Bravo ESG Portfolios

An ESG portfolio using an evidenced based approach

progeny Asset Management

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What is Environmental, Social and Governance (ESG) Investing?

Environmental Social Governance (ESG) investing is a holistic approach to responsible investing.

It takes account of social and governance factors as well as environmental impacts and seeks to encourage positive change through your investments whilst meeting your financial objectives.

How does ESG investing work in practice?

Most ESG investment solutions start by screening out companies which have a negative impact on the world. This can be a strict policy, where a company is screened out if it has any involvement at all in a particular contentious sector.

The screening can also be done by percentage of a company's revenue. Applying a threshold on revenue could mean exclusions apply if a company generates more than 5% of its total revenue from gambling. This in turn could mean that a supermarket selling lottery tickets would be eligible for inclusion in a portfolio, but a bookmakers would not.

Many funds and portfolios go a step further than a negative screening process by also applying positive impact objectives. There are a wide range of these objectives with the most common being a positive environmental impact.

Climate change

Greenhouse gas (GHG) emissions

Resource depletion, including water

Waste and pollution

Deforestation

Working conditions, including slavery and child labour

Local communities, including indigenous communities

Conflict

Health and safety

Employee relations and diversity

Executive pay

Bribery and corruption

Political lobbying and donations

Board diversity and structure

Tax strategy

How does Progeny Asset Management implement ESG across the Bravo portfolio range?

Progeny Asset Management believe that any ESG portfolio should be transparent, thereby allowing the investor to know exactly which sectors and activities they are investing in.

We start with a negative screen to reduce exposure to companies which we believe have a damaging impact on the world. Our criteria for this is listed below. We also publish a list of the top 100 holdings in the portfolio on a quarterly basis so investors can see their largest exposures.

Phase 1: Investment exclusions → **Phase 2:** Parent Index → **Phase 3:** ESG ratings → **Phase 4:** Positive impact → **Phase 5:** Carbon intensity

Negative screening

The Bravo ESG negative screens means the portfolio excludes:

- ✕ Tobacco producers
- ✕ Controversial weapons
- ✕ Nuclear weapons

The overall portfolio has the following characteristics:

- ✓ 50% less CO_2 emissions than the MSCI ACWI World Index

Revenue derived from the following sectors totalling less than 5% of total revenue:

- ✓ Alcohol sales
- ✓ Gambling
- ✓ Weapons sales
- ✓ Nuclear power
- ✓ Thermal coal

Positive screening

We also believe portfolios should have a reduced carbon footprint to help the world in its fight against global warming. We do not exclude all energy companies as we believe that the energy industry will be key in developing new technologies to help move the world towards a more sustainable future.

For this reason, we target funds which only invest in the best-in-class energy companies and engage with company management to improve the environmental impact.

As a result, our portfolio has 50% less CO_2 emissions than the MSCI ACWI World Index.

What does ESG mean to us?

As a company we understand and embrace our responsibility to future generations.

This ethos informs how we help clients plan for the future and meet their investment goals, while also providing strategic direction to our business.

Progeny itself is committed to becoming carbon neutral as a business and we aim to achieve this by 2021, making us one of the first financial services firms to achieve this.

The Progeny Charitable Foundation was established in 2019. Our mission is to financially support charitable organisations that help children and young adults with illness or disadvantaged social/economic backgrounds to achieve their goals in education, sport and life experiences.

Our staff are also actively encouraged to take paid volunteer days to help promote positive impact across our local communities.

Positive pledge

We have made a pledge to become a climate-positive workforce, bringing all team members into the decision of how we off-set our carbon footprint – be that by planting trees, contributing to offshore wind farms or funding a climate project.

Progeny is committed to an environmental net-zero strategy.

Tackling charity challenges

We have continued to support our charity partners through a challenging time for fundraising.

By running, cycling and proudly wearing our football shirts this year we have raised a total of £12,740 for charities Martin House, Dreams Come True and Cancer Research UK.

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Why should you consider our Bravo ESG Portfolio Service?

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Bravo ESG is has ESG at its core with clean parameters of how your money will be invested.

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Progeny Asset Management (PAM) are an award winning team that have been building portfolios and models together for over a decade.

Our Bravo ESG range is an evidence-based, total return portfolio designed using a systematic discipline. It employs asset diversification, combining a passive and multifactor approach which historically provides a smoother investment journey.

Our investment philosophy is based on academic research and the long-term observation of markets and how they work. Built on the same foundations as our Tempo portfolio range, Bravo ESG portfolios

Each portfolio in our range is set to an asset allocation that progressively increases the factors of risk and returns.

The funds have been specifically picked to plug in to the asset allocation guidelines which should give comfort when assessing risk.

The general misconception about ESG investing is that it requires a sacrifice or a compromise when it comes to value. As its name suggests, the Bravo ESG range does not compromise on performance. Bravo is also our way of applauding the actions of the businesses represented in the portfolios, as well as the investors who are making a responsible choice for a sustainable future.

ESG is more than just a matter of ecology and making positive choices for the planet. It is about people too and our collective future for Millennials, Zoomers, Gen Alpha and Bravo generations.

