Insights

At Aneuvia, we believe in democratizing financial wellness and investment advice for the betterment of companies, communities and individuals. Here we share our insights, point of view and advice on global impact investing, corporate diversity and inclusion, new financial market trends, impact investment funds and more.

Stay ahead of the curve with insightful news and analysis that can help your company or organization make crucial decisions for better business outcomes.

Want more insights in to your finances? **Click here** to access Aneuvia's wealth management system.

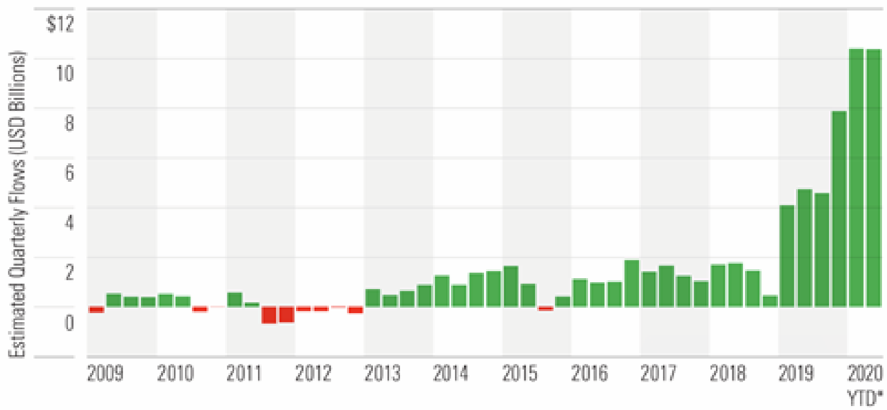
ESG Investing - the Best Way to Make an Impact on the Environment

Posted by Janelle Metzger

Tags: Activist Investing | Corporate Social Responsibility | ESG Investing | Social Impact | Sustainable Investing

ESG investing continues to be lucrative. In fact, ESG-focused equity funds have taken in nearly $70 billion of assets just over the past year, while traditional equity funds have suffered almost $200 billion of outflows over the same period. Investors, regardless of gender and age, are showing greater interest in sustainable investing in recent years. During the second quarter of this year, ESG fund flows continued at a record pace, according to Morningstar. In the United States, they totaled $10.4 billion, which nearly equaled Q1 flows.

U.S. Sustainable Funds Quarterly Flows



Source: Morningstar Direct. Data as of 6/30/2020. *YTD 2020 as of 6/30/2020.
Includes ESG Integration, Impact, and Sustainable Sector funds as defined in Sustainable Funds U.S. Landscape Report, 2018. Includes funds that have been liquidated; does not include funds of funds.

ESG stands for Environmental, Social and Governance. ESG metrics are not part of mandatory financial reporting, however, investors are increasingly applying these factors to their analysis in order to identify material risks and growth opportunities. More companies are also increasingly making voluntary disclosures in their annual report or in a standalone sustainability report. In support of this, activist investment firms like Aneuvia, work with clients to reassess their ESG footprint and operations to increase value among investors.

Here’s how to apply an ESG lens to investments:

Environmental

Investors are increasingly looking for companies to be more conscious of the world around them. Environmental factors that are taken into account are the negative and positive impacts on air, land, water, ecosystems and human health. Investors evaluate resource management and pollution, reducing emissions and climate change prevention, the use of green technologies and products, among other factors.

Social

Corporations have an opportunity to step up and solve critical societal problems. This is particularly imperative as consumers learn to navigate the “new normal” and live through unpredictable times. Contributing social factors are company culture, employee satisfaction and well-being, supplier net promoter scores, diversity and inclusion, among others.

Governance
Corporate governance is a critical aspect of ESG analysis. This relates to the way a company is run operationally - by a Board of Directors, C-Suite and senior management. Contributing factors include transparent accounting systems, disclosure of any and all grievances, ethical operations, executive compensation, among other factors.

In our latest whitepaper, we explore how ESG issues affect companies in different ways. For investors, it makes business sense to look at factors that affect financial performance, despite the fact, they are not financial metrics. This not only mitigates potential risks, but also helps to identify growth opportunities.

View our latest whitepaper for more on sustainable and impact investing.

This article: ESG Investing - the Best Way to Make an Impact on the Environment first appeared on http://aneuvia.com.

Five Approaches for Sustainable and Impact Investing

Posted by Janelle Metzger

Tags: Activist Investing | ESG Investing | Social Impact | Sustainable Investing

One year ago, over 180 CEOs of top corporations, issued a statement that appeared to mark a paradigm shift in the role of business in society. The "statement on the purpose of a corporation" by the Business Roundtable, a leading corporate lobbying group, promised to "deliver value" not merely to shareholders, but to customers, employees, suppliers and communities. Simply put, growth would not be prioritized over good.

This largely emulates the notion of “stakeholder capitalism,” a concept that looks beyond profit maximization and holds businesses accountable to all its investors, employees, suppliers, customers and communities. In our latest whitepaper, we provide an overview of the various sustainable investment strategies that are often employed by asset managers to support this idea of ‘finance for good.’

SPECTRUM OF CAPITAL					
Traditional investing	Exclusion	ESG / Responsible investing	Finance-first Impact investing	Impact-first Impact investing	Philanthropy
Finance-only No consideration of environmental or social impact of an investment	Negative screening of companies involved in harmful activities such as fossil fuels, gambling, weapons, adult entertainment, tobacco	Applying ESG factors in investment analysis to identify material risks and growth opportunities	Address societal challenges that generate competitive financial returns for investors	Address societal challenges that require a below-market financial return for investors	*Impact-only* Focus on social or environmental impact without general a financial return for investors

Note: The figure is a simplified version of Bridges Fund Management's spectrum of capita

Exclusion

Also known as negative screening, exclusion remains a popular investor choice. This refers to the exclusion of companies and certain sectors based on ethical, social, environment or religious factors. Most commonly, exclusionary strategies avoid investments in companies that are fully or partially involved in gambling, alcohol, child labor, human rights violations, tobacco and other related factors. Over 20% of globally invested assets exclude companies involved in controversial activities, according to the Global Sustainable Investment Review.

ESG investing

ESG investing is tethered to the philosophy of ‘sustainable investing.’ It involves researching and factoring in environmental, social, and governance issues, in addition to the usual financials, when evaluating potential stocks. Companies that build sustainable businesses that improve their communities and the environment are in high demand.

Finance-first impact investing

Finance-first impact investing is when investors search for investment vehicles that offer competitive returns while yielding some form of social and environmental good. There is also limited-to-no focus on ESG factors within the underlying investment.

Impact-first impact investing

Impact investing is the notion that profit and purpose don't need to be at odds. Instead, it refers to an investment strategy that not only generates financial returns, but also creates a positive impact. The cornerstones of impact investing is lending to social or environmental causes, and underserved communities -- whether geographic or socioeconomic.

Philanthropy

Philanthropic investing is impact-only. The focus is on areas where social or environmental needs require 100% financial trade-off. This is also known as charitable giving.

Several companies are looking beyond financial outcomes when it comes to investment decision making. With COVID-19 presenting the world with unprecedented challenges in modern times, we at Aneuvia believe sustainable and impact investing will continue to be a priority as the world's markets begin to recover from the impact.

View our latest whitepaper for more on sustainable and impact investing.

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