

‘SRI Styles’ in brief

Fund EcoMarket user support

SRI Styles help to illustrate the key differences between sustainable, responsible and ethical investment options by highlighting core fund strategies.

Screened and Themed individual fund options:

The following SRI Styles describe funds with ‘ethical’ or ‘thematic’ policies. Ethical issues and SRI themes are commonly employed alongside additional ESG criteria, responsible ownership strategies and financial objectives.

Ethical options:

- **‘Ethically Balanced’** options are ‘ethical funds’ that avoid commonly excluded areas such as armaments and tobacco production alongside making carefully balanced judgements about additional values led & ESG issues. They often make pragmatic decisions about ‘pros and cons’, may invest in ‘best in sector’, ‘more positive’ companies.
- **‘Negative Ethical’** funds are ‘ethical’ funds where the dominant ethical strategy is clear, perhaps strict, negative ‘ethical’ avoidance eg avoiding armaments, tobacco, gambling, poor social or environmental practices. (They often place less emphasis on ‘nuanced’ decisions relative to ‘balanced’ funds.)
- **‘Faith Based’** funds invest in line with specific religious principles (eg Shariah Law), typically applying only avoidance criteria. (Fund EcoMarket also lists ‘faith friendly’ options which commonly suit investors of faith).

Thematic SRI options:

- **‘Sustainability Themed’** funds select investments in line with specific themes or (environmental and social) sustainability related issues. These can be as diverse as encouraging the transition towards more sustainable lifestyles, climate change and health. Many also have (sometimes strict) ethical screening criteria and responsible ownership strategies.
- **‘Environmental Themed’** funds bring one or more environmental issue (eg clean energy, resource efficiency, waste management, water) into their investment selection strategies, sometimes alongside ethical screening criteria and stewardship activity.
- **‘Social Themed’** funds tend to focus quite clearly on ‘people issues’ (eg employment and providing the basic necessities of life) when selecting holdings.



Additional Strategies:

ESG and Responsible Ownership are rapidly becoming part of the everyday investment landscape as investment managers increasingly recognise the benefit of understanding ‘Environmental, Social and Governance’ risks and opportunities - and acting as a ‘responsible’, more ‘engaged’ asset owners (or ‘stewards’).

Fund EcoMarket lists carefully selected options (funds and fund companies) that excel in these areas as follows:

- **‘ESG Plus’** options have strategies that put significant emphasis on understanding ‘Environmental, Social and Governance’ issues as part of their investment research and decision making. In order to be listed on Fund EcoMarket fund/fund manager must display leadership in this area - with the ‘Plus’ label indicating that there are additional points of differentiation intermediaries should be aware of. (See ‘More Info’ area in fund entries).
- **‘Responsible Ownership’** strategies focus on asset owners’ ability to use their position as an investor to actively encourage companies to improve their ‘ESG’ practices – typically through voting and engagement (‘Stewardship’). Fund EcoMarket lists options (normally fund management companies) that we recognise as focusing significantly on this area.

Additional Fund EcoMarket user notes:

- ‘SRI Styles’ are a simplification of a **diverse and dynamic** market that has evolved over many years to suit a wide range of client aims.
- **Fund approaches and strategies vary** within SRI Styles
- **There is crossover between some of the SRI Styles**
- The SRI Policies, Features and Corporate Activity filters (and text) explain fund strategies in more detail.
- We recommend users **check fund specific details**, eg via the ‘More Info’ boxes and URLs or direct with fund managers if required.
- The Fund EcoMarket **‘SRI StyleFinder’** tool can help identify a client’s ‘best fit’ SRI Styles. (Because of the above it is normally best to consider more than one Style.).
- Fund EcoMarket offers **full report functions** for audit trail purposes.
- All of the above strategies can help deliver **positive Impacts**. Fund EcoMarket lists options that explicitly **target and measure** ‘positive impacts’.

