PHENIX CAPITAL

IMPACT REPORT

October 2022

CONSERVATION & BIODIVERSITY FUNDS AT A GLANCE

CONTENTS

If you are a fund investor

and would like to have a live demo of the Phenix Capital Impact Database, please visit www.phenixcapitalgroup.com/impact-database and register your interest.

If you are an impact fund manager

and would like to be considered for listing on the Phenix Capital Impact Database please email sales@phenixcapitalgroup.com. Listing is free of charge.

ABOUT PHENIX CAPITAL

CATALYSING INSTITUTIONAL CAPITAL TOWARDS THE SDGS

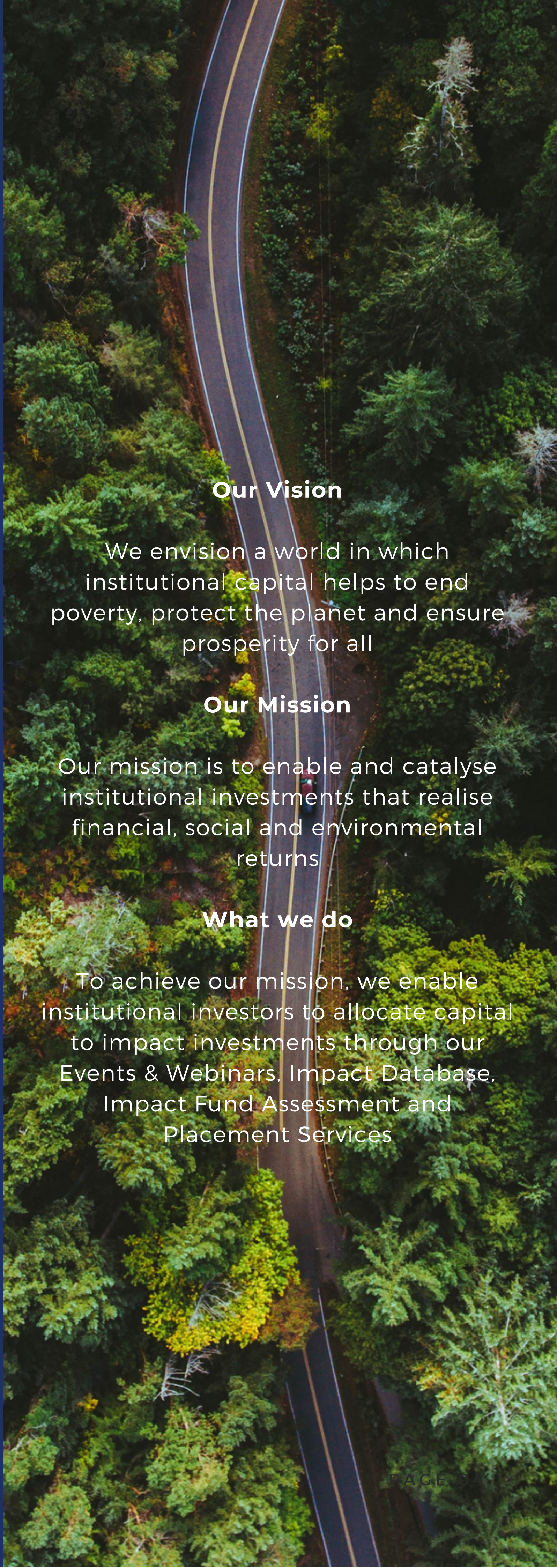
Phenix Capital Group is an impact investment consultant that enables institutional investors to make impact investments.

We assist asset owners and asset managers in aligning their investments with their values, financial objectives, and the Sustainable Development Goals.

www.phenixcapitalgroup.com

Signatory of:

PRI Principles for Responsible Investment · GIIN MEMBER · Global Compact Network Netherlands · evpa · avpn · VBDO



Our Vision

We envision a world in which institutional capital helps to end poverty, protect the planet and ensure prosperity for all

Our Mission

Our mission is to enable and catalyse institutional investments that realise financial, social and environmental returns

What we do

To achieve our mission, we enable institutional investors to allocate capital to impact investments through our Events & Webinars, Impact Database, Impact Fund Assessment and Placement Services

ABOUT IMPACT DATABASE

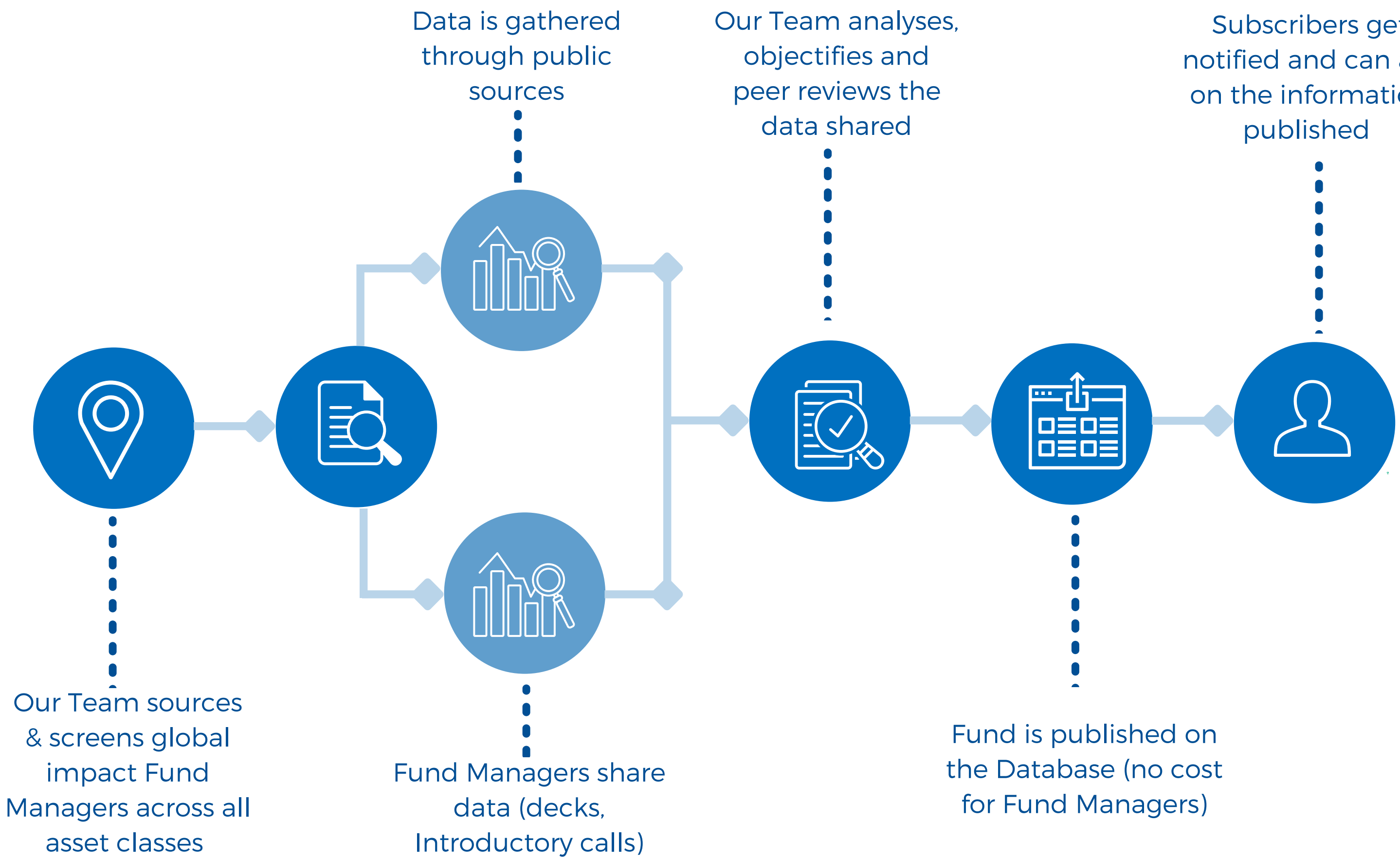
Phenix Capital's mission is to enable the allocation of capital from institutional investors towards social and environmental solutions while supporting the 2030 Sustainable Development Goals (SDGs). With the Impact Database, Phenix Capital aims to provide investors with access to and intelligence on the impact fund market opportunities available to them.

