

# Vontobel

**100** years | Empowering  
Investors



## Slaying impact investing myths

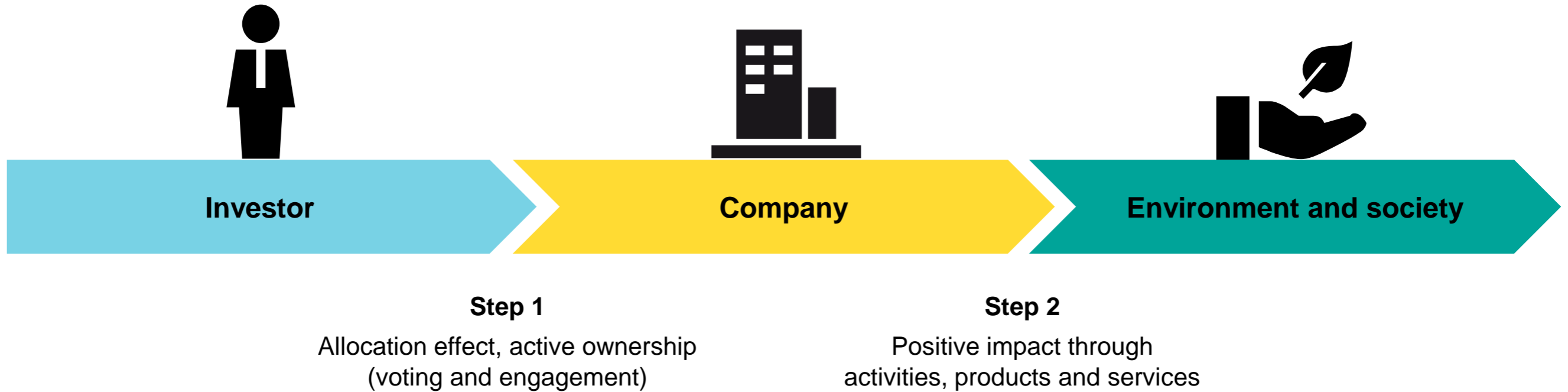
December 11, 2024

Marco Lenfers, CFA  
Client Portfolio Manager

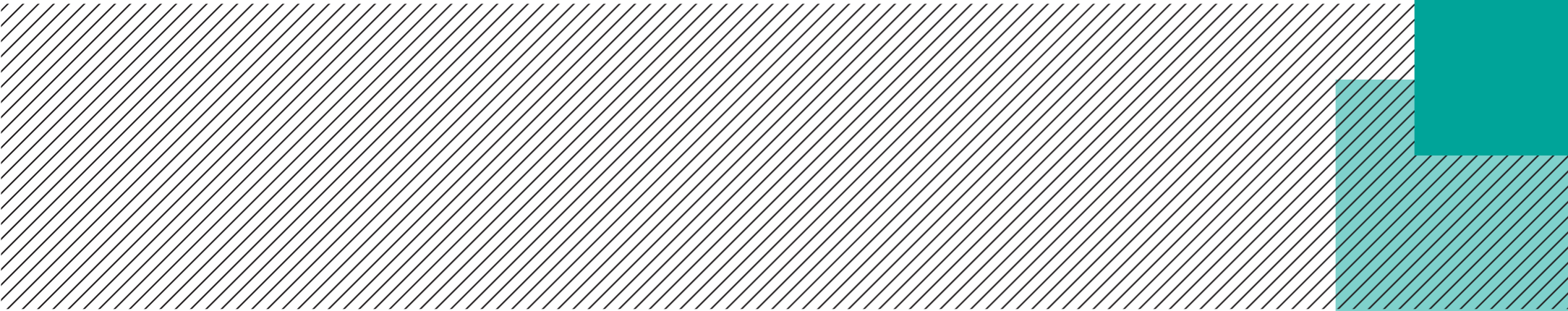
# You can't generate impact with public equities



