Capturing the impact opportunity:

A practical guide for wealth managers

With the support of

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Executive Summary

The £1.4 trillion UK wealth management industry is in a unique position to unlock significant amounts of client capital seeking greater purpose.

Wealth managers are in a privileged position, acting as long-term financial stewards, often building trusted, multi-generational relationships. This makes them key gatekeepers, enablers and influencers for wealth holders looking to align their capital with their values. In a world facing many urgent challenges, investment clients of all kinds are seeking more purposeful approaches to managing and building their wealth.

This presents a major opportunity for wealth management firms to offer impact-focused solutions that can align clients' investments with their values.

However, this growing base of investors is not always being served effectively. Their purpose-driven capital therefore risks being under-allocated to the causes it is intended for, at a time when there is a pressing need to help fund the environmental and social solutions of the future.

Crucially, through this misalignment, wealth managers are missing out on a long-term commercial opportunity to help future-proof their business.

Advancing beyond sustainable and responsible investments, "impact" means delivering investment products, solutions and strategies that intentionally deliver positive, measurable social and environmental impacts alongside financial return.

This guide provides first-of-its-kind insight into the state of the UK's wealth management impact offering, the challenges to unlocking greater levels of adoption and how leaders in the space have overcome these hurdles to build successful impact propositions.

Drawing on interviews and surveys with wealth management professionals, as well as four case studies of investor practice, this guide shows how the sector is thinking about impact investing, details the experiences and learning of impact wealth management pioneers – from boutiques to global businesses – and provides a practical roadmap for those seeking to establish or further develop an impact offering of their own.

Understanding the current state of impact investing in wealth management

While impact investing in wealth management is at an incipient stage, our survey showed some emerging trends of practice across the sector. Those with a strong approach have dedicated impact teams led by either a Head of Impact or Head of Sustainability, alongside significant C-suite involvement. Mid-sized teams of 4-10 specialists are most common, balancing dedicated expertise with operational efficiency. Teams typically have 2-10 years of experience, reflecting the relatively recent mainstream adoption of impact investing in wealth management.

These specialist teams deliver strategy development, investment analysis and due diligence, client engagement and thought leadership. The most common product sets are either ready-to-use diversified multi-asset impact models that invest only in public markets, or bespoke client impact offerings across public and private markets. Wealth managers are finding the FCA's Sustainability Impact label a helpful way of sourcing product, alongside other frequently cited impact products from a range of managers.

A market spanning all client segments

Each client segment served by wealth managers has powerful motivations for wanting to consider impact investing. For private clients, it can be a way to align their assets with their personal values. For family offices, the focus on values as well as the risks and opportunities of long-term trends like climate change, food insecurity and health can be a good fit with their intergenerational time horizons. For charitable foundations and university endowments, an impact approach provides a way to align their capital allocation with their broader missions as charities and educators.

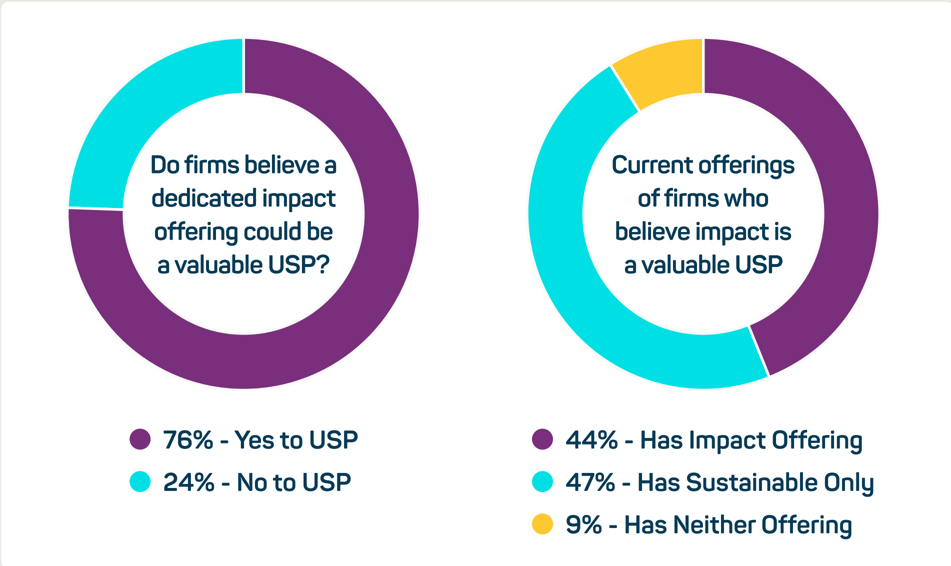
Age is a significant factor driving client interest: 64% of respondents in our survey highlight that younger clients show greater interest in impact investing, presenting a substantial opportunity as the 'Great Wealth Transfer' accelerates.

Compelling business case

At a time when wealth management firms are facing increasing pressure on fees, an industry focus on scale, and regulatory expectation to demonstrate their value, impact investing can offer a powerful means to attract clients and stand apart in a crowded market.

The case for impact investing spans:

- **Client attraction and retention**: Impact investing can be a valuable tool for both: client acquisition, with 86% of survey respondents reporting an increase in interest in sustainable and impact investments between 2020 and 2025; and retention, with firms reporting that once impact clients join, "they tend to stay". Values-led clients are open to higher fees: a 2023 EY study found that 74% of wealth management clients would pay a premium for personalised services that reflect their values.[1] With the great generational wealth transfer that is expected to see £5.5 trillion passed between generations in the UK by 2047,[2] impact investing also helps to retain clients across generations: this is particularly important when research shows that over 80% of heirs look for a new adviser upon inheriting wealth.[3]
- **Differentiation**: In a consolidating wealth management sector, where investment solutions are being centralised and homogenised, impact investing can give firms a meaningful way to differentiate themselves. Our survey found that 76% of wealth management professionals agreed that a dedicated impact offering could be a valuable unique selling proposition, yet less than half of those saying so have a dedicated offering today – revealing a substantial opportunity for those that act now.
- **Easier market entrance**: Impact investing is easier than ever to access: at US$1.571 trillion globally[4] and £76.8 billion in the UK[5], the impact investment market is broad and mature, offering a range of opportunities and entry points.



Product innovation, greater access to impact opportunities in private market assets, and regulatory support, such as the FCA's new Sustainability Impact label for funds, are all making it easier for firms to create impact offerings.

- **Opportunities for all firm sizes**: While larger firms have scope to create the most comprehensive impact investing offerings, third-party impact solutions mean smaller firms can also build impact propositions successfully. Some small boutique firms specialise exclusively in impact, giving them an edge despite their size.

Roadmap to build, implement and grow an impact offering

Although every firm's journey will be unique, we have identified common steps for creating a robust impact investment proposition.

1. Secure executive sponsorship

- Make the business case.
- Understand the marketplace.
- Establish and understand your role as a changemaker.
- Agree parameters.

2. Scope your impact investment offering

- Create precise definitions.
- Determine scope of focus.
- Identity your target market and tailor your offering.
- Establish the feasibility of addressing this target market.

3. Map implementation approaches

- Identify your existing resources.
- Address internal challenges.
- Establish governance and operational infrastructure.

4. Select and onboard impact products

- Map the products universe.
- Develop enhanced due diligence protocols.
- Build strategic product partnerships.
- Lean on your network.

5. Structure and educate your team

- Conduct an internal readiness assessment.
- Develop training programmes and look to inspire your staff.
- Build and empower internal champions.

6. Support client-facing roles

- Assess client preferences questionnaire and process.
- Enhance internal governance.
- Educate relationship managers.
- Develop prompts and frameworks.
- Have expertise on hand.

7. Inspire, guide and educate

- Host educational events and workshops.
- Develop thought leadership content.
- Create informal client networks.

8. Develop your impact measurement, management and reporting

- Select appropriate frameworks.
- Create standardised approaches.
- Engage the asset managers.
- Identify data sources.
- Tailor reporting.

9. Iterate and grow over time

- Set realistic growth targets.
- Establish review processes to assess and refine your approach.
- Cultivate continuous learning about evolving best practices.

Proven solutions to commonly cited challenges

Developing an impact offering takes time and constant iteration, and firms may encounter challenges along the way. Commonly cited challenges include client awareness, perceptions of financial performance, product issues and operational barriers – but all of these have solutions.

If firms are not seeing the same demand from their own clients that wider market surveys depict, the issue is often not that clients aren't interested in supporting positive social and environmental outcomes, but that they don't know enough about how impact investing can help address them – education can untap latent demand.

Client concerns that impact investing won't deliver the financial returns they need can be addressed by highlighting research that demonstrates impact investors widely targeting and achieving market-rate returns.

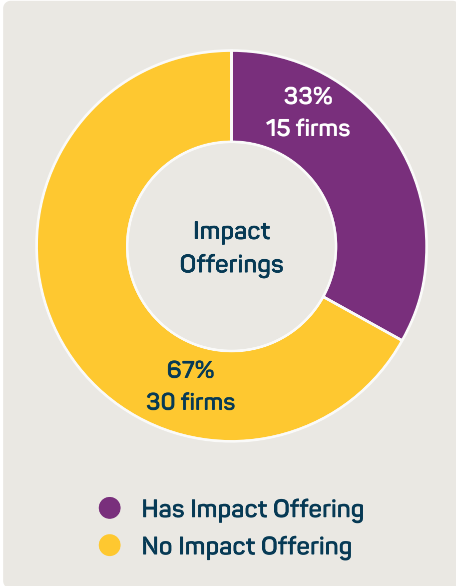
Lack of existing operational expertise and resources to deliver impact investing can be improved through building institutional backing, educating staff and exploring guidance from organisations such as the Global Impact Investing Network and the Impact Investing Institute.

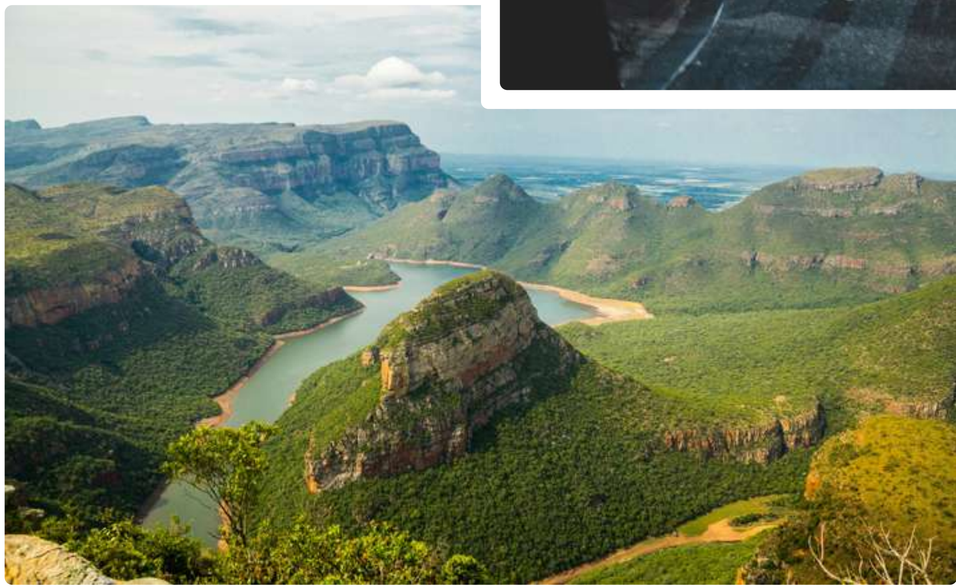
Peers and industry resources are on hand to help

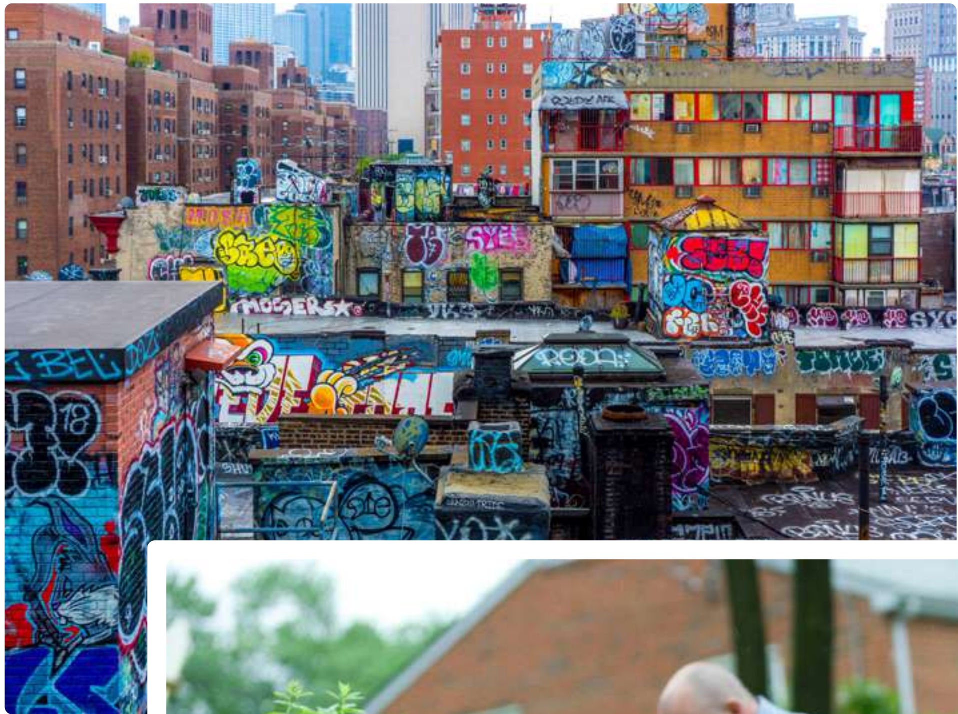
There is an industry appetite to grow the impact sector and expand the positive social and environmental outcomes it can help to deliver. Alongside wealth management peers sharing their learning and experience, there are a wealth of impact tools, frameworks and training to support firms, as well as events and networks to support and inspire firms through their impact journey. Industry groups like the Global Impact Investing Network (GIIN), Philanthropy Impact, Virtuvest and the Impact Investing Institute provide valuable resources, while professional qualifications like the CFA UK's Certificate in Impact Investing help build expertise (see page 70).

Early-mover advantage

Impact-focused wealth management is at an early stage of growth. While 85% of our survey respondents have a sustainable investment offering, only 33% provide an impact offering. With sustainable investment now part of the mainstream, impact investment offers a compelling early-mover advantage to firms that can bring together the governance, teams and products to meet demand successfully.







About

About the project

This guide was produced with support from Schroders plc. to support wealth management professionals across the UK to understand the value that impact investing could bring to their firm and to provide guidance as they get started or look to further develop their impact offering. We trust our research and survey of the wealth management market in the UK can:

- guide wealth managers to better assess the long-term opportunity impact investing presents.
- support an increased rate of adoption of impact investing across this industry, channelling more capital to help solve the world's most pressing social and environmental challenges, and ultimately help clients who want to align their wealth with their values.

The Impact Investing Institute is grateful to everyone who shared their expertise and experience. A list of contributors can be found at the end of this report; some contributors chose to remain anonymous.

The Impact Investing Institute retained full editorial independence.

About Wealth Managers

At its simplest, wealth management means working with and for clients to serve their financial needs.

In practice, the term is a vast umbrella that spans a range of firms and offerings, from tax and estate planning to financial advice and investment management services. The UK is the second-largest wealth management centre by market size, with wealth managers overseeing £1.4 trillion in assets.[6] For the purposes of this guide, we are focused on those firms that manage and invest money on behalf of their clients.

Such firms range from smaller boutique operations managing and advising on up to £1 billion in assets, mid-tier firms with £1-10 billion of assets under management, and larger institutions overseeing £10 billion+. The range of end-clients these wealth managers service is also broad, spanning the mass-affluent market, high net worth individuals (HNWIs), financial advisers, family offices, charities, endowments and foundations, and institutional investors seeking comprehensive financial planning, and investment management.

What makes the UK wealth management market particularly interesting is not just its size, but its maturity and evident client demand for values-based, responsible and innovative investment approaches. With increasing intergenerational wealth transfers and rising awareness of environmental and social issues, some clients - particularly younger generations and mission-aligned investors- are actively seeking more purposeful approaches to their wealth. This creates a powerful opening for impact investing within wealth management.

Wealth managers are in a unique position when it comes to enabling impact investing: they serve as long-term financial stewards, often building trusted, multi-generational relationships. This makes them key gatekeepers and influencers when aligning capital with values. Unlike institutional investors, they often work more closely with end-clients, giving them insight into personal motivations and the flexibility to tailor investment strategies accordingly.

In this context, impact investing represents a fundamental shift in how wealth managers can support clients to align their wealth with the outcomes they want to see in the world. Understanding this shift is essential to remaining competitive and relevant in a fast-evolving market.

The UK wealth management market is also going through several changes that create opportunities for those looking to differentiate with an impact investing offering. These changes include:

- **Consolidation**: In recent years, the UK wealth and advice market has seen unprecedented merger and acquisition activity, largely driven by a favourable macro-economic environment. This consolidation of the market and increased scale of businesses has led to greater centralisation of investment, resulting in more uniform propositions across end-clients and across managers. There is a growing strategic imperative to offer satellite investment options alongside the core proposition to differentiate offerings. Scale also allows these satellite offerings to become more commercially viable.
- **Regulation**: The FCA's Sustainability Disclosure Requirements (SDR) and investment labelling regime includes a Sustainability Impact label. This makes it easier for investors to identify products that may meet their requirements for impact. You can see products that have the Impact label on page 25.
- **Pressure on fees**: In a mature, competitive market facing new regulation in the form of Consumer Duty, firms have to be highly focused on delivering and also demonstrating value. Offering a service for clients seeking values-aligned investments can be a major differentiator.
- **Access to private markets**: UK wealth managers have been behind their international peers in the adoption of private market solutions; however, this is changing. A growing number of wealth managers are building out their operational capacity and investment resource to offer private market solutions, which are seen by many as an essential part of an impact offering. The recent introduction of the Long-Term Asset Fund (LTAF) and changes in regulation are key drivers of growth in this market, making it easier for suitable retail clients to invest in products providing access to private markets.

UK wealth managers are in an important position to accelerate the participation of their clients in the impact investing field. We see evidence of the long-term opportunity and prospect of meaningful growth in the adoption of impact investing by this market.

Foreword

This guide outlines an extraordinary opportunity.

The UK wealth management industry supports an estimated £1.4 trillion[7] of individual, family, and institutional wealth, helping clients achieve their investment goals and plan for the future. However, the sector's service to support clients' social and environmental investing ambitions is much less developed. Few are making the £77 billion UK impact investing market readily accessible to their clients.

The wealth managers who develop a leading impact investing capability can therefore get ahead of the game in supporting the growing wave of wealth holders seeking to make investments compatible with their values. More than 80% of adults express a desire for their investments to not only generate financial returns but also contribute to a greater good. This is an investment trend with a broad addressable market, ready to be better served by those who manage wealth holders' money.

This guide is designed to support wealth managers in understanding the business opportunity in impact investing by outlining the business case that underscores that opportunity and inspiring wealth management professionals with case studies of those already on the journey. We hope it will help the sector recognise its unique position: to unlock new, long-term, compelling business propositions, and – by enabling clients' impact aspirations – to become a platform for social and environmental change.

