

KING & SHAXSON

ethical investing

Platform Portfolio Direct
Equity Brochure
October 2019



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King & Shaxson

King & Shaxson is a long-established City name, with a history that dates back to the mid-nineteenth century. The firm has successfully built on its traditional strengths in the bond and money markets to expand into dealing in equities and fund management. We are owned by PhillipCapital, a financially strong and developing Singaporean financial services company.

PhillipCapital employs over 3,500 staff and is active in 16 countries; including eight in the Far East, Australia, France, India, Spain, Turkey, UAE, United Kingdom and the USA, and has AUM of £2.4bn.

King & Shaxson Ethical Investing provides a distinctive ethical investment management service, with a sole focus on investing in solutions to social and environmental challenges. We have been managing ethical portfolios since 2002, and our MPS products have been active since 2010. The model portfolios were launched following demand from our IFA clients for a discretionary service that could be accessed through platforms.

Introduction

Our discretionary managed model portfolios provide professional investment management for the ethical investor. The four proposed portfolios are designed to meet the majority of financial and ethical needs including:

- Capital preservation
- Capital growth
- Income
- Investment in social and environmental solutions

Although most investments are held for the long-term, we monitor portfolios on a daily basis and can make changes as circumstances dictate, acting both quickly and efficiently, so both IFAs and clients can feel comfortable in delegating the management of their investments to an experienced and reliable manager whom they can trust. Our portfolios constitute comprehensive investment management and include the following:

- Asset allocation
- Investment selection
- Ongoing monitoring
- Changing investments

This report covers the reasoning behind our portfolios. We explain our investment rationale, and include descriptions of the investments so that you have a clear understanding of why we have selected the individual stocks and funds. Our portfolios are actively managed so each portfolio's investments may currently be different to those within this report.

Investment Objectives

The investment objectives of each portfolio are designed to provide a range of four risk approaches to cater for the majority of investors' requirements. These requirements range from those that require a high level of capital protection to those where a high level of risk is acceptable.

These approaches have been defined as:

- Light Green
- Mid Green
- Dark Green
- Cautious Green

These definitions do not characterise the level of environmental exposure but rather the intensity of ethical values within each portfolio. The objectives for each of the three portfolios are included on the individual product sheets on pages 7 to 10 and within the models' Key Features document.

United Nations Sustainable Development Goals

On the 1st Jan 2016 the United Nations ushered in an ambitious set of goals to banish a whole host of social ills by 2030. “The seventeen Sustainable Development Goals (SDGs) are our shared vision of humanity and a social contract between the world’s leaders and the people,” UN Secretary-General Ban Ki-moon said of the 2030 Agenda for Sustainable Development. “They are a to-do list for people and planet, and a blueprint for success,” he added of the 17 goals and 169 targets to wipe out poverty, fight inequality and tackle climate change over the next 15 years. “Turning this vision into reality is primarily the responsibility of countries, but it will also require new partnerships and international solidarity. Everyone has a stake and everyone has a contribution to make. Reviews of progress will need to be undertaken regularly in each country, involving civil society, business and representatives of various interest groups.”

Where possible we try to map our investments into the grid below that shows the 17 SDG’s. Information on our assets can be found further on in the brochure under stock profiles.



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



Ethical Approach

The portfolios are designed to meet the majority of ethical investor’s concerns. However, as the portfolios include a number of collective funds, as well as direct holdings, and also aim to spread the risk of investing in a tightly defined area, there are some ethical compromises. Having said that we aim to make portfolios as ‘ethical’ as possible within the investment constraints of each portfolio.

Avoidance

The portfolios avoid significant involvement in:

- Armaments
- Alcohol
- Human rights abuses
- Tobacco
- Intensive farming
- Poor environmental management

Social & Environmental Solutions

The portfolios also seek to invest in thematic investments that finance solutions to social and environmental challenges such as:

- Renewable energy
- Environmental efficiency
- Public transport
- Healthcare
- Social property
- Resource management
- Sustainable forestry
- Water

Some of these thematic investments do not have specific ethical avoidance criteria, but by their very nature, are largely engaged in socially or environmentally positive activities. We have highlighted any potential ethical issues where they exist.

Social & Environmental Leadership

Non-thematic investments have a bias towards companies that exhibit best social and environmental practice in their industry. General ethical funds are preferred if they demonstrate a rigorous ethical screening and research policy, and employ comprehensive and rigorously applied exclusion criteria.

Ethical Classification*

We have classified each investment to help you understand the ethical make-up of the portfolios:

Acceptable: companies that meet the exclusion criteria but whose products or services are not of direct social or environmental benefit, and which are no more than 'ethically neutral'.

Avoidance: funds whose ethical policy is primarily based on avoiding ethically unacceptable companies.

Best of sector: companies that demonstrate environmental or social leadership in their industry, but whose products or services provide no direct social or environmental benefit.

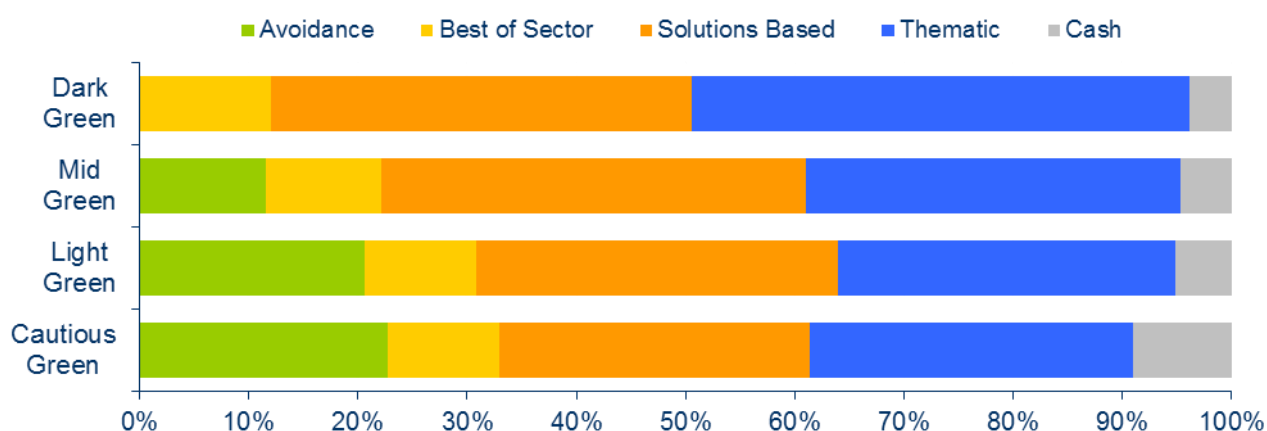
Solutions based: companies whose products or services are of direct social or environmental benefit.

