JANUARY 2025

IMPACT REPORT

Private Equity

FUNDS AT A GLANCE

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ABOUT PHENIX CAPITAL

CATALYSING INSTITUTIONAL CAPITAL TOWARDS THE SDGS

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

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

www.phenixcapitalgroup.com

Our Vision

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

Our Mission

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

What we do

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

About impact database

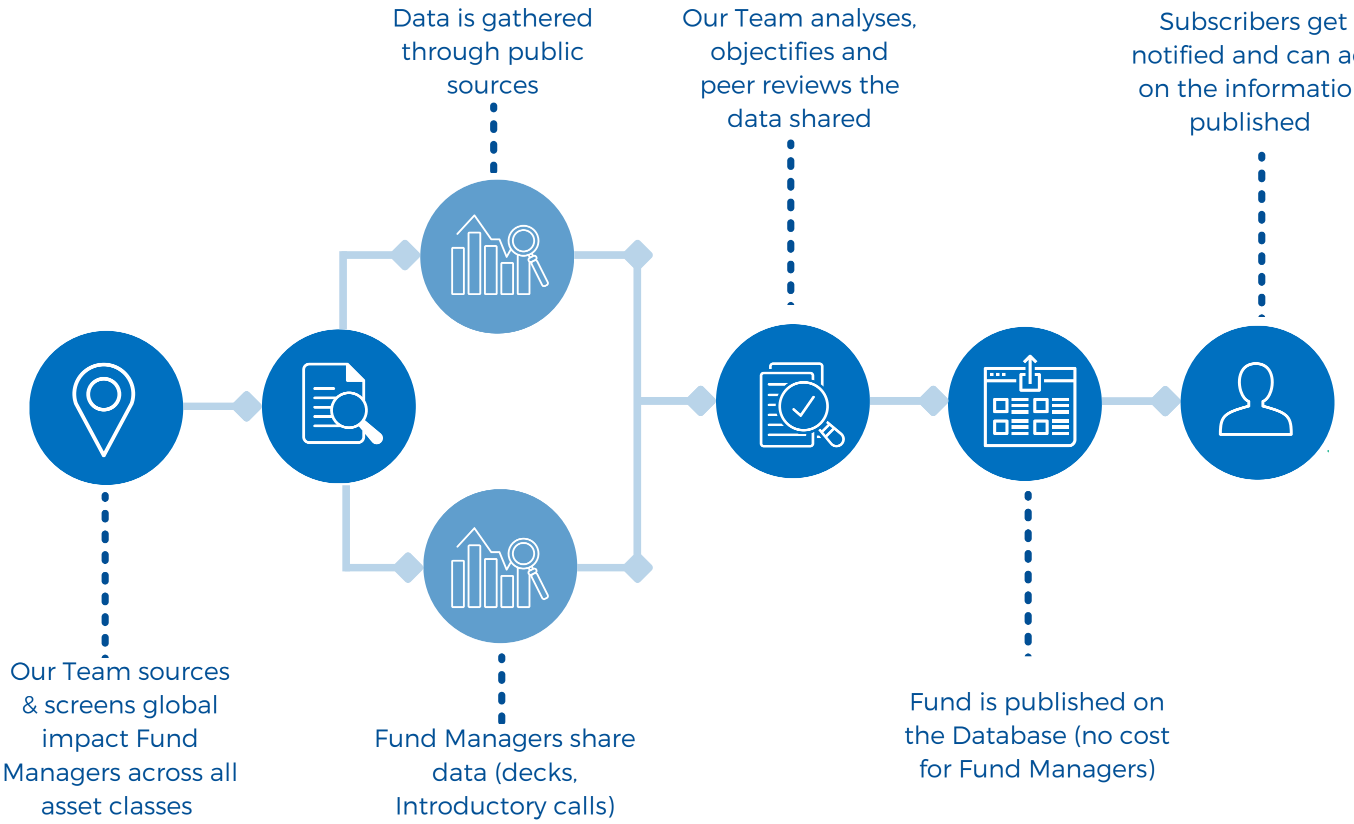
Phenix Capital's mission is to enable the allocation of capital from institutional investors towards social and environmental solutions while supporting the 2030 Sustainable Development Goals (SDGs). With the Impact Database, Phenix Capital aims to provide investors with access to and intelligence on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

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

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

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

FUND SOURCING PROCESS



Introduction

Each year the World Economic Forum releases its [Global Risks Report](), which presents the findings of the Global Risks Perception Survey that captures the insights from more than 900 experts worldwide. Now in its 20th year, the 2025 report, which supports decision-makers in balancing current crises and longer-term priorities, paints a short-term picture (over the next two years) that reveals an increasingly fractured global landscape, where escalating geopolitical, environmental, societal and technological challenges threaten stability and progress.

The top four risks over the next two years (in order of importance) are: misinformation and disinformation; extreme weather events; state-based armed conflict; and societal polarisation. It is the next decade that really matters. Over the next 10 years, the four key risks are: extreme weather events; biodiversity loss and ecosystem collapse; critical change to earth systems; and natural resource shortages.

While the top four risks in the first two years are balanced between technological, environmental, geopolitical and societal, in a decade all four will be environmental. So why does this matter from a private equity impact investing point of view? Knowing what risks are coming helps to prepare by investing for the future, now. The long-term nature of private equity, means it remains the go to asset class for future-proof investing. More than 50% of the impact investing funds in the Phenix Impact Database focus on private equity.

Looking at the global risks landscape it is clear that many, if not all, of the Sustainable Development Goals (SDGs) will be impacted. Much of the immediate change will start in the US but it will filter out globally, and probably quite quickly. For example, the US withdrawing from NATO could potentially see global conflicts escalate therefore impacting Peace, Justice & Strong Institutions (SDG16).

Plans to leave the Paris Agreement combined with pro-oil and gas policies will impact the clean part of SDG7: Affordable & Clean Energy, Climate Action (SDG13), and ultimately biodiversity, which is under Life on Land (SDG 15). Plans to disband the National Oceanic and Atmospheric Administration are unclear yet but that could impact Life Below Water (SDG14).

Irrespective of Trump's pro-oil and gas policies, major pension funds and other institutional investors will continue to direct capital towards the energy transition. Amit Bouri, chief executive officer and co-founder of the GIIN, believes there are a number of other trends to watch in the impact investing space in 2025. The first is a renewed focus on the working class and poor. From decent jobs, economic opportunities and a liveable environment, governments are likely to want to mobilise private capital for these solutions.

Bouri also sees the emerging markets getting more global attention from an investment perspective. The top markets where impact investors plan to increase allocations include sub-Saharan Africa (53%), Southeast Asia (49%) and Latin America (46%), according to *State of the Market 2024*.

Catalytic capital and blended finance will continue to be the backbone of growth. As mentioned in the body of the report, venture capital investors (the largest slice of the private equity market) prefer to allocated where co-investment with governments or social impact capital organisations has already taken place.

Impact investing in Asia will have wind in its sails and we will be looking at this in more depth in the private equity deep dive. As the planet heats up, climate solutions are likely to become the mainstay of private equity impact investing. Estimates range from $5 trillion to $11 trillion by 2030 in terms of the total incremental enterprise value of the climate solutions supply chain.

For this reason, it is not surprising that private equity stalwarts such as Pemira and Carlyle have announced plans to invest in the low carbon economy joining their peers such as KKR and Brookfield, which have already launched multibillion-dollar funds to profit from the energy transition.

Product development now also being driven by investor demand. In the UK, for example, the Wiltshire Pension Fund has created the Climate Opportunities (Clops) portfolio and plans to allocate 7% of the pension fund to renewable infrastructure and climate solutions that will be implemented through the Clops portfolio.

This portfolio is still in the construction phase but its first Climate Opportunities Impact Report will be published this year. The portfolio aims to target a return of between 8% and 10% through investments such as renewable energy assets, which will contribute to driving the transition through decarbonisation and provision of sustainable energy sources.

Chaos in the global political arena notwithstanding, investors are still likely to want to align their investments with their values while still achieving competitive returns. And although there may be headwinds from the US, the European market saw many private equity wins in 2024.

In addition to by Pemira's new hires, Ocean 14 Capital closed what is thought to be the largest private equity fund dedicated to the blue economy; and the EQT Future fund closed at €3 billion, which brings the combined final close to €25 billion in total commitments. EQT Future is a private equity strategy that invests in two themes: Climate & Nature and Health & Wellbeing.

Nature's capital is likely to be a key 2025 theme, and one that London CIV intends to embrace. The investment pool for is local authority shareholders, including 32 London boroughs and the City of London Corporation, plans to launch a natural capital fund with the help of Redington.

We saw how the top three UN Sustainable Development Goals as themes differ between different investor types, so for this month's Deep Dive, we are looking at the Geography of Private Equity and how the top three SDGs as themes differ in each region.

Report highlights:

- **219%** growth in private equity impact funds since 2015
- **58%** of PE funds focus on venture capital
- **31.2%** growth in number of buy-out funds
- **57%** of private equity funds focus on the developed markets
- **430** funds focus on SDG 3 in Europe

Impact themes mapped against the SDGs

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

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

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

Feature in an impact report

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

PAST REPORTS INCLUDE:

[Read all our impact reports here]

WOULD YOU LIKE TO BE FEATURED IN THE NEXT EDITION?

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

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

MONTH	REPORT THEME
February	Infrastructure Funds at a Glance
March	2025 Impact Fund Universe Report
April	Deep-dive on Blue Economy Funds
May	Deep-dive on Biodiversity Funds
June	Private debt at a Glance
August	Net-Zero Funds at a Glance
September	Real Asset Funds at a Glance
October	Impact Investor Report - The Bigger Picture
November	Gender Lens Funds at a Glance
December	Public Equity Funds at a Glance

Contact us to feature in an impact report!

