

SHINING A LIGHT ON THE..... Vontobel Fund II – Global Impact Equities

AT A GLANCE

Investment Objective	
This equity fund aims to achieve long-term capital growth as well as a positive impact on the environment and society, while respecting risk diversification.	
Inception Date	30 th April 2021
Fund Factsheet Link	-
Management	
Manager Name	Start Date
Elena Tedesco	30 th April 2021

UPDATE....

This is a brand-new strategy run by Elena Tedesco, who previously worked at Hermes. The basis of the fund comes from the Clean Tech Fund which Vontobel have run since 2008, and carries the same mission and vision. They want to look at the challenges facing the environment and society, and be able to measure the impact of the products and services they invest in. They believe that the share price of a company should improve because of the solution they offer.

They have broadened out the pillars with which they invest in to include:

- Innovative Industry and Technology – make processes simpler and cleaner
- Clean Water – ensure access and improve quality
- Clean Energy – replace fossil fuels with renewables
- Sustainable Cities – making cities smarter and better connected
- Sustainable Food – harvesting opportunities from food and farming
- Equal Opportunities – raising standards of living for underserved populations
- Good Health and Well Being – ensure healthy lives and well-being for all ages
- Responsible Consumption – allow to make, use and dispose of goods responsibly

Examples of how they measure “good” include:

Clean Water – Sustainable Development Goals (SDGs) 6 (Clean Water and Sanitation): the impact indicators are drinking water provided and water recycled/treated/saved

Clean Energy – SDGs 7 (Affordable and Clean Energy): the impact indicators are renewable power generated and renewable energy devices shipped

An example of a clean energy investment is Vestas Wind Systems who are a Danish Company and the worlds number 1 producer of wind turbines, with sales in more than 80 countries and a global market share of 17%. They deliver on two SDGs – Affordable and Clean Energy and Climate Action. Also 100% of revenues contribute to the impact pillars.

Another example is Smufit Kappa who are the largest paper-based packing manufacturer. They deliver on two SDGs – Responsible Consumption and Production (12) and Industry, Innovation and Infrastructure (9). Again 100% of revenues contribute to the impact pillars.

In terms of building the portfolio they use their own proprietary research to identify around 1,000. From this they then look to generate high conviction ideas which reduces this to around 100 to 120, and then from this they produce their best ideas.

The portfolio will hold between 50 and 70 companies and the top ten will make up a third of the fund. The maximum weight per holding is 5% and the minimum 1%. In coming up with the weight they start with 2% and then consider company factors (upside/conviction and purity) and risk factors (liquidity and financial stability). At each stage they add or subtract a percentage to end up with the final figure.

In summary, we are seeing a number of these strategies being launched. Vontobel may not be a household name, but they have the background and experience going back many years. Bringing on the manager from Hermes is also positive. We would want to wait to see the performance and the names before considering investing so would add to the watch list.

The source of information in this note has been provided by Vontobel and is correct as at July 2021. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.