



# Impact Report 2022

Mobilising Capital for a Better Tomorrow



Australian  
Impact Investments



# Impact Report 2022

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## Factual Information Only

The material contained in this document is information only and does not set out any recommendations or give opinions. Accordingly, it is not financial product advice and should not be relied upon as such.

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## Bujiri Gunmarrua

We acknowledge the 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 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.



## Our Mission

To transform the paradigm for wealth creation and prove capital can be allocated to empower a better society and healthy planet.

## Our Values

### Community

We collaborate with all wanting to mobilise capital for a better tomorrow and put beneficiaries at the centre of our decision-making.

### Excellence

We strive to do our best in delivering services that contribute to the authenticity and development of impact investing.

### Humility

We seek, listen to and learn from the diverse perspectives and insights of others.

### Courage

We act on our conviction that impact investing is critical to addressing the social and environmental issues of our time.

# Welcome

The resounding call for investors to mobilise capital to tackle environmental and social challenges facing our planet and local and global communities can be heard loud and clear.

Not a day passes without a headline appealing for urgent action on climate change or biodiversity. Calls for equitable access to food, housing, education and health, all fundamental economic, social and cultural rights, also compete for attention.

Acutely alert to these calls, we have the great pleasure of actively working alongside our clients to assist them in deploying capital to solutions addressing these challenges. Our clients committed \$124.5 million to private market investments over Financial Year 2022, driving capital mobilised by our clients since our launch in 2014 to over \$275 million. They sit alongside likeminded investors in over 67 private market investments contributing to positive environmental and social impact.

If our goal is to drive meaningful change, it is critical that we not only celebrate *scale*, but look also to the *quality* of impact. We must have discipline to define the impact objectives of each investment and identify the impact metrics against which impact performance can be objectively measured.

We must also look beyond the impact of individual investments to the *total impact* of an investment portfolio if we are to optimise that meaningful change.

We hope you enjoy reading this report and learning about the scale and quality of impact generated by the investments in which our clients are invested. We applaud the investment managers and for-purpose organisations featured, chosen for their commitment to embedding impact alongside financial return and selected from a universe of opportunities of more than 600.

Finally, we sincerely thank our clients for selecting us to support them in mobilising capital, and we are confident that with a resolute commitment to the impact objectives that define our collective vision of a better tomorrow, arrival at that destination is truly possible.

**Kylie Charlton**  
Managing Director

**Mara Bun**  
Chairperson

*On behalf of the Australian Impact Investments team*



# Reflections

Clients of Australian Impact Investments mobilised \$124.5 million for impact over Financial Year 2022 (FY2022), more than doubling commitments from the prior year and marking the first-time commitments in a 12-month period exceeded \$100 million.

## Investor Momentum

Although the impact of COVID-19 on day-to-day life has waned in Australia and much of the world, and communities attempt to return to 'normal', one theme is becoming increasingly clear: there is no normal, change is the only constant.

Supply chain disruptions, the Russian invasion of Ukraine, a tighter labour market and record government spending have translated to a higher cost of living and inflation being a constant feature in headlines. As inflationary tension on the Australian economy mounts, the Reserve Bank of Australia has attempted to alleviate some of the pressure with the first interest rate rises in over a decade.

At the same time, the climate crisis remains as urgent as ever. The east coast of Australia suffered through record flooding, and the repeated loss of homes costing billions and lives irreplaceable.

While governments and communities around the world have responded in a myriad of ways, the May 2022 federal election in Australia indicated that people are seeking change. The election of a new Labor Government alongside a significant minority of Greens and 'Teal Independents' is evidence of a shift in the Australian consciousness, with people frustrated by our lack of progress on climate change, among other issues.

Already, we can see change. The Climate Bill 2022 was passed in September, setting a target for a reduction in greenhouse gas emissions by at least 43% this decade.

Reconvening the Social Impact Taskforce, allocating additional resources to social and affordable housing and overhauling parental leave policies are also positive changes.

While we believe some of these targets and policies could go further, it should spur more meaningful change in Australia.

## But what does this mean for investors?

Recognition of the impacts of climate change and inequality has spurred the transition of capital towards responsible and impact products over recent years.

According to the Responsible Investment Association of Australasia (RIAA) [2022 Benchmark Report](#), the responsible investment sector grew to \$1.5 trillion by December 2021 to represent over 40% of total assets managed domestically. The same report estimates roughly \$30 billion in impact investment assets in the Australian market, including green, climate and social bonds.

Internationally, the most recent reports on global responsible investment assets estimate the sector will grow from [US\\$35 trillion in 2020](#) to [US\\$50 trillion by 2025](#). The [Global Impact Investing Network \(GIIN\)](#) estimates that almost US\$1.2 trillion is now allocated to impact investments.

## Finding Authenticity

Behind the growth of the responsible investment market is the launch of new and innovative investment products, establishment of new fund managers, the repositioning of large, established fund managers, and an expanding pool of investors.

Celebration of this growth is, however, premature, since growth alone provides no indication of the quality of impact being driven.

Anyone can label a fund, company or product as 'responsible', 'sustainable', 'ethical' or 'impact'. Our experience is, however, that investors seeking genuine product driving positive social and environmental change face an uphill battle. Investors regularly notice a disappointing mismatch between their values and impact goals on one hand, and the details beyond the label of investment opportunities on the other. Investors and investees, whether that be companies or fund managers, can have vastly different perspectives or thresholds for 'impact'.

We consider this phenomenon to be a form of 'greenwashing' or 'impact washing': a lack of consistency of approach from manager to manager, a misguided or incomplete impact thesis, or a focus on environmental, social and governance (ESG) risk management in opposition to true values alignment and impact that is genuinely additional.

Greenwashing is nothing new, and some in our team have observed its progression over more than twenty years, but the issue is coming to a head through a convergence of generational change and progressive investor sentiment set against fund manager recognition around the marketing value of 'responsible', 'impact' or some derivation between the two.

## Indeed, regulators are beginning to take action to reduce the prevalence of greenwashing.

In June 2022, the Australian Securities and Investments Commission (ASIC) released a [guide](#) to avoiding greenwashing when offering or promoting sustainability-related products. In October, the Australian Competition and Consumer Commission (ACCC) announced it would be [investigating](#) misleading environmental and sustainability marketing claims. Further abroad, [heads have already rolled](#) in Europe over claims that allegedly misled investors on the environmental record of their investments.



## Expanding Impact Strategies

Shareholder activism and the concept of an energy or net-zero 'transition' have gained traction in the investing world throughout 2022.

