

# AURUM

---

## Impact Report



Environmental, Social  
and Governance 2018

©2019 Aurum Funds Limited.

Aurum Funds Limited is authorised and regulated by the Financial Conduct Authority. All rights reserved.

Unauthorised copying and/or distribution is strictly prohibited.

# AURUM

## Contents

4

**Environmental**

7

**Social**

10

**Governance**

### **Investment Advisor**

Aurum Fund Management Ltd  
Aurum House  
35 Richmond Road  
Hamilton HM08  
Bermuda  
Telephone: +1 441 292 6952

### **Contact**

Aurum Funds Limited  
Ixworth House  
37 Ixworth Place  
London SW3 3QH  
United Kingdom

Telephone: +44 (0) 20 7589 1130  
+44 (0)207 589 1130

**Website:** [www.aurum.com](http://www.aurum.com) **Email:** [ir@aurumfunds.com](mailto:ir@aurumfunds.com) **Twitter:** [@aurumfunds](https://twitter.com/aurumfunds)

# Environmental



## Aurum Impact Investment Solution

Aurum's impact investment solution, which launched in 2002, aims to deliver returns that go beyond financial returns. The fund provides investors with an opportunity to both make investment returns and make a difference.

The advisory fee generated from the fund supports a number of charities, principally Synchronicity Earth, a registered charity that supports the conservation of biodiversity, ecosystems and species at risk around the world.

### SUSTAINABLE DEVELOPMENT GOALS:



## Regeneration Portfolio

In 2015 the Synchronicity Earth Regeneration Portfolio was created in collaboration with Aurum. It is an initiative to create strategic funding partnerships between corporates and environmental non-government organisations ("NGOs") in order to regenerate natural habitats. The portfolios provide a scalable solution that can be adopted by anyone looking to engage in environmental philanthropy. The first strategic funding partnership that Aurum supported, and continues to support, was Hutan, a Sabah-based NGO that was established in 1998 to restore highly degraded and fragmented forest patches in Malaysian Borneo.

### SUSTAINABLE DEVELOPMENT GOALS:



### Outcome

- Aurum contributes to Synchronicity Earth's operating expenses, which creates stability for the charity and ensures that other donations can be directed to activity that will have an impact.

### Impact

- Aurum's impact investment solution has generated approximately \$8.5 million for over 70 organisations in nearly 40 countries.

### Outcome

- Covered the costs of two full time staff and vital equipment for Hutan. Contributed to Hutan's reforestation efforts at three sites.

### Impact

In 2018:

- AFML's funding covered the costs of essential equipment and planting of 2,200 native tree seedlings, with two to three years of ongoing maintenance until the seedlings can be left to fend for themselves.
- The funding also paid for installation and monitoring of three hornbill nest boxes. Some key species of tree germinate more successfully once they have passed through the digestive system of hornbills and this new strategy will re-introduce the natural seed distribution process for these species into the new areas of forest.
- Hutan offers local women the opportunity to join the reforestation team for paid 'internships'. Some of these women may become part of the team.
- Local communities, particularly women, are empowered to actively manage their natural environment and resources.

# Environmental

## Driving Industry Change

The hedge fund industry deals with complexity and risk every day. Fundamental to its success are analysis of data and the need to understand the impact of trends and systemic change. By extending this approach to environmental impact, the industry is ideally placed to both understand the problems and be part of the solution.

Aurum has a goal to mobilise the hedge fund industry to have a net positive environmental impact.

To achieve this Aurum aims to promote articles written about the Regeneration Portfolio using social media and industry publications, and engage with participants in the hedge fund industry to support participation in regeneration portfolios.

### SUSTAINABLE DEVELOPMENT GOALS:



## Strategic Conservation

Created in 1948, IUCN (International Union for Conservation of Nature) has evolved into the world's largest and most diverse environmental network. It harnesses the experience, resources and reach of its 1,300 Member organisations and the input of some 13,000 experts. IUCN is the global authority on the status of the natural world and the measures needed to safeguard it. IUCN provides public, private and non-governmental organisations with the knowledge and tools that enable human progress, economic development and nature conservation to take place together. The IUCN has the ability to convene diverse stakeholders and provide the latest science, objective recommendations and on-the-ground expertise, driving its mission of informing and empowering conservation efforts worldwide. It also serves as an official agency monitoring progress towards biodiversity-related targets.

