## Fidelity ETF Exchange: A Quantitative approach to ESG investing with Michael Robertson

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**Introduction:** Hello and welcome to the Fidelity ETF Exchange, presented by Fidelity Connects, connecting you to the world of investing, and helping you stay ahead. In the 12th episode of the Fidelity ETF Exchange, co-hosts Étienne Joncas Bouchard and Katrina Wilson welcome Michael Robertson to the show. Michael is a Quantitative Research Analyst at Fidelity Investments in Boston.

In this episode, Étienne & Katrina have an in-depth conversation with Michael on the use of Environmental, Social & Governance criteria's in a portfolio management framework. Etienne, Katrina and Micahel discuss the notables trends in ESG investing, how Fidelity evaluates or scores a company's sustainability, and how advisors and investors should go about choosing the appropriate ESG mandate for their portfolios. Today's podcast was recorded on December 18th, 2020. The views and opinions expressed on this podcast are those of the participants, and do not necessarily reflect those of Fidelity Investments Canada ULC or its affiliates. This podcast is for informational purposes only, and should not be construed as investment, tax, or legal advice. It is not an offer to sell or buy, or an endorsement, recommendation, or sponsorship of any entity or security cited. Read a fund's prospectus before investing. Funds are not guaranteed. Their values change frequently, and past performance may not be repeated. Fees, expenses and commissions are all associated with fund investments.

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**Etienne Joncas-Bouchard:** Hello everyone and welcome to another episode of the Fidelity ETF Exchange. I'm your host, Etienne Joncas-Bouchard and I'm joined as always by my co-host Katrina Wilson. So we are December 18th today, and this will be the last episode we do for 2020. I just want to thank everyone for listening in, everyone that's had a chance to download some of our episodes. I hope you've enjoyed the content and we definitely have had a heck of a year, you know, one of the worst market crashes in history to one of the most rapid recoveries we've seen. So I think we've covered a lot of different subjects and obviously we have tons of great stuff planned for next year, so happy holidays to everyone. But we're not quite done yet. We have one last episode for you. Before we get to that, I'd just like to say that in the last episode, we wrapped up our five-part "Factors in Focus" series where Kat and I took an in-depth look on various investment factors. Discussing, you know, topics such as historical performance, what to expect from them going forward, as well as how to incorporate them into your portfolio. So if that's something that would interest you, there's a five-part, you know, podcast series there that you can go back and listen to. Today's topic is actually quite different from what you may have been accustomed to, obviously we are an ETF focused podcast, but today we're going to be talking about ESG investing with a very special guest joining us. Before I introduce our guest, you know, ESG investing, I'd say, is one of the hottest trends in the investment management industry, with demand from investors ballooning over the past couple of years, for investment products that take into consideration the environmental, social and governance characteristics of a given company. According to the Responsible Investment Association of Canada, assets in ESG mutual funds have increased from 11 billion to 15 billion over the past two years, so up over 36%. While ESG ETFs have more than doubled, or AUM and ESG ETFs have more than doubled, from 240 million to 650 million, and this is as of November 2020. I think it is fair to assume that this trend is only beginning to take shape in the Canadian retail space and we will continue to see rapid growth in the space. I don't know about you, Kat, but I've had way more conversations around ESG focused mandates this year than I've had in the past.

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**Katrina Wilson:** Yeah, same here. And I think there's a few reasons for that. And, you know, big conversation that we've been having is really thinking about how ESGs evolved over time. So for any non, you know, non ESG believers, or people that are new to ESG investing, I'd say, thinking of it as, you know, identifying risks that we can't see on a balance sheet or financial, you know, any financial statements. So I'm really looking forward to hearing from Mike today regards ESG from a quant perspective.

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**Etienne Joncas-Bouchard:** Awesome. Well, I guess it's time to introduce our guest. Today we have a great guest joining us, I'm super happy to have him on the show. We've been, you know, planning this for a little while now and it's finally, I guess, come to fruition. So our guest today is Michael Robertson. Michael is a Quantitative Analyst in the equity division at Fidelity Investments, specializing in quantitative ESG research. In his role, Michael is responsible for building and researching models for the quantitative research team at Fidelity. Michael has been with Fidelity for a little more than three years now. And he also co-manages the Fidelity Advisor Women's Leadership SMA product for US investors. Prior to joining Fidelity, Michael worked as a consulting associate at Charles River Associates, where he assisted in M&A transactions. Michael, welcome to the show.

