



# Sustainable Investing

Align your portfolio to your personal values







Globally, ESG fund assets rose to nearly \$3 trillion in 2023: nearly double the growth rate of the broader global fund market.<sup>1</sup>

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‘Doing good while doing well’ is the ultimate win-win. Aligning your investment portfolio to your personal values used to require settling for a lesser return. Now, thanks to new strategies and due diligence approaches, that’s no longer the case.

Recent studies show a significant positive relationship between a company’s commitment to making the world a better place through favorable Environmental, Social, and Governance (ESG) behaviors and the longer-term performance of its stock.<sup>2</sup>

It’s a realization that has resulted in both heightened investor interest and an explosive growth in the number of sustainable investing strategies:

**6,000**

**NUMBER OF GLOBAL  
ESG FUNDS<sup>3</sup>**

**\$10.5T**

**TOTAL INVESTMENT IN U.S. ESG  
FUNDS PREDICTED BY 2026<sup>2</sup>**

<sup>1</sup> Morningstar Global Sustainable Fund Flows: Q4 2023 in Review, January 2024.

<sup>2</sup> Center for Strategic & International Studies, August 2023.

<sup>3</sup> Morningstar Direct, April 2022.



# What Is ESG?

Rather than excluding certain investments from your portfolio based on moral or ethical concerns, an ESG strategy seeks to employ carrots rather than sticks to encourage greater social responsibility. Typically, ESG investors pay close attention to all the following factors whenever considering where to allocate their investment dollars:

## **ENVIRONMENTAL**

How much effort is the company making to positively impact climate change? Are they committed to reducing greenhouse gas emissions, energy usage, resource depletion, and pollution?

## **SOCIAL**

Is the business attentive to the health and safety of its employees? Are the firm's leaders striving to create greater workforce diversity? Does the company engage with and give back to the community?

## **GOVERNANCE**

How much transparency does the public have into the business' actions? Does the company have a

track record that's free of any financial or ethical scandals? Is the board of directors well-structured and diverse?

More and more companies are stepping up to meet the challenge. Why? Because high ESG scores can help improve employee retention—as well as earn more committed and passionate customers.<sup>4</sup>

Additionally, younger workers and consumers tend to be considerably more attentive to corporate behaviors than their older peers. There's a growing expectation that businesses should take a stand on key ESG issues, and with the pervasiveness of social media, it's never been easier to punish perceived bad behaviors.





### **ENVIRONMENTAL**

- Climate change**
- Resource depletion**
- Waste**
- Pollution**
- Deforestation**



### **SOCIAL**

- Human rights**
- Modern slavery**
- Child labor**
- Working conditions**
- Employee relations**



### **GOVERNANCE**

- Bribery and corruption**
- Executive pay**
- Board diversity & structure**
- Political lobbying & donations**
- Tax strategy**



# Responsible Can Be Profitable

There's a common and lingering misconception that pursuing an ESG investing strategy requires sacrificing return potential. This dates back to the days of "sin stocks," where investors would exclude any investments in certain industries or sectors (e.g., alcohol, tobacco and firearms manufacturers, casinos, etc.). Because this limited the universe of potential investments, it often led to lower returns.

In reviewing and analyzing over 1,000 recent studies, however, the NYU Stern Center for Sustainable Business found consistently positive correlations between a strong corporate commitment to ESG and improved return on equity (ROE), return on assets (ROA), stock price, operational efficiency, and risk management.

More responsible businesses not only tend to endure, but they're often more profitable. In fact, since its January 2019 launch, the S&P 500<sup>®</sup> ESG Index has shown a slight but steady outperformance when compared with the broader S&P 500 Index.

