CARBON CAP
Capping and Reducing Emissions

World Carbon Fund Executive Summary

Generating Absolute Returns from Global Carbon Markets with Direct Climate Impact

Background and Summary

- Carbon markets have been established to cap and reduce CO_2 emissions and now cover 6 billion tonnes of annual emissions and trade in excess of $1 billion dollars daily.
- Carbon Cap is a London-based environmental investment company managing a unique fund focused on investing globally into liquid and regulated carbon markets
- Carbon and other environmental markets provide multiple opportunities to generate positive returns that are uncorrelated to other asset classes
- Carbon Cap has an experienced team with deep expertise in carbon pricing, carbon trading, fund management and alpha generation
- The World Carbon Fund pursues an absolute return strategy, seeking to deliver positive returns with a low correlation and direct climate impact.

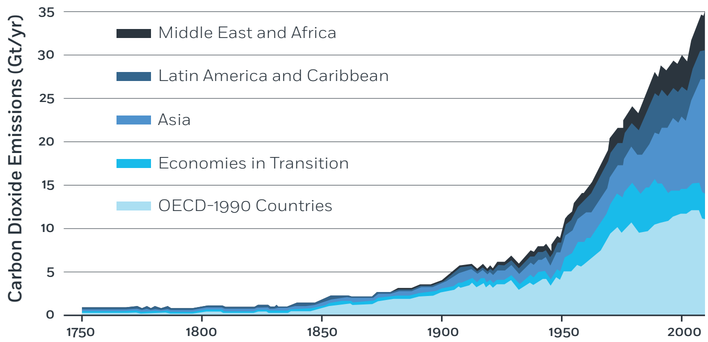
Climate Change

The impact of climate change on our planet and people is now an existential threat. Recent record-breaking heatwaves and increased incidences of droughts and wildfires demonstrate that our climate is changing rapidly due to human generated greenhouse gas emissions. In response, more than 190 countries signed the "Paris Agreement" in 2015 aimed at reducing emissions to limit warming to well below 2 degrees. Substantial progress is being made with renewable energy sources, however, global emissions continue to rise, and temperatures have already increased by 1 degree leaving little room remaining. The next 10 to 20 years are the most important period for mankind to make substantial emissions reductions. The urgency of this objective cannot be overstated as the potential negative impacts on our society are immense.

Carbon Pricing and Emissions Trading

To stimulate a reduction in emissions, there must be a price placed on carbon emissions. "Cap and Trade" Emissions Trading Systems (ETS) force companies to include the cost of carbon into their production cost. The total amount of carbon in each market is "capped" and the cap is reduced annually, guaranteeing reductions. Polluting entities are either allocated carbon allowances or purchase them at auction or in the market. As the carbon price rises, it provides an economic incentive to reduce emissions. The EU ETS was launched in 2005 across 31 countries and has contributed to an annual reduction of 600 million tonnes of emissions (EU data). ETS are operating globally in countries such as: the USA, New Zealand and South Korea with multiple other regions planning to launch. China is launching the world's biggest ETS in 2021, covering more than 3 billion tonnes of annual emissions. Carbon Cap estimate these markets traded more than $300 billion in 2020.

Carbon Emissions have Increased 500% since 1950*



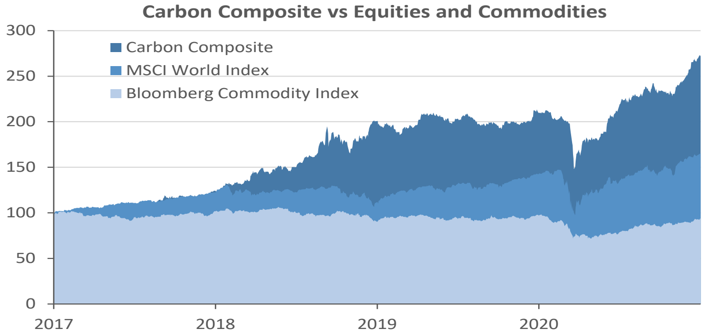
Carbon Research and the World Carbon Fund

Carbon Cap has created a proprietary carbon pricing database across multiple ETS and has used this to create a "Carbon Composite" for analysis and as the basis for a research paper "The Carbon Risk Premium" an extract of which was published by CFA in September 2020. The Carbon Composite has generated strong annualized returns, substantially outperforming equities and other asset classes. Carbon has exhibited a low correlation to other asset classes making it an attractive addition to a diversified portfolio. Adding carbon to an equity/ bond portfolio has lowered volatility and increased the Sharpe ratio (see below).

Asset Class Performance (2013 to 2020)

	Carbon Composite	Global Equities[1]	Global Bonds[2]	Global 60:40	Global 54:36:10
Annualised Return	21.7%	10.7%	2.2%	7.4%	9.1%
Annualised Volatility	17.7%	14.2%	4.6%	8.4%	8.2%
Sharpe Ratio	1.19	0.76	0.47	0.82	1.04

Carbon Composite vs Equities and Commodities



Investment Approach

The World Carbon Fund invests across multiple carbon markets. The investment objective is absolute returns with a low correlation to other asset classes. The fund deploys two complementary strategies: "Core Long" and "Alpha Strategies". The "Core Long" strategy seeks to generate returns from a rising carbon price combined with disciplined risk management. The "Alpha Strategies" seeks to generate returns from arbitrage and relative value strategies deployed across futures and options.

