

The Single-Family Office as Champion and Catalyst for Impact & ESG-Centric Investing

Bryan Goh is the Chief Executive Officer and Chief Investment Officer of the Singapore-headquartered Tsao Family Office, a single-family office that was established in 2014 and that he joined in 2019. When he arrived, there was a small team performing mainly treasury and administrative functions, but today, he has built the operation to 9 professionals handling investments, and a team of 9 supporting the operations, some of which are outsourced to third parties. The family has business interests spread across Asia and the globe. The SFO has a very specific focus driven by ESG-centric investing and impact, all fully supported by the family charter and driven by the family philosophy and values. Hubbis met with Bryan recently to learn more about how the operation over which he presides is aligning the family philanthropic and impact missions with sustainable investments.

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BRYAN GOH
Tsao Family Office

“My first mission”, Bryan reports, “was translating the family charter into a workable investment mandate around sustainability, positive impact, responsible investing and along the lines of ESG metrics, with a view to investments that would also contribute to humankind and the planet. We have learned a lot along the way, especially bringing ideas and approaches in from Europe in particular and applying those to our activities here in Asia, but with a global outlook.”

As to investment activity, Bryan reports that they invest globally and across equities, credit, real estate, and infrastructure. He explains that some 55% of assets tick the ESG-centric boxes and roughly 17% of assets are

allocated to impact investments. They also have some ESG neutral assets and strategies such as treasuries or broad equity indices, and others to help achieve their stated overall return targets based on 5% above the risk-free rate, which, of course, has risen significantly since late 2021

Philanthropy at the heart

He adds that all returns are for charitable purposes directed towards a the Tsao Foundation, a healthcare foundation in Singapore and have little to do with the family’s needs or lifestyles. A second foundation, the Tsao Family Foundation has been established that will provide grants to third parties, providing they meet certain key impact and sustainability objectives aligned with the family’s purpose.

Bryan drills down into their criteria for sorting the ‘possibles’ from the ‘non-runners’, pointing to an overarching ESG framework and protocol aligned with impact frontiers that help them classify their investments.

Aligning with the Impact Frontier’s taxonomy

“We’ve adopted the norms, processes and taxonomy of the Impact Management Project, now renamed Impact Frontiers.”

This framework, he says, allows the team to distinguish between investments that are truly impactful and categorize them based on the extent and quality of their impact.

“Practically, we’ve taken our cues from our European peers, who have more experience implementing such investment mandates,” he adds.

Flexibility to hit the targets

He explains they categorise this approach under Impact 1.0, which would eliminate the more neutral or less impactful investments, and Impact 0.5, which accommodates a broader array of investments that might indirectly drive positive benefits for society and for the planet. Impact 0.5 is an internal standard that holds investments and businesses to standards of broader purpose as opposed to strict or narrow impact metrics. What is lost in clarity is gained in fidelity.

Scale can create its own impact

“SFOs really need to be predicated on AUM of at least circa USD300 million to be fully functional and effective,” he comments. “At those levels and above, you can aim to create a durable, institutionalised operation with a corpus of expertise and set

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of practices designed to endure through the generations of the family and that are sustainable in terms of personnel transition and succession," he reports. "The SFO should be standalone and able to weather the arrival or departure of key individuals, and have robust strategies, processes and capabilities in place."

Spreading the word

The Tsao Family Office manages a credit focused fund of funds pursuing an alternative fixed income strategy which is the investment backbone of the trust. As the Tsao Family Office holds a Singapore CMS, or Capital Markets Services, license, this allows them to offer such investments to parties beyond the trust beneficiaries.

"Moreover," he adds, "the license allows us to offer some lower entry level access to such investments to those with less wealth, including some of the team members at our SFO, myself included. This alignment of interests is valuable, and it also allows us to directly invest in the managers and strategies we help identify."

Singapore – an ideal hub

Bryan explains that over the past decade, the great advances

in financial infrastructure and ecosystem available in Singapore means that the world now very often comes to them.

"Ten years ago, we would have had to be constantly chasing around the globe to find the right managers," he reports. "Today, those opportunities and fund managers often come to Singapore, and of course, we are well known to them, so they also knock on our doors. It saves a lot of time, cost and carbon!"

The European peer group

Bryan also remarks that they are continuously interested in developments around ESG and impact deriving from Europe. "We consider ourselves global in reach and outlook, and our connectivity for our missions is heavily skewed toward Europe, including some major family offices with whom we have much in common," he reports. "It is exciting and very valuable to see the evolution taking place from their perspectives as what we consider our direct peer group essentially."

He says that ESG and impact are taking off in Asia, but it is still a returns-first market largely. "Things are changing for the

better," he remarks. "For example, here in Singapore, the efforts of Temasek in impact and ESG are noteworthy and admirable. But Asia is generally at a different stage of economic and social development and, perhaps for now, feels more isolated from dramatic climate or social changes than Europe and currently less focused on these issues. But time will change that, I am sure."

Setting the standards, devising the templates

Bryan draws the conversation towards a close by explaining that they are building knowledge and expertise all the time, including aiming towards some level of standardisation and towards more widely accepted frameworks that will help their SFO and others, hopefully.

He also wants to further the use of blended finance in impact, which will help mobilise more funds towards sustainable development in emerging economies. "Deploying private sector commercial capital alongside national or multilateral development finance is an admirable and worthwhile mission," he says. "The two should work increasingly hand in hand to achieve real change."

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An ambassadorial role

He adds that a major SFO such as theirs should also see itself as an ambassador for impact and sustainability, encouraging all types of parties to participate.

These would include other family offices, governments, key multilateral entities, regulators, and others.

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of academic exercise,” he says. “We certainly want to extend our efforts around advocacy and influence, as we believe that climate and social justice are public endeavours and public goods.” ■

Getting Personal with Bryan Goh

Bryan is a Singaporean, born and bred, and studied at the London School of Economics.

He has enjoyed a colourful working life. He worked in London and Singapore on behalf of Arab Bank, and then established a family office in Singapore for the bank’s major shareholder. After that, he co-founded First Avenue Partners, a placement agent and boutique investment advisory firm based in London.

He left that partnership in 2011 and returned to Singapore to work with DBS, and later Bordier & Cie, also in Singapore. He joined the Tsao Family Office in 2019.

Bryan and his wife have one daughter aged 16. He keeps fit by running, and he considers his mission at the family office a key part of his relaxation and lifestyle.

“It is wonderful to work with a family that gives me the patience, trust and latitude to interpret their vision,” he says. “We do not have pressure to achieve so many deals each quarter; we can be more holistic and experimental, and we can take a very, very long-term view.”

He says the conceptual and strategic support from the family allows them to impose this type of 50-plus-year holistic perspective on their activities. “I believe in balance and the avoidance of extremes,” he explains. “We need to be astute, strategic, logical, analytical, and above all far-sighted and creative to help drive towards these invaluable goals.”

