

# SUSTAINABLE IMPACT MODEL PORTFOLIO SERVICE (SIMPS)

FOR FINANCIAL ADVISERS

## WHAT ARE THE SIMPS PORTFOLIOS?

The **SIMPS PORTFOLIO** range has been designed specifically for advisers who wish to provide their clients with risk-adjusted returns and positive impact. The portfolios aim to achieve capital appreciation whilst reducing investment risk via a diversified, multi asset class portfolio. The strategy is based

on actively managed asset allocations across equities, fixed income and cash. We invest in funds which align with our investment philosophy; businesses that avoid controversies, are well run and solving major global challenges.

## HOW ARE THE SIMPS PORTFOLIOS CONSTRUCTED?

### ASSET ALLOCATION

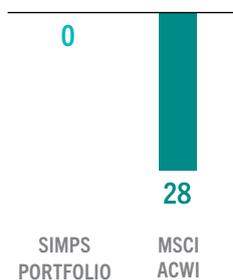
Our Investment Committee defines our asset allocation ensuring our **SIMPS PORTFOLIOS** reflect current market conditions and opportunities. The portfolios are constructed with an appropriate strategic asset allocation of cash, equities and fixed income. Our Investment Committee, includes members from our internal investment and impact teams, as well as input from external research and our [Tribe Fellows](#).



### MANAGER\* SELECTION

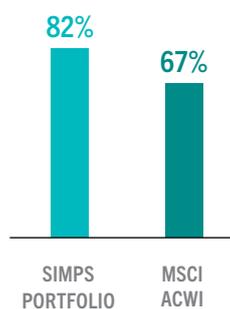
Combining rigorous investment analysis with detailed impact and sustainability assessments, we populate the **SIMPS PORTFOLIOS** with suitable investments from our approved list. Each of these investments, irrespective of asset class, is approved by both our impact and investment due diligence teams. Both teams have right of veto based on investment or impact criteria. This twin-lens approach is core to our proposition. We want our managers to think in the same way we do, a three-step process:

### TRYING TO AVOID CONTROVERSIES... BUSINESSES INVOLVED IN MAJOR CONTROVERSIES\*



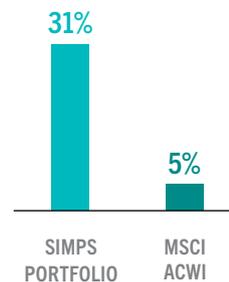
Trying to avoid investing in businesses that are engaged in controversial activities: aggressive tax avoidance, animal testing, governance issues, etc.

### ...WITH WELL RUN BUSINESSES... % OF ESG LEADERS\*



Businesses that are well run: not just those that are aware of their environmental, social and governance (ESG) risks, but looking to maximise the opportunity in these.

### ...THAT ARE SOLVING GLOBAL CHALLENGES % OF HIGH IMPACT BUSINESSES\*



Exposure to companies that Tribe score as High Impact, whose products and services are solutions directly aligned with the UN Sustainable Development Goals.

\*BASED ON MSCI COVERAGE OF THE UNDERLYING EQUITY ALLOCATION IN OUR MEDIUM RISK SIMPS PORTFOLIO. MANAGERS: REFERENCE TO MANAGERS ARE TO THE FUND MANAGERS WHOSE REGULATED FUNDS MAKE UP OUR SIMPS PORTFOLIOS.

### HOW IS RISK MANAGED FOR THE SIMPS PORTFOLIOS?

At Tribe we think about risk holistically. We focus on ensuring the overall level of portfolio risk is appropriate. Whilst we understand that diversification is the best means for managing risk, our risk management process encompasses additional risk monitors above traditional risk measures:

**1** We start by assessing each fund and their underlying components. Security risk is a function of the possibility of loss and illiquidity: how much can the price fall and can the money be accessed when needed. Before investing in any asset, we conduct thorough impact and investment due diligence so we understand more of the idiosyncratic or operational risks that may affect an investment.

**2** The SIMPS PORTFOLIOS are then constructed using assets that reflect an appropriate overall risk score. We use Bloomberg PORT analysis to assess risk from a top-down perspective, which also gauges whether there is adequate diversification across holdings, regions and sectors. We have specific limits to ensure diversification, such as no more than 10% allocated to any individual fund.

