

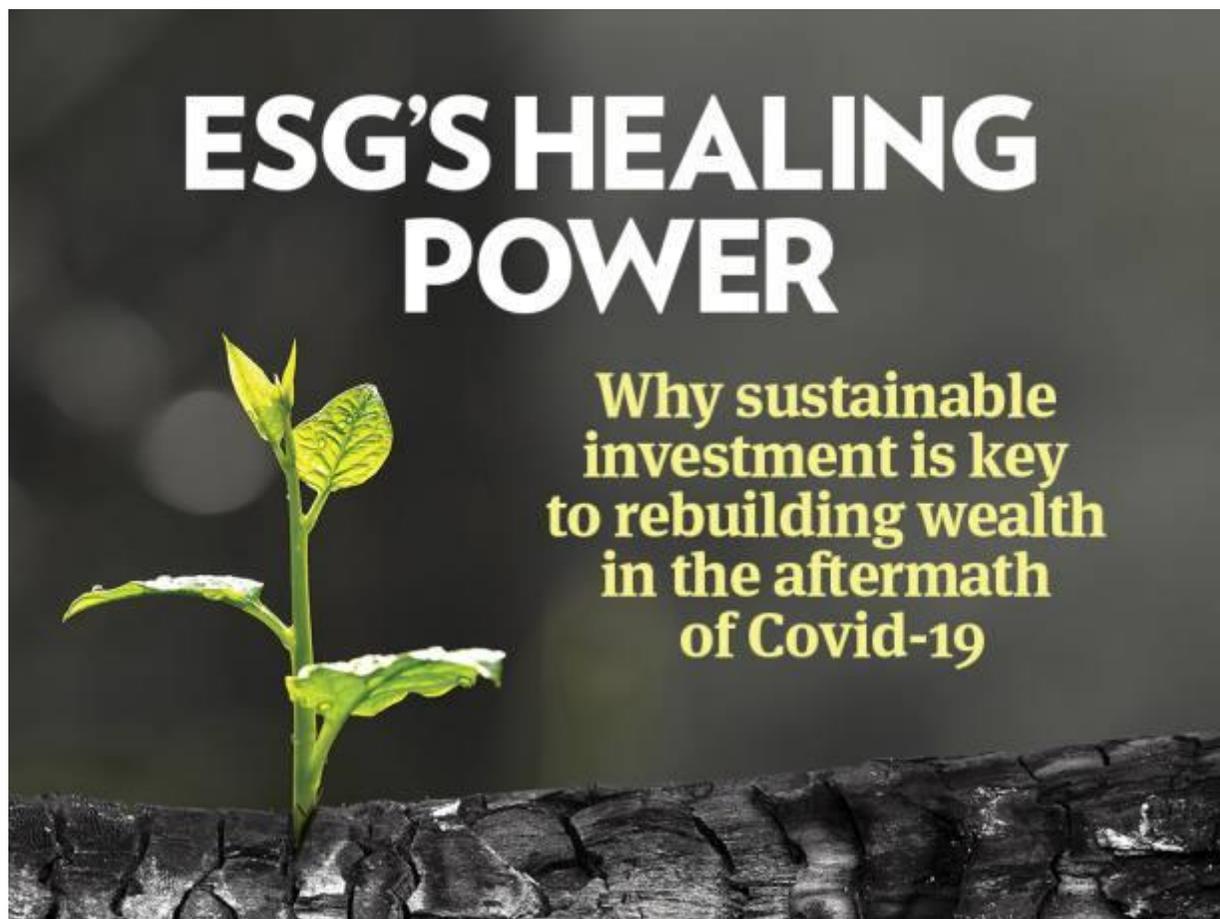
“increasing ESG allocation post Covid”



SECURE WEALTH MANAGEMENT

Investment Insights

May 2020



what will Covid-19 change?