What it is

- ✓ Transparent
- ✓ ESG at its core
- ✓ Multi-discipline approach to fund allocation
- ✓ Facts and figures-based
- ✓ Systematic approach to asset allocation
- ✓ Competitively priced

What it is not

- × Mixed messaging
- × Greenwashed*
- × A faceless service
- × Emotion-led fund picking

*Greenwashing is the practice of trying to make people believe that a company is doing more to adopt sustainability than it really is

Investment Philosophy and Beliefs: Our five principles for investing

Principle 1: Get the asset mix right

We start with getting the asset apportionment fine-tuned across our funds. The choice and adherence to our long-term investment policy and asset allocation, is the core driver of portfolio returns and therefore risk. Choosing the right mix, over the right time and for the right risk appetite, is the best means to deliver expected returns.

Principle 2: Diversify broadly

The next important step is to ensure that an investor is not overly exposed to one sector/fund/geography because the only certainty in financial markets is their uncertainty. Taking an approach that doesn't chase trends means investors take advantage, wherever they can, of the diversification benefits on offer. We believe that owning a well-diversified portfolio is critical to long term portfolio success and is a method of taking an element of control over market changes that are essentially uncontrollable, such as natural disasters, wars, political changes etc.

Principle 3: Manage financial costs

Investors are often unaware of the effects ongoing and compounding fees have on returns and the severe deductions over the long-term. These include the effects of inflation on purchasing power; the cost of tax; and the significant 'all-in' cost of investing (e.g. ongoing charges and turnover costs). Controlling costs within the fund has significant benefits, especially given the multiplying effects over the life-time of an investment.

Principle 4: Control emotions

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. We take the emotion out and base decisions on quantitative analysis rather than making behavioural choices.

Principle 5: Rebalance the portfolio

Rebalancing is where a portfolio is brought back to its originally designed asset allocation when market performance has caused it to change. The purpose of rebalancing is to control risk, and to ensure that investors are not exposed to more risk than they agreed. Rebalancing can be achieved either by buying and selling funds, or by directing new money into the right asset to achieve the original balance.

Progeny Asset Management is independent and impartial; we are not tied to any fund manager, bank or insurance company.

This means that we deliver an investment proposition that is genuinely unbiased across the widest product range available.

Our portfolios may hold Unit Trusts, OEICs and Exchange-Traded Funds across the asset classes of equities, bonds, property and cash.

Our process of stripping out emotion

Our Investment Committee is an expert panel of wealth professionals who set the strategic approach we take to investing.

The primary focus of our fund research is to identify a 'buy list' of thoroughly researched investments from which we select when building portfolios.

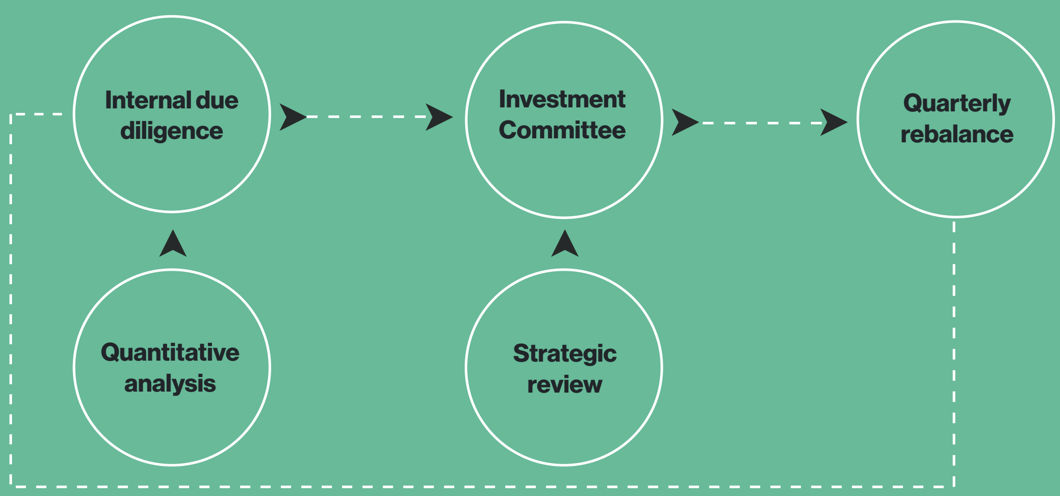
Investment research conducted by the team covers all major asset classes, spanning all regions of the world.

We seek funds with the underlying principles of balancing risk, reward and cost. Key factors include medium to long-term performance, consistency of returns and extensive ratio analysis.

One of the key benefits of our investment approach is that we are able to use the expertise of the best investment managers available and leverage our buying power to provide funds at a fair value which is lower than similar products on the market. We fully disclose our charges.

Our portfolios are rebalanced quarterly. This is essential to support consistency of performance and ensure that portfolios are kept in line with clients' attitudes to risk.

Robust, repeatable investment process



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Our Bravo ESG Portfolio Range

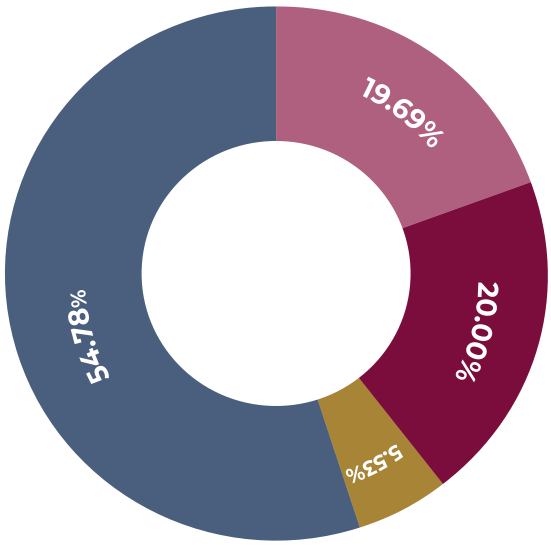
This section illustrates the asset allocation of each model

