

A feeling of déjà vu

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I was recently invited to speak about impact investment amongst asset owners, wearing my "[Pensions for Purpose](#)" hat, at a government conference hosted by London Business School's AQR Institute of Asset Management. Following the publication, last year, of the report "[Growing a Culture of Social Impact Investing in the UK](#)", the Prime Minister invited Elizabeth Corley, Global Vice Chair of Allianz Global Investors, to build on the enthusiasm and momentum generated around the report by leading an industry taskforce, focusing on bringing the report's recommendations to life.

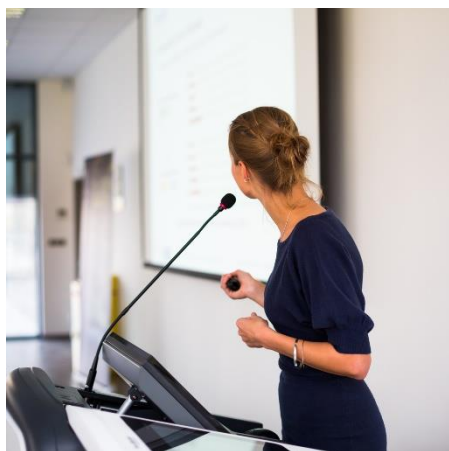


The sentiment in the room of some 150 or so delegates was positive. Matt Hancock, Secretary of State for DCMS, sent a rousing video message, paying tribute to the pioneers of impact investment and stressing the significance of social investment from the government's perspective. The conference coincided with the publication of the [government's response](#) to the Corley report, with positive messages contained therein.

Elizabeth Corley put out a call to action for those present:

- To widen the debate to include those who don't share the same view on impact investment.
- To share data on impact investment so that we can gather evidence of its success.
- To join one of the taskforce's working groups.
- To respond to the various consultations on impact investment (including consultations from the FCA, the European Commission, the forthcoming Government response to the Law Commission's report and others).

There was a sense of being on the cusp of something big, an energy that was gaining momentum and an excitement building amongst those present.



And it was at this point that I had a feeling of déjà vu. I was suddenly taken back to the 1980's when passive management was first taking off in the UK. As one of the early 'quants' in the UK, it was my job to spread the word, to explain what index funds were, to listen to the cynics who thought it would never take off (how wrong they were). It required patience, the lead time between a pension fund first asking about indexation and finally appointing a manager took a fair while. But those who took the plunge gradually realised the benefits and started to share their experiences, providing comfort to others who began to follow in their footsteps. And the rest, as they say, is history...

So is impact investment about to follow a similar trajectory to the growth of index funds in the 1980's?

Certainly, there is suddenly increased interest in the topic, with investors and their advisers wanting to know more, demanding evidence of the financial performance of such investments, debating the pros and cons. There are supporters and there are cynics. Most importantly, the debate is happening ... and a few UK pension funds are beginning to take the plunge, increasing their allocations to impact investment and sharing their experiences with others.

Does this sound familiar?