**Michael Robertson:** Thanks for having me, Etienne.

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**Etienne Joncas-Bouchard:** Awesome, yeah, let's get started right away. I think we hit, we should hit the ground running. But before we look really into the ESG aspect, we need to get you, we need to get to know you a little bit better. And, you know, what you do, what your role is. So I guess the first question I have is, what does a day in the life of a quantitative equity research analyst look like?

**Michael Robertson:** Yeah, so, so we work closely with portfolio managers, we help them to think about risk in their portfolios or alpha opportunities, new stocks that they might want to think about adding to their portfolio. So I'll typically start my day reviewing some of the top movers and portfolios that I work on, or reviewing alerts or recent activity for stocks in those funds. But then I'll connect with portfolio managers, discuss any urgent updates I need to make them aware of, or even ad hoc research projects that I might be working on that are relevant to their investment processes. Of course it's all a little different now, since we're working from home, those meetings are all taking place over Zoom instead of in person. But it's largely the same, the same process.

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**Katrina Wilson:** I was just about to say how have things changed for you throughout the year. So I guess that answers it.

**Michael Robertson:** Yeah, you know, it hasn't been too bad. I have to say, it's a little sad, not to see friendly faces in the hallways when I come into the office in the morning, but I really do think the firm's done a great job at continuing to deliver for shareholders, mitigating major impacts on our day to day. Like I said, I mean, instead of meeting with PM's in their office, we'll meet with them on Zoom. And it took some getting used to, there are a lot of kinks at the beginning, trying to figure out the mute button and turning on the video. But, uh, but I think, I think people have done a really, a really great job with that. And it's, it's a collaborative culture. I'll say, you know, this could be a year where new hires could really be challenged to feel connected to the rest of the organization. But I feel like Fidelity's done a great job with that. People are being proactive, reaching out, and making everyone feel like they're really part of a team, and I think making a virtual office feel inclusive is a pretty big achievement, I think.

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**Katrina Wilson:** And I guess having to fit all your screens at home as well. [Laughter]

**Michael Robertson:** Yeah, yeah, my, my desk, isn't that long, but I've got two monitors. So that's pretty much all I need.

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**Etienne Joncas-Bouchard:** That's great to hear. And I'm happy that you mentioned that Fidelity aspect where, I think, you know, as a firm we're, we're glad to see that we've adapted quite rapidly. I think obviously it's shown up in the way that we, you know, we operate, and I don't know, we're in Canada here so it might be a little bit different but from what I'm hearing you know the, the, I guess the changes were made also very efficiently in the US. So very glad to hear that. I guess I, I just mentioned Fidelity, but, you know, to give us a bit of a background at, you know, what does your team look like? What makes it one of the best in the industry? And I guess, I mean that also ties it back to, you know, how you made your way to Fidelity. I said, mentioned before you working M&A. How did you find yourself on, on this team at Fidelity and I guess what are the core advantages of, of that team?

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**Michael Robertson:** I went into business school. And so after working for Charles River Associates for a while, I knew that I wanted to get into the quantitative investing space. I went to business school to learn a little bit more about finance. And through that I ended up connecting with Fidelity. I interned at Fidelity on this team actually during the summer between my first and second year of the MBA. And it was just a great fit. I mean the team is fantastic, everyone's enthusiastic. And I was just thrilled to be able to join full-time after graduating. I think what makes the team so special and, and really makes it one of the best in my mind is the diversity of the team. I mean we really have folks from so many different backgrounds. But we all have one thing in common. And that's really the appreciation for rigorous analysis. And, and also I would say a sense of curiosity about how to explain the patterns that we see in the market, right, 'cause that's, that's kind of our whole job. We see patterns in the market, and we want to find out ways to leverage those to provide good performance for our shareholders, but we also kind of want to understand what explains those patterns. And I think having a diverse team means that we come to each of our weekly research meetings with a whole bunch of different points of view. And we're able to have pretty lively debates around sort of research topics that people are working on. And I think it just leads to some really robust output, which, which I've really appreciated it. And I think it's pretty unique.

