THE GOOD GUIDE TO IMPACT INVESTING 2020

GOOD WITH MONEY

MORE MONEY, FEWER PROBLEMS

Sponsored in 2020 by:

Triodos Bank

Contents

Coronavirus impact on markets

You might have heard about stock market falls as a result of the coronavirus, which have been unprecedented. Markets may not settle down for some time. There are benefits to investing when markets are at an all-time low; on the other hand, the current volatility is a little rough for even seasoned investors to ride. We wouldn't say it should put you off investing entirely - it shouldn't - but it is all the more reason to think carefully about where you put your money, and how much to invest - and to read this guide.

Introduction: What is impact investing?

The world of ethical and sustainable investment is – like the financial world at large – full of jargon and buzzwords. In addition to the two dished up above, we also have **responsible investment, social investment, socially responsible investment (SRI), environmental, social and governance (ESG)** and the Jessica Alba, the organic oatmilk kefir of the investment world: **impact**.

All these terms can make even the seasoned Good investor's head spin and for the newbie, it can seem mystifying. However, if we think of Good investment as an ever evolving craft that begins with old fashioned ethics and gets closer and closer to the essence of doing Good, we'll find impact investment pushing at the vanguard.

It's why we, and others, are more and more:

#AimingForI

Why don't you #AimForI with us when you invest this year?

The evolution of Good investing

CSR/ESG

CSR stands for Corporate Social Responsibility; ESG, for Environmental, Social and Governance. These approaches mean companies take into consideration these factors and are influenced by them, but are not restricted by them.

Ethical

Not investing in companies considered bad; typically tobacco, arms, pornography, gambling and alcohol. You could argue there are a few more that should be included here.

Socially Responsible

Similar to ethical, though this term is more widely used. The focus tends to be on benefits to people rather than the environment, but this approach often results in environmental benefits, too.

Sustainable

Investing in companies that partially or fully meet certain sustainability criteria, often benchmarked against the UN Sustainable Development Goals (see page 11 for more).

Green/Climate

Investing in companies meeting carbon reduction goals, typically renewable energy or energy efficiency solutions.

Impact

Investing in companies whose products and activities have a direct, measurable positive impact on the environment and/or society.

Why #AimForI?

Where ethical investment screens OUT companies and activities based on whether or not they are bad, impact investment screens IN investments based on whether they are Good. More than this, though, impact investment screens in companies and projects that are only doing VERY Good, and very Good in clearly quantifiable ways. There is currently no universally accepted tool for measuring impact, so it is crucial that fund managers are transparent about the metrics they use.

Whether it be reducing poverty through providing housing or access to healthcare, shrinking the equality gap by investing in companies providing childcare solutions, or giving developing communities access to safe, clean energy: a Good impact investment knows EXACTLY where it is putting investors' money.

In a way, this makes impact investment perfect for the morally lazy: no longer do you have to decide where you stand on tobacco or pornography, for example: instead you can revel in the positive Good your money is making to people's lives on the ground.

Where can I find it?

The evolution of financial reporting means impact is now spreading its wings across the investment universe. As little as five years ago the purist impact investor would have had to drop quite a money bomb into a direct project or unlisted company to make a real impact, but today the average Joanne can get involved for as little as £5.

Funds that invest in listed companies are often some of the best places to start for any investor, and it's no different in the impact world. However, those wanting to do Good will have to be a little more vigilant.

It is no secret that the Good money world has its fair share of so called 'greenwashers' and with younger investors increasingly demanding their money managers do better, this is only likely to become more of a minefield. We'll show you exactly how to sort the wheat from the chaff on **pages 8 to 16**.

Suffice to say, though, the Good name of a money manager is important. Companies that have historically come up against ethical and/or sustainable issues are typically going to be lumbered with more legacy issues than smaller groups, while specialists in the area almost always have the edge.

The Good With Money and 3D Investing **Good Investment Review** lists and rates the UK's ethical and sustainable funds. The 2020 top 14 funds, rated 5 out of 5, are:

- Baillie Gifford Positive Change
- Civitas Social Housing
- Foresight Solar
- FP WHEB Sustainability
- Hermes Impact Opportunities Equity
- Impax Environmental Markets Fund
- Investec Global Environment
- John Laing Environmental Assets
- Lombard Odier Climate Bond
- M&G Positive Impact
- Montanaro Better World
- Triodos Pioneer Impact
- UBAM – Positive Impact Equity Fund
- Wellington Global Impact

How do I know who’s really making an impact?

