Poune Asset Management

A New Breed of Ethical Funds

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Fair Value for All

Ethical investment funds have existed for a long time, mainly 1) focusing on steering clear of companies dealing with so-called "prohibited" trades (alcohol, tobacco, oil, arms) or highly polluting activities (mining), 2) developing new "green" technologies in a capital venture way, or 3) in stressing people friendly aspects (fight against child labour). But there are other ways, and very few companies develop the specific approach Poune Asset Management is pioneering.

- **Socially Responsible Investments (SRI)**

A new type of funds is designed to be ethical with a positive contribution to society, and shall be considered Socially Responsible Investment (SRI). **Sustainable property investments** provide investment mediums for people who do not regard financial gain as the sole criterion for investment but look to wider issues, and we believe Pension Funds are interested in the ends but also in the quality of means that deliver them. Selecting SRI asset management companies is a long-term benefit to the Community at large, with the aim of achieving long-term capital growth and increasing income through ethically screened property investments. For someone wishing to invest with a conscience as well as securing comfortable returns, then SRI funds such as developed by our company may be the right answer.

According to us, SRI also means a firm run by people who promote a strong alignment of interests with its clients and within a business model without hype and jargon in its product proposition. Investment options should offer quality, simplicity and safety, and cater for the needs of investors with different risk profiles due to cultural differences. Dealing with a boutique investment company such as ours, offering narrow specialties and state of the art knowledge in this area, eliminate cross-selling of services that has been a major source of conflict in multi-service asset management.

We also believe that company growth should rely on product deepening and increasing expertise, and not on product widening. We aim to be a touchstone of excellence in our core area of business, offering an infrastructure of skills and professionalism that enhances the probability of repeating past successes.

- **Environmental, Social and Governance (ESG)**

A new acronym, ESG, has begun to dominate the discussion. Short for “Environmental, Social, and Governance”, the term reflects a growing conviction that ethical behaviour will boost a company’s image. At Poune Asset Management, we believe that investing in a company that respects the environment, its workers and its investors allows to screen off most future losses, and in any case greatly reduces the degree of investment risk involved. Available studies published by Goldman Sachs, the Wharton School and others show that companies that do good are more likely do to well financially.

But ESG should not be considered a manifesto for saving the planet; it is a tool for better assessing risk. Responsible investors benefit from better risk management, greater transparency, and an active engagement with companies to promote better management. In the current environment, anything that helps pin down what is going on is welcome.

- **Back to basics**

Recent events have shown that neither past performance nor heuristics help much with manager selection, and that models mainly relying on past should be reviewed because asset allocation and risk modeling seem to be more an art than a science. Indeed, there is no substitute for common sense; major investors such as Pension Funds have to follow their instinct and not the herd based on what makes sense, and then make judgment calls in their manager’s selection process.

Because it would seem that traditional asset classes can no longer produce absolute non-correlated returns, Pension Funds have to venture farther afield to fish “alpha”, well into unchartered territory, which is quite a journey for intrinsically risk-averse investors. But over-caution carries its own risk.

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