Grok Ventures, the private investing vehicle of Atlassian co-founder Mike Cannon-Brookes, doggedly pursued AGL Energy Limited, Australia's largest carbon emitter, to speed up its net-zero transition plan in line with a 1.5°C global warming scenario. The endeavour has been one of the most public displays of shareholder advocacy, building on work conducted by Market Forces, the Australasian Centre for Corporate Responsibility, Climate Action 100+ and institutional and individual investors.

At the same time, fund managers are increasingly bringing 'activism' or 'transition' strategies to market through a diverse set of investment products.

Our work in public markets has illuminated that while all best-practice responsible investment managers will engage in shareholder advocacy, the number focused on investing in and advocating change to sustainability-lax companies is increasing.

We have also seen several large, international private market managers introduce 'transition' funds. Other trends include funds screening out companies with no diversity on boards or management, and venture capital funds looking to support female founders or founders of colour.

Actions such as these pose an important question for values-aligned investors: is it better to invest in companies or projects that benefit people and the planet, such as renewable energy or social infrastructure, or focus attention on the laggards that can be brought up the curve? The constant backdrop of the climate crisis gives credence to the activism strategy, as we cannot achieve a 1.5°C world if the largest polluters do not act, but companies creating positive social and environmental change are equally important.

Ultimately, we believe there is a place for both strategies in a diversified investment portfolio, employing a pincer movement in driving and contributing positive change towards a more sustainable economy.

## Impact Journey of our Clients

Our clients are integral to the trajectory of the broader responsible investment market, actively directing \$124.5 million to private market investments focusing on addressing the climate crisis and pressing social challenges over FY2022. The impact highlights of these investments are overpage with full details available at pages 15-28.

Increasingly, our clients – particularly family offices and foundations – are adopting *total portfolio strategies*, focusing on ensuring one hundred percent of their capital is aligned with their values and mobilised to generate positive environmental and social impact or, at the very least, avoid harm. While the depth of impact varies across asset classes in a portfolio, pairing consideration of the impact of every investment with the traditional elements of financial risk and return allows the impact of an investment portfolio to be optimised. Excitingly, some clients are including allocations to catalytic impact capital within the total impact strategies they are implementing to deepen the impact of their investment portfolio.

## Looking Forward

Many believed that the end of the COVID-19 pandemic would result in a return to 'normal' life, but we are learning that there is no 'normal'. Looking forward to 2023, we expect to see more product along the themes of decarbonisation, natural capital, diversity and inclusion, and social housing. We will continue to pay close attention to the quality and depth of impact alongside financial risk and return in all products we review.

The challenges of our time require all investors to thoughtfully mobilise every dollar of their investment portfolios to or in support of solutions, without contributing to or exacerbating the problems we seek to solve.

**“Our advisers and clients are taking up more and more high-quality impact investment opportunities with the help of Australian Impact Investments’ curated pipeline.”**

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

# Impact Highlights

TOTAL INVESTED IN IMPACT

**\$275M**

**2,000+**

PEOPLE ACCESSING LIFE-ENHANCING PROGRAMS OR PRODUCTS

**72**

ENTITIES SUPPORTED

**6.6GL**

OF ENVIRONMENTAL WATERING

**1M+**

CO<sub>2</sub> EMISSIONS ABATED

**279**

AFFORDABLE, SOCIAL & SPECIALIST DISABILITY ACCOMMODATION HOMES BUILT

**3,903**

STUDENTS RECEIVING QUALITY EDUCATION

## SUSTAINABLE DEVELOPMENT GOALS



**45.5M**

LIVES IMPROVED IN EMERGING MARKETS

**3M+**

MWH RENEWABLE ENERGY GENERATED



# Our Approach

## Impact is all we do and all we have ever done

Australian Impact Investments provides specialist advice to clients mobilising capital for positive environmental and social impact alongside financial returns.

Since our launch in 2014, our clients have committed more than \$275 million across 67 private market investments that our team have identified from review of more than 600 domestic and international opportunities.

We also help our clients to navigate an ever-increasing universe of 'responsible' funds investing in listed equities or fixed income. Using our multi-decade experience with responsible investing, alongside an iteration of factors identified by the emerging best practice of the [Impact Management Project](#), we look deep beyond fund labels to identify a shortlist of best-practice managers intentionally investing in companies or bonds driving positive social or environmental change.

## Meeting financial and impact objectives

Our clients have been among the first movers in the Australian impact investing space, from multi-generation family offices and charitable foundations to institutional investors and wealth advisers. We meet our clients where they are and help them with where they want to go, providing advice across their portfolio and investment decision process. Our advice enables clients to holistically manage an investment portfolio to meet their financial and impact objectives, from conceptualising a strategy, originating and implementing investments, to portfolio management. For some the starting point may be integrating several impact investments into their portfolio to fulfil an *impact allocation*, while others may pursue a *total impact strategy* that embeds impact alongside risk and reward in every investment decision.

## Building impact portfolios

Every investment has impact – either positive, negative or neutral arising from a combination of positive and negative factors. Thus, optimising a portfolio for impact requires every investment to be intentionally considered and managed for these factors throughout the investing process.

A total impact strategy views impact as a lens across asset classes, adopting a range of approaches to managing a portfolio, from investment screening through to impact investing.

We pair 'impact class' targets alongside a strategic asset allocation, marrying the financial and impact objectives of a portfolio to ensure every investment decision is made giving regard to the triangulation of risk, return and impact.

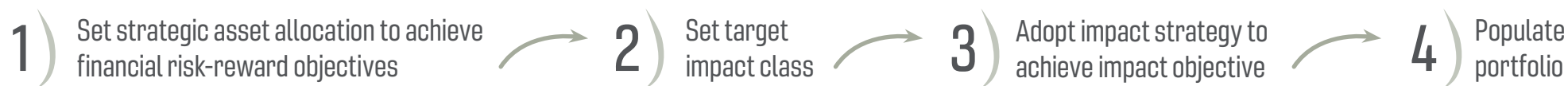
Impact class targets are determined with reference to our Impact Spectrum, spanning from Avoid Harm, Benefit People & Planet, to Contribute to Solutions, formulated from our experience and emerging norms for impact arising out of the Impact Management Project.

Through our work, we know that it is possible to build a portfolio that avoids harm, benefits people and planet and contributes to solutions, whilst meeting financial objectives.

# Building Blocks of a Total Impact Strategy

Just as an investor uses a strategic asset allocation to manage the risk-reward of their investment portfolio, target impact classes across asset classes allows impact of an investment portfolio to be managed and optimised.

