

Global Impact Pool

QUARTERLY

Q1 2021



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DEAR INVESTOR,

We are pleased to report on the first quarter of 2021 for Kempen's Global Impact Pool, in which we continued to deploy capital towards the Global Impact Pool's mission, which is to make investments that positively contribute to solving global problems around the food, water and climate nexus and five Sustainable Development Goals. Specifically, we aim to address the following impact themes:



Basic needs & well-being: the provision of basic goods & services for the underserved including water and health & wellbeing;



SME development & decent work: creating decent jobs with fair employment practices to eradicate poverty;



Circular economy: Support sustainable consumption and production aimed at doing more and better with less, and;



Climate & energy: Contribute to abundant clean energy and reduction of CO₂ emissions.

Bearing in mind our mission, there is also the explicit target to generate a market rate financial return.

IMPACT HIGHLIGHTS FOR THE FIRST QUARTER



341,521

Underserved reached via
healthcare services¹

40,054 m³

Water consumption savings (LTM)

Equivalent to the water used by **728**
people in a year²



1,591,444

Underserved reached via
financial services³

2,952

Jobs supported⁴



136,584

Certified hectares cultivated

Equivalent to the size of
201,749 football fields⁵



25,197 MWh

Green energy generated (LTM)

Equivalent to powering **8,259**
households in the Netherlands⁶

14,392 tons

CO₂ emissions avoided (LTM)

Equivalent to **5,803 cars** taken
off the road for a year⁷

Kempen



FINANCIAL RETURN

The Kempen Global Impact Pool (GIP) achieved a return of -1.1% for the FA fund class in the first quarter of 2021. The GIP entered its fourth year of existence in 2021 and the investment partners, appointed by the GIP for making impactful investments, have taken good steps in investing the capital committed by the GIP. Since its inception, the GIP has neutralized the so-called J-Curve effect* by investing in an impactful basket of green bonds, pending the call of committed capital by our investment partners. This has largely prevented a negative return since inception. GIP's returns are expected to better reflect the value development of underlying investments in the coming years, as the portfolio companies continue to develop, and holdings are sold profitably.

** a J-Curve effect occurs in private markets (Private equity, infrastructure, etc.) funds where the cash flow is negative in the first years due to investments and fund costs, after which the cash flow is positive in the second half of the term of the fund due to distributions and divestments of interests*

DEVELOPMENTS PORTFOLIO

The COVID-19 pandemic is still dominating world news. Although the ultimate economic and social consequences are not yet clear, the Global Impact Pool and its investments continue to develop well so far, confirming the relevance of the companies invested in. The investment partners appointed by the Global Impact Pool prove their worth by being selective with their investments, carefully assessing risks and opportunities.

The GIP ended the first quarter with assets under management of €116 million. The GIP management team has developed a very promising pipeline of new investments in recent months, with which the new assets under management can make impactful investments. An investment in Trill Impact was completed in the first quarter of 2021. Trill Impact is a Swedish Private Equity house that invests in impactful companies active in the field of energy transition, circularity and access to education for all.

The management team of the Global Impact Pool experienced a change this quarter. Marjoleine van der Peet has left Kempen Capital Management to focus on new challenges outside the organization. The search for a replacement for Marjoleine is currently in full swing, we expect to be able to introduce a replacement later this year. The overview below provides a brief overview of the most important developments in the portfolio this quarter per Impact theme.



Basic needs and well-being: African pharmacy chain Goodlife Pharmacy had a good start to the year, seeing its sales recover to pre-pandemic levels. In March, Kenya, the main market for Goodlife, was tightened up as a result of a sharp increase in the number of COVID-19 deaths. Opening hours of shops were limited and this was at the expense of Goodlife's turnover. Medgenome, the market leader in genetic diagnostics in South Asia, continues to develop and play an important role in the fight against COVID-19. Medgenome is part of a select group of labs appointed by the Indian government to conduct COVID-19 testing in the country.



Investments within the theme of **SME development and decent work** developed well this quarter. A significant part of the GIP's investments within this theme focus on (digitized) financial services (fintech) in developing countries. Financial inclusion is an important goal in itself, but also in achieving other SDGs. **WorldRemit**, a company that facilitates cross-border payments in emerging countries, continues to grow rapidly. The impact of WorldRemit is significant: with the company's services, migrant workers can transfer (part of) their salary at very low cost to their families in poor regions, improving the standard of living there. Several new investments were added to the GIP portfolio by our investment partners this quarter, including **CowryWise** in Nigeria. CowryWise is a digital platform that enables savings and investments from just USD 0.25.



One of the GIP's investment partners within the **Circular economy** theme focuses on sustainable agriculture and continued to provide loans during the quarter to, among others, cooperatives that give small-scale farmers access to better-paid markets that offer greater financial and operational stability. As usual for the first quarter of the year, most of the loans provided by this investment partner were in Latin America, where the coffee harvest provides a capital need for farmers in countries such as Costa Rica and Colombia. In Africa, loans were made to farmers active with cashew nuts, cotton and sesame.



