

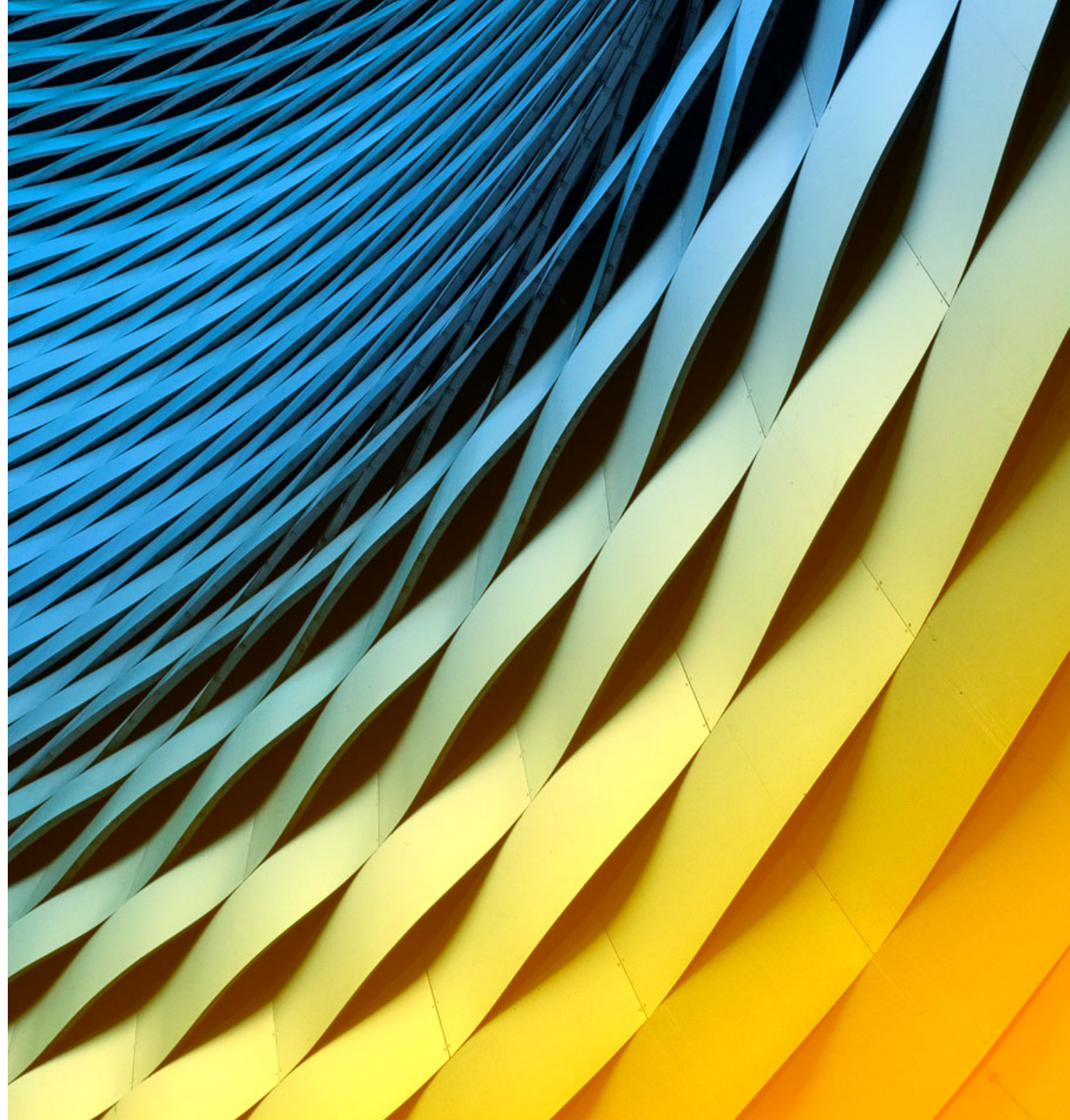
Gabelli Funds – Environmental Social Governance (ESG): The Three Hottest Words in Investing

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Portfolio Manager,
Gabelli Funds

