

The SRI Fund for Charities

Designed for UK charities that wish to invest on an ethical or socially responsible investment basis

➤ A BNY MELLON COMPANYSM

NEWTON
The Power of Ideas



Performance

Newton exists primarily to increase the wealth of its clients
by delivering strong and transparent investment performance

Perspective

Newton uses a distinctive global, thematic approach to maintain
perspective and to generate strong and durable investment ideas

Teamwork

Newton is successful in varied market conditions by using a coherent,
collaborative and enduring team-based investment approach

Consistency

Newton seeks to achieve consistent and stable growth in its business
by maintaining strong investment performance and managing portfolios
that are appropriate to the fulfilment of clients' objectives



A fund designed for UK charities

An ethical or socially responsible investment policy

Many charities have within their investment policy or governing document specific ethical or socially responsible investment (SRI) criteria relating to their own charitable objectives.

The SRI Fund for Charities has been created to meet the SRI needs of these charities by combining Newton's global investment management expertise and its understanding of charity investments with a policy of screening the investment universe for negative and positive SRI criteria.

Capital growth and income

The Fund is a cost-efficient way of gaining exposure to a variety of asset classes and geographic locations, through which we aim to optimise capital growth and income.

Experienced team

Newton Investment Management Limited (Newton) has managed charitable investments since 1985 and its specialist charities team has considerable experience in managing assets on behalf of a wide range of charities.

Commitment to service

Our clients, whether large or small, benefit from our commitment to maintaining high service standards.

Screening criteria

The Fund is screened against a range of positive and negative 'socially responsible' criteria, reflecting areas of concern and interest for charity investors.

The Fund therefore offers trustees a degree of compliance with charity-specific policies (subject to the criteria meeting the areas of concern for their charity).

The main criteria are:

Exclusions (negative criteria)

Companies which have exposure¹ to one (or more) of these activities:

- Tobacco production and sale
- Alcohol production and sale
- Gambling
- Pornography
- Animal testing for non-medical purposes
- Abortion
- Armaments

Or where concerns have been raised about a company based upon:

- Environmental issues
- Human rights

Or where companies have broken the International Code on marketing breast milk substitutes in the developing world.

Inclusions (positive criteria)

Companies which promote sustainability through:

- Corporate governance
- Equal opportunities
- Environmental issues
- Human rights
- Community involvement
- Positive products and services²

Policy details available on request.

The SRI Fund for Charities

A broadly diversified global portfolio

The Fund harnesses Newton's global investment process, which integrates environmental, social and governance (ESG) matters into the selection of investments. Its objective relates to charities' requirements to grow both income and capital over the long term. This is achieved from a broadly diversified global portfolio covering the world's principal stock and bond (fixed interest) markets. The Fund's investments are diversified by geography, by sector and by major investment themes. The investment managers select and manage the assets that they believe are best placed to meet the investment objective of the Fund.

The Fund may hold cash deposits from time to time, where it would be in the interests of efficient management of the Fund's assets. Income is derived primarily from holdings of fixed interest securities (bonds) and from the dividends paid by companies.

We anticipate that this strategy will provide a balanced investment with potential for achieving attractive long-term total returns. Investment holdings are pooled with those of other charities, with each charity being allocated units in the Fund.

How will the Fund be invested?

In order to meet its investment objective, the Fund may invest in a range of UK and global equities (shares), fixed interest (corporate bonds, government bonds and gilts), property funds, cash and other assets.

The Fund aims to invest in these asset classes within the following ranges:

Asset class	% range
UK equities	30 - 60
Overseas equities	15 - 40
UK fixed interest	10 - 40
Overseas fixed interest	0 - 20
Cash	0 - 10
Collective funds	0 - 5
Property	0 - 10

A maximum of 5% may be invested in any one security.

1. Exposure limits will be defined on an activity basis eg. "a company with any turnover from tobacco production will be excluded", or "companies with over 10% turnover from tobacco sale will be excluded".

