



LOMBARD ODIER
INVESTMENT MANAGERS

Client needs and how to make them investable

WEALTH MANAGEMENT WITH IMPACT

FIRST-HAND EXPERIENCE

Client interactions and their growing interest in products with impact

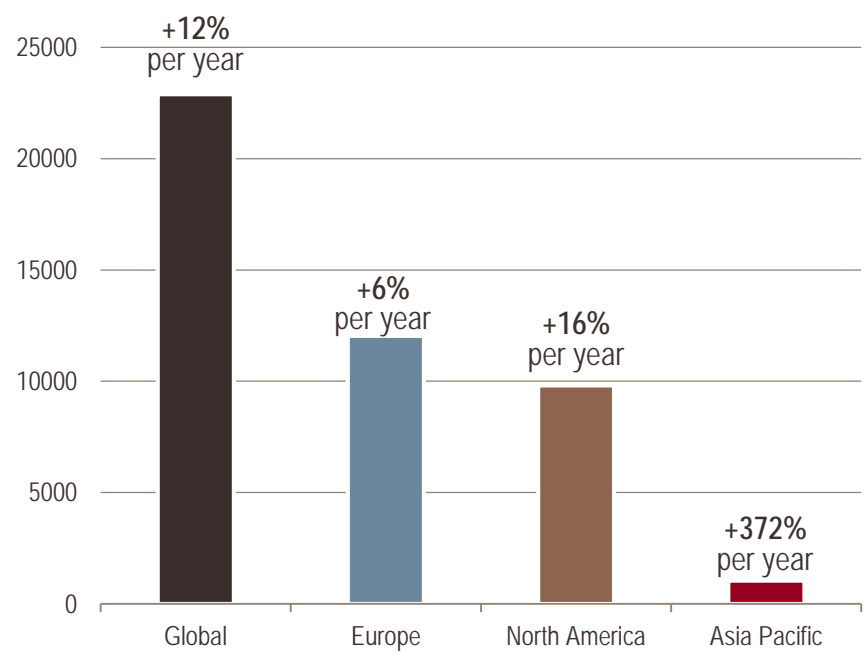
Four main trends are deeply changing client interactions today:

- Impact is going mainstream
- Fueled by huge generation shift
- Clients taking the lead with their bankers
- The « 100% Impact Investors »

THE MAINSTREAMING OF ESG AND IMPACT IS UNDER WAY

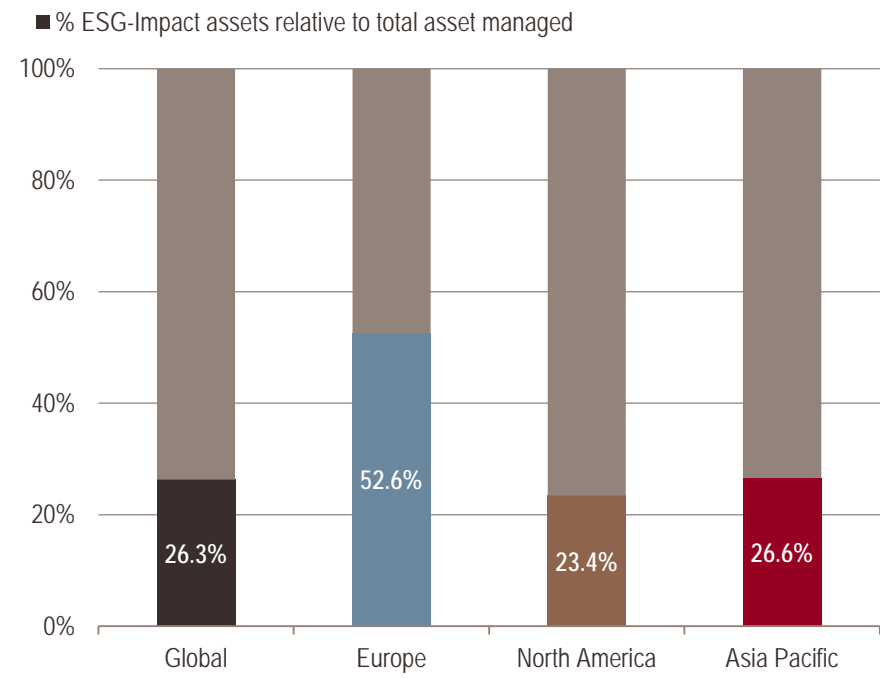
Europe ahead of the game but fast catching-up from other part of the world, including Asia

Demand for ESG-Impact grows by **12%** per year and now reaches **USD 23 trillions**



Source: Global Sustainable Investment Alliance 2016.

