

# PLATO GLOBAL NET-ZERO

JULY, 2022

DR. DAVID ALLEN, CO-HEAD OF RESEARCH - HEAD OF LONG/SHORT STRATEGIES

DR. DON HAMSON, MD AND FOUNDER



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INVESTMENT MANAGEMENT

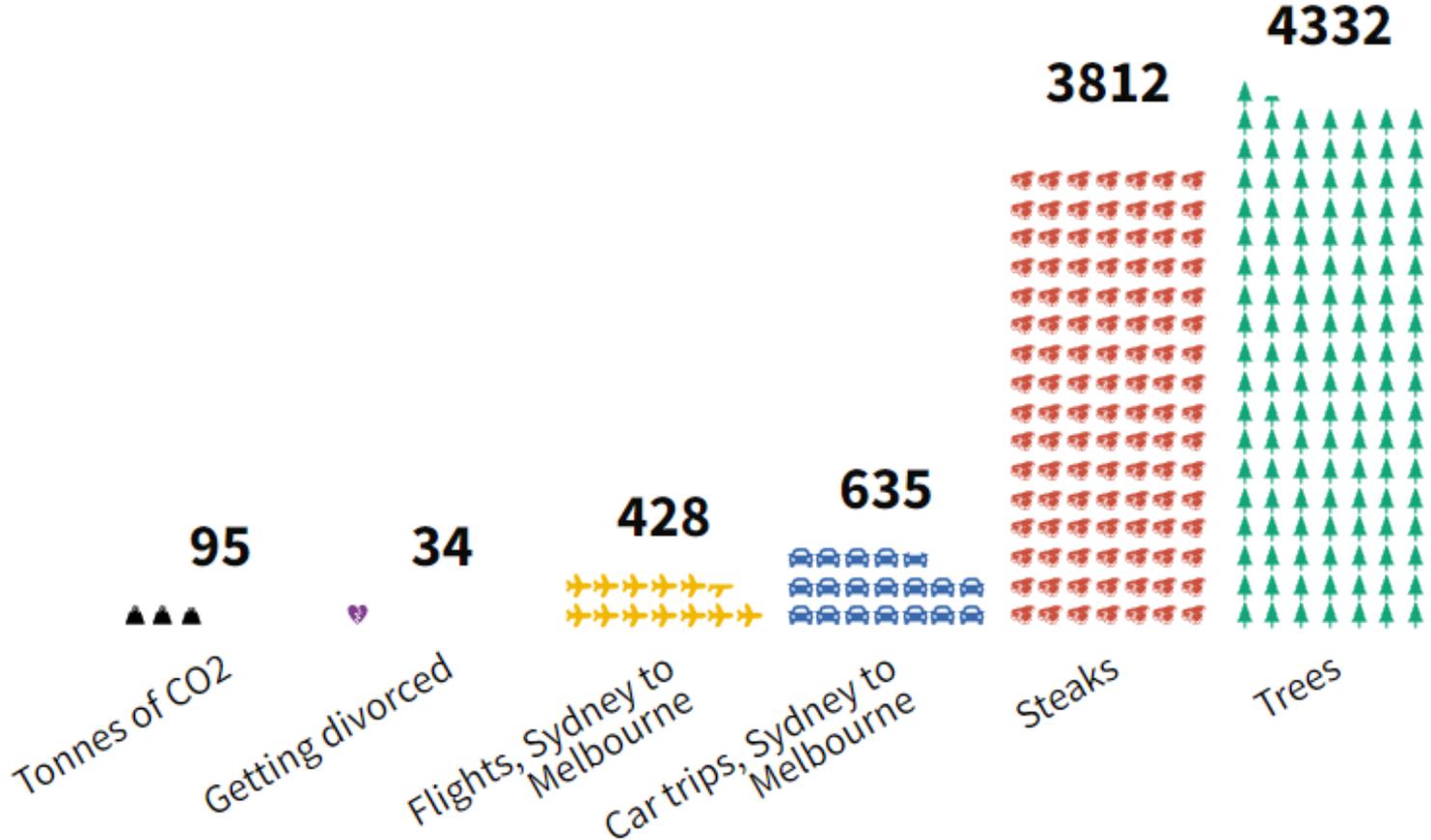
# Plato Global Net-Zero

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- **Global developed equities - MSCI World benchmark**
- **150% long / 50% short / 100% market exposure**
- **Alpha centric approach**
- **4-5% excess return target, 4-5% tracking error**
- **Net zero carbon emissions**

