

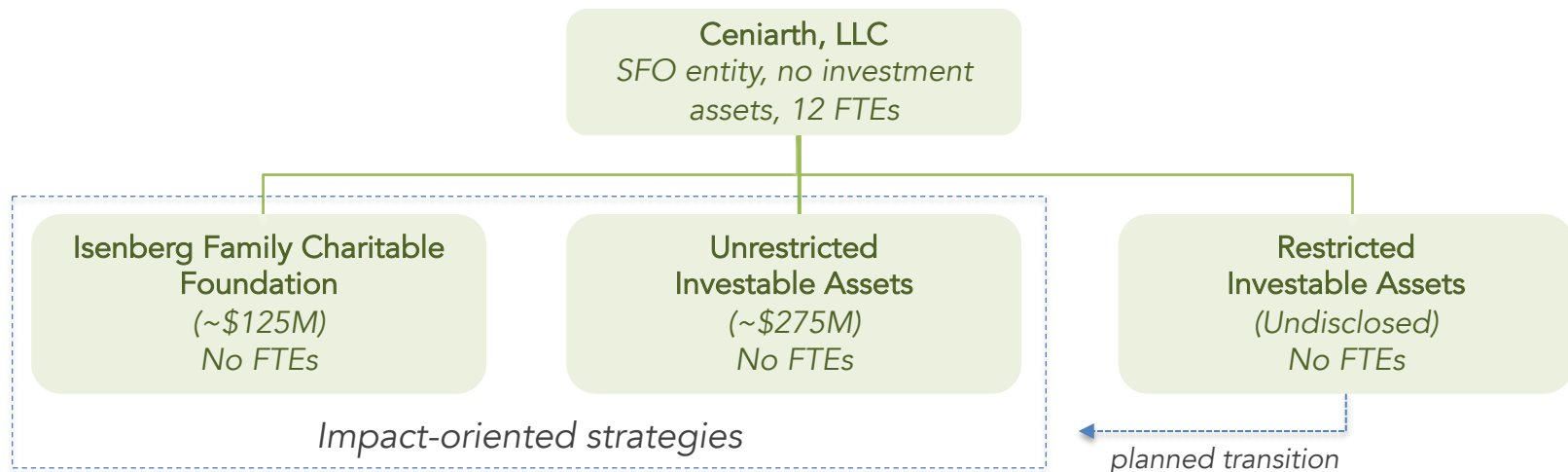


"Impact-First" Capital Preservation

November 2019

Who is Ceniarth?

- Single family office established by Diane Isenberg in 2013 in collaboration with the Isenberg Family Charitable Foundation.
- Manage both investment and philanthropic assets (~\$400m) with an integrated, impact-oriented approach.

