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MICROFINANCE, IMPACT INVESTING, AND PENSION FUND INVESTMENT POLICY SURVEY

OCTOBER 2012

IF UK PENSION FUNDS ALLOCATED JUST 1% OF THEIR MEMBERS' ASSETS, I.E. $23.9BN, THE EFFECT ON THE IMPACT INVESTMENT MARKET WOULD BE STAGGERING.

We are delighted to present the findings of a pension fund survey carried out by Finethic and Social Finance. The survey is the most comprehensive canvass (to date) of opinion leaders in the UK pension fund industry about their attitudes towards Impact Investment.

The Impact Investment market requires innovation, commitment and significant pools of capital to enable social businesses to grow and deliver at scale. It offers products that deliver financial returns alongside measurable social impact. Its success will be judged in part on the size of the capital flows it attracts from institutional investors (e.g. pension funds). Unlike some of their peers in the Netherlands, Scandinavia, Switzerland, and the USA, pension funds in the UK have been slow to consider Impact Investment in their portfolios. The survey was an attempt to understand why.

We wanted to assess the level of Impact Investment undertaken today by UK pension funds, the appetite for future Impact Investment, and the level of awareness of Impact Investment, as well as to raise awareness within the Industry of the Impact Investment "asset class" and some of the investment opportunities on the market.

Below you will find the results of 47 organisations who took part in the survey. Together they hold £143bn AUM and serve 4 ½ million pension holders.

Genuine Interest

We found that there is genuine interest in Impact Investment, and that a handful of pension funds are actively engaged in either investment and/or research. There is, however, a broad range of knowledge/ opinion on the subject. While many respondents are unlikely to be investors in the near future, they are keen to learn more about this growing market.

Growing Number of investors and £AUM

23% of survey respondents include Impact Investments in their current portfolios. In the main, their investment centres on social housing and green energy. Survey participants indicated that within the next 12-24 months, more of their pension funds (48%) would be invested in microfinance (5) social housing (13) and green energy (13). However, the focus of this new investment would be primarily on infrastructure and less on preventative or remedial social Impact Investment proposals.

Unlikely to become "mainstream" in the foreseeable future

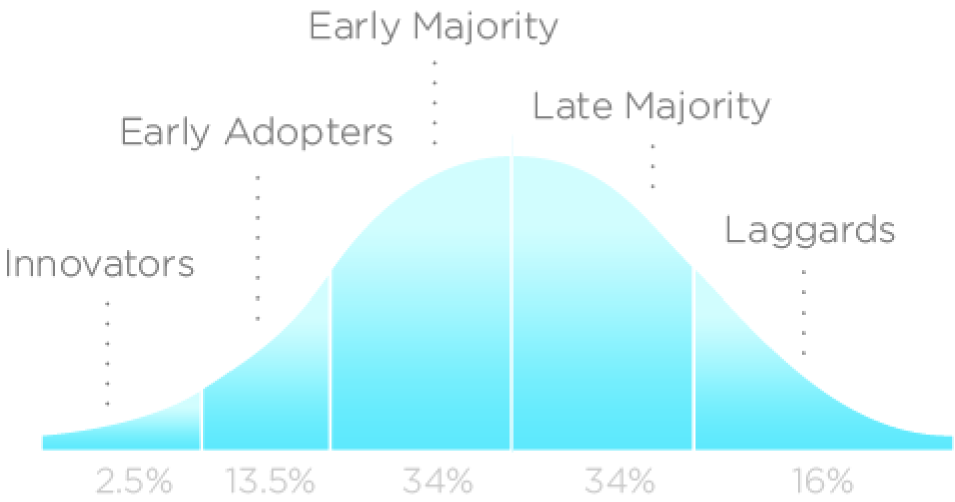
Impact Investment by UK pension funds is unlikely to become "mainstream" in the foreseeable future. Most funds that have the internal resources to understand the asset class often require minimum investment sizes (>£200m) far beyond the capacity of the investment opportunity. Most pension funds that would consider smaller minimum investment sizes lack the internal resources to understand the asset class. There are a handful of funds, mostly but not exclusively local authority, which can make smaller investment. Some have already done so.

Other barriers

Other barriers include a low level of awareness within the industry of Impact Investment, a lack of "branded" asset managers, a lack of peer investors, the perception that the "gatekeeper" consultants would not approve, a lack of awareness of investment opportunities and a misunderstanding that an investor "automatically gives up return when they're doing good" amongst others. This is to be expected with new innovative industries.

Impact Investment: it's here and it's growing, but it has a long way to go.

We believe that demand from institutional investors will grow for robust investment propositions where risks and financial and social returns are properly defined and managed. Our survey demonstrates that the appetite for Impact Investment amongst UK pension funds is growing, and that a handful of funds show an openness and willingness to invest where propositions are both robust and of an appropriate size. We foresee these pension funds investing in high quality Impact Investments in clean energy, microfinance, social housing, sustainable forestry and land, and in their local communities. If they succeed (and awareness grows), we expect them to be followed by other early adopters and then the "early majority" as Impact Investing becomes mainstream.



INNOVATION ADOPTION LIFECYCLE

This pattern of market take-up is common when an innovation is presented. Everett Rogers' 1962 bell curve (shown above) in the *Diffusion of Innovation*[1] shows there is a clear path as to how, why and at what rate new ideas and innovations spread. We expect Impact Investment to follow this well-trodden path. If this is achieved, the market should be able to attract significant institutional capital in the future and help fund those looking to drive real social change.

COMMENTARY

Global pension assets in 2011 reached $27,509 billion, up 3.9% compared to the previous year. The UK is the third largest market, after the US and Japan, with $2,394 billion under management. [2] Ten year figures show the UK has grown its pension assets the most as a proportion of GDP (by 30% to be 101% of GDP), followed by the Netherlands (up 23% to 133%

[1] Rogers, Everett M. (1962). *Diffusion of Innovations*. Free Press of Glencoe, Macmillan Company.
[2] http://www.towerswatson.com/assets/pdf/6267/Global-Pensions-Asset-Study-2012.pdf

of GDP), Australia (up 17% to 89% of GDP), Hong Kong (up 15% to 34% of GDP) and the US (by 12% to 107% of GDP).

The average asset allocation of the 7 largest markets was 37.7% equities, 40.1% bonds, 3.7% cash, 18.5% other assets (including property and other alternatives). If pension funds in the UK chose to allocate just 1% of their members' assets, i.e. $23.9bn, the effect on the Impact Investment market would be staggering.

Is it Pension Funds' fiduciary duty to invest in Impact Investments?

We were encouraged that 20% of respondents thought that it was the role of pension funds to invest in Impact Investment. Of these, 70% have already made what they consider to be an Impact Investment and this figure is expected to rise to around 85% within one to two years. Even more surprisingly 47% of all respondents expected to have some form of Impact Investments in their portfolio within the next two years.

The majority of current investments are in "green" energy. None were invested in microfinance and social housing was only identified by one respondent. Others highlighted timber funds and UK social enterprise funds. However, this balance is expected to shift with respondents clearly identifying a wider range of investments being considered in the future.

Despite this positive outlook however, it should be noted that the sizes of investment reported remain extremely modest, with only two respondents claiming more than £200m of investment.

The biggest barrier to Impact investing is the discomfort that many investment managers feel in light of their fiduciary duty. Many believe that they must maximise returns for their members. Impact comes near the bottom of the list. However a debate is being had about the nature of fiduciary duty. Should fiduciaries preserve their clients' capital and make a high but not maximised return? With a 40 year mandate, do pension funds have a responsibility to invest differently from those investing over a shorter term? Do pension funds, particularly those linked to location or profession, have a duty to invest in their community and their environment?

A FairPensions report[3], *Protecting our Best Interests,* suggests that there is a growing debate over the role of trustees in serving their clients' best interest.

> *The debate over responsible investment raises a further question: can fiduciaries act on environmental and social issues only when they are material to financial returns? Pension fund members who enquire about an ethical issue often encounter the seeming paradox of being told that their views must be ignored because of the trustees' fiduciary duty to act in their best interests. But are trustees legally restricted to interpreting this duty only in terms of financial best interests? [...]*
>
> *But is our current understanding of fiduciary obligation well-equipped to meet these challenges? The effects of investment agents' behaviour on those whose money they manage go far beyond the size of their pension pot, yet 'fiduciary duty' is often treated as a straitjacket which allows investors to consider nothing else. For instance, fiduciary*

[3] http://www.fairpensions.org.uk/sites/default/files/uploaded_files/fidduty/FPProtectingOurBestInterests.pdf

obligation is often still invoked as a barrier to investors taking full account of climate change in their decisions – despite its enormous implications for their beneficiaries' best interests, both financial and non-financial. [...] Just as fiduciary obligation evolved in the twentieth century to keep pace with changing investment theory and practice, so perhaps it will need to evolve in the twenty-first.

