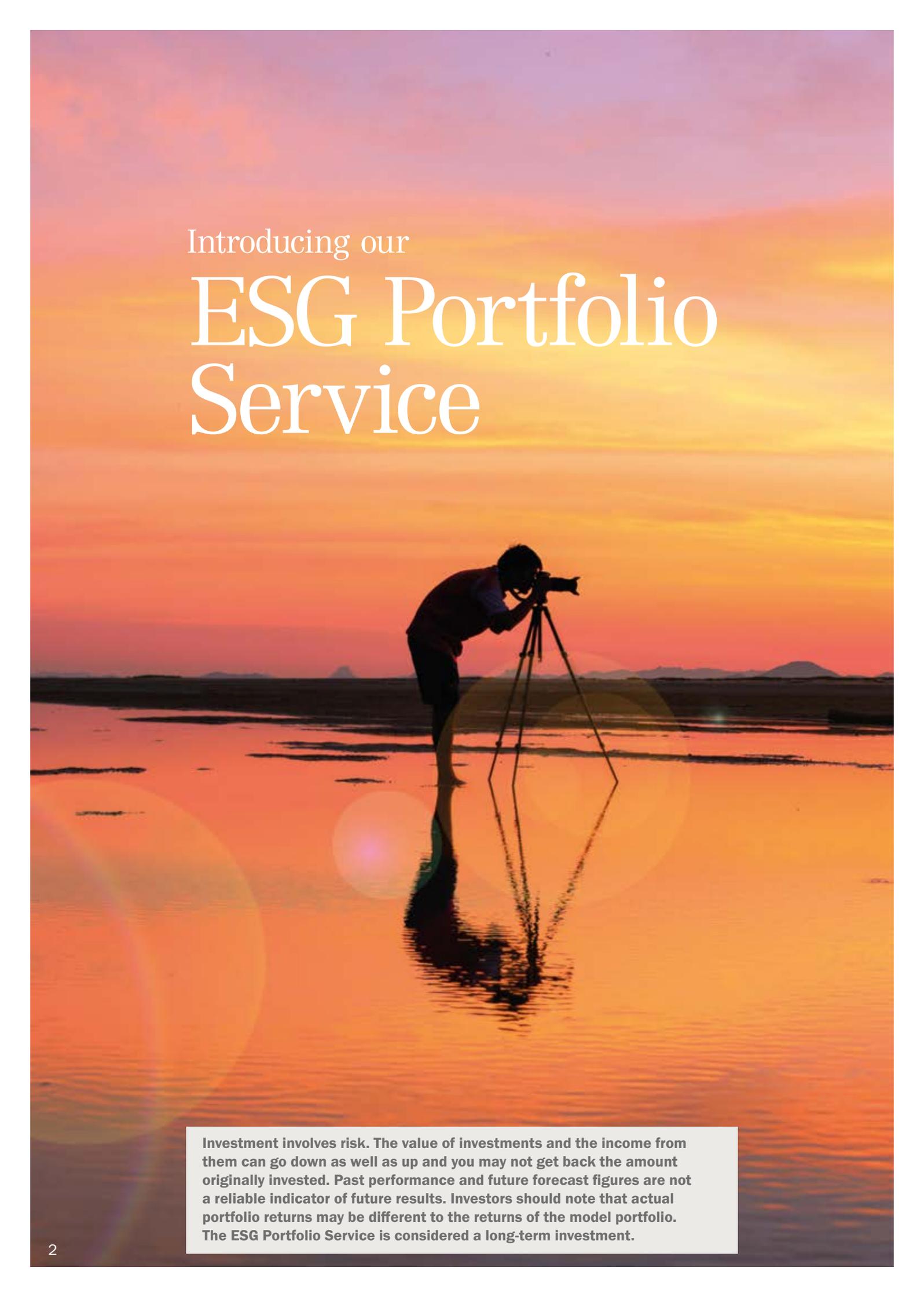


# A responsible approach

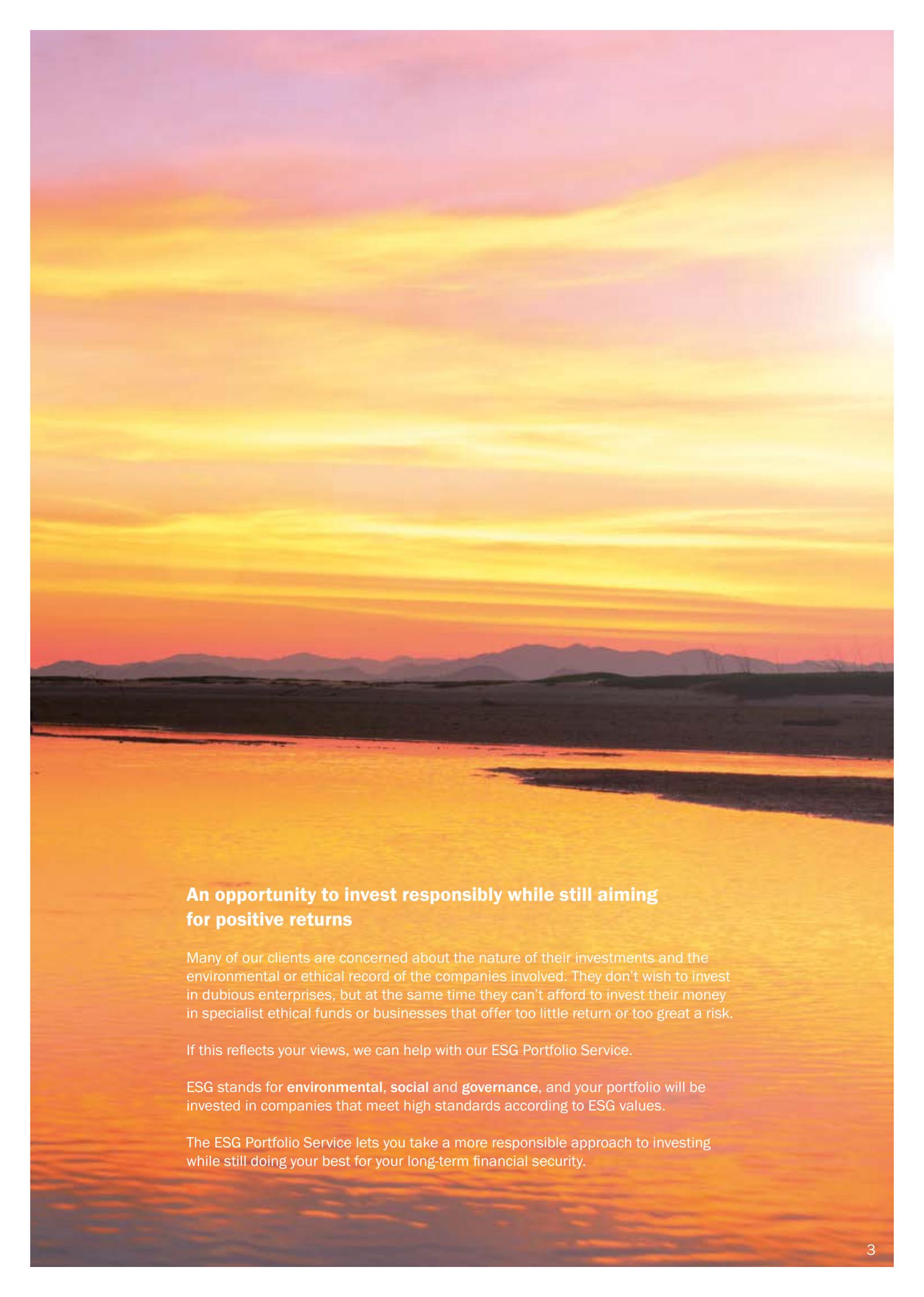
to investing





Introducing our  
**ESG Portfolio  
Service**

**Investment involves risk. The value of investments and the income from them can go down as well as up and you may not get back the amount originally invested. Past performance and future forecast figures are not a reliable indicator of future results. Investors should note that actual portfolio returns may be different to the returns of the model portfolio. The ESG Portfolio Service is considered a long-term investment.**

A full-page background image showing a sunset over a body of water. The sky is filled with soft, horizontal bands of color, transitioning from a pale pink at the top to a bright yellow and orange near the horizon. The water in the foreground is calm, reflecting the colors of the sky. In the distance, a range of low mountains or hills is visible against the horizon line. The overall mood is serene and peaceful.

