Special Report

Impact Capital in Private Markets

How fundraising, deployment, and LP allocation by impact funds are reshaping private markets

aranca

Public

Impact fundraising in private markets (2019–25)

A Selective Rebound – Capital Concentrated, Strategies Broadened, North America Reasserted

~2×

Fundraising rebound

Capital raised in 2025 nearly doubled vs. 2024, reversing two years of decline.

135

Funds — period low

Fewer, larger closes; LP capital concentrated in scaled, higher-conviction managers.

>$1Bn

Mega funds led

USD 1bn+ vehicles captured the majority of 2025 impact capital raised.

50%+

North America share

NA reemerged as the center of gravity for global impact capital in 2025.

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REAL ASSETS LEAD DEPLOYMENT

Infrastructure-led strategy

Real-asset & infrastructure strategies materially outpaced VC and PE, reflecting LP preference for asset-backed deployment with clearer return visibility.

+

IMPACT THEMES BROADEN

Beyond climate

Waste, Water, Circularity, and Resilience gain traction alongside Energy & Infrastructure — climate is now embedded within a wider environmental platform.

WHAT IT MEANS — GOING FORWARD

Fundraising success will depend on deployment capacity, institutional-grade reporting, and a returns-first narrative — not ESG branding alone.

- **SCALE**

  Scaled, infrastructure-led platforms attract concentrated LP capital.

- **SUBSTANCE**

  Measurable impact + financial discipline replace ESG labels.

- **STEWARDSHIP**

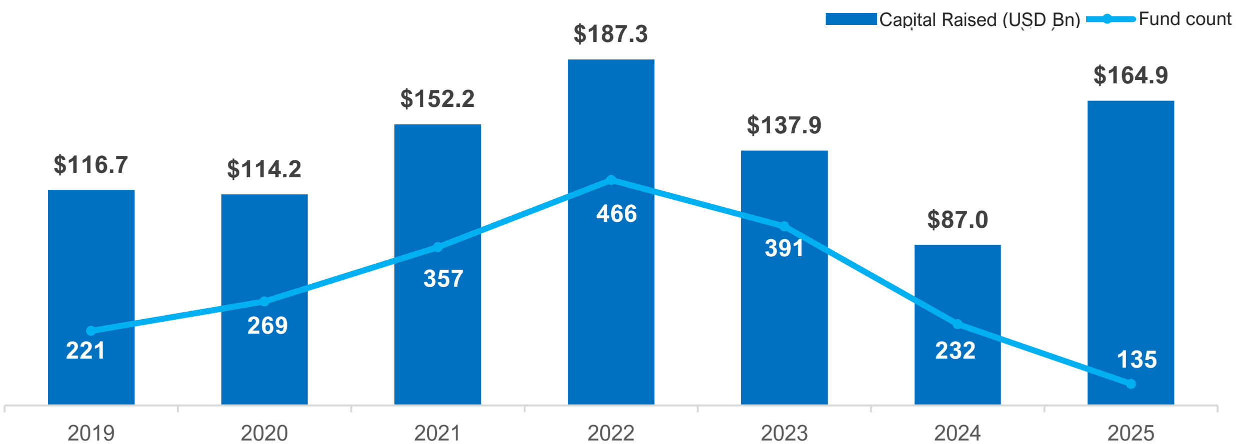
  Data, AI monitoring, and disclosure readiness become core GP capability.

Impact fundraising rebounded in 2025, but the recovery was highly selective, with capital concentrating in fewer, larger fund closes rather than reflecting a broad-based market recovery

Global Impact Fundraising & Fund Size Distribution

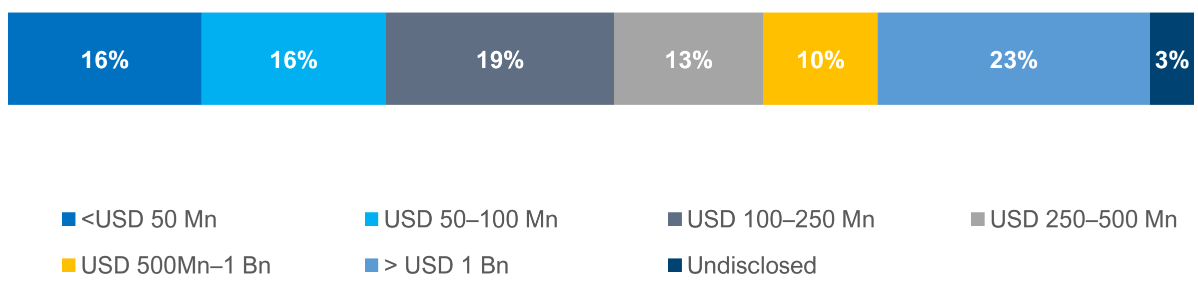
Global Fundraising by Impact Funds

2019–25 | in USD Bn and Units



Global Impact Funds Count (By Size Bucket)