Socially directed: companies that fulfil a particularly important social or environmental function and where the risk/reward ratio may be unattractive were it not for the social return.

Standard setter: companies that are breaking new ground and leading the way.

Thematic: funds investing in companies whose products/services are of direct social/environmental benefit.

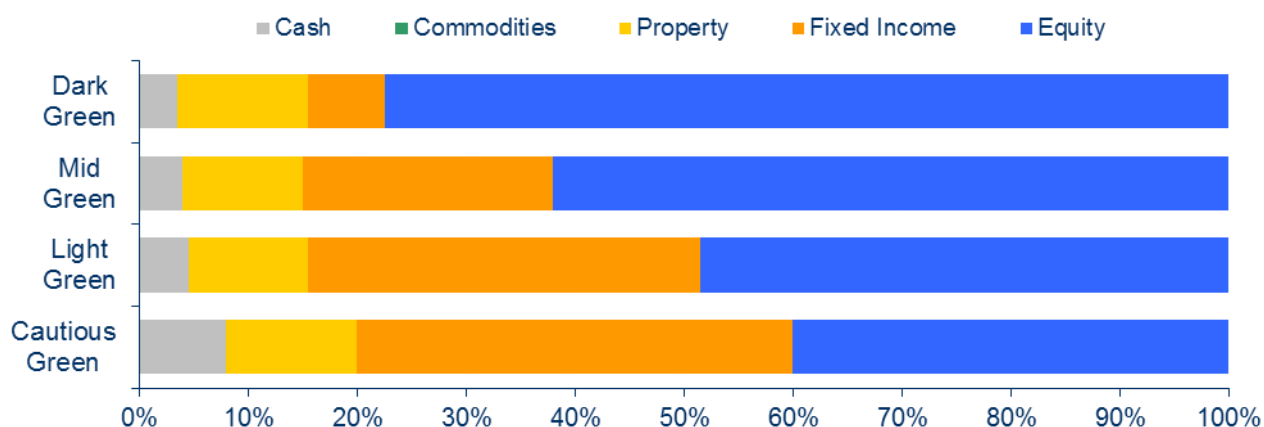
The breakdown of the portfolios is as follows:



*Source: King & Shaxson Capital Limited October 2019

Asset Allocation*

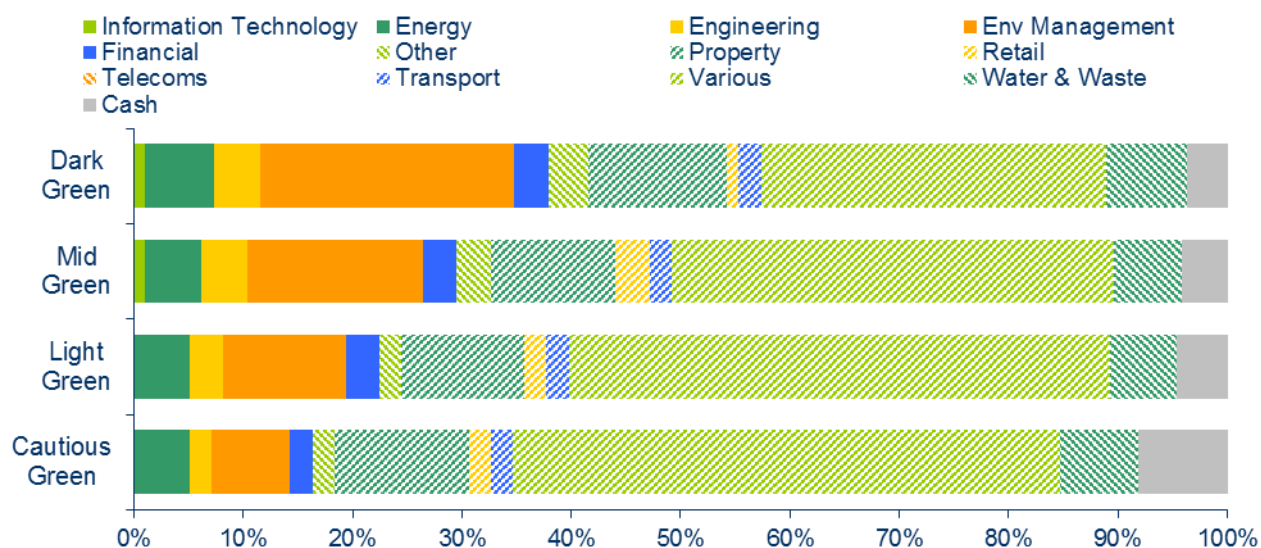
The principle of asset allocation follows the simple adage of not putting all your eggs in one basket. Studies have shown that 90% of a portfolio's performance may be determined by asset allocation rather than stock selection. We therefore determine an appropriate asset allocation to match the risk profile of the portfolio and make adjustments to this over time as changing circumstances dictate. It is also an important tool in defining risk given that each asset class has its own identifiable volatility and return profiles.



*Source: King & Shaxson Capital Limited October 2019

Sector Distribution*

We endeavour to spread the portfolio amongst different types of companies and funds, so that individual components of the portfolio do not rise and fall in tandem. The sector analysis for the proposed portfolios is shown below.



*Source: King & Shaxson Capital Limited October 2019

“Cautious Green” Portfolio

The “Cautious” risk portfolio seeks to provide a higher level of capital stability whilst still allowing investors the ability to achieve long-term growth (10 years). The portfolio is suitable for more risk-averse investors whose financial temperament would tolerate lower volatility in performance..

