

SE PIM Strategic Ethical Active Portfolios: Profile A-D

What is Ethical Investing?

Ethical investment is known by a variety of terms including: 'Green investment', 'Socially responsible investment' (SRI) and 'Sustainable finance'. All of these terms refer to financial or investment services which strive to maximise investment performance and social welfare. In general, ethical investment looks to encourage corporate practices that promote environmental stewardship, consumer protection, human rights and diversity, although additional criteria such as the avoidance of weapons, alcohol, tobacco, gambling and pornography are often included as legitimate areas of concern. These criteria can be broadly summarised as environmental, social justice and corporate governance issues or ESG criteria.

What are the benefits of Investing Ethically?

Ethical investment provides the opportunity to invest in ethically sound investment solutions that cater for a range of ethical preferences. It gives investors the option to avoid companies that engage in activities that they could not usually support, and proactively invest in companies that recognise their corporate responsibilities. Investing ethically is now one of the fastest growing areas in financial services with funds under management having grown to approximately \$8.72 trillion in the United States alone (Source: ussif.org).

Solution Description

The PIM Strategic Ethical Active Investment Solution offers the discretionary management of active funds across up to eight distinct asset class groups. There is an independent ethical overlay provided by the Ethical Oversight Committee, which includes Julian Parrott and Julia Dreblow. Both Julian and Julia are ethical specialists, with over 20 years experience in ethical investing, previously holding the positions of Chair of the EIA and Director of UKSIF, respectively.

Each asset class is populated with funds according to their Ethical Profile and risk adjusted returns. Incorporated within the solution are four Ethical Profiles (A to D) and ten Risk Graded portfolios (1 to 10), which are designed to capture the majority of clients' ethical preferences and values. The Ethical Portfolio Selector is available to assist Advisers in identifying the appropriate Ethical Profile for their client.

Ethical Screening Criteria by Ethical Profile

ETHICAL CRITERIA	ETHICAL PROFILE A (LIMITS EXPOSURE*)	ETHICAL PROFILE B (LIMITS EXPOSURE*)	ETHICAL PROFILE C (AIMS TO AVOID**)	ETHICAL PROFILE D (AIMS TO AVOID**)
Armaments (Strategic)	✓	✓	✓	✓
Pornography (Production)	✓	✓	✓	✓
Human Rights (Evidenced/Country Based)	✓	✓	✓	✓
Environmental Management / Technology**	✓	✓	✓	✓
Animal Testing (Non-Medical)	✓	✓	✓	✓
Tobacco (Production)	✓	✓	✓	✓
Environmental Impact		✓	✓	✓
Gambling			✓	✓
Alcohol Production				✓
Nuclear (Power)				✓

*Exposure to ethical criteria is likely to be limited by the responsible approach to environmental, social and governance issues adopted in Ethical Profiles A and B.

**Ethical Profiles C and D only invest in funds which include the specified ethical criteria, as defined by the Ethical Oversight Committee.

Note. Avoidance criteria does not always mean 'zero involvement' as most ethical funds have de minimis limits which allow for limited (normally non-manufacturing or wholesale related) exposure to excluded areas. This allows funds to be manageable and support otherwise positive larger companies.

PIM Strategic Ethical Active - Asset Class Weightings as of 31st March 2020

The PIM Strategic Ethical Active portfolios are constructed using up to eight asset classes, each with their own distinctive risk and reward characteristics. Ten Risk Graded portfolios (1-10) are produced, by varying the percentage exposure to each asset class, to match the risk tolerance of a particular client. UK Government Bonds are currently excluded from Ethical Profiles B-D, whilst Ethical Profiles C-D also exclude Property due to the difficulties in screening the underlying tenants. The current split between the asset classes for each of the portfolios are detailed in the tables below. Strategic investors assume relatively constant long term risk and return characteristics and as such the underlying asset allocations will only vary where these have materially changed.

