

Investment Strategy

Overview: The Strategy is designed for institutional and corporate investors. It invests in relatively lower risk green bonds and relatively higher risk clean energy venture debt. The fund may also invest in other green fixed income securities such as asset backed securities related to clean energy infrastructure projects.

Return Target: The Strategy targets a return of 2-3x the return of traditional green bond funds with additional upside optionality resulting from equity exposure via venture debt structures. Currently the target return is >7%.

Mission: The Strategy's mission is to displace the maximum amount of carbon (current and future) while ensuring capital protection and the highest rate of return possible. The dark green bond allocation addresses the resilience of existing infrastructure while the venture debt allocation addresses innovation that will circumvent obstacles to the roll out of the green economy.

Dark Green Bonds: The portfolio includes ~70% "dark green" bonds, where the proceeds are invested in projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. The Strategy's objectives are achieved through credit selection and portfolio diversification. The green bond portfolio is heavily weighted towards investment-grade green bonds with an average duration of 5 to 7 years. In order to optimize for high impact, the portfolio is weighted towards credits with 'dark green' implementation in North America and the APAC region.

Venture Debt: The portfolio includes up to ~30% venture debt focused on "future dark green" opportunities, innovative and disruptive projects and solutions that result in a deflationary effect on the clean energy infrastructure funding gap. The venture debt investment strategy addresses road blocks preventing the development of the green economy. The strategy filters the different venture debt opportunities, ranking them by credit quality, structure and total addressable carbon market they are looking to disrupt. The return profile, intellectual property and path to commercialisation are analysed and compared to choose opportunities that give the investor the best terms, returns and impact. In addition to interest payments, venture debt assigns warrants and/or other derivatives providing equity upside in high growth startups. Whilst these equity "kickers" are not the key component of the Fund's expected returns, they may provide additional enhanced performance.

Term Details

KEY TERMS	DETAILS
SEED INVESTOR CAPITAL RAISE	US \$50M-100M
STRATEGY	<ul style="list-style-type: none"> • Global • 70% Green Bonds • 30% Venture Debt
STRATEGY CAPACITY	~US\$1B
LIQUIDITY	7-day*
SEED INVESTOR MANAGEMENT FEE	1.00%
SEED INVESTOR PERFORMANCE FEE	10% over 7% Hurdle Rate
REPORTING	<ul style="list-style-type: none"> • Monthly NAV (Unaudited) • Yearly Audited Financial Statements
MINIMUM SUBSCRIPTION	US \$1M**
TARGET LAUNCH DATE	Q1 2020
BASE CURRENCY	USD
TARGET DURATION	5Y
TARGET GROSS RETURN	7.4%

*the Strategy allows investors access to the liquidity on the green bond portfolio – venture debt will either amortize or be sold on a best endeavors basis

** subject to general partner discretion

High Impact: The Opportunity

CURRENT GREEN BOND FUNDS

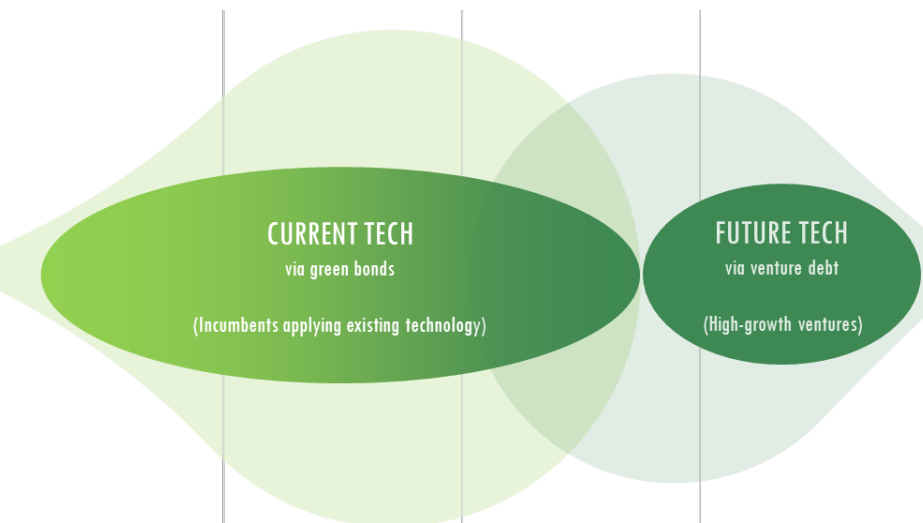


HIGH IMPACT GREEN BOND STRATEGY

Current green bond funds mainly invest in incumbent technology, processes, and economic models.

