



FUTURE OF PORTFOLIOS SERIES

Q&A with Jens Peers

CEO & CIO, Mirova US, and Manager, Mirova Global Sustainable Equity Fund

Q: When it comes to ESG investing, why should investors choose Mirova?

A: Many ESG fund managers today are either relatively new or are just departments of a broader asset management group. We used to be the same, but then seven years ago we decided to change completely and become fully dedicated to ESG investing.

This means everything we do is ESG orientated. We live and breathe it. It is our sole focus. And we don't just apply ESG factors across equities and bonds, it is used across different asset classes, all dedicated to sustainable investing through a conviction-driven approach.

We have a team of 10 ESG analysts, who have developed a unique investment methodology. So unlike some other managers, we don't simply rely on buying information from research data providers.

While we do use some information from ESG data providers such as ISS-ESG and Carbone 4, we also dig deeper into companies, and get information from many different sources. Through having our own analysts, being transparent and genuinely being a pioneer in this space, we think it gives us the edge over some of our peers.

Q: What should investors be aware of when choosing an ESG-branded product?

A: Investors have expectations about what they should normally find in ESG funds. There have been some articles in the press recently about some of the biggest



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ESG providers in the US that are holding fossil fuel companies like Exxon Mobile, which is something people would not typically expect to find in an ESG fund.

From this point of view there are two very important words when it comes to looking at ESG; materiality and intentionality. A true ESG manager wants to intentionally invest as much as possible in companies that have a material positive impact on society, and avoid exposure to companies with a materially negative impact.

Most of the new products being launched today only tend to focus on financial materiality. And they only look at the information when they believe it's having a potential impact on the stock price or performance of the company in general.

At Mirova, we don't just intentionally avoid investments with a negative impact, we deliberately and intentionally want to guide our portfolios towards companies making a positive impact.

Q: Where do you see ESG products fitting into portfolios, both today, and also in the future?

A: For starters, I don't think there is such a thing as an ESG portfolio, because there are so many different approaches possible. Today, across pretty much all asset classes, investors can find well-performing ESG funds for their portfolios.

So it is not just a question of finding a place for ESG in your portfolios. Today, you can do it for your whole portfolio. This is why we created Mirova. And it's why we operate across different asset classes, so investors can build their whole portfolio in a sustainable way.

However, as things stand, most investors do not approach ESG in this way. They may have taken their first steps in investing sustainably, but they usually start by carving out a satellite component of their portfolio, say 5-10%, then

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allocate this to a single asset class such as global equities, and then invest this in a sustainable way.

This is not necessarily the best way to allocate, because for all asset classes there are choices investors can make and they can find good performing funds that are integrating ESG into their investment process.

Q: Is ESG predominantly about climate change?

A: There is no doubt that climate change is a very important topic. It dominates politics, and by definition also some of the economic discussions. But there are many other topics when it comes to ESG investing.

You have for instance the #metoo movement, as a response to sexual harassment issues. Related to that, you have the lack of opportunities for women compared with men economically. These are very important social topics as well. And while people are fully aware of them, they get less attention when it comes to investment discussions.

So, diversity on the social side is also very important. So too are human rights issues. Human rights and inequality have been brought fully into focus with recent events in Hong Kong and also the yellow jackets in France. While these things are less easy to explain from an investment point of view, they remain very important for the wider context on societal change and responsible investing.

About Mirova



Dedication – Mirova has a team of 10 dedicated ESG analysts who have developed a unique investment methodology.



Positivity – Using a high conviction approach, the team don't just intentionally avoid investments with a negative impact, it deliberately and intentionally wants to guide portfolios towards companies making a positive impact.



Sole focus – Mirova applies its ESG methodology across all funds and asset classes, not just equities and bonds.



Key words – Materiality and intentionality are the two key words Mirova uses to examine ESG.

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