

# A Stocktake of Swiss Impact Investing

The state of the market in 2024 and directions for further growth



# Preface by Swiss Sustainable Finance

In the last status report on the achievement of the Sustainable Development Goals, the authors had to draw the bitter conclusion that the growing impacts of the climate crisis, the multiple global conflicts and various late effects of the COVID-19 pandemic have hindered real progress towards the Goals. For many of the goals and targets, achievements over the past years were limited or there were even setbacks to report. Against this backdrop, the clear call to all actors to redouble their efforts does not come as a surprise.

It is clear, that the financial sector is one of the many players that needs to strengthen their efforts to contribute to delivering meaningful progress for people and the planet by 2030. While the primary motivation to firmly integrate sustainability criteria into financial decisions is the reduction of risks and the search for new opportunities – a given against the fiduciary duty of those that manage funds on behalf of others – the focus has shifted towards the positive impact financial players can achieve. While activities such as investor stewardship, financing of innovative solutions or penalising economic activities that are no longer seen as sustainable are important ways to contribute to change, dedicated impact investing has a special role to play. It can finance economic activities that reduce poverty, bring clean energy to underserved regions or strengthen education and health services and can help to bring such solutions to scale.

Switzerland can look back on a long history and strong track record in impact investing, being the pioneer in making microfinance investable for private individuals. The many specialists active in this field place our country among the top three in private market impact investments. Yet, the time has come to take further action to bring impact investing out of the niche. To better understand, where the current market stands and what is needed to further strengthen this segment, SSF has teamed up with Tameo to take stock of impact investing in Switzerland today. Bringing together our datasets and interviewing market specialists has helped us to draw a full picture of the impact investing landscape in Switzerland and recognise key areas of action to further grow the segment. SSF is currently in the process of establishing a new platform as the national partner to GSG impact – thereby strengthening collaboration within Switzerland and internationally. We hope this report will help decide about effective action to further strengthen the Swiss impact investing ecosystem – thereby helping to shift the trend regarding the SDG achievement.



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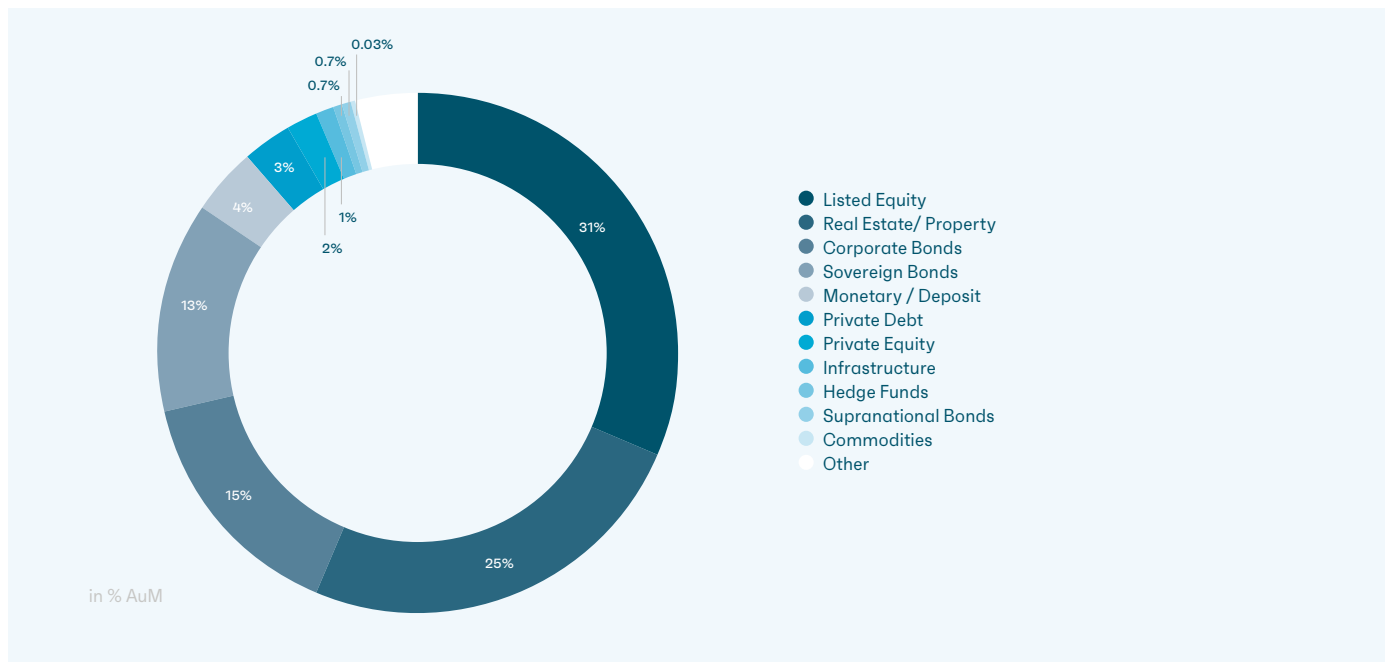
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# Executive Summary

In this report, Swiss Sustainable Finance (SSF) and Tameo Impact Fund Solutions (Tameo), share insights from their respective data sets on impact investing based on the Swiss Sustainable Investment Market Study 2024 by SSF and the Private Asset Impact Fund Report 2023 by Tameo, thereby sketching a picture of the current state of impact investing in Switzerland. While the SSF Market study provides a general overview on sustainable investments and applies a broader definition of impact investing based on self-declaration, Tameo focuses specifically on private market funds investing in developing countries, which are central asset to Switzerland's approach in impact investing. The aim of this report is to provide a snapshot of impact investing in Switzerland as it is implemented now and offer a reference point for future development, both in terms of flows of capital towards impact and quality of impact measurement and reporting.

the environment sector (21%), the housing/community development sector (13%), the health sector (12%) and energy sector (11%). Most asset managers (90%) and asset owners (83%) have impact investments that adhere to publicly available impact investing guidelines/principles/frameworks.

The Tameo data demonstrates that Swiss-managed private asset impact funds (PAIFs) comprise a considerable share (12%) of the global PAIF market (USD 95.3 billion). Switzerland is ranked among the top 3 countries for AuM in PAIFs. In 2024, there were 18 impact asset managers in Switzerland with a total of 83 funds with a combined AuM of USD 11.2 billion. Popular sectors for impact investing are microfinance (65% of AuM), those with a multi-sector approach (11% of AuM), food & agriculture (11% of AuM) and climate and energy (12% of AuM). The data further details that the Swiss-managed sample



Asset class distribution for impact investing as a sustainable investment approach, based on the Swiss Sustainable Investment Market Study 2024 (n=29)

Data from the SSF Swiss Investment Market Study 2024 captures impact investing as a self declared sustainable finance approach, totalling CHF 180 billion AuM. This volume is held across a large variety of asset class, with private debt and private equity making up only 5% of AuM and the rest held in listed equity (31%), real estate (25%), corporate bonds (15%) and sovereign bonds (13%) and smaller shares in other asset classes (totalling 11%). These assets were mostly invested in

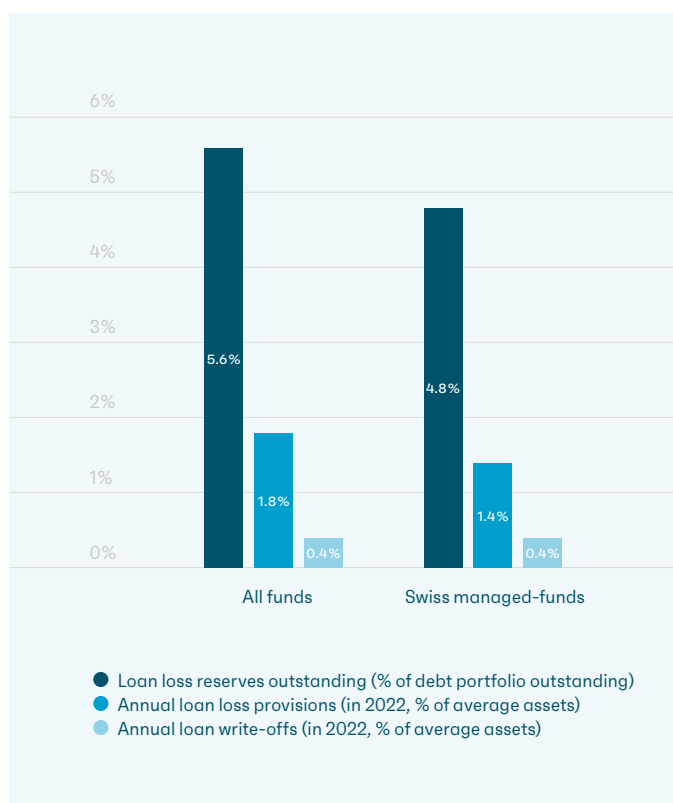
displays a lower risk profile compared to the universe of all funds for loan loss reserves outstanding (4.8% of debt portfolios vs. 5.6%) and for annual loan loss provisions in 2022 (1.4% vs. 1.8%), with annual loan write-offs being the same for Swiss managed funds as for all funds (0.4%). Sector-specific metrics are further examined in detail in the report for the three sub-sectors: climate & energy funds, food & agriculture funds and microfinance funds.

Sectors of focus	Funds (#)	% of AUM
Microfinance	30	64.89%
Multi-sector	22	10.72%
Food & agriculture	15	10.79%
Climate & energy	11	12.09%
SME development	3	0.94%
Education & health	2	0.58%
<b>Total</b>	<b>83</b>	<b>100%</b>

Asset strategy	Funds (#)	% of AUM
Private debt	55	81.38%
Private equity	20	9.88%
Mixed	8	8.75%
<b>Total</b>	<b>83</b>	<b>100%</b>

Regional focus	Funds (#)	% of AUM
Multi-region	62	91.17%
Sub-Saharan Africa	17	5.23%
Latin America & Caribbean	2	1.60%
South Asia	1	1.27%
East Asia & Pacific	1	0.73%
<b>Total</b>	<b>83</b>	<b>100%</b>

Classification (in number and AuM) of Swiss-managed private asset impact funds by sectors of focus, asset strategy and regional focus



Risk profile of private debt impact fund portfolios: Swiss managed funds (n=32) vs. all funds (n=113)

Given the different lenses in the two datasets and the heterogeneous approaches covered, a more expansive understanding of impact investing, both in terms of asset class and in terms of sectors is important. To illustrate this diversity, the report features eight case studies portraying impact investment strategies that employ a diverse set of investment vehicles, impact themes and regional focus.

A section based on interviews with industry experts, outlines four key barriers with related possible actions to furthering impact investing in Switzerland:

- **Alignment to asset owner needs:** Presently untapped impact investment volumes could be unlocked through targeted education, regulatory incentives and best practice examples highlighting institutional asset owners' experience with impact investing, including those of pension funds, foundations and family offices.
- **Education:** Certain actors, including the finance community at large, currently lack easy to understand resources that tackle impact measurement and the perception of risks in impact investments for their needs.
- **Product offering & standardisation:** The trend towards mainstreaming impact investments already includes a greater number of impact related products across an increasingly diverse selection of asset classes. It will be crucial to ensure measurable impacts are achieved across this diversity and that innovative structures handle financial risk in such a way as to unlock new capital from both the private and public sectors.
- **Collaboration:** The biggest lever for increasing financial flows is ultimately to bridge the sustainable finance community and the private sector, with the development finance community, the public sector, NGOs, and international organizations. Both groups have high expertise in their specific area, but their interactions with each other are limited. Collaborations between such groups could be particularly fruitful, if goals of the public sector can be aligned with fiduciary duty in the private sector.

This report provides a basis for the activities of the soon to be established Swiss platform for impact investing, which serves as the Swiss National Partner to GSG Impact.

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# Introduction

Switzerland has a long history and expertise in impact investing that can be traced to the 1990s and early 2000s, during which Swiss government entities, international organizations, and the financial sector each promoted microfinance as an effective tool for enhancing access to finance, supporting entrepreneurship and economic growth, and reducing poverty in developing markets.

Impact investing has long been focused on the realm of private markets within the Swiss context, particularly in microfinance. UN organizations based in Geneva helped establish microfinance players both in Switzerland and internationally. The Swiss Agency for Development and Cooperation (SDC) was instrumental as well, investing in microfinance institutions (MFIs) in Latin America and India and funding capacity-building projects in emerging markets. In 1995, the State Secretariat for Economic Affairs (SECO) became an early investor in Profund, the first regional commercial investment fund focused on microfinance in Latin America<sup>1</sup>. The 1997 UN declaration designating 2005 as the Year of Microcredit accelerated Switzerland's global efforts, leading to the creation of the first multi-regional commercial microfinance fund in 1998 and the establishment of Switzerland's first specialized microfinance fund manager, BlueOrchard, in 2001.

Since then, impact investing has remained a crucial competence in Switzerland with the emergence of many impact specific specialist asset managers. Alongside traditional impact investments in the private market, the concept of impact is increasingly being applied to asset classes such as listed equity, listed debt and real estate.

In this report, Swiss Sustainable Finance (SSF) and Tameo Impact Fund Solutions (Tameo), share insights from their respective data sets on impact investing based on the Swiss Sustainable Investment Market Study 2024 by SSF and the Private Asset Impact Fund Report 2023 by Tameo, thereby sketching a picture of the current state of impact investing in Switzerland. While the SSF Market study provides a general overview on sustainable investments and applies a broader definition of impact investing based on self-declaration, Tameo focuses specifically on private market funds investing in developing countries, which are central assets to Switzerland's approach in impact investing. Furthermore, the report highlights eight case studies portraying impact funds that

provide illustrative examples of the current market in terms of investment vehicles, impact themes and regional focus. A section based on interviews with industry experts outlines some barriers to furthering impact investing in Switzerland.

The aim of this report is to provide a snapshot of impact investing in Switzerland as it is implemented now and offer a reference point for future development, both in terms of flows of capital towards impact and quality of impact measurement and reporting.

The report itself is illustrative of the Swiss market, with SSF and Tameo both having years of experience in providing market relevant data that is combined for the first time in this report. Expertise in silo is significantly less valuable than when brought together to expand the view to a broader context. The two organisations have joined forces to provide a basis for further activities to promote impact investing in Switzerland.

Impact investing stands at a crucial point, where both clients and the regulator call for clearer objectives to achieve real world outcome and report about it in a transparent way. The application of vigorous impact measurement and reporting standards helps to demonstrate such effects and to increase trust in the ability of the financial sector to act as a lever for change.

The report is meant to serve as a basis for soon to be established Swiss platform for impact investing, the Swiss National Partner to GSG impact. This structure will work to further grow impact investing driven in and by Switzerland and make it a firm element of investment strategies of both institutional and private clients, thereby unlocking new capital to achieve global sustainability goals.

<sup>1</sup> Liliana de Sá Kirchnopf: *Switzerland's pioneering role*. Die Volkswirtschaft (5/2021).

# The Swiss Impact Investing Market



## 2.1 Introduction to the data sets

The following chapter seeks to provide insight into impact investing in Switzerland by exploring two distinct data sets that together illustrate what the market offers.

The first section explores data from the Swiss Sustainable Investment Market Study 2024 published by SSF, which applies a broad definition of impact investing as one of eight sustainable investment approaches. The volumes examined in this section are self-reported by respondents to the annual questionnaire. It is in this section that an expansive view of impact investing is illustrated beyond private markets.

In the second section, data from Tameo's Private Asset Impact Fund Report 2023 presents a detailed look at private equity and private debt funds investing in developing markets. This section will explore both financial and impact per-

formance metrics and provide a deep dive into Swiss-managed impact funds in sectors like climate & energy, food & agriculture and microfinance.

The two datasets allow for a good market overview, as they examine both the broader concept of impact investing applied to traditional asset classes and the narrower concept of impact investing where capital is provided through private equity or private debt funds. Taken together, a complete picture of impact investing across different asset classes in Switzerland in 2024 emerges.

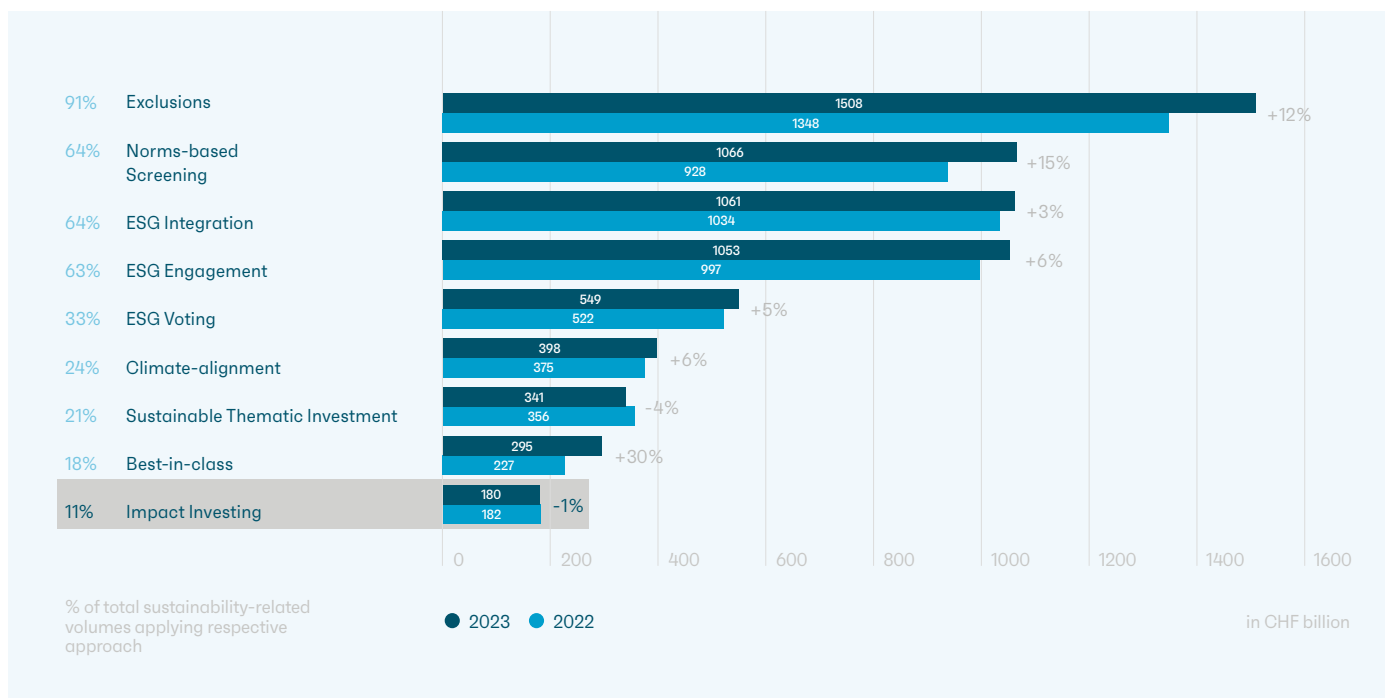


Figure 1: Development of sustainable investment approaches in Switzerland, based on the Swiss Sustainable Investment Market Study 2024 (n=79)

## 2.2 Impact Investing based on the Swiss Sustainable Investment Market Study 2024

### Methodology and characteristics of the study participants:

The annual Swiss Sustainable Investment Market Study was published in June 2024 for the seventh time. Based on a survey on the application of common sustainable investment approaches, this market study examines current market practice and provides data on sustainability-related investment volumes in Switzerland. The gathered data is from 31 December 2023 and was provided voluntarily by participants between January and April 2024<sup>2</sup>.

