



KING & SHAXSON
Ethical Investing

BONDS & CASH
ABSOLUTE RETURN
ASSET MANAGEMENT
CORPORATE BROKING
KING & SHAXSON



Ethical investing at King & Shaxson

Our ethical fund management team has a strong belief in investing in solutions to the social and environmental challenges that we face, and that clients do not have to sacrifice growth in their investments because of their ethical stances. The team's approach to ethical investing is reflected in their personal investment choices.

The team works within King & Shaxson's overall fund management structure, and is, therefore, able to draw on the support of other fund managers' research output, where this is advantageous.



*If we command our wealth
we shall be rich and free; if our wealth
commands us, we are poor indeed*

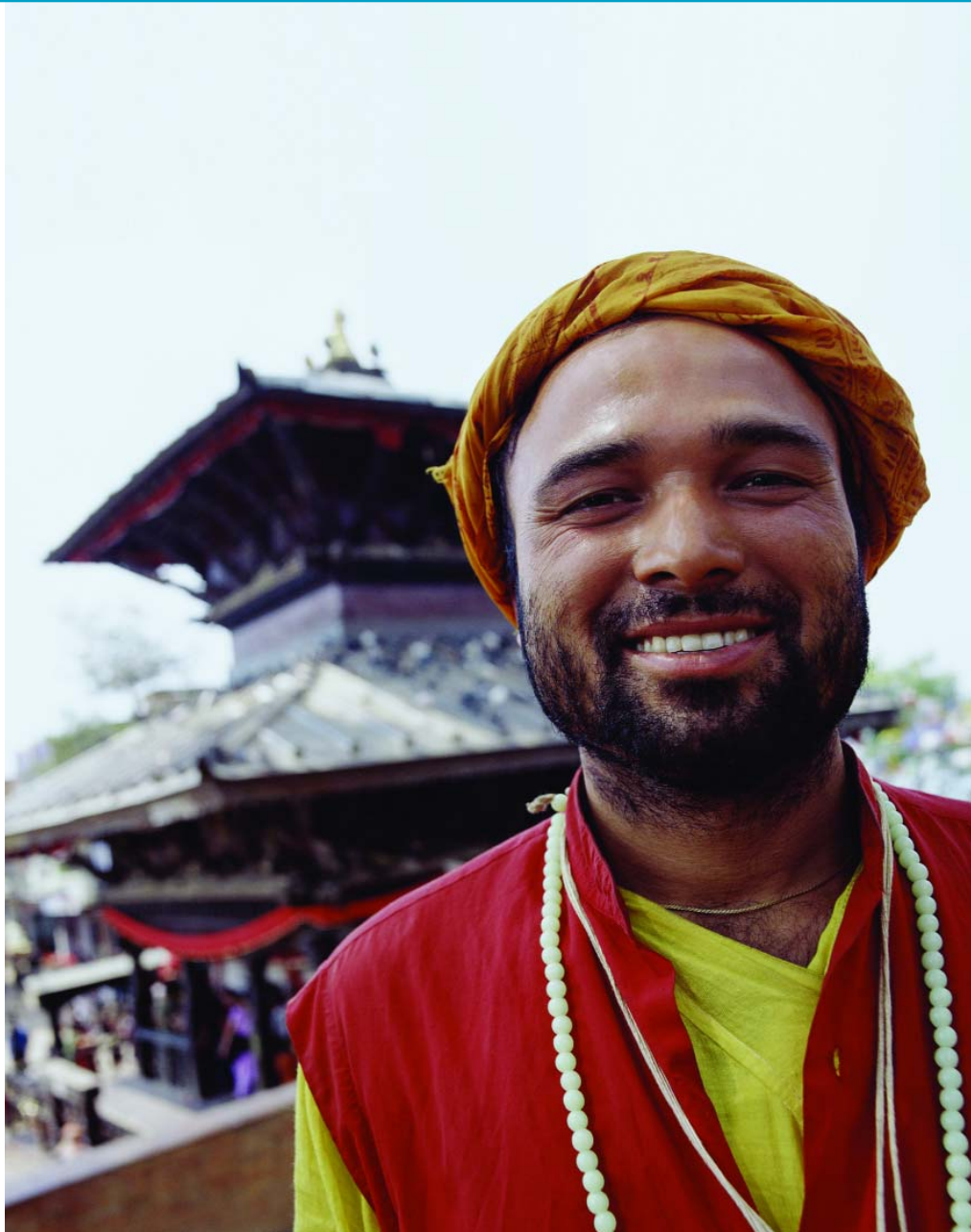
Edmund Burke



Whenever we make important decisions in our lives, we act in accordance with deeply-held values and beliefs, but when it comes to our money, we tend to become divorced from these same values. Yet money has power. How we use our money shapes not only our future, but also that of the wider world. It can destroy lives and livelihoods, or it can change society for the better. The choice is ours, but we need to start asking the right questions:

- Do I even know what my money is supporting?
- Am I confident that my savings will meet my future needs?
- Am I enthusiastic about the sort of companies in which I am investing?

King & Shaxson helps you to say an emphatic 'Yes' to all of the above.



*Where your pleasure is, there is your treasure.
Where your treasure is, there is your heart.
Where your heart is, there is your happiness.*

Augustine



Investing with your heart, as well as your mind, is at the core of our investment philosophy. We focus on what companies do, not just how much they make or how they do it, and this focus on solutions to social and environmental challenges is driven by a desire to be part of the solution, not the problem.