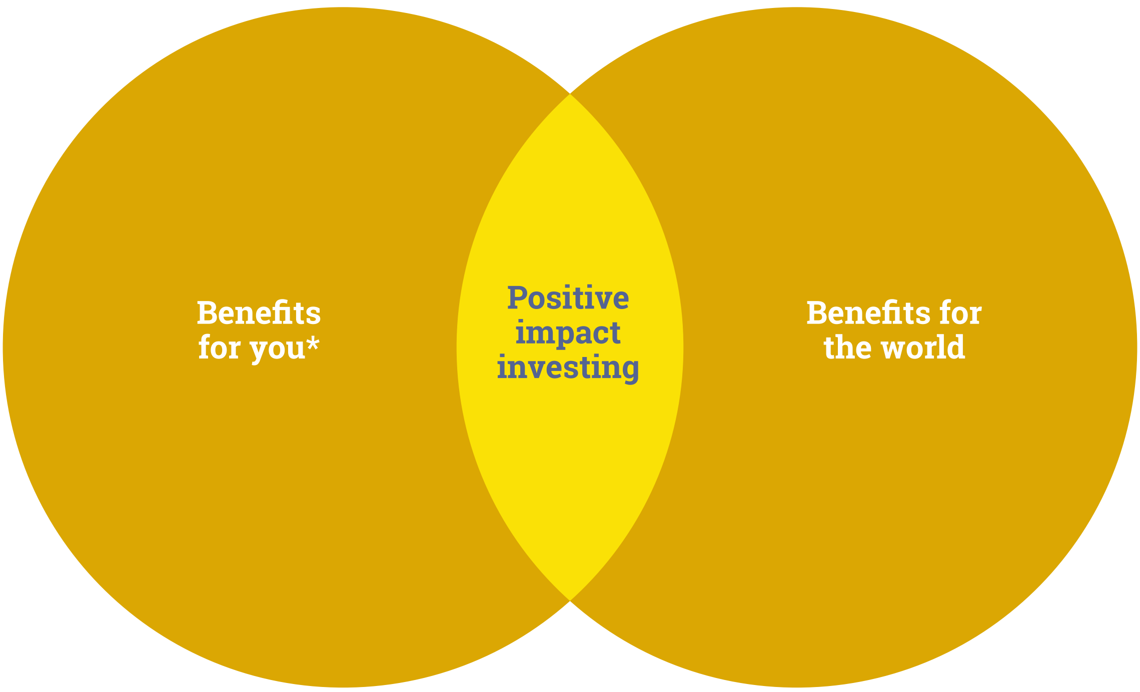
Each impact investor has her own methods, however the most important thing is that she has a robust and measurable methodology. Increasingly, this might be to build and measure a portfolio against the UN’s Sustainable Development Goals (SDGs).

A collection of 17 top level aspirations including ending poverty and providing access to clean drinking water for all, companies dedicated to meeting one or more can be said to be having a Good impact on the world (providing, of course, it isn’t pouring toxic waste into the ocean at the back end).

The UN has challenged global leaders to meet the SDGs by 2030, however recent research has shown there is a funding gap of around $2.5 trillion (£1.9 trillion) in just the developing world, which governments alone cannot meet. Indeed, according to the World Bank, 50 to 80 per cent of SDG funding will come from private investors.

Why should I be an impact investor?

There are world-saving reasons (we all benefit) and there are also financial reasons (you benefit). The Venn diagram looks a bit like this:



* Investments can go down as well as up in value and you may not get back the amount you originally invested.

YOU benefit because...

1. There's evidence that positive impact investments can offer **higher financial returns** than other approaches. So you can potentially make more money this way.
2. During the immediate aftermath of the coronavirus outbreak, global stock markets fell, but the best in class positive impact funds held their own. They fell, but to a less extent. While not conclusive, this may suggest a lower downside risk. In this case, because these funds do not invest in fossil fuels, and it was the oil sector that suffered some of the worst recent falls. So you can **potentially lose less money** this way when stock markets perform badly.
3. It makes you **feel good**.
4. Ultimately, you live on a better planet.

The WORLD benefits

1. Positive impact funds and portfolios only invest in companies that **clearly and demonstrably benefit the world**, through helping to meet one or more of the UN Sustainable Development Goals. Your money will be doing your bit for you in a way many times more effective than using less plastic, flying less or turning the lights off (though you should do all these things too).
2. It makes you want to talk about investing with others, as the story behind it is way more interesting. There's a domino effect of good money spreading and it accelerates the transition faster.

The Good Investment Review reveals that 11 of the 16 UK ethical funds monitored made higher profits than the sector average (69 per cent), as did 11 of the 19 global ethical funds (58 per cent).

Risk warning: The value of investments and any income from them can go down as well as up, and past performance is not necessarily an indicator of future performance. Before you invest, make sure you are comfortable with the level of risk you are taking on.

Finding the impact funds for you

Positive impact funds are usually called just that, but often they invest in very different companies and sectors, behind the scenes. So it is worth

1. reading their impact reports
2. visiting the websites of some of their biggest holdings (that's, the companies they invest in), before choosing the one for you.

Reasons to be wary...
The positive impact £ is the one all the big asset managers are chasing at the moment (for a good reason - they make more in fees from this strategy too, because it is more work for them to find the good companies.)

So you do need to be careful not to simply fall for the best marketing and to check independent fund ratings first, like those in the **Good Investment Review**.

Positive fund, not so positive manager?

You might also want to consider the overall commitment of the fund manager, not just the fund. Many big asset managers that are heavily invested in the bad stuff as a business overall now have positive impact funds. This is a good development, but the fund may represent a tiny fraction of their overall Assets Under Management (AUM). This may not sit well with you (it doesn't much with us either). If that's the case, choose a fund manager that SPECIALISES in positive impact - or embeds the approach across the business - to sift out some of the larger asset management houses.

You also need to think about your personal financial needs and goals:

- **How much do you want to invest?**
- **How long do you want to invest for?**
- **What sort of return are you looking for?**

Where you can find positive impact

Information about funds

The Good Investment Review is packed full of information about some of the top-rated ethical and sustainable funds available to UK investors.

An exciting new platform launch in association with the Big Issue for 2020 - the Big Exchange - will bring together a range of the best positive impact funds in the UK when it launches. You can sign up now for the "beta" (pre-launch) phase and give it a try.

Interactive Investor is a large investment platform that has usefully categorised ethical and sustainable funds into three baskets: "Avoids, Considers, Embraces", depending on the extent to which they engage with environmental and social concerns as part of their process. The "Embrace" selection of funds contains impact funds.

Other big investment platforms, such as Hargreaves Lansdown and Charles Stanley, should have most positive impact funds available in the UK listed on their sites.

Another place to find out which funds deliver on certain goals is **Fund EcoMarket**, which lists more than 400 funds and ready-made portfolios.

