EPIM Sustainable Defensive

Asset allocation

Fixed interest	56%
UK equity	0%
Overseas equity	18%
Alternatives	8%
Cash	18%

Top 10 holdings

ICS Sterling Liquidity	16.50%
Vontobel Sustainable Short Term Bond	9.10%
Trojan Ethical	7.70%
Rathbone Ethical Bond	6.70%
Pictet Global Sustainable Credit	6.20%
Vanguard US Govt Bond Index	6.00%
Brown Advisory Global Sustainable Total	5.90%
L&G Global Inflation Linked	5.70%
CG Dollar	5.00%
Threadneedle UK Social Bond	3.90%

Portfolio information

Launch date	1 June 2020
Minimum cash holding	2%
Annual management charge	0.3%
Total Cost of Investment	0.50%

Portfolio Objectives

The primary objective of this portfolio is to preserve capital. The portfolio is diversified across a range of asset classes but with a low overall allocation to funds investing in equities (expected to be no greater than 40%) and other risk assets. Target Volatility: 2%-4.75%

Sustainable philosophy

The ultimate goal of the portfolio is to support more inclusive social and economic development and more sustainable environmental and business practices, whilst generating strong and consistent investment returns. The portfolio will aim to achieve this by investing in a diversified range of funds which include themes such as renewable energy, financial inclusion, education, social housing, climate change action, sustainable waste management and renewable material production.

Monthly investment update

July marked a return of positive sentiment in markets with both equity and bond markets rallying sharply, with some of the dynamics that have played out throughout 2022 reversing. Over the month, 10 year US treasuries rallied 1.7% and the US-tech biased Nasdaq Composite index returned over 11% (Source - Factset). An unexpected rise in US employment figures and a decline in the unemployment rate pointed towards underlying signs of strength in the US economy, paving the way for the Federal Reserve to increase interest rates by 0.75% to take the benchmark interest rate to 2.5%. Similarly in the UK, the Bank of England increased interest rates for the sixth consecutive time by 0.5%, to 1.75% in a bid to control breakaway inflation.

Despite the spectrum of risks we believe the sustainable portfolios are well positioned to navigate volatility ahead and importantly continue to tap to into sustainable investment themes that benefit from government stimulus in this space. A recent example of this is the inflation reduction package that has passed the US Senate. The package is the country's largest ever climate bill, with $370 billion pledged to reduce greenhouse gas emissions to 40% below their 2005 levels by the end of this decade. The investments include a horde of tax credits to incentivise wind, solar and other renewable power sources, while helping people purchase new or used electric vehicles and install energy-efficient heating and cooling systems in their homes. The proposal also has commitments to reduce healthcare costs for the elderly by lowering prescription drug costs.

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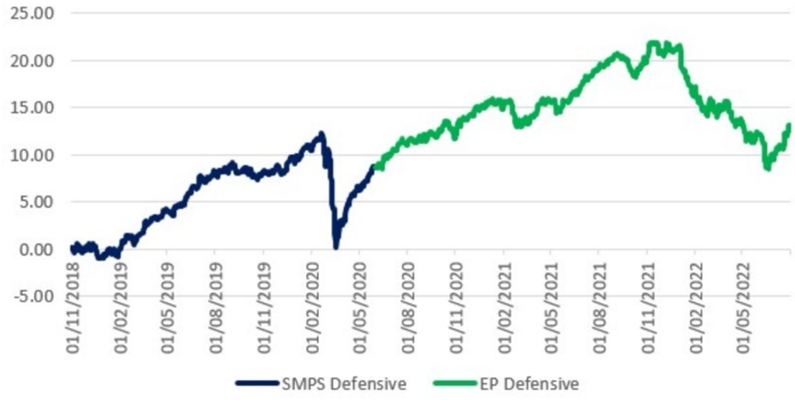
Performance



Source: Morningstar

	As at end of July 2022
1 month	3.28%
3 month	-0.42%
6 month	-3.21%
1 year	-5.00%
3 year	4.51%
	Target
Volatility	2 to 4.75%
Return	3 to 4.5%
Potential drawdown	-5.0%
	Yield
Assumed yield	1.54%
Dividend	26%
Savings	74%

Where targets are given, these are for indication purposes only; the actual figures achieved could be more or less than the ranges given. Source: Morningstar. Net of underlying fund costs, gross of all other charges. Source: Figaro. Fixed income considered saving income, all other asset classes (bar cash) considered dividend income.