Global Impact Pool

QUARTERLY INVESTOR LETTER

Q4 2019

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DEAR INVESTOR,

We are pleased to report on the fourth quarter of 2019 on 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:

1. contribute to the provision of basic goods & services for the underserved including water and health & wellbeing;
2. provide for decent jobs with fair employment practices to eradicate poverty;
3. support sustainable consumption and production aimed at doing more and better with less, and;
4. contribute to abundant clean energy and reduction of CO_2 emissions.

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

IMPACT HIGHLIGHTS

5,200[1]
Farmers reached

550,000[2]
Consumers reached with affordable financial services and healthcare

10,300 Tons[3]
CO_2 avoided

Equivalent to

Annual emission of
4,150
Cars

[1] Impact of the investment by GIP in Agriculture Fund (Q4) and Organic Growth Fund (per Q3)
[2] Impact of the investment by GIP in Emerging Consumer Fund III (per Q3)
[3] Impact of the investment by GIP in the Green Bond Fund (per Q4)

Kempen

FINANCIAL RETURN

Over the quarter the Global Impact Pool posted a positive return of -0.7% for the FA class, bringing year to date return to +1.6%. The investments in the Agriculture Debt Fund and ESPF 4 contributed positively to performance. The Organic Growth Fund and the Green Bond Fund detracted from performance.

PORTFOLIO HIGHLIGHTS

Most investments continued to develop well over the fourth quarter of 2019. At the end of the quarter, the GIP team successfully concluded its due diligence on an investment in the Accion Quona Inclusion Fund (AQIF). AQIF focuses on financial inclusion by making investments in early-stage fintech companies in Emerging Markets. As a result, this latest investment focuses on SDG 8: Decent work and economic growth. More specifically, the fund focuses on sub goal 8.10: "Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all".

More details on the impact targets and the investment strategy of AQIF can be found on the fund one pager in this Quarterly Report. An example of an investment of this fund is highlighted in the Impact Case Study.

Emerging Consumer Fund III participated in a follow-on investment in Goodlife Pharmacy this quarter. The investment enables Goodlife to continue its growth in the years to come. Goodlife reached 1.4 million people in the last 12 months. The company employs 322 people of which 60% are female.

Agriculture Fund continues to deploy capital towards financing and growing agricultural small- and medium- sized businesses with a specific focus on ensuring fair prices and wages for farmers and workers, protecting the environment, and a safe work environment. They continue to manage a diversified portfolio of 64 institutions in 35 core countries, reaching 16,043 farmers.

ESPF 4 added three new projects to its investment portfolio. The solar park projects are still in the development stage and are located in Portugal, Poland and Germany.

Organic Growth Fund (OGF) had a challenging quarter as it had to make downward adjustments to the valuations of some of its portfolio holdings, the result of deteriorating profitability of those companies. This had a negative impact on OGF's performance this quarter. In January 2020, the GIP-team decided to fully redeem its small investment in OGF. The GIP team has concluded that OGF is not well positioned to grow its portfolio and assets sufficiently, all prerequisites for a longer term (additional) investment by GIP. On top of that, the impact investing market is developing rapidly, and the GIP team believes that a number of impact investment managers that are currently raising funds might provide good alternative opportunities to be exposed to the theme of responsible consumption. The GIP team expects to introduce a replacement for OGF during the 2020 calendar year.

Green Bond Fund continues to be a diversified portfolio of bonds where the proceeds will be applied to finance new or existing projects that have a measurable positive impact on the environment. The portfolio has 98 issuers and 163 issues. Impact is measured amongst others by SDG 7: Affordable and Clean Energy, and more specifically by Greenhouse gas emissions avoided. Through the investment in the Global Impact Pool 10,300 tons of CO_2 was avoided, which is the equivalent of emissions from 4,150 cars.

For further details on the developments of the funds in which the Global Impact Pool is invested, please see the Fund 'one-pagers' at the end of this letter.