Three main variables have been central to construct, monitor and update the database: **funds considered have an impact proposition, institutional scale, and target market-rate returns.**

Impact Investing goes beyond negative screening and using Environmental, Social and Governance (ESG) integration to reduce harm or avoid risks, to generating intentional positive impact. Phenix Capital defines impact investing as **investing with the dual mandate of financial return and positive societal or environmental impacts**, with the notion of measuring the positive and negative impact of investments, ensuring both **intentionality and additionality** among these.

Phenix Capital's Impact Database features funds that align with this definition through their creation of solutions for global social and environmental issues, whilst prioritising financial returns. This category of impact investments can be referred to as **financial-first impact investments**.

FUND SOURCING PROCESS



INTRODUCTION

CONSERVATION & BIODIVERSITY FUNDS

Funds targeting Conservation & Biodiversity represent 6.5% of funds from our Impact Database. With this report, Phenix Capital Group intends to provide an overview and analysis of the developments of this impact theme in the last years. Additionally, it also contains interviews with on-the-ground industry players:

- Kilter Rural is an investment firm in Australia. For 18 years, they have been delivering returns to investors through natural capital investment solutions across farmland, water and ecosystem assets.
- SLM Partners is an asset manager that uses capital to scale up regenerative farming and forestry, investing for more than a decade in land and real assets, and partnering with local operators.

Key Takeaways:

- The emergence of green bonds in public debt has been paramount. In fact, there was nearly 15 billion euros of capital committed towards global markets. This figure accounts for more than 80% of all the allocated capital towards this market within public debt.

- In contrast, real assets are heavily focused on developing markets, accounting for 2/3 of allocated capital.

- The weight of capital amongst other asset classes also lies heavily in favour of developing markets, pointing towards public debt as the outlier.

- Post 2020, we saw a decline of 55% year over year in capital commitments towards Conservation & Biodiversity. This was due to many factors ranging from a worldwide pandemic to investors perference for other impact themes. Interestingly however, the number of funds continued to soar and reached a record high in 2021.

IMPACT THEMES MAPPED AGAINST THE SDGS

The Phenix Capital Group has mapped the SDGs against Impact Themes, which are based on **the most globally endorsed terms used by practitioners in the financial sector** and what's used by generally accepted frameworks, to enable both fund managers and fund allocators to better **understand how the SDGs and it's sub-goals translate into outcome-based investment areas -** by the name that they are commonly known and referred to in the financial industry.

Mapped against the SDGs' sub-goals, our Impact Themes offer a comprehensive way for investors and fund managers in the financial industry to identify what social or environmental outcome is generated by an impact investment and its contribution to the Sustainable Development Goals.

THE REVAMPED IMPACT THEMES ARE ALREADY AVAILABLE IN OUR IMPACT DATABASE FOR FUND FILTERING, VIA THE FUND SEARCH FUNCTION.

CONSERVATION &BIODIVERSITY FUNDS

DATA OVERVIEW

141

Impact funds targeting **Conservation & biodiversity**

89

Impact fund managers targeting **Conservation & Biodiversity**

75

Impact funds open for investments

60

Impact fund managers with funds open for investments

€42billion

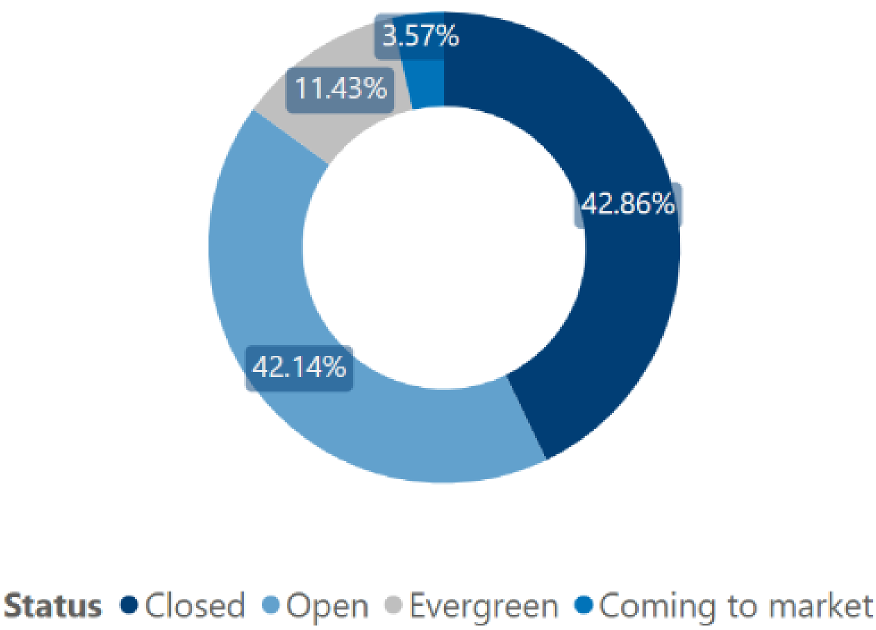
Has been committed towards **Conservation & Biodiversity**

