



optica^vA



Impact Investing Index & Benchmark Statistics

March 31, 2015

CAMBRIDGE



ASSOCIATES

Disclaimer

Our goal is to provide you with the most accurate and relevant performance information possible; as a result, Cambridge Associates' research organization continually monitors the constantly evolving private investments space and its fund managers. When we discern material changes in the structure of an asset class and/or a fund's investment strategy, it is in the interest of all users of our benchmark statistics that we implement the appropriate classification realignments.

In addition, Cambridge Associates is always working to grow our private investments performance database and ensure that our benchmarks are as representative as possible of investors' institutional-quality opportunity set. As a result we continually add funds to the database (both newly-raised funds and backfill funds) and occasionally we must remove funds that cease reporting. Our private investments performance database is dynamic and will reflect both classification adjustments and changes to the underlying pool of contributing funds. As a result, you may notice quarter to quarter changes in the results of some historical benchmark return analyses.

Overview

Cambridge Associates' Private Investments Database is one of the most robust collections of institutional quality private fund performance. It contains the historical performance records of over 1,800 fund managers and their over 6,200 funds. In addition, we capture the performance information (gross) of over 71,000 investments underlying our venture capital, growth equity, buyout, mezzanine and private equity energy funds. This is one of the largest collections of portfolio-level performance information in the world and represents the investments of approximately 80% of these funds on a count basis and 88% on a total commitment basis. This fund and investment-level performance information is drawn from the quarterly and audited annual financial statements of the fund managers and each manager's reported performance numbers are independently recreated from the financial statements and verified by Cambridge Associates.

Institutional Quality Data

Cambridge Associates strives to include only institutional quality funds in our benchmarks. "Institutional quality" funds, in our definition, tend to meet the following criteria: closed-end funds, commingled funds that invest 3rd party capital (we exclude firms that invest off of their balance sheet, such as a bank's principal investing group or a corporate's venture capital arm), and fund vehicles. This institutional quality screen seeks to provide investors with performance data consistent with their investible opportunity set.

Sources of Benchmark Data

Our benchmark database utilizes the quarterly unaudited and annual audited fund financial statements produced by the fund managers (GPs) for their Limited Partners (LPs). These documents are provided to Cambridge Associates by the fund managers themselves. Unlike other data providers, Cambridge Associates does not use Freedom of Information Act (FOIA) requests, regulatory filings, manager surveys, or press "scrapings" to obtain information. Our goal is to have a complete historical record of the quarterly cash flows and net asset values for all funds in the benchmarks. We use a number of paths to encourage fund managers to submit their performance data to our database: our clients for whom we provide private investment performance reporting, our research organization's regular meetings with thousands of managers, our special projects designed to enhance existing benchmarks or launch new ones, our exclusive relationships with over ten globally-diverse fund manager associations, and finally, our exclusive relationships with Thomson Reuters and the Institutional Limited Partners Association (ILPA). By leveraging these varied sources and proprietary relationships, Cambridge Associates has constructed a rich and diversified benchmark data set.

Vintage Year Definition

Vintage year is defined as the legal inception date as noted in a fund's financial statement. This date can usually be found in the first note to the audited financial statements and is prior to the first close or capital call.

Timing of Final Benchmarks and Data Evolution

The Cambridge Associates' benchmarks are reported on a one-quarter lag from the end of the performance quarter due to the reporting time frame of private investments fund managers.

Published Data: When the vast majority of a benchmark group's (organized by asset class, e.g. Venture Capital or Real Estate) performance information is updated for a performance quarter, that benchmark is considered final and the data is "published" via the quarterly benchmark reports.

Changes to Data: After a benchmark group is published, any updates to historical data for these funds, which can include adding a fund and its performance history to the database ("backfills") and/or updating past information for an existing fund due to late-arriving, updated, or refined information, would be reflected when that group is published for the next performance quarter.

In addition, Cambridge Associates may change the classification of certain funds; this often driven by the evolution of private investments and the resulting need to introduce new benchmarks or refine our classification scheme. For example, as growth equity emerged as an asset class we reclassified certain venture capital and buyout funds accordingly.

Survivorship Bias: In order to track the performance of a fund in our benchmarks, we require the complete set of financial statements from the fund's inception to the most current reporting date. When an active fund stops providing financial statements, we reach out to the manager and make several attempts to encourage them to continue to submit their data. We may, during this communication period, roll forward the fund's last reported quarter's net asset value (NAV) for several quarters. When we are convinced that the manager will not resume reporting to us, the fund's entire performance history is removed from the database.

When fund managers stop reporting before their fund's return history is complete, an element of "survivorship bias" may be introduced to a performance database, which could skew the reported returns upwards if the funds dropping out had poorer returns than those funds that remained. Survivorship bias can affect all investment manager databases, including those for public stock managers and hedge funds. Compared to public stocks and hedge funds, however, the illiquid nature of private investments can actually help limit this survivorship effect. Whereas an underperforming stock manager may simply close up shop or drop out of databases as clients liquidate their positions and fire the manager, private investment partnerships owning illiquid assets continue to exist and require reporting to the limited partners, even if the original manager ceases to exist.

Over the last six years the number of fund managers that stopped reporting to Cambridge Associates represented an average of 0.8% (per year) of the total number of funds in the database during the respective year, and an average of 0.6% (per year) as a percentage of total NAV in the database during that respective year. During that same period the overall number of funds in our database increased by an average of 8% (per year). The performance of the small number of funds that have stopped reporting has been spread amongst all quartiles and has not been concentrated consistently in the poorer performing quartiles.

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Criteria for Inclusion

- ◆ Impact investments are defined by their intent to generate a social and/or environmental return in addition to a financial return. The focus of this report is private funds with a social impact objective to allow for a clear aggregation of similarly motivated funds.
- ◆ The Cambridge Associates research team identified a list of relevant impact investing funds through existing databases maintained by various credible networks worldwide, including the GIIN's ImpactBase, CA's Mission-Related Investing (MRI) database, the Community Development Venture Capital Alliance (CDVCA), the European Venture Philanthropy Association (EVPA), ImpactAssets 50, and Opportunity Finance Network (OFN). This generated a target list of approximately 350 funds.
 - ◆ This process enabled the research team to identify those funds likely to have the intention to create positive social impact, as indicated by their membership in these impact-oriented networks.
 - ◆ Funds are continually added to this Benchmark each quarter. If the impact intent of a fund was unclear, the research team conducted additional detailed review to determine whether the fund could be included.
- ◆ A unique feature of impact investments is that not all investment opportunities aim for market rates of risk-adjusted return. However, in the interest of focusing on a relatively uniform set of data, this research restricts itself to those funds that target risk-adjusted market-rate returns.
- ◆ These guidelines, in addition to those outlined in the table below, narrowed the list of eligible funds from ~350 to ~140.
- ◆ 56 qualifying funds had submitted their data for benchmark inclusion as of March 31, 2015.