Asset Class	Risk Management	Target Impact Class	Impact Strategies		Selected Examples
Alternatives (including venture capital, private equity, private debt, real assets)	<b>Environmental, social and governance (ESG) integration</b> is a risk management tool to be applied across every investment to ensure the ESG risk factors pertinent to investment performance are considered and managed.	<b>Contribute to Solutions</b> The investment not only acts to avoid harm, but also intentionally generates positive, measurable outcomes for people & planet.	<b>Impact Investments</b> Investments made with the intention to generate positive, measurable social and environmental impact alongside a market-rate financial return.	<b>Catalytic Impact Investments</b> Some investors may opt to provide patient or flexible capital to achieve a specific impact while accepting concessional returns.	<a href="#">Tenacious Ventures Fund I</a>
Property					<a href="#">Conscious Investment Management Social Housing Fund</a>
Fixed Income		<b>Benefit People &amp; Planet</b> The investment not only acts to avoid harm but is also involved directly in activities that benefit people & planet.	<b>Investment Screening</b> Applying negative and positive screens to avoid assets not aligned to an investors values and tilt towards positive activities.	<b>Thematic Investing</b> Investments targeting investment themes with a positive theory of change.	<a href="#">Artesian Green &amp; Sustainable Bond Fund</a>
Listed Equities (Domestic and International)					<a href="#">Infradebt Ethical Investment Fund Series</a>
Cash		<b>Avoid Harm</b> The investment has no direct involvement in activities that harm people & planet, or there is a balance of positive and negative activities.	<b>Shareholder Engagement</b> Signal and encourage desired corporate behaviours	<a href="#">Nanuk New World Fund</a>	







**“The research of Australian Impact Investments’ across private and public markets is helping us shape our impact and responsible investment offering for clients.”**

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

# Impact in Private Markets

The \$124.5 million committed to private market impact investment opportunities over FY2022 was our biggest year to date. It was double the amount committed in the previous year, reflecting a combination of increasing investor momentum and quality product.

We approved nine new private market investments contributing to sustainable seafood, social housing, decarbonisation and more. These nine were selected from a pipeline of nearly 100 investments reviewed by our team over the year after passing our rigorous assessment of their investment and impact metrics. Seven of the nine were Australia-focused, and our clients committed a material portion of the \$717 million raised for these investments.

It is an honour to work alongside clients committed to mobilising capital for a better tomorrow and, despite a shadow of pending recession being cast and the flow of investment capital slowing as we head into 2023, we do not doubt that appetite remains for investment opportunities offering risk-adjusted returns together with authentic impact.

## Palisade Impact Fund

Asset Class: Diverse Alternatives  
Impact Type: Contribute to Solutions  
Primary SDG: Clean & Affordable Energy  
A fund investing in infrastructure opportunities that promote energy transition, resource efficiency and digital inclusion.

## Cibus Fund II

Asset Class: Venture Capital/Private Equity  
Impact Type: Contribute to Solutions  
Primary SDG: Responsible Consumption & Production  
A fund investing in sustainable food production, processing and distribution companies.

## Conscious Investment Management Social Housing Fund

Asset Class: Property  
Impact Type: Contribute to Solutions  
Primary SDG: Sustainable Cities & Communities  
A fund investing in social housing assets in Victoria.

## For Purpose Social Impact Fund I

Asset Class: Diverse Alternatives  
Impact Type: Contribute to Solutions  
Primary SDG: Diverse  
A fund investing in various social infrastructure, such as specialist disability accommodation, affordable housing, mental health, skills education and training.

## Future Super Note III

Asset Class: Private Debt  
Impact Type: Benefit People & Planet  
Primary SDG: Climate Action  
A loan to Future Super, Australia's first fossil fuel-free superannuation provider.

## Giant Leap Fund II

Asset Class: Venture Capital & Private Equity  
Impact Type: Contribute to Solutions  
Primary SDG: Diverse  
A fund investing in impact-driven businesses focused on empowerment, sustainability and health and wellbeing.

## Infradebt Ethical Investment Fund III

Asset Class: Fixed Income  
Impact Type: Benefit People & Planet  
Primary SDG: Clean & Affordable Energy  
A Fund investing in a mix of environmentally and socially positive infrastructure.

## Longreach Maris Sustainable Seafood Fund

Asset Class: Real Assets  
Impact Type: Benefit People & Planet  
Primary SDG: Life Below Water  
A fund investing in Individual Transferable Quotas covering wild-catch fisheries around Australia.

## Brookfield Global Transition Fund

Asset Class: Diverse Alternatives  
Impact Type: Contribute to Solutions  
Primary SDG: Climate Action  
A global fund investing in carbon-intensive companies and projects to reduce greenhouse gas emissions.



# Measuring and Reporting Impact

The impact of the private market investments in which our clients have contributed capital and which are still active are presented through the following pages. In total, we report on 45 of 67 investments in which our clients have participated over the past eight years, 22 having already had capital fully returned or that we are no longer actively managing. Our approach is to present the impact of each investment in its entirety, acknowledging this impact is enabled by our clients alongside many other investors.

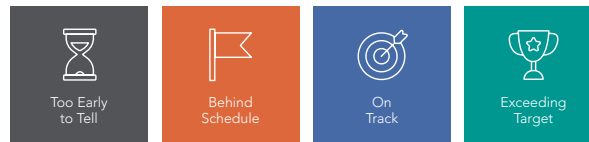
This year, we have sorted investments by 'impact class' and grouped according to asset class and what we believe is their primary contribution to the United Nations Sustainable Development Goals (SDGs).

Impact metrics are reported for those investments we classify 'Contribute to Solutions'. For us, 'Contribute to Solutions' means the investment is intentionally generating a measurable and materially positive effect on a defined social or environmental challenge affecting underserved people or the planet.

These investments set target impact outcomes, measure impact performance against these outcomes and transparently report impact performance to investors. Investments we classify Avoid Harm or Benefit People and Planet are

monitored for their ongoing effect on people and planet but do not have any impact metrics assigned and thus you will find no impact figures recorded in the tables on the following pages for those investments.

We assess the cumulative performance of each investment we classify Contribute to Solutions against its targeted impact outcome by an Impact Progress icon:



We hope that the investments highlighted in the following pages demonstrate it is possible to construct a diversified impact portfolio across all asset classes, from fixed income and listed equities to infrastructure and venture capital.