# How much carbon is in an investor's portfolio?

Equivalent Tonnes of CO2 to \$1m invested in the ASX 300

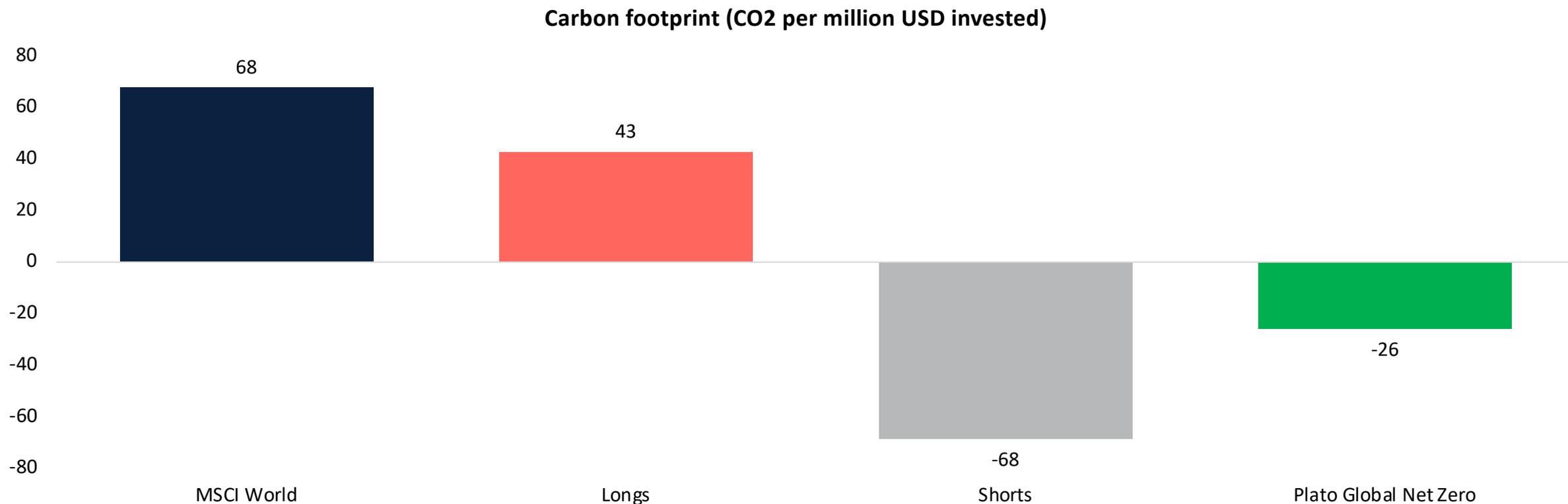


“Carbon footprint of investments often dwarf day to day activities”

# >100% reduction in carbon footprint

## PLATO GLOBAL NET ZERO

CO2 Tonnes per \$



Source: Plato Investment Management. MSCI, Trucost, ISS, Factset, July, 2022

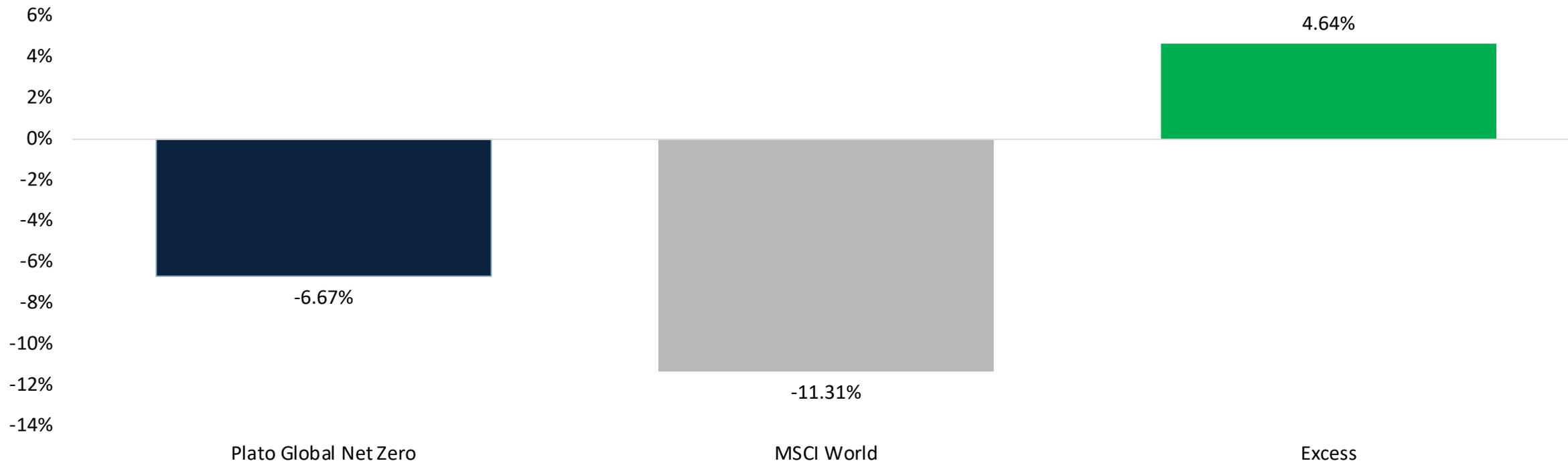
“Net negative carbon footprint”