IMPACT CASE STUDY
ZESTMONEY

ZestMoney is an investment from the Accion Quona Inclusion Fund (AQIF), the most recent GIP investment. With its digital lending platform, ZestMoney provides small, short-term loans to Indian consumers and small businesses that would often not be eligible for a loan.

There are several reasons why the accessibility of small loans is limited in India. The most important ones are: 1) The lack of a credit history prevents traditional lenders, such as banks and credit card companies, from providing credit because they are unable to estimate the risks, 2) The costs of providing a small loan are too high and margins are too low. As a result, traditional lenders prefer not to offer such a product. As a result, 60% of the Indian population is experiencing difficulties in obtaining credit.

The above is in fact a local representation of a global problem: the "financial inclusion gap". It is estimated that 1.7 billion people worldwide do not have access to financial services. These people are often living in poor, rural areas. Various studies show that access to financial services has a very positive effect on the prosperity of people and businesses. Poverty decreases, people are better able to protect themselves against health and financial setbacks, and the efficiency of someone's personal financial planning increases.

ZestMoney, founded in 2015, aims to make a positive contribution to reducing the "financial inclusion gap" by providing a solution for consumers without a credit history and with a relatively small credit requirement. The ZestMoney solution is best compared to a digital credit card, which provides small loans that are repaid in monthly installments.

The ZestMoney service can be used both online and offline. By using technology to analyze available and relevant data (focused on estimating capacity to repay the loan), ZestMoney is able to perform a good risk analysis. This can also be offered to people without a credit history. The services provided are largely digital, the costs of serving a customer are relatively low, which creates a healthy margin on the provision of loans. By taking out loans with ZestMoney, a credit history is developed by the customer, which also makes traditional lenders accessible. In this way, financial inclusion is achieved to a greater extent.

ZestMoney is a responsible digital lender. The fact that the company is focused on protecting its borrowers was an important condition for the investment by AQIF. The interest on a loan provided by ZestMoney is usually between 20-32%, depending on the risk profile. This interest is considerably below the interest rates charged by credit card companies, payday lenders and the unorganized credit market. ZestMoney is often the first party to provide a loan. This applies to around 30% of the customer base. Smaller loans are initially granted, but as a track record is developed whereby the borrower proves to be a reliable counterparty, the size of the loan may increase. When it comes to privacy, ZestMoney also pursues a responsible policy in which data from mobile phones of its customers is not collected unsolicited, a common practice amongst competitors.

IMPACT MEASUREMENT

KEY METRICS - ZESTMONEY

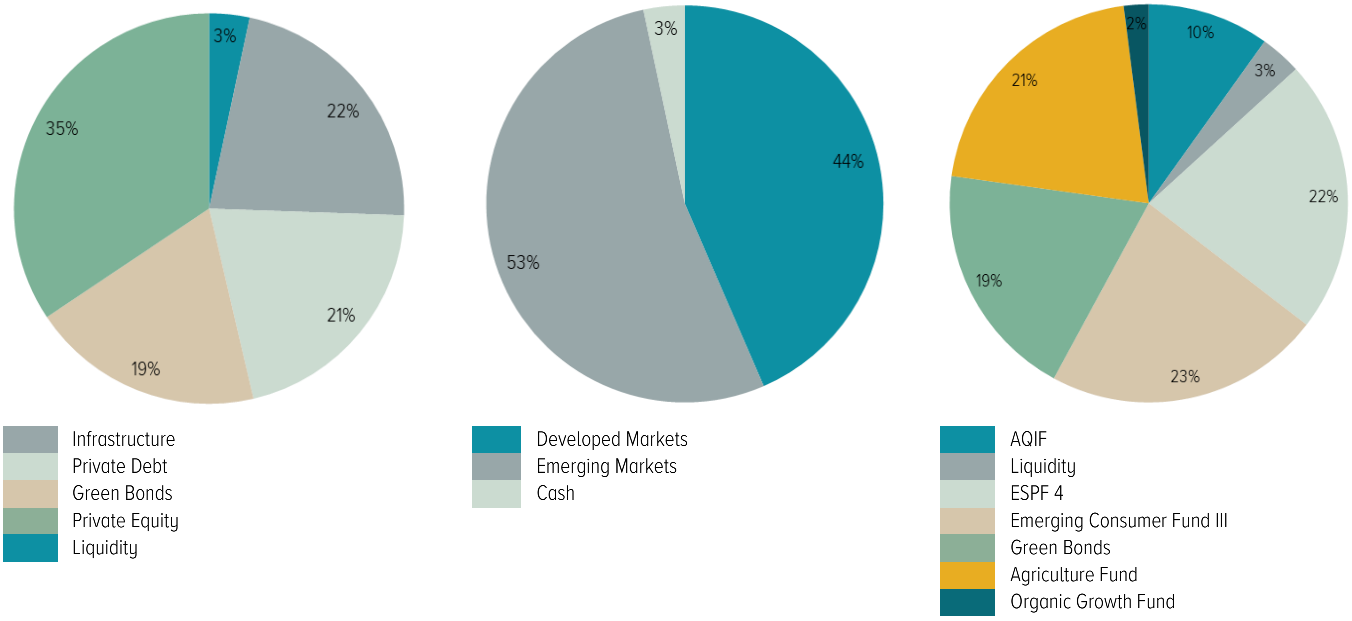
	Q3 2019
Loans disbursed in Q3: number / value	244,000 / $40,000,000
Number of clients	283,000
Of whom are underserved	235,000
Average interest rate on the loan portfolio	31%

