

**SHINING A LIGHT ON THE.....
ASI Europe ex UK Ethical Fund**

AT A GLANCE

Investment Objective	
To generate growth over the long term (5 years or more) by investing in European equities (company shares) which meet the ethical criteria set out in the investment manager's ethical investment policy.	

Inception Date	24 September 2007
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000OPVB

Management	
Manager Name	Start Date
Sarah Norris	16 th April 2018
Iain Hewitt	16 th April 2018

FUND PERFORMANCE

Performance from 1st January 2016 to 31st January 2021:

	2016	2017	2018	2019	2020	2021
ASI Europe ex UK Ethical Fund	17.01%	17.99%	-12.58%	20.75%	21.88%	-3.45%
MSCI Europe Ex UK	-0.27%	11.12%	-13.36%	23.42%	-0.38%	-1.12%

Performance over 12 months, 3 years, and since launch:

	1 year	3 years	Since launch
ASI Europe ex UK Ethical Fund	16.68%	22.89%	99.04%
MSCI Europe Ex UK	-0.44%	3.04%	7.39%

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	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
5.48	81.24	107.89	93.00	61.11	1.02	3.13	Growth/Large

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Volatility Measurements	
3-Yr Std Dev (volatility)	15.41%
3-Yr Mean Return (average)	6.07%

Investment Style Details	
Giant	30.23%
Large	38.60%
Medium	27.32%
Small	0.00%
Micro	0.66%

Top 5 Holdings – 53 Holdings, 30.70% in top 10 holdings		
Asml Holding Nv	Technology	4.57%
Enel Spa	Utilities	3.72%
Iberdrola Sa	Utilities	3.67%
Schneider Electric Se	Industrials	3.34%
Sap Se	Technology	2.82%

Top 5 Sectors	
Financial Services	20.31%
Industrials	18.79%
Technology	16.89%
Consumer Cyclical	10.95%
Communication Services	10.28%

Top 5 Countries	
France	18.97%
Germany	15.70%
Spain	13.61%
Italy	11.20%
Netherlands	8.82%

UPDATE....

This was a chance to understand more about the team and how they invest. Sarah Norris has a background in peace and resolution, working with the Government of Southern Sudan. Iain Hewitt was brought up with a father involved in developing city cycling lanes. For the team, the desire to do good is in their DNA. However, this fund is not just about them. It is about investors within the fund. This is where this is different and it starts with annual investor led survey. They only make changes where there is a consistent trend.

The governance structure is really important and three external members sit on the board to ensure that investors are heard, and therefore this is truly an investor led fund. The world of ethical investing has changed and companies that have ethics at the heart of what they do and operate in a positive way tend to be the best companies. The right companies do also deliver strong financial returns for investors and so it is about understanding the financials behind a company.

Every investment is done on a case-by-case basis. As an example, Orsted was purchased at IPO and they were willing to take the risk that the company was in a period of transition. Since this investment,

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the fossil fuel screens have got more severe and they wouldn't be able to make a similar investment again.

They do hold some transition assets. RWE generates and trades electricity in Asia, Europe and the US and a large proportion is renewable energy but there are still non renewables and at this stage this is not a company they would look to hold.

Another holding they have is Kingspan. They have been engaging with them since 2017. Kingspan did not believe they had exposure to the Grenfell tragedy, but it turned out there was a breakdown in the supply chain which meant some of the products were used. Their products help in energy insulation and they have been working hard to ensure that there is not a breakdown in the supply chain again. At this stage the fund managers are happy to continue to work with them.

Engagement is really important, especially with smaller companies where they do not have the same level of resources. Europe is also a leader in sustainability, offering global companies with global solutions, and these will continue to be leaders.

Sustainability is also changing. Ten years ago the top ten holdings would never crossover with mainstream funds but now this is changing. The ESG revolution is not going to disappear and if anything, change has been accelerated.

In summary, what we liked about the team was their clear passion for what they do and not necessarily something we can articulate in our review. It is also clear that this is investor led and that means the strategy evolves as we can see with the holding in Orsted and not holding RWE. We talked about plastics and how that was an issue for investors three years ago and then dropped away, and they expect that to come back. A concern we have with many strategies is that they stand still and get left behind. This does not appear to be the case with this fund. Therefore, for investors looking for a European Ethical Fund we would suggest this is one to consider within the research.

The source of information in this note has been provided by ASI and is correct as at February 2021. 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.