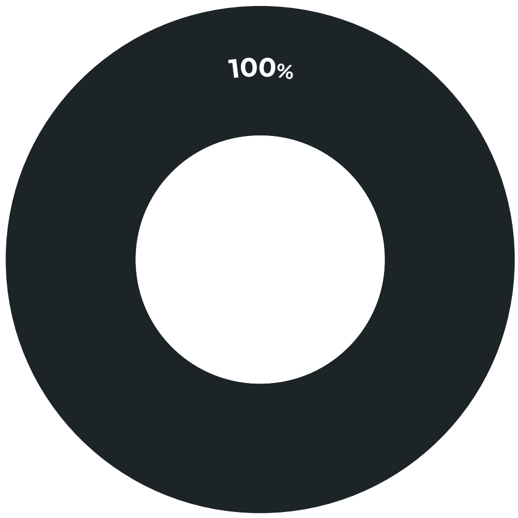
The value of investments and any income from them can fall as well as rise and you may get back less than you invested. Past performance is not a guide to future performance. No investment is suitable in all cases and if you have any doubts as to an investment's suitability, then you should contact a 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.

Bravo^{ESG} 00

Profile

The majority of the portfolio is allocated to high-quality and investment grade bonds. It seeks to maintain purchasing power over the medium-term.





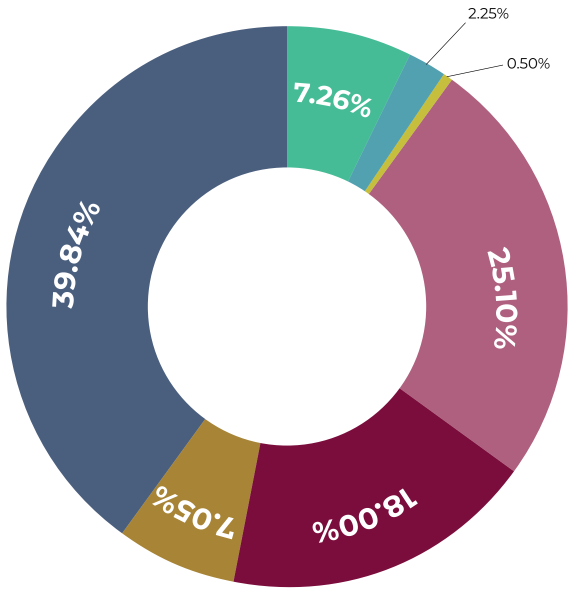
- Global Equity
- UK Equity
- Emerging Market Equity
- International Bonds
- UK Index-Linked Gilts
- UK Gilts
- Supranational debt

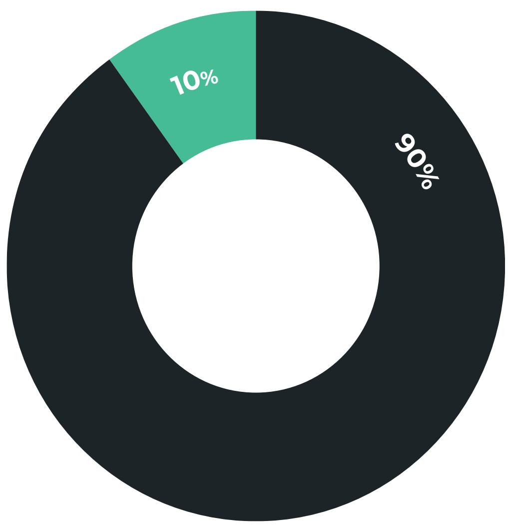
- Bonds
- Equity

Bravo^{ESG} 10

Profile

The majority of the portfolio is allocated to high-quality and investment grade bonds. Over the medium to longer-term, the 10% exposure to the risks and expected rewards of equity ownership should help to maintain purchasing power.





- Global Equity
- UK Equity
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- UK Index-Linked Gilts
- UK Gilts
- Supranational debt

- Bonds
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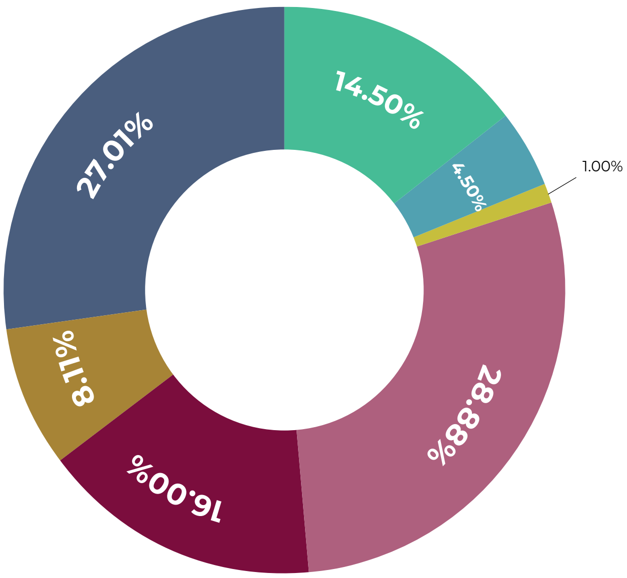
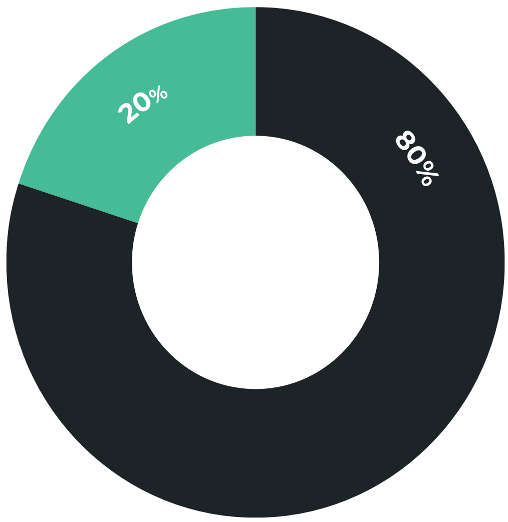
Bravo^{ESG} 20

