

Impact Investing Emerges as a Distinct Asset Class

- **Report by J.P. Morgan and the Rockefeller Foundation assesses expected and realized returns using data collected by the Global Impact Investing Network from more than 1,000 impact investments**
- **Report estimates an investment opportunity between \$400 billion and \$1 trillion with profit potential between \$183 billion and \$667 billion over the next decade in five sectors – affordable urban housing, rural access to clean water, maternal health, primary education, and microfinance – serving global populations earning less than \$3,000 annually**

November 29, 2010 - Impact investment, which is intended to create positive social or environmental impact beyond financial return, constitutes a new asset class, according to a report by J.P. Morgan and the Rockefeller Foundation. Impact investments are typically made in private markets by providing debt or equity to mission-driven businesses. Impact investing has gained traction among a wide range of investors, including large-scale financial institutions, pension funds, family offices, private wealth managers, foundations, individuals, commercial banks, and development finance institutions.

"In 2007, J.P. Morgan launched its Social Finance business to provide capital, financial services, and research to the growing market for investments and businesses creating positive social impact," said Nick O'Donohoe, Global Head of Research for J.P. Morgan and co-author of the report. "Since that time, we've seen the impact investment market gain significant momentum with the entry of greater numbers of mainstream investors. The development of uniquely skilled professionals and intermediaries, specialized industry associations and networks, and standardized metrics points to the emergence of impact investments as a burgeoning asset class in its own right."

"Government funding, international aid and philanthropy alone are insufficient to solve the world's most challenging problems," said Rockefeller Foundation President Dr. Judith Rodin. "This is why the Rockefeller Foundation has committed \$38.5 million to both standardize and harness the power of the impact investing industry - to help support the world's poorest and most vulnerable citizens by enabling investors to direct their resources toward multiple bottom-line returns and social good. This report highlights an important milestone in the growth of the industry as impact investing has evolved into an asset class, indicating an opportunity for the capital markets to create investment vehicles that enable both social and financial returns and create an avenue to direct more dollars toward helping those most in need."

The report, titled *Impact Investments: An Emerging Asset Class*, also includes the first large-scale data analysis of return expectations and, when available, realized returns for impact investments. The analysis shows that investors have broad expectations for impact investment financial returns, ranging from concessionary to market-beating. For those impact investments with realized returns, actual earnings were in line with return expectations. The analysis was done by J.P. Morgan and relied on data collected by the Global Impact Investing Network (GIIN) from more than 1,000 impact investments. The GIIN is a nonprofit industry organization dedicated to increasing the scale and effectiveness of impact investing.

"For quite some time, a diverse set of investors have targeted positive social and environmental impact with their investments. Recognizing impact investing as an asset class engages an even larger group of investors," said Amit Bouri, Director of Strategy and Development at the GIIN. "We hope this analysis provides the necessary catalyst for investors who are interested in impact investing, but have been hesitant to act so far."

The report also estimates significant market opportunity for impact investment over the next ten years. After analyzing selected segments of five sectors - affordable urban housing, rural access to clean water, maternal health, primary education, and microfinance - serving the population at the "base of the economic pyramid," the authors estimate a potential investment opportunity between \$400 billion and \$1 trillion with potential profits between \$183 billion and \$667 billion in the next decade for just these segments of the impact investing market.

About J.P. Morgan: J.P. Morgan is the investment banking arm of JPMorgan Chase & Co. (NYSE: JPM), a leading global financial services firm with assets of \$2.1 trillion and operations in more than 60 countries. JPMorgan Chase is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. The firm serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. Information about J.P. Morgan is available at www.jpmorgan.com.

About The Rockefeller Foundation: The Rockefeller Foundation fosters innovative solutions to many of the world's most

pressing challenges, affirming its mission, since 1913, to "promote the well-being" of humanity. Today, the Foundation works to ensure that more people can tap into the benefits of globalization while strengthening resilience to its risks. Foundation initiatives include efforts to mobilize an agricultural revolution in Sub-Saharan Africa, bolster economic security for American workers, inform equitable, sustainable transportation policies in the United States, ensure access to affordable and high-quality health systems in developing countries, accelerate the impact investing industry's evolution, and develop strategies and services that help vulnerable communities cope with the impacts of climate change. For more information, please visit www.rockefellerfoundation.org.

About the Global Impact Investing Network: The Global Impact Investing Network (GIIN) is a not-for-profit organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. This work is informed by the GIIN Investors' Council, a diverse membership group comprised of leading impact investors. To serve the needs of the greater impact investing community, the GIIN is also overseeing the development of IRIS, a common vocabulary and framework for measuring and reporting the social and environmental performance of impact investments, and is launching ImpactBase, a database of impact investment funds designed to reduce search and transaction costs across the impact investing industry. For more information, please visit www.thegiin.org.