- ❖ ***“the economy exists to support society, not the other way around”***
- ❖ reassessment of:
 - post-war materialist society
 - work/life balance, human values
 - income distribution and inequality
- ❖ key priorities and opportunities post Covid:
 - climate change
 - consumer behaviour
 - employee health and safety and labour practices
 - remote working and schooling
 - cybersecurity and data privacy
 - cashless society
 - supply chain

EU ministers rally behind increased ESG investment post Covid

- ❖ *“we have to encourage each other...not to reduce climate protection to save money, but to enhance it” Angela Merkel, 27th April 2020*
- ❖ *“it is a dereliction to think the Green Deal can’t be a growth strategy to get us out of this crisis” Frans Timmermans, EU executive president in charge of the Green Deal, 22nd April 2020*
- ❖ the European Commission has said it will stick with ambitious environment goals set out in its Green Deal last December, including making the bloc climate-neutral by achieving net-zero greenhouse gas emissions by 2050
- ❖ 17 of the EU’s 27 member states are pressing Brussels to pursue the Green Deal

digital and cleantech technologies are core investments post-crisis

❖ *“two years’ worth of digital transformation has occurred in two months”*

Satya Nadella, CEO of Microsoft, 29th April 2020

- ❖ China supported its low-carbon sector generously post the 2009 GFC, and is now ahead of many developed economies in the technology competition
- ❖ South Korea spent a significant proportion of its budget to tackle the 2008 financial crisis on green stimulus measures. It is now a world leader in batteries and other low-carbon technologies
- ❖ digital and blockchain technology can drive true democracy and reduce corruption
- ❖ democratisation of access to digital currencies via smartphones: the world’s 1.7bn “unbanked”
- ❖ blockchain-enabled decentralised corporate governance hugely increases transparency and accountability

what is ESG?

❖ CFA institute definitions:



Environmental

Conservation of the natural world

- Climate change and carbon emissions
- Air and water pollution
- Biodiversity
- Deforestation
- Energy efficiency
- Waste management
- Water scarcity



Social

Consideration of people & relationships

- Customer satisfaction
- Data protection and privacy
- Gender and diversity
- Employee engagement
- Community relations
- Human rights
- Labor standards



Governance

Standards for running a company

- Board composition
- Audit committee structure
- Bribery and corruption
- Executive compensation
- Lobbying
- Political contributions
- Whistleblower schemes

source: CFA Institute

ESG ETFs outperformed during the 2020 market crash

- ❖ *A huge 70% of sustainable equity funds outperformed to end March 2020*

Sustainable Equity Funds:

