

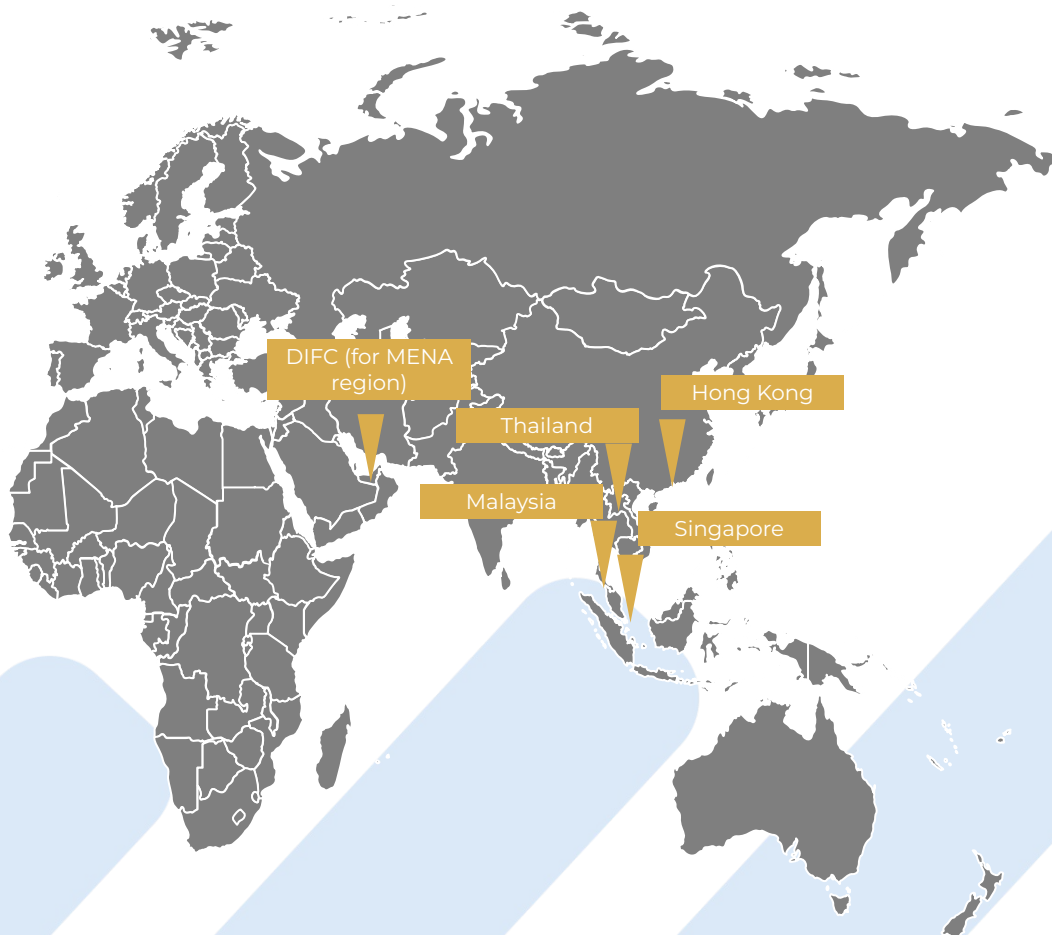
What's next for ESG Investing?

Stephanie Leung, Head of StashAway HK & Group Deputy CIO



StashAway is Asia's Leading Digital Wealth Manager Managing US\$ 1.5B+ as of Jun-2021 Live in 5 countries

Presence



Live

Backing

- Raised USD 61.4m in funding in 6 rounds of fundraising
- Main investors include:

SEQUOIA 

- Sequoia led the latest round in April 2021

 **Fidelity**™ INTERNATIONAL  **8^{oo} EIGHT ROADS**™

- Fidelity and its venture capital arm Eight Roads invested in two round of fundraising

Square Peg 

- Square Peg is Australia's largest Venture Capital firm

 **ASIA CAPITAL & ADVISORS**

- Early investors include Asia Capital & Advisors

Strong Compliance & Regulatory Standing is at the core of the company



Monetary Authority of Singapore

1st Digital Player to receive a CMS **license** for retail fund management from MAS



SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Received Type 1, 4 and 9 **license** from SFC



1st Digital Player to a category 3C **license** for asset management by DFSA



1st player to receive Digital Investment Management **license** for retail fund management from SC



