

# Investing in a Low Carbon Future

## Eric Smith

---

April 2016

# Global index approaches

---

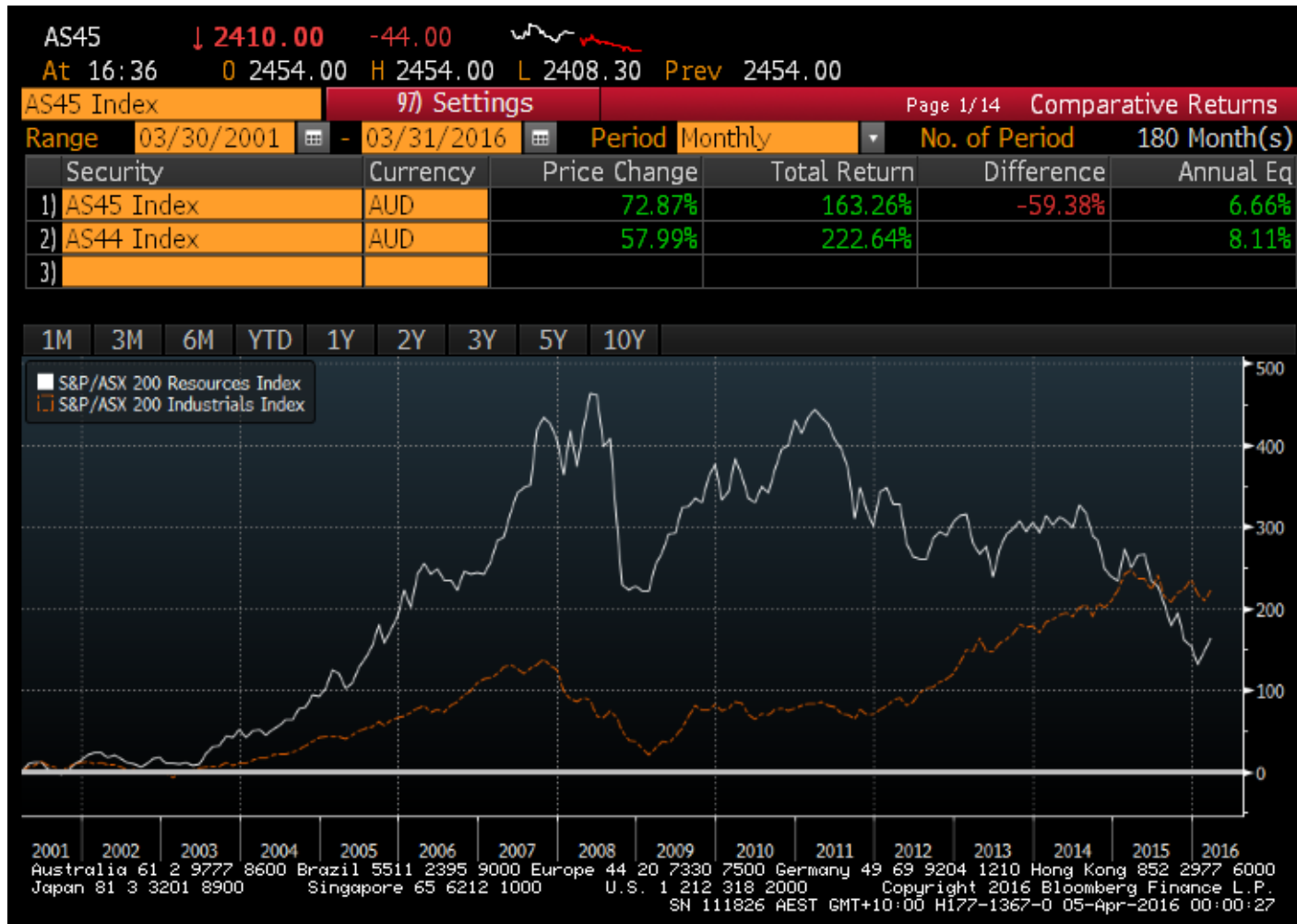
- Fossil fuel exclusion
- Reduced carbon footprint – emissions (and some with potential emissions)
- Cap-weighted, within sector (some degree of risk control) or optimised
- All major vendors, large market and global variants