# Performance since launch

## PLATO GLOBAL NET-ZERO

Returns (%)

Plato Global Net-Zero: net of fees performance since launch: 1/9/21 to 30/6/22

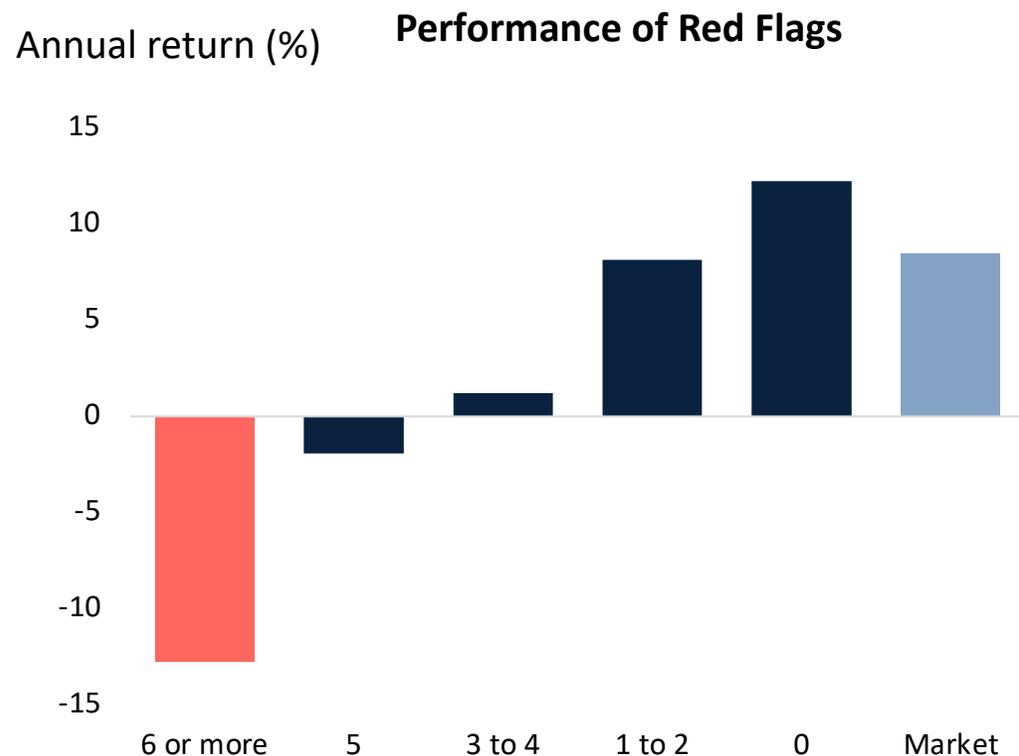


Source: A share class, net of fees, Bloomberg, July, 2022. Past performance is not a reliable indicator of future performance.

