

WATEREQUITY

brand positioning

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WATEREQUITY

brand positioning

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INTRODUCTION: PROJECT TIMELINE

Our Process to Develop New WaterEquity Website:

PHASE I

BRAND STRATEGY

(Mon Jan 29 - Fri Mar 16)

- Target Audience
- Competitive & Benchmark Review
- Insight & Brand Direction

What we will review today.

PHASE II

CONTENT DEVELOPMENT

(Fri Mar 16 - Tue May 22)

BRAND DEVELOPMENT

(Tue May 29 - Fri Jun 22)

SITE ARCHITECTURE

(Tue May 22 - Tue Jun 5)

PHASE III

WEBSITE DESIGN

(Mon May 14 - Mon July 16)

PHASE IV

WEBSITE DEVELOPMENT

(Mon June 25 - Aug 31)

INTRODUCTION: AGENDA

WHAT WE WILL REVIEW & DISCUSS:

- Target Audience: Applied Insight
- Competitive Review: Applied Insight
- Brand Positioning
- Website Considerations

OUR PRIMARY GOAL:

The Applied Insight sections, Brand Positioning and Website Considerations will shape and guide our future content development and design decisions.

Our objective for today is to leverage your first-hand insight and experience to ensure that these sections are complete and accurate representations of WaterEquity's vision and approach.

INTRODUCTION: WHAT WE HEARD FROM YOU

Crafted and secured alignment from Executive Leadership Team on refined website objectives, target audiences, and criteria.

STRATEGIC FRAMEWORK: OBJECTIVES

- **Secure interest from both accredited + institutional investors** in making an investment
 - **Illustrate that we are a credible + capable** impact investment manager
 - Show we are both a **good partner** to those we invest in and to investors
 - Highlight our **established track record and success metrics** (funds raised, investments made, people reached)
 - **Point to our strong social ROI**—help millions access safe water and sanitation.
 - **Illustrate higher social ROI** of WSS investments relative to other environmental/social funds.
 - Illustrate our business **model is strong** and has potential for scale.
 - Clearly answer 'why water' is the 'best investment' and 'why WaterEquity is the best investment opportunity'
 - **Demonstrate investment expertise** (investment managers, their backgrounds, and their years of experience)

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STRATEGIC FRAMEWORK: TARGET AUDIENCE

- **Tier One:** Accredited Investors and Institutional Investors
 - High net-worth individuals/accredited investors who are looking for social and financial impact
 - Leading insurers, re-insurers (Those looking for access to new markets)
 - Pension funds (Pension fund managers)
 - College endowments
 - Development financiers
 - Corporate + family foundations w/aligned social objectives
 - Financial advisors
- **Tier Two:** Those we invest in, potential investments

INTRODUCTION: WHAT WE HEARD FROM YOU

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STRATEGIC FRAMEWORK: CRITERIA

- Design: Balance the appeal to potential investors as credible and capable with the socially responsible nature of our investments.
- Design: Illustrate that we are 'institution credible', as many investors will be swayed by the look of the institution.
- Design: Apply careful use of white space for a cleaner, more sophisticated look and feel that conveys credibility.
- Design: Reflect our innovative approach without disassociating us from an essentially conservative industry.
- Design: Reflect our own unique design aesthetic to set us apart from our competitors and differentiate us from water.org— we do not want to be positioned as a sub-brand.
- Design + copy: Pair simple content with strong visuals. Web copy should be should be engaging— short and active sentences free from jargon. Three line paragraphs at a maximum. Design + copy: Reflect that we are both financially and socially minded. Current copy + visual skews almost exclusively social.
- Copy: Provide a clear call-to-action.
- Site architecture + navigation: Make it easy for target audience to find information on website. No more than two clicks to get what they need.
- Features: Site must be supported by a content management system (CMS) to allow for updates.
- Features: Improve our web presence with Search Engine Optimization. Conduct keyword research.
- Features: Connect website to social media— offer users the opportunity to share on fb, twitter, and linkedIn.
- Features: Password protected investor login portal.

BRAND STRATEGY

TARGET AUDIENCE

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Understanding who our target audience is and what their interests, concerns and motivators are will help us to develop and structure messaging that is targeted to their needs. It helps us to tell our story in the way that is meaningful, relevant and motivating.

COMPETITIVE REVIEW

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It's important to look at competitive offerings in order to ensure that WaterEquity's approach is unique and memorable. Analyzing what has already been created in the field can also help us to consider techniques that are working well and what makes them successful, and to define approaches that are less successful that we will want to avoid.

BRAND POSITIONING

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Brand positioning is the process by which WaterEquity's brand wins and occupies a distinctive and relevant place in investors' and influencers' minds so they choose your brand of high-impact investing over your competitors'.

INTRODUCTION

WHY IS BRAND POSITIONING IMPORTANT?

- It identifies and stakes out a unique space in a growing market in which WaterEquity can excel.
- It defines the relationship with target audiences.
- It acts as the foundation for all marketing and brand development activities.
- It generates internal confidence and certainty.
- It identifies and exploits competitive differentiation.
- A strong brand positioning provides the foundation for winning brands.
- A weak brand positioning will drain value from the brand.

BRAND POSITIONING OBJECTIVES

- Clarify our brand, build our identity and extend it to our content.
- Determine a unique space within the market that WaterEquity can own.
- Ensure that messaging and tone are engaging and relevant to investors.
- Create a position that can evolve with time as the product offering changes and grows.
- Develop a strategy for our website, redesign the site, and create the content that converts visitors into leads.

TARGET AUDIENCE

Understanding who our target audience is and what their interests, concerns and motivators are will help us to develop and structure messaging that is targeted to their needs.

It helps us to tell our story in the way that is meaningful, relevant and motivating.

TARGET AUDIENCE

investor needs

The following section consists of a chart that compares investor types based on their needs and interests. It helps us better understand how to relate to our audience segments and prioritize and tailor content development. It also helps us envision how content and messaging will likely evolve as WaterEquity progresses from WCIF3 to WCIF4 & beyond.

TO DO:

This section helps us to define who the target audience is. We aim to align our perspective with your knowledge of WaterEquity's broad and highly-differentiated array of investor types.

TARGET AUDIENCE: INVESTOR NEEDS

	HIGH NET WORTH INDIVIDUAL	FAMILY OFFICE	DEVELOPMENT FINANCE INSTITUTION	FAMILY FOUNDATION	CORPORATE FOUNDATIONS	INVESTMENT BANK
PROFILE	Among the most active in impact investment sector, and with the most autonomy. They may approach impact investing as a capitalist (A Value) who is interested in building markets and particular about financial performance, or as a social butterfly (B Value) who is more interested in looking and feeling good.	Along with High-Net-Worth-Individuals, among the most active and autonomous in the impact investment sector. Have fewer layers of oversight with one or two individuals driving decision-making. They care about leaving a lasting legacy and may be interested in making an investment that has social impact. Social metrics may have value.	Leading capital provider in the impact investment sector. DFIs often prefer to be catalytic and provide anchor funding, and may be less inclined to participate in second or third-round funding.	Strong fit for impact investing given values. Few layers of oversight and nimble in their decision-making. They are most likely to care about leaving a lasting legacy and have interest in impact investing. They value social metrics highly. Impact investments as Program Related Investments help them meet annual disbursement requirements (5%). Not subject to regulatory restrictions of most institutional investors.	Impact investing may align with corporate social responsibility goals and help meet annual philanthropic requirements. Not subject to regulatory restrictions of most institutional investors.	Coordinate and oversee investment portfolios for their clients, which include pension funds, insurance companies, and high net worth individuals. Have a portion of funding dedicated to alternative investments, but often require market rate returns.
RETURN REQUIREMENTS	Varies	Market Rate (83%)	Market Rate (57%)	Below Market (61%)	Below Market	Market Rate (63%)
RISK TOLERANCE	Moderate	Moderate	High	High	High	Low
SOCIAL IMPACT	Moderate	Moderate	High	High	Moderate	Moderate
DEAL SIZE	\$\$-\$	\$\$-\$	\$	\$\$-\$	\$\$-\$	\$\$\$
REGULATORY FACTORS	Low	Low	Low	Moderate	Low (From a CSR Perspective)	Highly Regulated
CAPACITY	Low	Moderate	Strong & trusted by Institutional Investors	Low	Low	Strong

NOTES: Return requirements SOURCE: GIIN Annual Impact Investor Survey 2017.

Pension Funds & Insurance Companies are liability-constrained and thus less active in the impact investment sector. While they often allocate funds to alternative asset classes, they often have restrictions in some asset classes and geographies (e.g., equity and non-investment grade debt). SOURCE: World Economic Forum (2015). From the Margins to the Mainstream: Assessment of the Impact Investment Sector and Opportunities. See also: [Blended Finance Taskforce](#).

TARGET AUDIENCE: INVESTOR NEEDS

	WEALTH MANAGER (NONPROFIT)	WEALTH MANAGER (FOR-PROFIT)	UNIVERSITY ENDOWMENTS	LEADING INSURANCE COMPANIES	PENSION FUND MANAGERS
PROFILE	Coordinate and oversee investment portfolios for their clients, which include pension funds, insurance companies, and high net worth individuals. They invest in a range of assets, mostly public equities and bonds, but increasingly in alternative asset classes.	Wealth managers may be impacted by regulatory environment, depending on the nature of their client. For example, if they serve pension funds and insurance companies, they face more constraints to impact investing than if they serve high net worth individuals.	Less likely to be active in impact investing because the primary objective of most investment committees is to preserve and grow the endowment to fund future generations of education.	Insurance companies are likely to have an allocation to participate in asset classes in developing countries, and tend to have a more developed capacity to invest in these markets driven by large investment teams and expertise in developing country investment. The allocations of life insurers, particularly, are well-aligned to blended finance given their desire to match long-term liabilities with long-term assets. However, their activities are restricted by risk-based capital requirements which impose high capital charges for investments with high levels of risk (e.g., equity and non-investment grade debt).	Pension funds often represent the largest institutional investors in many nations and are likely to have an allocation to participate in asset classes in developing countries. However, they often have limited capacity and expertise and may be constrained by regulations concerning illiquid assets and restrictions in some asset classes and geographies. For example, pension funds must be able to show assets can be sold in the event of a market downturn.
RETURN REQUIREMENTS	Below Market (89%)	Market Rate (83%)	Market Rate	Market Rate (100%)	Market Rate (100%)
RISK TOLERANCE	High	Low	Low	Varies	Low
SOCIAL IMPACT	Moderate	Low	Moderate	Varies	Varies
DEAL SIZE	\$	\$\$\$	\$\$	\$\$	\$\$\$
REGULATORY FACTORS	Moderate	Moderate	Low	Moderate	High
CAPACITY	Growing on client demand	Growing on client demand	Low	High	Low

NOTES: Return requirements SOURCE: GIIN Annual Impact Investor Survey 2017.

Pension Funds & Insurance Companies are liability-constrained and thus less active in the impact investment sector. While they often allocate funds to alternative asset classes, they often have restrictions in some asset classes and geographies (e.g., equity and non-investment grade debt). SOURCE: World Economic Forum (2015). From the Margins to the Mainstream: Assessment of the Impact Investment Sector and Opportunities. See also: [Blended Finance Taskforce](#).

TARGET AUDIENCE

applied insight

The following section compiles all of the key takeaways we have discovered during our research on what motivates our target audience.

We have organized the takeaways into four primary messaging purpose categories:

- Differentiate WaterEquity
- Demonstrate credibility
- Build investor confidence
- Motivate investor engagement

The left column in the chart highlights a key takeaway and the right column in the chart shows how these takeaways apply to the WaterEquity offering.

TO DO:

Please review this section before our brand positioning meeting. We will discuss the content that is included and determine if our insight is on point and complete. If you have any different perspectives to consider, based on your first-hand insight and work, let's discuss them as a group so we can be sure this section is an accurate and strong foundation for our work ahead.

TARGET AUDIENCE: APPLIED INSIGHTS

DIFFERENTIATE WATEREQUITY:

TAKEAWAY	CONTENT
LEVERAGE WATER FOCUS	by demonstrating deep knowledge of water supply & sanitation sector
HIGHLIGHT RELATIONSHIPS	by describing in-country partners & their financial performance & impact
HIGHLIGHT INNOVATION AT ALL LEVELS	by describing forward-thinking approach to philanthropy, market development, and enterprise-building

DEMONSTRATE CREDIBILITY:

TAKEAWAY	CONTENT
ILLUSTRATE ROI & IMPACT	by showing WaterEquity's theory of change and the math behind social and financial impact
DEMONSTRATE SUCCESS	with WCIF1 return and repayment data
HIGHLIGHT FUND MANAGERS	by incorporating bios and performance info
SET REALISTIC EXPECTATIONS	by showing how and why WE's approach is necessary

TARGET AUDIENCE: APPLIED INSIGHTS

BUILD INVESTOR CONFIDENCE:

TAKEAWAY	CONTENT
SHOW DUE DILIGENCE & PROCESS	by illustrating selection process, fund logistics, timeline
SHOW ASSET CLASS STABILITY	show and link to industry data
HIGHLIGHT RISK MITIGATION	including investing in existing partners with a track record

MOTIVATE INVESTOR ENGAGEMENT:

TAKEAWAY	CONTENT
ILLUSTRATE MARKET DEMAND + OPPORTUNITY	with metrics about the need for development finance and access to water & sanitation
CONVEY FUTURE PROSPECTS	by articulating role of subcommercial investments in opening new markets
SHOW IMPACT ON ENTERPRISE LEVEL	with details about how transformative investments are in water supply and sanitation enterprises
ADJUST VALUE PROPOSITION TO AUDIENCE	use metrics and content to appeal to an array of institutional interests, from program-related investments (philanthropy) to corporate social responsibility to smart, forward-thinking approaches to blended finance

COMPETITIVE REVIEW

It's important to look at competitive offerings in order to ensure that WaterEquity's approach is unique and memorable. Analyzing what has already been created in the field can also help us to consider techniques that are working well and what makes them successful, and to define approaches that are less successful that we will want to avoid.

COMPETITIVE REVIEW

overview

The following section is a chart that compares messaging and visual marketing techniques across a variety of competitive impact investment solutions that span the returns spectrum from philanthropy to large international investment firms.

TO DO:

This section informs our takeaways and helps us differentiate WaterEquity. Please review and refer to the analysis captured here in order to have a deeper understanding of what informs our takeaways and insights.

COMPETITIVE REVIEW: OVERVIEW



MISSION	LeapFrog invests in extraordinary businesses in Africa and Asia, and partners with their leaders to achieve leaps of growth, profitability and impact.	Build businesses that help reduce hunger, increase food security, and promote sustainable agriculture.	Seeks to help catalyze a global shift in financial markets toward a more integrated, systemically-aware, and regenerative approach to investing in and building businesses.	Root Capital is an agricultural impact investor that grows rural prosperity in poor, environmentally vulnerable places.
TAGLINES	<ul style="list-style-type: none"> - A decade of profit and purpose - A private equity firm that changes the world 	A new global impact fund	<ul style="list-style-type: none"> - Best-in-Class Returns. Positive Impact. 	<ul style="list-style-type: none"> - Together, we can make agriculture work for farming families worldwide.
ASSETS	Private equity	Private equity	Private equity	Private debt
RETURN EXPECTATIONS	Market Rate	Market Rate	Market Rate	Below Market
FOCUS	<ul style="list-style-type: none"> - Access to financial services - Microfinance - Global health 	Broad range	<ul style="list-style-type: none"> - Sustainable food & agriculture - Health & Wellness - Resource Efficiency - Human Elevation 	<ul style="list-style-type: none"> - Agriculture & food - Economic security
COLOR & IMAGERY	<ul style="list-style-type: none"> - Consistency of brand colors, use of quotes ↑ - Rotating banner image on homepage can feel stale ↔ 	<ul style="list-style-type: none"> - Clean & minimal design ↑ - Brand-consistent illustrations ↑ - Stock photos ↓ 	<ul style="list-style-type: none"> - Clean & minimal homepage ↑ - Mature color scheme ↑ - Simple animated infographics seem unnecessary ↔ - Heavy use of stock imagery ↓ 	<ul style="list-style-type: none"> - Prominent images of clients ↑ - Cluttered, heavy design ↓ - Little visual cohesion ↓
APPROACH	<ul style="list-style-type: none"> - Data up front: enterprise reach, growth, jobs ↑ - "Related content" guides site visit ↑ - Heavy use of video for depth ↑ 	<ul style="list-style-type: none"> - Simple vertical navigation ↑ - Goal, Impact, Investment samples for each focus area ↑ - No explicit call to action ↓ 	<ul style="list-style-type: none"> - Concise profiles portfolio enterprises ↑ - Blog for thought leadership ↑ - Concise impact themes ↑ - No explicit call to action ↓ 	<ul style="list-style-type: none"> - Clients & Results up front ↑ - "Impact snapshots" = infographics ↑ - Deep case studies, Videos, Blog ↑ - Seek donations ↔
VALIDATORS	<ul style="list-style-type: none"> - IRIS - GIIRS - PRI - Fortune Magazine - Ernst & Young - Best of the World Funds 	<ul style="list-style-type: none"> - Founders Board 	<ul style="list-style-type: none"> - B Corporation - GIIRS 	<ul style="list-style-type: none"> - IRIS - GIIRS - Charity Navigator 4-Star Rating

COMPETITIVE REVIEW: OVERVIEW



MISSION	The conservation investing unit of The Nature Conservancy. NatureVest's mission is to create and execute investable deals in a wide variety of sectors globally that deliver conservation results and financial returns for investors.	We seek to invest capital in under-banked markets and provide access to financial services for rising middle class communities around the world.	We find innovative commercial solutions that address social and civic challenges in communities across the United States.	UBS provides financial advice and solutions to wealthy, institutional and corporate clients worldwide, as well as private clients in Switzerland.
TAGLINES	- Transforming the way we protect nature	None as of 2/15/18	None as of 2/15/18	- Global financial advice and expertise that matters - Doing well by doing good - Innovative products with impact. - Driving positive change.
ASSETS	Private Debt	Private debt & equity capital	Traditional & alternative assets	Traditional & alternative assets
RETURN EXPECTATIONS	Below Market	Market Rate	Full Spectrum	Full Spectrum
FOCUS	- Green infrastructure for stormwater management in cities - Water markets - Debt restructuring - Sustainable agriculture	Financial institutions serving micro-medium businesses.	Broad range	- Broad range
COLOR & IMAGERY	- Leverages quality Nature Conservancy photography 📷 - Color in headers and subheads only 🔄	- Little use of imagery 🔄 - Publications lack visual cohesion 📶	- Infographics to summarize ideas 📷 - Transitory color blocks aid vertical navigation. 📷 - Photos show cities of investment and GS people 🔄	- Minimalist approach, lots of white space 📷 - Features 1-minute video on sustainable investing 📷 - Metaphorical stock photos, often black & white 🔄
APPROACH	- Includes video, reports, links to partner orgs 📷 - Thought leadership on external sites 📷 - Invites investors to learn more 📷 - Tight connection to nonprofit parent 🔄 - Features supporters in footer 🔄 - Text-heavy 📶	- Dense, text-heavy design 📶 - Little useful information on site; publications are better sources 📶 - No call to action 📶	- Homepage XL thought leadership 📷 - Blog and podcasts for depth 📷 - Place-based approach w/ US cities 🔄 - Impact Investing = Corp Citizenship - Impact Investing tiny part of site	- Frequent use of large image-based quotes & data 📷 - Prominent white papers & blog posts 📷 - Aspires to be a leader in the space - Impact Investing small part of site
VALIDATORS	- Donors (JP Morgan Chase, Robertson Foundation, etc)	- GIIRS - PRI - SPTF - Smart Campaign		

COMPETITIVE REVIEW

market
positioning

The following section illustrates the market positioning of competitive offerings and explains where WaterEquity fits in.

