

The Paris Agreement and Your Portfolio

Climate change is creating new risks and opportunities for investors. To reduce their risk exposure, and capture opportunities, investors can align their portfolios with the Paris Agreement.

The Paris Agreement is an international treaty that aims to limit global warming to 1.5°C–2.0°C (2.7°F–3.6°F) above pre-industrial levels.

RISKS

How can investors achieve alignment? The MSCI Climate Paris Aligned Indexes are designed to address climate change using 4 main considerations.

OPPORTUNITIES



Halve extreme weather risks compared to traditional indexes by reducing exposure in high-risk regions.

 Direct damage from climate disasters has cost \$1.3T over the last decade.
Source: IMF (2020)


Minimize exposure to industries impacted by a green economy shift, such as oil and gas.

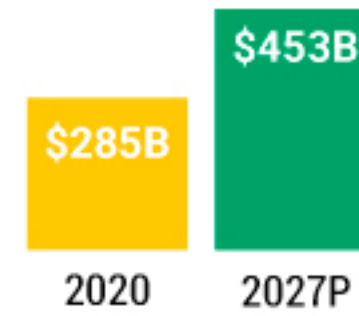
 1/3 of the current value of big oil & gas companies could evaporate if 1.5°C alignment is aggressively pursued.

Source: Financial Times (2020)

Green Opportunity

Shift weighting from carbon-intensive companies to green alternatives such as clean tech.

 The global clean tech market will grow by more than 50% from 2020-2027.




Source: Report Linker (2020)

Physical Risk

1.5°C Alignment

Transition Risk

Support a net zero strategy by reducing index emissions on an annual basis.

 Selecting companies with a decarbonization rate of 10% year-on-year drives temperature alignment.

	Warming potential
MSCI World Business as Usual	4.0°C / 7.2°F
MSCI World Climate Paris Aligned 10% decarbonization	1.5°C / 2.7°F

Source: MSCI ESG Research (2020)

Available for both equity and fixed income portfolios, the MSCI Climate Paris Aligned Indexes are a transparent way to implement a climate strategy.