

Making ethics affordable

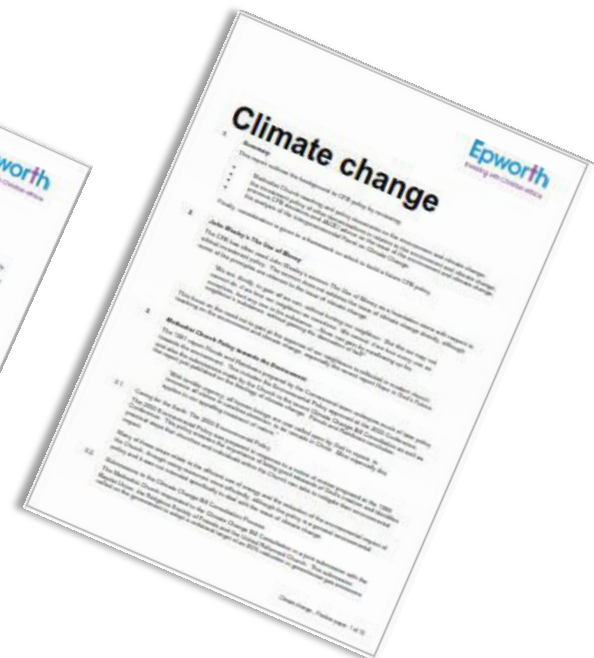


David Palmer
Chief Executive Officer

History: at the forefront of ethical investing in the UK



The  **Methodist Church** Joint Advisory Committee
on the **Ethics of Investment**



Ethics: we exclude stocks inconsistent with a Christian ethical approach ...

