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Investment Philosophy

**Ethical, Socially Responsible
and Sustainable Portfolios**

Background to Responsible and Sustainable Investing

What does Sustainable mean, and why is it relevant to our Investments?

Put simply, Sustainability is enabling the current generations to meet their needs without compromising the ability of future generations to meet their needs. Two factors make achieving this more challenging, these being depleting global resources and increasing / aging populations.

In December 2015 the first ever universal, legally binding global climate agreement was generated. The Paris Agreement involved an objective that committed signatories to making financial flows consistent with a pathway towards lower greenhouse gas emissions and climate resilient development.

Thus recognising that the finance sector had a key role in tackling climate change and shaping a sustainable future for all.

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

When companies govern themselves responsibly and efficiently and operate in a manner that is beneficial to our natural world and society it helps them to attract investors, build customer loyalty, improve financial performance, make operations sustainable and gain a competitive edge.

Our process seeks to identify collective investments which invest in such responsible businesses, who have attractive valuations, whilst also having a positive impact on the environment, and facilitating a more inclusive and fair society.

At Alpha Beta Partners we offer a comprehensive proposition for sustainable investors. 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.

Understanding the Sustainable / Responsible Universe

ESG - refers to the environmental, social, and governance practices of an investment that may have a material impact on financial performance. It is a form of analysis identifying potential risks and opportunities beyond technical valuations. The main objective of ESG scoring remains financial returns. It is a tool that can be used as part of wider analysis to determine sustainable portfolio eligibility. But in isolation ESG evaluations or use of the term ESG investing, does not guarantee an investment is either Sustainable, Ethical or Socially Responsible.

Ethical Portfolios

Responsible investing through Ethical portfolios is underpinned by the principle of 'do no harm' and allows clients to align their investment choices with their personal morals and standards. These strategies require stringent negative screening to rule out areas of avoidance that are considered to be damaging to people and or the planet. At Alpha Beta Partners, within these Responsible mandates, we 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

SRI (Socially Responsible Investment) Portfolios

The socially responsible portfolios introduce an additional layer of positive screening into the analysis. These models are positioned to 'do good', and are aligned to the United Nations Sustainable Development Goals (UN SDGs) as well as a number of overarching sustainable themes.

Sustainable Themes:

- Biodiversity
- Clean Energy
- Climate Change
- Health and Wellbeing
- Nutrition
- Rapid Urbanisation
- Social Inequality
- Sustainable Transport
- Water

These portfolios will only hold funds that invest in companies that:

- Demonstrate good, responsible, corporate governance.
- Operate clear environmental policies that look to reduce the company's negative impact on the climate and that focus on benefiting the environment.
- Are creating solutions for environmental / societal concerns.
- 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.
- Contribute to the development of a Circular Economy.

The Ethical and SRI fund selection process

- From the sector / asset class required, a search is conducted on Morningstar with the SRI / Sustainable filter in place.
- Sustainable / SRI flagged funds then go through the Research and Analysis Phase:
 1. Funds are analysed versus their peer group.
 2. The most consistently strong performing available funds are then screened to rule out exposure to our areas of avoidance, and positively screened to evidence alignment with the UN SDGs and our sustainable themes.
 3. This involves obtaining and reviewing relevant documentation and policies, scrutinising largest holdings / exposures and then a Fund Manager interview.
- Vehicle selection: the team then take a view on which approved investments fit within our asset allocation, and risk profiling, as well as considering the type of vehicle (and the costs associated) prior to the inclusion of the fund.
- Universe Creation: From this research and fund selection process an Ethical and SRI Investable Universe is maintained and developed. This is constantly evolving.

Sustainable Portfolios

These models are an incorporation of the risk first core portfolios and the SRI models, with the end product being a series of portfolios that offer a full range of sustainability plus suitability options. They make responsible and sustainable investing more accessible to a wider type of investor and therefore constitute part of the solution to mainstreaming green and sustainable investing.

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 the risk first / asset allocation of their core model equivalent and to manage cost.

For example, within these models government bond funds may be included which would not be in 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 sustainability and positive outcomes for people and planet.

We have devised our in-house selection methodology to responsibly navigate this balance between risk first, asset allocation requirements and meeting our sustainability commitments.

Alpha Beta Sustainability Matrix

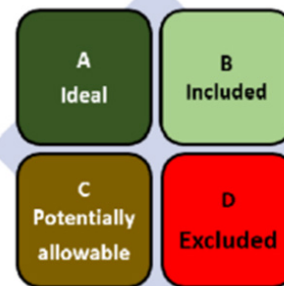
We have devised an in-house investment vehicle selection methodology which is clear and straight forward to describe to potential investors.

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.

Summary

The Alpha Beta Responsible and Sustainable proposition offers investors a broad choice in how they can approach sustainable investing, and the method in which they want to apply their principles to their investments.

