Environmental, Social and Governance (ESG) portfolio
Why should you consider our ESG portfolio service?

Progeny’s asset management portfolio service team have been building portfolios and models together for over a decade.

Our ESG Portfolio range of risk-targeted investments was established in 2018 and designed to deliver returns for years to come. We have developed our innovative offering by being agile and responsive to our clients’ needs and the uncertainty of market conditions. Too many investors pay for poor investment performance and sub-standard service. We’re here to show that there’s a better way to invest and make the most of balancing risk and return. These can be used to generate income, through regular, scheduled withdrawals.

What we do for you

We are all keenly aware of our impact on the world and many of us seek to actively reduce the negative repercussions of our daily routines. Asset management is no different.

Environmental, Social and Governance (ESG) investing allows investors to focus on companies, organisations and funds that seek to create a positive social and environmental impact through their products and activities. As well as helping clients make informed choices which align with their moral standpoint, ESG investing can also offer you the chance to capitalise on niche market opportunities.

We have developed a cost-effective portfolio for investors looking to invest in this space, through a series of funds that adhere to ESG principles.

While investors might have been cautious about ESG in the past, it now appears to be on the brink of significant growth as they set aside their reservations.

With our ESG Portfolios you can be secure in the knowledge that your investments are being carefully looked after by our experienced investment management team. We will work with you to ensure you select the most appropriate portfolio for your individual objectives, taking into account your capacity to suffer losses within your portfolio and financial goals.

At a glance

Invested with a focus on funds that seek to create a positive social and environmental impact.

What it is

✔ Multi-discipline approach to fund allocation
✔ Facts and figures-based
✔ Aligned to a prescribed asset allocation
✔ Competitively priced

What it is not

✖ A closet tracker
✖ Passive
✖ A faceless service
✖ Style specific
✖ Emotion-led fund picking
Investment Philosophy and Beliefs:
Our five principles for investing

Principle 1: Focus on portfolio structure
Strategic asset allocation between growth and defensive asset classes is at the heart of these portfolios. The choice and adherence to a long-term investment policy, or asset allocation, is the core driver of portfolio risk and thus returns.

Principle 2: Broadly diversify portfolios
The only certainty in financial markets is their uncertainty, requiring the astute investor to take advantage, wherever they can, of the diversification benefits on offer. The real risk to the long-term investor is not return volatility but the lack of certainty that equity markets will act as the engines of portfolio returns over the coming years. Owning a well-diversified portfolio is critical to long-term portfolio survival and a successful outcome.

Principle 3: Manage costs tightly
Investors frequently focus on the headline investment returns that markets deliver, and fail to take into account the severe deductions from long-term wealth of the costs they suffer. These include the effects of inflation on purchasing power; the cost of tax; and the significant ‘all-in’ cost of investing (e.g. fund manager ongoing charges and turnover costs, adviser costs etc.).

Reducing costs is one of the few “free lunches” in investing. A pound of costs saved is no different to a pound of market performance in monetary terms, yet it is far more valuable due to its consistency over time and the fact that it is achieved without taking any risk. Minimising costs in the client’s investment programme can have significant benefits especially given the multiplying effects of compounding.

Principle 4: Controlling emotions
A quantitative process is at the heart of what we do. Not only does it filter the investment world down to a manageable level of fund choices but also strips out any emotional bias.

Behavioural finance studies have revealed that investors suffer a number of wealth-damaging psychological preconceptions and biases. The emotional impacts of regret, pride, greed and panic tend to result in trying to guess market timing and the excessive taking or avoidance of risk. Poor investment behaviour is likely to have a negative effect on investment returns.

Principle 5: Rebalance the portfolio
The fundamental purpose of rebalancing lies in controlling risk, not enhancing returns. Rebalancing trades keep portfolios at long-term policy targets by reversing deviations resulting from asset class performance differentials. The process is mechanical and takes place on a quarterly basis.
The value of investments and any income from them can fall and you may get back less than you invested. Past performance is not a guide to future performance. No investment is suitable in all cases and if you have any doubts as to an investment’s suitability, then you should contact a professional adviser. If you invest in currencies other than your own, fluctuations in currency value will mean that the value of your investment will move independently of the underlying assets, thus increasing the risks.

The data contained in this profile is based on portfolio simulation and does not represent the actual portfolio. It is intended to provide an indication of the magnitude and direction of historic returns from a hypothetical portfolio made up of asset class market indices held in comparable proportions to those within the ESG portfolio. The aim of this profile is to help clients understand the broad characteristics of the portfolio.

Profile 4
An investment portfolio appropriate for this risk profile may contain, for example, mainly lower-risk investments such as cash, cash-type assets and bonds, medium-risk investments and a minority of higher-risk investments such as UK and overseas shares.

Asset Allocation:
- 10% Cash
- 41% Bonds
- 44% Equity
- 5% Property
ESG Portfolio

This section illustrates the asset allocation of each model

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Profile 5

An investment portfolio appropriate for this risk profile may contain, for example, a mix of lower and medium-risk investments such as cash, cash-type assets, bonds, and higher-risk investments such as UK and overseas shares.

Asset Allocation:

- 5% Cash
- 29% Bonds
- 61% Equity
- 5% Property

Past performance is not a guide to future performance. Any specific investments mentioned are for illustrative purposes only and this is not intended as investment advice. If you are unsure as to the suitability of the service, please contact a professional adviser or Progeny Asset Management to discuss.

The information contained within this document is subject to the UK regulatory regime and is therefore primarily targeted at consumers based in the UK. The value of investments and the income from them can fall as well as rise, and you may not recover the amount of your original investment. Your capital is therefore always at risk.

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