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**Katrina Wilson:** For sure. And Mike, I mean, quad investing on its own is pretty specialized within the industry, and you're even sort of more specialized, specifically ESG quant investing. What do, sort of the makeup of the team, does everyone have kind of a secondary specialty? How does that kind of structure work?

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**Michael Robertson:** Yeah, so the team is structured where we have sort of a core research team that engages in certain sort of general research that might touch on any type of portfolio. But then we also have embedded ESG analysts, so maybe there's a small cap quant and a value quant or an international quant where you'll work more closely with a subset of portfolio managers. And so, I mean, the ESG research I do, I think it does touch on many of our different portfolios, we're seeing lots of traditional non ESG portfolio managers start to really think critically about ESG inputs that they might be able to leverage. But we do also have a subset of ESG products that I can work closely with as well, so it's, it's somewhere between the two I think.

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**Etienne Joncas-Bouchard:** As a follow up to that, is it something that you found yourself in that chair of ESG investing or, you know, when you became a quantitative research analyst, you said this would be one of the branches that I would like to explore. Did it just happen naturally or was it something you said, you know, I'm putting my foot down, I want to work in E, I want to focus on ESG and, and develop that and make it, obviously, like you said now, a core part of the research for pretty much every PM we have.

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**Michael Robertson:** Yeah, I mean, it's somewhere in between I think. When I was in business school, I just had so many friends who were passionate about ESG investing. I'm personally passionate about ESG investing, and I can really feel it gaining traction among people in my generation, people younger than me too, I have younger brothers. But when I arrived at Fidelity, we were pretty early in our ESG journey, I would say, and what was neat is being a new analyst at a firm like Fidelity and, and really having the opportunity to do research in this nascent space, it just provided so much room for experimentation. You know, there's a lot of room for new ideas and new ways to approach ESG investing and so that just got me really excited. But like I said, it was, it was already aligned kind of with my, my personal passion. So it just kind of fell into place, I would say. It was, it was pretty natural.

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**Katrina Wilson:** Yeah, and I guess that's one of the big reasons we've seen the growth in assets of ESG as well is because a lot of, you know, consumers, investors are starting to be more aware. So it's something they're looking for. Something that's interesting in the industry is you don't necessarily see one common definition of ESG. So, from your perspective, from the team's perspective, if someone were to say what is the ESG, how do you define it?

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**Michael Robertson:** Yeah, I mean, that's, that is a tricky one. There's so many different definitions out there, but as I think about it, ESG investing is really looking for companies that are, that are built to last. We're looking for resilient companies that have sustainable business models that can continue to work over long periods of time. And, and so looking at environmental and social and governance issues are definitely helpful in identifying those, those types of companies, alongside some traditional financial metrics as well. But, but, yeah, I would say it's more about finding those resilient businesses that will work over long periods of time, and that's related to the, the sort of risk mitigation argument that I, that I think you mentioned earlier on.

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**Katrina Wilson:** And I think on that, I mean, when we think about risk, and there's been some papers that really address the fact that ESG can impact your cost of capital and therefore the rate at which companies are, you know, discounting from a standpoint of valuation, is that part of your role as well, or sort of part of the way you're analyzing ESG from a quant perspective?

**Michael Robertson:** Yeah, absolutely. I mean it's, it's early days in ESG for sure. And so it's, it's a little too early I think to say with great confidence that there is this performance potential, but I mean we just saw in February and March, right, there was this big draw down and companies with better ESG profiles pretty substantially outperformed the rest of the market. And I think that really speaks to the idea of ESG as like a long-term resilient risk mitigation type strategy that, that folks could be interested in.

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**Etienne Joncas-Bouchard:** Follow up on that. In terms of the way we structure products from an ESG framework, from, anyways, from my experience, just looking at products we have available in Canada and obviously there's a heck of a lot more in the US, but what we've seen is, you know, distinct approaches. We've seen some very focused, kind of thematic, where we focus on, you know, one specific, like clean energy, for example. We also have some that are impact investing funds, where, you know, the PMs try to have, play a role in decision making on ESG front for companies. There's also exclusion of certain, you know, sectors or sub sectors. Is there one that you feel is more popular or should gain more traction or have maybe a bit more validity in terms of defining risk and return metrics? Basically is there one that you think is a better option?

