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SUSTAINABLE INVESTING

2021 was a record year for sustainable investing – measured by flows. Issuance of sustainable loans and bonds, where proceeds are earmarked for environmental or social projects, exceeded \$1.5 trillion, including about \$505 billion of green bond sales, many new climate smart companies are being founded, and ESG focused ETFs attracted almost \$130 billion in 2021 – a notable increase from the \$75 billion raised in 2020 – and investments in early-stage climate technology companies approached \$50 billion globally, according to Bloomberg.

Performance amidst the positive momentum of investment opportunities hit increased volatility in the fourth quarter across certain sectors. The S&P Global Clean Energy Index (USD) was down approximately 9 percent in December to close out the quarter down 1.5 percent and the year down 23 percent. With the derailment of the Build Back Better bill in the US, rising interest rates, and inflation worries, it was no surprise that volatility increased across clean energy stocks during the last month of the year. However, this may open up a promising entry point for longer-term public equity investors eager to participate in the secular trends behind companies adapting technologies to further positive environmental conditions. In private markets, performance continued to be strong across impact themes. Valuations have doubled or more in 2022 across RockCreek portfolio companies focused on the ed-tech space, fintech, healthcare, and climate to name a few. The momentum for climate solutions continues across many areas.

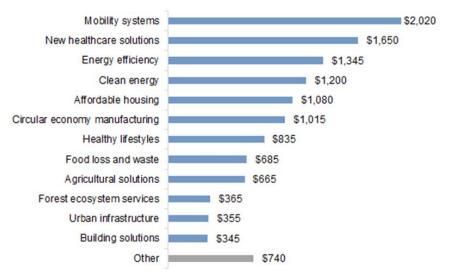
Corporations, both public and private, experienced growing pressure from stakeholders to identify companies' alignment to sustainability – particularly those related to health, inclusion, climate, water, and waste – which have all been focus areas of investment for RockCreek for more than a decade. With the more widely adopted framework of sustainability, investment opportunities have multiplied since we first started investing in these areas, and we are seeing increasingly better reporting by companies – though still not prevalent by the total market. Research analysis indicates that achieving the SDGs could create over \$12 trillion in market opportunities by 2030.¹

Much of RockCreek's focus in 2021 was – and in 2022 remains – on sustainable investment themes that have large identifiable market opportunities, including mobility, healthcare solutions, clean energy, and affordable housing.

¹ **Source**: Goldman Sachs

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COMMENTARY | Q4 2021 SUSTAINABLE INVESTING



VALUE OF FUTURE MARKET OPPORTUNITIES BY MARKET SIZE

Source: Business Council, AlphaBeta, Goldman Sachs

RockCreek's 2021 investments in Generate Infrastructure, Devoted Health, ChargePoint, and other companies with similar themes have contributed to robust performance across our portfolios, but we expect that in 2022 these areas will be even bigger drivers of returns. A Q4 investment in a solar developer company that raised \$440 million in debt financing to develop, design, build, and operate distributed solar and energy storage solutions is one example of the opportunity set. The company is already providing clean energy access to approximately 40,000 customers across 10 states in the US and is offering discounts on green energy of up to 20 percent. The company plans to use the additional capital raised to build more solar farms serving communities and businesses across the US in 2022.

Another company in our portfolio is a leader in circular economy decarbonization solutions and has increased its organic waste processing capacity through the construction of a third anaerobic digester at its Ontario facility. Accompanied by a renewable natural gas upgrading system, the plant is now the largest food waste anaerobic digestion facility in Canada, repurposing food waste to provide heat to 2,500 homes in Ontario and support transport with sustainable fuel. The facility is using investor capital to grow in 2022 by helping more municipalities and businesses meet the requirements to divert waste from landfills in Canada.

Opportunities across the sustainable investing landscape are multiplying as we move into the new year, as is the growing awareness of the intersectionality between the sustainability of our people and planet and advancements in equity and inclusion across our communities. Direct and indirect RockCreek portfolio investments in companies like BioAge, Esusu, Papa, Hinge Health, Brex, Cityblock Health, and many more are helping build businesses at the forefront of advancing equity and access to all communities in areas such as healthcare, finance, hiring, job retraining, and more. RockCreek finished 2021 with over 20 percent

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of our assets invested with diverse owned founders/firms, accounting for more than 90 firm relationships and investments in over 500-plus diverse entrepreneurs. In 2021 alone we invested over \$270 million in

Black and Latino-owned founders/firms and over \$430 million in women owned founders/firms, committing to approximately 14 new relationships with diverse founders and firms last year. RockCreek also partnered with Exelon to invest the Racial Equity Capital Fund, which will bring affordable capital to minority-owned businesses in underserved and under-resourced communities that, historically, have faced challenges accessing and securing funding.

As we have said for the last 20 years, we are committed to finding the strongest investments for our portfolios and casting the widest net for opportunities that lead us to a diverse universe of potential sustainable investments. We expect to continue this pace in 2022, given the number of exciting launches and fundraising rounds we are exploring already.