

# Global Impact Pool

QUARTERLY

Q4 2022



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## DEAR INVESTOR,

We are pleased to report on the fourth quarter of 2022 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, while explicitly targeting a market rate financial return, 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 & well-being;



**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.

## IMPACT HIGHLIGHTS FOR THE QUARTER\*



**528,439**

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

**72,175 m<sup>3</sup>**

Water consumption savings (last 12  
months)

Equivalent to the water used by  
**1388 people** in a year<sup>2</sup>



**5,045,478**

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

**6,811**

Jobs supported<sup>4</sup>



**142,395**

Certified hectares cultivated

Equivalent to the size of  
**210,332** football fields<sup>5</sup>



**34,087 MWh**

Green energy generated (last 12  
months)

Equivalent to powering **10,901**  
**households** in the Netherlands<sup>6</sup>

**11,305 tons**  
CO<sub>2</sub> emissions avoided (last 12 months)

Equivalent to **5,258** taken off the  
road for a year<sup>7</sup>

Kempen



## FINANCIAL RETURN

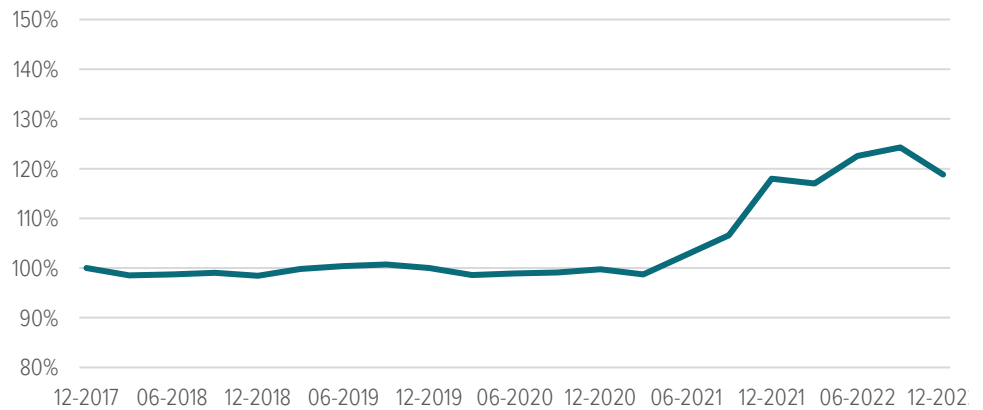
The Kempen Global Impact Pool (GIP) achieved a negative return of -4.4% for the FA share class during the fourth quarter of 2022, resulting in a return of 0.7% for the full calendar year. The average annualized return over the last 3 years is equal to 5.9%. Since the launch of the fund in the beginning of 2018, the fund realized an average annualized return of 3.5% for its participants.

Financial markets faced several strong headwinds during 2022, driven by rising interest rates, severe supply chain disruptions and high inflation. As a result of this challenging market environment, many asset classes eventually delivered negative returns. The balanced investment portfolio of the GIP, however, managed to deliver positive returns for the full calendar year. The Infrastructure and Private Debt part of the portfolio contributed positively to performance, while the Private Equity and Venture Capital components detracted slightly. For these two latter components, the negative effects from the macro-economic environment were mitigated by several strong valuation uplifts at the underlying individual company level. Another tailwind for the strategy was the strengthening of the US dollar throughout 2022.

The negative returns of the GIP during the fourth quarter of 2022 can mainly be attributed to the disappointing performance of the Private Equity, Venture Capital and Private Debt components. The weakening dollar also detracted from performance, as this decreased the Euro valuation of several US dollar denominated investment funds. With a strong performance in Q4 2022, partly as a result of several successful exits of underlying projects, the Infrastructure part of the portfolio contributed nicely to performance.

Detailed fund-level performance information is presented below. The GIP investment team is confident that the current portfolio is well positioned to combine impactful investments with solid financial returns as the GIP portfolio continues to mature in a promising way.

Indexed returns, since inception (FA share-class)



QTD	YTD	2022	2021	2020	2019	2018	3 Years*	Since inception*
-4.4%	0.7%	0.7%	18.3%	-0.3%	1.6%	-1.6%	5.9%	3.5%

\* Returns are annualized.