Stock	Ethical Class	Sector	Geographical	
Fixed Income				40.00%
Rathbone Ethical Bond Fund	Avoidance	Various	UK	10.00%
Sarasin Responsible Bond Fund	Avoidance	Various	UK	10.00%
Threadneedle Social Bond Fd	Thematic	Various	UK	10.00%
M&G Infl-Linked Bond Fund	Acceptable	Various	UK	5.00%
Royal London Index Linked Fd	Acceptable	Various	UK	5.00%
Property				12.00%
INPP	Best of Sector	Property	Global	5.00%
PRS REIT	Solutions Based	Property	UK	3.50%
Triple Point Social Hsg REIT	Solutions Based	Property	UK	3.50%
Equities				40.00%
Transport				2.00%
National Express	Solutions Based	Transport	UK	2.00%
Energy & Energy Efficiency				7.00%
Foresight Solar Fund	Solutions Based	Renewable Energy	UK	3.00%
John Laing Environmental	Solutions Based	Renewable Energy	UK	2.00%
US Solar Fund Plc	Solutions Based	Renewable Energy	North America	2.00%
Environmental Services				16.00%
FP WHEB Sustainability Fund	Solutions Based	Various	Global	4.00%
Pacific Assets Trust	Thematic	Env Management	Asia	4.00%
Hermes Impact Opportunities	Thematic	Impact	Global	3.00%
Kames Global Sustainability	Thematic	Sustainability	Global	2.00%
M&G Positive Impact Fund	Impact	Various	Global	2.00%
Biffa Plc	Solutions Based	Env.Management	UK	1.00%
Finance				2.00%
Aviva	Best of Sector	Financial	UK	2.00%
Engineering				2.00%
Johnson Matthey	Solutions Based	Engineering	Global	2.00%
Water				7.00%
Pictet Water	Thematic	Water	Global	5.00%
Severn Trent	Thematic	Water & Waste	UK	2.00%
Other				4.00%
Sainsbury's Plc	Best of Sector	Retail	UK	2.00%
Smurfit Kappa	Solutions Based	Paper Products	Global	2.00%
Cash				8.00%
Total				100.00%

“Light Green” Portfolio

The “Light Green” risk portfolio seeks to provide a level of capital protection whilst still allowing investors the ability to achieve long-term growth (10 years). The portfolio is suitable for risk-averse investors whose financial temperament can tolerate only a small volatility in performance.

Stock	Ethical Class	Sector	Geographical	
Fixed Income				36.00%
Rathbone Ethical Bond Fund	Avoidance	Various	UK	10.00%
Sarasin Responsible Bond Fd	Avoidance	Various	UK	8.00%
Threadneedle Social Bond Fund	Thematic	Various	UK	8.00%
M&G Index-Linked Bond Fund	Acceptable	Various	UK	5.00%
Royal London Index Linked Fd	Acceptable	Various	UK	5.00%
Property				11.00%
INPP	Best of Sector	Property	Global	4.00%
PRS REIT	Solutions Based	Property	UK	3.50%
Triple Point Social Housing REIT	Solutions Based	Property	UK	3.50%
Equities				48.50%
Transport				2.00%
National Express	Solutions Based	Transport	UK	2.00%
Energy & Energy Efficiency				7.00%
Foresight Solar Fund	Solutions Based	Renewable Energy	UK	3.00%
John Laing Environmental	Solutions Based	Renewable Energy	UK	2.00%
US Solar Fund Plc	Solutions Based	Renewable Energy	North America	2.00%
Finance				3.00%
Aviva	Best of Sector	Financial	UK	3.00%
Environmental Services				23.50%
FP WHEB Sustainability Fund	Solutions Based	Various	Global	5.00%
Hermes Impact Opportunities	Thematic	Impact	Global	5.00%
Impax Environmental Markets	Thematic	Env Management	Global	4.00%
Pacific Assets Trust Plc	Thematic	Env Management	Asia	4.00%
M&G Positive Impact Fund	Impact	Various	Global	2.50%
Kames Global Sustainability	Thematic	Sustainability	Global	2.00%
Biffa Plc	Solutions Based	Env.Management	UK	1.00%
Engineering				3.00%
Johnson Matthey	Solutions Based	Engineering	Global	2.00%
Spectris	Solutions Based	Engineering	UK	1.00%
Water				6.00%
Pictet Water	Thematic	Water	Global	4.00%
Severn Trent	Solutions Based	Water & Waste	UK	2.00%
Other				4.00%
Sainsbury's Plc	Best of Sector	Retail	UK	2.00%
Smurfit Kappa	Solutions Based	Paper Products	Global	2.00%
Cash				4.50%
Total				100.00%

“Mid Green” Portfolio

The “Mid Green” portfolio seeks to provide a balance between capital appreciation and income enhancement by investing in a diversified portfolio of asset classes over the long-term (10 years). The portfolio is suitable for those whose financial situation can tolerate a moderate level of volatility in performance.

Stock	Ethical Class	Sector	Geographical	
Fixed Income				23.00%
Rathbone Ethical Bond Fund	Avoidance	Various	UK	10.00%
M&G Index-Linked Bond Fund	Acceptable	Various	UK	5.00%
Royal London Index Linked Fd	Acceptable	Various	UK	5.00%
Threadneedle Social Bond Fund	Thematic	Various	UK	3.00%
Property				11.00%
INPP	Best of Sector	Property	Global	4.00%
PRS REIT	Solutions Based	Property	UK	3.50%
Triple Point Social Housing REIT	Solutions Based	Property	UK	3.50%
Equities				62.00%
Transport				2.00%
National Express	Solutions Based	Transport	UK	2.00%
Energy & Energy Efficiency				7.00%
Foresight Solar Fund	Solutions Based	Renewable Energy	UK	3.00%
John Laing Environmental	Solutions Based	Renewable Energy	UK	2.00%
US Solar Fund Plc	Solutions Based	Renewable Energy	North America	2.00%
Finance				3.00%
Aviva	Best of Sector	Financial	UK	3.00%
Environmental Services				32.00%
FP WHEB Sustainability Fund Acc	Solutions Based	Various	Global	6.00%
Hermes Impact Opportunities	Thematic	Impact	Global	6.00%
Impax Environmental Markets	Thematic	Env Management	Global	6.00%
Pacific Assets Trust Plc	Thematic	Env Management	Asia	5.00%
M&G Positive Impact Fund	Impact	Various	Global	4.00%
Kames Global Sustainability	Thematic	Sustainability	Global	3.50%
Biffa PLC	Solutions Based	Env.Management	UK	1.50%
Engineering				4.00%
Johnson Matthey	Solutions Based	Engineering	Global	3.00%
Spectris	Solutions Based	Engineering	UK	1.00%
Other				8.00%
Sainsbury's Plc	Best of Sector	Retail	UK	2.00%
Smurfit Kappa	Solutions Based	Paper Products	Global	2.00%
ASOS Plc	Best of Sector	Retail Clothing	UK	1.00%
Cranswick Plc	Solutions Based	Retail – Foodstuffs	UK	1.00%
Iomart Plc	Best of Sector	Other-Cloud services	UK	1.00%
Sheffield Insulation Group (SIG)	Solutions Based	Construction materials	UK	1.00%
Water				6.00%
Pictet Water	Thematic	Water	Global	4.00%
Severn Trent	Thematic	Water & Waste	UK	2.00%
Cash				4.00%
Total				100.00%

