



# COURTIERS

ASSET MANAGEMENT LIMITED



## *Investment Process*

**Courtiers Ethical Value Equity Fund**

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# Overview

The Courtiers Ethical Value Equity Fund is primarily focused on producing long-term growth and income for investors.



**The Courtiers Ethical Value Equity Fund:** will invest in global shares which have passed the Courtiers Screening Criteria. Any security that does not meet the Courtiers Screening criteria will not be a permissible investment in the Fund. The Fund may also invest in other transferable securities such as units/shares in investment funds, global shares, investments issued by banks or governments that are a short-term loan to the issuer by the buyer, warrants, cash and near cash and deposits. Derivatives (investments whose value is linked to another underlying investment such as shares or performance of a stock exchange) may be used to reduce risk or cost and/or to generate extra income and growth.

The fund is not intended to be an impact fund, nor does this intend to align with a specific accord. The fund provides an opportunity for investors wishing to invest aligned with Courtiers' Value Investing ethos but whom would prefer a restricted universe of permissible investments (for example, via the exclusions of fossil fuels) than that of existing Courtiers Equity Funds.

The Investment Team understands there is no one-size-fits-all approach to ethical investing. The screening exclusions have been determined based upon the negative social and environmental effects the detailed areas have and/or are perceived to have.

The screen has been designed on a consensus approach. Each individual investor will need to determine whether the screen applied to the fund aligns with their own investment principles.

The fund employs an equally weighted approach. There is a disciplined process in place to ensure the equal weightings are maintained whilst the team is mindful of excess trading costs. The Fund has a value tilt through all market cycles. There may be an overlap of holdings between the Courtiers Equity Funds and the Courtiers Ethical Value Equity Fund.

The fund is managed on a co-manager basis. Chief Investment Officer Gary Reynolds, CFA, and Head of Asset Management, Jacob Reynolds, have managed the fund since inception.

# *Investment Team*

The people committed and responsible for managing Courtiers Funds which involves asset allocation, investment analysis, investment decisions, trading, rebalancing, risk management and managing liquidity.



**Gary Reynolds CFA**  
Chief Investment Officer



**Jacob Reynolds CFA**  
Asset Management Director



**James Timpson CFA**  
Head of Asset Management  
and Fund Manager



**Nigel Breakell**  
Fund Manager



**Matthew Parker CFA**  
Senior Analyst

# Fund Objectives



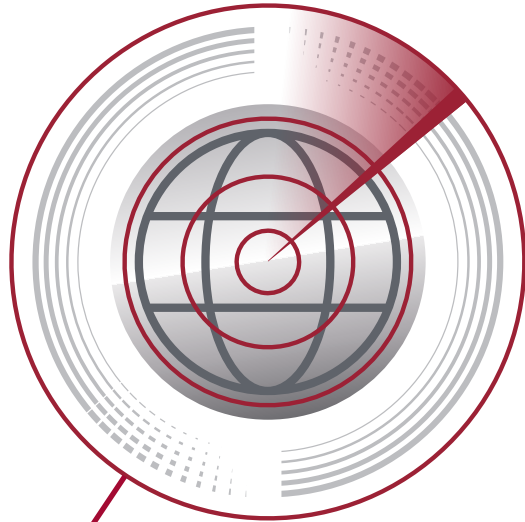
**The fund aims to achieve income and capital growth from a portfolio of global company shares over 5 years.**

Only shares aligning with the negative screen applied by Courtiers Ethical Screening Criteria will be considered permissible investments for the Fund.

While the funds do not have a specific benchmark, the relevant Investment Association (IA) sector can be considered a peer group for performance comparison purposes.

Fund Name	IA Sector
Courtiers Ethical Value Equity Fund	IA Global

# Security Selection



**Prior to security selection the starting universe is put through the Courtiers Ethical Screen. This will remove stocks that do not meet the required ethical criteria. Please refer to the Courtiers Screening Process for details of the exclusions applied.**

Security selection then proceeds with a screening of the relevant investment universe in conjunction with Courtiers' Proprietary Quantitative Equity Selection Model (QESM).

The QESM will rank stocks, based on a starting index universe, relative to their region as well as sector.