‘Sin’ Stocks

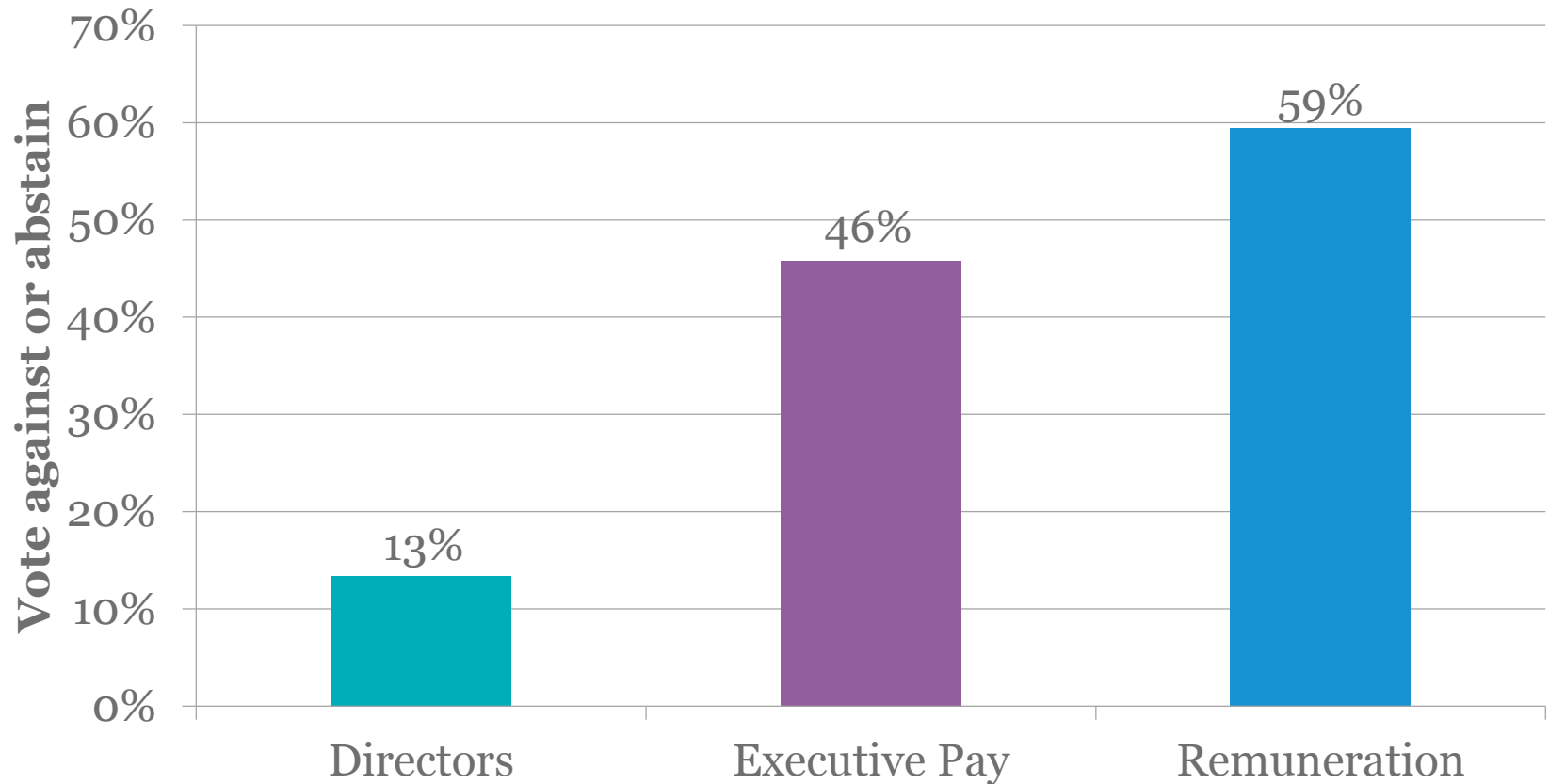


Climate Change Related



... 15% of the UK stock market

Our voting record 2017



Schroders plc

Church Investors Group Global Policy

Ticker: SDR | Index: FTSE 100 | Sector: Asset Management & Custody Banks | GICS: 40203010 | Meeting Type: Annual | Meeting Date: 26 April 2018 | Record Date: 24 April 2018 | Country: United Kingdom | Meeting ID: 1212795 | Publication Date: 13 April 2018

Agenda and Recommendations

Item	Code*	Proposal	Mgt. Rec.	Custom Rec.	Against Mgt
1	M0105	Accept Financial Statements and Statutory Reports	FOR	ABSTAIN	*
2	M0107	Approve Final Dividend	FOR	FOR	
3	M0550	Approve Remuneration Report	FOR	AGAINST	*
4	M0201	Elect Sir Damon Buffini as Director	FOR	FOR	
5	M0201	Re-elect Michael Dobson as Director	FOR	AGAINST	*
18	M0318	Authorise Market Purchase of Non-Voting Ordinary Shares	FOR	AGAINST	*

Financial News
– 27 April 2018

ASSET MANAGEMENT

Investors back Schroders CEO's pay

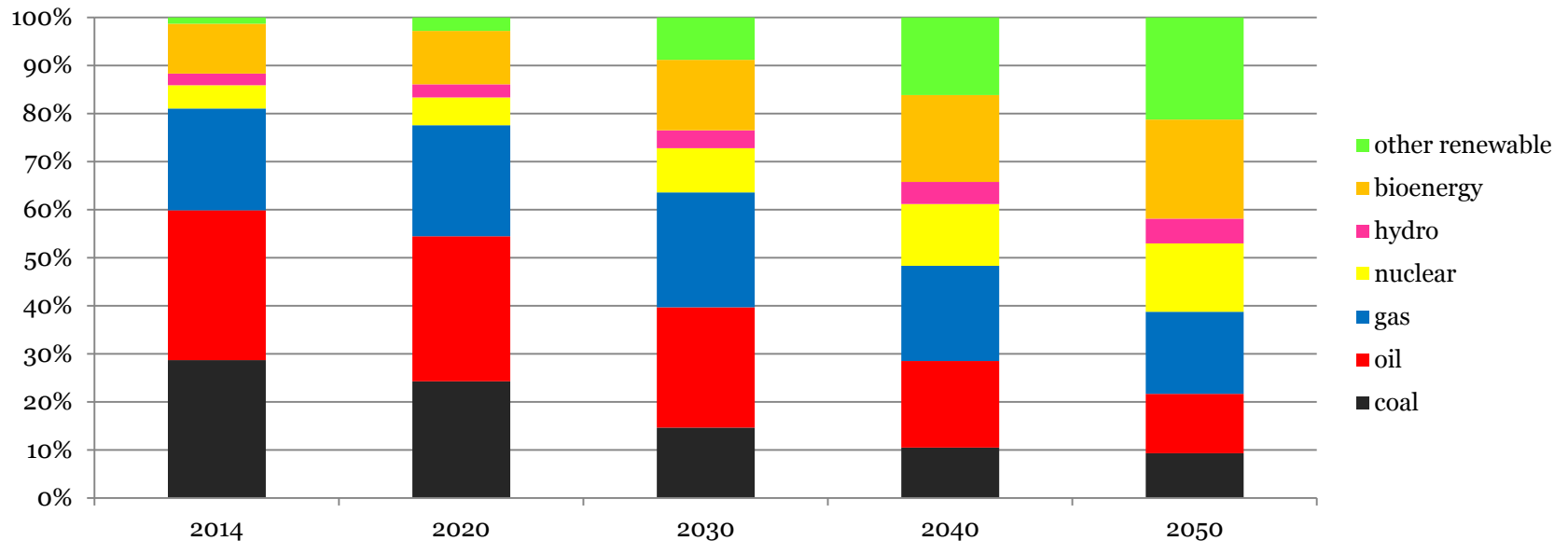
Remuneration report and policy sail through at AGM, despite some opposition from corporate governance advisers