€18 billion

Is the total target size for funds open to investments

CONSERVATION AND BIODIVERSITY FOCUSED FUNDS

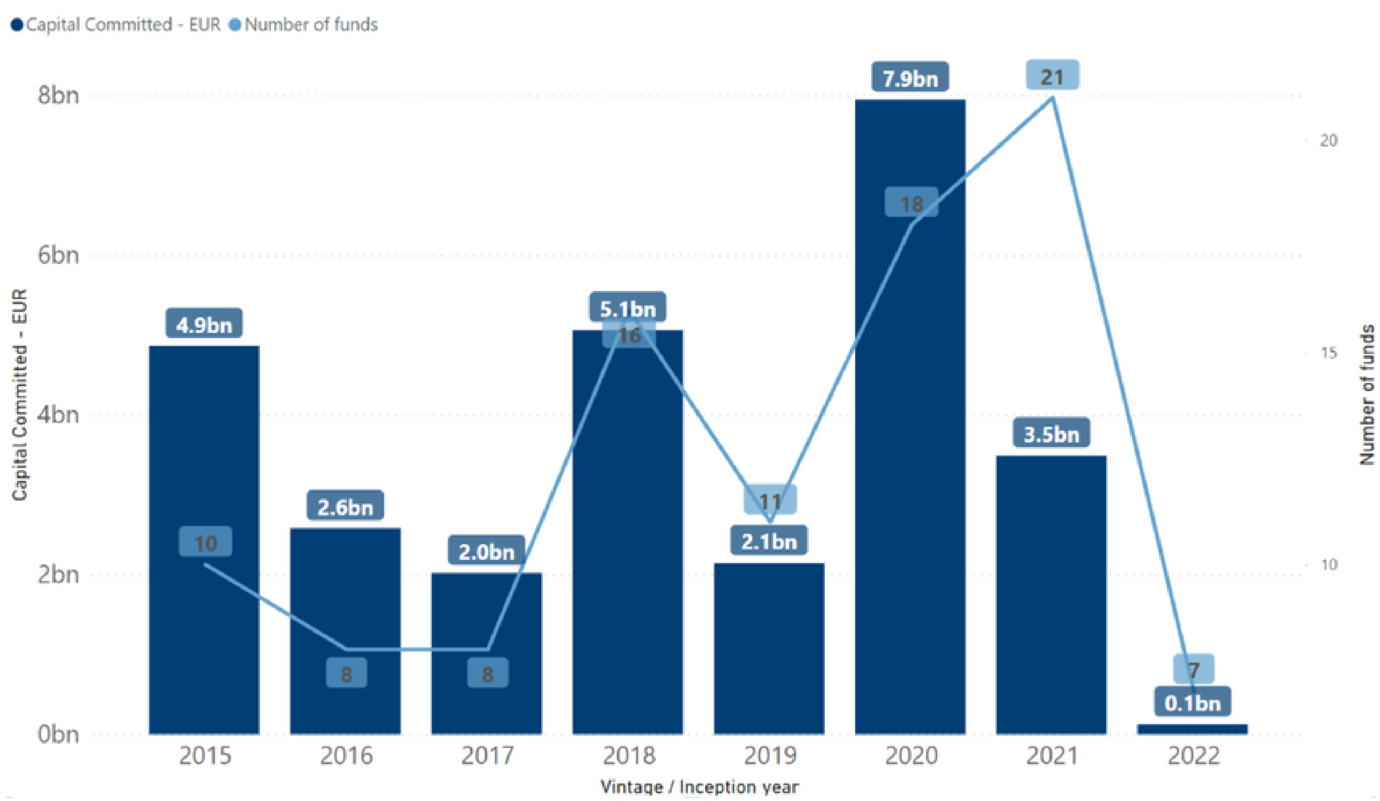
Status breakdown



The majority of funds targeting Conservation and Biodiversity are open for investments. This presents a ripe opportunity for investors trying to enter the space.

Capital commitments have had an inconsistent inflow over the past 7 years. **Funds launched in 2020 fundraised the most**, likely causing the number of funds launched the following year to reach a record high. This led to a significant discrepancy in 2021 that saw the capital committed drop significantly. We are yet to see the result of funds with 2022 as vintage - funds launched this year are still being counted.

Total capital commitments(EUR) and number of funds- By vintage year

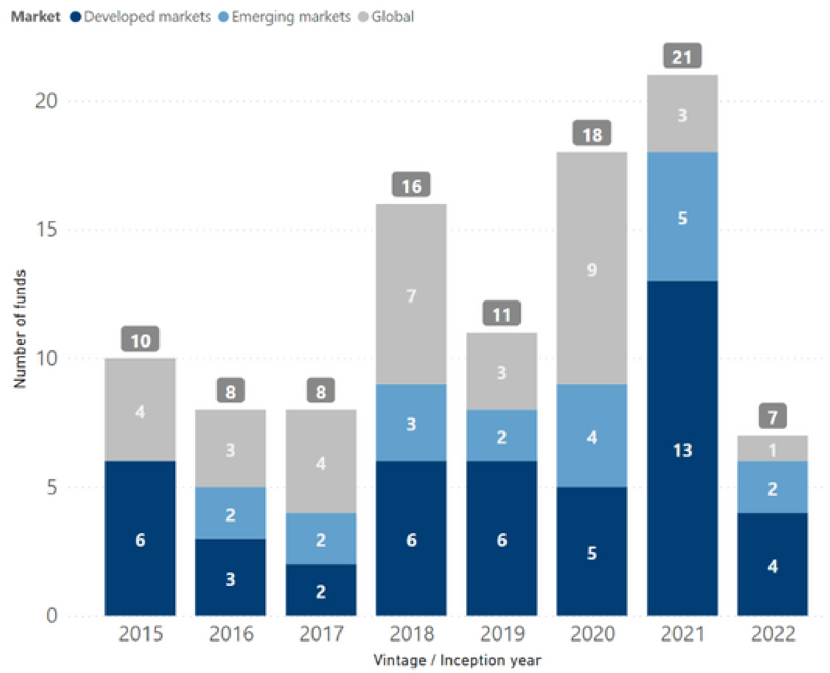


MARKET AND REGIONAL BREAKDOWN

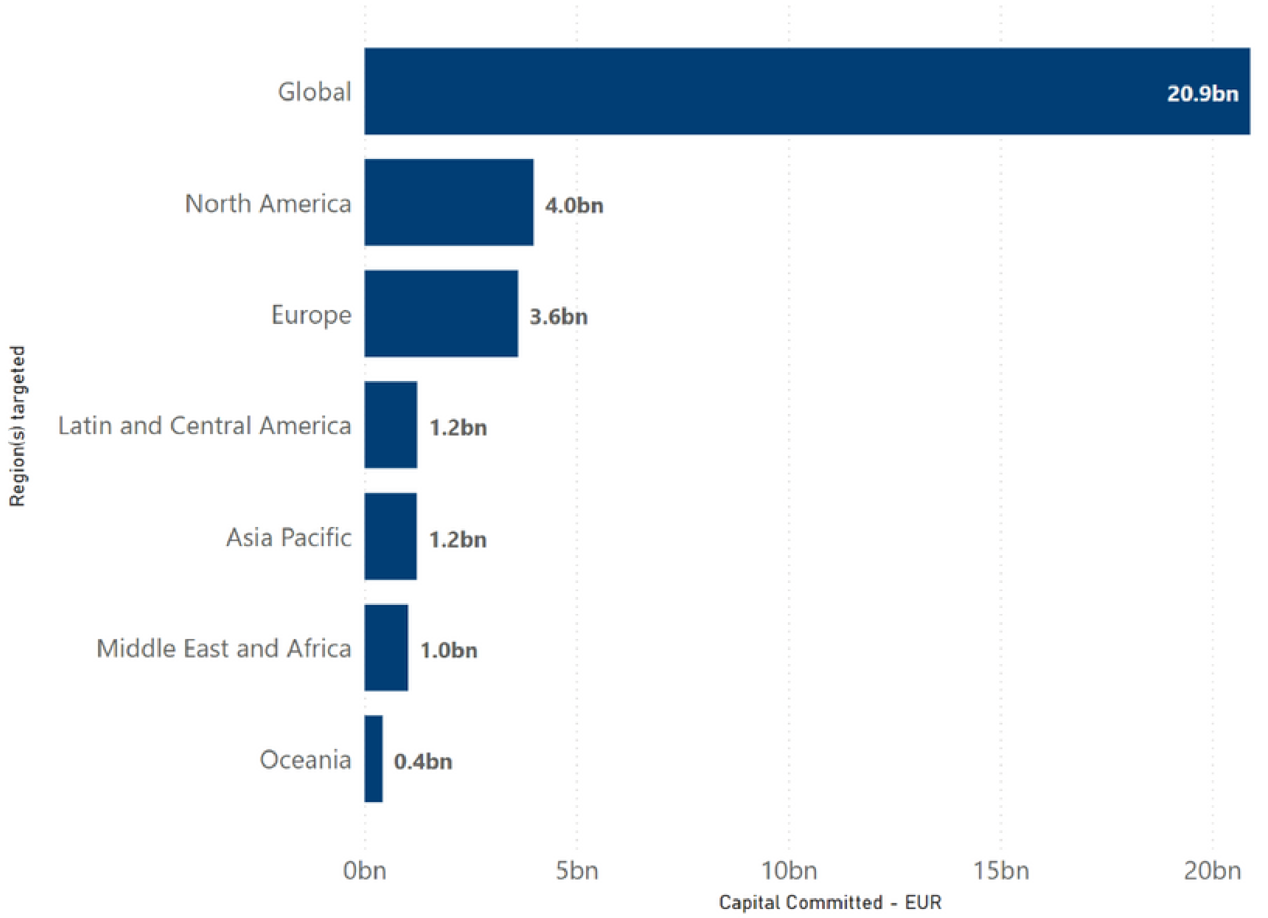
Historically, the impact theme of **Conservation and Biodiversity is mostly targeting developed and global markets**. This may be because the priorities in emerging markets lie more with meeting physiological needs first.

