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Mini-Bond Market Assessment



Report of Findings

25 June 2019

Confidential & Proprietary

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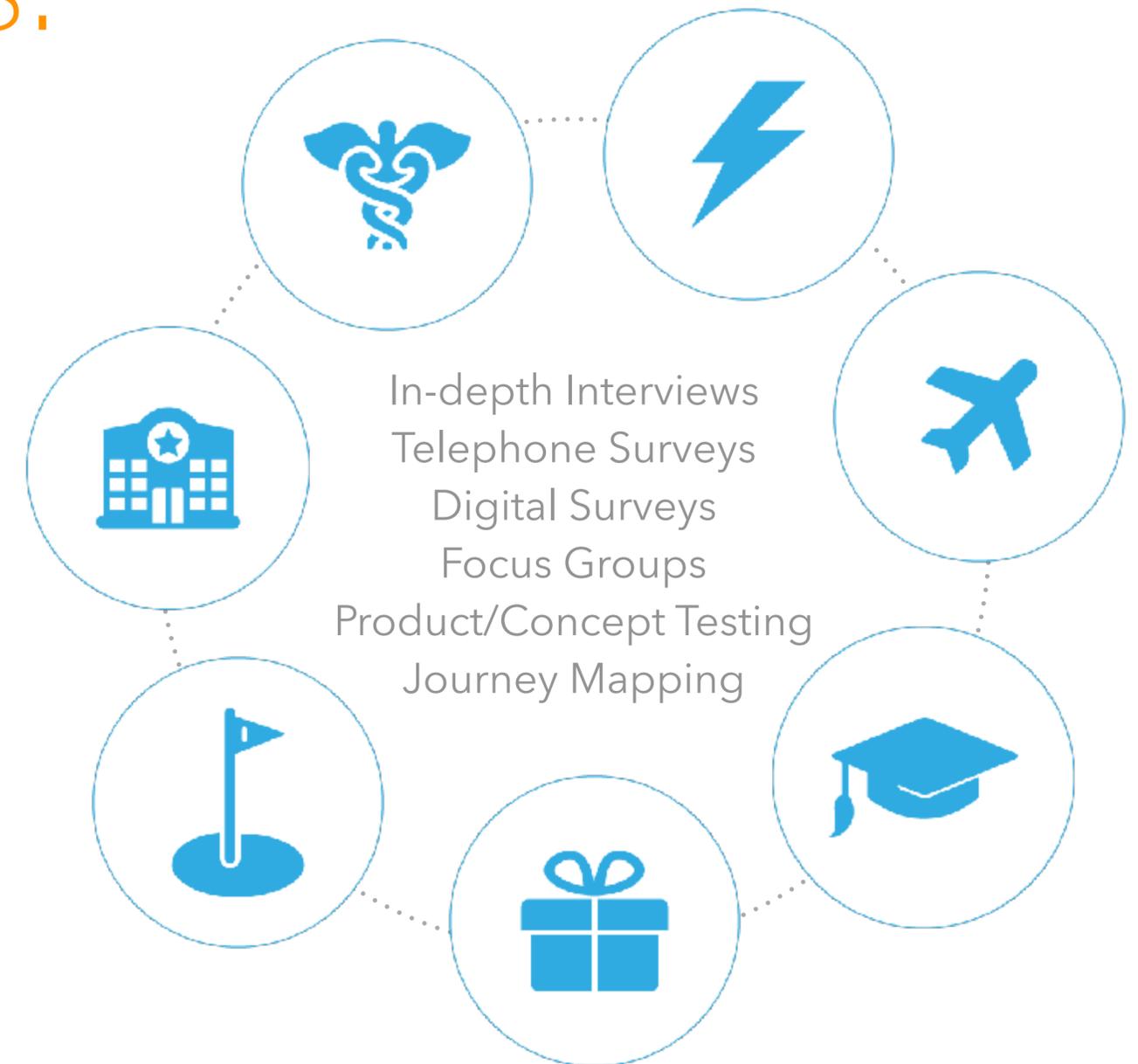


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Project Overview

- GreatBlue was commissioned by the Connecticut Green Bank (hereinafter “CT Green Bank”) to conduct comprehensive research throughout the state of Connecticut to measure the potential market for offering a “mini-bond” investment option to consumers.
- The primary goal of this research study was to assess the potential interest in a “mini-bond” offering and the pricing models that investors were most receptive to in 2019.
- In order to service this research goal, GreatBlue employed a digital survey to capture the opinions of two key segments of CT Green Bank’s audience: 1) individuals who had previously conducted projects with CT GreenBank (hereinafter “Clients”) and 2) the general population of Connecticut (hereinafter “Gen. Pop”).
- The outcome of this research will enable CT Green Bank to a) more clearly understand, and ultimately set, the market for green energy related mini-bonds, b) act on near-term opportunities to market such an offering to investors and, c) create a strategic roadmap for going to market with a “mini-bond” investment offering.

Areas of Investigation

The CT GreenBank Mini-Bond Market Assessment Study leveraged a quantitative research methodology to address the following areas of investigation:

- Understanding how to best to bring the mini-bond product to the market
- Overall knowledge/awareness of CT Green Bank
- Overall knowledge/awareness of bond/mini-bond investing
- General interest in investment opportunities
- Interest level and openness to new investment opportunities
- Opinions surrounding communication messages
- Test different marketing messages/effectiveness of "green messaging"
- Influence of "green" on investment decision-making
- Drivers and barriers of supporting green energy projects/initiatives
- Detailed demographics

Research Methodology Snapshot

Methodology Digital survey	No. of Completes 609 (300 Gen. Pop & 309 Clients)	No. of Questions 48*	Incentive None	Sample Customer list
Target General Population & CT GreenBank clients	Quality Assurance Dual-level**	Margin of Error 3.9%	Confidence Level 95%	Research Dates June 5 - 17

* This represents the total number of possible questions; not all respondents will answer all questions based on skip patterns and other instrument bias.

** Supervisory personnel in addition to computer-aided interviewing platform ensure the integrity of the data is accurate.

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71.5%

would still purchase
at an increased
price point

8.9%

5.4%

2.8%

0.0%

Negative Impact

Boomers

No Impact

Positive Impact

Key Study Findings

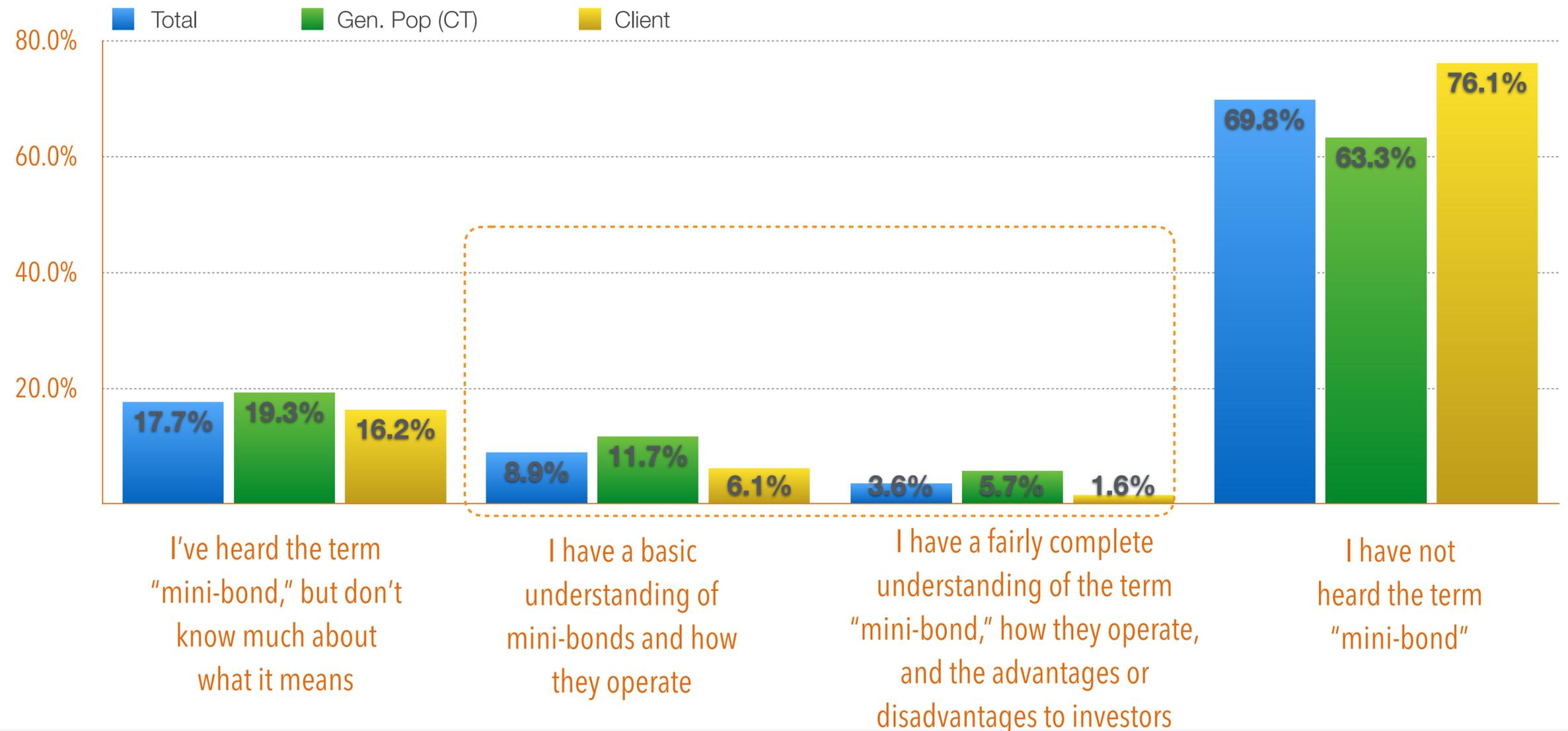
- Successful fielding of 609 completed digital interviews yielded thoughtful and diverse sets of results and commentary from 309 past clients of the CT Green Bank and 300 members of the general population of CT.
- To begin, it is important to note that only 30.2% of the survey respondent base had at least heard of the term “mini-bond” prior to the survey. In addition, familiarity with this term was slightly lower among CT Green Bank’s past clients (23.9%) compared to the general population (36.7%).
- While almost one-half of respondents (47.1%) reported to be aware of the CT Green Bank prior to this survey. However, this was primarily driven by the segment of respondents who were past clients of the Green Bank. Only, 16.7% of the general population was “aware” of CT Green Bank in 2019.
- In terms of investments, 85.1% of all survey respondents indicated currently have some sort of investment such as stock portfolio, 401K, or other funds, and 62.5% of respondents believed that they were “knowledgeable” of the investment options on the market.
- 78.3% of all survey respondents and 82.2% of CT Green Bank’s past clients indicated that it was “important” for members of the public to financially support green energy projects.

Key Study Findings, continued

- Respondents were asked to measure the value they place on various attributes of companies or organizations they invest in. Across the eight (8) attributes rated, the highest rate of respondents placed value on “safe investments” (78.3%), “investments that support a cleaner environment” (74.4%), and “investment that reflect their values” (74.1%).
- Despite relatively low levels of awareness, three-fifths of respondents (60.9%) were “likely” to consider “mini-bonds” in future investment decisions and two-thirds were “likely” to consider “mini-bonds” that specifically supported green energy projects in Connecticut.
- Respondents were also prompted with three (3) different models for a potential “mini-bond” offering from the CT Green Bank; each option came with its own cost, length of term, and return on investment. Among those three models, 41.1% indicated their top choice was a \$1,000 option with a 5 year/ 5% return on investment. A similar rate of respondents (40.1%) also indicated that would have been their second choice.
- Finally, after being presented with two (2) advertising concepts that promoted CT Green Bank’s “mini-bond” offerings, respondents were essentially split on their preference towards one concept vs. the other. However, the terms that mostly resonated with respondents included “mini-bonds are less expensive” and support for green energy, green energy projects, etc.