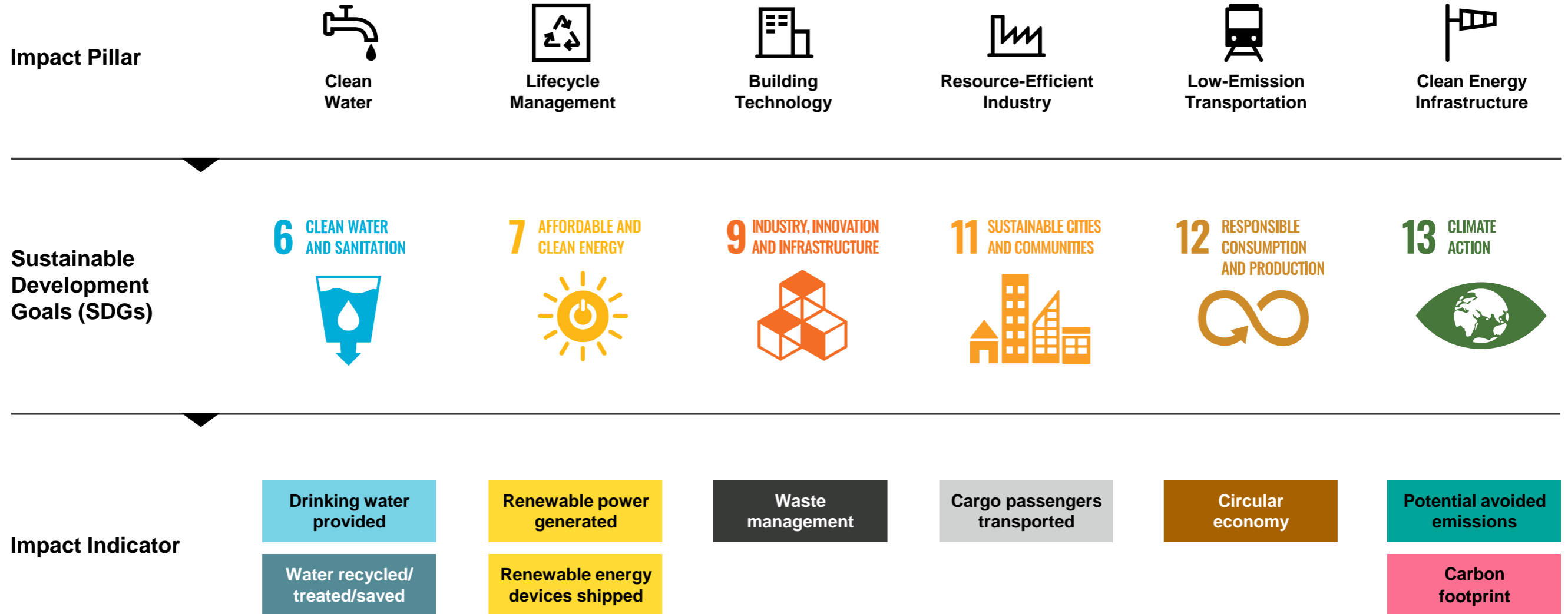
## A two-step approach to focus on impact at both investor and company level



# **There are no reliable data to measure positive impact**

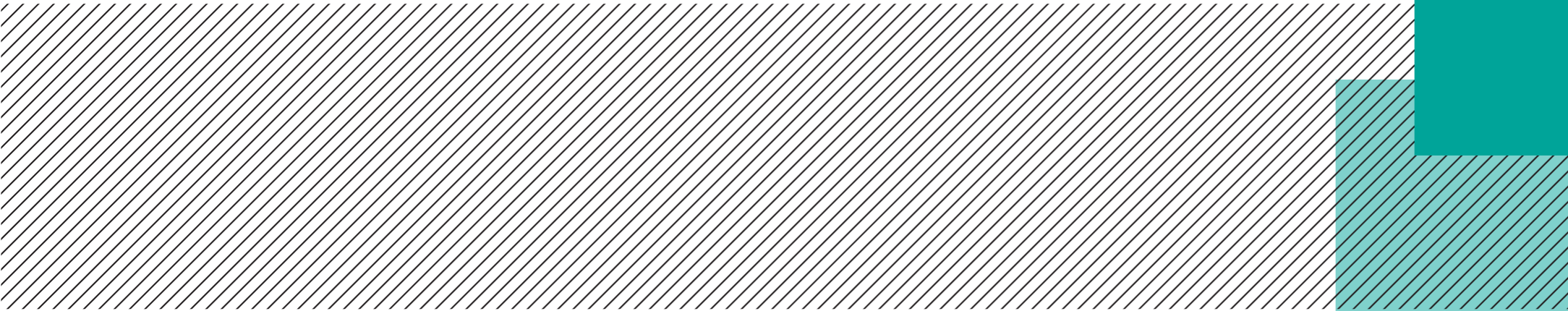


# Measuring impact where it matters



SDG = The Sustainable Development Goals reflect the megatrends that are shaping the world's future. They are adopted by 193 member states of the United Nations. The agenda contains 17 Goals and 169 targets. For illustrative purposes only. Source: United Nations, Vontobel.

