

The Impact Finance Database (IFD): Answering Your Questions about the Financial, Legal, and Impact Documents We Collect

1. Why are we so eager to collect financial, legal, and impact documents from every fund in the Impact Finance Database?

Each set of documents gives us insight into a different facet of the impact space (financial performance, impact achievement, organizational structure). A core strength of the IFD is to bring together all of these pieces to build a holistic view of impact investing. Think of the parable of the blind men and the elephant: each piece in isolation provides a distorted view of impact investing; combining them gives us a much deeper understanding of how the space works as a whole. The depth and detail of the information in the IFD sets our research apart from all other research on the topic.

2. What specific documents are we seeking?

We ask each fund participating in the IFD to provide three sets of documents. The first set of documents are **financial reports**, specifically, annual financial reports for each year of your fund's existence and quarterly financial reports for each quarter of your fund's existence. The second set of documents are **legal documents**, specifically, fund-level limited partnership agreements or equivalent (e.g., operating agreements and investment agreements), a private placement memorandum or equivalent, and portfolio company-level investment agreements and term sheets or equivalent (e.g., loan agreements) for each investee. And, the third set of documents are **impact reports**, specifically, the impact reports your firm has prepared for investors and for the general public.

3. How do we maintain the confidentiality of the documents?

We store all documents, along with our survey data, in a secure, password-protected server maintained by Wharton Computing. Only authorized research team members can access this server and only after signing a confidentiality agreement, ensuring that all of our team members understand the sensitivity and confidentiality of the IFD. [Please consult our NDA](#), or confidentiality undertaking, for additional information. We are committed to the confidentiality of your data.

4. How do we use the documents that funds provide?

We have developed carefully standardized approaches to code the information we need from the documents, allowing us to build a quantitative data set that we can use for rigorous statistical analysis in combination with our survey data.

5. In our research reports and presentations, will it be possible to identify specific funds or firms?

In a word, no. We will never share or present confidential information about any individual firm or fund. In reporting our findings, we will only present statistics – means, frequencies, correlations, regressions – that summarize the data we have collected from across numerous funds in the IFD.

6. Why do we ask for financial documents?

Financial documents provide us with information about cash flows to and from the fund. Combined with information from the impact reports, this allows us to assess the performance of impact investing. For

us, the most important variables are contributions to the fund, distributions from the fund, and NAV (Net Asset Value).

7. Why do we ask for impact reports?

Impact reports provide us with information about the impact achieved. Combined with information from the financial documents, this allows us to assess the performance of impact investing.

8. Why do we ask for legal documents?

Legal documents provide us with information about commitments, governance, and incentives. Combined with information from the financial and impact documents, this allows us to assess best practices in impact investing structure.

9. Which documents are most important for our research?

All of the documents we request are important for our research. However, the core question that practitioners and policymakers continually ask is whether investors can achieve impact while also generating competitive, market-rate returns. With this in mind, we place extra value on financial documents, and particularly on annual financial statements.

If you cannot share financial statements, another option is to fill out the attached spreadsheet with the specified cash flow information.

10. Why do we ask for the actual documents directly – rather than a smaller subset of data points?

We ask directly for documents for three reasons. First, we want to make sharing information as easy as possible, and uploading documents is the least time-consuming path for most funds. Second, we have developed carefully standardized approaches to gathering the information we need from the documents. Using these approaches is a way for us to ensure consistency in the information across all funds. And, third, for some of the documents, we are interested in the structure and wording of the documents themselves. For example, we have used natural language processing on legal documents to understand the complexity of confidentiality terms. We cannot do this without the raw documents.

11. Are there other ways for firms to share their impact investing fund documents without uploading the documents to the Impact Finance Database Document Portal?

We would be happy to discuss other options if those are easier for you. For example, funds have given us access to their data room in the past. We can also talk to the staff member at your fund responsible for investor relations to explore other options for sharing documents.

12. Are we available to answer further questions about the document sharing process for firms participating in the IFD?

Of course! We'd love to talk with you. Please email your IFD contact person or Michael Brown, PhD., Wharton Social Impact Head of Research, at: maozbro@wharton.upenn.edu