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## **Big Society Capital appoints AXA IM to manage a ‘buy and maintain’ credit strategy to unlock extra funds to create social impact**

AXA IM today announces that it has been appointed to manage Big Society Capital’s treasury portfolio in line with their transformative social impact ambition. AXA IM was chosen by Big Society Capital after a rigorous selection process conducted by Cambridge Associates, the global investment advisor. Together, the three firms pioneered a new approach for Big Society Capital’s Treasury portfolio, incorporating Environmental, Social and Governance (ESG) analysis and social impact objectives.

The new approach, devised with Cambridge Associates, has reshaped Big Society Capital’s Treasury portfolio so that a greater proportion of their funds can be used proactively to create social value without compromising on the financial performance in terms of capital preservation, liquidity maintenance and return generation.

AXA IM will manage the portfolio on a ‘buy and maintain’ credit basis with integrated ESG factors, investing primarily in sterling issuers that address societal challenges. This approach makes use of innovative techniques for integrating and measuring the impact of environmental, social and governmental (ESG) factors. ESG and social impact principles are embedded in all aspects of the mainstream investment process—from portfolio construction to the management and monitoring of the portfolio.

The two approaches are mutually reinforcing—the introduction of non-financial ESG analysis aims to further reduce issuer-specific credit risk within the portfolio, while the adoption of a diversified buy and maintain approach enhances diversification.

**Christine Farquhar, Director of European Public Investments Manager Research at Cambridge Associates said:**

*“We were delighted when Big Society Capital approached us with a daring proposition: could we help them find a way to better deploy the funds sitting in the treasury portfolio towards social impact purposes without compromising financial security? This was not a straightforward mandate, because the treasury and social impact functions are generally regarded as polar opposites. But the approach we developed seeks to deliver Big Society Capital’s twin aims and could have a transformative impact*

on the social impact investment market if pension funds, foundations and other institutional investors follow Big Society Capital's example.

*"Once we had redesigned the approach to the treasury portfolio, Big Society Capital asked us to help them find a fund manager. We track more than 900 socially responsible funds, and after drawing up a list of 14 fund managers, we narrowed the list down to three and Big Society Capital selected AXA IM."*

**Matt Christensen, Global Head of Responsible Investing at AXA IM said:**

*"In the face of regulatory changes, lower market liquidity and higher transaction costs, 'buy and maintain' credit strategies have captured the attention of investors looking for defensive, low cost solutions that can preserve yield over the long term. At the same time, there is growing recognition that ESG factors and impact outcomes are important in creating value and context to investments.*

*"Working with both Cambridge Associates and the team at Big Society Capital we have found a way to unite the aims of the ultra-conservative Treasury function and the ultra-creative social impact function; the alliance was a natural fit.*

*"Often impact investing has been viewed as a separate asset class - we are passionate about shifting that perception. Integration of ESG factors and impact outcomes throughout the investment process is key and we have the capability and framework to ensure responsible investment is integrated at every step. We genuinely believe that being a responsible asset manager is fundamental for sustainable long term investment success."*

**Keith Starling, Head of Portfolio Management at Big Society Capital said:**

*"Until now our treasury portfolio has been managed in a very traditional way, with all of our focus on how we could enable charities and social enterprises to do more through our main social investment activities. Today we are excited to be breaking new ground with the help of Cambridge Associates and AXA IM. Not only will our treasury portfolio now be doing more to support our social mission, but over time we hope to see more organisations with similar goals adopting this approach. We also hope it will encourage bond issuers to issue more social bonds to meet the growing investor demand."*

**- ENDS -**

**Notes to editors**

**About Big Society Capital**

Big Society Capital is a financial institution with a social mission, set up to build the social investment market in the UK, so that charities and social enterprises can access appropriate repayable finance to enable them to grow, become more sustainable and increase their impact on society. It is doing this by building a diverse social investment market: encouraging investors to lend or invest money to achieve a social as well as a financial return. Since it was set up as an independent organisation in 2012, Big Society Capital has invested £261 million in specialist organisations who lend to charities and social enterprises. For more information visit [www.bigsocietycapital.com](http://www.bigsocietycapital.com)

### **About Cambridge Associates**

Founded in 1973, Cambridge Associates is a provider of independent investment advice and research to institutional investors and private clients worldwide. Today the firm serves more than 1,000 global investors and delivers a range of services, including investment advisory, outsourced investment solutions, research and tools (Optica Research and Optica Benchmarks), and performance monitoring, across asset classes. Cambridge Associates has more than 1,200 employees serving its client base globally and maintains offices in Arlington, VA; Boston; Dallas; Menlo Park, CA; San Francisco; London; Singapore; Sydney; and Beijing. Cambridge Associates consists of five global investment consulting affiliates that are all under common ownership and control. For more information about Cambridge Associates, please visit [www.cambridgeassociates.com](http://www.cambridgeassociates.com).

### **Media Contacts**

**Jayne Adair** +44 20 7003 2232 - [Jayne.Adair@axa-im.com](mailto:Jayne.Adair@axa-im.com)

**Jess Allum** +44 207 003 2206 – [Jessica.Allum@axa-im.com](mailto:Jessica.Allum@axa-im.com)

**Tuulike Tuulas** +44 20 7003 2233 - [Tuulike.Tuulas@axa-im.com](mailto:Tuulike.Tuulas@axa-im.com)

**Amy Butler** +44 20 7003 2231 - [Amy.Butler@axa-im.com](mailto:Amy.Butler@axa-im.com)

### **About AXA Investment Managers**

AXA Investment Managers is an active, long-term, global, multi-asset investor focused on enabling more people to harness the power of investing to meeting their financial goals. By combining investment insight and innovation with robust risk management, we have become one of the largest asset managers in Europe with ambitions to become the chosen investment partner of investors around the world.

With approximately €669bn in assets under management as at end December 2015, AXA IM employs over 2,350 people around the world and operates out of 28 offices in 21 countries. AXA IM is part of the AXA Group, a global leader in financial protection and wealth management.

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