



**A conversational tool for
advising on investment that
creates positive impact**



Department for
Digital, Culture
Media & Sport

uscreates

Introduction to the pack

The aim of this pack is to support you to provide better and more confident advice to your clients about investments that create positive impact for the people and planet (investments that create impact).

Through research with IFAs, we know that there are some barriers to supporting clients to make investments that create impact, for example **awareness and understanding, knowledge of products, maintaining a good client relationship and understanding their preferences for investments that create positive impact**; this pack aims to help with these.

What's in the pack

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The **educational diagram** in this pack aims to increase **awareness and understanding** of investments that create impact, and to break down some of the myths around it. You could also use it to explain the different approaches to creating impact through investments to your client.

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This pack also provides **resources** that will provide you with more **knowledge** on funds that create impact to help you remain at the cutting edge of client understanding and advice.

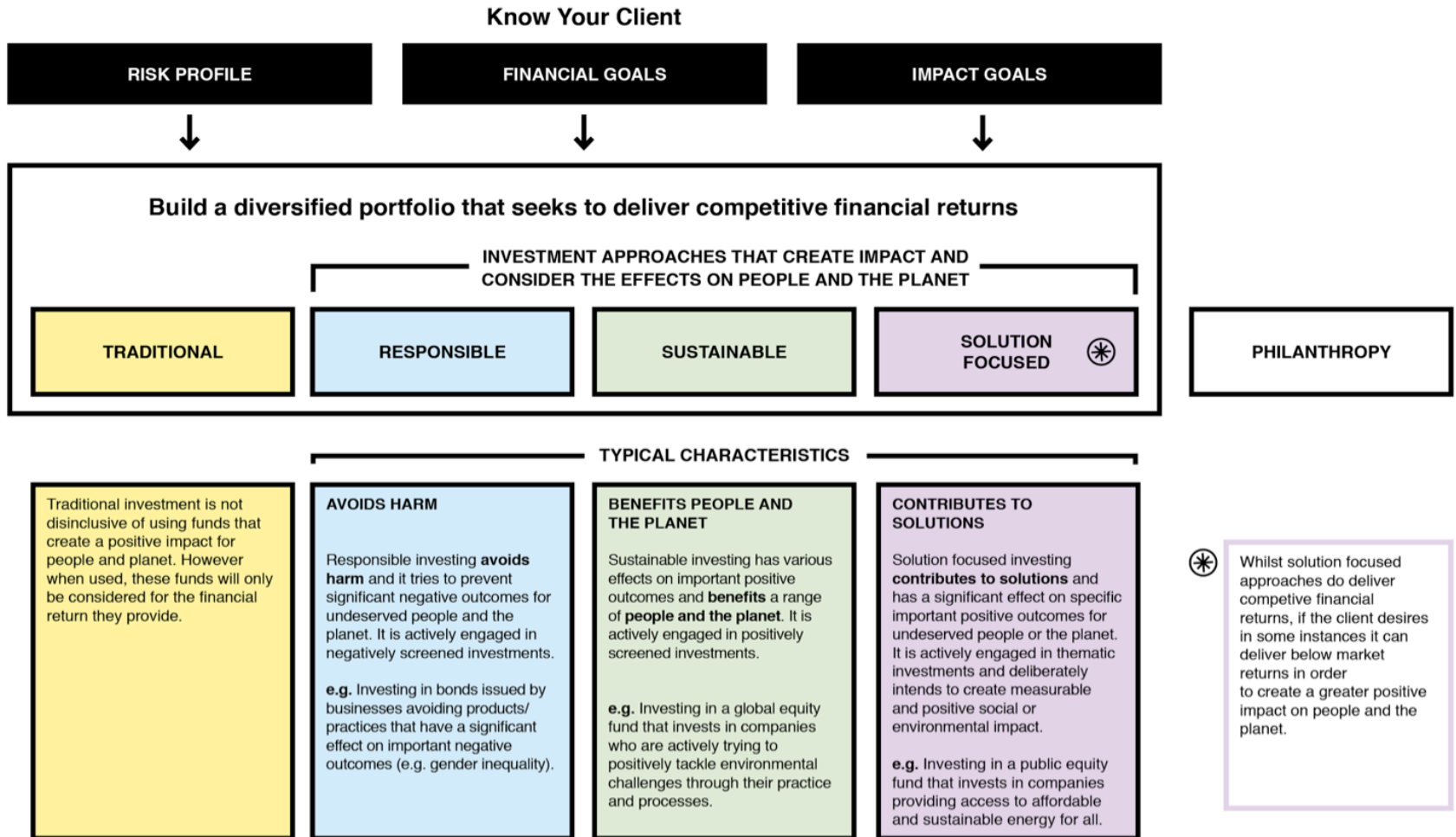
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The **conversational tool** aims to help you understand your **client's preference for investments that create impact**, without leading them. We know that there will be varying levels of knowledge about this area, therefore the conversational tool stops at different levels of detail depending on your understanding.