“Dark Green” Portfolio

The “Dark Green” risk portfolio seeks to achieve high returns. Investors must be prepared to accept a higher level of risk and volatility in the expectations of higher than average returns over the longer term (10 years). The portfolio is suitable for those whose financial situation can tolerate a higher level of volatility in performance.

Stock	Ethical Class	Sector	Geographical	
Fixed Income				7.00%
Threadneedle Social Bond Fd	Thematic	Various	UK	3.00%
M&G Index-Linked Bond Fund	Acceptable	Various	UK	2.00%
Royal London Index Linked Fd	Acceptable	Various	UK	2.00%
Property				12.00%
INPP	Best of Sector	Property	Global	5.00%
PRS REIT	Solutions Based	Property	UK	3.50%
Triple Point Social Hsg REIT	Solutions Based	Property	UK	3.50%
Equities				77.50%
Transport				2.00%
National Express	Solutions Based	Transport	UK	2.00%
Energy & Energy Efficiency				8.00%
Foresight Solar Fund	Solutions Based	Renewable Energy	UK	3.00%
John Laing Environmental	Solutions Based	Renewable Energy	UK	2.00%
US Solar Fund Plc	Solutions Based	Renewable Energy	North America	2.00%
Good Energy	Solutions Based	Renewable Energy	UK	1.00%
Finance				3.00%
Aviva	Best of Sector	Financial	UK	3.00%
Environmental Services				47.00%
Impax Environmental Markets	Thematic	Env Management	Global	10.00%
FP WHEB Sustainability Fund	Solutions Based	Various	Global	9.00%
Pacific Assets Trust Plc	Thematic	Env Management	Asia	7.50%
Hermes Impact Opportunities	Thematic	Impact	Global	6.00%
Kames Global Sustainability	Thematic	Sustainability	Global	5.00%
M&G Positive Impact Fund	Impact	Various	Global	5.00%
Triodos Sustainable Pioneer	Sustainability	Various	Global	3.00%
Biffa Plc	Solutions Based	Env.Management	UK	1.50%
Engineering				4.00%
Johnson Matthey	Solutions Based	Engineering	Global	3.00%
Spectris	Solutions Based	Engineering	UK	1.00%
Other				6.50%
Smurfit Kappa	Solutions Based	Paper Products	Global	2.00%
Cranswick	Solutions Based	Retail – Foodstuffs	UK	1.50%
ASOS Plc	Best of Sector	Retail Clothing	UK	1.00%
Iomart Plc	Best of Sector	Other-Cloud services	UK	1.00%
Sheffield Insulation Group (SIG)	Solutions Based	Construction materials	UK	1.00%
Water				7.00%
Pictet Water	Thematic	Water	Global	5.00%
Severn Trent	Thematic	Water & Waste	UK	2.00%
Cash				3.50%
Total				100.00%

Stock Profiles

These descriptions give a brief ethical rationale for each investment held in the proposed portfolios.

Fixed interest securities (see “Risk Factors” on p.16 for associated risks)

As holders of fixed interest securities, funds are entitled to the relatively high level of interest, which can be particularly useful for income, or it can be re-invested to increase capital returns. The capital value rises and falls depending on interest rates, the perceived creditworthiness of the institution and demand, but the risk involved is usually significantly less than equities.

M&G Index-linked Bond Fund (Avoidance – general fund)

This Fund aims to protect the value of your capital and income from inflation by generating a return consistent with or greater than UK inflation over the medium to long term. The fund invests mainly in investment grade government and corporate bonds, including inflation-linked corporate bonds, floating rate notes and other fixed income instruments.

Rathbone Ethical Bond Fund (Best of Sector – ethical fund)

This corporate bond fund is distinguished by having a discernable focus on social housing and mutuals, as well as small holdings in microfinance and disability organisations. Like other ethical corporate bond funds, the fund largely invests in financial companies including major high street banks, but the positive emphasis is in contrast to other providers of ethical bond funds that largely focus on avoiding ethically unacceptable companies.

Royal London Index Linked Fund (Avoidance – general fund)

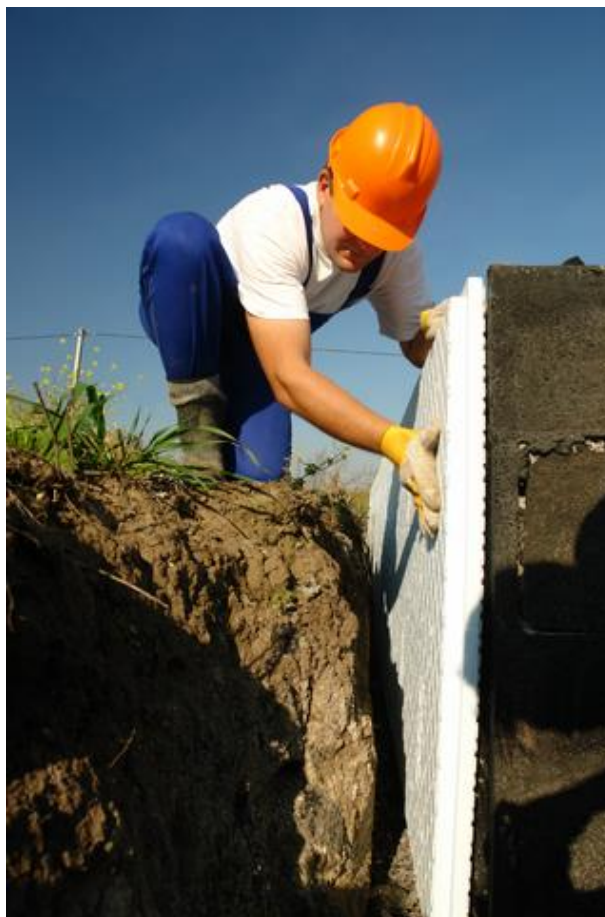
This fund seeks to achieve a combination of income and capital growth over the medium to long term. The Index-Linked Fund invests in a broad range of UK government index-linked bonds to offer insulation against moves in inflation.