A young boy with dark hair, wearing a blue t-shirt and blue jeans, is captured mid-swing on a metal swing set. He is smiling and looking upwards. The background is a clear, bright blue sky. The swing set's chains and seat are visible. The overall mood is joyful and active.







**“As a philanthropic organisation focused on creating opportunities for a community where everyone can thrive, The Snow Foundation wants to pursue a positive impact with all our capital resources. Australian Impact Investments has been supporting us to drive this impact since 2015 by identifying impact investments that offer risk-adjusted returns and, more recently, assessing impact investments where our capital can help catalyse the intended impact.”**

**Georgina Byron, Chief Executive Officer and Executive Director, The Snow Foundation**





# Contribute to Solutions





## Private Debt

SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>Catalyst Education (FY21)</b> Funding for a company providing quality vocational training in early childhood education, aged care, disability and more.	Increase the amount of quality vocational training in its target sector, particularly those with a history of underfunded education such as aged care and disability.	2,029 Students graduating with additional skills	3,739 Students graduating with additional skills	
	<b>Ngutu College (FY21)</b> Funding for a school that seeks to integrate Indigenous knowledge and the Arts into a formal curriculum.	Improve education and cultural outcomes for up to 172 students by 2025.	59 Children receiving culturally informed education, 35% of whom are Indigenous	164 Children receiving culturally informed education, 35% of whom are Indigenous	
	<b>PacRise Menstrual Health TFV (FY21)</b> A Trade Finance Vehicle to purchase and distribute menstrual health materials to the South Pacific.	Supply menstrual health products to 4-6 organisations in the South Pacific.	Cumulative impact only reported	5 Entities supported	
	<b>Xceptional (FY20)</b> A for-purpose company improving employment opportunities for people with autism spectrum disorder (ASD) and promoting neurodiversity at work.	Improve employment opportunities to 1,092 people with ASD over 11 years to 2030.	18 candidates with ASD hired	40 candidates with ASD hired	

## Infrastructure

SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<p><b>Palisade Impact Fund (FY22)</b> A fund investing in infrastructure and infrastructure-like opportunities that promote energy transition, resource efficiency and digital inclusion.</p>	Reduce greenhouse gas emissions and waste.	First impact to be reported after twelve months of operation		

## Property

SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<p><b>Australian Unity SDA Fund (FY20)</b> A fund investing in Specialist Disability Accommodation (SDA) in Australia.</p>	Provide 170 SDA properties to support people with disabilities.	20 People living in homes that accommodate their needs	47 People living in homes that accommodate their needs	
	<p><b>Synergis Fund (FY20)</b> A fund investing in SDA in Australia.</p>	Provide people living with disabilities with accommodation that suits their needs.	21 People living in homes that accommodate their needs	40 People living in homes that accommodate their needs	
	<p><b>CIM Social Housing (FY22)</b> A fund investing in social housing properties in Victoria.</p>	Provide 307 affordable, safe and appropriate homes for people with low incomes.	Cumulative impact only reported	192 New homes occupied by people with low incomes in Victoria	



# Fund Spotlight: Conscious Investment Management Social Housing Fund

Contribute to Solutions



## Problem

Having a safe place to live is an intrinsic need for all humans. The security provided by safe, stable, and affordable housing provides a sense of belonging, and is a compelling predictor for many other positive personal outcomes. By comparison, homelessness often accelerates poor personal outcomes in physical health, mental health, educational attainment, and employment. While the public face of homelessness tends to be rough sleeping or living on the streets, there are many Australians that live in inadequate dwellings, have no security of tenure, or have no control over access to space.

## Conscious Investment Management Social Housing Fund

The CIM Social Housing Fund (CIMSHF) attempts to address an aspect of Australia's housing crisis by investing in a portfolio of social and affordable housing in Victoria. Social housing is accommodation managed by government-regulated, not-for-profit Community Housing Providers. Social

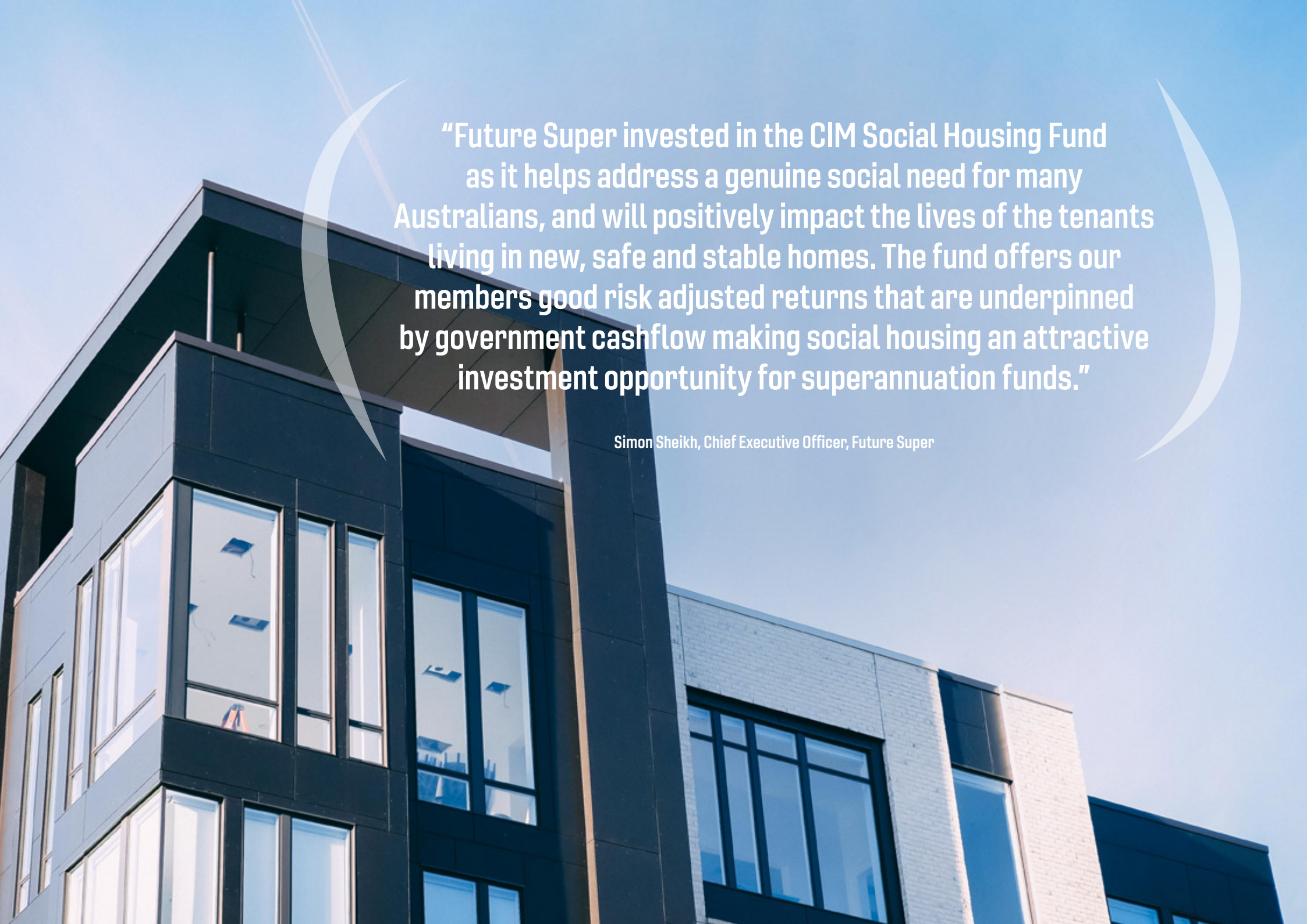
housing tenants may be experiencing or at risk of homelessness, seeking safer housing, or living with disability, and pay up to 30% of income as rent, plus Commonwealth Rental Assistance. This investment was unique, as the Victorian Government contractually agreed a 'top up' payment, allowing investors to earn market rents while tenants pay a maximum of 30% of their income. It demonstrated a scalable and replicable model for private capital to finance social housing.

