

Sustainable Investing

An Interview with Jessica Matthews, Global Head of Sustainable Investing, J.P. Morgan Private Bank

EDITORS' NOTE Jessica Matthews joined J.P. Morgan in 2018 with more than a decade of sustainable and impact investing experience. In this role, she leads the development and execution of the Private Bank's sustainable investing offering and focuses on expanding the platform of sustainable investing managers, developing thought leadership, and working with clients to integrate their social and environmental goals with their long-term investment objectives.



Jessica Matthews

Prior to joining J.P. Morgan, Matthews was Cambridge Associates' Global Head of Mission-Related Investing (MRI). She previously worked with government clients in the Financial Services sector at Booz Allen Hamilton, in the Investment Office at the American Red Cross, and in the Global Consultant Relations Group at BlackRock. She began her career with Cambridge Associates as a consulting analyst. Matthews is a frequent speaker and guest lecturer, and is actively engaged with various field-building organizations in the areas of sustainability and impact investing. She has published industry-leading thought pieces on a variety of topics, including impact investing benchmarking, the materiality of ESG, fossil fuel divestment, and gender lens investing. She serves on the board for The Resolution Project and the Advisory Committee on Investor Responsibility for the University of Virginia Investment Management Company. Matthews graduated from the University of Virginia with a BA in government and a minor in economics.

COMPANY BRIEF J.P. Morgan Private Bank (privatebank.jpmorgan.com) provides customized financial advice to help wealthy clients and their families achieve their goals through an elevated experience. Clients of the Private Bank work with dedicated teams of specialists that bring their investments and financial assets together into one comprehensive strategy, leveraging the global resources of J.P. Morgan across planning, investing, lending, banking, philanthropy, family office management, fiduciary services, special advisory services and more. The Private Bank oversees more than \$1.9 trillion in client assets globally.

What excited you about the opportunity to join J.P. Morgan Private Bank and made you feel it was the right fit?

After starting my career in traditional finance, I pivoted into sustainable investing in 2008. Among the many reasons I have always enjoyed it, there's a community of people who all believe that in order to address some of the world's most pressing problems, private capital and innovation plays an important role in providing solutions.

For that to become a reality, we need to see sustainable and impact investing scale to something much bigger, with more investors at the table, so when J.P. Morgan expressed interest in expanding its own efforts in this space, I saw it as the perfect opportunity for me to do just that: sustainable investing at the best private bank in the world, the potential to scale this industry by working with some of the biggest and most sophisticated clients in the world, and also offering solutions to all of our retail clients through Chase. It's a huge impact that we have. That was almost four years ago and I'm thrilled I made the leap – the firm is extremely focused on sustainability, across every line of business, and it's an honor to play a part in it.

Will you provide an overview of your role and areas of focus?

As the Global Head of Sustainable Investing at J.P. Morgan's Private Bank, I am responsible for overseeing the development and execution of the Private Bank's sustainable investing offering. Our clients are increasingly interested in putting their money to work to align with their values, and many also to seek opportunities in a world that is rapidly transforming, leading them to themes and megatrends related to sustainability. While clients' overall investment interests vary, it is our job to provide the options and the tools to help them integrate their social and environmental goals with their long-term investment objectives. Importantly, we work to demystify the thought that doing this means sacrificing investment returns, so whether a client wants to focus on a specific cause, for example, clean energy or diversity or sustainable agriculture, we will work hand-in-hand with them to help define their sustainability objectives, identify potential solutions that align with those objectives, and implement those investments into a holistic portfolio.

Will you highlight J.P. Morgan Private Bank's sustainable investing offering and the development and execution of this offering?

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J.P. Morgan Chase was a pioneer in impact investing going back over a decade, helping to seed some of the first impact funds that were launched at a time when not many people knew what sustainable and/or impact investing was. We have also been on the forefront of helping our clients invest sustainably in the Private Bank, expanding our sustainable investment offerings to over 130 investment strategies today that are globally geared toward sustainable investing, with over \$20 billion in total assets under advisement. We continue to develop tools to help clients achieve their sustainable investing goals and new opportunities for our clients to participate in sustainable investing vehicles. For example, in 2020, we launched a new and innovative investment opportunity to Private Bank clients through our Global Impact Fund. The Fund targets three investment themes – inclusive growth, climate solutions, and health and wellness – and provides clients with a diversified portfolio of venture and private equity funds constructed with the intent to advance progress toward specific UN Sustainable Development Goals. After successfully putting capital to work in the first fund, we’ll be launching the second vintage in the second half of this year.

Another exciting development within the past year was the Private Bank’s acquisition of OpenInvest, a leading financial technology company that will enable us to customize and report on sustainability exposures and impacts in clients’ portfolios.

How does J.P. Morgan Private Bank work with clients to integrate their social and environmental goals with their long-term investment objectives?

In our experience, sustainable investing is not a “one size fits all” approach. Each client usually comes with a unique set of goals and objectives on what they are seeking to achieve, and clients are often in very different places along the journey. Before we propose specific funds or investments, we will spend time to educate clients on the sustainable investing field, how

the space has evolved over the years and what different approaches are available. It’s important to understand clients’ sustainable investing objectives, such as any screening preferences or guidelines for the desired sustainability characteristics of the portfolio. With a roadmap in place, we then implement the sustainable investment funds and vehicles that will align with their stated objectives, which are available across all asset classes. On an ongoing basis, we update clients on their portfolio’s positioning and performance, and also review its adherence to stated sustainability objectives.

Will you discuss what characteristics you look for when hiring talent to expand J.P. Morgan Private Bank’s sustainable investing team?

When I first started working in sustainable investing over 13 years ago, it was more challenging than it is today to find candidates

who had previous experience in sustainable and/or impact investing within the asset management business. So what I leaned on instead, and found great success with, was seeking candidates with a passion for creative and critical thinking about financial markets and for sustainability issues – which is not to say that candidates need to prioritize one over the other – it is a finance job, after all, and I truly believe it’s the combination of sound financial acumen combined with a motivation for better sustainability outcomes that leads to success. That characteristic for me is still paramount, however we also have the good fortune as the field has expanded to set the bar a little higher in terms of prior track record, and I have recently hired several senior leaders who bring significant prior sustainable investing experience. Last, but certainly not least, we place a great deal of importance on diversity in hiring, and I’m proud to say I have a dynamic and diverse team at J.P. Morgan.

What are your priorities for J.P. Morgan Private Bank’s sustainable investing offering as you look to the future?

Going forward, the team is focused on continuing to innovate our sustainable investing platform – we’ll be introducing new diversified solutions for clients who want to go “all in” on sustainability, and also a lot more bespoke solutions for clients who take a targeted approach towards particular themes. One of the reasons I love working in this field is that there’s never a dull moment – one minute a client is asking about carbon market offsets, the next about our Donor Advised Fund impact offerings, and then I’m discussing our private investments offering – it keeps us on our toes and we are constantly evolving and adapting with them. And beyond product itself, a key focus is in our partnership with OpenInvest, which will enable us to provide much more sophisticated reporting to clients and advisors, enabling them to be more engaged with and aligned to the sustainability characteristics of their investment portfolios. ●

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