May 4, 2021



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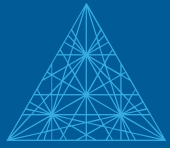
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Funds

Environmental Social Governance (ESG):

The Three Hottest Words In Investing

May 2021

Environmental Social Governance

Agenda

- **ESG today**
- **The Evolution of ESG**
- **What is ESG?**
- **The Future of ESG**
 - **Focus on Sustainability**

Gabelli Background

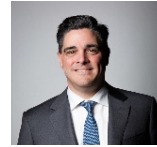
- **GAMCO founded 1977, public 1999 (NYSE: GBL)**
 - \$33 billion AUM (March 2021)
 - 6 US / 3 non-US research centers
- **Intense, research driven culture**
 - PMV with a Catalyst™ approach
- **Compounded accumulated knowledge**
 - Nearly \$600m managed in ESG/SRI on behalf of clients

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Gabelli ESG/Sustainability Team



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US Naval Academy – BA



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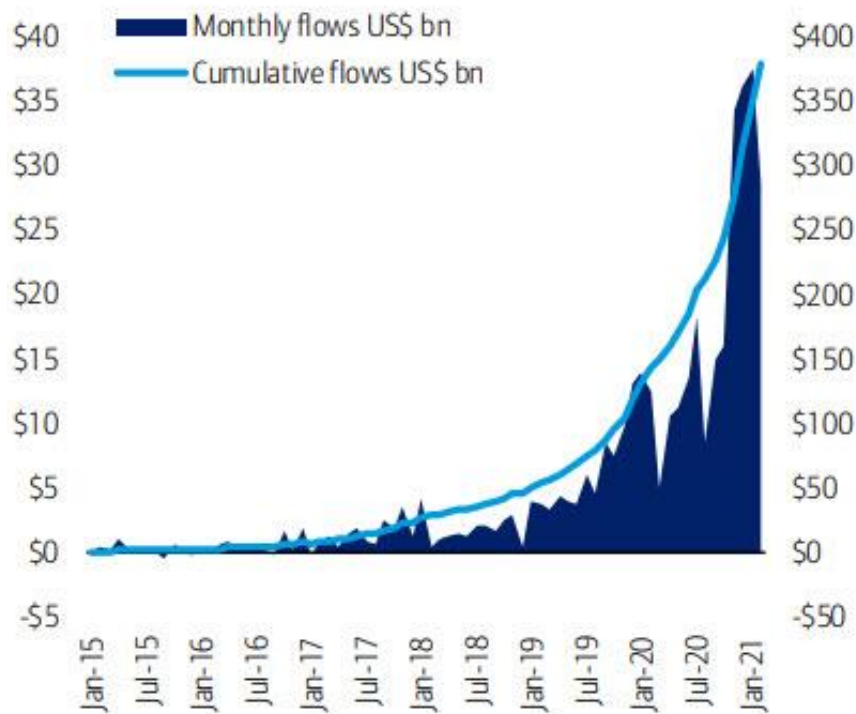
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Rollins College – BA

