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AMP Capital is one of New Zealand’s largest investment managers. As part of the AMP Group, it shares a history spanning 170 years, and today AMP Capital globally manages over $200 billion (as at 30 June 2019) on behalf of clients through a network of offices in developed and emerging markets around the world.

AMP Capital has over 70 years’ experience managing investments for Australian, New Zealand and international investors. During this time it has evolved from a traditional funds management organisation to a broad-based investment management company, providing services to all sectors of the financial services industry. In New Zealand, AMP Capital provides investment management services to a range of New Zealand entities, including superannuation schemes, corporates, KiwiSaver providers, iwi, local bodies, insurance providers, trusts and charitable organisations.

AMP Capital is a leader in responsible and ethical investing. It was one of the first investment managers globally to sign up to the United Nations-backed Principles for Responsible Investment (PRI), and has been integrating environmental, social and governance (ESG) factors into its decision-making and active ownership practices for almost two decades. Today it is at the forefront of new responsible investment initiatives such as impact investing, recognising that many clients are no longer satisfied that their investments simply do no harm but also expect positive social or environmental outcomes.
It is a great pleasure to introduce this study on the state of the impact investing sector in Aotearoa New Zealand, and to compliment both the Responsible Investment Association Australasia and The University of Auckland on their sterling work.

This study serves to corroborate much of the anecdotal data that has been building over recent years with hard empirical evidence in a sector that seems to be approaching a watershed globally: it would be our hope as the National Advisory Board that in another few years the term ‘impact investing’ would be less talked about than today, because we would have moved to an environment where all investing had a purpose beyond simply financial return.

Those of us involved in the sector on a regular basis recognise many of the insights in this report – the growth in the number of dedicated funds, the discussion around measurement, the importance of iwi involvement, the barriers cited, and the strong recognition of potential in the sector.

Traditionally ‘deep’ impact investments have been unlisted and illiquid, which automatically creates barriers for some, especially institutional investors who traditionally seek less risky securities; many would hold no more than ten percent of a portfolio in impact investments for this reason alone.

But the sector is changing internationally, and some of these developments will gradually affect our overall thinking in New Zealand. We’re a unique player on the world stage, and although we belong to international organisations to learn about impact investing, we also teach our practices to the world in some fields. The long-term investment horizon of our iwi is held up by others as an example of patient capital, for instance.

An interesting feature of this report is the low level of evidence to date around fixed income as an asset class for impact investors, yet there is growing evidence suggesting that this is something in demand for private investors. The level of crowdfunding for impact in our country over the last two years is significantly smaller than in the UK, for instance, even allowing for market size. We believe we will see change in both of these areas in the next couple of years.

Experience would suggest that smaller deals work better in New Zealand, because people like to feel close to their investments; this is often so with social impact transactions, but in climate and environmental impact deals, the need for scale drives larger sizes – a trend we’re not yet seeing to a great extent in our country. And with the growing international acceptance of the large measurement frameworks making it ever easier to verify impact, we believe all countries will gradually converge to these standards.

But perhaps the biggest area we need to address, to meet the concerns of investors around trust and knowledge of the sector, is the shortage of people who can structure deals. This is a concern globally, not just in our country, because impact deals are slow and complex to put together, and require investors and investees to work together. The more we can do in this area, the more the impact sector will flourish in Aotearoa New Zealand.

It’s an exciting time to be investing, looking for investment, and building sustainable finance in our country.

David Woods, Deputy Chair
Impact Investing National Advisory Board Aotearoa New Zealand
ABOUT THIS REPORT

This research is the first in-depth study of Aotearoa New Zealand’s (NZ) impact investment market, published by the Responsible Investment Association Australasia (RIAA) in partnership with The University of Auckland.

The report highlights the level of awareness and interest, perceived barriers and priorities (impact area, geography and asset class) of investors in regard to impact investing in NZ. Data was sought from investors that are already making impact investments (‘active impact investors’) and those ‘investors not yet active in impact investing’.

The goal is to bring data to the impact investment discourse in NZ, which has thus far relied on anecdotal evidence of interest and activity. This data will help those with an interest in seeing growth of impact investment – notably investors and policymakers – take up the leadership mantle to play a role in creating a more sustainable and inclusive economy.

A survey was distributed in July 2019 and received a strong response rate across most investor types. The data was cleaned and analysed, which resulted in a sample of 100 responses. Given its size, and to prevent distortion of findings, New Zealand Super Fund was removed from the aggregate data and separately profiled. Thus, the final survey sample is 99.

The survey was complemented by interviews with chairpersons and Chief Executive Officers (CEOs) of Māori investment organisations (iwi asset holding companies, trusts and incorporations) to gain a richer insight into their current investment practices and how they are influenced by cultural and kinship imperatives. CEOs of leading crowdfunding equity platforms were also interviewed for insights into this market of disintermediated and mostly early-stage investments.

The project was led by Dr Jamie Newth from The University of Auckland Business School with support from Audrea Warner. The project was guided by Rebecca Thompson and Carly Hammond at RIAA. The report was edited by Melanie Scaife with design layout by Loupe Studio.

We are grateful to Impact Investing Australia for sharing the methodology and survey used to inform its Impact Investing Australia 2018 Investor Report.

ABOUT THE RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand.

RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

With over 250 members managing more than $9 trillion in assets globally, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. Our membership includes super funds, fund managers, banks, consultants, researchers, brokers, impact investors, property managers, trusts, foundations, faith-based groups, financial advisers and individuals.

In 2017, RIAA launched the Impact Investment Forum to support the development of the market for impact investing in our region and to promote the integration of impact across investment portfolios. The forum is focused on growing awareness and knowledge of impact investing; building the capacity of impact investing advisers and practitioners; broadening networks; and influencing policy in support of impact investing.

ABOUT THE UNIVERSITY OF AUCKLAND

The University of Auckland is New Zealand’s leading research-led university, thanks to the quality and quantity of its researchers, breadth of its disciplines and impact of its work. Its research record has helped the university achieve a place in the world’s top 100 universities. The university offers a critical mass of top minds, state-of-the-art infrastructure and research facilities, and extensive library resources.

It is important to disseminate and generate research to make a positive cultural, social, environmental and economic impact – always the University of Auckland’s ultimate goal. The university takes great pride in its world-leading knowledge transfer activities, in the commercialisation of its research and in its role of critic and conscience of society.

The University of Auckland Business School makes a critically important contribution to the economic and social development of New Zealand and the wider region and is in the 1% of business schools worldwide to hold Triple Crown accreditation from the leading global bodies AACSB International, EFMD-EQUIS and AMBA. The Business School encourages and supports researchers to undertake high-quality research that contributes to social, economic, environmental and cultural development.
EXECUTIVE SUMMARY

When the Sustainable Development Goals were adopted by 193 members of the United Nations in 2015, an unprecedented call to action was issued to the investment community, acknowledging the critical contribution of finance in ending poverty, combating climate change and promoting sustainable economic growth.

Since that time, we have witnessed a tangible shift taking place around the role and purpose of capital in society, alongside the dramatic growth in responsible investing over recent decades. Impact investing – as one approach to responsible investment – is playing a central role in defining and driving this shift. Globally and locally, we are seeing examples of impact investing's potential to champion innovative approaches in resolving entrenched issues and to direct capital towards the delivery of measurable, positive social and environmental outcomes.

Quality data about market demand and activity is critical for the development of impact investing, both in highlighting the early work being done by pioneers as well as encouraging those not yet active to participate. This report presents the results of the inaugural ‘Impact Investor Insights New Zealand Survey’ conducted in July 2019 with New Zealand impact investors and investors not yet active in impact investing. The report charts investors' awareness, interest and activity in impact investing; how demand for impact investments is taking shape in New Zealand; and the prospects and challenges facing this emerging field.

Through interviews conducted with Māori investment organisations, we gain insight into the relationship between the Māori economy and the field of impact investment, as well as current investment practices and how they are influenced by cultural imperatives.

Encouragingly, the survey results show that there is a foundation of impact investing activity in New Zealand, and appetite for impact investment is strong across all investors, as it is for investments across diverse asset classes and impact areas.

This underscores a significant opportunity for the financial services sector and wider impact investment ecosystem to extend its work to harness private capital in pursuit of social and environmental objectives. By creating more investment opportunities and stronger performance data, and by addressing the other barriers to growth, impact investing stands to make a notable difference to people, communities and our environment.

KEY FINDINGS:

AWARENESS, INTEREST AND ACTIVITY
• There is interest and activity in impact investing across all types of investors with 51% of respondents already active impact investors.
• Of the $83.5 billion in assets under management (AUM) of survey respondents, $889 million (or 1%) of this capital is identified by investors as impact investments (noting that this is self-declared and subject to differing interpretations of what constitutes an ‘impact investment’).
• Of those investors that are not yet active in impact investing, most (78%) are aware of the field, and the vast majority are interested in participating. Nearly a third (28%) are actively exploring impact investment options.
• Active impact investors are motivated to allocate capital to impact by its alignment to their mission (23%), to meet commitments to responsible investment practices (20%) and to contribute to building the impact investment market (12%).
• The main perceived barriers preventing investors from participating in impact investing are a lack of evidence or track record of financial returns (11%) and a lack of investable deals (10%).

