



LESTER ASSET
MANAGEMENT

RESPONSIBLE GROWTH

FOCUSED ON NATURE

Lynx Global Biodiversity Fund

Growing Investment Capital by Preserving Natural Capital



Lester Asset Management (LAM)



- › Independent Montreal-based portfolio manager since 1987 with \$330M in AUM
- › 2006: Launch of CAD “All-Cap” Equity and CAD Fixed Income strategies – Strong long-term track records
 - CAD Equity: 9.4% vs 6.5% for the TSX Comp since inception July 2006 (17 years+)
 - CAD Fixed Income: 6% versus 3.3% for the CAD Universe Bond Index since inception January 2008 (15 years+)
- › Early adopters of ESG policies (exclusions for mining, oil & gas...) and activist investor (Vicwest, Velan, Quarterhill)
- › Early investors in renewable energy, water technology, soil remediation, and farmland (Boralex, Innergex, Trojan Technologies, Xenon Environmental, Pure Technologies, Logistec, Assiniboia Capital)
- › 2019: Awarded *Quebec Emerging Managers Program* institutional mandate for CAD Fixed Income
- › 2021: Signed the United Nations Principles for Responsible Investment (PRI)
- › 2021: Global Manager Research *Top Performer* award for best 1-year return in CAD Fixed Income
- › 2022: Global Manager Research *Top Performer* award for best 5 and 10-year returns in CAD Fixed Income Plus
- › 2023: Joined Taskforce on Nature-related Financial Disclosures Forum (TNFD) and Nature Action 100 Engagement

What is Biodiversity ?

- › **Biodiversity** refers to the variety of all living things, from microscopic organisms to entire **ecosystems**, that contribute vital needs such as **food, water, and medicine** to all species.
- › **Ecosystems** such as forests and wetlands, provide crucial services like water filtration, air purification, carbon sequestration, flood & storm protection, stabilization & erosion control, pollination, nutrient cycling, bio-remediation, climate regulation, called **ecosystem services** that have a significant dollar value equivalent to the cost incurred if we had to produce these ourselves.
- › Earth's **stock of natural assets**, such as air, water, soil, minerals, flora and fauna, form Earth's **natural capital** which yields continuous dividends that are critical to the collective survival and well-being of all species and are also the basis of all economic activity.

Why is Biodiversity Important ?

- The value of ***ecosystem services*** provided by nature is estimated at **\$125 to \$140 trillion/year** (OCED 2020)
- Over half of the world's GDP, approximately **\$58 trillion per year**, depends on nature (PWC 2023)
- Largest sectors dependent on nature are **Agriculture, Food & Beverage, Shelter** (World economic Forum 2020)
- ***Ecosystems*** also absorb and store half of global carbon emissions (Griscom 2017)
3 of the 5 most effective strategies for reducing carbon emissions are nature-based (IPCC):
 - › **Ecosystem Protection**
 - › **Nature Restoration**
 - › **Improved Working Farmland Management**

What is Happening to Biodiversity ?

Global **biodiversity** is declining faster than at any other time in human history due to deforestation, loss of wetlands, land degradation, pollution, and climate change (WWF Living Planet Report 2020)

Drivers of *biodiversity* loss: Land & Water Use, Pollution, Natural Resource Exploitation, Climate Change, Invasive Species
(Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services)

Human population has doubled to 8 billion since 1970 and Earth has already lost :

- › 70% of its wetlands (International Union for Conservation of Nature)
- › 69% of its animal populations since 1970 (WWF 2022)
- › 50% of its forests and coral reefs (IUCN and WWF Living Planet Report)
- › 20% of total land (2 billion hectares) has been degraded since 2000 (UN Sustainable Development Report 2019)
- › 1 million species are currently at risk of extinction (UN Report on Sustainable Development 2019)

“We have failed to manage our global portfolio of natural assets sustainably. Since 1992, the stock of natural capital per person has declined by 40%.” (Dasgupta Review, 2021)

