



OUR SUSTAINABLE MANAGED PORTFOLIO SERVICE



Welcome

Thank you for taking the time to consider Tilney as your investment management partner.

At Tilney, your personal wealth is our personal responsibility. We are a leading private client investment company that was founded more than 180 years ago and is now trusted to look after more than £24 billion of assets for clients around the world. All of our services are underpinned by a disciplined investment process and delivered by some of the UK's most experienced and highly qualified investment professionals.

Important information

The value of investments can go down as well as up and investors may not get back the amount invested. Please note that some ethical funds may, by definition, have a limited investment universe; this may affect performance.

About Tilney

At Tilney we believe that the key themes associated with sustainability are now the mainstream for businesses and consumers. They provide an attractive investment opportunity as the global economy becomes more focused on sustainability.



RESPECT

180 years

as a member of the Stock Exchange



SUPPORT

£24BN

assets under care



1,200+

MEMBERS OF STAFF

10+ years'

experience in ethical and sustainable investment

local offices across the

UK

14 

dedicated research analysts

100s

of fund manager interviews a year



EXPERTISE



ADDING VALUE



working in partnership



RIGOROUS investment process



TRUST



119 investment managers



GUIDANCE



10+ YEARS' performance track record



ACCOUNTABLE



TRANSPARENCY



DUE DILIGENCE

Investing in a sustainable future

As consumers, how we think and how we act all point towards a greener, cleaner more transparent environment.

Whether it is reducing our plastic waste, considering our daily carbon footprint or questioning the diversity of company boards, the themes of sustainability are becoming mainstream.

The United Nations’ (UN) 17 Sustainable Development Goals for 2030, which cover a wide range of issues such as the climate, environment and global poverty, set a clear blueprint for how we achieve a better and more sustainable future for all. It provides businesses and consumers with a useful framework and a number of fund groups, including Tilney, have been working hard to measure their investment impact relative to the UN’s goals.

As resources continue to become scarce and more companies consider the impact of their daily practices, with the support of governments and other global initiatives, we believe this sector will only continue to grow.

One misconception of investing in this sector is that it’s a trade-off between value and ‘values’ – that you have to compromise investment returns to align your investment morals. At Tilney we believe that is a myth and companies that demonstrate sustainable business operations and have high ethical standards can make positive long-term investments. But remember, as with all investments, the value can go down as well as up and some ethical funds may, by definition, have a limited investment universe which could affect performance.

Sustainable development goals

17 goals to transform our world	1 No poverty	2 Zero hunger	3 Good health and well-being	4 Quality education	5 Gender equality	
	6 Clean water and sanitation	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities and communities
	12 Responsible consumption and production	13 Climate action	14 Life below water	15 Life on land	16 Peace, justice and strong institutions	17 Partnerships for the goals

Tilney Sustainable Managed Portfolios

Tilney has a track record over 10 years of ethical and sustainable investment. Our Sustainable Managed Portfolio Service (SMPS) offers clients a range of risk-rated, diversified managed portfolios.

Our investment criteria

The aim of each portfolio is to achieve, over the long term, an investment return of capital growth via a multi-asset portfolio of investments, demonstrating Environmental, Social,

Governance (ESG) and Sustainable credentials. We also spend significant time and resources avoiding certain areas of the investible universe – the main criteria are outlined below.



The portfolios will focus on funds which invest in companies that operate in areas such as:

- ✓ The conservation of energy or natural resources and resource efficiency
- ✓ Sustainable transport and infrastructure
- ✓ High-quality products and services of long-term benefit to society such as healthcare and affordable housing
- ✓ Sustainable food and water management
- ✓ Companies supportive of the United Nations' Sustainable Development Goals through practices such as strong equality and human rights policies, good employee relations, training and education of staff, and a commitment to community involvement



The portfolios will aim to limit their exposure to investments involved in:

- ✗ The production of weapons and weapons systems
- ✗ Avoidable environmental damage, unsustainable resource depletion, water and air pollution and land contamination
- ✗ Casinos or gambling businesses
- ✗ Contributing or benefitting from the violation of human and workers' rights
- ✗ Producing and distributing pornographic material
- ✗ Producing alcohol for human consumption
- ✗ Growing tobacco or the manufacture of tobacco products

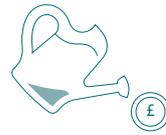
Tilney's investment philosophy

Aim to preserve and grow the real value of clients' capital through time.



