



Inspiring the Purpose of Capital

The proliferation of ESG and impact-focused strategies and products has created numerous options for *how* to make an impact with our clients' capital. We believe, however, that all of these conversations should start with *why*.

Each individual and family who works with us has a unique set of values and priorities that guides not only their financial decisions but all aspects of their lives. That's why our approach to sustainable and impact investing in Private Wealth Management, while optional, can be completely tailored to each interested client's personal vision.

As wealth managers, our mission is to enable all capital to have impact. We do this by guiding clients through the process of articulating their priorities and then exploring the possibilities for deploying their capital in ways that align with those values. For some clients, this means incorporating sustainable and impact principles across all aspects of their portfolio and balance sheet. For others, it means creating a philanthropic foundation or dedicating a portion of their portfolio to making a social impact.

There is no one right way to make an impact. By having meaningful conversations with our clients about their values and offering multiple ways to activate their capital to support those values, we help clients align their financial goals and personal vision.

Understanding the New Reality of Impact Investing

In guiding conversations with clients about sustainable and impact investing, we seek to address any misconceptions clients may have and present opportunities to express their values through their capital. One of the most common misconceptions is that seeking to make an impact with our clients' capital requires giving up financial returns. However, an abundance of evidence shows that incorporating ESG¹ or SRI² doesn't cause performance to deviate significantly from general market returns.

Some investors also mistakenly think that impact investing is a binary proposition—they must choose between focusing on financial considerations or values-based considerations. As a result, investors may think that the only way to make an impact with their capital is by starting a foundation or earmarking a portion of their portfolio for social or philanthropic purposes. In today's landscape, however, financial and impact investing can be viewed as a continuum, not an either/or choice. There are many ways to blend financial and non-financial considerations into investment decisions. We are able to leverage our internal intellectual capital as well as the research and resources of partner organizations, to either exclude certain securities, sectors, and industries, or to proactively integrate dedicated third party asset managers, to execute on a total portfolio management strategy.

As wealth advisors, our job is to understand each client's purpose of capital and explore the possibilities for deploying capital in a way that advances those values.

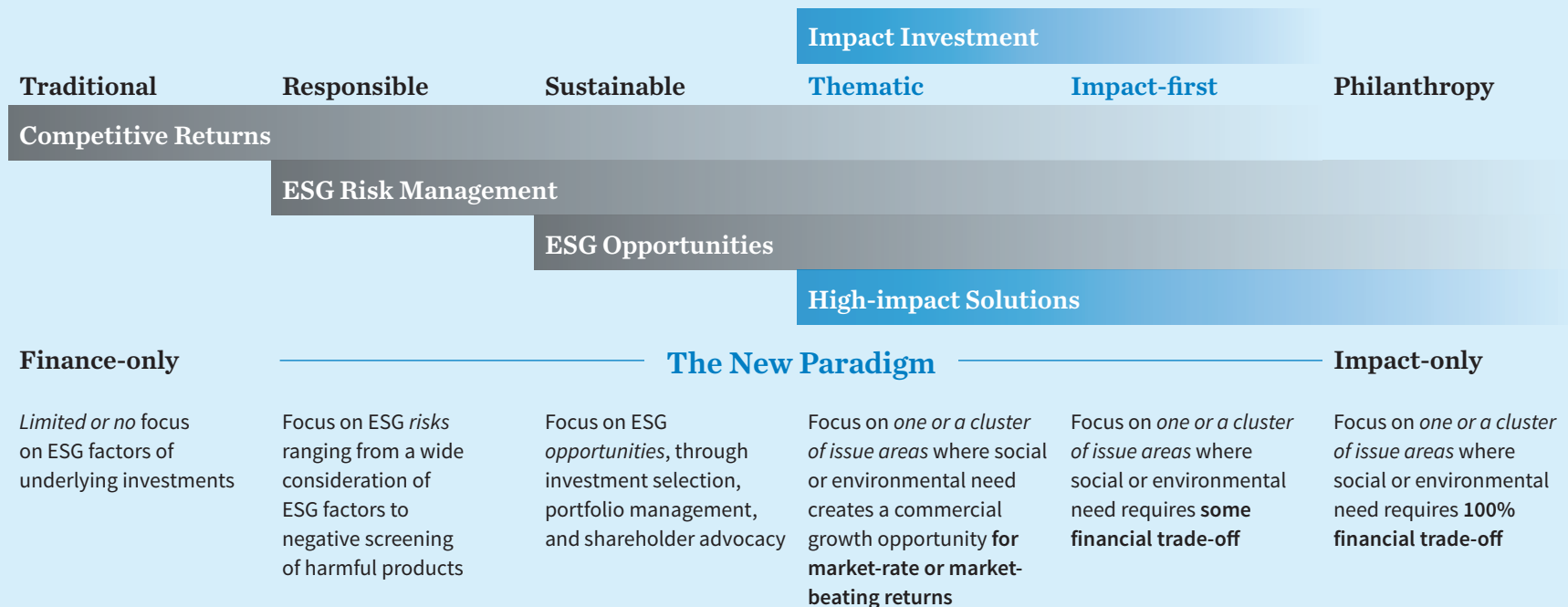
1. Deutsche Wealth & Asset Management and Hamburg University, "ESG and Financial Performance: Aggregated Evidence From More Than 2,000 Empirical Studies." 2015.

