IMAP Webinar Series

Beyond 60:40 - Delivering portfolios for clients with Different Goals

ESG

Dianna Enlund, S&P Global Sustainable1
Mark Jordan, Nanuk Asset Management
Moderated by
Daniel Stojanovski, Ventura Funds Management

Upcoming events

Webinar: Beyond 60:40 - Delivering portfolios for clients with Different Goals

8th May – New Economy – Investing in Thematic and Alternative Investments

IMAP Managed Account Awards
Submissions close 23rd May

IMAP Advice in Action Conference
22nd July – Melbourne
24th July – Sydney

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Institute of Managed Account Professionals

How to ask a Question

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Daniel Stojanovski
Ventura Funds Management

Institute of Managed Account Professionals

Dianna Enlund
S&P Global Sustainable1

Institute of Managed Account Professionals

IMAP Webinar Series

Delivering Portfolios for Clients with a Sustainability / Climate-Aware Mindset

Dianna Enlund – Director, S&P Global Sustainable1

S&P Global

An introduction to S&P Global

Sustainable1

Customer Needs

Sustainable1 offers a holistic lens on sustainability and meets customers where they are on their journey.

Products & Services

Sustainable1's solutions build on a comprehensive suite of products and services across different themes.

Solutions

Providing a home for essential sustainability intelligence, Sustainable1 works with our divisions to deliver actionable solutions at scale.

Risk
Navigate the transition with clarity to future-proof your organization

Opportunity
Deploy sustainable capital at scale and maximize your returns

Compliance
Report with confidence in line with regulatory & voluntary frameworks

Engagement
Engage transparently with best-in-class sustainability insight

Manage Sustainability Risk
- ✓ Disclosure & Benchmarking
- ✓ Corporate Performance
- ✓ Sustainable Finance

Accelerate the Transition
- ✓ Environmental Exposure
- ✓ Transition Risk & Net-Zero
- ✓ Physical Risk & Adaptation
- ✓ Climate Credit Risk

Report with Confidence
- ✓ Reporting Services
- ✓ Portfolio Analytics
- ✓ EU Regulatory data
- ✓ Regulatory Templates

Providing Essential Sustainability Intelligence across:
10+ commodities | 170+ countries | 20,000+ funds
60,000+ vehicle types | 3 million+ assets | 4 million+ companies
…and more!

Source: Sustainable1. All data as April 2024. For illustrative purposes only.

S&P Global

Constructing Portfolios with a Sustainability / Climate-Aware Mindset

Sustainable1

Index Category	Description	Examples	Australian Examples
Sustainability	Core sustainability indices including best-in-class indices, which target the top 10% of sustainability performers, as well as broader market indices, which target the top 75% of the float market capitalization of each GICS® industry group within their parent indices by S&P Global ESG Score	• S&P Scored & Screened • S&P Sustainability Screened	• S&P/ASX 200 ESG Index • S&P/ASX 200 Fossil Fuel Screened Index
Climate	Indices designed to address climate change and the transition to a low carbon economy	• S&P Global 1200 Fossil Fuel Free • S&P Carbon Efficient • S&P Paris-Aligned & Climate Transition (PACT)	• S&P/ASX All Australia 50 Fossil Fuel Reserves Free Index • S&P/ASX200 Carbon Efficient Index • S&P/ASX300 Carbon Efficient Index • S&P/ASX 300 Net Zero 2050 Paris-Aligned ESG Index • S&P/ASX 300 Net Zero 2050 Climate Transition ESG Index
Thematic Sustainability	Indices that provide targeted exposures to specific sustainability themes such as clean energy and water	• Thematic Sustainability: S&P Global Clean Energy Transition Index • Green Real Estate: Dow Jones Global Select ESG Tilted RESI	• N/A