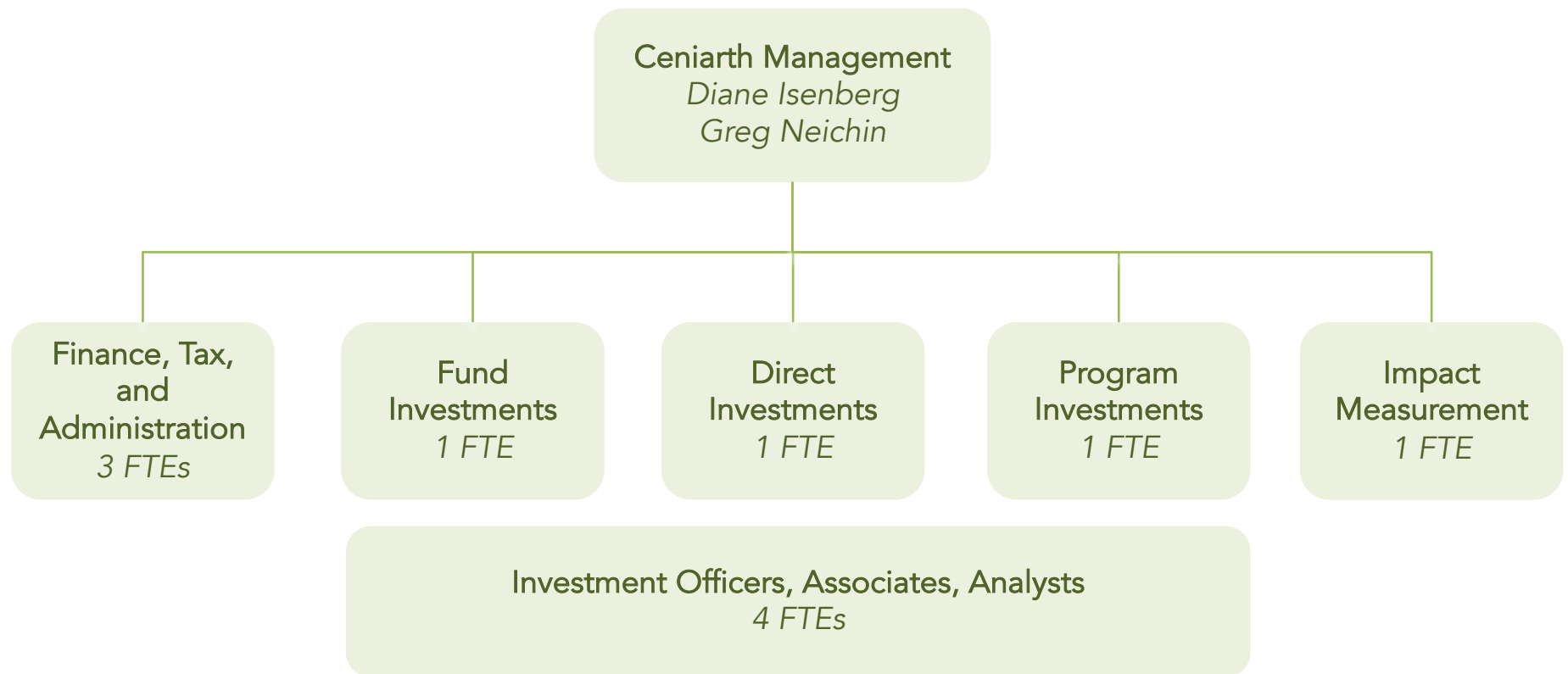


- Mission: Fund market-based solutions that directly benefit underserved, primarily rural, communities.
- Goal: Deploy the vast majority of our capital in pursuit of this mission. Produce measurable social outcomes while preserving our capital base in order to recycle and multiply its use for impact.