Projects, funds and crowdfunds

Ethex is an absolute gem for impact investors. It offers its own products, but also lists products provided by other groups. On its funds list you can find the Triodos Pioneer Impact Fund, as well as WHEB Sustainability alongside the much smaller funds offered by Resonance, which invest directly in local community projects.

Impact via apps

Clim8invest is in beta mode, but promises to allow environmentally motivated investors to invest in the best positive impact options within a few taps.

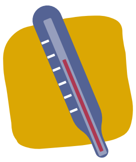
Tickr is another app that allows investors to choose from a range of positive themes, like disruptive technology, gender equality and climate.

Nutmeg, Moneybox and Wealthify are robo investors that also have socially responsible portfolios within the range of investment style options for investors.

The Good Egg

You will also find a list of top rated fund managers and advisers at Good With Money's Good Egg page, where we list companies that have have been awarded the Good Egg mark.

Assessing an impact fund



This is the tricky bit. With so many funds now claiming to be positive impact, how do you know who to really trust with your money?

How to assess yourself

Time and effort level: hard
Accuracy level: high

- transparency
- frequency of reporting
- the depth of information given
- the companies invested in

...are all major clues. But you would need to do this for a range of funds and companies, in order to make a comparison. You would effectively become your own mini-expert this way, but you may not have the time or inclination to do this.

Using an expert tool

Time and effort level: easy
Accuracy level: low

Morningstar, for example, offers sustainability ratings and these are perhaps the most widespread ratings you will see on the big investment platforms, but these might not always match up to your expectations of what a sustainable fund should be, with some smaller, but very high positive impact funds not rating very highly by its measure, because they do not invest in large, listed companies.

Arabesque S-Ray is a tool that checks the Environmental, Social and Governance (ESG) of global listed companies. The results of this are live. A high ESG rating doesn't always mean positive impact, it often can mean that a company is simply 'best in class', even if the class isn't very good. You can sign up to use it **here**.

CSRHub is another ESG ratings tool you can use to check out individual companies.

How to spot 'SDG-wash'

There's a lot of talk in investment about funds meeting the UN Sustainable Development Goals (UN SDGs), which you can see below.

BUT (and it is a big but), not all of the goals are genuinely investible.

Ethical Screening, the ethical investment research consultancy, mapped the activities of more than 800 companies across the global goals and found out something very interesting: some global goals are more investible than others.

Renewable energy, for example, is one of these, because there is a relatively large global renewable energy industry. But the goal of no poverty? Not so much.

The interesting thing here is to overlay this graph with the claims made by some impact funds, as there are funds out there that claim to meet most (some even all) of the global goals. If this is the case with a fund you are considering, smell a rat.

As this graph shows, that's unlikely. What's more likely is that an impact fund hits 1, 2 or 3 of these goals very effectively, but don't make claims on the others.

It's different for portfolios of funds, though. They invest in a range of different funds and so might be able to claim that the portfolio meets the majority of the goals.

Which Goals are Investible? - All Goal hits across Ethical Screening database

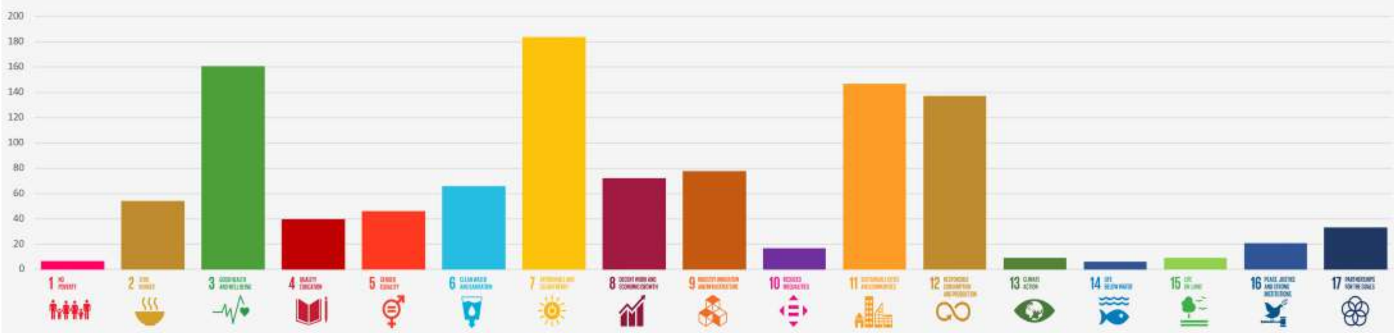


Chart shows number of goals primarily hit by company activities, using Ethical Screening's analysis for materialty

Source: [Ethical Screening](#)

Impact wealth managers and advisers

When you've got a pot of cash to invest, you might want a bit more input from a professional about what to do with it.

That's where wealth managers and financial advisers come in.

Generally speaking, their fees mean that it only makes financial sense to use advisers if you have quite a bit of money - around £50,000 ish - to invest. But that's not always the case and even if it is less than that, it can be worth seeing whether you can have a short initial (free) consultation. According to Which, financial advisors charge an average initial fee of between 1 and 3 per cent of your investment plus an ongoing charge of between 0.25 and 1 per cent. Of course there are fees for this service and you will need to balance the costs against the DIY options, or the even easier robo-investment app options.

More and more financial advice firms are helping people move away from the harm caused by so many of the traditional investments, like oil, arms and tobacco, but few have impact investing at their core. However, Good Egg company **EQ Investors** does and you can open an account investing into the **EQ Positive Impact Portfolios** with a low minimum investment of £1,000 or from £250 a month.

