What is your rationale with regards to your target raise amount and is there anything you believe LPs tend to miss in their mapping of climate-related opportunities?

Our strategy focuses on backing growth-stage businesses that are driving an inclusive transition to a low carbon economy. We seek out best-in-class companies with proven business models that are at the inflection point to scale. We think these companies are best served by institutional investors who come in the $20-40M ticket size, sit on boards and engage actively to grow, while seeking to improving social and environmental performance. Our strategy size is $400-$500M because we want to build a diversified portfolio of these opportunities across the US and India.

We believe when mapping climate-related opportunities, it is crucial to consider how climate change will disproportionately affect low-income populations most vulnerable to climate change. Climate change, poverty and inequality are inextricably linked. To generate inclusive economic growth and shrink inequality, climate change must be addressed, and this is not feasible without ensuring that all individuals are resilient to its physical and financial impacts.

When it comes to outcome measurement of your strategy's environmental impact, what are your reflections here and on how this aligns with SFDR article 9 compliances?

We have been focused on generating measurable social and environmental outcomes aligned to our clients' key impact objectives for more than a decade. SFDR, while it adds a new language and regulatory disclosure framework to the market, doesn't strategically mentally change how we do businesses from an impact perspective. We specifically underwrite our deals to ensure revenue and impact are in alignment. 95%+ of the revenue of our businesses must be generated from a product or service that generates one of our core social or environmental KPIs. During the lifetime of our investment, we work with our companies to steadily improve both the performance against those KPIs, and the way that our companies understand their social environmental performance.

How important is a long track record?

We believe investors should prioritize managers with strong, credible track records on both financial, as well as social and environmental performance. In particular we believe investors should prioritize distributed to paid in capital, and other measures of liquidity, as the impact investing market has generally lagged the broader private equity market in generating returns for investors – an area where we are particularly focused from both a returns and a durability of impact perspective.

What are the key benefits to LPs adding your strategy to their portfolios?

Our strategy is particularly differentiated for three reasons:

- Our track record of over a decade in this market provides us a depth of understanding and relationships, generating better deals and quicker decision-making – and ultimately robust financial performance for investors.

- The Nuveen platform helps us win deals, create synergies, and accelerate our companies growth. As the largest investor in institutional farmland in the world, a top 5 real estate manager, and a large investor in physical infrastructure across credit and equity, we have a unique perspective on how asset managers are seeking to decarbonize their portfolios, and a toolkit to help our companies access them.

- Our approach to impact performance generates not just social and environmental outcomes aligned with our goals, but also equity value for our companies. A portion of our carry is linked to impact performance, aligning our interests with those of our investors.

What is your biggest concern right now?

In the realm of climate investing, bottlenecks in the energy transition persist, especially within the power generation sector. This has contributed to adverse impacts on the broader ecosystem of services and manufacturing companies supporting this transition. We ensure that when underwriting, our target companies adjust their business plans to ensure they are adequately capitalized for a transition that may not follow a linear growth trajectory.

What questions should LPs ask GPs today that they weren't asking a year or so ago?

The escalating entry valuations in the US climate and energy sector are prompting investors to pay more and set higher growth expectations for portfolio companies. This trend raises concerns about returns on existing investments and the viability of deploying new capital in the asset class. Additionally, there's a growing worry that some GPs may artificially inflate valuations, which could hinder value appreciate in the later stages of appreciation. To navigate these challenges, LPs should feel confident that their GPs have disciplined underwriting processes and can differentiate themselves from competitors who are willing to pay above the perceived value.

Do you expect the US Presidential Election will affect performance – who will win?

In well-established areas like wind/solar and renewable fuels, where rules have been in place for over a decade, the risk of change due to the US Presidential Election is low. Stakeholders in these areas have followed these rules across multiple administrations, so significant changes are unlikely because they would affect many people and be unpopular amongst both parties. Conversely, in emerging sectors such as carbon capture and hydrogen, incentives were largely created only two years ago. Therefore, the risk of change to these programs could be slightly higher, given the newness of these markets and the lack of vested interest by stakeholders. We are focused on investing in companies that we believe can deliver our required returns without tax incentives that have yet to come to fruition and consider tax incentives (such as the IRA) only as an upside.

1 Pensions & Investments, 03 Oct 2022 Rankings based total worldwide farmland and timberland assets under management for the 12 months ending 30 Jun 2022 as reported by each responding asset manager.

2 As of 31 Mar 2022.

3 Includes 355+ real estate investment professionals, supported by a further 385+ Nuveen employees.
* ANREV/INREV/NCREIF Fund Manager Survey 2022. Survey illustrated rankings of 143 fund managers globally by AUM as at 31 Dec 2021.

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