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**Michael Robertson:** I think, as you say, there's a broad spectrum and I think that, that spectrum exists because there are different client preferences. But I think it's also a bit of a timeline, right, and if you think way back, the beginning of all of this was really sort of exclusionary investing, right, where someone says, oh, I want to own the S&P 500 but I don't want to own any tobacco. We're seeing less of, less of that now, I would say, and instead of leaning away from the bad, quote unquote, bad companies, people are really interested in tilting into the best, the best companies on ESG, right? And so that's kind of how I think about ESG is really kind of looking for a diversified portfolio that does right by all shareholders, all stakeholders. And, and so that's a little bit different than just exclusionary investing. I would say impact is another flavour of that. Where maybe you're, you're looking for very specific targeted measurable impact, and those portfolios can sometimes be less diversified than a broad ESG portfolio, but they can also provide some, some pretty tangible impact metrics that certain customers might be looking for.

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**Etienne Joncas-Bouchard:** We mentioned ESG, so ESG investing encompasses environmental, social and governance criterias. I mean, if you, can you break it down? Is that even possible? Is there a way to say, you know, what's the impact of the environmental, you know, criteria of the company or the characteristics, excuse me, the social and governance, is there one that seems to be having a stronger impact when you guys are doing your research? One that helps, helps predict performance, one that helps lower risk, etc. Is there one that, you know, particularly stands out?

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**Michael Robertson:** Yeah, so we've done some, some testing internally, as I mentioned, it's really been a short history, right, so we can't be too confident, but, but we have found that the governance metrics that we looked at have been more consistent predictors of performance than the 'E' or the 'S', although we've, we've also seen some strong returns from those as well. But I think that's, that's really not that surprising. I mean, investors have been thinking about governance metrics for a long, long time and folks at Fidelity have been meeting with company management, keeping an eye out for great management teams that are responsible stewards of capital for decades. And so it's not new for us at all to be thinking about the 'G'. It really shouldn't come as a surprise to anyone that responsibly-run companies tend to do better. It almost sounds like common sense, right? and, I, you know, I think the 'E' and the 'S' can pick up on certain trends that we're seeing, right, a move to cleaner energy sources might be picked up in 'E' metrics for certain companies. But, but I, you know, I think the three have something, something to, they each have something unique to contribute, I think, to the mix. They're not necessarily going to be correlated, you might be great on carbon emissions, but have some governance concerns or, or vice versa.

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**Katrina Wilson:** And you mentioned earlier, and I think it was a great point that, you know, ESG assets are growing. Etienne had some great stats early on and you said, well, active managers that might not be running ESG branded funds are looking at these criteria as well. So you just touched on it. Governance is obviously a big one. Are you finding that the 'E' versus the 'S' for active managers, are they looking more at a cumulative score or are you finding there are certain metrics that are more common or more commonly tracked by some of these active managers? Or is it really on a case by case?

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**Michael Robertson:** It's really, it's really on a case by case basis, you'll find that certain managers might gravitate toward particular metrics more than others. And then I also think it just kind of depends on your fund's mandate. I mean, certainly if you're running something like a, we have a Select Alternative Energy Fund, right, so that manager is probably thinking pretty heavily about how companies look on the 'E'. We have a Women's Leadership Fund that we launched last year. Nicole Connolly manages that fund and she's probably focused on the 'S' more for that fund than the 'E' or the 'G', although I'm sure that they play a role in her process as well.

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**Katrina Wilson:** Kind of expanding and now maybe focusing specifically on that ESG from a quant perspective. For quant, data's so important. And with ESG, and you touched on it, you know, it's not a new theme, but it's a growing theme. How easy is it to get this data, and what does the universe look like?