# Where is the elephant?

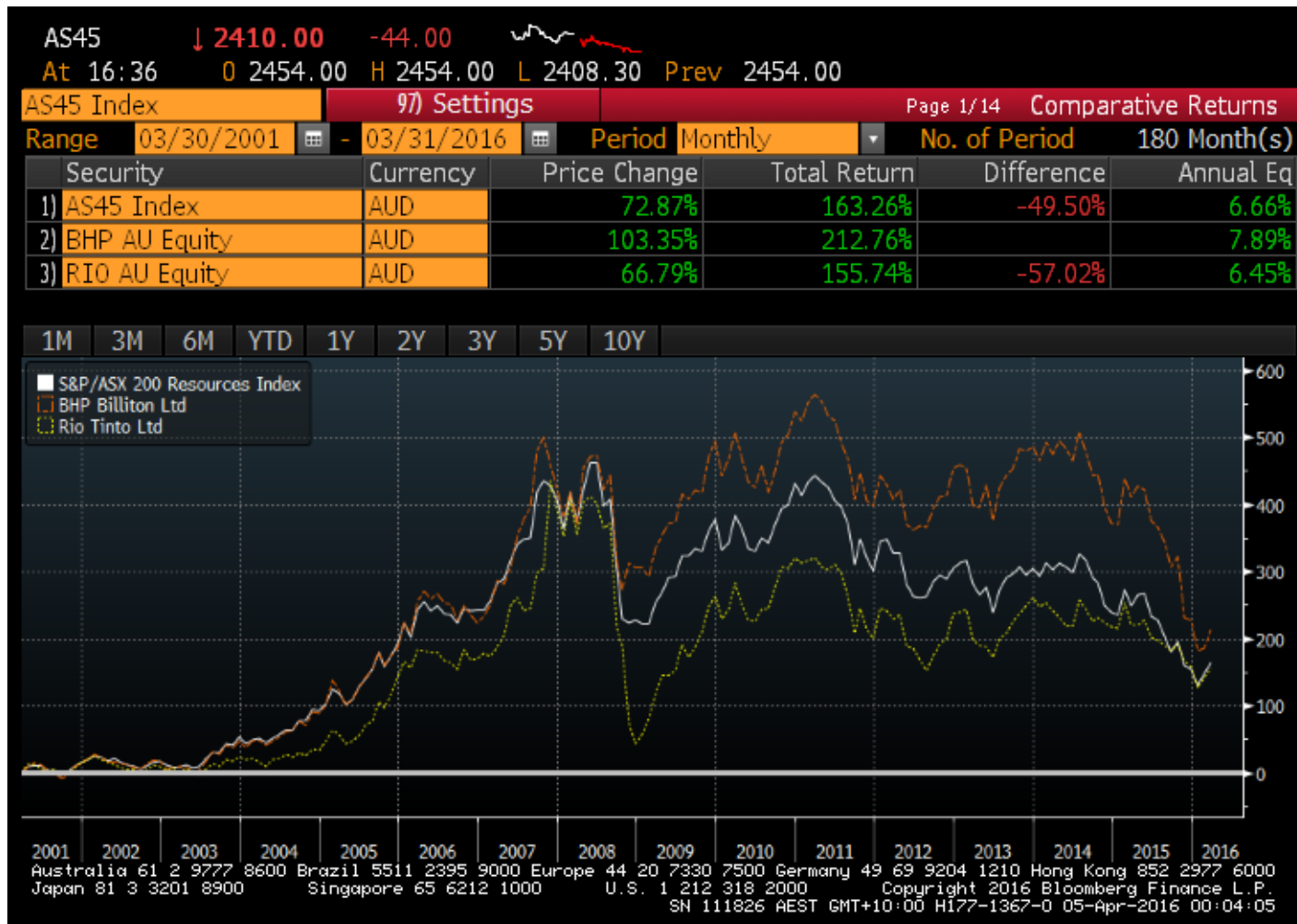
---

- Carbon Underground 200 – 2015 report
- 556 Gt CO2 potential emissions
  - 33.5 Gt from Australia
  - 522.5 Gt from the rest of the world
- But with a 50:50 allocation, domestic v global
  - 570 Gt from Australia
  - 267 Gt from the rest of the world

# Resources versus Industrials



# BHP and RIO versus Resources



# Risk management options?



- Global
  - use a vendor-provided index
  - OR tailor the result – optimised solutions can combine carbon exposure and return seeking objectives in a single, large core
- Australia
  - A tailored solution is the only real option
  - Stay within an Australian scope, or consider a higher-level, asset allocation perspective – domestic on industrials, global on resources

# Disclaimer



Any information in this document has been prepared without taking account of your objectives, financial situation, needs or objectives. Because of this you should, before acting on any advice in this document, consider whether it is appropriate to your objectives, financial situation, needs or objectives. Past performance is not a reliable indicator of future performance.

This document has been prepared by Redpoint in good faith (where applicable) using information from sources believed to be reliable and accurate and based on information that are correct and estimates, opinions, conclusions or recommendations that are reasonably held or made as at the time of preparation. All information is to be treated as confidential and may not be reproduced or redistributed in whole or in part in any manner without the prior written consent of Redpoint. Copyright 2016, Redpoint and/or its affiliates. All rights reserved.

All information provided is up to date at 31 December 2015 unless otherwise stated.