For mid-level investors, **Castlefield** is a good option (they also have a range of funds) while **Tribe Impact Capital** offers a managed portfolio service to investors through independent financial advisers, in particular: **Blue Sphere Wealth** and **The Path**, while **Investing Ethically** advises on impact investments alongside other sustainable options. **Pennine Wealth Solutions**, another Good Egg mark wealth manager, uses 3D Investing ratings to construct a positive portfolio for clients who want their money to only do good.

As well as our Good Eggs, check out the **Good With Money Directory** for a solid starting point.

The Good impact investing checklist

When looking at impact funds, here are some questions to consider:

- Have you heard of the brand before and does it have a good reputation?
- Is it clear how the fund, company or project makes a positive impact?
- Is the impact systematically measured and reported?
- What size of companies is the fund investing in and is that what you want? (I.e. big and listed or small and private)
- Does it offer the type of returns you would hope for?
- What is the minimum investment amount and does that suit you?
- Most funds have a risk rating attached to them. Are you confident the rating matches the level of risk you are willing to take with your money?

Direct investment into projects and companies

Investing in just one company or project is, typically, more risky than investing in lots of companies. However, your money may also have a bigger impact. In smaller projects a few hundred pounds can make a big difference to communities, often enabling them to survive and thrive.

Investing in small organisations not listed on main stock markets (unlisted) has become much more accessible in recent years, with platforms including **Ethex**, **Energise Africa**, **Triodos Crowdfunding** and **Abundance Investment** allowing investors to put money directly into projects - some for as little at £5.

The types of opportunities on offer can range from small solar to huge hydropower projects, funding a local community centre or backing a sustainable brewery.

Many of these investments are now eligible for inclusion in the Innovative Finance ISA (see **page 20** for more), meaning investors can also keep their gains completely tax-free.

Those looking for even more of a tax advantage for bigger investments could also look to direct investments that are eligible for the UK government's Enterprise Investment and Seed Enterprise Investment Schemes, or Social Investment Tax Relief.

Designed to give a leg-up to small British businesses, these generous programmes allow investors to keep most gains tax-free, as well as to offset investments and losses against income tax bills. To find out more see www.gov.uk.

As these types of investments are high risk, the Financial Conduct Authority (FCA) recommends investors do not put more than 10 per cent of their investible wealth into unlisted companies or projects in any one year.

Listed companies

While considered less risky by some, investing in larger, listed companies doing Good can be a little trickier. Often, what you gain in more developed corporate structures you lose in real world impact, while digging through lengthy financial and business reports is not easy for most.

Exceptions lie, perhaps, in the investment trust space. Investment trusts are listed vehicles that – like funds – invest in a basket of companies. The difference is that they control the flow of money going in and out by issuing shares and being listed on the stock market.

This makes investment trusts ideal for renewable energy infrastructure, which requires long-term, reliable financing. Visit the **Association of Investment Companies** for more information.

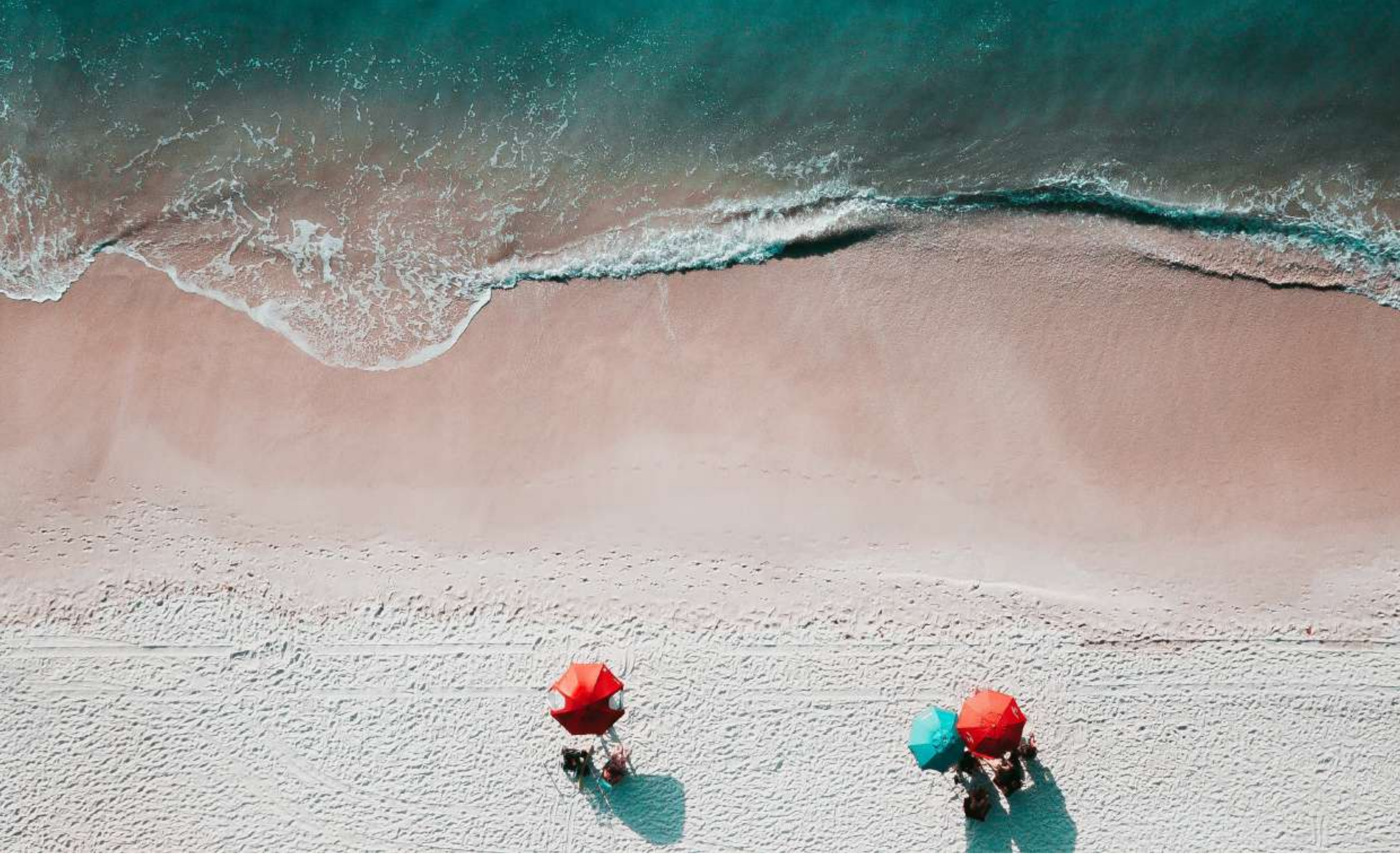
Mixing it up between funds and companies

