



# Sustainable investing

Investing for Good

Michaela Seimen Howat,

CIO Sustainable Investing, UBS Wealth Management

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*Sustainable & Impact investments are  
investments made with the intention to  
generate **social or environmental impact**  
...alongside a **financial return***

# What is Sustainable Investing

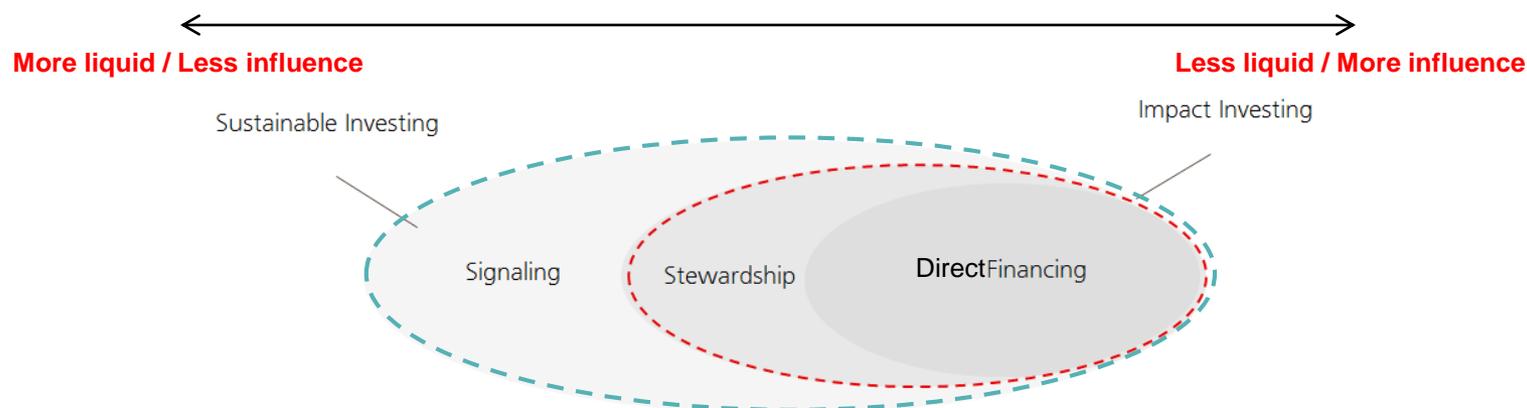
Sustainable investing is an investment approach that **incorporates environmental, social and governance (ESG)** considerations into investment decisions. Depending on an investor's motivation for engaging in sustainable investing, there are different strategies for achieving their goals:

	Impact Investing	Integration	Exclusion
Description	Investing with the intention to generate measurable E&S impact alongside a financial return	Integrating ESG factors into traditional investment processes to improve portfolio risk/return	Excluding companies or industries from portfolios where they are not aligned with an investor's values
Desired Primary Outcome	Achieve environmental or social impact, in addition to financial returns	Improve the risk/return characteristics of the portfolio	Align investments with personal values
Financial return			
E&S Outcome			

Importantly, sustainable investing is still investing. Sustainable investors **do not seek to sacrifice returns** in order to achieve their respective goals. This differs from philanthropic investors, who may be willing to sacrifice returns – in part or in full – in order to achieve a measurable environmental or social impact.