THE SHAPE OF INVESTOR DEMAND
• Geographic location of the social or environmental impact is more important for investors not yet active in impact investing, 65% would have a region-specific preference (if/when they invest for impact).
• Active impact investors have invested in a wide range of impact areas with environment and conservation (20%) and clean energy (12%) being the most popular. The top preferred impact areas for investors not yet active in impact investing include health (including medical research) (13%) as well as environment and conservation (11%).
• In terms of asset classes, active impact investors prefer private equity and venture capital (23%), real assets (17%) and public equities (14%). Investors not yet active in impact investing will first look for real assets (23%), private equity or venture capital (21%) then public equities (13%).
• Financial return expectations are high. In an endorsement for impact investment, it is the experienced impact investors that have the highest expectations, with 74% expecting competitive or above market rates of return, while 58% of not yet active impact investors expect the same.
• 81% of active impact investors consider that their financial return expectations are either being met or exceeded.

• 79% of active impact investors indicate that their expectations for social or environmental impact are being met or exceeded by their current investments.

• Impact measurement practices vary widely and 50% of active impact investors use a measurement framework with varying levels of sophistication. Of these, 9% use third-party frameworks, 15% use their own proprietary frameworks and 26% use a combination of third-party and proprietary frameworks. Of the remaining 50%, 28% use anecdotal or qualitative measures only and 22% do not measure impact.

**FUTURE INVESTOR DEMAND AND CHALLENGES**

• Investors indicate that they would allocate $5.9 billion to impact investing in the medium term (5+ years) with $3.4 billion coming from active impact investors and $2.5 billion from investors not yet active in the area. This suggests the potential for a six-fold increase in the capital deployed to impact investments, assuming appropriate investments are available.

• Active impact investors identify the following three issues as the most important for increasing their impact investment allocations: more investible deals (20%), evidence of social and environmental impact (17%) and evidence of financial performance or longer track record (12%).

• Most investors expect impact investing’s significance to increase over the next five years; 96% of active impact investors and 72% of investors not yet active in impact investing agree or strongly agree with this position.

• Most investors that are not yet active in impact investing (85%) indicate that their organisation is likely to consider social, environmental or cultural impact metrics in their investment decisions within the next five years.
PART 1: ABOUT IMPACT INVESTING

WHY IMPACT INVESTMENT?

Impact investment refers to ‘investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return’. These investments are made in emerging and developed markets, across asset classes and sectors, and target financial returns ranging from below market to above market rate.

Impact investment is one of many ways to engage in responsible investment, as outlined in RIAA’s responsible investment spectrum (Figure 1).

The uptake and growth of impact investment is a response within the finance sector to the enduring societal and environmental challenges that we face globally and locally.

Impact investing is one of many approaches to responsible investing, with its key features being that there is intent to help solve societal or environmental problems and that the impact can be and is measured. Ideally, an impact investment will also provide additionally, i.e. delivery of benefits beyond what would have occurred in the absence of the investment.

Impact investing holds great promise as a tool for positive change because it embeds positive impact into financial tools that traditionally focused only on commercial value creation. In this way it harnesses private-sector mechanisms and capital to address social and environmental issues in ways complementary to the efforts of government and philanthropy.

FIGURE 1 RIAA’s responsible investment spectrum

<table>
<thead>
<tr>
<th>CORPORATE ENGAGEMENT &amp; SHAREHOLDER ACTION</th>
<th>TRADITIONAL INVESTMENT</th>
<th>RESPONSIBLE &amp; ETHICAL INVESTMENT</th>
<th>PHILANTHROPY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CORPORATE ENGAGEMENT &amp; SHAREHOLDER ACTION</strong></td>
<td><strong>ESG INTEGRATION</strong></td>
<td><strong>NEGATIVE SCREENING</strong></td>
<td><strong>SCREENING</strong></td>
</tr>
<tr>
<td>FOCUS</td>
<td>Limited or no regard for ESG factors</td>
<td>Consideration of ESG factors as part of investment decision</td>
<td>Using shareholder power to influence corporate behaviour</td>
</tr>
<tr>
<td>IMPACT INTENTION</td>
<td>Agnostic</td>
<td>Avoids harm</td>
<td>Benefits stakeholders</td>
</tr>
<tr>
<td>FEATURES</td>
<td>Delivers competitive financial returns</td>
<td>Manages ESG risks</td>
<td>Pursues ESG opportunities</td>
</tr>
</tbody>
</table>

* This spectrum has been adapted from frameworks developed by Bridges Fund Management, Sonen Capital and the Impact Management Project
Locally and internationally, impact investments are providing finance and delivering greater outcomes for business, not-for-profit organisations, social enterprises and programs spanning a wide range of areas including aged care, the arts, community development, health, employment, housing, renewable energy, sustainable agriculture and international development.

The upward trajectory of impact investing mirrors the broader growth of the market for responsible investment with $188 billion in assets under management (AUM) in 2018, a three-fold increase over five years.\(^{5}\)

**GLOBAL IMPACT INVESTING CONTEXT**

According to a 2018 Global Impact Investing Network report, the global impact investing market is estimated at US$502 billion AUM (as at the end of 2018), with 1,249 organisations currently managing this amount in impact investing assets worldwide.\(^{2}\) The global market is expected to reach US$1 trillion by 2024.\(^{6}\)

Investment managers account for about 50% of estimated AUM, indicating that many impact investors choose to channel capital through specialised managers such as those investing in venture capital, private equity, fixed income, real assets and public equities.\(^{3}\) The six major sectors are housing, healthcare, education, clean energy, climate change and agriculture. Impact investment capital allocated to these sectors is expected to more than double by the end of 2020.\(^{6}\)

The potential of impact investment is attracting meaningful attention and policy responses from national governments and multilateral organisations globally, including large government-backed wholesale funds in the United Kingdom and Japan.

The establishment of the G8 Taskforce on Impact Investment in 2013 compelled deep engagement from several countries and, along with rapid market development, led to the emergence of intermediaries, capacity-building organisations, and peak-body organisations across many developed and developing countries. One of the direct outcomes of the G8 Taskforce was the establishment of the Global Steering Group for Impact Investment (GSG). The GSG independent global steering group, of which 23 countries plus the European Union are members, includes New Zealand’s own Impact Investing National Advisory Board Aotearoa New Zealand.

**NEW ZEALAND IMPACT INVESTING CONTEXT**

Impact investment discourse and practice has been slowly building in NZ for several years, yet in many respects has trailed its international counterparts.

The sector has now reached an inflection point with the recent establishment of specialist impact investment fund managers, mainstream investors allocating capital to impact investment, a sharp increase in investor demand for impact investment products and impact entrepreneurs seeking impact investment capital, as well as increased government attention and the establishment of the aforementioned National Advisory Board.

This is against a backdrop of increased AUM among iwi and other Māori organisations that are managing capital according to indigenous principles and arguably driving a unique national identity for impact investment.

Indeed, NZ’s impact investment sector differs from many other developed economies in the way its indigenous organisations are increasingly able to realise their long-held economic worldview through their investment practices. Moreover, many iwi organisations have been leading actors in impactful and sustainable investment.

This outcome is both cultural and structural. It is natural for iwi organisations to consider people and place in their investment decisions because they are collectively owned and geographically oriented. But the principles that prioritise the natural environment and the wellbeing of people and of all life transcend the formal corporate structures that define organisational boundaries. They are, however, required to grapple with the same legislative and institutional parameters as non-Māori organisations when it comes to investing, and have the challenges of distributed ownership and kinship orientation to integrate into governance structures and practices.

The Māori economy will be important to the growth of impact investment in NZ. It is generally accepted to comprise $50 billion in assets (with 30% owned by Māori collectively) with Māori expected to invest $1.5 billion to $2 billion per year over the next ten years.\(^{7}\) With the embedded kaitiakitanga (guardianship/sustainability) principles frequently underpinning Māori investment practices, we hope to see further leadership and innovation from Māori organisations and individual practitioners. Kaupapa (values/principles) and investment are inextricably linked for all iwi organisations as financial capital is only a means to broader ends. However, some are finding ways to achieve that kaupapa with investments, not just with the distributions from investments.


\(^{5}\) Mudaliar A & Dittrich H, Sizing the Impact Investment Market.


PART 2: THE RESPONDENTS

AT A GLANCE

- **Respondents**: 99 investors responded to the survey*, including investment managers (30), impact investment fund managers (7), trusts, foundations and not-for-profits (35), individuals and family offices (23) and diversified financial institutions (4).
- **Assets under management**: In terms of AUM, respondents control $83.5 billion. Investment managers represent 88% of assets totalling $73.6 billion. Impact investment fund managers represent 0.4%, which equates to $350 million. Trusts, foundations and not-for-profits (NFPs) account for 7% and diversified financial institutions 4%, which equates to $6 billion and $3.5 billion respectively. Individuals and family offices account for $269 million, which is 0.3% of the sample’s AUM.
- **Impact investment allocations**: Of the $83.5 billion AUM of survey respondents, $889 million (or 1%) of this capital is identified by investors as allocated to impact investments (noting that this is self-declared and subject to differing interpretations of what constitutes an ‘impact investment’).
- **Location**: 46% of respondents are headquartered in Auckland, 18% in Wellington, and 9% in Canterbury. The remaining 27% are spread across Waikato, Bay of Plenty, Gisborne, Taranaki, Nelson, Southland, Northland, Hawke’s Bay and Otago.
- The number and typology of respondents, including geographic spread relative to distribution of economic activity, means that the data is broadly representative of the NZ investment landscape.\(^8\)
- NZ Super Fund also completed the survey, however, given its significant size, represents a large outlier. As a result, it has been removed from the broader dataset of respondents and is showcased separately.

