CITYWIRE

ESG
APRIL 2019
citywire.ch

Sponsored by

BMO Global Asset Management

Edmond de Rothschild

Nordea Asset Management

THE FUTURE OF ESG

INVESTING WITH A CONSCIENCE

The term 'ESG' has been on every investor's lips for a while as clients and managers have become increasingly concerned about the impact of their investments.

The search for funds that comply with environmental, social and governance criteria has intensified and some asset managers have made the integration of such factors the focus of their activities.

According to a study by McKinsey & Company, more than one-quarter of assets under management globally are being invested in compliance with ESG principles. This includes some of the largest institutional funds, such as the Government Pension Investment Fund of Japan, Norway's Government Pension Fund Global, and the Dutch pension fund Stichting Pensioenfonds ABP.

Investors' consciences are not the only beneficiaries of this type of investment strategy. A report by MSCI suggests that this type of investing is associated with higher profitability, lower tail risk and lower systematic risk.

Here, fund managers and experts speak to Rob Griffin about the growth of the ESG market, the impact of regulations on its development and the impact of ESGs criteria on returns.

Four fund buyers also reveal their relationship with ESG investing and whether they prefer to adhere to these principles or avoid this style altogether.

CAMILLA GIANNONI
Citywire Switzerland

BUILDING A BETTER FUTURE

Four ESG investors explain why ethical investing is good for returns as well as for the planet

Andrey Stukov

TOLEDO CAPITAL

ZURICH

We understand and embrace the importance of ESG investments and the blended value it creates. The increasing capital flows in the sector and the positive correlation between ESG conformity and returns on investment have been proved scientifically.

Moreover, we believe that the current demographic changes will include more and more millennials in the investor base of the future, resulting in a higher demand for ESG investments. On the other hand, greenwashing practices and the measurement complexity of the impact generated by investments is posing a significant threat to the validity and dissemination of ESG-aligned investments.

However, due to the increasing sophistication of due diligence processes and the utilisation of upcoming technologies such as blockchain and the internet of things, we do not see any issue in the long run.

The demand for investments aligned with the triple bottom line in our client base is limited, due to their demographic profile and background. As we believe that ESG investments are slowly turning from a nice-to-have to a need-to-have and organisations will need to reposition themselves strategically, we strive to inform our clients about the importance of this investment practice and offer suitable investment opportunities.

It is vital for us to explain to our clients that the utilisation of ESG investments does not mean renouncing yield – on the contrary, it supports securing a sustainable yield, potentially outperforming conventional market benchmarks.

Antje Bieber

FERI GROUP

ZURICH

Feri strongly supports the UN Sustainable Development Goals (SDGs), as they provide a broad, socially recognised framework and an implementation-oriented investment approach to sustainability. The application of ESG criteria is an integral part of our sustainable investment approach.

However, Feri's sustainability approach goes far beyond the implementation of ESG factors. Feri integrates a strong economically based risk/return approach factoring in future trends and risks including environmental, societal and technology-based insights (based on our proprietary research and our Feri Cognitive Finance Institute), as well as the thorough evaluation of the responsibility of the invested companies.

We consider the analysis of ESG criteria a key risk-management factor, as well as an opportunity indicator. We integrate ESG factors in several levels of our comprehensive due-diligence procedures for fund managers and single investments, as well as in investment decisions. The considerations regarding the environmental footprint or the social impact of an investment also depend on the client-driven objective, which defines the final portfolio structure.

The biggest challenge of ESG criteria or ESG ratings is clearly the backward-looking statement. The data might give an insight of the companies current positioning or past efforts, but they do not indicate the positive or negative effect in the future. We believe that investors should give much greater consideration to an SDG-related, future-oriented approach, rather than just using ESG criteria checklists.

Johannes Borner

SANTRO INVEST

ZURICH

As an independent asset manager managing funds on behalf of pension funds that are highly sensitive to ESG themes, we have integrated the full range of ESG criteria into our 'traditional' investment process. Thanks to the increasing availability of verifiable ESG research and specific data from the companies in our universe, this task has become a bit easier.

Basically, we face two challenges here: understanding the many ESG ratings and the thinking behind them; and adopting the appropriate ESG strategy for our clients' portfolios.

As many customers have a rather blurry view of their needs with regards to responsible investments, the definition of an ESG risk profile is often the first step. In most cases, off-the-shelf products are not the right solution. This is particularly true for leading-edge clients, for whom we enhance pure mitigation ESG strategies, ie avoid harms, with an adaptation investment plan.

When doing so, we no longer build portfolios by simply excluding non-ESG compliant companies; we also selectively invest in firms that are able to adapt quickly to changes in environmental or social systems and/or that are actively contributing to reducing harm through their own actions and offerings.

