

Emerald Fixed Income Managed Portfolio



The XTB Emerald Fixed Income Portfolio is a managed portfolio of individual bond units (XTBs) from some of Australia's top companies which have been classified as 'light green' investments.

Portfolio Overview

The Portfolio is made up of companies who are able to provide viable returns to investors while mitigating the environmental and social (ESG) impacts of their business activity. Companies included operate in a manner respectful of society and within emerging ecological constraints.

ESG has become shorthand for investment methodologies that embrace sustainability factors. It is a means for helping to identify companies with superior business models. ESG factors offer portfolio managers added insight into the quality of a company's management, culture and risk profile.

The Emerald Club runs a screen, by conducting an analysis of ESG factors based on a company's annual disclosure of various metrics in its corporate social responsibility (CSR) report. Examples of this include total greenhouse gas (GHG) emissions, water intensity per sales and renewable energy use.

Screening process explained



STEPS	PROCESS
SCREEN	Negatively screen full list of available investment-grade XTBs and other listed senior investment grade bonds to remove companies whose primary activities negatively impact people or the environment such as gambling, tobacco, casinos & fossil fuels.
RANK	Rank companies by Bloomberg ESG scores taking into consideration Sustainalytics Rank and Roboeco SAM Sustainability Rank.
MONITOR	Monitor changes to – Percentage Women on Boards, CEO Tenure as of FY End, Percentage Women Employees, Energy Intensity Per Sales, UN Global Compact Signatory, GHG Intensity Per Sales, Water Intensity Per Sales, Climate Change Policy, Renewable Energy Use and ESG Linked Bonus.
ENGAGE	Engagement with the ESG focused advice community to co-develop and validate the portfolio and process.
CONSTRUCT	XTB portfolio construction, rules based approach to maximise yield, consider duration and manage sector exposures.

Investment Objective

- A portfolio of ASX-traded XTBs considered to have sound ESG policies
- Investment-grade fixed income securities traded on ASX
- Focus on yield to maturity, liquidity and risk weightings
- A regular and predictable income stream
- A capital preservation focus and low levels of price volatility
- An absolute return that is 1% higher than cash, with liquidity, to ensure investment flexibility
- Risk profile less than equities & hybrids, and a higher return than 'cash-like' investments.

Portfolio Details

Inception Date	April 2018
Platform	HUB24
Benchmark	RBA Cash Rate + 1%
Indicative Number of Securities	8-15
Asset Allocation Ranges	Fixed Income: 85% – 100%. Cash: 0% - 15%
Minimum Portfolio Investment	No minimum
Investment Management Fee	0.275% p.a. (incl. GST)
Suggested Time Frame	2 Years
Investment Universe	Available XTBs - Fixed & Floating and cash

Potential benefits to your clients

- Professional investment management
- Transparency
- Individual accounts
- Tax position unaffected by other investors
- Portability.

Potential benefits to your business

- Business efficiency
- Compliance control
- Less administration.

About the Portfolio Manager: Ian Martin CIO & Co-Founder



Ian has more than 30 years' experience in fixed income markets globally. Prior to XTBS he was Head of Rates Australia & NZ for Deutsche Bank Australia, where he managed a team of traders across London, Auckland & Sydney. He was a member of the Australian Financial Markets Association (AFMA) Market Governance Committee, a board member of Yield broker & a member of Deutsche Bank's Global Rates Executive Committee.

About The Emerald Club



The Emerald Club came about from a desire to increase the adoption of responsible investing in Australia. They believe financial advisers need to have better access to information and benefits that they can pass on to their clients, as well as more adaptable tools that catered for the values and needs of Australian investors. They deliver this via a range of investment product and platform solutions.

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