

# Family Offices & Sustainability: Family values drive investment strategies

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Juniper Place interviewed several leading Family Offices about their focus on sustainable and impact investing.

While this theme is highly topical, it is not new to Family Offices – many have been quietly pursuing this strategy for decades. In a series of articles, we look at what drives the Family Office sustainability agenda; how values shape investment decisions; and how Family Offices continue to build community and thought leadership around this important subject.

## From sustainable intent to sustainable investment.



When it comes to sustainable investing and the subject of ESG, many in the Family Office community have been leading the field for decades. Some 80% of Family Offices surveyed say that they are making the “transition from sustainable intent to sustainable investment” - a key finding from a Global Family Office Survey carried out by Juniper Place in collaboration with Blackrock in December 2020.

This intent has shone though in a series of interviews recently carried out by Juniper Place. Whether the catalyst is a passionate principal or a generational shift of wealth, there are numerous examples where Family Offices have a powerful alignment between their own deeply-held values on societal issues, or the environment, and their deployment of capital. As an investor segment they are uniquely placed to develop a mission statement where from private markets to charitable activity; from real estate to social entrepreneurship; the entire organisation is in unison.

“It’s the ambition to do more than just invest capital and get a good return. To live up to your mission you must sometimes be more brave and more adventurous” explains Erik Bjørstad, Head of Impact Investment for Ferd Capital. The Norwegian-based Family Office made the shift to sustainable investing under the stewardship of its current Chairman Johan Andresen some 20 years ago. They exited their core tobacco business to diversify and create a new business which has at its heart the vision of “creating enduring value and leaving clear footprints”.

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Head of Impact Investment for Ferd Capital

Today, Ferd covers three sectors in its impact investing division: renewables, 'prop tech' and 'aqua culture'.

"We saw that these could be key contributors to sustainability and positive impact but there were also challenges relating to emissions and the environment," adds Bjørstad. His team works closely with external fund managers so they understand Ferd's values, and he can be aware of any future investment opportunities including possible co-investment options.

"Supporting early-stage companies will be a key contributor in the de-carbonisation race simply because they are a lot faster developing and adopting new technologies" explains Bjørstad.

Ferd's work with social entrepreneurs helps create financially sustainable companies to deliver greater social impact. It has a dedicated team which is measured on the social impact achieved and not financial returns.

Bjørstad says: "The Ferd Social Entrepreneur team has done a tremendous job in defining impact and defining KPIs and host the biggest social entrepreneurs conference each year in Norway."

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The Treis Family Office has taken things one step further when it comes to ensuring that everyone understands its values. Its mission to: “Sustain and transmit our family values and legacy, and to promote responsible entrepreneurship, contributing to a free and balanced society confident in the future” is displayed on the walls of its offices for all to see. These values are also reinforced in regular internal communication events held two to three times a year.

“We’re multi strategy and diverse. Our brief is to grow the business in a stable manner over time and to pass on an amount of capital to the fifth generation that is comparable to what the fourth generation received from the third,” says Nicolò Napolitano, Head of Multi Asset Investing at Treis.

The business origins of the family behind Treis was in retail, but like Ferd, it was a subsequent generational transfer of wealth that was the driver for exiting this business some 15 years ago to follow a philosophy of long-term sustainable investing. Its growth investment strategy now focuses on areas aligned with UN Sustainable Development Goals including affordable and clean energy, sustainable food and agriculture and responsible consumption.

While subsequent generations of Family Offices have made the switch to sustainable or impact investing, others have used their philanthropic or charitable expertise to assist implementing change in the investment business in which they are involved. Kevin Gundle (CEO) and Adam Sweidan (CIO) of Aurum Research Ltd (“ARL”)\* had independently been involved in philanthropic activities for many years and

were delighted when parent-company Aurum Fund Management Ltd decided to develop a long-term sustainable investment model. Aurum has always had a strong and committed approach to sustainability, both in the way the business is run and in its approach to social responsibility.

“Aurum has the luxury of being a private business that has a board that shares common values,” says Sweidan, who has an overwhelming enthusiasm for environmental issues. “When you take ESG – Kevin was the ‘S’, and I was the ‘E’ and we’ve both been driven by our passions.”

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CIO, Aurum Research Ltd



The Aurum Synchronicity Fund, an Embedded Impact Fund of hedge funds, was established in 2002. Aurum makes donations from the advisory fees it receives from the fund to a number of charitable causes, including Synchronicity Earth, a UK registered charity. Synchronicity Earth runs a range of programmes which initially covered health, welfare and the environment. Now Synchronicity Earth is focused purely on the environment which Sweidan believes to be “significantly underfunded”. Synchronicity Earth is a non-profit research organisation which uses the best ideas and best practices to facilitate philanthropic giving for environmental programmes.

In the last couple of years, Gundle, established the Seneca Trust to focus on humanitarian work which, like Synchronicity Earth, is a UK registered charity. It focuses on humanitarian areas that Gundle says are often ignored such as disability and the plight of refugees. As with Synchronicity Earth, The Seneca Trust receives its funding from donations by Aurum, some of which are derived from management fees generated by the Aurum Seneca Fund which it uses to support a range of philanthropic programmes.

Aurum calls this approach the Embedded Impact – where an investment product has social and environmental impact, through donations made by Aurum from management fees. Gundle describes how embedded impact is a direct “on the ground” impact model. “Aurum can map for investors exactly where the money from the management fees has gone,” he says. The concept has been trademarked and they hope that others will use this approach. In addition, the directors of Aurum donate a percentage of the firm’s headline profits to charitable causes including The Seneca Trust and Synchronicity Earth.

It is typical of Aurum’s all-consuming approach that the new Head of ESG at ARL, Emily Forsyth-Davies, has a wide remit looking at all aspects of the group. This spans charitable activities to investment due diligence and recruitment policies.

Listening to Gundle and Sweidan talk, there is an overwhelming feeling of a desire to constantly evolve and learn. As Gundle sums up: “If over the next three to five years the scale of the impact is greater and Aurum’s approach touches more peoples’ lives or more hectares of the environment that would be what success looks like.”

Family Offices continue to be leaders in sustainable investing. Whether it’s pushing the boundaries and ensuring their approach touches all aspects of their business, setting up new investment models, or sharing their sustainable investment philosophy to a wider audience, Family Offices are constantly evolving. When it comes to sustainable investing their intentions have clearly become actions.

## About Juniper Place

Juniper Place is a technology-led investor intelligence platform that transforms the nature of asset raising for alternative asset managers and investors. We provide our clients with the insight to enable them to segment and precisely target only those investors where there is genuine mutual interest. As part of this service, we offer bespoke Institutional and Family Office investor intelligence, advisory and placement services.

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