

Energizing Portfolios Without Fossil Fuels

The numbers are in, and divesting from fossil fuels is paying off.

The six-year investment returns of Genus Capital's Fossil Free CanGlobe Equity Fund show that investors who divested from climate-impacting fossil fuels in 2013 have not sacrificed returns. Far from it.

With divesting from fossil fuels for the six-year period ending July 31, 2019, the fund has produced better results than the returns of its benchmark* and the overall Canadian stock market index, both of which include coal and major carbon-producing industries.



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Stronger returns

Genus Fossil Free's climate-friendly equity funds have both beaten their benchmark on an annualized basis for three years.

Better impact

Divesting from fossil fuels and reinvesting your money into cleaner and more efficient energy solutions can be a sound strategy.

Lower risk

Divestment reduces exposure to the energy sector's volatility and the associated 'stranded asset risk' of carbon reserves devaluing prematurely.

Myth of underperformance

We developed this report to dispel the myth of underperformance when it comes to sustainable investing. Many investors are concerned that accounting for social and environmental impact in their portfolios means compromising return potential.

While his past performance does not guarantee future success, the Genus live performance and results of the historical back tests show that no compromise is necessary.

We believe fossil fuel divestment has the potential to reduce overall portfolio risk due to potential energy sector volatility and stranded asset risk.

Stranded asset risk

Fossil fuels present a 'stranded asset' financial risk. Energy reserves such as coal, oil and natural gas may lose substantial value due to changing regulations, investor interests and the growth of renewable energy sectors. For example, Norway's sovereign wealth fund (the world's largest at \$860 billion) divested from fossil fuels in hopes of reducing its financial risk.

Methodology

The Fossil Fuel Divestment Report examines the three-year live performance results of the Genus Fossil Free CanGlobe Equity Fund, further substantiated by research going back almost 20 years.

The effects of climate change have triggered a global divestment movement. More than ever, people are voting with their wallets by directing investment away from polluters.

Divestment now could protect your assets in the future. But what to do with the money you divest from the fossil fuel companies? Answer: Reinvest in companies leading the way to a clean energy future.

*Fossil Free CanGlobe Equity Benchmark: 35% S&P/TSX Composite, 65% MSC World (04/01/2015 - Present) Benchmark changed from 40% S&P/TSX Composite, 30% MSC IEAFE, 30% S&P 500 (04/09/2010 - 03/31/2015)