We are grateful to Schroders for supporting us in delivering this guide, and to all those who generously shared their insights for its practitioner-led content.

It is intended for those wealth management professionals curious to learn more and who seek to capture the opportunity that impact investing presents for both them and their clients.

For those who do, the prize is significant: a dynamic, future-focused business with committed clients enabled to act on their social and environmental passions and achieve their financial goals.

By embracing this approach, firms can not only meet the growing demand for impact investing, but also position themselves at the forefront of a rapidly evolving industry, driving both meaningful social impact and long-term financial returns for clients.

The Impact Investing Institute is ready to support.

Sarah Teacher
Co-CEO

Bella Landymore
Co-CEO

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1. Introduction

What is the purpose of this research?

The £1.4 trillion[8] wealth management industry is in a privileged position to support the private clients, foundations, families, family offices, and advisers seeking to align their investment approach with their values. However, the wealth management profession has not yet fully optimised this opportunity: there remains unmet demand among clients for impact investing services and therefore an advantage for those who move to take a lead in this market.

One noteworthy point is the openness with which this project was received by those who participated in the interviews and are already taking steps to develop or expand their impact offerings. This area of investment remains a small part of the market, and for it to scale, wealth managers recognise that others need to help grow the market. By sharing their experiences - both the challenges and the successes - those already participating in the impact market hope to encourage others to join them and be part of developing this long-term opportunity.

The purpose of this guide is to support wealth managers who want to develop or expand their impact investing capability to better serve their clients. The guide provides an overview of what the current market delivers for impact-interested clients, outlines the business case for creating an impact investing service, and provides a step-by-step approach to developing an impact investing capability within an organisation.

Who is this guide for?

This guide is primarily intended for individuals within wealth management who are interested in learning more about what impact investing is, what the current UK impact market looks like, how the approach could benefit their clients and business, and how they might develop an impact investing offering appropriate for their client base. The insights are relevant to wealth management professionals working across the business with a wide range of clients: from private clients to large charities and family offices.

The guide will be particularly helpful for professionals in firms that:

- Have a sustainability offering and have not considered expanding into impact.
- Are interested in developing an impact investing offering but have not yet done so.
- Have embarked upon delivering an impact investing offering and are interested in how to expand it.

This guide will also be of interest to:

- Financial services providers who are interested in growing impact investing in wealth management so that their products can be better intermediated to reach clients.
- Clients themselves who are keen to push their current wealth manager to deliver more effectively for them on impact.

By providing a primer on impact investing in wealth management, showcasing the wide range of entry points, highlighting client demand across segments, and outlining potential benefits for wealth management firms, we hope to empower and inspire those interested in becoming impact investors to take further steps.

How was this guide developed and with whom?

The guide is rooted in the experiences of key participants across the wealth management sector in the UK, supplemented by desk research. To develop this guide, three main sources of information were used:

Detailed qualitative interviews

The Impact Investing Institute held in-depth interviews with over 30 market stakeholders (primarily wealth managers, but also included HNWIs, charities, families, and other market builders). The wealth managers we spoke to range from major publicly-listed firms to small, specialist boutiques, all operating in the UK as well as other markets in many cases. They serve clients from the mass affluent market, up to charities and family offices large enough to be considered institutional investors. The insights they share, although anchored in their own experiences, are valuable for many other firms.

The interviews consisted of up to 20 questions, which focused on a number of topics, including the nature of impact within the firm, client interest, and the perceived barriers and drivers of market growth.

Within these firms, we spoke to a variety of individuals with different roles, including heads of sustainable investment, portfolio managers, and investment analysts to get a broad understanding of perspectives.

Some of the firms interviewed preferred their contributions to remian anonymous. A list of interviewees can be seen in the Acknowledgements section.

Industry-wide survey

In January and February 2025, we invited wealth managers to participate in our survey of over 30 questions, which was completed by over 40 firms across the UK. Firms varied in size, from boutiques managing under £1 billion in assets, to national and international firms managing £100 billion+. Survey participants were at a variety of stages in their impact investing journey, from those not yet offering impact investing to advanced practitioners, thereby representing a broad spectrum of the sector. The results were aggregated to focus on key market trends and ensure confidentiality.

Third-party publications

We have drawn from a range of research across academic and broader finance industry sources. These are cited in the endnotes.

How to use this guide

This guide covers three key sections:

- ***Where are we now? The current state of impact investing in wealth management*** gives an overview of the current landscape.
- ***Understanding the opportunity – the business case for impact in wealth management*** provides an insight into client segments, business drivers and highlights the key arguments for developing an impact investing capability.
- ***Getting started in impact investing*** provides a roadmap for wealth management firms interested in moving into the space.

2. The current state of impact investing in wealth management

The impact investing market has grown and evolved over 20 years, and particularly rapidly in the past five to seven years. This section outlines what impact investing is, the broader market context, and how the wealth management industry has responded in terms of services and products.

It covers:

- **What is impact investing?** Where it sits in relation to other investment approaches, definitions, and key characteristics.
- **From sustainable to impact investing: the market context**. How impact investing has evolved in the context of the broader responsible and sustainable investing market and some of the drivers behind its growth.
- **What does an impact capability look like in wealth management?** How wealth managers are set up to deliver impact investing for their clients, in terms of governance, skills, activities, and product offerings.

With the inclusion of market information, product examples, and case studies, this section is designed to establish the fundamentals and help bring to life what impact investing looks like in practice.

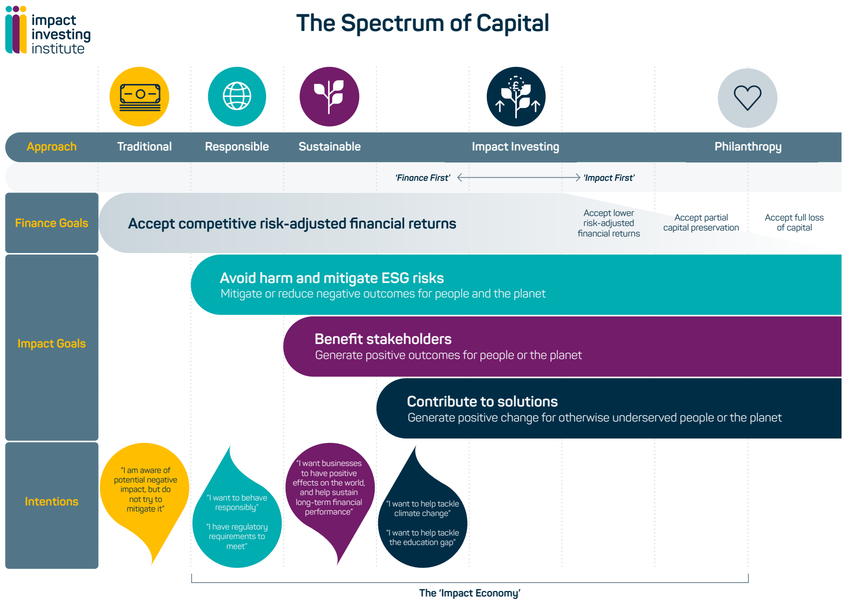
What is impact investing?

The commonly accepted definition of impact investing is, "investments made with an explicit intention to generate positive, measurable social and environmental impact alongside a financial return".[9]

Investment strategies, in the context of social and environmental outcomes, can be thought of in terms of a spectrum of capital deployment, where the balance progressively shifts from targeting financial goals to seeking to create positive outcomes in the world. In a short paper from 2017, Bridges Fund Management graphically illustrated this spectrum – see Figure 1.

At one end, traditional investing focuses purely on financial return. This evolves into responsible and sustainable investing (the world of environmental, social and governance, or ESG, investing). Impact investing goes beyond responsible and sustainable approaches by providing capital to help solve social and environmental problems rather than just managing the risks associated with those problems. At the other end of the spectrum is philanthropy – where no financial return, including return of original capital, is expected.

Figure 1: The Spectrum of Capital



Source: Bridges Fund Management and Impact Management Project.

Impact investing starts from the position that all investments have impact – both positive and negative. The broadest goal of impact investing is to create positive impacts, reduce negative impacts, and do so while also securing targeted financial returns. Impact investing therefore builds on sustainable investing in two important ways:

- **Intentionality**: Impact investors seek to contribute to the well-being of people and the planet while also receiving a financial return. Their approach is not just about excluding investments associated with a negative impact but intentionally seeking out opportunities delivering a positive social or environmental outcome. The outcomes targeted can be wide-ranging and diverse: lifting women out of poverty, improving educational outcomes for children, enhancing racial justice, improving biodiversity, decreasing carbon emissions, and improving smallholder farmers' incomes. Impact intentionality means establishing an outcome goal for an investment before it is made (including how its relative success or failure will be measured) as well as a financial goal.
- **Measurability**: Impact investing seeks to manage, measure, and report on the social and environmental outcomes it helps to achieve. Measurement holds the investor accountable to their impact intention. The goal is transparent and comparable measurement and reporting. This can help impact investors understand if they are being successful against their own impact targets, and – if not – how they might improve the delivery of impacts through their investment approach.

Delivering investment with an impact intention that is targeted, measured, managed, and reported on should ultimately deliver more impact than would have occurred in a 'business-as-usual' approach.

Importantly, impact investing is an approach, not an asset class. It encompasses a broad range of perspectives, markets, and strategies, and can be delivered using both public and privately-traded assets.

Impact investing may aim for risk-adjusted market rate returns or seek to optimise a social or environmental benefit in exchange for below-market (aka 'concessional') returns. According to the Global Impact Investing Network (GIIN), 74% of investors in their 2023 annual survey targeted a risk-adjusted market rate return. In the same survey, 79% of investors shared that they were either in line with or outperforming their return expectations.[10]

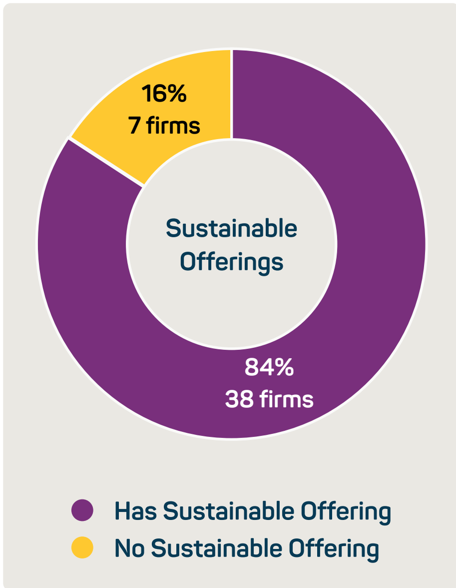
From sustainable to impact investing: the market context

To understand where we are now in terms of impact investing, the context of the broader responsible and sustainable investing landscape in the UK is important. The responsible and sustainable investing markets provide the runway for impact investing to enter the mainstream financial markets and the platform for impact investing to grow. Firms looking to build a quality impact offering will usually begin with a credible responsible or sustainable service.

In the past seven years, responsible and sustainable investing has experienced rapid growth within both the institutional and intermediated markets in the UK, with the number of available investment opportunities increasing across asset classes. This was particularly rapid between 2019-2021, driven by the Covid-19 pandemic and strong performance due to a favourable macro-economic environment. What was once a specialist area, served by only a few, has expanded into the mainstream.

Figure 2: Wealth management firms with a sustainability offering

Source: Impact Investing Institute Wealth Manager Survey, 2025



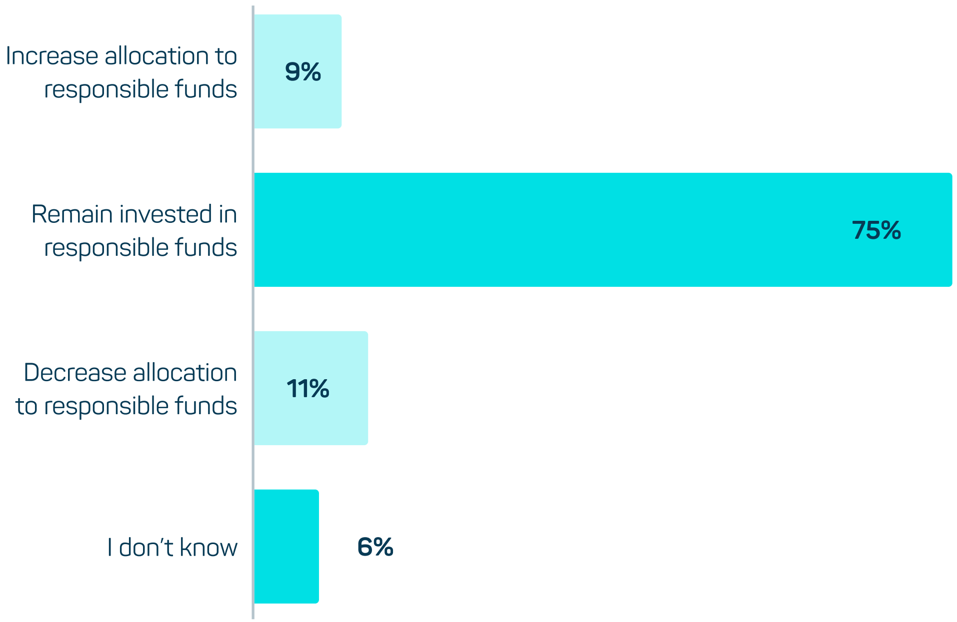
Our survey data reflects this growth: nearly 87% of respondents reported an increased level of client demand for sustainable investment over the past five years. The wealth management industry launched new products and solutions to cater to rising and increasingly sophisticated client interest in sustainable investing. Of our survey respondents, nearly 85% now have a sustainable investment offering.[11]

Although growth has slowed since its peak in 2021-2022, Research in Finance's survey shows that clients who choose to take a responsible or sustainable investment approach tend to remain invested in this way;[12] a point supported by most of the interviewees in our research.

The impact investing market, as a smaller constituent part of the broader sustainable investing market, has also experienced rapid growth over last five years. The global impact investing market was sized at $1.571 trillion[13] in 2024, representing 21% compound annual growth (CAGR) of the total impact investing market since 2019. The UK impact investing market was sized at £76.8 billion[14] in the UK at the end of 2023, representing 10.1% compound annual growth rate from the beginning of 2021.

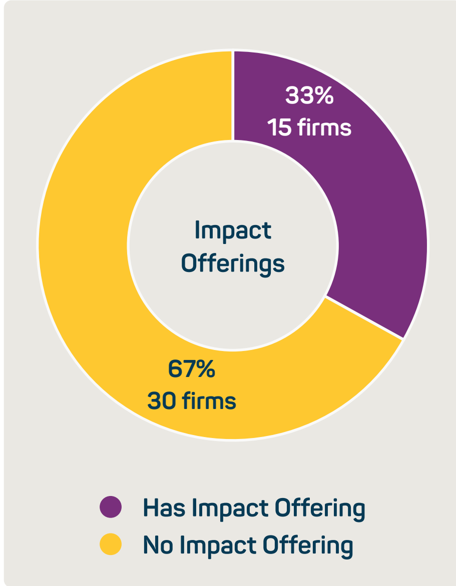
Figure 3: Research in Finance's UK Responsible Investing Study (UKRIS), Wave 6, 2025, Q35. Of your clients currently invested in responsible funds, what do you expect they will do over the next 12 months?
Source: Those investing in Responsible funds (200), DFMs (103), IAs (97).

Expected behaviour regarding responsible funds in the next year



However, impact investing has experienced more limited adoption by the wealth management market: only 33% of respondents to our survey provide an impact offering, compared to 84% with a sustainable investment offering. Nonetheless, interviews revealed that, despite the current environment, those firms who have embarked on the impact journey remain committed to the long-term opportunity and are maintaining – and in some cases expanding – their impact investing offering.

Figure 4: Wealth management firms with a dedicated impact offering
Source: Impact Investing Institute Wealth Manager Survey, 2025



Impact investing is "one of the fastest growing organic segments at the firm."

Jake Levy,
Director, Impact Investing,
AlTi Tiedemann Global

Drivers behind impact investing

Firms surveyed as part of this research highlighted where they were seeing increasing demand and interest in impact and what they considered were the key drivers for continued growth of the impact investing market.

Demand drivers

- **Age is a significant factor.** 64% of respondents highlight that younger clients show greater interest in impact investing, presenting a substantial opportunity as the 'Great Wealth Transfer' accelerates.
- **High net worth individuals** are increasingly focused on climate and social issues, with survey data showing particular interest in the following themes, as defined by the UN Sustainable Development Goals (SDGs):
  - Sustainable cities and communities (SDG 11);
  - Good health and wellbeing (SDG 3);
  - Affordable and clean energy (SDG 7);
  - Climate action (SDG 13).
- **Family offices and foundations** are showing heightened interest in aligning their investments with their values or stated mission, with some implementing comprehensive impact approaches across their portfolios.

Key drivers of growth

Our survey asked wealth managers which drivers they felt were most significant to the growth of impact investing – both in terms of historical and future growth:

- **Client awareness and demand** (ranked as the most significant driver).
- **Regulatory support**, particularly with the introduction of the UK's Sustainability Disclosure Requirements (SDR) framework, which is helping to standardise impact definitions and combat greenwashing.
- **Wealth manager expertise** to discuss impact effectively with clients and navigate the evolving investment landscape.
- **Evidence of financial performance** demonstrating that impact investing can deliver competitive returns.
- **Impact measurement and data** to allow for more robust reporting and verification of the impact being achieved.

Among firms we spoke to for this guide, climate change and environmental solutions emerged as a key thematic consideration for both wealth managers and their clients. Dedicated strategies focused on decarbonisation, renewable energy, and regenerative agriculture in particular have gained traction

Healthcare and wellbeing represented another dominant area of focus, with many clients seeking to direct capital toward improving health outcomes globally. Social themes, including education, financial inclusion, and affordable housing also featured in portfolios, particularly for clients who want their investments to address systemic inequalities.

As seen in the box to the left, many wealth managers and clients use the UN Sustainable Development Goals (SDGs) as a framework for organising their impact priorities, with particular interest in sustainable cities and communities (SDG 11), good health and wellbeing (SDG 3), affordable and clean energy (SDG 7), and climate action (SDG 13). This framework helps create a common language between investment professionals and clients when discussing impact objectives.

For clients new to impact investing, these thematic areas often connect directly to their personal values or philanthropic interests, creating natural entry points for wealth managers to introduce impact strategies that align with clients' existing priorities.

What does an impact capability look like in wealth management?

Impact capability refers to a firm's ability to identify, execute, measure, and manage investments that intentionally generate positive, measurable social and environmental outcomes alongside financial returns.

When assessing the current impact capabilities of wealth managers, we looked at three main levels of capability:

- **Impact governance**: What is the level of buy-in at a senior level for impact strategies and how embedded are they in the business?
- **The impact team**: How sizeable, experienced, resourced, and trained is the team managing and delivering impact solutions to clients?
- **The impact product offering**: What impact solutions and services are offered to clients? Does the wealth manager provide carve-outs and / or total impact approaches; do they offer public and private market products; do they cater to general or specific impact objectives? Do they serve a broad base of clients with standardised propositions, or is the focus on bespoke, higher-value clients? Do philanthropy and concessionary return products have a role to play in the offering?

We also assessed the size of the entity, establishing whether there was a relationship between the scale of the firm and ability to deliver these investment approaches.