PIM Strategic Ethical Active - Profile A

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity (Unscreened)	65.00%	40.00%	20.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UK Ethical Corporate Bonds	24.50%	31.50%	35.00%	38.50%	31.50%	24.50%	17.50%	10.50%	7.00%	0.00%
UK Gilts	5.25%	6.75%	7.5%	8.25%	6.75%	5.25%	3.75%	2.25%	1.5%	0.00%
UK Indexed Linked Gilts	5.25%	6.75%	7.5%	8.25%	6.75%	5.25%	3.75%	2.25%	1.5%	0.00%
UK Property	0.00%	5.00%	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%	0.00%	0.00%
UK Equity	0.00%	10.00%	15.00%	20.00%	25.00%	30.00%	32.50%	35.00%	37.50%	40.00%
International Ethical Equity	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	22.50%	25.00%	27.50%	30.00%
Emerging Markets Equity	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%

PIM Strategic Ethical Active - Profile B

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity (Unscreened)	65.00%	40.00%	20.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UK Ethical Corporate Bonds	24.50%	31.50%	35.00%	38.50%	31.50%	24.50%	17.50%	10.50%	7.00%	0.00%
UK Gilts	5.25%	6.75%	7.5%	8.25%	6.75%	5.25%	3.75%	2.25%	1.5%	0.00%
UK Indexed Linked Gilts	5.25%	6.75%	7.5%	8.25%	6.75%	5.25%	3.75%	2.25%	1.5%	0.00%
UK Property	0.00%	5.00%	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%	0.00%	0.00%
UK Equity	0.00%	10.00%	15.00%	20.00%	25.00%	30.00%	32.50%	35.00%	37.50%	40.00%
International Ethical Equity	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	22.50%	25.00%	27.50%	30.00%
Emerging Markets Equity	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%

PIM Strategic Ethical Active - Profile C

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity (Unscreened)	65.00%	40.00%	20.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UK Ethical Corporate Bonds	24.50%	31.50%	35.00%	38.50%	31.50%	24.50%	17.50%	10.50%	7.00%	0.00%
UK Gilts	5.25%	6.75%	7.5%	8.25%	6.75%	5.25%	3.75%	2.25%	1.5%	0.00%
UK Indexed Linked Gilts	5.25%	6.75%	7.5%	8.25%	6.75%	5.25%	3.75%	2.25%	1.5%	0.00%
UK Property	0.00%	5.00%	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%	0.00%	0.00%
UK Equity	0.00%	10.00%	15.00%	20.00%	25.00%	30.00%	32.50%	35.00%	37.50%	40.00%
International Ethical Equity	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	22.50%	25.00%	27.50%	30.00%
Emerging Markets Equity	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%

PIM Strategic Ethical Active - Profile D

Asset Group	1	2	3	4	5	6	7	8	9	10
Managed Liquidity (Unscreened)	65.00%	45.00%	25.00%	10.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UK Ethical Corporate Bonds	35.00%	45.00%	55.00%	60.00%	50.00%	40.00%	30.00%	20.00%	10.00%	0.00%
UK Equity	0.00%	10.00%	15.00%	20.00%	25.00%	30.00%	32.50%	35.00%	37.50%	40.00%
International Ethical Equity	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	22.50%	25.00%	27.50%	30.00%
Ethical Emerging Markets Equity	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%

Portfolios in all profiles are rebalanced to their asset allocation on a periodic basis.

Ongoing Charge Figure (OCF) Net of Rebates and Historic Yield

The fund OCF and historic yield for each asset class are shown below. The data included will vary from month to month, depending on the fund selection of the investment manager and the expenses of the underlying funds themselves. These figures are therefore only included for the purposes of transparency.

PIM Strategic Ethical Active - Profile A

	MANAGED LIQUIDITY	UK ETHICAL CORPORATE BONDS	UK GILTS	UK INDEX LINKED GILTS	UK PROPERTY	UK ETHICAL	INTERNATIONAL ETHICAL EQUITY	ETHICAL EMERGING MARKETS EQUITY
Fund OCF	0.08%	0.52%	0.32%	0.30%	0.76%	0.65%	0.76%	0.99%
Historic Yield	0.64%	3.66%	1.23%	0.00%	3.41%	2.97%	0.81%	0.40%

Fund OCF and historic yield data is correct as at 2nd April 2020.

