



# SOCIAL IMPACT PORTFOLIO

## BECKETT ASSET MANAGEMENT LIMITED

### RISK PROFILE 4

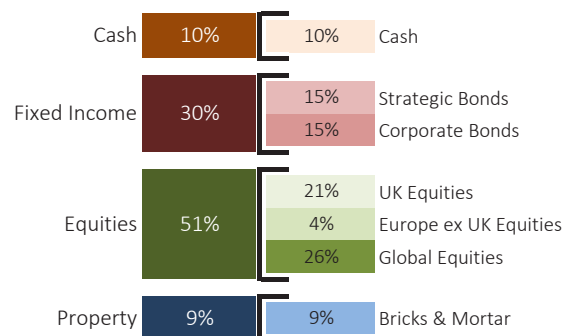
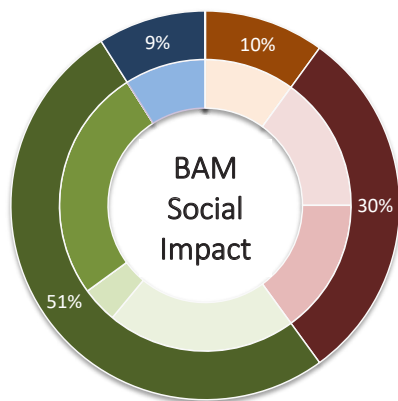
#### SOCIAL IMPACT PORTFOLIO COMMENTARY

This strategy delivered strong returns in the second quarter of 2018 and has continued to prove that investors do not have to give up returns in exchange for investing more sustainably. We continually review all portfolio holdings and for the quarter ahead rebalanced to the existing target allocations.

Macro events like US protectionism can still affect a strategy like this. In WHEB's latest commentary they said "We feel exposed, especially in the resource efficiency and sustainable transport themes. Sustainability is a global challenge; the responses are global too. If there is such a thing as a model company in those themes, it would be a globally exporting manufacturer. A company that makes something special that improves sustainability, and sells that product around the world.

Sentiment has shifted against such names this month. Our top ten negative contributors in the period earn an average of 63% of their revenues outside their home country." WHEB concluded that the chorus of complaint from industry is growing and turning back the tide of connectedness in the era of digital communications, is a project worthy of King Canute (The 10th century King of England who unsuccessfully attempted to command the incoming tide to halt.).

#### PORTFOLIO COMPOSITION



PORTFOLIO COMPOSITION SHOWN IS AS JULY 2018. PLEASE NOTE THAT ASSET ALLOCATIONS MAY CHANGE OVER TIME.

#### STRATEGY DESCRIPTION

This strategy is composed of collective investments and is particularly suited to those investors seeking a more Ethical approach to investing. Investors should be prepared to accept a cautious to medium level of investment risk.

There are the typical risks you would experience by investing in any risk asset, however by having this ethical overlay, the investment universe is narrowed when compared to a standard portfolio and there may be limited ability to take positions in certain regions or asset classes, for example Absolute Return. Although it may not always be the case, investors should note that this restricted universe can have an impact on performance.

#### INCOME YIELD

The Income yield of this strategy is not targeted and any income received will be reinvested.

#### STRATEGY BENCHMARK

The performance of the strategy will be measured against the IA Mixed Investment 20-60% shares, over a rolling three-year period.

#### CHARGES ON WRAP

In the region of 0.69%, but subject to change depending on the underlying funds.

## RISK CONTROLS AND INVESTMENT STRATEGY CHARACTERISTICS

### ETHICAL

- 70% of our equity and bond holdings will avoid investment in companies with Human Rights, Environmental abuse and Animal Testing issues and Arms exposure, and the remaining holdings will be classified as Ethical by Financial Express.
- Only property funds awarded a Green Star by the Global Real Estate Sustainability Benchmark (or GRESB for short) would be eligible.

### GENERAL

- The strategy will always have a minimum and a maximum exposure as defined below. The maximum equity exposure restricted to 60% of the Fund and is currently 51%.

Country/Asset Class	Minimum Exposure	Maximum Exposure	Current Exposure
Fixed Income	25%	60%	30%
UK Equities	10%	40%	21%
Global Equities	10%	40%	26%
Property	5%	20%	9%
Multi Asset Abs Return	0%	15%	0%
Equity Based Abs Return	0%	10%	0%
Cash	0%	20%	10%

- At least 30% of the fund must be in fixed income investments (for example, corporate and Government bonds) and/or “cash” investments “Cash” can include investments such as current account cash, short-term fixed income investments and certificates of deposit.
- This strategy is limited in the amount it can invest in overseas assets which can be positively or negatively impacted by changes in the relative valuation of currencies if the currency is not hedged.
- The strategy will hold a minimum of 10 different fund holdings and a maximum of 20.
- No individual holding will account for more than 17% of the strategy.
- No investment house will have more than 3 funds represented within the strategy.

- The policy of the strategy is to be managed on a “fully invested” basis.
- In addition to mainstream Unit Trust / OEIC funds, the strategies may also invest, where appropriate, in: Boutique investment house funds, Alternative investment funds (FAIFS), Investment Trusts, Structured Products, Tracker-type investments and ETFs.

## SOCIAL IMPACT PORTFOLIO CONSTITUENTS

<b>FIXED INCOME</b>	
EdenTree Amity Sterling Bond	7%
Royal London Ethical Bond	8%
Rathbone Ethical Bond	8%
Standard Life Ethical Corporate Bond	7%
<b>UK EQUITY</b>	
Liontrust UK Ethical	6%
Henderson UK Responsible Income	5%
Kames Ethical Equity	5%
Royal London Sustainable Leaders	5%
<b>GLOBAL</b>	
WHEB Sustainability	4%
Henderson Global Sustainable Equity	9%
F&C Responsible Global Equity	8%
Jupiter Ecology	5%
<b>PROPERTY</b>	
Kames Property Portfolio	3%
L&G Property Feeder	6%
<b>EUROPEAN EQUITY</b>	
Liontrust Sustainable Future European Growth	4%
<b>CASH</b>	10%



THE INVESTMENTS MENTIONED IN THIS REPORT ARE INTENDED AS LONG-TERM INVESTMENTS. SOME OF THEM MAY GO DOWN AS WELL AS UP AND YOU THEREFORE MAY NOT GET BACK THE FULL AMOUNT INVESTED. WHERE INVESTMENTS ARE DENOMINATED IN FOREIGN CURRENCIES, CHANGES IN THE RATE OF EXCHANGE MAY HAVE AN ADVERSE EFFECT ON THE VALUE OR PRICE OF THE INVESTMENT IN STERLING TERMS.

PAST PERFORMANCE IS NOT NECESSARILY A GUIDE TO FUTURE PERFORMANCE.

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