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Rethinking Models of Philanthropy

Editorial

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Global Head of Philanthropy
at Lombard Odier

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Including highlights on innovative financing

"We are currently working with the ICRC on a novel humanitarian impact investment to fund three physical rehabilitation centres in Africa."

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Highlights

Today's humanitarian leaders face a stark challenge: meeting social needs that are rising on an almost exponential scale.

A recent United Nations (UN) Sustainable Development Goals report presents some troubling statistics: 793 million people globally are undernourished, 2 billion lack secure water supplies, and 90% of city dwellers endure hazardous air pollution.

At the same time as humanitarian needs are rising and climate change is escalating the pace and severity of natural disasters, funding is stretched.

In response to such challenges, the nature of aid itself is changing, blurring the boundaries between philanthropy and profitable investing.

New financing mechanisms will likely be an important part of the solution to global humanitarian concerns. And in keeping with its long history of innovation, Lombard Odier is at the forefront of the drive to put capital to work in this new economic model – aligning investments with individuals' values.

New Philanthropic Models

"As global problems and financing models change, we believe we can offer superior financial and social returns without compromise, via solutions that fit easily into our clients' portfolios."

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Rethinking Models of Philanthropy

— Introduction by Dr Maximilian Martin, Global Head of Philanthropy, Lombard Odier

Dr Maximilian Martin,
Global Head of Philanthropy,
Lombard Odier

At Lombard Odier, we believe that banks and asset managers must work together with NGOs to solve the world's most pressing problems. Today, we are working at the frontline of new financing models, often in partnership with pioneering external players, including the International Committee of the Red Cross and impact investment specialist Affirmative Investment Management.

2017 – a wake-up call to the world?
This year has been a tumultuous one on the international stage: Brexit negotiations, 'Trumponomics[1]', the ongoing war in Syria, and North Korea's first intercontinental ballistic missile test, to mention just a few examples.

On the other hand, the Sustainable Development Goals[2] (SDGs) are now gaining momentum. One question is, how can innovative financing give us a hand in actually reaching the SDGs? Do we need to enlarge the toolbox? How?

Financial innovation in context
In the world of development, the term "innovative financing" first came onto the scene a little over a decade ago. Back in 2005, total Official Development Assistance (ODA) stood at 106.5bn US dollars (USD), and the Millennium Development Goals[3] (MDGs) were the logical yardstick to measure progress. In focus were mechanisms to increase financing for development objectives from private sector sources. The Paris Declaration (2005) and the Accra Agenda for Action (2008)[4] provided the context for deep thinking on how to improve the effectiveness of aid, and how to enlarge the capital pool.

Learning from the first generation of solutions
Finance whizzes then thought up a number of innovative schemes. These "first-generation" mechanisms focused mostly on redistribution, capitalising on the time value of money, and providing advance purchase commitments to lower the price point.

Examples included levies on airline tickets to finance Unitaid, an international organisation hosted by the World Health Organisation to prevent, treat and diagnose HIV/AIDS, tuberculosis and malaria. Another was the International Finance Facility for Immunisation, where donor government pledges to fund vaccinations were monetised as bonds in capital markets.

Designing the next generation of solutions
A decade later, aid from all donors to all developing countries has risen to USD 131.6 billion. Compared to the magnitude of problems, however, ODA continues to be in short supply. Taking inspiration from the first wave of innovative financing, what are the fresh opportunities? What kinds of problems do we need to target, and how?

First, consider the power of business process redesign. If one takes a look at, say, the 500 top non-governmental organisations (NGOs) worldwide published by ranking service NGO Advisor, there are quite a few with more than USD 100mn in annual turnover and strong balance sheets. These NGOs could take on debt. And regardless of how good an organisation has been historically at delivering a good or service, technical progress, including digitalisation, is opening up fresh opportunities everywhere.

A while ago, I was able to witness this first hand in a project to upgrade textile and garment factories in Bangladesh. Introducing better available technologies, lean manufacturing principles and digital-based monitoring allowed a 10% reduction in chemicals use, a 20% reduction in energy consumption, and a 25% reduction in water consumption. In a manufacturing setting, the resulting bottom-line improvements make for short payback periods and can be financed under a profit motive, likely with some concessional capital to get the market mechanism going.

1 The economic policies of US President Donald Trump

2 In September 2015, world leaders adopted 17 SDGs at a United Nations Summit. The SDGs aim to end all forms of poverty, to protect the planet, and to ensure that all people enjoy peace and prosperity. They call for countries to act together, and assume that ending poverty is best achieved by strategies that foster economic growth and address a range of social needs.

3 Precursors of the SDGs, these were eight goals set forth in the Millennium Declaration of world leaders signed in 2000, to address issues such as poverty, education, child mortality, HIV/AIDS and environmental sustainability.

4 Two forums on aid effectiveness, hosted by the Organisation for Economic Co-operation and Development

For-profit textile manufacturers routinely use letters of credit to finance production; using them for factory improvement is a logical additional step.

