

Have You Put On Weight?

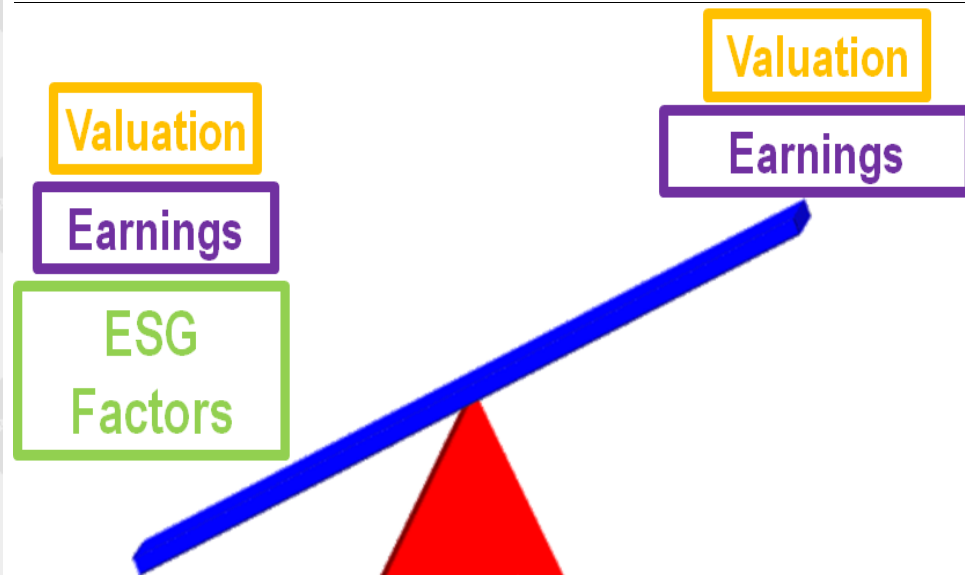
Integrating ESG Factors to Enhance Investment Decisions

- **A First Step.** Material sustainability issues matter to investment performance. While there is no consensus about the weight to be given to ESG factors in investment decisions, we take a first step in addressing the issue.
- **A Rudimentary Approach.** We estimate how much of regions' and sectors' valuations are attributable to ESG factors, and base our ESG weights on those attributions.
- **ESG Weightings.** ESG factors have an 18% weighting in our regional strategy model, and a 9% weighting in our sector model.
- **Strategy Implications.** There are no changes to the rankings in our regional or sector strategy models as a result of the ESG weightings that have been introduced.



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Figure 1: Integrating ESG Factors to Enhance Investment Decisions



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Source: Cornerstone Capital Group



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