

**SHINING A LIGHT ON THE.....
JPM US Sustainable Equity Fund**

AT A GLANCE

Investment Objective
To provide long-term capital growth by investing primarily in US Sustainable Companies or US companies that demonstrate improving sustainable characteristics. Sustainable Companies are those that the Investment Manager believes to have effective governance and superior management of environmental and social issues (Sustainable Characteristics).

Inception Date	29 th July 2021
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00001BTQP

Management	
Manager Name	Start Date
Daniel Hines	29 th July 2021
David Small	29 th July 2021

Investment Style Details	
Giant	48.03%
Large	39.61%
Medium	11.92%
Small	0.00%
Micro	0.00%

Top 5 Holdings – 66 Equity Holdings		
Microsoft Corp	Technology	8.43%
Alphabet Inc Class A	Communication Services	6.76%
Amazon.com Inc	Consumer Cyclical	5.33%
Apple Inc	Technology	5.21%
Mastercard Inc Class A	Financial Services	3.17%

Top 5 Sectors	
Technology	26.08%
Consumer Cyclical	13.99%
Financial Services	13.98%
Healthcare	13.68%
Communication Services	11.12%

UPDATE....

This is a new fund launch from JPM, and it follows on from the launch of sustainable strategies for Europe and Emerging Markets. It leverages both the ESG capabilities within the firm and the wider US team. The fund aims to invest in sustainable businesses which have effective corporate governance, and close management of environmental and social issues.

LWM Consultants Ltd

It is a core portfolio with the benchmark being set as the S&P500. It has a low active share class at 65% and therefore will closely mirror the index. The aim is to look at the ESG footprint of a company and therefore select those best-in-class businesses. They believe that those companies which are doing the right things will perform better over time.

They have their own ESG research, and they look to exclude unsustainable industries and businesses and therefore through engagement identify sustainable leaders. Naturally the strategy excludes areas like fossil fuels, gambling, weapons, adult entertainment, and tobacco. With this filter it removes around 20% of the S&P.

The ESG questionnaires centre around 40 questions across environment, social and governance. Within social the labour retention is really important as well as how good the business is with engaging with the communities they operate in; with environment they are looking for things which may impact them in the future and with governance they are looking to avoid things like aggressive accountancy practices.

The make-up of the fund then leads you to companies which offer value to shareholders, where the value creation can be sustained and where governance is strong and therefore there is no risk to shareholder value. The emphasis for the team is therefore on quality companies.

In summary, it would at this stage be difficult for us to make a judgement on this strategy. It is responding to a need from investors to deliver sustainable strategies. This does reflect that many names will be well known, but, in their judgement, they are doing the right things. Whether these companies do good for the world might be a separate argument, but that is not what this fund is here to do. This is more about identifying those companies which have good corporate governance, a strong social impact and have no environmental risks. There is some crossover in holdings with other strategies they manage.

We would likely follow to see how the performance plays out, and how the holdings evolve overtime.

The source of information in this note has been provided by JPM and is correct as of December 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 decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.