Profile

The majority of the portfolio is allocated to high-quality and investment grade bonds. Over the medium to longer term, the 20% exposure to the risks and expected rewards of equity ownership should help to maintain purchasing power.





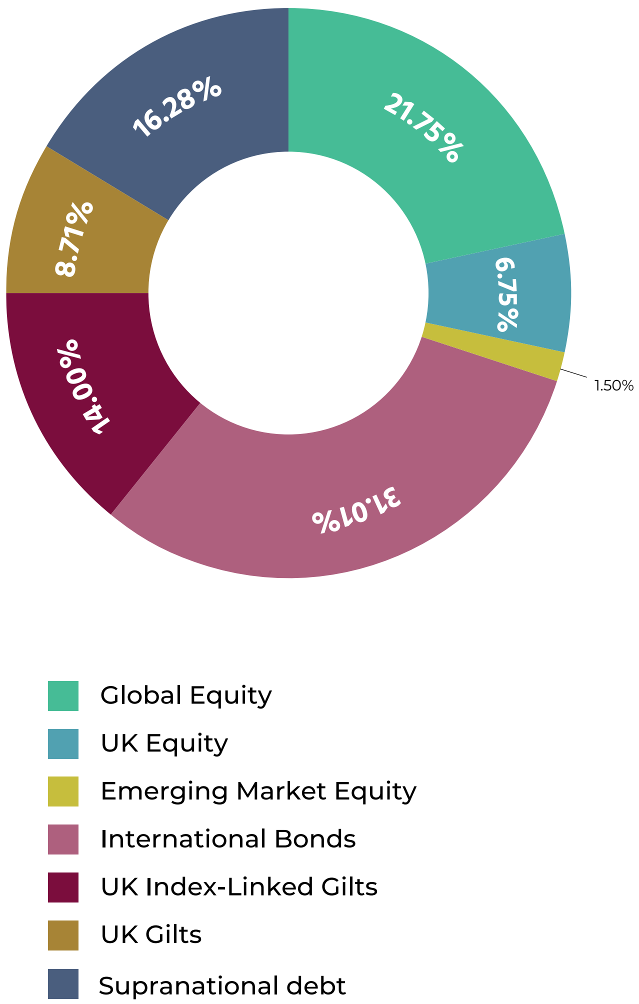
- Global Equity
- UK Equity
- Emerging Market Equity
- International Bonds
- UK Index-Linked Gilts
- UK Gilts
- Supranational debt

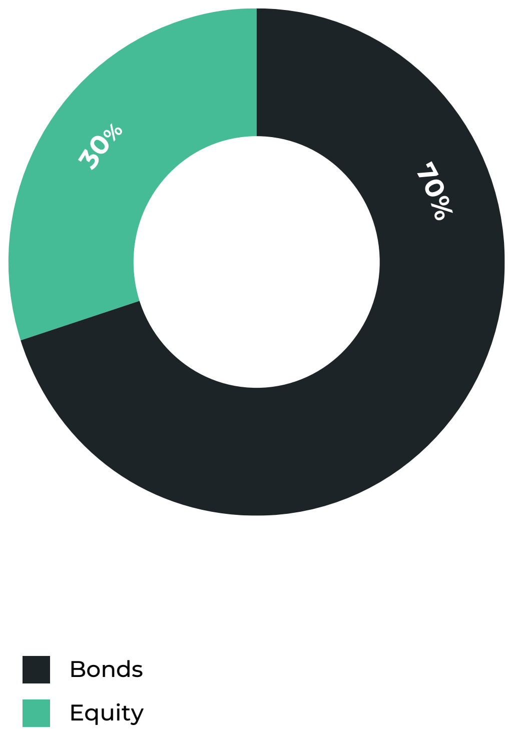
- Bonds
- Equity

Bravo^{ESG} 30

Profile

The majority of the portfolio is allocated to high-quality and investment grade bonds. Over the medium to longer-term, the 30% exposure to the risks and expected rewards of equity ownership should help to maintain purchasing power.

