

# GLOBAL EVOLUTION

# ESG BRIEF

September 2017



GlobalEvolution

# LEAVING A LEGACY OF IMPACT INVESTING IN EMERGING AND FRONTIER MARKETS

## PHILOSOPHY, PROCESS, AND PERSPECTIVE

### PHILOSOPHY

In partnership with our investors, we are committed to leaving a legacy of impact investing, which assists in the process of lifting nations out of poverty.

### PROCESS

#### NEGATIVE SCREENING

- Global Evolution maintains proprietary **ESG ratings** for all emerging and frontier market countries. Our sovereign exclusion process is based on the levels and dynamics of our ESG ratings in order to convey our corporate values for ethical and responsible investing.

#### POSITIVE SCREENING

- To inform our investment process, we integrate ESG indicators into our valuation analysis for bonds, nominal exchange rates, and real effective exchange rates. E, S, and G indicators are integrated into econometric valuation models alongside other macro and financial indicators to the extent they generate statistical significance and forecasting power.

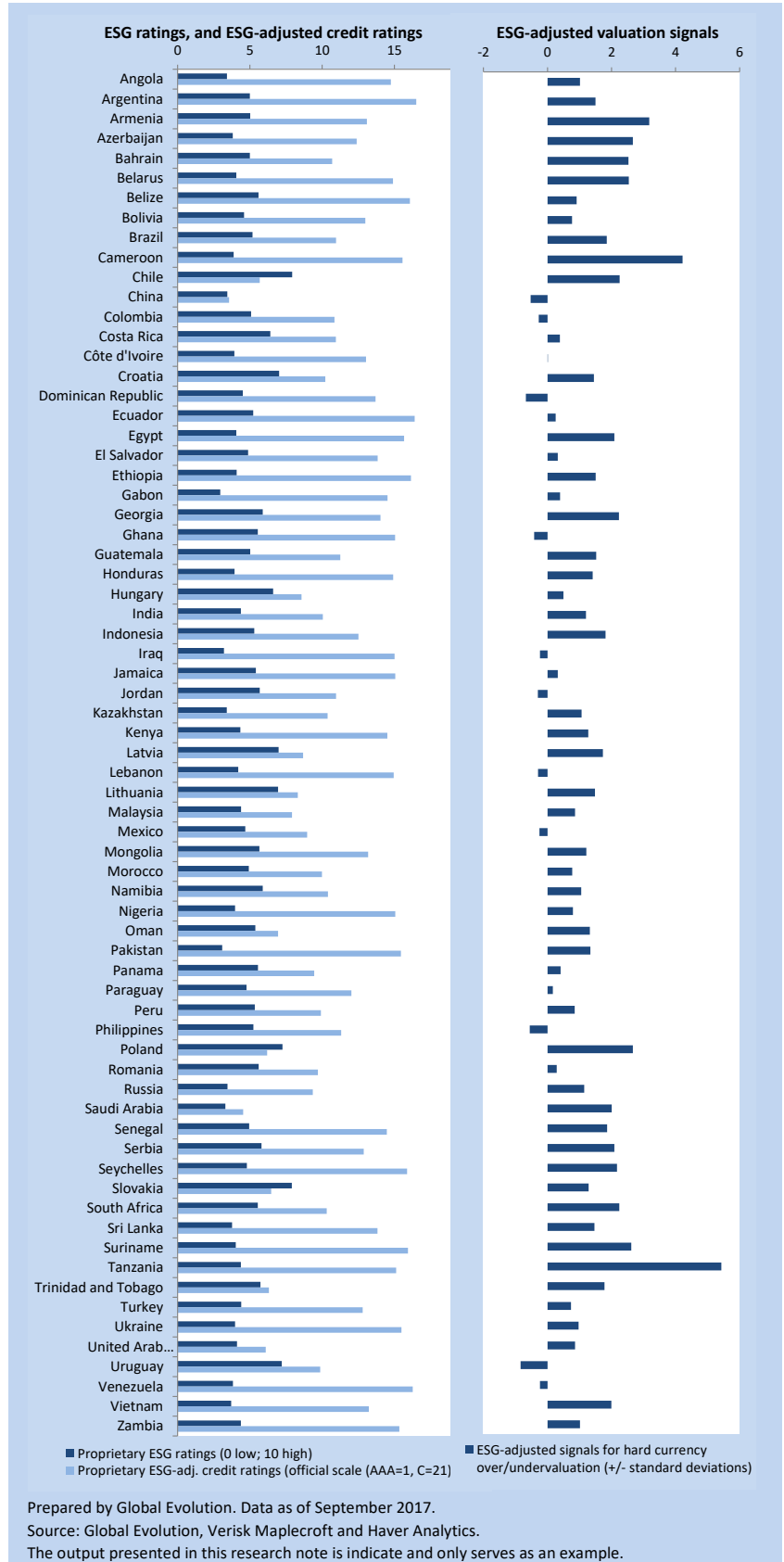
- In addition, our proprietary **ESG-adjusted sovereign credit ratings** also serve to inform our investment process by providing a high-frequent outlook and rating for sovereign creditworthiness.

