

# Global Impact Pool

QUARTERLY

Q3 2021



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## DEAR INVESTOR,

We are pleased to report on the third 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 CO<sub>2</sub> emissions.

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

## IMPACT HIGHLIGHTS FOR THE THIRD QUARTER



**368,102**

Underserved reached via  
healthcare services<sup>1</sup>

**43,013 m<sup>3</sup>**

Water consumption savings (LTM)

Equivalent to the water used by **827**  
**people** in a year<sup>2</sup>



**2,654,972**

Underserved reached via  
financial services<sup>3</sup>

**3,960**

Jobs supported<sup>4</sup>



**136,584**

Certified hectares cultivated

Equivalent to the size of  
**201,749** football fields<sup>5</sup>



**19,474 MWh**

Green energy generated (LTM)

Equivalent to powering **6,383**  
**households** in the Netherlands<sup>6</sup>

**10,483 tons**

CO<sub>2</sub> emissions avoided (LTM)

Equivalent to **4,286 cars** taken  
off the road for a year<sup>7</sup>

Kempen



## FINANCIAL RETURN

The Kempen Global Impact Pool (GIP) achieved a return of 6.0% for the FA fund class in the third 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 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. The third quarter of 2021 marked the best quarter in terms of performance since the GIP's inception. The GIP's private markets investments were the largest contributor to this performance, a result of a more fully invested portfolio and portfolio companies starting to reflect their underlying potential. The GIP investment team is confident that the current portfolio is well positioned to benefit from impactful investments with solid financial returns.

*\* 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*

## PORTFOLIO DEVELOPMENTS

Over the course of the third quarter the GIP continued its mission to pool capital and scale impact on behalf of its participants. Assets under management grew to €130 million at the end of September. The GIP management team developed a very promising pipeline of new investments and has been able to commit significant capital in the second half of 2021. As mentioned in the second quarter update, the GIP committed additional capital to a new fund by GIP's investment partner for early stage investments in fintech companies that fuel financial inclusion in underserved, emerging markets. The investment will strengthen the GIP's exposure to the impact theme of SME development and decent growth. In the third quarter the GIP also committed new capital to its investment partner focusing on investments in sustainable infrastructure, increasing its exposure to the energy transition impact theme. Finally, in the fourth quarter, the Pool committed capital to an Indian asset manager, specializing in reducing the financial inclusion gap in India through the provision of loans to underserved households or SME's. This investment will be discussed in more detail in the fourth quarter update.

The overview below provides a brief summary of the most important developments in the portfolio this quarter per Impact theme.



**Basic needs and well-being:** Investments in this theme developed in a satisfactory way this quarter. [HealthifyMe](#) was added to the GIP's portfolio of companies in the third quarter. HealthifyMe is a rapidly growing mobile health and fitness app that combines technology with health and wellness experts to provide a fully digital product. It is India's and Southeast Asia's largest digital wellness platform catering to more than 25 million users in 300+ cities with over 1,500 coaches. In the third quarter the Pool added to its investment in [Medgenome](#), the diagnostics and research firm focusing on next generation sequencing, in order to drive future growth. Genomic sequencing is expected to anchor the future of medicine, yet the market remains significantly underpenetrated particularly in markets such as India & Africa that are not of European heritage.



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 such as no poverty, zero hunger and innovation. It has become evident that the COVID pandemic has accelerated the trend of digitization. In particular, in financial services and e-commerce, a large number of GIP's portfolio companies are benefitting from this trend and are experiencing impressive growth. The number of underserved people reached through the GIP's portfolio companies continued to increase as a result.

**Zepz** (formerly known as WorldRemit), the company enabling cross-border payments at low fees, performed extremely well in the third quarter as it raised new equity capital at a premium valuation, adding significantly to the returns of the GIP. Furthermore, several follow-on investments were made in fintech start-up companies, all reflecting good performance and higher valuations. **Ula**, the Indonesian company focused on empowering small store owners across Southeast Asia through digital commerce & fintech capabilities, was one of the companies to receive additional capital to further expand its business.



