

Impact Report 2021

Mobilising Capital for a Better Tomorrow



Australian
Impact Investments



Bujiri Gunmarrua

We acknowledge the Australian Aboriginal and Torres Strait Islander peoples of this nation.

We acknowledge the Gadigal people of the Eora Nation as the traditional custodians of the land we work and make our living on.

We acknowledge their connection to the land and waters. We pay our respects to their culture. We acknowledge their history. We acknowledge their Elders, past, present and emerging.

Sovereignty was never ceded. Always was, always will be Aboriginal land.

Factual Information Only

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Impact Report 2021

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Managing Director's Letter

Our mission at Australian Impact Investments is to take our clients on a journey – a journey to mobilise capital for a better tomorrow. We strive to help our clients create investment portfolios that have a tangible, positive impact on the world.

Financial Year 2021, despite the ongoing uncertainties of the COVID-19 pandemic, saw an unprecedented awakening of investors to impact investment and, more broadly, responsible investment. Impact is no longer an afterthought but is taking its place alongside consideration of risk and reward in every investment decision.

This awakening was reflected in Australian Impact Investments welcoming ANZ Private Bank and Crestone Wealth Management, together with several family offices, as new clients, and our clients mobilising nearly \$50 million for impact in private markets. Cumulatively since launch, our clients have mobilised more than \$150 million. We are excited to be assisting new clients in navigating impact investing and guiding existing clients to increasingly integrate impact across their investment portfolios.

To support our clients' increasing shift to "impact integration", instead of an "impact allocation", we explored how impact is achieved in public markets completing inaugural reviews of responsible investment funds in listed equities and fixed income.

It was no small task, with 124 funds, 2,500 companies and 4,000 bonds reviewed by the team. This occurred alongside the review of more than 165 private market opportunities over the year, from which ten were selected for inclusion in our curated impact pipeline.

This year also marked a new stage in our own journey. Our management team became co-owners alongside our founding shareholder, Ethinvest. We constituted a new board, welcoming Mara Bun as the inaugural Chair, and Peter Murphy and Fiona Thomas as non-executive directors. We also expanded our core team in September 2021. We are excited at the strong foundations these changes provide for the coming years as the impact investment market continues to gain pace and, more than ever, the integrity of impact becomes paramount.

We congratulate our clients for their commitment to mobilising capital for a better tomorrow and trust all enjoy reading about the impact of their investments. And for those reading who are yet to embark on integrating impact into their investment strategies, we warmly invite you to reach out to us to learn more about how we can assist you in your own impact journey.

Kylie Charlton
Managing Director

Chairperson's Letter

Inspired by the vision of the founding team of Australian Impact Investments and its potential within a rapidly evolving market for impact investment, it was with great excitement that I accepted the invitation to become its inaugural Chairperson.

As someone who has devoted decades to driving positive change for people and planet, I am acutely aware that capital is critical to enabling the solutions needed to address the environmental and social challenges faced by our local and global communities. Challenges that threaten the very planet we call home and tear at the fabric of our society.

The pace at which capital has flowed has, for a long time, been painstakingly slow. However, as the urgency of these challenges is increasingly recognised, we are encouraged by the increasing flows of capital to address issues as diverse as climate change and biodiversity, through to equitable access to education and housing. Investors around the world, from retail to wholesale to institutional, are increasingly considering the impact of every investment decision. In turn, this is influencing the decisions and actions of longstanding companies and encouraging a wave of innovation from a new generation of entrepreneurs focused on shaping a better future. And importantly, undisputable evidence is mounting that impact and strong financial performance are not mutually exclusive.

Together with the team and my fellow board directors, I am optimistic that by working collaboratively with our clients and industry peers, our efforts will mobilise ever-increasing flows of capital to impact that contribute to the emergence of a world in which we no longer contend with societal dysfunction rooted in structural inequalities – and natural capital is valued.

Mara Bun
Chairperson



“Specialist advisers with financial and impact expertise will play a key role in assisting investors to navigate the growing impact investment market by developing appropriate impact investment strategies. Australian Impact Investments have a real depth of understanding of both commercial and impact dimensions in undertaking professional due diligence to enable clear and confident investment decisions, and constructing investment portfolios across asset classes that deliver on impact and financial objectives.”

Michael Traill, Executive Director, For-Purpose Investment Partners
Chair, Federal Government Social Impact Investing Task Force

Year in Review

As the COVID-19 pandemic continued to cause global havoc well into Financial Year 2021 (FY2021), the effect on Australia's social and economic circumstances was material. The ever-changing lockdowns and regulations, on top of a heightened trade war between Australia and China and an increasing sense of urgency around climate change, brought questions of inequality and economic uncertainty to the fore. In response, investors around the world have directed a wave of additional capital to the responsible investment sector, including impact investing.

Much like the previous year, the national social consciousness was stirred in FY2021, this time by a women's rights reckoning that brought attention to the epidemic of sexual harassment in our halls of power. Women from all walks of life protested discrimination and harassment in the workplace, and gender equality occupied public discourse. The sight of thousands of protestors converging on our capital and major cities in the March 4 Justice was an inspiring and moving moment. We commend the activists and outspoken women who shared their stories and dragged the issue of sexual harassment into the public consciousness and in front of our leaders. It triggered a renewed urgency to address structural inequalities and ensure inclusivity.

Our collective understanding of environmental justice experienced a similar sense of urgency over the

year. As we prepared this Report, the Intergovernmental Panel on Climate Change (IPCC) released its Sixth Assessment Report, highlighting the unprecedented and in some cases irreversible changes to the environment that have been set in motion. The Report has been labelled a 'reality check' by IPCC Working Group Co-Chair Valerie Masson-Delmotte. This is especially the case for Australia, as the possibility of our country experiencing another fire event like the 2019-20 Black Summer only grows more likely. As the 'net-zero' debate gains traction in the aftermath of the United Nations Climate Change Conference (COP26), we hope to see more meaningful attention from our national leaders aligning with the efforts of the states, business community and general public.

As a part of this shift towards greater public understanding of inequality and climate uncertainty, more and more

capital is flowing to responsible and impact investments. The Australian market for impact investment grew by \$9 billion to \$29 billion over 2020, as reported by the [Responsible Investment Association Australasia](#). The [International Finance Corporation](#) estimates the global impact investing market reached US\$2.3 trillion by the end of 2020, representing about 2% of global assets under management.

New and established asset managers are driving the flow of capital to new products, from funds financing a just transition to a low carbon economy to social bonds supporting communities severely impacted by COVID-19.

The Australian Sustainable Finance Initiative (ASFI) released its Roadmap in November 2020 as 'a plan for aligning Australia's financial system with a sustainable, resilient and prosperous future for all Australians'.