Just as in any other area of investing, when investing for impact, diversification is key. In layman's terms, this means not putting all of your eggs in one basket, which as we all know is only advisable if you are actually collecting eggs – in a basket.

Taking this approach means you don't have to choose between either impact funds or projects and companies – you can have exposure to all of these impact approaches in any number of different forms, helping you to spread your risk and potentially boost your return.

And again, this doesn't have to involve vast sums. One month you might put £50 into a fund, for example, the next £50 into a community energy bond or share offer and the next perhaps another fund, and so on.

This way not only will you have a well-diversified portfolio, but the investing process is likely to be far more engaging, if not – dare we say it – fun. Just don't forget where you left all those eggs!



What are the ISA options for impact investments?

ISAs (Individual Savings Accounts) are tax wrappers for your money, designed by the government to get people saving and investing. A cash ISA is the most basic, while a stocks and shares ISA allows you to invest in funds and individual companies.

The tax benefit of investing through an ISA is that any returns you get on your investments or interest you earn on cash savings is tax-free. Yep, tax free! Without the wrapper you pay income tax on interest and returns over an allowance of £500 per year for basic rate taxpayers and £1,000 for higher rate payers. The benefits of an ISA depend on your individual circumstances and tax rules may change in the future.

Interest and returns over this limit are classed as part of your income the same as wages and dividends. The income tax rates for the tax year 2020/2021 will be:

- **0 per cent on income up to £12,500**
- **20 per cent on income between £12,500 and £50,000**
- **40 per cent on income between £50,000 and £150,000**
- **45 per cent on any income over £150,000**

There are limits to how much you can save into an ISA each year, how much you can expect to earn and how long you should plan to hold money in each. Here are more details for each type:

The ISA Options

	Limit from April 2020	Risk level	Interest/ return	Features
Cash ISA	£20,000 max	Low	Low <2%	Allows savers to deposit savings up to the annual limit, in accounts covered by the Financial Services Compensation Scheme.
Stocks and Shares ISA	£20,000 max	Low to high depending on type of fund.	Varies depending on risk level, performance and fees. Equity not debt and therefore capital growth rather than interest.	Can be mix of stocks and shares and cash, can be “flexible” so you can take money out and put it back in without losing the tax-free status of that bit of your allowance.
Junior ISA	£9,000 max	Low to high depending on type of fund.	Varies depending on risk level, performance and fees. Capital gains or interest	Cash or stocks and shares or a combination of the two. In the child’s name. The child can access the pot when they reach 18.
Innovative Finance ISA	£20,000	Medium to high depending on diversification/ interest rate.	Varies – around 5 to 9 per cent.	Introduced April 2016. Only one innovative finance platform per ISA per year. Can invest in a range of projects on the same platform to diversify. Can also invest in other types of ISA alongside, up to the maximum annual limit.
Lifetime ISA	Up to £4,000 of £20,000 max allowance.	Cash or stocks and shares. Low to high.	Varies depending on type/ risk level, performance and fees.	For a first home or retirement savings for those aged between 18 and 39. The Government will add 25 per cent top-up to funds of up to £4,000 a year and will pay this up until age 50.

For the impact investor looking to make use of an ISA wrapper, there are a few ways to do it. You can:

- Go directly to a bank or similar provider set up to offer ISA products like Triodos Bank or Energise Africa
- Go to a wealth management or advice firm with expertise in impact investing such as EQ Investors. They will manage an ISA on your behalf using a specialised investment platform that has more options than a retail platform for DIY investors
- Use an ISA wrapper for investments you make through a platform (like AJ Bell or Hargreaves Lansdown)
- Use a robo-advice platform like Wealthify or Nutmeg, which will choose your ISA investments for you. One or two now have environmental, social or ethically themed options, but keep in mind these will most likely be ‘tracker funds’ and impact is unlikely to get much of a look-in.

Positive Stocks and Shares ISAs

Through a stocks and shares ISA you can invest in investment trusts, exchange-traded funds (ETFs), bonds, investment funds and company shares. They are covered up to the lower amount of £50,000 by the Financial Services Compensation Scheme if the provider goes bust (though not if the fund or share you have chosen performs badly, sadly).

If you want a ready made positive impact ISA, there are some options:

Triodos Bank: Offers a stocks and shares ISA for the ethical bank's three impact investment funds: The Triodos Global Equities Impact Fund, the Triodos Pioneer Impact Fund and the Triodos Sterling Bond Impact Fund. They also have a cash ISA, junior cash ISA and an Innovative Finance ISA for their crowdfunding platform.