One of the GIP's investment partners within the **Circular economy** theme focuses on early stage companies that promote responsible production and consumption. One particular investment by this investment partner is a company called **For Days**, a zero-waste circular fashion brand. 100% of For Days products are recyclable. They plan and design for the end of a product's life at the beginning to make sure what is returned to them can go into future products. Please refer to our Impact Case for this quarter to read more about For Days' contribution to a more circular fashion industry.



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. One of the most exciting investments in our portfolio within this impact theme is the investment in **ZeroAvia**. ZeroAvia is producing the world's first commercial, zero-emission aviation powertrain. Initially targeting 20-seat airplanes, ZeroAvia's hydrogen electric powertrain is designed to be retrofit into existing aircraft. The company recently announced partnerships with Alaska and United Airlines to support the company's mission to replace dirty jet fuel with clean hydrogen power, validating the progress the company has made since its start.



*Each year in the U.S., the average person throws away nearly 81 pounds of used clothing. 95% of that waste could be reused or recycled. For Days is trying to fix that.*



## IMPACT CASE STUDY FOR DAYS

### WHAT

The global fashion industry is the second largest industry in the world, worth \$1.5 trillion. It is also the third highest polluting industry, responsible for 10% of global carbon emissions and a significant waste problem – both solid waste as well as chemical pollution of land, air, and water. Globally, an estimated 92 million tons of solid textile waste is created annually from the fashion industry. Fueled largely by increasing consumer demand and fast fashion, the waste problem is expected to worsen – textile waste is estimated to increase by about 60% between 2015 and 2030, reaching an annual total of 148 million tons. Over the past decade, consumers have grown increasingly aware of environmental and social issues within the fashion industry. As a result, large clothing brands face mounting consumer pressure to embrace higher sustainability standards throughout the garment lifecycle. Yet many barriers still exist, including a business culture dependent on “fast fashion,” a linear supply chain, design without consideration for recyclability, and limited options for resale and recycle.

### WHO

For Days is a New York based Direct to Consumer (DTC) manufacturer of organic and recycled basic clothing with a reverse logistics platform to recapture all used clothing for recycling or resale. Consumers accrue “closet cash” for all garments purchased and recycled that can be used on future purchases. For Days garments are 100% recyclable and made from organic cotton and recycled materials. While many “sustainable” brands have historically been accused of greenwashing based on tenuous claims of sustainable materials or manufacturing facilities, circularity is core to For Days’ business. Its business model not only allows consumers to directly reduce their textile waste, but it also offers customers a clear financial incentive to recycle their garments, delivering greater value for each purchase. The company is also forming partnerships to bring other brands onto its platform to participate in the circular offering.

### CONTRIBUTION

For Days contributes to circularity – that is, reforming the throw-away culture currently dominating fashion, and making sure that used clothing is salvaged and recycled into new useful products. One of the greatest opportunities for circularity resides in the largest area of waste in fashion: everyday “basic” (aka “essential”) clothing. In the U.S., high-use, everyday clothes are a \$185 billion market, but very little of it is organic, almost none of it is reused/recycled, and it is unsuitable for resale. The mission of For Days is to create a popular brand of basics, as a vehicle to accelerate the creation of a closed loop system in which all new clothing is recycled rather than disposed of in a landfill. Restructuring the way that everyday basic clothing is produced, used, and recycled paves a path to catalyze system-level change in the global fashion industry. With every t-shirt upcycled, over 3,000 liters of water is saved.

### RISK

The impact For Days aims to achieve faces execution and endurance risk via the reliance on customers to use their “closet cash” and develop a long-term relationship with the brand, in order to enable the execution of its circular business model. There is a risk that brand-loyalty is not strong enough and partnerships with other brands are unobtained, resulting in lackluster long-term positive impact.



