CRUISING ALTITUDE

Pockets of Turbulence Don't Impede the Flight of Impact Investing

Insights from the Frontier of Impact Investing

2025

T100

tonic

About Toniic

Toniic is a global community of private asset owners seeking to steward wealth and use influence to enable a thriving world. Our members – more than 500 high-net-wealth individuals, family offices, and foundations from over 25 countries – are active impact investors and philanthropists. Toniic provides these investors with a vibrant community that includes education, investment opportunities, impact support, and events. Toniic also builds the field of impact investing, leading by example to move money and mindsets.

For more information about Toniic, please visit

www.toniic.com

About the T100 Project

The T100 Project is Toniic's longitudinal study of the practices and portfolios of committed impact investors since 2016. Now containing data from more than 100 distinct portfolios, the project studies how these investors deploy capital to achieve both financial return and net positive social and environmental impact.

For more information about Toniic, please visit

www.toniic.com/t100

Acknowledgements

T100 Portfolio Contributors

This report wouldn't be possible without the many investors who gave their time and data to the project. It wasn't an easy task for investors to delve into their portfolios in such depth, and we appreciate their commitment to building the field of impact investing.

For more information about contributor demographics and our data collection process, please see the relevant sections in our appendix.

Reviewers

We are truly appreciative of the individuals who provided valuable insight and feedback during the making of this report, including:

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The longitudinal T100 study, which commenced in 2016, would never have occurred without the financial support of several key funders over that time. Because many such funders converted T100 support to general operating support over time, it is difficult to identify with precision those primarily motivated in their generosity by the T100 Project, so instead we send a broad thank you to all who supported and funded us over the years.

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Foreword

When we started the T100 Project and produced our first report back in 2016, the impact investing space looked much different. Impact investing was still on the fringes and rarely approached at a portfolio-level across asset classes.

Now, impact investing has matured and investors have many more opportunities to invest across themes and asset classes. Just as the industry has grown and evolved, so has the T100 Project. The sample size of portfolios documented in the study has doubled since the first report - from 51 to 107 portfolios. Instead of asking, “is it possible?”, we are now asking much more nuanced questions. Toniic members and other private wealth holders want to know how their portfolios compare to others’. Academics still have many unanswered questions about how the behaviors of impact investors differ from traditional investors. Wealth managers and financial product providers seek to know where there is latent unmet demand for products and services.

This report seeks to address these questions, build on previous research, and reflect on how portfolios in our dataset have changed over the eight years of our project. As with our prior reports in this study, this one points out many unanswered questions for future study. There are still many unexplained phenomena in our field.

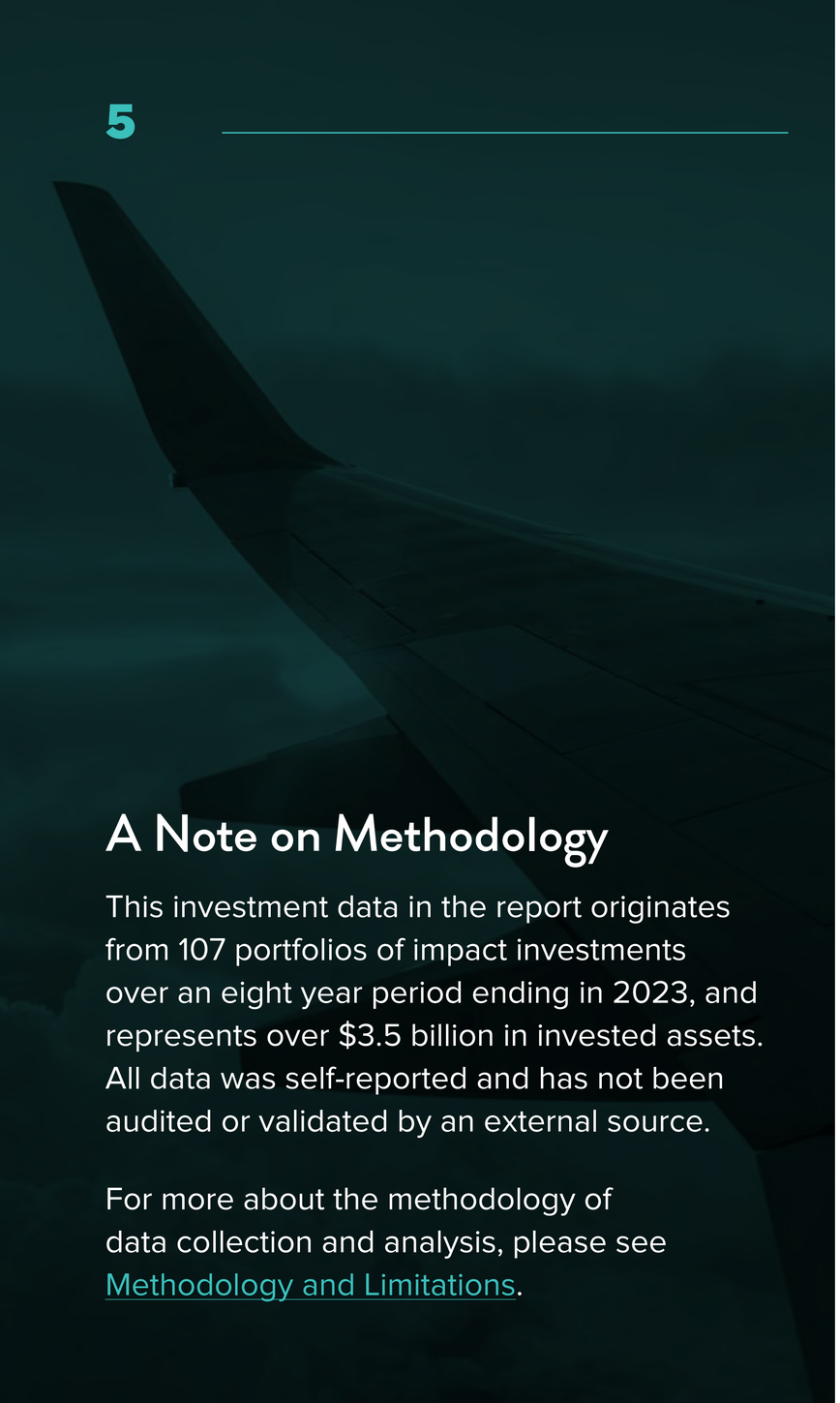
There are also questions which this longitudinal study puts to rest. It is possible to target financial returns and impact across every asset class, if investors so choose, or to seek greater additionality through catalytic capital.[1] There exists a wealthy demographic that remains underserved by the traditional wealth management market. Discerning investors are neither fooled by, nor content with, products with ESG in the name but little substance in the portfolio. Impact investing is neither disguised philanthropy nor “dumb money”, but a profound shift in approach to investing that will continue to build until the system shifts.

Thank you for coming with us on this journey. Future generations, and the planet itself, are counting on you.

Adam Bendell
President, Toniic

1 Toniic uses the Catalytic Capital Consortium definition of catalytic capital: “debt, equity, guarantees, and other investments that accept disproportionate risk and/or concessionary returns relative to a conventional investment in order to generate positive impact and enable third-party investment that otherwise would not be possible.”

Source: https://catalyticcapitalconsortium.org/why-catalytic-capital/



A Note on Methodology

This investment data in the report originates from 107 portfolios of impact investments over an eight year period ending in 2023, and represents over $3.5 billion in invested assets. All data was self-reported and has not been audited or validated by an external source.

For more about the methodology of data collection and analysis, please see Methodology and Limitations.

Introduction

The path of impact investing is rarely smooth, a reality that we have learned and documented over the past 9 years. Over the course of this project, we have collected portfolio data from some of the most experienced active private wealth[2] impact investors in the world. These pioneers have been willing to document this bumpy ride for others with the intention of making the journey easier for others embarking on the journey.

The data analysis reveals what these investors seek to achieve with their portfolios, where they do and do not feel they can have significant positive impact, which investment products and ecosystem developments they embrace, and which products and ecosystem developments they bypass. Respondents evaluated each investment in their portfolios and reported details on the investment, including financial and impact intentions.

They face a number of challenges, including a fickle regulatory landscape and criticism from other parties, such as skeptical family members or advisors. Even with a good support system and a clear strategy, other circumstances sometimes get into the way. They might not be able to achieve their goal portfolio allocation due to illiquid legacy investments or the lack of products in their theme or locality.

Despite the challenges, we see encouraging findings in the dataset. As a pilot would make corrections to the flight to accommodate for turbulence, we see the contributors to the project adjusting to the circumstances and bumps in their journey while still making progress toward their ultimate goal.

2 By private wealth, we primarily mean High-Net-Wealth Individuals (HNIs), family offices, and charitable foundations investing their own money as principals, distinct from organizations investing other people's money. Differing from the conventional source of the acronym *HNI*, we at Toniic have begun referring to people as "High-Net-Wealth" Individuals rather than "High-Net-Worth" which luckily doesn't require changing the acronym ("HNI" or "HNWI"), but does give us a more precise term for someone with significant financial resources.

Executive Summary

Since 2016, the T100 Project has been studying the capital deployment and intentions of some of the most experienced active private wealth impact investors in the world. Within this report, we explore what the data says about their approaches, what challenges they face, and trends over the last 8 years.

107
Portfolios in dataset

3.5B USD
Assets represented

90%
Portfolios in dataset

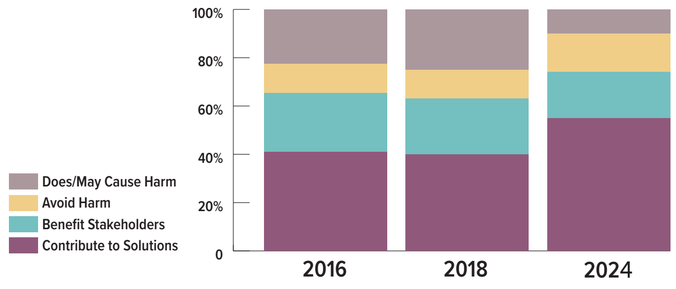
17
SDGs addressed

Private Equity is Still King

Private equity remains the leading asset class for impact, with the most diverse range of SDG themes, enterprise impact, and investor contribution.

Increased Allocations to Impact

Over time, portfolios in the dataset have increased their allocations toward impact; we have seen a significant increase in investments in companies that contribute to solutions and a decrease to those considered to cause/may cause harm.



Catalytic Capital

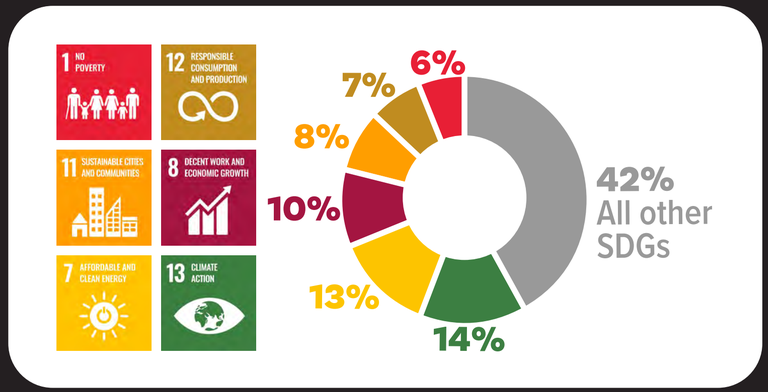
While the majority of investors in the study target market-rate returns,

64%
include some catalytic capital

showing that it's a powerful tool in impact investors' toolkits.

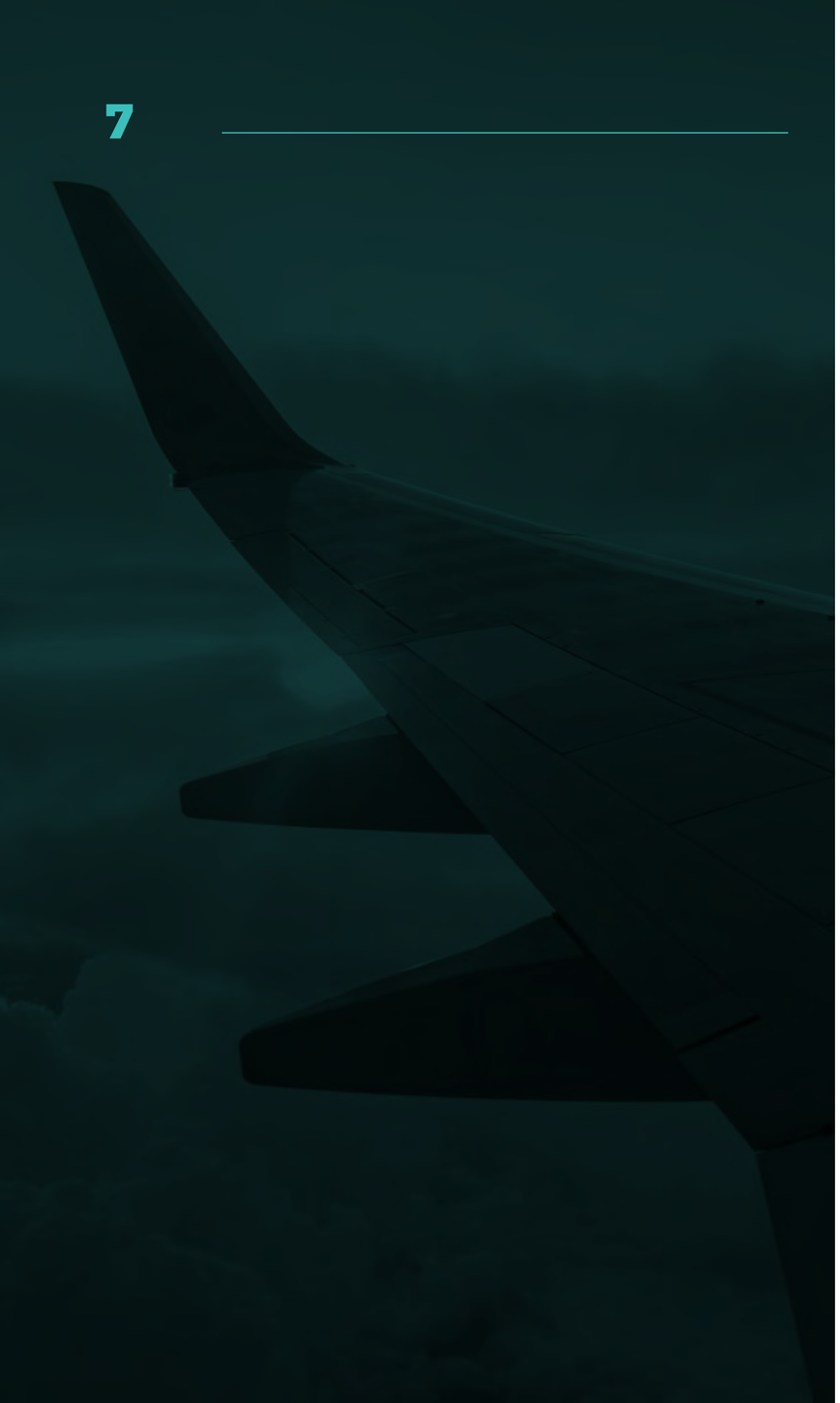
Climate Action Takes Center Stage

In a significant shift, investors are prioritizing climate-related initiatives, with clean energy and climate action emerging as the top focus areas for capital deployment.



Gaps Remain

While clean energy investments are helping to address the largest identified funding gap, significant opportunities remain in other crucial areas. Notable among these is clean water and sanitation (SDG 6), which currently receives relatively low allocation despite being identified as the second-largest investment gap by UNCTAD.



Highlights & Observations

Contribution

This report finds a dramatic increase, since the last T100 portfolio report in 2018, in investments motivated by contribution.

We define *contribution* more robustly in the corresponding section below, but broadly, we use this term synonymously with the more familiar term from philanthropy: *additionality* - causing a positive impact that otherwise would not occur. Both impact additionality and contribution are concepts unknown to traditional finance, which bundles the wide variety of approaches to Environmental, Social and Governance (ESG) investing and impact investing into a single market segment.

The impact investing field, on the other hand, has over the past few years coalesced on a framework to more clearly differentiate strategies based on contribution. Aided by the historic consensus-building work of the Impact Management Project (IMP) and its successor, Impact Frontiers, we now have a shared language to dispel the sometimes intentional confusion of the language of financial product marketing.

Toniic extended this framework allowing impact investors, at a high level, to distinguish between the following goals:

- financial ESG, improving risk adjusted financial returns by considering the effect of ESG factors on financial performance;
- values alignment, in which the investor's capital is invested in enterprises whose practices align with the investor's values;
- contribution, in which either the enterprise or the investor themselves is measurably contributing to solutions to big world problems (directly or by engaging with enterprises to do so), beyond merely signaling that impact matters to the investor and excluding underlying enterprises that do or may cause harm.

ESG approaches generally focus on the first two but not necessarily on contribution. The Toniic T100 demographic, more than most, is motivated by contribution. This takes two forms:

- enterprises that contribute to solutions
- investor contribution

Sometimes this is a combination of both above forms.

The T100 investor demographic often contributes more than just money, including their own expertise and business experience, connections to expertise within their professional networks, their ability to crowd in additional capital by being "early money" or to help "close a fundraising round." These contributions supplement, rather than substitute for, their contribution of financial capital. See further comments on "polycapital" in the section on Investor Contribution below.

In addition to the increase in investments motivated by contribution, assets invested under ESG mandates, which are easier to execute, have (until recently) grown even faster, but also attracted a backlash because of vague definitions that permit both greenwashing and accusations of incoherence. These weaknesses in ESG approaches may explain a survey by the Association of Investment Companies which found that the share of investors who considered ESG as part of their investing process had fallen for the third straight year, to 48% in 2024, from a high of 65% in 2021 and 53% in 2023.[3]

Meanwhile, the rubric of contribution has created strategies among impact investors that, while harder to execute, are more intellectually honest and durable. It remains to be seen if the industry that serves this wealthy, discerning, and socially minded demographic can learn to fully serve their needs. This report highlights both progress, and many remaining gaps.

Allocation

The T100 dataset allows us to compare the difference between impact investors' expressed desires for their portfolios and revealed capital allocations. There are multiple possible explanations for divergences between what these investors say they want to invest in and what they actually do, which our academic research partners (a consortium led by the Center for Sustainable Finance and Private Wealth at the University of Zurich) have explored. But the simplest explanation is that, while product development over the past several years has filled out the opportunity set, the supply of impact investing products is in some cases still not meeting demand.

Our dataset is more reliable on revealed investor allocations than on actual impact. Since our last T100 report, there have been positive developments in measuring actual impact (e.g. the launch of both Blue Mark and 60 Decibels, impact measurement and verification service providers), but as a whole, this is one of the most difficult aspects of the field, and progress is slow. We don't claim that, just because an investor *thinks* a particular investment contributes to solutions, it does. However we do believe our data is some of the best on what experienced private impact investors are seeking in terms of products and intended impact. The ecosystems serving these investors through financial offerings would be well served to pay attention to the signals in this report to develop products that better meet the needs of impact investors.

Capital Distribution

Some of the United Nations Sustainable Development Goals (SDGs) and specific geographies are much more heavily invested than others. Investments to combat climate change have attracted far greater capital than those aimed at providing clean water and sanitation to the underserved, for example.

From a geographical point of view, the data shows us that investors overweight investments seeking impact in their home region, possibly due to a greater ability to oversee the impact of the investment, greater legal and compliance complexity investing outside that region, and exchange rate risk. This may exacerbate the unequal distribution of capital between the Global North and Global South. Home-region overweight could also be linked to investment availability, because of the larger supply of impact investments in North America and Western Europe relative to other markets.