PORTFOLIO OVERVIEW

The graphs below represent the make-up of the portfolio as of the end of December 2019 and take committed capital into account. Please note that as capital calls are handled within the Global Impact Pool some of the current allocation to Green Bonds serve as a temporary investment until capital gets called. We also expect the allocation to Green Bonds to come down as we are working on several new investments, which will continue to diversify exposure in the Pool.

Table: Q4 2019 portfolio incl. commitments

ASSET CLASS | GEOGRAPHY | INVESTMENTS



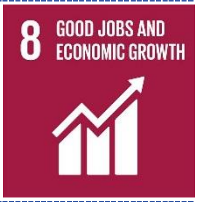
Source: Kempen Capital Management

ENHANCED SUSTAINABLE POWER FUND 4

CHARACTERISTICS

Asset Manager	KGAL
Structure	Closed-end
Focus	Infrastructure – Renewable Energy
Fund size	€745 million

IMPACT MEASURED



KPI*	Q3 2019
Renewable solar energy capacity added	448 MWp
Renewable wind energy generated p.a	117 MW
Renewable wind energy capacity	28 MW
Renewable solar energy capacity	26 MWp

** Based on the total fund investment amount.*

** Results are based on eight projects in the Fund of which two are operational.*

Source: KGAL 2019 Q3 Report, Q4 was not yet available

The Enhanced Sustainable Power Fund 4 (ESPF 4) aims to support the transition towards energy supply by renewable resources. To do so, the fund invests in both development (greenfield) and enhancement (brownfield) renewable energy infrastructure projects.

Transitioning the world's energy supply from fossil fuel sources to renewable resources is key to reducing carbon emissions and thereby counter the trend of climate change. Climate change threatens ecosystems and food supplies, possibly resulting in hunger, poverty and conflict. It is therefore our responsibility to counter this trend for ourselves, our planet and future generations.

ESPF 4 addresses this responsibility by investing in renewable energy sources. Since global primary energy demand is expected to continue to grow, driven by population growth, urbanisation and growing electrification, it is essential to support the transition of the energy sector in the long-term. By investing in assets that have a smaller CO_2 footprint and use less water than fossil power generation assets, the Fund contributes to a more sustainable global energy mix.

All of the assets the Fund invests in will be located in developed European markets and form the core plus backbone of the fund. Less mature renewable markets, such as some Eastern European countries, will be targeted to find brownfield projects for the purpose of buy-and-hold (20% of portfolio). Stable cash flow generation is required for this asset class.

