

How will impact investing change the way we invest?

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Impact investing



Environmental, social and governance?

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Alternative
investments
and real assets



What is impact investing?

Investments intended to create positive impact beyond financial return

Provide capital

- Transactions currently tend to be private debt or equity investments
- We expect more publicly traded investment opportunities will emerge as the market matures

Business designed with intent...

- The business (fund manager or company) into which the investments is made should be designed with intent to make a positive impact
- This differentiates impact investments from investments that have unintentional positive social or environmental consequences

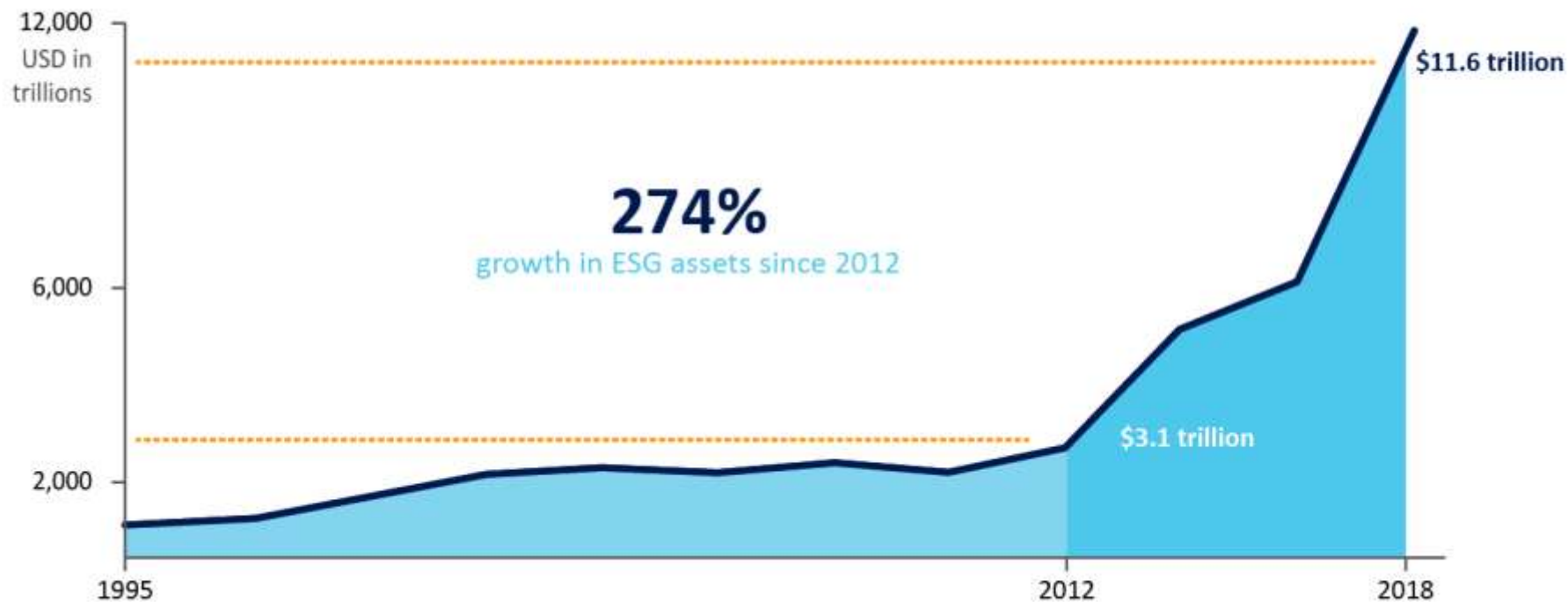
Expect financial returns

- The investments should be expected to return at least nominal principal
 - Donations are excluded
 - Market-rate market-beating returns are within scope

...to generate positive social and/or environmental impact

- Positive social and/or environmental impact should be part of the stated business strategy and should be measured as part of the success of the investment