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.

Target Market

The portfolios are suitable for all retail investors via appropriate investment vehicles & wrappers.

Advisers are responsible for assessing the suitability of the portfolios for their clients given their capacity to bear losses; risk tolerance; and their investment objectives and needs.

Negative Target Market - The Ethical, Socially Responsible and Sustainable portfolios are not currently available to non-advised clients.

Investor Profiles

When selecting a portfolio, it is important that the client's approach to investment is fully considered. We have included some example investor profiles for your consideration. These should be discussed, together with the appropriate portfolio(s) with your client, to match with their approach to investment prior to making any investment decision.

Cautious Investor

- Worried about short-term losses or due to their circumstances may not be able to invest over longer-term time horizons.
- Willing to accept a lower return to help achieve their primary goal of keeping their investment safe.
- Willing to accept that to achieve a return higher than a very secure investment such as a bank account, their money will be invested in assets that can fall in value and so they could lose some of it.

Moderately Cautious Investor

- Worried about short-term losses or due to their circumstances may not be able to invest over longer-term time horizons.
- Uncomfortable taking risks with their investment but is willing to do so to help achieve higher returns than could be achieved in more secure investments such as a bank or building society account.
- Can accept that their money will be invested in assets that can rise and fall in value and so their money is at risk and they could lose some of it.

Moderate Investor

- Concerned by short-term losses but understands that some risk is needed in order to have the opportunity to achieve better returns.
- Believes that the safety of their investment and achieving investment returns are similarly important.
- Able to leave their money invested despite a fall in the value of their investment in order to try to recover their losses.

Moderately Adventurous Investor

- Main aim is to increase the value of their investment.
- Willing to accept the risk of losing their money in order to achieve this.
- Willing to leave their money invested despite a large fall in the value of their investment in order to recover their losses and to achieve their long-term investment aims.

Adventurous Investor

- Aims to achieve the highest possible returns over the long term.
- Not concerned about possible short-term losses.
- Most concerned with high returns and can accept both large and frequent losses to the value of their investment over time in exchange for the opportunity of a higher return over the long term. Generating income is not a concern.

Security of Capital

The portfolios can be offered to clients who are able to accept a limited fall in capital depending on their attitude to risk and also to those that are able to lose unlimited capital.

Negative Target Market - The Ethical, SRI & Sustainable portfolios should not be offered to clients that do not have the capacity to accept losses both in the short and long-term or for those seeking natural income. The portfolios do not support any guarantees or preservation of capital.

Client's risk appetite

The client must be happy, and prepared, to accept some degree of investment risk. The portfolios afford the opportunity to match portfolio(s) with the client's risk attitude.

Negative Target Market - The Ethical, Socially Responsible and Sustainable portfolios should not be offered to any clients who are not prepared to accept some degree of investment risk.

Vulnerable Clients

Advisers should consider within both their initial and ongoing suitability processes whether a customer displays characteristics of vulnerability (as defined by the FCA's 4 drivers of vulnerability) or their personal circumstances make them especially susceptible to harm, as this may impact the appropriateness of any chosen portfolio.

Portfolio	Objective	Risk Rating	Indicative Asset Allocation
ETHICAL BALANCED INCOME	Our objective is to deliver long-term capital growth and income by blending collective strategies and excluding investments in companies that are involved in controversial activities.	The equity allocation of the portfolio will be managed within our self-imposed parameter of 40% - 85% and in line with an Alpha Beta Risk Profile of 4 - 6	
ETHICAL BALANCED GROWTH	Our objective is to deliver long-term capital growth and income by blending collective strategies and excluding investments in companies that are involved in controversial activities.	The equity allocation of the portfolio will be managed within our self-imposed parameter of 40% - 85% and in line with an Alpha Beta Risk Profile of 5 - 7	
SRI DEFENSIVE	Our objective is to deliver long-term capital growth by blending collective strategies and aligning our investments with the UN Sustainable Development Goals.	The equity allocation of the portfolio will be managed within our self-imposed parameter of 0% - 35% and in line with an Alpha Beta Risk Profile of 3 - 5	

Portfolio	Objective	Risk Rating	Indicative Asset Allocation
SRI BALANCED INCOME	Our objective is to deliver long-term capital growth and income by blending collective strategies and aligning our investments with the UN Sustainable Development Goals.	The equity allocation of the portfolio will be managed within our self-imposed parameter of 40% - 85% and in line with an Alpha Beta Risk Profile of 4 - 6	
SRI BALANCED GROWTH	Our objective is to deliver long-term capital growth by blending collective strategies and aligning our investments with the UN Sustainable Development Goals.	The equity allocation of the portfolio will be managed within our self-imposed parameter of 40% - 85% and in line with an Alpha Beta Risk Profile of 5 - 7	
SRI ADVENTUROUS	Our objective is to deliver long-term capital growth by blending collective strategies and aligning our investments with the UN Sustainable Development Goals.	The equity allocation of the portfolio will be managed within our self-imposed parameter of 70-100% and in line with the Alpha Beta risk profile of 7-10.	