Environmental Crises

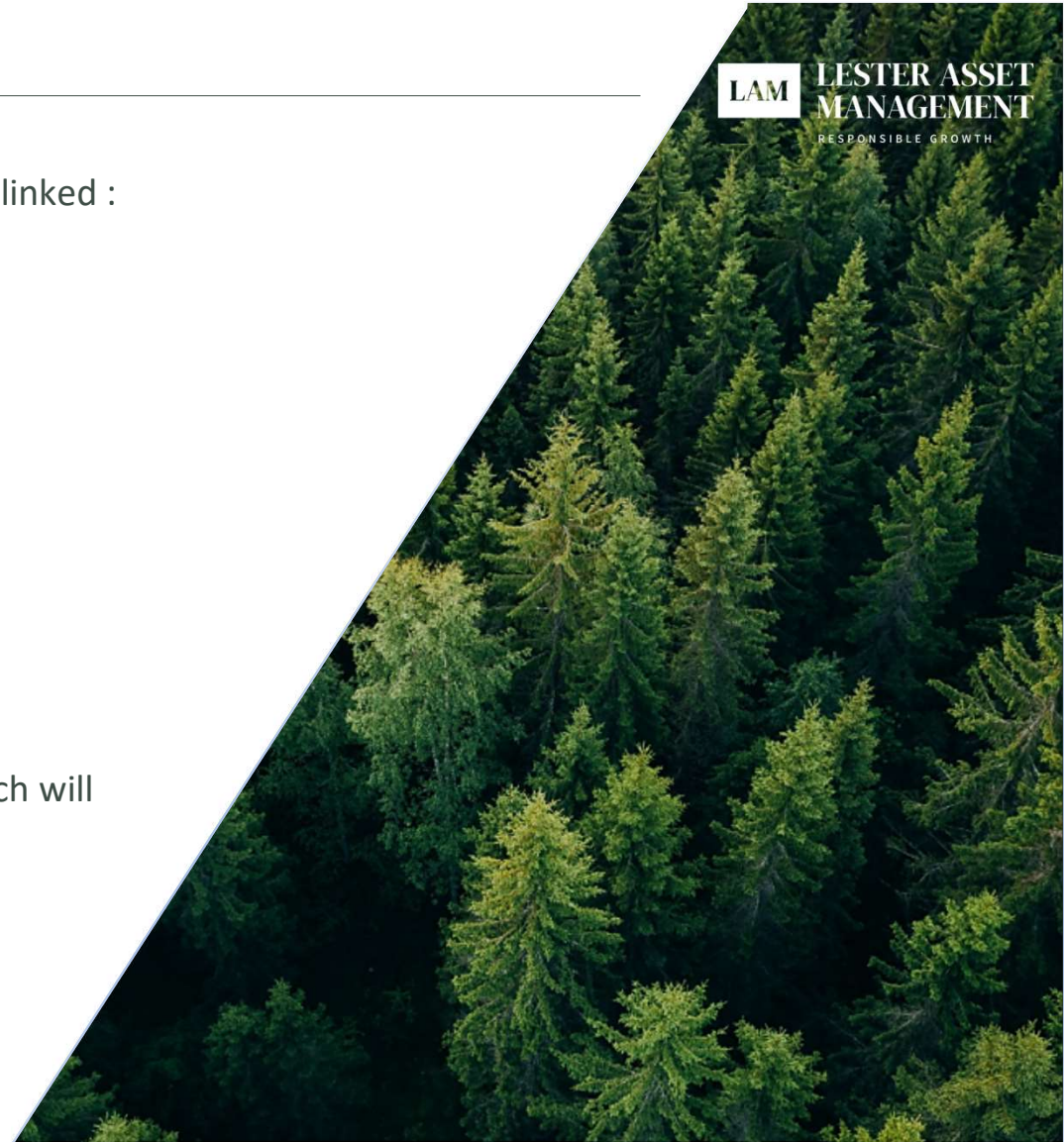
There are **two environmental crises** that are inextricably linked :

Climate Change and **Nature Loss** leading to:

- › Global Warming
- › Natural Disasters
- › Loss of Biodiversity
- › Land Degradation
- › Water Security
- › Food Security

The global population is expected to reach 9.7 billion which will require a **60% increase in food production by 2050** (UN)

Investments in Climate Action have far outweighed investments made in protecting Nature



