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INVESTMENT MANAGERS

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Investment
Management

LO FUNDS – GLOBAL CLIMATE BOND 2018 Impact Report Sample Pages

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Portfolio impact highlights & discussion

Geographic distribution of the portfolio

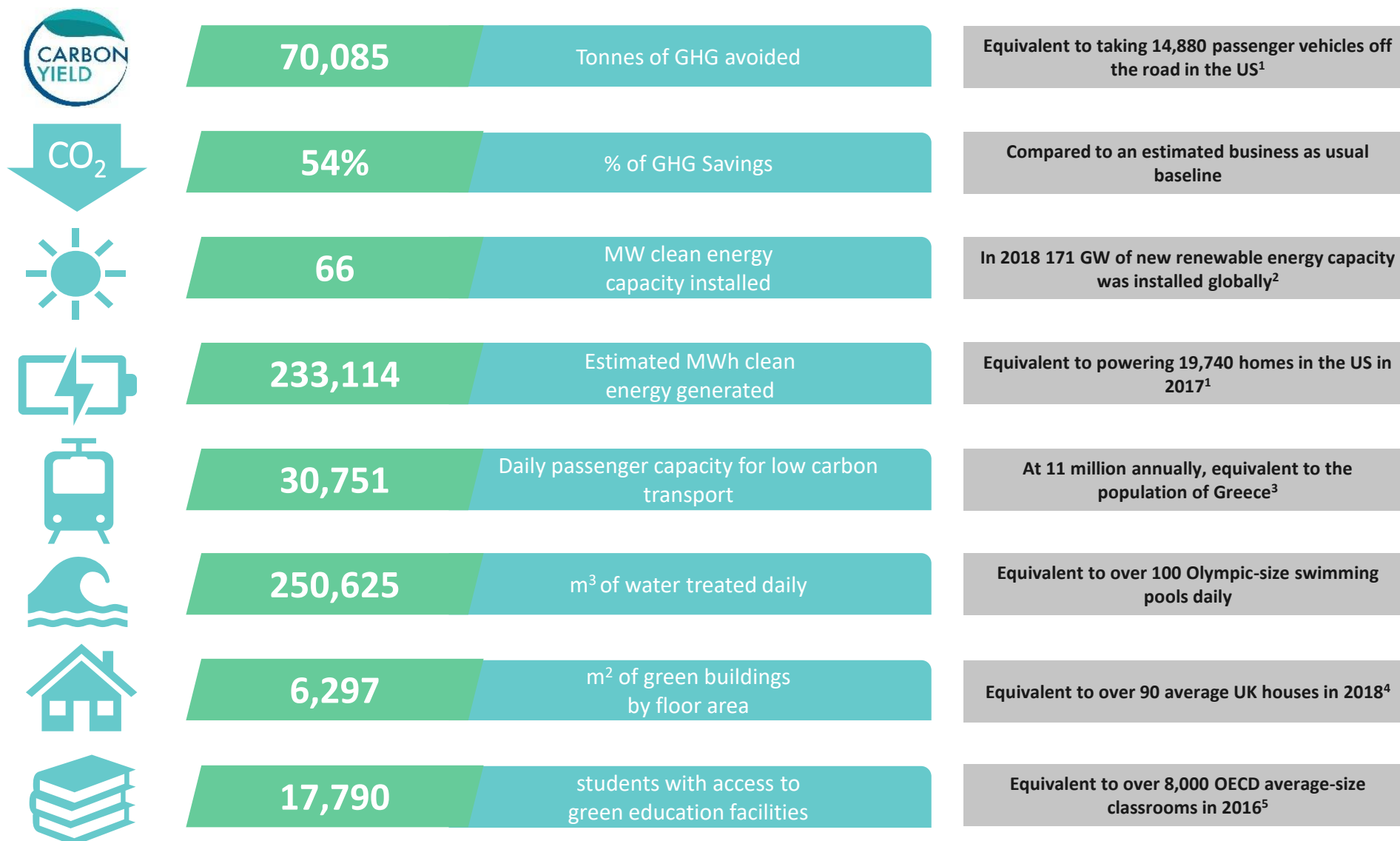
Sector distribution of the portfolio

Portfolio alignment with UN Sustainable Development Goals
(UN SDGs)

