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# The State of Private Impact Investing in Canada

Data, trends and insights into a maturing market with new opportunities for scale

March 2026

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## About This Project

In 2025, Rally Assets partnered with the Institute for Sustainable Finance (ISF) to publish a joint report on the state of Canada's private impact investing market. ISF led the data analysis of private impact investment funds and products across Canada, using data provided by Rally Assets, alongside practitioner insights contributed by Rally Assets.

## About The Institute For Sustainable Finance

ISF was launched in 2019 as a hub of expertise and collaboration for advancing sustainable finance in Canada. Housed at Smith School of Business, Queen's University, ISF is an independent and non-partisan organization. It focuses on developing research, education and collaborations among academia, business and government that will improve Canada's sustainable finance capacity. ISF's work is generously supported by the Ivey Foundation (inaugural supporter), Chisholm Thomson Family Foundation, Trottier Foundation and Smith School of Business, Queen's University. ISF's Founding Contributors include BMO, CIBC, RBC, Scotiabank and TD Bank Group. [isfcanada.org](http://isfcanada.org)

## About Rally Assets

Rally Assets Inc. is an impact investment management firm. It strives to help investors generate positive social and environmental impact alongside a financial return. It provides portfolio management services to funds and creates custom impact portfolios, aiming to enable foundations, institutional investors, family offices and individual accredited investors to invest in alignment with their values. It is registered as a Portfolio Manager and Exempt Market Dealer in Alberta, British Columbia, Ontario and Quebec. Realize Capital Partners Inc., a subsidiary of Rally Assets, is the manager of Realize Fund LP under the Government of Canada's Social Finance Fund. [rallyassets.com](http://rallyassets.com)

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ISF and Rally Assets acknowledge the valuable contributions and thoughtful feedback of expert reviewers, including members of ISF's academic community and sustainable finance practitioners. ISF also relied on its program team and the communications team at Smith School of Business, Queen's University, for its work in creating the finished publication.

**Disclaimer:** This material has been prepared for informational purposes only and is not intended to provide, and should not be relied on for, legal, financial or accounting advice.

## COVER LETTER

### REVEALING CURRENT STATE TO SUPPORT FUTURE GROWTH

To address the gap in Canada-specific, multi-year analysis of the private impact investing market, Rally Assets and ISF collaborated on this study, leveraging ISF's research expertise and analytical rigour, alongside Rally Assets' practitioner experience and access to a database with the breadth and depth needed to support a market-level view.

While reputable market sizing work exists globally, most notably from the Global Impact Investing Network (GIIN), it does not describe Canada's market in detail. More recently, the Canadian Impact Investing Working Group<sup>1</sup>, representing many of Canada's leading impact investors, published Scaling Impact Investing in Canada Through Mobilizing Asset Owners (2024). Its call to action included dispelling myths and misperceptions about impact investing and assessing the current supply of impact investment products<sup>2</sup> in Canada. This report is intended to support that agenda with evidence, context and a clearer baseline for decision-making.

The report also responds to persistent misconceptions that can limit progress. In particular, we aim to clarify:

- Product scarcity is a misperception, by providing a clearer view of the breadth and availability of impact investment products in Canada.
- The misconception that impact investing is itself an asset class, by demonstrating how impact strategies are prevalent across multiple instruments and structures.
- The oversimplification of evaluating all asset classes with a single lens, by focusing on distinct characteristics of different private asset classes and what those differences mean for building diversified, multi-asset impact portfolios.

The trends observed in this report signal a growing Canadian impact investing market with an expanding number of investable opportunities. For asset owners, asset managers and other community partners, understanding where capital is allocated, how strategies evolve and where gaps remain will be critical to scaling the market effectively in the years ahead.

Institute for Sustainable Finance,  
Smith School of Business, Queen's University

Rally Assets

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1 For more information see "The Canadian Impact Investing Working Group issues call for increasing impact investing with 18 recommendations," Fondation, May 13, 2024.

2 In this report, the term "product" refers to an investment vehicle, primarily a fund or fund-like structure, through which capital is deployed.

## SUMMARY INSIGHTS

Impact investing<sup>3</sup> in private markets is reaching a new level of maturity in Canada, enabling greater choice in multi-asset portfolio construction. The proliferation of new impact products requires impact investors to develop robust deal flow sourcing, screening, due diligence and portfolio management to manage the diversity of opportunities in the market.

- Canada's impact investing market now represents an expanding segment of the private capital landscape, with CA\$17.7 billion in target capital<sup>4</sup> as of 2025<sup>5</sup> and a growing range of products across private asset classes.
- After years of sporadic growth, Canada's impact investing market accelerated from 2022 onward, and reached record activity in 2025, driven by rising fundraising targets, increased product launches and a growing number of first-time managers.

At the same time, specific product gaps still exist across asset classes, geographies and impact areas, revealing the need for greater collaboration and innovation in financial product design.

- In terms of target capital and the number of products, Venture Capital accounts for the largest share of target capital, while the market remains dominated by small-to-mid-sized products, most commonly in the CA\$10-100 million range.
- Market activity is highly concentrated geographically, with product headquarters primarily located in Ontario (especially the Greater Toronto Area), followed by British Columbia, Quebec and Alberta.
- Climate change mitigation remains a core focus area for impact investing, but recent fund formations increasingly pursue multi-impact approaches, combining environmental objectives with social priorities such as racial equity, quality jobs and financial inclusion.
- As the Canadian market continues to evolve, well-designed aggregation structures, particularly those leveraging blended-finance approaches, have the potential to become key enablers of scale, helping mobilize significant institutional capital toward impactful and underfunded segments of the market.

We have identified three areas of future research that merit further investigation: (1) A clearer understanding of the scale and scope of asset owner allocations to impact investing is needed, particularly among major Canadian pension funds and endowments. (2) Robust evidence on risk-adjusted financial performance, as comparable benchmarks across asset classes and time horizons, will require several years of actual returns data. (3) Improved market sizing analysis based on realized fund sizes will support longitudinal comparisons.

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<sup>3</sup> While impact investing remains subject to definitional debate, this report follows the Global Impact Investing Network definition, which describes impact investments as "investments made with the intention to generate positive, measurable social or environmental impact alongside a financial return."

<sup>4</sup> Target capital refers to the amount of capital an investment product aims to raise from investors. The final amount raised may differ from the initial target.

<sup>5</sup> The CA\$17.7 billion estimate includes CA\$162 million in target capital from funds expected to close in 2026; actual capital raised may differ from targets.

## BACKGROUND AND CONTEXT-SETTING: CHARACTERISTICS OF IMPACT INVESTING IN PRIVATE MARKETS

Impact investing can be pursued across both public and private markets, with investors using listed equities, fixed income and private capital to generate financial returns alongside measurable social and environmental outcomes. This report focuses specifically on Canada's private impact investing market, based on the proprietary database provided by Rally Assets.