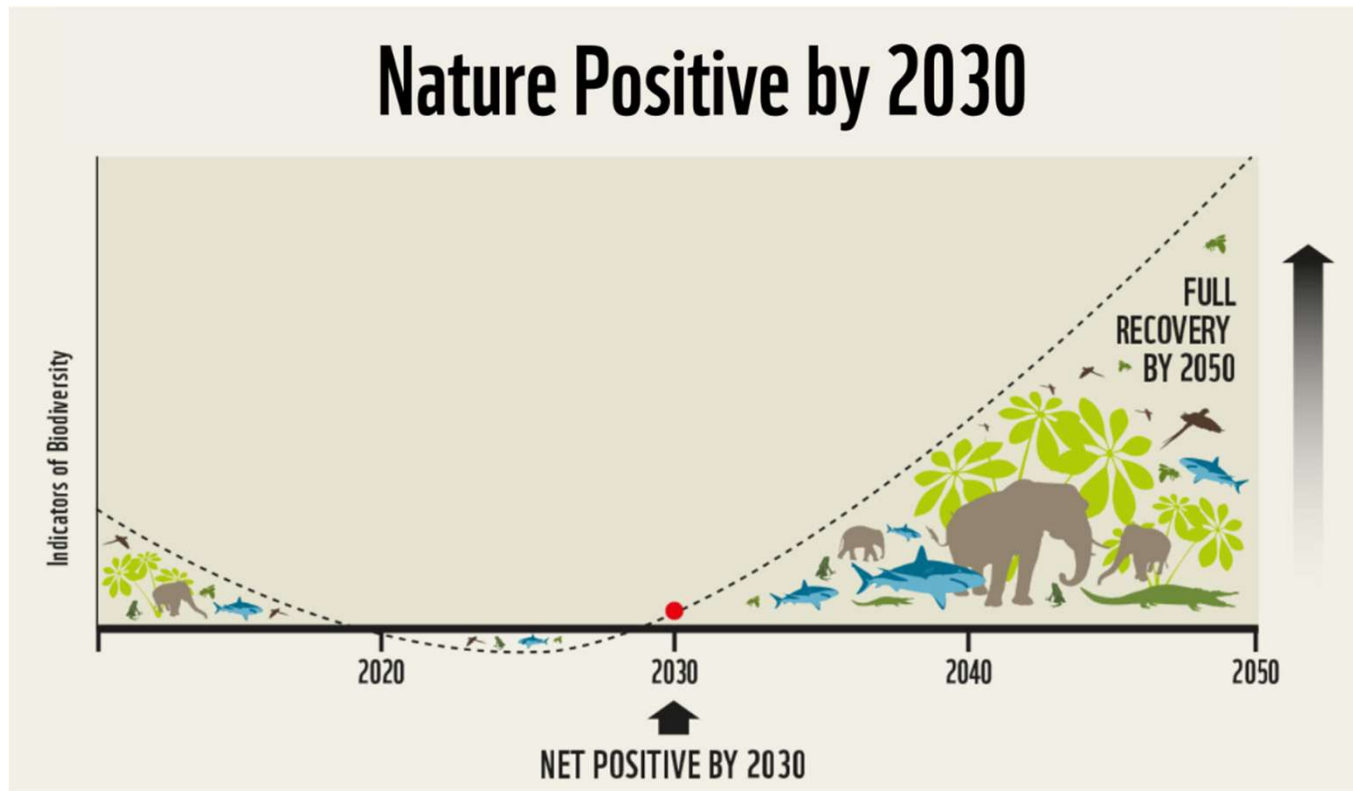
Investment Tailwinds

Solving the world's biggest challenges presents the world's biggest investment opportunities !

- › **Global Biodiversity Framework** (GBF) adopted at UN Biodiversity Conference in Montreal in 2022 (COP15) to halt and reverse nature loss: **protect 30% of land & water** and **restore 30% of degraded ecosystems by 2030** (UN)
- › **Nature-Positive Goals** (NPG) to **reverse the decline in *biodiversity* by 2030** and **restore its loss by 2050** (COP15)
- › **Nature-Based Solutions** (NBS) are actions required to protect, conserve, restore, sustainably use and manage ecosystems, for which investments need to grow from US\$200 billion/year to **US\$542 billion/year by 2030** (State of Finance for Nature 2023)
- › **Nature-Related Disclosure** by corporations to include **nature-related risks, dependencies and impacts on nature** (Taskforce on Nature-related Financial Disclosures)
- › Corporations need to mitigate their **impact on nature** to limit **legal, regulatory, reputational and market risks**
- › Regulatory crackdown on **greenwashing of ESG and “green” funds** to direct capital flows to pure play funds
- › Unintended consequences of **energy transition** (i.e. critical minerals mining, habitat loss from hydro, waste...)

Nature-Positive Goals (NPGs)

- › NPGs include reversing the decline in **biodiversity** by 2030 and restoring its loss by 2050

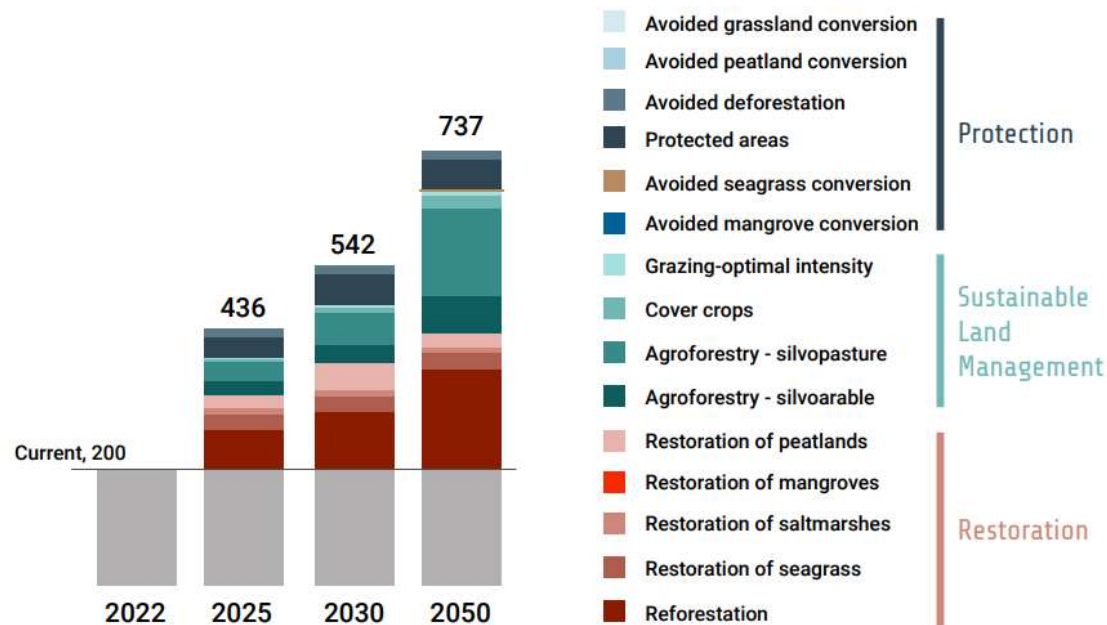


Source: naturepositive.org

Nature-Based Solutions (NBS)

- › NBSs investments needed to limit global warming, **biodiversity** loss and land degradation must grow from current estimates of US\$200 billion/year to US\$542 billion/year by 2030 and to US\$737 billion/year by 2050.

