

SKAGEN FUNDS' NEW YEAR CONFERENCE

How to Beat the Market with Responsible Investments

Barbara J. Krumsiek

January, 2020

GEORGETOWN
UNIVERSITY

McDonough
SCHOOL of BUSINESS

WOMEN'S LEADERSHIP
INSTITUTE | GUWLI



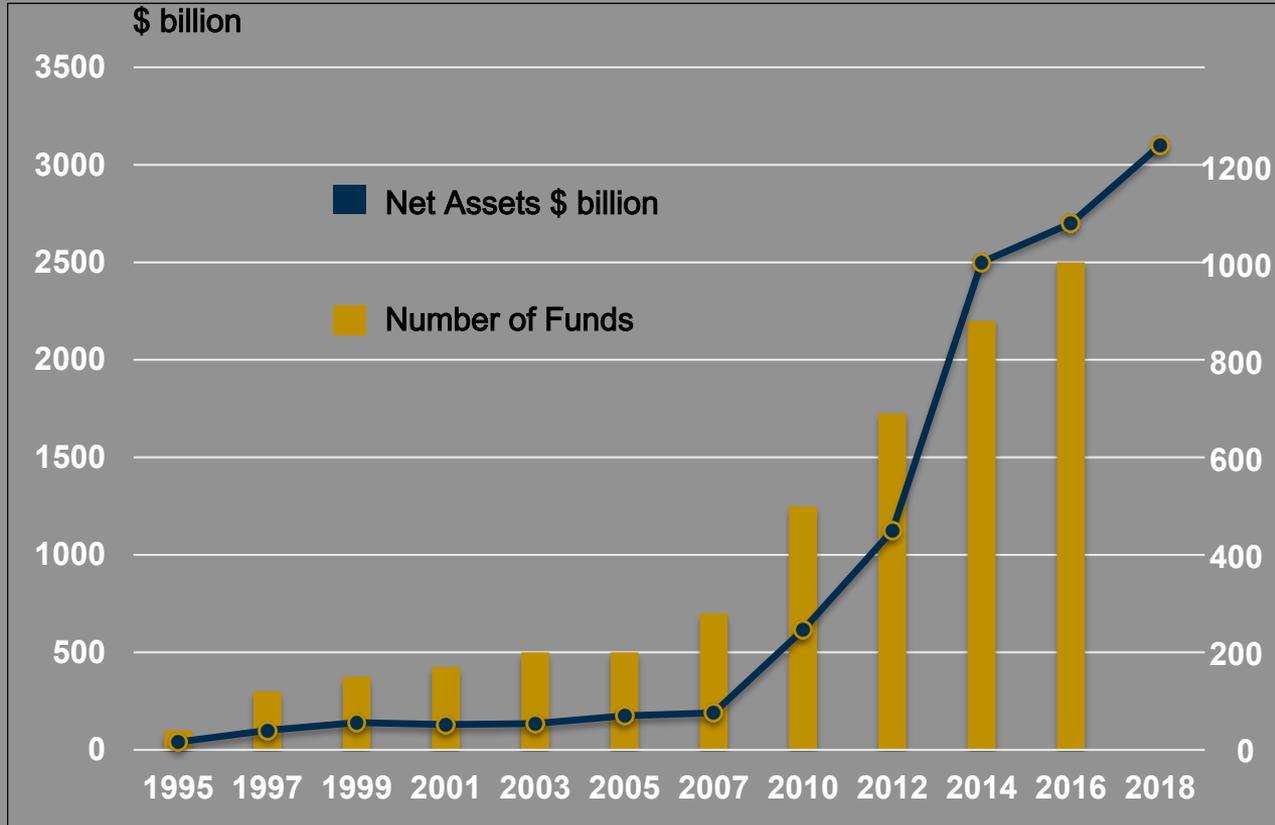
arabesque

TABLE OF CONTENTS

- **My Journey**
- **Powerful Growth of ESG Investing**
- **“Big Data” is a New Driver of Investment Performance**
- **Gender Balance is a Premium not a Penalty**

“A career is an
obstacle course....
not a ladder.”

Powerful Growth of ESG Investing



Based on data from U.S. SIF Foundation; Bank of America Merrill Lynch Global Research, "ESG: Good Companies Make Good Stocks," Dec. 18, 2016; Global Sustainable Investment Alliance, 2018.

