

POW

WOW

Today's HowWow

- What is social impact investing?
- The range of opportunities
- Social Investment Tax Relief
- How EQ Investors do this in the mainstream
- Meet Matt Fountain the social entrepreneur
- Learning more with Worthstone
- Q&A

Gavin Francis

Founder and Director
Worthstone



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Background



We believe **every** investment has an impact.

No investment is “neutral” in its effect, and investors, as owners and influencers of capital have a significant role to play in determining its impact upon society and the environment



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Background



We believe investment capital should be a force for good.

A “prosperous society” models a harmonious correlation between impact and financial return



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Founder Partners



specialists in impact investment



Managing wealth sensibly. Making life simple.



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Social impact investment within the broader spectrum of investments and philanthropy



Impact universe

- Scope of impact universe is 194 funds, £87.3bn total funds
- Every main asset class & impact category represented

Figure 1: Impact market by category (as percentage of total number of funds)

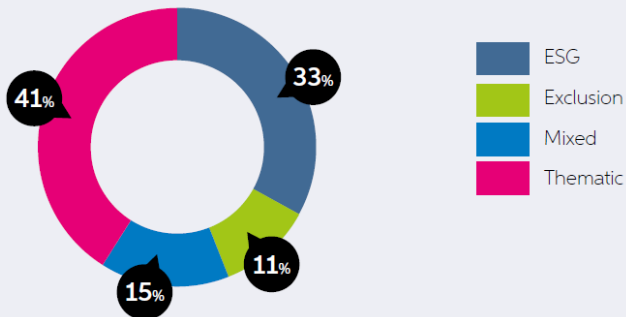
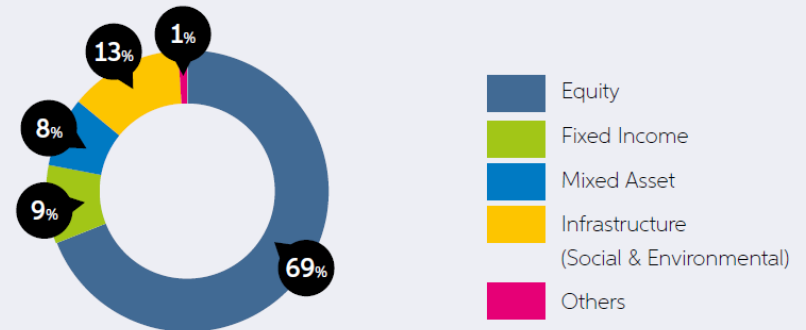


Figure 2: Impact market by asset class (as percentage of total number of funds)



Social impact investment within the broader spectrum of investments and philanthropy





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ELVIS & KRESSE



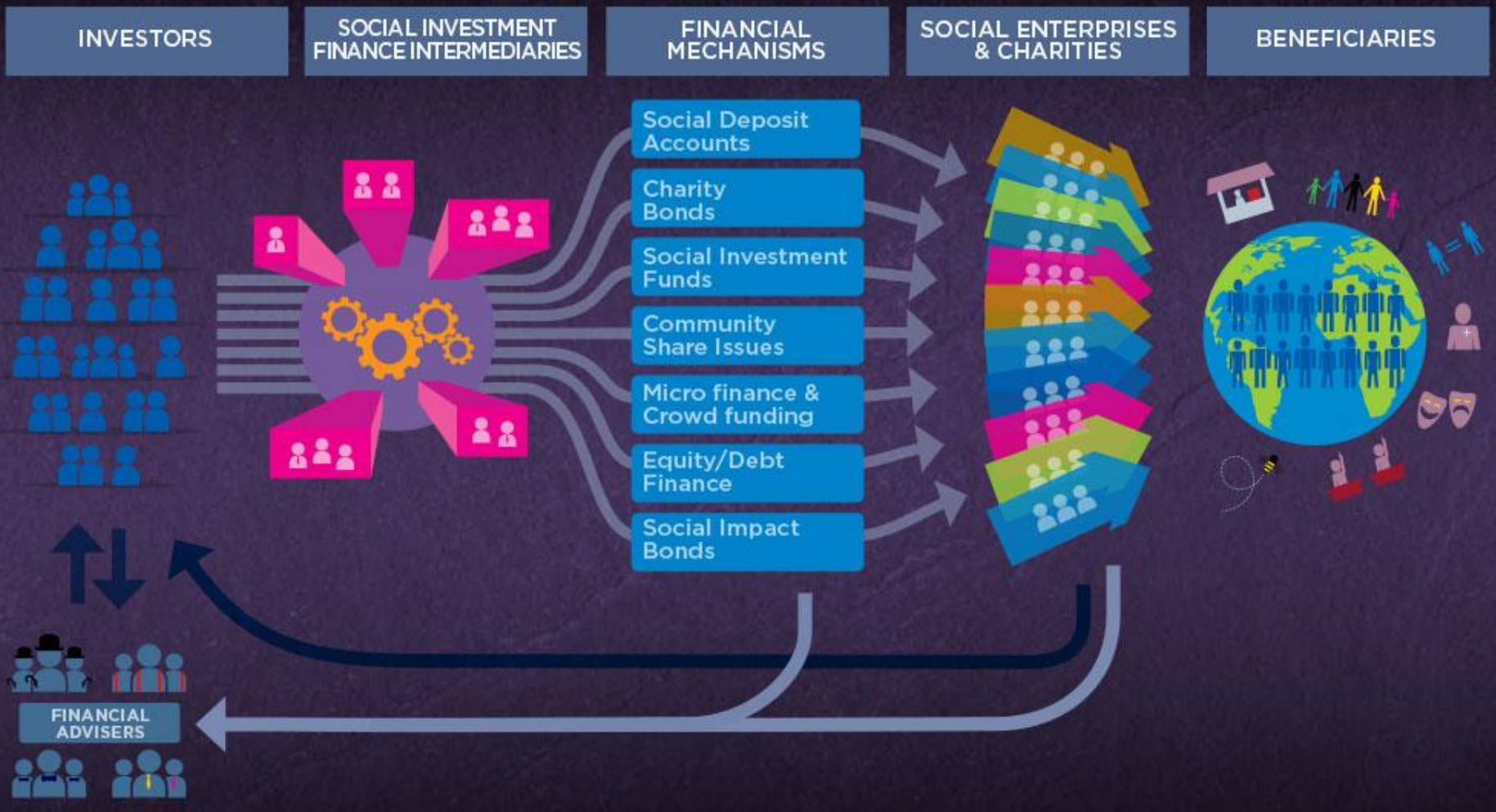
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Social investment landscape