Private market investments play an essential role in impact investing by expanding the investment opportunities across different asset classes and stages. These opportunities come with a distinct set of characteristics that are essential to evaluating both risk and opportunity.

### IMPACT INVESTING IS NOT AN ASSET CLASS

Impact investing is sometimes erroneously referred to as an 'asset class'. In reality, private market impact investing occurs across asset classes, including private equity, venture capital, private real assets, private credit and other private alternatives. While these asset classes bear certain similarities such as illiquidity and long-term investment terms as detailed below, each has different risk, return and impact characteristics. **While impact investing can be grouped as a 'style' or 'approach' to investing, in our view it is critical that comparisons should only be made on an asset-class specific basis.** For instance, usually Venture Capital and Private Equity investments — whether impact investments or not — bring market or above-market rate return expectations, while private debt products have different levels of return expectations, including lower or concessionary return with deeper community impact objectives. As a result, approaching impact investing on a single risk-return expectation would be misleading. Rather, each asset class brings a different expectation to the portfolio from impact and financial return perspectives.

### PRIVATE ASSETS ARE USUALLY ILLIQUID, WITH LONG INVESTMENT HORIZONS AND LIMITED BENCHMARKS

Private market investments are typically illiquid, with holding periods often extending from seven to 10 years or more. Investors commit capital for the long term and there is no active public exchange for these assets. **This structure supports mission-driven organizations through critical stages of growth and allows time for impact and financial returns to materialize.**

Exiting a position before maturity can be challenging, with limited buyers, potentially significant losses, and, in many cases, outright restrictions. While there was a marked growth of General Partner (GP)-led secondaries<sup>6</sup> in traditional private markets in 2024-25, no significant secondary products were available over this time period in the Canadian impact market, to our knowledge. Multi-asset class portfolios, blended-finance tools and evergreen structures are also used to achieve robust liquidity planning and alignment with the investor's cash-flow needs.

Unlike publicly traded securities, which are valued daily, private assets are valued infrequently. These valuations rely on internal models, recent transactions or comparable market data, which may be imperfect or lagged. This creates challenges for performance measurement and comparison, especially in young and evolving products. Private investments generally do not have standardized benchmarks for performance. While some indices and peer databases have begun to emerge, data coverage remains limited, with no comprehensive Canadian-specific impact databases existing at this time.

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6 GP-led secondaries refer to secondary market transactions initiated by the general partner, typically involving the transfer of one or more assets from an existing private fund into a new vehicle (often a continuation fund), providing existing limited partners with the option to exit for liquidity or roll over their investment under revised terms.

## ADDITIONAL DATA AND TIME NEEDED FOR COMPREHENSIVE EVALUATION OF FINANCIAL RETURNS

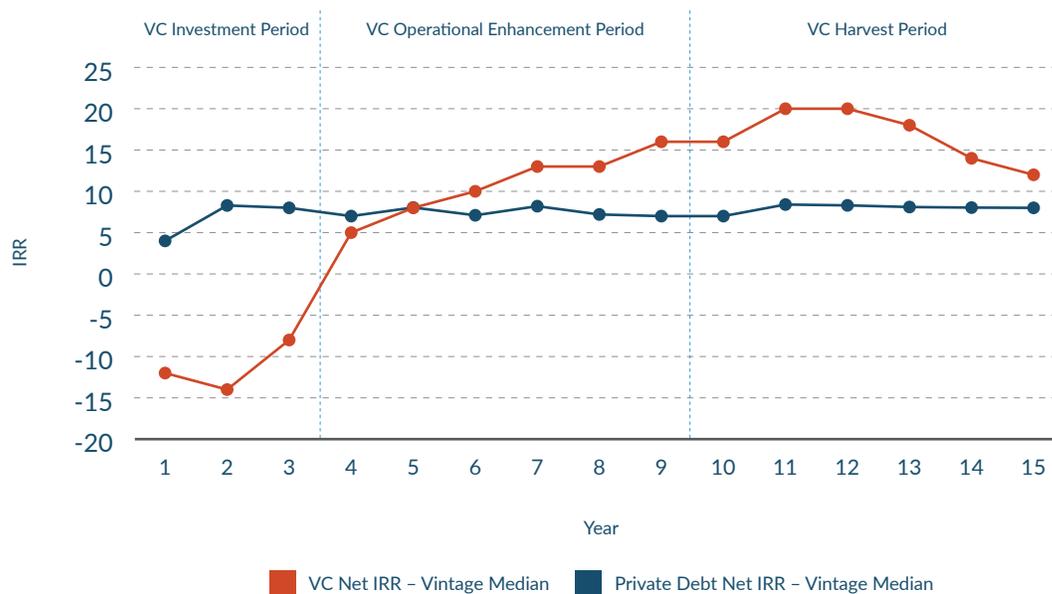
This report intentionally excludes drawing conclusions or making comments on the realized financial returns of Canadian private market impact investments. As an investor in many Canadian private impact products, Rally Assets has access to high-quality financial return data; however, most of these products are still in the early stages of their lifecycle, making it premature to assess financial performance with confidence.

Private equity and venture capital investments, which constitute the dominant asset class in the report, often exhibit a 'J-Curve' return profile: at first, investors see initial negative returns during commitment years when capital is used to support various needs of the investees, such as product development, business growth, expansion and operational improvements; later on, there are potential strong gains as underlying investments mature, exits are achieved and value is realized.

Understanding this dynamic helps set realistic expectations and reinforces the need for a long-term investment perspective. The long time horizons typical of private market investing, the J-Curve effect and the relatively recent influx of new products mean that the sample of fully mature impact funds within this research scope is not large enough to draw meaningful conclusions, either across the market or within individual asset classes.

FIGURE 1.

### An Illustrative Return Profile Comparison for Venture Capital and Private Debt Products of the Same Vintage Year



Source: Institute for Sustainable Finance and Rally Assets; authors' analysis and visualization.

Note: Based on generally accepted return trajectories of venture capital and private debt funds.

Since impact investing is not a standalone asset class, its financial performance cannot be evaluated using a singular approach. Each asset class follows a distinct return trajectory and timeline. For example, a private debt product investing in community bonds may begin posting relatively stable returns early in its term, while a venture capital fund will, as discussed, typically show negative returns during its initial commitment period. Averaging these two profiles would obscure rather than illuminate their true performance characteristics. A meaningful benchmark requires a robust set of actual financial return data from each asset class, with sufficient sample size. A sample dominated by one asset class or concentrated in a single vintage year will not provide a reliable indication of average financial returns.