Impact investing is one of nine sustainable investment approaches that participants self-declare. Of the 79 respondents to the market study, 30 indicated that they use the impact investing approach. It is this data set that this section of the report builds on. Of the 30 investors employing the impact investing approach 18 were asset managers and 12 were asset owners. The respondents manage a combined CHF 180 billion (see figure 1) using the impact investing approach, with CHF 130 billion of this volume being held by institutional investors and CHF 50 billion held by private investors (see figure 2).

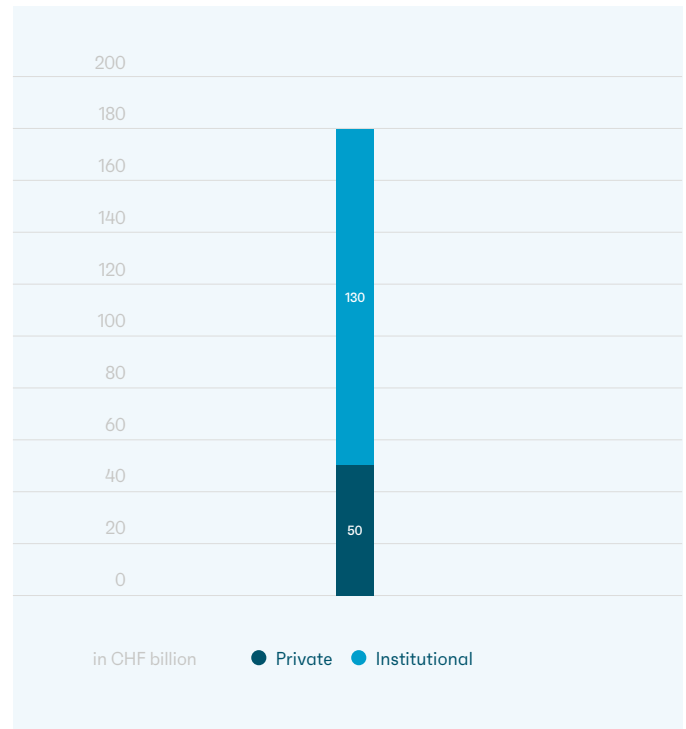


Figure 2: Share of Private and Institutional Investors in Impact Investing (n=30)

Among the asset manager respondents there are specialist asset managers that focus only on impact investing and generalist asset managers that include impact investing alongside other approaches and products. Figure 3 shows the share of impact investing volume of their total AuM for asset managers, demonstrating that most asset managers in the sample size are generalist asset managers that offer impact investments alongside other sustainable investments. Despite this, a quarter of respondents use impact investing as an approach for more than 75% of their AuM, indicating a specialism for impact investing. The asset owner respondents included public pension funds, private pension funds, insurance and development finance institutions.

<sup>2</sup> Source: Swiss Sustainable Investment Market Study 2024, SSF, June 2024. To avoid double counting, SSF provided clear guidance on the data to be reported, and participants were encouraged to respect the defined scope of the questionnaire. Asset managers were asked to list all assets managed by their organisation within Switzerland for national and foreign clients. Asset owners were asked to provide details of their self-managed assets. Since not all participants answered each question, the total quantity (n) of respondents per question is indicated for all figures.

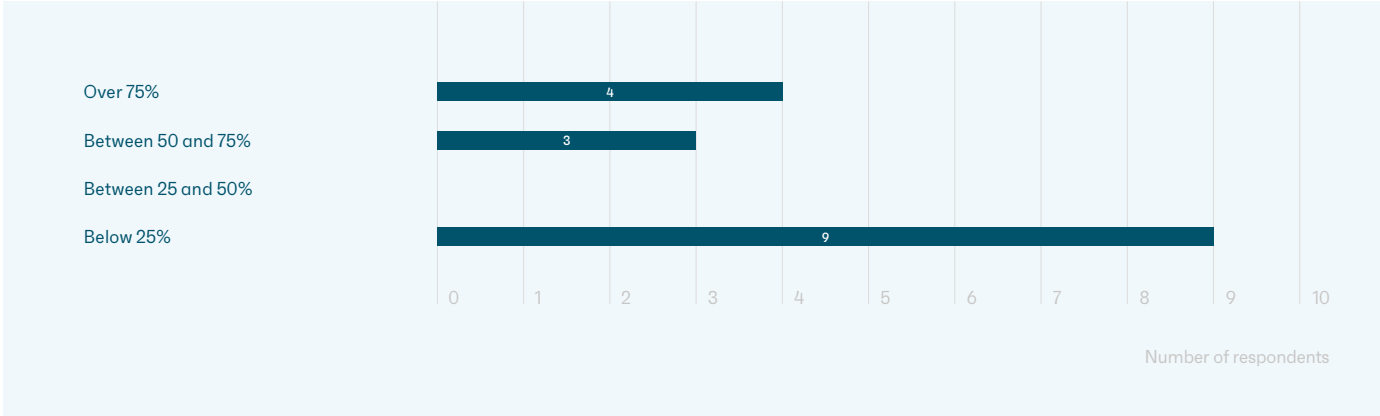


Figure 3: Share of Impact Investing Volume of total AuM for Asset Managers (n=16)

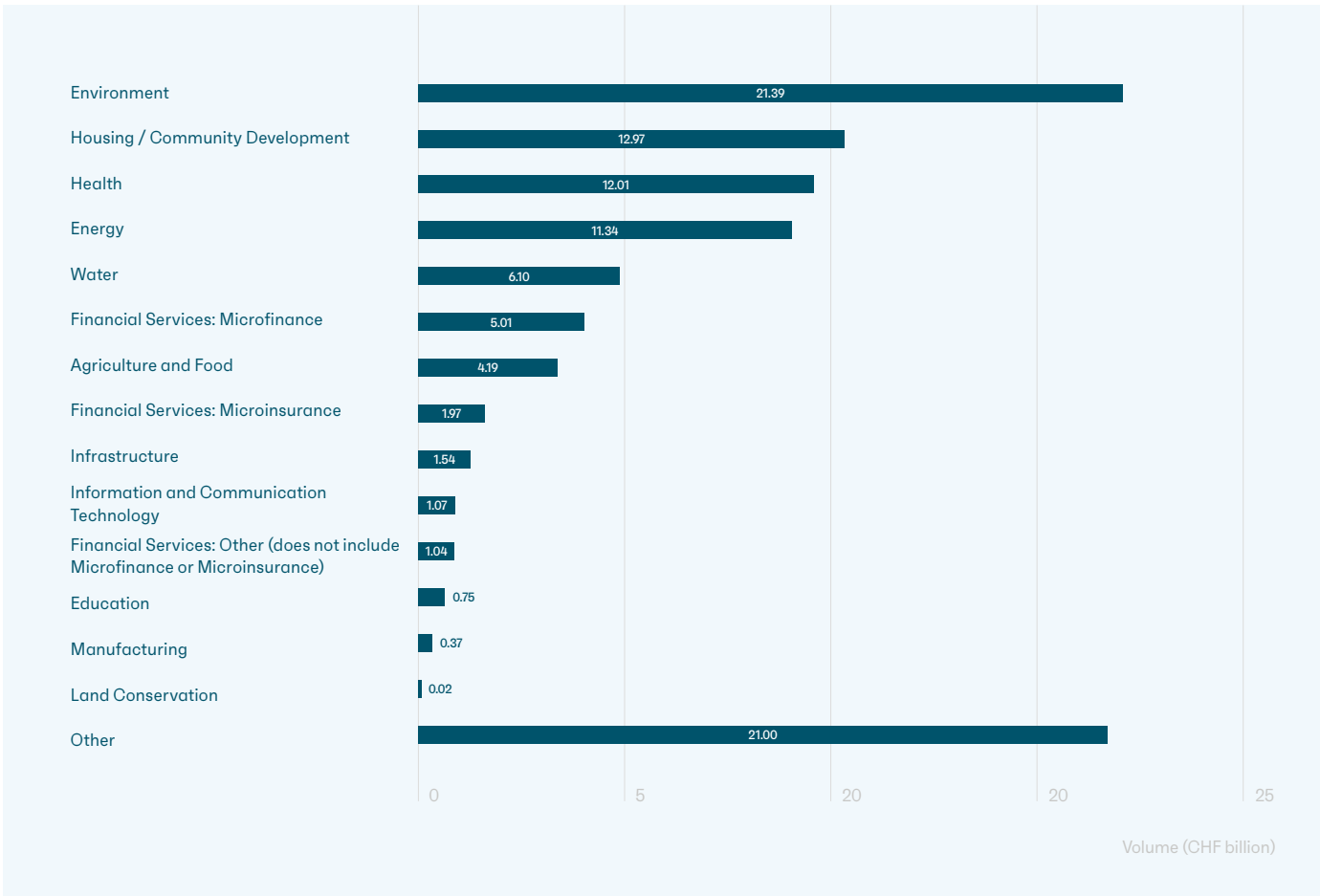


Figure 4: Impact Investment by sector (n=20)

## Sectors and regions targeted

Impact investing aims to make a measurable positive impact in specific sectors. Across all volumes applying an impact investing approach the largest share, CHF 21.4 billion, was related to environmental topics. Traditional impact investing themes such as Health (CHF 12.0 billion), Microfinance (CHF 5.0 billion) and Agriculture and Food (CHF 4.2 billion) also encompass substantial sums (figure 4). For the category “Other” (CHF 21.0 billion), respondents indicated that this included topics like innovative material and process technologies, cleantech such as sustainable transport and waste management, a combination of different environmental and social themes, consumer discretionary and materials. Some volumes that do not fit neatly into one theme may therefore also be part of the category “Other”.

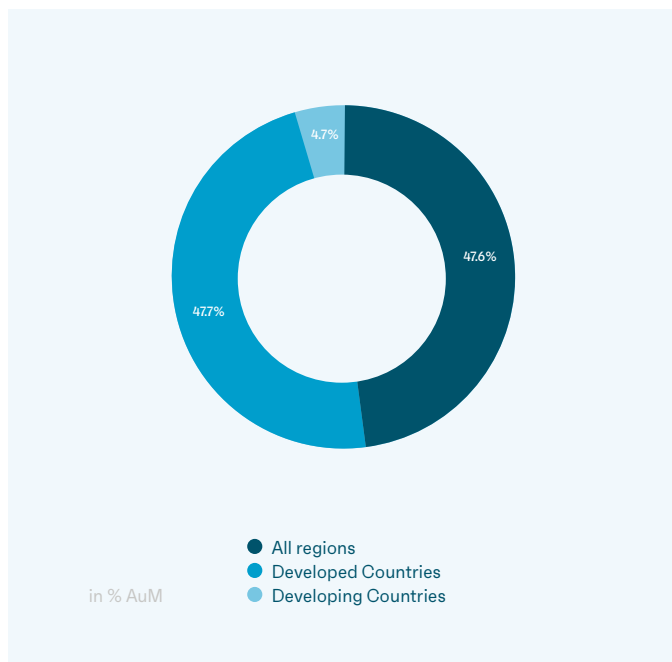


Figure 5: Impact Investment in developed versus developing countries (n=29)

As figure 5 demonstrates, impact investments in this sample are occurring largely in developed countries and all regions (95.3% of AuM), with only 4.7% of AuM occurring in developing countries. The small share that can be attributed to developing countries in this dataset is reflective of the broad manner in which impact investing as a sustainable investment approach is understood by respondents.

## Asset classes, combination with other approaches and impact measurement

The SSF data set being examined in this section of the report looks at impact investing as a sustainable investment approach. The actual impact is not monitored or examined by SSF. Survey respondents have subsumed many products going beyond private equity and private debt under the approach of impact investing as reflected in the asset class distribution illustrated in figure 6. Private Debt and Private Equity only encompass a combined 4.9% of AuM, which is also closely mirrored in the share of AuM for developing countries in figure 5 (4.7%). Later in the chapter, the Tameo dataset will further explore private market instruments in impact investing, from the perspective of Swiss asset managers focusing on developing countries, a market estimated at USD 11.2 billion.

Furthermore, as figure 6 illustrates, listed equity makes up the largest share of the assets (31%), followed by real estate/property (25% AuM), corporate bonds (15%) and sovereign bonds (13%). Real estate/property as an asset class has gained importance in recent years as is briefly explored in the box on p. 11.

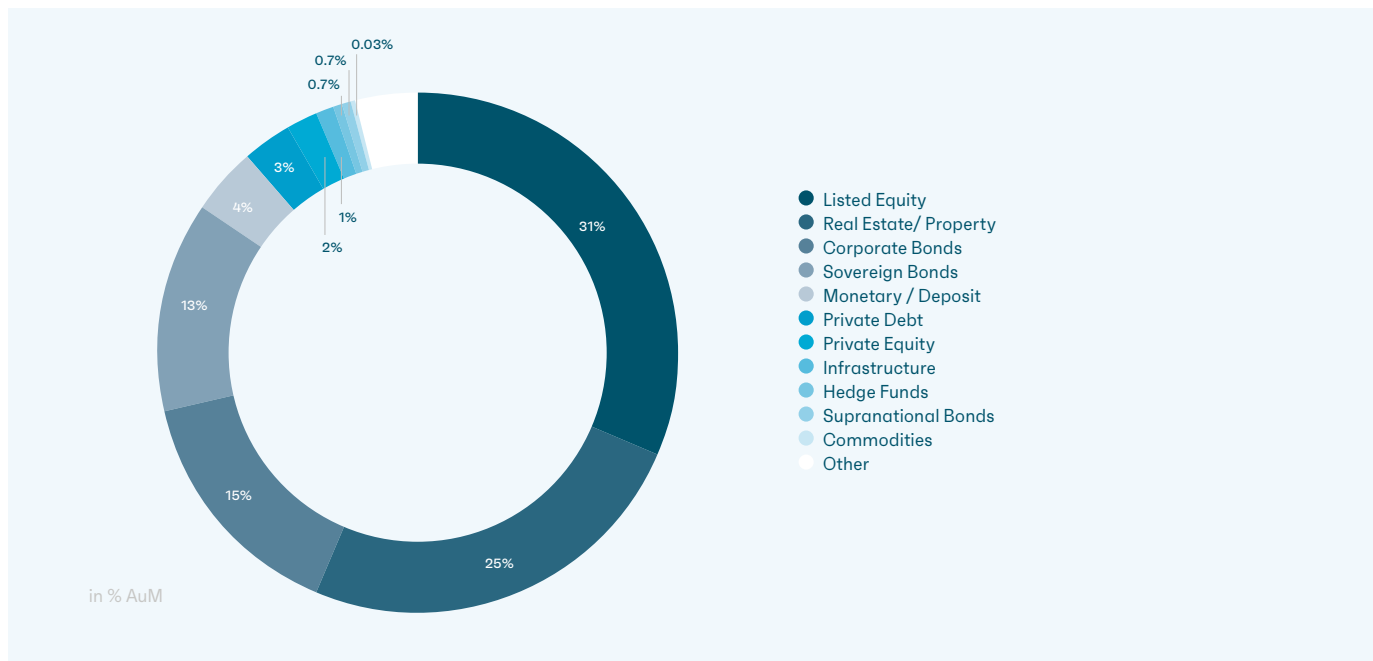


Figure 6: Asset Class Distribution for Impact Investing (n=29)

### Real estate as impact investments

Real estate as an asset class makes up a significant share of impact investments (25% AuM, Figure 9), delivering stable returns to the investors. The real estate sector in Switzerland makes up around one quarter of carbon emissions due to carbon-intensive heating systems and poor energy efficiency within the building stock (FOEN, 2022). Renovating existing buildings and building to the latest energy-efficient standards offers investors the opportunity for financial returns while generating a positive environmental impact. Moreover, real estate has an obvious tangible impact in Switzerland and abroad, in that it provides housing and other vital services for people. The affordability and quality of housing has the potential to make a social impact for people living and using such buildings. The 2030 Sustainable Development Strategy, published by the Federal Council, includes two of the 22 measures in the 2021-2023 Action Plan that reference real estate specifically in its efforts to achieve the SDGs. Measure 10 focuses on strengthening social cohesion in

neighbourhoods and agglomerations by improving quality of life and ensuring that cities can function in the future. Measure 21 relates to sustainable public real estate management with the aim to promote a circular economy, reduce greenhouse gas emissions and energy consumption, manage climate-related impacts, and to conserve, promote and restore biodiversity. Alongside these measures real estate also clearly intersects with a number of the SDGs through affordable housing, social housing (SDG 1 No Poverty, SDG 5 Gender Equality and SDG 10 Reduced Inequalities), good quality buildings and smart housing (SDG 3 Good Health and Wellbeing and SDG 9 Industry, Innovation and Infrastructure), sustainable water management practices (SDG 6 Clean Water and Sanitation), renewable energy (SDG 7 Affordable and Clean Energy) and their sum (SDG 11 Sustainable Cities and Communities and SDG 13 Climate Action). For more information on sustainable real estate investments, read the SSF Spotlight Report Sustainable Real Estate Investments.

