

Tuesday, 16 september 2014

Energy, food and water key measures in new investment index

EFW Capital Advisors AG has launched an index to track the performance of financially successful and resource efficient companies using data supplied by environment analyst Trucost.

The Energy, Food and Water (EFW) Efficiency Index enables investors to identify companies best placed to generate long-term growth with lower impacts. EFW Capital Advisors is a specialist investment management partnership based in Switzerland and Brazil.

The index comprises more than 150 companies in the energy, food and water sectors listed on stock exchanges in OECD-area countries including water and power utilities, food and beverage companies, equipment manufacturers and consumer goods companies.

At present, around half of the world's population has limited access to energy, over a billion people suffer from hunger and 700 million live in water-stressed areas. As the global population grows to over 8 billion by 2030, demand for these natural resources will increase.

EFW Capital says companies that produce, supply or consume energy, food and water in the most efficient way are more likely to generate higher growth rates, face fewer risks and deliver better investment returns than less efficient companies. Since 1st January, the EFW Efficiency Index has generated almost 6% higher returns than its MSCI World Index benchmark.

"There is a proven link between the higher growth of companies and their efficiency in dealing with energy, food and water," says Benjamin Ergas, partner and co-founder of EFW Capital Advisors. "The use of natural resources by companies is the economic challenge of the future and, for the first time, the EFW Efficiency Index measures their efficiency and transforms it into an investment opportunity."

The index is made possible using data supplied by Trucost on water use, energy consumption and greenhouse gas emissions for company operations and supply chains. EFW Capital and index provider Solactive use this information as part of their scoring system to assess the performance of companies on resource efficiency and exposure to energy, food and water-related risks.

Richard Mattison, chief executive of Trucost, said:

"The EFW Efficiency Index, powered by data from Trucost, shows investors that supporting more resource efficient companies makes good business sense. Not only can investors generate higher returns with lower risks, they send a signal to the market that should encourage other listed companies to take action to minimize energy and water consumption."