TO DO:

This overview helps us understand WaterEquity's position in relation to competitors and its unique position within the market. It informs the applied insight section that we will be reviewing in our meeting.

COMPETITIVE REVIEW: MARKET POSITIONING

WaterEquity's competitors tend to focus entirely on the commercial end of the return spectrum, or on the subcommercial and grants side of the spectrum. WaterEquity, in contrast, will work in commercial and subcommercial finance, while its parent, Water.org, works in the grants end of the spectrum. 100% coverage. 100% water.



A. Commercial		B. Subcommercial		C. Grants		
A1	A2	B1	B2	C1	C2	C3
Market-validated	Not market-validated	Positive absolute returns	Capital preservation	80-100%	20-80%	0-20%
				Cost coverage		

COMPETITIVE REVIEW

applied insight

The following section compiles all of the key takeaways we have discovered during our competitive review.

The takeaways are organized by our four primary purpose categories:

- Differentiate WaterEquity
- Demonstrate credibility
- Build investor confidence
- Motivate investor engagement

The left column in the chart highlights a key takeaway and the right column in the chart shows how these takeaways apply to the WaterEquity offering.

TO DO:

Please review this section before our brand positioning meeting. We will discuss the content that is included and determine if our insight is on point and complete. If you have any different perspectives to consider, based on your first-hand insight and work, let's discuss them as a group so we can be sure this section is an accurate and strong foundation for our work ahead.

COMPETITIVE REVIEW: APPLIED INSIGHTS

DIFFERENTIATE WATEREQUITY:

TAKEAWAY	CONTENT
BE VISIBLE	by including and securing links to and from your partners' and friends' sites
LEVERAGE PARTNER CONTENT	by incorporating photos, blog posts, and video produced or collected by MFIs and entrepreneurs
LEVERAGE WATER.ORG	by incorporating high-quality content about community needs, entrepreneurship, innovation, and impact (e.g. by being consistent with how we talk about the water crisis, by showing how Water.org's work led WaterEquity to its current partners, by pointing to the same "global partners")

DEMONSTRATE CREDIBILITY:

TAKEAWAY	CONTENT
EDUCATE YOUR AUDIENCE	through thought leadership and/or linking to high-quality content and field leaders
SHOW DATA	by making it visible and easily-accessible
DEMONSTRATE STRONG RELATIONSHIPS	with information about the entrepreneurs, business models, and markets you work in

COMPETITIVE REVIEW: APPLIED INSIGHTS

BUILD INVESTOR CONFIDENCE:

TAKEAWAY	CONTENT
SHOW INVESTORS	with their logo and link to their site, plus quotes, etc
SAY IT WITH PICTURES	by using infographics and diagrams to illustrate complex processes
LEVERAGE YOUR PLACES	by illustrating strengths and opportunities of target markets [e.g., women in India].

MOTIVATE INVESTOR ENGAGEMENT:

TAKEAWAY	CONTENT
BALANCE FINANCIAL & SOCIAL IMPACT MESSAGING	by providing consistent depth of information about the process, the players, the business impact, and the social impact. This balance is equally important visually as well as in messaging.
USE MOBILE-CONSCIOUS DESIGN	that incorporates a clean site structure and clear calls to action
SHOW CONNECTION TO SDGs	by using UN terminology and iconography
PROVIDE ACTION OPPORTUNITIES	by having a clear goal of how we would like an investor to interact with the site and ensuring there are clear and accessible opportunities to promote that goal [e.g., contact us]

BRAND POSITIONING

The brand positioning is based on input we've received from you along with the learnings and insight we accrued while creating the Target Audience and Competitive Review sections. When used as a foundation to build future messaging and communications pieces, your brand positioning ensures that what you are saying and how you are saying it encapsulates your unique offering, is effective and motivates your target audience.

BRAND POSITIONING

differentiators

Your brand's differentiators are the things that make it unique as an offering in your segment. They can be seen as selling points that set you apart from your competition. They are at the core of your identity.

TO DO:

Review following differentiators and be prepared to discuss as a group to ensure they are aligned with what your organization sees as its primary advantages.

BRAND POSITIONING: DIFFERENTIATORS

UNIQUENESS	All about water	WaterEquity is the only investment manager focused exclusively on building sustainable investment markets through investments in water supply and sanitation enterprises and microfinance institutions.
ELEMENTAL	Water is essential to economic success, as emerging markets demand and grow.	The provision of a basic resource like water tends toward monopolistic business models, committed customers, and strong long-term revenue outlook.
EXPERTISE	Deep, practical experience	WaterEquity is built on two foundation stones: (1) fund management excellence and (2) decades of hands-on experience in water supply and sanitation innovation.
ENGAGEMENT	Relationships with entrepreneurs and emerging markets	WaterEquity has deep relationships with promising entrepreneurs and businesses in emerging markets who are tested and growth-ready.
TIMELINESS	End water crisis by 2030 (SDG).	WaterEquity aims to harness patient capital to solve the global water crisis by 2030.

BRAND POSITIONING

benefits

Your brand's benefits illustrate how WaterEquity improves investors' lives in both practical and emotional terms. Looking at your brand's benefits is a good way to build empathy with your audience and understand their point of view.

TO DO:

Review following brand benefits and be prepared to discuss as a group to ensure they are aligned with what your organization sees as it's primary offering.

BRAND POSITIONING: BENEFITS

FUNCTIONAL

Tangible services or benefits that WaterEquity offers:

Sustainable Development

Market Growth

Scaling Enterprises

Financial Returns

Regulatory Compliance

Evidence of Impact

Supporting Entrepreneurs

Investing in Women

Impact on Health & Environment

Sustainable returns with high credit quality

Boots on the ground in our markets

EMOTIONAL

Emotional benefits that working with WaterEquity provides:

Confidence

Aspiration

Inspiration

Doing Good

Trust

Security

Resourceful

Wise

Equitable

SOCIAL

How working with WaterEquity makes clients look outwardly:

Ethical

Mission-Aligned

Popular

Informed

Empathetic

Belonging

Status

Noble

Honorable

BRAND POSITIONING

personality

Your brand's personality was developed based on a composite of your unique selling points and what makes you relevant to your target audience. The personality is the tone of voice, or character, that is authentically true to your offering and resonates with your audience.

TO DO:

Review the brand personality and be prepared to discuss if the character traits highlighted work as a foundation for messaging & design direction.

FOCUSED

CLEAR

CONFIDENT

CREDIBLE

OPTIMISTIC

BRAND POSITIONING: PERSONALITY

	GUIDING TRAITS	OUR MINDSET	AUDIENCE & COMPETITOR TAKEAWAYS	
FOCUSED	<ul style="list-style-type: none"> - Methodical - Disciplined - Strategic 	We invest only in entrepreneurs and enterprises providing water supply & sanitation services in emerging markets.	<ul style="list-style-type: none"> - Leverage focus - Illustrate ROI & impact - Show impact on enterprise level 	<ul style="list-style-type: none"> - Balance financial & social impact messaging
CLEAR	<ul style="list-style-type: none"> - Direct - Concise - Urgent 	We put patient capital to work to deliver universal access to safe water and sanitation by 2030.	<ul style="list-style-type: none"> - Show data - Say it with pictures - Leverage your places 	<ul style="list-style-type: none"> - Use mobile-conscious design - Leverage timeline / urgency - Set realistic expectations
CONFIDENT	<ul style="list-style-type: none"> - Experienced - Capable - Proactive 	Our impact investments deliver sustainable financial returns and expand access to safe water and sanitation.	<ul style="list-style-type: none"> - Show investors - Demonstrate strong relationships - Illustrate market demand 	<ul style="list-style-type: none"> - Show future of market - Show asset class stability - Highlight risk mitigation
CREDIBLE	<ul style="list-style-type: none"> - Knowledgeable - Trustworthy - Sincere 	WaterEquity is made of equal parts financial and social acumen. We are based on decades of hands-on engagement in the field and the success of predecessor funds in the market.	<ul style="list-style-type: none"> - Highlight fund managers - Demonstrate success - Adjust value proposition to audience - Show due diligence & process 	<ul style="list-style-type: none"> - Educate your audience - Show connection to SDGs
OPTIMISTIC	<ul style="list-style-type: none"> - Upbeat - Resilient 	We believe capital can catalyze market development and accelerate progress toward solving a basic human need - water and sanitation for every human being.	<ul style="list-style-type: none"> - Highlight innovation at all levels - Demonstrate success - Convey future prospects 	<ul style="list-style-type: none"> - Leverage partner content - Leverage water.org

BRAND POSITIONING

brand funnel

brand essence

brand positioning
statement

This section starts with the brand funnel. The brand funnel collects all of the relevant points we have researched and developed and distills them into a short, single statement. This is your brand's essence.

The brand essence statement is sometimes used as a tagline outwardly, but other times used as for internal communications to help keep everyone focused on WaterEquity's primary goal.

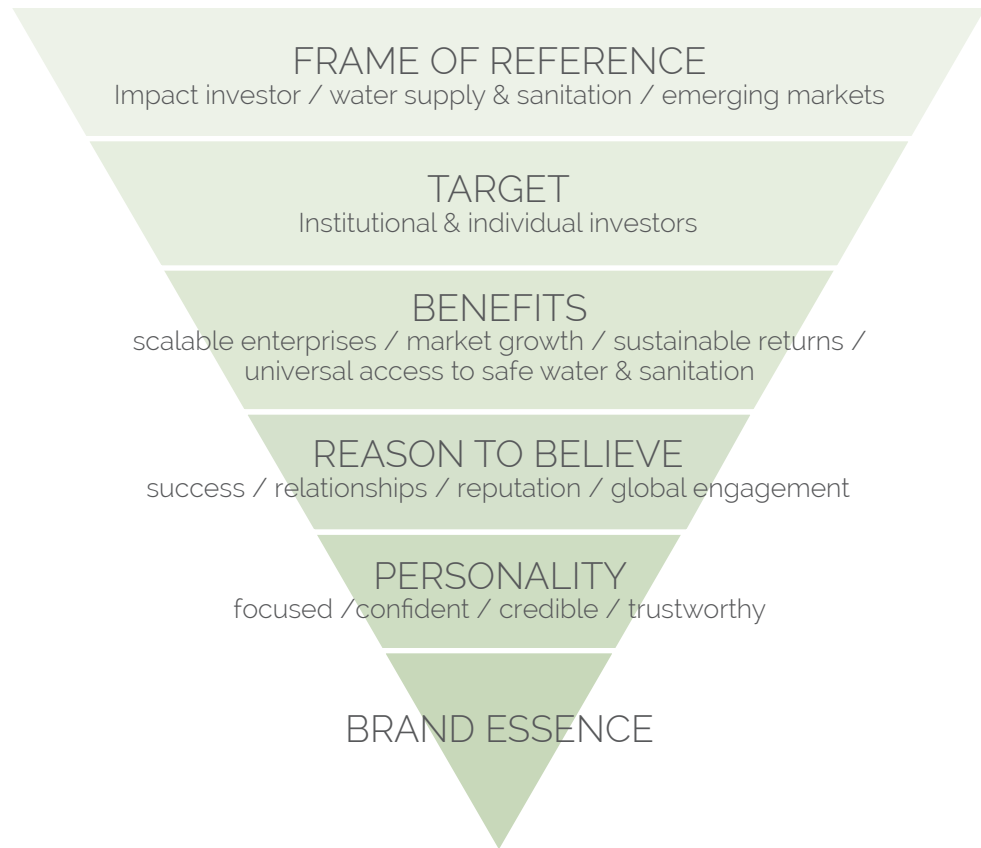
Lastly, the brand positioning statement, takes the components of the brand funnel and turns them into a statement. Sometimes this is used as a mission statement.

TO DO:

Review following brand exercises to understand how the data and insight we have gathered to this point can be translated into a simple tenet for WaterEquity to live by & a more robust statement that encapsulates what makes WaterEquity unique.

BRAND POSITIONING: BRAND FUNNEL

The brand funnel illustrates the elements that make WaterEquity unique. Within a categorial context, our brand filters through our specific targets, our benefits, and our proof points. Next, it's our personality's turn to refine our brand, filtering and distilling to reveal a unique and ownable brand essence.



BRAND POSITIONING: BRAND ESSENCE

Suggested Brand Essence Statement:

Realizing untapped opportunity.

Alternate Brand Essence Statements

Investing in Futures.

Investing in the promise of water.

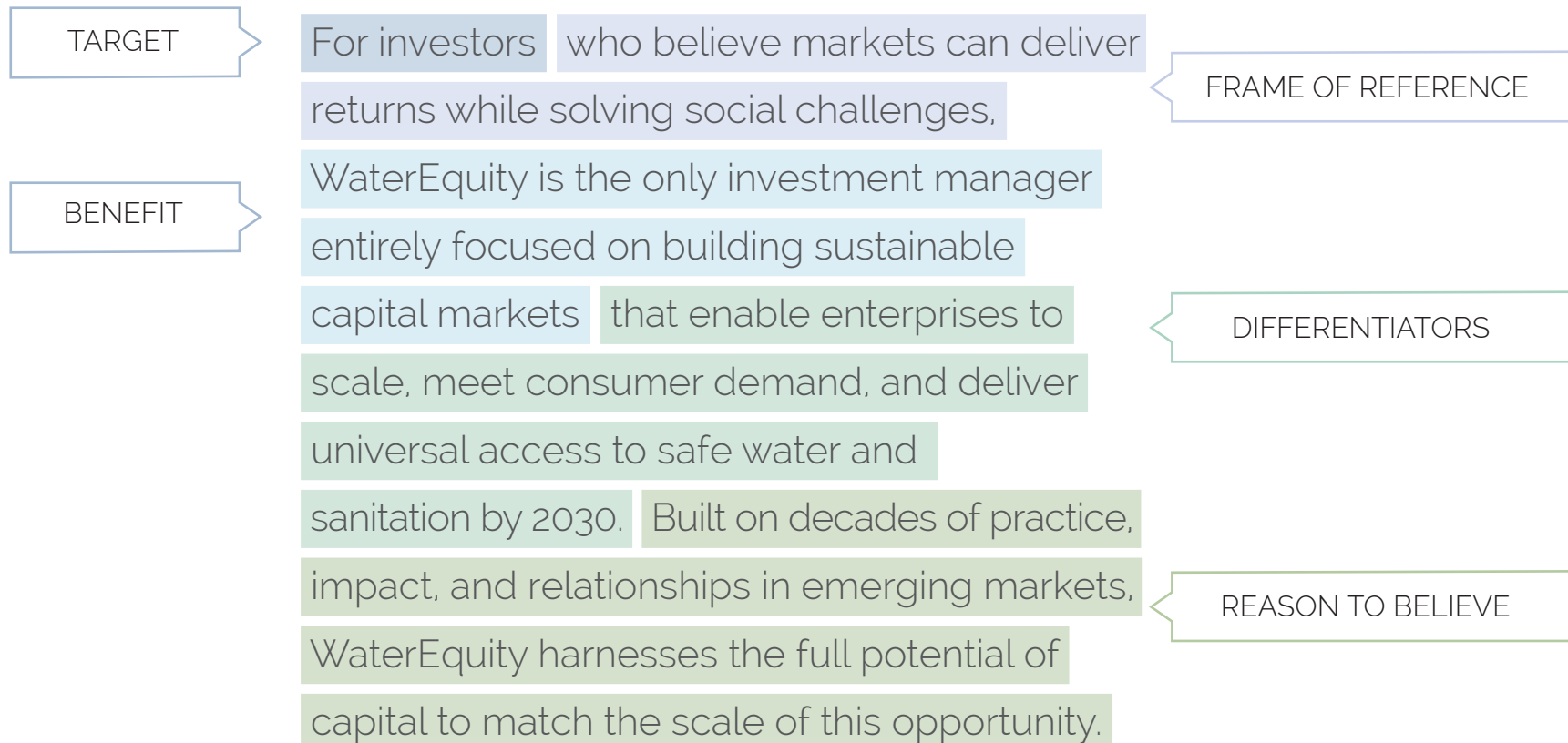
Shaping futures. Earning returns.

Investments with real returns.

Enabling Growth. Earning Returns.

Activating markets for
financial and social gains.

