

**SHINING A LIGHT ON THE.....
Ninety One UK Sustainable Equity Fund**

AT A GLANCE

Investment Objective
The Fund aims to provide long-term capital growth and income. The Fund primarily invests in shares issued by UK companies (i.e. companies which are domiciled in the UK, incorporated in the UK or carry out a significant portion of their business in the UK) which are considered by the Investment Manager to be making a positive contribution to society and/or the environment through sustainable and socially responsible practices, products and/or services.

Inception Date	14 th December 2018
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00001106S

Management	
Manager Name	Start Date
Matthew Evans	14 th December 2018

FUND PERFORMANCE

Performance from 1st January 2019 to 30th September 2020:

	2019	2020
Ninety One UK Sustainable Equity Fund	33.98%	-4.95%
FTSE All Share	19.17%	-19.92%

Performance over 12 months, and since launch:

	1 year	Since launch
Ninety One UK Sustainable Equity Fund	4.99%	25.49%
FTSE All Share	-16.72%	-6.47%

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.

Tracking Error	Active Share Class	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
-	75.55	-	-	-	-	-	Mid/Growth

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

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Investment Style Details	
Giant	12.06%
Large	17.35%
Medium	19.26%
Small	32.42%
Micro	11.18%

Top 5 Holdings – 55 equity holdings		
Unilever PLC	Consumer Defensive	4.48%
London Stock Exchange Group PLC	Financial Services	4.00%
Smith & Nephew PLC	Healthcare	3.50%
Experian PLC	Industrials	3.48%
RELX PLC	Communication Services	3.19%

Top 5 Sectors	
Industrials	22.10%
Healthcare	21.49%
Technology	17.64%
Financial Services	11.19%
Consumer Defensive	9.58%

UPDATE....

These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

This was our first introduction to this strategy. The team feels that this fund is different because of the way it invests, engages, and reports on the companies that are held by them. They produce a yearly report which outlines all the holdings and the reasons for that. They believe transparency is really important and that they should be open to be challenged on what they hold and invest in. Even without COVID the world faced significant challenges around climate change, and this fund offers investors the opportunity to invest in those companies which are actively addressing those concerns.

The three pillars they invest across are:

Financial sustainability – focusing on the business model, financial model and capital allocation, with valuation sat at the heart

Internal sustainability – this is about understanding the sustainability of the business model. This focuses on areas environmental aspects, social, supply chains and how the business interacts with the world around them

Positive impact – this is based on their own proprietary framework and is mapped against the UN SDGs. Examples of this are accessible finance and education, AJ Bell fall into both camps with their platform, proving accessible finance for all, and AJ Bell Trust which helps disadvantaged people to advance in life. Another example is protecting ecosystems and Accsys Technologies would be an example of this: innovative acetylation technology enables the sustainable manufacture of wood products that positively impact the environment, while offering best in class durability and stability and replacing fossil fuel dependent man made products such as plastics, steel and concrete.

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Engagement is an important aspect of the strategy, with over 300 engagements with site visits, talking to the wider business and investment community. With some businesses it can take time to invest. Ceres Power they have been talking to since 2004. It was only with a change in management in 2017 and a new business model that they started to invest in the business. They have worked with them on their internal sustainability and the company launched their sustainability policy in 2019. There is still work to be done but the business is well placed to play a part in the energy transition of the future.

They hold over 50 companies and the main sectors are information technology, healthcare, and industrials. They invest across the market cap. The key benefits they see for investors are being differentiated: it can be a core holding, high conviction, engagement, experienced and outperformance.

Examples of areas they do not invest in include tobacco, gambling and high extraction mining where they don't see any positive impact. Major oil is avoided but not excluded. They are monitoring and aware that companies like BP are transitioning and they may invest in the future.

They have neutral positions like the London Stock Exchange, which has no positive impact as it is a global exchange, but has great internal sustainability.

In summary, for those looking to invest in the UK with a sustainable overlay, then this may be a fund to consider. Since launch it has delivered strongly, and certainly they seem to say everything you would expect. The transparency is an interesting aspect, and where they can be challenged. We have no view either way on this strategy, and there are others which tread a similar path.

The source of information in this note has been provided by Ninety One and is correct as at October 2020. 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.