LOW YIELD
LOW IMPACT
CURRENT TECH

Green bonds generally support current, not future, tech & cover light, medium & dark green projects



The Artesian High Impact Green Bond Strategy bridges the gap between current + future technology and targets enhanced yields

HIGH YIELD
HIGH IMPACT
CURRENT + FUTURE TECH

Dark green project focused. Future upside captured via debt in high growth ventures with warrants and/or rights to purchase equity

LIGHT GREEN

Existing projects & solutions that are environmentally friendly but do not represent or contribute to the long term vision

MEDIUM GREEN

Existing projects & solutions that represent steps towards the long-term vision, but are not quite there yet

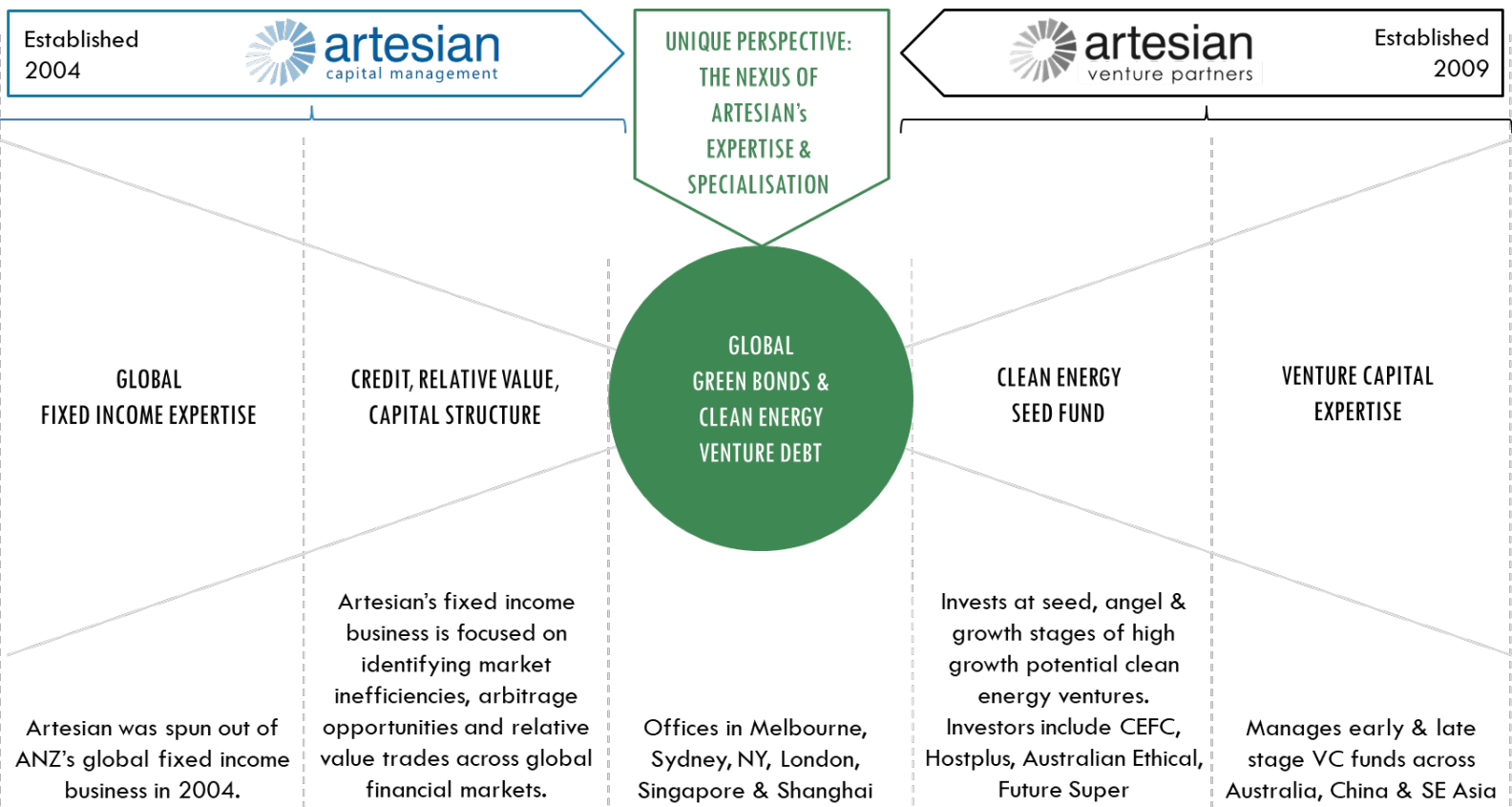
DARK GREEN

Existing projects & solutions that correspond to the long-term vision of a low carbon and climate resilient future

