

Impact Investing: Individual Investors Seeking New Opportunities

February 16, 2017

Executive Summary:

Impact investments represent a fast-growing category among individual investors who access funds through the intermediary distribution platforms of broker-dealers, private banks, insurance companies, and registered investment advisors (RIAs). However, platform-level decision-makers and financial advisors disagree about nearly all aspects of impact investing, including the fundamental question of how to define the category.

To gain a better understanding of the rapidly expanding phenomenon, Greenwich Associates and American Century Investments® conducted research with more than 50 professional buyers at intermediary platforms and over 150 financial advisors that work with high net worth and individual investors.

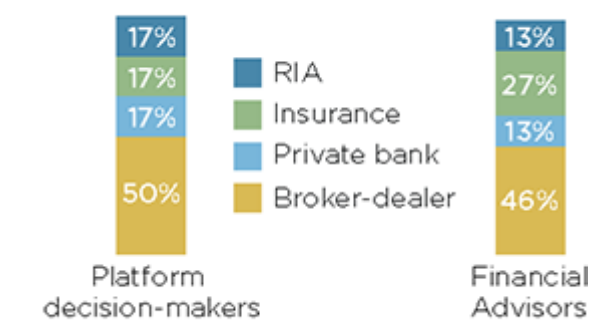
- Study participants cite two main benefits of impact investing: 1) the ability to achieve positive social benefit, and 2) the ability to align investments with personal or organizational values.
- The most striking difference between platform decision-makers and advisors is found in their viewpoints about investment returns. Forty-four percent of advisors would be willing to accept lower returns in order to achieve a positive social impact. Only 11% of platform decision-makers agree.
- Study participants report lukewarm levels of satisfaction with current impact investing efforts and see room for improvement in the amount of positive social impact achieved, the ability to measure societal impact, investment returns, and their own level of understanding in the category.
- Investing in screened separate accounts (funds that screen in or screen out particular investments) is the preferred way study participants access impact investments, followed by investing in screened commingled funds. They also invest directly in socially responsible deals and companies and with asset managers that financially support a designated cause.

Despite the category's rapid growth, impact investing in the U.S. remains in its early stages. Impact investing definitions and best practices will take shape and solidify as the category continues to attract new participants and assets.

Methodology:

Between January and March 2016, Greenwich Associates conducted 52 telephone interviews with intermediary platform decision-makers and an online study with 151 financial advisors to test their knowledge of and receptivity to various approaches to impact investing across the asset management industry.

RESPONDENT PROFILE



Note: May not total 100% due to rounding.

Coalition Greenwich
A division of **CRISIL**

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Coalition Greenwich, which is a part of CRISIL Ltd, an S&P Global company. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the

anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Coalition Greenwich as on the date of the Document and Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data in this Document may reflect the views reported to Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES COALITION GREENWICH BELIEVES TO BE RELIABLE. COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Coalition Greenwich is a part of CRISIL Ltd, an S&P Global company. ©2024 CRISIL Ltd. All rights reserved.

greenwich.com

ContactUs@greenwich.com

Ph +1203.625.5038