



# Portfolio Review: Strategy & Holdings

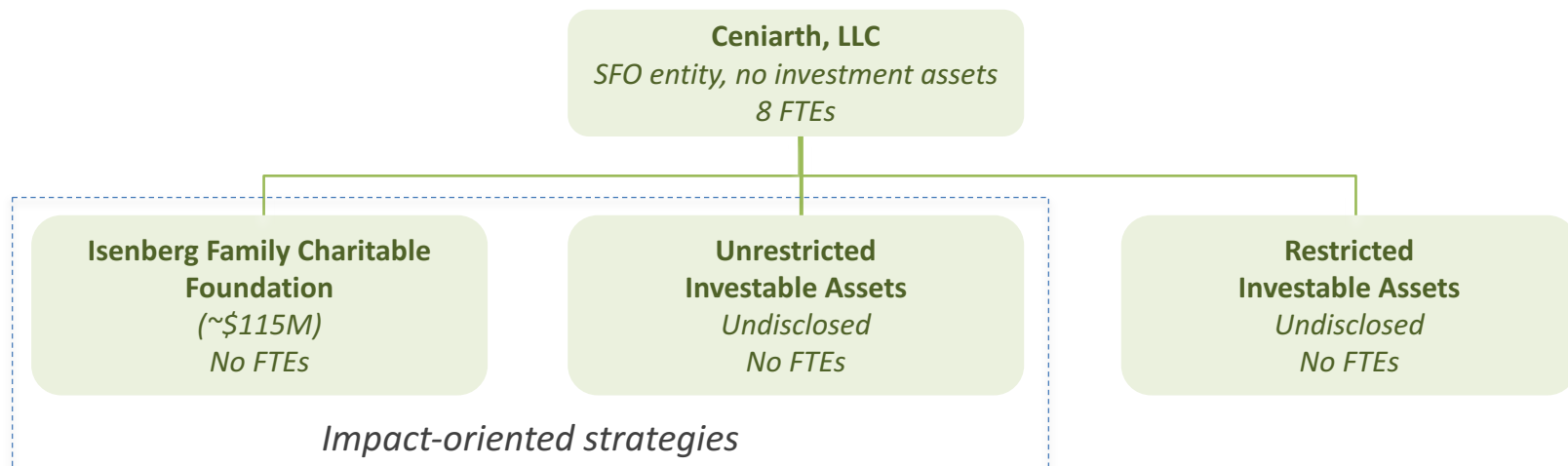
January 2018

*For limited distribution*

- Office structure
- Unpacking our mission & goals
- Our investment strategies & decision-making process
  - Responsible asset management
  - Impact-driven capital preservation
  - Programmatic investing

# Who is CeniARTH?

- Single family office established in 2013 in collaboration with the Isenberg Family Charitable Foundation.
- Manage both investment and philanthropic assets with an integrated approach.

