



Introduction to sriServices' SRI Styles

Funds which focus on 'ethical' or 'values based' issues – normally by employing negative and/or positive screening criteria – typically alongside ESG considerations and engagement activity:

- **Ethically Focused**

Funds that focus on 'values based' issues typically alongside considering ESG (environmental, social and governance) and sustainability related issues. These funds set out where they aim to invest and avoid in their published criteria. Some have extensive exclusions others may make more balanced decisions – balancing pros and cons. The most common exclusions are armaments and tobacco – which typically sit alongside a range of environmental and social exclusions or positive criteria. Strategies vary. Some funds exclude more than others. Fund strategies are often complemented by responsible ownership (stewardship) activity.

[\(https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/ethical/\)](https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/ethical/)

- **Faith Based investments**

Invest in line with specific religious principles (eg Shariah Law).

[\(https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/faith-based/\)](https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/faith-based/)

Funds which focus on a specific issue or theme – often alongside screening criteria and engagement:

- **Sustainability Select**

Funds focus significantly on (environmental and social) sustainability issues, opportunities and themes when selecting investments. These funds tend to have forward looking strategies, favouring companies that show 'sustainability leadership', are 'solutions companies' or help to facilitate the 'transition' to greener lifestyles. They may also have 'ethical' exclusion criteria and encourage positive change through stewardship activity.

[\(https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/sustainability-select/\)](https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/sustainability-select/)

- **Environmental Focused**

Funds significantly integrate environmental issues into investment strategies. Their focus is often around longer term environmental and resource related issues, risks and opportunities. May focus on a single issue, industry or resource. May have 'ethical' exclusion criteria and encourage positive change through stewardship activity.

[\(https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/environmental-focus/\)](https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/environmental-focus/)

- **Social Focused**

Focus on 'people issues', investing in assets that help to address social challenges such as employment, education, housing and other basic necessities of life. Strategies vary, some invest in an individual sector others invest more broadly.

[\(https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/social-focus/\)](https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/social-focus/)

Strategies that significantly integrate ‘issues’ – but may invest widely across most sectors and/or rely substantially on stewardship activity:

- **Sustainability Tilted**

Funds integrate (environmental and social) sustainability considerations into their investment processes, favouring – being ‘overweight’ in – companies the managers believe have higher standards and being ‘underweight’ (invested less in) companies with lower sustainability standards. This means they are likely to invest in almost all types of companies – potentially including assets some clients will view as controversial. They may also have ‘ethical’ exclusion criteria that remove certain companies or asset types. They may also encourage positive change through stewardship activity – to a greater or lesser extent.

(<https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/sustainability-tilted-funds/>)

- **ESG Plus**

Funds have environmental, social and governance risk mitigation strategies, often alongside other strategies which demonstrate the fund is intended for clients with an interest in ESG issues. They may have responsible ownership strategies that encourage higher standards and/or exclusion criteria. These funds may hold assets some clients review as controversial. Strategies vary. See fund entries for further information.

(<https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/esg-plus/>)

Limited avoidance

- **Limited Exclusions**

Funds that exclude only a very small proportion of an index or allowable universe – and invest otherwise in a ‘conventional’ fashion. Some funds exclude companies with the worst possible ESG scores, others may avoid a single industry eg tobacco or cluster munitions manufacturers. These funds are significantly different from other SRI Styles as they have a very ‘limited’ impact on stock selection.

(<https://www.fundecomarket.co.uk/fund-ecomarket-help/sri-styles-directory/limited-exclusions/>)

Fund Manager company listings:

- **Responsible Owners**

Refer to companywide strategies – listing individual fund management companies by name. These listings are not complete. For information on ‘responsible ownership’ (Stewardship/voting/engagement) activity that applies to individual funds see the ‘Responsible Ownership’ filter information within each fund entry.

Responsible ownership activity is often integral to fund strategies as many fund managers aim to encourage to raise their standards, however practices vary.

(<https://www.sriservices.co.uk/fund-ecomarket-help/sri-styles-directory/responsible-ownership/>)

Additional SRI Styles classifications:

The following are used for a small number of funds with the aim of reducing the risk of misleading users. These are not reflected in the StyleFinder fact find tool – the aim of which is to simplify the advice process.

- **‘Other’** is used to flag funds that have a policy or strategy that is aligned to the issues covered by sustainable and/or ethical funds but is substantially different from other funds (eg single/niche issue).
- **‘Unclassified’** funds that have been considered but are not confident are intended for clients with a keen interest in ESG, sustainability or ethical issues.
- **‘Pending’** indicates funds not yet classified.

Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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