Assessment of portfolio greenhouse gas (tCO₂eq) emissions
avoided

SDG aligned project case studies

Impact highlights: LO Funds - Global Climate Bond



¹ United States Environmental Protection Agency, 2018 (passenger vehicles are defined as 2-axle, 4-tire vehicles, including passenger cars, vans, pickup trucks and sport utility vehicles)

² Renewable Capacity Statistics 2019, International Renewable Energy Agency (IRENA), 2019

³ UN World Population Prospects, 2017

⁴ What is the average house size in the UK?, LABC Warranty, 2018

⁵ OECD.Stat, Average Class Size, 2019
Source: AIM Impact Report 2018: LO Funds - Global Climate Bond

Impact highlights: LO Funds - Global Climate Bond



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Impact bond frameworks



911

Projects/initiatives partially or fully supported by impact bonds held in the portfolio



80

Countries receiving impact bond commitments and disbursements¹



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Sustainable Development Goals supported



6

Environmental sectors supported



5

Social sectors supported



Market Return

Target to deliver market return above benchmark as well as impact²



Over 95%

Of the portfolio by average 2018 weights is covered in this report



US\$220m

Assets under management as of end-December 2018

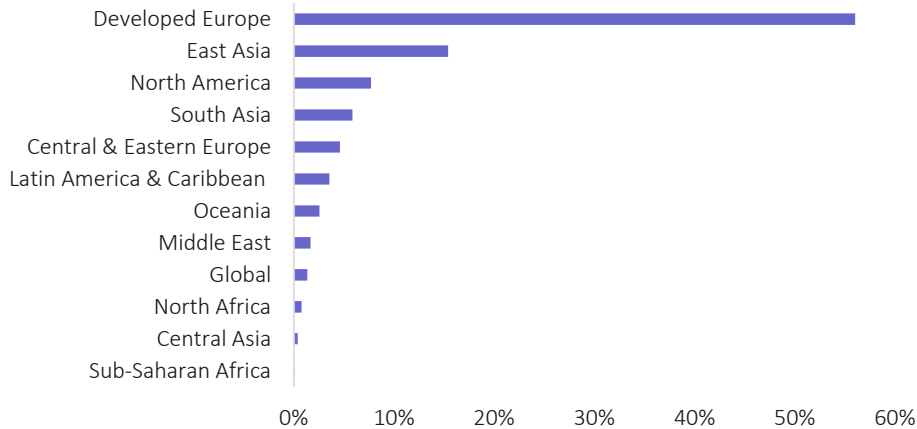
¹ Impact bond issuers may report on bond proceeds' commitments and/or disbursements. A project may receive a total commitment from an impact bond in 2018 which was/is disbursed over multiple time periods.

² Markets may go up or down. You may receive back less than you invested.

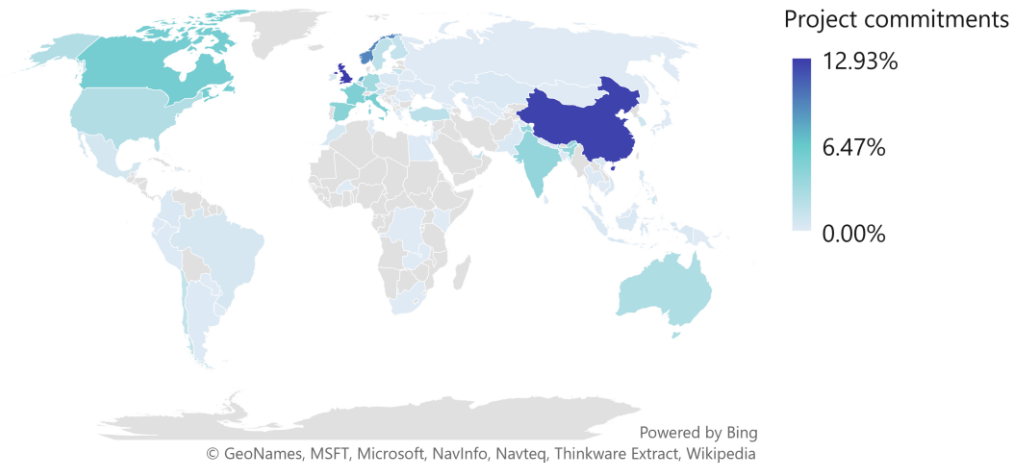
Source: AIM Impact Report 2018: LO Funds - Global Climate Bond

