Separate Account Managers in Sustainable and Responsible Investing

Horizon Enhanced Socially Responsible

About This Strategy

Assets Under Management (AUM): $7.953M (in US$ millions)

Required Minimum: $100,000

Benchmark used: MSCI KLD 400 Social

Strategy type: All Cap

Strategy description: The Enhanced Socially Responsible strategy is an all-equity enhanced index strategy. Horizon believes its Enhanced Socially Responsible strategy can achieve outperformance by applying quantitative overlays to the MSCI KLD 400 Social Index, an index that is selected largely on qualitative characteristics. The 40 highest-scoring stocks in the index in terms of Quadrix Overall Score typically make it into the portfolio. Stocks are typically held for 12 months, at which time the equity portfolio is rebalanced and reconstituted depending on the results of our quantitative methodology. Changes to the equities may occur more frequently than annually in the event of takeovers or other corporate actions. For the initial investment selection, no sector can account for more than 25% of the total portfolio. While the portfolio may be 100% invested in stocks, cash and fixed income investments may be held depending on macro market conditions.

Strategy web link: External Link

About The Company

Institution Name:
Horizon Investment Services, LLC

Approach to Sustainable & Responsible Investment: Horizon Investment Services, LLC is a registered investment advisor. We believe there is the ability to generate alpha (a return that cannot be attributed to the market) by applying a strong investment overlay to a universe of stocks chosen primarily for their SRI characteristics.

Total AUM in SRI: $18.4M (in US$ millions)

Research conducted: Externally

Researcher name: MSCI

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Specific Screening Information by Category
Environment

- **Climate / Clean Technology**: Combination of Positive and Restricted/Exclusionary Strategies - MSCI screens/ranks/scores for Environment: Climate Change and Resources Management & Use
- **Pollution / Toxics**: Combination of Positive and Restricted/Exclusionary Strategies - MSCI screens/ranks/scores for Environment: Non-Carbon Emissions, Effluents & Waste
- **Other Environmental**: Combination of Positive and Restricted/Exclusionary Strategies - MSCI screens/ranks/scores for Environment: Management of Environmental Issues

Social

- **Community Development**: Combination of Positive and Restricted/Exclusionary Strategies - MSCI screens/ranks/scores for Social (Community & Society): Impact on Community & Philanthropy
- **Diversity & Equal Employment Opportunity**: Combination of Positive and Restricted/Exclusionary Strategies - MSCI screens/ranks/scores for Social (Employees & Supply Chain): Workforce Diversity & Supply Chain Labor
- **Human Rights**: Combination of Positive and Restricted/Exclusionary Strategies - MSCI screens/ranks/scores for Social (Community & Society): Human Rights: Civil & Political AND (Employees & Supply Chain): Employee Safety
- **Labor Relations**: Combination of Positive and Restricted/Exclusionary Strategies - MSCI screens/ranks/scores for Social (Employees & Supply Chain): Labor-Management Relations

Governance

- **Board Issues**: Combination of Positive and Restricted/Exclusionary Strategies - MSCI screens/ranks/scores for Governance: Governance Board & Structures, Business Ethics, Sustainability Reporting & Management, & Political Accountability

Products

- **Alcohol**: Restricted/Exclusionary Investment - MSCI excludes Producer companies who earn either 5% or $500 million or more in revenues from alcohol-related activities.
- **Defense/Weapons**: Restricted/Exclusionary Investment - MSCI excludes All companies involved in manufacturing of: Nuclear Weapons, Nuclear Weapon Components, Chemical and Biological Weapons, Cluster Bombs, & Landmines PLUS MSCI excludes all companies who earn either 5% or $500 million or more in revenues from manufacturing Conventional Weapons and Conventional Weapon Components. PLUS MSCI excludes All Producer companies of Civilian Firearms AND Retailer companies that earn 15% or more from Civilian Firearms.
- **Gambling**: Restricted/Exclusionary Investment - MSCI excludes Operations and Support companies who earn either 5% or $500 million or more in revenues from gambling-related activities.
- **Tobacco**: Restricted/Exclusionary Investment - MSCI excludes ALL Producer companies PLUS MSCI excludes Distributor, Retailer and Supplier companies that earn 15% or more from tobacco products.

Other

- **Other/Qualitative**: NUCLEAR POWER: MSCI excludes All companies classified as Nuclear Utility PLUS All companies involved in Uranium Mining, Designing Nuclear Reactors, & Enrichment of Fuel for Nuclear Reactors. ADULT ENTERTAINMENT: MSCI excludes Producer companies who earn either 5% or $500 million or more in revenues from Adult Entertainment activities. GENETICALLY MODIFIED ORGANISMS (GMO): MSCI excludes Companies that derive any revenue from activities like genetically modifying plants, such as seeds and crops, and other organisms intended for agricultural use or human consumption. (Companies that are only involved in GMO Research & Development activities are not excluded).

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