Impact Investing Survey Results Summary
Investor views on Public/Private approach

May 2019
Responsible Investing credentials

Long-standing firm-wide commitment to Responsible Investing.
Attaining thought-leader status through Strategy & Governance, Incorporating ESG into Strategies, Active Ownership & Industry Collaboration

Source: UN Sustainable Development Goals (SDGs). KBI Global Investors supports the SDGs. The use of this image is for illustrative purposes only and is not intended to promote KBIGI products or services. Please see disclaimer at end of presentation regarding transparent logo.
About the survey

Credible, anonymous survey conducted by KBIGI in April 2019 using SurveyMonkey

80 respondents from the KBIGI network of Responsible Investing contacts

AUM breakdown:

- <$1bn: 37.5%
- $1-$10bn: 32.5%
- >$10bn: 30%

All statistical analysis contained in this presentation was sourced from the KBIGI survey.

Across client types: Foundations, Endowments, Asset Managers, Consultants, Advisors and others

Covering geographies globally
Key Findings:

- There is well-established and rapidly growing appetite for Impact investing
- Blended (public/private) approach is widely accepted
- Ability to access appropriate investment opportunities is by far the biggest challenge the industry is facing
- Trade-offs exist between the public equity and private equity approaches
- In the public equity space the ability to make impact at scale is the biggest attraction
- Investors don’t accept that there is a trade-off between investment performance and Impact
- The Impact community at large needs to do more to **connect, educate and make Impact investing more tangible for investors**
78% already invest in Impact space

Want to increase allocation to Impact in next 1-3 years

There is clear demand (70%) for further education and training in the Impact space
Public/private approach widely accepted

56% of current Impact investors use public equities as all or part of their Impact allocations

83% would consider a blended (public/private) approach to Impact investing in the future
The ability to access appropriate investment opportunities is the most identified challenge with regard to Impact investing.*

Accessing suitable investment opportunities: 59%
Cost: 21%
Liquidity: 20%
No particular challenges: 15%
Other: 30%

*respondents were able to select one or more options
For Private Equities concerns around risk, liquidity, internal resource requirements, concentration risk and others were exceeded by the challenge of finding appropriate investment opportunities.

The importance of each negative factor:

- **Difficulty of finding suitable investment opportunities**
  - Very important: 43%
  - Important: 28%
  - Somewhat important: 22%
  - Not important: 8%

- **Concentration risk**
  - Very important: 37%
  - Important: 30%
  - Somewhat important: 13%
  - Not important: 8%

- **Internal resource requirements**
  - Very important: 42%
  - Important: 22%
  - Somewhat important: 9%
  - Not important: 9%

- **Lack of liquidity**
  - Very important: 21%
  - Important: 25%
  - Somewhat important: 30%
  - Not important: 24%
In terms of what draws investors to the private space it was not control/majority stake or lower correlations but very clearly the relative ease of Impact measurement and the perception of tangible additionality.

The importance of each positive factor:

- Very important
- Important
- Somewhat important
- Not important

### Factors

- **Tangible additionality**
  - Very important: 42%
  - Important: 17%
  - Somewhat important: 5%
  - Not important: 36%

- **Control/majority stake**
  - Very important: 4%
  - Important: 16%
  - Somewhat important: 23%
  - Not important: 57%

- **Relative ease of Impact measurement**
  - Very important: 23%
  - Important: 21%
  - Somewhat important: 2%
  - Not important: 54%

- **Lower correlation of return with other asset classes**
  - Very important: 30%
  - Important: 38%
  - Somewhat important: 25%
  - Not important: 8%
Public Equity approach: scale the biggest attraction

The importance of each positive factor

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<tr>
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<tbody>
<tr>
<td>Ability to make impact at scale</td>
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<td>14%</td>
<td>5%</td>
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<tr>
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<td>19%</td>
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81% said “ability to make impact at scale” was important or very important
Public Equity approach: better access important

The importance of each positive factor

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77% said that better access to investment opportunities – a strength of public equity investing – was important or very important.
The biggest challenge people see in the public space is the ability to effectively measure impact.
Sacrificing performance is not accepted, especially in the Public Equity space where only 15% agreed with the concept of accepting lower returns for Impact.

For private equity, this number is 28%.
While the blended Private and Public Equity approach to Impact investing is widely accepted and growing, the Impact community at large needs to do more to **connect**, **educate** and **make Impact investing more tangible** for investors through better **access** and **measurement**

"AP7 see our Impact Investing mandates as an **opportunity** to be a part of the **solution** to some of the most pressing sustainability challenges that the world is facing, and we believe this can be accomplished without sacrificing investment performance. In a broader perspective, there is a healthy shift taking place right now from portfolio level risk to real economy risk. We expect this dynamic to persist for years to come."

**Johan Florén**
Head of Communications and ESG
AP7, Sweden’s Public Pension Plan
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For further information or to view the full survey results, please contact us.

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