FOURTH QUARTER UPDATE

The management team added three new investments to the portfolio during the fourth quarter, all of which are in the development phase. The investments have been made in Portugal, Poland and Germany all focusing on the development of new solar parks. The expected capacity of the developed solar parks is 156 MWp.

Next to the three investments added in the fourth quarter, the portfolio consists of three projects that are currently being developed: i) an onshore wind project in Sweden with an associated capacity of 130 MW, ii) a solar park in Spain with an associated capacity of 50 MWp, iii) a solar park in Italy with a planned capacity of 51 MWp. Two projects in the portfolio have already been built: i) an offshore wind farm along the coast of Germany with a capacity of 402 MW, and ii) a solar park in Bulgaria with a capacity of 43 MWp.

ESPF 4 added three investments, solar parks to be developed, to the fund in the fourth quarter

AGRICULTURE DEBT FUND

CHARACTERISTICS

Asset manager	ResponsAbility
Structure	Open-end
Focus	Agriculture debt
Fund size	$82 million

IMPACT MEASURED

KPI*	Q4 2019
# of farmers reached	16,043
# of farmers in fair agriculture organisations	2,701, 945

Source: responsAbility Q4 2019 report

** Numbers reported for the full Agriculture Debt Fund*

Agricultural supply chains are often fragmented and inefficient, particularly in emerging markets, which is one important reason why many smallholder farmers are unable to free themselves of the poverty trap. More efficient supply chains help smallholder farmers receive better access to production goods, capital, training and innovations. At the same time, the income can be distributed more fairly between the participants in the supply chain. Supply chains that function smoothly also benefit the processors and distributors, as it makes it easier to trace the origin of food products.

By investing in growing SMEs that operate along agricultural value chains, the Agriculture Debt Fund allows smallholder farmers to access stable and higher-paying markets and therefore provide them with more financial stability. The existing supply of financing in agriculture in emerging markets does not meet what is needed to improve smallholders' livelihoods and develop sustainable, strong supply chains. The Fund aims to fill this gap by targeting the 'missing middle', i.e. growing SMEs that have already a track record of a few years and cannot access microfinance loans anymore but cannot yet access the financing of well-established financial institutions

FOURTH QUARTER UPDATE

ResponsAbility provided a loan in the fourth quarter to an innovative Indian company that specializes in so-called "post-harvest management". The company offers a solution to a major problem in India: lost revenue due to a spoiled harvest. It is estimated that around 20% of harvested grain is lost in India due to insufficient attention to quality management. By offering state-of-the-art storage services, the shelf life of a harvest can be extended, thereby increasing the yields for a farmer.

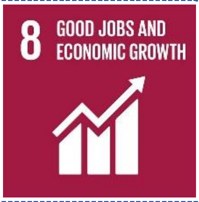
Fund top 5				
Regional Split			Commodity Allocation	
Asia Pacific	38.8%		Coffee	23.5%
Sub-Sahara Africa	18.4%		Cocoa	15.4%
Middle East and East Africa	11.8%		Nuts	11.2%
South America	6.8%		Grains	10.2%
Central Asia	6.4%		Seed oils	8.1%

This quarter, the Agriculture Fund financed a company that helps farmers with "post-harvest management", which increases the yield of a harvest for the farmer.

CHARACTERISTICS

Asset Manager	LeapFrog Investments
Structure	Closed-end
Focus	EM Private Equity
Fund size	$743 million

IMPACT MEASURED



KPI*	Q3 2019
# Jobs supported	3,763
# Direct Customers	16.1 million
# Emerging Consumers Reached	22.5 million

Source: LeapFrog Q3 report, , Q4 was not yet available

** Numbers based on the total investment of the fund.*

EMERGING CONSUMER FUND III

The LeapFrog Emerging Consumer Fund III aims to address two specific problems. Firstly, the lack of social safety nets in developing countries that mean that adverse financial or health events can push people back or deeper into poverty. Secondly, the lack of "springboards" such as access to credit or quality healthcare that help low income people manage their risks, accumulate assets, and take entrepreneurial leaps out of poverty.

