PARTNERS WEALTH MANAGEMENT

Sustainable Investment Strategy

INVESTING FOR A SUSTAINABLE FUTURE

AS WELL AS YOUR RETIREMENT

Negative Screening	Environmental, Social and Governance (ESG)	Socially Responsible Investing (SRI)	Impact Investing

Sustainable investing is the evolution of ethical investing which first came to prominence over twenty years ago. It used negative screening, or divestment, to eliminate investment in companies and sectors that did not meet the social or moral focus of the investment manager.

These ethical exclusions typically included arms and tobacco but, interestingly, fossil fuels were not high on the list of excluded sectors. **Negative screening/divestment** remains part of modern sustainable investing but now **Environmental, Social and Governance (ESG)** factors also form key components. ESG assesses a company's effectiveness in these three areas. Environmental factors include carbon footprint, mitigating climate change, pollution and resource depletion. The social criteria evaluate a company's relationship with its employees and its wider community, covering areas such as pay, gender equality, human rights and working conditions. Governance covers, as you would expect, a well-defined corporate governance system including tax strategy, executive pay and board diversity.

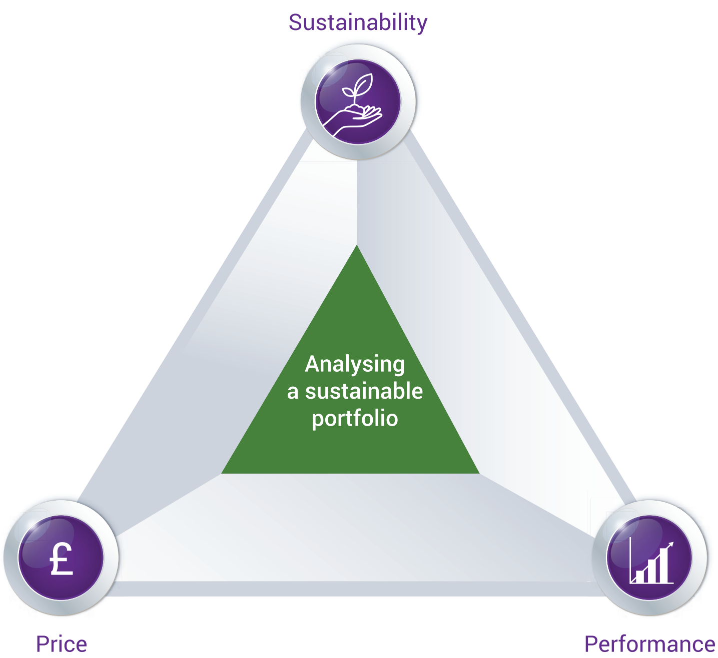
Good ESG metrics are in alignment with some of the United Nation's Sustainable Development Goals, which are used as a guide for much of the sustainable investment universe. Positive ESG metrics also make good business sense as increasingly those companies with good ESG factors are being rewarded with increased profitability.

Socially Responsible Investing (SRI) and **Impact Investing** take this a step further incorporating both negative screening and ESG, but they also seek out investments that will make positive change and contribution. They are the 'greenest' in terms of investment criteria and can include renewable energy, lowering carbon emissions/carbon capture, clear water, health and of course, mitigating climate change. The focus is on companies that generate positive social and environmental impact identifying growth themes.

Sustainable returns

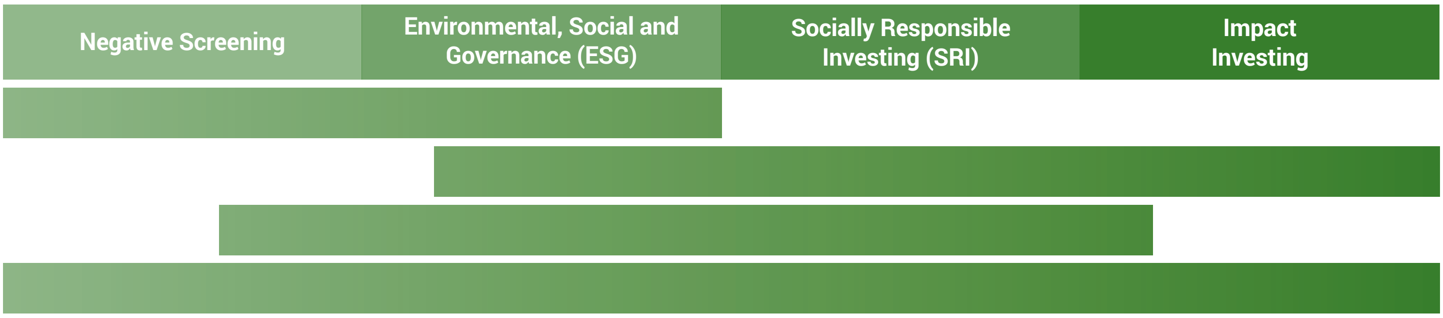
We consider the price and performance for all investments and naturally for sustainable investments we add a third factor - sustainability. The price of sustainable investment portfolios is reducing all the time and investment managers are now aligning their fees with their regular investment portfolios. Whilst the cost of a sustainable portfolio is sometimes slightly higher, in many cases it does not translate into poorer performance.

