

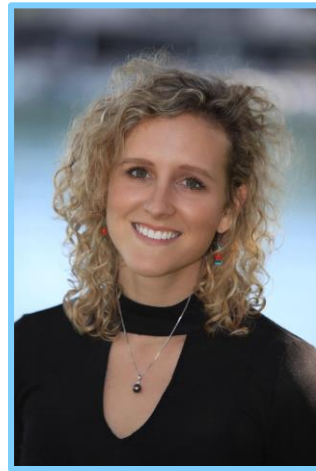


A Purposeful Tilt:

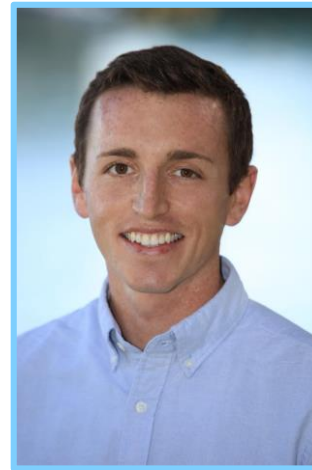
Leveraging a Two-Asset Portfolio Model to Advance the UN Sustainable Development Goals



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Overview: Problem Statement & Solution

Problem Statement

Design a global equity portfolio that advances the United Nations' Sustainable Development Goals (SDGs) while also maximizing risk-adjusted returns.

Our Solution: Tilting a Well-Diversified Portfolio Towards Impact



Top 5 Holdings

Company	Nestle	Pepsi	Ecolab	Unilever	Coca-Cola	MSCI ACWI
Weight	7.49%	4.81%	4.76%	4.44%	4.38%	36.90%

Realized Sharpe Ratio

MSCI ACWI	0.55972
Tilted Portfolio	0.97956

Methodology

1

SDG Selection



2

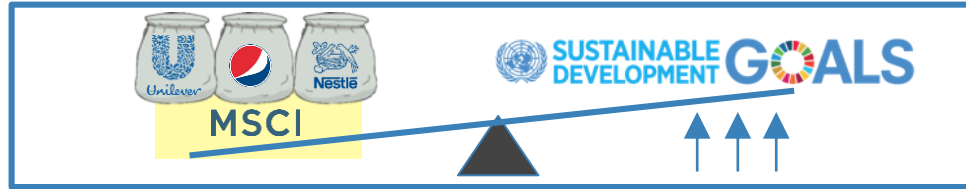
Security Selection



Impact Evaluation
Financial Evaluation

3

Portfolio Development



4

Benchmark Results



Extra-Financial Value
Financial Value

5

Marketing and Implementation





SDG Selection



Security Selection



Security Selection: Impact Evaluation

1

MSCI 

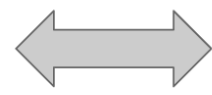
 **Calvert**
INVESTMENTS[®]

BLACKROCK

2



CLEAN200™



Security Selection: Impact Evaluation

3

Companies scored according to leading research by:

1. MSCI ESG Rating
2. MSCI AGR Rating
3. Corporate Knights Top 100
4. SDG Industry Matrix`
5. CDP
6. Newsweek Top Green Companies
7. Gartner Research & Advising
8. Forest 500
9. Clean Energy 200
10. Dow Jones Sustainability Industry Award
11. Calvert Large-Cap International Equity Fund

High Weight

Resources weighted according to relevance to SDGs

Low Weight

4

Calculate Results



pepsi

ECOLAB®



Security Selection: Financial Evaluation

Focusing on the gap in intrinsic value and market value

63 Securities Evaluated



55



8

Assumptions:

- Financial fundamentals determined high growth rates and ROC
- Stable GR (1.75%), Risk Premium for Equity (6.25%), length of high growth (5Y)
- No attempt for modification, but instead assume markets are efficient: a departure from traditional financial analysis
- Gap is due to in part to ESG factors not captured in financial fundamentals

The **story** is the soul of the valuation.



Portfolio Tilt



Portfolio Tilt

Assumption: MSCI ACWI is perfectly diversified with beta = 1.