Return Rank By Morningstar Category Quartile

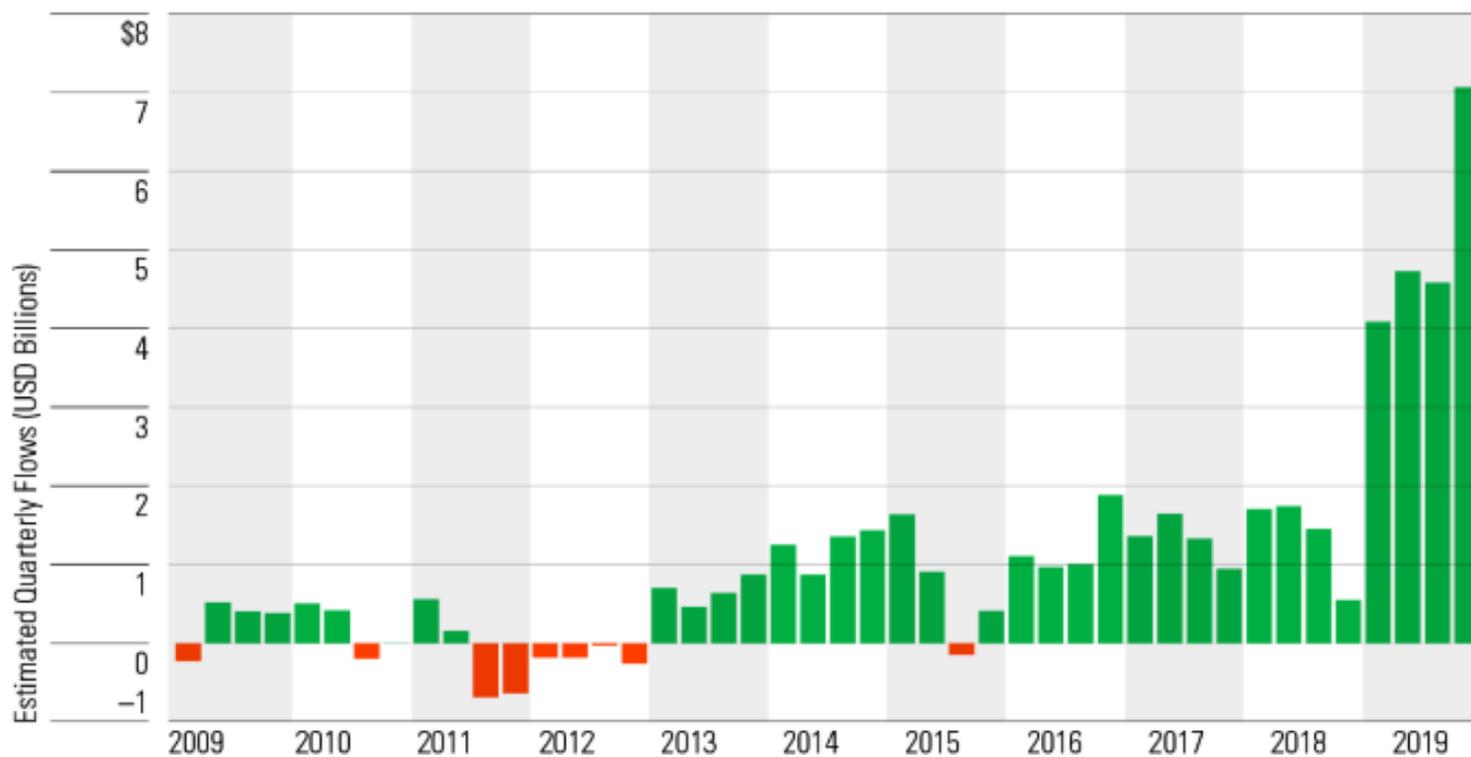
	Feb 20-Mar 19	Jan 1-Mar 19
Top Quartile	38%	40%
2nd Quartile	29%	30%
3rd Quartile	22%	22%
Bottom Quartile	11%	8%

N=203

Data as of 3/19/2020. Source: Morningstar Direct.

flows into ESG going exponential in 2019

Sustainable Funds Estimated Quarterly Flows



Source: Morningstar Direct. Data as of 12/31/2019.

