



The Cedar Portfolio

Cedar Global Equities ESG ETF: *Helping Society and the Environment through Financial Outperformance*

A unique powerful investment asset portfolio targeting outperformance relative to peer funds or industry benchmark indices at generally lower risk, through businesses with strong corporate social responsibility (CSR) programs that strongly address environment, social and governance (ESG) factors towards socially responsible investing (SRI), and with business models or projects involving Impact Investing!

Cedargold Pte. Ltd.

<https://cedarportfolio.com>

A Signatory to the United Nations Principles for Responsible Investment

<https://www.unpri.org/>



 **PRI** | Principles for
Responsible
Investment

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Yra Harris is serving as a Research Strategist role and not performing in a Portfolio Manager role.



Key Highlight – A Unique Powerful Approach

*Our approach to Responsible Investment is unique.
It is based upon the using the powerful principles of an
economics school of thought, and emphasizes alignment to
economic trends with a dual focus on financial outperformance
with social and environmental impact.*



Key Highlight – Targeting to Make Money, *Not to Lose Money on Social and Green Investments*

Our Dual Focus:

- 1. Helping Society and the Environment***
- 2. Financial Outperformance***

We identify specific companies that not only target high probability-based equity outperformance, but also that are involved with or promote social impact and environment related services, products or projects

We consider 7 quantitative smart beta factors with studies indicating correlation to equity outperformance relative to industry benchmarks, and 7 qualitative smart beta factors which include social and environment assessment, and alignment to the real working economy and with economic and millennial trends

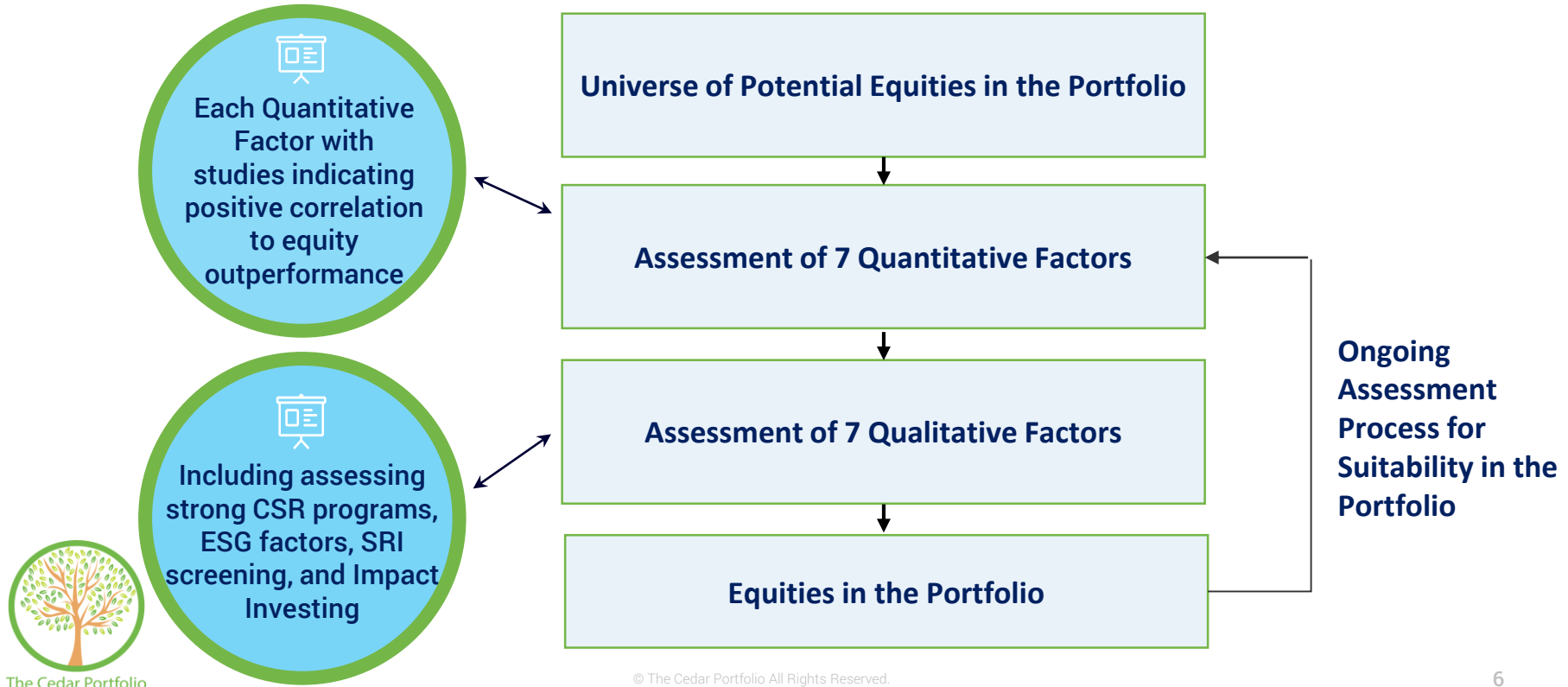


Key Highlight – Unique Powerful Approach, *Based on a School of Thought from the 1870s!*

- Based upon using the principles of the Austrian School of Economics (ASE) – school of thought initially developed in Vienna Austria in the 1870s - towards Investing and Trading
- The ASE emphasizes savings and investment, with minimal debt and leverage, and maintains that policy changes which allow markets to operate freely result in economic growth and wealth creation. As opposed to interventionist policies which are not friendly to the markets and result in economic stagnation and wealth destruction.
- Profit opportunities exist when these changes are anticipated and interpreted properly, and when identifying cash-flowing businesses characterized by innovation, longevity and growth in value.