Source: S&P Dow Jones Indices

Exclusions: Construct Portfolios that align with client preferences

Sustainable1

Consumer Products	Energy, Fossil Fuels	Defense & Weapons	Healthcare
Gambling • Operations • Specialized Equipment • Supporting Products and Services	**Arctic Drilling** • Extraction and/or Production	**Anti-Personnel Mines** • Customized Weapons • Related Products and Services	**Abortion** • Operations • Production • Supporting Products and Services
Alcohol • Production • Related Products and Services • Retail and Distribution	**Nuclear** • Generation • Supporting Products and Services • Transmission and Distribution	**Cluster Munitions** • Customized Weapons • Related Products and Services	**Contraception** • Operations • Production • Retail and Distribution
Tobacco • Production • Related Products and Services • Retail and Distribution	**Coal** • Manufacturing Coal Products • Metallurgical Coal Mining • Thermal Coal Mining	**Nuclear Weapons** • Customized Weapons • Related Products and Services	**Stem Cells** • Cryopreservation of Human Embryos • Technologies and Products • Use in Research and Development

Source: Sustainable1. All data as 31 May 2024. For illustrative purposes only.

Business Involvement Screening: Six Data Types per Screen per Company

Sustainable1

Six Types of Data Insight Available for Each Screen for Each Company

Analytical Description	Details the specific business segments in which a product or service was found and how the revenue exposure was calculated.
Revenue Exposure	Amount & corresponding percentage of revenue exposure to a product or service
Revenue Range	Five thresholds, relative to total revenue, reflecting direct exposure to a product or service.
Significant Ownership	Percentage of total ownership of a company with direct revenue exposure to a product or service.
Significant Ownership Range	Two thresholds, relative to total ownership (shares held) of a company with direct revenue exposure to a product or service.
Evidence	Text taken from the information source that describes company exposure to a product or service.

Coverage Universe 17,000+ companies

Source: S&P Global Sustainable1. For illustrative purposes only.