2025 | in Percentages



- Impact fundraising staged a sharp recovery in 2025, with capital raised nearly doubling from the 2024 low and reversing two consecutive years of decline.
- However, the rebound was not accompanied by a recovery in fund formation. Fund count declined to 135, the lowest level across the period, indicating that LP capital flowed to a narrower set of managers.
- This divergence between the capital raised and the fund count suggests that the market recovery was driven by larger, higher-conviction closes rather than a broad reopening of fundraising activity.
- The 2025 fund size mix reinforces this bifurcation, with a meaningful share of funds concentrated in larger size buckets, while smaller and emerging managers continued to face a more difficult fundraising environment.
- As a result, the impact fundraising market appears to be entering a more selective phase; capital formation is recovering, but access to LP capital remains uneven across managers.

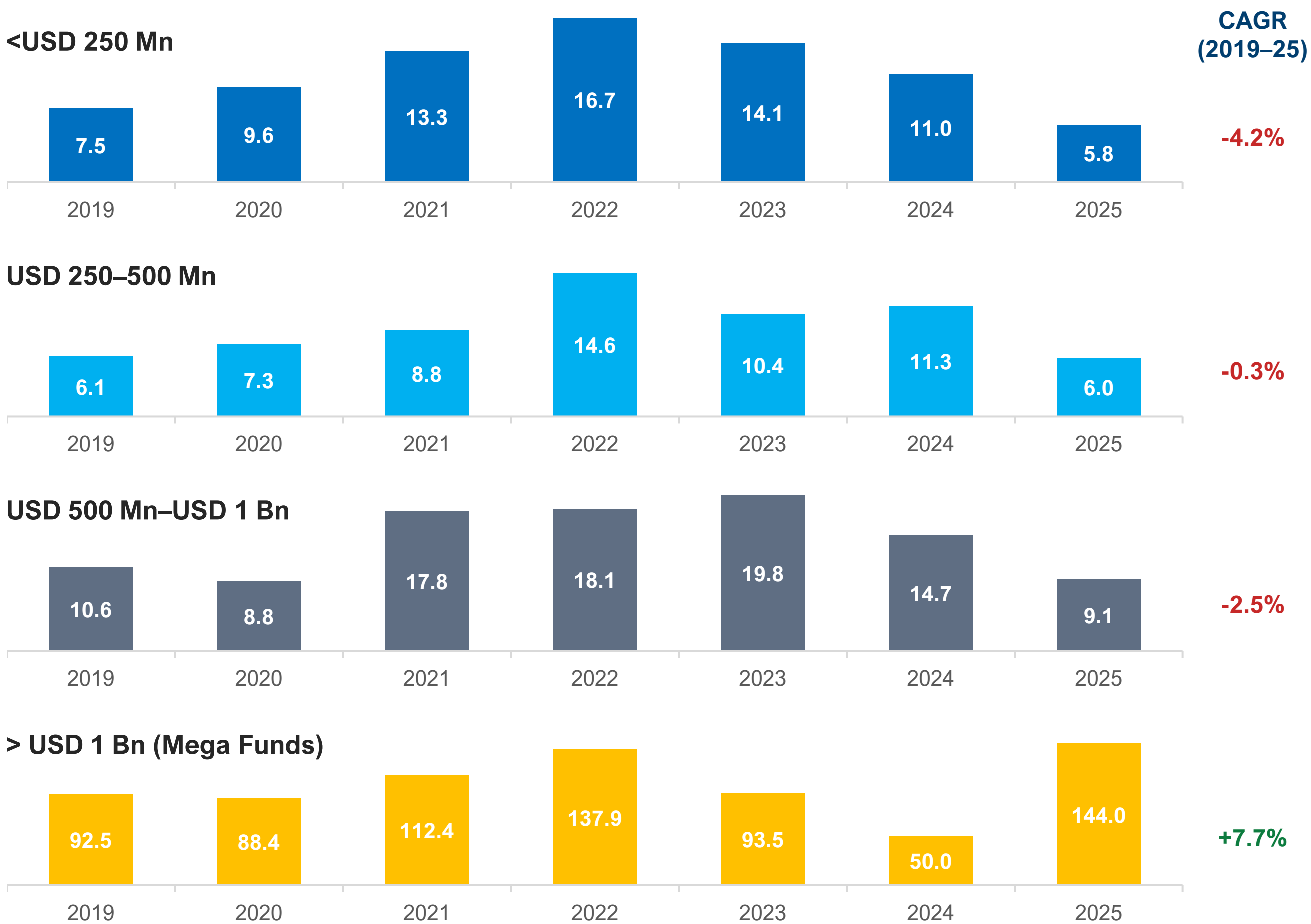
Sources: PitchBook, Aranca Analysis

The 2025 rebound was led by mega funds, underscoring LPs' growing preference for scaled impact platforms with the capacity to absorb larger commitments