### Impact Performance

Working with respected Melbourne-focused community housing provider HousingFirst, as of 30 June 2022, 192 social housing dwellings had been funded and were fully occupied, with a further 68 contracted and awaiting settlement. This represents 85% of the target 307 dwellings for CIMSHF. Subsequent to 30 June 2022, terms were agreed to replicate this investment in another State, demonstrating that clients of Australian Impact Investments catalysed a model for private capital to invest in social housing – creating many more housing outcomes than this investment alone.

### Financial Performance

The first distribution from CIMSHF was paid in early July in line with forecasts, reflecting the successful implementation of its strategy to date.










**“Future Super invested in the CIM Social Housing Fund as it helps address a genuine social need for many Australians, and will positively impact the lives of the tenants living in new, safe and stable homes. The fund offers our members good risk adjusted returns that are underpinned by government cashflow making social housing an attractive investment opportunity for superannuation funds.”**

Simon Sheikh, Chief Executive Officer, Future Super






# Contribute to Solutions





## Real Assets

SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>IIG Chepstowe Wind Trust (FY14)</b> 6.15MW wind farm located approximately 30km west of Ballarat, Victoria.	Generate 21,000 MWh renewable energy annually.	19,000 MWh renewable energy generated 18,900 tonnes CO <sub>2</sub> abated	138,000 MWh renewable energy generated 153,400 tonnes CO <sub>2</sub> abated	
	<b>Lismore Community Solar Project (FY16)</b> 99kW community-funded solar PV array to power the East Lismore Sewage Treatment Plant in Lismore, New South Wales.	Generate 166 MWh renewable energy annually.	40 MWh renewable energy generated 33 tonnes CO <sub>2</sub> abated	182 MWh renewable energy generated 157 tonnes CO <sub>2</sub> abated	
	<b>Repower Shoalhaven – 7 (FY18)</b> 120kW solar PV array to power the Shoalhaven Heads Bowling and Recreation Centre in New South Wales.	Generate 170 MWh renewable energy annually.	144 MWh renewable energy generated 116 tonnes CO <sub>2</sub> abated	592 MWh renewable energy generated 508 tonnes CO <sub>2</sub> abated	
	<b>Sentient Solar Asset Fund (FY18)</b> A portfolio of solar farms in Queensland/ Victoria, currently with combined capacity of 73.8MW.	Generate 140,000 MWh renewable energy annually.	126,000 MWh renewable energy generated 118,800 tonnes CO <sub>2</sub> abated	486,000 MWh renewable energy generated 471,100 tonnes CO <sub>2</sub> abated	
	<b>Sentient Solar Income Fund (FY17)</b> A portfolio of solar farms in Western Australia, the Australian Capital Territory and Northern Territory, with combined capacity of 21.2MW.	Generate 27,000 MWh renewable electricity annually.	20,900 MWh renewable energy generated 17,500 tonnes CO <sub>2</sub> abated	141,000 MWh renewable energy generated 123,700 tonnes CO <sub>2</sub> abated	
	<b>Hepburn Community Wind Park (FY08)*</b> 4.1MW community-owned windfarm located in Leonards Hill, Victoria.	Generate 12,000 MWh renewable electricity annually.	10,000 MWh renewable energy generated 9,600 tonnes CO <sub>2</sub> abated	109,600 MWh renewable energy generated 116,200 tonnes CO <sub>2</sub> abated	






\* Invested prior to formation of Australian Impact Investments, but monitoring for clients.

SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>Australian Farmland Funds (FY20)</b> A fund investing in land-based agricultural assets with the aim of improving soil health, enhancing ecosystems and using scarce resources more efficiently.	Allocate up to 30% of farmland under management to ecosystem protection, including strategic re-vegetation, to deliver critical carbon sequestration and biodiversity benefits.	Cumulative impact only reported	19% land owned restored to native vegetation	
	<b>Murray Darling Basin Balanced Water Fund (FY16)</b> A fund investing in water rights in the southern Murray Darling Basin to balance farming and environmental needs.	Restore threatened wetlands, support freshwater species, and conduct environmental watering in wetlands of spiritual and cultural significance to First Nations people across the southern Murray Darling Basin.	Cumulative impact only reported	6,600ML water delivered for environmental watering events	

## Social Impact Bonds<sup>+</sup>



SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>Resolve Social Benefit Bond (FY17)</b> Funding to support Flourish Australia to deliver an intensive mental health program.	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.	Cumulative impact only reported	453 people with mental health concerns enrolled and 65% reduction in cost to government following agreed revision of how impact is measured.	
	<b>Aspire Social Impact Bond (FY17)</b> Funding for Hutt St Centre to deliver a 'housing first' program for homeless people in South Australia.	Improve the wellbeing of ~ 600 homeless participants by reducing the use of short-term emergency accommodation services, inpatient bed days and convictions.	Cumulative impact only reported	575 people experiencing homelessness enrolled and currently outperforming all impact metrics through an increase in stable housing and a reduction in visits to the health and justice systems.	














SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>Compass Social Impact Bond (FY19)</b> Funding for Anglicare Victoria and Vincent Care Victoria to deliver a 'housing first' program for young people leaving out-of-home care.	Improve the wellbeing of 202 young people leaving out-of-home care by reducing incidences of homelessness, emergency department presentations and convictions.	Cumulative impact only reported	182 young people leaving out-of-home care enrolled, with improvement in housing stability and reduction in emergency health visits tracking on target.	
	<b>Youth Connect Social Benefit Bond (FY18)</b> Funding for Churches of Christ in Queensland to deliver a 'housing first' program for young people leaving out-of-home care.	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.	Cumulative impact only reported	300 young people leaving out-of-home care enrolled, with cumulative performance tracking above target for those that have graduated from the program.	
	<b>Newpin SA Social Impact Bond (FY22)</b> 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.	Strengthen family engagement and reunification of at least 78 children currently in out-of-home care.	Cumulative impact only reported	31 children and their families enrolled	

+ Reporting periods for social impact bonds are not typically structured according to financial years. For consistency and presentation of audited numbers going forward, we will report on cumulative numbers presented in the most recent public reporting of each product.

## Venture Capital and Private Equity

SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>Livelihood Impact Fund (FY15)</b> A fund investing in early-stage companies in South-east Asia and India.	Improve the livelihoods of low-income populations through increased income, savings or access to life-enhancing products and services.	Cumulative impact only reported	6.5 million livelihoods improved <i>(Based on active portfolio investments)</i>	

SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>Patamar Fund II (FY21)</b> A venture capital fund investing in early-stage companies in Southeast Asia and India.	Improve the livelihoods of low-income populations through increased income, savings or access to life-enhancing products and services.	Cumulative impact only reported	2.8 million livelihoods improved <i>(Based on active portfolio investments)</i>	
	<b>Tenacious Ventures Fund I (FY21)</b> A fund investing in companies contributing to a sustainable, profitable and adaptable food and agriculture system.	Facilitate the shift towards a carbon-neutral and climate change-resilient food and agricultural system.	Cumulative impact only reported	80,502 tonnes of CO <sub>2</sub> avoided or abated 339,731 hectares subject to optimised for fertiliser and weed control applications 1,487 tonnes of waste diverted from landfill	
	<b>AbilityMade (FY18 and FY19)</b> A for-purpose technology company developing products to promote mobility and accessibility.	Increase accessibility to ankle-foot orthoses (AFOs) for children with disabilities.	163 AFOs made	503 AFOs made	
	<b>Loop+ (FY20)</b> A for-purpose technology company developing solutions for the care management of pressure injuries of wheelchair users.	Minimise the risk of pressure sores and increase the independence and quality of life of wheelchair users.	Cumulative impact only reported	35 users up to 30 June 2021	
	<b>Cibus Fund II (FY22)</b> A fund investing in sustainable food companies.	Reduce greenhouse gas emissions and increase resource efficiency within and around the food production chain.	First impact to be reported after twelve months of operation		
	<b>Kilara Growth Fund (FY21)</b> A fund investing in companies that are facilitating the transition to a low carbon economy.	Increase Investment in businesses across the themes of energy transformation, future food, circular economy and environmental markets and create tailored metrics for each investee to measure impact performance.	Cumulative impact only reported	1.9 million tonnes of CO <sub>2</sub> avoided or abated 27 million single-use plastic items removed 384 tonnes plastic removed from the ocean	



# Fund Spotlight: Tenacious Ventures Fund I

Contribute to Solutions



## Problem

The agriculture industry is an important part of the Australian economy, but the sector is increasingly under pressure due to challenges such as severe weather events like floods and drought, the demands of an ever-increasing global population, and limited space to expand production without engaging in deforestation. To cope with these challenges, the agriculture sector, and food system more broadly, must seek solutions to improve efficiency and productivity along value chains in ways that are sustainable, resilient, manageable and long-term. Farmers and agribusinesses must adopt new solutions to reduce the environmental footprint of their operations, such as more sustainable practices to maintain biodiversity and soil health, alternative systems to reduce carbon emissions and pollution, and waste prevention and upcycling solutions.

## Tenacious Ventures Fund I

Tenacious Ventures Fund I (TV Fund) aims to contribute to a global food and agriculture system that is sustainable, profitable for farmers, and able to adapt to the changing needs of consumers by investing in enterprising entrepreneurs committed to solving the challenges facing the agriculture sector. It focuses on companies that are engaged in smart, sustainable production and land use, technology-enabled access and efficiency, and food and fibre to enable health and wellness.

## Impact Performance

By 30 June 2022, TV Fund had invested in 10 portfolio companies, each with individualised impact metrics that include monitoring tonnes of CO<sub>2</sub> abated, the number of hectares under variable rate fertiliser or spray and/or precision spraying, and tonnes of waste diverted from landfill.

## Financial Performance




The TV Fund is targeting an internal rate of return of 20%+, consistent with the risk-adjusted returns sought from venture capital. While returns will not be realised until the end of the fund's term, TV Fund has demonstrated uplifts of between 1.0 and 1.9x across its portfolio companies at the end of FY2022, leading to a fund average of 1.18x and in line with what we would expect from a venture capital fund at this stage in its investment cycle.

A close-up photograph of several small, reddish-brown terracotta pots arranged in rows. Each pot contains dark soil and a small, young green seedling with two leaves. The pots are set on a light-colored, textured surface, possibly a seedling tray. The background is softly blurred, showing more pots and a white object with some text. A large, light-colored, curved graphic element frames the text on the left side of the image.





**“We invested in Tenacious Ventures Fund I to gain exposure to innovative companies developing global food and agriculture solutions while seeking risk-adjusted returns of 20% plus, in line with those typical of venture capital.”**

Mark Reading, Head of Foundation, Atlassian




# Contribute to Solutions

SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>Giant Leap Fund I (FY16)</b> A fund investing in a portfolio of impact-driven businesses.	Increase investment in businesses that deliver positive change across three impact areas: empowering people, sustainable living and health and well-being.	9,099 tonnes of CO <sub>2</sub> avoided or abated 1,103 tonnes waste diverted from landfill 146,600 people supported in work or health \$42.4 million healthcare savings	257,728 tonnes of CO <sub>2</sub> avoided or abated 2,153 tonnes waste diverted from landfill 504,095 people supported in work or health \$104.0 million healthcare savings	
	<b>Giant Leap Fund II (FY22)</b> A fund investing in a portfolio of impact-driven businesses.	Increase investment in businesses that deliver positive change across three impact areas: empowering people, sustainable living and health and well-being.	First impact to be reported after twelve months of operation	First impact to be reported after twelve months of operation	