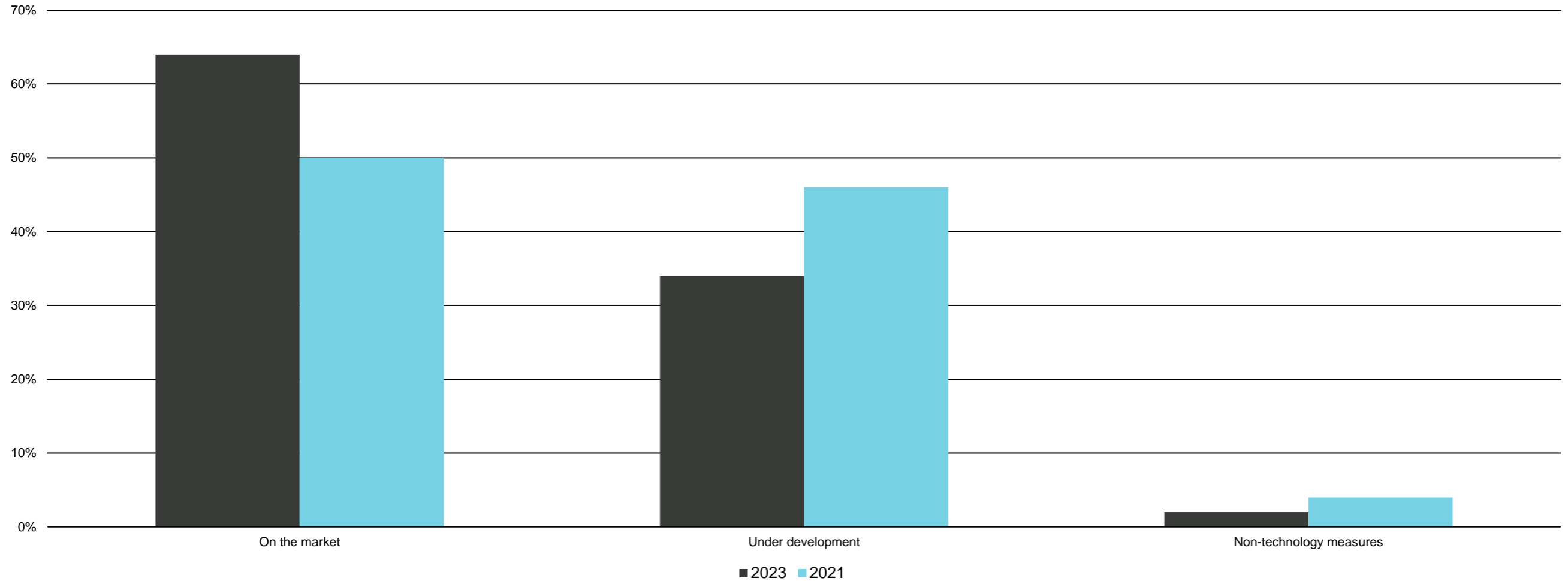
# You have to sacrifice return to do something good





# We have the tools to scale

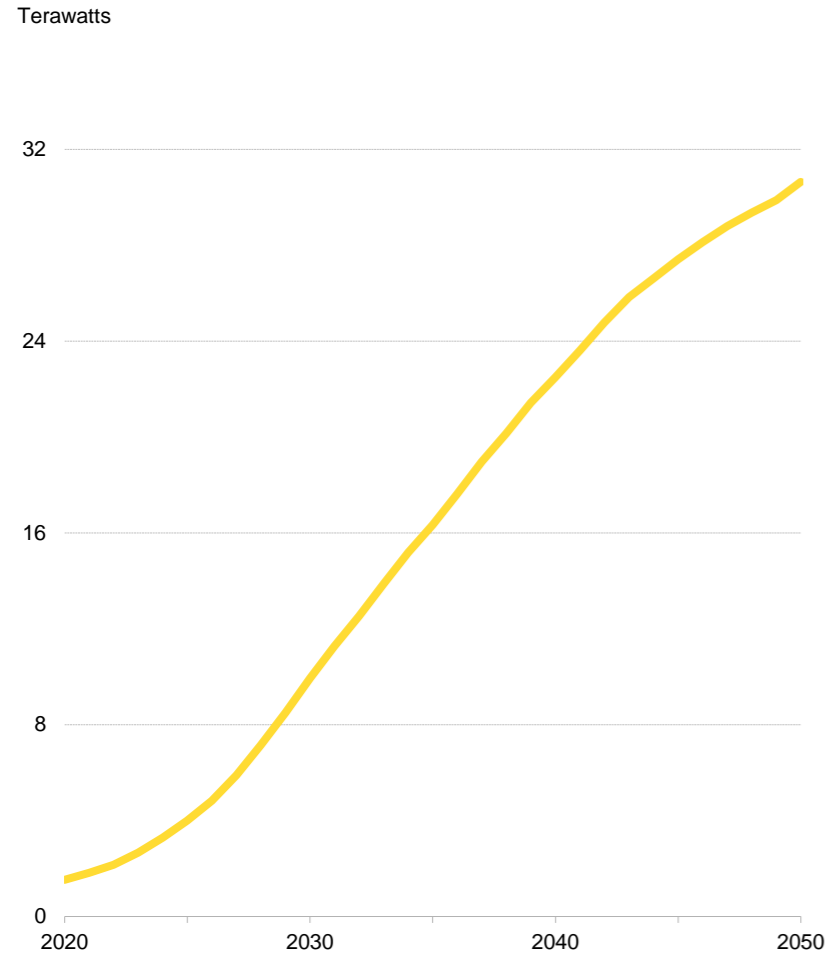
## Comparison of CO<sub>2</sub> emissions reductions in 2050 relative to base year by technology maturity, 2021 and 2023 Net Zero Scenario