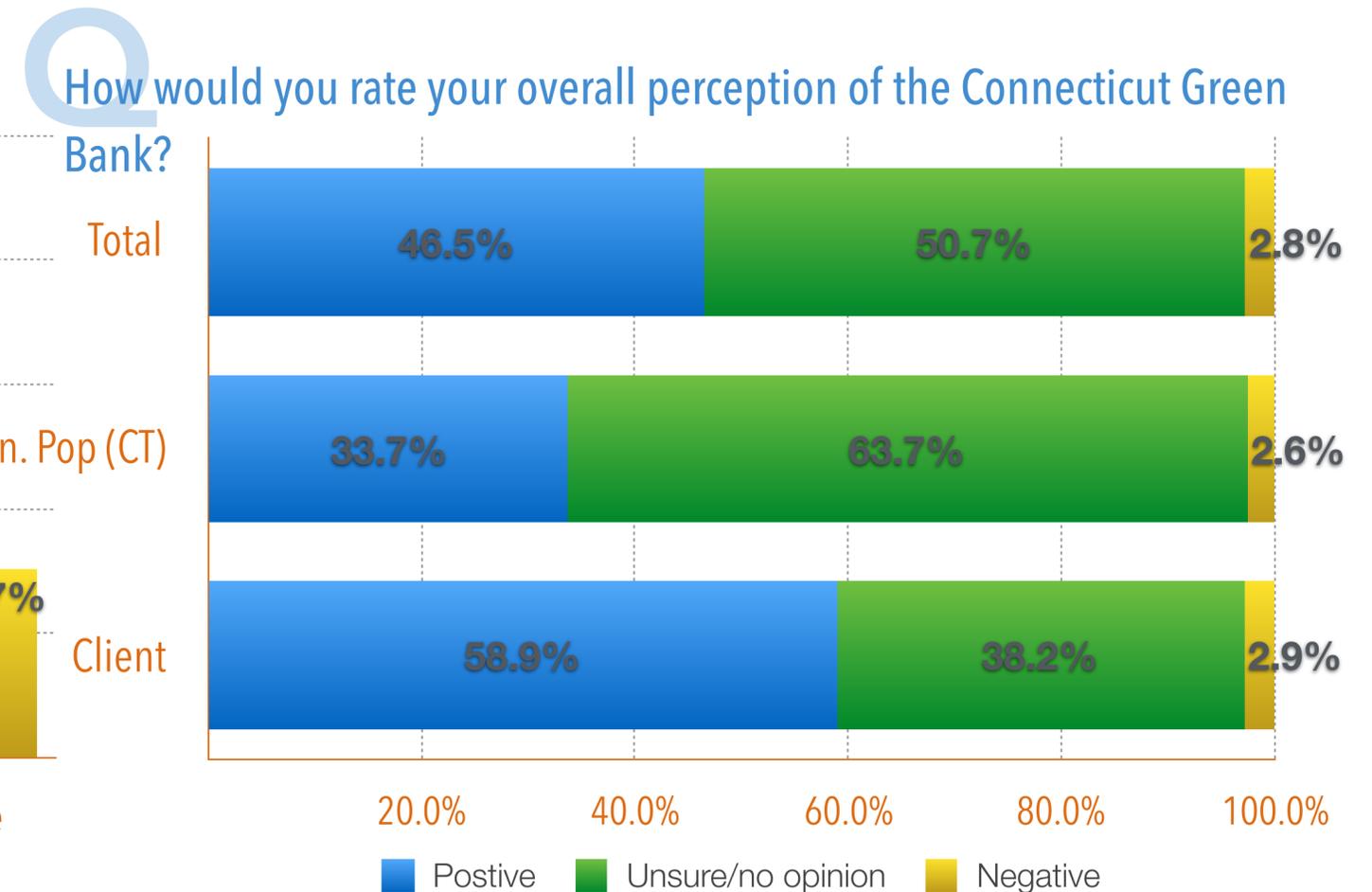
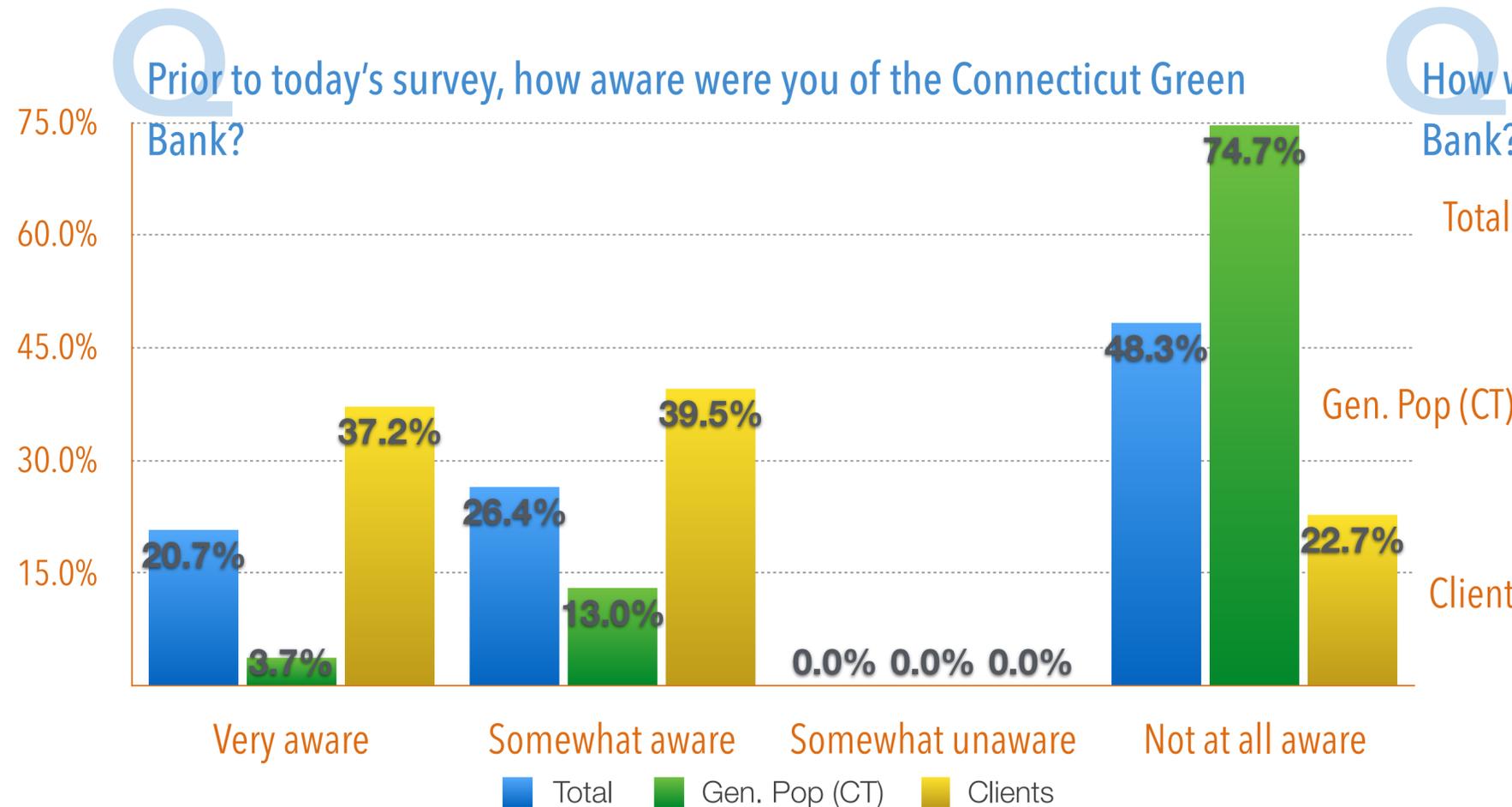
Awareness of “Mini-Bonds” Relatively Low

Overall, there was relatively low levels of awareness regarding “mini-bonds” at the time of the survey. Less than one-third (30.2%) of all respondents had heard of the term in the past, with only 12.5% having any level of understanding of what the term “mini-bonds” implies. Further, specifically among CT Green Bank’s past clients over three-quarters (76.1%) had never heard the term “mini-bonds” in the past.



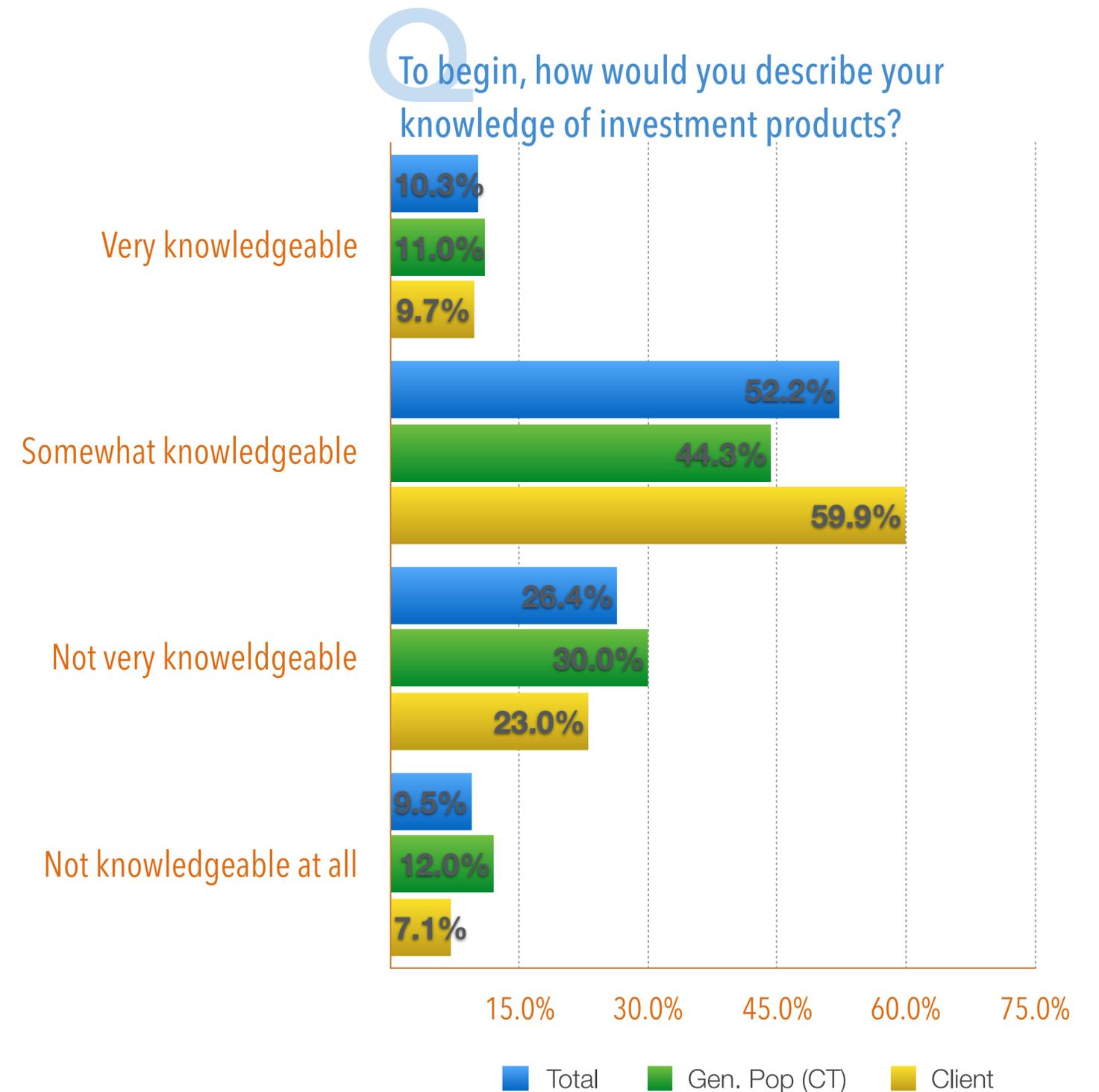
Green Bank Clients Drive Awareness

While, overall, 47.1% of all respondents reported to be “very” (20.7%) or “somewhat aware” (26.4%) of CT Green Bank, this awareness was primarily driven by past clients (76.7%). Among the general population of Connecticut, 74.7% were “not at all aware” of the institution. While few had a negative perception of the CT Green Bank (2.8%), the majority had no opinion at the time of the survey.



