

FOR PROFESSIONAL CLIENTS / QUALIFIED INVESTORS ONLY
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2021 Outlook Event

Thursday 21 January

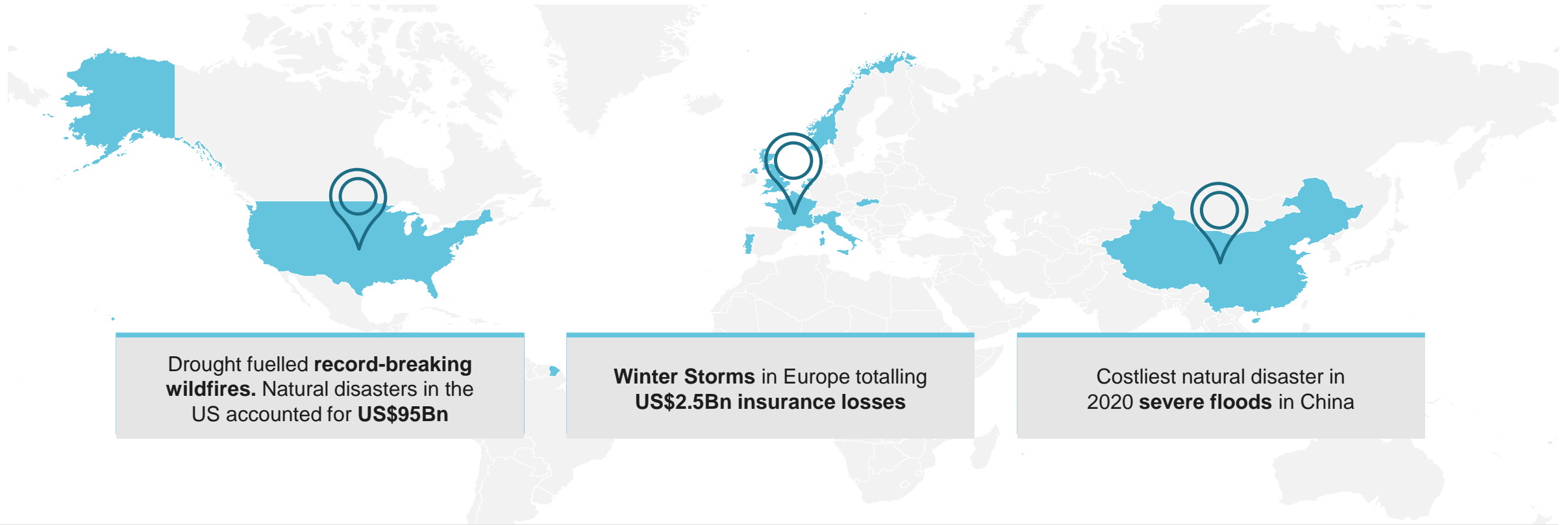
Sustainable Investing: Building the future you want to see

Jennifer Wu, Global Head of Sustainable Investing,
J.P. Morgan Asset Management

J.P.Morgan
Asset Management

Aligning portfolios to help solve “real world problems”

Climate disasters are increasing globally, and costing us more...