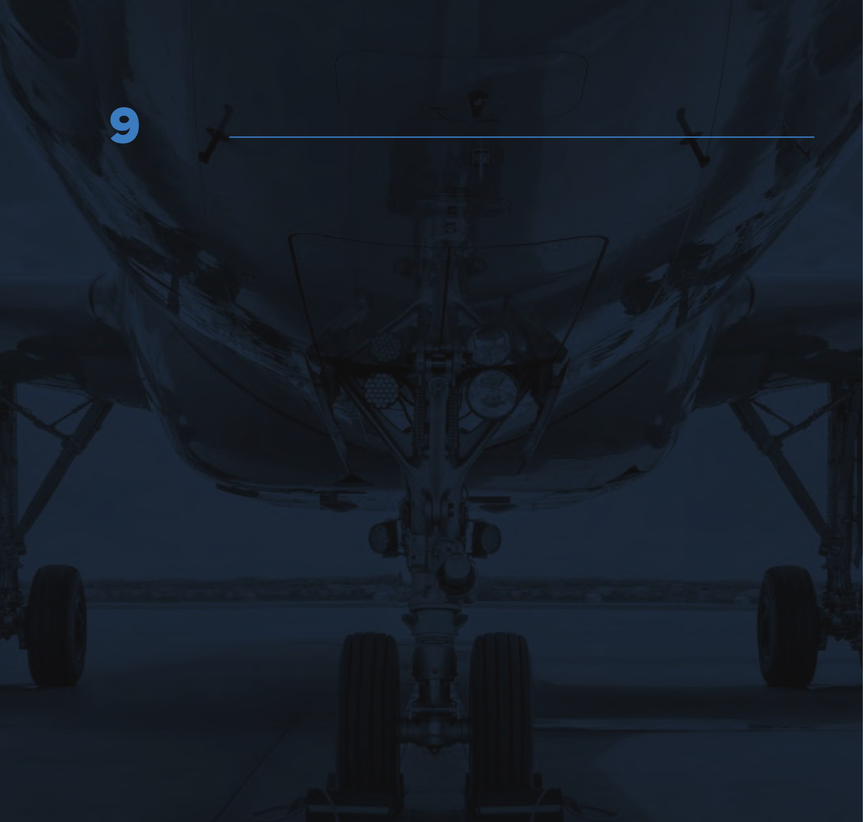
Impact, Liquidity and Expected Returns

Much ink has been spilled over the past 15 years (including by Toniic) on whether there is a necessary tradeoff between impact and financial returns. The T100 dataset has sent a consistent message on this point throughout the eight years of this study, from the inaugural T100 "Launch" report in 2016, the 2019 T100 report "Powered Ascent," and through this report, although the language we use to describe the conclusion has evolved. In today's language, investors think it is possible to invest for impact in market rate investments, but most investments with greater impact require catalytic capital. This is new language, but not a new conclusion.

What is clearer from this data than ever before is the **willingness of some investors to trade liquidity for impact**. Our data shows that in impact portfolios, Impact and liquidity are inversely correlated. The investors of all types in this study demonstrate a strong willingness to accept illiquidity for greater impact. More generally, impact potential is increasingly driving asset allocation decisions rather than conventional investment criteria alone.

We explore each of these observations and more in the remainder of this report.

3 Source: the Association of Investment Companies https://www.theaic.co.uk/aic/news/press-releases/esg-attitudes-tracker-passion-for-esg-investing-cools-further



Source of Turbulence

There is insufficient capital to address the SDGs, and some of the Sustainable Development Goals and specific geographies are much more heavily invested than others.

Correction Underway

Given limited capital, T100 investors are specialising in thematic areas, particularly the largest investment gap - climate.

Thematic & Geographic Impact

Sustainable Development Goals

At Toniic, we use the SDGs to categorize the intended impacts of our investments. The SDGs were created with the intent to produce a set of universal goals that address the urgent environmental, political and economic challenges facing our world.[4] Impact investors are trying to address these critical needs and challenges, and referencing the SDGs helps align our terminology and efforts with others across different industries.

In order to align Toniic's efforts with the industry, and to report data that can be comparable across the impact investment ecosystem, we mapped the impact themes of interest of our members to the Sustainable Development Goals.[5] You can read more about the SDGs at the UN's website on SDGs.[6]

How T100 Investors Contribute to the SDGs

Portfolios in our study include every SDG. Some are focused on a single SDG, while others cover a broad range of themes. Within our latest data collection, the two most invested-in themes were SDG 13 (climate action) and SDG 7 (affordable and clean energy) (13.8% and 12.7%, respectively), collectively showing a preference for investing in addressing climate change through a transition from fossil fuels to clean energy.

The Shift from Focus on SDG11 to SDG 7 and SDG 13

Our latest analysis reveals a significant shift in investment focus from SDG 11 (sustainable cities and communities) to a greater emphasis on SDG 7 (affordable and clean energy) and SDG 13 (climate action). In previous assessments, SDG 11 (sustainable cities and communities) was the most invested-in goal, reflecting a concentrated effort on community empowerment investments, urban sustainability, and real assets development. However, the more recent data indicates that investors are increasingly prioritizing clean energy solutions and climate resilience, highlighting a broader recognition of the urgent need to address climate change and its impacts. This transition underscores a growing awareness among stakeholders of the interconnectedness of energy access and climate action, suggesting that future investments will likely align more closely with these critical global challenges.

Although investors overall have included all SDGs in their portfolios, some SDGs are still less invested than others. This may be due to a number of factors, including fewer available products, less competitive financial returns, less favourable markets, or SDGs that are generally harder to address through an already validated investment strategy. The least invested SDGs are SDG 16 (peace justice and strong institutions) (0.5%) and SDG6 (clean water and sanitation) (1.3%).

4 Source: UNDP https://www.undp.org/sdg-accelerator/background-goals#:~:text=The%20Sustainable%20Development%20Goals%20

5 Source: Toniic https://toniic.com/sdg-framework/

6 Source: United Nations https://sdgs.un.org/goals

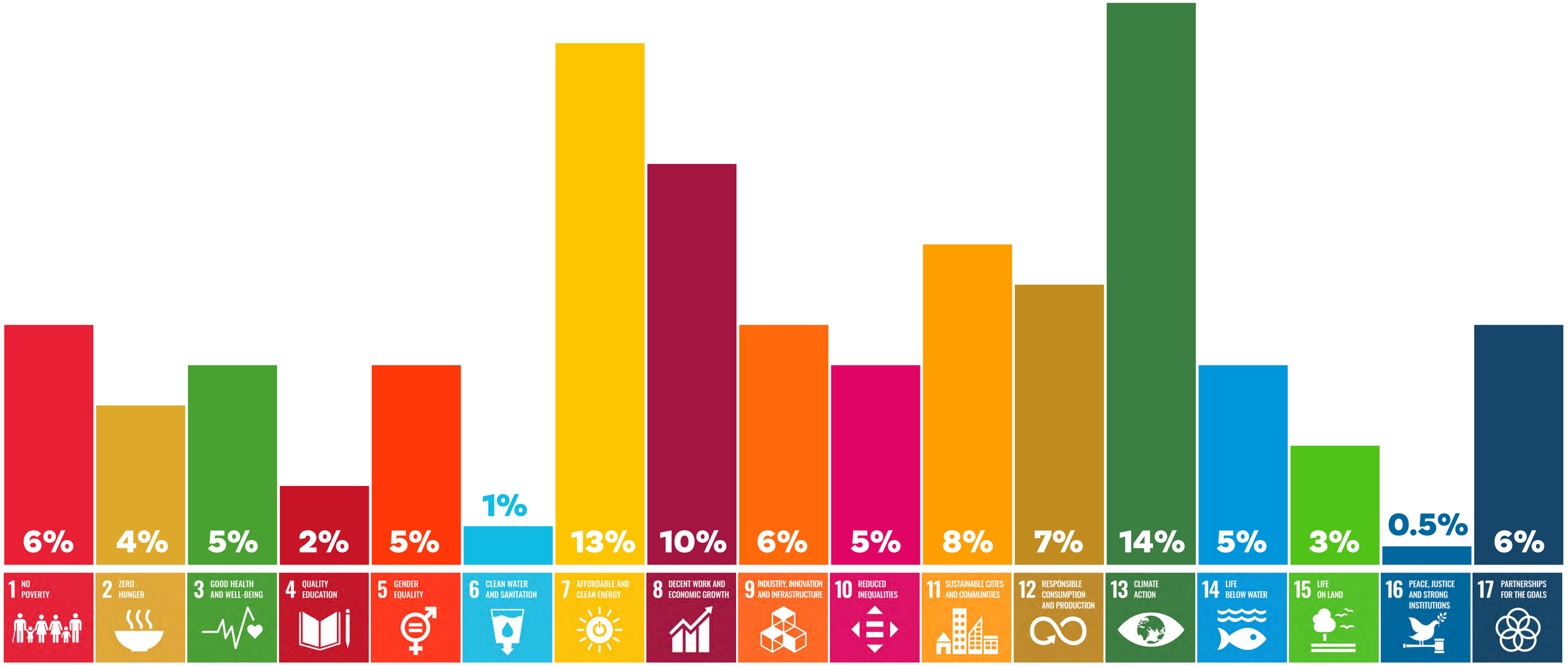


Fig 1 - Allocation toward SDGs

We can supplement this data and make additional inferences by observing what we learn from Toniic members when they discuss their preferences and investment strategies. Toniic members are often also philanthropists and when deciding how to best allocate their capital, they may find that there are certain SDGs that interest them, such as SDG 16 (peace justice and strong institutions) and SDG 6 (clean water and sanitation), but consider those SDGs better suited for their philanthropic work.

Paolo Fresia, T100 Contributor on SDG 16:

"I don't think it's so hard to deploy capital in [SDG 16], it might just mean that it needs to be done through investment instruments that have a financial return between -100% (pure philanthropy) and 0%, rather than positive. Because of the world we live in, capitalism has excluded things like freedom, human rights, and democracy from the SDGs, and they might not lend themselves to investment in the traditional sense. But it doesn't mean one cannot put time, money, and effort into it – and generate a lot of impact!"

Meeting the Global Need?

How do our documented investment trends match up to the global need? In a 2023 report, the UN Conference on Trade and Development (UNCTAD) suggested that although investment in the SDGs is growing, the annual SDG investment gap (the amount of actual investment compared with the amount estimated to be needed to solve the problem) is widening, particularly in developing countries.[7] That report estimates the largest investment gap to be over US$2 trillion for clean energy. The T100 investors can't close that gap on their own, but taken as a sample of private impact investors, reveal that investment dollars are being deployed toward this goal. On the other hand, the second largest investment gap identified by the UNCTAD report was in water and sanitation, one of the least invested SDGs by our investors. Anecdotally, we hear from our members that SDG 6 (clean water and sanitation) can be a tricky theme in which to invest. The markets are less developed, which means there are fewer investment products, longer timelines for projects, higher risks and (typically) lower financial returns.

Geography of Impact

We see a strong home region overweight across all portfolios in the dataset. Aside from those investments targeting global impact, most portfolios prioritise investments with impact in the investor's region of domicile.[8]

Exceptions are the regions of Latin America and South/Southeast Asia, which are mostly invested in globally-focused investments. This may reflect fewer opportunities to invest with impact/thematically in their own regions, or possibly, greater desire for geographic diversification. These findings contradict the idea that impact investing is about investors in the Global North investing in the Global South, and supports the idea of investors having a bias toward place based investing, or investing locally.

Separating the group into investor domicile also shows us a variation by investor domicile in the most invested themes, suggesting that each region has differing priorities and products available:

- Western Europe - SDG12 (Responsible Consumption and Production)
- United States & Canada - SDG13 (Climate Action)
- East & Southeast Asia - SDG14 (Life Below Water)
- Oceania - SDG11 (Sustainable Cities and Communities)
- Middle East & North Africa - SDG07 (Affordable and Clean Energy)
- Latin America - SDG02 (Zero Hunger)

7 Source: UN Conference on Trade and Development https://unctad.org/publication/world-investment-report-2023

8 Surprisingly, the term the "invisible hand" is confined to a single instance in Adam Smith's "Wealth of Nations," and refers exclusively to this home region overweight. "By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain; and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention." An Inquiry Into the Nature and Causes of the Wealth Of Nations, Book IV, Chapter II, p. 456, para. 9, published 1776.

Target Geography of Investments

Investor Domocile

	Western Europe	US Canada	Sub-Saharan Africa	South Asia	Oceania	Middle East North Africa	LatAm	Global	East Southeast Asia	Eastern Europe Central Asia
US Canada **49**	1.3%	51.0%	1.2%	0.2%	0.01%	0.1%	0.3%	45.6%	0.4%	0.04%
Western Europe **30**	40.7%	27.8%	2.0%	1.0%	0.7%	0.6%	2.4%	21.6%	2.6%	0.7%
East Southeast Asia **7**	2.6%	8.4%	2.6%	2.9%	3.0%	1.1%	0.3%	69.2%	9.8%	0.0%
Latin America Caribbean **6**	3.1%	2.4%	0.3%	0.1%	0.0%	0.1%	13.0%	80.9%	0.2%	0.0%
Middle East North Africa **2**	5.4%	9.9%	0.5%	0.0%	1.4%	63.9%	0.0%	18.0%	0.8%	0.0%
Oceania **2**	0.6%	11.9%	2.3%	0.5%	73.8%	4.2%	0.3%	6.5%	0.0%	0.0%

Fig 2 - Geography of Investments' Target Geography by Investor Domicile

Source of Turbulence

ESG and impact investing are lumped together by traditional finance, obscuring important differences between the approaches.

Correction Underway

T100 investors are increasingly committed to enterprise impact and investor contribution, which is quite distinct from ESG approaches.

Contribution

A key question about impact investing is to whom the impact can be attributed. A growing consensus in the industry is that an investment can have two distinct parties bringing contribution: the enterprise itself and each investor.

In 2017, the IMP ran industry-wide focus groups to reach consensus on how impact investors should categorize impacts of various types. Participants in the focus groups favored replacing the term *additionality with contribution* to de-emphasize *scorekeeping* (i.e. "the additional impact can be attributed to my investment") and instead emphasise the degree of difference made to the outcome. We embraced *contribution* instead of *additionality* as part of our ongoing efforts to avoid fighting about terms, when consensus has emerged. Unfortunately, the argument continues, with some preferring additionality.[9] For the purposes of this report, you may consider additionality and contribution to be broadly interchangeable.

In this section we explore the two dimensions of contribution: enterprise impact and investor contribution, first separately and then together.

Enterprise Impact

Enterprise impact refers to a synthesis of the net social and environmental impact (positive impacts minus negative impacts) of an enterprise across every material impact of that enterprise, analysed using the five dimensions of impact identified by the IMP (what, who, how much, contribution and risk). There are various methodologies for assessing this synthesis, all imperfect but directionally helpful. In this report and in our work generally, we use the framework of the IMP (described in the box below). Enterprise contribution is relevant for all investors, and essential for investors that have a goal of causing changes in outcomes.

In our study, we ask T100 investors to classify each of their investments according to the investor's view of the impact of the underlying enterprises (see Methodology and Limitations), both for direct investments and for fund investments. The results are encouraging. Roughly 90% of investments in this sample can be categorized as "screened for impact" (i.e. not causing harm). Over half of the investments reported were labeled as "contribute to solutions" - investments in companies and funds that aim to be deeply positively impactful.

Since the start of the T100 Project, we have seen a significant increase in investments labelled as "contribute to solutions" and a decrease in investments labelled as "does/may cause harm." This demonstrates how far our sector has come - investors that are looking for investments with net positive impact are increasingly able to find and invest in them. They are also able to re-allocate their portfolios from investments that do or may cause harm. The allocation of investments to the do or may cause harm category dropped by more than half between 2018 and 2023.

9 Source: British International Investment
https://www.bii.co.uk/en/news-insight/research/attribution-not-contribution

About the IMP Framework on Enterprise Impact

"From 2016 to 2018, the IMP convened a practitioner community of over 3,000 enterprises and investors to build global consensus on how we measure, improve and disclose our positive and negative impacts (otherwise known as *impact management*). The resulting consensus (or *norms*) provide a common logic to help enterprises and investors understand their impacts on people and the planet, so that they can reduce the negative and increase the positive." - Source: https://impactfrontiers.org/norms/abc-of-enterprise-impact/enterprise-level/

The categories for describing an enterprise's positive impact are commonly referred to as the "ABCs":

- A - Avoid Harm
- B - Benefit Stakeholders
- C - Contribute to Solutions

Plus a category for negative impacts:

- D - Does or May Cause Harm - enterprises unaware or unconcerned about their impact

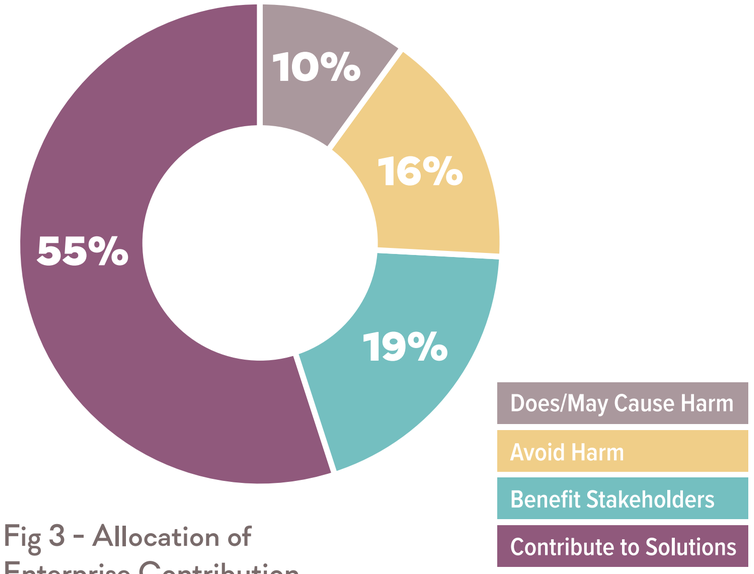


Fig 3 - Allocation of Enterprise Contribution

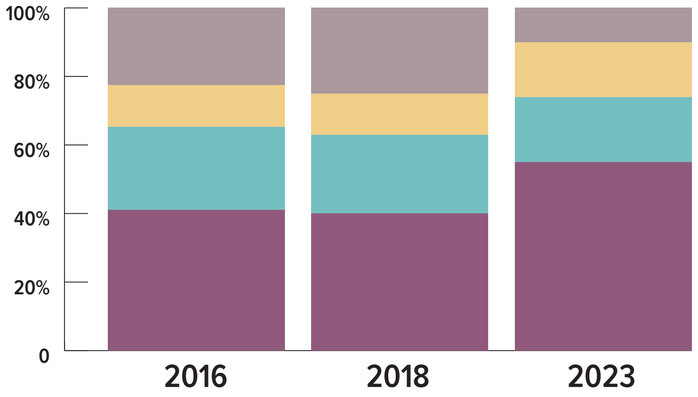


Fig 4 - Enterprise Contribution Allocation Over Time

We suggest a few hypotheses to explain the shift away from investments that do/may cause harm:

It's now easier for impact investors to find products that fit their preferences. Investors have more options in every asset class and in more themes than ever before. The shift could also be due to an increase in investor awareness or sophistication. With the expansion and formalization of industry standards and frameworks, T100 participants are increasingly sensitive to the difference between avoiding harm, benefiting stakeholders, and truly contributing to solutions. This is a difference that some investors using strategies from the larger sustainable universe may not understand or value.

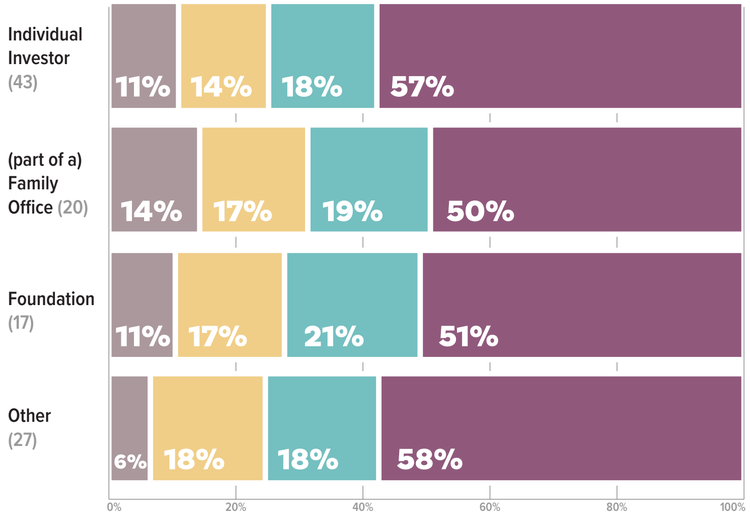


Fig 5 - Investor Types and Enterprise Contribution

About the IMP Framework on Investor Contribution

“Investors commonly describe four strategies – or actions – by which they can contribute to the impact of the assets they invest in: signaling that impact matters, engaging actively, growing new and undersupplied capital markets, and providing catalytic capital. These strategies can be used individually or in combination. They represent roles that investors may choose to play in the market, depending on their financial and impact goals, opportunities, and constraints.

These strategies are the most common forms of investor contribution observable in the market, but not all investors will be able to implement all of them and it is not normative that all investors should try to do so. Not all investor contribution is positive. Investors themselves – separately from the enterprises they finance – may engage in practices that result in social and/or environmental harm and amplify systemic risks.”

To learn more, visit https://impactfrontiers.org/norms/investor-contribution/

Overall, we observe that all private investor types have broadly similar allocations in their portfolios to the different categories of enterprise impact - their preferences and financial products chosen do not vary dramatically whether they are an HNI, family office, or charitable foundation.

Aside from the residual “other investors” category, which primarily includes Donor Advised Funds (DAFs) and investment company portfolios and is too diverse a category from which to draw conclusions, the *individual investor* portfolio demographic is the one with the lowest allocation to does/may cause harm, and the highest share of investments that contribute to solutions, although both represent modest differences from the other investor types. Even a modest reduction in does/may cause harm relative to other investor types is a powerful signal of the importance of HNIs in impact investing.

