

Quarterly Report ASN Biodiversity Fund

Third Quarter 2024



PERFORMANCE OVERVIEW

The ASN Biodiversiteitsfonds N.V. showed a net performance over the third quarter of -1.31%.

As per the end of September, the fund was invested in approximately 125 projects that protect and strengthen biodiversity in 45 countries on six continents. The fund's negative performance over the quarter was mainly caused by a drop in the US Dollar versus the Euro. Approximately 25% of the fund's assets are US Dollar denominated investments

The largest portfolio holdings as at the end of September were Aqua-Spark and the SLM Silva Europe Fund. Aqua-Spark invests worldwide in innovative companies with sustainable business models throughout the aquaculture value chain, such as sustainable seaweed farms. The SLM Silva Europe Fund invests in regenerative orchards with nuts and olive trees in Southern Europe.

When investing in biodiversity, time is often needed to deploy the capital. The ASN Biodiversiteitsfonds commits capital to funds which invest in the protection and restoration of biodiversity. The committed capital is invested overtime in biodiversity projects. The fund's capital which has been committed but not yet invested is temporarily allocated to liquid investments such as cash and green bonds. Both categories contributed positively to the fund's return last quarter.

The fund's allocation to listed equity in Q3 2024 amounted to 1.5% of the fund's assets under management, spread over 5 listed companies. Through our allocation to these, mostly small/micro-cap, stocks we support these companies to further scale up their biodiversity impact business models.. Although both revenues and earnings numbers of these 5 companies showed further positive developments, the share prices made a negative return over de quarter, and as result had a negative contribution to the fund result.

In the long term, we are confident that the investments in the protection and restoration of biodiversity will show positive returns.

Therefore we continue to look for impact investing pioneers who, like us, feel responsible for the preservation and restoration of biodiversity and who understand that biodiversity investments will requires a long term investment horizon. We are confident that investments in companies and projects using new business models which operate in balance with nature rather than destroying nature will ultimately provide the better financial and impact returns.

PORTFOLIO DEVELOPMENTS

Last September, the ASN Biodiversity Fund celebrated its third anniversary. This means that the fund gradually moves from the start-up phase to the maturity phase. We are extremely proud of the impact we have made with the fund during these three years. The fund has successfully invested in approximately 125 projects in various sectors that contribute positively to the restoration and protection of biodiversity. The companies and organisations in which the fund invests are characterised by innovative solutions and strong commitments to biodiversity. As a result, we were able to take important steps with the fund in the protection and restoration of valuable ecosystems, both in the Netherlands and abroad.

Last quarter, part of the previously committed capital was drawn for four fund investments: the Africa Conservation & Communities Tourism Fund, the Forest Climate Solutions Fund, the Amazon Biodiversity Fund and the SLM Silva Europe Fund.

BIODIVERSITY MARKET DEVELOPMENTS

The European Commission has proposed to postpone the implementation of the Deforestation Act, which aims to combat deforestation caused by imported products, by one year. The law was originally scheduled to come into force at the end of this year. It may now only come into force for large companies by the end of 2025, with a further delay for smaller companies. The delay comes after pressure from various industries, which need more time to comply with the regulations.

This development underpins the urgent need to invest more private capital in biodiversity projects to prevent further destruction of valuable ecosystems. We continue to work towards this goal with the ASN Biodiversiteitsfonds N.V., one of the first investment funds in the world that allows private individuals to invest in biodiversity projects. As the urgency of protecting and restoring biodiversity becomes clearer than ever, the demand for sustainable alternatives is growing. We are positive about the number of investment opportunities we see in the market and hope to inspire others to take the value of ecosystem services into account in their investment decisions.

VISION AND OUTLOOK

We continue to focus on investments that combine biodiversity restoration with attractive financial returns. We see a continuing growth of attractive biodiversity investment opportunities. The fund helps companies to scale up their sustainable business models which will bring the economy of the future – in which nature and people are in balance – closer more quickly.

We expect the portfolio companies to continue to further deploy the capital we have committed, which will help us to put the money, provided to us by our investors, to work in the protection and restoration of biodiversity across the globe. With more money invested by our investors we can increase the diversification of the portfolio and support more local ecosystems. For the second half of this year we expect the fund will expand the holdings in the sustainable (forestry) agriculture and sustainable forestry sectors. This will further enhance the diversification of the portfolio.



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