Most of CT Has Some Knowledge of Investment Options

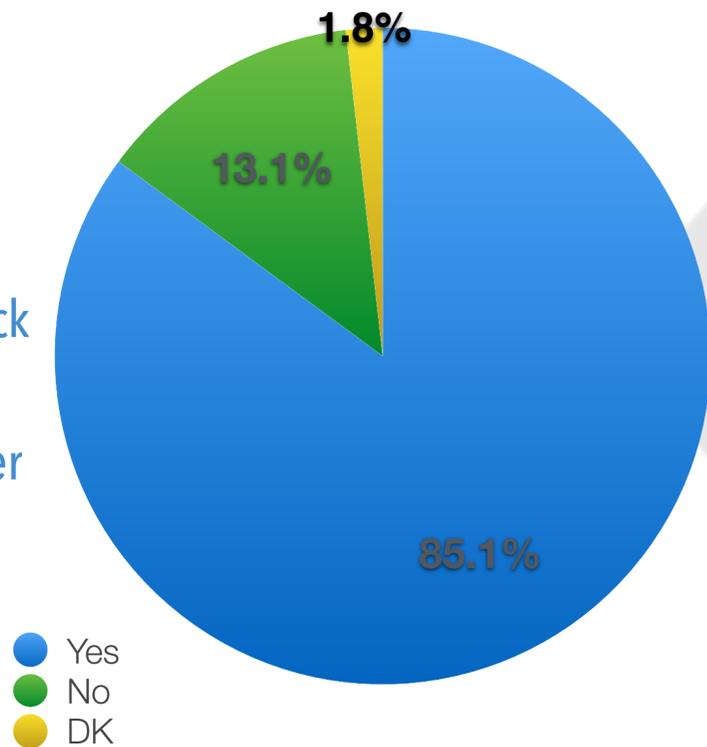
In general, over three-fifths of respondents believed that they were “knowledgeable” of the investment options on the market (62.5%). However, slightly more of CT Green Bank’s past clients were “knowledgeable” (69.6%) compared to the general population of Connecticut (55.3%).



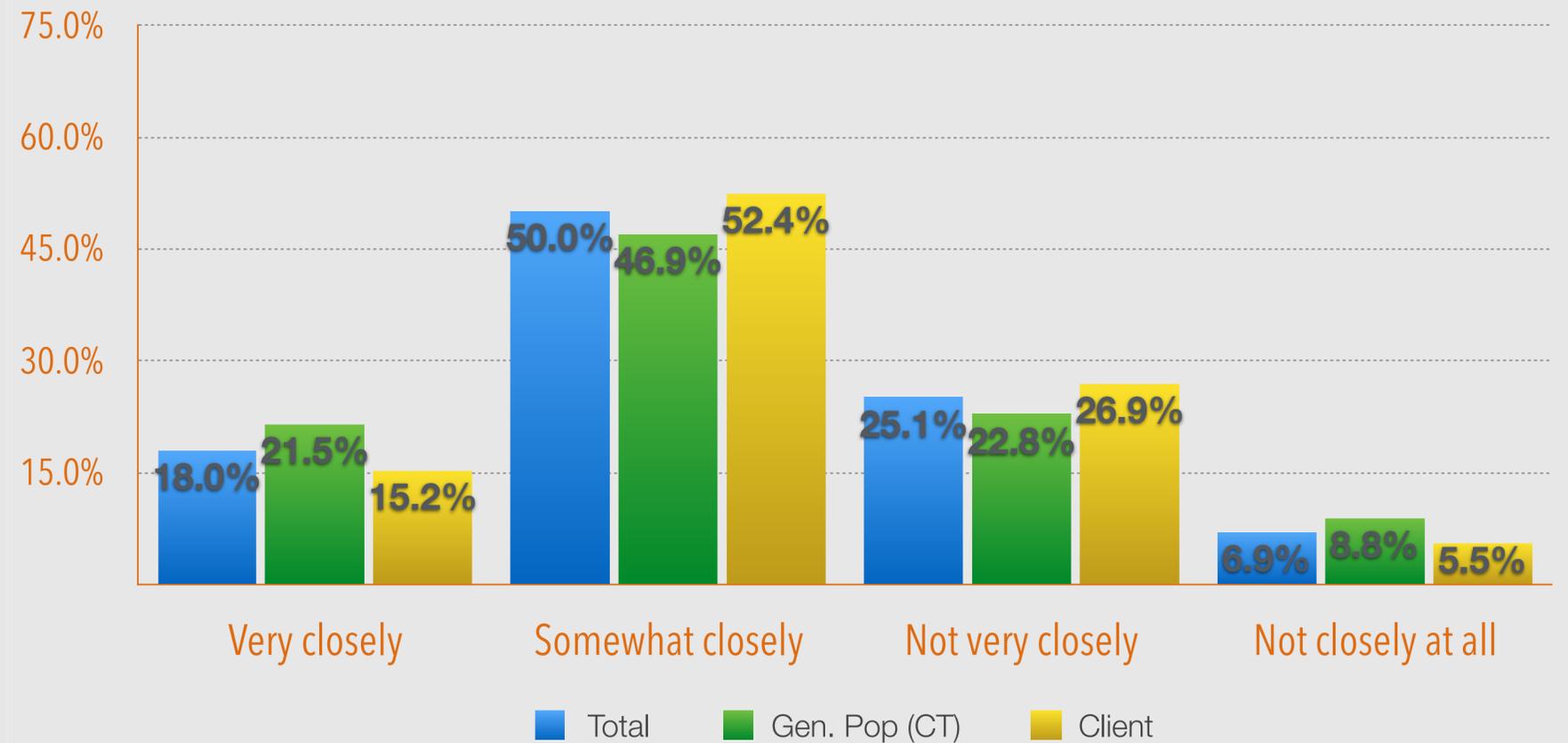
Most Have Investments; Follow Closely

A vast majority of all respondents (85.1%) indicated that they currently have investments such as a stock portfolio, 401k, or other investment funds. Slightly more than two-thirds of these respondents reported “closely” following these investments (68.0%). The attentiveness to current investment holdings was primarily consistent across both CT Green Bank’s clients and the general population of Connecticut.

Do you have any current investments such as a stock portfolio, 401k, or other investment funds?



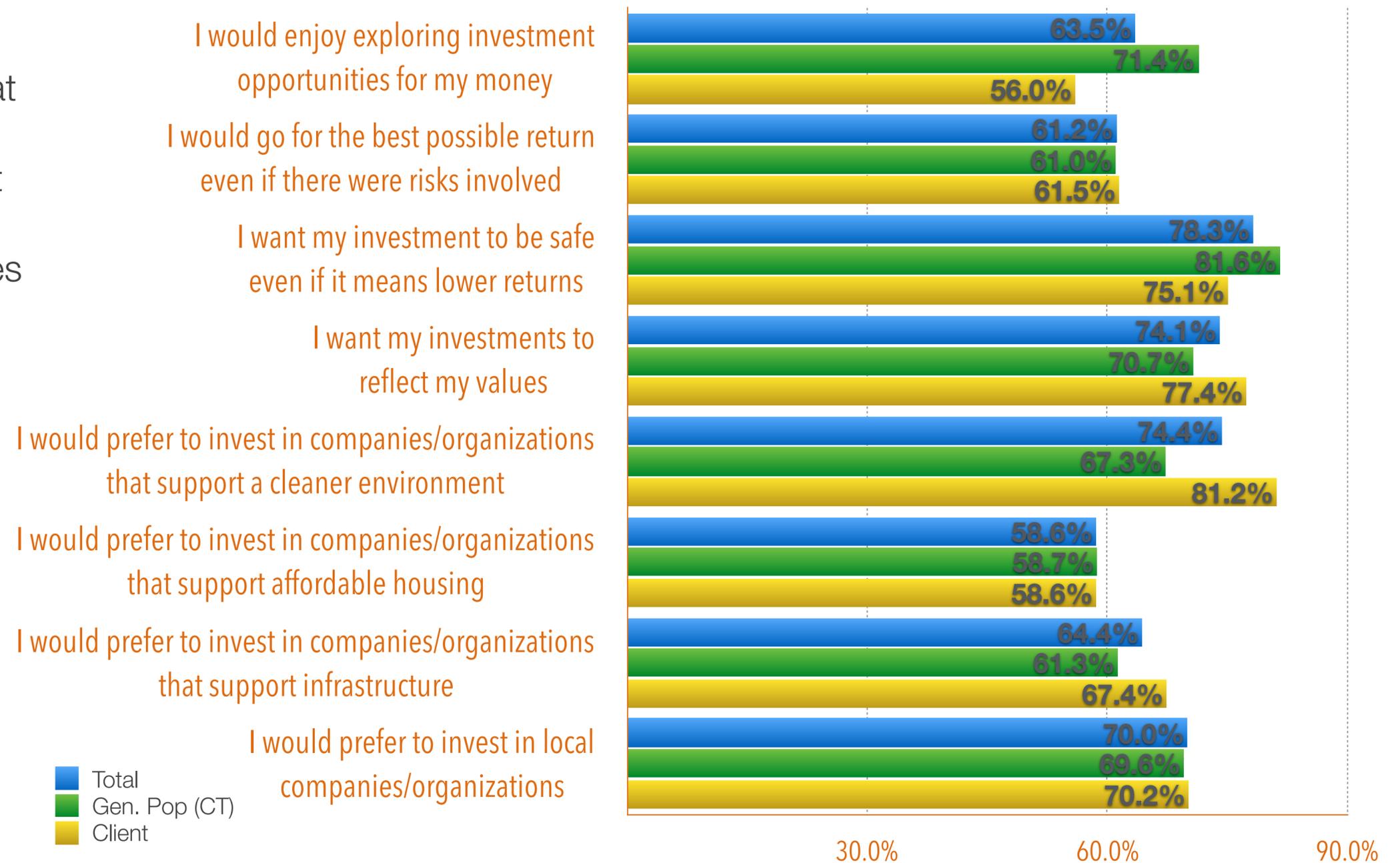
If “yes,” how closely do you follow these investment portfolios?