In a social sector setting, such gains enhance a program's effectiveness. Yet the programme ultimately still needs to be grant-funded. Innovative financing is the pathway to render such redesign and productivity improvements possible in the first place. Donors are often risk averse, but they may well be open to purchasing a demonstrated better result, if impact investors field the up-front risk.

Second, rethink complementarity and innovation. Rather than adding new actors to the development scene, traditionally, the role of innovative financing mechanisms has been to raise new funds for existing organisations. Yet today we are dealing with a number of problems that require radically new solutions. An incremental increase of an existing solution is often simply not good enough to solve our generation's grand challenges.

Here, technological progress is opening up completely new possibilities. But we need to test before we go to scale. Take the ongoing conflict that has displaced over 11 million Syrians[5]. Before the civil war, 25% of Syrians aged 18-24 were enrolled in higher education. That number now stands at less than 10%. Non-profit, tuition-free, accredited, US online education provider University of the People, a not-for-profit organisation Lombard Odier supported in the context of its annual employee year-end donations, estimates that there are over 100,000 qualified Syrian students currently left out of higher education.

Every war ends eventually. The Syrian people will then have to rebuild the country. This will require skills, and a cadre of individuals with tertiary and technical education. Whether the current cohort of students become Syria's lost generation or Syria's great generation depends in part on designing the right financing mechanisms. Online education is the easiest way to overcome the barriers that stand between refugee students and higher education. Structured as tuition scholarships, the flow of funds would be relatively straightforward.

Innovative financing could hold the solution. Consider granting the funds to build a low-cost, quality online education program in Arabic and running a first "test" batch of 2,000 students. Provided the pilot worked, to subsequently design vintages of a payment by results scheme that could be scaled up is an interesting proposition. Private investors could take the upfront risk to be reimbursed with financial return by outcome funders, once the results have been delivered.

Impact, data and the SDGs

Capital markets can help solve the grand challenges of our times, provided we give ourselves permission to come up with the solutions. So where next for innovative financing? Compared to a decade ago, there are three new factors that condition the constraint-opportunity set.

First, people's and institutions' propensity to align their investments with their values has increased dramatically. The term "impact investing" was coined only in 2007. A decade on, asset transformation by investing for impact is fast becoming the guiding principle for investors. They demand quality investment content in multiple asset classes, public and private debt and equity. Some are open to contingent return products such as social impact bonds.

Second, the power of data processing and analysis is now enabling us to take a much deeper look into what works, and to understand the externalities of the conduct of business, all at lower cost. This information can guide resource allocation decisions, help price risk, and enables business process redesign. And we are only at the beginning of rendering the power of Big Data relevant for sustainable investing and impact.

Finally, the advent of the more ambitious SDGs as a sequel to the MDGs is currently unfreezing established practices. As the SDGs are being interpreted for execution, this provides a window to rethink how we conduct and finance development.

Lombard Odier and innovative financing

At Lombard Odier, we believe that banks and asset managers must work together with NGOs to solve the world's most pressing problems. Today, we are working at the frontline of new financing models, often in partnership with pioneering external players, including the International Committee of the Red Cross (ICRC) and impact investment specialist Affirmative Investment Management.

One example of this is our work with the ICRC to develop and co-sponsor the world's first humanitarian impact debt transaction (similar to a social impact bond). This private debt instrument aims to secure financing for three physical rehabilitation centres for people with disabilities in Africa. In a partnership between the ICRC, banks, social investors, institutional funders and governments on a "pay for results" basis, the loan aims to deliver a positive financial return, as philanthropy crosses over into the impact investing space.

Other examples include our recently launched impact investing solutions: a Global Climate Change Bond fund and a Global Responsible Equity Strategy. We have also created an impact 'model portfolio', answering growing client demand for 100% impact portfolios. As the nature of global problems, financing models and investors' mind-sets change, we believe that we can offer superior financial and social returns without compromise, via solutions that fit easily into our clients' portfolios.

[5] Please note that Syria is currently subject to comprehensive sanctions and that Lombard Odier fully complies with the applicable programs, including those from the US Treasury's Office of Foreign Assets Control, and has defined prohibited/restricted rules of business with Syria.

Global Problems Require New Financing Models

Today's humanitarian leaders face a stark challenge: meeting social needs that are rising on an almost exponential scale.

A United Nations (UN) Sustainable Development Goals report, published in July 2017, presents some troubling statistics: 793 million people globally are undernourished, 2 billion lack secure water supplies, 90% of city dwellers endure hazardous air pollution, and 20% of women with a partner suffered violence in the past year[6].

"Our challenge now is to mobilise action that will bring these agendas meaningfully and tangibly to life," noted UN Secretary-General António Guterres in the report's introduction, "the pace of progress in many areas is far slower than needed."

At the same time as humanitarian needs are rising and climate change is escalating the pace and severity of natural disasters, funding is stretched.

"Given their limited capacity to scale up financial contributions and the time needed to unlock public funds, it is no longer possible to exclusively rely on governments and development finance institutions for humanitarian funding," noted Peter Maurer, President of the International Committee of the Red Cross (ICRC), at a Lombard Odier roundtable at the World Economic Forum in Davos in January 2017.

