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Systemic Investing: Finding Leverage Beyond the Investment

A CIVIC Impact Investing Circle on moving from picking companies to shaping the enabling conditions that let whole systems evolve.

ABOUT THIS REPORT

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About CIVIC

CIVIC is a Canadian impact investing community and platform dedicated to advancing the next generation of impact capital, collaboration, and thought leadership. Through curated investor circles, strategic convenings, research initiatives, and ecosystem-building activities, CIVIC brings together experienced investors, fund managers, institutions, family offices, founders, and ecosystem leaders to explore the evolving challenges and opportunities shaping impact investing.

CIVIC's work focuses on strengthening the sophistication, rigor, and long-term effectiveness of impact investing in Canada and globally. Its circles and initiatives address emerging topics such as AI governance, systems change, impact risk assessment, climate innovation, inclusive finance, and the institutionalization of impact management practices.

By creating spaces for candid dialogue, peer learning, and cross-sector collaboration, CIVIC aims to help build a more resilient, accountable, and innovation-driven impact investing ecosystem.

About Better Society Capital & ImpactVC

ImpactVC is a community and knowledge platform for venture capital leaders working at the intersection of impact and investment. It equips fund managers and investors with frontier insight, tools, and trusted relationships to raise and deploy capital more effectively. Through events, resources, and peer learning, ImpactVC fosters high-quality dialogue between VCs and LPs on impact practice. It brings together those who believe that some of the largest market opportunities of the coming decades lie in tackling complex social, environmental, and economic challenges.

Better Society Capital (BSC) is the UK's leading impact investor, dedicated to growing the social impact investment market. In venture, BSC channels capital into VC funds and scalable impact ventures — backing innovative technology solutions addressing pressing social challenges such as financial inclusion, health, and education. Through its venture work, BSC seeks to demonstrate that backing mission-driven founders can deliver both strong financial returns and meaningful social change.

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FOREWORD

Market standards are not built in isolation. They emerge when practitioners have the trust to speak candidly, challenge assumptions, and share what is and is not working.

Impact Circles creates that space. By bringing together a small group of 12 to 15 peers, the Circles foster the trust, openness, and active participation needed to tackle the questions shaping impact investing in Canada and build greater credibility around the ability to achieve market-rate returns and impact at scale.

This report carry the insights beyond the room and turning practitioner experience into shared knowledge that can strengthen practices, inform market standards, and advance the entire ecosystem.

This work would not be possible without the generous support of Realize Capital, Fonds de finance sociale CAP Finance, and Blue HF Legal, and the leadership of CIVIC, Better Society Capital and ImpactVC. Their commitment enables the ecosystem to create the trusted spaces it needs to learn and evolve together.

EXECUTIVE SUMMARY

Impact investing emerged from the belief that capital could help solve some of society's most pressing challenges while generating attractive financial returns. Over the past two decades, this approach has contributed to the rise of thousands of mission-driven companies across sectors such as climate, healthcare, education, financial inclusion, and sustainable agriculture.

Yet despite meaningful progress, many large-scale societal challenges remain stubbornly unresolved.

This CIVIC Circle explored a growing realization now emerging across the impact investing ecosystem: many societal challenges are not isolated company problems, but systems problems. Climate resilience, healthcare transformation, food security, biodiversity, aging populations, ocean sustainability, and financial inclusion are all shaped by deeply interconnected systems involving infrastructure, regulation, incentives, policy, capital flows, consumer behavior, institutional coordination, and cultural norms.

As a result, the central question facing investors may be shifting. Rather than asking: "What company should we invest in?" Systemic investing asks: "What conditions need to exist for solutions to scale and systems to evolve?"

This distinction fundamentally changes the role of investing itself.

Throughout the Circle, participants repeatedly returned to the same insight: exceptional companies alone are often insufficient if surrounding system conditions are not mature enough to support scale. Healthcare innovation may fail because reimbursement systems are outdated. Climate technologies may struggle because infrastructure deployment lags behind innovation. Sustainable food systems may remain uneconomical because supply chains, incentives, or consumer demand remain fragmented.

