**Writing Assignment #2 (Due February 24, 2025)**

This assignment provides an opportunity for students to put themselves in the seat of an impact investing team that is currently developing a new impact fund. Once the fund has been designed, the firm will reach out to investors and begin raising capital. As the Head of Impact, you have been asked to pitch a preliminary design for the new fund.

For this assignment, students will use case studies, class discussion, and publicly available resources from other impact funds to write a two-page memo outlining the details of the new fund. The memo should include commentary on the following factors:

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| --- | --- | --- | --- |
| **Factor** | **Key Question** | **Criteria** | **Length** |
| *Impact Pathway* | What is the impact thesis of the fund? | Use the Impact Management Project’s (IMP) five dimensions of impact framework to discuss the fund’s impact. See next page. | Page 1 |
| *Impact Measurement* | How will the fund measure impact? | Identify five-seven impact metrics, at least three of which should be from the IRIS+ database. These metrics would be used during due diligence and collected annually thereafter to validate the fund’s impact claims. Discuss why you chose each metric and potential risks or challenges for each. |
| *Geography* | In which geographies will the fund invest? | Select one geography, either country or region and explain why. | Page 2 |
| *Asset Class* | What asset class will the fund invest in? | Pick one and explain why this asset class helps you optimize for impact and/or financial goals:   1. Public equities 2. Private equity 3. Real estate 4. Infrastructure (includes energy) 5. Debt |
| *Investment Type* | What kinds of investments will the fund make? | Pick one and explain the implications for measuring and managing impact:   1. Direct 2. Indirect |
| *Financial Performance* | What kind of return profile will the fund target? | Pick one and explain why:   1. Capital preservation 2. Below market 3. Market-rate 4. Above market |
| *Investor Base* | What investors will the fund target and why? | Pick up to three and explain why:   1. Pension funds 2. University endowments 3. Corporations 4. High net worth individuals and family offices 5. Foundations 6. Development finance institutions |

**Impact Pathway**

Use the Impact Management Project’s (IMP) five dimensions of impact framework to discuss the fund’s impact pathway. Answer the following:

|  |  |
| --- | --- |
| What | * What target outcome in the investment period? * Is the outcome positive or negative? * How important is the outcome to the people (or planet) experiencing them? |
| Who | * Who will experience the outcome? * How underserved are the affected stakeholders in relation to the outcome? |
| How Much | * How much of the outcome is occurring – across scale, depth and duration? |
| Contribution | * Would this change likely have happened anyway |
| Risk | * What is the risk to people and planet that impact does not occur as expected? |

Source: <https://impactfrontiers.org/norms/>

**Key Assumptions**

* The firm has the appropriate expertise to invest across sectors, geographies, asset classes, etc.
* The team for this fund will include one impact professional, two investment professionals, and one additional person whose role is not yet defined.
* Investors will require annual impact reporting.