

Triodos Euro Bond Impact Fund

For professional investors and financial advisors only

Quarterly Report Q4 2020

Triodos Euro Bond Impact Fund aims to generate positive impact and competitive returns from a concentrated portfolio of investment-grade corporate, sovereign and sub-sovereign Euro denominated bonds. The fund selects investments for their contribution to our seven sustainable transition themes.

Key figures as of 31-12-2020

Net assets EUR 352.7 million
 Number of shares outstanding 12,299,586
 Share class* I-cap
 NAV per share EUR 38.99
 Ongoing charges**
 0.51% (incl. 0.35% management fee)
 Morningstar rating™ ★★★

Fund performance in brief

- Triodos Euro Bond Impact Fund generated a return (after costs) of 0.8%, while the benchmark yielded 1.3%.
- European bond markets performed well during the fourth quarter, despite higher volatility. All market segments posted positive returns, supported by low market rates and upbeat risk sentiment.
- The fund maintained its defensive positioning by keeping its overweight to high-quality names, as we expect a more difficult environment for company fundamentals, when the full impact of the economic fallout becomes more visible.

* This report is based on the I-cap share class.

See www.triodos-im.com for a full overview of EUR, institutional and retail share classes.

** The ongoing charges figure shown here is an estimate of the charges. Due to the amendments made to the fund charges as per 1 January 2021, the ex-post figure is no longer reliable. The UCITS' annual report for each financial year will include detail on the exact charges made.

Return in % as of 31-12-2020

	3 months	YTD	1 year	3 year avg	5 year avg	3 year volatility	5 year volatility
Fund	0.8	3.0	3.0	2.3	2.0	3.1	3.0
Benchmark	1.3	3.7	3.7	3.1	2.7	3.5	3.2

All returns stated were calculated based on net asset value I-cap share. Past performance is not a reliable indicator for future performance. The stated volatility is measured as annualised standard deviation, based on monthly returns. Source: Triodos Investment Management

Ecological footprint relative to benchmark

51% less
GHG Emissions



Equal to emissions of driving
1,605 times around the globe

50% less
Water consumption



Equal to the water use of
14.3 million daily showers

40% less
Landfill waste



Equal to 16,933 household
garbage bags of waste

The footprints are calculated using carbon emissions data from ISS ESG, and water and waste data from S&P Trucost (copyright c 2019 S&P Trucost Limited). Triodos Euro Bond Impact Fund footprints are calculated using carbon emissions data from ISS ESG, and water and waste data from S&P Trucost Ltd. For the iBoxx Europe ex Sovereign, coverage by weight is 56% for carbon, 56% for water data and 53% for waste. Coverage of assets invested – by weight – is 97% for carbon, 97% for water, and 97% for waste.

Financial review Q4 2020

Market developments

In December, most developed markets gave regulatory approval to one or several vaccines and started the rollout. This reduced investor fears over COVID-19 upsurges and prolonged lockdown measures. While business activity globally appeared to hold up well during new rounds of restrictions, European services sector activity did deteriorate. Late December a new and more infectious, virus mutation discovered in the UK made European countries consider further lockdown measures. This did not affect the upbeat investor sentiment.

Besides the vaccine rollout, important developments that contributed to the positive investor sentiment were: Joe Biden's US presidential election win and the agreement on a new US fiscal stimulus package; the long-awaited conclusion of a Brexit trade deal between the UK and the EU; and the launch of an additional EUR 500 billion stimulus package by the European Central Bank (ECB).

Portfolio developments

European bond markets performed well during the fourth quarter, despite higher volatility. All market segments posted positive returns, supported by low market rates and upbeat risk sentiment. Positive vaccine news and prospects of additional fiscal support in the US temporarily pushed bond yields higher. Markets recovered, however, as focus shifted back to renewed virus outbreaks, weak economic data, dovish central banks and the prospect of additional stimulus from the monetary side. Government bonds of European peripheral countries outperformed the broader government bond market, as country spreads tightened further over the quarter.

Jeroen van Herwaarden
Fund Manager



"Impact investments should be a core part of any listed fixed income portfolio. Triodos Euro Bond Impact Fund generates positive impact and stable income through a risk-averse portfolio of securities that contribute to at least one of our seven sustainable transition themes."