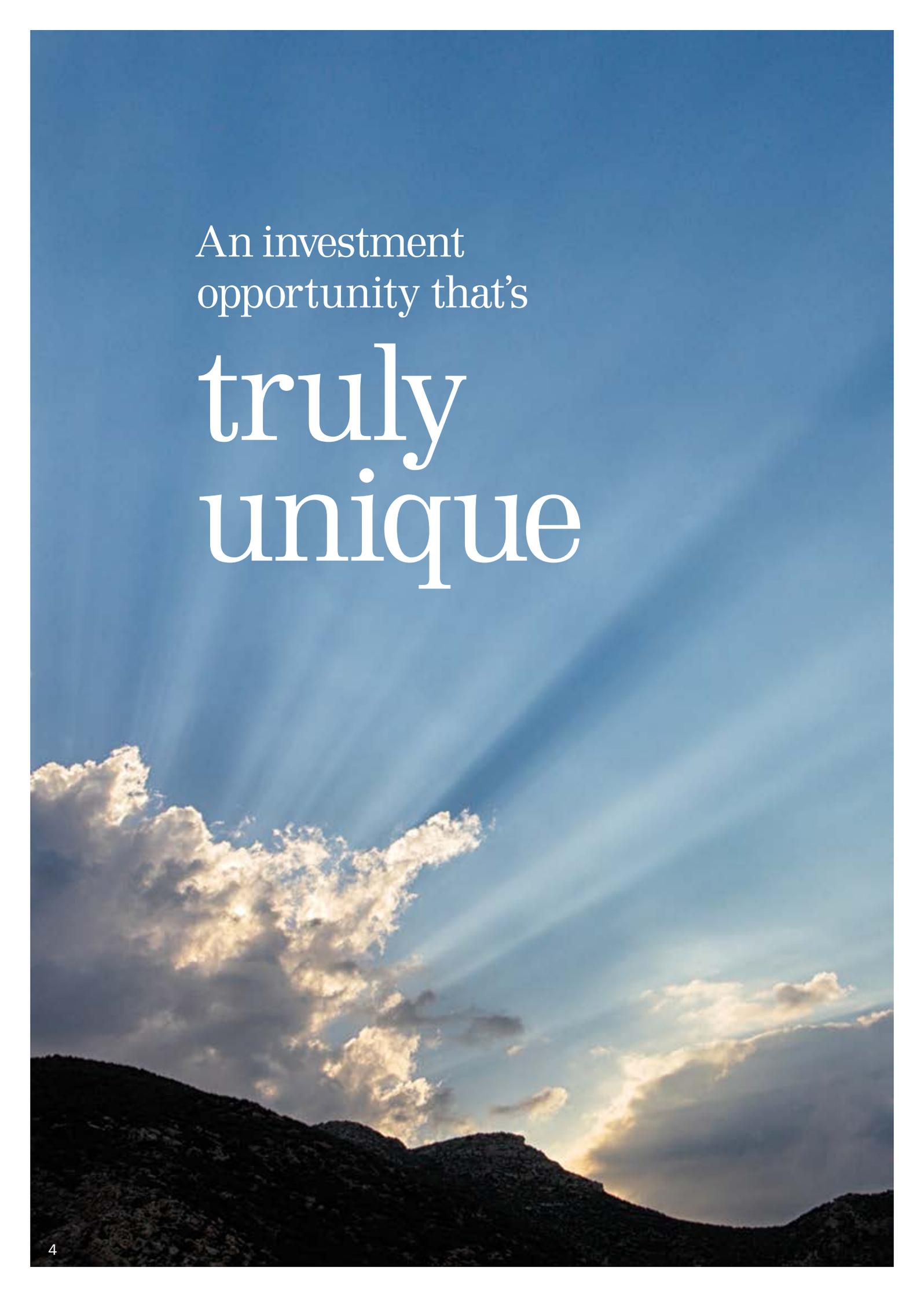
## **An opportunity to invest responsibly while still aiming for positive returns**

Many of our clients are concerned about the nature of their investments and the environmental or ethical record of the companies involved. They don't wish to invest in dubious enterprises, but at the same time they can't afford to invest their money in specialist ethical funds or businesses that offer too little return or too great a risk.

If this reflects your views, we can help with our ESG Portfolio Service.

ESG stands for **environmental**, **social** and **governance**, and your portfolio will be invested in companies that meet high standards according to ESG values.

The ESG Portfolio Service lets you take a more responsible approach to investing while still doing your best for your long-term financial security.



An investment  
opportunity that's

truly  
unique

Canaccord Genuity Wealth Management is the only top 10 independent UK wealth manager offering an ESG Portfolio Service like this, allowing you to align your investments more closely with your own values. You'll be investing not only for your own future, but for the future of the environment and society.

## ESG – your promise of good values

Environmental, social and governance factors have become an increasingly popular way for conscientious investors to choose funds.