	VCT	EIS	SITR
Income Tax Relief	30%	30%	30%
Maximum Annual Investment	£200,000	£1,000,000	£1,000,000
Minimum Holding Period	5 Years	3 Years	3 Years
Tax Free Capital Gains	Yes	Yes	Yes
CGT Deferral	No	Yes	Yes
Inheritance Tax Exemption	No	Yes (after 2 years)	No
Dividend/Interest Income	Tax Free	Taxable	Taxable
Loss Relief	No	Yes	Yes, on equity
Carry back of income tax relief	No	Yes	Yes
Secondary Market	Yes	No	No



Social investment more competitive

EIS

Enterprise
Investment
Scheme

Equity only

- ✓ Tax relief
- ✓ Capital gains
- ✗ Exit uncertainty
- ✗ Valuation uncertainty

SITR

Social
Investment
Tax Relief

Debt

- ✓ Tax relief
- ✓ Predictable income profile
- ✓ Predictable exit route
- ✓ Social impact

THE GLOBAL GOALS

For Sustainable Development



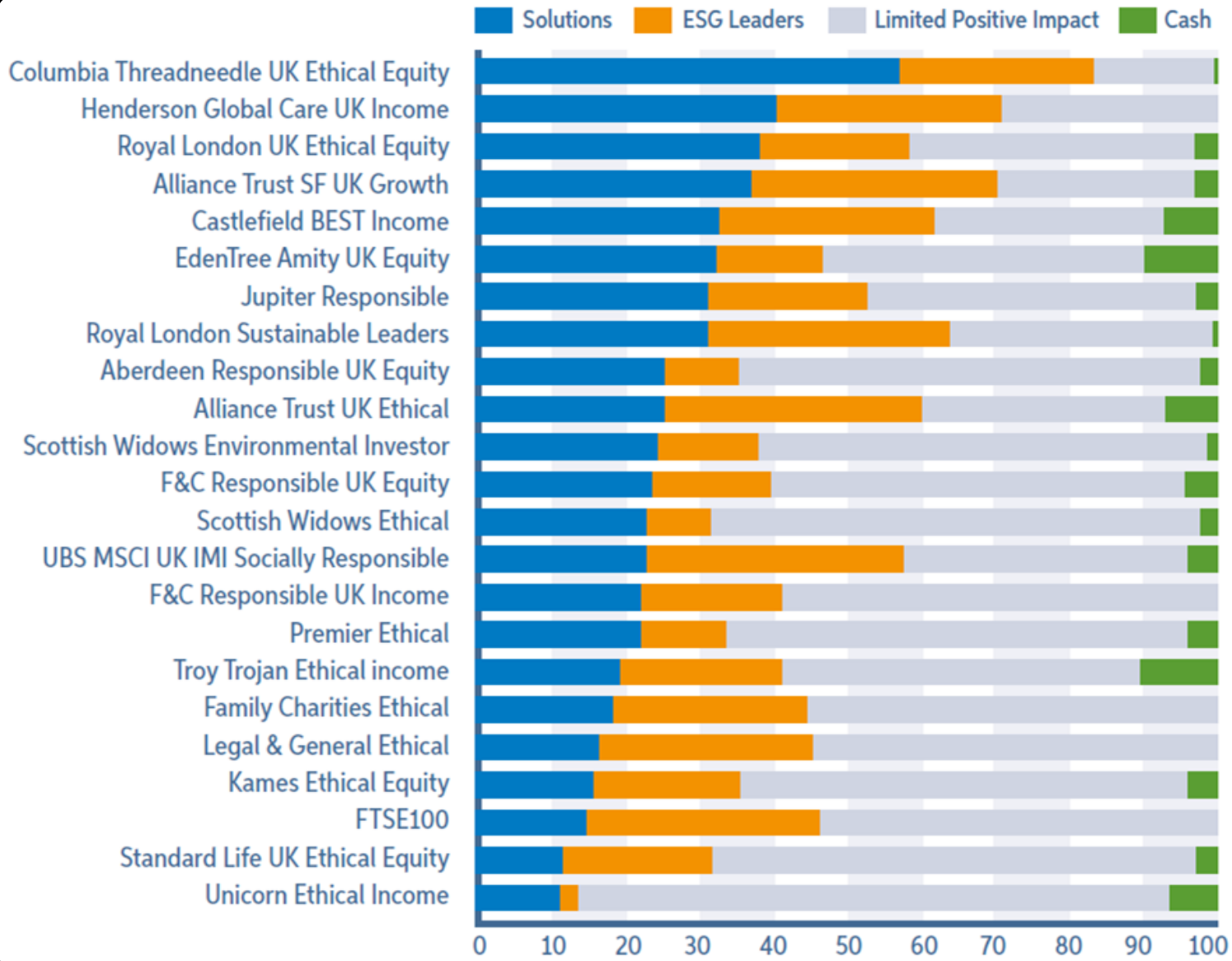
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EQ Positive Impact Portfolios