Sarasin Responsible Corporate Bond Fund (Avoidance – Responsible Fund)

The fund has existed for several years, given Sarasin’s heritage with Charity clients. This fund employs a diverse portfolio of responsibly screened corporate bonds and other carefully selected credit instruments. Holdings are chosen on the basis of strong credit fundamentals and attractive valuations, prior to an intensive ESG analysis that examines each factor independently. However, unlike many similar funds, it is highly allocated to instruments with a focus on social and environmental challenges, including transport, water and social housing. The fund will also avoid investments in tobacco, alcohol, munitions, thermal coal and oil from tar sands.

Threadneedle UK Social Bond Fund (Thematic – specialist ethical fund)

This was the first fund to unlock the full potential of bonds to deliver both financial returns and positive social outcomes. The fund was born out of a partnership with Big Issue Invest and this link enhances and validates the social outcome of the fund. The Fund Manager Simon Bond is very passionate in his support for responsible investment and is a shining light in this area.



Property (see “Risk Factors” on p.16 for associated risks)

A proportion of the portfolio is invested in commercial property funds. Most commercial property funds invest in a mixture of office, light industrial and retail premises and produce a good yield through their rental income.

International Public Partnerships (Solutions-based – social infrastructure)

This fund invests in infrastructure with a social purpose. The focus is on schools, police stations, hospitals and health centres, not only in the UK, but also in Australia, Europe and Canada.

PRS REIT (Solutions based – housing)

This Real Estate Investment Trust invests in private rental housing for which demand exceeds supply and there is considerable need. With the average deposit now payable by first time buyers representing 62%* of their annual salary, many are unable to buy property and are renting instead. However, rental property is predominantly comprised of private, small scale ownerships providing stock of varying quality. The PRS REIT is creating a portfolio of newly constructed, professionally managed housing for families in popular, convenient locations. The properties are constructed by Countryside Properties and Keepmoat, the former being a leader amongst housebuilders on sustainability.

Triple Point Social Housing REIT (Solutions based – housing)

This is a new REIT launched by a company with over ten years' experience in housing and leasing. There have been a few REITs launching in the Social Housing sector recently, what makes this investment appealing is that the housing will be focussing predominately (minimum 80%) in the specialised Supported Housing sector. Supported Housing is individually adapted accommodation for vulnerable tenants with support and care provided on site. This reflects a growing policy to move individuals in need of care out of institutional style care homes and into more suitable independent but supported community based residential accommodation.

Forestry (see “Risk Factors” on p.16 for risks associated with Commodities)

Wood is one of only three commodities to have increased in value in real terms over the last 100 years (the others being oil and gold), but much of the world's forests have been raped. This has been particularly devastating for the world's hardwood forests, but demand has remained firm and as demand for wood exceeds supply, we believe that there is long term potential for this type of investment.

**Pictet Timber Fund (Acceptable – forestry & paper)**

This fund invests in all aspects of the timber and paper business. It has the majority of investments in North America with substantial holdings in the tropics, notably Brazil and SE Asia. The fund does apply sustainability criteria and timber is largely certified according to one or more internationally accepted sustainability standards.

Equities (see “Risk Factors” on p.16 for associated risks)

Equities or shares are simply investments in companies, with the total return comprising dividend income (what the company pays out of its profits once or twice a year to its shareholders) and capital appreciation by virtue of an increasing share price. Either dividend income can be taken to provide an income or it can be re-invested to increase total returns. Funds invest in a wide range of equities and we invest in a variety of funds to spread the risk further.

TRANSPORT**National Express (Solutions-based – transport)**

National Express is perhaps best known for its bus and coach operations in the UK, but the majority of profits are earned in the US through its student transport and public transit divisions, and in Spain where it runs coach and urban bus services. The company's rail operations are relatively small being limited to the 2c (London to Essex) business – a franchise which has the best customer feedback in the UK and has excellent standards of punctuality. By its very nature, the company is helping to reduce the nation's carbon footprint as coach travel is the least carbon intensive of the major forms of transport. National Express has relatively poor corporate social responsibility reporting, although progress against key environmental and social impacts is being made and results are made transparent, with a 50% drop in greenhouse gas emissions since 2004 and a significant improvement in its safety record.

ENERGY & ELECTRICITY

Foresight Solar Fund (Solutions based – Renewable energy)

Foresight Solar Fund invests in operating UK solar power plants to provide shareholders with a sustainable and increasing income stream. The Company will invest in a portfolio of UK ground-based solar power assets through a premium listed vehicle - the largest of its kind in the UK. The UK Government has put a strong emphasis on incentivising investment in renewable energy by introducing a supportive regulatory framework and “grandfathering” subsidies for installed capacity. The Department for Energy and Climate Change (DECC) is now classifying solar PV as a “key technology” for reaching the UK’s renewables target and latest estimates show that solar capacity could reach 11.9GW by 2020 from current levels of around 2.5GW. This demonstrates the importance of solar PV technology as part of a diverse low carbon and secure energy mix in the UK which, as a result, is likely to provide future investment opportunities for the potential growth of the Company.

Good Energy (Solutions-based – renewable energy)

Good Energy was set up to promote and stimulate the renewable-energy market through growing the demand for renewable electricity. The company is primarily an electricity distributor rather than a generator, although it currently produces 30% of its electricity needs, primarily from rooftop solar installations and wind farms. Where it buys electricity in, Good Energy’s strategy is to actively seek out and contract generators from wind, hydro, solar PV and various suitable bio-generation sources up to an installed capacity of 20MW (i.e. small generators). It also has a policy of only purchasing from renewable generators that have proven records of environmental responsibility and scores prospective suppliers according to a set of environmental criteria to evidence best practice. Due to customer demand, the company also supplies conventional gas and uses the profit from this to develop further renewable sources of energy. It has also been working hard to remove market barriers to smaller-scale generation. Previously it has been very difficult for householders or small businesses to install solar panels or a wind turbine on their property and receive an income against this. The company will pay for all of the power generated by a home generator, for example from solar panels, small-scale wind and small-scale hydroelectric turbines.