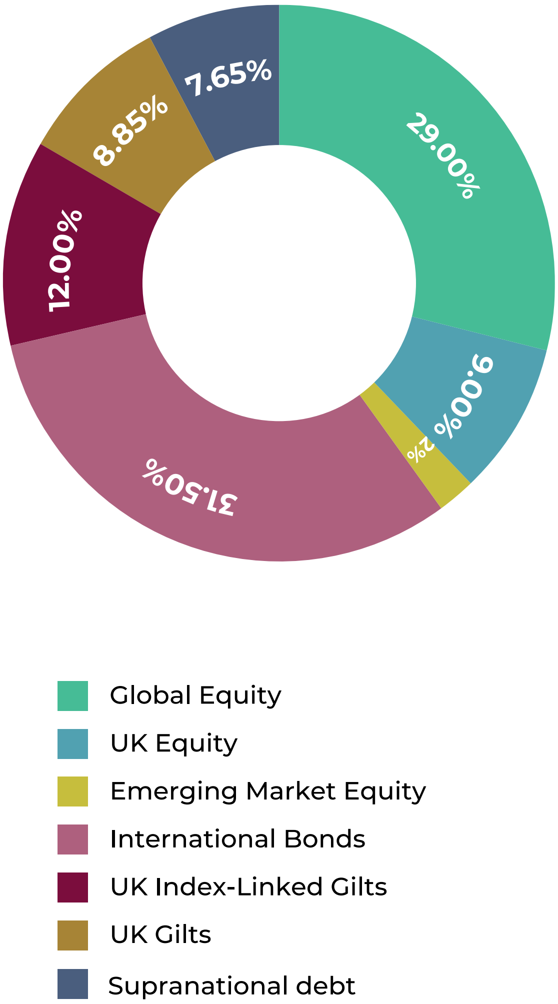


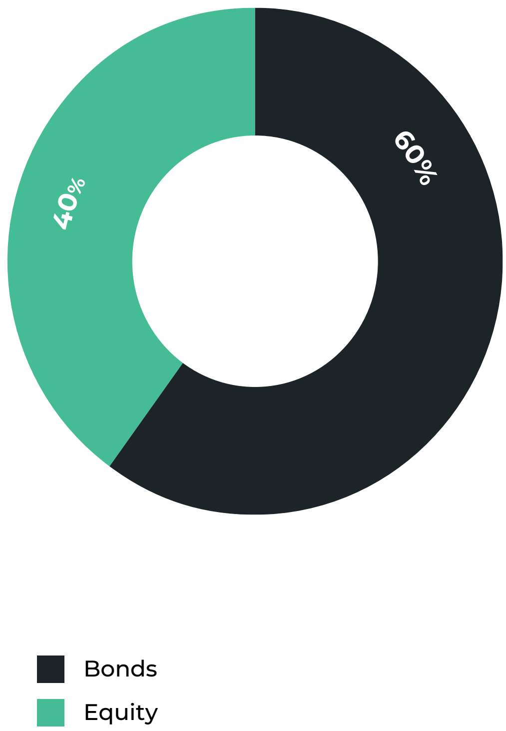


Bravo^{ESG} 40

Profile

The majority of the portfolio is allocated to high-quality and investment grade bonds. Over the medium to longer-term, the 40% exposure to the risks and expected rewards of equity ownership should help to maintain purchasing power.





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This section illustrates the asset allocation of each model

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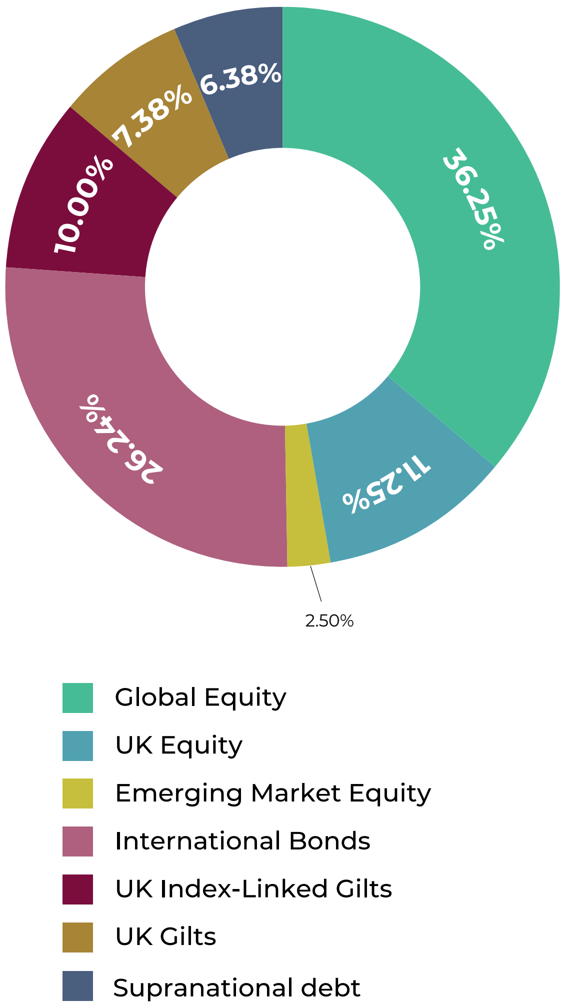
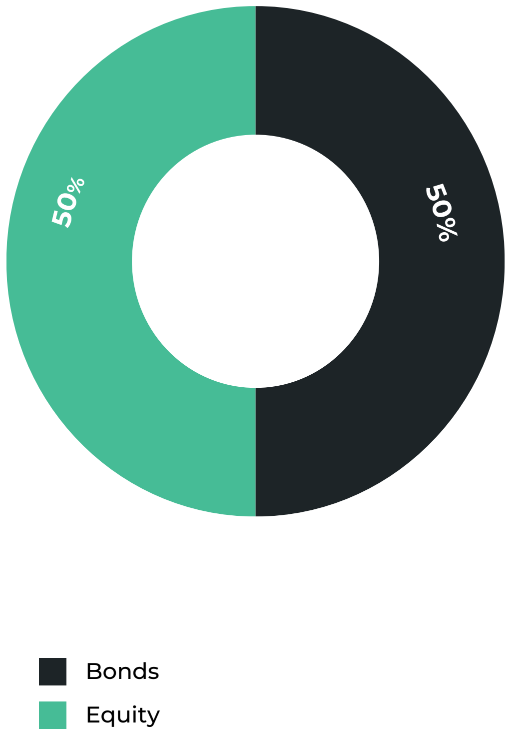
Bravo^{ESG} 50

Profile

Over the medium to longer-term, the 50% exposure to risks and expected rewards of equity ownership should help to deliver moderate, inflation-plus returns. The equity risk is balanced by a 50% allocation to high-quality bonds and investment grade.