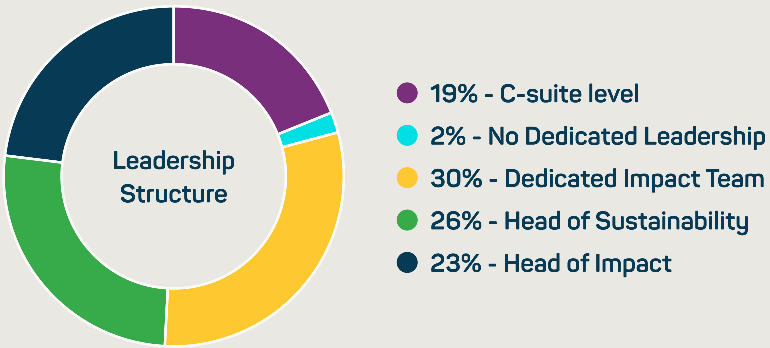
Impact governance

On governance, firms with sophisticated impact offerings typically employ formalised governance models featuring multiple layers of oversight that ladder up to significant C-suite buy-in and strategic commitment.

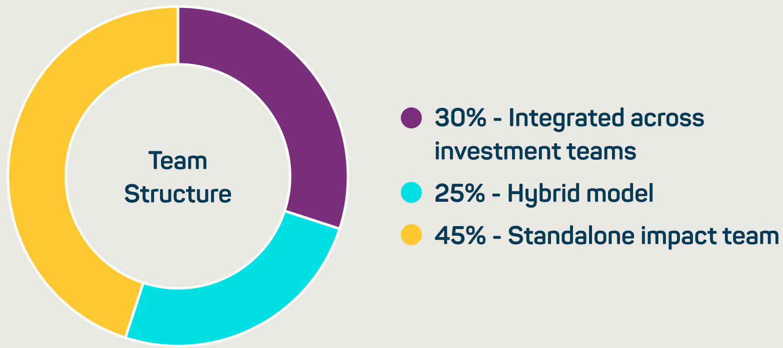
Those with a strong approach have dedicated impact teams led by either a Head of Impact or Head of Sustainability, alongside significant C-suite involvement. These organisations predominantly utilise standalone impact teams (45%) or hybrid models (25%), where core impact specialists support mainstream investment teams. Teams typically comprise four to ten specialists who blend investment expertise with sustainability knowledge.

Figure 5: Impact investing teams at firms with a dedicated offering.

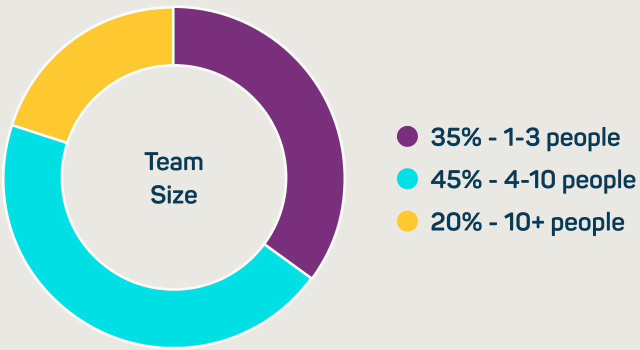
Source: Impact Investing Institute Wealth Manager Survey, 2025



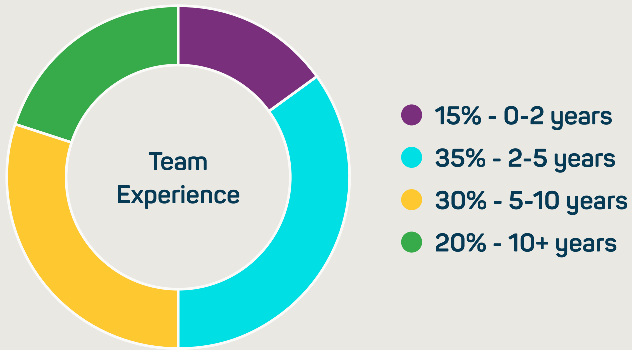
Most firms with dedicated impact offerings have specialised leadership, typically with dedicated impact teams and formal leadership roles.



Standalone impact teams are most common, though many firms use hybrid models with dedicated specialists supporting mainstream investment teams.



Mid-sized teams of 4-10 specialists are most common, balancing dedicated expertise with operational efficiency.



Teams typically have 2-10 years of experience, reflecting the relatively recent mainstream adoption of impact investing in wealth management.

Impact team

It is important to appreciate that firms with impact offerings have evolved over time. An impact practice doesn't start with a full team but develops to meet business needs.

What does an impact team do? Understanding the responsibilities of an impact investing team

- **Strategy development**: Designing and setting the strategy for the firm, reviewing and adjusting at appropriate points. This may include:
  - *Policy creation*: Develop and refine the firm's impact investing framework, aligning it with global standards, understanding the client segments it serves and what impact approaches will be suitable for their needs (for more detail, see p. 51).
  - *Portfolio design*: Create investment solutions that balance market-rate returns with impact objectives, including thematic strategies (e.g., climate solutions, diversity and inclusion).
- **Investment analysis and due diligence**: Researching, sourcing, and due diligencing impact funds with an impact and financial lens. This may include:
  - *Impact assessment*: Evaluate potential investments for their ability to deliver measurable social or environmental outcomes alongside financial performance.
  - *Manager selection*: Conduct due diligence on fund managers or direct investments, ensuring alignment with the firm's impact criteria.
  - *Risk management*: Analyse impact and financial risks and integrate them into portfolio construction.
- **Client engagement**: Supporting advisers to engage with clients on impact, stepping in where specific impact expertise is needed. This may include:
  - *Education*: Provide training and resources for advisers to help clients understand impact investing opportunities.
  - *Customisation*: Tailor solutions (where possible) to align with client values.
  - *Reporting*: Deliver detailed impact reports using proprietary tools to demonstrate portfolio outcomes.
- **Thought leadership**: Ensuring visibility of the firm's capacity and expertise in this area. This may include:
  - *Research and publications*: Produce thematic reports, podcasts, and presentations on key topics like renewable energy or social equity.
  - *Events and networking*: Host client events, conferences and engage with industry stakeholders to promote the firm's expertise in impact investing.
- **Collaboration across teams**: Ensuring that impact is embedded into the appropriate systems and processes to deliver for clients. This may include:
  - *Integration*: Work closely with asset allocation teams, technology departments, compliance officers, and sustainable finance divisions to integrate impact investing into broader wealth management strategies.

What does an impact product set look like?

Impact investing can be implemented across asset classes and delivered through both bespoke solutions tailored to individual client needs, as well as impact model portfolios available to a broader client base. Our survey and interviews revealed a range of approaches among managers.

Figure 6: Product offerings at wealth management firms surveyed.

Source: Impact Investing Institute Wealth Manager Survey, 2025

9 firms

Multi-asset impact models that invest only in public markets

A ready-to-use diversified impact investment strategy that invests in publicly listed assets.

9 firms

Bespoke client impact offerings across public and private markets

Tailored investment solutions focusing on impact across both public and private markets.

7 firms

Impact exposure provided through sustainable offerings

Sustainable offerings with a limited number of underlying holdings that can be classed as impactful.

3 firms

Blended public/private impact model

A ready-to-use, diversified impact investment strategy that invests in both privately and publicly listed assets.

2 firms

Multi-asset impact models investing predominantly in private markets

A ready-to-use, diversified impact investment strategy that invests in private market assets.

The underlying products in the portfolios of those surveyed reflect a diverse range of opportunities generating impact, both in the UK and globally, and across environmental and social themes.

Our survey showed that public equity is the most used asset class for impact investing offerings – perhaps reflecting its liquidity, the lower level of investment required, and the wide range of vehicles available.

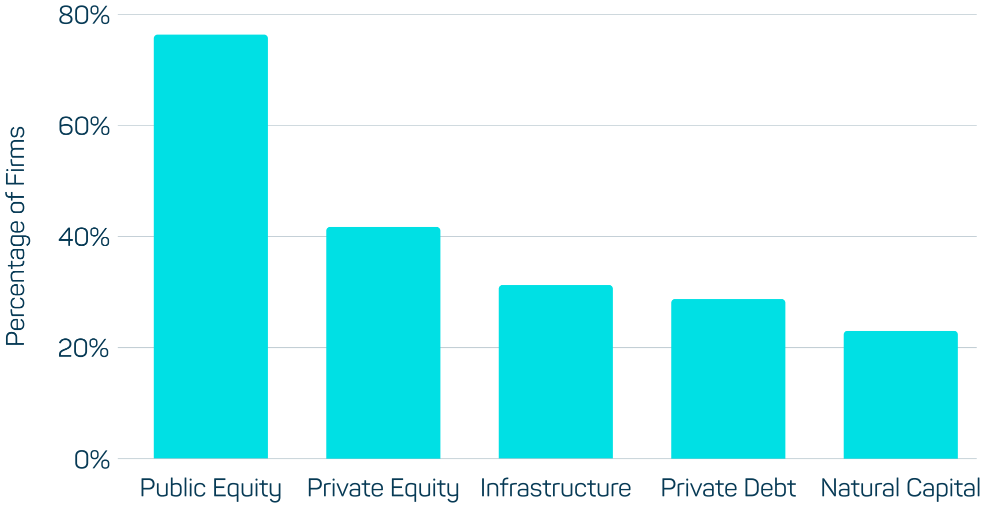
Private markets are predicted to lead growth going forward. Of those anticipating increases to their impact investment allocations, private equity led for 38% of respondents, followed by private debt at 35%, and real assets at 25%.

The strong interest in private markets suggests continued confidence in alternative asset classes as vehicles for impact, despite lower liquidity and higher barriers to entry.

While public equity remains dominant, alternative asset classes including private equity, infrastructure and natural capital are increasingly integrated into impact offerings.

Figure 7: Asset classes used by wealth managers.
Source: Impact Investing Institute Wealth Manager Survey, 2025

Asset Classes Utilised in Impact Offerings



The panel on the right highlights some examples of funds mentioned by survey respondents, illustrating the types of opportunities wealth managers are engaging with and offering to clients.

Understanding the fund landscape: examples of funds being offered by wealth managers

The inclusion of these funds should not be seen as an endorsement; these products were specifically highlighted by the wealth management professionals we spoke to.

BlueOrchard Microfinance Fund (BOMF)

- **Asset class**: Private debt.
- **Impact approach**: The fund focuses on financial inclusion by providing private loans to microfinance and other financial institutions in emerging markets. These institutions, in turn, offer financial services to low-income groups and micro, small, and medium enterprises (MSMEs). The fund employs a double bottom line strategy, aiming for both financial returns and social impact.

Conduit Connect EIS Impact Fund

- **Asset class**: Venture capital (seed to Series A+ stages).
- **Impact approach**: This fund invests in early-stage ventures addressing challenges in climate, health and wellbeing, education, and financial inclusion. It utilises an impact screening framework aligned with the UN Sustainable Development Goals (SDGs) to ensure that investments have social and/or environmental impact at their core. The fund also emphasises diversity, with a significant portion of its portfolio comprising companies led by female and ethnically diverse founders.

Columbia Threadneedle Social Bond Fund

- **Asset class**: Listed debt.
- **Impact approach**: The fund invests in bonds that finance projects with positive social outcomes, such as affordable housing, education, and healthcare. It aims to deliver both financial returns and measurable social impact by selecting bonds that support socially beneficial activities.

KKR Global Impact Fund

- **Asset class**: Private equity.
- **Impact approach**: The fund targets investments in companies that contribute to the UN SDGs, focusing on areas like clean energy, responsible consumption, and inclusive growth. It seeks to generate competitive financial returns alongside positive societal impact by investing in businesses that offer scalable solutions to global challenges.

T Rowe Price Global Impact Equity Strategy

- **Asset class**: Public equity.
- **Impact approach**: The fund focuses on investing in companies delivering measurable positive outcomes across climate, social equity, and sustainable innovation themes.

The Sustainability Impact labelled funds

The inclusion of these funds should not be seen as an endorsement.

The FCA's Sustainability Disclosure Requirements (SDR) and investment labels regime, introduced in 2024, includes a Sustainability Impact label. This is defined as: funds investing in companies that aim to achieve a positive, measurable impact on the environment and/ or society.

Wealth management firms embarking upon impact investing may find SDR Sustainability Impact labelled funds a valuable starting point.

As of early 2025, funds awarded the Sustainability Impact label include:[15]

- AEW UK Impact Fund.
- Baillie Gifford Positive Change Fund.
- EdenTree Global Impact Bond Fund.
- Edentree Green Future Fund.
- EdenTree Green Infrastructure Fund.
- FP WHEB Sustainability Impact fund.
- T. Rowe Price OEIC Global Impact Credit Fund.
- T. Rowe Price OEIC Global Impact Equity Fund.
- Impax Environmental Markets.
- Keystone Positive Change Investment Trust.
- M&G Positive Impact Fund.
- Ninety One Global Environment Fund.
- Ninety One Global Sustainable Equity Fund.
- Premier Miton Emerging Markets Sustainable Fund.
- Regnan Global Equity Impact Solutions.
- Schroder BSC Social Impact Trust.
- Schroders Capital Real Estate Impact fund .
- VH Global Energy Infrastructure Plc.

From philanthropy into impact investing – understanding the connective tissue

Client motivation to deliver philanthropy and impact investing come from a common source: an interest in creating positive change in the world. For example, 65% of family offices engage in responsible investing (including impact investing) "to demonstrate family wealth can be invested for positive outcomes", while 92% cite "giving back to society" as their primary philanthropic motivation.[16]

Understanding the connective tissue between philanthropy and impact investing can be a key entry point both for firms developing their own impact practice, and for conversations with clients. For wealth managers with an existing philanthropy practice, conversations about philanthropy provide a strategic entry point to discuss impact investing. Research shows that popular responsible investing themes – renewable energy (supported by 68% of family offices), climate solutions (supported by 64%) and healthcare (61%) – directly correspond with the causes families support through their philanthropy.[17] Wealth managers aware of a client's philanthropic activity, can use that knowledge as a jumping-off point to educate clients on how they might target those same issues using their investment strategies.

Despite this correlation, our research found that wealth managers with a philanthropic offering did not necessarily have an impact investing practice, highlighting the untapped opportunity that many wealth managers have yet to explore.

"A principal of a family office, a committed climate philanthropy advocate – revised his family office approach when he recognised that his investment strategy was at odds with the values he expressed through his giving."

Family Offices: A roadmap to impact, Impact Investing Institute, January 2024

Is firm size a factor?

Our research for this guide found a correlation between firm size and impact investing capabilities.

Larger firms (with >£10 billion AUM) are more likely to have dedicated impact teams and specialists, more comprehensive impact product offerings across asset classes, better access to private market impact opportunities, and more advanced impact measurement and reporting capabilities.

Some smaller boutique firms have developed specialised impact capabilities with a focus on listed impact strategies available to a broader base of investors, like Tribe Impact Capital and EQ Investors. However, we tend to observe that, besides these specialists, smaller firms (<£1 billion AUM) generally have limited-to-no resource for impact offerings and are more likely to use third-party impact solutions where needed. Among mid-sized firms (£1-10 billion AUM), we typically observe sustainable investing capabilities but less developed impact-specific offerings. These firms more commonly focus on listed impact solutions rather than private markets.

Firm size vs impact capabilities

Larger firms (>£10 billion AUM)

- More likely to have dedicated impact teams and specialists.
- More comprehensive impact product offerings across asset classes.
- Better equipped to access private market impact opportunities.
- More advanced impact measurement and reporting capabilities.

Mid-sized firms (£1-10 billion AUM)

- Often have sustainable investing capabilities but less developed impact-specific offerings.
- Typically focus on listed impact solutions rather than private markets.
- Many are actively developing more sophisticated impact capabilities.

Smaller firms (<£1 billion AUM)

- Generally have fewer dedicated impact resources.
- More likely to use third-party impact solutions.
- Some boutique firms specialise exclusively in impact, giving them an edge despite their size.

In practice: serving impact investing demand as a wealth manager

Below we share four case studies that describe how different managers serve their impact clients. These examples underscore the importance of client-centric approaches, the breadth of products/services offered , the development of internal capabilities within firms, the educational support required by clients, and the opportunity to build expertise in catalytic impact investment approaches.

Cazenove Capital

Wealth manager Cazenove Capital manages approximately £11 billion[18] in ethical, sustainable and impact mandates, representing 20% of their total assets under management. They are one of the first wealth managers in the UK with funds to be labelled under the FCA's new SDR regime.

Sustainable portfolios that put equal emphasis on financial return and sustainability outcomes account for the majority of the firm's activity in this area. But they also manage a growing number of impact mandates for clients who intentionally want to go beyond sustainability and more heavily prioritise positive social and/or environmental impact while still seeking a financial return.

They currently find that the most interested clients are charities, endowments, and foundations, but have seen growing interest from family offices and private clients in recent years.

Clients range from those with a low knowledge base to others who have a clear idea of what they want to achieve. "A lot of our role is about education – understanding client priorities, assessing what's going on in the world, and advising clients on what we think is best practice in impact," says a Portfolio Director at the firm. "But equally, we have many universities, charities, and even family offices with a lot of knowledge. In these cases, some of the best ideas come from the client and it's our job to work out how to implement them – so those are very collaborative relationships."

Cazenove Capital believe that one of most important things they need to do as a wealth manager is to work with clients to guide them on the journey to impact. In most cases, impact comes off the back of sustainability. Fostering a successful relationship and track record with clients, delivering both financially and on sustainable outcomes, provides the foundations upon which to progress further along the spectrum of capital: clients need support and to feel confident on this journey. As Lyn Tomlinson, Group Head of Impact Solutions, put it: "It's important to have good financial success with your first impact investments: you do not want them to become the cautionary tale."

All client types are different, especially when it comes to impact. Cazenove Capital tend to focus on delivering bespoke portfolios for impact-focused clients, but they have also built a listed, multi-asset impact central model for its broader client base. They use the Impact Frontier's "ABC" approach to impact investing, integrating impact assessment throughout their investment decision-making process and reflecting this in their reporting to clients.

Originally, the team were more focused on taking a total impact approach, but they have found that most clients prefer having a portfolio of sustainable assets with an impact carve-out. The investment carve-out can be invested in private assets or listed securities, depending on the size of the portfolio and tolerance for risk and illiquidity.

Cazenove Capital believe that offering a private assets impact solution is important, as private assets can offer a strong impact opportunity set and deliver meaningful change for those looking to channel their capital more directly to underserved populations or causes. For clients with over £25 million to invest (provided it is suitable, and the client can accept the added risk and illiquidity), a bespoke endowment-style strategy can be designed and implemented, with up to 30% in private market investments.

To enable smaller clients to access private market impact opportunities, the team uses protected cell companies (PCCs). These allow clients' assets to be held separately, while being pooled with others to provide sufficient scale to access private equity funds. Investment Trusts and the new long-term asset fund (LTAF) structures are also viable ways to access these opportunities.

Cazenove Capital also have a successful philanthropy offering, which enables them to service clients who are looking for solutions and investment advice across the full spectrum of capital. They are able to have a conversation about impact that extends to impact-first investments or giving. This, and their donor-advised fund (DAF), are considered unique selling propositions.

