



# FUND FEATURE

## NANUK NEW WORLD FUND

### **Tell us about your Responsible Investment strategy**

Nanuk is exclusively focused on sustainably themed responsible investment – specifically, investing globally in listed companies whose activities and practices contribute to or benefit from the transition to greater global sustainability. We believe that successful investment in these areas will deliver attractive investment outcomes for clients and will facilitate the global sustainability transition, through improving the efficiency of capital allocation and facilitating better long-term decision-making through broad engagement with stakeholders, including corporate leaders, government, and the public.

Nanuk has a holistic and comprehensive approach to sustainable investment that is focused on delivering strong investment outcomes from a clearly defined opportunity set that will, by definition, result in ethical, impactful portfolios that are aligned with global sustainability outcomes.

Our approach is reflected in the following

broad principles, set out in our Sustainability Policy.

- We only invest in companies that we believe are contributing to improving global sustainability.
- We do not invest in companies whose activities are unsustainable.
- We do not invest in companies whose relationships with stakeholders are unsustainable.
- We consider the governance and sustainability of businesses in our investment analysis and decisions.
- Where practical and aligned with our clients' interests, we seek to influence companies to improve both global and intrinsic sustainability.
- We seek to operate our own business in a sustainable manner.

### **What is the biggest hurdle with Responsible Investments?**

The biggest hurdle to the adoption of responsible investments is the challenge of identifying products that align with the needs of investors. The terminology is

confusing, product names are often misleading and data and ratings don't often answer the right questions. In short, advisers need to look at the portfolio holdings and what managers are doing or use investment consultants who have had the time to undertake thorough reviews.

### **What's the biggest ESG myth?**

Unfortunately there are many widely held misconceptions about ESG and Responsible Investment.

The first myth is that ESG and Responsible Investment are the same thing. ESG is an acronym that means different things to different people. Responsible Investment describes a range of different approaches that deliver non-investment outcomes of a responsible nature.

The second myth is that good ESG investment is clearly defined. Good ethical investment can be very different from good impact investment which can be very different from good engagement activities. All offer important and desirable responsible investment outcomes, but you shouldn't expect one strategy to do all these things for you.

The third myth, related to the second, is that a good ESG or Responsible Investment strategy can be assessed by looking at ESG or Sustainability Scores.

ESG Scores (and Morningstar's Sustainability Score) measure how well company governance and ESG practices conform to a model of best practice. They may have little or nothing to do with how ethical, sustainable or impactful a company or portfolio might be. You need to look at what is in the portfolios to understand what you are getting.

The fourth is that ESG products are all somehow aligned with investing in companies that will help address global environmental and social issues. Most ESG products end up invested in companies with good ESG scores – typically large companies with white collar workforces and limited physical operations. Whilst there is nothing wrong with investing in banks, pharmaceutical and tech companies that is not what clients may be expecting from an ESG strategy.

Finally, there seems to be a growing belief or acceptance that a product that is good from an ESG perspective is a good investment product. People have accepted that you can have good investment performance from Responsible Investment strategies that deliver other benefits, but that should not be confused to mean that strategies with strong ESG or RI credentials will be good investment products.

### **Describe Responsible Investing in three words**

"Portfolio Holdings Matter"

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## **EVERGREEN RESPONSIBLE GROWTH MODEL**

The Nanuk New World Fund is one of the managers included in the Evergreen Responsible Growth Model, available through Generation Life.

[www.evergreenconsultants.com.au](http://www.evergreenconsultants.com.au)