



BARCHESTER GREEN INVESTMENT

Independent Financial Advisers
Specialists in ethical and environmental funds

Ethical/sustainable pension fund performance review 2009: who's hot and who's not?

According to a recent poll carried out by Gfk NOP around 50% of adults make no contributions to a UK registered pension scheme. And unfortunately many of those who make regular payments do very little to monitor the performance or investment returns of the funds they invest into.

Since the introduction of Stakeholder pensions in 2001 much of the debate has focused on the charging structures which are applied to personal pension schemes with much less attention paid to the question of investment fund performance.

When you consider that the UK's top performing ethically screened fund available within a pension returned +62.7% over the past five years and the worst performing fund actually fell in value over five years by over -10% the importance of fund performance is made more apparent.

The winners

Norwich Union/AVIVA, Jupiter and Aberdeen managed pension funds all produced very decent returns for their investors despite the difficult markets conditions.

Over five years Norwich Union's Sustainable Future European Growth comes out top with Jupiter's Ecology fund some way behind; five year performance is +62.7% and +48.9% respectively.

Both of these funds operate in relatively specialist investment areas that represent a higher degree of risk than many investors would feel comfortable with, so it's worth reflecting on performance figures for a more mainstream group of investment funds in UK stocks and shares.

In the UK equity sector AEGON asset management stand out as strong performers largely due to the success of their lead manager Audrey Ryan- who currently ranks in the top 5% of UK investment managers according to Citywire. Over five year AEGON ethical equity is up by 41%.

Some of the "losers"

Some of the insurance industries big names have struggled to organise a competitive ethical and sustainable fund offering with Standard Life's Ethical fund down at no12 over five years and Stewardship Managed languishing in 17th place over the same time period.

Conclusions

Investing into a personal pension scheme is a complex process and there are many issues which investors should consider, but fund performance over-time clearly makes a very significant difference.

Selecting managers is not a simple process but it does make sense to look at past performance returns and the overall success of the investment group in running money; especially when considering a bias towards sustainable or ethical funds.

Notes:

It is interesting to note that investors who've been prepared to take additional risk by investing in a Growth fund or a specialist environmental fund have been rewarded by better returns.

Performance returns quoted are as at 28/05/2009.

Past performance is not a guide to future performance and the value of investment may fall as well as rise.

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This article provides general information and should not be relied upon for investment decisions.

The top ten over five years:

Fund name	Investment group	Focus	5 year return
NU Sustainable Futures European Fund	Norwich Union	Equity	67%
Jupiter Ecology	Jupiter	Equity	46%
Lincoln Green	Lincoln/Jupiter	Equity	46%
Blackrock AEGON Ethical Equity	AEGON	Equity	45%
SJP Ethical Pension	St James place/Aberdeen	Equity	41%
Zurich Environmental Opportunities	Zurich	Equity	40%
Scot Equ Ethical Pension	AEGON	Equity	38%
Scot Life UK Ethical	Scot Life	Equity	35%
NU Sustainable Futures Managed	Norwich Union	Equity	31%
NU Sustainable Futures Absolute Growth	Norwich Union	Equity	29%

John Ditchfield 28/05/2009