While it would be premature to draw Canada-specific conclusions, the global findings in the GIIN's State of the Market reports in 2024<sup>7</sup> and 2025<sup>8</sup> offer useful context for assessing financial performance across private asset classes. The reports, each of which includes performance data from over 300 respondents, show that realized returns across private asset classes ranged from exceeding, to meeting, to falling below target returns. Notably, in the 2025 report, realized returns are compared between impact and traditional portfolios, with respondents reporting higher realized returns for impact investments than for traditional investments across every private asset class. These results are valuable for understanding the broader global impact investing landscape; however, they do not support Canada-specific conclusions due to the underrepresentation of the Canadian market in GIIN's global datasets.

*The Canadian Impact Investing Market Performance Report (2025)*<sup>9</sup> released by SVX offers Canada-specific insights. We welcome its contribution to the literature, while noting that the analysis is drawn largely from self-reported return targets of fixed-income products, (two-thirds of the underlying dataset), most of which are targeting below-market returns, such as community bonds. Hence, the findings skew towards a specific asset class with a concessionary return profile. To strengthen market-level conclusions, future work would benefit from an analysis based on balanced asset-class representation using LP-reported realized fund performance, rather than issuer-reported data.

## ADDITIONAL CHARACTERISTICS WITH PRIVATE IMPACT INVESTMENTS

At their core, private impact investments share many of the same structural characteristics as traditional private investments: illiquidity, long holding periods, limited benchmarks and bespoke valuation methodologies. Both require deep sector expertise, robust due diligence and active management to identify, monitor and realize value.

Impact strategies introduce an additional layer: the pursuit of measurable positive social or environmental outcomes alongside financial returns. This intentionality influences several aspects of fund design, management and reporting.

- **Investment Mandates:** Impact funds embed explicit impact objectives into their investment policies, theses, screening and selection processes
- **Impact Measurement and Reporting:** Impact measurement is a fundamental characteristic that defines impact investing. In impact investment, it is mandatory to assess impact intentionality and measure impact performance. Impact reporting, alongside traditional financial reporting, enhances accountability and transparency
- **Fee Structures and Incentives:** While management and performance fees are similar to traditional funds, some impact managers integrate impact-linked compensation, such as tying a portion of carried interest or bonuses to the achievement of defined impact outcomes

Overall, private impact investing builds upon the traditional private investment toolkit but extends it by embedding impact considerations into every stage of the investment process, from sourcing to exit. The result is an **evolved model that aligns financial discipline with positive impact outcomes.**

**Private markets may offer unparalleled opportunities to finance intentional impact.** From early-stage start-ups developing innovative climate solutions to long-established community organizations delivering social services, private markets provide access to financing that meets companies where they are, reflecting their stage of growth, capital needs and impact goals. Through active management and disciplined portfolio construction, private markets enable investors to harness the long-term potential of capital to drive both meaningful impact and sustainable value creation.

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7 See: Hand, D., Ulanow, M., Pan, H., Xiao, K. (2024). *State of the Market 2024: Trends, Performance and Allocations*, The Global Impact Investing Network (GIIN). New York.

8 See: Hand, D., Ulanow, M., Remsberg, R., Xiao, K. (2025). *State of the Market 2025: Trends, Performance and Allocations*, The Global Impact Investing Network (GIIN). New York.

9 See: *Canadian Impact Investing Market Performance Report*, SVX, 2025.

## PRACTITIONER INSIGHTS

In this chapter, drawing on its experience as an impact investment manager, Rally Assets shares six key insights over two broad themes regarding the opportunities and gaps in the Canadian private impact investing market. For the scope of this report, the market is defined as impact investing products managed by issuers or fund managers headquartered in Canada.

### SEIZING THE OPPORTUNITY TO BUILD MULTI-ASSET IMPACT PORTFOLIOS WITH GREATER CHOICE

1. **The growing availability of asset classes and themes marks a key milestone in the evolution of Canada's impact investing market, enabling the construction of diversified portfolios that align with investors' varied impact intentions and financial objectives.**

We have seen a marked expansion in the number of impact investment products across both private market asset classes and thematic areas in Canada. This consistent year-over-year growth signals the strengthening of Canada's impact investing space and demonstrates the market's increasing breadth in generating meaningful and diverse deal flow for investors seeking both financial and impact returns.

The growing number and variety of impact investment products in Canada enable the design of private multi-asset-class portfolios with distinct thematic focuses that align with diverse impact and financial objectives. Many of these products intentionally target multiple impact areas, reflecting the interconnected nature of social and environmental challenges. As the range of available strategies broadens, investors are increasingly empowered to build portfolios that reflect both intentionality and diversification, aligning capital with the most pressing social and environmental issues.

2. **There is a growing cohort of new and emerging fund managers in Canada, creating a significant opportunity to diversify the market.**

While it remains much too early to assess the outcomes of the Government of Canada's CA\$755M Social Finance Fund (SFF), and deployment is at early stages, the momentum we have observed since the initiative's launch in May 2023 is encouraging. We have been originating and tracking deal flow for over a decade, and since our subsidiary Realize Capital Partners and the other SFF fund-of-funds managers were formed, we have seen an approximately five-times increase in deal flow, especially from first-time fund managers, a positive sign that the government's injection is unlocking latent ideas and inspiring a new generation of impact entrepreneurs. This observation aligns with the findings of ISF's analysis of the data, presented in the next section.

For all participants, the market has become more active, expanding the possibilities for building impact portfolios that respond to the various intentions and requirements of asset managers and allocators. We are optimistic that this momentum will continue, bringing high-quality, impact-driven investment opportunities into the Canadian market.

Despite this progress, many consultants and allocators remain cautious toward investing in first-time fund managers, often due to higher perceived risks, the absence of a conventional track record and challenging market conditions. In 2025, a heavy skew toward AI-related deals constrained exit activity that remained near historical lows, and a slow-growth path of the global economy amid rising recession concerns increased pressure across fundraising and deployment for impact fund managers. This dynamic creates a larger structural barrier for less-experienced teams. Expanding the diligence framework to include elements such as individual and cumulative team experience, sector and stakeholder proximity, and reflection of lived experience would allow for a more complete understanding of a manager's potential to deliver both impact and financial performance.

3. **The availability of investment capital has not kept up with the supply of new opportunities.**

We've observed that fund managers often struggle to reach their target fund size. The broader fundraising slowdown has disproportionately affected first-time and emerging managers, many of whom face challenges accessing larger pools of institutional capital. As a result, even though the market is expanding, the overall scale of individual funds has remained constrained.

The emergence of diverse, impact-oriented fund managers is a powerful sign of a maturing market, but their long-term success depends on the ability to mobilize larger pools of capital. This is where the question of scale becomes critical, not only in terms of fund size but also in how capital is structured and deployed to strengthen the overall resilience of Canada's impact investing market.

This dynamic creates a compelling motivation for aggregation strategies, products designed to pool capital across multiple funds, impact areas or asset classes. By consolidating investments through a diversified structure, these aggregating funds mitigate the traditional barriers of minimum ticket size, limited exposure and operational inefficiency that often prevent large investors from engaging with emerging funds. As the Canadian market continues to evolve, well-designed aggregation structures have the potential to become key enablers of scale, helping mobilize significant institutional capital toward impactful and underfunded segments of the market.