INVESTOR TYPES

Respondents were asked to provide a broad range of information about themselves or their organisations to allow for more detailed analysis and the ability to gain deeper insights.

The survey asked respondents to classify themselves as one of 11 possible investor types (or to specify an ‘other’), which were subsequently consolidated into five groups: diversified financial institutions (DFIs)*, individuals and family offices, investment managers, impact investment fund managers, and trusts, foundations and not-for-profits (NFPs) (see Figure 2). Impact investment fund managers are investment managers with a reported allocation to impact investment of 100% that have made at least one investment. They were separated from investment managers because their responses are interesting in their own right, but also because their responses would otherwise distort the data for the investment manager category. Respondents were asked if they identified as a Māori organisation and, if so, what type so that Māori organisations could be included in the overall analysis and identified for particular analysis, which complements the interviews presented in Part 7.

\(^8\) Note that this research was not designed to be statistically representative and no claims of statistical significance are claimed.

\(^*\) Organisations that may identify as a diversified financial institution include those financial services that extend well beyond investment management and may include insurance and banking.
INVESTOR LOCATION

Most respondents indicated that their headquarters are based either in Auckland, Wellington or Canterbury. Respondents from smaller regions are predominantly trusts (including iwi) and foundations as well as some individual investors.

FUNDS INVESTED

More than 89% of respondents disclosed the amount of capital they manage or the size of their investment portfolios. This information helps to understand the total funds available for investment for each group as well as the whole sample. Table 1 shows the investable funds across the groups and the number of respondents that disclosed them.

Of the $83.5 billion AUM of survey respondents, $889 million of this capital is identified by investors as impact investments. It is important to note that this is self-declared and subject to differing interpretations of what constitutes an ‘impact investment’. While an audit of those investments is outside the scope of this report, the quantum nominated by respondents is useful for context and as a reference point.

Overall, the sample is broad, capturing all investor types and sizes from NZ’s largest institutional investors and banks, down to small individual investors investing via crowdfunding equity platforms. The sample is also deep, as within each category there is representation of a range of investor types. For example, investment managers include the full gamut of pre-seed, seed, venture capital and private equity funds, and wealth managers. Likewise, the trusts, foundations and NFPs category includes community trusts - large and small - and both community and private foundations with national coverage, as well as 11 not-for-profit organisations from a range of sectors.

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of respondents</th>
<th>Number of respondents disclosing AUM</th>
<th>Total AUM ($ million)</th>
<th>Impact investment AUM ($ million)</th>
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<tbody>
<tr>
<td>Auckland</td>
<td>45</td>
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<td>Bay of Plenty</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Northland</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wellington</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canterbury</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Otago</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FIGURE 3 Respondents by region (n=99)

TABLE 1 Capital managed by investor groups (n=99)
The NZ Super Fund (managed by the Guardians of New Zealand Superannuation) is a sovereign wealth fund charged with helping New Zealand meet the future costs of universal superannuation. Its responsible investment policies closely align to the United Nations’ Principles of Responsible Investment and it is certified by RIAA as a responsible investor. NZ Super Fund has implemented a robust environmental, social and governance-based investment framework and a climate change investment strategy, and provides responsible investment resources to the Accident Compensation Corporation and the Government Superannuation Fund Authority.

We highlight NZ Super Fund’s impact investment practices below.

**Total AUM**
$42 billion

**Sustainable and impact investment AUM**
$3 billion (7% of total AUM)

**Asset types for impact investment**
- Pay for performance instruments
- Private debt
- Private equity or venture capital
- Public debt
- Public equity
- Real assets & infrastructure

**Current impact investment areas**
- Forestry (Forest Stewardship Council certified)
- Clean energy, energy efficiency and recycling
- Aged care
- Education
- Health
- Affordable housing

**Return expectations and experiences from investments**
- Expectation: Above market rate financial returns
- Experience: Meeting financial expectations & impact expectations

**Why impact investment?**
- Responsible investing commitments
- Diversification benefits
- Financial returns

**What would increase impact investment at NZ Super?**
- Larger transaction sizes
- More investable deals within approved strategies
- Evidence of social impact
- Reliable research, information and benchmarks
- Portfolio diversification

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**IMPACT INVESTMENT EXAMPLE – LanzaTech**

The Guardians is a cornerstone investor in New Zealand-founded carbon recycling company LanzaTech (www.lanzatech.com), now headquartered in the United States. LanzaTech’s technology uses anaerobic bacteria to convert carbon-rich waste gases into high-value fuels and chemicals through a process of gas fermentation. These gases include emissions from heavy industry, gasified agricultural residues and gasified unsorted, unrecyclable municipal solid waste that would otherwise be landfilled or incinerated. These recycled carbon products can be used in a number of applications to create sustainable and commercially viable fuels, including aviation fuel, or a variety of chemicals that can be converted to everyday products (rubber, synthetic fibres, packaging) that would otherwise be made from fresh fossil resources. Importantly, by using waste products as an input, the process does not compete with land, food or water, providing the world with a wholly sustainable alternative energy solution.10

NZ Super Fund is highlighted in this report for two reasons. First, it is interesting and informative to see how NZ Super Fund – as one of the largest investors in NZ and as a sovereign wealth fund with a strong responsible investment practice – is playing a leadership role in considering social and environmental outcomes across its investments.

Second, as the respondent with by far the largest portfolio of impactful and sustainable investments by AUM, NZ Super Fund is an outlier in the data. By showcasing it here, its activity and intent can be gauged and then excluded from the rest of the report so that its large outlier status doesn’t distort the overall findings of this research.

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90 This spotlight is published with the express permission of NZ Super Fund. Anonymity remains for all other respondents.

PART 3: AWARENESS, INTEREST AND ACTIVITY

Respondents were asked to indicate whether they are active in impact investing, with 51% of the respondents stating that they are (Figure 4).

Given the emergent status of impact investment in NZ, the proportions of investors that have some impact investment activity is surprisingly high. The notably low number of trusts, foundations and NFPs that are active suggests there is an opportunity for these mission-driven organisations to further align their capital base with their mission, should suitable investment opportunities be available.

The very high proportion of DFIIs indicating they are active is due to the small number of respondents in this category.

Although investment managers represent 88% of the total AUM of respondents, the breakdown of capital allocated to impact investment is far more even (Figure 5). The seven impact investment fund managers manage 39% of the impact AUM and investment managers manage 36%.

**AT A GLANCE**

- **Impact activity**: 51% of respondents identify as active impact investors.
- **Awareness**: Of the 49% of respondents that identify as investors not yet active in impact investing, 90% are at least ‘somewhat aware’, with 54% ‘aware’ or ‘highly aware’.
- **Interest**: 78% of investors not yet active in impact investing indicate that they are either curious, interested, or very interested in the market, with 28% indicating they are actively exploring investment options.

**Impact Investor Insights Aotearoa New Zealand 2019**
The survey identified seven investment managers in the data that have a 100% allocation to impact investment and have completed at least one investment. These managers are separately analysed in an ‘impact investment fund manager’ category.

- **Financial returns**: These investors all seek competitive or above market financial returns.
- **Impact areas**: Preferred impact areas vary widely but the top three preferred impact areas in order are environment and conservation, health (including research) and clean energy.
- **Preferred investment type and business growth stage**: All seven impact investment fund managers indicate that they will only consider direct investments. The preferred stage of growth for investments into companies is seed/start-up or venture stage (43%).
- **Impact measurement practices**: One fund indicates that it measures impact using third-party frameworks (such as IRIS, Global Reporting Initiative, Impact Management Project) and one other uses a combination of proprietary and third-party metrics and/or frameworks. A further two impact investment fund managers use anecdotal or qualitative evidence only, and the remaining three indicate that they do not measure social or environmental impact.
- **Investment performance**: All the impact investment fund managers indicate that their investments are meeting expectations (or better) in terms of both financial returns and environmental or social impact.

**SPOTLIGHT ON 100% IMPACT INVESTMENT FUND MANAGERS**

**ACTIVITY AMONG ACTIVE IMPACT INVESTORS**

**Figure 6** illustrates the proportion of their total portfolio that active impact investors have allocated to impact investment. An impact allocation of up to 10% is most common and this group is dominated by investment managers and trusts, foundations and NFPs. This chart also illustrates that in most cases, the large capital commitments to impact from DFIs highlighted earlier represent a small proportion of their total AUM.

The impact investment fund managers (n=7) represent $351 million of AUM. While these investors represent a small proportion of the total AUM in the survey sample, their $351 million of AUM represents 39% of all impact capital deployed ($889 million). This means that these funds are significant actors in the NZ ecosystem in terms of the capital they control, not just in their leadership role or symbolism.

The reported number of impact investment deals (Figure 7) makes it clear that this capital is concentrated into relatively few investments and most impact investors are in the early stages of orienting portfolios toward impact. Indeed, 70% of impact investors have completed five deals or fewer, while 17% have completed more than ten. Even among the impact investors with 100% impact allocation, only five (or 50%) have completed more than ten deals.

