

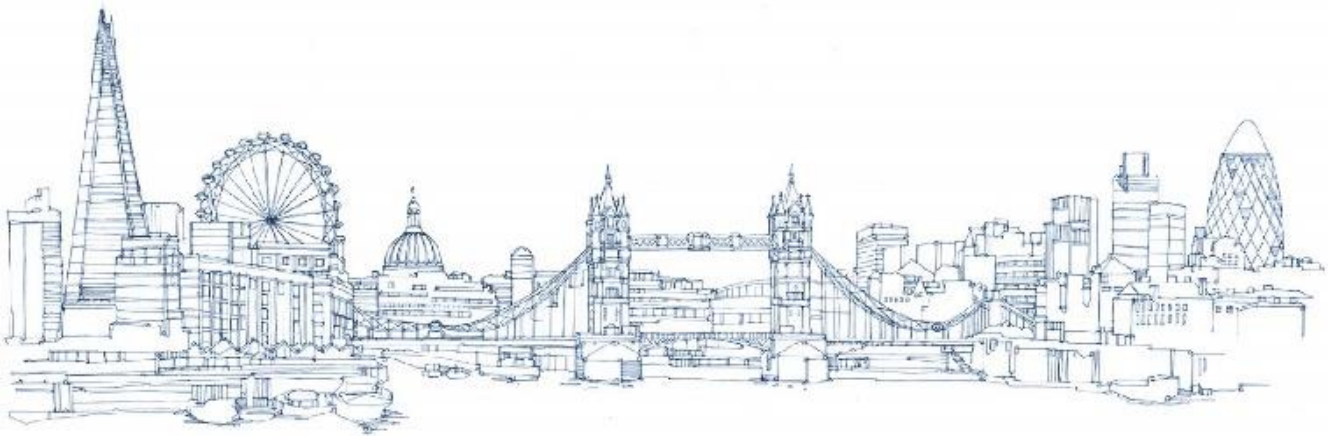


# MPS Portfolio Review

## First Half 2020

2020  
Celebrating  
**10**Yrs  
of our  
Model Portfolios

# Welcome...



King & Shaxson began investing ethically in 2002, at a time when this approach to investing was well and truly on the fringe. How things have changed since then.

We have seen the explosion of interest in the world of responsible investing, with more information and choice about investments, at a time when issues such as climate change and ocean pollution are front and centre of many investor's agenda.

On top of this, areas of governance such as bad management and poor business practices have made people more conscious of the companies they associate with, whilst the impact of their products or services carries greater weighting when consumers make their decisions.

Many investors are keen to see their savings and pensions align with their own values. For us, it has always been our focus to see the mighty power of the investment world harnessed for good.

We take pride in the level of scrutiny we impose when we screen funds for your investments; ensuring your money is invested sustainably.

By providing a negative screen which removes the so called 'sin stocks' alongside a positive screen, clients' portfolios have investments that reflect their ethics and also provides access to companies financing solutions to the social and environmental issues we face.

Here we highlight a number of core funds held across our model portfolios, as well as examples of underlying holdings within some of the funds that have been held in your portfolio over the last period.

Finally, we would like to thank you for your support and entrusting us to manage your savings and investments. To us this is not just a business, as we too invest our own savings according to the principles we apply here at King & Shaxson Ethical.

Wayne, Craig, Harry & Pete



A wide-angle photograph of a sunset over a mountain range. The sun is low on the horizon, creating a bright orange glow that reflects on the clouds. The mountains are silhouetted against the sky, and some trees are visible in the foreground.

# Understanding Investment Approaches

Page 2

A photograph of a concrete dam with water flowing over it. The dam is situated in a rocky, forested area. The water is white with foam as it falls over the dam's edge.

## Equities

Page 4

A photograph of two large, white icebergs floating in deep blue water. The icebergs have a textured, crystalline surface. The water is a vibrant blue, and the background shows more icebergs and a clear sky.