3 SSF & ZHAW. (2023). SSF Spotlight: Sustainable Real Estate Investments, Insights for Real Estate Investors. Available at: <https://www.sustainablefinance.ch/api/rm/33DYR5T92XPH3G4/ssf-pub-report-real-estate-en-final.pdf>

There are several impact investing guidelines, principles and frameworks available, many of which are used by most asset managers (90%) and most asset owners (83%), as is evident in figure 7. Table 1 lists the guidelines, principles and frameworks that were named by one or more of these respondents. Some of the tools employed are for specific asset types such as green bonds (Green Bond Principles) or real estate (Minergie), while others are more suitable for general use such as the IRIS+ system, managed by the Global Impact Investing Network (GIIN). Some respondents also indicated that they use one or more of these tools in combination with their own internally developed impact measurement approach.



Figure 7: Share of Impact Investing adhering publicly available impact investing guidelines / principles / frameworks (n=26)

Guideline, principle or framework	Asset manager	Asset owner
ESI model (Energy Savings Insurance model created by ESI Europe)		☑
Green Bonds Principles (created by the International Capital Market Association (ICMA))		☑
Green bond framework of respective issuers	☑	
Operating Principles for Impact Management	☑	☑
International Labour Organisation (ILO)		☑
Impact Management Project (IMP)	☑	
IRIS+ (created by GIIN)	☑	
Minergie		☑
Own impact measurement and management	☑	
Owners SIA norms		☑
Sustainability Bond Guidelines (created by the International Capital Market Association (ICMA))		☑
SDGs	☑	
SFDR	☑	
Social Bonds Principles (created by the International Capital Market Association (ICMA))		☑
2 X initiative (launched at the G7 Summit in 2018)		☑

Table 1: Guidelines, principles and frameworks that were named by one or more of these respondents

Alongside the impact investing approach, the Sustainable Investment Market Study from which this data originates also outlines eight other approaches to sustainable investment, namely exclusions, norms-based screening, ESG integration, best-in-class/positive screening, sustainable thematic investment, climate-alignment, ESG engagement and ESG voting. The impact investing approach is usually not applied on a stand-alone basis but is combined with one or several other sustainable investment approaches. Figure 8 demonstrates the number of approaches that were used in combination with the impact investing approach, demonstrating that merely 2% of AuM employ only the impact investing approach, while the remaining 98% of AuM employ three or more approaches in combination with impact investing. Indeed, 85% of AuM employ five or more approaches in combination with impact investing.

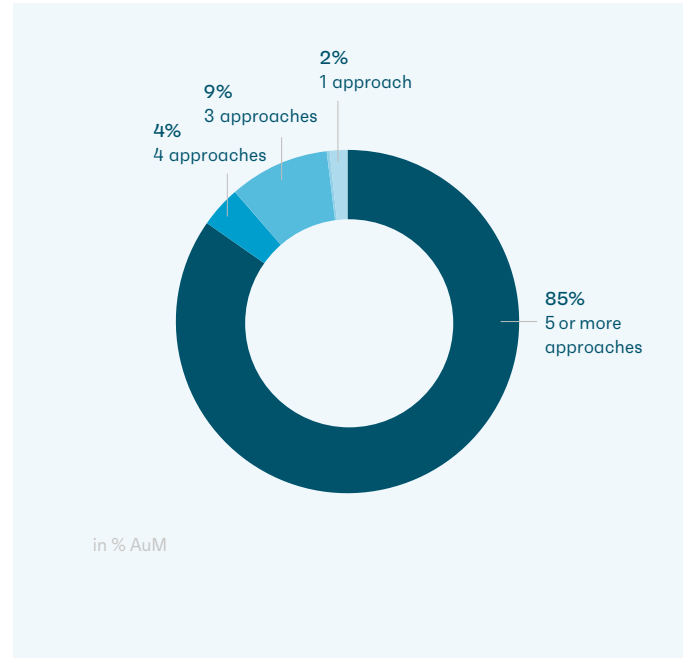


Figure 8: Number of approaches Applied for Asset Including Impact Investing approach (n = 30)

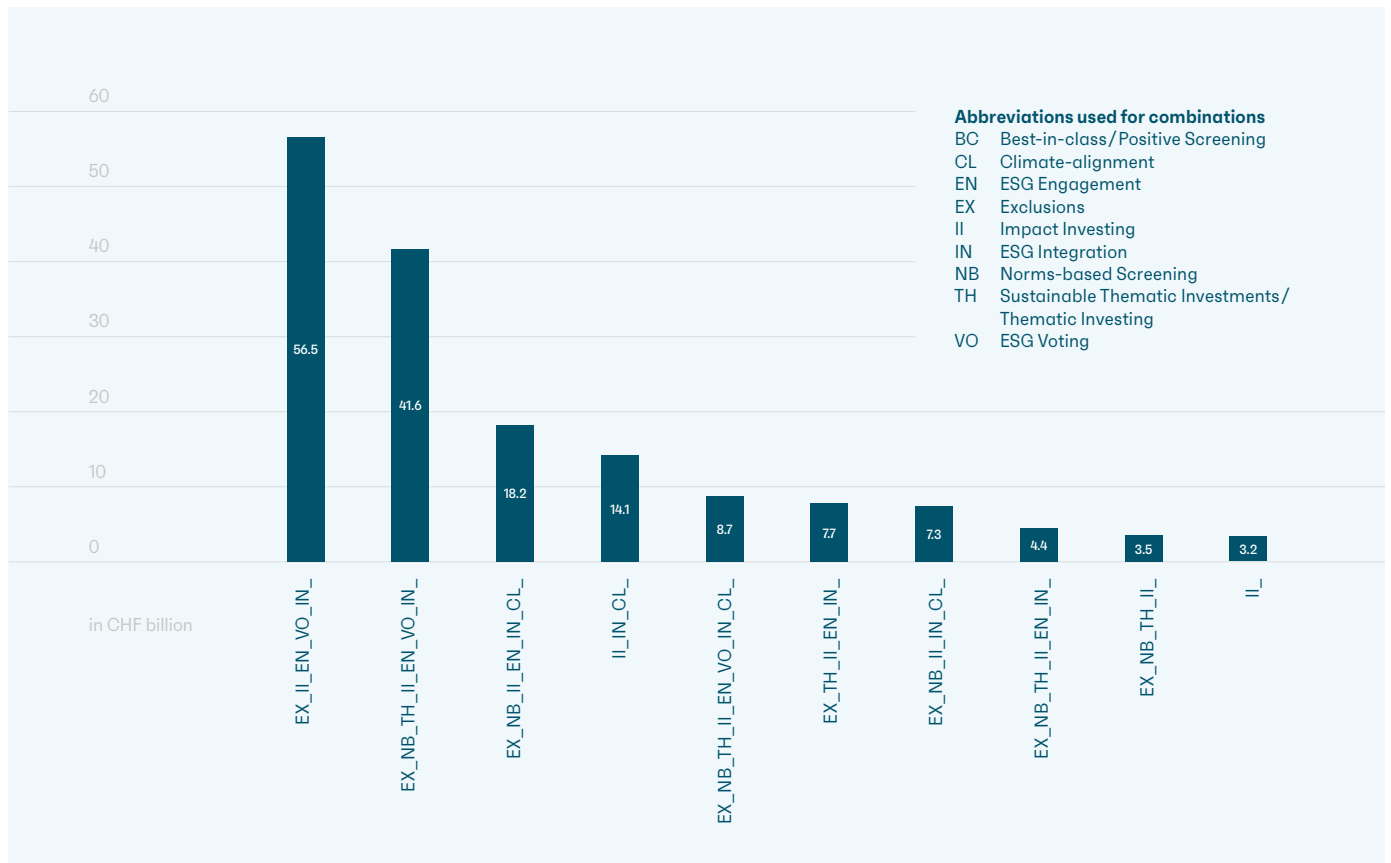


Figure 9: Top 10 Combinations of SI Approaches for Asset Including Impact Investing Approach (n=30)

Approach	Nr of times used
EX	8
IN	8
EN	6
NB	6
TH	5
CL	4
BC	0

Table 2: Number of times the approaches are included alongside impact investing in the top 10 combinations

Figure 9 shows the top 10 most used combinations, which total CHF 162.2 billion. The remaining volume is represented through other combinations representing a smaller volume. Table 2 shows the approaches used most frequently alongside impact investing are exclusions (8 times) and ESG integration (8 times), followed by ESG engagement (6 times) and norms-based screening (6 times), while thematic investments were combined with impact investing half the time (5 times). This reflects the close synergies between climate-alignment (climate adaptation and climate mitigation) and impact investing and regular blurring of the lines between impact investing and thematic investments.

## 2.3 Impact investing in Swiss-managed funds based on the Tameo Private Asset Impact Fund Datasets

### Characteristics of Swiss-managed impact-funds

Building on the success of early initiatives, Switzerland today is a leading hub for managing impact investment funds across various sectors and asset classes, with a core geographic focus on emerging and frontier economies. While rooted in the business acumen and narrative of pioneering microfinance fund products with a strong focus on private debt, Switzerland's impact investing landscape has diversified to include private equity solutions and focus areas ranging from climate and renewable energy to agrifood, affordable healthcare, and education.

This success is underscored by Switzerland's position as the second-largest country for managing capital pooled into private asset impact funds, trailing only the United States<sup>4</sup>. Every year, Tameo Impact Fund Solutions (Tameo) publishes the Private Asset Impact Fund Report – a state-of-the-market assessment on the economics, financials, and impact characteristics of funds investing in developing markets. The following analysis is based on data from the 2023 report and already includes some data points from the 2024 market sizing, that was still ongoing at the time of the preparation of this report. As of 2024, Switzerland is home to 18 impact asset managers having their headquarters in the country, managing 83 private asset impact funds (PAIFs) with a cumulative asset under management (AUM) of USD 11.2 billion. This places Switzerland at approximately 12% of the global market share within the PAIF universe, which totals USD 95.3 billion. Switzerland is projected to be ranked among the top three countries for impact fund management at the turn of the year, alongside the USA and the Netherlands.

Within these 83 funds, the data shows that microfinance strategies continue to be a significant sectoral focus for Swiss-based asset managers (Table 3), reflecting the country's early commitment to this field. Additionally, private debt is a major focus, with 55 out of the 83 funds and 81% of the total AUM concentrated in this asset class (Table 3). The regional investment strategies are diverse, with multi-regional approaches being the most common, followed by a notable emphasis on Sub-Saharan Africa, which is targeted by 17 funds exclusively investing in the region (Table 3).

4 Tameo Impact Fund Solutions: 2023 Private Asset Impact Fund Report.



Sectors of focus	Funds (#)	% of AUM
Microfinance	30	64.89%
Multi-sector	22	10.72%
Food & agriculture	15	10.79%
Climate & energy	11	12.09%
SME development	3	0.94%
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South Asia	1	1.27%
East Asia & Pacific	1	0.73%
<b>Total</b>	<b>83</b>	<b>100%</b>

Table 3: Classification (in number and AUM) of Swiss-managed funds by sectors of focus, asset strategy and regional focus.

## Understanding fundamentals around Swiss-managed impact funds

In this section, we will take a closer look at the financial and impact characteristics of a sub-set of private asset impact funds managed out of Switzerland, which we refer to as “Swiss-managed funds”. The chapter will touch upon funds’ investor-base, investment instruments, sectoral flows, types of portfolio companies financed, geographic focus, fee and cost structures, risk profiles, and financial performance.

### Key data facts and methodology

- Data source: Tameo’s 2023 Private Asset Impact Fund Report.
- Scope: Focuses on impact investment funds with intentionality at their core, primarily targeting emerging and frontier markets and investing in private debt, private equity, or a mix of both.
- Swiss-managed funds: Funds managed by investment/asset managers headquartered in Switzerland.
- Data collection: Conducted annually by Tameo from May to August through an industry-wide survey with participation from impact fund managers.
- Time series: Charts reflect data as of December 2022.
- Currency: Data is in USD, with conversions based on end-of-year 2022 FX rates for non-USD fund currencies.
- Sample size:
  - "All Funds": 194 funds, 83 fund managers.
  - "Swiss-Managed Funds": 57 funds, 13 fund managers.

### Representativeness of the Swiss sample

Tameo managed to collect data via detailed questionnaires from 57 PAIFs managed out of Switzerland, with cumulative assets of USD 9.6 billion, translating into a highly representative sample of 85% of the total Swiss-managed PAIF market segment.

### Investors behind the funds

Within the Swiss-managed fund sample, private institutional investors finance the majority of assets (67%). Retail investors

follow at 15%, while public funders contribute 14% (figure 10). Notably, the share of public funders has been steadily declining over the years. This trend is attributed to the relative maturity of the microfinance sector, especially when compared to other strategies like food and agriculture or climate and renewable energy. In these sectors, public funding typically plays a larger role, often aimed at de-risking investments to attract private institutional capital. The Swiss sample's focus on financial inclusion, a well-established and institutionalized segment, reflects this shift in funding dynamics.

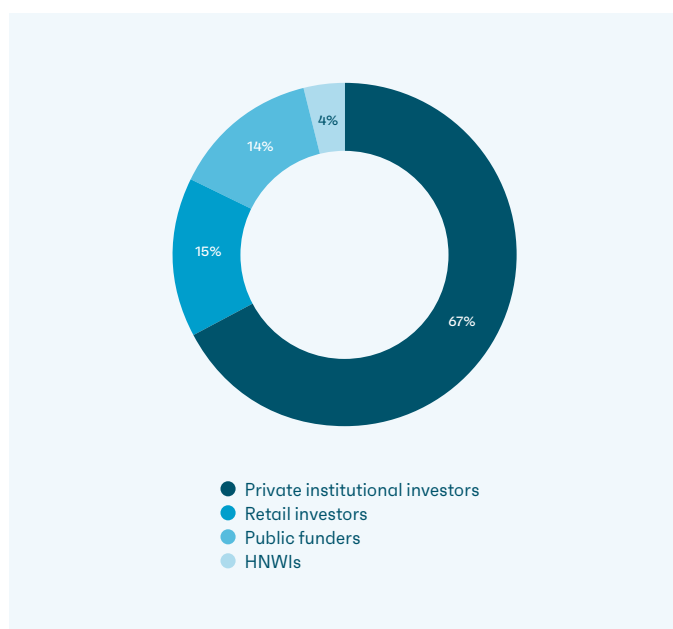


Figure 10: Types of investors financing the capital structure of Swiss-managed funds (n=54)

### Investment instruments

Building on the proliferation of microfinance fund managers at the turn of the century, many of whom in Switzerland built their expertise and value proposition around private debt investments, Swiss-managed funds remain a largely private debt story nearly 25 years later. As of 2022, private debt dominates Swiss-managed portfolios, constituting 91% of total investments (81% allocated to senior debt and 10% to subordinated debt). The remaining investments are distributed between private equity (8%) and listed investments, which remain rare at just 1% (figure 11).

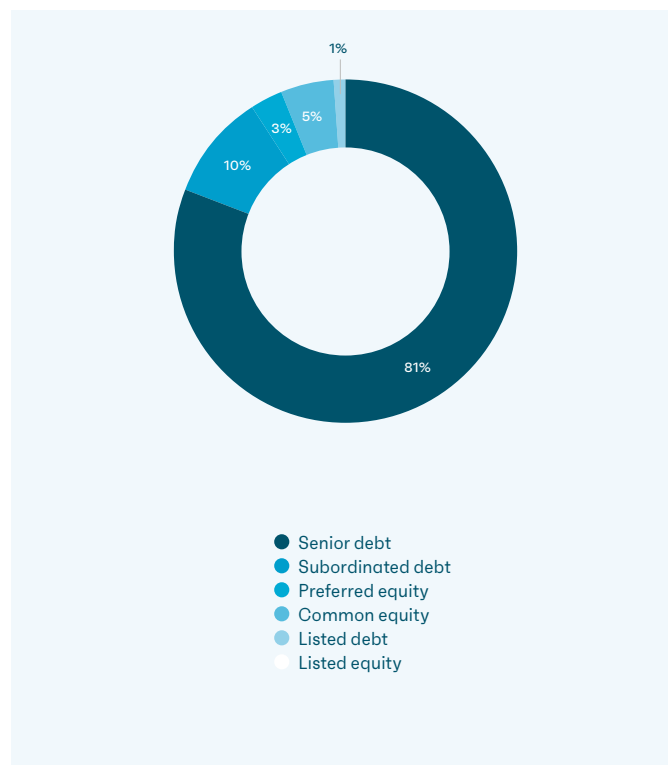


Figure 11: Breakdown of Swiss-managed funds' investment portfolio by instrument type (n=56)

### Sectors of investments

Swiss-based asset managers have historically specialized in channelling capital to micro, small, and medium enterprises (MSMEs), primarily through local financial institutions such as microfinance institutions, SME banks, and larger commercial banks. This focus is evident in the sectoral composition of Swiss-managed funds, with 46% of portfolios directed towards microfinance and 35% towards SME development, together comprising the MSME financing category. Food and agriculture absorb 9% of the funds' portfolios as of the end of 2022 (figure 12).

