



**Jeff
Thurecht**



**Marshall
Brentnall**



**Kathryn
Fitch-Daniels**

**Webinar:
Ethical
&
Sustainable
Investing**

evalesco 



General Advice Disclaimer

The information included in this webinar is provided as general and factual information and should not be regarded as personal advice. To provide personal advice we need to take into consideration your own personal financial position and goals and provide appropriate advice accordingly.



Agenda

- What is the difference between ESG, ethical and sustainable investing?
- What does ethical investing mean?
- What are the different frameworks for sustainable and ethical investing?
- Does it have to cost more to invest ethically and will it impact on my returns?
- How do you access these types of investments and what tools are able to be used to support investors ethical preferences?

What is the difference between ESG, ethical and sustainable investing?

- Environmental, Social and Corporate Governance measures the impact of an investment in a company. This typically relates to the policies, systems and procedures that a company puts in place.
- Most, if not all, publicly listed businesses will have a policy in relation to each of these areas.



Environmental

How a company acts towards the planet



Social

How a company treats its employees, customers, suppliers and local communities



Governance

How a company is run, including audits and shareholder rights



What is the difference between ESG, ethical and sustainable investing?

- Ethical investing takes a more active approach, which includes positive investment as well as divestment and advocacy.
- Sustainable investing is a more moderate approach and typically allows you to use the screens and filters you feel comfortable with.

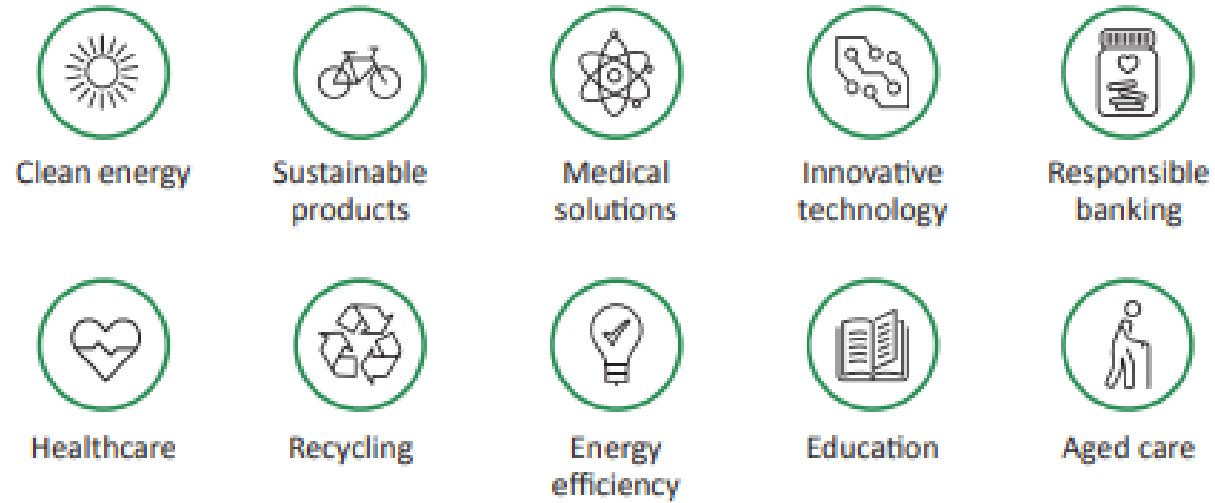
What does ethical investing mean?

- Inevitably, it can mean different things to different people/investors so it's important to consider what's important to you:
 - are you trying to avoid sectors that don't align with your values
 - are you looking to create positive change
 - adopting a strict versus a more balanced pragmatic approach
 - are you wanting to alter the behaviour of businesses or hold them to account for their governance and policies

What are the different frameworks for sustainable and ethical investing?