Investor Contribution

Investor contribution best describes the role of the *investor* in generating impact that would not otherwise occur. From an investor perspective, merely purchasing on the secondary market (i.e. a stock exchange) the securities of even a positively contributing enterprise adds no new capital to solving big world problems. After all, another investor was providing the same amount of capital to the enterprise before you purchased the stock from them. Many impact investors believe if a company contributing to solutions is already well capitalized and the investor is not bringing additional value through engagement, or providing catalytic capital, then an investment in such a company is not driving any additional impact not already provided by the enterprise itself. Such an investment creates values alignment for the investor and signals that they think that impact matters, but does not create something positive that did not previously exist. Investor contribution highlights the role that investors play in directly generating impact.

At Toniic, we have built on the IMP framework - specifically, separating “signaling that impact matters” into financial ESG and values alignment. The former involves the analysis of ESG risks in the context of financial performance, and the latter incorporates non-financial goals and selects investments that align with an investor’s values. This distinction is often described as single or double materiality in ESG. We diverge from the IMP framework in this regard in service of helping our members scrutinize the impact intention of investment managers to disaggregate those who consider ESG factors only if financially material from those who also consider ESG factors that are “merely” material in impacts to the world, because our members want to know the difference.

Our spectrum of investor contribution takes into account all the mechanisms of investor contribution identified by the IMP:

T100 investors are employing the full spectrum of investor contribution in their portfolios. The largest allocation is toward signal - values alignment, which is often the first step into impact investing. In public markets, it is far easier for investors without a significant stake to signal (by screening) than to provide any further investor contribution; so much of public equity is seen by these investors as signal and not more. Public equities are also a sizable asset class relative to the average overall portfolio, so

between financial ESG and values alignment, there is a lot of signaling overall in these portfolios (29% of the total).

Engage actively constitutes getting involved with companies via mentorship, board seats, or in the case of publicly listed companies, posing proxy questions, creating proxy campaigns, outreach to the company on specific issues, and proxy voting to advance impactful shareholders' resolutions. There are also opportunities for investors with shared concerns to work together in collective engagement, which is often more effective. Engagement approaches vary in the amount of time they take, but are always more time consuming than passive ownership, which we hypothesize is responsible for its lower allocation across portfolios (11%) than the two *signal* categories, which can be achieved with screening followed by passive ownership.

Growing new/undersupplied capital markets for impact investors is about identifying high impact opportunities which have been neglected by traditional investors, such as first-time fund managers or underserved markets (like African entrepreneurs). Investments of this type may involve taking on additional complexity, illiquidity, and/or perceived higher risk, and may also offer an attractive impact and financial opportunity.

"Growing" can be combined with engagement, principally in private equity direct deals, where the investor has the opportunity to engage with an entrepreneur over time while providing capital others would not. We see this as a surprisingly large category among this demographic (17%), which we hypothesize is because T100 respondents are often active

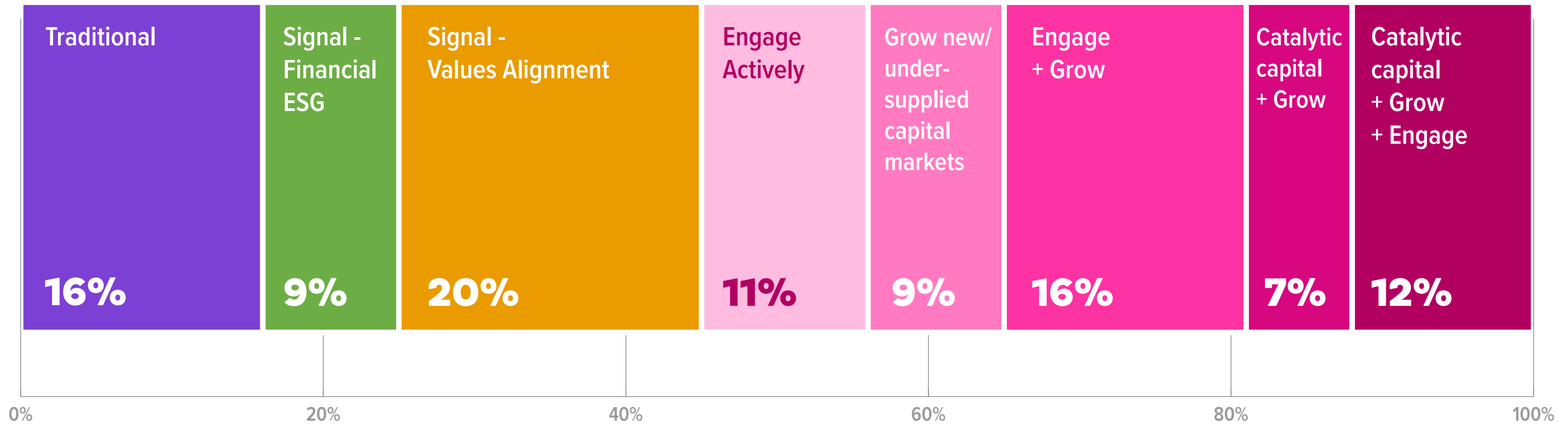


Fig 6 - Allocation of Investor Contribution

investors who want to lend their polycapital to the impactful companies in which they invest[10] to help those companies succeed. This brings these investors closer to the beneficiaries and direct impact of these privately-held companies, which is also rewarding to these investors in its own right.

Finally we get to catalytic capital, formerly referred to as "flexible capital".[11] With this category of investor contribution, investors accept disproportionate risk and/or concessionary returns to generate positive impact and enable third party investments that would not be possible otherwise. This sub-commercial and risk tolerant capital is often seen as off-limits for traditional investors targeting portfolio returns of market rate or better. While, as we have noted before, one can have degrees of impact in market rate investments, often the deepest impact can be found in the catalytic capital segment.

Catalytic capital fills commercial market gaps by intentionally taking on uncompensated risk and/or accepting lower returns than a traditional investor would. We observe this approach

10 Polycapital is a concept that refers to the strategic use of multiple forms of capital, beyond just financial capital, to drive positive impact. Examples include sharing their networks, know-how, human capital, etc.

11 The IMP had previously utilized the word "flexible" to describe the final category of investor contribution. Since the framework was launched, the market and our terminology has evolved. We believe the definitions are close enough to be interchangeable. More on this can be found in our methodology section found in the appendix.

primarily in private markets investing.[12] This is a very powerful form of investor contribution because it intentionally deploys capital where others aren't, seeding new enterprises, scaling their approaches, sustaining their impact over time, and mobilising additional capital. It is possible that some highly impactful enterprises or investment strategies will only need catalytic capital in their early days, when their approach is still unproven, while others may need it in perpetuity. This approach can be combined with the previously described mechanisms of investor contribution, such as growing underserved markets and engagement. Collectively, catalytic capital represents 19% of the investments in the T100 portfolios.

The Challenges of Investor Contribution

We see a lot more focus on enterprise impact than investor contribution in the practices of most impact-oriented asset and wealth managers. Simplifying the intended impact of a portfolio to the enterprise dimension of impact makes such a portfolio easier to construct, rebalance, and analyze, and fits better with traditional wealth management techniques, which only need initial risk/return characteristics to establish a portfolio allocation and requires limited input from the principal. With impact investors focused solely on enterprise impact, the complexities and dynamics of investor contribution are avoided.

Investor contribution is harder to analyze, in part because it is transaction-specific, time bound (an investment in the same enterprise at different times may have different investor contribution) and, more generally, context-specific. To fully analyze the intended impact of a portfolio requires input from the principal on why they are holding what they are. Is Exxon-Mobil in the public equity portfolio for financial exposure to oil and gas, or because the principal is an activist seeking greater climate action by Exxon-Mobil? The latter is an investor contribution motivation which is not obvious from the face of the portfolio.

Investor contribution is also harder to provide. Taking on the additional perceived risk associated with providing capital to underserved markets or first-time fund managers does not fit every portfolio mandate. Engagement takes extra time relative to passive investing. Engagement in public equities, for example, can range from voting proxies, which can be surprisingly time consuming, to conducting shareholder campaigns and attending shareholder meetings, which is also very time consuming and more expensive. Engagement activities in other asset classes, such as sitting on boards or Limited Partner Advisory Committees in private equity, are also time consuming. There are fewer opportunities, and often less strategic value add, for smaller investors.

Beyond the data we see that the T100 demographic is uncommonly active in engagement, and would like more help from their advisors in this regard. There are many opportunities for wealth and asset managers to simplify engagement for their clients, or to become the "trusted delegate" for such engagement. These strategies are more promising than expecting individual investors to do this work themselves. There is opportunity ahead for innovation in these approaches.

Investor Contribution is a moving target - you can't just "set it and forget it". It is specific to each transaction – not just the enterprise being invested in, but can vary with each investment/divestment decision made over time.

T100 contributor and Toniic President Adam Bendell reflects:

"Finding investor contribution is hard. Public markets make up a large part of an overall portfolio, but unless you want to engage, in my personal view it's very difficult to be additive in public markets. I was focused on animal welfare as a theme, and learned a lot about it over the years. But if you want to make sure your money is additional and you find a particular investment or even a whole sector (e.g. plant based protein) is oversubscribed, you have done a lot of learning and work you can no longer use - work a traditional or even values aligned investor would not waste - they would go ahead and invest. The investor committed to deeper investor contribution walks away from the learning and diligence investment towards a now more neglected theme, which is hard psychologically."

12 Examples of catalytic capital investments in private markets can be found on the Toniic powered Catalytic Capital Transaction Database https://airtable.com/appJDv1NWEL8RsSMQ/shrfAOgWIgN01iJzv

Putting Enterprise Impact and Investor Contribution Together

If we look at the aggregated investment data by amount invested and overlay enterprise contribution with investor contribution, we can plot the following matrix, which paints a more complete picture of how portfolios contributed to T100 were built.

This classification matrix aligns with the models created by the IMP consensus, with modifications to the categories, as discussed. To learn more about the IMP's work on impact classification categories, please visit the Impact Frontiers webpage on Investment Classification.

As we can see, there are a couple of "hot spots" in the aggregated investment data matrix:

- **traditional/does or may cause harm** - a number of portfolios in the dataset are not fully deployed toward impact. This could be either because they are in the process, or some may not be committed to 100% impact;
- **engage + grow/contribute to solutions** - this category is largely private equity, which reflects the high allocations toward this type of investment in the portfolios (which we discuss in the next section of the report).

On the other hand, we'd expect the "engage actively" category to have a higher "does/may cause harm" percentage than it does. This reflects a tendency for impact investors to first want to hold only "positive" companies, and then to focus

	Does/May Cause Harm	Avoid Harm	Benefit Stakeholders	Contribute to Solutions	Grand Total
Traditional	14.4%	6.5%	1.9%	1.9%	24.7%
Signal - Financial ESG	1.1%	7.0%	2.6%	0.5%	11.3%
Signal - Values Alignment	0.8%	3.4%	8.5%	6.5%	19.1%
Engage Actively	0.1%	1.9%	2.7%	5.6%	10.3%
Grow new/undersupplied capital markets		0.5%	0.6%	6.2%	7.3%
Engage + Grow		0.3%	1.3%	12.0%	13.6%
Catalytic capital + Grow			1.2%	3.9%	5.1%
Catalytic capital + Grow + Engage		0.5%	0.8%	7.3%	8.6%
Grand Total	16.4%	20.1%	19.5%	44.0%	100.0%

Fig 7 - IMP Matrix of Dataset

engagement on making those already positive companies better. Indeed we have heard of asset managers previously focusing on engagement with does/may cause harm companies selling out of those positions due to limited partner discomfort with the holdings. There is arguably a logical fallacy at work here, since, by definition, there is more room for improvement for a harmful company. There is even the possibility that a negative side effect of the open portfolio sharing that happens inside the Toniic membership, which our members find so valuable, contributes to this effect, as members seek to avoid the "shame" of holding investments in "bad companies."

Source of Turbulence

Incorporating impact adds complexity to portfolio construction, and various investor types have unique needs.

Correction Underway

Incorporating impact in a portfolio leads to different asset allocations in impact portfolios than in traditional portfolios, and the allocations of different investor types diverge from one another.

Asset Classes

An essential question of the T100 study is whether an impact lens can be integrated across all asset classes. Impact integration across all asset classes is a prerequisite for making impact investing accessible to a broad range of investors, regardless of their portfolios' unique characteristics such as return expectations, liquidity profile, and diversification needs. From the earliest findings through this report, the answer to that question has been a resounding yes, with the depth and range of impactful investments growing each year across almost every asset class.

That said, the dataset reveals deeper impact opportunities in private than in public markets, shifting allocations from public towards private markets for most impact investors. Because of the advantages of publicly listed issuances, however - greater liquidity, regulatorily mandated standardised disclosure, daily pricing, lack of minimum ticket size, and overall accessibility – most T100 participants have substantial public markets exposure, and thus seek to maximise their impact in public markets as well.

As the chart above shows, the tilt toward equities commonly observed among traditional investors (e.g. the classic 60% equities, 40% fixed income allocation) is mimicked here, with ~63% allocation to equities. But of that ~63% allocation, almost half is private equity, which distinguishes impact investors' portfolios from those of traditional investors. This difference

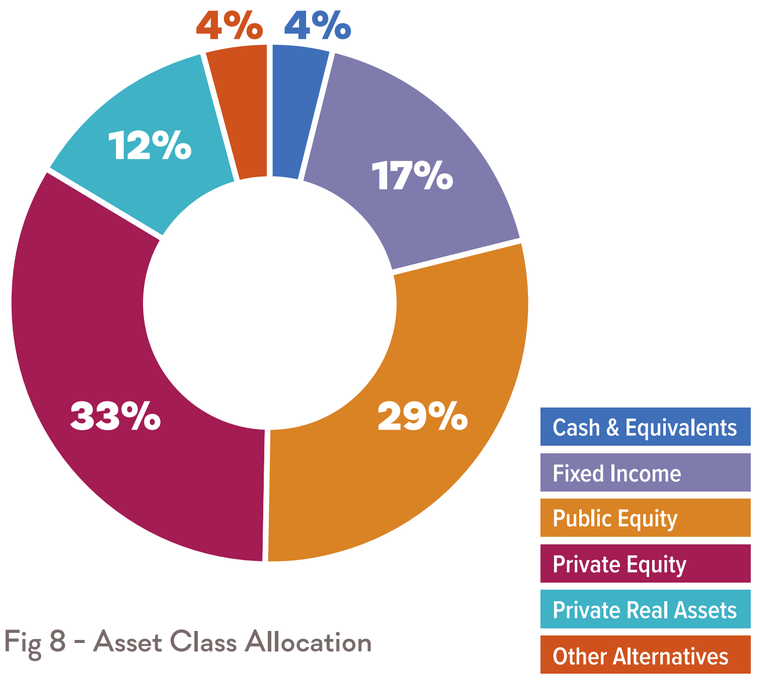


Fig 8 - Asset Class Allocation

is quite understandable with respect to the desire for both enterprise and investor contribution, both of which are harder to achieve in public markets.

**Note: All portfolios in our asset class allocation analysis are weighted equally, rather than capital weighting, which would give more prominence to larger portfolios. For more information about our methodology, please see the Methodology section in the Appendix.*

Investor Types & Asset Classes

Since the first T100 report in 2016, we have observed persistent differences in the average investment allocations by asset class in different types of portfolios, and these differences have remained constant despite some turnover in the study participants.

One of the most persistent differences has been the tendency for HNIs and family offices to have higher private equity and real estate allocations than charitable foundations, who have greater exposure to fixed income. We hypothesize that is because the HNI and family offices demographic are prioritizing impact with fewer constraints than charitable foundations, and judge private equity to be one of the highest impact asset classes.

Ironically, given their tax-favored status based on their public-good mission, charitable foundations tend to take a more conservative approach to investing compared to other investor types in our dataset. Furthermore, foundations often (under national law) have additional liquidity and capital distribution requirements to meet annual minimum distributions that other investors do not have; foundations may prioritize investments with more asset preservation or a predictable yield to meet those obligations.

We also observe greater conservatism (both in terms of risk appetite and preference for traditional approaches) among foundation trustees than other private investor types. One legacy of traditional approaches is the separation between grant making teams with thematic/programmatic expertise,

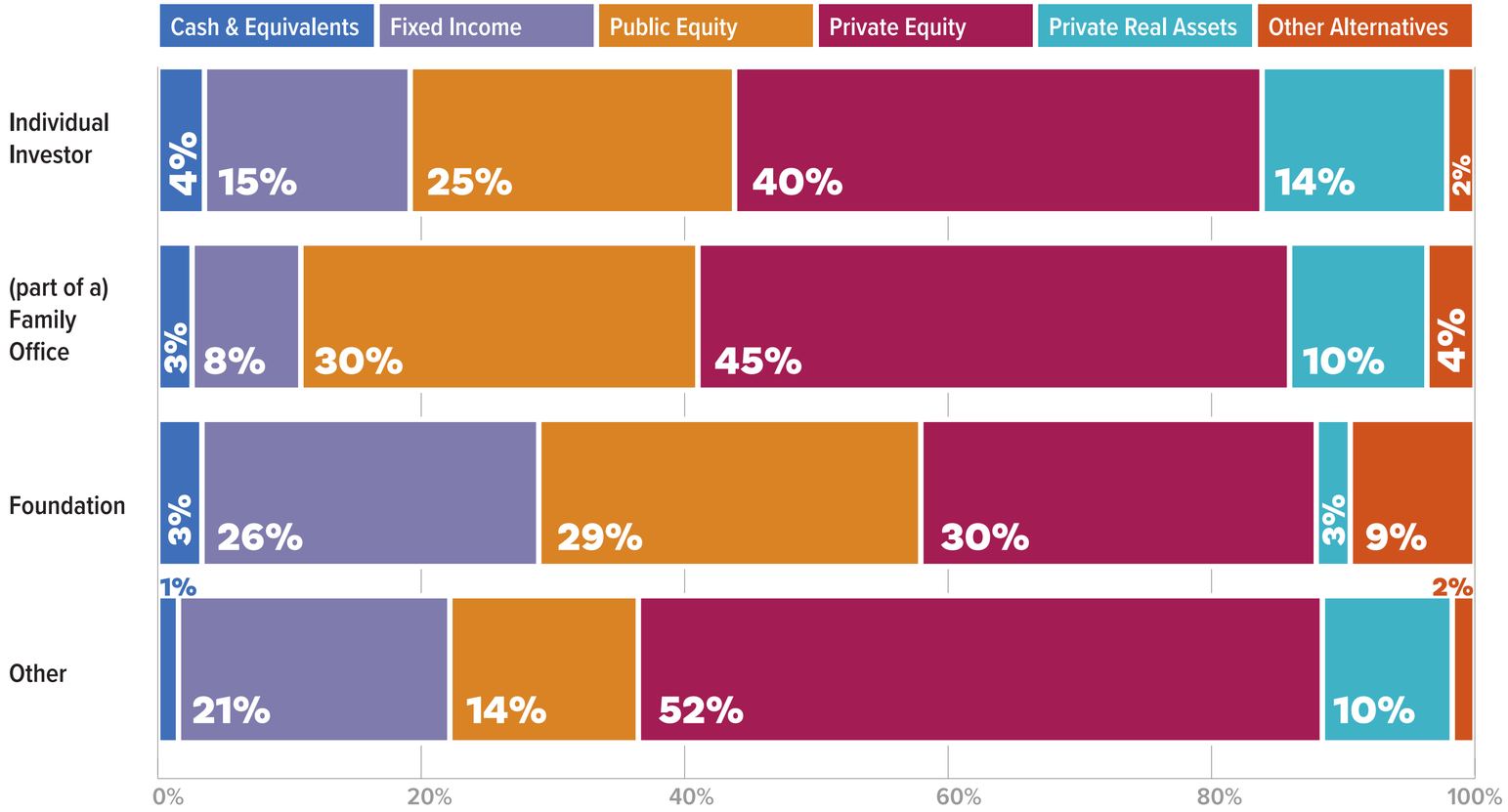


Fig 9 - Asset Class Allocation by Investor Type

and the investment/endowment management team, which typically lacks expertise in the mission of the foundation. The results are predictable, and visible in the data.

