PRESENTER: To discuss the launch of the Global Sustainability Trust, I'm joined now by Roger Pim, Head of Private Market Solutions, and by Sarah Norris, Investment Director, both from Aberdeen Standard Investments. Roger, what's the aim and objective of the trust? ROGER PIM: We believe it's a unique offering for investors. We're providing access to a diversified private markets portfolio that will generate an attractive 6 to 8% net return, while at the same time generating intentional positive environmental and social impact. PRESENTER: So, Sarah, how many holdings would that be in total? SARAH NORRIS: So we don't have necessarily a holding target, but we aim to be broadly diversified across all five private market asset classes. So you think about private equity, real estate and infrastructure making up about 75% of the portfolio, and another 25% in private credit and natural resources. PRESENTER: And if you're an investor, is this a total return vehicle, or is there a dividend that you're looking to produce? SARAH NORRIS: This is mainly a total return vehicle targeting 6 to 8% return. PRESENTER: And this is a sustainability trust, what do you mean by sustainability? SARAH NORRIS: So we don't help ourselves as investors coming up with different terminology: sustainability, ESG, ethical impact. The Global Sustainability Trust is designed to deliver measureable financial return, as well as measurable social and environmental impact. PRESENTER: And why is it important to provide measureable social and environmental impact in the long run? SARAH NORRIS: So, impact investing, the definition was first coined by Rockefeller, and there's broad consensus that it's intentional investment to deliver financial return and measurable social and environmental impact. Measureable social and environmental impact is where the industry slightly disagrees in terms of what that actually means. We've aligned our definition with the UN sustainable development goals, which are really the world's business plan for the future. And we think by aligning our targets, so we've come up with eight impact pillars of investment, by aligning these eight impact pillars with the UN's business plan for the world, we're best able to take advantage of assets that are revolutionary rather than reactionary, and really seeking to provide a product or service that delivers an improvement to the world, and it taking advantages of the changes in regulation and in consumer needs. PRESENTER: You've mentioned measuring impact a couple of times, how are you going to do that? SARAH NORRIS: So measurement of impact is still fairly embryonic. There's no industry standard. But we aim to set five to 10 key performance indicators that we draw from the UN's own agenda, and hold the different assets to account on these indicators, and set milestones for delivery so that we can assess performance. These indicators will evolve and adapt based on the different types of asset classes. So it's really leveraging our insight with the different industry bodies, looking at the UN PRI or British Ventures and their impact management project, as well as our board. We've got three key individuals that have a wealth of sustainability and impact knowledge, as well as what investors want to see from the impact report. PRESENTER: And what are the main risks and rewards of investing in private markets? ROGER PIM: Well with private markets really it's a very large universe of opportunities. So if you think in the corporate space about 95% of all companies are private. In addition, we're able to target a wide range of environmental and social impacts. But importantly it provides diversification within a portfolio. Most private market asset classes have a low correlation to traditional equities. So it provides us a broad opportunity set and a well-diversified portfolio. PRESENTER: But what do you think the really long-term benefits of this approach are? ROGER PIM: Another key benefit really is the fact that we're investing in sustainable business models. And so these are businesses which will exist in 20, 30, 50 years' time, which can't always be said about traditional markets. PRESENTER: And when you're providing that money to private companies, are these completely new investments, or are these existing businesses looking for a bit more cash to take them onto the next level? ROGER PIM: It'll be a mix across the portfolio. We are focused on additionality, where we're providing new capital which is actually generating impact. However, if you look at in the private equity space, many of those opportunities will be growth capital. So it's existing companies which require additional capital to accelerate their growth and development; whereas, in infrastructure and the real estate space, in many cases it'll be new developments. PRESENTER: And why use an investment trust structure for this? ROGER PIM: Many of these investment opportunities in the private markets are illiquid. Wrapping this within an investment trust structure we're able to provide access to what we believe are very attractive and high impact investments, which they couldn't otherwise access. PRESENTER: And, Sarah, how exactly is running the trust, given it's got an investment mandate and an impact mandate as well? SARAH NORRIS: So we're leveraging off of the skills that we already have at Aberdeen Standard Investments. We have 400 investment professionals looking at private markets across all five of the different asset classes. And then we also have 30 central environmental, social and governance analysists looking at ESG considerations for all asset classes. And it's combining the two strengths to deliver financial assessments as well as impact assessments. PRESENTER: And where's the proof that this will be an effective team approach, rather than a bit of a committee and a bit of a blodge? SARAH NORRIS: This isn't the first time we're doing either of those. So we already have a global private market strategy, and that's been running for about five years. And we already have a listed equity impact strategy that's been in gestation for the last few years, live for one year. And we've proven track records in delivering measurable financial and environment, social and governance impact. PRESENTER: And is there a particular geographical spread that you're likely to have in the portfolio? ROGER PIM: It will have a mix across various regions and countries: about two thirds in the developed market, and about one third in the developing market. But that depends by asset class. Many of the private equity opportunities in the impact space are really in established markets in Europe. We're actually working with partners to try and enter new markets there. In the infrastructure space, we have actually a South American and Pan Andean offering there. So we're focused on the social infrastructure: hospitals, schools in that region. Whereas in the private credit space, micro finance for example, it's very much targeting emerging markets such as Asia and Africa. So it's a broad spread across the portfolio. PRESENTER: And, Sarah, as an investment director, what are some of the other examples of businesses or sectors that you could be investing in? SARAH NORRIS: So micro finance is one example. There is a business model where they use the World Bank database to identify countries with the lowest penetration of financial inclusion, so low access to bank accounts and loans. And then they target loans, micro finance loans to these individuals, charging rates that are in line with national averages, so there's not the predatory lending. And this is really bringing financial services to where they're needed most. PRESENTER: And where does this fit into an overall client's asset allocation? ROGER PIM: We feel that the GST has a broad appeal for investors generating attractive, 6 to 8% net return, with a diversified portfolio and high impact. So that can sit across any part of as portfolio. And the low correlation to listed markets is particularly helpful in the current environment. PRESENTER: And you mentioned earlier you're looking for 6 to 8% return after fees, what are the fees on the trust? ROGER PIM: There's a variable fee depending on whether we, that we have a direct approach or indirect approach. That results in an AMC in the first year of 0.87%, increasing to around 1% once the portfolio is fully built out. We also don't have a performance fee on this trust, which is quite unusual in the private market space. But it reflects the fact that we're targeting financial returns and impact, and we don't feel it's appropriate to be focused only on one half of the equation. PRESENTER: And what's the launch period for this trust? SARAH NORRIS: So we went live with the launch on the 5th of November, and we will aim to close in the second week of December. PRESENTER: And in summary, why should investors consider buying into the Global Sustainability Trust? ROGER PIM: It's a unique opportunity. It's accessed to an attractive diversified private markets portfolio with material impacts, and they couldn't access it through any other means. PRESENTER: Sarah? SARAH NORRIS: We really are bringing additional capital to opportunities that need this access to finance, and to be able to deliver the social and environmental impact. And having that ability to deliver impact, and not having to sacrifice returns is such an attractive opportunity. PRESENTER: Sarah Norris, Roger Pim, thank you very much. SARAH NORRIS: Thank you. ROGER PIM: Thank you. PRESENTER: And for more details on the trust please do go to the website below.