This sectoral data confirms that microfinance fund strategies remain central to Switzerland's fund management market. In contrast, within the broader PAIF market, which was valued at USD 95.3 billion in 2023, climate and energy financing have become more prominent, while many other funds offer exposure to multiple impact sectors under the same vehicle (i.e. multi-sector funds).

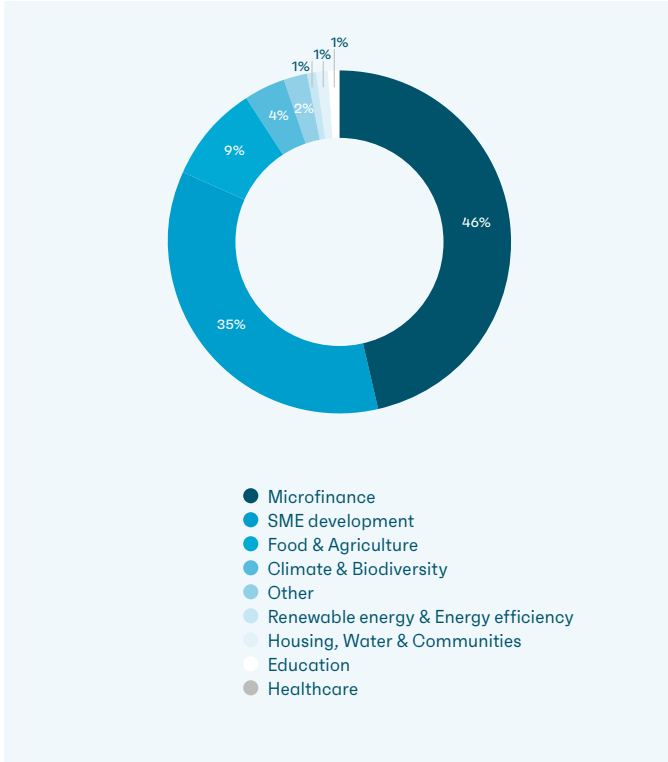


Figure 12: Breakdown of Swiss-managed funds' investment portfolio by sector (n=56)

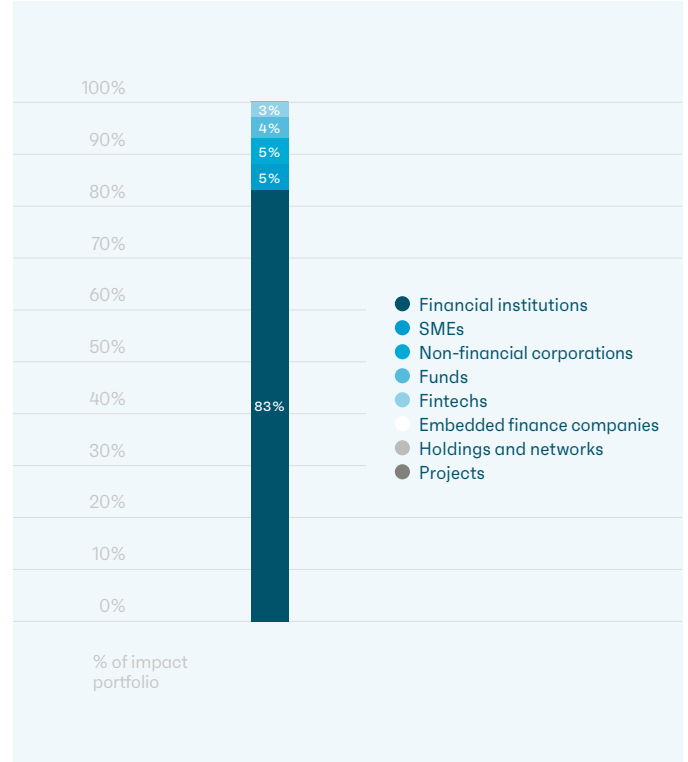


Figure 13: Breakdown of Swiss-managed funds' investment portfolio by type of investees (n=56)

### Types of portfolio companies being financed

Within the business model of PAIFs, capital is channelled into impactful projects through a structured value chain: investor funds are pooled into a fund managed by specialized impact fund managers, who then allocate the capital to developing countries with a focus on social and environmental sustainability.

Capital can be deployed either through financial institutions, which then lend to underserved micro-enterprises or SMEs - the classic microfinance model - or directly to end-beneficiaries, including non-financial SMEs, larger corporations, or infrastructure projects. Reflecting the characteristics of Swiss-managed funds, the MSME financing model prevails, with 83% of the portfolio being directed to financial institutions (MFIs, banks, etc.), 5% each to non-financial SMEs and non-financial corporations, and 4% to funds (via a fund-of-funds strategy) (figure 13).

On average, a Swiss-managed fund had 48 investee companies at the end of 2022, a number that compares favourably against the broader market, where the average is 42 investees per fund.

## Regional and country allocations

Most assets managed by Swiss asset managers are invested using a multi-regional approach, which supports diversification within private debt strategies. The data collected by Tameo in its yearly survey provides a more detailed view of actual regional allocations, often outlined only broadly in fund prospectuses. Similarly, Tameo's data on country-level allocations offers insights into specific exposures within these regions.

As portrayed in Figure 14, Swiss-managed funds show a primary exposure to Latin America & the Caribbean, accounting for nearly a quarter (24%) of total investments. This is followed by Eastern Europe & Central Asia at 20%. Central Asia has long been recognized as a strong and investable microfinance market. East Asia & Pacific ranks third, with 19% of allocations, followed by South Asia, which is largely due to the dominance of India. Sub-Saharan Africa, representing 13% of the portfolio, remains underrepresented, despite the presence of Africa-focused regional funds in the Swiss fund management landscape.

On a country level, India has seen significant growth in portfolio allocations over the past decade, driven by favourable regulatory conditions for private sector investments. It now leads the funds' country portfolio with 14% of the allocation (see table 4), far ahead of Cambodia, which holds 7%. Georgia, Mexico, and Ecuador round out the top five countries in Swiss-managed portfolios.

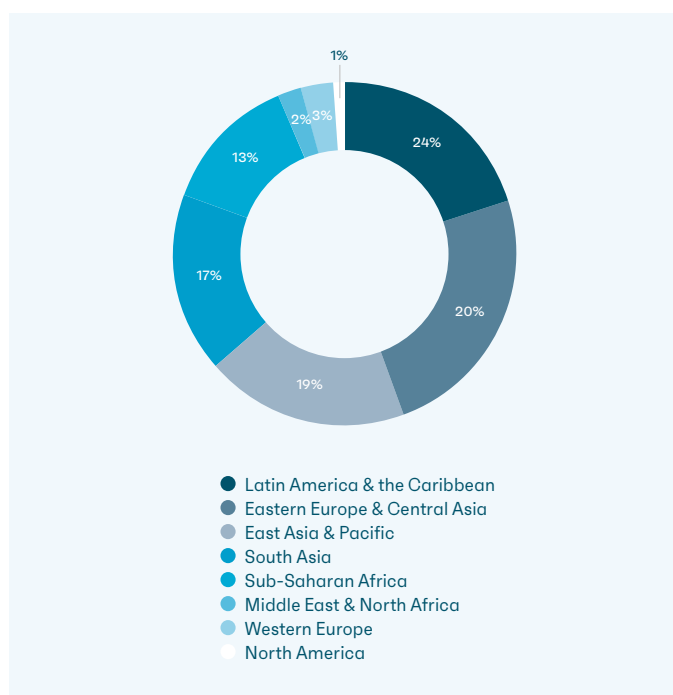


Figure 14: Breakdown of Swiss-managed funds' investment portfolio by region (n=55)

Country	Portfolio outstanding (in USD M)	% of total
India	948	14%
Cambodia	474	7%
Georgia	338	5%
Mexico	329	5%
Ecuador	263	4%
Armenia	231	3%
Vietnam	213	3%
Costa Rica	206	3%
Panama	184	3%
Indonesia	178	3%
Peru	166	2%
Kenya	162	2%
Colombia	159	2%
Uzbekistan	158	2%
China	147	2%
Kazakhstan	137	2%
Bangladesh	117	2%
El Salvador	99	1%
Myanmar	97	1%
Nicaragua	92	1%
<b>Total</b>	<b>4698</b>	<b>70%</b>

Table 4: Swiss-managed funds' top 20 country exposures, in USD million and in percentage of their total portfolio outstanding (n=46)

## Risk-return, and cost analysis - comparing fund dynamics to the broader market

So far, the Tameo dataset has focused exclusively on the characteristics of Swiss-managed funds. The upcoming section will compare key financial metrics – specifically, cost structures, risk profiles, and net returns – of Swiss-managed funds to a larger dataset encompassing over 100 funds as of December 2022 (referred to hereafter as “All funds”).

These metrics are critical drivers of investor capital allocation decisions, making it essential to track and benchmark them to understand the sector's financial dynamics and sustainability potential.

Starting with the risk analysis and considering that most Swiss-managed portfolios are predominantly allocated to private debt instruments, we will focus on three key debt-related risk metrics: the amount of loan loss provisions recorded in 2022, the volume of loan portfolios written-off the books during the same year, and the level of loan loss reserves outstanding at year-end. The latter metric provides insight into the volume (in %) of credit portfolios that are at risk of not being repaid.

Overall, the Swiss-managed sample displays a lower risk profile in comparison to all funds. In 2022, loan loss provisions for Swiss-managed funds were lower at 1.4%, compared to 1.8% for all funds. Write-offs followed a similar trend, standing at 0.4% for Swiss-managed funds. Additionally, loan loss reserves accounted for 4.8% of total debt portfolios, compared to 5.6% for the entire fund sample (figure 15).

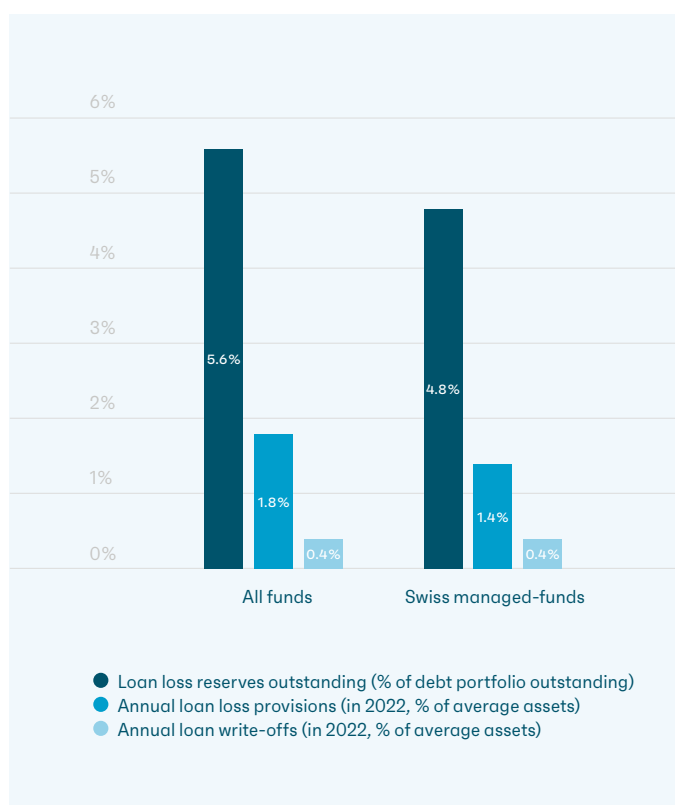


Figure 15: Risk profile of debt portfolios: Swiss-managed funds (n=32) vs. All funds (n=113)

Regarding management fees and total expense ratios (TER, which include management fees), the comparison between the two samples reveals relatively aligned results, though Swiss-managed funds exhibit a slightly lighter fee structure. Management fees for Swiss-managed funds average 1.30% (calculated on average assets over two years), while the TER stands at 2.20%, slightly below the market average of 2.24% (figure 16).

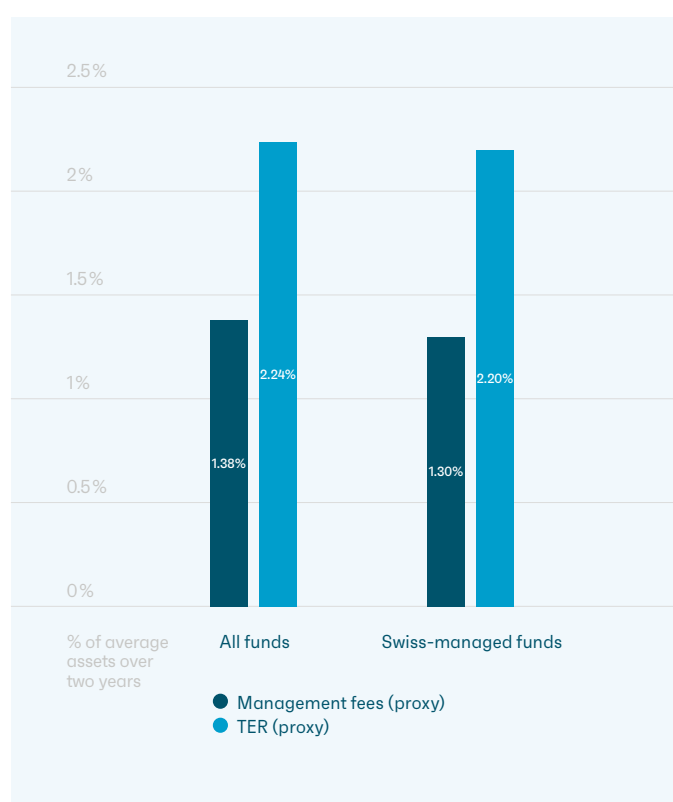


Figure 16: Fees & Costs: Swiss-managed funds (n=44) vs. All funds (n=130)

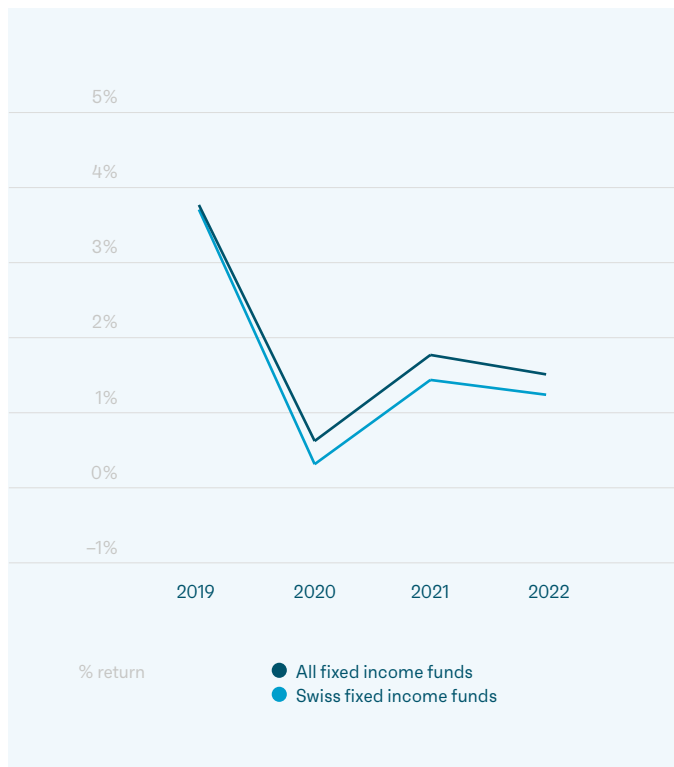


Figure 17: Median USD net returns of unleveraged, private debt funds: Swiss-managed funds (n=51 share classes in 2022) vs. all funds (n=66 share classes in 2022)

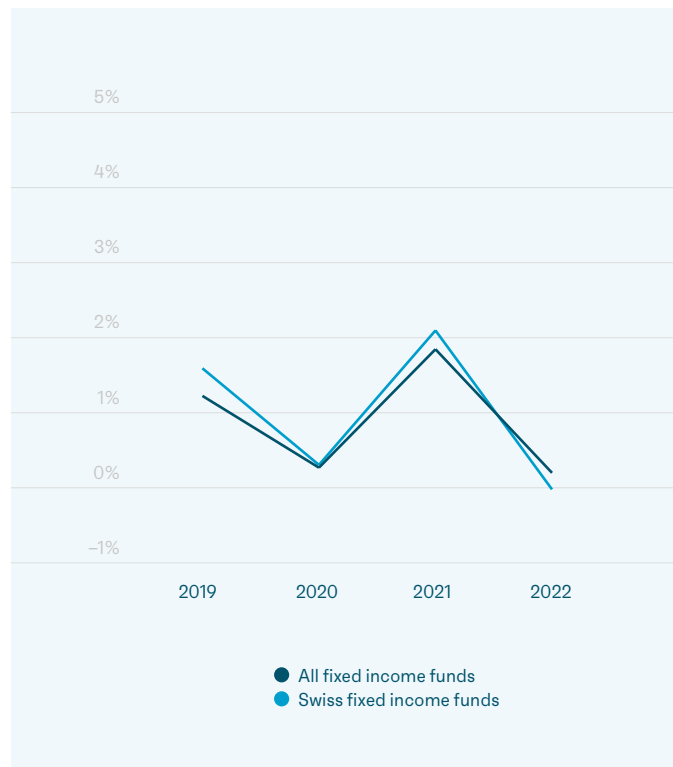


Figure 18: Median CHF net returns of unleveraged, private debt funds: Swiss-managed funds (n=19 share classes in 2022) vs. all funds (n=25 share classes in 2022)

Focusing on the net returns generated by the funds' strategies for their investors, returns fluctuated between 1.25% and 4.05% in USD, and between -0.03% and 2.11% in CHF, depending on the sample and the years considered (figures 17 & 18). This analysis pertains specifically to private debt funds with no borrowings in their capital structure - referred to as "unleveraged funds." These funds, which are prevalent in the market, often offer different currency share classes depending on the targeted investor-type, whether professional or private investors. Investors in these funds benefit from periodic dividends or growth in the net asset value (NAV) of their units.

