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# Financial *focus*

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## Our Attitude to Money

We have a massive responsibility in looking after an individual or family's life savings. This might sound like an obvious thing to say, however there is greater depth to the statement in that we must understand what money means to all of our clients and not just the facts and figures regarding the numbers in a portfolio. Despite the uncertainty of Brexit over the last 4 years, at no time for the last decade has there been more pressure on the economy generally. There is further pressure currently on our finances due to the COVID-19 pandemic. Clearly, a significant part of this economic pressure has been out of our collective hands and in the hands of government, however, it is the personal reaction to the situation that I am interested in at the moment. As a family we have become much more focused on saving money during the last six months through the lockdown and post lockdown, largely because the pandemic

restrictions have made this so. Rachel and I now congratulate ourselves on the money that we have saved by not going out rather than planning our next overnight stay somewhere. I think that this is a change in psyche that is set to stay. I wonder whether if this is a consequence of the current circumstances that is repeated with others and if so, what lasting impact does this have on the economy? I am keen to know what you think?

More informed commentators generally agree that we are facing low growth in companies and the economy which is, in part, a result of our collective spending restraints. Certainly we know that very low interest rates are set to stay, so this is why we at Objective always focus on keeping our charges low, so your investments have the greatest opportunity to grow in line with expectations.

**John Wheatley**



## INTRODUCING NOVIA FINANCIAL

We are delighted to be working with Novia as our main platform provider at Objective Wealth. In this age of digital technology, it is important that we use systems that meet your needs as a client. We have been doing due diligence on a variety of platforms over the last 18 months and feel that Novia can help drive our service forwards. Novia was created in 2008 specifically for the use of financial advisers with the main aim of improving investment outcomes for their clients. Recently, Novia were awarded Gold for Platform Service by Defaqto who are widely recognised as the standard within financial services.



# What is ESG Investment and Why is it important?



*You may have noticed, we are getting more and more correspondence from companies regarding their approach to sustainability, so we find out what this means for investing.*

## What is ESG Investment?

Environmental, Social and Governance (ESG), is a framework that measures the sustainability and societal impact of an investment on a company or business. It is becoming a huge part of how we have to look at investing client's funds.

You do not have to look far in the news to see how much the world is changing. We are seeing extreme weather such as flooding or droughts as contradictory as that sounds. We are seeing higher air pollution, deforestation along with aging populations. We are also seeing mass migration, privacy and data security threats and corruption. There is a lot of pressure to make changes and this will not just come from Governments but also from companies. The ESG framework takes into account the financial and non-financial issues that affect their investments alongside traditional financial analysis. These issues can have a material impact on the long-term performance of those businesses both operationally and financially.

ESG is not one size fits all. There are a broad range of strategies that investors can implement. You can take an exclusionary approach such as screening out sectors such as tobacco or gambling. However, you may also want to take a more proactive positive approach by investing in businesses that have pure sustainability themes. How positive you want to be in this area of investment is up to you.

It is not all about being green in ESG. The social side covers a broad range

of issues such as thinking about the company's stakeholders, its employees, customers and local communities in which it operates. Companies must think about its responsibilities in all these areas. Meanwhile, for governance, it is all about ensuring the right people are

***'ESG investing is the consideration of the environment, social and governance factors alongside financial factors in the investment decision making process.'* Remy Briand, Managing Director of MSCI ESG Research**

leading the company with an effective strategy. The inclusion of diversity within the leadership teams are a fundamental part of ESG.

## Is ESG a fad?

We do not believe so. Companies need this structure to keep moving forwards and we will find the forward-thinking companies that evolve will be the better long-term investments. There is a shift in expectations from policy makers and general populations that we need to do more for environmental and social issues. Evidence is showing that companies taking a strong ESG approach, will result in better returns for investors over the long term.

## Give me Examples

ESG investment is more prevalent than you may think. Companies such as Apple, Amazon and Microsoft take a strong ESG approach. Microsoft have been

carbon neutral for a number of years but earlier this year they announced they want to become 'carbon negative' by 2030. They have pledged to remove all of the carbon from the environment that it has emitted since the company was founded in 1975.

There is a 'sustainability race' between sports brand giants Nike and Adidas. They are making trainers out of recyclable materials. Nike have made trainers which once you have worn them out, they can be broken down and made into new ones. In addition, Adidas will create 15-20 million pairs of shoes with parley ocean plastic in 2020. This is up from 11 million in 2019, 5 million in 2018 and 1 million in 2017.

In the UK, Unilever tops the sustainability rankings. They have a 50/50 gender representation at senior management level plus send zero waste to landfill.

## Objective Wealth Approach

We believe that ESG has to be taken into account when looking at investments as the most forward-thinking companies have this central to their investment structure. We use the MSCI ESG Fund Rating system when assessing funds to recommend. Any funds scoring poorly in the rating system will not be included in investment recommendations. As a company, we take this seriously. We keep our working environment as paperless as possible and rely on technology to reduce our carbon footprint. **MJ**

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