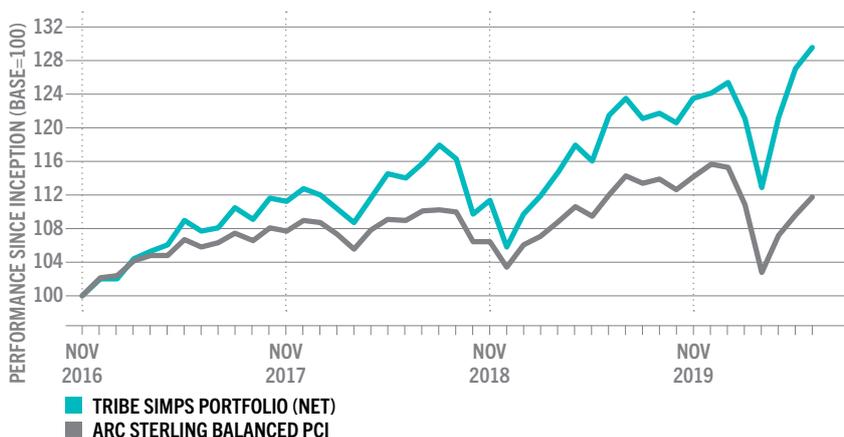
**3** Our risk approach is differentiated because we also consider **impact risk**. For example, what is the risk that an investment is not supporting the change it set out to achieve, or are the managers and companies we select paying sufficient attention to the business risks associated with Environmental, Social and Governance considerations. This is an ongoing process which requires regular engagement with our third-party managers, as well as proprietary impact assessment.

Given our Climate Declaration and the growing nature of climate risk in the market, we also evaluate our portfolios for the Climate Value at Risk (CVaR). This allows us to better construct our portfolios for longer term resilience in the face of a rapidly warming climate and its economic consequences.

### HOW HAVE THE SIMPS PORTFOLIOS PERFORMED?

The below shows our medium risk SIMPS PORTFOLIO performance as at 30 June 2020. For low and high-risk SIMPS PORTFOLIO performance see [\(latest factsheets\)](#).

#### RETURN METRICS\*



**NET PERFORMANCE:** The medium risk SIMPS performance is shown after Tribe’s management fee (0.25% plus VAT) and the underlying fund managers’ fees (OCF of 0.68%\*\*) have been deducted. But it does not include platform and adviser charges.

**BENCHMARK\*\*\*:** ARC Benchmarks are calculated by collecting actual performance from over fifty investment managers. The Balanced PCI is suitable for strategies with a relative volatility of 40-60% of global equities as measured by MSCI ACWI.

	SINCE INCEPTION (NOV 16 - JUN 20)	ROLLING 12M PERIODS			YEAR TO DATE (DEC 19 - JUN 20)	VOLATILITY (NOV 16 - JUN 20)
TO 31 JUNE 2019	(NOV 16 - JUN 20)	(JUN 19 - JUN 20)	(JUN 18 - JUN 19)	(JUN 17 - JUN 18)	(DEC 19 - JUN 20)	(NOV 16 - JUN 20)
Tribe medium risk SIMPS	29.2%	6.6%	6.4%	5.8%	4.3%	9.4%
ARC PCI Balanced	11.7%	-0.2%	2.7%	3.0%	-3.3%	6.9%
Difference	17.5%	6.8%	3.7%	2.8%	7.6%	-

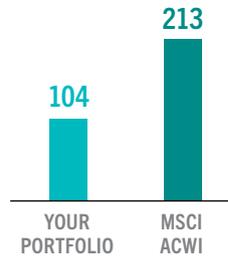
VOLATILITY IS MEASURED AS THE STANDARD DEVIATION OF MONTHLY RETURNS SINCE INCEPTION. WE BELIEVE THIS IS MORE REPRESENTATIVE OF THE RISK ASSOCIATED WITH OUR LONG TERM STRATEGIC ASSET ALLOCATION, WE DO NOT USE AN ANNUAL FIGURE.

## WHAT IS THE IMPACT OF THE SIMPS PORTFOLIOS?

The below shows our medium risk SIMPS PORTFOLIO impact as at 30 June 2020. For low and high risk SIMPS PORTFOLIO impact see ([latest factsheets](#)).

### CARBON INTENSITY<sup>1</sup>

The equities in the **medium risk** SIMPS PORTFOLIO are almost **51%** less carbon intensive than the MSCI ACWI benchmark.



Businesses with lower carbon intensity demonstrate their operational efficiency and release less carbon into the atmosphere per pound of revenue.

### CARBON SAVED<sup>1</sup>

By investing £100,000 into the **medium risk** SIMPS PORTFOLIO rather than the MSCI ACWI benchmark, you will save **8** tons of carbon dioxide (CO<sub>2</sub>). Which is equivalent to the amount of carbon sequestered by:



or flying

**10** times from London to New York (economy class)



SOURCE: MSCI & US EPA CARBON CALCULATOR JULY 2020.<sup>1</sup> BASED ON SCOPE 1 AND 2 EMISSIONS OF COVERED LISTED EQUITIES (52% OF MEDIUM RISK SIMPS PORTFOLIO)

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**investments and the income derived from them may fluctuate and you may not receive back the amount you originally invested and (ii) any type of impact investment will involve risk to investors capital and the expected impact or financial return may not be achieved.** The tax treatment of investments depends on each investor's individual circumstances and is subject to change in tax legislation. The performance of actual portfolios linked to this SIMPS PORTFOLIO may differ from the performance of the SIMPS PORTFOLIO shown here due to the variation in timing of the initial investment or rebalancing differences resulting from minimum transaction size limits on the investment platform. The information in this factsheet is believed to be correct but we cannot guarantee this. No

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