ESG Litigation Fund | *unlocking a new asset class for ESG investment*

ESG Litigation Fund ("the Fund") is the first litigation financing fund to purely focus on financing environmental, social, and governance (ESG) litigation, thereby unlocking a new asset class with uncorrelated high returns for ESG investors.

ISSUES

The Need for Litigation Finance

- Increase in legal fees and lower willingness for clients to pay hourly fees has led to increased demand for alternative legal financing
- Law firms generally do not have balance sheet capital to provide alternative financing arrangements
- Based on Burford's 2019 Legal Finance Report:
  - 72% of in-house lawyers believe their firm has failed to pursue meritorious legal claims due to cost
  - 74% of lawyers indicate legal financing is growing / increasingly important
  - 75% of professional services firm lawyers believe that legal finance is a competitive differentiator

The Need to Expand the ESG Investment Opportunity

- The value of global assets applying ESG data to drive investment decisions has almost doubled over four years, and more than tripled over eight years, to $40.5 trillion in 2020. This figure is only expected to increase as investors are becoming more socially conscious
- Partially as a result of this surge in interest, ESG investors face several challenges:
  - **Diversifying:** limited areas to deploy capital mean investors often have to resort to investing in only the equity market through companies that seem socially responsible
  - **Measuring returns:** while investors want to have a positive impact on society, for many forms of ESG investing it is near impossible to evaluate and value the societal benefit the investment target generates
  - **Dishonest reporting:** in an attempt to generate ESG investment interest, companies are increasingly embellishing their commitment to ESG to the point of being unethical and/or fraudulent

SOLUTION

To solve these issues we have created ESG Litigation Fund, the world's first litigation fund focused purely on ESG issues. While litigation financing has been around since the 1990s, it has yet to be viewed under a sustainability lens, which 25% of global assets under management are now using. For example, the world's largest provider of arbitration and litigation financing, Burford, explicitly notes that "we do not believe in focusing on ESG issues simply because investors are, but as they make sense for us as a business matter".

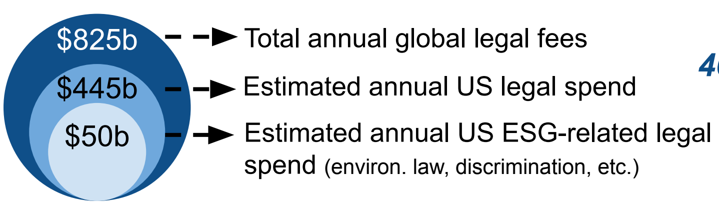
In contrast, we believe that focusing on ESG issues is socially responsible and maintains the ability to provide competitive returns in a growing market. This focus also ensures that institutional funds with ESG mandates are able to gain access to this large and diverse asset class that is relatively uncorrelated to equities, bonds, or alternative assets.

Example Types of Cases		
Environment	**Social**	**Governance**
• Pollution • Climate • Natural resource conservation	• Sexual harassment • Discrimination (gender, race, etc.) • Police brutality	• Corporate fraud • Conflict of interest • Disclosures

From a plaintiff perspective, their risk related to legal fees is effectively eliminated, as they do not pay any legal fees if they lose. In the event that there is a settlement or the plaintiff is adjudicated an award in court, the Fund receives the return of its initial investment, plus 40% per year until payback (subject to maximum of 40% of award value) - a return return on invested capital slightly below industry peers.

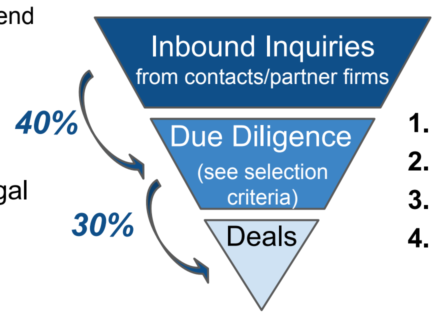
TOTAL ADDRESSABLE MARKET

The ESG Litigation Fund will focus on cases in the United States, as the US accounts for over 50% of global legal fees. While the fund operates in the $11B litigation finance market (exp. 8% CAGR through 2027), we believe relevant legal spend better reflects the opportunity.



CASE PROCESS & EVALUATION

To ensure a fully diversified portfolio, we will deploy the initial funds over at least 20 cases, based on the below process and selection criteria:



Selection Criteria

1. **Case type:** ESG related case
2. **Est'd legal investment:** $0.5m - $5m
3. **Est'd time to finish trial:** <= 4 years
4. **Est'd award payout:** min. 5x invest.

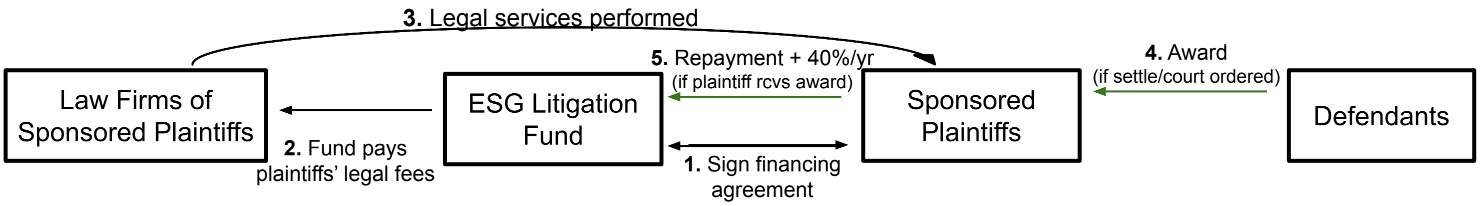
SOCIAL IMPACT

There are three primary objectives for awarding legal damages to plaintiffs:

- **Retribution:** directly compensate victims for their suffered losses
- **Financial accountability:** ensure parties at fault are financially accountable
- **Preventative:** reduces likelihood of future breaches, as it reinforces to the defendant and others that breaches will not go unnoticed and there will be financial consequences

Due to the socially responsible nature of the above objectives, the total settlement value and adjudicated gains of the Funds' cases act as a reasonable proxy for the aggregate social impact that will be generated by the Fund. Given the Fund's size of $50M and using litigation finance industry assumptions, we estimate the social value generated to be approximately $234 million over the 10-year life of the Fund. See next page for further detail.

FUND STRUCTURE



SCALABILITY

The need for litigation financing for ESG-related cases is undoubtedly much larger than the scope of the Fund and is global in nature. Once a successful track record is built after the 10-year life of the Fund, investors will have right of first refusal for investing in the second stage of the Fund - the launch of the larger ESG Litigation exchange-traded fund (ETF).

The launch of the ETF will provide the following benefits:

- Liquid market for investors
- Ability for retail investors to invest in a socially responsible fund that directly and visibly impacts society at large
- Generate public interest in the Fund and social issues

FINANCIAL PROFILE

Target Investors	U.S. based institutional investors with an ESG mandate (e.g. university endowments, pension funds, professional services)
Asset Class	Litigation finance
Target Geography	United States
Fund Size	$50M USD
Min. Investment	$100k USD
Time Horizon	10 years
Target IRR	25%
Management Fee	2% of committed capital
Performance Fee	Carried interest of 20 percent after meeting a 7 percent hurdle rate.

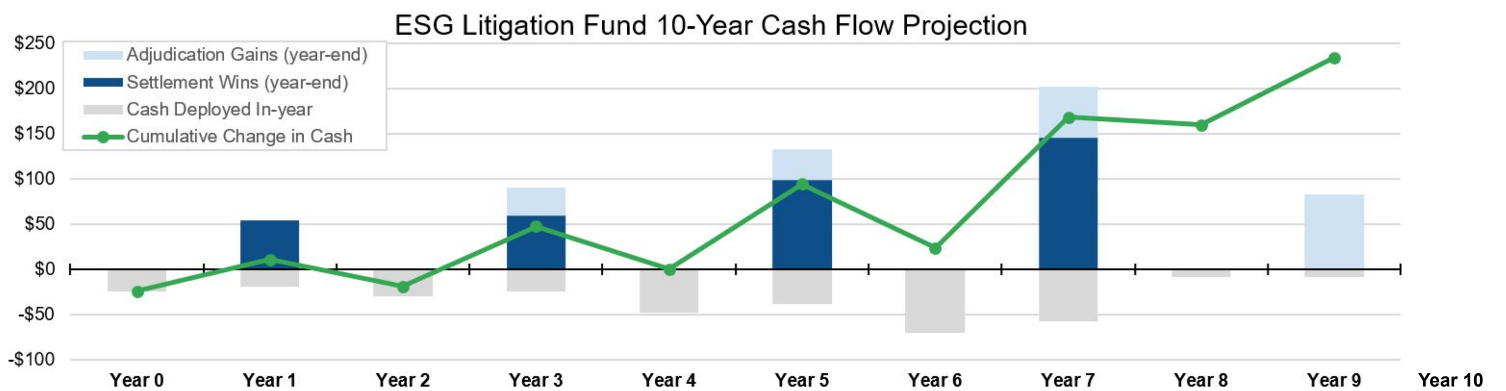
FINANCIAL PROJECTIONS

Case Outcome	ESG Litigation Fund Assumptions		
	Prevalence	Years to Recovery	Annual ROIC
Adjudication Gains	25%	4	40%
Adjudication Loss	10%	-	-
Settlement	65%	2	40%

Note: assumptions based off comparable litigation finance firms.

Key Notes

- While we believe ESG cases will outperform broader litigation cases, assumptions in the left table are slightly more conservative than litigation peers, given the added ESG constraint of the Fund
- Cash in-flows projected to occur every 2 years due to simplifying assumption of investment recovery every 2 years for settlements and 4 years for adjudicated gains
- Cash inflows are reinvested in new cases, with Year 6 the last year of investment in new cases, given the Fund's 10-year life and up to 4 year time to recovery



	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Inv. CF	-$24	-$19	-$3	-$3	$ -	$ -	$ -	$ -	$202	$ -	$83
IRR	25%										

Note: investor cash flows based on a notional investment amount of $50.

RISKS AND MITIGATIONS

Risk	Probability	Materiality	Mitigation
Cases may have higher than expected loss rates or years to investment recovery	Low	High	Experienced fund managers, a thorough case review process, and a diversified portfolio of cases will help minimize risk and ensure aggregate performance is in line with expectations.
Lack of sufficient cases to deploy capital	Low	Moderate	Fund managers will have extensive experience in litigation finance and connections at law firms that would seek our support, especially for relevant specialized firms (e.g. environmental law firms).