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## Ethical approach yields investment benefits: Crescent Wealth

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By Rachel Alembakis

Crescent Wealth's approach to ethical investment in line with Islamic investment standards has seen the superannuation and fund manager outperform in the early part of 2020.



Talal Yassine, managing director, Crescent Wealth

Crescent Wealth's approach actively avoids investments in industries such as gambling, alcohol, tobacco, weaponry, and interest-earning organisations with a focus on profitable, asset-based investments that "contribute to the advancement of humanity, forge community engagement, and cement responsible investing as an accessible option for all Australians," according to Talal Yassine, managing director of Crescent Wealth.

"Crescent has a leading role to play in thinking about what a 'fair go' means, and making the case and the proposition that could mean a lot of things – contributing to the community, fairness, equity in terms of the redistribution of wealth," Yassine said. "The other principle is the standards we apply to our investments – we invest for a just Australia, versus an Australia that invests for a bottom line."

The Crescent Fund outperformed peers in the three months to March 31, down only 8.1% compared to the median 10.2% fall of retail and industry funds, net of fees and tax.

By virtue of its Islamic investment philosophy and inherently conservative approach the Fund is in a far stronger position to deal with – and grow from – the uncertainties of the market brought by COVID-19 than many other funds.

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All of Crescent's investments need to meet a high threshold of ethics, value and social good. As a result of this conservative approach to funds management it has a cash balance of 22% of total portfolio, which means the fund is in a strong liquidity position, the fund said.

The fund currently has approximately \$274 in assets under management, Yassine said.

"Most ESG funds have outperformed [through the initial phase of the COVID-19 pandemic," said Jason Hazell, chief investment officer at Crescent Wealth Super. "They've shown that they have a bit more resilience in a down market. When you look at us, we're that the top of that bunch. In shades of ethical, we are more extreme, and that's done well for us. We don't expect to be the best performing fund in the market, and in 2019, we were quite some way off that because we hold defensive and cash, which is turning in our favour. We avoid segments of the economy with a negative social impact – alcohol, tobacco, gaming, pornography, munitions, pork products. That skews the portfolio to low-gear, tangible assets."

Crescent Wealth Super is invested in compliance with Islamic investment standards and comply with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) investment framework. In addition to the negative screens noted above, the fund invests in health care, property and infrastructure, natural resources utilities, manufacturing and innovative industries.

The fund is open to all Australians, but there is a close connection between the fund and its members from the faith-based community even through the work from home strictures that have come this year.

"We're a for-purpose organisation, and we found the market for us as a smaller fund, with a strong performance perspective," Yassine said. "We've gone into better than our peers, but in terms of the firm ourselves, we've gone into remote work very well. We've been tech savvy from the start, we are close to our members, so when early release came out, wasn't a matter of putting it on our website, we messaged our members, and we had a members' webinar to explain. Six hundred people RSVP'd and 200 ended up attending."

Yassine compares the relationship that Crescent Wealth has with its members to other funds like Future Super, and says it goes beyond member engagement to member intimacy.

"We are sensing a lot of support as we weather the storm," Yassine said. "The idea is that we care about our members and their investment outcomes, and we build trust to a large degree with having a position on that, as opposed to being self-serving. We have a mantra that if we build to a \$100 billion, but people don't trust us, we've failed."

<http://www.thesustainabilityreport.com.au/ethical-approach-yields-investment-benefits-crescent-wealth/>