

Refugee ETF is the first retail investment product that facilitates investments in a global index comprised of listed companies with robust policies and initiatives related to the economic integration of refugees. Our ETF incentivizes private sector economic integration of refugees by screening for companies that support refugees through 1) hiring & supply chains; 2) entrepreneur support; and 3) education and skills development.

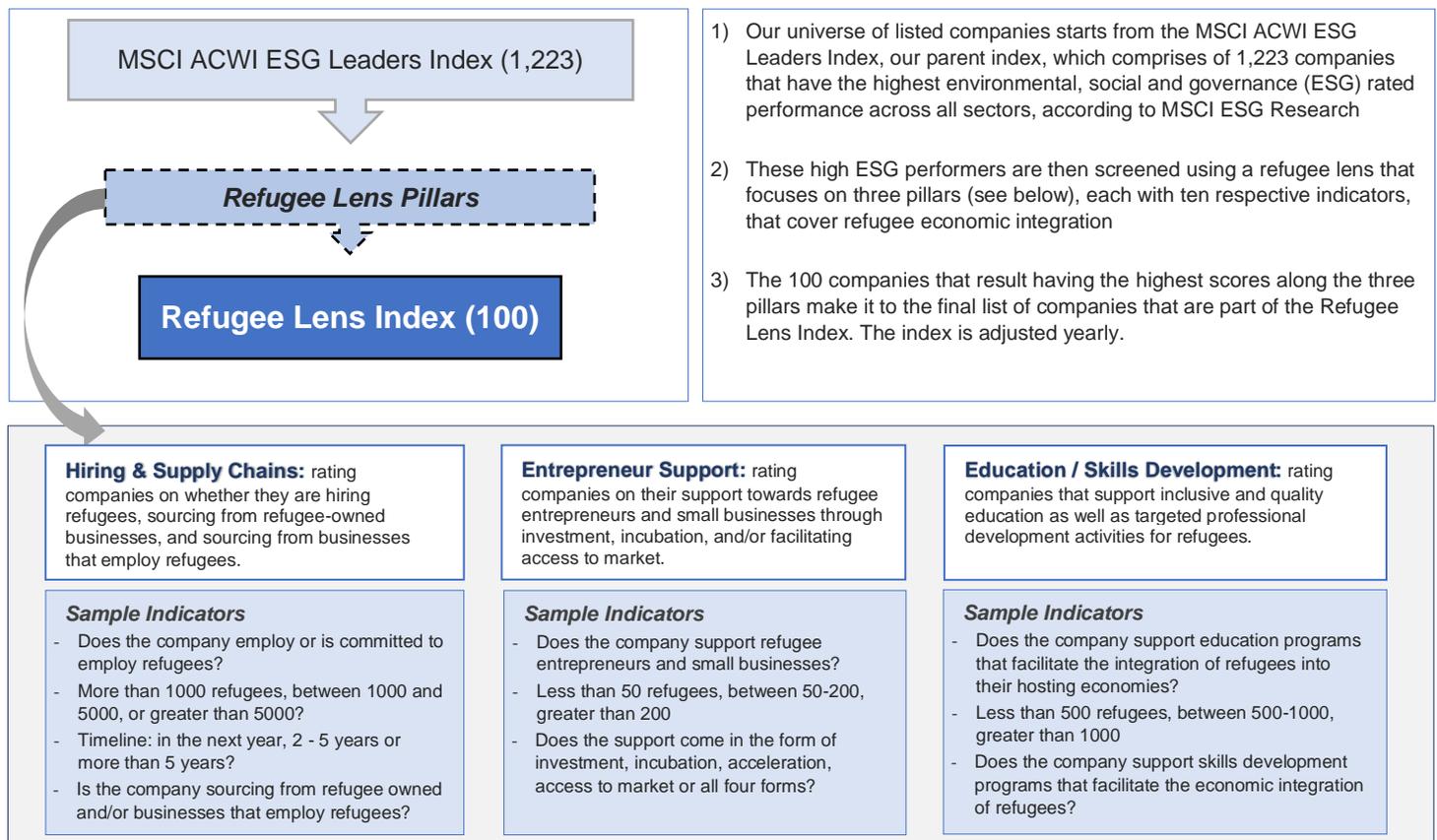
### Opportunity / Problem\*

- 1) Over 70 million people are currently forcibly displaced worldwide, including 25M refugees – and that number is projected to grow to over 300M by 2030. Refugees are displaced on average for over 25 years, thus making economic integration the most efficient, realistic and sustainable solution to improve the livelihoods of refugees and give them back their dignity
- 2) Refugee displacement and refugee economic integration are not converging, leading to increasing negative effects on refugees themselves as well as the global economy. Several studies have shown that lack of refugee economic integration, together with other social, environmental and governance issues, negatively impact corporations in three ways: 1) Productivity Loss; 2) Customer Loss; 3) Supply Chain Disruption
- 3) Private sector solution is needed as governments and philanthropy around the world do not have the budget nor are best placed to hire and educate refugees, and/or support their entrepreneurial endeavors at scale
- 4) Corporations that support the economic integration of refugees, alleviating these negative impacts, currently do not have any investment product that rewards this corporate behavior and incentivizes them to scale their action
- 5) Private Markets solutions (e.g. Private equity, Private debt funds, etc.) with a refugee lens are currently small, difficult to scale and only available to institutional investors or come directly from the balance sheet of Governments, Philanthropic Foundations and Multilateral Organizations
- 6) Capitalizing on the current growing market trend in both ESG investment and socially themed ETFs. Companies listed in socially themed ETFs are incentivized to create impact around that theme because it creates sustainable competitive advantage.