EQ Investors: You can invest in the **EQ Positive Impact Portfolios** through a tax-free ISA or Junior ISA (on behalf of a child). These portfolios positively screen for social and environmental impact.

One Family: An **Ethical Equity ISA** invests in listed companies with good social and environmental practices. One Family also makes grants to individual savers in need and to charity projects nominated by its customers.

Positive Cash ISAs

Charity Bank: A Cash ISA is the only type offered by the bank, which makes loans to charities and social enterprises.

Ecology Building Society: The Foundations Cash ISA is currently closed for applications but may open again. The building society uses savers' funds to provide mortgages for projects that make a positive environmental and social impact.

Innovative Finance ISAs

Also known as the Peer-to-Peer Lending ISA, an IFISA can bring with it a higher rate of return than investing in a cash ISA, but it also tends to come with more risk. IFISA eligible lenders use investor money to make loans in the form of bonds, typically to start-ups, which pay an annual rate of return.

To learn more about IFISA's in detail, check out the **Good With Money Guide to the IFISA.**

Providers include:

Triodos Bank: You can invest directly in pioneering organisations creativing positive social and environmental impact through a Triodos Bank IFISA. The IFISA is available only through the bank's crowdfunding platform. On there you can see all the bond offers available and which ones you can put in an IFISA wrapper.

Ethex: As mentioned above, Ethex is another platform through which you can buy bonds in innovating, positively impactful companies and charities. Again, you select the bond you are interested in investing in and it will be labelled as being IFISA eligible or not.

Energise Africa: All of Energise Africa's solar energy bonds are IFISA eligible. People can invest from £50 in pioneering solar businesses that are installing life-changing solar systems in homes in Sub-Saharan Africa - bringing affordable clean energy and economic opportunities to families.

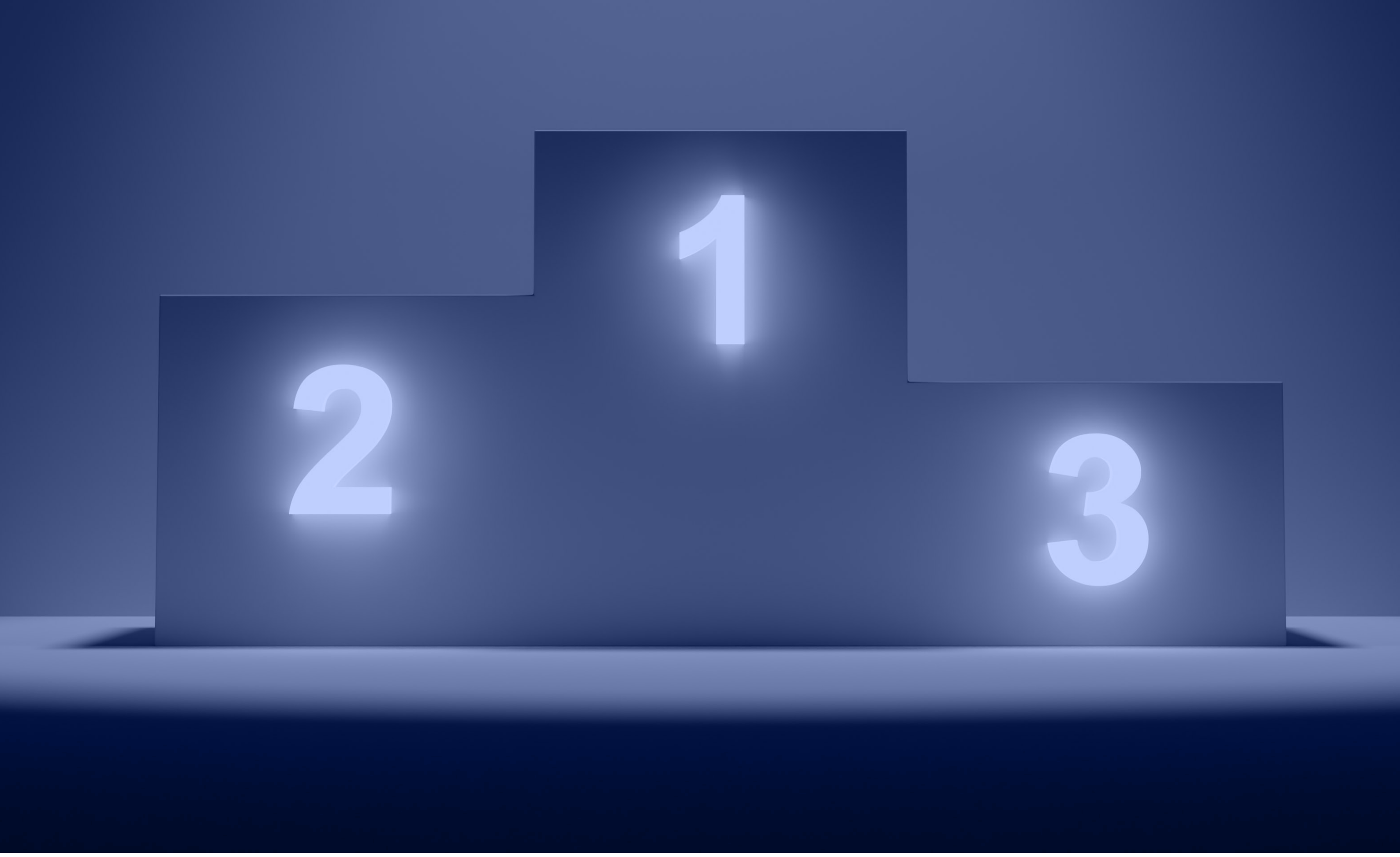
Abundance Investment: An IFISA with Abundance allows you to invest in UK green and social infrastructure projects, either at an early stage or in established projects and businesses.

