



# EdenTree Green Impact Equity Fund

Managed by **Charlie Thomas** and **Tom Fitzgerald**



**Investment Focus:** Global All Countries

**Financial Objective:** To provide capital growth over 5 years or more, with an income.

**Sustainability Objective:** To support a reduction in the level of greenhouse gas emissions, measured in tonnes of CO<sub>2</sub>e avoided on an annual basis, through the Fund's investment in, and engagement with, companies whose products and services provide climate change solutions.

**Investment Horizon:** Typically 5-7 years

**Fund Style:** A mid-cap global equities bias with a blend of value and growth

**Approach:** Negative screening focused on sustainable environmental solutions

**Portfolio Construction:** 40-60 holdings with an unconstrained approach

**Benchmark comparator:** IA Global Sector and MSCI ACWI TR

**SDR label:** Sustainability Impact

**SFDR Classification:** Article 9

## The Green Revolution

The transformation needed to address the world's most pressing environmental challenges will result in a seismic change in the way we live, the way we consume and the way companies operate. It will redefine business models, economies and innovation.

We call this critical time the **Green Revolution** and it has already commenced.

The **EdenTree Green Impact Equity Fund** aims to capture the longterm opportunities at the heart of the Green Revolution. It does this by investing in the innovative companies that are providing solutions to the planet's environmental challenges. The team believes this multi-trillion-dollar value-creation opportunity will transcend sectors, geographies and market capitalisation, with the greatest opportunity set presiding in the small and midcap global equity universe.

The Fund's unconstrained, blended approach combines the best value and growth opportunities worldwide, with the core focus being on identifying companies that will provide long-term investment returns while also delivering a positive environmental impact.

## Investing for Impact

Impact investing is where investments are made with the intention to generate positive, measurable environmental and social impact alongside a financial return.

The Sustainability Impact label is part of the UK regulator's effort to raise the bar for sustainable investing. It is designed to help consumers find their way and enhance clarity and confidence in impact investment approaches by clearly identifying those funds that seek to achieve **a predefined, positive, measurable environmental and / or social impact**.

We believe the Sustainability Impact label aligns with the Fund's approach to selecting holdings based on their positive impact on people and / or the planet and our approach to engaging with those companies to effect positive change.

## Investing for Change

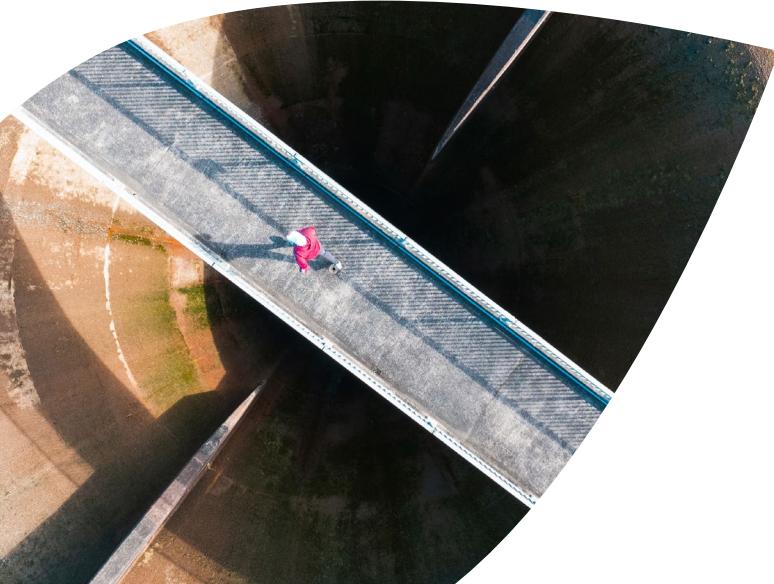
The Fund's Theory of Change is a conceptual framework that explains the link between the Fund's investment activity and the reduction in greenhouse gas emissions that it is seeking.

The **EdenTree Green Impact Equity Fund** has adopted the FCA's 'Sustainability Impact' label' in line with the new Sustainability Disclosure Requirements (SDR).

There is a scientific consensus that the Earth's climate is becoming warmer. The chief causes of this climate change are greenhouse gases in the Earth's atmosphere, such as carbon dioxide. Human activities currently release more greenhouse gases than natural processes (like trees) can remove. A reduction in man-made greenhouse gas emissions will slow the rate of climate change and prevent or limit its damaging effects.

Addressing climate change requires rapid changes to the world's energy, transport, agriculture, built environment and industrial systems through large-scale and targeted investment in infrastructure-related products, services and technologies that provide either alternative, sustainable solutions, or help to mitigate and reverse the harmful effects that have already occurred.