ESG Everywhere

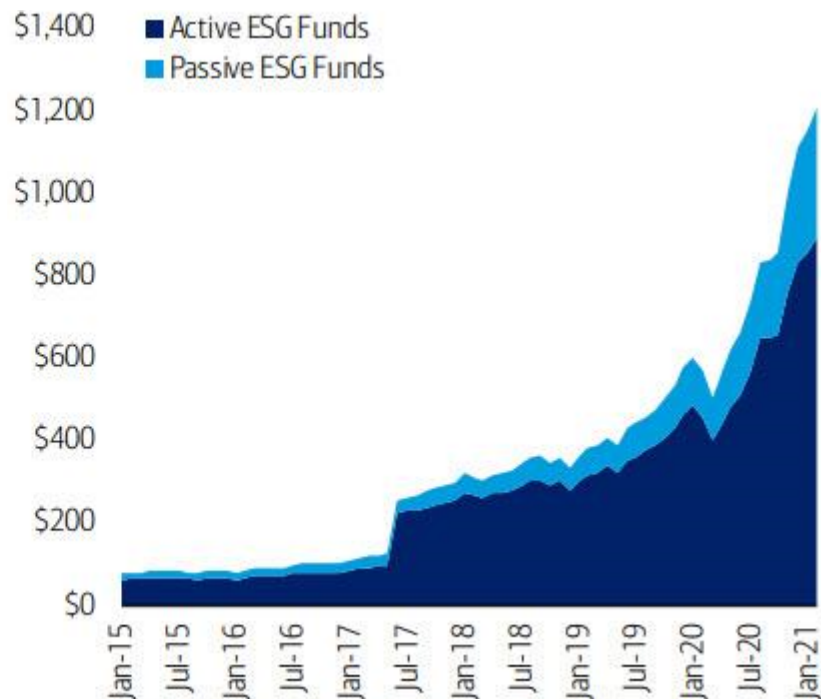


ESG Global Equity Funds

Equity Fund Flows



Equity Assets (\$ Bns)



Source: EPFR Global, BofA Equity & Quant Strategy

Capitalism With a Conscience



*"Yes, the planet got destroyed. But for a beautiful moment
in time we created a lot of value for shareholders."*

Source: New Yorker

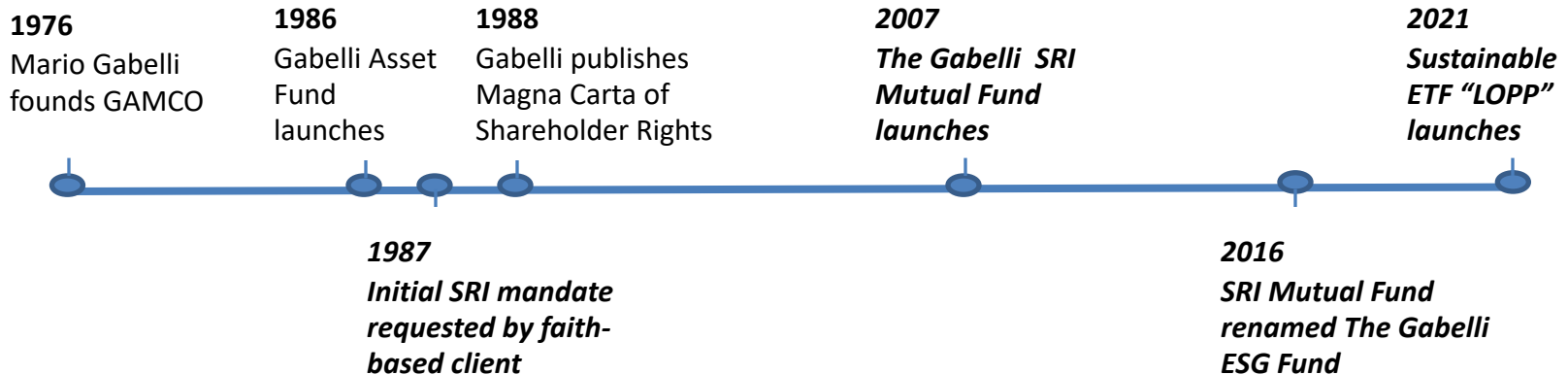
Great Moments in Modern Values-Based Investing

1750s: John Wesley's sermon on "The Use of Money"

1977: Sullivan Principles (apartheid)

