



KING & SHAXSON OVERVIEW

King & Shaxson is a financial services company incorporating an investment firm, trading venue, asset management, training, and the safe custody of client assets.



ABOUT KING & SHAXSON

King & Shaxson is a long-established City name with a history that dates back to the mid-nineteenth century. The firm has successfully built on its traditional strengths in the bond and money markets to offer fund management since 2002.

King & Shaxson Asset Management (KSAM) has offered a distinct ethical and sustainable portfolio management service through bespoke mandates and model portfolios since 2002. It remains the sole focus of KSAM.

King & Shaxson is a leading dealer in bonds and money market instruments, including certificates of deposit and Treasury bills. Listed by the Debt Management Office (DMO) of the UK Treasury as a primary participant in the Treasury bill market. On top of this, the Dowgate MTF is a trading venue operated by King & Shaxson Limited, offering trading in government bonds, supranational bonds, corporate bonds and certain derivative products.

King & Shaxson are owned by PhillipCapital, a privately owned, financially strong and developing Singaporean financial services company. PhillipCapital employs 3,500 people worldwide, with its major interests in Singapore, Hong Kong and other regions of the Far East. The development of London is an important element in PhillipCapital's global growth plan.



King & Shaxson is part of PhillipCapital, founded in Singapore in 1975 and now present in 15 countries. London is the global centre of excellence for ESG investing, providing expertise and thought leadership to the wider group.



The PhillipCapital Group has \$63bn in assets under administration (£10 billion in London) and \$4bn in assets under management (£280 million in London). The group offers a range of financial services, including fund management, banking, securities dealing, and research.



King & Shaxson service both professional and retail clients, including banks, building societies, local authorities, fund managers, financial advisers and their clients.

ABOUT KING & SHAXSON ASSET MANAGEMENT

The foundations of King & Shaxson Asset Management were built in 2002 on the back of CEO Wayne Bishop's desire to have his personal values reflected in his portfolio. Since then, we have been supporting financial advisers in building long-term relationships with their clients through the successful understanding of investing for positive change.

Taking an active management approach, we seek out investments which have a positive sustainable outcome on people and the planet, in turn taking clients' ethics and values and reflecting it in their investment portfolio.

We are continually monitoring and reviewing investment positions with a forward-looking and adaptive outlook, and our approach goes beyond just looking at ESG data. Our ethical screening is as important to us as the financial investment process. We ensure that our investments meet the clients' expectations, and do not just tick boxes.

We draw from a diversity of professional backgrounds, creating a blend of experience, skill and dedication, which is shared with our clients. King & Shaxson strives to provide an exceptional level of service for all of our clients, committing to long-term partnerships, which we consider crucial in order to add value.

Strong Values

Each portfolio reflects the concerns of the underlying client. This means we utilise both a negative and positive screen. For the MPS, this is laid out in the documentation; for bespoke portfolios, this is dictated by the client.

Regular Updates

Stay up to date with portfolio changes through our monthly 'Everything Ethical' newsletter, which also covers events close to our client's hearts. On top of this, we provide ad-hoc, quarterly and yearly reporting to ensure clients know where their capital is invested.

Professional Management

Our qualified managers have designed portfolios that meet clients' ethical and financial needs, and monitor them on a daily basis, making timely and seamless changes as required. This ensures risks are controlled and values are met.

MODEL PORTFOLIO SERVICE

We offer two collections of model portfolios, Ethical MPS and Brighter World MPS.

Our Ethical model portfolios were launched in February 2010 following demand from our IFA clients for a discretionary ethically screened product that could be accessed through wraps and platforms. Our Brighter World model portfolios were launched in December 2023, offering clients a lower cost alternative whilst still adhering to their values.

Whilst continually evolving, we have designed negative and positive screens to meet the vast majority of ethical investor's concerns. For our Ethical MPS, we have a stringent negative screen in place, avoiding areas such as tobacco production, but also areas such as fossil fuel exploration & production and nuclear energy production. Whilst our portfolios are not focussed on transition companies, where companies have credible and substantial plans to transition away from excluded activities, and where these plans are already evidently well underway, they may be included in portfolios.

Our Brighter World MPS screen features a slight variance to our existing Ethical MPS, predominantly through the use of company revenue limits, and Nuclear Energy generation is permitted. To some, this will be against their personal values and our Ethical models may be more preferential, but to others, it represents a practical and pragmatic trade off.

Many of the positive themes we aim to provide exposure to in both our model portfolio collections are associated with mega-trends, for example, access to healthcare, decarbonisation, and the circular economy.

Now available on multiple platforms, advisers have access to seven models in each MPS collection, including an income portfolio in our Ethical MPS.