However, building out a sustainability and impact franchise has not been without its challenges. There is a growing focus for most clients on the financial return that can be achieved from both sustainability and impact mandates. As a Portfolio Director at the firm shared, "Given the changing political environment for sustainability and the fact that interest rates aren't coming down as quickly as many hoped, there is a greater focus on the expected financial return. So, we are frequently asked what we think the implications of a sustainable or impact policy might be: 'If I go for this kind of strategy, am I sacrificing financial returns?' is a common question." Decisions have to make sense from an investment as well as an impact perspective and understanding and managing investment risks is of equal importance. To safeguard client capital, Cazenove Capital's impact offering is under the same investment oversight as all its other portfolios and reports to the same Quarterly Performance & Risk Committees that every other strategy does.

Cazenove Capital have also had to refine their due diligence process for impact investments, which require the consideration of additional factors: amongst many differences to traditional products, the track record of impact funds tends to be shorter and the size of funds is often smaller.

Responding to these challenges and building a credible impact offering has required new governance, teams and processes to be put in place. Cazenove Capital now have a team of impact specialists leading with different client segments, and running the specific impact mandates and model portfolios. The rest of the business can lean on this expertise when needed, which has been beneficial to ensure that other client-facing colleagues can open the conversation on impact, knowing they have the support of experts when the time is right to bring them in.

AlTi Tiedemann Global

AlTi Tiedemann Global (AlTi) is a NASDAQ-listed global wealth management firm formed in 2023 by the merger of Alvarium Investments and US-based Tiedemann and TIG entities. The latter had been building impact portfolios for clients for several years since acquiring the Threshold Group in 2018.

Of AlTi's approximately $75 billion assets under management and advisement, around $5 billion is currently committed to impact strategies, which is one of the fastest-growing segments of the firm. AlTi Global have developed their own taxonomy that distinguishes between various responsible investment approaches, using "impact" as an umbrella term covering four distinct categories in both public and private markets – sustainable investments, positive engagement strategies, thematic investments, and catalytic strategies, providing a clear spectrum of available options.

AlTi works with clients to identify personal values and purpose through an in-depth values survey. This enables AlTi to construct a portfolio in line with a client's core values, aligning them with global megatrends like the energy transition and aging societies.

"We take a holistic view of impact", says Nancy Curtin, Chief Investment Officer at AlTi. "A client might not label themself an 'impact investor', but for personal reasons may be interested in backing a tech fund focused on closing the disability wealth gap. At the end of the day, every family wants their money to reflect their values. It's about understanding what matters and crafting a portfolio that delivers on that promise."

Although most clients seek market-rate returns, AlTi has also developed expertise in catalytic investments, which use innovative approaches to address funding gaps left by mainstream finance. This has proved a big differentiator.

"Catalytic investments are often pioneering truly innovative and transformative financing models and are by their nature higher risk, so it can take more time for clients to get comfortable with them," says Jake Levy, Director of Impact Investing for European Private Markets. "So you might put a small percentage of a client's portfolio in, for example, a community note programme, but that can take much more time to research than a more established manager. But clients are often most excited about that catalytic element."

Building client relationships based on deep understanding of each family's or individual's values and sense of purpose is leading to exceptional client retention. Additionally, being able to talk to younger generations about how they want their family wealth to be managed puts the firm in prime position to support the unprecedented generational wealth transfer taking place globally. "Clients are comfortable with the idea that this firm is going to be their adviser, then their kids' adviser then their grandkids' adviser," says Levy, "and impact investing is really key to that."

Tribe Impact Capital

Founded in 2016, Tribe Impact Capital is a boutique impact firm that supports clients to align all their wealth with their values. Tribe's four founders set out to answer a question many clients were asking - 'How can my investment portfolio reflect my values in the same way that my choice of food, clothes or even my choice of car does?'

The quartet's response was to look to develop and deliver a wealth management solution where every portfolio investment would be assessed both for the potential monetary returns it could deliver and its social and environmental impact.

After an initially slow start, that pioneering 'twin lens' approach – of investment and impact - has enabled the firm to grow by 40% a year on average. Eight years on, Tribe employs 24 members of staff and handles $1 billion in assets.

To achieve its goals, Tribe has focused primarily on investing in public markets, both through funds and investing in companies directly. Since inception, it has used the UN Sustainable Development Goals (SDGs) as common language to speak to companies, fund managers and clients – developing its 'Impact DNA™' process to help clients uncover and articulate the impact they want to have through their investments.

A robust process is in place to score companies systematically on their investment and impact potential. "Within public markets, we're looking for three key things from an impact perspective," says Harry Catchpole, Co-founder and Head of Wealth Management. "First is to invest in companies with positive alignment to the SDGs, second is to avoid companies in sectors or with practices that misalign to the SDGs, and the third is the ability to engage with companies to effect positive change."

Tribe clients span new inheritors, large families with multigenerational wealth, and corporate executives and business owners. Many clients are coming from other wealth management firms, dissatisfied with what their current firm is able to offer.

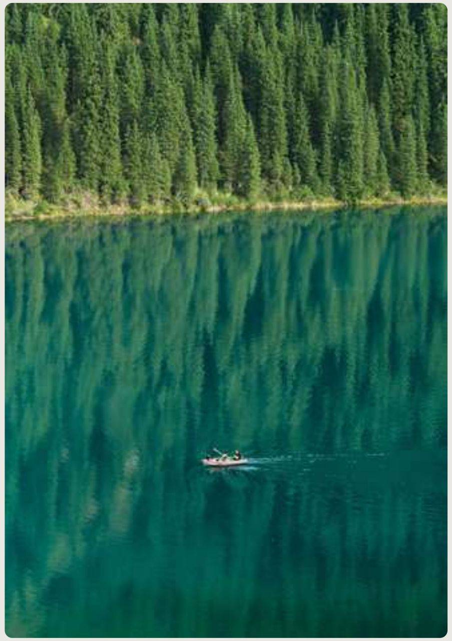
But there are still prejudices to overcome. "In the IFA sphere, a common question is 'What am I giving up if I invest for impact?' – that's still a very prevalent attitude," says Catchpole.

To convince clients of the case for impact, Tribe have invested extensively in its systems to measure and report on impact in its portfolios. That's included recently sourcing new data providers and building its own internal database. "Over the last eight years, we've built a track record that we can stand behind," says Catchpole.

In terms of getting more of the retail wealth management market to invest for impact, Tribe believes the key is to start small. "Rather than saying everyone needs to be 100% invested in impact, maybe we should be encouraging advisers to aim for a 5% allocation," says Catchpole.

"That's still a great differentiator because it's providing returns that are uncorrelated from the rest of your portfolio. It's also great in terms of the stickiness of your client relationships because it helps empower younger generations."

"If we can convince more of the market that there is an appropriate allocation to impact, we could start to see some really interesting numbers. And when you do deliver on that 5%, the client is much more likely to think about how the other 95% is being managed."



Goldman Sachs & Imprint

When Goldman Sachs identified impact investing as a business and client opportunity more than a decade ago, it chose acquisition as the means to build its capabilities. In 2015, it bought Imprint Capital, an impact investment advisory firm founded in San Francisco by John Goldstein and Taylor Jordan, to source and select external funds and managers for its wealth and asset management clients.

More recently, in 2022, it acquired Netherlands-based asset manager NN Investment Partners, known particularly for its ESG-integrated products and ESG-driven approach and its expertise in social and sustainable bonds. It is through such strategic acquisitions, and other initiatives (e.g., the creation of its firm-wide Sustainable Finance Group and the launch of multiple impact investing strategies) has helped grow their capabilities in this area.

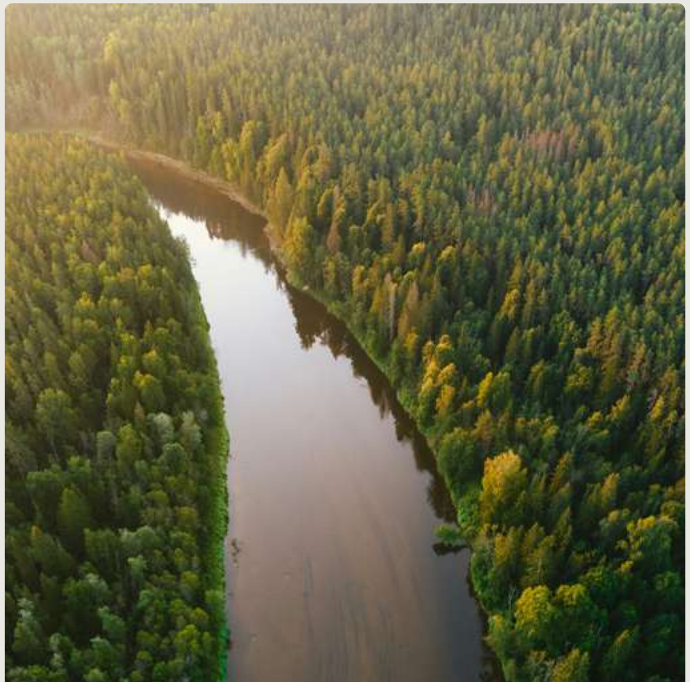
The firm's focus is on delivering market-rate returns for clients, alongside tangible and measurable environmental or social impact.

"We're always working to see how we can break the bridges around language to make sure investment opportunities are shown to clients across the board – not just to those with a stated commitment to sustainability or impact," says Abigail Pohlman, Head of Goldmans' Private Wealth Sustainable Solutions group.

The team hold educational and networking events to attract clients and prospects into impact. "These events are a great way for people to see the community they could be part of – especially the younger generations in a family" says Pohlman. "We also have family office clients who are keen to help others on their impact journey. They'll often come and speak at peer-learning events to inspire more capital into this space."

A common challenge, however, is managing client expectation as to what is and isn't possible. "People can have a very niche view of what they want to do so you need to balance that with what's executable," says Lisa Williams, a managing director on the Imprint team within Goldmans' external investing group. "For example, a client may be really focused on access to clean water. So you show where you can allocate capital directly into that but also how to expand into linked themes such as agriculture. It's about saying, 'We can do this but let's be creative about how we do it'."

3. **Understand the opportunity:** the business case for impact in wealth management



While some wealth management firms have built successful impact investing capabilities, but these players are still in the minority. Impact investing has yet to penetrate mainstream wealth management practices despite client interest, growing product opportunities, and long-term growth potential.

This section goes deeper into the opportunity for wealth managers to enter the impact investing market, providing information on the client base and motivations driving the market. It covers:

- **Which clients are interested in impact investing?** The different client segments, potential addressable markets they represent, and drivers behind their interest in impact investing.
- **The business case**: Five drivers for developing an impact offering that were identified during this research and cited by those interviewed:
  - Client acquisition.
  - Client retention and stickiness.
  - Preparing for long-term market evolution and generational wealth transfer.
  - Business differentiation.
  - Increasing ease of market entrance.

For those interested in developing an impact investing capability within their firms, this section can be used to help articulate the long-term opportunity presented by this market and galvanise colleagues and senior leadership to consider supporting further action in this space.

Which clients are interested in impact investing?

The potential market for impact investing spans all wealth management client segments. Each segment has its own drivers and interest in this investment approach, but individually and collectively they represent a meaningful growth opportunity for firms that understand and respond to their specific needs. Below is a high-level overview of the potential addressable market across different potential client segments:

- Private clients.
- Financial advisers.
- Charitable foundations.
- University endowments.
- Family offices.

Private clients

Who are they? Mass affluent individuals are often defined as those with £50,000-£5 million investable assets, and high-net-worth individuals (HNWI) are generally defined as someone with at least £1 million in liquid assets, meaning cash or investments that can be easily converted to cash.

What is the market size? Research from 2022 demonstrated that the UK had 609,000 HNWIs who qualified as US-dollar millionaires based on their investable assets, controlling about £1.8 trillion in investable assets[19] and that there are approximately 13.1 million individuals in the mass affluent market.[20] A 2022 report by the Individual Impact Investing Commission estimated the potential quantum of impact investing by HNWIs at a minimum represents £2 billion of capital, with more generous estimates going as high as £10 billion.[21] Their estimates are based on insights into HNWI investment behaviour and expectations and activity taking place in the UK's institutional investment market. Our survey highlighted that private clients were the most interested among the client segments in impact investing; a finding supported by those interviewed.

What is driving interest in impact investing? For both mass affluent and HNWIs, a range of individual personal factors are at play. For some, it is a way of aligning their assets with their personal values. For others, it is the result of greater education and information about the role of finance in addressing global challenges. UK private clients are increasingly focused on climate issues. Research by Capgemini and Barclays indicates that 80% of HNWIs see climate change as a priority.[22] Impact investing allows these clients to move beyond mitigating climate-associated risks in their portfolio to contributing actively to solutions—a powerful proposition for values-driven investors.

A change in the demographics of private clients is also a factor: the looming great generational wealth transfer[23] and the great female wealth transfer[24] are likely to shift investment patterns – research consistently finds that younger generations are highly interested in expressing their personal values through their investment choices.[25] This growing interest in impact is being further fuelled through peer learning. Networks like The Beam[26], a global community of women wealth-holders, have emerged to upskill HNWIs through connection and financial education, "to invest in line with their values and create a better world."

> "We realised our money was at two extreme ends of the spectrum of capital – investing for financial return and giving philanthropically. We wanted to know how we could spread it in between those points to have greater effect."
>
> Stuart & Stephanie Mills, wealth management clients

Spotlight on how client knowledge is evolving: The Mills, Private Clients

Married couple Stuart and Stephanie Mills began to have conversations about impactful investment around the kitchen table during the Covid-19 lockdown in 2020 when the state of the world led them to ponder what they could do to be more impactful.

The couple were already seasoned charitable donors – thanks in part to Stuart's employer's generous matched-funding programme – and had become very actively involved in one organisation they donated to, GroundWork, the community environmental action charity.

However, it was an online workshop with the campaigning group 'Make My Money Matter' that led them to see how their own pensions and investments could be put to work too. "We realised our money was at two extreme ends of the spectrum of capital – investing for financial return and giving philanthropically," says Stuart. "We wanted to know how we could spread it in between those points to have greater effect."

The first step was to assess all the companies currently in their pensions and other investments – something that the Mills were instrumental in driving. "We asked our wealth manager to rate companies 'green' if they are working positively on ESG issues, 'amber' if there are concerns but a company isn't actively bad, and 'red' if a company was really misaligned with our values and needs to be exited," says Stuart.

Although the couple have exited many 'red' stocks in their portfolio, they realised companies are regularly shifting between categories as they take action to improve. "So being an amber company, doesn't mean we'll exit – but we will encourage the portfolio manager to ask questions at investor meetings," says Stephanie.

The Mills have made additional investments through Ethex, the impact investing platform, and joined a business angel syndicate investing in green energy. The next step is to see how they can invest in higher-risk private markets to access key impact areas like climate tech, which means looking for support beyond what their current wealth manager can provide.

"As you fill more gaps in the spectrum of capital, you do encounter lots of barriers warning you that certain areas are high risk," says Stuart. "But unless you break through these barriers, you simply don't get to see the opportunities that really could improve the world."

Financial Advisers

Who are they? Advisers play a critical role in the wealth management ecosystem. They act as trusted intermediaries, guiding clients through complex financial decisions, including investment strategies, tax planning, retirement, and sustainable and impact-focused investing. Advisers are increasingly outsourcing their investments, meaning, rather than building their own portfolios, they are relying on discretionary fund managers (DFMs) to deliver investment products and solutions they can advise on to their clients. When outsourcing, they tend to use multi-asset, multi-manager funds or managed portfolio services (MPS).

What is the market size? By the end of Q4 2024, it was estimated that assets on wealth platforms in the advised channel reached £616.26 billion.[27]

The increasing rate of investment outsourcing presents a growing opportunity for wealth and asset managers providing such services. While many DFMs offer sustainable investment options, impact-focused services and funds remain comparatively rare.

In the MPS market, assets in sustainable portfolios grew from £9.4 billion in 2023 to £10.6 billion by the end of Q3 2024. This represents under 10% of the wider UK MPS market, which was valued at £141 billion as of Q3 2024.[28] Impact products available for advisers form only a fraction of this market, meaning there is currently limited choice for those seeking to align client portfolios with specific impact outcomes presenting a significant opportunity.

What is driving interest in impact investing? Advisers ultimately serve end-clients and are driven by a myriad of factors. One of these should be the values that their clients may have expressed about 'how' they invest: according to polling, 81% of people are concerned about the future of the world, while seven in ten (68%) think we need positive social and environmental change now more than ever.[29] However, confusion and feeling overwhelmed about how to do this are preventing many from taking action: half of UK adults (49%) – rising to two-thirds (67%) of 18-34-year-olds – say they want to help have a positive impact, but don't know where to start.

Unfortunately, many financial advisers do not feel confident when it comes to supporting their clients with sustainable and impact investing. To address this, the FCA has established the Advisers' Sustainability Group,[30] supported by PIMFA – the UK trade association for firms that provide investment management and financial advice. This group will provide advice, research, tools, and training guidance to support the sustainable finance capabilities within the financial advice sector, particularly around the SDR labelling regime.

Consumer Duty and consolidation have been a key dynamic in the advice market. As firms grow bigger and respond to pressure to demonstrate value, offering sustainable and impact solutions can form part of a differentiated offering.

> "While those in the know realise that values-based touchstones are just as important as strategic financial reviews, this is not the case for many advisers who lack the confidence, skills and knowledge to have these conversations."
>
> Individual Impact Investing Commission[31]

Charitable foundations

Who are they? Charitable foundations are mission-driven organisations that provide grants, fund programmes, and support causes aligned with their charitable objectives. Many hold endowments or reserves that are invested to generate returns for long-term sustainability - but traditionally, these investments have been managed separately from their mission. That separation is increasingly being questioned.

What is the market size? The top 300 UK foundations had assets totalling £87 billion in 2022[32] according to data from the Association of Charitable Foundations, although annual accounts filed with the Charity Commission indicate that the true total across the charity sector is significantly higher.[33] If just 5% of that capital were to be allocated to impact investing, that is a potential addressable market of £4.3 billion.

What is driving interest in impact investing? As mission-driven actors, UK charities and endowments are increasingly alive to the fact that most of their capital is not working in concert with their charitable purposes. This has been accelerated by developments in the sector including:

- The landmark 2022 Butler Sloss ruling.[34]
- The 2023 Charity Commission CC14 guidance.[35]
- The new Charity Investment Governance Principles,[36] which explicitly state that "As trustees, your principal duty is to further your charity's purposes. This means that you must make your investment decisions to further those purposes."
- Notable, public allocations from UK charities .

Many foundations are rethinking how their investments can be more purposeful, going beyond financial return to create measurable social and environmental outcomes. Also, as long-term investors, the time horizons for both the financial and societal/environmental outcomes they are seeking find a natural alignment. Impact investing fits well with this approach, contributing solutions to major long-term societal trends (e.g., climate change, ecosystem depletion, an aging society, and mental health) and delivering financial performance. Furthermore, many impact investments are in the private markets, where the average holding period is longer than that of public market investments.

> "We are working towards the aim of using all our assets to contribute towards our mission to support a healthier later life. We have now chosen to make this an important part of our investment approach."
>
> Vivensa Foundation

University endowments

Who are they? University endowments are long-term investment funds that support an institution's strategic goals, including research, scholarships, infrastructure, and academic programmes. Traditionally managed with a focus on capital preservation and growth, endowments are now facing rising expectations to align investment practices with institutional values.

