



Media Release

IFM launches climate-focused Australian equities fund

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IFM Investors has launched a Climate Transition Fund for Australian-listed equities, becoming one of the first Australian fund managers to create a climate-enhanced index solution that can help support investors' net zero ambitions through reducing their carbon emissions exposure.

The fund's creation represents another step in IFM's commitment to reducing greenhouse gas emissions across its asset classes, targeting net zero by 2050. It also demonstrates how IFM is managing long-term climate change risks through its listed equities investment strategies.

IFM has managed low-carbon, listed-equities portfolios for clients for more than a decade and expects its new pooled fund may have broad appeal among investors seeking to decarbonise their Australian equities portfolios and reduce climate risk, without taking on significant tracking error and fees.

The new fund targets a 50% reduction in Scope 1 and 2 emissions by 2030 relative to 2019 benchmark levels,¹ and Scope 3 reductions, through reducing exposure to carbon-intensive companies as well as taking overweight positions in companies involved in clean energy and climate-transition solutions.

As part of its investment approach, IFM will take into account companies' transition capabilities and risks as well as engaging with companies that are assessed to have high transition risk.

Where appropriate opportunities exist, it can also invest in businesses that can help to facilitate a faster transition to net zero, but which are outside of the ASX300.

The fund's investment strategy includes leveraging IFM's scale as one of Australia's largest equity managers to actively engage with companies and advocate for greater corporate accountability and positive climate outcomes.

In addition to its climate credentials, the fund also provides a low-risk strategy for investors that benchmarks the ASX300 and aims to align with the *Your Future, Your Super* performance requirements.

The investment strategy has already proved compelling with an industry super fund joining as the seed investor.

IFM manages A\$45.5b in listed equities on behalf of institutional investors² through index, quantitative, large caps and small caps strategies. It has been investing in equities for 20 years and has a track record of successfully engaging with companies to drive positive ESG outcomes.

Quotes attributable to IFM Investors Executive Director, Index and Quantitative Equities, Laurence Irlicht:

¹ Measured by Weighted Average Carbon Intensity (WACI), which is the investment weighted average of each company's emissions divided by its total revenue. The WACI value is adjusted for inflation to capture carbon reduction.

² As at 31 March 2022.

“Investors shouldn’t have to choose between their tracking error budgets and climate objectives. Our Climate Transition Fund demonstrates that a modest amount of tracking error can drive a reduction in carbon exposure over time and help direct capital towards companies developing climate solutions.”

“We created the climate transition fund to help institutional investors – such as super funds and endowment groups - reduce their carbon exposure while still ticking the right boxes in terms of risk, fees and performance.”

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About IFM Investors:

IFM Investors was established more than 25 years ago with the aim to protect and grow the long-term retirement savings of working people. Owned by a group of Australian pension funds, the organisation has A\$181 billion under management as at 31 March 2022. Because IFM is owned by industry pension funds, we prioritise the interests of 600 like-minded investors worldwide by focusing on assets that combine excellent long-term risk/reward characteristics with broad economic and social benefits to the community. As a signatory to The United Nations-supported Principles for Responsible Investment, IFM actively engages on ESG issues with the companies in which we invest with the aim of enhancing their net performance while minimising investment risk. Operating globally from offices in Melbourne, Sydney, London, Berlin, Zurich, Amsterdam, New York, Hong Kong, Seoul and Tokyo, IFM manages investments across infrastructure, debt, listed equities and private equity assets. For more information, visit www.ifminvestors.com