## **CLOSING THE GAPS: STAGE, GEOGRAPHY AND THEMES**

### **4. The availability of impact capital differs across different organizational maturity levels and financing structures.**

While the Canadian impact investment market continues to broaden, venture capital remains the dominant asset class, with a notable concentration in early-stage investing from pre-seed to Series A. A significant gap we have observed is the limited availability of diversified private credit and private equity strategies. The heavy weight of the early-stage, equity financing reflects a strong appetite for innovation but also highlights a structural gap across the broader private markets landscape.

Established, revenue-generating businesses represent a powerful yet underutilized lever for advancing impact at scale. Compared to early-stage ventures, these companies receive relatively limited attention and investment within current impact opportunities. Hence, we see a great unrealized opportunity to expand the available impact capital to later-stage businesses that are creating positive impact for the environment, people and communities.

For example, the impact opportunity in later stage investments can be found with current shifts in business ownership as many existing owners approach retirement. These ownership transitions present a timely opening for impact-oriented investment strategies, such as facilitating Indigenous ownership transitions, supporting different entrepreneurial succession models and embedding positive impact principles into existing operations.

In addition to deepening the market for impact products at different stages, we see a need for more innovative financing models such as revenue-based financing, flexible debt instruments and patient equity, to help address product gaps. These tools enable investors to engage with organizations in ways that align with their business realities while driving measurable social and environmental outcomes and supporting the full lifecycle of impact enterprises, from early-stage innovation through to growth, succession and long-term sustainability. By fostering capital pathways across all stages of enterprise maturity, there is an opportunity to build a more balanced, scalable and enduring impact investment market.

### **5. Atlantic Canada and Northern Canada continue to see proportionately low impact investment market activity and capital deployment.**

While a number of progressive and community-driven impact investment concepts have been developed in these regions over the years, many have struggled to progress beyond the design stage due to investors' concerns about a fund manager's investment-readiness. For organizations and enterprises operating outside the major urban areas within Ontario, British Columbia, Quebec and Alberta, access to capital often hinges on the availability of investors with high tolerance for patient, flexible and deep-impact capital. These investors remain relatively scarce, leaving many promising initiatives without the resources needed to build the legal, financial and operational capacity required to attract private or institutional investors. Closing these regional gaps will be essential for ensuring that Canada's transition to a more inclusive and sustainable economy benefits communities across all geographies.

These challenges point to a significant opportunity for blended-finance models that combine multiple forms of capital, from grants and concessional funding to market-rate investments. If deployed strategically by governments, philanthropic foundations, Crown corporations and other impact investors willing to scale these approaches, blended capital can strengthen enterprise readiness, support intermediary development and de-risk opportunities that might otherwise remain unattractive to traditional private investors.

**6. Notable gaps remain with impact areas, most prominently in climate adaptation and natural capital.**

Certain impact areas, such as climate change mitigation, appear consistently across asset classes, while others like affordable housing are naturally concentrated in specific asset classes such as real estate and private debt. Further details are provided in the Researcher Insights section below. Consistent with our observations, data shows that venture capital funds often exhibit the greatest diversity of impact themes, supporting innovations that address a range of social and environmental outcomes.

To build a more resilient and future-oriented impact market, Canadian investors will need to intentionally expand capital flows into underrepresented impact areas, particularly those related to climate adaptation, biodiversity and natural capital. The lack of investment in these areas is increasingly concerning given that global warming is now widely expected to exceed the 1.5C target set by the Paris agreement, making adaptation efforts not only urgent but essential.

Developing investable products will require cross-sector collaboration and innovative financial structuring. By closing these thematic gaps, investors can not only respond to one of the defining challenges of our time but also unlock new sources of value creation, supporting communities and ecosystems in adapting to a changing climate while driving long-term sustainable growth.

# RESEARCHER INSIGHTS

This chapter provides an overview of Canada's private impact investing market, drawing on a proprietary database from Rally Assets that captures products within its Canada-focused investable universe (see [Appendix: Data Sources and Methodology](#)). It examines the market's current size, growth trajectory, geographic distribution and impact areas.

Due to limitations in the availability and consistency of realized fund size data (see the section on **Research Gaps** below), this report uses target capital as a proxy. While the target capital may differ from the final amount, this approach provides a reasonable approximation for market sizing and enables more consistent comparisons across investment products.

## 1. MARKET SIZE

The current private impact investing market size in Canada stands at **CA\$17.7 billion**, representing a small but growing share of the global impact investing market, estimated at US\$1.57 trillion (CA\$2.2 trillion) by the GIIN.<sup>10</sup>

Measured by target capital, Venture Capital and Private Equity lead the market (see [Figure 2](#)). Venture Capital accounts for about CA\$4.6 billion (25.8%) across 91 products, while Private Equity represents CA\$3.5 billion (19.8%) across 19 products (see [Table 1](#)).

Real Estate and Private Debt have smaller total target capital, CA\$2.5 billion (14.2%) and CA\$2.1 billion (11.8%), respectively, but rank highest in product count after Venture Capital, with 42 and 40 products each. This shows a contrast between larger, more concentrated PE funds and the broader base of smaller-scale real estate (e.g., affordable housing funds) and private debt products managed by Canadian fund managers and product issuers.

Across all asset classes (see [Table 1](#)), most products fall within the CA\$10–100 million range, making it the most common product size in the market. The median product size of approximately CA\$30 million suggests a market dominated by smaller and mid-sized products.

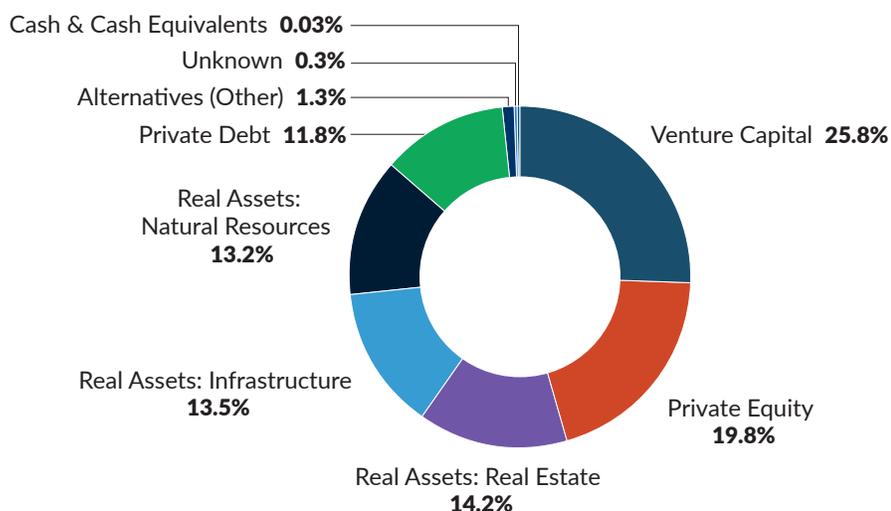
### Note about Rally Assets' Database

A different sampling of the broader market could lead to different conclusions about the prevailing product sizes and the mix of asset classes. Smaller impact products (under CA\$10 million), particularly in private debt and individual project lending opportunities, may be underrepresented in Rally Assets' database, as the firms' more institutionally oriented mandates tend to focus on fund-level investments. In addition, the database does not capture bilateral private equity or private debt transactions between asset owners and fund managers.