2. Nuveen TIAA Investments, "Responsible Investing: Delivering Competitive Performance." 2017.



Impact Across the Investment Continuum

Today’s investment landscape provides numerous ways to blend impact goals and financial returns. The impact investing industry is still relatively young, and as this ecosystem continues to mature and evolve, innovative approaches will emerge, further expanding investors’ opportunities to align their impact and financial goals.



Source: Bridges Ventures <https://medium.com/impact-engine/the-spectrum-of-impact-investing-e34b0e4dc164>

PRIVATE WEALTH MANAGEMENT

Historically, many investors took a “Do well first, then do good” approach to investing and philanthropy. Today, many investors are seeking to make an impact at all stages of their lives and careers. We will help catalyze all capital—whether a client wants to invest their taxable, financial capital with ESG or impact strategies, invest their tax-exempt capital with mission- aligned investments, or create strategic partnerships with entrepreneurs and venture backers who are pursuing more than financial returns.

Customized Solutions for Achieving Impact

After we work with clients to define the purpose of their capital, we offer a sophisticated suite of services that allow clients to achieve that vision throughout their portfolio. These services and strategies are tailored to the unique goals of each investor.

Investment Policy Development

We guide clients through the development of an investment policy statement that includes clearly defined guidelines for how the client’s goals will be achieved throughout the portfolio and how any impact-related considerations will be implemented. As part of this process, we help clients explore impact-related topics, such as shareholder engagement and aligning portfolios with the United Nations Sustainable Development Goals.³

Philanthropic Strategy

For clients with substantial philanthropic goals, we offer comprehensive services to maximize the donor’s impact and enhance the connectivity between impact, grant making, investments, and family endeavors. In addition to advising on private foundations, trusts, donor-advised funds, and other tax-efficient charitable vehicles, we coordinate with the donor’s family and key advisors to ensure alignment with the donor’s vision.

³ United Nations Sustainable Development Goals.

<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Case Study: Entrepreneurial Family Takes a Total Portfolio Approach to Impact

In 2018, a couple sold their successful life sciences company and turned to us for guidance in fully aligning the family’s capital with their purpose and values.

Purpose of Capital

The family had a clearly articulated purpose for their capital: to power a more sustainable and equitable future. This purpose is built upon the cornerstone that “giving to others is not only an act of generosity but a requirement—an obligation upon the individual who is fortunate enough to have resources to help others.” The family believes that all capital has impact and that all capital contributes to generating financial and societal value, irrespective of the type of entity or vehicle used to house the assets. The family sought to pursue the idea of blended value in a way that is truly and authentically integrated across all aspects of their lives, including how they invest, give, and engage.

Approach to Blended Value

We have the privilege of collaborating with the family through the process of defining the scope of their impact across entities, investing the assets with impact, and shaping their philanthropy. In addition to advising them on philanthropic strategies to support their cherished causes through grant-making, we also implemented investment strategies that align with the family’s values across all of their tax-exempt and taxable vehicles. This included investing in impact-focused funds and managers while focusing on sectors, geographies, and companies that align with the family’s vision and values.

Impact in Action

The next several years will be a remarkable period of storytelling for the family as investors and grantors, as well as for the countless individuals whose lives will be touched by the family’s engagement. The family’s impact will be local yet global, personal yet universal, and above all else, authentic to who they are.

PRIVATE WEALTH MANAGEMENT

Custom Portfolio Construction

We build portfolios from the ground up based on each client's objectives. In addition to incorporating William Blair's proprietary investment strategies and external managers, we can apply negative or positive screening to align the portfolio with the client's desired impact.

External Manager Selection

Through our open architecture platform, we rigorously research and provide clients access to external investment managers across asset classes that offer dedicated impact strategies and/or have a track record of effectively integrating ESG factors into their investment decisions.

Fundamental ESG Integration

Building on our long heritage as fundamental investors focused on sustainable value creation, we are continually enhancing our ability to integrate environmental, social, and governance (ESG) factors into William Blair's institutional investment management strategies. ^{WB}

4. Deutsche Wealth & Asset Management and Hamburg University, "ESG and Financial Performance: Aggregated Evidence From More Than 2,000 Empirical Studies." 2015.

5. Nuveen TIAA Investments, "Responsible Investing: Delivering Competitive Performance." 2017.

6. US SIF. <https://www.ussif.org/performance>

Investing With Impact: Perception vs. Reality

Perception

Achieving a positive impact requires foregoing optimal financial returns

Financial and impact investing are binary choices

You must "Do well first, then do good" to be an effective philanthropist

Reality

Evidence shows that incorporating ESG⁴ or SRI⁵ practices into investment decisions doesn't have a negative impact on performance.⁶

Investing is a continuum; there are many ways to blend financial and non-financial considerations into investment decisions

Across all phases of their lives and careers, people have more opportunities today to use their wealth, time, and skills to make an impact

CONCLUSION

Identify the Purpose of Your Capital

At William Blair, we believe that all capital has purpose and that all capital can make an impact. Whether you invest in one of our proprietary strategies, draw insights from our equity research, work with our investment bank for capital-raising and advisory solutions, or entrust our wealth advisors with your personal capital, we are committed to delivering ideas and solutions to help you fulfill the purpose of your capital.

Whatever your vision is for your capital, we invite you to begin a dialogue with William Blair to explore ways that those values can be expressed with your capital and in all aspects of your financial life. [WB](#)

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Contact William Blair to learn how our professionals around the world can help you with your investment banking, investment management, and private wealth management needs: info@williamblair.com