

# First sustainability fund eyes SDG-friendly PHL firms

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IN a bid to encourage more companies to adopt initiatives geared toward attaining the Sustainable Development Goals (SDGs), Philippine fund manager ATR Asset Management (Atram) launched the country's first Sustainability Fund.

In a statement, Atram said the fund will invest in companies that score high in terms of integrating the United Nations SDGs into their operations.

In an email to BusinessMirror, Phillip Hagedorn, the Chief Investment Officer of Atram, listed the top 11 on their list: Ayala Land Inc. (ALI); Axelum Resources Corp. (AXLM); BDO Unibank Inc. (BDO); Bank of the Philippine Islands (BPI); Century Pacific Food Inc. (CNPFI); Eagle Cement Corporation (EAGLE); First Gen Corporation (FGEN); Jollibee Foods Corporation (JFC); Manila Water Company Inc. (MWC); Unionbank of the Philippines (UBP); and Wilcon Depot Inc. (WLCON).

“We would do an annual review of SDG scores for the top 20 companies that passed our initial minimum threshold. For some background, we started off with 20 of our top scoring companies whose SDG scores passed a certain level. We plan to also review the other companies in the next cycle,” Hagedorn explained.

Hagedorn said the criteria used to determine the firms meant assigning specific outcomes based on the SDGs that they can reliably measure from sustainability reports.

These are investment in education, carbon emissions and hiring from nearby communities to objectively score the companies across the SDGs. The overall score will be called the SDG score.

“Through this fund, we hope to encourage PSE listed companies to integrate UN SDGs into their businesses. This means companies should always look after employee health and education, drive employment and not unemployment, invest significantly into R&D, take care of their environment, and other SDG-related responsibilities. If more companies pay it forward, we can make a huge difference for the environment, society, and the economy,” Hagedorn said in a statement.

The fund, Atram explained, is a Unit Investment Trust Fund (or UITF), a pooled investment that is regulated by the Bangko Sentral ng Pilipinas. The fund, as a UITF, is similar to how a mutual fund (MF) works but with some differences.

Atram said, “investment in a UITF is done through participation in units, or simply enjoying the gains and losses from the fund, instead of ownership of shares, wherein the fund is effectively a company regulated by the Securities and Exchange Commission and the investment represents co-ownership of that company.”

The UITF is structured as a Multi-Class Fund with two Classes, A Units which will be in Philippine peso and Y Units in US dollars. The trust fee for A Units is 1.75 percent per annum while for Y Units, it’s 0.60 percent per annum.

For those who would like to invest, Atram said, the fund is available on their digital platform, Seedbox, for as low as P1,000. For GCash, the minimum investment is P50.

## Targeting millennials, Gen Z

In a statement, Hagedorn said the sustainability fund also aims to entice members of the millennial and Gen Z generations, who are seen to become the “biggest investor market in the next decade.”

A sustainability fund would be attractive to this young market given the importance they place on sustainability. By buying into the fund, Hagedorn said, investors would have a say on how companies will build the future.

“Sustainability has become more relevant in a post pandemic environment that has waged a hefty cost on society and the economy. The Fund hopes to mitigate some of these effects by incentivizing companies to continuously invest in wellness, progress, and fairness as expressed in the UN SDGs. There is a need to draw inspiration from those who put welfare and responsibility at the forefront,” Hagedorn said.

SDGs are the 17 goals set by UN member governments that address the challenges that economies, societies and the environment face, and that threaten earth’s long-term sustainability or outlook.

The UN SDGs also serve as common discussion points in the development of socially responsible investment strategies or spectrum. The goals, with 169 targets and 230 global indicators, were adopted in September 2015.

The Global Goals aim to end poverty and hunger, promote universal health, education for all and lifelong learning, achieve gender equality, sustainable water management, ensure sustainable energy for all, decent work for all, resilient infrastructure, and reduce income inequality between and among countries.

The goals aim to: create sustainable cities, ensure sustainable consumption and production, take action against climate change, conserve and sustainably use oceans and marine resources, reduce biodiversity loss, achieve peaceful and inclusive societies, and revitalize global partnership for development.

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