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FINANCIAL MANAGEMENT

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Growing your money responsibly

When it comes to tackling the challenges of sustainability, a large majority of people feel a clear sense of personal responsibility. Indeed, according to an in-depth study by The Wisdom Council, 78 per cent feel it is important to play their part in protecting the environment.

The research also shows that some 81 per cent of people believe businesses should be as environmentally and socially responsible as possible, and that many consumers are delegating a chunk of the responsibility for driving change to companies. This could be by buying locally, avoiding firms that treat their employees badly, or supporting those that strive to reduce their carbon footprint.

Yet despite this welcome groundswell of support for the sustainability agenda, plenty of people do not appreciate the role financial services – and in particular, responsible investing – can play in helping create a world worth living in. Further, even if they do, they may not recognise that investing in an ethical and sustainable way does not necessarily have to involve a performance

cost. In other words, the perception that you have to sacrifice financial gain and incur outsized investment risk in order to bask in the warm and fuzzy glow of knowing you are 'doing the right thing' is simply not always the reality.

In fact, there is a growing link between businesses that do well and those that do good. In a February 2021 'Sustainable Investing' report by Raconteur, global asset manager Ninety One revealed that they had noted a correlation between companies' environmental, social and governance (ESG) ratings and how they have fared through the pandemic.

With that in mind, here are the answers to some common questions about responsible investing – including whether it can deliver a healthy return on your money.

The value of an investment with St. James's Place will be directly linked to the performance of the funds you select and the value can therefore go down as well as up. You may get back less than you invested.

What is 'responsible' investing?

This is where investors establish certain ethical criteria to guide their investment strategy. Factors that are often high on the agenda include environmental concerns, human rights and the way employees are treated.

I've heard the term 'ESG' used in this context – what does it mean?

It refers to 'environmental, social and governance'. These are the three main ways of judging the sustainability and societal impact of an organisation. They are factors that investment experts pay close attention to when deciding to pursue a responsible investment strategy.

Is there a difference between 'ethical' investing and 'responsible' or ESG investing?

Ethical investing is the term that was generally in use a few years ago, and has a slightly different meaning to responsible or ESG investing, which are now more commonly used. Ethical investing mainly involved investors simply refusing to buy stocks in companies that did not comply with set standards. By comparison, ESG is more about institutional investors engaging with corporations – in which they may hold a large stake – to ensure they 'do well by doing good'.

So, to cut to the chase... does responsible investing work?

In terms of bringing about a change in most organisations' behaviour... definitely. Almost all

businesses are now ensuring that they align with global ethical standards – or are moving rapidly in this direction – as they know they will be held to account if they do not.

'What moves the needle is shareholders engaging and working with companies on sustainability issues', says Robert Gardner, Director of Investment Management at St. James's Place. He gives the example of Ørsted, a Danish renewable-energy business: 'It's ranked as one of the most sustainable energy companies in the world and is the global leader in offshore wind power, but was actually once an oil and gas company.'

What is more, such a transformation can lead to greater success for a business and its stakeholders. 'Engagement not only has a positive impact on the planet and society, but it also has the potential to drive better long-term investment returns for our clients', says Robert.

Will I get a better return on my money if I follow a 'responsible' investment strategy then?

That is impossible to say for certain. However, a recent analysis shows that ESG investing can deliver good returns in the long run. For example, research by financial data firm Morningstar has shown that in the 10 years to 2019, a substantial number of surviving sustainable funds from across seven different categories out-performed others in their peer group.

Past performance is not indicative of future performance.



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OK, so tell me how to invest money in a responsible way...

Broadly, you should be looking to use your savings and investments to support businesses that look after their people, their communities and the planet. There are plenty of options for doing this. For example, you could take the time to properly evaluate companies' ESG credentials yourself and invest in those that align most closely with your personal beliefs. Alternatively, if you do not have the necessary time or knowledge, you could incorporate your values into your investments by putting money into funds that consider a broad range of ESG factors as part of the investment process.

Today, many asset managers are deeply committed to responsible investing, as well as engaging with companies to drive positive change. For example, all of St. James's Place's external fund managers have signed up to the United Nations-backed Principles for Responsible Investment.

Robert Gardner concludes: 'Most people want to do the right thing and are starting to realise what an important role their savings have in building a better world, they just don't know how to do it. We provide the peace of mind that not only are they doing what's right for them and their family, but also the world around them.'