Developed through a collaborative process, the Roadmap includes 37 recommendations to strengthen Australia's financial system and deliver a transition to a net-zero, resource-efficient and inclusive economy.

The Roadmap signals a new driving force in the Australian financial sector that will encourage improvements across all players.

Reflections



This influx of additional capital brings increasing focus to impact measurement, management and verification, to limit impact washing and ensure impact integrity. This thinking has been reflected in the actions of market leaders, with the GIIN releasing [COMPASS: The Methodology for Comparing and Assessing Impact](#) in May 2021, and Tideline founding impact verification service [BlueMark](#) in late 2020. We hope these developments will strengthen the impact investment ecosystem by providing additional rigour to its processes. Indeed, we are consistently evolving our practices and frameworks to encompass emerging best practices and ensure the impact integrity of each investment recommendation we provide to clients.

Clients of Australian Impact Investments committed nearly \$50 million to ten new and several open-ended private market investments over FY2021, taking the total capital committed by our clients since inception in 2014 to \$151.4 million across 58 opportunities. As highlighted in the following pages, the social and environmental impact

of these investments is diverse and far-reaching.

Two of our clients' investments, Hone Agriculture and the Sticking Together Social Impact Bond (Sticking Together), were repaid over FY2021. Hone was a six month unsecured loan that was repaid on schedule with 12% per annum interest, with some clients opting to recycle proceeds to an equity investment in the company. The Sticking Together Social Impact Bond was unfortunately impacted by the Black Summer bushfires and the COVID-19 pandemic and was terminated early. Positively, the NSW Government and program issuer SYC Ltd have remained committed to delivering the Sticking Together Project under a new contract that will continue to support young people seeking employment.

We approach the end of 2021 with some good news in sight: COVID-19 vaccination rates are increasing around Australia, our leaders are facing mounting pressure to commit to net-zero, and the growth of the impact market continues to demonstrate the role capital has to play in addressing social and environmental problems.

Impact Highlights

CUMULATIVE INVESTED IN IMPACT

\$151.4M

58

IMPACT
INVESTMENTS

30

ENVIRONMENTAL
FOCUS

24

SOCIAL
FOCUS

4

DIVERSE
FOCUS

598,223

CO₂ EMISSIONS
ABATED

605,463

MWh RENEWABLE
ENERGY GENERATED

5,712

MEGALITRES OF
ENVIRONMENTAL WATERING

SUSTAINABLE DEVELOPMENT GOALS



1,779

PEOPLE ACCESSING LIFE ENHANCING
PROGRAMS AND PRODUCTS

1,815

PEOPLE ACCESSING
QUALITY EDUCATION

307

PEOPLE ACCESSING
INCLUSIVE HOUSING

The Impact Journey

For many of our clients, shifting their portfolio from traditional investments, selected without consideration to impact, to integrating impact across their investment portfolio is a meaningful way to align their capital with their values and contribute to building a better future.

Assisting clients on a journey towards a portfolio that positively impacts society and the environment involves building a deep understanding of clients' values and impact priorities, integrating impact in investment strategies, and embedding impact throughout the investment process. The end goal is to build a portfolio that is fully aligned with their values and impact priorities, while generating returns in line with their financial objectives.

While there is more than one way to transition a traditional investment portfolio to impact, our general process, developed in consultation and tested with clients over several years, involves engaging stakeholders to determine impact criteria, assessing the alignment of the current portfolio against this impact criteria, identifying where changes in the portfolio are required, and implementing a divestment and reinvestment plan.

Engage

An essential first step in any impact journey is to ensure all relevant stakeholders – such as directors, trustees and advisers – are committed to embedding impact as a third dimension alongside risk and reward in the construction of the investment portfolio. Whether allocating a portion of funds to impact investments, or integrating impact holistically across the entire portfolio, all stakeholders must understand and agree on the transition to impact. Exposing stakeholders to like-minded organisations that have adopted an impact strategy through a combination of case studies and experience exchange is invaluable in driving productive and engaged conversation across stakeholders.

Align

Undertaking an 'Impact Analysis' on the existing portfolio is important to building a common commitment across all stakeholders. It involves a complete and thorough review of an investment portfolio to determine what, if any, investments are contrary to the values or impact priorities of the client. In turn, an Impact Analysis helps to demonstrate to clients how their investments may be working counter to their values or, in the case of foundations, to their mission and purpose.

Implement

After an Impact Analysis has been completed and the relevant stakeholders are engaged, it is important to plan how the transition to impact will unfold. This involves establishing a plan to divest from funds, companies or managers engaging in activities that harm people or the planet, and shifting capital towards investments that have a positive impact and are aligned with the clients' impact criteria. We assist clients in establishing the standards by which impact will be assessed and, in turn, identifying and selecting impact-aligned investments across asset classes that generate risk-adjusted financial returns and meet portfolio objectives.

Case Study 1:

The Wyatt Trust

In 2021, our longstanding client, The Wyatt Trust (Wyatt) commissioned Australian Impact Investments to complete an Impact Analysis of their portfolio, to determine ways in which they could improve the impact of their investment activity. Prior to this, Wyatt had allocated a portion of its corpus to impact investments but wanted to expand impact and responsible investment principles across their entire portfolio.

After completing the Impact Analysis and guiding a workshop for its Investment Committee to establish a clear set of impact criteria for the investment portfolio, Wyatt has reviewed its investment policy to comprehensively incorporate impact and responsible investment principles across its whole portfolio.

“At Wyatt, we strive for unity between our investing activities and granting, and Australian Impact Investments has assisted us on this journey to an impact-aligned portfolio.”

Stacey Thomas, Chief Executive Officer, Wyatt Trust

Case Study 2:

The Tony Foundation and Alberts Group

Australian Impact Investments has worked with The Tony Foundation and Alberts Group for several years. In 2018, we completed an Impact Analysis of The Tony Foundation’s portfolio to enable an informed discussion by the Group as to their impact investment approach. The Group set a goal to move the Foundation corpus to 100% responsible and impact investments, with a minimum baseline of “do no harm”. We have worked closely with the Group to shift the portfolio to this mission to achieve positive outcomes for all.

We also worked collaboratively with the family to establish a responsible investment framework to guide the transition of the portfolio towards impact and away from investments that may harm people or planet. This framework has guided the Investment Committee of the Foundation in reducing its exposure to these investments from 52% of the portfolio to less than 10% as of 30 June 2021.

Our Impact Pipeline and due diligence reports have been key tools in identifying values-aligned opportunities for The Tony Foundation’s portfolio across asset classes, and shifting the portfolio towards investments that benefit people and planet and contribute to solutions.

