

Legg Mason QS Investors Global Responsible Investment Fund

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

Fund Overview

The Legg Mason QS Investors Global Responsible Investment Fund is an actively managed multi-asset global investment Fund. It has negative and positive screening, with an investment approach that seeks sustainable returns.

Ethical Concerns

Investments

- ✘ Some investments in the Fund may be problematic for ethical investors, such as:
 - Fossil-fuel intensive industries: Ford Motor Company, Southwest Airlines Co
 - Other holdings with ethical concerns:
 - Apple (forced product obsolescence);
 - PepsiCo, Coca-Cola, Nestle, McDonald's Corp and Starbucks (unhealthy food and beverage products);
 - Schlumberger (oilfield services);
 - Facebook (privacy violations, failure to monitor extremism and potential human rights violations);
 - Johnson & Johnson (vaginal mesh scandal); and
 - Best Buy Limited, Nike Inc, GAP, Hasbro Inc, Marks & Spenser Group, and Target Corp (fast fashion).

Other concerns

- ✘ There is no public disclosure of voting record, and as such, it is difficult to gauge the Fund's engagement on climate change and human rights issues.
- ✘ Legg Mason/QS Investors are a diversified investment company that do not specialise in ethical investments. Legg Mason does offer two other ethically screened funds with different investment managers.

Good Points

- ✓ The Fund applies the following negative screening:
 - Exclusion of companies directly involved in the production, development or operation of the extraction or power generation of thermal coal, tobacco, gambling and controversial weapons and small arms.
 - Exclusion of companies with 5-10% or more revenue derived from adult entertainment, defence and weapons, gambling, genetically modified crops, nuclear power, fur, oil sands, alcohol, tobacco.
- ✓ The fund preferences sustainability leaders, selecting companies from several positive industries including renewables.
- ✓ Some commitment to transparency as QS Investors is a [UNPRI](#) signatory and [Legg Mason](#) is RIAA certified (however the product itself is not).
- ✓ Average transparency with portfolio holdings available [online](#).
- ✓ Legg Mason/QS Investors utilise the Institutional Shareholder Services Sustainability Proxy Voting Policy. However, it does not publicly disclose the Fund's voting record.

About the 'Ethical Survey'

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 2nd October 2020