

Request for Proposals for Investment Services

The EIRIS Foundation is seeking to appoint an Investment Services Provider to provide us with an investment solution that executes our Responsible Investment Policy for our £1m Growth Portfolio.

The charity sector's investment assets are collectively worth £110.9bn (Source: NCVO UK Civil Society Almanac 2020). The power of these assets if invested responsibly is significant, but exponentially more powerful is the potential for charities to use these assets and their voice to shift all UK assets towards financing the move to a more sustainable economy and world.

Our investment objective is to increase the value of our Growth Portfolio by making successful longer-term investments in ways that align with the mission and work of the EIRIS Foundation and the charities we seek to assist, and which fulfil our public benefit obligations.

We are looking for managers or advisors who take an ethical or sustainable investment approach that adds value by understanding the impact of ESG factors on Enterprise Value, putting money to work in sustainable growth opportunities and demonstrating positive ESG impact through engagement and Stewardship activities.

We strongly believe that charities have an influential role to play in shaping a more sustainable financial system. By ensuring they are investing and saving responsibly and in harmony with their mission and values, charities can reap significant mission-related, reputational and financial benefits while complementing the voluntary sector's fundamental objective of building a fairer society and achieving outcomes such as the Sustainable Development Goals.

We believe there are an increasing number of charities that also have a relatively small amount of money to invest, who would welcome solutions which incorporate the highest standards of responsible and sustainable investment. We would like this process to act as a real-life example for other charities to help them better understand their options. We believe our portfolio has the potential to act as an exemplar portfolio for other charities with endowments of less than £10m.

We will consider responses from firms who will manage investments directly, organise a portfolio of funds on our behalf or who provide a single-fund solution. We are searching for an asset manager with a high standard of ESG understanding and integration, who is supportive of our objectives and responsible investment policy.

About EIRIS Foundation

The EIRIS Foundation provides free and objective information on ethical finance and corporate activity to the public. Our vision is to see a sustainable and responsible economy that creates and restores environmental, social, intellectual and financial capital in the long term in partnership with and for the benefit of all stakeholders.

Our own charitable objectives are to carry out research to the ESG impact of companies and investments and make that research publicly available; and secondly to assist other charities by helping them with ethical or responsible investment policies.

We currently do this by:

- Helping charities and other civil society organisations adopt and shape responsible investment practices
- Helping individuals drive the change to a more sustainable economy, by strengthening the green and ethical options for individuals and the information available about these options.
- Widening the impact of corporate responsibility best practice, through work on the Corporate Human Rights Benchmark and in conflict risk.
- Increasing the positive influence of investor engagement, by identifying and highlighting where engagement is meaningful.

About the EIRIS Foundation's Investment

The EIRIS Foundation currently has two investment pots, initially of £1 million each:

1. A Deposit Portfolio which we envisage spending down over the next five years in line with our strategy and which we will largely manage ourselves; and
2. A Growth Portfolio of at risk investments that we make with a view to contributing to the replenishment of our reserves in five years' time by growing significantly faster than inflation across that time.

This request is seeking proposals for the £1m currently allocated under the Growth Portfolio.

The proposal should satisfy the following financial objectives:

- A return profile of 6-7% annualised return after costs. A risk profile of 14-15% annualised standard deviation
- We would prefer an asset allocation of at least 60% in domestic (UK) markets. We recognise that asset allocation in overseas markets would be useful for diversification and could help to meet the ethical and sustainability requirements set out in our responsible investment policy.
- We would be open to currency hedging but would like to know the costs involved in doing so. Please note that roughly a quarter of our expenditure takes place in the United States.

The EIRIS Foundation are open to a range of investment options, including for example investing in a single multi-asset fund.

Public webinar

We intend to host a **public webinar** where shortlisted candidates will be invited to present their proposals to the EIRIS Foundation's trustees and members of staff, and charities that are interested in responsible investing.

The webinar will be an opportunity for other charities, some of whom may, like us, be looking to invest a relatively small amount of money, to improve their understanding of the market, their choices and the type of process they could go through to invest ethically and in line with their charitable objects.