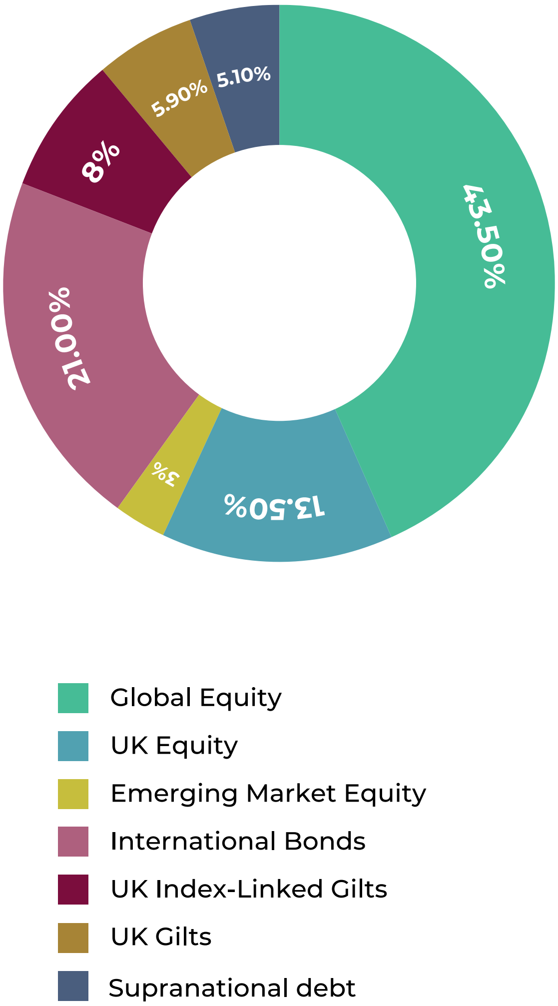


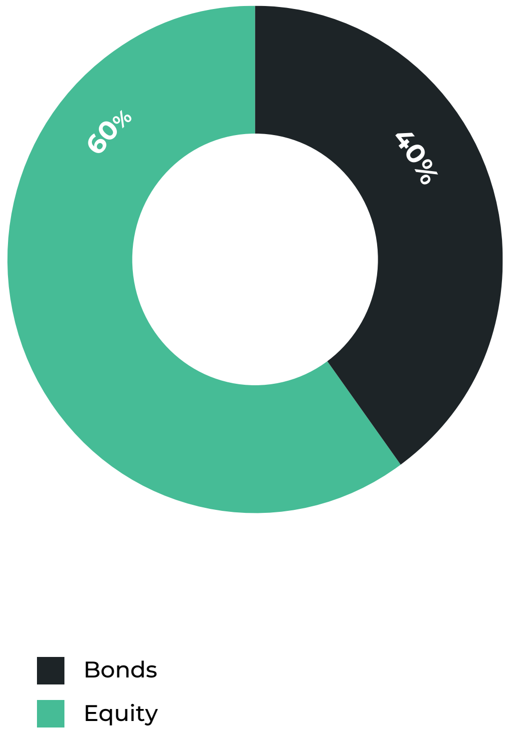


Bravo^ESG 60

Profile

Over the medium to longer-term, the 60% exposure to risks and expected rewards of equity ownership should help to deliver moderate, inflation-plus returns. The equity risk is balanced by a 40% allocation to high-quality bonds and investment grade.

