

Fees

0.24% to 0.48% inc VAT (based on AUM)	
Portfolio OCF	0.64%
Transactional Cost	0.12%
Historic Yield	2.45%
5 yr Volatility	8.25%

Risk Profile

A "Cautious" risk portfolio seeks to provide a high level of capital protection whilst still allowing investors the ability to achieve long-term growth (10 years). The portfolio is suitable for risk-averse investors whose financial temperament cannot tolerate much variation in performance. Whilst the emphasis is on lower volatility and capital preservation, a small amount of risk will be taken to seek a higher return.

Investment Objective

To invest in a range of direct holdings and funds which have an ethical focus.

Investment Approach

The portfolio adopts negative screening criteria to avoid investing in unethical companies plus a positive screen to focus on investing in companies that provide a social or environmental benefit.



Fund Manager's Report

Our thinking that the aggressive tightening of monetary policy would lead to an economic slowdown really began to play out in the macro data released in August. We had already seen signs of fragility in the Chinese economy, but other major economies are starting to show cracks, with economic data such as PMIs and retail sales disappointing, whilst headline inflation continues to cool. This has led to investors to re-assess when and at what level we will see peak rates in economies such as the US and UK, and is a contrast to sentiment early in August, where yields sold off on concerns there is still more tightening to come.

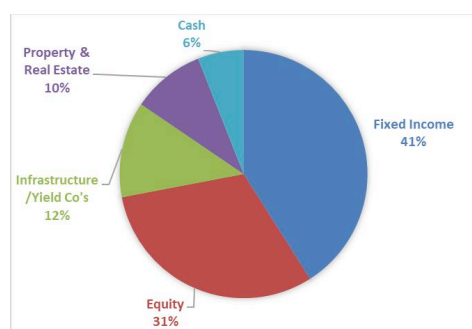
The re-adjustment we witnessed supports our rationale for adding to duration over the last few months, and comments that the Bank of England's chief economist will vote to keep interest rates at their current level rather than push higher was welcome news given our positioning. We still feel the market is underestimating the effects of previous rounds of tightening, given it takes several quarters to feed through. On top of this, we feel the UK economy will come under greater pressure given the rapid rise in mortgage rates, and our wider conversations with friends, family and peers suggest more pain is to come as people switch from their low fixed rate mortgages to a drastically higher floating rate, which will hit disposable incomes and therefore consumption.

At one point in August, equity markets were deep in the red, but they bounced back in the latter part of the month on the 'bad news is good news' thesis, which isn't a strong foundation, particularly if the data continues to turn sour. We have been below our neutral level for equities over the last few months and this saw no change in the month of August.

Whilst we do believe we are close to peak rates, we still feel there will be some jitters along the way, especially with oil and certain soft commodities moving higher alongside services inflation remaining sticky. Central banks have historically pushed economies into recession when there have been large inflation spikes like we have witnessed in the post-covid world, and we expect this is something they will do with the monetary tightening thus far.

August has been a particularly tough time for a number of companies exposed to the clean energy transition, from electrical goods in mobility and EV charging, to US residential solar. Many of these companies are facing cyclical pressures from higher rates, which was written on the wall heading into the year. However, persistent supply chain issues, and more specific issues such as lack of clarity over the tax credits from the US inflation reduction act, have impacted wind projects in the US, and names such as Vestas Wind Systems have suffered as a result. Given the medium-term outlook for these types of companies and the de-rating we have seen over the last few months, we favour re-balancing into any weakness.

Asset Allocation



Cumulative Performance (Net of DFM fee & OCFs)*

3 months	6 months	1 year	3 years	5 years	8 Years
-2.54%	-4.25	-11.76%	-6.24%	-0.09%	17.65%

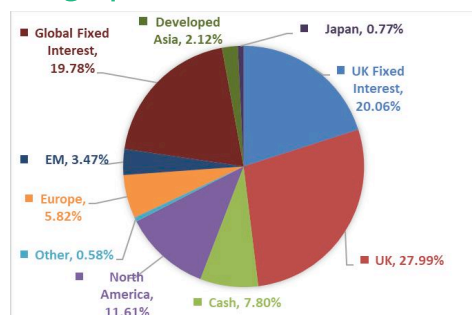
Discrete Performance (Net of DFM fee and OCFs)*

Sept 22 to Aug 23	Sept 21 to Aug 22	Sept 20 to Aug 21	Sept 19 to Aug 20	Sept 18 to Aug 19
-11.76%	-7.99%	15.48%	0.00%	6.56%

Top 5 Funds*

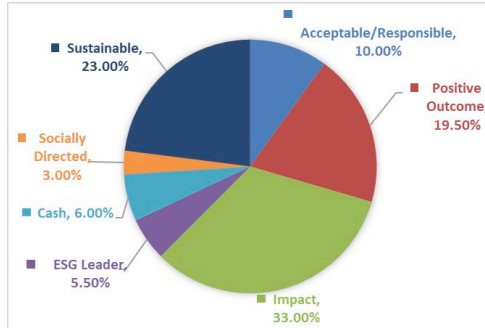
Threadneedle Social Bond Fund	10.00%
UBS Sust Dev Bank Bond ETF	10.00%
M&G Positive Impact Fund	8.00%
Edentree Resp & Sust Bond Fund	7.00%
Wellington Global Impact Bond Fund	7.00%

Geographical Allocation



Disclaimer: Please remember this factsheet is just a snapshot in time in relation to performance data, and is not intended or to be relied upon by retail investors. Note that the value of investments and the income arising from them, may fall as well as rise and is not guaranteed. You may not get back the amount invested, especially in the early years. Investors should be aware of the underlying risk associated with investing in shares of small-cap stocks and emerging markets. These can prove to be more volatile than in more developed stock markets. Derivative instruments may be used from time to time for the purpose of efficient portfolio management. ESG and Impact investing, will by its very nature, have no or very limited exposure to some key sectors of stock markets and a higher exposure to a number of positive themes. It is therefore important to understand that both performance and the risks associated can differ versus a portfolio that does not include ethical exclusions. As the portfolios are housed on number of platforms there will be some variances in cost and performance depending on the platforms ability to hold certain share classes and their policy on execution, and the data is to provide a guide but each platform will vary.

Ethical Classification*



Stock Pick - Arcadis

Arcadis is a design and consulting firm that provides engineering and environmental services particularly focused on buildings, infrastructure and water businesses. The company also specialises in integrating climate adaptation specifically and sustainability more generally into their services. Infrastructure projects are spread across Europe and the Americas and include railroads and renewable energy projects, such as wind energy parks and hydropower plants. Arcadis also has a large environmental consulting business which advises clients on all aspects of environmental management, including soil and groundwater contamination, land remediation, waste and water management and ecological projects.

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