# How do investments generate impact?

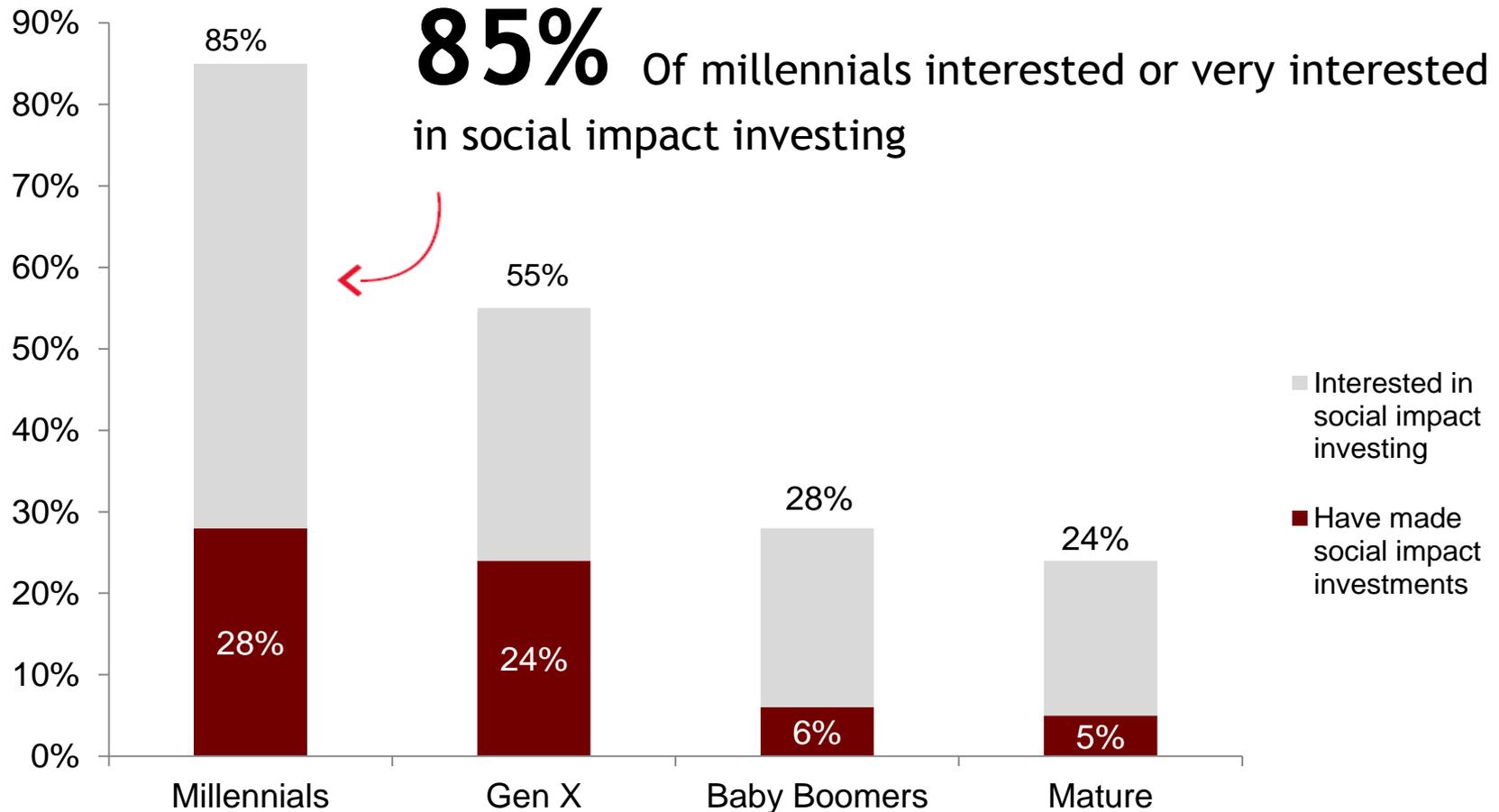
All investments have an impact, whether positive or negative. There are three main ways that your investments can have an impact on people and planet:



1. **Signaling:** Simply by investing in companies that investors believe are having a positive impact on people and planet, and divesting from companies that are not, investors can signal to the market that environmental, social and governance (ESG) factors matter. If enough investors do the same, this can lead to **positive change**.
2. **Stewardship:** Beyond the provision of capital, investors can influence the companies they invest in to maximize environmental or social good. Investors can, for example, engage with management in order to persuade companies to adopt more sustainable practices, or use their networks and knowledge to enhance the reach of intrinsically impactful companies. Providing the effect of these efforts can be measured and trace back to the investors' actions, this may be considered **impact investing**.
3. **Direct Financing:** Investors can directly finance intrinsically impactful companies or projects. An example might be investing venture capital, either directly or via a fund, in an education technology company focused on improving access for underserved populations. Importantly, because investors in secondary markets do not typically finance the operations of the companies they invest in, **this type of impact is usually limited to private markets**.

