

Investment Preference Pathway - Additional Information

(Further detail to support your discussion with your adviser)

More detail if you would like it

This document provides additional information about the investment approaches outlined in the Investment Preference Pathway - Quick Guide.

You do not need to read this document in full.

Your adviser will discuss your options with you and help you decide what is suitable.

This information is available if you would like to:

- understand the approaches in more detail
- explore specific preferences
- or discuss your options further with your adviser

You can keep things simple or explore more detail — both approaches are valid

Understanding the different approaches

Option 1: Conventional

Investments are chosen based on financial goals such as growth, income and risk.

Fund managers have full flexibility to invest in any sector or company within the agreed risk profile.

This approach does not focus on environmental, social or ethical preferences.



Option 2: Conventional + ESG

This approach follows a conventional investment process, but also considers environmental, social and governance (ESG) factors where these may affect risk or long-term performance.

These factors are used to support investment decisions and manage risk, rather than to specifically target environmental or social outcomes



Option 3: Sustainability

Sustainable investing aims to support environmental or social outcomes alongside financial returns.

This may include:

- investing in solutions (such as renewable energy)
- supporting companies improving their sustainability
- or targeting measurable positive outcomes

There are different ways sustainability can be applied, which your adviser can explain.



Option 4: Ethical / Values-based

Ethical investing reflects your personal beliefs or values.

This often involves avoiding certain activities or sectors, such as tobacco, arms or other areas you may not wish to support.

The level of restriction can vary depending on your preferences.



There is no “better” option.

Each approach reflects different preferences and priorities.



Understanding sustainability approaches

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A broader approach

You can include a wide range of funds that:

- consider sustainability factors
- or aim to support environmental or social outcomes

These funds may:

- have a UK sustainability label
- not use a label
- or be based outside the UK

Not all sustainable funds use a label.

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A more focused approach

You may choose to focus on funds that reflect your preferences more personally.

Sustainability funds may have a UK sustainability label, not use a label, or be based outside the UK.

Not all sustainable funds need to use a label.

A questionnaire can be used to identify investment areas that more closely reflect your views.

Different investments take different approaches to sustainability. While some aim to support positive environmental or social outcomes, this does not guarantee specific real-world results.

Your adviser will explain what each approach is designed to do and any limitations.

The four UK sustainability labels

Sustainability Focus

- Invests in assets that are already sustainable.

Sustainability Improvers

- Invests in assets that aim to improve their sustainability over time.

Sustainability Impact

- Invests in solutions that aim to achieve a positive impact.

Sustainability Mixed Goals

- Invests across a combination of these approaches.

Important clarification

- Different investments take different approaches to sustainability. While some aim to support positive environmental or social outcomes, this does not guarantee specific real-world results.
 - Your adviser will explain what each approach is designed to do and any limitations.
 - You can also [visit the FCA's consumer guidance](#)



Understanding ethical and values-based investing

Ethical or values-based investing allows you to reflect personal beliefs, values or priorities in your investments.

This often involves avoiding certain activities or sectors.

Examples may include:

- tobacco
- arms
- fossil fuels
- animal testing
- or other areas based on your personal views

Important considerations

- The more restrictions you apply, the more limited the range of investments is likely to be
- This may affect how your portfolio is constructed
- Your adviser will help you understand what is realistic and suitable, and how this may affect your investment options

Levels of detail

You can:

- leave decisions to your adviser and fund managers
- or specify detailed preferences

Your preferences can be simple or highly specific.

How your preferences are applied

Your investment preferences are one part of the overall advice process.

Your adviser will consider:

- your financial goals
- your attitude to risk
- your capacity for loss
- your time horizon
- and your wider financial situation

Your preferences will be applied alongside these factors to recommend a suitable investment approach.

Important points

- Not all preferences can always be applied exactly as requested
- There may be trade-offs between preferences, risk and diversification
- Some people want their investments to make a positive real-world difference. Your adviser will help explain what is possible and any limitations
- Different investments may take different approaches to sustainability

Your adviser's role is to balance your preferences with what is suitable for you.



Philanthropy (optional consideration)

Philanthropy is not an investment strategy, but some people choose to support causes alongside their investments.

This may include:

- one-off donations
- regular giving
- or structured charitable planning

Your adviser can discuss this with you if it is relevant to your financial planning.

Philanthropy sits alongside investments — it is a separate decision.