



# Standard Ethical Portfolios

Autumn 2010

**KING & SHAXSON**  
ethical investing





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## Introduction

Our discretionary management service provides professional investment management for the ethical investor. The five 'Standard Ethical Portfolios' are designed to meet the majority of financial and ethical needs including:

- Capital preservation
- Capital growth
- Income
- Social Change
- Environmental innovation

Although most investments are held for the long-term, we monitor portfolios on a daily basis and can make changes as circumstances dictate, acting both quickly and efficiently, so investors can delegate the management of their investments to an experienced and reliable manager whom they can trust.

Our portfolios constitute comprehensive investment management and include the following:

- Asset allocation
- Investment selection
- Ongoing monitoring
- Changing investments
- Six monthly valuations
- Ethical reporting
- ISA wrappers
- Consolidated administration
- Consolidated Tax Statement

This report covers the reasoning behind our portfolios. We explain our investment rationale, and include descriptions of the investments so that you have a clear understanding of why we have selected the individual stocks.

## Investment Objectives

The investment objectives of each portfolio are designed to provide a range of risk approaches and income levels to cater for the vast majority of investors needs. These needs range from those that require a high level of capital protect to those where a high level of risk is acceptable.

The objectives for each of the five Standard Ethical Portfolios are included on the individual product sheets on pages 6 to 10.

## Ethical Approach

The portfolios are designed to meet the majority of ethical investor's concerns, but as the portfolios include a number of collective funds and also aim to spread the risk of investing in a tightly defined area, there are some ethical compromises. Having said this we aim to make portfolios as 'ethical' as possible within the investment constraints of each portfolio.

### Avoidance

The portfolio avoids significant involvement in:

- Armaments
- Human rights abuses
- Poor environmental management
- Tobacco
- Alcohol
- Intensive farming

### Social & Environmental Solutions

However, the portfolios are distinguished by a tilt toward thematic investments which finance solutions to social and environmental challenges such as:

- Renewable energy
- Environmental efficiency
- Public transport
- Healthcare
- Microfinance
- Social property
- Resource management
- Sustainable forestry
- Water

Some of these thematic investments do not have specific ethical avoidance criteria, but by their very nature, are largely engaged in socially or environmentally positive activities. We have highlighted any potential ethical issues where they exist.

## Social & Environmental Leadership

Non-thematic investments have a bias towards companies that exhibit best social and environmental practice in their industry. General ethical funds are only selected if they demonstrate a rigorous ethical screening and research policy and employ comprehensive and rigorously applied exclusion criteria. The analysis of ethical classification can be found on the individual product sheets on pages 5 to 9.

## Ethical Classification

We have classified each stock to help you understand the ethical make-up of the Fund:

**Acceptable:** companies that meet the exclusion criteria but whose products or services are not of direct social or environmental benefit, and which are no more than 'ethically neutral'.

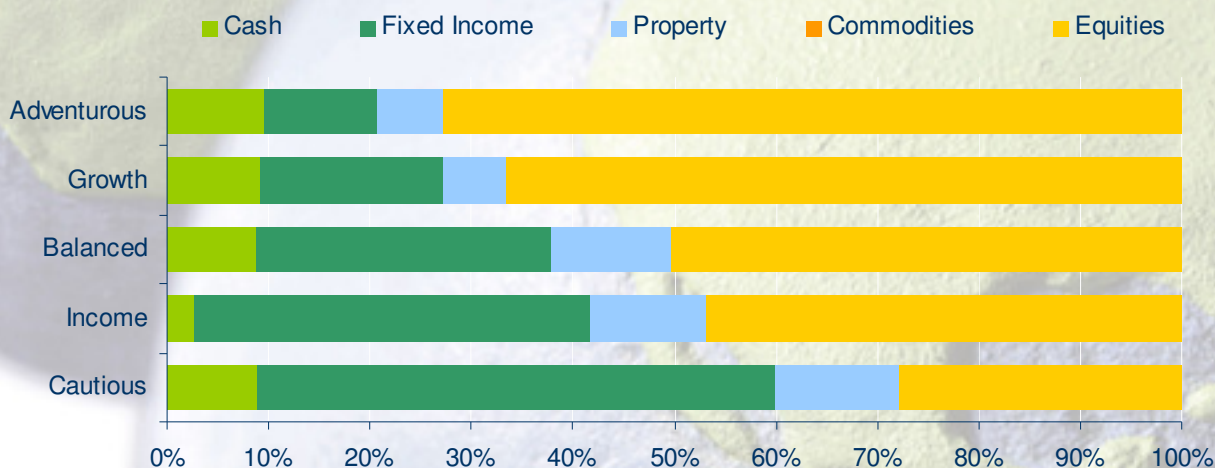
**Best of sector:** companies that demonstrate environmental or social leadership in their industry, but whose products or services are of no direct social or environmental benefit.

**Solutions-based:** companies whose products or services are of direct social or environmental benefit.

**Socially directed:** companies which fulfil a particularly important social or environmental function, and where the risk/reward ratio may be unattractive were it not for the social return.