### Solution / Investment Thesis

Refugee ETF tracks the *Refugee Lens Index*, which lists companies worldwide with strong policies and practices relative to the economic integration of refugees. The purpose of Refugee ETF is to 1) incentivize listed corporations to continue refugee investment; and 2) raise awareness on refugee economic integration through a targeted retail investment product.

### Refugee Lens Index Methodology



\*Sources Opportunity/Problem: 1) [UNHCR Global Trends – Forced Displacement Report 2018](#); 2) [Tent & Center for Global Development - The Economic and Fiscal Effects of Granting Refugees Formal Labour Market Access](#); 3) [IFC & The Bridgespan Group – Private Sector & Refugees. Pathways to Scale](#); 5) [RIN – Paradigm Shift. How Investment can Unlock the Potential of Refugees](#); 6) [CNBC – Boom in ETFs continues with SRI](#)

## Fund Profile

### Fund Terms

<b>Fund Type</b>	Exchange Traded Fund
<b>Asset Class</b>	Equity
<b>Market Cap.</b>	Broad Market
<b>Geographic Focus</b>	Global
<b>General Attribute</b>	Refugees
<b>Benchmark</b>	MSCI ACWI ESG Leaders Index
<b>Number of Holdings</b>	100
<b>Expense Ratio*</b>	0.76%
<b>Expected Fund Size (1Y)*</b>	USD 100 Million

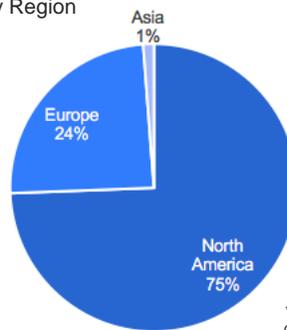
\* Expense Ratio is an estimate, which is the average of expense ratios of similar impact themed ETFs (e.g. SDGA ETF, Vegan ET, etc.)  
 \* Expected Fund Size is estimated to be USD 100 Million in 1 year with a minimum ticket of USD 3,000.

### Target Investors

The product is targeted at both retail and institutional investors that want to contribute to alleviating the refugee crisis, with a commercial and scalable solution, while looking for a public markets liquid product. Furthermore, this is also a product that caters more generally to impact and sustainable investors that want to grow their exposure towards other important social themes such as this one and eventually want to do it through the public markets.

### Portfolio Breakdown\*

By Region



By Industry

Industry	Percentage
Information Technology	43.3%
Communication Services	21.6%
Consumer Discretionary	11%
Financials	10.5%
Health Care	7.6%
Consumer Staples	5.1%
Industrials	0.9%
Energy	0.1%

\* Region classifications are based on the location of the headquarters of companies.

\* Industries classifications are based on the Bloomberg classification.