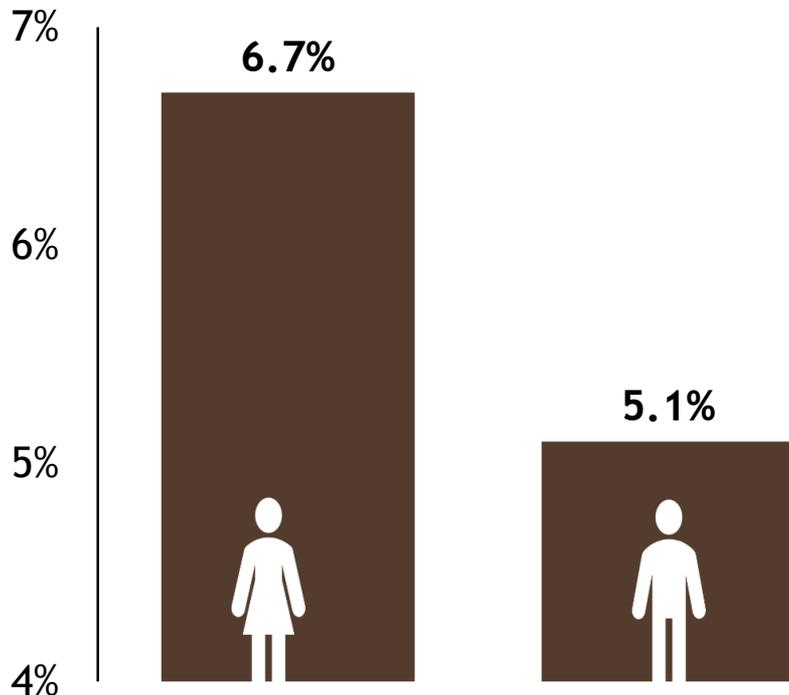
# The face of wealth is changing

USD 24 trillion of global assets will be owned by millennials in 2020



# Women's economic power is on the rise

Projected 2017 - 2021 wealth growth by gender, annual %, global market research



## Inheritance

Women to inherit **70%** of the USD 41 trillion of legacies in the US (2003 - 2043)

## Sustainability

**88%** of women want to invest in entities that have a positive social impact

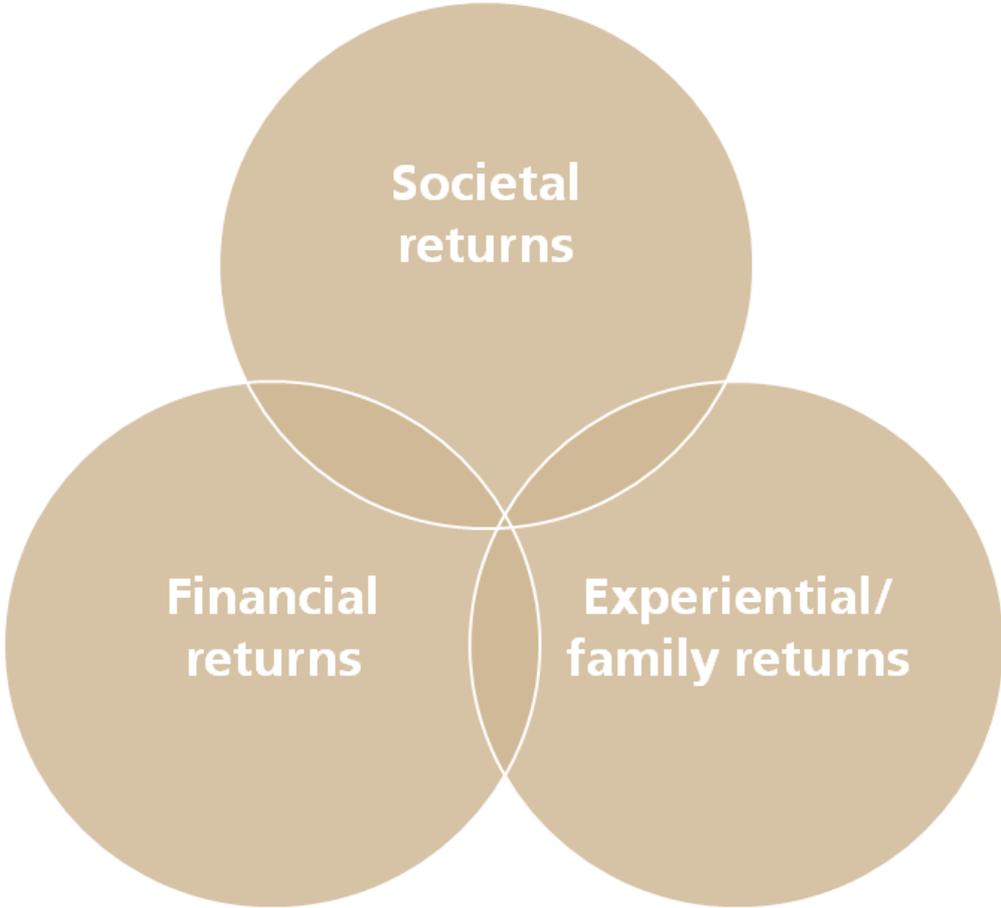
Source: Boston College Social Welfare Research Unit, McKinsey, Warner (2006) The Power of the Purse: How Smart Businesses are Adapting to the World's Most Important Consumer - Women, Ernst and Young LLP (2016) Harnessing the power of women investors in wealth management, UBS.