Ceniarth Organization Design

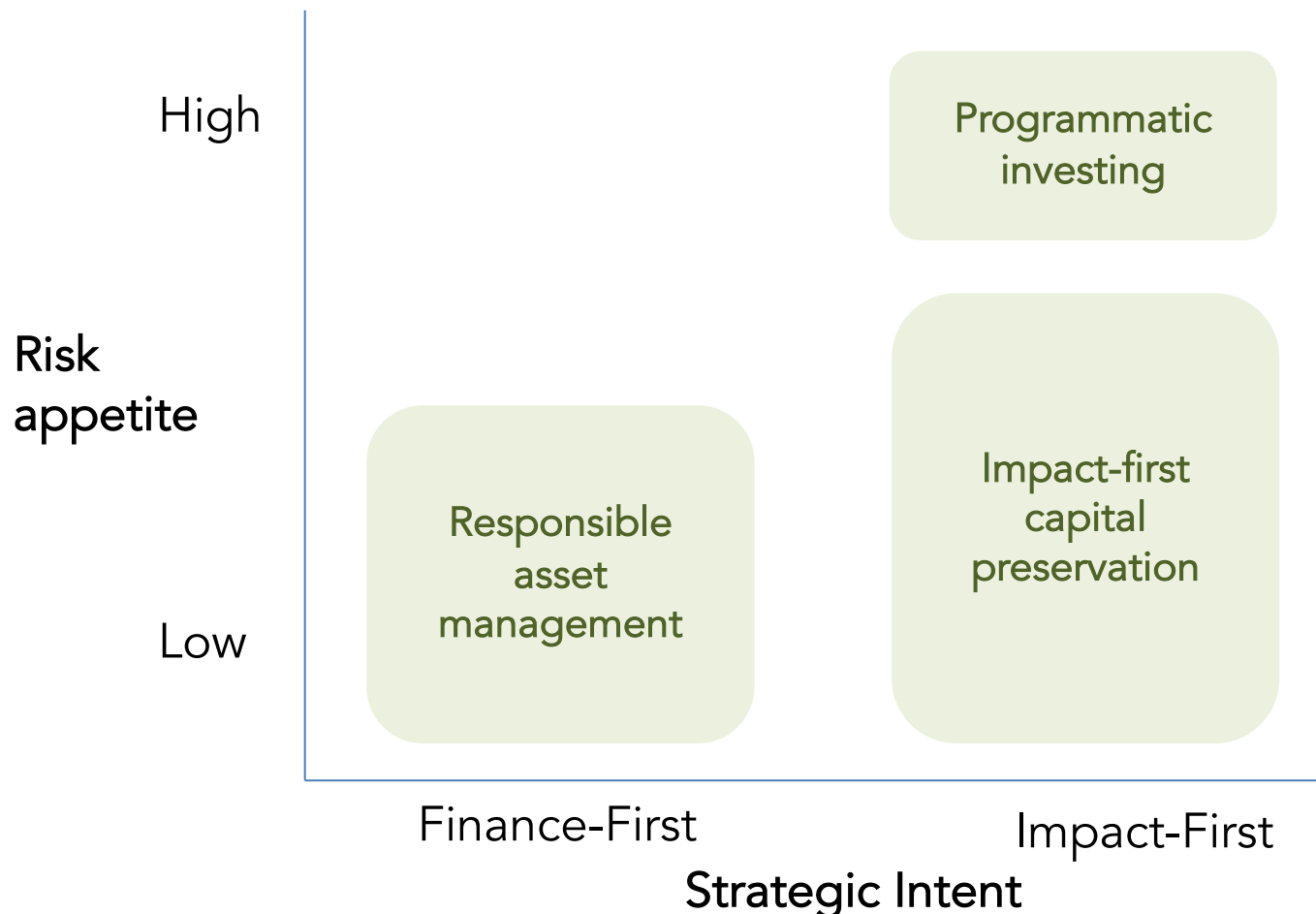


- 12 FTEs: Based primarily in London with remote employees in San Francisco & New York
- Limited support from external investment consultants & advisors; outsourced legal support on a deal-by-deal basis



Mapping Ceniarth's investment strategies

We began in 2013 with three broad investment approaches, each optimised for a different point on the risk / return / impact spectrum. This was based on the assumption that in most cases, more impact is generated by increasing risk appetite or reducing return expectations.



IMPACT**ALPHA**
INVESTMENT NEWS FOR A SUSTAINABLE EDGE

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Smarter Money | August 20, 2018

Fighting poverty and remaining rich: Ceniarth shifts portfolio to impact-first capital preservation

“We have only become more convinced that trade-offs between impact and return are real and unavoidable. Those of us with the privilege and responsibility of stewarding great wealth must confront this reality. If we genuinely wish to deploy capital in ways that will support people and places that are being left behind by market forces, than we cannot delude ourselves into believing that we can have it all.

The good news is that there are many of us fortunate enough to not need it all. If you are rich today and invest in a manner that generates deep impact, and returns your capital with a yield in line with inflation and reasonable expenses, you will still be rich tomorrow.”

Capital preservation investments: our strategy ceniarth

The goal of the impact-led capital preservation (CP) strategy is to move as much capital as possible from the foundation endowment and unrestricted, personal assets into impact-first, low(-er) risk strategies.