<sup>10</sup> Hand, D., Ulanow, M., Pan, H., Xiao, K. (2024). *"Sizing the Impact Investing Market 2024"*. The Global Impact Investing Network (GIIN). New York.

**FIGURE 2.**

## Product Target Capital by Asset Class – Venture Capital and Private Equity Lead



Source: Institute for Sustainable Finance and Rally Assets; authors' analysis and visualization.

**TABLE 1.**

## Impact Investment Product Characteristics by Asset Class (Target Size, Counts, and Size Distribution)

Asset Class	Target Size (CA\$, Million)	Product Count	Common Product Size Range (CA\$, Million)	Median Product Size (CA\$, Million)
Venture Capital	4,586	91	10 – 100	30
Private Equity	3,512	19	100 – 500	100
Real Assets: Real Estate	2,519	42	10 – 100	50
Real Assets: Infrastructure	2,396	8	10 – 100	95
Real Assets: Natural Resources	2,348	4	100 – 500	407
Private Debt	2,101	40	10 – 100	10
Alternatives (Other)	222	10	< 10	17
Unknown	59	3	< 10	5
Cash & Cash Equivalents	5	1	< 10	5
<b>Grand Total</b>	<b>17,749</b>	<b>218</b>	<b>10 – 100</b>	<b>30</b>

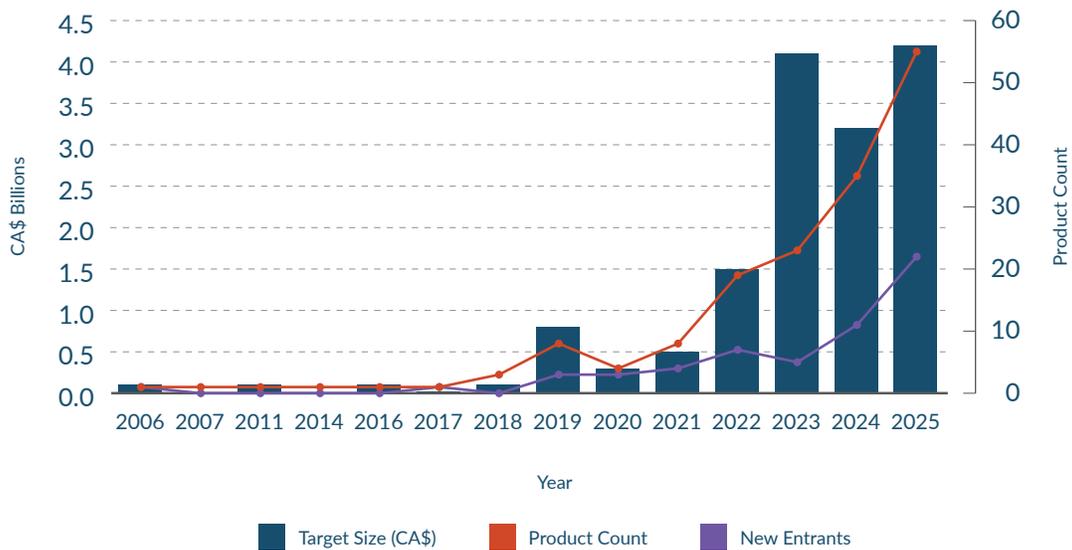
## 2. MARKET GROWTH AND TRENDS OVER TIME

Although the term 'impact investing' appeared in the mid-2000s, the market size in Canada remained small for over a decade. The turning point came with the 2019 vintage, when funds, bonds and other products launched that year collectively targeted nearly CA\$0.8 billion. Around this time, institutional investors, foundations and family offices in Canada showed growing interest in purpose-aligned investments, likely influenced by broader global Environmental, Social and Governance (ESG) interest, the United Nations Sustainable Development Goals (SDGs) and sustainable finance trends, including aligning investments more closely with institutional purpose.

Following a brief slowdown, the market rebounded strongly from 2022 onward, as both fundraising activity and product launches surged, alongside a growing number of first-time managers. For the 2025 vintage year, product launches reached a record high of 55, with 22 of those managed by first-time managers (see [Figure 3](#)).

**FIGURE 3.**

### Target Capital and Product Activity by Vintage Year



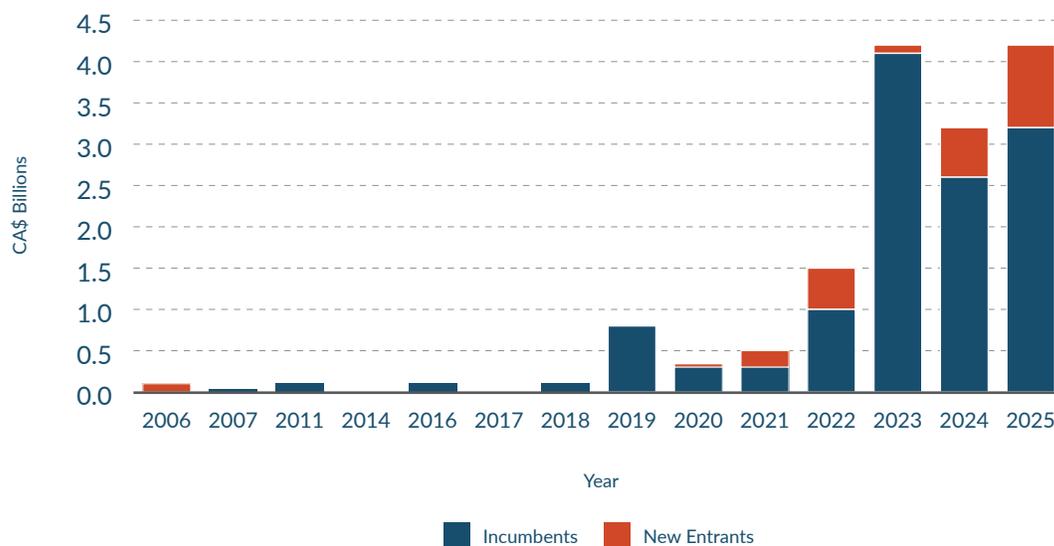
Notes: All years shown refer to the vintage year, defined as the year in which each product was launched. The 2026 vintage is excluded due to incomplete data (target launch year), and some products are missing vintage year information. Certain years may show no products. Target capital information is not available for certain products. **New entrants** refer to products managed by first-time managers and/or debut issuers.

