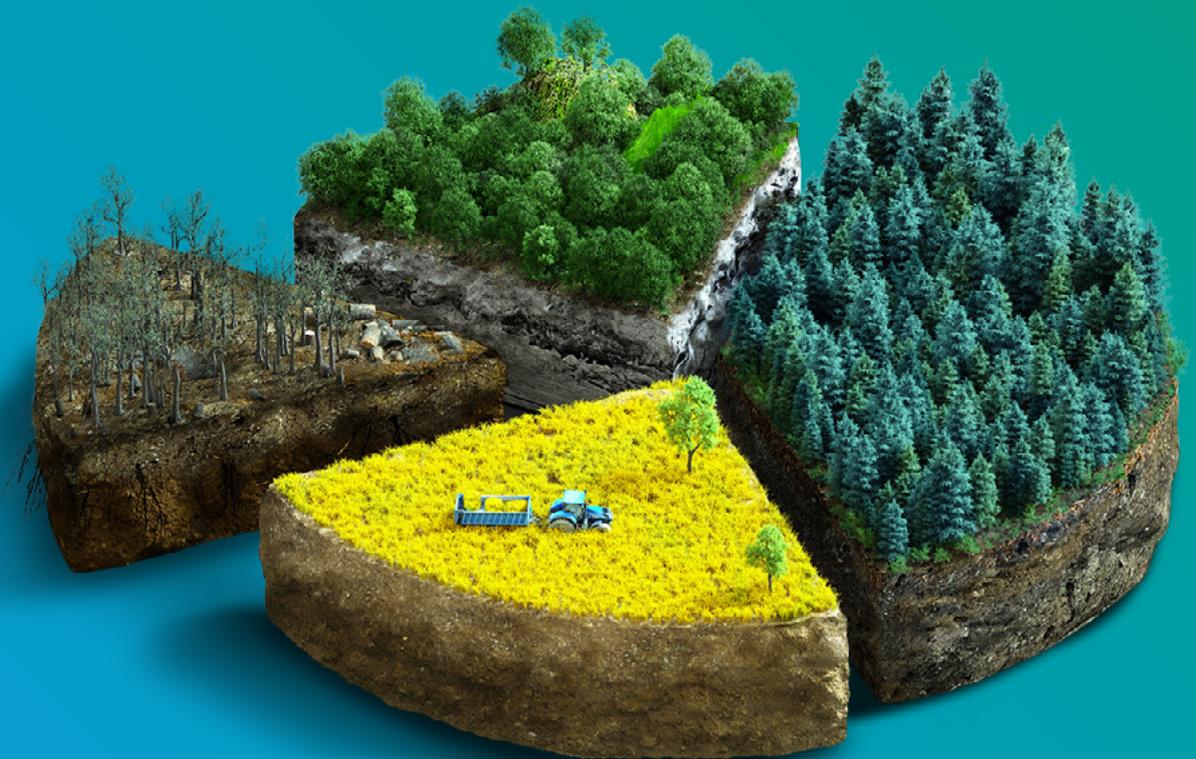


# Nature investments

Navigating a new landscape

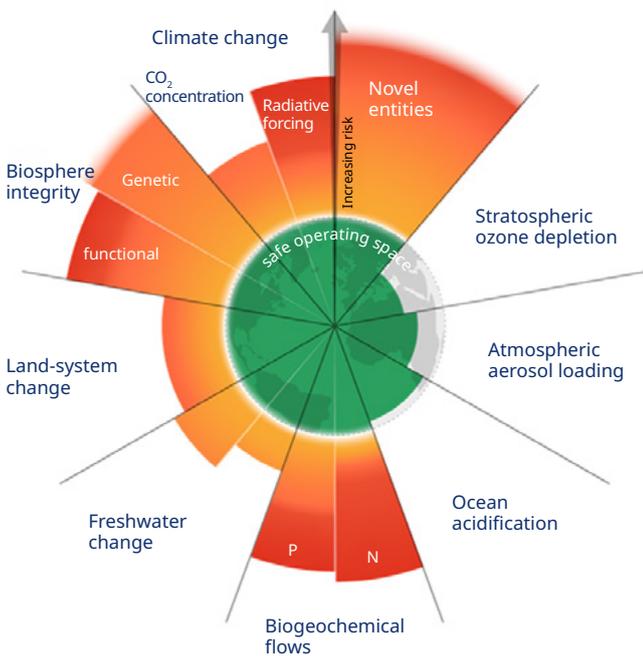


## From awareness to allocation: Incorporating nature into portfolios

**Biodiversity is fundamental to the stability of our ecosystems, economies and societies.** Yet these vital foundations are increasingly threatened as biodiversity continues to decline. The hidden costs of unsustainable food production and land use alone amount to \$12.7 trillion annually,<sup>1</sup> driven by related health, environmental and social impacts.

According to the World Wide Fund for Nature (WWF),<sup>2</sup> **wildlife populations have declined by 73% over the past five decades.** Similarly, the Stockholm Resilience Centre<sup>3</sup> highlights that **planetary boundaries keep being crossed over the years.**

### Planetary boundaries



The World Economic Forum (WEF) Global Risks Perception Survey 2024–2025,<sup>4</sup> which gathered insights from over 900 experts, ranks **biodiversity loss and ecosystem collapse** as the **second most significant risk among geopolitical, environmental, societal and technological challenges.**

The Kunming-Montreal Agreement set the pace by launching the Global Biodiversity Framework. This framework highlighted the **widening biodiversity financial gap, estimated to be between \$700 billion<sup>5</sup> and \$950 billion<sup>6</sup> annually,** underscoring the crucial role the private financial sector can play.

Beyond biodiversity considerations, nature and climate change are connected by healthy ecosystems that act as natural carbon sinks. Crucially, **there can be no solution to global warming unless natural systems are restored around the world.**

Investing in nature through private markets offers institutional-grade diversification,\* with low correlation, downside resilience, and risk-return profiles comparable to farmland and timberland. In addition to core returns, investors gain exposure to emerging revenue streams, such as biodiversity and carbon credits, as upside optionality. With a widening funding gap, and regulatory momentum building in the UK and EU, **nature presents a compelling opportunity for asset owners seeking resilient, diversified\* and forward-looking portfolios.**