## Asset Allocation

The principle of asset allocation follows the simple adage of not putting all your eggs in one basket. Studies have shown that 90% of a portfolio's performance may be determined by asset allocation rather than stock selection. We therefore determine an appropriate asset allocation to match the risk profile of the portfolio and make adjustments to this over time as changing circumstances dictate.



We will aim to diversify the currencies held within the portfolios, includes investments held in Euros, US Dollars and other major global currencies.

## Geographical Distribution

The portfolios are globally distributed to make the most of opportunities throughout the world. The UK component of the portfolios also include stocks which are based in the UK but derive much of their earnings from overseas, so the true exposure to global economies is higher than that stated in the geographical analysis which accompanies each portfolio on pages 6 to 10.

## Sector Distribution

We also endeavour to spread the portfolio amongst different sectors of the economy, so that individual components of the portfolio do not rise and fall in tandem. The sector analysis can also be found on the individual products sheets on pages 6 to 10.

## Cautious Portfolio

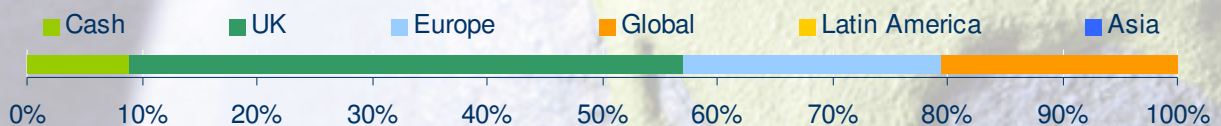
The “Cautious” risk portfolio seeks to provide a high level of capital protection whilst still allowing investors the ability to achieve long-term growth (10 years). The portfolio is suitable for risk-averse investors whose financial temperament cannot tolerate much variation in performance. This portfolio is for example purposes only and we make no warranty that the portfolio will include the investments listed.

Stock	Ethical	Industry/Theme	Geographic	
<b>Fixed Interest</b>				<b>51.04%</b>
Anglian water	Best of Sector	Water	UK	10.73%
France Telecom	Best of Sector	Telecommunications	Europe	11.21%
DWM Microfinance Fund	Socially Directed	Sustainable Finance	Global	7.12%
Network Rail 1.75% I/L	Solutions Based	Transport	UK	10.68%
SNCF	Solutions Based	Transport	Europe	11.30%
<b>Property</b>				<b>12.27%</b>
INPP	Best of Sector	Property	UK	6.15%
Medicx Fund	Best of Sector	Property	UK	6.12%
<b>Equity</b>				<b>27.82%</b>
iShares Clean Energy ETF	Solutions Based	Clean Energy	Global	6.50%
Jupiter Ecology	Solutions Based	Env Management	Global	7.27%
Lyxor World Water ETF	Solutions Based	Water	Global	6.83%
Osmosis ETF	Solutions Based	Env Management	Global	7.22%
<b>Cash</b>				<b>8.87%</b>
<b>Total</b>				<b>100.00%</b>