ESG Scores & Data: Constructing Portfolios for ESG Impact

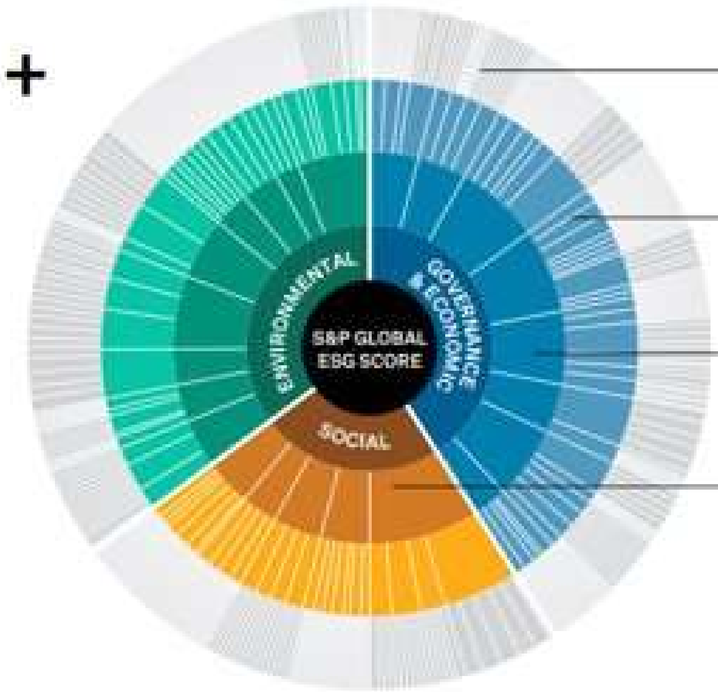
Sustainable1

S&P Global ESG Scores

Coverage Universe 13,000+ companies

13,500 +
Companies

99%
Global market capitalization



Approx.
1,000
Data points
Assessed values, text, checkboxes, documents

Up to
100 +
Question-level scores
Weighted data point scores

Up to
30 +
Criteria scores
Weighted question scores

3
Dimension scores
Weighted criteria scores

1 S&P Global ESG Score
Sum of weighted dimension scores

ESG Scores & Data: Constructing Portfolios for ESG Impact

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Environmental	Social	Governance & Economic
Biodiversity	Community Relations	Business Ethics
Climate Strategy	Contribution to Societal Healthcare	Corporate Governance
Decarbonization Strategy	Customer Relations	Information Security/ Cybersecurity & System Availability
Energy	Financial Inclusion	Innovation Management
Environmental Policy & Management	Health & Nutrition	Market Opportunities
Packaging	Human Capital Management	Materiality
Product Stewardship	Human Rights	Policy Influence
Sustainable Forestry Practices	Labor Practices	Product Quality & Recall Management
Sustainable Raw Materials	Occupational Health & Safety	Risk & Crisis Management
Waste & Pollutants	Privacy Protection	Supply Chain Management
Water	Transportation Safety	Sustainable Finance
		Tax Strategy
		Transparency & Reporting

Source: Sustainable1. All data as 31 May 2024. For illustrative purposes only.