In response to such challenges, the nature of aid itself is changing, blurring the boundaries between philanthropy and profitable investing.

"In the past, humanitarian work was all about logistics; today you need to be a book-keeper and a financial expert to be effective," observes Ambassador Manuel Bessler, Head of Swiss Humanitarian Aid.

New financing mechanisms will likely be an important part of the solution to global humanitarian concerns. And in keeping with its long history of innovation, Lombard Odier is at the forefront of the drive to put capital to work in this new economic model – aligning investments with individuals' values.

Lombard Odier Senior Managing Partner Patrick Odier points out that "there is a growing sensibility of the capital markets today toward impact investing and its different instruments, which allow for a vastly more efficient use of resources."

Significant work remains ahead. Financing solutions need to be able to work at scale and be compelling to the public at large. Collaboration between the public and private sectors and non-profits is key to unblocking the road to progress. Lombard Odier's Davos roundtable reached the following conclusions:

- In principle, governments want to embrace innovation. But the incentives are stacked to make it easier to keep doing things as before. Trying out a potentially more effective new solution also holds greenfield risk. It just may not work.
- Collecting and analysing data makes it easier to action innovation. Using data, we can anticipate and hedge some of the risks. Data provides an important new lever to convince public authorities and to incentivise private investment.
- A data-driven approach also enables governments who need detailed reporting for each taxpayer dollar spent.
- Perhaps as important as the technical side of things, if we want private funding for good to take off, we need a compelling rationale for all audiences. Why do investors need to be engaged through the market mechanism to absorb risk? Why is it appropriate to compensate them for the risks that they are taking on? How can we avoid 'profiting from the poor'?

Enabling new forms of capital investment may be the only way to reach the scalability needed to address the world's pressing humanitarian and developmental challenges. Of course, innovation is a risky business. But some risks are worth taking.

The ICRC's Peter Maurer believes investors must accept that "there is a difference between risk and uncertainty. We can reasonably hedge risk. Uncertainty is part of this world and we need to accept that we can lose money."

One way of easing investors into new models is to target innovative projects at specific markets.

"To make this work we should not pick the most difficult projects first," believes Kristalina Georgieva, Chief Executive Officer of the World Bank and Co-Chair of the UN Secretary-General's high-level panel on humanitarian financing.

"Middle income countries are not immune to humanitarian crises. But they have markets that work. By testing financial innovation there, we can free up donor money for the poorest places."

Of course, moving capital in scale towards a new idea is what financial markets have done for centuries. Back in the nineteenth century, railway bonds were a new idea. Today, it is useful to recall the pace of progress the 'green bond' market has made in recent years.

"Funding projects that have positive environmental and/or climate benefits by leveraging the strength of the issuer's balance sheet was a new idea in 2007. Last year, issuance reached 81 billion US dollars," notes Patrick Odier.

The promise of innovative funding models for development and humanitarian impact is massive. A creative, solutions-oriented mind-set is key. Getting this right will be a learning process for all parties.

"We need to look for the sweet spot together," says Belgian Deputy Prime Minister and Minister of Development Cooperation Alexander de Croo.

"Which combination of social impact and financial return unlocks the greatest amount of fresh investment? The risk is that by limiting risk as much as possible, we do nothing."

With the world's social and environmental problems growing in scale and urgency, standing still is the one option we don't have.

[6] 'The Sustainable Development Goals Report 2017', United Nations, 17 July 2017

Cancer Research Funding: Navigating A Competitive Environment

Cancer will surpass heart disease as the world's leading killer by 2030, according to the World Health Organisation. The question is: how can research & development and new models of healthcare help us find the treatments and solutions we need?

One fundamental challenge in the space is that developing effective cancer treatments requires tremendous financial means and patience. Not every research idea translates into a viable drug. The only alternative to a successful project is usually a total loss of invested funds.

Cancer research veteran Dr Charles Akle, founder of biotechnology firm Immodulon, calls cancer "a snake hiding in plain sight," and highlights the many obstacles to finding effective new drugs.

Cancer is a multitude of different diseases, making it difficult to find catch-all cures. It can be highly unstable, mutating to evade previously successful therapies. Cancer cells are in effect human cells, and treatments that damage them often damage healthy tissue. Meanwhile, a patient's propensity to develop cancer, and their responses to drugs, can vary according to their own genetic make-up.

On the positive side, cancer research is currently at a cusp where exciting drugs are being developed, thanks to new and ever-cheaper technologies, including advances in DNA sequencing, computing power, biomarkers, gene editing, and protein analytics.

"Technological advances are driving significant value creation in cancer research," says Dr Alfred Scheidegger, founder of Nextech Invest, a global investment advisor with a focus on oncology.

"We're seeing a paradigm shift in cancer drug development, and an improved risk-return relationship due to a number of scientific breakthroughs, providing many interesting investment opportunities."

The more widespread availability of genetic data, combined with innovations in biotechnology, nanotechnology and robotics are also ushering in a new era of 'personalised' healthcare solutions, including identifying which patients have the appropriate genetic profile to benefit from which drugs.

"Personalised medicine can mean smaller clinical trials, with lower costs, and an improved risk-benefit profile of prospective treatments, with fewer side effects," adds Dr Scheidegger.

