



Sustainable investing and fixed income

Mackenzie Global Sustainable Bond Fund

Real impact. Real sustainable investing.

That's better together



Let's begin 

Why invest in sustainable bonds?

How they make a difference

Four types of sustainable bonds

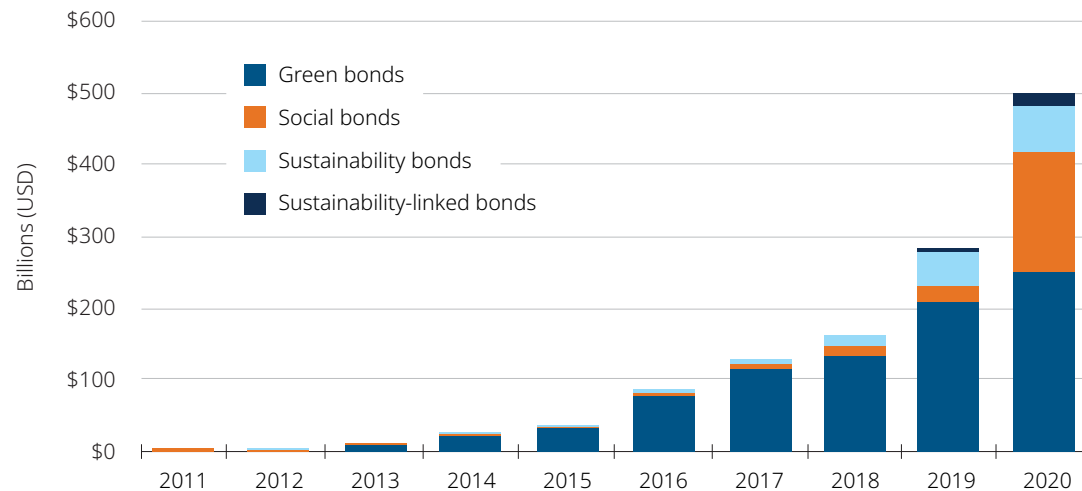
Good investments that do good

Why invest in sustainable bonds?

As the world changes, investors are demanding solutions from both companies and governments that better reflect their values. There is now a wide variety of ways to invest more responsibly: among them are sustainable bonds, which are designed specifically to finance projects that will help improve the world.

These bonds are issued by both companies and governments and, as seen by the chart below, their growth has exploded over the last few years:

Figure 1 | Growth of bond funds in recent years



Sustainable bonds are designed specifically to finance projects that will help
improve the world.

Source: Bloomberg

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How sustainable bonds make a difference

The first ever green bond was issued by the World Bank in 2008 and it has since issued US\$13 billion in green bonds. In 2014, Export Development Canada (EDC) issued its first green bond, which was worth US\$300 million: it sold out in 15 minutes and was oversubscribed by \$200 million. The proceeds of these bonds were used for clean technology and improved energy efficiency projects.

There are four different types of sustainable bonds, all of which have the ultimate goal of making considerable improvements in the world. They therefore offer fixed income investors a truly effective way of having their investment dollars make a positive, measurable impact. Investors can increase their green investment allocation while still meeting their risk-return goals.

- 1 Green bonds
- 2 Social bonds
- 3 Sustainable bonds
- 4 Sustainability-linked bonds

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The four types of sustainable bonds

1

Green bonds

These are effectively loans to companies or governments, with the money used to finance environmental-related projects. An approved list of verifiers certify and label bonds as green and a “light green” bond is where the company is by definition green, but did not apply for certification (for example, Brookfield Renewable Energy)¹. Examples of projects financed by green bonds include:

- Renewable energy
- Energy efficiency
- Pollution prevention
- Clean transportation

2

Social bonds

These are used to address social issues or achieve positive social outcomes. These can include:

- Affordable housing
- Funding for indigenous communities/businesses
- Lending funds to female-owned businesses
- Programs promoting diversity/inclusion

3

Sustainable bonds

These finance projects that combine environmental and social issues, allowing companies and governments to have a wider-ranging impact. A sustainable bond impact could be, for example, a clothing manufacturer using more recycled materials and committing to hiring more people from diverse backgrounds.

4

Sustainability-linked bonds

These bonds have targets that the issuer needs to achieve, based on performance. These targets provide a financial incentive for the bond issuer to achieve its sustainable objectives. One example of a possible target could be a percentage of carbon emission reduction.

“We are in the midst of a revolution – the opportunity to transition the old economy into something far more sustainable is tremendous.”

Konstantin Boehmer - SVP & Co-lead of the Fixed Income Team

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Good investments that do good

One of the myths about sustainable products is that they underperform compared to traditional products. In fact, 74% of Canadian sustainable solutions outperformed their respective Morningstar category peers in 2020.² The Mackenzie Sustainable Bond Fund aims to **deliver consistent returns while making a positive impact in the world.**



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Talk to your LBC Financial Services Representative about how the Mackenzie Global Sustainable Bond Fund can complement your portfolio while making a real difference.

¹ <https://www.climatebonds.net/certification/approved-verifiers>

² Canadian mutual funds based on their respective Morningstar Category peer groups, on a risk-adjusted basis after fees.

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