## Infrastructure

Page 11

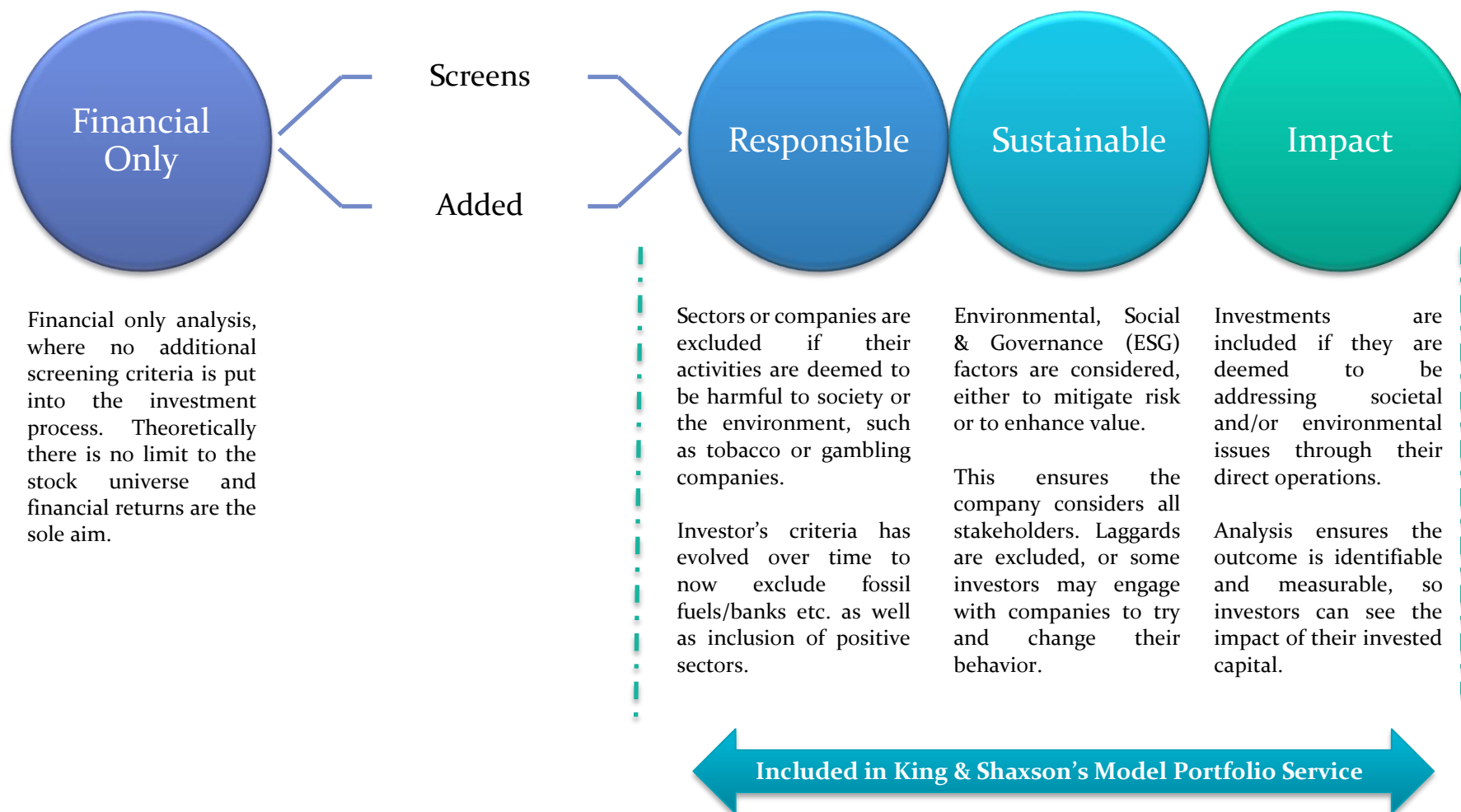
A photograph of a dirt path winding through a forest in autumn. The trees have yellow and orange leaves, and the path is covered in fallen leaves. The lighting is warm and golden.

## Bonds

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## Understanding the Investment Approaches

Below is a resource we use to explain the different approaches to investing and the focus that each approach has. Each fund house and fund will differ in their approach, and apply their own ethical filter; despite this, we at King & Shaxson will further screen the holdings of each fund to ensure it fits with our client's requirements. This ensures your portfolio avoids the various 'sin sectors', and positively invests into companies providing solutions to the environmental and social challenges we face today.





## The United Nations

The United Nations have played a key role in the investment world through a number of initiatives since 2000. Firstly, they introduced the United Nations Millennium Development Goals (MDGs), which were superseded by the Sustainable Development Goals (SDGs), a framework of 17 interconnected goals and 169 underlying targets to achieve a better and more sustainable future for all.

As explained by the United Nations, “The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. The 17 Goals are all interconnected, and in order to leave no one behind, it is important that we achieve them all by 2030”.



*Source: United Nations.*

When it comes to impact investing, many fund houses identify a number of impact themes, which in many cases mirror that of the United Nations sustainable development goals. An obvious investment is renewable energy companies, where the impact can be measured in terms of CO<sub>2</sub> emissions saved versus fossil fuel energy production, which would directly align with Goal 13.

## Portfolio Review

The following pages will highlight some of the core fund holdings across our model portfolios as well as some underlying examples of companies you will have held over the last reporting period.

## WHEB Sustainability Fund

**What:** You will be investing in global listed equities that provide solutions to a range of sustainability challenges brought about by the desire for a healthier, low carbon and sustainable economy. WHEB are active in their company engagement to promote ESG factors to the mid-cap companies you will hold in your portfolio.