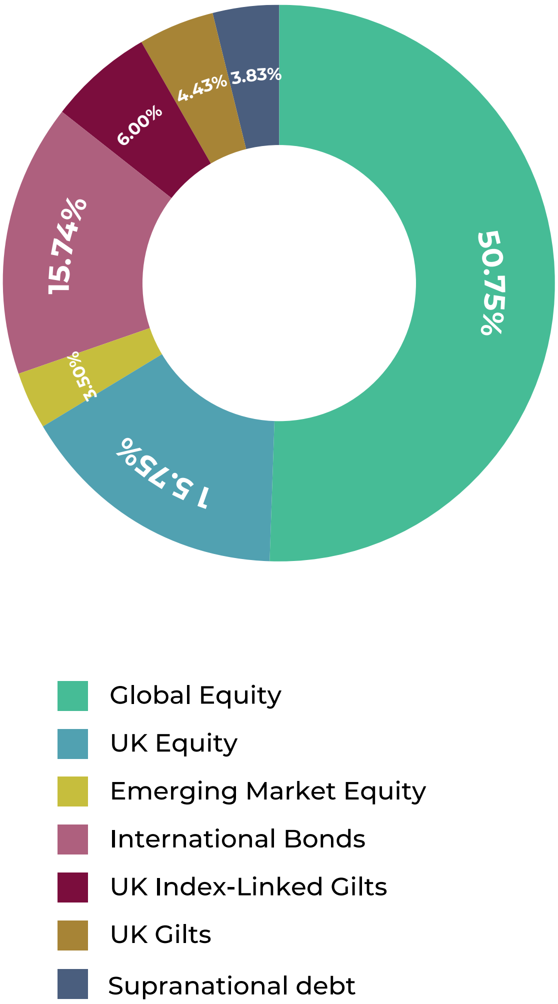


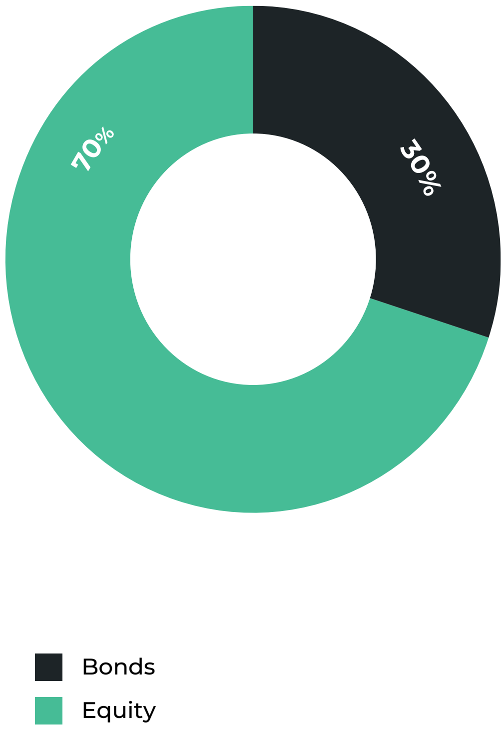


Bravo^{ESG} 70

Profile

Over the medium to longer-term, the 70% exposure to risks and expected rewards of equity ownership should help to deliver moderate, inflation-plus returns. The equity risk is balanced by a 30% allocation to high-quality bonds and investment grade.





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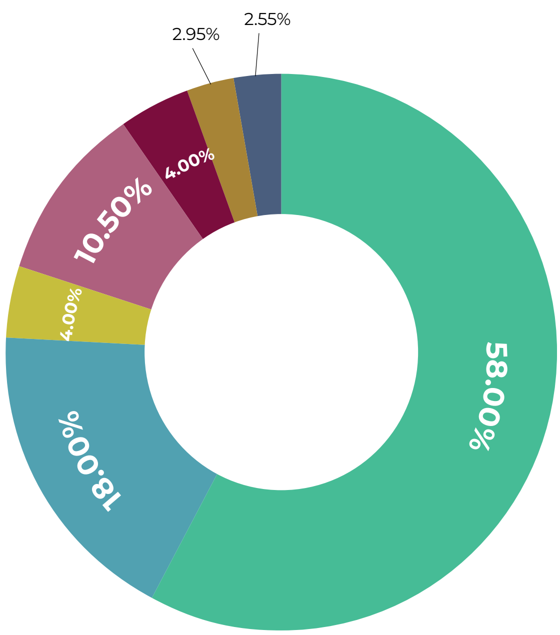
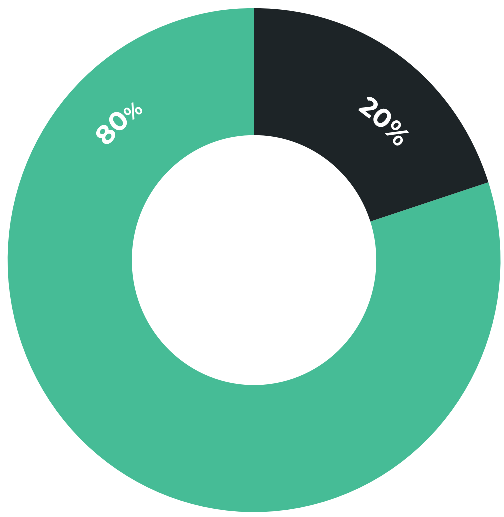
BravoESG 80

Profile

Over the medium to longer-term, the 80% exposure to risks and expected rewards of equity ownership should help to deliver strong, inflation-plus returns. The equity risk is balanced by a 20% allocation to high-quality bonds and investment grade.





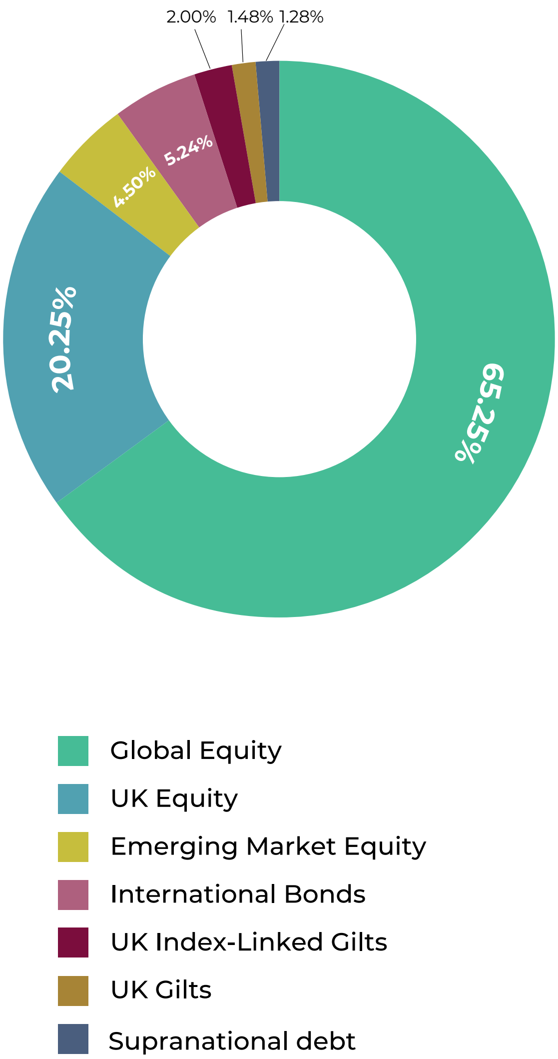
- Global Equity
- UK Equity
- Emerging Market Equity
- International Bonds
- UK Index-Linked Gilts
- UK Gilts
- Supranational debt