Do they have a mandate to do so?

If the fiduciary obligations allow trustees to invest in Impact Investments, do they have a mandate from their members to do so? Have they asked their clients what they would like to do?

In the US, a leading pension fund TIAA-CREF surveyed its members to better understand their opinion on SRI investing with some surprising results. Participants wanted their social values reflected in their investments. Over a quarter (27%) of SCA participants strongly agree and a total of 83% agree with the statement that "ensuring that my investment decisions reflect my personal values about social and environmental impacts" is most important when making investment decisions.

TIAA-CREF[4] has $487 billion in assets under management (as of March 2012) and in 1990, they set up a Social Choice Account — which in June 2012 had more than $10 billion in assets under management.

Since 2007, several of TIAA-CREF's fixed-income strategies have maintained a visible commitment to including fixed-income investments with positive social and environmental outcomes within our Proactive Social Investing (PSI) framework. Seeking to identify fixed-income investments that provide competitive, risk-adjusted returns alongside clearly defined social and environmental benefits, the PSI framework targets a pool of diversified, fixed-income securities including asset-backed securities, U.S. mortgage-backed securities and U.S. government agency debt, corporate bonds, commercial mortgage-backed securities and taxable municipal bonds. Investments are organized across four themes: affordable housing, community and economic development, renewable energy and climate change, and natural resources. [5]

Another example of good practice is the Norwegian Government Pension Fund, whose market value at the end of 2011 stood at approx. $600.7 billion.[6] It is currently the largest pension fund in Europe. In 2009, the Norwegian Ministry of Finance carried out a comprehensive evaluation of the ethical guidelines for the Fund, with input from more than 50 consultative bodies. The guidelines restrict investment where there is a risk that a company is involved in activities that can contribute to violation of human rights, corruption, environmental damage or 'other particularly serious violations of fundamental ethical norms.' Impact through active

[4] https://www.tiaa-cref.org/public/about/asset-management/sri
[5] https://www.tiaa-cref.org/public/pdf/sri_brochure.pdf

[6] Source: http://www.regjeringen.no/en/dep/fin/Selected-topics/the-government-pension-fund/market-value-of-the-government-pension-f.html?id=699635

ownership depends on several factors, not least the shareholder's knowledge and commitment of resources.[7]

According to Stephen Lloyd of Bates Wells & Braithwaite LLP and a report prepared by Freshfields LLP[8], ESG factors could, and even should, be considered in three situations:

- when deciding between investments with exactly similar financial characteristics, ESG factors could act as the 'tie-breaker';
- when an investment's ESG performance reasonably can be expected to have an impact on its financial performance or valuation; and
- choosing investments on ESG performance is obligatory when it is reasonable to think this would be supported unanimously by the beneficiaries.

During debates on the Pensions Bill 2008, Lord McKenzie, House of Lords spokesman on Work and Pensions for the government, said:

> *'There is no reason in law why trustees cannot consider social and moral criteria in addition to their usual criteria of financial returns, security and diversification. This applies to trustees of all pension funds.'*[9]

Interestingly, when setting up the UK government-backed pension scheme, NEST, the Government undertook a public consultation with written responses and a series of roundtables. It was clear from the consultation that "[…] respondents thought given environmental, social and governance considerations may improve investment returns, responsible ownership properly falls within the fiduciary duty of trustees.[10] However, one respondent thought that trustees would be "brave" if they did not see "financial performance as the primary criterion in setting investment options to observe even if it held particular ethical beliefs."[11]

How do Impact Investments fit into their investment strategy?

We agree that Impact Investments should not be afforded special discounts to attract investments. They must provide a decent risk-adjusted return and conform to existing regulations. Where should Impact Investments sit? There is a breadth of opinion in the market whether Impact Investment should be a separate asset class but there was a consensus among respondents that Impact Investments should be considered alternative investments.

The questions about microfinance revealed that there was no consensus on returns for bond-like or equity-like investments leading us to conclude that there is clearly a large disparity as to how Impact Investments are perceived, from highly risky through to borderline philanthropy.

It is not therefore surprising that despite nearly 60% of respondents who had claimed to have heard of some form of Impact Investment, over 50% said that they didn't know how to compare the risk or return of microfinance with other assets or that there was no discernible trend to the perceived key risks of such an investment.

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[7] Source: http://www.swfinstitute.org/swfs/norway-government-pension-fund-global/
[8] http://www.unepfi.org/fileadmin/documents/freshfields_legal_resp_20051123.pdf
[9] Ibid.
[10] http://www.nestpensions.org.uk/schemeweb/NestWeb/includes/public/docs/investment-consultation-response,PDF.pdf
[11] Ibid.

Taken together these results show a great need for education as to what Impact Investment actually represents (both generally and for specific forms like microfinance) and to help dispel notions of risk or philanthropy. This is clearly possible as demonstrated by those respondents who have engaged with this market and who show a far greater consensus for expected bond returns (broadly +150-300bps for developed and +200-400bps for developing). No-one expected returns below the risk free rate. Their responses show that they believe Impact Investments can be used as part of an overall balanced portfolio to achieve their funds' objectives. The impact industry must therefore find ways to demonstrate and reinforce this positive message to more investors.

Encouragingly, 69% of survey participants highlighted that choosing assets that help diversify their portfolio was their first priority in deciding what makes an investment attractive. Whilst historical data is still relatively hard to find, there is growing consensus – both factual and empirical – that many Impact Investments are de-correlated from many traditional indices due to the markets that they are operating in. If the Impact Investment industry can continue to collate investment data and demonstrate both good track record and low correlation, this would perhaps help pave the way for greater institutional investor participation.

Conclusion

Impact Investment is a nascent market that needs to be understood more clearly. According to the survey, 48% of respondents expect to be invested in Impact Investments within the next 12-24 months. A recent report by Boston Consulting Group on behalf of Big Society Capital forecasts that the demand for Impact Investment in the UK could reach £1 billion by 2016.[12] BCG believes that future demand would include all forms of finance compared to the current market which is primarily centred on secured lending, dominated by social intermediaries taking low risk positions. Areas of high Impact Investment growth in the UK will be driven by public sector outsourcing to social sector enterprises and asset transfers from public and private sources to community enterprises.

75% of respondents were unaware of the performance of microfinance. Other Impact Investments such as Social Impact Bonds do not yet have a track record. But microfinance has outperformed other investments on de-correlation (the SMX microfinance debt fund index has a co-relation with the S&P500 of -0.16 over the last 8+ years) and has proven its worth on risk/return (Over the past 8+ years SMX has provided >4% yield with a volatility of <1% vs. S&P offering <3% yield with a volatility >15%). Another benefit is the geographical reach of Impact Investments. If pension funds are interested in diversification of investments, Social Finance and Finethic believe that Impact Investments provide a route to do so.

[12] http://www.bcg.com/documents/file115598.pdf

APPENDIX 1: SURVEY

Microfinance, impact investing, and pension fund investment policy

This survey is being conducted by Social Finance and Fundo.

Investigation and protection of information provided to participants:

Our objective is not the study of individual positions, but the statistical research of common trends or divergences across the sample. Therefore neither the specific information provided, nor the individual results will be published.

Nothing contained in the questionnaire will be sent to third parties.

There are 39 questions in this survey

Profile of your institution

1 [Profile-1] Organization *

Please write your answer here:

2 [Profile-2] Category *

Please choose **only one** of the following:

- ○ Company pension
- ○ Local Authority pension
- ○ Other

3 [Profile-3] Address *

Please write your answer here:

4 [Profile-4] Participant name

Please write your answer here:

5 [Profile-5] Participant job title

Please write your answer here:

6 [Profile-6] Participant e-mail address *

Please write your answer here:

7 [Profile-7] Participant contact telephone number *

Please write your answer here:

8 [Profile-8] Total assets under management AUM of e.g. pension fund £m *

Please write your answer here:

9 [Profile-9] Number of clients served e.g. members of pension scheme, policy holders etc. *

Please write your answer here:

10 [Profile-10] Would you like to know the results of the study before publication? *

Please choose **only one** of the following:

- ○ Yes

○ No

11 [Profile-11] Would you like to attend an invitation-only training session on Impact Investment? *

Please choose **only one** of the following:

○ Yes

○ No

Socially Responsible Investment (SRI)

Before we consider true *Impact Investing*[1], we want to understand whether your institution already encompasses any elements of "sustainable" or "responsible" investing within its strategies.

