IBOSS

SUSTAINABLE INVESTING

CLIENT GUIDE

CAPITAL AT RISK

KINGSWOOD

WELCOME

DEFINITIONS

ESG

ESG stands for Environmental, Social, and Governance. It's a framework used to evaluate a company's performance and impact in these three key areas.

In essence, ESG is a way for investors, stakeholders, and the public to assess a company's overall sustainability and ethical practices, going beyond just financial performance. Companies that excel in these areas are often seen as more responsible and attractive to socially conscious investors.

Diversified Portfolio

A diversified portfolio means spreading your investments across different types of assets, such as equities, bonds, and other investment options like infrastructure and commodities. The goal is to reduce the risk of losing money because if one type of investment does poorly, others might do well, helping to balance things out.

Diversification can help manage risk and potentially increase the chances of steady, long-term growth in your investments, while reducing the impact of market fluctuations.

It's a key strategy for building a resilient and balanced investment portfolio.

Qualitative Overlay

Qualitative overlay in investing is like adding a layer of judgment and analysis beyond just the numbers. It involves considering subjective factors, such as a company's management team, reputation, or competitive position, in addition to the quantitative data like financial statements and ratios.

Think of it as looking at the "story" behind an investment. For example, when evaluating a fund, a qualitative overlay might involve assessing whether the fund management team's leadership has a history of making smart decisions, if the company is known for ethical practices, or how it fits into its industry and market.

Clarifying Sustainable Investing

Sustainable investing covers a wide range of investment strategies, and this means discussions between you and your adviser to confirm the investment's suitability are particularly important.

Our sustainable offering looks to balance the dynamics of delivering financial returns with the social consequences and environmental impacts of the underlying holdings.

By blending various sustainable funds, this balanced approach aims to deliver a more diversified, and therefore more stable, portfolio.

Assessing Sustainability

All of the IBOSS Sustainable portfolios look to achieve above-average ESG and sustainability characteristics.

To assess whether we are achieving this goal, we combine third-party research with our own in-house qualitative research.

Third-Party Research Provider
Morningstar is a global investment and research company who are well-respected in the industry for providing a reliable source of independent investment analysis for all levels of fund buyers.

They are one of the leading companies for ESG and corporate governance research. Their ratings and analytics support investors with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality solutions to meet the evolving needs of global investors.

IBOSS Independent Research
By using a series of questionnaires, we sense-check the third-party data by gauging what sustainability really means for each fund held within the IBOSS portfolios. This extra layer of research ensures that they meet our own sustainable framework criteria.

The Details Matter

Our experience tells us that investors who have a more ethical mindset tend to be more interested in the portfolio's underlying positions.

We understand that all clients have different investment goals and preferences, something which is particularly true in the world of sustainable investing.

These preferences frequently focus on more controversial and often subjective industries, including alcohol, armaments, gambling, tobacco, pornography, and oil/gas.

It is important to be aware that whilst we look to minimise portfolio exposure to controversial areas, we are simultaneously aiming to produce positive relative returns against a benchmark. Our emphasis on diversification inevitably means compromises must be made, and the portfolios may have some small exposure to areas that some clients might wish to avoid unequivocally.

Therefore, it is important for you and your adviser to agree on whether our investing approach is suitable for your own personal preferences.

Transparency & Clarity

Whatever your preferences may be, we will support you in your investment journey and feel it is of vital importance to be as transparent as possible regarding our portfolio positioning.

We will provide your adviser with the tools necessary to explain and highlight both your current and future positioning.

Everything from traditional performance figures and risk characteristics, to carbon involvement, exposure to controversial industries, individual fund research notes and portfolio changes.

Why IBOSS?

Using our knowledge and expertise, we blend the need for sustainable outcomes with the ability to grow your capital.

Our long-standing methodology of fund selection and additional ESG fund research, mixed with our qualitative overlay, allows us to build a range of well-diversified portfolios, not only from traditional fund metrics but also from a sustainable point as well.

Not all investments are appropriate for every client, but we believe the way our portfolios are constructed provides advisers, and clients, with greater transparency to judge whether they are suitable for them.

Important Information

This communication is designed for informational purposes only and is not intended as investment advice. These investments are not suitable for everyone, and you should obtain expert advice from a professional financial adviser. Please note that the content is based on the author's opinion at the time of writing/publish date. Our views and opinions regarding certain investment themes and topics can alter over time as the macroeconomic background changes and other industry news is made publicly available, this is not intended as investment advice.

Past performance is not a reliable indicator of future performance. The value of investments and the income derived from them can fall as well as rise, and investors may get back less than they invested.

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IAM 274.10.23 | Approved October 2023

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