

# BlueOrchard applies Fund ID framework for comprehensive fund-of-funds assessment

The Fund ID assessment enabled BlueOrchard to stress test its new investment strategy, ultimately securing a Platinum rating.

## PROBLEM

Having recently been appointed as Investment Manager of a new fund and investment strategy, BlueOrchard sought a product-specific assessment to ensure alignment with best practices in impact accountability and to proactively identify areas for improvement in the early development of their fund-of-funds approach.

## SOLUTION

The Fund ID allowed BlueOrchard to ensure that their impact system design is rigorous, robust, and consistent, while also identifying the strengths and gaps in their inaugural fund-of-funds strategy.

## Navigating new strategies

Launching a new investment strategy, especially a fund-of-funds, can be quite challenging, particularly in impact investing. Fund managers must not only choose funds aligned with impact strategy but also ensure that they practice sound impact and ESG risk management.

Which is why when BlueOrchard was appointed as Investment Manager of the Green Earth Impact Fund (GEIF), an Article 9 fund, they came to BlueMark. They wanted to ensure that the processes and tools developed for this new strategy aligned with best practices in impact investing and to proactively identify potential areas for improvement, recognizing that the Fund is still in its development phase.

Earlier in 2024, BlueOrchard engaged BlueMark to assess the extent to which their firm-level impact management systems are aligned with the Operating Principles for Impact Management. BlueOrchard, having received "Advanced" ratings across all eight Impact Principles areas, was added to the BlueMark leaderboard, signifying their best-in-class approach to impact management practices.



*GEIF received a Platinum Rating, indicating they consistently employ leading practices and align with industry standards across all of the Fund ID pillars*



Given the novelty of the fund's strategy and that GEIF was not covered in BlueOrchard's firm-level verification, the BlueOrchard team, who had recently become aware of the Fund ID, recognized it as an ideal candidate for a product-level assessment.

GEIF allows institutional investors to invest in a portfolio of funds, which seek to address environmental protection and climate change and to benefit from de-risking and return-enhancement mechanisms thanks to concessional first-loss protection. The Fund, which received a EUR 25 million sponsor commitment from the Luxembourg Ministry of Finance, will operate as a value-added vehicle to drive and channel sustainable and impact investments in climate mitigation, climate adaptation, and the protection of water and biodiversity.

## Achieving platinum-level impact

BlueMark ultimately assessed GEIF as a Platinum-rated Fund, Fund ID's highest rating, finding that GEIF had articulated a clear and ambitious impact strategy, established strong governance mechanisms, and mature processes for impact management. While the fund-of-funds model is new to BlueOrchard, the firm has adapted its existing B.Impact Framework for assessing and monitoring funds, maintaining the same rigor applied to its traditional asset-level transactions. BlueMark identified a few opportunities for improvement in the formulation of GEIF's impact strategy and the resourcing and structure of its governance mechanisms.

As a Platinum-rated fund, GEIF did not require wholesale recommendations for improvement, but its case demonstrated the benefits of Fund ID for early stage funds. Fund ID allowed GEIF to stress test its impact approach to the fund-of-funds model. While BlueOrchard is deeply experienced in direct impact investments, funds investments place the firm at a distance from the ultimate impacts sought. Fund ID helped GEIF ensure that the tools it has developed to handle this challenge meet the BlueOrchard standard for impact management.

“With the launch of our inaugural fund-of-funds strategy, the Fund ID helped us to provide additional comfort to our investors through an external, product-specific verification, enhancing the comparability of our fund in an environment of growing voluntary and regulatory frameworks.”