Received a Private Fund Management **license** from SEC

Our Mission

Today investing is

Complex and intransparent

**Based on insufficient, often
biased financial advice**

Very costly

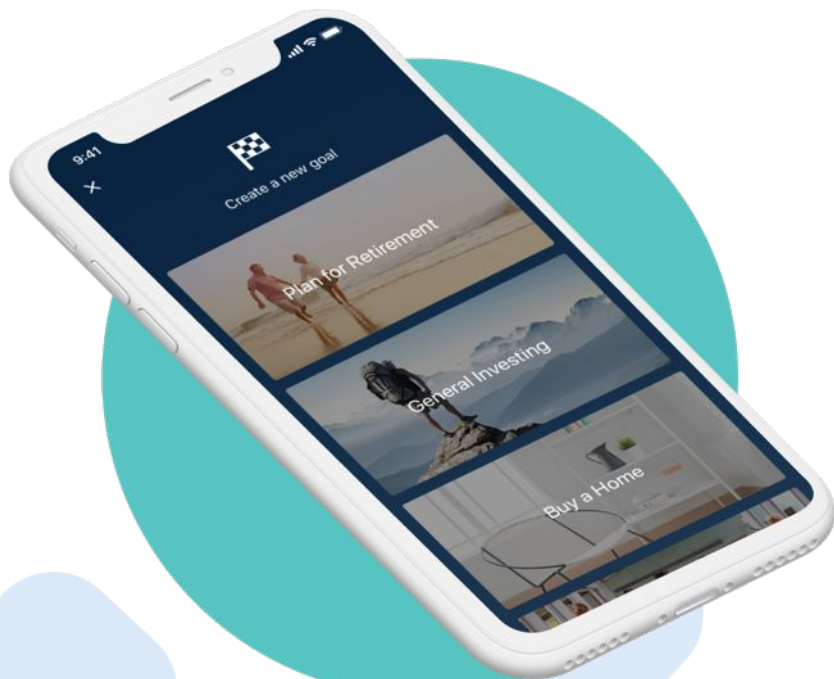
**StashAway empowers
people to build their
wealth through a
digital platform that
makes it**

Simple

Intelligent

Cost-Effective

Simple. Transparent. Convenient.
Like it should be.



**Accessible
24/7**



**Automated
Rebalancing**



No lock-up



**Adjust at
any time**

Key takeaways from today

1. What is ESG investing?
2. Why should you care about ESG?
3. How StashAway helps you to invest in ESG

What is ESG?

Environmental

- Climate change and carbon emission
- Air and water pollution
- Energy efficiency
- Water management
- Water scarcity
- Biodiversity and deforestation

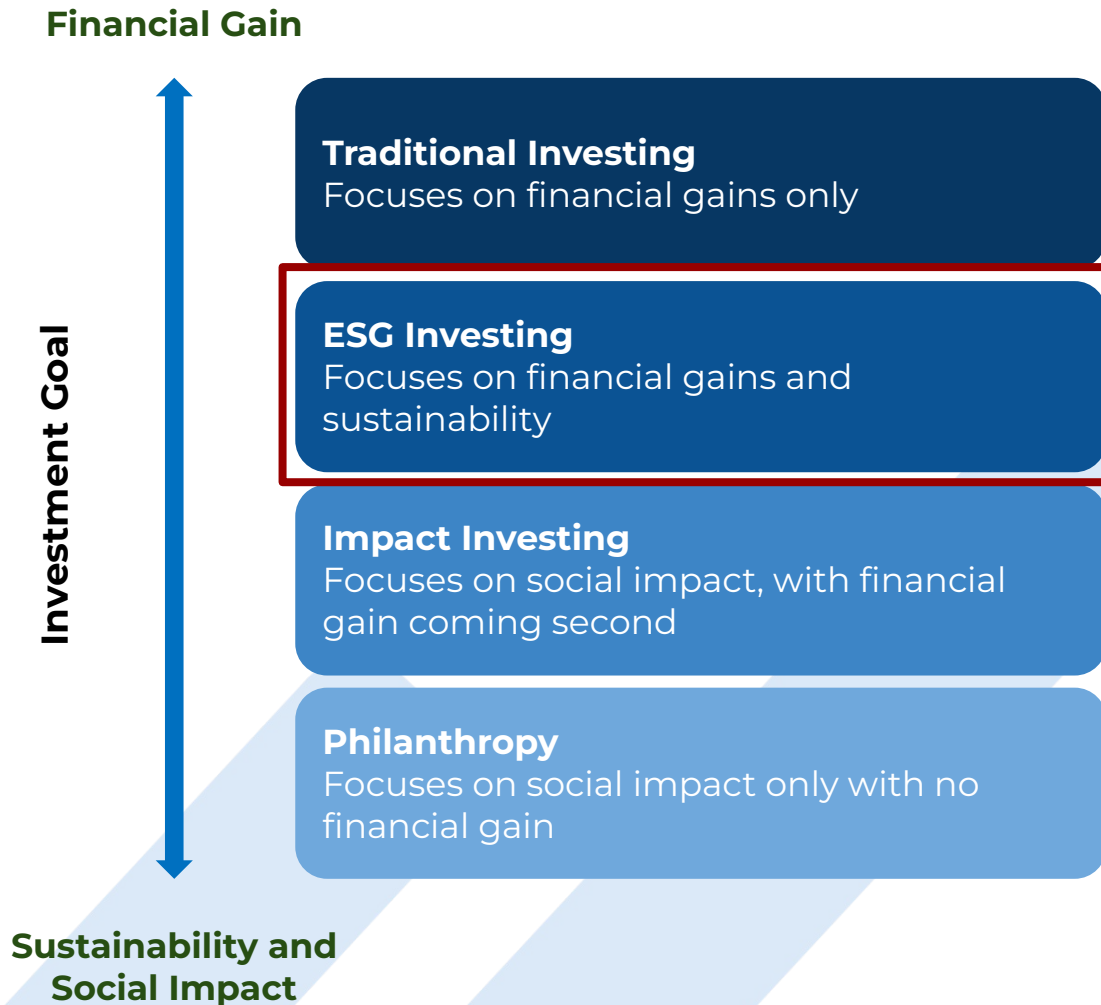
Social

- Gender and diversity policies
- Human rights
- Labour standards
- Employee engagement
- Customer satisfaction
- Community relations

Governance

- Board composition
- Executive compensation
- Audit committee structure
- Bribery and corruption policies
- Lobbying activities
- Political contributions