Downing: An investment platform that allows investors to put money directly into carefully selected businesses. Downing is also a Good Egg mark company.

The Lifetime ISA

The Lifetime ISA is designed to help people save either for their first house or for their retirement. Anyone aged between 18 and 40 can open one and the maximum you can contribute each year is £4,000. Each year, the government will top up 25 per cent of what you have saved until you are 50, after which the bonus stops. This means that, in theory, you could be earning an extra £1,000 a year (if you save the maximum £4,000) from the government for 32 years.

You can take the money out when buying your first house or from the age of 60. The budding impact investor opting for this product will have to choose funds on one of the large investment platforms (see next section) and put them in a Lifetime ISA wrapper themselves because as yet there are no ready made Lifetime ISAs made up of impact investments.



The best platforms for impact investing

Welcome to the jungle that is the investment platform market and the seemingly infinite fund universe!

Hopefully, you will have narrowed down what sort of funds you want to invest into and if you want to use an ISA tax wrapper or not. If the answer is 'not' then your options are a bit broader, however but this section will look specifically at platforms for impact investing through a tax-efficient ISA.

Platforms can be behemoths with billions of pounds of customer money invested through them, or peer-to-peer lending start-ups working on a much smaller scale.

Either way, they will need to be regulated by the Financial Conduct Authority. Peer-to-peer lending platforms are not covered by the Financial Services Compensation Scheme (FSCS) but with traditional investment platforms like Hargreaves Lansdown your money will be covered by the FSCS up to £50,000 should the platform go bust (again, not if your investment doesn't perform, though.)

If you are going to be investing a lot more than that, you may want to consider using more than one platform. You can ask your peer-to-peer platform of choice if they operate reserve funds, which cover what you have lent in the event the borrower goes into default. Even if they do operate reserve funds your capital is still at risk.

Fund availability

By far the largest fund platform out there is Hargreaves Lansdown, which holds £94 billion of client assets, which is about as much as all the next six biggest platforms combined, according to figures from consultancy Lang Cat.

For an impact investor scale is important because a larger platform is more likely to have the funds you want. In this guide we have focused on those with around 2,000 to 3,000 funds available.

Once you have established a platform is a good size, it's time to look at whether it offers the funds and/or the type of ISA you are looking to use.

Good With Money has done a search on five of the largest platforms to see if they enable investments in to a small selection of impact funds. These are: Hargreaves Lansdown, Interactive Investor, Fidelity Personal Investing, Barclays Stockbrokers and AJ Bell Youinvest.

The funds, which we have chosen at random are: WHEB Sustainability, Hermes Impact Opportunities, Baillie Gifford Positive Change and Threadneedle UK Social Bond.

Of the five platforms, only Barclays Smart Investor did not list all four from this random selection of impact funds. This suggests you should find the funds you need on all of the big platforms, but there are some omissions.

Shareholder voting rights

One such factor might be your shareholder voting rights. If you do choose to hold shares directly in a company it is handy to know if the platform will make things easy for you as and when you get a chance to vote on how that company is run or what direction it takes. See the table on the following page for more.

How platforms score on impact

	Hargreaves Lansdown	Interactive Investor	Fidelity Personal Investor	Barclays Smart Investor	AJ Bell Youinvest
Total funds on platform	Over 2,500	Over 3,000	Over 2,000	Over 2,400	Around 4,000
Annual fee for Stocks and Shares ISA	0.45%	No separate fee. II charges a £9.99 monthly subscription charge and gives £7.99 credit back for you to invest.	0.35%	0.2% (minimum £4 and maximum £125 per month)	0.25% for shares and funds inside portfolios valued up to £250,000. The fee falls in stages until 0% after £2m.
Cost of fund trades	£0.00	£22.50 trading credits then £6 per trade for the first 3 months, £10 after	£0.00	£3.00	£1.50
Hermes Impact Opportunities	yes	yes	yes	no	yes
WHEB Sustainability	yes	yes	yes	yes	yes
Baillie Gifford Positive Change	yes	yes	yes	yes	yes
Threadneedle UK Social Bond	yes	yes	yes	yes	yes
Shareholder voting rights	HL has a service where clients can either call HL's helpdesk, email or send a secure message and Hargreaves Lansdown will place the vote for clients.	Customers sign up to Interactive Investor's voting and information service, which enables customers to receive shareholder materials and electronically vote on decisions directly affecting UK registered shareholdings.	Fidelity allows shareholders to vote through its online share dealing service if they hold qualifying assets within an ISA.	Smart Investor facilitates proxy voting for clients on the client's request.	Where resolutions could have a significant effect on a customer's shareholding (ie EGMs, special resolutions at AGMs) AJ Bell alerts customers via their account and enables them to vote online. For standard AGM resolutions unlikely to have a material effect on the customer's shareholding customers can request to attend the meeting to vote or vote by proxy.

Fees and charges

The layers of costs you encounter when using one of the large investment platforms can be overwhelming. There are the **platform fees** (also called customer fees) and these can change depending on whether you are using an ISA and then by the type of ISA. This fee also tends to go down if you hold over a certain amount of money on the platform.

From the table, you can see Interactive Investor has a flat fee of £9.99 a month, which is expensive as a proportion of a £20,000 ISA, but makes more sense the more money you have on the platform.

Next are **trading fees**, which are usually less for trading a fund than for trading company shares.

You will also be charged a separate **fund fee** and this varies across funds and – just to make things more confusing – often across platforms too. An example is the Hermes Impact Opportunities Fund, which costs 0.9 per cent on AJ Bell Youinvest and 0.95 per cent on Fidelity Personal Investor. This fund doesn't have an **initial charge** but some do so that is another possible fee to add to the list.