2020 is seeing explosive inflows into ESG ETFs

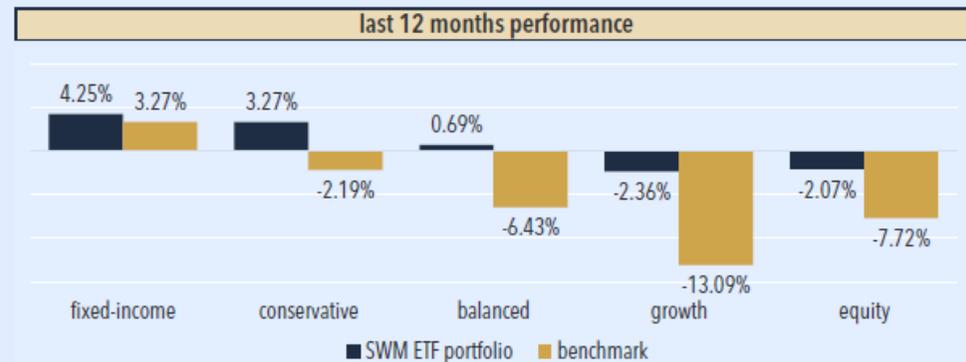
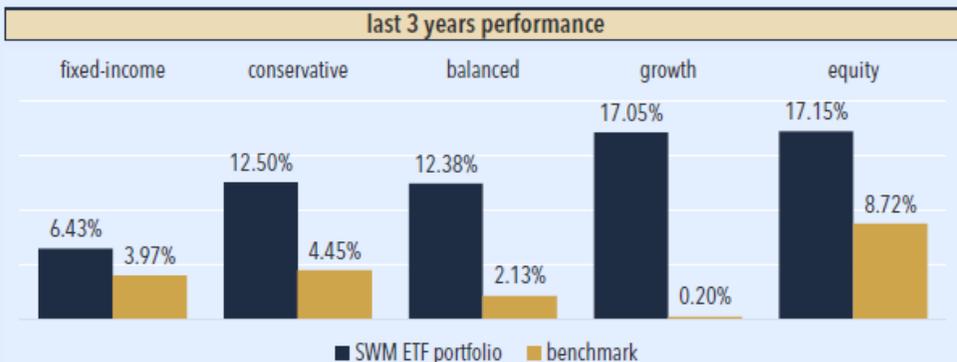
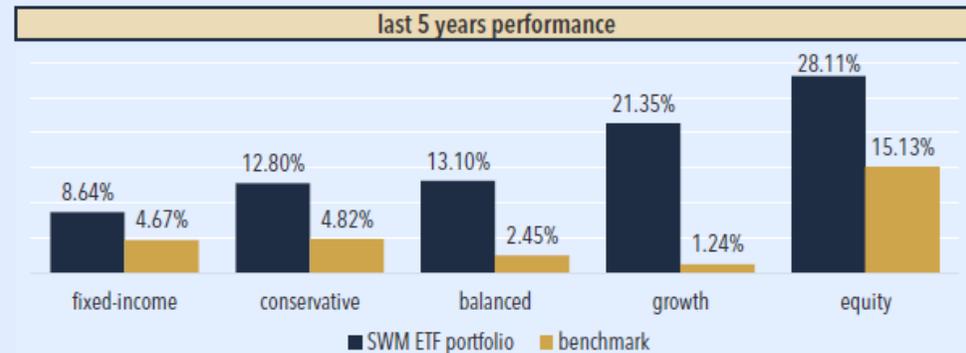
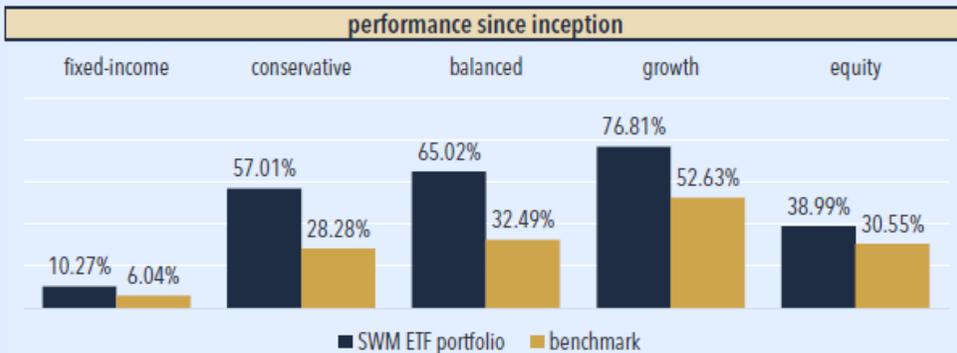
- ❖ *even as the corona crisis hit, inflows into ESG ETFs exploded to USD 7.54bn in Feb 2020*
- ❖ this is the second-highest monthly inflow on record
- ❖ annualising 2020 inflows to end Feb would give USD c.90bn inflows into ESG ETFs by end 2020
- ❖ *this would be 1.5x the total cumulative historical investment into ESG ETFs to end 2019!*
- ❖ USD 14.3bn flowed into ESG ETFs ytd to end Feb 2020, vs. USD 2.4bn to end Feb 2019
- ❖ *this is +500% year-on-year!*

