

INSIGHTS & IDEAS

Centennial Conversations

New York

Investing for Positive Impact

1917 – 2017
A Century of Service
and Benefits for
the Episcopal Church

Investing for Positive Impact

Michele Giddens
26th October 2017



We face critical social challenges...

World Hunger



1 in 8 people in developing countries suffer chronic undernourishment ¹



Income Inequality



Top 1% owns >50% of global wealth ³



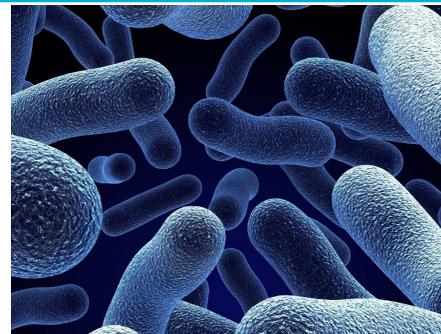
Education



>40% of UK children leave primary school with inadequate levels of reading, writing and maths ²



Disease



>23,000 people die annually in the USA due to anti-microbial resistance ⁴



Sources and notes: 1) Worldhunger.org 2) CentreForum and Education DataLab, in Guardian, January 2016 3) Credit Suisse Global Wealth Report, 2016 4) Centre for Disease Control and prevention

3 | *Strictly Private and Confidential*

...environmental challenges...

Climate change



Carbon emissions from fossil fuels need to fall **close to zero** by 2050 to mitigate risk of serious climate change ¹



Fish stocks



90% of fish stocks are overfished or fully depleted ³



Air Pollution



7 million people die annually from air pollution exposure ²



Access to Clean Water



1.8 billion people globally use a source of drinking water that is contaminated with human waste ⁴



The UN Sustainable Development Goals have been adopted by over 190 countries



...and yet there is cause for optimism as more investors start thinking about impact