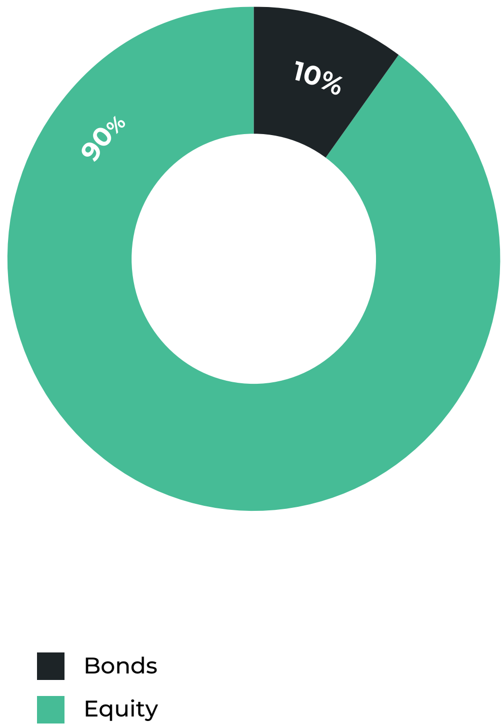
- Bonds
- Equity

Bravo^{ESG} 90

Profile

Over the medium to longer-term, the 90% exposure to risks and expected rewards of equity ownership should help to deliver strong, inflation-plus returns. The equity risk is balanced by a 10% allocation to high- quality bonds and investment grade.

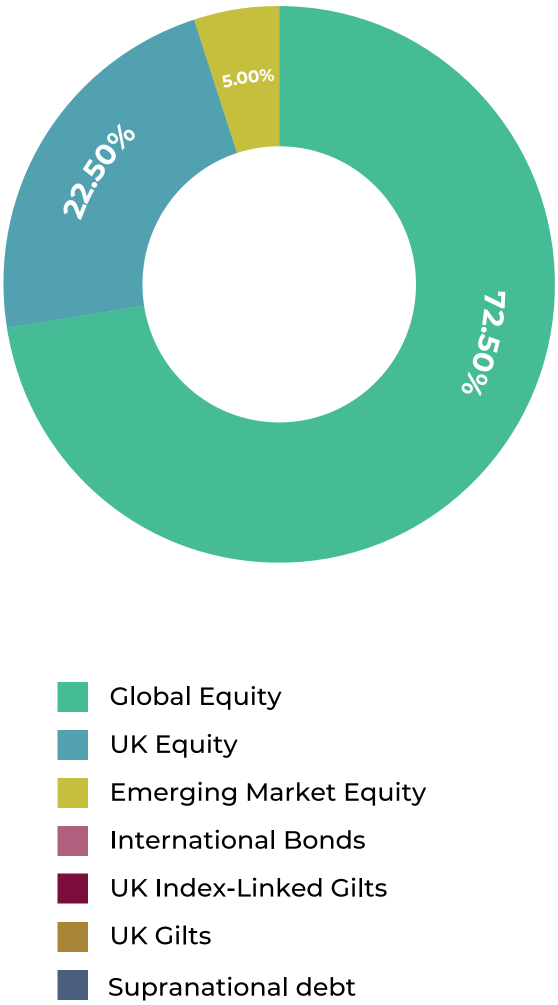


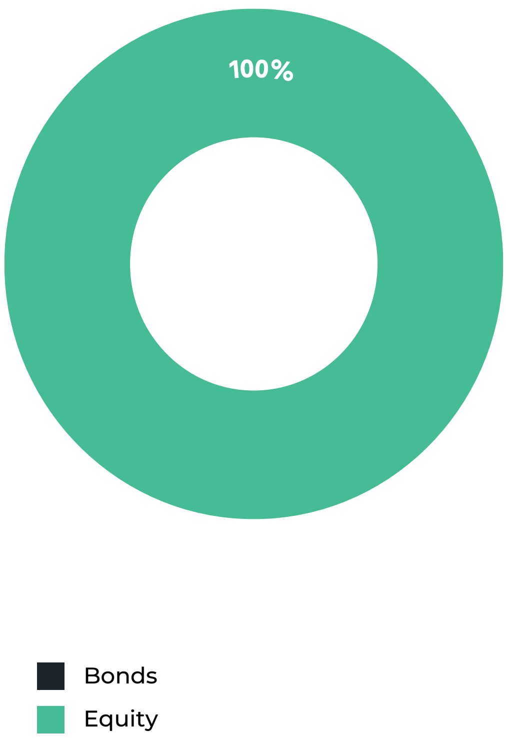


Bravo^{ESG} 100

Profile

Over the medium to longer-term, the 100% exposure to risks and expected rewards of equity ownership should help to deliver strong, inflation-plus returns.





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