Portfolio

Objective

Risk Rating

Indicative Asset Allocation

- Cash
- Money Market
- Fixed Income
- Equity

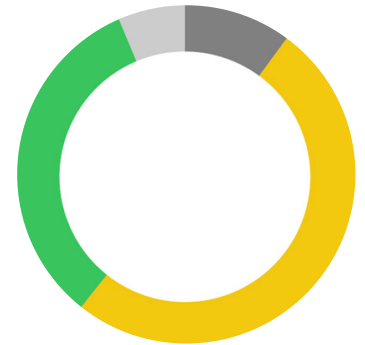
SUSTAINABLE
CAUTIOUS

The portfolio aims to provide capital growth over the medium to long term, keeping within the prescribed volatility limits whilst investing, where appropriate, in low cost ETFs or Index funds, physically invested and with a low tracking error. The comparator for this portfolio is the IA Mixed Investment 0-35% Shares benchmark.

AB Sustainable Cautious invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues.

The sustainable models are aligned to the core model's risk first asset allocation, utilising both thoroughly researched active and passive instruments, whilst remaining a cost-effective solution to responsible investing.

Alpha Beta Risk
Profile 2-4



Portfolio

Objective

Risk Rating

Indicative Asset Allocation

- Cash
- Money Market
- Fixed Income
- Equity

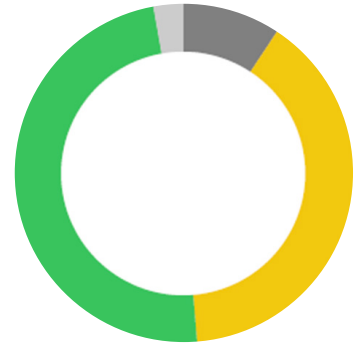
SUSTAINABLE
CAUTIOUS
BALANCED

The portfolio aims to provide capital growth over the medium to long term, keeping within the prescribed volatility limits whilst investing, where appropriate, in low cost ETFs or Index funds, physically invested and with a low tracking error. The comparator for this portfolio is the IA Mixed Investment 20-60% Shares benchmark.

AB Sustainable Cautious Balanced invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues.

The sustainable models are aligned to the core model's risk first asset allocation, utilising both thoroughly researched active and passive instruments, whilst remaining a cost-effective solution to responsible investing.

Alpha Beta Risk Profile 3-4



Portfolio

Objective

Risk Rating

Indicative Asset Allocation

- Cash
- Money Market
- Fixed Income
- Equity

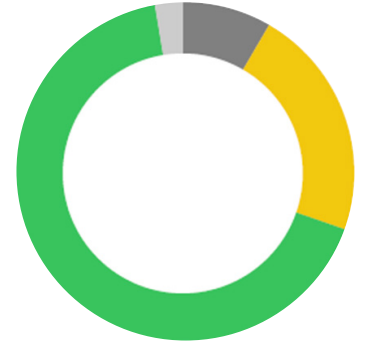
SUSTAINABLE
BALANCED

The portfolio aims to provide capital growth over the medium to long term, keeping within the prescribed volatility limits whilst investing, where appropriate, in low cost ETFs or Index funds, physically invested and with a low tracking error. The comparator for this portfolio is the IA Mixed Investment 20-60% Shares benchmark.

AB Sustainable Balanced invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues.

The sustainable models are aligned to the core model's risk first asset allocation, utilising both thoroughly researched active and passive instruments, whilst remaining a cost-effective solution to responsible investing.

Alpha Beta Risk Profile 4-5

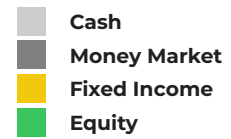


Portfolio

Objective

Risk Rating

Indicative Asset Allocation



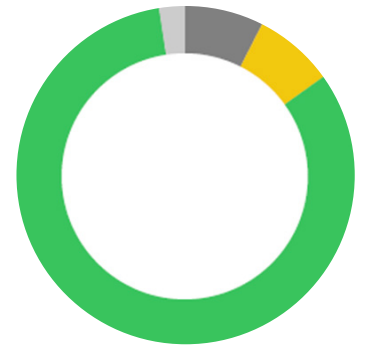
SUSTAINABLE
BALANCED
GROWTH

The portfolio aims to provide capital growth over the medium to long term, keeping within the prescribed volatility limits whilst investing, where appropriate, in low cost ETFs or Index funds, physically invested and with a low tracking error. The comparator for this portfolio is the IA Mixed Investment 40-85% Shares benchmark.