Aurum has been providing funding to assist in covering the core costs of the IUCN since 2012.

Adam Sweidan, CIO of Aurum Research Limited is Patron of Nature for the IUCN.

### SUSTAINABLE DEVELOPMENT GOALS:



## Outcome

In 2018:

- Aurum wrote an article discussing how the hedge fund industry could be a positive force for environmental change, which was published in HFM Week.
- Representatives of Aurum held meetings with individual hedge fund managers to promote the Regeneration Portfolio.
- Along with representatives from Synchronicity Earth, Aurum presented at the Albourne annual conference on how hedge funds can help to diffuse the environmental time bomb.

## Impact

In 2018:

- A Chicago-based hedge fund continued funding a strategic funding partnership in Tanzania, which supports communities to plant native forestry and agroforestry.
- A London-based hedge fund manager continued funding a Regeneration project in Ecuador, which supports a forest reserve in an area of rich biodiversity and is beginning reforestation to link the reserve to nearby protected areas.
- Two hedge funds, one US-based and one UK-based, began providing annual unrestricted funding to Synchronicity Earth, which supports strategic programmatic work on overlooked and underfunded conservation issues.

## Outcome

- Funding for the core costs of the IUCN is crucial for delivery of a range of activities, from maintenance of the Red List of Threatened Species to championing nature's role in achieving the Sustainable Development Goals.
- Core funding allows the organisation to remain strategic and deliver its mission to 'Influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable'.

## Impact

In 2018:

- IUCN Red List assessments continued to grow, in line with the objective of reaching 160,000 species by 2020.
- Specific, community-centred species conservation action plans were developed, targeting endangered and vulnerable species, their habitats and the communities living in them.
- Country and regional level action plans were supported and implemented to increase resilience and adaptation to climate change, sustainable livelihoods and food security.

# Environmental

## Oceans

It is vital to protect our oceans now in order to ensure their long-term environmental health, and provide sustainable resources for future generations

With this in mind, Aurum has sought opportunities to engage with and support initiatives focusing on this important area.

### SUSTAINABLE DEVELOPMENT GOALS:



## Outcome

In 2018:

- Aurum sponsored the first Ocean Risk Summit, which had an objective to engage a range of political, scientific, economic, environmental, technological, risk and legal regulatory leaders (in particular, finance ministers, chief finance officers and chief risk officers) to discuss the causes and impacts of, and possible solutions, to the rapid negative changes taking place in our oceans.

## Impact

- Development of an Ocean Risk Index, a project that Ocean Unite is supporting AXA XL in developing in collaboration with the Economist intelligence Unit. The index will define, value and track key ocean risk factors.

# Social



## One to One Children's Fund

Founded in 2001, One to One Children's Fund has established a significant reputation in the spheres of HIV and post-conflict trauma, by developing innovative and sustainable models to fill core gaps in care for vulnerable children. It aims to rebuild and transform lives by first identifying the greatest risks facing children and adolescents and then working with partners to pilot and deliver cost-effective interventions in healthcare, psychosocial services and education. Children and adolescents affected by HIV and AIDS, disability, disease and trauma are empowered to help them realise their full potential and lead healthy, fulfilling lives. Aurum has supported One to One Children's Fund since its inception.

### SUSTAINABLE DEVELOPMENT GOALS:



## Outcome

- Aurum's support has allowed One to One Children's Fund to focus on core gaps in care for some of the world's most vulnerable children, providing support to children and their families.

