KING & SHAXSON
ethical investing

Monthly factsheet as at 31 August 2021

King & Shaxson Ethical Adventurous Portfolio

WINNER
Investment Life & Pensions
Moneyfacts Awards 2020
Best Ethical Discretionary Fund Manager

Fees

0.24% to 0.48% inc VAT (based on AUM level)	
5 Year Volatility	10.82%
Portfolio Underlying Fund Charges	0.81%

An "Adventurous" risk portfolio seeks to achieve high returns. Investors must be prepared to accept a higher level of risk and volatility in the expectations of higher than average returns over the longer term (10 years). The portfolio will mainly consist of equity funds so investors will take a high degree of risk with their capital.

defaqto 8 RISK RATING ADVENTUROUS

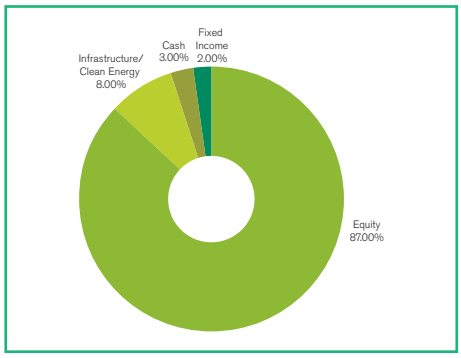
Fund Manager's Report

The economic recovery since the crisis has been strong however, uncertainties have grown with the rapid spread of the delta variant. This has been particularly prevalent in the US and China, which is an obvious concern for global growth considering they account for around 40% of global GDP. In the US, retail sales and consumer sentiment data missed expectations and in China the composite index slipped below 50, signalling a contraction in activity for the first time since February 2020. Perhaps symbolically of this, the annual Jackson Hole Symposium was moved to a virtual event. Here, Jerome Powell's comments were measured and said that there was a chance tapering could begin this year if strong data continued. He stuck to the central bank's message that current inflation levels are due in part to supply-chain disruptions and is likely to be transitory. In a similar vein, the hawkish Fed member Rob Kaplan says he is willing to alter his tapering view if the delta variant persists and impacts upon growth. The central banks tone at the meeting was met with positivity by equity markets, and throughout the month, the US's main index reached record highs. In fact, the US has seen the quickest bull market since World War II, having doubled from its March 2020 low. Our position remains that we see price pressures as mainly cost-push. We have seen semiconductor shortages continue and the prices of commodities rise. This has been coupled with shipping bottlenecks and factory shutdowns due to Coronavirus outbreaks. For example, UK car production fell to a 65 year low due to a lack of semiconductors and staff. That said, we continue to favour UK assets after several years of being weighed down by political issues.

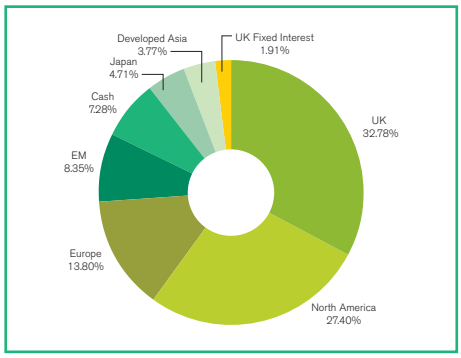
Chinese regulators who are continuing their crackdown on the technology industry. Authorities in China want to ban Chinese tech companies that collect large amounts of consumer data from going public in the US. They will also require all Chinese companies to first request permission before a foreign IPO. Furthermore, restrictions on online gaming for children and adolescents has been imposed. This shake-up in regulation has wiped tens of billions off the market value of its biggest players. We continue to have minimal exposure to Chinese listed companies, and instead our exposure is economic.

In the US, the $1 trillion bi-partisan infrastructure deal was passed, although we feel that this will provide a minimal boost to growth. The House was also able to pass the $3.5 trillion budget blueprint that is key to the Democrats' agenda, but again, this will be laid out over a number of years and therefore we feel the boost will be marginal. Away from markets, the big global news this month was the rapid Taliban takeover of Afghanistan. Whilst initially causing a wobble in markets, this has not had a major impact on them. The biggest concern is the humanitarian crisis it has caused, with many people having fled and still trying to flee the regime. For those who remain they face a potential curtailing of their human rights, most notably for women. The reputation of Americans and Britons abroad has once again come under the spotlight and the political fallout will continue.

Asset Allocation*



Geographical Analysis*



Cumulative Performance (Net of DFM fee & OCFs)*

3 months	6 months	1 year	3 years	5 years
9.22%	12.64%	24.93%	41.59%	71.14%

Discrete Performance (Net of DFM fee and OCFs)*

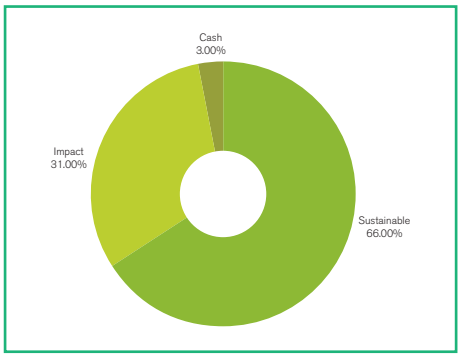
Sep 20 to Aug 21	Sep 19 to Aug 20	Sep 18 to Aug 19	Sep 17 to Aug 18	Sep 16 to Aug 17
24.93%	7.31%	5.61%	7.89%	12.03%