BRAND POSITIONING: POSITIONING STATEMENT



BRAND POSITIONING

universal
messaging
framework

The universal messaging framework consists of a table that outlines core talking points about WaterEquity.

The messaging by domain tables illustrate what types of messages will resonate with investors depending on their market focus: Global, National, Enterprise, Individual.

The audience and metrics section focuses on which metrics are most relevant by audience type.

WaterEquity and SDGs outlines how WaterEquity relates to each SDG.

WaterEquity difference shows where WaterEquity falls within the competitive landscape.

WaterEquity vs. Water.org illustrates how the two offerings differ.

WaterEquity's Model maps out how WaterEquity works.

TO DO:

Review the messaging framework as a starting point to add focus and structure to future communications.

BRAND POSITIONING: UNIVERSAL MESSAGING FRAMEWORK

WHAT WE DO	We put capital to work to deliver universal access to safe water and sanitation and sustainable returns for investors.
HOW WE DO IT	We invest in water and sanitation enterprises in emerging markets, enabling them to scale, meet increasing consumer demand, become profitable, and deliver universal access to water and sanitation.
WHY IT MATTERS	<ul style="list-style-type: none">- Investing in water is good business. Increased water management, supply, and sanitation creates increased production and productivity within all economic sectors.- A clear investment opportunity aligns with a basic human need. We are working to bridge the financing gap that separates 1 of every 6 people from safe water, and 1 of 3 from sanitation.- Investing in WaterEquity means investing in women, education, and responsible environmental management.- The value of water is increasing as a result of population growth, environmental degradation, and climate change.
TIMELY MESSAGING	<ul style="list-style-type: none">- We are the only investment manager entirely focused on solving the global water crisis by 2030.- We have \$32M raised to date for our current fund, with a goal to invest \$50M over seven years and expand access to safe water and sanitation for 4.6M people in Cambodia, India, Indonesia, and the Philippines."

BRAND POSITIONING: MESSAGING BY DOMAIN

GLOBAL	NATIONAL
The water crisis is mostly a market failure - and a market opportunity.	When you look at the challenge at a country level, the opportunity becomes clear. Water is local. Water management is local. And it's elementary to the functioning of healthy markets.
We aim to mobilize capital to meet consumer demand for access to water and sanitation.	Creating sustainable investment markets for water and sanitation in developing countries requires patient capital and credit-worthy service providers and product manufacturers.
Inadequate and inefficient mobilization of financial resources is a key constraint to universal and sustainable WASH. The water management, supply & sanitation sector is currently financing only 15% of its needs. (World Bank / UNICEF)	Entrepreneurs working to increase access to water and sanitation seek financing to help them run their services more efficiently and generate income. Yet, they cannot find financing in the "missing middle" (USD 2000-100,000), between micro-finance and commercial finance.
In the big picture, commercial markets are needed to deliver 90% of the financing to achieve universal access to water and sanitation by 2030. As markets develop, we expect our investments to evolve with them.	Blending financial tools can help correct market failures by giving an initial impetus to service providers that demonstrates their commercial viability. (World Bank)
Our investors - Bank of America, the Overseas Private Investment Corporation, the Conrad N. Hilton Foundation, Niagara Bottling Company, and the Skoll Foundation - see opportunity in building a sustainable investment capital market that powers universal access to water and sanitation.	We are cultivating markets in India, Cambodia, Indonesia, and the Philippines through microfinance and subcommercial finance, and our investment approach will grow along with emerging markets until enterprises are able to access the commercial capital required to deliver universal access.

BRAND POSITIONING: MESSAGING BY DOMAIN

INVESTING IN ENTERPRISES	INVESTING IN ECONOMIC PRODUCTIVITY
<p>We invest in carefully-vetted entrepreneurs, product manufacturers, product retailers, construction companies, utilities, and other types of water supply and sanitation enterprises that are tested and growth-ready.</p>	<p>We invest in high-performing microfinance institutions, banks, non-bank financial institutions, savings and credit cooperatives, and other types of financial service providers that work to cultivate markets and expand access to safe water and sanitation.</p>
<p>Two decades working in emerging markets with remarkable entrepreneurs and promising water and sanitation enterprises has yielded a wealth of insight into market needs and strong relationships to drive growth.</p>	<p>Households in emerging economies invest more than governments and donors in water and sanitation services, but they do so inefficiently due to limited access to finance. By investing in microfinance institutions, we are unlocking access to a broad and deep consumer market.</p>
<p>We make savvy investments to enable service providers to take the types of measures required to attain operational efficiency and creditworthiness, and catalyze market adoption of innovative practices and technologies.</p>	<p>We provide the capital microfinance institutions need to accelerate nationwide adoption of water and sanitation technologies.</p>
<p>We expect the markets we build and the enterprises we invest in to scale, become sustainable, and no longer require concessionary investments.</p>	<p>When households have access to water, and when communities practice sanitation, they are healthier, more secure, and have more time for education and work.</p>
<p>Example: BANKA BILOO PVT LTD is a woman-led social enterprise that is working to end open-defecation in India by 2019. It produces and markets innovative bio-toilets and bio-tanks, and its largest client is the Indian railroad with which it aims to plug a giant hole in the nationwide sanitation infrastructure. Debt capital can enable the enterprise to equip 20,000 biotoilets and 3,500 biobanks over five years.</p>	<p>Example: VISIONFUND CAMBODIA is a microfinance institution that provides loans and financial services to improve the lives of children, empower women, and grow successful businesses. It has a deep reach into under-served communities, strong market position, and extensive branch coverage with good growth prospects.</p> <p>Through one set of investments, it is working to create a market for innovative ceramic filters that free women's time and energy, eliminates the need to burn wood and charcoal, and boosts economic production in rural Kandal Province.</p> <p>Example: ANNAPURNA Microfinance is a financial institution that utilizes a group-lending model to provide credit and insurance to female entrepreneurs in rural and urban areas of Eastern and Central India. It has strong impact potential as evidenced by its large borrower base (>600,000 people), loan portfolio (US\$139M), and excellent repayment rate (99%).</p>

BRAND POSITIONING: AUDIENCE & METRICS

	FUNDS	FINANCE METRICS	IMPACT METRICS
INVESTORS (INSTITUTIONAL & INDIVIDUAL)	<p>Our first fund, a seven-year, \$11M fund, has already reached 222,000 consumers in India and outperformed expectations of a 2% return. Over its 7-year term it will deliver safe water and sanitation to 1M people.</p> <p>Our new \$50M fund will target a return of 3.5% and increase access to water and sanitation for 4.6M people.</p>	<p>Rate of Return</p> <p>Loan repayment rate</p> <p>Growth of outstanding loan portfolio</p>	<p>[WATER & SANITATION SDG INDICATORS]</p> <p>Proportion of population using safely managed drinking water services.</p> <p>Proportion of population using safely managed sanitation services, including a hand-washing facility with soap and water.</p> <p>Proportion of waste water safely treated.</p> <p>Proportion of bodies of water with good ambient water quality.</p>
WATER SUPPLY & SANITATION ENTERPRISES	<p>Our investment strategy minimizes risk while boosting growth-ready enterprises with proven potential to deliver safe water and sanitation in emerging markets. We will provide debt financing to current and graduated partners of our past investments.</p>	<p>Growth of sales revenue of water supply and sanitation enterprises</p> <p>Loan repayment rate.</p> <p>Growth of credit rating.</p>	<p>[WATER & SANITATION OPERATING METRICS]</p> <p># of people with improved access to water supply in their homes.</p>
MICROFINANCE INSTITUTIONS		<p>Growth of outstanding loan portfolio</p> <p># of new water supply & sanitation loans disbursed</p> <p>Average loan size</p> <p>% of low-income borrowers</p> <p>% of female borrowers</p> <p>Average interest rate of loans</p>	<p># of people with improved sanitation in their homes.</p> <p># of new or improved water connections financed.</p> <p>Units of water filtration products sold.</p> <p>Volume of safe water treated.</p> <p># of biotoilets in operation.</p> <p>Volume of sanitary waste treated or processed.</p>

	GOALS WaterEquity is working to..	IMPACT How we do it..
6	Ensure access to water and sanitation for all	We build investment markets that drive growth in water supply and sanitation enterprises in emerging economies
	By 2030, achieve universal and equitable access to safe and affordable drinking water for all.	We invest in water supply enterprises and microfinance institutions, which in turn work to connect households to safe a water supply in the home while becoming profitable and expanding their lending capacity.
	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.	We invest in water sanitation enterprises and microfinance institutions, which in turn work to accelerate adoption of sanitation services and technologies in the home and community while becoming profitable and expanding their lending capacity.
3	Ensure healthy lives and promote well-being for all at all ages	Increasing access to safe water and sanitation has a strong and direct impact on the reduction of disease and increase in health and well-being, leading to higher household income.
5	Achieve gender equality and empower all women and girls	Water provides women and girls with the time to participate in education and decent work while living healthier lives and increasing their earning capacity.
8	Promote inclusive and sustainable economic growth, employment and decent work for all	Water's impact on health, education, and gender equality directly fuels inclusive and sustainable economic growth.
13	Take urgent action to combat climate change and its impacts	Water security is a cornerstone for building low-carbon, resilient economies.
16	Promote just, peaceful and inclusive societies	Water-secure markets are prerequisite to lasting peace and prosperity.

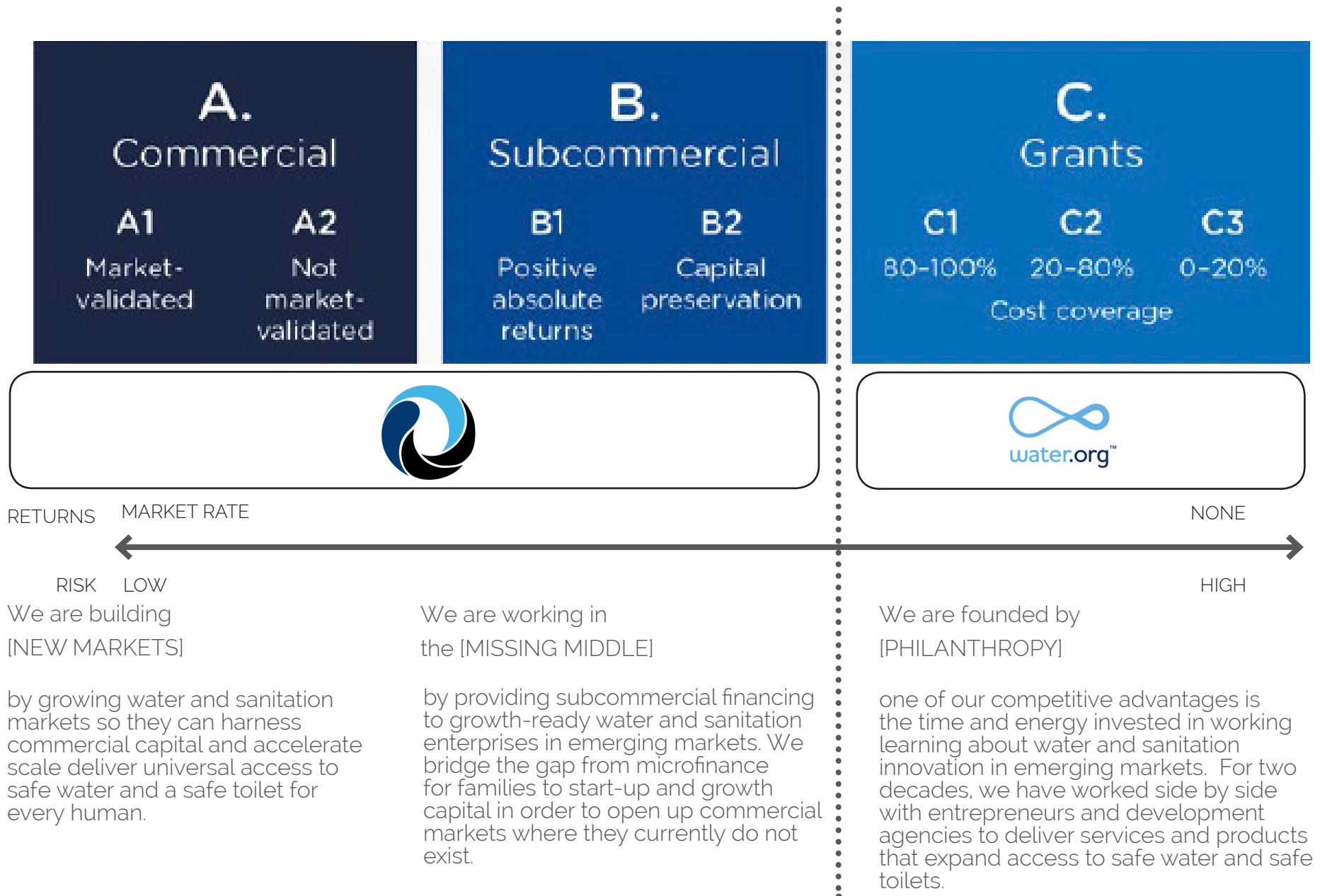
BRAND POSITIONING: WATEREQUITY DIFFERENCE

WaterEquity is working toward harnessing the full spectrum of financial returns to deliver universal access to safe water and sanitation. While past and current investments focused on the subcommercial finance ("missing middle"), WaterEquity will occupy a singular space that encompasses the full return spectrum (in the context of Water.org's work). And by staking out a bold goal, WaterEquity can own a high level of impact.

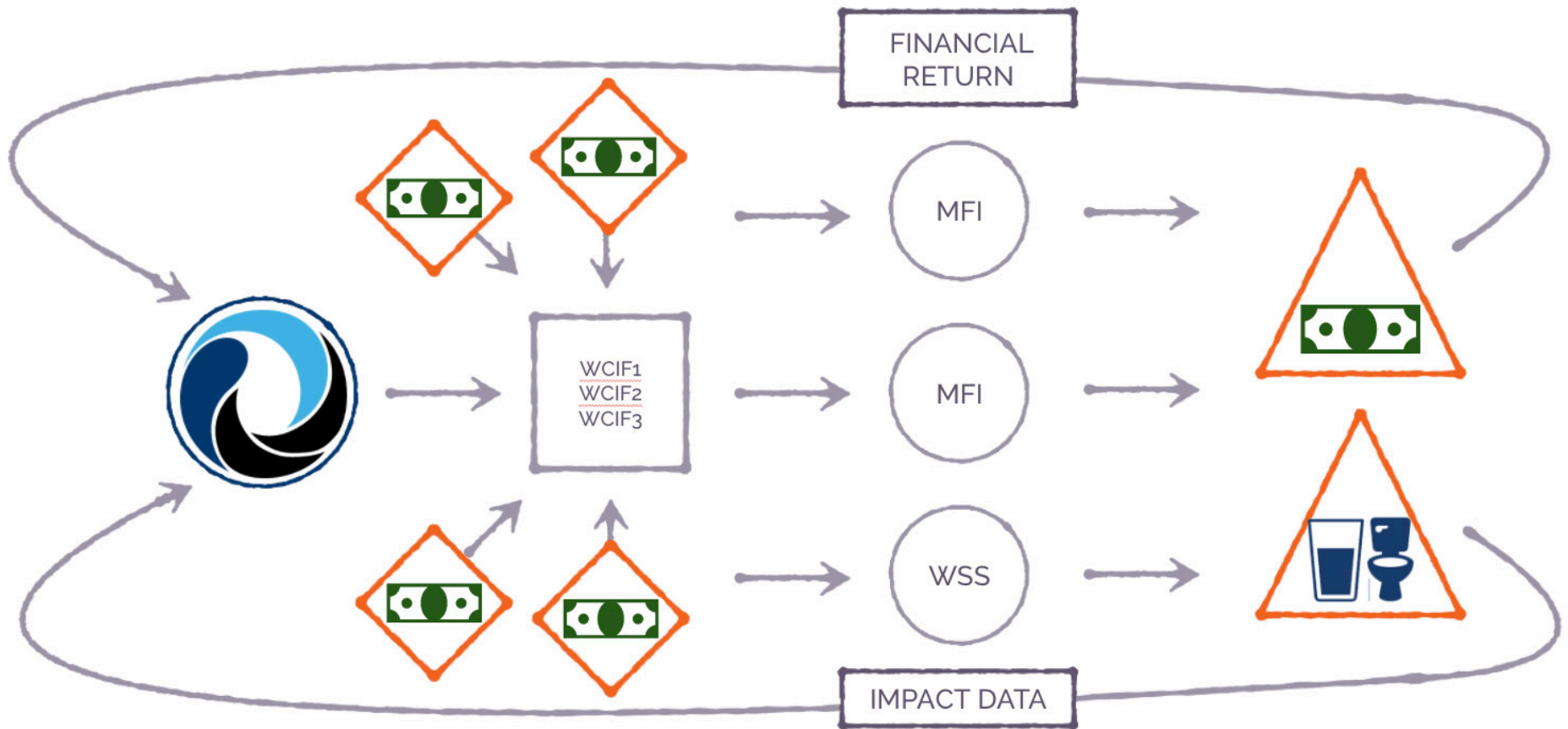


BRAND POSITIONING: WATEREQUITY vs. WATER.ORG

WaterEquity and its parent, Water.org, pursue the same goal - universal access to safe water and sanitation - but focus on different parts of the financial returns spectrum.



BRAND POSITIONING: WATEREQUITY'S MODEL



BRAND POSITIONING

visual insight

Creating a look and feel that is strategically aligned with your brand's character and communicates its key differences helps give credibility to your message.

The following pages first review several overarching design techniques we may want to consider given our target audience's mindset and our uniquely positioned offering.

To close the section, three conceptual directions are presented as options we may want to consider including during our upcoming brand development phase.

TO DO:

Briefly scan the following pages for an overview of the suggestions and directions we will discuss on our call.