Private Equity Funds Data Overview

1459

Private Equity Impact Funds

712

Private Equity Impact Fund Managers

466

Open for Investments Private Equity Funds

365

Organisations with Open for Investment Private Equity Funds

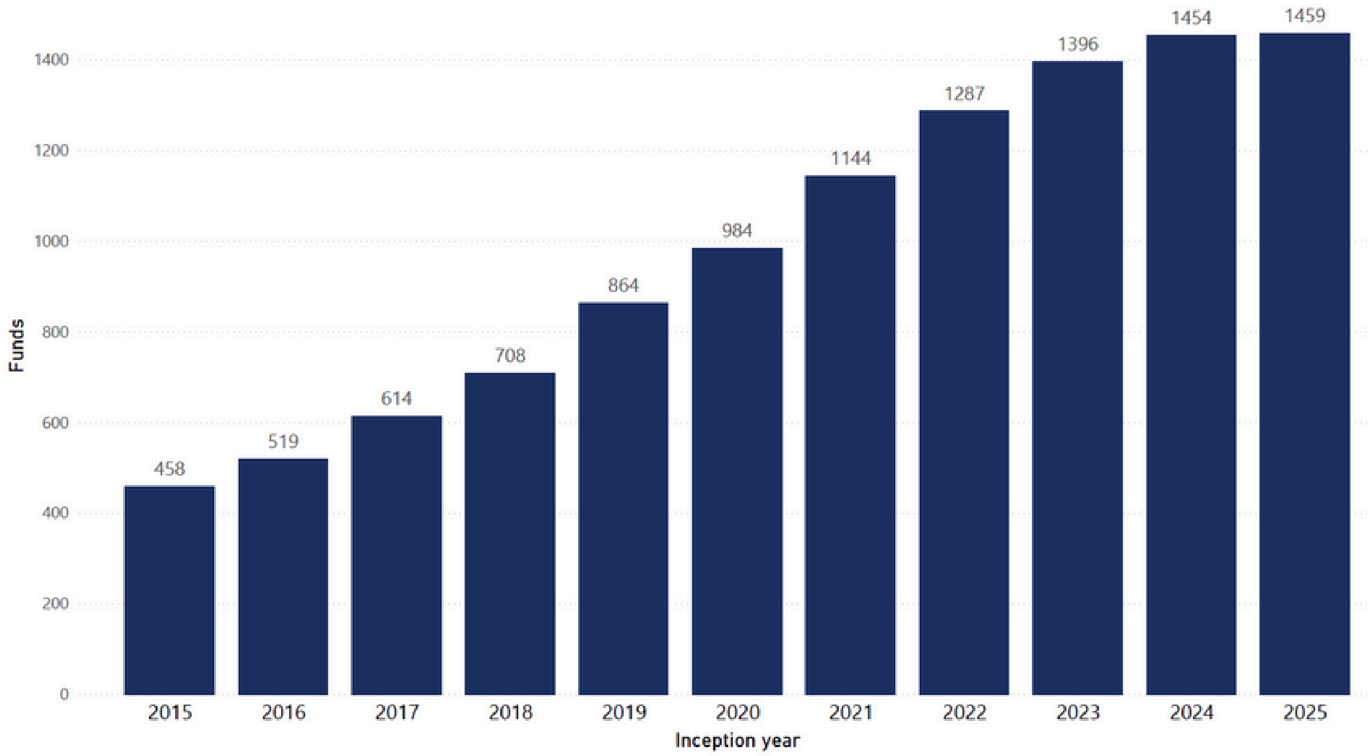
€214 bn

Total Capital Raised by Private Equity Funds

€115 bn

Total Target Size of Open for Investments Private Equity Funds

Private Equity Impact Funds Market Growth



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

In general, investors seem to be returning to private equity strategies after having been kept on the side-lines by poor macroeconomic conditions in 2022 and 2023. This is mirrored in the impact arena, where the momentum of private equity impact fund launches has slowed over the last few years.

Last year, the private equity impact funds market saw a small rise in the number of funds, with the universe growing by 0.34%. Private equity continues to be the go-to strategy for impact investing making up 53% of the Phenix Impact Database.

Since 2015, the private equity impact fund universe has grown by 219% reaching a total of 1459 funds. Right now, there are 712 private equity impact managers, which have collectively raised €214 billion in capital.

Interest rate cuts by both the Federal Reserve and the European Central Bank are now creating a more favourable liquidity and dealmaking environment.

From an impact perspective, however, Donald Trump's administration has already shown it will champion the oil and gas industry. The reverberations in the impact world have yet to be felt.

Additionally, on 20 January, Trump signed an executive order to withdraw the US from the Paris agreement for a second time. How this will affect the impacting climate related impact investments has yet to be seen,

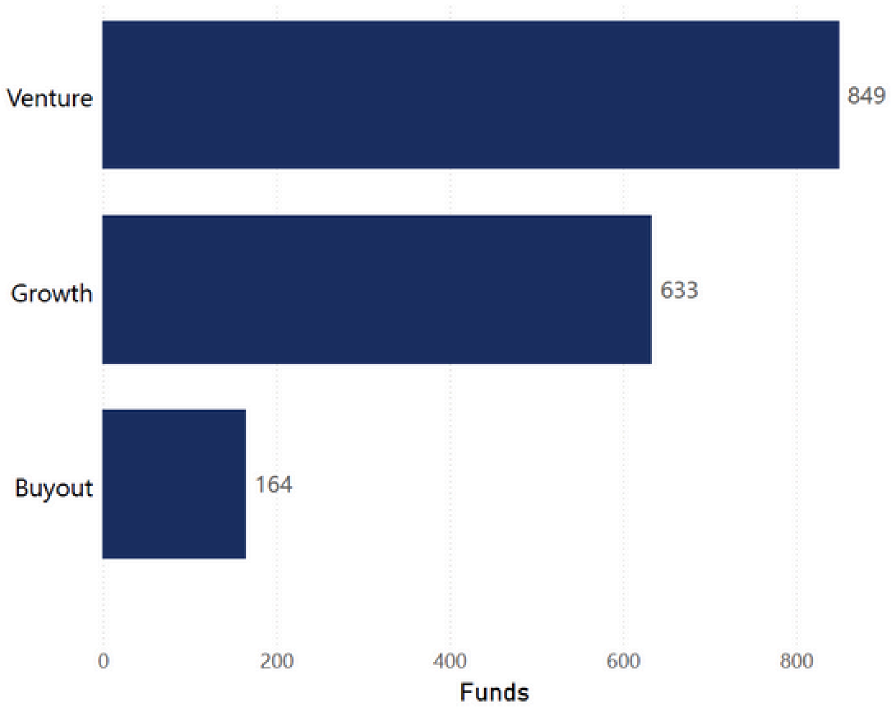
Trump has also signed an order to withdraw from the World Health Organisation, which could impact global health initiatives, as will abortion-related international aid conditions.

Number of funds per sub-asset class

At 58%, venture-focused impact funds continue to make up the majority of the private equity universe, which is 31% of the entire impact fund database.

Early entrants view venture capital as the 'original' impact investment vehicle.

Since last year this sub-asset class has grown by 10.4% in terms of numbers of funds. Growth funds have grown 27.1% in number of funds to reach 633 in 2025.



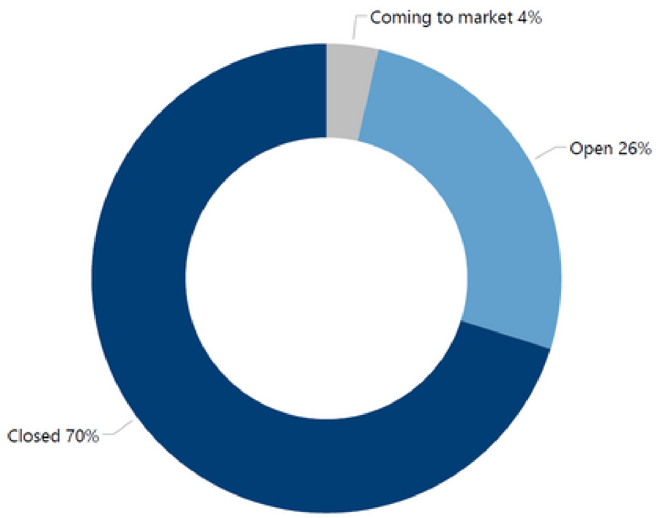
Growth funds make up 43% of the private equity impact universe and 23% of the entire impact funds universe. Although making up the least in terms of number of funds, buy-out impact funds have seen the greatest growth looking at the overall number of funds since last year.

Buyout funds, which make up 11% of the private equity impact fund universe, and nearly 6% of the entire fund universe, saw a growth in number of funds of 31.2% to reach 164 funds.

Recent research suggests that impact-oriented start-ups are more likely to receive funding from government-based venture capital sources of funds and social impact venture capital investors.

The latter are likely to invest in venture capital funds with either social and/or environmental orientation, while government-sponsored sources of capital typically prefer to fund venture with a social impact orientation. Traditional venture capital is more likely to come in if governmental venture capital and social impact venture capital have already co-invested.

Private Equity Funds per Status



There are 712 private equity impact managers and of these 365, equivalent to 51% of the managers, have funds that are open for new investments with 466 dedicated funds open for new investments.

