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**INVESTMENT FUND DESIGNER**  
**UN ECE SED**  
**Financing Energy Efficiency Investments**  
**for Climate Change Mitigation**



**RFPS-117**

Conning Asset Management Limited  
Authorised and regulated by the Financial Services Authority

- ◆ History
  - ❖ Founded in 1912 in Hartford, CT
  - ❖ Acquired by Swiss Re in July, 2001
  - ❖ Assumed global responsibility for non-proprietary client investments in 2003
- ◆ Highlights
  - ❖ Ranked among top three U.S. insurance asset managers in terms of assets under management\*
  - ❖ Leading U.S. insurance research and publications group
  - ❖ More than 120 institutional clients globally
  - ❖ Team of 235 employees dedicated to the insurance and investment industry

as of 30/06/2009  
\*\*IFI Insurance Asset Manager Annual Survey 2007"

Conning offers global investment products and select alternative investments through external partners.

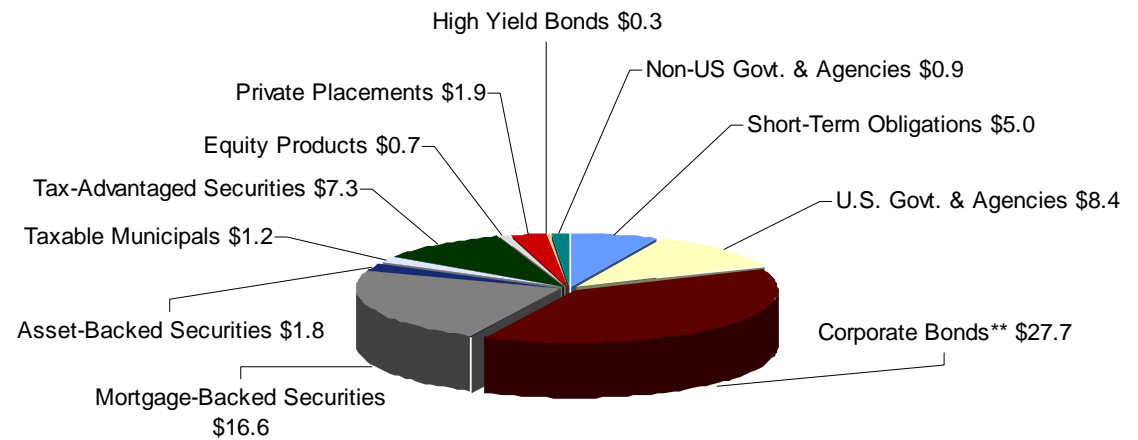
### Fixed Income:

- ◆ Governments / Agencies
- ◆ Corporates
- ◆ MBS / CMBS / ABS
- ◆ Tax-Exempts
- ◆ Specialty Fixed Income:
  - ❖ High Yield
  - ❖ Private Placements
  - ❖ Convertibles

### Equities:

- ◆ Indexed Equities and ETF's

### Assets Under Management



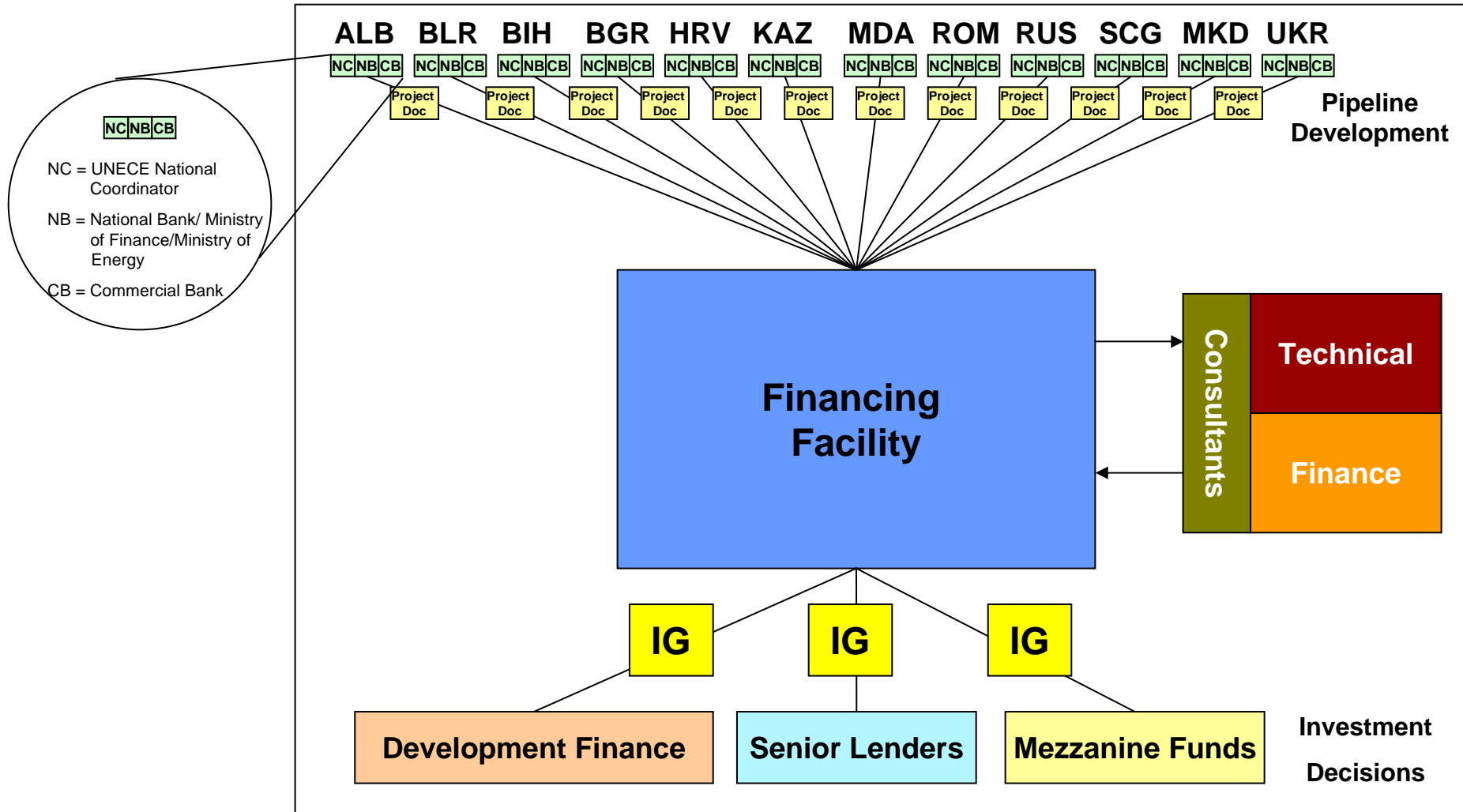
<b>Assets Under Management</b>	<b>\$ 71.8 billion*</b>
<b>Assets Under Advisory</b>	<b>\$ 10.5 billion</b>
<b>Accounting and Reporting Assets</b>	<b>\$ 26.5 billion</b>
<b>Total Assets Under Contract</b>	<b>\$108.8 billion</b>