Peter Harrison, Schroders CEO —



Global primary energy mix by fuel in the 66% 2°C scenario by International Energy Agency



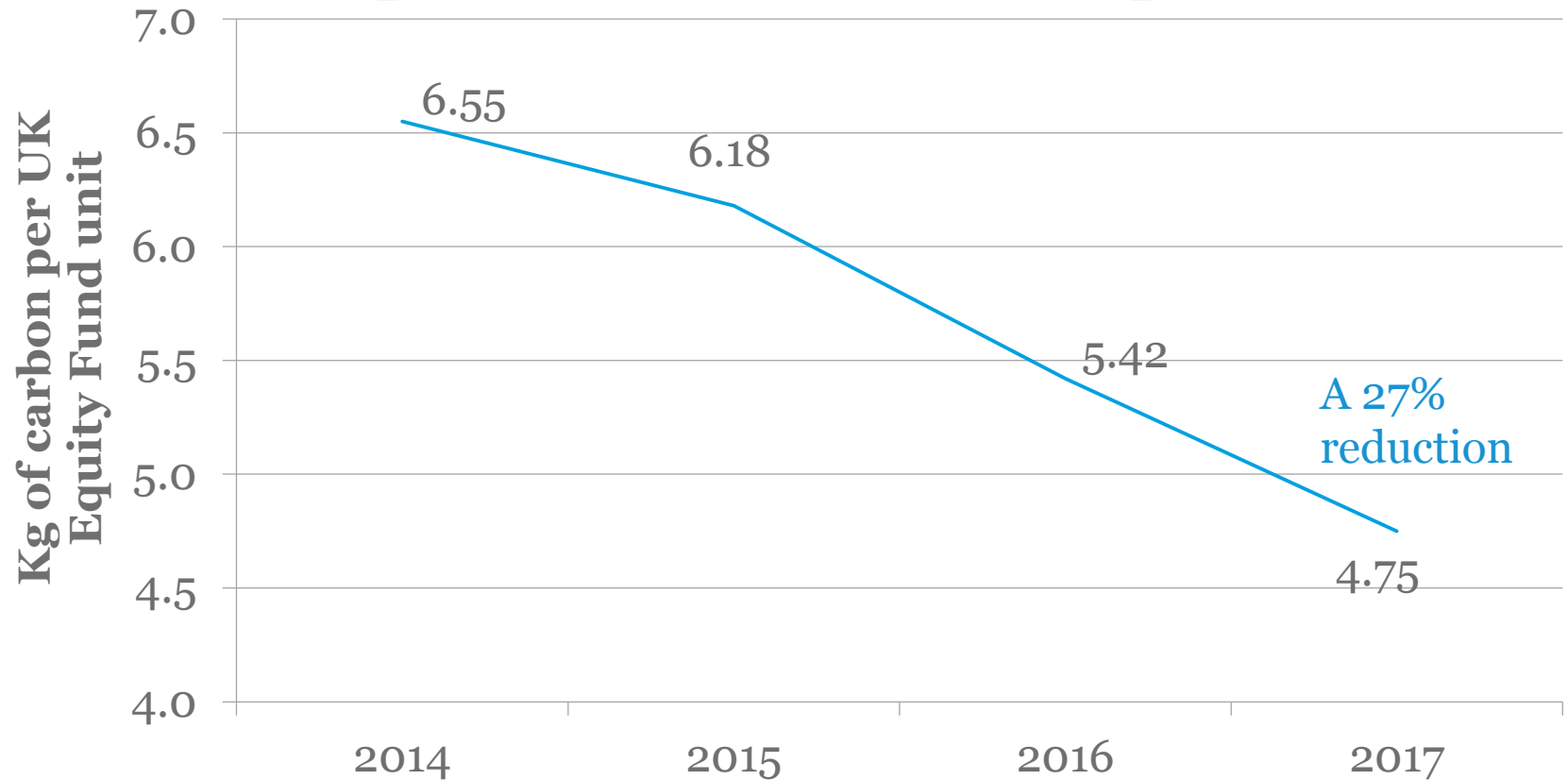
How do companies investment plans fit this model?

