scale up their impact mandate.

We would like to thank our sponsors, strategic partners, speakers, event partners, and all our delegates—new faces and returning supporters—for not only making this conference possible, but also for collectively championing and driving impact investing so that we can reimagine the purpose of capital and make our investments a transformational tool beyond profit to benefit people and planet.

Dirk Meuleman CFA, CAIA
Chief Executive Officer
Phenix Capital Group

PHENIX CAPITAL

Phenix Capital Group would like to thank its partners and sponsors for supporting Impact Summit America 2023.

UPHOLDING AGAINST HEADWINDS

INVESTORS CONTINUE BUILDING AN EQUITABLE SYSTEM

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THE APP WILL BE LIVE ON 23 OCTOBER 2024

CONTENT

UPHOLDING AGAINST HEADWINDS

INVESTORS CONTINUE BUILDING AN EQUITABLE SYSTEM

WHAT'S ON THE AGENDA 2024

This is no longer about a call to action, it is about embodying the values organisations champion and continuing the flow of capital towards solutions with even bolder ambition. This demands a shift from performative gestures to genuine, sustained engagement. This new era requires investors who are not only visionaries but also stewards of the principles they uphold, creating environments where these values flourish and have a measurable impact on the world.

Navigating Polarization

In an increasingly polarized world, political dynamics can pose significant challenges for investors seeking to uphold principles of equity and fairness. This subtheme explores strategies for navigating polarization and its implications for long-term investment decision-making. Discussions may cover geopolitical risks, regulatory uncertainties, and the impact of ideological divides on market dynamics.

Standardizing Impact Metrics

Definitions are set, the industry is now coming together to define norms, standards, and benchmarks for all the market players involved. Impact Summit America will share with the audience latest best practices, the role of industry collaborations in setting standards, and the high level of professionalism that has increased greatly in the recent years.

Addressing Social Equity

Social issues such as inequality, discrimination, and access to basic services profoundly impact economic opportunities and investment outcomes. The conference will explore the intersection of finance and social equity, highlighting the role of investors in addressing systemic barriers and promoting inclusive prosperity. Through case studies and panel discussions, participants will explore innovative approaches to tackling social challenges while generating positive financial returns and societal impact.

AGENDA

Chair of the day:
LAURA WEEKS,
Senior Responsible Investment Manager, U.S.,
Principles for Responsible Investment (PRI)

09:00 – 09:30 Registration for the Investors - only breakfast workshop *18th floor*

09:30 – 10:20 *Saybrook Room, 18th floor*

Asset-owners only

Investors' breakfast workshop | Phenix Impact Investing Academy: Navigating Ethical Dilemmas in Impact Investing

Designed specifically for executives and senior decision-makers in the impact investing industry, this workshop goes beyond the conventional focus on values-aligned portfolios to delve into the ethical complexities and strategic quandaries of adverse impacts faced by impact investors.

Through engaging, interactive scenario-based "what would you do" discussions, we will challenge participants to reconcile points of contention between values alignment and logic models for change while striving to optimize financial returns. We also dive into a case study to further understand the broader implications for individuals and communities, testing the delicate balance between profit maximization and ethical responsibility. This workshop is crafted to stimulate deep discussion, inspire innovative solutions, and enhance strategic decision-making in the impact investing sector.

CAROL TARR
Head of Impact Programs & Collaborations
Phenix Capital Group

KATE WALSH
Director, Training & Accreditation
The GIIN

MARIE-CELINE DAMNON
Investment Associate,
Capricorn Investment Group

09:30 – 10:30 Registration & Welcome coffee (general attendance) *18th floor*

10:30 – 10:40 *Plenary | Ballroom, 20th floor*

Opening remarks | Upholding against headwinds

CHANTAL HERMANS
COO
Phenix Capital Group

10:40 – 10:50

Plenary | Ballroom, 20th floor

Keynote speech | Diversity, Equity, and Inclusion (DEI): Commitments vs. Reality

Frank Altman, a Forbes best-selling author, social entrepreneur, and pioneer in transforming the community development finance system, is the Founder and former CEO of Community Reinvestment Fund. In this keynote, he will examine the trajectory of Diversity, Equity, and Inclusion (DEI) commitments within the finance industry, highlighting the disparity between ambitious pledges and their actual implementation. The discussion will focus on the practical necessity of robust DEI policies for the next generation entering the job market, emphasizing the tangible benefits these policies bring to organizations. He will explore the real-world challenges and opportunities in making DEI commitments more than just a box-ticking exercise, but a driving force for meaningful change.

FRANK ALTMAN

Forbes Author; Former President and CEO,
Community Reinvestment Fund, USA

10:50 – 11:45

Plenary | Ballroom, 20th floor

Investor panel I How different asset classes and investor types show resilience in their long-term investment strategy?

In this panel discussion, the panelists discuss resilience in long-term investment strategies across asset classes and investor types, examining diversification, risk management, and adaptability in navigating market fluctuations.
This discussion takes a holistic and practical approach, on how to solve such large scale issues on a systemic level.

CYNTHIA MULLER

Director Mission Driven Investment,
W.K. Kellogg Foundation

KUNAL DOSHI

Chief Investment Officer,
Accelerate Investment Group

PEDRO HENRIQUES DA SILVA

Director
Shifting Trillions, The Sierra Club Foundation

RAJITH SEBASTIAN

Head of ESG and Sustainable Investing,
New York State Insurance Fund

MARK HAYS

Director of Sustainable & Impact Investing,
Glenmede
Moderator

11:50 – 12:00

Plenary | Ballroom, 20th floor

Keynote speech | Impact Investing and the Macro-context

A long-term horizon provides investors a powerful opportunity to incorporate an impact lens in their decision-making. What responsibilities do these investors have amid severe systemic risks such as climate change, natural resource depletion and biodiversity loss?

PEDRO ANTONIO GUAZO ALONSO

Representative of the Secretary General for Investments and Assets
United Nations Joint Staff Pension Fund (UNJSPF)

12:00 – 13:00 Lunch

Trumbull Room, 18th floor

13:00 – 14:00

Breakout session A1 I InvestorConnect session #1

Breakout A1 | Ballroom, 20th floor

This dynamic session, consisting of 15-minute speed meetings, is designed to give asset owners an efficient way to learn about a selected group of impact strategies of institutional quality. This is an opportunity to enquire for more details, whilst making connections with other asset owners along the way.

Breakout session B1 I Scaling capital for climate equity: aligning investment with Racial, Gender, and Environmental Justice

Breakout B1 | Saybrook room, 18th floor

This breakout session will bring together expert voices to discuss strategies for achieving the Paris climate goals through the lens of equity, exploring investments, tools, and resources that support both environmental and social justice.

ENITH WILLIAMS

Executive Director,
Reparations Finance Lab

JYOTI AGGARWALA

Principal
Private Capital Raise

TARA ROTH

President,
Goldhirsh Foundation

KAREN SUNDERAM

Investment Strategist
ImpactAssets Capital Partners

RICHARD ZIMMERMAN

Partner
WE Family Offices
Moderator

14:00 – 14:20 Networking Coffee Break

Trumbull Room, 18th floor

continue on the next page >>

14:20 – 15:20

Breakout session A2 I InvestorConnect session #2

Breakout A2 | Ballroom, 20th floor

This dynamic session, consisting of 15-minute speed meetings, is designed to give asset owners an efficient way to learn about a selected group of impact strategies of institutional quality. This is an opportunity to enquire for more details, whilst making connections with other asset owners along the way.

Breakout session B2 I Biodiversity: life on land and underwater

Breakout B1 Saybrook room, 18th floor

A panel of expert will highlight their approach to biodiversity, real assets, decarbonization, and its impact on biodiversity. They will discuss the unintended consequences of the green transition, nature-based solutions, and innovative market products for investments in biodiversity.

AMANTIA MUHEDINI

Executive Director, Sustainable & Impact Investing Strategist,
UBS Wealth Management Chief Investment Office

PANOS SMYRNIOS

Foreign Affairs Specialist (IBSS contract)
NOAA: National Oceanic & Atmospheric Administration

SUNIT SHAH

Vice President, Private Equity Partnerships,
Blue Earth Capital

JOSH TORRES

Manager, Sustainable Finance,
Environmental Defense Fund

Moderator

15:20 – 15:40 Networking Coffee Break

Trumbull Room, 18th floor

15:40 – 16:40

Plenary | Ballroom, 20th floor

Panel discussion I What are the right questions to ask your managers? Focus on listed equities

Building an impact portfolio in the listed space can be more challenging when it comes to impact investing. Publicly available data is certainly an advantage but a proper investor contribution can only be attributed to proper engagement. As an asset owners, what are the questions you should be asking your manager to ensure that they are voting and engaging to the extent of your expectations?

ALLIE BARY

Vice President,
J.P. Morgan Development Finance Institution

ANDREW BEHAR

CEO,
As You Sow

DAVID ROWLETT

Portfolio Manager U.S. Impact Equity,
T. Rowe Price

EVALINDE EELENS,
MBA, MSC, FRM, CAIA,

Professional Board Member
Pension Funds

BETH COLLINS

Managing Director, Impact Investing,
Catholic Relief Services

Moderator

16:40 – 17:00

Plenary | Ballroom, 20th floor

Case study | Endowments Impact Benchmarks

The Endowment Impact Benchmark (EIB) is an assessment and ratings framework that enables endowments to earn recognition for their commitment to sustainable and impact investing

GEORGES DYER

Co-founder and Executive Director,
Intentional Endowments Network & the Crane Institute of Sustainability

PEDRO HENRIQUES DA SILVA

Director
Shifting Trillions, The Sierra Club Foundation

Plenary | Ballroom, 20th floor

17:00 – 17:20

Case study | Conducting thorough due diligence throughout the manager selection process

What is the selection process of an external manager? The case study will go over the extensive due diligence done on the impact capabilities of the shortlisted candidates, and go over the impact selection criteria used. The presentation will also showcase the specific arrangements made in terms of impact measurement and reporting with specific examples of loans provided to companies/projects and the instruments used to make an impact (KPI's, covenants, engagement, and more). The case study will be followed by a Q&A with the audience

ANDER IRURETAGOYENA

Vice President- Funds & Co-Investments
The Impact Engine

17:20 – 18:30 Closing reception drinks

Ballroom, 20th floor

THIS AGENDA WAS CREATED WITH THE INPUT FROM:

- Mike McCreless, Executive Director, Impact Frontiers
- Pedro Henriques da Silva, Director, Shifting Trillions, Sierra Club Foundation
- Ryan Malloy, Research Analyst, Sustainable Investing, Fiduciary Trust
- Tom Achoki, M.D., Ph.D., FACHE, Senior Director of Strategy and Impact, AB INBEV FOUNDATION
- Tyler Blickhan, CFA, CAIA, Associate Director of Investments, Ascension Investment Management

FEATURED IMPACT STRATEGIES

LEARN MORE ABOUT IMPACT STRATEGIES ACROSS A RANGE OF ASSET CLASSES, IMPACT THEMES & SDGS

Schedule your InvestorConnect meetings

Have not pre-scheduled your meeting yet? Make the most out of your time at the Summit and submit your survey today.

Specially designed for asset owners, the fast-paced InvestorConnect sessions offer investors an efficient way to learn about a pre-selected group of scalable impact investment strategies of institutional quality, across a range of asset classes, SDGs and impact themes, while connecting with other asset owners along the way.

These fast-paced speed meetings offer a comfortable setting to enquire for more details about the strategies and learn more about how they intend to generate impact.

GET IN TOUCH
tomalker@phenixcapitalgroup.com

Or fill in the InvestorConnect Survey

Public Equity

Pictet Asset Management - Pictet Clean Energy Transition

T. Rowe Price - Impact Equity

Private Debt

Advance Global Capital - Global SME Growth Strategy

Real Assets

Boston Financial - U.S. Affordable Housing Impact Strategy

Conservation Resources - Conservation Resources Impact Real Assets Strategy

SWEN Capital Partners - SWIFT: SWEN Impact Strategy for Transition

Venture Capital

American Century Investments - Private Investment Capabilities

Cross Border Impact Ventures - Health Technology Impact Investing

PICTET
Asset Management

SDGS FOCUS

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

Strategy name

Pictet Clean Energy Transition

ORGANISATION FACTS

Strategy manager: Pictet Asset Management
AuM of organisation: $282 B (as of 30 June 2024)
HQ country: Switzerland

STRATEGY FACTS

Asset Class: Public Equity
Capacity of strategy: $12 B
Region of Investment: Global

INVESTMENT TEAM

Xavier Chollet
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INVESTMENT STRATEGY

Increasing energy usage, coupled with rapidly growing populations and economic growth and new applications, means energy demand will continue to rise long into the future. However our current energy systems are a key driver behind some of the most urgent challenges that society faces today - predominantly climate change, pollution (and its adverse effects on health) and contributes to geopolitical instability. As such, there is a widespread consensus on the need to reduce the negative impacts of generating, transmitting and consuming energy. The Clean Energy Transition strategy aims to identify attractive investment opportunities along the value-chain of clean energy production, sector electrification and energy efficiency. All these areas have a vital role to play in helping the world move through its energy transition.

IMPACT THEMES

- Clean energy transition
- Climate change mitigation

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

The strategy invests in the energy transition in a holistic sense, across the entire clean energy ecosystem and value chain. These companies typically fall under the following segments:

Renewable energy (supply): This segment is directly linked to the need for cleaner electricity generation.

Enabling infrastructure: This segment consists of electric transmission and distribution networks, smart grids and car charging infrastructure, which are also crucial in providing crucial infrastructure to support the clean energy transition.

Energy efficiency (demand): On the demand-side of the energy transition, there are three sub-segments in focus.

- **Green buildings:** Circa 40% of global energy-related CO2 emissions come from buildings (Source: World Green Building Council, 2019), and the sector has significant potential for energy savings.
- **Efficient manufacturing:** Improvements in industrial manufacturing processes such as prototyping software and simulation produces savings in energy and resource use.
- **Smart mobility:** This includes cleaner and smarter solutions in the transportation and mobility sector, such as electric vehicle OEMs.

Enabling technologies: This segment consists of technologies such as battery storage, smart grids, and power management semiconductors, which are critical to enabling energy generation, transmission, as well as energy efficiency, to support the transition to a low-carbon economy.

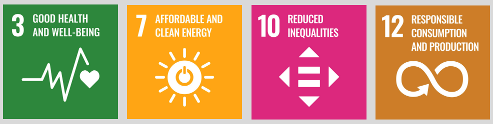
Only companies with sufficient exposure to such segments mentioned above are eligible for investment. The investment team includes companies in the investable universe only if at least 33% of their business is derived from activities in the clean energy transition value chain (“purity”).

ABOUT PICTET ASSET MANAGEMENT

Pictet Asset Management is an independent asset manager, overseeing assets for their clients across a range of equity, fixed income, alternative and multi-asset products. They provide specialist investment services through segregated accounts and investment funds to some of the world’s largest pension funds, financial institutions, sovereign wealth funds, intermediaries and their clients.

T.RowePrice

SDGS FOCUS



Strategy name

Impact Equity

ORGANISATION FACTS

Strategy manager: T. Rowe Price
AuM of organisation: $1,57 T(as of 30 June 2024)
HQ country: United States

STRATEGY FACTS

Asset Class: Public Equity
Region of Investment: Global & United States

INVESTMENT TEAM

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Fatna Chelihi
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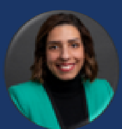

Kaoutar Yaiche
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INVESTMENT STRATEGY

T. Rowe Price offers dual mandate Impact Equity strategies, which seek to deliver positive environmental and social impact alongside long-term outperformance versus their respective benchmarks by investing in equities with above-market capital appreciation potential.

The investment universe for the T. Rowe Price Impact Equity strategies is defined using T. Rowe Price’s proprietary impact criteria which is guided by the principles of Materiality, Measurability, Additionality and Resilience. The investment process embeds clear principles of materiality and measurability and forms the basis for identifying positive impact for clients. T. Rowe Price also aims to be additional in the outcomes it creates and accelerates through engagement and voting. In its standard sense, “additionality” refers to a positive impact or outcome that would not have otherwise occurred without additional resources or capital investment.

IMPACT THEMES

- Climate and Resource Impact
- Social Equity and Quality of Life
- Sustainable Innovation and Productivity

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

The investment process embeds clear principles of materiality and measurability to form the basis for identifying positive impact for clients. It aims to be additional by capturing positive environmental and/or social outcomes on a global basis and by committing to use scale and resources to promote and progress the impact agenda. Due to the very complex friction points that exist for the planet and global community, delivering impact requires patience and an understanding of change. This is why being resilient in applying an impact-oriented investment approach is imperative. The Impact Equity Strategies target investments through a four-step process, which includes exclusionary screening, inclusionary screening, ESG integration, and fundamental analysis.

The strategies identify innovation leaders with durable business models and strong competitive moats. Further, the investment teams believe impact is achieved in more ways than simply owning and capturing the economics and activities of certain types of companies. Active engagements allow the investment teams to both better analyze the companies and accelerate impact, as well as track progress toward impact goals.

HIGHLIGHT

The US Impact Equity Strategy has been assessed by Phenix Capital Group’s proprietary assessment to measure the robustness of its impact proposition. A final score was awarded of 43 out of 58 in April 2023.

ABOUT T. ROWE PRICE

At T. Rowe Price, associates identify and actively invest in opportunities to help people thrive in an evolving world. As a premier global asset management organization with more than 85 years of experience, T. Rowe Price provides investment solutions and a broad range of equity, fixed income, and multi-asset capabilities to individuals, advisors, institutions, and retirement plan sponsors. T. Rowe Price takes an active, independent approach to investing, offering its dynamic perspective and meaningful partnership so its clients can feel more confident.

T. Rowe Price is committed to responsible investment and its disciplined investment approach is rooted in proprietary research. T. Rowe Price’s experienced investment professionals around the globe actively seek to identify investment risks and opportunities, with ESG factors as one of many considerations in its investment process.

For more information, visit www.troweprice.com

ADVANCE GLOBAL CAPITAL

SDGS FOCUS

Strategy name

Global SME Growth Strategy

ORGANISATION FACTS

Strategy Manager: Advance Global Capital
AuM of Organisation: $171 M
HQ Country: United Kingdom

STRATEGY FACTS

Asset Class: Private Debt
Capacity of Strategy: $500 M
Region(s) of Investment: Global

INVESTMENT TEAM

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Sudha Bharadia
Co-Chief Executive Officer
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INVESTMENT STRATEGY

Advance Global Capital believes that private capital, when invested well, can be a force for good. Working with local financing partners, they provide fair access to capital for small businesses in underserved communities worldwide so they have the credit they need to build their business.

The strategy primarily invests in assets backed by receivables of small and medium-sized enterprises in emerging and underserved markets. The aim of the strategy is to generate absolute returns with low volatility and low correlation to equities and bonds. The open-ended structure and focus on receivables, offers a scalable investment opportunity.

IMPACT THEMES

- Financial inclusion
- SME job creation and revenue growth
- Strong financial ecosystems
- Economic opportunities for women

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

- Environmental, social and governance (ESG) considerations are integrated throughout the investment process to generate a measurable positive impact and reduce risk.
- The impact objectives are promoted through receivables financing for small and medium businesses (SMEs) in underserved markets.
- By working with local partners to establish rigorous lending practices and offering funding at market rates, the strategy aims to develop local capacity, stronger financial ecosystems and lasting financial inclusion.
- The strategy aims to achieve meaningful and long-lasting social impact and has registered social impact metrics on IRIS +.

ABOUT ADVANCE GLOBAL CAPITAL

Advance Global Capital, Ltd (AGC) is an investment manager based in the United Kingdom that specializes in financing receivables of small and medium-sized businesses (SMEs) in underserved markets.

Advance Global Capital is made up of professionals in the areas of investment management, trade finance, asset-based lending, foreign exchange management, impact investing and business development for SMEs, particularly in developing economies. The team's experience spans over 100 countries.

BOSTON FINANCIAL
AN ORIX COMPANY

SDGS FOCUS

Strategy name

U.S. Affordable Housing Impact Strategy

ORGANISATION FACTS

Strategy manager: Boston Financial
AuM of organisation: $ 16.2 B (as of June 30, 2024)
HQ country: United States

STRATEGY FACTS

Asset Class: Real Estate
Capacity of strategy: $ 500 M
Region of Investment: North America

INVESTMENT TEAM

Thomas Paramore
Head of Housing and Community Investments
thomas.paramore@bfim.com

Emily Greenwalt
Director, Preservation and Impact Investments
emily.greenwalt@bfim.com

INVESTMENT STRATEGY

The U.S. Affordable Housing Impact Strategy is a real estate strategy investing in the affordable housing sector in the United States. The strategy aims to tackle America's housing crisis and the shortage of available, affordable rental homes by preserving the affordability of existing multifamily housing. The strategy will invest in existing multifamily housing that is either naturally occurring affordable housing or that has rent/income restrictions which may be expiring. The strategy's investment will maintain the affordability of these units and may add restrictions to previously non-restricted units that are otherwise at risk of raising rents to market rate.

The strategy has a defined impact objective to preserve or increase a community's affordable housing supply and decrease low- to middle-income tenant displacement due to rising housing costs. It will target areas with a high need for affordable housing, including Minority census tracts, high opportunity census tracts, and low income census tracts. Additionally, the strategy will enhance its impact through resident programming and services. Keeping housing affordable for renters allows a greater percentage of income to be available for essential needs such as healthcare, education, and transportation.

The investor contributes to the intended impact by investing equity that allows local operating partners to acquire, manage, and keep properties affordable, and provide supportive services for residents.

IMPACT THEMES

- Affordable housing
- Access to social infrastructure

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

The strategy provides a narrative on how positive impact is achieved through investing in affordable housing preservation. It provides a clear objective—preserving housing affordability where it is most needed—and defines five key impact themes for measurement. Specific data points are measured for each theme. For example, the "maintaining affordability" impact theme will be measured through data points such as units rented below market rents, units reserved for tenants earning below median income, unit years preserved, and more.

Pre-Investment: The strategy uses a proprietary Impact Assessment Tool to assess investment opportunities for alignment with the strategy's impact objectives and targets. The strategy sets quantified targets at the strategy level, such as targeting 25% of units rented to household earning ≤ 60% of the area median income and 55% of units rented to household earning between 60% and 80% of the area median income; 50% of the strategy's capital invested in Minority Census Tracts; 15% of the strategy's capital invested in Low-Income Census Tracts; and 50% of the strategy's properties will implement a renter credit-building programme. All investments must be approved by an impact committee that fully integrates impact in all steps of the investment decision-making process, from the initial underwriting to the investment's proposed exit strategy.