In this context, investing increasingly becomes not only about financing solutions, but about understanding and shaping the systems within which solutions operate.

The discussion strongly aligned with emerging work from institutions such as the MIT Sloan Sustainability Initiative, Rockefeller Philanthropy Advisors, TWIST and the TransCap Initiative, all of which argue that traditional investment models frequently underestimate the interconnected and adaptive nature of complex societal systems. As MIT Sloan recently observed, "the investment opportunity is no longer only in the solution itself, but in the enabling conditions that allow solutions to scale."

Participants explored how systemic investing introduces a different set of tools and priorities into investment practice:

- systems mapping
- leverage-point identification
- ecosystem coordination
- combinatorial effects across investments and non-investment interventions
- blended capital structures
- infrastructure thinking
- policy engagement
- long-term alignment

The conversation also surfaced a central tension. While systemic investing appears increasingly necessary to address complex societal challenges, the broader investment ecosystem is still largely optimized for shorter-term, company-level outcomes. Traditional venture capital and private equity structures reward transaction velocity, financial attribution, and relatively short liquidity cycles. Systems change, by contrast, often requires patience, coordination, ecosystem-building, and interventions whose outcomes may emerge over decades and across multiple actors.

As one participant summarized: "We say we want systems change, but our incentives are still designed for isolated company outcomes."

Ultimately, the Circle concluded that systemic investing may represent one of the most important evolutions in the next generation of impact investing. However, scaling it may require redesigning not only investment strategies, but also the structures, incentives, governance models, and coordination mechanisms that shape the investment ecosystem itself.

01 From investing in companies to investing in systems

One of the strongest themes to emerge from the discussion was the idea that investors may still underestimate the degree to which systems determine outcomes.

Historically, investing has focused on identifying exceptional founders, differentiated technology, scalable business models, and attractive market opportunities. These remain essential components of successful investing. However, participants argued that many impact-focused companies struggle not because the underlying innovation lacks merit, but because the surrounding system is not sufficiently aligned to support adoption and scale.

This realization is becoming increasingly visible across multiple sectors.

Digital health startups may fail because reimbursement systems remain misaligned. Climate technologies may stall because supporting infrastructure develops too slowly. Financial inclusion platforms may struggle because trust, regulation, and distribution systems remain fragmented. Aging innovation companies may face slow adoption because healthcare systems, caregivers, insurers, and governments are not yet operating in coordination.

In each case, the company itself may be strong while the system surrounding it remains unprepared.

Participants increasingly framed societal challenges as systemic rather than isolated in nature. Systems are composed of interconnected actors, institutions, incentives, infrastructure, capital flows, cultural norms, and feedback loops that continuously influence one another. Unlike linear investment models, systems behave dynamically. Outcomes emerge through interactions, adaptation, and reinforcement effects that are often difficult to predict through traditional company-level analysis alone.

This creates an important limitation within many existing investment frameworks. Traditional investing tends to evaluate opportunities independently rather than contextually. Yet many impact outcomes ultimately depend less on the strength of an individual company and more on whether broader ecosystem conditions evolve alongside it.

As a result, systemic investing shifts the focus away from isolated company selection toward understanding leverage points within larger systems.

The question becomes not simply: "Which company wins?" But rather: "What conditions need to change for an entire ecosystem to become investable, scalable, and resilient?"

02 Systems mapping and the search for leverage

A major portion of the Circle focused on systems mapping as a practical investment discipline. Participants discussed how systems mapping helps investors identify:

- structural bottlenecks,
- dependencies,
- leverage points,
- feedback loops,
- coordination gaps,
- enabling infrastructure,
- and areas where relatively small interventions may unlock disproportionate systemic change.

Unlike traditional market analysis, systems mapping seeks to understand how change propagates through interconnected systems over time.

This distinction matters because systems rarely behave linearly. Large amounts of capital may fail if critical enabling conditions are absent, while targeted interventions at key leverage points may trigger cascading effects across an ecosystem.

The breakout exercises on ocean systems made this particularly tangible.