Environmental Data: Constructing Climate-Aware Portfolios

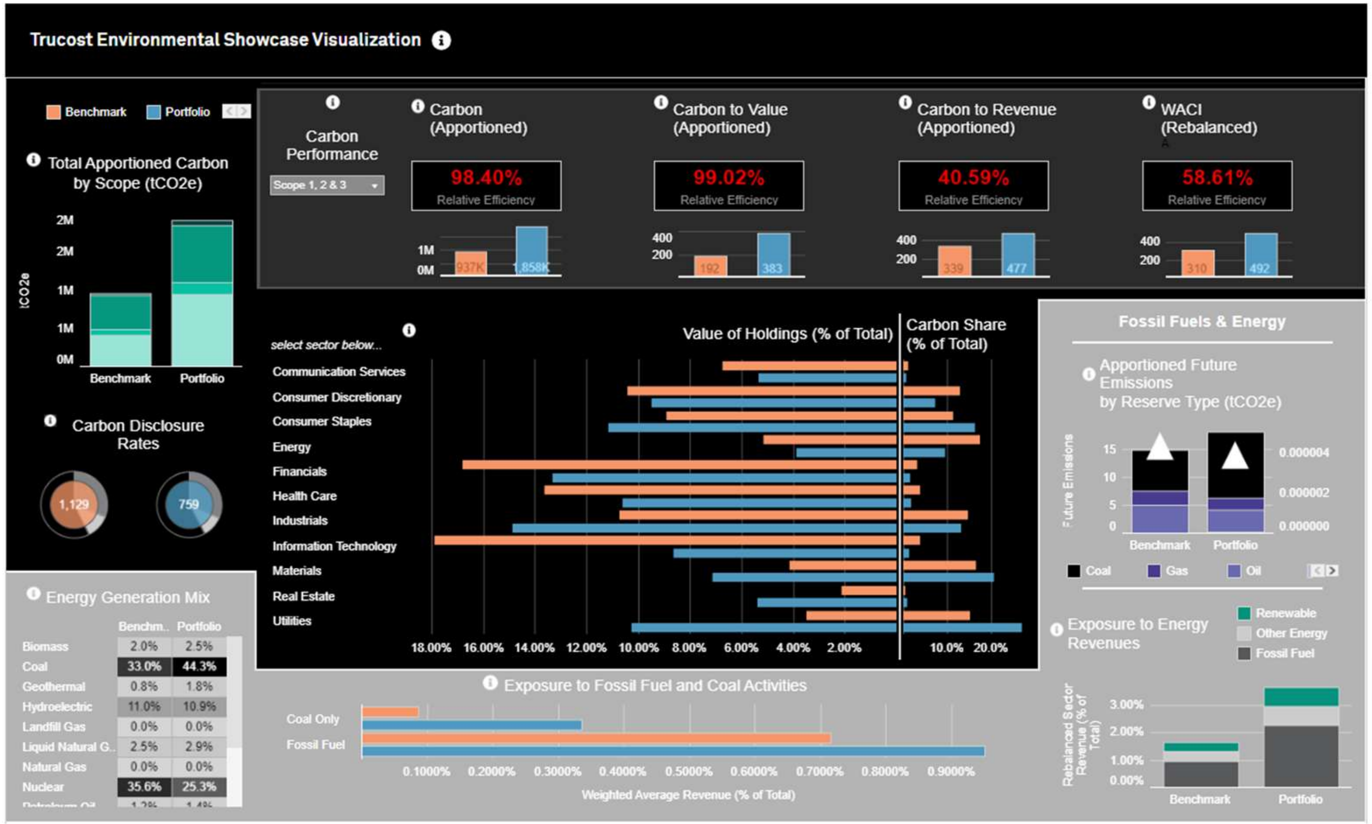
Sustainable1

Trucost Environmental data provides absolute and relative metrics on:

- ✓ **Greenhouse gas (GHG) emissions, including GHG breakout**
- ✓ Land, water, air pollutants, and waste disposal
- ✓ Natural resource and water use
- ✓ Revenue from each operational sector
- ✓ Fossil fuel reserves, power generation capacity and associated carbon metrics

Coverage Universe: 99% global market cap

- **20,000+ public companies**
- **3.3 million private companies**

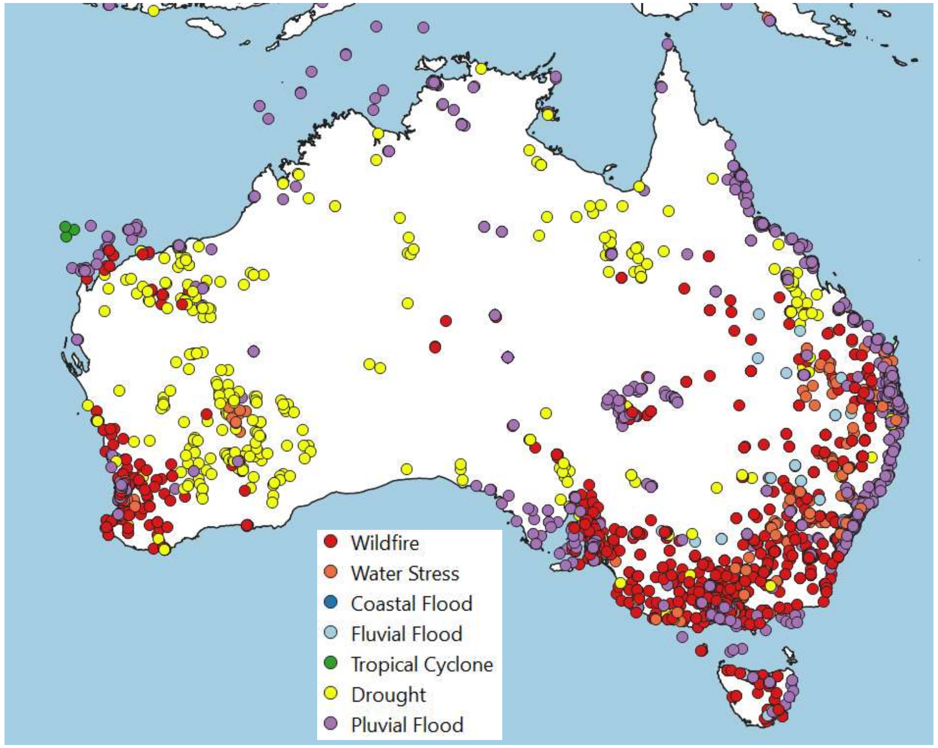


Source: Sustainable1. All data as 31 May 2024. For illustrative purposes only.

