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## Quarterly newsletter – Q2 2022

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### Impact: the third dimension in investing?

What does it mean to live in a three-dimensional investment world? Well, this concept is taking the typical two-dimensional modern portfolio theory framework of risk-return and adding the third dimension – social and environmental impact. 3D portfolio optimisation could well be the best mechanism for encouraging mass adoption of impact investing, for example the [ESG for Investors open-source tool](#).

This approach to impact investment was discussed at our Impact Investing Adopters Forum quarterly all-stakeholder event in February with Cushon, Aon and Tikehau Capital. Please see the write up of the discussion [here](#).

If you want to start the process of reviewing your pension fund's impact and determining your impact investment beliefs, including setting impact objectives such as net zero / Paris Alignment or using the United Nations Sustainable Development Goals, Pensions for Purpose can provide your trustees and in-house teams with independent advisory training sessions to help navigate these concepts and your approach. [Please get in contact](#). Our last session with the East Sussex Pension Fund focused on the spectrum of capital, use of the United Nations Sustainable Development Goals and the Impact Investing Principles for Pensions.

*Charlotte O'Leary, Chair, Impact Investing Adopters Forum*

### How do we get DC pension schemes to embrace private markets?

To achieve net zero and the sustainable shift in financial markets, a reorientation of capital towards private markets is necessary but how achievable is this for pension funds? While other global pension fund markets have managed to significantly increase their private market exposure, the UK has lagged woefully behind. This is why we at Pensions for Purpose are teaming up with partners to understand the demand drivers.

**Call to action:** Please respond to our joint survey with Tikehau Capital to understand the demand drivers for private market exposure and impact investing in DC pension schemes.

Click here: [Private Markets and Impact Investment in DC Pensions](#)

The results will be presented in partnership with Pensions for Purpose at a Tikehau Capital Breakfast Seminar on 9 June 2022 and in an accompanying report which will be shared publicly.

## Programme of events for Q2



### Joint IIAF and PAF morning coffee with Artemis Investment Management

23 May 2022, 10.30-11.30 BST

Using ESG factors to drive strategy within high yield as part of a climate action approach

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ESG considerations are a core part of the investment process of Artemis' global high-yield bond strategy. However, the team have a strong belief in differentiated ESG analysis being integrated at the investment research level, allowing for unique insights that can drive investment performance.

Jack Holmes will set out how the team's differentiated ESG approach helps them to unlock attractive opportunities across the high-yield market and how this can form part of a pension fund's climate strategy.

This will be followed by a roundtable discussion with Q&A and shared insights, moderated by Karen Shackleton of Pensions for Purpose.

#### Who is this event for?

Please note this event is for UK professional investors only and open to asset owners or their representatives, such as pension fund trustees, in-house executives, investment consultants and advisers.

## Update: Impact Investing Principles for Pensions

### bfinance has become the latest Adopter of the Impact Investing Principles for Pensions

bfinance's statement says:

"There is a shift in the way investors are approaching responsible investing. ESG integration is fast becoming a norm; investors are increasingly wanting to go beyond and invest with impact. Asset owners wanting to allocate to impact funds face some distinct challenges, from education on 'what impact they can have' to weeding out the impact washing that is still highly prevalent. At bfinance, we have been working closely with a range of institutional clients on addressing these challenges, including navigating their entry to the rapidly evolving product universes and expect investor demand to continue to grow in the coming years. The Impact Investing Principles, which we endorse, brings practicality to helping pensions schemes allocate their capital with people, planet and profit in mind."

### Become an Adopter

Pension funds, investment consultants or fiduciary managers who become adopters are required to sign up to a set of commitment statements in relation to the Principles. They must demonstrate action in at least one area within six months of adopting the Principles and recommit on an annual basis.

<b>Pension funds</b>	<b>Investment consultants &amp; fiduciary managers</b>
Clwyd Pension Fund	Aon
Collegia	Barnett Waddingham
Smart Pension Master Trust	bfinance
South Yorkshire Pensions Authority	Cardano
Surrey Pension Fund	Gordian Advice
	Isio
	Kempen Capital Management
	Redington
	River and Mercantile Solutions
	XPS Investment

If you are a pension fund, investment consultant or fiduciary manager interested in becoming an Adopter of the Principles, please [contact Charlotte O'Leary](#).

## Maturity Institute OMINDEX® has become the latest Supporter of the Impact Investing Principles for Pensions

Stuart Woollard, Managing Partner at OMS LLP and co-founder of the Maturity Institute says:

"The Impact Investing Principles for Pensions provide a crucial foundation for re-defining investment and corporate success. Where financial return, environmental outcomes, and human value can be fully integrated within a mutually inclusive, stakeholder value system. The Principles are completely aligned with our own aims and objectives and we are excited that OMINDEX® can play its part to support them; to help demonstrate how true, total stakeholder value should be at the heart of organisational health. We hope our contribution will help to re-shape a financial services sector that authentically embeds Impact as a core, common purpose."

## Become a Supporter

We are keen to have important member associations join us as Supporters to endorse, promote and help us add to the resources available to pension funds who want to pursue impact investing.

<b>Industry supporters</b>
Institute and Faculty of Actuaries
Investment Consultants Sustainability Working Group
Global Steering Group for Impact Investing
Maturity Institute OMINDEX®
The Investor Forum
World Benchmarking Alliance

If you are an association or group that would like to endorse the Principles, please [contact Charlotte O'Leary](#).

### **Pensions for Purpose**

[Pensions for Purpose](#) exists as a bridge between asset managers, pension funds and their professional advisers, to encourage the flow of capital towards impact investment. Our aim is to empower pension funds to seek positive impact opportunities and mitigate negative impact risks.

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### **Impact Investing Institute**

The [Impact Investing Institute](#) is an independent, non-profit organisation which aims to accelerate the growth and improve the effectiveness of the impact investing market. Our vision is for lives to improve, as more people choose to use their savings and investments to help solve social and environmental challenges, as well as seeking a financial return. We focus on five key areas of work: awareness raising, education, research, measurement, management and reporting and policy and advocacy to drive more impact capital to go where it is needed and where it presents opportunities for investors.

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This newsletter is an update on Impact Investing Adopters Forum activities which is published quarterly. If you have any enquiries about mailing preferences, please contact [Stephen Darlington](#).