Comparing net returns for private debt strategies between Swiss-managed funds and "All funds", the focus will be on the median observation for USD and CHF share classes, analysing trends from 2019 to 2022 (figures 17 & 18). The returns in both currencies followed similar patterns, with a noticeable drop in 2020 due to the COVID-19 pandemic and another decline in 2022, driven by inflationary pressures and a slowdown in global economic growth. Despite these challenges, impact funds maintained positive returns in USD since 2019, with Swiss-managed funds slightly underperforming the broader

private debt impact market. Returns in CHF were lower than in USD, largely due to hedging costs associated with CHF share classes, as most funds operate in USD as their accounting currency. In 2022, CHF returns for unleveraged, private debt, Swiss-managed funds were slightly negative at -0.03% (figure 17 & 18).

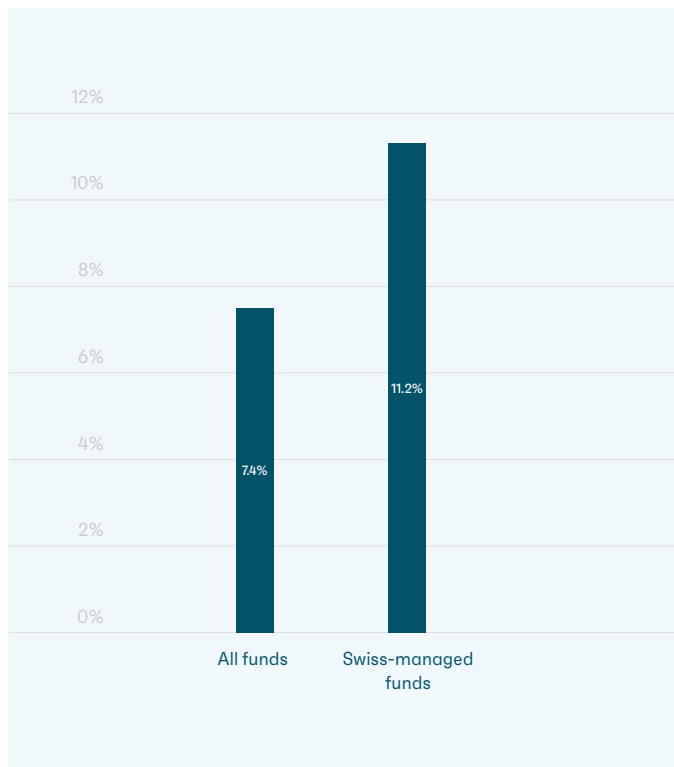


Figure 19: Net IRR since inception (in USD, as of end of 2022): Swiss-managed funds (n=5) vs. all funds (n=15)

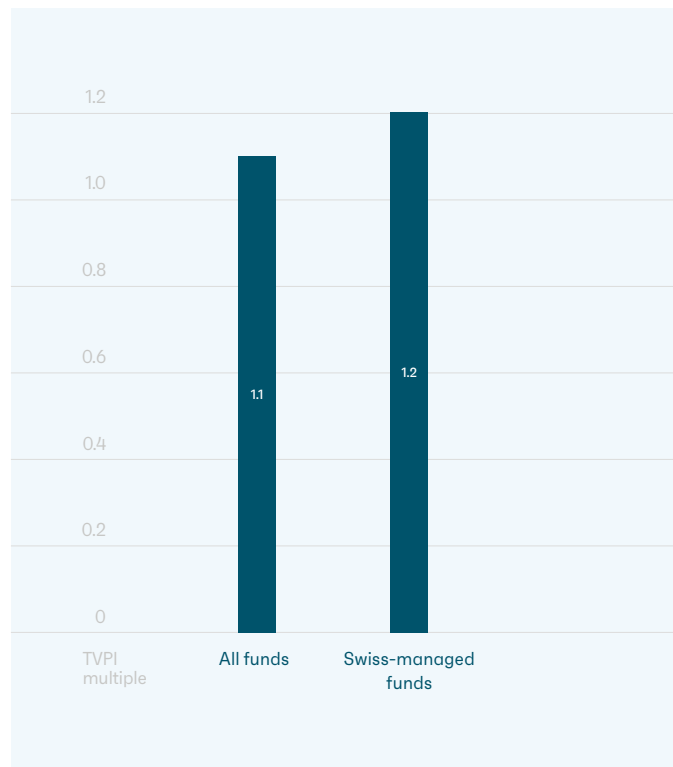


Figure 20: TVPI since inception (in USD, as of end of 2022): Swiss-managed funds (n=4) vs. all funds (n=15)

Turning to private equity funds, we observe that since inception, the reported net IRR and Total Value to Paid-in (TVPI) in USD for Swiss-managed funds were higher – 11.2% and 1.20x, respectively – compared to the broader market, which recorded 7.40% and 1.10x, respectively (figures 19 & 20).

Having explored key financial metrics of the impact funds within our market focus, we now shift to analysing the impact characteristics of these funds. This section will delve into the practices and processes used to report, monitor, and demonstrate intentionality in achieving the diverse theories of change existing in the market.

On the quantitative side, we will review various outreach indicators, ranging from country- to end-client levels, as well as monitor the flow of funds into specific sub-sectors within selected broader sectoral strategies.

These data will complement the financial insights we have already discussed, offering a comprehensive view of the value-add and best practices in private asset impact fund business model. As in the financial analysis, we will provide comparisons between Swiss-managed funds and the broader market where applicable (i.e. “All funds”).

## Environmental and social (E&S) covenants

One of the core components of PAIFs, which sets them apart from mainstream investment funds, is how impact intentionality from the outset shapes the funds' operational narrative. PAIFs integrate ESG and impact filters and drivers into decision-making, which guides their monitoring efforts towards the stated goals. As such, including E&S covenants within investment agreements is common practice in the market. Tameo's data sets indicate that 93% of Swiss-managed funds always use E&S covenants (83% for "All funds"). Figure 21 shows that these covenants typically require investees to report on social or environmental performance (in 92% of cases), specify the use of proceeds (37%), or earmarking (22%).

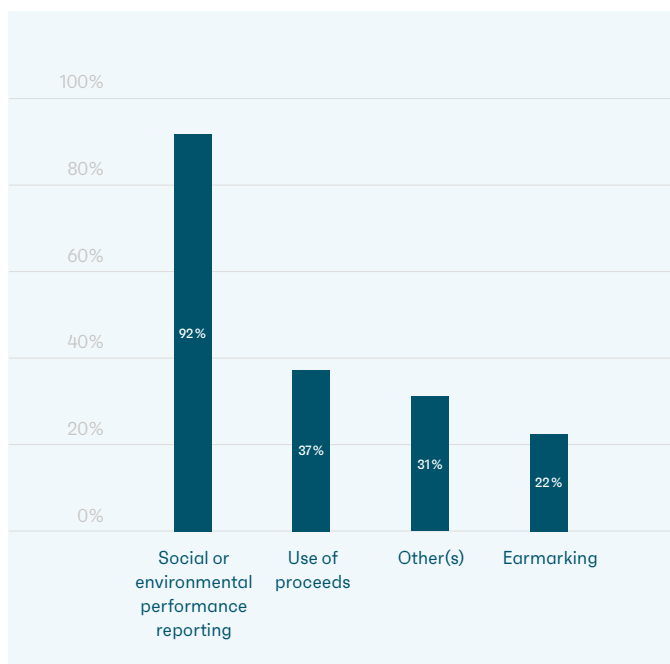


Figure 21: Types of E&S covenants included within investment agreements in Swiss-managed funds (n=51)

## Importance of SDGs in impact management and measurement (IMM)

Since the adoption of the SDGs in 2015, many impact fund products arriving in the market have integrated SDG considerations into the core of their impact investment strategies, a practice often referred to as "SDG intent." This involves aligning a fund's strategy with specific SDG goals, which are then embedded in fund and transaction documentation, and subsequently measured in fund reporting.

Given the prominence of SDGs within the impact investment community, they are increasingly becoming the industry standard for managing and measuring impact. As Figure 22 illustrates, this trend is evident in Swiss-managed funds, where SDGs are the second most commonly used tool (74% of funds), surpassed only by internally developed frameworks (93% of funds). These frameworks are typically created by specialized investment management companies to manage and assess their impact performance. Other industry frameworks like the Impact Management Project (IMP), IRIS+, and the Harmonized Indicators for Private Sector Operations (HIPS0) are also utilized by Swiss-managed funds, though less frequently, with HIPS0 being used by only 6% of funds.



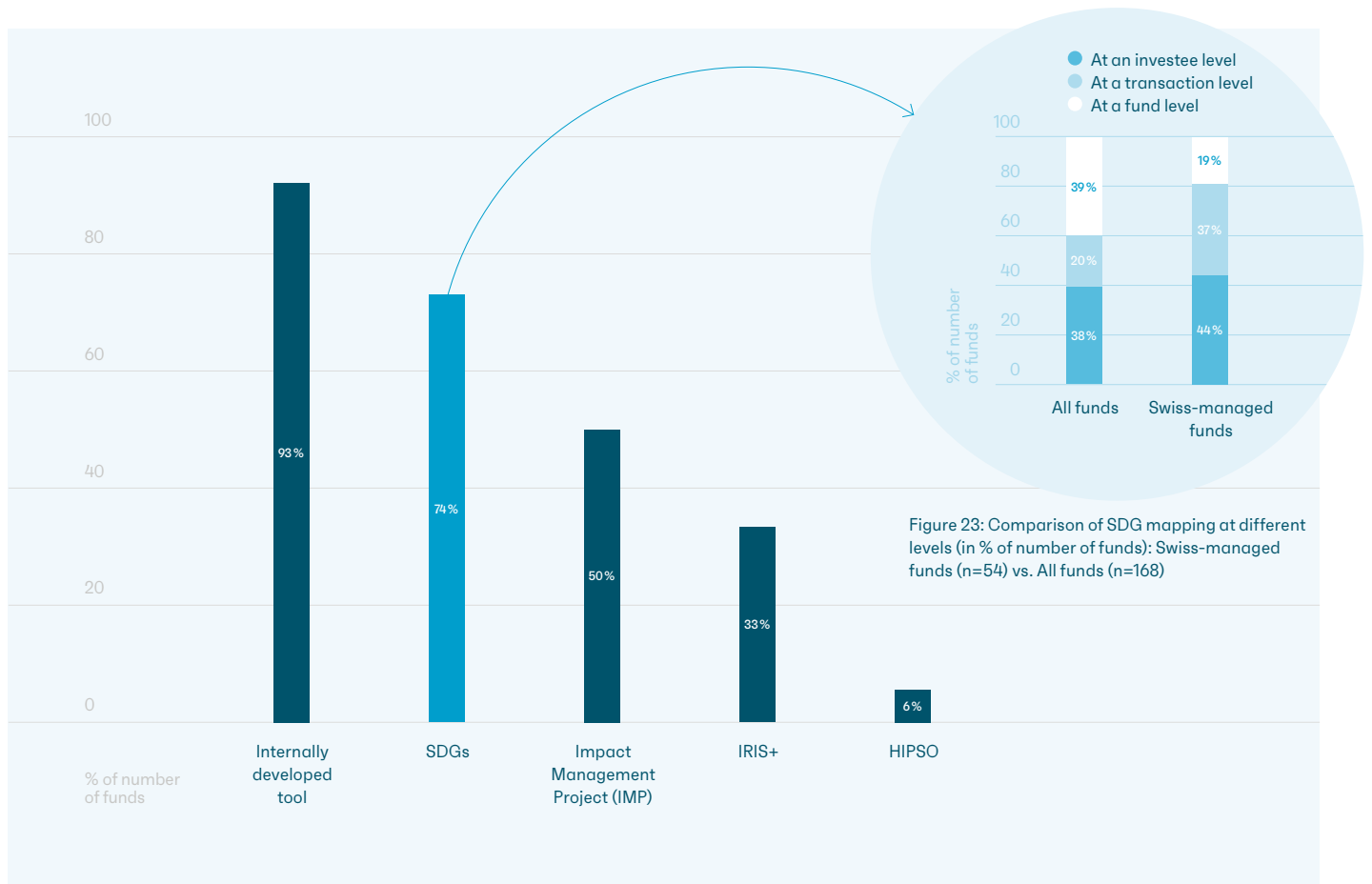


Figure 22: Tools and frameworks used by Swiss-managed funds for impact management and measurement (in % of number of funds) (n=54)

Furthermore, the data indicates that when Swiss-managed funds focus on SDGs, most map their social and environmental objectives to the SDGs at the investee level (44% of funds), followed by transaction-level mapping (37%). This differs from the broader market, where fund-level mapping is more common (39% of funds) (see figure 23).

Regarding the specific SDGs targeted, the top three for Swiss-managed funds are SDG 1 (33 funds), SDG 8 (31 funds), and SDG 5 (27 funds) (figure 24). This aligns with their focus on MSME financing, which typically includes goals 10 and 12 as well, as classified by Tameo's internal sector definitions. Conversely, SDGs 6, 14, and 16 were not mentioned in the data collected.

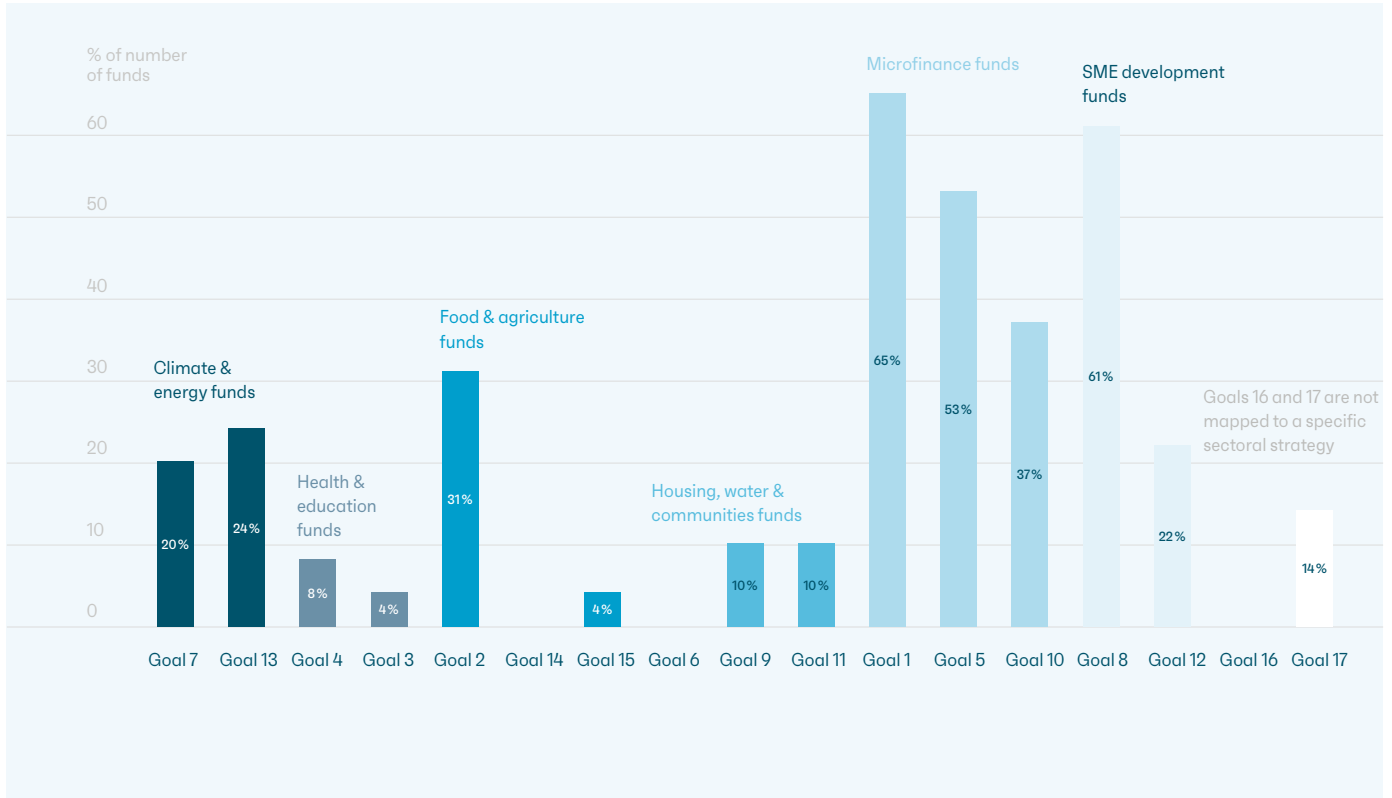


Figure 24a: Targeted SDGs by Swiss-managed funds (in % of number of funds) (n=51)



Figure 24b: Primary SDGs by impact sector as defined by the Tameo PAIF report

## Impact and the Sustainable Finance Disclosure Regulation (SFDR)

Introduced by the European Commission in 2021, the Sustainable Finance Disclosure Regulation (SFDR) mandates sustainability disclosures for asset managers and financial institutions distributing products in the European Union. It classifies financial products based on their consideration of sustainability risks and objectives, and fosters transparency in promoting environmental or social characteristics (Article 8) and sustainable investments (Article 9). Funds complying with Article 9 must have sustainability as their primary objective. Given this framework, it is unsurprising that most Swiss-managed funds in our survey reported Article 9 compliance (91% of funds) (figure 25).