Explosive growth

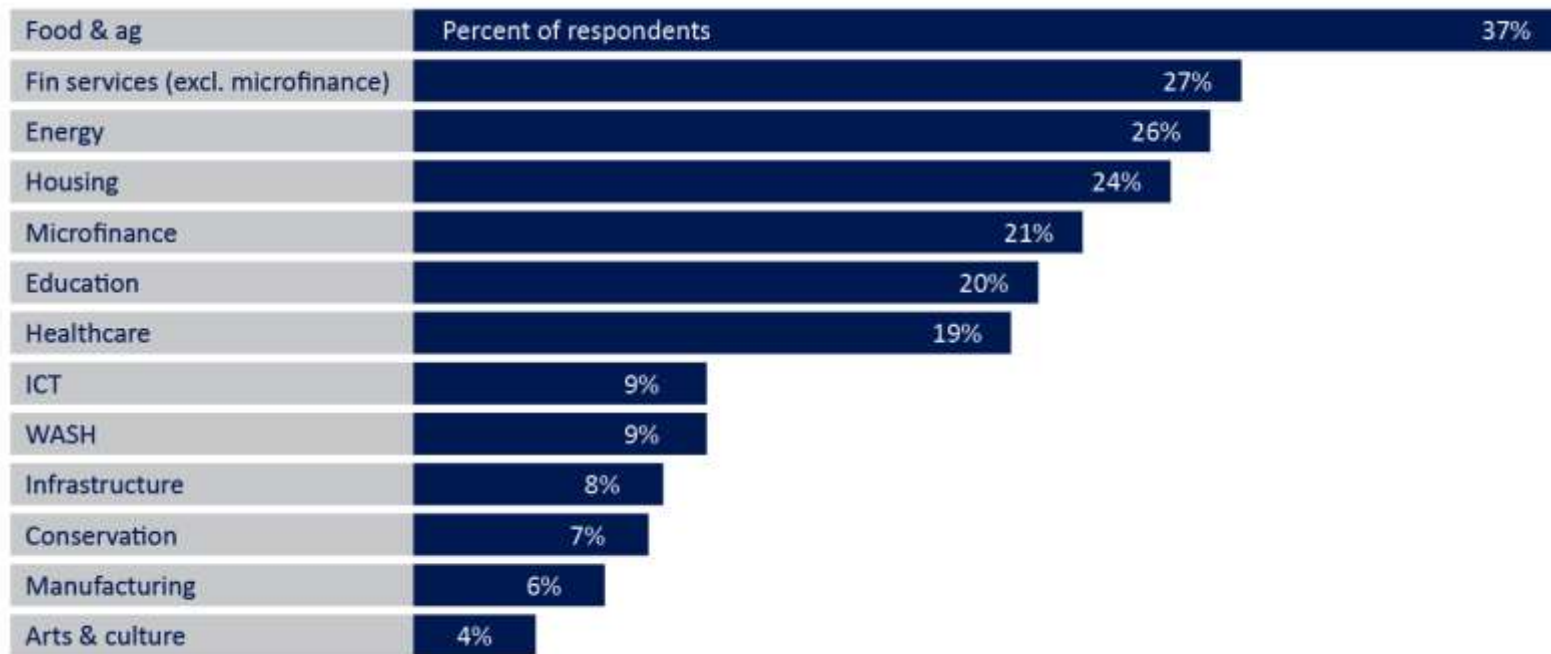


Sources: USSIF.org

Sector focus

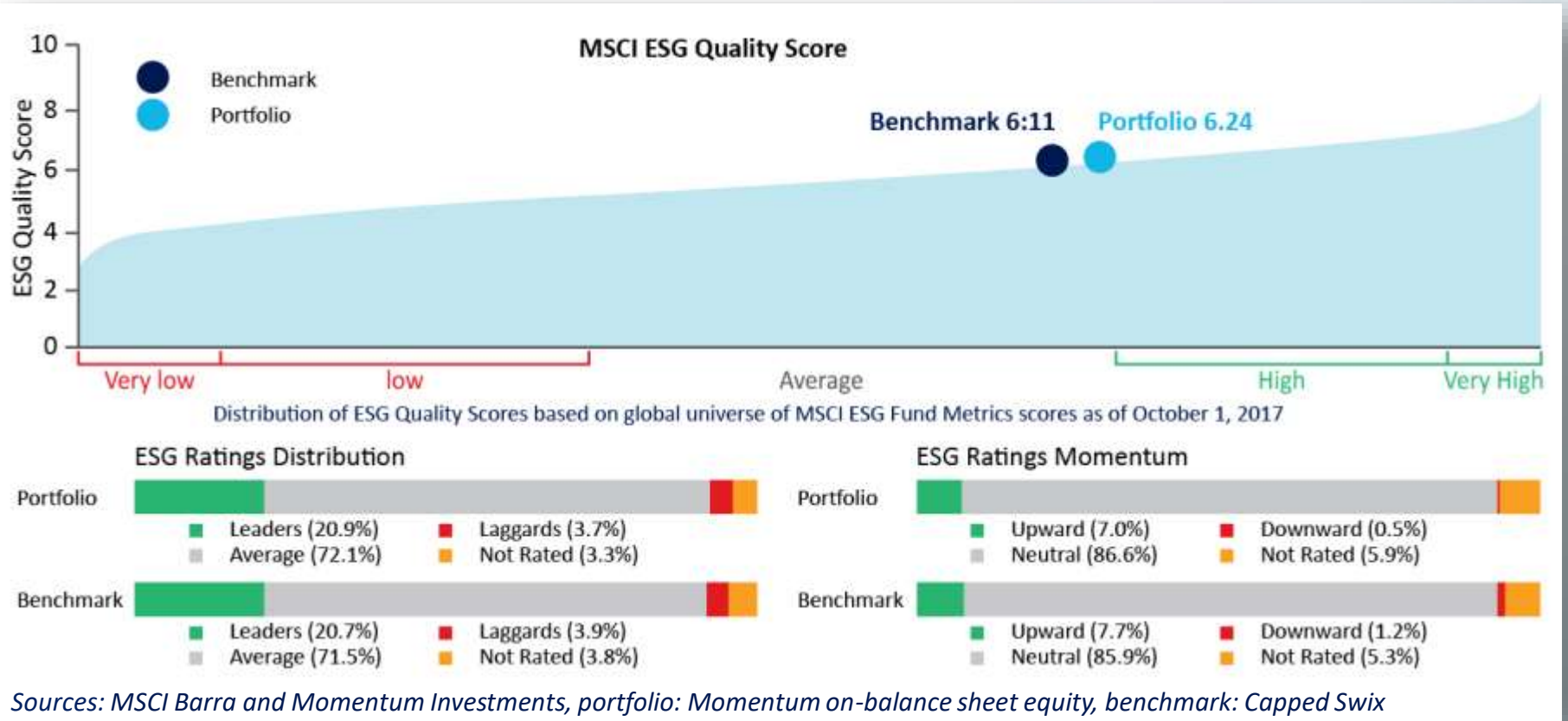


The largest-three sectors to which respondents deployed capital in 2017



Sources: World Economic Forum, n=215, showing percentage of respondents who listed