Impact investing In the mainstream

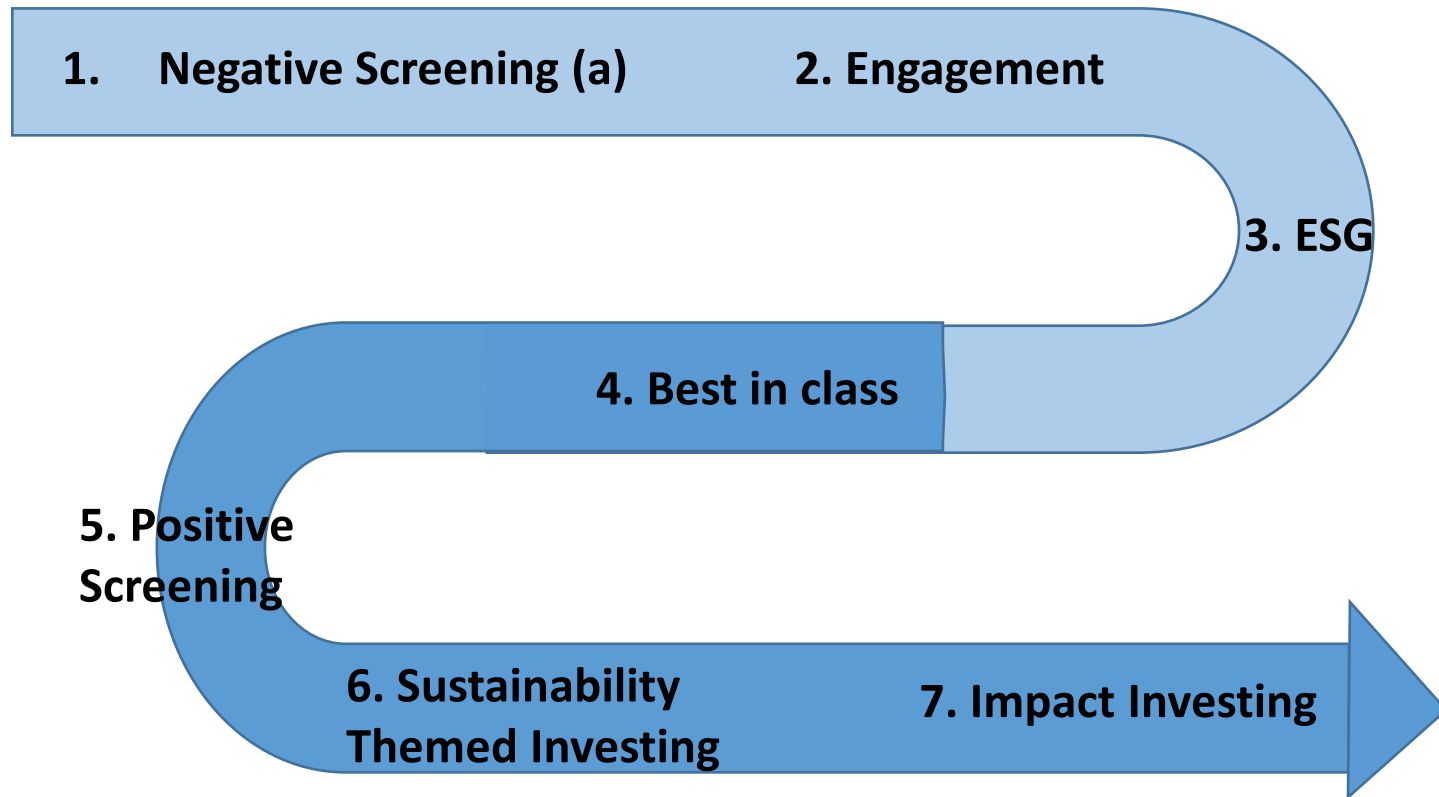
September 2017

Damien Lardoux, Portfolio Manager, EQ Investors



From ethical investing to Impact Investing

Ethical investing \neq Impact investing



(a) Traditionally called ethical investing

Ethical investing ≠ Impact investing

	Ethical Investing	Impact Investing
Key focus	Screening out controversial sectors	Promoting products and services having a positive impact
Investment Opportunity	Market like at best	Above market due to fast growing demand
Investors base	Limited	Wider and growing
