

ForresterHyde  
CHARTERED FINANCIAL PLANNERS



# Ethical Investing

## Forrester-Hyde Ethical Portfolio

[www.forrester-hyde.co.uk](http://www.forrester-hyde.co.uk)

# Our Ethical Portfolio

## What is Ethical Investing?

Ethical investing is an approach that incorporates Environmental, Social and Governance (ESG) factors into the investment process. These factors typically include industry specific key issues such as climate change, corporate governance, labour management and gender diversity.

## Why invest in our Ethical Portfolio?

Forrester-Hyde has a proven track record for managing Model Portfolios over the last 12 years, combined with 50 years experience in providing independent financial advice. The Ethical Portfolio is one of our specialist portfolios and is typically for an investor who has a medium attitude to investment risk, matched with ethical preferences.

The funds are selected through an internal matrix system and are subject to daily monitoring, followed by regular interviews with Fund Managers.

The funds we select vary in both their ethical stance and their selection process, yet all funds take measures to exclude socially adverse activities. This results in a diverse portfolio and access to a wide range of experienced ethical Fund Managers.

| Key Facts       |                  |
|-----------------|------------------|
| Launch Date     | 14 November 2008 |
| Risk Level      | Medium           |
| Number of Funds | 17               |
| Benchmark       | FH Balanced      |
| Yield           | 2.13%            |

As at 31st December 2019.

## Exclusions:



## Investment Policy

A medium level of risk is taken within the portfolio, with diversified investments in equity, fixed interest securities, cash and property. Exposure to equities is in the range of 40-70% and an investor accepting this level of risk should expect noticeable movements in the value of their capital.

The exposure to fixed interest investments reduces the volatility within the portfolio. Over recent years, we have diversified the portfolio to include exposure to cash and property, providing some defence during times of uncertainty.

## What is the screening process?

The more traditional approach is to undertake 'negative screening'. This is where traditional 'sin stocks' are excluded, as well as other companies that are involved in certain activities or services that are deemed negative from an ethical viewpoint.

Industries typically excluded are:

- Armaments
- Gambling
- Tobacco
- Animal exploitation

In the last few years, ethical funds have started to undertake a more targeted approach, where they seek out firms that have environmentally friendly and socially responsible business practices. Unlike negative screening which is typically black and white, positive screening requires a more detailed analysis of business issues, such as pollution, workplace practices, diversity and product sustainability.

Whilst the specific investment process for selecting stocks differs between funds, they all have the common goal of serving ethically minded investors.

## Inclusions:



# Portfolio Performance



## What is the benchmark?

Morningstar are an innovative leading authority on asset allocation. Their global team of Analysts look forward at valuations and sentiment across asset classes to create asset allocation models for different risk profiles.

Forrester-Hyde overlay Morningstar allocations with industry average performance to create a high level benchmark, raising the performance bar which our portfolios are measured against. Over the short term, we may however underperform the benchmark.

## Fund Providers

Our Investment team undertake extensive research to ensure that we invest in the most reputable companies in the investment universe, both for returns and for the planet. Examples include:



## Portfolio Stock Example

**Institution:** Royal London  
**Fund:** Royal London Sustainable Diversified Trust  
**Fund Manager:** Mike Fox  
**FH Purchase Date:** 01/09/2015

### Key Holding: SSE Plc

SSE Plc is the biggest holding in the Royal London Sustainable Diversified Trust fund, and is a constituent of the London Stock Exchange. SSE Plc is a leading developer and operator of renewable energy across the UK and Ireland, with a portfolio of around 4GW of onshore wind, offshore wind and hydro. At the heart of SSE's strategy is a commitment to developing, operating and owning the assets that create lasting value and are vital to the low carbon transition.

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