



MASECO ASIA

Sustainable investments for
your core portfolio

Your wealth, your values. Our future.



Executive summary

In an interconnected global economy with rising population and consumption, it is increasingly important that investors, businesses, governments, and societies recognize and factor in the costs of externalities (costs incurred by environmentally damaging business activities) to companies, that can in turn result in unpriced consequences on the environment, society and ultimately, financial performance.

As an investor, you can factor in the costs of externalities by looking at investments that are specifically designed to create environmental and social impact across your investment portfolio. MASECO Asia offers a range of strategies to implement values-based investing from sustainability and socially responsible mutual funds, social impact investments, and venture philanthropy through donor-advised funds. Investments are evaluated carefully and approached with the same financial analytical rigor as any other investment to identify suitable opportunities that aim to deliver impact as well as performance. Wealth planning and investment advice helps you achieve impact goals with investment through:

- » Asset Allocation
- » Diversification
- » Individualised Investment Policy Statement Reporting
- » Fiduciary Duty
- » Clear Investing Charge Structures

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What is sustainable investing?

Sustainable investing as an investment philosophy has evolved over several decades. While concrete definitions are difficult to pin down, there are three identifiable strands:

- » Ethical investing – identifying companies that share your values and morals.
- » Socially responsible investing (SRI) – typically avoiding companies that violate human rights or social criteria and/or that produce or distribute specific products such as armaments, tobacco, alcohol, gambling, pornography.
- » Sustainable investing – focuses more attention on environmental issues, social and governance (ESG) screening typically amalgamates ethical investing with SRI, investing in companies that are actively changing their corporate behavior and products or services to achieve environmentally sustainable outcomes.

Business rationale sustainable investment

Sustainable investing uses markets to reallocate capital to companies that are integrating responsible corporate behavior and sustainable outcomes into their business and industries. Capitalism is an efficient way to allocate

resources and wealth. Sustainable capitalism is investing for blended value. It is the idea that capitalism can maximize long-term economic value creation by reforming markets to address real needs while considering all costs and integrating ESG metrics into the decision-making process. It applies to the entire investment value chain from entrepreneurial ventures to publicly traded large cap companies. Investing with future generations in mind will help transition economies to sustainable substitutes.

What should I expect the investment to deliver?

Returns vary from investment to investment. All sustainable investments are not created equal. MASECO Asia is looking at making sustainable investment a core portfolio allocation and would expect to integrate US funds with at least a five-year track record and that have market rates of return. In the HK we will be looking to incorporate new funds but with the same philosophy as the US funds.

Risk Warnings

A sustainable investment is an investment like any other and careful attention needs to be paid to the risks. Potential investors are advised to seek relevant, legal, financial and tax advice before making any decision



to invest. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. You should remember that the value of an investment and the income from it could go down as well as up. The return at the end of the investment period is not guaranteed and you may get back less than you originally invested.

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