Secure, Value-Based Investing

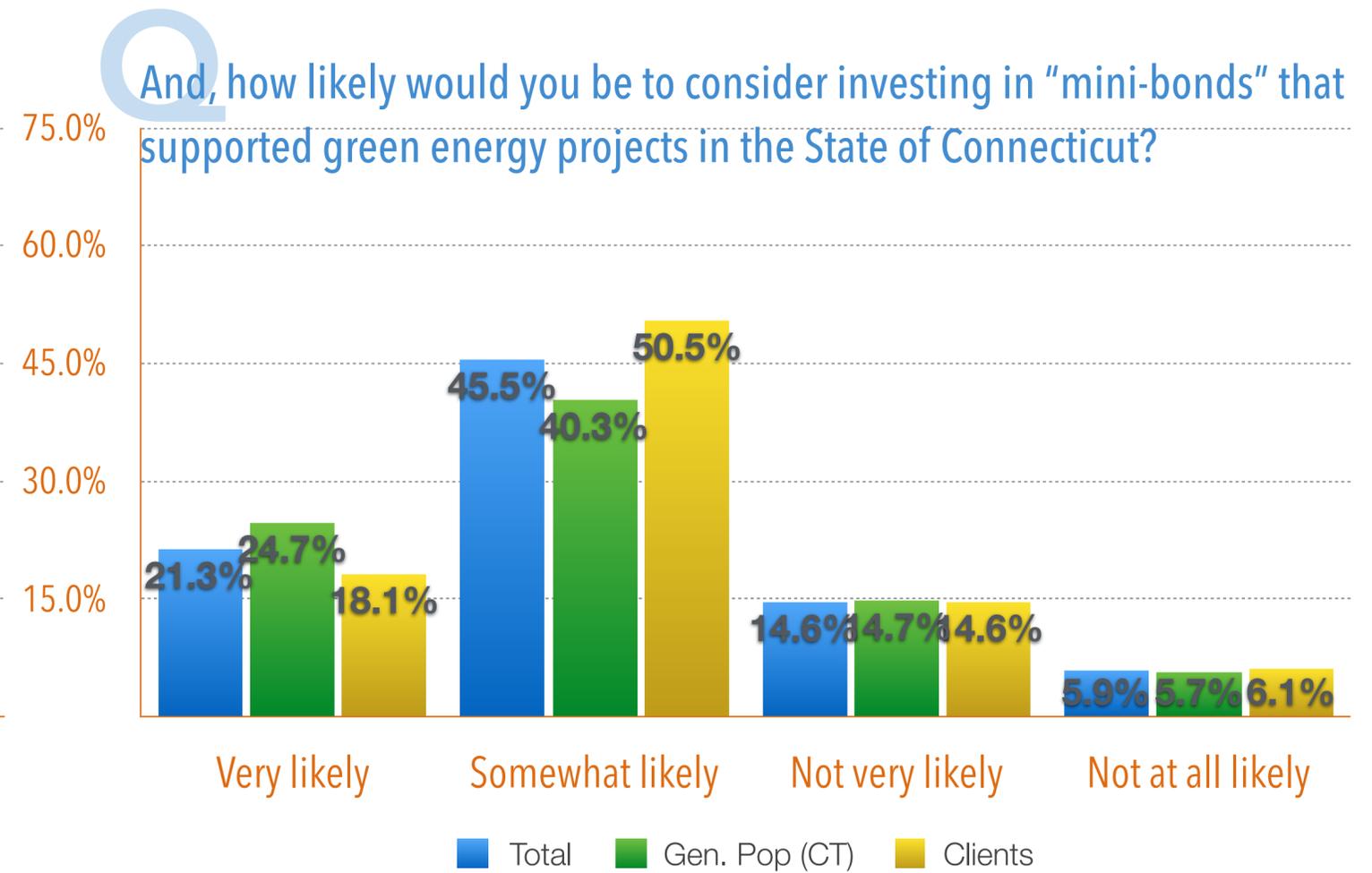
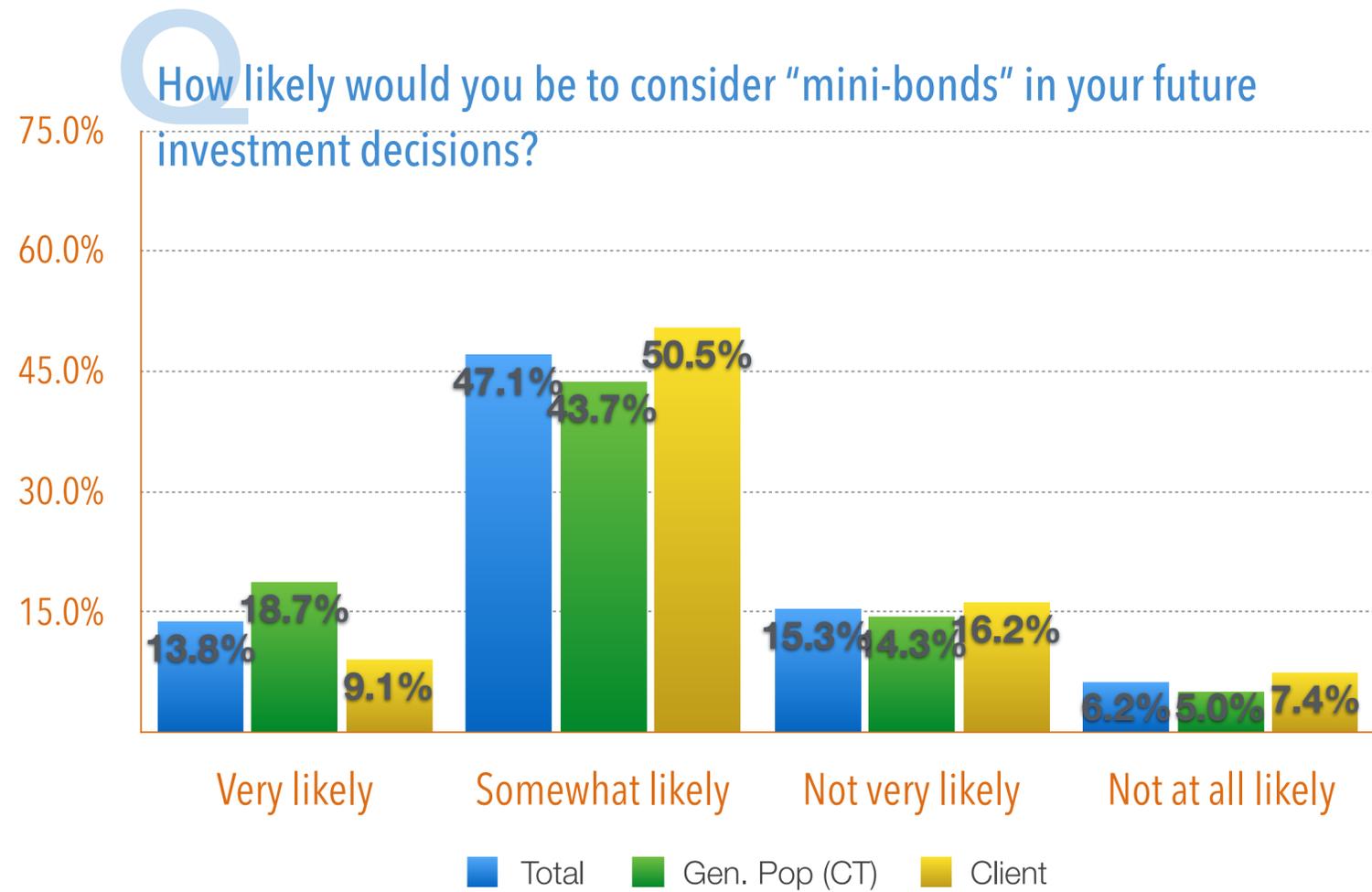
In 2019, more respondents indicated placing value on “safe investments” (78.3%), “investments that support a cleaner environment” (74.4%), and “investment that reflect their values” (74.1%) compared to other investment attributes measured.

It is also important to note that over eight-out-of-ten past CT Green Bank’s clients (81.2%) felt that investing in companies supporting a cleaner environment was important to them.



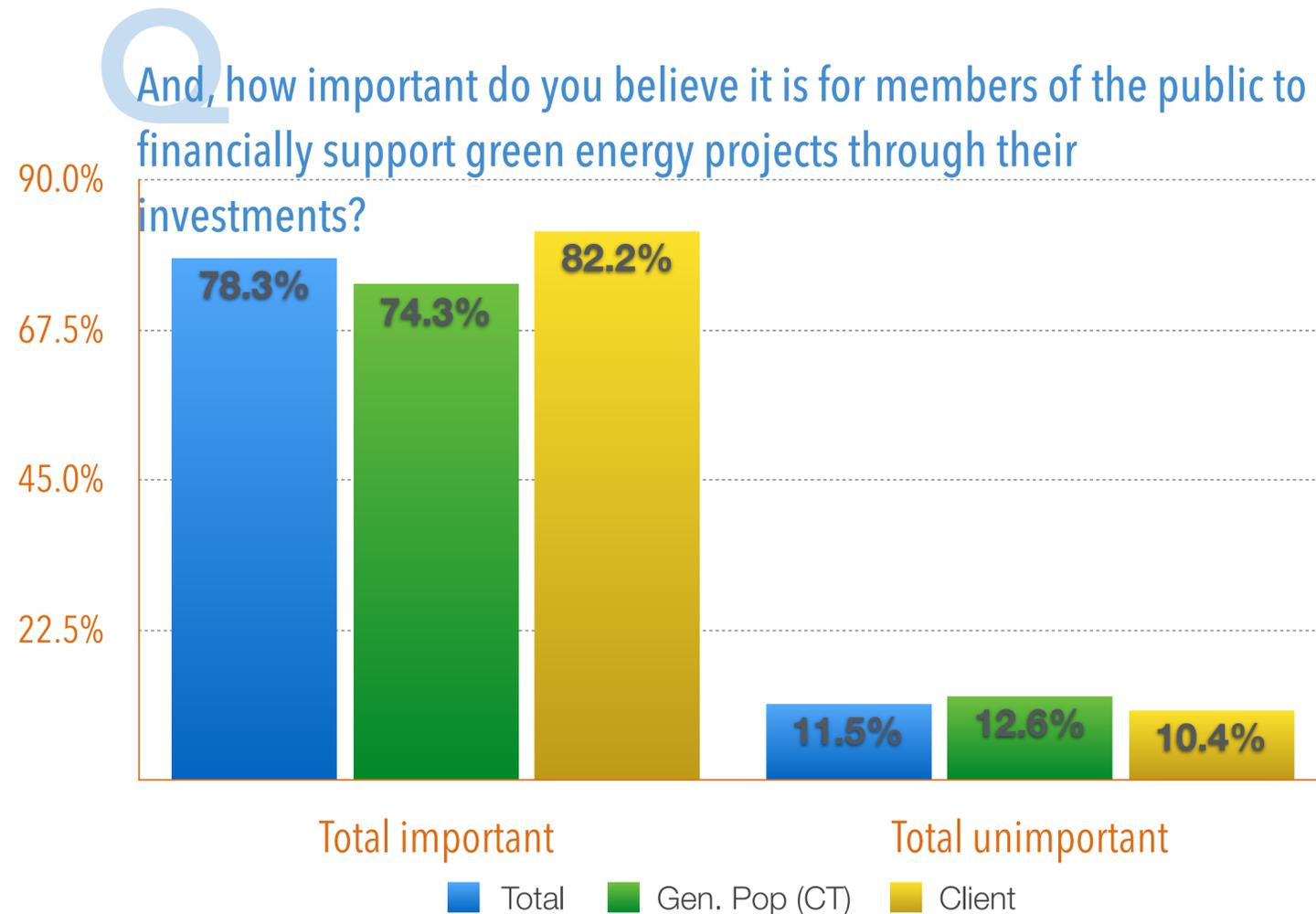
Two-thirds Interested in Green Energy “Mini-Bonds”

At the time of the survey, three-fifths of respondents, 60.8%, were “very” (13.8%) or “somewhat likely” (47.1%) to consider “mini-bonds” in future investment decisions. Further, when considering specifically “mini-bonds” that support green energy projects in Connecticut, 68.6% of past clients and 65.0% the general population were “likely” to consider such an investment option.



Green Energy Important, Worth Investments

Over three-quarters of all respondents indicated that it was “important” for members of the public to financially support green energy projects (78.3%). As expected, a slightly higher rate of CT Green Bank’s past clients (82.2%) indicated this was important to them compared to the general population (74.3%). The most cited green projects that respondents indicated a willingness to support included “recycling and waste reduction” (69.5%), “clean water” (67.3%), and “roof-top solar” (64.5%).



What type of green projects would you support through your private investments?

