



## Policy for Responsible Investment

### Contents

<b>Our Mandate</b> .....	2
<b>Our Principles</b> .....	2
<b>Investment Strategy</b> .....	3
<b>Assessment, Monitoring and Reporting</b> .....	3

## Our Mandate

The Cedar Austrian Economics ESG Index is a portfolio of businesses targeting a dual focus of helping society and the environment with outperforming portfolio returns.

We are a signatory to the [UN Principles for Responsible Investment \(PRI\)](#). We take an integrated view of ESG, Socially Responsible and Impact Investing – while many portfolios only look at ESG, we integrate all three for Responsible Investment (RI).

We emphasize successful businesses in the economy with great ESG metrics that implement the [17 United Nations Sustainable Development Goals \(SDGs\)](#). This approach is unique as other investment portfolios seek businesses meeting pre-defined ESG and SDG objectives, which may not necessarily result in identifying successful, outperforming businesses in the economy and financial markets.

We strongly believe in stakeholder versus shareholder focus, with value benefitting all stakeholders, not just shareholders. There are many studies supporting the synergistic value to focus on all stakeholders – customers, investors, communities, government, employees and the environment.

## Our Principles

The guiding principles for our investment process on our equity model portfolio are as follows:

- We have a dual focus on businesses with both great financial and RI performance;
- We see this dual focus as providing mutual synergy:
  - Increasing profitability grows the stakeholder pie, enhancing socially responsible performance to all stakeholders;
  - Implementing responsible corporate actions and activities has a positive influence on financial performance.
- We incorporate RI assessment into our investment analysis and decision-making;
- We seek disclosure relating to RI by the businesses we have in our model portfolio;
- We seek to be active owners in the businesses of our model portfolio.

We are a signatory to the [United Nations Principles of Responsible Investment \(PRI\)](#):

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will report on our activities and progress towards implementing the Principles.

## Investment Strategy

Our investment philosophy uses the principles of a unique school of thought known as the [Austrian School of Economics \(ASE\)](#), placing emphasis on enduring businesses with high free cash flows, minimal or manageable debt, and stores of value. This represents a powerful advantage in an era beset with excessive debt and leverage. The approach assesses seven quantitative factors and seven qualitative factors, distilled from the principles of the ASE.

Based on various studies, each of the quantitative factors generally indicate correlation with equity outperformance relative to the industry standard equity benchmarks. When taking these correlated factors sequentially in series together with consideration of the qualitative smart beta factors, the overall likelihood of outperforming returns is increased.

The quantitative factors focus on financial performance. The qualitative factors focus on non-quantifiable aspects including RI as the most important qualitative factor in the investment qualification and management process.

## Assessment, Monitoring and Reporting

We assess the sustainability practices of each business towards 169 specific SDG target objectives corresponding to the 17 UN SDG goals. We also combine – through our unique assessment process:

- five comprehensive ESG metrics;
- five positive screens and five negative screens as part of socially responsible investing;
- an assessment of the extent of impact investments by each business in the portfolio.

We conduct ongoing monitoring of these factors and metrics relative to internally set limits and to industry benchmarks and best practices.

The results of these assessments are available through reports and accessible webpages.

This policy is reviewed on an ongoing basis for applicability and currency.

For more information, please visit our website at <https://cedarportfolio.com> or contact us at [info@cedarportfolio.com](mailto:info@cedarportfolio.com).