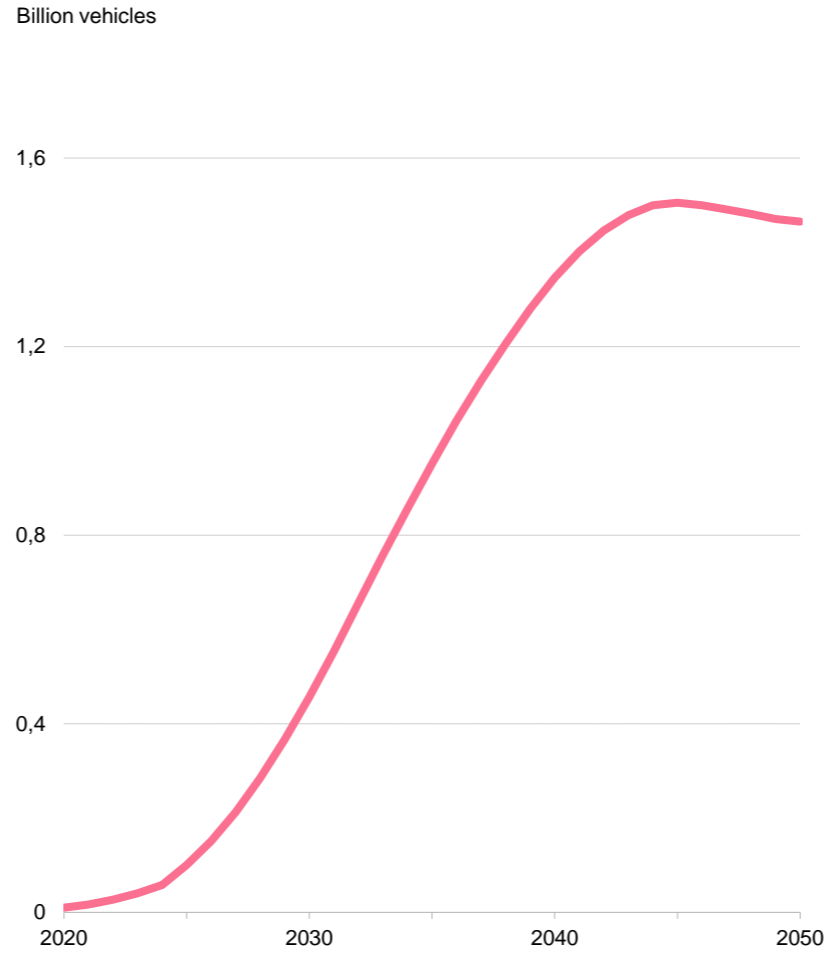
NZE: Net Zero Emissions by 2050 Scenario.  
Source: International Energy Agency, "World Energy Outlook 2023".