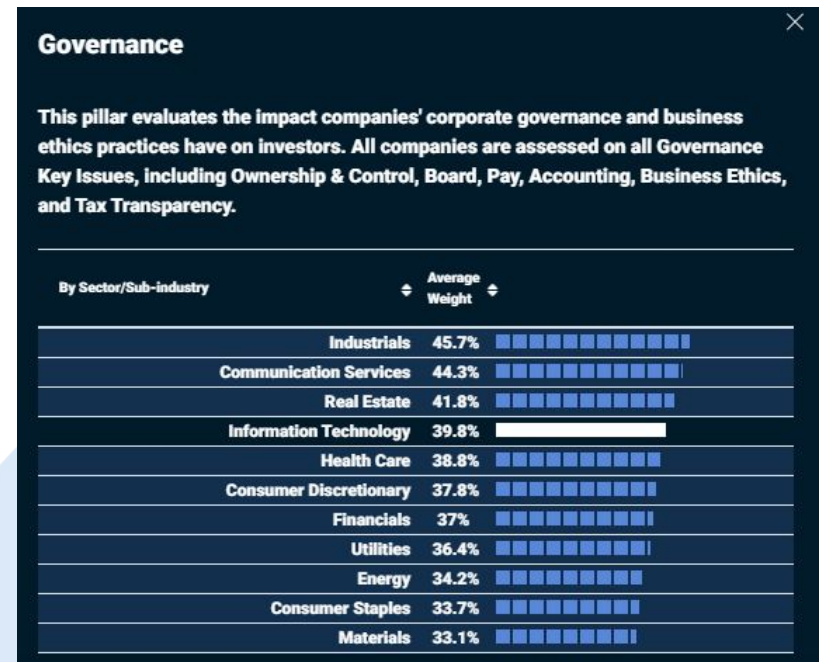
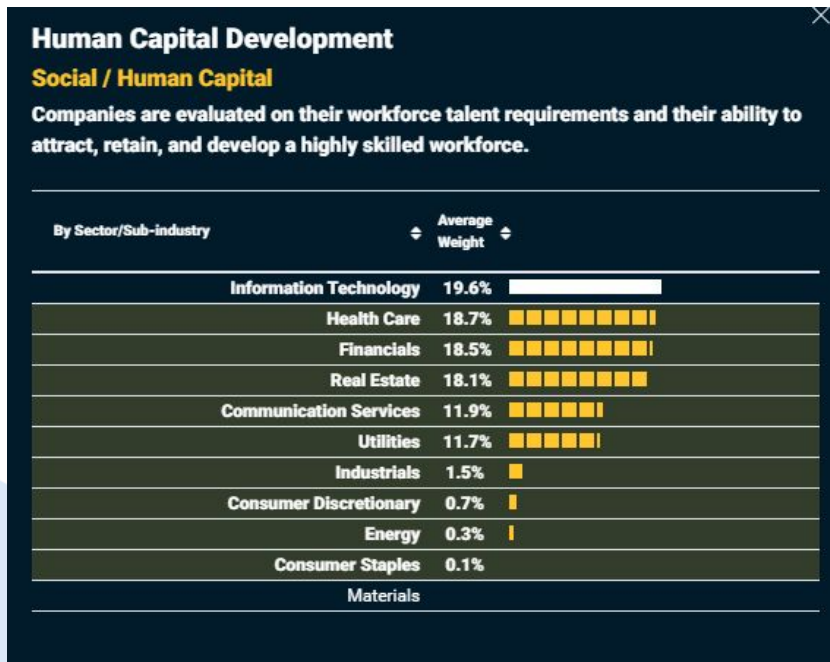
ESG Investing vs. other sustainable investing strategies



