



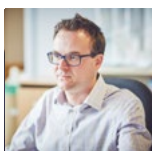
NET ZERO

A very warm welcome to the inaugural quarterly *Sustainable World Investors' Report*. Hawksmoor's Sustainable World portfolios allow investors the opportunity to combine their investment objectives with supporting the United Nation's Sustainable Development Goals (SDGs). Alongside your investment valuations, each quarter we shall use these Investors' Reports to showcase the sustainability credentials of the funds within your portfolio and highlight important wider trends.

This is an exciting time for sustainable investment. The world is changing apace. One of the most important developments so far in 2019 was the UK's new target to reach net-zero emissions by 2050 (making it the first major developed country to do so). The investment and sustainability consequences of this are profound: our thoughts on this important development are outlined in our article, **Net Zero**, found in the *Underneath the Arches* newsletter.

Elsewhere, this quarter we highlight the investment approach adopted by **Hermes Impact Opportunities**, a fund we use in many (though not necessarily all) of our investment mandates. We also have a run through of some of the more noteworthy developments with regards to humanity's progress on environmental and sustainability issues globally.

Finally, we are very pleased to have been shortlisted in the Best Ethical Discretionary Fund Manager category at the **Investment Life & Pensions Moneyfacts Awards 2019**. We're delighted with this recognition for our Sustainable World services, and Hawksmoor will have two delegates in attendance at The London Hilton on Park Lane on 19th September.



James Clark
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"This country led the world in innovation during the Industrial Revolution, and now we must lead the world to a cleaner, greener form of growth."

UK PM Theresa May, June 2019



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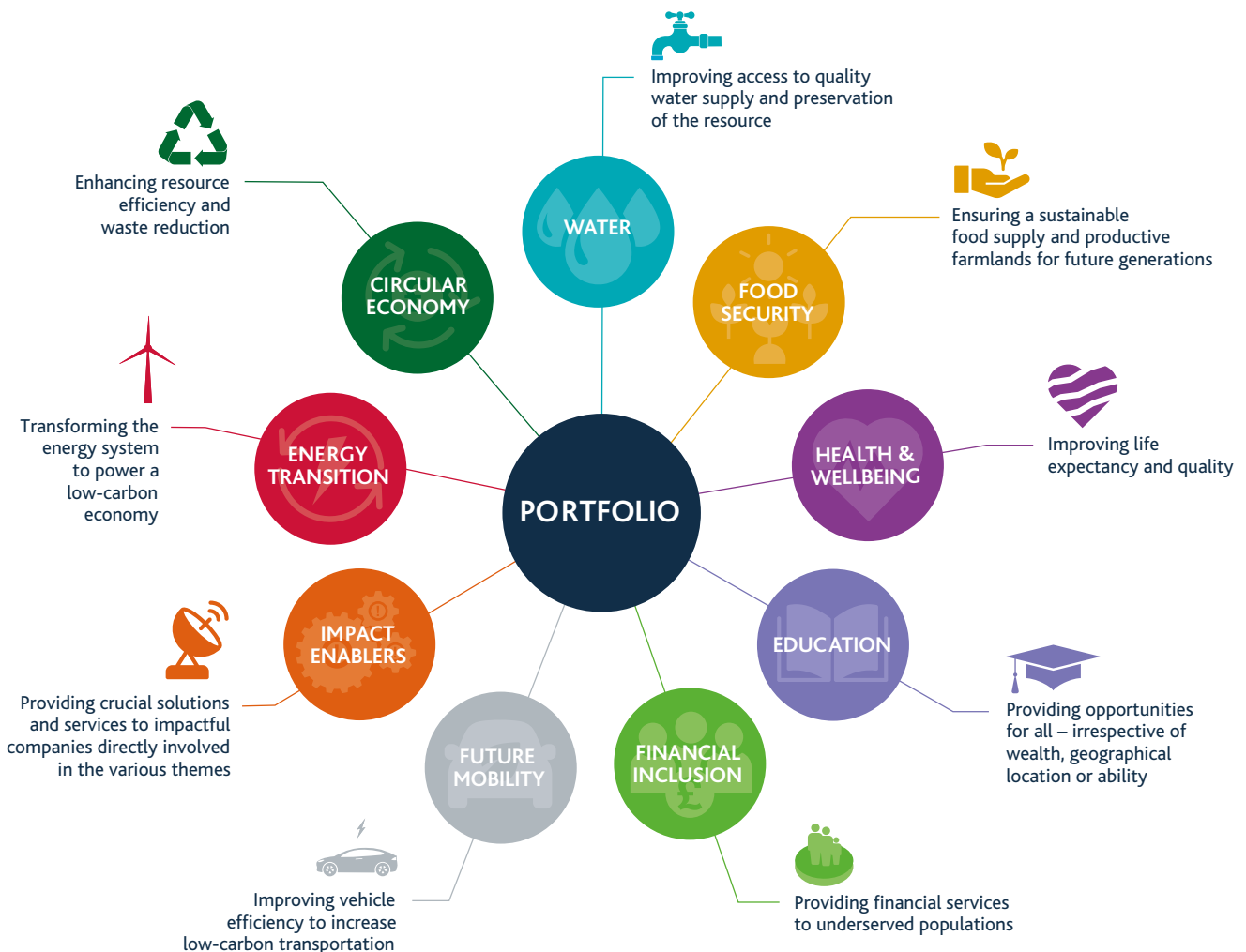
THE UN'S GOALS