Ethics: Climate change – how will we judge compliance with the Paris Agreement?

1. Current asset mix
2. Capital expenditure on exploration, development & production
3. Climate strategy and governance
4. Positive transition steps
5. Decreasing absolute emissions



Carbon footprint of the CFB UK Equity Portfolio



Do ethics impact results
– of course they do!

Traditional approach suggests there is a 'cost' to ethics:

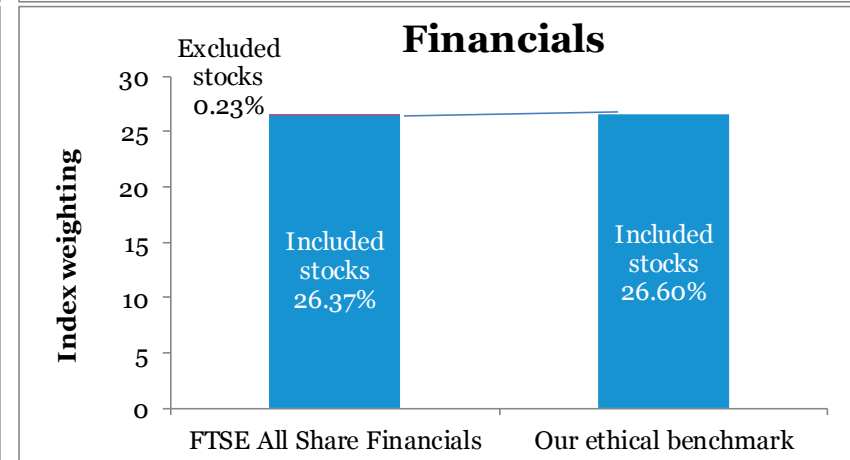
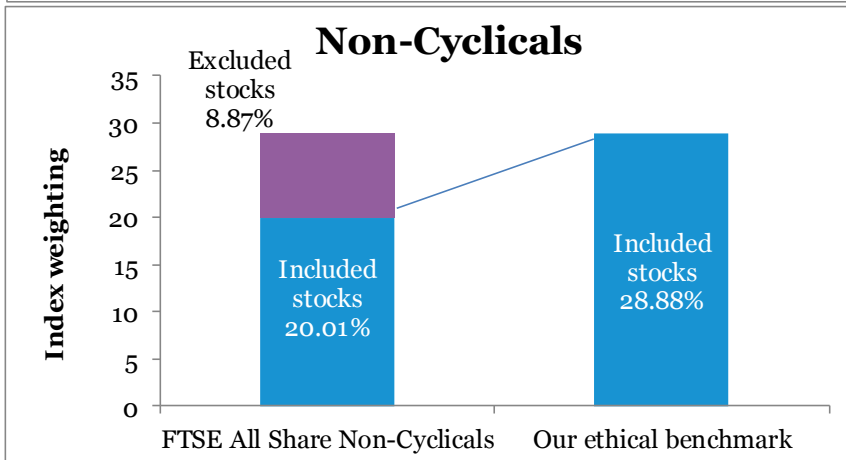
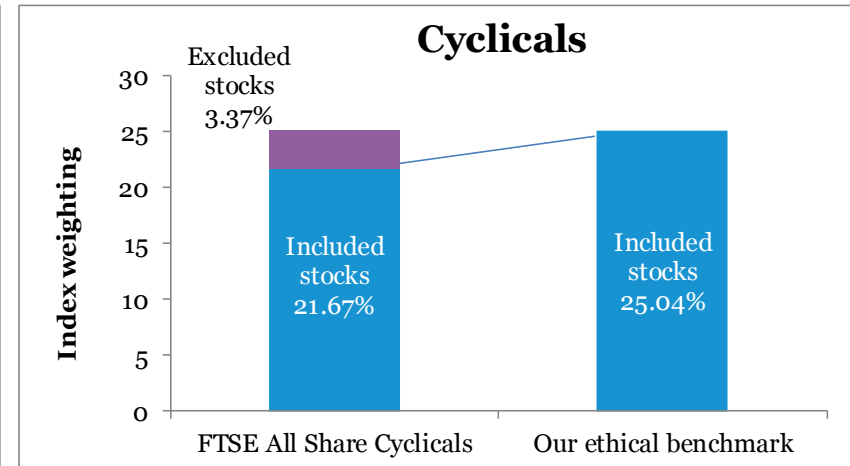
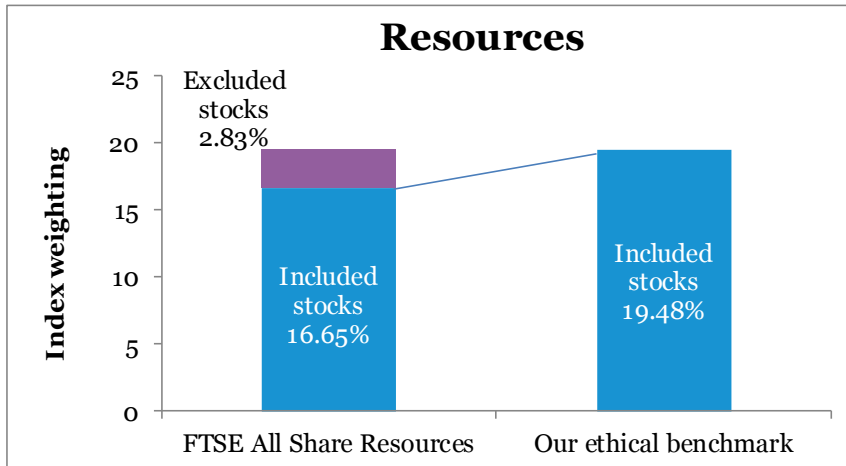
- Around 1% p.a. over last 3 years