Post-Investment: The strategy has implemented a standardized process to manage its investees towards higher positive impact as it will partner with local operating partners to enact property-specific business plans, including maintaining affordability and enhancing community well-being through resident services. Services may include renter credit-building programs, childcare, financial literacy, English as a Second Language classes, case management, and community activities, among others. The strategy measures the results created through its actions and activities through a proprietary monitoring framework aligned with impact industry frameworks such as UNSDG and IRIS+. The strategy reports on relevant impact metrics annually, as each of the five key impact themes has unique impact KPIs.

ABOUT BOSTON FINANCIAL

Focused exclusively on affordable housing since 1969, Boston Financial invests in communities that offer residents a place to live and a path to a better life. Boston Financial has raised $17B of equity for the construction or rehabilitation of more than 367,000 units across 200+ funds. The U.S. Affordable Housing Impact Strategy is a critical component of Boston Financial's commitment to solving America's housing affordability crisis.

SDGS FOCUS

6 CLEAN WATER AND SANITATION
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION
15 LIFE ON LAND

Strategy name

Conservation Resources Impact Real Assets Strategy

ORGANISATION FACTS

Strategy manager: Conservation Resources
AuM of organisation: $1.4 B
HQ country: United States

STRATEGY FACTS

Asset Class: Private Equity > Real Assets
Capacity of Strategy: $500 M
Region of Investment: United States

INVESTMENT TEAM

Stavros Koutsantonis
Managing Director, Agriculture
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INVESTMENT STRATEGY

Healthy soil is the basis of sustainable land productivity and one of the keys to mitigating climate change. The Conservation Resources Impact Real Assets Strategy, which focuses on impact forestry and farming, seeks to change the way agriculture and timber management are practiced through positive examples and investment success. Improved soil health improves crop yield, enhances timber quality and resilience, and mitigates risk in a changing climate.

Impact Forestry:
-Acquires institutional-quality timber properties throughout the US and implements soil health initiatives while also monetizing the benefits of those practices to capture ecosystem and socioeconomic value
-Also makes upstream and downstream value chain timber-related investments (up to 10%).

Impact Farmland:
-Acquires farms throughout the US and implements regenerative and/or organic practices, while also monetizing the benefits of those practices through impact transactions like carbon offsets, mitigation banking, renewable energy, among others.

IMPACT THEMES

- Regenerative and organic agriculture
- Soil health
- Clean water
- Conservation and biodiversity
- Climate mitigation and adaptation

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

Conservation Resources Impact Real Assets Strategy focuses on identifying institutional-quality properties with attractive agriculture and timberland fundamentals throughout the US. Additionally, they must find environmental fundamentals that allow them a pathway to monetize impact transaction that they orchestrate with conservation partners, or carbon offsets with third party experts.

Regenerative practices improve soil health, improves yields of their properties over time, enhances biodiversity on their properties, and improves water retention, allowing for a reduction in the use of inputs including water.

ABOUT CONSERVATION RESOURCES

Conservation Resources is an impact investment organization founded in 2004. The firm is focused on offering portfolios of natural resources with investments in complementary opportunities along the value chain of the assets they manage. They do so in a manner that seeks to provide above-market rates of return for their investors while optimizing environmental impact values.

SWEN
CAPITAL PARTNERS

Strategy name

SWIFT: SWEN Impact Strategy for Transition

ORGANISATION FACTS

Strategy manager: SWEN Capital Partners
AuM of organisation: close to $10 B (as of July. 2024)
HQ country: France

STRATEGY FACTS

Asset Class: Real Assets > Infrastructure
Capacity of strategy: above $3 B
Region of Investment: Global with a focus on Europe

INVESTMENT TEAM

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SDGS FOCUS

INVESTMENT STRATEGY

SWIFT is a direct impact infrastructure strategy dedicated to Energy Transition focusing on the decarbonisation of hard to abate sectors, mainly through renewable gas production (renewable natural gas and green hydrogen and its derivatives). SWIFT also invests in renewable electricity, renewable heat and carbon projects.

SWIFT invests mainly in Europe (>75%) and North America (<25% in USA and Canada), with the following investment targets:
>80% in the biomethane and renewable hydrogen sectors.
<20% other low-carbon infrastructures (renewable heat, renewable electricity, carbon capture).

IMPACT THEMES

Clean Tech I Climate I Waste management

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

SWIFT impact thesis is the decarbonization of the hard to abate sector through investments in renewable gas infrastructure, often on a local scale. The targeted sectors are at the heart of the circular economy in line with the strategy's impact thesis, valuing agricultural and agri-food waste in the territories, avoiding the purchase of fossil fertilizers, creating jobs that cannot be relocated, and reduction of CO2 emissions, contributing to reducing air pollution in cities and ports while finding a concrete and competitive solution to the intermittent nature of renewable electric energy.

A green gas market supported by a favourable public policy (guaranteed tariffs, green gas quotas), in several European countries.

- A booming renewable gas and green hydrogen sector: EU27 biogas production target of 400TWh in 2030 and could reach 950 TWh in 2050, thus covering 55% of its total gas demand. H2 public policy to deploy 40 GW domestically + 40 GW imported reinforced by an extra 120GW (15Mt) under RePowerEU (03/2022) by 2030
- A European Green Deal that targets economic sectors that are difficult to decarbonize: heavy mobility, agriculture, heat.
- "Fit for 55" package will set new rules with the aim of reducing net GHG by 55% by 2030, requiring EUR ~3,700 billion in investments for Europe (~2.5% of EU-28 GDP) with approximately 60% from private sources.

ABOUT SWEN CAPITAL PARTNERS

SWEN CP currently manages more than USD 9 billion AUM on behalf of >100 institutional clients in Europe and North America. SWEN CP's highly stable team comprises 115 employees with ~15 years' experience.
SWIFT team, led by Olivier Aubert and composed of 18 investment experts, has a solid experience in direct investment in the renewable energy sector, both within large industrial groups in the sector (GRTGaz, Engie, EDF Energies Nouvelles, Total Eren, Proparco…) and within reference financial institutions.
Excellent knowledge of the players in the sector (agricultural sector, industrialists, developers, network managers, professional associations...) and ability to grasp all the facets and challenges of the projects, throughout their life cycle (development, financing, construction, operation).
SWEN CP’s dedicated ESG & Impact team:
9 professionals of which 5 Impact analysts accompanying the investment team from origination, throughout the due diligence process and monitoring of the assets, with a veto right at every steps of the investment process.
Thought leader in ESG integration across the investment lifecycle with significant innovations and tools.

American Century Investments®

SDGS FOCUS

Strategy name

Private Investment Capabilities

ORGANISATION FACTS

Strategy manager: American Century Investments
AuM of organisation: $ 261.5 B
HQ country: United States

STRATEGY FACTS

Asset class: Venture Capital
Region(s) of investment: Global

INVESTMENT TEAM

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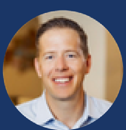
Nicholas Walrod
Managing Partner



Joe Biller
Managing Partner

Tony Arnerich
Managing Partner

INVESTMENT STRATEGY

American Century Private Investments aims to help improve human well-being by investing in early-stage climate and healthcare companies with the potential to scale and make a positive impact. By addressing intersecting challenges, the strategy strives to deliver both financial and societal benefit.
The strategy invests in companies at critical pre-commercial or early commercial growth stages.

Sectors of interest include:

- Health: Medical devices, life-science tools, diagnostics, biotech, drug delivery
- Environmental: Water, agricultural & food, clean energy, waste reduction, green chemistry & materials

IMPACT THEMES

Promoting good health & human well-being across healthcare and the environment. In many ways, positive impact in healthcare and the environment overlap. For example:

- Vulnerable segments of society (children, the elderly, lower-income groups) can be particularly susceptible to health problems that are related to the environment
- Droughts and floods can decrease crop yields and nutrient density, leading to food scarcity, higher prices, and malnutrition
- Air pollution can contribute to respiratory diseases such as asthma, bronchitis, and lung infections
- Whether addressing large patient populations, creating a more resilient electric grid, solving unmet clinical needs, or providing clean air, food, and water, success for each of our portfolio companies is inextricably tied to benefiting people and planet.

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

American Century Private Investments contributes to the impact themes of human and environmental health by focusing on early-stage companies with the potential for high demand that can fuel growth. These smaller initial investments help reduce technical risk and ensure these companies scale their positive impact through their products.

Additionally, the firm itself directly contributes to medical research and innovation through its unique ownership structure. It allocates over $2 billion to support medical research dedicated to advancing innovative treatments for diseases including cancer, diabetes, neurodegeneration, and infertility—plus many more.

ABOUT AMERICAN CENTURY INVESTMENTS

American Century Investments is a leading global asset manager focused on delivering investment results and building long-term client relationships while supporting breakthrough medical research. Founded in 1958, American Century Investments' 1,400 employees serve financial professionals, institutions, corporations and individual investors from offices in Kansas City, Missouri; New York; Los Angeles; Santa Clara, California; Portland, Oregon; London; Frankfurt, Germany; Hong Kong; and Sydney.

Delivering investment results to clients enables American Century Investments to distribute over 40% of its dividends to the Stowers Institute for Medical Research, a 500-person, nonprofit basic biomedical research organization. The Institute owns more than 40% of American Century Investments and has received dividend payments of more than $2 billion since 2000.

Cross | Border
IMPACT VENTURES

SDGS FOCUS

1 NO POVERTY | 3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 13 CLIMATE ACTION

Strategy name

Health Technology Impact Investing

ORGANISATION FACTS

Strategy manager: Cross-Border Impact Ventures
AuM of organisation: $90 M
HQ country: Canada

STRATEGY FACTS

Asset class: Private Equity > Venture Capital
Capacity of Strategy: $150 M
Region(s) of investment: North America, Europe

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INVESTMENT STRATEGY

Venture capital strategy in health technology is designed to drive measurable impact with the following key performance indicators (KPIs): users accessed globally and lives saved and improved in low- and middle-income countries (LMICs). Sectors of interest to solve these key issues include digital therapies and software infrastructure (AI, ML, SaaS), medical devices, diagnostic tools, and therapeutics that primarily address women's, children's, and adolescents' health issues and/or that are intentional about addressing the needs of these groups. Examples of specific areas of interest include sexual and reproductive health, maternal, newborn and child health, and chronic diseases and nutrition - each being areas of health deeply impacted by climate change. Prospective portfolio investments are selected based on their potential for high return from the commercialization of their technology solutions in global markets such as North America and Europe combined with their potential to save and improve lives in LMICs.

IMPACT THEMES

- Health technology
- Global access to high quality health technologies
- Climate adaptation
- Women's, children's, and adolescents' health

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

Impact is integrated into each stage of the firm's investment selection process starting from deal sourcing to closing. During the evaluation process, the investment team reviews the deal for its potential to lead to venture capital returns while also expanding access to high quality affordable care in North America and Europe, and to make a meaningful contribution to the impact target of the strategy in low- and middle-income countries (LMICs) of 8 million lives improved.

The analysis of impact first focuses on whether the new technology, irrespective of its focus, can contribute meaningfully to improving the health of women, children, and adolescents across multiple markets. The analysis of impact in LMICs involves the creation of a detailed impact model and strategy. Each potential investment must have the potential to make a meaningful contribution to the impact target (~10%) and have a feasible sub-Saharan Africa Strategy, which is documented in tailored Impact Pledges that are typically designed to align impact and returns and incentivize all investors to support the company's efforts towards global scale.

Cross-Border Impact Ventures (CBIV) requires investees to provide quarterly impact and ESG reports. CBIV also has board engagement (board member or observer) for each investee and will attend every board meeting and schedule additional ad-hoc interactions with the management teams of its portfolio companies to support and monitor the company on both financial and impact performance. The firm leverages its network of partners with significant operations in LMICs and non-dilutive capital providers to support projects from its investees targeting LMIC geographies to achieve greater impact.

CBIV's investment strategy benefits from a rigorous gender lens framework. The firm reviews all of its investments against Environmental, Social and Governance (ESG) factors and Principal Adverse Indicators (PAIs).

ABOUT CROSS-BORDER IMPACT VENTURES

Cross-Border Impact Ventures is an impact venture capital firm on a mission to revolutionize venture investing in health technology. They invest in early-growth stage health technology companies commercializing medical devices, diagnostics, therapeutics, and digital health innovations and leveraging cutting-edge technologies like Artificial Intelligence (AI) and Machine Learning (ML). All innovations they finance are relevant to women's, children's, and adolescents' health and located in North America and Europe, with the ability to scale technologies to emerging markets. They are driven by their belief that good health should not be restricted by gender, age, race, wealth, or borders and seek to expand access to their portfolio's world class technologies inclusively and globally. For additional information, visit crossborder.ventures.

IMPACT READINGS

SELECTION OF ARTICLES COVERING RECENT TRENDS IN IMPACT INVESTING

Setting the Scene

Thematic Deep- Dive

SETTING THE SCENE

NCRC Community Development Fund

Our mission is to help bridge the racial wealth divide by supporting entrepreneurship and affordable homeownership in America's underserved communities.

Discover how NCRC Community Development Fund is driving change through innovative financing. Stop by to explore partnership opportunities and see how we can make an impact together.

Community Development Fund by NCRC

www.communitydevelopmentfund.org
email: cdfiinfo@ncrc.org

NCRC
National Community Reinvestment Coalition

www.ncrc.org

The National Community Reinvestment Coalition is a network of organizations and individuals dedicated to creating a nation that not only promises but delivers opportunities for all Americans to build wealth and live well.

T.RowePrice
INVEST WITH CONFIDENCE

Why T. Rowe Price for Impact?

At T. Rowe Price, our experienced impact teams combine fundamental research, active engagement, and rigorous measurement to deliver investment solutions focused on both impact and financial returns.

www.troweprice.com/impact

Capital at risk. For investment professionals only. Not for further distribution.

T. Rowe Price Associates, Inc., investment adviser.

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SUSTAINABLE DEVELOPMENT GOALS
2030 Agenda

17 PARTNERSHIPS FOR THE GOALS
- BLENDED FINANCE
- TECHNICAL ASSISTANCE SERVICES

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- PEACEBUILDING ECONOMY

15 LIFE ON LAND
- FORESTRY MANAGEMENT
- CONSERVATION & BIODIVERSITY

14 LIFE BELOW WATER
- OCEAN PRESERVATION
- SUSTAINABLE AQUACULTURE
- SMALL-SCALE FISHERIES

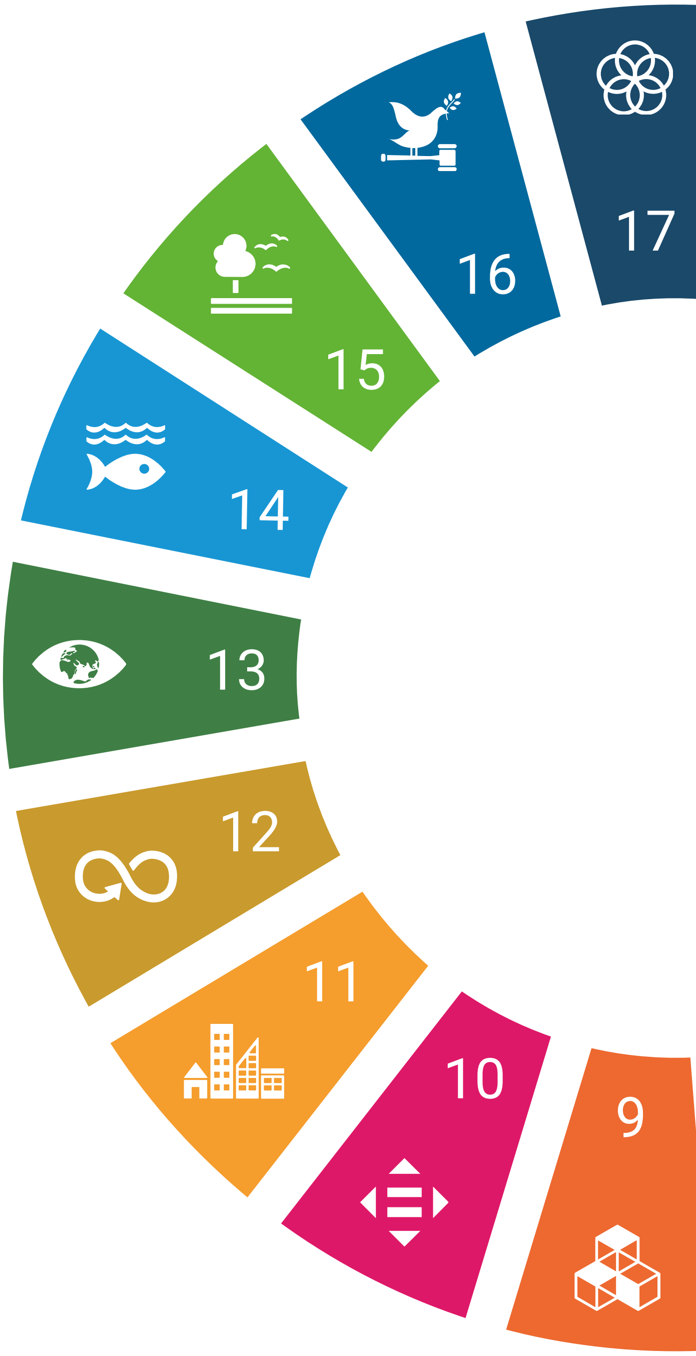
13 CLIMATE ACTION
- CLIMATE MITIGATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- SUSTAINABLE AND ETHICAL CONSUMER PRODUCTS AND SERVICES
- WASTE MANAGEMENT
- CIRCULAR ECONOMY
- ETHICAL & SUSTAINABLE SUPPLY CHAIN AND MANUFACTURING

11 SUSTAINABLE CITIES AND COMMUNITIES
- AFFORDABLE HOUSING
- CLEAN TRANSPORTATION
- ACCESS TO SOCIAL INFRASTRUCTURE
- CULTURE PRESERVATION AND IMPROVEMENT
- SMART & SUSTAINABLE CITIES
- GREEN BUILDINGS & INFRASTRUCTURE

10 REDUCED INEQUALITIES
- INCLUSIVE ECONOMY

9 INDUSTRY INNOVATION AND INFRASTRUCTURE
- FINTECH
- CLEANTECH
- ACCESS TO INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) SERVICES



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 the sub-targets translate into outcome-based investment areas - by the name that they are commonly known and referred to in the financial industry.

1 NO POVERTY

- FINANCIAL INCLUSION
- POVERTY REDUCTION

2 ZERO HUNGER

- ACCESS TO FOOD
- FOODTECH
- SMALLHOLDER FARMING
- SUSTAINABLE AGRICULTURE & FARMING

3 GOOD HEALTH AND WELL-BEING

- WELLBEING & MENTAL HEALTH
- UNMET MEDICAL NEEDS
- AGING POPULATION
- ACCESS TO HEALTHCARE & IMPROVED QUALITY OF CARE

4 QUALITY EDUCATION

- ACCESS TO EDUCATION
- EDTECH

5 GENDER EQUALITY

- GENDER LENS

6 CLEAN WATER AND SANITATION

- ACCESS TO WATER & SANITATION
- WATER & SANITATION EFFICIENCY

7 AFFORDABLE AND CLEAN ENERGY

- TRANSITION TO RENEWABLE ENERGY
- (CLEAN) ENERGY ACCESS SCARCITY

8 DECENT WORK AND ECONOMIC GROWTH

- SUSTAINABLE AND DECENT WORK
- ACCESS TO EMPLOYMENT

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

- FINTECH
- CLEANTECH
- ACCESS TO INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) SERVICES

Find more detailed description on **impact themes** and **impact investing definitions** on this page >

DEFINING FINANCIAL-FIRST IMPACT STRATEGIES

Source: Phenix Capital Group

What is impact investing

Whereas ESG investing looks to integrate environmental, social and governance factors when subject to an investment's performance, impact investing goes a step further by seeking investments that contribute to measurable social and/or environmental impact.

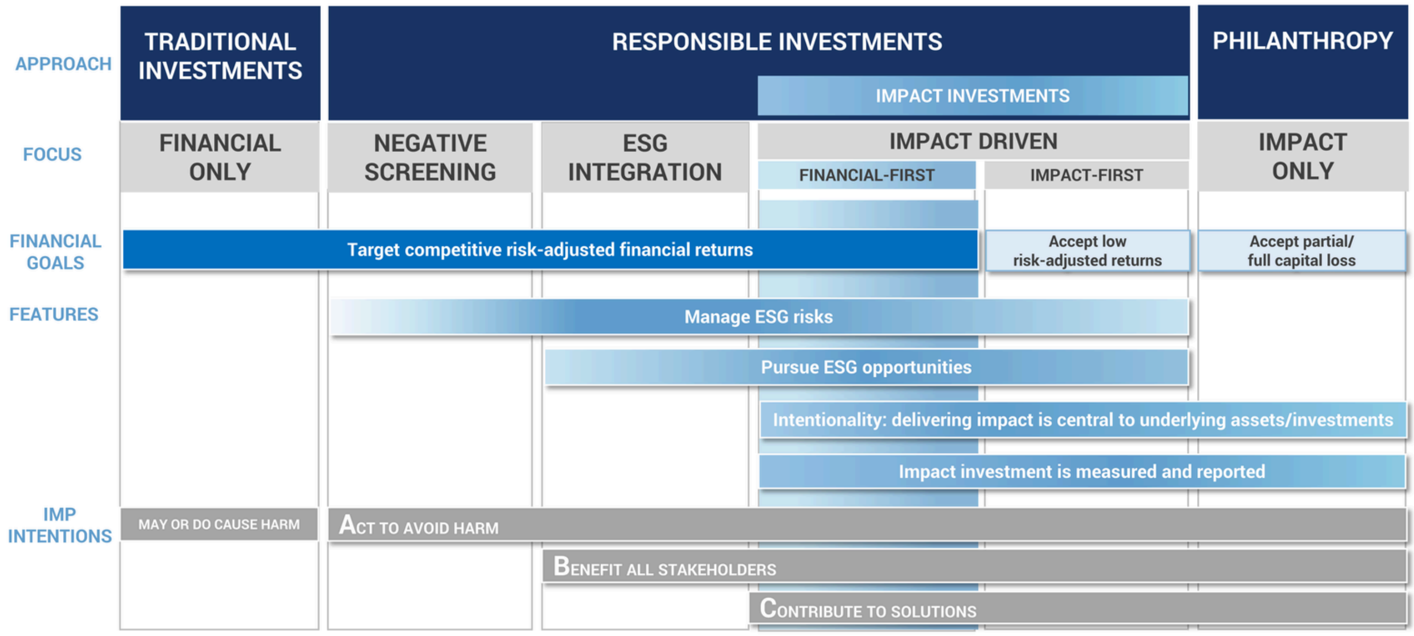
The characteristics of impact investments

- **Intentionality**: intent to achieve a social or environmental goal is clearly expressed and the investor identifies outcomes that will be pursued
- **Additionality**: thesis or narrative describes how the investor's actions will help achieve the goal and how the outcome would not have occurred without the investment
- **Measurement**: impact measurement framework in place to assess the level of expected impact and monitor progress against the goal

Spectrum of Capital

First published by Bridges Fund Management (2015), the Spectrum of Capital (Fig. 2) maps out different investment approaches, depending on investors' desired risk, return and impact profile, and categorizing them in a range from traditional investment to philanthropy.

