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## ESG PORTFOLIO SERVICE

# INTRODUCTION

*“Over the past five years, we have seen the interest in ESG investing grow hugely.”*

History shows us that the increase in ESG usually comes from the younger generation, those investing for the long term through pensions. However, we are now seeing an increase in interest, not just from the young but also from those who have been investing for many years.

Kingswood ESG portfolios provide a solution to those interested in investing with ESG considerations.”

**- PAUL SURGUY**

*Head of Investment Management*





# WHAT IS ESG INVESTING?

Environmental, Social and Governance (ESG) looks beyond traditional investing, taking into account the impact on the planet and the people living on it.

## ESG CONSIDERATIONS



### ENVIRONMENTAL

Look at a company's waste, energy, pollution, anything impacting the natural environment



### SOCIAL

Look at how a company treats the community it operates within, other stakeholders and employees



### GOVERNANCE

Looking at how transparent companies are with shareholders, board members and their underlying decisions

# ESG INVESTING IS HERE TO STAY

## YOUR RETURNS SHOULDN'T SUFFER

Prioritising ESG factors doesn't mean you will compromise on investment returns. History can show us that you do not have to give up investment returns when investing with an ESG stance, as we can see below the MSCI World ESG Leaders has performed positively compared to MSCI World in recent times. The corresponding ESG Leaders Index is made up of companies with high ESG scores relative to their sector.

*Past performance is not a guide to future performance. The value of your investments can go up as well as down and you may get back less than invested.*





**GROWING APPEAL ACROSS GENERATIONS**

We expect to see an increase in interest in ESG investing across generations. We anticipate the growth to continue over the next few decades.

**CLIMATE CHANGE AS A GOVERNMENT AGENDA**

Governments and corporations are now treating climate change and sustainability as one of their largest priorities. As part of the UN SDGs (pg. 8), governments around the world are uniting to invest and tackle the issues we face.