As seen below, by account of capital commitments there is a **clear preference for Global focused funds,** 5 times as much as the next region. This may be because it allows investors to reduce risk by diversifying geographical allocation.
Notably, the allocation of funds within Europe is highly concentrated among western Europe (3.4 Bn or 94%).

Number of funds launched - By vintage year and market

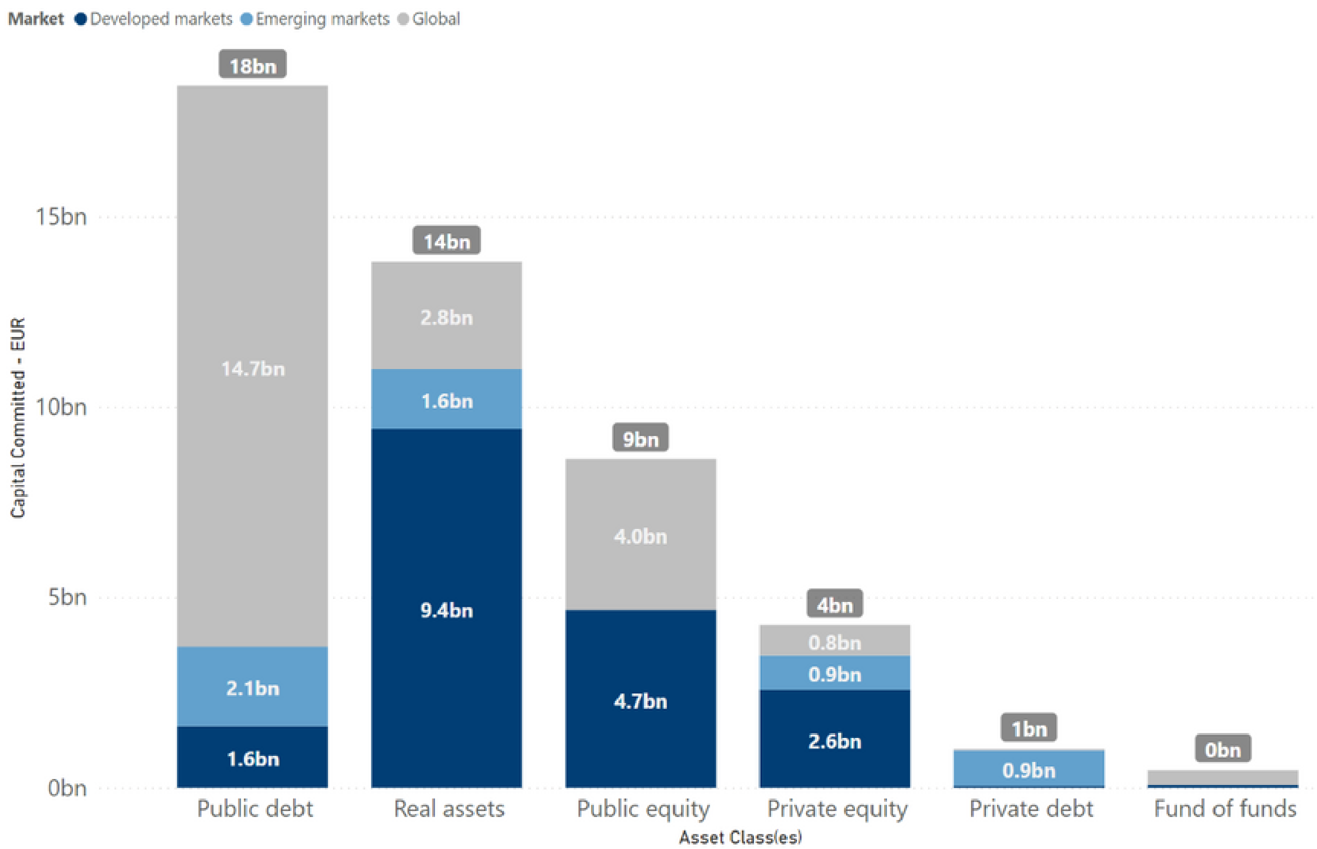


Total capital commitments - By region



ASSET CLASS BREAKDOWN

Total Capital commitments -By asset class and market



Public debt is the asset class that has raised the most capital. A vital takeaway is the distribution in which this asset class has raised capital; **over 80% is allocated towards Global markets**. Whereas real assets tend to have a more specialized focus on developed markets.

The reason behind the imbalance is the emergence of green bonds. Green bonds cover a wide variety of environmental and sustainable benefits however, they lack a certain focus on any given market or region.

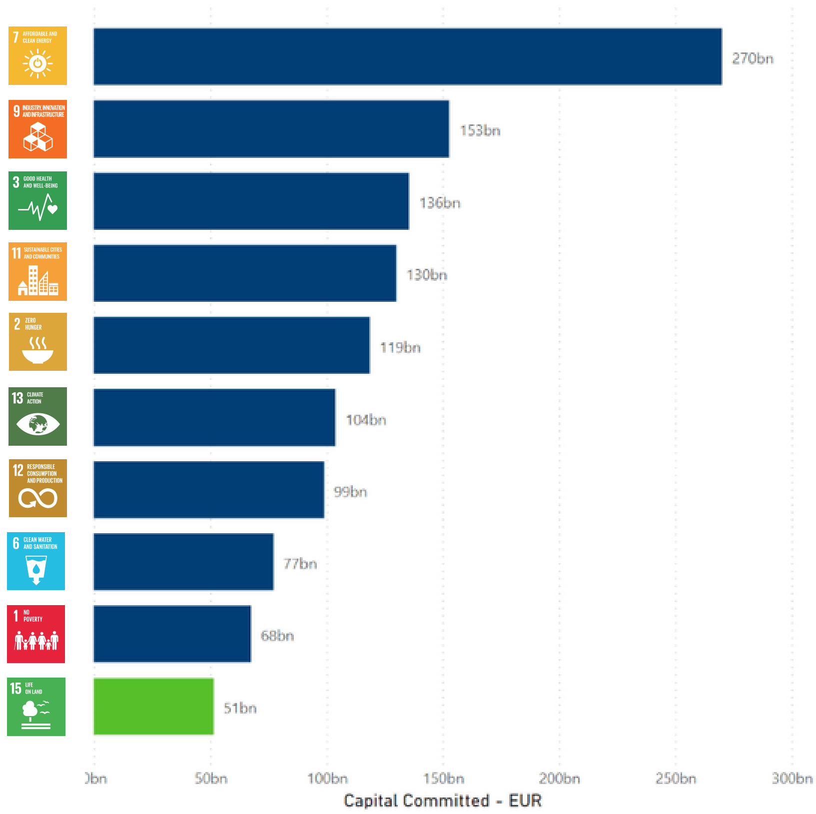
Public debt fund tend to have a broad approach, targeting 14 impact themes on average. In contrast, real assets tend to have a more specialized focus on impact themes.