*Source: IPCC, 2014. Fifth Assessment (AR5): Climate Change 2014 [1]MSCI World Index [2]Barclays Global Aggregate Bond Index

Investment Thesis

- If climate change is going to be successfully tackled and the Paris Agreement targets met, the price of carbon needs to rise substantially from today's levels
- We believe that the outlook for carbon prices over the next decade is very positive however carbon markets can exhibit high volatility driven by a range of "market" and "policy" factors
- High volatility and unique pricing factors create opportunities to add value from proprietary research and risk management
- Carbon markets are dominated by end users seeking to manage their carbon exposure providing alpha opportunities
- The combination of a favourable political tailwind, high volatility, low correlation and plentiful alpha sources, lends itself well to an actively managed absolute return approach
- Most equity/bond portfolios have exposure to hard-to-understand and underestimated climate change-related risks. Carbon exposure may be negatively correlated to these risks

Carbon Performance During Equity Drawdowns (2013 to 2020)

MSCI World Drawdown Period	Global Equities	Commodities	Carbon Composite
May 2015 - Feb 2016	-12%	-25%	10%
Jan 2018 - Mar 2018	-6%	-2%	13%
Sept 2018 - Dec 2018	-13%	-9%	9%
Feb 2020 - Mar 2020	-34%	-19%	-27%
Average	**-16%**	**-14%**	**1%**

Management and Investment Team

Michael Azlen CAIA: CEO & Co-PM - 25 years' experience in investment management with 15+ years focused on alternatives

Edward Bratton: Co-Portfolio Manager - 15 years' experience in European energy and carbon markets.

Alex Child MSc: Carbon Markets Research Manager - 7 years' research experience focused on the design and impact of carbon pricing instruments globally

Weiying Wang MSc, CAIA: Trader & Quantitative Analyst - 7 years experience in quantitative finance, risk management and environmental markets.

Carbon Market Assessment Matrix

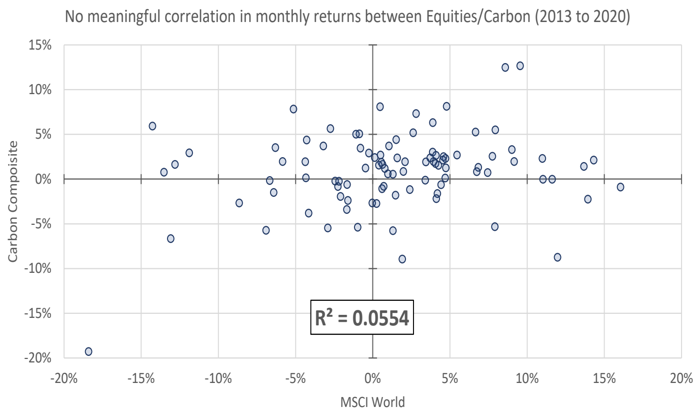
Carbon Market	Technical	Macro Outlook	Market Structure	Policy Outlook	Risk Assessment
EUA	Neutral	Bullish	Bearish	Neutral	Low
WCI	Bearish	Bullish	Bullish	Bullish	Medium
RGGI	Bullish	Neutral	Neutral	Bullish	Low

Detailed research on each carbon market provides an investment "Edge"

Professional Investors Only

World Carbon Fund's Benefits for Investors

1. **Access to a New Asset Class** – The fund offers access to carbon as a liquid alternative asset class with attractive return prospects and a low correlation to other asset classes
2. **Climate Risk Hedge** – For investors with exposure to climate related risks, the fund provides an actively managed exposure to carbon which may provide a partial hedge to these risks
3. **Risk Management** – A strong focus on risk management allows participation in Carbon markets with lower volatility
4. **Alpha Generation** – A range of alpha strategies are deployed to increase return while lowering portfolio volatility
5. **Highly Experienced Team** – The Carbon Cap team have deep experience in carbon trading and research coupled with years of experience in fund management
6. **Direct Climate Impact** – 20% of performance fees used to purchase and cancel carbon. A $5 million investment may remove 1,000 tonnes of CO_2[1] (This represents the carbon footprint of 100 European individuals or a family office)



Key Fund Facts

Fund Objectives:	Absolute returns & climate impact
Expected Volatility:	15% annual standard deviation
Expected Correlation:	Low correlation to other asset classes
Instruments Traded:	Carbon Allowances via futures, options
Fund Structure:	Irish QIAIF
Dealing Frequency:	Monthly Subscriptions/Redemptions
Fund Capacity:	$750m
Institutional Share Class:	1.5% Management & 15% Performance fee
Administrator/Auditor:	Societe Generale and Deloitte
Climate Impact:	20% of performance fees used to purchase and cancel carbon allowances/ offsets

Contact Information

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[1]Carbon removal calculations based on 10% net fund performance and December 2019 carbon prices