each sector in their largest-three for capital deployments in 2017, optional question.

Can it be measured?



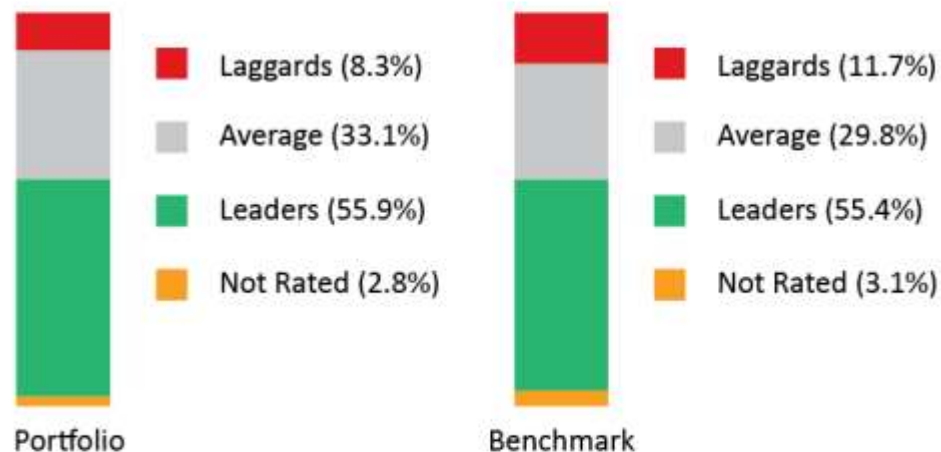
Can it be measured?

Carbon Risk (t CO2e/\$m sales)



High Carbon Risk
23.3% less than benchmark

Governance Risk (Global Percentile)