“Consistent positive active performance since launch”

# Alpha centric ESG model : 100 Red Flags

AVOID LANDMINES, IDENTIFY DISTRESSED COMPANIES



## 10 Red Flags

labour management issues, increased capitalisation of intangibles, executives on audit committee, very high earnings manipulation score, significant vote against remuneration



## 10 Red Flags

CEO equity sell down, High impact governance events, very poor ISS audit score, poor sustainability governance score, deteriorating governance score, significant corporate controversies,



## 14 Red Flags

Negative cashflow from operations, significant vote against remuneration, unusual expense recognition relative to peers, high impact governance events, undersized board, CEO left in last 90 days, very poor ISS audit score, very high growth expectations, dividend cancelled, very poor ISS governance score

Source: Plato Investment Management. ASX 300 , 1/1998-1/2021. Past performance is not a reliable indicator of future performance.

“6 or more red flags normally spell disaster”

# Plato Net-Zero - Long and short positions

## ELECTRICITY GENERATION



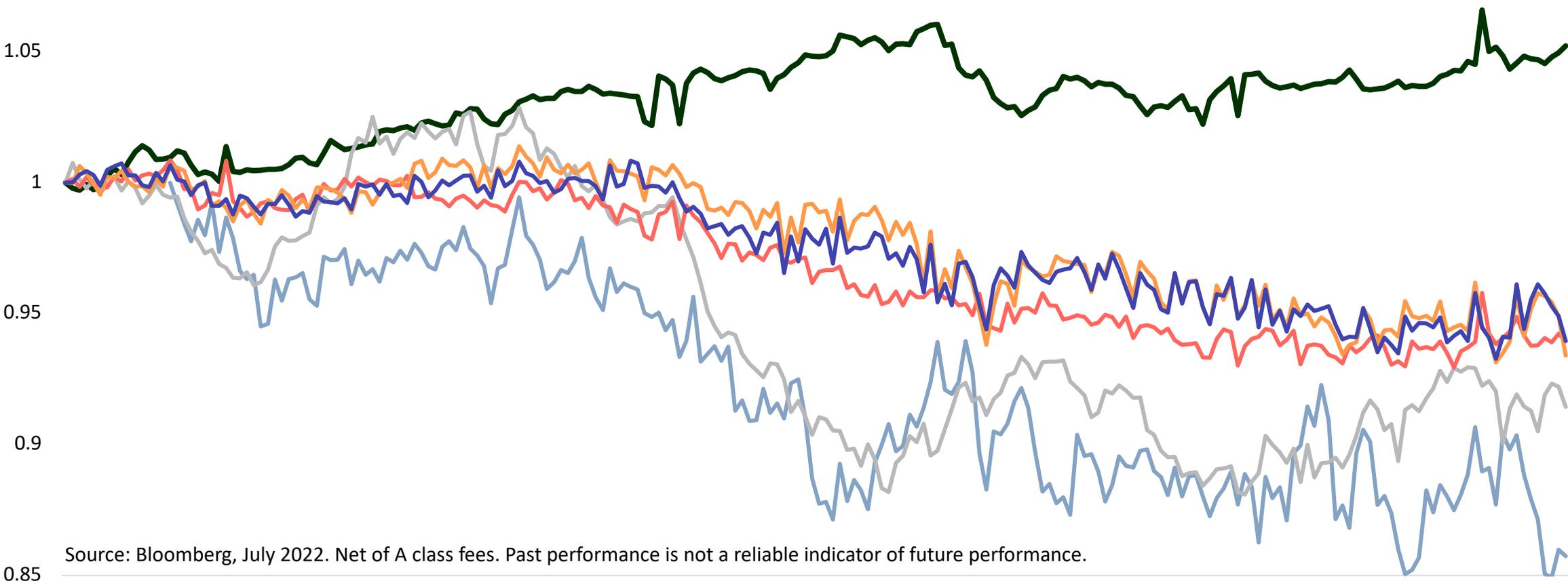
Source: Plato Investment Management. July, 2022

	Long Eversource	Short / Underweight CK Infrastructure
Market cap / Country	\$39.1 bn / US	\$22.8 bn / HK
Forensic Accounting Red Flags	1	2
Governance Red Flags	0	3
Remuneration Red Flags	0	1
Environmental Red Flags	0	3
Social Red Flags	0	2
<b>Total Red Flags</b>	<b>1</b>	<b>11</b>
Carbon intensity (CO2 T / \$m revenue)	77	10,713

“Long low red flag names with low carbon footprints, short high red flag names with high carbon footprints”

# Significantly outperforming market and peers

Performance relative to MSCI World: since launch (1/9/21 to 6/30/22)



Source: Bloomberg, July 2022. Net of A class fees. Past performance is not a reliable indicator of future performance.