Epworth approach is different ...

... delivers ethics and good returns

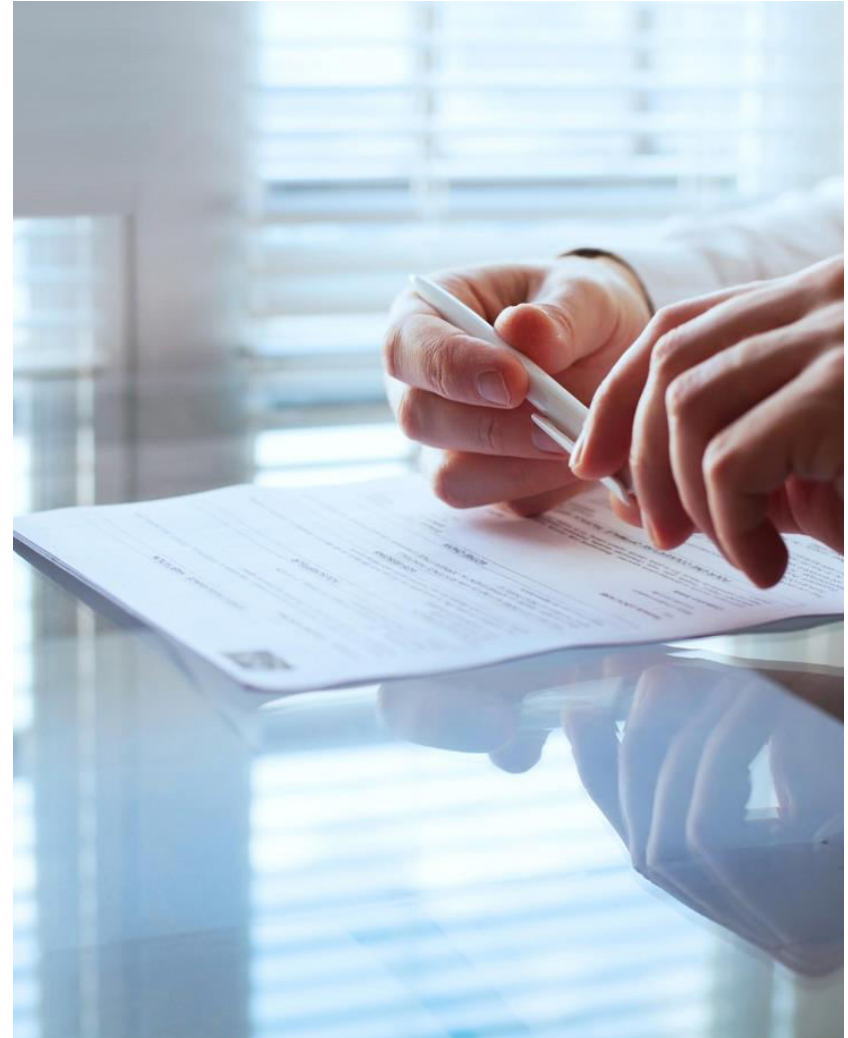
Investments: reducing the effects of ethical exclusions