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# Returns across three dimensions

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Three reasons to engage in sustainable & impact investing



# Societal returns

Impact investing can make a huge difference

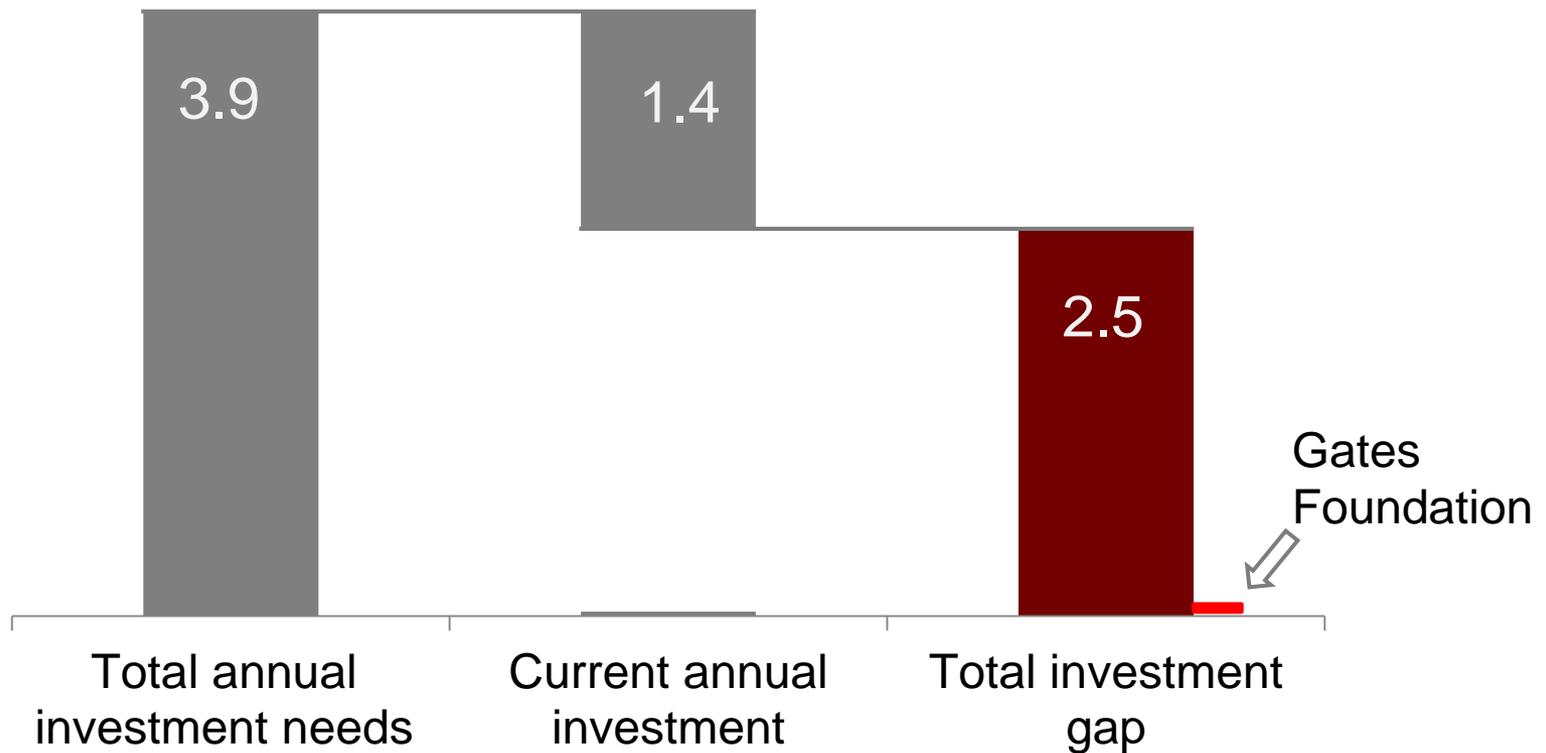


# Societal returns

## Philanthropy and public sector investment is