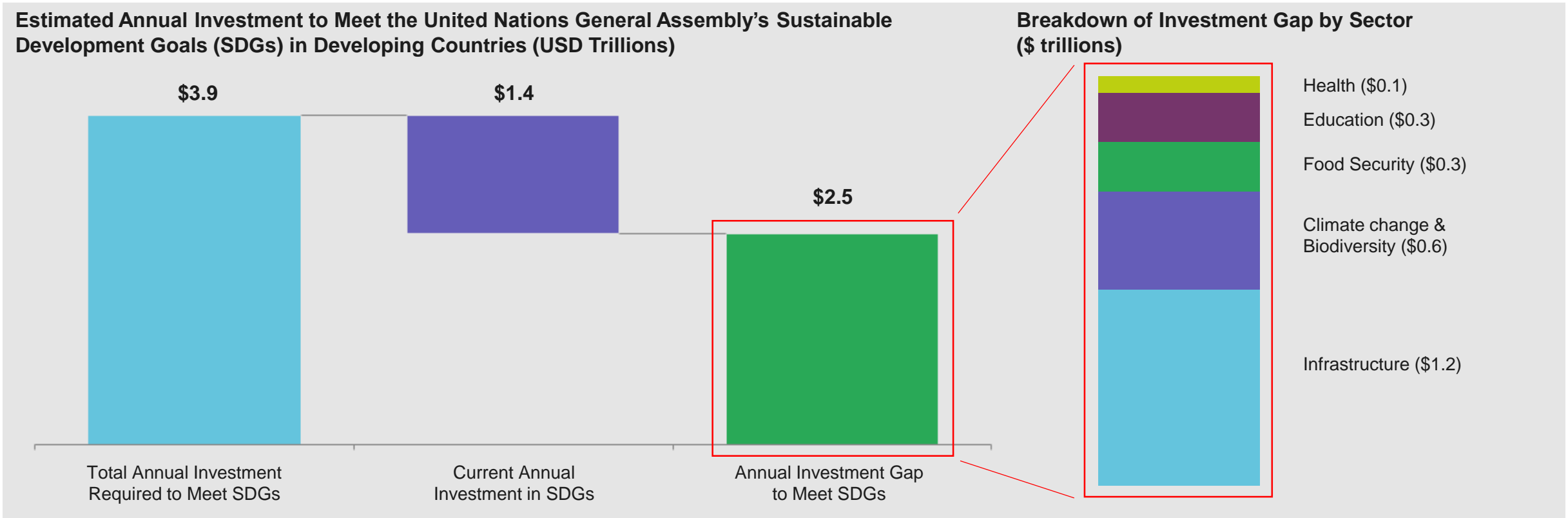


Global losses from natural disasters totalled to US\$210Bn, of which some US\$82Bn was insured.

Source: Munich Re [“Record hurricane season and major wildfires – The natural disaster figures for 2020”](#), January 2021

Aligning portfolios to help solve “real world problems”

... and COVID-19 has made social equality now more important than ever



The global pandemic has shifted investors perception of the ‘social factor’. It has brought to consciousness inequalities from access to forms of healthcare to work and education and racial injustices.

Source: World Economic Forum “Sustainable development funding is broken. Here’s how to fix it” August 2019

