

# Global Impact Pool

QUARTERLY

Q4 2021



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IS PART OF VAN LANSCHOT KEMPEN

## DEAR INVESTOR,

We are pleased to report on the fourth 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 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

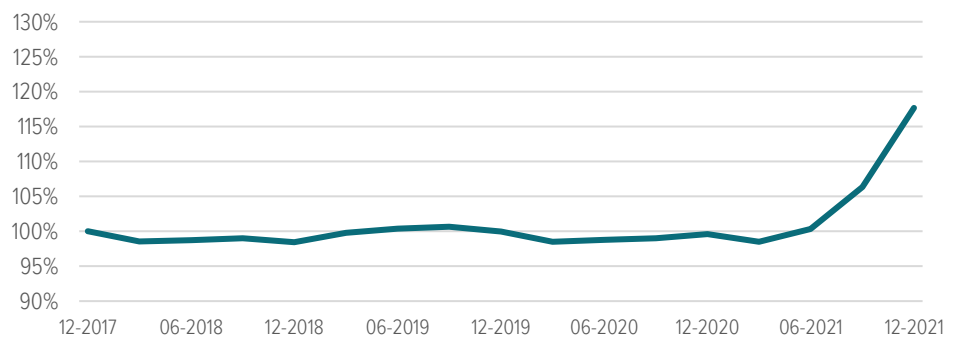


## FINANCIAL RETURN

The Kempen Global Impact Pool (GIP) achieved a strong return of 10.7% for the FA share class during the fourth quarter and a return of 18.3% for 2021. With this last quarter of the year, the GIP completed a four year track record with an annualized return of 4.2% since inception.

The GIP continued its good performance from the previous quarter, as the fourth quarter of 2021 recorded the GIP's best return since its inception in 2018. The GIP's private markets investments were the largest contributors to this performance, a result of a more fully invested portfolio and portfolio companies starting to reflect their underlying potential. Detailed performance information is presented below. The GIP investment team is confident that the current portfolio is well positioned to marry impactful investments with solid financial returns.

Indexed returns, since inception (FA share class)



QTD	YTD	2020	2019	2018	3 Years**	Since inception**
10.7%	18.3%	-0.3%	1.6%	-1.6%	6.2%	4.2%

\* 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

\*\* Returns are annualized.

### Introduction of new share classes per March 1, 2022

On March 1<sup>st</sup>, the E and F share classes were introduced, effectively replacing the B and D share classes. The changes will not impact (the terms of) current positions in existing share classes.

While the F share class will essentially be a replica of the D share class (capital immediately 'called' from investors, max. investment of €1 million), the E share class (accessible with investments larger than €1 million) will have a commitment structure. This commitment structure will allow the investment team to call capital efficiently from clients based on capital needs of the portfolio. As a result, the investment team is able to manage liquidity in the portfolio which is beneficial for financial and impact returns and thus in the interest of existing and new participants.

A 1.5% Anti-Dilution Levy will be charged when investors commit new capital to the GIP. This one-off charge is to compensate existing participants for the dilution of their holding, triggered by new capital inflows and subsequent commitments to underlying funds.

Please reach out to your point of contact within Van Lanschot Kempen for additional information regarding the above.

## PORTFOLIO DEVELOPMENTS

The GIP continued its mission to pool capital and scale impact on behalf of its participants during the last quarter of 2021. Assets under management grew to €147 million at the end of 2021, the increase of 17 million over the quarter can be attributed to inflows and valuation uplifts across the GIP portfolio. The GIP management team developed a very promising pipeline of new investments and has been able to commit a significant amount of capital in the second half of 2021. In the fourth 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 of 2021, 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.

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:** The investments within this theme made significant progress during the quarter. Near the beginning of the quarter, one of GIP's investment partners closed the merger of its investments in the German companies *Meona* and *i-Solutions*, with the purpose of creating a market-leading software company, focused on the digitalization of healthcare and thereby improving the treatment quality, safety of patients and access to healthcare. During the fourth quarter, the Pool added to its investment in *Goodlife Pharmacies*, the largest pharmacy & healthcare chain in East Africa. The company currently provides access to essential medicines to more than 1.7 million people through more than 83 outlets. The strategic vision of Goodlife is 'to provide high quality, affordable, and accessible healthcare products and services that positively impact the lives of its consumers'.



