



SOCIAL IMPACT PORTFOLIO

BECKETT ASSET MANAGEMENT LIMITED

RISK PROFILE 4

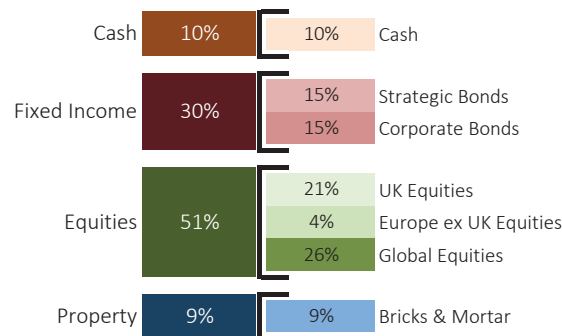
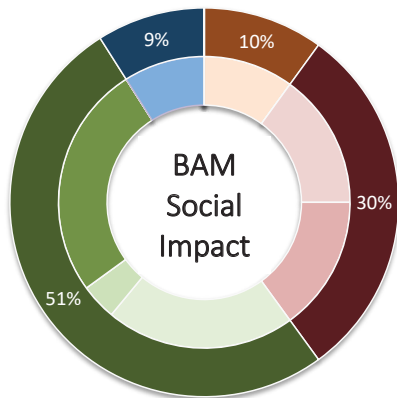
SOCIAL IMPACT PORTFOLIO COMMENTARY

Despite a more challenging investment environment in September, the model delivered a positive return over the third quarter of 2018.

We have met and reviewed a number of potential funds for the strategy this quarter with interesting links to the UN Sustainable Development Goals but no changes are being made at the rebalance. We have more meetings scheduled for the quarter ahead. More funds are looking at ways of measuring their positive impact, something we are looking to progress at model level.

A recent Survey by Schroders showed that investor worries are increasing. A rising rate environment with a removal of central bank stimulus, technological disruption and the impact of climate change now rank as three of the top six concerns to investors. While changing monetary policy means we are moving into uncharted territory, global growth, led by the US remains diverse. We believe this economic environment warrants investment across a broad spectrum of risk assets to achieve attractive risk adjusted returns over the long term.

PORTFOLIO COMPOSITION



PORTFOLIO COMPOSITION SHOWN IS AS OCTOBER 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 ARC Sterling Balanced Asset PCI over the medium to long term.

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 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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- 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

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