	TRADITIONAL INVESTMENT	RESPONSIBLE & ETHICAL INVESTMENT					PHILANTHROPY	
		ESG INTEGRATION (including shareholder engagement & voting)	NEGATIVE SCREENING (& norms based)	POSITIVE OR BEST-IN-CLASS SCREENING (& norms based)	THEMATIC/ SUSTAINABILITY THEMED INVESTMENTS	IMPACT INVESTING		
						MARKET RATE	CONCESSIONARY RATE	
FOCUS	Limited or no regard for environmental, social and governance factors	Consideration & analysis of environmental, social and governance (ESG) factors as part of investment decision making	Industry sectors or companies excluded/ divested from to avoid risk or better align with values	Investments that target companies or industries with better ESG performance	Investments that specifically target sustainability themes eg clean energy, green property	Investments that target social and environmental impact and deliver market rate financial returns	Investments that target social and environmental impact and deliver below market rate returns	Grants that target positive social and environmental impact with no financial return
IMPACT INTENTION	Agnostic	Avoids harm		Benefits stakeholders				
					Contributes to solutions			
FEATURES		Delivers competitive financial returns						
		Manages ESG risks			Pursues ESG opportunities			
					Intentionality: delivery of impact is central to underlying asset/investment			
					Impact of investment is measured & reported			

- Positive filtering:



- Negative filtering:





Does it have to cost more to invest ethically and will it impact on my returns?

- It shouldn't, but it often does.
- There are several reasons for this, and they essentially relate to competition, demand and in some instances a greater level of analysis and input to deliver an outcome.
- When comparing the mainstream portfolios of several providers that also have sustainable or ethical strategies, the differences can be substantial.



What does, or doesn't, meet the criteria for ethical and sustainable investing?

- Ethical investing is not a 'one-size fits all' approach due to the strategy or methods being used
- You have to be vigilant to avoid 'greenwash' from products labelled as ethical
- Investment research companies now have sustainability scores



How do you access these types of investments?

- Sector exclusions
- Negatively screening out holdings
- Ethical investment options with existing providers
- Is there a better solution?

Can you tailor your investments to your areas of interest or concern?

New customisations

Environmental, social and governance

Adult entertainment

Alcohol production

Animal testing (non-pharmaceutical)

Animal testing (pharmaceutical) (CSL, FPH, COH)

Controversial weapons

Gambling (ALL, WES, CWN)

Oil & gas (BHP, WES, SVW, ORG, RIO)

Oil sands

Thermal coal (extraction) (BHP)

Thermal coal (generation) (ORG, RIO)

Tobacco (CBA, WES, CWN)

*6.38% of this account will be sold down as a result of ESG customisations.

Exclusions

Exclude assets from being traded within this managed account. Excluded assets will be sold down to zero units.

BHP - BHP GROUP LIMITED FPO

ORG - ORIGIN ENERGY LIMITED FPO

RIO - RIO TINTO LIMITED FPO

TAH - TABCORP HOLDINGS LIMITED FPO

ALL - ARISTOCRAT LEISURE LIMITED FPO

AGI - AINSWORTH GAME TECHNOLOGY LIMITED FPO

SKC - SKYCITY ENTERTAINMENT GROUP LIMITED FPO FOREIGN EXEMPT NZX

CWN - CROWN RESORTS LIMITED FPO

SVW - SEVEN GROUP HOLDINGS LIMITED FPO

SGR - THE STAR ENTERTAINMENT GROUP LIMITED FPO



What are we (and AAN) doing to support our clients?

- With every conversation with clients, demand for guidance and outcomes continues to increase.
- Ethical investors should not have to settle for a lack of transparency or higher costs
- Building of a Growth oriented model that meets investor demand for a sustainable investment, but adheres to our framework requiring transparency, quarterly rebalancing, equal weighting of investment styles and active engagement with fund managers.
- Submission to be made in October to Praemium for the AAN Sustainable Growth Model, with final build and tender documents being finalised.