Comparisons to Asset Allocations of Traditional Investors

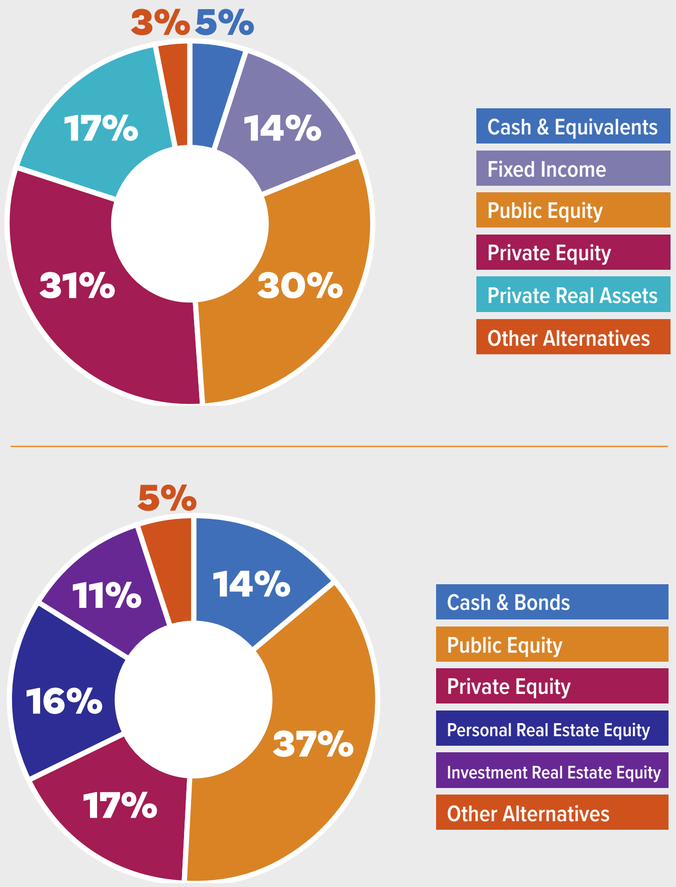
Next we turn to how T100 portfolio asset class allocations compare to more traditional investors.

High Net Wealth Individual Investors

To benchmark the asset class allocation of the portfolio in T100 for HNI investors, we have compared it to a portfolio benchmarking study on private wealth investors from Long Angle which does not focus on impact investing.[13]

The biggest allocation difference between portfolios of T100 individual investors and non-impact investors from the Long Angle study is in private equity. T100 portfolios overall showed 31% allocated to private equity, while Long Angle investors allocated 17%, a difference of 14 percentage points. Our hypothesis is that impact investors find more contribute to solutions and stronger investor contribution investment opportunities in private equity. This difference (a higher allocation to private equity) is partially offset by a smaller allocation to public equity investments compared to the Long Angle study. T100 portfolios have ~30% allocated to public equity, 7 percentage points less than traditional investors.

High Net Wealth Individual Investors



Overall Allocation
Fig 10 - Source: Long Angle, Inc

13 Source: Long Angle Study, 2023: https://www.longangle.com/high-net-worth-asset-allocation

It can be difficult to find contribute to solutions investments and/or investor contribution by holding shares in publicly traded companies.

Foundations

With regards to foundations, we have benchmarked the T100 dataset against a 2022 Foundation Source study.[14]

Comparing these two data sources, we find that T100 foundation portfolios had a higher allocation in fixed income than the Foundation Source respondents (26% T100 versus 14% for Foundation Source). We hypothesize that this is explained by investments in the private credit sub-asset class of fixed income (loans to private enterprises, Community Development Finance Institutions (CDFIs), and non-profits), where impact investing foundations seek and find both investor and enterprise contribution.

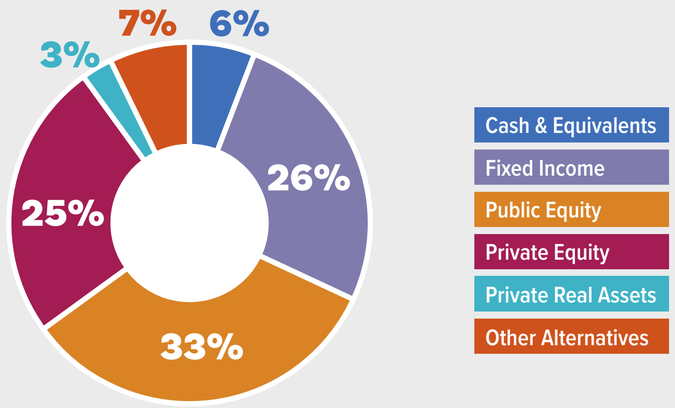
Family Offices

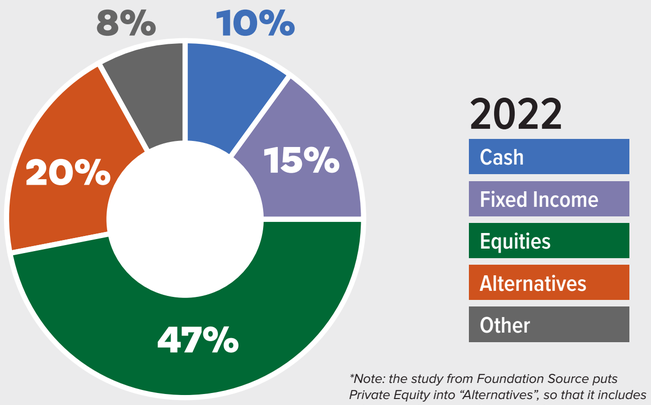
In the family office demographic we observe a larger allocation to equities, both private and public, than other investor types. Within equities, we observe that they have a greater allocation to public equities than the other T100 portfolio types.

To compare impact-focused and traditional family office investment allocations, we have used the Goldman Sachs' 2023 Family Office Investment Insight Report.[15] Family offices

14 Source: Foundation Source
https://foundationsource.com/blog/investment-trends-2023-report-on-private-philanthropy
15 Source: Goldman Sachs' 2023 Family Office Investment Insight Report
https://www.goldmansachs.com/pressroom/press-releases/2023/announcement-08-may-2023

Foundations

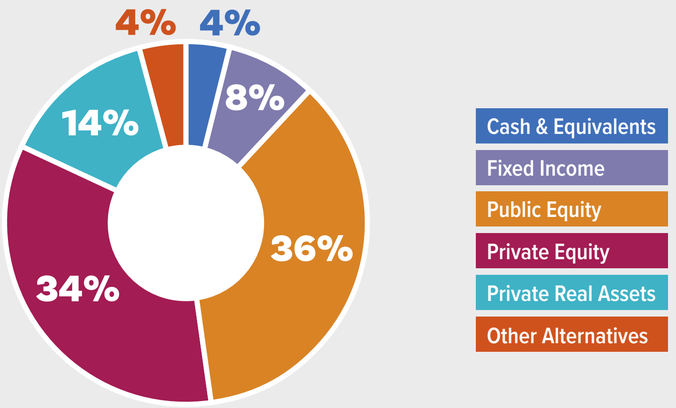


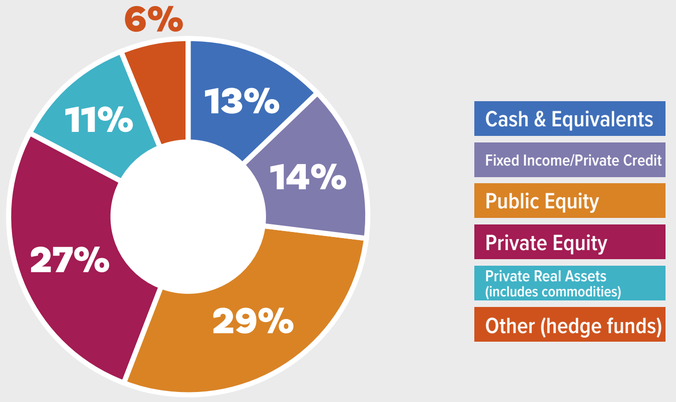


*Note: the study from Foundation Source puts Private Equity into "Alternatives", so that it includes private equity, hedge funds, publicly traded partnerships, real property, and cryptocurrency

Fig 11 - Source: Foundation Source

Family Offices





Goldman Sachs FO Study
Fig 12 - Source: Goldman Sachs

focused on impact investing have a more similar asset allocation to traditional family offices than either of the other two investor types (HNIs and foundations) have to their traditional counterparts. The major differences are cash & equivalents and fixed income, to which T100 portfolios allocate less than family office portfolios in the Goldman Sachs study.

The Role of Enterprise Impact and Investor Contribution

Enterprise Impact

Our analysis of enterprise impact categories across asset classes revealed significant impact investment opportunities, particularly in fixed Income, private real assets, and other alternatives. These three asset classes show comparable depth in enterprise impact, with each category maintaining less than 25% in the does/may cause harm classification and exceeding 35% in contribute to solutions.

Private equity stands out as the forerunner in impact investment potential, with an impressive 78% of investments classified as contribute to solutions. Together with fixed income, private real assets, and other alternatives, private equity represents one of the most fertile markets for impactful investments. In contrast, cash & equivalents remains the most challenging asset class for impact investors, with 58% of investments falling into the does/may cause harm category. Detailed analysis of each asset class follows in subsequent sections.

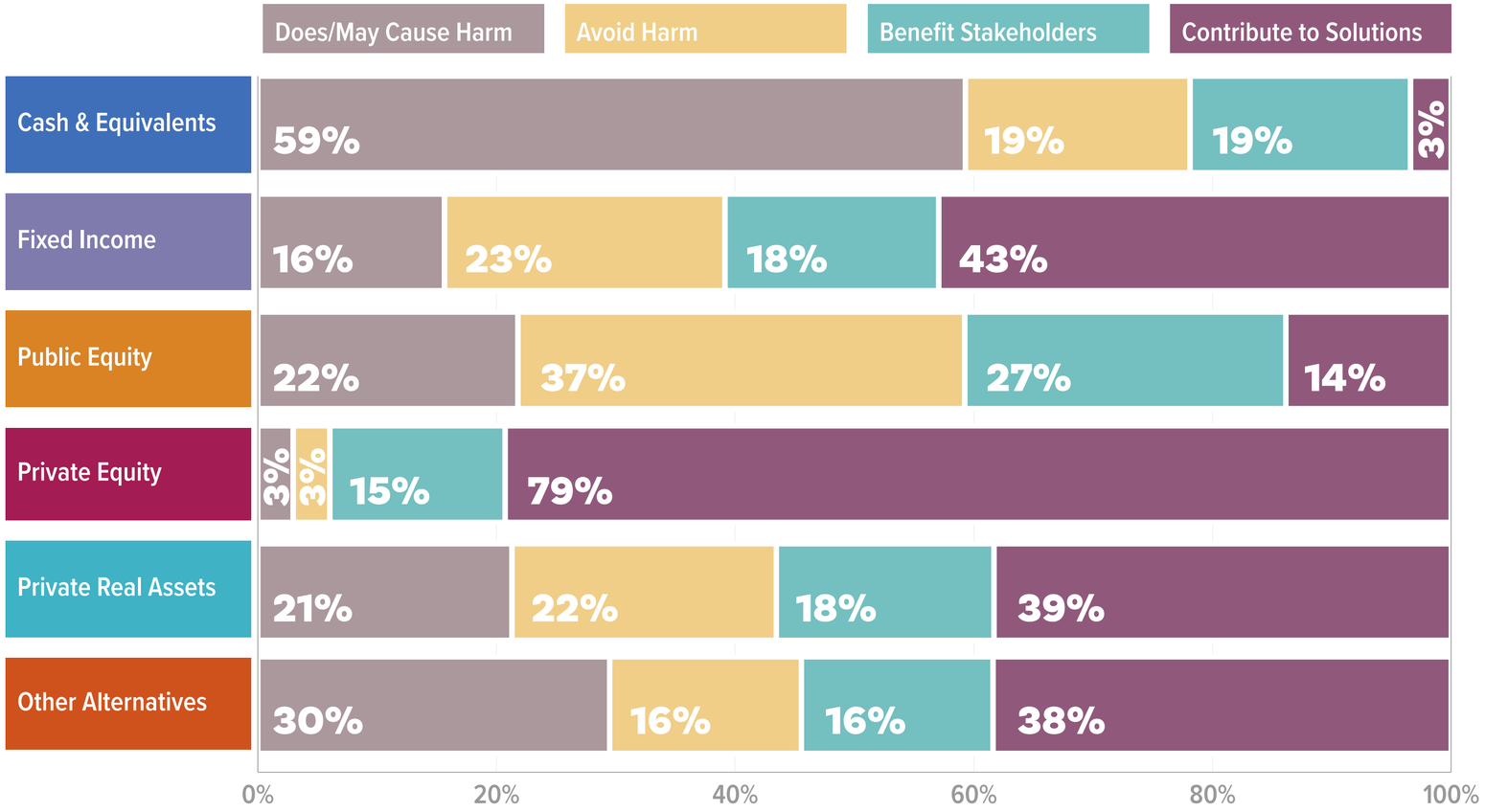


Fig 13 - Enterprise Contribution by Asset Class

For a table of examples of types of investments with positive enterprise impact categorized by Enterprise Contribution and Asset Class, see Figure 30 in Appendix III.

Investor Contribution

Investor contribution varies a lot by asset class. Engagement, for example, requires the ability to influence the invested company – something not feasible in every asset class. Liquid asset classes tend to be more characterized by signaling approaches, where investors integrate ESG considerations and either align their portfolios with their values, or use ESG factors to improve financial performance. Instances of meaningful investor contribution increase within private asset classes; they are more characterized by engagement, growing undersupplied capital markets, and catalytic capital approaches. Catalytic capital is also most prevalent in private equity, and there is an overall lack of investor contribution in cash and equivalents.

We explore each asset class in greater detail below.

Comparing Enterprise Impact and Investor Contribution

There are both similarities and differences in the depth of enterprise impact and investor contribution in various asset classes, and the distinction between enterprise impact and investor contribution reveals critical insights. In private equity and other alternatives asset classes, investors achieve higher levels of enterprise impact compared to investor contribution. Conversely, cash and equivalents represents the most constrained asset class, exhibiting minimal impact across both contribution dimensions.

This granular analysis underscores the importance of disaggregating enterprise and investor contribution. By recognizing the unique characteristics of each asset class,

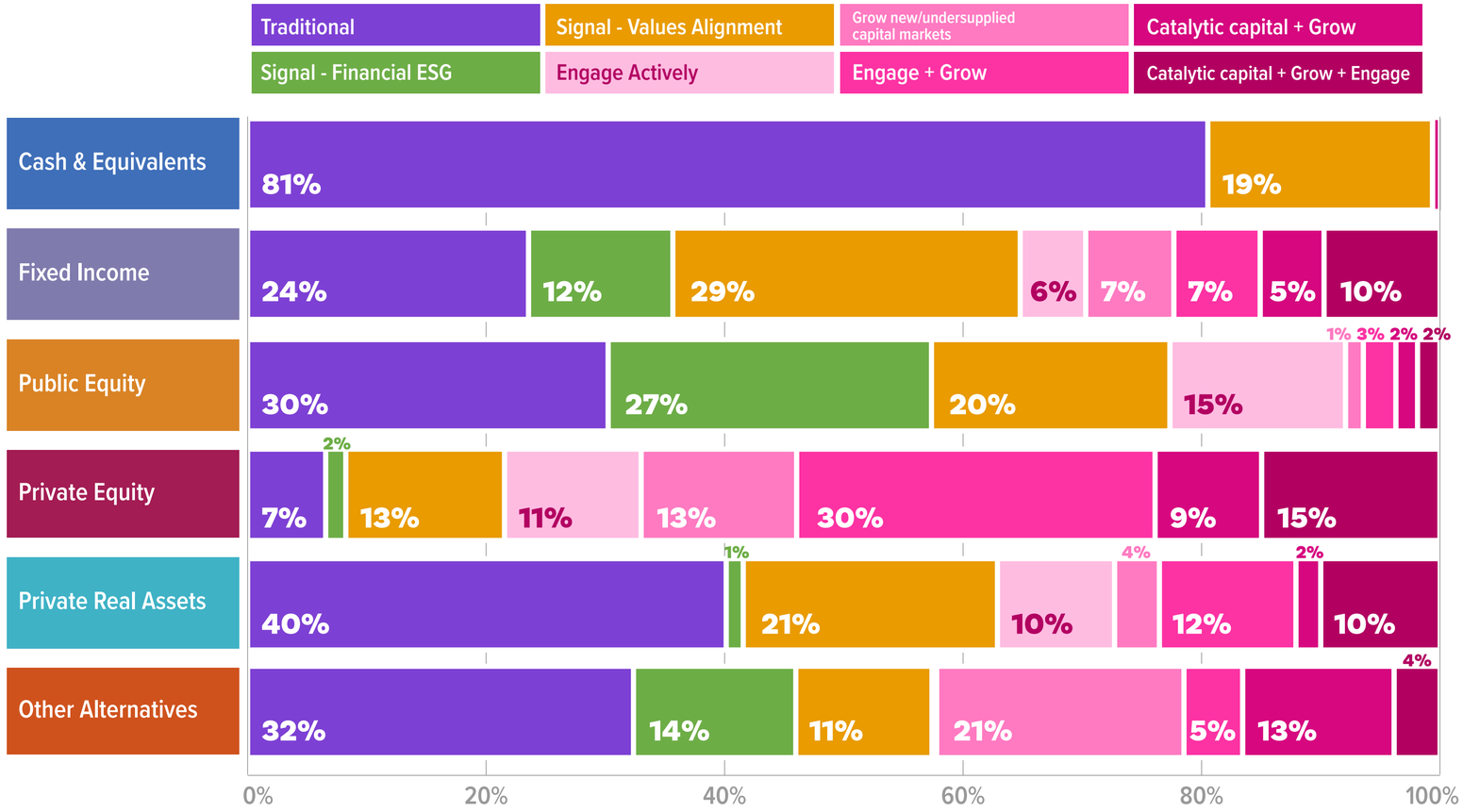


Fig 14 - Investor Contribution by Asset Class

investors can develop more targeted and effective impact strategies tailored to specific investment contexts.

To go deeper on current practice in impact-driven portfolio construction, we encourage you to check out the work being done by Impact Frontiers.

Impact in Each Asset Class

The cash & equivalents asset class has more does/may cause harm than any other asset class, and very little contribute to solutions. However, we notice that most T100 participants still work with traditional banks. Why?

In addition to the risk, return, and impact considerations of all other asset classes, cash has one more consideration: convenience. The sophistication of private banking services, liquidity, ubiquity, and ease provided by relationships with money centre banks that do not offer deposits seeking impact often trumps impact investors' preferences for opportunities to deposit at banks which lend to local communities and sustainable businesses. While we have observed the emergence of CDFIs and sustainable banks (e.g. those belonging to the Global Alliance for Banking on Values), the operational sophistication and flexibility provided by major banks often pose a formidable competitive advantage.

Another limiting factor for US investors arises from the limited federal and national guarantees on cash deposits: emerging sustainable banks and credit unions may be perceived as having inferior financial solvency potential compared to well established financial institutions. This perception can discourage investors and compel them to prioritize capital protection when working with sustainable banks and CDFIs by diversifying their cash holdings across multiple institutions to maximize coverage under federal and national deposit insurance schemes. This fragmentation of cash accounts across various institutions significantly increases the complexity of cash management.

Investor contribution, beyond signalling that impact matters, may be difficult to achieve in this asset class because investors have limited ways to engage with a bank on a deposit or cash equivalent products, let alone grow an undersupplied capital market or provide catalytic capital to a financial institution. Nonetheless, contribution in this asset class extends beyond simple deposit decisions. A significant portion of cash and

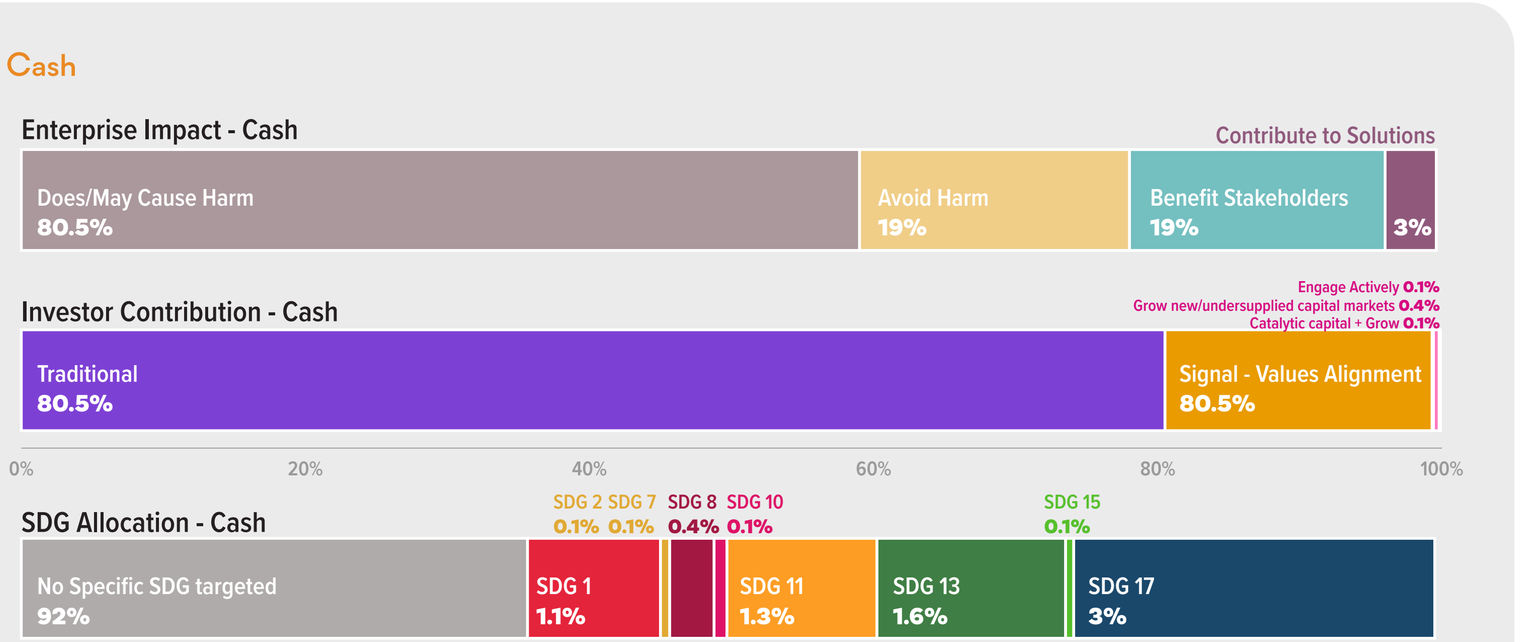


Fig 15 - Impact in the Cash & Equivalents Asset Class

**Note: the SDG chart above cuts off a portion of the axis, only showing 88-100%*

equivalents investments align with SDG 17 (partnerships for the goals), which emphasizes building robust impact ecosystems and driving systemic financial transformation.