**MOTIVATIONS FOR INVESTING AMONG ACTIVE IMPACT INVESTORS**

Mission alignment is the strongest motivator for impact investors with it registering as a key motivator for all groups. For many investors, their commitment to responsible investment has brought them to impact investment. It is apparent that active impact investors see meaningful opportunities for financial returns, and this is a motivator, not just a bonus on mission alignment. This is especially the case for both impact investment fund managers and investment managers.

There is also evidence that impetus is being created by individual stakeholders as demand from clients and trustees is compelling investors to act. Notably, this rates as a higher motivator among DFIs,
impact investment fund managers, and investment managers than for trusts, foundations and NFPs. The desire to contribute to the development of the impact investment market is strongest among individuals and family offices, impact investment fund managers, and trusts, foundations and NFPs.

Unsurprisingly, mission alignment is the strongest motivator for trusts, foundations and NFPs. Despite their realisation of the potential alignment between investment practices and their other charitable work, such that impact investments have been made, impact portfolio allocation remains at conspicuously small proportions.

AWARENESS AND INTEREST AMONG INVESTORS NOT YET ACTIVE IN IMPACT INVESTING

The awareness and interest of investors that are not yet active in impact investing are key indicators of future participation. Among the 49% of respondents that are not yet active in impact investing, there is a strong awareness of impact investing, with 90% of respondents indicating they are at least somewhat aware (Figure 8).

Also noteworthy are the high levels of awareness of impact investment among trusts, foundations and NFPs that are not yet investing for impact. Given that social and/or environmental impact sits at the heart of the purpose of such organisations, impact investment looms as an attractive alignment of mission and investment (notwithstanding the perceived challenges of fiduciary responsibility among trustees). Such organisations frequently fulfill important market pioneer roles, even when their investment sizes are smaller, and their involvement has the potential to be catalytic for the NZ impact investment market.

Interest in impact investing among investors not yet active in impact investing is also high, with 78% of respondents indicating they are either interested, very interested, or curious (Figure 9). Overall, this indicates that the appetite for impact investment is strong, even if activity is only emergent, and when combined with the insights on barriers to participation to follow, we can expect dramatic increases as the market for impact investment develops further.

TABLE 2 Main motivations driving allocation to impact investments (n=50)

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Diversified Financial Institutions</th>
<th>Individuals &amp; Family Offices</th>
<th>Impact Investment Funds</th>
<th>Investment Managers</th>
<th>Trusts, Foundations &amp; NFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client/member/trustee demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible investing commitments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mission alignment</td>
<td></td>
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<tr>
<td>Mission alignment</td>
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<tr>
<td>Mission alignment</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Contribution to building the impact investment market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The following eight options were provided: client/member/trustee demand; corporate social responsibility; diversification benefits; financial returns; mission alignment; responsible investing commitments to differentiate from competitors; contributing to building the impact investment market; and other(s).
RESPONSIBLE INVESTING AMONG INVESTORS NOT YET ACTIVE IN IMPACT INVESTING

Respondents were asked if their organisation is engaged in responsible investment, defined as ‘an holistic approach to investing, where social, environmental, corporate governance and ethical issues are considered alongside financial performance when making an investment’. Encouragingly, 58% of investors not yet active in impact investing describe their organisation as responsible investors.

SPOTLIGHT ON CROWDFUNDED EQUITY INVESTMENT PLATFORMS

In 2014, the Financial Markets Authority\(^1\) established a crowdfunding equity exemption. This created a channel for NZ companies to raise capital by issuing shares through a licensed platform rather than via the Stock Exchange or through a private raise from a limited number of investors.

This channel has proved particularly popular with social enterprises that have found it challenging to raise capital from mainstream investors and where their business model makes philanthropic support inappropriate. In other cases, crowdfunding has been their preferred option because the blended commercial and impact proposition resonates with a general audience, better terms can be achieved with the crowd, and/or it is more efficient.

Although available market data does not delineate social enterprises, it is a small but vibrant space. In 2017, there were 34 successful offers raising $12 million, and in 2018 this grew to $16.5 million from 28 successful offers.\(^2\)

We interviewed the CEOs of NZ’s leading crowdfunding equity platforms for insights into the role crowdfunding plays in the impact investment landscape. While they occupy different positions in the market – focusing more on traditional versus social enterprises and sophisticated versus unsophisticated investors, for example – NZ platforms are seeing diversity on both sides of the transactions.

Some key insights from these interviews are that:

- social enterprises come under more scrutiny than traditional businesses from the crowd because of their social/environmental claims;
- few exits from crowdfunded equity deals have occurred (only five years have passed since first deals) so evidence is lacking regarding the overall merits for investors;
- there appears to be a larger proportion of female founder-led companies raising capital via crowdfunding than offline, but they are raising less and at lower valuations (i.e. lower earnings multiples);
- crowdfunding changes the relationship with investors, most notably that companies have a larger number of investors as customers and advocates, broadening the base of supportive stakeholders, especially when the investment includes incentives that lock investors into purchasing decisions;
- for compliance and administrative reasons, shares on offer are more likely to be non-voting shares than would be the case when raising offline via private/wholesale offers;
- companies raising capital successfully are typically in venture to growth stage; and
- companies typically bring their own crowd rather than platform members browsing opportunities, implying that their motivation for investment is beyond financial.


PART 4: THE SHAPE OF INVESTOR DEMAND

AT A GLANCE

- Geography: 41% of active impact investors prefer the social and/or environmental impact to occur in a specific region in New Zealand and 75% show some interest in investments that have an impact overseas. In comparison, 65% of investors not yet active in impact investing would expect to have a region-specific preference (if/when they invest for impact) and 55% show some interest in investments with overseas impact.
- Impact area: Active impact investors’ top impact areas to which they have allocated capital are environment and conservation (20%) and clean energy (12%). Many respondents also note that they have invested in multi-sector funds or vehicles without specific impact areas. The future preferred impact areas for investors not yet active in impact investing are health (including medical research) (13%) and environment and conservation (11%), while employment and vocational training, and housing and homelessness, each represent 9%.
- Type of Investment: Across all groups, active impact investors prefer investing in private equity or venture capital (23%), real assets (17%) and public equities (14%). For investors not yet active in impact investing, the strongest preference is for real assets (23%), private equity or venture capital (21%) and public equities (13%).
- Managed versus direct investment: Investment managers and impact investment fund managers show a clear preference for direct investments (66% and 100% respectively) while 72% of trusts, foundations and NFPs look for a mix of direct and managed funds, or are open to both.

PREFERENCE FOR DOMESTIC GEOGRAPHIC LOCATION

When respondents were asked about any region-specific preferences when investing for impact within NZ, 59% of active impact investors and 35% of investors not yet active in impact investing indicated they had no preference (Figure 10). While some trusts and foundations indicated a regional preference that aligns with their mandate for regional benefit, this was more common among those that are investors not yet active in impact investing. Beyond this, there is minimal correlation between respondent location and regional preferences.

FIGURE 10 Preference for investments with domestic region-specific impact (n=99)

- Active impact investors (59% have no regional preference)
- Investors not yet active in impact investing (35% have no regional preference)

FIGURE 11 Preferred region of impact for active impact investors (n=50) and preferred region of impact for future impact investments for investors not yet active in impact investing (n=49)
INTERESTS AND PREFERENCES FOR INTERNATIONAL IMPACT INVESTMENT

As illustrated in **Figure 12**, most respondents express some interest in investments with social or environmental impact outside of NZ. However, 55% of investors not yet active in impact investing show some interest in international impact compared to 75% of active impact investors. The preference for domestic impact from those investors not yet active in impact investing may be holding them back, given a perceived lack of investable deals and general market development. This is especially likely for trusts, foundations and NFPs. Conversely, active impact investors’ openness to international impact may be borne out of a desire to be active despite a lack of domestic deals and/or experience.

Respondents with some interest in international impact were asked to list the regions they preferred. **Figure 13** shows that while some respondents listed several regions, with Australia, the Pacific and Asia the most common, most respondents that have an interest in international impact have no regional preferences.

**PREFERRED IMPACT AREAS**

Active impact investors were asked to indicate the impact areas to which their portfolio is weighted. **Table 3** outlines the areas that have attracted the largest percentage of current investments (not the greatest amount of money) among respondents. Overall, respondents indicated they are interested in a broad range of sectors, as indicated by the relatively low number proportions illustrated in the top three of the graphs below.

The most common impact investment areas are environment and conservation, and clean energy, making up more than 30% of current impact investments. Many respondents also report that they have invested in multi-sector funds, while the remaining impact investments are dispersed across the other 15 impact area options. Trusts, foundations and NFPs differ from other investor groups in that their current focus areas for impact investment are housing and homelessness, children and/or issues affecting young people, and employment and vocational training.

**TABLE 3** Top impact areas of active impact investors by portfolio allocation (n=50)

<table>
<thead>
<tr>
<th>Diversified Financial Institutions</th>
<th>Individuals &amp; Family Offices</th>
<th>Investment Managers</th>
<th>Impact Investment Fund Managers</th>
<th>Trusts, Foundations &amp; NFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unspecified</td>
<td>Health (including medical research)</td>
<td>Environment and conservation</td>
<td>Environment and conservation</td>
<td>Housing and Homelessness</td>
</tr>
</tbody>
</table>

**Note:** The following 18 options were provided: ageing and aged care; children and/or issues affecting young people; clean energy; culture and arts; gender equality or economic opportunities for women; disability; education; employment and vocational training; environment and conservation; financial inclusion; global poverty and income inequality; health (including medical research); housing and homelessness; in-country entrenched disadvantage and income inequality; Māori community development or wellbeing/Tangata Whenua or Iwi member wellbeing; Indigenous peoples outside of New Zealand; minorities and social inclusion; and other(s).
Looking at the anticipated future preferences of active impact investors in Table 4, environment and conservation and clean energy remain the top impact areas along with health (including medical research). For investors not yet active in impact investing (Table 5) the priority areas are anticipated to be broadly similar but health holding an even higher priority. Across these three tables, it also appears that while investors can identify their preferred impact areas, finding investable transactions specifically in those areas is challenging.