As of 30/06/2009

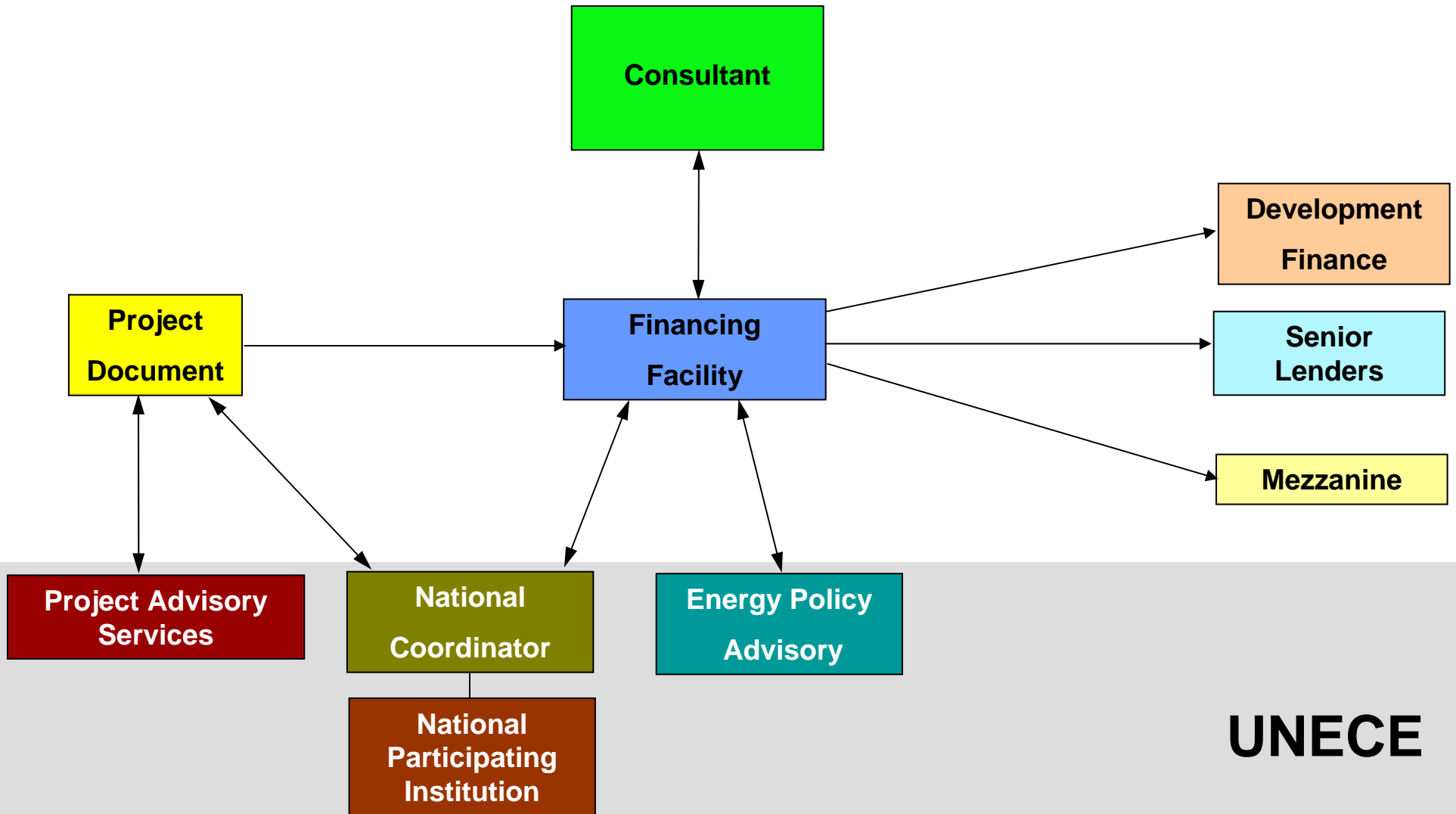
\* Includes Conning's U.S. and Dublin Investment Centers