Top 10 Funds*

Liontrust SF UK Growth Fund	10.00%
Stewart Asia Sustainability	10.00%
Janus Henderson UK Responsible Income	9.00%
JH Global Sustainability Equity	8.00%
M&G Positive Impact Fund	8.00%
Montanaro Better World Fund	8.00%
Ninety One UK Sustainable Fund	8.00%
WHEB Sustainability Fund	8.00%
Triodos Pioneer Impact Fund	8.00%
Regnan Gbl Eqty Impact Solutions	5.00%

*Source: King and Shaxson Asset Management Ltd

Ethical Classification*

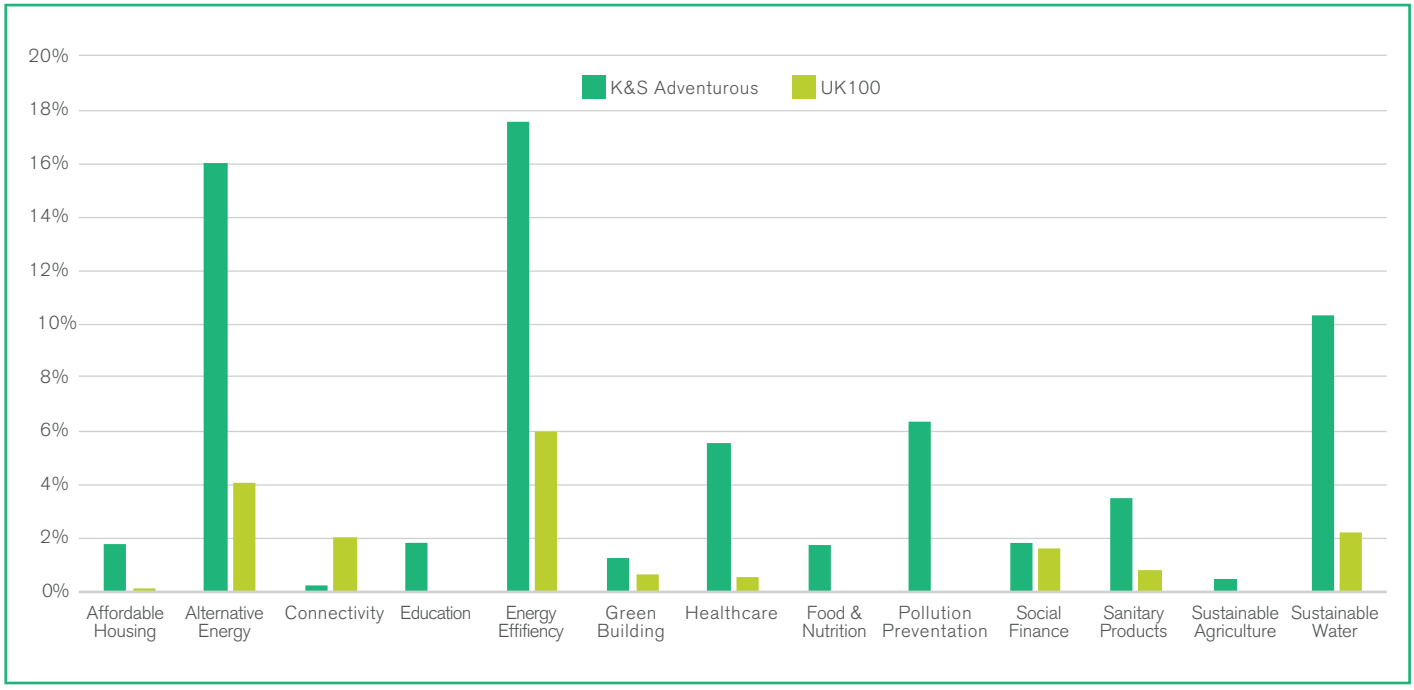


Stock Pick – GRESHAM HOUSE ENERGY STORAGE FUND

Renewable energy penetration in the UK has accelerated in recent years; however, the issue of renewable energy intermittency means at times our grid operators have extreme difficulty in balancing supply. Currently, natural gas is the easiest solution during periods of imbalances; however, this is detrimental to our efforts of reducing carbon intensity in energy generation. As we have said in the past, the answer lies in energy storage, and this is now becoming a reality. Gresham House Energy Storage Fund will invest into a portfolio of operational utility-scale energy storage systems, in the aim to provide a cost effective solution to our renewable energy intermittency. The fund's assets will be used in four different ways: asset optimisation, firm frequency responses, delivery to the capacity market during times of stress, and triad grid payments during peak winter periods. At current, the funds main investment will be into lithium-ion battery storage solutions.

Positive Investment Themes (Correct as at Q1 2021)

Whilst we have access to all the underlying holdings held within each collective, it would be unrealistic to detail each individual company and their own specific positive outcomes. Instead, the data below looks at the portfolios holistically, and maps their exposure to a number of positive investment themes, such as alternative energy, sustainable water, or green buildings, to name but a few. We have taken third party data from MSCI and used their thirteen 'Sustainable Impact Metrics', which cover environmental and social impact, and compared it to the UK's main index.



MSCI's coverage of the funds underlying companies within your portfolio was an average of 78%, meaning not all companies have been analysed. It is therefore possible that there could be some upside in the exposure to the positive investment themes. We do expect the coverage to expand over time, as the quality and depth of reporting widens through the universe of investable stocks. Two funds held in portfolios, the Gravis Clean Energy Income fund and the Foresight UK Infrastructure fund, had an underlying company coverage below 35%. Therefore, for these two funds only, we inferred the alternative energy data from the fund house's own material, as this has a clear revenue link to this theme.

Contact Details

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