## Diversified Alternatives


SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>Triodos Microfinance Fund (FY16)</b> A fund investing in finance institutions predominantly focused on microfinance around the world.	Increase access to financial services for low-income populations and small businesses in emerging markets.	Cumulative impact only reported	18.6 million active savers 17.6 million active borrowers (76% of whom are female)	
	<b>Brookfield Global Transition Fund (FY22)</b> A global fund investing in both infrastructure and private equity with a focus on decarbonisation.	Transformation of carbon-intensive businesses to lower carbon intensity, clean energy, sustainable solutions for communities and the circular economy.	First impact to be reported after twelve months of operation		



SDG	Investment	Target Impact	FY2022	Cumulative	Progress
	<b>Conscious Investment Management Impact Fund (FY21)</b> A fund currently invested in opportunities that can improve lives or the environment using asset-backed debt or other instruments. Specialist disability accommodation, affordable housing and renewable energy projects.	Invest in initiatives that improve livelihoods and reduce greenhouse gas emissions.	71 properties built 3,396 MWh renewable energy generated 2,657 tonnes CO <sub>2</sub> abated	332 properties built 6,418 MWh renewable energy generated 5,225 tonnes CO <sub>2</sub> abated	
	<b>For Purpose Impact Fund I (FY22)</b> A fund investing in various social infrastructure, such as SDA, affordable housing, mental health, skills education and training.	Drive incremental change for people using or engaging with social infrastructure.	First impact to be reported after twelve months of operation		


# Shareholder Engagement Strategy

## Infrastructure


SDG	Investment
	<b>Infrastructure Access Fund (FY20)</b> A fund employing a shareholder activism strategy to reduce the carbon footprint and improve sustainability of major Australian infrastructure assets.

# Benefit People and Planet



## Fixed Income

SDG	Investment
	<p><b>Infradebt Ethical Investment Fund II (FY20)</b> A fund investing in a mix of environmentally and socially positive infrastructure.</p>
	<p><b>Infradebt Ethical Investment Fund III (FY22)</b> A fund investing in a mix of environmentally and socially positive infrastructure.</p>

## Infrastructure

SDG	Investment
	<p><b>Green Infrastructure Access Fund (FY21)</b> A feeder vehicle investing in infrastructure providing an environmental or social benefit.</p>




## Private Debt

SDG	Investment
	<p><b>Sunshot Energy (FY21)</b> A wholesale trader of electricity and large-scale renewable energy generation certificates operating in Victoria.</p>
	<p><b>Future Super Note 1 (FY19), 2 (FY20) and 3 (FY22)</b> Working capital for Future Super, Australia's first fossil-fuel free super fund.</p>

## Real Assets

SDG	Investment
	<p><b>Longreach Maris Sustainable Seafood Fund (FY22)</b> A fund investing in Individual Transferable Quotas covering wild-catch fisheries around Australia.</p>

## Venture Capital and Private Equity

SDG	Investment
	<p><b>Energy Storage Infrastructure Fund (FY18)</b> A fund investing in esVolta, a battery storage company based in the United States.</p>
	<p><b>SOSV IV International Fund (FY19)</b> A venture capital fund investing in disruptive food, life sciences, technology and telecom start-ups.</p>
	<p><b>SOSV Select Fund (FY21)</b> A fund investing in follow-on rounds for companies in SOSV III and IV International Funds.</p>
	<p><b>Argyle Agriculture Fund III (FY16)</b> Integrated supply chain of agricultural production, processing and marketing within the organic grain industry, to support sustainable farming practices.</p>

# Fund Spotlight: Infradebt Ethical Investment Fund Series

Benefit People & Planet



## About the Series

The Infradebt Ethical Investment Series is a collection of four-year term feeder funds giving wholesale investors access the Infradebt Ethical Infrastructure Debt Fund. The Series exposes investors to solar power generation, wind power generation, energy efficiency and social infrastructure. Prohibited investments include fossil-fuel electricity generation and distribution, nuclear power, toll roads, airports, and seaports. To date our clients have participated in each of the three series issued by Infradebt from 2018 to 2022.

While Infradebt tracks the environmental and social impact of the financed assets, it does not target specific environmental or social outcomes. In addition, Infradebt's contribution can sometimes be secondary in nature if financing or refinancing operational assets. As such, we classify the Series against our Impact Spectrum as Benefit People & Planet.

## Financial Performance

The aim of the Series is to provide enhanced yield over cash, with capital stability and full return of capital based on a 'buy and hold to maturity' strategy. The first series was issued in 2018 and matured in 2022, delivering a return net of fees of 4.0% per annum and outperforming its composite bond/bank bill index by 2.0%.

*"The Infradebt Ethical Investment Series forms a mainstay in the portfolios of many of our clients, providing a capital stable investment offering regular income generated from a portfolio of environmentally and socially positive infrastructure."— Fiona Thomas, General Manager, Ethinvest*



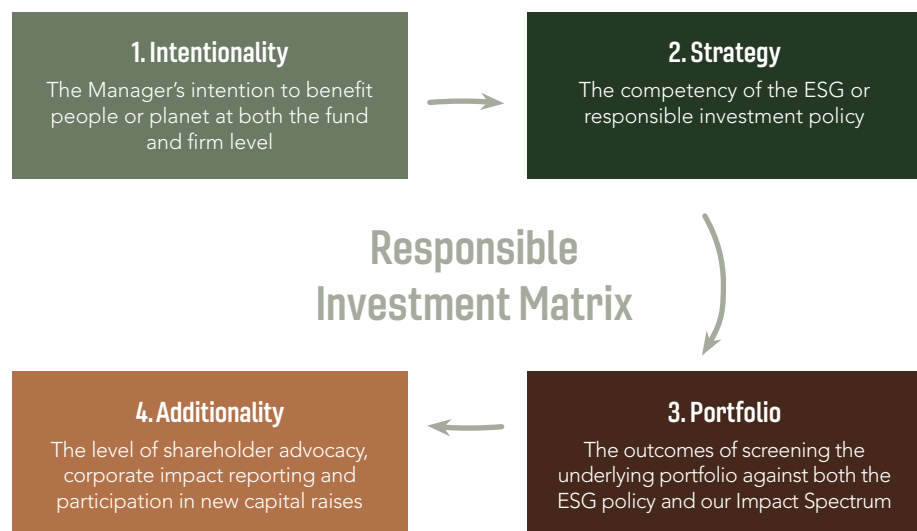


**"Australian Impact Investments' research supports our internal investment team with our due diligence and investment decisions."**

Edward Ring, Head of Impact, Benjamin Duncan Pty Ltd

# Impact in Public Markets

Our annual Listed Equity and Fixed Income Reviews assist clients to find 'best-practice' responsibly managed funds or exchange traded funds (Funds). What constitutes 'best-practice' is guided by our proprietary Responsible Investment Matrix (RIM) which examines four fundamental elements:



In 2022, we identified a shortlist of 14 listed equity and six fixed income funds that we consider embrace a best-practice approach to responsible investment, incorporating rigorous responsible investment strategies and policies, comprehensive investment screens, publicly disclosed engagement activities, and material investment in companies and projects delivering products and services that benefit people or planet. These funds were chosen from a universe of 129 and 39 respectively.