Example of investors	Charities Faith based	Value based Millennials Opportunity led
Reporting	None required	Impact measurement
Example of commonly held companies	BP, HSBC, Rio Tinto, Apple, Coca-Cola	Motobility, Vestas, DS Smith, Celgene, Kroton



From ethical investing to Impact Investing

A growing interest from private clients

2/3 of UK based investors want
socio-environmentally friendly investments

Source: IPSOS MORI, 2011

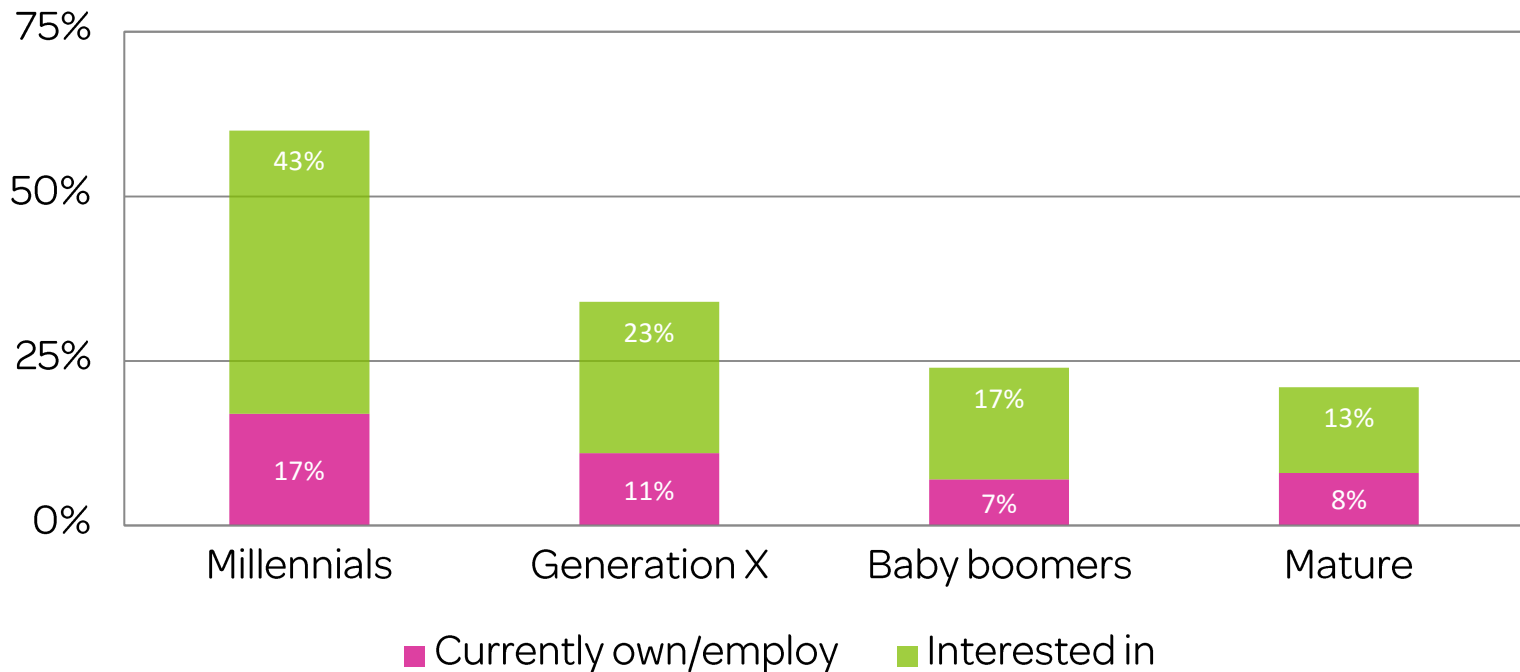
But 54% are unaware that there is a sustainable
investment market in the UK.