Source: Institute for Sustainable Finance and Rally Assets; authors' analysis and visualization.

In terms of target capital, from 2022 onwards (except 2023) shows new entrants contributing approximately 15-35%, a notable portion of the total each year (see [Figure 4](#)).

**FIGURE 4.**

## Target Capital by Incumbents vs. New Entrants, by Vintage Year



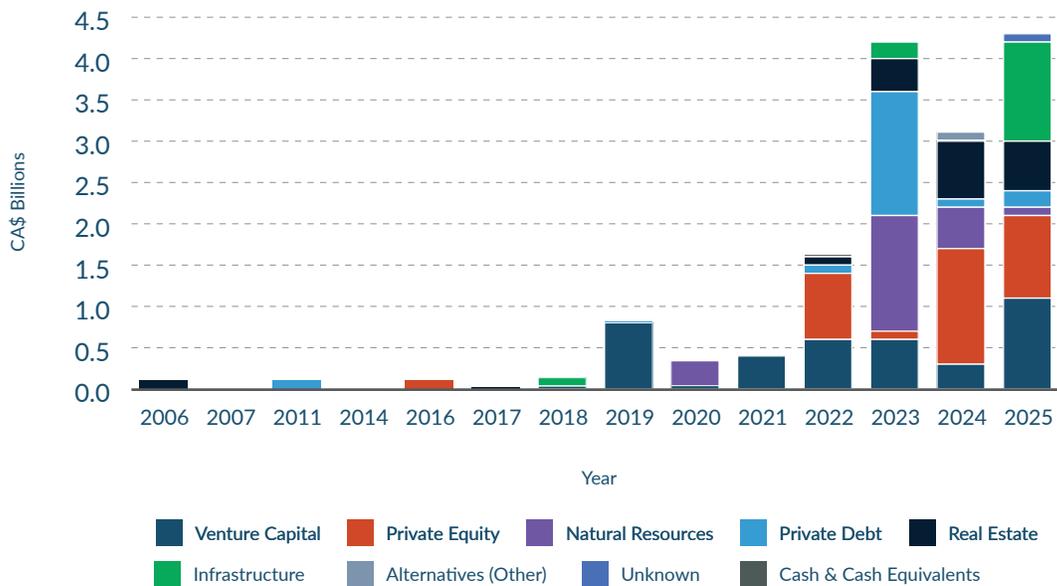
Notes: All years shown refer to the vintage year, defined as the year in which each product was launched. The 2026 vintage is excluded due to incomplete data (target launch year), and some products are missing vintage year information. Certain years may show no products. Target capital information is not available for certain products. **Incumbents** are products managed by established fund managers or product issuers. **New Entrants** refers to products managed by first-time managers or product issuers.

Source: Institute for Sustainable Finance and Rally Assets; authors' analysis and visualization.

For 2019-vintage products, Venture Capital accounted for most of the total target capital. During 2023–2025, the market had diversified significantly, with notable growth in Private Equity, Real Estate and Infrastructure, while Venture Capital remained stable. Private Debt, which featured prominently among 2023 vintages, declined in 2024 and 2025 (see [Figure 5](#)). The spike in Natural Resources in the 2023 vintage was largely driven by a single forestry fund exceeding CA\$1 billion in target size.

**FIGURE 5.**

## Target Capital by Asset Class and Vintage Year



Notes: All years shown refer to the vintage year, defined as the year in which each product was launched. The 2026 vintage is excluded due to incomplete data (target launch year), and some products are missing vintage year information. Certain years may show no products.

Source: Institute for Sustainable Finance and Rally Assets; authors' analysis and visualization.

Overall, the market has grown remarkably, with rising levels of capital, a larger and more diverse set of products, new players entering the space, and increasing diversification across asset classes.

### 3. GEOGRAPHIC DISTRIBUTION

The geographic dimensions of Canada's private impact investing market are analyzed through the lens of both fund manager headquarters (origin) and target regions.

In terms of headquarters (see [Figure 6.](#)), more than one-third of impact investment products are managed from Ontario's Greater Toronto Area (GTA), followed by British Columbia, Ontario outside the GTA, Quebec and Alberta.<sup>11</sup> In contrast, Atlantic Canada and Northern Canada host only single-digit numbers of products, albeit rising activity at the community-level investments. In particular, New Brunswick and the Northwest Territories each account for just one product, indicating limited investable opportunity at scale in those areas. Compared to mainstream private-sector activities, this is broadly in line with the distribution of venture capital/private equity investors, using the Canadian Venture Capital and Private Equity Association's (CVCA)<sup>12</sup> membership base as a proxy.

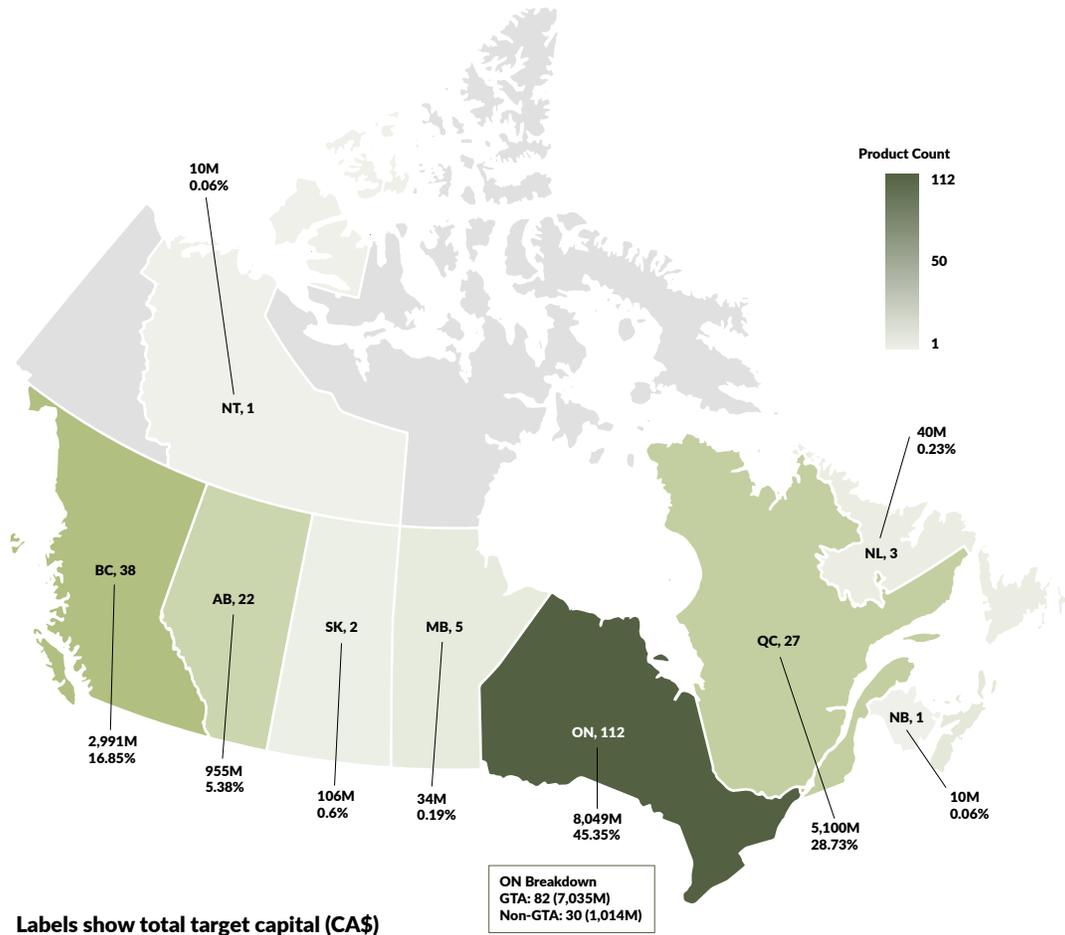
Ranking provinces by total target capital, Ontario, particularly the GTA, leads by a wide margin, followed by Quebec and British Columbia. Despite having fewer products than British Columbia, Quebec's total target capital is significantly higher, driven by two products each exceeding CA\$1 billion. British Columbia, by contrast, has more products but generally smaller average product sizes.