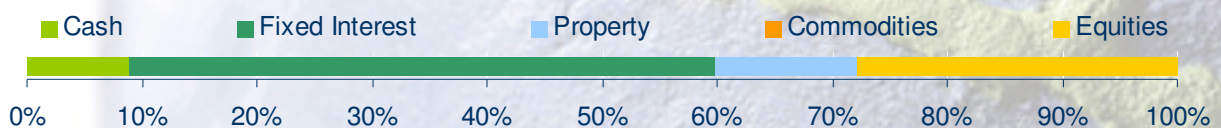
### Sector Analysis



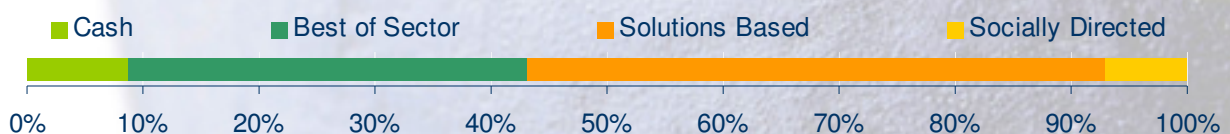
### Geographic Distribution



### Asset Allocation



### Ethical Classification

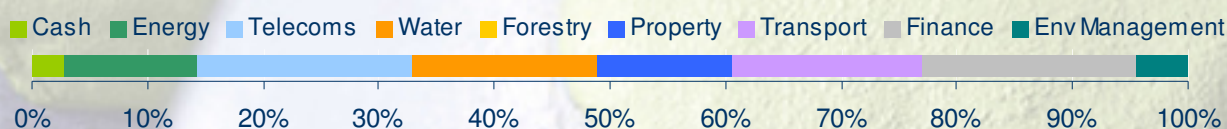


## Income Portfolio

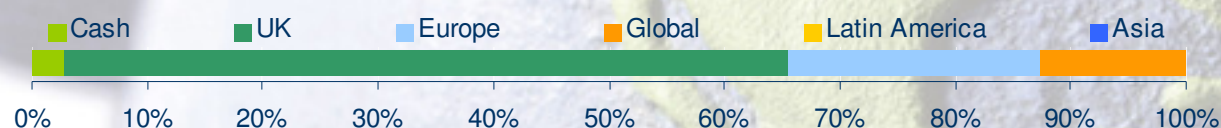
The "Income" portfolio seeks to provide both capital appreciation and enhanced income by investing in a diversified portfolio of assets that have a bias towards income generation. The portfolio is suitable for those whose financial situation can tolerate a moderate level of volatility in performance. This portfolio is for example purposes only and we make no warranty that the portfolio will include the investments listed.

Stock	Ethical	Industry/Theme	Geographic	
<b>Fixed Interest</b>				<b>39.05%</b>
Anglian water	Best of Sector	Water	UK	10.38%
France Telecom	Best of Sector	Telecommunications	Europe	10.84%
DWM Microfinance Fund	Socially Directed	Sustainable Finance	Global	6.89%
SNCF	Solutions Based	Transport	Europe	10.94%
<b>Property</b>				<b>11.50%</b>
INPP	Best of Sector	Property	UK	5.58%
Medicx Fund	Best of Sector	Property	UK	5.92%
<b>Equity</b>				<b>46.75%</b>
Aviva	Best of Sector	Sustainable Finance	UK	6.55%
F&C Asset Management	Best of Sector	Sustainable Finance	UK	5.16%
Firstgroup	Solutions Based	Transport	UK	5.47%
Lyxor World Water ETF	Solutions Based	Water	Global	5.83%
National Grid	Best of Sector	Clean Energy	UK	5.26%
Osmosis ETF	Solutions Based	Env Management	UK	4.47%
Scottish & Southern	Best of Sector	Clean Energy	UK	6.41%
Vodafone	Best of Sector	Telecommunications	UK	7.61%
<b>Cash</b>				<b>2.70%</b>
<b>Total</b>				<b>100.00%</b>

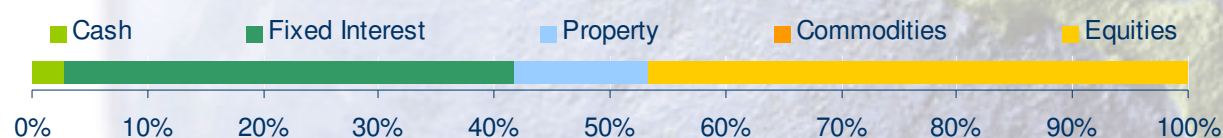
## Sector Analysis



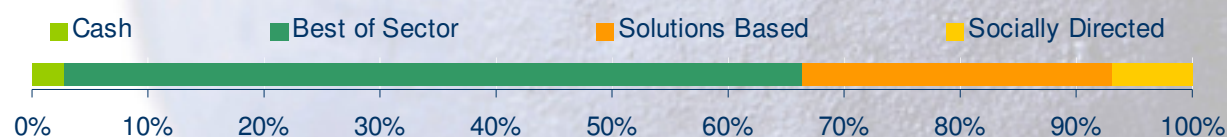
## Geographic Distribution



## Asset Allocation



## Ethical Classification

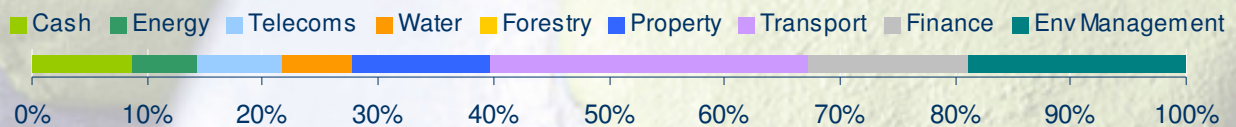


## Balanced Portfolio

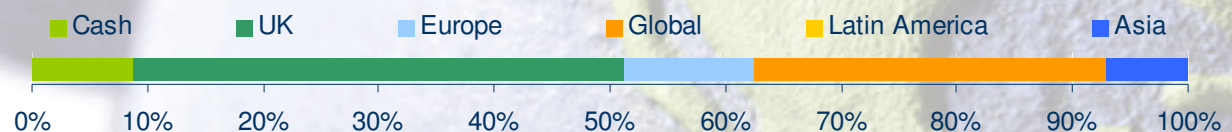
The “Balanced” risk portfolio seeks to provide a balance between capital appreciation and income enhancement by investing in a diversified portfolio of asset classes over the long-term (10 years). The portfolio is suitable for those whose financial situation can tolerate a moderate level of volatility in performance. This portfolio is for example purposes only and we make no warranty that the portfolio will include the investments listed.