Note: Data as at 31/12/17

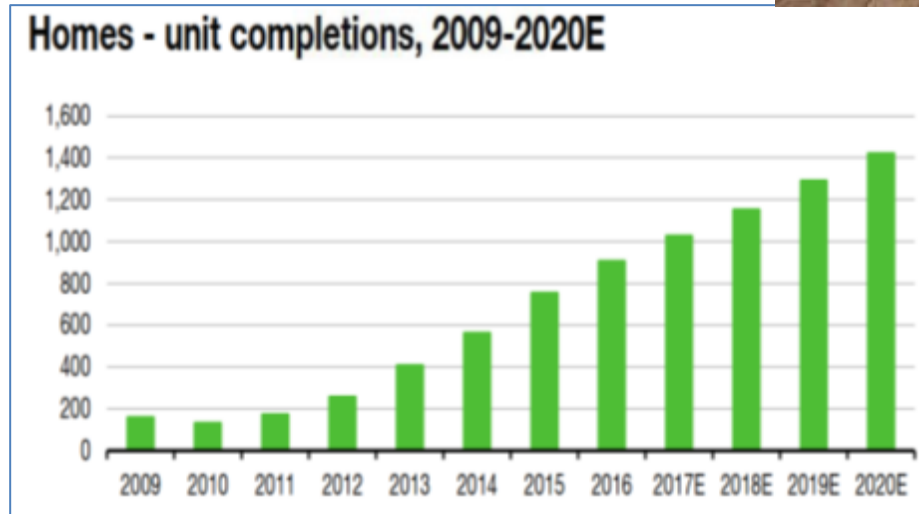
Our approach to ethical investment

1. Detailed proprietary research to identify best companies:
 - Sustainable growth prospects
 - Strong financial position
 - Reasonable valuation
2. Back our judgement – higher weighting in 30-40 highest conviction stocks replacing excluded companies
3. Engage with management teams to improve standards
4. Aim to outperform over long term ... along with delivering Christian ethics



Case study: MJ Gleeson

MJGleeson
the urban regeneration specialist



Source: Liberum estimates; Company reports

MJ Gleeson share price



Note: First investment of current holding December 2013

12 Month Rolling Return of UK Equity Fund Relative to UK Market Index



Note: Data from CFB UK Equity Fund since June 95

... Christian ethics and good investment returns

Affirmative Investment Funds Risk Warning

Epworth Investment Management Limited (Epworth) is authorised and regulated by the Financial Conduct Authority. Incorporated in England and Wales. Registered number 3052894. Registered office 9 Bonhill Street, London Ec2A 4PE. Epworth's managed funds are designed for long term investors. The value of units in funds can fall as well as rise and past performance is not a guide to future returns. The level of income is also variable and investing in Epworth's funds will not be suitable for you if you cannot accept the possibility of capital losses or reduced income. Any estimates of future capital or income returns or details of past performance are for information purposes and are not to be relied on as a guide to future performance. Units are only realisable on the dealing dates which occur three times a month.

Affirmative Deposit Fund Risk Warning

The Trustees and the Manager of the Affirmative Deposit Fund for Charities will use due skill, care and diligence in carrying out their respective duties under the Scheme or as imposed by law. Whilst the Trustee and the Manager will comply with this undertaking in relation to the investment of the fund, they cannot give guarantees regarding repayment of deposits in the Fund. The monthly interest distribution rate will fluctuate and past performance is no guarantee of future returns. The Affirmative Deposit Fund for Charities is exempt from the Financial Services and Markets Act 2000 and depositors are not eligible for the Statutory Investors Compensation Scheme or the services of Financial Services Ombudsman. The Manager is however duly authorised under the Financial Services and Markets Act 2000.