Corporate bond markets rallied on the back of positive risk sentiment. Credit spreads tightened further despite large new issue volumes. Lower-quality BBB names outperformed the broader investment grade market. Although the bond markets are heavily supported by the enormous central bank purchasing programmes, the fund maintained its defensive positioning by keeping its overweight to high-quality names. We believe we can expect a more difficult environment for company fundamentals, when the full impact of the economic fallout becomes more visible.

Positions added to the portfolio during the quarter:

- The fund participated in the newly issued green bonds from grid operators **Tennet** and **Fluvius**. Both contribute to our Sustainable Mobility and Infrastructure theme. Tennet is classified as a regular corporate bond, due to the long lookback period of eligible projects under the green bond framework.
- In addition, the fund invested in multiple newly issued social bonds from the **European Commission**, issued under the EU SURE programme. The proceeds from the social bonds will be used to finance and refinance short-term work schemes and health-related measures in EU member states. The social bonds are classified under our Social Inclusion theme.
- Holdings have been increased in a number of selected issuers, including **Stedin** (Sustainable Mobility and Infrastructure), **Agence Française de Développement** (green bond, Social Inclusion) and **Germany** (green bond, Sustainable Mobility and Infrastructure).

Companies sold during the quarter:

- **Klépierre** and **Unibail Rodamco** were removed, based on the deteriorated outlook for the commercial real estate sector.

Performance analysis

The fund generated a return of 0.8% after costs over the quarter, while the benchmark yielded 1.3%. The slightly negative allocation effect resulted from our underweight in corporates and overweight in government-related bonds relative to the benchmark. A larger contribution to the performance difference stems from security selection. Our focus on higher-quality corporates and governments relative to the benchmark, while low-quality corporate bonds got lifted by positive risk sentiment, had a negative effect. The curve change and curve carry contributions were broadly neutral.

Performance attribution in % (gross returns vs. benchmark)*

Q4 2020	Average weight		Total return		Curve Change Contribution	Allocation	Selection
	Portfolio	Benchmark	Portfolio	Benchmark			
Total	100.00	100.00	0.95	1.25	0.03	-0.02	-0.35
Treasury	28.08	39.95	1.13	1.20	-0.03	0.01	-0.04
Corporates	24.87	28.44	1.12	1.98	-0.01	-0.02	-0.22
Government-related	44.32	21.57	0.77	0.88	0.07	-0.08	-0.09
Securitized	2.05	10.05	0.27	0.18	-0.02	0.08	0.00
Cash	0.68	0.00	0.00		0.00	-0.01	0.00

* Returns stated are gross returns, thus before any charges are deducted. Returns stated elsewhere are net returns.
Source: Bloomberg/Triodos Investment Management

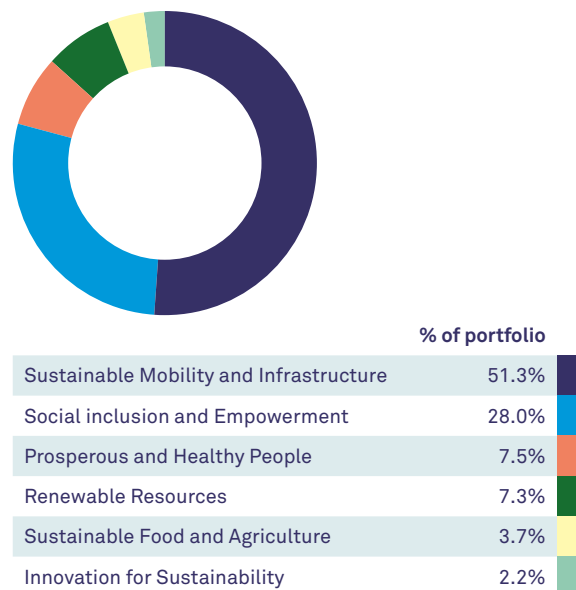
Investment outlook

- Although vaccines will be rolled out in most developed markets, the coronavirus will likely continue to surge in both Europe and the US throughout most of the first quarter of 2021. Pre-pandemic economic activity levels can only be reached once a vaccine has become widely available, which we do not expect to happen before the end of 2021;
- This means that the global economic recovery will find it difficult to fully lift off in the first quarter of 2021;
- Weak demand will likely remain the dominant force influencing inflation and monetary and fiscal policies will remain extremely accommodative;
- Government bond yields are near historic lows. Low eurozone inflation expectations and subdued economic growth prospects will likely force the ECB to remain accommodative. This will keep European government bond yields low for longer;
- The same goes for yields on credits, which are heavily supported by central bank purchases;
- We prefer high-quality credits with strong balance sheets, as the dreadful growth environment is likely to trigger a rise in downgrades.