BRAND POSITIONING: VISUAL INSIGHT

OVERALL THOUGHTS: Balancing Messaging & Visuals



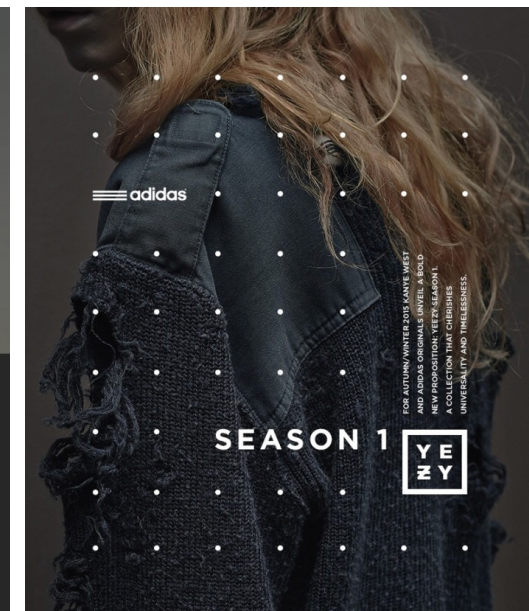
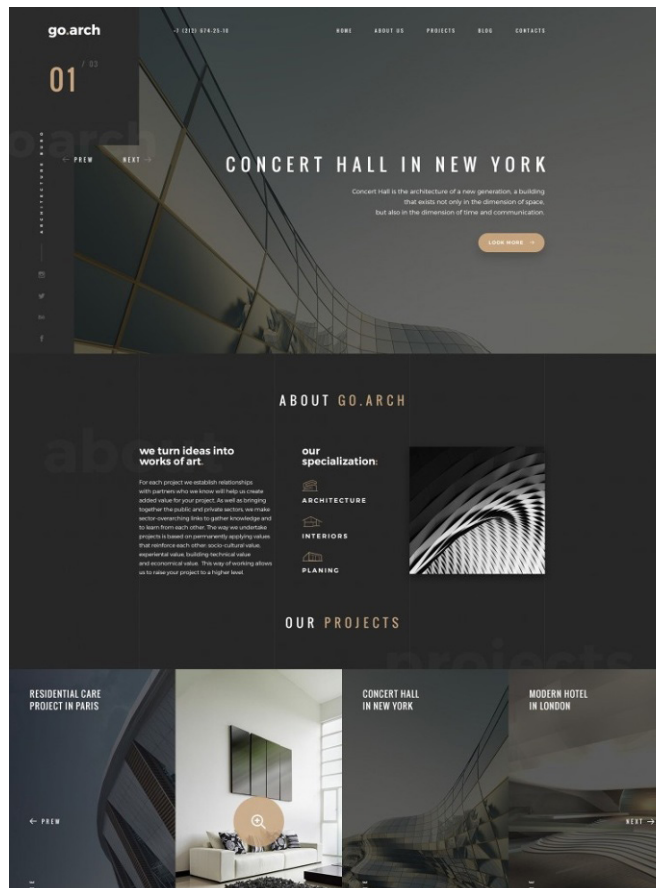
Consider balance. In our case, we don't want all of the imagery and visual focus to be on social benefits as that is only part of our story. What we offer financially needs to be as important as what we offer for social causes.



Consider limited color for imagery to reduce competition with text and **give content a more prominent visual weight.**

BRAND POSITIONING: VISUAL INSIGHT

OVERALL THOUGHTS: Layout



An obvious grid in a design can add a feeling of strategy and structure.

BRAND POSITIONING: VISUAL INSIGHT

OVERALL THOUGHTS: Mood



Muted colors and understated tone-on-tone design make this cover feel **mature and sophisticated**.



Illustration, whitespace and sophisticated, traditional typography lend the feeling of an **academic feel** of an institutional journal to these covers.

BRAND POSITIONING: VISUAL INSIGHT

OVERALL THOUGHTS: Typography

LOREM IPSUM

Proin vel sapien elementum nunc cursus maximus.

Integer non orci sollicitudin, accumsan ante eu, luctus metus. Sed convallis purus diam. Phasellus egestas dignissim ipsum, in lobortis arcu consequat eu. Curabitur bibendum commodo arcu, eu ullamcorper nisl condimentum sit amet.

I2345 \$ %

Consider all caps for headlines to add a feeling of authority. Using a serif font for headlines and subheadlines can lend an air of tradition and stability. A humanist sans-serif body copy font is friendlier than more geometric typefaces. Unique and interesting numerals and symbols can help set apart metrics.

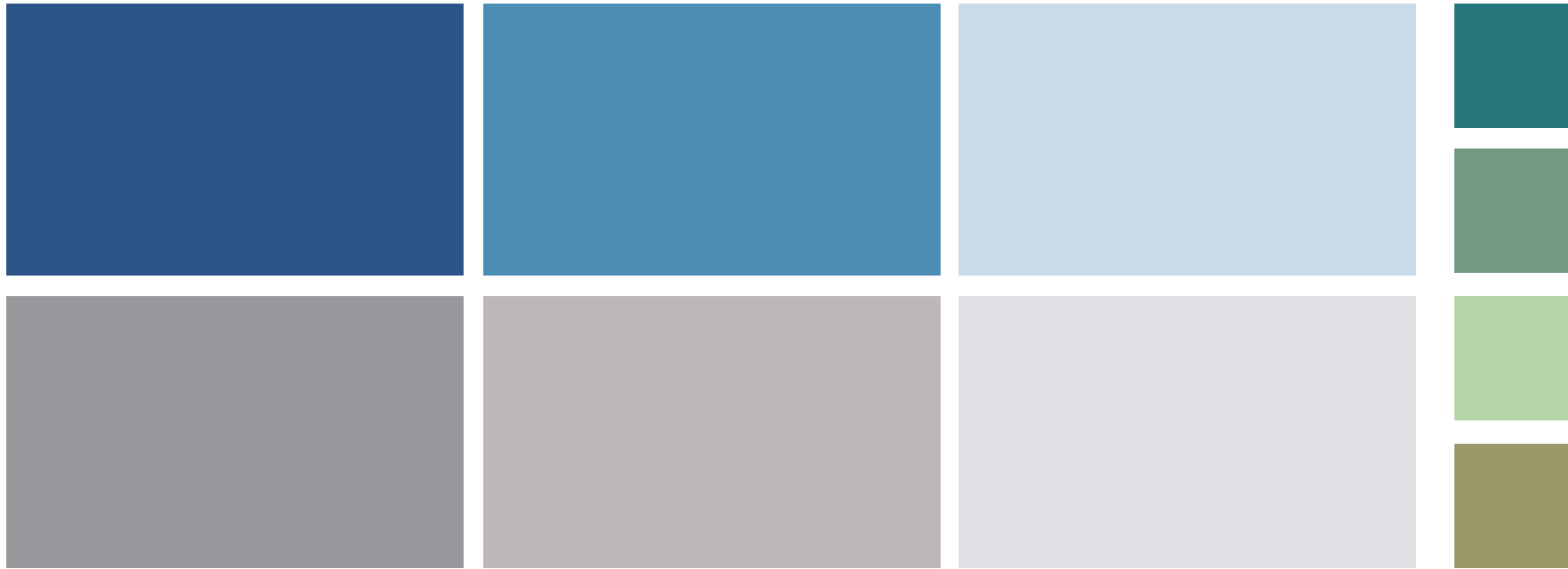
J.P.Morgan



Forbes

BRAND POSITIONING: VISUAL INSIGHT

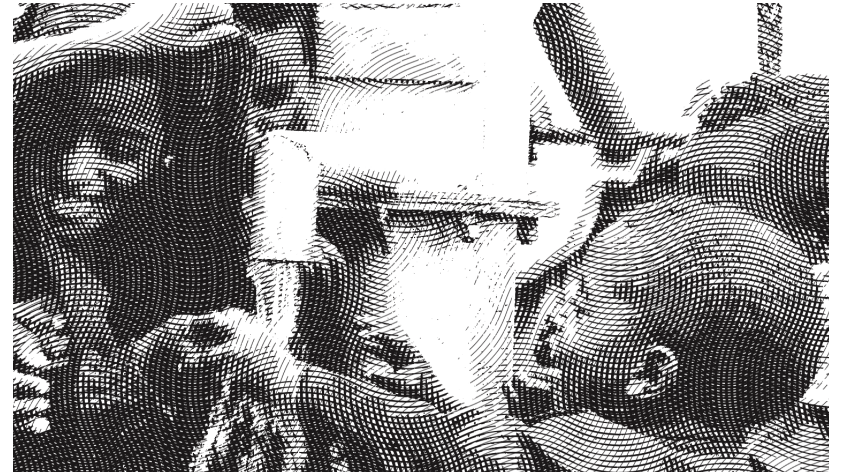
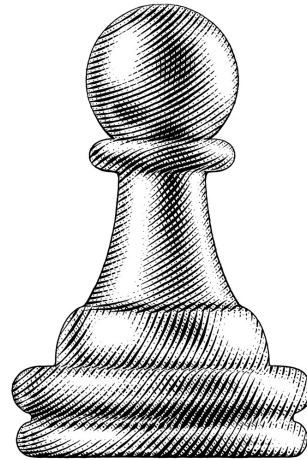
OVERALL THOUGHTS: Color Palette



Colors that aren't as rudimentary with subtle undertones feel more sophisticated and adult. While blues work literally with the concept of water, consider introducing secondary, neutral colors and greens and golds to tie with finance.

BRAND POSITIONING: VISUAL INSIGHT

DESIGN DIRECTION: Engraving



Traditional forms of illustration, like engraving give a **sense of history, stability and finance.**



BRAND POSITIONING: VISUAL INSIGHT

DESIGN DIRECTION: Data Driven Design



An interesting way to illustrate a process, showing pieces and parts working together to build something new. Feels driven by information and strategy.



Another example of mixing numbers and data elements with imagery to create a fresh look that feels rooted in process and metrics.



Another example of mixing numbers and data elements with imagery to create a fresh look.

BRAND POSITIONING: VISUAL INSIGHT

DESIGN DIRECTION: Image as Texture



A technique to consider is using visuals abstractly to add texture and design interest, without overshadowing our message.



WATEREQUITY

next steps

Following this meeting we will apply any input and updates to this guide, so it will be an accurate frame of reference for the content and design phases.

Once the key ideas contained in this document are finalized and approved, we will move on to create a website outline/sitemap and begin creating the content for each page.

Concurrently with the content creation phase, we will begin work on several visual look & feel directions that will give WaterEquity a personality that is relevant to its audience and true to its mission.

PHASE II

CONTENT DEVELOPMENT

(Fri Mar 16 - Tue May 22)

BRAND DEVELOPMENT

(Tue May 29 - Fri Jun 22)

SITE ARCHITECTURE

(Tue May 22 - Tue Jun 5)

APPENDIX

The appendix point to research and reference points that informed our findings in this presentation.

APPENDIX

learning from investors, advisors & thought leaders

The following section is a compilation of quotes from investors, advisors and thought leaders.

The included quotes illustrate audience interests, concerns and motivators.

We've highlighted key components of each phrase and added takeaways on how WaterEquity aligns with these thoughts.

The findings in this section will help us focus our messaging so that it is targeted to directly address the most relevant considerations of those we are trying to influence.

APPENDIX: LEARNING FROM INVESTORS

Research into investors' interests, advisors' experiences, and thought leaders' ideas uncovered key learnings, reinforced key themes, and provided important takeaways for WaterEquity's brand position and messaging.

"The underlying opportunity here is that you have hundreds of millions of people living in poverty who **want a hand-up, not a hand out.** They can and want to participate financially through small & affordable loans to get safe water and a toilet in their home."

Talk mission-aligned investments
Illustrate market demand

"The Fund I invested in is a \$50M Fund that's investing in businesses like micro-utilities and microfinance institutions in India, Cambodia, Indonesia, and the Philippines. I put in \$500K through my foundation (program-related investment) and will get a 3.5% financial return annually, plus my principal back at year 7. Like a grant, the \$500K goes towards my Foundation's 5% minimum payout, meaning it's part of the pool of capital that's tax deductible. I'm **reaching 4.6M people with safe water and sanitation, at a zero-philanthropic cost.**"

Talk about ROI
Make the choice obvious

APPENDIX: LEARNING FROM INVESTORS

"It's a **smart** way to keep growing the capital for the Foundation, while making a difference."

Highlight innovation at all levels:
Philanthropy, Market & Enterprise

"I believe in supporting ventures that create paths toward a **healthier planet.**"

Water -> Healthy People + Sustainable Living

"Impact investing can be a **useful complement** to other investments in your portfolio. A new study by Morgan Stanley, which surveyed over 10,000 equity funds one the past seven years, finds that social impact funds on average have **lower volatility** than comparable non-impact funds."

Set realistic expectations

Illustrate risk mitigation
Point to industry data

"Investments in social, health and environmental causes provide an efficient way to **meet your individual or your company's social responsibility goals** with a much **higher ROI than donations or grants**, which simply hand out money. Instead, smart impact funds allow investors to help sustainably grow the recipients – whether that's a small-holder farmer, a health startup, or a company solving energy challenges – and build an inclusive circle of progress."

Relate to UN sustainable development goals
Show the math

APPENDIX: LEARNING FROM INVESTORS

"We find it stunning that foundations will talk about the 1% they're spending for impact but not talk about **what the rest of their money is doing.**"

- Liesel Pritzker Simmons, Co-Founder & Principal, Blue Haven Initiative
SOURCE: Wharton, 5/30/17

"Common sense" capital
Context: Investment portfolio

"Two factors lie at the core of our investment philosophy. One: a desire to figure out how we do good while investing our money. Two: the excitement around the ability for **business to address** some of these challenges."

- Tony Davis, Founder & CEO, Inherent Group

"Common good" capital

"What's the **purpose** behind having wealth, and how can we really use it in a more proactive and purposeful way? We apply an **ESG lens** to all of our investments. Close to 100% of our portfolio is invested sustainably."

- Annie Chen, Founder & Chair, RS Group

"Mindful" capital

Use standard terminology

SOURCE: Wharton, 1/23/18

APPENDIX: LEARNING FROM ADVISORS

"Innovators - both in technology and finance - **need patient capital** to develop solutions to water challenges. Family offices and foundations are natural providers of patient, long-term, solutions-oriented capital."

Show impact & change on business

Experts often say, "**water is local.**" Transporting water over long distances is expensive and energy intensive, so water quality and quantity are usually managed at the local level. From stormwater management to wastewater treatment to drinking water transport, cities and towns contain vast water systems, many parts of which are in need of repair and rebuilding. The \$7.5 trillion global infrastructure deficit creates a nearly **endless supply of local investment opportunities.**

Show the big picture

APPENDIX: LEARNING FROM ADVISORS

"I started this firm because I did not see anyone else doing this. My co-founder, Andreas Zeller, is a former investment banker. I worked with Boston Consulting Group. We were both working with large companies and saw how different it is than working with smaller companies who have smaller resources. We realized that **if we don't help to facilitate the smaller deals, there won't be larger deals in Africa in the future.**"

Annie Roberts, Open Capital Advisors

Show the future
Model how WCIF3 fits in

"We have to make a business and be economically viable. So, we decided to **only include investments that measure impact.**"

Tera Terpstra, Wire Group

Be great at measurement & show it

APPENDIX: LEARNING FROM THOUGHT LEADERS

"The starting target for all [US] foundations is about a 7.5 per cent return. If we do that, we can **live into perpetuity and have the same purchasing power** in the future as we have today."

Rob Manilla, Chief Investment Officer, Kresge Foundation

"Mostly [foundations] advocate following a social mission in their programme activities and keeping the endowment **focused on returns only.**"

Brand Conger, Director, Hirtle Callaghan
[US advisory firm that designs and supervises investment programmes]
Source: Financial Times, May, 2016

"**Business model execution and management risk** ranked first among the risks to impact investing portfolios considered."

Be transparent & realistic
Talk PRIs w/ philanthropists

Show performance
Highlight entrepreneurs & talent

APPENDIX: LEARNING FROM THOUGHT LEADERS

"As impact-investing business has expanded, it has developed some growing pains. Impact-fund managers, who invest mainly in privately held businesses, are having trouble **finding companies that are ready** to put large amounts of capital to work.

Evaluating those companies has proven challenging, too. They are highly **diverse, spanning various sectors, levels of risk**, and expected returns.

And the numerous standards for measuring social and environmental impact can be **overwhelming** even for industry specialists."

Highlight relationships
Show due diligence
Highlight investment managers

Show asset class stability

Use IRIS metrics
Show your logic

APPENDIX: LEARNING FROM THOUGHT LEADERS

"Impact-oriented investors should adjust their return expectations in order to support companies that have the potential to **catalyze new markets** that will drive social change."

Be realistic & confident
Show target for new fund

"We saw phenomenal entrepreneurs who were developing innovations with transformative potential - but many of them needed **more patience and more upfront capital** than a commercial investor would typically provide. These entrepreneurs faced challenges that included limited access to startup equity, poor infrastructure, costly and ineffective supply chains, vague and unhelpful regulatory policy, limited consumer education, and a shortage of disposable income among consumers. They needed investors who would look beyond the financial bottom line."

Demonstrate promise of investees
Show mechanics of process

"In our view, it is better to **fund a sub-commercial enterprise** that is pioneering a new market than to allocate money to a solution that requires ...a kind of perpetual subsidy (grant)."

Show multiplying effect of model
Convey future prospects

APPENDIX

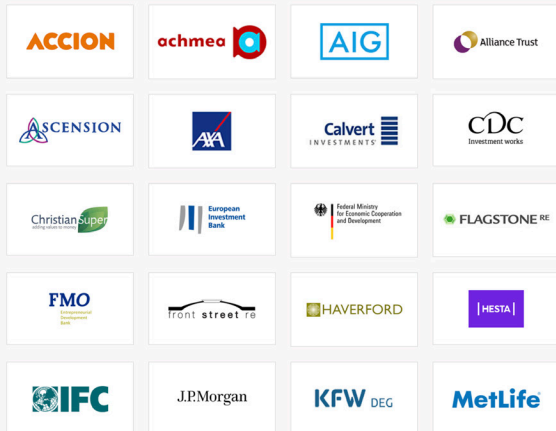
competitive
review takeaways

The following section highlights the key takeaways that we identified in our competitive review studies. It helps us structure and focus our content strategy and differentiate WaterEquity.