	Included	Excluded
Fund type	Private, closed-ended funds available to institutional investors	Public funds Open-ended funds
Asset class/strategy	Private Equity: Growth Private Equity: Mezzanine Venture Capital	Private Equity: Buyout Fixed Income Real Assets
Impact intent	Intent to generate social impact	Intent to generate environmental impact only ESG / negative screening
Target returns	"Market rate": target 15%+ net IRR for growth and venture; 10%+ for mezzanine	Below-market funds: target concessionary returns that are lower than our market rate expectations

Data Summary as of March 31, 2015

- ◆ Funds in the Impact Investing Benchmark were launched between 1998 and 2012 and raised \$7.2 billion. Across all vintage years, the pooled internal rate of return (IRR) for the Impact Investing Benchmark is **6.3%** versus **8.6%** for funds in the Comparative Universe. *
- ◆ Impact investing funds launched from 1998 to 2004 perform in line with, or better than, funds in the comparative universe, while impact investing funds launched in more recent periods (2005 to 2012) have lagged.
- ◆ C|A further segmented the data by geographic grouping and fund size in an effort to isolate and negate the effects of the more prevalent geographies and larger funds that disproportionately influenced the Impact Investing Benchmark numbers.
 - ◆ Emerging markets impact funds (7.7%) generally posted stronger returns than developed markets impact funds (4.7%). Emerging markets impact funds excluding Africa returned 7.2%, indicating that Africa was a particularly strong geography.
 - ◆ Impact funds with a total capitalization of less than \$100 million returned 8.8% and tended to outperform larger impact investing funds (5.6%) and both smaller (4.9%) and larger (8.7%) funds in the comparative universe.
- ◆ Given the limited size of the sample and the overall youth of the funds within the Impact Investing Benchmark, it is difficult to draw definitive conclusions on the performance of impact investing funds. Like the impact investing industry, the Impact Investing Benchmark dataset is young and dynamic: its performance will evolve from quarter to quarter, as with any benchmark, with the addition of new funds and the maturation of existing ones. We will monitor the industry by updating this benchmark on a quarterly basis.

*To provide broader market context, C|A compiled a Comparative Universe containing funds of the same vintage years, asset classes, geographic focuses, and industry focuses present in the Impact Investing Benchmark. The Comparative Universe also excluded funds focused solely on the IT and Biotech industries, as neither is prevalent in the Impact Investing Benchmark dataset. The Comparative Universe is capitalization-weighted.

Fund Index Summary: End-to-End Pooled IRR (%)
Net to Limited Partners

	1-Quarter	1-Year	3-Year	5-Year	10-Year	15-Year
Impact Investing Benchmark	-1.52	2.64	11.04	8.81	5.11	6.29
Comparative Universe *	2.64	13.63	14.06	13.6	11.22	7.84
Barclays Government/Credit Bond Index	1.84	5.86	3.35	4.75	4.96	5.73
MSCI World ex U.S. Index	3.83	-1.39	8.24	5.72	5.03	3.03
MSCI World Index	2.31	6.03	12.19	10.01	6.39	3.21
MSCI Emerging Markets Index	2.28	0.79	0.67	2.08	8.82	7.37
Russell 1000® Index	1.59	12.73	16.45	14.73	8.34	4.43
Russell 2000® Index	4.32	8.21	16.27	14.57	8.82	7.19
S&P 500 Index	0.95	12.73	16.11	14.47	8.01	4.15

Note: Returns corresponding with the Impact Investing Benchmark and Comparative Universe are end-to-end calculations based on data compiled from 867 private equity and venture capital funds from the years 1998 through 2012. 56 of these funds have been qualified by Cambridge Associates as Impact Investing funds.

*The Comparative Universe includes 811 funds of the same asset classes, vintage years, and geographic/sector focuses as the funds in the Impact Investing Benchmark. Notable exclusions are buyout strategies and funds focused exclusively on IT. Calculations are net of fees, expenses, and carried interest.

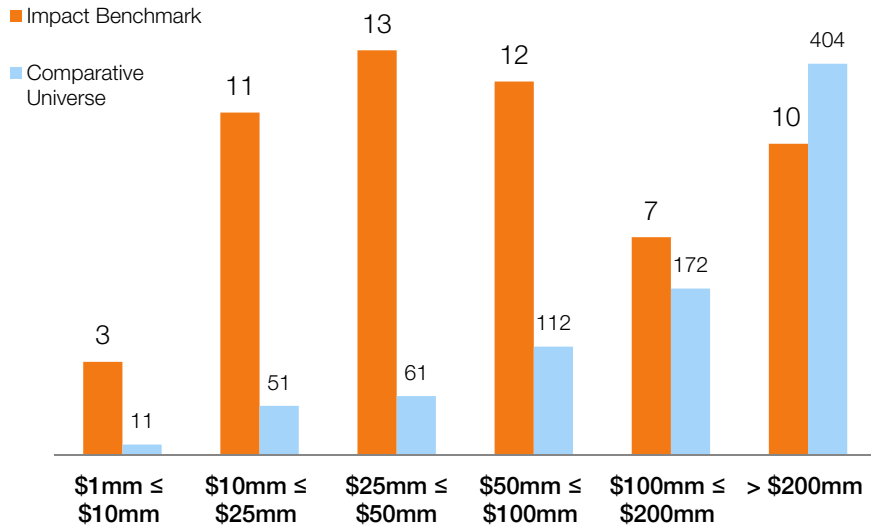
Sources: Cambridge Associates LLC, Barclays, Dow Jones Indexes, Frank Russell Company, Standard & Poor's, Thomson Reuters Datastream, and Wilshire Associates, Inc.

