

**SHINING A LIGHT ON THE.....
Royal London Sustainable Leaders Fund**

AT A GLANCE

Investment Objective	
<p>The fund seeks to provide above-average capital growth through investment in companies that have a positive effect on the environment, human welfare and quality of life. The Trust invests predominantly in the UK but with some exposure to the US and Europe. The core of the investment portfolio consists of shares in companies involved wholly or in part in the manufacture of products, industrial processes or the provision of services associated with improving the environment and the enhancement of human health and safety. The fund manager also invests in companies whose management are making above-average efforts in corporate responsibility. The fund is screened in accordance with The Co-operative Investments ethical investment policy, a copy of which is available on request.</p>	

Inception Date	29 May 1990
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F0GBR04E90

Management	
Manager Name	Start Date
Mike Fox	3 November 2003

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	28.74%
Large	32.16%
Medium	32.93%
Small	6.17%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	41	
Assets in Top 10 Holdings	42.08%	
Name	Sector	% of Assets
AstraZeneca PLC	Healthcare	4.89%
Rentokil Initial PLC	Industrials	4.79%
Smith & Nephew PLC	Healthcare	4.65%
Experian PLC	Industrials	4.42%
SSE PLC	Utilities	4.29%
Unilever PLC	Consumer Defensive	4.03%
RELX PLC	Consumer Cyclical	4.00%
London Stock Exchange Group PLC	Financial Services	3.89%
Sage Group (The) PLC	Technology	3.83%
Microsoft Corp	Technology	3.28%

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Volatility Measurements	
3-Yr Std Dev (volatility)	9.51%
3-Yr Mean Return (average)	11.99%

FUND PERFORMANCE

Performance from 1 January 2013 to 30 September 2019:

	2013	2014	2015	2016	2017	2018	2019
Royal London Sustainable Leaders Fund	32.08%	3.36%	8.83%	7.96%	14.93%	-2.74%	24.33%
FTSE All Share Fund	20.81%	1.18%	0.98%	16.75%	13.10%	-9.47%	14.41%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
Royal London Sustainable Leaders Fund	14.17%	38.62%	69.58%	351.78%
FTSE All Share Fund	2.68%	21.69%	38.89%	215.06%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

The update from Mike focused more around why sustainable investing. Mike is the sole manager of the Sustainable Leaders Fund which is a FTSE All Share Strategy. He co-manages the Sustainable Diversified and World Strategies.

Mike has over 20 years' experience, seeing assets rise from under £100 million to over £3 billion over that time. He believes now is a perfect time with consumer habits changing. The old term was ethical, and he feels this is being replaced by sustainable. There is not much difference between the two, other than ethical uses negative screening whereas sustainable uses positive screening. Ethical was very much you shouldn't do this. Sustainable is more about how you are changing.

Electric Cars have bad elements to them, but it is about how they are changing the way we drive and what that means in the long term. Sustainable investing is likely to become a normal way of investing as millennials become the dominant consumer, not only in spending power but also numbers. Their approach will naturally be different to previous generations.

Current themes include industry 4.0, agriculture and naturalness, AI and cloud computing, electric / autonomous vehicles, next generation medicine, social infrastructure and energy transition.

In terms of companies, they are looking for those that create value, and those that they are paying a fair price for. In terms of themes and how this works, examples include:

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Energy transition – from carbon to renewables (Orsted (world leader in offshore wind)), electrification (Infineon (power management)) and global warming (national grid (energy networks))

Next generation medicine – diagnosis and treatment currently poor (illumina (gene sequencing)), patient monitoring (Philips (patient analytics)) and personalised medicine (Novartis (gene therapy))

AI & Cloud Computing – increased data production (Google (enhancing knowledge)), mobile supercomputers (Amazon (making IT greener)), and AI /cloud computing (Microsoft (improving decision making))

Not all of these will be in the UK fund, but they are likely to be in some of the other strategies that Mike manages.

In summary, Mike believes times are changing and sustainable investing will become the norm. The idea that returns are poor are clearly no longer the case and good returns can be achieved. It becomes normal for good companies to consider environmental, social and governance as the right way to run a business. In terms of Royal London, they have a track record going over many years. The strategies work across fixed income, UK and global.

The source of information in this note has been provided by Royal London and is correct as at October 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.