1 - Impact investments are investments intended to create positive social and/or environmental impact beyond just financial return For definition see J.P.Morgan "Impact Investments: An emerging asset class" J.P.Morgan Global Research Nick O'Donohoe et al. 29 November 2010

12 [Q1-1] ***Investment policy and management of pension fund and institutions***

Do you consider that it is the role of pension funds and institutions to invest in Socially Responsible Investment (SRI) assets? SRI, in addition to traditional financial analysis, takes into account other factors e.g. Environmental, Social and corporate Governance (ESG) in its investment strategy?

*

Please choose **only one** of the following:

○ Yes

○ No

13 [Q1-2] ***Place of SRI in your Asset Allocation today:***

Is your fund / institution invested in SRI today? E.g. an SRI index or SRI pension fund, SRI mandates, private equity SRI, or another form of SRI such as screening or shareholder activism?

*

Please choose **all** that apply:

☐ SRI Funds

☐ No

☐ SRI mandate

☐ Private Equity SRI

☐ Other:

14 [Q1-3] ***Place of SRI in your Asset Allocation in the next 12-24 months:***

Is your pension fund / institution interested in investing in SRI in the next 12-24 months? E.g. an SRI index or SRI fund, SRI mandates, private equity SRI, or another form of SRI such as screening or shareholder activism?

Please choose **all** that apply:

- ☐ SRI Funds
- ☐ No
- ☐ SRI mandate
- ☐ Private Equity SRI
- ☐ Other:

15 [Q1-4] ***SRI assets in your portfolio:***

What is the level of your pension fund / institution investment in SRI today (£m AUM)?

*

Please choose the appropriate response for each item:

16 [Q1-5] ***SRI assets in your future portfolio:***

What is the level of your pension fund/institution investment in SRI in the next 12-24 months (£m AUM)?

Please choose the appropriate response for each item:

17 [Q1-6] ***SRI assets in your portfolio:***

What is the minimum level of individual investment size that you consider / would consider for SRI investing?

Please choose the appropriate response for each item:

18 [Q1-7] ***SRI generally:***

Are there any other aspects of SRI within your portfolio or pension fund / institution not covered above? If your pension fund / institution does not consider SRI factors at all, please explain the main reasons why not.

Please write your answer here:

Impacts Investments

We now move on to consider Impact Investments, which are distinct from SRI. Impact investments are investments intended to create positive social and/or environmental impact beyond just financial return[1]. For example, microfinance, social housing, “green” energy, etc.

1 - For definition see J.P.Morgan “Impact Investments: An emerging asset class” J.P.Morgan Global Research Nick O’Donohoe et al. 29 November 2010

19 [Q2-1] ***Investment policy and management of pension funds/institutions:***

Do you consider that it is the role of pension fund/institutions to invest in Impact Investments?

*

Please choose **only one** of the following:

- ○ Yes
- ○ No

20 [Q2-2] ***Place of Impact Investing in your Asset Allocation today:***

Is your pension fund / institution invested in any Impact Investments today? E.g. microfinance, social housing, “green” energy (e.g. solar power), sustainable forestry, etc.

*

Please choose **all** that apply:

- ☐ Microfinance
- ☐ Social Housing
- ☐ "Green" Energy
- ☐ No
- ☐ Other:

21 [Q2-3] ***Place of Impact Investment in your Asset Allocation in the next 12-24 months:***

Is your pension fund / institution interested in investing in Impact Investment in the next 12-24 months? E.g. microfinance, social housing, "green" energy (e.g. solar power), sustainable forestry, etc.

Please choose **all** that apply:

- ☐ Microfinance
- ☐ Social Housing
- ☐ "Green" Energy
- ☐ No
- ☐ Other:

22 [Q2-4] ***Impact Investment assets in your portfolio:***

What is the level of your pension fund / institution investment in Impact Investment today (£m AUM)?

*

Please choose the appropriate response for each item:

23 [Q2-5] ***Impact Investment assets in your future portfolio:***

What is the likely level of your pension fund / institution investment in Impact Investment in the next 12-24 months (£m AUM)?

Please choose the appropriate response for each item:

24 [Q2-6] ***Impact Investment assets in your portfolio:***

What is the minimum level of individual investment size that you consider / would consider for Impact Investing?

Please choose the appropriate response for each item:

25 [Q2-7] ***Knowledge of Impact Investments:***

Which, if any, of the following Impact Investments have you heard of?

Please choose **all** that apply:

- ☐ Finethic Microfinance Fund
- ☐ Social Impact Bond
- ☐ Phaunos Timber Fund
- ☐ Oikocredit

☐ Aureos Africa Health Fund

☐ None

☐ Other:

26 [Q2-8] ***Performance:***

What minimum net annualised return (GBP£) would you expect from a developed-market bond-like investment in an Impact Investment?

Please choose the appropriate response for each item:

27 [Q2-9] ***Performance:***

What minimum net annualised return (GBP£) would you expect from a developed-market equity-like investment in an Impact Investment?

Please choose the appropriate response for each item:

28 [Q2-10] ***Performance:***

What minimum net annualised return (GBP£) would you expect from a developing-market bond-like investment in an Impact Investment?

Please choose the appropriate response for each item:

29 [Q2-11] ***Performance:***

What minimum net annualised return (GBP£) would you expect from a developing-market equity-like investment in an Impact Investment?

Please choose the appropriate response for each item:

30 [Q2-12] ***Preconditions for investment:***

Any investment of your pension fund / institution is subject to certain rules. Please name the three (or more) key prerequisites in the case of an investment decision into an Impact Investment:

Please write your answer(s) here:

1

2

3

4

5

31 [Q2-13] ***Categorising Impact Investments:***

One of the challenges for pension fund / institutional investors is how to categorise Impact Investment. According to a JPMorgan report it is its own "asset class". Which "boxes" would you typically put Impact Investment into?

Please choose **all** that apply:

☐ Fixed Income / Equity (as appropriate)

☐ Alternatives

☐ Private Equity

☐ Absolute return

☐ Private Placement

☐ Don't know

☐ Other:

32 [Q2-14] ***Microfinance investors:***

Each type of investor has a different reason for making a microfinance investment. Please put the following in order of relevance. "Microfinance is primarily a tool for ..."*

PF = Pension Funds seeking risk-adjusted returns and emerging markets diversification whilst re-enforcing their ESG/ UNPRI credentials.

CF = Corporate Foundations seeking lower-risk Impact Investments that “do good” by giving people in the developing world access to financial services

FO = Family Offices seeking to give their clients a lower-risk, well-established Impact Investment

NPO = Non Profit Organizations seeking to align their investment policy with their mission

PE = Small Private investors seeking to help fight poverty through investment

Please number each box in order of preference from 1 to 5

PF

CF

FO

NPO

PE

33 [Q2-15] ***Performance of investment in microfinance:***

In your opinion, the typical investment performance of debt-based microfinance investments vs. emerging markets bonds is:

*****

Please choose **only one** of the following:

○ Significantly Better

○ Slightly Better

○ Same

○ Slightly Worse

○ Significantly Worse

○ Don’t know

34 [Q2-16] ***Risk of investment in microfinance:***

In your opinion, the typical risk of microfinance debt-based microfinance investments vs. emerging markets bonds is:

*****

Please choose **only one** of the following:

○Significantly Higher

○Slightly Higher

○Same

○Slightly Lower

○Significantly Lower

○Don't know

35 [Q2-17] ***Risks associated with investing in a microfinance investment fund:***

Microfinance investment carries certain inherent risks (see list below); please place them in order of importance (most important first):

DTE = Default by microfinance institution (investee company)

BOR = Default by borrower (end-client of investee company)

RSK = Risk management failure by the microfinance investment fund

CCY = Currency Risk

POL = Political risk in microfinance country

Other (please specify in question below)

Please number each box in order of preference from 1 to 6

DTE

BOR

RSK

CCY

POL

OTHER

36 [Q2-18] Other risks

Please write your answer here:

37 [Q2-19] ***Strategic objectives of a microfinance fund:***

Assuming that the microfinance fund can achieve the following (see list below), which is the most important to you (most relevant first)?