Physical Risk Data: Constructing Climate-Aware Portfolios

Sustainable1

Key climate hazard risks for ASX200 company assets located in Australia. Current Policies scenario 2050s



Source: S&P Global Sustainable 1

Coverage Universe 20,000+ companies

Physical Risk Exposure Scores

INDICATOR	2050	
	MEDIUM	MEDIUM-HIGH
Coastal Flood Score	1	1
Drought Score	43	47
Extreme Cold Score	4	5
Extreme Heat Score	38	42
Fluvial Flood Score	2	2
Pluvial Flood Score	15	17
Tropical Cyclone Score	3	3
Water Stress Score	49	49
Wildfire Score	44	44
Composite Score	71	73
Sensitivity Weight Adjusted Composite	60	62

S&P Global

Mark Jordan
Nanuk Asset Management

IMAP
Institute of Managed Account Professionals

NANUK
ASSET MANAGEMENT

IMAP Webinar Series

Delivering Portfolios for Clients with a Sustainability/Climate-Aware Mindset

FUND MANAGER OF THE YEAR AWARDS
WINNER
Responsible Investment Fund of the Year
2024

Responsible Investment Leader 2024
A proud RIAA member

CERTIFIED RESPONSIBLE INVESTMENT
SUSTAINABLE PLUS
CERTIFIED BY RIAA

MAY 2025

Trailblazer of sustainable investing says ESG should be banned

Listen to this article

4 min

Joanne Tran

Markets reporter

Nov 20, 2023 – 7.02pm

Save Share

Nanuk Asset Management's Tom King, a trailblazer of sustainable investing in Australia, says ESG labels should be banned, criticising the acronym as confusing and the associated scores as "meaningless".

Since the chief investment officer helped set up Nanuk in 2009, where he now oversees the $655.5 million global equities fund, he

THE PROBLEM:

ESG MEANS DIFFERENT THINGS TO DIFFERENT PEOPLE

ESG is used to describe a wide range of very different approaches

"ESG investment" **"ESG exclusions"** **"ESG negative screening"**	**"ESG investment"** **"ESG integration"**	**"ESG investment"** **"ESG engagement"**	**"ESG investment"** **"ESG tilting"** **"ESG positive screening"**	**"ESG investment"**	**"ESG investment"**	**"ESG investment"**
"not investing in companies doing bad things"	*"investing in companies with better governance"* *or even just "considering governance in the investment process"*	*"encouraging companies to improve their governance or sustainability"*	*"investing in companies that are doing things that help improve sustainability"*	*"investing in companies with low carbon emissions"*	*"investing in companies whose activities are aligned with global decarbonisation"*	*"investing with the intent to achieve measurable social or environmental outcomes"*

NANUK
ASSET MANAGEMENT

OUR **AREAS OF FOCUS**

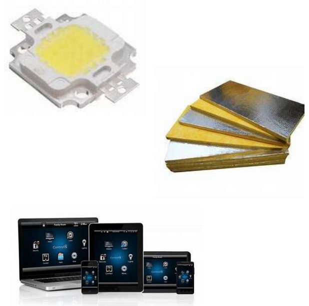
We invest in companies contributing to improving sustainability in 9 key areas