Figure 2
Spectrum of Capital



Adapted by Phenix Capital Group with sources: Bridges Fund Management (2014), PRI (2013), RIAA (2019), UK NAB (2017), Impact Management Project (IMP) (2018)

Financial-First Impact Investments: select funds in specific sectors, impact themes, or in alignment to the SDGs. In this approach, there is no trade-off between return and impact, and thus all investments should achieve fully commercial risk-adjusted returns.

Impact-First Impact Investments: funds are selected to maximize impact over returns. These investments may target lower risk-adjusted returns to deliver greater impact.

LEARN MORE >>

THE IMPACT FUND UNIVERSE REPORT 2024

Source: Extract Impact Fund Universe Report - Phenix Impact Report, January 2024

DOWNLOAD THE FULL REPORT >>

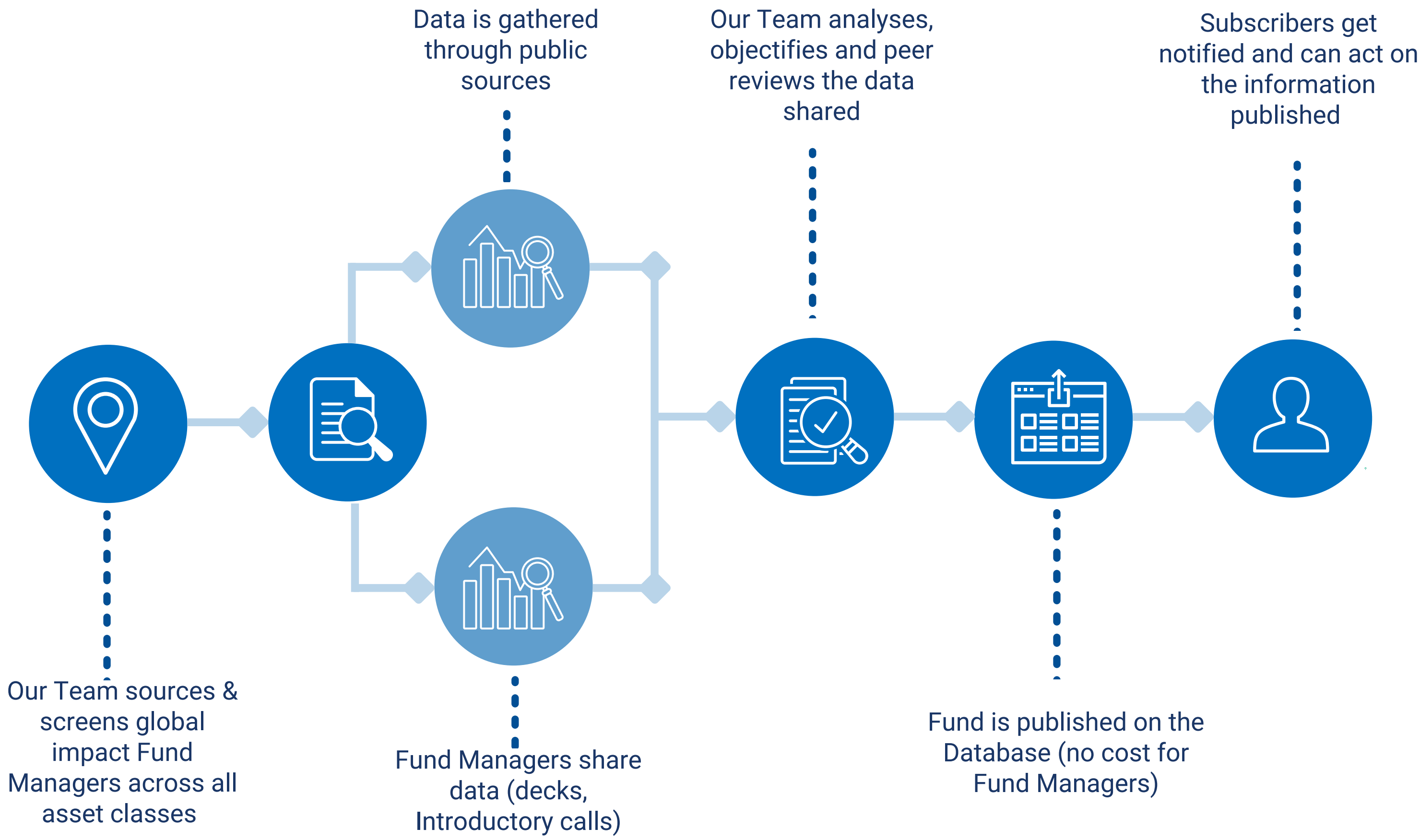
Phenix Capital's mission is to enable the allocation of capital from institutional investors towards social and environmental solutions while supporting the 2030 Sustainable Development Goals (SDGs). With the Impact Database, Phenix Capital aims to provide investors with access to and intelligence on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



THE IMPACT FUND UNIVERSE

OVERVIEW

Data as of September 2024

2810
Impact Funds

1155
Asset Managers

1183
Funds currently raising capital

720
Asset Managers currently raising capital

€632bn
Total capital committed to date

€317bn
Total target size of funds raising capital

€275m
Average capital committed per fund to date

€391m
Average target size of funds raising capital

Key Takeaways

Between 2022 and 2023, the impact investing universe has grown both in terms of new funds launched, a growth rate of 16.7%, and, in terms of total committed capital, which now stands at €589 billion, having grown by 9.3%.

We continue to observe a steady flow of solutions in the market across asset classes, instruments and geographies that are both attractive to asset owners and allocators, and aim to deliver market-rate financial returns while tackling some of humanity's most significant challenges.

The Impact Fund Universe Report seeks to fill the need for comprehensive and reliable market intelligence in the industry. We present our findings from more than nine years of collecting institutional impact fund data gathered from our network of fund managers and institutional asset owners.

As with all of Phenix Capital Group's work, this report focuses on the 'financial-first' side of the spectrum of impact capital and considers only those funds targeting risk-adjusted market-rate returns.

Phenix Capital has been dedicated to supporting the growth of the industry, educating asset owners, and catalysing institutional capital to impact investing since 2012.

Developed for institutional investors by institutional investors, the Phenix Impact Database is designed to assist institutional asset owners with building and implementing an impact portfolio.

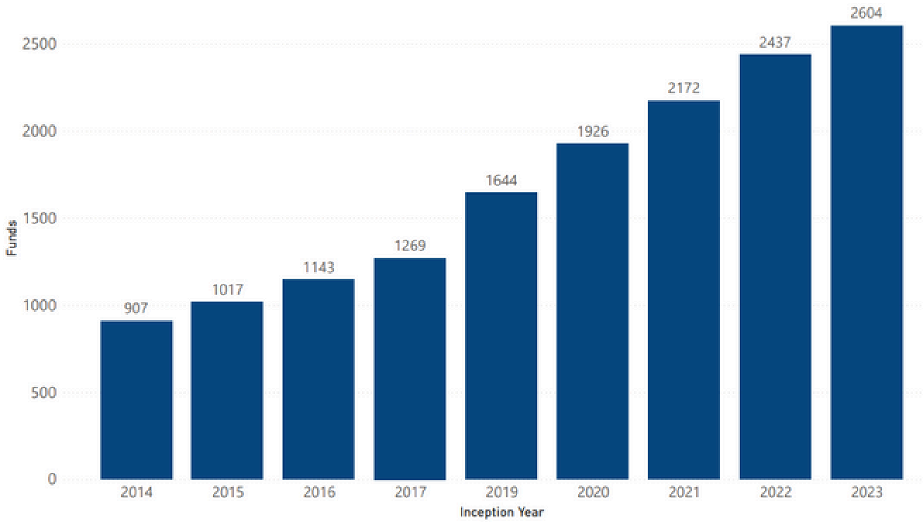
Since 2015, Phenix Impact Database has been tracking the allocation of capital to impact investing. To date, €589 billion has been allocated to more than 2,600 impact investing funds.

With a backdrop of continuing economic, social and geopolitical challenges, exacerbated by wars, impact investing continued to regain ground in 2023 with the total number of funds in the Phenix Impact Database increasing by 16.7% since 2022, compared to a year-on-year growth of 11.4% for 2021 to 2022. Over the last three years, the database has seen more than 1,000 new funds enter, with 636 new launches. In 2023, there were 153 new launches mapped. Meanwhile in 2023, total committed capital grew by €50 billion, a growth rate of 9.3%, compared to 13% for the previous year

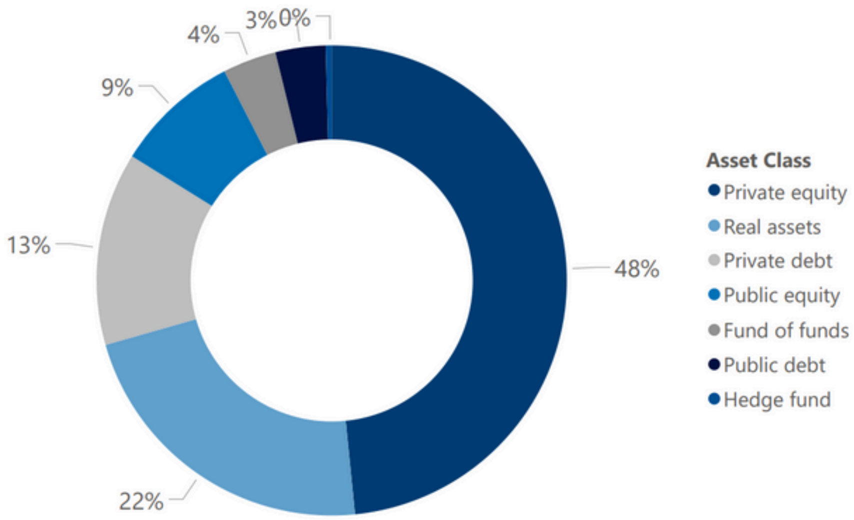
Financing for the energy transition/clean energy (SDG 7) continues to be popular, assisted by regulations both in Europe and the US. Climate Action (SDG13) saw a significant number of new funds being launched including some from some of the blue chip private equity players. This year, the At A Glance table (Page 09) summarises some of the key 2023 changes compared to 2022, 2021 and 2020 (where possible), but here are some key takeaways:

- **78% increase in total committed capital over three years** with 9.3% growth in the amount of capital, which now stands at €589 million, committed by institutional investors in 2023
- **15.3% increase in the number of managers**, now totalling 1,090, reporting to the database
- 1186 funds currently raising capital, equivalent to 46% of the database, with an average target size of €391 million per fund
- Almost 68% of the managers in the database are actively raising money
- 104% growth in the average target size of funds over the last three years
- **70% growth in the number of new Climate Action (SDG13)-focused** fund in the database, with 41% of the 180 funds added in 2023 new launches
- 69% of the Zero Hunger (SDG2) funds added to the database in 2023 are new launches
- 153 new funds launched in 2023 with 75% of them investing in private markets
- 1262 private equity funds, equivalent to 48% of the database, make this asset class the most prominent in the database
- 58% of the new launches in 2023 were developed market in focus with 27% focusing on the emerging market

Overview of Impact Funds



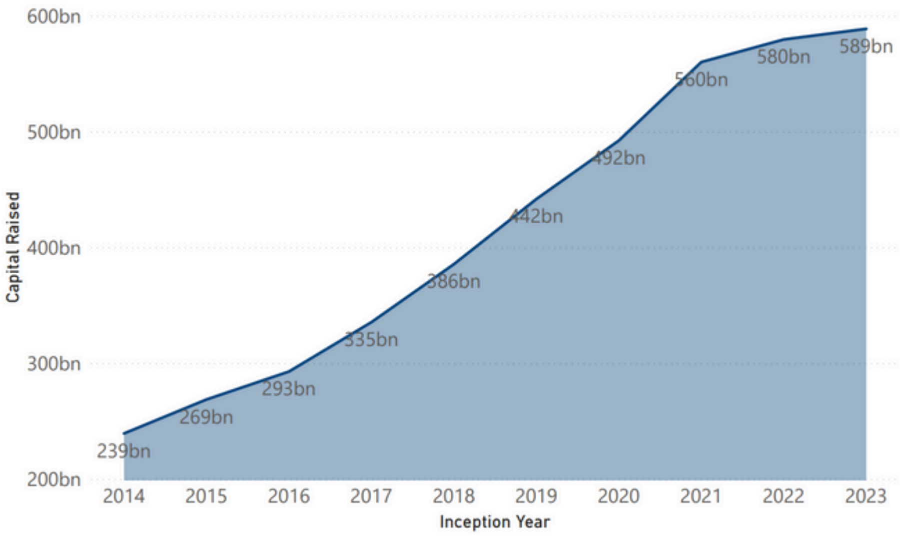
Cumulative number of impact funds added to the Impact Database, including new launches by year



Distribution of impact fund strategies by asset class*

Given the longer-term nature of private market strategies, it is not surprising that at 48%, the same percentage as last year, private equity funds continue to be the most prominent asset class in the Phenix Impact Database.

Funds investing in real assets make up 22% of the database, while private debt funds make up 13% of the total number of impact funds. Compared to the 2023 report, public equity impact funds now make up 9% of assets compared to 8%.

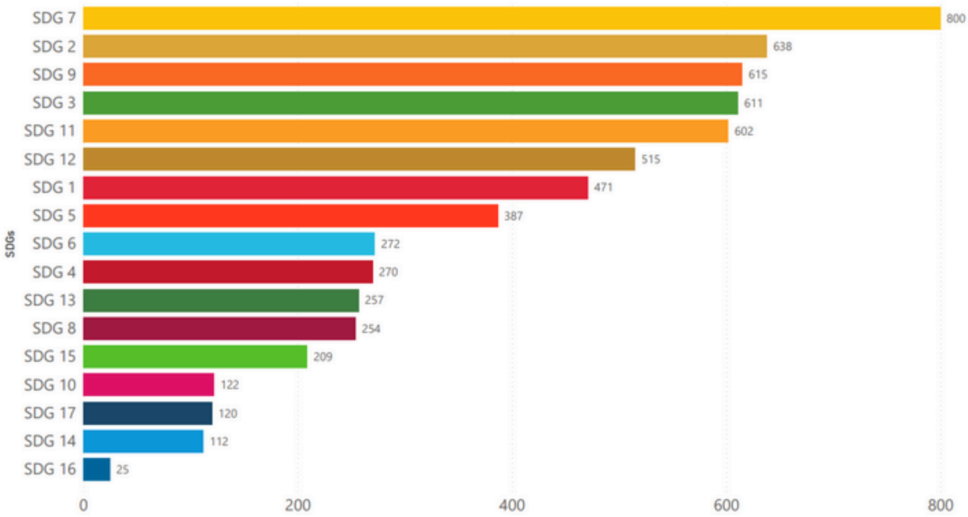


Cumulative capital raised per year - impact investments to date

Since 2014, the Phenix Impact Fund universe has seen assets grow by 146%, and the number of individual funds grow by 187%. The most popular strategy in terms of number of impact funds, currently 1262, is private equity, which has raised €164 billion cumulatively. Collectively, the target sizes of three largest new launches in 2023 (€19 billion) were from KKR's first global climate fund, BlackRock's Global Renewable Power Fund and Apollo's third infrastructure opportunities fund. According to the Phenix database, infrastructure saw €108 billion in assets in 2023 and has 271 funds. Private debt, which makes up 13% of the funds in the database, has raised €53 billion, while public debt, of which there are 85 funds, has raised €36 billion.

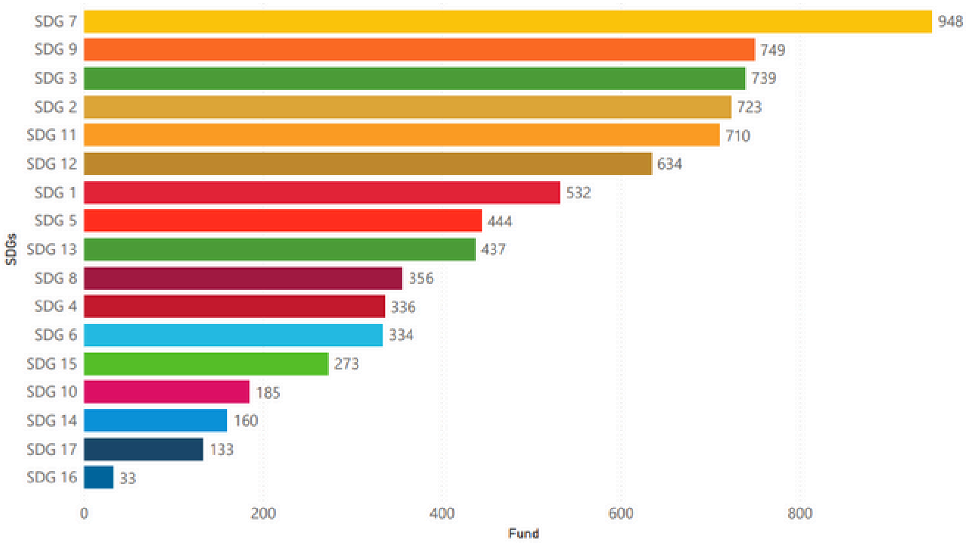
Sustainable Development Goals Capital Raised Comparison 2022 vs 2023

Number of funds by SDG targeted - as of Dec 2022



Last year marked the midpoint for achieving the Sustainable Development Goals (SDGs) by 2030, and, as the UN's 2023 Special Report in July showed, only 12% of the SDGs are on track, with progress on 50% considered weak and insufficient and 30% of the SDGs have stalled or gone into reverse. All the SDGs saw new funds launched, with Climate Action (SDG13) seeing the greatest growth rate of 70% in terms of the number of funds, adding 180 funds, of which 74 were new launches. While Affordable and Clean Energy (SDG7) continues to top the impact fund charts in terms of number of funds (148 funds, of which 63 were launched in 2023) equivalent to a growth rate of 18.5%. The popularity can be attributed to Europe's Green Deal and the **Inflation Reduction Act** that was passed in the US in 2022. In our **August 2023 Report** on Infrastructure impact funds, 89% were focused on SDG7.

Number of funds by SDG targeted - as of Dec 2023



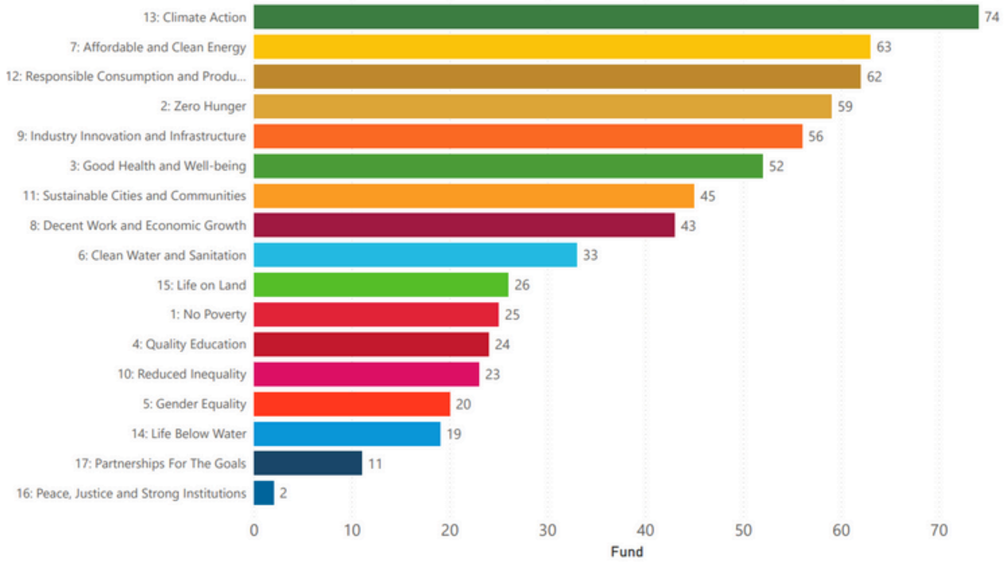
Right now, the number of people living in extreme poverty is higher than it was four years ago with only 30% of all countries achieving No Poverty (SDG1) by 2030. According to the Phenix database, SDG 1, which continues to retain its 7th place in the 2023 rankings, saw 115 new funds, equivalent to a growth rate of 27.6% compared to 2022. Of the 115 new funds, 25 were new launches in 2023, as opposed to newly added to the database. Compared to 2022, when Zero Hunger (SDG2) was the second most popular theme for impact funds, Industry, Innovation and Infrastructure (SDG9) took the second slot in 2023, jumping up from third place with the addition of 134 funds, equivalent to a growth of 21.8%. Of the new funds in the database, 56 were new launches in 2023. The number of funds focused on Zero Hunger, now in 4th place, grew by 13.3%, and of the 85 new funds in the database, 59 were new launches.