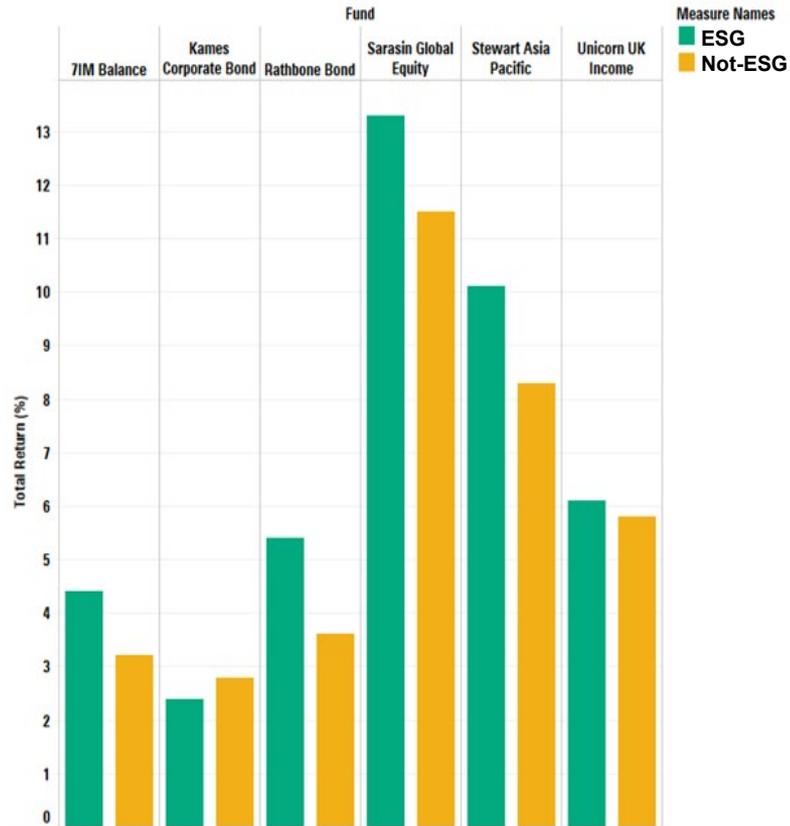
Risk Management



Typical ESG Factors

ENVIRONMENTAL (“E”)	SOCIAL (“S”)	GOVERNANCE (“G”)
Biodiversity/land use	Community relations	Accountability
Carbon emissions	Controversial business	Anti-takeover measures
Climate change risks	Customer relations/product	Board structure/size
Energy usage	Diversity issues	Bribery and corruption
Raw materials sourcing	Employee relations	CEO duality
Regulatory/legal risks	Health and safety	Executive compensation schemes
Supply chain management	Human capital management	Ownership structure
Waste and recycling	Human rights	Shareholder rights
Water management	Responsible marketing, R&D	Transparency
Weather services	Union relationships	Voting procedures

