



## SUSTAINABLE INVESTMENT: FAD OR FUNDAMENTAL?



*Sustainable investment has been gaining a greater profile among investors for a number of years now. The big question is whether this strategy is just an ethical response to current social and environmental challenges or whether it is underpinned by a solid and specifically financial rationale. Below, we address some of the key questions that investors often ask.*

### 1 Positive impact

Institutions and individuals are increasingly realising the importance, in this resource-constrained world, of financing companies that provide the products, services and technologies to deliver a cleaner and more efficient economy. Such a strategy can both deliver a strong investment performance and make a tangible positive contribution to the world we live in.

### 2 Investing in economic growth

Sustainable investment gives investors the opportunity to invest in long-term structural economic growth. Growth is a key reason for investors' interest in sustainability and environmental themes. Most end markets in this space have attractive high single or double-digit rates of growth over the next five to 10 years. Sustainable investment is a multi-decade growth opportunity - it is fundamental, not a fad!

### 3 How we do it

At Quilter Cheviot, we focus on companies offering the solutions to the global challenges of reducing carbon emissions, improving the food supply-and-demand imbalance, reducing water shortages and providing reliable power generation, to mention just a few. We take a multi-asset investment approach to reduce the volatility of returns and cater to our client base.

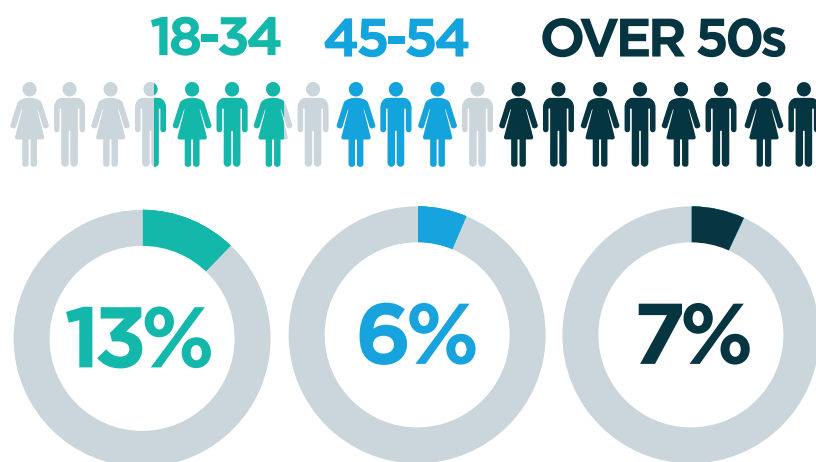
### 4 Equally or better performance

Over the years, we have found that investors are concerned that there may be a price to pay for sustainable investing. This is a misconception! Our record suggests such a performance penalty does not exist. Thus far, the mixed investment approach that Quilter Cheviot has taken with the Climate Assets Fund has delivered strong and consistent returns. The Fund has returned +101.30% since launch (1st March 2010) to 31 December 2017. This compares with +76.54% and +94.44% returns delivered by the IA Mixed Investment 40%-85% Shares Sector and the FTSE UK Private Investor Balanced, respectively, over the same period.



**5 Why should advisers care about Sustainable Investment?**

Millennials are a generation that understands and cares about the economic and environmental challenges of today's ethical choices for future generations and sustainability. The values and attitudes of this tech-savvy demographic are different from those of previous generations. Notably, millennial savers are twice as likely as older generations to want their pension to be invested responsibly. According to the most recent YouGov poll, 13% of 18-34 year-olds with a pension think it's their responsibility to ensure their money is invested ethically. This compares to 6% of 45-54 year-olds, and 7% of over 55s. This means that the investment community in general and financial advisers in particular need to understand how to cater for this new social and environmental-conscious investor.



**If investing in sustainability resonates with you, then you may be interested in our Climate Assets Fund, which invests in companies offering solutions to the global economic and environmental challenges of reducing carbon emissions, improving the imbalance between food supply and demand, reducing water shortages, and providing reliable power generation.**

**To find out more about the Climate Assets Fund please do not hesitate to contact your local Quilter Cheviot representative who would be more than happy to go through this with you.**



**CLAUDIA QUIROZ**  
INVESTMENT DIRECTOR

Claudia is the Lead Fund Manager of our award winning sustainable investment strategy, the Climate Assets Fund, winner of the Best Balanced Portfolio at the WAA 2017. She also manages the Old Mutual Ethical Fund and segregated portfolios on behalf of private clients, pensions and charities with a focus on sustainable investment. Claudia holds an MBA from Cass Business School in London and joined Quilter Cheviot from Henderson Global Investors in 2009. She has over 15 years' experience in Sustainable, Ethical & Responsible Investment and is a member of the Chartered Institute for Securities & Investment. At Quilter Cheviot she sits on the International Equity Selection Committee.



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**Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest.**

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