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New J.P. Morgan & GIIN Survey Indicates Higher Impact Investment Commitments, Investor Satisfaction

May 3, 2014 - 125 of the world's largest impact investors, including fund managers, banks, foundations, development finance institutions, and pension funds surveyed by J.P. Morgan and the Global Impact Investing Network (GIIN) expect to commit 19% more capital to impact investments in 2014 compared to 2013, as satisfaction with the financial returns and the social and environmental impact of these investments remains high.

[*Spotlight on the Market*](#), the 2014 edition of the J.P. Morgan and GIIN annual impact investor survey, released today, reveals market growth amidst greater government support, new product and fund launches, and widespread impact measurement. For the first time, the survey provides detailed insight into asset allocation trends across regions, sectors, and financial instruments from the largest-ever respondent group, up 26% this year from 2013. Among the key findings:

Rise in capital allocations and number of transactions expected in 2014

- Expected commitments of \$12.7 billion expected by survey participants in 2014, up from \$10.6 billion committed in 2013, a 19% increase
- 31% anticipated increase in the number of deals
- \$4.5 billion fundraising target among asset managers in 2014 versus \$2.8 billion raised in 2013

Asset allocations

- Collectively, respondents manage \$46 billion in impact investments, of which 70% is invested in emerging markets and 30% in developed markets
- Development finance institutions manage 42% of total assets, followed by fund managers that manage 34% of total assets
- Microfinance and other Financial Services each account for about a fifth of respondents' impact investment assets (21%), followed by Energy (11%) and Housing (8%)
- Allocations are primarily in private markets; 44% of assets are currently invested through private debt and 24% through private equity
- More investors plan to increase the percentage of their portfolios invested in Sub-Saharan Africa, Asia and North America, relative to other regions
- More investors plan to increase the percentage of their portfolios allocated to Food & Agriculture, Healthcare, and Financial Services (excluding Microfinance); the highest number of investors plan to decrease the percentage of their portfolios allocated to Microfinance, relative to other sectors

Investor motivation and satisfaction

- 91% of investors surveyed reported financial returns above or in line with their expectations
- 99% reported social and/or environmental impact above or in line with their expectations
- Over 50% of investors are seeking competitive financial returns
- Responsibility, efficiency and client demand among top motivators for making impact investments; shortage of quality deals and lack of appropriate capital remain top challenges

Impact measurement

- 95% of respondents reported that they use metrics to measure the social and/or environmental impact of their investments.
- Over two-thirds also stated that standardized impact metrics are important to the growth of impact investing.

Yasemin Saltuk, Director of Research for J.P. Morgan Social Finance and co-author of the report said: "From the results, we see the rise of a vibrant impact investing marketplace, where investors are targeting a wide variety of social, environmental and financial objectives and finding themselves satisfied with the results. As collaboration between investors, governments and other key participants continues in 2014, we remain optimistic about the growth and development of the practice."

Amit Bouri, Managing Director at the GIIN and co-author of the report said: "With more respondents than ever, this

survey offers an unprecedented view into the impact investing market, which has tremendous momentum in 2014. The survey demonstrates increased capital commitments and diversity as many investors are making allocations across investment instruments, sectors, and regions. Overall, we see an increasingly sophisticated global impact investing market, supported by growing investment track records and high-level collaboration among governments and major investment institutions."

Spotlight on the Market is the fourth in a series of reports, started in 2010, that present perceptions of the impact investment market as well as portfolio performance from a sample of impact investors. Impact investments are investments that are made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. They can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances.

About J.P. Morgan Social Finance

J.P. Morgan Social Finance is dedicated to serving and growing the nascent market for impact investments - those intended to deliver positive impact alongside financial return. To this effect, the Social Finance Group was created in 2007 as a business unit to invest capital in the market and provide client advisory services and analytical market research. For more information and access to the full Social Finance Research Library, please visit: www.jpmorganchase.com/corporate/socialfinance/social-finance

About the Global Impact Investing Network

The Global Impact Investing Network (GIIN) is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing. Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, please visit www.thegiin.org

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