



## Impact-Quality-Investing: How we select companies for sustainable funds

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September 2020

# Agenda

- How do we engage with companies?
- What do we mean by impact?
- What do we mean by quality?
- Is there a trade-off between impact and quality?
- Does this strategy pay off?
- In a nutshell

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How do we engage with companies?

# Swisscanto Invest committed to Paris climate agreement

Neue Zürcher Zeitung

## Swisscanto macht beim Klimaziel Ernst

Der Fondsanbieter Swisscanto hat einen neuen Ansatz lanciert, der dazu beitragen soll, dass Unternehmen ihre CO<sub>2</sub>-Intensität reduzieren.

Je mehr grosse Investoren einen solchen Pfad einschlagen, umso aussichtsreicher ist das Ansinnen. Allerdings können sich die Firmen durch ein Hintertürchen der Verantwortung entziehen.

Michael Schäfer

11.03.2020, 05.30 Uhr

Hören Merken Drucken Teilen



## Swisscanto Invest integriert Pariser Klimaziel

Swisscanto Invest bekennt sich k  
Sie setzt als erste Fondsanbieteri  
Vorgaben zur Begrenzung der gl  
Durchschnittstemperatur auf un  
Produktpalette um.

05.03.2020 22:33

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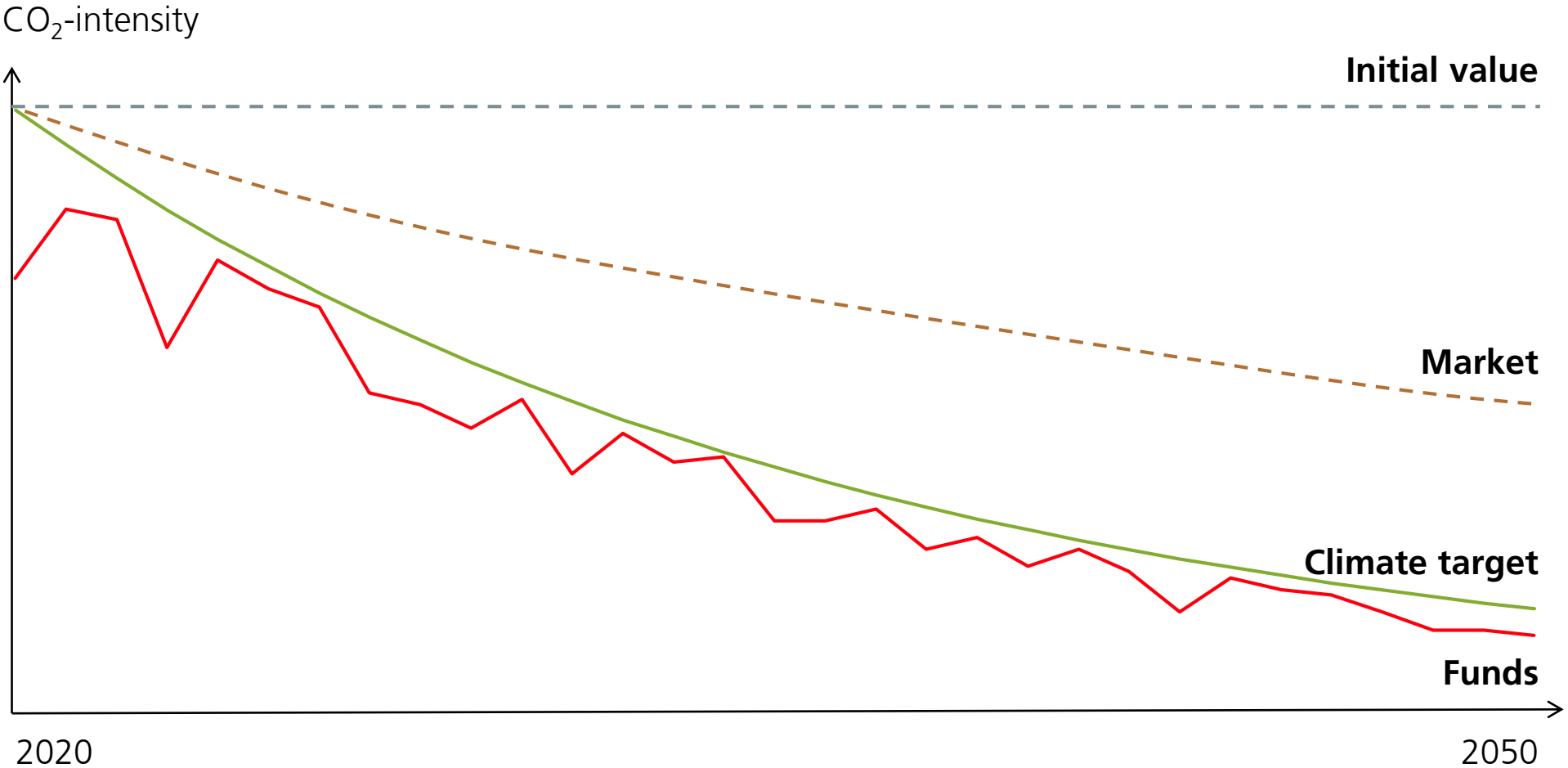