## INITIAL SCREEN

- Consideration of fundamental ratios across all major global markets to assist with core equity index allocation decisions.
- Internal macroeconomic analysis alongside specialist third-party research providers will be used where appropriate.



## FACTOR SCREEN

- Stocks analysed based on their value and yield characteristics.
- Non-dividend paying companies are excluded.



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- Companies will be shortlisted and ranked based on a combination of their yield and quality score.

# Security Selection



The resulting output from the QESM will be reviewed by the Investment Team.

Any shortlisted stock will then undergo a qualitative sector analyst review. The sector analyst will consider the following areas:



- Financial Strength
- Volatility & Liquidity
- Business History
- ESG Factors
- Future Prospects
- Current News Flows

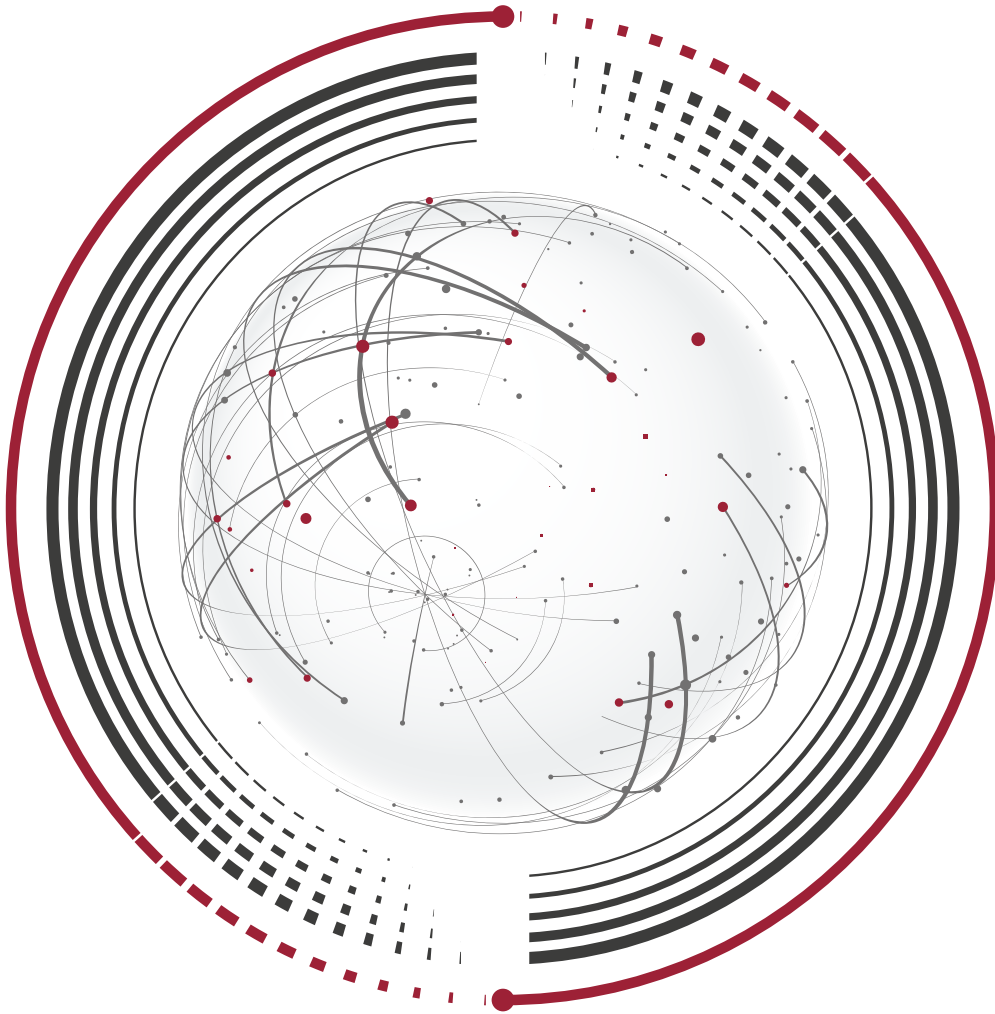
REJECT

NO REASON  
TO REJECT

The sector analyst will either 'Reject' a stock or find 'No Reason to Reject' the stock.

If a stock is deemed 'No Reason to Reject', the position will be implemented into the fund.