Investments within the theme of **SME development and decent work** again showed good developments during the quarter. One of the major solutions for the eradication of poverty is the development of stable and well-paid jobs in local communities. SME business make up the vast majority of worldwide businesses and therefore are essential in providing employment opportunities. Especially in Emerging Markets, however, the development of SME businesses is often hindered by weak institutional systems, high banking (transaction) fees or sometimes even a lack of access to (basic) financial services. This lack of financial inclusion is highly problematic; it is estimated that about one-third of all worldwide adults do not have access to basic financial figures. On a country or regional basis, this percentage can be even more inflated with e.g., a lack of financial inclusion of over 50% in Indonesia, around 20% in India and on average more than 20% in Africa. An investment opportunity which can lower this financing gap for lower income segments is investing in Financial Technology (fintech). Fintech can reach the companies or self-employed individuals that have no access to formal financial services and struggle to receive a credit or gain access to business finance.

Currently, a significant part of the GIP's investments within the SME development and decent work theme focus on investments in 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 have experienced impressive growth during 2021. 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 during 2021, 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. Lula Lend, a South African company providing lending and credit facilities for South African SMEs, 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 providing working capital to smallholder farmers in developing countries. While investments from this partner were challenged during the pandemic, with severe disruption in the agricultural supply chain, most headwinds are starting to fade. This bodes well for the disbursement of loans and thus the impact targeted with this partner. In 2021, \$90 million of impactful loans were disbursed, with several new entities being added to the list of investees.



With its investments within the **Climate and energy** transition theme, the GIP contributes to the transition to more sustainable energy sources. During the quarter, one of the investment partners of the GIP exposed to this theme again made good progress with the development of wind farms and solar energy parks. This will add a significant amount of sustainable capacity to the energy network for the foreseeable future. The impact case on the following page covers the onshore project Ciekocinko, which became operational in 2021. Furthermore, capital was drawn for a new partnership with one of the existing investment partners within this theme. The investments within this new partnership will increase the exposure of the GIP towards the Climate and Energy theme by making investments in European wind farms and solar power plants.



*Project Ciekocinko. The 2020 carbon intensity in Poland is 710 gCO<sub>2</sub>e/kWh compared to the European intensity of 231gCO<sub>2</sub>e/kWh. The country requires renewable projects as it is dominated by coal power production.*



## IMPACT CASE STUDY PROJECT CIEKOCINKO

### WHAT

The replacement of fossil fuels with clean and renewable energy sources is an important part of the solution for the climate change problem. Since 1990, global emissions of CO<sub>2</sub> have increased by more than 46%, with the energy sector accounting for around 60% of the total greenhouse gas emissions. It is therefore essential to support the transition to clean energy. Looking specifically at Poland, renewable capacity and production of electric power from renewable sources has grown consistently for the past several years. However, the country still heavily relies on coal and fossil fuels with only 10.75% of energy in Poland produced from renewable energy sources in 2020.

### WHO

Ciekocinko is an onshore wind project in the portfolio of KGAL, the renewable energy impact partner in the GIP. The project is located in Poland and became operational in 2021. The project is anticipated to supply approximately 25,000 people with clean electricity in Poland for an estimated 25 – 30 years.

### CONTRIBUTION

The installation of the Ciekocinko windfarm fosters the further expansion of renewable energy adopted by the European Council as a climate goal until 2030. The investment contributes to the energy transition in Poland and supports the development of renewable infrastructure. Due to the relatively low lifecycle footprint of wind power projects and size, project Ciekocinko notably adds to the avoidance of fossil fuel consumption to generate electricity. Note that this is in particular the case for renewable energy projects in Poland as the 2020 carbon intensity in the country is 710 gCO<sub>2</sub>e/kWh (as Poland is dominated by coal power production) compared to the European 2020 carbon intensity of 231 gCO<sub>2</sub>e/kWh.

### RISK

The impact is currently estimated based on a static carbon intensity figure. However, assuming a dynamic carbon intensity development (i.e., continuous reduction of the carbon intensity) the impact is likely to get lower over time. However, this risk should not be mitigated. It should be our goal to further decarbonize the carbon intensity of the electricity sector as the transportation and building sectors are anticipated to be further decarbonized, meaning