## Swisscanto Invest integriert Pariser Klimaziel

18.05.2020 12:02

Der Vermögensverwalter Swisscanto Invest baut laut eigener Angabe seine Stellung als Vorreiter im Bereich Nachhaltigkeit weiter aus. Als erster Fondsanbieter setze das Asset Management der Zürcher Kantonalbank das Pariser Klimaziel in der aktiven Produktpalette um. Der konkrete Beitrag zur Begrenzung der globalen Durchschnittstemperatur auf unter zwei Grad werde transparent und messbar ausgewiesen. Als erster Fondsanbieter setze Swisscanto Invest bei Investitionsentscheidungen in aktiven Fonds ein jährliches CO<sub>2</sub>-Reduktionsziel von vier Prozent um. Das Unternehmen halte sich damit an das Reduktionsziel des Pariser Klimaabkommens, das eine Begrenzung der globalen Durchschnittstemperatur auf unter zwei Grad Celsius vorsieht und von der Schweiz im Jahr 2017 ratifiziert wurde.

# 4% reduction of CO<sub>2</sub>-emissions every year

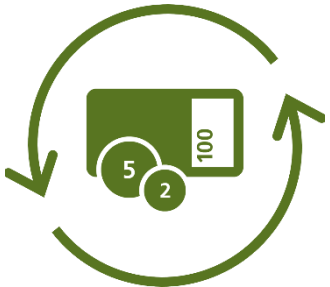


# Our instruments for achieving the climate target



## **Engagement**

Demand CO<sub>2</sub>-reduction targets of at least 4% p.a. from companies



## **Capital allocation**

Ensure that all active, traditional investments have a lower carbon intensity than the target. As a result: Disinvestment by companies and countries that do not have a strategy to reduce their CO<sub>2</sub> emissions.

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What do we mean by impact?

# Our fundamental beliefs

Genuine sustainability management is not geared to mitigating the negative impact of one's own activities, but to devising positive solutions to society's sustainability problems.

Prof. Thomas Dyllick

Professor of business administration with special emphasis on sustainability management at the University of St. Gallen (HSG)





# Key areas and sustainability investment themes

Companies providing solutions and creating impact are growing profitably and can be found in the following sustainability investment themes:



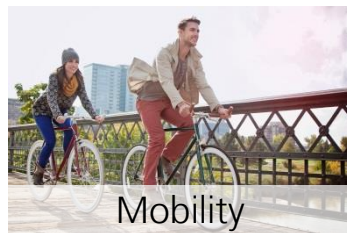
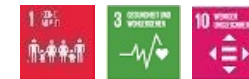
Energy

Renewables  
Energy efficiency



Health

Access to health care  
Promotion of public health



Mobility

Public transport & logistics  
Private Transport



Finance

Financial inclusion  
Financial infrastructure



Ressources

Water  
Resource efficiency



Knowledge

Education  
Connectivity



Source: Swisscanto Invest and UNO Sustainable Development Goals

# Sustainability impact analysis



As part of our sustainability impact analysis the analysts draw up one-page profiles for each stock that show the **social benefits of the company** in relation to a sustainability problem.

In essence, the following questions are answered in this profile:

1. Which sustainability problem does the company address?
2. What contribution does the company make to solving this sustainability problem?
3. Are the contributions relevant for the success of the business model?

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What do we mean by quality?

# Combining sustainable with financial analysis

## Impact:

We look for companies creating a positive impact and exhibiting considerable future growth rates, that the market has not yet priced in.



**Growth**



## Quality:

With our quality assessment we make sure that these companies grow profitably.