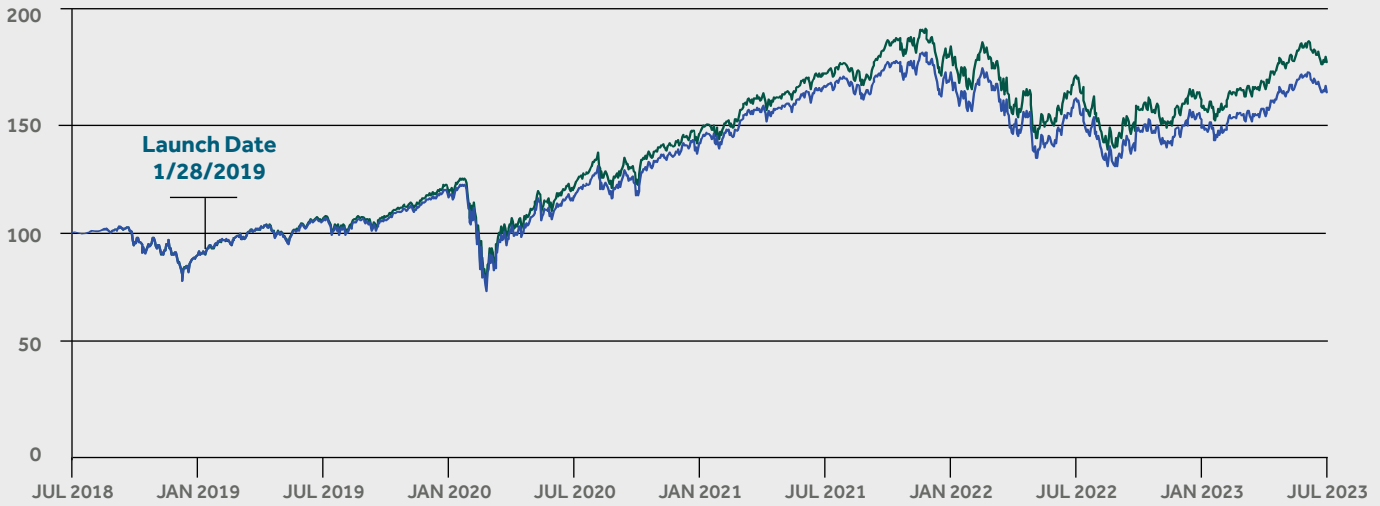




# Slight but Steady Outperformance Over a 5-Year Period

July 2018 – July 2023

■ S&P 500 ■ S&P 500 ESG INDEX (USD)



Source: S&P Global, July 2023.





77%

of investors express the desire to engage in some form of sustainable investing.<sup>5</sup>



# Our Sustainable Investment Lineup

At Eagle Strategies, we're able to provide you with access to a suite of sustainable investment options from some of the industry's most recognized and respected names. In addition to a wide range of ESG-focused mutual funds and exchange-traded funds (ETFs), we maintain special relationships with several of the nation's leading third-party ESG asset managers.

Whether you're simply looking for broad exposure to sustainable investments or prefer to take a more targeted approach that incorporates specific thematic strategies, we can work with you to identify an appropriate solution.

We engage in extensive and thorough quantitative and qualitative reviews of all our sustainable investment managers, while providing rigorous ongoing oversight.





# Integrating a Sustainable Strategy into Your Financial Plan

Sustainable investing is by no means an all-or-nothing proposition. In fact, it's never been easier to allocate a portion of your portfolio in accordance with your values. Perhaps you'd prefer to dip your toe into the water by:

- Incorporating ESG into your future investments
- Selling some existing assets and redeploying the proceeds toward an ESG strategy
- Setting up a separate ESG or Impact portfolio

Sustainable investing is here to stay, and there's a tremendous amount of momentum that should help keep the strategy of "doing well by doing good" evolving far into the future.





# We are ready to work with you

We're committed to building strong planning relationships that help you achieve your financial goals. Providing you with exclusive access to a comprehensive lineup of carefully selected investment strategies is essential to the success of that mission.



**PROTECTION. RETIREMENT.  
INVESTMENT. ESTATE.**

*Trusted Guidance. Comprehensive Solutions.*

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