2019

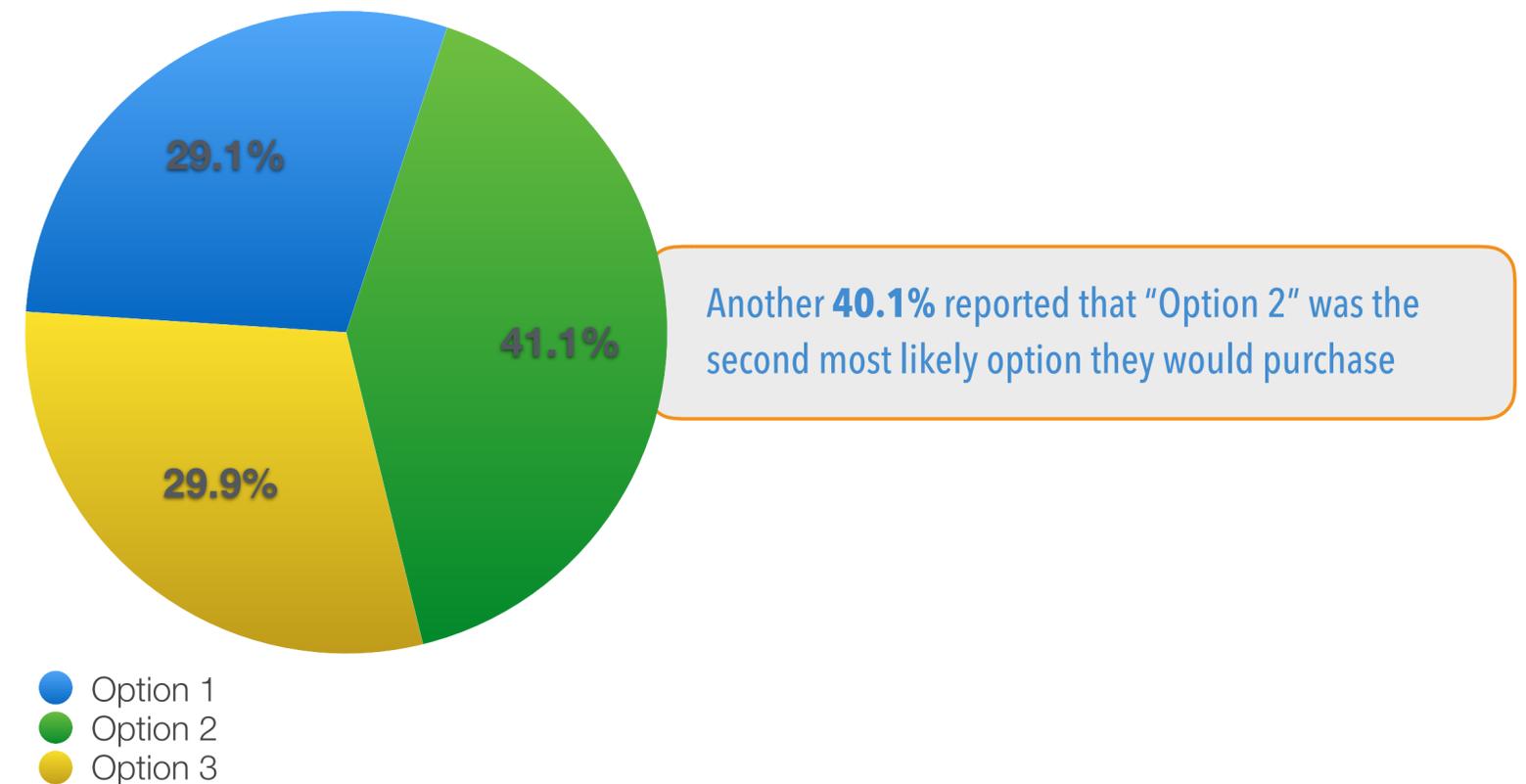
Recycling and waste reduction	69.5%
Clean water	67.3
Roof-top solar	64.5
High efficiency heating and cooling systems	58.8
Home energy-efficiency projects	56.7
Land conservation	49.3
Energy-efficiency appliance rebates	45.6
Electric vehicles	41.2

Five-year “Mini-Bond” Garnerers the Most Interest

Now, please read the following list of different possible structures to the “mini-bond” offerings that Connecticut Green Bank is considering. After reading through each option, please select which option you’d be most likely to purchase.

	Option 1	Option 2	Option 3
Cost	\$500	\$1,000	\$5,000
Length of term	3 years	5 years	7 years
% Return on Investment	3%	5%	7%

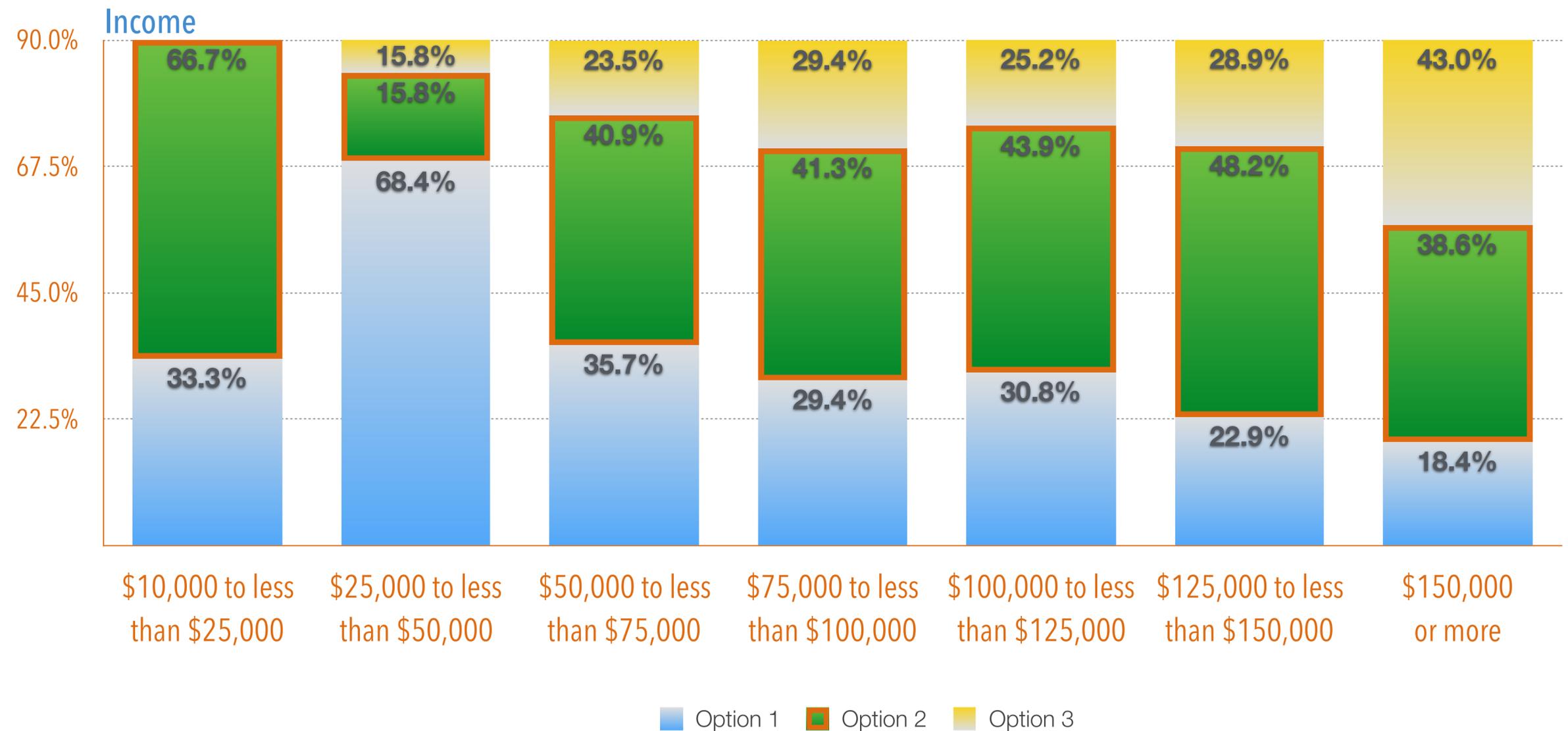
When presented with three different models for potential “mini-bond” offerings from the CT Green Bank, 41.1% of all respondents indicated that a \$1,000 option with a 5 year/ 5% return on investment was the most attractive to them. In addition, another 40.1% indicated that this structure was their second choice.



\$1,000 Bond Favored Across Most Income Brackets

Over two-fifths of respondents in each income bracket from \$50,000 to \$150,000 preferred the \$1,000 option with a 5 year/ 5% return on investment. In addition, while only three (3) respondents indicated earning between \$10,000 to \$25,000 a year, two-thirds of those individuals also chose the second option.

Now, please read the following list of different possible structures to the "mini-bond" offerings that Connecticut Green Bank is considering. After reading through each option, please select which option you'd be most likely to purchase.





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Concept Test

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Marketing Test: Concept A

After being presented with the image associated with Concept A (presented to the left), respondents indicated that the terminology “invest in Connecticut” (14.3%), “mini-bonds are less expensive” (11.7%), and “support green energy/projects & products” (10.3%) resonated the most with them.

**Invest in Connecticut.
Buy green mini-bonds.**

The Connecticut Green Bank is offering you the opportunity to invest in its first mini-bond to support green energy projects in the state. Mini-bonds are less expensive than regular bonds and offer many of the same benefits.

It's a solid investment in your community.

**Learn more about investing
in a green mini-bond.**



What stood out most to you?

2019

Invest in Connecticut	14.3%
Mini-bonds are less expensive	11.7
Support green energy/projects & products	10.3
Solid investment in your community	8.9
Green background/color/font	5.4
The word “mini-bonds”	3.9
Offer same benefits	3.9
Rate of return/return value	3.8

Marketing Test: Concept A

Three-quarters of all respondents (75.0%) reported that Concept A was “effective” conveying important information about CT Green Bank’s “mini-bonds” investment offering. However, it was slightly more effective among the general population (77.7%) compared to CT Green Bank’s past clients (72.5%).

**Invest in Connecticut.
Buy green mini-bonds.**

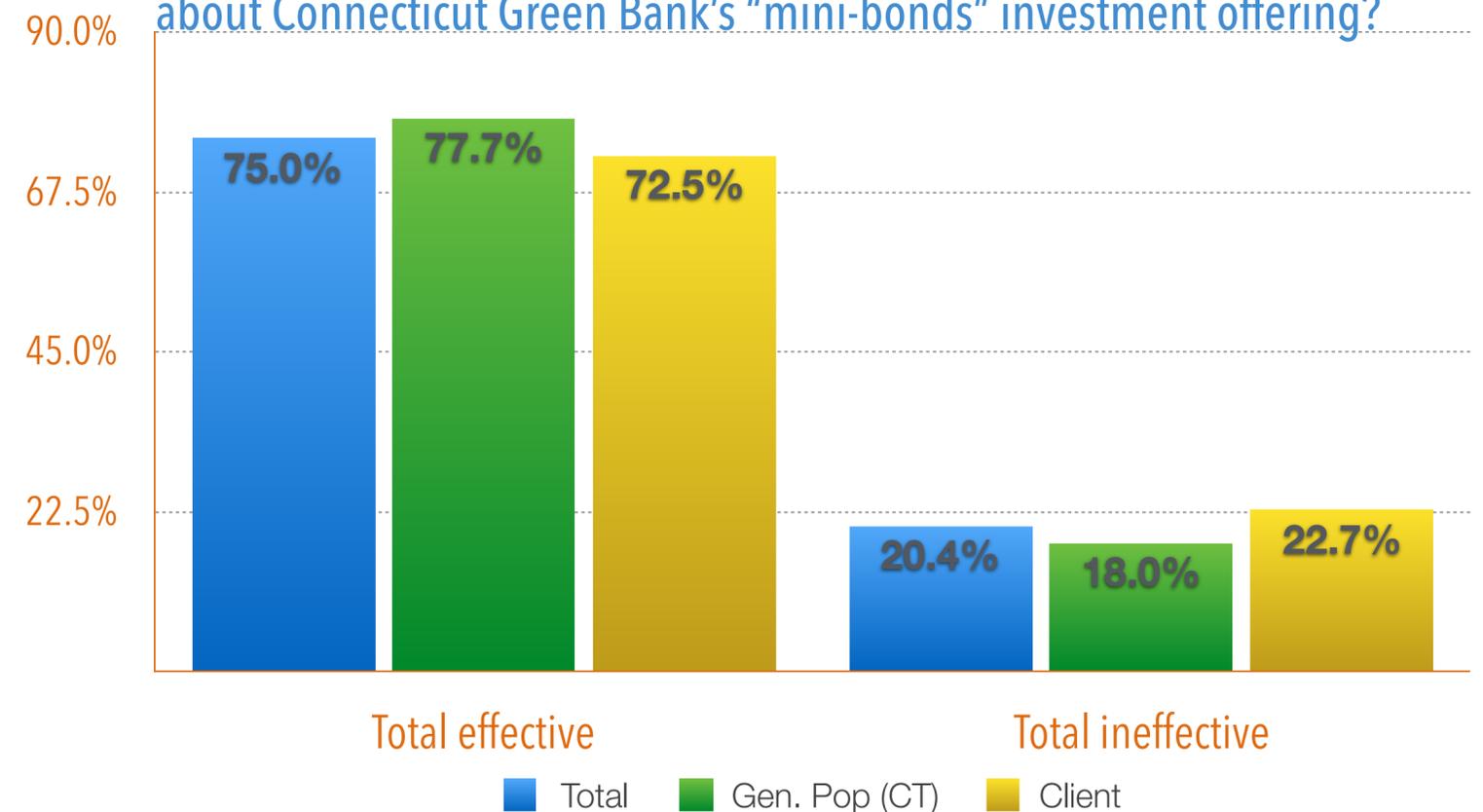
The Connecticut Green Bank is offering you the opportunity to invest in its first mini-bond to support green energy projects in the state. Mini-bonds are less expensive than regular bonds and offer many of the same benefits.