Distribution of Funds by Size and Vintage Year

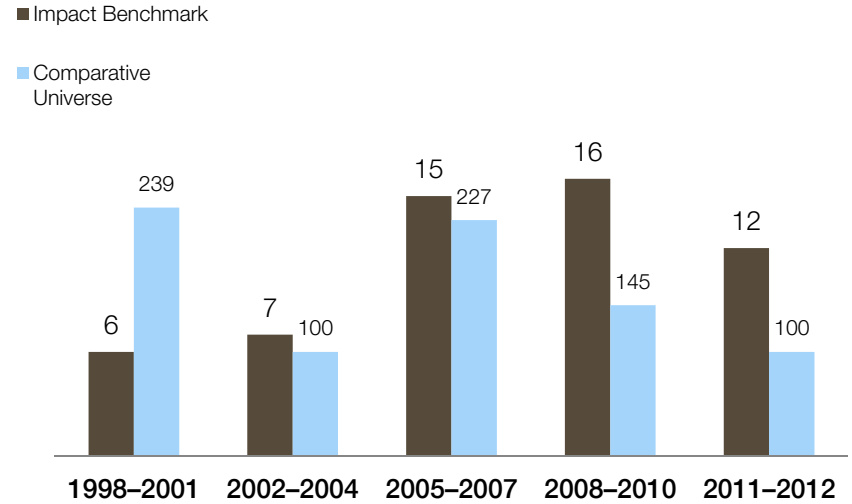
Impact Investing Benchmark
n=56
Total fund capitalization = \$7.2B

Comparative Universe*
n=811
Total fund capitalization = \$347.9B

By size



By vintage year



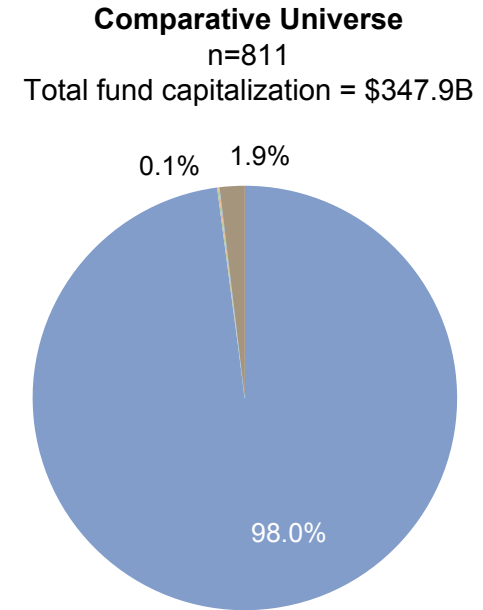
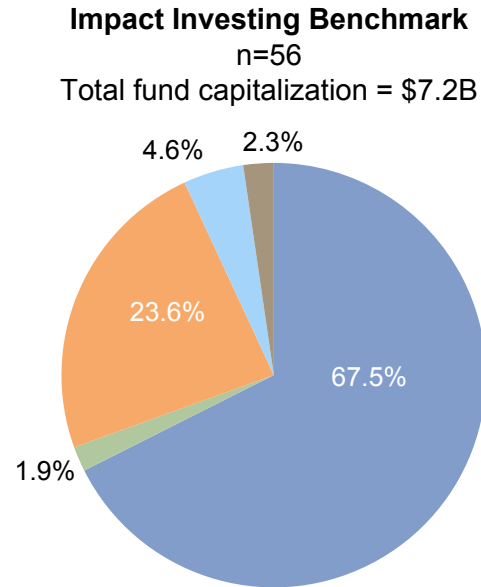
Notes: Both universes represent funds of vintage years 1998-2012.

*The Comparative Universe includes funds of the same asset classes, vintage years, and geographic/sector focuses as the funds in the Impact Investing Benchmark. Notable exclusions are buyout strategies and funds focused exclusively on IT. Impact funds and funds in the Comparative Universe are plotted on separate axes.

Distribution of Funds by Sector and Geography

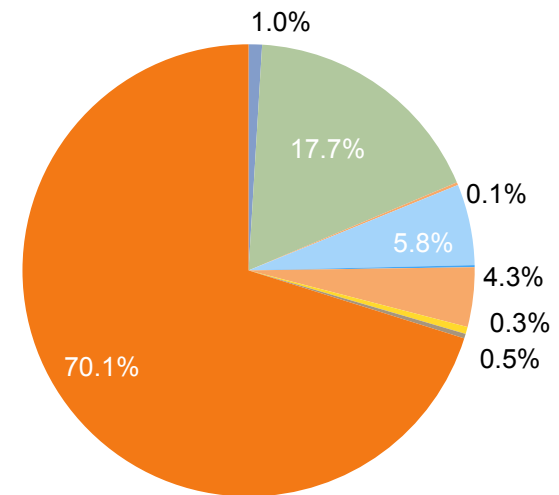
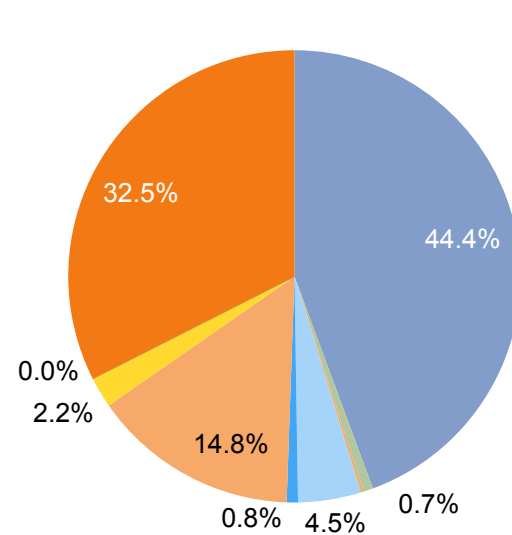
By sector

- Multi Industry
- Business Services
- Financial Services
- Information Technology*
- Consumer/Retail