- Investments must have direct and measurable benefit for underserved communities and some level of previous demonstrable success
- Financial goal is to preserve capital base at an inflation + expense adjusted basis
- The portfolio is weighted towards investing via intermediaries in order to achieve greater scale and to build infrastructure for other investors

Impact-driven capital preservation - *Intermediary investments*

- **Investment size:** \$1m-\$5m
- **Instrument:** private credit, real assets, and private equity
- **Sectors:** primarily agriculture, financial inclusion, SME lending, access to energy, affordable housing
- **Underlying investees:** organisations providing goods and services to the rural poor; SMEs that can uplift rural communities and create employment opportunities.

Impact-driven capital preservation - *Direct investments*

- **Investment size:** \$.5m-\$3m
- **Instrument:** private credit
- **Investees:** typically SME and agricultural lenders and leasers that need credit to finance their loan books.

Capital preservation: portfolio design

	Description	Example	
Microfinance	Best in class MFIs/MIVs pursuing high impact strategies	<ul style="list-style-type: none"> • Global Partnerships • WaterEquity • BlueOrchard • Climate Resilience 	Developing Markets
Agricultural finance	Investing across value chain serving smallholders (input, trade, assets, agri-business)	<ul style="list-style-type: none"> • Root Capital • One Acre Fund • Omnivore 	
Financial inclusion	Small business lending to unbanked/underserved enterprises	<ul style="list-style-type: none"> • AGC • Lendable • CIM 	
Energy access	Cost effective delivery of energy services to off-grid/grid deficit rural areas	<ul style="list-style-type: none"> • SunFunder • CBE mini-grid fund 	
Responsible fixed income	Developed market bond funds focused on priority sectors (housing, education, infra)	<ul style="list-style-type: none"> • TIAA-CREF • CCM 	Developed Markets
Community development	US-based lending to CDFIs serving persistent poverty areas	<ul style="list-style-type: none"> • HOPE Credit Union • ROC-USA • Fahe 	
Real estate/ affordable housing	Focus on affordable housing and real estate development in distressed communities	<ul style="list-style-type: none"> • CHC • Jonathan Rose 	
Other	Investments that address other critical infrastructure or livelihood issues (healthcare, education, transportation, etc.)	<ul style="list-style-type: none"> • TBD 	

Global Partnerships: Founded in 1994, Global Partnerships is a non-profit social impact investor that has deployed nearly \$400M into sustainable solutions that benefit communities living in poverty. GP primarily lends via microfinance organizations and other financial intermediaries though does do a select amount of direct enterprise lending. Global Partnerships has raised a series of debt funds. CeniARTH had provided by junior and senior debt to GP's previous funds 5 & 6.



OPIC COMMITS \$50 MILLION TO GLOBAL PARTNERSHIPS' IMPACT-FIRST DEVELOPMENT FUND

November 16, 2018



IFDF: The Impact-First Development Fund (IFDF) was born out of Advisory Board discussions between GP, OPIC, and CeniARTH and was a concept intended to reduce GPs cost of capital such that it could serve organizations working with communities in even deeper poverty while unlocking a significant amount of develop finance capital. CeniARTH has committed \$3M of a \$5M junior tranche to this fund that has catalysed a \$50M commitment from OPIC.

HOPE Credit Union: Founded in 1995 as a church sponsored credit union (by members of the Anderson Methodist United Church), HOPE CU is now the largest credit union serving low income communities in the Mississippi Delta region in the States. The Delta is one of five persistent poverty regions in the US and suffers from chronically high levels of unemployment and disinvestment. HOPE provides basic financial services in communities where few, if any, alternatives exist outside of payday and other predatory lenders. HOPE provides both personal financial services (home, auto, other loans), as well as small business banking.

Secondary capital: In order to maintain appropriate regulatory ratios and grow deposits, HOPE is required to raise secondary capital in the form of long-term, subordinate debt. CeniARTH has provided \$3m in 10 year (3%) debt to HOPE which supports customer deposits at an 8:1 ratio (\$3m supports \$24M in customer deposits).