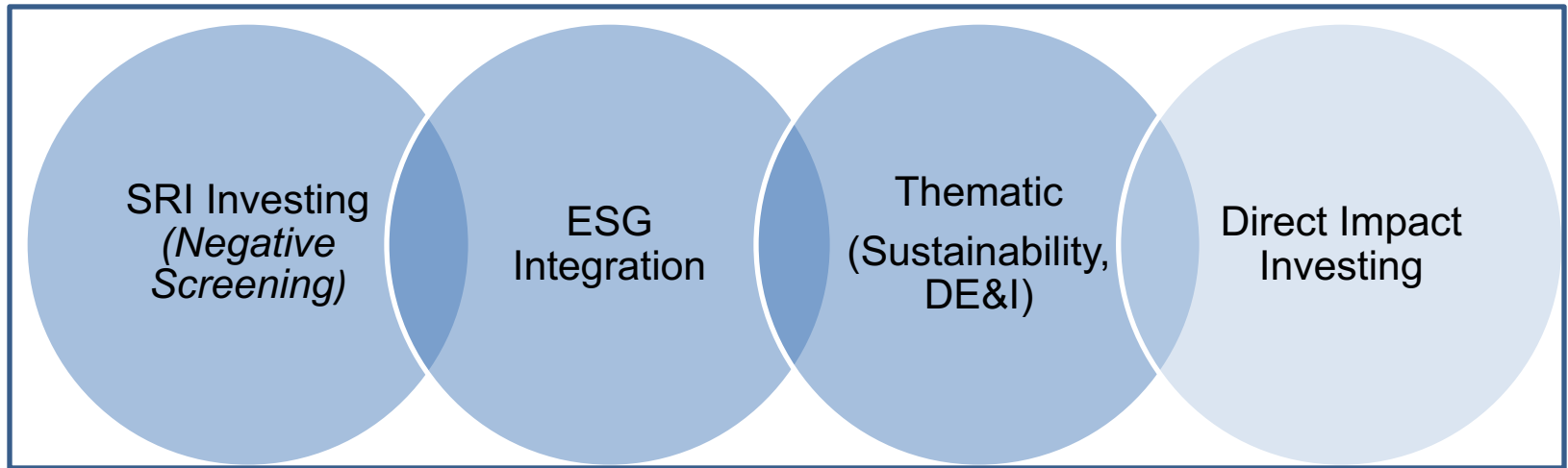
1984: US Sustainable Investment Forum founded (US SIF)

2006: UN launches Principles for Responsible Investment (PRI)



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Spectrum of Values-Based Investing



Select ESG Factors

Environmental	Social	Governance
<ul style="list-style-type: none">• Climate change• Biodiversity• Carbon footprint• Waste Management• Water Scarcity• Land use• Air & Water pollution	<ul style="list-style-type: none">• Human rights• Product safety• Diversity• Labor standards• Community relations• Employee Health & Safety	<ul style="list-style-type: none">• Board independence• Board diversity• Corruption or Bribery• Transparency• Supply Chain• Political lobbying
		

Organizations in the ESG Ecosystem



Morningstar Sustainability

Morningstar Sustainability Rating



Above Average



ESG Objectives

- Altering corporate behavior by influencing cost of capital
- Mitigating idiosyncratic risks
- Identifying opportunities in geological, social change



Planet, People ... & Profits?

- NYU Stern Center for Sustainable Business examined over 1,000 studies of ESG performance (2015-2020):
 - 72% showed neutral-to-positive correlation to financial performance
 - 69% showed neutral-to-positive correlation to stock performance
- In 2020, three out of four sustainable equity funds beat their Morningstar category average
- Some evidence ESG translates into better performance but discrepancies in methodologies + many intervening factors
 - More work needed to demonstrate a true financial benefit

Composite Top Holdings for US “ESG Funds”

Ticker	Company Name	Sector	Rank in S&P		% Funds Own
MSFT	MICROSOFT CORP	Info Tech		2	55%
GOOGL	ALPHABET INC	Comm Services		5	38%
V	VISA INC	Info Tech		11	38%
AAPL	APPLE INC	Info Tech		1	32%
ADBE	ADOBE INC	Info Tech		22	31%
MA	MASTERCARD INC	Info Tech		16	30%
DHR	DANAHER CORP	Health Care		47	26%
NVDA	NVIDIA CORP	Info Tech		12	26%
CRM	SALESFORCE.COM INC	Info Tech		31	25%
NKE	NIKE INC -CL B	Cons. Discretionary		45	23%
AMZN	AMAZON.COM INC	Cons. Discretionary		3	23%

