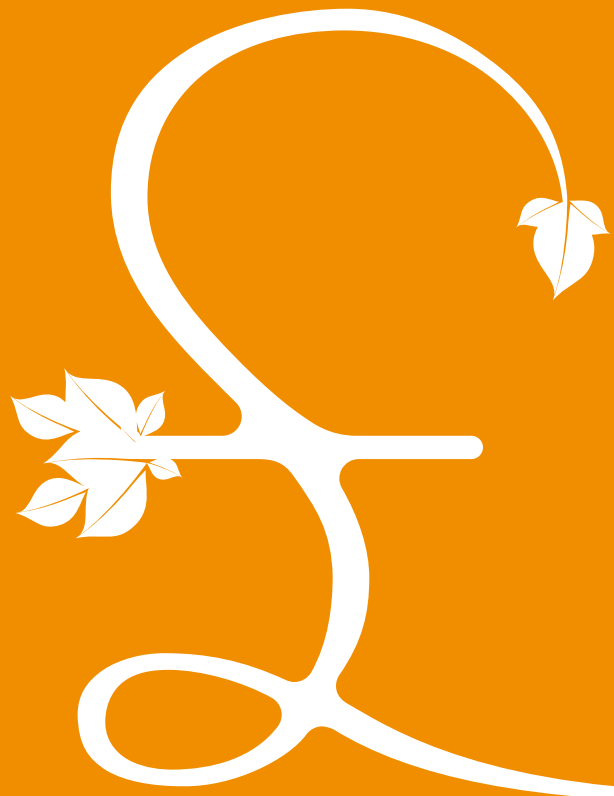


Making money and making a difference

Your helpful guide to ethical investments



We all work hard for our money...

As a result, we earn the right to choose how we spend or save it. But with additional focus on our country's economy recently, many people are taking another look at where they invest their finances. It's not enough to know your money will be relatively safe or provide a reasonable potential return over time – it's also important to know how your money will be used. This increased awareness is one of the reasons we've seen significant growth in the ethical investments sector.

People want their money to make a positive contribution to society and the environment. The good news is that ethical investments work just as hard as other types of investment to increase your money's worth, while taking that additional 'value' into consideration.

'Ethical investments are all about making a positive contribution – to society and to your pocket.'



1

What are ethical investments?

Ethical investments, or socially responsible investments (SRIs), are opportunities for you to put your money into an investment vehicle (fund) that chooses the companies it invests in, very carefully. By carefully, we mean that it chooses companies based on their principles – what they believe in and what they do.



2

What are these principles?

A good ethical fund manager will 'screen' companies in two ways: they'll pass a 'negative screening' or 'positive screening' process. At Ecclesiastical, we do both. Negative screening means ignoring companies that work in certain sectors: things like weapons manufacture, tobacco or pornography. Positive screening means including companies that work hard for the benefit of society or the world around us. For example, they may have environmentally friendly programmes in force, or have adopted initiatives that support education or community projects.



3

Are there any other differences?

Apart from the ethical screening process, ethical investments are the same as any others: they offer varying levels of exposure to risk, potential returns and cover different asset classes. They can also be accessed via stocks and shares ISAs – 'wrapping' your funds tax-efficiently.



4

Aren't ethical funds quite new?

Ethical investments have been available in the UK since 1984, which means that you can examine the long-term past performance of these funds in detail. As with any other financial investment though, you shouldn't rely on past performance as an indication of future returns.



5

Do ethical funds perform as well as any others?

Ethical funds perform just as well as any other type of investment. You'll find them alongside the top-performing funds available, some of them outperforming similar investment vehicles that don't 'use principles to seek profits'. They're also becoming more popular. According to EIRIS (Experts in Responsible Investment Solutions), over £9.5 billion was invested in more than 90 retail funds in the UK in 2009. That's a huge increase on the previous year (£6.7 bn)!



6

What kind of ethical funds are there?

Many people think that ethical funds exist in a sector of their own, made up of a limited number of 'eco-friendly' companies' stocks and shares. But in fact, an ethical fund starts life by using the same definitions as any other. Each one is different, with a unique approach to its:

- asset class: cash, property, fixed interest securities and equities
- geographical area: UK, International, European, Emerging Markets, etc.
- risk profile: low, low to medium, medium to high, high etc.

As you can see, choosing to invest in an ethical fund won't necessarily limit the amount of funds you can choose from when you're investing your money.

What should you do next?

It's important to be confident that you have enough information before making any investment. Your financial adviser can give you more detailed facts about any ethical fund's past performance.

Here are some topics to think about:

1 What am I investing in at the moment?

Your financial adviser can give you detailed factsheets that will explain where your funds are invested geographically, and which sectors and companies they're invested in.

2 Could I find the same performance in an ethical fund?

Again, your adviser will be able to look at past performance and make comparisons for you – but it is important to remember the general rule for investors: historic figures are not a guide to future performance.

3 Is the fund I'm considering positively or negatively screened?

Fund Managers' screening criteria are always published, and will show you clearly how decisions have been made. It's worth noting that a negative screening criteria may have limits set with it: for example, an ethical fund may decide to invest in a company providing no more than 10% of its profits from an activity that some people think is unethical.

4 Has the fund, or its manager, won any awards that recognise performance?

Although the industry names may be unfamiliar, accreditation with an award is highly significant – as there are many funds and Fund Managers competing for the same recognition.

5 Where can I find out more about ethical funds in general?

You can find out more about ethical funds from EIRIS, an independent research provider. Their consumer website can be found at www.youethicalmoney.org

Ecclesiastical Investment Management

We hope you'll find this information useful. Ecclesiastical Investment Management is a pioneer in the ethical investment field, with a number of industry-recognised awards and some of the UK's most successful ethical fund managers.



Sue Round, our Head of Investments, launched one of the UK's first retail ethical investment funds (our Amity UK Fund) over 20 years ago – and we now offer a full range of socially responsible funds.

We have four socially responsible 'Amity' funds, all with the same aim: combining

profit with principles for our ethical investors. Look online, at www.ecclesiastical.com, or ask your financial adviser for more information about Ecclesiastical's range of ethical funds.

We pride ourselves on offering the potential for profit with principles.

Our unique approach to screening ethical investments has helped us to deliver profit with principles since 1988. We're one of the few ethical investment management companies who go beyond negative screening

and also examine a company's positive contributions to society and the environment, before making our investments.

Ecclesiastical Investment Management is part of the Ecclesiastical Group, a global company with over 175,000 customers and an A- financial rating from Standard & Poor's.

We also value the communities in which we operate. As one of the UK's top Ten Corporate Donors², Ecclesiastical Group has donated almost £53.6 million in charitable grants over the past 5 years – so you could say that we practice our values, as well as preach them.

We are confident that our socially responsible investment approach and wider business culture of looking after our people and communities stands us in excellent stead for the future.



¹Source: www.eiris.org/news/statistics.html

²Source: The Guide to UK Company Giving [Directory of Social Change (2009)]

Please note that past performance is not a reliable indicator of future results and that the value of investments can fall as well as rise and you may get back less than the amount invested.

For more information, factsheets or details of how to invest, please speak to your financial adviser