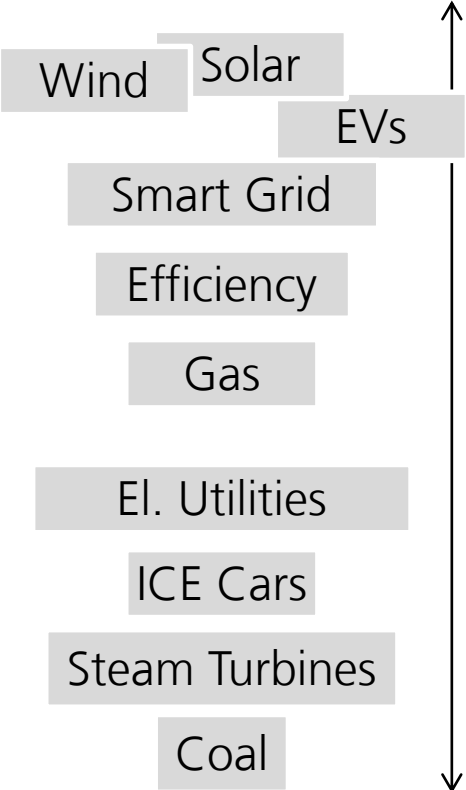
**Return on Capital, Leverage, Management**



- \* Return on Invested Capital
- \*\* Weighted Average Cost of Capital

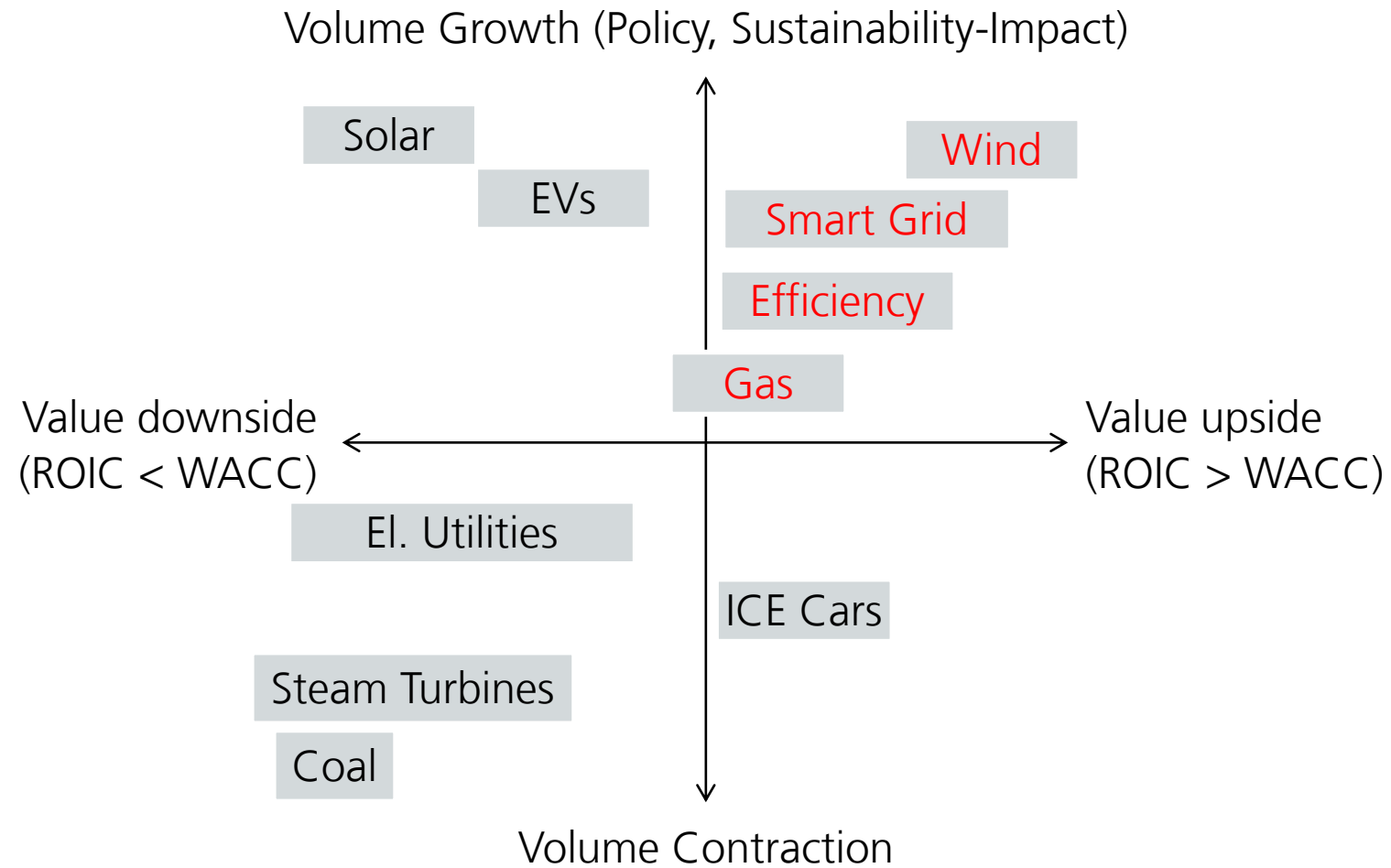
# Example Decarbonization: Different growth rates...