This approach requires even more in-house research work, but it also allows us to use the in-depth skills we have built up over the years. As such, although responsible investing is on everyone's lips today, client-specific advice is still a differentiating factor for independent asset managers.

Julien Jammet

PENTAGRAM WEALTH MANAGEMENT

GENEVA

Thirty-two years after the Brundland report from the World Commission on Environment and Development, the concept of socially responsible investing (SRI) is widely spread and used in the economy. ESG scoring models are now included in the investment process by many investors. But is it what dictates the final decision?

At Pentagram, we do not use ESG criteria in a narrow sense to make our final call, but we do avoid industries such as weapons, tobacco and adult entertainment. We believe that, under pressure for more transparency, greater protection of the environment and more efficiency in limiting waste and pollution, listed companies are de facto moving towards more responsible behaviour. A large publicly traded corporation cannot afford to have a negative public image, to put its reputation at risk or to be involved in a scandal.

ESG checks provide us with a concrete view of whether the direction followed and the measures taken are the right ones. More importantly, we think the market has become more efficient at pricing ESG risk – and the price of a securities reflects this. The higher the ESG score, the higher the premium paid by investors in the long run.

At Pentagram, we believe ESG criteria are not merely related to investment choices – we believe they are a guideline in managing our company.

Invest, engage and improve

BMO
BMO Global Asset Management

Fund managers Jamie Jenkins and Nick Henderson alongside Emma Lupton of BMO Global Asset Management's Responsible Investment team talk about their newly launched BMO SDG Engagement Global Equity Fund.

Jamie Jenkins

Co-Head of Global Equities

Nick Henderson

Portfolio Manager, Responsible Global Equities

Emma Lupton

Responsible Investment team

Key risks

This article does not constitute, and should not be construed as, investment advice or a recommendation to buy, sell or otherwise transact in the fund.

Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any companies that may be mentioned.

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested and in a worst-case scenario there is a risk of total loss.

Investments in smaller companies carry a higher degree of risk as their shares may be less liquid and investment values can be volatile.

Explain the thinking behind the fund?

"We're all aware of the many challenges the world faces and increasingly, individuals want to make a positive impact. Our behaviour as consumers can be significant and there is a growing recognition that we can align our investment decisions with our values – using our money to drive improvement in the world around us. By using the Sustainable Development Goals (SDGs) as a framework, 'improvement' is what the BMO SDG Engagement Global Equity Fund is designed to achieve. We aim to use our position as a shareholder in investee companies to encourage them to improve how they do business." **Jamie Jenkins**

Why's the portfolio focused on small and mid-sized companies?

"We're focusing on companies in the US$1-25bn range so globally that brings around 7000 businesses into our investible universe. As stock pickers we believe that means plenty of scope to add value through selective investment, particularly among smaller companies where businesses can be less well understood and growth potential arguably more potent. Importantly, we also think there is more room for driving improvement in smaller companies relative to mega-caps where change inevitably takes longer to happen."
Nick Henderson

What do you look for in a company?

"There are two elements here - what we look for from an investment standpoint, and then what we're seeking from the stance of driving improvement through SDG linked engagement. Throughout the process we're mindful that we are aiming to create a focused portfolio and so the bar we set is high. We want quality businesses so assess things like 'competitive advantage', the track record of the management team, and how the company considers and manages environmental, social and governance issues in its day to day operations. Further, critical to the portfolio management process is that we are very disciplined when it comes to the valuations we pay when investing. Of course, with engagement being such a key element of the proposition, we will only invest where we believe that a company will be open to dialogue and have the potential to change. We invest on a long-term view and typically look to hold a position for a minimum of five years."
Jamie Jenkins

The SDGs are wide ranging – how do you focus your activities?

"The 17 SDGs cover diverse topics such as 'No Poverty', 'Gender Equality', 'Life Below Water' and 'Climate Change'. Underlying these high-level goals are 169 granular targets. Our ambition is to achieve meaningful improvement – something we'll measure and report on over time – so it's important that we focus our efforts carefully. To do so, our 16-strong Responsible Investment team have analysed the SDGs and targets in forensic detail, identifying around 80 where we think we can make a difference. They have then set engagement objectives linked to SDG targets per company within the fund; for example, we have an investment in a Chinese food and beverage firm and have identified four targets across three SDGs on which we will be engaging." **Nick Henderson**

What's your approach to engagement?