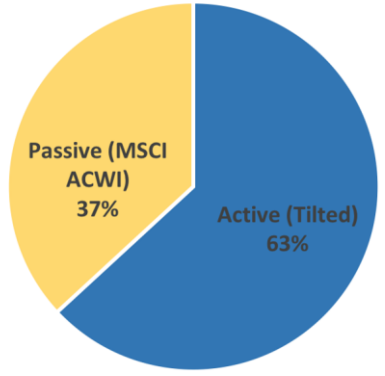
Seek positive alpha through the addition of an active portfolio

Financial Goal: Sharpe Ratio maximization

Achieving the Tilt: Overweight Individual Securities based on contribution to alpha and excess return per unit of residual variance

Assign Modified Strategic Alpha - Based on financial and extra financial evaluation, maximizes Sharpe Ratio

Tilted Portfolio



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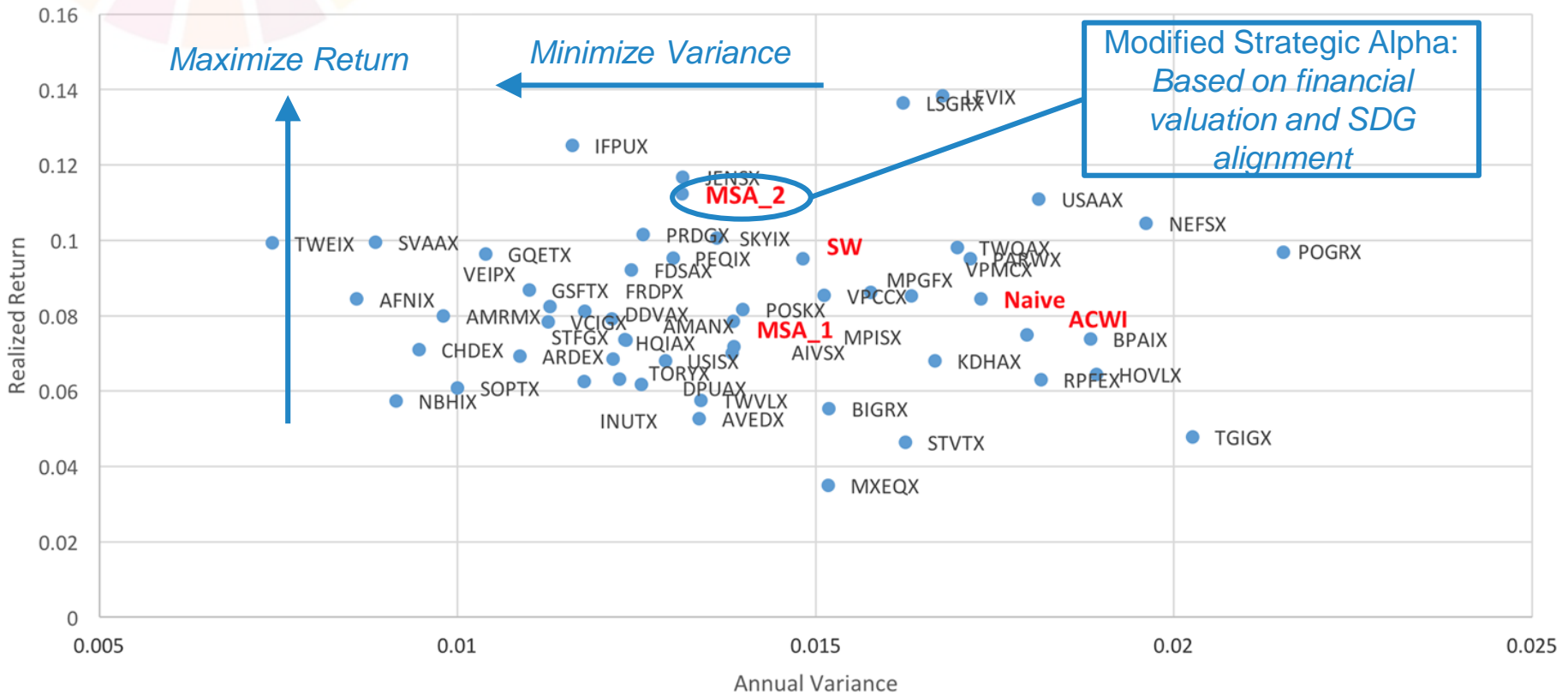