Preserve

- **Endeavour to avoid permanent loss of capital** – certain stocks and sectors are no longer good for investing in
- **Business risk not price risk** – franchise resilience, management quality, financial strength
- **Valuation** – insist on a margin of safety.
- **Volatility** – understand potential volatility; do not exceed your risk tolerance



Grow

- **Equities** will be the main drivers of returns through time
- **Seek the best risk-adjusted returns** – identify a limited number of managers who own a limited number of companies capable of growing through the economic cycle
- **Long-term increase** in profits and dividends will drive returns, not market timing
- **Non-equity investments** dampen volatility. Reasonable expectation that returns will be ahead of cash and inflation and when managed, achieved through a repeatable process



Real returns

After:

- **Dealing costs**
- **Management fees**
- **Taxation**
- **Inflation**

All of these should be taken into account when selecting investments.



Time

- **Patience** – ignore market noise
- **Short-term returns are driven by a change in valuation** – impossible to consistently forecast
- **Long-term returns are driven by a change in value** – possible to forecast.
- **Compounding of returns** will do the heavy lifting through time

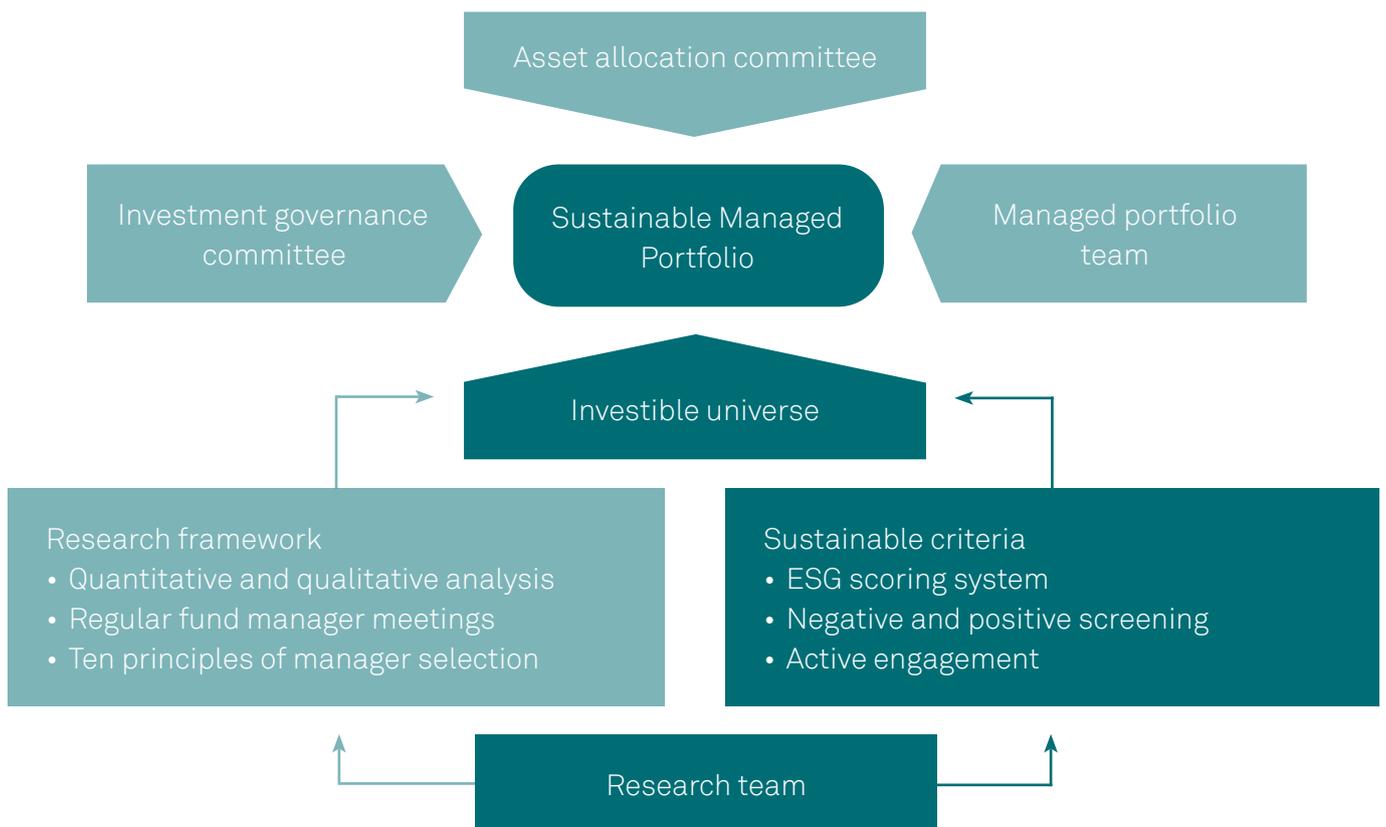
Combining our sustainable criteria with the Tilney investment philosophy