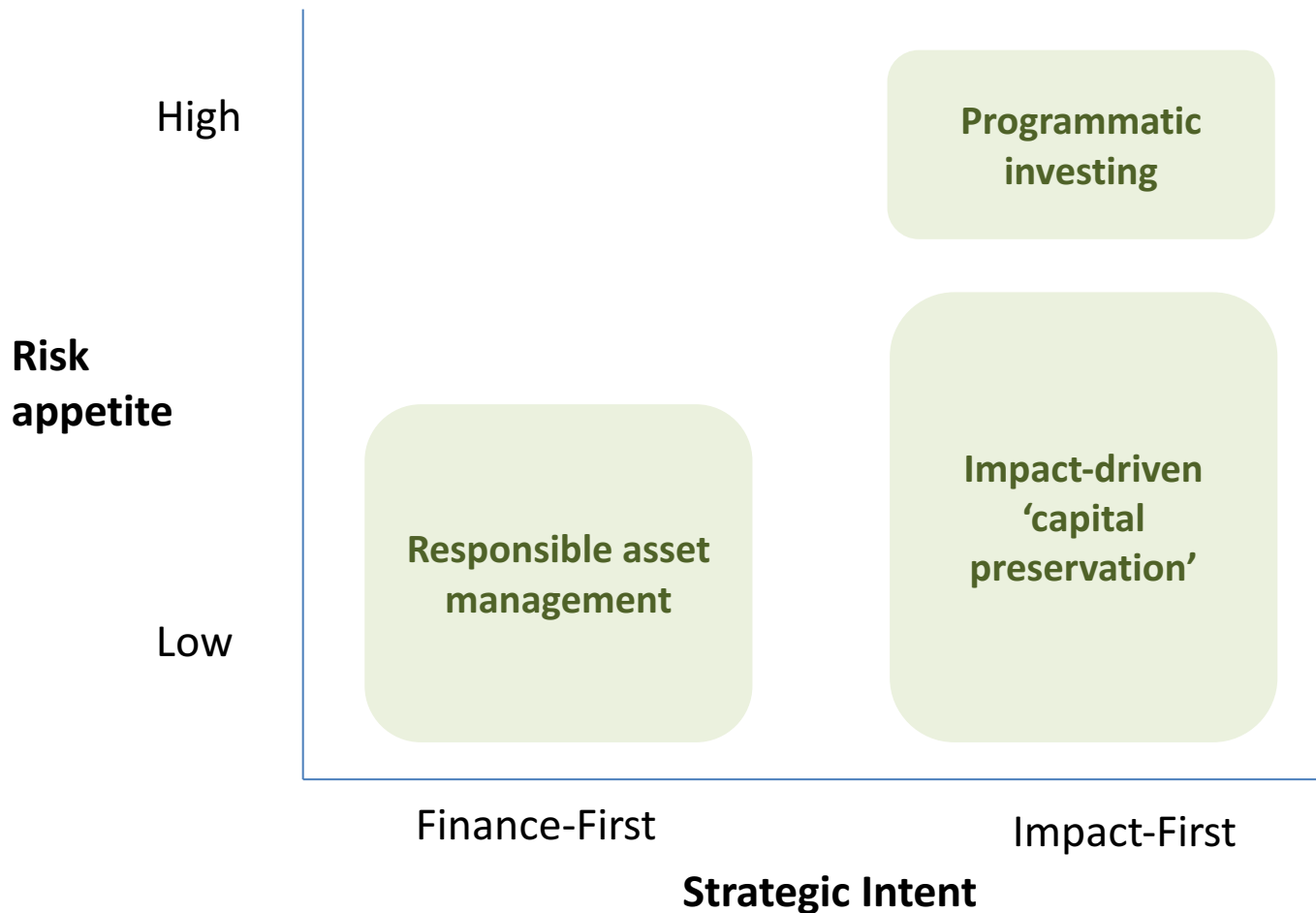


- Mission: Fund market-based solutions that directly benefit underserved communities.
- Goal: Deploy the vast majority of our capital in pursuit of this mission. Produce measurable social outcomes while substantially preserving our capital base and multiplying the impact of our philanthropic distributions.

| What it says   | What it means  |
|--|--|
| <b>Deploy the vast majority of our capital in pursuit of this mission.</b> | <ul style="list-style-type: none"><li>- Impact is at the core of everything that we do as a family office, and the long term strategy for all of our assets.</li><li>- Our team has been built from the ground up with specialized expertise, cultural fit, and incentive alignment to serve this mission.</li></ul>   |
| <b>Produce measurable social outcomes...</b>                               | <ul style="list-style-type: none"><li>- Our primary objective is outcomes that impact human livelihoods. We often fund interventions that have secondary environmental impacts, but we are first and foremost a funder of people.</li><li>- We seek to measure these outcomes on an intervention by intervention basis. This is admittedly not easy, nor consistent.</li></ul> |
| <b>...while substantially preserving our capital base...</b>               | <ul style="list-style-type: none"><li>- We do not lose sleep over what “the market” is doing and have little use for the concept of “market-rate” returns.</li><li>- We are generally working to preserve the value of family assets (after inflation and expenses) &amp; our foundation endowment, while driving as much impact as possible.</li></ul>                        |
| <b>... and multiplying the impact of our philanthropic distributions.</b>  | <ul style="list-style-type: none"><li>- We primarily distribute philanthropic resources in the form of program-related investments (PRIs) in hopes of recycling this capital over time.</li><li>- Our limited grant dollars are generally reserved for opportunities to catalyze additional capital or accelerate high impact models.</li></ul>                                |

