



# CLIMATE TRANSPARENCY REPORT 2020

AlphaFixe Capital Inc.

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-457CC024-E3F0-4F1E-B46B-7EB2AE0787C1/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	AlphaFixe Capital Inc.
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 1 - 4.99 billion AUM
<b>Main Asset Class</b>	>50% Fixed Income SSA Internally Managed
<b>Signed PRI Initiative</b>	2009
<b>Region</b>	North America
<b>Country</b>	Canada
<b>Disclosure of Voluntary Indicators</b>	91% from 38 Voluntary indicators

AlphaFixe Capital Inc.

Reported Information

Public version

Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
----------	---	--------	-------------	---------

**SG 01.6 CC** Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

As a fixed income manager, climate-related risks and opportunities originate mainly from the investments we conduct on behalf of our clients. Acting as fiduciaries, we understand that our clients bear the major portion of potential transition and physical risks. At AlphaFixe, the assessment of climate-related risks and opportunities is part of our proprietary ESG integration methodology and therefore, a part of every investment decisions we make.

Our organisation-wide strategy (see indicator SG 01.9 CC) has identified the following risks and opportunities.

### Risks

- Transition risks  
Policy and legal  
Increased pricing of greenhouse gas
- Impact of legislative change on services/products
- 
- Technology  
Substitution of existing products and services with lower emissions options
- 
- Market  
Increased cost of raw material
- 
- Reputation  
Stigmatization of sector
- 
- 
- Physical risks  
Acute  
Increased severity of extreme weather events
- 
- Chronic  
Change in precipitation patterns and extreme variability in weather patterns
- 
- 

### Opportunities

- Market  
Green Bond
- Sustainability Bond
-

No

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

Short-term risks range from 0 to 3 years

Medium-term risks range from 3 to 5 years

Long-term risks are 10 years +

#### Risks

- Transition risksPolicy and legalIncreased pricing of greenhouse gas (short, medium and long-term)
- Impact of legislative change on services/products (medium and long-term)
- 
- TechnologySubstitution of existing products and services with lower emissions options (medium-term)
- 
- MarketChanging customer behaviours (short and medium-term)
- Increased cost of raw material (medium and long-term)
- 
- ReputationStigmatization of sector (short and medium-term)
- 
- 
- Physical risksAcuteIncreased severity of extreme weather event (short, medium and long-term)
- 
- ChronicChange in precipitation patterns and extreme variability in weather patterns (medium to long-term)
- 
- 

#### Opportunities

- MarketGreen Bond (short, medium and long-term)
- Sustainability Bond (short, medium and long-term)
- 

No

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Our strategy to identify and manage climate-related risks and opportunities stems from our investment team. Research has been conducted internally by our responsible investment team in order to identify which climate-related risks could have adverse impact on our portfolios. These risks were then categorized accordingly with the TCFD classification scheme under different time frame (short, medium and long term). Our investment team has assessed the potential financial implication of these risks on the various issuers and industries across our portfolios. These assessment were conducted by our investment team under the supervision of responsible investment staff. In order to assess the resilience of our strategy, we have stress-tested our portfolio against different scenarios (B2DS, 2DS and RTS). As this was our very first attempt to conduct such assessment, we have opted for qualitative scenario narratives. Finally, we have internally developed a Climate Risks Exposure Score (CRES) in order to assess the potential risks for every industries across our portfolio and to identify climate-sensitive industries. Industries are assessed on the basis of multiple risk categories such as policy and legal, technology, market, reputation, acute and chronic physical risks. In order differentiate issuers across their respective industry, we have also implemented a Climate Risks Mitigation Score (CRMS) to measure the level of actions undertaken by each companies.

No

**SG 1.10  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Our TCFD statement is publicly available at:  
[https://docs.wixstatic.com/ugd/8cfd49\\_ab4d293201814479a8c5d66617cefc48.pdf](https://docs.wixstatic.com/ugd/8cfd49_ab4d293201814479a8c5d66617cefc48.pdf)

- We currently do not publish TCFD disclosures

## Governance and human resources

**SG 07 CC**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**General**

**SG 07.5  
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues



**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**Other Chief-level staff or heads of departments**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**Portfolio managers**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**Investment analysts**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**Dedicated responsible investment staff**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6  
CC** For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Responsible investment activities, including climate-related risk integration into our investment process, are overseen by AlphaFixe Capital's President. In addition, all Directors, Managers as well as the Chief Compliance Officer ensure its implementation.

