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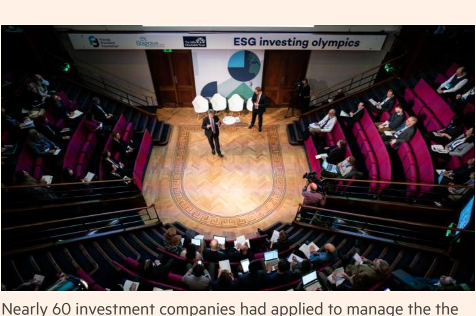
The ants, whales and pandas battling for a £34m investment contract

UBS, EdenTree and other investment groups pitch sustainable credentials before London audience



Nearly 60 investment companies had applied to manage the the mandate including EdenTree, which made a pitch at the event © Alister Wynn / Friends Provident Foundation

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Attracta Mooney MARCH 7 2020 1

Which animal best describes your business and culture? That was the unorthodox question thrown at five asset managers standing on a London stage this week as they attempted to win a £33.5m investment contract.

The investment professionals were bewildered, sparking laughter from the 100-strong audience, but they eventually recovered. UBS Wealth Management, the biggest wealth manager in the world, pitched itself as an ant. EQ, a tiny rival, was a giant panda. Cazenove Capital, the wealth arm of Schroders, opted for a whale.

The question was just one example of the unconventional nature of the event dubbed the ESG investing olympics. Nearly 60 investment companies had applied to manage the cash on behalf of Friends Provident Foundation, Joffe Trust and Blagrave Trust. Five were shortlisted to pitch at the Royal Institution, the London science venue.

Upending the traditional investment tender process, which typically takes place behind closed doors, the charities ran the public tender as they sought out a manager with top class social and environmental integration credentials.

"We ran the ESG investing olympics to bring investment management out of the shadows [and] share learning on emerging best practice in the market across different investment approaches," said Colin Baines, investment engagement manager at Friends Provident Foundation.

The charities also wanted to "send a market signal regarding asset owner demand for investment with purpose and expectations for higher standards of social and environmental integration and impact", he said.

After a 15-minute presentation, each company was grilled by the charities and a panel of experts, including Catherine Howarth, chief executive of ShareAction, a non-profit, and Nick Robins, a professor at the London School of Economics' Grantham Research Institute, before answering questions from the audience. Members of the audience, including community trusts and the Jesuit and Quakers religious orders, used electronic pads to rank the companies.

EQ Investors proposed creating a new "better world" fund of funds, which it would co-design with the charities to maximise social and environmental impact. City veteran John Spiers, EQ's chief executive, said the aim was to open the fund to all, including retail investors.

EdenTree, the specialist sustainable asset manager, proposed its "investing for a just transition" portfolio, which it recently launched having co-designed it with another foundation. "We are active in engagement, active in voting and active in responsible and sustainable investing," said Neville White, head of responsible investment policy at EdenTree. But the group faced audience questions about diversity, because of its all-male pitch team.

UBS, too, was hit with tough questions. It presented a new high-impact investment strategy created specifically for the event. "I believe today we are facing the biggest credit crunch we have ever seen. But it's not financial. It is environmental," said Paul Donovan, chief economist of UBS Global Wealth Management.

UBS was scrutinised for failing to answer a question asking for examples of where it had made some bad stock selections for clients in the past, as well as on how the Swiss bank is ensuring fairness when it comes to tax.

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Cazenove, whose all-female team received a round of applause, proposed a new pooled fund of funds, with Schroders funds accounting for 53 per cent of holdings. "ESG is not enough. It treats climate and society as financial risks," said Kate Rogers, co-head of charities at Cazenove.

Tribe, a new wealth manager, pitched a high-impact fund of funds. "We need to put the emotion back into finance," said Amy Clarke, Tribe's impact manager.

As for the animal question, Tribe opted for several animals, including dolphins, which are "incredibly smart" and work together.

EQ said it chose the giant panda because it was robust but cuddly, while EdenTree went for a giraffe, an animal that warned others of impending danger.

UBS said that like ants, the group was made up of a large number of individuals working away, who come together for an overarching purpose. Cazenove said like the whale it was "quite massive" but typically did not get much attention, despite having a big influence on the world.

Mr Baines praised the five investment companies for making the shortlist, adding there had been huge demand to take part in the event. He called on asset owners to put investment companies through their paces when it comes to ESG. "We could really shake things up over the next 12 months because they are desperate to work with us and to be seen to work with us."

One person who works at a community foundation in the UK, who attended the event, said they had recently fired a fund manager for not stepping up on ESG. She suggested community funds in the UK could work together to push asset managers to think more about sustainability, adding that the London event could be a catalyst for change.

Another attendee Jeanne Martin, who works for ShareAction, said the event was a "fascinating approach" to choosing an investment manager.

But she added: "Most speakers relied on too many buzzwords — and too little content, while only a few provided real world examples."

The charities will now take the audience feedback on board ahead of appointing a new manager in the coming weeks.

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