ESG Funds vs Peers over 3 years

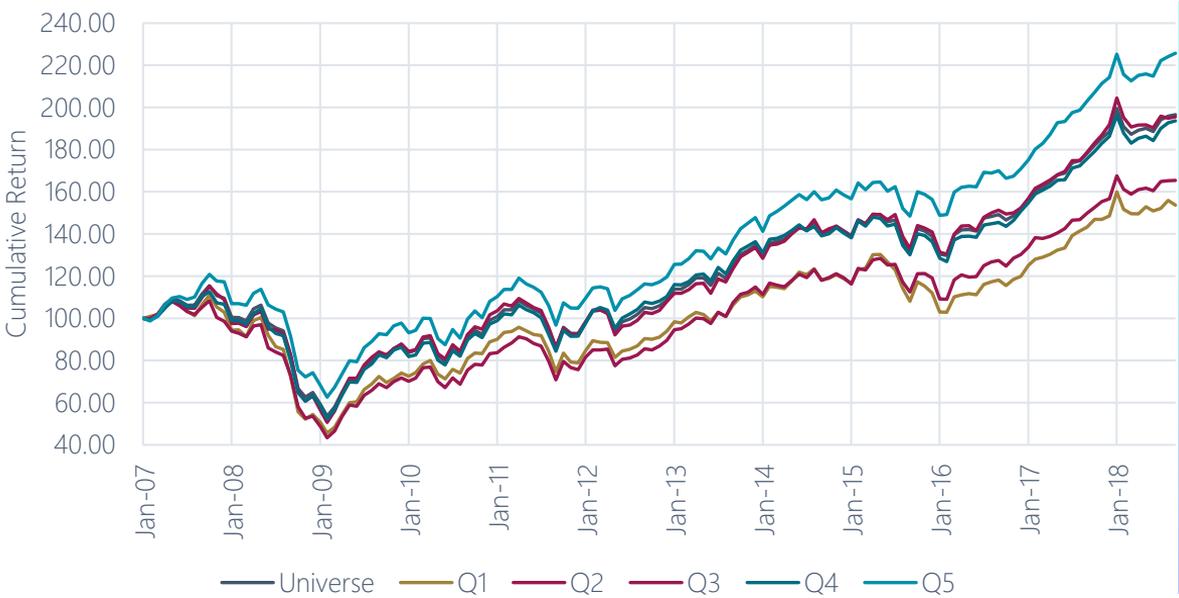


Source: Morningstar Direct. data as of August 31

- Research by Morningstar found 41 of the 56 (73%) Morningstar's ESG indexes have outperformed their non-ESG equivalents since their inception.
- For example, the five-star rated Rathbone Ethical Bond fund has outstripped its non-ESG counterpart, delivering a return of 8.1% over the past year, more than double that achieved by the Rathbone Strategic Bond.
- The three-star rated Sarasin Responsible Global Equity fund has also outperformed its peer, returning 9.8% over the past year compared to 5.7% from the Sarasin Thematic Global Equity fund.
- The 7IM Sustainable Balance fund has delivered a return of 4.5% over the past year, some fifteen times greater than the 0.3% return produced by the 7IM Balanced fund.

S-Ray ESG Score

The “Top 20%” outperform the “Bottom 20%” by 3.4% annually*



*Performance from 01/01/2007 to 31/08/2018 in USD, gross of fees and transaction costs.

WOMEN'S EMPOWERMENT PRINCIPLES

**EQUALITY
MEANS
BUSINESS**



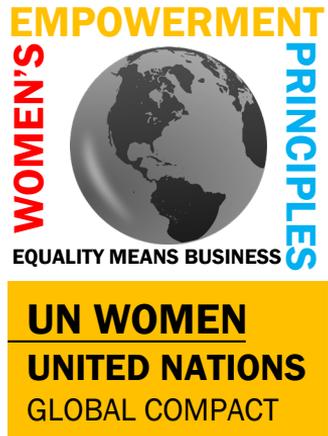
- 1** Establish high-level corporate leadership for gender equality.
- 2** Treat all women and men fairly at work – respect and support human rights and nondiscrimination.
- 3** Ensure the health, safety and well-being of all women and men workers.
- 4** Promote education, training and professional development for women.
- 5** Implement enterprise development, supply chain and marketing practices that empower women.
- 6** Promote equality through community initiatives and advocacy.
- 7** Measure and publicly report on progress to achieve gender equality.



© UN WOMEN / SHUTTERSTOCK / GUY LAWRENCE

Gender Equality... S in ESG





- 1** Establish high-level corporate leadership for gender equality.
- 2** Treat all women and men fairly at work- respect and support human rights and nondiscrimination.
- 3** Ensure the health, safety and well-being of all women and men workers.
- 4** Promote education, training and professional development for women.
- 5** Implement enterprise development, supply chain and marketing practices that empower women.
- 6** Promote equality through community initiatives and advocacy.
- 7** Measure and publicly report on progress to achieve gender equality.

