CARTLIDGE MORLAND
EMPLOYEE WEALTH MANAGEMENT

Cartlidge Morland introduce ESG Workplace Pension Portfolios

For more than a decade, Cartlidge Morland has offered employees of our workplace pension clients access to the same level of investment expertise normally reserved for wealthy private individuals. Following a turbulent investment period, the next 6 monthly renewal will include a new set of risk-rated model investment portfolios, based solely on pension funds that meet the ESG criteria set by our Investment Services team.

Q. Why are Cartlidge Morland doing this?
A: We are having a greater number of conversations with clients about socially responsible and ESG investing as public awareness increases and many are looking at the longer-term impact of their savings. In addition, we are very lucky to have acquired additional expertise in our Investment team in this specific area so it seemed an appropriate time.

Q. What does ESG stand for?
A: Environmental, Social & Governance. A set of inspirational principles seeking to positively influence corporate behaviour and drive change in society and the environment.

Q. How does this differ from the Socially Responsible Investment portfolios?
A: Where sufficient fund choice is available, we offered SRI versions of our portfolios but these were more narrowly focused. The new ESG portfolios extends this principle to cover a broader spectrum with additional emphasis on good governance, the social impact and more thematic investment.

Q. What are the perceived benefits?
A: Investors recognise that long term sustainable returns require stable and well governed systems. This has resulted in an increase in global assets invested in ESG by 34% in the last 2 years and in the future, it is likely that demand will increase and it will become more mainstream, positively affecting corporate behaviour and in turn, return on investment.

Q. How are the Portfolios constructed?
A: Our Investment team considers both positive & negative screening criteria, environmental & social impacts, climate change and corporate governance. Ideally, any funds considered would tick all "boxes" but it is sometimes desirable to focus on 1 or 2 themes. The selection process overlays these requirements on funds that would still meet our normal, rigorous qualitative criteria.

Q. Is it likely to cost more?
A: Within any pension fund range, the cost of investment for some will be greater than the default investment fund. Some of these options will be included within the portfolios so the overall cost will inevitably be higher. This is also the case for non-ESG investment options too and for some investors, cost is less of an issue than the ethics. As funds attract greater levels of investment, it is likely that the cost of investing could reduce and of course, the performance of the investment is often as significant as the cost.

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Our View: Andrew Towner, Managing Director, Employee Benefits

"It is important that everyone reviews their pension savings regularly and we are delighted to be able to extend this additional choice to the employees of our workplace pension schemes, where possible. We know that this will certainly meet a growing demand from clients.

The issue that some clients will encounter is that the pension fund choices offered by their existing workplace pension provider will be too limited to accommodate these ESG portfolios. For some clients in this situation, our long-standing Socially Responsible Investment (SRI) portfolios will still be available to their members.

Unfortunately some workplace pension providers offer very few ethical or ESG fund options and so it is impossible to construct a meaningful portfolio. Where this is the case, it is equally important for employers to consider reviewing their pension provider to ensure that they are able to continue to offer a suitable and attractive workplace scheme for their valued employees."

For further information, please contact our advisers, Cartlidge Morland, via:

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This is a generic guide and is not intended to provide specific individual advice.