<sup>11</sup> Counts reflect the number of investment products, not distinct fund managers.

<sup>12</sup> CVCA is the national association representing and supporting Canada's venture capital and private equity investors. We used their [membership directory](#) as the data source; although not a perfect proxy, it serves as a practical indicator.

**FIGURE 6.**

Distribution of Impact Investment Products by Fund Manager Headquarters across Canadian Provinces and Territories, with Shading Representing Product Counts and Labels Showing Total Target Capital (CA\$)



Note: Regional product counts exclude Canada-wide mandates. Products that target multiple regions are counted once in each region they cover, resulting in intentional double-counting.

Source: Institute for Sustainable Finance and Rally Assets; authors' analysis and visualization.

The distribution of impact target regions shows a similar pattern. Around half of all products have a Canada-wide mandate, while the remainder target specific provinces or territories, including products that span multiple geographies.

Among these, Ontario is the most targeted region at roughly 25%<sup>13</sup> of all products, followed by Quebec, Alberta and British Columbia. Atlantic Canada— Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island— attract a relatively smaller share of products. Northern Canada— the Northwest Territories, Nunavut and Yukon— remain the least targeted overall.

13 This analysis excludes Canada-wide mandates from regional totals but includes them in overall product counts.

## 4. IMPACT AREAS

This report adopts [IRIS+<sup>14</sup>](#) impact areas, developed by GIIN, as its analytical framework.

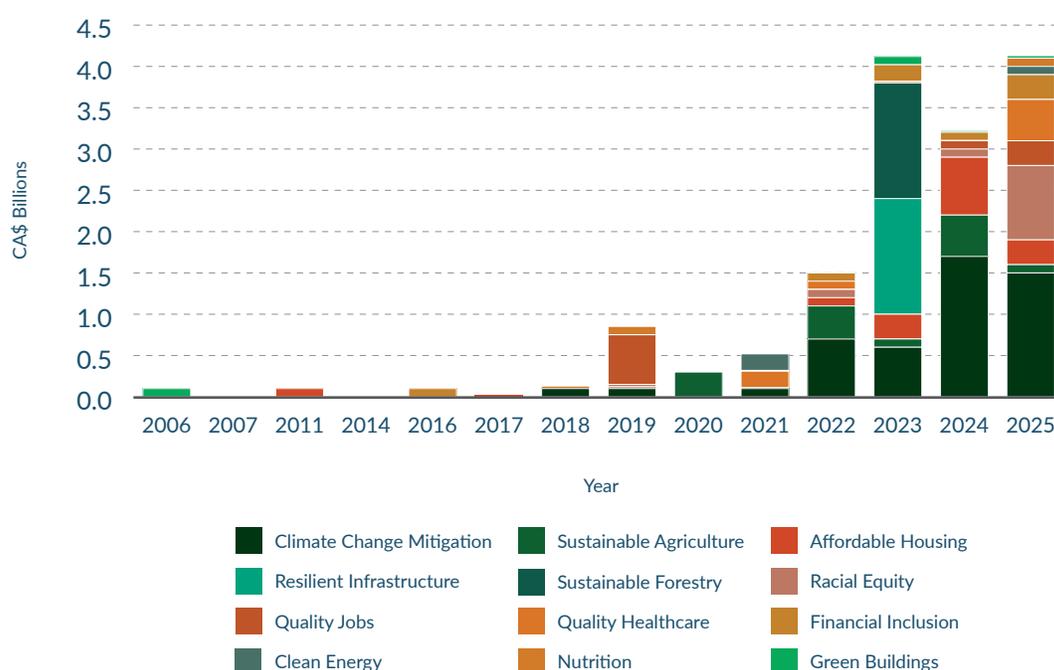
Most impact investment products identify both primary and secondary impact areas. In terms of target capital, Climate Change Mitigation is the dominant primary area, reaching approximately CA\$4.7 billion in cumulative target capital as of 2025.<sup>15</sup> It also shows substantial growth from 2022 through 2025 (see [Figure 7](#)).

Resilient Infrastructure and Sustainable Forestry gained momentum in the 2023 vintage year, although growth in each category was driven by a single vehicle exceeding CA\$1 billion.

Social impact areas, such as Affordable Housing, Racial Equity, Quality Jobs, Quality Healthcare, and Financial Inclusion, are also expanding, though each remains smaller in scale relative to climate change mitigation.

**FIGURE 7.**

### Target Capital by Primary Impact Area and Vintage Year



Notes: This graph displays only the top 12 impact areas with cumulative target capital above CA\$100 million over the 2006–2025 period. Other impact areas, including Sustainable Water Management, Water, Sanitation and Hygiene, Arts and Culture, Community Development, Waste Management, Quality Education, Energy Efficiency, and Biodiversity and Ecosystem Conservation, are omitted for simplicity and readability. All years shown refer to the vintage year, defined as the year in which each product was launched. The 2026 vintage is excluded due to incomplete data (target launch year), and some products are missing vintage year information. Certain years may show no products. Target capital information is not available for certain products.

Source: Institute for Sustainable Finance and Rally Assets; authors' analysis and visualization.

The distribution of primary impact areas varies significantly across asset classes when measured by product count (see [Figure 8](#)).

Venture Capital spans almost all impact areas, with particularly strong representation in Quality Healthcare, Climate Change Mitigation, Financial Inclusion, and Racial Equity.

Real Estate is concentrated in Affordable Housing and Green Buildings, consistent with its focus on the built environment and community infrastructure.