The LeapFrog Emerging Consumer Fund III is a private equity fund focused on providing growth capital to Emerging Markets small and mid-cap firms (non-listed), whilst taking significant minority or majority stakes. The Fund focuses on providing financial services to underserved consumers such as insurance, savings, pensions, payments and credit. These tools directly mitigate financial shocks and reduce costs for low income people, providing safety nets as described above.

FOURTH QUARTER UPDATE

During the fourth quarter of 2019, the fund made a follow-up investment in GoodLife Pharmacy, one of the existing portfolio companies. During the quarter, the LeapFrog team was focused on the further development of its investment pipeline. For three potential investments in Indonesia, India and Ghana, a due diligence process was initiated this quarter. In addition, seven other potential investments are eligible for further investigation. We expect that the team will add several new investments to the Emerging Consumer Fund in 2020.

The Emerging Consumer Fund III currently has six impact companies in its portfolio. The invested capital is roughly equally divided between companies active in the healthcare sector and financial service providers. Just over half of these companies are active in Asia, with India in particular.

Goodlife received a follow-on investment this quarter

CHARACTERISTICS

Asset Manager	Triodos IM
Structure	Open-end
Focus	DM Private Equity
Fund size	€54.6 million

IMPACT MEASURED

KPI*	Q3 2019
# farmers reached	23,555
# waste avoided	6.300 ton

Source: Organic Growth Q3 2019 report

** Numbers reported for the full Organic Growth Fund*

ORGANIC GROWTH FUND

We consume more natural resources than the earth can provide. This global overuse leads to natural resource depletion, such as declining soil fertility and increasing pollution and scarcity. There is a loss of biodiversity and decreased resilience in the supply chains of food and other consumer products. Even though food has never been cheaper, the prices we pay do not reflect the true prices as they do not include the damage that food production and consumption patterns are causing to the environment, soil, biodiversity, rural communities and public health. These costs are in fact deferred onto future generations.

The Organic Growth Fund addresses these challenges in the consumption and production chain by investing in the much-needed transition to more sustainable agricultural systems and consumption patterns. They do this by providing long-term, mission-aligned, private capital to leading European organic food and sustainable consumer businesses. While the countries they are currently invested in generally score high on most SDGs their score on Responsible consumption (SDG 12) is rather low. Therefore, investment in these countries (Netherlands, Denmark, Sweden) in sustainable consumer businesses can be said to be positively contributing to this good.

TOGF focuses on private equity investments in leading later-stage European organic and sustainable consumer businesses with a relevant track record (10+ years). The typical investment resembles a participation approach, in which capital is provided to foster and execute an existing business strategy rather than trying to unlock value by optimising the capital structure of a company or being overly involved in managing the business.

FOURTH QUARTER UPDATE

In the fourth quarter, the fund realized an impactful exit with the sale of organic supermarket Marqt to Udea, a wholesaler of organic foods, natural drugstore products and sustainable non-food. Udea is also the franchisor of the organic supermarket chain Ekoplaza.

Exit note:

At the start of the first quarter of 2020, the portfolio managers of the Global Impact Pool decided to sell the investment in OGF. Although GIP supports the impact objective of the Organic Growth Fund, the team did not see enough opportunities to expand the position in the fund to a meaningful level. The team expects to present an alternative investment in 2020 that responds to the theme of responsible consumption.

In Q4, OGF realized an impactful exit, with a financial return, with the sale of the organic supermarket Marqt to Udea.

GREEN BOND FUND

CHARACTERISTICS

Asset Manager	NN IP
Structure	Open-end
Focus	Green Bonds
Fund size	€1.2 billion

IMPACT MEASURED

KPI*	Q4 2019
Annual Greenhouse Gas Emissions Avoided*	657,689 CO_2

Source: NN IP December 2019 Report

**Based on the total investment by the Fund. Based on the average GHG reduction reported by following share of portfolio: 63%*

It is now common knowledge that increasing Greenhouse gas emissions are leading to significant climate change, including rising sea levels and more extreme weather. This climate change has a direct and indirect impact on everyone on earth.