- **Environmental** criteria look at how a company performs in relation to the natural environment – for example, it might be evaluated according to its energy use, sustainability policies, carbon emissions, resource conservation or animal rights
- **Social** criteria examine a company's relationships with its employees and the communities in which it operates – does it care about employee welfare and workplace safety? Does it make a positive contribution to the community?
- **Governance** factors concern a company's leadership, executive pay, audits, internal controls, independence, shareholder rights and transparency.

Looking at these aspects allows investors to assess a company's social and economic impact. Businesses that are working proactively to improve their record in these areas are more appealing to thoughtful investors.

Our investment banking division has expertise in bringing traditional ethical investment companies to market and considerable proprietary research in this area. With easy access to their knowledge and insight, our ESG team knows what to look for and can spot red flags.

## How ESG investments differ from 'ethical' funds

Traditional ethical or socially responsible investing (SRI) is usually focused on screening out companies with links to controversial areas like alcohol, tobacco, gambling, firearms, pornography or animal testing.

With ESG, rather than 'screening out', we concentrate on 'positive screening in' of companies that have a demonstrable track record of taking sustainability issues seriously. Many of the companies within an ESG portfolio have already achieved the standards necessary for inclusion in a traditional exclusionary ethical fund. Other companies are working to become more environmentally friendly, a better employer and community member, and more transparent in the way they run their business. We think allocating capital to companies committed to improving their ESG credentials is an excellent way of helping to promote sustainability and business ethics.

Because ESG criteria are broader than traditional ethical investment funds' restrictions, your potential investment opportunities are much greater, allowing wider diversification to protect you against possible investment risk.

# Why ESG companies are likely to be good investments

We believe that responsible investing isn't just good for the community and environment – it can also be profitable for you.

When choosing investments for our ESG Portfolio Service, we look for funds that invest in businesses that generate a measurable social or environmental benefit alongside an investment return.

The companies in the funds we select are thinking about the bigger picture and doing their best to give something back. We believe this will ultimately make them more sustainable, which is good for your investment portfolio.

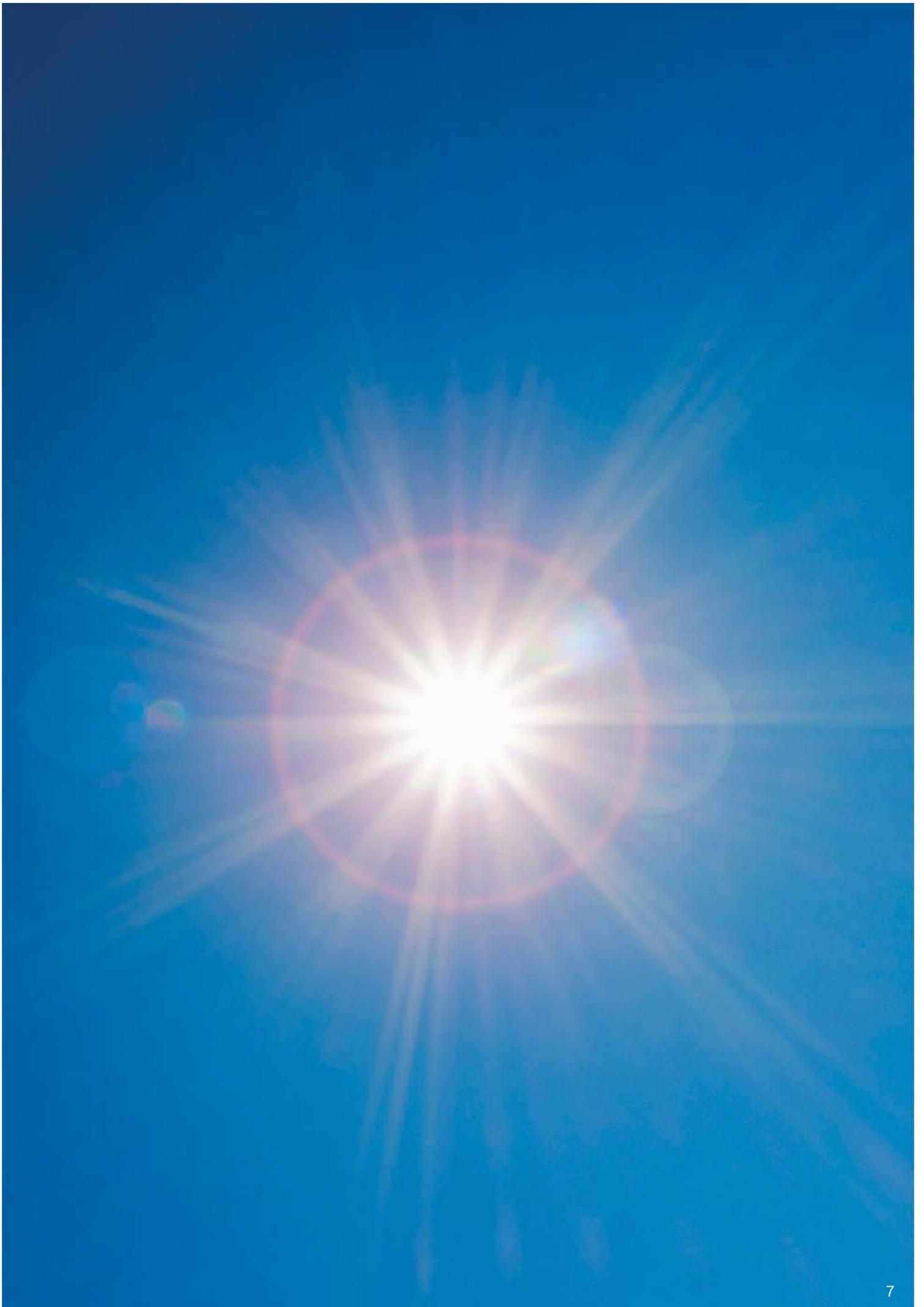
There is mounting evidence that companies that meet ESG standards tend to outperform those that don't, by a significant margin. This is particularly true of emerging markets: the MSCI Emerging Markets Leaders Index, which includes 417 companies that score highly on ESG, has been outstripping the dominant MSCI Emerging Markets benchmark since the 2008-09 financial crisis<sup>1</sup>.

