



PEREGRINE & BLACK  
INVESTMENT MANAGEMENT

## Responsible Investment

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*“Sustainable development is the pathway to the future we want for all.*

*It offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance.”*

*Ban Ki-Moon*

## The Peregrine & Black Responsible Investment Portfolio Service

At Peregrine & Black Investment Management (PBIM) we are keenly aware that an increasing number of investors wish to see their personal values reflected in their investment plans. Some may have already embarked on transitioning parts of their portfolios, while others may wish to begin their journey. Reflecting this demand, the global investment market is offering a wide and rapidly growing suite of funds and instruments that can together address investors' specific interests and values.

Navigating such responsible investment opportunities can be complex and time consuming for the end investor - particularly when each has their own set of priorities, values and risk appetite. Our Responsible Investment Portfolio Service enables our clients to own an investment portfolio that directly reflects their individual requirements - perhaps avoiding certain industries or businesses and focussing more on ones that demonstrate a positive correlation to responsible business practices. This tailored service allows our clients to maximise their financial and values-based returns.

Our ambition is to bring you closer to the companies that you invest in and for you to experience the benefits that your investment is creating.

Our specialist investment director started researching and managing responsible investment portfolios (including ethical, ESG and sustainability/ impact focused investments) over twenty years ago. In addition to our own in-house expertise we also draw on research from Ethical Screening, a leading independent supplier of responsible investment research and analysis.



## Why invest responsibly?

Companies are operating in ever more complex and rapidly changing business environments. They need to adhere to the legal requirements of the countries they operate in, while responding to the ever-growing expectations of their stakeholders.

Well run businesses embrace good corporate governance, put their customers first, treat employees well and are conscious of their impact on local communities. Responsible companies also manage their environmental risks and impacts, understanding that climate change presents enormous social and economic risks worldwide. Yet some companies flout regulations, pollute the environment and exploit stakeholders. They can be subject to severe financial penalties and the risk of extreme reputation damage. These businesses are increasingly seen as high risk with potentially adverse returns for investors.

Responsible investment means different things to different people. For some, it means Ethical Investment and may predominantly mean avoidance of certain industries. Other investors consider environmental, social and governance (ESG) the key focus. Increasingly, many investors are seeking the opportunities presented from Impact Investing - where the business is actively looking to achieve positive non-financial impacts that address for example, one or more of the United Nations Sustainable Development Goals.

We believe that responsible investment makes financial sense and fits well within investment best practice. More-so, there is an increasing body of evidence that responsible investing can yield better returns than by focussing solely on financial analysis.

## The Peregrine & Black Investment Management Solution

We are distinct amongst discretionary investment managers in offering highly tailored responsible investment management as part of our core offering. We offer this bespoke service because in the same way that your investment goals are unique to you, your views on responsible investment will be unique to you. Your non-financial goals might relate to your environmental concerns, your faith or perhaps a more general desire that your investments reflect higher principles in business.

We have specially designed, detailed research on the responsible business practices of companies - as well as detailed information on the wide breadth of funds and fund managers operating in this area.

We offer solutions to suit investors with modest or larger investment amounts. These solutions include collective-based portfolios, and bespoke direct equity-based portfolios. Your adviser will be able to recommend the most appropriate solution for you.

We believe that Responsible Investing makes sense.

We understand that for many investors, the transition to Responsible Investment is a significant step. The change to Responsible Investment does not need to be an all-in leap of faith. We believe that for some people, a gradual approach to experiencing a new level of involvement with their companies is entirely reasonable. If you wish, we will work with you to increase your understanding of positive aspects of Responsible Investing, as you move toward achieving your financial goals.





## Our process

1. We ask you to complete our “Values” analysis. This is a detailed assessment of the issues you wish to avoid and those you would like to actively support. We have partnered with “Ethical Screening” for in depth analysis of the behaviour of funds and companies.
2. We incorporate our financial assessment of the risks and rewards that are right for you. This will be done in the context of a full individual assessment with your advisers.
3. Next, we will produce our detailed recommendations combining your Values and your investment goals. We will highlight any areas that are difficult to avoid or difficult to incorporate.
4. We can take into account your individual tax position.
5. When you agree to proceed we will continuously monitor your investment for breaches of Your Values and for achievement of your goals.
6. We will keep you informed of the positive changes that your investments are creating, so that you can see the difference you are making.
7. If we become aware of your companies behaving irresponsibly we will either engage with them or dispose of that investment. We will let you know what we are doing.