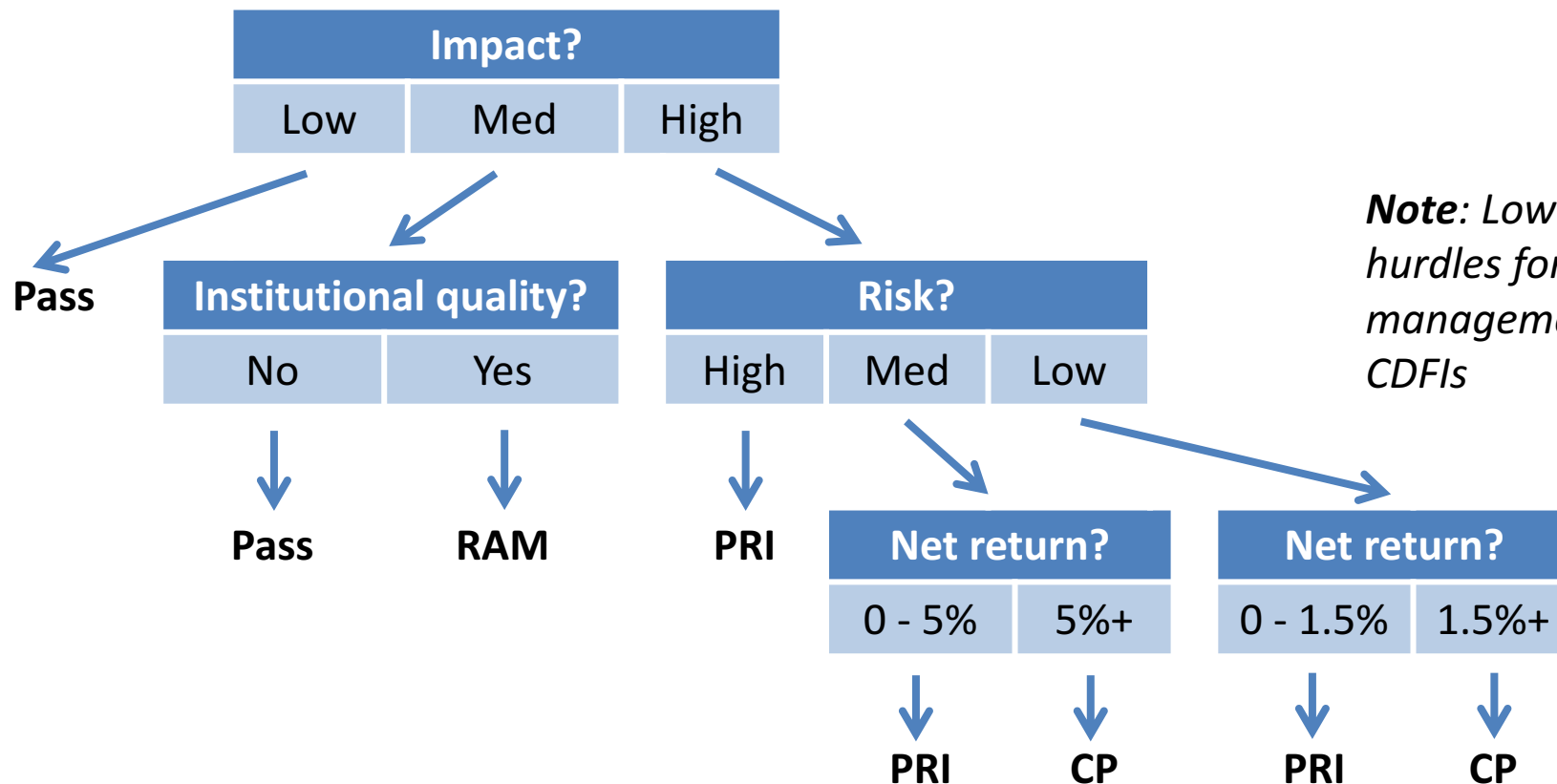
# Mapping Ceniarth's investment strategies