Impact

Our investment selection centers around positive impact. We select companies that contribute to the progress of our seven sustainable transition themes and that meet our strict minimum standards. The breakdown of fund holdings across themes are as follows:

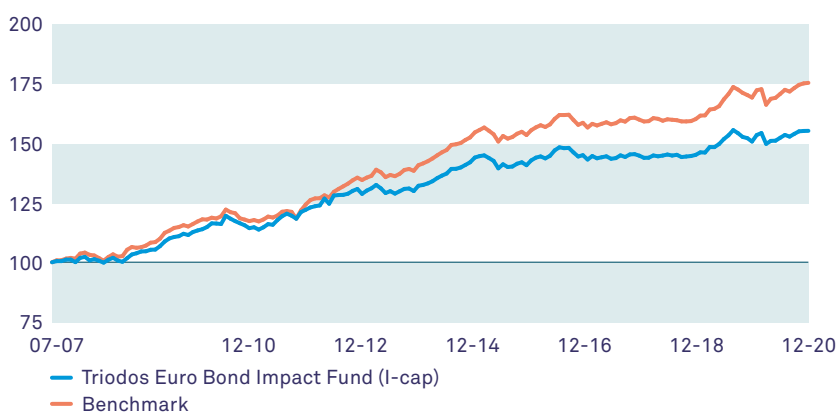
Breakdown by transition theme



The pie chart represents the holdings in corporate, sub-sovereign and impact bonds. Regular sovereign bonds are used for risk mitigation and liquidity management of the portfolio.

Portfolio as of 31-12-2020

Return chart since inception



Liquidity profile

Sovereigns

(strategic weight 40%):

Time to liquidate portfolio at fair price:
1 hour

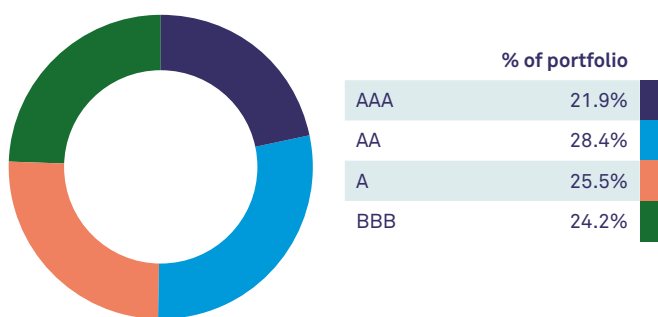
Credits

(strategic weight 60%):

