

Growth with a conscience

Chris Wright, Fund Manager: Premier Ethical Fund

Responsible capitalism has taken on new importance for many investors, and advisers increasingly recognise that they need to be able to offer their clients ethical options. However, the myth often remains that they must sacrifice investment returns for their conscience, in spite of a substantial body of evidence showing this is not the case.

The Premier Ethical Fund is traditional in its investment approach, excluding companies whose main business is involved in pornography, alcohol and cigarettes, plus companies that are poor on emissions, or who aggressively seek to avoid tax. The fund also actively seeks to invest in those companies who are conscientious about their supply chain and follow ethical standards. The prevalence of social media has meant that reputations can be undone very quickly.

The ethical screening is overseen by an independent ethical committee, comprising highly respected academics and clerical representatives. They provide their individual expertise and scrutiny of the ethical policy of the fund and oversight of the new investments.

However, as well as screening out companies that do not meet the fund's ethical criteria, fund manager Chris Wright is also looking for companies that encourage the positive. These might be companies involved in products and services that aid environmental sustainability or companies whose products and services have an emphasis on improving individuals' basic standard of living rather than focusing on luxuries.

The fund manager's investment process is focused on quality, value and momentum characteristics of companies. Quality companies are expected to have a high and consistent return on capital employed, reliable long term dividend growth and sound balance sheets. The fund manager seeks genuine, long term value, where he believes a company's growth prospects are not sufficiently factored into the share price. And good share price and earnings momentum can also be attractive, and revisions to analyst forecasts may show reasonable companies becoming good companies.

The fund manager believes that using a combination of these core metrics can deliver the potential for strong long-term performance through the economic and market cycle.

An example of one of the favoured stocks in the portfolio is professional services provider FDM. The company recruits graduates, often from outside the Russell Group of universities, provides necessary training and places them in companies including major blue-chip companies. They also aim to help companies build a more diverse employee base as well as having a programme for mothers and the armed forces returning to work.

At the moment, the fund manager has a notable bias to cyclical companies. Quality companies have had a strong run but Chris believes that in the current environment, more value orientated investments may be well placed.



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For your protection, telephone calls are recorded and monitored for quality assurance purposes. A free, English language copy of the fund's Prospectus, Key Investor Information Documents and Supplementary Information Documents are available on the Premier website. All data sourced to Premier Asset Management unless otherwise stated.

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