**Michael Robertson:** Yeah, I mean I have to say the data availability is probably the biggest challenge with ESG. Uh, it's been a challenge from the beginning, it's gotten a little bit better. But there's still just, there's just such a lack of standardization. I think that's the biggest challenge really. Um, carbon emissions is an easy example. So not all companies disclose their carbon emissions. But even if they do, they might measure carbon emissions in different ways, or they might report it in different units. And so all of these little nuances can lead to some big discrepancies and some real challenges around sort of assembling a clean data set. And there are some third parties that are good at collecting that data. Sometimes we'll rely on them, where we can, but there are a lot of cases where we just have to get the data ourselves, figure out how to make it, you know, usable. Or we'll even estimate data when companies aren't reporting, as long as we're confident in our ability to estimate those data points.

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**Etienne Joncas-Bouchard:** Mike, in our previous conversations, it pertains particularly to data, you told me that we gather it from various sources, and, you know, to make sure our ESG assessment is complete as possible. So it's not only, you know, from Bloomberg or from, you know, an MSCI ESG database or whatever database we might find. What are some of the notably interesting sources we might consider or, not necessarily considered traditional databases that we can use to gather some of this that make it more whole?

**Michael Robertson:** Yeah so I guess one of the ones that people might not think about as often. So we've, we've found that natural language processing can be a great way to efficiently gather data. So we'll scrape data from company websites when we can't find the data points we want from certain third parties. So we've used machine learning actually to collect millions of documents and web pages. And then we can use computers really to just read through them, extract as many relevant ESG data points as we can. Of course, there's some cleaning that needs to be done on the output, but it would be great if a human could just sit down and read 20 million pages of text for us and pull out the the ESG data points, but— [Crosstalk]

**Katrina Wilson:** Etienne might volunteer.

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**Etienne Joncas-Bouchard:** Yeah, no, count me out on that. [Laughter] I'll take AI over a human doing that any day of the week. That's still pretty interesting though. I think it's really fascinating to see, that's applying, you know, new ways of investing definitely in a quantitative framework that, you know, who knows what the possibilities will look like in a few years as well, especially now that, that we have such a strong focus on it.

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**Katrina Wilson:** Maybe just in regards to kind of data and pivoting now to sort of forward looking, there's been some research on ESG momentum. Are you finding that, as you're scrubbing data, if you're scrubbing a company versus 18 months ago, are you seeing any kind of, you know, stock price trend following ESG momentum? Either positive, negative?

**Michael Robertson:** So, looking at just sort of changes in data points, we haven't found really strong performance impacts. But again, it's been a really short history. I would say on that momentum piece, that something we're really excited about is, is really the embrace of ESG by our fundamental research team. And so when I'm thinking about momentum, and where's a company going to be a year from now, well, looking back at what did they disclose on carbon emissions last year and then what did they disclose on carbon emissions two years ago? Well, the change between those data points might not really tell us as much as sitting across the table from the CEO and saying, hey, you know, how are you thinking about carbon emissions? And what are your targets? What's your plan, right? And so being able to leverage our whole sort of fundamental research machine, if you will, to gather forward looking information about company targets and policies and programs and really just how authentic companies are when it comes to ESG, I think is going to be a great indicator for us as far as the ESG momentum goes, and something that we can leverage in the future. These, these efforts are really in the early stages, right. But over the next few months to years, we're going to have a ton of ESG data that we can rely on.

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**Katrina Wilson:** And the comment you just made almost made me think of fixed income in the sense that, you know, you have the ability to pay down your debt, that's the financials, but then you have the actual willingness of the management team to pay the debt. So it almost sounds like, ESG, we have to think of it from the same perspective.

**Michael Robertson:** That's exactly right. Yeah, I mean, we talked about ESG as being sort of unique 'cause we're not pulling it from the financial statements. But that doesn't mean that there aren't very real financial impacts to solve it, ES and G decisions.

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**Etienne Joncas-Bouchard:** We mentioned momentum here with, with regards to ESG. Now in the last five episodes that we did, we were focusing on investment factors or investment, or I guess smart, smart beta products that have a certain tilt towards a certain investment style. Is there any embedded factor tilts in most ESG mandates? So does it resemble more, you know, quality type stocks, does it resemble more, you know, well we mentioned momentum, but, you know, is there any other tilts that you guys are seeing or is it just completely obsolete?