Guardian

Adopting the sustainable development goals is a business opportunity

June 2017

US Trust

Millennials are driving growth and interest in impact investments

June 2017

Financial Times

Apple raises \$1bn through 'green bond' in environmental push

June 2017

Reuters

Green bond issuance set for another record year

January 2017

TechCrunch

TPG is raising \$2 billion for a social impact fund called Rise

Dec 2016

AltAssets

Morgan Stanley IM closes first impact investment fund of funds on \$125m

May 2017

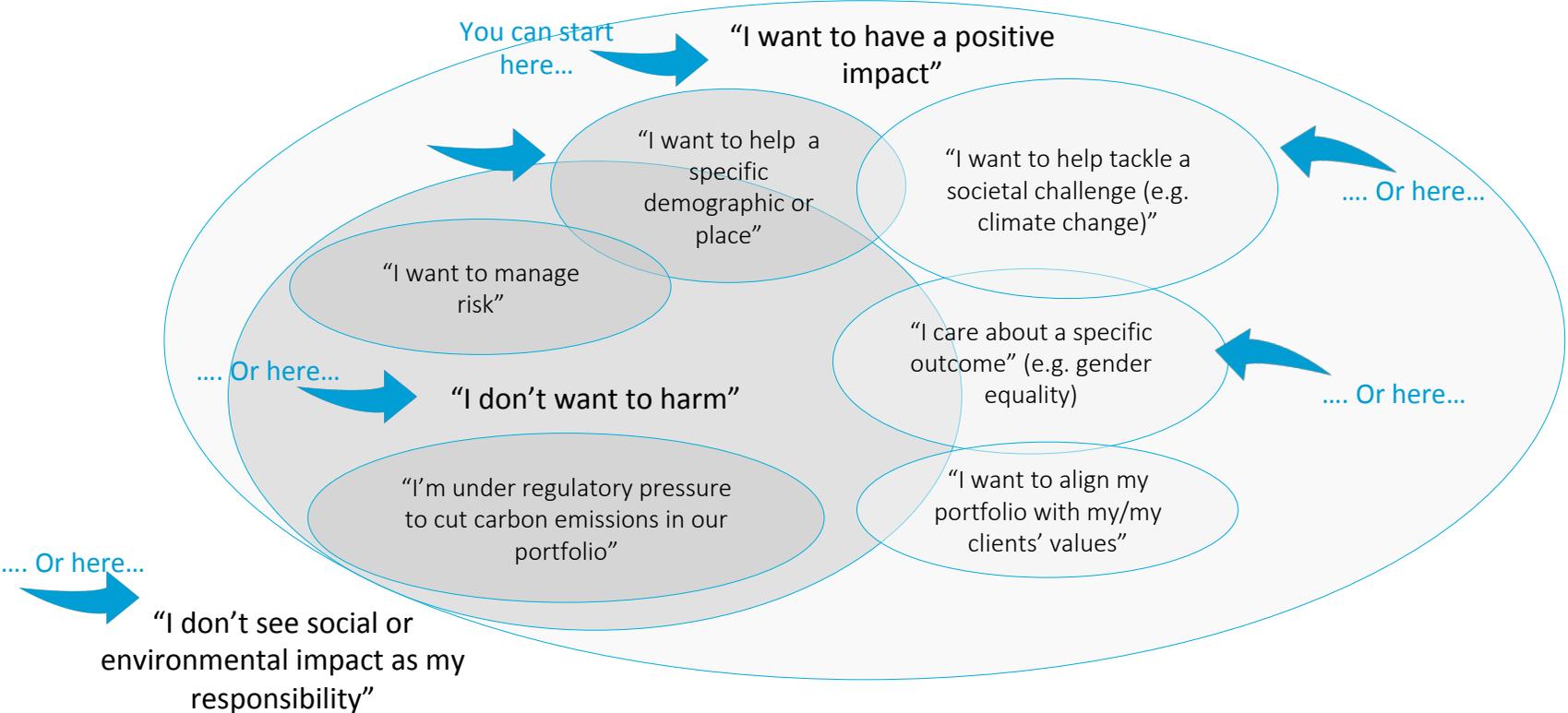
New York Times

Ford Foundation is an Unlikely Convert to 'Impact' Investing

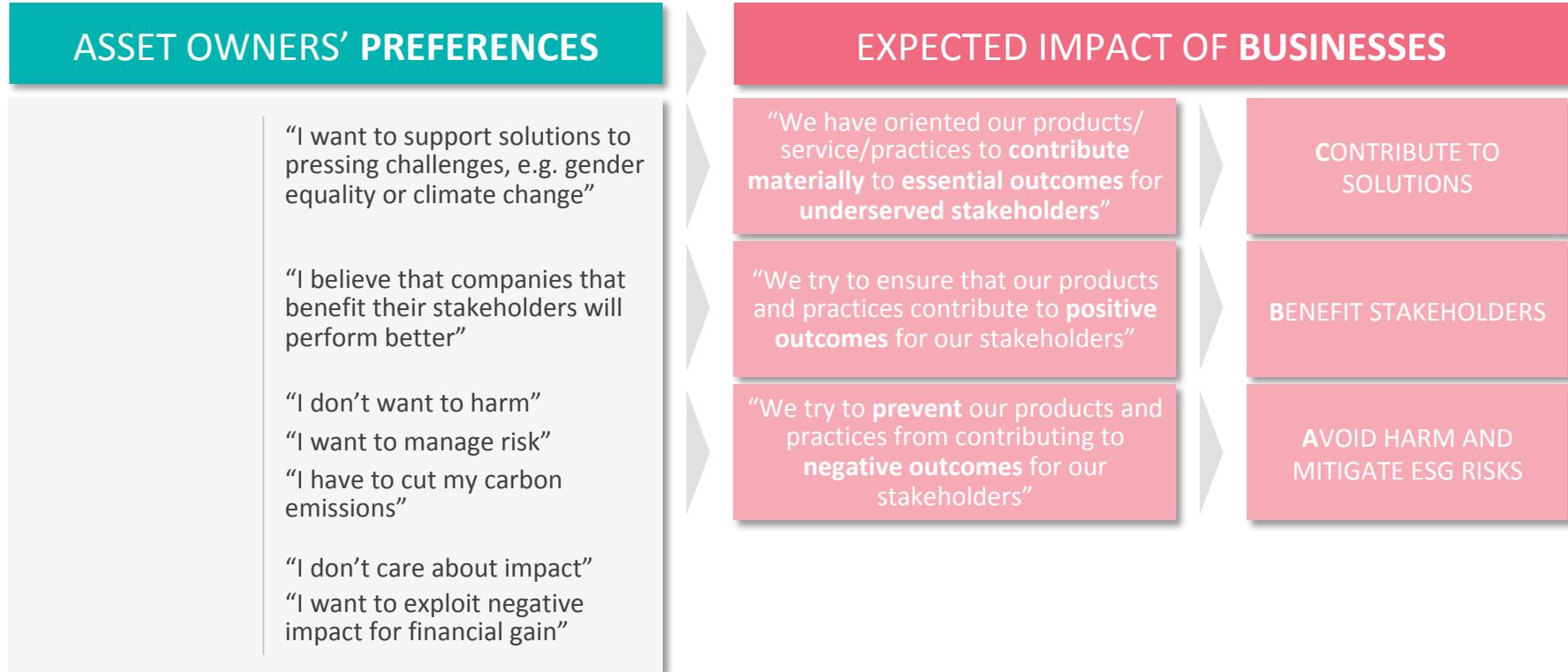
April 2017

Asset owners have different expectations regarding “impact”

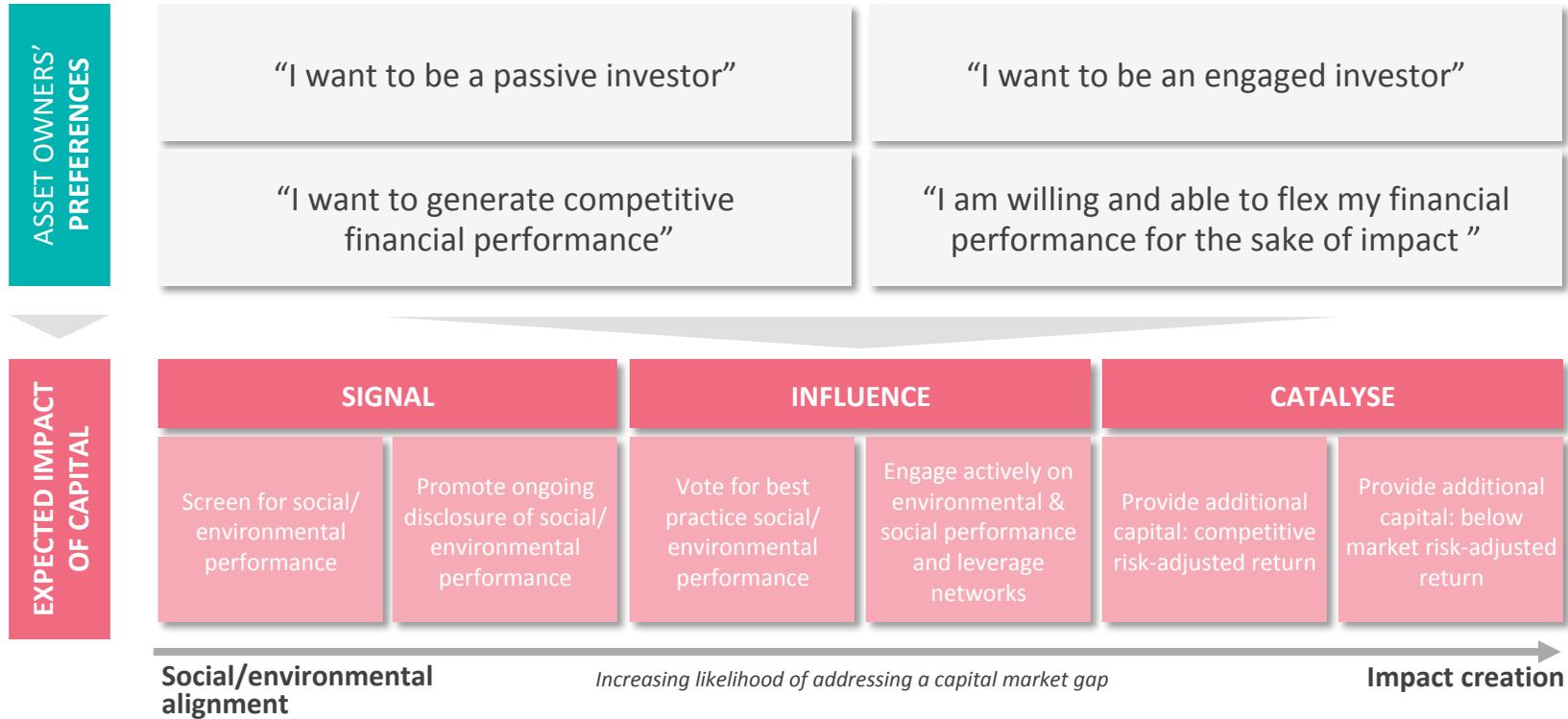
WHY an asset owner might, or might not, care about impact



