

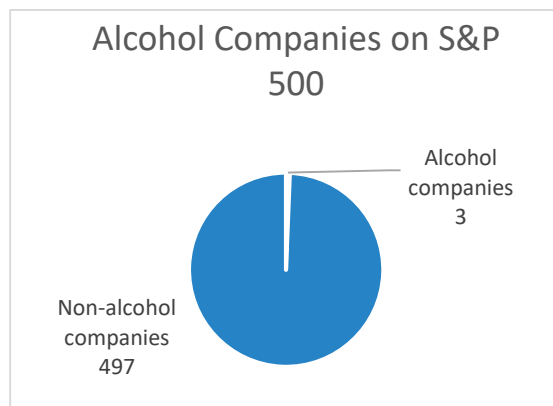
Alcohol Investment for Advantage SRI

Advantage Capital Strategies identifies industries that have detrimental environmental, social, and economic effects and takes action to mitigate risk both through screening and advocating for change.

The Alcohol Industry Explained

The alcohol industry is composed of companies that produce beer, wine, liquor, and other spirits for consumer use.

Advantage Capital Strategies is not screening for companies that derive their primary source of revenue from the alcohol industry. While we acknowledge that the issues associated with this industry are complex, the negative environmental, social, or economic effects we have identified are not major enough to warrant divestment.



The Economic Rationale for Investment

Worldwide, the alcoholic beverages industry was worth \$1,334 billion in 2015, and is expected to grow to \$1,594 billion by 2022.¹ In Canada, the sale of alcohol, beer, and other alcoholic beverages such as spirits and ciders was worth \$22.1 billion in 2015-16, with sales expected to grow.²

Based on current popular sentiment, including the fact that an overwhelming majority of Canadians consume alcohol, we do not view alcohol companies as being at risk of becoming stranded assets. In fact, these companies often have very stable sales levels and can continue to perform well during bear markets.

We continue to monitor this industry as new research becomes available and advocate for treatment and support programming for alcohol abuse issues to be integrated into company business practices.

¹ Allied Market Research: www.prnewswire.com/news-releases/alcoholic-beverages-market-expected-to-reach-1594-billion-globally-by-2022---allied-market-research-618354513.html

² Statistics Canada: www150.statcan.gc.ca/n1/daily-quotidien/170502/dq170502a-eng.htm

The Social Rationale for Investment

Approximately 80% of Canadians consume alcohol, indicating that it is a socially accepted substance and activity.³ Unlike tobacco, there may be positive health effects of consuming alcohol. While the science behind alcohol consumption is mixed, there is evidence to suggest that moderate alcoholic beverage use by adults can reduce the risk of heart attack, stroke, and many cardiovascular diseases.⁴ However, alcohol can also be harmful even in moderation, and alcohol consumed in excess can result in negative health and social effects; regulation and support for individuals with alcohol abuse issues are important.

Most individuals consume alcohol in moderation as a social activity, and like with cannabis, there is no scientific evidence to support the theory that alcohol is a gateway drug: most people who consume alcohol or cannabis do not proceed to consuming ‘harder’ substances such as illicit drugs, and abuse of alcohol is a complex issue involving many factors.⁵ We are supportive of a significant government role in the regulation and taxation of alcohol, including funding for addiction support programs.

The Environmental Rationale for Investment

There are no significant environmental factors associated with the alcohol industry. Our primary drivers for investment are economic and social.

³ Public Health Agency of Canada: [healthycanadians.gc.ca/publications/department-ministere/state-public-health-alcohol-2015-etat-sante-publique-alcool/alt/state-phac-alcohol-2015-etat-aspc-alcool-eng.pdf](https://www.healthycanadians.gc.ca/publications/department-ministere/state-public-health-alcohol-2015-etat-sante-publique-alcool/alt/state-phac-alcohol-2015-etat-aspc-alcool-eng.pdf)

⁴ Harvard University: www.hsph.harvard.edu/nutritionsource/healthy-drinks/drinks-to-consume-in-moderation/alcohol-full-story/

⁵ National Institute on Drug Abuse: www.drugabuse.gov/publications/research-reports/marijuana/marijuana-gateway-drug