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Impax
ASSET MANAGEMENT



THE QUEEN'S AWARDS
FOR ENTERPRISE:
SUSTAINABLE DEVELOPMENT
2014

Reinvestment Opportunities in the Low Carbon Economy

Boston Carbon Risk Forum

September 2014

Global Equity Return Comparisons

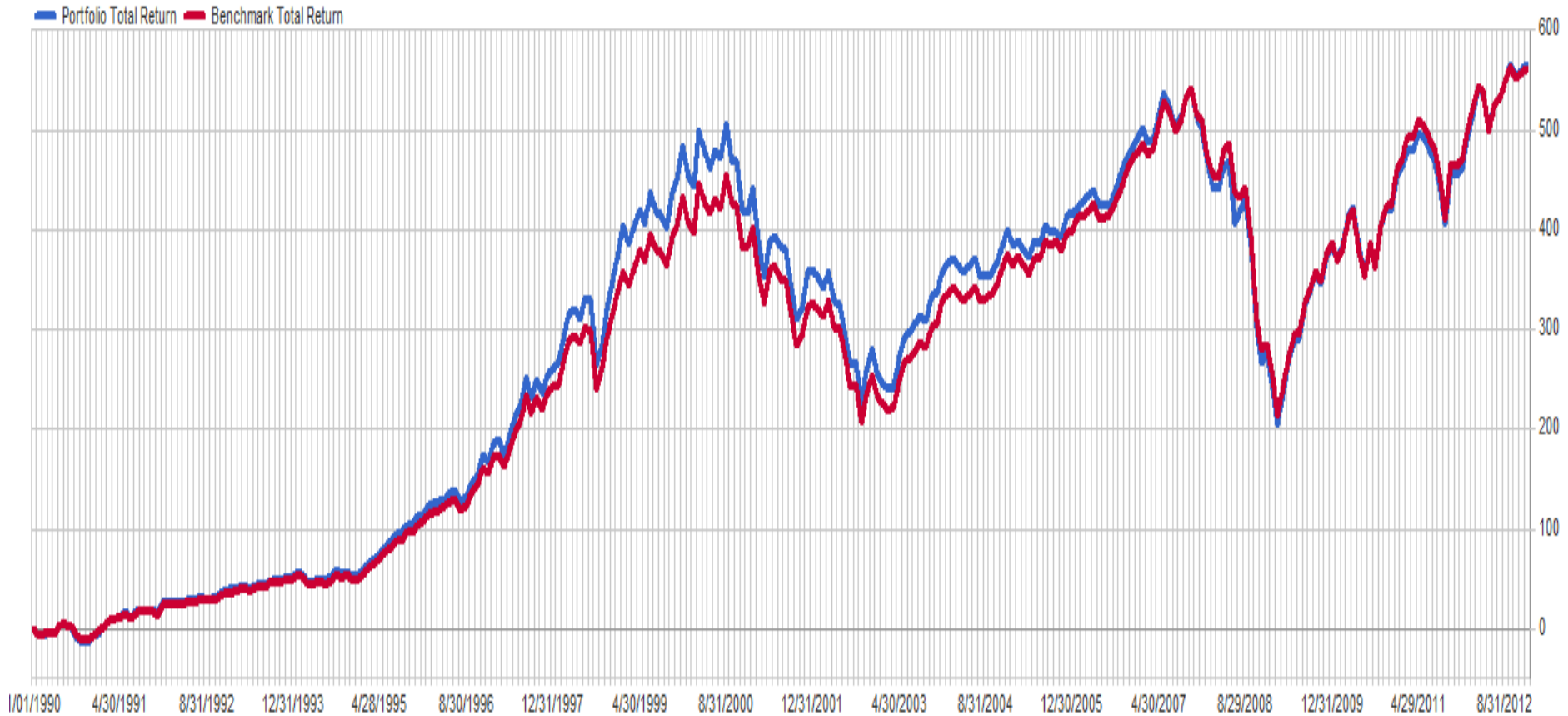
MSCI Global Equity Returns: Fossil Free Outperforms



Source: Impax Asset Management, FactSet, WM Reuters. Data from April 30, 2008 to April 30, 2013 in USD. Fossil Free Portfolio represents the MSCI World Index without the fossil fuel energy sector.