Laggards 3.4% less than benchmark
Leaders 0.4% greater than benchmark

Infrastructure investing



- Renewable energy
- Water projects
- Toll-road projects
- Very good returns

Sustainable development goals



Our focus

3 GOOD HEALTH
AND WELL-BEING



7 AFFORDABLE AND
CLEAN ENERGY



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



4 QUALITY
EDUCATION



8 DECENT WORK AND
ECONOMIC GROWTH



Stewardship report



momentum
investments

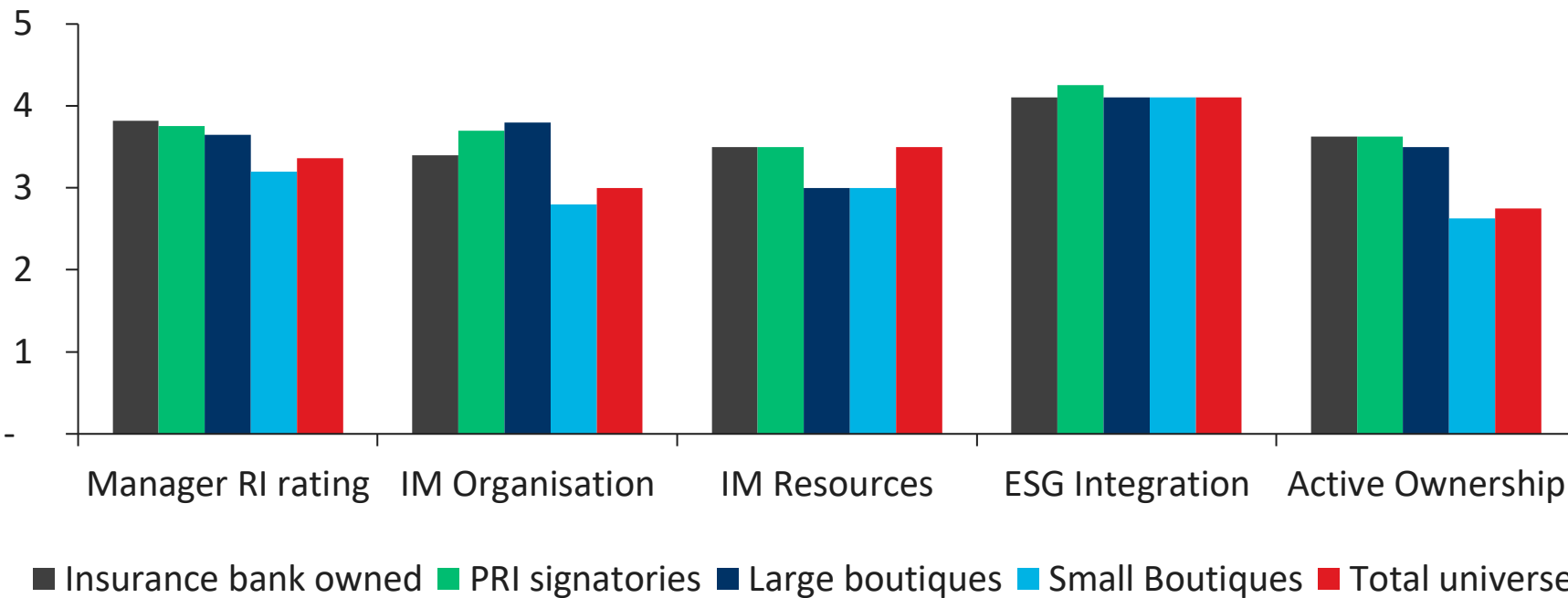
Stewardship report 2020

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PRI- and non-PRI signatories



Median comparison between different sized investment managers



Sources: MSCI Barra and Momentum Investments, portfolio: Momentum on-balance sheet equity, benchmark: Capped Swix

Solar projects in rural areas

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7 AFFORDABLE AND
CLEAN ENERGY



Student housing

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4 QUALITY EDUCATION



Governance



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Practice



ESG integration

Best-in-class

Impact objective

ESG-related exclusions

ESG-related thematic focus

Proxy voting, engagement and stewardship



CFA Institute

Example of exclusion

Every asset class has unique attributes, requiring differentiated approach

Exclusion criteria	Sub area for exclusion	Company revenue threshold	
Global Compact Breaches	Own operations, supply chain	0%	Sustainability inside
Controversial weapons	Anti-personnel mines, cluster munitions, chemical-biological-, depleted uranium- and nuclear weapons	0%	
Tobacco	Production and keys parts	0%	
Palm oil	Non-RSPO certified, production	20%	+
Military contracting	Weapon systems, Tailor-made components	5%	
Firearms	Production	0%	
Thermal coal	Coal mining Coal based energy production	10% 20%	Sustainability Focus
Alcohol*	Production, sales	5%	
Gambling*	Production	5%	
Adult Entertainment*	Production, services, print	5%	+
			Impact Investing

Sources: RobecoSAM, Enhanced exclusion criteria. (Maximum percentage of company revenue threshold). *Possibility to implement tailor made exclusion lists for mandates
https://www.robecosam.com/media/9/8/6/9860b6eb6868cd68d90eae3eff0b9e40_z_tcm1011-15828.pdf

Impact: Taung Square Mall in North West Province



- 68 job opportunities created
- 340 households supported
- Infrastructure development
- Energy efficient lighting
- Metering and monitoring
- Social involvement

Generic disclaimer



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Sources: Momentum Investments, Morningstar, Iress, msci.com, yieldbook.com, ft.com



Thank you