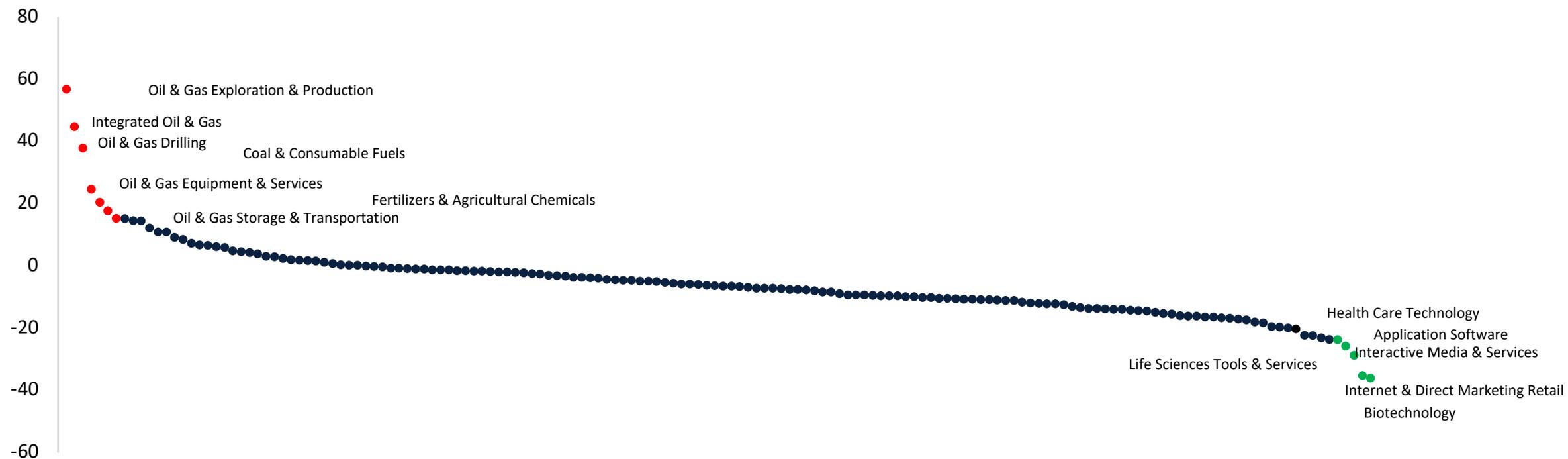
- Plato Global Net Zero
- Candriam Sustainable Equity
- BetaShares Global Sustainable Equity Active ETF
- Janus Henderson Global Sustainable Equity Active ETF
- Trillium ESG Global Equity Fund
- Vanguard Ethically Concious International Shares Index ETF

# Low carbon and the geopolitical environment

## PLATO GLOBAL NET ZERO

Returns (%)

GICS sub-industry performance since launch: 1/9/21 to 30/6/22



Source: Plato Investment Management, July, 2022

“Macro environment has been hostile to low carbon stocks”

# 3-pronged approach to drive change

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## THREE CHANNELS

### 1. DIRECT CORPORATE ENGAGEMENT

Woodside Energy, Mineral Resources, Charter Hall, AGL, Boral

### 2. COLLABORATIVELY

Climate Action 100+, e.g. ADBRI, AGL, Boral, ISS, Ownership Matters

### 3. GREEN SHORTING

Arguably the most potent approach once the fund is at scale



**Charter Hall**



**Woodside**



**MINERAL  
RESOURCES**

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“Long history of engaging with corporates and government”