We have three broad investment approaches, each optimised for a different point on the risk / return / impact spectrum. This is based on the assumption that in most cases, more impact is generated by increasing risk appetite or reducing return expectations.



| Strategy   | Scope & Focus Areas   |
|--|---|
| <p><b>Responsible Asset Management</b></p>       | <ul style="list-style-type: none"> <li>- Global mandate across a portfolio conventionally balanced across major asset classes.</li> <li>- Financial goal is to generate returns consistent with a conventionally managed portfolio.</li> <li>- Impact alignment is qualitative with broad leeway to pursue managers with social and/or environmental theses, or traditional strategies with best-in-class ESG considerations.</li> </ul>  |
| <p><b>Impact-driven capital preservation</b></p> | <ul style="list-style-type: none"> <li>- Portfolio focuses on investments with clear impact alignment that have direct and measurable benefits for underserved communities and that have some level of previous demonstrable success.</li> <li>- Portfolio will be heavily weighted toward private credit, real assets, and private equity.</li> <li>- Financial goal is to preserve capital base at an inflation + expense adjusted basis.</li> </ul>  |
| <p><b>Programmatic investing</b></p>             | <ul style="list-style-type: none"> <li>- Deployed almost exclusively in the form of PRIs (some unrestricted investments) &amp; limited grant-making.</li> <li>- Portfolio focuses on investments with clear impact alignment that have direct and measurable benefits for underserved communities with significant, high risk of capital impairment (or negligible returns).</li> <li>- Investment rationale often focused on funding proof of concept and/or de-risking follow-on transactions.</li> </ul> |

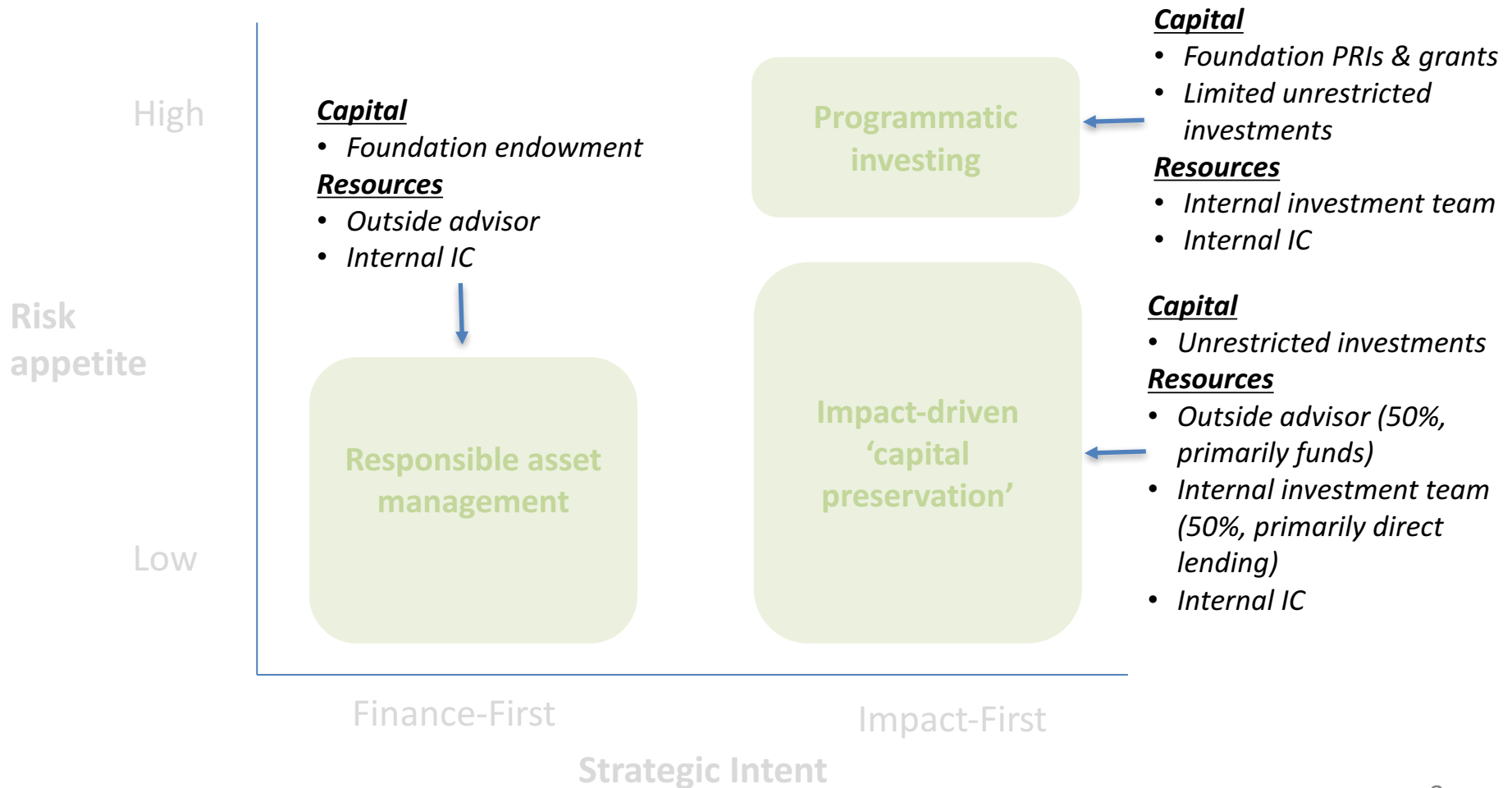
We can map these strategies into a decision tree, which filters the most impactful and financially sound investments into the 'capital preservation' (CP) strategy. Lower impact highly commercial opportunities will go to 'responsible asset management' (RAM) and high impact but less commercial opportunities are reserved for PRI capital.



