

# INVESTMENT FUNDS ASSESSMENT OF VALUE REPORT

**Year ended 31 December 2020**

EdenTree Responsible & Sustainable UK Equity Fund

EdenTree Responsible & Sustainable European Equity Fund

EdenTree Responsible & Sustainable Global Equity Fund

EdenTree Higher Income Fund

EdenTree Responsible & Sustainable UK Equity Opportunities Fund

EdenTree Responsible & Sustainable Sterling Bond Fund

EdenTree Responsible & Sustainable Short Dated Bond Fund



## A MESSAGE TO INVESTORS FROM THE CHAIRMAN, EDENTREE INVESTMENT MANAGEMENT



**Mark Hews**

EdenTree Chairman and Ecclesiastical CEO

Mark Hews was appointed to the EdenTree and Ecclesiastical Insurance Board in June 2009. He was appointed Ecclesiastical Group Chief Executive in May 2013 and was previously Group Chief Financial Officer. He also became a Trustee of The Windsor Leadership Trust in November 2017.

We are an award-winning, boutique, UK investment manager, specialising in responsible and sustainable investment – an approach we have led on for over 30 years. We are ultimately owned by a charity, which ensures all available profits are distributed to good causes and shapes our culture, placing value in contributing to community and the wider society in which we live.

We are led by a highly specialised, passionate and dedicated team, pioneers in the industry who, together with their colleagues, work on behalf of our clients to meet their investment objectives. We deliver this through our “Profit with Principles” approach to achieving good long-term performance in a responsible and sustainable way.

**The Board is pleased to present this Assessment of Value report produced by EdenTree. It aims to provide increased transparency for investors around the value for money they are receiving and the quality of the service being delivered.**

### **What is a value assessment and why are we publishing this report now?**

Our regulator, the Financial Conduct Authority, asks all managers of UK regulated funds to carry out an annual review of the funds they manage to assess the overall value delivered to clients. This report is based on data as at 31 December 2020.

It is the responsibility of our Board to consider the outcomes of this assessment and communicate the findings to our investors. This report sets out the assessment criteria and summarises the outcomes for each of the seven funds we manage.

# OUR ASSESSMENT CRITERIA

The FCA has introduced seven criteria for all UK fund managers to consider when determining if value has been delivered to investors. We have grouped them, added consideration of investment process and describe the criteria below:

## FUND PERFORMANCE AND INVESTMENT PROCESS

- **FUND PERFORMANCE** Are funds meeting their objectives and how do they measure up to their benchmark? Dates used reflected the firm's long term investment horizon.
- **RELATIVE PERFORMANCE** How are funds doing in relation to the chosen comparator group or Investment Association sector?
- **INVESTMENT PROCESS** As a smaller active boutique investment manager specialising in responsible and sustainable investments, we aim to deliver enhanced value through our investment process and high standards of corporate governance and integrity. EdenTree is extremely proud of its screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change.

## COSTS AND CHARGES

- **COMPARABLE MARKET RATES** AMC or Annual Management Charge (the fee we receive as investment manager), OCF or Ongoing Charges Figure (the AMC plus custody, depositary and audit fees), and transaction charges were considered.
- **COMPARABLE SERVICES** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- **ECONOMIES OF SCALE** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do – This element of the Assessment of Value applies across the fund range and we will therefore not assess this in greater depth on any of the individual fund assessments.
- **CLASSES OF SHARE** Access to share classes is dependent on the amount invested and clients who have invested directly into the retail share class (Class A) give rise to higher costs. The administration costs of servicing these accounts and processing smaller individual deals have been, and still are, higher when compared to deals placed by IFAs and Wealth Managers using third party platforms to process bulk deals to invest in the Institutional share class (Class B). It is therefore appropriate to charge these share classes differently. We have looked at whether the differential is appropriate and this has caused price reductions in some funds and share classes.
- **FUND MANAGER COSTS** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed. The low differential between our AMC and OCF demonstrates that the AFM (Authorised Fund Manager i.e. EdenTree) does not look to pass on its costs in that way.

## OUR ASSESSMENT CRITERIA

### SERVICES

- QUALITY OF SERVICE** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2020 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met. This element of the Assessment of Value applies across the fund range and we will therefore not assess this in greater depth on any of the individual fund assessments.

For each criteria above we have made an assessment of GREEN, YELLOW, AMBER or RED value for money (indicated by the colour of the heading), the assessment was then given an overall rating taking account of the ratings given in each category. This is summarised in the following table:



OVERALL RATING	GREEN	YELLOW	AMBER	YELLOW	GREEN	GREEN	GREEN
RATING CRITERIA (BELOW)	A	B	C	D	E	F	G
	EdenTree Responsible and Sustainable UK Equity	EdenTree Responsible and Sustainable European Equity	EdenTree Responsible and Sustainable Global Equity	EdenTree Higher Income	EdenTree Responsible and Sustainable UK Equities Opportunities	EdenTree Responsible and Sustainable Sterling Bond	EdenTree Responsible and Sustainable Short Dated Bond
Absolute Performance	GREEN	AMBER	AMBER	GREEN	GREEN	GREEN	GREEN
Relative Performance	GREEN	AMBER	AMBER	AMBER	GREEN	GREEN	GREEN
Responsible and Sustainable Investment Process	GREEN	GREEN	GREEN	AMBER	YELLOW	GREEN	GREEN
Comparable Market Rates and Classes of Share	GREEN						
Fund Manager Costs	GREEN						
Comparable Services	GREEN						
Economies of Scale	GREEN						
Quality of Service	GREEN						

## HOW DO WE DELIVER VALUE TO OUR INVESTORS?

As a specialist investment manager with over 30 years of experience, responsible & sustainable investment is core to our investment philosophy and underpins our objective to deliver 'Profit with Principles' for our clients and be responsible stewards of those investments.

