

Chris Welsford: How I got the best of both worlds

Is it possible to construct portfolios that generate positive impact and risk-adjusted returns? Chris Welsford, Chartered MCSI and MD at Ayres Punchard Investment Management Ltd has created more impactful portfolios that are also reaching clients' financial goals. The number of his clients who are using these impact portfolios is expanding rapidly. Here Chris shares his secret to success...

BACKGROUND

- After starting the company in 1995, the only impact-style funds Chris had to work with were 'exclusion' funds
- They were seen as 'niche' and 'non-mainstream' so he thought they'd have to compromise on financial returns, however, over time Chris realised *"sustainability is the thing that absolutely drives returns and reduces the risk in portfolio management"*.

OPPORTUNITY

- Attending the Social Investment Academy helped Chris and he discovered the Impact Portal - a tool that enables advisers to scope, screen and rank a defined and comprehensive range of impact investment collectives available to UK retail investors
- *"What the Portal did for us, and what it continues to do for us, is it allowed us to filter down to truly well researched and independently researched information."*

PROCESS

- Although Chris does see subscribing to the Worthstone Impact Portal as a significant commitment relative to the other outsourced services that he uses, he has found it to be one that is invaluable to his practice
- *"the Impact Portal provides us with the data, to narrow down the funds that we can use within our portfolios. It allowed us to verify whether the funds we were using already were any good or not, and some of them definitely weren't, so we replaced them and built new model portfolios."*
- These portfolios were built after assessing the overall star rating along with key individual criteria, such as positive social impact rating, financial confidence and exposure to ethical controversies in addition to adjusting asset allocation and reducing risk
- Ayres Punchard are now switching all of their clients away from the older, conventional portfolios to the new model portfolios

"It's not a niche activity, it should be a mainstream activity. This is the future and if you ignore it you do so at your peril."

KEY RESULTS

- Previously he had limited clients who were using his impact portfolios but that number is expanding rapidly
- The Impact Portal helped him to create a more impactful portfolio and one that is reaching clients' financial goals – he is now getting the best of both worlds!

CHALLENGE

- About 22 years ago Ayres Punchard started attracting clients that were willing to take on 'ethical portfolios'
- However, these were a minority and most client portfolios were built using conventional mainstream funds
- Chris gradually realised that many asset managers were *"taking liberties"* with the words 'ethical', 'sustainable', 'ESG', 'responsible' etc.
- He started to do his own research and found that many funds were far from 'ethical' and 'responsible' as they had claimed

RESULTS

- Chris found that *"...we had out-performance at every level and had less risk. That was revelatory..."*
 - *"It's only by doing that in-depth research that you can answer clients' questions about portfolios and also your own questions."*
 - *"What drives returns is sustainability and it drives down risk. It's obvious when you think about it, it mitigates risk."*
- *"Access to the Impact Portal allowed us to practice what we're preaching and gave us the means to be able to do that and do it properly."*
- *"Other tools are so wrapped up in corporate culture and provider culture that it's a breath of fresh air to see what Worthstone are doing as it's an independent view."*

If you would like a free 30-min demo of the Impact Portal, please **click here**.

Chris has booked his ticket to the **2018 Social Investment Academy** *"The reason why I thought it [SIA17] was great was the enthusiasm"*

He's going to this year's SIA with an open mind and hopes to hear new ideas and meet interesting people.

If you'd like to network with Chris and other like-minded advisers, you can find out more details and book tickets **here**.