Volume Growth (Policy, Sustainability-Impact)



Volume Contraction

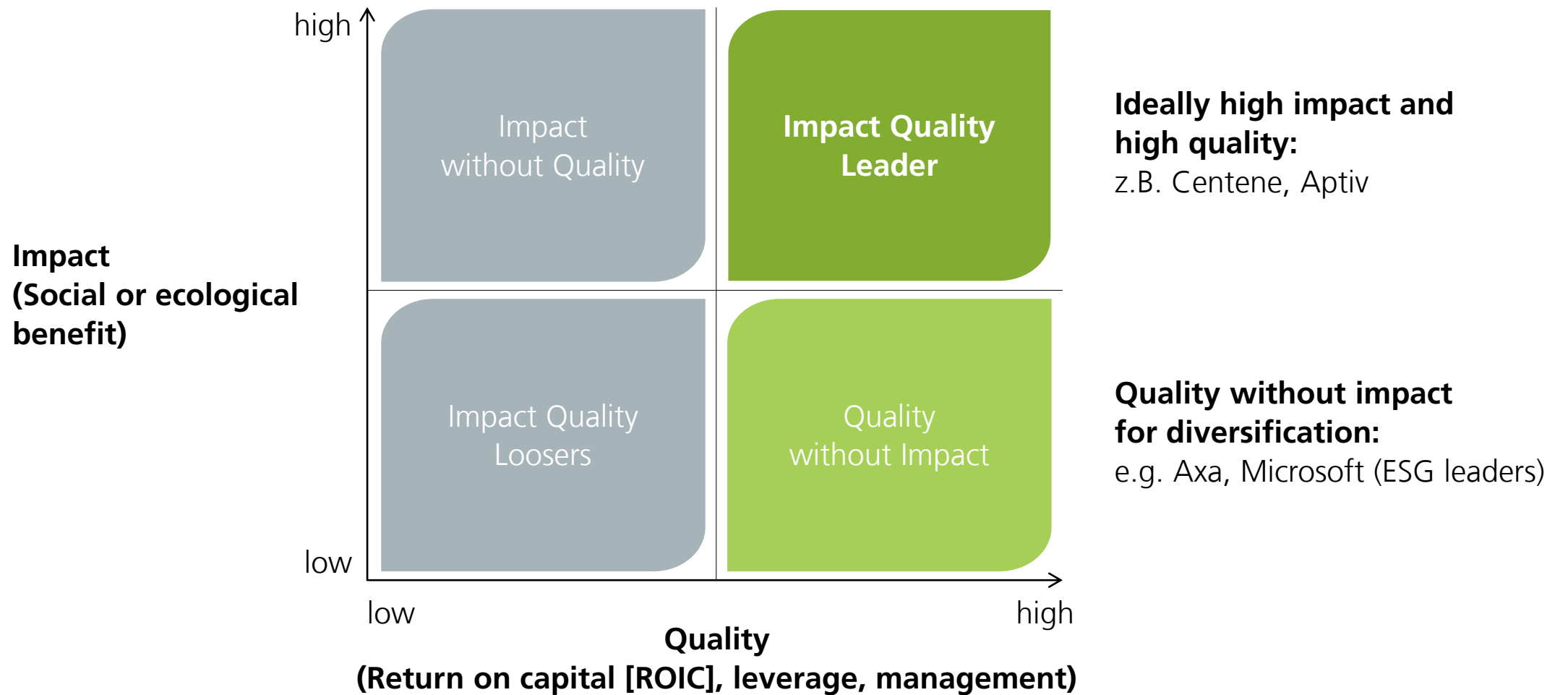
# Example Decarbonization: ...that are not always profitable



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Is there a trade-off between impact and quality?