Est.time to liquidate portfolio at fair price:
max. 1 week

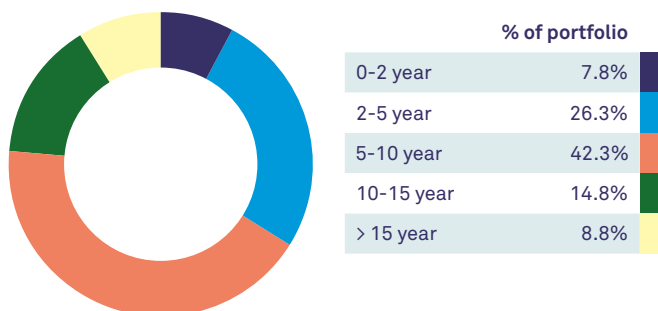
Breakdown by risk category

As per end of December 2020



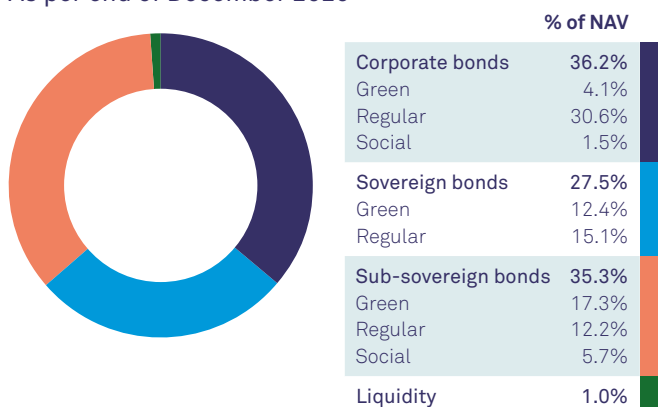
Breakdown by duration

As per end of December 2020



Breakdown by investments

As per end of December 2020



Top 5 Non-Sovereign holdings

1. 0.150% Eurofima 2019 - 2034	Green Bond	1.7%
2. 0.000% NRW Bank 2019 - 2029	Green Bond	1.5%
3. 0.100% Ile de France 2020 - 2030	Green Bond	1.4%
4. 1.875% North Rhine-Westphalia 2014 - 2024	Regular bond	1.4%
5. 1.750% Council of Europe Development Bank 2014 - 2024	Regular bond	1.3%

Top 5 Sovereign holdings

1. 1.750% French Governm. bond 2016 - 2039	Green Bond	2.6%
2. 1.350% Irish Governm. bond 2018 - 2031	Green Bond	2.3%
3. 0.500% Dutch Governm. bond 2019 - 2040	Green Bond	2.3%
4. 0.000% German Governm. bond 2020 - 2025	Green Bond	1.8%
5. 1.250% Belgium Governm. bond 2018 - 2033	Green Bond	1.8%

Return last calendar years in %

	2019	2018	2017	2016	2015
Fund	3.9	0.2	-0.1	3.0	-0.9
Benchmark	5.7	0.1	0.8	3.3	0.7

All returns stated were calculated based on net asset value I-cap share class. Past performance is not a reliable indicator for future performance. Source: Triodos Investment Management

Triodos Euro Bond Impact Fund	Portfolio	Benchmark
Modified duration	7.4	7.2
Yield	-0.18	-0.08
Convexity	0.9	1.08
Average rating	AA-/A+	A+/A
SII capital charge	4.5	3.5
SWAP spread	17.80	28.49
Spread duration	7.4	7.15
Duration times spread	1.68	2.69

Source for all tables and numbers: Triodos Investment Management, RBC Investor Services

Sustainability in the spotlight Sustainable Mobility and Infrastructure



The fund invests in seven transition themes that are key to helping society overcome systematic sustainability challenges. In the below case study on **Fluvius**, we zoom in to the

theme 'Sustainable Mobility and Infrastructure'. Learn more about how we invest in this theme [here](#).

Case Study: Fluvius

Fluvius is a multi-utility company in Flanders. It provides grid-based services such as the distribution of electricity and gas, public lighting, sewerage, cable television infrastructure and fibre-to-the-home grids. Fluvius has the mission to sustainably connect society to its grids and the target to be carbon-neutral by 2050. To align with its sustainability strategy, the company has recently issued a green bond. The proceeds of the bond are used for digital metering of electricity, switching to LED in public lighting, upgrading sewerage grids and expanding electricity grids to facilitate renewable energy generation. Thereby, the green bond leads to avoided CO₂ emissions through energy efficiency, more renewable energy generation and clean water sources. It also contributes to building future-proof grids and to Fluvius' pivotal role in the energy transition.

Active engagement with companies in portfolio

In Q4, an engagement project on climate change was initiated with the long-term goal to urge companies with high carbon emissions to limit global warming impact to 1.5°C, by 2030. To reach this goal, companies were urged to setting science-based targets for greenhouse gas (GHG) emissions reduction, supported by an effective transition plan and reporting on progress.

The Swiss healthcare company **Roche** has set the objective to have zero emissions by 2050 and reduce the environmental impact of its operations and products by 50% from 2020-2029 (base year 2019). The publicly disclosed sub-target entails the reduction of total Scope 1 and 2 greenhouse gas emissions in terms of kg CO₂ per employee by 40% until 2025. In a call, Roche explained that the additional implicit reduction target of greenhouse gas emissions resulting from the eco-balance goal is roughly a 75% reduction until 2029.