By geography

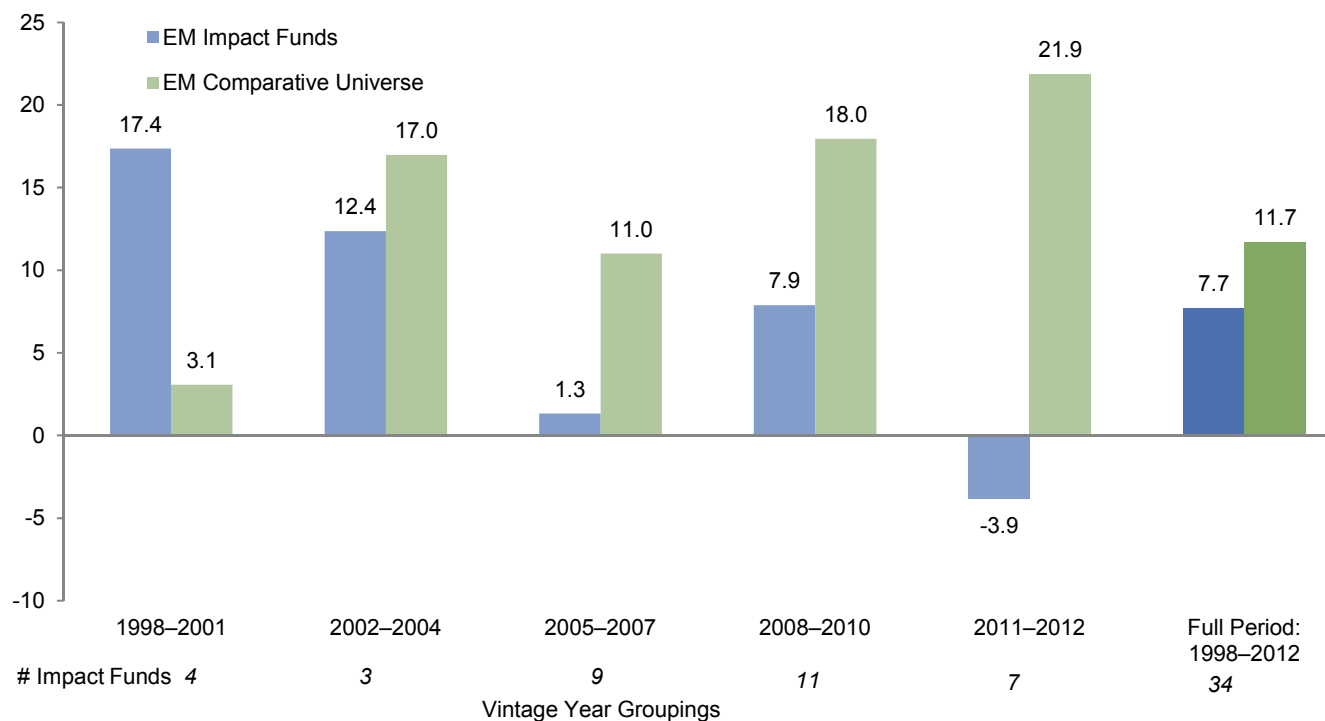
- Africa
- Asia/Pacific-Emerging
- Canada
- Europe-Developed
- Europe-Emerging
- Global-Emerging
- Latin America & Caribbean
- Middle East-Emerging
- United States



Note: Percentages are based on total capitalization in each category rather than the number of funds. Geography is based on the geographic focus of the fund, not the location of the fund manager. Funds with a regional focus invest across that region rather than in one specific country.

* IT is not included in the Comparative Universe; it would have constituted a large portion of the sample and does not meaningfully drive the returns of the Impact Investing Benchmark. Only the sectors listed above were included in the Comparative Universe.

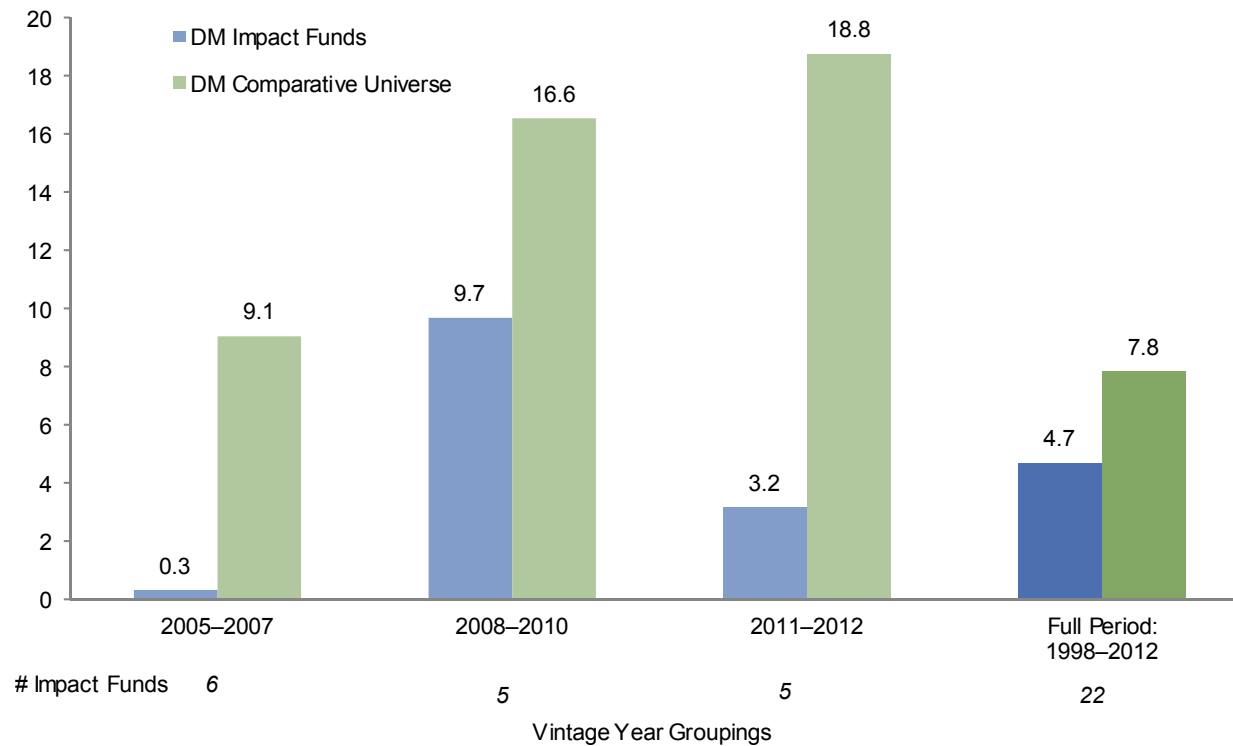
Net to LP Index IRRs (%) by Vintage Year and Geography

Performance by Vintage Year and Geography: Emerging Markets Funds
As of March 31, 2015

Notes: IRRs are in USD and are net of fees, expenses, and carried interest. Figures are based on data compiled from 34 impact funds and 215 funds in the comparative universe. Funds launched since 2012 are too young to have produced meaningful returns and are excluded from analysis.