APPENDIX: COMPETITIVE REVIEW

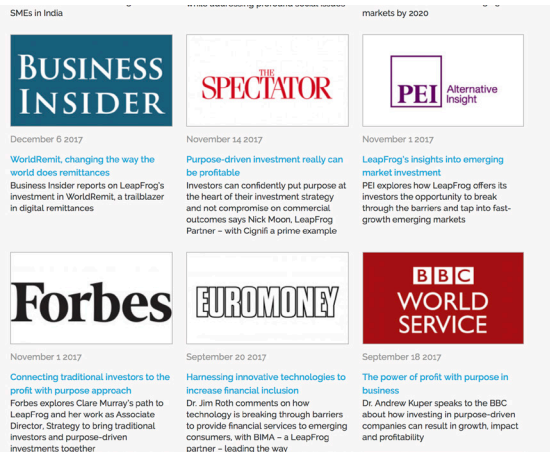
Investors

Investors in LeapFrog's funds include leading global institutions, intent on tapping the emerging consumer opportunity.



Investors = confidence & credibility
Include logos & links to investors

In the news



Educate your audience
Link to trusted sources

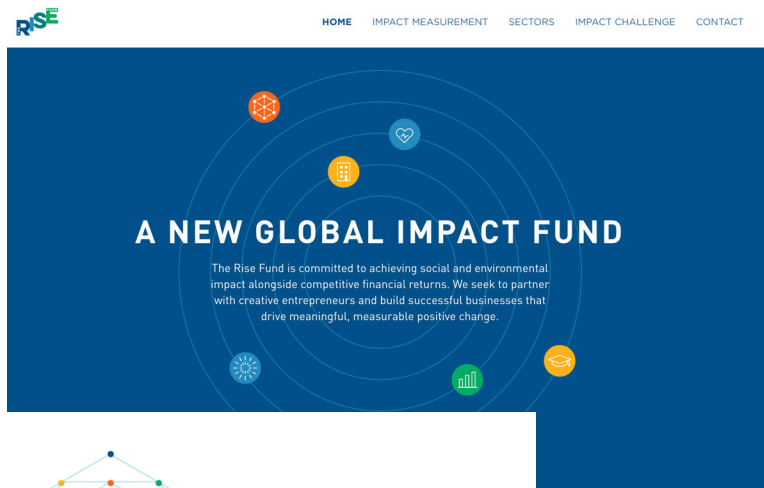
Partner Companies

LeapFrog invests in extraordinary businesses in Africa and Asia. We partner with their leaders to achieve leaps of growth, profitability and impact.



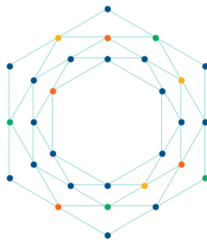
BIMA
Reaching the unreachable
A global leader in mobile insurance, growing by some 500,000 subscribers a month.

Relationships create point of impact
Highlight partners



Concise & minimalist design

- INTRO
- QUANTITATIVE METRICS
- END-TO-END ASSESSMENT
- THIRD PARTY OVERSIGHT



Clean structure
Easy vertical navigation

Quantitative Metrics

The Rise Fund will use quantitative assessments of impact, in addition to qualitative assessments. Assessments are undergirded by rigorous published research that demonstrates that a given product or service leads to one of the 30 key target outcomes. This will be quantified in a dollar amount so that the fund's investment review committee can evaluate impact on equal footing with financial factors. The dollars calculated represent the value to society of the goods and services created by the company.

The Under 30 Impact Challenge attracted nearly 200 submissions from businesses operating in 100 countries around the world.



Leverages partner content





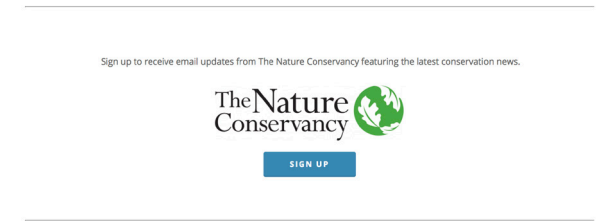
WHAT IS THE CONSERVATION NOTE?

The Nature Conservancy's Conservation Note is a fixed income product that channels capital to conservation-critical lands and waters, providing increased capacity to finance high-priority conservation projects around the world. Examples of projects include property being resold to a government agency, institution, or conservation buyer, with easements or restrictions in place to ensure that the Conservancy's long-term conservation objectives for the project are met.

Private capital can therefore leverage public dollars for conservation. Individual and institutional

KEY FEATURES	
Minimum Investment	\$25,000
Terms	1, 3 and 5 years
Interest Rates	Investor can select an interest rate of between 0% and 2.25%, depending on term.
Environmental Return	The Conservation Note generates environmental returns that can be measured in acres protected, landscapes preserved, and habi-

Clear expectation re: \$%
No gateway to info



Tight connection with non-profit
Leverages parent content
Sign up for parent newsletter

External Research Reports



Conservation Finance: Moving Beyond Donor Funding Toward an Investor-Driven Approach

This report by Credit Suisse and World Wildlife Fund covers the supply side of conservation finance, namely the perspective of investors and their investment approaches. This report further analyzes the investor perspective in conservation finance and attempts to bring together the demand and supply side(s).

Leverage external experts
to educate visitors



Impact investment: The invisible heart of markets

This Social Impact Investment Taskforce (established under the UK's presidency of the G8) report covers how harnessing the power of entrepreneurship, innovation and capital for public good, as well as examines what is needed to catalyze the growth of a global market for impact investment. The report makes recommendations that can be implemented across Taskforce countries and beyond to deliver better social outcomes and improve millions of lives across the world.

Show & link to friends
Encourage link backs

ABOUT US BUSINESS LINES GET INVOLVED IN THE NEWS RESOURCES CONTACT US FAQ

natureVest

An initiative of
The Nature Conservancy

Supporter
JEREMY AND HANNELORE
GRANTHAM ENVIRONMENTAL TRUST

Inaugural and Lead Funder
ROBERTSON
FOUNDATION

Founding Sponsor
JPMORGAN CHASE & CO.

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Organizations

Conservation Finance Alliance

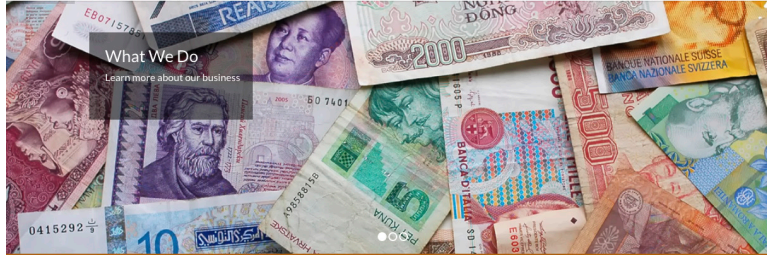
The Conservation Finance Alliance is a collaborative network of governments, multilateral agencies, NGOs, private companies, academic institutions, and independent experts that helps to address the challenges of sustainable financing for conservation. Its members work together to promote conservation finance solutions through exchanging information and expertise and developing studies and tools.

Conservation Finance Network

The Conservation Finance Network at Island Press delivers conservation finance tools and training to people working to protect, restore, and steward natural areas. Our goal is to help people accelerate the pace of land and resource conservation through the use of innovative funding and financing strategies. To this end, we are building a community of practice that brings together thought leaders, practitioners, and partner organizations. This network will advance the field of conservation finance by fostering new ideas and ensuring that those ideas are implemented in policy and practice.

Global Impact Investing Network (GIIN)

The Global Impact Investing Network (GIIN) is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing.



No mention of non-profit
Focused on the financial message

Purposeful Investing

Founded in 2003, MicroVest is an asset management firm that offers investors a unique global investment opportunity. We seek to invest capital in under-banked markets and provide access to financial services for rising middle class communities around the world. We believe our detailed due diligence process and focus on aligning values can result in meaningful financial return despite the economic challenges of the real economy

A SEAT AT THE TABLE

A seat at the table was one of the demands that came out of a panel discussion attended by MicroVest with business and government leaders.

SDGs AND MICROVEST:

SUSTAINABLE DEVELOPMENT GOALS

- 1 NO POVERTY**
#1 - Eradicating poverty in all its forms remains one of the greatest challenges facing humanity. While the number of people living in extreme poverty dropped by more than half between 1990 and 2015 – from 1.9 billion to 836 million – too many are still struggling for the most basic human needs.
→ **86 institutions Financed**
12.3M Active borrowers
- 5 GENDER EQUALITY**
#5 - Ending all forms of discrimination against women and girls is not only a basic human right, but it also crucial to accelerating sustainable development. It has been proven time and again, that empowering women and girls has a multiplier effect, and helps drive up economic growth and development across the board.
→ **71% Female MFI Clients**
- 8 DECENT WORK AND ECONOMIC GROWTH**
#8 - Over the past 25 years the number of workers living in extreme poverty has declined dramatically, despite the

Visible & direct connection to SDGs

LIFI PORTFOLIO METRICS - WEIGHTED¹:

	78	76	76	
# of Institutions Reporting ²	78	76	76	
Gross Portfolio ⁴	241,422,301	283,603,398	414,839,861	46%
Annual Port. Growth	26.5%	26.4%	25.6%	-3%
PAR>30 /Gross Loan Portfolio	4.5%	5.4%	6.3%	17%
Portfolio Yield (YTD annualized)	25.1%	24.1%	24.8%	3%
Op. Exp./ Avg. Port.	16.2%	13.0%	13.0%	0%
Write-offs/Average Gross Loan Portfolio (TTM)	1.3%	1.8%	1.5%	-15%
Deposit Taking	53.3%	50.7%	55.5%	9%

OUTREACH INDICATORS - WEIGHTED¹:

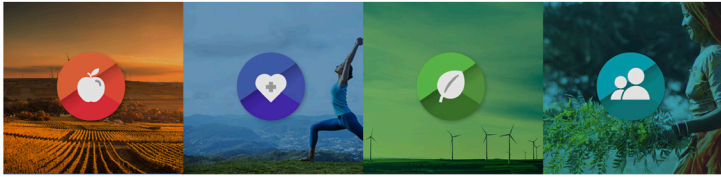
# Active Borrowers	198,775	268,690	304,963	13%
Avg. Loan Size (US\$)	10,351	8,299	8,187	-1%
Avg. Loan Size as % of Per Cap GDP	233.6%	172.5%	247.0%	43%
% Women Clients	55.3%	62.0%	62.1%	0%
% Productive Loans	75.2%	73.0%	76.8%	5%

The tables below break out social outreach indicators between MFIs and SMEs in the portfolio.

MFIs:

	Dec. 2014	Dec. 2015	Dec. 2016	Y/Y Change
# of Institutions	60	56	57	2%
# Active Borrowers	221,441	332,715	374,243	12%
Avg. Loan Size (US\$)	1,746	1,298	1,588	22%
Avg. Loan Size as % of Per Cap GDP	52.4%	47.7%	63.8%	34%
% Women Clients	60.5%	71.1%	71.2%	0%
% Productive Loans	79.3%	77.8%	78.1%	0%

Transparent data



Mature use of color
Snapshots of focus areas

Sustainable Food & Agriculture

A focus on centralization and efficiency in the food system (rather than nutrition and sustainability) has led to significant breakdowns in health and widespread environmental degradation. The resulting disruption to the food and ag industry as education drives consumer demand toward sustainable production and less processed food is a powerful opportunity for investment.

[LEARN MORE](#)

Lightweight design
Mobile friendly



Sustainable Food & Agriculture

The centralization and efficiency prized for so long by the western industrialized food system is proving rapidly antiquated, and is visibly killing us and the planet. Soil degradation, obesity, inflammatory diseases, food deserts, and water shortages are just some of the spreading symptoms. Major companies must reinvent their portfolios and push to organic, nutrient dense, fresh, clean ingredient profiles. This wholesale refactoring creates compelling investment opportunities along the entire value chain.

Global Greenhouse Gas Emissions

Our livestock industry alone creates more greenhouse gas emissions than transportation.

Source: Intergovernmental Panel on Climate Change (IPCC)



Livestock Industry
14.5%

>



Transportation
13%

Water Footprint

Industrialized beef requires more than ten times the amount of water to produce equivalent mass.

Source: Intergovernmental Panel on Climate Change (IPCC)

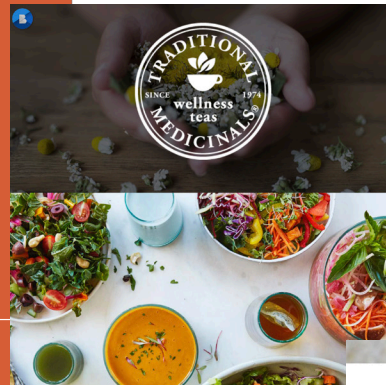


Steak
4650L
of water to produce 300g

>



Wheat
390L
of water to produce 300g



Traditional Medicinals

Traditional Medicinals, Inc. a Certified B Corporation and California Certified Green Business, is the leading seller of wellness tea in the U.S. and the pioneer of the wellness tea category in the U.S. and Canada.

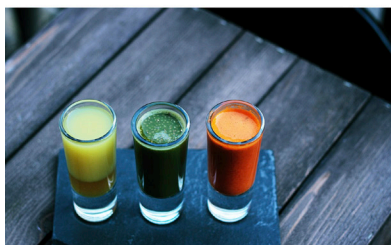
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Urban Remedy

Urban Remedy is an organic food company that embodies the belief that "Food is Healing". This vertically integrated, omni-channel, organic food company gives customers an easy way to eat for health through plant-based, locally-sourced and ready-to-eat foods, meal plans and cold-pressed juices.

SELECT BY ALL

SORT BY RECENT ENTRIES



Here's how plant-based food business Urban Remedy is plotting its next growth spurt

Written by Kate Burke

The biggest source of growth for the plant-based brand has been its kiosks, which can be found in 30 Whole Foods Market locations across the state and have now been...

[SOURCE LINK](#)

General Mills' VC Arm Leads \$17M Investment in the Plant-Based Food Company Urban Remedy



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With over \$575 million dollars invested across 15 projects, impact investing efforts in Newark have resulted in over 1,300 units of housing for low- and mixed-income residents, six nonprofit charter schools serving more than 3,500 students, and much needed retail space and community facilities.

NEWARK, NJ



CASE STUDIES



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10,000 small businesses

"Before enrolling in the Goldman Sachs 10,000 Small Businesses program, my company was growing. As a result, my company is going to skyrocket."

