ilpa

TIDELINE

Impact Investing: The State of Market Institutionalization
Compass Series Webinar Recap

February 11, 2026

A recent webinar explored the findings of **Impact Investing: The State of Market Institutionalization**, a joint publication from Tideline, ILPA, and Campbell Lutyens. Below is an edited transcript, revised for brevity, that includes some of the key points from the conversation, featuring the following speakers:

- Matt Schey, Managing Director, ILPA (Moderator)
- Ben Thornley, Managing Partner, Tideline (Moderator)
- Jonathan Hirschtritt, Managing Director, GCM Grosvenor
- Paula Langton, Head of Sustainability, Campbell Lutyens
- Diane Mak, Head of Impact and Sustainability Private Markets, Allianz Global Investors
- Keren Raz, Senior Responsible Investment Manager, AP

Get the Full Webinar Replay

Introductory Remarks

Matt (ILPA): Over the past decade, impact investing has moved from the margins to the mainstream. Institutional investors now represent a growing share of impact capital and many are seeking to increase their allocations. The momentum is clear.

But as fiduciaries, LPs ask not only whether impact matters, but whether it can be pursued with the same rigor, accountability, and confidence as any other part of the portfolio. That question motivated this work.

ILPA's mission is to empower LPs in the private markets. We wanted to understand: Is today's impact market ready to meet institutional standards? Do investors have the data, scale, infrastructure, and guidance required to deploy capital efficiently and with integrity? Together with Tideline and Campbell Lutyens, we engaged leading LPs to assess what is working and where gaps remain.

This report is not just a diagnosis. It is a roadmap, intended to focus effort, coordinate solutions, and strengthen the ecosystem.

Ben (Tideline): Our research identified clear areas of progress and areas for improvement.

We begin with where more work is needed: data and scale. LPs rated the current state of data and market infrastructure at just 2.7 out of 5, citing data as the primary constraint. Nearly 90% identified gaps in financial performance information, particularly around track records, exits, and distributed-to-paid-in capital (DPI).

On impact data, the challenge is less about availability and more about comparability. LPs recognize that impact is context-dependent, and that standardization and benchmarking will remain complex. Still, there is growing demand for convergence around core sector- or theme-specific metrics.

Scale remains another constraint. Impact strategies are disproportionately concentrated in earlier-stage investments and first-time funds, nearly twice the share seen in non-impact markets. The result is a more concentrated and less diversified opportunity set for large allocators, compounded by limited realized performance data. Without sufficient data and scale, LPs must either accept greater risk tolerance or commit outsized resources to diligence.

Encouragingly, infrastructure, resources, and networks show meaningful momentum. LPs highlighted progress in data platforms, specialized intermediaries, and regional regulation, often viewed as positive for transparency and discipline. The ecosystem of frameworks and tools continues to expand, though investors seek greater harmonization and practitioner-oriented guidance. Networks emerged as the strongest pillar overall, with peer learning and industry collaboration serving as a powerful offset while standards continue to evolve.

Finally, more than 70% of surveyed LPs plan to increase their impact allocations. This cohort represents nearly $20 trillion in capital. The commitment is real, but so is the urgency. Strengthening market conditions across these five pillars is essential. Without them, internal orientation and external operating environments become the primary determinants of participation, factors that are often harder to influence.

Panel Discussion

Matt (ILPA): Diane, reflecting on the Institutionalization Framework, what were the most significant barriers your institution faced in engaging in impact investing, and how did you address them?

Diane (AllianzGI): Three barriers stand out.

First, the perceived trade-off between impact and financial returns. We invested significant effort, internally and externally, demonstrating that impact strategies can target market-rate returns. That meant presenting credible pipelines and clearly articulating the intended risk-return-impact profile to set realistic expectations.

Second, concerns around impact integrity and greenwashing. While strong frameworks existed, definitions and methodologies varied widely. Early on, we established our own firm-wide impact framework to ensure consistency across private market strategies, both in how we assess impact and how we report it to investors.