Net to LP Index IRRs (%) by Vintage Year and Geography

Performance by Vintage Year and Geography: Developed Markets Funds As of March 31, 2015

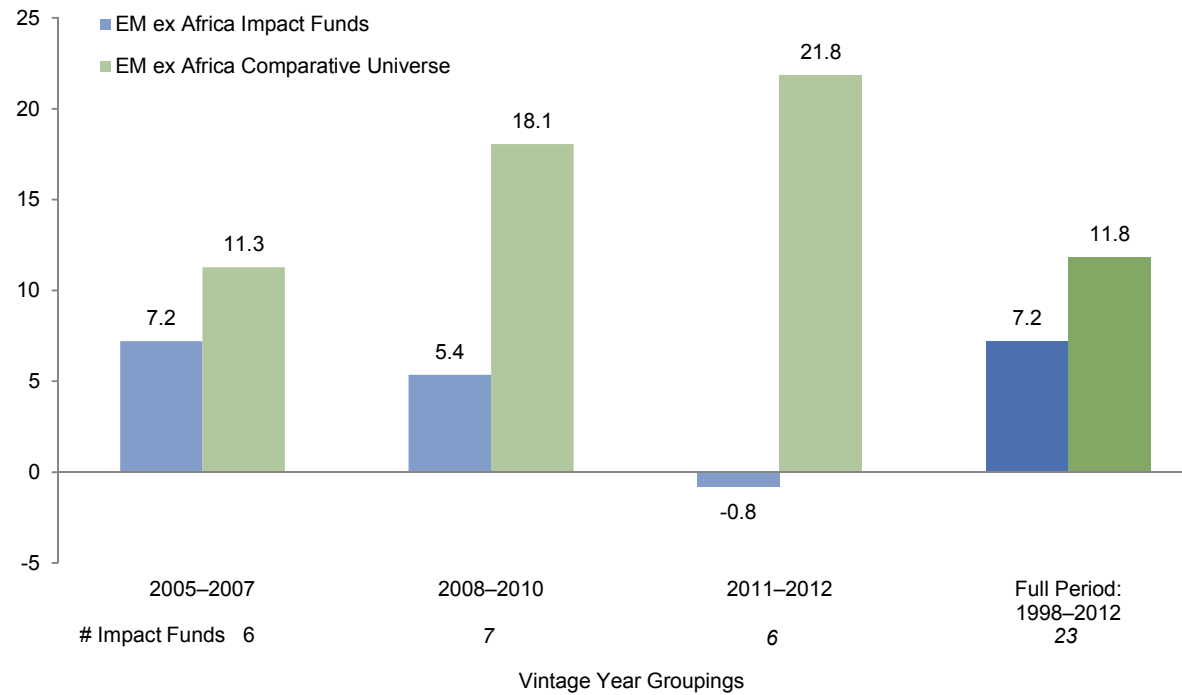


Notes: IRRs are in USD and are net of fees, expenses, and carried interest. Figures are based on data compiled from 22 impact funds and 596 funds in the comparative universe. Funds launched since 2012 are too young to have produced meaningful returns and are excluded from analysis.

Net to LP Index IRRs (%) by Vintage Year and Geography

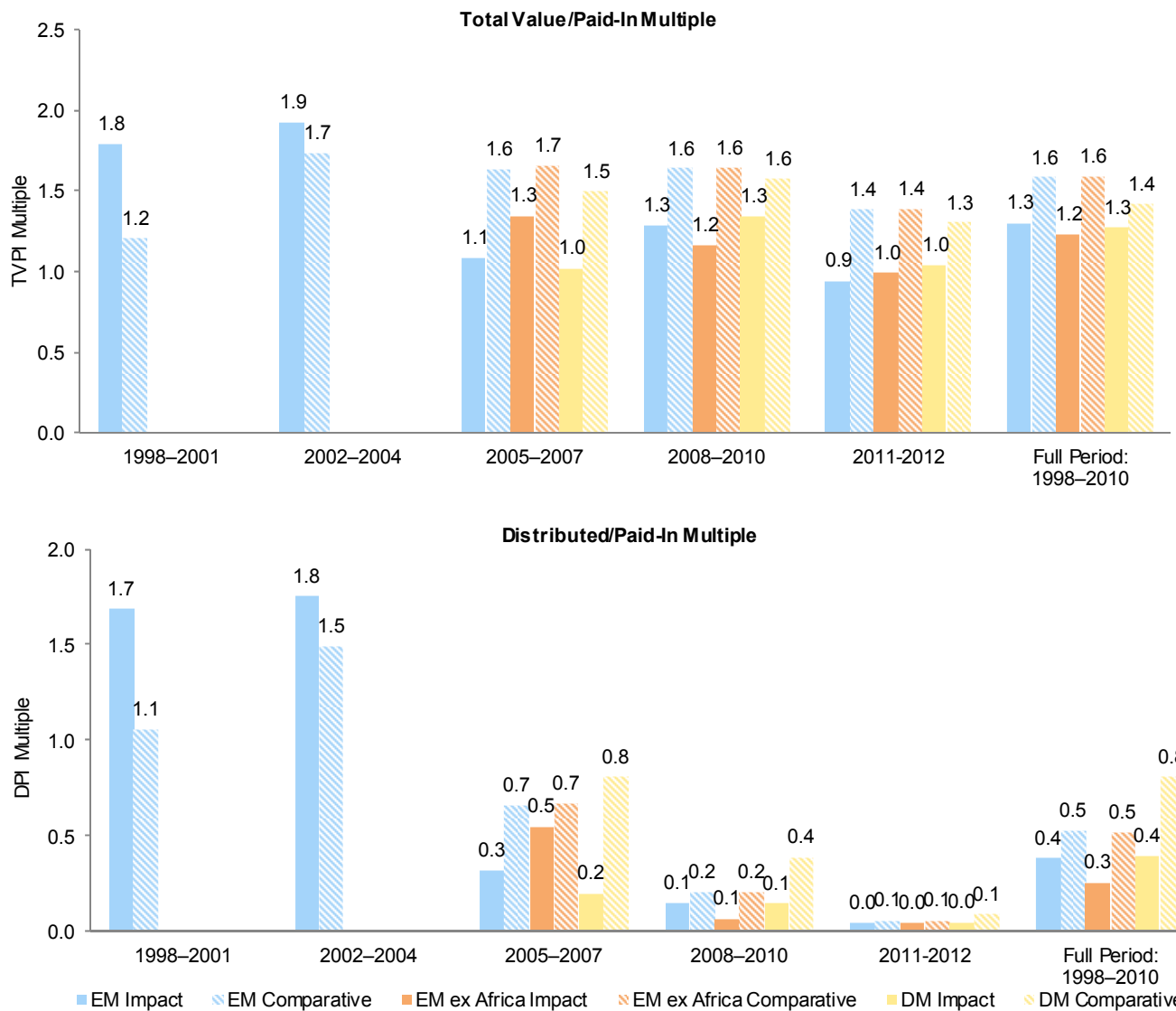
Performance by Vintage Year and Geography: Emerging Markets
ex Africa Funds