insufficient

Estimated investment gap in key SDG sectors in developing countries

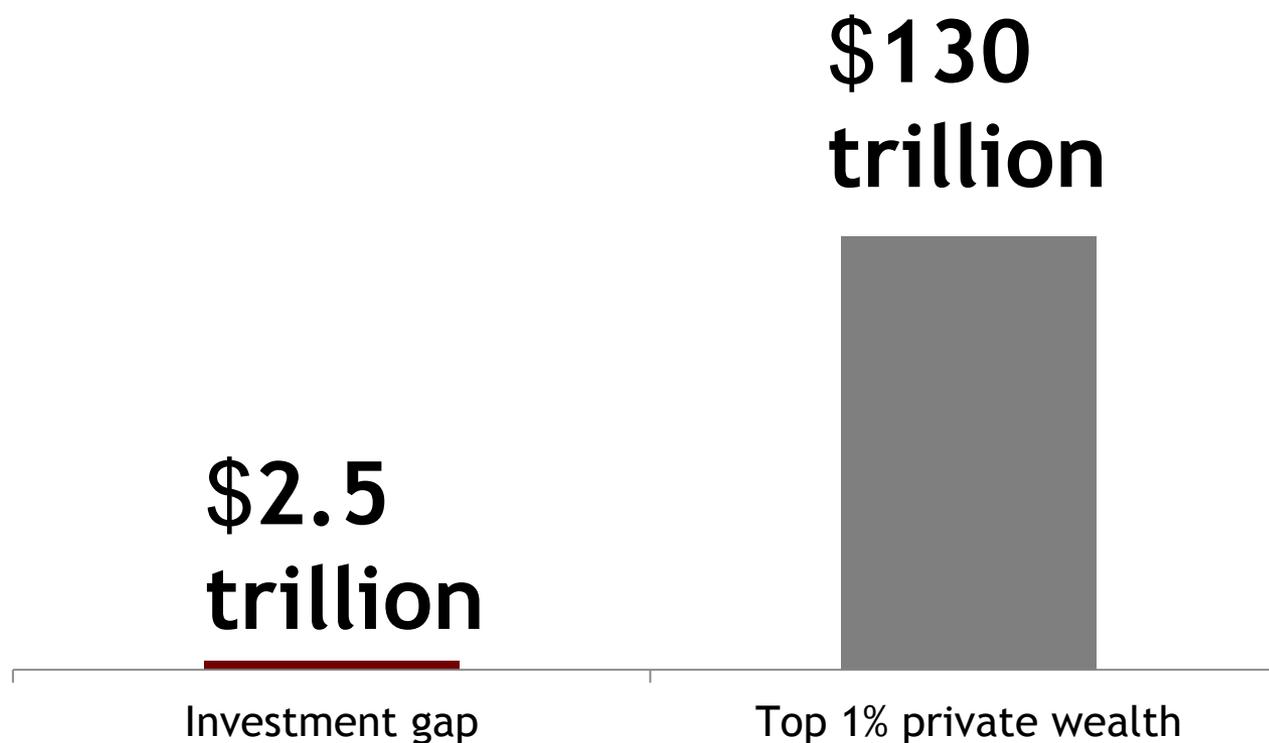
Trillions of USD, annual average 2015 - 2030



# Societal returns

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Annual funding gap for SDGs dwarfs in comparison to private wealth holdings



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