50 shades of green

Bedford Row Capital discusses.

What is Green investing for you? Reducing carbon emissions, halting global warming, improving social outcomes, enhancing good governance? Prof. Kevin Haines, BRC´s Head of Social Policy, asked this question in one of his Briefing Notes[1]. This is an excellent question, especially when there are potentially 50 shades of Green and any investor can find their own preferred personal hue. With a constant growing offering of 'green' investments there is nearly an endless spectrum to choose from with just as many labels – Green, ESG, impact, sustainable, social impact, vaccine or cleantech (to name just a few). Whatever name you choose, whatever hue you choose in looking at the potential investment options the focus should be on those investments which can deliver a measurable positive outcome – what is known as 'impact investing'.

Even when Green or more broadly ESG bond investments are not your primary investment focus, one should neither dismiss green objectives nor exclude them from the overall investment composition. Investments with a green impact have, quite simply, become too prevalent, too important and too salient to be overlooked anymore. The times when Green bonds only offered a lower yield compared to conventional bonds but provided the feel-good factor are over. Increasingly, good returns are also reflected in a range of green (and more broadly ESG) investments which, moreover, are showing positive impacts.

Investors are getting more familiar with ESG investments as ICMA and the UN Sustainable Development Goals provide emerging frameworks for understanding and assessing investments and their impacts. However, the sheer complexity of ESG-related investing means that the challenge remains to find a way through the jungle of guidelines, regulations and interpretations - this no easy task for any investor.

ESG impacts might not be seen immediately but, particularly with the anticipated growth rate of this asset class, the cumulative positive effects will, no doubt, become increasingly manifest and visible in the (near) future, e.g., the Great Green Deal talks about net zero emissions by 2050 but investing needs to happen now for this goal to be realised.

Key questions for investors seeking to find a way through the maze of green and ESG-related investments include:

1) What is the right shade of Green for me?
2) What positive impact am I trying to achieve and how measurable is it?
3) What is my return compared to a conventional alternative?

There are no simple answers to these questions or, indeed, questions to answer and the mission of our Head of Social Policy is to chart a path through the maze. Being a thought leader is important to BRC, but it is more important for us to assist potential investors by guiding them through the sheer number of acronyms and buzzwords to answer these three questions.

Bedford Row Capital has integrated ESG assessments in all its due diligence activities as well as providing advice to clients on enhancing ESG compliant activities in their business practices. We do not seek to replicate or replace ESG ratings agencies, but we have developed our own bespoke easy to understand and user-friendly traffic light-based ESG assessment tool. This straightforward outcome helps investors to make an informed decision, across several dimensions.

If you would like to talk to us about our approach and related investment options when they cross our desk, please contact **Kevin Haines**, Head of Social Policy – **Kevin.haines@bedfordrowcapital.com** or **Anella Veebel – anella@bedfordrowcapital.com**

[1] *https://www.linkedin.com/company/53184935*

New ESG obligations

Tom Worthington from TAM Asset Management explains.

As we all hopefully know, from next month it will become necessary for advisers to ascertain a client's ESG stance with regards to their investments, and this is excellent news for TAM Europe, as we have the following:

- Dedicated ESG investment managers
- A 7-year track record
- 5 Defaqto risk-rated ESG portfolios
  A unique "You Give We Give" charitable giving option (more on this below)

But we don't stop there. TAM has also designed and produced an **ESG questionnaire for advisers to help establish how important ESG factors are to a client, or potential client**. We believe this gives the adviser an advantage, due to the fact that their ESG stance is coming as an assessment rather than advice.

Furthermore, we have been doing business in Europe since 2008 and TAM knows that while ESG investing is now a firmly established concept in the UK, this is not always the case in the European market. ESG investing is growing rapidly and, with the integration into the MiFID II framework, TAM hopes to see the strategy more firmly establish itself within Europe.

As we get closer to the March "deadline", we believe it is important not just to provide advisers with a solution, but to also help them keep up to date with ESG information. This is why we have chosen to create **CPD-accredited ESG educational material for FEIFA advisers**, which will cover the following topics:

- ESG terminology/definitions
- Busting the ESG myths
- ESG as a diversifier
- How one can make money from ESG investing
- The future of ESG investing

The topics will be delivered via five 10-minute videos and there will be a 30-minute or a 50-minute CPD certificate available, from FEIFA, based on whether you choose to watch just the first three or all five.

FEIFA has kindly agreed to support TAM Europe with the distribution of this educational material and will be putting together an online questionnaire in order to award the CPD. The videos should be exclusively available to FEIFA members later this month.

We would also like to remind readers that, as a FEIFA member, you enjoy a discounted rate on our ESG portfolios, at **just 35 basis points annual management charge**.

As previously mentioned, in addition to our ESG investment portfolios, clients can participate in our exclusive You Give We Give (YGWG) charitable initiative. YGWG is completely unique in the financial world and, as at 31/12/20, clients participating in the scheme have raised almost £150,000 for their chosen charities.

So how does it work? YGWG provides clients with the opportunity to donate up to 20% of the annual profit from their investments to a charity of their choice. But what's more, TAM will also donate an equal percentage from our total annual fees. Financial advisers can also support their clients' chosen charities by donating an equal percentage of their total ongoing adviser fee, if they so wish.

The initiative is completely flexible, at any time clients can change their charity of choice, the percentage they give or opt out completely.

So, as you can see, TAM has what we believe is an all-encompassing ESG investment solution, plus a little bit more. If you would like a copy of our ESG questionnaire, factsheets or educational CPD material then please get in touch with **Tom Worthington – tom.worthington@tameurope.com**