Institutional Investor Engagement - 1: Approach

Institutional Investors are open to investments which:

• can articulate clearly defined asset class characteristics
• are suitably structured investment products for initial engagements with well diversified portfolios
• are led by credible managers with sufficient track records in Climate-Smart investing
• are of sufficient scale to interest larger investors

Approach to products should be based on matching investor appetite and proving success

• Matching investors’ motivations, allocations, segmenting investors using
  ▪ Type of investor
  ▪ Investor-specific drivers and constraints
  ▪ Investor development cycle for new sectors and products
  ▪ Relevant investor allocations
  ▪ Market dynamics affecting institutional portfolios and sub-portfolios
  ▪ Competing products
• Design of portfolios of sector projects in emerging markets with well-defined robust and replicable characteristics

- Target Institutional Investors seek diversified, stable predictable yield.
- Secondary products take the form of either acquiring portfolios of debt positions in operational projects or refinancing an existing portfolio into a vehicle. Appropriate portfolios do not exist yet for climate smart projects.
- While bundling is usually retrospective, it is proposed to create a warehouse structure to build a demonstration portfolio.
- Nature of the secondary vehicle will depend on the underlying portfolio and the degree to which active management is necessary to achieve investor-appropriate returns.

* Risk products for these issues are also in early consideration