

Good Governance: *Researching Behavior is the Difference*

Who We Are

- ▶ Magni Global Asset Management, founded in 2008, is a leader in corporate governance research on countries and companies, focusing on the behavior of the entity. This is where Magni is most differentiated from other similar organizations.
- ▶ The key factor in determining good governance is researching behavior versus intent. Governance is more than just the structure, rules, and regulations of the country or company. Good governance is revealed by the *actual adherence* to rules and regulations. More importantly it is about the **values** of the country or company and how it interacts with **all** its relevant constituents.
- ▶ Assessing countries and companies for their ability to create an environment of high-quality corporate governance is critical investment information. Magni research provides deep insight into the environment for corporate governance in each country and company. This information is used to construct portfolios.
- ▶ Multiple studies have shown that good governance is the driver of performance in portfolios and Magni believes that ESG portfolios should start with the “G”.

Our Philosophy

- ▶ Measuring good governance is not easy. When deciding on metrics for good governance, there must be a method to determine the adherence to good governance practices in an objective and repeatable manner.
- ▶ Honesty and transparency are the foundation of good governance.
- ▶ We believe measuring adherence requires *qualitative* considerations. The financial services industry is more comfortable with quantitative data, such as financial statements.
- ▶ An iceberg is a metaphor for traditional investment analysis. Most analyses take the easily accessible and ‘visible’ reported data to make investment decisions. This is akin to the visible part of an iceberg vs the much larger area that is submerged and hidden from view. That’s where the hard to find, mostly overlooked information is often found. It’s also the crucial information that is more significant and can have more impact. This is what Magni researches.



Our Corporate Approach

- ▶ We believe that corporate governance research needs to go beyond the structural “check the box” approach to develop a deeper understanding of a company.
- ▶ Magni established the Sustainable Value Creation principles to evaluate public companies. These principles are applied to analyze 316 qualitative factors on each company. It then established a Corporate Governance Assessment based on these principles and uses it to evaluate all public equities.
- ▶ Studies have shown that governance is the driver of performance in Responsible Investing portfolios.

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- ▶ In addition to researching each company's relationship with its shareholders and employees, the assessment also includes relationships with customers, suppliers, competitors, and the communities in which a company operates. This approach provides a holistic analysis of governance as well as social aspects of ESG investing.
- ▶ Our research results in a score for each company, and that score determines the company's weight in our portfolio construction.

Our Country-Level Approach

- ▶ We believe that *Countries Matter*™ when investing internationally and apply our proprietary research to rank the investible countries of the world based on adherence to good governance practices.
- ▶ Economic studies have shown that countries which have an open, honest, and transparent economy outperform those that do not.
- ▶ Magni developed the Sustainable Wealth Creation principles for good governance, which are based on widely-accepted economic concepts, by examining the accounting, legal, regulatory, adjudicative, and economic structures of most investible countries around the world. We have a rigorous and repeatable process for determining country-level adherence to these principles.
- ▶ Our extensive research database covering 12 Economic Standards contains data on 280 Qualitative Sovereign Factors collected over the past 17 years.
- ▶ We use an objective quantitative conversion to determine the Magni Country Score and construct portfolios using Magni's Country Selection Technique.

Our Indexes

- ▶ In April 2017, Magni created the first country-level governance indexes: the Emerging Markets Index (MAGEM), the Developed Market Index (MAGEAFE), and the All Country World ex US Index (MAGACWX).
- ▶ In February 2018, Magni created three corporate governance indexes covering the S&P 500: the Corporate Governance Index (MAGCGOV), the Islamic Stewardship Index (MAGISLM), and the Catholic Values Index (MAGCATH).

Our Offerings: Magni Investment Services

- ▶ Magni Global Portfolios
 - Emerging markets
 - EAFE
 - All-Country World Index (ACWI) ex USA
- ▶ Magni Corporate Portfolios
 - Corporate Governance
 - Islamic Stewardship
 - Catholic Values
- ▶ Magni Advisory Services
 - Custom strategies
 - Co-manager
 - Sub-adviser
 - Overlay manager

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June 2019

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