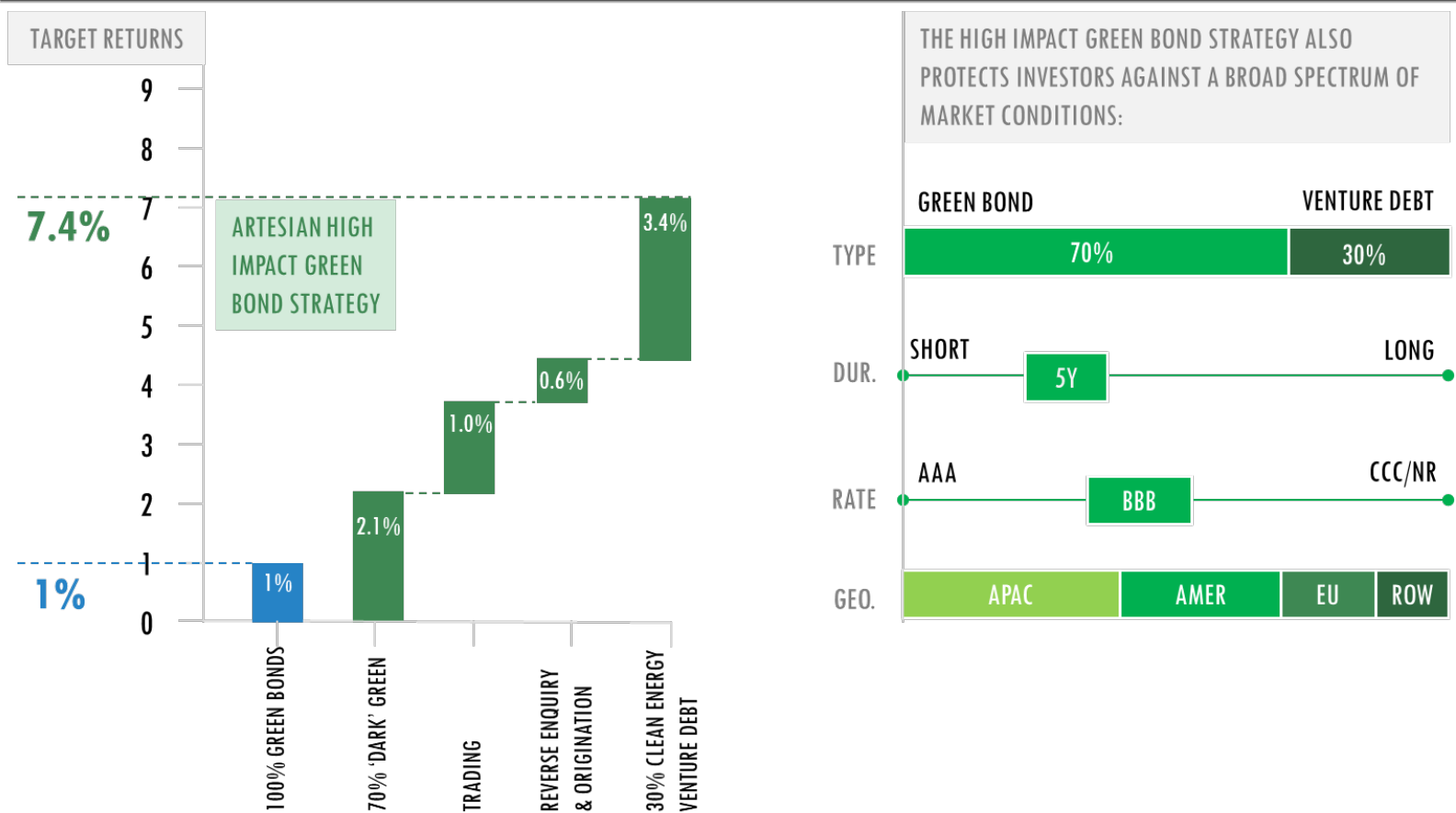
FUTURE DARK GREEN

Innovative & disruptive projects & solutions that correspond to the long-term vision of a low carbon and climate resilient future

Artesian's Unique Perspective: Fixed Income & Venture Capital



Target Total Returns: Yield Components & Risk Mitigants



Further Information



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