## Fund mapping in the nature investment universe

**Mercer recently carried out extensive market research on nature in private markets.<sup>7</sup>** This research covers over 90 investment funds across real assets, private equity and private debt that align with this theme.

We have screened this investment universe and conducted due diligence on multiple opportunities. As a result of this research, we have mapped the investment universe and extended our impact framework to incorporate nature investments in portfolio construction.

**90**

funds diversified across **emerging and developed markets**

**63%**

**Real assets funds** represent 63% of the opportunity set

**71%**

71% of the strategies are related to **regenerative agriculture and forestry**

\*Diversification does not ensure against losses.

## Investing in nature-positive

As planetary boundaries are being exceeded, **investment approaches should work together to halt and reverse biodiversity decline**, helping to restore a return to a safe operating space for the planet.

Mercer uses the **mitigation hierarchy** as a framework to view actions that can be undertaken to stop and reverse biodiversity decline across land, freshwater and ocean biomes. This approach focuses on four key areas for nature-positive investments: **(1) Reduce, (2) Regenerate, (3) Protect and (4) Restore.**

Our research identified **four primary themes**, along with other important nature-related areas such as nature technologies, water, food transformation and the circular economy.

As shown below, the **revenue drivers and risk profiles of nature strategies vary widely** — from infrastructure-like profiles to higher-risk, venture-capital-like opportunities. While many strategies are concentrated in real assets, there are also opportunities to invest in oceans and the circular economy through venture capital, and in regenerative agriculture via private equity.

