



# Global Environment Strategy

Investing for a world of change

Invests in companies enabling the transition to a low-carbon world

Q3 2021

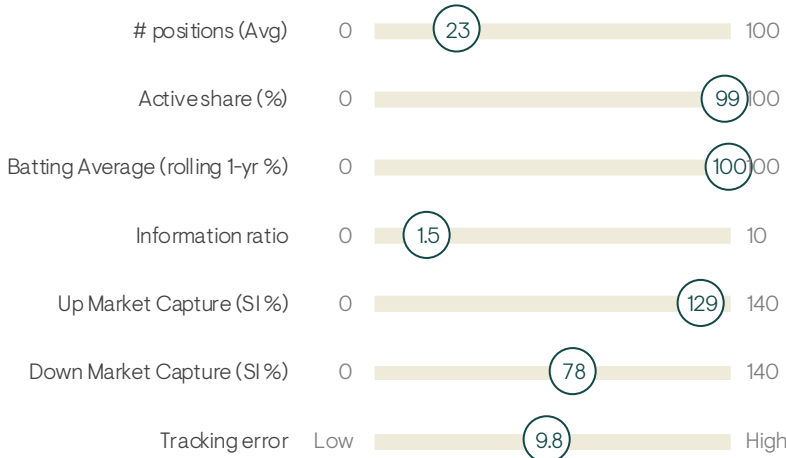
<b>Portfolio Managers</b>	Deirdre Cooper, Graeme Baker
<b>Strategy inception</b>	September 2018
<b>AUM</b>	US\$3.4 billion <sup>1</sup>
<b>Investment objectives</b>	
Target return	Outperform the performance comparison index (net of fees) over a full market cycle <sup>2</sup>
Impact	Have a quantifiable carbon saving impact
<b>Sustainability approach</b>	
Investment opportunity	Capturing the decarbonisation, disruption and innovation opportunity
Differentiated global universe	c.US\$12 trillion market cap, c.1,200 companies, only 1/4 overlap with ACWI, 12% by weight
Net zero alignment	Investing to help drive a net zero world

## The role the strategy can play in portfolios

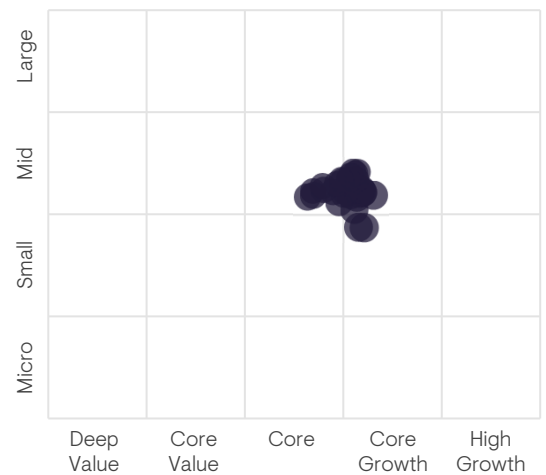
<p><b>Combines impact with financial returns</b></p> <p>High conviction portfolio providing access to long term structural growth opportunities from sustainable decarbonisation</p>	<p><b>Diversifies equity exposure</b></p> <p>Style complements core, value and high growth, while its alpha stream has been lowly correlated to equity factors</p>	<p><b>Provides carbon risk hedge</b></p> <p>May offer a hedge to your portfolio's existing carbon risk</p>	<p><b>Helps journey to decarbonisation</b></p> <p>Invests in companies with quantifiable carbon avoided that contribute to sustainable decarbonisation</p>
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## Portfolio positioning

Key metrics and statistics



## Investment styles (SI)<sup>3</sup>



Performance targets are subject to change and may not be achieved, losses may be made.

Source: Ninety One, eVestment, 30 September 2021. <sup>1</sup>AUM data as at 30 September 2021. <sup>2</sup>Global Environment performance comparison: MSCI AC World (Net Return). <sup>3</sup>Investment styles since inception to 31 August 2021. The portfolio may change significantly over a short space of time.