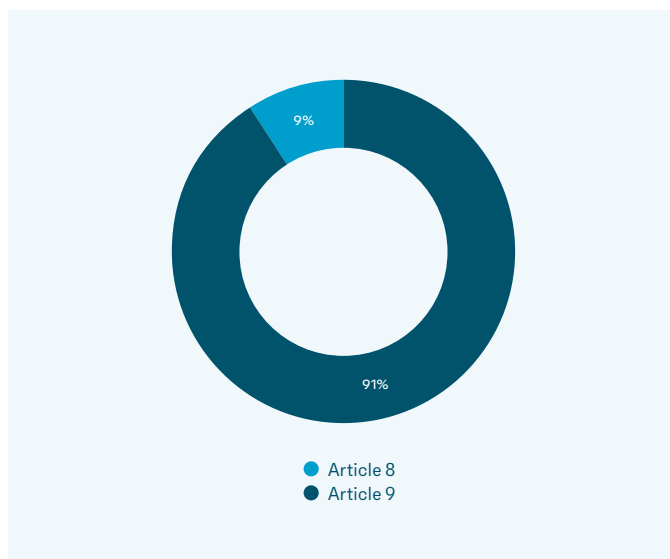


Figure 25: SFDR article categorization for Swiss-managed funds subject to SFDR (n=43)

However, challenges persist with SFDR implementation. Swiss-managed funds highlight the significant reporting burden on investees as the primary challenge. Additional challenges include the availability of proxy data, interpretation of regulations, and calculation methods for Principal Adverse Impacts (PAIs). Interestingly, Swiss-managed fund managers report fewer challenges with internal resources mobilization to tackle these issues, with only 4% citing it as a significant challenge compared to 34% across the broader market (figure 26).

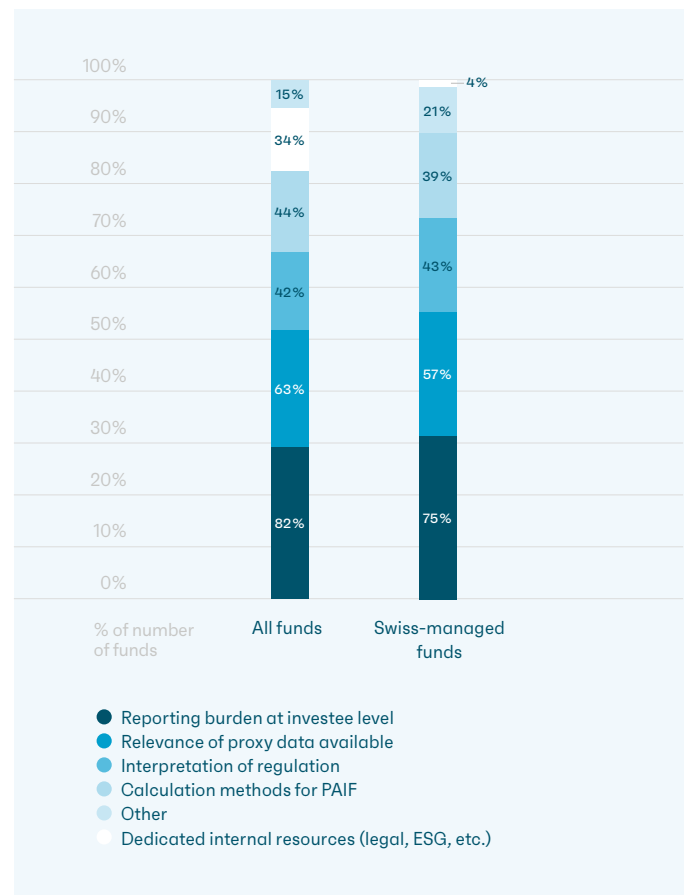


Figure 26: Challenges linked to SFDR implementation (% of number of funds): Swiss-managed funds (n=28) vs. All funds (n=71)

## Quantitative measures of outreach

Quantifying impact is essential for PAIFs to evaluate their value-propositions to investors and to identify and support companies and projects that contribute to meaningful solutions. A key aspect of this quantification is assessing how impact funds deploy capital to maximize outreach and inclusion, which is commonly monitored at both country and end-client levels.

### Country Outreach

Swiss-managed funds predominantly allocate their portfolios to lower-middle-income countries (47%), followed by upper-middle-income countries (42%), with only 1% going to low-income countries (figure 27). This suggests that grant funding and concessional investments might be better suited for these countries, given the sovereign risk management dynamics for private sector investors and fund managers. The gross national income (GNI) per capita for Swiss-managed funds' country exposures averages USD 8,138, below the world average of USD 13,202 (as of 2023) and significantly lower than OECD member states' average of USD 46,071. This demonstrates Swiss-managed funds' ability to channel capital to regions with below-average income levels.

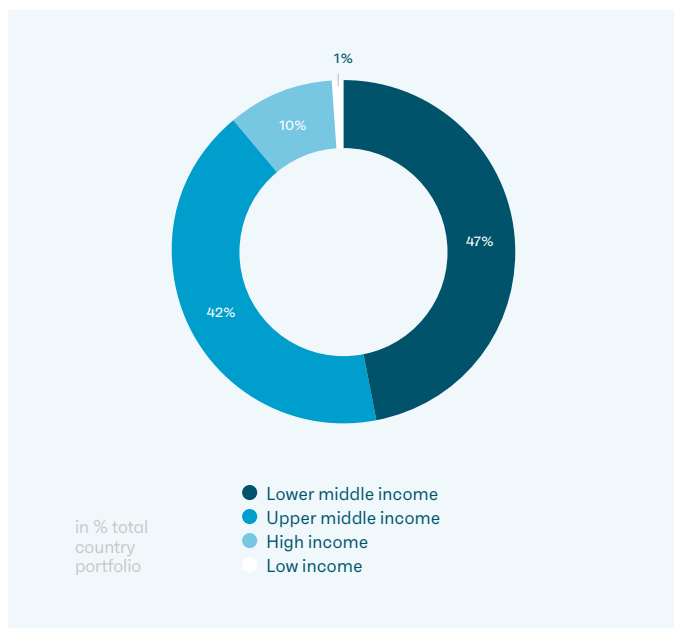


Figure 27: Classification of Swiss-managed funds' country portfolios by income levels (n=46)

### End-Client Outreach

The median Swiss-managed fund supports approximately 100,000 end-clients through its investments, aligning closely with the broader market median of 115,000. Geographically, 64% of these end-clients are in rural areas, 60% are women, and 23% are youth - all of which exceed industry benchmarks of 61%, 58%, and 16%, respectively (figure 28).

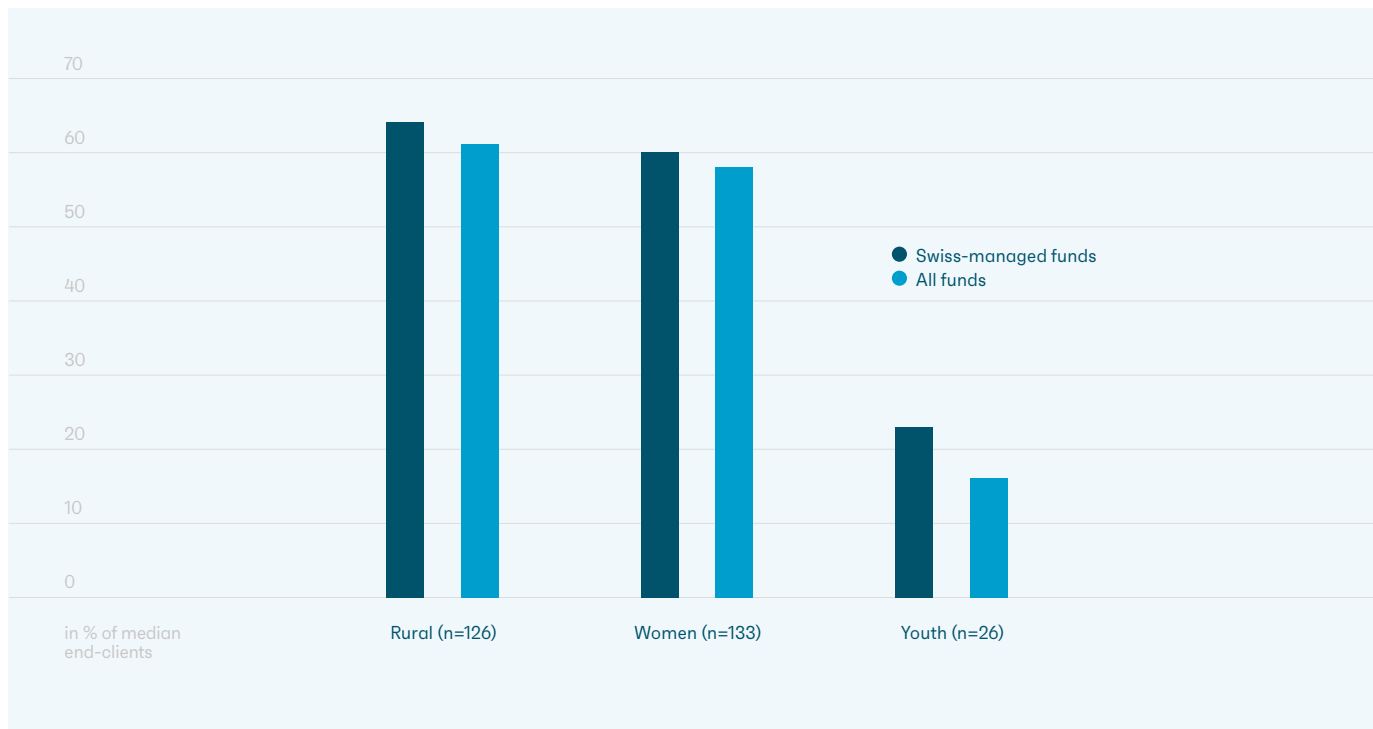


Figure 28: Characteristics of median end-clients for Swiss-managed funds vs. Industry benchmark

### Tracking of sub-sector financing

Impact funds use sector-specific metrics to disclose portfolio outreach to investors. Sectors like microfinance, climate & energy, and food & agriculture offer detailed monitoring capabilities through industry-recognized classifications. Since Swiss-managed funds have sectoral exposures to all three, the following data shows to which sub-sectors the portfolios flow towards:

- Climate & Energy funds allocate half of their portfolios to renewable energy production, followed by “other” segments (mostly climate insurance, 34%), and energy efficiency and storage (10%). In contrast, climate-smart agriculture, which forms 30% of the portfolio for “all funds,” represents only 2% for Swiss-managed funds (figure 29).
- Food & Agriculture funds typically allocate portfolios to three main sub-sectors: farmers and producers, traders, and distributors and retailers, with only slight variations between Swiss-managed funds and “all funds.” The equipment/input providers sub-segment is less attended

to in the market (figure 30).

- Microfinance funds with their models embedded in financing intermediaries like MFIs and banks, will measure the volumes supportive of reaching end-clients through these financial intermediaries’ gross loan portfolios (GLP). For Swiss-managed funds, 41% of their investees’ GLP is allocated to microenterprise loans, 21% to SME loans, and 19% to household needs (e.g., schooling, healthcare, housing). These allocations support microfinance’s impact targets related to financial security, household consumption, and employment and entrepreneurship, with other loan products potentially including large-enterprise loans or those financing larger consumer product needs (figure 31).

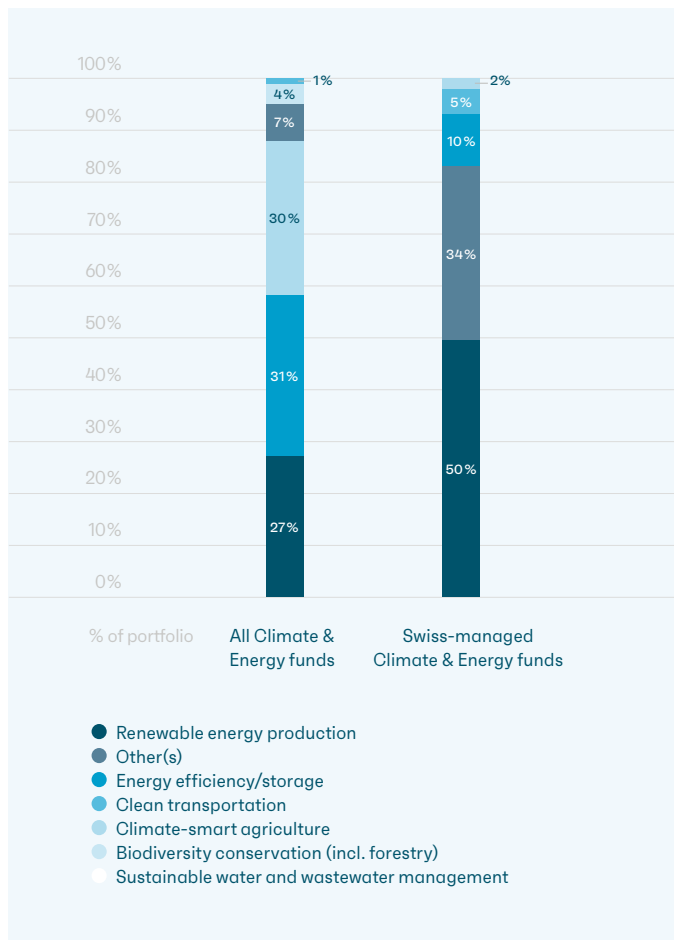


Figure 29: Sub-sector financing within Climate & Energy funds (in % of fund portfolios): Swiss-managed funds (n=5) vs. All funds (n=17)

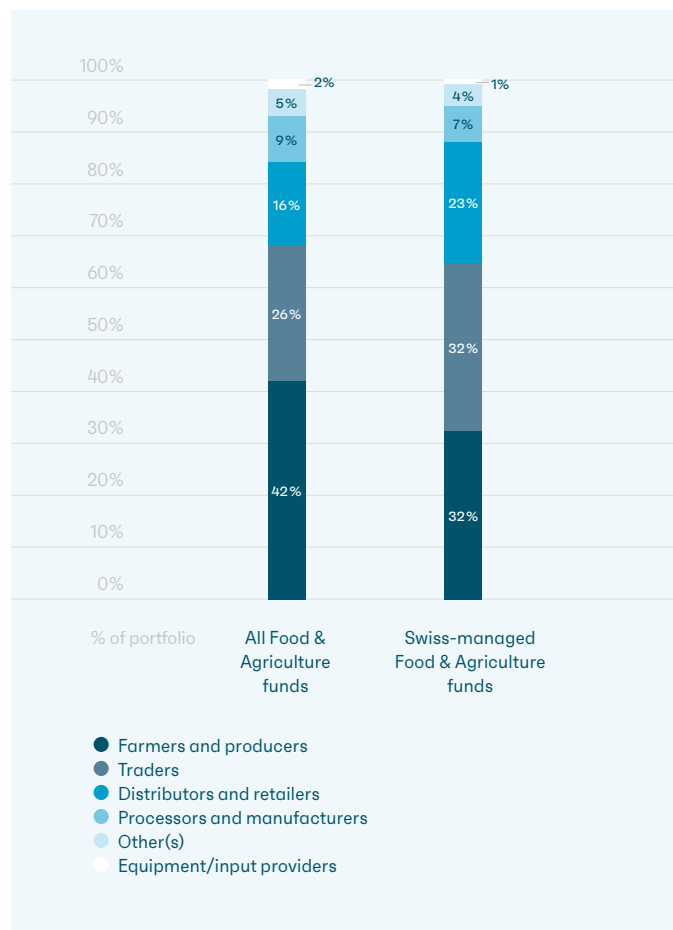


Figure 30: Sub-sector financing within Food & Agriculture funds (in % of fund portfolios): Swiss-managed funds (n=7) vs. All funds (n=13)

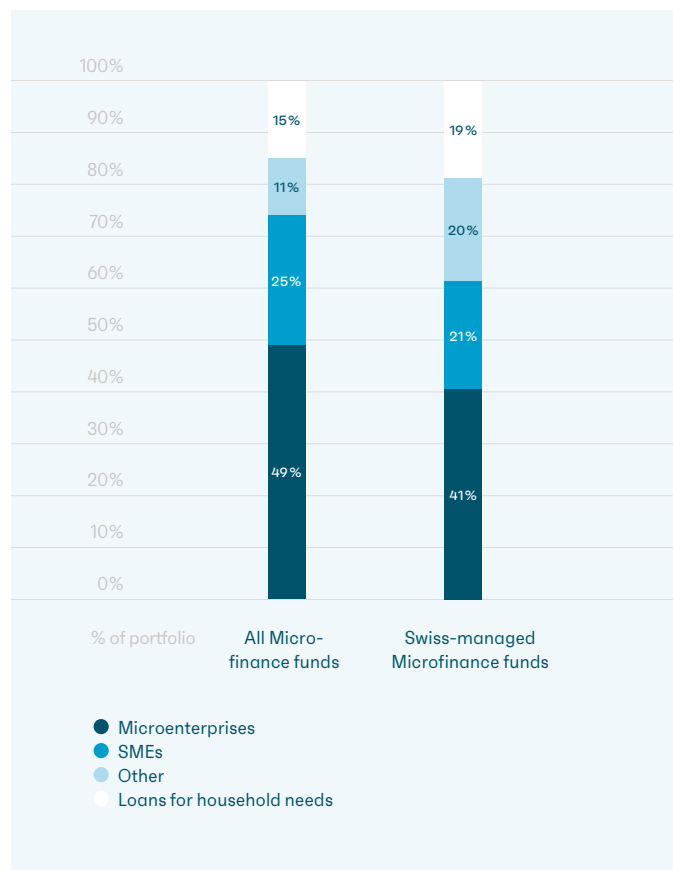


Figure 31: Credit portfolio breakdown (% GLP) of investees of Microfinance funds: Swiss-managed funds (n=20) vs. All funds (n=63)

# Case studies

# Bamboo Financial Inclusion Fund II

## Key facts

Target markets	Developing Markets
Target geographies	<ul style="list-style-type: none"> <li>- South and South East Asia (up to 40%)</li> <li>- Latin America (up to 40%)</li> <li>- Africa (up to 30%)</li> <li>- MENA, Eastern Europe, Central Asia (up to 30%)</li> </ul>
Asset class	Equity and quasi-equity
Sectors/Themes	Microfinance Fintech: digital lending, payments and insurance brokerage
SDGs targeted	1, 2, 5, 8, 9 and 10
Target investors	<ul style="list-style-type: none"> <li>- Institutional investors</li> <li>- Family offices</li> </ul>
Incorporation year	2014
Vehicle term	Closed-ended
Size (total assets)	USD 30 million
Domicile	Luxembourg
Legal form	SICAV-SIF

The Financial Inclusion Fund II (FIF 2) is a social impact fund focused on improving and accelerating financial inclusion in emerging markets. The Fund was established in 2014 as a closed-ended investment vehicle taking equity and quasi-equity participations in companies offering microfinance, digital lending, payments and insurance brokerage solutions targeting unbanked or underserved populations as well as SMEs.