Benchmark Results

Financial Value:

Maximizing Risk-Adjusted Returns

Realized Risk/Return Profile - Barron's Top 50 Sustainable Mutual Funds





Extra-Financial Value: An Impact Assessment

Key Facts - Select Indicators Corporate Knights Clean Capitalist Tool

UN SDG	Indicator (USD)	Portfolio	S&P Global 1200	Result (Difference)
Climate Action	Carbon Footprint (tCO ₂ e Scope 1 & 2) per \$M Invested	18 tCO ₂ e/\$M	178 tCO ₂ e/\$M	-90%
Clean Water and Sanitation	Water Intensity (Millions Cubic Meters per \$M Sales)	0.7	13.1	-94.7%
Clean and Affordable Energy	Fossil Fuel Reserves Weighted Intensity (tCO ₂ e potential emissions) per \$M market cap	0 tCO ₂ e/\$M	3298 tCO ₂ e/\$M	-100%



Extra-Financial Value:

Impact Assessment Methodology Creation

- An Impact Map encompassing all 5 SDGs
- 11 indicators from the Corporate Knights Clean Capitalist Tool
- 9 Additional Indicators





Marketing and Implementation



Target Market and Value Proposition

Meeting Sovereign Wealth Fund (SWF) Strategic Objectives

SWF Objectives and Trends	Our Unique Value-Added
Financial Value - Long-term stability and low-risk returns	<ul style="list-style-type: none">• Diversification of Risks• Maximization of Sharpe Ratio• Large-cap, publicly traded equities for greater liquidity• On average, two thirds of assets remain in higher risk assets
Inclusionary Practices and Active Ownership	<ul style="list-style-type: none">• Methodology provides a tool for inclusionary practices and active ownership• Platform for increasing ESG and SDG impact that is tailorable to state specific interests
Macroeconomic Stability	<ul style="list-style-type: none">• Methodology that allows SWFs the capacity to strengthen macroeconomic stability by means of ESG and SDG impact*

*According to Blackrock and Ceres: “Studies from the Harvard Business School, the University of Oxford, Deutsche Bank and our own experience at Blackrock and Ceres show that companies that focus on sustainability are more resilient and perform better over time on a variety of metrics.”



Implementation Strategy

Incubation through:

- Direct sale
- Indirect sale with asset management group as channel partners

Selling point: Customizable product that can be adapted to tilt toward the dynamic SDG-focus of the SWF

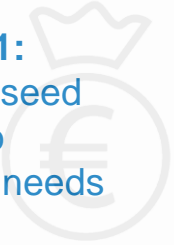
First customer target: Norwegian GPFG





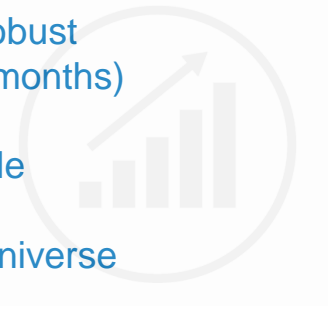
2-Year Roadmap

Phase 1:
Secure seed
funds to
finance needs



Phase 3: Build Robust
Prototype (10-12 months)

- Catalog of Customizable SDGs
- Expanded universe of securities

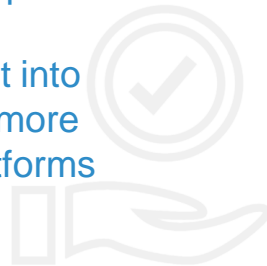


Phase 5: Pilot
Prototype
(12-24 months)



Phase 2: Secure additional
resources needed:

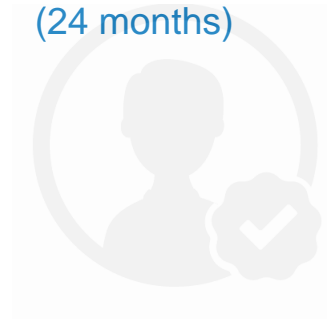
- Human Capital (team)
- Investment into data and more robust platforms



Phase 4:
Secure Channel
Partner to pilot
prototype
(12 months)



Phase 6:
Secure First
Customer
(24 months)





Thank
You