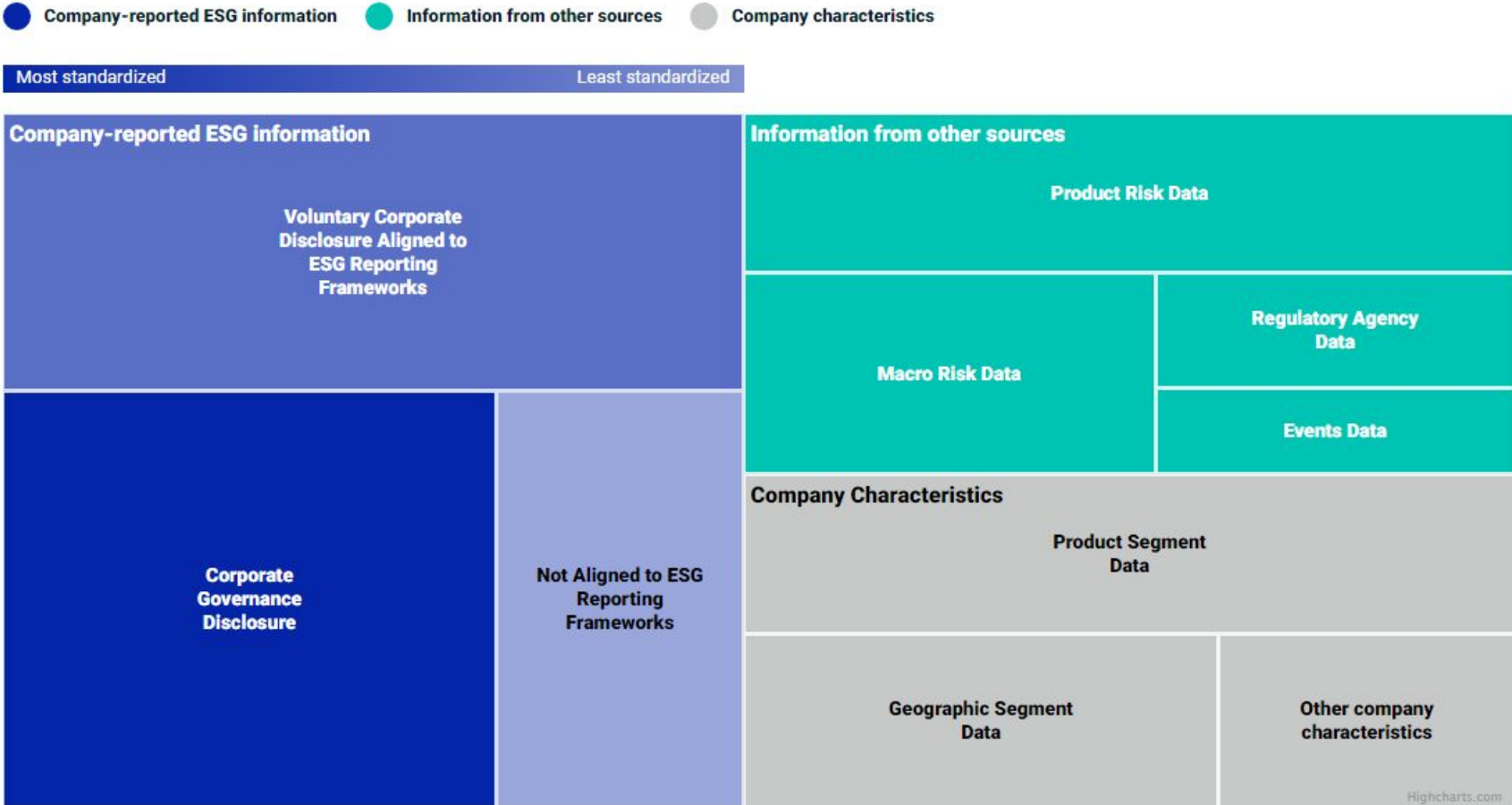
What's in a score?

Companies and organisations often have **ESG scores**:

- A lens to evaluate an investment on top of its financial performance
- Companies that score high are sustainable because they're most likely to last
- Risk mitigation

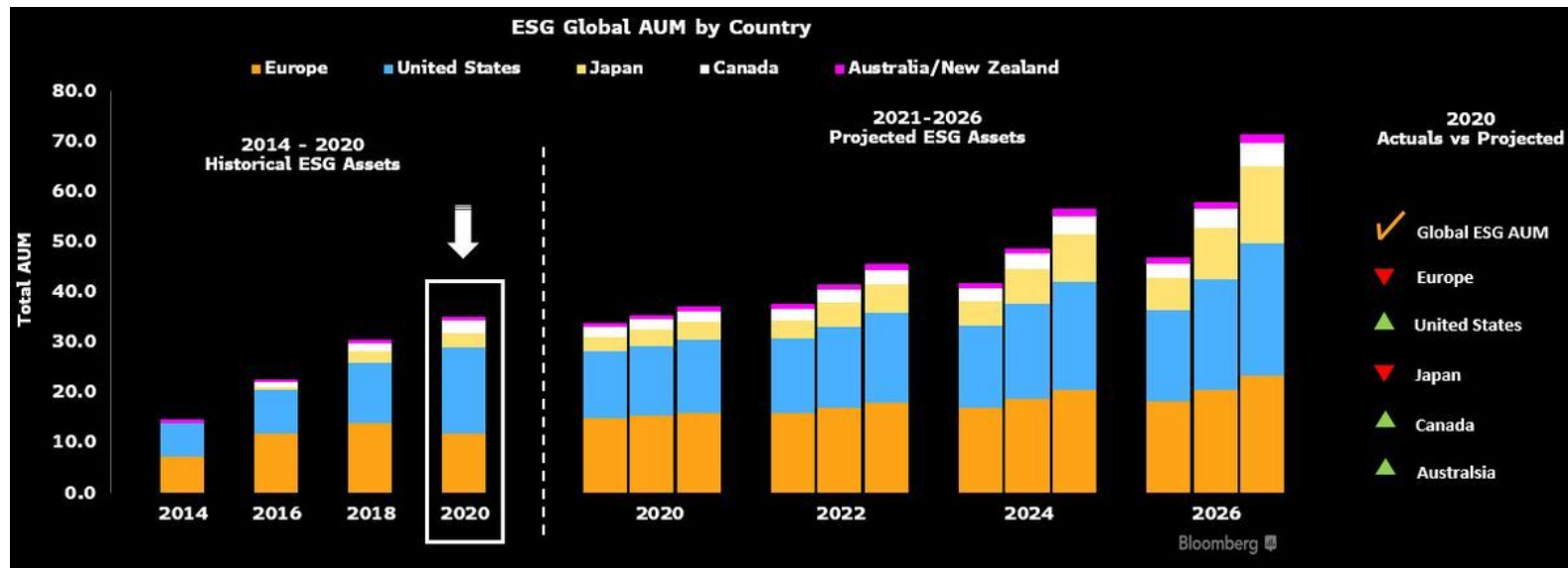


Lots of data go into a rating



Why should you care?

