

Family Offices & Sustainability: Allocating assets for greatest impact

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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.

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A strong set of values and a clear mission statement is where Family Offices often start when pursuing a sustainable investment agenda. In the first article in Juniper Place's series on Family Offices and Sustainability the way these values drive the entire organisation shone through. When it comes to asset allocation, many Family Offices are not only looking to produce a financial return, but also the desired societal and environmental impact. This enables many Single and Multi Family Offices to fully integrate sustainability into their asset allocation process.

For its multi asset portfolio, Treis, a Family Office based in London and Singapore, has created a set of rules which guide investment teams to allocate capital based on values. The detailed list summarises the group's view on a set of topical issues that include life sciences, fracking, gambling, and certain fee structures.

"It's a long list - we call it our TRIP – Treis Responsible Investing Positions," says Nicolò Napolitano, Head of Multi Asset Investing. "It's a clear definition of the group's views. These can change over time, but it provides guidance to our investment teams."

The TRIP can define investment criteria for Treis across asset classes as diverse as equities and credit at the liquid end, through to farmland, forestry and real estate. The Investment teams also take a very active approach with capital deployment of both direct and indirect investments by assessing each investment's responsible investing metrics at the start and then striving to improve its credentials periodically through measures such as operational KPIs and ESG impacts.



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Jed Emerson, now the Global Lead of Impact Investing at US-based wealth manager Tiedemann Advisers, outlines the concept of 'Total Portfolio management' and 'Blended value' in his book, *The Purpose of Capital*. Blended Value is a framework that evaluates the allocation of capital or resources and the ability to generate a blend of financial, social and environmental value.

Emerson outlines the first step on any journey with a new client at Tiedemann: "We try to understand what the family is seeking to advance and move towards, and the fundamental understanding of the return they seek."

This is achieved via a Tiedemann proprietary values alignment survey which clients can apply across all their capital and has actionable links to impact reporting. Emerson explains: "A lot of families when they get to a certain level of wealth, the conversation goes around capital management and wealth management and not purpose and meaning of value. This survey and approach is a way that our advisors can place that wealth management in the wider framework and potentially engage multiple generations around what is meaningful for their family."

Emerson's view is that it is possible to look at social, environmental and financial value across one portfolio. Capital is not simply philanthropic or market rate, but rests along a continuum. Across this continuum different types of investment offer different levels of financial, social and environmental performance and there is no trade-off between doing well and doing good – there are simply different degrees of performance. Building a portfolio for clients involves looking at the impact across different asset classes with one class not seen as better than another.

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Embracing this total portfolio management approach is Asia-based RS Group and its founder Annie Chen.

“Knowing your values is key,” says Chen. “Your beliefs and how you want to manage your resources is important and investment capital and philanthropic resources are all capital.”

RS Group seeks to maximise the total performance of its capital under management by recognising there are different allocations within the larger capital portfolio. Each allocation makes the most of an appropriate mix of social, economic and environmental performance with the overall aim to manage all allocations for the greatest possible impact.

“We start from the basis of what changes we want to see in the world that are necessary and good,” explains Chen. “Then with opportunities we see if it’s more appropriate for investment capital or does it call for grant investment or sometimes a mix of the two.”

Chen also ensures that the resources of the group are deployed flexibly to achieve its goals. RS Group supports financially, but predominantly philanthropically, the Natural Capital Initiative which looks at nature-based solutions in Hong Kong and Asia addressing climate change and sustainability issues. One initiative involves working with universities to find the ‘talent’ to pursue solutions.

“It’s not just about going where there are opportunities, but to look for solutions where there are gaps. Nature presents the biggest needs gap as people tend to focus philanthropically on human-related causes,” she says. Chen is clear about having a connection with the investments made by RS Group. She sees the need to come up with better measurement systems, so comparisons are easier, but is concerned about losing the story behind the figures. “Impact investing is about connecting with your intentions, not just focusing on numbers. You need to understand the thought process and why you are doing something,” she adds.

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Founder, RS Group



The relationship between the allocation of capital and an integrated societal or environmental agenda is a constantly evolving picture for many Family Offices. With no uniform measurement tool Emerson says it can be like, “building a plane as we’re flying it.” But he says the key is to focus on what is most meaningful to the investor.

The other dynamic which is driving the evolution of the sustainable investment agenda is the generational shift of wealth within families, with older generations often more focused on exclusionary policies and younger generations prepared to take a more active role.

“The next generation is really looking at societal issues. These younger members do not want to be exclusionary with companies, they want companies to know they are encouraging better behaviour and they want them to improve,” explains Jonathan Hudacko, CEO of Just Invest, who sees a number of these trends in personalised ESG investment through the lens of its Kaleidoscope platform.

As sustainable investing continues to evolve and develop many Family Offices are increasingly using clear organisational mission statements to create alignment between a set of values on the one hand and the allocation of capital on the other. Taking advantage of their flexible mandate they are looking to see where they can make the biggest impact using both financial and philanthropic approaches. Charitable activities, or social entrepreneurship, are viewed as just as important as financial return when it comes to driving a sustainability agenda.

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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