COR = Diversification of your portfolio: i.e. low correlation of microfinance with existing asset classes within your portfolio

DIV = Diversification within the microfinance investment fund itself: country, region, currency, institution

TER = Total Expense Ratio <200 bps

NTL = Neutrality, i.e. lack of correlation between microfinance debt pricing in a given country with the underlying sovereign (central bank) debt pricing

STB = Stability of fund performance i.e. no negative return months and stable net annualized return between 2.5% and 6.5% (reference currency)

RSK = annualised volatility <1%

(Other please specify)

Please number each box in order of preference from 1 to 7

COR

DIV

TER

NTL

STB

RSK

OTHER

38 [Q2-20] Other risks

Please write your answer here:

Comments and suggestions on the questionnaire

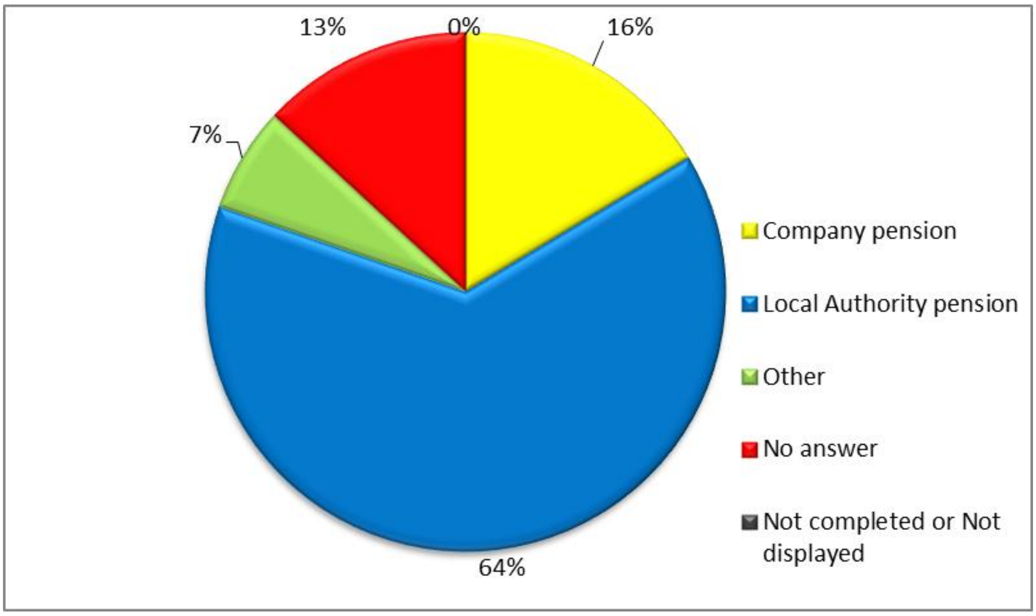
39 [CO1] Comments and suggestions on the questionnaire

Please write your answer here:

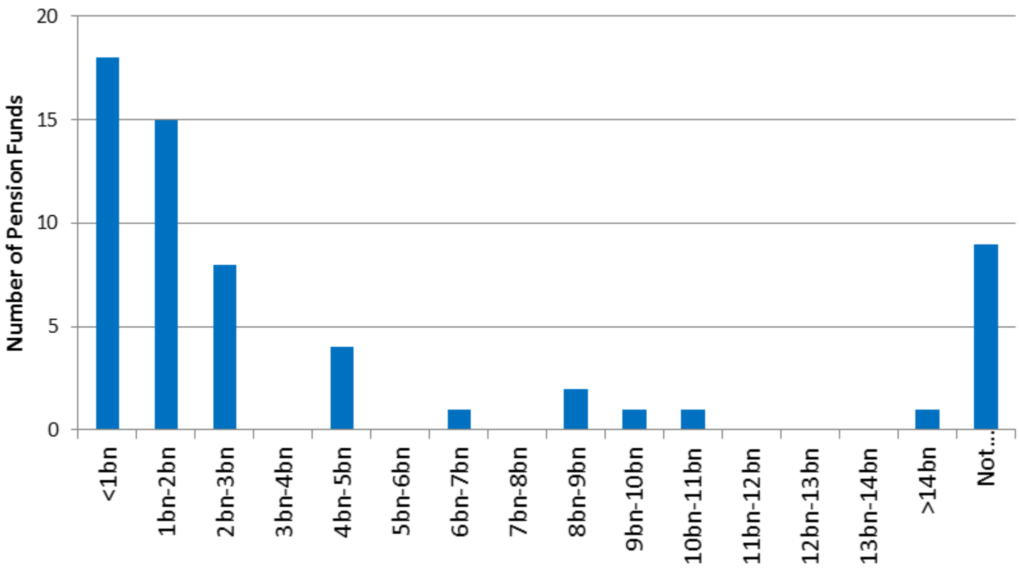
Submit your survey.
Thank you for completing this survey.