Average number of impact themes

ASSET CLASS	AVERAGE
PUBLIC DEBT	14
REAL ASSETS	4
PUBLIC EQUITY	8
PRIVATE EQUITY	8
PRIVATE DEBT	10
FUND OF FUNDS	6

SDGs and Open for investment funds

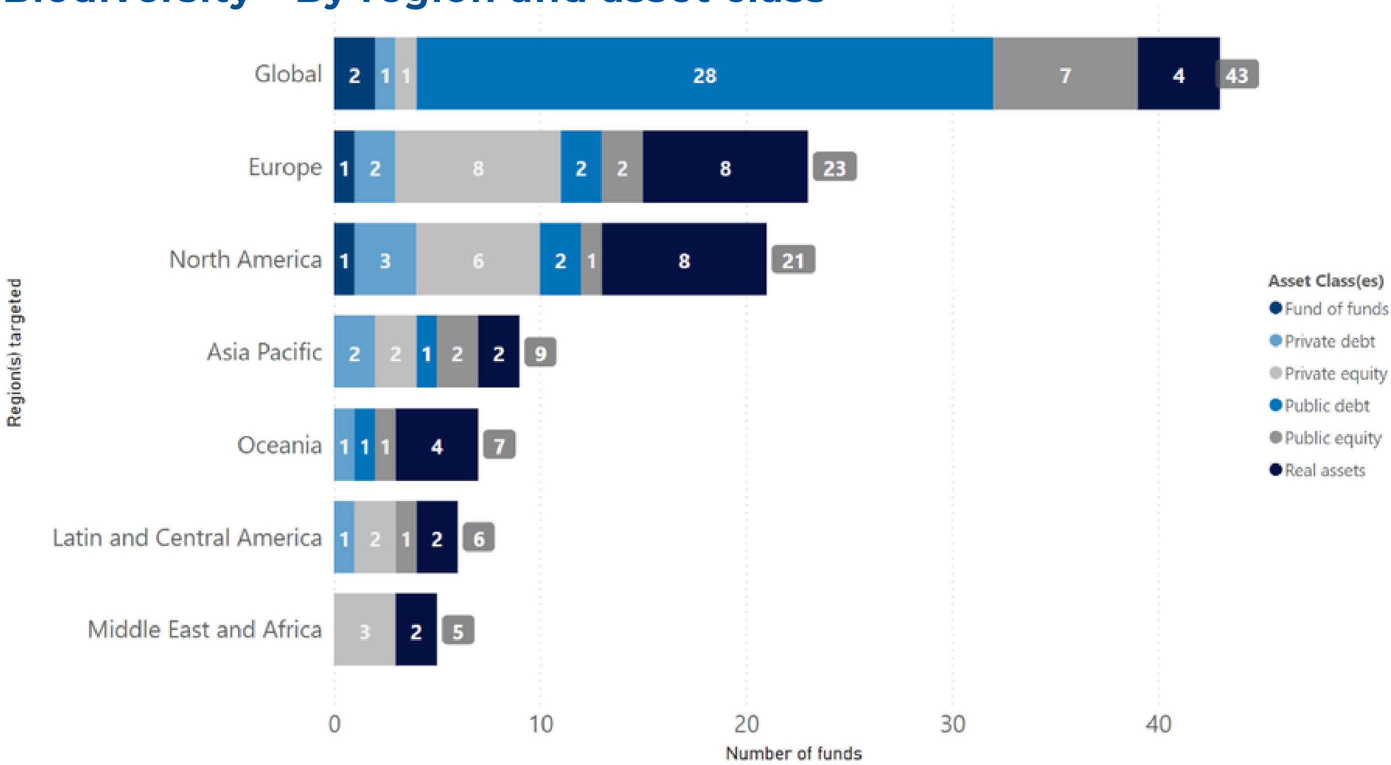
Top 10 SDGs that have raised the most capital



Historically (funds launched since 2000), **SDG 15 has successfully raised 51 billion euros .** Most of this capital is towards the subtheme Conservation and Biodiversity (82 %). Taking into account total capital commitments, SDG 15 ranks in **10th place**. The clear frontrunner is SDG 7, setting the stage for others to follow.

If an investor wants to allocate capital concerning Conservation and Biodiversity, they have several options. There are funds open for investment in all regions, most significantly in Global and Developed markets.
In global markets private debt is the most popular, while in Europe real assets and private equity are the favourites.

Open for investment funds targeting Conservation and Biodiversity - By region and asset class



INDUSTRY INTERVIEW

KILTER RURAL

Kilter Rural is an experienced natural capital investment management firm in Australia. For 18 years, they have been delivering returns to investors through natural capital investment solutions across farmland, water and ecosystem assets.

The founders of Kilter hold over 30 years of experience working at the juncture of science, research, politics, markets and capital to optimise returns from sustainable farmland, ecosystem and water management. Delivering sustainable food production systems demands embedding biodiversity protection and climate change mitigation outcomes while building local community capacity.

We interviewed Cullen Gunn, Chief Executive Officer of Kilter Rural.

Cullen has been working in the Australian farming and water management sector as a resource and investment manager since 1993.

Cullen's long-term experience in innovative resource management developments attracted a request from a major institutional investor in 2004 to develop investment management services for large scale real asset investments in sustainably managed farmland, water and ecosystems. Cullen is a founding Director of Kilter Rural and has been overseeing the investment portfolio since 2006.

On a personal level, what made you start working with impact investing?

For over 30 years, I have dedicated my working life to advancing sustainable farmland, water and ecosystem management in Australia. Long-term exposure to the investment needs of Australian landscapes prompted a desire to attract institutional-scaled investment in sustainably managed landscapes.

As custodians or stewards of any landscape, I fundamentally believe you must leave it in a better condition than when you got it. Australia, as an island, has somewhere around 40million years of evolutionary isolation. We have species that occur nowhere else in the world. There's a value in this that is not recognised nor captured, certainly not financially.

Impact investing defines a pathway for investors to be part of a solution that manages natural capital such as biodiversity, water and soils to leave them in a better condition than they were received through long-term, sustainable change.

> **We have species that occur nowhere else in the world. There's a value in this that is not recognised nor captured, certainly not financially.**

Biodiversity is gaining momentum with investors. Please elaborate on what gives you hope for the future and the key areas that require attention.

Kilter Rural's purpose is to profitably improve Australian natural capital underpinned by two key elements:

A lifelong attraction and respect for Australian biodiversity and farming landscapes; and
The opportunity investment at scale provides to capture yield and value uplift through regeneration of farming systems, resource use efficiency, ecosystem and biodiversity rehabilitation and climate change mitigation.