"At BMO, we've been active investors for many years and engagement is a core activity for our Responsible Investment team. In 2018, we had dialogue with 665 companies in

46 countries across a variety of issues, such as how companies globally are addressing the issue of plastic waste and the nutritional profile of their product portfolios. To be effective it's critical to really understand the issues, the local contexts and build long-term relationships with the companies. The fact that we are a large investor means we are usually able to engage directly with the individuals that can really make a difference, be that senior management, board members or the operational specialists. Organisation is key, and we have a dedicated online database for over 12,500 companies that allows us log engagement interactions and progress." **Emma Lupton**

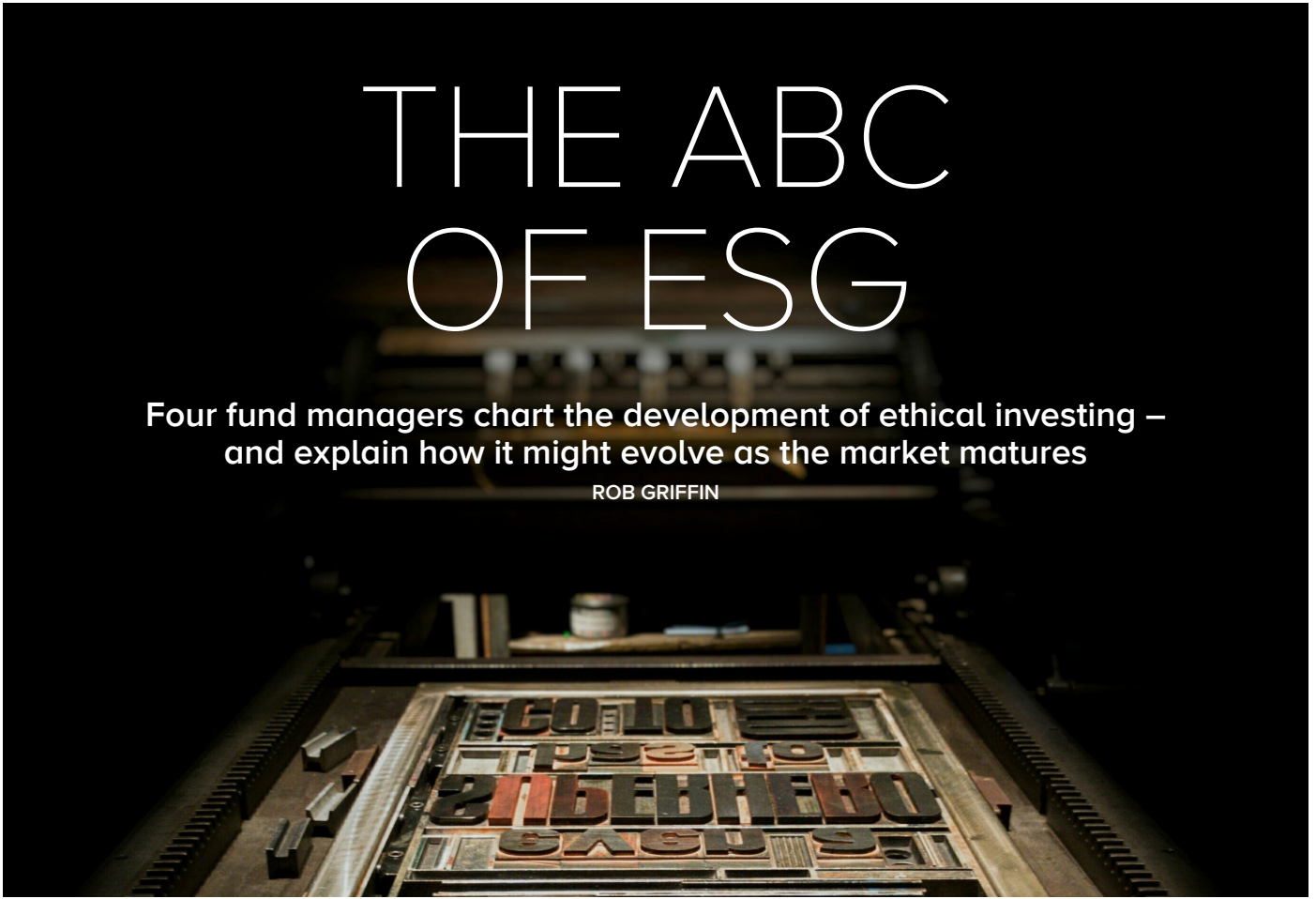
And how – with an example – do you measure its effectiveness?

"For each company in the portfolio we assess the progress we are making in encouraging them to improve how they conduct business. As an example, let's take our investment in Kerry Group, an Ireland-based food company, where we have been engaging with them around a number of SDGs. For instance, under SDG 6 'Clean water and sanitation' target 6.4 relates to increasing water-use efficiency and we have talked to the business about water management across its supply chain and direct operations. In the last two years the they've made improvements including, how they disclose water usage and better assess water related risks, and we will continue to encourage further progress." **Emma Lupton**

THE ABC OF ESG

Four fund managers chart the development of ethical investing – and explain how it might evolve as the market matures

ROB GRIFFIN



ESG concerns have become hot topics of conversation over the past decade. It has now reached the point where companies can't afford to ignore these issues and asset managers are using them to make better investment decisions.