By adopting an impact approach, **the Fund aims to contribute to a reduction in greenhouse gas emissions through the assets we hold and our investment activities.**



# EdenTree Green Impact Equity Fund

## Investment process

The **EdenTree Green Impact Equity Fund** universe comprises a growing list of around 1,500 companies worldwide, that are already making an active contribution to the environmental value chain as well as having a low environmental impact.

By focusing on the six aforementioned themes, which the team believes represent the best investment opportunities presented by the Green Revolution, they seek to identify those companies actively addressing environmental challenges that also have the ability to deliver high returns on capital over time.

### Dynamic, Disciplined and Repeatable Investment Process

The investment process has been built, refined and applied over two decades of manager experience in environmental investing. The team believes a combination of top-down and bottom-up proprietary research will generate differentiated conclusions on the quality and long-term performance prospects of the companies within their investment universe.

The universe is further refined by identifying companies that rank highly in terms of thematic alignment, growth prospects, managerial commitment and valuation as the team believes these are enduring qualities over the long term, particularly within the context of the Fund's Sustainability Goals.

1500+ Global Thematic Investment Opportunities	Multi-Dimensional Screening – 200 companies	Focused Investment Analysis and Engagement	Focused 40-60 Portfolio
	<p><b>Thematic</b></p> <p><b>Technological Innovation</b></p> <p><b>Fundamental</b></p> <p><b>Market Dynamics</b></p>	<p><b>Solution Alignment</b> Pace of transition, negative screening</p> <p><b>Financial, Sustainability &amp; ESG evaluation</b> Capital structure, sustainable returns, growth potential, ESG assessment</p> <p><b>Strategy &amp; Management Assessment</b> Integrity, alignment, vision, capability</p> <p><b>Technological Disruption</b> Sustained competitive technology</p>	

The sustainability of companies is then assessed on two levels. Firstly, we consider a company's commitment – or **intentionality** – to the climate impact of its products or services to determine whether or not this is likely to be sustained. We also consider whether a **material part** (50%+) of a company's business is focused on solutions to climate change. Secondly, we also explore companies through an By focusing on the seven aforementioned themes, which the team believes represent the best investment opportunities presented by the Green

Revolution, they seek to identify those companies actively addressing environmental challenges that also have the ability to deliver high returns on capital over time. **environmental, social and governance** lens to ensure there are no potentially negative outcomes that could detract from their investment performance.

The resulting focused list of 200 companies is used to build a portfolio of high-conviction ideas.

## Investing with a Sustainability Goal

The **EdenTree Green Impact Equity Fund** aims to support a reduction in the level of greenhouse gas emissions, as measured by the tonnes of CO<sub>2</sub>e avoided on an annual basis. It seeks to do this by investing in, and engaging with, companies whose products and services provide climate change solutions.

We believe that directing capital to companies which are providing solutions to climate change will enable a reduction in the level of greenhouse gas emissions, meaning the Fund's investment activities will contribute to its impact.

### These investments will be focussed on six core themes



Clean Energy	Energy Efficiency	Circular Economy	Water Management	Sustainable Transport	Natural Capital
Generation, storage and distribution of clean energy	Enabling a low carbon transition	Solutions for sustainable materials and resource stewardship	Conservation and management	Technologies and services enabling the sustainable transportation	Sustainable food production
<ul style="list-style-type: none"> <li>Renewables</li> <li>Renewable energy developers</li> <li>Energy storage</li> <li>Renewable energy infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Industrial energy efficiency</li> <li>Power networks efficiency</li> <li>Consumer energy efficiency</li> <li>Cloud computing</li> </ul>	<ul style="list-style-type: none"> <li>Waste technology</li> <li>Recycling and value added waste processing</li> <li>Hazardous waste</li> </ul>	<ul style="list-style-type: none"> <li>Water infrastructure</li> <li>Water efficiency</li> <li>Water treatment</li> </ul>	<ul style="list-style-type: none"> <li>Electric vehicles</li> <li>Autonomous mobility</li> <li>Public transport</li> <li>Charging infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Regenerative agriculture</li> <li>Food supply chain</li> <li>Nutrition</li> </ul>

Engagement will also contribute to the Fund's impact. By engaging with the companies held in the portfolio to expand the provision of climate solutions, our **engagement activities** will seek to increase the greenhouse gas emissions reductions delivered by these companies (positive impacts), as well as avoid potentially negative impacts or misalignment with the Fund's Sustainability Goal. The impact of these engagements will be measured by bespoke Key Performance Indicators.