We embed our core values approach which fully integrates Environmental, Social & Governance factors into the investment process. Our aim is to select those investments that meet our core values tests, and help to make a positive impact on the challenges faced by society through delivering and supporting sustainable solutions.

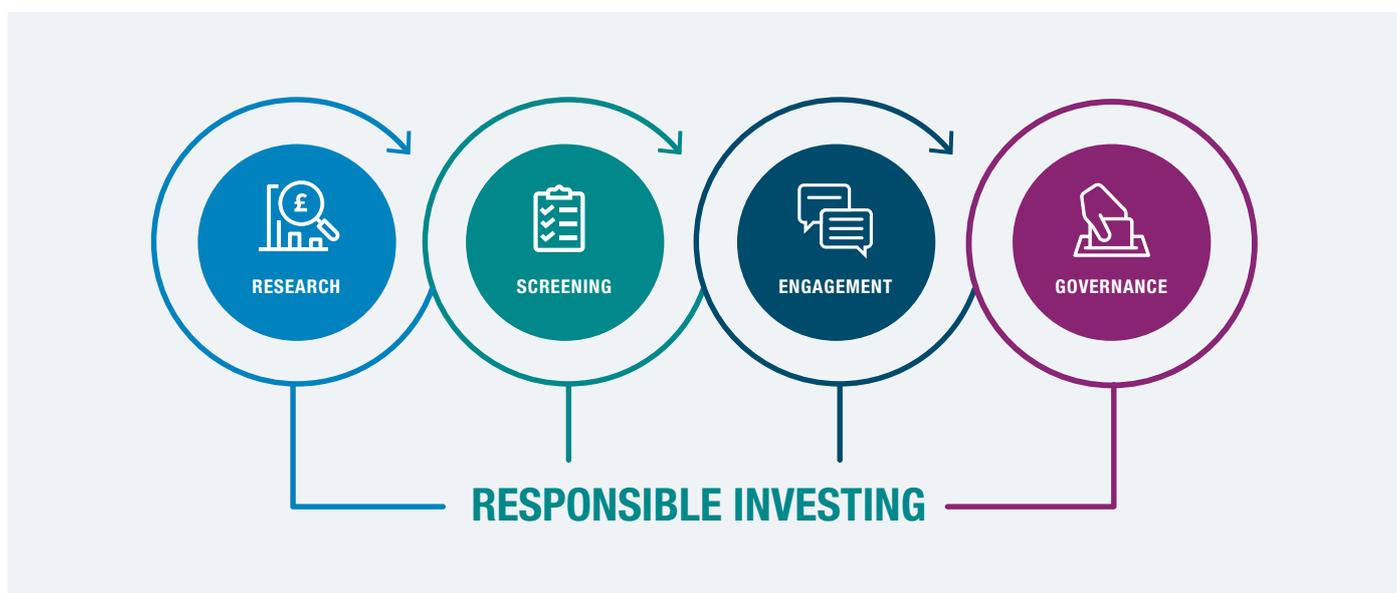
We are fundamental active managers, we seek to invest with a long-term investment horizon in a diversified mix of responsible and sustainably managed companies. A key pillar of our investment philosophy is our strong value discipline – identifying intrinsically sound companies with strong balance sheets and superior cash flow generation driven by proven business models at an attractive valuation.

We are benchmark 'aware' but not benchmark constrained. Utilising our independent thought and analysis, we aim to identify contrarian opportunities, which often focuses our attention away from large-cap companies.

As stewards of your investment, we seek to invest in companies for the long-term, minimising portfolio turnover and trading costs, whilst ensuring we actively vote and engage with management.

We have been continuously recognised for the strength of our approach, being awarded the title of 'Best Ethical Investment Provider' at the Moneyfacts Life & Pensions Awards for the twelfth consecutive year and 'Best ESG Fund Management Group (specialist)' at the Investment Week Sustainable & ESG Investment Awards 2018.

## RESPONSIBLE INVESTING IS CENTRAL TO OUR APPROACH



# RESEARCH

EdenTree’s thought-leadership research draws on an unrivalled depth of expertise that has built up over 30 years as pioneers in responsible and sustainable investing. Our team regularly publish expert opinion pieces, which help to inform our clients. Three times a year we produce our flagship EdenTree Insight publications, which provide an expert perspective on some of the biggest challenges facing our world today and how we, as responsible and sustainable investors can be a part of the solution.

## SCREENING

To be considered suitable for inclusion within our Amity range of responsibly managed funds, an investment idea must meet the criteria laid out by our responsible and sustainable screening model. There are three parts to this: Ethics/Values, Responsibility/ ESG and Sustainability and Thematic.

### Ethics/Values

The eight negative screens which make up the ethics and values portion aim to avoid harmful activities that are a detriment to society. Companies that derive more than 10% of their profits or turnover from these activities are excluded from our universe of investible stocks.

### Responsibility/ESG

We then have a responsibility criteria, incorporating six different considerations which reflect ESG risk and our commitment to responsible investment. These are core to the way in which we consider stocks as being suitable for inclusion in our Amity funds.

### Sustainability/Thematic

Finally, as we screen stock ideas, we will consider the positive sustainability case in terms of products and solutions, and how companies are referencing the Sustainable Development Goals as part of their business case.