After the successful transition of the Foundation’s portfolio, we are now working with Alberts Group to complete an Impact Analysis of their broader investment portfolio.

“The Australian Impact Investments team have been trusted advisors and provided strategic insight as we have undertaken our investment strategy for the Foundation, which has impact at its core.”

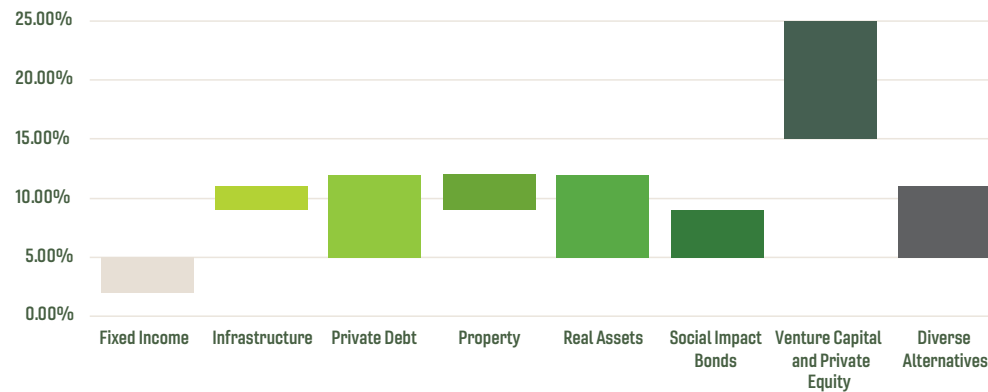
David Albert, Chief Executive Officer, Alberts Impact Capital and The Tony Foundation.

Impact and returns across asset classes

Constructing an impact-aligned portfolio does not require investors to compromise on financial return. Our clients' private market investments cover most asset classes, including fixed income, infrastructure, private debt, property, real assets, social impact bonds, venture capital and private equity, and offer risk-adjusted, market-rate returns.

Figure 1 outlines the target financial returns of impact investments recommended by Australian Impact Investments to date. The majority of these investments are tracking closely against targeted financial and impact outcomes.

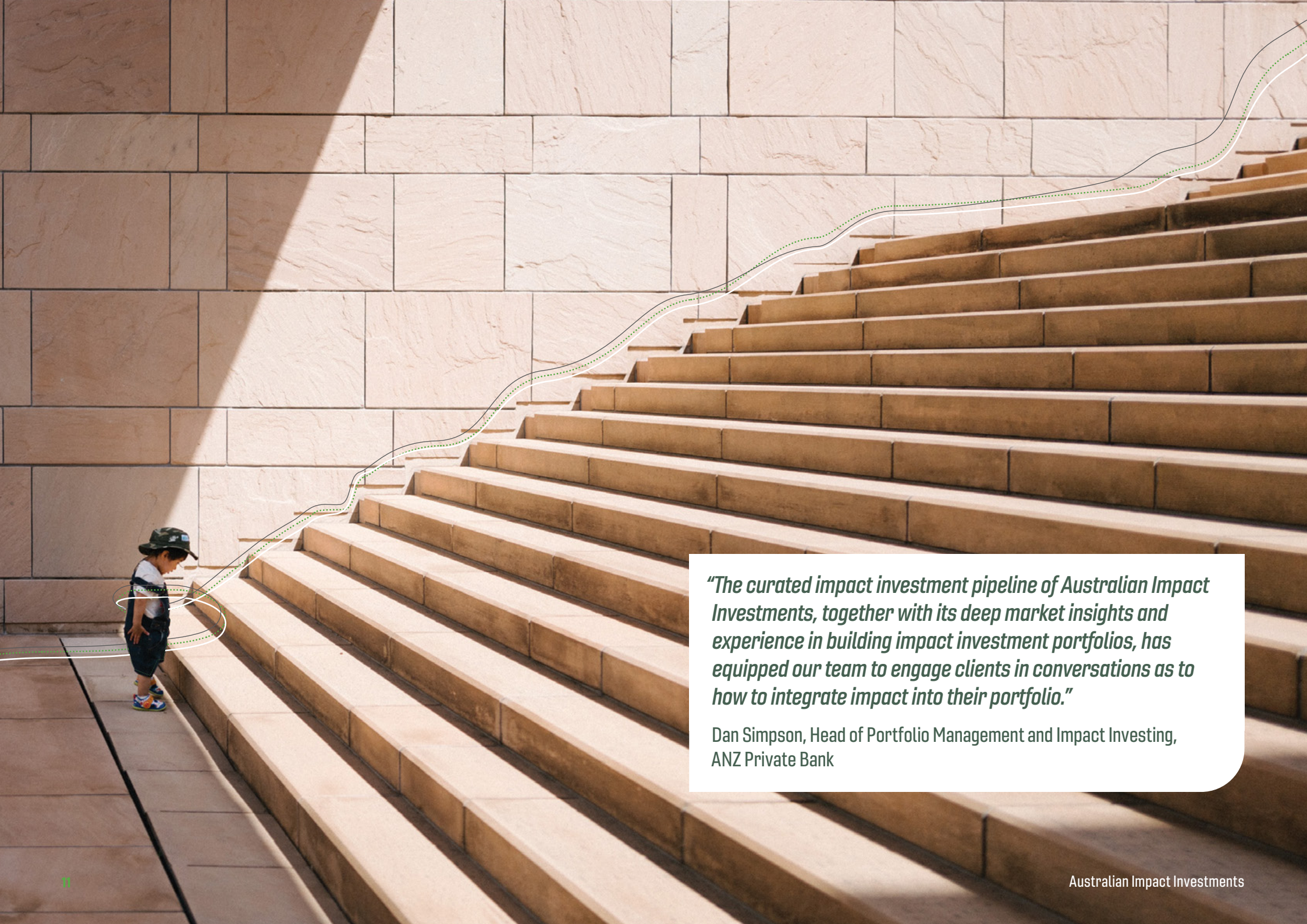
Figure 1: Target Returns across Asset Classes



We do not include listed equities in our impact capital arranged, so the asset class does not appear in the above graph. However, we do recognise they form a core component of an investment portfolio and our perspective on the impact of listed equities is outlined on page 12 of this Report.

“We have been building portfolios aligned to our clients values for many years and are excited at the expanding universe of opportunities Australian Impact Investments is unearthing to integrate social and environmental impact into client portfolios across asset classes and that deliver risk-adjusted, market rate returns.”

Ross Knowles, Chair, Ethinvest



"The curated impact investment pipeline of Australian Impact Investments, together with its deep market insights and experience in building impact investment portfolios, has equipped our team to engage clients in conversations as to how to integrate impact into their portfolio."