Good Health & Wellbeing (SDG3) has moved up from 4th spot in 2022 to third place with a 21% growth rate in the number of funds in the database. Of the 128 funds that were added, 52 were new launches. Sustainable Cities and Communities (SDG11) maintained 5th place by adding 108 news funds (a growth rate of almost 18%) of which 45 were new launches

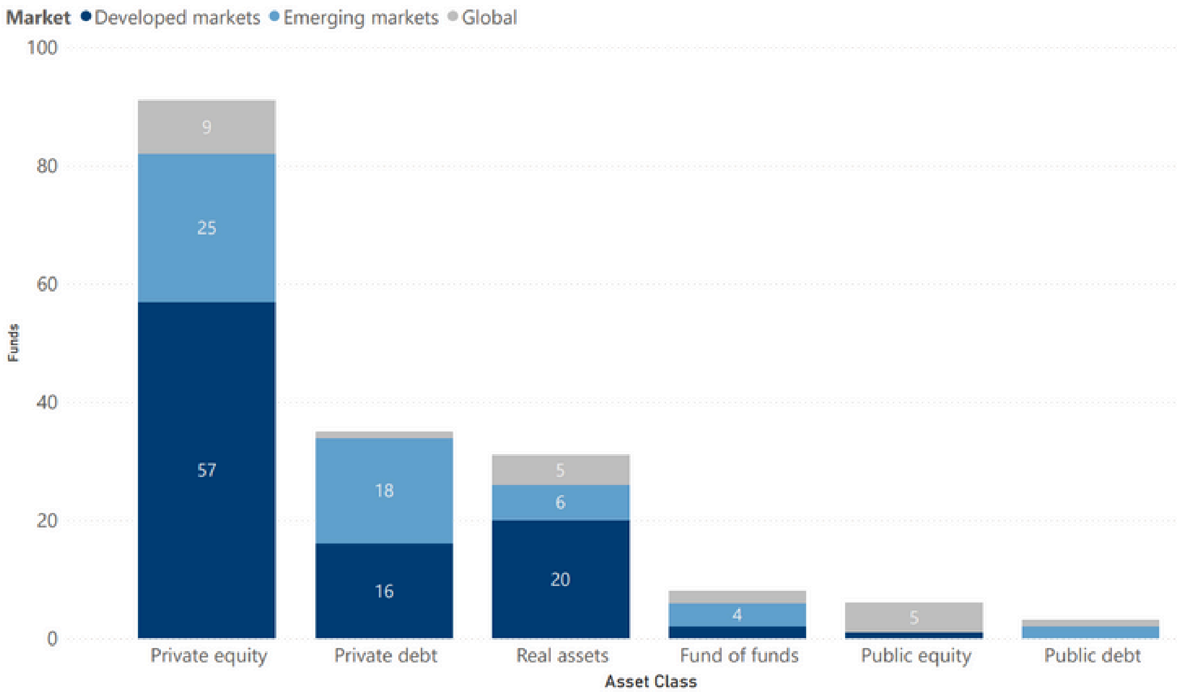
Number of funds data may overlap as one fund can target several SDGs.

The Phenix Capital team did a re-allocation of the impact themes in 2022. Therefore several funds were reallocated from targeting impact themes from SDG 13 to SDG 7.

Breakdown of SDGs targeted - by number of funds launched in 2023



Number of funds launched by asset class* and market targeted



Before the pandemic, the annual SDG funding gap was $2.5 trillion, but now, according to the Organisation for Economic Co-operation and Development, that figure is now at least $4.2 trillion. Key to mobilising more capital is creating funds that can commit capital at scale. The average size of committed capital in 2023 was €275 million, while the average target size for new fund launches was €391 million, an increase of 11.7% since 2022, and 103.6% over the last three years.

The top 10 largest launches in the Phenix Database in 2023 are targeting more than €30 billion. Overall, there were were 153 new funds launched in 2023, bringing the total to the funds added to the Phenix Impact Database for the year to 372. Developed markets were the focus for real assets and private equity, while the emerging markets were prefred for private debt.

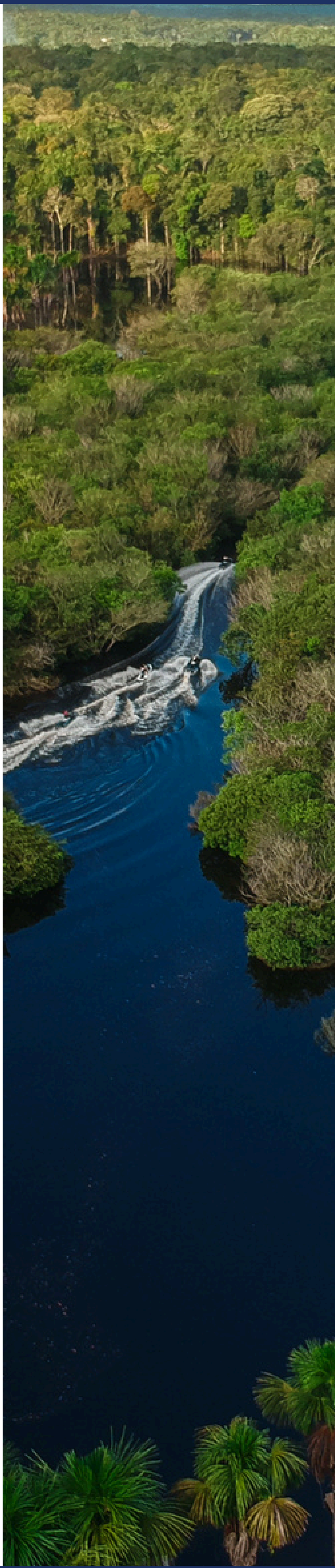
The SDG that saw the most new funds launched was Climate Action (SDG13), where 41% of the 180 funds added to the database were new launches. Private equity was the asset class that made up almost 60% of all the new funds launched and developed markets dominated the geographical bias.

Climate Action has seen the greatest growth rate of 70% in terms of the number of funds, adding 74 new funds, including infrastructure climate-related launches by KKR, Fidelity International, Macquarie Asset Management and Allianz Global Investors that were among the top 10 largest launches of 2023.

Funds are assigned to the asset class that best explains the strategy.

ANNUAL INSTITUTIONAL IMPACT INVESTORS SURVEY 2024

Source: Extract 2024 Annual Institutional Impact Investors Survey



Introduction

Siloed thinking is a core part of the problem. Last year's report focused on 'joining the dots' with respect to the Sustainable Development Goals, which should not be viewed in isolation.

Natural capital assets, which support ecosystem services, can be assessed across five pillars: freshwater (both ground and surface water), oceans, land (including forests and soil), biodiversity (the diversity within species and between species and ecosystems), and climate.

Right now, there are five drivers of biodiversity and ecosystem change: land-use change; climate change; pollution; natural resource use and exploitation; and invasive species.

According to the WEF's *Global Risks Report 2024*, biodiversity loss and ecosystem collapse due to these changes is the third top 10 problem in a decade's time.

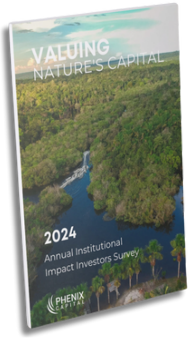
Understanding the link between natural capital assets and the ecosystem services they provide is a crucial first step to fully comprehending the risks associated with nature loss that businesses and investors face.

In addition to understanding the different impact journeys taken by investors, this report will look at how different investors are starting to look at investing in natural capital.

Survey Highlights:

- 67% invest indirectly via impact managers
- 33.3% have impact as a separate allocation
- 78% of investors had an allocation to one or more types of private equity strategies
- 48% of investors allocate to European-focused funds
- 45% of investors allocate to five or fewer impact funds
- 90% of investors have climate as an impact theme
- 71% actively considering natural capital
- 70% looking at forestry as natural capital proxy
- 78% of investors have biodiversity on their radar

We wish to thank all the respondents for their time and input and to our six profile candidates for sharing their journey with the community so generously and helping to tie together many of the themes and ideas in this report.



DOWNLOAD THE FULL REPORT >>

Investor Survey

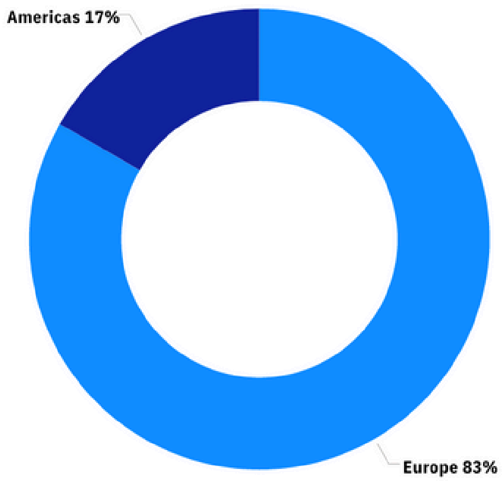
Our annual Impact Investor Survey is designed to give a real time snap shot of investor sentiment into the challenges, themes, and general developments in the market as well as focus on one topic that will shape impact investing in the future.

While the overall number of respondents may be relatively small, those that participated manage approximately $474.7 billion in total with roughly $22.2 billion allocated to impact strategies.

This is almost 2% of the total global impact asset universe, according to GIIN's 2022 $1.164 trillion estimate.

Geographically, 48% of the investors surveyed are located in The Netherlands including heavy hitters such as ABN AMRO, FMO, MN, Rabobank and Van Lanschot Kempen. Meanwhile nearly 17% of respondents are from the Americas, including USA, Canada and Brazil.

Geographical breakdown of respondents



In our profile section, Vincent Triesschijn, Global Head ESG and Impact Investing at ABN AMRO, shares how the bank has gone from zero capital in 2015, to more than €4 billion invested almost a decade later.

This year, 83% of the respondents are from Europe, including Belgium, Luxembourg and Switzerland which continues to be reflective of the differences between European and North American attitudes to sustainable investing.

Last year, we looked at the EU vs US with respect to the impact investing differences on both sides of the Pond. This year, in addition to our six investor profiles, the survey data and anecdotal qualitative information, we have extracted and included relevant investor data from the database.

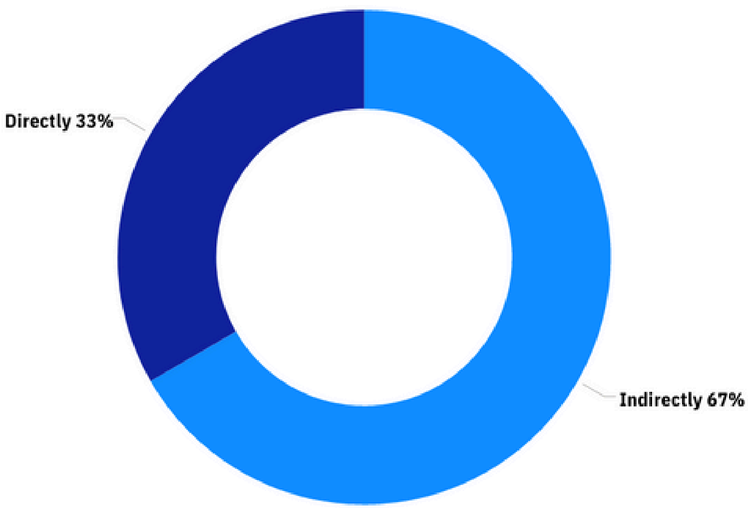
In terms of investor mix, respondents ranged from funds of funds, through family offices to pension funds and foundations, all of whom have different fiduciary duties, and therefore, return expectations and obligations.

Given different investors and a different number of investors have responded this year, year on year comparisons for the different questions would not be accurate so we are looking more at the trends.

Indirect impact investing via funds or funds of funds continues to be the preferred strategy for 67% of the respondents.

In a market that is relatively young, the onus for measurement, underlying due diligence and reporting lies with the investment manager.

How do you invest?

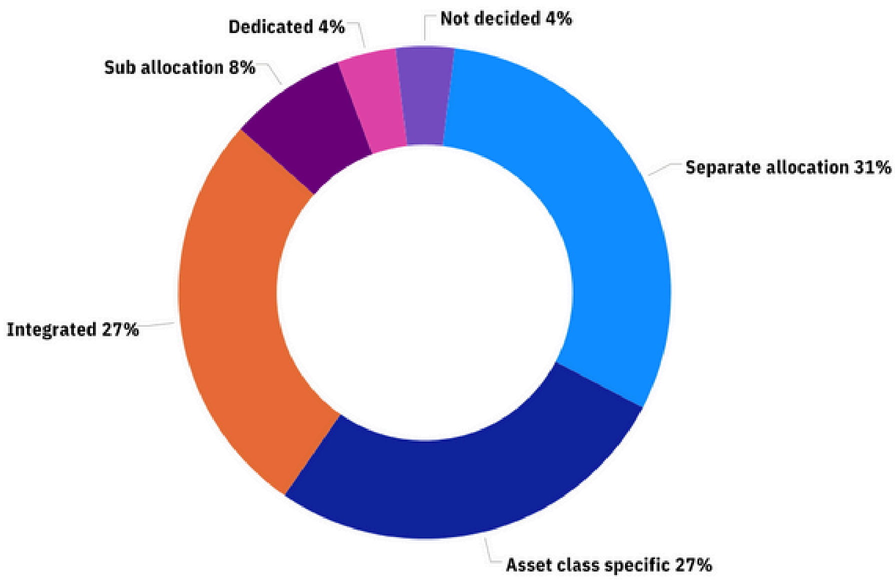


The Phenix Impact Fund Database, currently has a total of 2,820 impact funds across seven main strategies and includes 116 funds of funds.

Investors opting to carve out a separate allocation for their impact investments is the most popular category once again, with 31% of the respondents selecting for this route.

Like many 'new' strategies, first time investors often like to incubate or trial portfolios before increasing their allocation or integrating the process.

Where does the impact portfolio sit within the overall portfolio?

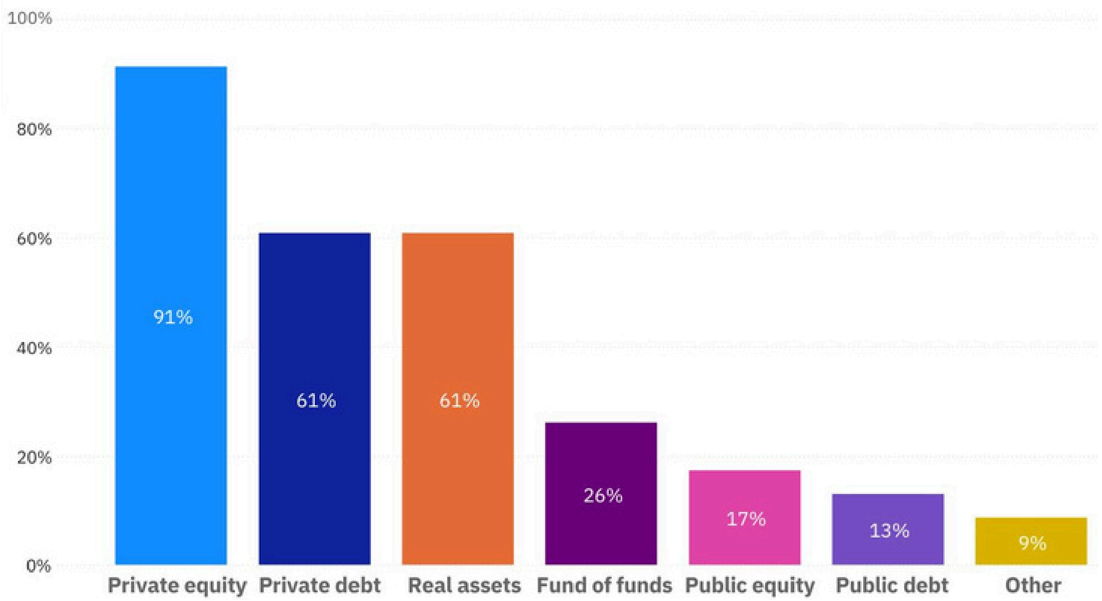


This year, Jenny Overman, associate director, Privium Fund Management, returns to discuss how they started to expand the thematic focus of the Privium Sustainable Impact Fund to include natural capital, a few years ago.

Last year, we also profiled Sybren Devoghel, investment manager at King Baudouin Foundation, which has a separate and dedicated allocation for their impact first investments. This year, Sybren talks about the launch of a dedicated vehicle for the foundation's asset specific private market finance first impact investments.

Asset class specific and integrated mandates, are favoured by 27% of the respondents, respectively. CO Invest and Wire Group, both featured in the interviews section, run their impact investments as a dedicated fund.

Which asset classes do you use for your impact strategy? (investors could select several asset classes)



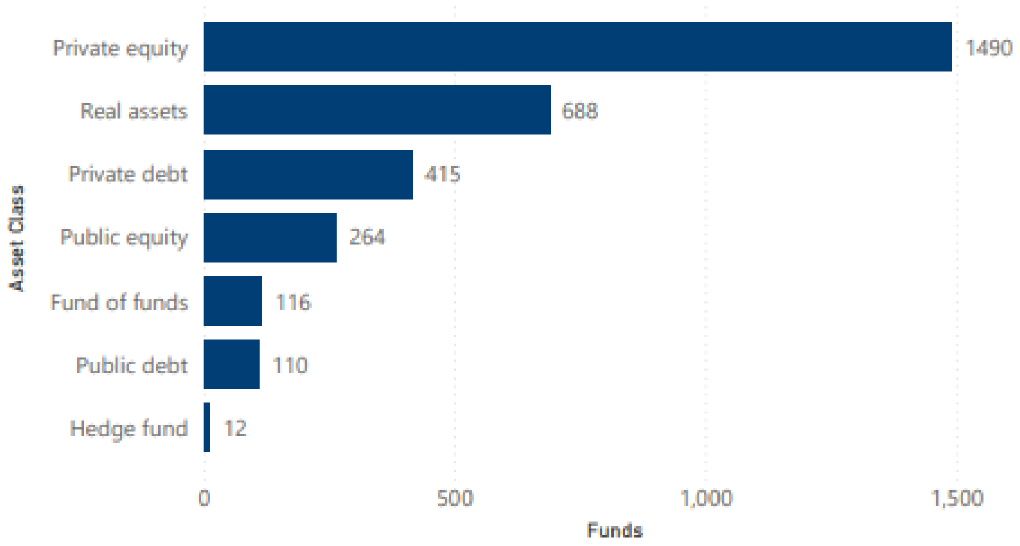
Only one investor surveyed still had to allocate impact assets.
Of those that have invested, in terms of asset classes, 78% of the respondents had private equity in their portfolios.
Nearly 78% of the private equity investors allocated to venture and growth, respectively, and 44% also including buyout funds.

Of those investors allocating to real assets, 39% invested in infrastructure, nearly 35% invested in farm and cropland, and another 35% also invested in timber and forestry, while real estate was popular with 30% of the investors.

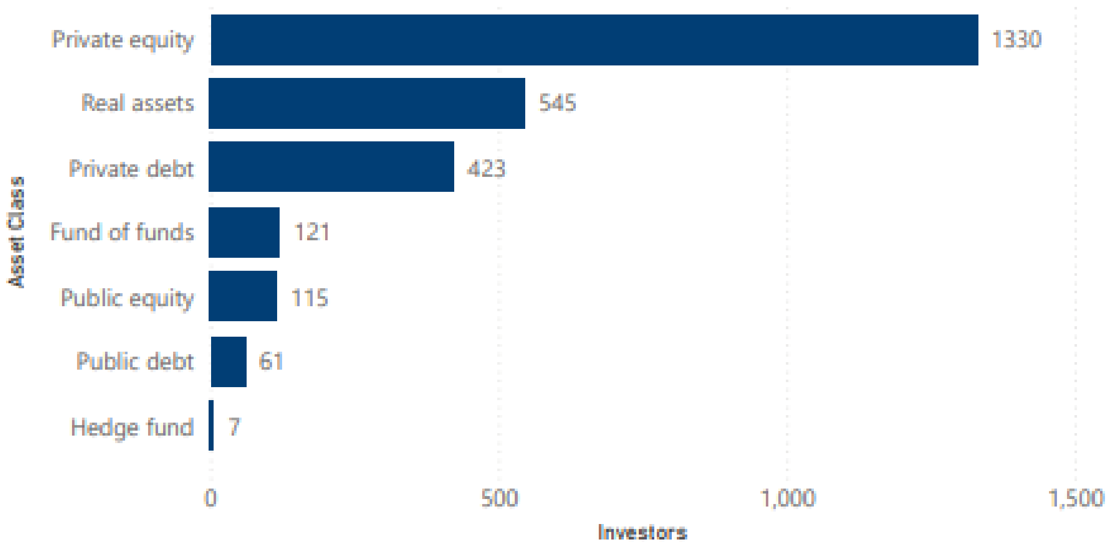
Nearly 61% of investors surveyed had private debt in their portfolios with just 13% holding public debt. Some 22% of the investors allocated via funds of funds, of which the Phenix Impact Database tracks 116. Nearly 74% of the investors surveyed are allocating to impact without the use of a consultant.

Looking at the Phenix database, which tracks a total of 2,820 impact funds managed by 1,150 managers, private equity funds make up nearly 53% of the total number of funds included, while real assets, the second largest fund category, makes up around 24%. Mirroring the survey, of the investors tracked in the database, the majority, 1,330 in number, allocate to private equity, with real assets the next most popular category.

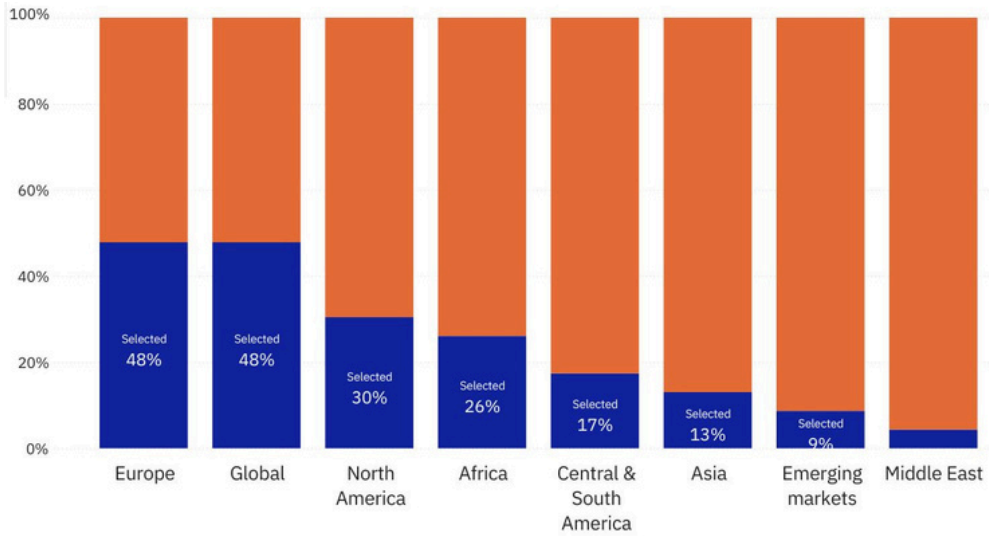
Number of Funds per Asset Class



Number of Investors per Asset Class



What is your geographical preference for your impact strategy? (Multi-option selection)



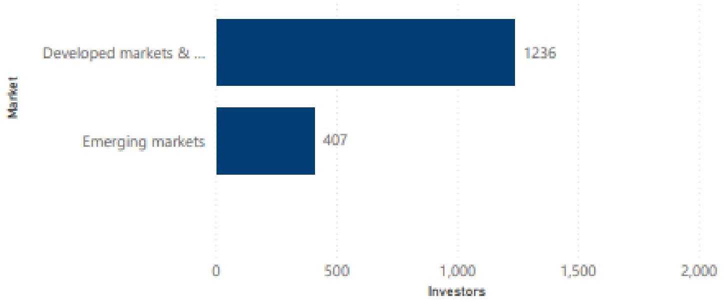
More than 50% of the respondents invested in two or more regions, with a European or global mandate being the most popular with 48% and 43% of investors.

Nearly 35% of the investors had a North American focus, while 30% allocated to Africa.