Global Impact Fundraising & Fund Size Distribution

Global Impact Capital Raised (By Fund Size)

2019–25 | in USD Bn



- The 2025 fundraising rebound was overwhelmingly driven by USD 1bn+ vehicles, which captured the majority of impact capital raised during the year
- By contrast, sub-USD 1bn funds contributed only a limited share of aggregate capital despite remaining relevant in terms of fund count
- This indicates that the recovery was not evenly distributed across the manager universe; rather, it was led by scaled platforms capable of raising and deploying larger pools of capital
- The shift likely reflects institutional LPs' preference for managers with proven track records, broader deployment capacity, and stronger reporting infrastructure
- As a result, the fundraising gap between large platforms and small specialist managers appears to be widening, reinforcing a more concentrated impact fundraising market

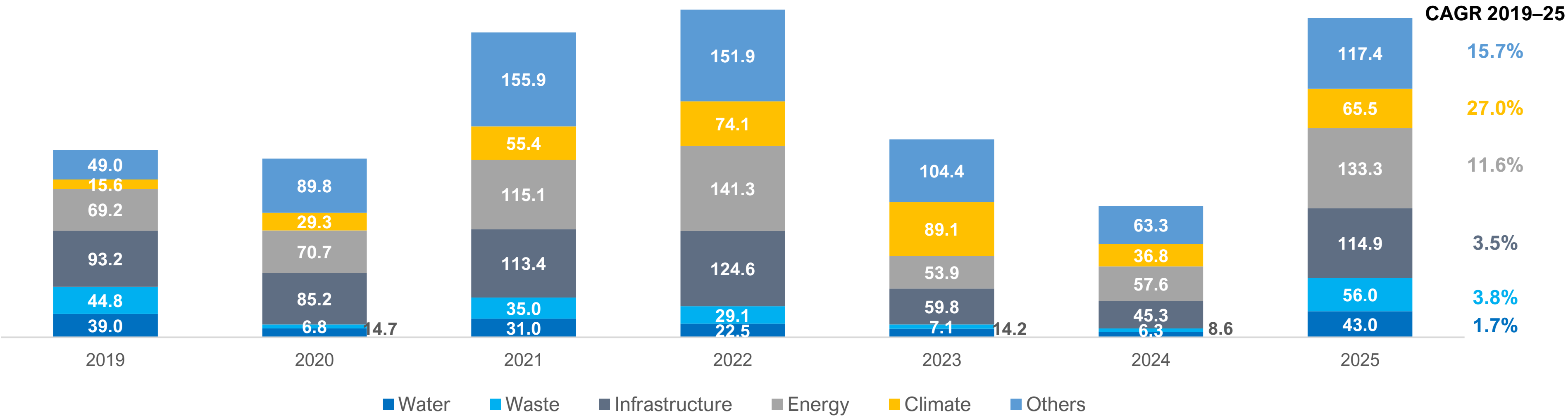
Sources: PitchBook, Aranca Analysis

As capital concentrates in scaled funds, impact strategies are also broadening beyond pure climate exposure, with Energy and Infrastructure remaining core while Waste and Water gain relevance