Dan Simpson, Head of Portfolio Management and Impact Investing,
ANZ Private Bank

Finding Impact in Public Markets

The Australian Impact Investments team has been actively helping investors construct values-aligned portfolios across asset classes for more than twenty years.

Impact investments classified as Contribute to Solutions under our Impact Spectrum have historically been drawn from private markets. However, listed equities and fixed income form core components of most investment strategies and integrating impact across a portfolio requires consideration of the impact of these asset classes in the public market.

Recent discussions with clients and advisers highlight that the increasing plethora of funds and labels in the responsible investment sector make it difficult to identify products that genuinely meet impact objectives. Identifying product requires experienced resources and time

to understand what is behind the label; assessing whether all aspects of the product, from the impact and investment thesis, investment holdings and portfolio reporting, to the actions of the investment manager, are working towards stated impact goals.

To assist our clients in finding product that they can be confident in, we undertook a review of responsible investment listed equity and fixed income Funds/ETFs, specifically focusing on the strategy, underlying portfolio, manager intentionality, engagement with companies or issuers and additionality created (if any). Our reviews were grounded in two newly developed

proprietary frameworks – one for listed equities and one for fixed income – to assess the presence and strength of components we consider integral to best-practice responsible investment.

Over the course of these reviews, we assessed 96 listed equity and 28 fixed income products, as well as the 2,500 public and private companies and 4,000 bonds in which they are invested.



Public Markets

Under our principles and those of the Impact Management Project, for a product to be considered a genuine impact investment, it must meet three criteria alongside financial return:

1. Intentionality: the impact must be intentional, it cannot just be a by-product of operations;
2. Additionality: the impact must be additive, it cannot be just 'business as usual'; and
3. Measurement: the impact must

be measured as the quantum of impact cannot be articulated if it is not measured.

To date, no listed equity funds we have reviewed have been classified as Contribute to Solutions as we have not found them to fully meet these principles. We do, however, consider listed equity funds can legitimately be classified Benefit People & Planet and have an important role to play in encouraging companies to adopt responsible business

practices. A small number of fixed income funds investing in bonds that provide capital for new products, projects and initiatives have satisfied these principles and are classified Contribute to Solutions.

Best-practice listed equity and fixed income products are an excellent way for investors to start their impact journey or complement actions to transition a portfolio across all asset classes away from Harm towards Benefit and Contribute.

The Impact Spectrum

CONTRIBUTE TO SOLUTIONS

The investment not only acts to avoid harm, but also intentionally generates positive, measurable outcomes for people or planet.

BENEFIT PEOPLE & PLANET

The investment not only acts to avoid harm but is also directly involved in activities that benefit people or planet.

AVOID HARM

The investment has no direct involvement in activities that harm people or planet.

HARM PEOPLE & PLANET

The investment is directly involved in activities that harm or may harm people or planet.



Our Collective Impact

Over the year we worked with clients to direct \$49.1 million to investments seeking to effect positive environmental and social change. Ten new investments were introduced to clients across various areas, including infrastructure, education, social and disability housing and sustainable food technology.

Catalyst Education

Impact Type: Contribute to Solutions
Primary SDG: Quality Education (SDG 4)



A company providing quality vocational training in early childhood education, aged care, disability and other community qualifications.

Green Infrastructure Access Fund

Impact Type: Benefit People and Planet
Primary SDG: Industry, Innovation and Infrastructure (SDG 9)



A feeder vehicle to provide wholesale investors access to an institutional-only fund investing in infrastructure providing an environmental or social benefit.

Kilara Growth Fund

Impact Type: Contribute to Solutions
Primary SDG: Diverse



A fund investing in companies that are facilitating the transition to a low carbon economy.

Newpin South Australia Social Benefit Bond

Impact Type: Contribute to Solutions
Primary SDG: Peace, Justice & Strong Institutions (SDG 16)



Funding for Uniting Communities to deliver the Newpin Program, an intensive therapeutic program for families with children aged less than five years who are either in out-of-home care or at risk of harm.

Ngutu College

Impact Type: Contribute to Solutions
Primary SDG: Quality Education (SDG 4)



Funding for an Adelaide-based school that seeks to integrate Indigenous knowledge and the Arts into a formal curriculum.

PacRise Menstrual Health TFV

Impact Type: Contribute to Solutions
Primary SDG: Clean Water & Sanitation (SDG 6)



A Trade Finance Vehicle to purchase and distribute bulk materials for menstrual health products to the South Pacific.

SOSV Select Fund

Impact Type: Benefit People & Planet
Primary SDG: Industry, Innovation & Infrastructure (SDG 9)



Fund investing in disruptive food, life sciences, technology and telecommunications start-ups.

Sunshot Energy

Impact Type: Benefit People & Planet
Primary SDG: Affordable & Clean Energy (SDG 7)



A wholesale trader of electricity and large-scale renewable energy generation certificates.

Tenacious Ventures Fund I

Impact Type: Contribute to Solutions
Primary SDG: Zero Hunger (SDG 2)



A fund investing in companies contributing to the shift towards a carbon-neutral and climate change-resilient food and agricultural system.

The Impact Fund

Impact Type: Contribute to Solutions
Primary SDG: Diverse



A fund investing in specialist disability accommodation, affordable housing and renewable energy.

Impact

The impact of investments in which our clients have contributed capital is presented through the following pages. Our approach is to present the impact of each investment in its entirety, acknowledging this impact is enabled by our clients together with many other investors.

Of the ten new investments our clients participated in over FY2021, nine were domestic, and our clients committed approximately 17% of the \$170 million raised. Overall, our clients' commitments represent approximately 16% of capital invested in 53 domestic investments in which we have recommended participation. In total, we report on 44 of 58 investments in which our clients have participated over the past seven years. The 14 investments not reported on have had capital fully returned in prior periods.

We have chosen to present our investments slightly differently from past years to show, as discussed earlier in this report, impact investments are becoming available across asset classes as the market evolves. We first organise investments by the 17 United Nations Sustainable Development Goals (SDGs) and second by asset class. As always, we also report on how each is classified against our Impact Spectrum.

We acknowledge impact investing is an evolving space and, in some cases,

measurement can be challenging. Measurement is one of the primary determinants behind categorising an investment Contribute to Solutions. Investments classified Benefit People & Planet do not formally measure impact and thus you will find no impact figures recorded in the following tables for those investments. Another exception is the Infrastructure Access Fund, which we classify Harm People & Planet and has been included in our curated impact pipeline as it is adopting an active management approach to introduce leading ESG practices and accelerate the decarbonisation of its underlying assets.