**From the Fund House:** WHEB has been described as one of the ‘originals’ of impact investing in listed equities. Our strategy has a 15-year track record. It has been tested in changing market environments and we have constantly evolved, learning from our experience. Sustainability and positive impact are the core of our investment approach.

### Example Holdings:



TPI composites was originally a manufacturer of high performance sail and powerboats, but is now the largest US-based independent manufacturer of composite wind blades.

Their expertise in composite technology has meant they can tailor lightweight and durable blades at a lower cost than other manufacturers. To put it into perspective, their wind blades span 60-75+ metres, larger than the wing span of a 787 aeroplane.

Efficiency in the sector has been key in the growth of wind energy, with the blades representing around 30% of the cost of a complete turbine. As the cost of production has moved lower, it has allowed renewables to compete versus the more traditional, carbon intensive energy sources. On top of this, the company use their advanced technology to supply composite products in the transportation market, notably electric bus bodies, all of which further assist in the move towards a low carbon society.

In 2019, they contributed to around 18% of the overall 53 GW global onshore wind energy market. The wind blades sold in 2019 have potential to eliminate 303 million metric tons of CO<sub>2</sub> throughout their average 20-year lifespan, equivalent to emissions from over 64 million cars driven for a year with over 751 billion miles driven (Source: TPI composites CEO ESG Statement).



Xylem understand the sustainability risk when it comes to water usage and are therefore producing solutions to increase the water security of our planet. Challenges include access to clean drinking water, safe sanitisation of wastewater, as well as various other issues associated with rising global temperatures, such as rising sea levels and extreme weather.

Their portfolio of products and systems aim to address these demands and improve the full cycle of water, ensuring we are more efficient with this finite natural resource. Their products include smarter filtration and chemical-free disinfection units and various other innovative technologies that serve their customers and communities.

Xylem have a number of ambitious sustainability targets for the 2019-25 period. This includes saving 16.5 billion cubic meters of water through their advanced technologies, prevent 7 billion cubic meters of polluted water from flooding communities or entering local waterways, and provide access to clean water and sanitation solutions for at least 20 million people living at the base of the global economic pyramid.

## Kames Global Sustainability

**What:** This fund allows you to be investing in a range of global equities that are improving, or leading the way in the transition to a more sustainable planet through their products and practices. What we would consider 'sin sectors', such as tobacco companies or defence manufacturers, are identified as 'laggards' and excluded, whilst other companies are identified as 'improvers' or 'leaders', and included in the portfolio.

**From the Fund House:** Our mission is to generate investment alpha by finding disruptive companies that have a *genuine positive impact*. We live in an era of rapid technological change, where an increasing number of innovations are focused on solving sustainability challenges. This creates an increasing pool of exciting opportunities for our distinctive fund.

### Example Holdings:



Tesla is no doubt a well-known name in the electric vehicle market, but beyond this they specialise in battery energy storage, both small and grid scale, and they also manufacture solar panel and roof tiles following their acquisition of SolarCity.

**TESLA**

To some there are concerns regarding the cost of the vehicles and the behaviour of their CEO, Elon Musk, however the role they have played in disrupting the electric vehicle market cannot be underestimated.

The company is now benefiting from the shift towards a cleaner economy, and they have played a vital role in accelerating the response of traditional companies who were once solely focused on internal combustion engines. They will no doubt continue to drive the global adoption of cleaner vehicles, as well as other clean technologies.

# Insulet



Insulet are a manufacturer of a unique insulin infusion system called OminiPod. This provides Type 1 diabetics with round the clock insulin delivery from a small device adhered directly to the skin of the patient. This replaces the process of multiple and manual daily injections, and surpasses many other insulin pumps that typically clip to a belt or sit in a pocket.

There are a number of benefits to using their pump, such as fewer hypoglycaemic events, however most people still choose daily insulin injections due to the complexity and inconvenience of traditional pumps. Insulet are working to eliminate many of these issues, such as a vast reduction in tubing and virtually pain free insertions.

The company continues to refine their product to increase the ease of use, functionality and even size. It is also working to expand the use of their product to include other injectable drugs.

Diabetes is a chronic disease that affects 422 million people globally, especially in low-middle-income countries, so continued advancement in treatments is key to tackle the 1.6 million deaths a year from diabetes.

Beyond this, they have targets to achieve 100% usage of renewable energy at their major facilities, give 1% of employee's time to local communities, as well as 1% of profits to water related causes and education.

## Janus Henderson Global Sustainability Fund

**What:** This sustainability fund invests in listed equities whose products or services are positively contributing to environmental and social change, and are therefore, driving the global economy to become more sustainable.

**From the Fund House:** We don't want to be invested in areas which harm the environment and society. Now, more than ever, we feel that this approach will provide our clients with consistent growth over the long-term. We invest in a rich and diverse universe of companies building the future economy. We can see this evidenced over the last ten years in our strategy as we have consistently outperformed our benchmark over that period.

