Helping to finance virtuous growth

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OFI Fund - RS Act4 Positive Economy selects companies that develop solutions capable of generating a positive social and/or environmental impact for the economy and consumers.

The business world is switching paradigms. Current business models have reached their limits, and the quest for growth and profitability cannot be a company’s one and only purpose. Companies must fully address major challenges such as climate change and social inequalities. These are important issues. Investors, and retail investors in particular, are now seeking to combine financial performance and a contribution to a more sustainable and more responsible economy. Companies must therefore commit themselves to new business models.

A more inclusive and sustainable economy.

The world is in full flux, and the emergence of a positive economy is one way to respond adequately to this new paradigm. This consists in prioritising investments in responsible and engaged companies in order to finance the virtuous growth of tomorrow.

In other words, this means focusing more on all stakeholders, including employees, suppliers, customers and others, in order to distribute wealth more fairly and to address a societal ambition that is based on values or even companies’ very mission statements. Ultimately, the positive economy seeks to be both more inclusive and more sustainable.

In real-world terms, beyond merely integrating ESG (Environmental, Social and Governance) criteria, the positive economy seeks to identify and select companies that, through the businesses, products and solutions they develop and market, offer sustainable solutions to the environment and/or society in the fields of clean energy, agro-food and access to low-income housing.

Alignment with the United Nations Sustainable Development Goals (SDGs).

OFI Fund - RS Act4 Positive Economy fund aims precisely to invest in European companies that addresses the challenges of society and future generations by seeking to protect the environment and individuals. Its investment universe consists of companies active in the positive economy with four main themes: the energy transition, preservation of natural resources, health & safety, well-being and social inclusion.

Each portfolio company must generate at least 20% of its revenues in businesses that address these basic challenges directly. Companies are selected using a multi-dimensional analysis based on: 1/ reviewing opportunities tied to companies’ commitment to the positive economy while aligning themselves with the United Nations’ SDGs; and 2/ analysing risks from the point of view of corporate social responsibility (CSR) and financial risks.

Examples are not hard to find. In addition, impact investing pays special attention to intentionality that arises from the company’s commitment. In fact, the recent PACTE law in France encourages French companies to adopt a mission statement. With this in mind, OFI AM has developed a proprietary research tool called “MissionFor”, which it uses to assess company’s commitments to sustainable development and, thus, to assess companies’ intentionality. This is a good way to ensure that companies’ strategies are consistent with their mission and with the positive economy philosophy.

TWO EXAMPLES*

Royal DSM
A former coalminer, this Dutch group decided to expand its nutrition division, which now accounts for 63% of its revenues. Royal DSM works on innovative nutrition solutions, such as Stevia and algae oil-derived Omega 3, and focuses on enzymatic research able to reduce methane emissions from ruminant animals.

McPhy
This French maker of electrolyzers supplies equipment and charging stations for “green” hydrogen, which governments regard as a clean energy to be rolled out on a large scale. This is backed by heavy investments, with a goal of achieving 40 GW in Europe by 2030.

*For illustrative purposes only. Any reference to a specific company or security is not to be construed as a recommendation to buy, sell, hold, or invest directly in the company or its securities.

OFI Fund - RS Act4 Positive Economy
“ARTICLE 9” of the Disclosure regulation (SFDR)
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