Executives are under intense pressure to ensure their businesses are known for honesty, integrity and a willingness to embrace modern working practices. They are also aware that, in today's social-media world, it doesn't take much for reputations to be destroyed.

It is no longer enough to be judged on performance figures alone. ESG factors are as important to fund management groups as company balance sheets. As a result, they require a level of detailed analysis that would not have been the case a couple of decades ago.

In fact, responsible investment now commands a sizable share of professionally managed assets across the world, ranging from 18% in Japan to 63% in Australia and New Zealand, according to a report from the Global Sustainable Investment Alliance (GSIA).

'Globally, sustainable investing assets in the five major markets stood at $30.7 trillion at the start of 2018, a 34% increase in two years,' it stated. 'In all the regions except Europe, sustainable investing's market share has also grown.'

Such figures illustrate the extraordinary speed of ESG's development over the last few years and its importance to the investment industry. It is a point readily acknowledged by Annelis Lüscher Hämmerli, the chief risk officer at Swiss Life Asset Managers.

'Starting as a rather niche topic often considered as somewhat esoteric and potentially detrimental to performance, ESG has now become a widely accepted approach to integrate a long-term as well as a reputational perspective into investment decisions,' she says.

As a result, it plays a significant role in the responsible management of assets. This development is paralleled by a growing standardisation when it comes to the processes, measurements and tools used by fund management groups.

She cites the growing public awareness to ESG topics, such as climate change, labour rights and gender, in recent years. 'For us, it is an additional non-financial risk aspect that helps us identify and manage potential long-term risks of investments.'

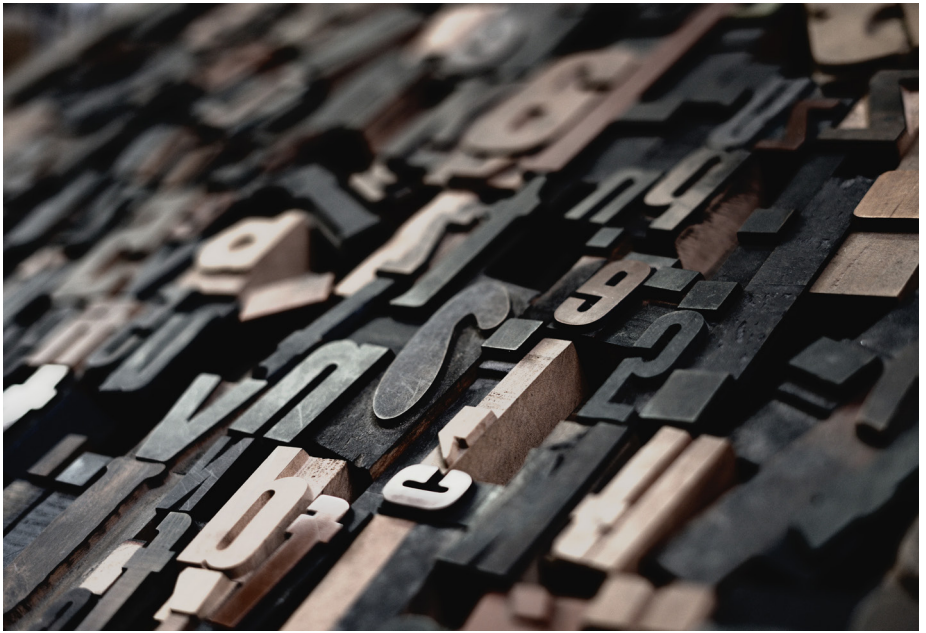
While asset owners and asset managers have already established voluntary standards and transparency guidelines, Lüscher Hämmerli suggests an even more effective driver has been the increasing regulatory pressures around the world.

'This requires large asset owners to adopt policies and implement processes that integrate environmental, social and governance issues into the investment process and that forces institutional investors to disclose their handling of ESG topics,' she explains.

Despite the rapid growth of ESG, Lüscher Hämmerli expects to see a number of key trends making their presence felt over the coming months and years.

These include further advancements in standardisation, including concepts and the tools used, as well as growing demand by asset owners – both institutional investors and private investors.

She also expects these issues to enjoy a higher profile, citing increasing public awareness and press coverage, alongside



a further raft of regulatory changes affecting Europe and Switzerland specifically.

However, there remains a lot of confusion over how ESG should be integrated into the investment process to reassure clients that such issues are being considered in the management of their assets, according to Cindy Rose, the head of ESG clients and products at Aberdeen Standard Investments.