Next generation of ESG: seeking Alpha and Impact

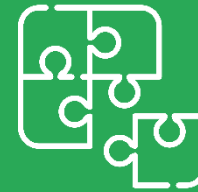
Transparency for Alpha and Impact



**Proprietary
Materiality Framework**



**Innovative Solutions
for Specific Issues**



**Combining
Data Sources**



**Differentiating Score
Constructions**

**The solution requires us to move
to the next generation of ESG**

**J.P. Morgan is developing an ESG scoring system with
innovative key features to help capture this shift**

Disclosure Regulations are pushing for more transparency at global scale



Climate change will continue to be the dominant theme for 2021

Transparency for Alpha and Impact



Physical Risk



**Regulation: Risks
and Opportunities**



**Technological
Opportunities**



**Evolving
Social Norms**

Climate change will continue to be the dominant theme for 2021

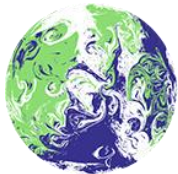
Landmark events in 2021



CLIMATE ADAPTATION
SUMMIT
ACTION • ACCELERATION • ADAPTATION



Convention on
Biological Diversity



UN CLIMATE
CHANGE
CONFERENCE
UK 2021
IN PARTNERSHIP WITH ITALY

25 Jan
2021

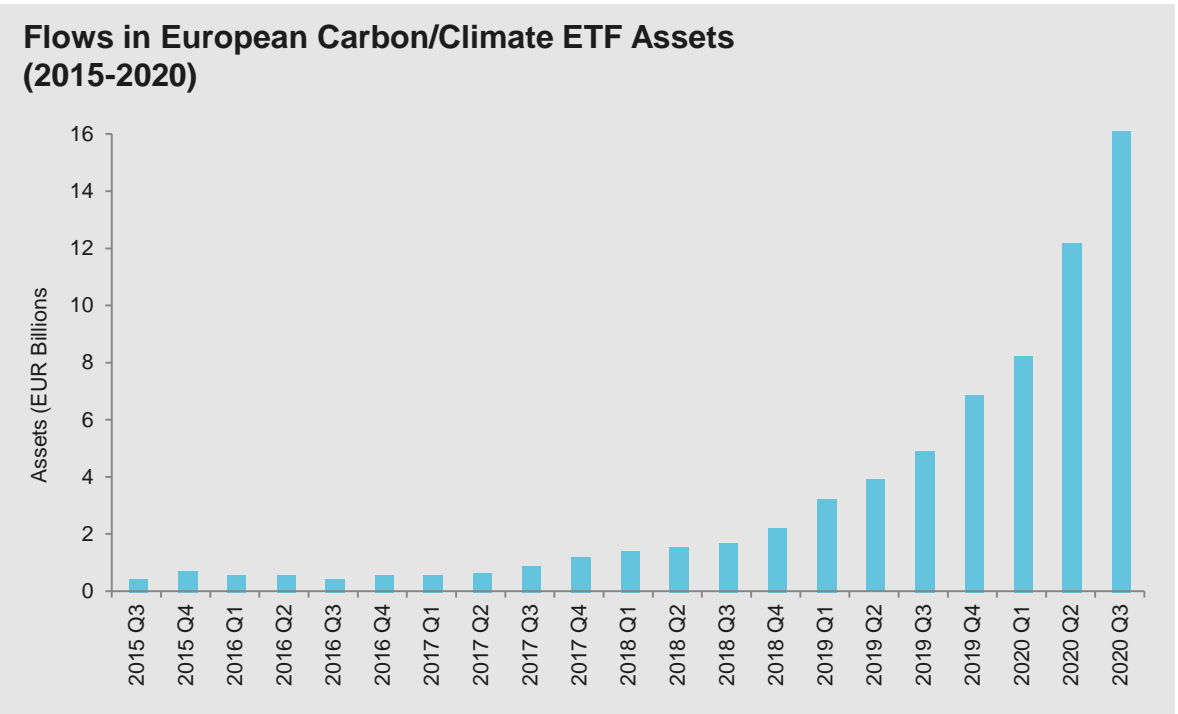
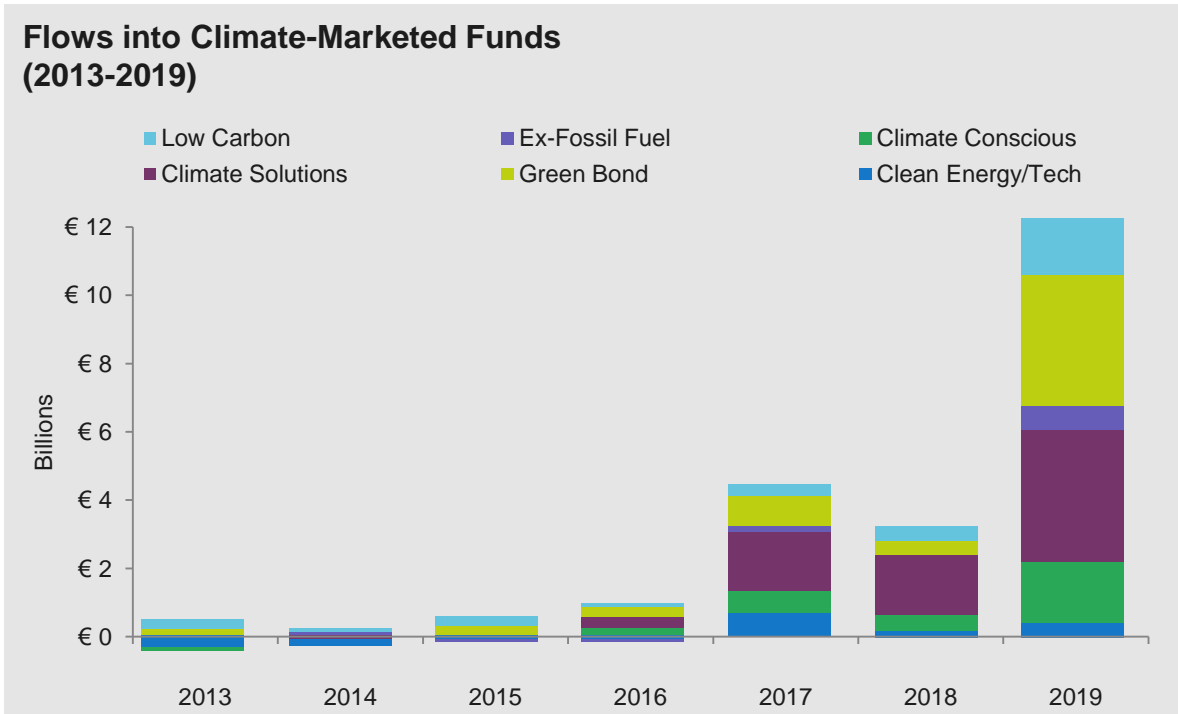
22 Feb
2021