Investment strategies that combine expertise in both nature and finance, on-the-ground partnerships, operational knowledge, diversified revenue streams, holistic risk assessment, and clear impact measurement present interesting investment opportunities.

As the market develops — with factors like emerging business models and limited peer group comparisons potentially influencing investor sentiment — a growing **range of scalable opportunities is now available**, with regulatory support expected.

### Main nature strategies and key revenue drivers

#### Sustainable forestry

*Real assets, private equity*

- Timber sales with potential premium
- Land appreciation
- Carbon and biodiversity credits

#### Regenerative agriculture

*Real assets, private equity, private debt*

- Sale of products and services
- Land appreciation
- Carbon and biodiversity credits

#### Ecosystem restoration

*Real assets, private equity*

- Carbon and biodiversity credits
- Land appreciation

#### Sustainable ocean

*Real assets, venture capital*

- Sale of products and services
- Carbon credits

#### Other nature themes

*Real assets, private equity, private debt*

- Sale of products and services
- Carbon credits

### Targeted net IRR (median)\*

6%–12%

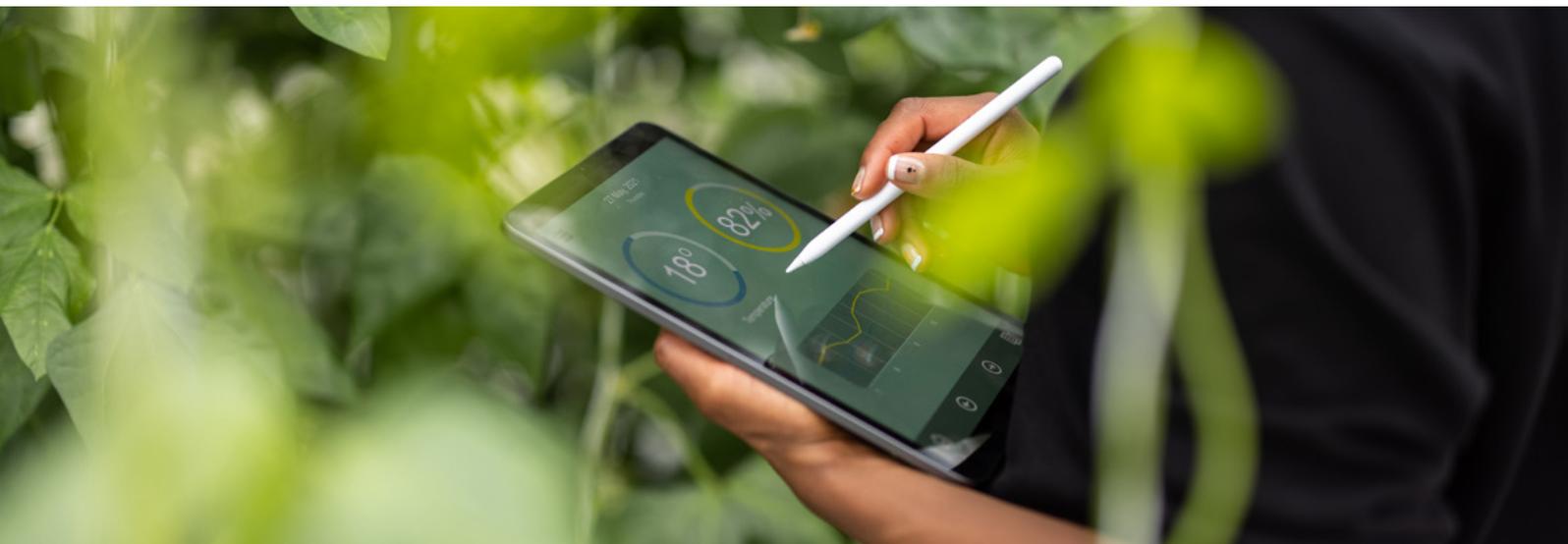
8%–15%

6%–12%

10%–18%

8%–14%

\*There is no guarantee that target returns will be achieved.