The world is heading towards a population of 10 billion people by 2050, requiring an estimated 75% escalation in the production of food calories. Historically, increasing food production has been delivered at the expense of natural capital. So, we produce more food but initiate the degradation of soil and water assets and a correlating decline in biodiversity. The world economic forum suggested that $44 trillion of economic value generation is moderately or highly dependent on natural capital.

A massive escalation in food production at the expense of natural capital is not sustainable and current trends in how we produce food need to be revised. If you consider that:

- 70% of the world's freshwater has been removed from natural systems and diverted to agriculture
- 50% of the world's habitable land has been converted to agriculture. This figure continues to escalate with the ongoing clearing of forests to create grazing and crop lands
- Over 30,000 wildlife species are now threatened with extinction – many list agriculture as a primary threat

- Agriculture and food processing are responsible for 26% of global greenhouse gas emissions.

The outlook for escalating food production is undeniable. The need to redress biodiversity loss and ecosystem health is vital to human health and sustainable production while delivering emissions reductions will be key in stabilising global warming.

Through investment in natural capital and biodiversity, institutions and investors can play a leadership role in defining the future for food, nature, and climate change.

We are continually reviewing new natural capital investment opportunities. With a view to 2023, we are building a pipeline of client investors to collaborate on our next natural capital investment thesis.

> **Over 30,000 wildlife species are now threatened with extinction – many list agriculture as a primary threat**

You mention agriculture is a key contributor to global warming, generating significant carbon emissions, and through removal of forests reducing carbon sequestration services. It is the major user and polluter of water, and native vegetation clearing is challenging remaining ecosystems and biodiversity on Earth.

What do you see as the main challenge here to make the investments successful?

Retained in our DNA to this day is the knowledge and experience that long-term financial returns rely on a management approach that balances the utilisation of natural capital for agriculture with the protection of our unique biodiversity.

Kilter Rural's founders have worked at the intersection of environmental protection and sustainable food production since the early 1990s. Given current natural capital degradation trends and the outlook for increasing food calories to feed a growing world population, the case for a new sustainable approach to food production is stronger than ever. In addition, the impact of rapid on-set climate change and loss of biodiversity must not just 'be considered' but resolved.

Investing in ecosystem protection and rehabilitation is vital to building value and delivering sustained long-term returns in farming landscapes. Agriculture and ecosystem protection are fundamentally interdependent elements for sustainability.

Addressed appropriately, integrating these elements increases agricultural yields, biodiversity outcomes and long-term value appreciation with a reduction in risk.

Potential production headwinds, such as a carbon-constrained future, are proven opportunities to generate new revenue and profit centres. Investing in the complementary management of farmland and ecosystem/biodiversity assets improves investment performance.

It delivers an escalation in food production, builds long-term asset value and, with every passing day, provides access to new and emerging markets for emission sequestration and environmental protection payments.

> **Investing in ecosystem protection and rehabilitation is vital to building value and delivering sustained long-term returns in farming landscapes. Agriculture and ecosystem protection are fundamentally interdependent elements for sustainability.**

Natural Capital assets such as farmland, ecosystems and water are low to negatively correlated with most public markets and therefore provide an excellent hedge and more efficient portfolio construction.

During stressed conditions, long-term patient capital would be well placed to make quality acquisitions, with higher forecast returns and the ability to hold through the cycle and benefit from a return to normal conditions.

Does Kilter Rural collect quantitative and qualitative data for IMM? Can you give an example of each and share your thoughts on the importance of both types of data?

Kilter Rural has been resetting the agenda for sustainable investment in Australian farmland, water and ecosystem assets since 2004. An active area of research for over a decade has been the holistic reporting of natural asset condition in the form of an environmental condition account alongside the financial statements of a business. The ability to monitor, interpret and report on the condition of natural assets within a standardised and quantified environmental accounting framework informs and drives management actions that sustain long term food and fibre production and long term value to investors.

Kilter does not use one framework, as there is no one clear product that services the unique range of our operations. Instead, we base our reporting approach on cross-linking ESG outcomes to the criteria of the relevant frameworks.

Kilter ESG Reports use the following independent and globally accepted frameworks as the basis for ongoing reporting:

- UN's Sustainable Development Goals (SDGs) - for high level goals
- The Global Reporting Initiative (GRI) - for more specific efficiency metrics and outcomes
- Accounting for Nature Framework for Environmental Condition Accounting - for specific biophysical environmental condition trend measurements and targets
- The Taskforce on Climate-related Financial Disclosure (TCFD) detailing specific climate risks, opportunities, and responses, and
- The Taskforce on Nature-related Financial Disclosures- detailing specific nature risks, opportunities, and responses.

The Accounting for Nature (AfN) Framework is a vital component in the reporting on physical condition of land water and biodiversity assets under Kilter's stewardship. In 2017 Kilter Rural was the first corporate natural capital investment manager to apply AfN in the development of environmental accounts for soils and native vegetation.

Kilter Rural is committed to the publication of ESG reports for investors. These reports utilise independent, scientifically robust methodologies and frameworks to inform investment and management decisions and support compliance and governance across ESG reporting parameters.

What are the key challenges and opportunities of integrating impact measurement and management (IMM) frameworks into your strategy?

The challenges and opportunities for integrating IMM frameworks into any strategy lie in finding frameworks that scientifically, robustly, and repeatedly support monitoring and evaluation. These frameworks must be cost-effective and with an appropriate level of independence. Capital allocators seeking positive natural capital investments should require a vigorous level of accountability and transparency in all reporting on impact investments.

Accounting for Nature is an independent, Australian-based not-for-profit organisation that provides a world-leading scientifically rigorous standard to create transparent and credible environmental accounts.

Kilter has been using the AfN now for six years, having reviewed a variety of approaches to reporting over the last 30 years we are yet to find a more credible, cost effective and scientifically robust framework.

> Long-term collaborations between capital allocators and those with a demonstrable track record of execution are vital to resolving the impacts of climate change and protecting natural capital

You have three funds being launch in recent years with the Australian Farmlands Fund recently being closed. Please share some of the important lessons learned from launching these funds?

Key to investing in natural capital assets are entry price and generating operating returns.

We remain very disciplined in applying our asset valuation methodologies and purchasing thresholds when building investment portfolios. In addition, we are a values driven organisation built around relationships, longevity and productivity. The success of our Funds is founded on the essential tenets of partnership, innovation, social licence, and robust reporting frameworks.

For example, in 2015, we launched the Murray-Darling Basin Balanced Water Fund in partnership with The Nature Conservancy Australia. The Fund is the first investment vehicle in Australia to provide investors with the opportunity to achieve the multiple objectives of securing water for agriculture, realising a financial return and restoring threatened wetlands.

This innovative partnership combines complementary skills to provide financial returns with conservation outcomes. With the most significant private donation to wetlands in Australia planned for the coming year, this Fund is an example of how partnerships and innovation can benefit investors and biodiversity outcomes.

A deep rural network developed over 30 years has given Kilter a social licence to operate in Australia's farmland, ecosystem and water markets.

What do you think is needed to attract more institutional capital towards biodiversity investing funds?

Long-term collaborations between capital allocators and those with a demonstrable track record of execution are vital to resolving the impacts of climate change and protecting natural capital. These issues are beyond the scope of governments and short-term political maneuvering. Capital allocators and asset managers together can drive scaled positive change.

