

Global Impact Pool

QUARTERLY

Q4 2020



Beethovenstraat 300
1077 WZ Amsterdam
The Netherlands

P.O. Box 75666
1070 AR Amsterdam
The Netherlands

T +31 (0)20 348 8700

www.kempen.com



COMMERCIAL REGISTER
AMSTERDAM 33181992
KEMPEN CAPITAL MANAGEMENT NV
IS PART OF VAN LANSCHOT KEMPEN

DEAR INVESTOR,

We are pleased to report on the fourth quarter of 2020 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 FOURTH QUARTER



343,203

Underserved reached via
healthcare services¹

63,595 m³

Estimated water consumption
savings p.a.

Equivalent to the water used by

1,156 people in a year²



1,457,532

Underserved reached via
financial services³

5,839

Jobs supported⁴



149,576

Smallholder farmers reached⁵



30,674 MWh

Green energy generated p.a.

Equivalent to powering **10,054**
households in the Netherlands⁶

13,717 tons

CO₂ emissions avoided p.a.

Equivalent to **5,531 cars** taken
off the road for a year⁷



FINANCIAL RETURN

The Kempen Global Impact Pool (GIP) achieved a return of + 0.6% for the FA fund class in the fourth quarter of 2020. This brings the return for 2020 to -0.4%.

The GIP will enter its fourth year of existence in 2021 and the investment partners, the 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 year with assets under management of € 108 million. In recent months, the GIP management team has developed a very promising pipeline of new investments, allowing the newly entrusted assets to be invested impactfully.

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 is a theme that showed a mixed picture in the fourth quarter. The African pharmacy chain [Goodlife Pharmacy](#) is at the forefront of the COVID-19 pandemic, ensuring access to affordable healthcare in East Africa. Two companies active in the healthcare sector in East and West Africa ([Pyramid Pharma](#)) and India ([Ascent Meditech](#)) faced disruptions in the value chain, for example due to delayed product deliveries or a decrease in orders for non-urgent care. The impact of the investments within this theme is undeniable. However, [Medgenome](#), is making an important contribution to getting the virus under control in India, including purchasing COVID-19 tests and developing test kits for nationwide distribution. While the aforementioned Ascent Meditech has started to develop face masks to protect the population.



The investments within the theme **SME development and decent work** developed well this quarter. The theme is widely addressed by the GIP because our investment partners pay a lot of attention to the health, safety and job security of the employees of the portfolio companies in which the investment is made. A significant portion of GIP's investments within this theme focus on digitized financial services (fintech) in developing countries. (See also sub-goal 8.10 of the SDGs: "to expand the availability of financial services and insurance to all"). During the COVID-19 pandemic, fintech proves itself as a solid solution for financial inclusion because, despite global lockdowns, access to financial services is guaranteed. One of the investments, [Tarfin](#), provided in Turkey is accessible and affordable working capital to farmers, so that they can manage their business in an efficient and sustainable way.

The Indonesian [Julo](#) and the Colombian [Addi](#) provide small, short-term loans to households with a stable but low income with very limited access to credit. As a result, so-called "loan sharks" are avoided and households build up a credit profile. Over time, this credit profile offers access to a large number of services that can further contribute to the well-being of these households or further growth of a company.

Investments within this impact theme perform as expected and, in some cases, even above expectations, the result of higher than expected growth in demand for services offered.

Our investment partners within this theme have been very active in the fourth quarter, but also in the beginning of 2021, with new investments in high-impact companies. In the fourth quarter, for example, investments were made in the Brazilian [Monkey Exchange](#), a so-called Supply Chain Finance platform that offers small companies access to working capital that would otherwise not be available or at very high interest rates.



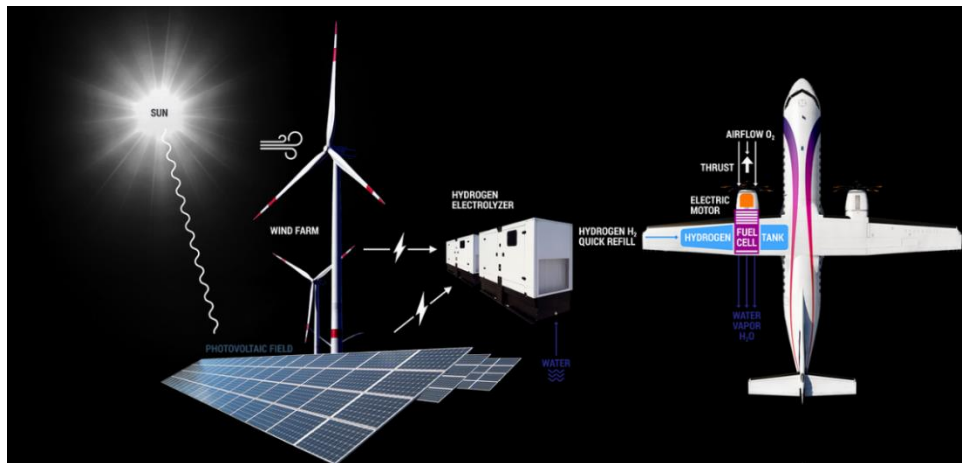
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

