

## Faculti Summary

<https://faculti.net/the-risk-and-return-of-impact-investing-funds/>

This video discusses the financial aspects and risk profiles of impact investing, particularly in private markets, which have been less studied compared to public markets. It emphasizes the need to understand the risk properties of impact investments, as private markets offer unique opportunities where investors can influence deal sourcing and actively support portfolio companies.

This video highlights that data on private impact investing funds is scarce, but the Impact Finance Research Consortium has been working to gather relevant data. The authors present an approach to analyze performance and risk exposure of impact funds, using cash flow data to derive a measure of market risk exposure (beta).

Key findings include that impact funds typically exhibit lower market risk exposure compared to other private market strategies. When adjusting for market risk, there is no statistically significant difference in performance between impact funds and comparable strategies. The results suggest that for investors focused on market risk-adjusted returns, impact funds may not be as concessionary as previously thought, while those prioritizing total returns may find impact funds less appealing.

The study also indicates that different investors will perceive the financial merit of impact investing variably, depending on their specific portfolios.