HK, SG family offices expand impact investing across asset classes

Shusi He
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Assets beyond private equity and venture capital have come on the impact investing radar for family offices in Hong Kong and Singapore.

Family offices in Hong Kong and Singapore are broadening their impact investing approach beyond just private markets, as more environmental and social impact products and opportunities emerge across asset classes.

"The perception that family offices are doing risky bets on small companies as an expression of impact is changing; this is not the case anymore," said Katy Yung, managing partner at Sustainable Finance Initiative (SFi).

"As the impact investing space evolves, we're seeing a shift across different asset classes from private equity and venture capital to include public equity, private debt, and real assets as more products emerge," Yung told *AsianInvestor.*

Katy Yung
Sustainable Finance Initiative

She noted that overseas families like those in Europe and the US — with legacies spanning several generations — are embracing a multi-asset class approach when it comes to impact investing for their investment portfolio.

“In Asia, I do think there’s still an evolution to come, and we hope to see more progression happening in the region,” she said.

SFi is a non-profit platform aimed at promoting impact and sustainable investing among family offices, especially small and medium-sized ones. Established in 2019, it has a direct community of family offices and investors in Hong Kong, Singapore, and Taiwan.

Yung was director of investment at Hong Kong-based single family office RS Group, which focuses on responsible and impact investment across asset classes and advocates a full-portfolio approach.

Yung remains a consultant to the family office.

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Family offices in Asia — like their peers elsewhere — often start impact investing from the private side through a small ticket to a private equity or venture capital fund, which is usually easier for families to perceive the impact of their investment as the portfolio company grows. Meanwhile, the relatively longer investment horizon also aligns with the long-term time horizon of a family office.

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As fund managers in the region started to adopt the United Nations’ sustainable development goals (SDGs) into their investment style and strategies, more public equity, bond, and even private debt opportunities have emerged in Asia in the past few years.

In Hong Kong alone, there are over 200 ESG funds and 11 listed ESG exchange-traded funds (ETFs) authorised by the Securities and Futures Commission as of May.

Large Asian asset owners also play a pivotal role in facilitating the emergence of ESG-focused investment products in the region.

For example, Japan’s Government Pension Investment Fund (GPIF) — the world’s largest pension fund — is actively adopting tailor-made ESG indices for both its domestic and foreign public equity investments.

“Families [in Hong Kong] are drawing upon an array of investment strategies to execute their approach to impact, and those strategies cover the full range of asset classes, from public securities to fixed income to private market fund and direct investing,” said Jed Emerson, chief impact officer at multifamily office AlTi Tiedemann Global, which has a major presence in Hong Kong.

Jed Emerson,
AlTi Tiedemann Global

Emerson is a longtime impact investor and was a strategic advisor to investments for five family offices with over $1.4 billion in total assets, including RS Group. He is also an advisor to SFi.

"Many families find investing in impact funds offers them a way to leverage the expertise of fund managers in alignment with the interests of the family, whether [that's] climate crisis, sustainable agriculture, or financial inclusion," Emerson told *AsianInvestor.*

However, there are also challenges in this emerging investment approach for Asian family offices.

"Challenges faced by Hong Kong family offices are similar to those faced by all impact investors, including shorter manager track records, uncertain market environments, and the challenges of technology or other enterprise-level risks," said Emerson.

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