



**Embargoed to – Saturday 19 October 2015**

## **Winners and Spinners Report 2015 reveals best in class ethical funds but disappointingly also uncovers evidence of ‘greenwash’ in this year’s review of the ethical investment market.**

### **Key points:**

- **Ahead of Good Money Week (18-24 October 2015) the Annual Winners and Spinners Report from Castlefield reveals a wide variation in the level of green standards across ethical and sustainable funds.**
- **WINNERS-** winning funds identified offer excellent transparency and credible green investment strategies while still delivering strong financial returns.
- **SPINNERS** - some funds offer a poor fit with some customers not getting the ethical product they thought they’d signed up for.
- **Negative screening applied in isolation, and light touch ethical policies can tarnish the reputation of the growing ethical and sustainable investment movement, so Castlefield highlights those funds that need to do more.**

Castlefield, the UK’s leading specialists in responsible investment, today announces its ‘Winners and Spinners’ review for 2015, an annual analysis of UK-based ethical and environmental funds worth £13.5 billion (*Source: EIRIS*), designed to help investors who want to ensure their savings make a positive impact.

Castlefield identifies five “winners” - organisations which demonstrate transparency whilst making a significant contribution towards the growth of the responsible investment market.

It also names five “spinners” – lightweight ethical and environmental funds with millions invested in companies whose activities contribute to social and environmental problems, and are doing little to support confidence in or growth of the ethical investment market.

The ranking criteria for the funds are based on publicly available data and cover research quality, clarity and transparency of purpose, long-term commitment to the stated aims and fund performance.

## **'Winners' for 2015**

Organisations demonstrating transparency whilst investing positively in companies providing social and environmental solutions and contributing to growing the ethical investment marketplace.

### **1. WHEB Sustainability Fund**

Good performance plus recognition of its transparency and engagement with investors.

### **2. Alliance Trust Investments**

Selected for its strong performance and for providing quality transparent information to investors.

### **3. Premier ConBrio B.E.S.T. Income Fund**

Offers a unique combination of a high level of income with no exposure to fossil fuels

### **4. Quilter Cheviot Climate Assets Fund**

Strong focus on sectors which will benefit from low-carbon future

### **5. Impax Environmental Markets Investment Trust**

First UK listed equity fund to demonstrate a net positive carbon impact

John Eckersley, Founder and Managing Partner of Castlefield explains: *"Our 'Winners and Spinners' report, now in its fifth year, focuses attention on businesses and products which are making a major contribution to ensuring that the world continues its progress towards becoming a more responsible and sustainable place.*

## **'Spinners' for 2015**

Potentially misleading negatively screened funds with some investments in companies contributing to environmental and social problems.

### **1. Aberdeen Ethical World Fund**

(£6.9M invested in major shale oil extractor EOG resources and poor financial performance).

### **2. Legal & General Ethical -Trust**

(Light ethical negative screens; no involvement with the companies in which it invests).

### **3. Prudential Socially Responsible Fund**

(Top ten holdings include Shell and mining company Rio Tinto plus the fund has delivered a lack lustre performance).

### **4. Sovereign Ethical Fund**

(Negative only screens with approx. 7% held in oil and gas whilst the financial performance of the fund has been poor)

### **5. Virgin Climate Change Fund**

(Shell features amongst top 10 holdings making up over 4% of the fund. There is also lack of information for investors, whilst promoting the idea that green funds underperform.)

John Ditchfield, Partner, comments: *"Our review found that many ethical funds have not*

*moved beyond 'negative screening'- this is an avoidance based approach which is rather outdated."*

Olivia Bowen, Partner, adds: *"Some of these funds are giving ethical and sustainable investing a bad name. We are sending a message to the public to invest just 10% of their assets in a responsible manner ~ this alone would see the market grow enormously."*

## **Innovation and Trends**

Castlefield Advisory Partners also wanted to recognize the innovative and growing platform for social and ethical investments and to highlight the increasing shift away from investment in fossil fuel :

### **Social Stock Exchange**

The world's first regulated exchange dedicated to businesses and investors seeking to achieve a positive social and environmental impact. <http://socialstockexchange.com/>

### **Ethex**

A not-for-profit organisation which offers consumers a simple way to invest in high social impact and environmental businesses. <https://www.ethex.org.uk/>

### **The move to divest from fossil fuels is gaining momentum**

One of the continuing trends in the sustainable, responsible and ethical marketplace is the move to divest from fossil fuels and actively invest in the low-carbon economy. Since our report last year, the Divestment campaign has gathered apace. Pope Francis criticised Climate Change deniers and in June 2015 called for "changes in lifestyles and energy consumption to avert the 'unprecedented destruction of the ecosystem' before the end of this century." (Source: *The Guardian* 16<sup>th</sup> June 2015).