# Ideally high impact and high quality

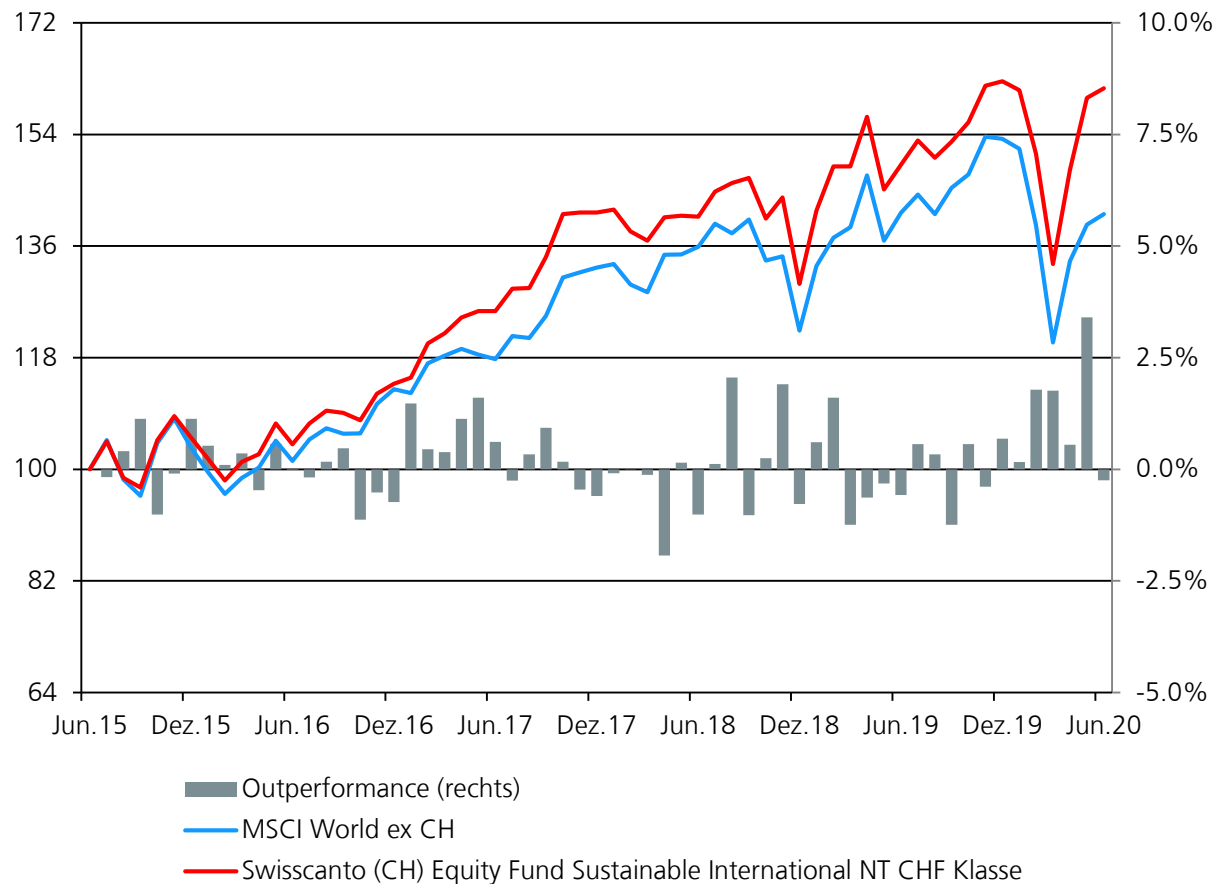




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Does this strategy pay off?

# Excellent 5 year-performance



Source: Swisscanto Invest, Q2

## Swisscanto (CH) Equity Fund Sustainable International NT CHF Klasse

Start date:

Reference currency: CHF

Performance (gross)	Product	Benchmark	Difference
	Swisscanto (CH) Equity Fund Sustainable International NT CHF Klasse	MSCI World ex CH	
ytd	-0.68%	-7.92%	7.24%
last 12 months	8.29%	-0.15%	8.44%
last 3 years ann.	8.76%	6.23%	2.53%
last 5 years ann.	10.06%	7.14%	2.92%
since 01.07.2015 ann.	10.06%	7.14%	2.92%
since 01.07.2015 cum.	61.46%	41.16%	20.30%

Volatility	Product	Benchmark	Tracking Error
last 3 years ann.	16.42%	16.68%	3.73%
since 01.07.2015 ann.	14.47%	14.95%	3.27%

Information Ratio	= Excess Performance / Tracking Error
last 3 years ann.	0.63
since 01.07.2015 ann.	0.82

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## In a nutshell

# Sustainable return with average risk

## Concept

- We focus on companies that contribute to the Sustainable Development Goals and will therefore have good growth prospects
- With our **quality analysis** we filter **companies that grow profitably**

## Performance

- Pronounced **outperformance with average draw downs**
- In the fifth best quantile of the Morningstar Peer Group EAA – Global Large-Cap Blend Equity World

## Sustainability

- Investments in companies that achieve a positive ecological or social impact
- **Return with low CO<sub>2</sub> emissions**

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