The opposite is also true. Many companies have seen catastrophic repercussions (both ethically and commercially) for acting irresponsibly. Over the years, businesses that have supported apartheid in South Africa, dealt in chemical weapons or cheated over emissions tests have all seen their share prices fall.

<sup>1</sup> FT 'The ethical investment boom' 3 September 2017

## **An investment opportunity for charities**

Our ESG Portfolio Service may be relevant for charities, foundations and trusts with specific ESG or exclusionary restrictions on their range of investments. We understand your needs and will work with you to arrange an appropriate portfolio.



# How the ESG Portfolio Service works for you

With this service, you invest in a ‘managed portfolio’ which we run on your behalf. We will do all the investigating and research to find suitable ESG funds so you don’t have to, and then we will continue to monitor the funds you’re invested in.

The diagram on the right shows how we use our central investment office (CIO) process to select a combination of investment funds, according to your individual preference for a balance between risk and returns. These funds form the basis of the model portfolio. We then filter them through our ESG ‘lens’ to find the ones that meet your ethical criteria.

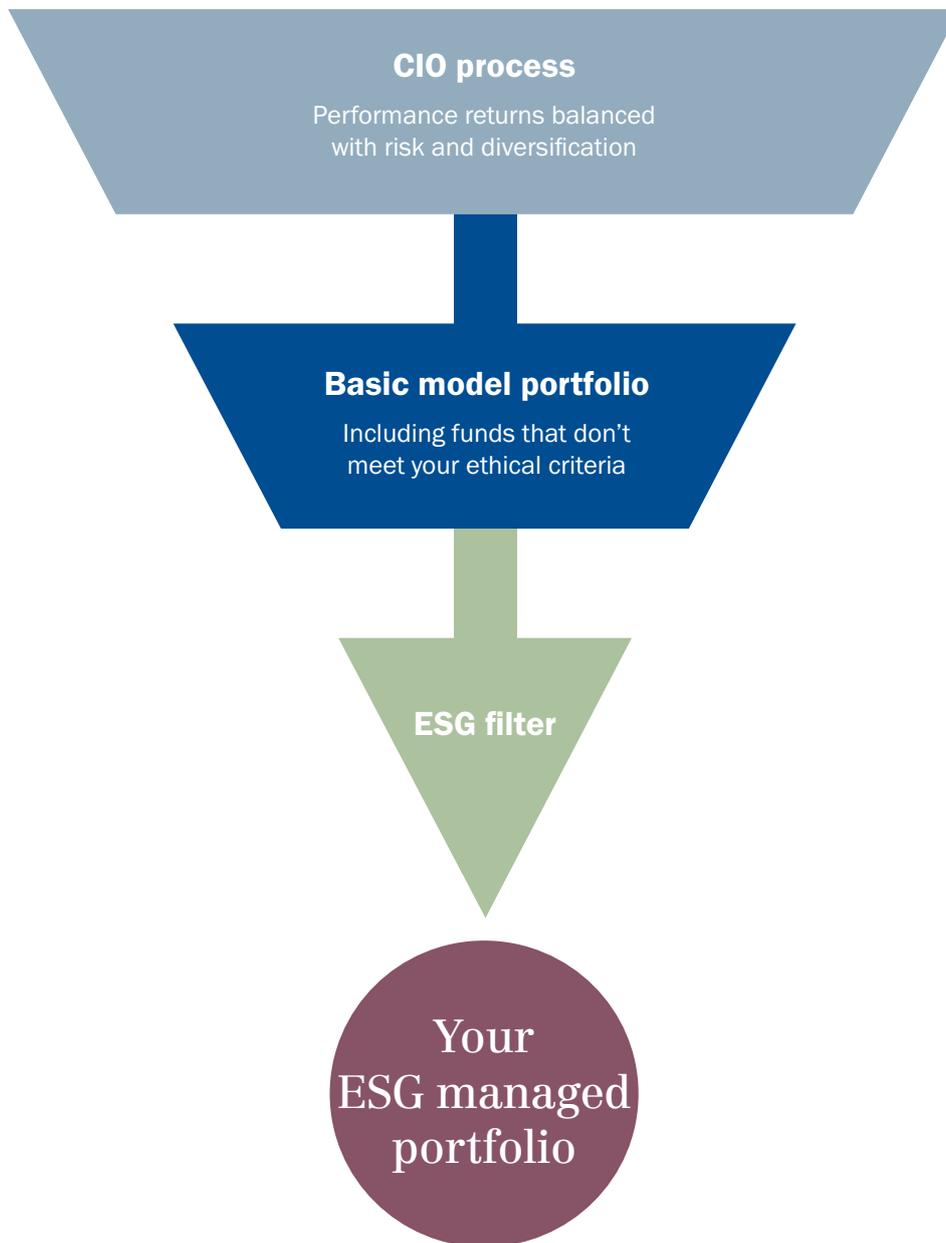
All the underlying funds identified by our filter have a history of integrating ESG standards into their decision-making process. They take a forward-looking and responsible approach to environmental, social and governance issues, and use both negative and positive ESG screening to select investments.