# Key takeaways

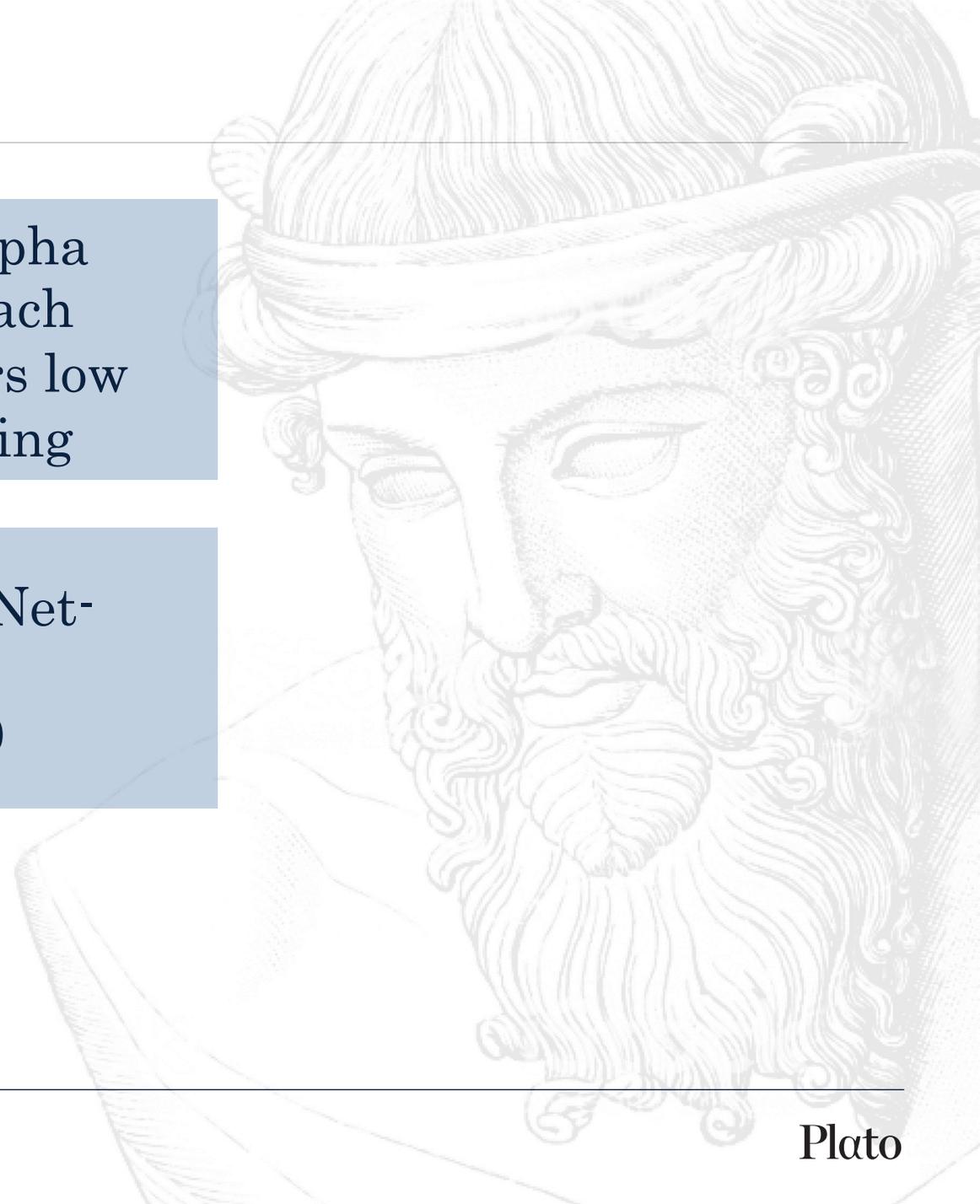
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- Decarbonisation is the most important thematic of the next 30 years

- Very strong performance in challenging environment

- Pragmatic, alpha centric approach born of 6 years low carbon investing

- Plato Global Net-Zero now, not 2050



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# Disclaimer

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Note: Past performance is not a reliable indicator of future performance.