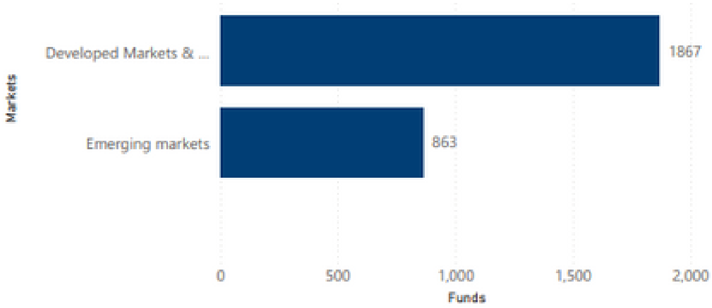
There are nearly 54% more developed market funds in the Phenix Impact Database than those with an emerging market focus, which mirrors the investor appetite. There are 1,236 investors investing in developed markets, which is 67% more than those with an emerging market preference.

Yet it is the emerging markets that have a larger SDG financing gap. The war in Ukraine and consequent global inflation led to lower financial flows from developed to developing countries. It is estimated that the emerging markets need an extra $3.9 trillion in annual investment to achieve the SDGs by 2030.

Number of Investors per Region Invested

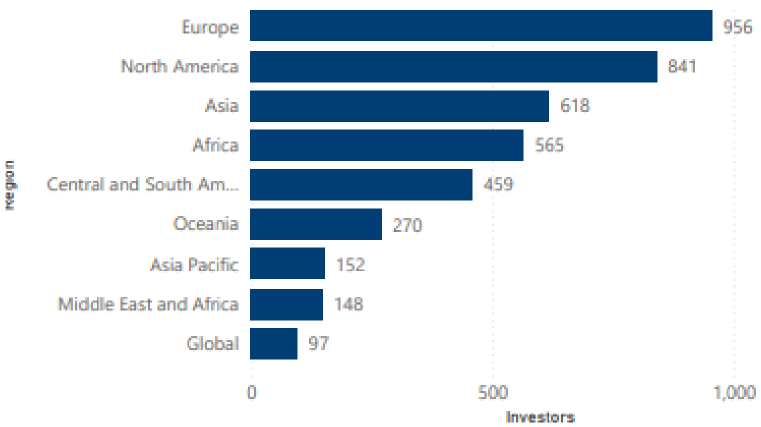


Number of funds per Asset Class

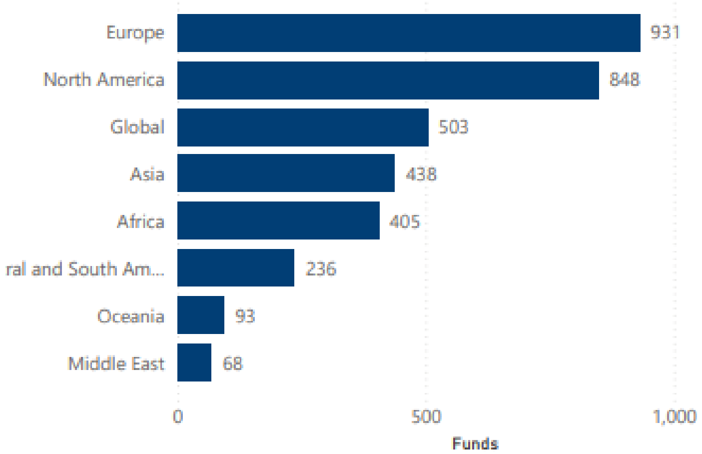


While the number of funds per region targeted in the database reflects the European, global and North American investor appetite, the investors have preference for Asian, African and Central and South American funds over those with a global mandate.

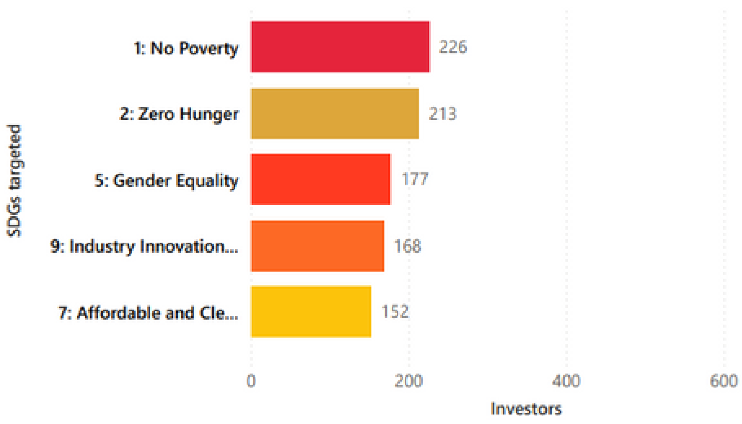
Number of Investors per Region Invested



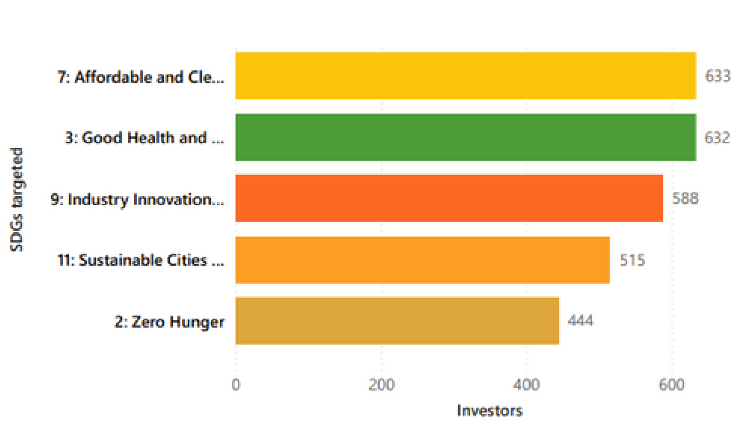
Number of funds per region targeted



SDGs most targeted by Investors in the Emerging Markets

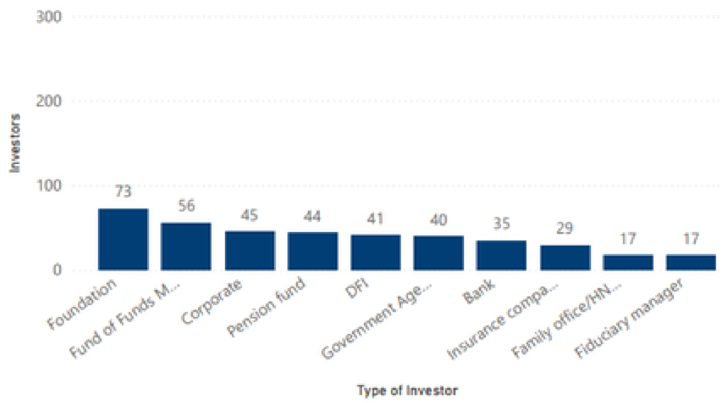


SDGs most targeted by Investors in the Developed & Global Markets

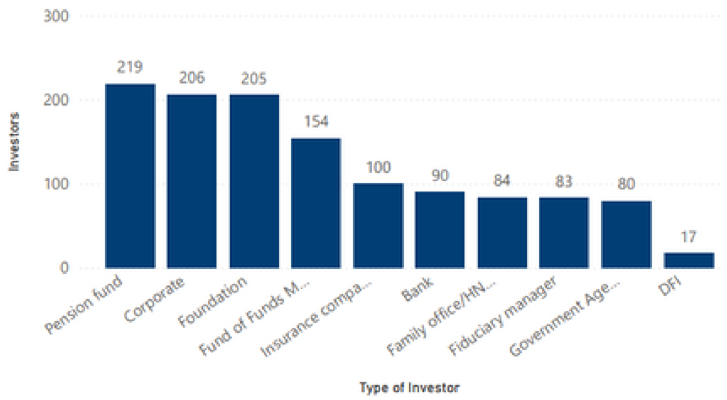


It is interesting to look that the different SDGs from the point of view of geographical preference. The investors in the Phenix Impact database that are targeting the emerging markets prioritise No Poverty (SDG1) and Zero Hunger (SDG2), with the latter in 5th place for developed market investors. Affordable and Clean Energy (SDG7) is the priority for developed market impact investors, while this comes in 5th place for investors focusing on the emerging markets.

Number of Investors per type (top 10) with investments in Emerging Markets



Number of Investors per type (top 10) with investments in Developed or Global Markets

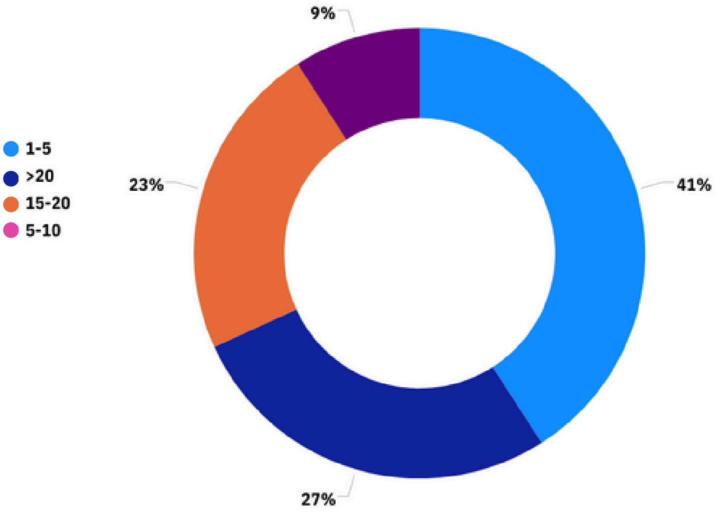


In terms of catalysing capital for development, different investors have different risk and return expectations. Pension funds, which have longer liability profiles, typically have less risk tolerance and require more stable returns streams. They are the largest investor group in the developed markets, according to the Phenix Database.

Nearly 68% more investors focus on developed markets than the emerging markets. In terms of numbers, fewer investors, 397 in total, focus on the emerging markets, but the largest group are the foundations that can often have an impact first mandate. There will be overlap in the numbers as some investors will focus on both markets.

That said, in terms of committed capital, foundations are the most active in developed and global market funds, while development finance institutions are by far and away the biggest allocator in the emerging markets.

How many impact managers are you allocated to now?



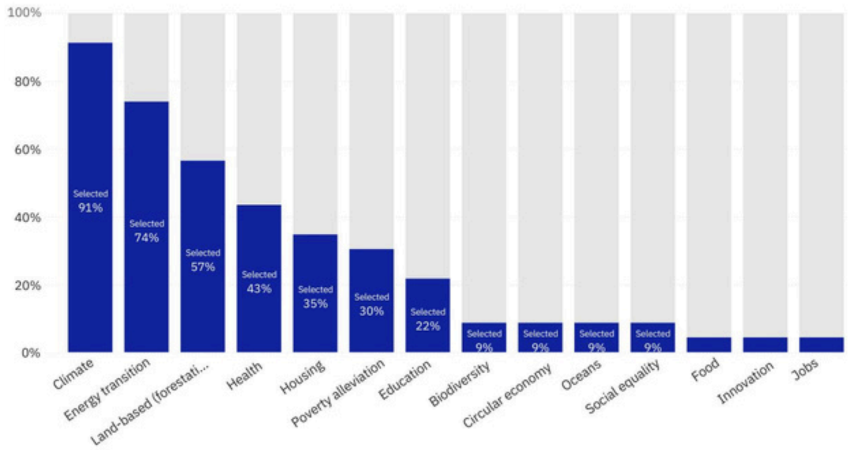
Nearly 41% of investors have between one to five impact funds in their portfolios, 23% invest in 15 to 20 funds and 27% allocate to more than 20 funds.

Among the funds in the portfolios of the investors that were willing to disclose are: Vison Ridge, Tikehau, EQT, Apax, Candriam, Ara Partners and Blue Orchard.

The impact themes for the survey roughly correlate to the SDGs, giving a thematic overview of what investors are focusing on.

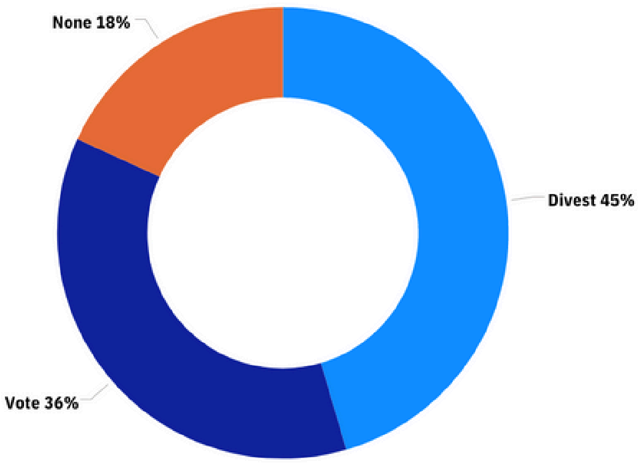
Investors allocated across between two and seven themes, averaging 3.8 themes per investor. More than 90% had climate as a core impact theme, with 74% focusing on the energy transition.

What are your core impact themes? (investors could select several themes)



Land-based themes such as forestation and agriculture was the third most targeted theme by 57% of investors. Health and housing were targeted by 39% and 35% of investors, while nature-based themes such as the ocean and biodiversity saw only 9% of the investors interested, respectively.

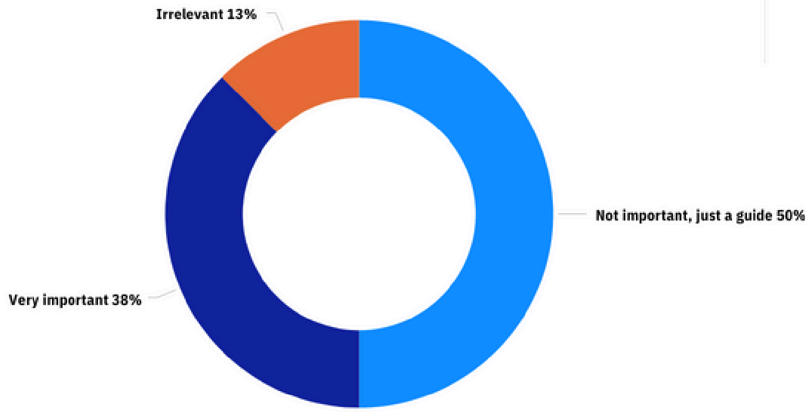
What is your view on divestment?



At the end of 2023, more than 1,600 institutions managing more than $40.6 trillion in assets had divested from fossil fuels. When asking investors on their view of divesting versus voting for change, 45% said they would divest, while 36% would vote and 19% have no view on the subject.

Yet when asked ***How important is engagement for you?*** More than 90% of the investors said that engagement was very important, and less than 10% were either neutral about it or it was not important.

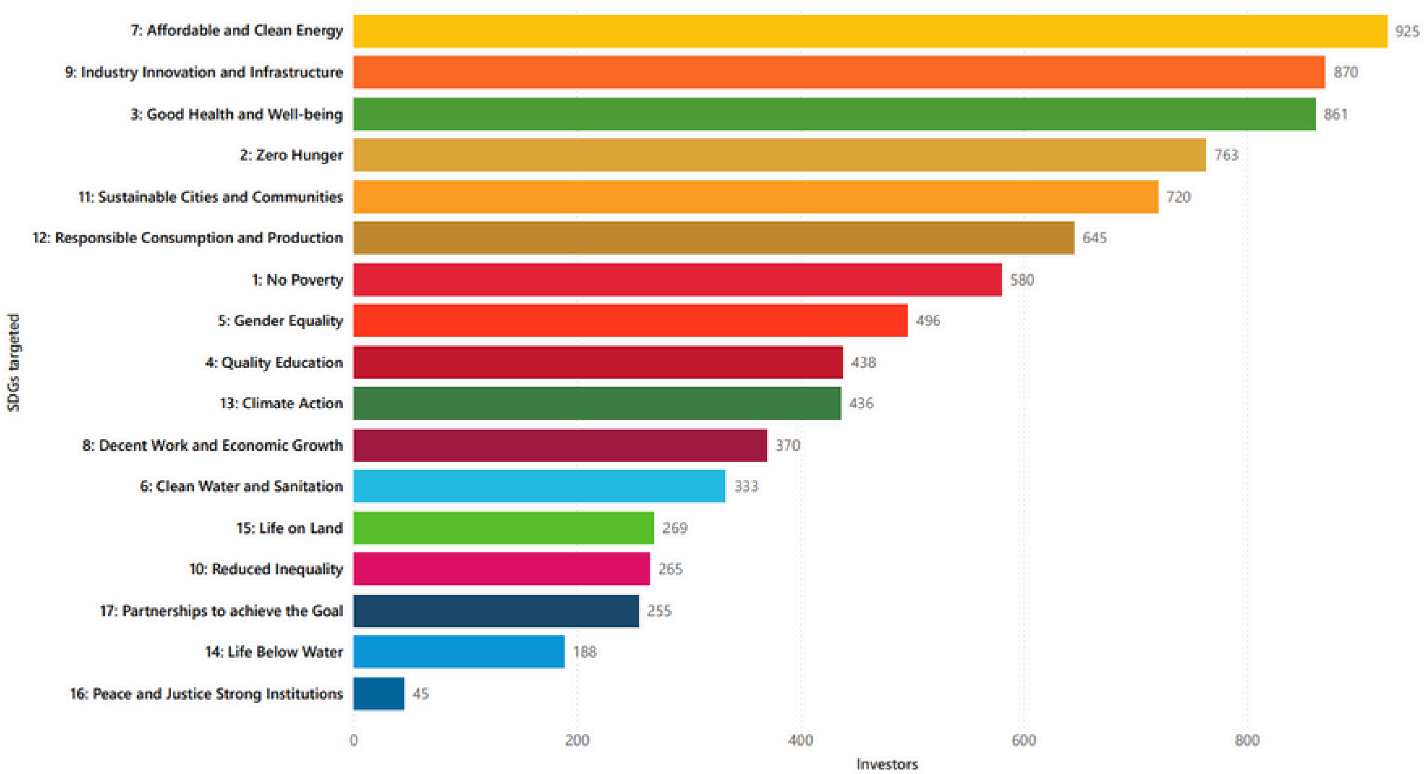
How important are the SDGs to your impact framework?



As the 2030 deadline for financing the SDGs draws closer, the *2024 Financing for Sustainable Development Report* says that $4.2 trillion is required each year to close the financing gap, up from $2.5 trillion before the pandemic.

Half the investors do not see the SDGs as an important tool for their investments, but more as a guide. Nearly 38% of investors see them as important, while 12% see them as irrelevant.

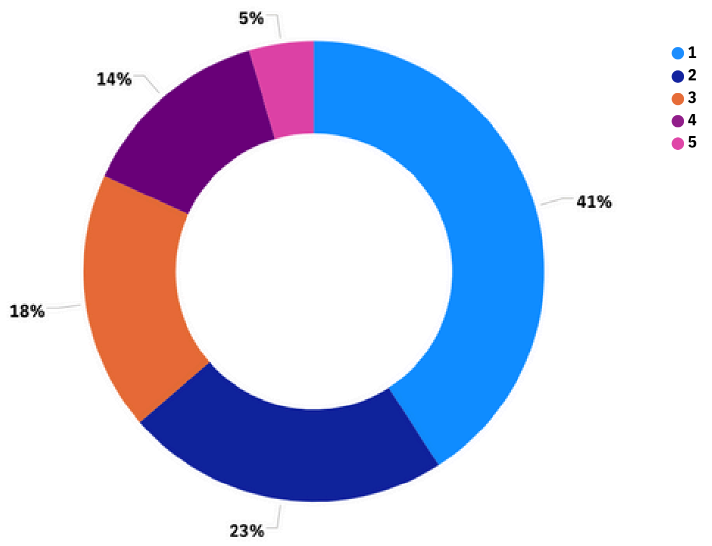
Number of Investors per SDG Invested



Even if half the investors surveyed only see the SDGs as a guide, they are still a useful tool to look at where the investments are flowing, and where the funding gaps might be. Affordable & Clean Energy, Industry, Innovation and Infrastructure, and Good Health and Well-being are the top three SDGs that the investors in the Phenix database favour.

With respect to the investment themes of the universe surveyed, more than 90% had climate as a core impact theme, which has come 10th in the SDGs favoured by investors in the database. Once again, nature-based themes such biodiversity (included in SDG15) and the ocean were 13th and 16th place, respectively, showing the lack of flows to an crucial investment theme.

On a scale of 1-5 (where 5 is hight influence) how has war influenced your impact portfolio?

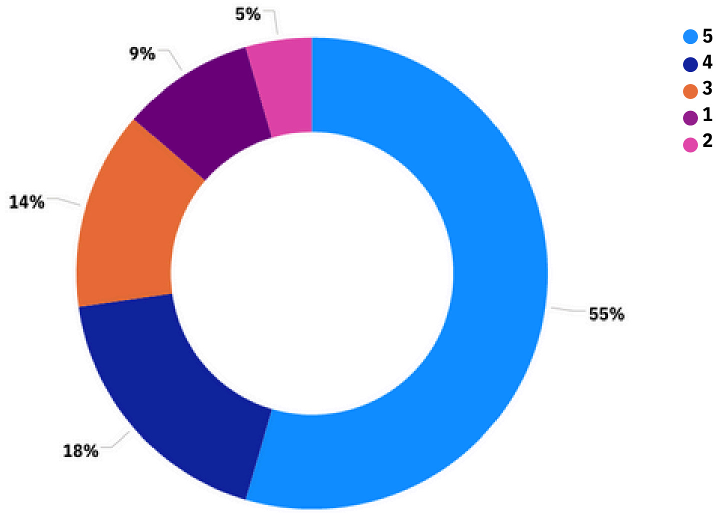


Peace, Justice and Strong Institutions (SDG16) is another of the least funded or discussed goals, yet conflict, and climate, were among the key risks discussed at Davos in January.

Interstate armed conflict was a new entrant in the World Economic Forum's survey list of risks.

In 2024, conflict escalation could be seen in three areas: Israel, Ukraine and Taiwan. Conflict could have potentially economic, geopolitical and security consequences, so we asked investors if war was an influence on their impact portfolios. For the majority of the investors, some 41%, war had very low influence on portfolios, and only just 5% saw it as a high influence.

On a scale of 1-5 (where 5 is high influence) how has climate change influenced your impact portfolio?



Climate change on the other hand saw nearly 55% of investor portfolios being highly influence, going up to nearly 73% if scale four and five were taken into account.

Last year's investor report looked at climate finance, an umbrella term for financial resources such as loans, grants, or domestic budget allocations for climate change mitigation, adaptation or resiliency.

Global climate finance approached $1.3 trillion on annual average in 2021/2022 compared to $653 billion in 2019/2020. Most of this growth is due to an increase in mitigation finance, with the largest growth in the renewable energy and transport sectors.