### Example holdings:



Schneider Electric are a world leader in low-voltage electrical components. Their products are used in a wide variety of circumstances, from electric car charging systems to home security and light switches. Many of their products are enabling the transition to more sustainable buildings, data centres, and the grid in general.

Growth in their products hinges on two megatrends we are seeing, electrification and digitalisation. Data shows their systems in homes, buildings, data centres and industrial processes can lead to energy savings of 30%. They are also leading the way in automation through their Internet of Things (IoT) control offering which increases productivity and efficiency in various processes.

Beyond this, they have a number of 2025 targets in place that supports their social and environmental footprint, including training 1 million underprivileged people in energy management. By 2030, they will aim to be carbon neutral within their operations and supply chain, reach 100% renewable energy usage, and double their energy productivity versus 2005 levels.

The company has received the 'Green Premium' eco-label, accounting for 46% of group turnover in 2018 and for seven straight years, has appeared on Corporate Knights' "Global 100" list of the world's most sustainable corporations.



Boralex develops and operates renewable energy power stations, with a focus on wind, hydro and solar. They provide services predominantly in Canada and France but have small operations in the United States and the UK. Its portfolio is weighted towards wind energy, making it France's largest independent producer of onshore wind power.

According to their sustainability report, they increased their total power production in 2019 by 23% to 4,196 GWh, meaning just over 290 thousand tons of CO<sub>2</sub> emissions were avoided versus conventional forms of production. That is the equivalent of over 56 thousand passenger vehicles being driven for one year.

They also have a real focus on employee and community engagement, donating \$911,000 to various organisations in 2019, up from \$883,000 the previous year.



## M&G Positive Impact Fund

**What:** This impact fund allows you to be investing in large cap equities that have an explicit intention of addressing a range of societal and environmental issues. Stocks within the portfolio are assessed on their intentionality, additionality and materiality to ensure the company's operations are indeed having a positive impact on society or the environment.

**From the Fund House:** The social and human costs of the Covid-19 pandemic have made it obvious that more resources must be deployed in many areas targeted by the Sustainable Development Goals as a matter of urgency. This is where we believe the M&G Positive Impact fund can make a difference: supporting companies who have at their core the intention to make a positive impact on society and the environment - Ben Constable Maxwell, Head of Sustainable and Impact Investing, M&G Investments

### Example Holdings:



Ørsted's story is rather unique and is arguably years ahead of many of the world's largest energy producers. Formerly known as DONG Energy, the company, founded in 1972, managed the oil and gas resources in the North Sea and began expanding into the electricity market in the early 2000's.

However, since 2017 the company has been disinvesting from its traditional business, selling its oil and gas units and phasing out the use of coal in its power generation to focus on renewable energy. This is monumental in the battle against climate change, with energy accounting for 73% of global greenhouse gas emissions.

Ørsted is now the largest offshore wind farm company in the world, with a market share of around 24%. Their total installed renewable capacity at the end of 2019 was 9.9GW, and their clean energy generation avoided 11.3 million tons of CO<sub>2</sub> emissions in 2019, meaning they have circumvented an accumulated total of 45.5 million tons of carbon dioxide since 2006. By 2025, they expect their installed offshore wind capacity to be able to power 30 million homes alone. In January 2020, Corporate Knights named them the most sustainable company in the world!



ALK-Abelló are a Danish pharmaceutical company that develop and manufacture products to treat or prevent allergies. They specialise in allergy immunotherapy that reduces symptoms but also treats underlying causes of allergies, which is rather unique. On top of this, they produce other vaccines for major respiratory allergies as well as respiratory diseases such as Asthma.

It is reported that over 500 million people suffer from rhinitis allergies, caused by things such as pollen, dust or animal hair. On top of this, there are close to 340 million individuals globally who suffer with asthma. The target market is huge but so is the cost of treatment.

They reported in 2019 that around 1.9 million people were using their treatments, which covers 41 markets across the globe. They are also seeking approval to treat children's asthma, which would double the number of patients they can treat over the next 7-8 years. Their intention to improve the quality of life of those who suffer with allergies is why it has a place within this fund and your portfolio.

## Montanaro Better World

**What:** This impact fund provides you with exposure to small to midcap global equities that are having a positive impact on the world by providing products or services that are helping to solve the world's major problems. The fund aligns to six themes, which are environmental protection, a low carbon economy, healthcare, innovative technologies, nutrition and well-being.

**From the Fund Manager:** The greatest health crisis in history has coincided with the climate crisis. We need companies making a positive impact on society and the world now more than ever! - Charles Montanaro, Chairman & Founder.

