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.

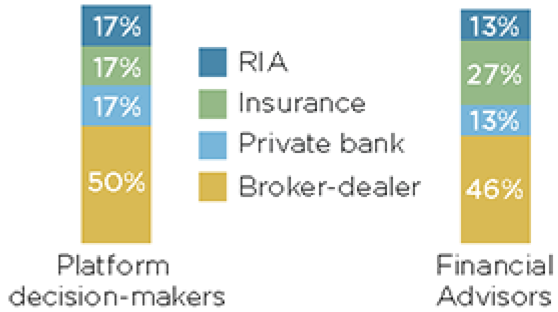
- Study participants cite two main benefits of impact investing: 1) the ability to achieve positive social benefit, and 2) the ability to align investments with personal or organizational values.
- The most striking difference between platform decision-makers and advisors is found in their viewpoints 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.

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