In 2009, developed countries agreed to mobilise $100 billion annually by 2020 to support climate action in developing countries. However, this is not nearly enough. The first *Needs Determination Report* of the Standing Committee on Finance in 2021 shows nearly $6 trillion is needed to implement developing countries' climate action plans by 2030, and this does not fully cost for adaptation.

For many the impact investing journey started with sustainable and or responsible investing moving through ESG and around 2015, many had defined impact investing as a distinct form of money management.

Of those that replied to the question of what was the first fund or theme they invested in, 17% started with micro finance. Renewable energy and frontier markets were also starter impact themes.

The reasons for moving towards impact investing were many and varied, including client-driven demand. For a number of investors, it was a natural move from ESG investing.

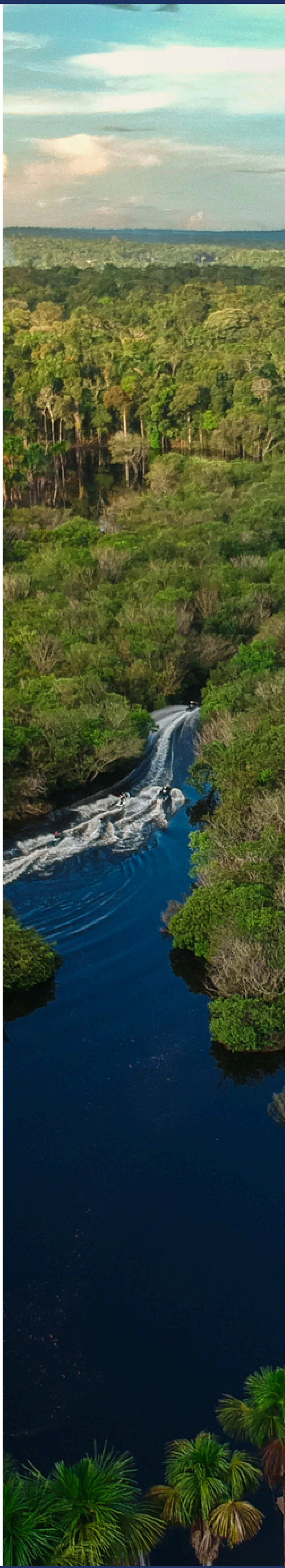
One allocator said “[We were] not satisfied with the results from ESG investing, too much greenwashing by the big names”. Shifting to sustainable economics and future proof investing were also cited as reasons.

Jim Bunch, partner at CO Invest, profiled in this report, is a place-based impact investor that believes Colorado has quality investments but not enough local capital.

“Investing in fund managers outside the state and helping connect them with opportunities allows us to keep our capital local, and also generate compelling returns,” he said.

In terms of what next, one investor is focusing on affordable housing, while another is going to explore impact in the listed equity market. A third investor is focusing on managers that are transitioning from extractive industries to regenerative ones.

A number of investors, including Privium Fund Management, are going to focus on biodiversity and natural capital, including more investments in agriculture and forestry.



THEMATIC DEEP-DIVE

SUPPLEMENTAL GUIDANCE FOR THE FINANCIAL SECTOR

Source: Extract Task Force on Climate-related Financial Disclosures

Asset Owners

Asset owners are a diverse group that include public and private-sector pension plans, re-/insurance companies, endowments, and foundations and invest assets on their own behalf or on behalf of their beneficiaries. Asset owners invest according to a mandate or investment strategy set out by their oversight body or their beneficiaries. Asset owners have various investment horizons that influence their risk tolerance and investment strategies. Many asset owners have broadly diversified investment portfolios across investment strategies, asset classes, and regions and portfolios with thousands of underlying individual company and government exposures. Asset owners may hire asset managers to invest on their behalf.[67]

Whether asset owners invest directly or through asset managers, asset owners bear the potential transition and physical risks to which their investments are exposed. Similarly, asset owners can benefit from the potential returns on the investment opportunities associated with climate change.

Asset owners sit at the top of the investment chain and, therefore, have an important role to play in influencing the organizations in which they invest to provide better climate-related financial disclosures. Disclosure of climate-related risks and opportunities by asset owners—to the extent possible given existing data and methodology constraints—allows beneficiaries and other audiences to assess the asset owner's investment considerations and approach to climate change. This may include an assessment of the asset owner's integration of appropriate climate-related financial information into its investment activities in various ways, for example, in setting investment strategy, making new investment decisions, and managing its existing portfolio. By encouraging climate-related financial disclosures by asset owners, beneficiaries and other stakeholders will be in a position to better understand exposures to climate-related risks and opportunities. Further, climate-related financial disclosures by asset owners may encourage better disclosures across the investment chain—from asset owners to asset managers to underlying companies—thus enabling all organizations and individuals to make better-informed investment decisions.

Asset owners have contributed to the success of the TCFD in many ways, including by voluntarily publishing their own "TCFD reports." In these reports, asset owners have highlighted GHG emissions data from their respective portfolios and how their governance structures have developed to manage climate-related risk. Governance structures have developed to collect and analyze GHG emissions data as a proxy for climate-related risk from investee companies, either directly or via third party asset managers and data analytics specialists. The Task Force recognizes asset owners often issue reports, including ones containing climate-related information, directly to their beneficiaries or members rather than making them available publicly as would generally be the case with public companies. As a result, some of the cross-industry, climate-related metrics described in Appendix 2 may be less relevant for asset owners than for other organizations, particularly where flexibility is needed on the specific metrics and methodologies used.[68] Nevertheless, the Task Force believes the cross-industry, climate-related metrics have some applicability to asset owners because, by asking for this standardized information, asset owners encourage all organizations to publish TCFD-aligned information.

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[67] In this role, asset managers also act as fiduciaries. Asset managers invest within the guidelines specified by the asset owner for a given mandate set out in the investment management agreement or the product specification.

[68] The Task Force also understands asset owners may need several years to implement relevant cross-industry, climate-related metrics, particularly where assets are held through third party mandates such as pooled funds. The data and methodologies for some of these metrics, such as the impact of climate change on investment income or asset valuations, are very much in the early stages of development; and it may take time before methodologies have been developed and can be applied in practice. The Task Force also recognizes the methodological challenges of calculating GHG emissions associated with certain asset classes (e.g., sovereign bonds) and accepts research is ongoing. In determining whether a particular category of metric is relevant, asset owners should consider whether the information is used as part of the management of climate-related risks or investment decision-making processes

Governance

Disclose the organization's governance around climate-related risks and opportunities.

Recommended Disclosure a) Describe the board's oversight of climate-related risks and opportunities.	**Guidance for All Sectors** In describing the board's oversight of climate-related issues, organizations should consider including a discussion of the following: – processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues; – whether the board and/or board committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures; and – how the board monitors and oversees progress against goals and targets for addressing climate-related issues.
Recommended Disclosure b) Describe management's role in assessing and managing climate-related risks and opportunities.	**Guidance for All Sectors** In describing management's role related to the assessment and management of climate-related issues, organizations should consider including the following information: – whether the organization has assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/or managing climate-related issues; – a description of the associated organizational structure(s); – processes by which management is informed about climate-related issues; and – how management (through specific positions and/or management committees) monitors climate-related issues.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Recommended Disclosure a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	**Guidance for All Sectors** Organizations should provide the following information: – a description of what they consider to be the relevant short-, medium-, and long-term horizons, taking into consideration the useful life of the organization's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms; – a description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization; and – a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization. Organizations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate. In describing climate-related issues, organizations should refer to Tables A1.1 and A1.2 (pp. 75–76).
Recommended Disclosure b) Describe the impact of climate-related risks and opportunities on the organization's businesses,	**Guidance for All Sectors** Building on recommended disclosure (a), organizations should discuss how identified climate-related issues have affected their businesses, strategy, and financial planning. Organizations should consider including the impact on their businesses, strategy, and financial planning in the following areas: – Products and services – Supply chain and/or value chain – Adaptation and mitigation activities

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

strategy, and financial planning.	– Investment in research and development – Operations (including types of operations and location of facilities) – Acquisitions or divestments – Access to capital Organizations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized. Organizations' disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time. Organizations should describe the impact of climate-related issues on their financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities).[69] If climate-related scenarios were used to inform the organization's strategy and financial planning, such scenarios should be described. Organizations that have made GHG emissions reduction commitments, operate in jurisdictions that have made such commitments, or have agreed to meet investor expectations regarding GHG emissions reductions should describe their plans for transitioning to a low-carbon economy, which could include GHG emissions targets and specific activities intended to reduce GHG emissions in their operations and value chain or to otherwise support the transition.[70] **Supplemental Guidance for Asset Owners** Asset owners should describe how climate-related risks and opportunities are factored into relevant investment strategies. This could be described from the perspective of the total fund or investment strategy or individual investment strategies for various asset classes.
Recommended Disclosure c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	**Guidance for All Sectors** Organizations should describe how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a low-carbon economy consistent with a 2°C or lower scenario and, where relevant to the organization, scenarios consistent with increased physical climate-related risks.[71] Organizations should consider discussing: – where they believe their strategies may be affected by climate-related risks and opportunities; – how their strategies might change to address such potential risks and opportunities; – the potential impact of climate-related issues on financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities);[72] and – the climate-related scenarios and associated time horizon(s) considered. Refer to Section D in the Task Force's report for information on applying scenarios to forward-looking analysis. **Supplemental Guidance for Asset Owners** Asset owners that perform scenario analysis should consider providing a discussion of how climate-related scenarios are used, such as to inform investments in specific assets.

[69] These impacts may be described in qualitative, quantitative, or a combination of both qualitative and quantitative terms. The Task Force encourages organizations to include quantitative information, where data and methodologies allow.

[70] Organizations may agree to meet investor expectations regarding GHG emissions reductions for various reasons, including concerns about access to or the cost of capital if they fail to do so.

[71] In interpreting the phrase "2°C or lower," organizations should consider aligning their scenario analysis with Article Two of the 2015 *Paris Agreement* which commits parties to "holding the increasing in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels."

[72] These impacts may be described in qualitative, quantitative, or a combination of both qualitative and quantitative terms. The Task Force encourages organizations to include quantitative information, where data and methodologies allow.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Recommended Disclosure a) Describe the organization's processes for identifying and assessing climate-related risks.	**Guidance for All Sectors** Organizations should describe their risk management processes for identifying and assessing climate-related risks. An important aspect of this description is how organizations determine the relative significance of climate-related risks in relation to other risks. Organizations should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered. Organizations should also consider disclosing the following: – processes for assessing the potential size and scope of identified climate-related risks and – definitions of risk terminology used or references to existing risk classification frameworks used. **Supplemental Guidance for Asset Owners** Asset owners should describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks to improve data availability and asset owners' ability to assess climate-related risks.
Recommended Disclosure b) Describe the organization's processes for managing climate-related risks.	**Guidance for All Sectors** Organizations should describe their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept, or control those risks. In addition, organizations should describe their processes for prioritizing climate-related risks, including how materiality determinations are made within their organizations. In describing their processes for managing climate-related risks, organizations should address the risks included in Tables A.1 and A.2 (pp. 75–76), as appropriate. **Supplemental Guidance for Asset Owners** Asset owners should describe how they consider the positioning of their total portfolio with respect to the transition to a low-carbon energy supply, production, and use. This could include explaining how asset owners actively manage their portfolios' positioning in relation to this transition.
Recommended Disclosure c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	**Guidance for All Sectors** Organizations should describe how their processes for identifying, assessing, and managing climate-related risks are integrated into their overall risk management.

WORKPLACE DIVERSITY AND FINANCIAL PERFORMANCE

Source: Extract As You Sow

In June 2023, the Supreme Court ended race-conscious admissions to colleges and universities across the U.S. (Totenberg, 2023). This ruling did not impact employers' obligation to provide a fair and equitable workplace to their employees. However, within the context of the Court's decision, questions have been raised around the necessity of corporate DEI programs. For example, in July 2023, Republican Attorneys General from 13 states sent letters to Fortune 100 companies, urging their restriction of corporate DEI policies.

Numerous studies have supported an assertion that companies do benefit from more racial, ethnic, and gender diversity. Diversity has been linked with cultivating more creative and innovative workplaces. Individuals from different backgrounds with varying expertise, lived experience, and knowledge allow companies to access a wider range of skills and consider risk differently when addressing complex challenges. Previous studies have strongly indicated workforce diversity to be beneficial for company performance (Greenfield, 2019; Hunt et al., 2018). For example, The Wall Street Journal found that the top 20 companies with the most diverse employee populations in the S&P 500 index had a higher operating profit margin and average annual total return on shares compared to the 20 least diverse companies (Holger, 2019). Yet, female, Black, Indigenous, and people of color (BIPOC) individuals are consistently underrepresented in leadership roles (Krivkovich et al., 2022).

Until recently, however, it had not been possible to conduct an empirical and statistically significant analysis of the relationship between corporate diversity and financial performance. Demographic information is collected by the U.S. Equal Employment Opportunity Commission (EEOC) through Equal Employment Opportunity Component 1 (EEO-1) data forms, which cover race/ethnicity, sex, and job categories. Historically, this has been a non-public form.

However, in April 2023, the U.S. Department of Labor (DOL) released EEO-1 forms from 2016 to 2020 as the result of a FOIA request by the Center for Investigative Reporting. Diversity research provider DiversIQ has also compiled all voluntarily published EEO-1 forms. Across the DOL and DiversIQ EEO-1 datasets, our sample comprised 4,970 EEO-1 forms from 1,641 unique companies collected between 2016 and 2022.

The Data & Methods

Our analysis focused on the EEO-1 forms available from 2016 through 2022 (n = 4,970) across 1,641 companies. From the EEO-1 forms, workforce diversity variables were identified. For each company present in the EEO-1 dataset, financial data for the appropriate year were obtained from the financial database provider Refinitiv and matched against the dataset for that year. For example, 2019 EEO-1 data were matched against 2019 financial information; a five-year performance metric for a 2019 EEO-1 form looks at the performance five years prior to 2019. Only partial financial data were available for some companies. Further details on the sample size can be found in the report's appendix.

The variables used in this analysis are included below in Table

DIVERSITY METRICS	FINANCIAL METRICS
• Asian employees, total and management[1] • Black employees, total and management • Latine employees, total and management[2] • Indigenous employees, total and management[3] • White employees, total and management • BIPOC employees, total and management[4] • Female employees, total and management • Male employees, total and management • Gap between BIPOC total and management-level employees[5] • Gap between female total and management-level employees	• Enterprise value growth rate • Income after tax • Income after tax, 3-year CAGR • Income after tax, 5-year CAGR • Profit margin, net • Total revenue, 5-year CAGR • Total revenue, 10-year CAGR • ROE, mean • ROIC • Price change, 3 years • Price change, 5 years • Price change, 10 years • Long-term growth, mean[6] • Price/earnings-to-growth (PEG ratio), forecast 12 months • Free cash flow per share, mean

1. Management included executives, senior, first, and mid-level management employees, as defined in the EEO-1 form.
2 Defined as Hispanic or Latino employees on the EEO-1 form, this category is referred to as Latine throughout the report.
3 Given the small number of employees in both the Native Hawaiian or Pacific Islander and American Indian or Alaskan Native categories, we have combined these two unique and independent categories into an Indigenous employees category.
4 BIPOC employees included Asian, Black, Latine, Indigenous, and two or more race individuals. It sits in direct contrast to the White category.
5 The gap was calculated by subtracting the proportion of BIPOC/female employees at the management level from the proportion of BIPOC/female employees at the total level.
6 Long-term growth, mean is a Refinitiv calculation that aggregates the statistical average of all broker estimates of the compound average rate of EPS growth an analyst expects over a period of 3 to 5 years.

Relationships between workforce diversity and financial performance were then assessed using ordinary least squares (OLS) linear regression. OLS regression is a statistical analysis used to assess the relationship between two variables (e.g., as the percentage of BIPOC management increases, how does the return on assets change?). OLS regression can provide information on both the direction (positive or negative) and strength of the relationship. The results of this method can be assessed for statistical significance using p-values. The p-value is used to verify hypotheses, where a smaller p-value indicates a lower likelihood of a value occurring by chance. Traditionally, $p < 0.05$ indicates a value is unlikely to occur by chance and is therefore statistically significant, which is what the following analyses use.

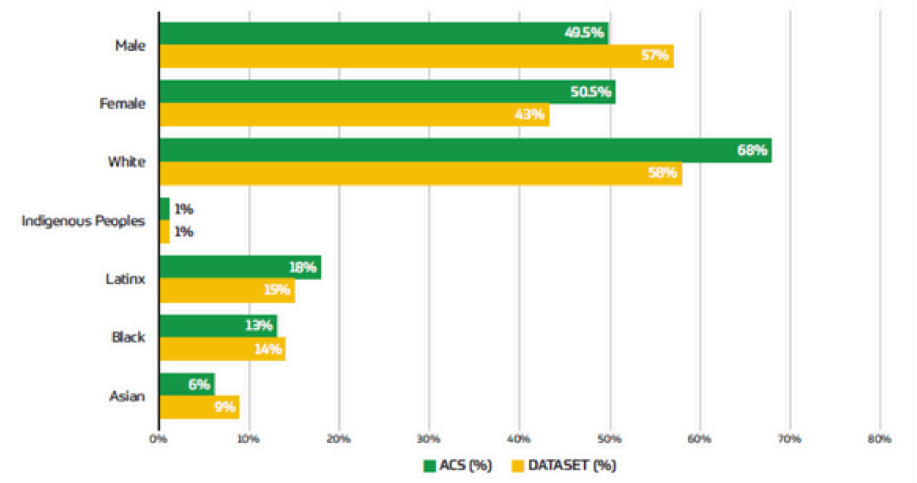
Limitations of the study should be considered as results are reviewed. Firstly, linear regression was limited to smaller sample sizes in the analysis of smaller sectors such as Real Estate, Consumer Staples, and Communication Services.

Additionally, these data spanned multiple years and a complex economic environment; changes in financial performance may also be attributed to other factors beyond workforce diversity. The longitudinal analysis attempted to control for these externalities, but aggregate results do not.

It is important to note that the EEO-1 report's gender and race definitions are also insufficient to capture the bias and discrimination that may impact a company's workplace. There are many dimensions of diversity; this report pulled from the existing data set, which captured only binary gender and government-defined and simplified categorization of people's races and ethnicities. The available research does not include a wide range of classes known to need legal protection from discrimination – such as sexual orientation, gender identity, pregnancy status, veteran status, or religion. They also do not allow for complexity within the listed definitions; for example, within the Asian category, there are significant cultural nuances and differences. Within race, within Black, there are significant differences in experience by skin tone (Peck, 2023).

Compared to general population levels obtained from the 2021 American Community Survey, Asian, Black, and male individuals are overrepresented in our dataset while White, Latine, Indigenous, two or more races, and female individuals are underrepresented (Figure 1).

FIGURE 1: COMPARISON BETWEEN STUDY DATASET AND U.S. POPULATION



Key Findings

The analysis of 1,641 U.S.-based and publicly traded companies between 2016 and 2022 strongly indicates that a diversity benefit exists and that companies are incentivized to be attentive and proactive in capturing it. The key findings of this research are as follows:

- There is a diversity benefit. Across the full data set, higher percentages of BIPOC (non-White) management are positively correlated with increases in enterprise value growth rate, free cash flow per share, income after tax, long-term growth mean, 10-year price change, mean return on equity (ROE), return on invested capital (ROIC), and 10-year total revenue compound annual growth rate (CAGR).
- All statistically significant relationships between BIPOC management and financial performance were positive in the Communication Services, Consumer Discretionary, Consumer Staples, Financials, Health Care, and Information Technology sectors.
- Companies with large market capitalizations displayed a clear and statistically significant positive relationship with diverse management. This may be because they are more willing to dedicate resources to equity and inclusion programs.
- The Energy, Materials, and Real Estate sectors scored lower than their peers across almost all criteria related to their racial justice management and strategy. These sectors also did not realize a performance benefit from increased manager diversity.
- Workforce diversity increased sharply in 2020. Brokers' projections for companies with diverse managers also shifted to be more positive during this time.
- Analysis is constrained by the lack of reporting by companies on their hiring, promotion, and retention rates.
- Investors are incentivized to advocate for corporate disclosure of quantitative data of diversity, equity, and inclusion (DEI) initiatives.

Source: Extract Nature in Green Finance Bridging the gap in environmental reporting August 2023

1

Only a small group of leading FIs currently have the top-down leadership to oversee the integration of climate and nature in financial decision-making processes.

- 91% of FIs reporting to CDP have board-level oversight of climaterelated issues, compared to 32% with oversight of forests and/or water-related issues.
- Even fewer FIs have at least one board member with competence on climate (68%) and/or nature-related issues (24%), underscoring the need to enhance board-level competence on environmental issues as a whole.
- Board-level oversight focuses significantly more on the impact that environmental risks and opportunities have on FIs' financing activities, than the impacts of their financing on the environment.
- Where climate-related management processes are in place, these mainly report directly to the board at regular intervals. In contrast, the majority of FIs that have nature-related management processes do not report directly to the board and are noticeably irregular - usually reporting "as important matters arise".

2

At present, most FIs do not have the processes in place to adequately assess the size of nature-related risks and opportunities that their portfolios are exposed to. Critically, the majority of those FIs that are beginning to assess their portfolio exposure are identifying financially material risks and opportunities.

- 85% of FIs are assessing their portfolio exposures to climaterelated risks and opportunities, compared to 20% assessing their nature-related risk exposures.
- These numbers rise to 95% assessing climate-related risks, 47% forests and 45% water security when including the number of FIs that plan to do so within the next two years.
- Whilst a subsequent 72% of FIs have identified climate-related risks in their portfolio with the potential to have a substantive financial or strategic impact on their business, 10% and 13% FIs have done so for forests and water security – meaning that over half of those that are assessing their portfolio exposures are identifying material risks.

FIs disclosed finding climate and nature-related opportunities aggregating up to

US$5.35 trillion

A rising tide of FIs are identifying greater climate and nature-related opportunities than risks – signaling that the momentum behind green financing solutions could be a vital catalyst for FIs to take nature seriously.

- Across climate change, forests, and water security, more FIs have identified more financially substantive opportunities than risks.
- FIs estimate on average that the potential upside from opportunities is 4.5x greater than the potential downside stemming from risks they face from climate change, forests, and water, with FIs disclosing that they find opportunities aggregating up to US$5.35 trillion in value, compared to reported risks totalling up to US$1.20 trillion.

- Over 50% of the identified financial opportunities related to forests and water are directly tied to the development of financing products and solutions that support sustainable forest risk commodity supply chains, water security, or resilience. Examples include the facilitation of green and sustainability-linked bonds and loans, and building resilience through innovative and tailored insurance products.