Source: RBC US Equity Strategy

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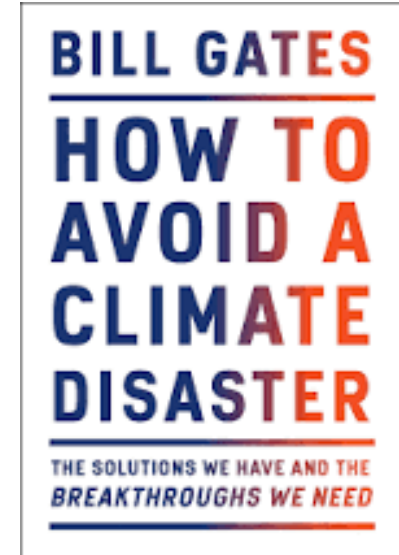
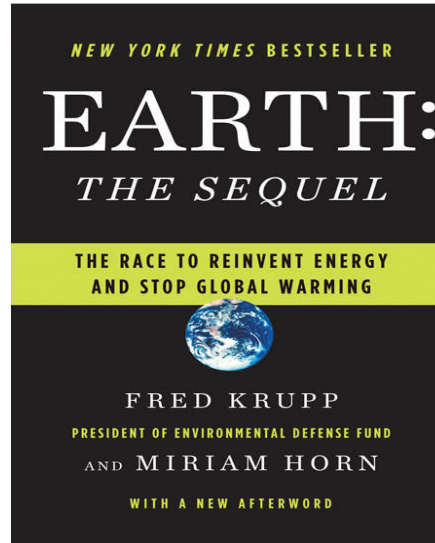
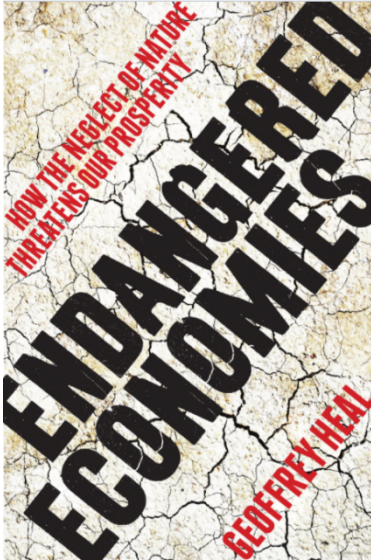
ESG Work in Process

- Common understanding, universal standards
 - e.g., can an oil company be ESG-friendly?
- Improving corporate reporting & transparency
- Addressing **Greenwashing**: Biden SEC & DoL

Paths Forward for ESG

- ➔ Integration of ESG factors into the process
- ➔ More focused/niche focused strategies
 - Sustainability
 - Diversity, Equity & Inclusion
 - Religious/philosophical preferences

Sustainability: Our Global Challenge



- Past 5 years were hottest ever recorded; 18 of the 19 warmest years occurring since 2000
- Global population set to increase from 7.6 billion today to 9.8 billion by 2050
- By 2035, our world needs ~ 50% more food, 45% more energy, 30% more water

Source: United Nations Food & Agriculture Organization, World Health Organization

Sustainability Theme: Water

- Fresh water supply = flat
- Demand 2x population growth
 - Demand > Supply by 40% in 2030 (a)
 - 2 Bn in “Water Stress” by 2050 (b)
- Exacerbated by Global Warming
- Antiquated infrastructure



(a) 2030 Water Resources Corp

(b) UN Report

Water Ecosystem

Water Treatment & Infrastructure

	(BMI)
	(DHR)
	(AQUA)
	(ITRI)
	(MWA)
	(PNR)
	(ROP)
	(WTS)
	(XYL)

Water Utilities (Selected)

 AMERICAN WATER	(AWK)
	(SEV-FR)
	(VIE- FR)

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Sustainability Theme: Waste Reduction

- 8m tons/yr, + 3x in last 20 yrs
- 60% resides in environment
 - 500yr decomposition (bottle)
 - Recycling only at 14%
- China no longer importing plastic waste

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October 9, 2019

Green (Packaging) is the New Black



VS. VS.