# Accelerated rollout with little technology risk and economically viable alternatives

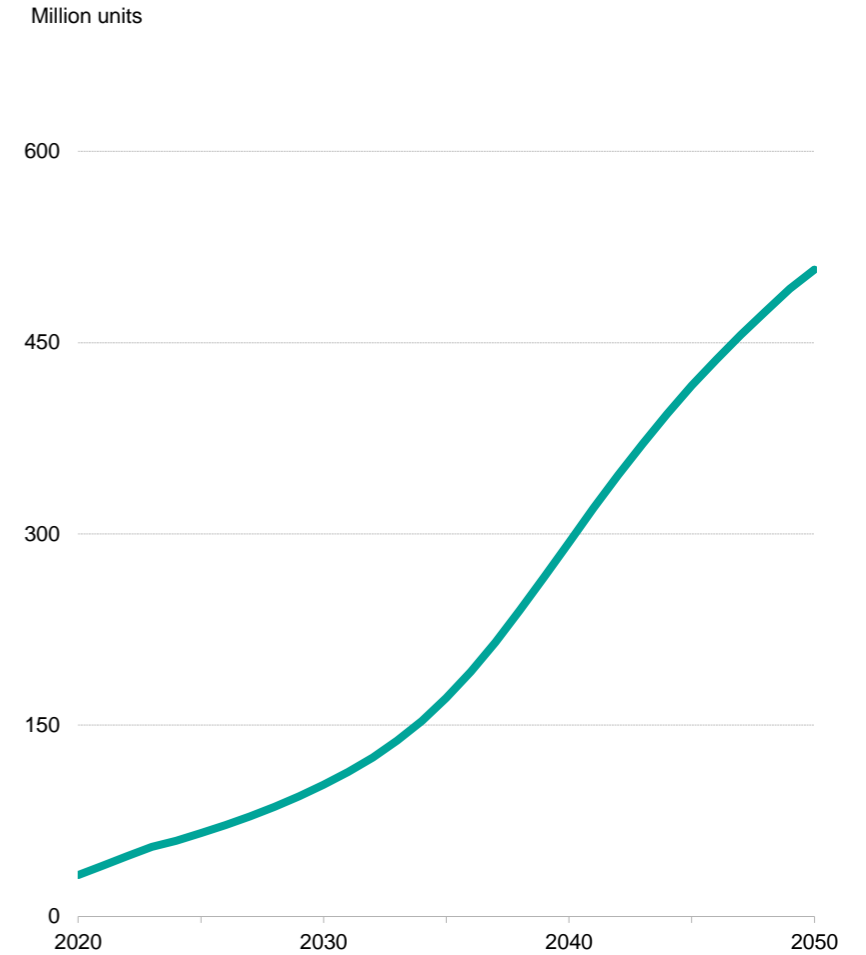
## Wind and solar capacity



## Passenger electric vehicle fleet



## Heat pumps installed

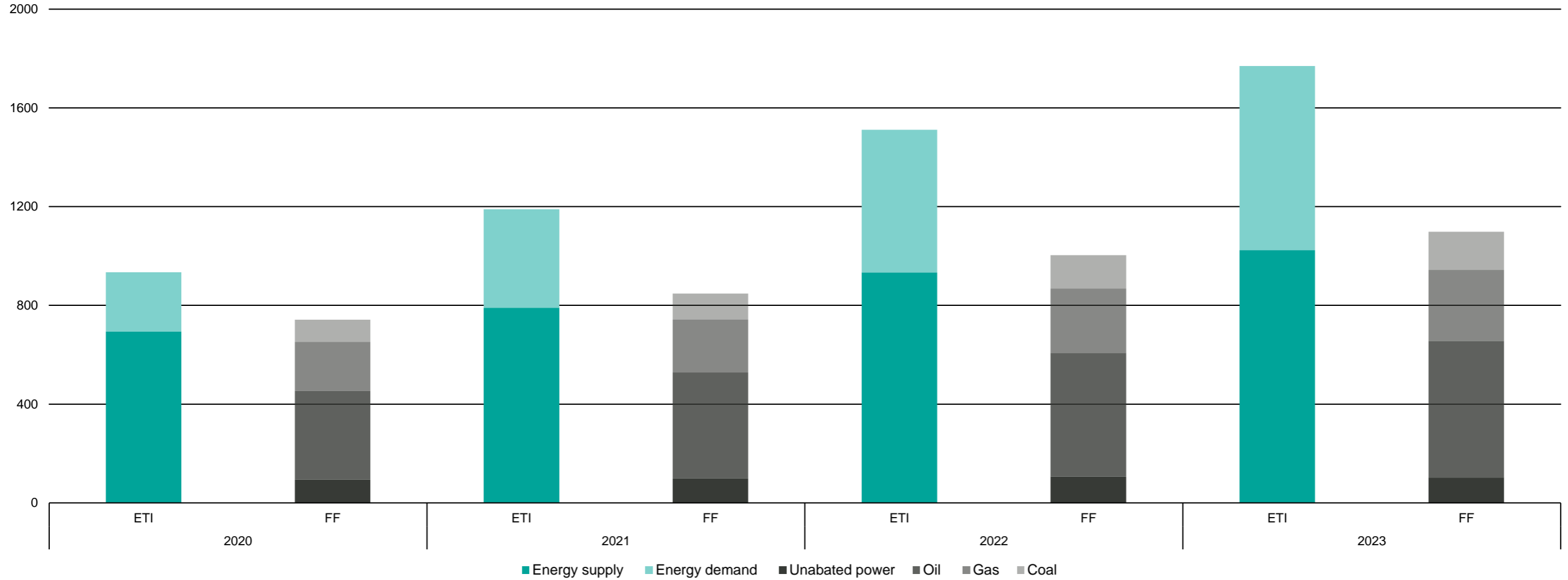


Forecast are based on external analysis; not guaranteed; and actual results may differ materially.  
Source: BloombergNEF, "New Energy Outlook", May 2024.



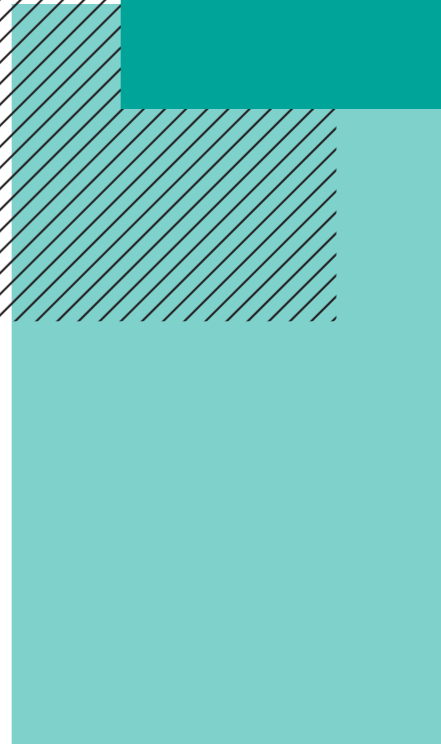
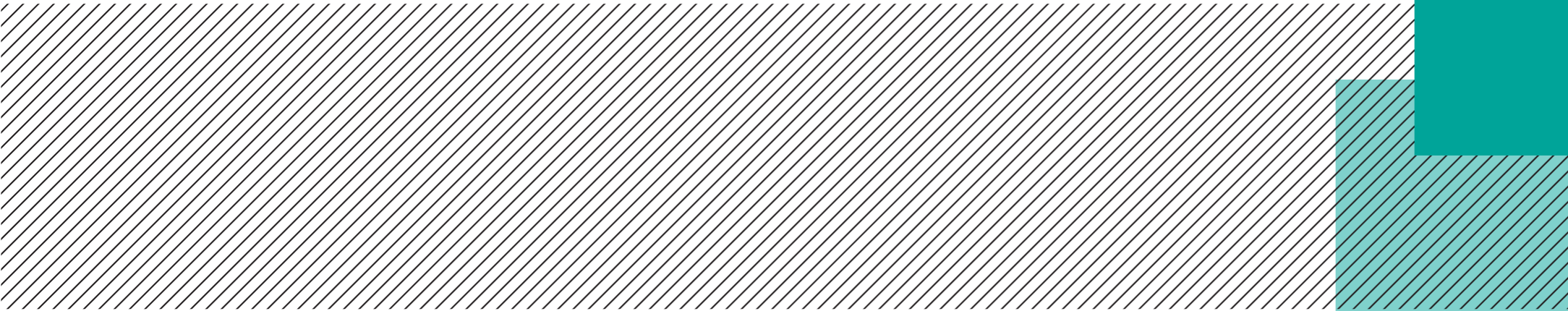
# The global energy transition has reached a tipping point