APPENDIX 2: RESULTS

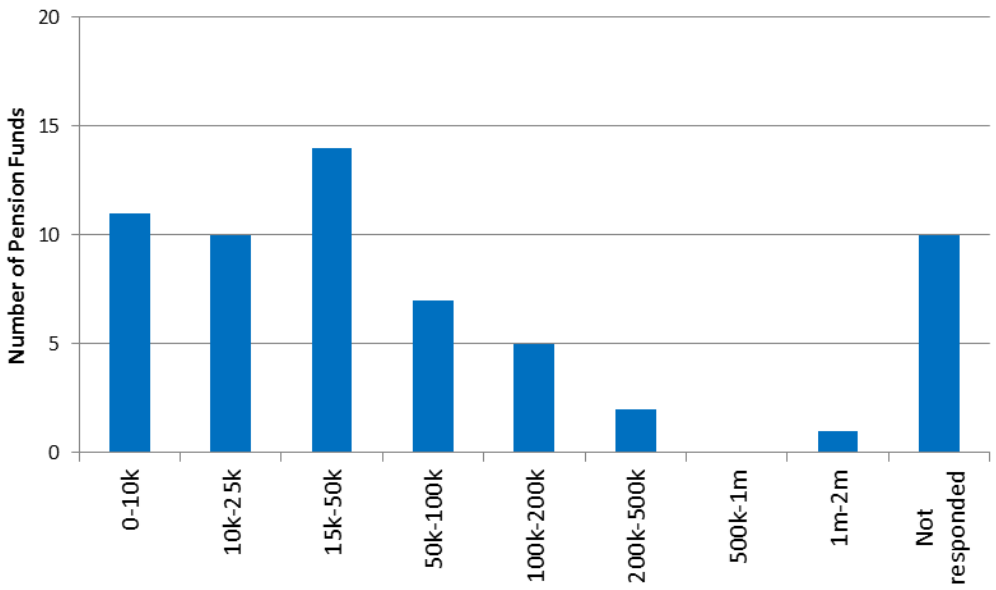
Pension Fund Category



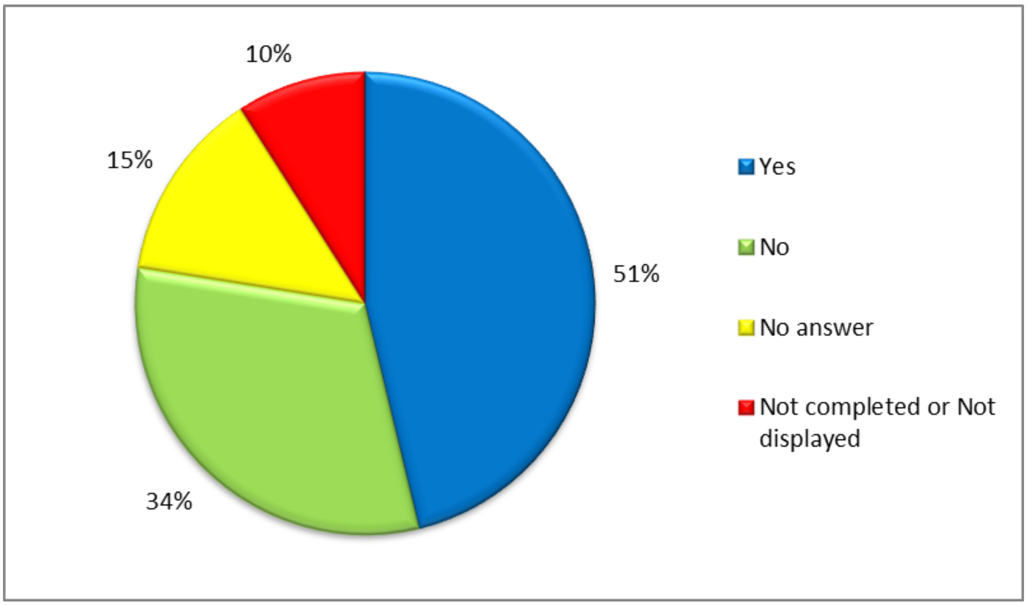
Total Assets Under Management



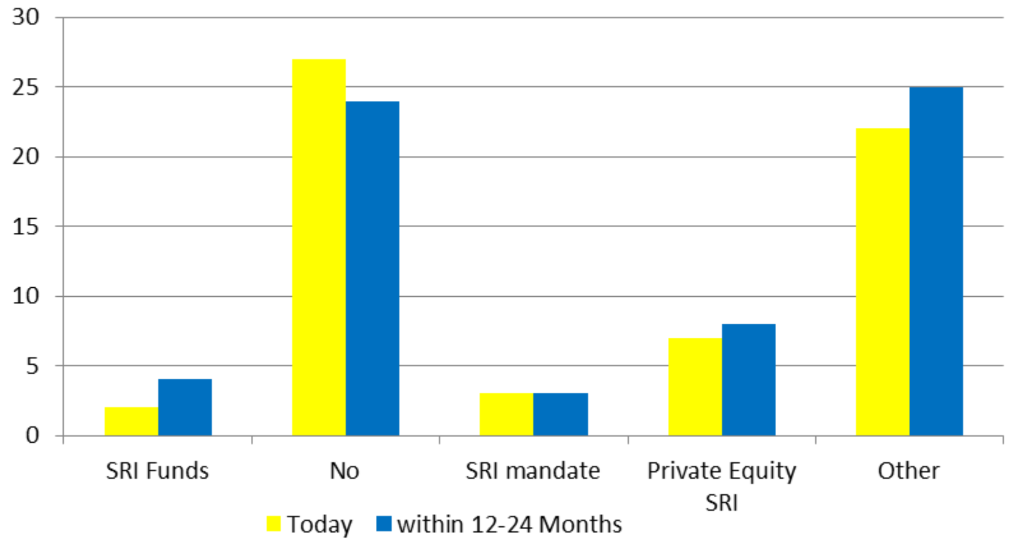
Number of Clients Served



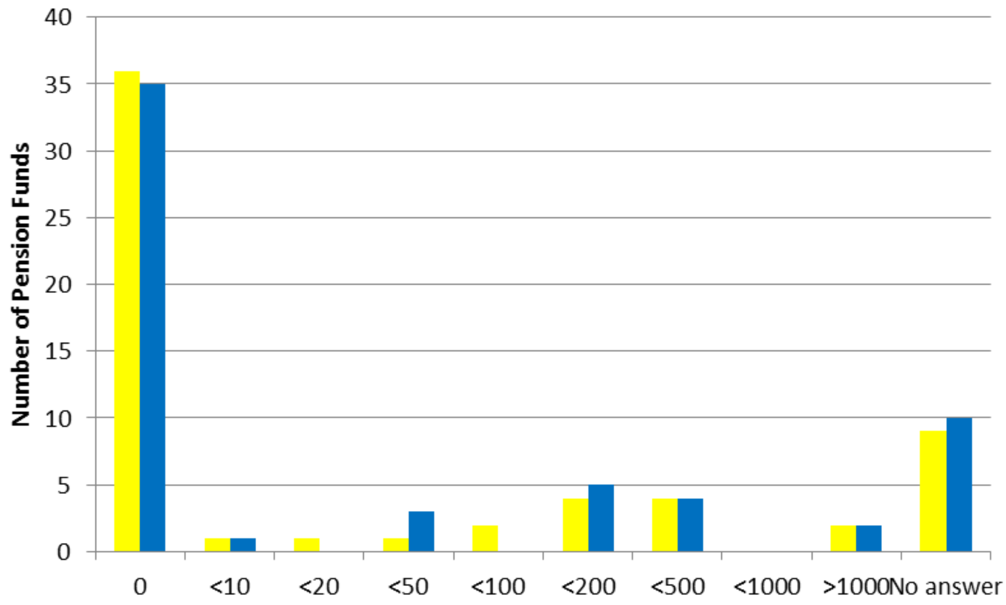
Do you consider that it is the role of pension funds and institutions to invest in Socially Responsible Investment (SRI) assets?



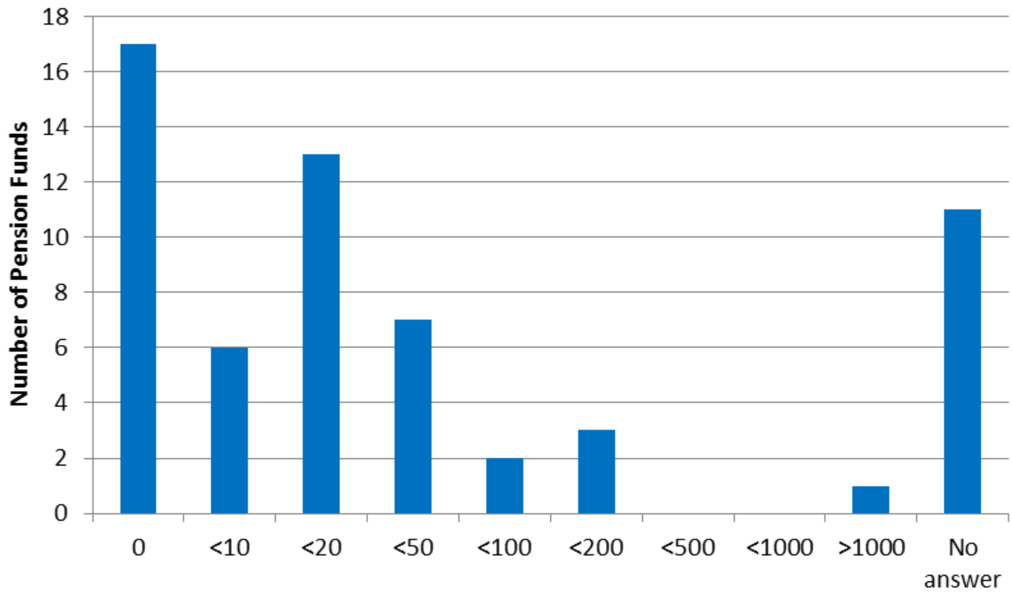
Is your fund / institution invested in SRI today/in 12-24 months (Multiple Answers)



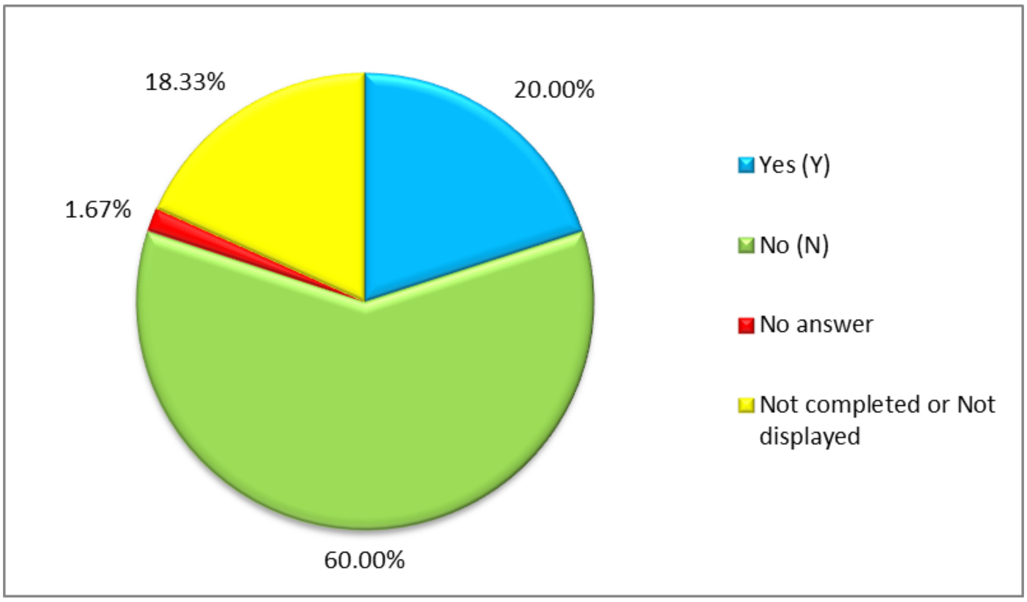
What is the level of your pension fund / institution investment in SRI today/in 12-24 months (£m AUM)?