Importantly, we look for funds that also have a long and successful track record of outperforming their competitors.

## **A positive force for good**

Our ESG portfolios currently have zero exposure to tobacco, armaments, gambling or pornography, and many of the underlying fund managers also proactively limit their exposure to alcohol, animal testing and companies with poor environmental or human rights records. Others adopt even more stringent criteria.

The nature of business today can mean small ethical or organic companies are often the ‘acceptable face’ of much larger conglomerates. This can mean ESG investments may have links with companies that would be excluded, such as tobacco companies. However, our portfolios will be underweight in these sectors because of the service’s positive aims.



### Important information

This is not a traditionally negatively screened ethical or SRI portfolio where activities such as armaments, pornography, animal testing, tobacco and companies with poor environmental or human rights records would be specifically excluded by us at the portfolio level as a result of our 'screening out' process. The underlying funds in which we invest carry out screening in different ways, but we don't impose further restrictions once we've chosen a fund for our model portfolios.

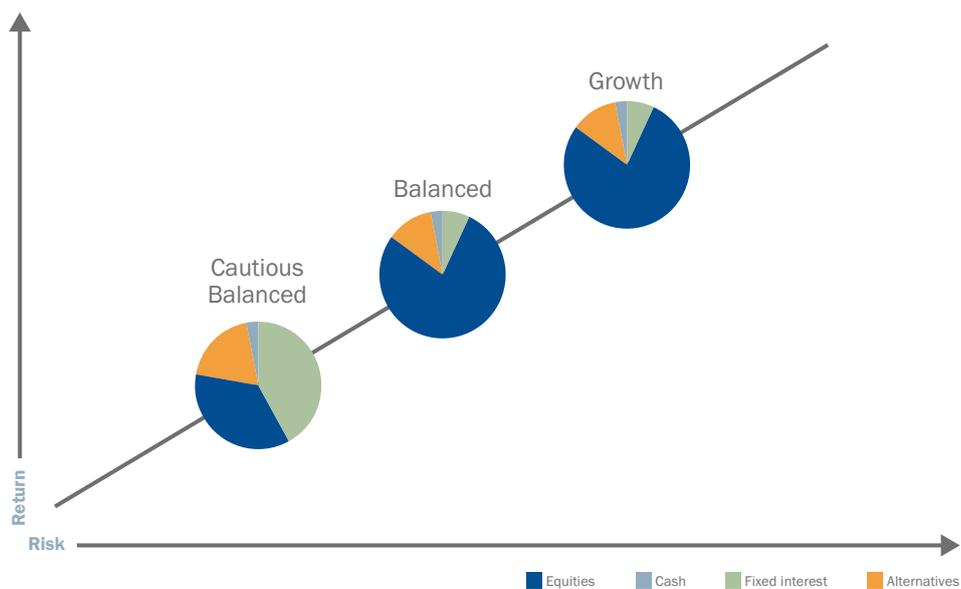
If you want a traditional negatively screened portfolio, our ESG Portfolio Service might not be the right service for you.

