

# AMP – Ethical Leaders fund (Balanced, Australian, International)

Ethical Survey, as voted by members of the Ethical Advisers Co-Op



Poor | Disappointing | Average | Appealing | Excellent

As voted by Ethical Adviser Co-op members. Find a specialised ethical adviser near you: [www.ethicaladviserscoop.org/find-an-adviser.html](http://www.ethicaladviserscoop.org/find-an-adviser.html)

## Fund Overview

These are actively managed funds investing in Australian and international companies. They have negative and some positive filters. The fund has recently rebranded from 'AMP Responsible Investment Leaders'.

## Ethical Concerns

### Investments

- ✗ A large number of investments in the Fund can be problematic for ethical investors, some examples are:
  - Mineral mining + fossil fuels (coal/oil/gas): BHP, Caltex, Santos, Woodside, Wesfarmers, Beach Energy, Abu Dhabi National Oil Company, Parsley Energy, Mol Hungarian Oil & Gas Plc, Nk Lukoil Pao, Premier Oil Plc, Tullow Oil Plc, Diamondback Energy Inc, Parsley Energy Inc, Tamarack Valley Energy, AGL Energy, Diamondback Energy, Tullow Oil ...
  - Secondary exposure: Viva Energy Reit, Orica...
  - Uranium mining: Rio Tinto, BHP, TORO exposure via OZ Minerals
  - Significant environmental management concerns: Santos
  - Other holdings with ethical concerns: big four banks, Macquarie, PepsiCo, Coca-Cola, Wells Fargo...
- ✗ Invests in companies APA Group, Beach Energy, Caltex, Oil Search, Santos, Seven Group, South32, Viva Energy, Woodside and WorleyParsons, named by [Market Forces](#) as undermining efforts to meet the Paris Agreement on Climate Change.

### Other concerns

- ✗ The website and fund name have been rebranded with an 'ethical' focus, however underlying investments remain the same.
- ✗ Engagement report [here](#) (also in good points) does not justify the large scope of questionable holdings. For example, there is no justification for holding **Tullow Oil** - an oil and gas exploration and production company finding and monetising oil in Africa and South America. This asset appears unaligned with the fund's [approach to climate change](#). Engagement with this organisation (if any) and engagement aims (if any) are not addressed for **Tullow Oil**, or for the multitude concerning holdings where it may be reasonable to expect justification.
- ✗ No disclosures around fixed interest.
- ✗ The latest detailed voting report publicly available (2017) had largely abstained or voted against climate related resolutions.
- ✗ AMP do not specialise in ethical investments.

## Good Points

- ✓ Fund excludes tobacco, nuclear power (including uranium), armaments, gambling, alcohol, and pornography.
- ✓ Commitment to transparency by being [UNPRI](#) signatory and [RIAA](#) certified.
- ✓ Full disclosure of Australian holdings [here](#) and International holdings [here](#).
- ✓ Somewhat detailed information provided on proxy [voting](#). Doesn't show individual votes but does demonstrate active ownership, including significant support of shareholder resolutions.
- ✓ Engagement report [here](#) provides detailed information on a range of issues, stances and engagement actions.
- ✓ Provides a [Charter of Operation](#) detailing the ethical screening process.
- ✓ Provides strict exposure limits for tobacco and controversial weapon production – 0%.
- ✓ Seeks to limit exposure to companies which have a material exposure to the most carbon intensive fossil fuels by excluding any company that has more than a [10% exposure](#) to;
  - Mining thermal coal, Exploration and development of oil sands, Brown-coal (or lignite) coal-fired power generation, Transportation oil from oil sands, Conversion of coal to liquid fuels/feedstock.
- ✓ 'Strive to seek out' managers identifying [industry leaders](#) across a range of ESG considerations.

*This survey, and the information contained in this document, consider **ethics only** and do not include ANY analysis of fees, performance of financial suitability. It is **general advice only**. The ethical score is subjective and benchmarked to each adviser's average ethical client. Your ethics may differ. We recommend you speak to an experienced ethical financial adviser for personalised advice before making any decisions.*

## About the 'Ethical Survey'

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### About the Ethical Advisers Co-Op

The Ethical Advisers Co-op is a group of 35 financial advisers who are passionate about ethics and finance. The Co-op was established as a not-for-profit over 10 years ago to enable likeminded financial advisers to work together to represent the voice of the consumer. We work to shift the super and investment industry into being more ethically aligned with their clients' objectives. The Co-op's nationwide membership of ethical financial advisers help over 3,300 Australians make financial decisions and invest in line with their ethical values.

### How the Leaf-System Works

The ethical rating is voted by Australian financial advisers who specialise in ethical investments (Co-op members). The advisers assess if fund ethics suit their average ethical client, and if it matches with the average client's expectations and objectives. The advisers consider how successful the fund is at; 1) removing industries and stocks harmful to the environment and society 2) including companies with environmental or social benefits, and 3) providing evidence of actions from the fund which benefit society and/or the environment. The quality of information the fund provides on its ethical policies, companies invested in, and proxy voting is important in assessing if a fund is as ethical as claimed. The final rating is an average of these votes.

Financial advisers are voluntarily participating to help ethical consumers gain a quick understanding of how the clients of a group of industry professionals view the ethics of each fund. The Co-op and the advisers do not receive any form of remuneration or reward for participating.

### Further Research

#### *Does your fund walk the talk?*

The Australasian Centre for Corporate Responsibility (ACCR) – a not-for-profit shareholder advocacy organisation – pushes for transparency around whether your super fund 'walks the talk' on issues such as climate and human rights. You can find details on your super fund [here](#).

#### *Is your fund investing in fossil fuels?*

Market Forces is a not-for-profit delivering transparency on fossil fuel lending, insuring and investing within super funds, banks and insurance companies. You can see how exposed your super fund, bank or insurance company is to the fossil fuel industry [here](#).

#### *If the fund is certified by the Responsible Investment Association Australasia (RIAA)*

You can find more ethical and investment information for certified funds [here](#).

#### *More information on this fund*

For exact details of the fund's claimed ethics, costs and legal details see the fund's Product Disclosure Statement - available on their website.

*Vote based on information last updated 25<sup>th</sup> August 2019*