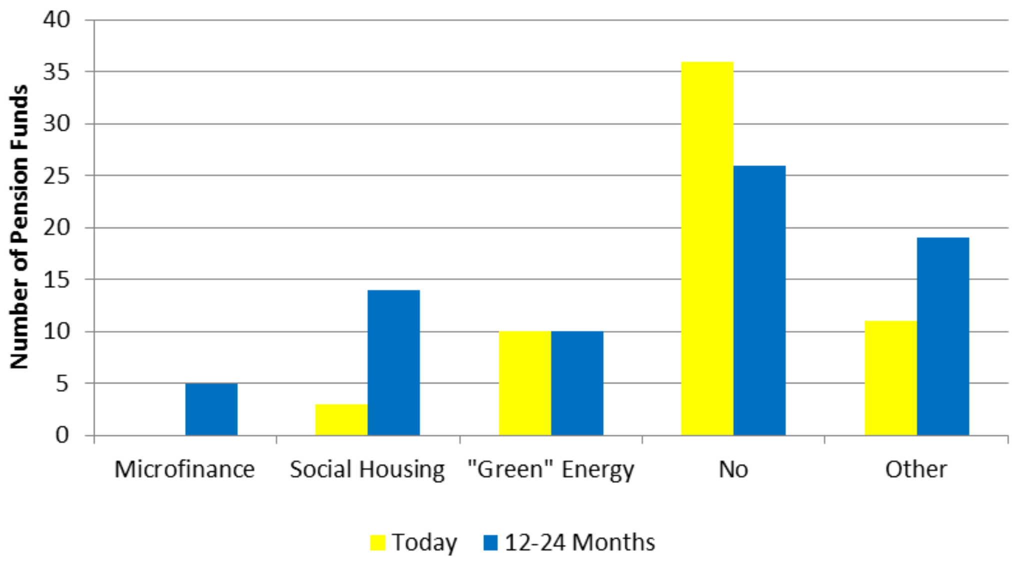
What is the minimum level of individual investment size that you consider / would consider for SRI investing? (£m)



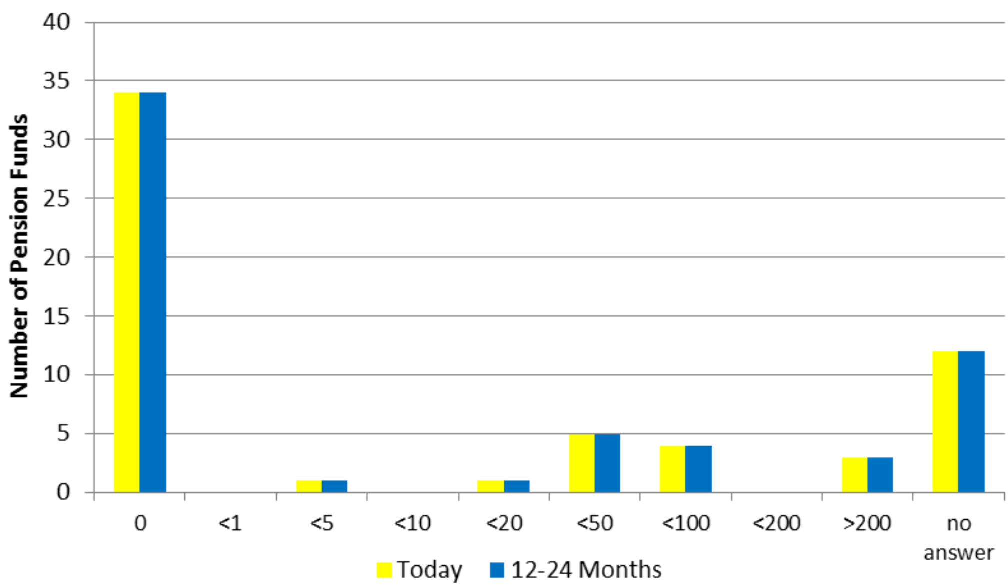
Do you consider that it is the role of pension fund/institutions to invest in Impact Investments?



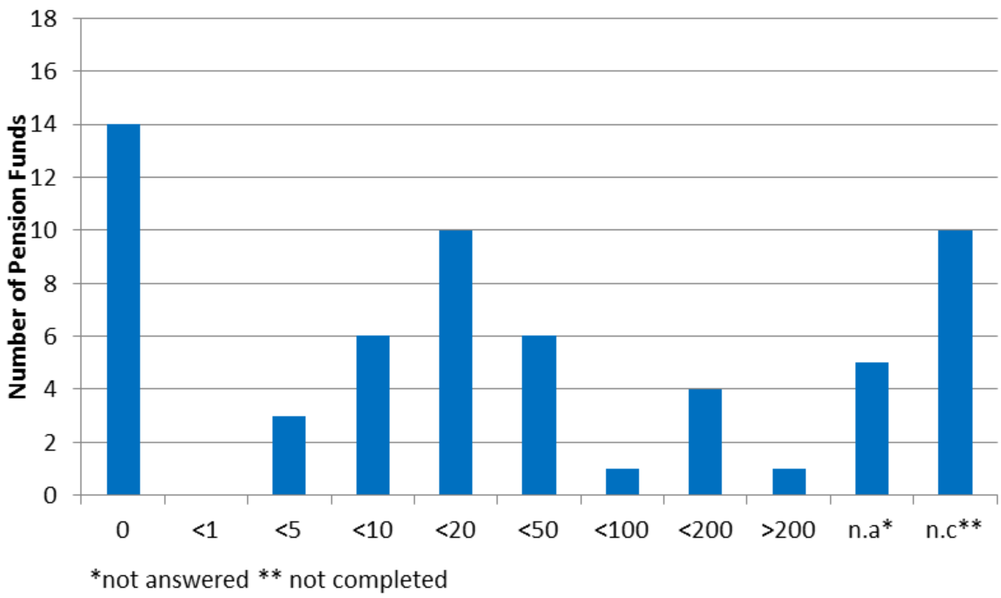
Is your pension fund / institution invested in any Impact Investments today/in 12-24 months? (multiple answers)



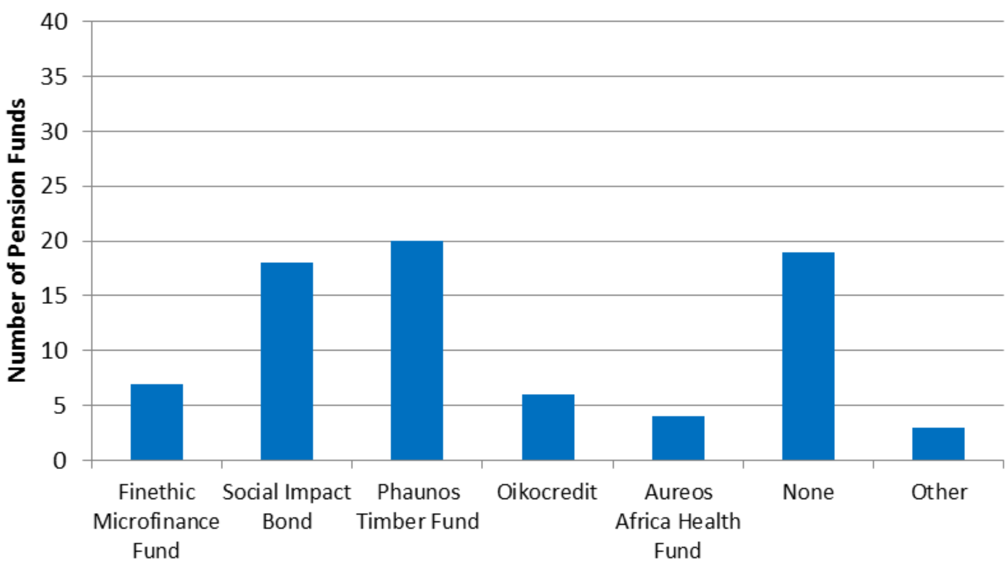
What is the size of your pension fund / institution investment in Impact Investment today/in 12-24 months (£m AUM)?