What is the market size? In 2020, UK university endowments were estimated to be holding investable assets of £16.5 billion, and that number is likely to have increased.[37] There is interest and appetite from this group for environmental and social approaches. As of 2023, 89% of university endowments surveyed by Cazenove Capital had made some sort of climate commitments.[38] There is also interest among universities in delivering social impacts through their investment strategy. For example, the University of Edinburgh has allocated £8 million specifically to invest in socially positive causes such as organisations working to dismantle poverty or by supporting social enterprises to upscale their work.[39]

What is driving interest in impact investing? Pressure from students, staff, and campaign groups, including the Invest for Change campaign,[40] has shone a spotlight on university investment practices and how they may conflict with the academic research being published by many of these institutions, especially relating to climate change. In February 2024, a coalition of universities led by Cambridge highlighted their readiness to "shift billions of pounds into greener institutions".[41]

> "By 2030, the Cambridge University Endowment Fund will be synonymous with a pioneering model of endowment management, which is sustainable equally for the portfolio, its investors, the planet, and the team."
>
> University of Cambridge Endowment Fund

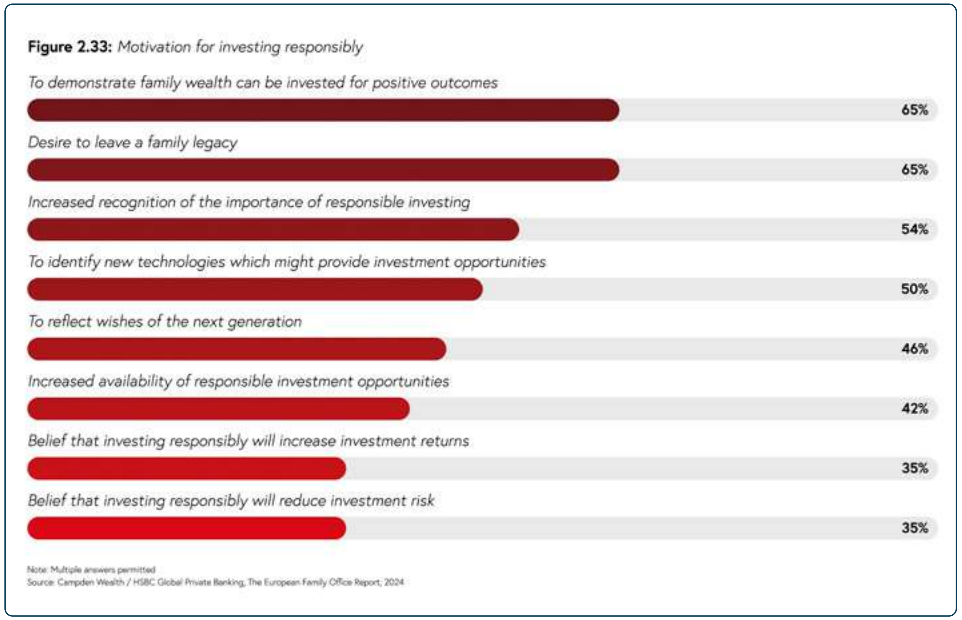
Family offices

Who are they? Family offices are private entities established to manage the wealth, investments, and legacy of families – where the level of wealth will largely determine an appropriate arrangement. A family with $100 million-$500 million to manage might set up a small family office or consider an outsourced chief investment officer (CIO) family office service, or a third-party investment manager or wealth adviser. Families with an excess of $500 million are in position to create a more cohesive fully-fledged office with several staff. The specific objectives of a family office will vary depending on the family needs, but typically they operate on a long-term outlook and have a relatively high degree of flexibility. Their functions typically include sustaining, growing and passing wealth onto the next generation(s); securing business continuity through financial planning and generational succession; and ensuring the family members' short and medium-term cashflow needs are met. Their unique nature – where scale of assets combines with a high level of agency and lack of accountability to external stakeholders – allows family offices to take a values-driven, often pioneering approach to investment.

What is the market size? Given the nature of family offices, it is difficult to provide reasonable estimates of family office wealth in the UK. Globally, estimates of family office wealth are as high as $10 trillion.[42] The European Family Office Report 2024[43] surveyed families[44] with wealth totalling $186 billion (14% of all respondents were from the UK), of whom 51% of were already engaged in a variety of responsible investment practices, including impact investing.[45] Research from Cazenove Capital in 2021 highlighted the appetite among family offices to move into impact investing, with 42% of its private wealth clients stating that environmental and social issues were equally important as financial returns and 10% prepared to give up returns in pursuit of higher positive impact.[46]

What is driving interest in impact investing? The interest from family offices cannot be linked to one single factor – as the saying goes, "If you've met one family office, you've met one family office". However, there are recurring themes that occur in research on this topic – as the European Family Office Report shows in Figure 8 . Frequently cited motivations for family offices' interest in impact investing include a desire to demonstrate that family wealth can be used to invest for positive outcomes, to create a positive family legacy or to reflect the wishes of the next generation. This values framing is combined with investment fundamentals: managing both the risks and opportunities of long-term impact trends like climate change, food insecurity and health can be a good fit with the intergenerational time horizon of family offices and their (often) extensive private market exposure. As a result, pioneering family offices have played a significant role in market growth around impact investing with key players such as Blue Haven Initiative[47] and Builders Vision[48] outlining a dynamic vision for what this looks like in practice, and family office syndicates such as CREO[49] supporting families to invest in low-carbon technology strategies.

Figure 8: Family office motivations for investing responsibly.
Source: Campden Wealth/HSBC Global Private Banking – The European Family Office Report 2024



The role of impact investing in a portfolio

The benefits of impact investing go far beyond aligning with the goals of values-driven clients.

Impact investments, whether a client is focused on impact or not, can improve portfolio diversification, lower overall volatility and reduce the effect of negative externalities – while also presenting interesting future growth opportunities.

Portfolio diversifier

Impact investment products are available in a wide range of asset classes and can present attractive alternative investment opportunities.

For instance, while the long-term risk and return of energy transition infrastructure has historically been broadly similar to traditional infrastructure, the underlying pattern and drivers of returns are very different. Including an energy transition allocation, even in place of diversified infrastructure, therefore has the potential to diversify portfolios.

The same thing can be seen with microfinance private debt.[50] Available to invest in for over two decades, microfinance has gained recognition for benefits such as low correlation, low volatility and inflation protection, making it an appealing asset class for investors looking to diversify portfolios.

Risk mitigator

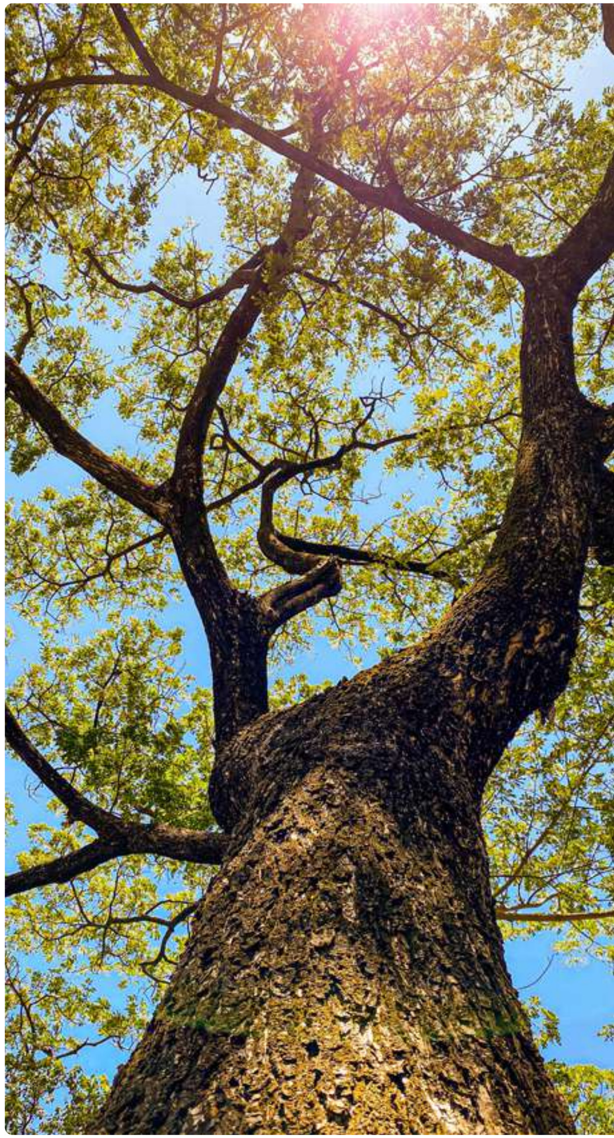
Impact investing looks to deliver performance for clients over the long-term, by contributing to the solutions to major societal trends that will affect future generations, such as climate change, ageing societies and resource depletion.

By seeking to avoid negative externalities that could become priced-in (e.g. carbon taxes) and trying to avoid companies potentially exposed to environmental, social and governance controversies, impact investors mitigate, and reduce clients' exposure to, these downside risks – looking instead on future-focused, structural growth opportunities.

Returns driver and growth lens

Investing to help solve environmental and social problems means impact investing often backs future growth sectors, such as life sciences, energy transition, technology for good, better health and educational outcomes. Framing impact investing as a way to source long-term investment opportunities focused on structural growth can resonate with traditional investors seeking above-benchmark returns.

Many investors use impact in this way – as an additional lens to surface companies that are well-placed to benefit from long-term trends on climate, sustainability and societal expectations.



Five drivers for developing an impact offering

Our interviews, surveys, and desk-based research indicate five key drivers motivating wealth managers to develop and expand impact investing offerings.

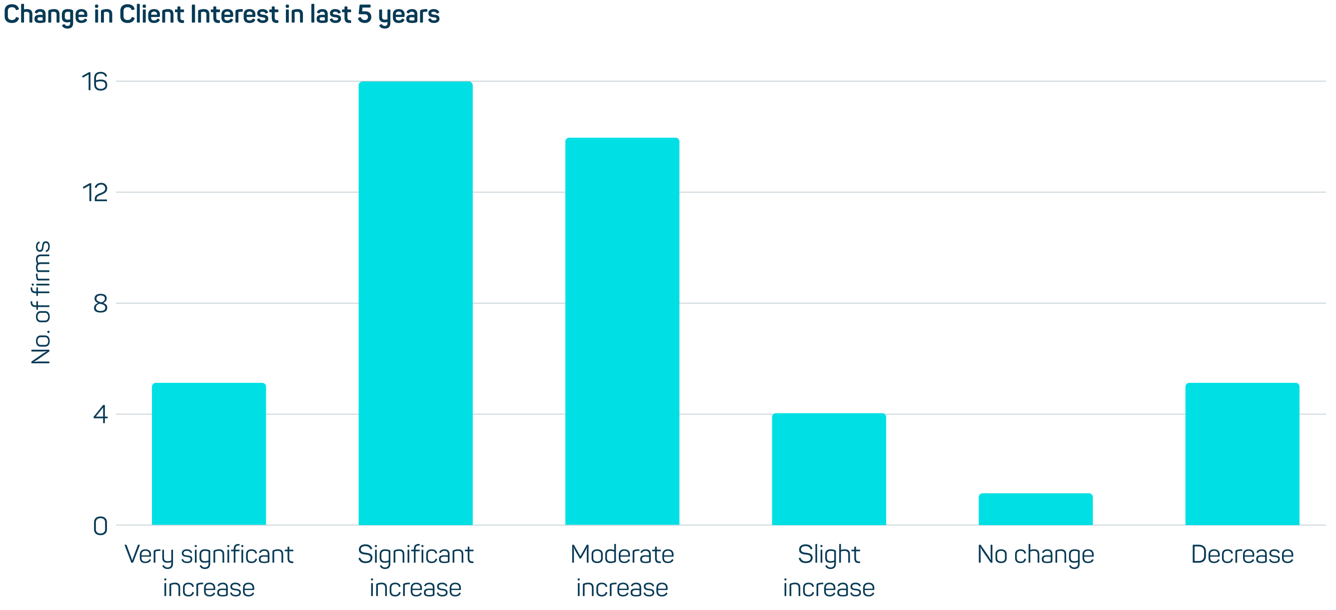
Client acquisition

As outlined in the above analysis of key client segments, the growing urgency of social and environmental challenges is reshaping what clients expect from their wealth managers. Increasingly, investors want their portfolios to align with their values and to contribute to addressing systemic risks. Across all segments – from HNWIs to institutional clients – there is a clear desire to generate measurable, long-term positive impact while achieving strong financial performance.

Our research found that 86% of survey respondents reported an increase in interest in sustainable and impact investments over 2020 to 2025. A rapidly expanding universe of impact-focused investment products now makes it easier than ever to respond to this interest – and yet clients seeking impact are still underserved by the mainstream market.

> "In the interconnected world we live in today, clients are increasingly conscious of how their investments affect society and the environment. They are no longer satisfied to focus only on financial returns; they want to ensure their portfolios align with their personal values."
>
> Emerging Trends in Wealth Management - MSCI Wealth[51]

Figure 9: Change in client interest in the last five years.
Source: Impact Investing Institute Wealth Manager Survey, 2025

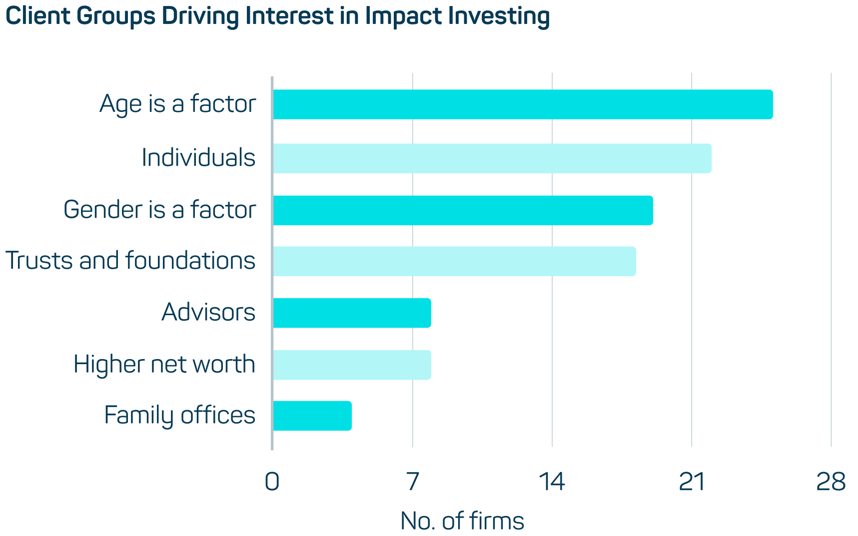


86.7% of firms report some level of increase in the last 5 years

For wealth managers looking to grow, impact investing presents a strategic and future-focused opportunity: as our survey showed, next-generation dynamics play a major role in interest in impact investing with over 25 of our 45 survey participants citing age as factor in driving interest. Developing an impact investing practice enables access to new client segments, improves competitive positioning, enhances brand relevance with next-generation wealth holders, and opens-up higher-value propositions like personalised services and private markets. Research shows that clients seeking these services are typically willing to pay more: a 2023 EY study found that 74% of wealth management clients would pay a premium for personalised services that reflect their values.[52] (See previous section, Which clients are interested in impact investing?, for more detail on segment-specific drivers.)

This competitive shift is not theoretical. Firms without a credible impact offering risk losing clients – not only in specialist impact mandates, but across their entire investment relationship. Even a small allocation to impact investing can be the deciding factor in whether a client stays or leaves.

Figure 10: Client groups driving interest in impact investing.
Source: Impact Investing Institute Wealth Manager Survey, 2025



"Many clients are actively leaving traditional managers and moving to EQ specifically because of our sustainability and impact offering"

Louisiana Salge, Head of Sustainability, EQ Investors

Client retention and 'stickiness'

Throughout this project, wealth managers consistently told us that helping clients align their wealth with their values strengthens relationships in ways that traditional financial conversations often cannot.

Understanding the interwoven nature of wealth and values and being able to cater to both creates multiple touchpoints with a client and can deepen the relationship, making it more resilient. Stephen Metcalf of RBC Brewin Dolphin observed that, once impact-oriented clients join, "they tend to stay", remaining committed despite market volatility as "one year of bad performance doesn't throw things off". Investors interested in impact are also unlikely to split their portfolios across multiple firms - they are looking for a trusted partner who understands both their financial goals and their values.

> "One of the most powerful ways to bond with clients, and across multiple generations, is to explore with them how their wealth might relate to their values. Instead of prompting clients with, "How did the markets do?", they could open a new dimension in the relationship by asking, "What is the money for?"
>
> Jamie Broderick, chair of the Investment Committee, UnLtd, and Board Member of Impact Investing Institute

Preparing for long-term market evolution and generational wealth transfer

One of the most strategic reasons to build impact investing capabilities is to future-proof the business against long-term market shifts – particularly the generational transfer of wealth. By developing expertise now, wealth managers can position themselves to remain relevant as client expectations evolve.

Research consistently highlights a generational divide in investment preferences. Younger investors are far more likely to seek values-aligned investment strategies – and this preference is only growing. At the same time, the scale of wealth transfer is enormous: approximately £5.5 trillion is expected to pass between generations in the UK by 2047.[53]

For wealth managers, this transition poses both risk and opportunity. Without an impact proposition, firms may struggle to retain the next generation of clients. Industry data paints a concerning picture:

- Financial advisers retain client relationships just 50% of the time when wealth transfers to the next generation.[54]
- Over 80% of heirs look for a new adviser upon inheriting wealth.[55]
- Among our own wealth manager survey respondents, 56% cited age as a factor influencing interest in impact investing.[56]

By offering meaningful conversations about values, purpose, and legacy – in addition to financial outcomes, wealth managers can build relationships across generations and remain embedded within the family's wealth journey. In other words, impact investing isn't just about responding to current interest. It's a long-term growth strategy that provides firms with a way to bridge generations, maintain continuity, and stay competitive in a rapidly changing market.

"More than 80% of investors aged 40 and older would like to express their personal values through their investment choices, and for investors between 24 and 30, that number jumps to over 90%."

MSCI Wealth: Emerging Trends in Wealth Management Personalization, Transparency and Technology (January 2025)[57]

"Amid shifting investor demands and rapid technological progress, organisations need to pursue growth beyond their traditional business model for their long-term viability."

PWC, Asset and Wealth Management revolution[58]

Business differentiation

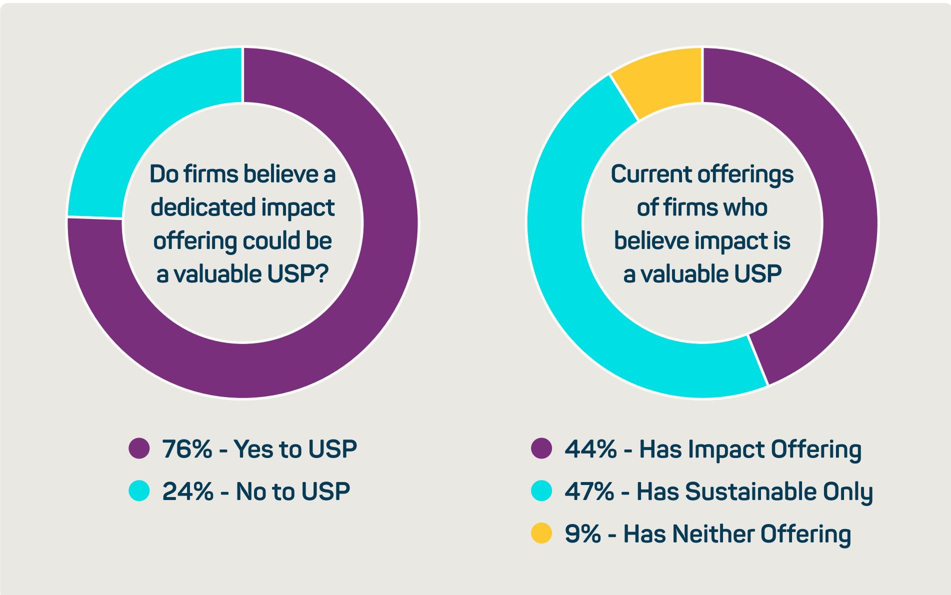
In a highly cost-pressured and consolidating wealth management sector, developing expertise in impact investing can provide meaningful differentiation. Of the 45 wealth management professionals surveyed for this research, 34 (76%) agreed with the idea that a dedicated impact offering could be a valuable unique selling proposition (USP) for their firm and lead to commercial benefits.