The Fund has invested USD 29.8 million in companies located in Latin America, Africa and Asia – most of them being fintechs. These companies contribute to gender equality and economic development and help address several Sustainable Development Goals (1, 2, 5, 8, 9, and 10). For example, with a GLP of USD 1.2 billion and over 2.8 million clients, Annapurna Finance is one of India's largest microfinance institutions and provides financing solutions to low-income women and micro-entrepreneurs, increasing their economic security. As at March 2024, FIF2 owned 3.8% of Annapurna Finance.



# European Agri Transition Fund

## Key facts

Target markets	European Union
Target geographies	Focus on Moderate and Emerging Innovator Countries within EU 27 (i.e. Greece, Poland, Italy) identifying the countries with the largest efficiency deployment capabilities and growth potential
Asset class	Private debt (Senior, asset based collateralized)
Sectors/Themes	Agri/Food Value chain including Tech, Renewables and Recycling: <ul style="list-style-type: none"> <li>- Sustainable Agri-culture &amp; Food</li> <li>- Renewable Energy &amp; Energy Efficiency</li> <li>- Tech-enhanced products, services, and R&amp;D.</li> <li>- Infrastructure, water and waste management, and fixed assets.</li> <li>- Mobility &amp; Transport Solutions</li> <li>- Industrial Decarbonization &amp; Environmental Sustainability</li> </ul> Targeted priorities: Investments that foster change in <ul style="list-style-type: none"> <li>- Research, Innovation &amp; New Technologies</li> <li>- Climate Action</li> <li>- Environmental Sustainability</li> <li>- Diversity, Equity and Inclusion</li> </ul>
SDGs targeted	1, 2, 5, 6, 8, 12, 13, 15
Target investors	Professional investors
Incorporation year	Expected launch FY 2024
Vehicle term	Closed-ended
Size (total assets)	EUR (reference currency), 1 <sup>st</sup> close 150 million EUR; Target size 300 million EUR
Domicile	Luxembourg
Legal form	SICAV-RAIF

INOKS Capital SA has managed collective investment schemes and segregated mandates since 2006, deploying over \$7.5 billion in customised funding solutions directly to corporates focusing on the agri-food and agri-fintech sector across the world.

The investment initiative EUROPEAN AGRICULTURE TRANSITION FUND aims to support the transition to a fairer, healthier and more sustainable food system in Europe by addressing the financing gap of SMEs in Europe, with a robust proprietary Impact and ESG framework to support **Climate Action** and **Environmental Sustainability**.

Now, at the pre-inception phase of the fund, the European Investment Fund (EIF) has backed INOKS Capital-run fund with a €40 million commitment. The EIF's anchor investment is provided under the InvestEU program. This strategic partnership highlights the Fund's alignment with stringent environmental, social, and governance criteria, aiming to generate not only competitive financial returns but also substantial positive impact.

The fund will primarily offer senior debt offering short-, medium- and long-term investments secured by real asset collateral in key sectors.





## Micro, Small & Medium Enterprises Bonds S.A.

### Key facts

Target markets	Emerging and Frontier Markets, mostly FIs
Target geographies	Global. Largest exposure is to India.
Asset class	Private debt and listed debt
Sectors/Themes	Each transaction has a designated impact promise.  Focus so far has been on: – Renewable Energy – Gender – Microfinance – SME development
SDGs targeted	MSME can facilitate any SDG targeting transaction.
Target investors	Professional investors
Incorporation year	2010
Vehicle term	Open ended
Size (total assets)	EUR 1.27 billion (as of 31 Dec 2023)
Domicile	Luxembourg
Legal form	Société Anonyme (incorporated as a securitisation company), regulated by CSSF

Micro, Small & Medium Enterprises Bonds S.A. (MSME) has issued impact-focused securities in excess of USD 3.5 billion and consisting of more than 450 transactions since its inception in 2010.

MSME has the flexibility to meet the varying transaction size needs of both investors and financial institutions by either:

- bundling the proceeds from a bond purchased by multiple professional investors, all under the same maturity and interest rate terms, into a single large loan, or by
- allowing relatively small loans to multiple financial institutions to be repackaged into different sorts of securities tailored to large-scale investors.

Most of the securities issuances are a repack of a loan to a financial institution, requiring the financial institution to apply the proceeds for an impactful purpose. The securities are issued in Euroclear/Clearstream format and can be listed at the Luxembourg Stock Exchange.

MSME is being arranged by Symbiotics, which also acts as the servicer and origination agent of MSME.

Recently, MSME has increased its focus on green securities, underpinned by the presence of a Framework for the issuance of green, social and sustainability Bonds.



## Refugee Investment Facility (RIF)

### Key facts

Target markets	Developing Markets
Target geographies	“Multi-region”: – Latin America & the Caribbean – Middle East & North Africa – Sub-Saharan Africa
Asset class	Private debt
Sectors/Themes	“Multi-thematic”
SDGs targeted	1, 8, 10, 17
Target investors	– Professional investors – public and private funders
Incorporation year	2023
Vehicle term	Open-ended
Size (total assets)	1 <sup>st</sup> closing 2023 USD 4 million Targeted 2 <sup>nd</sup> closing 2024/25 USD 20 million
Domicile	Switzerland
Legal form	Investment Company (Limited Company)

The Refugee Investment Facility (RIF) is a blended finance facility combining grants and investments created and managed by iGravity and the Danish Refugee Council to leverage common expertise and experience in refugee assistance and innovative private sector financing to support refugees and host communities to access jobs and income generation opportunities, skills training, and essential goods and services. The RIF provides technical assistance and long-term financing on favourable terms to local companies in forced displacement affected areas. The loan interest rates are linked to pre-agreed impact targets. This incentivizes borrowing enterprises to develop inclusive business models that create employment, generate economic opportunities, and provide access to essential goods and services. This collaboration opens pathways to private investment into underserved communities affected by forced displacement, and contributes to mainstreaming investment practices to support refugees and their host communities and ultimately aims at developing a sustainable model at scale.



# responsAbility Impact UCITS (Lux) – Transition to Net Zero Fund

## Key facts

Target markets	Developed markets
Target geographies	Multi-region
Asset class	Fixed income
Sectors/Themes	– Climate – Renewable Energy & Energy Efficiency
SDGs targeted*	SDG 13 (Climate Action), SDG 7 (Affordable & Clean Energy). Along with the above key Sustainable Development Goals, the fund additionally targets these SDGs: SDG 8 (Decent Work & Economic Growth), SDG 9 (Industry, Innovation & Infrastructure), SDG 12 (Responsible Consumption & Production)
Target investors	– Professional investors – Semi Professional investors – Qualified investors – Retail investors
Incorporation year	2022
Vehicle term	Open-ended
Size (total assets)	USD 157.52 million (as of 30.06.2024)
Domicile	Luxembourg
Legal form	SICAV (Société d'Investissement à Capital Variable) subject to Part I of the Law of 17 December 2010 on undertakings for collective investment

\* While the fund targets and supports the UN SDGs, it is not associated with the UN and is not endorsed by them.

By investing primarily in listed fixed & variable interest securities from issuers committed to significant GHG reductions aligned with a Net Zero pathway, the Fund provides access to a globally diversified portfolio of corporate issuers with an attractive financial risk/return profile. It adheres to strict risk-return criteria within high-impact investment opportunities, using ICE Bank of America Global Corporate & High Yield Index USD as a reference benchmark.

Given that issuers' long-term net-zero pathway is key, all portfolio securities aim at substantial CO<sub>2</sub> emission reduction at issuer and green bond requirements levels. Key sustainability indicators include absolute annual GHG emissions reduction & portfolio avg. GHG reduction rate (both realized & expected).

The fund's sustainability performance to date demonstrates that GHG emission reductions can be achieved across various sectors, including high-emitting ones, by selecting companies with credible strategies.



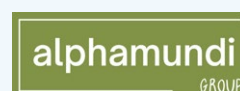
# SocialAlpha Investment Fund (SAIF)

## Key facts

Target markets	Developing markets
Target geographies	Latin America & the Caribbean Sub-Saharan Africa
Asset class	Private debt
Sectors/Themes	– Climate & Biodiversity – Renewable Energy & Energy Efficiency – Education – Food & Agriculture – Healthcare – Housing, Water & Communities – Microfinance & Fintech – SME development
SDGs targeted	1, 2, 5, 8, 9, 13, 17
Target investors	Professional investors
Incorporation year	2009
Vehicle term	Open-ended
Size (total assets)	USD 14 million
Domicile	Luxembourg
Legal form	SICAV – SIF – AIF

SAIF's mission is to reduce poverty and protect the environment in Sub-Saharan Africa and Latin America by investing in sustainable SMEs, with a focus on gender equality. The fund finances innovative impact businesses that drive job creation, empower women, and combat climate change in emerging markets. SAIF serves as a catalytic early institutional debt investor, supported by technical assistance grants from the AlphaMundi Foundation and VC co-investments from the AlphaMundi Group.

With 14 years of audited success, including 11 years of positive returns, SAIF's portfolio is secured over 65% through portfolio-level guarantees from USAID, SIDA, and other collateral. SAIF has invested USD 74 million in 54 impact businesses across 135 transactions in 13 countries, improving the lives of nearly 4.5 million people—44% of whom are women—and reducing 60,000 tons of CO<sub>2</sub> emissions. Notably, two portfolio companies were acquired by multinationals, two were recognized by Forbes, and one issued Africa's first clean energy bond for cooking.



## Spark+ Africa Fund

### Key facts

Target markets	Developing Markets
Target geographies	Africa (100%)
Asset class	Private Debt, Mezzanine/Quasi-Equity
Sectors/Themes	Clean cooking (including companies engaged in energy access, microfinance, manufacturing, last mile distribution, etc.)
SDGs targeted	1, 3, 5, 7, 8, 9, 11, 12, 13, 15
Target investors	Development Finance Institutions, Family Offices, Foundations, Pension Funds
Incorporation year	2022
Vehicle term	7 year (closed-ended)
Size (total assets)	USD 64 million
Domicile	Luxembourg
Legal form	Special limited partnership (SCSp)

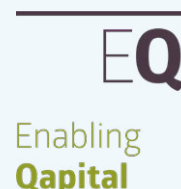
Clean cooking as a topic is not often linked to climate or health, but the statistics within developing markets are startling:

- Over 50% of African forest loss is due to firewood and charcoal production for cooking.
- Carbon footprint from cooking is equivalent to the global aviation and shipping industries, combined.
- More premature deaths per year are caused by indoor air pollution than malaria, HIV and tuberculosis, combined.

Addressing these development challenges is gaining momentum in the private sector where technology, business model innovation, and capital can be developed and mobilized at scale.

The Spark+ Africa Fund is the world's first investment vehicle dedicated to financing innovative, technology-based business models which enable the uptake of clean and modern cooking solutions by the mass market in Africa.

The fund invests in debt and mezzanine/quasi-equity across cooking fuel value chains, including liquefied petroleum gas, biofuels such as ethanol and pellets, electric appliances, and efficient biomass stoves. It provides corporate/on-balance sheet facilities, as well as off-balance sheet/carbon project finance facilities, and finances start-ups as well as more mature companies with tickets up to USD 7.5 million. Currently, its 12 portfolio companies are enabling millions of families to stay safe and healthy as well as save time and money.



## The BlueOrchard Microfinance Fund (BOMF)

### Key facts

Target markets	Developing Markets
Target geographies	<ul style="list-style-type: none"> <li>– Eastern Europe, Caucasus &amp; Central Asia</li> <li>– Latin America &amp; the Caribbean</li> <li>– East Asia &amp; Pacific</li> <li>– South Asia</li> <li>– Middle East &amp; North Africa</li> <li>– Sub-Saharan Africa</li> </ul>
Asset class	Private debt
Sectors/Themes	<ul style="list-style-type: none"> <li>– Microfinance</li> <li>– SME development</li> </ul>
SDGs targeted	SDGs 1, 5, 8, 10 and 17
Target investors	– Professional investors
Incorporation year	September 1998
Vehicle term	Open-ended
Size (total assets)	USD 2641 million (June 2024)
Domicile	Luxembourg
Legal form	SICAV, Part II, AIF

BOMF is a private debt fund, focused on expanding financial inclusion over its 25-year track record. BOMF's impact objective is to broaden access to financial services in emerging and frontier markets ("Target Markets"), which are historically underserved by the financial sector. The objective is to support economic growth and increased social prosperity.

BOMF invests senior and subordinated debt in financial institutions ("FIs") in its target markets. These FIs then on-lend those investments to serve the financial services needs of low-income borrowers and micro/small/medium enterprises ("MSMEs") in their communities. This financial services supply chain enables individual borrowers and MSMEs to access capital for creation and expansion of their businesses in sectors such as trade, agriculture and basic services, as well as paying for school fees and health expenditures.

The BOMF mission is borne out in the fund's impact track record and its methodology for assessing impact (the B.Impact™ framework) that has been subject to ongoing refinement and is externally verified. As of December 2023, FIs in BOMF portfolio supported 32.5 million MSMEs, with end-borrowers being primarily female and rural.



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04

**Impact Investing:  
Looking to increase flows of capital**

## Introduction

Over the course of the past years, public opinion has been getting more demanding of financial service providers to disclose their environmental and social impacts. Individuals are looking to see where their pension funds put their money. At the same time, wealth is changing hands to the younger generation, who may be more inclined to ensure that their family office keeps pace with the urgency of action in today's world amid manmade climate disasters and widening gaps in the SDGs.

As this report has highlighted, in Switzerland impact investing as an approach is growing. Over the past 10 years, the volume of self-declared impact investing assets has increased from CHF 10.5 billion to now CHF 180 billion. Swiss asset managers rank among the top 3 globally in terms of impact investing volumes under management, according to Tameo's data set. Specifically, Switzerland has historic expertise in microfinance and other financial instruments linked to impact in developing markets and is also home to a number of large and well-renowned asset managers specialising in impact investing. This combination of factors puts Switzerland in a very strong position, but there are still a number of challenges that need to be overcome in order to fully capitalise on this potential and for impact investing to be anchored within mainstream strategies. This section outlines some of the areas with existing barriers and how they could be approached, based on conversations with seven impact investing experts.

## Impact investing: no longer a niche?

For many years, impact investing was quite a niche investment activity conducted by a number of specialist asset managers, often with the help of development finance institutions, focused almost exclusively on private debt and private equity. Over time, the impact term was understood more broadly and also applied to other types of products and asset classes, be it targeted thematic investments or funds with engagement activities. Most Swiss banks and asset managers now offer certain products or mandates that are considered impact related. Though this is reflected in the large impact volumes, there is a potential risk that volumes are being included in the umbrella of impact investing that cannot really report impact.

