

Our Approach to Sustainable Investment

We offer an ESG-focused model portfolio service (MPS) that aims to meet financial objectives for maximising profit while meeting the objectives for sustainable outcomes via ESG integration and exclusion of participation in controversial sectors. We actively look for exposure to businesses that have positive effects on the environment and society.

The Ethical MPS approach incorporates additional stages to ensure we achieve our sustainable investing objectives while building on our trusted and efficient MPS approach. The asset allocation of the portfolios is consistent with the house view of GWM, which is established by our investment committee.

For the purpose of ensuring that ESG factors are taken into account and the exclusion criteria are met, our Ethical MPS is put through a number of sustainability screens. We use a qualitative assessment technique that takes into account both traditional and unconventional financial risks, our excluding criteria, as well as ESG risks and opportunities.

Sustainable Fund Selection

For all portfolios we have access to a wide variety of offerings from various asset managers when selecting funds. We actively look for the best investment possibilities in a certain sector while taking sustainability and diversity into account as key factors in long-term performance.

With regard to incorporating the funds into our Ethical MPS, we use a two-part strategy: exclusion of specific sectors and including positive impactful companies. The exclusion criteria are intended to exclude businesses involved in armaments, nuclear waste, thermal coal, gambling, and adult entertainment. (Involvement is defined as exceeding 10% of sales /revenue in the areas specified.) While the incorporation of funds with positive impact contributes positively to addressing social and environmental issues. We seek fund managers who are ESG leaders with a track record of achieving stewardship goals and making sustainable decisions.

In summary, within all our ethical portfolios we review ESG considerations, and we will invest in ESG funds where possible, as we believe in the long-term outperformance potential. However, if investors wish to only invest in ESG funds (to the exclusion of all others), then our ethical Model Portfolio Service will not be suitable. This may also be the case where an investor is seeking to have control over the type and nature of screening that takes place.

Further reading: [Guide to Sustainable Investing](#)