Yet of those 34 firms that see the USP in a dedicated impact offering, less than half currently have a dedicated offering. So there is a substantial opportunity gap between the recognition of impact investing's commercial value and actual implementation.

As sustainable offerings become more normalised in the sector, impact can be seen as the next frontier of differentiation and specialisation in this area can be transformative. Tribe Impact Capital reports that, since its founding as a specialist impact firm in 2016, it has grown an average of 40% annually.

Figure 11: Impact offering as a USP.

Source: Impact Investing Institute Wealth Manager Survey, 2025



Ease of market entrance

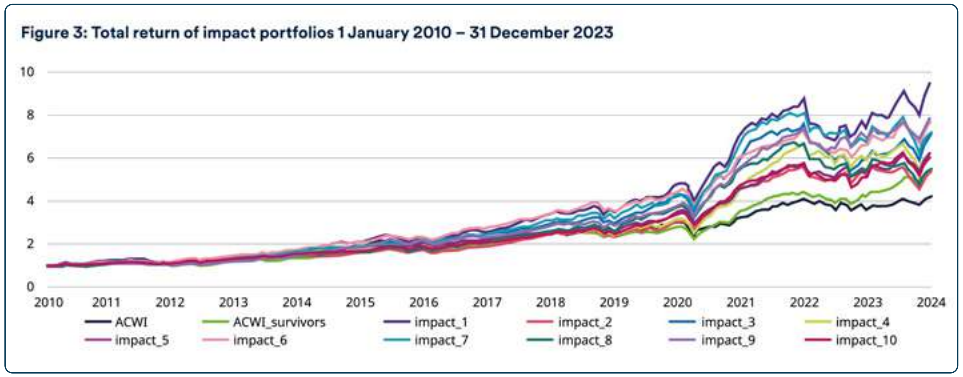
Market obstacles that initially made it challenging to serve impact investing services and solutions to clients have significantly reduced, particularly in the last five years, due to the following three factors.

Established track record of delivering clients' financial and impact goals

According to the Impact Investing Institute's market research, the UK impact investing market grew from £58 billion in 2020/21 to £76.8 billion by the end 2023, representing a 10.1% compound annual growth rate over three years.[59] The same research found that 68% of investors report financial returns in line with or outperforming targets, and 88% achieve impact performance in line with or outperforming impact targets.[60] Recent research from Schroders and the University of Oxford's Saïd Business School found that public equity impact investments exceeded the returns of the MSCI ACWI IMI Survivors Index from 2010 to 2023 – demonstrating stronger absolute and risk-adjusted performance, lower market sensitivity and greater resilience in downturns.[61] *To note, this research was designed to surface the long-term financial outcomes with the recognition that impact investing is a long term strategy. There will be periods of volatility within that timeframe.*

Figure 12: Total return of impact portfolios (January 1 2010 - December 31 2023).

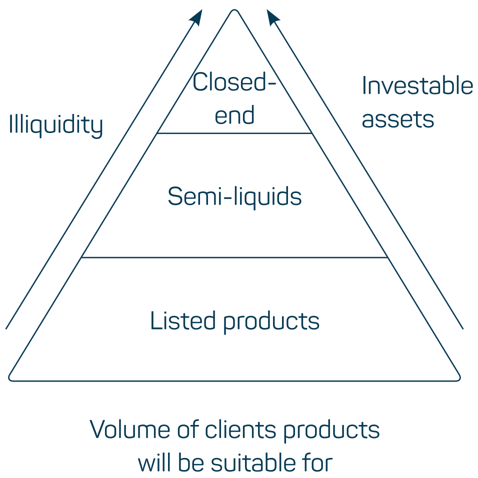
Source: Schroders and Oxford University's Saïd Business School, Impact and financial performance: Evidence from listed equities (2025)[65]



Product innovations and accessibility of private markets

In the UK, private markets account for approximately 85% of the total impact investing market – comprising 45% private equity, 28% real assets, and 11% private debt.[62] Historically, the stronghold of institutional investors, these markets are increasingly opening up to a broader base of clients. A key contributor is the Long-Term Asset Fund (LTAF), which permits investments across a range of unlisted asset classes and has recently become more accessible to suitable retail clients following changes in regulation to remove complex compliance hurdles.[63]

Figure 13: Interplay between illiquidity, investable assets and client base



Alongside this, the rapid growth of the Luxembourg-domiciled semi-liquid/ evergreen private market highlights the significant growth in demand globally for fully invested open-ended evergreen private market vehicles. European evergreen fund AUM is projected to more than double over the next three years , reaching £135 billion by the end of 2028.

Thirty-five percent of professionals surveyed for this research highlighted the improved access to private markets as a driver for the expansion of impact investing in the wealth management sector. However, not all wealth managers can serve clients who are ready to invest in private markets, so it is important that the appropriate product set is developed. For those needing daily liquidity, there is a range of products (funds and investment trusts) that can deliver positive outcomes both financially and for people and planet.

New regulation creating clarity and confidence

Historically, a high level of detailed knowledge of the impact investing market had been needed to build out an impact investing suite of products. With the introduction of the Sustainability Impact label as part of the Impact as part of the Sustainability Disclosure Requirements regime, the process of product identification has become easier.

The label was introduced as one of four: "Sustainability Focus", "Sustainability Improvers", "Sustainability Impact" and "Sustainability Mixed-Goals", and has been available for use by firms on qualifying funds since 31 July 2024. To qualify for the Sustainability Impact label, a fund must have a sustainability objective consistent with an aim to achieve a pre-defined positive, measurable, impact in relation to an environmental and/or social outcome (and invest at least 70% of their assets in accordance with that aim).[64] See page 25 for a list of products that have been awarded the Impact label.

Several of the wealth managers we spoke to for this guide highlighted some of the teething issues of the new regime, including the high compliance bar that meant "some smaller managers who are doing really interesting things just don't have the resources to engage with it". But, ultimately, almost everyone we spoke to saw the regime as a positive development, citing the "authenticity" it could provide and noting that it had "weeded out a lot of the greenwashing."

4. Getting started in impact investing as a wealth manager

Wealth management firms are all different in terms of their size, resources, culture, areas of expertise, governance, and legal structures, and the clients they serve.

The entry point and journey will differ for each firm; however, there are clear commonalities highlighted by wealth managers across the sector, indicating a consistent roadmap for successfully incorporating impact investing into their proposition.

In the final third of this guide, we share practical tips and resources to get started and develop an impact investing service. It covers:

- **A roadmap for wealth managers**: Practical steps for building, implementing, and scaling an impact investing offering.
- **Challenges and how to overcome them**: Common barriers and suggested solutions.
- **Final words of advice from peers on the journey**: Top tips from wealth managers who have embarked upon impact investing.

This section is designed to help wealth managers visualise what it might look like for them to facilitate impact investing, equip them to get started, and overcome hurdles along the way.

A roadmap for wealth managers

Below are the milestones along the path to build, implement, and grow an impact investing offering. Though the steps outlined are presented as linear for practical reasons, the reality is never so neat.

Many of these elements may happen concurrently or in a different order. As with any new approach, each firm's impact roadmap will evolve over time as knowledge, systems, resources, and market opportunities develop.

Figure 13: A roadmap to impact investing for wealth managers

1. Secure executive sponsorship

- Make the business case.
- Understand the marketplace.
- Establish and understand your role as a changemaker.
- Agree parameters.

2. Scope your impact investment offering

- Create precise definitions.
- Determine scope of focus.
- Identity your target market and tailor your offering.
- Establish the feasibility of addressing this target market.

3. Map implementation approaches

- Identify your existing resources.
- Address internal challenges.
- Establish governance and operational infrastructure.

4. Select and onboard impact products

- Map the products universe.
- Develop enhanced due diligence protocols.
- Build strategic product partnerships.
- Lean on your network.

5. Structure and educate your team

- Conduct an internal readiness assessment.
- Develop training programmes and look to inspire your staff.
- Build and empower internal champions.

6. Support client-facing roles

- Assess client preferences questionnaire and process.
- Enhance internal governance.
- Educate relationship managers.
- Develop prompts and frameworks.
- Have expertise on hand.

7. Inspire, guide and educate

- Host educational events and workshops.
- Develop thought leadership content.
- Create informal client networks.

8. Develop your impact measurement, management and reporting

- Select appropriate frameworks.
- Create standardised approaches.
- Engage the asset managers.
- Identify data sources.
- Tailor reporting.

9. Iterate and grow over time

- Set realistic growth targets.
- Establish review processes to assess and refine your approach.
- Cultivate continuous learning about evolving best practices.

1. Secure executive sponsorship

Crucial to success is the need to secure executive sponsorship. Executive support should unlock:

- **Firmwide buy-in** to deliver and sustain an authentic impact proposition: there needs to be a belief (and passion) in why it matters both for the business and the wider world.
- **Sufficient resource allocation** including adequate staffing, technology, and budget commitments to drive this forward.
- **Long-term commitment**, acknowledging that impact investing requires sustained support through market cycles.

For impact investing to succeed, it needs to have sufficient buy-in to navigate the early-stage challenges and learnings of any new approach. Having a workforce that truly values the role of impact investing will help to ensure momentum is maintained, which requires education from the C-suite down. Of the firms we spoke with, robust senior sponsorship was the common factor among firms pushing ahead with impact investing initiatives.

> "Impact and sustainability in investments are driven by the culture that is present in the wealth management house."
>
> Phoebe Stone,
> Chief Sustainability Officer
> at LGT Wealth Management

Key steps

- **Make the business case**: Present the business case for impact to senior management as early as possible. Ensure the long-term nature of this offering is well-understood: the investments tend to have a have a long-term time horizon and are seeking to create a better future world for clients' descendants.
- **Understand the marketplace**: Understand what competitors are doing and use examples to highlight how your own firm could differentiate itself and not get left behind. The use of recent studies can assist in articulating the positive financial characteristics of impact products and solutions.
- **Establish and understand your role as a changemaker**: Impact in this market is still relatively underserved. Those developing a capability need to be willing and able to lead the agenda and bring along key stakeholders. This may require upskilling, further education, spending time researching, and meeting impact fund managers. Organisations like the Impact Investing Institute and the Global Impact Investing Network (GIIN) provide accessible materials, learning sessions, and networks you can join.
- **Agree parameters**: Agree reasonable timelines and appropriate resources for a pilot impact offering, ensuring stakeholders understand and commit to the long-term nature of impact investing's maturation cycle.

2. Scope your impact investment offering

For wealth management firms, a successful impact strategy begins with internal alignment: what does impact investing mean in the context of your firm's capabilities, your client base, and your broader investment philosophy?

There are multiple entry points — but to move forward with clarity, your team must first define the scope, focus, and ambition of your approach. This stage of development seeks to set boundaries around the strategy: making thoughtful, business-aligned decisions that guide your product design, resource planning, client engagement, and long-term positioning.

It is vital to understand and position your impact offering in a way that suits your firm's approach, the preferences of your clients, and resources available. For example, if you don't currently have a private market offering or a client base that requires bespoke portfolios, you will not develop an impact practice in those areas. Conversely, if you have a sizable segment of UHNWI, family office or endowment clients, it might make strategic sense to cultivate a private markets capability and bespoke product offering.

To get to that clarity, you need to work through a series of strategic questions, the answers to which will define the appropriate impact investing business proposition for your firm to create.

Strategic questions to guide your firm's approach

Mapping your client base

Different impact investing propositions will be suitable to different client segments: digging into what current or future clients would value on impact investing, will drive much of the product offering. Key questions to reflect on include:

- What does your current client base look like and why might they benefit from this offering?
- Are you planning to bring this offering to all clients or just a sub-segment?
- At what AUM level will clients be able to access this service?
- Are you trying to expand into new client segments (such as next-generation clients or charities)?

Placing boundaries around the high-level structure of the offer

Impact investing is a broad field, and as Section 1 - What is Impact Investing? describes is an approach not an asset class. Investment strategies can target different themes, asset classes, and levels of risk and return. Clarifying these fundamentals for the firm, in tandem with reflecting on client interest will help shape the offer. Key questions to reflect on include:

- **Invest in public markets, private markets, or both?** While private markets access does increase the addressable universe of impact investing products, impact investing in public markets is credible if delivered right (see the Tribe Impact Capital case study for further information). As you outline your offer, consider what is right for your client base, and if you are operationally set up to offer a broader sustainable and impact private assets proposition. For those who look to begin with public markets, the GIIN Guidance for Pursuing Impact in Listed Markets is helpful.[66]
- **Targeting specific impact themes or a broad positive impact approach?** There are some themes that are of consistent interest to clients, as is documented in Section 2 From Sustainable Investing to Impact Investing: these include sustainable cities and communities (SDG 11), good health and wellbeing (SDG 3), affordable and clean energy (SDG 7), and climate action (SDG 13). A wealth manager can create specific expertise in one or more themes – for example a climate platform or health platform – or instead create a general positive impact approach that doesn't specify impact areas, but instead profiles best in class impact funds on a range of topics.
- **Invest locally, nationally, or globally?** In impact investing geographic distribution is not 'just' a matter of diversification, it can often be a core driver of impact interest: impact investors interested in affordable housing in the UK are seldom the same as those interested in advancing financial inclusion in the Global South. Additionally understanding the quality of impact strategies and impact managers takes appropriate expertise: wealth managers will want to reflect on both the regions that their clients are interested in impact investing in, and their own capability to source and due diligence quality product.
- **Target market-rate returns or catalytic/concessional-return opportunities too?** Mainstream wealth managers delivering impact investing tend to focus on supporting market-rate return investments; however some managers are deepening their approach into catalytic and occasionally below market-rate return opportunities to meet emerging client interests, particularly among the charitable foundation and family office community. AlTi Tiedemann Global profiled in the case study section is an example of a manager that is delivering both market-rate and catalytic investments for clients.
- **Keep sustainable and impact offerings separate or bring them together?** Clearly, sustainable investing and impact investing are distinct approaches, but they have an adjacency in both client base and targeted themes. Some managers choose to have very distinct offers, others serve the products together in a sustainability and impact mix, using (for example) the Impact Frontier's norms and ABC Framework to distinguish approaches within a portfolio.[67] Describing practically how you will differentiate between your impact and sustainability products and where and on what grounds you will bring them together are key considerations to agree internally.
- **How does philanthropy fit into your overall impact investing service?** Managers with strong philanthropy capabilities have a powerful entry point into impact investing, given the conversations they will already be having with clients about their values and how they wish to make a difference in the world. In practice however, philanthropy services often operate quite separately internally from their investment colleagues. Impact investing provides an opportunity to take the values focus discovered through philanthropy services across to investment colleagues. Wealth managers can reflect on how best to pull together both investment and philanthropic capabilities, to present and deliver a unified impact offer.

Placing boundaries around the portfolio and service you will offer

Having described the client base and the fundamental shape of the impact offering, a wealth manager will additionally want to outline the impact investment experience for the end-client. Key questions to reflect on include:

- **Bespoke portfolios or standardised impact investing products?** Wealth managers are deploying both client approaches highly effectively: some are establishing standardised impact products that multiple clients can buy into, others are serving higher AUM clients with bespoke portfolios based on particular interests. This latter high-touch strategy is clearly more appropriate for asset owners allocating more significantly to impact investing and prepared to pay for the higher service received. Even in these bespoke approaches, however, it is important to set impact investment objectives at a relatively high level rather than specific criteria or themes. The more specific the client preferences, the harder it is to cater to them – in terms of finding a suitable range of investments/products as well as monitoring and reporting. This approach also acknowledges the complex, interconnected nature of social and environmental challenges, allowing capital to flow where it can achieve maximum impact rather than being confined to predetermined channels.
- **Carve-out vs total impact approach**. A common approach, especially for clients just starting out, is to carve out a small allocation (say 5-10%) of assets under management to explore impact investing. This gives the opportunity for a wealth manager to work with their clients to learn and experiment with a smaller pot of money. As an experimental carve-out is a very common starting point, wealth managers need to decide if it's an option that can be offered, and on what basis (e.g minimum initial size, how it will be managed and reported on compared to the rest of the portfolio, and whether the carve-out will have its own review timetable to see how the 'experiment' is progressing).

Key steps

- **Create precise definitions**: Establish clear distinctions between impact and sustainability.
- **Determine scope of focus**: Decide which part(s) of the impact universe is appropriate for you and your client base.
- **Identify your target market and tailor your offering**: Consider the most appropriate solutions for your target client segment(s): bespoke, targeted offerings for a small set of clients; broader, standardised models; or both.
- **Establish the feasibility of addressing this target market**: Understand your firm's operational, resource, and expertise limits.

3. Determine implementation approach

With a resolved understanding of how to shape an impact investing offer, firms will then need to develop impact investing execution capabilities. To do so, two strategic pathways emerge: build or partner/acquire.

The build strategy involves internal development through training programmes and strategic hiring, creating deep institutional knowledge but requiring more time to mature. It is important to have an established foundation in sustainable investing that has proven to be successful before embarking on the impact journey.

The partnership/acquisition approach offers faster implementation through strategic acquisitions or collaborations with established impact specialists. The partnership route could be valuable for smaller firms who may not have the ability to service their sophisticated clients seeking impactful investments in-house.

Both approaches require careful attention to operational infrastructure, including due diligence frameworks, portfolio construction tools, engagement strategies, and reporting systems to deliver on impact promises as detailed later in this roadmap. Whichever path you choose, robust integration into the existing business strategy is vital.

Consider the contrasting approaches outlined in the case studies starting on page 28.

Key steps

- **Identify your resources**: Map existing capabilities that can support your impact direction and identify gaps. Explore if an acquisition approach is relevant for your firm.
- **Formalise governance and operational infrastructure suited to your approach**: Whatever path you choose – buy or build – will require new governance structures to ensure strategy oversight. Through the iterative process of shaping the business unit strategy, and answering the build / buy question, governance may have already been established. If not, now is the time to ensure that you have put in place the oversight infrastructure needed to support your next steps.

4. Select and onboard impact products

Contingent on your build/buy decision, you'll need to develop a compelling product mix that meets client demand while maintaining high standards for both financial performance and genuine impact.

Successful product selection requires:

- **Rigorous due diligence**: Apply additional impact layers of assessment beyond traditional financial analysis, including impact intentionality, measurement capabilities, and management quality.
- **Diversification across impact themes**: Ensure coverage of both environmental and social impact areas that align with client priorities.
- **Asset and asset class diversity**: Build an approved product list that can serve different client needs across asset classes.
- **Validation of impact integrity**: Verify that funds can demonstrate not just intentionality but also measurable outcomes.
- **Performance track record**: Prioritise options that have demonstrated they can deliver both financial and impact returns.