While the impact of one individual's decision about where to bank may be limited, each banking choice represents a vote for the type of financial system we collectively wish to support. By carefully selecting banking partners that align with personal and global sustainability goals, investors can incrementally drive meaningful change.

Fixed Income

The fixed income asset class in the T100 dataset consists of private credit as well as public debt and bonds. Enterprise impact in private credit investments tends to be quite similar to private equity investments – both are mostly allocated to contribute to solution investments. The private credit asset sub-class allows investors to address a wide spectrum of the SDGs, with the most commonly targeted ones including SDG 1 (no poverty, which includes financial inclusion investments) and SDG 11 (sustainable cities and communities, which includes community lending investments).

On the other hand, public equity and bonds are more often screened to avoid harm and benefit stakeholders. In recent years, the emergence of green and social bonds has resulted in a greater allocation to investments that contribute to solutions in public debt and bonds.

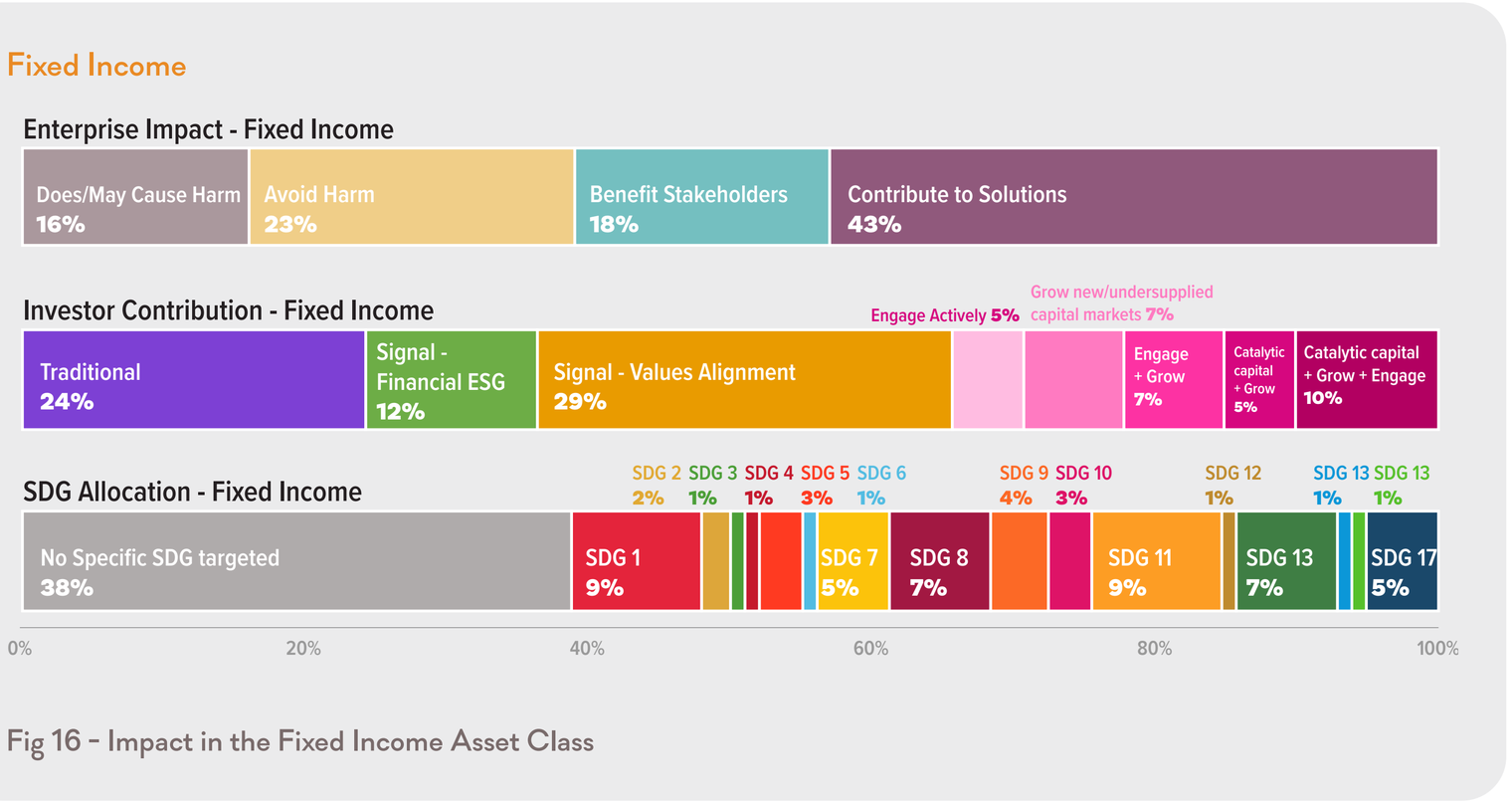


Fig 16 - Impact in the Fixed Income Asset Class

Public debt issuances are highly varied, and some issuances provide the opportunity for the investor to focus on a specific place that is underserved or a specific issue that is neglected. The covenants that accompany these issuances and restrict the uses of funds to specific causes allow the investor to have contractual power to ensure alignment of the proceeds with specific impact themes, compared to purchasing equity in the same issuer. That said, the level of diligence required to analyze these covenants to select public fixed income is greater than what individual investors may wish to apply, and it is possible that there is a lack of rigor in associating fixed income investments with SDGs. This could be a fruitful lane for future study.

Instruments within the fixed income asset class also span multiple SDGs, proving the asset class to be a versatile mechanism for impact. For instance, municipal bonds provide an opportunity for investors to receive predictable returns while supporting themes that may traditionally be seen as a public good, such as green bonds to update infrastructure (SDG 6 (clean water and sanitation) and SDG 11 (sustainable cities and communities)).

Public Equity

Public equity is one of the asset classes with the lowest allocations toward the enterprise impact category of contribute to solutions. That is likely because contribute to solutions investments are mostly associated with small capitalization companies with fewer, or even single, business lines that may directly impact an SDG, as opposed to the sprawling multinational large capitalization companies and conglomerates that make up the lion's share of global benchmarks and indexes. These large conglomerates are more often screened for ESG factors by investors, especially those with a single materiality approach (financial ESG) focused on minimizing ESG financial risks. It is also possible that many public companies have diverse businesses with mixed impacts ranging from does/may cause harm to contribute to solutions.

While finding companies that contribute to solutions may be hard in public equities, investor contribution can play an important role, especially via engagement.

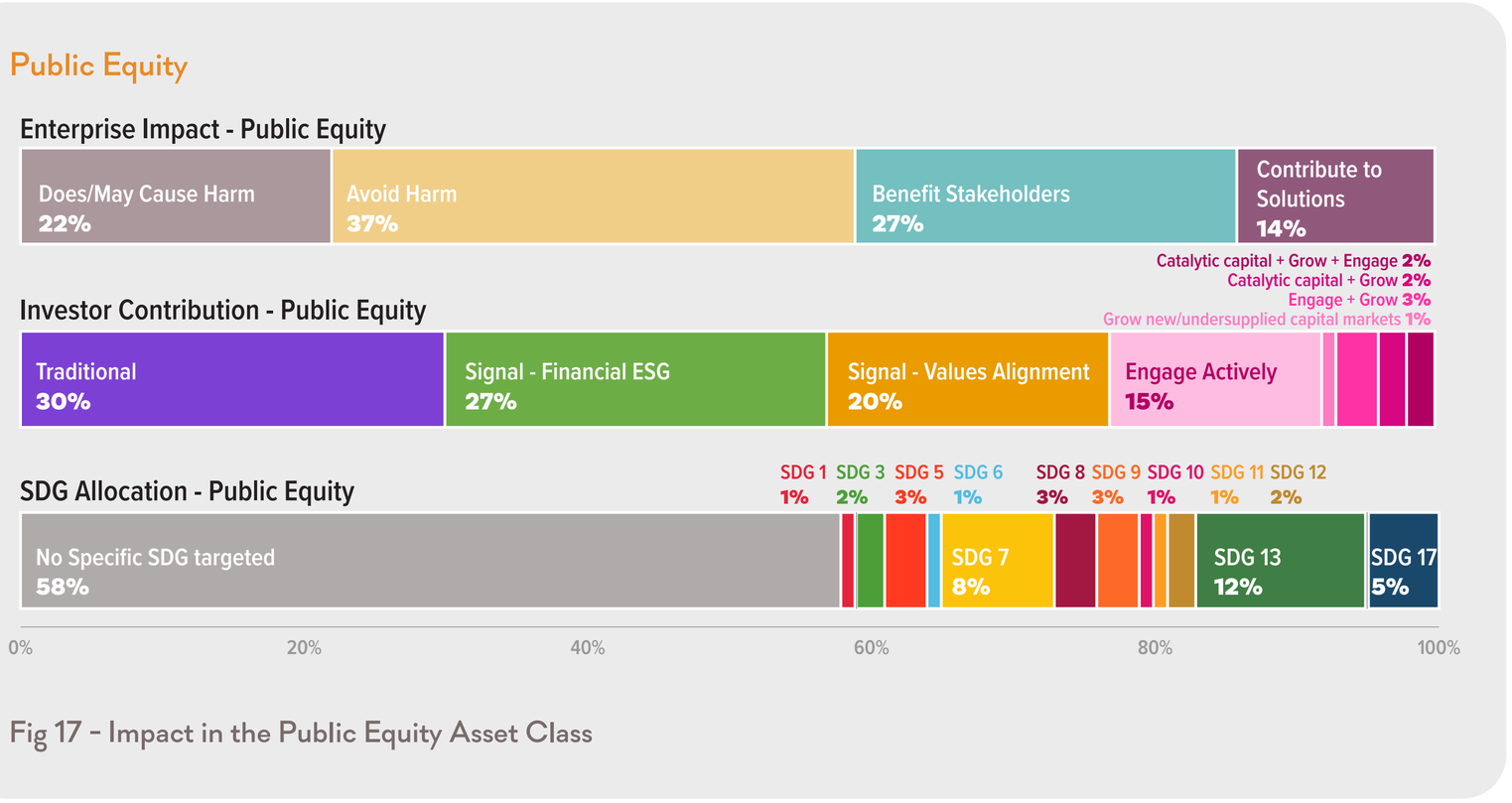


Fig 17 – Impact in the Public Equity Asset Class

Many SDGs - particularly SDG 1 (no poverty), SDG 10 (reduced inequalities), SDG 11 (sustainable cities and communities), SDG 14 (life below water), and SDG 16 (peace, justice and strong institutions) - are underrepresented in public equity investments. This may stem from several factors: Firstly, there are likely fewer publicly listed companies that are impact driven. Listed markets often reward short term profits above long term sustainable value creation, so companies that operate in this way may not choose to go public. If they do list, it may be hard to identify which are impact-driven; they could be lost in the noise. It could also be a pipeline issue - some of the companies that are addressing these SDGs may still be too early-stage to be publicly traded. In another 5 years, enterprises that are in the venture capital stage today may go public, increasing the

Kristin Hull, Toniic member and
founder of Nia Global Solutions:

"Years ago, I was out of public equities and proud. I found Wall Street evil and thought the only impact I could have there was negative. Since then, I have shifted my tune. Investing in public equities is more than trying to avoid harm. Investors have a right and a responsibility to be in public markets. Investor voice is so important, and we can engage with the companies to help them improve.

One example of the way we do this is leveraging our shares in Tesla, which offers investors a vision for a future with a reduced reliance on fossil fuels. This future of electrification is one in which Nia is eager to invest. Unfortunately, despite its environmental promise, Tesla's operations have significant human capital management challenges, and we've been active in advocating for change.

Collectively we as investors have the power and responsibility to influence the economy through public markets. We at Nia will continue to show up, to raise our voice, and to be that investor that convenes others to make a difference, particularly when it comes to issues of equity and inclusion within our companies."

availability of public equity investments in a broader variety of themes in the future.

Measurement of SDG contributions by public companies also face accuracy challenges that are less acute for smaller companies. Often, the default method for measuring SDG contribution by public companies is to allocate a percentage of total revenue to specific SDGs. There are two fundamental challenges expose the limitations of this approach.

First, companies often exploit the broad scope of high-level SDG definitions. Consider SDG 3 (good health) and major pharmaceutical firms. While their entire revenue stream could technically align with *good health*, this ignores the specific targets that comprise SDG 3. These targets predominantly address healthcare challenges, for example reducing maternal mortality below 70 per 100,000 births, or cutting under age 5 mortality to 25 per 1,000 births. Since most pharmaceutical products remain financially out of reach for lower-income populations, some might argue their true contribution should be limited to revenue from subsidized products serving under serviced markets. This raises a further complexity: should we measure the reduced revenue from subsidized pricing, or the implicit subsidy that never appears in financial statements?

Second, revenue-based metrics miss critical contributions embedded in how companies source and use resources. The artificial intelligence sector illustrates this well - given its intense energy consumption, its SDG impact may depend more on clean energy adoption than on its products' social value. Similarly, semiconductor manufacturing's heavy water requirements mean its environmental impact flows primarily from its inputs rather than its outputs.

These two issues reveal how overly simplified metrics can distort our understanding of corporate SDG contributions, potentially incentivizing superficial alignments over meaningful impact. Any serious measurement framework must grapple with both the precise scope of SDG targets and the full spectrum of a company's operational choices.

These are thorny, unresolved issues, and indeed potentially apply to all asset classes. Public equities are simply the most complex presentation of this problem due to the broad scale and scope of the activities of publicly-listed enterprises and consequent increased difficulty rolling up SDG attribution at the enterprise level.

Private Equity

Private equity is the leading asset class for investors seeking investments that will contribute to solutions. Most of the investments in this asset class are in early stage companies with high-impact potential, and they are invested either directly through common or preferred shares or indirectly through venture capital (VC) and private equity funds. Within the private equity asset class, T100 investors are able to find investments targeting every SDG. The only other sub-asset class where this is true is private credit, within the fixed income asset class.

Investor contribution goes much further than signaling in private equity. Here investors can engage actively in almost all circumstances, either through the voting power arising from their equity stakes, or by investing in funds that will do so on their behalf. The investor contribution from growing undersupplied capital is also very common, since new private equity investments primarily inject new capital in underlying portfolio companies. Catalytic capital makes up 24% of the total private equity allocation, higher than any other asset class.

T100 portfolios allocate more to private equity than traditional investors, and we believe that this is driven primarily by an impact motive. A heavier allocation to private equity implies greater risks and inferior liquidity, which are not always compensated by additional expected returns, especially if the investor intentionally adopts a catalytic approach. These are tradeoffs that impact investors seem willing to accept when seeking greater impact from their investments, judging from their allocations to this asset class.

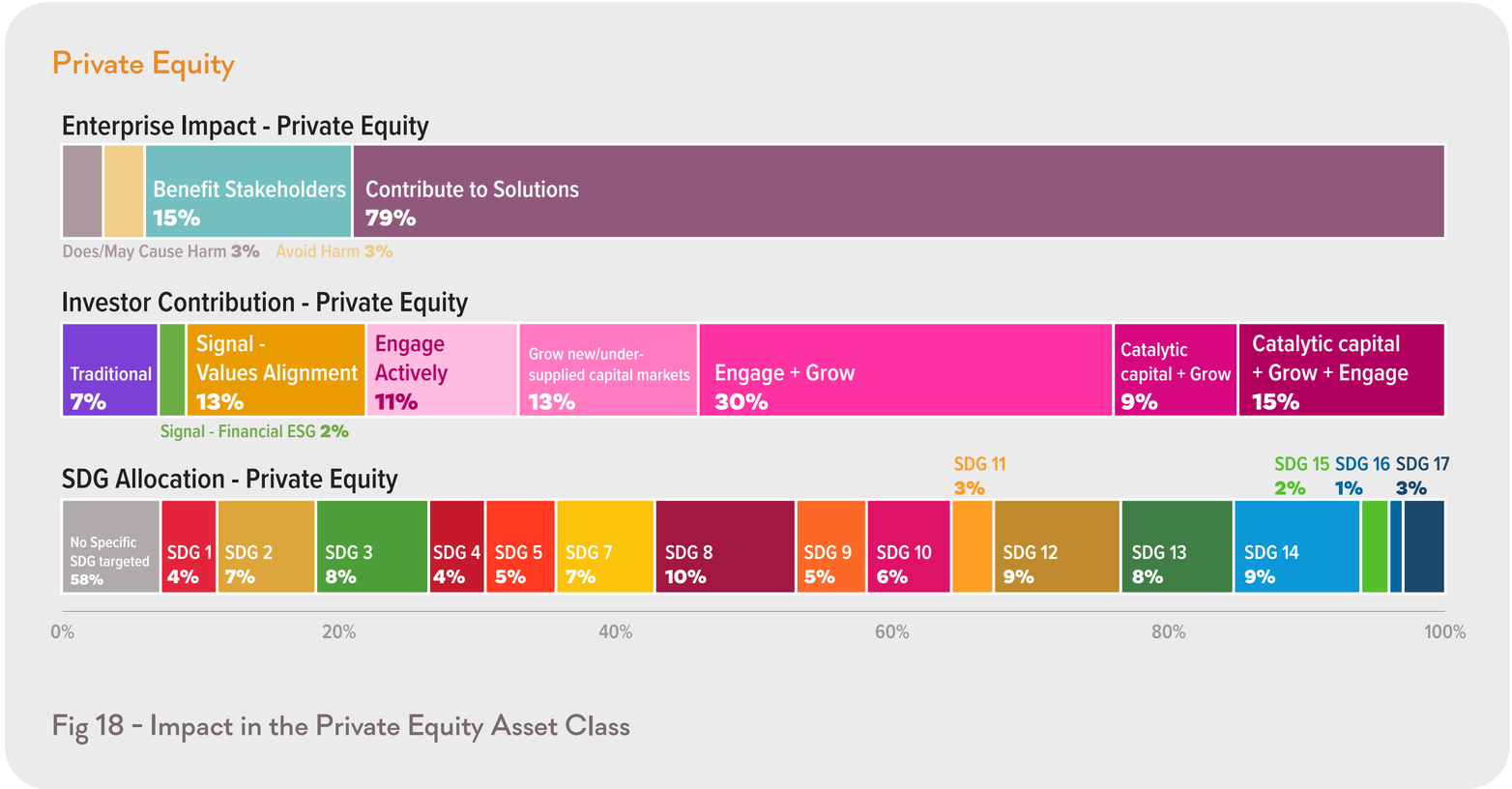


Fig 18 - Impact in the Private Equity Asset Class

Private Real Assets

Private real assets is an extremely diverse asset class. These types of investments range from privately held real estate, infrastructure projects, land investments held for agriculture and forestry, physical spaces for the arts, and more. Overall we have observed the emergence of investments that contribute to solutions in all of these asset subclasses, accounting for 40% of the capital deployed in this asset class.

The overall capital allocation toward enterprise impact in real assets is very similar to fixed income. Private real assets' higher percentage in the does/may cause harm category may be attributed to the challenges inherent in the asset class. These include the presence of legacy real estate and infrastructure assets with significant carbon footprints and resource intensity, coupled with longer asset lifecycles that make transition more difficult. The physical nature of these assets creates higher barriers to retrofitting or conversion, while the complexity of stakeholder relationships in real asset projects can further complicate efforts to improve their impact profile.

Private real asset investor contribution is dominated by traditional approaches (40%). This conservative positioning likely reflects both the inherent illiquidity of the asset class and the gradual nature of transitioning to more impact-focused strategies. The remaining 60% shows a progression toward greater engagement, with values alignment representing 21%, engagement at 10%, and various combinations of growth and catalytic capital strategies making up the balance. Signal-based approaches, both financial ESG and values alignment, together account for 22% of allocations, suggesting investors are increasingly incorporating sustainability factors while maintaining traditional investment frameworks.