Source: Good Money Week/YouGov, 2016

And 23% are likely to invest a part of their
pension in impact investment.

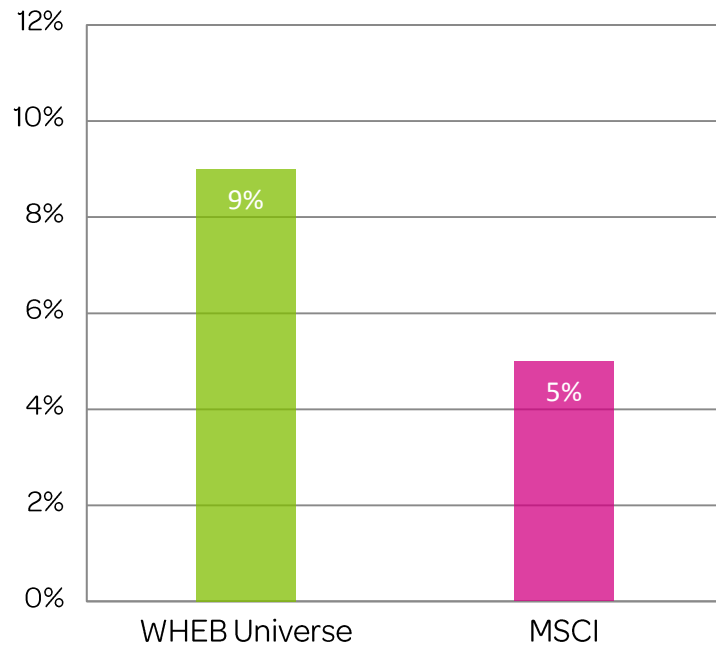
Source: Good Money Week/YouGov, 2016

Percentage of HNW and UHNW Individuals who own or are interested in Social Impact Investments

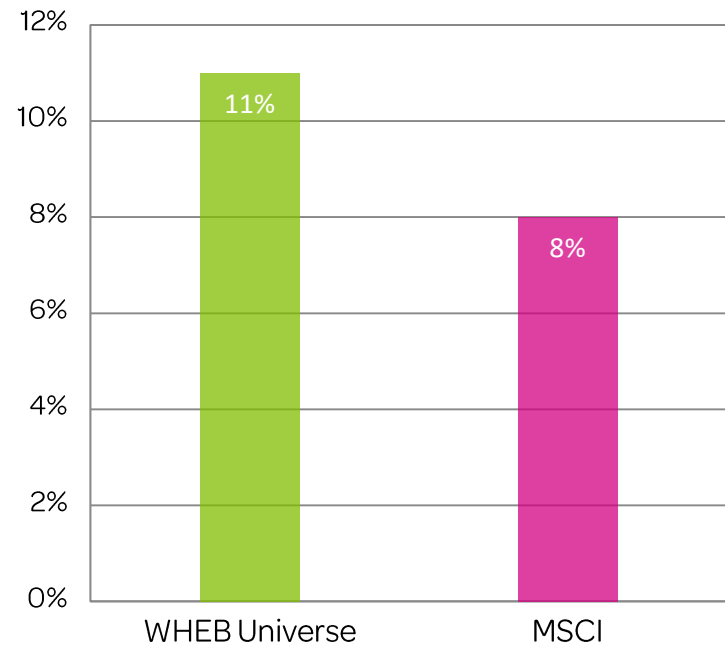


Source: US Trust Bank of America Private Wealth Management, Insights on Wealth and Work Survey 2015

5-year Historical Sales Growth



1-year Forecast Sales Growth



Source: WHEB. Data as at 31 March 2016

□ Wealth Management company owned by John Spiers, founder of BestInvest

□ £700 million AUM ⁽¹⁾

- £400 million in bespoke portfolios
- £300 million in model portfolios

□ The team has been involved in impact investing since 2008:

- Creation of a micro-finance institution in Sierra Leone (2008)
- Launch of a private equity impact fund (2011)
- Launch of Positive Impact Portfolios (2012)

(1) As of 30/06/2017



From ethical investing to Impact Investing

How we build portfolios with impact

How we approach it

Ethical
Investing

Negative
screening

- Screening out controversial sectors
- Two methodologies

+

Sustainable
& Impact
Investing

Positive
screening

- Products carrying positive impact on society & environment
- Companies improving standards within the industry

=

Positive Impact Portfolios

Four key themes

1. Climate change

We invest in...	We avoid...
Clean fuels	Coal
Sustainable transport	Oil
Renewable energy	Ozone depleting chemicals
Energy conservation	
Sustainable forestry	

2. Health

We invest in...	We avoid...
Health care	Alcohol
Medical research	Armaments
Promoting healthy lifestyles	Genetic engineering
Natural food production	Nuclear energy
Water resources	Pornography
Pollution control	Tobacco
Health & Safety	Chemicals