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References

1. The Wisdom Council, 'Consumers are acting more sustainably – just not with their savings'. Based on a Nationally Representative Online Survey with 2000+ UK consumers, February 2021
2. Morningstar, 'How Does European Sustainable Funds' Performance Measure Up?' June 2020



Great for you, great for the planet

In an age where the online world is at our fingertips, why shouldn't your wealth management be there as well?

Our Online Wealth Account allows you to have all your wealth investments in one smart place.

Registration is simple, and self-service makes wealth management easier, allowing you to:

- make online debit card payments for Blue-door products;
- make ISA top ups with a debit card;
- view the value of your investments in a range of currencies and see a breakdown of this valuation;
- access St. James's Place Insights;
- receive electronic correspondence and update your preferences for doing so.

Did you know that St. James's Place sends over 10.4 million pieces of paper and 3.6 million envelopes per year to clients?

By conserving the environment now and embracing paperless through opting to go digital, we will help our ecosystem, preserving the animal habitat whilst creating a healthier environment for us now, as well as for future generations.



Go paperless.

Reduce the impact on the environment and have a positive impact on people's lives with a charitable donation from us.

Online Services makes it easy to switch to paperless correspondence. Benefit from one smart place to self-serve and view your reports and correspondence. Go paperless now by using the 'Set preferences' button below.

As a thank you, we promise to donate £5 to the St. James's Charitable Foundation. This means you'll be making a significant environmental impact and be helping to make transformational changes to people's lives.

If you have not already signed up for your online wealth account and would like to do so, please contact us. You can email or call the office and one of team will happily help you get set up.

TEAM UPDATE

We are really excited to finally share with you that our wonderful Smith Eliot family has expanded yet again. You will hopefully be able to meet them all face to face soon but for now, here are our new recruits and a little bit about them.

Jacob, Caroline, Louis & Kirsty.



Jacob Radford
Financial Adviser



Caroline Wilson
Personal Assistant to
Stephen Smith



Louis Totaro
Senior Paraplanner



Kirsty Henbrey
Mortgage & Protection Adviser

CHARITY UPDATE

The past 18 months has been a struggle for most, not just with the pandemic itself, but with its consequences for businesses and day-to-day life. Charities have had it tough too: as they have been unable to hold fund-raising events and face-to-face meetings, they need our support now more than ever before.

Charity has always played a large part in our business and we will always try to help where we can. Two of our team members, Natasha and Caroline, recently took on a huge task to

raise money for a very special cause, by walking over 100 miles to raise money for Breast Cancer Now, a charity that is steered by world-class research and powered by life-changing care. They are there to help anyone affected by breast cancer, the whole way through, providing support for today and hope for the future. They believe that they can change the future of breast cancer and make sure that by 2050, everyone diagnosed with the disease lives – and is supported to live well.

Caroline had a great walking companion in Castro, her loving Labrador who took it upon himself to also collect the local litter as they walked their 100 miles. Natasha managed to drag along her partner Sean Connolly, who will be a familiar face to some of you, as well as their wonderful Westie, Paddy, who seemed to enjoy the long naps after the walking perhaps more than the walks themselves.

The two ladies made a huge commitment and collectively raised over £600 for Breast Cancer Now. As a team, we are extremely proud of their achievement, and look forward to continuing to support charities where we can.

**BREAST
CANCER
NOW** The research
& care charity



A few questions to ask yourself to ensure you are on track and to instigate a plan for your future



What/who is important to me now? Am I spending enough time focussed on/doing what is important to me now? **What needs to change?** What could I do differently to enhance this area of my life and what could put this at risk?



Am I the best me I can be? **Am I in good enough health?** Am I taking care of myself? **Am I caring for those that are important to me?** Am I moving forward or backward?



What do I want to achieve/do/have/be in the next 12 months, 3 years or even 5 years? **Am I on track for this?** What could knock me off track? **What do I need to do to/focus on to make sure this happen?**



What do I need to do this week/month/year to achieve what I want?

This exercise is both soul searching and a great way of gaining perspective and clarity. Why not give it a go and have some fun with it?

When you have the clarity you are looking for it will be time for us to fine tune your financial plan to meet your newly defined needs!

