

# King & Shaxson Ethical Investing

## Frequently Asked Questions

### **How can I be sure it's ethical?**

We check every holding to make sure that it complies with the ethical criteria. King & Shaxson uses the services of MSCI as a source of guidance for screening purposes. MSCI is the leading provider of ESG data and research, with over 2600 employees dedicated purely to this task. MSCI monitors companies by analysing the company's own reports, other researcher's findings, NGO critiques and through dialogue with the companies themselves. All funds are analysed on a stock-by-stock basis so that we can be sure that it meets the stated criteria.

### **What is ethical?**

Everyone's idea of what is ethical differs, but through our Personal Discretionary Service, you can decide what's ethical by making your choices through our detailed questionnaire. The model portfolios have a consistent set of ethical criteria which are chosen to meet the majority of ethical investors' concerns. These are detailed in our Ethical Approach document.

### **Does it actually make any difference?**

Our portfolios are designed so as to focus on solutions to social and environmental challenges. Clean technologies, renewable energy, healthcare, clean water, and waste management all require large amounts of capital, and through our portfolios we are helping to bring about the transition to a more sustainable future.

### **Are my investments safe?**

All investments are held in a ring-fenced nominee account. We are regulated by the Financial Services Authority as are the portfolio administrators, Pershing, so that you are covered by the Financial Services Compensation Scheme. None of the portfolios are guaranteed to protect you from capital loss, but we operate a range of portfolios from Cautious to Adventurous, with the Cautious portfolio exposing investors to a relatively low level of risk.

### **I've never heard of you – how can I trust you?**

King & Shaxson are part of the Phillip Group, a global company which employs over 3500 people worldwide. The company dates back to 1866, with clients including well-known building societies and local authorities. The ethical team was established in 2002 and are personally committed to ethical investment and share many of the values of our investors. The ethical investment division conducts the majority of its business through independent financial advisers whose trust we have earned over several years.

### **Don't ethical funds perform worse than other investments?**

The evidence is that the long-term performance of ethical funds versus their conventional counterparts is neither better nor worse. There are good and bad ethical funds, just as there are good and bad conventional funds. However, ethical funds tend to focus on certain sections of the market and as a result do not track headline benchmarks such as the FTSE 100 Index. This means that ethical funds can go through periods of both under and out performance relative to these indices, but over the long-term there are reasons why the thematically driven funds could actually perform better, since they are designed to benefit from the opportunities created by climate change, resource pressures and demographic change.