Process for selection

The EIRIS Foundation intends to appoint a fund manager and/or advisor who can demonstrate that they:

- Understand the EIRIS Foundation's mission and priorities, and are able to offer a solution that meets our objectives
- Have expert knowledge and experience of best practice in ESG
- Can provide high quality reporting and transparency over underlying assets including ESG/Impact
- Can demonstrate a track record of supporting similar clients to achieve or exceed their investment objectives
- Offer value for money

Written proposals are sought by **Monday 14th June 2021**. Please send proposals to Hetal Jani: hetal.jani@eirisfoundation.org. Proposals should include the following:

- A short covering letter summarizing the investment solution you propose for the EIRIS Foundation and summarising the fees involved (including any hedging) and any minimum investment threshold for your proposal in case we chose to divide the money between different proposals.
- Your proposed model portfolio, together with your analysis of how it meets the financial criteria set out above including:
 - the five most recent years annual performance (after charges) Please explain any reasons you have to believe that future performance might be expected to be different if that is relevant to your choice of solution.
 - Geographical and sector exposures of your proposal.
 - Full portfolio listing (including lists of any indirect holdings of any funds used) in spreadsheet format with ISINs or Refinitiv identifiers, so that we can analysis your proposal ourselves using Vigeo Eiris research, Corporate Human Rights Benchmark assessments and the EIRIS CRN Conflict Risk Analysis.
- An example of the client reporting (including ESG reporting) that we would receive if you were appointed, and your assessment of the ESG characteristics of the model portfolio and how your proposed solution differs from the market in general if that is not already clear in your client reporting.
- Your standard product information and details of the ethical or sustainability criteria applied and how they address the criteria set out in our Responsible Investment Policy sections 3 & 4 (Positive & Negative Screening & Public Benefit).
- A description of the intended impact and the pressing social or environmental problems addressed by any high impact social investments in your proposal under section 5 and their contribution to overall portfolio risk and return.
- Your track record (or the record of funds in your proposal) of voting on ESG issues and how your approach addresses the issues set out in Section 6 (Engagement & Stewardship).
- Details of which ESG factors you (or the managers in your proposal) believe can significantly affect Enterprise Value; practical examples of how that judgement has fed through to individual buy, sell or hold decisions; and the extent to which such analysis addresses the issues raised in Section 7 (ESG Integration)

In addition to the documents and explanations above, please note that we will be paying close attention to the following considerations. If these are not already addressed in your proposals, please respond or provide additional clarifications in a separate document.

- In working with charities are you able to assess their missions and work and tailor your proposals or reporting to align with their missions? Do you have any additional points to raise in relation to our particular mission as described in the section 'About EIRIS Foundation' above?
- What opportunities would we have to raise issues or be consulted in future in relation to screening, engagement, voting or ESG integration by the managers of your model portfolio or in relation to specific stocks that we wished to discuss?
- How important are ESG considerations to your business (or the businesses of the managers of the funds in your proposal) and how does your organisation as a whole, demonstrate a commitment to progressive responsible and sustainable investment, for example through the development of skills and capabilities, resources, contribution to collaborative and industry initiatives?
- How does your organisation (or the managers of the funds in your proposal) consider it/they can best contribute to the creation of a more sustainable economy?

Please note that your proposal may be made public in order to make this a transparent process which can be of benefit to other charities. If there is any part of your proposal that you do not wish to make public, please specify this clearly on your application.

If you have any questions regarding this request for proposals, then please email Hetal Jani: hetal.jani@eirisfoundation.org by Monday 31st May 2021. Please note that we will post answered to any questions raised by interested parties on our website by Friday 4th June 2021.

A shortlist of candidates will be announced by **Wed 23rd June 2021** and invited to make a presentation as part of a public webinar that will consist of EIRIS Foundation trustees, staff and other charity representatives.

The public webinar will take place between **Mon 5th July – Fri 9th July 2021**, with an exact date to be confirmed.

A final decision will be made by the EIRIS Foundation by the **end of July 2021**.