Additional annual investment needs to reach Rio targets, \$ billion (2023 US\$)



Examples of Nature-Based Solutions:

- › Biodiversity Protection
- › Forest and Peatland Restoration
- › Agroforestry
- › Regenerative Agriculture
- › Water Conservation
- › Natural Pollution Control Systems
- › Bio-based Sustainable Supply Chains

Investment Themes

Environmental Stewardship



Assessment & Monitoring
Remediation & Restoration
Natural Resource Management
Green Infrastructure

Pollution Control and Clean Technology



Water & Wastewater Treatment
Waste Management & Recycling
Air Filtration & Emission Control
Clean Technology

Sustainable Products and Processes



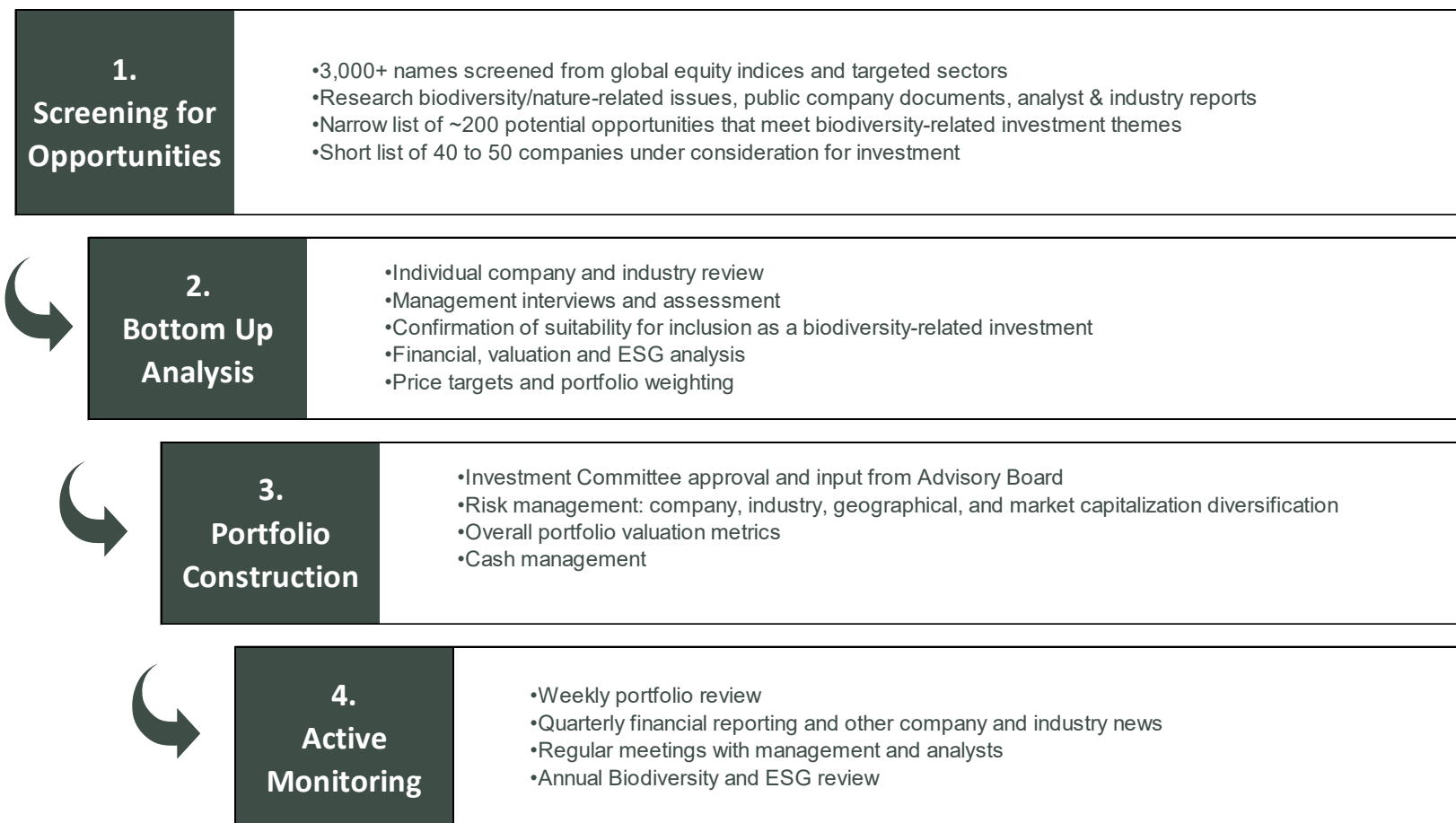
Sustainable Products
Supply Chain Solutions
Circular Economy Processes
Energy Efficiency