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APPENDIX

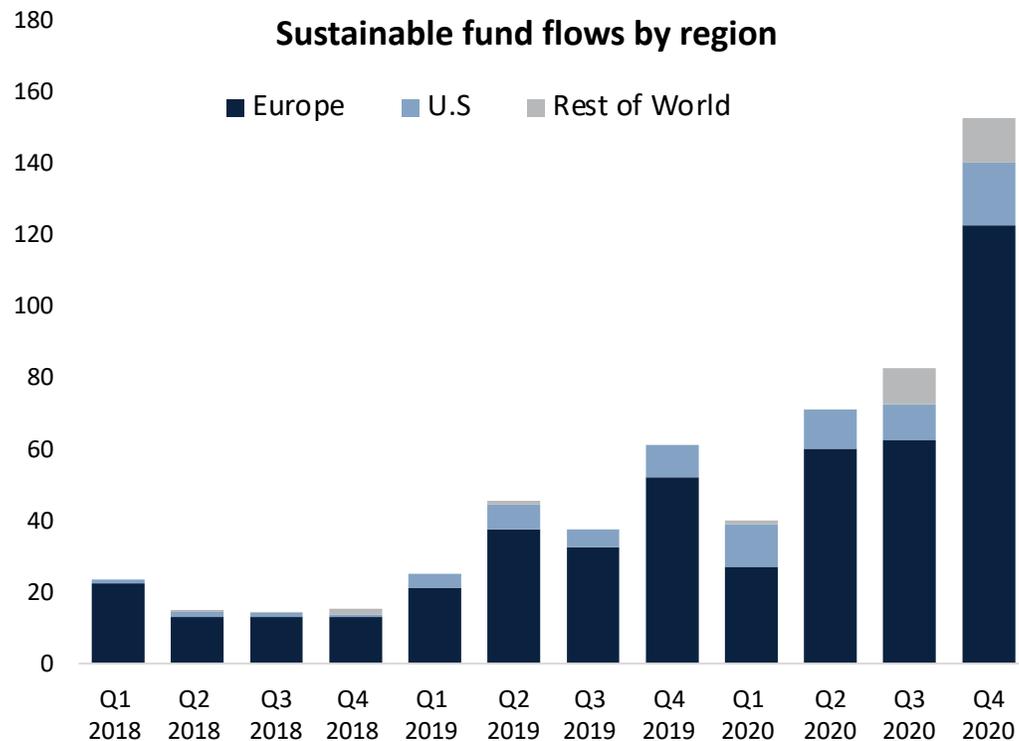
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# The race to net zero emissions

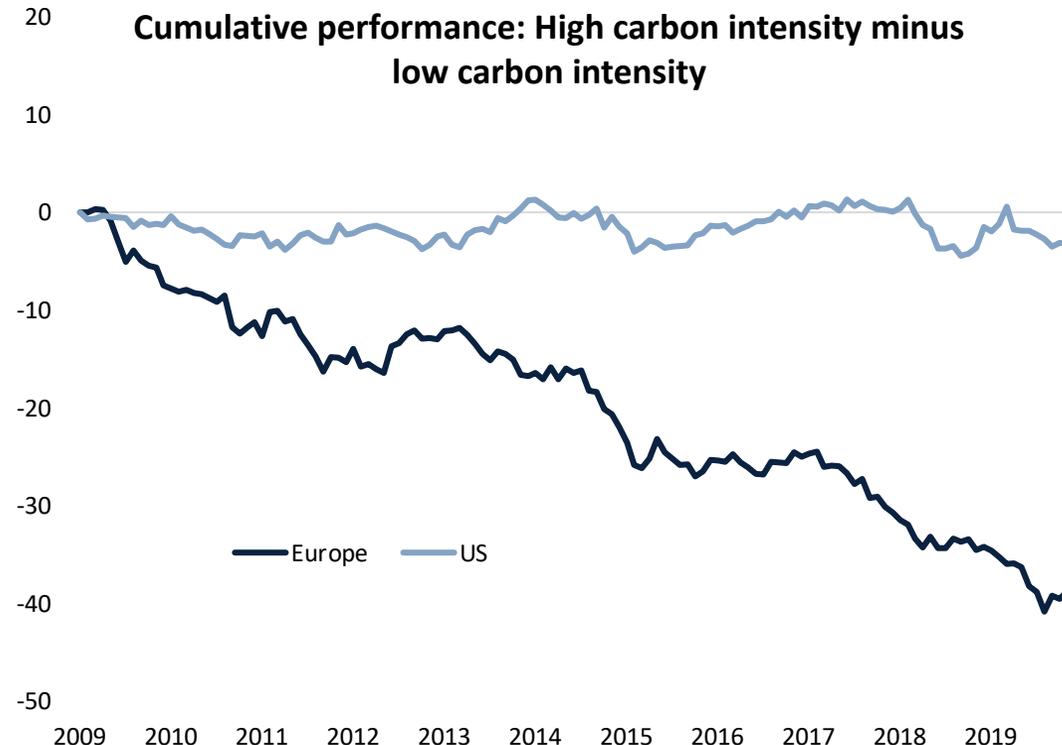
## THE MOST IMPORTANT THEMATIC OVER THE NEXT 30 YEARS

Fund flows (\$bn)



Source: Morningstar, 12/2020

Cumulative performance (%)



Source: Plato Research, 12/2020

“Long term deflationary impact on high carbon intensity names”