17 May
2021

1 Nov
2021

A tsunami of change as investors seek solutions

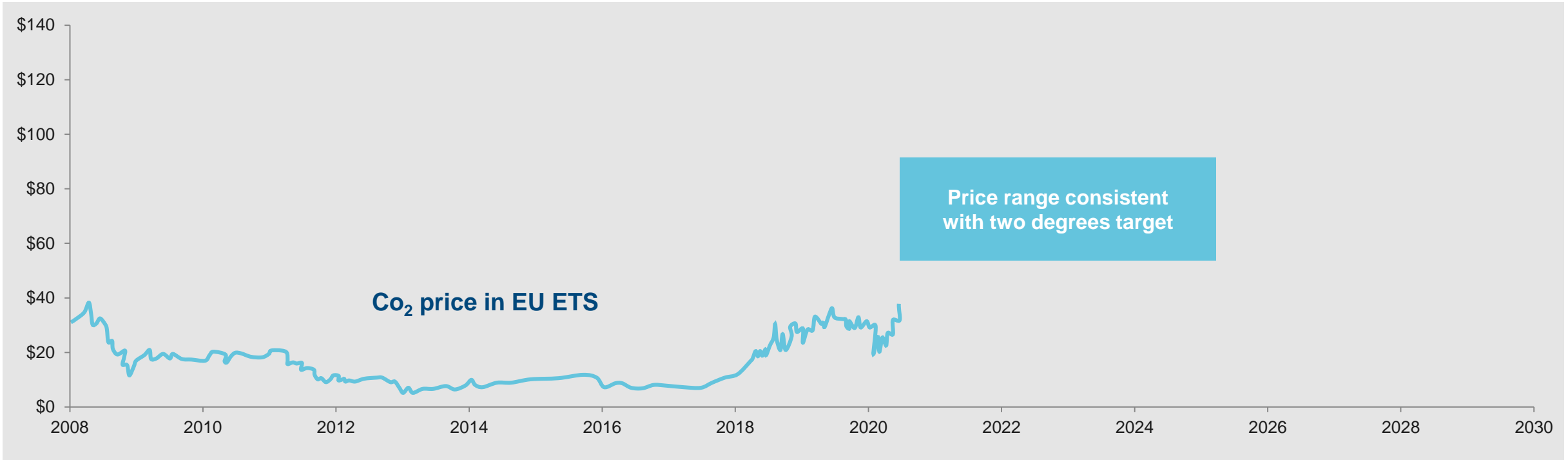
Growth of Climate-related products



Source: MorningStar. Data as at (Left) December 2019 (Right) November 2020

Carbon prices: where we are vs. where we should expect to go

Even leading jurisdictions like the EU need to significantly increase carbon prices to meet ambitious targets



Carbon prices in the EU will need to increase substantially to meet 2°C target

Source: Intercontinental Exchange (ICE); High-Level Commission on Carbon Prices. (prices in US\$ per tCO₂e) Note: ETS = Emissions Trading System.

Building the future, you want to see – with opportunities

Equities

- Transitioning to a low carbon economy opens up risks & opportunities
- Energy, Autos, Materials and Utilities face the biggest challenges
- But within these sectors, the UN-backed Principles for Responsible Investment initiative estimates that companies could **gain >40% in market value**¹

Fixed Income

- **More than US\$100Bn**² of sustainability-linked bonds were issued in 2020
- These bonds attract significant demand from values-based investors
- If done right, they also nudge issuers to become more (financially) sustainable

Alternatives

- Climate mitigation requires investing **US\$3.5Tn a year**³ in energy infrastructure
- In addition, climate adaptation will require a investment of **US\$1.8Tn over 2020-30**⁴
- This opens up a significant investment opportunities in green infrastructure and VC

Source: J.P. Morgan Asset Management, (1) UN PRI, (2) Bloomberg Green, (3) International Energy Agency, (4) Global Commission on Adaptation

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Asset Management

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