**“FROM DAY ONE, HOPE
WAS AWESOME.
HOPE DIDN'T JUST WANT MY BUSINESS.
THEY WANTED TO GET TO KNOW ME.”**

ANNIE WALLACE



CP Example: New Hampshire Community Loan Fund ceniARTH

NHCLF: Founded in 1983, New Hampshire Community Loan Fund is one of the longest operating CDFIs in the country. NHCLF provides a variety of capital to support housing, community facilities, and local business development. NHCLF has been a pioneer in the support of resident-owned cooperatives to pursue ownerships of manufactured home communities. Their success in this model created a spin-off ROC-USA which has expanded this work nationally. NHCLF has disbursed over \$200M into New Hampshire communities in support of its mission.



The “Big Deal”: NHCLF faced an urgent capital need in early 2019 when three mobile home communities, all of which desired to purchase their parks, went on sale at the same time. The capital need was \$48M and NHCLF needed to keep its cost of capital to a minimum in order to ensure that increases to pad rents would not have to be burdensome. While the resident cooperatives would need to pay steep commercial valuations to purchase the parks, by having lower cost capital than conventional private equity players, the coops are able to keep rents affordable. CeniARTH collaborated with the Candide Group (representing the Libra Foundation), as well as Soros Open Society Fund to fund a low-cost tranche of the lending stack.

Water.org to WaterCredit: Water.org was founded in 2009 by Gary White and Matt Damon to address global challenges around access to clean water and sanitation. Recognizing that access to credit was a major obstacle to the adoption of WASH solutions, the non-profit created WaterCredit as an impact investment fund manager that would deploy capital to microfinance organizations supporting individuals in the adoption of clean water and sanitation products. The firm had two pilot funds, a \$10m vehicle lending institutional capital to MFIs, and a small \$50K crowdfunding effort to reach out to retail investors.



Blended finance to scale fund III: WaterCredit recognized that working with larger investors in a blended fashion was the path to aggregating meaningful capital for their next fund. Fund III is a \$50M facility, \$22m in equity (with a portion common and a portion preferred), and \$27M.5M in debt. It also has a \$5M first loss guarantee from philanthropic funders. CeniARTH is an investor in the preferred equity which served to unlock significant debt from OPIC, Bank of America, and the IKEA Foundation. We expect to return ~3.5% annually from this equity position and given that the fund lends through established MFIs, we view the overall risk level of this deal as limited.

Data analytics for alternative lenders: Lendable was founded in 2014 with a focus on using “Big Data” analytics to improve the efficiency of financing alternative lenders in emerging markets. Lendable believed that by analysing underlying customer receivables and payment data that they could improve the flow of capital to non-bank financial institutions that were providing credit for a range of customer purchases (items such as solar home systems to home electronics).



Comprehensive support: In select cases, CeniARTH has provided a range of financial support to early intermediaries such as Lendable. In this case, we provided Lendable’s first available financing in order to begin their lending activity, as well as corporate equity. As the company has grown we have participated in each of their subsequent financing structures helping them grow AUM over time. Given the type of customer receivables that Lendable finances, this is a rare example in our portfolio that produces returns that are attractive to market-rate investors.

Programmatic investments: our strategy

Our programmatic investments are high-risk investments with high impact requirements:

- Investments have a direct and measurable benefit for rural underserved communities, particularly women, with a primary focus on increasing rural incomes, improving livelihoods, and mitigating climate risks.
- There is significant, high risk of capital impairment (or negligible returns)
- Investment focused on funding proof of concept and/or de-risking follow-on transactions

Programmatic investing - *Direct investments*

- **Investment size:** \$200k-\$3m
- **Instrument:** primarily debt, infrequent equity investments into high potential business models that do not support debt.
- **Investees:** businesses providing goods and services to the rural poor, particularly women; SMEs that can support rural economic growth and create employment opportunities.
- **Sectors:** primarily agriculture, but this is merely a means to an end in improving income .

Programmatic investing - *Intermediary investments*

We invest in intermediaries when risk profile is too high for capital preservation

- **Investment size:** \$500k-\$3m
- **Instrument:** mezzanine, subordinate debt or open-ended capital vehicles

Example Programmatic Investments portfolio ceniarth

Tech-enabled poverty solutions



Rural business model innovation



Scaling proven interventions



Ecosystem development

