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Is Your Investment Strategy Forward-Looking?

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With mounting challenges that are increasingly complex, more and more investors are making a move to sustainable investing. According to a recent FTSE Russell global survey, 88% of asset owners are implementing sustainable investing within their strategies¹, 16 points higher compared to 2020 and a 35-point jump from 2018. In the majority of cases, the primary objective is to improve long-term risk management.

To meet the needs of investors, investment firms have stepped up their efforts in recent years to develop solutions, whether they are general or tailored to specific demands. Addenda Capital's teams have developed a number of them that are aimed at generating sustainable value for clients while seeking to create a better world. What follows is a brief overview.

Climate Transition – Canadian and International Equities

Investing in companies that are taking the necessary steps to reduce their greenhouse gas emissions is the focus of our Climate Transition funds. Launched in 2021, the funds target companies that share our goal of a net zero society by 2050. The strategy revolves around using the portfolio to support the transition across all economic sectors, an approach that echoes our support of the Net Zero Asset Managers initiative. The process includes the following steps:

- Identifying companies that value the climate transition
- Actively managing the portfolio to reduce its carbon footprint
- Tightening the criteria for inclusion in the Funds throughout the transition period
- Engaging with companies to encourage improvement and support their commitment

Impact – Fixed Income

The goal of this Fund is twofold: to create positive – and most importantly, measurable – social and environmental impacts while seeking to provide compelling returns.

We all know that the environmental and social challenges of the present and future are immense. Some of these challenges, however, represent investment opportunities that will also generate tangible change. To achieve this, we focus on broad themes that are climate change, health and wellness, education and community development. Each of these themes covers several focus areas, including affordable housing, renewable energy and Indigenous economic opportunities. The portfolio is comprised of a diversified mix of fixed income securities, including corporate and government bonds, preferred shares, commercial mortgages and private credit.

¹FTSE Russell – Asset owners widely adopting sustainable investment

Eco-social – Commercial Mortgages

One of the first of its kind in Canada and the latest realization of Addenda's sustainable investing approach. Investing in a diversified portfolio of quality commercial mortgages, the Eco-Social Fund aims to support the Sustainable Development Goals (SDGs) adopted by the United Nations to improve the world by 2030 while also generating compelling financial returns. The Fund strives to address universal challenges that the country is facing in areas such as housing, healthcare, and inequalities. Its focus areas fall under the following five themes:

- Affordable Housing
- Green Buildings
- Underrepresented Groups
- Cultural and Community Facilities
- Health and Education

Fossil Fuel Free Fund – Global Equity

Your vision of investing doesn't include fossil fuels? This fund caters to clients that wish to combine this with a long-term perspective. The Addenda Fossil Fuel Free Global Equity Pooled Fund is designed to meet the needs of investors who prefer an exclusionary approach to fossil fuels while seeking to provide compelling risk-adjusted returns. The strategy involves excluding issuers that generate more than 10% of their sales from:

- The extraction, production, refining or transportation of fossil fuels;
- The supply of equipment and services for the extraction, production, refining or transportation of fossil fuels
- The generation of electricity from fossil fuels.

The strategies we have developed to meet the growing needs of investors reflect the discipline, rigor and integrity that define our mission. There are many barriers to a better world, but they also represent opportunities to set the table for a better society.