PIM Strategic Ethical Active - Profile B

	MANAGED LIQUIDITY	UK ETHICAL CORPORATE BONDS	UK GILTS	UK INDEX LINKED GILTS	UK PROPERTY	UK ETHICAL	INTERNATIONAL ETHICAL EQUITY	ETHICAL EMERGING MARKETS EQUITY
Fund OCF	0.08%	0.49%	0.32%	0.30%	0.76%	0.65%	0.76%	0.99%
Historic Yield	0.64%	3.37%	1.23%	0.00%	3.41%	2.97%	0.81%	0.40%

Fund OCF and historic yield data is correct as at 2nd April 2020.

PIM Strategic Ethical Active - Profile C

	MANAGED LIQUIDITY	UK ETHICAL CORPORATE BONDS	UK GILTS	UK INDEX LINKED GILTS	UK PROPERTY	UK ETHICAL	INTERNATIONAL ETHICAL EQUITY	ETHICAL EMERGING MARKETS EQUITY
Fund OCF	0.08%	0.52%	0.32%	0.30%	0.76%	0.65%	0.76%	0.99%
Historic Yield	0.64%	3.66%	1.23%	0.00%	3.41%	2.97%	0.81%	0.40%

Fund OCF and historic yield data is correct as at 2nd April 2020.

PIM Strategic Ethical Active - Profile D

	MANAGED LIQUIDITY	UK ETHICAL CORPORATE BONDS	UK ETHICAL	INTERNATIONAL ETHICAL EQUITY	ETHICAL EMERGING MARKETS EQUITY
Fund OCF	0.08%	0.53%	0.67%	0.69%	0.99%
Historic Yield	0.64%	3.17%	3.00%	0.63%	0.40%

Fund OCF and historic yield data is correct as at 2nd April 2020.

PIM Strategic Ethical Active (A-D): Portfolio Holdings as of 31st March 2020

The fund universe for each of the Ethical Profiles is determined by the Ethical Oversight Committee (EOC) as per the ethical screening criteria defined on page 32. The table below shows the current holdings for each Ethical Profile (A-D), to demonstrate the impact of the ethical screening on fund selection and for the purposes of transparency. Please note these holdings may change over the period, depending on the views of the investment manager (PIM). Details of any fund changes over the period, are available on page 53 of this document.

Illustration of the Impact of Ethical Screening on Portfolio Holdings as of 31st March 2020

FUND		PROFILE A	PROFILE B	PROFILE C	PROFILE D
Asset Class					
Managed Liquidity (unscreened)	Federated Short-Term Sterling Prime				
	Aberdeen Standard Liquidity Sterling				
UK Ethical Corporate Bonds	Rathbone Ethical Bond				
	Liontrust Sustainable Future Corporate Bond				
	Royal London Ethical Bond				
	EdenTree Amity Sterling Bond				
	BMO Responsible Sterling Corporate Bond				
	Kames Ethical Corporate Bond				
UK Gilts	Allianz Gilt Yield				
UK Index Linked Gilts	M&G Index Linked Bond				
UK Responsible Property	Janus Henderson UK Property Feeder				
	L&G UK Property Feeder				
	Threadneedle UK Property Authorised Trust Feeder				
UK Ethical Equity	Royal London Sustainable Leaders				
	Liontrust Sustainable Future UK Growth				
	Liontrust UK Ethical				
	BMO Responsible UK Equity Growth				
	Kames Ethical Equity				

FUND		PROFILE A	PROFILE B	PROFILE C	PROFILE D
Asset Class					
UK Ethical Equity	BMO Responsible UK Income				
	Janus Henderson UK Responsible Income				
International Ethical Equity	Sarasin Responsible Global Equity				
	Stewart Investors Worldwide Sustainability				
	Janus Henderson Global Sustainable Equity				
	BMO Responsible Global Equity				
Ethical Emerging Markets Equity	Liontrust Sustainable Future Global Growth				
	Stewart Investors Asia Pacific Sustainability				
	Vontobel mtX Sustainable Emerging Markets Leaders				

*Fund weightings are excluded, as it would depend upon the Risk Grade selected. For further information please contact your relationship manager.