It's a solid investment in your community.

Learn more about investing in a green mini-bond.



How effective is Concept A in conveying important information about Connecticut Green Bank’s “mini-bonds” investment offering?



Marketing Test: Concept B

After being presented with the image associated with Concept A (presented to the left), respondents indicated that the terminology “Go green, earn green” (14.4%), “mini-bonds are less expensive” (9.9%), and “support green energy/projects & products” (9.7%) resonated the most with them.

What stood out most to you? 2019

Go green, earn green	14.4%
Mini-bonds are less expensive	9.9
Support green energy/projects & products	9.7
Green coloring (general)	6.1
Investing in the environment	3.6
Invest in Connecticut	3.4
Green background/color/font	3.4
Green is good/good for everyone	3.4

Go green, earn green with green mini-bonds.

The Connecticut Green Bank is offering you the opportunity to invest in its first mini-bond to support green energy projects in the state. Mini-bonds are less expensive than regular bonds and offer many of the same benefits.

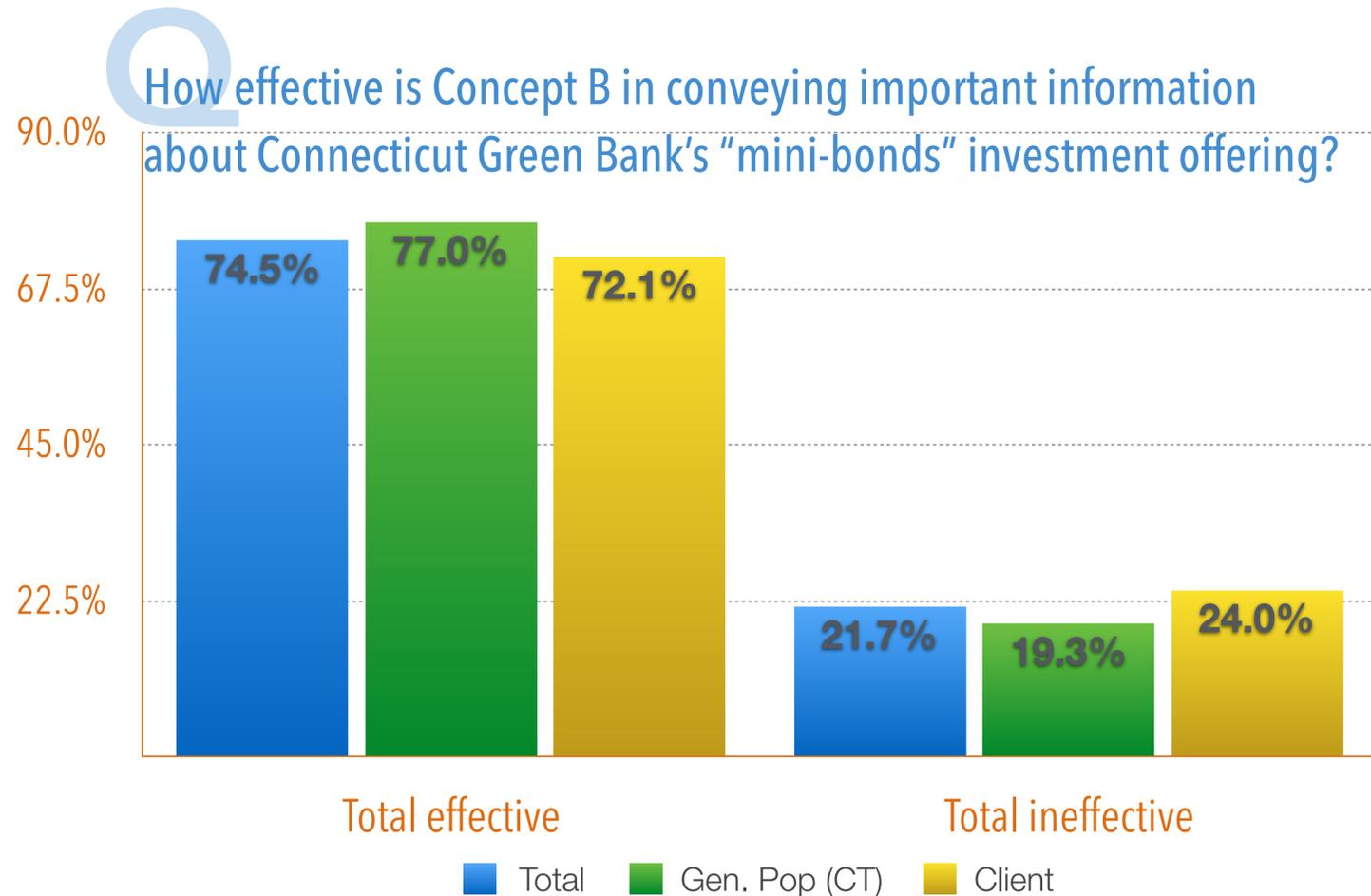
Green is good for everyone. Green bonds us.

Learn more about investing
in a green mini-bond.



Marketing Test: Concept B

Once again, approximately three-quarters of all respondents (74.5%) reported that Concept B was “effective” conveying important information about CT Green Bank’s “mini-bonds” investment offering. Also, similar to Concept A, Concept B was slightly more effective among the general population (77.0%) compared to CT Green Bank’s past clients (72.1%).



**Go green, earn green
with green mini-bonds.**

The Connecticut Green Bank is offering you the opportunity to invest in its first mini-bond to support green energy projects in the state. Mini-bonds are less expensive than regular bonds and offer many of the same benefits.

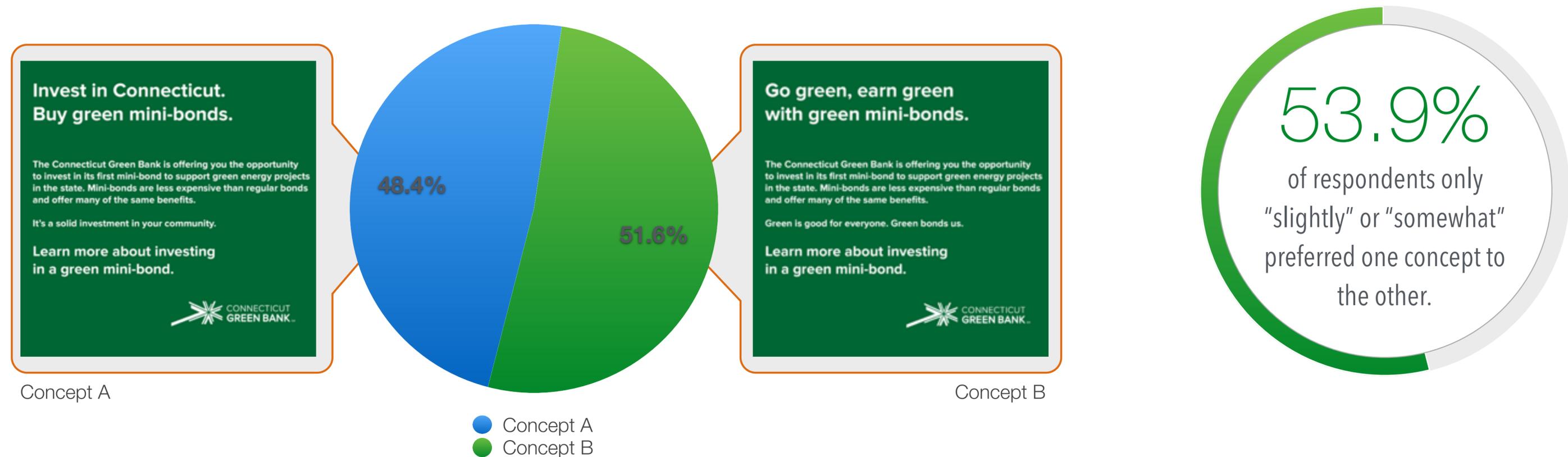
Green is good for everyone. Green bonds us.

**Learn more about investing
in a green mini-bond.**



Split on Concept Preference

In general, respondents were split on their preference of one concept over another with 51.6% preferring Concept B and 48.4% preferring Concept A. In addition, a just over one-half of respondents, 53.9%, indicated they only “slightly” (13.0%) or “somewhat” (40.9%) preferred one concept over the other. This suggests that both provided adequate information to the respondent base about the “mini-bond” investment offering.





