

Responsible Investment Benchmark Report 2016 Australia

The Responsible Investment Benchmark Report 2016 is the most comprehensive review of the responsible investment sector in Australia. Now in its 15th year, this year's report (researched by EY) found that nearly half of Australia's investments are now being invested responsibly, with consumer demand now being a major driver of this rise over the last year.

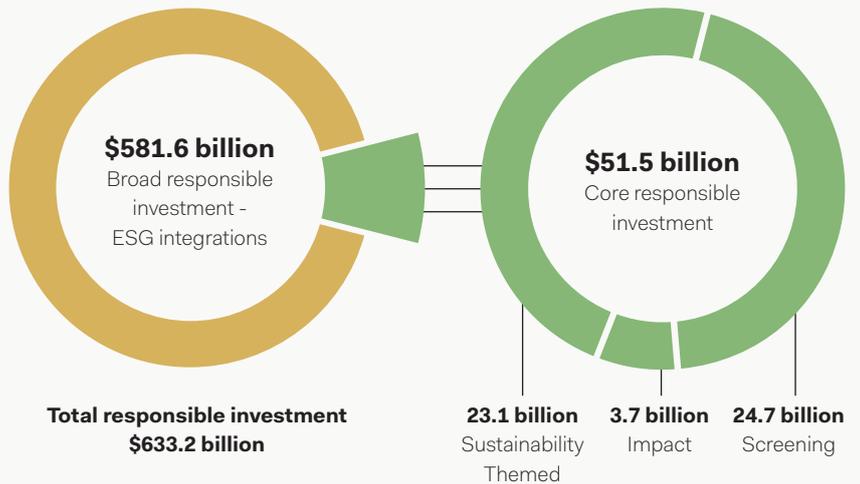
Years of demonstrated long-term investment benefits to investors who consider environmental, social and governance (ESG) factors have quietly shifted billions into responsible investment approaches. This approach now represents 47% of Australia's professionally managed assets, with those investors integrating systematic ESG strategies representing \$582 billion.

“ As at the end of 2015, the total responsible investment industry accounted for \$633 billion in assets under management... ”

Thanks to the sponsors of this year's report



Total Responsible Investment In Australia



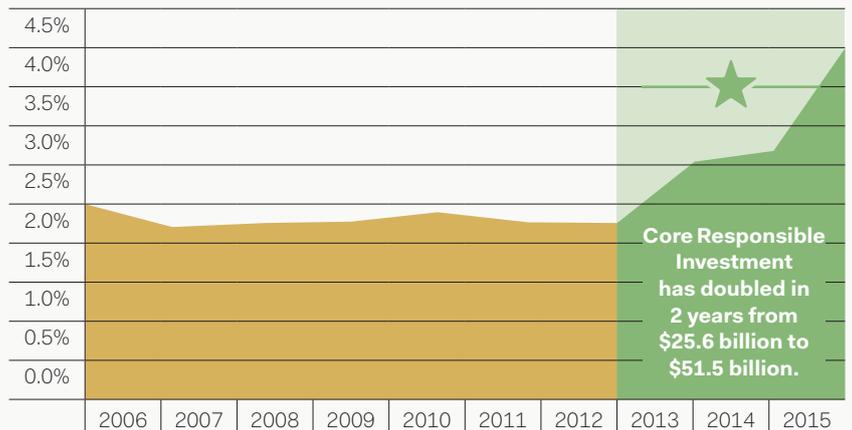
Responsible investment results

Responsible Investment Approach	2015 Responsible Investment AUM (\$m)	Revised 2014 Responsible Investment AUM (\$m)	Change
Screening (including negative, positive, best in class and norms-based screening)	24,724	21,375	16%
Sustainability themed investing	23,063	8,094	179%
Impact / community investing	3,720	2,143	74%
Core Responsible Total	51,508	31,611	62%
Broad Responsible Total ESG integration	581,630	597,852	-3%
TOTAL RESPONSIBLE INVESTMENT	633,210	629,463	47% of TAUM in 2015

RISING CONSUMER DEMAND

This year again shows a significant step up in consumer demand, further cementing this rise in responsible investment, as billions flow from mainstream to responsible funds. Core responsible investment funds rose strongly in both absolute and relative terms, growing by 60% to \$51.5 billion in assets under management – having doubled in two years. In relative terms, Core responsible investment has continued to surge reaching 3.8% of total assets under management in Australia.

Core responsible investments as a percentage of TAUM since 2006



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TO READ THE FULL REPORT,
VISIT OUR WEBSITE

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.



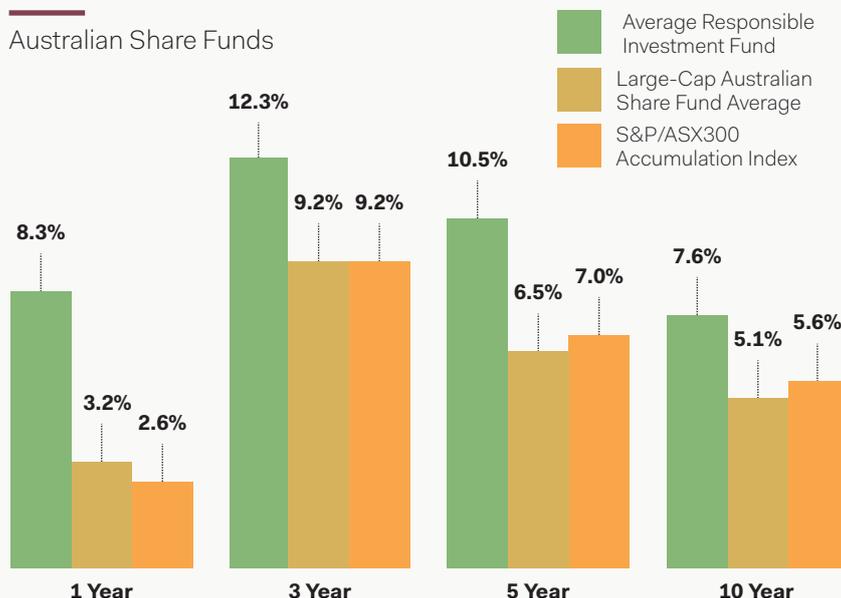
“ It is now consumer demand targeted at superannuation funds, banks and financial advisers that is creating unstoppable momentum with implications for all parts of the finance sector ”

STRONG RETURNS

The 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.

Australian Share Funds



IN SUMMARY

Every year we see more Australians opening their eyes to the opportunities to invest ethically and responsibly. Pleasingly, the investment industry is responding, with this year's research showing ever more products, across all investment styles, delivering strong results. 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 Australia.