Our impact report: LO Funds - Global Climate Bond

LO Funds - Global Climate Bond 2018 Geographic Distribution
(portfolio-weighted, USD equivalent)



LO Funds - Climate Bond 2018 Map of Project Commitments
(portfolio-weighted, USD equivalent)



INDEPENDENT GHG EMISSIONS AVOIDED ASSESSMENT¹ (portfolio-weighted tonnes of CO₂e)

LO Funds - Global Climate Bond portfolio lifetime GHG emissions avoided 2,724,526

LO Funds - Global Climate Bond portfolio GHG emissions avoided per annum 70,085

LO FUNDS - GLOBAL CLIMATE BOND PORTFOLIO CARBON YIELD® (portfolio-weighted)

0.27 tonnes of CO₂e avoided per US\$1,000 per annum

Equivalent to 660 miles driven by an average passenger vehicle in the US in 2016²



¹ The portfolio greenhouse gas emissions data was calculated with the assistance of ISS ESG. The Carbon Yield® was co-developed by AIM, ISS ESG and Lions Head Global Partners, with funding from Rockefeller Foundation. ² EPA, Greenhouse gas equivalencies calculator
Source: AIM Impact Report 2018: LO Funds - Global Climate Bond

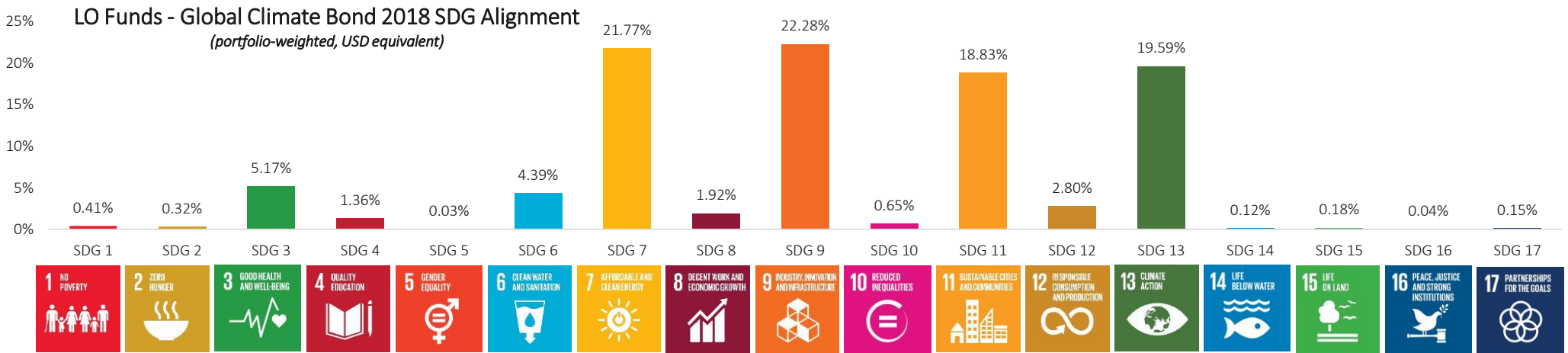
AIM Impact Report commitment



Project case studies

SECTOR TRANSPORT According to the International Energy Agency, transport overall accounts for 24% of global energy-related GHG emissions. Road vehicles—cars, trucks, buses and two- and three-wheelers—account for nearly three quarters of transport CO ₂ emissions. The good news is that the pace of growth for global transport emissions decelerated from 1.6% annually over the last decade to 0.6% in 2018. ¹	PROJECT International Bank of Reconstruction and Development (IBRD) Green Bond Sustainable and Resilient Transport Infrastructure The São Paulo State Sustainable Transport Project aims to improve the state's transport and logistics efficiency, increase the modal share of waterway transport, and promote resilience to climate change and natural disasters. It is progressing towards these objectives through measures such as zoning; developing disaster response plans for transport sectors; reviewing road design and operations; and preparing prevention and contingency plans.		
	CONTEXT LOCATION Brazil <ul style="list-style-type: none"> • São Paulo state has a population of 44 million and the state capital >12 million. • The state faces significant challenges, with a stressed road network prone to congestion and accidents, and which is vulnerable to natural disasters. • The state's poorer areas are most heavily impacted by flash floods and landslides resulting from extreme climatic events. 	AIM SUMMARY Under its current Climate Change Action Plan, IBRD aims to mobilise US\$2bn in lending for adaptation and resilient transport in middle-income countries. This project improves quality of life, safety and climate resilience. It will also increase the interconnectedness between the sprawling megalopolis that is São Paulo and the state's rural region, promoting social mobility. A shift from road to waterway transport is also expected to curb GHG emissions.	