Within our dataset, the real estate asset class also contains a limited selection of SDGs. Most of the investments in real estate are concentrated in SDG 7 (affordable and clean energy), SDG 11 (sustainable cities and communities), SDG 13 (climate action), and SDG 15 (life on land), focused on assets such as renewable energy infrastructure projects, affordable housing, farmland managed with regenerative practices, and forests. The limited SDG representation in real estate appears less due to challenges in characterizing its SDG contributions, and more due to the inherent constraints of fixed assets. Real estate

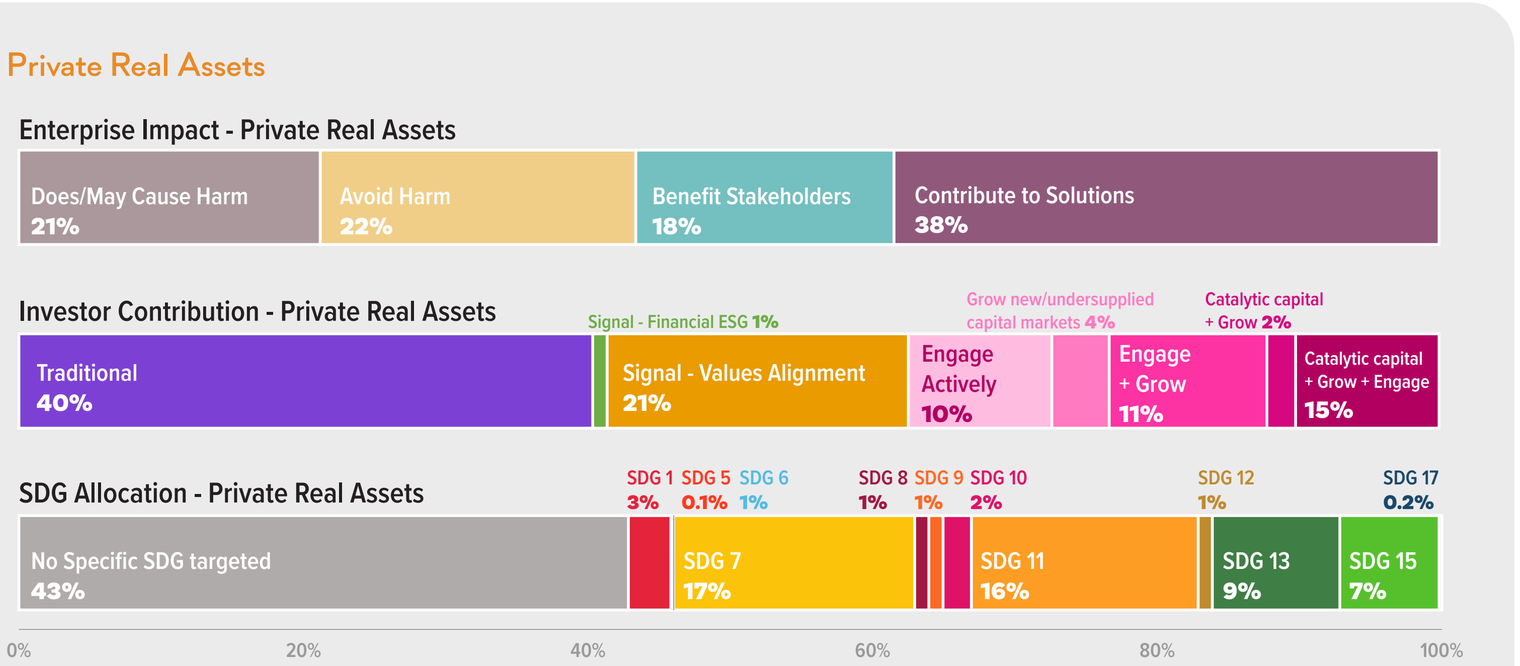


Fig 19 - Impact in the Private Real Assets Asset Class

investments, particularly those concentrated in the Global North, have natural limitations in addressing global challenges. This is especially true when considering non-productive assets like undeveloped land held for future construction rather than conservation.

Other Alternatives

Addressing issues like poverty or inequality often requires longer horizons, catalytic capital, and hybrid structures that go beyond traditional debt or equity. “Other alternatives” is the asset class that comprises residual and less conventional investment structures that fall outside of equities, fixed income bonds, and cash. In traditional finance, alternatives can refer to commodities, structured products, and hedge funds targeting long/short or absolute return strategies. In our dataset, it mostly includes innovative impact investment structures less correlated to traditional global markets. These include trade finance for emerging economies and small and medium enterprises which might contribute to SDG 8 (decent work and economic growth) or SDG 9 (industry, innovation, infrastructure, pay as you go models to make consumer products more accessible to the poor, revenue based financing to invest in social enterprises that may lack traditional exit strategies, and pay-for-success contracts (often in SDG 1 (no poverty)). Similarly to private real assets, we also observe that 40% of the capital deployed in this asset class is invested in companies and funds that contribute to solutions.

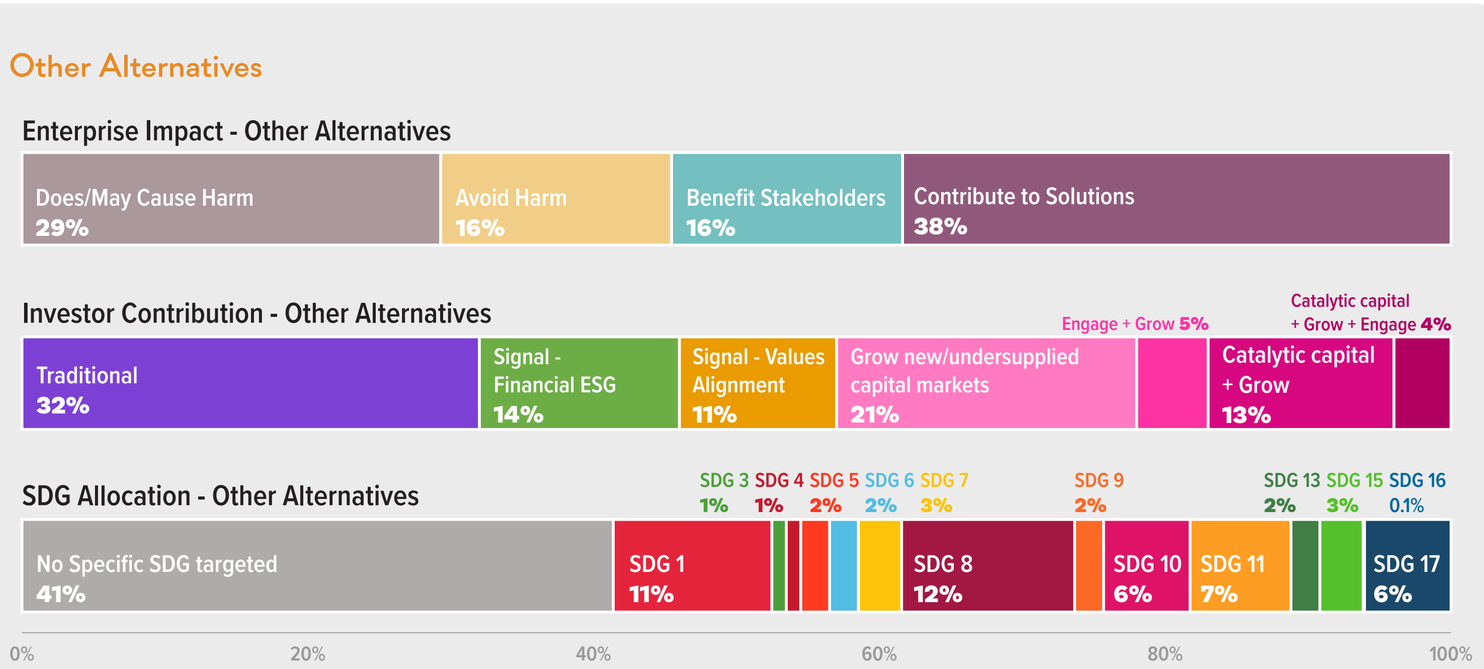


Fig 20 – Impact in the Other Alternatives Asset Class

Investors’ main strategy for investor contribution in this asset class is to grow undersupplied capital markets, as alternative vehicles are often on that leading edge of innovation. The concentration in SDG allocations includes SDG 11 (sustainable cities and communities) at 7%, SDG 17 (partnerships for the goals) at 6%, and SDG 10 (reduced inequalities) at 6%. This grouping suggests investors find alternatives useful for urban development, collaborative approaches, and social equity concerns. The data also reveals modest allocations to environmental goals, with SDG 7 (affordable and clean energy) at 3%, and SDG 15 (life on land) at 3%.

Source of Turbulence

Deeper enterprise impact is inversely correlated with liquidity, and deeper investor contribution requires catalytic capital.

Correction Underway

T100 investors take a whole-portfolio approach, balancing overall liquidity and return expectations by targeting varying degrees of impact, liquidity, and expected returns in different asset classes.

Dealing with Constraints

Liquidity

Enterprise Impact and Liquidity

Liquidity and enterprise impact are inversely correlated in this dataset, and in a previous section of this report, we revealed a growing trend among impact investors to favour private equity, despite its inherent liquidity constraints. Impact-motivated investors appear undeterred by the reduced liquidity typically associated with this asset class, suggesting that the potential for greater impact outweighs traditional liquidity concerns.

This willingness to accept lower liquidity demonstrates a significant shift in investor priorities, where impact potential is increasingly driving asset allocation decisions rather than conventional investment criteria alone. It appears that many portfolios in this dataset have been built to maximize their impact with less liquid asset classes and use the more liquid asset classes to meet the risk-adjusted return and liquidity needs of the overall portfolio.

Investor Contribution and Liquidity

The data on investor contribution paints a less clear picture than enterprise impact about the relationship between liquidity and investor contribution, but overall suggests that greater investor contribution correlates with longer investment lockups (an inverse correlation with liquidity). For example, traditional investor contribution makes up more than 30% of investments

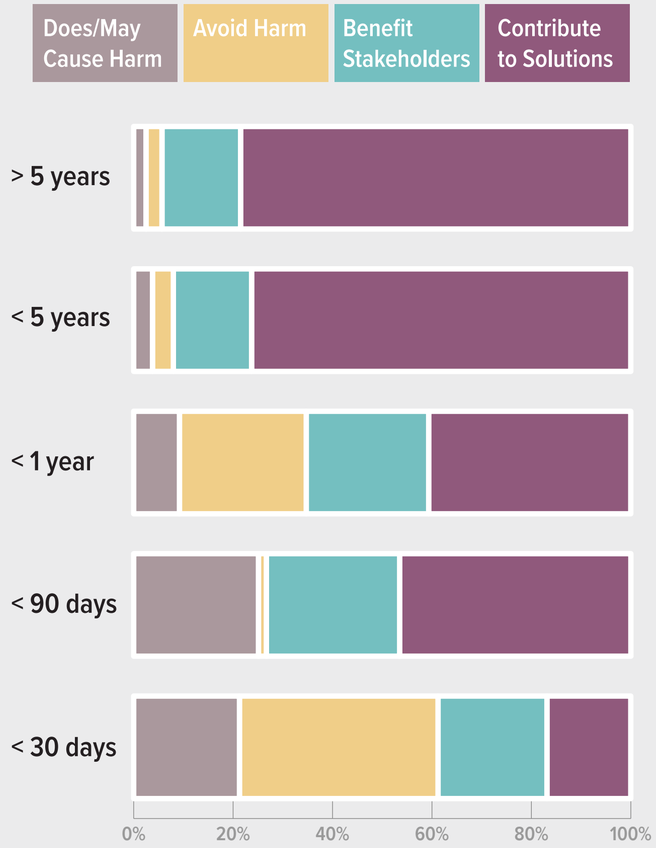


Fig 21 - Enterprise Impact by Liquidity Category

committed for less than one year but only 10% of investments with more than one year of lockup. This is as expected: positive impact, and especially meaningful engagement, takes patience. Furthermore, growing undersupplied capital markets is limited to primary issuances rather than trading in the secondary market. This makes it very difficult for private (non-institutional) investors to grow undersupplied capital markets in public equities, except by participating in Initial Public Offerings of equities, debt and bonds, where initial issuances are primarily subscribed by institutional investors. The findings demonstrate a willingness among T100 investors to lock up their money for longer to achieve greater investor contribution.

We speculate that, in more liquid asset classes other than cash (e.g. public debt and equity), those reaching for maximum impact often invest extra work to achieve investor contribution, which might be even more impactful than enterprise impact because of scale and magnitude of impact, but likely harder to achieve.

Expected Returns

Expected returns are a key constraint in portfolio construction. Some of the portfolios in the T100 study are managed to provide returns and a living income to the investor, to grow wealth, or for other reasons that are focused on a reliable, commercial return. Others have more flexible expectations, such as carve outs, DAFs, charitable foundation portfolios in spend-down mode, and portfolios that are part of a larger collection of portfolios in a single family office. Portfolios of this type represent 12% of the current sample. Given this variety,

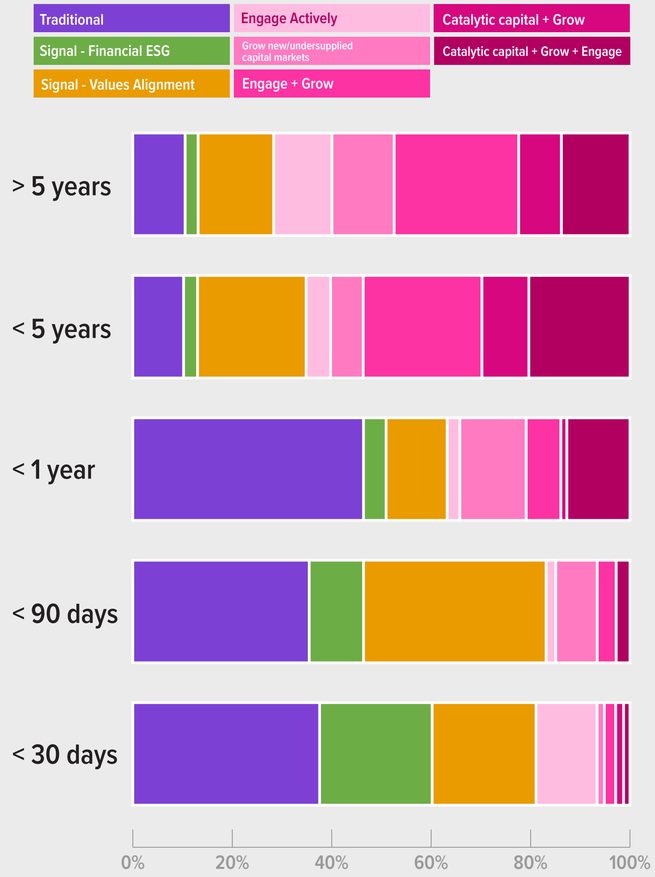


Fig 22- Investor Contribution by Liquidity Category

it may be less surprising that, of the portfolios included in the study, 36% accept sub-commercial returns expectations at the portfolio level.

We discuss the inclusion of investments with subcommercial expectations (in both subcommercial and in market rate portfolios) more below. While we seek to contextualize this observation in the context of this heterogeneous collection of portfolios, 64% of portfolios in the study contain at least some catalytic investments, and on average, 19% of the investment capital in studied portfolios is allocated toward catalytic capital. This suggests a meaningful number of impact investors are embracing subcommercial investments in the context of a broader commercial strategy.

At the same time, we observe a notable disconnect in the investment landscape where many funds targeting impact investors claim to target market rate returns, yet a significant

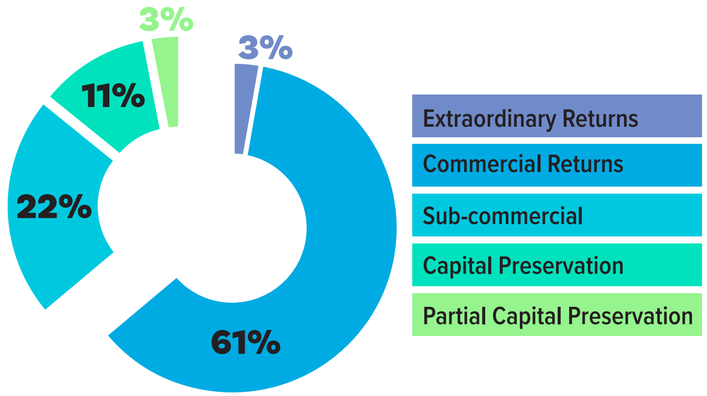


Fig 23 - Expected Return at Portfolio Level

number of investors perceive these funds as catalytic. This discrepancy suggests that, while funds may position themselves to attract a broader base of impact investors by emphasizing financial returns, the underlying motivations of these investors indicate a growing appetite for impact. Investors increasingly seek opportunities that prioritize social and environmental outcomes, leading them to view these funds as vehicles for catalytic capital, despite the funds' stated objectives.

How Portfolio Construction Varies Based on Portfolio Return Expectations

Return expectations of impact portfolios vary significantly. Some portfolios aim to generate commercial or extraordinary market returns, others aim to preserve or recycle capital, and others are intentionally spending down their assets (the latter two often, though not exclusively, are philanthropic portfolios – DAFs or charitable foundations). In this section of the report, we compare the return expectations at the portfolio level with the return expectations of every investment in the portfolio to help understand if people are following through with their intentions.

While we do not have actual return data, we can compare the expected return profile the investor is targeting at the overall portfolio level with the returns expectations of each investment in that portfolio. By comparing these, we can see whether and how investors targeting a particular return profile at the portfolio level combine investments with different return expectations to achieve that goal, and whether they find sufficient investments of each return profile to successfully build the portfolio they desire.

As Figure 24 illustrates, investors in the T100 dataset are able to construct portfolios that they expect will meet their overall return goals by combining individual investments with differing return expectations. As we move from lower to higher expected portfolio level returns (from partial capital preservation to extraordinary returns), the proportion of the portfolio comprising lower returning assets decreases and the proportion comprising higher returning assets increases, as expected. We can infer from this finding that the market has evolved to offer products that suit a wide range of return expectations, and there is a sufficient supply of investments at every expected return level to allow an investor targeting any return level to construct an overall portfolio designed to meet their goals.

Note also that every category of expectations at the portfolio level, from Partial Capital Preservation through Extraordinary Returns, has some partial or total capital preservation investments. What this means about the reasoning driving the construction of those portfolios, and how that might vary by investor type (e.g. those with external fiduciary obligations compared with those without), is a subject for future study.

Paying for Impact

As described above, more than a third of the portfolios in the T100 dataset target subcommercial returns at the portfolio level. A traditional investor would (almost) never do that, and an impact investor would only do that to reach for extra impact - to be catalytic. Furthermore, in Figure 24, it appears that these investors that target subcommercial returns are not simply stating an aspiration - their actual investments include a high

Anne Rammi, CEO of Be The Earth Foundation, on Investor Contribution and Expected Returns Strategy in Practice:

"Over the years, it has become increasingly clear to us that the current metacrisis calls for financial structures that are still in the making—ones that move beyond capital preservation and accumulation, toward capital circulation, regenerative wealth distribution, and deeper relational accountability. At Be The Earth Foundation, we are embracing the complexity of this shift, knowing that the financial models needed for the future are still emerging, being tested, and co-created in collaboration with communities, movement leaders, and aligned partners.

As such, we embrace flexibility in capital deployment, allowing our financial tools to adapt to the specific needs of regenerative projects, rather than imposing rigid return expectations. We prioritize wealth circulation over accumulation, stewarding resources in a way that fosters systemic transformation. While we often use revenue-based finance and other innovative funding mechanisms, our core focus remains on catalyzing truly regenerative economies—not just attracting more capital, but ensuring that capital flows in service of life.

Be The Earth is committed to being part of the solution, not perpetuating the challenges of extractive financial models. We know there are better ways—ways that honor relationships, ecosystems, and long-term resilience over short-term returns. And we are actively working to bring them to life."