Fund research

To build the portfolios we invest in a range of external funds. The fund selection process combines our proprietary research framework with additional screening techniques and due

diligence that analyses Environmental Social Governance policies to identify funds that meet our sustainable criteria. The funds we invest in must meet both conditions.

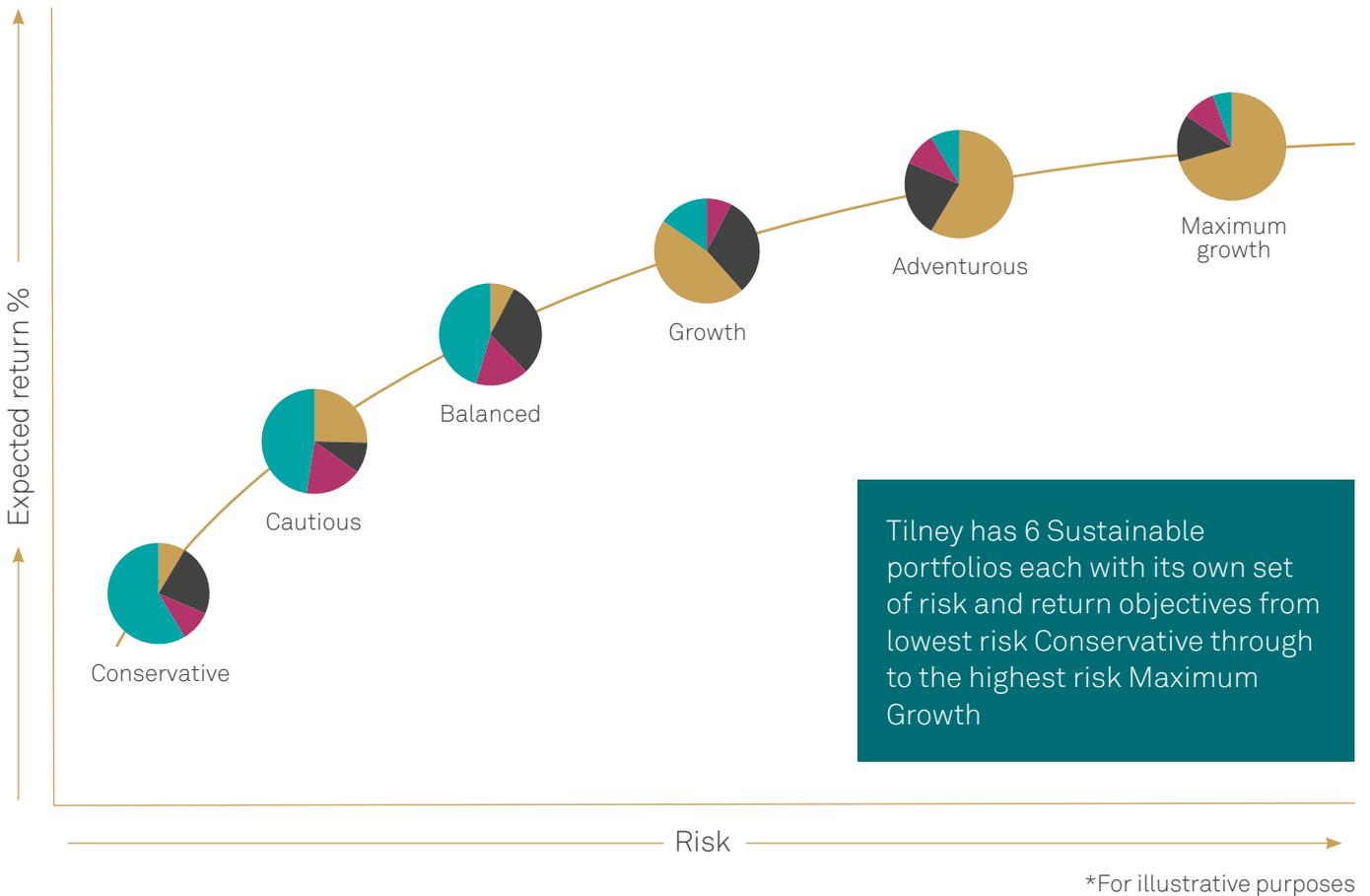
Investment process



Please refer to our ethical and sustainable investing guide for more information on our process.

Tilney Sustainable Managed Portfolios

The output is six Sustainable Managed Portfolios that meet our strict risk and target return criteria.



Like other Tilney Managed Portfolios, the Sustainable range is diversified by investing into asset classes such as bonds, equities, cash and alternative assets such as physical property. To manage risk further, these asset classes will then be populated using

carefully selected external managed funds and other collective investment schemes. Each portfolio will also benefit from investing globally to incorporate a wider range of economic benefits and the best sustainable ideas around the globe.

Our commitment to you

Your financial adviser will recommend one of our Sustainable Model Portfolios to you based on their suitability assessment. Our ongoing service includes:

- A dedicated relationship manager – should you or your adviser have questions, or would like to discuss the portfolios at any time, you have access to your dedicated investment team

- Quarterly investment reports
- Annual tax report where applicable
- Online access to your portfolio, transactions and performance via our MyTilney portal