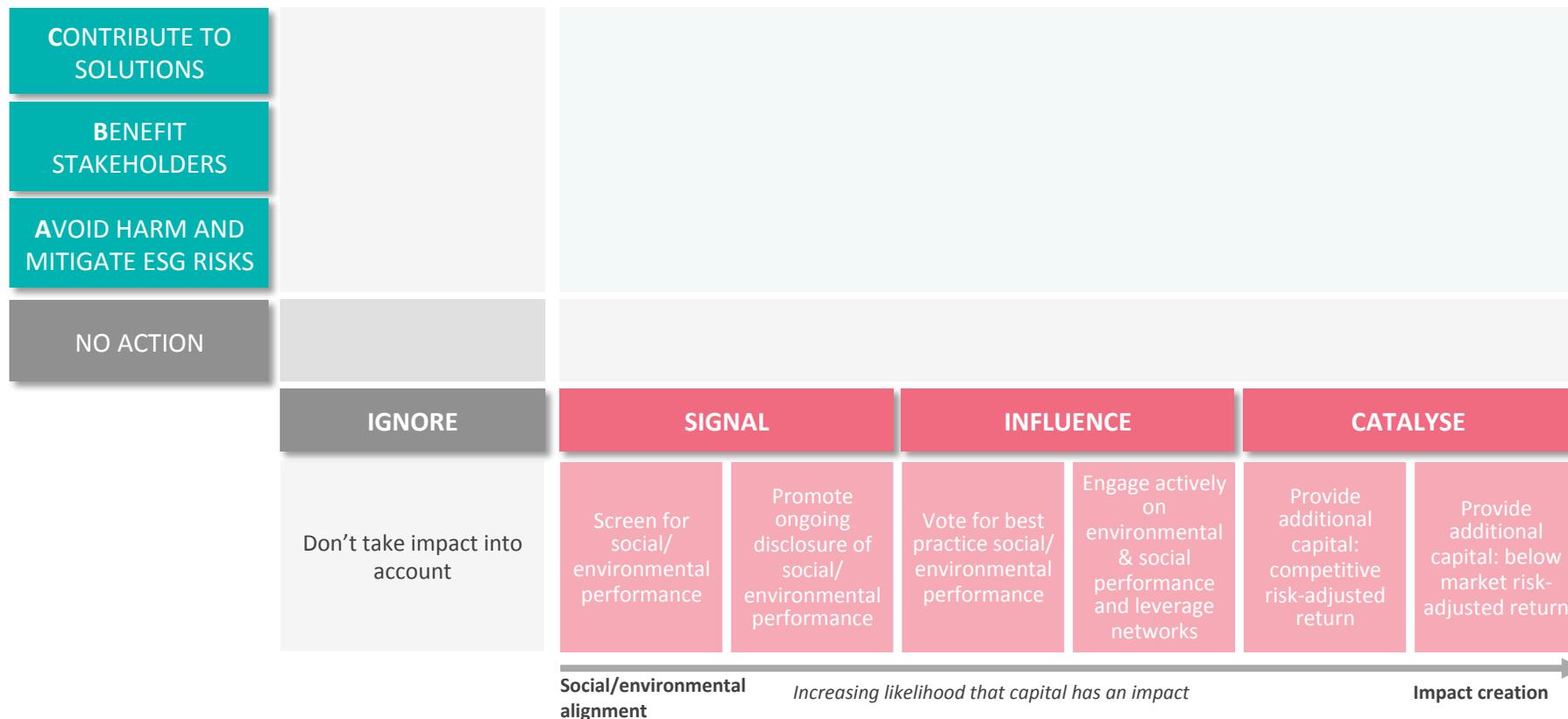
...that can be mapped to different expectations of businesses



Asset owners' expectations vary regarding the expected "impact" of their capital



Asset owner expectations regarding “impact” can then be mapped



Bridges Fund Management is dedicated to sustainable and impact investment

- Over £1 billion in funds to date
- Team of 61, based in UK, US and Asia
- Strong institutional backing (85%), including from Church Pension Group

