Aquaculture for Good

Driven by a global population that is expected to reach nearly 10B by 2050, rising median incomes, and increasing health consciousness, demand for fish has grown at twice the rate of the world’s population since 1961. According to FAO, per capita fish consumption has increased from 9.9 kg to more than 20 kg annually. The output needed to fulfill this increasing demand is expected to double, reaching 230MM tons by 2050 and pushing wild fisheries beyond their limits. According to the World Wildlife Fund, nearly 85% of global wild fish stocks are at significant risk of illegal, unreported and unregulated fishing. Further exploitation and depletion of wild fisheries pose a dire threat to our oceans; UNESCO scientists estimate that without intervention, more than half of the world’s marine species will risk extinction by 2100. Sustainable aquaculture offers a solution to meeting the growing demand for seafood while also protecting the long-term viability and biodiversity of our oceans.

Aqua-Spark invests in small to medium enterprises (SMEs) that are working towards the production of safe, accessible aquatic food sources, such as fish, shellfish and plants, in a way that does not harm the health of the planet. Portfolio companies are targeted for their ability to generate investment returns while creating positive social and environmental impact. The fund aims to build an ecosystem of sustainable aquaculture SMEs across the value chain, such as sustainable feed alternatives, antibiotic-free farming, innovative technologies, disease battling and market access. With this portfolio ecosystem approach, the fund strives to create solid, long-term partnerships where all parties have an incentive to help strengthen the framework for a sustainable aquaculture industry to realize effective and lasting impact results.

ABOUT AQUA-SPARK

Aqua-Spark is a global investment fund founded in 2014 and based in Utrecht, the Netherlands. Aqua-Spark’s mission is to move the aquaculture industry towards healthy, sustainable, affordable production with at least comparable financial returns to the traditional industry. The fund will make investments into portfolio companies starting at €250,000 and management prefers substantial minority stakes between 20-49%, alongside other strategic investors, and always takes board seats. Each investment is chosen for its potential to generate significant financial returns while also activating positive environmental and social outcomes. The fund works with an extensive network of experts and aligned partners.

ABOUT THE VENTURE IMPACT PROGRAM (VIP)

VIP is an innovative new way for MCF donors to engage in impact investing through grantmaking. Via a partnership with ImpactAssets — a market leader in impact investing — VIP enables philanthropic dollars to be directed towards for-profit companies that are seeking to make positive social or environmental impact.

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**VENTURE IMPACT PROGRAM**

### ASSET CLASS
- Private Equity

### ASSETS UNDER MANAGEMENT
- €63.6MM (August 2018) including syndications (24.6% of total)

### TARGET TOTAL RAISE
- €400M-500M in invested capital by 2030 (adding €50MM per year)

### TARGET FUND SIZE
- €1.5B AUM

### TERM
- Open-ended

### TARGET IRR
- >20% net IRR

### LIQUIDITY
- Semi-annual after 2019

### GEOGRAPHY
- Global

### SECTOR
- Aquaculture

### INVESTMENT MINIMUM
- $10,000

### FUND MANAGER FEES
- • 1% management fee
- • 20% performance fee on cash distributions (redemptions will not be charged a performance fee)

### INVESTMENT FEES
- This recommendation will incur an additional fee of 0.40%. The fee is calculated on current asset balance.

### INVESTMENT THESIS
- • Open ended global private equity fund that invests in sustainable aquaculture (farming aquatic life like fish, shellfish and plants) small-to-medium enterprises (SMEs)
- • Aims to build a network of 60-80 portfolio companies across the aquaculture value chain
  » 90% of capital invested in aquaculture ventures that have proof of concept and are ready to scale, 10% of capital in riskier, early stage investments
  » Target companies that can pay out dividends within 5-7 years of investment

### IMPACT THESIS
- • Build a sustainable aquaculture industry to provide healthy and sustainable food to all without relying on taking fish from the oceans or exploitative aquaculture practices

### ILLUSTRATIVE INVESTMENT
- eFishery is tackling one of the largest challenges in aquaculture. Overfeeding negatively impacts the environment, harms the health of a farmer’s stock, plus feeding eats up between 50 and 80 percent of all overhead costs in the business. This Indonesian IoT startup developed a cloud-based smart-feeding technology to ensure the fish are healthy and waste is minimized - to increase feed efficiency by 24%. It also collects data from feeding, production, water quality and fish behaviour, to create valuable predictive insights for (smallholder) farmers.

### STRENGTHS
- Large innovative market opportunity, unique ecosystem building approach, attractive fund structure (i.e., open-ended, liquidity feature), strong impact thesis

### WEAKNESSES
- Foreign exchange risk, first time fund manager, returns primarily generated by dividends rather than outsized exits.

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