FE Analytics



BESPOKE PORTFOLIO SERVICE

We have been managing bespoke portfolios since 2002 as we know certain clients have specific ethical preferences that would not be suited by a single strategy fund or model portfolio.

Our highly personal service not only takes the effort and worry out of investing, but is also tailored to meet the client's individual values. The client, whether that's an individual, company, trust or charity, sets the ethical and financial criteria. This means the screens applied are based on the completed Values-based Questionnaire, which is then reflected in a personally designed portfolio. This means, unlike the model portfolios, the client is in complete control of the ethical screen we'll abide to.

Investments are direct, meaning no use, or very limited use, of funds, which ensures the ethical screen is met. The service can also take into account a number of factors, such as CGT management, inter-generational wealth transfers, income requirements etc. Available accounts include: GIAs, ISAs, SIPP's and Trusts.

Our bespoke offering also includes a rather compelling standalone cash management service that builds on our heritage in the money markets, which dates back to 1866.

OUR SCREENING PROCESS

When constructing and managing a portfolio, we utilise both a negative and positive screening process to filter out the harmful and include the investments with a positive outcome on society or the environment, a combination that has served our clients well since 2002.

These screens take a slightly different shape for our models compared to bespoke. Bespoke portfolio screens are formed through a client's values-based questionnaire. The screen in place for model portfolios is laid out in the documentation.

The method we use to screen investments includes both a process-driven quantitative and values-based qualitative approach:

Quantitative

We will examine investments from an Environmental, Social and Governance perspective by using ESG data provided by third party screeners such as MSCI but as well as data from industry sources and focussed pressure groups.

The detailed reports and data sources provide a great deal of information for our screening process. For the model portfolios, where funds are prevalent, data from MSCI provides us a holistic view of overall exposure at a fund level for non-financial data that is material to each company within the fund.

This covers various ESG risk factors such as percentage of exposure to companies with high water risk, those facing social controversies in areas such as labour or human rights, as well as various governance factors such as board diversity.

A key element is the business involvement report which highlights revenue exposure to any activity that is contrary to the negative screens we have in place, such as alcohol or arms production as well as areas such as nuclear power generation.

Importantly, the data will also provide us business involvement from those products or services deemed as having a sustainable impact, highlighting a funds exposure to environmental or social factors, which includes alternative energy, sustainable water, nutrition and education, to name but a few. More of which is covered in the next section.

At this stage, a consideration of a funds overall ESG score will happen, and we are able to provide each model portfolios overall ESG score for reference, whilst reporting on the positive investment themes clients are exposed to.

It is important to note: **Quantitative ESG data serves the process but does not drive it.**

Qualitative

We do not solely rely on ESG data or business involvement reports for our screening purposes, as all underlying holdings of funds are screened in house to ensure they meet the screening criteria laid out in our documentation.

Outside of the model portfolios, we invest directly into companies within our bespoke portfolios, meaning we have a good understanding of the companies who fall within the investment universe which aligns to our model portfolios.

Our further understanding of underlying companies comes from our qualitative research, which is based on various sources including company disclosures, industry reports, reliable news sources, pressure groups, management meetings etc. Put simply, this will be where we have taken time to truly understand a company's operations and this feeds directly into the screening process of the model portfolios.

On top of this, an important element is gaining an understanding of the screening and investment process of the underlying fund. This aspect includes an ongoing dialogue with the underlying fund manager and their team.

Our approach ensures we have a sound understanding of each investment (fund or company) and the material factors that need to be considered when assessing them. This includes avoiding those that have a material detrimental impact by operating in a manner that promotes profits at all cost.

We know investing is more than just an electronic process, it is something that requires 'a more human approach', so our qualitative overlay is an important part of our screening methodology.

KING & SHAXSON INVESTMENT TEAM

King & Shaxson's investment committee meets on a regular basis, as and when markets dictate. The committee draws on the traditional strengths of King & Shaxson and has a top-down macro focus, taking into account factors such as geopolitics, interest rates and economic data, which shape asset allocation across bespoke and model portfolios.

The investment committee will make tactical shifts to asset classes which are broadly broken down as cash, bonds, property, infrastructure, and equities. Within each asset class, further considerations are had to the types of sub assets or styles depending on the macro factors highlighted above. Bespoke changes are made on a day-to-day basis, whereas model portfolios are re-balanced throughout the year (on average 4-6 times).

Whilst portfolios are not directly thematic in their approach, the investment committee look at sectors and themes side by side, understanding where to allocate based on financial and Environmental, Social and Governance outcomes.

By investing in direct assets within bespoke portfolios, the investment committee have a good understanding of the types of companies that are included in model portfolios, from both a financial as well as a screening perspective. All underlying companies of funds are screened on an ongoing basis.



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