John Laing Environmental Assets (Solutions based – clean energy & technology)

The fund invests in renewable energy (including solar, wind, hydropower and biomass technologies), the supply and treatment of water, the treatment and processing of waste, and projects that promote energy efficiency. Currently, this includes 19 operational onshore wind, PV solar, and waste and waste water processing projects in the UK. They have recently added some anaerobic digestion plants into their portfolio. The fund benefits from first refusal on a pipeline of assets from the John Laing group.

US Solar Fund (Solutions based – renewable energy)

This is a brand new fund, launched in April 2019 from New Energy Solar. New Energy Solar buys, owns and manages large scale solar generation facilities. The company was established in Australia in 2015 with the dual objective of generating positive social impact from their renewable energy assets whilst providing attractive financial returns from the sale of the energy. Building on their success in the Australian market they began to look at other solar assets elsewhere, which led them to the US opportunity. The company may also invest in other renewable energy assets.

FINANCE

Aviva (Best of Sector – Insurance & Investment)

Aviva is one of the world’s largest insurers, providing general insurance and Life, Pensions and savings products. Aviva’s investment management arm engages with the companies in which it invests on social and environmental issues, and is one of the key players in the Socially Responsible Investment market, and the insurer was an early leader in planning for climate change.



ENVIRONMENTAL SERVICES

Biffa (Solutions based – recycling and waste management)

Biffa is one of the leading waste collection and processing companies in the UK, serving more than 2 million households. Is the preferred provider for 5 of the 10 councils with the highest recycling rates and offers single stream and mixed recycling, as well as waste collection and asbestos removal. All food waste is processed at an anaerobic digestion facility, producing both renewable energy and fertiliser. Its' operation are certified to environmental standard ISO14001, whilst the company has significantly and progressively reduced its carbon emissions per tonne of waste processed. Commendably, the company has fitted its' vehicles with CCTV to help prevent rough sleepers being accidentally lifted into the waste trucks, with 150 potential deaths having been avoided in 2015/16 alone.

Hermes Impact Opportunities Fund (Thematic – Impact fund)

This is a new fund that launched in December 2017. In the first six months the size of the fund has already grown to over £150mio. On having met the team behind this fund we feel that their passion for impact investing possibly surpasses ours. They look to find pioneers of the future and go further than the headline 17 UNSDG's, taking into account the 100+ targets underlying this framework.

Impax Environmental Fund (Solutions based – environmental technology fund)

The fund invests in quoted companies that provide, use, implement or advise upon technology-based systems, products or services in environmental markets. This breaks down into alternative energy and energy-efficiency, water treatment and pollution control, and waste technology and resource management.

Kames Global Sustainability Fund (Thematic based – Sustainability fund)

Continuing Kames 27 year commitment to responsible investing this is a new fund launched in May 2016. This Fund will search for the best global bottom-up investment ideas, following the outcomes of their in-depth sustainability analysis and strong and consistent investment process. The foundations of their sustainability process are Environmental, Social and Governance (ESG framework) criteria.

M&G Positive Impact Fund (Thematic – Impact fund)

This is a brand new fund, having only launched in December 2018. The M&G team have taken a while to launch this fund as they were looking to get it right. They held many consultations with external parties with experience in impact investing to make sure the product was fit for purpose, and not just another label. The investing team led by John Willian Olsen will look to invest in companies that have a positive impact on society through addressing the world's major social and environmental challenges.

Pacific Assets Trust Plc (Thematic – sustainable fund)

The Pacific Assets Trust is managed by First State who have built on their existing expertise in emerging markets, adopting a pragmatic but well thought-out approach. Gearing is limited to 25% and the manager does not anticipate using this facility. This is not an ethical fund as such and employs no exclusion criteria. Instead, it seeks to invest in companies providing sustainable goods and services such as healthcare, in responsible finance, by which it means old-style banks and insurance companies that support the actual economy; and in infrastructure that is so important in developing countries – things like waste management and water. Notably, the fund avoids mining and tobacco companies as they do not fit the long-term sustainability mandate, whilst environmental and social governance issues are considered for every

investment and management undertakes constructive engagement with companies. The fund focuses on companies that are long term beneficiaries of sustainable growth in emerging markets, investing in sectors like consumer staples, banks, telecommunications, utilities, healthcare and information technology. The track record of the fund is very good and it provides exposure to the fast growing markets of Asia, with a well thought-out sustainability overlay.

Triodos Sustainable Pioneer fund (Solutions based – sustainability)

This fund from a well-respected house aims to generate positive impact from a concentrated portfolio of small and mid-cap companies pioneering the transition to a sustainable society. The Fund Management team selects companies for their contribution to seven sustainable transition themes. Through this analysis companies are identified and the impact of ESG materiality on these themes is assessed. The companies invested in have to comply with Triodos' strict minimum standards.

WHEB Sustainability Fund (Solutions-based – sustainable fund)

This fund invests in three areas – healthcare, water and climate change solutions. This is a response to three key issues: demographic trends which mean that people are living longer and require a disproportionate amount of healthcare; aging water infrastructure in the developed world and demand exceeding supply of clean water in the developing world; and climate change which means a long-term change from fossil fuels to renewable energy. WHEB has invested heavily in a large and knowledgeable team, making it one of the undoubted leaders in solutions-based investing. Although the fund is not an ethical fund, it makes far less ethical compromises than other thematic funds and all holdings are clearly focussed on the core themes.

ENGINEERING

Johnson Matthey (Solutions-based – pollution control, efficiency)

Johnson Matthey (JM) is a speciality chemicals company, focused on precious metals, catalysts and speciality chemicals. The company has a clear sustainability vision with 93% of Johnson Matthey's products delivering a sustainability benefit in the fields of clean air, efficient use of natural resources and health. Products include catalysts that reduce the cost of pharmaceuticals and improve the efficiency and environmental impact of industrial processes. JM is also the market leader in emissions control in the transport industry. The company has halved the volume of resources per unit of output that it consumes since 2007 and is making strenuous efforts to reduce its waste to landfill to zero. The company does test its chemicals on animals but seeks to reduce this wherever possible. Its process technologies division provides services to the shale gas, oil and coal industries but these improve efficiencies. Johnson Matthey operates on a truly global basis and has clear supply chain policies in recognition of this.