"Once identified, breakthrough cancer therapies can also benefit from special regulations – with on average a 50% shorter approval time now in the US than regular drug candidates."

Such advances have brought an increased focus and funding on the disease. Cancer research now represents over 4% of all research performed globally, estimates analytics firm Elsevier, and worldwide, cancer research output has increased year-on-year for the past decade.[7]

For big pharmaceutical firms, cancer treatments can be a lucrative market. The total cost of cancer therapeutics and medicines reached an estimated USD107 billion in 2015, a year-on-year increase of 11.5%[8]. New drugs for previously untreatable cancers can garner eye-watering prices.

An astounding 19 of the top 20 global pharma companies now have an active pipeline of late-stage cancer drugs, and over 500 companies in total were developing late-stage drug candidates in 2016[9].

But notwithstanding all these positive developments, problems remain at the other end of the pipeline.

"There is still a lack of funding to transform academic research into innovative products and services to benefit patients," says Isabelle Pelletier-Bressac, who runs the business development company affiliated to Europe's leading cancer research centre, the Gustave Roussy centre in Paris. "This funding gap is critical in oncology," she adds, pointing out that "The fact that Europe has a number of leading cancer research centres should be an enormous source of innovations - therefore we will need to come up with new ways to translate Europe's high-quality research into companies and solutions."

Public money and philanthropic donations continue to be essential to feed the research pipeline and overcome roadblocks, particularly in the highly-risky, very early stages of research and development (see Figure on opposite page).

"Both early-stage philanthropic donations and late-stage venture capital are needed to win this battle," notes Eveline Mumenthaler, member of the board of directors, Switzerland's Rising Tide Foundation.

"A combination of the two is necessary to supply enough pipeline candidates and to produce enough successful exits to keep funders motivated."

Accelerating progress will require innovative ways to mobilise capital, where philanthropy and investment complement each other. Lombard Odier is excited by the many possibilities in this space.

We can help would-be donors find and fund exciting early research projects, or broaden out the field: to nurturing promising young researchers in emerging countries; funding training initiatives or fellowships; or supporting academics and clinicians financially, so they can join full-time research projects.

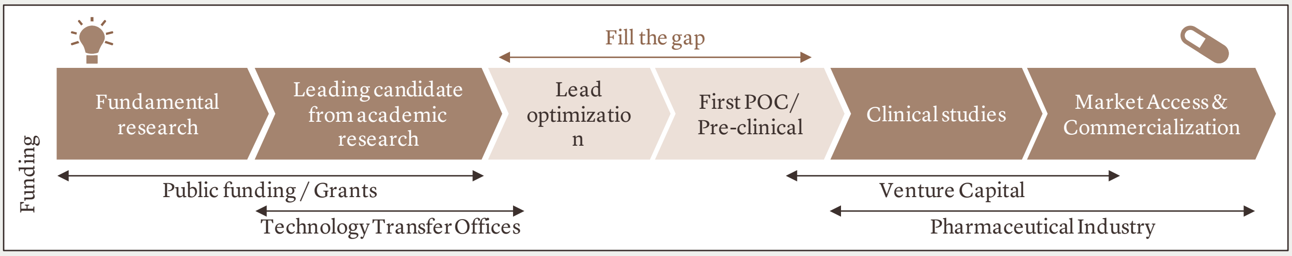
We have an established partnership with the Union for International Cancer Control (UICC), an umbrella body of all organisations involved in the fight against cancer. We can also help clients work with venture capital firms like Nextech Invest, or medical research funding organisations like the UK's Rosetrees Trust.

[7] 'Cancer Research, Current Trends & Future Directions', Elsevier, March 2017

[8,9] Source: IMS Institute for Healthcare Informatics

Gaps in the Solutions Eco-system

- Acceleration of innovations aims at transforming research projects into products and services through the creation of start-ups, that will fill the gap between research organizations and the industry



- In the drug development value chain there is a funding gap for the optimization of a lead candidate and the generation of the first proof-of-concept pre-clinical studies
- Private investors are very often not willing to support early research due to the high risk of failure and the many years before commercialization of the product
- Although some programs from Technology Transfer Offices or Venture Capitalists try to address this issue, there is a high need for funding drug candidates in early-development, in particular in oncology

Figure: The oncology research-solutions eco-system (Source: adapted from Gustave Roussy)

Since 2013, Lombard Odier's umbrella foundation, Fondation Philanthropia has been the largest private donor to the Gustave Roussy cancer centre, enabling it to purchase the latest version of an advanced surgical robot called the 'Da Vinci', and to undertake new research for its use.

Building on our longstanding engagement in the field of oncology, we will continue to offer our clients novel, high-impact solutions as we enter a new era of ground-breaking research and innovative drugs.

Can Innovative Financing Take Philanthropy to The Next Level?

We live in a world of unprecedented opportunity. The Fourth Industrial Revolution – with new technological breakthroughs from artificial intelligence and nanotechnology to robotics, 3D printing, and autonomous vehicles - has started to change the way we live, work and connect.

