



Ethical Fund

December 2017

Fund information for quarter end 31st December 2017

(as at 31/12/2017)

Underlying fund launch date	01/04/2003
Unit price	1154.20p
Underlying fund size (£m)	390.1
Yearly fund charges*	0.910%
Investment Approach	Active

*The charges shown are the total charges that will be deducted from your Retirement Account while you are a member of the KPS-MP. For further information please refer to the scheme literature.

Fund holdings

Funds	Target fund holdings
Zurich' F&C Responsible Global Equity	100.00%

*Zurich is not a fund manager - the Zurich funds invest in the underlying fund.

Portfolio Manager

Jamie Jenkins (Lead Manager) / Alice Evans (Deputy Manager)

Top Holdings

APPLE INC	3.90%
XYLEM INC	3.60%
MASTERCARD INC	3.40%
PRUDENTIAL PLC	2.70%
KERRY GROUP PLC	2.50%
KUBOTA CORP	2.50%
PRAXAIR INC	2.50%
ROPER TECHNOLOGIES INC	2.50%
US BANCORP DELAWARE	2.50%
ING GROEP N.V.	2.40%

Fund objective

The fund aims to provide long-term growth by investing in the shares of companies that meet a set of ethical criteria. The benchmark is currently the MSCI World Index.

Who manages the funds?

Zurich delegates the investment management of the fund for the Kingfisher Pension Scheme Money Purchase Section (KPS-MP) to an underlying fund manager. The fund is currently managed by F&C. Please note that the Trustee has the flexibility to change the underlying fund manager(s) at any time.

Fund features

This fund invests in shares of companies that meet a set of ethical criteria.

Asset split

US Equities	51.10%	
Japanese Equities	11.60%	
German Equities	8.10%	
International Equities	8.00%	
UK Equities	7.20%	
Dutch Equities	6.10%	
French Equities	2.70%	
Irish Equities	2.40%	
Taiwanese Equities	2.00%	
Money Market	0.80%	

Sector split

Information Technology	24.00%	
Financials	18.40%	
Industrials	18.00%	
Health Care	14.00%	
Consumer Discretionary	13.70%	
Consumer Staples	3.70%	
Materials	3.70%	
Real Estate	2.20%	
Utilities	1.50%	
Money Market	0.80%	

This data is based on available data for the underlying Zurich pension fund(s) and target fund holdings as shown.

Commentary

The F&C Responsible Global Equity Fund returned 2.7% during the third quarter, outperforming its benchmark. On a sector basis, the biggest overall positive contributions came from consumer discretionary and consumer staples, where stock selection was most favourable. Sector allocation was neutral, with the zero exposure to energy hindering performance, offset by positive contribution from the overweight to information technology and underweight to consumer staples. On a regional basis, asset allocation was also largely neutral. During the quarter, we initiated a new position in Wolters Kluwer, where we foresee steady, compounding growth. We added to our existing holding in healthcare company Henry Schein, where we view the recent negative reaction to earnings as overdone. We disposed of our holding in healthcare provider Raffles Medical and we trimmed our positions in Japanese manufacturer Keyence and UK based testing specialist Intertek following strong stock price performances. The global macroeconomic backdrop remains supportive for equity markets to continue their grind higher. Fears that the US would run into capacity constraints are not materialising and the gradual increase in interest rates and planned tapering of the Fed's balance sheet have failed to derail markets. Elsewhere, the improvement in global economic growth means we are seeing coordinated global growth allowing volatility to continue to run at very subdued levels. Our portfolio positioning retains its bias towards higher quality, sustainable growth companies that can prosper in spite of any near-term economic and policy-driven volatility. We still believe that higher quality companies should outperform over the long-term, due to their robust cash flow, focus on improving total shareholder returns and increasing franchise value.