**SG 07.7  
CC** For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

Responsible investment activities, including climate-related risk integration into our investment process, are overseen by AlphaFixe Capital's President. In addition, all Directors, Managers as well as the Chief Compliance Officer ensure its implementation.

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
--------------	------------------	---------------	--------------------	--------------

**SG 13.1**

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe

We have conducted scenario analysis to assess the resilience of all industries within our portfolio against different climate-related risks.

- No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

**SG 13 CC****Mandatory to Report Voluntary to Disclose****Public****Descriptive****General****SG 13.4 CC**

Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment
- Incorporation into investment analysis

Describe

Scenario analysis has helped us identify and define a range of outcomes that provide a reasonable diversity of potential future climate states. More specifically, our Climate Risk Exposition Score (CRES) has enabled us to identify climate-sensitive industries within our portfolio. Furthermore, our Climate Risks Mitigation Score (CRMS) can inform us on efforts made by issuers to tackle and mitigate these risks within the context of their respective industry. Our CRMS includes various indicators such as greenhouse gas target, alignment with a 2 degrees scenario, year over year greenhouse gas reduction or disclosure through CDP for example. These analysis are part of our proprietary ESG methodology, which is embedded within our in-house Credit Quality (CQ) rating.

- Inform active ownership

Describe

We also use this information as a starting point to discuss climate related risks with issuers.

- Other

**SG 13.5**  
**CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6**  
**CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

Our investment strategy is articulated around two different time horizons. Long-term cycles of 5 years and short-term period of one year. In the context of scenario analysis, the potential impact of climate-related risks were assessed on time frame that extend until 2060, way beyond our current strategy's time horizon.

- No

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8**  
**CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Reference Technology Scenario (RTS)
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
-------	---	--------	---------------------	-------

**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM			239	928	947
Currency	CAD				
Assets in USD			180	437	476

Specify the framework or taxonomy used.

The AlphaFixe Green Bond Fund offers an innovative solution for the active management of green bonds, making it possible to participate in the development of a low-carbon economy, without diminishing performance objectives. Fixed income securities are mainly intended to finance climate change mitigation and adaptation projects. The selected investments must comply with the green bond selection criteria established by AlphaFixe Capital's proprietary validation process, AlphaGreen. These criteria are based on the Green Bond Principles and the Climate Bonds Standard (CBS).

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

We calculate potentially avoided emissions of our green bond investments.

- None of the above

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
<b>SG 14.6 CC</b>	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.		

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment and reporting	tCO2eq/M\$ (EV)	In-house methodology
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment and reporting	tCO2eq	In-house methodology
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment and reporting	tCO2eq	In-house methodology
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment and reporting	tCO2eq	In-house methodology
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment and reporting	tCO2eq/M\$ (EV)	In-house methodology
<b>Exposure to carbon-related assets</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identify climate-sensitive companies	% of revenues (or electricity) derived from direct fossil fuel activities	In-house methodology
<b>Other emissions metrics</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identify climate-related opportunities	% of revenues (or electricity) derived from renewable energy or eligible climate-aligned activities	In-house methodology

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

Ⓞ Processes for climate-related risks are integrated into overall risk management

Please describe

Climate-related risks are part of our ESG assessment methodology, which is embedded in our Credit Quality (CQ) rating.

Processes for climate-related risks are not integrated into overall risk management

**SG 14.9  
CC** Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

Yes

Please describe

As a fixed income manager, we systematically engage with every issuers we meet or invest in. As a TCFD supporter, we actively encourage companies to adopt the recommendations, conduct scenario analysis and disclose relevant information.

No, we do not undertake active ownership activities.

No, we do not undertake active ownership activities to encourage TCFD adoption.

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
--------------	--	---------------	--------------------	--------------

**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

**SG 15.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

6.34

**SG 15.3** Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.



Area

- Energy efficiency / Clean technology
- Renewable energy
- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

A green bond can finance multiple types of projects/assets at the same time.

Asset class invested

- Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

4.8

- Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

0.5

- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

1.1

- Fixed income - Securitised

Brief description and measures of investment

We use the CBI taxonomy to classify investments as green.

No