

More Happy Returns!

Whitechurch Ethical Investment Solutions



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Investment Manager

This month (May 2017) we reached the 1st anniversary of our Prestige Ethical Income & Growth Risk Level 5 portfolio. This is the second ethical strategy that we launched through our Prestige Investment Management Service and it is satisfying to report that the strategy has made a strong start - much like the Risk Level 4 Strategy.

The strategy returned 10.4% over its first year versus a return of 11.2% from the ARC £ Balanced Asset Private Client Index. We are pleased with the performance over the period, despite the slight lag versus the benchmark over the full year. The strategy held up well versus the benchmark considering it had no exposure in UK equities to many of the large cap international stocks which did particularly well post Brexit, such as Oil and Gas, Mining and Tobacco

	1 month	3 months	6 months	12 months
Prestige Ethical Income and Growth 5	0.8%	4.3%	5.2%	10.6%
ARC £ Balanced Asset Private Client Index	-0.1%	2.2%	3.4%	11.2%

Current Asset Allocation and fund selection of the Prestige Ethical Income and Growth 5 strategy



UK Equities

- F&C Responsible UK Income
- Premier Ethical
- Standard Life UK Ethical
- Unicorn UK Ethical Income

Global Equities

- Liontrust Sustainable Future Global Growth
- F&C Responsible Global Equity
- Henderson Global Care Growth
- Pictet Water
- Standard Life European Ethical Equity

Fixed Interest

- EdenTree Amity Sterling Bond
- Kames Ethical Corporate Bond
- Rathbone Ethical Bond
- Royal London Ethical Bond

Property

- F&C Property Growth & Income

Investing in tomorrow

It is our belief that companies that are socially responsible and embrace sustainable growth methods are potentially market leading businesses of the future. Adopting this methodology and implementing these practices can make companies better managed, more efficient and attractive for investors.

Here we look at a couple of themes that are important to the Prestige Ethical strategies and which have contributed to the positive start for Prestige Ethical Income & Growth 5.

A changing world

The world is changing rapidly; climate change is a key concern with many countries committing to meet goals set at the Paris Climate Conference in 2015. An increasing global population is increasing demands on healthcare, water and infrastructure whilst food shortages are placing new demands on agriculture.

New technologies are being developed to cope with these changes and address the problems we are facing and these are opening up new investment opportunities. These opportunities range from

companies providing security against the growing threat of cybercrime as our world becomes more focused on online systems; renewable energy companies and those involved in agricultural resource efficiency, through to companies which help to deliver healthier foods via the production of natural ingredients aimed at tackling obesity and diabetes.

Companies involved in such areas of the market which have high environmental, social and governance standards are considered to have a positive impact on society and are included in many of the funds we use.

Evolving businesses

The way many businesses are run is also changing. Increased global news coverage and use of social media highlights business practices that many find unacceptable and many companies are now making changes to address this.

The Rana Plaza disaster in Bangladesh in 2013 was a wakeup call for many companies in the fashion industry to look more carefully at their supply chains and the rights and safety of workers employed throughout that chain, whilst the BP Deepwater Horizon oil spill created huge fines and court costs for BP.

Simply translated, disasters such as these will have a negative impact on a company's share price. Significant fines and court costs will have an even longer term negative impact on a company's overall profile. By applying a high level of screening for Environmental, Social and Corporate Governance

many funds in the ethical space seek to mitigate exposure to such companies which may have left themselves open to such reputational issues.

The Whitechurch Way

Whitechurch Ethical portfolios are built using a range of funds which employ a negative screen to take out key areas of concern, as an initial starting point, but also have a positive criteria overlay - seeking out companies providing solutions for a changing world.

Whitechurch Investment Team, May 2017

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