Ethics/Values	Responsibility/ESG	Sustainability/Thematic
<p><b>Ethics/Values</b></p> <ul style="list-style-type: none"> <li> Alcohol production</li> <li> Tobacco production</li> <li> Gambling operations</li> <li> Weapon production</li> <li> Pornographic &amp; violent material</li> <li> Animal testing</li> <li> Intensive farming</li> <li> Oppressive regimes</li> <li> Fossil fuel exploration &amp; production</li> </ul>	<p><b>Responsibility/ESG</b></p> <ul style="list-style-type: none"> <li> Business ethics</li> <li> Corporate governance</li> <li> Community</li> <li> Employment &amp; labour</li> <li> Environment &amp; climate change</li> <li> Human rights</li> </ul>	<p><b>Sustainability/Thematic</b></p> <ul style="list-style-type: none"> <li> Education</li> <li> Health &amp; wellbeing</li> <li> Social infrastructure</li> <li> Sustainable solutions</li> </ul>

# ENGAGEMENT

We engage with businesses on a wide range of environmental, social and governance issues, both when we are considering investing and then as shareholders. We believe that this is the best way to make sound, responsible investment decisions and act as a catalyst for change.

<b>168</b>	Total engagements on ESG issues in 2020
<b>54</b>	Engagements with a specific environmental focus
<b>29</b>	Engagements with a specific social focus
<b>39</b>	Engagements with a specific governance focus
<b>42</b>	Engagements with an overlapping (ESG) theme
<b>4</b>	Ethnics / Values (negative) screens-related engagements

# GOVERNANCE

We believe that shareholders have a vital role to play in encouraging high standards of corporate governance from the perspective of being long-term investors. We therefore seek to vote at all UK meetings in which we have a shareholding, and have appointed Glass Lewis as our proxy advisory service for overseas governance and voting.

We have adopted a policy of voting in support of company management except where proposals are considered to be in breach of UK corporate governance best practice, or are viewed as not being in the economic interests of shareholders. We will seek to engage pro-actively with companies where either existing corporate governance arrangements or management proposals cause concern.

At EdenTree, we also hold ourselves to the same exacting standards as we do the companies that we invest in. That is why we are signatories of the Principles of Responsible Investment (PRI) and the European SRI Transparency Code, and why we publish full guidelines around our governance and voting procedures, see our website for more information on our voting activity and the rationale for resolutions opposed, abstained and in favour.

## **THINGS WE HAVE ALREADY IMPROVED...**

EdenTree has carried out a detailed review of its fund objectives and charging structure in order to provide investors with more clarity and transparency. Fund objectives and policies for achieving these were updated as at 1 July 2020 to make it easier for investors to understand how their money is being invested and the outcomes we look to achieve over a given timeframe. We have used these new objectives in these documents as in all cases they are a clarification and not a change to the underlying objectives of the funds.

We also looked at our costs and overheads as part of our review of charges. We are pleased to announce that with effect from 1 August 2020 our initial charge was reduced from 5% to zero for Class A (retail) shares and from 2% to zero for class B (Institutional) shares. We also reduced the annual management fee for class A shares in four of our funds from 1.5% to 1.25% with effect from 1 October 2020.

We are committed to ESG and believe our rigorous screening process provides additional value to investors. Therefore we were pleased that, from January 1 2021, our previously named UK Equity Growth Fund became fully subject to our responsible and sustainable screening process, which is described in more detail on page 6. Now named the EdenTree Responsible & Sustainable UK Equity Opportunities Fund, we see this as an important step forward in being able to continue offering our clients a market leading approach to ESG that is built on authority and authenticity.

## **AREAS WE MAY LOOK TO IMPROVE IN FUTURE...**

In recognition of our commitment to ESG, we will be consulting with stakeholders and investors in our existing funds to refine and evolve our screening process as applied across the entire range of funds.

## EDENTREE RESPONSIBLE & SUSTAINABLE UK EQUITY FUND

**Fund manager:** Sue Round and Ketan Patel

**Fund objective:** To achieve long-term capital appreciation over five years or more and an income, through a diversified portfolio of UK companies.

**Overall rating:** **GREEN**

	Annual Management Charge (AMC)	Initial charge	Ongoing charge (OCF)
<b>Class A</b>	1.25%	0.00%	1.59%
<b>Class B</b>	0.75%	0.00%	0.80%

### Fund performance and investment process

- **ABSOLUTE PERFORMANCE** The fund is meeting its objective of achieving capital appreciation over five years or more, with income. Fund outperformed comparator benchmarks over 3 and 10 years, but not 5 as targeted by the objective.
- **RELATIVE PERFORMANCE** When compared against those chosen as comparator funds over 3 and 10 years performance 2nd quartile and 3rd quartile over 5 years (4th in the A share class). 12 month yields are the highest in the comparator set.
- **INVESTMENT PROCESS** EdenTree is extremely proud of its Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

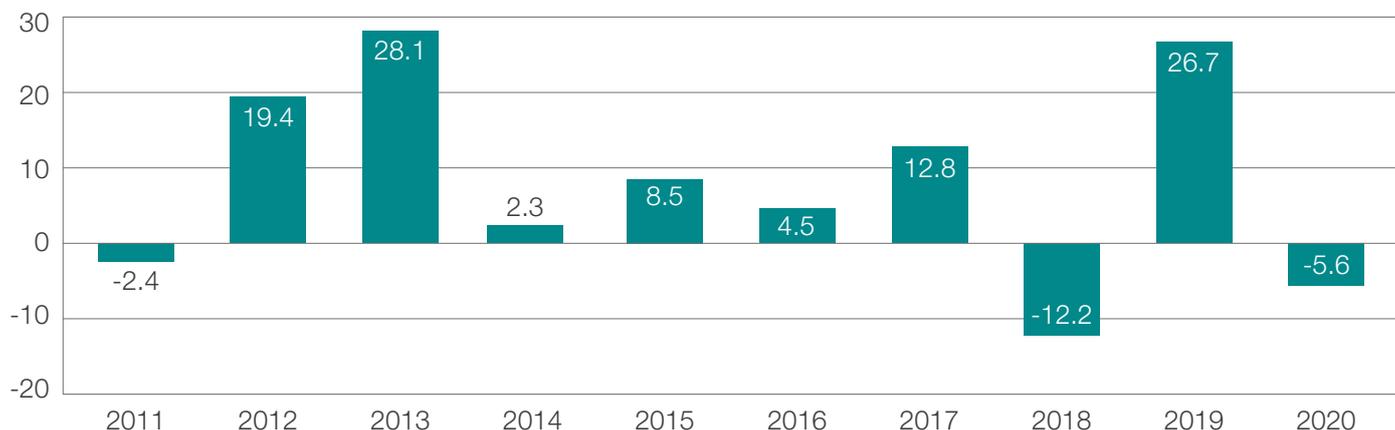
### Discrete Performance (as at 31/12/2020)