The Fund will invest at least 80% of its assets in the shares of listed companies globally. At least 70% of the assets of the Fund will be focused on seven core themes. We believe that directing capital to companies which are providing

solutions to climate change will enable a reduction in the level of greenhouse gas emissions, meaning the Fund's investment activities will contribute to its impact. Fund will be selected in accordance with the Sustainability Approach. In addition, the Fund seeks to avoid investment in areas which we consider fundamentally misaligned with its Sustainability Goal.

Investors should note that the Fund's focus on companies providing solutions to climate change may result in periods of difference in the Fund's performance compared to its indicative benchmark. We consider the Fund's impact and financial goals to be complementary and are not looking to compromise on either or deliver concessionary financial returns.

## Measuring Real-World Impact

Impact measurement is complex. Attributing impact to one specific agent (ie the Fund) is rarely possible, due in part to data limitations.

At EdenTree, we have adopted a **transparent and honest** stance. In a bid to avoid the risk of 'impact washing', we aim to be clear about the Fund's Sustainability Goals and the evidence we can provide to show progress towards them.

Our **intention-led** approach uses Key Performance Indicators (KPIs) to create a link between our investment activities and outcomes based on our pre-defined Sustainability Goals.

The **EdenTree Green Impact Equity Fund** measures its impact via one primary KPI, which reflects the aim to support a reduction in the level of greenhouse gas emissions by investing in, and engaging with, companies whose products and services provide climate change solutions. This means the Fund's KPI can be measured in terms of the **quantity of harmful emissions (tCO<sub>2</sub>e) avoided**.

At a minimum, we expect each of the Fund's assets to contribute positively towards this KPI.

In addition, we measure **three theme-specific sustainability metrics**, which we will report in the Fund's Annual Sustainability Report. These include:

- **Renewable energy installed capacity (MW)**: the amount of electricity a generator can produce when running at full operation.
- **Renewable energy generated (MWh)**: the amount of energy generated by a power plant.
- **Water saved/treated/provided (litres)**: the volume of water that is treated / saved / provided by a company's products and services.



Carbon Emissions Avoided (tCO <sub>2</sub> e)	
1 year	-
5 years	-

**Please note: The first set of data will be available following publication of the Fund's Annual Sustainability Report.**



# The EdenTree Team

## A highly experienced sustainability-orientated investment team

The **EdenTree Green Impact Equity Fund** is led by two very experienced Global Equity fund managers. Our co-managers, Charlie Thomas and Tom Fitzgerald, both have a strong pedigree of managing environmental assets, meaning their combined skill set presents a powerful and authentic track record of responsible and sustainable investing.

Charlie and Tom can also harness the diverse skills and experience of EdenTree's wider equity and fixed income investment managers and dedicated responsible investment team, share research insights, generate ideas and analyse opportunities.



### Charlie Thomas

#### Chief Investment Officer

Charlie joined EdenTree in June 2021 as CIO and has responsibility for the Investment Team. Charlie is also Co-Manager of the EdenTree Green Impact Equity Fund, launched in 2022 and has more than two decades of investment management experience, most recently as Head of Strategy, Environment and Sustainability at Jupiter Asset Management where he also managed the Jupiter Ecology Fund for nearly two decades. Charlie holds a Masters in Environmental Technology from Imperial College London.



### Tom Fitzgerald

#### Fund Manager

Tom joined EdenTree in 2011 and has been co-manager of the EdenTree Sustainable Global Equity Fund since August 2018 and also co-manages the firm's "Sustainable Global Equities for a Just Transition" segregated strategies. He joined the investment team as a Research Analyst where his primary responsibilities centred on global equity analysis, focusing in particular on the global Technology sector. Tom graduated with a BSc (Hons) in Economics and Business Management from Oxford Brookes University and holds the CFA Certificate in ESG Investing.

# Why EdenTree?

EdenTree is a Sustainable investment manager with a strong heritage. We are proud to be part of the Benefact Group – a charity owned, international family of specialist financial services companies that give all available profits to charity and good causes.

EdenTree are dedicated to sustainable investing, having launched our first ethical fund in March 1988.

Partnering with us can empower your clients with a suite of investment strategies designed to help address pressing environmental and social challenges, while seeking to deliver competitive rates of return. Together, we can help to shape a more sustainable future for generations to come.

**For further information on the EdenTree Green Impact Equity Fund, please contact your EdenTree relationship manager, or get in touch with us at:**



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