## PORTFOLIO DEVELOPMENTS

The GIP continued its mission to pool capital and scale impact on behalf of its participants during the last quarter of 2022. Assets under management increased to €178 million at the end of December 2022. This increase can be attributed to a strong inflow of client assets. On a net basis, there have been inflows of approximately €16.3 million for the GIP during the quarter. After quarter's end, a similar inflow occurred since around €16.0 million in capital was called from investors in the F-share class. This allows the GIP and its investment partners to deploy capital in a market that offers many opportunities at relatively attractive valuations.

During the fourth quarter of 2022, the team managed to deploy almost €16 million of new capital to the GIP's investment partners, who have been calling capital to fund new investments. Capital was called by nearly all of GIP's investment partners, with a significant amount drawn by KGAL (ESPF 5, European sustainable infrastructure), Trill Impact (Northern Europe Private Equity – broad impact mandate) and Quona Capital (Opportunity Fund, Emerging Markets Venture Capital focused on financial inclusion). The most capital was, however, called by our new investment partner Impax for their New Energy Investors Fund IV. This strategy can be labelled as European value-add sustainable infrastructure, as the focus of this strategy lies on investing in platforms which developed multiple sustainable infrastructure projects in Europe.

GIP's investment team has further enhanced its promising pipeline with new investment opportunities. The team added several promising opportunities to the pipeline. At the time of writing, the team was in the final stages of adding a new investment partner within the European Climate Venture Capital space. The team is furthermore excited to announce that it is close to completing the first co-investment transaction for the GIP, this deal centers around a company active within the Basic needs and well-being theme. More information on both these matters will be included in the next quarterly.

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



During the quarter, no additional capital was allocated to the **Basic needs and well-being** theme. As mentioned above, however, the team is expecting to soon be able to increase the exposure to this theme significantly through a co-investment opportunity. During this fourth quarter of 2022, the GIP's investment team spent a considerable amount of research capacity on this transaction, including a -site visit to meet the founders of the company.



Within the theme of **SME development and decent work**, our investment partners made good progress by completing new or follow-on investments in portfolio companies. Quona Capital, our investment partner focusing on early-stage fintech companies in underserved economies, called most capital to finance several transactions. Follow-on investments include **Destaxa**, **Castia**, **Creditas** and **Klar**. The latter two investments have been completed from Quona Capital's Opportunity Fund, which invest in the most successful and promising companies from Quona Capital's earlier funds. Examples of new investments for Quona Capital include **Turno**, **Franq**, **Power** and **Twinco**. **Turno** is an online platform which focusses on commerce, financing and lifecycle management for electric commercial vehicles in India. The Brazilian company **Franq** has created an open architecture platform which enables multiple financial advisors to distribute their financial services to their end-consumers. **Power**, a company operating in sub-Saharan Africa, uses embedded finance to offer financial services (like insurance or loans) to the African workforce. The European based **Twinco** has created a supply chain solution which is specifically aimed at providing finance to small and medium-sized companies in emerging markets, which eventually provides them better access to business opportunities and grow their business. All these companies perfectly align with GIP's impact target of providing essential, affordable financial services to low-income customers.



ResponsAbility, one of the GIP's investment partners within the **Circular economy** theme, focuses on providing working capital to (cooperatives of) smallholder farmers in developing countries. Most activity during the fourth quarter of 2022 occurred in Sub-Saharan Africa, where capital has been allocated to cocoa-organizations (West Africa), a cotton-producer (Uganda) and a new investee focused on coffee in Uganda. In Central and Latin America, all loans went to coffee producers as the coffee season is ongoing in the region. In India, disbursements went to two financial institutions with a focus on agriculture



With its investments within the **Climate and energy** transition theme, the GIP contributes to the energy transition towards more sustainable energy sources. During the fourth quarter of 2022, most capital was allocated to this theme as capital was called by four of our investment partners. As a result, the GIP's exposure to the Climate and energy theme increased significantly over the quarter.

EIF, GIP's investment partner that funds early-stage companies focusing on climate solutions, called capital to finance the investments in **AMP** and **T8N**. The US Headquartered company **AMP** offers both hardware and software solutions to manage the charging, discharging and battery health of electric vehicles. The Eight Notch, abbreviated as **T8N**, has created a software solution which identifies and merges package shipments that share a common or similar destination. This solution significantly reduces costs and emissions for large carrier consumers like UPS and FedEx.