As of March 31, 2015



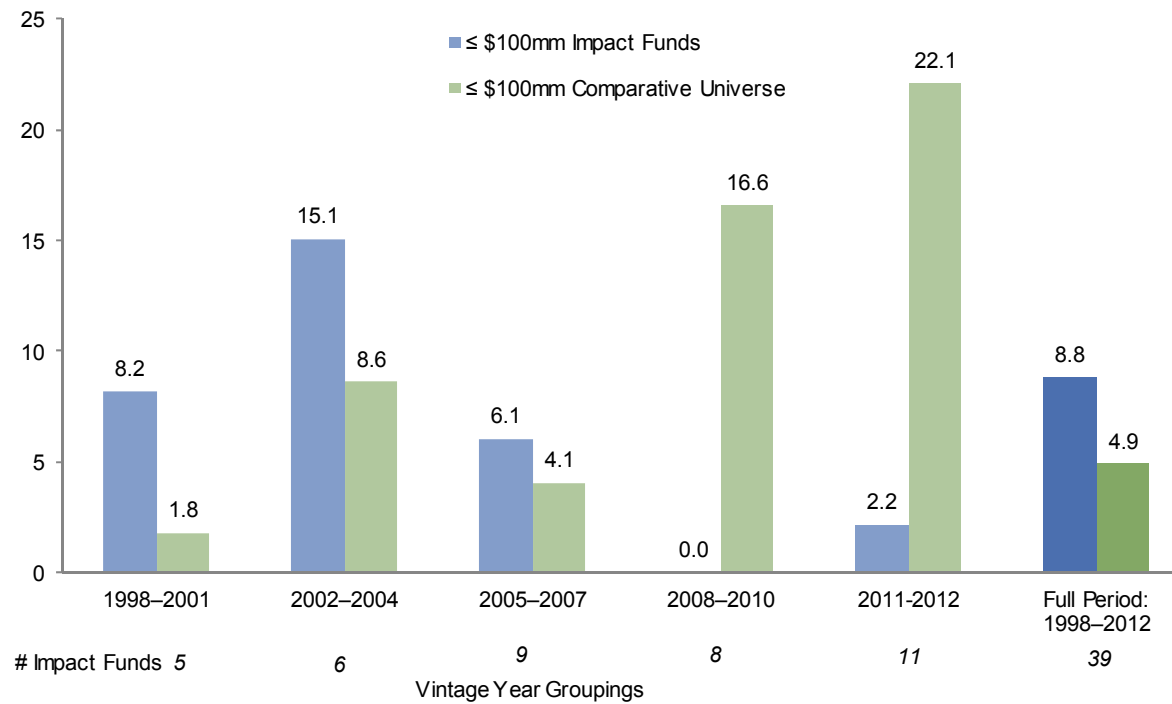
Notes: IRRs are in USD and are net of fees, expenses, and carried interest. Figures are based on data compiled from 23 impact funds and 193 funds in the comparative universe. Funds launched since 2012 are too young to have produced meaningful returns and are excluded from analysis.

Net to LP Index Multiples by Vintage Year and Geography



Note: All multiples are dollar weighted and net to LPs.

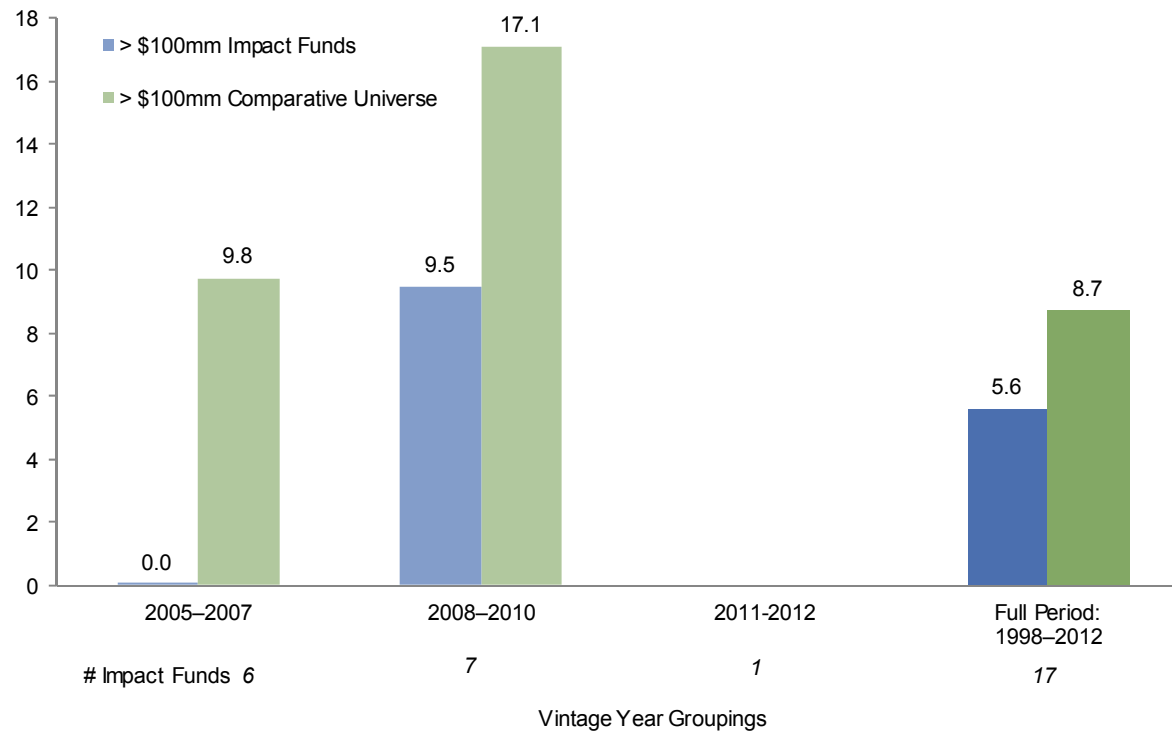
Net to LP Index IRRs (%) by Vintage Year and Fund Size