Sustainable Agriculture and Food Systems



Agrotechnology & Agriscience
Soil & Crop Management
Food & Beverage Systems
Fishing & Aquaculture

Screening and Investment Process



Sample Portfolio Companies*

Environmental Stewardship



Pollution Control and Clean Technology



Sustainable Products & Processes

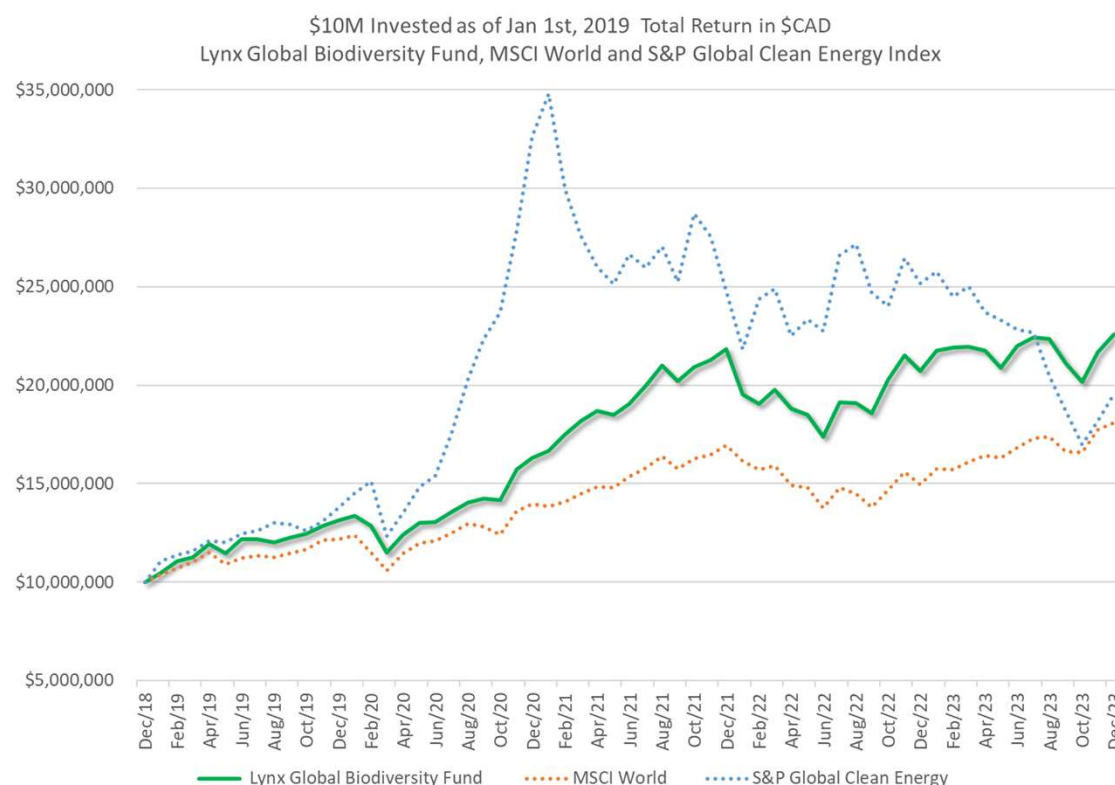


Sustainable Agriculture & Food Systems



Backtest Results

- For the 5-year period ending December 31, 2023, the **Lynx Global Biodiversity** model portfolio outperformed the MSCI World Total Return Index (in \$CAD) by 5.1% on an annualized compound basis, with superior risk metrics and capture ratios.