"The growing momentum in the impact investment market over the past twelve months has led to a material increase in the number of investment products being launched with an impact label. The disciplined impact assessment frameworks of Australian Impact Investments have continued to help us identify and select compelling opportunities, delivering positive impact alongside competitive financial returns."

Scott Haslem, Chief Investment Officer,
Crestone Wealth Management

Impact



<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Venture Capital/ Private Equity</i>	Livelihood Impact Fund (FY15) A venture capital fund investing in early-stage companies in Southeast Asia and India.	Contribute to Solutions: Improve the livelihoods of low-income populations through increased income, savings or access to life-enhancing products and services.	Cumulative impact reported only	5.2 million Livelihoods improved*
	Patamar Fund II (FY21) A venture capital fund investing in early-stage companies in Southeast Asia and India.	Contribute to Solutions: Improve the livelihoods of low-income populations through increased income, savings or access to life-enhancing products and services.	Cumulative impact reported only	200,000 Livelihoods improved*
<i>Diversified Alternatives</i>	Triodos Microfinance Fund (FY16) A fund investing in finance institutions empowering individuals and small businesses in emerging markets.	Contribute to Solutions: Increase access to financial services for low income populations and small businesses in emerging markets.	Cumulative impact reported only	18.2 million active savers 19.9 million active borrowers (78% of whom are female)*



<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Venture Capital/ Private Equity</i>	Tenacious Ventures Fund I (FY21) A fund investing in companies contributing to the shift towards a carbon-neutral and climate change-resilient food and agricultural system.	Contribute to Solutions: Increase investment in companies catalysing the shift towards a carbon-neutral and climate change resilient food and agricultural system.	6 Carbon-neutral and climate change-resilient companies funded	

*Based on active portfolio investments

Impact

3 GOOD HEALTH AND WELL-BEING



<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Social Impact Bond</i>	Resolve Social Benefit Bond (FY17) Funding to support Flourish Australia to deliver an intensive mental health program.	Contribute to Solutions: Improve the health and wellbeing of 523 participants over an eight year period, by targeting a reduction in the consumption of hospital and hospital related services.	96 People enrolled	453 People enrolled
	AbilityMade (FY18 and FY19) A for-purpose technology company developing products to promote mobility and accessibility for people of all abilities.	Contribute to Solutions: Increase accessibility to ankle-foot orthoses (AFOs) for children with disabilities.	140 AFOs made	340 AFOs made
<i>Venture Capital/Private Equity</i>	Loop+ (FY20) A for-purpose technology company developing solutions for the care management of pressure injuries in wheelchair users.	Contribute to Solutions: Minimise the risk of pressure sores and increase the independence and quality of life of wheelchair users.	35 People using the sensing platform	

4 QUALITY EDUCATION



<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Private Debt</i>	Catalyst (FY21) Funding for a company providing quality vocational training in early childhood education, aged care, disability and other community qualifications.	Contribute to Solutions: Increase quality vocational training in the fields of early-childhood education, aged care, disability and other community qualifications.	1,710 Students graduating with additional skills	
	Ngutu College (FY21) Funding for a school that seeks to integrate Indigenous knowledge and the Arts into a formal curriculum.	Contribute to Solutions: Improve education and cultural outcomes for up to 172 students.	105 Children receiving culturally-informed education, 35% of whom are Indigenous	

6 CLEAN WATER AND SANITATION



<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Private Debt</i>	PacRise Menstrual Health TFV (FY21) A Trade Finance Vehicle to purchase and distribute bulk materials for menstrual health products to the South Pacific.	Contribute to Solutions: Supply menstrual health products to 4-6 organisations in the South Pacific.	5 Entities supported	

Ngutu College

Opportunity

Providing quality education is critical for ensuring children develop the skills they will need throughout their lives. This is particularly the case for Aboriginal and Torres Strait Islander children, whose schooling experience can be characterised by a mainstream curriculum that lacks integration of cultural knowledge and fails to provide equitable access to high quality learning.

This is reflected in that fact that Indigenous students experience higher levels of disengagement, evidenced by the fact that Indigenous students have an average attendance rate of 10% less than their counterparts, according to the Australian Curriculum, Assessment and Reporting Authority.

"We are growing and will soon be able to sustain ourselves through recurrent funding, but it required this start-up funding (to) become possible."

Andrew Plastow, Principal, Ngutu College

Ngutu College

Ngutu College (pronounced 'noo-doo') is an independent not-for-profit school in South Australia that aims to bridge this educational gap for Indigenous students by providing quality learning opportunities to children of all backgrounds while fostering an environment of reconciliation. Led by Principal and Kamilaroi man Andrew Plastow, Ngutu seamlessly integrates local Indigenous knowledge and culture into a formal school curriculum, employing an alternative education model driven by a vision to provide equitable, culturally informed and child-centred education.

Australian Impact Investments brought together a syndicate of impact investors to provide a \$1.3 million loan to Ngutu College to fund the opening of the school. Investors included Atlassian Foundation, Community

Impact Foundation, Save the Children Impact Investment Fund, and Tripple, together with other clients of Australian Impact Investments.

Impact

The school offers a low or no-fee option for children at higher levels of disadvantage and aims for approximately 50% of its student population to identify as Indigenous. As of 30 June 2021, Ngutu has 105 students from Reception to Year 7, of whom approximately 35% are Indigenous. Ngutu hopes to add Kindergarten and Year 8 in 2022, and then expand by a new year level each year until Year 12 begins in 2026. In time, with a target of 25 students per year level, the school aims to reach 350 students.

The lending syndicate has been a small but essential component in helping Ngutu bring its vision of culturally informed education for South Australian children to life. We look forward to working with the Ngutu team in the future.