Energy

Industry

Transport

Cities and Infrastructure



Business and Economy

Food and Agriculture

Consumption

Environment

Healthcare Technology

SUSTAINABILITY & ESG BASED **EXCLUSIONS FRAMEWORK**

Environmental	
Coal & Coal-Based Energy	Mining, Exploration & Extraction >0% Coal Fired Generation >0% (10% with divestment plan)
Oil & Gas	Exploration, Extraction, Production & Refining >0% Oil-fired Generation >0% (5% with divestment plan) Gas Generation >0% (10% with divestment plan) Gas Distribution >10%
Fossil Fuels	Services and Equipment >30% Financing >0%
Uranium	Mining and Refining >0%
Nuclear Generation	Nuclear Generation >10% and Nuclear > Renewable Generation
Severe Environmental Damage	Deforestation, non-RSPO Palm Oil, Hazardous Pesticides > 0% Case by case assessment of specific violations
Weapons	
Controversial / Nuclear Weapons	Production & Distribution >0%
Weapons & Small Arms (including Civilian Firearms)	Production & Distribution >0%
Military Combat Equipment (military specific products only)	Production & Distribution >0%
Military Equipment	Services & Non-Combat Equipment >10%
Ethical	
Adult Entertainment	Production, Manufacturing, Sales & Distribution >0%
Alcohol	Production & Manufacturing > 0%
Animal Welfare	Commercial Fishing, Hunting, Fur >0% Animal Testing (except in accordance with accepted standards for medical/food) > 0% Factory Farming >0%
Correctional Facilities	Ownership, Management, Operation & Service Provision >0%
Gambling	Ownership, Management & Operation >0%
Predatory Financing	High interest products, predatory financing >0%
Tobacco and Cannabis for non-medicinal usage	Production & Manufacturing >0%
Responsible Business Practices	
Human Rights, Labour Standards, Environmental, Business Malpractice	Verified failure to respect established norms, with severe consequences and no remediation measures announced or undertaken

The table above is a summary of the key exclusions within Nanuk's Sustainability and ESG-based Negative Screening Framework as at 31 March 2021. Exclusions are based on current reported revenues. The Framework forms part of Nanuk's ESG Policy and is included in full in Nanuk's Responsible and Sustainable Investment Statement. Exceptions may be made where the relevant businesses are marked for sale or closure, or the nature of the involvement is trivial and unrelated to the primary operations of a company. Exclusions related to fossil fuel based generation do not apply to cogeneration or backup power supply for business whose primary activities do not include electricity generation. The threshold for involvement in services related to the fossil fuel industry is an aggregate threshold covering involvement in all forms of fossil fuels and all types of related services. . The exclusion relating to weapons and military products relates to products specific to these applications and does not cover military specification versions of products sold for other commercial applications. Ver: 08/21

THE PRACTICAL SOLUTION

ELIMINATE THE USE OF ESG (THE ACRONYM)

Replace 'ESG' with plain language descriptions

Exclusionary, values based negative screening	Systematic consideration of governance and sustainability traits	Engagement and stewardship activities	Sustainably themed investment	Low carbon investment	Climate change / Climate transition alignment	Impact investment
"not investing in companies doing bad things"	*typically "investing in companies with better governance"*	*"encouraging companies to improve their governance or sustainability"*	*"investing in companies that are doing things that help improve sustainability"*	*"investing in companies with low carbon emissions"*	*"investing in companies whose activities are aligned with global decarbonisation"*	*"investing with the intent to achieve measurable social or environmental outcomes"*

