

SHINING A LIGHT ON THE..... Verus Sustainable Balanced Fund

AT A GLANCE

Investment Objective
The objective of the Fund is to provide income and capital growth.

Inception Date	2 nd September 2013
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000QBEO

Management	
Manager Name	Start Date
Phoebe Stone	1 st April 2019

FUND PERFORMANCE

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

	2016	2017	2018	2019	2020	2021
Verus Sustainable Balanced Fund	8.59%	8.82%	-6.22%	15.21%	6.49%	7.71%
LWM Balanced Positive Impact Portfolio	15.45%	15.81%	-5.24%	22.35%	12.87%	10.99%
FTSE World ex UK	30.42%	13.45%	-2.68%	23.10%	14.15%	16.87%

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

	12 months	3 years	5 years	Since Launch
Verus Sustainable Balanced Fund	13.13%	21.14%	34.40%	24.05%
LWM Balanced Positive Impact Portfolio	21.02%	39.33%	73.64%	42.68%
FTSE World ex UK	27.17%	46.66%	96.97%	49.90%

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
3.86	-	128.48	154.58	52.78	1.26	(1.64)	Growth/Large

LWM Consultants Ltd

Volatility Measurements	Verus Sustainable Balanced Fund	LWM Balanced Fund	FTSE World Ex UK
3-Yr Std Dev (volatility)	10.33%	11.95%	14.83%
3-Yr Mean Return (average)	6.60%	11.69%	13.61%

Investment Style Details	
Giant	17.43%
Large	23.71%
Medium	13.14%
Small	5.48%
Micro	0.29%

Top 5 Holdings		
Stewart Inv Wldwd Sustnby B GBP Acc	-	8.70%
MS INVF Global Sustain JH GBP Acc	-	7.37%
Trojan Ethical X Acc	-	6.31%
Rathbone Ethical Bond I Inc	-	6.10%
Legg Mason CB US Eq Sust Ldrs SG...	-	5.89%

Top 5 Sectors	
Technology	28.06%
Industrials	18.10%
Healthcare	16.74%
Financial Services	11.52%
Consumer Cyclical	8.56%

Top 5 Regions	
United States	53.32%
United Kingdom	12.98%
Eurozone	8.36%
Asia – Emerging	7.52%
Asia – Developed	5.35%

UPDATE....

This was our first introduction to the strategy. The key message for this fund is that it allows investors access to a sustainable strategy using a multi asset approach. By that they mean they select different assets to build the portfolio, whether that be equities or bonds (government or corporate debt). Currently the fund only invests in funds, but it hopes that as the assets grow they will also look at other assets, including investment trusts and directly into green bonds.

The fund is targeting a return of 5 to 7.5% per annum with volatility below 10%. The strategy came from their old Ethical Fund which has been re-aligned with their discretionary fund. This was concluded this year. In terms of comparing performance, they don't see this as a comparison against global funds due to its fixed income (debt) element. For this exercise we have used our balanced strategy to provide some comparison.

LWM Consultants Ltd

To some extent there is some similarity in that they are built from other investment funds. Our strategy uses investment trusts and is slightly more volatile. It is also important to understand that the updated Verus Fund only started in 2021 but it does provide some insight as to what we should expect going forward.

Their approach to selecting is based on best in class. For each investment they are looking for proof and evidence that ESG is embedded into the strategy. They don't invest in funds which are transitioning assets from the old economy to the new economy as they believe this is hard to monitor. They also believe that companies that are transitioning carry more risk.

In terms of equities, they tend to prefer global strategies, although they have some regional funds in the UK and US. The fund will also invest in bonds (debt) using G7 Government Debt to provide an underpin and reduce volatility, and then more specialised debt strategies including a green bond strategy.

They meet monthly to discuss asset allocation calls and they will actively move the assets to position to where they see the best opportunities. This is a high conviction portfolio of around 20 to 30 holdings and as an example of changing asset calls, they may look to reduce the weighting to the UK as they see very few opportunities moving forward.

The question is where does this sit? For investors looking to invest sustainable they may want to select funds themselves, but where they don't then this may provide a good alternative option. As part of a wider portfolio, it may fit where an investor wants some sustainable exposure amongst their mainstream investments. In terms of performance, we can only base this on the old strategy. However, based on performance this year we can see what they are trying to achieve, and this approach of low volatility plus positive returns may appeal to investors as an anchor and alternative investment strategy within a portfolio. For us, we would likely monitor it rather than add to a watch list. It may be something to consider within the mainstream portfolios, but we would want to see performance before making any decisions as to whether this should move to the watch list.

The source of information in this note has been provided by LG Vestra and is correct as at September 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.