### HOW MUCH?

Q3 2021 Figures

15,050 sold  
3,705 recycled



Number of garments

75 tonnes



CO<sub>2</sub> emissions avoided  
by customers

10,136 m<sup>3</sup>



Water savings from  
upcycled clothing

23 tonnes



Waste to landfills  
prevented

## PORTFOLIO OVERVIEW

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

### Overview Impact Partners per September 2021

	Partnership	Asset Class	Geography	Commitment	Impact themes	SDGs
	KGAL ESPF 4	Infrastructure	Developed markets	€22 million		
	KGAL ESPF 5	Infrastructure	Developed markets	€25 million		
	LeapFrog ECF 3	Private Equity	Emerging markets	\$25 million		
	Trill Impact	Private Equity	Developed markets	€25 million		
	Quona Inclusion II	Venture Capital	Emerging markets	\$11 million		
	Quona Inclusion III	Venture Capital	Emerging markets	\$15 million		
	Ecosystem Integrity IV	Venture Capital	Developed markets	\$15 million		
	ResponsAbility Agriculture	Private Debt	Emerging markets	\$25 million		
	NN IP Green Bonds	Green Bonds	Developed markets	€20 million		

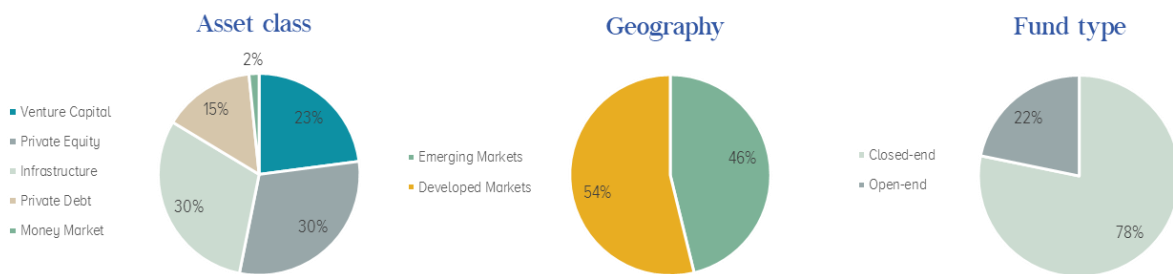
Basic needs & well-being

SME development & decent work

Climate & energy

Circular economy

### Portfolio overview per September 2021, based on committed capital



### FOOTNOTES IMPACT HIGHLIGHTS (P.1)

<sup>1</sup> Impact of investment by GIP in Emerging Consumer Fund III (Q3 2021).  
<sup>2</sup> Impact of investment by GIP in ESPF 4 (Q3 2021). Source for the pro-rated equivalent figure on water use is from Waternet. Calculation based on households using 52,000 litres per year.  
<sup>3</sup> Impact of investment by GIP in Emerging Consumer Fund III and Inclusion Fund (Q3 2021), Agriculture Fund (Q4 2020).  
<sup>4</sup> Impact of investment by GIP in Emerging Consumer Fund III, ESPF 4, Inclusion Fund (Q3 2021), Ecosystem Integrity Fund 4 and Agriculture Fund (Q4 2020).  
<sup>5</sup> Impact of investment by GIP in Agriculture Fund (Q4 2020). The equivalent figure on football fields is calculated based on field size of 6,770 m<sup>3</sup>.  
<sup>6</sup> Impact of investment by GIP in ESPF 4 and Green Bonds (Q3 2021), Ecosystem Integrity Fund 4 (Q4 2020). 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.  
<sup>7</sup> Impact of investment by GIP in ESPF 4, Trill Impact and Green Bonds (Q3 2021), Ecosystem Integrity Fund 4 (Q4 2020). Equivalent pro-rated calculation is based on EEA, with 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, 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 tax (per annum)	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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