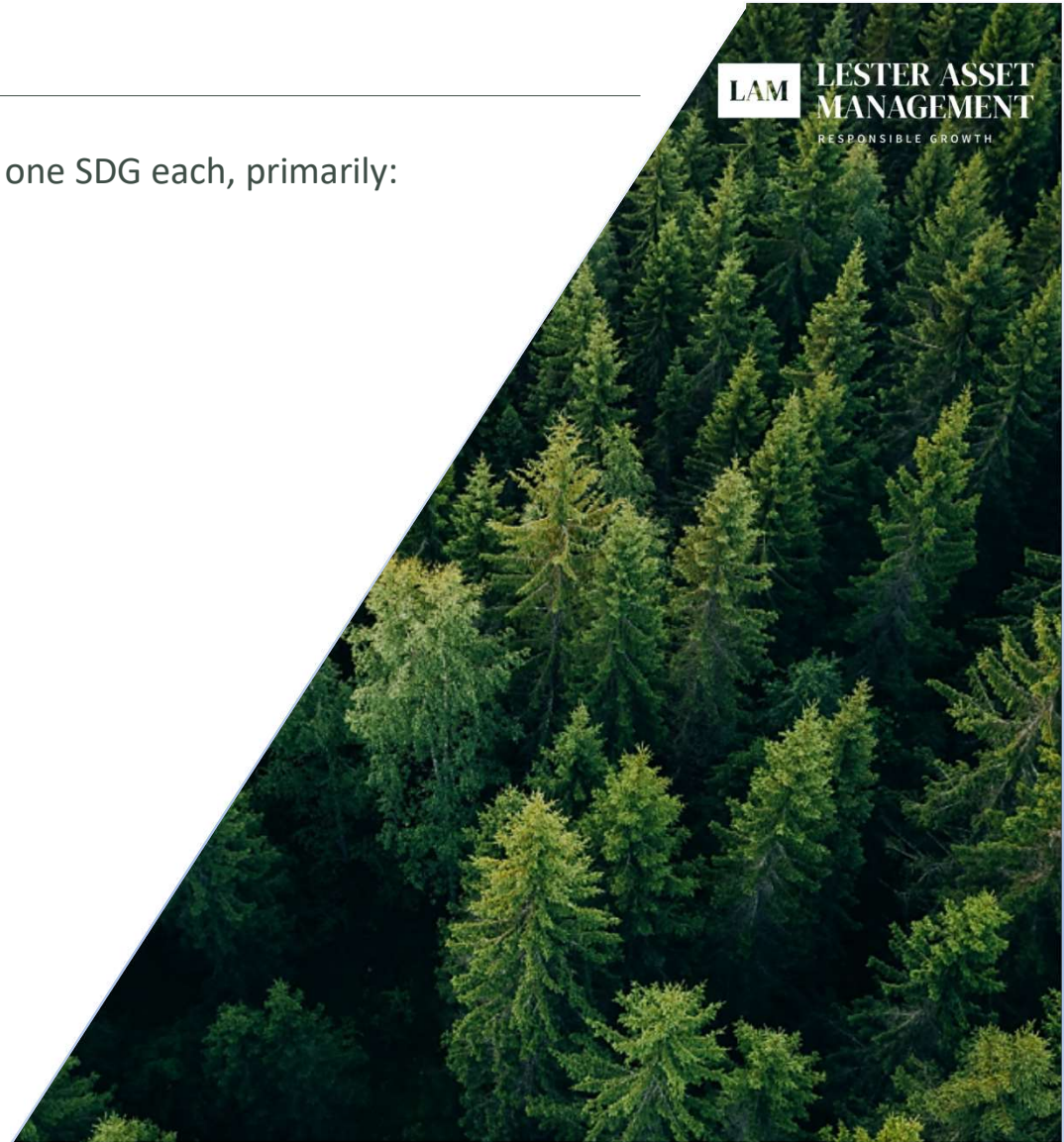
Backtest (Dec 31st 2018 - Dec 31st 2023)	LYNX	Benchmark
Total Return (annualized)	17.7%	12.6%
Alpha (annualized)	513bps	
Beta (annualized)	1.08	
R ²	0.83	
Information Ratio	0.80	
Standard Deviation (annualized)	15.7%	13.5%
Sharpe Ratio	0.88	0.64
Sortino Ratio	1.36	1.00
Upside Capture	131.7%	
Downside Capture	91.3%	
Capture Ratio	1.29	
12 month rolling		
Best period	58.1%	36.7%
Worst period	-9.1%	-12.4%
Best Alpha	18.7%	
Worst Alpha	-12.1%	

Source: Factset/Bloomberg/Excel

Sustainable Development Goals

› **Lynx Global Biodiversity Fund** holdings to address at least one SDG each, primarily:

- Life on Land #15
- Life below Water #14
- Clean Water and Sanitation #6
- Responsible Consumption and Production #12



The Lynx Global Biodiversity Fund

Investment Objectives

The Fund seeks to provide long-term capital appreciation by investing in equity securities of publicly traded companies listed on recognized global stock exchanges that operate businesses that help protect and promote biodiversity. The Fund aims to meet its objectives by investing in companies that will benefit from powerful long-term global trends related to achieving nature-positive goals and implementing nature-based solutions to halt and reverse nature loss and land degradation, protect and improve the quality of the environment including climate, promote sustainability, and addressing related issues such as water and food security.

Investment Strategies

Fundamental bottom-up analysis will be used to identify, select and monitor a diversified portfolio of companies of various market capitalizations that operate in sectors consistent with the Fund's objectives. These include environmental stewardship such as natural resource management, assessment, monitoring, remediation and restoration, pollution control such as water and wastewater treatment, waste management, recycling, air filtration and clean technology, sustainable products, processes and supply chain solutions, energy efficiency, and agrotechnology, agriscience and sustainable food systems.



Why invest in the Fund?