However, of all the UN Sustainable Development Goals, SDG 15 Life on Land remains one of the least invested by private capital markets across the world. It is estimated that over $900B in investment is required annually to redress biodiversity decline.

Society has recognised the importance of capital markets being an efficient allocator of scarce resources to combat climate change and the environmental degradation of natural capital ecosystems.

The opportunity for long-term capital to be deployed in lowly correlated nature positive investments while also gaining the dual benefits of economic returns and positive social and environmental outcomes is significant and offers an enormous opportunity to generate returns with lower risk in a balanced portfolio construct.

INDUSTRY INTERVIEW

Sustainable Land Management

SLM Partners is an asset manager that uses capital to scale up regenerative farming and forestry. A pioneer in natural capital investing for more than a decade, the company invests in land and real assets, partnering with local operators.

SLM Partners manages funds and separate accounts in Europe, the USA and Australia with a total of $435m in AUM. All its strategies seek to generate positive impacts on soils, water, biodiversity, and carbon storage, while building resilience to climate change and other risks.

The firm has launched a new fund to invest in forestry, orchard crops, and agroforestry in Europe. This fund will acquire land and implement regenerative practices to improve carbon storage and enhance biodiversity.

We interviewed Paul McMahon, co-founder and Managing Partner of SLM Partners.

Paul leads the development of new strategies and sits on the Investment Committees for the firm's funds and separate accounts.

On a personal level, what made you start working with impact investing?

I have always been interested in the interaction between finance and social and environmental impact. After completing a PhD and spending time as a management consultant, I came to understand that climate change and biodiversity loss were the greatest challenges facing my generation. I decided to direct my energy towards these issues.

I began looking at agriculture, forestry and land use through a climate change lens while working at a London-based investment firm in 2008. This led me to discover regenerative farming and forestry systems that were good for the environment, economically profitable, and proven at a certain scale, but that needed to be scaled up. I helped set up SLM Partners in 2009 to do just that. We have been building the case for investment in natural capital ever since.

My investment work has always been underpinned by an intellectual curiosity to find better ways to manage land. I wrote a book on the global food system in 2013 and helped author white papers on regenerative agriculture and forestry while at SLM Partners. Every week I learn something new from the brilliant farmers and foresters we work with on the ground. This is the most rewarding part of my job.

Biodiversity is gaining momentum with investors. Please elaborate on what gives you hope for the future and the key areas that require attention.

Over the last 2-3 years, biodiversity has emerged as a key impact theme for investors, especially in Europe. This has been driven by societal concern, policy initiatives and finance industry initiatives, such as the Taskforce on Nature-related Financial Disclosures.

We are now asked about biodiversity in a way that never happened a few years ago, which is very encouraging.

The starting point for many investors is assessing risk and screening out investments that will have negative impacts on biodiversity. This approach can be applied to equities, bonds and almost all asset classes. But we think that investors can go beyond this and invest in strategies that have direct, positive impacts on biodiversity. One of the best ways to do this is by investing in natural real assets, i.e. agriculture and forestry, as these are the human activities that have the potential to improve biodiversity outcomes the most. Investors can help accelerate the transition to more biodiversity-friendly farming and forestry systems.

You believe that to achieve truly sustainable financial returns you need to enhance natural capital. Can you give examples of these achievements?

We invest in farmland and forestry, which are the purest forms of natural capital. The ability to grow crops or trees is dependent on fertile soils, healthy ecosystems, clean water and a stable climate. At the same time, we need to avoid the negative externalities associated with conventional agriculture and industrial forestry, as these will increasingly be regulated or taxed. Enhancing natural capital will increase the income from the land, support stronger capital values and reduce the risks associated with weather, disease and other hazards.

> **We think that investors can go beyond this and invest in strategies that have direct, positive impacts on biodiversity. One of the best ways to do this is by investing in natural real assets, i.e. agriculture and forestry, as these are the human activities that have the potential to improve biodiversity outcomes the most.**

For example, in 2018 we launched a fund – the SLM Silva Fund – to acquire existing plantation forests in Ireland and to convert them from conventional clearfell-replant management to a more sustainable form of management known as Continuous Cover Forestry. Under this system, we never clear the forest but instead selectively harvest trees and promote natural regeneration of new trees over time.

The forests deliver steady cash flows through regular timber harvesting while growing in capital value (and storing more carbon). This fund is exceeding its financial return targets and was recently awarded Environmental Fund of the Year (Europe) by Environmental Finance.

Does SLM Partners collect quantitative and qualitative data for IMM? Can you give an example of each and share your thoughts on the importance of both types of data?

SLM Partners has developed a rigorous impact measurement and reporting process which brings together ground-level data with industry-recognised frameworks.

For each asset, we collect property-level data on practices, land-use and outputs by working closely with our local operating partners. We perform carbon and biodiversity assessments where possible, partnering with independent third-party experts. The property-level data is aggregated and reported through GIIN IRIS+ impact metrics, tailored for agriculture and forestry investments.

These metrics are mapped to the SDGs and reported annually in our impact report. We also provide qualitative data, in the form of case studies, in our annual impact report, as well as in investor reporting for specific funds and separate accounts.

> For each asset, we collect property-level data on practices, land-use and outputs by working closely with our local operating partners. **We perform carbon and biodiversity assessments where possible**, partnering with independent third-party experts.

For our new European tree crop fund, we have set specific impact targets that are defined in the fund documents and we report annually against these. They include:

-
- % of farmland under organic certification (or in transition to organic)
- % of forestry managed under Continuous Cover Forestry
- Carbon impact of our properties in tonnes of CO2-eq per year, accounting for carbon sequestration in trees and soils and carbon emissions from operations
- Soil Organic Matter (%) change over time as a key soil health indicator for our farmland properties
- Number of jobs, in FTE, directly supported/financed by our investments

What are the key challenges and opportunities of integrating impact measurement and management (IMM) frameworks into your strategy?

We design our investment strategies with specific impact goals. We only invest in land assets where there is an opportunity to introduce new management practices that will deliver positive environmental impacts, as well as financial returns from commodity production. This makes it easier for us to integrate impact measurement and management into all our strategies.

One challenge we face is measuring biodiversity impact in a granular and cost-effective way. Many of the existing tools used by investors are based on satellite imagery and/or landscape-level models. They have a coarse resolution (square kilometres) and do not capture the outcomes we are achieving in specific forests or farms (10-100 hectares). On the other hand, field-level biodiversity assessments by trained ecologists provide wonderful data but are too expensive to be rolled out across a portfolio.

To address this, we have developed property-level biodiversity indicators, and use farm-level tools such as the EU Biodiversity Performance Tool. But there is more work needed to develop technologies to accurately measure biodiversity impacts at the farm- or forest-level.

You have five funds being launch in recent years focused on many regions and SDGs. Please share some of the important lessons learned from launching these funds?

We have launched a number of funds and separate accounts for specific strategies over the last 10 years in Europe, the USA and Australia. We develop each strategy from the ground up by identifying regenerative farming and forestry systems that are profitable and impactful, partnering with local operators, building investment teams, developing investment pipelines, and then raising capital from investors.

One thing we have learned is the importance of partnering with local farmers and foresters who have the expertise in ecological management and are aligned with our goals. Investing in land is often the easy part; putting the right managers in place is what creates real value.

