



# EdenTree Green Impact Infrastructure Fund

Managed by **Tommy Kristoffersen**



**Investment Focus:** Global Infrastructure

**Financial Objective:** To generate income with the potential for capital growth by investing in infrastructure-related companies around the globe

**Sustainability Objective:** To support a reduction in the level of greenhouse gas emissions, measured in tonnes of CO<sub>2</sub>e avoided on an annual basis, through the Fund's investment in, and engagement with, companies whose business is based on the ownership, operation, construction, development, or debt funding of real assets and infrastructure projects that mitigate the effects of climate change

**Investment Horizon:** 3 years +

**Holdings:** Between approximately 20 and 40 (focused yet diversified)

**Return target:** Regular income in excess of long-term CPI, with the potential for capital growth

**Performance references:** Investment Association Infrastructure Sector and CPI

**Currency:** GBP

**SDR label:** Sustainability Impact

## Investing for a Better Tomorrow

Infrastructure is crucial for the transition to a more sustainable world. To secure a low-carbon, climate-resilient future, estimates suggest an annual spend of nearly USD 7 trillion will be required until 2050. Green infrastructure is part of that journey. In this context, listed green infrastructure companies potentially provide alternative sources of income and growth for investors.

The **EdenTree Green Impact Infrastructure Fund** seeks to generate income with the potential for capital growth by investing in listed infrastructure-related companies around the globe, focusing on those which demonstrate positive environmental outcomes, notably a reduction in greenhouse gas emissions.

With its emphasis on **green infrastructure**, the fund provides access to real assets and projects that are making a difference.



**A sustainable future**

A growing role in the low-carbon energy transition



**Inflation-mitigation**

Exposure to inflation-linked income



**Diversification**

A genuine alternative investment

## Investing for Impact

Impact investing is where investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

To reinforce its impact credentials, the **EdenTree Green Impact Infrastructure Fund** has adopted the FCA's 'Sustainability Impact' label' in line with the new Sustainability Disclosure Requirements (SDR).

The Sustainability Impact label is part of the UK regulator's effort to raise the bar for sustainable investing. It is designed to help consumers find their way and enhance clarity and confidence in impact investment approaches by clearly identifying those funds that seek to achieve a predefined, **positive, measurable environmental and / or social impact**.

We believe the Sustainability Impact label aligns with the Fund's approach to selecting holdings based on their positive impact on people and / or the planet and our approach to engaging with those companies to effect positive change.

## Investing for Change

The Fund's **Theory of Change** is a conceptual framework that explains the **link between the Fund's investment activity and the reduction in greenhouse gas emissions that it is seeking**.

There is a scientific consensus that the Earth's climate is becoming warmer. The chief causes of this climate change are greenhouse gases in the Earth's atmosphere, such as carbon dioxide. Human activities currently release more greenhouse gases than natural processes (like trees) can remove. A reduction in man-made greenhouse gas emissions will slow the rate of climate change and prevent or limit its damaging effects.

Addressing climate change requires rapid changes to the world's energy, transport, agriculture, built environment and industrial systems through large-scale and targeted investment in infrastructure-related products, services and technologies that provide either alternative, sustainable solutions, or help to mitigate and reverse the harmful effects that have already occurred.

By adopting an impact approach, **the Fund aims to contribute to a reduction in greenhouse gas emissions through the assets we hold and our investment activities**.



## Investing with a sustainability goal

The **EdenTree Green Impact Infrastructure Fund** aims to support a reduction in the level of greenhouse gas emissions, as measured by the tonnes of CO2e avoided on an annual basis. It seeks to do this by investing in, and engaging with, companies whose business supports infrastructure projects that mitigate the effects of climate change.

Directing capital to companies whose products, services or assets enable a reduction in the level of greenhouse gas emissions means the Fund's investment activities will contribute to its impact.

These investments will focus on **six key themes**.

**Asset activities (Asset Contribution to the Fund's Impact):** directing capital to companies whose products, services or assets enable a reduction in the level of greenhouse gas emissions across six pre-defined themes.