These initial evaluations underestimate the scale of nature-related risks, especially when compared with the scale of risks recognized by real economy companies. However, this acknowledgment of the financial materiality of nature by leading FIs represents a positive first step in the industry, indicating a desire for tools, guidance, and consensus on assessing the nature-related risks and opportunities they face

3

53%

of banks are starting to include climate-related covenants in financing agreements.

23%

have started including forest-related covenants, and

21%

have some covenants related to water security.

Climate change now has an influence on business strategies or financial planning of nearly all FIs (95%), and an increasing minority of FIs' strategies are also influenced by broader nature-related risks and opportunities (26% and 28% for forests and water security respectively).

- Furthermore, most FIs are capitalizing on opportunities to provide products and services that enable their clients to mitigate climate change (81%). In contrast, only 23% and 26% do so for forests and water security, highlighting an untapped opportunity to support businesses to halt and reverse nature loss.

Many FIs undertake climate-related scenario analysis to effectively assess the financial impacts of climate change on risks and returns. Despite the comparative lack of mainstream guidance to include nature in scenarios analysis, some leading FIs are already expanding their climate-related scenario analysis by incorporating forest and water-related factors.

- 65% of FIs conducted climate-related scenario analysis in 2022, up from 57% in 2020, whilst 7% and 10% did so for forests and water security in 2022 respectively. Most of these nature-related scenario analyses are being conducted as part of climate-related scenario analysis, indicating that FIs are taking an integrated approach. This is promising, as market leaders are aligned with the TNFD's goal to work towards using scenarios that fully integrate considerations of climate and nature

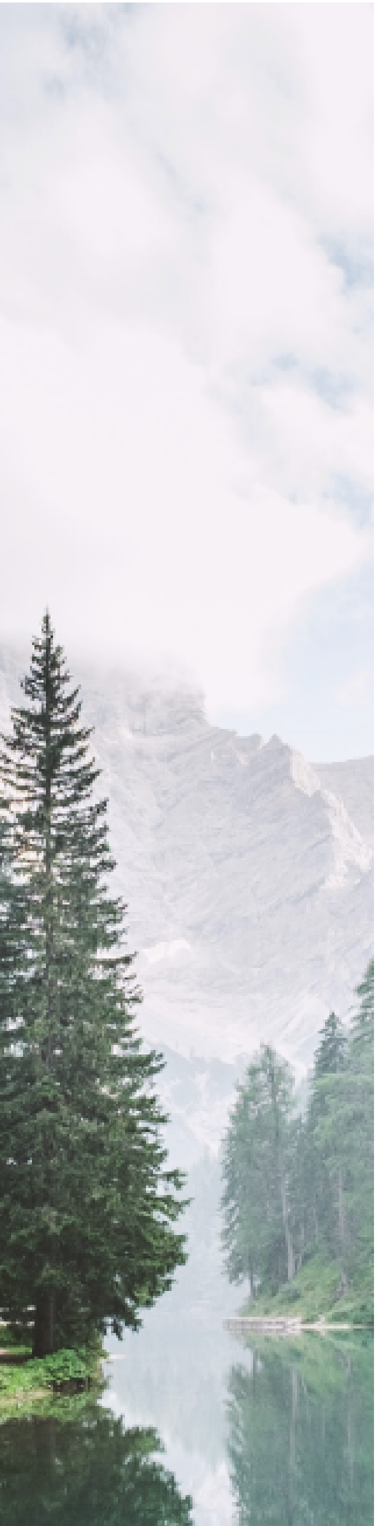
Nature-related financing policies and engagement strategies are yet to be established and comprehensively implemented.

- For climate change, 59% of FIs have a policy framework which includes climate-related requirements that their clients/investees need to meet. For forests and water security, this drops to 26% and 19% respectively, or 46% and 40% when including FIs that intend to introduce a relevant policy framework within the next two years.
- A growing number of banks (53%) are starting to include climate-related covenants in some of their financing agreements. An emerging 23% of banks have started including forest-related covenants and 21% have some covenants related to water security. The majority of their associated credit and lending policies are focused on the direct operations of their clients.

4

Disclosure of climate-related portfolio impact metrics has become increasingly mainstream, in part driven by clear guidance from the Partnership for Carbon Accounting Financials (PCAF).

- 66% of FIs measured their portfolio impacts in 2022, up from 51% in 2020. Similarly, 219 FIs (39%) disclosed a figure for their absolute financed emissions in 2022, up from 84 FIs (25%) in 2020.
- 79% of FIs that are disclosing financed emissions through CDP (173 of 219 FIs) referenced PCAF and/or PCAF's Global GHG Accounting and Reporting Standard for the Financial Industry as their chosen methodology for calculating financed emissions.



Disclosure of nature-related portfolio impact metrics for FIs remains nascent in the absence of clear guidance on tools and methodologies to use. 10% of FIs currently measure their portfolio impact for forests and water security and, encouragingly, an additional 30% plan to do so within the next two years.

- Presently, most FIs are reporting dependency and risk-based portfolio exposure metrics on nature instead of portfolio impact metrics. Planned developments by the Partnership for Biodiversity Accounting Financials (PBAF) and guidance from the TNFD will be critical to support FIs to report their portfolio impacts on nature.
- Some leading FIs are using bespoke methodologies – for example, calculating their financed water withdrawal footprints or assessing the total land under sustainable management. In other instances, regulation is driving the calculation of water and biodiversity related impacts, such as the EU SFDR regulation to disclose against relevant Principle Adverse Impact indicators.

Financed emissions – those associated with FIs' investments and lending activities – are 750x larger than reported operational emissions on average, underscoring the need for FIs to prioritize driving real-economy emissions reductions across their portfolios. This figure varies significantly across regions, from 250x in Europe, to 270x in the Asia-Pacific region, to 11,000x in North America.

- The quality of financed emissions reporting is still in its infancy – key sectors and asset classes are often excluded from calculations, and the methodological assumptions and underlying data quality are seldom disclosed.

Setting meaningful targets remains a serious hurdle for many FIs. Only 29% (159 FIs) have set portfolio targets for climate change. The remaining majority focus solely on reducing their operational emissions (46%, 258 FIs). Only 11% (59 FIs) of those setting portfolio climate targets are committed to or have secured validation from the Science-based Targets Initiative (SBTi).

- Science-based targets for nature have launched for corporates. FIs should encourage portfolio companies to work towards setting Nature SBTs.
- To further enable the disclosure of their environmental targets beyond climate change, CDP has introduced a question in 2023 allowing FIs to disclose targets for deforestation-free and/or water-secure financing.

INTERVIEW
WHY WE NEED TO FOCUS ON BIODIVERSITY

Source: IMPACT REPORT, Biodiversity Funds at a Glance, Phenix Capital Group (April 2024)

Dirk Meuleman
CEO
Phenix Capital Group

Ahead of International Day for Biodiversity on 22 May, Niki Natarajan, Head of Research, sat down with Chief Executive Officer, Dirk Meuleman, to explore biodiversity, and why it needs to be the core focus with respect to the Sustainable Development Goals (SDGs) over the next decade.

Dirk Meuleman is CEO at Phenix Capital Group. Phenix Capital Group is an Amsterdam-based investment consultant that catalyses institutional capital for the SDGs through their advisory work and marketing and intelligence tools.

Prior to Phenix Capital, Dirk was a portfolio manager of private equity and infrastructure at Shell and MN pension fund, which is the third largest Dutch pension fund. Together with this extensive experience as an institutional investor, Dirk has sat on the advisory board of over 20 private equity funds.

Dirk is Dutch and holds degrees in International Business Administration, Entrepreneurship and Public Administration from Erasmus University in Rotterdam.

Dirk is a CFA and CAIA Charter holder.

Why do you believe biodiversity needs to have centre stage for the next decade?

Quite simply, biodiversity is in crisis. There has been a nearly 70% decline in wildlife populations in just 50 years. That is just one fraction of the biodiversity destruction that is happening on the planet right now, and the pace is accelerating at an alarming rate.

Five years ago, the PBES Global Assessment Report suggested that one million species were threatened with extinction. The report highlighted the five drivers: climate change, pollution, destruction of habitats, invasive alien species, and over exploitation of the natural environment.

All five drivers are primarily the result of human activity. From a macro perspective, we seem to have forgotten that the biosphere, the worldwide sum of all ecosystems on the earth, is to all intents and purposes a closed system that provides all living organisms, with food, water and gases to exist.

Unless we find a way to return to a more sustainable, regenerative and circular way of living, we are heading to the sixth mass extinction, only this time, it is our unsustainable use of land, water and energy, and climate change that will drive it.

Is it too late, or can something be done to reverse the impacts?

The first two things that need to change if we want to stand a chance of reversing the impacts, are timeframe and mindset. I personally believe part of the problem is the fact that, like climate change was, say 30 years ago, mass extinction is too big a concept for the human mind, and, unlikely in our generation.

So despite being largely culpable for the current collapse in biological diversity, we don’t seem to have a sense of urgency to address the issues that are driving species to dying off 1,000 times more quickly today. In fact, even the annual WEF Global Risk Report ranked biodiversity loss as the third most severe threat humanity would face in the next 10 years, throwing the problem into the long grass.

Along with giving our actions a sense of urgency, we also need to remember how interconnected we are to the natural environment. Like climate change, as a race we seem to need to feel and see the effect before we believe the theory. Biodiversity needs to come out of the shadows and into our everyday life.

Perhaps the best way to illustrate this is to think about biodiversity from the SDG impact investing framework. Biodiversity, the living organism subset of the planet's natural capital, is so interconnected that it is integral to achieving practically all of the SDGs. Yet right now, biodiversity is technically only covered as a subset of Life on Land (SDG15).

This is despite both the land and the providing homes to huge ecosystems that are sources of: food and achieving Zero Hunger (SDG2); freshwater (SDG6); medicines and so linked to Good Health & Wellbeing (SDG3); building materials for both Industry, Innovation and Infrastructure (SDG9); as well as Sustainable Cities & Communities (SDG11), just to name a few. As mentioned in this report, more than 55% of the world's gross domestic product is highly or moderately dependent on nature.

Some 1.6 billion people are dependent on forests for their timber, food, fuel, jobs and shelter, while the ocean provides livelihoods to billions, ticking the Decent Work & Economic Growth goal (SDG8).

In his book, Impact – Reshaping Capitalism to Drive Real Change, Sir Ronald Cohen shows us that a solution is within our grasp. He calls it the Impact Revolution, a concept that has been driving us here at Phenix Capital. The key is to shift away from just focusing on profits and risk-return to incorporating, and more importantly measuring, impact investment.

What are the next steps on an international scale?

To move from a what can nature give us for "free" notion, we all need to start valuing ecosystem services like we value economic output. There is progress. Taking Sir Ronald's ideas a step further, we need to shift from a GDP focus to a more 'gross environment product' (GEP) measurement.

Right now, the GEP index is just a concept designed as an ecological growth measure and evaluate ecological development caused by human interventions. It is founded on four essential pillars: air, water, soil, and forest, and designed to run parallel to GDP.

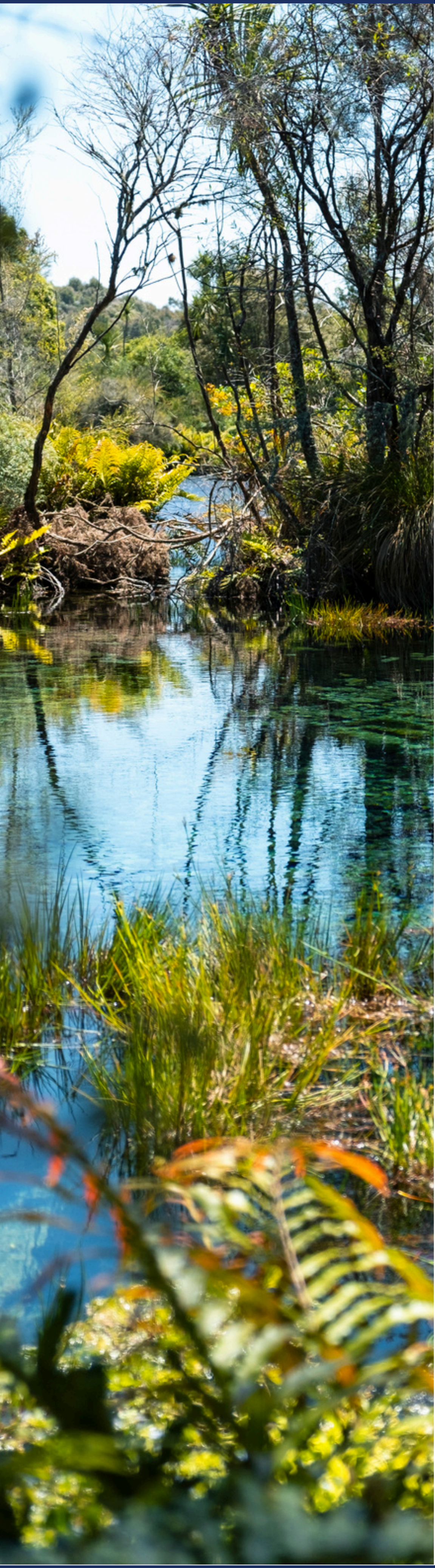
The journey to account for nature started in 2021, when the United Nations adopted a framework to go beyond GDP to make sure that natural capital is recognised in economic decision-making and reporting.

Perhaps in a more concrete way, now we have the BBNJ Treaty, the Biodiversity Plan and, most recently, some 320 firms committing to making nature-related disclosures, we have a structure.

What can investors do now to invest in the preservation of nature?

Three years ago, the UN Environment Programme published a report, State of Finance for Nature, stating a total investment in nature of over $8 trillion is required between now and 2050 (with annual investments reaching hundreds of billions annually by 2050) to successfully tackle the interlinked climate, biodiversity, and land degradation crises.

If biodiversity were a standalone SDG some of this financing would already be moving towards nature specifically. The low take-up for investing Life Below Water (SDG14)— that we address in our next month's report— proves right now that nature is not seen as a priority in its own right. As such, while there are various investment options out there, asset managers are more likely to be focusing on, for example, timber and forestry, as it is both an asset and a carbon credit.



Right now, the majority of the financing and innovation comes from the public sector. According to the UNEP report, private finance only accounted for less than 15%, including capital mobilised through sustainable agricultural and forestry supply chains, private equity investments, biodiversity offsets financed by private sectors, philanthropic capital, private finance leveraged by multilateral organisations and forest and other land use-related carbon markets.

Given there is no specific biodiversity SDG, what themes should investors seek out?

I believe that part of the problem is lack of clear definition of the types of strategies and themes that constitute financial-first biodiversity investments. I think investors need to know "saving the planet" does not need to be just about philanthropy and as such someone else's problem.

Now it is up to investors and asset managers to push for more investment opportunities to seek to make a positive impact. While there are currently opportunities in the listed sector, I strongly believe that it's possible to invest to protect biodiversity while earning a financial return in private markets, particularly private equity is the way to do this. The Phenix Impact Database only focuses on financial first impact funds across all of the SDGs.– As this report shows, right now innovation, and with it the potential for returns AND impact, is still in the private markets and real asset space. The challenge is that those type of investments are difficult to source and difficult to access, not to mention they require a lot of due diligence prior to investment.

Thematically the options are many and varied and the focus needs to be on sustainable and regenerative practices in farming, aquaculture and forestry. For manufacturing, circular economy businesses need to be the norm. Plastic and waste recycling is become a common theme in fashion. Looking at the global risks can give a lens towards opportunities, for example food security is leading innovation in alternative sources of protein.

Last year was a big year for putting biodiversity in the headlines, but we don't have time to waste. It might cost more than a trillion to safeguard biodiversity, but the ultimate cost of inaction could be extinction. The good news is as this year's biodiversity report shows, the number of financial first impact funds in the space are growing in response to investor demand for biodiversity return-driven investment solutions. Now all we need to do is up the ante.

DOWNLOAD THE FULL REPORT >>

BIODIVERSITY FUNDS AT A GLANCE

Source: IMPACT REPORT, Biodiversity Funds at a Glance, Phenix Capital Group (April 2024)

Biodiversity, the living component of natural capital, is the lifeforce of the planet, and yet its demise is closer than we think. According to the World Economic Forum's *2024 Global Risks Report*, biodiversity loss and ecosystem collapse is the third top 10 problem in a decade's time and right now one million species are on the brink of extinction.

If you look at the Sustainable Development Goals (SDGs), biodiversity is included as a subgoal of Life on Land (SDG15) but its survival, not explicitly included within Life Below Water (SDG14) even though it is a significant component of it, is conditional on achieving Climate Action (SDG13).

Put into an economic context, despite the fact that more than 55% of the world's $58 trillion in gross domestic product (GDP) is highly or moderately dependent on nature, the United Nations only adopted a framework to go beyond GDP to make sure that natural capital is recognised in economic decision-making and reporting in 2021.

Right now, some $7 trillion is invested globally each year in activities that have a direct ***negative impact*** on nature from both public and private sector sources, equivalent to roughly 7% of global GDP, according to the UN Environment Programme (UNEP) *State of Finance for Nature report*.

The UNEP report finds that in 2022, investments in nature-based solutions totalled approximately $200 billion, but private nature-negative finance flows amount to $5 trillion annually, 140 times larger than the $35 billion of private investments in nature-based solutions.

Key to driving investments into biodiversity will be to focus on its interconnectedness to nearly all the SDGs, primarily Climate Action (SDG13), and focusing in investments in regenerative, sustainable and circular practices.

Last year's *Biodiversity Report 2023*, covered the Biodiversity of Areas Beyond National Jurisdiction Treaty, and Kunming-Montreal Global Biodiversity Framework. The latter may not be legally binding but it is the first-time a target of $200 billion of annual biodiversity funding by 2030 has been agreed.

Since then, progress has been made with 320 organisations from more than 46 countries representing $4 trillion in market capitalisation, committing to making nature-related disclosure, based on the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations published in September 2023.

Today, according to BloombergNEF's *Biodiversity Finance Factbook*, financing explicitly to protect and restore the planet's more fragile natural resources currently amounts to $166 billion per year, less than one-sixth of the annual investment in the energy transition.

This will need to jump to almost $1 trillion by 2030 to sustainably manage biodiversity and maintain the integrity of ecosystems. Global GDP could be $2.7 trillion a year lower than projected levels by 2030 due to biodiversity loss.

Key Takeaways:

- **234% growth in funds focusing on biodiversity since 2015**
- **21% of all impact funds in database open for biodiversity investing**
- **40.4% of impact funds in database have a biodiversity focus**
- **75% of all North American real asset funds focus on timber/forestry**
- **SDG2 is the investor preference for biodiversity-focused funds**

FULL REPORT >>

BIODIVERSITY FUNDS

OVERVIEW

Data as of: April 2024
Impact Funds Database

1080
Funds on Impact Database targeting biodiversity related themes

566
Fund Managers on Impact Database with biodiversity related themes

567
Open for investment funds

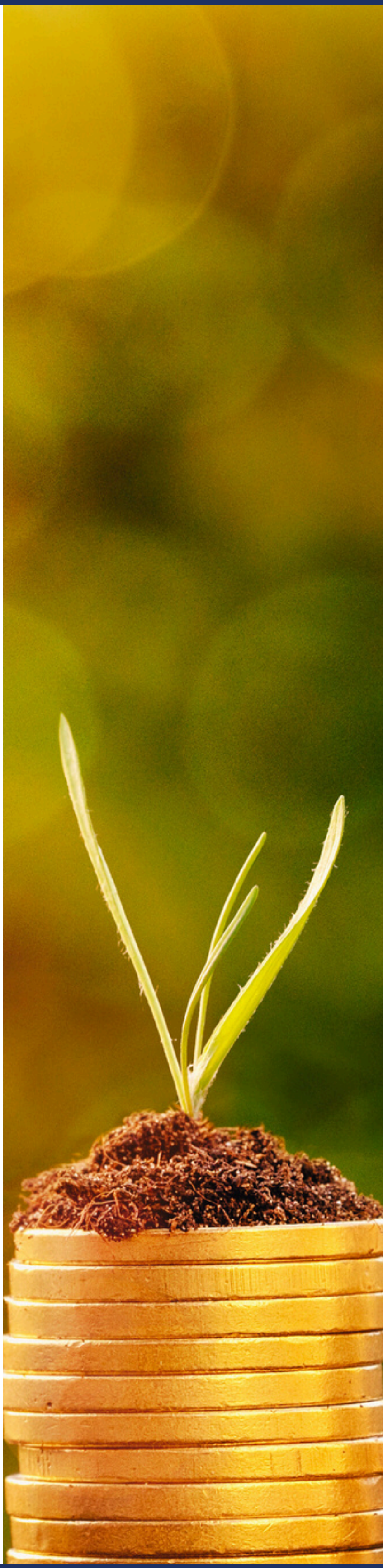
406
Organisations with open for investment funds

€223 bn
Total capital raised towards biodiversity related themes

€129 bn
Total target size of open for investment funds

WHAT IS SYSTEM-LEVEL INVESTING?

Source: Principles for Responsible Investment Article



Defining system-level investing

System-level investing explicitly focuses on how relationships within and between systems – financial, economic, environmental, social and political – impact investment risks and returns. By adopting this approach, investors centre the belief that portfolios are more strongly influenced by systemic and systematic factors and externalities versus risk and return to each individual investee – an idea raised by Jon Lukomnik and James P Hawley in their seminal 2021 publication, Moving Beyond Modern Portfolio Theory: Investing That Matters.

The key terms used in system-level investing are:

- System-level risks are non-diversifiable risks. They include:
  a. Systematic risk: transmitted through financial markets and economies and that cannot be mitigated through diversification. Also referred to as 'market risk' (e.g., inflation, recession).
  b. Systemic risk: leads to a cascading set of consequences resulting in the destabilisation and eventual collapse of a system (e.g., the collapse of the financial system due to destabilised asset prices, or the collapse of planetary living systems due to a rise in GHG emissions).
- System-level influence or systemic impacts can affect entire systems or individual entities, interconnected relationships, structures and mechanisms.
- Causal relationships or feedback loops refer to cyclical processes where outputs from one system or one part of a system feed into and influence the behaviour of the overall system. Feedback loops can be positive (reinforcing the phenomena) or negative (weakening or diluting the strength of the phenomena).[1]

System-level investing: an evolution of ESG and Modern Portfolio Theory

System-level investing can be seen as an evolution of traditional ESG integration.

Conventionally, ESG integration has often focused on managing risk and opportunities at the level of individual assets and investees to optimise risk-adjusted returns. However, in the roughly two decades since its inception, proponents of ESG integration have been challenged to better explain how investee or portfolio-level ESG performance amounts to improvements in the economy or system upon which returns rely.

