FUND INTELLIGENCE

Ex-Rosenberg Equities CEO to launch ESG-focused asset manager

Former chief and head of sustainable investing at AXA Investment Management boutique discuss Radiant ESG

Shweta Karikehalli June 22, 2020, 8:00 pm

Two former Rosenberg Equities leaders are looking to launch a diverse and women-led platform specializing in ESG-anchored portfolios and research for institutional investors and wealth managers.

Heidi Ridley, who left the Axa Investment Management quant boutique in March after 17 years and three as CEO, and previous Head of Sustainable Investing Kathryn McDonald, said they are looking to create “the asset management firm of the future,” and compel asset owners to act in their capacity to drive purposeful change.

“As practitioners, we have experience building portfolios for clients that are not only focused on sustainable outcomes and using engagements and other means to help companies do more in terms of helping us transition to a green economy, but also building that diversity piece in,” Ridley said. “We want to build a firm that has multiple objectives but kind of a singular purpose and that is to be the change we want to see in the asset management industry.”

Alongside getting the asset management proposition up and running the firm will be offering consultancy services to investors and other asset managers.

“What we have found in our conversations with various people is that there’s a huge appetite for open and honest conversation about ‘how can we do this in a legitimate way,’” McDonald said. “We can stick the marketing budget on it, that’s one thing, but we really think that consumers or constituents or retirees have evolved at this point to really be able to look through a lot of what we call greenwashing in order to see the true intention of the asset manager or the company.”

Ridley said the firm will not be exclusively quant-based in its investing approach, but that it intends to “use systematic tools and techniques not dissimilar to quantitative strategies.”

Coming from a public equities background, the first products on their new firm’s lineup will be public or listed equities portfolios, McDonald said. They will also look to explore tying in private equity.

“We’re looking for firms that are going to be leaders not just next year but for many years,” she said. “Looking for company management that can see far into the future that is really interested in adding or creating value over a long horizon. That means considering both concepts like traditional earnings, quality ideas, profitability ideas, but also marrying those ideas with ESG and with these sorts of long horizon investing ideas.”

As communities rally for racial justice, it’s important to see how companies and investment managers are responding, the pair added. Data is an important tool to distinguish companies that aren’t backing their words with actions when it comes to supporting movements like Black Lives Matter, McDonald said.

“We need a wide array of voices,” she added. “We need people from all kinds of different backgrounds. The most damning thing the companies face, and this is especially true for investment companies, is this idea of group think.”

Gitterman Wealth Management Co-founder Jeffrey Gitterman agreed that companies need to be pushed to report more on the racial makeup of their leadership. He said inequality ratings are often misleading when women are screened as minorities.

“If a company just has good exposure to women managers, they’re getting highly ranked as an equality company even though people of color might be greatly disadvantaged at the firm,” he said.

Companies often cite privacy issues as the reason they can’t disclose racial data, yet they share other things like gender makeup and carbon emissions, he noted.

Gitterman said he thinks there will be a big response from the fund industry in terms of bringing the ‘S’ in ESG more to the forefront. However, he isn’t optimistic that most of it will be purposeful, predicting that 80% will be “greenwashing.”