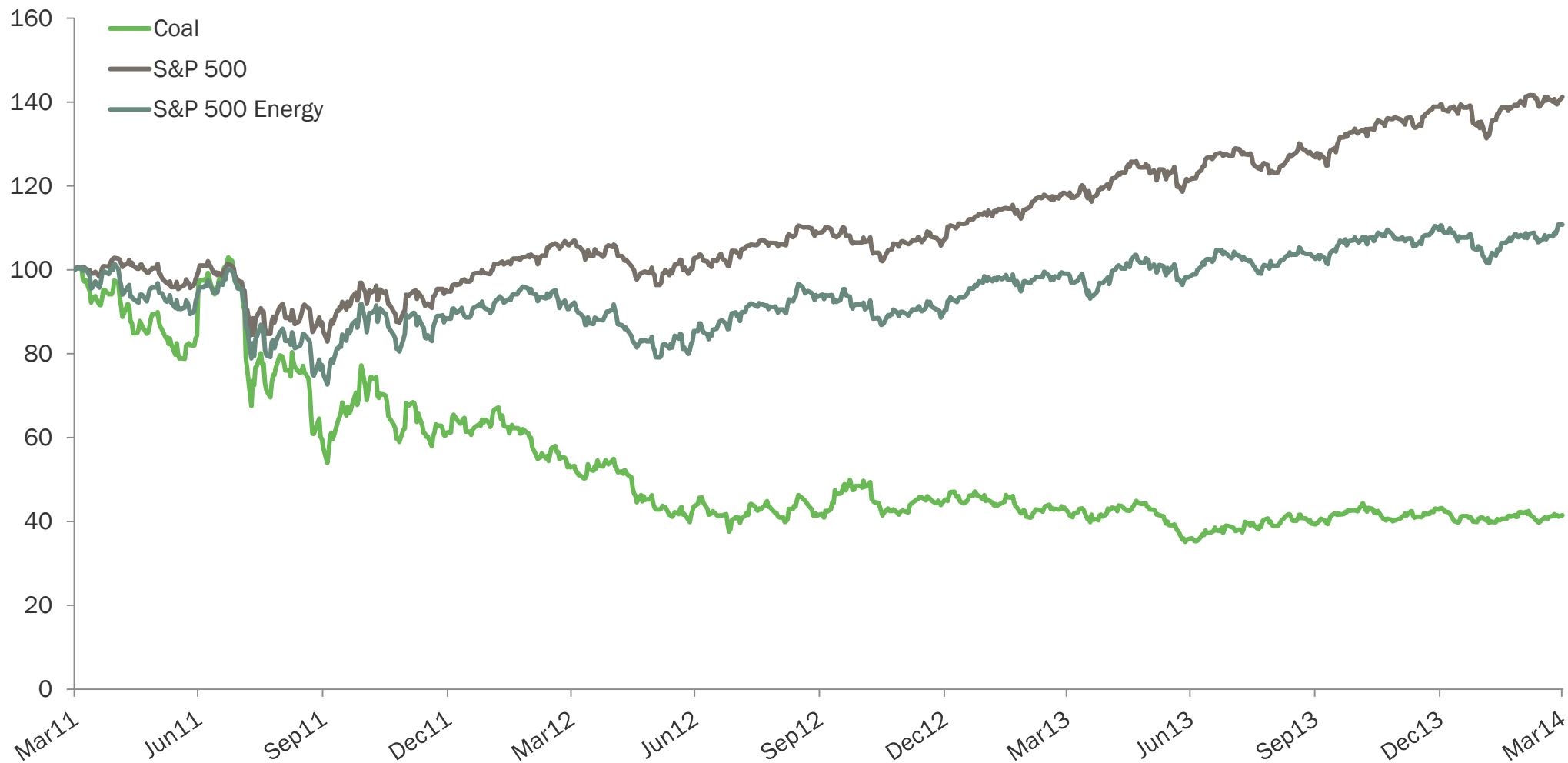
Simulated Performance: Dropping Fossil Fuels Has Little Impact

Performance over time – AP_SP500_EX_FOSSIL_FUELS vs S&P 500
1 January 1990 to 31 December 2012



