



Why biodiversity is the newest wave for ESG

SPECIAL TO THE GLOBE AND MAIL

PUBLISHED FEBRUARY 16, 2024

Montreal-based Lester Asset Management (LAM) is launching a biodiversity fund that the firm says will be the first of its kind in Canada.

Stephen Takacsy, LAM's president and chief executive officer, says Lynx Global Biodiversity Fund will invest in around 40 stocks across all market capitalizations and its goal is to beat the MSCI World Index.

Globe Advisor spoke with Mr. Takacsy recently to learn more about the firm's approach and investment strategies for this new fund.

Why did you launch a biodiversity fund?

We see it as the next big wave in sustainable investing. COP15, the United Nations' Biodiversity Conference, was held in Montreal in December 2022 and aggressive targets were set to halt and reverse the loss of biodiversity which has been accelerating. Through our research, we discovered very few biodiversity funds – about a dozen in Europe, a small one in the U.S, but nothing in Canada.

Why haven't environmental, social and governance (ESG) funds been performing decently for a while?

Investors have not been happy with the products launched over the past few years. The ESG space is severely greenwashed. They're loaded with banks, utilities and resource stocks that have had a rough time as of late. Many have nothing to do with climate or clean tech. Renewable energy stocks and utilities got hammered by rising interest rates, and there are a lot of risky holdings in unprofitable electric vehicle, solar, and mining companies.

How will your global biodiversity fund operate differently?

We're not going to be closet indexers where we justify holding any of the Magnificent Seven. We're a pure play and will be sticking to themes that will be driven by powerful tailwinds focused on nature.

We'll have holdings in environmental assessment, monitoring, restoration, and green infrastructure – companies that aim to create more green space, a theme we call environmental stewardship. The second theme is pollution control with waste management companies, water treatment, recycling, and emission control. Our third theme is companies that have sustainable products, processes and supply chains, or focus on energy efficiency. Sustainable agriculture and food systems are our last theme for this fund.

We want to generate strong returns for investors without taking a lot of risk.

– Deanne Gage, Globe Advisor reporter

This interview has been edited and condensed.

<https://www.theglobeandmail.com/investing/globe-advisor/advisor-news/article-why-biodiversity-is-the-newest-wave-for-esg/>

© Copyright 2024 The Globe and Mail Inc. All Rights Reserved. globeandmail.com and The Globe and Mail are divisions of The Globe and Mail Inc., The Globe and Mail Centre 351 King Street East, Suite 1600 Toronto, ON M5A 0N19 Andrew Saunders, President and CEO