**Note:** Lower return hurdles for cash management, e.g. CDFIs

# Mapping strategies to resources & capital

We leverage both an internal investment team, as well as outside advisors to support diligence activities. Initial assessment of likely capital source/strategy drives allocation of work. All final investment decisions are made internally (no discretionary support from advisors).





The following investments are examples of holdings within our responsible asset management strategy.

| Investment                               | Asset Class                  | Mission-Alignment/Focus                                    |
|--|------------------------------|--|
| <b>Generation IM Global</b>              | Public Equity                | Core thesis on sustainability analysis                     |
| <b>Generation IM Asia</b>                | Public Equity                | Core thesis on sustainability analysis                     |
| <b>Boston Common Global Equity</b>       | Public Equity                | Strong practice of corp. engagement & shareholder advocacy |
| <b>Mellon Capital Carbon Efficiency</b>  | Public Equity                | Best-in-class companies focused on carbon reduction        |
| <b>TIAA-CREF Social Choice Bond Fund</b> | Fixed Income                 | Focus on affordable housing, community dev, clean energy   |
| <b>Threadneedle UK Social Bond Fund</b>  | Fixed Income                 | Focus on housing, education, infrastructure, clean energy  |
| <b>Bridges Property Fund</b>             | Real Estate                  | Investments in urban rehabilitation & elderly care homes   |
| <b>Generate Capital</b>                  | Real Assets: Project finance | Renewables & energy efficiency infrastructure-as-a-service |
| <b>GSSG Solar</b>                        | Real Assets: Project finance | Investments in large scale solar projects                  |
| <b>Heartwood Forestland</b>              | Real Assets: Timber          | Sustainably managed forestry                               |
| <b>Bridges Ventures US</b>               | Private Equity: US           | Education, health & wellness, underserved markets          |
| <b>Bain Double Impact</b>                | Private Equity: US           | Sustainability, health & wellness, community building      |
| <b>Helios Capital Partners</b>           | Private Equity: Africa       | Pan-African fin services, energy, telecom, industrials     |
| <b>Triodos Organic Growth Fund</b>       | Private Equity: Europe       | Profitable enterprises in organic/natural products & food  |
| <b>Asia Environmental Partners</b>       | Private Equity: Asia         | Pan-Asian environmental services businesses                |
| <b>Farrallon F5</b>                      | Absolute return              | Sleeve divested of investments in extractives              |