**Table 4** Future impact areas – active impact investors (n=50)

<table>
<thead>
<tr>
<th>Diversified Financial Institutions</th>
<th>Individuals &amp; Family Offices</th>
<th>Investment Managers</th>
<th>Impact Investment Fund Managers</th>
<th>Trusts, Foundations &amp; NFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment and conservation</td>
<td>Clean energy</td>
<td>Environment and conservation</td>
<td>Environment and conservation</td>
<td>Environment and conservation</td>
</tr>
</tbody>
</table>

*Active impact investors*

| TOP THREE |
|-----------|-----------|
| 24%       | Environment and conservation |
| 13%       | Clean energy |
| 13%       | Health (including medical research) |

**Note:** The following 18 options were provided: ageing and aged care; children and/or issues affecting young people; clean energy; culture and arts; gender equality or economic opportunities for women; disability; education; employment and vocational training; environment and conservation; financial inclusion; global poverty and income inequality; health (including medical research); housing and homelessness; in-country entrenched disadvantage and income inequality; Maori community development or wellbeing/Tangata Whenua or Iwi member wellbeing; Indigenous peoples outside of New Zealand; minorities and social inclusion; and other(s).

**Table 5** Preferred future impact areas – investors not active in impact investing (n=49)

<table>
<thead>
<tr>
<th>Diversified Financial Institutions</th>
<th>Individuals &amp; Family Offices</th>
<th>Investment Managers</th>
<th>Trusts, Foundations &amp; NFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health (including medical research)</td>
<td>Employment and vocational training</td>
<td>Environment and conservation</td>
<td>Housing and homelessness</td>
</tr>
</tbody>
</table>

*Investors not yet active in impact investing*

| TOP THREE |
|-----------|-----------|
| 13%       | Health (including medical research) |
| 11%       | Environment and conservation |
| 9%        | Employment and vocational training |

*Note:* The following 18 options were provided: ageing and aged care; children and/or issues affecting young people; clean energy; culture and arts; gender equality or economic opportunities for women; disability; education; employment and vocational training; environment and conservation; financial inclusion; global poverty and income inequality; health (including medical research); housing and homelessness; in-country entrenched disadvantage and income inequality; Maori community development or wellbeing/Tangata Whenua or Iwi member wellbeing; Indigenous peoples outside of New Zealand; minorities and social inclusion; and other(s).
PREFERENCE FOR INVESTMENT TYPES

Respondents were asked to specify the type of impact investments their organisation was or would be interested in. Tables 6 and 7 depict the responses from both active impact investors and investors not active in impact investing respectively. The top three responses for each group are the same, although active impact investors are more drawn to private equity and venture capital than investors not yet active in impact investing.

Further analysis reveals that the respondents utilise a range of investments types and want a diverse range of impact investments. DFI's prioritise public debt and real assets, but also seek public equity. While individuals and family offices prioritise real assets and private equity or venture capital, they also show strong preferences for public equity as well as deposits and cash equivalents.

Investment managers' preferences beyond private equity or venture capital include public equity and public debt, while the sample of impact investment fund managers exclusively invest in private equity or venture capital.

Trusts, foundations and NFPs prioritise private debt and real assets but also seek private equity or venture capital and public debt.

### TABLE 6 Preferred impact investment types – active impact investors (n=50)

<table>
<thead>
<tr>
<th>Diversified Financial Institutions</th>
<th>Individuals &amp; Family Offices</th>
<th>Investment Managers</th>
<th>Impact Investment Fund Managers</th>
<th>Trusts, Foundations and NFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public debt</td>
<td>Real assets</td>
<td>Private equity or venture capital</td>
<td>Private equity or venture capital</td>
<td>Private debt</td>
</tr>
</tbody>
</table>

**Note:** The following eight options were provided: deposits and cash equivalents; pay for performance instruments (e.g. social impact bonds, development impact bonds); private debt (e.g. private loans arranged between the respondent and an organisation with a social mission); private equity or venture capital (e.g. equity investment into businesses with a social mission); public debt (e.g. green bonds; often tradable, often offered to multiple investors, often via an offer document); public equity (e.g. listed on the stock exchange); real assets (e.g. social infrastructure, clean energy assets, social housing); and other(s).

### TABLE 7 Preferred types of investment – investors not yet active in impact investing (n=49)

<table>
<thead>
<tr>
<th>Diversified Financial Institutions</th>
<th>Individuals &amp; Family Offices</th>
<th>Investment Managers</th>
<th>Trusts, Foundations &amp; NFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real assets</td>
<td>Private equity or venture capital</td>
<td>Private equity or venture capital</td>
<td>Real assets</td>
</tr>
</tbody>
</table>

**Note:** The following eight options were provided: deposits and cash equivalents; pay for performance instruments (e.g. social impact bonds, development impact bonds); private debt (e.g. private loans arranged between the respondent and an organisation with a social mission); private equity or venture capital (e.g. equity investment into businesses with a social mission); public debt (e.g. green bonds; often tradable, often offered to multiple investors, often via an offer document); public equity (e.g. listed on the stock exchange); real assets (e.g. social infrastructure, clean energy assets, social housing); and other(s).
INVESTING IN UNLISTED INSTRUMENTS – A BARRIER FOR INSTITUTIONAL INVESTORS?

Respondents were asked if they were prevented from investing in ‘unlisted instruments’ by legislation or policy, with more than 80% responding ‘no’, the remainder being split across ‘yes’ and ‘I don’t know’. This question aimed to discern whether this issue was preventing impact investment given that listed impact instruments are still relatively rare.

Among active impact investors, three institutional investment managers with a collective $29 billion total AUM and $108 million in impact investments indicate they are limited to listed instruments. These investors indicate that if appropriate investments are available in the future their impact investments will collectively equate to $1.6 billion (assuming today’s AUM). While being listed does not in itself qualify an investment as ‘appropriate’, it is reasonable to assume that for these investors, and other large institutional investors not represented in the survey, that the development of listed impact instruments will be critical to unlocking further impact capital, likely due to issues of risk and liquidity.

The investors not yet active in impact investing that are limited to listed instruments indicate that it is extremely likely that they will invest with consideration of impact metrics in the next five years. They indicate the main barriers to their participation in impact investment thus far has been a lack of evidence or track record of financial performance and a lack of client demand. Their preferred future asset classes are indeed ‘listed’ – both debt and equity.

PREFERRED STAGE OF BUSINESS GROWTH FOR DIRECT EQUITY INVESTMENTS

Active impact investors who invest directly in companies were asked to indicate their preferred stages of growth (respondents could select all that apply). As Figure 14 shows, the appetite for seed and venture stage companies is especially strong (41%).

PREFERENCE FOR DIRECT VERSUS MANAGED INVESTMENTS

As depicted in Figure 15, we asked all investors for their preference for investing directly or through a fund manager, with all investor types indicating a range of preferences. Both active impact investors and investors not yet active in impact investing indicate a strong preference for a mixed mode of investing, i.e. a combination of both direct investment and investment through a fund manager (51% and 62% respectively). Naturally, investment managers have the strongest preference for direct investments as they usually are already acting as a fund manager or intermediary.
PART 5: FINANCIAL AND IMPACT RETURNS – EXPERIENCES AND EXPECTATIONS

AT A GLANCE

- **Expectations of financial return**: Financial return expectations are high, with competitive or above market rates of return from impact investments expected by 74% of active impact investors and 58% of investors not yet active in impact investing.
- **Financial performance versus expectations**: 81% of active impact investors indicate that their financial return expectations are either being met or exceeded.
- **Impact performance versus expectations**: 79% of active impact investors indicate that their impact expectations are being met or exceeded by their current investments.
- **Impact measurement practices**: Impact measurement practices vary widely. 50% of active impact investors use measurement frameworks with varying levels of sophistication to measure the social or environmental performance of their impact investments.

EXPECTATIONS OF FINANCIAL RETURNS

Active impact investors were asked what financial returns they typically expect from their impact investments (Figure 16). Respondents who are not yet active in impact investing were asked to indicate the type of financial return their organisations are likely to expect from future impact investments (Figure 17).

The majority of respondents, both active impact investors and investors not yet active in impact investing, expect competitive or above market rates of return from impact investments (74% and 58% respectively). It is interesting that these high return expectations are notably more prevalent among active impact investors than those that are not yet active. It is likely that this is due to the perception that impact investing necessitates a sacrifice on financial returns. This percentage is even higher among investment managers (including impact investment fund managers) for both active impact investors (87%) and investors not yet active in impact investing (92%).

Interestingly, many trusts, foundations and NFPs indicate a willingness to accept below market rates of return. However, this group still holds a predominant expectation of competitive market rates of return or better. The openness to lower returns is presumably on the logic that the investments’ impact will, to some extent, further their philanthropic mission and/or achieve outcomes that would normally be achieved with no returns.