Expected Returns of Portfolio vs Investments Within Portfolio

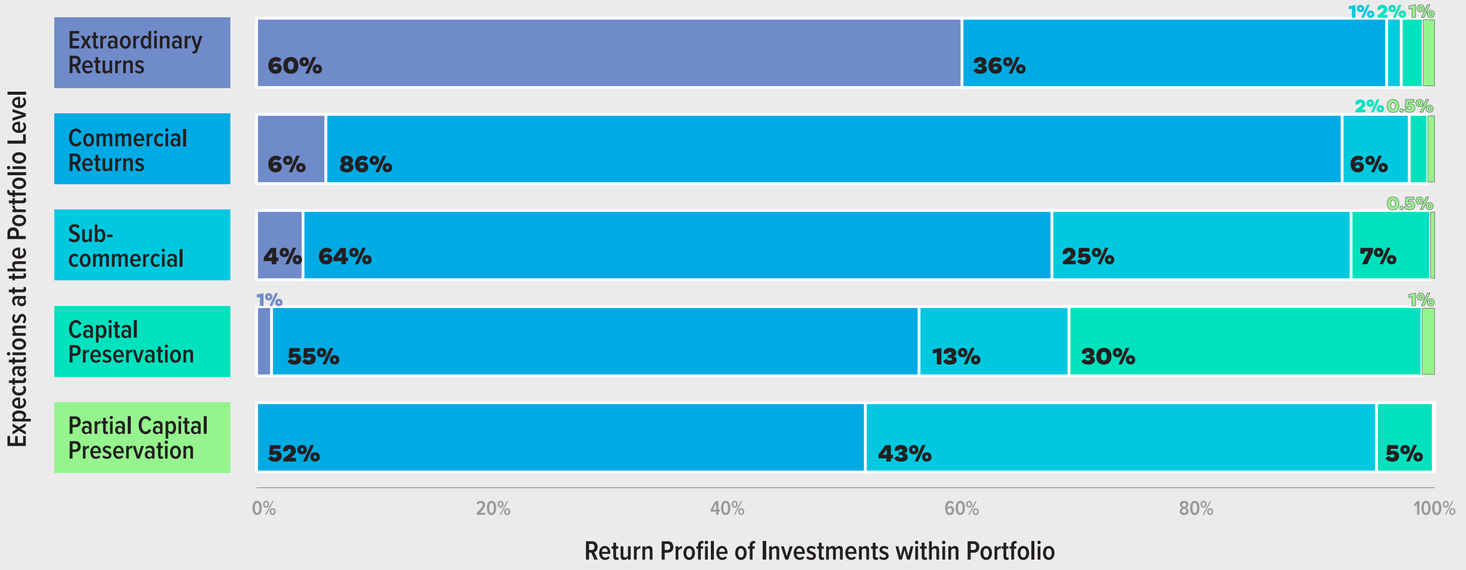


Fig 24 - Expected Returns of Portfolio vs Investments Within Portfolio

Note: The categories used for classifying financial expectation are the same on both the portfolio and investment level. Each row represents a tier of expectation reported at the portfolio level, and the sections within are how the investments within those portfolios have been classified individually.

concentration of subcommercial investments. This implies that some participants in the project are willing to accept lower returns for greater impact in at least one of their portfolios. Since many impact investors claim they are willing to pay for impact, it is meaningful to observe this behavior in the data.

Commercial versus Catalytic Capital

As demonstrated in Figure 23, having commercial return expectations at the portfolio level does not imply the absence of any catalytic capital investments in those portfolios. Even

portfolios targeting commercial and even extraordinary returns on average have an allocation of about 10% to subcommercial investments. Sixty-four percent of portfolios in the dataset include *some* catalytic capital investments, including half of the portfolios that target market rate returns at the portfolio level, while 36% target subcommercial returns at the portfolio level.

This tells us that some of the portfolios targeting commercial returns or better at the portfolio level sometimes consider catalytic capital in order to target specific impact objectives that they could not achieve with their overall portfolio strategy.

Defining Return Expectation Categories

At the time we collected the data, we asked respondents to label their investments according to five return expectations categories: partial capital preservation, capital preservation, positive subcommercial returns, commercial returns, and extraordinary returns. We also asked them to share what those expectations were in absolute terms. While the absolute numbers are not very helpful, as market conditions change over time and this dataset was not collected at a single point in time, the relative return expectations between these categories may shed light on what participants meant when they selected each category.

Figure 25 describes the distribution of those return expectations (at the time of data collection) for each category.

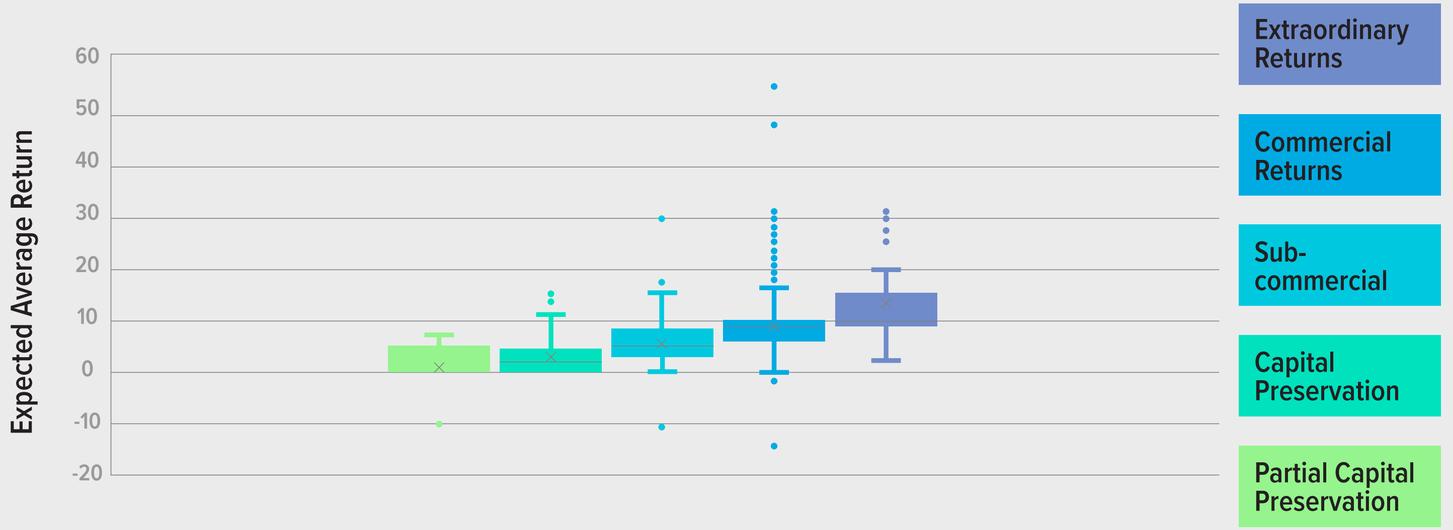


Fig 25 - Box & Whiskers Distribution of Return Expectations

**Note on Box & Whiskers charts: The box represents the middle 50% of the data. The line inside denotes the median and the X denotes the mean. Each line extending from the box is the "whiskers", which represents the range of values for the middle 80% of data. Any dots outside of other elements are outliers in the data.*

Expected Returns by SDG and Asset Class

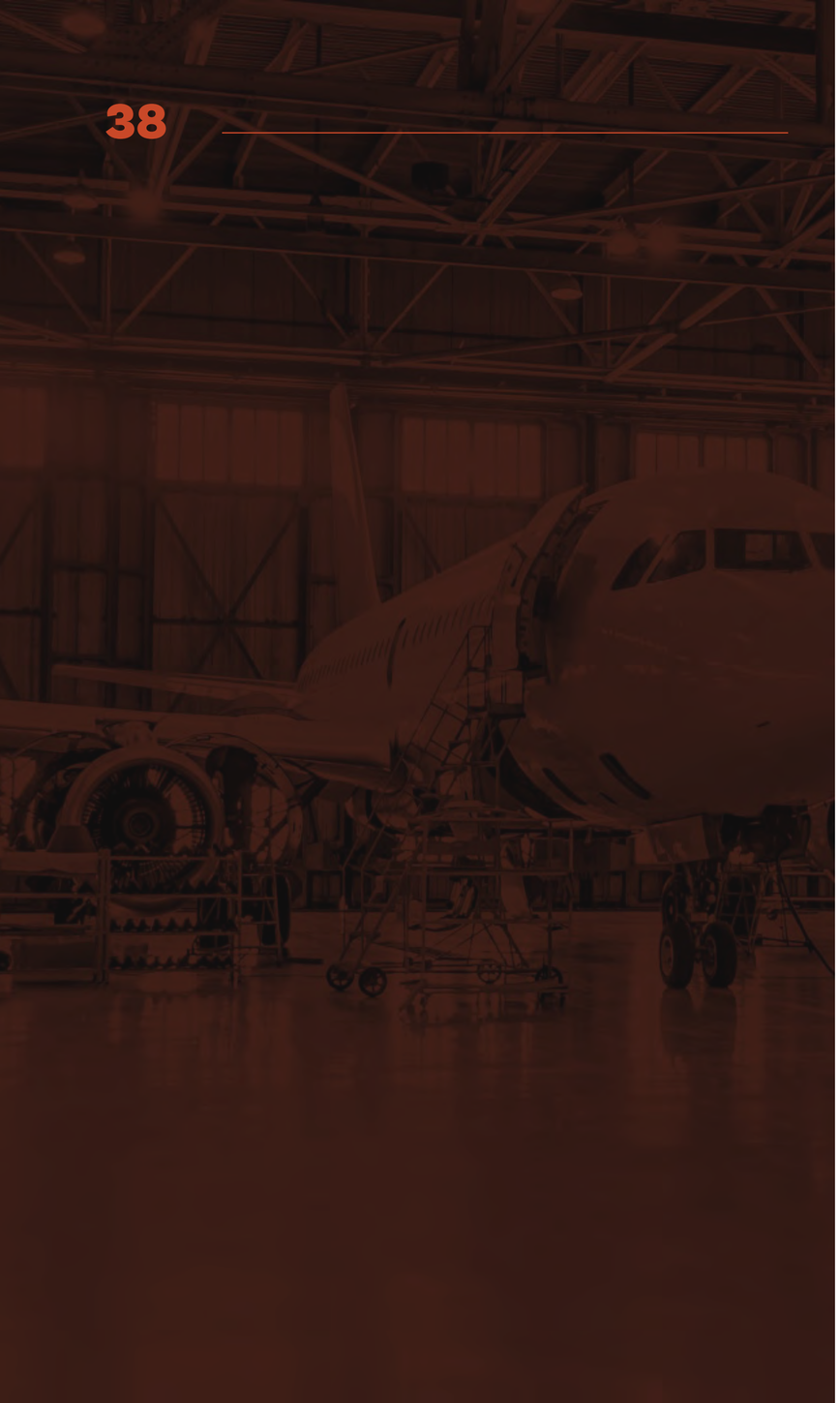
A representation of expected returns that also takes into consideration the asset class of the investment can be found in the table below. This table shows the average expected returns for those investments that have been labeled as “commercial investments” in the dataset:

Annualized commercial return expectations for each asset class in the T100 dataset overall seem similar to traditional investments during the same time period: cash and equivalents (2.2%), fixed income (5.5%), public equities (8.1%), private equity (12.9%), private real assets (9.8%), and other Alternatives (11.6%).

There are a number of participants in the T100 study who identify as impact investors, many targeting specific thematic/ SDG areas, who target commercial return expectations similar to traditional investors.

	Average	No Specific SDG targeted	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Cash & Equivalents	2.2%	2.2%					1.9%			1.0%		1.9%	1.0%		1.9%				4.0%
Fixed Income	5.5%	4.2%	6.1%	6.0%	6.0%	6.3%	5.3%	6.2%	6.3%	6.2%	5.8%	5.8%	6.7%	5.9%	5.6%	8.0%	5.8%	5.4%	5.5%
Public Equity	8.1%	7.4%	8.1%	7.5%	8.8%	8.1%	11.2%	6.7%	8.2%	8.2%	8.7%	9.4%	7.7%	8.8%	8.8%	6.3%	8.0%		8.1%
Private Equity	13.2%	10.6%	12.5%	11.2%	14.1%	12.7%	16.4%	8.4%	12.1%	15.3%	14.6%	16.3%	14.3%	12.8%	12.2%	11.9%	11.7%	12.3%	12.9%
Private Real Assets	9.8%	8.8%	10.8%	9.0%			5.0%	11.0%	9.0%	10.3%	9.4%	13.3%	11.3%	7.7%	8.8%		8.8%		10.0%
Other Alternatives	11.6%	8.3%	5.5%		54.0%		23.0%	12.0%	13.6%	8.5%	9.7%	31.5%	8.8%		11.7%	11.0%	12.0%		10.0%
Grand Total	9.7%	6.7%	9.2%	10.7%	12.8%	10.9%	12.8%	7.7%	9.5%	11.8%	9.7%	13.6%	10.2%	11.5%	10.1%		10.1%	9.6%	8.0%

Fig 26 - Average of Expected Long Term Returns by SDG



Is it Possible to Target a Commercial Rate of Return in all SDGs?

Recognizing that the sample size at the intersection of SDG and asset class in Figure 26 is in many cases too small to support generalized conclusions. The averages suggest that it is possible to target a commercial rate of return in all SDGs, at least to some extent. Almost all SDGs in the category targeting *commercial return* have similar average expected annual returns - a mean of 9.7%. The lowest was 7.7% (SDG 6 (clean water and sanitation)) and the highest was 13.6% (SDG 10 (reduced inequalities)). This is a relatively narrow range that suggests all SDGs can be targeted regardless of return expectations. Likely what varies instead is the level of enterprise or investor contribution.

We also observe that impact investors generally fall into three categories: those who target sub-commercial at the portfolio level, those who accept sub-commercial returns for some investments, and those who exclusively target market rate returns. However, even in portfolios identified as market rate, impact investors in this study are not solely focused on maximizing financial returns. Rather, they optimize for a combination of risk, return, and impact within their chosen thematic areas. The decision to maintain market rate return expectations at the portfolio level constrains, but does not eliminate, their commitment to positive impact.

We wonder if return expectations serve as the primary drivers of SDG selection. Initial analysis reveals a complex relationship between expected returns and investment levels across SDGs. While some underinvested goals like SDG 6 (clean water and sanitation) show lower annualized expected returns across asset classes, this pattern doesn't hold consistently. Notably, SDG 7 (affordable and clean energy) and SDG 13 (climate action), which attract the highest investment levels, do not demonstrate correspondingly high expected returns. This suggests that factors beyond return expectations likely influence SDG investment allocation decisions, though further research is needed to identify these determinants conclusively.

SDG Examples in Each Asset Class

A table of financial returns is dry. One naturally wonders "what is an example of an actual investment in X asset targeting Y SDG?" While any example is reductive, it is also tangible. So we offer Figure 27 which provides some examples of actual investments in the dataset, organized by SDG and asset class. Additional examples of investments reported in this project over time can be found in our Toniic Diirectory.

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Cash & Equivalents	Self-Help Credit Union - Cash Deposit				Self-Help Credit Union - Cash Deposit		Clean Energy Credit Union - Cash Deposit	Southern BankCorp - Other - Certificate of Deposit		Self-Help Credit Union - Cash Deposit	Eastern Bank - Cash deposit		Climate First Bank - Cash Deposit - Certificate of Deposit		Maine Harvest Credit Union - Cash Deposit		ImpactAssets Liquid Impact Portfolio - Money Market Instrument
Fixed Income	MicroVest Short Duration Fund - Private debt fund	One Acre Fund - Notes	GLOBAL IMPACT FUND SICAV-RAIF S.C.SP. - Other fund	SocialAlpha Investment Fund Bastion - Private debt fund	CNote Wisdom Fund - Private debt fund	WaterEquity Inc - Private equity fund - Global Access Fund	TIAA-CREF Core Impact Bond Fund - Mutual funds	Blue Orchard Microfinance Fund - Private debt fund	CIM Enterprise Loan Fund - Private debt fund	Sunwealth Impact Promissory Note - Notes	CCM Community Impact Bond Fund - Mutual fund	Made Blue - Notes	Enduring Climate Fund I - Revenue sharing debt	Urchinomics BV - Structured products (capital protection) - Fixed Return 8% Share Class	Force for Nature - Convertible bonds	MDIF Media Finance I - Private debt fund	Ujima Fund - Bonds - Umoja Note
Public Equity	Axiom Emerging Markets - Mutual fund	IBI Tracking Global FoodTech iNDEX - ETF - USD Hedged	Blackrock Health Science Trust - Mutual fund	Edutainment Equity Fund - Mutual fund - B USD	Pax Ellevate Global Women's Leadership - Mutual fund	Allianz Global Water Fund - Mutual fund	Aperio Group - Separately managed Account	Parnassus Endeavor Fund - Mutual fund	PALO ALTO NETWORKS - Common shares	Adasina Social Justice All Cap Global ETF	Versus Capital Multi-Manager Real Estate Income Fund LLC - REIT	M&G Investment Positive Impact Fund - Mutual fund	Pax Global Environmental Markets Fund - Mutual fund - Institutional	Credit Suisse Rockefeller Ocean Engagement Fund - Mutual fund	UBAM Biodiversity Restoration - Mutual fund	Apolitical - Common shares	Calvert Small-Cap Fund - Mutual fund - Class I
Private Equity	Elevar Equity - Private equity fund	Warc - Common shares	SJF Ventures - Private equity fund	Reach Fund IV - Private equity fund	First Women's Bank - Common shares	Water Equity Global Access Fund - Private debt fund	Energize Ventures Fund LP - Private equity funds	Sarona Frontier Markets PE Fund 1 - Fund of funds	Goodwell Investments BV - Common shares	Impact America Fund - Private equity fund	CapRock Impact Partners I - Fund of funds	Closed Loop Ventures - Private equity fund	Regeneration.VC Fund I - Private equity fund	Aqua-Spark Cooperative U.A - Common shares	Stray Dog Capital Fund II - Private equity fund		Equitable Economy Fund - Other fund
Private Real Assets		Meadowlark Lands I - Limited partnership		Directly held real asset property	WISH - Limited partnership	Clear Frontier Meadowlark Lands Fund - REIT	Greenbacker Renewable Energy Company - Limited partnership	Northsky QOZ Fund - REIT	North Sky Infrastructure Investment Fund - Other fund	Blackstar Stability Distressed Debt Fund	Bridge Workforce and Affordable Housing Fund - Other fund	Impact Funds Northumberland Pty - Other Debt	EFM III - Funds - Others (miscellaneous)		Lyme Forest Fund - Other fund		Tierra Valiente - Common shares
Other Alternatives	Lendable SIV I - Private debt fund	iGravity - ETF	Bridges Social Outcomes Fund II - Social Impact Bond	Scholastics Expeditions - Other equity - Direct Public Offering	Art - Directly held real asset property	Sonen Global Multistrategy Irish Feeder Class B - Fund of funds	Belltown Power UK Limited Growth Funding - Structured products (capital protection)	Schroder BSC Social Impact Trust - Fund of funds	Cutting Edge Capital - Revenue sharing debt	Magallanes Impacto FIL (Fondo de Inversión Libre) - Private debt fund	Brevet Short Duration Fund V Class - Structured products (capital protection)		Just Climate CAF I - Other fund - (A) SCSp		Calm the Farm - Notes	Self Help Credit Union - Guarantee	Community Investment Guarantee Pool - Guarantee

Fig 27 – Samples of Actual Investments in the Dataset, Organized by SDG and Asset Class

Conclusion: What Have We Learned?

The findings we have presented in this report underscore a growing commitment to impact through investor and enterprise contribution. This evolution is evident in the increasing allocation to investments with enterprise impact that contribute to solutions, and deeper forms of investor contribution in the form of driving impact through engagement, catalytic capital, and support for underserved markets. **Impact potential is increasingly driving asset allocation decisions among impact investors rather than conventional investment criteria alone.**

While the findings highlight progress, they also illuminate persistent sources of turbulence. The misalignment between desired and actual impact allocations underscores the need for continued innovation in product development across all asset classes and thematic areas. Certain asset classes (notably cash & equivalents) lag in impact opportunities. The concentration of capital in certain SDGs and geographies means that other SDGs are more dramatically underinvested, which highlights a need and opportunity for increased impact investing in underserved regions and communities.

Key Findings

Within this report, we have shown that impact investing across a portfolio is feasible and being implemented in over 100 portfolios within this study. T100 contributors are finding impactful products in all asset classes to varying degrees, contributing impact in their role as investors, and evolving their strategies as the market matures.

Contribution. T100 investors are employing a full spectrum of strategies with regard to enterprise impact and investor contribution in their portfolios.

With respect to enterprise impact, more than half of the investments in the sample are in enterprises that the investor believes contribute to solutions - a remarkably high percentage, considering these are mostly multi-asset-class portfolios. Conversely, only slightly more than 10% of investments in the sample overall are assessed as does/may cause harm, indicating that it is possible, with a mix of strategies, to minimize the harm to which one contributes with investments across asset classes.

In terms of investor contribution, T100 investors utilize a blend of strategies to contribute impact of their own, including values alignment, engagement, targeting undersupplied capital markets, and providing catalytic capital. Both the greatest percentage of capital managed for enterprise contribution as well as the widest distribution of investor contribution approaches is found in private equity. In public equities, we observe signaling to be the most common form of enterprise contribution, but investor engagement— an essential form of investor contribution—occurs most frequently in this asset class.

SDGs. Within the dataset, we have documented a large amount of capital that is committed to the full range of SDGs. The most invested SDGs in our sample are climate related - SDG 7 (affordable and clean energy) and SDG 13 (climate action). This is a notable shift in SDG preference since the last data collection; the previous top SDG was SDG 11 (sustainable cities and communities), demonstrating a sense of urgency toward the climate crisis.