Stock	Ethical	Industry/Theme	Geographic	
<b>Fixed Interest</b>				<b>29.14%</b>
DWM Microfinance Fund	Socially Directed	Sustainable Finance	Global	7.13%
Network Rail 1.75% I/L	Solutions Based	Transport	UK	10.69%
SNCF	Solutions Based	Transport	Europe	11.32%
<b>Property</b>				<b>11.90%</b>
INPP	Best of Sector	Property	UK	5.77%
Medicx Fund	Best of Sector	Property	UK	6.13%
<b>Equity</b>				<b>50.21%</b>
Aviva	Best of Sector	Sustainable Finance	UK	6.78%
Firstgroup	Solutions Based	Transport	UK	5.66%
Impax Asian Environmental	Solutions Based	Env Management	Asia	7.07%
iShares Clean Energy ETF	Solutions Based	Clean Energy	Global	5.58%
Jupiter Ecology	Solutions Based	Env Management	Global	5.96%
Lyxor World Water ETF	Solutions Based	Water	Global	6.04%
Osmosis ETF	Solutions Based	Env Management	Global	5.78%
Vodafone	Best of Sector	Telecommunications	UK	7.34%
<b>Cash</b>				<b>8.75%</b>
<b>Total</b>				<b>100.00%</b>

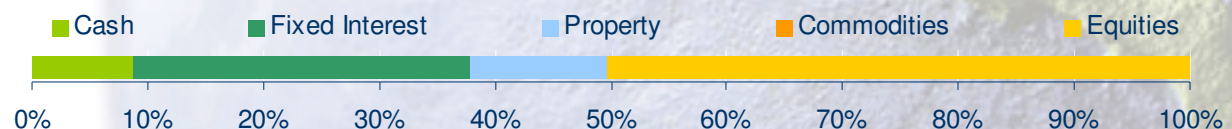
## Sector Analysis



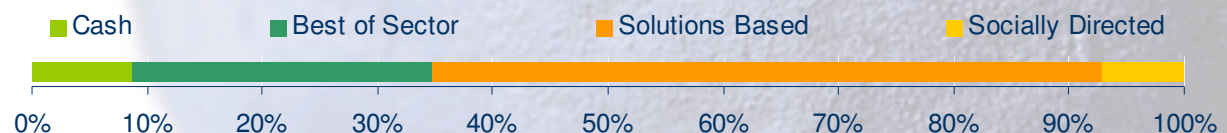
## Geographic Distribution



## Asset Allocation



## Ethical Classification

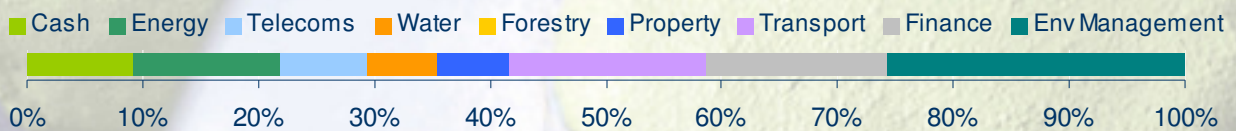


## Growth Portfolio

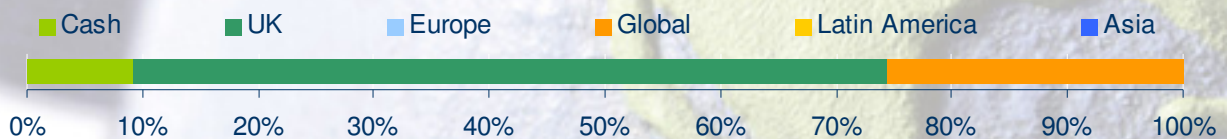
The “Growth” risk portfolio seeks to have a higher bias towards capital appreciation and income enhancement and will adopt a higher risk profile than a balanced risk portfolio. The portfolio is suitable for those whose financial situation can tolerate a moderate to high level of volatility in performance. This portfolio is for example purposes only and we make no warranty that the portfolio will include the investments listed.

Stock	Ethical	Industry/Theme	Geographic	
<b>Fixed Interest</b>				<b>18.03%</b>
DWM Microfinance Fund	Socially Directed	Sustainable Finance	Global	7.22%
Network Rail 1.75% I/L	Solutions Based	Transport	UK	10.82%
<b>Property</b>				<b>6.20%</b>
Medicx Fund	Best of Sector	Property	UK	6.20%
<b>Equity</b>				<b>66.63%</b>
Aviva	Best of Sector	Sustainable Finance	UK	8.23%
Firstgroup	Solutions Based	Transport	UK	6.30%
Impax Environmental	Solutions Based	Env Management	Global	6.08%
Impax Asian Environmental	Solutions Based	Env Management	Asia	7.16%
iShares Clean Energy ETF	Solutions Based	Clean Energy	Global	5.64%
Jupiter Ecology	Solutions Based	Env Management	Global	6.70%
Lyxor World Water ETF	Solutions Based	Water	Global	6.11%
Osmosis ETF	Solutions Based	Env Management	Global	5.85%
Scottish & Southern	Best of Sector	Clean Energy	UK	7.13%
Vodafone	Best of Sector	Telecommunications	UK	7.43%
<b>Cash</b>				<b>9.14%</b>
<b>Total</b>				<b>100.00%</b>