The replacement of fossil fuels with clean and renewable energy sources is an important part of the solution for the climate change problem. Making buildings and transport more energy efficient also accelerates mitigation of climate change. Lastly, offering green alternatives for fossil fuel related transport (shipping and air traffic) plays the third key role in reducing the emissions of CO_2 and other greenhouse gasses.

The Green Bond Fund aims to address the problem of climate change and its consequences. To do so, the Fund helps companies and governments finance green projects which contribute to both mitigating and adapting to climate change.

The NN Euro Green Bond Fund therefore tries to build a bridge between the private sector and the needed investments to mitigate and adapt to climate change. The Fund invests in bonds whose proceeds are specifically to be used for projects that are categorised as renewable energy, green buildings or clean transportation.

FOURTH QUARTER UPDATE

The Green Bond Portfolio continues to be a diversified portfolio of bonds where the proceeds will be applied to finance new or existing projects that have a measurable positive impact on the environment. The portfolio has 91 issuers and 134 issues. Impact is measured amongst others by SDG 7: Affordable and Clean Energy, and more specifically by 'Greenhouse gas emissions avoided'. Through your investment in the Global Impact Pool close to 10,340 ton of CO_2 was avoided, equivalent to the annual emission of 631 households or 4,150 passenger cars.

An example of one of the investments is the Green Bond issued by Vesteda, a home investor that focuses on the rental of properties in the middle segment. The proceeds from the issue are used by Vesteda to finance sustainable housing or to make existing homes more sustainable

With the proceeds from the green bond issued by Vesteda, Vesteda is investing in sustainable housing or making existing homes more sustainable

KENMERKEN

Asset Manager	Quona Capital
Structure	Closed-end
Focus	Venture Capital
Fund size	$184 million

IMPACT MEASURED

KPI's (starting Q1 2020)	Q1 2020
# jobs supported	
Emerging consumers reached	
Direct customers	

ACCION QUONA INCLUSION FUND

Financial technology (fintech) increasingly offers access to financial services in regions within emerging markets where this access is by no means always taken for granted. Fintech is conquering in an increasingly larger place in the global financial sector.

The main reasons for this are:

- High penetration of smartphones and mobile devices (available everywhere)
- Storage in the cloud (cheap and efficient)
- Social media and online networks (network effect)
- Big data analytics

Fintech services assist consumers and businesses in saving money and time, gaining access to basic services such as healthcare and education, obtaining credit for their own businesses and efficient payment transactions. The subsequent impact of this is that poverty decreases and economic growth, and with it employment, is stimulated.

The Accion Quona Inclusion Fund (AQIF) aims to address the problem of (the lack of) financial inclusion, particularly in emerging markets. To achieve this, the fund invests in fintech startups that serve a large group of consumers and companies with their services that are unable, or have poor access to, affordable financial services. AQIF invests in fintech startups that use technology that has already proven itself, but that use it in a different market or for a different purpose. The fund focuses on investments in India, Brazil, Mexico, Indonesia and South Africa. Fund manager Quona Capital specializes in making investments in the field of financial inclusion. Quona stems from Accion, a non-profit organization focused on financial inclusion, and therefore has an intrinsic motivation to combine impact and financial return.

FOURTH QUARTER UPDATE

GIP has allocated capital to AQIF in the fourth quarter. The managers of GIP are enthusiastic about the opportunities of fintech in emerging markets, both from a financial and an impact perspective. GIP participated in the fund's fourth close in December 2019, bringing the fund to $ 184 million. One of the fund's investments is ZestMoney, the Impact Case Study of this quarterly report. Finja (Pakistan) is another example of an investment from AQIF. Finja provides small entrepreneurs with technology with which small payments can be processed (a so-called mobile wallet). During a visit to a market in Lahore, where the service of Finja is used, Queen Maxima received a briefing about the operation of this mobile wallet from Finja.

Finja provides small entrepreneurs with technology with which small payments can be processed

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, Ulrike Beyrich, 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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