

**MIKE ADSETTS**Deputy Chief Investment Officer,
Momentum Investments

Six degrees of separation

Six degrees of separation is the idea that all people on average are six, or fewer, social connections away from each other.... As a result, a chain of 'a friend of a friend' statements can be made to connect any two people in a maximum of six steps.... It is sometimes generalised to the average social distance being logarithmic in the size of the population.¹

If we ever needed a real-life demonstration of the interconnectedness of all of us, the events unfolding in 2020 showed us that we are part of a highly unified global family. The other feature that typified 2020 was how timelines have been redacted – be it the speed with which information is carried around the world, the speed and depth of the market crash in March, followed by an equally dizzying and rapid market recovery and, as the end of 2020 approached, the development of numerous vaccines. In the context of 2020, it is no surprise that investors are increasingly starting to question the effect of their investments beyond just return. 'Capital with purpose' is a good descriptor of this shift in mindset. Responsible investing and environmental, social and governance (ESG) risk factors received unprecedented attention, and rightly so. The importance of each of the three ESG factors in sound and sustainable investment decision-making was evident in 2020. The high temperature of 54,4°C in the aptly named 'Death Valley' in California on 16 August, with the public outcry on the effect of global

warming that followed, was a good example of how consideration of Environmental (E) factors is going to become increasingly important when considering energy (and renewable energy) investments in the future. Societal (S) effects of COVID-19 and the need for re-invigorating the economy after South Africa endured one of the hardest lockdowns globally is evident all around us. Investments in infrastructure have been flagged as one mechanism for reigniting economic growth. There are good and bad infrastructure investments but undoubtedly this will warrant a lot of focus in South Africa over the next few years. Governance (G) failures and the destruction of capital was brought into sharp focus through the Zondo Commission. If there is ever a need to evidence the role for good governance and the devastation wrought by bad governance, there is no better teacher than the revelations at the state capture

commission. Responsible investing practices have always resonated with our outcome-based investing philosophy and the alignment of our clients' long-term goals to positively influence the world they will retire to. Responsible investing has come into the mainstream in the mind of investors, and rightly so. As we increasingly question not just the return on our investments but the effect and purpose thereof, there is a real opportunity not only to achieve healthy returns but also affect the health of the interconnected world. Responsible investing can help to create investments that are

good for clients and the world we live in. This is why Momentum Investments plays an active role in proxy voting as institutional investors (Governance), invests in wind farming projects (Environmental), and helps alleviate challenges such as a shortage of student accommodation close to universities, by investing in our unique Rise Student Living project in Pretoria (Societal). We're here to

help clients achieve their goals on their investment journey, because when it comes to sustainable investment growth, for us it's personal.

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¹ Wikipedia