

# SERVICES





If you want to meet your financial goals or objectives without environmental or ethical compromise, Niche Ethical can offer you a full investment service that takes into account how it affects the world around us.

Our approach to independent financial advice - putting you first - means we are able to offer and actively encourage you to use a full ethical investment service.

By finding companies that work hard to manage their impact and legacy on the world, Niche Ethical enables you to consider not only how your investments are performing, but what effect they have on the world.

Plus, with a full ethical investment service, you are not compromising on the service you receive. You will still benefit from the same tried and tested process. The only difference is that the investments you make have received additional screening.

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To find out more about Niche Ethical, please do not hesitate to contact us:

☎ 01633 859 555

✉ [info@nicheethical.co.uk](mailto:info@nicheethical.co.uk)

🌐 [www.nicheethical.co.uk](http://www.nicheethical.co.uk)

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*I have only been with Niche a short period but have been very impressed. The information presented to me - particularly their cashflow analysis & investment choices - has been hugely helpful & beneficial in planning for my retirement.*

**GLENN OWEN**

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# WHAT IS ETHICAL INVESTMENT?

Increasingly, our clients are taking an interest not only in how their investments are performing, but also how they affect the world around us.

Like many financial ideas, investing 'ethically' can quickly become overly complicated by industry language. It is not always well understood – investors may want their money to do good, or at least do no harm, but it is not always clear how to get started. When we talk about ethical investing, what we really mean is putting your money into investments that are responsible and sustainable.

Ethical investing originally meant using 'sin screens' to weed out potential investments in industries clients wanted to avoid. This is what is known as 'negative screening', preventing investment in industries such as alcohol, tobacco, gambling or armaments and enabling funds to be selected which exclude industries investors would prefer to stay clear of. Today, however, there are ways to invest positively and proactively.

## POSITIVE ACTION

In recent years, as ethical investing has evolved, we have begun to see a more developed approach.

Negative screening still plays a role, but these days investors and providers adopt a more proactive style, finding companies that work hard to manage their impact and legacy on the world. This 'positive screening' considers Environmental, Social and Governance (ESG) factors for investment.

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*At Niche, we pride ourselves on our strong ethical approach to financial planning, putting client's needs, goals and desires at the forefront of the process and with fair and cost-effective fixed fees. We are able to offer and actively encourage the utilisation of a full ethical investment service to achieve your financial needs. Therefore, you can meet your financial needs without compromising your environmental and ethical values. We already work with a number of charities and schools to give back to our community, and know that our clients will share these values.*

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*We have noticed an increase in the amount of clients that make charitable donations a part of their financial planning. By creating a cashflow plan we can determine our client's capacity to give, and ethical investing further enhances this, meaning our client's funds have a positive impact on the world as well as a financial return.*

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**Matt Wiltshire**  
Managing Director



**Aled Phillips**  
Operations Director

# KEY QUESTIONS

## Environmental Factors

- How does an organisation approach climate change, energy and water usage, resource management, waste disposal, the ecological impact of their products and their carbon footprint?

## Social Factors

- Is a company attuned to social diversity, human rights, consumer protection, and does it work to promote a healthier and higher quality of life for staff and stakeholders?

- Does the business behave in a responsible way and expect the same of their suppliers?

## Governance Factors

- How does a company build and review its management structure?
- How does it approach employee and investor relations?
- Are there sufficient levels of transparency, honesty and integrity at board level, and is this ethos shared across the company?

These are all questions that modern, socially aware investors are keen to engage with. By making positive screening part of the investment process, we can find funds that include companies that set a positive example, through environmentally friendly products, socially responsible business practices and strong corporate governance infrastructures.

Positive screening is not just about recognising what is being done by businesses today. It is about encouraging them to keep ESG considerations at the forefront of what they do, and strive to achieve ever-higher ESG standards.

## OUR ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) POLICY

We feel that in order to advise our clients on acceptable investments that meet our ESG principles, we should be able to demonstrate our commitment towards the ESG principles. We believe it is a key consideration for a strong future business performance.

Avoiding industries and practices that have a negative impact is important for ethical investors, but it is not enough to make a real contribution to responsible and sustainable investment. When we choose the funds our clients invest in, we prioritise those that actively engage with company managers on ESG issues and who value this approach as part of their stock selection process. ESG is not just a trend, we believe it is a key consideration for strong future business performance.