**Michael Robertson:** Yeah so I mean there's definitely, there's definitely a belief that ESG can be well aligned with quality, right, like I was saying, if you're looking for resilient companies, they probably are the companies that have more stable free cash flows. You know, they're more profitable, have lower earnings variability over time. But, I have to say, looking at correlations between ESG scores and different factors, we really haven't seen very high correlations with traditional factors, including quality. And, and I have to say, you know, one of the most exciting things about that finding is really that if it turns out that there, there really is great performance potential from ESG on its own, then it means that it would be additive to any existing processes, because that performance isn't already being captured by factors that investors are relying on.

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**Etienne Joncas-Bouchard:** That is such a great point and, like you said, you know, and that's why I think active managers are considering it more and more, where it's just a value add, it's another way to, to screen. It's another way to add validity to their already existing process, I think. I'm going to shift the conversation a little bit because unfortunately, or fortunately for our listeners, this is still an ETF podcast and it is still, you know, a fund focused, advisor and investor focused podcast, so I'd like to ask you at least one question regarding ETFs. If, if you were an investor or, you know, an advisor looking to add this to their book or their model, you know, what are some of the things that you would consider in your due diligence when considering to buy an ESG-themed ETF fund?

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**Michael Robertson:** Yeah, so there are just so many ways to think about ESG. But I really just, thinking about data scarcity, like we we touched on. There are also sector and regional biases in a lot of these data points that might lead you toward tech, away from energy, for example, or, or toward developed markets, away from emerging markets. It's important for, for any investor to understand the exposures that they're getting from, from an ESG products. So if you invested in an ESG fund and you don't realize that it's way overweight tech and underweight energy, and then there's an energy rally, that product's going to underperform, right? And so you just want to know what you're getting into when you, when you buy one of these products. But then I think there are a couple other things I would say. The specific exclusions are important to think about. So most ESG products won't own tobacco companies, for example, but thinking about guns or gambling, there, there are different approaches that different managers can take. And so if you, as an investor, part of your motivation is values alignment, then you want to make sure that you're not going to be offended by a stock that ends up in the ESG portfolio you own, right? And, and most investors, most managers, are pretty clear about what those exclusions are that they're employing. We just want to make sure that they line up with what your expectations are. The last piece, I would say, is probably the most important, is just that, like we said earlier, there are a lot of different definitions of ESG, and they're going to vary pretty substantially from manager to manager. There are multiple third party vendors out there, they publish ESG scores or ratings on companies, and those often differ pretty substantially from one another. And then asset managers have their own approaches, those differ from the third parties, although they can be very robust, but you just want to make sure you know what they're doing and how they're doing it. And, I mean, Peter Lynch, right, great Fidelity veteran had this quote, 'know what you own.' And I think that really holds true in the ESG space where it's just so important to open the hood, understand what's going on, and that you're really getting what you think you're getting when you invest in ESG, 'cause there's just a lot of variation.

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**Etienne Joncas-Bouchard:** In order to, I guess, we're getting close to 30 something minutes. I think I want to shift to an outlook. And to, you know, certain things that we can expect going forward, because we've talked about, a lot about framework, you know, how, how we build these products, how we research ESG. Something that's come up, actually a few weeks ago, so it's pretty topical is NASDAQ announcing that all companies listed on their exchange would have to meet certain diversity rules with regards to management, if they wish to remain in the index. Is this the beginning of a larger trend? Do you expect things like this to continue being, you know, announced by various exchanges, or asset managers, like if you want to be part of our portfolios, you have to meet x, x, x criteria?

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**Michael Robertson:** I think the NASDAQ announcement is part of a larger trend, but I definitely don't think it's the beginning. We've been thinking about gender diversity for a long time now. As I mentioned, we launched a Women's Leadership Fund last year, that fund's performed well since inception. Things are changing in terms of gender diversity, but it's taking time. I was actually just running some numbers the other day, and it looks like the median company in the Russell 1000 a decade ago had just 12 and a half percent women on its board. And now that number's closer to 25%. So roughly double what it was. That's progress, but that's not really where we'd like to be. It took 10 years to get here, since, since that 12 and a half percent number. So it'll be interesting to see whether the rate of change increases as more voices enter the mix. I definitely think if the SEC approves that NASDAQ proposal, then, then it could, it could be a great force for change. And then on top of that, I mean, there's been so much focus on, on the 'S' recently, and diversity beyond gender. So it'll be interesting to see how all of that influences management and board composition in the coming years. I am very optimistic.

