For Immediate Release

NEW IMPACT INVESTING PERFORMANCE DATA SHOW THAT IMPACT FUNDS IN THE PRIVATE REAL ASSETS ARENA HAVE DELIVERED RETURNS ON PAR WITH SIMILAR FUNDS WITH NO ENVIRONMENTAL OR SOCIAL OBJECTIVES

New Benchmarks from Cambridge Associates and the Global Impact Investing Network Provide Financial Performance Data on Real Assets-Focused Private Impact Investments, and Highlight Importance of Manager Selection for Outperformance

Boston and New York May 3, 2017 – Private real assets impact investment funds, which invest in assets such as timber, real estate and infrastructure and aim to advance environmental or social objectives in addition to generating a financial return, can generate returns comparable to similar funds that do not have specific environmental or social goals.

That's according to *The Financial Performance of Real Assets Impact Investments* report, which presents the first comprehensive analysis of the financial performance of private real assets impact investment funds in three sectors: timber, real estate, and infrastructure. The report launches three benchmarks developed and compiled by global investment firm Cambridge Associates in partnership with the Global Impact Investing Network (GIIN), which seeks to increase the scale and effectiveness of impact investing around the world. Cambridge Associates will provide updated performance data on the three benchmarks on a quarterly basis.

Real assets play a number of roles in institutional portfolios, providing diversification, current income, the potential for strong, long-term returns, and an inflation hedge. In addition to these benefits, real assets impact investment funds present opportunities for alignment with a number of important impact objectives. For example, in this study many timber-focused impact funds pursue sustainable timber production or land conservation; real estate-focused impact funds are typically focused on green real estate and/or affordable housing; most infrastructure-focused impact funds targeted renewable energy generation.

"Focusing this benchmark on real assets was important because a large impact investment opportunity set lies in that sector. Many impact investors—especially those with an environmental focus—are looking to invest in areas such as low-carbon infrastructure and green real estate," said Jessica Matthews, head of the Mission-Related Investing Practice at Cambridge Associates. "Each fund included in the benchmark has a clear and established commitment to impact. What we set out to analyze was how their financial returns compare to a larger universe of private real assets funds."

Performance Data by Sector

The report compared the performance of these real assets impact funds with universes of private real assets funds with the same vintage years and sector focus but no social impact objectives. To get a clearer picture of these funds' return potential, it helps to examine how the median and top-quartiles of each sector performed. Investors interested in private investments use a number of criteria to select managers, often including top-quartile performance, according to the report.

A few takeaways:

- **Timber-focused private impact funds outperformed non-impact timber funds, both in terms of median and top-quartile returns.** The median net internal rate of return (IRR) for timber-focused impact funds in the benchmark was 5.9%, compared with 3.3% for the comparative set of non-impact timber funds. The top-quartile funds in the timber-focused impact benchmark returned at least 8.6%, compared with 4.2% for the top quartile of non-impact timber funds.

- **Private real estate-focused impact funds' returns were mixed, but top quartile returns were particularly strong.** Top-quartile real estate-focused impact funds returned at least 15.9%, compared with 13.8% for the comparative set of top-quartile funds. However, the median return for real estate impact investing funds was lower than that of non-impact real estate funds; the median IRR for real estate-focused impact funds in the benchmark was 0.9%, compared with 7.8% for the comparative non-impact real estate funds.

- **Private infrastructure-focused impact funds' median returns were also mixed, with returns lower than those of non-impact private infrastructure funds, but higher than those of private equity energy funds.** The median net IRR of infrastructure-focused private impact funds was 2.5%, compared with 6.5% for non-impact infrastructure funds, and 1.7% for non-impact private equity energy funds. (Since infrastructure-focused impact investment funds often invest in renewable energy, the report also compared these funds with a set of private equity energy funds.) Top-quartile infrastructure-focused impact funds returned at least 5.7%, while non-impact infrastructure returned 10.0% and non-impact energy returned 11.2%.

"The ability to review and analyze fund performance data is essential to helping current, aspiring, and future impact investors understand a market and make prudent decisions," said Amit Bouri, CEO and Co-Founder of the GIIN. "This benchmark, which provides transparency into the financial performance of real assets impact investments, is part of a larger set of benchmarks that the GIIN and our partners are producing to help institutions make smart and well-informed investment decisions."

"There is a misperception that impact investments always come at a price: lower returns. But this research shows that institutions can align this important part of their portfolios – real assets – with their social and environmental missions, without necessarily sacrificing financial returns," said Matthews.

The Cambridge Associates Real Assets Impact Investing Benchmark includes 55 private investment funds of vintage years 1997-2014. Of these 55 funds, 18 focused on timber investments, 20 targeted the real estate sector and 17 made investments in infrastructure. The comparative universes of non-impact timber, real estate and infrastructure funds contained 24, 618 and 60 funds, respectively. The comparative universe of private equity energy funds, which was also compared to the performance of infrastructure-focused private impact funds, contained 162 funds.

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About Cambridge Associates

Cambridge Associates is a global investment firm founded in 1973 that builds customized investment portfolios for institutional investors and private clients around the world. Working alongside its early clients, among them several leading universities, the firm pioneered the strategy of high equity orientation and broad diversification, which since the 1980s has been a primary driver of performance for these leading fiduciary investors. Cambridge Associates serves over 1,100 global investors – primarily foundations and endowments, pensions and family offices – and delivers a range of services, including outsourced investment (OCIO) solutions, traditional advisory services, and access to research and tools across global asset classes. Cambridge Associates has more than 1,300 employees – including over 150 research staff – serving its client base globally. The firm maintains offices in Arlington, VA; New York; Boston; Dallas; Menlo Park and San Francisco, CA; Toronto; London, UK; Singapore; Sydney; and Beijing. Cambridge Associates consists of five global investment consulting affiliates that are all under common ownership and control. For more information about Cambridge Associates, please visit www.cambridgeassociates.com.

About the Global Impact Investing Network

The Global Impact Investing Network (GIIN) is a nonprofit organization 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 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 the circumstances. 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.