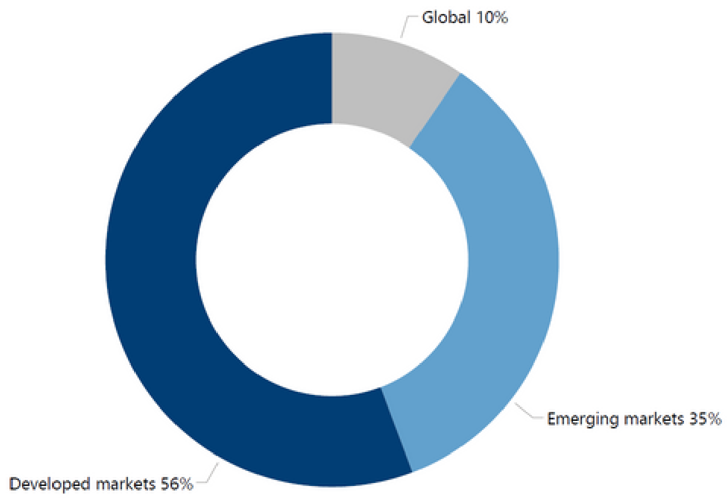
The percentage split between open and closed funds has not changed much since last year with 70% of the universe closed, compared to 71% last year and 26% open both years, which mean that in 2025 4% of the relevant fund universe are coming to market.

Private Equity Funds per Market Targeted

The geographical split of the private equity impact fund universe has not changed significantly since last year with the proportion of funds dedicated to the emerging markets remaining at 35%. There has been a 1% decrease to 9% in the number of global private equity impact funds but the majority of the assets, 57%, continues to be funnelled to the developed world.

Among the reasons private equity impact funds are more concentrated in developed markets is due to the greater availability of established businesses with strong governance practices, a more robust regulatory environment for impact measurement, and a larger pool of investors actively seeking socially responsible investments.

Given the need to achieve both financial returns and measure positive social impact the maturity of businesses in developed markets means there is likely to be a higher level of infrastructure for monitoring and measuring. Moreover, there is typically less risk involved.



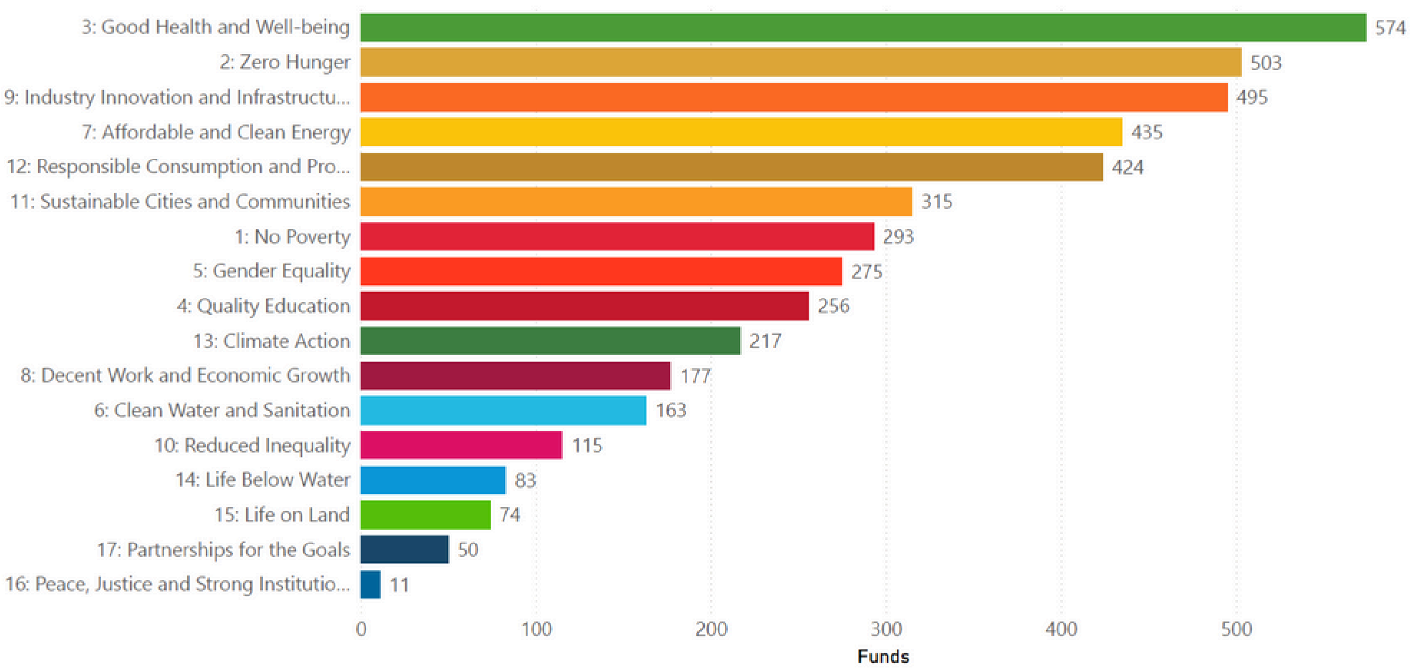
*Data may overlap as funds can target several asset classes, SDGs and/or regions.

SDGs most targeted by Private Equity Funds

The top three UN Sustainable Development Goals (SDGs) favoured by private equity impact investment managers continued to be: SDG3: Good Health & Wellbeing; SDG2: Zero Hunger; and SDG9: Industry, Innovation and Infrastructure. However, in last year's report, SDG2 was in third place. According to the SDG Index, none of the 193 UN member states has achieved SDG2.

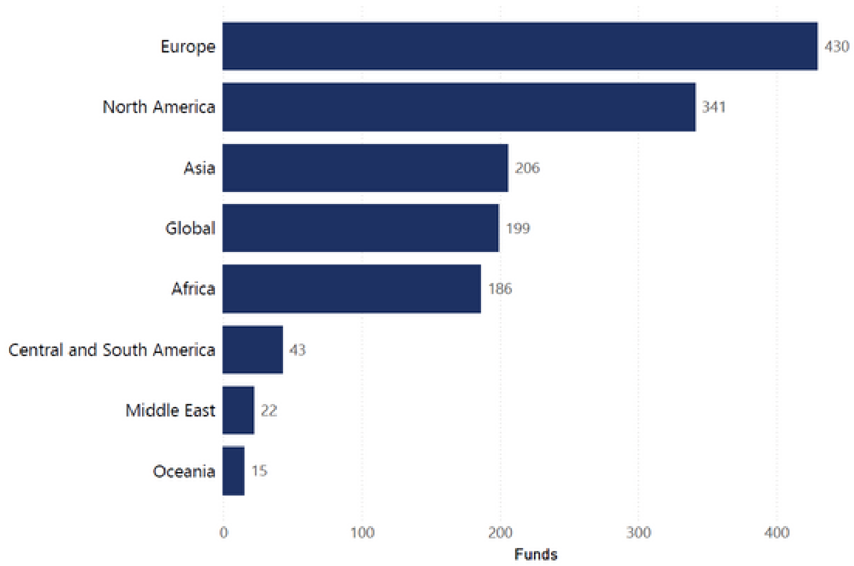
According to the *Sustainable Development Goals Report 2024*, on average only 16% of the SDG targets are on track to be met globally by 2030, with the remaining 84% showing limited progress or a reversal of progress. At the global level, SDG progress has been stagnant since 2020, with SDG2, SDG11 (Sustainable Cities and Communities), SDG14 (Life Below Water), SDG15 (Life on Land) and SDG 16 (Peace, Justice and Strong Institutions) particularly off track.

Globally, 600 million people will still suffer from hunger by 2030; obesity is increasing; and greenhouse gas emissions from agriculture, forestry, and other land use (AFOLU) account for almost a quarter of total annual global GHG emissions. For this reason, the 2024 report has a chapter dedicated to *Transforming Food and Land systems to achieve the SDGs.*



*Data may overlap as funds can target several SDGs.

Regions targeted by Private Equity funds investing in SDG 3



Good Health & Wellbeing (SDG3) continues to top the list of SDGs preferred by private equity impact investing funds. In terms of geography, it is interesting to note that the majority of the funds (430) are European, with 341 funds from North America.

Asia is the next most popular region with 206 funds. The Phenix Impact Database breaks SDG3 into four sub-categories: access to healthcare and improved quality of care; aging population; unmet medical needs; wellbeing & mental health.

Access to health care and un met medical needs have the greatest number of funds dedicated to them, 281 and 286, respectively. There are 50 funds which look at the ageing population and 156 that cover wellbeing & mental health. For the last decade, Big Society Capital has been running the Care and Wellbeing Fund, which invests in new models of care for those living with long-term conditions in the UK. The fund attracted charity Macmillan Cancer Support, which made it the first time a large charity invested in a social impact investment fund tailored to their charitable mission.

The Guy's & St. Thomas' Foundation impact investment portfolio seeks both financial gains and impact on health across two broad categories. The first are the 'impact-managed' investments, which support established funds to increase the depth of their impact. The second are more 'catalytic' investments, which use the capital to help newer funds or models get off the ground.

The portfolio looks at opportunities across nine priority sectors such as clinical health care, which includes investments like medical devices, healthcare delivery and life sciences. Another sector is social determinants of health. Investments in this sector include financial inclusion, community services, education and workforce development, food and nutrition, environmental health, and affordable housing. Of the £600 million in investments, £120 million is invested in healthcare and biotechnology.