## How does Mercer define “nature-positive”?

We evaluate investments based on three key criteria:

- **Do no harm:** Investments must not harm human rights or ecosystem integrity.
- **Substantial contribution:** The activity should deliver measurable improvements in both ecological outcomes (such as restored land or improved soil health) and financial outcomes.
- **Measurable nature-positive outcomes:** KPIs should be tracked from baseline and monitored over time. While data availability can be challenging, this can be addressed through clear contextualization — for example, using specific practice-based data points in regenerative agriculture.

## Looking ahead

Get in touch with your local Mercer partner to start shaping your nature-positive journey.



## Authors



**Mona Huys**  
Zurich  
Impact Solutions Specialist



**Angelika Delen**  
Vienna  
Head of Impact Solutions

## Resources

- <sup>1</sup> Food and Agriculture Organization (FAO). “\$8 Trillion in Annual Hidden Health Costs,” 2024.
- <sup>2</sup> WWF. *Living Planet Report*, 2024.
- <sup>3</sup> Stockholm Resilience Centre. *Planetary Boundaries*, 2023.
- <sup>4</sup> World Economic Forum (WEF). *Global Risks Report 2025*.
- <sup>5</sup> Convention on Biological Diversity (CBD). *Global Biodiversity Framework*, 2022.
- <sup>6</sup> BloombergNEF. *Biodiversity Finance Factbook*, 2024.
- <sup>7</sup> All responses are sourced from the Mercer Nature Market Research survey obtained January 2024 to July 2025. Responses provided were provided by managers. It is important to note that respondents did not receive any form of compensation. It is important to recognize that survey results are subject to inherent limitations and uncertainties. The survey results may not capture all relevant factors or market conditions. These results should not be construed as personalized investment advice.

We gathered information through a request sent to our extended network of manager relationships and by screening the market at conferences and through impact manager databases. This primer on the natural capital universe in private markets includes responses from c.70 managers. To ensure comprehensive screening, we defined the fund universe as those broadly considered as nature-linked. The results and figures from the Mercer Nature Market Research were collected and collated based on the data provided by each manager and as such the completeness, accuracy and consistency of the obtained data cannot be guaranteed.

## Important notices

References to Mercer shall be construed to include Mercer LLC and/or its associated companies.

© 2025 Mercer LLC. All rights reserved.

This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. This content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity without Mercer's prior written permission.

Mercer does not provide tax or legal advice. You should contact your tax advisor, accountant and/or attorney before making any decisions with tax or legal implications.

This does not constitute an offer to purchase or sell any securities.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed.

For Mercer's conflict of interest disclosures, contact your Mercer representative or see <http://www.mercer.com/conflictsofinterest>.

This does not contain investment advice relating to your particular circumstances. No investment decision should be made based on this information without first obtaining appropriate professional advice and considering your circumstances. Mercer provides recommendations based on the particular client's circumstances, investment objectives and needs. As such, investment results will vary and actual results may differ materially.

Information contained herein may have been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential, or incidental damages) for any error, omission or inaccuracy in the data supplied by any third party.

This presentation is for sophisticated investors only who are accredited investors or qualified purchasers. Funds of private capital funds are speculative and involve a high degree of risk. Private capital fund managers have total authority over the private capital funds. The use of a single advisor applying similar strategies could mean lack of diversification and, consequentially, higher risk. Funds of private capital funds are not liquid and require investors to commit to funding capital calls over a period of several years; any default on a capital call may result in substantial penalties and/or legal action. An investor could lose all or a substantial amount of his or her investment. There are restrictions on transferring interests in private capital funds. Funds of private capital funds' fees and expenses may offset private capital funds' profits. Funds of private capital funds are not required to provide periodic pricing or valuation information to investors. Funds of private capital funds may involve complex tax structures and delays in distributing important tax information. Funds of private capital funds are not subject to the same regulatory requirements as mutual funds. Fund offering may only be made through a Private Placement Memorandum (PPM).