Bridges Sustainable Growth Funds



Health & Well-being

Bridges Property Funds



Education & Skills

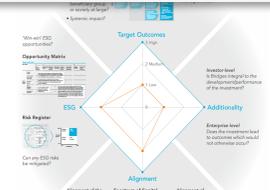
Bridges Social Sector Funds



Sustainable Living

Underserved Markets

Bridges Impact+



Bridges Impact Foundation





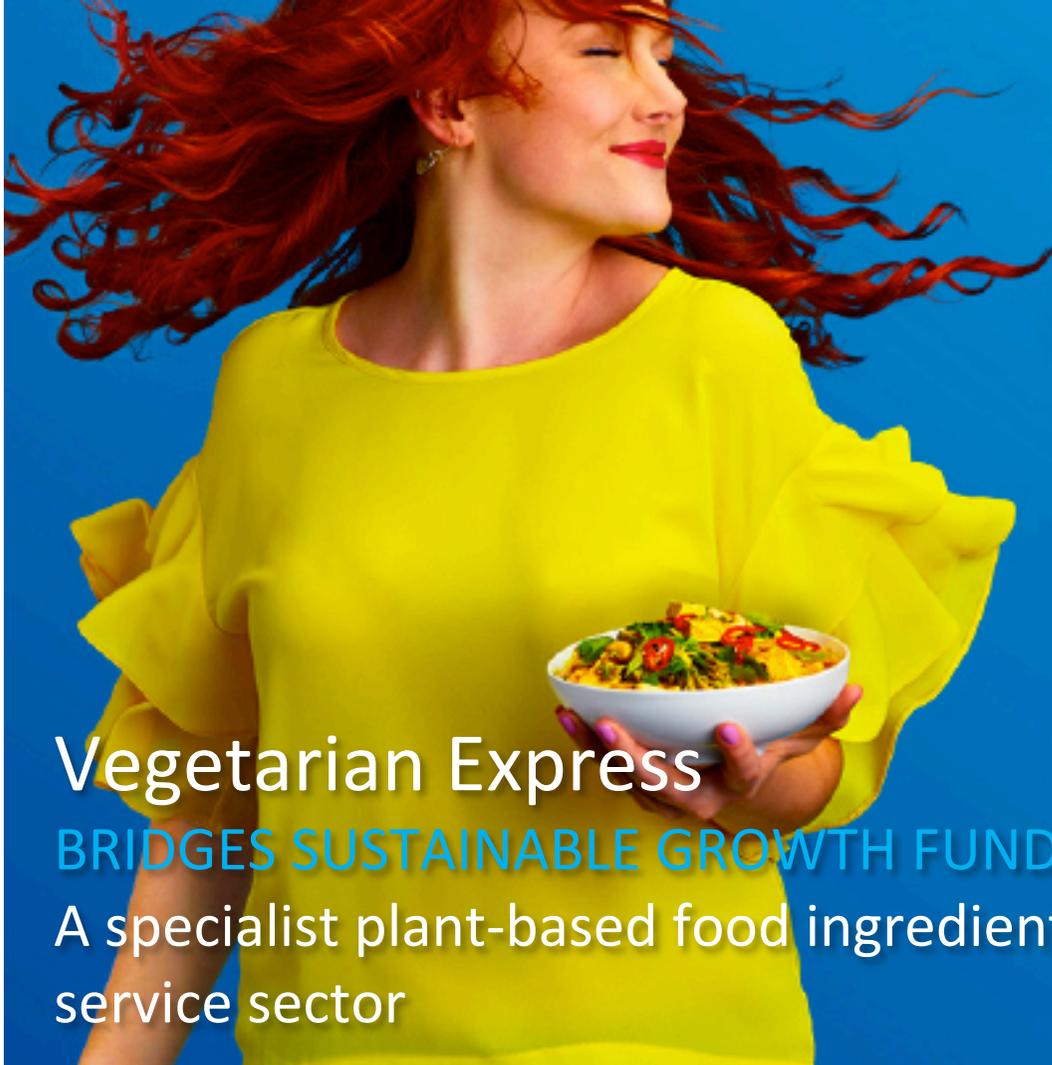
Health & Well-being	Education & Skills	Sustainable Living
Underserved Markets		

3 GOOD HEALTH AND WELL-BEING

CASA

BRIDGES SOCIAL ENTREPRENEURS FUND

Employee-owned domiciliary care services



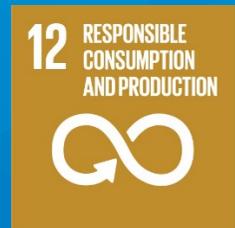
Health & Well-being

Education & Skills

Sustainable Living

Underserved Markets

Welcome to the
future
of FOOD



Vegetarian Express

BRIDGES SUSTAINABLE GROWTH FUND III

A specialist plant-based food ingredient supplier to the UK food service sector

Health &
Well-being

Education
& Skills

Sustainable
Living

Underserved Markets

11 SUSTAINABLE CITIES
AND COMMUNITIES



The Old Vinyl Factory

BRIDGES PROPERTY ALTERNATIVES FUND III

Regeneration of a site that has been derelict for over 40 years,
providing 243 highly sustainable lower cost homes.