ESG assets may hit \$53 trillion by 2025, a third of global AUM (Assets Under Management)

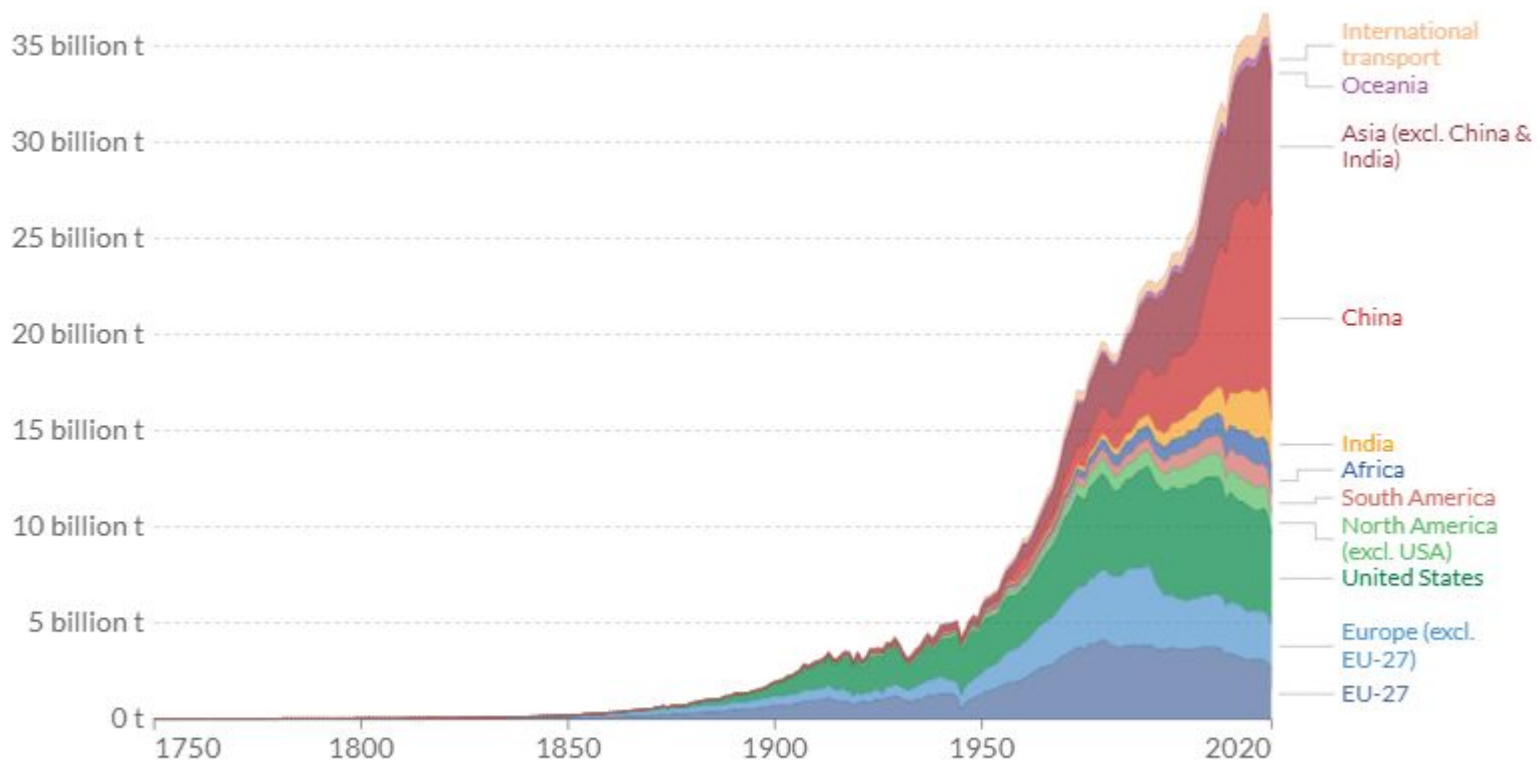


Govt policies to drive the green economy

Annual CO₂ emissions from fossil fuels, by world region

Our World in Data

+ Add region □ Relative



Source: Global Carbon Project

Note: This measures CO₂ emissions from fossil fuels and cement production only - land use change is not included. 'Statistical differences' (included in the GCP dataset) are not included here.