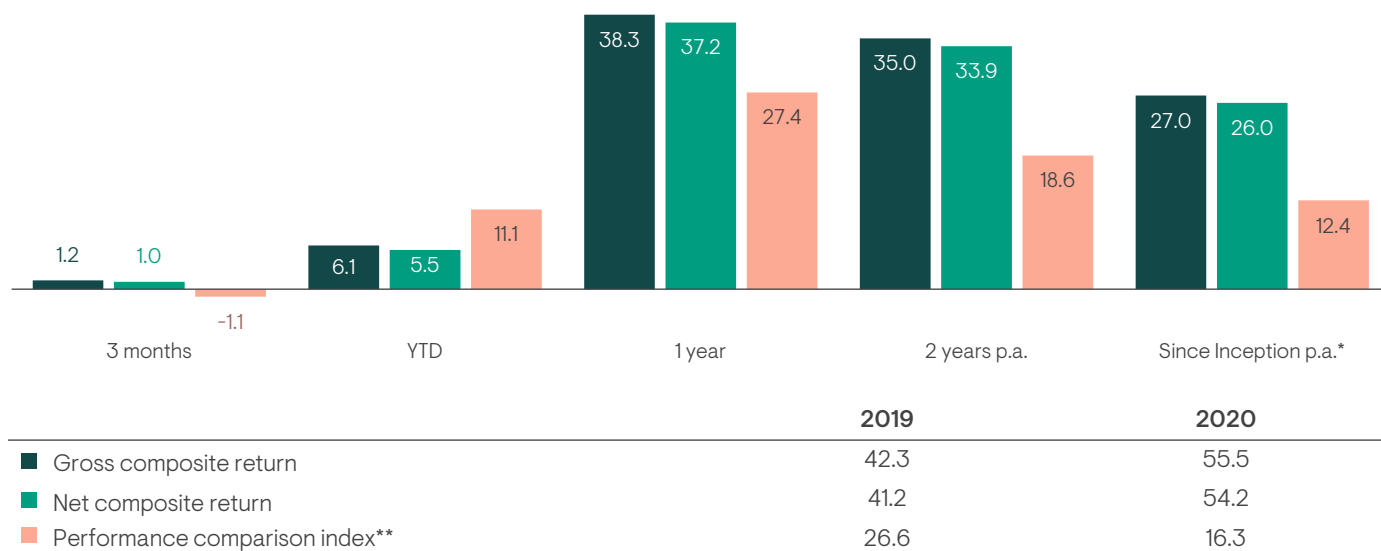
For further information on investment team, indices and performance targets, please see the Important information section.

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## Track record

The strategy has outperformed its comparative index since its inception

Annualised performance (%) since inception in USD



## Complementary style

No strong bias, ESG is clear



Past performance is not a reliable indicator of future results, losses may be made

Source: Ninety One, as at 30 September 2021. Gross performance (returns will be reduced by management fees and other expenses incurred).

Net performance (net of highest institutional segregated portfolio management fee), income is reinvested in USD. \*Composite inception date: 1 September 2018 returns of less than one year are not annualised. \*\* Performance comparison index: MSCI AC World (Net Return).

Style chart: StatPro Composites and eVestment, as at 30 September 2021. eVestment collects information directly from investment management firms and other sources believed to be reliable. eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and are not responsible for any errors or omissions. All categories not necessarily included.

For further information on indices and performance targets, please see the Important information section.

## Investment philosophy

- 1 Companies benefitting from new structural growth themes offer the potential to compound returns at above average rates over protracted periods of time
- 2 Market participants systematically underestimate the quantum and persistence of returns in cases where businesses have sustainable long-term competitive advantages, resulting in exploitable inefficiencies
- 3 The developing environmental sector is complex, and our specialist knowledge and proprietary research helps us to identify the most attractive opportunities
- 4 We believe that an unconstrained, focused approach to identifying the best quality companies in the sector, combined with a long-term investment horizon and active engagement, results in superior outcomes

## Investment process

The Strategy employs a bespoke bottom-up investment process designed specifically to invest in decarbonisation. We begin by identifying companies generating revenues from areas linked to decarbonisation, and quantify the carbon avoided by using their products and services instead of an alternative. This generates a universe of ~700 decarbonisation companies, spanning industries and market capitalisations.

Through deep research, analysis and company engagement, we identify leaders within this universe across three themes: **renewable energy, resource efficiency and electrification**. We then build a high-conviction portfolio comprising 20-40 stocks<sup>1</sup>. We engage regularly with management teams, monitor and measure impact, and set ESG targets for each portfolio company.