Source	Impact investing approach and/or definition used
Global Impact Investing Network (GIIN)	Impact investments are investments made with the intention to generate positive, measurable social and/or environmental impact alongside a financial return <sup>5</sup> . The GIIN identifies four areas at the core of impact investing: <ul style="list-style-type: none"> <li>– Intentionally contribute to positive social and environmental impact</li> <li>– Use evidence and impact data in investment design</li> <li>– Manage impact performance</li> <li>– Contribute to the growth of impact investing<sup>6</sup></li> </ul> Their tool IRIS+ classifies their metrics according to the 5 dimensions of impact; what, who, how much, contribution and risk – developed by Impact Frontiers (formerly the Impact Management Project) <sup>7</sup> .
Impact Management Platform	The Impact Management Platform talks not of impact investing, but of impact management across all investments, where the sources of impact are enterprises, investors and financial institutions. <p>Impact management is the process by which an organisation understands, acts on and communicates its impacts on people and the natural environment, in order to reduce negative impacts, increase positive impacts, and ultimately to achieve sustainability and increase well-being.</p> <p>Impact is the effect of an organisation's actions on people and the environment with specific sources of impact, drivers of impact and objects of impact<sup>8</sup>.</p> <p>Investors can use the ABC approach (Act to reduce harm, Benefit stakeholders and Contribute to solutions) to clarify their impact goals and investor contribution strategies and construct or adapt their portfolios accordingly<sup>9</sup>.</p>
SDG Compass	The objective of the SDG Compass is to guide companies on how they can align their strategies with measure and manage their contribution to the SDGs. <p>The guide consists of the five following steps:</p> <ol style="list-style-type: none"> <li>1. Assisting companies in understanding the SDGs</li> <li>2. Companies are encouraged to prioritise actions based on their impacts on the SDGs to seize business opportunities and reduce risks</li> <li>3. Companies are encouraged to align their goals with the SDGs to foster business success and to demonstrate a commitment to sustainable development</li> <li>4. It advises that Integrating sustainability across the business and partnering with various stakeholders are key to achieving goals and addressing systemic challenges.</li> <li>5. It encourages companies to integrate SDG framework indicators into stakeholder communication<sup>10</sup>.</li> </ol>
Sustainable Investment Framework	The Investment Leaders Group (ILG), an initiative facilitated by the Cambridge Institute for Sustainable Leadership (CISL), has developed a framework to allow the industry to quantify investment impacts <sup>11</sup> . <p>Investment impact is defined as the social and environmental outcomes of investment rather than the intentions or processes behind it. The Impact of an investment from a single client on a fund is calculated as the total impact of the fund multiplied by the proportion of it attributed to the client<sup>12</sup>.</p>
PRI (Principles for Responsible Investment)	The Impact Investing Market Map, launched by PRI, aims to bring more clarity to the process of identifying main-stream impact investing companies and thematic investments so that asset owners and fund managers can better assess opportunities in this market. <p>It defines Impact Investing as follows:</p> <ul style="list-style-type: none"> <li>– Impact investing focuses on business models and the products and services these companies produce. In this sense, impact investing aims to positively impact society beyond ESG-related compliance and investing<sup>13</sup>.</li> </ul>
Joint Impact Indicators (JII)	The Joint Impact Indicators (JII) is a set of impact indicators – starting with gender, jobs, and climate – aligned between the Harmonized Indicators for Private Sector Operations (HIPSO) <sup>14</sup> and the IRIS Catalogue of Metrics, the two impact indicator sets used by most impact investors. <p>This collection of indicators was launched by the International Finance Corporation GIIN, and a group of leading impact investors and aim to reduce reporting burden on investee companies by helping to capture the economic, social and environmental impacts of investments and thereby increase the availability of impact data and its comparability. These clear and common indicators aim to capture the economic, social, and environmental impacts of investments, allowing investors to improve their effectiveness, transparency, and accountability<sup>15</sup>.</p>
Operating Principles for Impact Management	The International Finance Corporation (IFC, a member of the World Bank Group) is a global development institution focusing on the private sector in emerging markets. The Operating Principles for Impact Management (Impact Principles) were developed by the IFC, along with external stakeholder and aim to support impact investing through a common understanding of impact investment management, transparency and annual disclosures with periodic verification <sup>16</sup> . <p>Impact Investing is investing into companies and organizations with the intent to contribute to measurable positive social or environmental impact alongside financial returns<sup>17</sup>.</p> <p>In 2019 the 9 Impact Principles were launched, which provide a framework for investors across the whole investment lifecycle including strategic intent, origination &amp; structure, portfolio management and impact at exit<sup>18</sup>. The Principles are today housed at the GIIN.</p>
Sustainable Finance Disclosure Regulation (SFDR)	The SFDR delineates article 9 funds, article 8 funds and article 6 funds. <p>Article 9 funds are not necessarily an impact funds but must satisfy three criteria: contribute to an environmental or social objective, do no significant harm (DNSH) and follow good governance practices.<sup>18</sup></p>
The International Capital Markets Association (ICMA)	The International Capital Markets Association (ICMA) has published a Harmonised Framework for Impact Reporting. This framework for green bonds specifies that the proceeds of the bonds are allocated to environmentally beneficial projects across various categories: renewable energy, energy efficiency, waste management, water management, transportation, green buildings, biodiversity, climate change adaption, land use and the circular economy. Qualitative performance indicators and contextual information is recommended for all green bonds <sup>19</sup> .

Table 5: Impact investing definitions and approaches used in commonly applied frameworks and guidelines

5 GIIN. (2023). Impact Investing: A guide to the dynamic market. Available at: <https://thegiin.org/publication/post/about-impact-investing/#what-is-impact-investing>

6 GIIN. (2019). Core Characteristics of Impact Investing. Available at: <https://thegiin.org/publication/post/core-characteristics-of-impact-investing/>

7 GIIN & IMP. (2019). IRIS+ and the Five Dimensions of Impact. Available at: <https://iris.thegiin.org/document/iris-and-the-five-dimensions/>

8 Impact Management Platform (IMP). (2024). Impact and the impact pathway. Available at: <https://impactmanagementplatform.org/impact/>, accessed 03/10/2024

9 Impact Management Platform (IMP). (2024). Investment classifications. Available at: <https://impactmanagementplatform.org/investment-classifications/>, accessed 03/10/2024

10 GRI, UNGC & WBCSD. (2015). The SDG Compass: The guide for business action on the SDGs. Available at: <https://unglobalcompact.org/library/3101>

11 LI & CISL. (2019). In Search of Impact: Measuring the full value of capita. Update: Sustainable Investment Framework. Available at: <https://www.cisl.cam.ac.uk/resources/sustainable-finance-publications/in-search-impact-measuring-full-value-capital-update>

12 LI & CISL. (2024). Measuring Investment Impacts. Available at: <https://www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group/measuring-investment-impacts>, accessed 04/10/2024

13 PRI. (2018). Impact Investing Market Map. Available at: <https://www.unpri.org/thematic-and-impact-investing/impact-investing-market-map/3537.article>, accessed 10/10/2024

14 HIPSO. (2024). Delivering Development Impact Together. Available at: <https://indicators.ifipartnership.org/>, accessed 04/10/2024

15 IFC. (2021). Leading Impact Investors Make Progress Towards Harmonized Impact Measurement with Release of Joint Indicators. Available at: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26260>, accessed 04/10/2024

16 IFC. (2024). Who We Are. Available at: <https://www.ifc.org/en/about>, accessed 04/10/2024

17 Operating Principles for Impact Management. (2024). Are you an Impact Investor: What is impact investing? Available at: <https://www.impactprinciples.org/>, accessed 04/10/2024

18 Operating Principles for Impact Management. (2024). The 9 Principles. Available at: <https://www.impactprinciples.org/9-principles>, accessed 04/10/2024

19 Sustainability related disclosures in the financial services sector: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019. (PE/87/2019/REV/1). OJ L 317, 9.12.2019, p. 1–16. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2088>

The observed expansion of impact investing into public markets, listed equity and listed debt, can offer new opportunities to channel previously untapped capital toward impact investments, but can also create challenges around when the term impact investment is warranted. The GIIN Guidance for Pursuing Impact in Listed Equities elaborates the listed equity specific considerations that must be reviewed to achieve impact successfully. The relationship between the investor and the investee is significantly diluted in comparison to private market investments, as the listed equity funds will be diversified across a large number of businesses and therefore share ownership per company is too low to influence company behaviour directly. In order to show generated impact, a close review of the actual portfolio constructed by the manager, the associated investment process and the evidence of effectiveness is crucial. Additionally, the diversity possible within a listed equity fund means that characteristics such as geography, sector and market capitalisation can be very broad and the types of companies that are listed tend to be larger geographically and may have both positive and negative impacts on society and the environment. Thus, a robust theory of change and a problem statement are core to impact investments in listed equities. Another traditional asset classes that also makes up a considerable share of the total share of impact investments is real estate (see Box 1). In terms of topic areas, climate solutions and deforestation and reforestation projects are emerging. Renewable energies continue to be further developed in innovative ways.

Given the current interest in sustainable finance and impact investing specifically, we can expect significant increases in investment volumes in impact investing in the next years. It will be crucial to ensure this is accompanied by standards, definitions and best practices that can help strive for actual, measurable impact and avoid impact promises that are not founded through clear processes and outcome measurement.

## What is missing for more impact investing?

### 01 Alignment to Asset Owner Needs

Presently untapped impact investment volumes could be unlocked through targeted education, regulatory incentives and best practice examples highlighting institutional asset owners' experience with impact investing, including those of pension funds, foundations and family offices.

In Europe, five countries hold 74% of total European assets in the European pension fund and insurance market. France, the UK and Germany are the three largest economies in Europe and thus have high volumes in their insurance markets. The Netherlands and Switzerland have such large pools of assets in pension funds, that they rank 4<sup>th</sup> and 5<sup>th</sup><sup>20</sup>. Hard caps on overseas asset allocation mean that Swiss pension funds allocate their assets with a large share of Swiss assets and little exposure to emerging markets<sup>21</sup>. The large investment volumes pose challenges in themselves; often impact investments simply cannot currently offer the ticket size that pension funds require. Additionally, pension funds usually have limited resources and thus have limited capacity to assess impact investment options.

Foundations, which are not for profit by nature, can be incentivized to engage in impact investing through tax incentives. In February 2024, the Canton of Zurich adapted its tax exemption to cover charitable institutions with activities abroad<sup>22</sup>. This change makes it possible for entrepreneurial funding models used in impact investments to be tax exempt in certain cases. Other cantons have other rules governing tax incentives and gaining an overview nationally on the regulation applicable in the different cantons could be a useful first step in giving Foundations a nudge toward making more impact investments. A 2019 study by Swiss Foundations and PwC laid the initial groundwork for such an examination and concluded that

20 Attridge et al. (2024). Trillions or billions? Reassessing the potential for European institutional investment in emerging markets and developing economies. Available at: <https://odi.org/en/publications/trillions-or-billions-reassessing-the-potential-for-european-institutional-investment-in-emerging-markets-and-developing-economies/>

21 Attridge et al. (2024). Trillions or billions? Reassessing the potential for European institutional investment in emerging markets and developing economies. Available at: <https://odi.org/en/publications/trillions-or-billions-reassessing-the-potential-for-european-institutional-investment-in-emerging-markets-and-developing-economies/>

22 Kanton Zurich. (2024). Steuerbefreiung wegen Gemeinnützigkeit. Available at: <https://www.zh.ch/de/news-uebersicht/mitteilungen/2024/steuern-finanzen/steuerbefreiung-wegen-gemeinnuetzigkeit.html>. accessed 04/10/2024 & Taxpartner. (2024). Tax exemption of charitable foundations: Change in practice of the Canton of Zurich. Available at: <https://taxpartner.ch/en/tax-exemption-of-charitable-foundations-change-in-practice-of-the-canton-of-zurich/>. accessed 04/10/2024

grant-making foundations increased their impactful donations significantly in models where they have tax exemptions<sup>23</sup>.

Family offices often have limited resources to tackle impact investments, though there is increasing interest from such investors. The UBS Swiss Family Office Report 2024<sup>24</sup> and the PwC European Family Barometer 2023<sup>25</sup> demonstrate that family offices, with their focus on the very long term, tend to be highly interested in sustainability and impact. In Europe, sustainable investments and impact investments were ranked in the top 5 topics related to investments that high net worth families want to discuss<sup>26</sup>. This interest was also reflected in Swiss Family Offices with data analytics to measure the impact of investments and business operations being the biggest topic for discussion (37% respondents) alongside a desire for increased access to educational materials ranking second (34% respondents).

## 02 Education

Educating different actors will be a crucial step in unlocking additional capital for impact investing. Certain actors currently lack easy to understand resources that tackle impact measurement and the perception of risks in impact investments for their needs. Thus, easy to access resources that digest academic research around impact investing created for a specific audience, short guidance on how impact can be measured and other resources that highlight Swiss best practice examples of impact investments by certain actors could be incredibly valuable.

The finance community at large, especially investment managers, also need digestible education and guidance around illiquid asset classes and the risk/reward/impact trio with related trade-offs. Many actors have a somewhat outdated perception of the risk involved with investments in certain geographies. A 2024 study by Bachmann, Meyer and Krauss, demonstrated that individual perception is very much a factor in how risk is perceived. Individuals with nonfinancial motives perceive impact investments as more positive than traditional investments. This “halo effect” is reinforced with more experience with impact investing. Therefore, an

updated narrative that frames impact investing as able to generate market returns while also delivering measurable impacts would be helpful for investors currently underutilising the impact investing approach. Making impact investing a dedicated part of mainstream finance conferences would also contribute to an increased awareness and deeper understanding of impact investing for finance professionals in general.

## 03 Product offering & standardisation

The narrative around impact investing is also a crucial aspect for further innovation of products. Highlighting successful investments and their strategies within the industry can spur further development and ensure that the necessary clarity around a theory of change is developed.

The trend towards mainstreaming impact investments already includes a greater number of impact related products across an increasingly diverse selection of asset classes. As this innovation continues, products that are efficient in their return outcomes will allow investors from the private sector not previously engaged in impact investing to be targeted. In parallel, increased awareness and understanding about blended finance structures should allow for this approach to achieve the scale that has historically been lacking. Standardisation in reporting would also allow for more readable reports for the general investors. Such measures could allow for enhanced expertise to be developed within the market, which would in turn also further product development and innovation.

## 04 Collaboration

The biggest lever for increasing financial flows is ultimately to bridge the sustainable finance community, the private sector, with the development finance community, the public sector and NGOs, and international organizations, in Switzerland. Both groups have high expertise in their specific area, but their interactions with each other are limited. Such collaborations could be particularly fruitful, if goals in the public sector can be aligned with fiduciary duty in the private sector. For example, anticipating and mitigating environmental risks and the harm they cause to individuals and our economy can reduce risks for investors and meet the targets set by public bodies. Collaboration also requires knowledge of the different players active in the Swiss ecosystem. The joint report of the State Secretariat for Economic Affairs (SECO) and iGravity from 2021 maps players active in impact investing across Switzerland<sup>27</sup>.

23 PwC & SwissFoundations (2019). Foundations – A good deal for society: An empirical study of the economic costs and benefit of charitable grant-making foundations in Switzerland. Available at: [https://www.swissfoundations.ch/wp-content/uploads/2019/07/Taxstudy\\_EN.pdf](https://www.swissfoundations.ch/wp-content/uploads/2019/07/Taxstudy_EN.pdf)

24 UBS. (2024). Global Family Office report 2024. Available at: <https://www.ubs.com/global/en/wealthmanagement/who-we-serve/family-office-uhnw/reports/global-family-office-report-2024/download.html>

25 PwC & JuliusBaer. (2023). Family Barometer 2023. Available at: <https://www.juliusbaer.com/fileadmin/publications/Family-Barometer-2023-en.pdf>

26 Bachmann, K. Meyer, J. & Krauss, A. (2024). Investment motives and performance expectations of impact investors. *Journal of Behavioural and Experimental Finance*, 42 (2024). Available at: <https://www.sciencedirect.com/science/article/pii/S2214635024000261>

27 iGravity. (2021). Impact investing: Switzerland's pioneering role. Available at: <https://www.igravity.net/blog/Impact-investing-Switzerlands-pioneering-role>, accessed 10/10/2024



# Conclusion & Outlook

The report offers two ways of looking at impact investing, one as an approach within sustainable investment (SSF data) and one focusing only on private asset investment funds investing in developing countries (Tameo data).

All private asset impact funds covered in Tameo's data are part of the impact investing approach, but not all assets that use the impact investing approach are private assets, as indicated in the SSF data. Indeed, SSF's latest market report exhibits that of the declared CHF 180 million managed using an impact investing approach, only 4.9% falls in the private debt and private equity asset classes. This demonstrates that an understanding of impact investing beyond private debt and/or private equity is emerging within the finance sector, confirmed by the importance of asset classes such as real estate, corporate bonds, equity, sovereign bonds and others.

At the same time, Switzerland's positioning within the traditionally considered impact investment in private asset in developing markets remains very important globally. The Tameo data rank Swiss asset managers in second place in terms of cumulative AUM managed through funds focused on developing markets. This corresponds to 83 funds managed by Swiss asset managers, mostly in private debt and mostly in multi-regional investment approaches. Thematically, these are largely microfinance strategies but funds with other focus areas like climate & energy, or food & agriculture also offer a gateway for investors to invest for impact.

Given the different lenses in the two datasets and the heterogeneous approaches covered within the Swiss context, a more expansive understanding of impact investing, both in terms of asset class and in terms of sectors is important but brings along several challenges around comparability and impact measurement. KPIs for social factors can be difficult to establish, particularly for concepts like "decent work" (SDG 8), while biodiversity (SDG 15) is notoriously difficult to compare because it is incredibly location specific. It will be through collaborative efforts that we can develop a good understanding of what should be a non-negotiable characteristic of impact investing – a measurable impact resulting from a robust theory of change, and where impact investing can be developed through a diversity of asset classes, regional focus, and innovative solutions. While Switzerland has been successful in positioning itself as a leading hub for impact investments, it remains key to further delineate the strategy with broader responsible investment approaches and within a fast-growing sustainable investment landscape. Further development of good market practice in monitoring and reporting on impact is essential to a seamless integration of impact investing into mainstream finance. Moving forward, it

will be essential to leverage Switzerland's success factors and the identified bottlenecks to bring forward impact investing and its variety in approaches and theories of change for mainstream investors like foundations, family offices and pension funds, as well as finance professionals at large and even individuals interested in the emerging listed market impact investments. Collaboration between market practitioners will also greatly assist in this development of national expertise and to address barriers for further growth.

This report provides a basis from which one such collaboration can develop its goals and projects – a soon to be established Swiss platform for impact investing, the Swiss National partner to GSG Impact. This structure will allow expertise to be shared across the Swiss market to create resources that are useful for all and increase flows of capital towards ambitious sustainable development agenda in Switzerland and abroad.

# Appendix

# List of abbreviations

SDC	Swiss Agency for Development and Cooperation
MFI	Microfinance Institutions
SECO	State Secretariat for Economic Affairs
SSF	Swiss Sustainable Finance
Tameo	Tameo Impact Fund Solutions
AuM	Assets under Management
SDG	Sustainable Development Goal
FOEN	Federal Office for the Environment
GIIN	Global Impact Investing Network
ESI	Energy Savings Insurance
ICMA	International Capital Market Association
ILO	International Labour Organisation
IMP	Impact Management Project
SFDR	Sustainable Finance Disclosure Regulation
ESG	Environment, Social, Governance
MSME	Micro, Small and Medium Enterprises
SME	Small and Medium Enterprises
NAV	Net Asset Value
TVPI	Total Value to Paid-in
IRR	Internal Rate of Return
PAIF	Private Asset Impact Fund
E&S	Environement & Social
IMM	Impact Management and Measurement
PAI	Principle Adverse Impacts
GNI	Gross National Income
GLP	Gross Loan Portfolio
FIF	Financial Inclusion Fund
EIF	European Investment Fund
RIF	Refugee Investment Facility
SAIF	SocialAlpha Investment Fund
BOMF	BlueOrchard Microfinance Fund
PRI	Principles for Responsible Investment
JII	Joint Impact Indicators

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# Imprint

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