One of GIP's sustainable production and consumption investment partners focuses on sustainable agriculture and continued to provide loans during the quarter to cooperatives, among others, that give smallholder farmers access to better-paid markets that offer greater financial and operational stability. Most portfolio companies have shown resilience and activities are returning to pre-COVID-19 levels. However, loans are still issued with caution, with an emphasis on existing relationships. Another investment partner of the GIP focuses on investing in young but promising companies in the field of the circular economy. In the fourth quarter, an investment was made in [ThinkIQ](#), a company that has developed a total solution for tracking materials in the production process, with which food producers in particular can make their production process more sustainable and more efficient. This leads to improved quality, less waste and a higher yield.



7 AFFORDABLE AND CLEAN ENERGY

With its investments within the theme Climate and energy, the GIP contributes to the transition to more sustainable energy sources. During the quarter, an investment partner of GIP made good progress with the development of wind farms and solar energy parks, adding sustainable capacity to the energy network in the foreseeable future. Yet another investment partner invested in [ZeroAvia](#), a company focused on the development of a hydrogen-powered electric aircraft engine. The engine is an alternative to traditional kerosene-powered aircraft engines and has the potential to drastically reduce CO₂ emissions from the aviation industry.



ZeroAvia develops a sustainable aircraft engine, entirely based on renewable energy sources.



IMPACT CASE STUDY COOPERATIVA CAFÉ TIMOR

WHAT

Cooperativa Café Timor (CCT) is an investment of the Agriculture Fund located in Timor and addresses the impact theme of the circular economy, focusing on responsible production and consumption. According to the World Bank, 66% of the population in Timor earn less than \$3.20 per day. The CCT is helping over 26,000 smallholder farmers living in rural communities to earn a better living and get access to additional benefits such as health and social development services.

WHO

CCT is a large agricultural cooperative, focused on the export of organic and Fairtrade certified Arabica coffee. It is wholly Timorese-owned and managed for the benefit of its smallholder farmer families. The cooperative helps improve livelihoods in rural areas, an important focus, as nearly 80% of poor households live in rural areas in Timor. As an additional benefit to rural farming communities, CCT offers primary health and social development services from its eight fixed health clinics, three mobile clinic teams and village-level extension services.

CONTRIBUTION

Harvest financing is an important part of the liquidity management of small-scale farmers. With this form of financing, in which the farmer receives money for a crop before it is offered on the market, the farmer has access to capital that is necessary for the continuity of the enterprise. (equipment and raw materials.). Without financing, the company's continuity would be under constant pressure.



Nearly 30% of harvest financing is provided by the Agriculture Fund manager (responsAbility), having made disbursements to CCT since 2012. This was especially important during these COVID-19 affected times of economic hardship and increased unemployment, as CCT provides direct monetary support to its smallholder farmers via the purchase of their harvests. Due to a series of preventative precautions, CCT was able to operate fully during the 2020 harvest season. The purchasing methodologies were revised to minimize contact and exposure between smallholder farmers and employees. The revised system also resulted in greater efficiency, increased employment opportunities, and lower transmission risk. Ultimately, a higher than expected 13,900 tonnes of red coffee cherries were purchased from Fair Trade and Organic certified smallholder farmers. To successfully operate in the COVID-19 environment, CCT quickly developed strict COVID-19 protocols throughout its supply chain and facilities. They broadcast messages throughout villages using loudspeaker systems, disseminated basic information, and CCT's clinics remained open to treat an average 11,000 patients per month. CCT will play a critical role in its communities during the expected rollout of COVID-19 vaccinations. These health services are assisted via funding from the New Zealand government and Fairtrade premium proceeds that responsAbility supports through their disbursements to CCT.

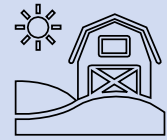
RISK

The use of certified hectares and training as impact indicators for CCT is reliant on the strength and monitoring of the activities. This creates evidence risk as agriculture practices may not end up being as sustainable as they indicate. COVID-19 produced an external risk that had the potential to disrupt the harvest season, and the ability for the investment in CCT to deliver its expected impact on smallholder farmer income. The protocols CCT implemented to prevent COVID-19 infections in its communities helped mitigate this risk.



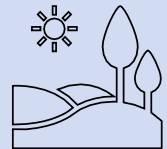
HOW MUCH?