	31/12/2015 to 31/12/2016	31/12/2016 to 31/12/2017	31/12/2017 to 31/12/2018	31/12/2018 to 31/12/2019	31/12/2019 to 31/12/2020
<b>Fund</b>	4.5%	12.8%	-12.2%	26.7%	-5.6%
<b>Sector</b>	10.8%	14.0%	-11.2%	22.2%	-6.2%

Source: FE fundinfo. Fund and sector performance is shown in local currency on a bid to bid basis with income reinvested in the fund

## EDENTREE RESPONSIBLE & SUSTAINABLE UK EQUITY FUND

### Past Performance



Bar chart showing the year by year percentage growth of the EdenTree Responsible and Sustainable UK Equity Fund – Share Class B

### Costs and charges

- COMPARABLE MARKET RATES AND CLASSES OF SHARE** Rates and Classes of Share For the A share class, available to retail investors, in the selected comparator group for the period to 31 December 2020 the UK Equity Fund AMC compared favourably to the comparator funds at 1.25%. OCF figures are lagging the changes in AMC but will benefit in due course for the A share class. For the B share class both the AMC and OCF was in line with the chosen comparators. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- FUND MANAGER COSTS** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that EdenTree does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- COMPARABLE SERVICES** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- ECONOMIES OF SCALE** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

### Services

- QUALITY OF SERVICE** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2020 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

## EDENTREE RESPONSIBLE & SUSTAINABLE EUROPEAN EQUITY FUND

**Fund manager:** Chris Hiorns and David Osfield

**Fund objective:** To achieve long-term capital growth over five years or more with an income through a diversified portfolio of European (ex-UK) companies.

**Overall rating:** **YELLOW**

	Annual Management Charge (AMC)	Initial charge	Ongoing charge (OCF)
<b>Class A</b>	1.25%	0.00%	1.58%
<b>Class B</b>	0.75%	0.00%	0.82%

### Fund performance and investment process

- ABSOLUTE PERFORMANCE** The fund is meeting its objective of achieving capital growth over five years or more, with income. Over 3, 5 and 10 years the fund has not met its benchmark.
- RELATIVE PERFORMANCE** When compared against those chosen as comparator funds over 3, 5, and 10 years performance was towards the lower end of the group. 12 month yields are the highest in the comparator set. **EdenTree comment:** *The underperformance of the fund was primarily due to the 'value orientated' strategy over a period in which 'value' stocks have underperformed 'growth' for an extended period. The fund outperformed in Q4 of 2020.*
- INVESTMENT PROCESS** EdenTree is extremely proud of its Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

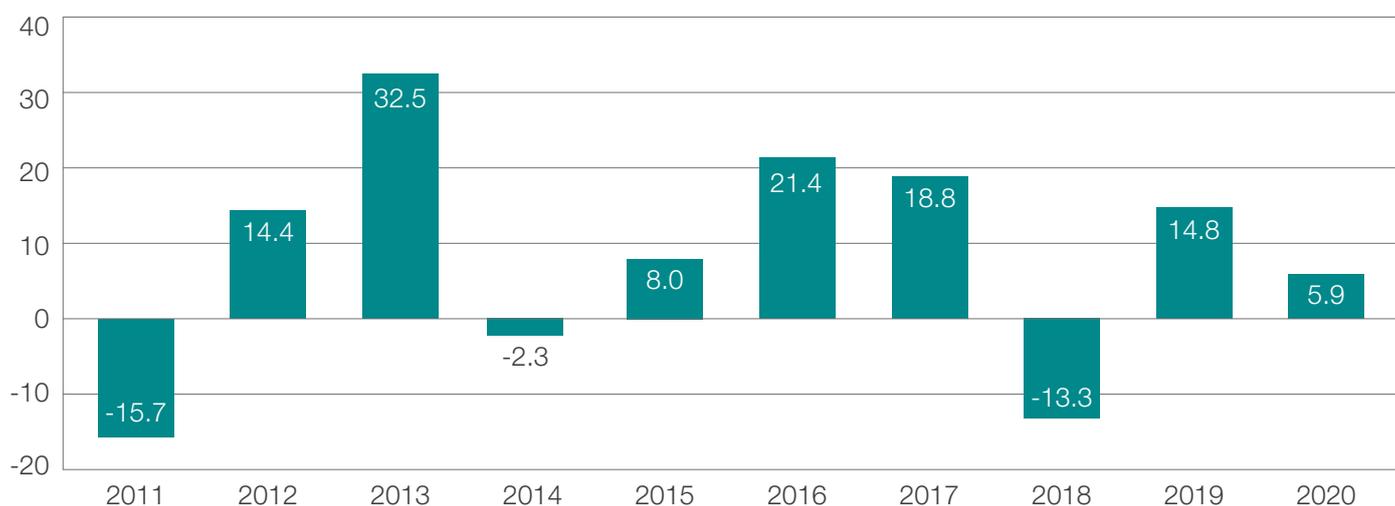
### Discrete Performance (as at 31/12/2020)

