



Our Investment Process

We start with impact. Using our networks, primary and secondary research, data sources and analytical skills, we source public and private investments that are helping to meet the United Nations' Sustainable Development Goals. We do initial screens of these investments and then, through deep diligence, we arrive at a small pool of high-quality impact investment opportunities.

With these investments, we construct portfolios with desired financial and impact returns. An active owner, we monitor and engage with all investments in our portfolios to hit our targets. And we provide our clients with quarterly reports that offer a portfolio view of impact and integrate financial and impact results.

1. SOURCE

We start with impact to find opportunities with positive SDG alignment and ESG scores

We use the United Nations' Sustainable Development Goals (SDGs) to identify key global areas where impact is needed. The 17 SDGs are a plan to promote prosperity while protecting the environment. The SDGs help investors identify areas where capital is needed to address the world's biggest problems.

We have organized the SDGs in a manner that points to actionable investments. We have five investable themes encompassing all 17 SDGs:

- Sustainably Meeting Basic Needs
- Empowering the Structurally Excluded
- Sustainable Use of Natural Capital
- Addressing Climate Change
- Social Infrastructure

We source opportunities through desk research and our wide networks.

For example, products having positive SDG alignment include renewable energy production and inclusive finance. Products having negative alignment include tobacco production and predatory lending.

When examining the operational alignment, we examine policies and practices relating to things like diversity and wages and operational outcome factors like energy use in relation to revenues

2. SCREEN

We undertake preliminary screening and assessment to arrive at a smaller pool of strong investments

Our preliminary financial screening includes reviewing, as applicable, the track record of previous funds, the track record of managers and the financial performance of an investment relative to its peers.

We collect, analyze and interpret data from numerous sources and across all asset classes.

With public investments, we begin to measure impact by mining and interpreting data from several data sources that provide multiple viewpoints on the performance of companies. This data enables us to determine revenue alignment with SDGs and arrive at an operational score on SDGs.

With private investments, we measure impact by undertaking:

- A fund manager assessment
- A fund assessment
- Assessments of companies within a fund

When determining impact we examine revenue and operations. Our examination of operations includes:

- The policies, practices and procedures that provide the foundation for a company to operate ethically, sustainably and impactfully
- The operational impact outcomes, such as the creation of quality jobs or the carbon intensity of operations

We classify companies along an impact spectrum – from ‘may cause harm’ to ‘contributes to solutions’.

3. DO A DEEP DIVE

We undertake a deep-dive diligence to arrive at the best opportunities

We conduct impact due diligence in addition to standard investment due diligence and operational due diligence.

At the deep dive, we undertake:

- A market assessment, looking at market opportunity and the competitive landscape
- A target assessment, looking at the business model and strategy, the team and funders, the deal terms, risks and mitigation

When looking at investments in funds, we add depth to the assessment through fundamental analysis that gives us:

- An intentionality score, reflecting the level and genuineness of a company's stated intentions
- A trajectory score, reflecting the company's capacity to transform its business toward greater alignment with the SDGs

We also determine the role of investor capital because the impact of an investment is driven not just by the company but also by the role that investment is playing in the marketplace. This is particularly important with private markets where oftentimes investor capital can have a catalytic effect.

This investment process – from sourcing, to screening to deep-dive diligence – enables us to find, measure, monitor and report back on impact at a portfolio level.