OurWorldInData.org/co2-and-other-greenhouse-gas-emissions • CC BY

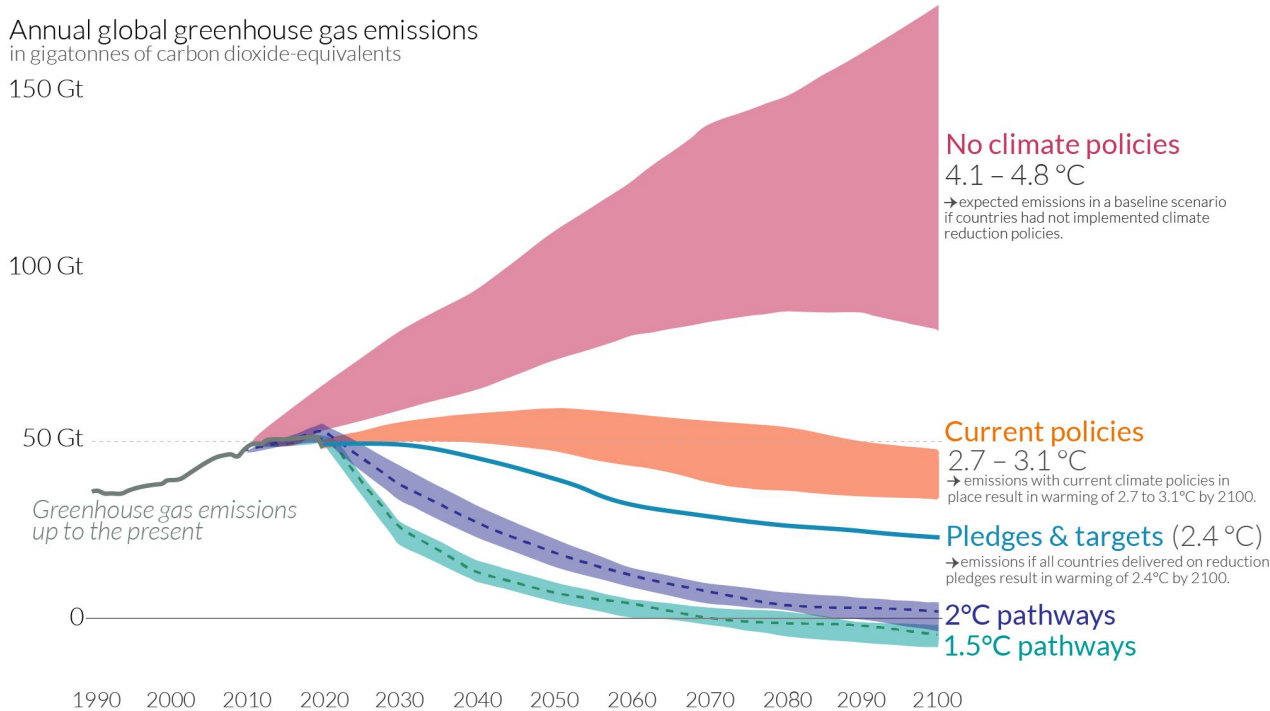
Net Zero & Clean Energy

Global greenhouse gas emissions and warming scenarios



- Each pathway comes with uncertainty, marked by the shading from low to high emissions under each scenario.
- Warming refers to the expected global temperature rise by 2100, relative to pre-industrial temperatures.

Annual global greenhouse gas emissions
in gigatonnes of carbon dioxide-equivalents



Data source: Climate Action Tracker (based on national policies and pledges as of May 2021).
OurWorldinData.org – Research and data to make progress against the world's largest problems.

Last updated: July 2021.
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'Net Zero' – by 2nd half of the century, producing less carbon than we take out of the Atmosphere
e.g. US 2050, China 2060 (80% of its energy to come from non-fossil fuel sources by 2060.)

The EU Green Deal

The [European Commission](#)'s climate change strategy, launched in 2020, is focused on a promise to make Europe a **net-zero** emitter of **greenhouse gases** by 2050

The European Green Deal is about **improving the well-being of people**. Making Europe climate-neutral and protecting our natural habitat will be good for people, planet and economy. No one will be left behind.

The EU will:



Become
climate-neutral
by 2050



Protect human life,
animals and plants,
by cutting pollution



Help companies
become world leaders
in clean products and
technologies



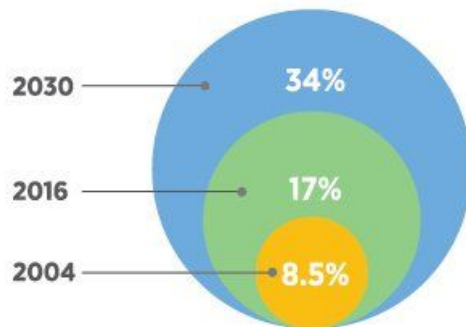
Help ensure a
just and inclusive
transition

The EU has adopted targets to achieve a **20% share of renewable energy in energy consumption by 2020, and 32% by 2030.**



EUROPE CAN DOUBLE ITS SHARE OF RENEWABLES COST-EFFECTIVELY

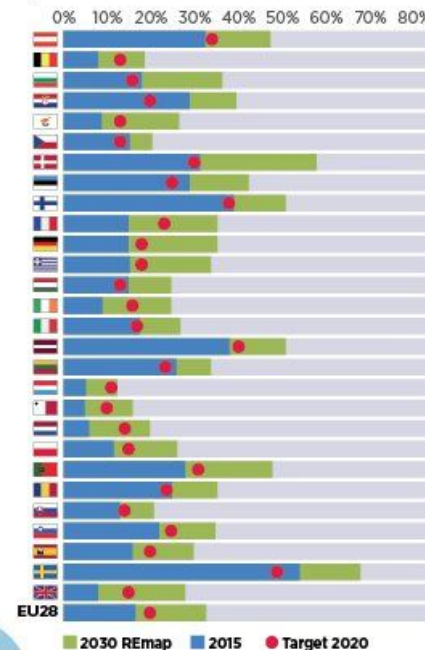
In the EU, the share of renewables in the energy mix doubled between 2004-2016, from 8.5% to 17%. IRENA estimates that this share could double again to **34% in 2030** using cost-effective technologies.



Raising the share of renewable energy in the mix to **34%** could result in savings of between **EUR 44 billion** to **EUR 113 billion** per year, once the cost of energy, and avoided environmental and health costs are aggregated.



All EU countries have the cost-effective potential to use more renewables.