Number of Investors with Investments in Private Equity per Investor Type

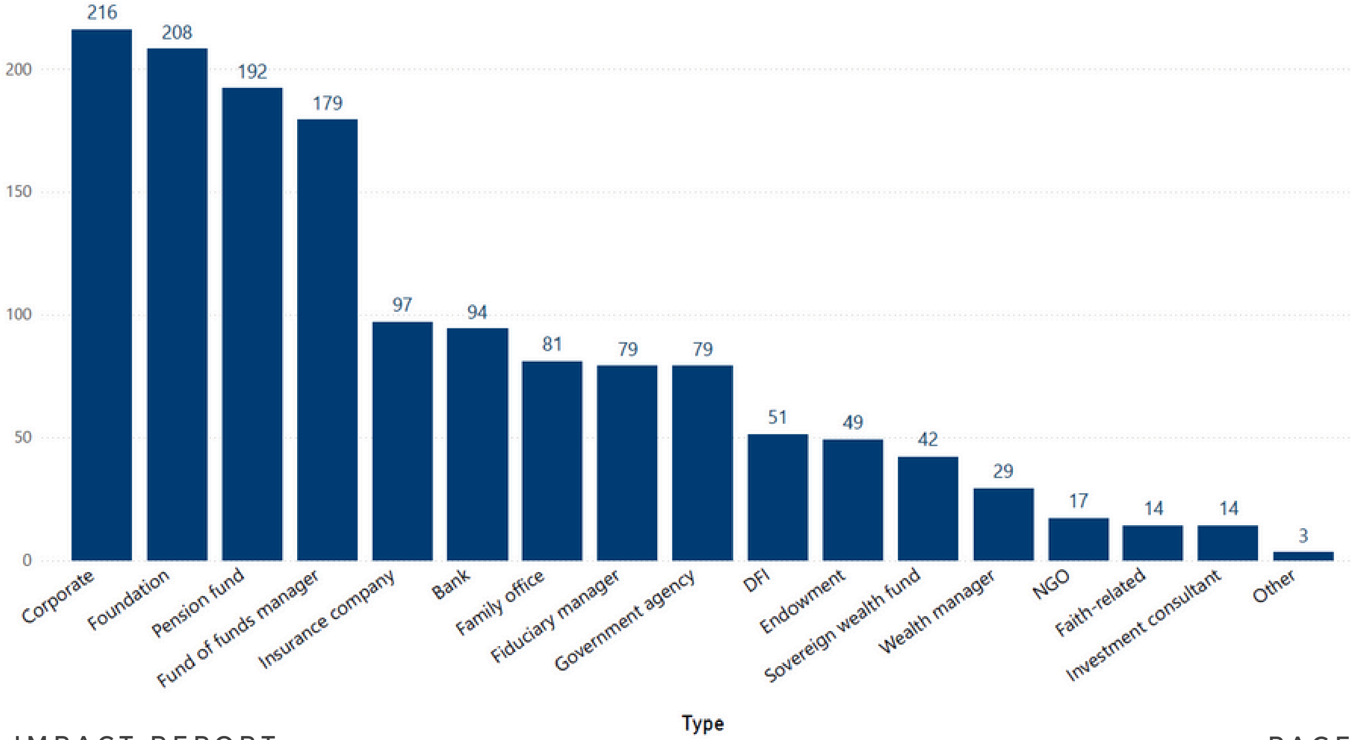
Of the investors in the Phenix Impact Database, more than 80% have private equity in their portfolios. Of the impact investors in private equity 16.6% are corporates, 16% are foundations and 14.8% are pension funds. The percentage of private equity in a portfolio depends on the investor type and their goals, risk tolerance, liquidity needs and investment horizon. Institutional investors like pension funds and endowments typically allocate 5% to 30% of their portfolios to private equity, while private wealth investors typically start out at about 5% to 10%.

In 2022, the European Impact investing Consortium – including Impact Europe, GSG Impact, some of its European National Partners from Italy, France, Spain, UK, Netherlands, Belgium, Portugal, Turkey and Greece – together with selected academic institutions conducted research to find out the size of the impact investing market in Europe.

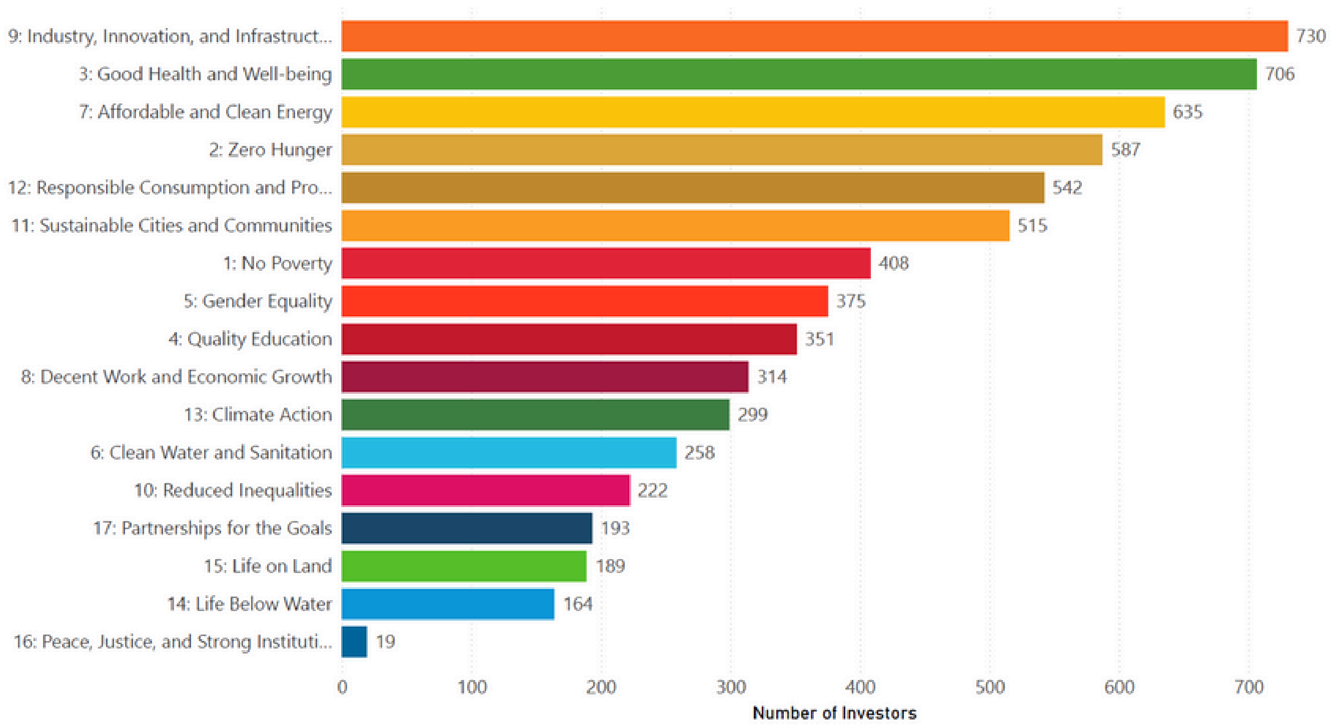
The report, titled *The Size of Impact*, revealed that unlisted impact investments grew by 20% between 2022 to 2023, with institutional investors making up a large part of the funding. The size of the European market was calculated to be €190 billion, with the UK, Netherlands and France coming out as the leaders in the space.

Although impact investments represent only 2.5% of the €7.6 trillion the consortium considers eligible for impact investing in Europe, the sector has grown significantly, moreover, the amount of capital with an element of investor additionality has risen to 62%, up from 48% since the group published their last report in 2022.

Venture capital and private equity account for about 40% of the European impact investing market but the report's authors believe the amount will scale up as more institutional investors, pensions funds, banks, and development finance institutions coming in.



Most targeted SDGs by Investors in Impact Private Equity Funds



The SDGs targeted by the global investors community tracked by Phenix Capital have not change since last year, even if this year Industry Innovation & Infrastructure (SDG9) swaps with Good Health & Wellbeing (SDG3) for the top slot, growing the number of investors interested in this by 6.6%. Good Health dropped by -0.6%.

Affordable & Clean Energy (SDG7) stays in third place, having dropped in popularity with investors by -0.9%, with Zero Hunger (SDG2) maintaining its 4th place. Responsible Consumption & Production (SDG12) has swapped places with Sustainable Cities & Communities (SDG11) to take 5th slot.

What is interesting to note, however, is that in the European investor focused survey The Size of Impact, Decent Work and Economic Growth (SDG8) was the most targeted, followed by Climate Action (SDG13), which moved up to second place overtaking Reduced Inequality (SDG10), highlighting the differences between different regions and a global group.

Investor Commitments to Funds by SDG

Targeting specific SDGs looks different in practice when investors finally commit. In the earlier chart, investors were 'targeting' Industry Innovation & Infrastructure (SDG9), Good Health & Wellbeing (SDG3) and Affordable & Clean Energy (SDG7).

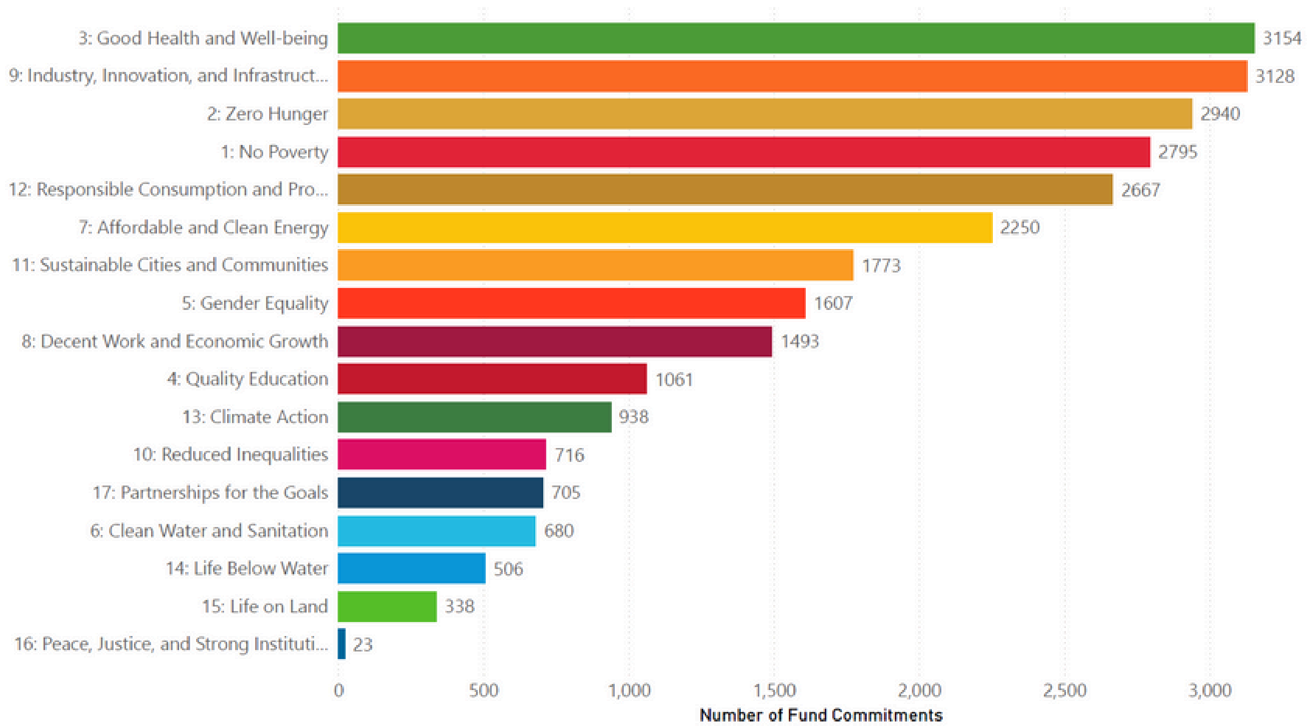
When looking at allocations and real commitments, the picture is similar in terms of themes but the numbers are far greater as one investor may invest in many funds of that theme.