Spectris (Solutions based – control engineering)

Spectris is a diverse engineering company whose products result in significant environmental benefits. These include the detection of hazardous materials and soil contaminants, safety controls and reduced consumption of fuel at power stations.

OTHER

ASOS (Best of sector – clothing retail)

ASOS is a leading online fashion retailer. The company's strapline is 'fashion with integrity' and this is borne out by its policies in practice. Specifically, the company has instituted a 'doing the right thing' code of integrity that embraces ethical trading and sustainable sourcing. All supplier factories are audited for social compliance, whilst both employees and suppliers undergo training in ethical trading. The sustainable sourcing programme revolves around the traceability of raw materials and capturing sustainability in data in supplier scorecards. High standards of animal welfare are demanded of suppliers where clothing includes animal derived products. No fur is used. The carbon intensity of the business has been significantly reduced since a programme was instituted to do so.

Cranswick (Best of Sector – animal feed and organic pork)

This East Yorkshire-based company was formed in the early 1970s by farmers to manufacture pig feed and, soon afterwards, began to market pigs. Activities have since been extended from this agricultural base into the pet and food manufacturing sectors, with a focus on specialist, but related businesses. Cranswick produces its own animal feed within the group, as well as producing outdoor reared and organic pigs in partnership with local farmers. All sites within the group are Soil Association approved.

lomart Plc (Best of sector – information technology)

lomart operates data centres mainly in the UK but also now throughout the world, providing secure and energy efficient hubs for providers of content and applications that make up the internet. It is more energy efficient for customers to use lomart rather than using their own servers and lomart is an environmental leader with all data centres being certified to environmental standard ISO14001. The company works alongside Microsoft with Rainforest Concern and donates £3 for every Office 365 license sold by lomart to the charity.

Sainsbury's Plc (Best of sector – Retail supermarket)

This well-known supermarket chain has been long-established as a leader in terms of its environmental management and social commitment, and it has now committed to 20 ambitious sustainability goals by 2020. For example, Sainsbury has stated that it will only source meat, eggs and dairy produce from suppliers with independently verified higher welfare standards. Furthermore, they aim to reduce their operational carbon emissions by 30% absolute and 65% relative (to 2005). It sells the most British apples and pears in the UK, sources 90% of its wood and paper products from FSC certified sources; and manages its food and operational waste such that none goes to landfill. Sainsbury is the UK's largest retailer of MSC certified fish and aims to only sell sustainably certified fish by 2020. Sainsbury's has signed up to Courtauld 2025, an ambitious voluntary agreement to make food and drink production and consumption more sustainable. They are working to put as much waste as possible to good use. This includes working with farmers and growers to reduce food waste in their supply chain, sending surplus food waste from their stores to their charity food donation partners and recovering energy from their waste.

Sheffield Insulation Group (Solutions based – construction materials)

SIG is a leading European supplier of specialist building materials. Founded in 1957 in Sheffield, SIG has grown from a single site insulation distribution business into a multinational specialist distribution business operating in three different market sectors: Insulation and Interiors, Roofing and Exteriors and Air Handling. SIG operates a combined Health, Safety and Environmental (HSE) Policy and management system to OHSAS 18001 for health and safety and ISO 14001 for the environment. The company is committed to reducing fuel, energy and water consumption as well as waste. Across their property portfolio, they continue to invest in capital projects, including energy efficient movement and daylight censored LED lighting systems, energy efficient heating and cooling systems and energy-efficient hand driers. Between 2016 and 2017, the company reported a 13.7% reduction in emissions from electricity consumption. The SIG Group has two manufacturing sites in Southport, UK and Alizay, France that use a small amount of water as part of a manufacturing process. Both installations maintain water filtering, recycling and reuse practices to minimise any wastage of potable water.

Smurfit Kappa (Solutions based – Paper products)

This FTSE 100 Company is a global leader in providing paper-based packaging, with operations in 21 European countries and 12 countries across the Americas. They are the only Pan-American producer of containerboard and corrugated packaging. They offer an unrivalled portfolio of paper-packaging solutions, which they are continuously updating with new, market-leading innovations. Almost all of the raw materials they use are sourced from their own paper mills. Because their products are 100% renewable and produced sustainably, Smurfit Kappa can help their customers reduce their environmental footprint. Their approach to sustainability aims to drive positive change throughout, from sustainable sourcing of key raw materials to minimising their operational impact and lowering the environmental footprint of their consumers. To deliver on their vision, the company focuses on five priority areas of sustainability: forests, climate change, water, waste and people. Each area is supported by measurable targets and a detailed understanding of each topic. Sustainable sourcing is another integral part of the company's sustainability visions and strategy. By developing more sustainable supply chains, they can manage risks and costs, innovate, develop new revenue streams, and add value to the brands of Smurfit Kappa and of their customers.

WATER**Pictet Water (solutions based – water management and provision)**

Pictet is one of the pioneers of thematic investing and their water fund was the first of its type, dating as far back as 2000. Investment in water themes has been identified as one of the key macro strategies with the challenges of supply, ageing infrastructure and rapidly increasing demand creating strong tailwinds for stocks in the sector. Increasing urbanisation, a chronic lack of sanitation infrastructure in the developing world, rising privatisation, and ever increasing demand from agriculture, industry and municipalities have all put pressure on scarce clean water resources. In turn this provides a very strong driver for the water industry over many decades. In practice, this means investing at least two-thirds of its total assets in the shares of companies

operating in the water sector worldwide, although at an individual stock level, only 20% of the revenues need to be derived from water related activities (in practice it is invariably much higher than this). These include water supply, processing services, water technology and environmental services. Environmental and Social Governance risks are also monitored to avoid ethical controversies. This fund is very proven, backed by substantial resources and attracts a four star 3D rating. Pictet is also committed to a sustainable approach in its' internal operations and has a strong philanthropic tradition, exercised through its' charitable foundation.