See how Triodos Investment Management maximises its influence on the companies it invests in through deliberate shareholder action: www.triodos-im.com.

Triodos Investment Management

Triodos Investment Management is a dedicated impact investment manager, making money work for positive change across sectors that are key in the transition to a world that is fairer, more sustainable, and humane, including Energy and Climate, Inclusive Finance, and Sustainable Food and Agriculture. We also invest in listed companies that offer products and services, which facilitate the transition to a sustainable society. Assets under management as per end of December 2020: EUR 5 billion.

Triodos Investment Management is a globally active impact investor and consists of Triodos Investment Management BV and Triodos Investment and Advisory Services BV, both wholly owned subsidiaries of Triodos Bank NV.

Contact

We welcome you to contact our Investor Relations team to learn more about our impact investment opportunities.

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Fund facts

Fund inception date July 2007

I-cap launch date July 2007

Benchmark

60% iBoxx Euro Non-Sovereigns Eurozone
Net Total Return

40% iBoxx Euro Sovereigns Eurozone
Net Total Return

ISIN code LU0309381605

Bloomberg code TRVBFIC:LX

Investment manager

Triodos Investment Management

Fund manager Jeroen van Herwaarden

Currency EUR

Valuation Daily

Domicile Luxembourg

Legal status Open-ended sub fund of SICAV I

Regulator CSSF in Luxembourg

Risk level based on European guideline

3 (1= low 7= high risk)

Investment Horizon Long term

Custodian, paying agent, registrar, transfer agent

RBC Investor Services Bank SA

Auditor PwC Luxembourg

Disclaimer

Triodos Euro Bond Impact Fund is a sub-fund of Triodos SICAV I, which is established in Luxembourg. Triodos SICAV I, including its sub-funds, is supervised by the Luxembourg regulator, the Commission de Surveillance du Secteur Financier (CSSF). Triodos Investment Management BV is a wholly owned subsidiary of Triodos Bank NV. Triodos Investment Management BV is the advisor of Triodos Euro Bond Impact Fund. The information contained in this report (hereinafter "information") is based on sources considered to be reliable, but unless otherwise indicated, all figures are unaudited and are not guaranteed. This information has been compiled with care by Triodos Investment Management BV. The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions and with regard to certain nationalities. Please refer to the Prospectus for further details. Investment decisions must only be made on the basis of the Prospectus, and not on any information provided in this communication. Investing in shares is not the same as investing money in a bank account as your capital is at risk and you may not get back the full amount that you invested. Past performance is not a reliable indicator of future results. The value of Triodos Euro Bond Impact Fund is determined in part by the developments on the financial markets or other markets. This report is for information purposes only and is intended for international distribution. No rights can be derived from this information. Any action derived from this information is always at the investors' own risk. The information does not release a (potential) investor from making his/her own assessment. In particular, the (potential) investor is advised to assess the information, with the assistance of an advisor if necessary, with regard to its compatibility with his/her own circumstances in view of any legal, regulatory, tax, and other implications. The information included in this document does not constitute investment advice or an investment recommendation in any way or form. Please refer to the prospectus in connection with the most recent annual and semi-annual financial statements for further information about the expenses and risks that apply specifically to Triodos Euro Bond Impact Fund. Avoid unnecessary risks. Please read the KIID. The prospectus and KIID for Triodos SICAV I, which includes information about Triodos Euro Bond Impact Fund (in English) may be obtained free of charge from Triodos IM in Zeist, telephone +31 (0)30 694 24 00 or via www.triodos-im.com. In Germany, for Triodos SICAV I, the Prospectus and the KIID (both in German) as well as the financial statements (in English) may be obtained free of charge from Triodos Bank in Frankfurt, telephone +49 (0) 69 7171 9100 or via www.triodos.de. This financial promotion has been approved by Triodos Bank NV (incorporated under the laws of the Netherlands with limited liability, registered in England and Wales BR3012). Authorised by the Dutch Central Bank and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request. Registered office: Triodos Bank, Deanery Road, Bristol, BS1 5AS. VAT reg no 793493383.