This openness can create opportunities for innovative ‘layered’ deal structuring whereby one class of active impact investors effectively underwrites the investment by accepting a sub-market rate of return (or a higher level of risk) while another class of investors receives market rates of return.

Return expectations depend on other factors for 11% of active impact investors. In keeping with the premise of impact investment, in most cases this is the level of social or environmental impact created, i.e. they would accept a lower rate of financial return where the impact is higher.
FINANCIAL PERFORMANCE VERSUS EXPECTATIONS

Active impact investors are very satisfied with the financial performance of their impact investments, with 81% indicating that they are meeting or exceeding expectations (Figure 18). These results are consistent across investor types, with only 4% of all investors indicating that their impact investments are under-performing against expectations.

IMPACT PERFORMANCE VERSUS EXPECTATIONS

Active impact investors are also very satisfied with how their investments are performing relative to their expectations in terms of social or environmental impact, with 78% indicating that their expectations are being met or exceeded (Figure 19). This level of performance is especially evident among investment managers, impact investment fund managers, and trusts, foundations & NFPs where no respondents indicate that their investments are underperforming. Overall, only 4% of all active impact investors indicate that their investments are underperforming in terms of impact.

IMPACT MEASUREMENT PRACTICES

Active impact investors were asked to indicate if and how they measure the social or environmental performance of their impact investments. Exactly half of all active impact investors (50%) indicated that they use either their own proprietary framework, a third-party framework (such as IRIS, the Global Reporting Initiative and Impact Management Project), or a combination of both to measure impact (Figure 20). A further 28% measure impact using anecdotal or qualitative evidence only and 22% of active impact investors indicated that they do not measure impact at all.

EXAMPLES OF HIGH-IMPACT INVESTMENTS FROM RESPONDENTS

Respondents were asked to provide examples of investments that they considered had delivered or were delivering particularly high levels of social or environmental impact:

- **Clean energy**
  Diverting electricity generation to solar to ~5,000 homes.

- **Affordable housing**
  Providing families access to rent-to-own affordable housing.

- **Venture capital**
  Recycling carbon waste (heavy pollutants from heavy industry) into valuable fuels and chemicals.

- **Venture capital**
  Developing education-oriented augmented/virtual reality and artificial intelligence for special-needs schools and content-producing private companies.

- **Private equity**
  Improving the social, cultural, environmental and governance aspects of farming in NZ, particularly environmental, animal welfare, labour rights and rights of Indigenous Peoples.

- **Venture capital**
  Diverting >3.3m plastic bottles with plant-based, cruelty-free and sustainable beauty products.

- **Venture capital**
  Building a commercial-scale facility to divert tonnes of e-waste from landfill.
PART 6: FUTURE INVESTOR DEMAND AND CHALLENGES

AT A GLANCE

- **Future significance of impact investing**: 96% of active impact investors and 72% of investors not yet active in impact investing strongly agree or agree that the significance of impact investing will increase in the next five years.
- **Likelihood of investing for impact in the future**: 85% of investors not yet active in impact investing indicate that their organisation is extremely likely or somewhat likely to consider social, environmental or cultural impact metrics in their investment decisions within the next five years.
- **Future impact investment allocations**: Both active impact investors and investors not yet active in impact investing indicate that they would allocate a total of $5.9 billion to impact investing over the medium term ($3.4 billion by active impact investors and $2.5 billion by investors not yet active in impact investing), assuming appropriate investments are available. Therefore, there is the potential for a six-fold increase in the capital deployed in impact investments based on current AUM.
- **Requirements for increased impact allocations**: Active impact investors identify the following three issues as the most important for increasing their impact investment allocations: more investible deals (20%), evidence of social impact (17%) and evidence of financial performance or longer track record (12%).
- **Barriers to impact investing**: The main perceived barriers to participation for investors not yet active in impact investing are a lack of evidence or track record of financial returns, a lack of investable deals, and the general newness of the concept in NZ.

PERCEPTIONS OF THE FUTURE OF IMPACT INVESTING

A clear picture emerges from all investors when asked about the likely significance of impact investment over the next five years. Among those already active in impact investment, more than 90% of respondents indicate that they agree or strongly agree that it will become more significant (Figure 21). Moreover, of those that are not yet active impact investors, 72% agree or strongly agree that it will become more significant.

IDEAL FUTURE IMPACT INVESTMENT ALLOCATIONS

Both active impact investors and investors not yet active in impact investing were asked to indicate what proportion of their portfolio they will allocate to impact investment over the medium term (more than five years), assuming appropriate investment opportunities exist.

Figure 22 illustrates the projected AUM allocated to impact investments from all investors by investor type. The anticipated increases in impact investment among respondents equate to $5.9 billion, with availability of appropriate opportunities rather than to a lack of desire to invest in this way. Second, there is a division among investors, where a small proportion is aiming for very high allocations, which inflates the average in ways that are not reflective of the AUM that is likely to shift towards impact investment.
PROSPECTS FOR GROWING THE IMPACT INVESTMENT MARKET

Investors not yet active in impact investing were asked to indicate the likelihood of their organisation considering social, environmental or cultural impact as metrics in their investment decisions over the next five years. Most (85%) indicated that their organisation is extremely likely or somewhat likely to do so (Figure 23).

The 49% of respondents that indicated they are ‘extremely likely’ to consider impact metrics in their investment decisions over the next five years represent $29.6 billion in AUM, while the 36% that are ‘somewhat likely’ represent a further $8 billion. These investors collectively represent 85% of those that are not yet active in impact investing but 94% of the AUM of investors not yet active in impact investing.

CATALYSTS FOR INCREASED IMPACT INVESTMENT ALLOCATIONS

Across the five investor groups that identify as impact investors, three common factors are reported that could contribute to an increase in impact investment allocation. As outlined in Table 8, these are: a need for more investable deals, evidence of social impact and evidence of financial performance or longer track record.

For DFIs and investment managers, increased client demand and ease of exit from investments are also important factors.

**Table 8 Main factors that would contribute to an increase in impact allocation (n=50)**

<table>
<thead>
<tr>
<th>Diversified Financial Institutions</th>
<th>Individuals &amp; Family Offices</th>
<th>Investment Managers</th>
<th>Trusts, Foundations &amp; NFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client/member/trustee demand</td>
<td>Evidence of social impact</td>
<td>More investable deals</td>
<td>More investable deals</td>
</tr>
</tbody>
</table>

**Note:** Impact investment fund managers are excluded from this table as they already have a 100% allocation to impact investment. The following 14 options were provided: client/member/trustee demand; portfolio diversification; more investable deals; evidence of social impact; evidence of financial performance or longer track record; reliable research, information and benchmarks; ease of exit from investments; access to relevant investment advice; development of a national investment framework policy; clarity on fiduciary requirements; don’t know; other(s); and nothing.
BARRIERS TO INVESTING FOR IMPACT

Among the investors that are not yet active in impact investing, some common themes emerged regarding the barriers to their participation (Table 9). First, it is evident from their qualitative answers to this question that for many investors, it is their newness to the concept (and its early stage of development in NZ) and the lack of understanding and knowledge that is holding them back. This aligns with the other key barriers identified that indicate a lack of evidence, track record of financial performance, and advice as being problematic. A perceived lack of investable deals is also considered as a barrier to participating. This illustrates that the potential for an increase in the supply of impact investments is not being held back by insurmountable barriers. It therefore behoves those active in impact investing who have an interest in increasing market participation, and other market builders, intermediaries and peak body organisations with this mandate, to document and share deal types (and structure) and performance metrics (including impact) as this will be most helpful to those not yet investing for impact.

TABLE 9 Main factors preventing investors from investing for impact (n=49)

<table>
<thead>
<tr>
<th>Diversified Financial Institutions</th>
<th>Individuals &amp; Family Offices</th>
<th>Investment Managers</th>
<th>Trusts, Foundations &amp; NFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is limited access to relevant investment advice</td>
<td>There is limited access to relevant investment advice</td>
<td>We need more evidence or a longer track record of financial performance</td>
<td>Other</td>
</tr>
</tbody>
</table>

Note: The following 16 options were provided: a lack of clarity on fiduciary requirements relating to considering impact; we have received advice that our trustee duties do not allow us to consider impact; deal sizes have been too small for us to be interested/active; difficult to exit from investments; not enough investable deals; reliable research, information and benchmarks are not yet available; require more evidence of social impact; there has been no client/member/trustee demand; there is limited access to relevant investment advice; there is no well recognised investment framework; we do not see any potential portfolio diversification benefits; we do not believe financial performance will meet our requirements; we need more evidence or a longer track record of financial performance; we know nothing or very little about impact investing; don’t know; and other(s).
PART 7: THE MĀORI ECONOMY AND PURPOSEFUL CAPITAL

Mā te wāhine, mā te whenua, ka ngaro te tangata

By women and land do men perish

This oft-quoted saying associates women with land and expresses the extraordinary degree to which Māori men would traditionally act to protect the mana of their women and land. It is also used to describe the nourishing roles of women and the land, without which mankind would be lost. It is now also used to encapsulate the sustainability imperative that has resonance among many Māori organisations.

