

M&G Investments

Ben Constable Maxwell - Positive impact, sustainable wealth

- Sustainability has become central to mainstream investing. Whether purely ESG-focused or sustainable impact focused, it has appeal for all sorts of mainstream investors
- Sustainable investing has come a long way from ethical investing. There are now a far broader range of strategies. It is not one-size-fits-all
- At one end, there are exclusion-based approaches and sector screens, which is very much the history of ethical investing - focused on avoiding harm rather than investing positively
- ESG screens are a more recent idea. This is where investors look at sectors, whether it's oil and gas, or tobacco, and say there are good and bad sectors and the fund will pivot towards the good ones
- Integration is the next layer, and this is where we start to add value: integration is about thinking of the risks that affect businesses across sectors, whether that is environmental or social interactions that the company has with stakeholders. We look at how these non-financial issues can affect the financial stability of a company, and the success of an investment or portfolio
- Thirty-five years ago, the average tangible value of an S&P 500 company was roughly 85% of all its value - that is in assets in the ground, property and similar. Only 15% was in the brand's reputation or networks
- Now it's the other way around. 85% of the value of many of the world's indices is in intangibles
- Engagement can really add value. This is about holding companies to account and pushing to improve standards
- Sustainable investing is important at a time when regulation is increasing. The EU's sustainable finance plan is driving Europe and the world
- There is increasing demand among clients on advisors and fund managers to offer a number of options in terms of ethical and sustainability preferences
- There is increasing evidence that there is a clear link between financial returns and a company that is run sustainably
- The scale of the world's issues are so huge, it is not just governments and NGOs that need to be involved, but also the private sector and investors
- Our approach is based on investment, intention and impact. We need to make sure intention is backed by actions; we want companies that walk the talk

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