Universe screen	Screen on Environmental Revenues and Quantified Carbon Avoided	700-1000 Companies
Idea generation	Financial, ESG and Competitive Advantage Directs analysts on where to spend time	100-150 Researched
Fundamental analysis	Company analysis Proprietary model, management meetings, channel checks and industry analysis	50-70 Actively covered
Portfolio construction	Bottom up stock selection Risk analysis and portfolio optimisation	20-40 In portfolio
Engagement and monitoring	Regular engagement with company management Annual Impact Reporting	20-40 In portfolio

## Transparent reporting

As well as being an investor in impact areas, we are committed to being an impactful investor

- |  |   |
|--|---|
| <p><b>Annual strategy impact report with stock by stock analysis</b></p> | <ul style="list-style-type: none"> <li>- Full portfolio disclosure</li> <li>- ESG engagement targets for each company</li> <li>- Engagement activity report</li> <li>- Scope 1, 2 and 3 carbon foot printing</li> </ul> |
| <p><b>Appraisal against the EU taxonomy</b></p>                          | <ul style="list-style-type: none"> <li>- Our approach to assessing taxonomy alignment</li> <li>- Overview of results</li> <li>- Stock-by stock analysis</li> </ul>  |

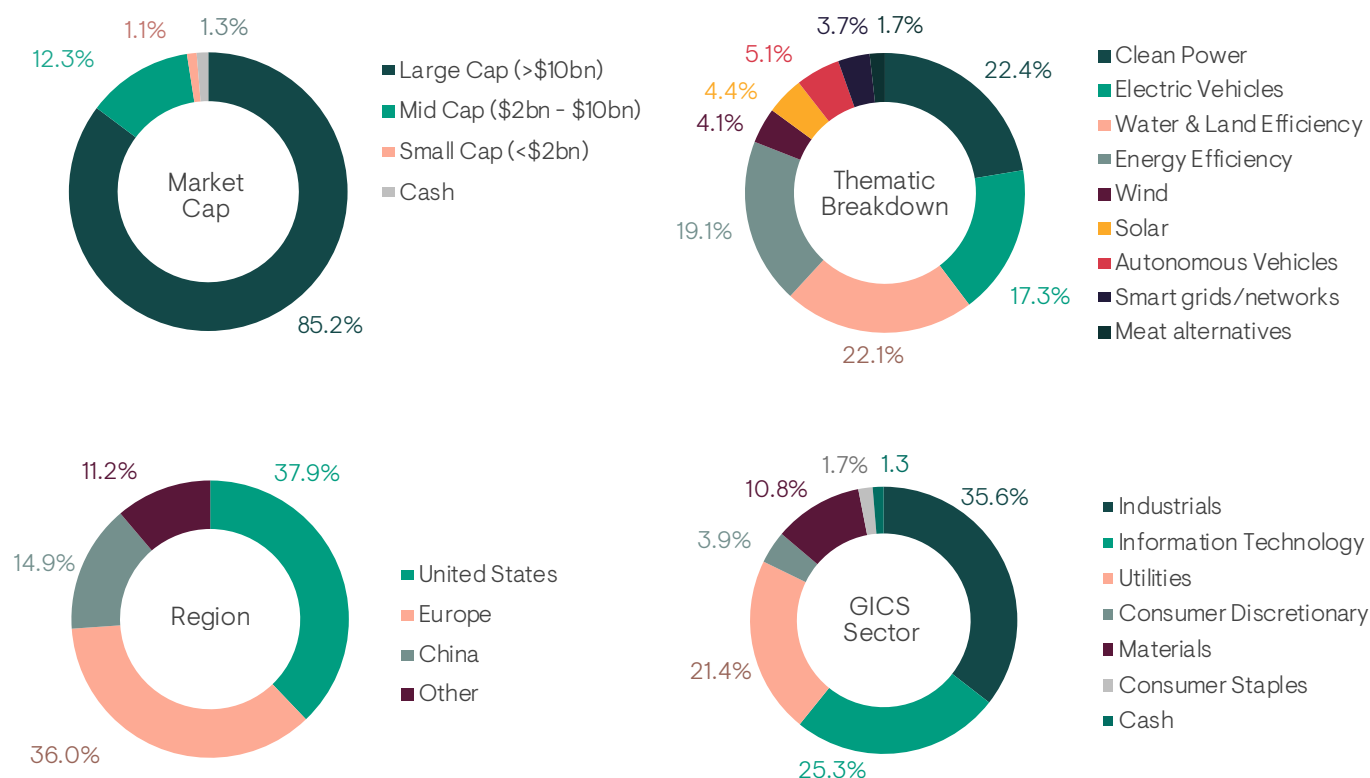


<sup>1</sup>These internal parameters are subject to change not necessarily with prior notification. For further information on the investment process, please see the Important Information section

## Portfolio characteristics

Diversified by sub-sector, technology and geography

	Global Environment	Investable universe	MSCI ACWI
Number of companies	23	1,242	2,979
Overlap with ACWI (number of companies)	19	317	2,979
Overlap with ACWI (% weight)	1%	12%	100



