



Terra Alpha Newsletter

Resilience, Sustainability, and Leadership

By almost every measure, the first quarter of 2020 was one that we would all prefer to forget. From the Australian wildfires, through the U.S. Presidential Impeachment trial, to COVID-19, there hasn't been much room for optimism. Each of these historic events challenged us all in different ways. Environmental risks like wildfires and floods raise questions about the future of our climate and its implications for the health of our society and economy. Political strife and division render thoughtful decision-making less likely. And the stark consequences of a pandemic like COVID-19 expose some harsh realities in terms of our societal abilities to either prepare for inevitable challenges or to effectively respond.

We have written several notes over the quarter that reflect our thinking on resilience, sustainability, and leadership. These are summarized below.

From our perspective as an investor in large, publicly traded companies, these events reinforce our belief that in our rapidly changing world, the demands on large corporations are enormous, as is their ability to deliver great value to all stakeholders. The opportunities for well-researched and actively managed investment portfolios in the years ahead are also enormous. Our role at Terra Alpha is to continuously refine our analysis in order to identify companies that are both committed and well-positioned to provide strong stakeholder value over the long term. This investment approach has yielded superior investment outcomes over our firm's first five years, and we believe it can continue to do so in the years ahead.

Note: At Terra Alpha, our entire team has been working remotely since March 12th to limit our potential to spread the coronavirus. This has not impacted our team's ability to work effectively or our firm's ability to manage the funds. We hope all of you are staying safe and healthy in this critical time.

Terra Alpha's CIO Tim Dunn on Resilience & Leadership



These attributes have loomed large in my mind over the last month as the world responds to the spread of COVID-19. While there have been a few encouraging signs of exemplary leadership and resilience, it must be acknowledged that more weaknesses than strengths have been exposed. My hope is that our civic leaders quickly share best practices and implement better policies to minimize further impacts from this outbreak. Meanwhile, our

thoughts are with everyone as we all respond to the fast moving events.

[Continue reading here.](#)

Terra Alpha Advisor George Serafeim on Shared-Value Investing

George Serafeim, Charles M. Williams Professor at Harvard Business School, has collaborated with Terra Alpha Investments since our firm's founding. In 2017, George joined our [Advisory Board](#). Ever since, his perspectives on the reasons for, and benefits of, integrating material ESG factors into business and investor decision-making have influenced the design and implementation of our investment process and analytical frameworks.

In a recent article published by Institutional Investor entitled "Where ESG Fails," George and co-authors Michael Porter and Mark Kramer articulated some powerful findings that should interest all investors, especially those with long-term time horizons. They stated, "...there is compelling evidence that superiority in identifying and harnessing selected social and environmental issues relevant to the business can, over time, have a substantial economic impact on companies and even entire industries."

Terra Alpha's own investment philosophy closely aligns with these thoughts. In George's own words, **"There are not many investment firms that truly understand the value of long-term investing in companies that seek to deliver societal value. Terra Alpha has been committed to**

this since it was founded through rigorous analysis of environmental data and trends that affect the competitiveness of organizations.”

We share the article with you as it deeply aligns with our firm’s purpose: to create better outcomes for investors and society. Simply put, we aim to deliver better returns, a better environment, and a better world.

[Read the full article here.](#)

Terra Alpha on Fossil Fuels: How the Science and Economics Drive our Investment Thinking

In a world that continues to be largely fueled by carbon-based energy, what does fossil fuel free investing really mean? For Terra Alpha, it means being transparent about our decisions and our long-term investment strategy, which is grounded in environmental science.

Since the founding of Terra Alpha and the launch of our first fund in 2015, we have never invested in a business built around selling, refining, or marketing fossil fuels (oil, gas, coal, and tar sands). Not only have we not invested in fossil fuel companies, we actively research and invest in companies across the economy that are best positioned for the transition to a sustainable economy, which must increasingly operate without fossil fuels. (Please see our report, *Emitting Money: Why Carbon Efficiency Matters to Businesses and Investors*, December 2016, [available on our Resources page.](#))

[Continue reading here.](#)

General Mills: A Ground-Up Approach to Sustainable Farming

The company behind Cheerios and Nature Valley granola bars is taking a ground-up approach to agricultural production; a move that General Mills feels will help to boost profit margins, increase yields, and improve product quality for farmers while combating one of their greatest environmental threats: deteriorating soil quality.

The Food and Agriculture Organization (FAO) estimates that we only have around [60 years of productive soil](#) remaining, having already degraded a third of the world’s



top soil. Without new methods of farming that preserve soil grade, we'll risk mounting agricultural challenges in the face of a growing world population. Through their use of regenerative agriculture, General Mills is implementing an enduring solution meant to reinvigorate top soil.

[Continue reading here.](#)

Podcast: Generating ROI in the Circular Economy = Another Value for Business

Terra Alpha Investments' CIO Tim Dunn, CFA, sat down with Useful Views Philanthropy's Abigail Axelrod-Wunderman to offer advice and a thoughtful step-by-step process for how investors, business owners, and individuals can gain the greatest return on investment (ROI) when investing for the long term.

To listen to the full podcast, [click here](#).

The 50th Anniversary of Earth Day - April 22, 2020



One of the many impacts of COVID-19 has been the cancellation of a multitude of events that were planned to celebrate Planet Earth and discuss the very real global challenges that lay ahead.

In lieu of in-person events, many organizations have planned webinars to share thoughts and perspectives on possible solutions to these challenges. We have included a few such events that we believe could be of interest to others:

Leaders Link: The Great Regeneration: tackling big systemic problems in the 2020's - with Nigel Topping:

<https://www.eventbrite.co.uk/e/leaders-link-tackling-systemic-problems-in-the-2020s-with-nigel-topping-tickets-102331066976>

Project Drawdown: Join Dr. Jonathan Foley, Executive Director of Project Drawdown, for a special LIVE Earth Day presentation of the new Drawdown climate solutions framework:

https://zoom.us/webinar/register/WN_5aiGiWsOTyiOSKXXCDX5aQ

Aspen Institute: Earth Day 2020: The Way Forward On Climate & Health:

https://aspeninst.zoom.us/webinar/register/WN_FHwLzCwPRtivn_P0ouRHGw

Smithsonian Institute's Earth Optimism 2020 Digital Summit:

<https://earthoptimism.si.edu/2020-summit/>

When the Earth Moves Film (7 minutes):

<https://youtu.be/Cwnkw5pnG38>



About Terra Alpha

Terra Alpha Investments is a public equity manager founded in 2014 by highly experienced investors who share the conviction that our rapidly evolving world requires a change in investing thinking. Our rigorous and proprietary Environmental Productivity (EP) analysis values our planet's natural resources and sits at the center of our successful investment process. Our unique combination of quantitative and qualitative analysis helps us identify companies with the optimal combination of enduring business models and superior EP; which we believe is the primary driver of our ability to deliver superior long-term investment returns for our investors.

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