### PERSPECTIVE

- At Global Evolution, we have conducted extensive ground-breaking research into the relationship between sovereign debt investing and Environmental, Social, and Governance (ESG) indicators. We have found clear correlation between the sovereign funding costs and ESG dynamics, with governance, unsurprisingly, the most prevalent.

- The quantitative valuation models effectively provide us with statistically significant valuation signals that are partly based on ESG dynamics and partly based on macroeconomic, financial, and fiscal dynamics. The models provide us with such statistically significant valuation signals, i.e. “trade ideas”, at a weekly basis which informs our investment process.

- By not integrating ESG dynamics into investment decisions, investors sacrifice essential information. Our quantitative approach reveals a clear ESG historical “dividend” which is conducive for a successful investment process.



## Disclaimer

Global Evolution Fondsmæglerselskab A/S (“Global Evolution DK”) is incorporated in Denmark and authorized and regulated by the Finanstilsynets of Denmark (the “Danish FSA”). Global Evolution DK is located at Kokholm 3, Kolding 6000, Denmark.

In the United States, investment advisory services are offered through Global Evolution USA, LLC (“Global Evolution USA”), an SEC registered investment advisor. Registration with the SEC does not infer any specific qualifications Global Evolution USA is located at: 250 Park Avenue, 19<sup>th</sup> floor, New York, NY. Global Evolution USA is a wholly-owned subsidiary of Global Evolution Fondsmæglerselskab A/S (“Global Evolution DK”). Global Evolution DK is exempt from SEC registration as a “participating affiliate” of Global Evolution USA as that term is used in relief granted by the staff of the SEC allowing U.S. registered investment advisers to use investment advisory resources of non-U.S. investment adviser affiliates subject to the regulatory supervision of the U.S. registered investment adviser. Registration with the SEC does not imply any level of skill or expertise. Prior to making any investment, an investor should read all disclosure and other documents associated with such investment including Global Evolution’s Form ADV which can be found at <https://adviserinfo.sec.gov>.

This publication is for informational purposes and is not intended as an offer to purchase any security. Nothing contained in this website constitutes or forms part of any offer to sell or buy an investment, or any solicitation of such an offer in any jurisdiction in which such offer or solicitation would be unlawful.

All investments entail risk and you could lose all or a substantial amount of your investment. **Past performance is not indicative of future results which may differ materially from past performance.** The strategies presented herein invest in foreign securities which involve volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging and frontier markets. Derivatives may involve certain costs and risks such as liquidity, interest rate, market and credit.

This communication may contain Index data from J.P. Morgan or data derived from such Index data. Index data information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2018, J.P. Morgan Chase & Co. All rights reserved.

While reasonable care has been taken to ensure that the information herein is factually correct, Global Evolution makes no representation or guarantee as to its accuracy or completeness. The information herein is subject to change without notice. Certain information contained herein has been provided by third party sources which are believed to be reliable, but accuracy and completeness cannot be guaranteed. Global Evolution does not guarantee the accuracy of information obtained from third party/other sources.

The information herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations.

Legal Disclaimer ©2019 Global Evolution.

This document is copyrighted with all rights reserved. No part of this document may be distributed, reproduced, transcribed, transmitted, stored in an electronic retrieval system, or translated into any language in any form by any means without the prior written permission of Global Evolution, as applicable.