Key Highlight – Powerful Investing Process, *with Correlation to Equity Outperformance*



Key Highlight - ESG, SRI and Impact Investing

– *Our Portfolio Does All Three, not just ESG!*

ESG Investing focuses on using environmental, social and governance (ESG) best practices that may have a material impact on the business' financial performance. ESG factors are often used by investors who seek to reward and influence a business' long-term health. **ESG is about economic value.**

Social Responsible Investing (SRI) incorporates ethics and social concerns into investment portfolios. **SRI is about individual values.** SRI actively eliminates or selects investments according to specific ethical guidelines. The underlying motive could be religion, personal values, or political beliefs. SRI uses ESG factors to apply negative or positive screens on the investment universe. See following slide for negative screens and positive screens.

Impact Investing focuses on investing in businesses with products, services or projects that can generate measurable, beneficial social or environmental impact alongside financial return. **The goal is to invest in businesses providing benefit to society or the environment.**



Responsible Investment (RI) Portfolio Approach

SUSTAINABLE DEVELOPMENT GOALS



The Cedar Portfolio

- We incorporate Responsible Investment (RI) into the investment decision-making process because it is a key part of our investment strategy, it enhances all stakeholders – ecosystems, communities, customers, employers and contractors suppliers and investors.
- Key Aspects of Our Approach:
 - *Businesses increasing their profitability grow the stakeholder pie, enhancing socially responsible performance to all stakeholders – investors, communities, employees, customers, suppliers and governments;*
 - *Businesses implementing responsible corporate actions and activities with respect to strong CSR programs, ESG factors, SRI screening and Impact Investing all have a positive direct or indirect influence on financial performance;*
 - *The portfolio targets all UN Sustainable Development Goals (SDGs). We are a signatory to the UN Principles for Responsible Investment (<https://unpri.org>)*

Our Approach emphasizes these study findings:

Synergies between Responsible Investment and Financial Outperformance



- **Deutsche Bank – University of Hamburg (2015)**
 - *Positive link between stronger ESG management and better financial performance*
- **University of Oxford and Arabesque Partners (2015)**
 - *Positive relationship between sustainability with equity performance and with lower cost of capital*
- **Harvard Business Study (2015)**
 - *Focusing on material sustainability issues can be value-enhancing for shareholders*
- **Alex Edmans on The Business Case for Purposeful Business**
 - [Link to Presentation](#)



The Output of our Approach:

These Specific Thematic Investments

The output of our Approach are the following investment themes – our businesses are not only successful in the economy but also successful in helping society and the environment:

- *Businesses offering new or enhancing existing products or services towards being more ecofriendly and contributing to local, national and global communities;*
- *Businesses enhancing the health and well-being of customers and society as a whole;*
- *Businesses strengthening the capabilities of their suppliers;*
- *Businesses improving working environment and conditions, boosting overall worker productivity;*
- *Businesses enhancing transparency with their investors*



***We are not pushing an Agenda or a Set of Themes –
we let society and the economy decide!***

Key Highlight – Active Ownership Process



- *We are implement a process for best practices in active ownership, aligned with the UN Principles for Responsible Investment (PRI) (www.unpri.org), for which we are a signatory. This includes voting and engagements.*
- We value active ownership highly as it is consistent with our quantitative smart beta factors used in our investment asset qualification process, in particular the smart beta factor of a high level of owner operators. According to some studies, businesses operated by a high level of equity owners correlate with financial outperformance. In a similar manner we as asset managers see the value in taking an active level of participation and involvement in the businesses of our model portfolios.



Does our Approach make sense? Does it work?

How does our Approach compare with Others?

*We target outperformance at generally lower risk,
for higher investment returns and yield
relative to industry benchmarks and to other ESG and Impact Investing portfolios*



The Cedar Impact Investing Portfolio – Backtesting Results from 2005

Financial Outperformance to Industry Benchmarks at generally lower risk!