'ESG integration is looking holistically at the material risks and opportunities a company is dealing with and actively weighing these up when making buy, hold and sell decisions,' she says. 'These factors can also influence a manager to increase or decrease a weighting in a stock.'

Central to this is understanding exactly what is covered by ESG.

Environmental is the term most commonly associated with responsible investing. It can be further divided into four categories: climate change, natural resources, pollution and waste, and environmental opportunities.

Social, meanwhile, is a broad area that includes labour standards, health and safety, privacy and data security, human

rights, and public health. In addition, there are social opportunities such as communications, finance and healthcare.

Finally, there is governance. This used to be solely concerned about a company's overall corporate structure, but this has broadened to include sustainability – for example, how well it treats its employees and looks after its shareholders.

For Adrie Heinsbroek, the head of responsible investment at NN Investment Partners, governance issues are the most crucial. 'By governance, we mean how a company is organised and how it makes business decisions,' he explains.

These business decisions are made by management teams. 'Factors such as diversity of thought, management style and transparency steer business behaviour,' he says. 'It's why human capital is a key factor for the company's performance.'

Assessing companies and issuers on the basis of their behaviour in the marketplace and how they interact with consumers, suppliers and employees is particularly important. For instance, NN focuses on positive change within the companies, known as 'ESG momentum'.

'ESG is a non-financial aspect that helps us identify potential long-term risks'

Annelis Lüscher Hämmerli
Swiss Life Asset Managers

He believes a key trend is the increasing focus on impact.

'In the past, ESG factors were used to have a better understanding of risks and mitigate the negative impact of business operations,' he says. 'Now, however, impact is defined as how products and/or services might positively impact society.'

Heinsbroek predicts ESG considerations will become an increasingly mainstream part of the investment decision-making process – partly because they can help detect aspects that will be important to assessing risks and returns.

However, while the terminology groups together ESG factors, the best approach is to treat 'E' and 'S' differently, according to Maria Elena Drew, the director of research for responsible investing at T. Rowe Price.

'Corporate governance standards are well established and, in general, disclosed across the world uniformly,' she says. 'However, disclosure of environmental and social factors is comparatively limited, so we screen for factors that fall outside the normal scope of company disclosures.'

Such issues include strained relations, or incidents with stakeholder groups.

Because the company makes this distinction, it employs two teams of in-house specialists to work in this area. Together, they help investors identify the factors most likely to have a material impact on the long-term performance of clients' investments.

'It is difficult to tell when, or even if, there will be a "standard" approach to ESG across the asset management industry, but a consistent in-house approach is key to meeting our clients' needs,' she adds. 'We have a proprietary model that proactively screens the RI [responsible investing] profile of an investment.'

ADDING VALUE THROUGH ESG ANALYSIS

EDMOND DE ROTHSCHILD

More than 10 years after the launch of a strategy focused on renewable energies in 2007, Edmond de Rothschild Asset Management continues its march towards investing responsibly.

Jean-Philippe Desmartin
Head of Responsible Investments
Edmond de Rothschild Asset Management

Our responsible investment (RI) expertise reflects the Rothschild's family values. Committed to long term value creation and risk management, it is part of our investment philosophy's DNA.

Integrating ESG analyses into our investment strategies goes well beyond simply looking at ratings. In our credit and equity strategies, we adopt a pragmatic but exhaustive analysis that results in a high degree of selectivity.

Our proprietary ESG model enables us to identify RI opportunities in the unlikeliest places

Our expertise relies on three dedicated RI manager-analysts, supported by eight RI specialists from each asset class. Together they contribute to our proprietary ESG methodology that allows for the analysis of over 300 European companies annually. More recently, our model includes the 17 United Nations Sustainable Development Goals.

The methodology allows portfolio managers to be reactive and even take contrarian positions in innovative companies. This ESG analysis enables us to explore a universe of opportunities that are seldom covered by extra-financial agencies. Our investment decisions are strongly linked to the sustainability of the company. So even small-cap companies or those with low credit ratings could score well in our ESG analysis.

Integration of our ESG criteria differs between our credit and equity funds. Even so, it helps uncover unique opportunities in both asset classes.

In credit, the investment process is independent from the ESG analysis in order to gauge the solvency of the security.

However, our managers place substantial importance on corporate governance. This helps us better quantify the risk of default. We monitor new emissions on the primary market, some of which are overlooked by specialist ESG agencies. As such, our ESG analysis can identify new players who are moving into sustainable strategies.

In equities, our model is fully integrated into portfolio construction. ESG considerations add an extra dimension to our overall analysis and helps us unearth candidates. For example, an Italian bank was poorly rated by extra-financial agencies given a lack of visibility but our model still detected a strong potential.