### HOW MUCH?

Q4 2021 Figures

5,800 tonnes



CO<sub>2</sub> emissions savings since inception

20,107 MWh



Green electricity generated since inception

71,000 m<sup>3</sup>

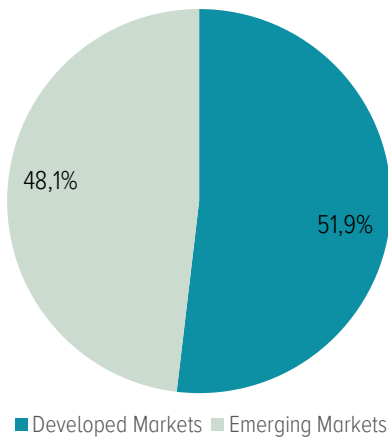


Water consumption savings since inception

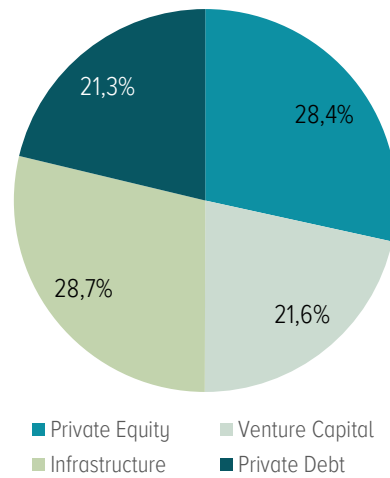
## PORTFOLIO OVERVIEW

The graphs and tables on the next two pages are reflecting the portfolio as of the end of December 2021 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 lookthrough provided on a portfolio level will always lag by one quarter.

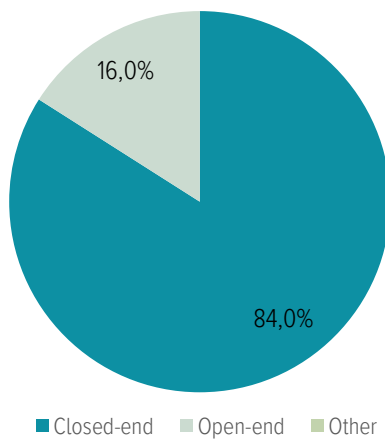
### GEOGRAPHICAL EXPOSURE



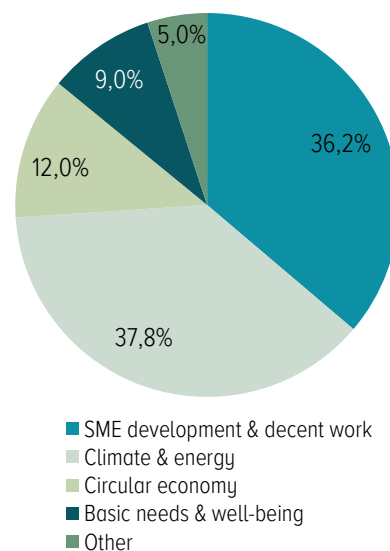
### ASSET CLASS EXPOSURE



### FUND TYPE EXPOSURE



### IMPACT THEME EXPOSURE



## Overview Impact Partners per December 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	\$31 million*		
	Northern Arc India Impact Fund	Private Debt	India	\$ 10 million		

\*Concerns Q4 2021 market value since this is a liquid investment without a commitment structure.

## Overview top-10 holdings look-through (based on Q3 2021 reporting)

Company	Sector	Partner	Asset Class	Impact theme	Country	% of total value*
Zepz	Financial Services	Leapfrog	Private Equity	SME development & decent work	Global	5.4%
Nordomatic	Industrial services	Trill Impact	Private Equity	Climate & energy	Sweden	2.0%
Bäckhammar	Onshore Wind	KGAL	Infrastructure	Climate & energy	Sweden	2.0%
Mesalvo	Healthcare	Trill Impact	Private Equity	Good health & well-being	Germany	1.8%
Facily	E-commerce	Quona	Venture capital	SME development & decent work	Brazil	1.7%
Addi	E-commerce	Quona	Venture capital	SME development & decent work	Colombia/Brazil	1.2%
Veja Mate	Offshore Wind	KGAL	Infrastructure	Climate & energy	Germany	1.2%
Sardegna	Solar	KGAL	Infrastructure	Climate & energy	Italy	1.1%
Krasin	Onshore Wind	KGAL	Infrastructure	Climate & energy	Poland	1.1%
Fidelity Bank	Financial Services	Leapfrog	Private Equity	SME development & decent work	Ghana	1.1%
<b>Total top 10:</b>						<b>19.3%</b>

## FOOTNOTES IMPACT HIGHLIGHTS (P.1)

\*In order to publish our quarterly reports in a more timely basis, it was decided that from Q4 2021 impact figures reported will have a one quarter delay. This resulted in a one-off duplication of impact results from Q3 2021 to Q4 2021.

<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	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

[impactpool@kempen.nl](mailto:impactpool@kempen.nl)

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