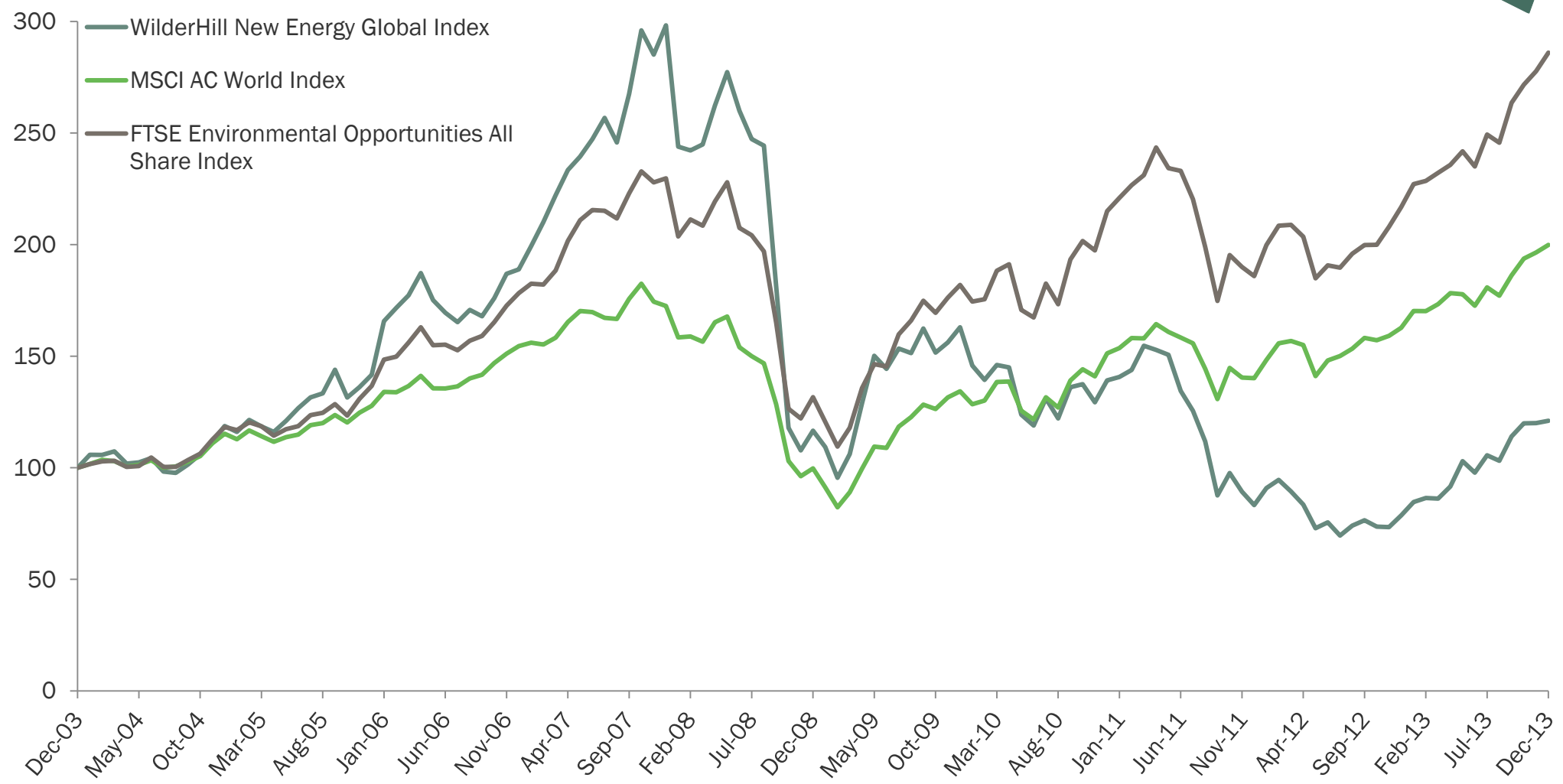
Source: Advisor Partners LLC, " Fossil Fuel Divestment: Risks and Opportunities", page 5. Chart source: FactSet Research Systems.

Carbon Risks Will Be Hard to Time



Source: Index of the sum of the market capitalisation of US listed coal producers James River (JRCC US), Peabody (BTU US), Arch Coal (ACI US), Alpha Nat Resources (ANR US), Walter Energy (WLT US), Consol Energy (CNX US), Alliance Holdings (AHGP US), Alliance Resource Partners (ARLP US), Natural Resource Partners (NRP US), Cloud Peak Energy (CLD US), Westmoreland Coal (WLB US), Rhino Resources (RNO US), Hallador Energy (HNRG US).

Performance of Low Carbon Markets



Source: FactSet, WM Reuters. 10 year performance in USD as at 31 December 2013. MSCI index is total net return (net dividend reinvested), WilderHill New Energy Global Index is price return, FTSE index is total return (gross dividend reinvested). Data for the FTSE EO All Share has been back-tested, the index was launched June 2008.

Thank You

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Ken is a Director for Impax Asset Management (US) LLC. He is the Senior Portfolio Advisor and US Policy Advisor, responsible for supporting the investment team and helping build Impax's business in North America. Ken has 30 years of finance experience and a 20 year commitment to clean energy enterprise investment, development, management and finance. Before joining Impax, Ken worked as the Director of Finance and Investment with the Clean Energy Group (CEG) and worked with NGO Ceres to advise the Investor Network on Climate Risk. Prior to this he acted as a founding member of the Massachusetts Green Energy Fund management team and was a Partner at EIF Group. Ken is a founding Co-Chair of the Finance Committee of the American Council on Renewable Energy (ACORE), the leading US renewable energy umbrella organization. He is a graduate of Yale University.

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Investors should assess fossil fuel risks, and consider reducing exposure across their global portfolios:

- Options exist to substitute low carbon investments for fossil fuel exposure, without materially impacting performance
- Such non-fossil exposure can maintain portfolio risk/return characteristics
- Tighter carbon regulations likely with profound economic implications
- Considerable uncertainty about timing/scope of regulations; few will be able to anticipate or “time” re-pricing, and stranding of fossil fuel assets could result
- Softening demand for fossil fuels in some markets from changing usage, substitution by competing low-carbon energy other possible factors
- **In our view, investors should carefully assess risks of owning fossil fuel stocks; competitive low carbon alternative strategies exist**

Conclusions Regarding Low Carbon Investing – DO NOT PRINT