



ASB investors are making a positive impact



Adam Boyd
Executive General Manager, ASB

ASB launched its Positive Impact Funds in 2019, giving consumers the option to invest in line with their environmental and social values.

While ethical funds have been on offer to KiwiSaver members and managed funds investors for some time, the ASB offering takes a different approach to most by using capital to make a positive difference to society or the environment.



A portion of the funds' global equity holdings is invested into companies creating a positive difference – such as reducing waste, promoting renewable energy or improving schooling in developing countries.

ASB Executive General Manager, Private Banking, Wealth and Insurance, Adam Boyd, said the key driver for establishing the Positive Impact Funds for KiwiSaver members and managed fund investors was the desire to support customers who want to put their savings to work to give the world a better future, but still want solid long term returns.

“The challenge for a big provider like us – we have got half a million KiwiSaver customers – is that no two people see the world in the same way. So rather than us come out with a blanket application, we wanted to make sure customers had a choice. The ASB Positive Impact Funds are designed for those who

want values-driven investing, alongside returns,” says Adam.

Rather than dictate to customers, ASB took the approach that it was on a journey of discovery and education. It wanted to offer something new to customers and start an on-going conversation with its customers on responsible investing.

“We wanted to enhance and improve the ESG characteristics of our portfolio. When we started to do this, we debated initially how we would take our customers along on the journey with us and how we could set up a portfolio where customers can make a choice.”

Positive impact investing has been around for a few years but access for regular savers such as KiwiSaver members and managed funds investors has been limited. Most ethical funds focus on excluding stocks such as weapons manufacturers or gambling.



Over time people are getting their heads around what exclusions mean but the general notion of investing with a positive bias is something new and quite exciting. It energises people when you start to talk about it.”

The ASB Positive Impact Funds are structured as a typical balanced fund with 40% invested in income assets such as bonds, and 60% growth assets such as shares in globally focused companies.



The opportunities to invest with a positive impact focus in New Zealand can be challenging. It can take quite a long time to deploy capital. There are opportunities, but it is early days.”

A portion of the funds are also managed passively, so includes some holdings in sectors people might not associate with a ‘green’ product. In recognition of the importance of communicating these distinctions clearly to investors, marketing of the funds has prioritised transparency and careful communication, says Adam.

“We wanted the funds to be suitable for a large portion of our customer base. Our goal is to continue helping customers reach their savings and investment goals – whether that’s buying their first home or saving for retirement. They just also want to know that their money is making a difference.”

The funds’ 40% income asset allocation is achieved through investment in the Vanguard Ethically Conscious Global Aggregate Bond Index Fund (hedged). The remaining 60% of the funds’ assets are invested in international equities through the Mercer Socially Responsible Hedged Overseas Shares Portfolio.

More than 2,000 customers have moved their existing KiwiSaver or managed funds into the two Positive Impact Funds. The total funds under management (FUM) is now sitting at close to \$50 million.

Adam says the numbers are relatively low compared to ASB’s total investment business but there is a consistent inflow of new customers, particularly as ASB scales up the education and marketing of the funds.

While the current FUM is invested into global bonds or equities, there is a long-term intention to direct a portion of the Positive Impact Funds into New Zealand.

“Typically, our approach across all our funds, when we start something, and given the initial low levels of funds, is to invest into existing offerings. As we build FUM, we will move into a separate mandate so we can have more direct control over it.

Interests in the ASB KiwiSaver Scheme and ASB Investment Funds (Schemes) are issued by ASB Group Investments Limited, a wholly owned subsidiary of ASB Bank Limited (ASB). ASB provides administration and distribution services for the Schemes. No person guarantees interests in the Schemes. Interests in the Schemes are not deposits or other liabilities of ASB. They are subject to investment risk, including possible loss of income and principal invested. For more information see the ASB KiwiSaver Scheme Product Disclosure Statement or the ASB Investment Funds Product Disclosure Statement available from this website and the register of offers of financial products at www.disclose-register.companiesoffice.govt.nz (search for ASB).

Adam Boyd
Executive General Manager, ASB



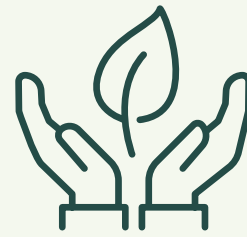
Globally recognised frameworks including UN Sustainable Development Goals are used to verify the impact of the funds. As at 30 June 2020:



The SR Global Shares Portfolio was:

51.9%
MORE CARBON EFFICIENT

than the broad market.



The Portfolio's weighted average carbon intensity (WACI) was:

71.7
VS 149.0
CO2E/\$M

for the broad market
(tonnes CO2e/\$m sales).



9.17%

OF THE COMPANY REVENUES

within the SR Global Shares Portfolio are positively contributing to environmental objectives, vs 4.44% for the broad market.