ESG is a proven factor to drive better returns



Average monthly returns relative to the MSCI World Equities Index
 (Annualised, between October 2007 and December 2020)

Factors that contribute to returns	ESG Factor	Other Factors					
		Value	Size	Momentum	Quality	Minimum Volatility	Dividends
Overall Returns	2.2%	-3.5%	1.3%	1.9%	2.8%	0.1%	-2.1%
Returns during months of positive growth	2.7%	-3.6%	0.8%	2.4%	2.4%	1.4%	-1.7%
Returns during months of negative returns	0.4%	-5.5%	-0.3%	0.9%	7.0%	-3.6%	-3.7%

- ESG is the second best factor of investing, after quality (this measures the returns of stocks that have low debt, stable earnings growth and low leverage)
- In months with positive growth, the ESG factor leads at 2.7%.
- ESG, along with momentum and quality, consistently performed across months of positive and negative returns. This is compared to value and dividends, which consistently underperformed.

ESG investing can be risky



1) Responsible Investing Portfolio

Optimized for ESG score + Return potential, while controlling risk



Strong long-term returns

Companies with high ESG ratings are proving to generate strong long-term returns



Investments with a purpose

Generating returns doesn't have to mean compromising your values. You'll be investing in companies committed to benefiting the planet and society.



Global diversification

Get the same diversification and risk management of our classic General Investing portfolio, ideal for long-term wealth creation



Impact you can measure

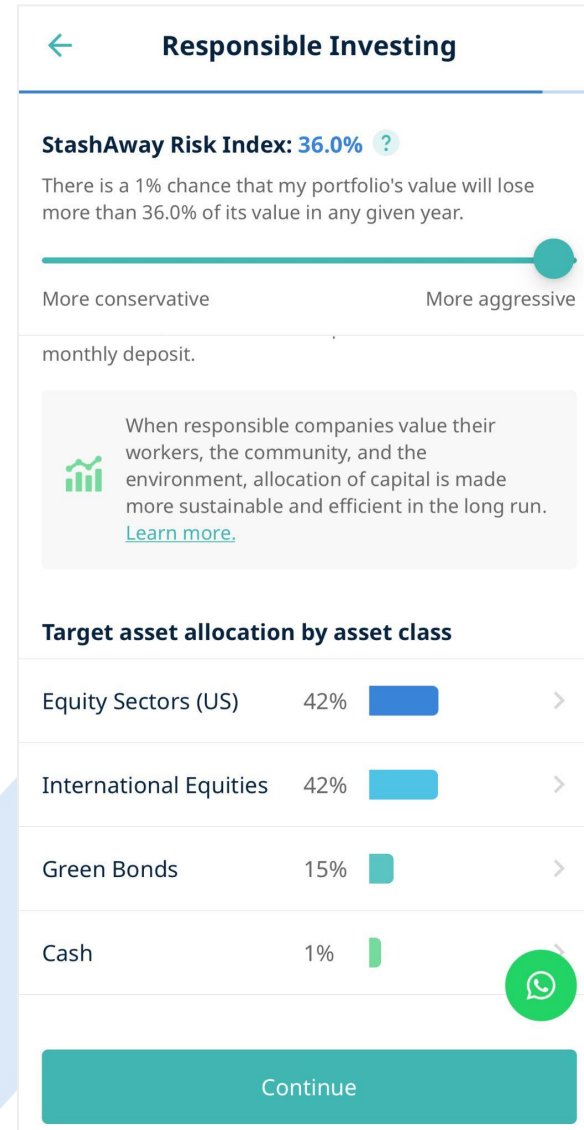
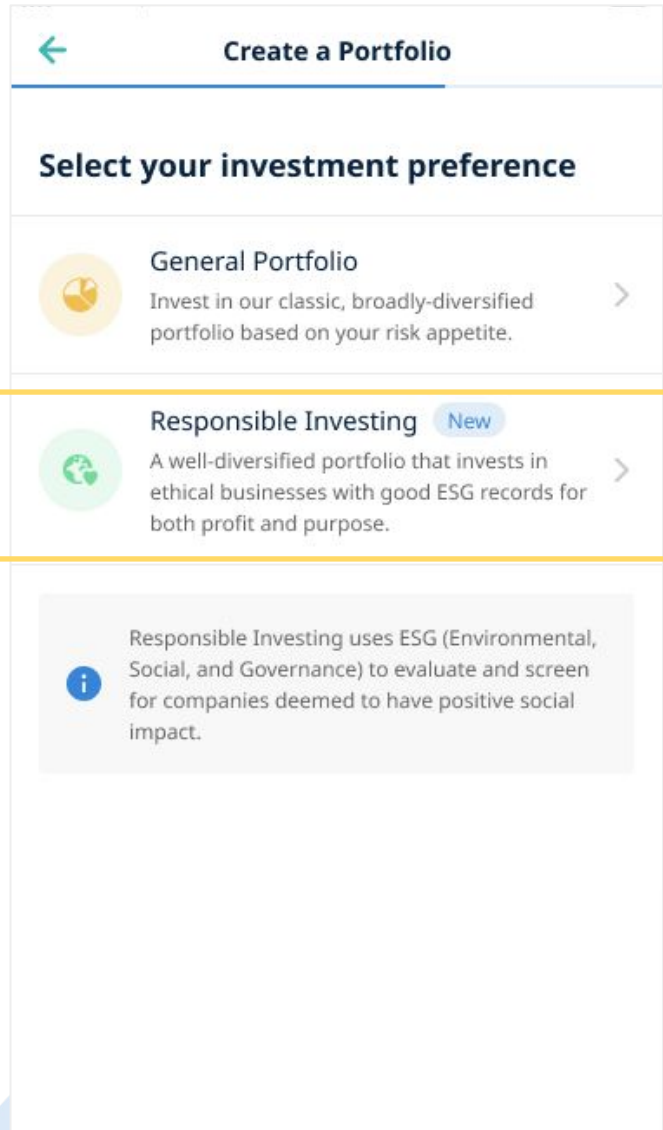
We use two leading ESG scoring models to screen the underlying funds: MSCI ESG rating & Morningstar Sustainability Rating