In the aquaculture and seafood discussion, participants initially focused on company-level innovation before quickly realizing that the largest barriers to sustainable growth existed elsewhere: fragmented supply chains, feed systems, traceability infrastructure, measurement standards, and coordination failures between regulators, producers, buyers, and logistics networks.

Similarly, the seaweed and algae discussion revealed that technology itself was not necessarily the core constraint. The larger bottleneck appeared to be ecosystem maturity. Demand creation, standards development, consumer education, and market infrastructure all needed to evolve before large-scale investment could become viable.

The ports and infrastructure discussion reinforced another important insight: some of the highest-impact interventions may sit outside traditional venture capital altogether. Infrastructure systems often require patient capital, public-private coordination, and long-duration financing structures that conventional VC economics are not designed to support.

Across all breakout groups, participants repeatedly reached the same conclusion: many barriers to impact are structural rather than technological.

This reframes the concept of investability itself. A highly promising innovation may remain uninvestable if system conditions are not sufficiently mature, while seemingly unglamorous infrastructure or coordination layers may represent some of the most important leverage points in enabling long-term transformation.

Participants also emphasized that systems mapping plays an important coordination role. By helping actors visualize how systems operate, mapping exercises can create shared understanding across investors, governments, nonprofits, corporations, and ecosystem stakeholders who otherwise operate in silos.

This collaborative dimension is critical to driving real-world change. Systemic investing goes beyond using systems mapping to identify individual viable investments; it requires a collective effort to invest across the entire system. Addressing deep-seated structural barriers requires the deployment of "poly-capital" — a strategic combination of diverse capital types and the active engagement of a range of stakeholders — to orchestrate the enabling conditions necessary for innovation to scale.

03 What systemic investors do differently

One of the recurring questions during the Circle was whether systemic investing simply adds "systems language" onto traditional investing or whether it requires fundamentally different operating models.

Systemic investing requires more than capital, but not necessarily more functions within the fund. One of the key insights from the Circle was that system change rarely results from capital alone. Long-term transformation often depends on shifts in policy, regulation, infrastructure, market incentives, behaviors, cultural norms, and stakeholder coordination. While systemic investors must understand these dynamics, they do not necessarily need to build all of these capabilities internally. Instead, they can work in partnership with governments, foundations, research institutions, industry bodies, and ecosystem organizations that bring complementary expertise and influence. What distinguishes a systemic investor is not that they directly manage every aspect of system change, but that they recognize how change occurs within systems and adapt their investment approach accordingly. This may include investing across multiple leverage points, supporting enabling conditions, and constructing portfolios designed to benefit from reinforcing feedback loops and combinatorial effects, where the interaction between investments and non-investment interventions creates outcomes that are greater than the sum of their individual parts. In this sense, systemic investing is as much about understanding how capital interacts with a broader system as it is about deploying capital itself.

One of the most frequently referenced examples was Better Society Capital, widely recognized as one of the pioneering institutions in modern impact investing. BSC was initially set up as more of a traditional investment organisation. However, to effectively build the market, it had to build out other complementary capabilities. Alongside capital deployment, the organization has historically invested heavily in ecosystem infrastructure, research, policy collaboration, impact frameworks, and field-building initiatives intended to improve how the market functions over time.

Importantly, this type of institution operates with different assumptions around time horizon and value creation than traditional venture capital. Market formation, ecosystem coordination, and infrastructure development often generate indirect outcomes that unfold over extended periods of time and across multiple actors.

Participants noted that this type of work is difficult to reconcile within conventional 10-year fund structures optimized primarily around direct financial attribution and short-term exits. The discussion also explored how systemic investing frequently relies on blended forms of capital rather than purely commercial investment structures.

Organizations such as The Rockefeller Foundation have long supported catalytic capital approaches that combine philanthropy, concessionary capital, guarantees, technical assistance, and commercial investment within the same ecosystem strategy. This layered approach reflects the reality that many systems transitions are initially too risky, fragmented, or immature to attract purely market-rate capital. To effectively address systemic change, it is necessary to deploy a more diverse range of capital structures and return expectations.