When compared with the UNCTAD's identified investment gaps, there's good news and bad news. The 2024 report identified clean energy as the largest gap, which T100 investors are working to address. However, the second largest investment gap was within SDG 6 (clean water and sanitation), which was one of the lowest with respect to relative allocation within our dataset, showing an unmet need and opportunity.

Geography of Impact. There is a home region overweight among investors in every region except Latin America and South/Southeast Asia, where the home region is second only to investments targeting global impact. This counteracts the outdated narrative that impact investing is about investors in the Global North investing in the Global South, and implies a bias toward investing in one's own place.

Asset Class Allocation. T100 investors are seeking to invest with impact across their portfolios. Our data shows that this is possible, but it's more difficult in asset classes like cash and public equity than in private equity and fixed income. Investors in our dataset have a much higher percentage allocation toward private equity than non-impact investors of their same investor type. Over the eight years of the T100 study, we have observed persistent differences between different types of investors in the average investment allocations by asset class, and these differences have remained constant despite some turnover in the study participants: HNI and family office portfolios persistently display higher private equity and real estate allocations than charitable foundations, who have greater allocations to fixed income.

Expected Return. Impact portfolio construction requires incorporating asset allocations to optimize risk/return expectations and impact objectives. Our analysis of T100 investors revealed diverse financial return targets at the portfolio level. Approximately two-thirds of investors seek market-rate returns, while the remaining third accept sub-commercial returns at the portfolio level to have catalytic impact, an increase from the last T100 report. Of the market-rate portfolios, 50% include some allocation to catalytic capital investments.

In total, 64% of T100 investors include some catalytic capital investments in their portfolios, even those targeting commercial returns at the portfolio level, to achieve their impact objectives. Collectively, 19% of the average allocation of portfolios in the study is directed toward catalytic capital.

Liquidity. We observe an inverse correlation between enterprise impact and liquidity. Investors seeking to contribute to solutions are willing to allocate more capital to illiquid investments than their traditional counterparts, in order to achieve positive impact.

Looking Backward, Looking Forward: Reflections on Changes Over the Time Period of the Study

As a longitudinal study, the T100 Project was created to track the changes in how investors integrate impact investments in their portfolios over time. Since our inaugural report in 2016, significant changes have occurred in the market, with impact investing growing from a niche into a robust, global movement. According to the GIIN's 2024 State of the Market report, assets allocated to impact investing strategies have continuously grown at a compound annual growth rate (CAGR) of 14% over the past five years. Meanwhile, the global landscape has shifted, and the social and environmental challenges we seek to address are becoming increasingly urgent and complex.

The longitudinal trends we have observed in this report highlight a significant evolution within the impact investing landscape. Three trends stand out:

1. An increased focus on climate and ocean investing (SDG 7 (affordable and clean energy), SDG 13 (climate action), and SDG 14 (life below water)). Since assets being invested with impact have been growing significantly during the period of the study, this does not necessarily imply divestment from other SDGs, but does increase the disparity in investment across SDGs. More broadly, this seems to reflect greater growth in investment over the period in environmental themes than in social ones.

When reflecting on the changes of his strategy, contributor Paolo Fresia shared:

"I've become a lot stricter in comparing alternatives and choosing the highest impact ones according to more systematic quantitative and qualitative criteria, so that I base my investment decisions a lot less on relationships or geography (or where my heartstrings pull me to). I also pay a lot more attention to my philanthropy and how it can complement the investment portfolio."

Brent Kessel has also honed his strategy over the last 5+ years:

"I've moved much more into privates than publics. And within my DAF, I'm providing extremely patient or higher risk capital (without expecting higher returns commensurate with the risks)."

2. An increased focus on contribution at both the enterprise and investor level. At the enterprise level, we see an increase in investments aligned with contribute to solutions and away from does/may cause harm. We don't have data to track changes in investor contribution from earlier datasets because the distinction only came to light with the work of the IMP which was completed in 2021, and which we first integrated in data collected for this report. Since the implementation of the concept of investor contribution in our data collection, however, we've seen it become a focus among T100 participants as a key distinguisher between values alignment and the intention to cause something to happen that otherwise would not.
3. A fundamental premise at the inception of T100 was that impact investing could and should be integrated at the portfolio level across asset classes, since when we started this research, impact investing was much more represented in illiquid asset classes. We observe that over time an integration of investor and enterprise contribution in the vast majority of asset classes has occurred, aside from cash.

Our T100 contributors have also noted the evolution of both the impact investing landscape and their own strategy. Anecdotally, within our broader Toniic community, we have noticed our network of investors have become increasingly more discerning in investment selection, reflecting both increased sophistication and increased availability of impact products in most asset classes.

As the impact investing market has matured, the T100 Project has offered valuable insights to guide its future trajectory. Looking ahead, the challenge for the impact investing community will be to sustain this momentum and foster an environment where the supply of authentically impactful investment opportunities can meet the increasingly discerning demand. Our hope is also that asset managers, policymakers, and other players in the ecosystem will see this as a call to action to collaborate in creating a more inclusive, deeply impactful, and sustainable financial system. By addressing the identified challenges and embracing the opportunities for innovation, we can unlock the full potential of impact investing to address global challenges and create a more equitable and prosperous future for all.

Appendices

Appendix I. Background on the T100 Project

About the T100 Portfolio Series

T100 is Toniic's longitudinal study of the practices and portfolios of committed impact investors. Since 2016, the project's aim has been to contribute to a new paradigm of the financial system which prioritizes social and environmental impacts alongside financial returns.

The first report in the T100 Impact Portfolio Series, *T100 Launch: Insights from the Frontiers of Impact Investing 2016* (Launch report), was published in December of 2016 and combines an analysis of 2015 end-of-year investment portfolio data with stories of the investors' personal journey into impact. These 51 portfolios going to 100% represent US$1.65 billion of capital committed to impact investments, with US$1.14 billion deployed as of December 2015.

T100 Powered Ascent: Insights from the Frontiers of Impact Investing 2018 (Powered Ascent report), combined an analysis of investment portfolio data from 76 Toniic 100% Impact Network member investment portfolios with stories of their personal journeys. The portfolios represented US$2.8 billion of capital committed as of 2017.

This investment data in the report originates from 107 portfolios of impact investments data over a period ending in 2023, and represents over $3.5 billion in invested assets.

By publishing these reports, the T100 Project seeks to:

- Activate new impact capital by demonstrating that private asset owners can invest with impact across every asset class in a portfolio by providing examples;
- Inspire current impact investors to go deeper in their portfolios to maximize their impact/risk/return profile;
- Inspire investors to see their investments as an extension of their deepest values;
- Provide confidence for investing this way as other asset owners are already doing so;
- Improve impact effectiveness by adding rigour to impact investment decision making; and
- Power academic research that develops new, more inclusive theoretical models of finance.

All T100 publications, tools, and personal profiles from our multi-year project can be found at www.toniic.com/T100.

About the Investors in this Study

What is an Impact Investor?

The word "impact" is increasingly used more broadly than Toniic's definition, and is sometimes confused with the terms "ESG" or "sustainability". However, the Toniic community defines impact investments as investments made with the intention to generate positive measurable social and environmental impact alongside a financial return. The Global Impact Investing Network (GIIN) has defined four "core characteristics" of impact investing:

- Intentionality
- The use of evidence and impact data in investment design
- The commitment to manage impact performance
- The commitment to contribute to the growth of the industry

Impact investors invest where either the underlying product or service, or their capital or engagement, seeks to contribute to solutions to one or more big world problems.

See https://toniic.com/impact-investing/ for more details.

What Kinds of Investors Contributed?

All of the contributors to the study are (or have been) Toniic members, meaning that they are accredited investors who are decision makers about their capital. Most of the investors are HNIs, Foundations, or part of a family office. The remainder of respondents are reporting their DAFs, endowments, or funds where leadership is affiliated with Toniic.

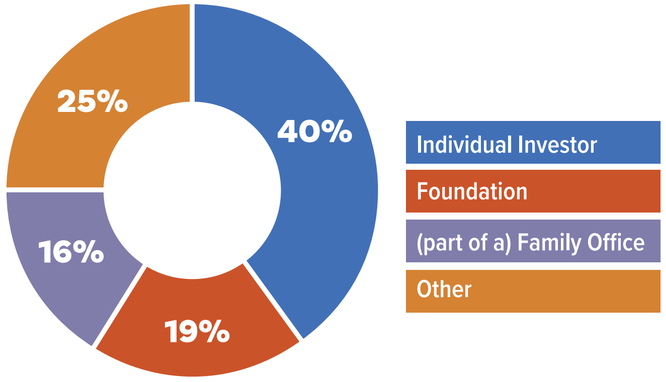


Fig 28 - Investor Types of T100 Contributors

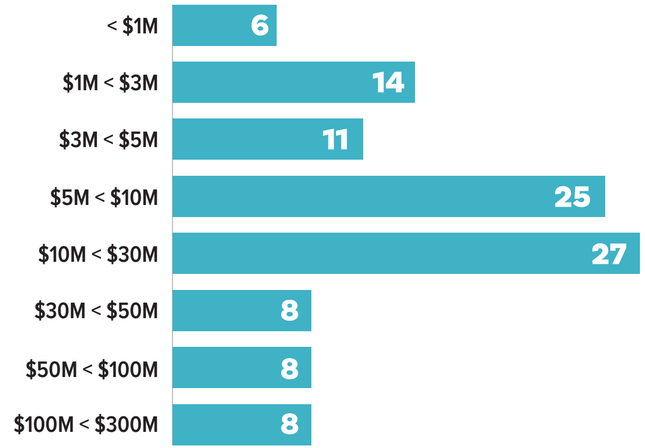


Fig 29 - Value Ranges of Portfolios in Dataset

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Eva Yazhari
& many others that choose to remain anonymous

Appendix II.
Methodology and Limitations

This report includes investment transaction data collected between 2021 and 2023. The data in the report was self-reported by impact investors and has not been audited or validated by an external source.

Data Collection Period

Gathering data from these 107 portfolios has constituted a significant effort for the Toniic team and participant members. The data collection period spans between 2021 and 2023. Investors who contributed data in 2021 may have shifted their asset allocation over time, but unless they communicated the updates in their portfolios, we relied on their initial submission.

Note on Inferences

This report does not purport to reflect a statistically significant sample size from which one can draw definitive conclusions. Some of the report limitations arise from legal and regulatory constraints, from the essentially private nature of some data, and from Toniic's evolving understanding of how to improve the precision of our questions and analysis. In this report, we supplement the more rigorous data collection with anecdotal data. When we make inferences about why particular trends emerge from the data, we have endeavored to be clear that these are untested hypotheses, and to explain our reasoning.

Definition of Portfolio

The basic unit of analysis in this report is a portfolio, as defined by the reporting investor. The average size of a portfolio in this study is roughly $33M. Multiple portfolios by the same investor have been counted separately in this report.

Sometimes a portfolio is defined as "all of the investment assets of an organisation or individual." More often it is a portion of those assets which, from the outside, might appear to be an arbitrary selection. Portfolios are scoped, however, to serve the purposes of the investors who hold them, and an individual or organization may manage multiple investment portfolios. A family office might manage a shared portfolio for the family plus portfolios for individual family members, a charitable foundation and/or a DAF. The family office might exert differing degrees of investment control over those different portfolios and may therefore be more comfortable reporting on some than on others. This is but one of myriad examples of why portfolios in this study should not be conflated with "all the investable wealth of the investors who participated" and why, on average, the size of portfolios in the study is lower than the overall investable wealth of participants.

Subjectivity

The data includes subjective impact classification made by investors which are based on their interpretation of industry-wide impact management frameworks.

This is most obvious in the dimension of investor contribution, where an investor might own an oil and gas production company for financial exposure to the fossil fuel industry in order to engage with company management to shift towards renewables, because the company is already (in the view of that investor) a leader in the energy transition, or for other reasons. Standardisation of classification in this dimension would be counterproductive.

It is more confusing in the dimension of enterprise impact, where logically a company is either avoiding harm, benefiting stakeholders, contributing to solutions, or does/may cause harm; these differing categorisations for the same company may feel like a data quality issue. The challenge is that, given the current state of the field, there is no broadly agreed scoring framework. Given that reality, embracing a subjective classification approach is in line with the Toniic philosophy of not enforcing specific impact classification, since different investors may own the same investment for different reasons, or assess its impact differently.

This subjectivity extends to expected returns, which are simply the investors' expectations as they reported them to us, and should not be supposed to be actual performance.

Average Allocation Data

In calculating aggregate asset allocations across all portfolios in the T100 dataset, we have given each portfolio equal weight rather than weighting by the amount of capital of each investment. We make this choice because the dataset has

portfolios of different sizes, and allocations to an SDG, asset class, or any other dimension are only interesting in comparison to their counterparts within a single portfolio. That one portfolio allocates $10 million to private equity and another $2 million is not meaningful for our analysis - rather, the interesting question is how the private equity allocation compares to allocations to other asset classes in the same portfolio.

Changes to the Data Collection Over Time

Since we started the T100 project, the impact investment industry has evolved substantially and the frameworks that we use to describe impact have also changed. For this reason, we converted the 2016 and 2018 impact categorization of the investments to the more modern categories of the IMP's framework.

We matched the previous categories with the following IMP categories:

- Thematic → Contribute to Solutions
- Sustainable/ESG → Benefit Stakeholders
- Responsible/SRI → Avoid Harm
- Non-Impact → Does/May Cause Harm

Although they weren't the exact same categories, the frameworks aligned closely enough that we believe there is comparability.

Prior to this report and during the data collection period, we used the IMP term "flexible capital" for subcommercial investments made in order to address a commercial capital gap. In this report, we use the modern consensus term "catalytic capital" instead as roughly synonymous. While catalytic capital is slightly differently defined, we believe it to be close enough for valid comparison.

SDGs

The very approach of categorizing big world problems into 17 SDGs creates both opportunities for clarity and alignment, and flattens important nuance. We have embraced it because it is useful, but seek to hold SDG assignments lightly because the goals are intersectional and the allocations of investments to SDGs subjective. The larger and more complex the enterprise, the greater the subjectivity.

In the previous T100 reports we allowed investors to associate an impact investment with only one goal, whereas in this report we allowed the choice of up to three SDGs per investment. To simplify collection, we assumed an impact allocation methodology that attributes 100% of the desired impact to the primary SDG when one SDG is the only choice; 70% to the primary and 30% to the secondary when two SDGs are chosen for one investment; and 50% to the primary, 30% to the secondary and 20% to the tertiary when three SDGs are chosen for one investment. Participants were not asked to customize this allocation.

Toniic Tracer

The portfolio data in this report was collected via the Toniic Tracer platform. Tracer was created by Toniic for the T100 Project to scale our data collection. Tracer contains an investor portal (which Toniic members used to upload and adjust data about their investments and grants) and an issuer portal (for issuers to upload impact stories and metrics and automatically generate a "mini-impact report".) Tracer also has an API for data interchange which leverages XBRL.

In order to provide value to investors entering data, Tracer generates dynamic data visualisations at the portfolio level, allowing an investor to see how their investments align with the SDGs, how their return expectations differ for various asset classes, how classifications of enterprise impact and investor contribution at the individual investment level aggregate across the portfolio, and so forth. Many of the graphs and charts in this report have analogues for investors at the portfolio level through Tracer. Most T100 contributors are motivated to contribute data both to build the field with public goods like this report, and by the insight into their own portfolio they get through Toniic Tracer.

Appendix III.
Asset Class and Enterprise Impact Examples

The following table includes examples of how impact investors seek different levels of enterprise impact across asset classes. While these examples are indicative, this is a non-exhaustive list. Furthermore, the following examples only describe the enterprise impact level sought by the investors, and do not take into consideration the investor contribution to the impact of the investment.

*These are indicative but non exhaustive examples

	Avoid Harm	Benefit Stakeholders	Contribute to solutions
Cash & Equivalents	E.g. Investors stop depositing their funds in banks that finance companies associated with negative impacts such as fossil fuels or private prisons	E.g. Investors select banks that are committed to empowering their local communities, such as the banks that are part of the Global Alliance for Banking on Values	E.g. Investors deposits cash in banks that will only lend capital to companies that are contributing to solutions, such as companies developing clean technologies
Fixed Income	E.g. Investors screen their portfolio to eliminate bonds issued by companies with negative impact or countries with associated with human rights violations	E.g. Investors integrate in their bond portfolio sustainability linked bonds or issued by companies committed to improving their ESG standards	E.g. Investors pick bonds whose proceeds are used for environmental or social purposes (e.g. Green or Social bonds certified by ICMA), or provide loans to social enterprises
Public Equity	E.g. Investors mitigate negative impacts in their portfolio by divesting from companies with poor ESG standards	E.g. Investors seek in their portfolios best in class companies with regard to ESG factors that impact the environment and society, as well as how sustainability impacts the company financially (double materiality)	E.g. Investors seek companies listed in public markets with a core business focused on solutions to significant word problems. Most often, these tend to be small cap companies with more focused activities rather than large conglomerates
Private Equity	E.g. Screening out companies that may cause harm, for example, a startup whose technology may have dual use and be applied in military applications	E.g. Investors selecting a private equity fund investing in frontier markets and supporting local jobs	E.g. Looking for companies and funds that are focused on addressing the Sustainable Development Goals
Private Real Assets	E.g. Investors reduce negative impacts of their real asset portfolio by taking actions that minimize the environmental footprint or preserve some affordable housing units	E.g. a holistic approach to real estate investment that revitalizes communities or green buildings	E.g. Real asset projects such as forestry, regenerative agriculture, clean infrastructure, or real estate providing solutions for affordable housing or homelessness
Other Alternatives	E.g. Hedge fund shorting companies with negative impact	E.g. Working capital fund supporting SMEs in emerging markets	E.g. Social impact bond that re-pays the investor only if a certain impact outcome is achieved (“pay for success”)

Fig 30 – Examples of Enterprise Contribution in Each Asset Class

Appendix IV.
Topics for Further Study

It's likely that after reading this report, you still have unanswered questions. So do we. As with most compelling research, the process of answering questions digs up more questions, which leads to further study. Below are some of the open possibilities that we have identified and are not named above:

- Further analyze multi-asset portfolio construction and optimization to better understand current practices and identify new or emerging techniques for incorporating impact into portfolio strategy.
- Create model portfolios for specific investor archetypes based on demographic, asset brackets, and primary impact themes of interest.
- Investigate whether regional differences are driven by differing priorities or by product availability.
- Explore exits in impact investing. We observe investors willing to trade liquidity for higher impact expectations. Does this extend to willingness to make equity investments in companies less likely to exit compared to their non impact peers? Many impact investors use alternatives like revenue based finance to improve their ability to exit; is this a growing category ripe for further experimentation? Exits in some asset classes have a very long time horizon, so any study of this requires a long time horizon.
- Investigate the increasing intersection of impact investing and philanthropy: Impact investors are increasingly looking at the combined impact of their investment portfolios and their grants. We have recently added the ability for T100 participants to add their grants to our platform, Toniic Tracer, to aggregate the impact of both types of capital toward their thematic goals. We are keen for ourselves or others to explore how incorporating both of these approaches fits into systems change.
- What factors beyond return expectations influence SDG investment allocation decisions?
- Dive deeper into the use of catalytic capital. Most impact portfolios managed for commercial or "extraordinary" returns contain *some* investments targeting capital preservation or even partial capital preservation. Our colleague and reviewer Mike McCreless of Impact Frontiers initially made this observation, and queried if this varies by investor type (HNI, family office, foundation), as indicative of a leading edge of practice. For example, are those with fiduciary duty obligations behaving differently in this regard from those without?

As this report is finalised it now appears that our two organisations will receive funding from the Tipping Point Fund on Impact Investing to write a further report investigating nuances like this in our dataset, and seeking to deduce patterns and strategies in the portfolios that might serve as guidelines towards "model portfolios" to meet various goals. We look forward to those investigations.

A Final Note

We and our generous participants have found the collection of this data over time to be extremely time-consuming. Furthermore, as mentioned in the introduction, funding for further data collection has grown increasingly difficult for us to secure. We therefore consider the data collection phase of the T100 Project - at least the attempt to collect annual updates to investment portfolios of participants - to be at an end. We (and others in the field) see tremendous and unique value in the private wealth data we have collected, even as it falls short of everything we'd hoped for, both in terms of depth, such as our unfulfilled desire to collect actual return information, and breadth, the number of portfolios. The data we have collected remains a valuable resource for researchers, and we are happy to entertain proposals for additional research projects on the existing dataset.

Which leads us to close this report with gratitude for those who made it possible. First and foremost, to T100 participants, many of whom undertook the drudgery of time-consuming and repeated annual portfolio updates. To our funders over the years, whose vision and support made this data collection project possible. To the expert reviewers of this report (cited above, but with additional thanks to Mike McCreless, Julia Balendina-Jacquier, Lisa Kleissner, and John Kohler, who devoted significant time to thorough review, and made the end product much better. Errors in this report lie with the authors, while those others who made it possible deserve nothing but gratitude from us and the wider field.