ETFs from top fund managers

Access ETFs with strong ESG scores from some of the world's top fund managers such as iShares (by BlackRock), Amundi and SPDR

StashAway's Responsible Investing Portfolio



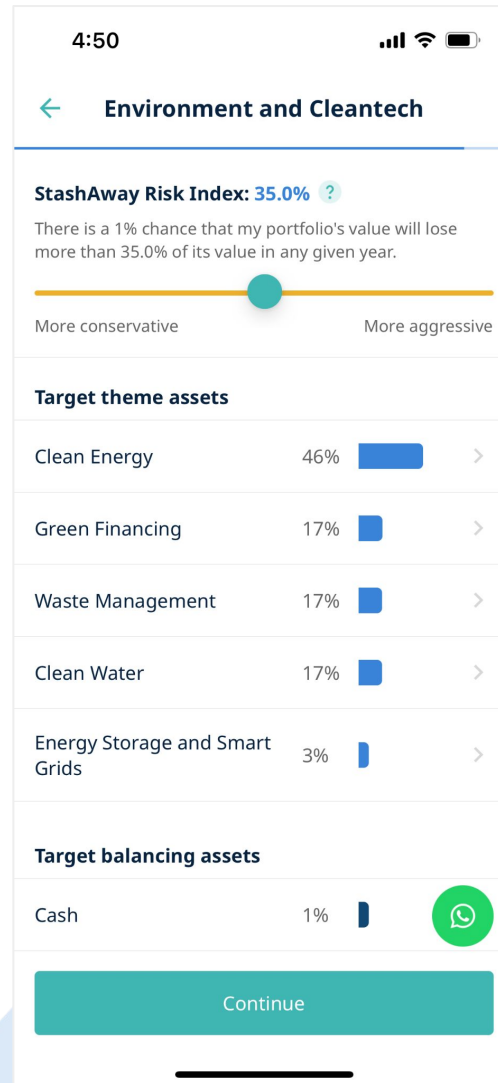
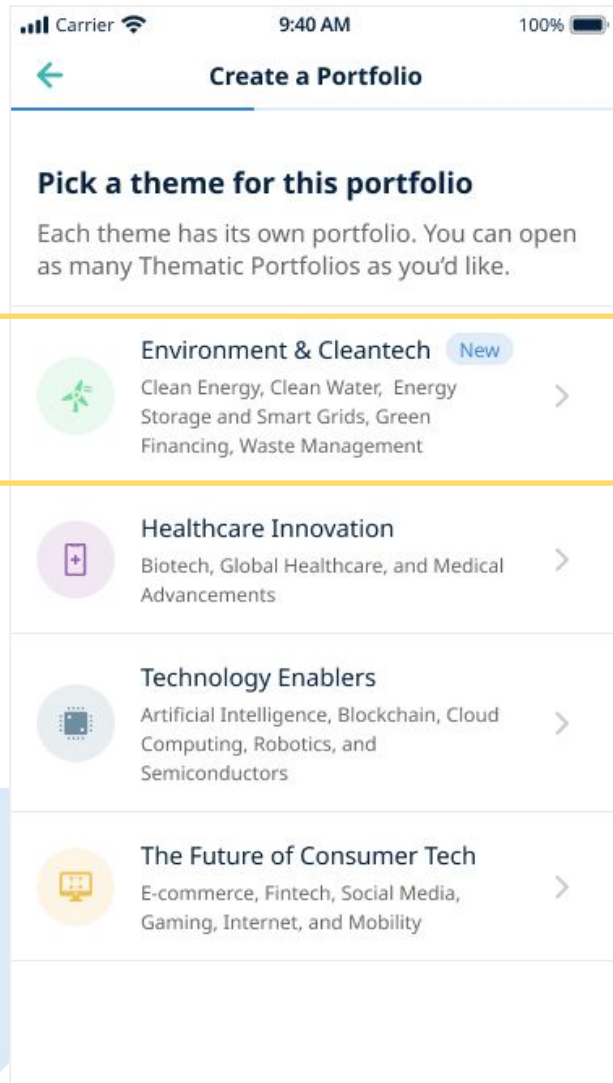
StashAway's ESG scores by portfolio

- Our General Investing Portfolios have high ESG scores to begin with
- Our new Responsible Investing Portfolios give a further boost, ranging between 3.82 and 4.13 out of a score of 5 (excluding ETFs that are unrated such as US govt bonds and gold)

	SRI 36%	SRI 30%	SRI 26%	SRI 22%	SRI 20%	SRI 18%	SRI 16%	SRI 14%	SRI 12%
Responsible Investing Portfolios (ESG)	4.10	4.09	4.08	4.02	4.05	4.13	4.06	3.92	3.82
General Portfolios	3.41	3.50	3.39	3.30	3.24	3.25	3.25	3.28	3.29
Delta for Combined ESG Ratings	20.2%	16.9%	20.4%	21.8%	25.0%	27.1%	24.9%	19.5%	16.1%

Source: MSCI, Morningstar, StashAway.

2) Environment and Cleantech Thematic Portfolio



Sub-themes:

- Clean Energy
- Clean Water
- Energy Storage and Smart Grids
- Green Financing
- Waste Management

How to learn more?

Follow us @StashAwayHK



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Also on our website www.stashaway.hk

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