But at the same time as powerful new solutions are emerging, social needs around the world are also reaching a new level of urgency.

The United Nations High Commission for Refugees notes that 65 million people are now displaced by wars and persecution – more than at any time since records began back in 1950[10]. Meanwhile, the US Food and Agriculture Organisation estimates that the world will need to produce as much as 60% more food to sustain 2050's global population of 9 billion[11].

Given this emerging set of opportunities and constraints, how are new financing models transforming how philanthropy works, and how the sector can move finance for society forward?

This was the focus of a Lombard Odier seminar held earlier this year in Gstaad, Switzerland, in which Yves Daccord, Director-General of the International Committee of the Red Cross (ICRC); Antonella Notari, Director of the Womanity Foundation; and Lombard Odier's global philanthropy head Dr Maximilian Martin discussed new financing solutions.

In his opening remarks, Mr Daccord pointed out how fast the traditional agenda of humanitarian actors is becoming "everyone's agenda."

Mr Daccord oversees one of the world's largest potential agents for change in the humanitarian sector, with a field budget of over 1.5 billion Swiss francs in 2016. He believes capital markets have a key role to play in addressing the world's problems.

"Without social peace and security, it is hard to do business for the long term. At a time when the digital revolution and the development of new technologies are impacting our lives and societies profoundly, there is little international convergence between nation states to build on to solve global challenges."

"The humanitarian sector needs to adapt to this new world. We must dare to attempt more innovation faster, and we must work hard to include newer actors such as China or Russia, as well as key corporate players, in problem solving."

As one example of such innovative approaches, the ICRC is currently working with Lombard Odier on a 'Programme for Humanitarian Impact Investment,' an innovative financing instrument to fund the construction and operation of physical rehabilitation centres in countries including Mali, Nigeria and the Democratic Republic of Congo.

The instrument aims to tap funding from a wide variety of players, including governments, banks, institutional and private investors, and pay a 2% annual coupon, as well as a variable return payment to investors after five years, based on the success of the programme's operations.

Dr Martin notes that the ICRC's "rethink everything" approach to philanthropy – where the boundaries between investing and traditional charitable giving are blurred - is echoed in Lombard Odier's own philosophy and core values.

"Our Maison has worked closely with external partners to shape creative financial and socially responsible solutions for over 200 years," he says.

"In the last twenty years, we have worked with microfinance pioneers Blue Orchard and helped found Ethos – the Swiss Foundation for Sustainable Development, and Sustainable Finance Geneva. This year we created a truly innovative climate bond fund with industry experts Affirmative Investment Management."

Ms Notari from the Womanity Foundation, a private philanthropic foundation dedicated to empowering women and girls in developing and emerging countries, shares her fellow speakers' passion for innovation, and creating new solutions to meet upcoming challenges.

"We believe in taking risks, collaborating, scaling up, and crucially in measuring the impact of each of our programmes. Financial innovation to enable greater capital investment is key to taking philanthropy to the next level."

Building on these approaches, the Womanity Foundation has provided new sources of financing to educate girls in Rajasthan, India; created the first coding and web development opportunities for girls in public schools in Afghanistan; and incubated Palestine's first women-run radio station.

"When we talk about collaboration, we also mean moving beyond the traditional sphere of financial donations – to sharing time, resources and professional expertise," she explains.

Womanity's 'WomenChangeMakers' programme helps social entrepreneurs become catalysts for change. Its work in Brazil and India has seen over 5,000 hours of professional expertise 'donated' over the last four years.

"We are also firm believers in the power of tech to empower women and combat violence against women," adds Ms Notari.

The 2016 'Womanity Award' focused on innovation in preventing violence against women using technology, and is working to build a collaborative network of tech and women's rights actors.

Lombard Odier shares the passion of so many of today's philanthropic leaders – to do good in a world where some established models are becoming obsolete, concludes Dr Martin.

"The creation of innovative financing models not only promises greater social impact; it may be critical for humanity to solve the challenges now before us."

10 UN SDG report, July 2017

11 How to Feed the World in 2050, FAO publication, September 2009

Can Big Data Transform Charitable Giving and Investing?

Mobile devices have become essential tools in today's society, with an estimated 2.5 quintillion[12] bytes of data created every day – and 90% of the world's current data created in the last two years alone[13].

But how will Big Data change the way we work, invest and give to charity? Can these voluminous amounts of structured, semi-structured and unstructured data steer new forms of value creation, in terms of both financial value and social impact?

"With Big Data, finance for good can become the mainstream," argues Patrick Odier, Senior Managing Partner at Lombard Odier. This summer Bank Lombard Odier & Co Ltd hosted twin events in Geneva and Zurich, where internal and external experts met to debate the promise and challenges of this new data revolution.

Lionel Bodin, Europe Lead of the Accenture Development Partnerships (ADP) team, said he expects the effect of Big Data on development and philanthropy to be a "slow burn" rather than a big bang – but with a huge impact.

"Smart phones and mobile payment systems are just the tip of the iceberg," he notes.

"As data helps us better understand and serve people's needs, and digital working becomes part of organisations' DNA, Big Data will help us identify the most powerful interventions - including evidence-based, targeted resource deployment."