EDMOND DE ROTHSCHILD ASSET MANAGEMENT (SUISSE) S.A.
8 rue de l'Arquebuse, 1204 Geneva
contact-am-ch@edr.com
Tel +41 58 201 75 40
www.edmond-de-rothschild.com

SHARED ROOTS

ESG funds can vary enormously in terms of holdings and investment aims, but they are guided by the same set of principles

ROB GRIFFIN

Dieter Küffer, who manages the RobecoSAM Sustainable Water fund, is a beneficiary of the increasing international focus on environmental concerns.

'The long-term drivers are population growth, the growing global middle class, urbanisation, water pollution, ageing infrastructure and climate change,' he says.

Küffer believes climate change will be a particularly significant challenge – as seen in the droughts and forest fires in Greece, Portugal, Switzerland and Sweden.

'Changing eating habits will also drive water demand, as an increasing global middle class is expected to eat more meat going forward,' he adds.

Meat production can use up to 10 times more water than a plant-based diet.

'One kilogram of beef, on a global average, uses about 15,000 litres of water, as most cattle are raised by feeding maize and soy bean, which are cultivated on irrigated land,' he adds.

The RobecoSAM fund remains overweight in the suppliers of analytical equipment, which is expected to benefit from the growth opportunities in food and environmental testing.

'The combination of purpose and profit is just smart investing'

Marisa Drew
Credit Suisse

'Suppliers of water-treatment systems are also overweight, as this market is expected to offer good growth opportunities,' he says.

The fund has some exposure to Chinese firms, as well as western companies that are expected to benefit from the water investments of the 13th Chinese five-year plan.

'US water utilities are underweight, as some are rather expensive,' he adds. 'UK water utilities are underweight due to the regulatory environment.'

Marisa Drew, the chief executive officer of the impact advisory and finance division at Credit Suisse, says fund groups acknowledge that being ESG-aware and making profits are not mutually exclusive.

'Nowadays, there is increasing quantitative evidence proving that the combination of purpose and profit is just smart investing,' she says.

She credits the forward thinking of Tidjane Thiam, the chief executive officer of Credit Suisse, for recognising the significant growth potential in this market. He was the driving force in setting up the impact advisory and finance department, which

now enjoys an important and influential role within the fund management business.

'This group is dedicated to serving our clients from an impact and sustainable investing perspective and reports directly to him,' she says. 'This highlights the importance placed on this market.'

The keys to success in this area will be better ESG data and greater transparency – especially in the wake of surveys bemoaning a lack of robust financial information.

'Shareholder pressure is helping to elicit change and, in some respects, there is a virtuous circle of change happening,' she says.

Such an approach was illustrated earlier this year when more than 140 institutional investors called for the exclusion of controversial weapons from their mainstream indices.

The companies, which have a combined $6.8 trillion in assets under management, signed an open letter in opposition to anti-personnel mines, cluster munitions and chemical weapons.

'There is a growing consensus among financial regulators, asset managers and end investors to invest responsibly,' the letter read. 'Excluding companies with any involvement in the production of controversial weapons is a key part of that.'

'This is not just a niche investment strategy'

Claudia Wearmouth
BMO

The signatories included Pictet Asset Management, whose managing partner and CEO, Laurent Ramsey, insisted it had a duty to allocate capital responsibly.

'We firmly believe that the investment community can become a key force for positive change, driving progress in corporate governance and sustainable business practices, as well as funding new technologies that protect the environment,' he says.

Martin Thommen, the head of third-party distribution sales at Lombard Odier Investment Managers, views ESG as one component of a broader sustainability picture.

'We are facing some significant long-term structural trends, which are already starting to have a material effect on the environment in which companies operate,' he says.

He believes the key to a successful investment approach in this environment is identifying companies whose ability to create excess economic returns is

underpriced by the market.

In order to effectively target companies that meet this requirement and are more sustainable in the long term, Lombard Odier has developed a three-pillar analysis approach.

'It examines the sustainability of companies' financial models, the sustainability of their business practices and the sustainability of their business model,' Thommen explains.

These three factors also form the basis of the selection process. 'Diverse, high-quality raw data is paramount when it comes to integrating sustainability into portfolios,' he adds.

Although conventional data sources are useful, they have some inherent weaknesses that must be combated. A prime example is the fact many companies provide their own data.

'To understand which companies are committed to more-sustainable business practices, we need to dig deeper into what that data is telling us,' Thommen adds.

This is why Lombard Odier constructs its own rating using a proprietary methodology. 'Our team emphasises indicators that reflect concrete, tangible and measurable results achieved by companies,' he adds.