Companies	Ticker	Price	Exchange
Ardagh Group	(ARD)	\$16.03	NYSE
Ball Corporation	(BLL)	71.41	")
Crown Holdings	(CCK)	61.88	")

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Plastic Reduction/Recycling Ecosystem

Plastic Reduction & Elimination

Metal Cans

ArdaghGroup  (ARD, GRSV)²

 (GRSV)²

 (BALL)

 CROWN (CCK)

 SILGAN (SLGN)

Bioplastics/ Recycling

 (AACQ)²

 danimer
cientific (DNMR)¹

 loop
INDUSTRIES (LOOP)

 PURECYCLE (PCT)¹

 TOMRA (TMRY-5)

Clean Packaging

 (GDNP-V)

 (PACK)¹

Waste Collection & Treatment

 (CLH)

 COVANTA (CVA)
Powering Today. Protecting Tomorrow.

 (CWST)

 USecology (ECOL)

 GFL (GFL)
GREEN FOR LIFE

 Crystal
Clean (HCCI)

 REPUBLIC
SERVICES (RSG)

 WASTE CONNECTIONS
Connect with the Future (WCN)

 WM (WM)
WASTE MANAGEMENT

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Sustainability Theme: Clean Mobility

- 15% of Green House Gases (GHG) from transportation ^(a)
- Global battery-electric (BEV) and plug-in hybrid electric (PHEV) fleet should grow from 8m in 2019 to 168m in 2030 ^(b)
- Key milestones remain battery innovation and charging infrastructure



^(a) US Environmental Protection Agency ^(b) Gabelli estimates/IEA/McKinsey

Clean Mobility Ecosystem

Parts

Batteries

	(CLSK) ¹
	(051910-SE)
	(THCB) ²
	(RMO) ¹
	(STPK) ²
	(QS) ¹

Battery Inputs

	(ALB)
	(SOAC) ²
	(LTHM)
	(MP) ¹
	(SQM)

Drivetrain (selected)

	(DAN)
	(HYL) ¹

Pure-play OEMs

Passenger

	(CIIC) ¹
	(GOEV) ¹
	(PSAC) ²
	(FSR) ¹
	(NIO)
	(TSLA)

Personal Mobility

	(FUV) ¹
	(AYRO) ¹
	(SOLO) ²

Truck/Bus

	(FIH) ¹
	
	(GP) ¹
	(GIK) ¹
	(NGA) ¹
	(RIDE) ¹
	(NKLA) ¹
	(ACTCU) ¹
	(WKHS) ¹
	(XL) ¹

Charging

Networks

	(BEEM) ¹
	(BLNK) ¹
	(SBE) ¹
	(TPGY) ¹
	(CLII) ¹
	(NBAC) ¹
	(SNPR) ¹

Equipment

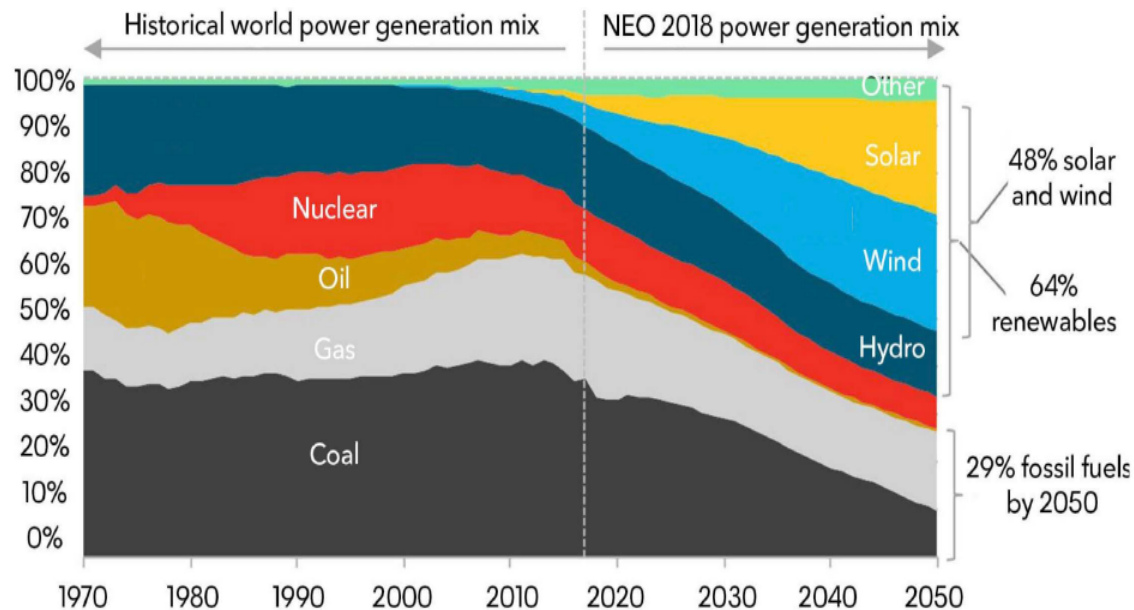
	(ABB)
	(APH)
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	(ENS)
	(GE)
	(LGRDY)
	(ITT)
	(NEX-FR)
	(SU-FR)
	(SIEGY)
	(TEL)