# *Fund Construction*



**The fund will typically hold between 30 and 50 stocks, with each position implemented into the fund on an equal weighted basis.**

There are no targets or limits with regard to sectors or geographies.

The fund is rebalanced if a position exceeds 4% (based on a 30 stock portfolio) or 3% (based on a 50 stock portfolio).

## Monitoring

**The Investment Team meets formally on a weekly basis to review the current fund composition.**

Ad-hoc and informal meetings are also carried out where deemed appropriate.

There are no targets or limits with regard to sectors or geographies.

The fund is rebalanced if a position exceeds 4% (based on a 30 stock portfolio) or 3% (based on a 50 stock portfolio).

The QESM is run weekly and securities within the fund are also monitored in the following ways:



- Value Scores
- Momentum Scores
- Yield Scores
- ESG Factors
- Factor Exposure
- Current News Flows
- Stress Testing
- Concentration Analysis
- Equal Weighting
- Clustering Analysis

If a security is found to be in breach of the Courtiers Ethical Screening Criteria the position will be sold from the fund at the earliest opportunity.

For a full overview of each area please refer to the appendix.



## *Charges*



**Fund performance is always quoted net of the ongoing charges.**

The latest charges are detailed on the Key Investor Information Document and on the most recent fund factsheet.

## *Performance*



**Returns for the most recent month end are available on the latest fund factsheet.**

The factsheets for each of the funds can be found on the Courtiers website.

# Appendix

## Fund Monitoring

The list below is not exhaustive. Additional monitoring methods may be considered and used for reviewing the securities within the funds.

### Clustering Analysis

Assessing a cluster of securities with similar returns in different sectors. This can be useful for assessing systemic risk.

### Concentration Analysis

Concentration looks at market competition within an industry. The less companies within an industry, the greater market share a single company has and the higher the concentration of an industry.

Concentration analysis is carried out in conjunction with the Herfindahl-Hirschman Index (HHI) which assesses the size of firms in relation to overall industry size.

### Current News Flows

Current news flows impacting companies within the funds will be reviewed. If these appear to be material this may result in a stock review.

### Equal Weighting

All positions are implemented in the funds on an equally weighted basis. This maintains the sell discipline of the fund.

If a position exceeds 4% of the fund it will be trimmed, with the proceeds used to top up the lowest weighted stocks.

## ESG Factors

This is the consideration of Environmental, Social and Governance (ESG) factors of individual securities. ESG factors are reviewed in conjunction with an independent third-party provider. Please refer to the 'ESG Factors in Courtiers Funds' document for further information. This can be found on the Courtiers website.

Whilst all holdings will have to pass the Courtiers Ethical Screening Criteria ESG factors of each holding are still considered during the security selection.

### Factor Exposure

This compares the current fund weights and dividend yields to the relevant starting index.

### Momentum Scores

Momentum assesses the velocity (speed) at which price changes of securities occur, as opposed to the actual share price change. A security with a lower momentum score is preferred for the funds.

### Stress Testing

Assesses the potential effects of events on a stock as well as their financial impact.

### Value Scores

This will combine a range of financial ratios including Earnings-to-Price to provide an overall value score for an underlying security. A security with a higher value score is preferred for the funds.

### Yield Scores

This will review the dividends paid by a security. The yields for all the underlying securities will be amalgamated to provide a fund level yield. This will be compared to the yield of the relevant index.

# COURTIERS

## **Important Information**

The value of your investments and any income you take from them may fall as well as rise and is not guaranteed. You might get back less than you invest. Please remember that past performance is not a reliable indicator of future returns. The investments are intended as long-term investments. Further details of the risks associated with investing in Courtiers Funds can be found in the Key Investor Information Document or Prospectus, copies of which are available on request or at [www.courtiers.co.uk](http://www.courtiers.co.uk).

## **Disclaimer**

This communication is for information purposes only; it should not be relied upon in making an investment. The views expressed by individuals and the business are based on market conditions at the date of issue and subject to change without notice. Reference to any investment does not constitute advice or a recommendation to buy or sell securities. Should you need advice or if you are interested in any of Courtiers Asset Management Limited's range of funds please seek advice from a financial adviser.

Issued by Courtiers Asset Management Limited CAM0423737



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