Family offices aren't pushing ESG with clients

By **Annabelle Liang** / 07 Aug, 2019

ESG has been a hot topic in Asia over the past few years, and private banks have observed a stream of interest from wealthy families.

But, six out of seven family offices who spoke to *Citywire Asia* said they still don't broach the topic with new clients, or view ESG as an investable asset class.

Although Trilake Partners has clients who voluntarily express interest in ESG, 'it is not yet a standard question we ask our new clients,' said Lucie Hulme, its managing partner and CEO.

As a result, ESG informs Trilake's security selection and sector rotation. But it isn't treated as a product or asset class.

'It’s early days in Asia and the investment community is far from united on our definitions and metrics,' Hulme said.

'In such an environment, one fund can invest only in companies that have high ESG scores, while another can instead choose to invest in low-scoring companies that are expected to improve on ESG.

'To TriLake, what’s important is to define our process, incorporate ESG such that it adds value to our process and continually evaluate investment outlets that enable us to implement our clients’ views,' she added.

Gary Dugan, CEO of Purple Asset Management, said families are 'adopting it as a philosophy,' rather than allocating a fixed percentage of their porfolios to ESG.

'To start with, they are asking their external managers to be mindful of it. Over time we expect them to move into some ESG funds,' he told *Citywire Asia*.

On the other hand, Lighthouse Canton has always stressed the governance aspect of ESG, which is popular with Generation X investors in emerging markets.

Fund manager and director Antoine Bracq said it doesn't proactively market environmental or social causes. 'Some of our existing clients were already following clear investment rules like no alcohol or meat processing,' he explained.

Having more ESG investments that offer good returns, besides allowing to investors do good, could increase allocations.

'There are very little interesting investment sectors around ESG. There are interesting company positions like Beyond Meat, but valuations are too high for us,' said Martin Young, CEO of Farringdon Asset Management.

'European Union carbon trading is another area of keen interest. However, there is a great risk in believing countries like Poland will actually comply with anything,' he added.

But at least one family office is fuelling allocations to ESG via discretionary mandate. Around 20% of portfolios at SingAlliance are allocated to ESG, through channels including debt and equities.

'It's part of our investment process and there is a long-term, good perspective on ESG. We cannot avoid it these days,' said Thierry Beck, its executive director and CEO.

'This interest is not driven by Gen X or millennials. Any generation wants a better world. The driver is technology, media and social media,' he added.

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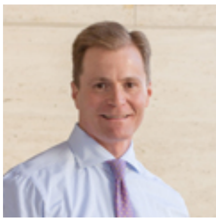

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