### Here are some of our ESG Policies and efforts:

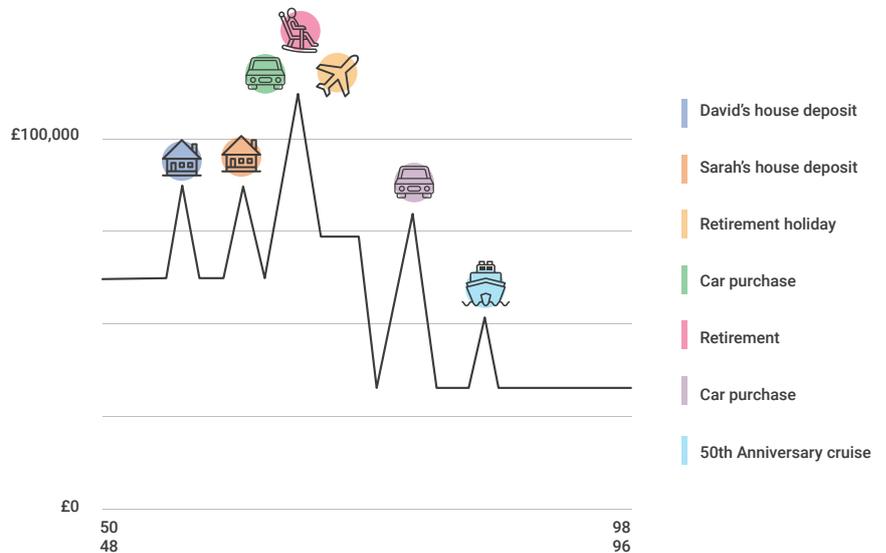
- We aim to be 100% carbon neutral, using offsetting facilities where required
- We utilise an energy provider who supplies 100% renewable energy
- We encourage carpooling for our staff to reduce carbon emissions
- We run a paperless office (as far as possible) and look to offer video conferencing facilities to avoid travel when possible
- We use a refuse provider who are able to recycle 98% of our waste
- We sponsor 8 Beehives in to order support our local ecology
- Niche is an employee owned business with each member of our team agreeing to our key ESG principles

# OUR PLANNING PROCESS

Having a great plan and a set of your own core beliefs are the linchpins to financial success as well as excellent financial instruments to meet those objectives.

Having gathered your personal information we will take the time to truly understand what your lifetime goals are, how your ethical views incorporate into these aspirations and how these can be met using responsible and sustainable methods.

In order to best achieve this, we use cashflow planning technology to demonstrate your financial future visually.

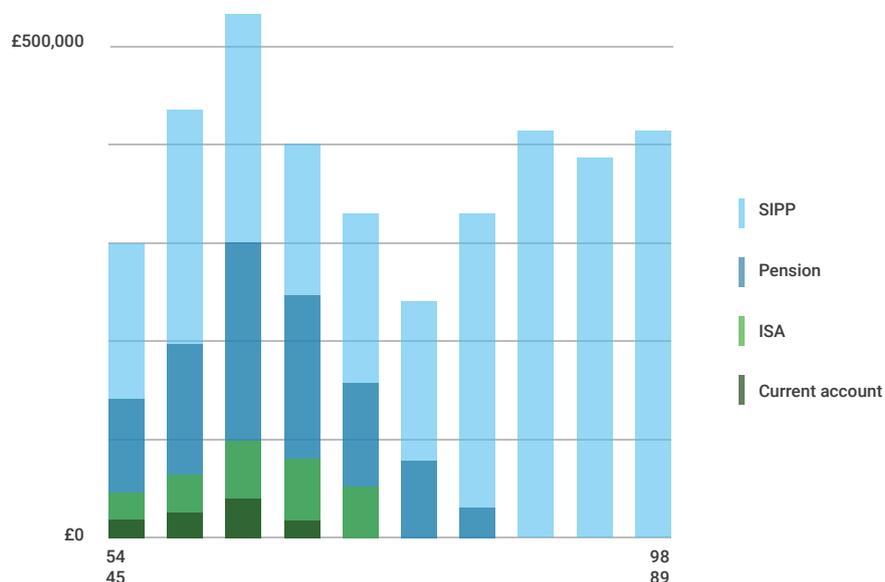


# CASHFLOW PLANNING

Cashflow planning is for everyone – from simple monthly forecasts to yearly predictions – it can help you to make accurate and informed financial decisions going forward.

Many cashflow plans allow you to simulate how your financial situation could potentially change should an unexpected event occur, such as a market crash.

Any financial plans that are created using cashflow planning are not set in stone and only give an indication as to what may happen in the future, so should be reviewed on a regular basis. Please note, the Financial Conduct Authority do not regulate cashflow planning.



# RISK & INVESTMENT TIME HORIZON

Once we have agreed the level of risk you are comfortable to take and the length of time you intend to remain invested we will match these to the most appropriate portfolio.

You can see the investment risk categories we offer below ranging from defensive to global equity, all of which are given a specific risk rating which we will discuss with you. The funds you invest in can be actively managed with fund managers choosing from a wide array of investments, or passive 'tracker funds' that aim to reproduce the performance of an entire index, such as the FTSE 100. We offer the following styles of investment, including Ethical Portfolios.