Performance lag is often raised as a potential barrier to sustainable investing. Increasing capital inflows, government support and increasing investor sentiment have often broadly led to performance parity relative to a manager's regular portfolios. There is an increasing body of evidence showing that sustainable investing has not come at the detriment of performance. Morgan Stanley reviewed the performance of 11,000 mutual funds between 2004 and 2018. It noted that "there is no financial trade-off in returns of sustainable funds compared to traditional funds and they demonstrated a 20% lower downside risk". *(Sustainable Reality, Analysing Risk and Returns of Sustainable Funds, Morgan Stanley, August 2019)*. Whilst past performance is no indication of future returns, performance lag should not be expected from sustainable investments.



Investing on the green spectrum

Partners Wealth Management stands out in UK financial services. Instead of a single investment proposition we select the most appropriate investment managers for our clients from a large independently reviewed panel. We have extended this in-depth analysis to sustainable investing. Each discretionary manager has their own approach to sustainable investing. Some concentrate on negative screening and ESG whilst others favour positive SRI and impact investing. Wherever you are on the green spectrum, we are able to match your requirements with the appropriate sustainable portfolio.

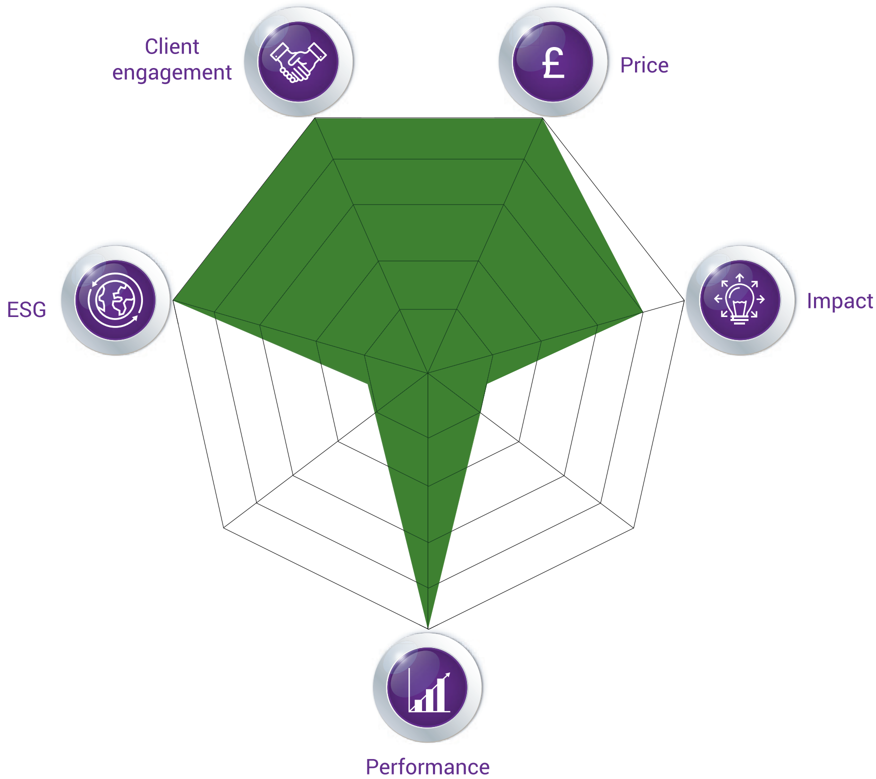


Different approaches to constructing sustainable investment portfolios

Your sustainable investment strategy

Each investment manager approaches sustainable investing in their own unique way; where they lie on the green investment spectrum, how they tailor their proposition to specific client needs and ongoing communication of their investment actions, price and performance.

As a truly independent advisory firm, Partners Wealth Management is able to work with you to determine your sustainable investing criteria. Then we select the most appropriate investment manager(s) to meet your specific needs, allowing you to invest for a sustainable future as well as your retirement.



Each investment manager has a unique green footprint

How can we help?

If you would like to discuss how we can help you to invest in a more sustainable future as well as your retirement, please contact your Partners Wealth Management adviser, or call us on 020 7444 4030 for an initial conversation.

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