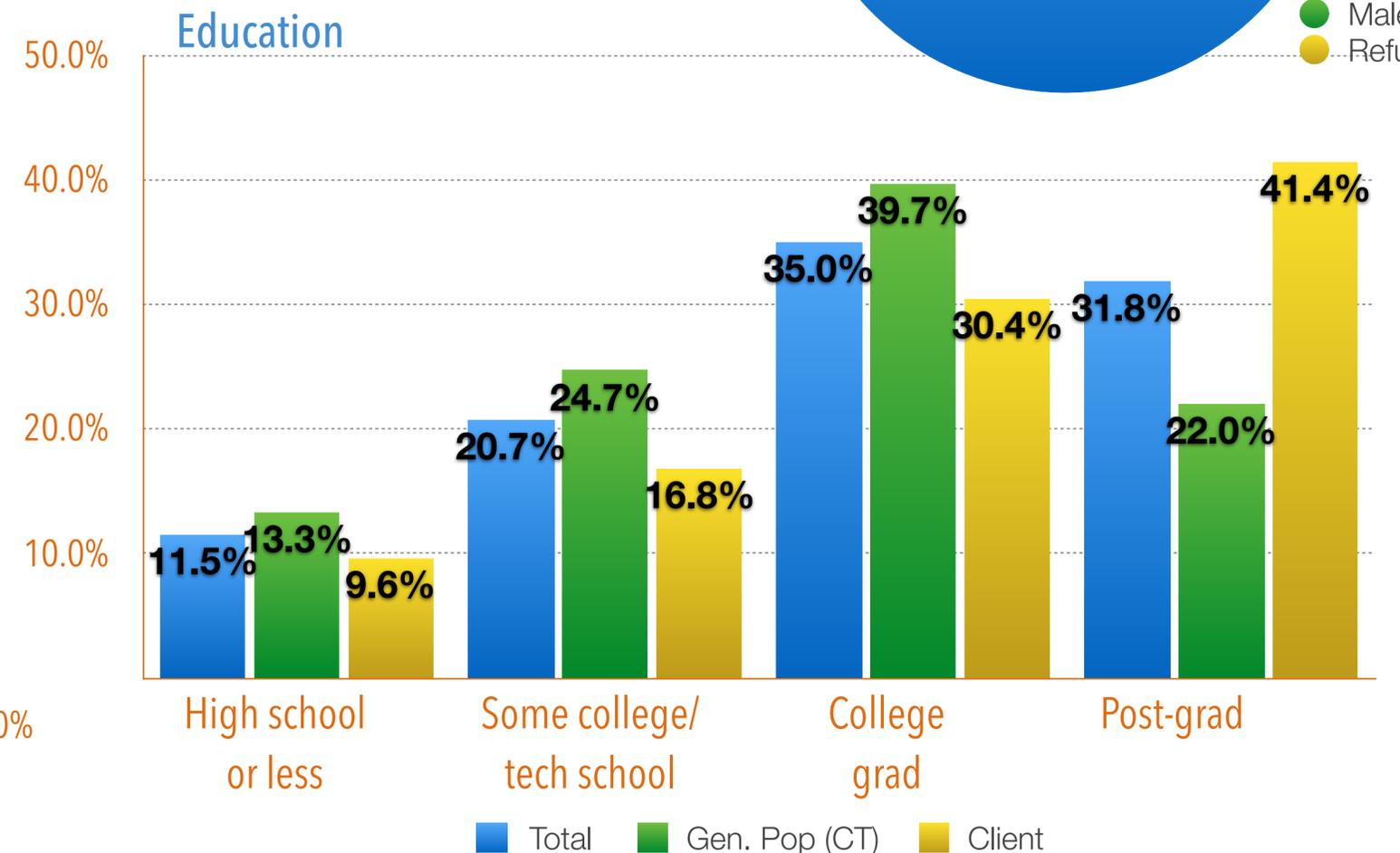
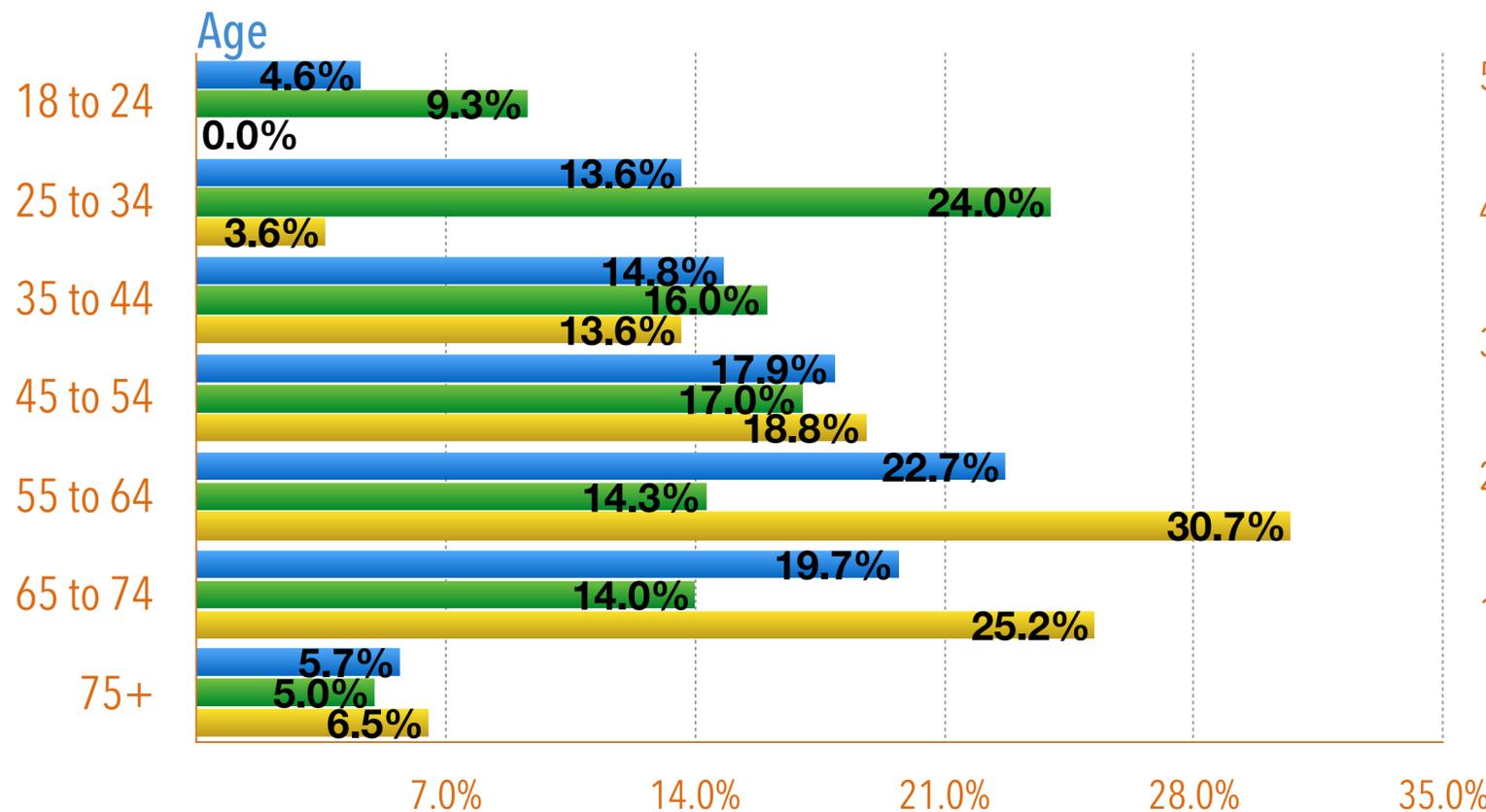
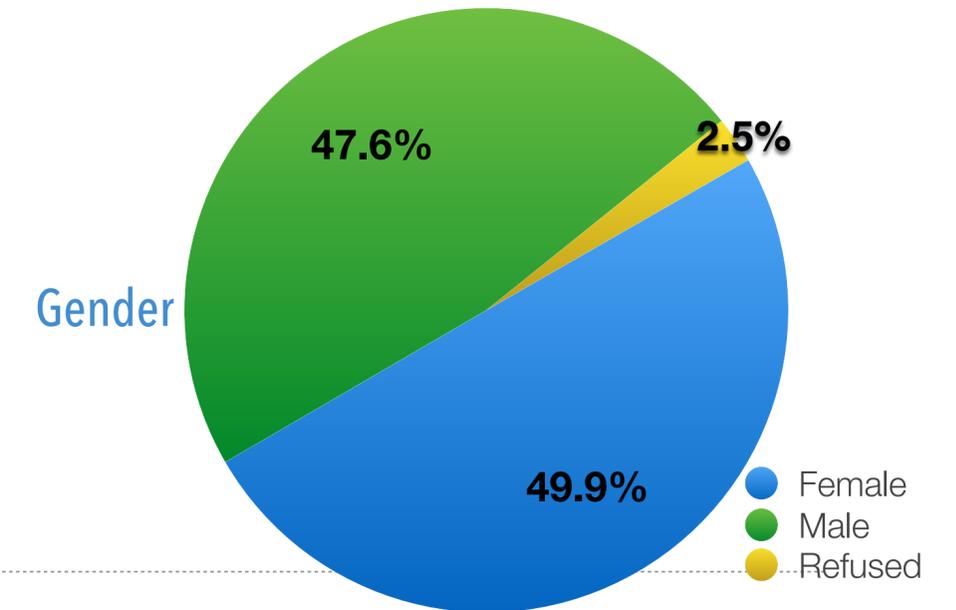
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Demographic Profile

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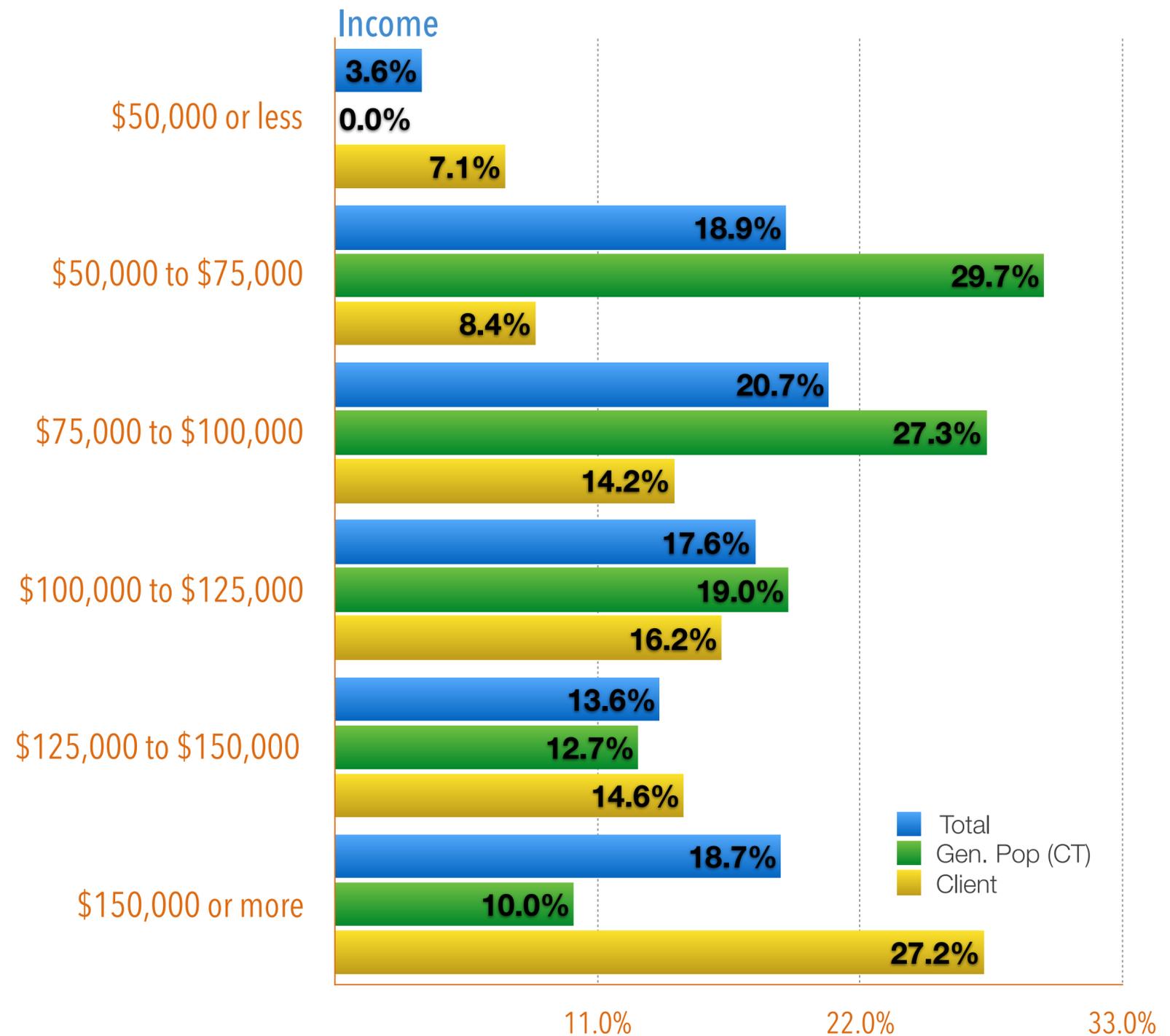
Demographic Profile of Respondents

Among the 609 respondents of CT Green Bank's 2019 Mini-Bond Market Assessment Study, one-third were under the age of 44 (33.0%) and another two-fifths were ages 45 to 64 years old (40.6%). Further, while CT Green Bank's past clients were slightly older than the general population, they were also more educated than respondents overall.