Third, the challenge of deploying capital to emerging managers at a smaller scale. We needed to apply the same rigor in terms of due diligence across funds, even if ticket sizes for emerging managers tended to be smaller. At the same time, we recognized the differentiation and expertise some emerging managers brought to particular impact thematic areas. To address this, we piloted a private equity fund-of-funds approach, combining established buyout funds with specialist impact growth managers to balance track record and innovation.

In emerging markets, we partnered with development finance institutions to incorporate first-loss structures, enabling us to mobilize institutional capital while managing risk. Internally, we strengthened sustainability capabilities both centrally and within investment teams to improve pattern recognition, streamline diligence, and enhance efficiency.

Together, these steps helped us address both perception and execution challenges while maintaining institutional discipline.

Matt (ILPA): Paula, building on Diane's points – particularly around returns and track record – you work with a broad range of clients. How are factors like track record, scale, and measurability shaping LP allocations to impact?

Paula (Campbell Lutyens): Let me start with scale. There are now hundreds of impact and sustainability funds in the market, and trillions still needed to meet climate goals and the SDGs. But many large LPs want to write $300–500 million tickets into $3 billion-plus funds with established track records and DPI. That significantly narrows the investable universe.

In climate buyout, for example, there may be only a few dozen funds globally, many of them Fund I or II and sub-scale for those ticket sizes. By contrast, if an LP reduces its minimum ticket to $50 million and broadens its lens to include growth or diversified strategies, the opportunity set expands dramatically, from a few dozen funds to several hundred.

On track record, credible datasets are beginning to emerge from organizations such as CREO and Cambridge Associates, and over time we are seeing more realized performance. Many programs launched in 2019–2020; liquidity should increase over the next 18 months. Anecdotally, we are already seeing strong early performance in climate strategies.

Climate has attracted capital in part because impact measurability is relatively straightforward. The ecosystem is developing, and track records do exist, often among smaller or mid-market managers. The question is how quickly the market can scale profitable companies and fund sizes to meet institutional demand.

Matt (ILPA): Keren, networks scored highest in the Institutionalization Framework. How have relationships, for example with asset owners, advisors, and industry groups, helped APG overcome barriers?

Keren (APG): Networks have been critical. APG has a long ESG history, but three years ago one client set a €30 billion impact target by 2030. Delivering that at scale required new frameworks and tools across asset classes.

Initially, a small group built the foundation alongside other responsibilities. We leveraged external networks extensively: GIIN and IRIS+; peer LP and GP frameworks; the Operating Principles for Impact Management; and external advisors to think through cross-asset measurement. Internally, we convened cross-functional teams.

The outputs included underwriting templates, a metrics library, reporting templates, and firmwide training. Our first session drew more than 400 participants. These tools gave deal teams clarity on how to assess impact and confidence in deploying capital. Convergence around shared frameworks made impact concrete and operational.

Matt (ILPA): Jon, how do internal orientation and the external operating environment affect an LP's ability to participate in impact investing?

Jon (GCM Grosvenor): Institutions are at different stages, from the education phase, through to pilot allocations, or scaled implementation. Internally, the first challenge is defining impact in a way that is investable within a fiduciary mandate. Impact must compete on diversification, risk-adjusted returns, and scalability.

Customization is healthy. Some institutions emphasize SDG alignment; others focus on net zero or thematic exposure. The challenge is translating ambition into scalable portfolio construction. Framing impact around structural megatrends like energy transition, aging populations, or resource efficiency helps align it with structural alpha.

Skepticism persists, especially around concessionary returns. Track records from both GPs and LPs are critical to counter that perception. The strongest cases show collinearity: as impact scales, profitability scales.

We also widen the universe by identifying impact at the portfolio-company level, including within generalist managers who may not brand themselves as impact but demonstrate intentionality and measurement.

Governance matters. Institutions must decide where impact sits, whether within asset classes, as a carve-out, or in an innovation sleeve. Rigid asset-class silos can limit opportunity, particularly in climate, where strategies often span private equity and infrastructure.

Externally, policy shifts influence sentiment. But institutions are adapting, for example by reframing net-zero mandates into broader climate-positive strategies to preserve intent while expanding opportunity sets. Emerging asset classes like sustainable private credit present promise but face early-stage scale constraints.

Ben (Tideline): Keren and Diane, how should we think about convergence versus flexibility in definitions, measurement, and reporting?