Our European Impact Private Equity partner, Trill Impact, called capital to finance their investment in **RakSystems**, a transaction which they have completed earlier in the year. **RakSystems**, a Finish company, is the leading firm in the Nordics focused on building services like inspections, energy/life cycle assessment, certification and renovation projects.

KGAL, our German investment partner with currently two funds in GIP's portfolio, invests in the development of wind farms and solar energy parks in Europe. KGAL continued to make good progress with the development of its assets during the quarter, resulting in a decent amount of capital being called for their most recent fund (ESPF 5). This capital was used, among other things, to finance the construction of a solar power plant and windfarm in Italy together with financing development platforms in Germany and Spain. All these investments will soon add a significant amount of renewable energy capacity to the network.

Our new investment partner within this theme, Impax, called a considerable amount of capital to finance both the already existing portfolio and some new investments which have been completed more recently. The existing portfolio consists of several platform deals which focus on developing windfarms and solar plants in Germany, Poland, Greece and Italy. The most recent platform deals, for which capital was called this quarter, are aimed at developing solar plants in Italy, Ireland and the USA.

The impact case for this quarter focuses on the impact opportunity in India, as the GIP's investment team completed a field trip in this country in December 2022. The objective of this trip centered around (1) experiencing the impact which the portfolio companies are achieving, (2) meet and review the investment partners in their daily operations, and (3) source new investment opportunities in the country.



*India currently is the largest single country allocation of the GIP, representing around 17% of the total portfolio which amounts to an exposure of approximately €30 million.*



## IMPACT CASE STUDY THE IMPACT OPPORTUNITY IN INDIA

### WHAT

At the start of 2023, several analysts estimated that India's population had overtaken China and therefore should be considered as the most populated country in the world. With a rapidly increasing population of currently around 1.4 billion inhabitants, all living on a surface equal to a third of China or the United States, it is not a huge surprise that several significant challenges have arisen in the country. Examples include rapid urbanisation which have led to housing challenges and hygiene issues, a large part of the population not having access to financial services, or severe environmental challenges because of intensive agricultural practices and outdated transportation methods. Despite these challenges, the Indian market and economy is at the same time highly digitized and is frontrunning Developed Markets on certain technological developments. The lower- and middle-class population has access to a broad set of technological solutions, these solutions are accessible for the society at large due to high smartphone penetrations and low costs of data.

The Global Impact Pool has identified a massive opportunity in using these technological developments to solve social and environmental challenges and finance successful businesses in the country.

### WHO

With its exposure to India, the GIP mainly targets the underserved population and local environment in the country. Although the current portfolio in India provides exposure to all four GIP's impact themes, the focus currently specifically lies on the following themes: SME Development, Responsible Production (especially Agriculture) and Affordable Healthcare. End-beneficiaries for example include start-ups without a formal credit history, small-scale farmers in remote areas or families from deprived areas who are reached with affordable healthcare.

### CONTRIBUTION

India currently is the largest single country allocation of the GIP, representing around 17% of the total portfolio. This entails that, on behalf of the participants, GIP has allocated around €30 million of impact capital to this country with the aim to positively contribute to social and environmental issues. This exposure is divided over four investment partners (Quona Capital, LeapFrog Investments, ResponsAbility and Northern Arc), and over fifty underlying companies. Currently, MedGenome is the largest single Indian company in the portfolio. This genetic diagnostics company has diagnosed around 190 thousand Indians on important health metrics. Another interesting example is Shubham, an affordable housing lender, who has reached around 140 thousand consumers with their products.

### RISK

A risk exists that the intended impact on the underserved population and local environmental in India is not reached due to an adverse selection of Investment Partners and eventually disappointing performance of their underlying portfolio companies. However, the December 2022 fieldtrip has provided us comfort that the capital is allocated well. The investment partners all have a strong impact focus, and their underlying companies are achieving a significant amount impact. We were also impressed by the quality and drive of the founders and CEO's of the underlying portfolio companies.



### HOW MUCH?

1.4 billion



With an estimated population of over 1.4 billion, India currently is considered as the most populated country in the world.

17%



The current exposure of GIP's investment portfolio to India is approximately 17%, established through four investment partnerships.