## Generation Investment Management, Global Public Equity Fund

- Generation is an investment management firm focused on investing in companies that are actively addressing sustainability factors that will ultimately drive long term profitability and growth. The firm currently has over \$15B in a range of public and private fund strategies.

|   | Description  | Rating |
|---|--|--------|
| <b>Impact</b><br>(5= high impact)           | <ul style="list-style-type: none"> <li>– Shareholder in enterprises intentionally selected for their sustainability thesis and good governance.</li> <li>– Proactive engagement with portfolio companies to share insights where applicable, and actively monitor strategy.</li> </ul> | 2      |
| <b>Financial Return</b><br>(5= high return) | <ul style="list-style-type: none"> <li>– <i>Confidential (outperforming benchmarks)</i></li> </ul>   | 5      |
| <b>Risks</b><br>(5= low risk)               | <ul style="list-style-type: none"> <li>– Hold relatively concentrated, high conviction portfolio of stocks.</li> <li>– General market risk &amp; volatility.</li> </ul>  | 4      |

The following investments are indicative holdings in our evolving strategy for impact-driven “capital preservation”

| Investment                                   | Sector                         | Mission-Alignment                                 |
|--|--------------------------------|---|
| <b>Advance Global Capital (AGC)</b>          | Private credit: factoring      | Financing of SME invoices in emerging markets     |
| <b>Global Partnerships</b>                   | Private credit: MFI            | Funding MFI & LIFI in S. America & Africa         |
| <b>Root Capital</b>                          | Private credit: trade finance  | Funding agricultural cooperatives                 |
| <b>Neogrowth</b>                             | Private credit: SME lending    | SME lending in India                              |
| <b>Goldman Sachs Social Impact Fund</b>      | Real assets & SIBs             | Urban investment & innovative PPP models          |
| <b>Lendable</b>                              | Private credit: receivables    | Financing SMEs in emerging markets                |
| <b>Microvest</b>                             | Private credit: MFI            | Funding MFI & LIFI globally                       |
| <b>Jonathan Rose Affordable Housing Fund</b> | Real Estate                    | Development/mgmt. of US affordable housing units  |
| <b>Community Investment Management</b>       | Private credit: SME lending    | Financing for U.S. SME online marketplace lenders |
| <b>EFTA</b>                                  | Private credit: equip. leasing | Financing agri-equipment leasing in Tanzania      |

## Advance Global Capital

- Advance Global Capital (“AGC”) specializes in financing confirmed invoices (factoring) for SMEs in emerging and underserved markets. Given the short term, revolving nature of this form of finance, AGC has served over 2,000 SMEs with over \$300M in invoices financed in two years of operation.

|  | Description  | Rating   |
|--|--|----------|
| <b>Impact<br/>(5=high impact)</b>            | <ul style="list-style-type: none"> <li>– Efficient form of finance for many SMEs; strong focus on both agro-enterprises and women-owned businesses.</li> <li>– Support the development of local financial institutions (factors) that work directly with clients.</li> </ul>   | <b>4</b> |
| <b>Financial Return<br/>(5= high return)</b> | <ul style="list-style-type: none"> <li>– 6.00% net of fees return (2016).</li> </ul>   | <b>4</b> |
| <b>Risks<br/>(5=low risk)</b>                | <ul style="list-style-type: none"> <li>– Credit risk falls on purchasers (larger retailers or distributors); tend to be easily verifiable counter-parties.</li> <li>– Credit risk is short term (60-90 days) before invoice is paid.</li> <li>– Currency risk must be actively managed.</li> <li>– Must manage multiple country risk, working across diverse geographies.</li> </ul> | <b>4</b> |

# Case Study: Impact-driven capital preservation Global Partnerships

- Global Partnerships is a non-profit impact investor focused on funding enterprises that expand opportunity for those living in poverty. The firm invests in a range of microfinance institutions, social enterprises, and cooperatives with a historical focus in Central and South American, but an expanding loan book in Africa. The firm has invested ~\$250M in over 100 partner organizations over its 20 year history.