Clean Energy	Energy Efficiency	Circular Economy	Water Management	Sustainable Transportation	Natural Capital
Providing and enabling generation of clean energy	Enabling a low carbon transition	Solutions for resource stewardship, waste reduction, pollution control	Solutions for water conservation and management	Companies that own sustainable vehicles or enable sustainable transportation	Assets relating to sustainable engagement with the natural environment
<ul style="list-style-type: none"> <li>• Wind, solar, hydro and other renewables</li> <li>• Combined heat and power plants</li> <li>• Wind turbine installation vessels</li> </ul>	<ul style="list-style-type: none"> <li>• Energy storage</li> <li>• Efficient energy transmission grids and related assets</li> <li>• Energy efficiency projects</li> <li>• Carbon capture technology</li> </ul>	<ul style="list-style-type: none"> <li>• Waste collection, processing, treatment</li> <li>• Cleaning and maintenance</li> <li>• Efficient laundry / linen rental</li> <li>• Circular supply chain solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Water infrastructure</li> <li>• Water efficiency</li> <li>• Water treatment</li> </ul>	<ul style="list-style-type: none"> <li>• Public transport assets</li> <li>• Zero / low emission vehicles</li> <li>• Charging infrastructure</li> <li>• Low carbon fuelling infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Afforestation assets</li> <li>• Sustainable forestry</li> <li>• Sustainable agriculture</li> <li>• Soil improvement</li> </ul>

Engagement will also contribute to the Fund's impact. Our **engagement activities** will seek to increase the greenhouse gas emissions reductions delivered by the companies held within the portfolio (positive impacts), as well as avoid potentially negative impacts or misalignment with the Fund's Sustainability Goal. The impact of these engagements will be measured by bespoke Key Performance Indicators.

The Fund will invest at least 80% of its assets in the shares of global companies defined by the investment themes shown above. The majority of these companies (and at least 70% of the assets of the Fund at all times)

will be selected in accordance with the Sustainability Approach. In addition, the Fund seeks to avoid investment in areas which we consider fundamentally misaligned with its Sustainability Goal.

Investors should note that the Fund's focus on the companies seeking to mitigate the effects of climate change may result in periods of difference in the Fund's performance compared to its indicative sector. We consider the Fund's impact and financial goals to be complementary and are not looking to compromise on either or deliver concessionary financial returns.

## Investment Process

The investment approach is primarily focused on bottom-up stock-picking. The team assesses each business's activities against the themes defined by the aforementioned Sustainability Goals.

Investment analysis is grounded in a deep financial analysis of companies to determine the quality of the yield on offer and how well it is covered. Where appropriate, this may be supported by the valuation of an investment company's underlying assets.

In addition, the sustainability of companies is assessed on two levels. Firstly, we consider a company's

commitment – or **intentionality** – to providing climate solutions in order to determine whether or not impact is likely to be sustained. We also consider whether a **material part** (50%+) of a company's business is focused on solutions to climate change. Secondly, we also explore companies through an **environmental, social and governance lens** to seek to avoid potentially negative outcomes that could detract from their investment performance.

Regular meetings with company management are central to the team's analysis process. Similarly, the team conducts site visits where appropriate.



Idea generation	Alignment and categorisation	Investment analysis	Portfolio construction
<ul style="list-style-type: none"> <li>Screening of core <b>investment universe</b> plus wider market</li> <li>Insights about developing technologies and market opportunities from <b>broader team</b></li> <li>Strong market relationships keep us informed of <b>IPOs and capital raisings</b></li> </ul>	<ul style="list-style-type: none"> <li>Each potential investment must be aligned with the <b>Green Infrastructure Framework</b></li> <li>Each potential investment must fit into one of the following categories:                             <ul style="list-style-type: none"> <li>- <b>Core holdings</b>, providing either:                                     <ul style="list-style-type: none"> <li>• Secure income or</li> <li>• High return potential</li> </ul> </li> <li>- <b>Diversifier</b></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>Analysis of prospectuses and financial statements</b> to assess likelihood of indicated yield being delivered or if we estimate a different yield</li> <li><b>Valuation of underlying holdings</b>, where appropriate</li> <li><b>Regular meetings with company managements</b> to support analysis</li> <li><b>Site visits</b> where appropriate</li> </ul>	<ul style="list-style-type: none"> <li><b>Portfolio modelling</b> to achieve appropriate characteristics (yield, beta, valuation, diversification)</li> <li><b>Sector and geographical</b> weights informed (but not prescribed) by Eden Tree Asset Allocation Committee</li> <li>Position size adjustment with reference to conviction and <b>liquidity</b></li> </ul>

## Focused, yet diversified

By incorporating investment in diversified investment companies, we can reduce the number of top-level holdings, allowing us to increase the frequency with which each can be reviewed.