This opens up a spectrum of investor choices

Approaches and goals of organisations and investors in the impact economy

Approach	<u>TRADITIONAL</u>	<u>RESPONSIBLE</u>	<u>SUSTAINABLE</u>	<u>IMPACT-DRIVEN / INVESTING</u>		<u>PHILANTHROPY</u>	
Financial goals	Deliver competitive risk-adjusted financial returns			Unproven returns	Below-market returns	Partial capital preservation	Complete capital loss
Impact goals	A void harm and mitigate ESG risks						
	B enefit all stakeholders						
	C ontribute to solutions						
	<p>Don't consider Outcomes for people and the planet are not considered as part of the investment process.</p>	<p>Avoid harm Try to prevent significant effects on important negative outcomes for people & planet</p>	<p>Benefit Effect important positive outcomes for various people and the planet</p>	<p>Contribute to solutions Have a material effect on important positive outcome(s) for underserved people or the planet</p>			
<p>"The impact of my investments is "</p>	<p>"I have regulatory requirements to meet"</p> <p>"I want to behave responsibly"</p>	<p>"I want to support businesses that have a positive effect on the world, to sustain long-term financial performance"</p>	<p>"I want to help tackle climate change"</p> <p>"I want to help tackle the education gap"</p>				

...The pace of sustainability changes are rapid

Renewable power deployment



2015 more low carbon power generating capacity was installed than conventional fossil fuel or nuclear power ¹

Mobile payments growth



Annual transactions equivalent to >50% of Kenyan GDP via mobile payments since M-Pesa introduction in 2007 ³

Consumer behaviour



England's plastic bag usage drops 85% in 10 months after 5p charge introduced ²

Property



60% of new buildings will be green certified by 2018 (across 70 major countries) ⁴

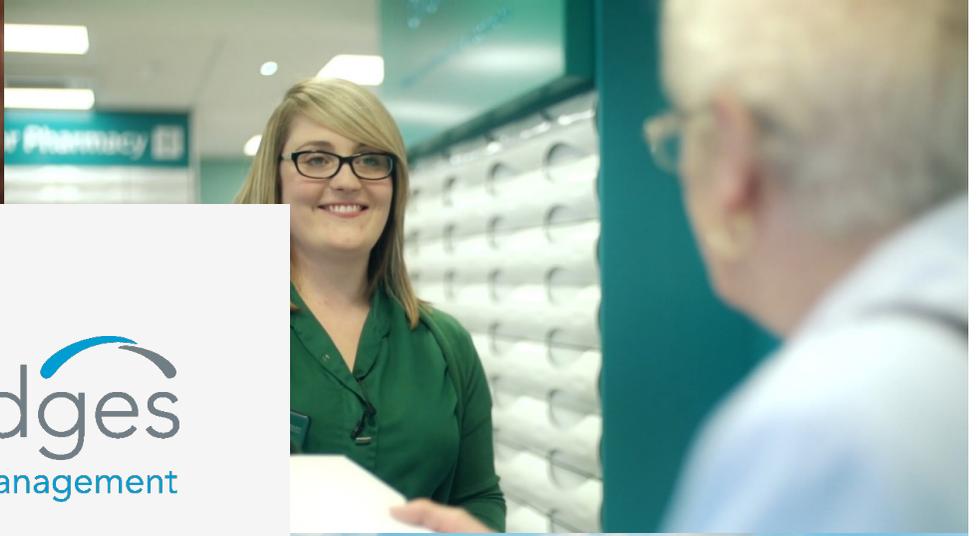
Sources and notes: 1) Worldhunger.org 2) CentreForum and Education DataLab, in Guardian, January 2016 3) Credit Suisse Global Wealth Report, 2016 4) Centre for Disease Control and prevention

The opportunity and the imperative is huge



“We are the first generation that can end poverty, the last that can end climate change”

Ban Ki-Moon




Bridges
Fund Management

Capital that
makes a
difference



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