- › **Pure play (no “greenwashing”)** focused on megatrends to protect and restore ***biodiversity***
- › **Tailwinds** driven by **nature-positive goals, nature-based solutions, nature-related risks**
- › **Global “All-Cap” Equity** strategy aimed at beating **MSCI World Index** (5-year backtested)
- › **Low correlation** to Clean Energy/Clean Tech Indices and ETFs
- › Actively managed by **experienced Portfolio Management team & Advisory Board**
- › **Integrated ESG and SDG; TNFD Forum and Nature Action 100 engagement**
- › Montreal-based firm in North American capital of ***biodiversity*** (COP15)

Executives and Investment Team



J. Anthony Boeckh, PhD (Economics)

- Executive Chairman & Editor-in-Chief of Alpine Macro
- Founder and former Chairman & CEO BCA Research and Bank Credit Analyst
- Author of The Great Reflation (2010)



Olivier Tardif-Loiselle, CFA

- Lead Portfolio Manager, Fixed Income
- Equity sector coverage: Infrastructure, Renewable Energy, Utilities, Telecom, Financials, and Real Estate
- Over 10 years of experience



Stephen Takacsy, B. Eng, MBA (Finance)

- President, CEO, & Chief Investment Officer
- Lead Portfolio Manager, Canadian Equity
- Over 35 years of finance experience
- Founder & Chair, Conservation Manitou
- Vice-Chair, Marianopolis College Foundation



Matthew Kaszel, CFA

- Lead Portfolio Manager, Global Equity
- Over 10 years of experience
- Nature Action 100 Engagement Member
- TNFD Forum Member
- CFA ESG fundamental course

Advisory Board



Kenneth MacKinnon (Montreal, Canada)
B. A., MBA (Finance)

- CEO & Co-Founder of MKB Private Equity Fund investing in decarbonization and electrification
- 30+ years of experience in PE, Investment Banking and Technology



Jeremy Guth (Toronto, Canada)
B.A. Economics and International Relations

- Trustee of Woodcock Foundation and Director, Landscape Conservation Program
- Co-Founder of ARC Solutions and the International Wildlife Crossing Infrastructure Design Competition
- Led Nature United's Conservation Finance initiative to support Canada's Target 1



France Guertin (Orchard Park, NY, U.S.A.)
B. Eng, M. Environmental Studies

- Senior Manager, Engineered Natural Technology, leading Dow Inc's sustainability effort on biodiversity and Valuing Nature goal
- Technical Lead for Chemical Industry re: TNFD Guidance document (Taskforce for Nature-related Financial Disclosure)
- Co-Author of Making the Business Case for Nature-Based Solutions, Engineering & Ecosystems (2023)



Rishi Basak (Songdo, South Korea)
B. Agriculture & Environmental Economics
M. Environmental Economics
PhD Economics, Public Admin. & Policy

- Senior Climate Finance Consultant (CGIAR, GGGI, FAO, UNDP, World Bank)
- Director, Food Security & Sustainability, Canadian Int'l Development Agency (CIDA)
- Senior Economist & Policy Manager, Environment and Climate Change Canada

Case Study #1 - Environmental Stewardship



- › **Description:** Tetra Tech is a California-based global consulting and engineering services company providing solutions to complex problems in water, the environmental, sustainable infrastructure, and renewable energy. The company generates over \$3.75B in annual net revenue and has 27,000 employees in 550 offices worldwide. In 2023, it acquired UK-based RPS Group.
- › **Investment Thesis:** Tetra Tech's purchase of RPS will advance its leadership position in water and infrastructure with the addition of data analytics and digital technologies. Net revenues and EPS are expected to grow by 11% and 15% respectively in 2024. The company's motto *Leading with Science* and focus on water, environmental issues, renewable energy, and sustainable infrastructure aligns well with the investment themes of our fund in mitigating and restoring biodiversity loss.



Case Study #2 – Pollution Control and Clean Technology

- › **Description:** Veolia Environnement S.A. is a French multinational company which merged with Suez in 2021 and now has Euro 43 billion in revenue and 220,000 employees in 58 countries with diverse activities water management (42%), waste management (37%), and energy services (21%).
- › **Investment Thesis:** Following its merger with Suez and the realization of significant synergies, Veolia has become a global leader in environmental services and is well positioned to benefit from long-term trends of water resource management, pollution control, and renewable energy. Veolia recently reiterated its guidance for organic EBITDA growth of 5% to 7% for 2023. Veolia's stated goal is to be *the benchmark company for ecological transformation*, which matches perfectly with our investment goals.



WATER

111

MILLION PEOPLE SUPPLIED
WITH DRINKING WATER

ENERGY

44

MILLION MWH PRODUCED

WASTE

61

MILLION TONS OF WASTE
TREATED

Case Study #3 – Sustainable Products and Processes

Brambles



- › **Description:** Brambles is an Australian-based company specializing in the pooling of reusable pallets, crates, and containers, generating over \$6 billion USD in revenues worldwide. It operates in more than 60 countries and employs ~12,000 people. With a strong focus on a circular business model aimed at improving global supply chains while minimizing environmental impacts, Brambles has been recognized for its leadership in sustainability and efficient supply chain logistics. It achieved the #2 ranking in the 2024 Corporate Knights *Global 100 Most Sustainable Corporations in the World*.
- › **Investment Thesis:** As a global leader in end-to-end environmentally-friendly asset pooling, Brambles is expected to keep increasing its market share in a growing industry. This leadership, combined with a commitment to sustainability, makes Brambles a preferred choice for companies seeking to outsource pallets, crates, and container management while minimizing environmental impacts. FY2023 concluded on a strong note, with a 14% increase in revenue and a 19% rise in profits, complemented by an improvement in Return on Capital to 18.5%.