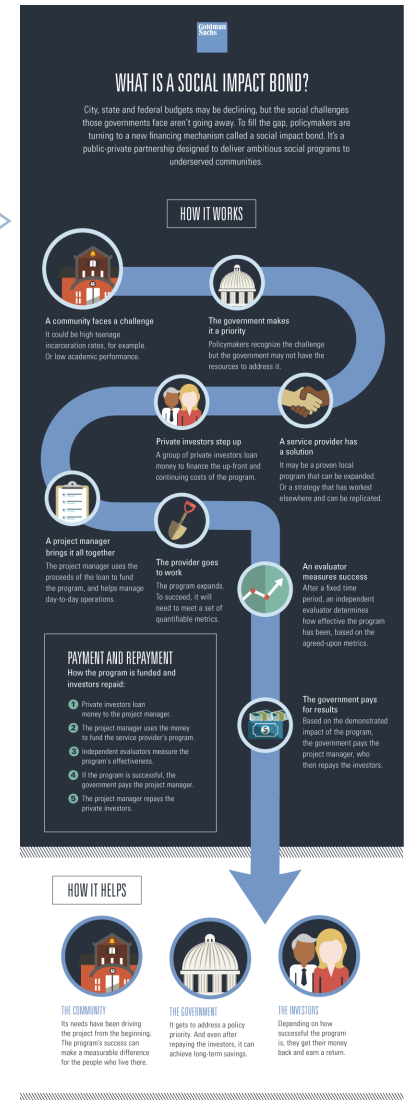
Watch The Story

OVERVIEW
ABOUT THE PROGRAM
PROGRAM IMPACT
MEET THE ALUMNI
APPLY NOW

Place-based approach

Infographic:
75% how it works,
25% how it helps

Impact investing =
Corp. citizenship





Easy navigation



Concise language



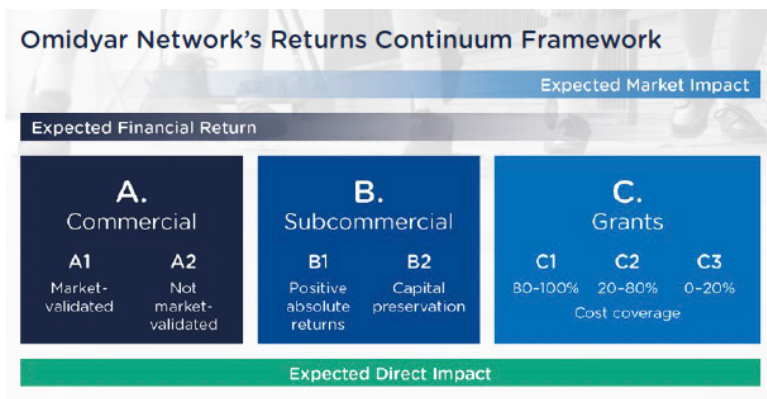
Visual connection with SDG images

APPENDIX: SELECTED SOURCES

2018	Wharton	How to Drive Competitive Returns with Impact Investing	Fast Company	Fixing The World's Sanitation Is A Big Business Opportunity	
	Convergence	Who is the Private Sector? Key Considerations for Mobilizing Institutional Capital through Blended Finance		The Hustle	There's big business in solving India's toilet crisis
	UN	Progress: Sustainable Development Goal #6		World Bank & UNICEF	SANITATION AND WATER FOR ALL: How Can the Financing Gap Be Filled?
2017	Every Woman Every Child	Committed to women's, children's and adolescents' health; examples of business impact: Banka Biolo	Vision Fund	Water Filter	
	NatureVest	Invest in Nature / Impact the World	UBS	Longer Term Investments Water scarcity	
	Global Impact Investing Network	Annual Impact Investor Survey 2017	2016 Arabella	Essentials of Impact Investing: Guide for Small-Staffed Foundations	
	Forbes	10 Reasons Why You Should Consider Impact Investing	McKinsey	How impact investing can reach the mainstream	
	Wharton	Why Impact Investing has Reached a Tipping Point	McKinsey	Sustaining sustainability: What institutional investors should do next on ESG	
	SSIR	Across The Returns Continuum / Omidyar	SSIR	How Impact Investors Actually Measure Impact	
	Summit Water Capital Advisors	The Case for WaterEquity Investing 2017	GIIN / The ImPact / CREO	WATER: An Impact Investment Primer for Family Offices & Foundations	
	Chronicle of Philanthropy	Getting Squeezed: With endowments struggling to generate robust returns, experts wonders if charities and foundations should tighten their belts - or lower their expectations	Financial Times	Foundations tap into endowments to make 'mission investments.'	
	Business and Sustainable Development Commission	BETTER FINANCE BETTER WORLD CONSULTATION DRAFT OF THE BLENDED FINANCE TASK FORCE	United Nations	Safe water AND SANITATION: WHY IT MATTERS	
	Business & Sustainable Development Commission & Convergence	THE STATE OF BLENDED FINANCE: Working Paper	Lixil / Oxford Economics	The True Cost of Poor Sanitation	
	GIIN	Evidence on the Financial Performance of Impact Investments	2015 The Case Foundation	A Short Guide to Impact Investing	
	GIIN	Impact Investing Trends: Evidence of a Growing Industry	NYTimes	How to Leave a Mark	
	Tonic	T100: Insights from Impact Advisors and Consultants 2017	Swedish Water House	Making Water a Part of Economic Development (excerpt)	
	TheHindu.com	Women entrepreneurs set the stage for social change	ImpactBase	Impactbase Snapshot: An Analysis of 300+ Impact Investing Funds.	
	Ashoka	Creating Shared Values Prize Application	UN	Transforming our World: THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT	
	World Bank Group	SANITATION AND WATER FOR ALL How Can the Financing Gap Be Filled?	United Nations	Access To Sanitation Webpage	
	World Bank Group	Easing the Transition to Commercial Finance for Sustainable Water and Sanitation	UN	Water Facts	
	IISD	Addressing Climate Change Means Addressing the Global Sanitation Crisis	UBS	Water: Thirst for Investments	
	IISD	Sanitation and the SDGs: Starting with the One in Everyone	2014 Social Impact Investment Taskforce	IMPACT INVESTMENT: THE INVISIBLE HEART OF MARKETS	
	IISD	The Sanitation Economy: The New Economy Set to Tackle SDG 6.2	Harvard Business Review	What Good is Impact Investing: Justin Fox	
Toilet Board Coalition	INTRODUCING THE SANITATION ECONOMY	2013 World Economic Forum	From the Margins to the Mainstream: Assessment of the Impact Investment Sector and Opportunities to Engage Mainstream Investors		
WHO	Progress on Drinking Water, Sanitation and Hygiene	2012 UN	The Future We Want: Resolution adopted by the General Assembly on 27 July 2012		
Toilet Board Coalition	GET A TOILET: BUILDING DEMAND FOR TOILETS	2012 EU WATER INITIATIVE	Small-scale finance for water and sanitation		

APPENDIX: RESOURCES

Source: SSIR:



Source: World Economic Forum: From Margins to Mainstream

Table 2: Spectrum of Business Model Risk

	High Business-Model Risk	Low Business-Model Risk	Limited Business-Model Risk
Description	Business model has not been de-risked Revenue and profitability have not been generated	Business model has begun to be de-risked Revenue and profitability are volatile	Business model has been effectively de-risked Revenue and profitability are proven and stable
Presence of Commercial Capital	Commercial capital is largely absent in these markets	Some commercial capital is active in certain sectors	Commercial capital is actively investing in these markets
In Order to Scale Business Model	Technical assistance (including human capital) Market / capacity building	Both technical assistance and capital infusion	Capital infusion Expertise and human capital

5.1 Role of Impact Investment Funds

Impact investment funds play a critical role in making it easier for institutional investors to allocate more capital to impact investments. Three key recommendations for impact investment funds are outlined below that will help move the impact investment sector into the mainstream.⁶³

Recommendation 1: Be clear and transparent about the financial returns that are generated and report the results to a third-party. This recommendation is important for three reasons. First, institutional investors need to be able to compare, rank and classify different investments. Through accurate and consistent reporting of financial performance to an aggregator, such as ImpactBase, investors are able to make more informed decisions regarding investment allocation. Second, misrepresentation in the sector is hindering many funds from raising capital. Some funds are promoting market returns and not achieving them; this is a disservice to the sector. Those funds that make investments that result in a trade-off between financial and social returns should articulate clearly their investment thesis and expected returns to promote the growth of the entire sector. And third, there is still confusion regarding the opaque definition of impact investing and the financial returns generated. In order for products to emerge at scale, investors will need clarity about what different funds *actually* achieve across sectors and geographies.

measurement. This would serve to bring credibility to funds when actively raising capital from institutional investors.⁶⁴ Furthermore, impact investment funds that introduce increased sophistication into their impact measurement and reporting processes (e.g. randomized control trials) will help to bring discipline and accountability to the sector.

Recommendation 3: Consider creative and innovative strategies to attract capital from large-scale limited partners. To address the constraint of deal size, impact investment funds could consider pooling funds that have similar investment and impact objectives. One obvious challenge with such an arrangement is the potentially higher fee structure (as in the case with fund of funds). But, in order for more institutional investors to enter the sector at this early stage, the economics may not make sense without this level of collaboration and partnership between impact investment funds. Similarly, impact investment funds may need to adopt innovative or new approaches to fund management to ease limited partners' concerns about the early stage of the ecosystem. For example, some funds have found success raising capital when the fund is co-managed by someone with a strong financial background (and fund management experience) and another with deep experience managing an impact enterprise.

5.2 Role of Impact Enterprises

Impact enterprises are a central component to mainstreaming impact investing. Over time, as these organizations grow and their sectors expand, they will be better positioned for commercial capital. Despite natural growing pains that many impact enterprises experience today, there are a few key actions they can take to ensure that they are ready for capital infusion from mainstream investors.

Recommendation 1: Build capabilities that make it easier for investors to allocate capital. It is an ongoing challenge for impact





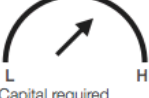
Recommendation 3: Strive for competitive differentiation and strong financial management. Mainstream investors most often withhold investment in impact enterprises (especially in frontier markets) because of their lack of financial discipline or clear competitive advantage. Adding to this criticism is the potential oversaturation of impact enterprises that have similar social objectives and that "compete" in similar sectors or geographies. To address this criticism, impact enterprises should be diligent to carve out a unique competitive differentiation in their respective markets to ensure sustainable financial viability. Similarly, they should be diligent to seek out collaboration opportunities to achieve the benefits that derive from size and scale.

APPENDIX: RESOURCES

Source: Water: An Impact Investment Primer for Family Offices & Foundations

Appendix: Institutional Investors Interested in Getting Started

After reading this report some investors may be interested in considering ways to become more active in the impact investment sector today. The recommendations listed below provide some initial ideas for how to get started. They are simply meant to provoke thinking among investment teams as opposed to provide a comprehensive road map for how traditional investors can become impact investors.

Action	Description	Commitment Required
1 Build an internal community for employees interested in impact investing	Goal: Educate investment professionals across asset classes regarding what impact investing is and how it could be a viable investment approach within the organization. The community will likely be most effective if it forms organically and is led by a few key internal champions. It could host guest speakers, monthly events and panels of impact enterprises to better understand how they operate and the non-financial objectives that they seek to achieve. In addition to educating practitioners, this type of community may have secondary and tertiary benefits such as help to foster employee engagement and retention.	 No capital required- Limited risk Minimal org. buy-in
2 Survey clients to determine their level of interest in impact investing products or vehicles	Goal: Determine if there is an opportunity to carve out a distinct competitive advantage or grow assets under management by offering impact investment opportunities to clients. For example, a pension fund could survey its members about their interest in investments that intentionally seek to create social or environmental value. Do these types of investment opportunities resonate with clients? Do clients prefer them? What concerns do clients have? Answers to these questions will help investors approach the impact investment sector in a way that is optimal for their client base.	 Low capital required- Limited risk Some org. buy-in
3 Offer training and educational opportunities on impact metrics, evaluation, and reporting	Goal: Build in-house expertise before capital has been allocated to impact investments. Investors could work with organizations that have advanced capabilities in impact metrics (such as IRIS or GIIIRS) to develop specialized in-house trainings on measurement and reporting of nonfinancial metrics. Investment organizations could also consider short-term secondment programmes in which junior investment professionals work with an impact investment fund or impact enterprise to better understand the sector and develop expertise in impact measurement and reporting.	 Some capital required Limited risk Some org. buy-in
4 Establish an internal impact investing position or small team dedicated to supporting asset class teams	Goal: Begin to move towards actively managing an impact investment portfolio. An internal position or small team would be responsible for aligning on thematic areas that are most important and relevant to the organization and developing frameworks and scorecards to be used by asset class teams to evaluate the social and environmental performance of their investment portfolios. The team could also pitch key investments to the various asset class teams that may have otherwise been overlooked. In order to effectively deliver market returns and achieve social and environmental outcomes, in-house expertise will need to be intentionally developed.	 Capital required Some risk High org. buy-in
5 Begin to allocate capital towards investments that intentionally seek to achieve social or environmental objectives	Goal: Begin to become an active investor in the impact investment sector. Initially, it may be best to allocate only a small portion of the portfolio towards the sector (perhaps each asset class allocates 1% to 2% of its portfolio). Additionally, certain investment restrictions may need to be relaxed to ensure potential investments are not initially screened out (e.g. deal size restrictions, irregular terms, and track records of fund managers or impact enterprises).	 Capital required Some risk High org. buy-in

What is Water Risk?

For the purposes of this primer, we define water risk as the confluence of several mega-trends that threaten the quality and accessibility of water around the world:

- **Climate change means water change.** Warming temperatures alone could cause river flows to decline or fluctuate dramatically worldwide. The Colorado River, for example, which provides water for a large population and agricultural land, is predicted to lose 30 percent of its flows by mid-century and over 50 percent by the end of the century if greenhouse gas emissions continue unabated. Similar trends could hold for water systems in other regions impacted by drought.⁴
- **Population growth and changing consumption patterns threaten freshwater supply.** Over the last 50 years, population growth, changes in lifestyles and eating habits, the production of biofuels, and energy demand have combined to triple the volume of global freshwater use.⁵ The United Nations estimates that 1.8 billion people will be living in countries or regions with absolute water scarcity by 2025.⁶
- **Agricultural water use is too high and growing steadily.** Agriculture consumes 70 percent of the world's freshwater resources each year.⁷ According to estimates by the United Nations, agricultural water consumption will increase by 19 percent by 2050 to feed the planet's growing population.⁸ Water insecurity is a direct threat to food security.
- **Industrial water use and wastewater production is rising.** Industry uses 20 percent of water withdrawals. Industrial businesses dump an estimated 300-400 megatons of polluted waste in waters every year. If water-intensive business do not increase their water efficiency and wastewater management, it diminishes the quality and quantity of water available for human and ecosystem needs.
- **Aging infrastructure will worsen.** The world today needs \$7.7 trillion per year over the next 15 years, up from \$3 trillion to pay for additional infrastructure.⁹ If infrastructure repairs are not made, the quantity and quality of water supplies will be increasingly at risk for cities and towns around the world.

APPENDIX: RESOURCES

Source: EU Water Initiative & Sanitation & Hygiene Applied Research for Equity: Small-scale finance for water and sanitation.

Table 1. Types of small-scale WATSAN providers and their financing needs

Type of small-scale WATSAN providers	Type of infrastructure for which they need finance		Potential financing instruments
	WATER	SANITATION	
Households	Household connections or water tanks	On-site sanitation facilities	Microfinance mechanisms such as: <ul style="list-style-type: none"> Micro loans Savings and loans combined Group lending and solidarity mechanisms
Community based organisations	Upgrading, rehabilitation and extension of small piped networks/point source operators	Management of community and public toilets e.g. latrine cleaners and O&M	Micro and mesofinance: <ul style="list-style-type: none"> Medium-term loans (for the community contribution to the investment and O&M) Savings accounts, current accounts, short-term loans for repair
Private enterprise			
<i>Small-scale providers</i>	<ul style="list-style-type: none"> Small-scale equipment e.g. gloves, carts, protective clothing Building materials Water tankers Vacuum tankers Larger scale investments for equipment (as above) Distribution networks e.g. building small bore sewer network 		Micro and mesofinance: <ul style="list-style-type: none"> Short-term loans (working capital) Capital investment loans Leasing of expensive assets Savings instruments Current accounts Overdraft facilities
<i>SME private operators</i>			
<ul style="list-style-type: none"> Water kiosk operators and carters People who empty latrines Masons, small construction companies Equipment suppliers Small water network operators (e.g. Aguatoros) Small sewerage network operators Private land and housing developers 			

Source: Authors' compilation

3. What type of repayable financing is available to SSF recipients?

Small-scale WATSAN providers currently have access to a limited range of repayable financing to cover the up-front financing needs that they cannot cover themselves. In this section, we identify what types of repayable financing SSF

recipients have access to, distinguishing between microfinance for households and mesofinance for WATSAN providers, including SSIPs, CBOs and SMEs.

These SSF recipients all face substantial constraints in accessing financing, as shown in Figure 2. As a result, their financing needs are seldom covered and their ability to expand their coverage is low. Public sector intervention may be required in order to trigger a market response and increase the supply of financing accessible by them (see Section 4).

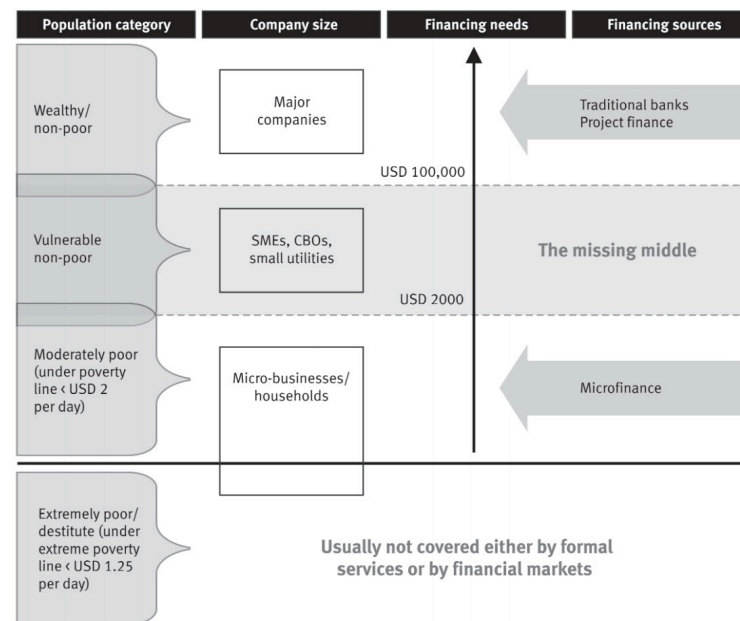


Figure 2. Access to finance: the uncovered segments

Table 2. Microcredit for WATSAN: the case for and against

Potential advantages	Potential constraints
For households (HH)	
<ul style="list-style-type: none"> Enables HH to spread the cost of their investment, thereby alleviating capacity-to-pay constraints Income enhancing: generates benefits for HH from accessing WATSAN, some of which can be monetised, including: <ul style="list-style-type: none"> Time savings Reduction in waterborne diseases Increased labour productivity Increased school enrolment Increase in housing value 	<ul style="list-style-type: none"> WATSAN investments do not directly generate income that can be monetised: HH may not be willing to borrow
For microfinance providers	
<ul style="list-style-type: none"> Could prove a substantial market, given the high needs and donors' support, which could then help them reach additional clients Aligns well with the social mission of microfinance 	<ul style="list-style-type: none"> There is not necessarily a direct revenue stream to guarantee repayment: higher risk for microfinance providers Microfinance providers may not be aware of the needs of the WATSAN market and be unwilling to lend as they perceive it to be too risky
For governments and external support agencies	
<ul style="list-style-type: none"> Efficient use of funds and high leverage ratios (i.e. the amount of private funding leveraged for each USD of public funding provided); this may, therefore, help free up scarce public resources to target the poorest 	<ul style="list-style-type: none"> Pro-poor targeting: microfinance (microcredit) may not lift affordability constraints for the poorest: it may only be applicable to a segment of the population (which would vary in size depending on the country) and is not the only means of increasing access

Source: Adapted from Trémolet (2011).

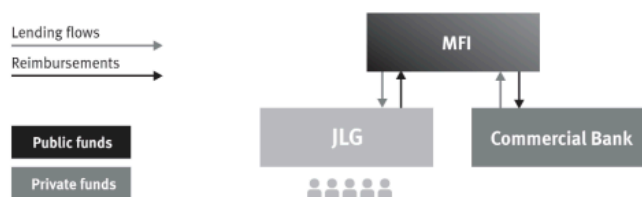
APPENDIX: RESOURCES

Box 16. GUARDIAN, an MFI spun out of the NGO Gramalaya, Tamil Nadu, India

GUARDIAN is the first water-and-sanitation-only microfinance institution in India (and probably in the world). As such, they have placed a strong emphasis on 'toilet loans' targeted at poor households, mostly in rural villages and some slums. These represent the bulk of their portfolio. Although they are still relatively small, they have been rapidly developing over the last three years and demonstrate a potential for further growth, backed by a strong operational and financial record. During their first three years of operation, they disbursed 20,000 loans to households (60% of which were for sanitation) which attracted a 100% repayment rate.