METRIC	PORTFOLIO	MSCI WORLD INDEX
Start Balance	\$10,000	\$10,000
End Balance	\$112,830	\$19,552
End Balance (inflation adjusted)	\$83,801	\$14,521
CAGR	17.86%	4.65%
CAGR (inflation adjusted)	15.50%	2.56%
Annualized Volatility	15.96%	14.74%
Beta	0.95	1.00
Max. Drawdown	-44.02%	-55.37%
Sharpe Ratio	1.04	0.30
Sortino Ratio	1.73	0.41



Summary of Our Strengths and Differentiators

1. **Unique Powerful Approach to Investing and to Responsible Investing**
2. **ESG, SRI and Impact Investing: WE DO ALL THREE !!!**
3. **Targeting Portfolio Outperformance at generally lower risk**
4. **Active Ownership - helping all stakeholders**
5. **A Signatory to the *United Nations Principles for Responsible Investment***



Management Team- Trade through the eyes of Yra!



Yra Harris
Research Strategist

- ***Recognized Floor Trader with 40+ years of track record***
- ***Track record of successful trading through technical and fundamental analysis***
- ***Member of the Board of the Chicago Mercantile Exchange (CME) for 6 years***
- ***Provides regular analysis on the Financial Markets as a guest on Bloomberg***



Management Team – Portfolio, Risk, Policy Expertise



Uli Kortsch
Senior Advisor

- ***International leader in management, corporate growth, restructuring, investment and financings with experience in over 50 countries***
- ***Macro economics and monetary policy specialist***
- ***MBA in Finance***
- ***On the Board of Directors of several entities***



Management Team – Macroeconomics Expertise



Alejandro A. Tagliavini
Senior Advisor

- ***Member of the Advisory Board of the Center on Global Prosperity of The Independent Institute***
- ***Macroeconomics and private banking advisor***
- ***Opinion columnist from Argentina with articles published globally***
- ***Author “The Future is Made of Hope” and “How to Be Rich and Happy”***



Management Team – Portfolio, Risk, Policy Expertise



Guy Haselmann
Advisor

- ***Financial Market Executive and Global Market Strategist known for thought-provoking ideas driving innovation***
- ***Founder and CEO of FETI Group, Inc., a market consultancy firm***
- ***Leadership positions at Scotiabank, Barclays, Lehman, Moore Capital Management and Capra Asset Management***
- ***Served on the NJ State Investment Council from 2010-2018***



Management Team – CEO



Richard Bonugli
CEO, The Cedar Portfolio

- ***Founder and CEO of The Cedar Portfolio and Cedargold***
- ***Senior management positions with KPMG and Manulife***
- ***Series 65, Professional Risk Manager and Derivatives Market Specialist, Wealth Management/Capital Markets***
- ***Education/degree from MIT***



The Cedar Portfolio – Contact Information

[link here to our website for more information and subscription information](#)

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ESG Assessment Process:

Overall Metric Scores Indicating Strong ESG Factors

ESG Metric	Description	Scoring
RobecoAM	RobecoAM's Corporate Sustainability Assessment (CSA) annual evaluation of companies' ESG sustainability practices on financial materiality factors that drive business value and that have the greatest impact on the long-term valuation assumptions used in financial analysis.	0-100, higher scores better
Sustainalytics	Sustainalytics' rating measuring the degree to which a company's economic value is at risk driven by ESG factors (magnitude of a company's unmanaged ESG risks), comprised of a quantitative score (0-100) and a risk category (negligible, low, medium, high, severe), addressing issues with potentially substantial impact on its financial risk- and investment return profile.	0-100, higher scores worse
Bloomberg ESG Disclosures	Bloomberg ESG data on ESG indicators for carbon emissions, climate change effect, pollution, waste disposal, renewable energy, resource depletion, supply chain, discrimination, diversity, community relations, voting, executive compensation, shareholders' rights, and independent directors.	0-100, higher scores better
ISS Quality	Institutional Shareholder Services Group's Governance Quality Score assessing a company's governance risk relative to their index or region in the areas of Board Structure, Compensation/ Remuneration, Shareholder Rights, and Audit & Risk Oversight, includes focus on the qualitative aspects	0-10, lower scores better
CDP Climate	Carbon Disclosure Project (CDP)'s score assessing progress towards environmental stewardship on the level of detail and comprehensiveness of the content, as well as the company's awareness of climate change issues, management methods and progress towards action taken on climate change as reported in the response.	Scoring A – F; Bloomberg 1 to 8 (best), mapping to A



SRI Assessment Process:

Overall Better Negative and Positive Screens



Negative Screening

Alcohol

Gambling

Weapons

Environmental Damage

Violations of Labour Regulations

Positive Screening

Charitable Cause Contributions

Social Justice

Board Independence and
Reasonable Compensation Models

Low Greenhouse Gas Emissions and
Low Waste Generation

Humane Working Conditions and
Health/Safety at Work



Climate Risk Assessment

Carbon Footprint

The Carbon Footprint metric shows the amount of greenhouse gas (GHG) emissions that can be allocated to the investor per million USD and is known to be the most intuitive measure.

Carbon Intensity

The Carbon Intensity metric expresses the total GHG emissions that can be attributed to an investor in relation to the total share of revenues to investor.

Weighted Average Carbon Intensity

The Weighted Average Carbon Intensity metric is used to compare the portfolio metrics with industry benchmarks.