With its investments within the **Climate and energy** transition theme, the GIP contributes to the transition to more sustainable energy sources. During the quarter, an investment partner of the GIP made good progress with the development of wind farms and solar energy parks, which will add sustainable capacity to the energy network in the foreseeable future. Approximately 35% of the investments by this partner relate to solar energy, 45% to Onshore wind projects and approximately 20% to Offshore wind projects.

Another investment partner of the GIP, with electrification of transport as a focus area, invested this quarter in **Ampersand** from Rwanda. Ampersand develops electric motorcycles (including battery) and finances the purchase of these motorcycles by taxi drivers. Motorcycles are the primary means of transportation in East Africa. By replacing regular motorcycles (with petrol engines) with electric ones, CO₂ emissions are reduced.



Ampersand develops electric motorcycles for the West African market, catering to the large market for moto-taxis



IMPACT CASE STUDY SOKOWATCH

WHAT

The fast-moving consumer goods (FMCG) sector, which includes product categories such as food, beverages, and personal care, has an annual spend in Africa estimated between USD \$270 – 900 billion and is expected to grow to over 1 trillion by 2025.³¹ These estimates vary so widely due to how informal this market remains. Informal retailers represent 60 – 80% of the FMCG sector and large corporates are unable to access the full length of the value chain due to lack of infrastructure. This leaves small retailers relying on a highly personal yet inefficient restocking system: when they run out of goods, they must close shop to go buy the goods they need with the cash they have on hand. Should they not have this cash on hand they have to rely on loans, most of which are inconvenient or expensive mobile consumer loans, to fund their businesses. Sokowatch aims to revamp supply chain markets for Africa’s informal retailers (i.e., dukas, or mom-and-pop shops).

WHO

Sokowatch has created a B2B e-commerce platform that connects merchants to local and multinational suppliers and digitizes orders, payments and delivery-logistics. The company’s main product is an ordering service that allows merchants to order goods via SMS or Sokowatch app for free delivery within 24 hours by (electric) tuk drivers. Based on the data intelligence on orders and merchants, the company offers a 7-day working capital product and smartphone financing. The company is currently operating in nine cities in Kenya, Uganda, Rwanda and Tanzania.

CONTRIBUTION

Sokowatch aims to reduce costs and increase profit margins for small merchants by revamping supply chain markets for Africa’s informal retailers that are largely still operating outside of the formal financial system. With no data on these businesses, traditional institutions have failed to cater appropriately for this segment. With its B2B e-commerce platform, the company targets small mom-and-pop retailers in urban areas that are the pro-typical focus of microfinance. 60% of Sokowatch’s merchants are women, with an average monthly income of \$50 – 100.

Along the way, Sokowatch discovered that merchants using its app were more likely to make larger and more frequent transactions, to increase their own inventory efficiency, and would benefit from access to working capital. Sokowatch expanded its offerings to include access to credit for inventory purchases, aligned with embedded business intelligence that shows shop owners how products are moving. Sokowatch is solving two of informal retailers’ major challenges - free and fast delivery (no shop closures in order to get access to goods) and working capital (no reliance on inconvenient and expensive personal loans).

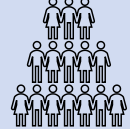
RISK

The impact Sokowatch aims to achieve faces the risk that the sector will be slower to adopt the e-commerce platform, leading to a delayed impact on the FMCG merchants and a lower participation rate than expected.



HOW MUCH?

13,636



Number of active retailers

646,307



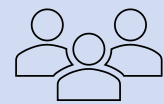
Total orders on the platform

1.7%



Credit default rate

401



Total jobs supported

PORTFOLIO OVERVIEW

The graphs below represent the make-up of the portfolio as of the end of March 2021 and take committed capital into account.

Overview Impact Partners per March 31

Icon	Partner	Fund name	Asset Class	Geography	Fund structure	Vintage year	Commitment	Fund size	Impact theme	SDGs
	ResponsAbility	Agriculture Fund	Private Debt	Developing markets	Open-end	2018	\$25 million	\$95 million		
	LeapFrog	Emerging Consumer Fund III (ECF 3)	Private Equity	Developing markets	Closed-end	2017	\$25 million	\$743 million		
	Quona	Accion Quona Inclusion Fund (AQF)	Venture Capital	Developing markets	Closed-end	2019	\$11 million	\$203 million		
	EIF	Ecosystem Integrity Fund IV (EIF 4)	Venture Capital	Developed markets	Closed-end	2020	\$15 million	\$201 million		
	KGAL	ESPF 4	Infrastructure	Developed markets	Closed-end	2017	€22 million	€745 million		
	NNIP	Green Bond Fund	Green Bonds	Developed markets	Open-end	2016	€20 million	€3.9 billion		
	Trill	Impact Fund	Private Equity	Developed markets	Closed-end	2020	€25 million	~€800 million		