Avoiding Problems

Investing in solutions first of all means not investing in the problems, so we exclude companies that have negative impacts on people, the environment and animals.

If you have sufficient money to take advantage of our discretionary investment service, you can set your own exclusion criteria by completing our ethical questionnaire, and our Funds also employ a rigorous set of avoidance criteria.



Avoiding the 'bad' is just the first step.



We also prefer to support those companies that demonstrate leadership in their social and environmental practices. We therefore endeavour to express a strong preference for such companies where our financial view is also positive.

However, excluding inappropriate companies and supporting large companies that exhibit best practice only goes so far. If we are not careful, this simply leads to an investment portfolio that looks little different from conventional funds; you will want a portfolio about which you can get excited, a fund that focuses on companies which are providing solutions to the major environmental and social challenges that we all face.

With ethical portfolios, we place great emphasis on such investments, not only by claiming positive criteria, but also by actively requiring all higher risk investments to serve a direct social or environmental purpose. If you use our discretionary service, you can define the sort of industries which you actively wish to support.



*Don't judge each day by the harvest you reap,
but by the seeds you plant.*

Robert Louis Stevenson



Truly inspirational companies are often small businesses outside the main financial markets and may be difficult to trade, offering modest financial returns. Yet such investments can deliver very high social returns and you may wish to devote a small proportion of your funds to this type of investment. We can incorporate these socially directed investments into your investment portfolios managed on a discretionary basis.

However, no matter how noble our intentions, our first duty is to deliver the sort of returns we lead you to expect. Like most of our clients, we do not like nasty surprises, and we manage your money so as to minimise the potential for investment disappointments. For many investors, this means diversifying beyond shares and bonds, so that your reliance on any one type of investment is reduced.



*If you want to know what a man is really like,
take notice how he acts when he loses money*

New England proverb



Fear plays a pivotal role in our financial decision-making – fear of loss, fear of ‘missing out’ on the best investment returns and the fear of not having enough in later years. When markets are buoyant, the fear of missing out is in the ascendant, but as soon as markets drop, the fear of loss is at least as important. In fact most of us are just as keen to avoid losing money as we are about making money. Yet most ethical funds have traditionally been dominated by higher risk shares, which expose investors to potential capital losses, especially in the short term.

Considerable protection from investment loss can be gained by investing in different types of holding such as commercial property, commodities, bonds and cash as well as shares. Indeed, it has been demonstrated that more than 90% of investment return is explained by asset allocation rather than individual stock picking. King & Shaxson uses active management to control your risk through asset diversification and by adjusting the balance of investments with time in response to changing market conditions.



*“An extra \$22 billion will have to be spent on
waste water treatment in China by 2015”*

HSBC Water Report, January 2006



Not losing money is clearly important, but you don't entrust us with your money just to sit on it! Our reputation and future success rely on providing returns that equal or exceed those of comparable conventional investments. By identifying key growth areas and investing in some of the leading companies in those industries, we believe that our investors will share in the success of these companies.

Investing in Global Solutions

In particular, we believe that the opportunities in the developing markets of South East Asia are unparalleled, and building on the PhillipCapital expertise in the Far East, we offer our clients the opportunity to share in both the environmental renewal of the region and the associated financial potential that this offers.

Trustee Advisory Services

The Trustee Act 2000 requires trustees to exhibit a 'duty of care' by a clear statement of investment policy.

Pension trustees are also required to state the extent to which ethical considerations are taken into account in investment policy, and to report on how this is being done in practice.

In conjunction with specialist professional advisers, we can advise on the drafting of a 'Statement of Investment Principles', and, in particular, on incorporating ethical considerations into investment policy.



Communication

A key part of our ethical investment service is the transparency with which we communicate with you. Transparency is at the heart of ethical investment, since it strengthens the bond between you and your investment. We therefore provide the following:

- Profiles of all holdings
- Position papers explaining our stance on specific issues
- Reasons for sales and purchases
- Research bulletins
- Six-monthly statements and commentaries
- Income and capital statements (discretionary service only)

King & Shaxson Asset Management

Our investment approach to equities and fixed interest is an active one and the team aims to deliver a return over time appreciably better than benchmark. Our customers include pension funds, insurance companies, charities and individuals and, as well as having a range of pooled vehicles, we have the ability to offer a bespoke segregated service, to meet the precise needs of the client.

Our fund managers have a broad range of specialisations which the Ethical team can draw upon, since the team is fully integrated in the wider fund management department. This enables us to draw upon expertise in global equities, fixed interest securities, cash, and hedge fund management.

The specialist cash management team aims to deliver an optimised return in a low risk, liquid environment, in excess of simple deposit interest rates by using a range of instruments, such as certificates of deposit, Treasury bills, floating rate notes and short-dated gilts.

We believe that a close focus on customer requirements and a dedicated investment process are the keys to delivering a flexible, first-class service.



The London businesses of King & Shaxson are owned by PhillipCapital, a financially strong and developing Singaporean financial services company.

PhillipCapital employs nearly 3,000 people worldwide, with its major interests in Singapore, Hong Kong and other regions of the Far East. The development of London is a key element in PhillipCapital's global growth plan.

Please remember that the value of investments and the income arising from them, may fall as well as rise and is not guaranteed. You may not get back the amount invested, especially in the early years.

Investors should be aware of the underlying risk associated with investing in shares of small-cap stocks and emerging markets. These can prove to be more volatile than in more developed stock markets.

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All companies are registered in England and are part of the PhillipCapital Group.

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Woodpulp sourced from sustainable forest.

