



Investment Philosophy
Ethical Portfolios
Socially Responsible Portfolios
Sustainable Portfolios

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THIS DOCUMENT IS INTENDED FOR THE USE OF FINANCIAL ADVISERS AND THEIR CLIENTS



Background

Companies that act responsibly towards the environment, society, and corporate governance and who operate a sustainable business model are well positioned to add value for shareholders.

Our process seeks to identify collective investments which invest in robust businesses with attractive valuations, whilst also having a positive impact on the environment, and facilitating a more inclusive and fair society. The Ethical, Socially Responsible and Sustainable range of portfolios offers clients a selection of multi-asset model portfolios along the risk spectrum with strong asset allocation, risk management and a value for money approach.

At Alpha Beta Partners we can offer a comprehensive proposition comprising all Ethical, Socially Responsible [SRI] and Sustainable options as well as the opportunity for bespoke manufacturing where appropriate. Alpha Beta's highly acclaimed Dynamic Asset Allocation and Risk First investment process underpins each portfolio.

Understanding the universe



Alpha Beta Sustainability Matrix

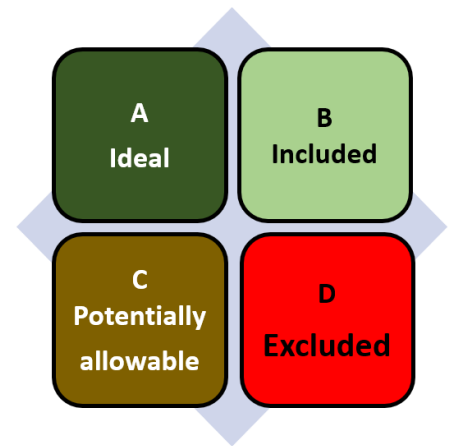
We have devised an in-house investment vehicle selection methodology which is clear and straight forward to describe to potential investors.

A – Funds with a main investment objective of providing solutions to the current global crises, e.g. water scarcity, climate change, and urbanisation.

B – SRI funds which apply positive screening and align their holdings with the UN Sustainable Development Goals.

C – Index funds that do not necessarily apply positive screening but are considered for asset allocation purposes*.

D – Funds which have exposure to any of our avoidance criteria. e.g. weapons, tobacco, gambling, pornography, or that are involved with activities that are harmful to the environment or operate with a disregard to human rights. Funds which have no ESG considerations.



We have criteria for inclusion and exclusion of funds in our portfolios. Where a fund or ETF sits within category C, we apply the following screening before inclusion / exclusion:

*

1. Research of the index that the fund is tracking.
2. Ascertain any ESG policy.
3. Ensure the top ten holdings have no exposure to our areas of avoidance.
4. Look at the nature of business activity, the sustainability policy, and the corporate responsibility statements of the largest holdings / exposures.
5. Seek additional information from Fund Provider.

We apply a pragmatic approach to our fund inclusion and if any holding in one of our funds raises questions / concerns, we initiate discussion with the fund manager to voice our concerns and come to a resolution.

Ethical Portfolios

In the Ethical portfolios only funds and ETFs that have a stringent negative screening policy in addition to Environmental, Social and Governance (ESG) analysis are allowable. The underlying principle of these portfolios is to 'do no harm'. These portfolios will only consider funds and ETFs which do not invest in companies whose main activities or involvement are in the following areas:

- Gambling
 - Pornography
 - Tobacco
 - Weapons
 - Animal Testing for Cosmetic Purposes / Animal Welfare Violations
 - Human Rights Controversies
 - Harm to the Environment / Insufficient Environmental Policies
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SRI Portfolios

In the SRI [Socially Responsible Investment] portfolios the focus is on positive screening factors and Environmental, Social, and Governance (ESG) considerations. These portfolios will only consider funds and ETFs which invest in companies that:

- Demonstrate good corporate governance.
- Operate clear environmental policies that look to reduce the company's negative impact on the climate and that focus on enhancing the environment including creating solutions for environmental issues such as climate change, water shortage.
- That are motivated to have a positive social impact that benefits society and promotes social inclusion and equality.
- That do not support oppressive regimes or operate in a way that does not respect human rights issues.

The Ethical and SRI fund selection process

1. Ethical and SRI universe creation: the team have developed and continue to maintain a universe of vehicles that match our SRI criteria. Key elements to building this universe include utilising the funds marked with an Ethical or Sustainable flag filter from our research tools, FE Analytics and Morningstar and specialist rating agencies (prior to performing our own analysis) as well as fund manager meetings / interviews.
2. Minerva Rating: at this stage, prospective holdings are run through our Minerva Rating process, which was first established in 1991 and continuously evolved, allowing a screening process for investments and consistency of performance.
3. In-house screening and analysis: our Analysts will then take all the best rated funds within the universe and screen them to highlight specific investment criteria.
4. Vehicle selection: the team then take a view on which investments fit within our asset allocation, and risk profiling, as well as considering the type of vehicle (and the costs associated) prior to including a fund within a model.

Research and analysis phase

The starting point for research is the Fund Screening process, which analyses funds versus their peer group. This screening gives us the funds in the group being assessed, which are then looked at in detail, taking into consideration availability on the platforms on which our models are available. Fact sheets, top ten holdings, asset allocation and then a fund manager interview. Final decision is taken by the investment committee.

SRI Portfolios

The SRI models have access to the universe of funds we have created that are eligible for inclusion in the SRI and/or Ethical models. The process above is still carried out for these funds with the peer group including all funds not just those in the universe. We do have to overlay an element of subjectivity on funds when it comes to final decision to allow into a model or not. We must be able to justify inclusion in these models to both the introducing IFAs and their clients.

Sustainable Portfolios

The core of these models are SRI funds that have gone through the same research and analysis phases as the SRI models. However, these models have a degree of non-SRI passive funds and other asset classes included to keep to a specific risk / asset allocation and to manage cost. For example, within these models government bonds and gold are included which would not be contained within our SRI and Ethical mandates. However, the non-SRI component will not exceed 20% of the model, and the underlying driver of these models is social responsibility.

Drawing it all together

The Alpha Beta proposition offers investors a broad choice including the following specialist categories:

- Ethical
- SRI
- Sustainable

Our USP comprises deep and significant specialist knowledge, experience, and track record of more than 27 years across this rapidly expanding investment category. Sustainable portfolios are aligned to the modern inclusive agenda and are supported by Alpha Beta's proprietary Dynamic Asset Allocation and Risk First investment process.

Sustainable Themes

Humanity is facing an existential crisis, caused by overpopulation and overconsumption putting insurmountable pressure on the planet and its resources.

That is why we choose funds with investment strategies that aim to support the United Nations (UN) Sustainable Development Goals. These are 17 goals that the UN has set out for its member states to achieve by 2030 for peace and prosperity for people of the planet.



For more information, contact Andrew Thompson (email: at@alphabetapartners.co.uk)
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