ESG-Impact represents more than **1/4** of all assets managed today

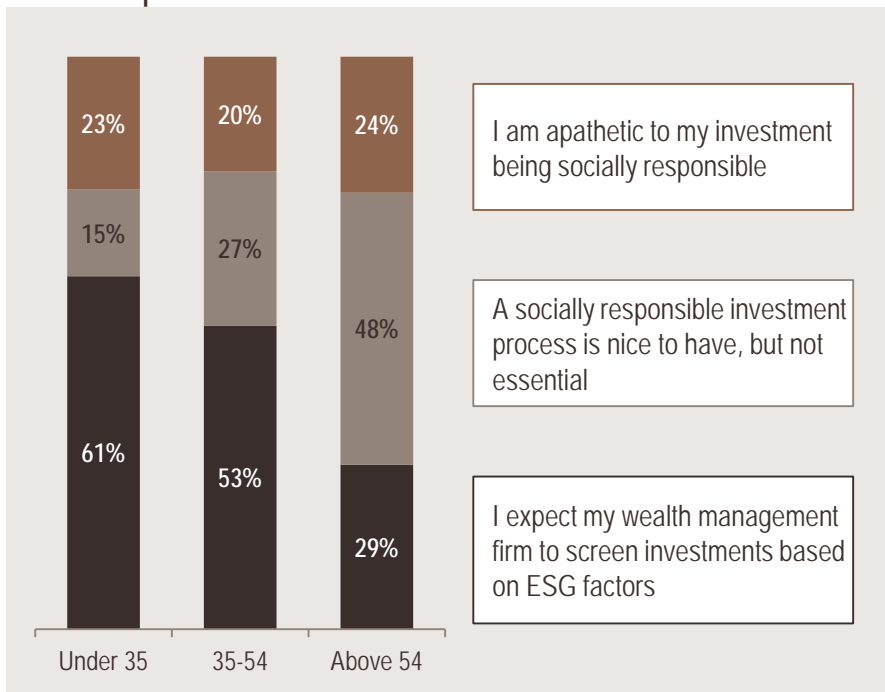


Source: Global Sustainable Investment Alliance 2016.

A HUGE SHIFT IN CLIENT DEMAND DRIVEN BY THE NEXT GENERATION

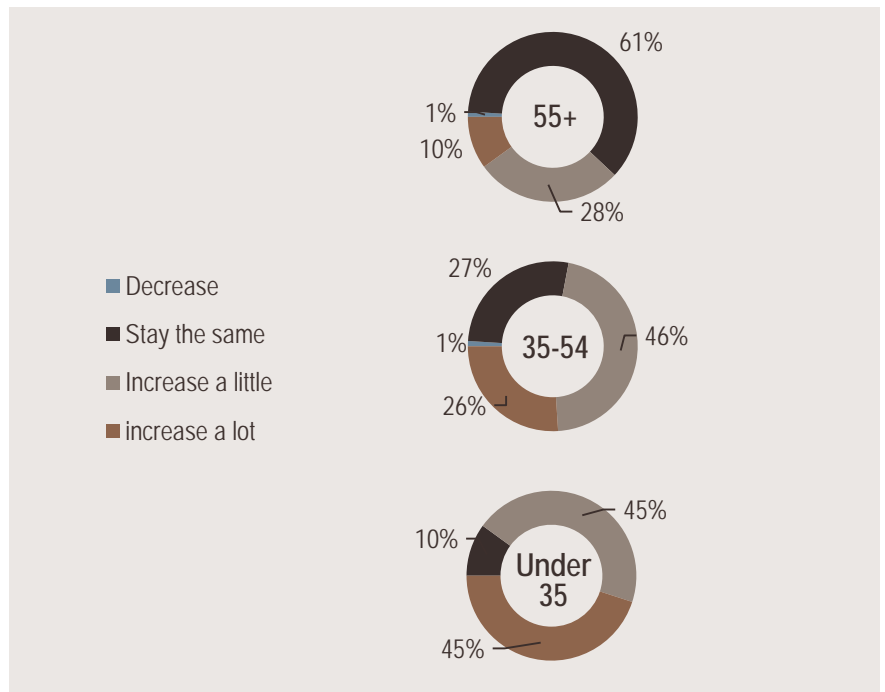
Millennials eager to gear their portfolios for impact

Over 60% of millennials expect their wealth manager to screen investments based on ESG/Impact factors



Source: Factset – Scorpio study 2016.