Participants discussed how catalytic capital often plays a critical role in absorbing early ecosystem risk, funding enabling infrastructure, supporting coordination work, or creating proof-of-concept adoption pathways that later allow institutional capital to participate.

This logic is increasingly visible within climate investing as well.

Organizations such as Breakthrough Energy Ventures were explicitly designed around patient capital principles capable of supporting technologies requiring longer commercialization timelines than traditional venture capital typically tolerates. Founded by Bill Gates and a coalition of global investors, the organization combines scientific expertise, industrial partnerships, policy engagement, and long-term transition thinking alongside capital deployment itself.

Participants also noted that systemic investors frequently build broader internal capabilities than traditional investment firms. In addition to investment professionals, systemic organizations may integrate expertise in:

- systems mapping,
- public policy,
- ecosystem research,
- infrastructure,
- stakeholder coordination,
- impact measurement,
- governance,
- and public-private partnerships.

In many cases, these institutions begin to resemble hybrid organizations operating somewhere between investment firms, think tanks, strategic advisory platforms, and ecosystem conveners.

This operational complexity reflects a broader insight from the Circle: systems change often requires simultaneous intervention across multiple dimensions of a system rather than isolated capital deployment alone.

04 The structural limits of the current investment model

While participants broadly agreed that systemic investing offers a more realistic framework for addressing complex societal challenges, the discussion repeatedly returned to a central obstacle: the current investment ecosystem is not structurally designed to support it.

One major issue involves time horizons. Most systemic transformations unfold over decades, while venture funds, institutional mandates, and performance cycles often operate on significantly shorter timelines. This creates pressure toward investments capable of generating faster measurable outcomes even when deeper systemic interventions may ultimately produce greater long-term impact.

Another challenge involves attribution. Traditional investing is built around identifying which company generated value. Systems change, however, emerges through the interaction of multiple actors over time. Outcomes become distributed across ecosystems, making attribution significantly more difficult for both financial and impact measurement frameworks.

Participants also discussed fragmentation as a major constraint. Across many sectors, governments, investors, corporations, foundations, nonprofits, and researchers continue operating in silos despite addressing interconnected challenges.

Several contributors argued that one of the missing elements within systemic investing today is orchestration capacity: institutions capable of aligning multiple forms of capital, incentives, stakeholders, and timelines around shared systems outcomes.

The role of LPs was identified as particularly important.

Participants repeatedly emphasized that LP expectations shape GP behavior. If LPs continue prioritizing shorter-term attribution, isolated company performance, and conventional portfolio construction approaches, systemic investing may struggle to scale meaningfully. As a result, many participants argued that systemic investing ultimately requires alignment across the entire capital stack rather than innovation solely at the GP level.

CONCLUSION

The CIVIC Circle demonstrated that systemic investing represents more than a new thematic investment strategy. It reflects a deeper evolution in how investors understand value creation, risk, impact, and change itself.

Traditional investing largely focuses on identifying exceptional companies operating within existing systems. Systemic investing asks a broader and more difficult question: what conditions must exist for entire systems to evolve? This reframing fundamentally changes the role of capital.

Investors are no longer simply selecting opportunities within systems. Increasingly, they are participating in shaping the enabling conditions that determine whether innovation can scale, ecosystems can mature, and societal outcomes can improve over time.

At the same time, the discussion revealed a central paradox: while systemic investing may better reflect the complexity of real-world challenges, the broader investment ecosystem remains structurally misaligned with its requirements. Scaling systemic investing may therefore require redesigning not only investment strategies, but also:

- incentives,
- governance structures,
- time horizons,
- LP expectations,
- coordination mechanisms,
- and measurement frameworks.

Ultimately, the Circle reinforced a defining insight for the future of impact investing:

The next generation of impact investing may not be defined solely by better company selection, but by the ability to understand, influence, and help transform the systems in which companies operate.

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Help build the next generation of impact investing

CIVIC's Circles, convenings, and research are built by and for their members. Join a Circle, partner on the next report, or bring your firm into the conversation.

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