



RENEWABLE REVOLUTION

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

Sustainable issues continue to grab headlines. From Greta Thunberg to Extinction Rebellion's climate strikes and the UK's net-zero carbon emissions target, environmental affairs are at the forefront of change and present exciting investment opportunities.

This quarter we highlight the investment approach adopted by **Troy Trojan Ethical Income**, a fund we use in a number of our investment mandates. We also have a run through of some of the more noteworthy developments with regards to progress on environmental and sustainability issues globally.

Elsewhere, this quarter, we introduced two renewable energy infrastructure trusts to our Sustainable Buy list – **Greencoat UK Wind** and **The Renewables Infrastructure Group**. We believe the confluence of falling costs, increasing power generation and rising public (and investor) awareness of environmental issues presents an attractive environment for these assets. This idea is further explored in our latest thematic research piece, titled *Renewable revolution*, found in the *Underneath the Arches* newsletter.

“The energy sector has accounted for much of the progress towards achieving the UK's net zero carbon emissions target”

'Renewable revolution', Hawksmoor Research
October 2019



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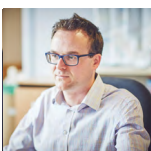
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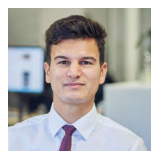
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James Clark and Ben Luck



TROY

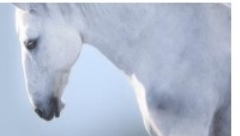
ASSET MANAGEMENT

Troy Trojan Ethical Income

This fund launched in January 2016 as an ethical version of the successful Troy Trojan Income fund, using the same low volatility, low turnover, absolute return style. Its role in our sustainable portfolios is to lower volatility (the shorter-term ups and downs of the price of the fund), which is a core skill set of Troy's. There is a trade off, however, which is that the fund's screening process is a little lighter than we would ideally wish (although it has improved markedly in the past twelve months). When designing its structure, manager Hugo Ure retained the flexibility to look beyond UK company shares (at least 60% of the portfolio) and invest in overseas company shares (maximum 30%) or hold a higher cash balance (maximum 20%) when his outlook is less positive. The screening process – see below – allows Troy's UK Income team to balance having a robust negative screen with retaining reasonable freedom to invest in their usual style, targeting long-term income growth. Performance has been strong – from launch until the end of September 2019 the fund delivered a total return of 40%. (Source: Financial Express)

Our Investment Universe – Ethical Strategies

TROY
ASSET MANAGEMENT



Persistent Opportunities
Consumer Goods
Healthcare
Business Software

Select Opportunities
Business Services
Energy
Financial Services
Industrials
Non-Life Insurance
Media
REITs
Retail
Telecoms
Utilities

Infrequent Opportunities
Aerospace & Defence
Airlines
Autos
Construction
Life Insurance
Miners
Technology Hardware

Exclusions*
Tobacco
Gambling
Alcohol
Fossil Fuels
Pornography
Armaments
High Interest Rate Lending



Hugo Ure, Fund Manager and Head of Responsible Investment

*Please read the Fund's Ethical Investment Criteria for more information (available at www.linkfundsolutions.co.uk)

Source: Google Images and Troy Asset Management Limited, 30 September 2019. The reference to specific securities in this slide is not intended as a recommendation to purchase or sell any investment

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 third quarter of 2019.



23rd July. Anyone fancy a spot of 'plastic fishing'? Environmental charity Hubbub has just launched its fourth boat offering plastic fishing trips for school groups, community groups and both public and private sector groups. Each boat is made from 'plaswood', a bespoke material composed of 99% recycled plastic. This fourth boat will operate primarily in and around the Docks in London. Since the launch of Hubbub's first boat in 2017 over 1,500 people have been on plastic fishing trips. This is all about raising awareness of plastic pollution and promoting collaborative action, as well as physically cleaning up UK waterways. With Hubbub's second and third boats having been sponsored by Starbucks and Mirror Group respectively, the fourth is sponsored by beauty brand Kiehl's, coinciding with the UK launch of its take-back scheme for packaging.

25th July. Lush is widely regarded as an ethical leader in the health and beauty sector, following January's news on the opening of its first plastic-free shop in the UK. Now, some of Lush's 'naked' products (with no plastic packaging) will come in pots made from cork, which the company claims is the world's first 'carbon-positive' packaging. This is because cork trees capture and store carbon dioxide, with the extraction of bark (just once per decade) stimulating the growth of a new layer for protection, thus capturing more CO₂ with each harvest. Lush claims that the cork pots' life cycle captures and stores more CO₂ than it emits, with the company paying a premium for sustainably-sourced cork and transporting the pots by sea via eco-logistics provider New Dawn Traders. Half a million cork pots over the next 12 months will house products including shampoos, conditioners, shower gels and body lotions.



7th August. In recent months, TerraCycle has teamed up with many well-known businesses to launch recycling take-back schemes including Mars Petcare, Colgate Palmolive, Kellogg, Acuvue, Hovis and Ella's Kitchen. The reign of Terra continues under their latest initiative where they have partnered with Gillette in a nationwide razor recycling scheme. Customers will be encouraged to enter their details online to receive a special envelope they can use to post their used razors and blades to TerraCycle free of charge. Razors and blades from all brands sold in the UK are accepted under the scheme. Each customer will need to be 18 or over and will be limited to four envelopes that can hold up to sixteen products per year. Once TerraCycle receive an envelope they will separate the razors into plastics and metals, after which plastics will be melted into pellets ready for inclusion in new products and metals will be smelted into new alloys for use in the transport and technology sectors.

20th September. Two passionate young sisters from Southampton campaigned against the inclusion of plastic toys in fast food kids' meals and got a reaction from two of the biggest fast food chains in the world. Ella and Caitlin, aged 9 and 7 respectively, launched a petition called 'Save the environment – Stop giving plastic toys with fast food kids meals' one year ago which gained traction after featuring on the BBC's 'War on Plastic' series, and has now been signed by more than half a million people. Both McDonald's and Burger King have acted in response to the petition across their UK outlets. McDonald's have confirmed that customers will be able to choose a bag of either melon chunks or apple slices with grapes instead of a toy when buying one of its famous Happy Meals. This is the first step in a plan that will eventually see McDonald's introduce more gifts from paper-based or otherwise renewable materials to its Happy Meal offer. Burger King, however, have taken it one step further, announcing that they will not distribute plastic toys with its King Junior Meals with immediate effect. The move is suggested to reduce the fast food chain's annual plastic output by 320 tonnes.



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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