Mr Bodin believes that collaborative digital eco-systems, sometimes financed via new forms of giving such as crowd-funding, "can put people back at the heart of international development."

Data collection and analysis is already allowing charities to make better-informed funding decisions. Mr Bodin gave the example of the Living Goods project in Uganda, an initiative of the Children's Investment Fund Foundation, offering locals essential health products such as diarrhoea and malaria medicines, bed-nets and contraceptives.

Data from cluster-randomised trials showed positive effects in children's health (including a 26% reduction in under-five mortality) and postnatal care in treatment villages, versus villages that did not receive project support. This evidence led to a second, larger investment in the Living Goods project.

ADP has also helped develop an e-learning App for health-workers in rural Africa, providing instant access to training resources, collecting data and connecting co-workers spread over large areas via a group chat facility. The App demonstrates that improved data accessibility and collection can provide multiple benefits, including increased employee retention and a new-found sense of community.

Antonella Notari, Executive Director of the Womanity Foundation, believes charitable foundations can use the new opportunities offered by a data-driven world to their advantage. At the project level, the foundation's experience with data includes the first coding and web-development courses for girls in public schools in Afghanistan, and the first development impact bond to educate girls in India with impact-based funding.

And while charities are already seeing multiple operational benefits and opportunities at the project level, Robert de Guigné, Head of Socially Responsible Investing & Environmental, Social and Governance solutions at Lombard Odier Investment Managers, believes the world of responsible investing is at the verge of an analogous disruption.

"Cheaper and more abundant information is enabling us to invest capital in ever more efficient ways," he notes. "At Lombard Odier, our proprietary data analytics platform allows us to gain deep insights into what corporations say and do about sustainability."

"Big Data will enable investors to zoom in even better on the risks associated with unsustainable corporate behaviour, and the resulting implications for reputation and financial performance."

"This is also relevant for philanthropic actors, who want the management of their assets to be aligned with their missions," he adds.

The momentum behind data accretion, and its collection may be amazing - but analysing and acting on it requires tapping into the right skill sets.

"The world of foundations may only be starting to explore it, but the potential is significant," argues Dr Philipp Kudlich, who works with family offices and foundations at Lombard Odier Asset Management (Switzerland) SA.

"Data from the internet and social media is increasingly driving financial performance and social impact. Our platform approach to responsible investing allows us to tailor solutions to our clients' needs."

The data revolution is only just beginning. The digital universe will be an estimated 40 times larger by 2020[14]. Applying new sources of data to investment decisions and philanthropic giving is a powerful way to help us seize opportunities and deal with humanity's urgent challenges, and we are excited to put this huge potential at our clients' fingertips.

[12] A million raised to the power of five (10^{30}), or 1,000,000,000,000,000,000,000,000,000,000

[13] IBM estimates

[14] Source: EMC Dell IDC Country Brief, 'The Digital Universe in 2020: Big Data, Bigger Digital Shadows, and Biggest Growth in the Far East- United States.'

New Ways to Fight AIDS, Tuberculosis and Malaria: The Global Fund

The Global Fund

Incorporated as a foundation under Swiss law, The Global Fund's mission is to end HIV/AIDS, tuberculosis (TB) and malaria as epidemics. With the Bill & Melinda Gates Foundation as the lead funder, the foundation was founded in 2002 by governments, civil society and the private sector. The world's largest financier of anti-AIDS, TB and malaria programmes, as of July 2016 it had disbursed USD 30 billion to countries and communities in need. Its footprint includes 9.2mn people on antiretroviral therapy for HIV, 15.1mn people who have received TB treatment, and 659mn mosquito nets distributed by programmes for malaria. The foundation's Secretariat is located in Geneva and comprises over 700 staff.

The Global Fund – a foundation whose mission is to eradicate AIDS, tuberculosis and malaria as epidemics – is a ground-breaking public-private partnership, and a key player in the innovative charitable financing world.

The foundation has disbursed an impressive USD 30 billion in its 15 years of existence in the fight against the three diseases. In July 2017 it hosted a debate in London on what "doing well by doing good" means in the field of public health, investigating links with sustainable development, and innovative forms of partnership and financing with participants from the corporate, charitable and public sector spheres.

According to the Business and Sustainable Development Commission's recent report "Valuing the Sustainable Development Goals Prize," sustainable business models could open up economic opportunities worth up to USD 12 trillion by 2030, and create 380 million jobs. In the health and well-being sector alone, the largest business opportunities could be worth USD 1.8 trillion.[15]

With this perspective in mind, eight speakers and panellists, including Lombard Odier's Dr Maximilian Martin, debated The Global Fund's proposition and opportunities on the horizon:

- What is the private sector's role in the fight against the three diseases The Global Fund targets? How can we defeat these diseases together?
- How can allocating resources to The Global Fund generate social impact while delivering economic growth and value? What's the scope for innovative business models?
- Understanding the impact, and showcasing The Global Fund partnerships as a smart, effective mechanism to save lives.