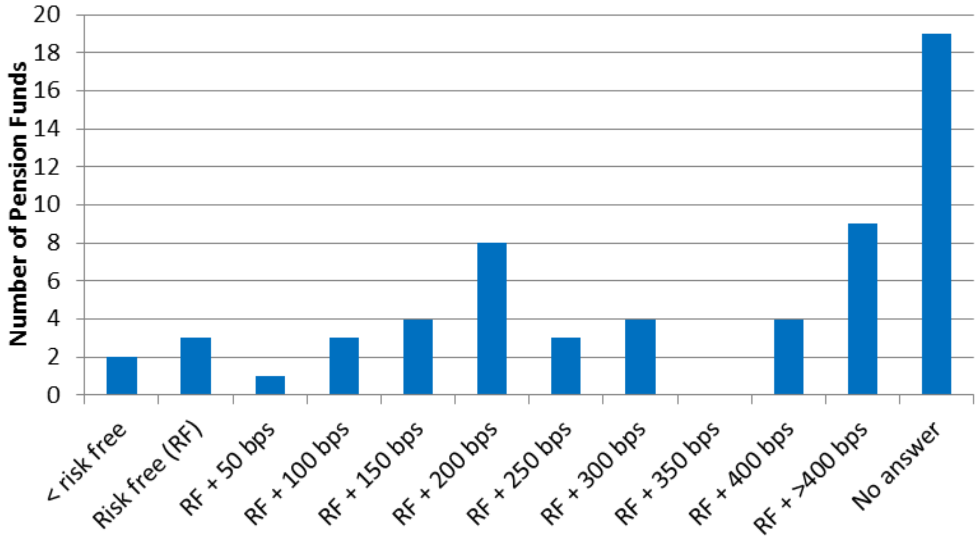
What is the minimum level of individual investment size that you consider / would consider for Impact Investing? (£m AUM)



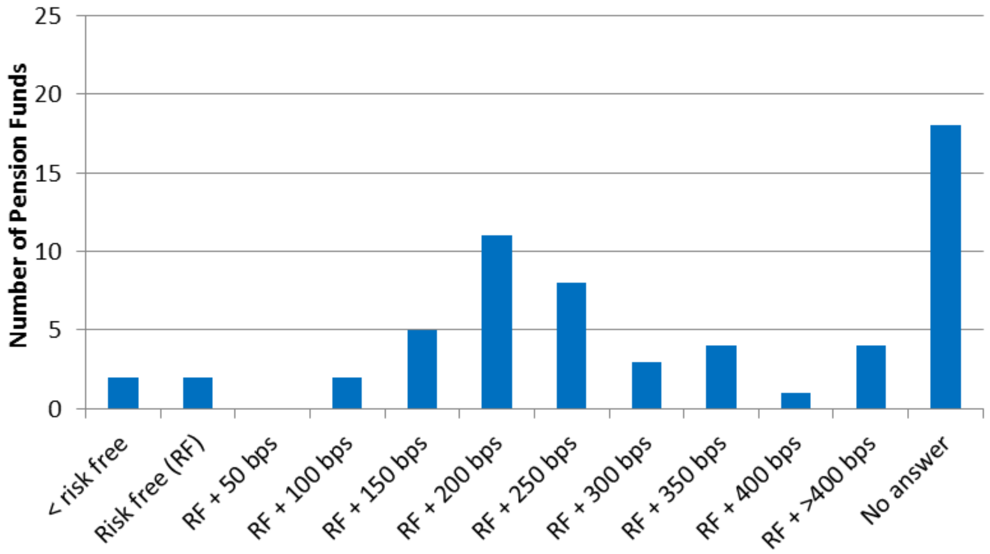
Which, if any, of the following Impact Investments have you heard of? (Multiple Answers)



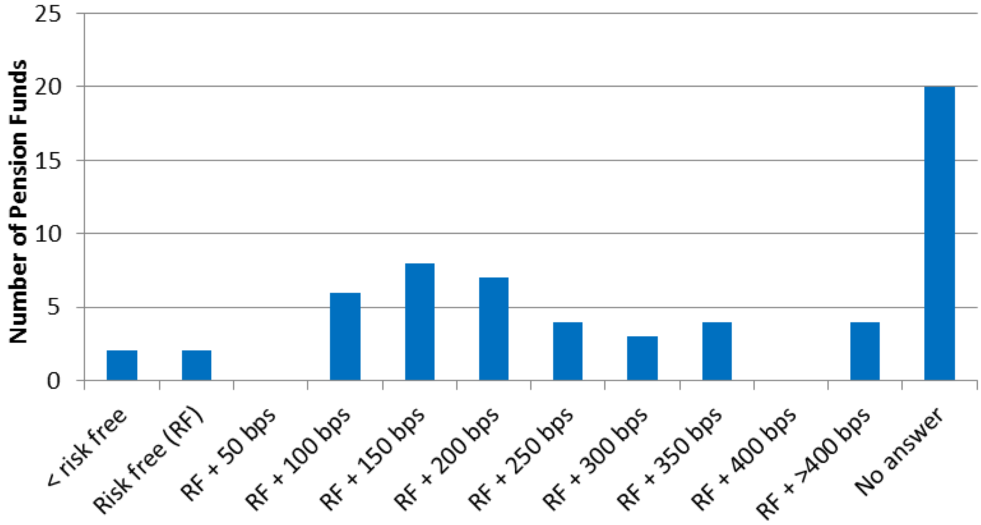
What minimum net annualised return (GBP£) would you expect from a developed-market bond-like investment in an Impact Investment?



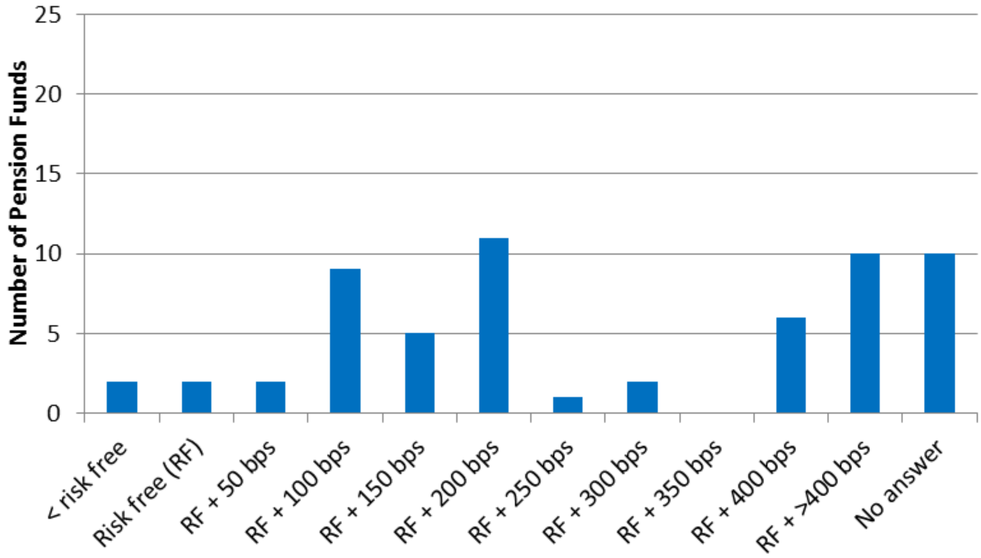
What minimum net annualised return (GBP£) would you expect from a developed-market equity-like investment in an Impact Investment?



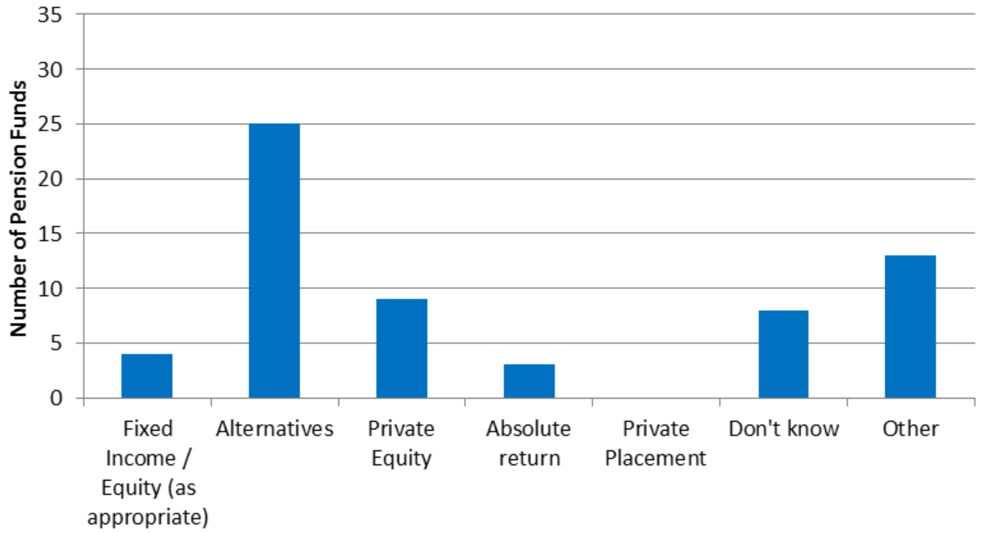
What minimum net annualised return (GBP£) would you expect from a developing-market bond-like investment in an Impact Investment?