# Our ESG portfolios

We offer three ESG portfolios: Cautious Balanced, Balanced and Growth. Your adviser will help you choose the one that's right for you, based on your objectives and attitude to investment risk.

Each portfolio offers you a sensible mix of different investment styles. They invest in various collectives (funds) and Exchange Traded Funds (ETFs), and give you access to our organisation-wide expertise, global research and resources. The portfolios are not affected by the opinions of individual fund managers, so they represent the purest delivery and execution of our rigorous investment process, which includes meticulous in-depth research and continuous monitoring.

## ESG portfolios risk vs return



Each portfolio aims to offer you an optimal allocation of the most appropriate ESG funds according to our analysis and research. We diversify the investments within each portfolio and, by taking an 'open architecture' approach, we can identify and select appropriate investments from the entire marketplace, which manages and reduces investment risk.

## Our ESG portfolios in detail

Our Cautious Balanced, Balanced and Growth portfolios are all multi-manager portfolios.

We use funds containing global equities and fixed interest and cash-type investments to provide diversification, focusing on the themes we consider likely to perform in the prevailing economic environment. We may also use funds with alternative asset classes (such as commodities, currencies and hedge funds) to balance the risk during unfavourable market conditions and produce returns uncorrelated to the general equity market.

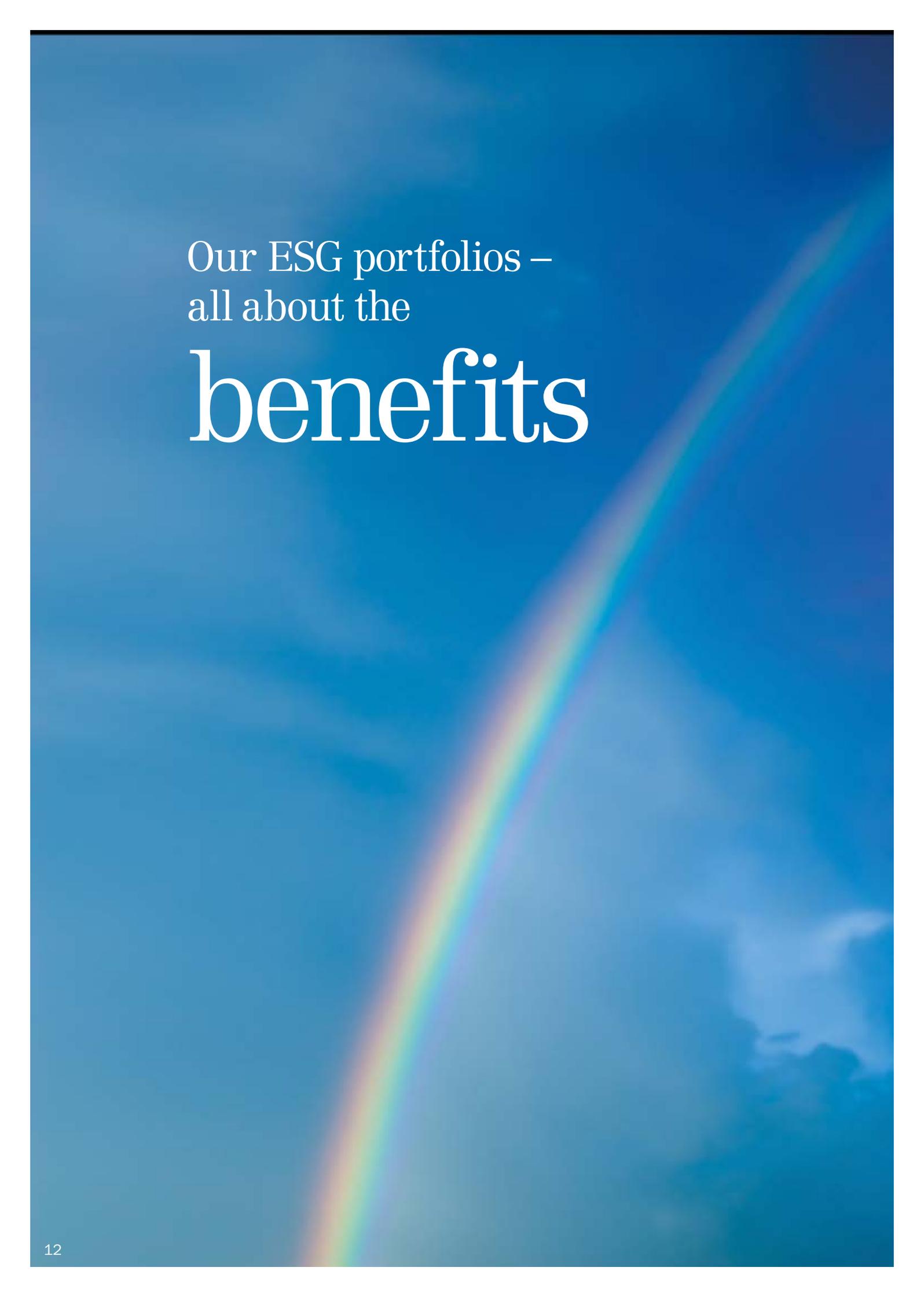
These portfolios use much of our Defaqto 5 star rated Managed Portfolio Service investment process. They share the same dynamic asset allocations, which are rated by Distribution Technology, one of the largest external risk assessors in the financial industry.