	31/12/2015 to 31/12/2016	31/12/2016 to 31/12/2017	31/12/2017 to 31/12/2018	31/12/2018 to 31/12/2019	31/12/2019 to 31/12/2020
<b>Fund</b>	21.4%	18.8%	-13.3%	14.8%	5.9%
<b>Sector</b>	16.4%	17.3%	-12.2%	20.3%	10.5%

Source: FE fundinfo. Fund and sector performance is shown in local currency on a bid to bid basis with income reinvested in the fund

## EDENTREE RESPONSIBLE & SUSTAINABLE EUROPEAN EQUITY FUND

### Past Performance



Bar chart showing the year by year percentage growth of the EdenTree Responsible & Sustainable European Equity Fund – Share Class B

### Costs and charges

- COMPARABLE MARKET RATES AND CLASSES OF SHARE** For both A and B share classes in the selected comparator group for the period to 31 December 2020 the European Equity Fund charges were the lowest. There is a lag in ongoing charges which need to “catch up” and will fully include the fee reduction in the next value assessment. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- FUND MANAGER COSTS** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that EdenTree does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- COMPARABLE SERVICES** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- ECONOMIES OF SCALE** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

### Services

- QUALITY OF SERVICE** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2020 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

# EDENTREE RESPONSIBLE AND SUSTAINABLE GLOBAL EQUITY FUND

**Fund manager:** David Osfield and Thomas Fitzgerald

**Fund objective:** To achieve long-term capital growth over five years or more with an income through a diversified portfolio of international (including the UK) companies.

**Overall rating:** **AMBER**

	Annual Management Charge (AMC)	Initial charge	Ongoing charge (OCF)
<b>Class A</b>	1.25%	0.00%	1.51%
<b>Class B</b>	0.75%	0.00%	0.81%

## Fund performance and investment process

- ABSOLUTE PERFORMANCE** The fund is meeting its objective of achieving capital growth over five years or more, with income. Over 3, 5 and 10 years the fund has consistently underperformed its benchmark.
- RELATIVE PERFORMANCE** When compared against those chosen as comparator funds over 3, 5, and 10 years performance was towards the lower end of the group. 12 month yields are the highest in the comparator set. **EdenTree comment:** *This Fund achieved strong performance in Q4 2020. In terms of style, value has underperformed growth for an extended period, over 10 years, with the upward re-rating of growth stocks driven by ultra-low interest rate policy being the primary driver of the disparity. While we anticipate this will correct in the fullness of time, the strategy's underlying holdings, and geographical allocation, provides a degree of diversification relative to the comparative set. Additionally, the Fund's long-term underweight to the US has given rise to underperformance.*
- INVESTMENT PROCESS** EdenTree is extremely proud of its Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

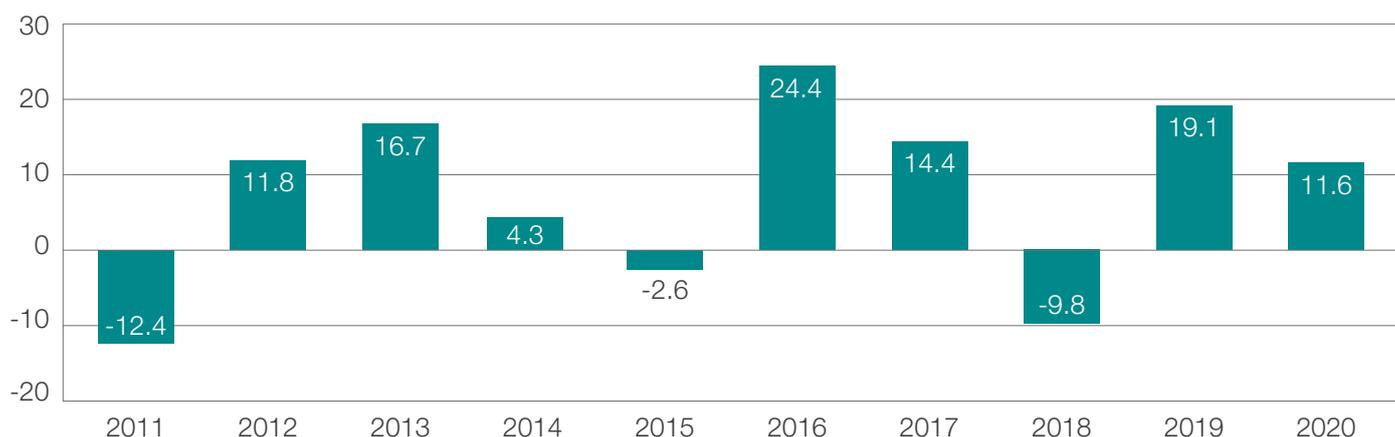
## Discrete Performance (as at 31/12/2020)

	31/12/2015 to 31/12/2016	31/12/2016 to 31/12/2017	31/12/2017 to 31/12/2018	31/12/2018 to 31/12/2019	31/12/2019 to 31/12/2020
<b>Fund</b>	24.4%	14.4%	-9.8%	19.1%	11.6%
<b>Sector</b>	23.3%	14.0%	-5.7%	21.9%	14.8%

Source: FE fundinfo. Fund and sector performance is shown in local currency on a bid to bid basis with income reinvested in the fund

## EDENTREE RESPONSIBLE AND SUSTAINABLE GLOBAL EQUITY FUND

### Past Performance



Bar chart showing the year by year percentage growth of the Edentree Responsible And Sustainable Global Equity Fund – Share Class B

### Costs and charges

- COMPARABLE MARKET RATES AND CLASSES OF SHARE** For both A and B share classes in the selected comparator group for the period to 31 December 2020 the Global Equity Fund charges were among the lowest. EdenTree comment: The pricing of the “A” share class has been reduced to 1.25% AMC to make charging clearer and fairer for direct investors, across all of EdenTree’s range, in this instance this will ensure we remain competitive and pricing is clear. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- FUND MANAGER COSTS** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that EdenTree does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- COMPARABLE SERVICES** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- ECONOMIES OF SCALE** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

### Services

- QUALITY OF SERVICE** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2020 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

## EDENTREE HIGHER INCOME FUND

**Fund manager:** Robin Hepworth and Chris Hiorns

**Fund objective:** To prioritise income, with the aim of exceeding the yield of the FTSE 250 Mid-Cap Index, together with capital growth over the longer term, five years or more.

