ADVERTISEMENT FEATURE

NATIXIS
INVESTMENT MANAGERS

THE LONG-TERM VIEW ON TRANSITION AND SUSTAINABILITY

Three decades of sustainable investment experience within Natixis Investment Managers.

The Natixis Investment Management platform has been growing for more than 30 years, with a comprehensive range of specialist management teams and tailored strategies for every investor need. ESG has been an important component throughout – and even before Natixis existed in its present form.

One of the earliest movers in the environmental and societal impact space was Natixis Investment Managers affiliate Mirova*. Mirova has built long-term expertise within a multi-asset strategy including Equities, Fixed Income, Energy transition infrastructures, then Natural Capital.

'The sustainability profile of our strategies is deliberate, with a clear link between financial outperformance and the fight against global warming.' says Jens Peers, CEO and CIO of Mirova US.

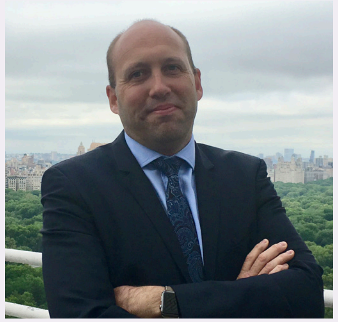
DELIVERING ON PROMISES

Impact investing is not just about doing good by people and the planet, there must be a clear and rationale investment case too, believes Peers. He says years of shared experience in Mirova's research team help filter out over-promises and fake claims by companies claiming they have a green agenda.

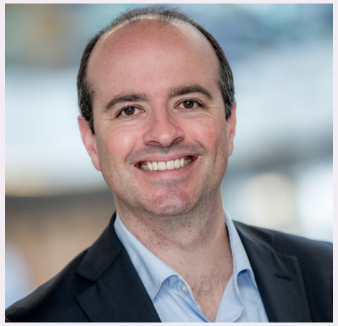
'We want to maximise the positive impact, so we're not going to invest in everything. We will only invest in those companies where we believe we have significant upside and secular growth, but also add value from a sustainability point of view,' he says.

Peers also warns about the rapid uptake and new product launches in the ESG, sustainable and impact space that has spread from Europe, to the US and now Asia. Investors need to ask hard questions of their strategy investment teams, about their experience, processes and ability to adapt in a fast-changing world and global economy.

'The popularity of ESG and sustainability is a positive because it raises awareness for companies like Mirova. But there is a risk of greenwashing, a term I dislike, where investors cannot compare like with like, and are disappointed as a result,' he says.



JENS PEERS
CEO and CIO of Mirova US
Mirova



HARALD WALKATE
Head of CSR and ESG
Natixis Investment Managers

LONG-TERM VIEW

At Mirova, acting as a responsible investor means looking at the economy in the context of the environmental and societal issues integrated within it, going beyond the short- and medium-term profitability of individual assets. It requires an understanding of the interactions between private and public actors, between companies of different sizes, and between developed and developing economies to ensure that the growth of each is compatible with the system's overall balance.

'Responsible investing must be considered over the long term to make sure that today's choices will not have a negative impact on future generations,' says Peers.

Sustainable global equities, focus on four key transitions that will likely shape the future of our economy and society: demographics, technology, environment and governance.

'Our proprietary ratings on Environmental, Social and Governance factors allow us to maximise exposure to highly rated companies. Those are companies we believe have a positive impact on the UN Sustainable Development Goals. Companies involved in controversial activities are systematically removed from the investment universe,' says Peers.

TRANSITION OR RISK

The sustainable, global ESG equity strategy universe is growing and increasingly diverse, by sector and by region.

'We're looking at the speed at which various companies are transitioning their businesses toward the future. We see a world where demand for fossil fuels will decline and a world undergoing continued demographic change, be it through population growth or urbanisation. We also face a world where corporate governance and corporate social responsibility come under increased scrutiny,' says Peers.

'We try to find companies that have identified trends early, and that are among the first movers within their peer group,' he says.

More corporations will have to review their business models as environmental and societal changes affect their growth prospects. Initiatives such as the United Nations' Sustainable Development Goals and the European Union's new Green Deal will also focus the minds of investors, channeling equity and bond flows to adaptable businesses whose activities do not rely on fossil fuels, and have a lesser impact on the world.

Jens Peers and his colleagues at Natixis see more opportunities ahead and even more demand for ESG to such an extent that sustainable investment may be the default criteria for investors in the future.

As Fabrice Chemouny, Head of APAC, Natixis Investment Managers, points out: 'ESG now becomes a mainstream. But we have been doing ESG for the last 30 years; it is not new for us. Almost all of the assets managed by our affiliates are ESG compliant. Most of our affiliates have also signed the United Nations principle of responsible investment.'

His colleague Harald Walkate, Head of CSR and ESG at Natixis, also points to another reason why ESG is likely to spread. Companies that do not adapt will increasingly be a higher risk for investors, a fact that needs to be priced in to strategies and stock or bond selection.

'At Natixis Investment Managers, we believe that ESG integration can enhance risk management. So we believe that smart, active investors will realise that climate change is important but is not the only relevant investment consideration. When we talk about ESG that makes a difference, we talk about the importance of speaking with our clients about the need to be clear on their investment goals and clear on ESG related goals.'

* The 1st SRI fund was created in 1984 within Ostrum Asset Management (Mirova was previously a division of Ostrum AM, Mirova has been created in 2012).