This discussion should be integrated into your client fact-find and should have a strong influence on the eventual solution you propose.

Educational Diagram

How investment that creates impact can be included in the advisory process



This diagram is inspired by and borrows from the work of the Impact Management Project and Bridges 'Spectrum of Capital'.

Resources

Resources

We know that to offer investments that create impact, first you may need to gain knowledge of the subject and be aware of funds that are available. Below are some useful resources to get started with. As you start to understand more about the subject you might want to add to this list of resources and circulate it to your colleagues.

[Adviser Competency Training \(ACT\) manual for social investment](#)

The ACT manual for social investment is a learning tool that provides education on this area of investment and has self test questions to measure and evidence an adviser's level of competency. It is endorsed as a learning tool by the Chartered Institute of Securities and Investment for 18 hours Continuous Professional Development (CPD).

[Fund Eco Market](#)

Fund EcoMarket is a database of comparable investment options that are considered sustainable and responsible, as well as topical research. It is also linked to the 'SRI StyleFinder fact find tool' which helps advisers identify their client's preferences for sustainable and responsible investing.

[Social Investment Portal](#)

The social investment online portal provides impartial and objective product reviews for advisers. It provides customisable information on social impact products in a format that will be familiar to you (i.e. analysis of the risks and opportunities)

[3D Fund Analyst](#)

The 3D Fund Analyst analyses around 200 environmental and socially responsible funds and allows advisers to compare these. Funds have an overall star rating based on a methodology of maximising impact, minimising ethical compromise and delivering on financial expectations.

Conversational Tool

Introduction to the tool

The tool is split into three levels depending on your current understanding of investing to create impact

Beginner.

A simple starter question that allows your client to indicate whether investments that create impact are of an interest to your client, and if so, overall how much of a preference is it to them.

Intermediate.

A more engaging tool that helps your client decide what approaches and themes they want to use when investing to create impact.

Specialist.

A more detailed assessment that shares with your client the further nuances of investing to create impact and asks them to articulate more detailed preferences.

On the next couple of pages there are adviser personas that match the capabilities of these three levels, have a read and think about which resonates the most with you currently, and which you would like to work towards.

When you start a conversation with a client, regardless of capability, you should always start with the **beginner** level. If you feel more confident to do so, or your client seems more favourable or interested in investing to create impact, you should move onto the next level and so on.

The tool has purposefully been designed as an editable document. We know that people learn and approach things in different ways, so feel free to edit and change this document in a way that suits both you and your clients. If you are going to edit this document, we suggest keeping an original version, so that you can revisit it when you want to progress with investments that create impact.



BEGINNER

Simon has been working as a financial adviser for a long time. Whilst he's heard about ethical and responsible investing, he doesn't know much about the topic and has never heard of investments that create impact.

He is motivated by giving his clients the best possible return and helping them reach their financial goals; for him this outweighs providing advice on a solution that creates impact. During his time as an IFA he can count on one hand the number of times a client has asked about responsible investing, it is not a consideration for him and normally not for the client either. He therefore works on the premise that if it is important to the client, they will raise it in conversations. Simon feels it's his responsibility not to lead the client and therefore does not actively probe a client's attitudes on responsible investing.

Due to the complexities of responsible investing, Simon doesn't have time to promote it as an option. He believes it would lengthen the advisory process, affecting the firm's profit margins, and because he doesn't know much about available funds, for him, the research process would be very time consuming.



