News Release

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New Report: Bringing Impact Investing From the Margins to the Mainstream

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- World Economic Forum report highlights the potential of impact investing to generate market returns while addressing key social and environmental challenges
- 79% of impact investors are already targeting market rates of return; to reach a 2020 market projection of more than US$ 500 billion, the impact investment sector needs to grow significantly
- The report engaged 150 mainstream investors, business executives and policy-makers, advancing the Forum ' s impact investment agenda
- Download the report here.

New York, USA, 19 September 2013 – The World Economic Forum, in collaboration with Deloitte Touche Tohmatsu, today launched *From the Margins to the Mainstream: Assessment of the Impact Investment Sector and Opportunities to Engage Mainstream Investors*. The report provides a market assessment and recommendations for how mainstream investors can more actively engage in impact investing.

Impact investing – an investment approach intentionally seeking to create both financial return and positive social impact that is actively measured – has been hailed as an emerging investment approach with the potential to reconcile key shortcomings in traditional financial markets.

" There is limited consensus among mainstream investors and specialized niche players on what impact investing is, what asset classes are most relevant, how the ecosystem is or should be structured, and what are the underlying constraints the sector faces, " said **Abigail Noble**, Head of Impact Investing Initiatives at the World Economic Forum. " As a result, there is widespread confusion regarding what impact investing promises and ultimately delivers, and therefore how it can reach scale. "

Currently, capital of less than US$ 40 billion is committed to impact investments out of the trillions in global capital. According to World Economic Forum estimates, the impact investment sector would need to grow aggressively to reach an optimistic 2020 market projection of more than US$ 500 billion. While 80% of US-based pension fund managers are familiar with impact investing, only 9% felt that it is a viable investment approach, the report finds. However, contrary to general perceptions, 79% of impact investors are targeting market rates of return.

" Impact investing has become increasingly important as asset management is in a state of flux and public funds face increasing constraints to address key societal needs. Trillions of dollars are expected to be inherited over the next 50 years by the next generation, a generation that believes business should play a crucial role in creating a better society, " said **Chris Harvey**, Managing Director of Global Financial Services at

Deloitte.

To move impact investing from the "margin to the mainstream" will require concerted efforts among stakeholders and innovative strategies.

"This report brings new insight and advances our understanding of the dynamics of impact investing. We believe we can help drive scale given a growing demand for sustainable investments in the marketplace by bringing to our clients a range of high-quality options for investing with impact," said **James Gorman**, Chairman and Chief Executive Officer of Morgan Stanley.

"As a large wealth manager, we want to play a critical role in aggregating supply and demand and have invested heavily into impact investing by offering product and advisory solutions. The conceptual frameworks in the report will allow more mainstream investors to adopt impact investing," added **Jürg Zeltner**, Chief Executive Officer of Wealth Management at UBS.

From the Margins to the Mainstream proposes several key recommendations for how the impact investment sector can reach scale. This includes calling on impact investment funds to be transparent about the financial returns that are generated; for impact enterprises to proactively measure and report on social and environmental impact; for governments to provide tax relief for early-stage investments in which public benefit is created; and for philanthropic endowments to commit their investment capital to impact investments and not just to programmatic allocations.

The report is the culmination of a year-long research initiative of the World Economic Forum's Investors Industries community that engaged over 150 mainstream investors, business executives, philanthropists and policy-makers through interviews, workshops and conference calls. Contributions to the report were provided by the following financial institutions, among others: Credit Suisse, Deutsche Bank, Goldman Sachs, JP Morgan, Morgan Stanley, Omidyar Network, UBS and Zurich Insurance, as well as by research institutions such as Duke University, Harvard University, Pacific Community Ventures, The Rockefeller Foundation and The Global Impact Investing Network.

The World Economic Forum will continue to advance the impact investment agenda through its multistakeholder platform, including identifying best practices and organizational structures that asset managers, private wealth managers and financial services institutions can implement to make impact investing an integral part of their strategy and operations.

Notes to Editors

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