### Example Holdings:



Chr. Hansen is a supplier of bioscience products that help to reduce food waste, increase farming efficiencies, and promote healthy food ingredients.

Their products include cultures, dairy enzymes, probiotics and natural colours for the food, health and animal feed industries, and it is reported that 82% of their revenue is aligned to the United Nations Sustainable Development Goals. Innovative ideas such as using microbes to increase crop yields helped them to achieve the title of “the most sustainable company in the world” by Corporate Knights in 2019.

According to their 2019 sustainability report, 1 billion people consumed products containing their natural ingredients last year. Their promotion of better farming solutions has meant they have treated 10.4 million hectares of cropland with their natural solutions, with a target to increase this to 25 million by 2025. Last year they also report that they were able to reduce yogurt waste by 580,000 tons, whilst launching four products that have documented good health benefits.

They also improved their business operations to become more sustainable: last year they recorded a 20% energy and water efficiency improvement, a 25% CO<sub>2</sub> efficiency improvement, and 40% of solid waste was recycled.



SolarEdge is leading innovation in the smart energy space as they manufacture power optimisers and monitoring solutions for solar panels, increasing their energy and efficiency, in turn lowering the cost of energy produced.

With over 35 million units shipped, their optimisers mean that solar panels can operate at maximum power, rather than at a system-wide average. Let me explain what this means: without an optimiser, if a single pane within a group of connected solar panels was covered up by debris such as a leaf or snow, the system would operate at the average which would be lower as a result of this covered up section.

Their products can be used in small residential solar projects all the way to commercial and small utility sized installations. In 2019, they benefited from over 50% revenue growth as they expand their own business alongside the renewables market.

They also offer other services around clean technology such as solar EV charging solutions and battery storage.

## Pictet Water

**What:** This fund will invest in global equities where the companies are seeking solutions to the global water challenge, with a particular focus on water supply, water technology and environmental services.

**From the Fund House:** Water is an essential resource for life – no one can live without it. However, despite being renewable, it is also finite. What's more, global challenges such as urbanisation, population growth and climate change, are putting existing water resources under increased stress. Companies able to provide solutions to the global water challenge are likely to represent attractive opportunities for investors for several decades.

### Example Holdings:



After meeting Severn Trent on a number of occasions over the last couple of years, we continue to be impressed with their sustainability approach. They provide clean and wastewater services as well as developing renewable energy solutions. They cover over 4.5 million businesses and households, supplying over 2 billion litres of safe drinking water each day and treating 2.9 billion litres of wastewater.

They rely on renewable energy to power their operations, and are on target to produce the equivalent of 50% of their own energy needs by 2020 from sources such as anaerobic digestion. They have pledged to run on 100% renewable energy by 2030, either self-generated or purchased.

Over the 2018/19 period, they replaced 230 km of their water network, whilst also working with over 820 farmers to reduce the amount of chemicals entering raw water sources. They are on track to improve at least 1,600 km of rivers, and by 2025, they will have improved the quality of over 50% of rivers in their region.

They are also very active in their education of the water cycle, and engaged with 130,000 young people in 2019. All done whilst having the lowest water bills in England and Wales for a decade!



Although this company appears in the Pictet water focussed fund, it has a wide depth of positive benefits beyond the world of water.

Thermo Fisher manufacture scientific instruments and life science solutions, including analytical instruments, laboratory equipment, software and supplies to name but a few. Their products prepare a laboratory for research, analysis, diagnostics and discovery, meaning their clients include pharmaceutical & biotech companies, hospitals, clinical labs, universities, research institutions and government agencies.

Therefore, in the current environment they are providing end-to-end solutions for tackling Covid-19 for companies looking for detection or vaccines.

It is specifically in Pictet's water fund for their 'precise measurement systems that can identify smallest quantities of pollutants in air, water or soil, allowing companies and governments to detect environmental and health threats early and take appropriate measures to protect their employees or citizens.'



## Liontrust UK Ethical Fund

**What:** This fund means you will be investing in UK listed equities that have passed through the Liontrust Sustainable Future investment process. The process identifies three main themes: better resource efficiency, improved health and greater safety & more resilience.

**From the Fund House:** We focus on finding companies that are making our world cleaner, healthier and safer; we do this by identifying global emerging trends and long-term themes and we like well-run companies whose products and operations capitalise on these transformative changes. The fund excludes investing in any company that derives revenues from animal testing, which means we exclude healthcare names. Our team, which has over 20 years' experience, believe that investing in these companies can make for profitable and sustainable investments over the long term.

### Example Holdings:



Greencoat UK Wind is a renewable energy infrastructure fund investing in wind farms across the UK. In 2013, it became the first renewable infrastructure fund to list on the UK's main stock market, which alongside debt, has provided funding for the portfolio to grow.

