

What is Impact Investing?

Interest in impact investing has increased as investors become more aware of investment choices. Global Impact Investing Network (GIIN) defines impact investing on their website (<https://thegiin.org>) as:

"Investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending on investors' strategic goals."¹

"The growing impact investment market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services including housing, healthcare, and education."²

Core Characteristics

The Global Impact Investing Network (GIIN) cites four characteristics of impact investing:

Intentionality: An investor's intention to have a positive social or environmental impact through investments is essential to impact investing.

Investment with Return Expectations: Impact investments are expected to generate a financial return on capital or, at minimum, a return of capital.

Range of Return and Asset Classes: Impact investments target financial returns that range from below market (sometimes called concessionary) to risk-adjusted market rate, and can be made across asset classes, including but not limited to cash equivalents, fixed income, venture capital, and private equity.

Impact Measurement: A hallmark of impact investing is the commitment of the investor to measure and report the social and environmental performance and progress of underlying investments, ensuring transparency and accountability while informing the practice of impact investing and building the field.³

Why Impact Investing?

GIIN also believes that impact investing challenges the long-held views that social and environmental issues should be addressed only by philanthropic donations, and that market investments should focus exclusively on achieving financial returns.⁴

The impact investing market offers diverse and viable opportunities for investors to advance social and environmental solutions through investments that also produce financial returns.⁵



1-5 All Sourced: Global Impact Investing Network (GIIN), <https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing>

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