**Overall rating:** **YELLOW**

	Annual Management Charge (AMC)	Initial charge	Ongoing charge (OCF)
<b>Class A</b>	1.25%	0.00%	1.32%
<b>Class B</b>	0.75%	0.00%	0.78%

### Fund performance and investment process

- ABSOLUTE PERFORMANCE** The fund is meeting its objective of prioritising income and exceeding the yield of the FTSE 250, and combining this with capital growth. Over 3 years the fund has achieved its benchmark. However over 5 and 10 years the fund has not achieved its benchmark. **EdenTree comment:** *This fund pursues a value strategy, value has underperformed growth for an extended period, over 10 years, the upward revaluation of growth stocks further contributing to this, we anticipate this will correct in the fullness of time. Additionally the fund has been underweight to the US (overweight Asia) which in recent times has given rise to underperformance.*
- RELATIVE PERFORMANCE** When compared to the Investment Association sector, performance has been 3rd or 4th quartile over all time periods. However on deeper assessment this is a particularly diverse sector, and using the comparator funds which have similar objectives is more appropriate. Against these comparator funds HIF has the highest 12 month yield and in terms of performance is neither the highest, nor the lowest.
- INVESTMENT PROCESS** The Higher Income Fund does not apply negative or positive screening criteria. Despite this EdenTree does engage in companies held by the fund to ensure they are aware of key issues important to us as a Responsible and Sustainable specialist fund manager and to raise the standard of their corporate governance processes.

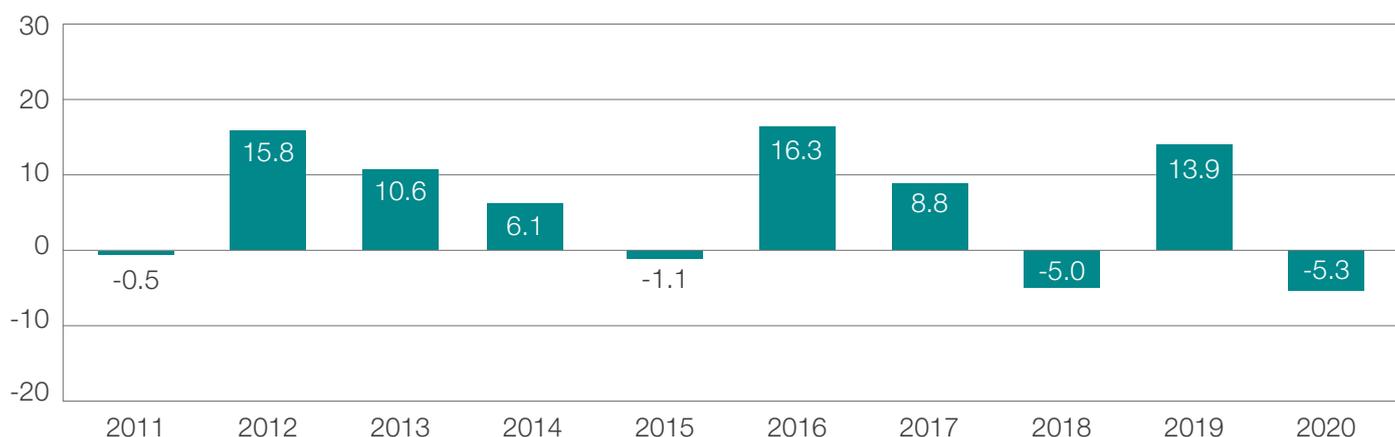
### Discrete Performance (as at 31/12/2020)

	31/12/2015 to 31/12/2016	31/12/2016 to 31/12/2017	31/12/2017 to 31/12/2018	31/12/2018 to 31/12/2019	31/12/2019 to 31/12/2020
<b>Fund</b>	16.3%	8.8%	-5.0%	13.9%	-5.3%
<b>Sector</b>	12.9%	10.0%	-6.1%	15.8%	-5.5%

Source: FE fundinfo. Fund and sector performance is shown in local currency on a bid to bid basis with income reinvested in the fund

## EDENTREE RESPONSIBLE AND SUSTAINABLE GLOBAL EQUITY FUND

### Past Performance



Bar chart showing the year by year percentage growth of the Edentree Higher Income Fund – Share Class B

### Costs and charges

- COMPARABLE MARKET RATES AND CLASSES OF SHARE** For both A and B share classes in the selected comparator group for the period to 31 December 2020 the Higher Income Fund charges were neither the highest, nor the lowest. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- FUND MANAGER COSTS** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that EdenTree does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- COMPARABLE SERVICES** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- ECONOMIES OF SCALE** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

### Services

- QUALITY OF SERVICE** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2020 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

# EDENTREE RESPONSIBLE AND SUSTAINABLE UK EQUITY OPPORTUNITIES FUND

**Fund manager:** Phil Harris and Ketan Patel

**Fund objective:** To achieve long-term capital growth over five years or more with an income.

**Overall rating:** **GREEN**

	Annual Management Charge (AMC)	Initial charge	Ongoing charge (OCF)
<b>Class A</b>	1.25%	0.00%	1.54%
<b>Class B</b>	0.75%	0.00%	0.80%

