SUSTAINABLE FINANCE

Combining personal convictions and economic performance, Sustainable Finance incorporates environmental, social and governance (ESG) criteria into investment decisions. This additional dimension enhances investors' values and helps give meaning to their investments with a long term vision based on the cornerstones of sustainable development.

WHICH ARE THE APPROACHES IN SUSTAINABLE FINANCE?

INTEGRATION

This method integrates **extra-financial criteria** (based on ESG filters) in the investment process in order to measure the values, opportunities and potential risks for investors.

EXCLUSION

This consists of **excluding** from the investment universe all companies whose line of work have a **negative** impact on society or the environment, such as tobacco, alcohol, or that are in breach of international standards.

BEST IN CLASS

Positive approach that aims to retain companies that have the **best ESG practices**.

THEMES

Selection of companies that are **active in sustainable development fields**, such as **water, renewable energies, sustainable agriculture**.

ENGAGEMENT

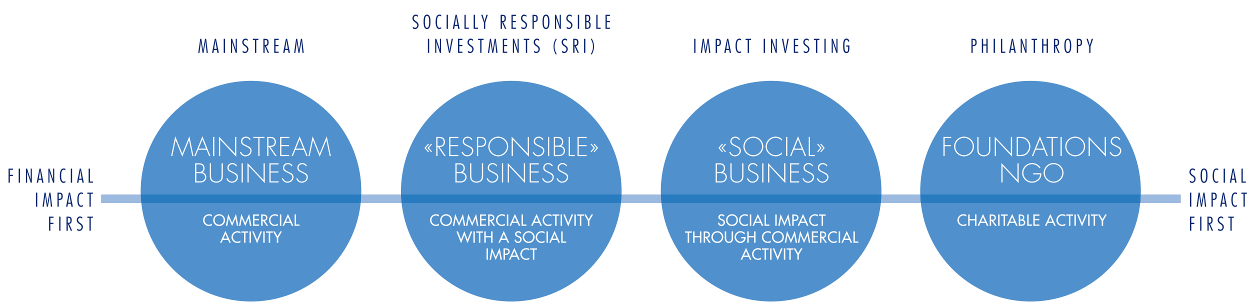
This approach, which is also known as **shareholder activism**, consists of exercising one's **shareholder voting rights** in a company with conviction and establishing a direct link in order to improve its social responsibility.

IMPACT INVESTING

Consists of investments in organisations, companies or funds that pursue a mission with a positive **social or environmental impact**, while still trying to generate a financial performance. The most common form is **microfinance**. The impact investing market is estimated at more than $30bn, with a high growth potential over the next ten years (source: J.P. Morgan).

GREEN/SOCIAL BONDS

Conventional bonds for which **the fundraising is exclusively dedicated to projects or activities that have a positive social or environmental output**. The issuer commits to providing a regular report during the bond's lifetime. In 2014, over $36bn of green or social bonds were issued worldwide.



A SERVICE ADAPTED TO SUSTAINABLE FINANCE

Mirabaud is dedicated to offering optimal solutions to clients' requests. The Group has thus established a network of professionals able to provide comprehensive solutions for all types of inquiries, while taking into account investors' expectations and specific needs or biases.

CONTACT WITH SPECIALISTS

Benefitting from its network of experts active on the Swiss and international financial centers, part of which are pioneers of the microfinance and impact investing industry, Mirabaud is able to select the most appropriate manager and investment vehicle adapted to the investor's objectives.

IMPLEMENTING AN SRI PORTFOLIO

Specialists are available to all investors who would like a tailor-made mandate in accordance with their sensibility, their expectations and their fiscal constraints.

MIRABAUD IN-HOUSE FUNDS

Mirabaud Asset Management applies the **integration** strategy to the various ESG funds it manages. These are US and global equity funds of which underlying stocks are selected on the one hand for their robustness and their valuation standards, on the other hand for their ESG performance. These funds exclude automatically any company that has an activity relating to prohibited military equipment, in conformity with the Swiss federal law on war material (LFMG).