Performance by Vintage Year and Fund Size: ≤ \$100mm
As of March 31, 2015

Notes: IRRs are in USD and are net of fees, expenses, and carried interest. Figures are based on data compiled from 39 impact funds and 235 funds in the comparative universe. Funds launched since 2012 are too young to have produced meaningful returns and are excluded from analysis. Groupings with fewer than four funds are not shown.

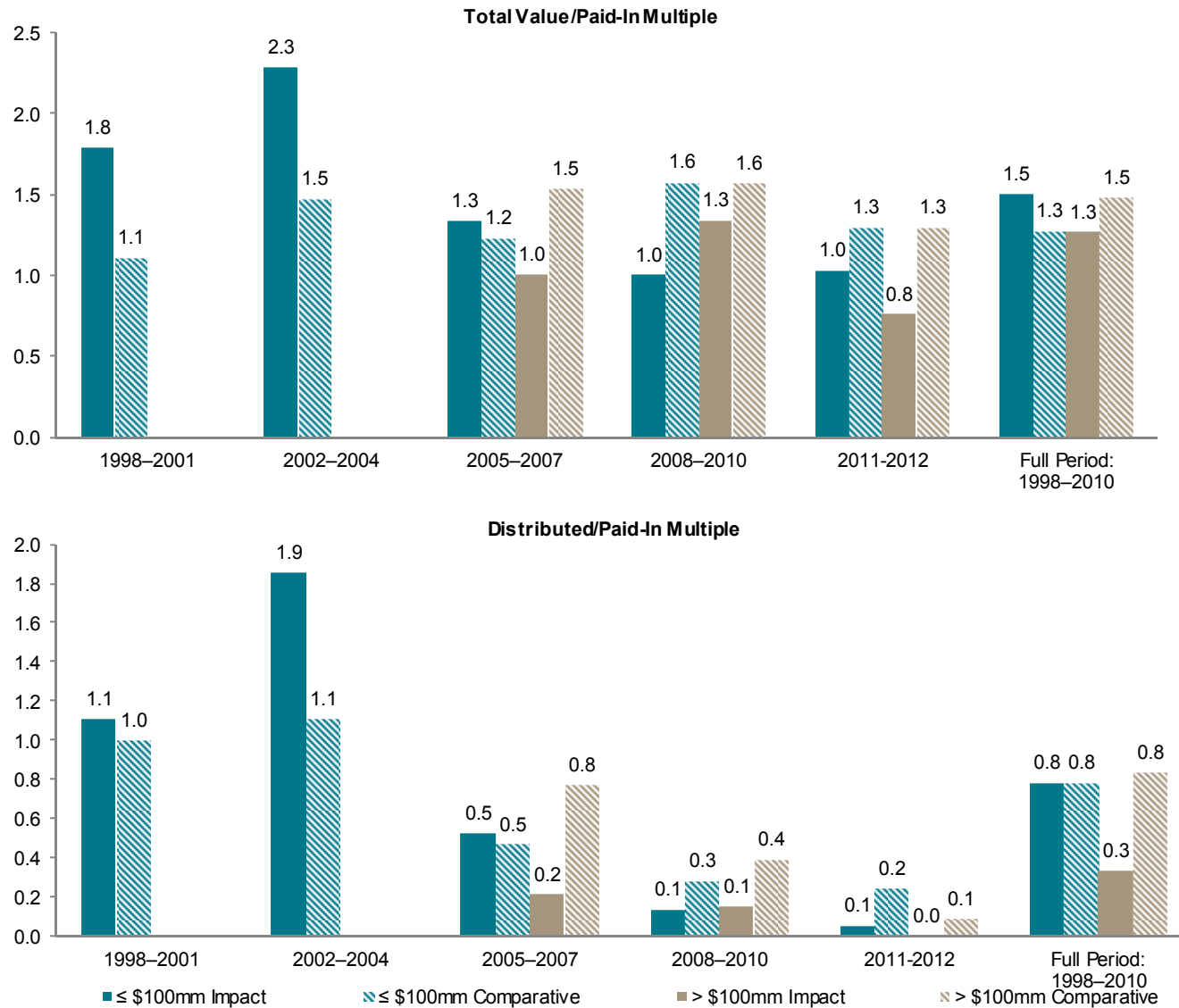
Net to LP Index IRRs (%) by Vintage Year and Fund Size

Performance by Vintage Year and Fund Size: > \$100mm As of March 31, 2015



Notes: IRRs are in USD and are net of fees, expenses, and carried interest. Figures are based on data compiled from 17 impact funds and 576 funds in the comparative universe. Funds launched since 2012 are too young to have produced meaningful returns and are excluded from analysis. Groupings with fewer than four funds are not shown.