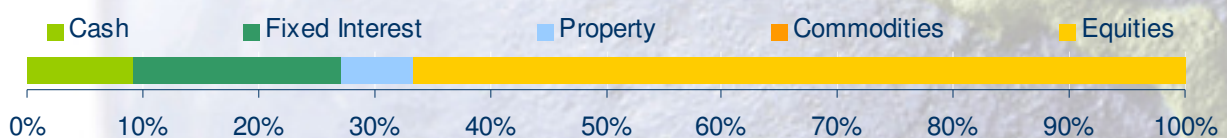
### Sector Analysis



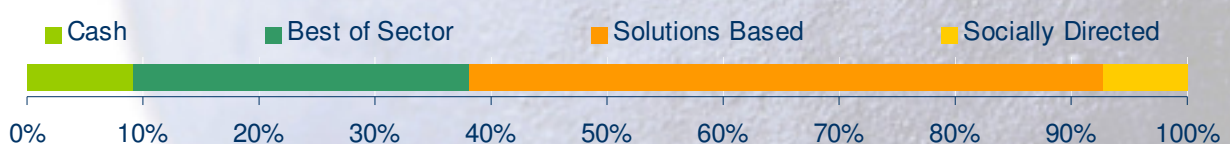
### Geographic Distribution



### Asset Allocation



### Ethical Classification

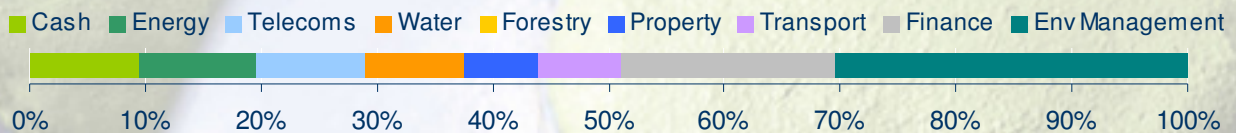


## Adventurous Portfolio

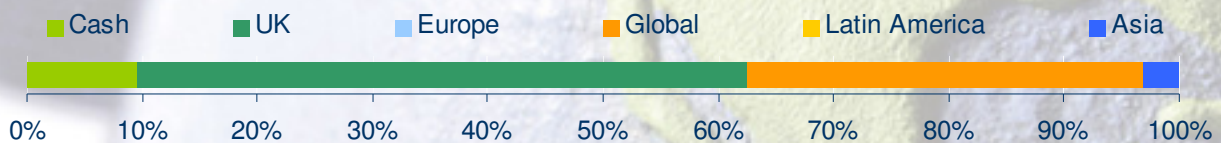
The “Adventurous” risk portfolio seeks to achieve high returns. Investors must be prepared to accept a higher level of risk and volatility in the expectations of higher than average returns over the longer term (10 years). The portfolio is suitable for those whose financial situation can tolerate a higher level of volatility in performance. This portfolio is for example purposes only and we make no warranty that the portfolio will include the investments listed.

Stock	Ethical	Industry/Theme	Geographic	
<b>Fixed Interest</b>				<b>11.32%</b>
DWM Microfinance Fund	Socially Directed	Sustainable Finance	Global	11.32%
<b>Property</b>				<b>6.49%</b>
Medicx Fund	Best of Sector	Property	UK	6.49%
<b>Equity</b>				<b>72.67%</b>
Aviva	Best of Sector	Sustainable Finance	UK	7.17%
Firstgroup	Solutions Based	Transport	UK	7.18%
Impax Asian Environmental	Solutions Based	Env Management	Asia	8.23%
Impax Environmental	Solutions Based	Env Management	Global	7.41%
Indian Energy	Solutions Based	Clean energy	Asia	3.11%
iShares Clean Energy ETF	Solutions Based	Clean energy	Global	6.88%
Jupiter Ecology	Solutions Based	Env Management	Global	7.70%
Lyxor World Water ETF	Solutions Based	Water	Global	8.51%
Osmosis ETF	Solutions Based	Env Management	Global	7.04%
Vodafone	Best of Sector	Telecommunications	UK	9.44%
<b>Cash</b>				<b>9.52%</b>
<b>Total</b>				<b>100.00%</b>