## Energy transition investments versus fossil fuel supply capex, USD billion



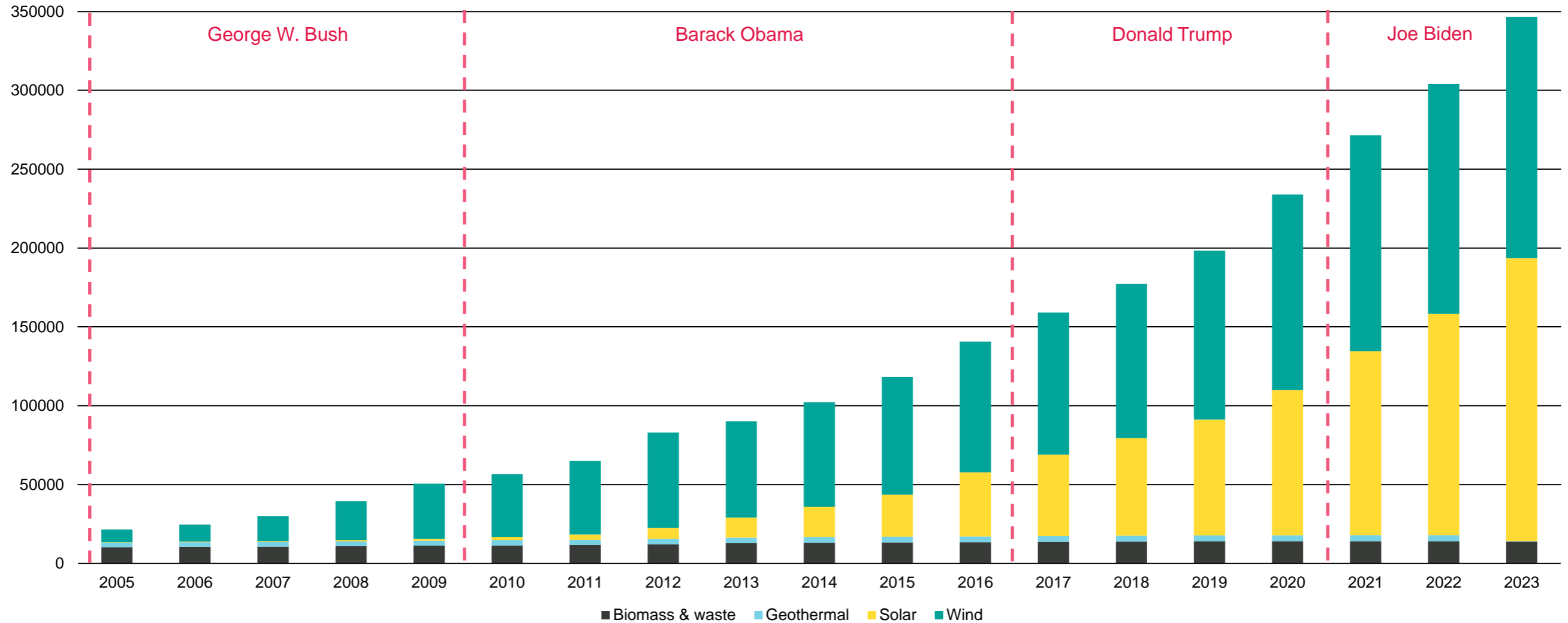
ETI stands for Energy Transition Investment. FF stands for fossil fuels. Historical volumes for FF investment were aggregated from IEA World Energy Investment 2023. Investment includes upstream, midstream, and downstream sectors and unabated fossil power generation. Dollar values have been adjusted to nominal terms. Investment in demand for fossil fuels - like gas boilers - is not included. Source: BloombergNEF, "Energy Transition Investment Trends 2024", January 2024.