Net to LP Index Multiples by Vintage Year and Fund Size

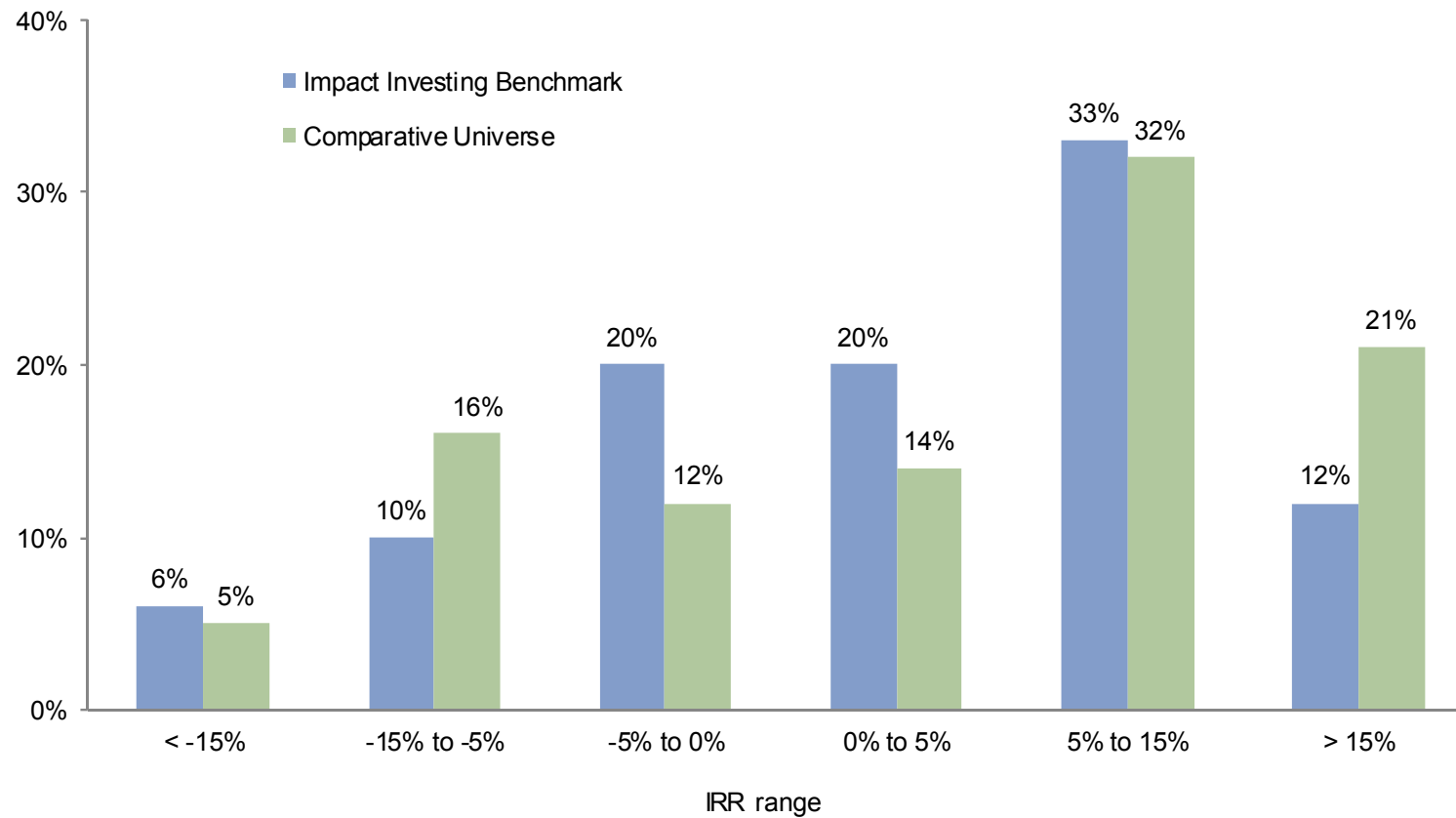


Note: All multiples are dollar weighted and net to LPs.

Distribution of Net to LP Fund IRRs

Distribution of Fund Returns

As of March 31, 2015



Note: IRRs are in USD and are net of fees, expenses, and carried interest.

Description of Performance Measurement Methodology

Cambridge Associates LLC (CA) has established a database to monitor investments made by venture capital and other alternative asset partnerships. On March 31, 2015, 867 global private equity funds—56 impact investing funds and 811 in the comparative universe—from the years 1998 through 2012 were included in the sample. Users of the analysis may find the following description of the data sources and calculation techniques helpful to their interpretation of information presented in the report:

1. Partnership financial statements and narratives are the primary source of information concerning cash flows and ending residual/ net asset values (NAV) for both partnerships and portfolio company investments.
2. Recognizing the alternative asset community's sensitivity to the distribution of information pertaining to individual fund investments, as a matter of policy CA only releases aggregated figures in its benchmark report.
3. Vintage year is defined as the legal inception date as noted in a fund's financial statement. This date can usually be found in the first note to the audited financial statements and is prior to the first close or capital call.
4. CA uses both the since inception internal rate of return and the end-to-end or horizon performance calculation in its benchmark reports:
 - a. The since inception internal rate of return (SI IRR) is a since inception calculation that solves for the discount rate, which makes the net present value of an investment equal to zero. The calculation is based on cash-on-cash returns over equal periods modified for the residual value of the partnership's equity or portfolio company's NAV. The residual value attributed to each respective group being measured is incorporated as its ending value. Transactions are accounted for on a quarterly basis, and annualized values are used for reporting purposes. Please note that all transactions are recorded on the 45th day or midpoint of the quarter.
 - b. Cambridge Associates uses the end-to-end or horizon internal rate of return calculation to calculate the official quarterly, annual, and multi-year index figures. The horizon IRR performance calculation is a money-weighted return similar to the since inception IRR; however, it is measuring performance between two points in time. The calculation incorporates the beginning NAV (if any, treated as an inflow), interim cash flows and the ending NAV (if any, treated as an outflow). All interim cash flows are recorded on the mid-period date of the quarter. In order for a fund to be included in a horizon IRR calculation, the fund must have at least one quarterly contribution, distribution or NAV during the time frame being measured. Similar to the since inception IRR, the horizon IRR is annualized for time frames greater than one year.

Description of Performance Measurement Methodology (Continued)

5. Additional Calculation Definitions:

In order to provide meaningful statistics, Cambridge Associates has applied minimum fund count thresholds for each calculation.. See minimum counts in parenthesis after each calculation.

- a. **Pooled return** aggregates all cash flows and ending NAVs in a sample to calculate a dollar-weighted return.(minimum 3 funds)
 - b. **Equal-weighted pooled return** equally weights all cash flows and ending NAVs based on paid in capital to calculate a dollar-weighted return. (minimum 3 funds)
6. **Realization ratio exhibits** (TVPI, DPI): CA has independently calculated the proper realization ratio for each fund in each vintage year. Please note that each fund has been ranked within its respective vintage year by the corresponding realization ratio, as opposed to being ranked by IRR as they are ranked in the since inception IRR exhibit. As a result a fund's ranking within its vintage year may change. For example, it is possible that a vintage year can have a different median fund when ranked by IRR vs. when ranked by TVPI, DPI or RVPI.

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