Severn Trent Water (Solutions based – water and waste management)

Severn Trent is a major provider of water and waste water services. Several of its operations are certified to the ISO14001 standard and 34% of the group's energy requirements are met from its own generation of renewable energy, whilst the company has invested in sewage treatment technologies that result in large carbon savings. Over two thirds of 'waste' energy is recovered. The majority of the group's sites are covered by a biodiversity action plan. Severn Trent Water has maintained high levels of drinking water quality and environmental protection for rivers. ST offers a capped tariff for customers on certain social benefits who use high volumes of water and meter this usage, giving ST an incentive to reduce water consumption. Leakage continues to be reduced, and the company provides free home audits to help customers save water.

Risk Factors **Equity Securities**

Investments will include equity securities and equivalents of issuers in multiple jurisdictions, including issuers in emerging markets, of any market capitalisation (e.g. small, mid or large). Equity securities may include common and preferred stocks and warrants and equivalents (including convertible securities). As a result of investments in equity securities, the Portfolio will be exposed to the risks typically associated with equity investing. These risks include the general risk of broad market declines and specific risks relating to an issuer, such as management performance, financial leverage, financial position, industry problems and reduced demand for the issuer's goods or services.

Fixed Income Securities

Investments will include fixed income securities of corporate and government issuers in multiple jurisdictions. Such fixed income securities are not required to satisfy any minimum rating standard and may include instruments that are in poor standing and that have predominately speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. Fixed income securities are subject to the risk that the issuer may default on the payment of principal and /or interest. The prices of fixed income securities are inversely affected by changes in interest rates and thus are subject to the risk of market price fluctuations. In addition, changes in the credit ratings of a fixed income security or in the perceived ability of the issuer to make payments of principal and interest also may affect the security's market value.



Property Funds

Investments will include property and land through holding investments in property funds. Property and land can be difficult to sell so the fund may not be able to react to prevailing market conditions by selling/cashing in these holdings when they would like to. This may result in shares in the property fund losing value. In extreme circumstances, trading in the property fund could be suspended. A further risk to the value of a property fund is that the value of the property is often a matter of the valuer's opinion rather than fact.

Commodities

Investments in commodities whether by funds or via companies substantially involved with them may expose investors to risks not typical of other investments. Companies associated with commodities and the funds invested in them may have assets in less developed countries which have political, legal and social systems that are less stable than those found in developed countries or markets. The assets of the companies, the commodities and derivatives associated with them may be subject to or affected by conditions such as drought, flood, weather, disease, trade embargo, war or political unrest etc which may substantially affect their value. Commodity funds may hold physical assets that may not be insured and subject to risks associated with high value items.

Emerging Markets

Investments in emerging markets may expose investors to risks not typically associated with similar investments in more developed markets. The classification of a country as an 'emerging market' is generally based on the relative economic, political and social development and is by necessity subjective. Some of the risks associated with emerging markets are similar to those affecting more developed economies but the undeveloped nature of an emerging economy may mean that they are more pronounced or have a longer and deeper effect. Country risk covers such factors as natural disasters that may have a greater effect on the economy and financial systems of an emerging market. The less well-developed financial systems may mean that financial instability is more common and may be more exaggerated both by internal factors such as inflation or external factors such as changes in currency values. Many emerging markets experience rapid and significant changes in political control that may result in unpredictable changes of economic policy. Settlement, custodial and clearing systems may not be fully developed and investors may be subject to political intervention or risks arising from less developed systems and standards. Emerging companies may not be as economically stable as companies in more developed countries and as well as potentially subject to political intervention may have enhanced risk in terms of failure to meet their obligations.



Liquidity Risk

Not all securities or instruments invested in by us will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. We may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

Foreign Exchange Risk

Assets may be denominated in a currency other than Sterling and changes in the exchange rate between Sterling and the currency of the asset may lead to a depreciation of the value of the Portfolio as expressed in Sterling.

Suspensions of Trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

Absence of Regulation

We may from time to time deal with you or for you in circumstances in which the relevant transaction is not regulated by the rules of any investment exchange and we may deal for you on an exchange that has not been recognised or designated by the FCA. The protection offered by such limited supervision may be less effective than if a regulator in another jurisdiction exercised full supervision.

General Information

Company Information

King & Shaxson Asset Management Limited (Reg. No. 3870667) has its registered office at 1st floor, Cutlers Court, 115 Houndsditch, London, EC3A 7BR. The Company is registered in England and Wales and is part of the PhillipCapital Group. King & Shaxson Asset Management Limited (FCA Reg. No. 823315) is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN.

Requests for further information from King & Shaxson Ethical Investing can be made in writing, by phone or by email to any of the contact details listed below. Please ensure all communications are in English.

Conflicts of Interest

The companies within the King & Shaxson (K&S) Group provide a wide range of services to many sectors within the financial markets. As such, K&S, or a company with whom it has an association, may from time to time have interests which conflict with its client's interests or with the duties that it owes its clients. These include conflicts arising between the interests of K&S, its associates and employees on the one hand and the interests of its clients on the other and also conflicts between clients themselves.

K&S has established procedures, which are designed to identify and manage such conflicts. These include organisational and administrative arrangements to safeguard the interests of its clients. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

Valuations & Performance

The Company provides a monthly market update, and a commentary on any changes to portfolios.



Please see important information

All information contained in this document has been prepared by King & Shaxson Ethical Investing. King and Shaxson Ethical Investing manage funds and portfolios only; we are not stock brokers and do not offer investment advice or conduct advisory or execution only business. Please remember that the value of investments and the income arising from them may fall as well as rise and is not guaranteed. You may not get back the amount invested, especially in the early years.

Fees & Charges

King & Shaxson Charges

Annual Fee	0.60% inc VAT (Tiered depending on size)
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Other Charges

Platform initial fee	As agreed with IFA and platform provider
IFA fee	As agreed between the IFA and client
Underlying fund charges	0.61 – 0.71% per annum (depending on the portfolio and platform)

For further information please contact

Peter Thompson
Business Development Manager
King & Shaxson Ethical Investing
First floor, Cutlers Court
115 Houndsditch, London, EC3A 7BR

Phone: 07936 368474 Email: ethical@kasl.co.uk
Website: www.kingandshaxsonethical.co.uk