## The Process: Your Values Assessment

In helping investors manage their investments in line with their own values, we identify a range of both positive and negative activities across a broad range of social, environmental and governance concerns. These types of concerns are different in nature and we ask you to consider which are most important to you and the extent to which you would like to emphasise the positive behaviours over reducing exposure to negative behaviours. It is important to recognise that most companies have a range of activities and some of these activities may be a very small part of their whole. Also, many companies that have a negative impact, might be making large efforts to transition to the new world. Consider if you wish to completely exclude certain activities or are content if a company is making significant improvements in its impact. For example, would you wish to exclude all oil companies on the basis of their climate change impact, or would you be happy with an oil company that was making the change to sustainable energy production?

The investment industry uses a wide variety of terms to broadly categorise these issues. Commonly at the moment these might be referred to as Environment, Society and Governance (ESG). We consider ESG as a form of Responsible Investment. In addition to this we include Ethical, to represent an investor's personal values (often faith based), and Sustainability/Impact issues to include companies that are positively and demonstrably contributing to meeting the world's sustainability challenges.

We talk of Responsible Investing as encompassing each of the many terms that are being applied. We regard each subset of Responsible Investing as reflecting a more detailed and personal application of investor values to the process of selecting investments. Our process is designed to capture these different values based interpretations without need for the confusing dictionary that has developed.

## Breaking through the jargon

### **Responsible Investment**

Our research and analysis identifies companies whose positive practices contribute to reduced impacts on our world and the people in it as well as those whose practices have a negative impact. We analyse company policies and practices to monitor their progress in a wide number of areas.

### **Business behaviour and risk (or ESG) based investment**

ESG research is now widely integrated into mainstream investment management. It is important to understand that in many cases, ESG research can be a relatively small part of the consideration that is made. In many cases ESG research is used to manage risk. In that sense, a fund manager might consider the financial impact of a breach of ESG standards to be acceptable in the light of the potential profit opportunity. Also ESG analysis is often conducted on a 'best in class' basis meaning that the 'best of a bad bunch' may be acceptable. On the other hand there are a significant number of managers that apply strict criteria to the way companies operate. A general ESG strategy should deliver investment returns from companies with better than average behaviours, but the difference in investments between a non-ESG portfolio and an ESG portfolio might be very small. If you have strong views on Responsible Investment, then a bespoke portfolio might be the best choice for you.

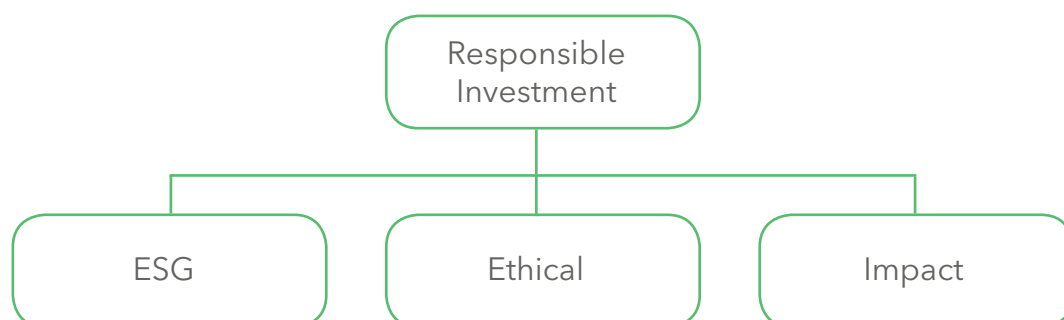
### **Faith or Ethical Issues**

Ethical investing focuses your portfolio on companies whose products, service or practices align with your personal values and beliefs, while avoiding those whose vision or products are at odds with these principles.

### **Environmental, Sustainability or Impact Issues**

Our research looks for providers of solutions to the world's biggest sustainability challenges, such as renewable energy and clean tech; education; healthcare; clean water and sanitation; gender equality; and food and plastic waste.

Within these selections we can exclude certain types of activity (Negative Criteria) or emphasise particular activities (Positive Criteria).



When you move on to complete the Values assessment, we will start with your general feelings towards broad sorts of activities. If your concerns are more general rather than detailed, that is fine. Just indicate your general preference and the degree of concern, and we will work with that.

You have the opportunity to let us know of any detailed issues that you want us to take into account. Within the detailed selections we can exclude certain types of activity (Negative Criteria) or add to activities (Positive Criteria). The sorts of activities are described in detail in our questionnaire.





## Charges

Please contact us or speak with your adviser to discuss the charges for this service.

## Disclosures

Peregrine & Black Investment Management Limited is a Company registered in England and Wales (no. 09796196) and is authorised and regulated by the Financial Conduct Authority (FRN 757727).

Investors should note that the value of an investment and the income from it can go down as well as up. Past performance should not be seen as a guide to future performance. This document is not intended and should not be construed as an offer, solicitation or recommendation to buy or sell any specific investments or participate in any investment or strategy. It is recommended that potential investors should seek advice concerning the suitability of any investment from their Financial Adviser. Tax treatment depends on individual circumstances and may be subject to change in the future. Please consult your tax adviser for advice on tax matters.

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