Anna Wechsberg, a policy director at the UK's Department of International Development and Anja Langenbucher, Director Europe at the Bill and Melinda Gates Foundation, discussed the importance of uniting public and private funding. Since the Global Fund was created, the public sector has been responsible for 95% of pledges, with the remaining 5% from the private sector or other financing initiatives, including the Gates Foundation.

Robbie Brozin, co-founder of restaurant chain Nando's, talked about his company's involvement in the 'Goodbye Malaria' campaign, an Africa-run initiative to eliminate malaria in Mozambique. The campaign benefits Global-Fund supported programmes in Mozambique and mobilises fund-raising and advocacy against malaria, while creating simultaneously employment opportunities.

Unilever's Rebecca Marmot, vice president of global partnerships, talked about Unilever's own Sustainable Living Plan, a programme to create change across the company's value chain – from operations to sourcing – and the ways consumers use Unilever products. The Plan, launched in 2010, is built around three big goals, one of which is to help more than a billion people to improve their health and hygiene by 2020, thereby reducing the incidence of life-threatening diseases like diarrhoea.

Lombard Odier's Dr Martin spoke about the bank's many innovations in socially responsible and impact investing, adding that "talks with The Global Fund about ways of collaborating started six months ago are progressing very well, eventually leading to a strong partnership."

Relationship managers from Lombard Odier's London office Karl Auersperg-Breunner, Duygu Gözeler Porchet, and Dylan Samuel found it "energising that our work is opening access to the world of philanthropy and collaborating with world leading players such as the Gates Foundation. Sophisticated philanthropy's ability to draw private clients into its orbit is increasing at an exponential rate."

Dr Torsten Wegner from Lombard Odier Asset Management (Switzerland) SA added, "our clients think 'impact' across more and more dimensions. It's our job to come up with the corresponding investment solutions."

The Sustainable Development Goals

For the 2030 Agenda for Sustainable Development, world leaders adopted 17 Sustainable Development Goals (SDGs) in September 2015 at a United Nations Summit. Entering into force in 2016, the SDGs aim to end all forms of poverty, to protect the planet, and to ensure that all people enjoy peace and prosperity. The SDGs call for poor, rich and middle-income countries alike to act, and assume that ending poverty is best achieved by strategies that foster economic growth and address a range of social needs including education, health, social protection, and job opportunities, while also tackling climate change and environmental protection. SDG #3 ("good health and well-being") and SDG #7 ("clean water and sanitation") are most directly linked to global public health.

[15] See Business and Sustainable Development Commission, 2017, "Valuing the SDG Prize"

We’ve grown stronger through 40 financial crises,

not by standing still and waiting for them to pass,

but by re-evaluating and rethinking the world around us.

We’ve used imagination and innovation to create a different perspective

on the world for our clients and ourselves. It’s this ability and desire

to constantly rethink that brings stability.

That is what makes us different.

LOMBARD ODIER. RETHINK EVERYTHING.

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SWITZERLAND

GENEVA
Bank Lombard Odier & Co Ltd[1]
Rue de la Corraterie 11 · 1204 Genève · Suisse
geneva@lombardodier.com
Lombard Odier Asset Management (Switzerland) SA
Avenue des Morgines 6 · 1213 Petit-Lancy · Suisse
Support-Client-LOIM@lombardodier.com
Management Company regulated by the FINMA.

FRIBOURG
Banque Lombard Odier & Cie SA · Bureau de Fribourg[1]
Rue de la Banque 3 · 1700 Fribourg · Suisse
fribourg@lombardodier.com

LAUSANNE
Bank Lombard Odier & Co Ltd[1]
Place St-François 11 · 1003 Lausanne · Suisse
lausanne@lombardodier.com

VEVEY
Banque Lombard Odier & Cie SA · Agence de Vevey[1]
Rue Jean-Jacques Rousseau 5 · 1800 Vevey · Suisse
vevey@lombardodier.com

ZURICH
Bank Lombard Odier & Co Ltd[1]
Utoschloss · Utoquai 29-31 · 8008 Zürich · Schweiz
zurich@lombardodier.com

EUROPE

AMSTERDAM
Lombard Odier (Europe) S.A. · Netherlands Branch[2]
Herengracht 466 · 1017 CA Amsterdam · Nederland
amsterdam@lombardodier.com
Credit institution supervised in the Netherlands by De Nederlandsche Bank (DNB) and Autoriteit Financiële Markten (AFM).

BRUSSELS
Lombard Odier (Europe) S.A. Luxembourg · Belgium branch[2]
Avenue Louise 81 · Box 12 · 1050 Brussels · Belgium
brussels@lombardodier.com
Credit institution supervised in Belgium by the Banque nationale de Belgique (BNB) and the Financial Services and Markets Authority (FSMA).

GIBRALTAR
Lombard Odier & Cie (Gibraltar) Limited
Suite 921 Europort · P.O. Box 407 · Gibraltar
gibraltar@lombardodier.com
Authorised and regulated by the Gibraltar Financial Services Commission (FSC) to conduct banking and investment services business.