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**Etienne Joncas-Bouchard:** And to that end, I guess, what do you see as the most important trend in ESG investing in the next few years? Like what is the one thing that you think will change drastically or be improved drastically? Whether that's just an acceleration of the pace of change that we've seen, like you mentioned, or something that we might not have heard of yet but we expect to become a much larger, or play a larger role in ESG investing, or investing in general, for that matter of fact?

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**Michael Robertson:** If I had to pick one, which is tough, I would say, I would say that the rise of active ESG strategies is really going to be an important trend, whether those are active systematic strategies or active fundamental strategies, ESG is just, it's a great place for active managers to make use of proprietary data. Their ability to engage with companies that they own, because there's so much disagreement, and how to measure ESG. Active, active managers can really step up and put forward their own ideas. And on top of that they can combine ESG analysis with stock picking to deliver performance, and the ESG exposure that customers are looking for. I mean, there are so many ESG index funds out there today. And they'll use third party ratings, but how you measure ESG just matters so much and it's, it's a space where active managers can really provide a lot of value.

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**Katrina Wilson:** And you mentioned too, I know, you know, the fact forward looking, I think that's something, you know, for takeaways for me today, that really stood out to me.

**Etienne Joncas-Bouchard:** Kat, did you have any last questions for our guest, Mike, before I give him the final words and words of wisdom to end the conversation?

**Katrina Wilson:** No final questions for me, I think Mike covered everything personally. I thought maybe I'd just share kind of key takeaways for me. I really enjoyed the session. I'm passionate about ESG myself as well. And to me, it was really, yes, these are risks you can't identify on a financial statement, but like you said, but they have financial implications, negative ones. So, I think that's a really important key takeaway, especially for those that are either new to ESG investing or thinking about how they might be able to leverage it. And the idea that it's growing in the active space as well. So it's not only, you know, measuring ESG assets and the growth of those, it's also, you know, understanding what you own with active managers as well, and understanding how they're incorporating ESG metrics into their overall strategy. So those were really two things that stood out to me. And hopefully, well first, Mike, thanks so much for joining us. That was a great, great discussion, we'll look forward to having you again. But with that, I'll hand it over to you, EJB, if you have any final comments or questions.

*00:33:02*

**Etienne Joncas-Bouchard:** Nope, that was a perfect wrap up, Kat. I've learned a lot. And honestly, like we had chatted before, Mike, and like there's a lot of the stuff that you had mentioned that I was really interested in learning more about, and I think we've gotten a chance to do that here and, and we can share it now with our, you know, with our audience that listens to the ETF Exchange, and there's just a lot to be excited about with ESG investing. I really feel this is going to be a rapid growth segment for, for the asset management industry. And that's great news for, for advisors listening and for investors that are already in the space. So I'm glad we had the chance to sit down and have this conversation at the time that we're, that we're having it. So with that, Mike, final words? Anything you'd like to share with the audience before we wrap this up?

*00:33:41*

**Michael Robertson:** Thanks so much for having me. This has been great. I mean, we're definitely just seeing so much interest in ESG investing lately. We we did a survey of our customers and found that 77% of millennials have some interest in investing in ESG products and, and yet it feels like it's just such early days in the space. So I can't wait to see where things stand a few years from now. But there's really a lot of opportunity here to innovate and deliver unique solutions to meet clients' needs. I have to say that Fidelity is really committed to being a leader in developing ESG solutions. So it'll be exciting to see what lies ahead for us. Maybe, maybe we can come back with some exciting developments in the next few months or years.

**Katrina Wilson:** Definitely.

**Etienne Joncas-Bouchard:** Thank you very much, Mike, once again. And thank you, everyone. Have a great and happy holidays and we'll see you in the next year.

*00:34:32*

**Outro:** Thanks for listening to the Fidelity ETF Exchange, powered by FidelityConnects. Don't forget to follow Fidelity Canada on Twitter and subscribe to FidelityConnects on your podcast platform of choice.

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