## Fund performance and investment process

- ABSOLUTE PERFORMANCE** The fund is meeting its objective of achieving long-term capital growth over five years or more with an income. The fund has consistently outperformed its benchmark for the B share class.
- RELATIVE PERFORMANCE** When compared to the IA sector, performance has been 1st or 2nd quartile across 3, 5 and 10 year periods. 12 month yields are the highest in the comparator set.
- INVESTMENT PROCESS** EdenTree is extremely proud of its Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns. During the year 2020 The UK Equity Opportunities Fund introduced the EdenTree Responsible and Sustainable screening process. Prior to this the fund would have benefitted from engagement by EdenTree with companies held by the fund to ensure they are aware of key issues important to us as a Responsible and Sustainable specialist fund manager and to raise the standard of their corporate governance processes.

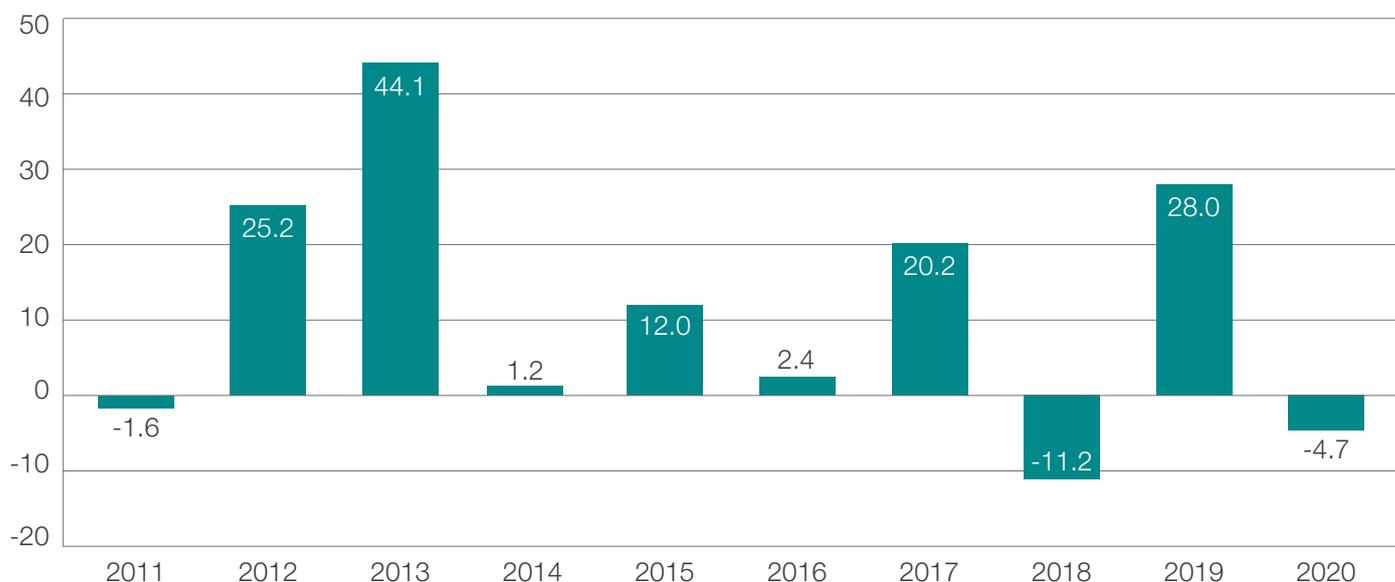
## Discrete Performance (as at 31/12/2020)

	31/12/2015 to 31/12/2016	31/12/2016 to 31/12/2017	31/12/2017 to 31/12/2018	31/12/2018 to 31/12/2019	31/12/2019 to 31/12/2020
<b>Fund</b>	2.4%	20.2%	-11.2%	28.0%	-4.7%
<b>Sector</b>	10.8%	14.0%	-11.2%	22.2%	-6.2%

Source: FE fundinfo. Fund and sector performance is shown in local currency on a bid to bid basis with income reinvested in the fund

## EDENTREE RESPONSIBLE AND SUSTAINABLE UK EQUITY OPPORTUNITIES FUND

### Past Performance



Bar chart showing the year by year percentage growth of the EdenTree Responsible And Sustainable UK Equity Opportunities Fund – Share Class B

### Costs and charges

- COMPARABLE MARKET RATES AND CLASSES OF SHARE** For both A and B share classes in the selected comparator group for the period to 31 December 2020 the UK Equity Opportunities Fund charges compared well against peers with similar objectives. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- FUND MANAGER COSTS** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that EdenTree does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- COMPARABLE SERVICES** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- ECONOMIES OF SCALE** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

### Services

- QUALITY OF SERVICE** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2020 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

# EDENTREE RESPONSIBLE AND SUSTAINABLE STERLING BOND FUND

**Fund manager:** Chris Hiorns and David Katimbo-Mugwanya

**Fund objective:** To generate a regular level of income payable quarterly.

**Overall rating:** **GREEN**

	Annual Management Charge (AMC)	Initial charge	Ongoing charge (OCF)
<b>Class A</b>	1.15%	0.00%	1.20%
<b>Class B</b>	0.55%	0.00%	0.59%

## Fund performance and investment process

- **ABSOLUTE PERFORMANCE** The fund objective to generate a regular level of income payable quarterly has been met. The fund was closely aligned to its benchmark over 3, 5 and 10 years.
- **RELATIVE PERFORMANCE** Sector performance was 2nd quartile over 3 and 10 years and 3rd over 5 years for the B share class. 12 month yields are the highest in the comparator set.
- **INVESTMENT PROCESS** EdenTree is extremely proud of its Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