## Impact

- Anti-retroviral treatment and support: implemented the first treatment programme for children. Established PATA, a network organisation of 400 HIV clinics and hospitals, sharing knowledge and disseminating best practice; PATA's expert patient concept was selected as one of the Rockefeller Foundation's top 100 innovations for the 21st Century.
- Enable: a programme delivering home-based healthcare for children, their mothers, pregnant women and families suffering HIV, malnutrition and other diseases, contributing to drastically reduced infant mortality. Supporting more than 500 pregnant women so far, in a region where 30% of mothers are HIV+, the most recent results from the project include 0% transmission of HIV from mother to child so far. 9,000 community members have benefited from the service.
- Young people and HIV: working with health clinics and schools to empower HIV+ young people to manage their treatment and combat stigma, and to empower peer supporters to address pressing issues affecting young people such as HIV, sexual health, puberty and gender-based violence.
- Post-conflict Kosovo: counselling support to over 10,000 vulnerable children and families. Established four day care centres for children with disabilities that now operate independently, helping 3,000 children every year.
- Young refugee support: established partnerships to expand psychosocial support for young refugees in Greece and in the UK, developing counselling and arts-based models for this important unmet need within refugee communities.

# Social

## SACCA ASBL (The Streets Ahead Children's Centre Association)

Aurum Research Limited's CEO personally supports SACCA and devotes time to encouraging potential donors.

SACCA is a local NGO registered in Rwanda which works to protect and rehabilitate children who have been living on the street, as well as preventing them from reaching the streets in the first place.

SACCA's work has four elements:

- Provision of ongoing support to children within rehabilitation centres
- A reintegration programme
- An independent living programme
- Community based Prevention of Separation project

### SUSTAINABLE DEVELOPMENT GOALS:



## The Aurum Team

Aurum encourages group employees to support charities that are important to them and to use their skills and efforts to make a difference.

### Outcome

- In 2018 Aurum Research Limited's CEO led a delegation of donors and potential donors to Rwanda to evaluate the work that they are supporting.

### Impact

- Graduates of SACCA's educational programmes have received a rich educational experience and have gone on to find full-time employment.
- Those who complete SACCA's programme have a significantly enhanced life and livelihood as a consequence of SACCA's intervention. This sets an example in the community, and has led to referrals from their friends, colleagues and relations seeking new life skills from SACCA.
- Many of the smallholders with whom SACCA works, as part of the independent living programme, have gone on to rent larger fields and establish their own cooperatives with other local farmers. The knock-on benefits include being able to send their children to school and pay

### Outcome

- Aurum runs a programme that matches each group employee's fundraising up to £500 per year.
- In 2018 Aurum introduced an employee volunteering programme. Staff are allocated two days per year to volunteer at a range of London-based charities.

### Impact

- Aurum employees have volunteered 29 days to support the following charities in 2018:
  - [Action Homeless Concern](#)
  - [Age UK Charity Shop](#)
  - [Art for All: Kids' Club](#)
  - [Barnardo's Charity Shop](#)
  - [Be Enriched: Castle Canteen \(community canteen\)](#)
  - [Dress for Success \(help to empower unemployed women\)](#)
  - [F&C Volunteers \(older people's lunch club\)](#)
  - [The Felix Project \(fighting food poverty\)](#)
  - [Hammersmith & Fulham Food Bank](#)
  - [Share Horticulture \(horticultural projects for disabled people\)](#)
  - [Share Community \(training workshops for disabled people\)](#)
  - [Salopian Gardens](#)
  - [Tower Hamlets Cemetery Park](#)



## United Nations Principles for Responsible Investment (“PRI”)

Aurum became a signatory to the United Nations Principles for Responsible Investment in 2014. The PRI works to understand the investment implications of ESG factors and to support its signatories in incorporating these factors into their investment and ownership decisions. It acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. An alignment of Aurum’s interests with its clients’ interests is at the heart of any investment decision. Aurum believes that considering various aspects of ESG is an essential component to good investment decision-making.

## Operational Due Diligence

Aurum’s ODD process is designed to highlight issues that could exclude a fund based on ESG criteria. ESG issues are incorporated into the investment decision-making process when Aurum considers prospective investments and when monitoring existing investments. The core focus of this assessment is on corporate governance. Aurum requires manager personnel and fund directors to have adequate skills and background knowledge. Amongst other things, internal processes, control measures, risk tools, incentive systems and policies on proxy voting and conflicts of interests are reviewed. Additionally, close relationships with managers facilitate constructive dialogue around the topic of ESG.