Respondents to the survey were asked if they identified as a Māori organisation for three reasons. First, Māori organisations frequently have distinct governance and ownership structures, which may be legally categorised as trusts or companies but are materially different, and conflation should be avoided where possible. Second, because of the cultural underpinning of most Māori organisations, it is frequently assumed that Māori more naturally include social and environmental variables in their investment decision-making. However, this is an under-researched area to which this report sought to help remedy. As impact investment represents the financial manifestation of deep sustainability principles, the authors feel that indigenous knowledge will be valuable in the institutionalisation of this emerging practice. Third, to the extent that Māori organisations invest differently from non-Māori organisations and assets under the control of Māori Authorities are growing rapidly, understanding the investment practices of Māori is important.

To further understand the nuances of impact investment in Te Ao Māori (the Māori world), a small sample of seven iwi leaders and leading Māori investment practitioners were interviewed.

One interviewee described the diversity of iwi as investors well:

“iwi and other collectively owned Māori organisations are not homogenous. They are very diverse with different constitutional and regulatory frameworks. The responsibilities incumbent on governors in these organisations can differ, albeit most are there to ultimately facilitate better health and wellbeing outcomes for people and with core parameters around whenua/moana/awa/maunga/ngahere (land/ocean/river/mountain/forest) and identity. The organisations generally have a deliberate focus on delivering socio-economic outcomes (including wealth creation and wealth distribution over an intergenerational period with perpetual timeframes).

Performance expectations do differ and the use of RoA [return on assets], RoI [return on investments], total distributed, number of people employed, number of scholarships handed out etc. have some great diversity also.”

– Senior Māori investment manager

THE MĀORI WORLDVIEW AND PURPOSEFUL CAPITAL

“The Māori world view is collective, it’s relational and interrelated, everything is interconnected, nothing exists of itself, when you can understand that, then everything falls into place. The depth of that is enormous and it all comes from the cultural knowledge base that sits behind it.”

– Māori fund manager

There is a natural fit between the culturally embedded principles that underpin the Māori worldview and what are considered contemporary Western concepts of sustainable investment and enterprise. Values such as kaitiakitanga (guardianship/sustainability), manaakitanga (generosity/care) and whanaungatanga (belonging) have therefore found increasing currency in New Zealand business. While this illustrates the leadership that arguably is emerging from within the Māori economy, turning this knowledge into kaupapa (purpose) driven investment decisions is still challenging. First, this knowledge is deeper and more sophisticated than is typically understood and care needs to be taken to avoid superficial engagement or tokenism.

Second, despite the cultural and kinship imperatives driving many Māori investors, the perceived tensions between social/environmental/cultural impact (often considered the kaupapa of capital management) and financial returns are just as apparent. Indeed, many Māori directors and CEOs feel that despite these overarching values, Māori are still investing according to Pākehā norms, with impact taking a back seat.

“If you’re trying to maximise kaupapa within some financial parameters, well that’s a different way of looking at things. And not many organisations are trying to do that, not Māori investment organisations. They’re trying to create dollars, so then the kaupapa can be carried out by the distribution arms of the runanga (organisation).”

– Senior Māori investment manager

Third, the collective ownership and attendant governance structures of many Māori organisations creates political challenges around the investment strategies and the reconciliation of stakeholder interests.

“Some of the reluctance that we’re confronting is that some of our iwi governors hold the conventional, not the Māori or iwi or tikanga (custom), based approach to economic development and business decision-making. So I’m suggesting we need to decolonise some of our thinking around that for people. Because they’re persuaded that the only thing that gets them re-elected is what sits on the balance sheet and not necessarily impact.”

– Pan-iwi investment practitioner
PART 7: THE MĀORI ECONOMY AND PURPOSEFUL CAPITAL

Impact Investor Insights

Aotearoa New Zealand 2019

However, when it comes to configuring projects and deals with inherent impact dimensions, iwi organisations seem to have a natural advantage because of the long-term orientation that guides strategy and planning. When this is combined with the high-proportion of land-based assets that iwi typically hold and the unique social capital configurations that are available to them, investment opportunities and investment structures that embed environmental principles and local economic development frequently emerge.

“This is where our organisational practices and protocols, and overall ballast is very different to most mainstream non-Māori organisations. Because we only really see money as a means to an end, you know the end is very different for most Māori organisations collectively owned, compared to non-Māori organisations.

There are three things embedded across nearly all those collectively owned organisations – one) cultural identity, two) looking after the land and resources, and three) the health and wellbeing of people. And so those are all the ends, rather than the dollar number, or the financial statements.”

– Senior Māori investment manager

The size and growth rate of the Māori economy, and particularly the assets controlled by iwi, indicate that the investment practices of Māori organisations are becoming increasingly influential, especially given their growing role in culturally framing what it is to be Kiwi for the next generation of professionals in NZ. While the cultural frameworks for valuing and communicating social and environmental impact may be distinctly Māori, the principles and ultimate investment decisions are applicable in any business context where sustainability is a priority. There is an opportunity and indeed increasing momentum for Māori notions of impact to become a fundamental part of NZ’s national impact investment identity.

AMOKURA IWI CONSORTIUM – AN EMERGENT MODEL FOR KAUPAPA-BASED IMPACT INVESTMENT

Founded in 2017, Amokura Iwi Consortium is owned by seven iwi in Te Tai Tokerau (Northland). Amokura is an operational vehicle for collective iwi engagement on matters of regional significance that are shared across iwi. Led by Rangimarie Price, and governed by member iwi CEOs, its purpose is to shift the people of the region from generational poverty to wellbeing through systems change, social innovation and thought leadership. The intent is to execute on an agreed collective agenda while respecting the mana of each iwi.

Amokura was borne following 15 years of informal collaboration among local iwi and compelled by their own research showing that the Te Tai Tokerau Māori economy is a developing economy embedded in a developed regional economy. This complicates the traditional policy and leadership responses required to achieve economic development, which led to Amokura’s impact investment response called Transforming Taitokerau for Good (TTFG).

As Price explains, “TTFG enables us to identify where the greatest areas of impact in terms of investment sit and the systems enablers that need to be in place so that we get economic wellbeing outcomes that are meaningful to us. We want to move away from the traditional neoliberal approaches to economic growth because they don’t work for us and are unsustainable and apply models based on our own tikanga [protocol] which historically have enabled our people to prosper without leaving a harmful environmental, social or cultural footprint. It is about enhancing the wellbeing of all components across intergenerational horizons.”

For Amokura, the growth of the impact investment movement in NZ represents a shift of the ‘mainstream’ towards what has always been embedded in the Māori economic worldview.

“Impact investment principles align with a Māori worldview so are not new to Māori. It’s the world that’s caught up. We are applying these principles to our context so that it is targeted to what matters to us and can deliver the results we want. We’ve developed an outcomes framework which articulates success shaped through a Māori lens, that can better identify and guide future investment and interventions, moving from a tick list to relative and weighted importance.”

A regional collaboration of seven iwi presents an exciting opportunity to achieve things with investment capital in a specific place that otherwise may not be possible as it collectivises iwi capacity and balance sheets to create projects of viable scale; a scale that can attract external capital in areas such as aquaculture, regenerative reforestation, regenerative agriculture and housing development. While this blend of cultural imperatives and commercial investment agendas is likely unique to New Zealand, deal configuration and project development come with significant leadership and political challenges if collectively owned and kinship-based organisations are to collaborate in this way.

“The role of collective leadership is to create an environment for our people to prosper, to be culturally credible, take a relational collaborative approach, and then to execute. As kin organisations we are relational not transactional and intergenerational in approach (starting with the past moving through to the future). Everything is by permission, so transparency, communications and accountability is critical. This adds a lot of complexity which I think is reasonable given that it costs generationally if you get it wrong.”

Although it’s early in the development of the Amokura model and the first investment is yet to be completed, the due diligence of opportunity assessment and impact measurement is well advanced.

“Our outcomes framework is aligned to the Sustainable Development Goals and the Living Standards framework. Systems modelling helps us to identify the top five impact investment areas that have the greatest impact for achieving TTFG outcomes and the system enablers that need to be in place concurrently to ensure success at an investment and system level. It enables us to understand the interdependencies and interconnections within a system and how actions may flow through to affect a community. This way we can find out:

• starting from a single outcome/return – what project/investment or combination of projects/investments are best able to maximise returns;
• starting from a single project or investment – identify how to deliver the project in a way that maximises return on investment at a project and systems level;
• at a portfolio level – what combination of projects/investments with maximised return on investment for a combination of outcomes.”

“Data’s going to be critical in terms of measuring impact and ensuring that we’re actually doing what we say we’re going to do and to demonstrate that we know what we’re talking about. This will build investor confidence, both from those who are investing but also confidence for iwi/hapū/Māori project owners who have investments in the pipeline.”
TAHITO – APPLYING INDIGENOUS KNOWLEDGE TO LISTED EQUITIES

TAHITO is a trans-Tasman listed equities ethical investment fund that will launch in late 2019, led by Temuera Hall and Chris Winitana, developed in partnership with JMI Wealth. The TAHITO approach involves selecting listed companies based on Indigenous Māori values, applying an indigenous value set to measure relational behaviours (Whanaungatanga) and connectivity (Aroha). This creates a unique evaluation framework that blends Māori values, leading sustainability metrics and robust valuation methods.

TAHITO is unusual, not just in that it is using indigenous knowledge to manage an impact investment fund, but because it is doing it outside of an iwi organisation context, looking to attract capital from mainstream investors and investment managers.