Source: ETFGI Research

SWM outperforming benchmarks across the board*

SWM ETF portfolios performance vs benchmarks

ESG portfolios using ETFs



ESG has been a long-term driver of SWM's ETF portfolio outperformance

<i>ETF</i>	<i>3-year return*</i>	<i>outperformance</i>	<i>1-year return*</i>	<i>outperformance</i>
iShares MSCI USA SRI UCITS ETF	27.98%	11.95%	-1.88%	4.60%
iShares MSCI USA UCITS ETF	16.03%		-6.48%	
iShares MCSI Europe SRI UCITS ETF	5.06%	18.95%	-4.12%	10.19%
iShares MSCI Europe UCITS ETF	-13.89%		-14.31%	

SWM global positioning matrix: May 2020

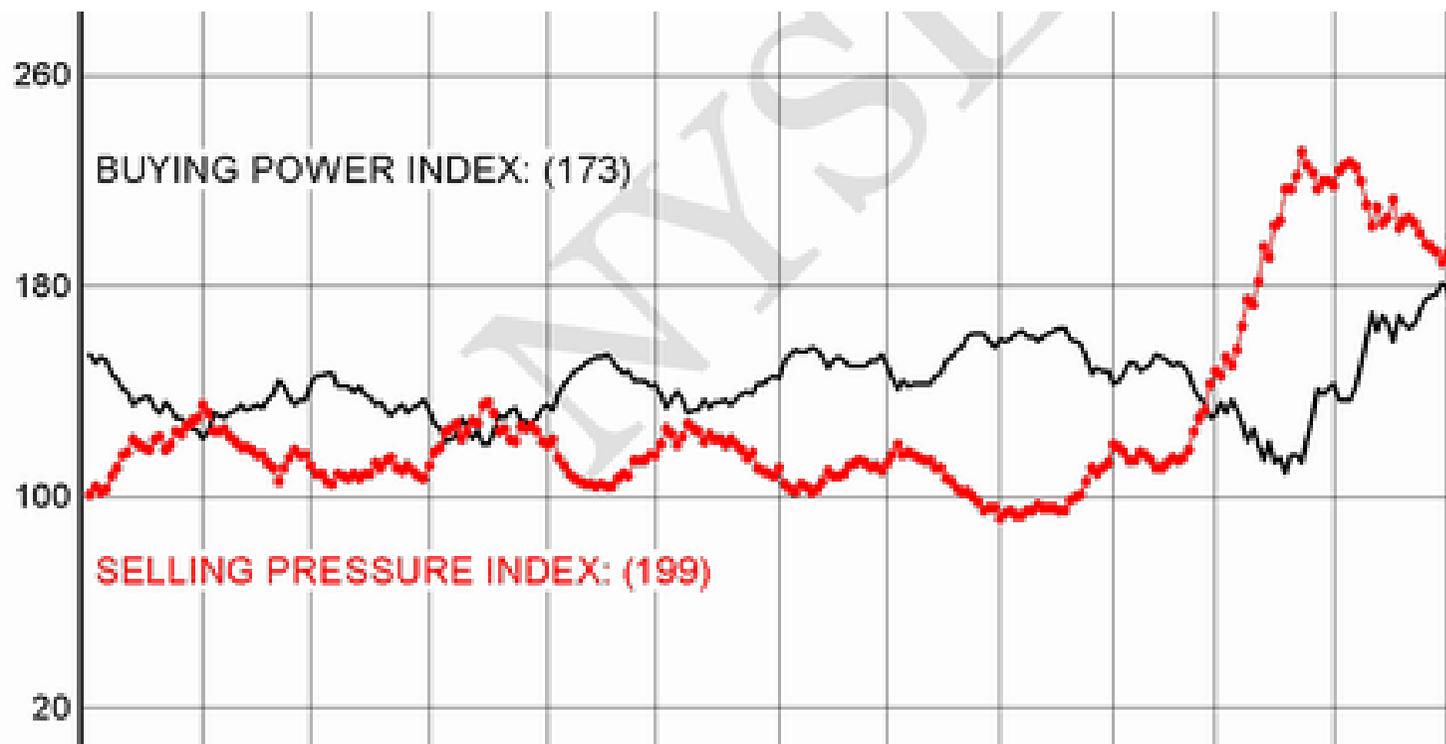
	equities	bonds	property	currencies
overall	overweight	neutral	neutral	
USA	<i>overweight: strong technicals, mid/small caps over large caps</i>	<i>underweight: little value following huge corona rally</i>	<i>neutral: weak technicals, some recovery potential</i>	<i>overweight: intermediate up-trend intact</i>
Europe	<i>overweight: strong technicals</i>	<i>government: neutral, mixed technical signals; high-grade corporate: overweight ESG bonds</i>	<i>neutral, weak technicals, some recovery potential</i>	<i>neutral: intermediate trend mixed</i>
Japan	<i>overweight: ESG index showing outperformance</i>	<i>neutral: some value but longer-term trend mixed</i>		<i>neutral: yen in sideways trend since 2018</i>
emerging	<i>underweight: weak technicals, disproportionate hit from Covid</i>	<i>underweight: high volatility and weak trends</i>		