BMO Global Asset Management has run a formal engagement programme for almost 20 years. In 2018, this covered 600 companies.

This envelopes corporate governance and a wide range of environmental and social issues, according to Claudia Wearmouth, BMO's co-head of responsible investing.

'This includes climate change, public health, ocean plastics, modern slavery and anti-microbial resistance,' she explains. 'We have a 16-member team with a wide range of sustainability experience.'

BMO has also increased its focus on impact, Wearmouth says.

'This is not just a niche investment strategy, as every investment we make can have an impact – positive or negative – on the world's sustainability goals,' she explains.

Wearmouth highlights the approach taken in measuring and monitoring this impact – including making reports where holdings are mapped to the UN's 17 Sustainable Development Goals.

These are used as a guide to plan and report engagement, as well as to support investor collaborations and public policy to improve standards of sustainability across the board.

'We also see our engagement as a critical way for us to support sustainable development,' she adds.

Wearmouth maintains that credibility and impact will be key to success for any fund group in this area.

'With so many players claiming to be focused on ESG, there is a lot of scope for green wash,' she says. 'We aim to be thoughtful, transparent and honest in our work.'

Good-quality, meaningful engagement is best undertaken by analysts with a significant degree of experience in their sector and ideally with a range of language skills.

Demonstrating impact from investing in the company's funds is also key.

'Investors are increasingly keen to see not just good financial performance, but also what social and environmental impact has been achieved,' she adds.

Nordea's Global Stars Equity strategy - creating returns with responsibility

Nordea
ASSET MANAGEMENT

Johan Swahn

Portfolio Manager of Global Stars Equity Strategy
Nordea Asset Management

Demand for ESG solutions is on the rise; in 2018, more than €4 trillion in assets under management[i] was allocated toward achieving sustainable outcomes for tomorrow's economy. Amid increasing evidence that Environmental, Social and Governance (ESG) factors can have an impact on long-term returns, more and more companies are making Responsible Investments (RI) an important aspect of their business. Our Global Stars Equity strategy is one of Nordea's fully ESG integrated solutions designed to meet the needs of conscientious investors.

To achieve this, my team has a dedicated ESG specialist who works side-by-side with the PMs and analysts. ESG factors help us understand the risk in the individual business model across sectors. We are convinced that ESG analysis will help us to choose better investments over time.

> 'ESG analysts are fully integrated within our portfolio management teams, providing valuable insights'

The STARS concept utilises a proprietary ESG rating model and funds invest only in companies that live up to NAM's ESG standards. A detailed financial analysis of the

stocks enables us to identify companies able to deliver sustainable long-term shareholder value. Nordea's STARS funds proactively select high-quality ESG companies with the objective to identify tomorrow's winners which we believe have sustainable business models and the ability to conduct their businesses responsibly in relation to their stakeholders – employees, suppliers, customers, investors and society at large. Emphasizing ESG factors can help deliver better risk adjusted returns.*

Our Global Stars Equity strategy's outperformance is encouraging in light of the ESG impact in investment portfolios. The strategy ranked in the top quartile compared to its peers in 2018 and since inception, according to Morningstar.[ii]

*There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved.

[i] 2018 European SRI Study, Eurosif, 19 Nov 2018.
[ii] ©2019 Morningstar, Inc. All Rights Reserved as of 23.01.2019. **Past performance is no guarantee of future results.** Inception date: 17 May 2016. 2) **The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested.**

Citywire is a member of the Independent Press Standards Organisation (which regulates the UK's magazine and newspaper industry). We abide by the Editors' Code of Practice and are committed to upholding the highest standards of journalism. If you think that we have not met those standards and want to make a complaint please contact support@citywire.co.uk. If we are unable to resolve your complaint, or if you would like more information about IPSO or the Editors' Code, contact IPSO on inquiries@ipso.co.uk or visit www.ipso.co.uk.