Many wealth managers begin with a curated selection of listed impact funds before expanding into private market opportunities as their capabilities mature. Firms may find SDR Sustainability Impact labelled funds a valuable starting point.

Sourcing product and conducting due diligence

Sourcing impact investing product will require the wealth manager to explore new opportunity sets and to appraise those opportunities using impact frameworks alongside traditional investment analysis.

To surface impact investing opportunities, wealth managers can use various routes to identify asset managers and funds, including: reviewing products with the SDR "Sustainability Impact label" (see page 25), the GIIN/Financial Times interactive listing,[68] BlueMark's Practice Leaderboard,[69] and signatories to the Operating Principles for Impact Management (OPIM)[70] – as well as talking to peers, reading industry media, and attending relevant industry events. (See the list of useful resources at the end of this guide.)

Given the relatively young age and smaller size of many impact fund managers, wealth managers will likely need to apply some flexibility to standard business requirements with regards to track record and fund size. Widening the aperture on those two fronts, however, will give you a strong opportunity set to consider.

To conduct due diligence on these new opportunities, wealth managers will need to assess both the impact and financial qualities of the potential product. In addition to the financial analysis undertaken, wealth managers can assess the impact quality of products by looking at three levels of manager impact capability:[71]

- **Organisational commitments and overarching impact framework:** This includes the organisation's commitments to impact investing and particularly its governance of impact investing. Assessment should explore whether the asset manager has senior management buy-in to the impact investing strategy, and whether the firm as a whole is signatory or a participant in key impact investing forums including membership of the GIIN, engagement with the Impact Investing Institute, or local impact investing equivalents. Good impact investing practitioners will use established frameworks such as Impact Frontiers' Impact Management Norms,[72] the Operating Principles for Impact Management,[73] and GIIN's IRIS+ in their practice.[74]

  Strong practitioners will also receive third-party verification against their selected framework from groups such as BlueMark.
- **The impact team**: Wealth managers should assess how sizeable, experienced, resourced, and trained the team that is creating and managing impact investing product, and how established the team is within the business. Appraisal should consider how the team's influence is secured within the wider business (e.g. their inclusion on senior investment committees and highlight that there are there clear governance links to the senior management).
- **The qualities of the product itself**: The final vital assessment is of the product itself. Wealth managers will want to test how strong the impact investing strategy is, the impact management and reporting approach taken to maintain accountability to the impact goal, and how impact considerations are sustained throughout the investment lifecycle.

- Undertaking this final part of the assessment requires understanding the architecture of an impact investing strategy. The assessor will be looking for:
  - An ultimate impact goal that a strategy is seeking to deliver against, and a thorough understanding of the social or environmental challenge a product is responding to. Any impact investing strategy starts with articulating the intended impact as a trackable goal: for example, to reduce poverty in Kenya, improve mental health outcomes for young people or increase quality affordable housing in Europe. It is vital that the goal is anchored in a clear, highly evidenced understanding of the problem and what is likely to bring positive change.
  - Thereafter the wealth manager will be testing the asset manager's "theory of change" - that is, the causal chain that connects that ultimate impact goal with the investment activity of the manager. Given what is known about the problem, does the wealth manager believe that this challenge can be solved through this investment activity? Does the logic of the approach make sense?
  - And finally, to track the efficacy of the impact strategy, has the product team identified simple and trackable metrics that monitor performance against both the ultimate impact objectives and the intermediate activities that will drive them? Also, does their approach to reporting those metrics and managing against them support optimising for both financial and impact return?

The *Impact Due Diligence Guide*,[75] hosted within the GIIN's Impact Toolkit,[76] provides a helpful and comprehensive starting point to go further into these important questions.

Key steps

- **Map the product universe**: Survey available impact funds across asset classes and impact themes.
- **Develop enhanced due diligence protocols**: Create frameworks that address both financial and impact considerations.
- **Build strategic partnerships**: If you have sufficient scale, establish relationships with asset managers with impact expertise.
- **Lean on your network**: Sourcing ideas and understanding others' views of impact managers and their products can be a helpful place to begin for those at an earlier stage of building out their own expertise.

5. Structure and educate your team

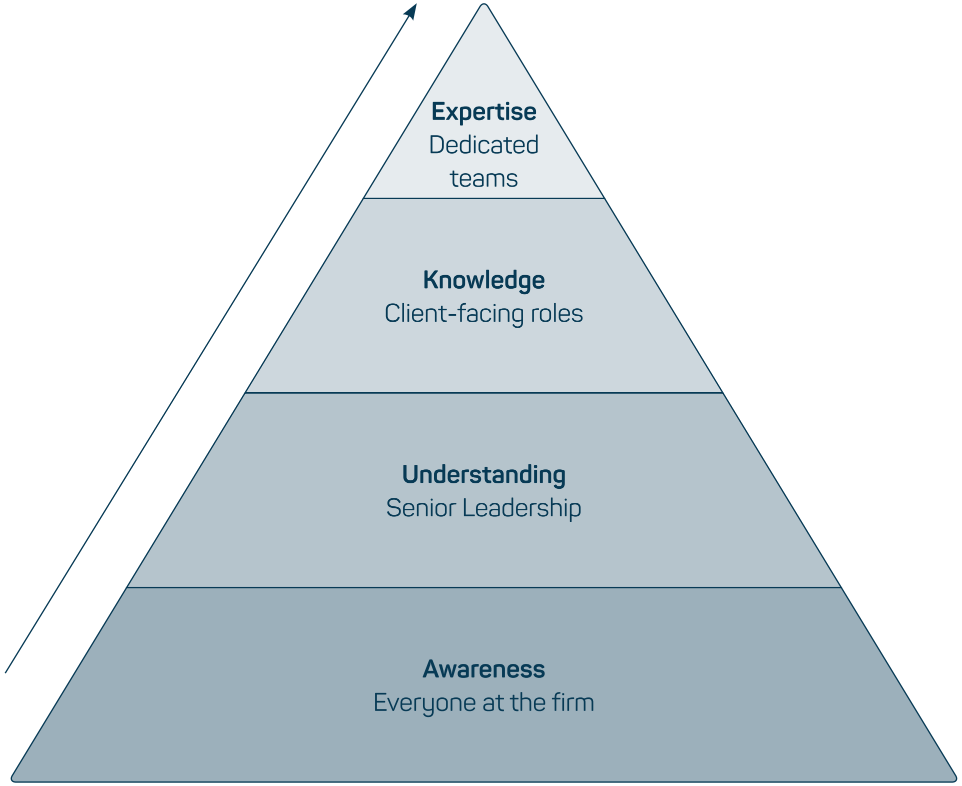
Building an impact investing capability requires ensuring that key stakeholders (from senior management to relationship managers, portfolio managers, and business development) have a strong foundation in the fundamentals of impact and the offer you intend to provide. This education should be structured and comprehensive, reaching across the organisation with appropriate depth for different roles.

You might think of it as a pyramid:

- **Everyone** at the firm should be **aware** of the offering.
- **Senior leadership** should all, at a minimum, have a good **understanding** of impact and be able to articulate why it is important to the firm.
- **Client-facing roles** should have sufficient **knowledge** to raise the topic confidently with clients and be able to identify when to bring in **expert teams.**
- **Dedicated individuals/teams** who manage the impact portfolio should be **experts** in impact and be there to support the broader business when needed.

For many wealth managers, this means making all team members aware of the basics and scaling up to a smaller subset of impact experts who can be engaged at appropriate moments.

Figure 15: The pyramid of expertise



It is important to consider how you want to structure your team to support implementing your impact capability. In smaller boutiques focused solely on impact, all staff – especially those in client-facing roles – will need to have strong expertise and be able to talk to their clients confidently about impact investing. For larger organisations predominantly focused on traditional investment management, different levels of knowledge and expertise are needed across the business. In many cases, wealth managers have a set-up whereby a small group of impact experts support the broader base of the business, and who are brought into client meetings as conversations on impact progress to ensure the relationship manager remains supported and the client can feel confident that the business has the capability to deliver.

Educational options include:

- **Bespoke educational programmes**: Developed and delivered through an organisation's internal function or brought in from external providers, such as the Impact Investing Institute or the University of Zürich's Center for Sustainable Finance and Private Wealth.[77]
- **Internal events**: One interviewee highlighted how they had brought in external impact experts and impact-driven start-ups to educate and inspire their teams – particularly those in client-facing roles.
- **Open-access resources**: Such as the Impact Investing Institute's Learning Hub.[78]
- **Professional development courses**: These include the UK CFA Society's Impact Investing Certificate.[79]
- **Networks and membership bodies**: For example, the Impact Investing Institute, the GIIN,[80] Virtuvest,[81] London Impact Investing Network,[82] and Philanthropy Impact.[83]

Key steps

- **Conduct an internal readiness assessment**. Evaluate your firm's current capabilities and gaps in knowledge and expertise.
- **Develop training programmes and look to inspire your staff**. Understand who needs to be at what level of expertise and create tiered training. Think about other ways to motivate staff, such as conferences, 'lunch and learns', and field trips to impact managers and projects.
- **Build internal champions**. Identify and empower impact advocates within the business.

6. Support client-facing roles to surface interest in impact

For new clients, ascertaining interest in impact should be built into the earliest stages of engagement. For existing clients, it can be integrated into the annual review process. Effective discovery approaches range from simple questionnaires within the initial fact-finding stage, to extensive conversations around impact during the onboarding process.

Technology-enabled assessments can be useful for understanding client preferences but should complement rather than replace face-to-face dialogue. This human element is particularly important for charitable foundations and family offices where multiple stakeholders may have differing views on impact priorities, making in-depth discussions about values and impact themes are especially important.

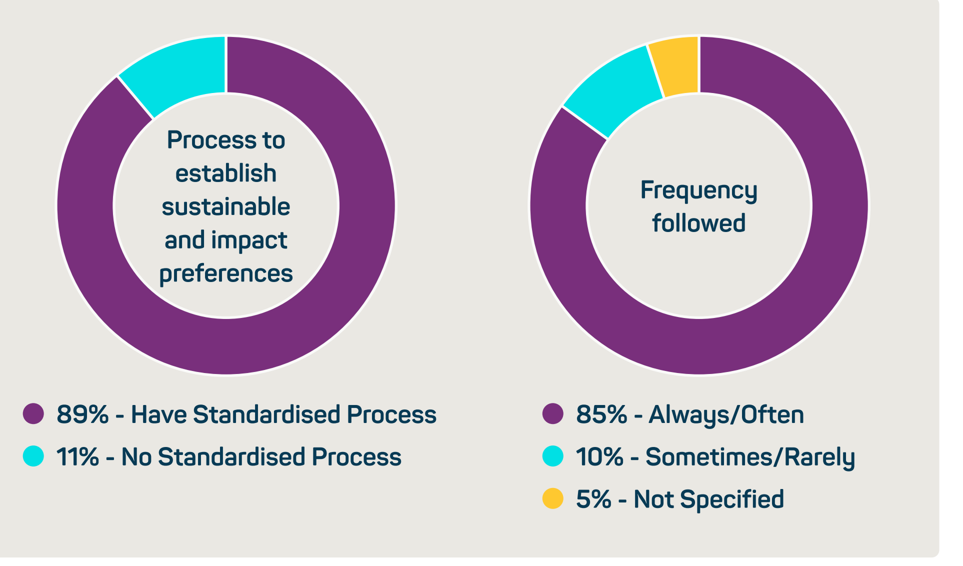
Client segmentation helps wealth managers develop tailored approaches for different client types. By mapping different client journeys, firms can create staged pathways that allow clients to engage progressively with impact investing.

Eighty-eight percent of wealth management firms we surveyed have standardised processes to establish clients' sustainable and impact preferences. However, implementation is not consistent: only 85% follow processes 'always' or 'often.' This highlights the importance of having strong internal governance and comprehensive training for client-facing staff so that impact investing is part of their standard toolkit, and they feel confident in broaching discussions.

Finally, a key learning from our interviews was the vital role that wealth managers play in educating and inspiring clients about impact investing. They are not the investment experts: you are.

Figure 16: How are wealth managers surfacing client preferences?

Source: Impact Investing Institute Wealth Manager Survey, 2025



Impact investment discovery: example questions for client conversations

The following questions cover a broad range of areas you might want to explore with a client – depending on the type of client they are and whether you are offering a bespoke or ready-to-use impact product.

It's important to state that, to many clients, impact investing may be new and the jargon of impact investing can be difficult to navigate. Additionally, talking about values in the abstract is often challenging and awkward unless an adviser is well-trained. The questions detailed below are best shared in less formal conversations that can surface client interest, perhaps over time. Wealth managers should be listening out for clients' social and environmental passions, understanding their philanthropic interests, and any worries or concerns they have for future generations. Great client personnel will listen for those cues, and over time introduce impact investing product that speaks to those interests.

Opening questions: Purpose and values assessment

- Which values are most important to you / your family / organisation?
- Are there specific social or environmental issues that particularly concern you / your children / your organisation?
- What causes do you support philanthropically? Would you be interested in tackling the market driven aspects of those issues in your investment approach?
- What is the purpose of your wealth?
- How do you envision your wealth contributing to your legacy?
- Fast forward 20 years: what contribution to the world would you / your family / your organisation, like to have been a part of?

Knowledge and experience: Current understanding assessment

- What experience have you had with sustainable, responsible, or impact investing?
- Have you incorporated any values-based considerations into your current portfolio?
- What sources inform your understanding of impact investing?
- Are you familiar with frameworks like the UN Sustainable Development Goals?

Financial parameters: Return expectations

- What are your expectations regarding financial returns for impact investments?
- How would you prioritise financial returns versus impact outcomes?
- What time horizon would you consider for impact investments – can this be different from the rest of your portfolio?
- What level of risk are you comfortable with for the impact-focused portions of your portfolio?

Impact priorities: Thematic Interests

- Which impact themes most align with your values or interests (e.g., climate, healthcare, education, social housing, financial inclusion)?
- Do you prefer to focus on local community impact or national or international challenges?
- Are there particular populations, regions, or underserved groups you're interested in supporting?
- Which specific social or environmental concerns would you want to prioritise addressing in your portfolio?

Family dynamics: Intergenerational considerations

- Are other family members interested in impact investing?
- What issues concern your children or grandchildren? Are there differing perspectives on impact priorities across generations?
- How might impact investing serve as a platform for family engagement?
- What role would you like impact investing to play in family governance and succession planning?

Barriers and challenges: Concerns inquiry

- What concerns do you have about incorporating impact considerations into your investments?
- Have you encountered any barriers to impact investing previously?
- What questions remain unanswered about impact investing approaches?
- What support would you need to feel confident moving forward with impact investing?

Next steps: Discovery process continuation

- Would you be interested in completing our comprehensive values assessment tool?
- Would you like to receive educational materials or attend talks or workshops about specific impact approaches?
- Would you like to speak to or learn about similar clients who have incorporated impact into their portfolio?
- When would you like to review initial recommendations based on today's conversation?

Key steps

- **Assess your client preferences questionnaire and process**: Ensure they appropriately surface interest in impact, as distinct from responsible or sustainable investing. Consider how this could be optimised; for example, by linking to a framework like the UN SDGs.
- **Enhance internal governance**: Ensure any new client preference process is followed with consistency across the business so that demand for impact investing is not missed.
- **Educate relationship managers**: Ensure all client-facing staff understand impact fundamentals and can initiate conversations with clients.
- **Develop prompts and frameworks**: Once client interest has been established, create structured approaches for conversations about impact preferences.
- **Have expertise on hand**: Establish clear paths to involve impact specialists when needed.

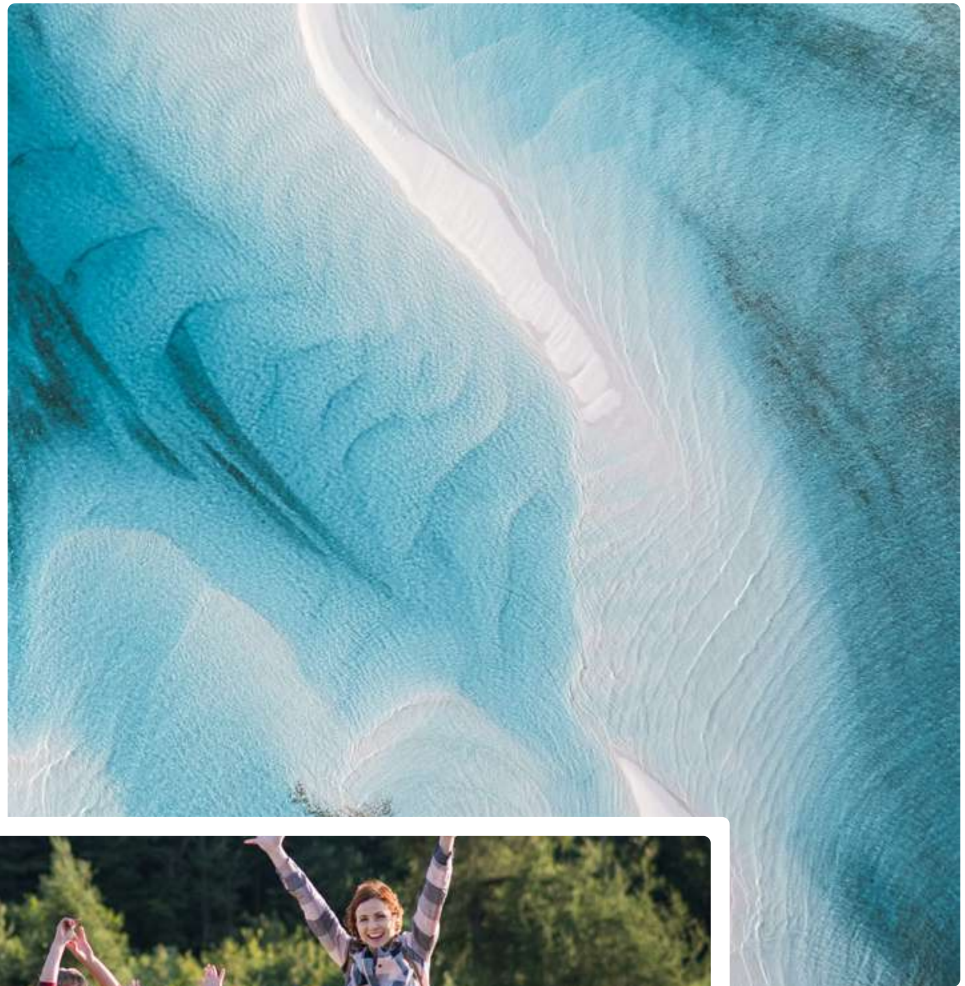
7. Inspire, guide and educate clients

Half of the respondents to our survey cited low client knowledge and awareness as one of the highest barriers to growth for impact investing in wealth management.[84] Wealth managers therefore have a unique and compelling opportunity to act as beacons and educators, attracting clients to the rich diversity of potential that impact investing can present.

There are many things wealth managers can do to inspire clients to consider impact and educate and support them as they progress along their impact journey. In turn, this can set wealth management firms apart as 'thought leaders' and help differentiate their offering in a competitive and crowded marketplace.