3. Natural resources

We invest in...	We avoid...
Natural resources conservation	Animal testing
Recycling	Fur trade
Sustainable agriculture	Mining
Sustainable forestry	
Water resources	

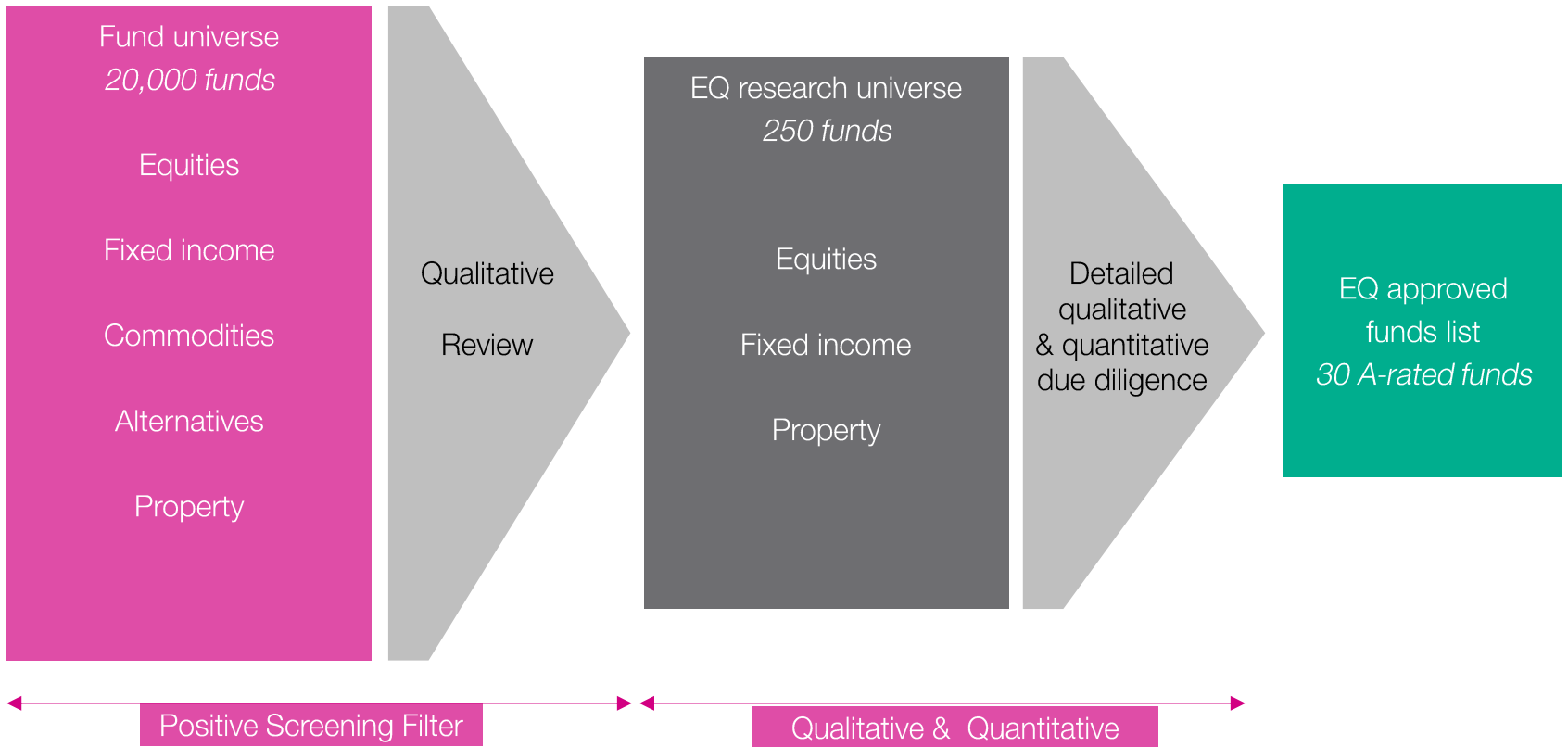
4. Inequality

We invest in...	We avoid...
Responsible employers	Gambling
Community engagement	Poor corporate governance
Social care	Poor labour standards
Affordable housing	Political corruption
Education	Human rights abuses
Empowerment	
Financial inclusion	

17 Sustainable Development Goals – United Nations



Source: United Nations



- Investable universe – 250 Funds
 - Positively screened funds
 - Thematic funds
 - Impact Funds
- GreenCard Score
- Will only invest in the funds maximising both impact and financial return
- Importance of engagement
- Willingness to improve our impact reporting

