For immediate release

NEW RESEARCH FROM THE GLOBAL IMPACT INVESTING NETWORK (GIIN) HIGHLIGHTS THE GROWTH AND INCREASING DIVERSITY OF IMPACT INVESTING STRATEGIES

Survey data collected from over 300 impact investors provides insight into the work investors are doing to scale impact and help solve our most intractable challenges

NEW YORK, June 27, 2023 – The Global Impact Investing Network (GIIN) published today at its Investors Council Annual Meeting new research reports on impact investor characteristics, activities and asset allocations and financial performance. This research offers an outlook on the impact investing industry and offers the most comprehensive overview of the market based on data shared by the largest sample of impact investors to date. The two reports, which form part of a larger series of briefs scheduled to be published throughout the year, highlight the growth, diversity, and financial performance of impact investments.

“The GIIN’s research findings underscore the growth in overall impact assets and the multiple avenues impact investors can explore to achieve their financial and impact goals. Investors are working to address a broad set of social and environmental needs around the world, reflected in the industry’s growing diversity across asset classes, sectors and geographies,” said Amit Bouri, CEO & co-founder of the GIIN. “The expanding appeal of impact investing is evident as investors are witnessing substantial increases in capital inflows from major institutional investors, including pension funds and insurance companies.”

Key findings from 2023 GIINsight: Impact Investor Demographics and 2023 GIINsight: Impact Investing Allocations, Activity & Performance

- Impact investing assets under management (AUM) grew by a compound annual growth rate (CAGR) of 18% between 2017 and 2022. Impact investors included in the sample collectively manage USD 213 billion, up from USD 95 billion in 2017.

- Financial and impact returns continue to meet or exceed expectations. A vast majority of impact investors target risk-adjusted market rate returns (74%), while 26% target below-market-rate returns that are either closer to market-rate or capital preservation. Regarding financial performance, 79% of impact investors reported that their financial performance meets or exceeds their targets. Regarding impact performance, 88% reported that impact performance meets or exceeds their impact targets.
Increasing diversity across asset classes. The greatest proportion of capital was allocated through private equity (26%), with nearly seven in ten impact investors allocating at least some AUM through private equity (69%), followed by private debt (22% of AUM) and real assets (17%). Public debt was the fastest-growing asset class at 101% CAGR, followed by real assets at 27%.

Greater diversity in investment sectors. The largest sectors, in terms of AUM allocated by impact investors, were energy, financial services, health care and microfinance. Over six in ten investors (61%) allocated at least some AUM to food & agriculture. About 55% of investors allocated capital toward energy and approximately half to healthcare (51%). The fastest growing sectors were housing at a CAGR of 44% followed by information & communication technologies, which grew at 30% CAGR.

Growing sources and volume of capital. Pension funds accounted for the greatest proportion of investment managers’ capital at 20%, followed by family offices (15%), development finance institutions (14%) and insurance companies (7%). Investment managers increased their sources of capital from all investor types between 2017 and 2022 – most prominently, pension funds and insurance companies by a CAGR of 32%.

“This seminal research provides impact investors, and those considering impact investing as a strategy, with key insights on the vitality of the market,” said Dean Hand, Chief Research Officer of the GIIN. “Impact investors can use this research to deepen and scale their impact investing practices while encouraging more traditional investors to implement impact investing strategies across their portfolios.”

Over the coming months, the GIIN will release two more reports as part of this year’s 2023 GiINsight series. The forthcoming reports will explore impact management and management (IMM) practices and emerging trends in the impact investing industry.

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About the Global Impact Investing Network (GIIN):

The Global Impact Investing Network (GIIN) is the global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. Impact investments are investments made into companies, organizations, and funds with the intention to generate positive, measurable, social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate, depending upon investors’ objectives. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, please visit www.thegiin.org.

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