

SRI benefits pensions

Impact fund investment addresses social challenges

PENSION fund trustees can increase returns for members and reduce risks through diversification by including impact investments in their portfolios, and addressing the social challenges facing South Africa.

This is the view of Mark van Wyk, portfolio manager at Mergence Investment Managers. He addressed the Institute of Retirement Funds conference this week on “Social responsible investment (SRI) and its spin-offs: benefits to members”.

Deputy Science and Technology Minister Tshililo Masutha spoke at the opening of the conference. He said that the retirement fund industry should do more to address socio-economic problems inherited from the previous government’s social assistance programmes that had systematically excluded most South Africans from taking part in the economy.

Van Wyk said impact investing is part of socially responsible investing and seeks to achieve good long-term returns, while making a positive social and/or environmental impact.

“Pension fund trustees, as custodians of capital, and fund managers, as managers of capital, have a huge responsibility towards pension fund members to ensure favourable long-term returns,” he said.

“At the same time, South Africa as a nation has a number of serious structural challenges ranging from high levels of unemployment, and crumbling infrastructure to poor education outcomes and housing and spatial planning that marginalises the poor.

“The pension fund members we serve are affected daily by some of these challenges. We all form part of an integrated economic system. By investing in impact investments, trustees can play their part in uplifting communities and contributing to the country’s growth.”



Mark van Wyk, portfolio manager at Mergence, says impact investing can address social-economic problems and generate good returns.

PHOTO: SUPPLIED

He said that while social challenges are essentially government’s responsibility, numerous government departments have requested assistance from

the private sector. Specialised impact investment funds also provide a ready vehicle through which to invest.

The Mergence High Impact Debt

POSITIVE IMPACT NEEDED

- Unemployment – many workers use as much as 20% of their income to support family members who do not work.
- Spatial patterns – for some workers, it is not uncommon to spend 50% of their income on transport costs to their places of work.
- Education – our education system currently yields only 30 matriculants and three graduates for every 100 children who start Grade 1 every year.

MARK VAN WYK portfolio manager at Mergence

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Fund for example, invests directly into mature, unlisted businesses. These include social housing companies that provide housing where people can work and live, and housing financiers, as well as education lenders and unsubsidised public transport.

“Such investments encourage the growth of these industries, encouraging social and environment entrepreneurs to find solutions to the challenges facing South Africa, active pension fund members and pensioners,” said Van Wyk. — Witness Reporter.