



Investment Team Voices

New UN Initiative Complements the Calamos Approach to Sustainable Equities Investment

Beth Williamson

Summary points:

- > We seek out high-quality companies with strong financial and nonfinancial characteristics because we believe these companies offer the best prospects for building shareholder value over the long term.
- > Nonfinancial characteristics include exposure to thematic trends, many of which are driven by sustainable considerations, such as worker safety, environmental impact, and the energy transition.
- > SROI's portfolio includes companies we believe are at the forefront of global megatrends such as electrification, decarbonization, digitalization, and automation.

A new UN initiative, Valuing What Counts, seeks to develop and institutionalize global metrics known as Beyond GDP, categorized into three dimensions: wellbeing, inclusion and sustainability, while simultaneously addressing country-specific needs. Beyond GDP's overall goal is to shift the focus of policymaking toward more sustainable, just and inclusive development.

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- 1. Our team also believes it's essential to consider more than just financial metrics like ROIC, margins, and free cash flow when measuring economic growth.** By incorporating non-financial indicators such as environmental and social criteria, we aim to shift from a traditional bottom-line approach to a more integrated, sustainable, and multi-faceted investment analysis.
- 2. The UN initiative and our approach are grounded in foundational tools.** The UN initiative is guided by three indices: the life evaluation index, gender development index, and ecological footprint. Our proprietary investment criteria, informed by the One Planet Prosperity concept, utilize comparable indices: the human development index and ecological footprint. Both frameworks are built upon indices that seek to measure people's prosperity and wellbeing as well as the environmental limitations of our earth.
- 3. The UN initiative and our approach recognize the importance of success in both the financial and nonfinancial realms.** The intention of Valuing What Counts is not to replace GDP but rather improve it by broadening the definition of progress to be more inclusive of environmental and social facets. Similarly, our sustainable investment approach seeks to enhance shareholder returns, not diminish them, by identifying companies with strong fundamentals capable of improving the quality of human lives and abiding by environmental constraints.

With the first Beyond GDP indicators set to be released at the upcoming UN Summit of the Future, it's too soon to tell whether the investor community will borrow from this framework as many did after the release of the UN's Sustainable Development Goals. Regardless, the Calamos Sustainable Equities Team is excited that the UN is introducing an initiative that supports our long-held view that an integrated approach can enhance prosperity, financial returns and resilience.

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