

This week's scan comes again from a subscriber request. She asked us to create a scan to search for five ETFs targeting and/or holding ESG-friendly companies.

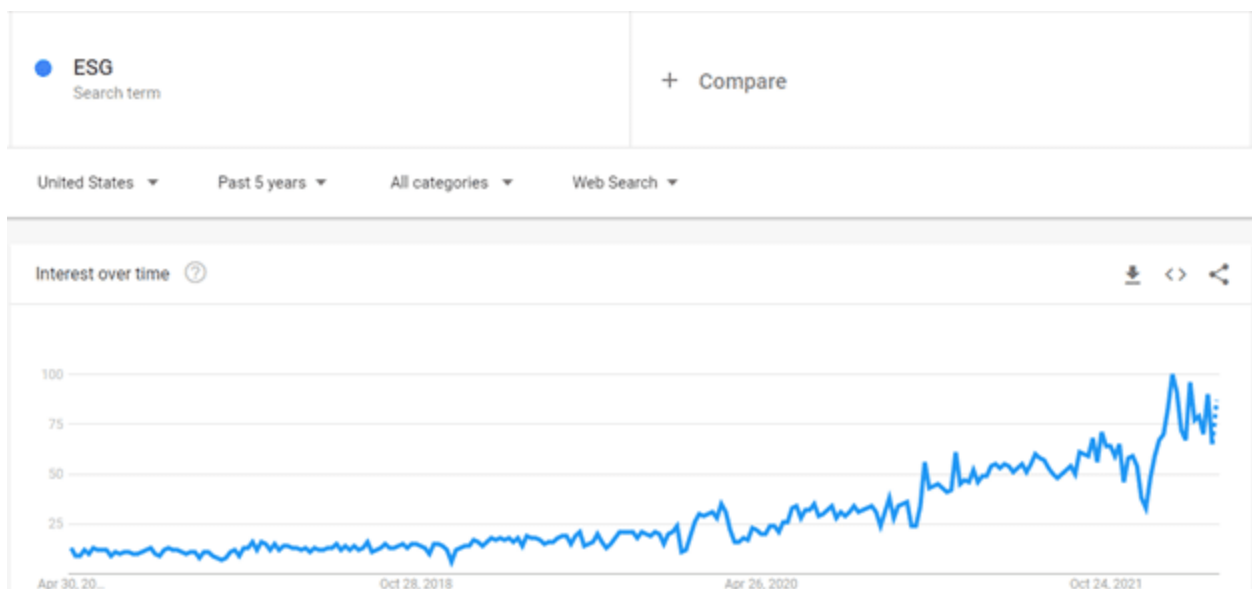
ESG is an acronym gaining popularity in financial media and approaching buzz-word status in the U.S. It stands for Environmental, Social, and Corporate Governance. Per Wikipedia-

*"Environmental, social, and corporate governance is an approach to evaluating the extent to which a corporation works on behalf of social goals that go beyond the role of a corporation to maximize profits on behalf of the corporation's shareholders."*

Companies with high ESG scores often have ESG-friendly operations or policies, or they are taking visible steps in that direction. Many major oil & gas companies' adoptions of targets for lowering emissions are excellent examples of actions being taken toward ESG initiatives.

Although we currently don't favor limiting an investment portfolio to solely ESG investments there are certain stocks with high ESG ratings worth considering.

The graph below shows the steadily increasing popularity of the Google search term "ESG."



This week's scan seeks ESG-friendly ETFs with reasonable expense ratios and valuations. It is important to note we did not scan specifically for ETFs that purely focus on ESG. The population we reviewed includes all ETFs.

## Screening Criteria

We used the following screening criteria:

- Mega-, Large-, Mid- or Multicap ETF
- ETF Assets > \$2B
- Expense Ratio < 0.50%

- **ESG Score is 9/10 or better**
- **ESG Score Peer Percentile is > 60%**
- **P/E < 20**

Symbol	ETF Name	ESG Score	ESG Score Peer Percentile (%)	ESG Score Global Percentile (%)	Carbon Intensity (Tons of CO2e / \$M Sales)	SRI Exclusion Criteria (%)	Sustainable Impact Solutions (%)
BBCA	JPMorgan BetaBuilders Canada ETF	10.0	100.00%	100.00%	315.43	7.45%	1.73%
BBAX	JPMorgan BetaBuilders Developed Asia Pacific-ex Japan ETF	9.83	98.93%	96.90%	234.39	14.64%	8.03%
SPHQ	Invesco S&P 500® Quality ETF	9.01	96.68%	89.92%	52.91	2.01%	2.87%
EFV	iShares MSCI EAFE Value ETF	9.22	83.87%	92.34%	183.09	13.31%	7.32%
SCHF	Schwab International Equity ETF	9.01	71.43%	89.86%	141.94	10.80%	6.80%

## Company Summaries

### JP Morgan BetaBuilders Canada (BBCA)

BBCA holds stocks traded on the Toronto Stock Exchange. The ETF is value-oriented with a P/E of 13.35 and P/B of 1.97. BBCA has a dividend yield of 2.74%. Three of its four most significant holdings are financial institutions. The fund has a low expense ratio of .19%



### JP Morgan BetaBuilders Developed Asia Pacific- ex Japan (BBAX)

BBAX is similar to BBCA but covers Asian companies. The dividend yield is 3.5%. It does have a slightly higher P/E of 16.7 but is still considered value oriented. Like BBCA, BBAX has a good concentration of banking stocks. It too has a low expense ratio of .19%



## Invesco S&P 500 Quality ETF (SPHQ)

SPHQ has a lower expense ratio of .15% and a lower dividend yield at 1.32%. Unlike the first two funds, SPHQ is oriented toward technology. Apple, Visa, Mastercard, and Microsoft are its top four holdings. Morningstar gives each of those companies a four out of four in its ESG Risk Rating Assessment.



## iShares MSCI EAFE Value (EFV)

This global value fund comes with a higher expense ratio of .35% but a strong dividend yield of 4.09%. EFV is only down about 4% this year, handily beating the S&P 500. The portfolio of value stocks in its portfolio is well diversified across the 11 asset classes.



# Schwab International Equity ETF (SCHF)

SCHF is another global fund. It sports the lowest expense ratio of .06% and has a decent dividend yield of 3.35%. The fund is well diversified across sectors and stocks. SCHF holds about 100 stocks with the largest contributor, Nestle, accounting for less than 2% of the ETF.



## Five for Friday

Five for Friday uses stock screens to produce five stocks that we expect will outperform if a particular investment theme plays out in the future. Investment themes may be relevant to the current or expected market, industry and/or economic trends. Investment themes may not always represent our current forecast.

## Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our [disclosures](#) carefully and do your own research before investing.