System-level investing tools and models seek to respond to this challenge by considering those causal relationships or feedback loops through which negative externalities are mitigated and positive externalities are reinforced.

This approach also addresses the insufficiency of Modern Portfolio Theory by explaining the relationship between investment decision-making and system-level risks and considering the time horizons across which the effects of such risks are realised. System-level investors recognise investee or portfolio-level risks (traditionally 'alpha' factors) as intricately linked to systemic risks or 'market risks', (traditionally 'beta' factors), and seek to tailor their investment and stewardship strategies alongside appropriate time horizons.

Approaches to system-level investing

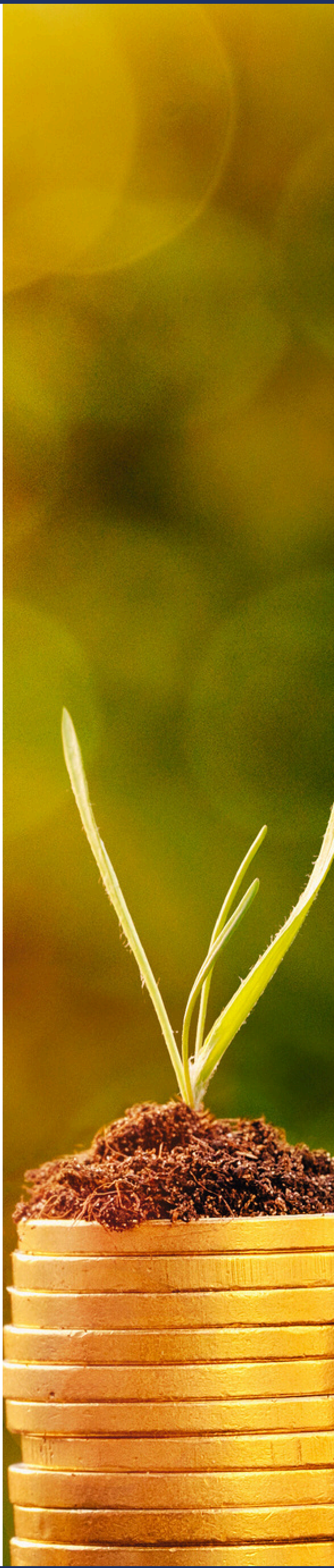
There are a variety of ways that investors choose to integrate system-level thinking. Two of the most common ways are:

- System-level investment practices: Whereby investors develop and apply investment models and strategies that merge traditional analysis of investee or portfolio-level risk with analysis of impacts of systemic and systematic risks. For example:
    a. The Investment Integration Project's System Aware Investing Launchpad provides investors with tools to implement a system-level approach in areas such as asset allocation and manager selection.
    b. The Predistribution Initiative (PDI) and The Responsible Asset Allocator Initiative (RAAI) conduct programming for asset owners and allocators to adjust their financial benchmarking practices for system-level investing.
    c. The Institute of Energy Economics and Financial Analysis developed a test case for a 'systemically adjusted' investment model that aims to empirically value assets in the context of systemic risks with Norway's sovereign wealth fund.
- System stewardship: Focuses on interconnections in the investment ecosystem and prioritises activities that can achieve system-level impacts, including engagement and voting practices.
- For example, the Investor Action on Anti-Microbial Resistance initiative, which aims to combat the spread of drug-resistant superbugs, mobilised investors including Amundi, Legal & General Investment Management, Australian Super and HESTA to file shareholder resolutions on the issue of antibiotic use in the supply chain of multinational companies.

Key organisations and initiatives

There are a diverse and growing set of system-level investing and related initiatives, models, and training platforms that some PRI signatories are independently or collaboratively involved in. Aside from those mentioned above, we also note the pertinent work of The Shareholder Commons, The Thinking Ahead Institute, Transformation Capital and The School of System Change in Finance, run jointly by Aviva Investors, Forum for the Future and School for System Change.

Groups such as Impact Management Platform, Impact Frontiers, the Global Impact Investing Network, and the Sustainable Investing Research Initiative (Columbia University) also support investors to develop tools and practices to address the challenges of systems-level risks.



System-level investing at the PRI

We advance the development of system-level investing approaches through several programmes as noted in the table below.

Thought leadership and guidance	Active Ownership 2.0: Our flagship stewardship framework supports investors who seek real-world outcomes, prioritise systemic sustainability issues, and use collaboration as an integral tool to overcome the collective action problem.
Initiatives	Advance is a PRI-led collaborative initiative where institutional investors aim to protect and enhance risk-adjusted returns by advancing progress on human rights through investor stewardship. The initiative recognises that investee companies protecting human rights is related to securing the societal infrastructure upon which the global economy relies.
	Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take appropriate action on climate change to mitigate financial risk and to maximise the long-term value of assets.
	Spring is a PRI-led collaboration focused on the systemic risk of biodiversity loss to societies and long-term portfolio value creation by engaging with companies on practices related to forest loss and land degradation.
Policy	The Legal Framework for Impact (LFI) report offers an analysis of legal jurisdictions around the world and the extent to which they support investors' efforts in pursuing sustainability impact goals where they would contribute to their financial objectives. Specifically, system-level investing aligns with the definition of 'instrumental IFSI', whereby achieving the relevant sustainability impact goal is instrumental in realising the investor's financial return objective.
	The next update to the PRI Sustainable Finance Policy Toolkit will include guidance for financial authorities on implementing policies and regulations for addressing exposure to sustainability-related risks, tackling drivers of sustainability-related risks, and supporting the economy-wide transition.
Frameworks	The Progression Pathways framework currently in development at the PRI delineates between different approaches to responsible investment. Pathway B closely aligns with (and will seek to draw from) many of the approaches summarised above, focusing on mitigating risks and achieving systems-level outcomes. This is contrasted with traditional ESG incorporation (Pathway A), and investors pursuing impact goals (which may or may not be systems-oriented) (Pathway C).

CAN FOUNDATION ENDOWMENTS ACHIEVE GREATER IMPACT?

Source: Extract - Bridgespan Social Impact with contributions from Capricorn Investment Group, February 2024.

Key Survey Findings

Overview

To generate a benchmark metric of endowment impact, Bridgespan Social Impact, Capricorn Investment Group, and Skoll Foundation conducted a survey across primarily U.S.-based foundations to quantifiably[1] estimate the extent to which foundations' investable assets (i.e., endowments) are allocated to impact investments . The sample set includes foundations with:

Sample Set

Endowment Size

Endowments ranging from $11 million to $16 billion, with 75% under $1 billion[2]

Foundation Type

61% private and 31% public foundations[3]

Focus Areas

A focus on a variety of issue areas including arts and culture, climate and environment, education, and more

Our analysis of these foundations revealed the following key takeaways:

The median foundation allocates just 5%[4] of its investable assets to impact investments.

Given the vast majority of survey respondents identify as being actively involved in the impact investing space (92% of survey respondents are members of the Global Impact Investing Network (GIIN), Mission Investors Exchange (MIE), and/or the U.S. Impact Investing Alliance Presidents' Council), this highlights the persistently untapped opportunity for foundations to leverage impact investing as a tool to address society's most pressing issues.

The average allocation to impact investments as a percentage of their overall endowments is about 27%.

This is primarily due to a subset of foundations (with endowments ranging from $11 million to $900 million) that invest more than half of their assets into these investments.[5] These foundations prove that sizable allocations to impact investments are achievable.

Larger endowments (greater than $1 billion) consistently exhibit low degrees of impact alignment.

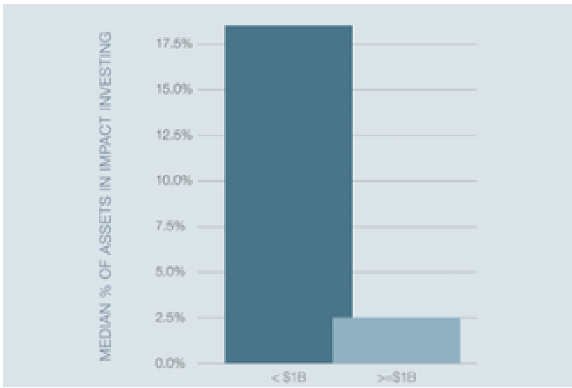
With very few exceptions (for responding foundations with total net assets at or greater than $1 billion, the mean percentage of net assets in non-PRI impact investments is 7.1% and median is 2.6%).

Among foundations leveraging impact investments, only 11% report investing in issue areas beyond their core mission focus, potentially overlooking opportunities to create impact more broadly.

This is primarily due to a subset of foundations (with endowments ranging from $11 million to $900 million) that invest more than half of their assets into these investments. These foundations prove that sizable allocations to impact investments are achievable.

> **We need to shout this data from every rooftop. Five percent of assets is astoundingly low, and this needs to be a call to action for every foundation that is serious about fulfilling its mission.**
>
> DANA LANZA
> Co-Founder and CEO | Confluence Philanthropy

Impact Investing Allocation by Foundation Size: Median Percentages



Examining the disconnect between philanthropy's goals and portfolios

Foundations established to support philanthropic causes are expected to leverage their wealth for the betterment of the planet and its people. However, we must ask:

1 This does not include Program Related Investments (PRIs), which count against the 5% annual disbursement minimum for foundations given that financial return/capital preservation is not a primary goal of PRI investments

2 Foundations' endowment range across the following categories: below $25 million (11%), $25 million to $50 million (8%), $50 million to $100 million (11%),$100 million to $1 billion (46%), and above $1 billion (25%)

3 The remaining 8% include a mixture of anonymized responses, 501c4s, and international foundations

4 This figure was calculated by identifying the amount of foundations' endowments, or investable/net assets, allocated to impact investments that fall outside of PRI requirements (survey responses as of January 2024)

5 15 foundations self-reported that impact investments are a majority (50% or more) of their total endowments. These include Lora & Martin Kelley Family Foundation,

Are foundations truly doing enough to maximize their potential?

Typically, foundations allocate only about 5% of their assets annually — the minimum needed to maintain tax-exempt status — to support various causes via grantmaking. The majority of the remaining 95% is tied up in traditional investments, chasing the highest possible risk-adjusted financial returns without much consideration for societal impact. It is time to break free from this conventional approach and treat investment portfolios as effective instruments for driving societal change.

Why wait to distribute resources far into the future when there are numerous urgent issues facing the planet and communities today? By aligning their investment portfolios with impact, foundations can make a significant and immediate difference.

We understand that some foundations may be hesitant to fully embrace impact-aligned investing. Let us break down the barriers that stand in their way.

Persistent barriers to impact

Past research by Bridgespan[6] and other field builders like the Builders Initiative and Social Finance[7] has elevated a range of barriers that prevent foundations from making this important shift to impact investing. These barriers continue to persist, as high-lighted by recent Bridgespan interviews with a set of foundations.

• **Beginner's dilemma:** Despite having the intention and policy to do so, foundations are often deterred from impact investments due to how onerous the entire process feels (i.e., building impact management systems, developing investment pipelines, etc.). In some cases, investment advisors to these foundations may not have a strong impact orientation or capacity to support foundations' evolving investment needs, making impact investing even tougher to explore. Large foundations perceive impact investing as a niche with smaller fund sizes, resulting in allocations falling below their ideal minimum for individual investments.

• **Capacity limitations:** Many foundation teams feel over-stretched as it is, which serves as a barrier as they consider adding impact investing capabilities. This is especially the case for smaller foundations with smaller teams, including those with a focus on hyperspecific issue areas.

• **Making sense of an increasingly noisy land-scape:** The growth of the impact investing industry is a positive development in that it offers more investment products for foundations to consider. However, those managing endowments also feel this market growth creates more "noise" for them to sort through. At times, the increased number and types of service offerings being pitched to them adds to this noise. In the absence of feeling like they have a solid grasp on what is out there and what is likely to be truly impactful, foundations are sometimes choosing to just maintain their status quo of finance-first investments, as well as their existing (and also finance-first oriented) service providers.

• **Concerns about financial performance:** One of the biggest sources of hesitation is the worry that impact investing will compromise financial performance. Foundation leaders often believe endowments are solely meant to maximize financial returns, and that making impact investments may lead to concessionary returns. However, as demonstrated by various foundations that have successfully allocated substantial portions of their portfolios to impact investing, it is feasible to design portfolios to achieve dual objectives of financial returns and impact alignment.

6 Beyond the Grant: Foundations as Impact Investors, The Bridgespan Group, 2020
7 Breaking Barriers: A Practical Guide to Unlocking Foundation Endowments for Mission and Returns, Builders Initiative and Social Finance, 2023 Annual

THE ENDOWMENT IMPACT BENCHMARK
2023 PILOT RESULTS

Source: Intentional Endowment Network Report

Overview

In 2023, the Intentional Endowments Network (IEN) initiated a pilot to test a new assessment, rating, and benchmarking framework that enables endowments to earn recognition for their commitment to sustainable and impact investing - the Endowment Impact Benchmark (EIB).

The pilot was immensely successful. Participating endowments expressed that they found the verification process effective and the resulting feedback and recommendations to be valuable.

IEN has 15 spots available for endowments and foundations to participate in the second EIB cohort in 2024.

Pilot Participants

Five leading endowments representing public and private colleges and universities, with assets under management ranging from $50 million to over $20 billion, showcased their pioneering institutional leadership by piloting this new instrument:

- Arizona State University Foundation
- California State University Foundation
- Lewis & Clark College
- University of California
- University of Toronto

The Framework

We ultimately designed the assessment framework as a questionnaire organized around four key pillars:

Strategy

The scope of an endowment's social and/or environmental objectives, including its approach to establishing these objectives.

Management

The robustness of an endowment's policies and practices for integrating its strategic social and/or environmental objectives into its investment processes.

Governance

The level of oversight, resourcing, and training an endowment has in place in relation to its social and/or environmental objectives.

Transparency

The scope of an endowment's disclosures with respect to its policies and performance related to its social and/or environmental objectives.

The framework is structured to facilitate data collection on an endowment's practices for each of the pillars. It is designed to be independently completed by endowments (with their investment consultant or OCIO, if applicable), with answers verified by BlueMark after a review of specific documentation and evidence provided by the endowment.

It consists of:

32
Scored Questions

21
Data- Only Questions

Pilot Participation Ratings

The final result includes the endowment being awarded a rating of Participant, Bronze, Silver, Gold, or Platinum following BlueMark's verification and scoring of the answers provided

INNOVATION UNLEASHED

THE RISE OF TOTAL PORTFOLIO APPROACH

JOHN L. BOWMAN, CFA PRESIDENT, CAIA ASSOCIATION

In 1806, American Frederic Tudor famously sailed to the French Antilles to sell ice to the Martinique islanders. Having experienced refreshing cold drinks and ice cream during New England summers, he envisioned bringing Long Island Ice Teas and Cookies and Cream decadence to the much more sweltering Caribbean climate.

However, despite the seemingly sound business model, it was a colossal failure. The Martinicans, having never experienced cold drinks or treats before, couldn't grasp the benefit of ice. Their only frame of reference was warm beverages. Further, Tudor underestimated the system-switching costs of such a radical change. Questions arose about where and how the ice would be stored. How would the ice survive transit? Where would they source and manage other ingredients? The infrastructure and mindset of a transition of this magnitude quickly destroyed the enthusiasm of the young entrepreneur. Tudor missed the brilliance taught in the iconic parable; a fish doesn't know they're in water

> *We believe Total Portfolio Approach deserves the mobilising oxygen that CAIA's global convening power can provide to a transformative topic*

This system inertia is particularly strong in the investment industry. Since the introduction of Modern Portfolio Theory (MPT) in the early 1950s by the legendary Harry Markowitz, we have been sturdily anchored to this philosophy when constructing portfolios. MPT's most tangible heir, strategic asset allocation (SAA), and all its apparatus—mean-variance optimisation, efficient frontier, benchmarking, not to mention organisational charts, compensation structures, academic course work, the consulting industry, and performance reporting have perpetuated this worldview. Asset class taxonomy is the water we swim in.

There certainly have been advances in asset allocation models over the past 70 years. The endowment model was introduced by a Ford Foundation grant to Commonfund in 1971 and ushered into full maturity by David Swensen at Yale. With a strong emphasis on alternatives and illiquid assets to exploit their perpetual time horizon, this model significantly expanded our understanding of diversification benefits. The mainstream acceptance of the endowment model has played a major influence on alternatives representing 15% of the global investable universe, as is outlined in the next section. This model also typically employs a sophisticated investment committee and a reliance on long-standing, outsourced managers. The Canadian Model, birthed through the creation of the Ontario Teachers' Pension Plan in 1990 and now embodied by the Maple 8, further optimised healthy governance and culture by fostering more autonomous asset management firms with insourced, competitively paid talent.

But while these innovations resulted in important progress, their underlying DNA remained tethered to traditional asset class buckets.

In recent years, however, an enterprising handful of large institutional asset owners in New Zealand, Canada, Australia, and Singapore have begun challenging the common wisdom of an SAA approach given some of its inherent weaknesses. These include a tendency to breed silo behaviour, unhealthy competition for resources and attention, unrecognised duplication or disjointed risk exposure across the portfolio, and difficulty in managing the capital pool holistically around a view of the future. Recognising these challenges, a new approach has emerged. While it takes on different lexicon and descriptions in certain environments, we refer to it as Total Portfolio Approach (TPA). Geoffrey Rubin, Senior Managing Director and CPP Investments' One Fund Strategist and contributing author aptly defines TPA this way, "One unified means of assessing risk and return of the whole portfolio."

For over two decades, CAIA Association's ethos has been to press the industry forward; to build awareness and transparency for formative strategies, modern capital allocation techniques, and evolving trends while remaining vigilant in protecting the interests of the investor. As such, we believe Total Portfolio Approach deserves the mobilising oxygen that CAIA's global convening power can provide to a transformative topic

After a worldwide listening tour and extensive research, we've assembled four industry leaders pioneering this next realm of portfolio construction to help us tell this story:

1. Future Fund, Australia's sovereign wealth fund

2. CPP Investments, Canada's largest pension fund

3. New Zealand Superannuation Fund, NZ's sovereign pension fund

4. GIC, Singapore's sovereign wealth fund

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It's critical to state that TPA is not a monolithic methodology that can be applied off the shelf. Rather, it has both hard and soft elements that create a spectrum of process variations. Charles Hyde, Head of Asset Allocation, NZ Super described it as more of a "state of mind" than a policy or process. Jayne Bok, Head of Investments, Asia of WTW reminds us that "TPA is not a specific model with a singular destination, but rather a range of approaches that can be tailored to the unique needs of different asset owners, regardless of their size or complexity." Thus, there is no uniform checklist nor is this paper meant to represent an instruction booklet to assemble TPA at your organisation. Instead, we've asked each of these thought leaders to explore one of four dimensions of TPA: Governance, Factor Lens, Competition for Capital, and Culture. We conclude with WTW, a forerunner in the TPA movement, to provide a practical blueprint for those considering a transition to TPA and perhaps seeking a starting point for implementation.

Ben Samild, newly named Chief Investment Officer of Future Fund, begins where all change must commence: Governance. A healthy partnership with, and structure amongst the board, Samild argues is themeans to embed what he calls the 'Joined-up Portfolio Approach.' Because boards exercising TPA more deeply empower the CIO office

and larger investment staff by stewarding a "risk budget" or "reference portfolio" instead of a comprehensive asset allocation target, it liberates them to spend more time discussing the state of the world and competing opportunities without the constraint of labels or buckets.

> *It's critical to state that TPA is not a monolithic methodology that can be applied off the shelf. Rather, it has both hard and soft elements that create a spectrum of process variations*

Geoffrey Rubin and Derek Walker, of CPP Investments' Total Portfolio team, address he weaknesses of asset class categorisation in understanding the drivers of risk and return of a diversified portfolio and endorse a Factor Lens as a more optimal approach in a TPA context. The foundation of a multi-factor lens begins with setting an appropriate market risk appetite before allocating that risk across exposures that they believe will yield the best risk adjusted return outcome through the course of market cycles. Of particular interest is how emerging or rapidly evolving factors like higher structural inflation, climate change, and geopolitical risk will be incorporated into TPA factor frameworks.

Hyde of NZ Super emphasises the principal identity and advantage of TPA: Competition for Capital. At its essence, TPA requires each unit of portfolio allocation to "earn its place" by committing to investing each marginal dollar in an optimal way. While all capital pools must abide by guardrails such as liquidity, risk budgets, and resourcing, the fundamental discipline aims to ensure hat the very best investment ideas are reflected in the portfolio at any given time. That said, comfort in silos, challenges of data gathering for holistic comparison of opportunities, and rewards are often headwinds to fully realise these benefits.

The TPA journey for CAIA began in late 2022 with an insightful coffee meeting with Swee Chiang Chiam in the vibrant city of Singapore. So, it's only fitting that GIC's Head of Total Portfolio Policy and Allocation illuminate the bedrock dimension of Culture in employing TPA.

A total portfolio culture requires the CIO to nurture a collaborative team and set of norms built on agility and long-termism; what they call "One GIC." This ideal begins with behaviour modeling but also obliges a realignment of investment team structure, middle and back-office sophistication, organisational policies, and compensation frameworks to align all activity and incentives to the overall portfolio.

Jayne Bok, a CAIA Board Member, is given the last word, reflecting on years of experience as a strategic and policy advisor for clients of WTW who have pursued forms of TPA. Bok explains that TPA is a change management process at its core and while it is a superior form of governance and portfolio construction, it is not for the faint of heart, requiring bold and visionary leadership. This continuum of variations necessitates funds to avoid a myopic view of adoption and instead assess the practicality and unique nature of their plan before proceeding. Ultimately, starting with baby steps, and embracing continuous learning and adaptability, while remaining unified around the original 'why', are crucial.

We are confident this seminal report is both timely and informative and will greatly benefit the reader, serving as an accelerant to the larger profession. Presenting Innovation Unleashed: The Rise of Total Portfolio Approach.

IMPACT REPORTS
CATALOGUE

The market data for Phenix Impact Reports is provided through our Impact Funds Database:

- Trends from 2,800+ impact funds and 1100+ fund managers
- Case studies and insights from relevant practitioners

2800+
impact funds

1100+
fund managers

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Phenix Capital Group convenes curated impact events for institutional investors and asset owners throughout the year with the aim to build a global impact investing community. We encourage meaningful peer-to-peer dialogue on the challenges and opportunities of integrating impact investments into an institutional portfolio. By providing an educational platform that facilitates meaningful dialogue between thought leaders and practitioners, asset owners are able to share knowledge, exchange best practices and build lasting relationships.

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1-2 April
2025
Amsterdam

LEADING IMPACT INVESTING CONFERENCE FOR INSTITUTIONAL INVESTORS

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