INTERMEDIATE

Natalie has been working at her firm for five years and is seen as the champion for responsible and sustainable investing. She has spent time educating her colleagues and carrying out research into the suitable funds. This has had some effect on the firm's attitude to responsible investing, however there is still something of a divide amongst her colleagues, between those that ask clients whether they would be interested and those that don't.

She has a handful of responsible and sustainable funds in her 'back pocket' that she feels confident advising on, however her resources are limited. This can sometimes be frustrating and she recognises that unfortunately the solutions she advises on cannot exactly match a client's preferences. For Natalie, one of the big sells for this type of investing is that clients can match their investments with their political views.

When it comes to solution focused investments she believes these are suitable for sophisticated high net worth clients (HNWs) that make up a small percentage of her firm's client base. Natalie thinks this may be too big a jump for both her firm and her clients.



SPECIALIST

Tom has worked in sustainable investing for 12 years, he mainly advises HNWs and works across both public and private markets. He thrives on discovering what makes his clients tick and understanding what they really care about, often building bespoke portfolios. Tom believes that private clients are emotionally attached to their money and therefore have the ability to rapidly create change with it.

Rather than asking about responsible investing in the preference category, Tom's firm embeds these questions into their overall profile building and asks clients to draw a line between pure return and pure good. The firm also uses the UN's Sustainable Development Goals (SDGs), which enables clients to recognise what they really care about and provides the firm with a key performance indicator.

Whilst his client base is HNWs, Tom feels that the industry is missing a trick by not appealing to the middle of the road clients and encouraging them to 'invest well'. For Tom impact investment is an approach and not a category.

Beginner

The first part of the tool is a set of opinions that allows a client to articulate how favourable they are to investing that creates impact.

We suggest moving into the intermediate level if your client selects the third box.

Which of these sounds like you?

(please tick one)

I don't really mind about the effect my money has on the people and planet

I would like to invest my money in a way that creates positive impact for the people and planet, but I don't mind how that happens

I would like to invest my money in a way that creates positive impact for the people and planet and I have some specific ideas of how I would like to do this

Intermediate

The intermediate tool is used to help your client identify specifically how they would like to use their money for investing in impact.

There are two parts to the tool.

The first is to ask the client to identify which approach (if they have a preference) they would like to take when investing in impact. You can either show the whole educational framework to the client, or if you cannot offer all of these approaches, you can use the separate fact sheets attached. However we would urge you to think about actions you could take to offer all of these approaches in the future, becoming more forward thinking and informed on how investments can create impact (i.e. conduct more research into the funds out there).

The second is looking at themes that your client might want to invest their money in to create impact. Ask your client to select these themes and prioritise what they would like to invest in and what they would like to avoid. We suggest limiting your client to three to five themes in each column. Feel free to omit or add cards, depending on what solutions are available to your firm. This tool can be used digitally, by copy and pasting the cards into the columns or offline as a card sorting exercise.

Depending on your type of client you may only need to use one of these two tools, however by carrying out the first exercise, it may spark some thought about what themes they would like to invest in. The tools can also be something that you give to your client to look at ahead of your conversation.

When using your money for positive impact is there an approach you would like to take?

Responsible

What is it?

Responsible investing **avoids harm** and it tries to prevent significant negative outcomes for undeserved people and the planet. It is actively engaged in negatively screened investments.

An example

Investing in bonds issued by businesses avoiding products/practices that have a significant effect on important negative outcomes (e.g. gender inequality).

Investors intentions

"I want to mitigate risk"

"I want to behave responsibly"

"With my investment, I would like to reduce carbon emissions"

When using your money for positive impact is there an approach you would like to take?

Sustainable

What is it?

Sustainable investing has various effects on important positive outcomes and **benefits** a range of **people and the planet**. It is actively engaged in positively screened investments.

An example

e.g. Investing in a global equity fund that invests in companies who are actively trying to positively tackle environmental challenges through their practice and processes.

Investors intentions

“I want to support businesses that have a positive effect on the world to sustain long-term financial performance”

“I want a world where all businesses try to have a positive effect on society”

When using your money for positive impact is there an approach you would like to take?

Solution focused

What is it?

Solution focused investing **contributes to solutions** and has a significant effect on specific important positive outcomes for undeserved people or the planet. It is actively engaged in thematic investments and deliberately intends to create measurable and positive social or environmental impact.

An example

Investing in a public equity fund that invests in companies providing access to affordable and sustainable energy for all.