The wind farms are predominantly onshore (95%), with Scotland accounting for just under two thirds of the portfolio. They state that in 2019, the group's assets generated 2,385Gwh of electricity, meaning that by the end of the year, the portfolio was providing sufficient electricity to power around 940,000 homes. This is equivalent to reducing carbon dioxide emissions by approximately 1.2 million tonnes per annum versus thermal generation.

The company's environmental benefit is clear to see but they also play a key role in society and promoting strong governance. In 2019, they provided £2.7 million in community funding and conducted educational visits to many local schools.



National Express offers a global transport service, predominantly buses and coaches but rail services in Germany as well. Whilst this is a UK listed company, over 70% of their operating profit comes from outside the UK, including Spain and the US

Passengers completed more than 938 million journeys on their services last year. In the five years to the end of 2018, group-wide emissions of CO<sub>2</sub> per million-passengers declined by 13.4% per kilometre, while the number of passengers they carried increased by nearly 20%.

This has been possible by investing in the quality of their fleet, as well as leading the way by introducing zero-emission electric buses. This was highlighted in their announcement in the first quarter of 2020: the company has committed to buy no more diesel buses for its British fleet and set a target to have a zero emission bus fleet by 2030, and zero emission coach operation five years later. The West Midlands-based firm said it would also launch its first electric coach service between London and Stansted Airport in a trial.

They highlight that each bus takes up to 75 cars off the road, which is equivalent to up to a mile of potential traffic!

## Foresight UK Infrastructure Income

**What:** This fund means you will be gaining exposure to UK listed renewable energy and infrastructure companies, which appeals to sustainable investors like yourself as it presents opportunities to finance the transition to a low carbon economy.

**From the Fund House:** The Fund invests in a diversified portfolio of renewable energy and infrastructure investment companies. Unit holders in the fund are financing the development of thousands of renewable energy assets across the country, reducing the UK's reliance on fossil fuels and playing a key role in the transition to a greener economy - Mark Brennan, Lead Fund Manager:

### Example Holdings:



The Foresight Solar Fund invests in ground-based solar PV assets where we have seen the cost of production rapidly decline over the last two years.

The fund's net peak capacity stands at 869MW, split between 723MW in the UK from 50 assets, and 146MW in Australia from 4 assets.

Most recent data shows that the UK's total installed capacity is over 13GW, with generation in 2018 equating to 3.9% of the UK's total energy consumption. Foresight currently owns seven of the UK's largest solar projects and the fund accounted for 5.2% of the UK's solar generation in 2018.



JLEN

John Laing Environmental Assets is an environmental infrastructure fund, investing in assets that are providing a benefit to the environment. The portfolio of assets, predominantly in the UK, includes 13 wind farms producing 169MW of electricity, 6 solar projects producing 80.2MW, 7 anaerobic digestion assets producing 30 MW, 4 waste and wastewater assets, and finally, one hydropower station.

Their 2018/19 sustainability report highlights some facts of their portfolio: renewable assets generated 746GWh of electricity, 415,000 tonnes of waste was diverted from landfill, 111,000 tonnes of reusable material was recycled, and 160,000 tonnes of organic fertiliser was produced.



The NextEnergy US Solar Fund invests in utility-scale solar power plants in North America and certain countries in the Americas. This is a relatively new investment in solar projects after its listing in the UK in April 2019. Whilst a new listing, NextEnergy have been a specialist investment and asset manager

in the solar sector since 2007 and we have personally met with the company's management on several occasions.

The company have been quick to get proceeds of the fund raise utilised, and in 2019, it produced enough electricity to power 184,000 homes, whilst avoiding 195,600 tonnes of CO<sub>2</sub> emissions.

Beyond the work place, the NextEnergy Foundation was founded in 2016 with the mission to provide power and light from clean energy sources to underserved regions, as well as to benefit local communities. The company has pledged 5% of its profits annually to the Foundation.

## Rathbone Ethical Bond Fund

**What:** You will be investing in investment-grade bonds, that whilst excluding the so called 'sin sectors' (tobacco, gambling etc), will have a positive tilt to areas such as community investment, positive and environmental management, as well as bonds that have specific use of proceeds in place, such as green/climate/sustainable/social bonds. Housing associations and other registered providers of social and affordable housing make up a significant part of the fund's portfolio.

**From the Fund House:** We believe that the fund offers the opportunity to invest in a fixed income fund with high quality investment grade bonds, whilst applying a broad range of both positive and negative screening criteria that will appeal to consumers with ethical concerns. – Bryn Jones, Fund Manager.

### Example Holdings:



Places for People focuses on large-scale development and regeneration projects in order to build sustainable communities. On top of this, they are a leading provider of UK social housing and services related to this through their subsidiary Living+, who provide support to more than 6,500 people with assisted living needs.