Case Study #4 – Sustainable Agriculture and Food Systems

- › **Description:** Netherlands based CNH Industrial designs, manufacturers and distributes agricultural & construction equipment, vehicles and powertrains for customers worldwide. Agriculture-related equipment revenues were ~76% of FY2023 total sales. The company's strategy and primary focus is aimed at enhancing productivity and sustainability with their advanced tractors, agricultural machinery, and precision farming technologies.
- › **Investment Thesis:** CNH Industrial is well-positioned to benefit from the rising global demand for more efficient food production. The company is concentrating on advanced agricultural technologies that aim to reduce environmental impacts which include automation, assisted electric steering, and guidance systems. CNH is well-balanced globally, and has key exposure to South America, a crucial agricultural region. CNHI recently announced a \$1B buyback program and reported record EBIT margins in both its agriculture and construction sectors. This success is attributed to the company's focus on cost control as it prepares for volume normalization in FY2024 due to softer commodities prices.





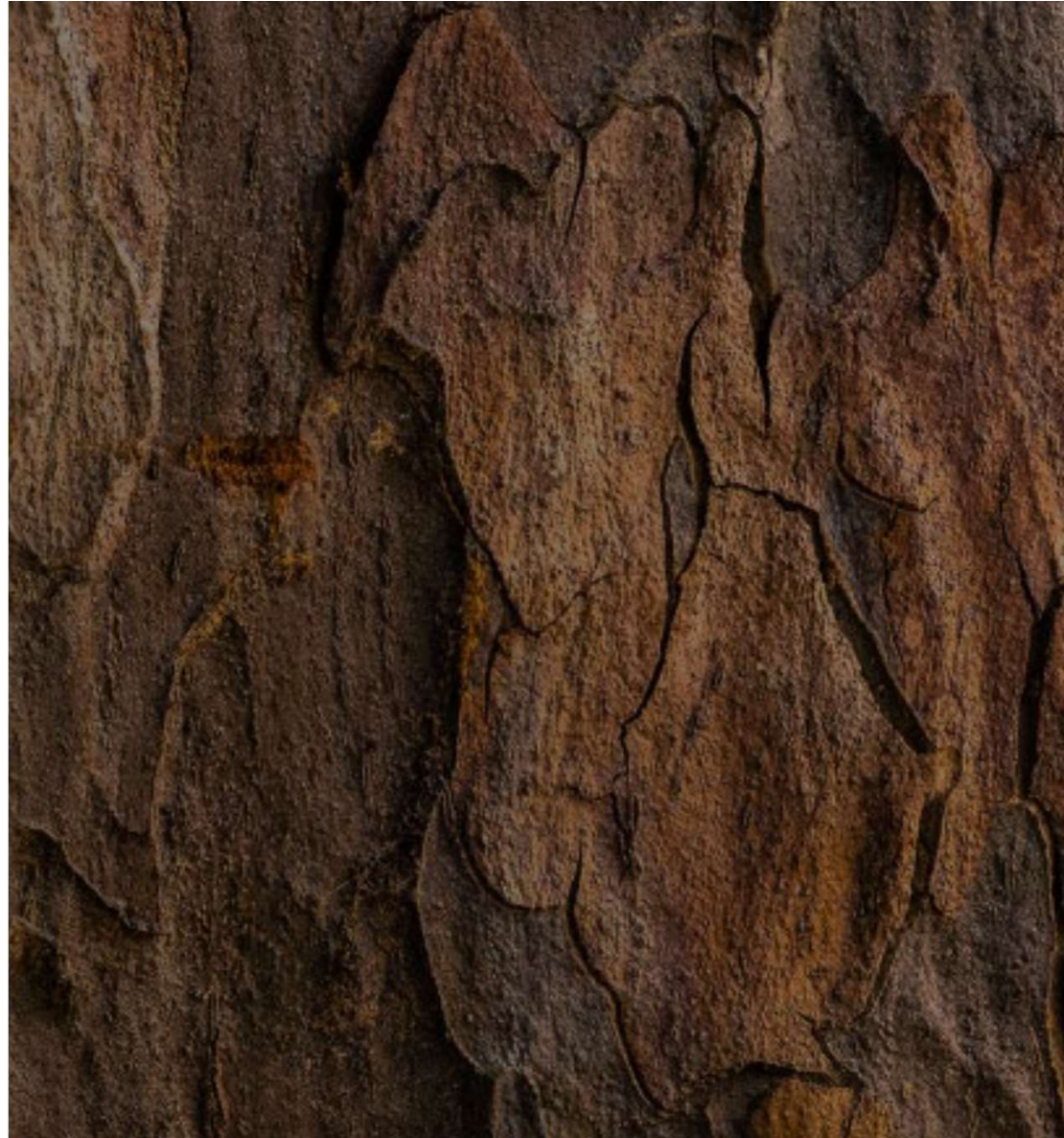
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Join LAM as a Founding Investor of
Canada's first Global Biodiversity Fund
dedicated to preserving *natural capital*:

LYNX GLOBAL BIODIVERSITY FUND



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