Investors intentions

“I want to help tackle climate change”

“I want to help tackle the education gap”

What do you care about?

Use the cards attached to prioritise what areas you invest your money into. Pick three cards for each box from the selection attached. Whilst we will do our best to match your preferences, please note it is unlikely that we will find a solution that matches your exact combination below.

I would like to avoid:

Please invest in:

If possible, please avoid:

If possible, please invest in:

Notes:

FOSSIL FUELS

TACKLING POVERTY

**PEACE, JUSTICE AND
STRONG INSTITUTIONS**

TOBACCO AND ALCOHOL

NUCLEAR POWER

**RESPONSIBLE
CONSUMPTION AND
PRODUCTION**

ANIMAL TESTING
Medical

PORNOGRAPHY

**INDUSTRY, INNOVATION AND
INFRASTRUCTURE**

ANIMAL TESTING
Non-medical testing

QUALITY OF EDUCATION

**SUSTAINABLE CITIES AND
COMMUNITIES**

ARMAMENTS

HEALTH AND WELLBEING

**CLEAN AND
RENEWABLE ENERGY**

BANKING AND FINANCE

HUMAN RIGHTS

**I DON'T HAVE A
PREFERENCE**

POOR GOVERNANCE

ANIMAL WELFARE

GAMBLING

GOOD GOVERNANCE

Specialist

The specialist level should be used if your client has more complex preferences on how their money is invested.

The tool on the next page allows your client to articulate further preferences using a sliding scale. You may know your client well enough to fill this out before and check the preferences with them when you meet.

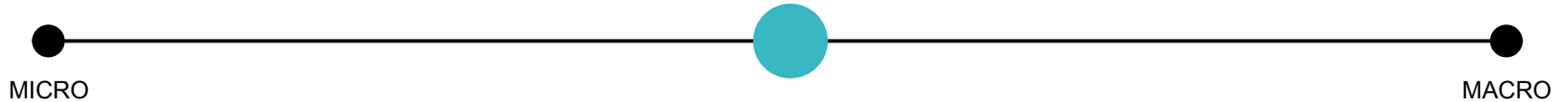
Feel free to add or omit scales depending on your client's preferences. This tool can be used digitally by moving the white circles on the scales or offline by drawing a marker to indicate where the client's preferences lie.

What do you care about?

Please set the scales to your preference

Size of project

Would you like your investment to target lots of individual projects (micro) or would you like to target the issue at a national/global level (macro)?



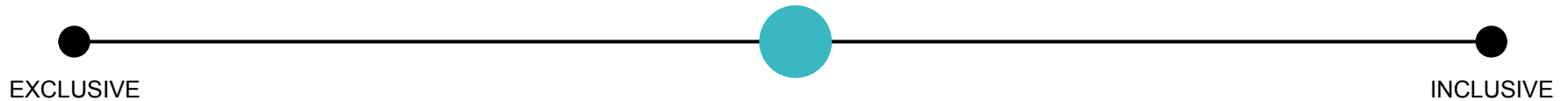
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What do you care about?

Please set the scales to your preference

Who to involve

Do you want your investment to be targeted to benefit a specific group of people (exclusive)? Or would you like your investment to be wide reaching (inclusive)? For example if you are looking to improve quality of education would you prefer to target Afghani girls or all young children?



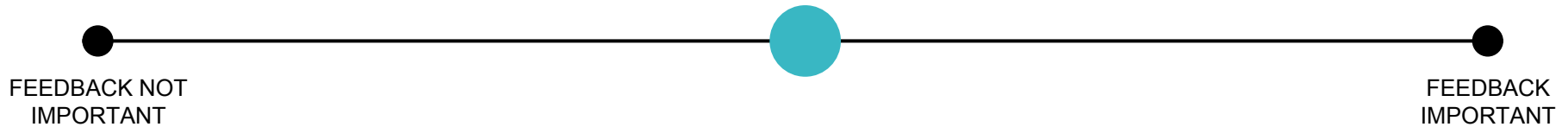
Notes

What do you care about?

Please set the scales to your preference

Feedback on your investment

How important is it that you receive feedback on the impact of your investment? For example how important is it for you to know that your money has reduced carbon emissions by X tonnes? Or that it has provided X litres of drinking water?



Notes

