



Amanda Tovey
Head of SRI & Direct Equities

Prestige Ethical Performance and Asset Allocation Update

This year we have seen the two year anniversaries of our Prestige Ethical Range with PMS Ethical Balanced reaching its anniversary at the end of October. Performance has been pleasing over the reporting period.

We are seeing increasing emphasis placed on how businesses conduct themselves driven by social and investor demand with ESG analysis (looking at how a company acts on Environmental, Social and Governance issues) being integrated more and more into general investment research. Whilst a good score on ESG analysis itself does not necessarily mean a company would fit into a socially responsible investment portfolio, it is a key part of most socially responsible investment analysis and evidence suggests companies which perform well in these areas tend to perform better overall.

There is a global shift in focus towards sustainability themes driven by increasing emphasis on the need to tackle climate change, pollution of the environment and also by initiatives such as the UN's Sustainable Development Goals which aim to tackle a range of social and environmental issues. As regulation around areas such as reduction in CO2 emissions change, businesses need to change as well.

A key example which we are all familiar with is transport. As we look to globally reduce CO2 emissions, improve air quality and vehicle safety, Sustainable Transport is becoming key. There is a gradual move away from the petrol and diesel cars we are so familiar with towards electric vehicles (EV). Meaningful adoption of Electric Vehicles will occur over the coming years, with the UK looking to ensure the majority of new cars and vans sold by 2040 will be zero emissions, in line with policies of many European countries. The number of EV models available is expected to jump from 155 at the start of 2018 to 289 by 2022 and we have already seen the global stock of EV cars grow by over 50% in each of the last three years. Even as we have seen demand for cars soften in PMI

figures, the EV sector continues to grow albeit more slowly. Similar trends can be seen through other key sustainable investment themes such as clean energy.

The recent increase in the level of stockmarket volatility is unsurprising following a prolonged period of unusually steady market rises. Whilst we may see short term fluctuations in performance driven by this market volatility we believe the growth prospects of companies aligned with key sustainability themes should prevail over the long term.

Whitechurch Approach...

The Whitechurch Ethical range of portfolios combines both positive and negative screening. A negative screen is implemented to ensure investors do not have exposure to key areas of concern such as Arms, Tobacco, and High Environmental Impact companies. This is combined with a positive overlay and thematic approaches by some fund managers to provide investment into companies providing social and environmental benefits (for example, social housing, carbon reduction etc.)

For full details please see our [ethical investment brochures](#) or speak to a member of the business development team or contact us at dfm@whitechurch.co.uk

Click through to our website for the updated Ethical Performance and Asset Allocation Sheets
www.whitechurch.co.uk

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