- Access to the latest market commentary and Tilney Investment Podcasts through your MyTilney account

A long history of ethical beliefs and charitable giving

When you invest with Tilney, you are investing with an organisation that is itself committed to developing a more sustainable environment and recognises the importance of taking a proactive stewardship role. As a signatory to the United Nations Principles for Responsible Investment, we expect all of our underlying investments to be actively involved in shareholder engagement – both with us as investors and with the management teams of the companies that they invest in on our behalf. We believe that strong governance plays a key role in delivering good returns over the long term.

As well as measuring our greenhouse gas emissions, we also perform ESOS (Energy Savings Opportunity Scheme) audits in line with the EU Energy Efficiency Directive; and this year we will be providing reporting in support of the UK Streamlined Energy Carbon Reporting (SECR) requirements. Tilney's wider Environmental Social Governance policies cover a number of issues such as the gender pay gap, diversity, whistleblowing and the UK modern slavery statement.

We are proud to be part of a company that contributes to their local communities through fundraising and volunteering. The Tilney Charitable Trust was established in 1979 and since then has donated over £3million to local and national charities. Giving Back, our community investment programme, allows us to share our exceptional talent and skills with other organisations and charities; helping them to achieve their goals and helping us to build and develop our teams.

For more information
please contact your
financial adviser



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