Potential holdings must clearly fit into one of three investment categories: secure income, high return potential, and diversifiers.

- **Secure income** indicates holdings that are judged to be likely to provide a secure source of income even if they may not have as much upside potential as holdings in the 'high return potential' category.
- **High return potential** indicates holdings that the manager believes can offer the potential for greater returns.
- **Diversifiers** are holdings where past or likely future return profiles clearly complement those of existing holdings. They may not offer high (or any) income, but they will be deemed likely to help preserve capital in the portfolio as a whole.



Measuring Real-World Impact

Impact measurement is complex. Attributing impact to one specific agent (ie the Fund) is rarely possible, due in part to data limitations.

At EdenTree, we have adopted a **transparent and honest** stance. In a bid to avoid the risk of ‘impact washing’, we aim to be clear about the Fund’s Sustainability Goals and the evidence we can provide to show progress towards them.

Our **intention-led** approach uses Key Performance Indicators (KPIs) to create a link between our investment activities and outcomes based on our pre-defined Sustainability Goals.

The **EdenTree Green Impact Infrastructure Fund** measures its impact via one primary KPI, which reflects the aim to support a reduction in the level of greenhouse gas emissions by investing in, and engaging with, companies whose business is based on supporting infrastructure projects that mitigate the effects of climate change. This means the Fund’s KPI can be measured in terms of the **quantity of harmful emissions (tCO<sub>2</sub>e)**

avoided.

In addition, we measure **three theme-specific sustainability metrics**, which we will report in the Fund’s Annual Sustainability Report. These include:

- **Renewable energy installed capacity (MW)**: the amount of power that can be output by a renewable energy generator at full capacity.
- **Renewable energy generated (MWh)**: the amount of energy generated by a power plant.
- **Water saved/treated/provided (litres)**: the volume of water that is treated / saved / provided by a company’s products and services.



	Carbon Emissions Avoided (tCO <sub>2</sub> e)
1 year	–
5 years	–

**Please note: The first set of data will be available following publication of the Fund’s Annual Sustainability Report.**



Further information on the Fund’s Investment Objectives, Policy and Sustainability Approach can be found in the Prospectus, Sustainability Disclosure and Key Investor Information Document. All are available via our website [www.edentreeim.com](http://www.edentreeim.com)

### The EdenTree Team

#### A highly experienced sustainability-orientated investment team

Tommy Kristoffersen is the Lead Fund Manager and has managed the Fund since launch. Tommy joined EdenTree in 2021. He has over 14 years' financial services experience.

In the management of the EdenTree Green Impact Infrastructure Fund, Tommy works closely with Charlie Thomas, Chief Investment Officer and global equity fund manager with over 20 years' sustainable investment experience, and Chris Hiorns, Head of Multi Asset Strategies and European Equities with over 25 years' experience investing across asset classes.



**Tommy Kristoffersen**

Deputy CIO and Green Impact Infrastructure Fund Manager

Tommy joined EdenTree in 2021 and manages the EdenTree Green Impact Infrastructure Fund. He also assists with the management of other funds within the Multi Asset Strategies & European Equities ranges. Prior to EdenTree, Tommy worked at JP Morgan and Jupiter Asset Management, most recently within Jupiter's Alternatives business. Tommy holds the Investment Management Certificate (IMC), and is studying towards the FMVA certification from the Corporate Finance Institute.

### Why EdenTree?

EdenTree is a sustainable investment manager with a strong heritage. We are proud to be part of the Benefact Group – a charity-owned, international family of specialist financial service companies that give all available profits to charity and good causes.

EdenTree are dedicated to sustainable investing, having launched our first ethical fund in March 1988.

Partnering with us means you are providing your clients with a suite of investment strategies designed to help address environmental and social challenges while also seeking to deliver competitive rates of return.

**For further information on the EdenTree Green Impact Infrastructure Fund, please contact your EdenTree relationship manager, or get in touch with us at:**



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**The value of an investment and the income from it may go down as well as up and the investor may not get back the amount invested.**

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