>50

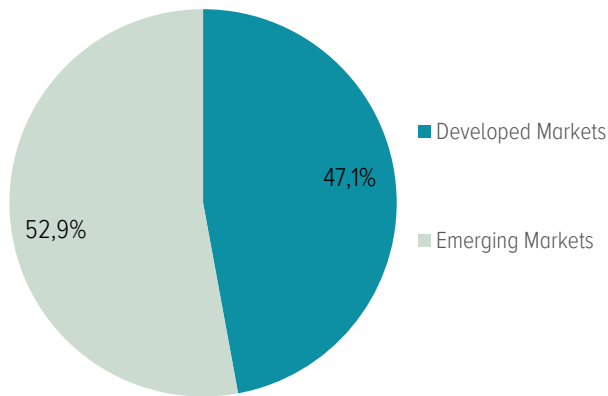


GIP currently holds a position in over 50 Indian portfolio companies who target all target a positive impact on underserved consumers or the environment.

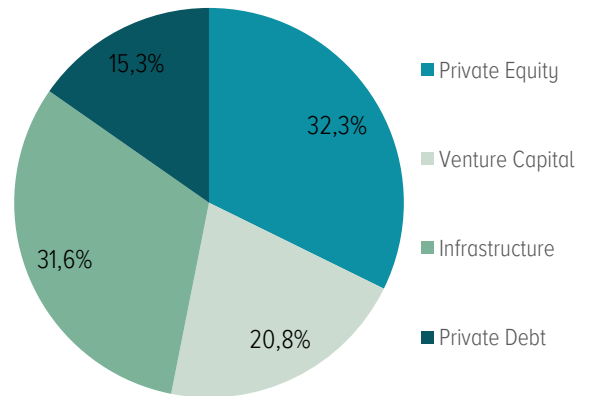
## PORTFOLIO OVERVIEW

The graphs and tables on the next two pages are reflecting the portfolio as of the end of December 2022 and are based on commitments made by the fund to its investment partners. Please note that GIP's investment partners typically invest out of closed-end funds that report with a significant lag. As a result, the look-through provided on a portfolio level will always lag by one quarter.

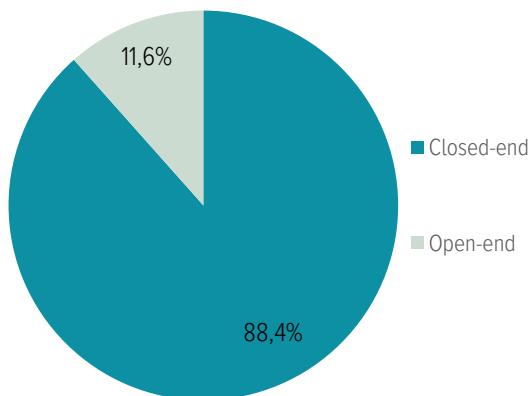
### GEOGRAPHICAL EXPOSURE



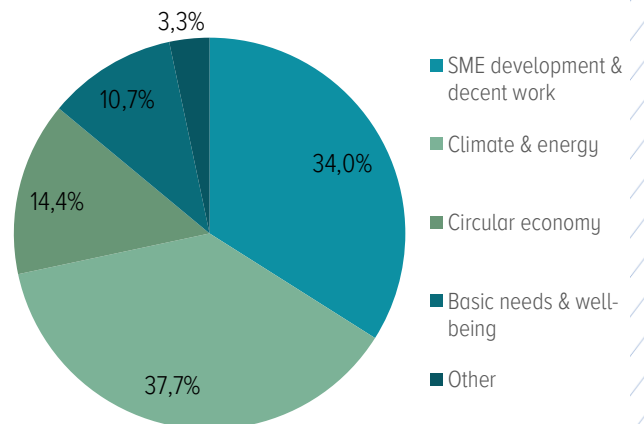
### ASSET CLASS EXPOSURE



### FUND TYPE EXPOSURE



### IMPACT THEME EXPOSURE



## Overview Impact Partners per Q4 2022

	Partnership	Asset Class	Geography	Commitment	Impact themes	SDGs
	KGAL ESPF 4 & 5	Infrastructure	Developed markets	€22 & 37.5 million		
	Impax NEF 4	Infrastructure	Developed markets	€20 million		
	LeapFrog ECF 3 & 4	Private Equity	Emerging markets	\$25 & 35 million		
	Trill Impact	Private Equity	Developed markets	€25 million		
	Quona Inclusion Fund 2 & 3	Venture Capital	Emerging markets	\$11 & 20 million		
	Quona Opportunity Fund	Late-stage Venture Capital	Emerging markets	\$10 million		
	Ecosystem Integrity IV	Venture Capital	Developed markets	\$15 million		
	ResponsAbility Agriculture	Private Debt	Emerging markets	\$31 million*		
	Northern Arc India Impact Fund	Private Debt	India	\$10 million		

\*Concerns Q4 2022 market value since this is a liquid investment without a commitment structure.