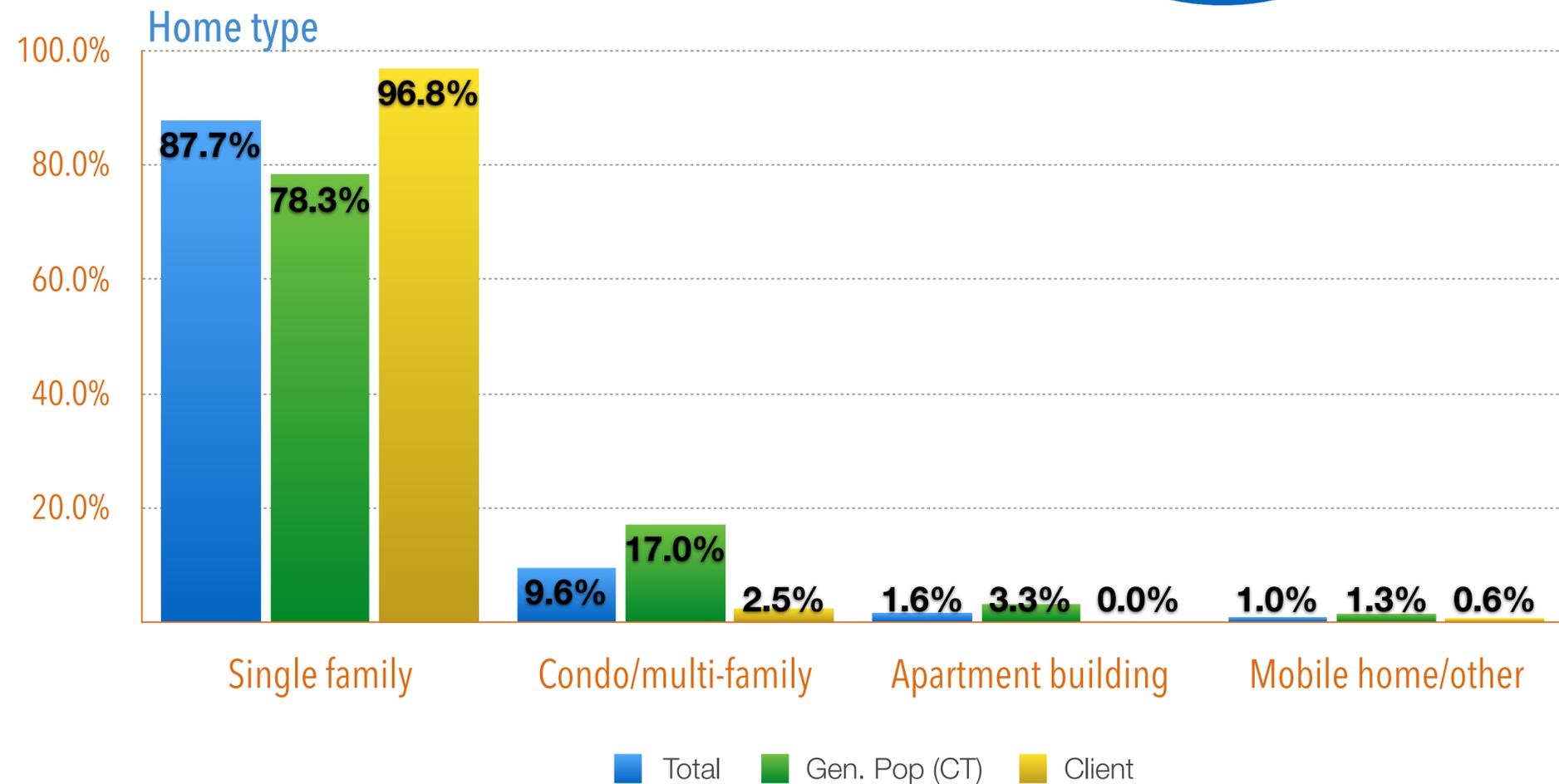
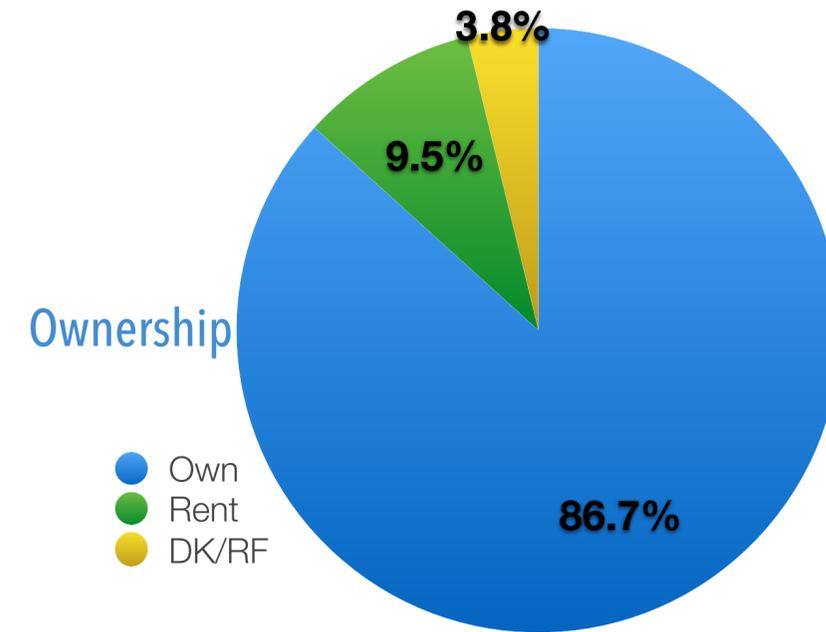
Income Profile

Approximately one-half of all respondents surveyed reported having a household income of \$100,000 or more in 2019 (49.9%). In addition, a higher rate of CT Green Bank's past clients (41.8%) indicated earning \$125,00 or more a year compared to the general population (22.7%).



Home Profile

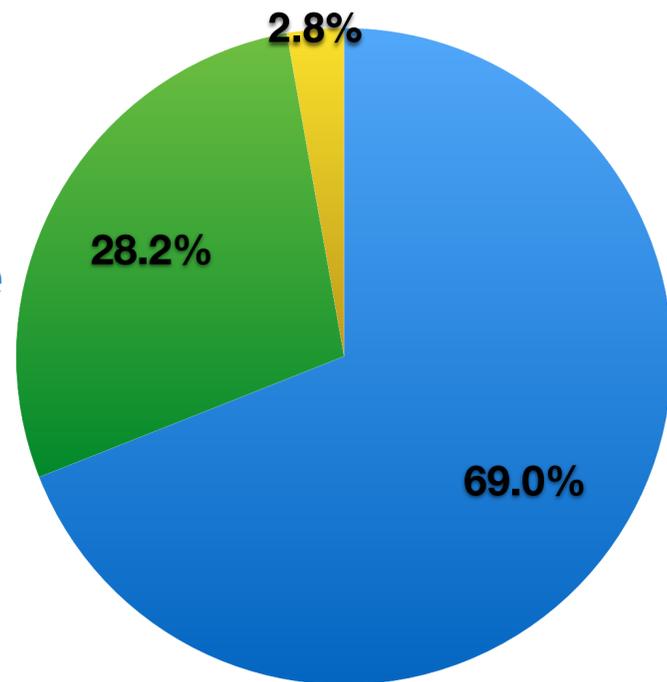
Regardless of whether the respondent was a past client of CT Green Bank or not, the vast majority of respondents indicated “owning” (86.7%) a “single family” dwelling (87.7%) in 2019.



Residential Behavior

Finally, over two-thirds of all respondents were interested in new investment opportunities in the future. In addition, while a higher rate of the general population indicated being an “early adopter” (39.4%), CT Green Bank’s past clients put a higher emphasis on reviews (38.5%). This suggests the relationship with CT Green Bank may help when the “mini-bonds” come to market by providing information and testimonials from early adopters.

Moving forward, how interested are you in new investment opportunities in the future?



- Total interest
- Total not interested
- DK

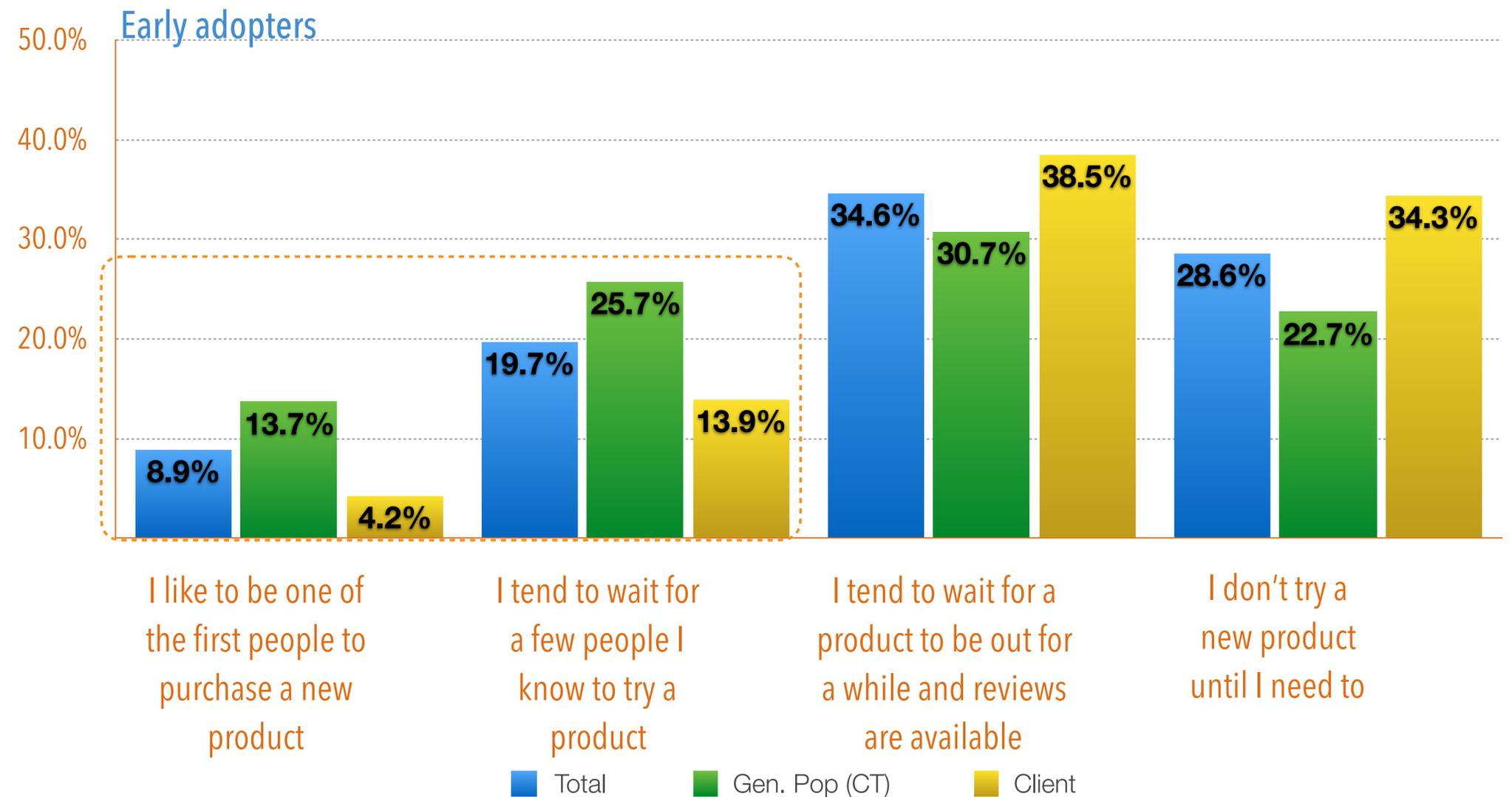


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Considerations

- **Build name recognition of “mini-bonds.”** Survey respondents were generally open to the idea of a “mini-bond” investment opportunity and open to investing in green energy projects in Connecticut. Thus, the most difficult barrier to this offering may be the lack of awareness. Few were aware of the term or understand the mechanics of how mini-bonds operate, despite a vast majority claiming to already have investment holdings. It may be valuable for the CT Green Bank to create a marketing campaign designed to simply raise awareness of “mini-bonds” and also reach out to the broker community to better understand how they are describing “mini-bonds” to their potential clients.
- **Promote low cost of entry and locality of green projects.** As mentioned, the results on preference towards advertising concepts were inconclusive. However, in general, the themes that resonated across both the concepts were the lower costs of “mini-bonds” and that the funds would support green energy projects across the State. Ensure the combination of these messaging points make it into any final advertising copy when mini-bonds are introduced to the market.
- **Maintain a point of entry of \$1,000 or less.** As noted, the “mini-bond” offering that earned the highest levels of appeal was a 5 year/5% return on investment for the cost of \$1,000. Further, additional data analysis indicates that when looking at two of the options, a vast majority of respondents found that either the \$1,000 offering or the \$500 offering was sufficient for their investing goals, suggesting that CT Green Bank’s should remain at or below the \$1,000 threshold.

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