Investment management and advisory services for US clients are provided by Mercer Investments LLC (Mercer Investments). Mercer Investments LLC is registered to do business as "Mercer Investment Advisers LLC" in the following states: Arizona, California, Florida, Illinois, Kentucky, New Jersey, North Carolina, Oklahoma, Pennsylvania, Texas, and West Virginia; as "Mercer Investments LLC (Delaware)" in Georgia; as "Mercer Investments LLC of Delaware" in Louisiana; and "Mercer Investments LLC, a limited liability company of Delaware" in Oregon. Mercer Investments LLC is a federally registered investment adviser under the Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Mercer Investments' Form ADV Part 2A & 2B can be obtained by written request directed to: Compliance Department, Mercer Investments, 99 High Street, Boston, MA 02110.

## Important Notices (continued)

Investment management and advisory services for US clients are provided by Mercer Investments LLC (Mercer Investments). Mercer Investments LLC is registered to do business as “Mercer Investment Advisers LLC” in the following states: Arizona, California, Florida, Illinois, Kentucky, New Jersey, North Carolina, Oklahoma, Pennsylvania, Texas, and West Virginia; as “Mercer Investments LLC (Delaware)” in Georgia; as “Mercer Investments LLC of Delaware” in Louisiana; and “Mercer Investments LLC, a limited liability company of Delaware” in Oregon. Mercer Investments LLC is a federally registered investment adviser under the Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Mercer Investments’ Form ADV Part 2A & 2B can be obtained by written request directed to: Compliance Department, Mercer Investments, 99 High Street, Boston, MA 02110.

Past performance is no guarantee of future results. The value of investments can go down as well as up, and you may not get back the amount you have invested. Investments denominated in a foreign currency will fluctuate with the value of the currency. Certain investments, such as securities issued by small capitalization, foreign, or emerging market issuers, real property, and illiquid, leveraged (including through the use of derivative instruments), or high-yield funds, carry additional risks that should be considered before choosing an investment manager or making an investment decision.

Mercer provides investment solutions and services to a wide range of clients across geographies, regardless of political, social, or religious viewpoints. Mercer has a range of tools and solutions available to help clients meet their particular investment objectives, which may be informed by regulatory requirements and market practices that vary across geographies and investor types. To provide a broad education on topics, including environmental, social, governance (ESG), valued aligned and sustainable investing, Mercer does not artificially limit or intentionally target educational content to readers based on the circumstances of a particular audience. The ESG, valued aligned, or sustainable investing concepts

mentioned herein may not be suitable or appropriate for all investors or in all geographical areas. For more information on whether and how Mercer’s services or products incorporate any of these concepts, please refer to product specific disclosures and/or please contact a member of your local Mercer team.

Please see the Guide to Mercer’s Investment Strategy Ratings [here](#).

Not all services mentioned are available in all jurisdictions. Please contact your Mercer representative for more information.

Certain regulated services in Europe are provided by Mercer Alternatives AG, Mercer Alternatives (Luxembourg) S.à r.l., Mercer Limited and Mercer Global Investments Europe Limited. Mercer Alternatives AG is registered with the Swiss Financial Market Supervisory Authority (FINMA) to act as a supervised asset manager for collective investment schemes as well as a licensed distributor and representative for its own foreign collective investment schemes. Mercer Alternatives (Luxembourg) S.à r.l. is a management company authorised by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg under Chapter 16 of the law of 17 December 2010 and is a licensed Asset Manager under the European Alternative Investment Fund Manager Directive (AIFMD) and has filed the required notice under Multilateral Instrument 32-102 to rely on the international investment fund manager exemption. Mercer Limited is authorized and regulated by the Financial Conduct Authority. Mercer Global Investments Europe Limited, trading as Mercer, is regulated by the Central Bank of Ireland.

Investment management services for Canadian investors are provided by Mercer Global Investments Canada Limited. Investment consulting services for Canadian investors are provided by Mercer (Canada) Limited.