Our next webinar



Jeff Thurecht

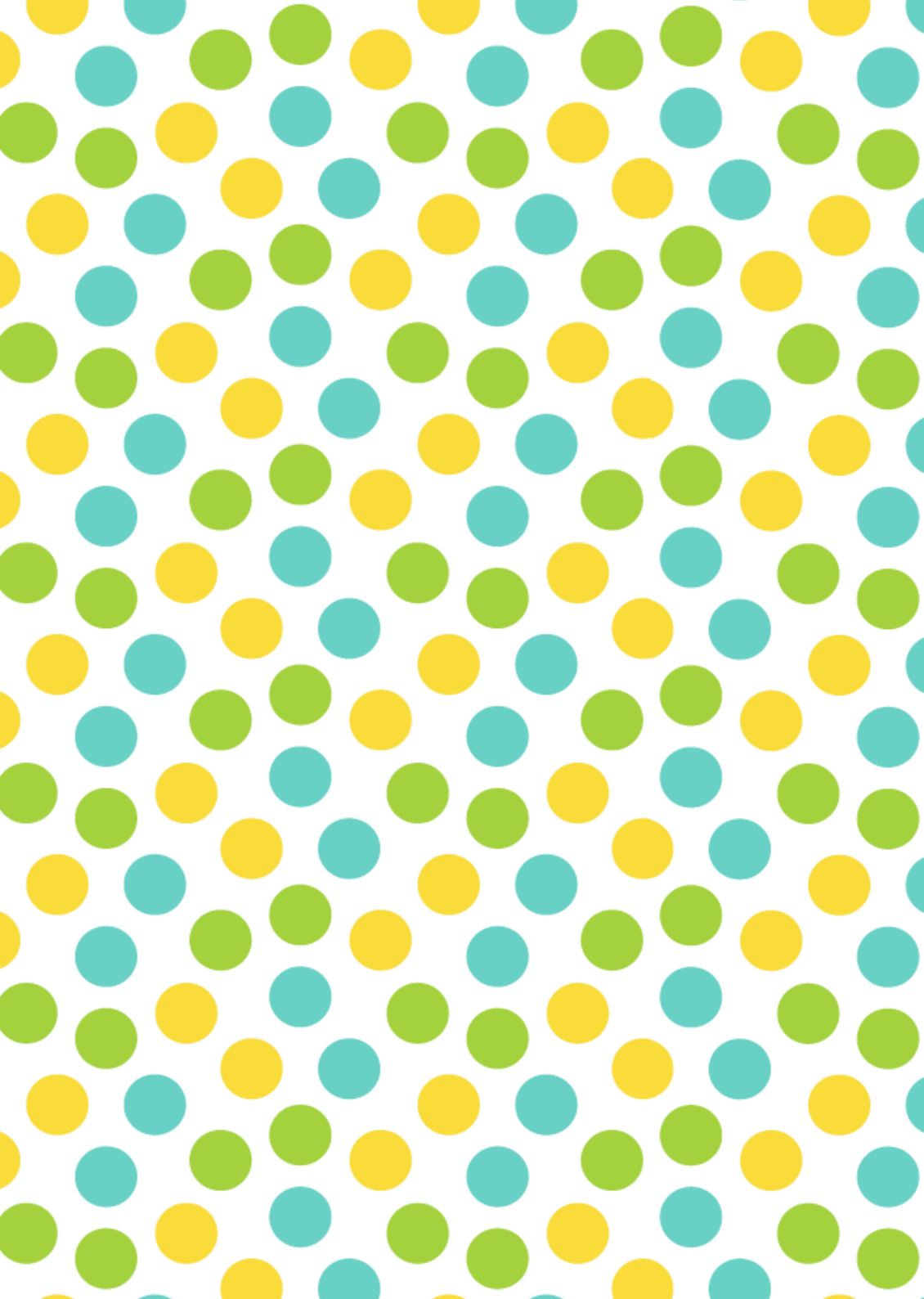


Bruce Grieve

Webinar: Behavioural Finance

**Thursday 22 October
12.30pm**

evalesco 



Thank you