Creating jobs for ex-offenders

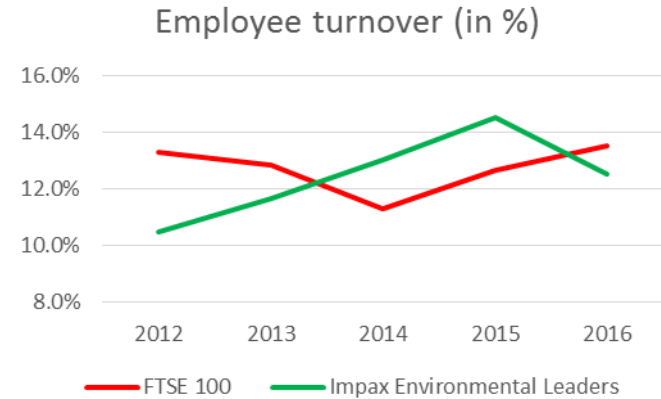
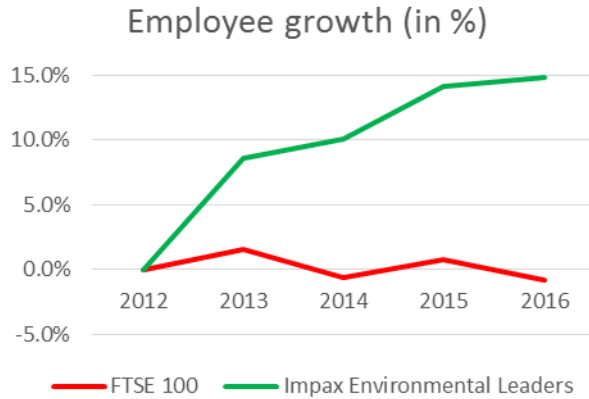


Nearly 50% of adults who leave prison every year are convicted again within 12 months of release⁽¹⁾. Midlands Together aims to reduce the risk of reoffending by creating stable jobs for ex-offenders, who are further supported by a training and mentoring programme.

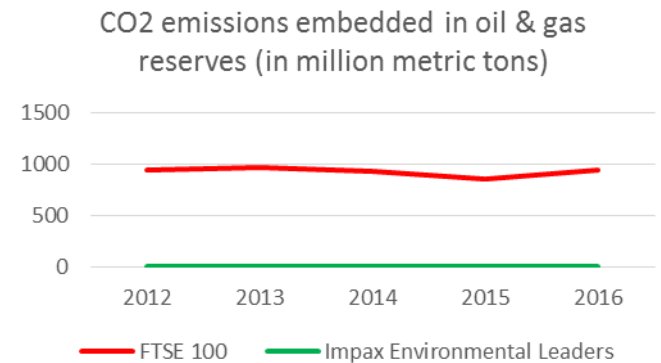
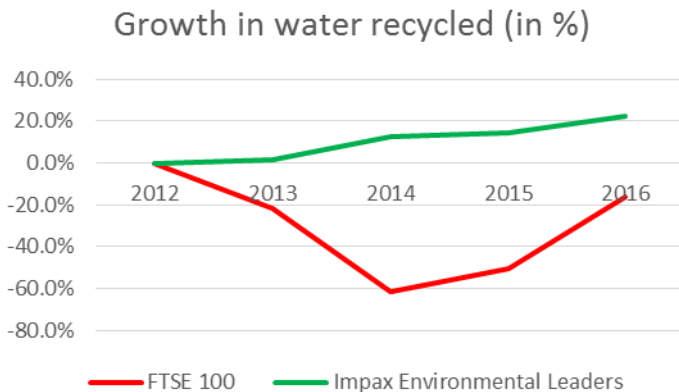
Source: Ministry of Justice

Focus: Impax Environmental Leaders Fund

Examples of social KPIs



Examples of environmental KPIs



Bloomberg data, as of 26/09/17

Performance of the Balanced risk profile vs the ARC Balanced Benchmark 5 year Return (As of August 2017 – Source: FE)



Performance exclude DFM and platform fees

Free event for Paraplanners and Advisers:

- Future clients will demand impact. Are you ready?
- 11 October 2017
- 15:00-17:30
- EQ Investors, London
- Sign up online

Find out about our DFM service:

- www.eqinvestors.co.uk/dfm
- positive@eqinvestors.co.uk

The information contained in these slides should not be considered either as a personal recommendation to invest or confirmation of suitability of any investment for your personal circumstances. If you are unsure about any investment, seek professional financial advice.

Past performance is not a guide to the future. The value of your investment and the income derived from it can go down as well as up and you can get back less than you originally invested.

Prevailing tax rates, reliefs and legislation are subject to change and this presentation is based on our understanding of current rules and regulations.

EQ Investors Limited is registered in England & Wales at 6th Floor, 60 Gracechurch Street, London EC3V 0HR. Company Number 07223330.

EQ Investors is a trading name of EQ Investors Limited ('EQ') which is authorised and regulated by the Financial Conduct Authority. Firm reference number 539422.