Top 10 holdings	Opportunity	%
NextEra Energy	Energy Efficiency	7.7
Waste Management	Autonomous Vehicles	7.2
Voltronic Power Technology	Meat alternatives	6.3
Croda International	Water & Land Efficiency	6.0
Zhejiang Sanhua Intelligent Controls	Clean Power	5.2
Iberdrola	Water & Land Efficiency	5.2
Novozymes	Clean Power	4.8
Wuxi Lead Intelligent Equipment	Electric Vehicles	4.7
Trane Technologies	Smart grids/networks	4.4
Xinyi Solar Holdings	Clean Power	4.3

Source: Ninety One, 30 September 2021. Based on a pooled vehicle within the strategy and is not available at the composite level. The portfolio may change significantly over a short space of time. This is not a buy, sell or hold recommendation for any particular security. Individual security performance does not represent the Strategy performance. There is no guarantee that the Strategy is currently investing and/or will invest in the securities in the future. For further information on specific portfolio names, please see the Important Information section.

## Investment team



**Deirdre Cooper**  
Portfolio Manager  
with 23 years experience



**Graeme Baker**  
Portfolio Manager  
with 14 years experience

The portfolio managers are supported by a wider team of 34 investment professionals structured into seven research groups.

## Why Ninety One for Global Environment

1

Managed by a team with decades of experience investing in the environmental sector

2

Supported by an investment company which has sustainability at its core

3

Uses a proprietary method of identifying companies enabling decarbonisation and a comprehensive way of quantifying carbon risk and carbon avoided

## Why Ninety One

We are active and responsible investors. We focus on where we can make a real difference for our clients – to help them achieve their long-term investment goals. As active managers, we are committed to the benefits of specialisation, believing that great investments come from bold and well-tested ideas.

Our investment expertise spans the equity, fixed income, multi-asset and alternative asset classes. Our specialist investment teams invest actively across global, emerging and frontier markets.

Established in South Africa in 1991, as Investec Asset Management, we started offering domestic investments in an emerging market. In 2020, almost three decades of organic growth later, we demerged from Investec Group and became Ninety One.

The firm seeks to create profitable partnerships between clients, shareholders and employees. Our aim is to exceed our clients' and service expectations and to manage their money to the highest possible standard.

**General risks:** The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth. Past performance is not a reliable indicator of future results. Investment objectives and performance targets are subject to change and may not necessarily be achieved, losses may be made. Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of investments.

**Specific Risks: Geographic / Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow. **Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income. **Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss. **Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company. **Concentrated portfolio:** The portfolio invests in a relatively small number of individual holdings. This may mean wider fluctuations in value than more broadly invested portfolios. **Commodity-related investment:** Commodity prices can be extremely volatile and losses may be made. **Emerging market (inc. China):** These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems. **Sustainable Strategies:** Sustainable, impact or other sustainability-focused portfolios consider specific factors related to their strategies in assessing and selecting investments. As a result, they will exclude certain industries and companies that do not meet their criteria. This may result in their portfolios being substantially different from broader benchmarks or investment universes, which could in turn result in relative investment performance deviating significantly from the performance of the broader market.

## Ninety One contact details

### Australia

Telephone: +61 2 9160 8400  
australia@ninetyone.com

### Botswana

Telephone: +267 318 0112  
botswanaclientservice@ninetyone.com

### Channel Islands

Telephone: +44 (0)1481 710 404  
enquiries@ninetyone.com

[www.ninetyone.com](http://www.ninetyone.com)

Telephone calls may be recorded for training, monitoring and regulatory purposes and to confirm investors' instructions

### Europe and United Kingdom

Europe: +44 (0)20 7597 1999  
UK: +44 (0)20 7597 1800  
enquiries@ninetyone.com

### Hong Kong

Telephone: +852 2861 6888  
hongkong@ninetyone.com

### Namibia

Telephone: +264 (61) 389 500  
illnam@ninetyone.com

### South Africa

Telephone: +27 (0)21 9011000  
enquiries@ninetyone.com

### Singapore

Telephone: +65 6653 5550  
singapore@ninetyone.com

### United States

US Toll Free: +1 800 434 5623  
usa@ninetyone.com

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Although we believe any information obtained from external sources to be reliable, we have not independently verified it, and we cannot guarantee its accuracy or completeness (ESG-related data is still at an early stage with considerable variation in estimates and disclosure across companies. Double counting is inherent in all aggregate carbon data).

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### Investment Team

There is no assurance that the persons referenced herein will continue to be involved with investing for this Strategy, or that other persons not identified herein will become involved with investing assets for the Manager or assets of the Strategy at any time without notice. References to specific and periodic team meetings are not guaranteed to be held or fully attended due to reasonable priority driven circumstances and holidays.

### Investment Process

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### Performance Target

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