In this new graphic, there were 3,154 commitments to SDG3, 3128 to SDG9 and 2940 to SDG2.

Affordable & Clean Energy comes in 6th with 2250 in commitments.

Before SDG7, investors have allocated to 2795 funds with a focus on No Poverty (SDG1), followed by 2667 to Responsible Consumption & Production (SDG12).

It interesting to see how low in terms of priority commitments to 'natural capital' in the form of Life on Land (SDG15), with 338 funds committed to, and 506 to Life Below Water, which has 506 commitments.

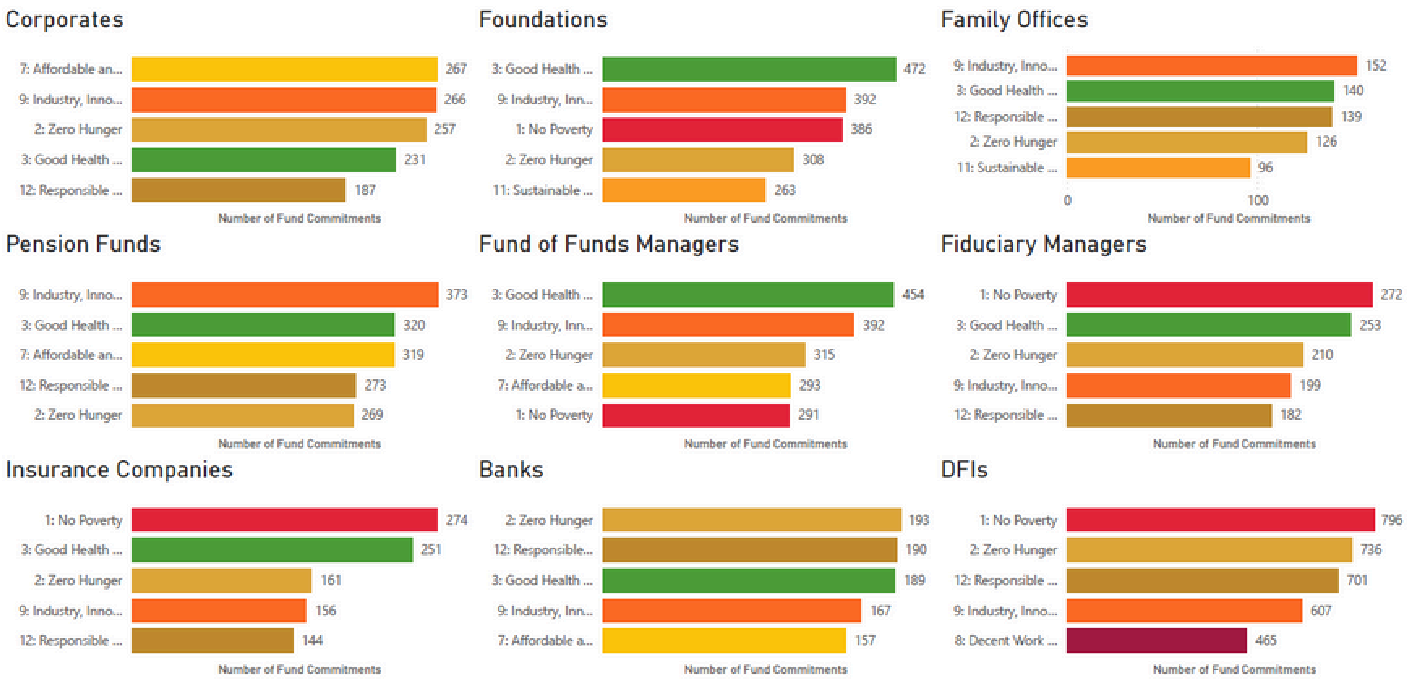


Investor Commitments to Funds by SDG and Investor Type

Taking the SDG granularity a step further, this new graph looks at the commitments to private equity funds by SDG *and* by investor type. This is a very interesting read, and useful for the marketing departments of private equity managers. All nine investor categories include Industry, Innovation & Infrastructure (SDG9), with pension funds and family offices favouring this SDG, and Zero Hunger (SDG2), which is only at the top of the target list for banks. Seven investor types included Responsible Consumption & Production (SDG12) in their list.

Corporates that were the biggest allocator to impact private equity funds are focused on ‘business’ continuity type themes such as Affordable & Clean Energy (SDG7), and unsurprisingly SDG9. In addition to both having SDG 9 at the top of the list, pension funds and family offices largely similar thematic profiles that track the pattern of most targeted SDGs by investors, also including Good Health & Wellbeing (SDG3), which they both have as a second choice.

Foundations, the next largest private equity impact investor category, shares thematic preferences with funds of funds, both opting for SDG3 and SDG9 as their top two. Meanwhile, insurance companies and fiduciary managers share the same top two themes: No Poverty and SDG3. Development Finance Institutions lead with No Poverty followed by Zero Hunger and were the only investor to include Decent Work & Economic Growth (SDG8).



Impact of Geography on Private Equity

Founded in 1945 by Albert Einstein, J. Robert Oppenheimer, and University of Chicago scientists who helped develop the first atomic weapons in the Manhattan Project, the Bulletin of the Atomic Scientists created the Doomsday Clock two years later, using the imagery of apocalypse (midnight) and the contemporary idiom of nuclear explosion (countdown to zero) to convey threats to humanity and the planet.

Each year, the Doomsday Clock is set by the Bulletin's Science and Security Board in consultation with its Board of Sponsors, and has been recognised as indicator of the world's vulnerability to global catastrophe caused by man-made technologies. We are at 89 seconds to midnight.

From nuclear risk—the war in Ukraine now in its third year—to the impacts of climate change increasing sea levels and global surface temperatures that have now surpassed previous records, almost every Sustainable Development Goal (SDG) is in peril.

An additional 23 million people were pushed into extreme poverty (SDG1: No Poverty) and more than 100 million more suffered from hunger in 2022 compared to 2019 (SDG2: Zero Hunger). While some health targets improved, overall global health progress has decelerated alarmingly since 2015 (SDG3: Good Health & Wellbeing).

Quality education (SDG4), the bedrock of sustainable development, remains gravely threatened as many countries see declines in student math and reading skills. Both education and Gender Equality (SDG5) are being undermined under extreme regimes such as those in Afghanistan.

This is just a quick look at the first five goals. Is impact investing really making an impact where it is most needed? In 2023, that was a $5 trillion a year plus question. According to UN Conference on Trade and Development, the cost of achieving ambitious sustainable development targets was estimated at between $5.4 and $6.4 trillion per year between 2023 and 2030.

So, where are we now? Like the ticking clock, the latest *Sustainable Development Goals Report 2024* makes for sombre reading; the world is severely off track to realise the 2030 Agenda with progress grinding to a halt or being reversed across multiple fronts. Specifically, of 135 (out of 169) targets can be assessed using available global trend data from the 2015 baseline only 17% display progress sufficient for achievement by 2030.

The reasons for this include the lingering impacts of COVID-19, compounded by conflicts, climate shocks and economic turmoil, which have aggravated existing inequalities. Unlike their predecessors the Millennium Development Goals, which focused on developing countries, achieving the SDGs is for all countries.

That said the majority of bigger base line issues like poverty and hunger are found in developing countries, while most of the institutional capital comes from the developed world. This explains why geographically, private equity impact funds are split roughly 35% with an emerging market focus and 57% focused on the developed markets. The rest of the funds have a global remit.