Recent performance for many of the funds shortlisted has been below benchmark, with equities and bond markets around the world struggling with rising interest rates and inflation, as well as market uncertainty. The dominance of oil and gas stocks due to the Russian invasion of Ukraine has also placed pressure on the funds that are typically overweight technology and healthcare and underweight energy and resources.

*"The long-term performance of legitimate responsible investment funds, however, remains strong and long-term volatility is often lower than unscreened peers."*

To date, we have not classified any listed equity fund as Contribute to Solutions as we have not found them to meet our threshold requirements on additionality. We do, however, consider listed equity funds classified as Avoid Harm or Benefit People and Planet as having 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 projects and initiatives do meet our threshold requirements on additionality and are classified Contribute to Solutions.



# Fund Spotlight: Artesian Green & Sustainable Bond Fund

Benefit People & Planet

(Manager Classification)

Contribute to Solutions

(Portfolio Classification)

## About the Fund

The Artesian Green & Sustainable Bond Fund (Fund) comprises a portfolio of ESG-aligned bonds that meet strict responsible investment criteria, are aligned to the UN Sustainable Development Goals and are certified by the Climate Bonds Initiative or other responsible investment bodies. The Fund employs a comprehensive, two-stage screening process that analyses the issuer of an ESG-aligned bond and the 'use of proceeds', which refers to the way in which debt raised for a bond must be used.

Artesian also employs consistent and active engagement with issuers to improve the universe of bonds available and ensure issuers are adopting the strictest impact monitoring practices.

With its [Annual Impact Report](#) detailing the core impact-related activities of its portfolio as well as its engagement activities, we consider Artesian to be amongst the fixed income industry leaders in impact reporting.

## Financial Performance

Recent performance of fixed income funds has been mixed as the asset class has struggled with historically low interest rates and more recently, inflation.

The Fund was no exception to this rule with 12 months performance to 30 June 2022 down 5.16%, largely in line with the Fund benchmark of the Bloomberg AusBond Composite 0-5Yr Index. Since inception in 2020, while performance has been negative at 0.98% per annum, the Fund has outperformed the benchmark by 1.38%.

The Fund combines strong strategic intentionality, together with processes that firmly embed consideration of impact in its portfolio construction, evidenced by a portfolio of bonds comprised predominantly of issuers and where use of proceeds are classified Contribute to Solutions. As such, the Fund scores well on our RIM.



# Fund Spotlight: The Nanuk New World Fund

Benefit People & Planet

(Manager Classification)

Avoid Harm

(Portfolio Classification)

## About the Fund

The Nanuk New World Fund invests in international companies focused on improving environmental sustainability and resource efficiency. Nanuk prioritises investment in companies that derive more than 25% of revenue from one of eight key themes: clean energy, energy efficiency, industrial efficiency, waste and pollution, food and agriculture, advanced and sustainable materials, water and healthcare. A comprehensive list of exclusions structured around materiality thresholds minimises the Fund's exposure to activities that may harm people or planet.

## Financial Performance

For the 12 months to 30 June 2022 the Fund was down 9.0%, underperforming its global equities benchmark of the MSCI All Countries World Net Total Return Index, by 1.0%. Since inception in November 2015 the Fund has outperformed, returning 10.6% per annum versus 8.3% per annum for the benchmark.

Over a five-year period the Fund tracked the benchmark with a return of 9.4%, dispelling the myth that to invest responsibly you must give up returns.

Nanuk rates well on our RIM with strong intentionality demonstrated at both the Fund and firm level. The strategy and processes firmly tilt the portfolio towards companies whose activities Benefit People and Planet or Avoid Harm, and Nanuk is active in shareholder engagement. In September 2021, in partnership with Sustainable Platform, Nanuk released an ['Impact Calculator'](#) for investors to visualise the impact of portfolio companies across the UN Sustainable Development Goals.





A person wearing a white helmet, a brown jacket, and brown pants is rappelling down a steep, reddish-brown rock face. They are holding onto a rope and have a green rope coiled around their waist. The background is a clear blue sky with some light clouds. The rock face is textured and shows signs of weathering.

**“Authenticity of impact is extremely important to our advisers and our clients. Australian Impact Investments helps us find solutions that are authentic and true-to-label.”**

**Amanda MacDonald, Head of Sustainable Investment, LGT Crestone**





# Our Team

The Australian Impact Investments team embeds experience across impact investing, responsible investing, values-based portfolio construction and management, wealth advisory, investment banking and philanthropy. We are collectively and individually committed to delivering long-term positive impact for our planet and community.

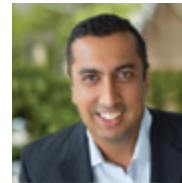
## Core Team



**Kylie Charlton**  
*Managing Director, Board, Investment Committee*



**Phil Webb**  
*Investment Director, Investment Committee*



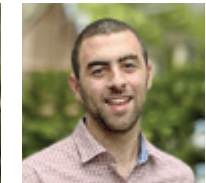
**Neeraj Aggarwal**  
*Associate Director*



**Hugh Driver**  
*Associate Director*



**Caitlin James**  
*Associate*



**Andy DuPont**  
*Investment Analyst*

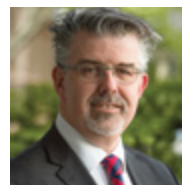
## Our Board



**Mara Bun**  
*Chairperson*



**Fiona Thomas**  
*Ethinvest Representative*



**Peter Murphy**  
*Board Member*



**Ross Knowles**  
*Ethinvest Co-Founder Chairperson*



**Trevor Thomas**  
*Ethinvest Managing Director*

## Investment Committee





Australian  
Impact Investments

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Corporate Authorised Representative: No. 464365 of Ethinvest Pty Ltd