# Impact investing will not work without policy support



# Rhetoric might differ from reality

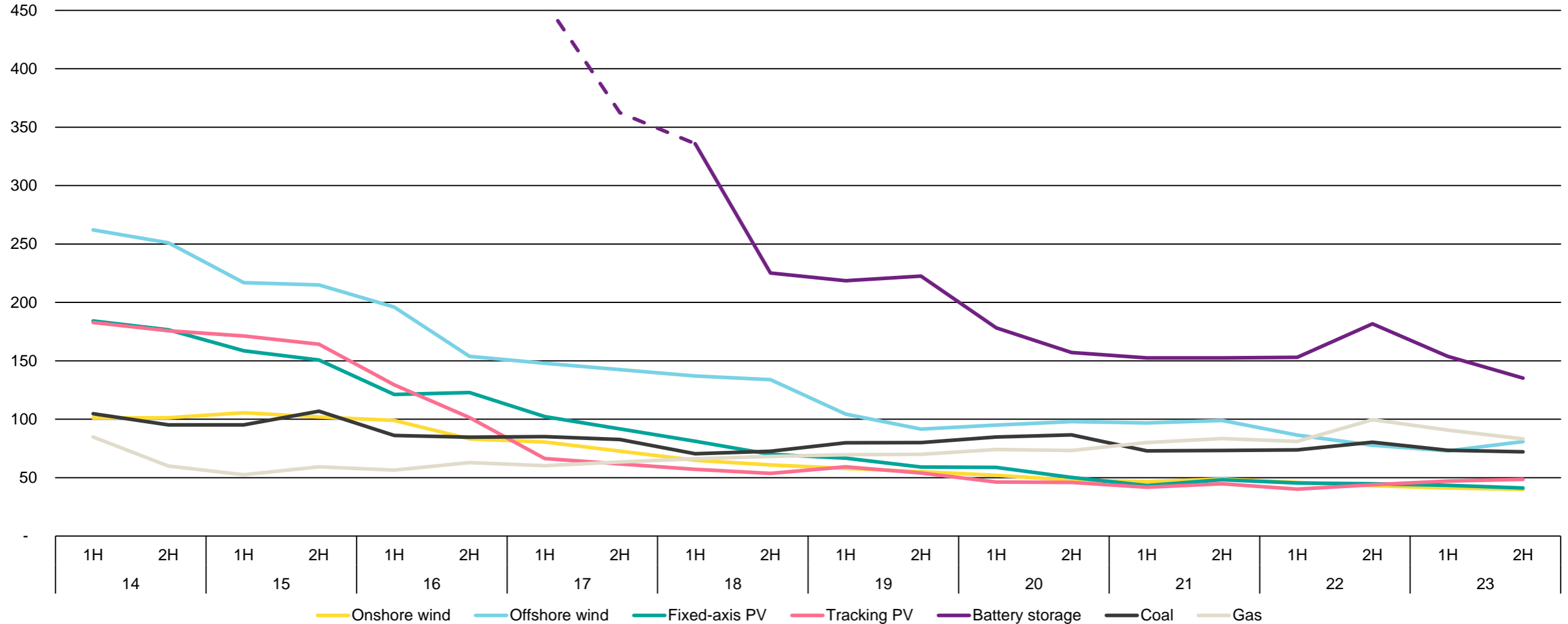
## Total US clean energy capacity from 2005 to 2022 in MW



Solar includes commercial & residential, utility and thermal; Wind includes onshore & offshore. Source: BloombergNEF, November 2024.

# Clean & economically viable alternatives

## Levelized cost of electricity (LOCE), USD/MWh



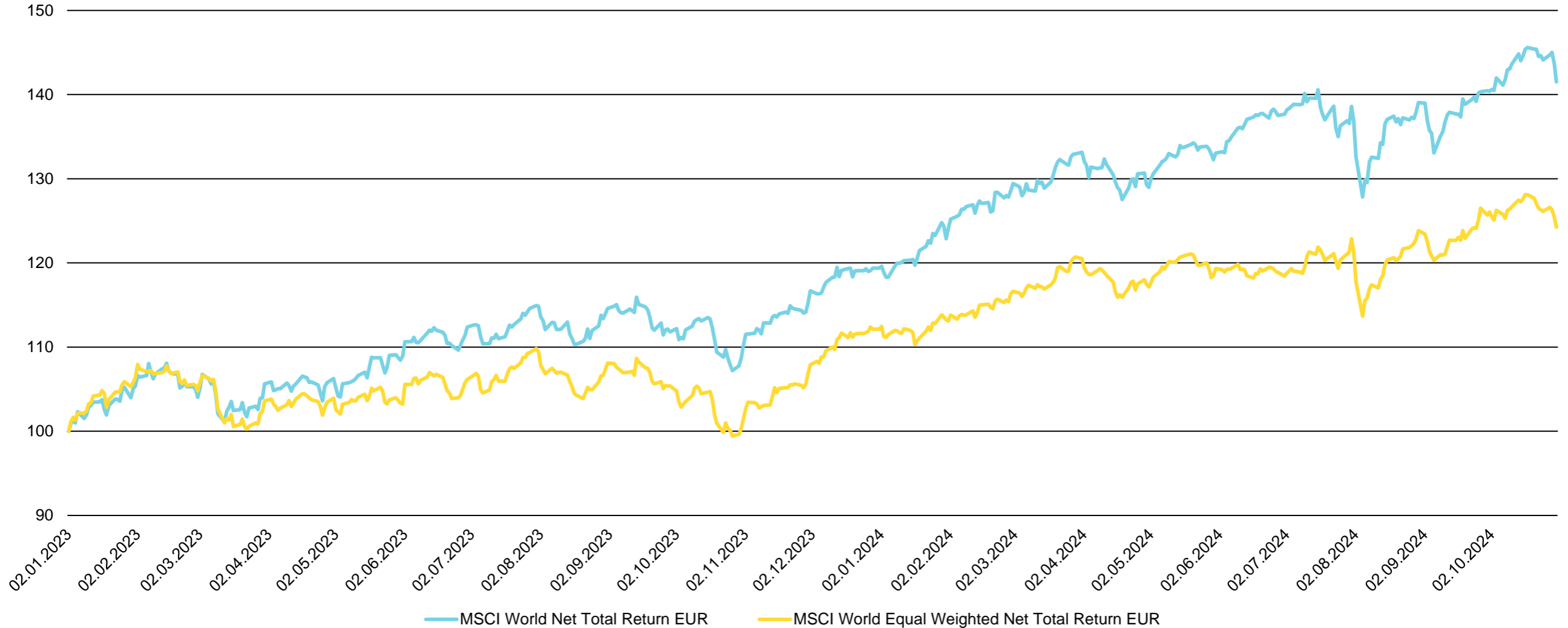
Source: BloombergNEF, "LCOE Comparison and Visualization", December 2023.