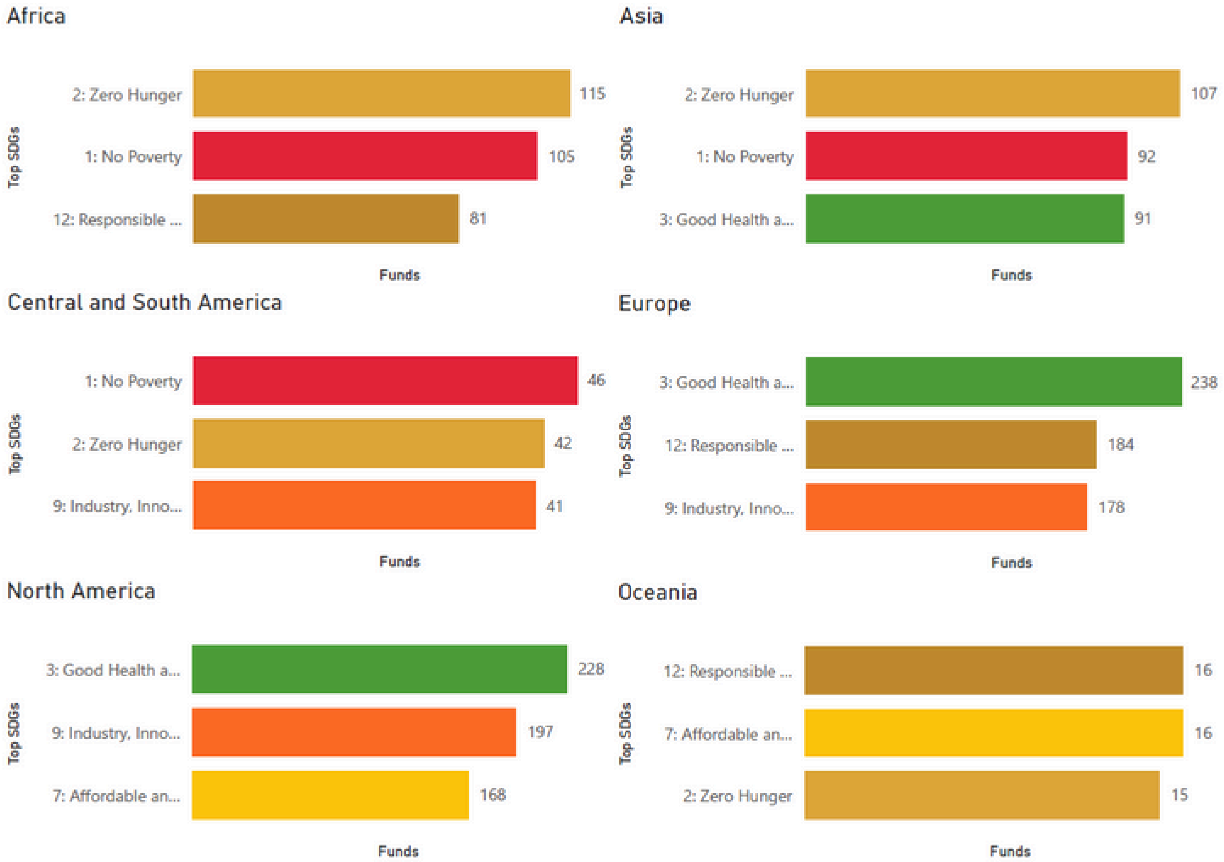
Amit Bouri, chief executive officer and co-founder of the GIIN, recently wrote about the seven things to watch in impact investing in 2025. He stated that emerging market investing is getting more global attention, highlighting the growth stories in countries such as Indonesia, Brazil and Nigeria. According to GIIN's *State of the Market 2024* research, 43% of investors planned to increase their allocations to emerging markets.

As we mentioned earlier in the report, among the reasons private equity impact funds are more concentrated in developed markets is due to the greater availability of established businesses with strong governance practices, a more robust regulatory environment for impact measurement, and a larger pool of investors actively seeking socially responsible investments.

It is also worth noting that because substantial portion of the impact assets come from institutional investors in the developed world, they need to achieve both financial returns and measure positive social impact the maturity of businesses and so developed markets are likely to offer a higher level of infrastructure for monitoring and measuring, Moreover, less risk is typically involved.

A quick look at the Phenix Capital database shows that venture capital is the preferred private equity sub-asset class for funds investing in the developed markets of Europe, North America and Oceania, which includes some of the most active institutional investors. In the developing nations bucket growth capital is the most favoured among the African, Asian and Central and South American funds.

As we look at the geography of the private equity funds in the Phenix Impact Database and the problems they aim to solve (illustrated by the top three themes/SDGs), we need to keep in mind two questions. Are the choices of theme and region constrained by the investor's need to be able to monitor investments? And does a need for 'returns' success require a geographical compromise?



For this Deep Dive, the world was divided into six regions with Europe, North America and Oceania (due to the inclusion of Australia and New Zealand) constituting the developed world, and Africa, Central and South America and Asia, the developing world. For each region, the top three themes/SDGs were ranked to see what the common themes are.

Each region has different needs and priorities, and different investors (as we saw earlier in the report) focus on different themes. Drilling down to see what themes are favoured by managers in the different regions, what is clear is that not all SDGs are born equal. There was no single SDG that all six regions had in common and commonality among SDGs could be found when comparing developed versus developing countries.

Moreover, 11 of the 17 SDGs, including the nature-based ones Climate Action (SDG13), Life Below Water (SDG14), and Life on Land (SDG15), do not feature in the top three of any region despite being part of the top four risks outlined in the World Economic Forum's [Global Risks Report 2025](), in 10 years' time.

Zero Hunger (SDG2) featured as the top SDG for both Africa and Asia, and in the top three for Central and South American and Oceania (which also includes developing economies like Papua New Guinea, Kiribati and Tuvalu). In the main report, SDG2 was the second most targeted goal, featuring in the remits of 503 private equity funds.

No Poverty (SDG1) was the main SDG for funds investing in Central and South America, and featured in the top three of funds investing in Asia, Africa. Good Health & Wellbeing features as the top SDG for the developed markets of North America and Europe, as well as in the top three of Asia, which collectively includes developed countries such as China, Japan, India, South Korea, Taiwan, and Singapore.

Health & Wellbeing is the most targeted SDG by private equity funds in the main report, appearing in the remit of 574 funds. Industry, Innovation & Infrastructure (SDG9), the third most popular SDG across all the private equity funds, appeared in the top three for funds targeting the developed nations of Europe and North America, as well as Central and South America, which does include countries such as Chile, Argentina and Uruguay that have higher economic indicators.

Responsible Production & Consumption (SDG12) was an interesting outlier that seemed to bridge funds focusing on developing nations like Africa and developed continents such as Europe. The third group of countries attracted SDG12 as theme was Oceania, which also shared Affordable & Clean Energy (SDG7) with North America.

In this next section, we are going to look at the regions and the themes that the funds are focusing on.

Africa

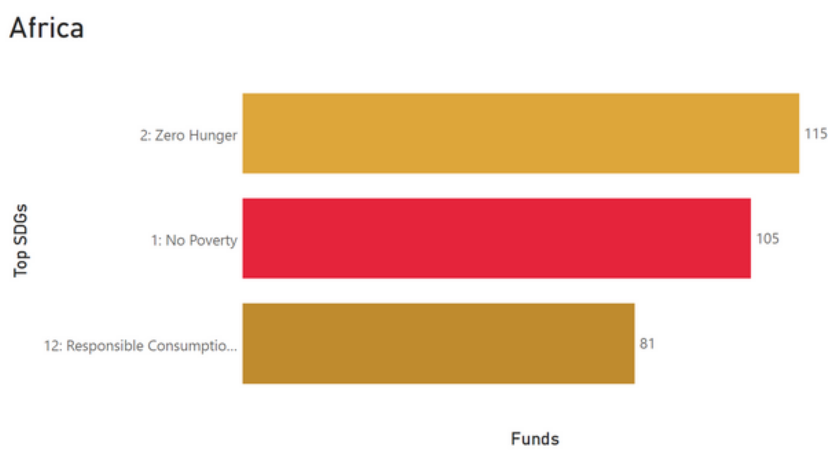
Private equity funds focused on Africa make up 16.3% of the Phenix Capital Database. Of the 233 private equity impact funds focused on Africa, 25% are currently open for investment. In terms of sub asset classes 154 funds have a growth focus, 74 are venture capital funds and 33 are buyout funds.

Breaking Africa up geographically, 157 funds have an Eastern Africa focus, 140 invest in Southern Africa, 134 focus on the west of Africa and 108 have a North Africa bias. It must be noted that there will be overlap as some funds may opt to invest in one or more of the private equity sub-asset classes, and in one or more of Africa's regions.

The African Private Capital Association (AVCA) is championing the deployment of capital by Africa-focused fund managers and institutional investors to support the businesses driving long-term economic growth across the continent.

In 2018, AVCA published a special report, *An Untold Story: The Evolution of Responsible Investing in Africa*, to highlight the role of development finance institutions (DFIs) and private equity fund managers in creating sustainable growth on the continent. DFIs have demonstrated how investments in the private sector in emerging markets can have significant positive effects on job creation and economic growth.

AVCA has published impact case studies relating to each of the SDGs relevant to private equity investing the African continent. For SDG2, the case study featured Injaro Investments, and its commitment to building a world free of hunger through an investment in Ghanaian agribusiness, Agricare.

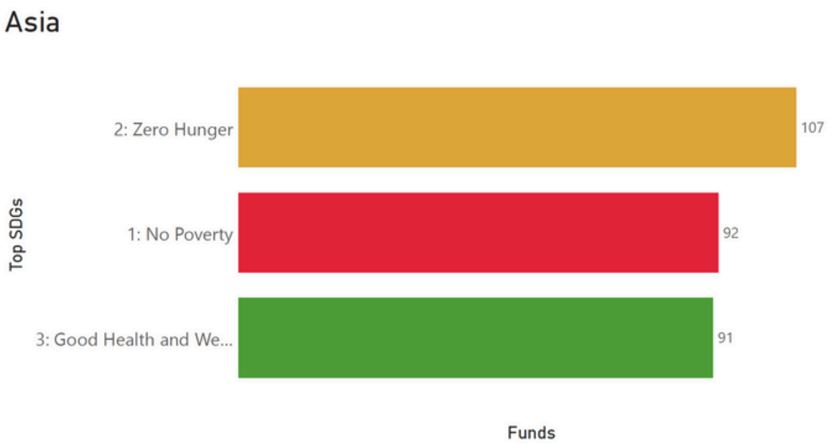


Asia

Private equity funds focused on Asia make up 17.7% of the Phenix Capital Database. Of the 253 private equity impact funds focused on Asia, 28% are currently open for investment. In terms of sub asset classes 134 have a growth focus, 127 are venture capital funds and 25 are buyout funds. Breaking Asia up geographically, there are 21 funds that focus on Central Asia, 76 on East Asia, 147 on South Asia and 120 have a South East Asian focus.