Matt Fountain Social Entrepreneur



"If we can produce in people a passion for a career we go one step further towards them turning away from futher crime"

- Matt Fountain,
Founder of
Freedom Bakery

F R E E D O M B A K E R 

Worthstone delivery of:



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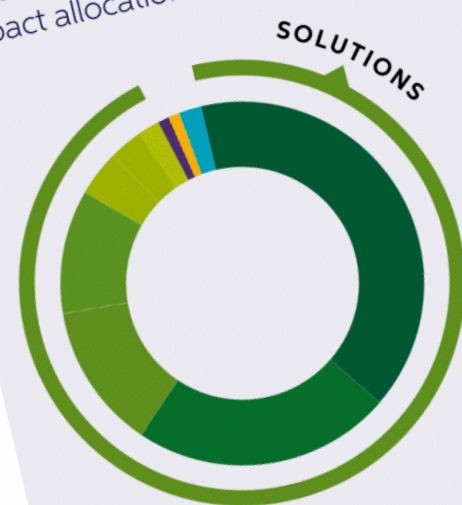


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Social impact

The Impax Environmental Markets portfolio is invested in companies that are aligned with the UN Sustainable Development Goals (SDGs) as shown. This is based on information available at 31/12/2016. Impact allocation represents the snapshot of the portfolio at that time.

Impax Environmental Markets Impact allocation

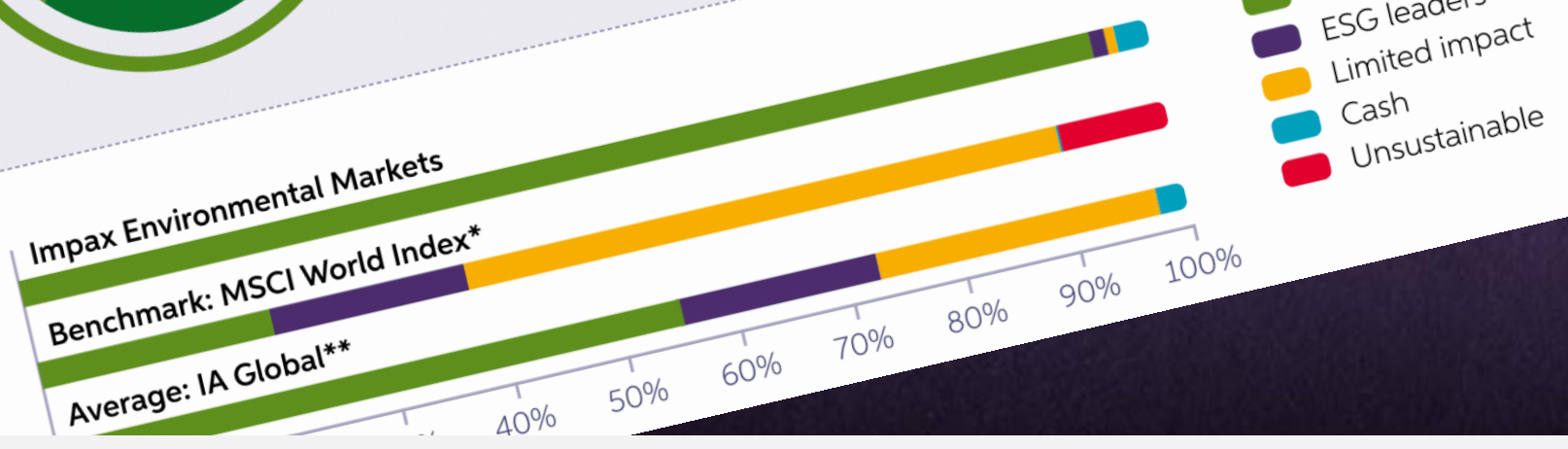


Solutions	Percentage
Resource efficiency	96.25%
Clean air, water & forests	39.55%
Clean energy	23.77%
Environmental services	13.30%
Sustainable food	11.07%
Low carbon transport	4.19%
Safety	2.53%
ESG leaders*	1.84%
Limited impact	1.49%
Cash	0.81%
Unsustainable	1.45%
	—

- RESponsible consumption and production
- Good health and well-being
- Affordable and clean energy
- Responsible consumption and production
- Zero hunger
- Sustainable cities and communities
- Peace, justice and strong institutions
- Clean water and sanitation

SDG alignment

* These companies, although not specifically meeting SDGs, do carry out their business with the highest ethical processes.





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Early bird offers
until end of Sept

Date: 29th November Time: 9am-3pm

Time to connect

Investors are connecting with impact...



... now's the time for advisers to connect
with impact investing.



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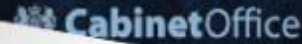

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adviser
competency
training
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Supported by



18 hrs
Structured CPD



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Your next steps

- Social Investment Academy on 29th November – **Early bird discount via [Eventbrite](#)**
- Discovery process with social values questions
- Newsletter - sign up via our website
- Adviser Competency Training for social investment manual – **discount via [Worthstone website](#)**

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Questions?