[1] *Private bank and securities dealer authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).*

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LONDON
Lombard Odier (Europe) S.A.[2]
Queensberry House · 3 Old Burlington Street · London W1S 3AB · United Kingdom
london@lombardodier.com
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Lombard Odier Asset Management (Europe) Limited
Queensberry House · 3 Old Burlington Street · London W1S 3AB · United Kingdom
london@lombardodier.com
Investment firm authorised and regulated by the Financial Conduct Authority (FCA register No. 515393).

LUXEMBOURG
Lombard Odier (Europe) S.A.
291, route d'Arlon · 1150 Luxembourg · Luxembourg
luxembourg@lombardodier.com
Credit institution authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.
Lombard Odier Funds (Europe) S.A.
291, route d'Arlon · 1150 Luxembourg · Luxembourg
luxembourg@lombardodier.com

MADRID
Lombard Odier (Europe) S.A. · Sucursal en España[2]
Paseo de la Castellana 66 · 4ª Pl. · 28046 Madrid · España · madrid@lombardodier.com
Credit institution supervised in Spain, by the Banco de España and the Comisión Nacional del Mercado de Valores (CNMV).
Lombard Odier Gestión (España) S.G.I.I.C, S.A.U.
Paseo de la Castellana 66 · 4ª Pl. · 28046 Madrid · España · madrid@lombardodier.com
Management Company supervised by the Comisión Nacional del Mercado de Valores (CNMV).

MILAN
Lombard Odier (Europe) S.A. · Succursale in Italia[2]
Via Santa Margherita 6 · 20121 Milano · Italia
milano-cp@lombardodier.com
Credit institution supervised in Italy by the Commissione Nazionale per le Società e la Borsa (CONSOB) and la Banca d'Italia.

MOSCOW
Bank Lombard Odier & Co Ltd · Representative Office Moscow
82 Sadovnicheskaya Street · 115 035 Moscow · Russian Federation · moscow@lombardodier.com
Under the supervisory authority of the Central Bank of the Russian Federation.

PARIS
Lombard Odier (Europe) S.A. · Succursale en France[2]
8, rue Royale · 75008 Paris · France.
RCS PARIS B 803 905 157 · paris@lombardodier.com
Credit institution supervised in France by the Autorité de contrôle prudentiel et de résolution (ACPR) and by the Autorité des Marchés Financiers (AMF) in respect of its investment services activities. Business permit No. 23/12. Registered in Luxembourg No. B169 907.
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BERMUDA
Lombard Odier Trust (Bermuda) Limited
3rd Floor, Victoria Place · 31 Victoria Street · Hamilton HM 10 · Bermuda · bermuda@lombardodier.com
Licensed to conduct Trust and Investment Business. Supervised by the Bermuda Monetary Authority (BMA).

DUBAI
Bank Lombard Odier & Co Ltd · Representative Office Dubai
Conrad Business Tower · 12th Floor · Sheikh Zayed Road · P.O. Box 212240 · Dubai · UAE
dubai@lombardodier.com
Under the supervisory authority of the Central Bank of the UAE.

HONG KONG
Lombard Odier (Hong Kong) Limited
3901, Two Exchange Square · 8 Connaught Place · Central · Hong Kong · hongkong@lombardodier.com
A licensed entity regulated and supervised by the Securities and Futures Commission in Hong Kong.

ISRAEL
Israel Representative Office · Bank Lombard Odier & Co Ltd
Museum Tower, 7th floor · 4 Berkowitz Street · Tel Aviv 6423806 · Israel · telaviv@lombardodier.com
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MONTREAL
Lombard Odier & Cie (Canada), Limited Partnership
1000 Sherbrooke Street West · Suite 2200 · Montreal (Quebec) · Canada H3A 3R7
montreal@lombardodier.com
Regulated by the Autorité des Marchés Financiers du Québec.

NASSAU
Lombard Odier & Cie (Bahamas) Limited
Goodman's Bay Corporate Centre · West Bay Street · P.O. Box N-4938 · Nassau · Bahamas
nassau@lombardodier.com
Supervised by the Central Bank of the Bahamas and the Securities Commission of the Bahamas.

PANAMA
Lombard Odier & Cie (Bahamas) Limited · Representative Office in Panama
Oceania Business Plaza Torre 2000 · Oficina 38-D · Blvd. Pacifica · Urb. Punta Pacifica · Corregimiento de San Francisco · Panamá · panama@lombardodier.com
Supervised by the Central Bank of the Bahamas and the Superintendencia de Bancos de Panamá.
Lombard Odier (Panama) Inc.
Oceania Business Plaza Torre 2000 · Oficina 38-D · Blvd. Pacifica · Urb. Punta Pacifica · Corregimiento de San Francisco · Panamá · panama@lombardodier.com
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SINGAPORE
Lombard Odier (Singapore) Ltd.
9 Raffles Place · Republic Plaza #46-02 · Singapore 048619 · singapore@lombardodier.com
A merchant bank regulated and supervised by the Monetary Authority of Singapore.

TOKYO
Lombard Odier Trust (Japan) Limited
Izumi Garden Tower 41F · 1-6-1 Roppongi, Minato-ku · Tokyo 106-6041 · Japan
tokyo@lombardodier.com
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