The GIIN recently released a report *In Focus: Impact Investing in Asia 2024*, which highlighted that 89% of Asia-focused impact investors reported their financial returns were outperforming or in line with expectations, and that 49% of global investors plan to increase their allocations to Southeast Asia in 2025. Asia-focused investors, however, indicated greater interest in East Asia, with 60% planning to increase their allocations there in the coming year. Of the 76 private equity funds in the Phenix Impact Database that focus on East Asia, there are seven buy out funds, including to open funds, and 36 growth focused funds and 45 venture capital funds.

The world population is expected to reach more than nine billion by 2050, more than half of whom will live in Asia, which includes China and India. The Indian economy is expected to grow at 6.8% this year. Its nominal GDP is set to outpace Japan's by 2025, and by 2030 India is expected to overtake Germany to become the world's third largest economy with a projected $7 trillion GDP. Even if growth slows to 3%, China's 2030 GDP will still be around $5 trillion more than in 2022.



SDG2: Zero Hunger

There are 115 and 107 private equity funds investing towards achieving Zero Hunger (SDG2), the top SDG targeted in Africa and Asia, respectively. According to the SDG2 section of the *Sustainable Development Goals Report 2024*, between 713 and 757 million people faced hunger in 2023 — one in 11 people globally, and one in five in Africa. Moreover, an estimated 28.9% of the world's population, or 2.33 billion people, were moderately or severely food insecure in 2023, 383 million more than in 2019.

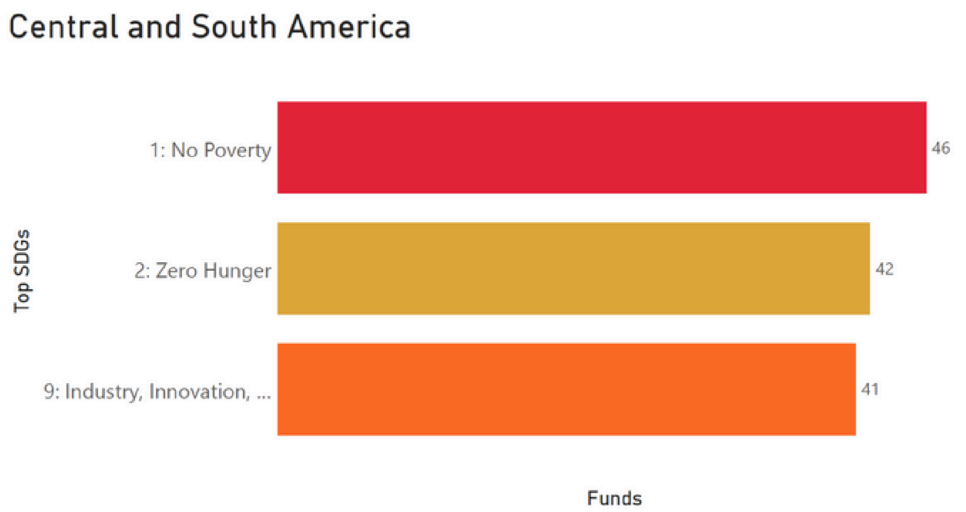
Malnutrition among children under age 5 remains a significant concern, posing heightened risks to their growth and development. Based on current trends, 1 out of 5 (19.5%) of children under age 5 will be affected by stunting in 2030. Three quarters of children under age 5 with stunting lived in Central and Southern Asia (36.7%) and sub-Saharan Africa (38.3%). More than half of those affected by wasting lived in Central and Southern Asia (56.2%) and almost one quarter in sub-Saharan Africa (22.9%).

To achieve SDG2, significant efforts are needed to mitigate the impacts of climate change, conflict and economic crisis. Record-high food prices in 2022 worsened purchasing power and access to food, negatively impacting food security and nutritional outcomes.

Central & South America

Private equity funds focused on Central and South America make up 7.3% of the Phenix Capital Database. Of the 104 private equity impact funds focused on Central and South America, 31% are currently open for investment. In terms of sub asset classes 53 have a growth focus, 49 are venture capital funds and only 16 are buyout funds.

From Mexico through to the tip of Chile and Argentina, Latin America saw impact investing take hold, primarily in Mexico, Brazil and Chile. By 2021, impact investing grew more than tenfold in a decade in Latin America to $25 billion, with 65% of investors having made their first investments in the region after 2010. IDB Invest and the Esade Center for Social Impact published a report titled *Transforming Great Challenges into Great Opportunities* that studied the current state of the region's impact investment market.



Central & South America

With emergence of the bio economy—renewable biological resources from land and sea to produce food, materials and energy—and natural capital as an asset class, the Amazon is central to most conversations regarding impact investing in Latin America.

The climate crisis is inextricably linked to the region with the Amazon central to making Latin America is one of the most biodiverse regions of the world.

Examples of the bioeconomy in the region include: using agricultural waste to produce biofuels like ethanol; developing bioplastics from avocado pits; using the diverse plant species of the Andean region for nutraceuticals (functional foods); applying bioleaching techniques to extract copper in Chile; and using agricultural residues for biogas production.

Forest carbon markets of helping to build economic resilience in South America's communities, as the region is a major contributor to the global supply of forest carbon credits. Forest carbon market projects continue to expand to support the rainforest carbon sequestration, and remote sensing can reduce technical barriers to measurement, reporting and verification.

But just looking at the database what is clear is the dearth of private equity impact funds that focus on, for example, Life on Land (SDG15) in the region. Of the 10 funds in Central and South America that focus on SDG15 eight cover conservation and biodiversity and four on forestry management.

SDG1: No Poverty

There are 46 private equity funds investing towards achieving No Poverty (SDG1), the top SDG targeted in Central and South America. What is interesting to note, when diving deeper, 42 of the funds target financial inclusion and 15 target poverty reduction.

The COVID-19 pandemic caused extreme poverty to rise in 2020 for the first time in decades, reversing global progress by three years. The share of the world's population living in extreme poverty rose from 8.9% in 2019 to 9.7% in 2020, driven by increases in low- and lower-middle-income countries, according to the 2024 SDG report.

In contrast, extreme poverty continues to decline in upper-middle- and high-income countries, attributed to swift fiscal support for vulnerable groups. By 2022, extreme poverty had returned to pre-pandemic levels in most countries, except low-income ones. In 2022, 712 million people (or 9% of the world's population) lived in extreme poverty, an increase of 23 million people over 2019.

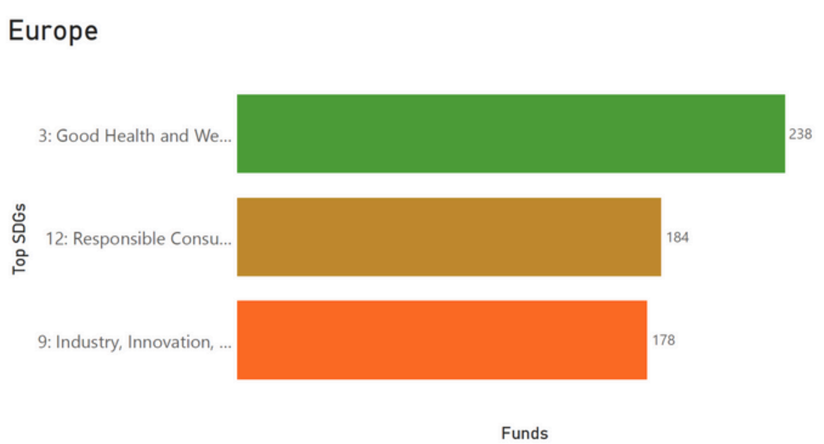
Projections suggest that by 2030, 590 million people, or 6.9% of the global population, may remain in extreme poverty if current trends persist. In the 75 most vulnerable countries, which qualify for concessional lending from the World Bank's International Development Association, one in four people live on less than $2.15 a day – more than eight times the extreme poverty rate in the rest of the world.

Europe

Private equity funds focused on Europe make up 33.6% of the Phenix Capital Database. Of the 481 private equity impact funds focused on Europe, 32% are currently open for investment. In terms of sub asset classes 173 have a growth focus, 317 are venture capital funds and 61 are buyout funds. Breaking Europe up geographically, 92 funds have an Eastern European focus but the majority 459 focus on Western Europe.

In 2022, the European Impact investing Consortium together with selected academic institutions (Esade Center for Social Impact and Politecnico di Milano) embarked on a journey to harmonise and size Europe's impact investing market, aiming to clarify its dynamics, trends and practices. The result is a report, *The Size of Impact*, that reveals that unlisted impact investments in Europe grew by 20% between 2022 to 2023, with institutional investors making up a large part of the funding.

European private impact investing market has reached €190 billion, with the UK, Netherlands and France coming out as the leaders in the space. The report highlighted that venture capital and private equity still account for about 40% of the market. To scale change not only is more institutional capital is required but catalytic and patient and more risk-tolerant capital is needed to enable the scale up of institutional investments.