“We measure people connection and the connection of people to the environment. By building Aroha (connectivity), a business improves its Mauri (wellbeing).”

The real challenge is operationalising these concepts and turning them into decision frameworks and then actual investment decisions. This is done first by applying initial positive and negative screens to listed equities, then applying quantitative environmental, social and governance integrated screens and TAHITO’s proprietary qualitative screens, before final due diligence and fundamental valuation evaluation.

SPOTLIGHT ON OVERALL IWI INVESTMENT PRACTICES

- Research conducted by TDB Advisory, a corporate and economic advisory firm, estimates that iwi post-Treaty settlement asset growth has almost doubled from $5.5 billion to $9 billion from 2015 to 2018.18
- An ANZ survey indicates that 50% of iwi focus strictly on maximising financial returns; the other 50% have an additional dimension to their investment decision-making that is based on cultural or social/community factors. Within this latter group, there is a strong feeling that non-financial factors are viewed as especially important when investments are based in their rohe (territory).19

Iwi governance structures are complex, typically with an overarching trust that primarily focuses on distributions to beneficiaries and delivery of wellbeing programs and achievement of non-financial objectives, and a commercial entity that manages commercial assets and make investment decisions.

Iwi typically have had a strong focus on property but the trend is towards diversification. There is also a shift towards direct investments, and more active investors are achieving better returns.

TBD Advisory summarises the investment strategies of the largest eight iwi by AUM below:

<table>
<thead>
<tr>
<th>Iwi</th>
<th>Total assets</th>
<th>No of asset classes</th>
<th>Largest asset class</th>
<th>Capital allocation of largest asset class</th>
<th>Management approach</th>
<th>Debt-to-capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ngāti Whātua Ōrākei</td>
<td>$1,189m</td>
<td>1</td>
<td>Property</td>
<td>100%</td>
<td>Active</td>
<td>17%</td>
</tr>
<tr>
<td>Waikato-Tainui</td>
<td>$1,369m</td>
<td>6</td>
<td>Property</td>
<td>52%</td>
<td>Largely active</td>
<td>11%</td>
</tr>
<tr>
<td>Ngāti Awa</td>
<td>$151m</td>
<td>7</td>
<td>Property</td>
<td>31%</td>
<td>Mixed</td>
<td>12%</td>
</tr>
<tr>
<td>Raukawa</td>
<td>$164m</td>
<td>7</td>
<td>Managed funds</td>
<td>26%</td>
<td>Mixed</td>
<td>0%</td>
</tr>
<tr>
<td>Tūhoe</td>
<td>$365m</td>
<td>7</td>
<td>Managed funds</td>
<td>49%</td>
<td>Largely passive</td>
<td>0%</td>
</tr>
<tr>
<td>Ngāti Porou</td>
<td>$243m</td>
<td>6</td>
<td>Financial assets</td>
<td>59%</td>
<td>Largely passive</td>
<td>5%</td>
</tr>
<tr>
<td>Ngāi Tahu</td>
<td>$1,924m</td>
<td>7</td>
<td>Private equity</td>
<td>29%</td>
<td>Largely active</td>
<td>11%</td>
</tr>
<tr>
<td>Ngāpuhi</td>
<td>$59m</td>
<td>7</td>
<td>Fisheries quota</td>
<td>36%</td>
<td>Largely passive</td>
<td>0%</td>
</tr>
</tbody>
</table>

PART 8: CONCLUSION

The data collected from the inaugural Impact Investor Insights NZ Survey paints a positive picture for the future of impact investment in NZ.

Advocates for the growth of impact investment are seeking a counterbalance for the inequities and negative externalities that have been a by-product of economic growth. To deliver this change, it is not just an increase in impact investors and impact capital that is required, but for that capital to be genuinely deployed to achieve its claims of ‘impact’.

APPETITE FOR IMPACT INVESTMENT

It is clear that the appetite for impact investment is strong across all investors. Among the respondent sample, the $889 million of impact investment capital currently deployed could increase to $5.9 billion in the medium term. This underscores a significant opportunity for the financial services sector and wider impact investment ecosystem to meet the needs of investors with more investment opportunities as well as stronger performance data, and by addressing other barriers to growth.

BARRIERS TO GROWTH

Active impact investors point to the lack of availability of investable deals as a primary barrier to increasing their impact investment activity, while the need for more evidence or track record of financial performance is identified as a barrier by both active impact investors and investors that are not yet active. Investors that are yet to participate also suggest that the newness of the concept and their resultant lack of understanding is a barrier to their involvement.

The track record and knowledge of how to configure impact investments are issues that can be addressed through collaboration, sharing of insights from those that are active, and from research such as the findings presented in this report. Initiatives and organisations such as RIAA’s Impact Investment Forum, the Global Steering Group for Impact Investment and NZ’s affiliate National Advisory Board, the NZ Sustainable Finance Forum and the Global Impact Investment Network are all contributing to market development and we can expect requisite benchmarks and frameworks to develop over time.

The issue of ‘investability’ is more complicated, especially for those investors requiring market rate returns from mature growth-stage companies or large projects in late stages of development. These investors require lower risk vehicles and/or proven commercial viability and impact credibility. The ecosystem of investors at earlier stages will need to fund this growth. However, impact enterprises will often have an added degree of uncertainty (relative to their ‘non-impact’ peers). This creates a more challenging investment proposition that will require specialist impact investors with such a mandate and/or boundary-blurring collaborations across commercial and social sectors. These collaborations have the potential for partners to achieve their respective agendas through innovative deal structures that, for example, apportion more risk to funders that see an opportunity to achieve their social or environmental ends and thereby making an opportunity investable for commercial (impact) investors (i.e. “first-loss capital”).

Government has an obvious opportunity in this regard, a fulsome discussion of which is beyond the scope of this report. However, as demonstrated around the world already, the government could be the single most important player in the development of the impact investment market in NZ. This could be through the provision of wholesale finance, tax incentives, outcomes-based commissioning, or an alignment of government business support agencies with its wellbeing approach to economic budgeting and measurement.

Likewise, intermediaries that can support the development of impactful enterprises and projects to become more investment ready (such as through incubator/accelerator programs and grants), and their commercial counterparts more deeply impactful (e.g. through corporate advisory services), will play an important role.

EXPECTATIONS

Most investors are expecting competitive rates of financial return or better from any impact investments they have made or will make, and the bulk of active impact investors are having their financial return expectations met or exceeded. With a lack of investable deals reported as a common barrier to making impact investments or increasing impact investment allocations, it is reasonable to assume that many investors not active in impact investing, or only marginally so, are only willing to invest for impact if the risk and return profile is equivalent to non-impact investments.

This is challenging for market development in the short term and will likely require some investors to play a catalytic role, like that described above, where higher risk and/or lower returns are tolerated. This speaks to the distinct roles that different investor types will play in developing the impact investment ecosystem. For example, trusts, foundations and not-for-profits indicate that they have lower return expectations from impact investments than other investor categories, illustrating the unique, catalytic role they are well positioned to play.

However, it is noteworthy that active impact investors that also seek market rate returns or better, overwhelmingly report that their return expectations are being met by existing investments.

IMPACT MEASUREMENT

Impact investors have varying levels of sophistication in how they measure the social or environmental performance of their impact investments, with nearly half using anecdotal or qualitative measures or not measuring impact at all. While this is illustrative of the embryonic state of the sector, ongoing improvement of measurement practice is vital for the development of the sector and its impact. Further research is also required to better understand the intersection between the impact measurement frameworks and practices being used and the Sustainable Development Goals.
METHODOLOGY

The insights in the report were generated from a survey that was distributed in July 2019 and from a sample of interviews, which were also conducted in July 2019.

The research had the approval of the University of Auckland Human Participants Ethics Committee. The interviews were used to generate qualitative insights into Māori investment practices as they pertain to responsible and impactful investment, and into the crowdfunded equity market.

LIMITATIONS AND OUTLIERS

By the survey’s nature, responses are self-declared, with the $889 million of impact investment assets under management (AUM) subject to differing interpretations of what constitutes an ‘impact investment’. While an audit of those investments is outside the scope of this report, the quantum nominated by respondents is useful for context and as a reference point.

Other limitations include:
- sample size – care must be taken with extrapolating findings where sample sizes are small, especially from sub-categories where the sample is especially small relative to the research population, e.g. individuals;
- sample bias – although only some of the distribution channels would indicate a bias towards responsible and impact investment, we recognise the channels of distribution and the higher likelihood that investors positively predisposed towards impact investing are more likely to have responded to the survey;
- definitional issues – the nascent stage of the market and lack of a common language may have reduced the consistency with which respondents interpreted and answered survey questions. (Note that respondents were provided with a definition of impact investing to enhance consistency in application and care was taken to reduce jargon and spell out meaning within the survey questions.)

DISTRIBUTION

This survey was constructed using an online survey platform (Qualtrics) and distributed via collaborating organisations and direct email using RIAs' membership base, publicly available databases and other sources. Follow-up phone calls and support were provided to approximately 90 organisations. We would like to acknowledge and thank the following organisations for their support in distributing the survey to their members:
- Akina Foundation
- Angel HQ
- Enterprise Angels
- Giving Architects
- Impact Investment Network
- New Zealand Venture Capital Association
- New Zealand Community Foundations Association
- Philanthropy New Zealand
- PledgeMe
- Social Enterprise Auckland

REFERENCES


