

Legg Mason Martin Currie – Ethical Values with Income Fund

Ethical Survey, as voted by members of the Ethical Advisers Co-Op



Poor | Disappointing | Average | Appealing | Excellent

As voted by Ethical Adviser Co-op members. Find a specialised ethical adviser near you: www.ethicaladviserscoop.org/find-an-adviser.html

Fund Overview

This is an actively managed fund investing in Australian companies. It uses negative screening for ethical values, ESG impact and Catholic values.

Ethical Concerns

Investments

- ✘ Some investments in the Fund may be problematic for ethical investors, such as:
 - Oil refining, storage and distribution: Viva Energy (owns Shell)
 - Electricity generation: Contact energy (Gas)
 - Fossil-fuel intensive industries: Transurban Ltd
 - Domestic exposure to gambling, tobacco, and/or alcohol sales as well as mineral mining: Wesfarmers
 - Mineral mining and fossil fuels (coal/oil/gas): Woodside Petroleum
 - Service stations and petrol distribution: Caltex
 - Other holdings with ethical concerns: Big four banks, Adelaide Brighton, ASX Limited

Other concerns

- ✘ Invests in companies Viva Energy and Woodside, named by [Market Forces](#) as undermining efforts to meet the Paris Agreement on Climate Change.
- ✘ Screens companies using the Catholic Health Australia Code of Ethical [Standards](#) which may be conflicting for those who support health choices such as abortion, use of contraception, in vitro fertilisation (IVF), intra-cytoplasmic sperm injection (ICSI) or artificial insemination by donor (AID), body modification or gender reassignment. Legg Mason Martin Currie do provide a separate Ethical Income Fund for investors who do not wish to have this screen in place.
- ✘ Voting history not publicly available.
- ✘ Legg Mason Martin Currie do not specialise in ethical investments.

Good Points

- ✓ Fund excludes companies with revenues exceeding 5% in alcohol, weapons, tobacco, gambling, adult entertainment, fur, genetically modified crops and nuclear power.
- ✓ Fund excludes companies that are directly involved with thermal coal; mining, extraction, transportation or power generation.
- ✓ Provides details of the ethical screening process in [PDS](#).
- ✓ Good commitment to transparency by being [RIAA](#) certified, and Martin Currie is a [UNPRI](#) signatory.
- ✓ Average transparency, with [holdings](#) easily accessed via the public website (but no voting disclosure).
- ✓ Weighted average carbon emissions substantially lower than benchmark S&P/ASX200

About the 'Ethical Survey'

About the Ethical Advisers Co-Op

The Ethical Advisers Co-op is a group of 35 financial advisers who are passionate about ethics and finance. The Co-op was established as a not-for-profit over 10 years ago to enable likeminded financial advisers to work together to represent the voice of the consumer. We work to shift the super and investment industry into being more ethically aligned with their clients' objectives. The Co-op's nationwide membership of ethical financial advisers help over 3,300 Australians make financial decisions and invest in line with their ethical values.

How the Leaf-System Works

The ethical rating is voted by Australian financial advisers who specialise in ethical investments (Co-op members). The advisers assess if fund ethics suit their average ethical client, and if it matches with the average client's expectations and objectives. The advisers consider how successful the fund is at; 1) removing industries and stocks harmful to the environment and society 2) including companies with environmental or social benefits, and 3) providing evidence of actions from the fund which benefit society and/or the environment. The quality of information the fund provides on its ethical policies, companies invested in, and proxy voting is important in assessing if a fund is as ethical as claimed. The final rating is an average of these votes.

Financial advisers are voluntarily participating to help ethical consumers gain a quick understanding of how the clients of a group of industry professionals view the ethics of each fund. The Co-op and the advisers do not receive any form of remuneration or reward for participating.

Further Research

Does your fund walk the talk?

The Australasian Centre for Corporate Responsibility (ACCR) – a not-for-profit shareholder advocacy organisation – pushes for transparency around whether your super fund 'walks the talk' on issues such as climate and human rights. You can find details on your super fund [here](#).

Is your fund investing in fossil fuels?

Market Forces is a not-for-profit delivering transparency on fossil fuel lending, insuring and investing within super funds, banks and insurance companies. You can see how exposed your super fund, bank or insurance company is to the fossil fuel industry [here](#).

If the fund is certified by the Responsible Investment Association Australasia (RIAA)

You can find more ethical and investment information for certified funds [here](#).

More information on this fund

For exact details of the fund's claimed ethics, costs and legal details see the fund's Product Disclosure Statement - available on their website.

Vote based on information last updated 25th August 2019