Separate Account Managers in Sustainable and Responsible Investing

Redwood US Small Cap Growth Sustainable Investing Equity

About This Strategy

Assets Under Management (AUM): $10M (in US$ millions)

Required Minimum: $1 million

Benchmark used: Russell 2000 Growth

Strategy type: Equity Mid-Small Cap

Strategy description: The Redwood Small Cap Growth Sustainable Investing strategy utilizes a fundamentally driven process to invest in domestic growth stocks reporting earnings results that exceed investor expectations trading at attractive valuations. Stocks held in these portfolios often have disruptive business models enabling share gains from entrenched leaders and may be undiscovered by most investors. The investment team utilizes Redwood’s proprietary model which incorporates both financial and ESG factors to identify attractive portfolio candidates. Prior to making any investment, the team conducts thorough research which includes meeting with company managements, talking with competitors, reading trade publications, and consulting with Wall Street analysts. From these sources, as well as a detailed evaluation of sustainability reports, financial statements, and corporate filings, the Redwood team identifies those attractively valued companies that are most likely to report earnings that exceed consensus expectations, have high quality financials and take steps to increase shareholder value by creating societal value.

Strategy web link: External Link

About The Company

Institution Name: Redwood Investments

Approach to Sustainable & Responsible Investment: Redwood believes that shareholder returns can be enhanced through Sustainable Investing, which integrates Environmental, Social and Governance (ESG) factors with traditional financial factors in the investment process. The investment team improves upon traditional SRI investing by identifying companies that increase shareholder value by adopting and implementing business practices that focus on the principles of ESG. By finding companies that excel on critical financial metrics as well as on important ESG metrics, investors benefit by achieving thoughtfully constructed portfolios that are designed to outperform.

Total AUM in SRI: $750M (in US$ millions)

Research conducted: Internally

Researcher name: Investment Team

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Specific Screening Information by Category

Environment

- **Climate / Clean Technology**: Combination of Positive and Restricted/Exclusionary Strategies
- **Pollution / Toxics**: Combination of Positive and Restricted/Exclusionary Strategies

Social

- **Community Development**: Combination of Positive and Restricted/Exclusionary Strategies
- **Diversity & Equal Employment Opportunity**: Combination of Positive and Restricted/Exclusionary Strategies
- **Labor Relations**: Combination of Positive and Restricted/Exclusionary Strategies
- **Conflict Risk**: No Investment

Governance

- **Board Issues**: Combination of Positive and Restricted/Exclusionary Strategies
- **Executive Pay**: Combination of Positive and Restricted/Exclusionary Strategies

Products

- **Alcohol**: Combination of Positive and Restricted/Exclusionary Strategies
- **Defense/Weapons**: Combination of Positive and Restricted/Exclusionary Strategies
- **Tobacco**: Combination of Positive and Restricted/Exclusionary Strategies

Other

- **Other/Qualitative**: Redwood’s Sustainable Investing process enhances returns by finding companies that excel on critical financial metrics as well as on important ESG metrics. In addition to all companies being ranked on a combination of financial factors that include Fundamentals, Valuation and Financial Quality, ESG factors such as Product Type, Corporate Governance, Environmental Impact, Human Rights and Community Involvement are also incorporated into the screening process. Redwood designates the most highly ranked companies by the proprietary model as “Value Creators” and the lowest ranked companies as “High Risk” stocks. The investment team conducts in-depth fundamental research on the Value Creators and avoids the most risky stocks.
- **Shareholder Engagement - Private Dialogue**: Conducted with companies on environmental, social or governance issues
- **Proxy Voting**: Actively voted by my institution for this investment strategy in support of environmental, social or governance issues in accordance with formal guidelines