



£200m fund's big stake in Orange – and building a greener future

EDENTREE is an asset manager which specialises in responsible and sustainable investing. There are no gimmicks or whiffs of greenwashing – those investment funds that are labelled green yet are anything but when their holdings are scrutinised.

The investment business, which started life as Ecclesiastical Investment Management, is 100 per cent committed to its specialism and is part of the Benefact Group, which is charity owned and strives to do right by its customers across all brands and businesses.

EdenTree currently manages £3.5 billion of assets. Its products are diverse – embracing funds investing in multi-assets, bonds and equities – but are all underpinned by its commitment to responsible, sustainable investing.

Among its offerings is the EdenTree Responsible And Sustainable European Equity Fund.

Launched 17 years ago, this £200million fund strives to make money from investing in European companies that make a 'positive contribution to society and the environment', but excludes UK stocks from its portfolio. It is run by Chris Hiorns and David Osfield,

FUND FOCUS

By Jeff Prestridge

and its investment record is impressive. Over the past one, three, five and ten years it has outperformed the average of its peers with respective returns of 16, 29.3, 61.5 and 143.7 per cent.

'Our objective,' says Hiorns, 'is to deliver investors a good return without taking too many risks.'

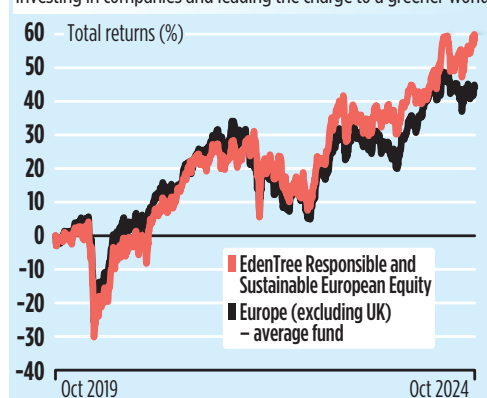
'We're looking for good companies that behave responsibly and are leading the drive towards a greener world. It means avoiding companies involved in oil and gas production, the manufacture of alcohol and tobacco. But the companies we buy must also represent good value and be underpinned by strong cash flows that are in growth mode.'

Among its top holdings are Italian energy giant Enel, a world leader in green energy, and Covivio, a French real estate company with a focus on developing eco-friendly offices and shops.

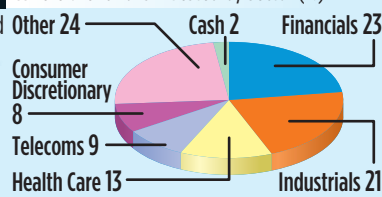
Recent additions include German listed Technotrans, which develops cooling systems for big

EDENTREE RESPONSIBLE & SUSTAINABLE EUROPEAN EQUITY FUND

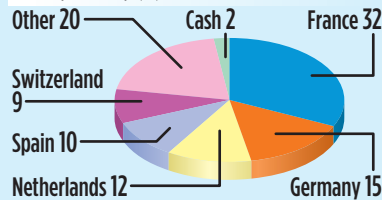
Investing in companies and leading the charge to a greener world



Where the fund is invested by sector (%)



And by country (%)



TOP 10 HOLDINGS (country) % of fund

Orange (France)	3.0
Bank of Ireland (Ireland)	2.9
Carrefour (France)	2.9
Enel (Italy)	2.9
Roche (Switzerland)	2.9
Banco Santander (Spain)	2.8
Covivio (France)	2.7
Commerzbank (Germany)	2.7
Michelin (France)	2.6
BBVA (Spain)	2.6

data centres and electric vehicle charging stations.

The fund's investment risk is controlled by holding no more than 3 per cent of its assets in any one stock, although the managers have scope to go to 5 per cent.

The current biggest position is in French telecoms giant Orange – and the fund has stakes in 67 businesses, primarily large cap stocks.

In terms of sector positions, Hiorns says financial stocks remain an attractive 'contrarian play'. Bank of Ireland, Banco Santander, Commerzbank and

BBVA are among the ten top holdings. Although income is not a fund objective, Hiorns says many of the undervalued European stocks he likes currently provide attractive dividends. For example, shares in Orange offer a dividend yield of 7.4 per cent.

He says 45 per cent of the stocks in the portfolio are 'high yielders', although the fund's overall dividend yield is a modest 2.9 per cent.

The funds that EdenTree specialises in now fall under new rules being introduced by the regulator, the Financial Conduct Authority.

From December, they will be allowed to use one of four FCA-approved 'sustainable' labels, demonstrating their commitment to such an investment approach.

Funds that make sustainable claims, but which don't wear such a badge, will have to provide investors with clear information on how they are invested and why they do not have a label.

Hiorns says the company is actively looking to get such labels for its funds.

Annual charges on the European fund are 0.8 per cent.