Impact

7 AFFORDABLE AND CLEAN ENERGY



Asset Class	Investment	Target Impact	FY2021 Impact	Cumulative Impact
Fixed Income	Infradebt Ethical Investment Fund 1 (FY18) and 2 (FY20) Two funds investing in a mix of environmentally and socially positive infrastructure.	Benefit People & Planet		
Private Debt	Sunshot Energy (FY21) A wholesale trader of electricity and large-scale renewable energy generation certificates.	Benefit People & Planet		
Real Assets	Hepburn Community Wind Park (FY08) 4.1MW community-owned windfarm located in Leonards Hill, Victoria.	Contribute to Solutions: Generate, 12,000 MWh renewable electricity annually.	7,833 MWh generated 10,410 tonnes CO ₂ abated	99,633 MWh generated 106,610 tonnes CO ₂ abated
	IIG Chepstowe Wind Trust (FY14) 6.15MW wind farm located approximately 30km west of Ballarat, Victoria.	Contribute to Solutions: Generate 21,000 MWh renewable energy annually.	19,000 MWh generated 19,300 tonnes CO ₂ abated	119,000 MWh generated 134,300 tonnes CO ₂ abated
	IIG Solar Asset Fund (FY18) A portfolio of solar farms in Queensland/Victoria, currently with combined capacity of 73.8MW.	Contribute to Solutions: Generate ~140,000 MWh renewable energy annually.	123,000 MWh generated 116,000 tonnes CO ₂ abated	256,000 MWh generated 255,300 tonnes CO ₂ abated
	IIG Solar Income Fund (FY17) A portfolio of solar farms in Western Australia, the Australian Capital Territory and Northern Territory, with combined capacity of 21.2MW.	Contribute to Solutions: Generate ~27,000 MWh renewable electricity annually.	26,000 MWh generated 21,700 tonnes CO ₂ abated	120,000 MWh generated, 106,300 tonnes CO ₂ abated
	Lismore Community Solar Project (FY16) 99kW community-funded solar PV array to power the East Lismore Sewage Treatment Plant in Lismore, New South Wales.	Contribute to Solutions: Generate ~166 MWh renewable energy annually.	40 MWh generated 33 tonnes CO ₂ abated	142 MWh generated 124 tonnes CO ₂ abated
	Repower Shoalhaven – 7 (FY18) 120kW solar PV array to power the Shoalhaven Heads Bowling and Recreation Centre in New South Wales.	Contribute to Solutions: Generate ~170 MWh renewable energy annually.	144 MWh generated 116 tonnes CO ₂ abated	448 MWh generated 392 tonnes CO ₂ abated
	Venture Capital/Private Equity	Energy Storage Infrastructure Fund (FY18) A fund investing in esVolta, a battery storage company based in the United States.	Benefit People & Planet	
Diversified Alternatives	Future Renewables Fund (FY19) Retail fund investing in renewable energy projects.	Benefit People & Planet		

Impact



<i>Asset Class</i>	<i>Name</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Infrastructure</i>	Green Infrastructure Access Fund (FY21) A feeder vehicle investing in infrastructure providing an environmental or social benefit.	Benefit People & Planet		
<i>Venture Capital/ Private Equity</i>	SOSV IV International Fund (FY19) A venture capital fund investing in disruptive food, life sciences, technology and telecommunications start-ups.	Benefit People & Planet		
	SOSV Select Fund (FY21) A fund investing in follow-on rounds for companies in SOSV IV International Fund.	Benefit People & Planet		





<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Private Debt</i>	SEFA Loan Fund (FY14) A social impact lender providing funding to mission-led organisations.	Contribute to Solutions: Increase accessibility of debt for mission-led organisations delivering a diverse range of social and environmental impacts.	\$4.035 million Loaned to mission-led organisations	\$35.435 million Loaned to mission-led organisations
	Xceptional (FY20) A for-purpose company working to improve employment opportunities for people with autism spectrum disorder (ASD) and promote neurodiversity in the workplace.	Contribute to Solutions: Improve employment opportunities to 1,092 people with ASD over 11 years.	13 Candidates with ASD hired	22 Candidates with ASD hired
<i>Social Impact Bond</i>	Aspire Social Impact Bond (FY17) Funding for Hutt St Centre to deliver a 'housing first' program for homeless people in South Australia.	Contribute to Solutions: Improve the wellbeing of 600 homeless participants by reducing the use of short term emergency accommodation services, inpatient bed days and convictions.	145 People enrolled	557 People enrolled
	Compass Social Impact Bond (FY19) Funding for Anglicare Victoria and Vincent Care Victoria to deliver a 'housing first' program for young people leaving out-of-home care.	Contribute to Solutions: Improve the wellbeing of 202 young people leaving out-of-home care by reducing incidences of homelessness, emergency department presentations and convictions.	71 Young people enrolled	158 Young people enrolled
	Youth Choices Social Benefit Bond (FY18) Funding for Life Without Borders to deliver an intensive program using Multi-Systemic Therapy to address youth reoffending and anti-social behaviour.	Contribute to Solutions: Improve the wellbeing of 600 young people aged 10-16 by reducing the expected reoffending rate by 25% or more.	Impact not publicly reported	
	Youth Connect Social Benefit Bond (FY18) Funding for Churches of Christ in Queensland to deliver a 'housing first' program for young people leaving out-of-home care.	Contribute to Solutions: Improve the wellbeing of 300 young people leaving out-of-home care by achieving housing stability together with engagement in education, employment and personal development.	24 Young people engaged	214 Young people engaged

Impact



<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Property</i>	Australian Unity SDA Fund (FY20) A fund investing in Specialist Disability Accommodation (SDA) in Australia.	Contribute to Solutions: Provide ~170 SDA properties to support people with disabilities.	9 SDA properties built for people with disabilities	27 SDA properties built for people with disabilities
	Synergis Fund (FY20) A fund investing in Specialist Disability Accommodation (SDA) in Australia.	Contribute to Solutions: Provide people living with disabilities with accommodation that suits their needs.	19 People living in homes that suit their needs	
	IIG 401 Collins St Trust (FY16) A property trust that owns 401 Collins Street Melbourne, with the purpose of refurbishing the building to improve environmental efficiency.	Benefit People & Planet		



<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Infrastructure</i>	Infrastructure Access Fund (FY20) A fund employing a shareholder activism strategy to reduce the carbon footprint and improve sustainability of major Australian infrastructure assets.	Harm People & Planet (active management strategy)		
<i>Private Debt</i>	Future Super Note 1 (FY19) and 2 (FY20) Working capital for Future Super, Australia's first fossil-fuel free super fund.	Benefit People & Planet		

Impact



<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Real Assets</i>	Australian Farmland Funds (FY20) A fund investing in land-based agricultural assets with the aim of improving soil health, enhancing ecosystems and using scarce resources more efficiently.	Contribute to Solutions: Allocate up to 30% of farmland under management to ecosystem protection, including strategic revegetation, to deliver critical carbon sequestration and biodiversity benefits.	20% land restored to native vegetation	
	Murray Darling Basin Balanced Water Fund (FY16) Investment in water rights in the southern Murray Darling Basin to balance farming and environmental needs.	Contribute to Solutions: Restore threatened wetlands and support freshwater species across the southern Murray Darling Basin, and conduct environmental watering in wetlands of spiritual and cultural significance to First Nations people.	1,800 ML water donated for environmental watering events	5,712.5 ML water donated or facilitated for environmental watering events
<i>Venture Capital/Private Equity</i>	Argyle Agriculture Fund III (FY16) Integrated supply chain of agricultural production, processing and marketing within the organic grain industry, to support sustainable farming practices.	Benefit People & Planet		



<i>Asset Class</i>	<i>Investment</i>	<i>Target Impact</i>	<i>FY2021 Impact</i>	<i>Cumulative Impact</i>
<i>Social Impact Bond</i>	Newpin SA Social Impact Bond (FY21) Funding for Uniting Communities to deliver the Newpin Program, an intensive therapeutic program for families with children aged less than five years who are either in out-of-home care or at risk of harm.	Contribute to Solutions: Strengthen family engagement and reunification of at least 78 children currently in out-of-home care.	First impact to be reported after twelve months of operation	



Newpin South Australia Social Impact Bond

Opportunity

Out-of-home care (OOHC) refers to alternative accommodation for children who cannot live with their families due to child safety concerns or when the parents are unable to provide adequate care. The reasons for removal are broad, but often involve substance abuse, domestic violence or poor mental health leading to abuse and/or neglect. Research has shown that the inter-generational effect is strong, with adults who experienced OOHC as a child often having their children placed into OOHC.