	OUTPUT (ISSUER KPIS) Expected outcomes <ul style="list-style-type: none"> • 50% reduction in road fatalities across the 100 most critical sites. • 6 million tons/year freight in the Tietê-Paraná waterway (400% increase). • 39 additional municipalities with disaster risk mapping. 	RELATED SDGs 	

PHYSICAL INFRASTRUCTURE Buildings were responsible for 28% of global energy-related GHG emissions in 2018. ¹ Significant decarbonisation potential remains in the sector due to the widespread use of inefficient technologies, dated building stock, and a lack of both effective policy and investment in sustainable buildings. Heating and cooling demands also rose in 2018, a year characterised by record weather events, such as heatwaves, resulting in an increase of GHG emissions to an all time high.	PROJECT Icade Green Bond Green Buildings Pulse is a green office complex developed by real estate specialists, Icade. Located in the densely populated Paris outskirts, the property is due to be completed in 2019 and encompasses 28,700 sq m of floor area. Pulse is a low carbon building in a very holistic sense: energy efficient features enable low heat and power consumption and, in addition, the project avoided carbon emissions even during construction, through the re-use of materials. Another noteworthy feature is its rooftop vegetable garden, which is designed for rainwater collection and producing compost.		
	CONTEXT LOCATION France <ul style="list-style-type: none"> • France is the 4th biggest emitter of greenhouse gases in the European Union (which is the 2nd largest emitter globally). • In France, the real estate sector accounts for 25% of GHG emissions. • France is subject to EU regulations that require all new buildings to be <i>nearly zero-energy buildings</i> (NZEBS) by the end of 2020. 	AIM SUMMARY Pulse is designed to mitigate emissions throughout its lifecycle, while targeting an ambitious energy performance. It is, therefore, well-positioned to support France's path to decarbonisation. In addition to its mitigation impact, the building offers additional well-being, education and ecology benefits.	
	OUTPUT (ISSUER KPIS) Certifications and Labels <ul style="list-style-type: none"> • NF HQE: Excellent (Construction) • BBCA (low carbon building) • E+C- (positive energy, low carbon building) • ISO 14001 certification (business park) • EcoJardin label • Icade's total green building portfolio avoided 141 t of CO₂ during the reporting period. 	RELATED SDGs 	



Source: AIM Impact Report 2018, LO Funds - Global Climate Bond

UN Sustainable Development Goal (SDG) Alignment

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