The value of investments can go down or up, but despite all the aforementioned fees, returns will generally grow a stocks and shares pot over time.

Going direct

Bypassing the investment platforms and going straight to a provider like **Triodos Bank** is simpler when it comes to fees as you just have the annual service and ongoing charges to account for. They are 0.4 per cent, and 1.29 per cent respectively for the **Triodos Sustainable Pioneer Fund** (as at September 2020).

EQ Investors charges a bundled fee of 0.99 per cent for investments up to £99,999 in a balanced portfolio plus an annual charge of around 0.72 per cent per fund.

Crowdfunding platforms like Ethex, **Energise Africa** and Abundance Investment rate highly on simplicity of fees as they typically don't charge anything to invest through an IFISA. You can choose an investment based on the loan term, the returns or the impact, but there is typically no market to trade investments with other lenders.

The exceptions are Ethex and Abundance, which allow customers to trade shares and bonds with each other. This is a real bonus as it allows you to effectively invest at the launch of a project or at a later stage, permitting a bit more of that all important diversification.

We can't achieve a more sustainable future alone – we're in it together

By Dick van Ommeren
Managing director of Triodos Investment Management

Triodos Bank

It's phenomenal what individuals such as Greta Thunberg and Sir David Attenborough have done to encourage the world to focus on climate change and to empower countries to transform. Phrases like 'climate emergency' are now used frequently and feature prominently in the global media.

A growing desire to bring about change is apparent, yet over a third of British people in a recent survey commissioned by Triodos Bank said they felt overwhelmed by the climate emergency and powerless to help. This increased to over 40% for those aged between 16 to 24 years [1].

While it's true that everyone needs to help by reducing their individual carbon footprint, we see the greatest impact when groups of committed individuals collaborate and work together, as this makes a significant and long-lasting difference. This might be in the form of people getting together to hold governments to account with groups such as Extinction Rebellion or the School Strike for Climate, or pivotal political global frameworks such as the Paris Agreement, which chartered a new course in the fight for climate change when signed in 2016.

Power to change

At Triodos Investment Management, we believe that the same can be said for businesses and shareholder engagement. It's just as vital that large corporations change – after all, over 70% of the world's greenhouse gas emissions have come from just 100 companies since 1988 – and shareholders are well placed to influence these corporations.

With the money entrusted to our funds comes the responsibility – and the power – to influence the way the companies in which we may invest do business. We collaborate with the companies we invest in with the aim of raising awareness of sustainability, stimulating action and creating lasting change. We can't achieve a more sustainable future alone, so we work together to help increase the organisation's positive impact and use our shareholder voting rights to ensure that decisions around financial profit is not made at the expense of people or planet.

Our fund managers have identified a number of large, medium and small listed organisations that are making significant strides in addressing sustainability with ambitious future goals to help combat climate change. By using shareholder voting rights and sharing ways in which they can go further to implement more sustainable practices and policies we can make a real impact.

While it's a good start to withdraw investment from companies that are negatively affecting the planet, it's only through impact investing that we can support the innovative businesses that are truly tackling global issues. Ethical, green or impact investments are being taken seriously and the tide is turning. No longer the poor relation and undoubtedly the future. We can't achieve a more sustainable future alone – we're in it together.

[1] A nationally representative sample of 2,020 UK adults (aged 18+) were surveyed by Opinium Research on behalf of Triodos Bank UK between 1-4 October 2019.

Sponsor profile

Triodos Bank

"Invest in a positive future"

Triodos Bank is one of the world's leading sustainable banks. It has been operating in the UK since 1995. All of the investment types Triodos offers – from impact investment funds to offers via the Triodos crowdfunding platform – are working for social, environmental or cultural change.

They are completely transparent about all investments, so you can see that your money is working for people and planet. You can view a complete list of companies in the impact funds, or you can select an organisation you'd like to support with a crowdfunding investment. Either way, by investing through Triodos you'll join a strong and growing community of people and organisations working for a more sustainable future.

The Triodos impact funds invest in companies that are providing solutions to sustainability challenges. The Triodos impact funds are also available via the tax efficient Triodos Stocks & Shares ISA. The funds are managed by Triodos Investment Management, who are part of Triodos Bank.

Typical rates of return: The Triodos impact funds' 5-year cumulative returns are 69 per cent for the Triodos Global Equities Impact Fund and 84 per cent for the Triodos Pioneer Impact Fund (as of September 2020 assuming income is reinvested). See website for latest performance. Typical rates of returns on crowdfunding offers are between 4 and 8%. Past performance is not a guide to future returns.

Minimum opening amount: Invest from £1,000 in the Impact Investing Funds. Crowdfunding investments start from £50 - £100, depending on the bond offer.

Charges: The Impact Investing Funds' annual service charge is 0.40% and the ongoing charge ranges from 0.75% to 1.29% depending on the fund. There is no fee for investing through Triodos Crowdfunding.

Investments should be regarded for the long term (e.g. 5+ years) as they can go down as well as up in value and you may not get back the amount you originally invested. The benefits of an ISA depend on your individual circumstances and tax rules may change in the future.

About Good With Money

Good With Money is a money website with a difference: it is all about how your money can do more good for people and planet, as well as line your pocket.

It created the Good Egg mark, a licence for financial services companies which make a positive impact.

Sign up to the weekly newsletter for the latest reviews and deals **here**.

Contact details

Want to get in touch with us, or any of the providers in this guide?

Good With Money

www.good-with-money.com
PR and communications: lisa@good-with-money.com

Triodos

www.triodos.co.uk
Email: contact@triodos.co.uk
Tel: +44 (0) 33 0355 0355