South Australia has the second highest rate of children in OOHC in Australia at 1.1% of the population aged 0-17, representing more than 4,000 young people, compared to 0.8% nationally. Unfortunately, the number of children in OOHC has also grown in recent years.

Newpin SA Social Impact Bond

The Newpin SA Social Impact Bond (SA SIB) is a \$6.5 million social impact

bond (SIB) that will part-fund the operations of the Newpin SA Program (SA Program) across three areas of Adelaide, with the aim of safely reuniting children in OOHC with their families. The SA Program will be delivered by Uniting Communities, a not-for-profit organisation established in South Australia in 1901. From 2013 to 2020, the Newpin program was successfully delivered in New South Wales by Uniting NSW.ACT, with funding from the Newpin NSW Social Impact Bond returning 10% per annum to investors. Following its success, Uniting NSW.ACT has commenced eight Newpin programs across the state, highlighting how SIBs can stimulate the rollout of successful social programs. From 2017 to 2020 UnitingCare Queensland ran the Newpin program, supported by the Newpin QLD Social Impact Bond, which was terminated early on a 'no fault' basis with no capital loss to investors.

The SA Program is the first Newpin program to be run in South Australia and has been designed to build on the learnings from the successful Newpin NSW and the terminated Newpin Queensland programs.

The SA Program provides the

opportunity to hone the delivery and effectiveness of the Newpin program, particularly for Indigenous participants who are significantly over-represented in the OOHC system.

Target Impact

The SA Program aims, across its five years of operations, to enrol 224 families with 314 young children who are currently in OOHC, with eligible participants being referred to the Program through the Government of South Australia Department of Child Protection. Participants will attend newly established Newpin centres, located in metropolitan areas of Adelaide, two days per week for up to 18 months with both the parent and child attending to provide holistic support for the family unit.

"AMP Foundation participated in the Newpin SA Social Impact Bond because it is an innovative funding mechanism supporting the delivery of a program to improve family outcomes that is consistent with our vision to build better futures."

Helen Liondos, Head of AMP Foundation



Asset Class	Investment	Target Impact	FY2021 Impact	Cumulative Impact
Venture Capital/ Private Equity	Kilara Growth Fund (FY21) A fund investing in companies that are facilitating the transition to a low carbon economy.	Contribute to Solutions: Increase investment in businesses across the themes of energy transformation, future food, circular economy and environmental markets.	2 Low-carbon companies funded	
	IIG Giant Leap Fund I (FY16) A fund investing in a portfolio of impact-driven businesses focused on empowerment, sustainability and health and wellbeing.	Contribute to Solutions: Increase investment in businesses that deliver positive change across three impact areas: empowering people, sustainable living and health and wellbeing.	Cumulative impact reported only	18 Impact-driven companies funded
Diversified Alternatives	SVA Diversified Impact Fund (FY18) Fund providing finance to organisations that make a meaningful social impact.	Contribute to Solutions: Increase investment in a diverse range of impact organisations and housing projects.	\$1.25million committed to impact-driven organisations and programs	\$8.25 million committed to impact-driven organisations and programs
	The Impact Fund (FY21) A fund investing in specialist disability accommodation, affordable housing and renewable energy.	Contribute to Solutions: Invest in initiatives that improve livelihoods and reduce greenhouse gas emissions.	261 Social, affordable and disability properties built* 3,000 MWh renewable energy generated 2,500 tonnes CO ₂ abated	

* Reporting on Australian properties only.

Impact Case Study: The Impact Fund

The Impact Fund (TIF), managed by Conscious Investment Management (CIM), invests in real assets across the themes of specialist disability accommodation (SDA), affordable and social housing, community rooftop solar, social impact bonds and other specialised impact opportunities. It is

one of the first real-asset backed funds offered in the Australian market that gives investors access to a diversified pool of impact themes through a single investment vehicle with an open-ended structure, flexibility of entry and consistent redemption windows. It focuses on fixed and stable cashflows (including some governmental) that can deliver investors strong cash yield.

CIM has expressed a vision of fundamentally changing lives and

materially contributing to climate change solutions by “unlocking the power of mainstream investment markets to fund assets that create positive social and environmental impact”. In line with this vision, TIF’s investments to date include SDA properties, social and affordable housing dwellings, solar installations at community assets and shopping centres and two social impact bonds supporting vulnerable children and families.

The Impact Fund, with its ease of access to a pool of diversified impact assets, has been a welcome addition to the suite of impact investment strategies we present to clients.”

David Knowles, Head of Philanthropy & Social Capital, Koda Capital

Community Impact Foundation

The Community Impact Foundation (CIF) is the first public ancillary fund in Australia with an investment strategy explicitly designed to optimise the impact of philanthropic capital.

The CIF provides a vehicle for philanthropists to focus on gifting to their chosen causes, while providing an investment strategy that combines negative and positive screening with participation in shareholder advocacy and active pursuit of a diversified range of impact investment opportunities focused on environmental and social improvements.

The CIF underperformed its benchmark for FY2021, primarily due to an over exposure to cash required to facilitate the 15% donated to charitable causes (versus the legislated minimum of 4%). The other contributing factors to underperformance were an overweight allocation to alternative assets with back-ended return profiles, and an underweight allocation to listed equities which performed strongly over FY2021. While the CIF allocation to

listed equities outperformed the All Ordinaries Index, it wasn't enough to recover the underperformance from significant exposure to cash and alternative assets.

Through the CIF, we aim to show that a portfolio focused on creating positive social or environmental impact does not compromise on financial return over a ten-year period. While we are underperforming at the mid-point, we expect returns from the alternative assets will begin to contribute at targeted performance levels.

