

Pendal – Sustainable Australian Fixed Interest 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

Actively managed Australian Fixed Interest managed fund. Pendal employs a negative screening process drawing on the experience and skills of the Regnan team (a fully owned subsidiary of Pendal), supported by MSCI Global Aggregate Sustainability Research. Credit securities issued by companies with a 'material' business involvement in tobacco, alcohol, gaming, weapons or armaments, pornography, thermal coal and oil sands production are screened out.

Ethical Concerns

Investments

- ✘ Some investments in the Fund may be problematic for ethical investors, such as:
 - Fossil-fuel intensive industries: Brisbane Airport, Ausgrid
 - Other holdings with ethical concerns: Big4 bank issued bonds (albeit issued to fund sustainable/green projects), Coles, Woolworths

Other concerns

- ✘ Full holdings are not published on Pendal's website, however a full list is located on the [RIAA website](#).
- ✘ The "revenue threshold" used by Pendal to drive exclusions, at 10%, is higher than some peers in this sector.
- ✘ Pendal do not specialise in ethical investments, a significant number of their products only employ basic ESG filters.

Good Points

- ✓ Fund screens for tobacco, alcohol, gaming, weapons or armaments, uranium, pornography, thermal coal and oil sands production.
- ✓ The fund has an active tilt to impact bonds (green/climate, social & sustainability) to support positive societal and/or environmental outcomes (including advancement of SDGs)
- ✓ Provides a [Charter](#) detailing the Pendal Responsible Investment philosophy.
- ✓ Commitment to transparency by being [UNPRI Signatory](#), the fund is also [RIAA certified](#).
- ✓ Investments are mapped to the UN's SDGs, and impact reports produced to assess the portfolio's positive contribution to the environment and social equality.
- ✓ The Manager has articulated a commitment to the integration of ESG within their investment process, their ESG policy is freely available on the firm's website. The purchase of the Regnan business highlights the commitment to ESG integration.

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. They published a detailed report looking at the voting records of major Super funds in June 2020. You may find information relating to your super fund [here](#) (see page 18 & 19).

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 31st March 2021