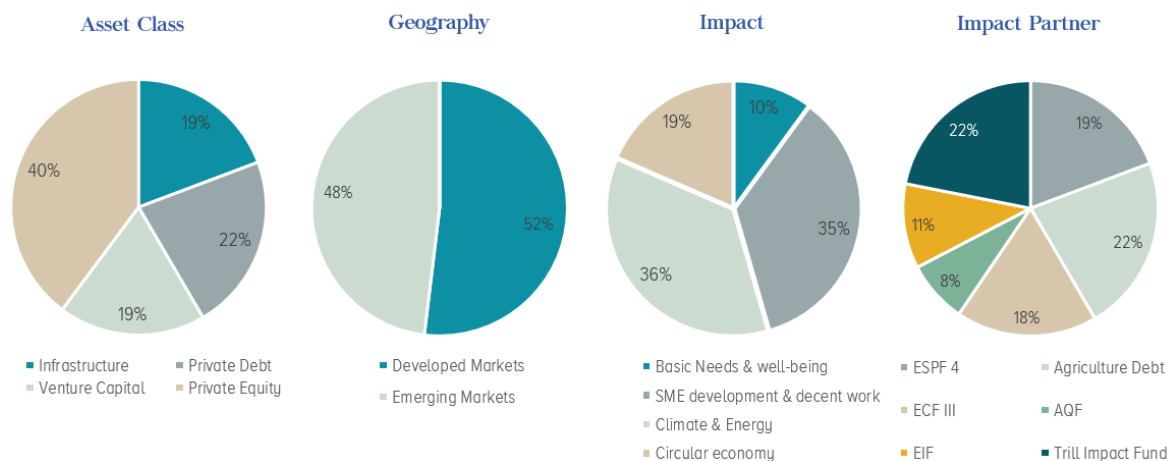
Good health & well-being

SME development & decent work

Climate & Energy

Circular economy

Portfolio overview per March 31, based on committed capital



FOOTNOTES IMPACT HIGHLIGHTS (P. 1)

- ¹ Impact of investment by GIP in Emerging Consumer Fund III (Q1 2021).
- ² Impact of investment by GIP in ESPF 4 (Q1 2021). Source for the pro-rated equivalent figure on water use is from Waternet. Calculation based on households using 52,000 litres per year.
- ³ Impact of investment by GIP in Emerging Consumer Fund III (Q1 2021), Inclusion Fund en Agriculture Fund (Q4 2020).
- ⁴ Impact of investment by GIP in Emerging Consumer Fund III, ESPF 4, Inclusion Fund (Q1 2021), Ecosystem Integrity Fund 4 and Agriculture Fund (Q4 2020).
- ⁵ Impact of investment by GIP in Agriculture Fund (Q4 2020). The equivalent figure on football fields is calculated based on field size of 6770 m³.
- ⁶ Impact of investment by GIP in ESPF 4, Trill Impact and Green Bonds (Q1 2021), Ecosystem Integrity Fund 4 (Q4 2020). Source for the equivalent pro-rated figure on Dutch household electricity usage is from <https://www.odusseemure.eu/publications/efficiencu-by-sector/households/electricity-consumption-dwelling.html>. Calculations based on figure that the average electricity consumption per household in the Netherlands is 3,051 kWh.
- ⁷ Impact of investment by GIP in ESPF 4 and Green Bonds (Q4 2021), Ecosystem Integrity Fund 4 (Q4 2020). Equivalent pro-rated figure on cars is from EEA. Calculation based on the average new car emitting 120 g/km and driving average 20,000 km.

MANAGEMENT AND ADMINISTRATION

Fund structure	Luxembourg SICAV Reserved Alternative Investment Fund ("RAIF")
Management company	Kempen Capital Management N.V. (AIFM)
Management team	Narina Mnatsakanian, Marjoleine van der Peet, Ralph Engelchor
Administrator/depositary	J.P. Morgan Bank Luxembourg S.A.
Auditor	PricewaterhouseCoopers
Legal advisor	Elvinger Hoss Prussen
Eligible for:	Professional and/or well-informed investors only

SUBSCRIPTIONS AND REDEMPTIONS

Subscriptions	Quarterly, 90 business days' notice before quarter end
Redemptions	After a 3-year lock-up period, quarterly liquidity on best-effort basis (90 days' notice)

SHARE CLASS DETAILS

Share class	ISIN	Management Fee (per annum)	Service fee (per annum)	Subscription fee (per annum)	Tax/Subscription/Redemption charges	Minimum Investment
FA Class	LU 1734080564				Founders' share class: closed for new investments	
FC Class	LU 1767084921				Founders' share class: closed for new investments	
B Class	LU1918768901	0.50%	0.20%	0.01%	None	€1,000,000
D Class	LU1918769115	1.00%	0.20%	0.01%	None	€125,000

CONTACT

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