### Outcome

- For Aurum’s first submission in 2014 we were awarded a B. We are pleased to report that in 2015 we received an A rating, which we have maintained each year since.
- As an allocator to hedge funds, Aurum has insight at an industry level as well as a role in influencing hedge funds. In 2018 Aurum was represented in the PRI’s Hedge Fund Working Groups, which were tasked with developing hedge fund industry guides for the incorporation of ESG factors in the investment decision-making process according to different strategies.

### Impact

In 2018

- Aurum participated in PRI’s hedge fund working group calls and meetings
- Aurum gave input into the PRI proposed hedge fund module for the 2019 reporting framework.

### Outcome

- Independent ODD team advising the board
- ESG considerations incorporated into both new investment and annual monitoring report templates

### Impact

- Only funds with robust corporate governance structures are allocated to. Funds with inadequate frameworks are required to improve them before any potential investment
- Ongoing dialogue with managers regarding ESG issues

**Aurum Fund  
Management Ltd.**

Aurum House  
35 Richmond Road  
Hamilton HM08  
Bermuda  
Telephone: +1 441 292 6952

**Aurum Funds Limited**

Ixworth House  
37 Ixworth Place  
London  
SW3 3QH  
Telephone: +44 (0)20 7589 1130  
Website: [www.aurum.com](http://www.aurum.com)  
Email: [ir@aurumfunds.com](mailto:ir@aurumfunds.com)

Aurum Fund Management Ltd. is  
licensed by the Bermuda Monetary  
Authority

Aurum Funds Limited is  
authorised and regulated by the  
Financial Conduct Authority in the  
UK

**DISCLAIMER**

The information contained in this paper (the "Paper") is issued and approved by Aurum Funds Limited of Ixworth House, 37 Ixworth Place, London, SW3 3QH, United Kingdom. Aurum Funds Limited, which is authorised and regulated in the UK by the Financial Conduct Authority, is wholly owned by Aurum Fund Management Ltd. of Bermuda ("Aurum").

Aurum advises a range of fund of funds, which are registered as standard funds under the Bermuda Investment Funds Act 2006, and other bespoke fund portfolios (together, the "Bermuda Funds"). Aurum also manages an AIFMD compliant fund (the "Irish Fund") and a UCITS fund (the "UCITS Fund"), which are both authorised and regulated by the Central Bank of Ireland. The Bermuda Funds, the Irish Fund and the UCITS Fund (together, the "Aurum Funds") are not authorised or regulated under the provisions of the Financial Services and Market Act 2000 (the "Act"). Accordingly, the Aurum Funds cannot be promoted or sold in the United Kingdom, other than under the exemptions permitted by the Act, in particular, the Financial Services and Market Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001. The Aurum Funds, including those the subject of this Paper (the "Funds"), should be regarded as high-risk investments and are not subject to the benefit of any compensation arrangements.

This Paper is directed at persons having professional experience in matters relating to investments in unregulated collective investment schemes, and should only be used by such persons or investment professionals. The Aurum Funds may employ trading methods which risk substantial or complete loss of any amounts invested. Trading performance is not guaranteed and past performance is not indicative of future results. An investment such as those described in this Paper should be regarded as speculative and should not be used as a complete investment programme.

This Paper does not constitute an offer to sell or a solicitation of an offer to buy any interest in the Funds, the Aurum Funds, or any other person. Any such offering may only be made in accordance with the terms and conditions set out in the prospectus of such relevant fund which outlines certain of the material risks and conflicts of interest involved in, as well as the terms of, such investment.

This Paper is for informational purposes only and not to be relied upon as investment, legal, tax, or financial advice. Readers should consult with their own independent professional advisors as to the legal, tax, financial or other matters relevant to the suitability of an investment based on information contained in this Paper. Whilst the information contained in this Paper (including any expression of opinion or forecast) has been obtained from, or is based on, sources believed by Aurum to be reliable, it is not guaranteed as to its accuracy or completeness. This Paper is current only at the date it was first published and may no longer be true or complete when viewed by the reader. This Paper is provided without obligation on the part of Aurum and its associated companies and on the understanding that any readers who act upon it or change their investment position in reliance on it do so entirely at their own risk. In no event will Aurum or any of its associated companies be liable to any person for any direct, indirect, special or consequential damages arising out of any use or reliance on this Paper, even if Aurum is expressly advised of the possibility or likelihood of such damages.