

Sustainable Finance

News, analysis and commentary

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Sarona Raising Third Impact-Focused PE Fund

By Justin Morton

Sarona Asset Management, a Canada-based private equity firm, is trying to raise its third and biggest fund-of-funds, to invest in vehicles with high ESG standards operating in frontier and emerging markets.

Sarona is trying to raise \$300 million for Sarona Frontier Markets Fund 3, which will be invested in private equity funds that target small to medium enterprises in sectors including agribusiness, consumer goods, education and health care, according to a fund statement. The fund will invest with fund managers operating in markets with less than \$13,000 in per capita GDP.

Sarona did not respond to requests for comment regarding the fundraising.

Nonprofit financial services firm ImpactAssets nc. has invested in the past two funds and has a small allocation to the new frontier fund, which it will grow over time, according to Timothy Freundlich, president of ImpactAssets. It plans to offer the new fund to impact investors who make charitable contributions to the firm's donor-advised fund, the Giving Fund, he said in an interview.

Donors to the Giving Fund can choose how their money is used by selecting from a range of socially responsible and impact investment options to help achieve their philanthropic goals. Returns on the investment are distributed as grants to the investor's choice of charity or cause.

ImpactAssets expects the offering to be available to its clients by next month, said Freundlich.

"We are seeing a real market and increasing appetite in our client-base for the diversity of private equity funds in the impact space across geographies, sectors and stages," he said.

ImpactAssets manages about \$350 million of assets in impact investing portfolios, said Freundlich.

— With assistance from Ainslie Chandler

Number of the Week

20 Percent

The amount by which California plans to **reduce** its oil-refinery emissions by 2030, despite President Donald Trump's vow to roll back federal climate policies. The new refinery rules, announced by the California Air Resources Board, are part of the state's larger plan to cut overall emissions in California by 40 percent from 1990 levels.

Quote of the Week

"This is now part of the warp and the weft of international diplomacy. Pulling away will have consequences."

— David Wasko, director of climate initiatives for the World Resources Institute, on President Donald Trump's **vow** to withdraw from global efforts to combat climate change.

Inside

■ **Investing:** **Pimco** is betting it can turn bond market investors onto sustainable investing.

■ **Insight:** Annual issuance of green bonds reached a record of \$95.1 billion in 2016.

■ **Focus:** **D.C. Water**, a major player in the burgeoning green municipal bond market, is selling \$100 million in green bonds next week.

■ **Social:** Consumer demand for plant-based proteins in the food and beverages industry is rising.

■ **Governance:** Low turnover, poor succession planning and lack of diversity in boardrooms is a growing concern for investors in U.S. companies.

Social News in Brief

Target Asks Suppliers to List Ingredients in Sweeping Overhaul Target Corp. introduced a sweeping new policy governing chemicals in products, a move that will push hundreds of suppliers to list ingredients in everything from fragrances to floor cleaner. The guidelines, unveiled Wednesday, include removing perfluorinated chemicals and flame retardants from textiles in the next five years, as well as eventually disclosing ingredients in all products.

<full story on web>

- Lauren Coleman-Lochner & Andrew Martin