Keren (APG): Convergence is essential to scaling institutional participation. As impact outcomes become more formalized, and potentially audited, greater alignment will be required.

The ESG Data Convergence Initiative demonstrates what's possible. Starting with a limited set of common metrics, it now covers over 9,000 companies. That has been transformative for ESG analysis in private equity. Impact can follow a similar path.

That said, we must avoid becoming overly prescriptive too early. Impact requires room for innovation. A principle of "progress over perfection" is helpful.

Through the Impact Convergence Forum, LPs and GPs are developing a shared due diligence questionnaire as a baseline. LPs can customize, but a common floor improves efficiency and alignment. Convergence can mean beginning with practical tools and expanding over time to metrics and methodologies.

Diane (AllianzGI): Convergence supports comparability and benchmarking and is essential for disciplined allocation. Even widely used metrics like avoided emissions are calculated using varying assumptions, complicating aggregation and reporting.

We've found the Impact Performance Reporting Norms helpful in improving report quality and transparency. Independent verification will become increasingly important.

Flexibility remains critical. Portfolio companies may not align neatly with standardized KPIs, particularly in enabling solutions or emerging markets. A collaborative mindset focused on improvement rather than perfection is necessary.

Ben (Tideline): Paula and Jon, is the market simply waiting for track records to mature, or are there actions that can accelerate institutional participation?

Paula (Campbell Lutyens): There are tangible actions.

First, secondaries and continuation vehicles can help generate DPI and provide liquidity.

Second, flexibility on ticket size, fund stage, asset class, and geography, expands the investable universe.

Third, greater support for emerging managers through accelerators, smaller commitments, and partnership models. Early-stage managers can offer alpha.

Fourth, internal investment case-building. Impact must compete with other thematic priorities, for example in AI, defense, or energy security, and requires sustained storytelling around value creation.

Fifth, collaboration through shared diligence, pooled vehicles, or co-investment can help managers scale.

Finally, we need greater transparency on returns. LPs can accelerate market development by proactively publishing performance data and sharing success stories from their impact portfolios. Demonstrating where impact strategies are delivering strong returns is critical to building broader institutional confidence, rather than waiting for track records to fully mature.

Jon (GCM Grosvenor): I agree. The industry is evolving, not waiting. GPs are improving articulation of value creation, explaining how impact drives revenue growth or cost efficiency.

We see parallels to the small and emerging manager space. Over time, institutions recognized alpha potential and built programmatic allocations. In impact, scalable structures and intermediary partners can similarly reduce operational burden for large LPs.

Structure matters. Beyond traditional blind-pool funds, co-investments, secondaries, and bespoke vehicles can align capital with impact objectives while improving transparency and governance.

Proof points, especially from first movers, can catalyze broader institutional adoption.

Matt (ILPA): For institutions beginning their impact journey, what key factors should they consider?

Jon (GCM Grosvenor): Start with prioritizing financial objectives and impact themes. Identify where investable opportunities and track records exist. Many begin with fund commitments, then evolve into co-investments or secondaries as sophistication grows.

Resourcing is critical. We operate within a returns-first framework, with a centralized impact team and embedded leads across asset classes. Integration ensures impact considerations are applied consistently at the deal level.

Clear mandates from LP clients help investment committees build conviction. As volume increases, expertise follows.

Keren (APG): From an internal perspective, clarity on thematic priorities, risk-return expectations, and institutional constraints is foundational. Then assess market availability.

Impact can span infrastructure, real estate, private credit, and private equity. Capacity-building is equally important, including educating ICs and equipping investment teams, which ensures impact is embedded sustainably across the organization.

Diane (AllianzGI): Governance and education are central. Investment committees accustomed to mature managers may hesitate with emerging strategies. We often reconstruct team-level track records and demonstrate how specialist expertise enhances portfolio diversification and value creation. Impact must be presented as both disciplined and additive within the broader portfolio context.

Keren (APG): Alignment with the Operating Principles for Impact Management is important in fund selection. Increasingly, the challenge lies in validating outcomes data. Methodologies differ, and the absence of standard validation complicates aggregation. Over time, some form of audit or assurance is likely to become standard practice.

[End of Transcript]