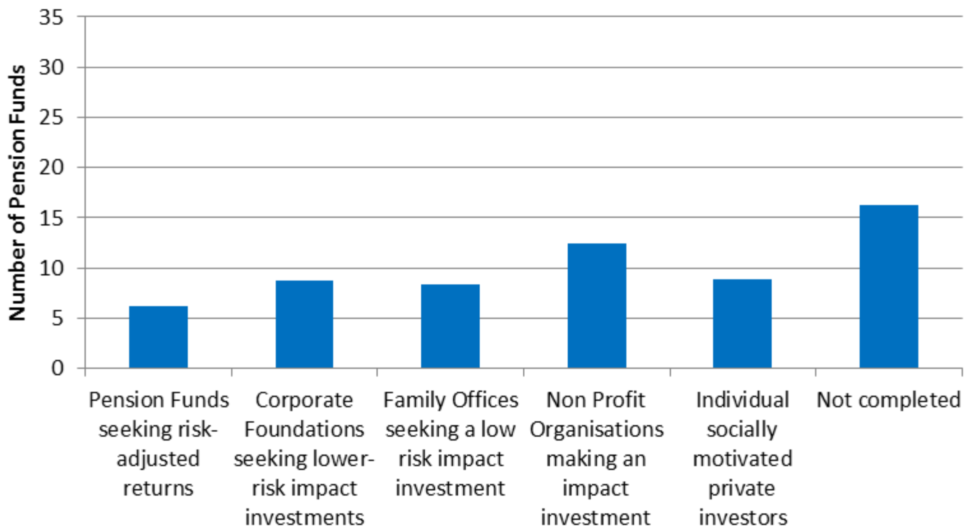
What minimum net annualised return (GBP£) would you expect from a developing-market equity-like investment in an Impact Investment?



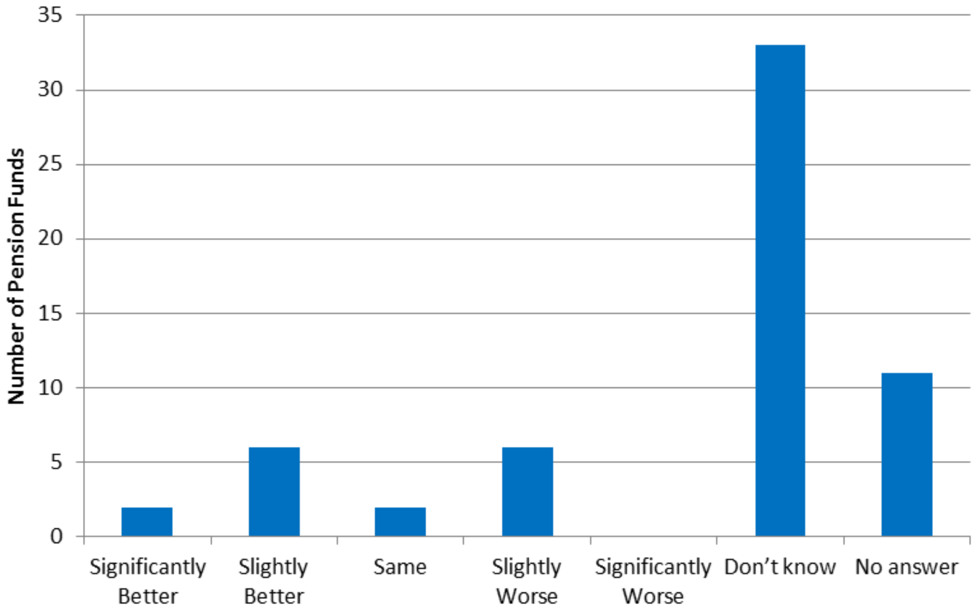
One of the challenges for pension fund / institutional investors is how to categorise Impact Investment. According to a JPMorgan report it is its own "asset class". Which "boxes" would you typically put Impact Investment into? (Multiple Answers)



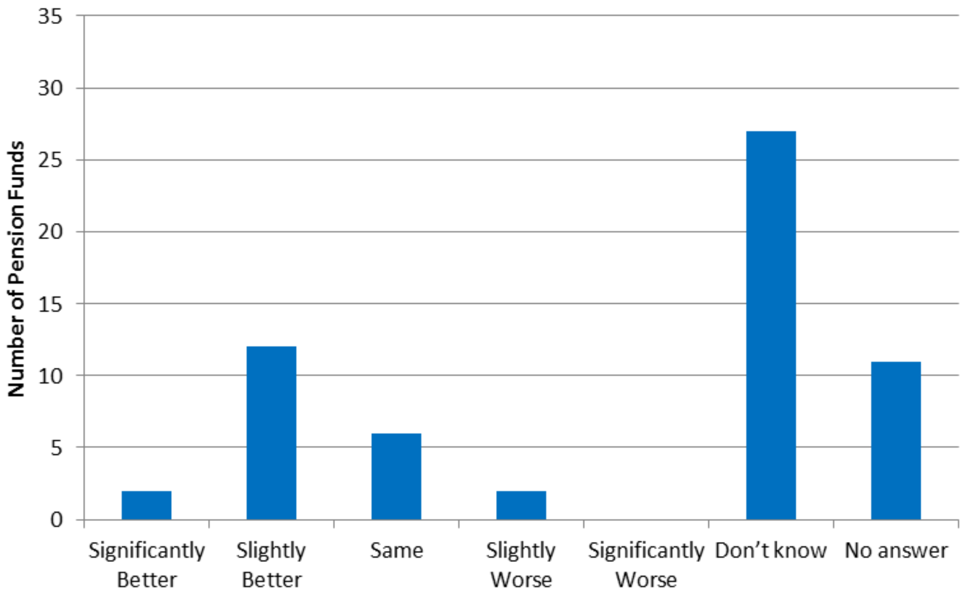
Each type of investor has a different reason for making a microfinance investment. Please put the following in order of relevance. "Microfinance is primarily a tool for ..."*



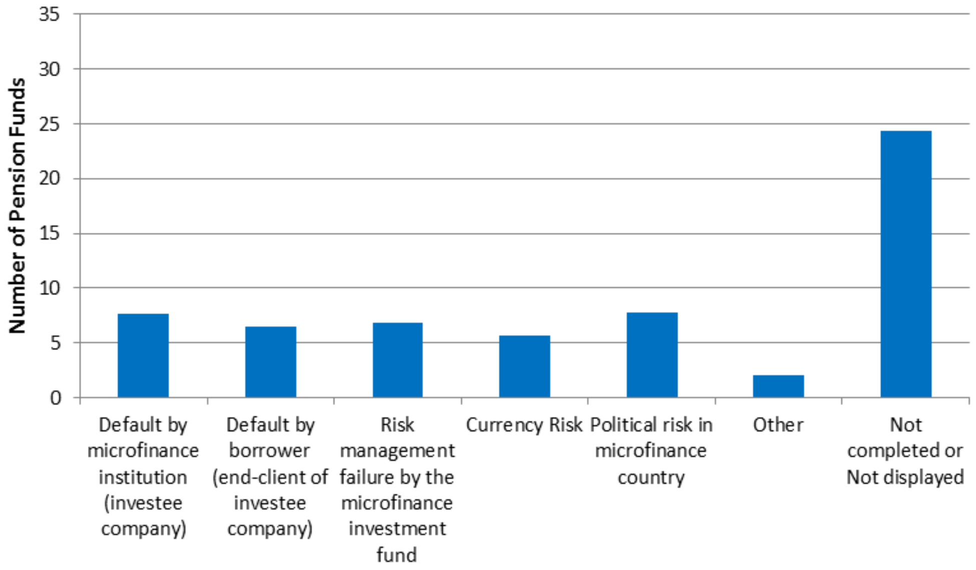
In your opinion, the typical investment performance of debt-based microfinance investments vs. emerging markets bonds is:



In your opinion, the typical risk of microfinance debt-based microfinance investments vs. emerging markets bonds is:



The most important perceived risks in investing in a microfinance institution (weighted by rank)



Assuming that the microfinance fund can achieve the following, which is the most important to you?