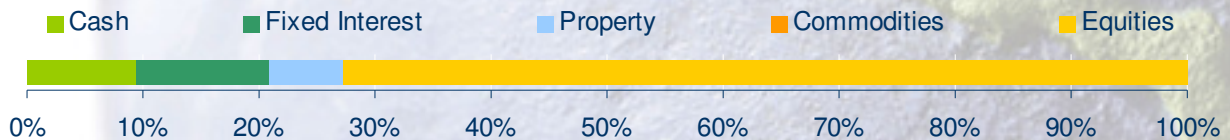
### Sector Analysis



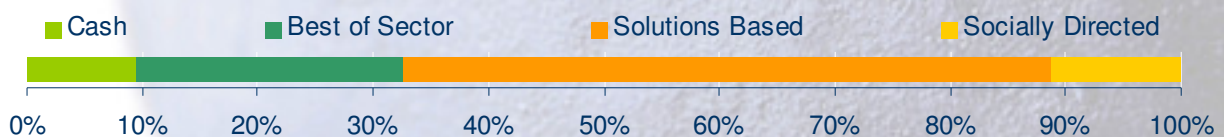
### Geographic Distribution



### Asset Allocation



### Ethical Classification



## Stock Profiles

The brief descriptions below give a very brief ethical rationale for each stock shown in the example portfolios. Full ethical profiles are available on the King & Shaxson web site at [www.kingandshaxson.co.uk](http://www.kingandshaxson.co.uk).

### **Fixed interest securities (see “Risk Factors” on p.14 for associated risks)**

Fixed interest securities are effectively ‘IOUs’ issued by companies or institutions. As a holder of a fixed interest security, you are entitled to the relatively high level of income, which can be particularly useful if you need income, or it can be re-invested to increase capital returns on capital. The capital value rises and falls depending on interest rates, the perceived creditworthiness of the institution and demand, but the risk involved is usually significantly less than equities, so fixed interest securities are an important part of most investment portfolios.

### **Anglian Water (Best of Sector – Water & waste-water services)**

Anglian Water provides water to the largest region in the UK (for water services) and is distinguished by its excellence in managing water demand, by all of its bathing waters complying with statutory standards; and by the low leakage rates.

### **France Telecom (Best of Sector - Telecommunications)**

This telecommunications operator is known in the UK for its broadband offering Wannadoo and Orange, the mobile phone company; but it operates in over 200 countries worldwide from Senegal to Poland and Japan. France Telecom has a well-developed social responsibility programme which addresses all of the key ethical issues for its business.

### **Microfinance (Socially directed – microfinance)**

Microfinance provides small loans for individuals or groups of individuals in developing countries, giving them access to finance to raise their incomes above the poverty line. Microfinance funds invest in many different microfinance lenders thereby spreading the risk and enabling much larger financial institutions to invest in them.

### **Network Rail (Solutions based – rail infrastructure)**

Network Rail is an engineering company formed to maintain, improve, and upgrade every aspect of the railway infrastructure, including the track, signalling systems, bridges, viaducts, tunnels, level crossings and stations. The Company is limited by guarantee, has no shareholders and is accountable to members and run by a PLC style board who do not receive dividends or share capital.

### **SNCF (Solutions based – rail transport)**

SNCF is the French national rail company. As well as running the fast and notoriously smooth running TGV service, SNCF also operates the train system throughout France, including the maintenance of the rail infrastructure, European trains and a freight service. The Company is publicly owned by the French Government.

### **Property (see “Risk Factors” on p.14 for associated risks)**

A proportion of the portfolio is invested in various commercial property trusts and stocks. Most commercial property funds invest in a mixture of office, light industrial and retail premises and can produce a good yield by virtue of the rental income. We prefer to invest in property that has a social purpose where the rental income is relatively secure, being underpinned by public finance.

### **International Public Partnerships (Solutions-based – social infrastructure)**

This fund invests in infrastructure with a social purpose. The focus is on schools, police stations, hospitals and health centres; not only in the UK, but also in Australia, Europe and Canada.

### **MedicX (Best of Sector – property fund)**

This is an investment in special purpose properties leased to GPs or Primary Healthcare Trusts, which are more fit for purpose than existing buildings. The Company has over 10 years experience in the field and has experimented with green building in Cambridgeshire, where distinctive green building techniques have been used.

### **Forestry (see “Risk Factors” on p.14 for risks associated with Commodities)**

Wood is one of only three commodities to have increased in value in real terms over the last 100 years (the others being oil and gold), but much of the world's forests have been raped. This has been particularly devastating for the world's hardwood forests, but demand has remained firm and there is a strong investment rationale for investing in hardwood, as there is very little correlation with equities and bonds. The incorporation of forestry in to a portfolio can therefore lessen the risk of the portfolio as a whole. As demand for wood exceeds supply, we believe that there is long term potential for this type of investment.

### **Equities (see “Risk Factors” on p.14 for associated risks)**

Equities or shares are simply investments in companies, with the total return comprising dividend income (what the Company pays out of its profits once or twice a year to its shareholders) and capital appreciation by virtue of an increasing share price. Either dividend income can be taken to provide an income or it can be re-invested to increase total returns. Larger company shares in the UK can bolster the income of a portfolio and are generally less volatile than their smaller company counterparts. However, they tend to be less focused on solutions to environmental and social challenges.

Despite the uncertainty that surrounds the equity markets we still feel that equities offer excellent longer-term growth and income possibilities for any portfolio. Our choice of moderate-risk equities is mostly in FTSE 350 companies (i.e. the largest 350 UK listed companies). We have maintained an income bias in our selection as we feel dividend income will be an increasingly important investment consideration for the next few years.

