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# KEYSTONE POSITIVE CHANGE INVESTMENT TRUST AGM – MANAGER INSIGHTS

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Joint fund manager, Kate Fox provides a progress update on investing in companies delivering innovative solutions with a focus on sustainability, including the electrification of transport and biotechnology-enabled healthcare.

*The value of an investment in the trust, and any income from it, can fall as well as rise and investors may not get back the amount invested.*

*This film was produced and approved in January 2022 and has not been updated subsequently. It represents views held at the time of recording and may not reflect current thinking.*

*For a Key Information Document for the Keystone Positive Change Investment Trust plc, please visit our website at [www.bailliegifford.com](http://www.bailliegifford.com)*

**Kate Fox (KF):** Against the backdrop of Covid we are all becoming more accustomed to living with change. Change can be unsettling; dealing with change can be tiring. But change can also be incredibly exciting and positive.

I am Kate Fox, one of the new co-managers of Keystone Positive Change Investment Trust.

My colleagues and I were delighted to become managers of The Trust in February 2021 following the Board's bold decision to adopt radical and positive change.

Radical change in transforming the Trust from a UK one to a Global one with ambitious growth aspirations.

And Positive Change, by becoming a Trust that doesn't just seek to deliver attractive investment returns but one that also seeks to contribute towards a more sustainable world for us to retire into and for a grandchildren's grandchildren to thrive in.

These two objectives are highly complementary, and we believe they can provide a great opportunity for savers, people and the planet.

## **Driving Positive Change**

By investing in the Keystone Positive Change Investment Trust, you are investing in a selection of companies whose products and services are providing solutions to global challenges.



A particularly exciting aspect of the trust is its ability to invest in private companies: as shareholders this provides you the opportunity to supply primary capital to some of the world's most innovative and ambitious young companies.

To introduce you to some of the companies we invest in on your behalf, let me take you through some of the exciting areas of research and recent portfolio activity.

We need to rapidly decarbonise energy generation. As the world's largest offshore wind farm operator, Orsted plays an important role in the shift towards more renewable energy.

Renewable energy generation will enable electrification in many industries, one of the most prominent being transportation. Tesla is a key contributor to the electrification of the automotive industry.

There is also a great deal of investment and innovation going into developing electric flying vehicles and last year the Trust took a new holding Joby, a pioneer in this area.

We are living in a material world, but the current system is unsustainable – we can't continue on this linear system of extraction, use and disposal, particularly of products derived from rare materials and petrochemicals.

We need to use better materials and keep goods in the system for longer - to move from a linear to a more circular economy.

Northvolt is a private Swedish company we recently took a holding in. As well as aspiring to become Europe's biggest battery provider, it is intent on recycling batteries from EVs, so helping us move to circular system.

And Spiber is an exciting private Japanese company we have also recently invested in which makes biodegradable fibres that share the attractive qualities of animal fibres (such as cashmere) or petrochemical based products but are much more environmentally sustainable.

We believe we are living through a biological revolution, and that's through tools that help us read, edit and write DNA. The Trust invests in a few companies that provide tools that enhance our understanding of biology and have the scope to improve our understanding, diagnosis, and treatment of diseases.

Examples include Illumina and 10x Genomics. Investments that address the healthcare & quality of life theme vary from vaccine provider Moderna, to Peloton, which we took a new holding in last year.

Peloton has carved out a unique position in the interactive fitness market and has got a huge runway for growth. By reducing the friction of keeping fit, Peloton is helping prevent the onset of several conditions such as heart disease and type 2 diabetes.

Access to high quality education is a key enabler of social mobility and economic progress.



We are delighted to have participated in the IPO of Coursera, an online platform providing a range of educational content from short courses to online degrees, helping improve access to learning through lower costs and greater convenience and helping provide relevant qualifications in an ever evolving job market.

These exciting new purchases have been funded from selling companies where the investment case hasn't worked out, and companies like Alphabet where we no longer believe that the company will meet our impact objective.

We have also reduced positions in companies where we believe the share price appreciation has been particularly strong and outstripped the fundamental progress, such as Tesla and ground source heat pump provider Nibe.

### The Future

It feels as if we are on the cusp of several waves of innovation and transformation, including the energy transition, electrification, a material revolution, genetics, AI and quantum computing.

Each of these waves in isolation are exciting; in combination, they could be incredibly powerful.

Our focus is on identifying the wave makers – the companies driving change and disrupting the status quo – and to play our role in helping the development and scaling of innovative solutions to global challenges by providing long term and supportive capital.

We thank you for joining us on what we believe to be an important and rewarding journey for savers, people, and planet.

#### Annual Past Performance to 31 December Each Year (net %)

	2017	2018	2019	2020	2021
Keystone Positive Change Investment Trust	11.6	-13.4	23.3	-0.8	-4.8
MSCI ACWI Index	13.8	-3.3	22.4	13.2	20.1

Source: Morningstar, MSCI, total return in sterling.

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*The trust invests in companies that make a positive impact on society and/or the environment. This means the trust won't invest in certain sectors and companies, limiting the investments available to the trust. Therefore, the trust's returns may be different to a fund or trust which has no such restrictions.*

*The trust's risk could be increased by its investment in private companies. These assets may be more difficult to sell, so changes in their prices may be greater.*

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