## Satisfying a wide range of needs and requirements – 29 model portfolios.

						
	DEFENSIVE	CAUTIOUS	BALANCED	ACTIVE	AGGRESSIVE	GLOBAL EQUITY
<b>MANAGED</b>	ACTIVELY MANAGED FUNDS + ACTIVE ASSET ALLOCATION					
<b>TRACKER</b>	PASSIVELY MANAGED FUNDS + ACTIVE ASSET ALLOCATION					
<b>CORE</b>	50% ACTIVE/50% PASSIVE + ACTIVE ASSET ALLOCATION					
<b>INCOME</b>	INCOME/DIVIDEND FOCUSED FUNDS + ACTIVE ASSET ALLOCATION					
<b>ETHICAL</b>	ACTIVELY MANAGED FUNDS WITH AN ADDITIONAL LAYER OF NEGATIVE AND POSITIVE SCREENING + ACTIVE ASSET ALLOCATION					

## WHAT YOUR ETHICAL INVESTMENT COULD LOOK LIKE WITH US



## BUILDING IN OUR ETHICAL APPROACH

Ethical investments made with us will always benefit from the same tried and tested process outlined above, with an extra layer of ethical screening. This is best described as a combination of positive and negative screens, incorporating both ethical investment and ESG factors.

It means that on the one hand, we have the power to exclude any companies or industries ethical investors would rather avoid, but we also have the ability to seek out those companies who are committed to sustainable and socially responsible practices.

We believe it is possible to achieve long term growth by investing in businesses that contribute to the well being of society. Ethics do not have to come at the expense of performance. The following pages set out examples of industries and types of business practices that come under the microscope, for both negative and positive screening purposes. There are more, but you can see the type of business activities that the ethical portfolios seek to invest in.

## WHY POSITIVE SCREENING MATTERS

Positive screening is proactive. It is a way of evaluating companies and rewarding those who are paying close attention to the impact they make on society and the environment, while encouraging other companies to engage and improve their ESG scores.

Examples of ESG factors include socially responsible business practices, human rights considerations, positive employment practices and environmental protection.

Positive screening also seeks companies that offer good growth prospects from a sound financial base. Positive screening sends a message to companies to do more in future. Investors can collectively push an industry in the right direction by encouraging companies to set a positive example of environmentally friendly products, socially responsible business practices and strong corporate governance infrastructures.



## Positive screening to favour companies that display consideration for:

**E**



### **ENVIRONMENTAL**

- Water and sanitation management
- Waste, pollution and hazardous materials management
- Energy efficiency and moving towards lower carbon fuels
- Natural resource conservation and sustainable products
- Responsible packaging and recycling policies

**S**



### **SOCIAL**

- Employee health, safety and wellbeing
- Respect for human rights
- Community involvement and volunteer work
- Fair labour practices including diversity and equality
- Customer welfare including data security and fair marketing

**G**



### **GOVERNANCE**

- Strong business ethics incorporated throughout the culture
- Accurate and transparent accounting methods
- Fair and reasonable compensation and benefits
- Robust internal controls and independent audit
- Board independence, quality and diversity

# WHY NEGATIVE SCREENING MATTERS

Negative screening is a more traditional but still highly important part of ethical investing and complimentary to positive screening.

Negative screening is designed to help keep your money away from business practices you do not believe in, penalising those industries with unsustainable business models and indirectly encouraging company leaders to change their business practices by adopting more ethical and socially responsible policies.

The table below demonstrates the main types of business activity that ethical portfolios seek to exclude. Our ethical range also excludes UK gilts and other government bonds, given government investment in areas that may be regarded as unethical, such as armaments.

By combining positive and negative screening, we explore the full potential of ethical investing on your behalf.

## Negative screening to limit exposure to:-



✓ ALCOHOL



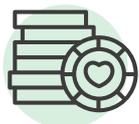
✓ ARMAMENTS



✓ ANIMAL TESTING  
(FOR COSMETIC PURPOSES)



✓ ENVIRONMENTAL



✓ GAMBLING



✓ PORNOGRAPHY



✓ TOBACCO

# DRAWBACKS OF INVESTING ETHICALLY

As with any type of investment, investors must consider the potential drawbacks. There may be times when your portfolio under performs compared to traditional investments, because ethical funds cannot and will not invest in certain industries.

Certain stocks and whole sectors move in and out of favour during periods of political and economic uncertainty. Companies in relatively stable sectors like tobacco production and the manufacture of arms tend to reward shareholders with higher dividends.

Keeping these outside of your portfolio may cause you to miss out on potentially higher investment returns. Investors may also experience greater volatility because ethical investments exclude government bonds and other lower risk assets.

Those lower risk assets can often be helpful in offsetting riskier types of asset, such as shares. This said, past performance is not a guide to future investment performance and your investments can go up or down. That is why it is essential to discuss your requirements with us and be certain of what you want to achieve with your investment.

It is important to understand that when you invest ethically, you choose a different set of investment factors, but not a different level of service. We strive to ensure our portfolios stay aligned to their specified investment mandates, risk profile and the intended ethical approach, while always aiming to maximise your investment returns.



# CONTACT US

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We pride ourselves on the service that our clients receive and build our business from the referrals of satisfied clients. If you know of someone who would benefit from the services Niche Ethical provide, please let them or us know. We will be more than happy to help.

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