### **Aviva (Best of Sector – Insurance & Investment)**

Aviva is one of the world's largest insurers, providing general insurance and Life, Pensions and savings products. Aviva's investment management arm engages with the companies in which it invests on social and environmental issues, and is one of the key players in the Socially Responsible Investment market, and the insurer was an early leader in planning for climate change.

### **F&C Asset Management (Best of Sector – investment)**

F&C manages the investment funds of Friends' Provident and is the home of the renowned corporate social responsibility team behind the Stewardship Funds, the first ethical fund in the UK. The Company seeks to influence the companies in which they invest where they perceive that they can make a difference on environmental or social grounds.

### **Firstgroup plc (Solutions-based – transport)**

Firstgroup is the UK's largest bus operator with the majority of its bus operations in urban areas, and it is also a major train operator through a number of franchises. The Company has well developed corporate social responsibility policies, which focus on safety, customer service and environmental management.

### **Impax Asian Environmental Markets Fund (Solutions based – environmental technology fund)**

The fund is one of a few environmental funds offering exposure to Asia, which faces major environmental challenges, and therefore offers major opportunities for companies offering solutions to these challenges. Investments are made in quoted companies in the fields of water treatment and pollution control, waste technology and resource management, and utilise alternative and efficient energy sources.

### **Impax Environmental Fund (Solutions based – environmental technology fund)**


The fund invests in quoted companies which provide, use, implement or advise upon technology-based systems, products or services in environmental markets. This breaks down into alternative energy and energy-efficiency, water treatment and pollution control, and waste technology and resource management.

### **Indian Energy (Solutions-based – wind energy)**

Indian Energy is an owner and operator of wind farms in India. At present India has a peak power deficit of 15%, with renewable capacity (most of which is wind) set to treble from 2009 to 2017.

### **Ishares Clean Energy ETF (Solutions-based – clean energy)**

This is a low cost way of gaining exposure to renewable energy companies via an exchange-traded fund. Unlike most other such funds, this one has little exposure to ethically controversial companies who also happen to operate in the renewable energy business and has exposure to all three main clean energy generators.



**Jupiter Ecology (Solutions-based – social and environmental fund)**

The Jupiter Ecology fund was the first environmental equity fund to be launched in the UK. It is still regarded as a leader in the field, with a focus both on environmental technologies and to a lesser extent, social solutions.

**Lyxor World Water ETF (Solutions-based – water fund)**

This fund is a low-cost means of investing in water companies and unlike most other water funds, the fund holdings meet most ethical investor concerns with screening being undertaken by SAM, a respected sustainable investment research institution.

**National Grid (Best of Sector – electricity and gas transmission)**

National Grid is one of the world's largest utilities which transmits electricity and gas in both the UK and US. National Grid has well developed policies on corporate responsibility which was developed in 2002 with the help of more than 4,000 stakeholders from a variety of backgrounds in the UK and the US including employees, government, pressure groups, media, investors, customers and regulators.

**Osmosis Climate Solutions ETF (Solutions-based – environmental fund)**

This exchange traded fund aims to track the performance of the Osmosis Climate Solutions Index through investing in the 100 constituent Index stocks. The Index provides access to global companies which derive 50%+ of their revenues from products or services focused on the efficient use of natural resources and the mitigation of climate change.

**Rurelec (Solutions based – energy efficiency)**

In the poorer regions of developing countries, the provision of affordable and reliable electricity is one of the most important factors in improving the quality of life, creating new jobs and promoting sustainable development in rural areas. Rurelec provides regional centres with distributed power generation: small, independent power plants unattached to a national grid and serving local towns and villages with natural gas powered plants that use a combined gas cycle process that greatly increases the efficiency of the plant.

**Scottish & Southern Energy plc (Best of Sector – electricity provider)**

Scottish & Southern is the UK's largest generator of renewable energy and has a leading environmental record in the utilities sector. The Company generates 90% of its energy from natural gas, a tiny amount from oil and the rest from renewables.

**Vodafone (Acceptable – telecommunications)**

Vodafone is a truly global company with operations in many countries from China to Egypt and Kenya. The Company recognises the responsibilities incumbent upon such an influential company, with an environmental management system that is both comprehensive and targeted.

## Risk Factors

### Equity Securities

Investments will include equity securities and equivalents of issuers in multiple jurisdictions, including issuers in emerging markets, of any market capitalisation (e.g. small, mid or large). Equity securities may include common and preferred stocks and warrants and equivalents (including convertible securities). As a result of investments in equity securities, the Portfolio will be exposed to the risks typically associated with equity investing. These risks include the general risk of broad market declines and specific risks relating to an issuer, such as management performance, financial leverage, financial position, industry problems and reduced demand for the issuer's goods or services.