## Overview top-10 holdings look-through (based on Q3 2022 reporting)

Company	Sector	Investment Partner	Asset Class	Impact theme	Country	% of total value*
Zepz	Financial Services	LeapFrog Investments	Private Equity	SME development & decent work	Global	5.6%
ZeroAvia, Inc	Transportation	Ecosystem Integrity Fund	Venture capital	Climate & energy	US, UK	3.4%
GP Joule (ESPF 5)	PV & Onshore Wind	KGAL	Infrastructure	Climate & energy	Germany	2.6%
Bäckhammar	Onshore Wind	KGAL	Infrastructure	Climate & energy	Sweden	1.7%
Nordomatic	Industrial Services	Trill Impact	Private Equity	Climate & energy	Sweden	1.7%
MedGenome	Healthcare	LeapFrog Investments	Private Equity	Basic needs & well-being	India	1.5%
Raksystems	Industrial Services	Trill Impact	Private Equity	Climate & energy	Finland	1.5%
Wasoko	E-commerce	Quona Capital	Venture capital	SME development & decent work	East Africa	1.5%
Allurity	IT Services	Trill Impact	Private Equity	SME development & decent work	Germany	1.5%
Klar (AQF)	Financial Services	Quona Capital	Venture capital	SME development & decent work	Mexico	1.4%
<b>Total top 10:</b>						<b>22.3%</b>

## FOOTNOTES IMPACT HIGHLIGHTS (P.1)

\*In order to publish our quarterly reports in a more timely basis, there is a one-quarter lag on impact figures.

<sup>1</sup> Impact of investment by GIP in Emerging Consumer Fund III and Emerging Consumer Fund IV (Q3 2022).

<sup>2</sup> Impact of investment by GIP in ESPF 4 (Q2 2022) and Ecosystem Integrity Fund 4 (Q4 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, Inclusion Fund II, and Inclusion Fund III (Q3 2022) and Agriculture Fund (Q4 2021).

<sup>4</sup> Impact of investment by GIP in Emerging Consumer Fund III, Emerging Consumer Fund IV, ESPF 4, Inclusion Fund II, Inclusion Fund III, and Trill Impact (Q2 2022), Ecosystem Integrity Fund 4 and Agriculture Fund (Q4 2021).

<sup>5</sup> Impact of investment by GIP in Agriculture Fund (Q4 2021). The equivalent figure on football fields is calculated based on field size of 6770 m<sup>3</sup>.

<sup>6</sup> Impact of investment by GIP in ESPF 4 and Green Bonds (Q3 2022), Ecosystem Integrity Fund 4 (Q4 2021). 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 3,127 kWh.

<sup>7</sup> Impact of investment by GIP in ESPF 4, Trill Impact, and Green Bonds (Q3 2022), Ecosystem Integrity Fund 4 (Q4 2021). Equivalent pro-rated calculation is based on EEA, with the average new car emitting 107,5 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	Ralph Engelchor, Simon Oosterhof
Administrator/depositary	BNP Paribas Luxembourg S.A.
Auditor	PricewaterhouseCoopers
Legal advisor	Elvinger Hoss Prussen
Eligible for:	Professional and/or well-informed investors only

## SUBSCRIPTIONS AND REDEMPTIONS

Subscriptions	Quarterly, 10 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)	Anti-Dilution Levy (charged over commitment – one- off)	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					Subscription share class: closed for new investments
D Class	LU1918769115					Subscription share class: closed for new investments
E Class	LU2437452258	0.50%	0.20%	0.01%	1.50%	€1,000,000
F Class	LU2437452332	1.00%	0.20%	0.01%	1.50%	€125,000

## CONTACT

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