# **Impact Investing only fits into dedicated sustainable, impact or ethical portfolios**



# Magnificent or overstretched?

## Performance comparison from 29.12.2022 to 31.10.2024

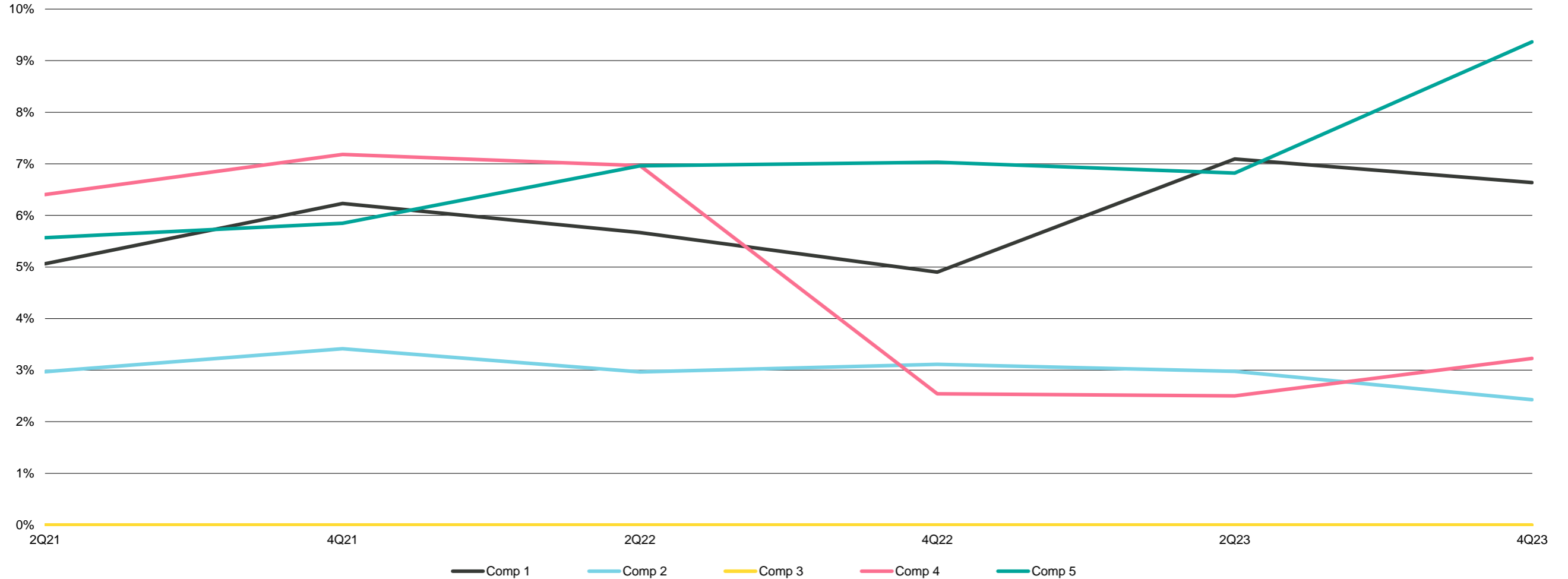


Past performance is not a reliable indicator of current or future performance.

Source: Vontobel, as of 31.10.2024

# Impact strategies can offer risk diversification to global equity investors, given their limited overlap with traditional core equity allocations

## Persistent low similarity of portfolio holdings compared to the largest active global equity funds



Holdings similarity reflects holdings of an environmental impact strategy that are also held in the five largest active cross-border EAA Global Large-Cap Growth and Global Large-Cap Blend portfolios. The percentage reflects the sum of the weights in the subject portfolio. E.g., if Portfolio A has two holdings in common with the environmental impact strategy, and those two holdings represent 3 percent and 5 percent weights in Portfolio A, then Portfolio A's holdings similarity will be 8 percent. If Portfolio B has no common holdings with respect to the environmental impact strategy, then the holdings similarity score will be 0 percent. Holdings are subject to change over time. Source: Morningstar Direct as of December 31, 2023.



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