



TT Global Environmental Impact Fund

Investing in the green transition

The TT Global Environmental Impact Fund, distributed by Copia Investment Partners, provides an opportunity to invest in companies that are not only making a positive difference to the global environment, but should also compound growth and returns at high rates for many years to come.

ARSN 650 685 439
APIR OPS4597AU

In partnership with **COPIA**

TT Global Environmental Impact Fund

- A pure play environmental strategy whereby each company in the Underlying Fund (Fund) must produce products or services that tackle an environmental problem
- Focused on generating strong long-term returns through investing in the leading global structural growth theme – the green transition – via a high active share portfolio
- The team aims to have more than 80% of capital invested in companies where environmental solutions (green transition or ecosystem protection) account for at least 50% of revenues or profits
- An innovative fee structure is designed to provide even greater impact, with one-third of TT International's management fees being donated to carefully selected environmental charities

Key facts

Fund Manager

TT International (TT)

Responsible Entity/Distributor

Copia Investment Partners

Underlying Fund

TT Environmental Solutions Fund (UCITs)

Investment Objective

Outperform index by over 2% p.a. over 3 years, plus an impact objective to drive capital to pure-play environmental companies

Investor type

Investors seeking capital growth

Benchmark

MSCI All Country World Index NTR in AUD

Inception date

1 July 2021 (strategy 11 May 2020)

Management fee

0.95% p.a.

Performance fee*

20.5%

Stock universe

All market cap

Stock holdings

30-40

Investment style

Style neutral/Growth at reasonable price (GARP)

Ratings

Zenith Recommended

Lonsec Investment Grade

ERIG Rating Quartile 1

The TT Global Environmental Impact Fund aims to generate strong long-term returns by investing in the leading global structural growth theme – the green transition. It is a pure-play environmental strategy: all investee companies must produce products or services that tackle an environmental problem. It also has a direct positive impact, with one-third of TT International's management fees being donated to carefully selected environmental charities.

Long-term sustainability = long-term growth

The Fund was created based on the belief that environmental equities as an asset class will generate secular outperformance for many years to come, given the growing recognition of the global challenges posed by climate change and ecosystem destruction.

This presents Australian investors with a compelling opportunity as financial markets are yet to fully appreciate the scale of the green transition required, given that it will impact a huge number of areas globally, including energy generation, travel, building, diet, agriculture and clothing.

While some areas within the environmental equity market have re-rated, it is still very early days for many environmental technologies including solar, hydrogen and carbon capture – all of which have a long growth runway ahead of them.

Biodiversity loss: a broader approach

One of the key differentiators of the Fund from many other offerings is its broad environmental mandate. Rather than having a narrow focus on carbon and other greenhouse gases, TT International considers broader environmental damage, with a particular emphasis on biodiversity loss and ecosystem destruction.

The Fund provides a means for responsible investors to play a vital role in helping to mitigate the world's increasing biodiversity crisis. By channelling capital towards companies that are helping to solve the crisis (and away from companies that are complicit in it) investors can help to lower the cost of capital for certain companies and increase it for others.

Putting this into practice, the Fund's investments in responsible consumption and the circular economy aim to address issues such as waste and the excessive use of raw materials, which are contributing to ecosystem destruction and biodiversity loss.

*Please see the Products Disclosure Statement for additional information.

High active share portfolio

The Fund typically holds between 30 and 40 stocks, which are actively managed to ensure profits are taken from the winners and recycled into more attractively priced stocks with greater upside potential.

The portfolio is well diversified, with exposure to seven major environmental themes – clean energy, clean transport, electrification and improved efficiency, recycling and the circular economy, forestry and agriculture, water, and responsible consumption.

Adding to this diversification, the Fund takes a genuinely global approach, investing in innovative companies in Europe and the US, along with exciting Emerging Markets stocks. TT's world-class team of analysts have many years of experience researching companies across the globe, including in Emerging Markets, where TT has a proven strategy.