2. Water scarcity solutions, climate change solutions, waste solutions, environmental solutions, safety equipment.

Reasons to choose Newton

Our philosophy

Newton's global, thematic approach to investment has been highly successful for over 30 years. Our long-term investment philosophy and fundamental research have helped us in attaining our goal of overcoming the short-term uncertainties that challenge investors. Our approach involves a transparency that is essential in building long-standing relationships with our clients.

The key benefit of our approach is that it allows us to gain long-term perspective on global financial markets and economies. Perspective is a defining feature of our investment process; it helps us to anticipate how the world will change and it directs our analysts and investment managers towards profitable investment opportunities across the world. A central tenet of Newton's approach, which dates back to the inception of the firm, is that 'change leads to opportunity'. The continually evolving nature of our global, thematic approach allows us to understand how the world is changing and to identify areas of opportunity and risk.

An integrated responsible investment approach

Newton believes that responsibly managed companies are best placed to achieve sustainable competitive advantage and provide strong long-term growth. We therefore have a well established approach to responsible investment which is integral to our investment process. The consideration of environmental, social and governance (ESG) matters resonates with many of Newton's investment themes, such as *Earth matters*, *state intervention* and *global realignment*. The responsible investment team is part of our research team rather an adjunct to it, and its added expertise on ESG matters is integrated into our investment process.

An experienced charities team

The specialist charities team within Newton has considerable experience of managing portfolios on behalf of a wide range of charity clients. Approximately half of the charity assets (by value) managed by Newton employ a screening policy. Members of the investment team have an average of more than 20 years investment experience.

Investment autonomy

Newton Investment Management is part of BNY Mellon Asset Management, which incorporates a number of specialist asset managers that each have autonomous investment processes and philosophies. This unique model enables Newton to focus entirely on our aim of managing investments and providing investment excellence. BNY Mellon Asset Management is the global asset management arm of BNY Mellon.

At a glance

Investment objective

To optimise the total return for charity investors, through a global and balanced portfolio, screened against both negative and positive SRI criteria, with the aim of providing a balance between capital growth and income. Whilst there is no specific income target, the aim is to produce a good and growing level of income.

Benchmark

A composite of indices, reflecting the main asset classes in which the Fund invests:

- 50% FTSE All Share Index
- 25% FTSE World ex UK (£) Index
- 20% FTA British Government All Stocks Index
- 5% 7 day LIBID (Cash)

Lead manager	Gemma Woodward
Fund structure	Unit trust
Base currency	GBP
Launch date	17 May 2010
Fund domicile	United Kingdom
Regulator	FSA
Units available	Income only
Pay dates	February, May, August and November
Minimum initial investment	£5,000
Minimum additional investment	£2,500
Unit pricing	Single
Pricing frequency	Daily
Valuation point	12 noon

Taxation benefits for UK charities

Investment in the Fund is restricted to charity investors, in order to secure the appropriate taxation arrangements from which charities may benefit:

- The Fund will not pay stamp duty on UK equities
- It is exempt from capital gains tax on profits made from investment
- Quarterly dividend payments are gross (without deduction of tax), so there is no need for charity investors to reclaim tax from HMRC

Fees and charges

The SRI Fund for Charities has an initial charge of 1% (maximum) to cover the setting up costs of your investment: this is charged to capital. This charge is waived on income reinvestments. An annual management charge of 0.75% is charged to capital. Other annual expenses are paid directly by the Fund and charged to income to cover costs such as trustees, registration, reporting, audit, custody and transactions.

How do I invest?

Please complete the application form and send it, together with your initial investment, to:

The SRI Fund for Charities Share Dealers
BNY Mellon Fund Managers Limited
FREEPOST NAT22500
Brentwood, CM15 8BR

Please make your cheque payable to **BNY Mellon Fund Managers Limited**. The units are purchased on a daily basis and a contract note will be sent within one working day.

Enquiries and further information

For a copy of the Simplified Prospectus (if it is missing from the back of this brochure) or the full prospectus, please call us on **0800 917 6594** email charities@newton.co.uk or write to:

Charity Enquiries Team
Newton Investment Management Limited
BNY Mellon Centre
160 Queen Victoria Street
London, EC4V 4LA



Newton Investment Management Limited

Enquiries

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