# WHY KINGSWOOD ESG?

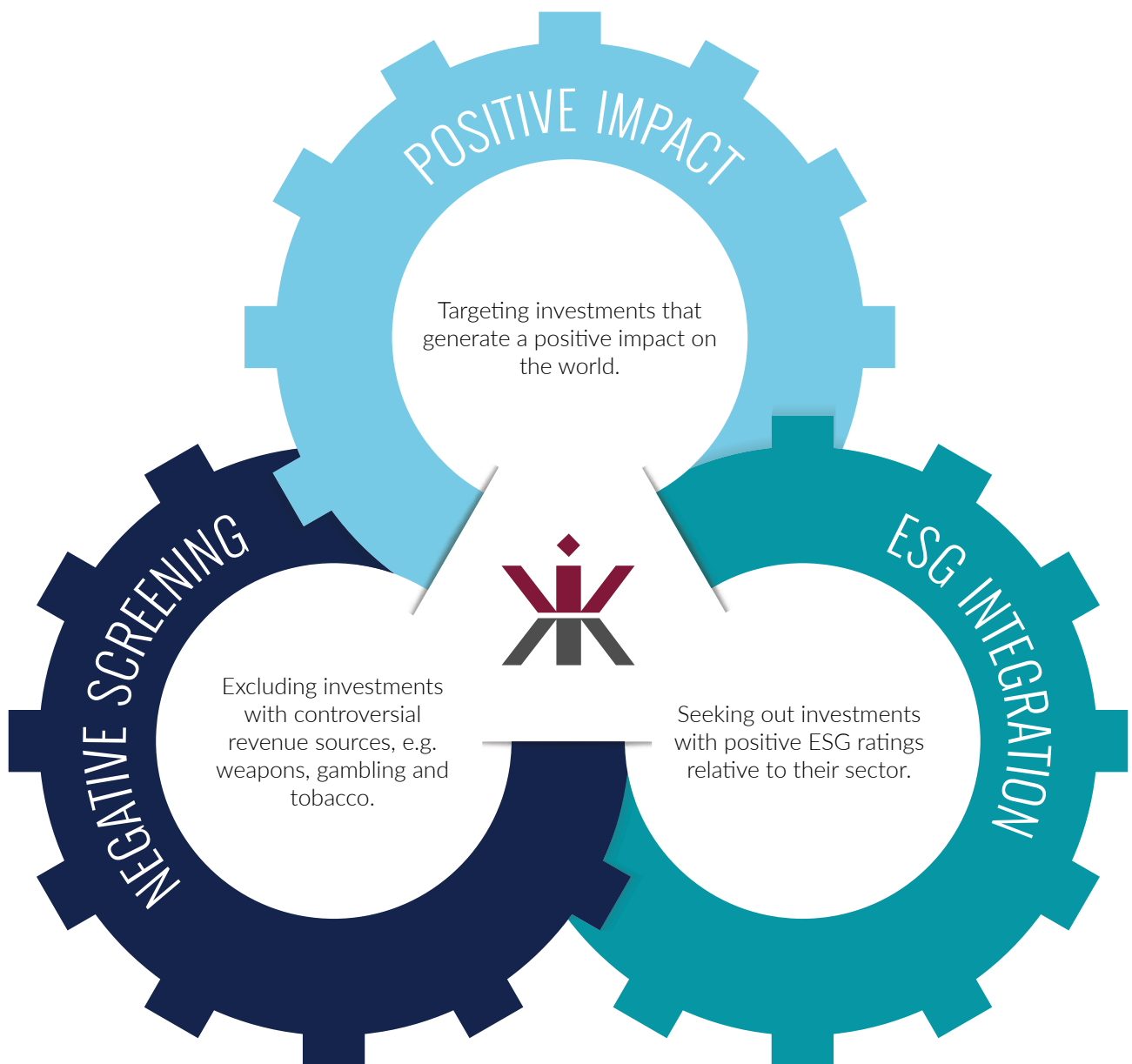
At Kingswood we manage a range of ESG strategies. The Kingswood ESG strategies are actively managed with investments that aim to make positive contributions to society, taking practical action to improve the environment, and furthering sustainable development. Screening criteria are applied to exclude companies involved in fossil fuels, tobacco or weapons, or those with unsustainable business practices.

Our ESG portfolio objective is not only to generate financial returns but to also aim to make positive improvements to the environment and society. We believe strong governance is imperative to meet this objective. Therefore, we select funds that are in line with our objective and fit within our three areas of consideration.

The landscape of investing is evolving and moving well beyond the historic approach of just negative screening (see page 7). With this in mind we consider not just negative screening, but also ESG integration and positive impact, taking into consideration the United Nations Sustainable Development Goals.

# THE KINGSWOOD PROCESS

Within our ESG strategy fund selection process we consider the following three areas:



# OUR STRATEGY

## GUIDED BY THE UN SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (UN SDGs) are a collection of **17 global goals** that were agreed by all UN member states in 2015. These include **169 underlying targets** to reach by 2030. The SDGs are a global call to action to work together to create a more sustainable future.

An estimated annual investment of **\$5-7 trillion** is required to meet these goals.

*Our ESG strategies follow the same investment process as our traditional strategies from an asset allocation perspective which ensures the risk and return characteristics are suitable.*

When selecting the funds for our ESG strategies we aim to gain exposure to as many of the UN SDGs as possible.







# FUND SELECTION

## GUIDED BY THE UN SUSTAINABLE DEVELOPMENT GOALS

Some examples of the funds we hold in our ESG Portfolios and the UN SDGs they cover:

### **Equity: Pictet Nutrition**



The fund's aim is to grow capital by investing in companies which operate within the nutrition sector. These companies have a specific focus on supporting the world's food supply and of whom adopt best in class techniques to reduce food wastages and tackle the issues of poor food quality and diet.

### **Fixed Income: Threadneedle UK Social Bond Fund**



This fund looks to generate an income with the prospect of some capital growth through the investment in debt securities which support and fund socially beneficial activities around the UK. The fund works with Big Issue Invest; a leading innovator in backing sustainable social enterprise.