\*\* Includes Convertible Securities

1. To promote market formation so that self-sustaining energy efficiency and renewable energy projects can be identified, developed, financed and implemented locally in twelve nominated countries
2. Designing a Euro denominated public-private partnership fund with contributions from both the public and private sector in the region of EUR250m, which invests exclusively in projects which have a quantifiable impact on the reduction of greenhouse gas emissions
3. The countries are Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kazakhstan, Republic of Moldova, Romania, Russian Federation, Serbia, The former Yugoslav Republic of Macedonia and the Ukraine. (Participating Countries)



- Project Doc = Project Document
- IG = Investment Guidelines



## Key Deliverables

- ◆ Key Deliverable 1: Project Implementation Plan
- ◆ Key Deliverable 2: Conference calls, Conferences and Meetings
- ◆ Key Deliverable 3: Twelve Monthly Progress Reports
- ◆ Key Deliverable 4: The LPA for the Proposed Fund
- ◆ Key Deliverable 5: A Lead Investor Document
- ◆ Key Deliverable 6: Proposed Fund PPM and FBP
- ◆ Key Deliverable 7: Proposed Fund Manager's Terms of Reference

## Status – Key Deliverable 4 - LPA

- ◆ Fund structure
  - ❖ Private Equity Style Fund (GP/LP structure)
  - ❖ Separate investment allocations
  - ❖ Supported by a Financing Facility Agreement (FFA)
- ◆ Fund procedures
  - ❖ Investment decisions made by technically competent manager
  - ❖ Investment Committee reviews the decisions within scope of fund
- ◆ Fund legal documents
  - ❖ Market Standard LPA (Completed) and PPM (See Deliverable 6)
  - ❖ Innovative FFA (First draft. PMU sign off. External feedback)
  - ❖ Lead investor letter

- ◆ Identify lead Investors
  - ❖ An ongoing process which may lead to an early launch
  - ❖ Discussions ongoing with several prime European names as key investor
  
- ◆ Solicit public and private sector Investors
  - ❖ Private Interest: Increasing confidence in deciding to firm an existing interest by committing to the core triangle (RES/EE investors, Sector investors and Regional investors)
  - ❖ Public Sector: Contacts made. Activity intentionally low. Waiting for FFA sign off

- ◆ Draft PPM
  - ❖ A Private Placement Memorandum describes the various aspects of the fund in details which provides the base for investment decisions
  - ❖ An outline PPM exists and continues to be updated to reflect areas as they become more certain
  
- ◆ Draft FBP
  - ❖ The Fund Business Plan combines both a marketing plan and a fund model, outline the economics of the fund including the expected return
  - ❖ The fund model has been made and a business plan drafted in outline

- ◆ Selection Criteria for Fund Manager
  - ❖ A fund manager will be required to have investment expertise, a track record, solid financial backing as well as strength in the sector and region
  - ❖ As the clarity around the fund coalesces the clearer these requirements will become
  
- ◆ Terms of reference
  - ❖ This applies to the specific terms of reference within which the Investment manager operates
  - ❖ These have yet to be defined in detail, but they are an outcome of the fund design process itself

## Other External Factors

- ◆ Project Pipeline
  - ❖ Work continues on developing a pipeline, but with caution by us, as the focus is first on fund raising
- ◆ Investment Issues
  - ❖ The issues surrounding successful investment continue to be collected, analysed and solutions made and tested. This is a key area of the current activity. These include the familiar issues of project size, currency and permits
- ◆ Timing
  - ❖ Market conditions cannot be ignored
- ◆ Legal
  - ❖ Would highlight that the legal work is considerable

- ◆ The core triangle remains and if anything is seen as an even more interesting area of investment, given recent circumstances
- ◆ However, investors are still reluctant to commit – for now. So our intended structure will be seen positively as it lowers rather than increases investment risk
- ◆ The work of Poyry also highlights the shift needed by the Participating Countries to meet international investor needs to meet investors half way. (e.g. Consider how local banks not being unwilling to lend to RES/EE would be viewed.)
- ◆ The outlook and the timing remains positive for now, but attention needs to be paid to how the (audited) year ends.

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