The CIF is a charitable vehicle and has enabled philanthropists to donate \$2.3 million to a range of causes in FY2021, and nearly \$6 million over its short lifespan from an initial portfolio valuation of \$100,000 in March 2015. At the same time, the CIF invested in

high-impact alternative assets such as social impact bonds, venture capital focused on improving quality of life and the environment, and real assets such as disability housing, affordable housing, and renewable energy facilities. Alongside other impact investors, the CIF has supported more than 1,500 people with life enhancing products and services, abated more than 500,000 tonnes of CO₂, supported 5,700 ML of environmental watering events, and contributed to financing 21 impact-driven companies. We look forward to managing the investment

portfolio of the CIF to deliver the long-term target returns that ensure sub-fund holders can optimise the impact of their donated capital through philanthropic grants and investments that generate positive environmental and social impact.

² Past financial performance is not an indication of future financial performance.

Performance to 30 June 21 ²	1 yr	3 yrs (p.a.)	5 yrs (p.a.)
Community Impact Foundation	4.7%	3.9%	4.2%
Benchmark: CPI + 4%	5.6%	5.6%	5.7%

CIF Investment Highlights

Contributing to Solutions and Benefiting People & Planet

Portfolio Breakdown (Excluding Cash)

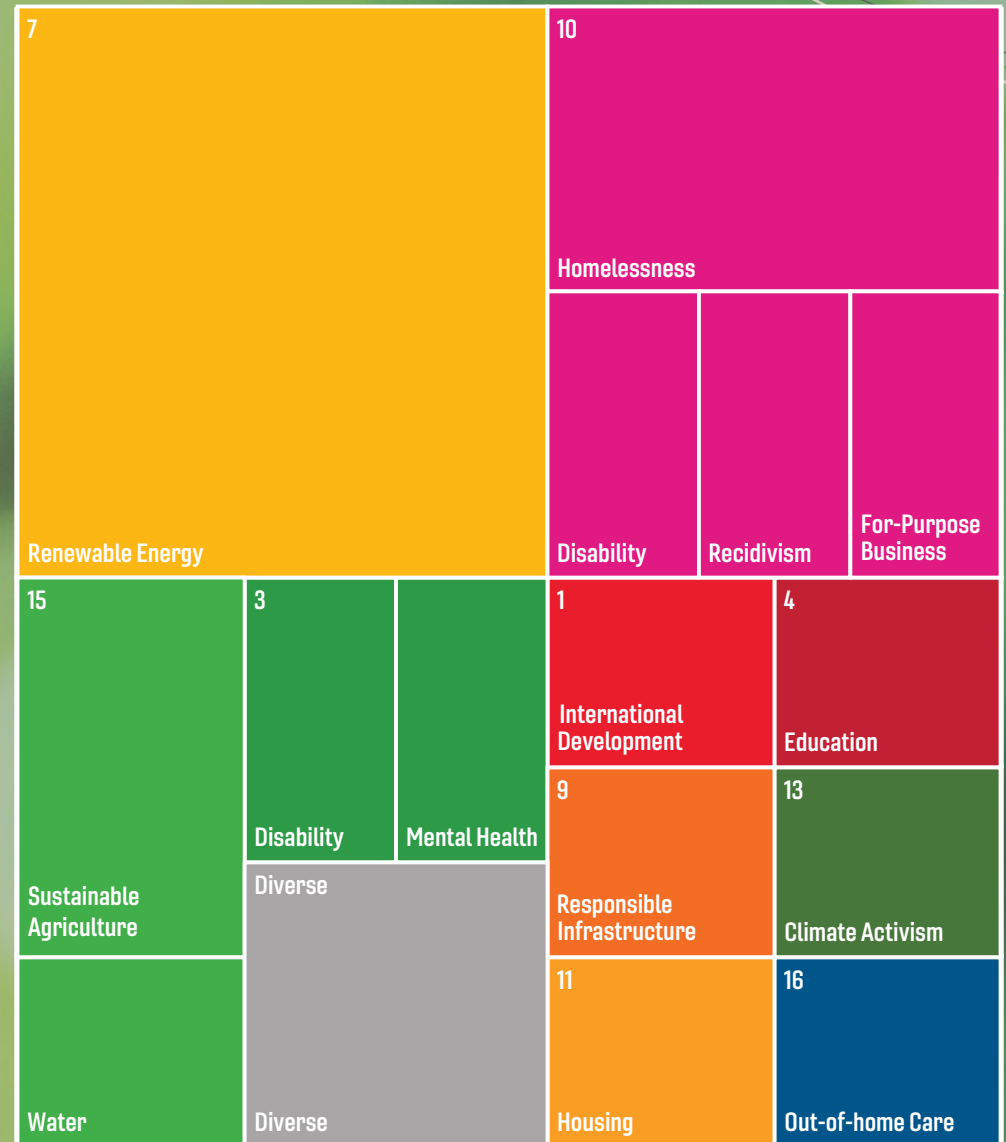
31%
Contribute to Solutions

47%
Benefit People and Planet

22%
Avoid Harm



SDGs and Impact Themes



About Us

Australian Impact Investments is a specialist asset consulting firm that provides advice to clients seeking to mobilise capital to create positive environmental and social impact alongside financial value.

We serve a range of clients, including asset owners and their investment advisers, family offices, charitable trusts and foundations, wealth management firms and government.

Our founding shareholder is Ethinvest, Australia's oldest ethical investment advisory firm. Our team contributes actively to the development of the impact investment sector through participation in advisory groups and committees, including the Australian Government's Emerging Market Impact Investment Fund (EMIIIF), RIAA's Expert Advisory Group, Impact Investment Summit Asia Pacific, and Australian Sustainable Finance Initiative.

Our Services

- » Rigorous, independent sourcing and analysis of impact investments informing a proprietary pipeline of investment opportunities that deliver

financial return and meaningful impact

- » In-depth ethical research, ratings and analysis, including coverage of environmental, social and governance (ESG) related practices
- » Customised research, advisory and investment origination and structuring to achieve defined impact and financial objectives
- » Comprehensive investment management of impact-aligned portfolios, from development of impact investment strategy through to construction, implementation, monitoring and reporting
- » Portfolio impact analysis

If you are interested in integrating impact into your investment portfolio, we invite you to reach out to explore how our team can assist.

Our Team



Kylie Charlton
Managing Director
IC Member
Board Member



Phil Webb
Investment Director
IC Member



Hugh Driver
Associate Director



Caitlin James
Impact Analyst



Andy DuPont
Investment Analyst

Investment Committee



Ross Knowles
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Chairperson



Trevor Thomas
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Managing Director

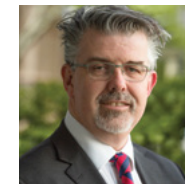
Our Board



Mara Bun
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Fiona Thomas
Board Member



Peter Murphy
Board Member





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Impact Investments

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