Please refer to Important Notes on page 4 for how performance figures are calculated. Performance data is correct as of 2nd April 2020. Past performance is not an indication of future returns. The value of investments and any income from them is not guaranteed and can go down as well as up.

Please refer to the Ethical Portfolio Selector and supporting documents for further information.

PIM Strategic Ethical Active (Profile A-D): Portfolio Returns to period end 31st March 2020

Over 3 months, 6 months and 1 year (bar Risk Grade 3), all portfolios perform in sequential but reverse order. This is a consequence of the magnitude of the recent fall in equity markets. With the exception of Risk Grade 10, portfolios perform in line with risk over 5 years.

PIM Strategic Ethical Active - Profile A

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.66%	-0.71%	1.28%	2.74%	3.69%	6.94%
2	-3.47%	-2.99%	0.29%	2.60%	5.03%	11.87%
3	-5.45%	-4.66%	0.38%	3.76%	7.55%	18.97%
4	-7.32%	-6.11%	-0.16%	3.83%	8.22%	21.89%
5	-9.45%	-7.75%	-1.40%	3.02%	7.78%	23.11%
6	-11.46%	-9.30%	-2.46%	2.60%	7.40%	24.49%
7	-12.70%	-10.24%	-3.09%	2.52%	7.67%	26.52%
8	-13.92%	-11.22%	-3.92%	2.18%	7.49%	27.86%
9	-15.17%	-12.27%	-4.75%	1.66%	6.79%	28.01%
10	-16.37%	-13.31%	-5.73%	0.92%	5.72%	27.54%

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PIM Strategic Ethical Active - Profile B

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.66%	-0.42%	1.40%	2.74%	3.85%	6.71%
2	-3.47%	-2.66%	0.37%	2.54%	5.16%	11.52%
3	-5.40%	-4.18%	0.48%	3.67%	7.72%	18.44%
4	-7.22%	-5.62%	-0.11%	3.69%	8.35%	21.30%
5	-9.30%	-7.36%	-1.39%	2.89%	7.85%	22.60%
6	-11.26%	-9.01%	-2.54%	2.40%	7.35%	23.99%
7	-12.48%	-10.10%	-3.29%	2.26%	7.46%	26.05%
8	-13.68%	-11.17%	-4.22%	1.84%	7.16%	27.39%
9	-14.91%	-12.26%	-5.07%	1.32%	6.43%	27.58%
10	-16.09%	-13.31%	-6.05%	0.59%	5.36%	27.10%

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PIM Strategic Ethical Active - Profile C

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-0.48%	-0.37%	1.56%	3.01%	3.98%	6.85%
2	-3.25%	-2.61%	1.00%	3.48%	5.39%	11.86%
3	-5.21%	-4.21%	1.29%	4.94%	7.93%	18.76%
4	-7.06%	-5.68%	0.66%	4.92%	8.51%	21.55%
5	-9.24%	-7.48%	-0.73%	3.96%	7.91%	22.73%
6	-11.30%	-9.18%	-2.19%	3.03%	7.29%	23.95%
7	-12.58%	-10.29%	-3.02%	2.75%	7.33%	25.92%
8	-13.86%	-11.40%	-4.03%	2.22%	6.97%	27.17%
9	-15.13%	-12.51%	-5.13%	1.33%	6.16%	27.26%
10	-16.38%	-13.60%	-6.37%	0.24%	5.00%	26.67%

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PIM Strategic Ethical Active - Profile D

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Risk Grade						
1	-1.62%	-1.35%	0.58%	1.99%	2.90%	5.64%
2	-4.60%	-3.73%	-0.21%	2.17%	4.03%	10.18%
3	-7.23%	-5.68%	-0.36%	3.12%	6.04%	16.26%
4	-9.33%	-7.23%	-1.14%	2.90%	6.44%	18.71%
5	-11.28%	-8.67%	-2.30%	2.13%	6.11%	20.12%
6	-13.21%	-10.12%	-3.57%	1.38%	5.73%	21.54%
7	-14.23%	-10.91%	-4.12%	1.38%	6.12%	23.82%
8	-15.24%	-11.73%	-4.80%	1.19%	6.13%	25.46%
9	-16.25%	-12.52%	-5.62%	0.58%	5.66%	25.94%
10	-17.24%	-13.35%	-6.57%	-0.19%	4.83%	25.77%

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PIM Strategic Ethical Active (Profile A-D): Asset Class Returns to period end 31st March 2020

The PIM Strategic Ethical Risk Graded portfolios are built through a weighted exposure to a number of underlying asset classes. For transparency purposes the returns of each asset class are given below. These returns should not be considered in isolation as the asset class risk and return characteristics are taken into account within the construction of each risk graded portfolio.