Their work ranges from building new homes, creating green or community spaces, implementing transport links as well as health and wellbeing facilities. For example, Port Loop is a project they are currently working on in central Birmingham, where they are delivering 1,100 homes, a one-acre park, community facilities and local workplaces.

In their 18/19 financial year, they started work on 2,647 new homes and completed or acquired 1,876 new homes, bringing their total number of homes owned or managed to 197,712.



Thrive Renewables, is the former Triodos Renewable Energy Fund and was founded in 1994 in response to the Chernobyl disaster.

They are specialists in the construction of renewable projects, including collaborating with communities to enable community owned renewable sites. Their focus is on wind farms across the UK; however, they do also operate a hydro and solar project.

They currently have a portfolio of 125MW of sustainable energy projects that will deliver over 100,000 tons of CO<sub>2</sub> emission reductions per annum by 2020. The renewable energy produced since inception is equivalent to the annual energy demand of 1 million residents. Whilst this is a bond, the company also have raised money via equity, which appears in some of the equity funds in your portfolio.

In 2018, enough electricity was generated to power 55,806 homes and avoided the consumption of 186 million litres of fresh water. Broken down further, that equates to renewable electricity for ten UK homes for a year per each Thrive Renewables shareholder.



## Threadneedle Social Bond Fund

**What:** You will be investing in bonds that aim to support society in eight areas: affordable housing, education, employment and training, health and social care, financial inclusion, community services, transport and communication infrastructure, utilities and the environment. The fund was launched in 2014 in partnership with Big Issue invest, meaning a percentage of the fund's earnings goes towards supporting them in their work financing social enterprises.

**From the Fund House:** When considering environmental, social and governance (ESG) investments, social attributes are often overlooked for the more salient environmental and governance characteristics. A contributory factor for this can stem from environmental and governance aspects of a company being easier to assess, i.e., we can measure carbon emissions from aircraft or board diversity relatively easily. Social has been a bit more challenging in that regard. For example, job creation is important and paramount to invigorating an economy, but we need to understand the quality of jobs being provided in terms of how workers are treated and compensated. However, we may be entering a period where social investing comes to the fore.

### Example Holdings:

#### RETAIL CHARITY BONDS

Retail Charity Bonds provides charities in the UK the opportunity to raise finance through the retail bond market, allowing many that operate as businesses to expand their activities and generate more income for their charitable causes.

The bonds provide access to finance but also allows the charities to engage with an audience of investors, in turn raising the profile of the individual charity. It also allows investors to loan their money to positive causes whilst also receiving a financial return.

Some examples of charities that have raised financing include Golden Lane Housing who are a leading provider of supported housing for people with learning disability in England, Wales and Northern Ireland. Similarly, the charity Belong have raised money to support their community work, namely providing accommodation, care, support, facilities and services for persons who require assistance due to age, illness, disability, poverty or social & economic circumstances.

#### Motability Operations

Motability Operations has been running the Motability Scheme as a national charity for over 35 years. They provide mobility for disabled people, offering vehicles that are affordable and specific to their disability needs.

Their customers are able to lease cars, Wheelchair Accessible Vehicles, scooters and powered wheelchairs, with over 600,000 disabled people and their families having benefited. The scheme not only provides suitable vehicles, but a full suite of services such as servicing, breakdown assistance and insurance. They have a 97% trust rate with their customers and 91% of customers renewed their lease in 2019.

As a member of the Carbon Trust, there is a commitment to lower CO<sub>2</sub> emissions on their fleet of vehicles as they focus on providing environmentally friendly vehicles.

As an employer, they offer scholarship programmes and positions for graduates, including student placements.

## Sarasin Responsible Bond Fund

**What:** This fund allows you to be investing in high quality corporate bonds, screened to exclude the expected 'sin sectors', but also screened on their Environmental, Social and Governance factors, to ensure the holdings are responsible in their business activities. The added positive focus will mean charitable enterprises, education and student housing, housing associations, public transport, renewable energy and green bonds may be in the portfolio.

**From the Fund House:** 2019 saw a mass change of consciousness with activists such as Greta Thunberg and the Extinction Rebellion group achieving household name recognition. In UK corporate bond markets, it is really the first year in which the notion of "responsible" bond investing has moved to the top echelon of client priorities.

### Example Holdings:



Deutsche Bahn is the largest railway operator in Europe, with its sole shareholder being the German Government. They have a focus on improving sustainability of travel across the continent as we transition towards a low carbon society.

'This is Green' represents their commitment to the environment, with over 150 measures to protect the climate, nature and resources, as well as to reduce noise pollution.

In terms of quantum, they have reduced their greenhouse gas emissions by 33.2% compared to 2006, increasing the use of renewables in their energy mix to 57.2% in 2018 from 42% in 2016. They have a target to use 100% renewable energy for all of its rail transport by 2038, and to be CO<sub>2</sub> free by 2050.