RELEVANCE TO ADVISERS

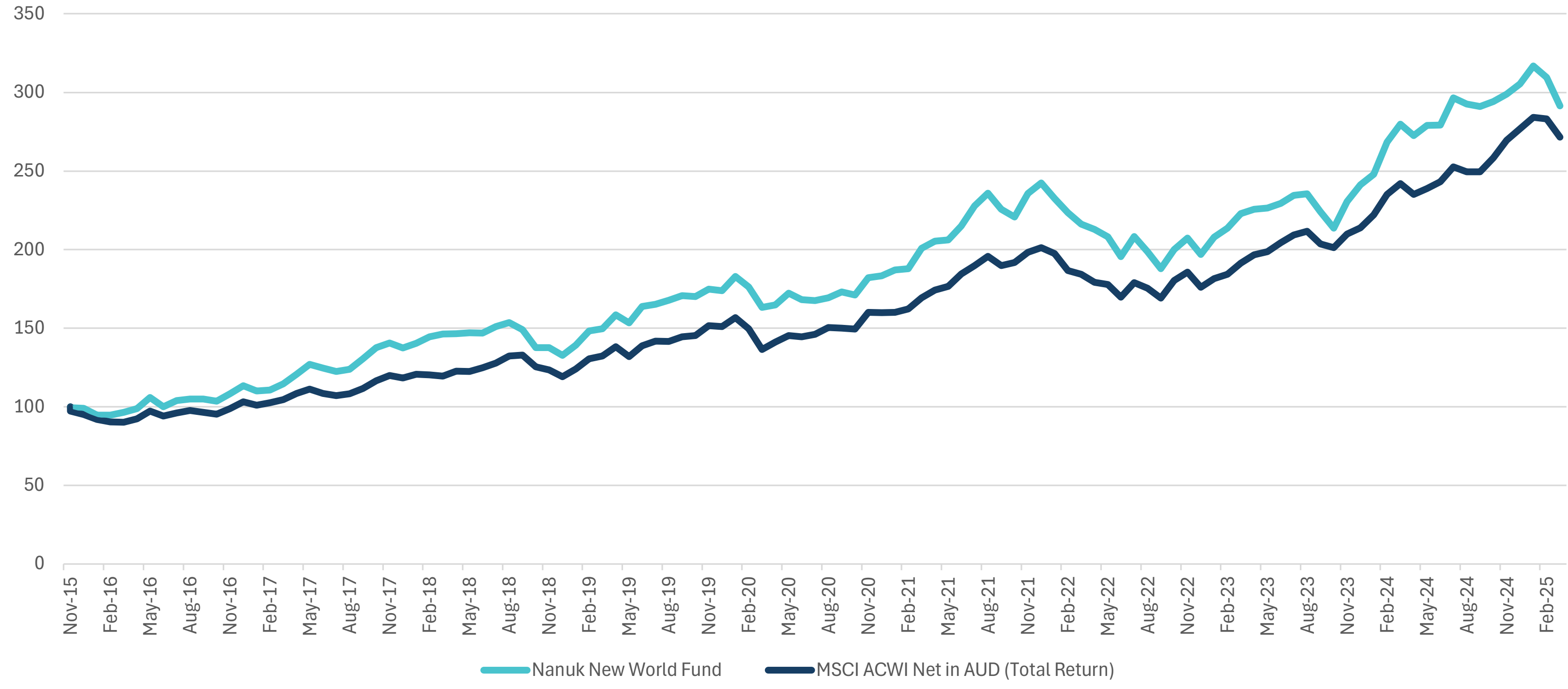
Nanuk was founded with the belief that the world is inevitably, significantly and pervasively changing and we can capitalise on that to deliver better investment outcomes for our clients.

- Insightful alignment with future trends
- Beneficial
- Positive perception by clients

Aligning client portfolios with the accelerating transformation of the global economy makes sense and doing so with a disciplined investment approach should ensure that the outcomes over time are good.

STRATEGY PERFORMANCE

Outperformance from a combination of sector allocation and stock specific returns



Notes (1) Inception date 2 November 2015. (2) Fund returns are compared above to the MSCI ACWI Net in AUD (Total Return) index, being representative of conventional global equities indices. Nanuk entered a license agreement with MSCI in October 2024. Prior to this date the Fund returns were compared to the average return of two comparable conventional global equities indices. Differences are minor. A comparison can be provided on request. ***Past performance is not indicative of future performance.***

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Lonsec: The ratings published on 05/2024 for (SLT2171AU Nanuk New World Fund (Managed Fund) and ETL0535AU (Nanuk New World Fund (Currency Hedged)) are issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421445 (Lonsec Research). Ratings are general advice only and have been prepared without taking account of investors' objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec Research assumes no obligation to update. Lonsec Research uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report.