CITYWIRE INVESTMENT WARNING

This communication is by Citywire Financial Publishers Ltd ("Citywire") and is provided in Citywire's capacity as financial journalists for general information and news purposes only. It is not (and is not intended to be) any form of advice, recommendation, representation, endorsement or arrangement by Citywire or an invitation to invest or an offer to buy, sell, underwrite or subscribe for any particular investment. In particular, the information provided will not address your particular circumstances, objectives and attitude towards risk. Any opinions expressed by Citywire or its staff do not constitute a personal recommendation to you to buy, sell, underwrite or subscribe for any particular investment and should not be relied upon when making (or refraining from making) any investment decisions. In particular, the information and opinions provided by Citywire do not take into account your personal circumstances, objectives and attitude towards risk. Citywire uses information obtained primarily from sources believed to be reliable (such as company reports and financial reporting services) however Citywire cannot guarantee the accuracy of information provided, or that the information will be up-to-date or free from errors. Investors and prospective investors should not rely on any information or data provided by Citywire but should satisfy themselves of the accuracy and timeliness of any information or data before engaging in any investment activity. If in doubt about a particular investment decision an investor should consult a regulated investment advisor who specialises in that particular sector. Information includes but is not restricted to any video, article or guide content created or provided by Citywire. For your information we would like to draw your attention to the following general investment warnings: The price of shares and investments and the income associated with them can go down as well as up, and investors may not get back the amount they invested. The spread between the bid and offer prices of securities can be significant in volatile market conditions, especially for smaller companies. Realisation of small investments may be relatively costly. Some investments are not suitable for unsophisticated or non-professional investors. Appropriate independent advice should be obtained before making any such decision to buy, sell, underwrite or subscribe for any investment and should take into account your circumstances and attitude to risk. Past performance is not necessarily a guide to future performance.

TERMS OF SERVICE

Citywire® is owned and operated by Citywire Financial Publishers Ltd ("Citywire"). Citywire is a company registered in England and Wales (company number 3828440), with registered office at 1st Floor, 87 Vauxhall Walk, London, SE11 5HJ. **1. Intellectual Property Rights.** 1.1 We are the owner or licensee of all copyright, trademarks and other intellectual property rights in and to these works (including all information, data and graphics in them) (collectively referred to as "Content"). You acknowledge and agree that all copyright, trademarks and other intellectual property rights in this Content shall remain at all times vested in Citywire and/or its licensors. 1.2 This Content is protected by copyright laws and treaties around the world. All such rights are reserved. Images and videos used on our websites are © iStockphoto, Thinkstock, Topfoto, Getty Images or Rex Features (among others). For credit information relating to specific images where not stated, please contact picturedesk@citywire.co.uk. 1.3 You must not copy, reproduce, modify, create derivative works from, transmit, distribute, publish, summarise, adapt, paraphrase or otherwise publicly display any Content without the specific written consent of a director of Citywire. This includes, but is not limited to, the use of Citywire content for any form of news aggregation service or for inclusion in services which summarise articles, the copying of any fund manager data (career histories, profile, ratings, rankings etc) either manually or by automated means ("scraping"). Under no circumstance is Citywire content to be used in any commercial service. **2. Non-reliance.** 2.1 You agree that you are responsible for your own investment decisions and that you are responsible for assessing the suitability and accuracy of all information and for obtaining your own advice thereon. You recognise that any information given in this Content is not related to your particular circumstances. Circumstances vary and you should seek your own advice on the suitability to them of any investment or investment technique that may be mentioned. 2.2 The fund manager performance analyses and ratings provided in this Content are the opinions of Citywire as at the date they are expressed and are not recommendations to purchase, hold or sell any investment or to make any investment decisions. Citywire's opinions and analyses do not address the suitability of any investment for any specific purposes or requirements and should not be relied upon as the basis for any investment decision. 2.3 Persons who do not have professional experience in participating in unregulated collective investment schemes should not rely on material relating to such schemes. 2.4 Past performance of investments is not necessarily a guide to future performance. Prices of investments may fall as well as rise. 2.5 Persons associated with or employed by Citywire may hold positions or take positions in investments referred to in this publication. 2.6 Citywire Financial Publishers Ltd operate a policy of independence in relation to matters where the operators may have a material interest or conflict of interest. **3. Limited Warranty.** 3.1 Neither Citywire nor its employees assume any responsibility or liability for the accuracy or completeness of the information contained on our site. 3.2 You acknowledge and agree that any information that you receive through use of the site is provided "as is" and "as available" basis without representation or endorsement of any kind and is obtained at your own risk. 3.3 To the maximum extent permitted by law, Citywire excludes all representations, warranties, conditions or other terms, whether express or implied (by statute, common law, collaterally or otherwise) in relation to the site or otherwise in relation to any Content or Feed, including without limitation as to satisfactory quality, fitness for particular purpose, non-infringement, compatibility, accuracy, or completeness. 3.4 Notwithstanding any other provision in these Terms, nothing herein shall limit your rights as a consumer under English law. **4. Limitation of Liability**. To the maximum extent permitted by law, Citywire will not be liable in contract, tort (including negligence) or otherwise for any liability, damage or loss (whether direct, indirect, consequential, special or otherwise) incurred or suffered by you or any third party in connection with this Content, or in connection with the use, or results of the use of Content. Citywire does not limit liability for fraudulent misrepresentation or for death or personal injury arising from Citywire's negligence. **5. Jurisdiction**. These Terms are governed by and shall be construed in accordance with the laws of England and the English courts shall have exclusive jurisdiction in the event of any dispute in connection with this Content or these Terms.