

USE CASE

Quick questions addressed in this analysis:

- As an RM , I want recommendations to build and grow an ESG portfolio for my client. This should consider:
- Providing recommendations for customers who are proactively keen on ESG products, (based on the history of products they have worked with in the past)
- Identifying new ones who are most likely to benefit from them. (Based on data from how bad there ESG scores are in current times)

FPG Matrix

- FPG Matrix shows the distribution of funds between Financial Performance (FP) and ESG Score (G)
- 75 funds are analyzed:
 - 0 funds are such that it is top of both the Financial Performance and the ESG Score
 - 1 fund is such that it is top of the Financial Performance and mid of the ESG Score
 - 3 funds are such that they are mid of the Financial Performance and top of the ESG Score
 - 12 funds are such that they are mid of both the Financial Performance and the ESG Score

		Financial Performance		
		a. top	b. mid	c. bottom
ESG Score (Grade)	a. top	0	3	1
	b. mid	1	12	18
	c. bottom	5	9	26

- Financial performance:**
 - Top:** If the fund was in top in **top 20%ile** financial performance for year 1 **AND** year 3 **AND** year 5
 - Bottom:** Else If the fund was in **bottom 50%ile** financial performance for year 1 **OR** year 3 **OR** year 5
 - Mid:** Everything else
- ESG Score:**
 - Top:** Fossil fuel ESG Score **AND** Deforestation ESG Score **AND** Gender equality ESG Score **AND** Civilian firearm ESG Score **AND** Military weapon ESG Score **AND** Tobacco ESG Score **AND** Prison industrial complex ESG Score are **A or B**
 - Bottom:** Fossil fuel ESG Score **OR** Deforestation ESG Score **OR** Gender equality ESG Score **OR** Civilian firearm ESG Score **OR** Military weapon ESG Score **OR** Tobacco ESG Score **OR** Prison industrial complex ESG Score are **F**
 - Mid:** Everything else

Top Picks

- **First level pick** - 1 fund is such that it is top of the Financial Performance and mid of the ESG Score

Fund profile: Fund name	Fund profile: Category group	Fund profile: Fund net assets	ESG Score	Financial performance
New Alternatives Fund	International Equity Funds	253,028,800	b. mid	a. top

- **Second level pick** - 3 funds are such that they are mid of the Financial Performance and top of the ESG Score
- Sorted by descending order of AUM
- Investment should be distributed based on the ratio of AUM

Fund profile: Fund name	Fund profile: Category group	Fund profile: Fund net assets	ESG Score	Financial performance
Parnassus Core Equity Fund	U.S. Equity Fund	19,238,960,000	a. top	b. mid
1919 Socially Responsive Balanced Fund	Allocation Funds	276,186,800	a. top	b. mid
Mirova International Sustainable Equity Fund	International Equity Funds	18,404,540	a. top	b. mid

- Please refer appendix for:
 - Slide 3: Input data and Data treatment
 - Slide 4: FPG Matrix calculations
 - Slide 5 and 6: Details of Top Picks

- **There is no fund that is Top of Financial performance and Top of ESG Score**
- **The investor has to take a decision whether to go for funds that are top of Financial performance or Top of ESG Score**
- **Focus funds also recommended**

• Focus – Top Financial Performance

Fund profile: Fund name	Fund profile: Category group	Fund profile: Fund net assets	ESG Score	Financial performance	Pick
New Alternatives Fund	International Equity Funds	253,028,809	b. mid	a. top	First level
Calvert Equity Fund	U.S. Equity Fund	4,657,143,908	c. bottom	a. top	Second level
Calvert US Large-Cap Core Responsible Index Fund	U.S. Equity Fund	2,543,533,287	c. bottom	a. top	Second level
Praxis Growth Index Fund	U.S. Equity Fund	357,350,451	c. bottom	a. top	Second level
Calvert US Large-Cap Growth Responsible Index Fund	U.S. Equity Fund	125,406,074	c. bottom	a. top	Second level
ClearBridge Sustainability Leaders Fund	U.S. Equity Fund	18,743,040	c. bottom	a. top	Second level

• Focus – Top ESG Score

Fund profile: Fund name	Fund profile: Category group	Fund profile: Fund net assets	ESG Score	Financial performance	Pick
Parnassus Core Equity Fund	U.S. Equity Fund	19,238,964,973	a. top	b. mid	First level
1919 Socially Responsive Balanced Fund	Allocation Funds	276,186,822	a. top	b. mid	First level
Mirova International Sustainable Equity Fund	International Equity Funds	18,404,542	a. top	b. mid	First level
Parnassus Endeavor Fund	U.S. Equity Fund	2,817,952,778	a. top	c. bottom	Second level

- **As an RM, I want recommendations to build and grow an ESG portfolio for my client**
 - Solutions: Present the client with FPG Matrix
 - Advantages: Easy to understand. Will help the client to pick the funds easily
 - Limitations: Cut-offs for top, mid and bottom can be improved based on further analysis
- **Providing recommendations for customers who are proactively keen on ESG products, (based on the history of products they have worked with in the past)**
 - Solutions: Present the client with Focus Funds
 - Advantages: Will help the client to pick the funds based on Top Financial Performance or Top ESG Score
 - Limitations: There is no fund that is Top of Financial performance and Top of ESG Score
- **Identifying new ones who are most likely to benefit from them. (Based on data from how bad there ESG scores are in current times)**
 - Solutions: Present the client with Top Picks
 - Advantages: Will help the client to pick the top funds. These funds provide best of both the Top of Financial performance or Top of ESG Score (bottom of financial performance and bottom of ESG Score are not considered).
 - Limitations: The investor has to take a decision whether to go for funds that are Top of Financial performance or Top of ESG Score

Thank You

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