High bar for inclusion

To be selected in the Fund, all companies must produce products or services that tackle an environmental problem. The Fund aims to have at least 80% of invested capital in companies where environmental solutions account for over 50% of revenues or profits.

The Fund's investment process is based on rigorous fundamental stock selection within a top-down framework that evaluates the most interesting environmental trends from a regulatory, technological and consumer preference perspective.

The most important part of the process is the application of a proprietary 4-step environmental filter to assess whether companies are legitimately providing environmental solutions – and therefore whether they qualify for inclusion in the Fund. This means that instead of simply applying a process of negative screening to ensure companies have no exposure to 'problem' industries, the Fund takes a more positive approach, focusing on companies actively committed to solving environmental problems.

An independent Research Advisory Board works with TT's experienced investment team and provides an additional layer of scrutiny and insight with regard to portfolio investment decisions.

Leading by example

TT gives one-third of its management fees to carefully selected environmental charities that help to tackle the twin problems of climate change and biodiversity loss. The Fund partners with leading forestry charities, as research suggests that planting trees and 'rewilding' habitats are effective mitigating strategies against climate change and biodiversity loss. Australian environmental charities are also expected to be in the mix going forward.

TT hopes that other investment managers will follow suit, with this model ultimately becoming the standard approach for environmental funds and impact investment more broadly.

Companies must pass 4 hurdles for inclusion

1

Does the company's product or service in focus make a significant contribution to solving an environmental problem via contributing to any of the following?

- › Reduced GHG emissions
- › Reduced land usage
- › Reduced water usage
- › Reduced waste / pollution
- › Reduced raw material usage
- › Improved air quality or promoting biodiversity

2

Is the product or service embedded within a value chain that is environmentally beneficial or better than alternatives?

3

If not, is the value chain in which the company's product/service is involved inevitable and is the product/service mitigating the impact of that value chain?

4

Does the target company:

- ✓ have > 10% of its business from significantly environmentally harmful activities?
- ✓ have significant Social or Governance shortcomings?
- ✓ produce any significantly negative environmentally harmful externalities?

"As the world pivots towards a carbon neutral future, the environmental thematic is set to become the defining structural growth story of the coming two decades".

— Harry Thomas, Co-Portfolio Manager

Who is TT International?

TT is a global asset manager with 12 investment strategies and offices in London, New York and Hong Kong. TT was founded by Tim Tacchi in 1988 to manage assets for a highly regarded global macro strategy. Two years later the firm began managing long-only equities, using the same basic philosophy of combining top-down views with bottom-up company analysis.

TT has continued to build a suite of award-winning long-only and alternative products, based on the same investment philosophy. TT's clients include some of the world's most sophisticated institutional investors. In 2020 TT was acquired by Sumitomo Mitsui Financial Group, a leading Japanese bank. The acquisition reflects the growth potential of the firm, providing TT with a stable capital base and scope for future growth.

The investment team

The investment team includes highly experienced portfolio managers and analysts, with further support provided by TT's dedicated Head of ESG and a separate and independent advisory board. The Fund benefits from the collective expertise of dedicated analysts based in London, as well as a team of analysts based in Hong Kong who look to find the best ideas from across Asia, notably in China.

The analysts have significant expertise in the critically important sectors of Utilities and Industrials, as well as in renewables investing more generally. They are also experienced in analysing companies around the world, including Emerging Markets, ensuring that the strategy has a truly global reach.



Harry Thomas
Co-Portfolio Manager



Andy Raikes
Co-Portfolio Manager

Advisory Board

The four-member Research Advisory Board is independent and consists of leading environmental policymakers and academic experts, such as Dr Ma Jun, a key green policy adviser in China and co-chair of the G20 Green Finance Study Group.



Dr Ma Jun
Policy



James L. Brown
Technology



Dr Joseph Bull
Ecology



Karen McClellan
Green Finance

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