Impact Fund Allocation by IRIS+ Category

Share Of Global Impact Capital Raised By Category and Close Year

2019–25 | in USD Bn



- Energy and Infrastructure continued to account for a large share of impact fund allocation, reflecting sustained LP appetite for transition-linked physical assets and essential infrastructure. However, the category mix has broadened over time, with Waste and Water/Pollution gaining greater prominence in 2025
- This suggests that impact capital is expanding beyond traditional climate and energy-transition themes into adjacent areas, such as circular economy, resource efficiency, pollution control, and water resilience
- Climate remains a critical investment theme, but it is increasingly embedded within broader strategies across Energy, Infrastructure, Waste, and Water rather than being treated only as a standalone allocation category
- Overall, the impact market appears to be maturing from a climate-led narrative into a wider environmental-solutions platform spanning decarbonization, resilience, circularity, and essential services

Sources: PitchBook, Aranca Analysis

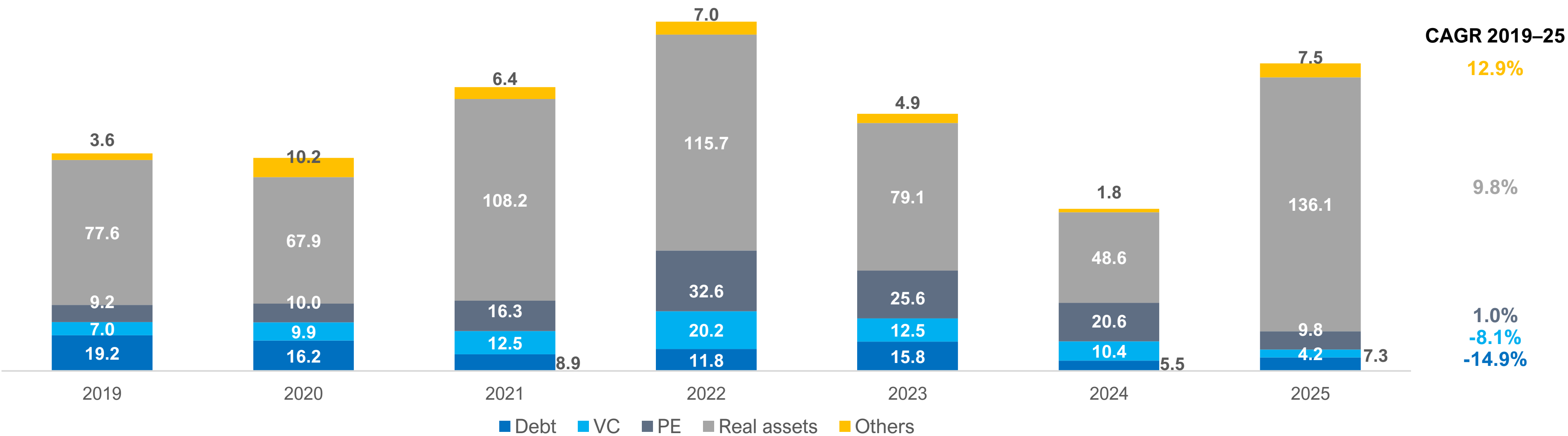
IRIS+ is the impact measurement system managed by the Global Impact Investing Network (GIIN), providing a standardized taxonomy for classifying impact investment themes

The shift toward broader environmental themes is being matched by a move into real assets, as LPs prioritize infrastructure-led deployment over higher-risk growth strategies

Impact Funds Strategy Composition

Global Impact Capital Raised By Strategy

2019–25 | in USD Bn



- Real assets emerged as the dominant impact fundraising strategy in 2025, materially outpacing VC, PE, debt, and other strategies
- This reflects a clear LP preference for infrastructure-led and asset-backed deployment models, particularly in areas linked to energy transition, resilience, circularity, and essential services
- VC fundraising remained well below its 2022 peak, suggesting continued caution toward higher-risk, longer-duration growth strategies in the current market environment
- PE and debt remain part of the impact toolkit, but neither appears to be the primary driver of the 2025 fundraising recovery
- Overall, impact fundraising is shifting from growth-led innovation exposure toward more defensive, capital-intensive strategies with clearer deployment pathways and more visible asset backing