PIM Strategic Ethical Active - Profile A

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Asset Class						
Managed Liquidity	0.19%	0.38%	0.75%	1.42%	1.70%	1.57%
UK Ethical Corporate Bonds	-6.00%	-4.96%	0.02%	2.86%	5.88%	15.81%
UK Gilts	7.73%	1.25%	9.60%	14.81%	15.16%	32.74%
UK Index Linked Gilts	5.44%	-3.67%	4.62%	10.31%	9.78%	33.77%
UK Property	-1.70%	-1.39%	-0.38%	1.15%	9.25%	17.91%
UK Ethical	-23.02%	-18.18%	-10.63%	-6.80%	-1.89%	11.55%
International Ethical Equity	-10.36%	-7.23%	4.35%	14.21%	21.65%	52.91%
Ethical Emerging Markets Equity	-13.15%	-12.89%	-9.06%	-1.63%	0.44%	24.84%

PIM Strategic Ethical Active - Profile B

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Asset Class						
Managed Liquidity	0.19%	0.38%	0.75%	1.42%	1.70%	1.57%
UK Ethical Corporate Bonds	-6.00%	-4.96%	0.02%	2.86%	5.88%	15.81%
UK Gilts	7.73%	3.28%	11.36%	15.87%	17.13%	27.37%
UK Index Linked Gilts	5.44%	-3.67%	4.62%	10.31%	9.78%	33.77%
UK Property	-1.70%	-1.39%	-0.38%	1.15%	9.25%	17.91%
UK Ethical	-23.02%	-18.18%	-10.63%	-6.80%	-1.89%	11.55%
International Ethical Equity	-9.39%	-7.04%	3.36%	13.13%	20.50%	51.47%
Ethical Emerging Markets Equity	-13.15%	-13.11%	-9.23%	-1.80%	0.23%	24.58%

PIM Strategic Ethical Active - Profile C

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Asset Class						
Managed Liquidity	0.19%	0.38%	0.75%	1.42%	1.70%	1.57%
UK Ethical Corporate Bonds	-5.30%	-4.72%	0.63%	3.85%	6.42%	16.40%
UK Gilts	7.73%	3.28%	11.36%	15.87%	17.13%	27.37%
UK Index Linked Gilts	5.44%	-3.67%	4.62%	10.31%	9.78%	33.77%
UK Property	-1.70%	-1.39%	-0.38%	1.15%	9.25%	17.91%
UK Ethical	-22.96%	-18.11%	-10.55%	-6.72%	-1.79%	11.65%
International Ethical Equity	-10.38%	-8.06%	2.23%	11.89%	19.18%	49.81%
Ethical Emerging Markets Equity	-13.15%	-13.11%	-9.23%	-1.80%	0.23%	24.58%

PIM Strategic Ethical Active - Profile D

	3 MONTH RETURN	6 MONTH RETURN	1 YEAR RETURN	2 YEAR RETURN	3 YEAR RETURN	5 YEAR RETURN
Asset Class						
Managed Liquidity	0.19%	0.38%	0.75%	1.42%	1.70%	1.57%
UK Ethical Corporate Bonds	-5.06%	-4.71%	0.68%	3.82%	6.22%	15.85%
UK Ethical	-25.26%	-18.67%	-12.50%	-9.33%	-3.96%	8.57%
International Ethical Equity	-10.10%	-6.58%	4.13%	14.11%	21.67%	51.14%
Ethical Emerging Markets Equity	-13.15%	-13.11%	-9.23%	-1.80%	0.23%	24.58%

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