Iain Halket, Chair of the HFS Milbourne Investment Team considers ethical investment options as the company launches a Socially Responsible Strategic Portfolio Service (SRSPS)

There is no doubt that the popularity of socially responsible or ethical investing has skyrocketed in recent years.

"We have seen a shift in attitude amongst our clients, with investors looking for the best possible financial return coupled with socially desirable outcomes," explained Iain Halket, Chair of HFS Milbourne Investment Team.

A key turning point has been the Blue Planet series on BBC TV which kickstarted what has become known as the 'Attenborough effect'.

David Attenborough, the broadcaster, naturalist and all round national treasure, has created a noticeable uplift in public awareness of the need for plastic reduction and biodiversity protection and has become so influential that he gained a record breaking one million Instagram followers in less than five hours.

We are also seeing governments and businesses investing in renewable energy projects such as offshore windfarms and electric vehicles etc to meet the Paris Climate Change agreement, the ambitious assembly which brings nations together to combat climate change.

As a result of the growing interest in this area, HFS Milbourne has launched a Socially Responsible Strategic Portfolio Service (SRSPS) which combines all the benefits of ethical investing with proactive portfolio management.

"As the name suggests SRSPS allows us to hand pick appropriate investment opportunities, in line with a client's principles, be they ethical, moral, social or environmental and very much chimes with a more socially aware mindset amongst clients which we are very keen to support."

What is ethical investing?
A quick scan of the mainstream media and it is quite easy to see the changing landscape in terms of corporate governance.

Legal & General, for example, recently hit the headlines when it demanded that all FTSE 100 companies must have at least one board member from black, Asian or ethnic minority background by start of 2022. L&G cited Black Lives Matter protests as a 'call to action' and declared it would not support businesses that do not engage the BAME community at director level.

Consumers are not afraid to call out firms when things go wrong either. Despite its phenomenal success, the online retailer and fashion giant, Boohoo was recently under the spotlight when an investigation by The Sunday Times alleged that textile workers producing clothes for the company's suppliers were being paid far below the UK minimum wage (£8.72), while working in unsafe conditions. As a result of this exposé, Boohoo's market value fell by a third.

In terms of choosing which companies to invest in, there are three central pillars which can be used to measure the sustainability and societal impact of a business operation i.e. Environmental, Social, and Corporate Governance, often referred to as ESG.

An initial step is to eliminate businesses that an investor many find objectionable for moral or ethical reasons such as those operating in the oil or tobacco industries (known as negative screening) whilst supporting those with good ESG credentials such as a company that provides for the local community (positive screening).

Ethical investing: negative and positive screening helps identify ESG businesses
"There is currently no industry standard for what constitutes acceptable ESG credentials and sometimes it is more about what just does or doesn't feel acceptable," added Iain.

Take for example, the mining specialist Rio Tinto, which came under immense scrutiny when it was given permission to access a sacred 46,000-year-old Aboriginal site in order to expand an iron ore mine. But the works extended to blowing up ancient caves which should have been preserved and did not form part of the original plan. The public backlash was immense and ultimately led to the resignation of Rio Tinto's CEO.

On the other hand, a company currently operating within the energy sector could be transitioning to renewable energy sources with a target to eliminate all fossil fuels by 2030. Although this company might initially fail to clear the negative screening process, it could be considered an attractive investment opportunity by many people, particularly those taking a longer-term view.

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NEGATIVE SCREENING		POSITIVE SCREENING			
Ethical Investing	**Responsible Investing**	**Sustainable Investing**	**Impact Investing**	**ESG Integration**	**Shareholder Engagement**
Exclude Tobacco/ Oil/Armament Stocks	Exclude companies with weak ESG practices	Companies investing to make positive benefits to society	Investments directly targeting significant social benefits	ESG criteria used to select companies	Actively engaging companies to improve ESG standards.

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"The point I'm making is that there is a lot of subjectivity and perhaps over time we will see the introduction of a grading system for ESG credentials, particularly within listed companies, which could be used as measure of 'invest ability'."

In the meantime, HFS Milbourne uses Morningstar, the financial research specialist and rating agency RSM to carry out further due diligence on fund managers and the selection criteria they use to screen potential investment opportunities. This adds a further layer of qualitative assessment to the mix prior to committing any client funds.

The selection of funds

Although the choice of asset classes in this niche is limited to cash, equities and fixed-interest investments, our approach is to invest in the widest range of funds across different asset classes and industry sectors, in line with a client's attitude to risk. This helps reduce the impact of market volatility and thereby limits the risk of capital loss, whilst generating more consistent returns over the medium to long term.

"By not 'putting all your eggs in one basket,' there is scope to generate income from several sources, as we all know asset classes can react differently to the same economic event."

How often is the performance of funds reviewed?

All funds are monitored on an ongoing basis and the HFS Investment Team meet quarterly to ensure that portfolios are automatically rebalanced in line with their tactical asset allocation.

An annual review takes place on 1 December when clients are informed of any specific advice or recommendations that we advise. Clients can review our recommendations before any updates are made.

For further information on HFS Milbourne's Socially Responsible Strategic Portfolio Service (SRSPS) please contact Iain Halket on 01483 468888.

HFS Milbourne Financial Services is authorised and regulated by the Financial Conduct Authority (FCA) and specialises in wealth management, pensions, finance on divorce, mortgages, employee benefits and corporate financial planning.

Further information: **www.hfsmilbourne.co.uk**.
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Iain Halket
HFS Milbourne

Cloud technologies enable better client service

Last year was incredibly challenging for law firms to meet the needs of their clients. While circumstances remain largely uncertain for 2021, there is no better time to think about designing the future of their legal services.

What's most important to recognise is that over the past year clients have grown more accustomed to technology and are using it more. With this change, clients are also shifting their expectations when working with professional service providers.

How has technology become more vital to clients?

- 50% say they are more comfortable with technology
- 52% say they are using technology more
- 58% say technology is more important to them now than before the pandemic
- 53% say cloud technology is a necessity to them

As clients adopt these technologies, they also grow more accustomed to the ease and convenience of solutions like video conferencing software, and the time-saving benefits they provide. The fact that they can connect face to face without leaving their home or office vastly reduces commute times and allows more flexibility within the context of other personal and professional commitments. The same advantages apply to paperless workflows, which are fast and easy, and help keep a clear record of communications.

Most law firms have already adjusted how they operate in some form or another, and much of this shift has seen firms adopt more online cloud technologies to support remote work—both among staff and with clients. What many firms are also realising is that these shifts will likely be in many ways both permanent and irreversible.

These are just some of the findings from Clio's recent *Legal Trends Report,* which is based on aggregated and anonymised data from tens of thousands of legal professionals. Based on the research, lawyers should be looking at how to use cloud-based technologies to expand virtual and remote systems to better serve the needs of clients.

To learn more about how Clio can support innovation at your law firm, visit **www.clio.com/uk**. ■