AB Sustainable Balanced Growth invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues.

The sustainable models are aligned to the core model's risk first asset allocation, utilising both thoroughly researched active and passive instruments, whilst remaining a cost-effective solution to responsible investing.

Alpha Beta Risk
Profile 5-6

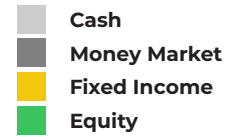


Portfolio

Objective

Risk Rating

Indicative Asset Allocation



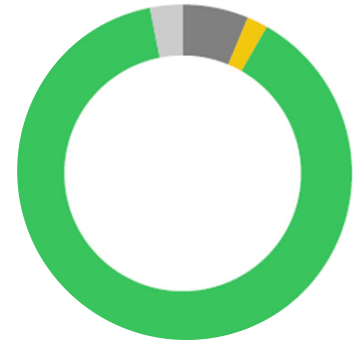
SUSTAINABLE GROWTH

The portfolio aims to provide capital growth over the medium to long term, keeping within the prescribed volatility limits whilst investing, where appropriate, in low cost ETFs or Index funds, physically invested and with a low tracking error. The comparator for this portfolio is the IA Mixed Investment 40-85% Shares benchmark.

AB Sustainable Growth invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues.

The sustainable models are aligned to the core model's risk first asset allocation, utilising both thoroughly researched active and passive instruments, whilst remaining a cost-effective solution to responsible investing.

Alpha Beta Risk Profile 6-7



Portfolio

Objective

Risk Rating

Indicative Asset Allocation

- Cash
- Money Market
- Fixed Income
- Equity

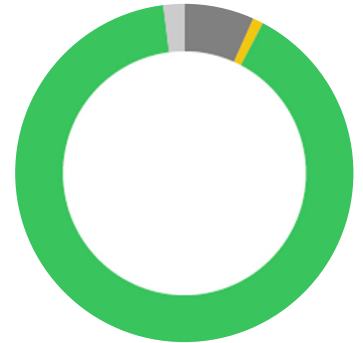
SUSTAINABLE
ADVENTUROUS

The portfolio aims to provide capital growth over the medium to long term, keeping within the prescribed volatility limits whilst investing, where appropriate, in low cost ETFs or Index funds, physically invested and with a low tracking error. The comparator for this portfolio is the IA Flexible Investment benchmark.

AB Sustainable Adventurous invests a minimum core of 80% in funds that are sustainable and contribute positively to either the environment or society, and that provide solutions to global issues.

The sustainable models are aligned to the core model's risk first asset allocation, utilising both thoroughly researched active and passive instruments, whilst remaining a cost-effective solution to responsible investing.

Alpha Beta Risk Profile 7-8



Costs & Availability

The portfolio fees charged by Alpha Beta Partners comprise of a management fee of 0.25% per annum and other fees which relate to additional costs of running the underlying funds. The chart below summarises the total charge inclusive of the Alpha Beta Partners management fee as at 31st August 2023.

Portfolio Name	Target Return	Risk*	Total Cost %**
Ethical Balanced Income	Long Term Capital Growth & Income	4-6	1.01
Ethical Balanced Growth	Long Term Capital Growth	5-7	0.99
SRI Defensive	Long Term Capital Growth	3-5	0.86
SRI Balanced Income	Long Term Capital Growth & Income	4-6	0.98
SRI Balanced Growth	Long Term Capital Growth	5-7	0.99
SRI Adventurous	Long Term Capital Growth	7-10	1.14
Sustainable Cautious	Medium to Long Term Capital Growth	2-4	0.77
Sustainable Cautious Balanced	Medium to Long Term Capital Growth	3-4	0.79
Sustainable Balanced	Medium to Long Term Capital Growth	4-5	0.78
Sustainable Balanced Growth	Medium to Long Term Capital Growth	5-6	0.80
Sustainable Growth	Medium to Long Term Capital Growth	6-7	0.78
Sustainable Adventurous	Medium to Long Term Capital Growth	7-8	0.80

*Risk Profile Scale (based on 5 Yrs Annualised Standard Deviation)

**Total cost includes discretionary management fee & other charges

Data as at 31st August 2023

How can you access our model portfolios?

The Alpha Beta Partners Ethical, Socially Responsible and Sustainable Range can be accessed through the following platform providers:

Abrdn Wrap	Advance by Embark	Aegon
Aviva	Embark	Fundment
Funds Network	M&G Wealth	Novia
Novia Global	Nucleus	Parmenion
Quilter	Transact	

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This document may not be shared with persons other than a Financial Adviser.

Further information and documentation is available on request, or on our website:
www.alphabetapartners.co.uk

29 September 2023