Our portfolios are designed to work over a typical investment cycle of 7-10 years, so we recommend you stay invested for at least seven years.

Our **Cautious Balanced** portfolio aims for a balance between capital appreciation and reduced volatility.

Our **Balanced** portfolio aims to produce an income stream for you, and also offers you the possibility of capital appreciation over 7-10 years.

Our **Growth** portfolio aims to provide capital appreciation. While it may include some fixed interest investments, it tends to focus on funds with domestic and international equities to achieve both diversification and investment.



Our ESG portfolios –  
all about the  
**benefits**

Our ESG portfolios enable you to take a more forward-looking, responsible approach to ESG issues. Whichever portfolio you select, it will:

- Aim to deliver consistent, risk-adjusted returns
- Give you access to our global investment ideas and research
- Offer you flexibility so you can choose the parameters of your ESG portfolio to suit your needs and preferences
- Be supported and protected by our robust and disciplined investment process
- Be managed by an accessible and dedicated CGWM team.

### **Dynamic asset allocation**

Our ESG portfolios benefit from ‘dynamic asset allocation’ – which means we’ll adapt your investments as funds improve their ESG credentials and ambitions. This ensures your investment will stay in line with your objectives.

We’ll also make changes to reflect our current views of the investment market and economic outlook. This can result in a larger weighting in alternative investments (like commodities, currencies and absolute return funds). These alternatives help to reduce volatility, as they generally don’t move in line with equities and bonds.

Your investments will benefit from the best of Canaccord Genuity Wealth Management’s thinking and long-term experience. We monitor and manage your portfolio to ensure your investment risk is kept at a level that suits you through true diversification.

The background of the slide is a photograph of a night sky. A vibrant green aurora borealis is visible in the middle ground, stretching across the horizon. The sky is dark with scattered stars. In the foreground, the dark silhouettes of mountains or hills are visible against the lighter sky.

How can we  
help?

If you want your investments to reflect your personal values, or you represent a charity with restrictions affecting the companies you can invest in, ask us about our ESG portfolios.

Patrick Thomas, Investment Manager

Paul Parker, Investment Director

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### **Offices nationwide**

**Blackpool**

**Llandudno**

**Nottingham**

**Carlisle**

**London**

**Worcester**

**Lancaster**

**Norwich**

**York**

**[canaccordgenuity.com](http://canaccordgenuity.com)**

## Important information

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The investments discussed in this document may not be suitable for all investors.

Past performance is not a reliable indicator of future performance.

The tax treatment of all investments depends upon individual circumstances and may be subject to change. Investors should discuss their financial arrangements with their own tax adviser as the value of any tax reliefs available is subject to individual circumstances. Levels and bases of taxation may change.

Where investment is made in currencies other than the investor's base currency, the value of those investments, and any income from them, will be affected by movements in exchange rates. This effect may be unfavourable as well as favourable.

This document is for information only and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This has no regard for the specific investment objectives, financial situation or needs of any specific investor.

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CGFPL and CGWL have their registered office at 41 Lothbury, London, EC2R 7AE.

HHL has its registered office at Talisman House, Boardmans Way, Blackpool, FY4 5FY.

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