90% of millennials want to grow their allocation to ESG / Impact Investing in the next 5 years



Source: Factset – Scorpio study 2016.

WHAT DOES “INVESTABLE” MEANS TO PRIVATE CLIENTS?

- Still more appetite for liquid strategies and solutions easy to integrate
- Demand for « impact transformation »
- Measurement becomes essential to set targets (CO2 reduction or green share of portfolio for example)

REPORTING PROVIDES REGULAR DETAILED VIEW ON PORTFOLIO SCORES

REPORTING SECTIONS COVER

Portfolio aggregates:

- Coverage
- Aggregations and evolutions
- Concentrations
- Sector breakdowns
- Top 5 and Worst 5

Business ethics and controversies:

- Exposition to non-ethical activities
- Severe controversies
- Child Labor & Controversial weapons

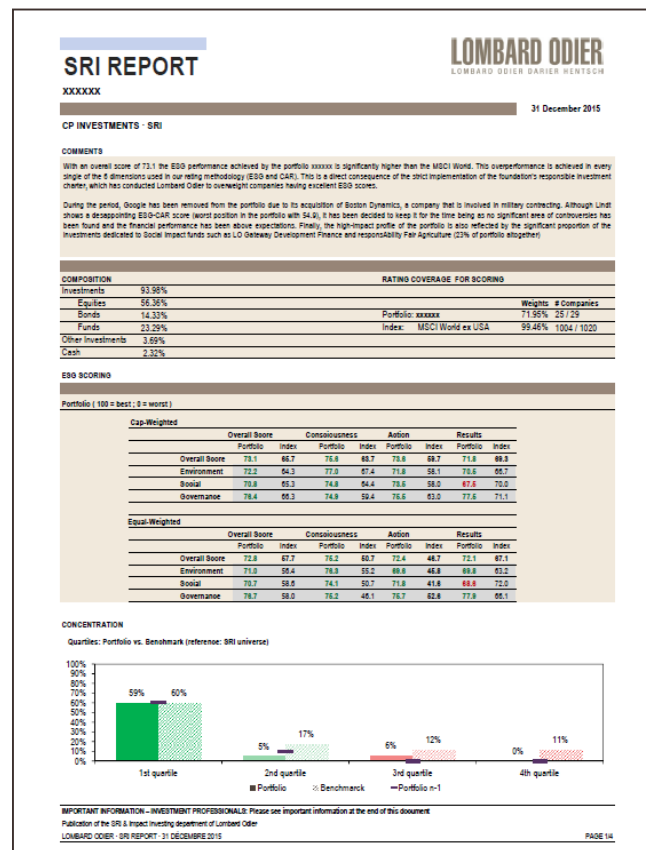
Comments:

- Comments of major events or moves

Carbon footprint

- Disclosed/proxied, above/under sector average

Detailed portfolio scoring and evolution



For illustrative purposes only.

CLIMATE CHANGE, A CONCRETE EXAMPLE OF A THEME MADE INVESTABLE FOR CLIENTS

- **Climate bonds** are conventional debt instruments whose proceeds help the world **mitigate** or **adapt to climate change**
 - **Mitigation** reduces and stabilises greenhouse gas emissions, e.g., renewable energy and low carbon transit
 - **Adaptation** helps our communities and ecosystems adjust to new climate extremes, e.g., resilient infrastructure and water management
 - **Issuers** of climate bonds include: governments, supranational entities, municipalities and corporations
- Bonds represent a scalable and suitable instrument to meet the climate change funding gap
- Bonds allow issuers to frontload investment to address the climate change challenge and spread out repayment
- Sectors whose activities and projects are financed by climate bonds include:



Energy



Resource efficiency



Physical infrastructure



Land management



Water resource management



Marine environment & fisheries

BARRIERS AND OBSTACLES

- Many barriers, all of which are quickly disappearing
 - Educating bankers, changing the mindsets
 - Establishing track record, demonstrating performance
 - Finding enough good products
 - Finding good data and implementing measurement tools

BUSINESS OPPORTUNITIES FOR PRIVATE BANKS

- Business development: preparing for the huge wealth transfer about to come
- Talent attractiveness and staff retention: young professionals are increasingly looking at what banks do in the space before choosing which one to work for
- Innovation momentum: a fast growing area which gives a lot of space for innovation.

THE THIRD DIMENSION OF INVESTING