|  | Description   | Rating   |
|--|---|----------|
| <b>Impact<br/>(5=high impact)</b>            | <ul style="list-style-type: none"> <li>– Detailed impact reporting on # of individuals served by investment, % women &amp; % rural.</li> <li>– Initiative areas (women-centered finance w/ education/healthcare, rural-centered finance, energy access, smallholder farmer access) are highly aligned with our core mission.</li> </ul> | <b>5</b> |
| <b>Financial Return<br/>(5= high return)</b> | <ul style="list-style-type: none"> <li>– 2% return on a 2 year term note.</li> <li>– 5% return on a junior, catalytic 10 year tranche.</li> </ul>   | <b>3</b> |
| <b>Risks<br/>(5=low risk)</b>                | <ul style="list-style-type: none"> <li>– Broad exposure to microfinance institutions though most with long track records.</li> <li>– Country risks: can be mitigated with concentration limits.</li> <li>– Currency risks: can be mitigated with hedging strategies.</li> </ul>   | <b>4</b> |

# Programmatic investing

The following investments are representative of our program-focused work. Transactions take the form of debt, loan guarantees, fund investments, and grants.

| Investment                          | Sector                 | Mission-Alignment/Focus  |
|-------------------------------------|------------------------|--|
| <b>One Acre Fund</b>                | Agriculture            | Input lending to small farmers in E. Africa                          |
| <b>MyAgro</b>                       | Agriculture            | Input finance (savings) for small farmers in W. Africa               |
| <b>Apollo Agriculture</b>           | Agriculture            | Data-driven lending to small farmers in E. Africa                    |
| <b>Juhudi Kilimo</b>                | Agriculture            | Asset-backed (equipment) financing for small farmers in E. Africa    |
| <b>Vaell</b>                        | Agriculture            | Asset-backed (equipment) financing for small farmers in E. Africa    |
| <b>Off Grid Electric</b>            | Energy Access          | Pay-as-you-go solar home systems (vertically integrated)             |
| <b>Raj Ushanga House (Lendable)</b> | Energy Access          | Pay-as-you-go solar home systems (distributor)                       |
| <b>Sun Funder</b>                   | Energy Access          | Distributed solar financing fund for emerging markets                |
| <b>Greenway Grameen</b>             | Energy Access          | Clean cookstove manufacturer in India                                |
| <b>Cross Boundary Energy</b>        | Energy Access          | Financing fund focused on C&I projects in Africa                     |
| <b>Frontier Markets</b>             | Energy Access          | Solar products distributor in India                                  |
| <b>Tugende (Lendable)</b>           | Financial inclusion    | Lease to own motorbikes (for taxi services) in Uganda                |
| <b>Pro Mujer</b>                    | Financial inclusion    | MFI with comprehensive, women-focused lending mandate                |
| <b>WWB Capital Partners</b>         | Financial inclusion    | Fund investing in MFI capacity building                              |
| <b>Evidence Action</b>              | WASH                   | Chlorine dispensers for clean water in Malawi                        |
| <b>Colalife</b>                     | Healthcare             | Distribution of ORS kits in Zambia                                   |
| <b>Village Capital</b>              | Enterprise Development | Incubator for impact-oriented startups (fintech, ag., educ., energy) |
| <b>Capria Ventures</b>              | Enterprise Development | Incubator for impact-oriented funds in emerging markets              |

## Case Study: Programmatic investing One Acre Fund

- One Acre Fund is a non-profit, social enterprise that supports rural, smallholder farmers in East Africa. The organization provides a full set of agricultural services (financing for inputs, distribution of seed & fertilizers, training on techniques, and market facilitation) for its clients. It extends these services in the form of loans that are repayable at harvest when farmer cash flows are realized. One Acre Fund currently serves close to 500,000 farmers and employs over 5,000 local staff.

|   | Description   | Rating |
|---|---|--------|
| <b>Impact</b><br>(5=high impact)            | – Detailed impact measurement on # of farm families served and increases in annual income.  | 5      |
| <b>Financial Return</b><br>(5= high return) | – 2% on a ~2 year term note.  | 3      |
| <b>Risks</b><br>(5=low risk)                | <ul style="list-style-type: none"> <li>– Credit risk relies on farmer productivity and success (exposure to weather-related crises and/or other regional/country risks)</li> <li>– Concentrated country risk in E. Africa.</li> </ul> | 3      |