### Fixed Income Securities

Investments will include fixed income securities of corporate and government issuers in multiple jurisdictions. Such fixed income securities are not required to satisfy any minimum rating standard and may include instruments that are in poor standing and that have predominately speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. Fixed income securities are subject to the risk that the issuer may default on the payment of principal and /or interest. The prices of fixed income securities are inversely affected by changes in interest rates and thus are subject to the risk of market price fluctuations. In addition, changes in the credit ratings of a fixed income security or in the perceived ability of the issuer to make payments of principal and interest also may affect the security's market value.

### Property Funds

Investments will include property and land through holding investments in property funds. Property and land can be difficult to sell so the fund may not be able to react to prevailing market conditions by selling/cashing in these holdings when they would like to. This may result in shares in the property fund losing value. In extreme circumstances, trading in the property fund could be suspended. A further risk to the value of a property fund is that the value of the property is often a matter of the valuer's opinion rather than fact.

### Commodities

Investments in commodities whether by funds or via companies substantially involved with them may expose investors to risks not typical of other investments. Companies associated with commodities and the funds invested in them may have assets in less developed countries which have political, legal and social systems that are less stable than those found in developed countries or markets. The assets of the companies, the commodities and derivatives associated with them may be subject to or affected by conditions such as drought, flood, weather, disease, trade embargo, war or political unrest etc which may substantially affect their value. Commodity funds may hold physical assets which may not be insured and subject to risks associated with high value items.

### Emerging Markets

Investments in emerging markets may expose investors to risks not typically associated with similar investments in more developed markets. The classification of a country as an 'emerging market' is generally based on the relative economic, political and social development and is by necessity subjective. Some of the risks associated with emerging markets are similar to those affecting more developed economies but the undeveloped nature of an emerging economy may mean that they are more pronounced or have a longer and deeper effect. Country risk covers such factors as natural disasters which may have a greater effect on the economy and financial systems of an emerging market. The less well-developed financial systems may mean that financial instability is more common and may be more exaggerated both by internal factors such as inflation or external factors such as changes in currency values. Many emerging markets experience rapid and significant changes in political control which may result in unpredictable changes of economic policy. Settlement, custodial and clearing systems may not be fully developed and investors may be subject to political intervention or risks arising from less developed systems and standards. Emerging companies may not be as economically stable as companies in more developed countries and as well as potentially subject to political intervention may have enhanced risk in terms of failure to meet their obligations.

### Liquidity Risk

Not all securities or instruments invested in by us will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. We may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

## Foreign Exchange Risk

Assets may be denominated in a currency other than Sterling and changes in the exchange rate between Sterling and the currency of the asset may lead to a depreciation of the value of the Portfolio as expressed in Sterling.

## Suspensions of Trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

## Absence of Regulation

We may from time to time deal with you or for you in circumstances in which the relevant transaction is not regulated by the rules of any investment exchange and we may deal for you on an exchange which has not been recognised or designated by the FSA. The protection offered by such limited supervision may be less effective than if full supervision was exercised by a regulator in another jurisdiction.

## Annual Charge from Capital

We take the annual management charge from capital. Because of this, the capital of the Portfolio may be reduced over time if the fund's growth does not compensate for it. Also, any capital growth the Portfolio produces will be reduced by the charge. Please remember that the value of investments and the income arising from them may fall as well as rise and is not guaranteed.

## General Information

### Company Information

King & Shaxson Ethical Investing is a division of King & Shaxson Capital Limited. King & Shaxson Capital Limited (Company Reg. No. 2863591) is a member of the London Stock Exchange. The Company's Registered Office is 6th Floor, Candlewick House, 120 Cannon Street, London, EC4N 6AS. The Company is registered in England and is part of the PhillipCapital Group.

King & Shaxson Capital Limited (FSA Reg. No. 169760) is Authorised and Regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

Request for further information from King & Shaxson Ethical Investing can be made in writing, by phone or by email to any of the contact details listed below. Please ensure all communications are in English.

### Conflicts of Interest

The companies within the King & Shaxson (K&S) Group provide a wide range of services to many sectors within the financial markets. As such, K&S, or a company with whom it has an association, may from time to time have interests which conflict with its client's interests or with the duties that it owes its clients. These include conflicts arising between the interests of K&S, its associates and employees on the one hand and the interests of its clients on the other and also conflicts between clients themselves.

K&S has established procedures which are designed to identify and manage such conflicts. These include organisational and administrative arrangements to safeguard the interests of its clients. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

### Valuations & Performance

The Company provides valuation statements and consolidated tax vouchers on a semi-annual basis, usually in the months of April and October. These will be posted to the client. Performance is measured against the FTSE All-Share Index and the MSCI World Index.

Clients may check the performance of their portfolio on a daily basis by using the online client login page on the Company's website.

## Fees & Charges

### Fixed Charges

Annual Fee	1.25% (minimum of £300 p.a.)
Dealing Fee	£15 per transaction

### Other Charges

IFA annual fee	0 - 1%
IFA initial fee	0 - 3%
ISA	£50 per annum
Capital Gains Tax Statement	£50 + VAT
Consolidated Income Tax Voucher	£10 + VAT

### For further information please contact

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