

Sustainable Investing at Putnam



Applying fundamental research to emerging questions.
Engaging with a rapidly developing market.
Advancing the potential of sustainable investing.

An enhanced analytical discipline focused on better solutions



Sustainable investing is growing in effectiveness and popularity. Putnam is integrating sustainability research into our active investment process and contextualizing ESG data with fundamental insights.

Defining sustainability and ESG criteria

Sustainability research incorporates conventional financial and fundamental measures while adding consideration of criteria summarized by the acronym ESG — environmental, social, and governance. Environmental factors include a company’s carbon intensity and plans to improve use of resources like water or minerals. Social criteria include labor practices and supply chain management. Corporate governance factors include board composition and executive compensation.

Fundamental research improves ESG data

Sustainable investing and ESG data are both actively evolving. As an example, current ESG data often assesses corporate policies rather than performance, even as new ways to analyze ESG effectiveness and impact are emerging. Putnam stands in a unique position to help contribute to this progress: We have the necessary scope for global research plus what we believe is the ideal scale for collaboration. Analysts who already have deep fundamental understanding can utilize ESG data within the relevant context of each company and industry.

ESG factors have had an impact on risk and returns

We believe that fluency in sustainability is becoming necessary for all investors as a tool for risk mitigation and performance improvement. Market research is generating evidence that ESG factors can play a meaningful role in stock performance. A study from Empirical Research Partners (June 2017) indicates that companies that do a poor job of disclosing ESG information often have disappointing future returns, especially when another fundamental business problem emerges.*

Putnam is developing a distinctive approach

Sustainable thinking and ESG criteria are natural components of solid fundamental investment research. Putnam’s Sustainable Investing team is dedicated to incorporating analysis of relevant sustainability issues in our fundamental research while also generating independent, in-depth research on specific ESG issues.

* Past performance is no guarantee of future results.

Putnam offers two sustainable strategies

The managers utilize a bottom-up research approach to identify companies with attractive sustainability, fundamental, and valuation characteristics.

Putnam Sustainable Future strategy

Benchmark: Russell Midcap Growth Index

Impact companies The strategies invest in growth companies that directly demonstrate positive impact in social, environmental, or economic development.

Putnam Sustainable Leaders strategy

Benchmark: Russell 3000 Growth Index

Committed companies The strategies invest in growth companies with the goal of delivering positive financial and ESG performance.

PUTNAM SUSTAINABLE RESEARCH TEAM

This team brings together diverse investment experience and expertise to analyze sustainability questions, generate in-depth viewpoints, and integrate this analysis with Putnam’s fundamental equity research. You can read the team’s insights on sustainable investing at putnam.com/institutional/perspectives.

KATHERINE COLLINS, CFA, MTS

Head of Sustainable Investing
Investing since 1990

Responsible for sustainable investment research, strategy implementation, and thought leadership.

SHEP PERKINS, CFA

Co-Head of Equities
Investing since 1993

Responsible for providing strategic direction to portfolio managers and equity analysts.

STEPHANIE HENDERSON

Portfolio Manager, Analyst
Investing since 2011

Conducts fundamental analysis and valuation of companies, evaluating their ESG performance

ALEXANDER RICKSON, CFA

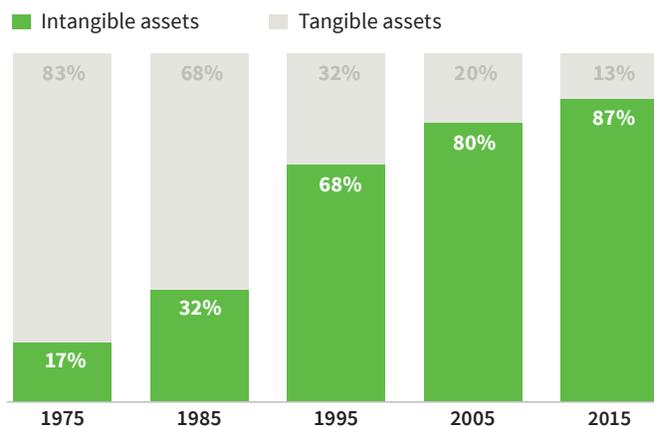
Quantitative Analyst
Investing since 2000

Interprets ESG quantitative data and its application to the risk management and portfolio construction.

ESG thinking helps assess intangibles

Intangible assets, which are non-physical items like brands or trademarks, represent a growing portion of the market value of S&P 500 companies, and ESG data can help in determining the value of intangibles.

Source: Ocean Tomo, LLC., January 2015, most recent data available.



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