## Impact

### Examples of Impact from our Top Holdings

- Microsoft** has committed USD 34 million on programs that would help alleviate the refugee crisis including the economic integration of refugees through education programs and digital skills training. Furthermore, through its subsidiary LinkedIn they are working on professional development initiatives with refugees in Sweden and Canada
- Starbucks** is leading a global effort to welcome and employ 10,000 refugees by 2022. This is ~4% of its current total workforce. Moreover, the company is playing a key role in funding specialized job training programs to create job ready refugees
- SAP** is committed to empowering 60,000 young refugees between the ages of 10 and 24 over the period of four years with coding skills through yearly "Code Weeks" in nine countries around the world.

### Aggregated Impact Data from our Holdings\*

- Total funding allocated to the economic integration across USA, Europe, Asia and MENA of refugees is **~80.6 million**
- **Pillar 1:** Total refugees hired or expected to be hired in the next 5 years are **20,220**
- **Pillar 2:** Total refugee linked start-ups (i.e. led or employing refugees) funded, incubated and/or accelerated are **624**
- **Pillar 3:** Total refugees provided/to be provided with education and skills development are **238,000**.

\* This data is highly conservative as we are currently only using publicly available data from Refugee focused orgs. such as Tent, UNHCR, IRC and sustainability reports of the holdings and there's the possibility to use private data if the product is launched. Refugees impacted come from all over the world (e.g. Venezuela, Syria, Iraq, El Salvador, Honduras, Guatemala, Somalia, S. Sudan, DRC, Myanmar, etc.)

## Financial Performance and Top Holdings

### Top 10 Holdings\*

Company	Percentage
Microsoft	27.3%
Alphabet	15.7%
Johnson & Johnson	6.7%
Cisco Systems Inc.	4.6%
Verizon	4.5%
Citi	3.3%
Accenture PLC	3.2%
L'Oreal SA	2.9%
SAP	2.8%
Starbucks Corp	2.5%
<b>Total</b>	<b>71%</b>

\* Holdings are subject to change

### Performance and Risk

Return	1 Y
Fund	33.7%
S&P 500	31.5%
MSCI ACWI ESG Leaders Index	25.3%

Risk	Fund vs S&P 500
Correlation	0.926
Beta	1.003

Risk	Fund vs MSCI ACWI ESG Leaders Index
Correlation	0.679
Beta	0.928

### Assumptions

- Weight of holdings in the Refugee ETF is based on the USD adjusted market cap as of 2018/12/31 as investment is happening on 2018/12/31
- Weighting will be different in the real world where it would weight for both market cap and impact score
- Risk and Return is as of 12/31/19 because it is on a yearly basis from 12/31/19
- Performance and Risk was only modelled for a basket of 60 rated companies instead of 100 as currently there are only 60 companies with public refugee economic integration information. Nevertheless, there's the expectation that more companies will join this growing trend, thus allowing for a larger basket of 100 highly rated companies using to the refugee lens index methodology
- As the returns change every quarter, it was assumed that the weight of each company will automatically be rebalanced based on the returns (e.g., If there's a negative return, the total market cap of a company will decrease). So, the rebalancing would be automatically embedded in the calculation without rebalancing separately every quarter
- For calculations of USD adjusted Market Capitalization, an exchange rate as of 2018/12/31 was used, given weighting using the market cap as of 2018/12/31
- Investment is in the common stock market.

## Risks and Risks Mitigants

Risk	Probability	Materiality	Mitigation
Political	Low	High	Like with issues such as climate change and gender equality, even in conservative countries, which go against the integration of refugees, corporations are independently and increasingly taking action on these issues including the alleviation of the refugee crisis
Impact	Medium	Medium	Having a robust set of refugee-linked indicators, which can truly measure the impact of companies on this specific issue and score them accordingly
Scale of Problem	High	High	The root causes of refugee displacement are driven by armed or political conflict, ethnic tension, systematic discrimination, climate change or natural disaster. Therefore, it is hard to reduce the growth of the displacement, but we can certainly increase economic integration
Reputational	Low	High	Only a tiny portion of companies included in the index have been attacked by conservative press and institutions around their commitments and action in integrating refugees. Most companies believe solving this issue is the moral thing to do and also makes economic sense
Financial	Low	Medium	This is a highly liquid product that based on our analysis would outperform its two benchmarks.