On top of this, they have a number of social commitments by working alongside a number of charities through the Deutsche Bahn Foundation, including those to keep children off the streets in Germany.



Dŵr Cymru Welsh Water is a not for profit company supplying water and wastewater services in Wales for over three million customers. Unlike other water companies in the UK, they are not owned by shareholders, so can therefore put money back into the system to ensure a reliable service where bills are kept low for the end user.

On top of this, it has allowed them to set up a biodiversity fund, that is designed to help third party groups develop and implement measures to help nature on the sites within the community that Welsh Water operate in.

Beyond this, they are investing in a number of key areas through their £2.3 billion five-year plan that starts in 2020. This includes further reducing leakages and environmental incidences across their network. For example, Welsh Water have already halved leakage on their network over the past 20 years and will continue to reduce it by a further 15% out to 2025.

They will also expand their education programme to teach even more children about water and the environment, key in ensuring sustainability for the future.

## Edentree Amity Sterling Bond Fund

**What:** This fund provides exposure to corporate bonds issued by companies who are making a positive contribution to society and the environment. The fund applies a mandatory negative and positive screen, with added sustainability areas added on top, such as education, health & wellbeing and social infrastructure.

**From the Fund House:** With responsible investment gaining prominence, we anticipate greater issuance of bonds targeting specific social projects or target populations. The Amity Sterling Bond Fund is arguably in a prime position to seize these social bond opportunities as they arise, in keeping with its award-winning 'profit with principles' investment approach.

### Example Holdings:



Bank aus Verantwortung

KfW is a German state-owned development bank formed in 1948 after the Second World War to aid in the reconstruction of Germany. The bank continues to lend to projects through its subsidiaries and units, but now on a global scale.

The group's subsidiaries focus on housing, the environment, small and medium enterprises, development aid and export and project finance. In 2018, KfW invested €4.8 billion in climate projects; however, their overall spending to assist in the transition towards a greener more inclusive society is much larger.

Latest figures show they have issued €22.6 billion of green bonds, making them the largest issuer in the world. In 2018 alone, KfW Development Bank provided €3 billion in funds to renewable energy sources and energy efficiency projects.

KfW has supplied €450 million to support farmers in developing countries over the last five years so that they could adjust their production methods to climate change, and continue producing enough food for themselves and others.



Aviva is considered Best of Class for insurance. On top of their core business activities, they have a number of financing activities aiming to meet the social and environmental issues we face.

In 2018, they increased their community investment by 47%, to £17.6 million. They also supported 3,000 community projects benefiting over 1.5 million people.

They have a commitment to reduce their own CO<sub>2</sub> emissions, and their latest figures show a 60% reduction from their 2010 baseline. Beyond this, they signed £1.77 billion worth of investments in 2018 in the wind, solar, biomass and energy efficiency sectors, assisting in the shift towards a low carbon society.

They were successful in removing all single use plastic coffee cups in-house, saving an estimated 7 million cups per year and over 50 tonnes in waste. Within their annual report, they display how their business operations can assist in achieving the United Nation's Sustainable Development Goals, but specifically they have a close alignment with goals 1,5,6,7,8,9,10,12 and 16.



# Disclaimer

The information contained in this document is for general information purposes only and should not be considered a personal recommendation or specific investment advice.

Nothing in this document constitutes an offer to buy or sell securities of any type or should be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment or to engage in any other transaction.

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.

## Notes to reader

Information obtained in this report has been taken from reliable sources. In most cases, the statistics and comments used are from the various publications from the mentioned companies or reports from individual fund houses, with the data being correct at the time of construction.

We would like to thank the various fund houses who have contributed to this report, and we would like to thank them for their continued dedication to promote and advance sustainable investing.

Certain statistic measures have been obtained by using the United States Environmental Protection Agency's Greenhouse Gas Equivalency calculator.

## 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.

# About King & Shaxson...



King & Shaxson is a long-established City name, with a history that dates back to the mid-nineteenth century. A leading dealer in bonds and money market instruments, the firm has successfully built on these traditional strengths to expand into ethical fund management in 2002.

Owned by PhillipCapital, a financially strong and developing Singaporean financial services company. PhillipCapital employs 3,500 people worldwide, with its major interests in Singapore, Hong Kong and other regions of the Far East. The development of London is an important element in PhillipCapital's global growth plan.

King and Shaxson now employs more than 70 staff in our London office, drawing from a diversity of professional backgrounds creating a blend of experience, skill and dedication, which is shared with our clients.

The diverse client base includes private clients, institutions such as universities, local authorities, building societies, trusts, charities, pension funds, fund managers, insurance companies and international banks.

King and Shaxson Ethical Investing is a member of:

**UKSIF**  
UK Sustainable Investment  
and Finance Association

**The House of  
St Barnabas**  
LONDON