We have also seen the importance of selecting the right scale. Some groups talk about investing billions in biodiversity or natural real assets but there can be a disconnect between ambition and the realities on the ground. Our experience has been that the best financial returns and highest environmental impacts can often be achieved through small-to-medium sized investments. It is the job of investment managers like SLM Partners to aggregate these projects to a scale that can attract institutional capital.

Finally, we have learned to be flexible on investment structure and terms. We listen to investors and work with them to design structures that meet their needs. This has led us to launch both co-mingled funds and separate accounts.

What do you think is needed to attract more institutional capital towards biodiversity investing funds?

The first thing is to be clear about definitions and to explain to investors what sort of asset they are investing in. Is it a natural real asset, such as farmland or forestry, that delivers its primary returns from commodity production? Is it a project that generates carbon or biodiversity payments without ownership of the underlying natural asset? Is it venture investing or growth capital for companies that provide technologies or services related to biodiversity? Each has a different risk-return profile and can be placed within a different part of an investor portfolio.

It is then up to fund managers to demonstrate that biodiversity investing can deliver an attractive risk-adjusted return compared to the other options within that part of the investor portfolio. Track record is essential, especially to attract institutional capital at scale.

Finally, fund managers must invest the time and resources to build impact measurement and reporting capabilities that track real biodiversity outcomes at the ground level. This will be important to avoid accusations of greenwashing and to differentiate high-impact biodiversity strategies from mainstream investing.

It is then up to fund managers to demonstrate that biodiversity investing can deliver an attractive risk-adjusted return compared to the other options within that part of the investor portfolio. **Track record is essential**, especially to attract institutional capital at scale.

PHENIX IMPACT FUND ASSESSMENT

Phenix Impact Fund Assessment is a proprietary framework developed in close consultation with institutional asset owners and industry leaders, for the purpose of **assessing the robustness of a fund's impact proposition**.

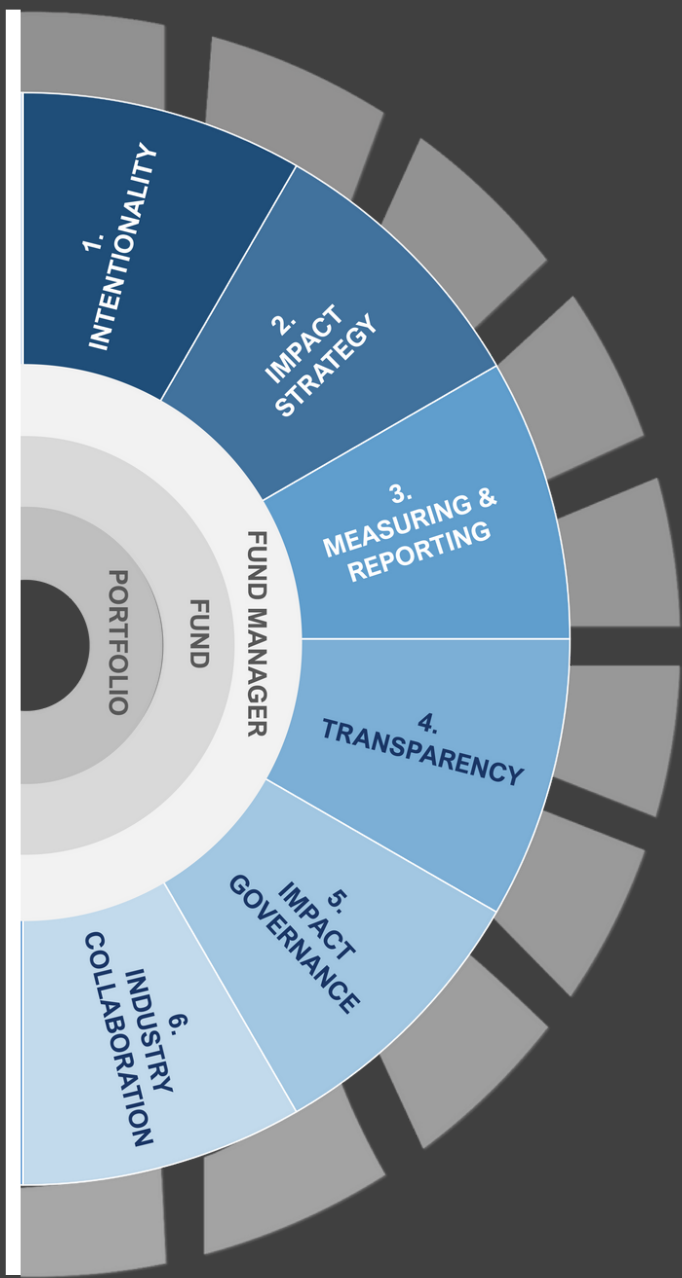
On 6 themes and 33 criteria, it examines to what extent the policies, procedures and human resources are in place to deliver the impact that a fund aims to create.

ASSESSING THE ROBUSTNESS OF IMPACT FUND PROPOSITIONS

Uncover strengths and weaknesses

Adopt industry best practices

Prepare for institutional impact due diligence



PHENIX IMPACT FUND ASSESSMENT

VISIT SITE >>>

GLOSSARY & SYMBOLS

Committed capital: Amount committed in a fund vehicle by its limited partners / investors.

Developed markets: We include Europe (excl. Eastern Europe), North America, Asia Pacific (Singapore, Japan, and South Korea only), Oceania (New Zealand, Australia) Middle East and Africa (Israel only).

Direct lending: A specialised form of private debt, in which loans are made to middle-market companies. It is the private debt strategy with lower risk, achieved by using collateral.

Emerging markets: We include Latin and Central America, Asia Pacific (excl. Singapore, Japan, South Korea), Middle East and Africa (excl. Israel) Europe (Eastern Europe only).

Fund managers: Organisation managing commingled, pooled and customised vehicles invested by institutional asset owners. Also called General Partner or GP.

Global: Funds that have an investment geographic scope encompassing both developed and emerging markets.

Impact investing: Investments with the dual mandate of financial return and positive societal or environmental impacts, with the notion of measuring the positive and negative impact of investments, ensuring both intentionality and additionality among these.

Institutional asset owners: Outsourced CIOs, pension funds, insurance companies, family offices, sovereign wealth funds, endowments, foundations, banks, fiduciary managers, discretionary investment consultants. Also called Limited Partner or LP.

Market targeted: Markets fund managers target for their investments: We include Global, Developed markets, Emerging markets.

Mezzanine: A specialised form of financing in which loans are subordinated to banks, with no collateral. It is the most equity-like form of private debt.

Microcredit: A common form of microfinance, characterised by small loans to individuals or small companies.

Private debt: Debt instruments to companies: direct lending, mezzanine, microfinance strategies.

Public debt: Publicly traded fixed income securities: investment grade or high yield, focused on green bonds and municipal and community infrastructure and affordable housing issuers.

Regions targeted: Regions fund managers target for their investments: We include Asia Pacific (East Asia, Central Asia, South Asia, South East Asia), Europe (Western Europe, Eastern Europe), Global, Latin and Central America, Middle East and Africa (East Africa, Middle East, Northern Africa, West Africa, Southern Africa), North America, Oceania.

Target fund size: Amount the fund manager is targeting when raising capital.

Vintage: Year where the fund manager first calls capital from investors.

Full glossary: www.phenixcapitalgroup.com/impact-investing-glossary

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