Key steps

- **Host client educational events and workshops**: For example, host themed dinners, film screenings, talks with specialists, and exclusive conferences.
- **Develop thought leadership content**: Consider publishing newsletters, podcasts, videos series, and blogs. See LGT's Connected Capital[85] video series, Tribe Impact Capital's Impact hub,[86] Cazenove's Insights page[87], and EQT's Thinq microsite.[88]
- **Create informal client networks**: Connect clients interested in impact to each other so they can learn from their peers.



8. Develop your impact measurement, management and reporting

As outlined in Section 4, robust impact measurement, management and reporting is essential both for the individual products you list, and on aggregate as you play back to your clients the impact their investments are having at both an asset/product level and portfolio level. To achieve this many wealth managers will use the same established frameworks, tools, and verification processes they look for when assessing products to list, for clarity, consistency and credibility.

Many wealth mangers create standardised reporting approaches, identifying metrics and data that are common across funds/products and can be aggregated across products to enable reporting to clients in a clear, digestible way. To scale impact, it is important to consider how to scale standardised reporting.

These frameworks also need to be flexible enough to allow you to tailor them to clients' specific interests and priorities, balancing quantitative metrics with engaging storytelling. The reporting process should establish an iterative feedback loop with clients, ensuring reporting strategies evolve alongside client priorities, helping to strengthen long-term relationships.

Data quality and availability can present challenges for impact measurement. You can engage with the asset managers delivering your funds/products to help them understand the data and reporting you and your clients need to see and help you understand what they can reasonably provide. Some wealth managers have found that they have had to develop their own relationships with specialist external data providers and design their own proprietary scoring systems, rather than leaning on the third-party managers they buy products/funds from.

Key steps

- **Select appropriate frameworks**: Consider established impact measurement frameworks like the Impact Management Norms,[89] the Operating Principles for Impact Management,[90] and GIIN's IRIS+.[91]
- **Create standardised reporting approaches**: Your frameworks should allow you to aggregate reporting at a fund of fund level, whilst retaining sufficient flexibility to tailor to individual clients.
- **Engage the asset managers delivering your funds/products**: Guide them in understanding what you're looking for in terms of data and other information that will resonate with your clients, and invite them to share what they can do.
- **Identify potential data sources**. You may need to build relationships with data providers and develop your own proprietary scoring system.
- **Design appropriate reporting for your clients**: Create reporting that is meaningful and easy to follow for clients and that is achievable from an internal resource management perspective. You can evolve your processes over time.

9. Iterate and grow over time

Implementing impact investing is an ongoing journey rather than a one-time initiative. Successful wealth managers understand that their approaches will evolve and grow as client interests change, new investment opportunities emerge, and impact measurement capabilities advance.

Setting realistic growth targets is essential, recognising that building impact AUM typically happens incrementally over time. Consider this a long-term project and give it reasonable space to mature and grow.

Regular review of your impact approach ensures it remains aligned with organisational values, client needs, and market best practices. As your impact investing capabilities mature, consider how they might be expanded across more client segments or integrated more deeply into your overall investment philosophy.

Key steps

- **Set realistic growth targets**: Develop a pipeline approach that builds impact AUM over time.
- **Establish review processes**: Create regular opportunities to assess and refine your approach.
- **Cultivate continuous learning**: Stay informed about evolving impact investing best practices and opportunities.

Examining challenges and how to overcome them

Developing an impact offering is not without challenge. Wealth managers we surveyed for this research cited a series of common barriers. However, for every barrier, there is an underlying dynamic at play and a potential solution that many of those we spoke to have already grappled with – and for which we have sought to provide supporting evidence throughout this guide.

Figure 17: Commonly cited barriers and potential solutions

Commonly cited barrier	Dynamic at play	Potential solution
Client awareness and demand We see lots of surveys about "client demand", but that doesn't manifest in our day-to-day, so it is not worth investing the time to talk to clients about it.	There is latent client interest in supporting positive social and environmental outcomes through their investments, but they are not necessarily educated on the options available to them and therefore are not asking for it.	Wealth managers have a role in educating clients about sustainable and impact investing. Spend time with clients, understanding their values and drivers, and have nuanced conversations about impact.
Concerns around financial performance Impact investing will not deliver the return we need.	Misconceptions and a lack of education around the impact investing market, along with a focus on short-term volatility.	Research has demonstrated that impact investors have targeted and achieved market-rate returns. Utilise research from sector organisations like the GIIN and the Impact Investing Institute.
Product issues We have liquidity, range, and access concerns.	While the impact investing market is still a small subset of the UK market, we have seen rapid growth in recent years, offering more opportunities.	Be aware that the availability of products has expanded greatly in recent years. While private markets still dominate, there are now credible public impact products to explore. Product innovations like the LTAF can also offer opportunities.

Commonly cited barrier	Dynamic at play	Potential solution
Market concerns The market isn't at a point to justify a new approach.	Mis-matched time horizons with an over focus on the current market cycle.	Understand that this is a long-term strategy; it needs to be considered within the right timeframes, and developing an approach now allows room to grow. The current cycle is temporary, and wealth managers look at long-term value for clients.
Operational barriers We aren't set up to do impact investing, we don't have the expertise and resources.	Without sufficient resource, firms will not be able to develop the expertise to do this work well, creating the potential for a self-fulfilling prophecy.	Ensure that the potential benefits to the firm are widely understood and that sufficient institutional backing is in place.

5. Key takeaways and strategic guidance

The UK wealth management industry, with its £1.4 trillion in assets under management, can influence significant capital, yet impact investing in wealth management has been under-researched until now.

This guide provides first-of-its-kind insight into the impact offering in the UK market, helping us understand how clients seeking impactful investments are currently being served and what challenges are holding back broader adoption.

A diverse range of clients have shown interest in impact investing (private clients, charitable foundations, and family offices in particular, with younger investors showing greater interest), but the UK wealth market is under-exploiting this impact investing opportunity. This provides a long-term advantage for those willing to act now. Nearly 85% of wealth managers surveyed have a sustainable offering, but only 33% have an impact offering.

Wealth managers are operating in a dynamic and increasingly challenging landscape, with growing pressure to deliver value for clients and a need to differentiate their offering in a crowded market. An appropriate impact investing offering can support client acquisition and retention and future-proof the firm as the intergenerational wealth transfer takes place. With research showing that financial advisers retain client relationships only 50% of the time when wealth transfers to the next generation, impact investing offers a vital bridge between generations.

Wealth managers that have already embarked on the impact journey are taking approaches that are right for them and their clients – from high-impact, issue-specific opportunities in private markets to broad-themed, total impact portfolios in listed markets. Pioneering firms in this space are demonstrating that there are significant rewards for early movers.

The impact market is growing, and ease of entry is improving: a large set of products has come to market, across both the listed and private space, that wealth managers can utilise. New regulation is also supportive, with the FCA's Sustainability Impact label and improved access to private markets. Private market investments have been highlighted as the area where we will see most interest going forward from wealth managers, with 38% of respondents anticipating increases in private equity allocations, despite their current focus on listed equities.

Impact investing is a long-term strategy that delivers both financial and impact outcomes: growing research demonstrates that impact investments can perform competitively while also delivering positive environmental and social outcomes. Impact investments also play important roles within a portfolio – as risk diversifiers, risk mitigators and driver of returns. Impact investing is a lens to surface future growth opportunities, and a contributor to innovation, creating a market in new themes, sectors, solutions and asset classes.

For those looking to develop their impact capability, senior management support is essential – and helping key stakeholders understand the long-term commercial benefits of developing this service is central to securing their buy-in. Education for internal colleagues and end-clients is equally critical, with relationship managers playing a vital role in surfacing interest and building clients' confidence.

When scoping and developing an impact product or service, you will need to align the design of your offering to the target client base and to what your own resources and operational infrastructure can support. The impact investing community offers robust support in the form of best practice frameworks, third-party verification, professional qualifications, events, networks and learning hubs.

Challenges exist, but as with every young market and new venture, there are rewards for those that work through them and aim to lead. The wealth management firms that successfully integrate impact into their offering now, will be the ones best positioned to capture the growing demand from the next generation of clients – and to play a meaningful role in addressing some of our most urgent global challenges.

Final thoughts from peers on the journey

On client awareness and demand

- **Harness client passion**: "If you know clients are already active philanthropists, interested in climate, environmental or social justice issues in their personal life, talk to them about impact investing – they are highly likely to be interested."
- **See how one client's needs can support others**: "If you develop a practice for one client or client segment, explore how that can be valuable for other clients."
- **Confirming the investment decision can be the hardest part**: "There can be a lot of discussion and enthusiasm about impact, but getting to the point where a client actually allocates capital can take time, so be patient. Start with sustainability and build to impact; start with a small allocation and grow – take the time to build confidence."
- **Drill down into funds**: "If you can only talk about the funds in a client's portfolio, not the companies within those funds, everyone loses connection to what client money is actually invested in."
- **Strike the right balance on reporting**: "You want to let clients know what's going on, but equally you need to do so in a format that is engaging and digestible. Think about different ways of communicating whilst retaining integrity, such as balancing quantitative data with case studies."

On product offering

- **Insight on asset owners' priorities, including non-negotiables, is essential**: "When firms go wrong, it is often from trying to build an offering without sufficient knowledge of what the client actually wants."
- **Impact data can need work**: "Data on impact varies in quality, and it's spread out among many different providers, so some wealth managers have to find their own data providers and build their own database. It's an ongoing job to get data right."
- **Authentic impact funds are those driven by firm-wide purpose**: "A question to ask every fund manager is: 'What are you trying to solve?' Many haven't thought that through – so when selecting funds for impact, always look at the whole philosophy and skillset of the people in charge."

On portfolio strategy

- **Portfolio allocation needs to be realistic**: "Clients need to understand there will be parts of a portfolio, such as passive US large-cap equity exposure, where it doesn't make sense to target impact, aside from using screens and tilts."
- **Asset class availability has further to evolve**: "Whereas there's lots of impact activity among asset managers in private equity, impact credit has yet to scale, although lots of clients are asking about it."
- **Don't limit the offer to self-identified impact clients**: "You'd be surprised how many clients choose to hold sustainable or impact options simply because they're good investments."

On organisational approach

- **Nurture the right internal culture**: "You need to be investing for the long term and have that embedded in your ethos and approach."
- **Be willing to collaborate**: "To scale the sector, collaboration between wealth managers, asset managers, advisers and end-clients all working in concert is essential."

On market opportunity

- **There is a commercial opportunity to lead in the impact space**: "Very few firms are doing it well – there's a big prize to be won for wealth managers that choose to lean into impact."

Further reading

ABC Framework
Organisation: Impact Frontiers
A clear model for categorising impact approaches (Avoid harm, Benefit stakeholders, Contribute to solutions) that helps wealth managers communicate with clients.

Emerging Trends in Wealth Management
Organisation: MSCI
Insights on changing client preferences and the increasing importance of personalisation and impact in wealth management.

Impact and Financial Performance: Evidence from Listed Equities
Organisation: Schroders/Saïd Business School
Research demonstrating that impact investments in public equities have outperformed traditional investments over a 13-year period.

Impact Investing: Purpose, Profit, and Policy
Organisation: Harvard Business School
A comprehensive handbook that outlines the fundamental concepts of impact investing, including frameworks for measurement and assessment.

Impact Toolkit
Organisation: Global Impact Investing Network (GIIN)
Essential guidance for practitioners seeking to implement robust impact measurement practices, with tools applicable to wealth managers.

Operating Principles for Impact Management
Organisation: International Finance Corporation
A framework to ensure impact considerations are integrated throughout the investment lifecycle, from strategy to exit.

Sustainability Disclosure and Labelling Regime
Organisation: Financial Conduct Authority
Comprehensive information on the UK's Sustainability Disclosure Requirements (SDR) and labelling regime for investment products.

The Practice of Impact Investing
Organisation: BlueMark
This guide details lessons from leading practitioners and provides practical approaches to measuring impact in investment portfolios.

The UK Impact Investing Market: Size, Scope and Potential
Organisation: Impact Investing Institute
A comprehensive report that quantifies and describes the UK impact investing market

UK SDR Labeled and Non-Labelled Fund Landscape
Organisation: Morningstar Sustainalytics
Analysis of funds awarded the UK's Sustainability Disclosure Requirements (SDR) Impact label, providing context for product selection.

Training

Certificate in Impact Investing
Organisation: CFA UK
Professional qualification designed for practitioners looking to build expertise in assessing impact investment opportunities.

Executive Education in Sustainable Finance
Organisation: University of Zürich Center for Sustainable Finance
Programmes designed to help wealth managers and advisers build impact investing capabilities through specialised training.

Industry groups, networks and events

Advisers' Sustainability Group
Organisation: PIMFA
Industry group supporting financial advisers in developing sustainable finance capabilities, particularly regarding SDR compliance.

Beacon Collaborative
Organisation: Beacon Collaborative
Network focused on growing philanthropy and social investment among UK wealth holders, through research, convening, and partnerships to increase strategic giving.

Global Impact Investing Network (GIIN)
Organisation: GIIN
A global network dedicated to increasing the scale and effectiveness of impact investing through research, networking, and resources.

London Impact Investing Network (LIIN)
Organisation: LIIN
Community of professionals working to grow the impact investing ecosystem in London through events, education, and collaboration.

Owen James Events
Organisation: Owen James Group
Industry forums and events bringing together wealth management professionals to discuss key issues including sustainable and impact investing.

Philanthropy Impact
Organisation: Philanthropy Impact
Organisation supporting advisers to engage with clients on philanthropy and impact investing, providing resources and professional development.

Virtuvest
Organisation: Virtuvest UK network for professionals in wealth management focused on sustainable and impact investing, offering peer learning and best practice sharing.

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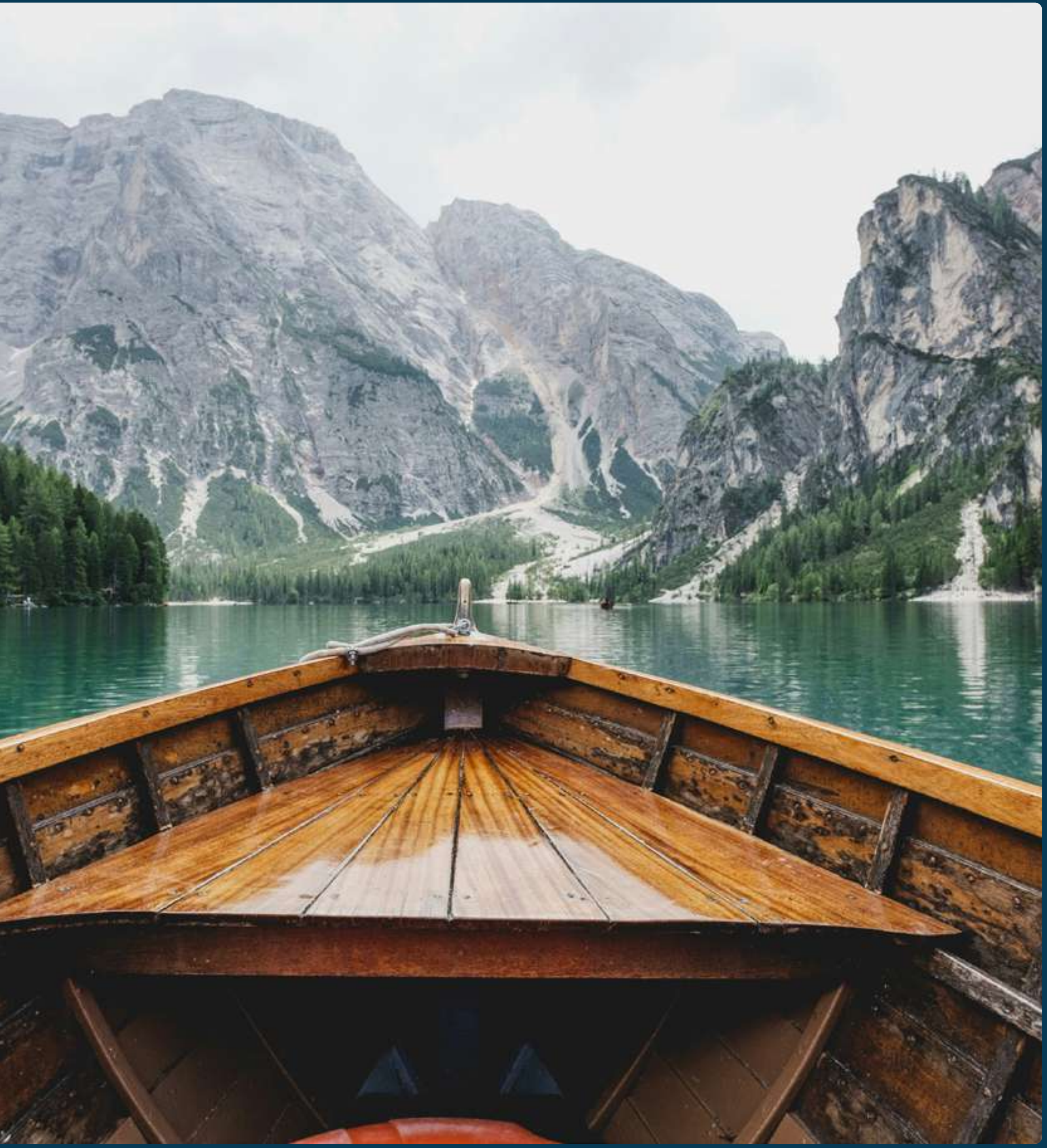

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About the Impact Investing Institute

The Impact Investing Institute is an independent, non-profit organisation working to transform capital markets, so they support a fairer, greener, more resilient future.

We see impact investing as an effective way to achieve that transformation, so we work to accelerate its adoption in the UK and globally. We work across the market to develop innovative solutions that help private finance address societal challenges, and we grow the field of impact investing by building expertise across financial markets. We work with investors and their advisers to move more effective capital for the benefit of people and the planet, and we advocate for regulation and policy that allow the impact investing market to thrive.

About Schroders

Schroders is a global investment manager which provides active asset management, wealth management and investment solutions, with £778.7 billion (€941.8 billion; $975.3 billion) of assets under management at 31 December 2024. Schroders works with institutions, intermediaries and individuals around the world to create prosperity for them and their clients. Three core businesses – Public Markets, Schroders Capital and Wealth Management – provide diverse capabilities and a global reach enabling Schroders to serve clients' needs in an increasingly complex world. Schroders Capital focuses on private markets, including private equity, renewable infrastructure investing, private debt & credit alternatives, and real estate. Schroders aims to provide excellent investment performance to clients through active management. This means directing capital towards resilient businesses with sustainable business models, consistently with the investment goals of its clients.

Schroders, in partnership with BlueOrchard, has developed an impact offering for its clients. Our Schroders Impact Driven range is underpinned by a robust Impact Framework, which serves as a cornerstone for our commitment to scaling impact with integrity. The Framework combines the impact expertise of BlueOrchard, a leading impact investor with over 20 years of experience, with the breadth of Schroders' long history of fundamental investing across asset classes. Schroders' Impact Framework provides a rigorous and consistent approach to impact management, measurement, and reporting, as well as independent impact governance across all the portfolios in the Schroders Impact Driven range. It incorporates industry-leading standards such as Impact Frontiers, GIIN's IRIS+, and the Operating Principles for Impact Management. More information is available in the Impact report.

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