More recently it has been reported that Leonardo DiCaprio and over 2,000 individuals and 400 institutions with combined investments worth \$2.6 trillion are now committed to pulling their money from fossil fuel companies to tackle climate change. (Source: *The Guardian* September 2015).

The Carbon Tracker Initiative has warned that investors in fossil fuel companies could lose out because they already have more reserves of coal, oil and gas than can be burned if world is to avoid dangerous global warming ~ this concept is called Stranded Assets. It says oil companies like Exxon Mobil are pursuing expensive, uneconomic projects to develop new reserves which risk wasting \$1.1 trillion of investors' money. <sup>1</sup>

John Ditchfield said: *"Funds which positively invest in sustainable companies should have a place in every investor's portfolio, whether or not they consider themselves ethical. There is a*

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<sup>1</sup> Oil Industry Risks \$1.1 Trillion of Investor Cash, Bloomberg, 8-5-14 <http://www.bloomberg.com/news/2014-05-07/oil-industry-risks-1-1-trillion-of-investor-cash-study.html>

*clear link between sustainability and business success and these funds are well-placed to spot emerging opportunities in the green economy.”*

### **Further detail on each of the Winners and Spinners Report and Fund Analysis**

A copy of the Castlefield ‘Winners and Spinners’ report for 2015 is attached – this provides details of performance figures for the funds highlighted at both ends of the green spectrum together with comprehensive reasons why each has been selected. It includes specific examples of questionable ethical holdings for the ‘spinner’ funds.

### **Consumer Survey Results**

- 56% of investors were concerned that they could lose money by investing in companies that damage the environment, like oil and gas.
- Investors are beginning to recognise that sustainable funds with long term vision are likely to do well – more than half (51%) of investors thought that companies which are trying to make a positive contribution to society and the environment are more likely to succeed and their savings/ investments are likely to perform better over the long term.
- 54% of investors would move their money if they knew it was supporting companies causing social and environmental problems.
- Nearly half (45%) were not aware that that there are ethical and sustainable investment options.
- Six out of ten people say that they would like to be offered a sustainable and ethical option when choosing an investment.
- But 60% said that they would not know where to go for advice about sustainable and ethical funds.
- Good investments versus bad investments - consumers highlight the top five ethical issues they wish to support and the top five industries they wish to avoid.
- 74% claim they would be shocked if a fund claiming to be ‘ethical’ turned out to be investing in companies that negatively impact people and the environment.

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*For more information, interviews, top performing funds, case studies, please contact:*

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### **NOTES TO EDITORS**

Castlefield is now the largest group of specialists in responsible investment advice with more than £400m under management. Over the last few years, Castlefield has acquired pioneering ethical advisory firms Barchester Green and GAEIA. By pooling resources and expertise they can now provide greater choice to investors and respond to consumer demand for ethical investment.

Castlefield specialises in providing financial advice and investment solutions to private individuals, charities, trusts and private businesses. It is owned by a charitable trust and its

employees, and is authorised and regulated by the FCA. It is a founder member of UKSIF and EIA and supports Good Money Week.

Amongst the key findings in **Castlefield's Annual Ethical Investment Survey (Sept 2015)** 74% of investors agreed that they would be shocked if a fund claimed that it was 'ethical' only to find that it invests in companies that negatively impact people and the environment. For further details of the findings of this survey please contact Andrew or David (as above)

### **Survey Results - YouGov**

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was c.4,228 adults. Fieldwork was undertaken between 14th – 21st September 2015. Survey was carried out online. Figures have been weighted and are representative of all GB adults (aged 18+).

**Good Money Week** (18-24 October 2015) is an annual campaign to raise awareness of sustainable, responsible and ethical finance to help people make good money choices. Good Money Week brings together individuals, financial advisers, charities, faith, community and student groups and financial institutions to raise awareness of the importance of sustainable and ethical investment and finance.

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