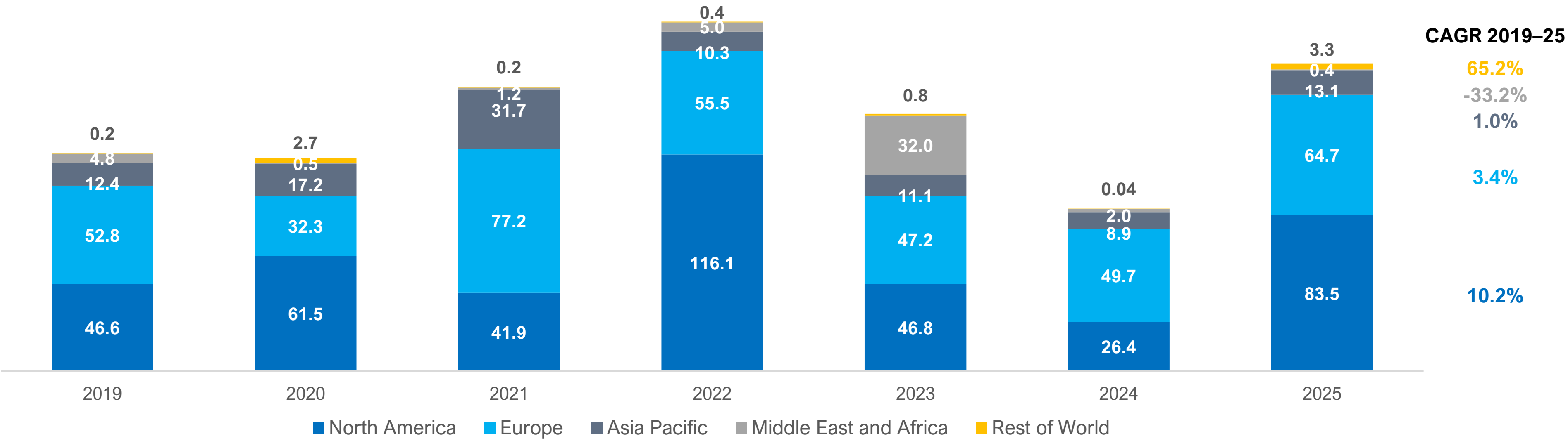
Sources: PitchBook, Aranca Analysis

The real-asset shift has also reinforced North America's leadership, as LPs backed scaled platforms offering infrastructure exposure and clearer return visibility

Geographic Distribution of Impact Capital

Global Impact Capital Raised By Geography

2019–25 | in USD Bn



- North America reemerged as the leading destination for impact capital in 2025, capturing more than half of the global capital raised after a softer period in 2023–24
- The region's recovery was supported by several large North America-based fund closes, including Canada-based platforms and US managers raising USD 1Bn+ vehicles
- This points to continued LP appetite for scaled managers in markets offering deep institutional capital pools, infrastructure exposure, and clearer deployment pathways
- Europe remained a meaningful contributor, but 2025 marked a visible rotation back toward North America as the center of gravity for large-scale impact fundraising
- Despite the ongoing political scrutiny of ESG in parts of the US, institutional LP participation remained resilient, suggesting that capital is increasingly being allocated around infrastructure, energy transition, and financial return potential rather than ESG branding alone

Sources: PitchBook, Aranca Analysis

Sustainable private markets are expected to increasingly favor scaled, infrastructure-led managers that can demonstrate measurable impact and financial discipline

Aranca's Point of View

ESG Resilience
ESG will become quieter but more financially material

Infrastructure Dominance
Real assets will remain the core deployment channel for impact capital

Capital Concentration
Scaled platforms will attract a disproportionate share of LP commitments

US LPs' Resilience
US LPs' appetite will persist where impact is tied to returns and infrastructure exposure

Regulatory Shift
Disclosure readiness will become a competitive requirement rather than a compliance afterthought

AI as an ESG Enabler
AI will reshape ESG data collection, monitoring, and reporting efficiency

- Market shifting from ESG labels toward measurable value creation: cost efficiency, risk reduction, and portfolio resilience
- Fundraising success increasingly tied to deployment track record and LP return alignment and not ESG positioning alone
- Infrastructure-linked impact strategies remain attractive; expect intensifying competition for scaled real assets
- US managers adopting returns-first narrative, positioning sustainability as a value creation lever rather than ESG branding
- Data infrastructure, AI monitoring, and disclosure readiness becoming core GP capabilities as LP/regulatory scrutiny rises

Sources: PitchBook, Aranca Analysis

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