GUARDIAN (www.guardianmfi.org) was formally established in November 2007 by the board members of an NGO operating in Tamil Nadu, called Gramalaya. This NGO had a long history of working in WATSAN, beginning with the installation of hand pumps in 1986. On the sanitation side, they conduct hygiene education campaigns and have also helped with the establishment of community-run toilet blocks, in the urban slums of Trichy, which are working remarkably well.

Gramalaya was early in the pioneering of the WaterCredit concept with the aid of Water.org (formerly known as Water Partners International). In March 2005, Gramalaya decided it did not want to continue with lending activities, but preferred to maintain its status as a trust and establish a separate, but related organisation, GUARDIAN, to be in 16.



charge of micro-lending operations for WATSAN. Some of Gramalaya's board members and long-standing staff were deputised to create GUARDIAN, bringing with them technical expertise in the WATSAN sector.

GUARDIAN was registered as a Section 25 company under the Indian Companies Act 1956, which means that it is a not-for-profit MFI. As such, it is able to borrow directly from commercial banks (something that Gramalaya, as a charity, is not able to do). GUARDIAN uses the MFI model, which was developed in India based on the experience of the Grameen Bank in Bangladesh. In this model, represented in the Figure below, MFIs borrow from commercial banks

to on-lend directly to SHGs or JLGs. JLGs are made up of fewer members (up to five members) than SHGs and are formed solely for the purpose of taking out a loan. Neither SHGs nor JLGs require collateral. Instead, the group lending model substitutes for the need for collateral by requiring that if one of the members of the SHG or JLG defaults on a payment, the rest of the group will pay on his/her behalf.

To date, GUARDIAN has received commercial loans from the local branch of the Indian Overseas Bank (IOB) for a total of approximately USD 1.6 million. Other banks have not been willing to fund them as they deemed GUARDIAN's rating insufficient. Gramalaya also provided GUARDIAN with a guarantee, which means that if they default on a loan to IOB, the amount will be taken from Gramalaya without affecting GUARDIAN's borrowers.

GUARDIAN received initial grant support from Water.org, an NGO based in the USA that focuses on supporting WATSAN through its WaterCredit initiative, for a total of approximately USD 165,000. Until May 2011, GUARDIAN received grant support for its operational costs (predominantly salaries and administration expenses) from Water.org. Grant support also covered the costs of the technical and institutional support provided by BASIX IGS (Indian Grameen Services), the Institutional Development Services branch of a leading Indian MFI based in Hyderabad, as well as from ASA, based in Bangladesh. Support from BASIX IGS was provided over the course of six months and covered activities such as initial training, research, product design and development, preparation of operational policies and definition of collection systems. The MFI is now able to stand on its own feet and operational grants have been phased out.

Each USD 1 invested by Water.org in GUARDIAN's activities leveraged approximately USD 16 in commercial funding (including so-called 'patient capital' from social investors, such as the Acumen Fund and Millaap). GUARDIAN has more recently approached social investors in an attempt to diversify their funding sources. They have also obtained funding from Millaap (a small NGO based in Bangalore which functions on the Kiva model) and the Acumen Fund, which invests in social enterprises throughout the world and is willing to accept lower (and slower) returns on its investment than private investors.

Source: Trémolet and Kumar (2012).

Box 20. The WaterCredit initiative

As part of a diverse portfolio of WATSAN activities, Water.org started a microcredit programme for WATSAN in Bangladesh in 2003. They saw this as a way of leveraging additional sources of finance, over and above the limited amounts of donor funding. They then expanded to South India in 2004 and to Kenya in 2005. In each country, they entered into partnerships with local MFIs and supporting organisations, including for example Dushtha Shasthya Kendra in Bangladesh, BASIX, Gramalaya and GUARDIAN in India, and Equity Bank and KWFT in Kenya.

The WaterCredit model has evolved over time. Early on, Water.org would provide seed financing for a revolving loan programme. They would make a grant to the partner NGO at the national level which was intended to cover all costs, i.e. the costs of product development as well as seed financing for the revolving loan programme. The main limitation of this model was that it could only provide limited funding, which naturally reduced the degree of scale possible.

Water.org also pursued partnerships with MFIs and found that this model worked well. In the MFI-led model, Water.org does not provide financing for the loans themselves, but rather provides assistance to the MFI to develop financial products suitable for the WATSAN needs of their clients. Each MFI is responsible for mobilising loan capital through existing channels (e.g. internal savings, commercial banks and social investors). This is the model that they have used to support the establishment and subsequent operations of GUARDIAN in Tamil Nadu, South India (see Box 16).

This approach has enabled them to implement much larger programmes. The WaterCredit network now includes 23 partners. The latest programme in India, with the support of the PepsiCo Foundation, had a total budget of USD 8 million of grant funding, which is expected to mobilise an additional USD 26 million in commercial and social investments and USD 1 million of in-kind and community contributions.

Overall, Water.org estimates that, "...after 10 years of loan cycles, five times as many people have water with WaterCredit than with a similar amount of grant funding." Since 2007, the global WaterCredit repayment rate by partner MFIs has been between 97 and 98%.

Source: Trémolet (2011).

WATSAN, in particular. This they always do through partner organisations (e.g., by establishing revolving funds). In the WATSAN sector, they have a long-standing relationship with BRAC in Bangladesh and are also the main funders of the FINISH partnership, developed with the support of WASTE, a Dutch NGO with expertise in designing WATSAN programmes using micro and mesofinance (see Box 20).

International NGOs are also used extensively by foundations (such as the Bill & Melinda Gates Foundation, the Michael and Susan Dell Foundation and the PepsiCo Foundation) for channelling funding to MFIs. For example, the PepsiCo Foundation has channelled funding through Water.org, the

only WATSAN NGO that has developed a specific initiative, WaterCredit, expressly focused on supporting MFIs to develop their WATSAN lending activities.

Channelling funding through an international NGO or charity can be attractive as many international donors have already established links with such organisations. However, still relatively few existing international NGOs have extensive successful experience with running microfinance and mesofinance schemes for WATSAN. There would, therefore, be a need to build their expertise in this area, develop and pilot-test successful models before channelling substantial amounts of funding for these purposes. Many NGOs with

APPENDIX: RESOURCES

Source: World Economic Forum: From Margins to Mainstream

Highlights



Momentum is building in the \$50+ billion blended finance market. The market could double in the next few years as investors look to take advantage of risk mitigation tools and more development capital is available for blending. To achieve this growth, we need more multi-billion dollar blended finance vehicles.



As institutional investors chase returns in a low-interest rate environment, they have a window of opportunity to use blended finance to de-risk investment in emerging markets infrastructure, where infra equity has performed well relative to other asset classes and infra debt has seen historically low default rates.



MDBs/DFIs play a central role in scaling up the blended finance market. They need to increase mobilisation ratios significantly; currently, for every dollar, they mobilise less than \$1 of private capital. MDBs also need to increase their private sector activities. Setting ambitious targets will improve how the development banks do business.



Strong pipelines can be developed and private investment will flow if developing countries get policy and institutional mechanisms right. Developing countries should develop blended finance institutions which can link policies to sectoral strategies, investment plans and sustainability standards.



Scaling up the blended finance market can increase the global rate of growth, deliver the Sustainable Development Goals (including on climate) and strengthen long-term returns for savers. For this to happen, leaders across the whole investment system will need to take collective action.

EXHIBIT 8 | Leadership agenda and call to action




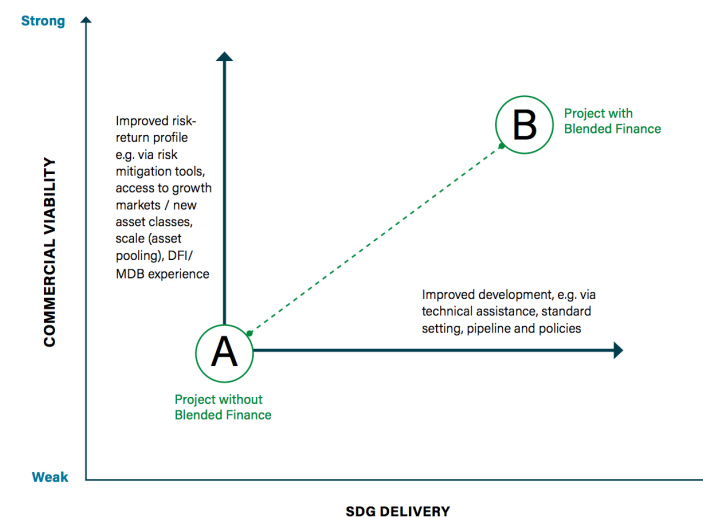
 LONG-TERM CAPITAL	 INTERMEDIATION	 PROJECT PIPELINE
<ol style="list-style-type: none"> Institutional investors to mandate asset managers to invest in emerging markets sustainable infrastructure in; to embrace TCFD; and to use blended finance to support SDG-investments in line with fiduciary duty. Foundations to coordinate endowment, programme-related and grant-making strategies in support of blending. Developed countries to set mobilisation targets for ODA and do the same for their MDBs and DFIs. 	<ol style="list-style-type: none"> MDBs and DFIs to target higher private capital mobilisation ratios. This will drive changes to incentive structures, product standardisation, asset pooling, streamlining, private sector skill building etc. MDBs to increase proportion of private sector activities. MDBs and DFIs to share information on historical performance of blended finance vehicles. Private asset managers / project developers to accelerate entry into the market. 	<ol style="list-style-type: none"> Developing countries to create strong enabling environments with good policies, supportive regulatory regimes and government capacity for infrastructure investment especially for domestic institutional investors. <p>Developing countries to create blended finance vehicles with the capacity to develop high quality assets for investment.</p>

EXHIBIT 9 | Blended finance improves the commercial viability of SDG-related investments



APPENDIX: RESOURCES

EXHIBIT 12 | Major risks faced by investors



Macro Risk

- **Political Risk:** Political decisions/events in the investment country negatively impacting the attractiveness of an opportunity
- **Currency Risk:** The possibility of depreciation of local currencies against hard currencies (e.g. EUR / USD)



Commercial Risk

- **Credit/Counterparty Risk:** The risk of default from borrowers on debt repayments
- **Demand Risk:** Risk around commercial viability and sales
- **Liquidity Risk:** The inability to exit/sell an asset when desired



Finance Risk

- **Access to Capital:** Risk of not being able to secure financing



Technical Risk

- **Construction/Operational Risk:** Risk of project not completing as planned or the asset does not perform as planned post-completion



Infra specific Risk

- **Off-take risk:** Risk around being unable to secure long-term contractual commitment for purchase of a resource.
- **Lack of pipeline:** Challenge of being able to generate and develop investable projects or bring enough projects from concept to bankable stage

The main blended finance instruments available to address these risks (which are, of course, highly context dependent and must be evaluated at the country level) are set out in **Exhibit 13a**. They include the use of guarantees, insurance, currency hedging, grants (particularly for technical assistance) and subordinate / first loss debt and equity. Each blended finance instrument tends to mobilise a different amount of private capital relative to the public or philanthropic funds used to provide the instrument making some instruments more catalytic (i.e. with a higher mobilisation ratio) than others.

Source: United Nations
The 2030 Agenda for Sustainable Development



Facts and figures	Goal 6 targets	Links
<ul style="list-style-type: none"> • 2.6 billion people have gained access to improved drinking water sources since 1990, but 663 million people are still without • At least 1.8 billion people globally use a source of drinking water that is fecally contaminated • Between 1990 and 2015, the proportion of the global population using an improved drinking water source has increased from 76 per cent to 91 per cent • But water scarcity affects more than 40 per cent of the global population and is projected to rise. Over 1.7 billion people are currently living in river basins where water use exceeds recharge • 2.4 billion people lack access to basic sanitation services, such as toilets or latrines • More than 80 per cent of wastewater resulting from human activities is discharged into rivers or sea without any pollution removal • Each day, nearly 1,000 children die due to preventable water and sanitation-related diarrhoeal diseases • Hydropower is the most important and widely-used renewable source of energy and as of 2011, represented 16 per cent of total electricity production worldwide • Approximately 70 per cent of all water abstracted from rivers, lakes and aquifers is used for irrigation • Floods and other water-related disasters account for 70 per cent of all deaths related to natural disasters 		

Facts and figures	Goal 6 targets	Links
	<ul style="list-style-type: none"> • By 2030, achieve universal and equitable access to safe and affordable drinking water for all • By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations • By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally • By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity • By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate • By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes • By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies • Support and strengthen the participation of local communities in improving water and sanitation management 	

APPENDIX: RESOURCES

Source: World Bank & UNICEF: Sanitation & Water For All: How Can The Financing Gap Be Filled?

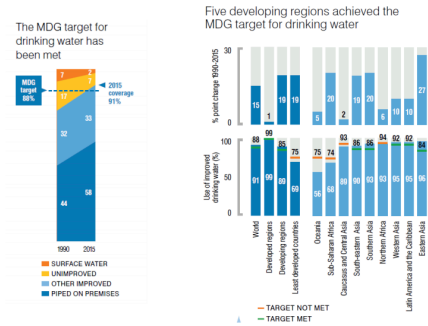
2.1 What Was Achieved during the MDG Period

Goal 7 of the MDGs—to ensure environmental sustainability—included a target (7C) that challenged the global community to halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation, with 1990 chosen as the baseline year. The global MDG target for drinking water was met in 2010. In 2015, 91 percent of the global population used an improved drinking water source (figure 2.1) (UNICEF and WHO 2015).² Between 1990 and 2015, an estimated 2.6 billion people gained access to an improved drinking water source and 2.1 billion people gained access to an improved sanitation facility. Given the low baseline in many countries, such a rate of progress is unprecedented, resulting from a combination of economic growth and targeted policies, program, and project support, driven by global and national MDG targets.

Despite the progress made, many gaps remain. Under the definitions of improved water supply and sanitation from the MDG period, 663 million (one in ten) people still lacked improved drinking water sources, 2.4 billion (one in three) people still lack improved sanitation facilities, and 946 million people still defecate in the open in 2015. Furthermore, the distribution of gains was uneven (see figure 2.1 for water and figure 2.2 for sanitation). For example, in Sub-Saharan Africa, access to improved sanitation increased by only 6 percentage points between 1990 and 2015, compared with an increase of 29 percentage points in East Asia over the same period. In 2015 most of those still without services were living in rural areas in Sub-Saharan Africa and South Asia. Access to drinking water and sanitation are still

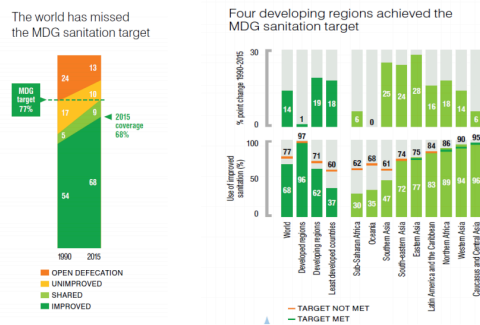
very heavily determined by wealth, with the majority of the unserved population of most countries falling in the lower wealth quintiles.

Figure 2.1. Progress toward Meeting the Water MDG: Globally and by Region



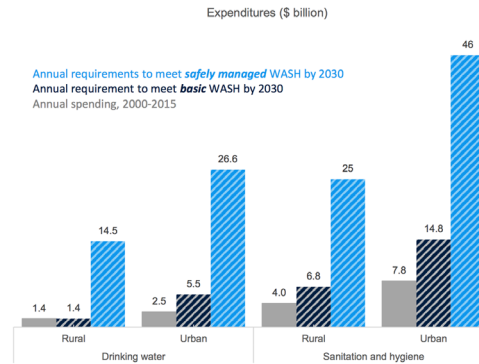
Source: UNICEF and WHO 2015.

Figure 2.2. Progress toward Meeting the Sanitation MDG: Global and by Region



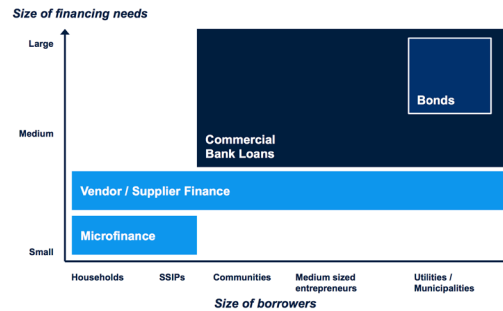
Source: UNICEF and WHO 2015.

Figure 2.5. Estimating the SDG Financing Gap: Additional Resources for 2015–30 Needed to Meet Targets for Basic and Safely Managed WASH Services



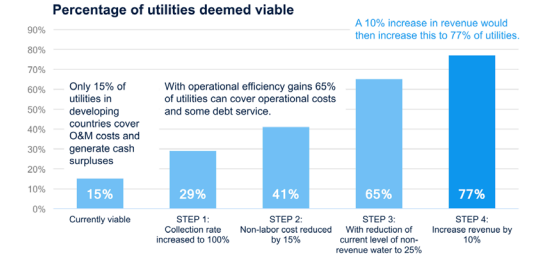
Source: Based on Hutton and Varughese 2016.

Figure 4.2. Types of Private Finance Available, depending on the Size of Borrowers and Size of Financial Needs



Source: World Bank. Note: SSIPs = small-scale independent providers.

Figure 3.4. Water Utilities: Evaluating the Potential for Revenue Generation from Efficiency Gains



Source: World Bank calculations based on IBNET data for 605 developing country utilities.

Figure 4.3. Types of Blending Instruments to Leverage Private Finance

BLENDING: smart public finance to leverage private finance		
Grants / subsidies	Concessional loans / public finance	Credit enhancements
<ul style="list-style-type: none"> Results-based subsidies, e.g. to support access extension Capacity-building and training e.g. training of borrowers and lenders Technical assistance e.g. sensitize banks to market opportunities, assess water investment projects, project preparation, shadow credit ratings Support water sector pooling / grouping to access larger commercial finance providers 	<ul style="list-style-type: none"> Provide liquidity to commercial finance providers Blend concessional with commercial finance to soften lending terms "First loss" agreements "Patient capital": equity participations at below market-rate return expectations can signal commitment 	<ul style="list-style-type: none"> Guarantees: reduce risk perception, leading to lower interest rates and longer tenors Revenue intercepts, escrow accounts: to secure access to funds and reduce risk of non-payment

Source: World Bank.