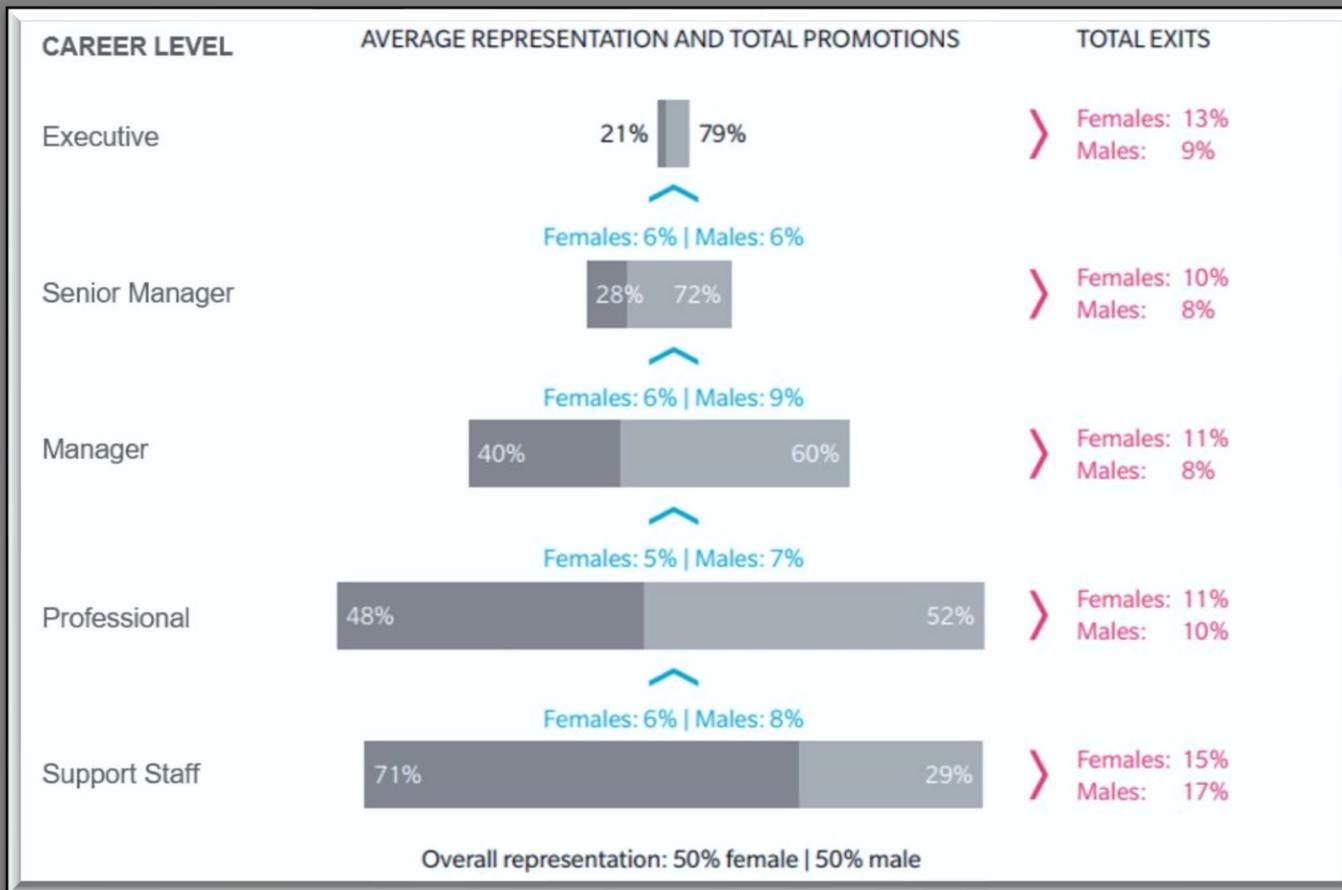
Gender Balance is a **PREMIUM**, Not a Penalty

Is Gender Diversity Profitable? Evidence from a global study:

- ❖ There is a striking correlation between a greater number of female leaders and firm profitability.
- ❖ From the boardroom to the C- Suite, female leaders around the world are seriously scarce.
- ❖ Across 91 countries, the female presence on boards and in the C-Suite varies greatly based on country and region.
- ❖ Paternity leave policies- NOT maternity leave- are correlated with increased female leadership.

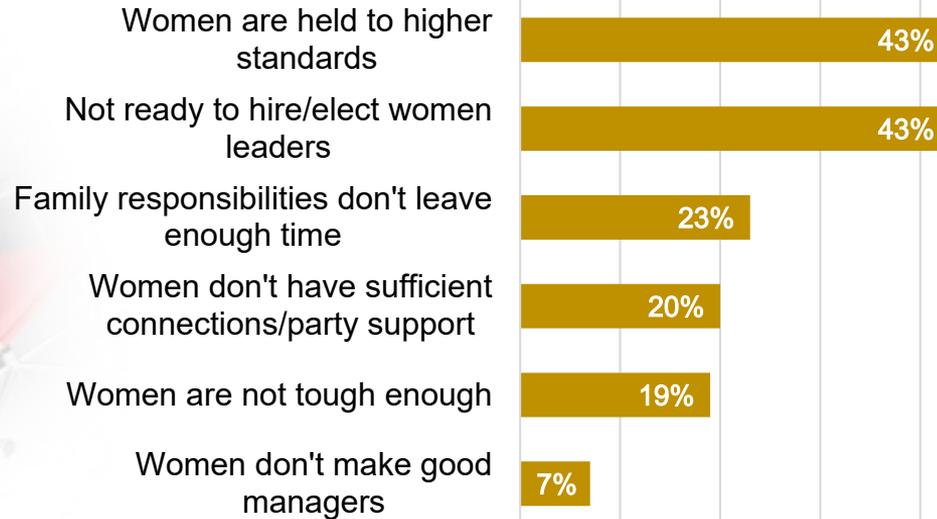


Financial Services Labor Market



What's Holding Women Back from Top Jobs?

% saying each is a major reason why there aren't more women in top executive business positions



SKAGEN FUNDS' NEW YEAR CONFERENCE

How to Beat the Market with Responsible Investments

Barbara J. Krumsiek

January, 2020

GEORGETOWN
UNIVERSITY

McDonough
SCHOOL of BUSINESS

WOMEN'S LEADERSHIP
INSTITUTE | GUWLI



arabesque