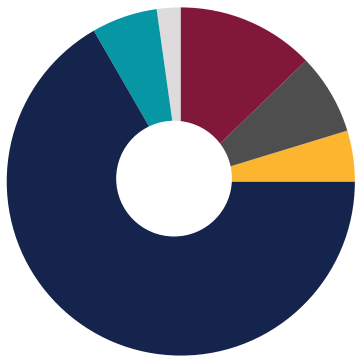
### **Alternative: Foresight UK Infrastructure Income**



This fund aims to invest in a range of REITs (Real Estate Investment Trusts) that aim to generate positive improvements on the world as well as providing income and preservation of capital. Investments include solar farms, wind farms, social housing and healthcare infrastructure. Some of the investments are also involved in areas such as improving digital infrastructure, the development and production of electric vehicles and improving energy transmission and storage.

*These fund examples are subject to change and may or may not be a reflection of our current holdings. By investing with an ESG stance and restricting your investment parameters it may have an impact on your investment returns.*

Our strategies provides you with a wide range of risk levels, each with a range of implementation styles. Your portfolio strategy is principally determined by your financial goals and risk appetite.

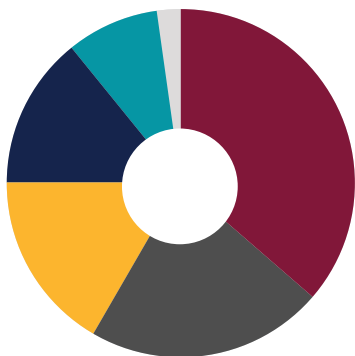


**CAUTIOUS** | Capital preservation over the medium to longer term. Limited exposure to equity markets. Moderate fluctuations in value.

Long-term return guideline is 3-3.5%

**BALANCED** | Capital growth over the medium to longer term. Significant exposure to equity markets and their potential rewards. Significant fluctuations in value and some protection in times of market weakness.

Long-term return guideline is 4-5%



**GROWTH** | Capital growth over the medium to longer term. Substantial exposure to equity markets and their potential rewards. Significant fluctuations in value and limited protection in times of market weakness.

Long-term return guideline is 5-6%

**ASSET ALLOCATION**

■ Equities - International / ■ Equities - UK / ■ Equities - Thematic / ■ Bonds / ■ Alternatives / ■ Cash

## ESG PORTFOLIO FEES

Managed portfolio service fee .....	0.25% p.a*
Third party fund management fee .....	0.60% (Typical Range 0.50-0.70%) p.a*
Total client charge .....	0.85% p.a*

\*Platform charges may apply.

# ESG COMMITTEE

The Kingswood ESG committee is comprised of eight experienced members, collaborating to provide our clients with rounded and robust ESG investment solutions.



**Rupert Thompson**  
*Chief Investment  
Officer*



**Paul Surguy**  
*Managing Director,  
Head of Investment  
Management*



**David Winckler**  
*Investment Analyst*



**Sam Buckingham**  
*Investment Analyst*



**Eilidh Anderson**  
*Investment Manager*



**Charlotte Cook**  
*Investment Manager*



**Oliver Mulry**  
*Investment Manager*



**Harry Merrison**  
*Investment Manager*



## INTERESTED IN OUR ESG PORTFOLIOS?

Start the conversation with one of our financial advisers.

Email: [info@kingswood-group.com](mailto:info@kingswood-group.com)

Tel: 020 7293 0730

[kingswood-group.com/contact](https://kingswood-group.com/contact)

## HOW TO ACCESS KINGSWOOD ESG PORTFOLIOS

The Kingswood ESG portfolios are accessible via a range of investment platforms. Our Kingswood Financial Advisers work in tandem with our Investment Managers.

## AVAILABLE PLATFORMS

**TIM**

**AEGON**

**AJBell**

**AVIVA**

**FundsNetwork**

**JAMES HAY**  
PARTNERSHIP

**novia**

**nucleus**

**OLD MUTUAL**  
WEALTH

**Standard Life**

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