

# Responsible Investment Benchmark Report 2016 New Zealand

**The Responsible Investment Benchmark Report 2016 is the most comprehensive review of the responsible investment sector in Australasia. Now in its 15th year, this year's New Zealand report (researched by EY) found that as at 31 December 2015, responsible investment constituted \$78.7 billion assets under management (AUM) having grown by 28 per cent year on year.**

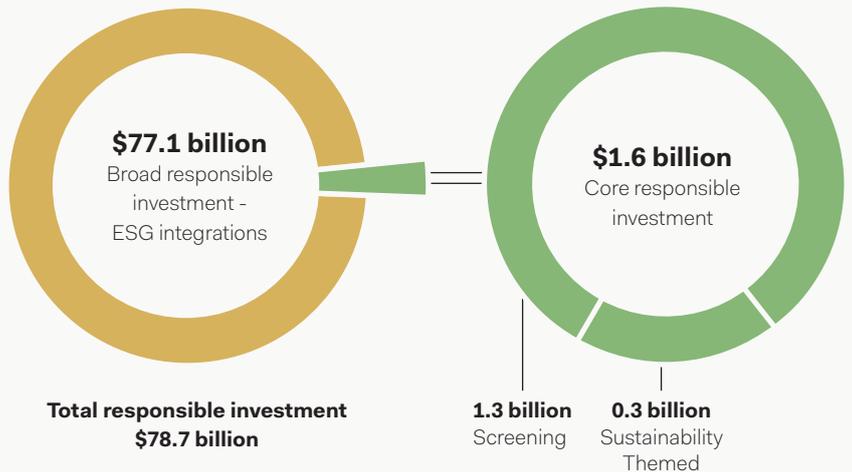
Year's of demonstrated long-term investment benefits to investors who consider environmental, social and governance (ESG) factors have quietly shifted billions into responsible investment approaches, with the emergence this year of consumer demand starting to take off.

“ As at the end of 2015, the total responsible investment industry accounted for \$78.7 billion in assets under management... ”

Thanks to the sponsors of this year's report



## Total Responsible Investment in New Zealand



## Responsible investment results

Responsible Investment Approach	2015 Responsible Investment AUM (\$m)	Revised 2014 Responsible Investment AUM (\$m)	Year on year change
Screening (Positive, negative)	1,273	1,085	17%
Sustainability themed investing	278	229	21%
Impact / community investing	0	0	0
<b>Core Responsible Total</b>	<b>1,551</b>	<b>1,314</b>	<b>18%</b>
<b>Broad Responsible Total</b> ESG integration	<b>77,106</b>	<b>60,268</b>	<b>28%</b>
<b>TOTAL RESPONSIBLE INVESTMENT</b>	<b>78,657</b>	<b>61,582</b>	<b>28%</b>

## DRIVEN BY INSTITUTIONAL INVESTORS

The vast majority of assets being invested under responsible investment strategies in New Zealand involve leading asset owners and asset managers undertaking an environmental, social and governance (ESG) integration approach across their entire funds. This segment constitutes \$77.1 billion in AUM made up of crown financial institutions, fund managers and community trusts all of whom consider ESG factors as key investment risks to manage.

## RISING CONSUMER DEMAND

Although a small proportion of total responsible investment, core responsible investment funds – that part of the market most closely representing an ethical or SRI approach – grew strongly in 2015 by 18% with some very strong fund inflows to retail and KiwiSaver products reaching 2.6% of total assets under management in NZ (up from 2.4% the year before).

This represents strong early signs that consumer demand is taking off. Consistent with trends in other markets, we'd expect this is the start of a growing movement where consumers are increasingly aligning their investments with their values.

## RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA

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[responsibleinvestment.org/resources/benchmark-report/](http://responsibleinvestment.org/resources/benchmark-report/)

The Responsible Investment Association Australasia (RIAA) is the peak industry body representing responsible and ethical investors across Australia and New Zealand. RIAA is a growing active network of over 165 members managing more than \$1 trillion in assets, including super funds, fund managers, consultants, researchers, brokers, impact investors, property managers, community banks, community trusts and financial advisers.

RIAA's goal is to see more capital being invested more responsibly. RIAA works to shift more capital into sustainable assets and enterprises and shape responsible financial markets to underpin strong investment returns and a healthier economy, society and environment.

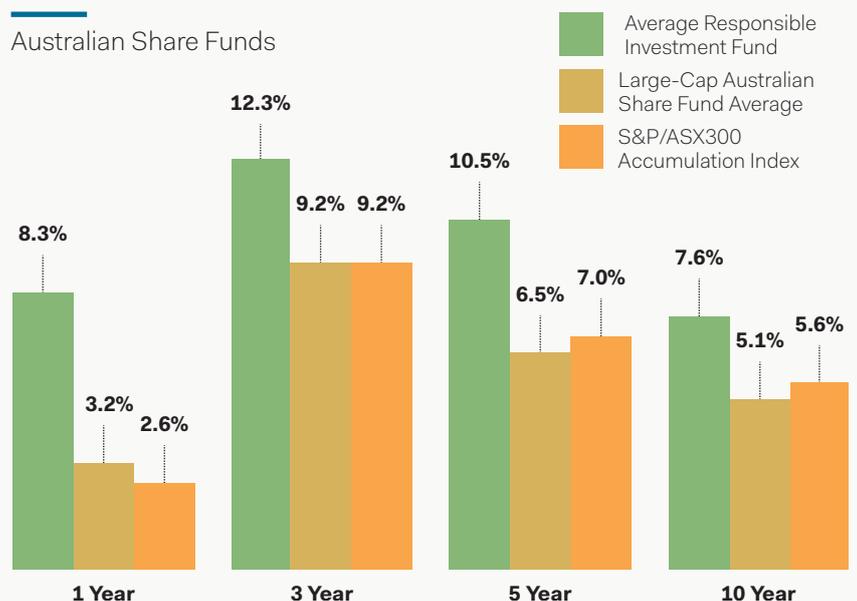


“ This isn't a passing trend, but an evolution of the entire sector that is now being driven strongly by the acknowledgement that investments perform better when they are invested in more sustainable companies and assets ”

### STRONG RETURNS

The companion Australian Responsible Investment Benchmark Report 2016 again has assessed the performance of core responsible investment funds compared with their benchmark index and the average of equivalent mainstream funds. The results show again very strong performance of responsible funds:

- Australian Equities:** Core responsible investment Australian equities funds outperformed both the ASX300 and the average large cap Australian equities funds across one, three, five and 10 years.
- International equities:** Core responsible investment international equities funds outperformed large cap international equities funds over five and 10 years, but slightly underperformed in the short term.
- Balanced funds:** Core responsible multi-sector growth funds (balanced funds) outperformed their equivalent mainstream multi-sector growth funds over all time periods – one, three, five and 10 years.



### IN SUMMARY

These results show a compelling case for investing responsibly, consistent with the leading practices of some of New Zealand's largest investors through to boutique funds and KiwiSaver providers. The early signs of rising consumer interest confirm that this is a trajectory that is far from over, as we anticipate ever greater funds being invested in a more responsible and ethical manner.

This report has mapped for 15 years the growing responsible investment industry, and this year confirms that this is now an evolution of the whole industry that is now moving to deliver great investment products with great returns whilst creating a better environmental and social outlook for New Zealand.