

my wealth ethical /ESG.



Do our investment strategies have ESG considerations?

When it comes to investments, *my wealth* seeks to achieve high levels of performance whilst maintaining low volatility in order to achieve the best possible return for our clients.

For the majority of portfolios we construct, we are required to focus our efforts on whole of market investing and therefore cannot limit our scope to be solely ESG focused. As such, this approach allows us to be truly whole-of-market (including investing in an array of geographical regions), in order to achieve the strongest risk return characteristics for all of our clients.

However, in order for a fund or particular stock to maximize its opportunity for success in today's progressive climate, the investment strategy adopted must be one of adaptation and conscious thinking. By virtue of this, all of our current holdings do take into account ESG considerations. Whilst we cannot guarantee that this will always be the case, there is a long-term global trend towards investing with an ESG mindset which we believe will remain consistent amongst companies conscious of their own sustainable growth.

Therefore, we believe that the implementation of strong ESG practices not only appeals to conscious investors, but also promotes sustainability by making the investment in question better placed for future growth.

general FAQs.

What is ESG?

ESG stands for Environmental, Social and Governance, which are non-financial values that can be used to measure companies.

Some examples of considerations within ESG practices are:

- Working conditions
- Employee diversity
- Deforestation
- Tax strategy
- Human rights

What is the difference between ESG and Ethical?

Ethical investing refers to using ethical principles such as best-in-class considerations and exemptions, in order to screen for companies best suited to conscious investors' values. We use an SRI (Socially Responsible Investing) methodology if a client wishes to adopt an ethical approach which is different from ESG.

ESG is a more broad-based approach to assessing a company's operational and reputational risk by evaluating its Environmental, Social and Governance credentials.

Are our core investment strategies ethical?

Our core investment strategies are not managed to an ethical remit, however they are screened on a monthly basis via the MSCI ESG rating tool in order to establish an up-to-date ESG score.

Our cash holdings don't hold company shares, so are they ethical?

Our cash holdings are also not managed to an ethical remit.

What is faith-based investing?

Faith-based investments are governed by the views and values of individual faiths.

We do not currently have any portfolios that are run with a faith-based remit.

Continue overleaf ▶▶▶

ethical portfolio FAQs.

What makes an ethical mandate ethical?

If a client wishes to adopt an ethical mandate we utilise a Socially Responsible Investment (SRI) approach where possible, which means that investments are picked because they share a common theme, avoiding those involved in controversial activities and investing in favour of those engaged in social justice, environmental sustainability, and alternative energy.

We are currently monitoring the market for a suitable SRI approach for the Fixed Interest element of an ethical investment strategy to become available. Until this is available, this element will follow an ESG approach that considers businesses based on factors such as human rights, income equality, freedom of expression and climate impact etc.

Why do investment strategies with an ethical mandate have fewer funds than a core investment strategy?

Whilst a portfolio with an ethical mandate may contain fewer funds than a core investment strategy, the underlying holdings continue to be well-diversified.

The passive funds held invest in thousands of companies and therefore often hold more positions than the Standard portfolios.

There aren't currently enough suitable SRI (Socially Responsible Investing) holdings in existence for us to hold actively managed investments, whilst maintaining consistency of an ethical approach and controlling asset allocation.

Holding passive investments in each region allows us to control our asset allocation (which gives the majority of returns).

Does the SRI methodology exclude companies with any involvement in tobacco, alcohol etc.?

No. The SRI methodology will remove companies that have significant involvement in the areas listed overleaf. However companies must meet a specific "controversial activities involvement criteria" in order to be excluded.

For example, if a company generates most of its revenue from tobacco sales, it would not be considered SRI investable. However, if a company makes a small percentage of its revenue from tobacco sales, it is unlikely to be excluded from the list of SRI investable stocks.

Or;

A company that generates a small part of its revenue from oil and gas this might still be included, but a company that derives a lot of its revenue from unconventional oil and gas extraction would not be included within the list of SRI investable stocks.

What are the controversial activities that are considered?

- Controversial weapons
- Alcohol
- Gambling
- Tobacco
- Civilian firearms
- Nuclear power
- Adult entertainment
- Thermal coal power
- Fossil fuel extraction
- Genetically modified organisms (GMOs)

ethical investment strategies.

Here at *my wealth*, you can choose to have your investments selected and managed either with, or without, an ethical mandate.

Everyone has different moral or ethical principles and so constructing a portfolio that constitutes as ethical is not an exact science.

However, our ethical strategies follow a strict, rules-based approach, so as to align investments with client values. For this reason we broadly use a Socially Responsible Investing (SRI) Methodology when constructing our portfolios.

This approach allows for our ethical investment strategies to exclude companies that derive a proportion of their revenue from controversies which have a negative impact on environmental, social or governance.

As with our core offering, if you chose to adopt an ethical mandate, the selection and management of the underlying investments will be aligned with your assessed attitude towards investment risk: cautious, balanced and adventurous.

We utilise the same asset allocation process that we apply to our core investment strategies to an ethical approach, as asset allocation accounts for the majority of returns. This allows the portfolios we construct to benefit from our tactical strategy whilst being managed on a risk adjusted basis. In order to gain exposure across multiple regions we utilise passive funds rather than active funds as there are very few actively managed SRI funds to choose from. Using passive funds allows us to retain consistency of ethical approach (SRI) across multiple regions.

We are currently monitoring the market for a suitable SRI approach to become available for the Fixed Interest element of an ethical mandate. Until then, the Fixed Interest element of an ethical mandate will follow an ESG approach which considers businesses based on ESG factors such as human rights, income equality, freedom of expression, climate impact etc.

Contact us on 0800 028 3200 or email mywealth@wealthatwork.co.uk

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