

Investing in line with your values and beliefs



How Anglican Funds South Australia stayed true to their investing values without sacrificing robust governance or active management potential.

Enhanced Portfolio Implementation (EPI) case study

June 2020

Managed funds, with pooled assets from many investors, can be a very efficient way to access world-class active managers within a robust governance framework. However, for not-for-profit organisations like Anglican Funds SA, this model comes with substantial compromises. Faced with compromising their values to align with other investors or running a separate portfolio with much higher costs, many choose to sacrifice governance for a simpler model or switch to a passive structure—sacrificing the potential upside of active management. This challenge extends well beyond not-for-profit organisations, highlighting a key detractor with inflexible pooled vehicles.

By leveraging our decade strong *Enhanced Portfolio Implementation* capability and our partnership with an Australian Fintech company, we were able to help Anglican Funds SA overcome these hurdles—staying true to their investing values, without sacrificing governance or active management potential.

Situation

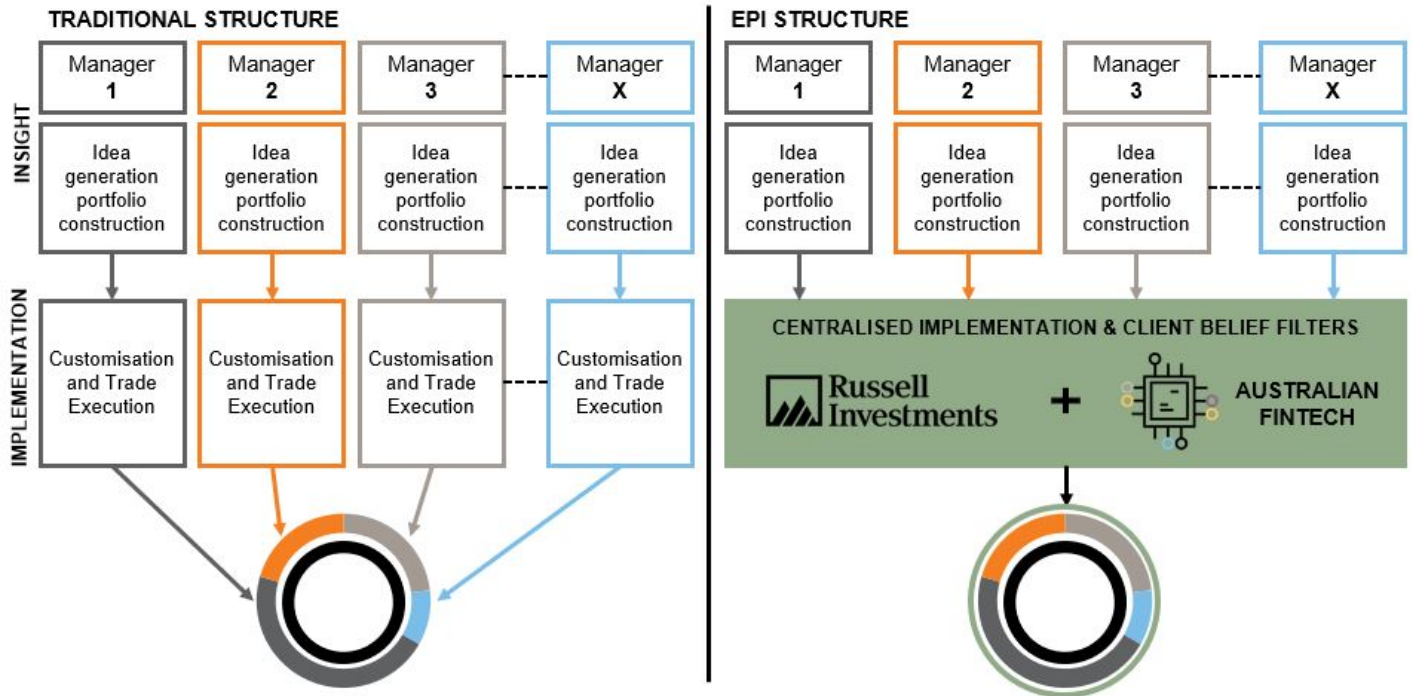
In June 2019, Anglican Funds SA began exploring approaches to more specifically define and align their investment portfolio to their own values. Anglican Funds SA wanted to be able to invest in a portfolio that aligned with their values, whilst having flexibility to exclude assets that did not. Off the shelf ESG options are often not individually aligned to the clients' specific investment policy and creating a bespoke portfolio has traditionally been too costly for not for profit organisations, until now.

Solution

As investment advisor to Anglican Funds SA we first assisted in the review of their ESG investment policy. Using company specific ESG data, we determined appropriate criteria to exclude certain companies based on their participation in activities misaligned with Anglican Funds SA' beliefs. With the clearly defined criteria agreed we then worked with Anglican Funds SA to develop a unique investment solution that allowed them to meet their investment criteria without increasing cost or sacrificing the quality of the investment solution. Using our Enhanced Portfolio Implementation (EPI) capability and in partnership with a local Fintech provider, we created a personalised investment model specific to the requirements of Anglican Funds SA.

In February 2020, Anglican Funds SA began leveraging our model for their portfolio, incorporating the required exclusions. EPI focuses our best of breed managers' insights into one centrally-managed portfolio where Anglican Funds SA can benefit from a more efficient, lower cost multi-manager portfolio that applies their specific ethical customisations.

Drawing on the partnership between our investment consultants and Fintech providers for implementation, Anglican Funds SA can see the realtime portfolio positioning and performance online, while having a dedicated consultant provide investment advice and support. This solution provides the flexibility to implement any further customisation in the future.



This arrangement allows Anglican Funds SA to:

1. Implement specific exclusions and substitutions in line with their goals, values and beliefs.
2. Access / view a transparent and 'active' ESG solution online.
3. Minimise costs, particularly in comparison to other customised approaches.
4. Access world-class manager research and implemented consulting expertise.
5. Reduce the governance and implementation burden required to maintain a personalised solution.

Additional benefits

Regulatory obligations and administrative tasks have been an ongoing resource drain on Anglican Funds SA. With comprehensive reporting on the portfolio, including the required ESG reporting. We have further reduced the administration burden, allowing Anglican Funds SA more time to focus on the areas that matter most.

“We finally have the ability to implement an investment solution that is tailored to our needs, without missing out on active management”

Anglican Funds SA

For more information

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