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² Pre-SPAC closing

Sustainability Theme: Energy Transition

- Climate Change & Race to Net Zero Carbon
- 60% zero carbon energy by 2050



Source: International Energy Agency, Bloomberg New Energy Finance (NEF)

Renewable Energy Ecosystem

Equipment & Technology

Transmission & Generation

	(ABB)
	(ACA)
	(AZZ)
	(ETN)
	(HUBB)
	(LAND)
	(POWL)
	(SIEGY)
	(VMI)

Solar

Utility Scale

	(ARRY)
	(CSIQ)
	(ENPH)
	(FLEX)
	(FSLR)
	(JKS)
	(SEDG)
	(968-HK)

Equipment & Technology (cont.)

Wind

	(GE)
	(NDX1)
	(SGRE-MC)
	(TPIC)
	(Vestas)

Grid/Storage







	(ENS)
	(EOSE) ¹
	(051910-SE)

Engineering/Maintenance































	(AKER-OS)
	(IEA)
	(MYRG)
	(PWR)

Power Generation (Selected)

Regulated Utilities (Carbon reduction goals)

	(AES)	(70% by '35)
	(AEE)	(80% by '50)
	(AEP)	(80% by '50)
	(AVG)	
	(NEE/NEP)	
	(ES)	("Zero" by '30)
	(EVRG)	(85% by '35%)
	(XEL)	("Zero" by '50)

Renewables Developers/IPP's

	(AZRE)	
	(BEPC)	  
	(BLX-T)	   
	(CWEN)	   
	(INE-T)	  
	(ORA)	
	(DNNGY)	 
	(SOL)	
	(SCATC-OS)	  
	(RNW-T)	 

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ESG Evolution at Gabelli



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Q&A



Risks

Unlike traditional ETFs, these ETFs will not tell the public what assets they hold each day. This may create additional risks for your investment. For example:

- You may have to pay more money to trade an ETF's shares. These ETFs will provide less information to traders, who tend to charge more for trades when they have less information about the underlying holdings.
- The price you pay to buy ETF shares on an exchange may not match the value of an ETF's portfolio. The same is true when you sell shares. These price differences may be greater for the ETFs offered pursuant to this Prospectus compared to other ETFs because these ETFs provide less information to traders with respect to the underlying portfolio holdings.
- These additional risks may be even greater in bad or uncertain market conditions.

The differences between these ETFs and other ETFs may also have advantages. By keeping certain information about an ETF secret, the ETF may face less risk that other traders can predict or copy its investment strategy. This may improve an ETF's performance. If other traders are able to copy or predict an ETF's investment strategy, however, this may hurt the ETF's performance. For additional information regarding the unique attributes and risks of the Funds, see the "Non-Transparent Exchange-Traded Fund ("ETF") Structure Risk", "Early Close/Trading Halt Risk" and "Authorized Participant and AP Representative Concentration Risk" in the "Principal Risks" section of the Prospectus.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. The prospectus, which contains more complete information about this and other matters, should be read carefully before investing. To obtain a prospectus, please call 800 GABELLI or visit www.gabelli.com/funds.

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