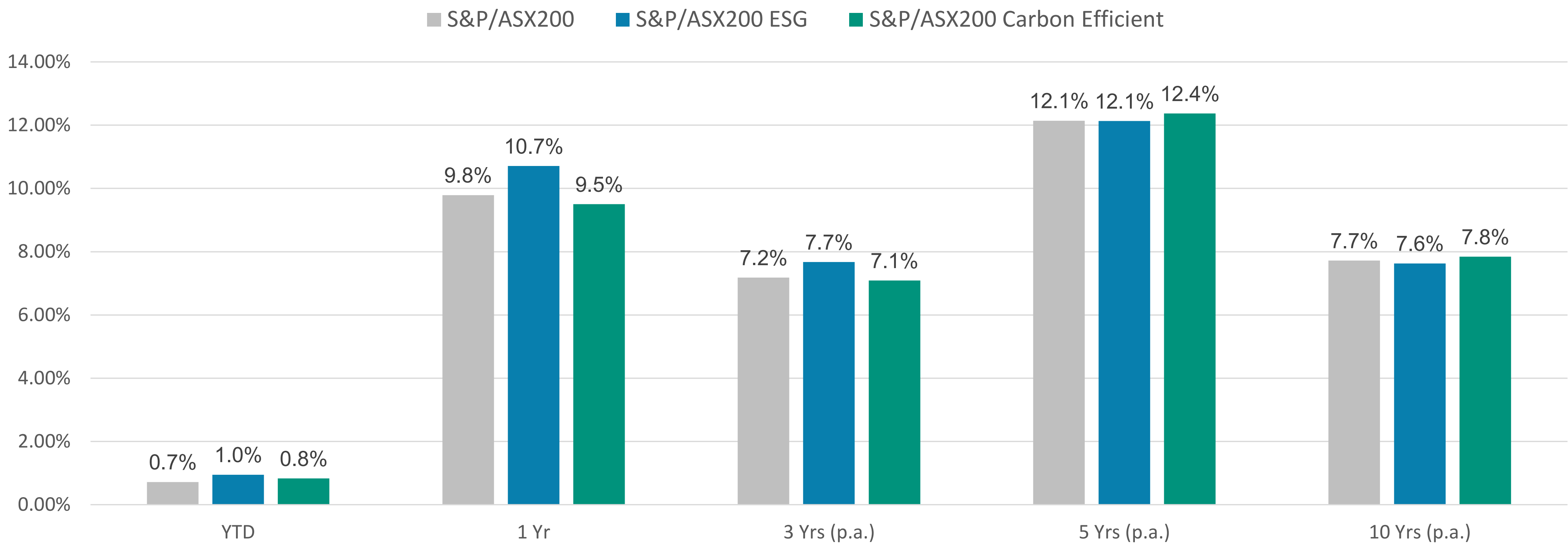
Zenith: Please refer to Zenith's website for information regarding their investment fund ratings: https://www.zenithpartners.com.au/our-solutions/investment-research/fund-ratings/

Q&A

Performance: S&P/ASX 200 Underlying vs ESG vs Carbon Efficient

Sustainable1

Total Return in AUD as at 30 April 2025



Source: S&P Dow Jones Indices

Performance & Characteristics: S&P/ASX 200 Underlying vs ESG vs Carbon Efficient

Sustainable1

	S&P/ASX 200 Index	S&P/ASX 200 ESG Index	S&P/ASX 200 Carbon Efficient Index
No. of constituents	200	101	183
Carbon to Value (metric tons CO2e/$1M invested)*	119.64	79.03	84.13
Carbon to Revenue (metric tons CO2e/$1M revenues)*	351.78	270.21	244.34
Weighted Average Carbon Intensity (metric tons CO2e/$1M revenues)*	216.45	248.40	146.80
Risk-Adjusted Total Returns			
3 Yrs (p.a.)	0.53	0.59	0.53
5 Yrs (p.a.)	0.96	1.00	0.98
10 Yrs (p.a.)	0.55	0.56	0.56

1. Operational and first-tier supply chain greenhouse gas emissions
2. Risk is defined as standard deviation calculated using monthly values.

Source: S&P Dow Jones Indices

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