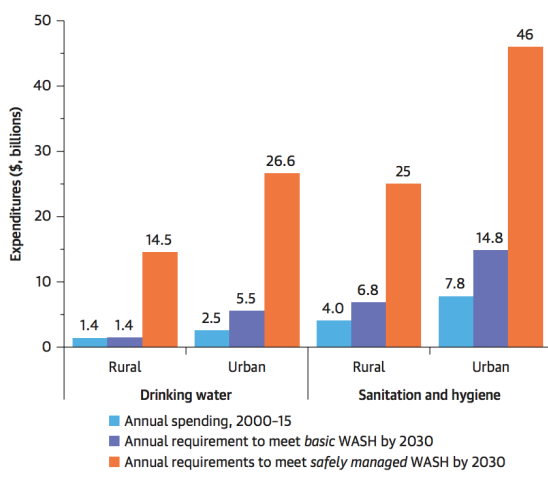
APPENDIX: RESOURCES

Source: World Bank Group: Easing the Transition to Commercial Finance for Sustainable Water and Sanitation

BOX 2.1. Three Key Differences between the MDGs and the SDGs

1. **Universal coverage:** From halving the population without access to achieving universal access
2. **Comprehensive coverage:** From a focus on WSS to considering the whole water cycle
3. **Sustainable coverage:** From basic access to safely managed access

FIGURE 2.1. Costs of Extending WASH Access under SDGs (2016–30) Relative to MDGs (2000–15)



Source: World Bank/UNICEF 2017.
Note: WASH = water supply, sanitation, and hygiene.

TABLE 2.1. WASH-Related MDG and SDG Definitions, by Target

	MDG Basic access ^a	SDG Safely managed access
Drinking water	<ul style="list-style-type: none"> • Within a 30-minute round trip 	<ul style="list-style-type: none"> • On premises • Available when needed • Free from contamination
Sanitation and hygiene	<ul style="list-style-type: none"> • Hygienic separation of human excreta from human contact 	<ul style="list-style-type: none"> • Not shared with another household • Proper disposal and treatment of waste

Note: MDG = Millennium Development Goal; SDG = Sustainable Development Goal.
a. Formerly known as “improved” under the MDGs.

TABLE 3.1. Benefits of Mobilizing Commercial Finance for the WSS Sector

Benefit	How the benefit is realized
Countrywide benefits	Fiscal discipline: Commercial finance does not increase sovereign borrowing or crowd out other sovereign borrowing.
	Economic growth: Public funding can be reallocated to other water subsectors (such as sanitation) that cannot access commercial finance, enhancing the prospects for economic growth.
WSS sectorwide benefits	Improved governance: The additional scrutiny of investors fosters improvements in governance at both the sector and corporate or service provider levels.
	Sustainability: Commercial finance reduces dependence on concessional flows, putting service providers on the road to financial sustainability.
	Improved performance: The involvement of commercial lenders provides another layer of transparency and accountability for maintaining service provider performance.
	Faster financing: Compared with concessional finance, commercial finance is not dependent on the availability or timing of donor funds.
Lower transaction costs: Compared with concessional finance, commercial finance can be accessed directly by subnational service providers and is more often available in domestic currency.	

Note: WSS = water supply and sanitation.

TABLE 4.1. Global Population Still Lacking Access to WSS, by Type and Subsector, 2016

Subsector	Basic access	Safely managed access
Urban water	1.4 billion	2.0 billion
Rural water	0.9 billion	2.6 billion
Urban sanitation	1.7 billion	3.2 billion
Rural sanitation	1.7 billion	2.1 billion

Source: Hutton and Varughese 2016.
Note: WSS = water supply and sanitation.

Recommendation 4: Set in motion a culture and cycle of improved sector performance.

All efforts to diversify or increase the sources of finance will have a minimal impact on the financing of water infrastructure if the service providers remain inefficient and unable to borrow. Service providers themselves must strive for clear lines of revenue, sustainable collection systems, high service standards, systems that maintain existing infrastructure, proper planning for new infrastructure, and completed audited accounts to help financiers and financial regulators understand the position of the service providers. These incentives can be created if governments set higher expectations for efficiency and hold providers accountable for achieving results, and if providers themselves work to bring better services to their customers.

TABLE 6.2. How Select Blending Instruments Can Support Different Types of Commercial Finance

Donor or MDB Instrument	Grants and subsidies	Concessional loans and equity	Credit enhancements
Overall approach	<ul style="list-style-type: none"> • Capacity building and training to bridge the commercial financing gap • Reduce costs to private providers of services or of financing 	Provide liquidity to commercial financiers	Reduce risk perception
Supplier finance	<ul style="list-style-type: none"> • Develop or pilot new models • Results-based grants 	Soft loans to vendors and suppliers	Guarantees to vendors and suppliers
Microfinance	<ul style="list-style-type: none"> • Sensitize microfinance providers to sector needs, support them in assessing water risks and developing tailored products, train potential borrowers • Targeted subsidies to lower borrowing costs • Help microfinance lenders access capital markets 	Provide liquidity: loan capital via lines of credit, seed funding for revolving funds	Guarantees to microfinance providers help them mobilize capital from commercial banks or investors
Commercial loans, bonds, equity	<ul style="list-style-type: none"> • Technical assistance (TA) to sensitize banks to market opportunities • TA to assess investment projects • TA to structure transactions • Training of borrowers, project preparation activities, shadow credit ratings • Support of water sector pooling or grouping to access larger commercial finance providers • For bonds: transaction advice or structuring 	Blend concessional with commercial finance to soften lending terms	Guarantees to commercial lenders
		“First loss” agreements	Revenue intercepts and escrow accounts
		For equity: participations with expectation of below-market returns	

BOX 6.2. Typical Blended Finance Strategies

- Targeting service providers that are either already creditworthy or close to creditworthiness through performance improvements
- Linking commercial finance with public or concessional finance through complementary instruments
- Identifying and making third-party guarantees effective in a financing plan
- Arranging commercial financing and related loan servicing in periods when the default risks are lower
- Mixing grants and concessional loans to ensure that positive cash flows work over the projected period

Source: Baietti 2017.

Recommendation 5: Aim for long-term financial sustainability.

Capital efficiency is especially important for ensuring low operations and maintenance (O&M) costs in the long term. Good governance and technical and financial operating efficiency are the foundation that ultimately creates creditworthiness and leads to access to commercial finance. Many service providers that have made strides in efficiency have done so through good leadership and incentives for staff to deliver on performance improvements. Once service providers gain access to commercial finance, experience has demonstrated that the discipline of the market coupled with effective regulation drives up service standards and effective governance arrangements, in a virtuous circle.

APPENDIX: RESOURCES

Source: UBS

Why invest in the fund?

Because it is a convenient way to invest in a diversified investment strategy with rigorous risk management.

Invest for a better tomorrow: The fund invests in companies which are solution providers for the challenges of tomorrow and are future winners.

Diversification: A global equity portfolio allocating to multiple themes instead of one or few single improves diversification and the portfolio's risk profile.

Sustainability: The portfolio has a strong sustainability profile in addition to thematic positioning.

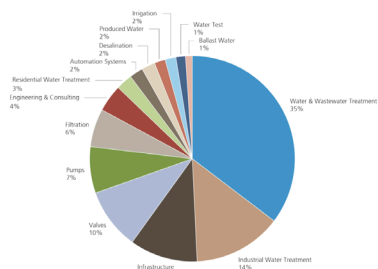
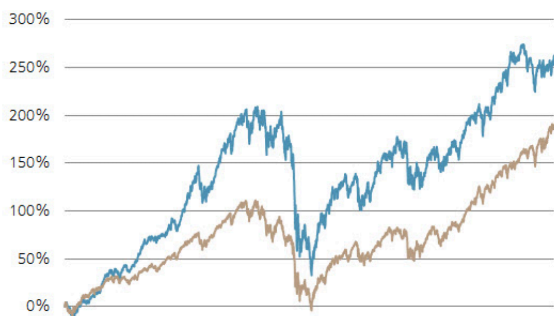
A winning team: Pairing Chief Investment Officer (CIO) identified longer term investment themes with the portfolio construction expertise of Asset Management.

Simplicity: It has never been easier to access the UBS CIO Wealth Managements Longer Term Investment Ideas.

Performance

S&P Global Water vs. MSCI World

January 2003 – April 2015



The water sector comprises several sub-sectors, each of which depends on different factors.

Investments in the water sector are set to attract increasing attention in both the emerging markets and industrialized countries. The problem of water scarcity is global in scale. Companies that are well positioned in this regard have a good outlook for sustainable and continuous growth. The longer-term growth outlook is promising. We anticipate that demand for water will far exceed supply over the coming decades and will necessitate additional investments in water systems.

Are you interested in a long-term investment in the water sector? This is exactly what our long-term investment fund offers. Our experts have identified interesting investment opportunities for you. Invest with us in a future with a clean and fair allocation of resources. With [UBS Manage](#) or [UBS Advice](#), you can benefit from our tailored solutions for long-term investments.

Risks

- The fund invests in equities and may therefore be subject to high fluctuations in value. For this reason, an investment horizon of at least five years is required
- The fund pursues an active management style, which means that performance can deviate substantially from that of its reference index
- The fund can use derivatives, which may result in additional risks (particularly counterparty risk)
- The fund does not hedge local currency exposure. Changes in currency exchange rates may have an impact on fund value
- These aspects require a corresponding risk tolerance and capacity

Urbanization: a long-term underlying mega trend

In 1950, only 20% of the world's population lived in urban areas. This figure will rise to 70% by 2050. The global urban population surpassed the world's rural population in terms of numbers back in 2008. In the emerging markets, there is significant catch-up potential. The development of water resources as well as the treatment and distribution of water are issues here.

- In the **industrialized countries**, there is an urgent need for outdated systems to be replaced, as water loss due to inadequate infrastructure is enormous.
- The huge need for investment requires alternative financing approaches. Problems with water quality in urban centers are becoming ever more pressing. We anticipate a shift of public funds to the private sector, leading to profitable business opportunities.
- In the **emerging markets**, investments are increasingly being made to develop essential water and waste water structures. With urbanization, countries have no choice but to invest in their water infrastructure. It is here that we also see the best investment opportunities.
- Industrialization strategies lead to the emergence of industrial parks in urban areas. These increase water consumption levels.
- Urbanization and industrialization are associated with rising energy needs. Water is needed for almost all types of energy production.

The impact-investing perspective

Industrial agriculture and climate change are causing droughts to occur more often. Some 70% of current global fresh water demand goes to agriculture. Impact investments offer numerous solutions for easing the problem of global water scarcity.

In emerging markets

- The development of high-precision irrigation methods for small-scale farmers in agricultural communities
- Improvement of access to water in regions frequently affected by drought (construction of wells, water transport)
- Development of regional centers for drinking water, sanitation facilities, and hygiene ("WASH")

In industrialized countries

- Development of water-saving technologies that lead to financial savings and greater resource efficiency (toilet flushing, water meters)

Composition of the water market

The composition of the water market is complex. It includes several sub-sectors and industries that can be roughly divided into two groups: industry and water providers.

- The total market volume currently stands at around USD 500 billion to USD 600 billion a year.
- At 35%, water and waste water treatment suppliers represent the water market's biggest single category.
- Some 65% are primarily suppliers of water technology. They provide systems to develop water resources, as well as water distribution and treatment.
- The treatment of ballast water is currently a niche market. With expected annual growth of 20%, it is, alongside desalination (growing at over 10% per year), one of the water sector's fastest growing end markets.

Source: Summit Water Capital Advisors

U.S. Water Utilities Outperform

Comparing the Returns of Water Utility Stocks Against the Major Indices:

	Total Return 1996-2016	Annual Return 1996-2016
Water Utility Stocks*	943.02%	12.44%
S&P 500 CONS DISCRET IDX	543.95%	9.75%
S&P 500 HEALTH CARE IDX	504.53%	9.41%
S&P 500 ENERGY INDEX	467.01%	9.06%
S&P 500 CONS STAPLES IDX	413.77%	8.52%
S&P 500 INDUSTRIALS IDX	380.32%	8.16%
S&P 500 INFO TECH INDEX	377.87%	8.13%
S&P 500 UTILITIES INDEX	332.54%	7.59%
S&P 500 MATERIALS INDEX	264.12%	6.67%
S&P 500 FINANCIALS INDEX	197.58%	5.60%

Data Source: Bloomberg Analytics – All returns are with dividends reinvested.

*An equally-weighted list of all publicly traded U.S. water utility stocks that existed during the periods 12/31/96 to 12/31/16.

	Total Return 1996-2016	Annual Return 1996-2016
Water Industrial Stocks*	820.28%	11.74%
S&P 500 CONS DISCRET IDX	543.95%	9.75%
S&P 500 HEALTH CARE IDX	504.53%	9.41%
S&P 500 ENERGY INDEX	467.01%	9.06%
S&P 500 CONS STAPLES IDX	413.77%	8.52%
S&P 500 INDUSTRIALS IDX	380.32%	8.16%
S&P 500 INFO TECH INDEX	377.87%	8.13%
S&P 500 UTILITIES INDEX	332.54%	7.59%
S&P 500 MATERIALS INDEX	264.12%	6.67%
S&P 500 FINANCIALS INDEX	197.58%	5.60%

Data Source: Bloomberg Analytics – All returns are with dividends reinvested

*An equally-weighted list of 10 publicly traded U.S. water industrial stocks that existed during the period.

APPENDIX: RESOURCES

Source: Stockholm International Water Institute

BENEFICIARY	Direct economic benefits of avoiding diarrhoeal disease	Indirect economic benefits related to health improvement	Non-health benefits related to water and sanitation improvement
Health sector	<ul style="list-style-type: none"> Less expenditure on treatment of diarrhoeal disease 	<ul style="list-style-type: none"> Value of less health workers falling sick with diarrhoea 	<ul style="list-style-type: none"> More carefully managed water environment and effect on vectors
Patients	<ul style="list-style-type: none"> Less expenditure on treatment of diarrhoeal disease & related costs Less expenditure on transport in seeking treatment Less time loss due to treatment seeking 	<ul style="list-style-type: none"> Value of avoided days lost at work or at school Value of avoided time loss of carer for sick babies Value of loss of death avoided 	<ul style="list-style-type: none"> More carefully managed water environment and effect on vectors
Consumers			<ul style="list-style-type: none"> Time savings related to water collection or accessing sanitary facilities Labour-saving devices in household Switch away from more expensive water sources Property value rise Leisure activities and non-use value
Agricultural and industrial sectors	<ul style="list-style-type: none"> Less expenditure on treatment of employees with diarrhoeal disease 	<ul style="list-style-type: none"> Less productivity impact of workers being off sick 	<ul style="list-style-type: none"> Benefits to agriculture and industry of improved water supply – time-saving or income-generating technologies and land use changes

Table 4.1 Economic benefits arising from water and sanitation improvements.

Message 2

The economic benefits of improved water supply and – in particular – sanitation far outweigh the investment costs, surprisingly good news for Northern and Southern decision makers who often view investments as mere costs.

Message 4

Investing in water is good business – improved water resources management and water supply and sanitation contributes significantly to increased production and productivity within economic sectors.

Message 5

The overall public and private investment needs for improved water supply and sanitation and water resources management are considerable. However, at the country level, meeting such investment challenges is highly feasible and within the reach of most nations.

APPENDIX: INVESTEE: ANNA PURNA

Overview

Annapurna Microfinance Pvt. Ltd (AMPL), one of the fast growing NBFC-MFI in the country, has its roots in the early 1990s doing various developmental activities as a not-for-profit entity registered as Peoples Forum. The microfinance activities started with the evolution of Mission Annapurna under Peoples Forum from the year 2005.

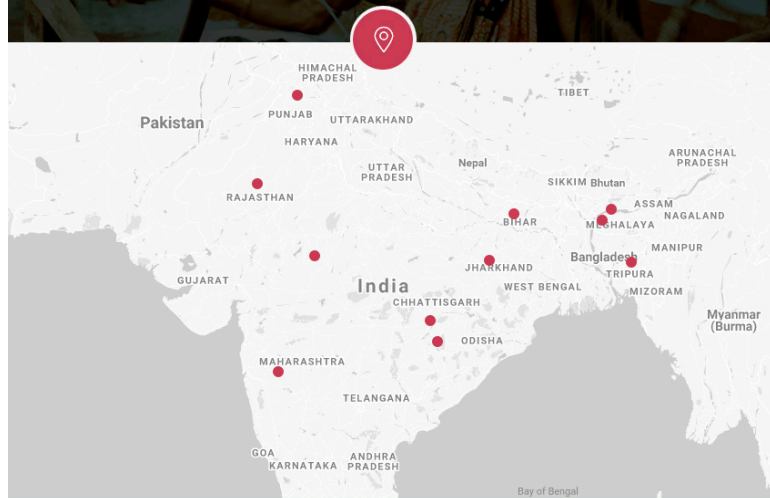
Mission Annapurna was able to reach the interior hinterlands of Odisha through its untiring effort of addressing the economic necessities of poor women at their doorstep. As the program grew large by size and area of operation, there was an utter need to transform itself into a more regularized entity. The gradual transformation from Mission Annapurna bring forth the name Annapurna Microfinance Pvt Ltd (AMPL) to the sector in the year 2009. Thereafter, AMPL registered itself with the

Reserve Bank of India (RBI) as an NBFC-MFI in the year 2013.

[Read More](#)

Our Locations

The map shows our presence in different districts of the operational 10 states in India.



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Empowerment of **women** and households for their economic security

Empowerment of **women** and households for their economic security

[PLAY VIDEO](#)



APPENDIX: MOBILE ENGAGEMENT

Looking ahead to web content and associated communication strategy, local utilities and media outlets provide ideas for consideration:

- How can mobile alerts play a role in browsing audience understanding and engagement?
- How can mapping technology engage consumers?
- How can website features make WaterEquity's work relatable to investors?