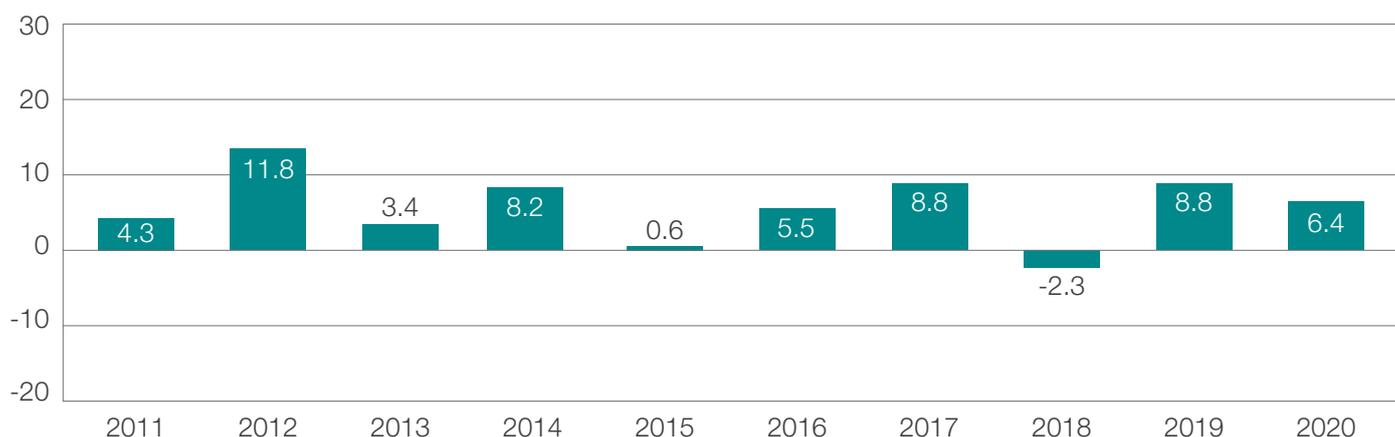
## Discrete Performance (as at 31/12/2020)

	31/12/2015 to 31/12/2016	31/12/2016 to 31/12/2017	31/12/2017 to 31/12/2018	31/12/2018 to 31/12/2019	31/12/2019 to 31/12/2020
<b>Fund</b>	5.5%	8.8%	-2.3%	8.8%	6.4%
<b>Sector</b>	7.3%	5.3%	-2.5%	9.3%	6.1%

Source: FE fundinfo. Fund and sector performance is shown in local currency on a bid to bid basis with income reinvested in the fund

## EDENTREE RESPONSIBLE AND SUSTAINABLE STERLING BOND FUND

### Past Performance



Bar chart showing the year by year percentage growth of the Edentree Responsible And Sustainable Sterling Bond Fund – Share Class B

### Costs and charges

- **COMPARABLE MARKET RATES AND CLASSES OF SHARE** For both A and B share classes in the selected comparator group for the period to 31 December 2020 the Sterling Bond Fund charges were aligned with peers with similar objectives. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- **FUND MANAGER COSTS** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that EdenTree does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- **COMPARABLE SERVICES** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- **ECONOMIES OF SCALE** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

### Services

- **QUALITY OF SERVICE** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2020 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

## EDENTREE RESPONSIBLE AND SUSTAINABLE SHORT DATED BOND FUND

**Fund manager:** David Katimbo-Mugwanya

**Fund objective:** The fund aims to preserve capital and generate a regular income payable quarterly.

**Overall rating:** **GREEN**

	Annual Management Charge (AMC)	Initial charge	Ongoing charge (OCF)
<b>Class B</b>	0.35%	0.00%	0.40%

### Fund performance and investment process

- ABSOLUTE PERFORMANCE** The fund objective to preserve capital and generate a regular level of income payable quarterly has been met. The fund had performed in line with the benchmark over 1 year but as the fund launched September 2018 3 year performance data was not yet available.
- RELATIVE PERFORMANCE** The Short Dated Bond fund does not have many appropriate comparators and the IA sector (corporate bond more generally) is largely inappropriate to draw comparison. The short history of the fund also makes it difficult to give conclusive judgement and comparison. 12 month yields were noted as highest in the limited comparator set.
- INVESTMENT PROCESS** EdenTree is extremely proud of its Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

### Discrete Performance (as at 31/12/2020)

	31/12/2015 to 31/12/2016	31/12/2016 to 31/12/2017	31/12/2017 to 31/12/2018	31/12/2018 to 31/12/2019	31/12/2019 to 31/12/2020
<b>Fund</b>	-	-	-0.4%	2.9%	2.3%
<b>Sector</b>	9.1%	5.1%	-2.2%	9.5%	7.9%

Source: FE fundinfo. Fund and sector performance is shown in local currency on a bid to bid basis with income reinvested in the fund

## EDENTREE RESPONSIBLE AND SUSTAINABLE SHORT DATED BOND FUND

### Past Performance



Bar chart showing the year by year percentage growth of the Edentree Responsible And Sustainable Short Dated Bond Fund – Share Class B

### Costs and charges

- COMPARABLE MARKET RATES AND CLASSES OF SHARE** For the B share class in the selected comparator group for the period to 31 December 2020 the Short Dated Bond Fund charges were aligned with peers with similar objectives, though it is noted there are not many comparable funds.
- FUND MANAGER COSTS** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that EdenTree does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- COMPARABLE SERVICES** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- ECONOMIES OF SCALE** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

### Services

- QUALITY OF SERVICE** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2020 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.



## HOW TO CONTACT US

If you have any questions, or would like to know more about our responsible investment and in-house research and analysis, please get in touch.



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