An explanation of the UN's 17 Sustainable Development Goals



Hermes Impact Opportunities

This global equity fund is focused on **nine** positive impact themes – see below – investing in growing companies which meet a structural, under-served need and which have a positive impact on people and the planet. The fund was born of Hermes’ long history of involvement in sustainable investment. Its impressive young manager, Tim Crockford, works closely with Hermes’ head of sustainable investment, with the pair supported by four analysts. The portfolio of 25-50 holdings is mapped to the 17 UN Sustainable Development Goals, and every company in the portfolio must fulfil at least one of the 169 underlying targets. Performance, too, has been strong: over the past twelve months, the fund has delivered a total return on 17.5% (*Source: Financial Express*).



“We aim to outperform by investing in companies succeeding in their core purpose: to generate value by creating positive and sustainable change.”

Tim Crockford, Lead Manager

Within the Hawksmoor Research team's daily internal email we have a 'Sustainability Snippet', highlighting sustainability items in the news along with developments in the sustainable investment universe.

Here we present a small number of snippets from the second quarter of 2019.



1st April. What becomes of an old tent? The North Face has partnered with British eco-fashion designer Raeburn to recycle old tents into a range of bags. Each will be unique due to the different designs and colours of tent being recycled into this range. The bags will be available online and at The North Face's shop on Carnaby Street in London. This follows the launch of the outdoor brand's Renewed programme last summer, selling refurbished products which had previously been returned, damaged or deemed defective. Raeburn has previously had similar partnerships with Timberland and surf brand Finisterre.

9th May. As the war on plastics and 'Attenborough effect' continues to ripple onwards, several high profile companies have implemented limitations on single-use plastic items. This week, Etihad Airways completed its first long-haul flight from Abu Dhabi to Brisbane free from all single-use plastics. A total of 95 aircraft cabin items, ranging from cups and cutlery to headphone bags and toothbrushes, typically classed as hard-to-recycle or non-recyclable, were replaced with bio-based alternatives. Etihad claim that these switches mitigated the use of more than 50 kilograms of plastics and is a milestone towards Etihad's pledge to reduce its single-use plastic footprint by 80% by 2022.



4th June. Friday 31st May marked the first time ever that the UK's electricity grid has operated without coal-fired power for a fortnight. This was the third 100+-hour run without coal-fired power during the month of May, exceeding those achieved during January, February and March combined. There are some seasonal factors at work here because the spring can be a period of lower electricity demand, but nonetheless the first three months of this year saw more hours of coal-free power generated than during the whole of 2017. The director of National Grid's Electricity System Operator (ESO) unit believes that events such as these will become 'the new normal'. This follows news in early April that the ESO will aim to operate a zero carbon grid in the UK by 2025 at times when there is sufficient generation of renewable electricity.

24th June. The Mayor of London, Sadiq Khan, last week unveiled plans for five flagship charging hubs for electric vehicles in the capital. Multiple rapid charge points, delivering a full charge in 20-30 minutes, at each hub are part of the plan to encourage high-mileage drivers to switch to electric vehicles. The first such hub will open in the Square Mile by the end of this year. London is home to over 20,000 electric vehicles and has around 25% of the UK's charge points, with 2,400 spread over 1,200 locations. One estimate, quoted on the Mayor's website, forecasts that the number of electric vehicles in the capital could rise to 330,000 by 2025.



What are they?

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations General Assembly (UNGA), one of the six principal organs of the United Nations (UN). They act as a future global development framework. The SDGs were set in 2015 as part of the UNGA's 2030 agenda and consist of the following:



(Source: www.un.org/sustainabledevelopment)

Where did they come from?

The United Nations led a post-2015 Development Agenda to define the future global development framework that would succeed the Millennium Development Goals, which acted as the framework from 2000 until 2015. The SDGs are an evolution of ideas and beliefs that date back to 1983 when the United Nations created the World Commission on Environment and Development, which defined sustainable development as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Why do we need them?

Adopted by all United Nations Member States, the SDGs are a call for action by all countries to promote peace and prosperity for people and the planet, now and into the future. They recognize that ending world issues such as poverty must go hand-in-hand with an approach that builds economic growth and addresses a range of social needs including education, health, equality, and job opportunities, while tackling climate change and working to preserve our planet.

IMPORTANT INFORMATION

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