US ESG equities are the star performer



US equities: close to a key supply / demand crossover





US Treasuries offer little value post-Covid



FIXED INCOME

 KIID/KID  Prospectus  Factsheet  Download

SUOE

iShares € Corp Bond ESG UCITS ETF

EUR (Distributing)



NAV as of 30/Apr/2020

EUR 5.07

52 WK: 4.83 - 5.29

1 Day NAV Change as of 30/Apr/2020

▲ 0.02 (0.44%)

NAV Total Return as of 30/Apr/2020

YTD: ▼ -2.67%¹

Overview

Performance

Key Facts

Holdings

Listings

Literature

WHY SUOE?

1. Diversified exposure to Euro-denominated, investment grade corporate bonds across sectors (industrials, utilities and financial companies).
2. Only includes bonds with MSCI ESG ratings from the top 4 rating levels.
3. Explicitly excludes companies involved in industries such as alcohol, tobacco, gambling, civilian firearms, military weapons, nuclear power, adult entertainment and genetically modified organisms (GMOs).

INVESTMENT OBJECTIVE

The Fund seeks to track the performance of an index composed of Euro denominated ESG (environmental, social and governance) screened corporate bonds.

European ESG corporate bond ETF shows strong recovery



Global Green Bond ETF

FIXED INCOME

 Fact Sheet  Prospectus  Download

BGRN

iShares Global Green Bond ETF

[How To Buy](#)

[Add to Compare](#)

NAV as of Apr 24, 2020

\$53.50

52 WK: 51.95 - 56.05

1 Day NAV Change as of Apr 24, 2020

 0.19 (0.36%)

NAV Total Return as of Apr 24, 2020

YTD:  0.93%[ⓘ]

Fees as stated in the prospectus

Expense Ratio: 0.25%

Net Expense Ratio: 0.20%[ⓘ]

Overview

Performance

Key Facts

Characteristics

Fees

Portfolio

Literature

Why BGRN?

1. Exposure to investment grade global green bonds where the use of proceeds are directly tied to promote climate or other environmental sustainability purposes through independent evaluation.
2. Pursue a measurable environmental impact from your investment.
3. Use to seek income from global investment grade bonds.

INVESTMENT OBJECTIVE

The iShares Global Green Bond ETF (the "Fund") seeks to track the investment results of an index composed of global investment-grade green bonds that are issued to fund environmental projects, while mitigating exposure to currency fluctuations versus the U.S. dollar.



global Green Bond ETF back in the up-channel



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