26,700



Smallholder farmers members

28,108



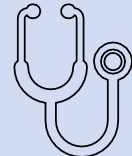
Certified hectares cultivated

3,750



Smallholder farmers trained

c. 100,000



People provided healthcare

500+



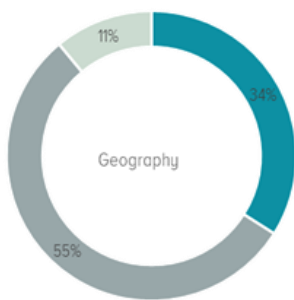
Rural staff employed

PORTFOLIO OVERVIEW

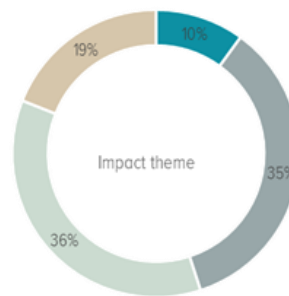
The graphs below represent the make-up of the portfolio as of the end of December 2020 and take committed capital into account.

Table: Q4 2020 portfolio including commitments

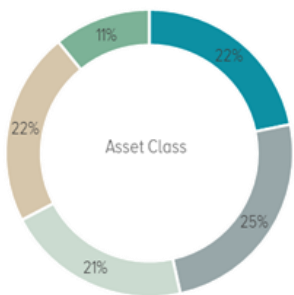
Icon	Partnership	Fund name	Asset class	Geography	Fund structure	Vintage Year	Impact Themes
	ResponsAbility	Agriculture Fund	Private Debt	Emerging Markets	Open-end	2018	
	LeapFrog	Emerging Consumers Fund III (ECF 3)	Private Equity	Emerging Markets	Closed-end	2017	
	Quona	Financial Inclusion Fund (AQF)	Venture Capital	Emerging Markets	Closed-end	2019	
	EIF	Ecosystem Integrity Fund (EIF 4)	Venture Capital	Developed Markets	Closed-end	2020	
	KGAL	ESPF 4	Infrastructure	Developed Markets	Closed-end	2017	



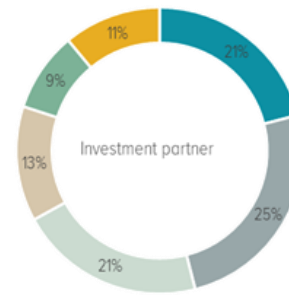
- Developed markets
- Developing markets
- Liquidity/ Green Bonds



- Good health and well-being
- SME development and decent work
- Circular economy
- Climate and Energy



- Infrastructure
- Private Debt
- Private Equity
- Venture Capital
- Liquidity/ Green Bonds



- ESPF 4
- Agriculture Fund
- ECF 3
- EIF 4
- AQF
- Liquidity/ Green Bonds

FOOTNOTES IMPACT HIGHLIGHTS (P.1)

¹ Impact of investment by GIP in Emerging Consumer Fund III (Q4 2020).

² Impact of investment by GIP in ESPF 4 (Q4 2020). Source for the pro-rated equivalent figure on water use is from Waternet. Calculation based on 1-person households using 52,000 litres per year. On average, 2-person households use 99,000 litres per year. Therefore, the water use of multi-person households is more economical than 1-person households (average household of 3 or 4 people).

³ Impact of investment by GIP in Emerging Consumer Fund III (Q4 2020).

⁴ Impact of investment by GIP in Emerging Consumer Fund III and ESPF (Q4 2020), Inclusion Fund (Q3 2020), and Agriculture Fund (Q4 2019).

⁵ Impact of investment by GIP in Agriculture Fund (Q4 2019).

⁶ Impact of investment by GIP in ESPF 4 and Green Bonds (Q4 2020). ⁹ Source for the equivalent pro-rated figure on Dutch household electricity usage is from <https://www.odyssee-mure.eu/publications/efficiency-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 2020). Source for equivalent pro-rated figure on cars is from the 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 (per annum)	FeeService (per annum)	feeSubscription (per annum)	taxSubscription/ 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

impactpool@kempen.nl

Luxembourg. Kempen Capital Management N.V. (KCM) is the management company of the Fund. KCM is authorized as a management company and regulated by the Dutch regulator Autoriteit Financiële Markten. The Sub-Fund is registered under the license of KCM at the Autoriteit Financiële Markten and not subject to Luxembourg supervision. The shares of the Sub-Fund are admitted for (public) offering in the Netherlands, the UK, France and Switzerland. The information in this document provides insufficient information for an investment decision. Please read the Key Investor Document (only for the Netherlands) and the prospectus. These documents of the Fund are available on the website of KCM (www.kcm.nl).

The Sub-Fund may have investments in financial instruments mentioned in this document and it may at any time decide to execute buy or sell transactions in these financial instruments. The views expressed in this document may be subject to change at any given time, without prior notice. The information in this document not intended and should not be considered as research, an investment recommendation or as an offer and provides insufficient information for an investment decision.

Although the contents of this document have been compiled with the utmost care, and are based on reliable sources of information, no guarantee or warranty is given and no liability is accepted, express or implied, regarding the completeness or accuracy of the contents.