Private Debt is distributed across several impact areas, though in smaller numbers, with stronger activity in Affordable Housing, Financial Inclusion and Racial Equity.

<sup>14</sup> IRIS+ is a set of tools and guidance for impact investors to measure, manage and optimize their impact.  
<sup>15</sup> This amount does not include the 2026 vintage; however, [Figure 9](#) includes all vintages, which accounts for the discrepancy.

FIGURE 8.

Heatmap of Product Counts by Primary Impact Area and Asset Class

Asset Class										
Primary Impact Area	Venture Capital	Real Assets - Real Estate	Private Debt	Private Equity	Alternatives (Other)	Real Assets - Infrastructure	Real Assets - Natural Resources	Unknown	Cash & Cash Equivalents	Grand Total
Affordable Housing		27	10						1	38
Climate Change Mitigation	16	1	3	4	3	4	1			32
Financial Inclusion	15	2	7	4	1			2		31
Racial Equity	15	2	6	4	3					30
Quality Healthcare	17		1	1						19
Green Buildings	4	9		1						14
Sustainable Agriculture	5		3	1		2	2			13
Quality Jobs	6		1	3	1					11
Clean Energy	1		3			1				5
Community Development	3		1					1		5
Sustainable Water Management	4									4
Quality Education			1		2					3
Resilient Infrastructure			1			1				2
Biodiversity and Ecosystem Conservation			2							2
Waste Management	1			1						2
Nutrition	2									2
Energy Efficiency			1							1
Arts and Culture		1								1
Water, Sanitation, and Hygiene	1									1
Sustainable Forestry							1			1
Food Security	1									1
<b>Grand Total</b>	<b>91</b>	<b>42</b>	<b>40</b>	<b>19</b>	<b>10</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>218</b>

Source: Institute for Sustainable Finance and Rally Assets; authors' analysis and visualization.

FIGURE 9.

## Heatmap of Product Target Size by Primary Impact Area and Asset Class

Asset Class										
Primary Impact Area	Venture Capital	Private Equity	Real Assets - Real Estate	Real Assets - Infrastructure	Real Assets - Natural Resources	Private Debt	Alternatives (Other)	Unknown	Cash & Cash Equivalents	Grand Total
Climate Change Mitigation	1280M	2121M	40M	1213M	140M	112M	133M			5039M
Resilient Infrastructure				1000M		1395M				2395M
Affordable Housing			1342M			193M			5M	1539M
Sustainable Agriculture	245M	350M		44M	814M	4M				1456M
Sustainable Forestry					1395M					1395M
Racial Equity	657M	170M	350M			155M	52M			1384M
Quality Jobs	605M	347M				10M	25M			987M
Quality Healthcare	818M	125M				1M				945M
Financial Inclusion	280M	387M	90M			120M	0M	54M		930M
Green Buildings	124M	6M	667M							797M
Clean Energy	209M			140M		64M				413M
Nutrition	225M									225M
Community Development	36M					40M		5M		81M
Sustainable Water Management	77M									77M
Water, Sanitation, and Hygiene	30M									30M
Arts and Culture			30M							30M
Quality Education						2M	12M			14M
Waste Management	0M	5M								5M
Biodiversity and Ecosystem Conservation						4M				4M
Energy Efficiency						2M				2M
<b>Grand Total</b>	<b>4586M</b>	<b>3512M</b>	<b>2519M</b>	<b>2396M</b>	<b>2348M</b>	<b>2101M</b>	<b>222M</b>	<b>59M</b>	<b>5M</b>	<b>17749M</b>

Note: Zero values in some cells may reflect missing target capital data for products classified by impact area, rather than the absence of products.

Source: Institute for Sustainable Finance and Rally Assets; authors' analysis and visualization.

By product target size, the mapping of asset class to primary impact area looks quite different (see [Figure 9](#)). Venture Capital, Private Equity, and Infrastructure products each channel over CA\$1 billion in target capital, with Private Equity alone directing about CA\$2 billion toward Climate Change Mitigation.

Real Estate, Natural Resources and Private Debt each commit over CA\$1 billion toward Affordable Housing, Sustainable Forestry and Resilient Infrastructure, respectively. However, in the cases of Natural Resources and Private Debt, the totals are driven largely by a single fund exceeding CA\$1 billion in each category.

In recent years, products have increasingly identified multiple impact areas, with more vehicles now targeting two impact areas together rather than focusing on a single theme. Among these pairings, social-oriented combinations involving Racial Equity, Quality Jobs and Financial Inclusion appear most frequently. The pairing of Affordable Housing and Green Buildings is also common.

## 5. RESEARCH GAPS

Despite growing research and market analysis, including this report, significant gaps remain, and we would highlight that we hope to see investigated further in future reports:

1. More work is needed to understand **the scale and scope of asset owner allocations to impact investing**, as well as a deeper unpacking of the drivers, constraints and decision-making processes shaping their choices. A closer analysis of impact investment flows by key Canadian asset owners, such as pension funds and large endowments that can expand the supply of capital for impact investing would help clarify how the market is likely to grow, which strategies should be prioritized, and how these could best align with investors' and stakeholders' needs.
2. **Evidence on the risk-adjusted financial performance of impact investments remains fragmented**, with limited comparable benchmarks across asset classes, sectors and time horizons. The financial performance analysis based on realized returns requires multi-year data on metrics such as IRR with a sizeable representation of different asset classes and vintage years. Both 2023 and 2025 marked **strong** years for new fund formations, with many of the 2023 products beginning to deploy capital in late 2024. As a result, it will take several years to build a sufficient base of asset-class-specific return data to support rigorous benchmarking and comparative analysis. We are encouraged that, as the market continues to develop, we will be well-positioned to introduce meaningful financial benchmarks in future iterations of this research.
3. **Market sizing based on actual fund sizes remains a key gap**. This report's database relies on target fund sizes. Slower-than-expected fundraising, particularly among new and emerging fund managers, means realized fund sizes can differ materially from targets. A longitudinal analysis comparing target and actual fund sizes over time would help produce a more accurate market-sizing assessment.

## **APPENDIX: DATA SOURCES AND METHODOLOGY**

This research relied on a proprietary database provided by Rally Assets. The database includes products within Rally Assets' Canada-focused investable universe. Data covers only the fund managers based in Canada and excludes products located outside of Canada, even if they may have exposure to Canada through their investments. The database includes products with a range of impact objectives and strategies. The authors did not apply an impact taxonomy or conduct any ranking or segmentation based on the impact objectives of the opportunities in the database.

A key limitation is that certain large-dollar transactions, particularly large-scale infrastructure deals, usually have investment size requirements that are larger than the average impact investor in Canada can meet. Hence, these opportunities may not be captured in the database, leading to an underrepresentation of certain market segments.

The analysis was based on product target sizes. The actual committed or deployed capital for a product may differ, particularly for newer vintages still fundraising.