In any case, three dimensions should be considered: **risk** management as defined by the investor, his **expectations** in terms of performance and impact, and most of all his personal **convictions** in order to set up a portfolio in line with his objectives.

COMPATIBLE PARTNERSHIPS

INTERPEACE

Interpeace is an NGO based in Geneva which strives to resolve armed conflicts through negociation. The Mirabaud Group has committed to transfer part of the management fees generated on Mirabaud Opportunities Emerging Markets fund of hedge funds to Interpeace.

SUSTAINABLE FINANCE GENEVA (SFG)

This association strives to promote Sustainable Finance on the Geneva financial centre and beyond. Mirabaud has established a partnership with this organization and counts several members among its employees.

SWISS SUSTAINABLE FINANCE (SSF)

Like SFG, SSF aims to place Switzerland among the world's leading Sustainable Financial centres. Mirabaud is one of the founding members of the association.

OUR SUSTAINABLE COMMITMENT

Ever since its founding in 1819, Mirabaud has always favored a sustainable philosophy, a long term vision and a responsible mindset. To be aligned with our clients' and – more generally – society's interest is essential. This is notably evident in the exclusion of proprietary trading and a cautious and controlled risk approach.

Mirabaud is a signatory of the United Nations Principles for Responsible Investments (UNPRI) and is committed to integrating sustainable development criteria in the investment process (www.unpri.org).

Following these principles, Mirabaud exercises its voting rights for all funds of its Asset Management division.

WHAT ARE THE STAKES OF SUSTAINABLE FINANCE?

A RESPONSIBLE APPROACH

The recent financial or environmental crises have unveiled abuses and dubious habits at the cost of global society. The public has gained awareness and realised the need to change. Sustainable Finance is an answer that goes beyond merely financial considerations.

A BUSINESS OPPORTUNITY

Sustainable Finance has seen uninterrupted growth for several decades. Assets under management integrating ESG criteria were estimated at $21,400bn in 2014 (source: GSIA). Today, many business models are developed around ESG themes, providing promising possibilities.

PROTECTING THE FUTURE

Privileging Sustainable Finance means not only choosing investment models that support today's economy but also favoring the creation of opportunities for future generations.

WHAT ARE THE BENEFITS FOR INVESTORS?

ASSET DIVERSIFICATION

Sustainable Finance enables one to balance a portfolio through a wider opportunity set where development and crisis factors can be different from traditional markets.

MANAGE THE INVESTMENT CHOICE

Investing in Sustainable Finance means having better control over the social and economic risks of one's investments. The extra-financial dimension gives further visibility to investors in their choice and contributes to an enhanced finance serving greater global equity.

CONTRIBUTE TO THE DEVELOPMENT OF A SUSTAINABLE ECONOMY

Sustainable Finance gives investors the opportunity to take part actively in the establishment of a global economy. It enhances the balance between the current and future generations.

A FEW MISCONCEPTIONS ABOUT SUSTAINABLE FINANCE...

RESPONSIBLE INVESTMENTS ARE NOT PROFITABLE!

As for all investments, sustainable financial instruments are subject to a complete financial analysis. ESG criteria do not guarantee higher financial returns; however, social and economic returns are absolutely compatible. Conversely, a company's poor ESG management can have negative repercussions on its financial performance.

RESPONSIBLE INVESTMENTS ARE NOT LIQUID!

It is important to distinguish different types of sustainable investments and avoid lumping them all together. Sustainable Finance opens up to many possibilities: large, mid and small caps, stocks, bonds, trackers, mutual funds, private equity... Investors will need to define a time horizon and the required liquidity before making a choice.

RESPONSIBLE INVESTMENTS ARE NOTHING MORE THAN DISGUISED PHILANTHROPY!

Philanthropy finds its root in a charitable gesture to support a cause or fund a project. Sustainable Finance relates to the act of investing and the responsibility of its stakeholders in an approach that includes ESG elements likely to impact positively or negatively the financial performance of their investments.