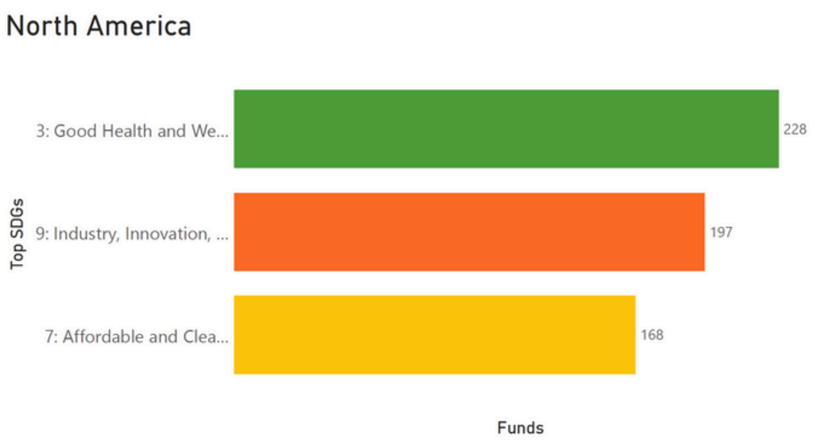


SDG3: Good Health & Wellbeing

There are 238 and 228 private equity funds investing towards achieving Good Health & Wellbeing (SDG3), the top SDG targeted in Europe and North America, respectively. What is interesting to note is that in both Europe (159 funds) and North America (120 funds) unmet medical needs was the biggest fund category. In Europe and North America, access to healthcare & improved quality of care had 89 and 82 funds, respectively. Meanwhile aging population was targeted by 37 and 11 funds in each of those respective regions. Wellbeing and mental health were the theme for 49 European focused funds, while there were 84 funds for this category targeting North America.

When looking at SDG3 in the SDG 2024 report, most of the data about infant and maternal mortality, communicable diseases and life expectancy related to the lower income countries. But an aging population is one area that the developed countries are struggling with. Health systems are experiencing increased strains in catering to the mounting health needs of an ageing global population, more so because the health workforce itself is ageing. An estimated 1.8 million additional health workers are needed in 54 countries, primarily high-income ones, to replace retiring health professionals and maintain the current age-standardized density of health workers.

North America



Private equity funds focused on North America make up 35.6% of the Phenix Capital Database. Of the 510 private equity impact funds focused on North America, 25% are currently open for investment. In terms of sub asset classes 140 have a growth focus, 367 are venture capital funds and 60 are buyout funds.

Some of the most active institutional impact investors are based in the US, ranging from Foundations such as the MacArthur Foundation, which since 1983 has made catalytic capital impact investments totalling more than $750 million to support more than 200 nonprofits, social enterprises, and funds in the US and globally, and the Rockefeller Foundation's innovative finance programme that aims to mobilise $10 billion for transformative financial solutions by 2030, right through to public funds with long term fiduciary duties.

The impact of the Trump Administration's changes such as pulling out of the Paris Alignment has yet to be seen. Despite the divided political agenda on climate change, many US pension boards still consider climate risk as part of their fiduciary duty. for example, CalPERS has launched a Sustainable Investments 20230 Strategy that will commit $100 billion towards climate solutions as the portfolio moves toward net zero.

and by 2050, all five New York City pension funds plan to invest $50 billion in climate change solutions, such as renewable energy, energy efficiency, pollution prevention, and low-carbon buildings.

SDG: 9 Industry, Innovation & Infrastructure

There are 195 private equity funds investing towards achieving Industry, Innovation & Infrastructure (SDG9), the second most popular SDG targeted in North America, after healthcare. When broken down by category, there are 60 funds dedicated to access to information and communication technology services (ICT), 42 FinTech related funds, but the majority of the SDG9 funds (137) with a North American focus invest in Cleantech.

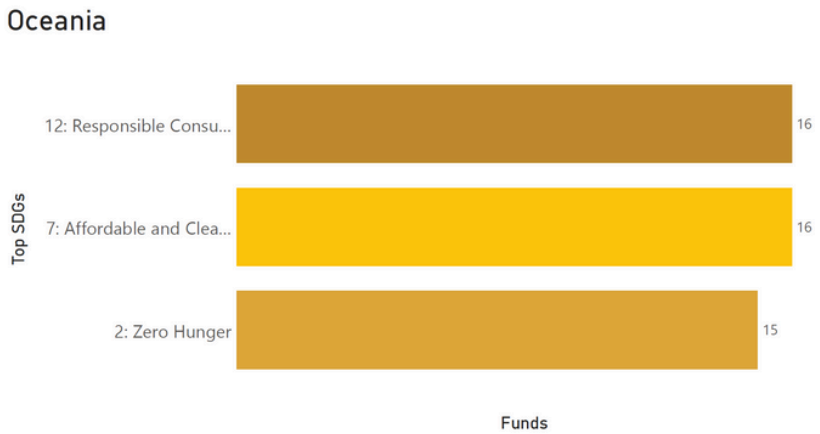
In 2023, global CO2 emissions from energy combustion and industrial processes increased by 1.1% to an unprecedented 37.4 gigatonnes. The rate rose at a slower pace compared to 1.3% in 2022 and was significantly lower than the global GDP growth rate of 3%. This deceleration can be attributed to the significant surge in clean energy technologies since 2019. Coal was the primary driver of emissions growth, contributing over 65% of the uptick in 2023.

Emissions per unit of GDP consistently decreased, dropping 11.5% from 0.29 kilograms per dollar (purchasing power parity) in 2015 to 0.25 in 2021, according to the SDG9 section of the SDG 2024 report. In manufacturing, emissions intensity decreased by 16%, although regional disparities persist. Progress in reducing emissions intensity to cut global emissions overall has been insufficient. Developing strategies for low-carbon energy and green manufacturing calls for collaboration and approaches tailored to each country's unique strengths.

Oceania

Private equity funds focused on Oceania make up 1.9% of the Phenix Capital Database. Of the 27 private equity impact funds focused on Oceania, 44% are currently open for investment. In terms of sub asset classes 11 have a growth focus, 17 are venture capital funds and only three are buyout funds.

This category mixes the developed nations of Australia and New Zealand with the Small Island Developing States (SIDS) that include Cook Islands, Tonga, Vanuatu and Samoa. The latter are often at risk from the impact of climate related sea level rising, and acidification impact on ocean-based fishing industry. Australia is the largest donor to small island developing states. Of the 51 small island developing states, Australia provides aid to 34 including Timor-Leste and countries in the Caribbean, and the Pacific and Indian Oceans.



Oceania

The impact themes that are more pertinent to the SIDS near Australia include: climate change adaptation (Climate Action SDG13); renewable energy (Affordable & Clean Energy SDG7); sustainable tourism (Decent Work & Economic Growth SDG8); and resilient infrastructure (Industry, Innovation & Infrastructure SDG9). From investing in projects like coastal protection infrastructure, coral reef restoration, and early warning systems for natural disasters, through to developing solar and wind power generation projects, all contributing to climate mitigation efforts.

Investing in eco-friendly tourism infrastructure, community-based tourism initiatives, and marine conservation as well as building resilient infrastructure like flood-resistant buildings and improved water management systems are also all ways to positively impact these islands.

Investing in the blue economy (Life Below Water SDG14) is one way to achieve the SDGs in small island developing states. There are nine SDG14 private equity impact funds focusing on the region, six of which are open. As of February 2024, several countries, including some SIDS, have integrated blue economy principles into their development strategies, recognising the significance of the ocean in driving economic growth, ensuring food security, and mitigating climate change.

SDG:12 Responsible Production & Consumption

There are 16 private equity funds investing towards achieving Responsible Production & Consumption (SDG12), the most popular SDG targeted in Oceania. When broken down by category, there are 12 funds dedicated to the circular economy, eight each for waste management and ethical & sustainable supply chain and manufacturing, and four dedicated to sustainable and ethical consumer products and services.

In 2022, global food waste reached 1.05 billion metric tons, yet only 9 of 193 countries included food waste in their nationally determined contributions (NDCs) on climate change actions, according to SDG section of the 2024 SDG Report. The rapid growth of global e-waste remains largely unaddressed, with only 22% collected and managed sustainably. Australia's Water Efficiency Labelling and Standard Scheme initiated efforts to reduce water demand and encourage efficient technologies.

Conclusion

Just at looking at the statistics in the [2024 Sustainable Development Report](), it is clear developing and vulnerable countries face vast development challenges. Many, like the small island developing states, home to some of the world's most climate-vulnerable populations, only accounting for less than 1% of global greenhouse gas emissions, making action to mitigate global heating urgent.

Per capita growth in gross domestic product in half the world's most vulnerable countries is now slower than in advanced economies for the first time this century, and the SDG investment gap in developing countries now stands at $4 trillion per year.

These problems are exacerbated by the fact that developing countries are inadequately represented in global economic decision-making, with their voting share falling far short of their membership in many international financial institutions. Moreover, roughly two thirds of the impact capital is being invested in funds focused on developed nations.

In all countries, upping the ante on a just climate transition is crucial to addressing the triple planetary crisis of climate change, air pollution and biodiversity loss while reorienting economies towards more sustainable growth. To meet the biodiversity, extreme weather and natural resource shortage risks likely to be faced in the next decade, a number of things need to happen, urgently.

For a start, more investment needs to go to the emerging markets, and at the same time these often resource rich countries need to have systems in place to guarantee sustainability and regeneration.

More environmentally-focused funds dedicated to environmental issues, covering Life on Land, Climate Action and Life Below Water, in the regions where the greatest need to protect the resources exists, for example the Amazon, need to be launched. While investors need to work with impact managers to create investable solutions to the very real problems that exist and not just jump on easy to execute themes.

The challenge of course is that impact investing by its nature requires returns as well as impact, but the first step is to understand where the imbalance of products versus needs exists and work collaboratively with local agents of change.

PHENIX IMPACT FUND ASSESSMENT

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

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

ASSESSING THE ROBUSTNESS OF IMPACT FUND PROPOSITIONS

Uncover strengths and weaknesses

Adopt industry best practices

Prepare for institutional impact due diligence

VISIT SITE >>>

Glossary & Symbols

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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