

**MEDIA RELEASE**

**Under Embargo Until 00:01am AEST, 13 July 2016**

**MORE MONEY GOING TO, AND BEING EARNED FROM, RESPONSIBLE INVESTING**

**13 July 2016:** Nearly half (47%) of Australia's investments are now being invested responsibly - totalling \$633 billion - with a significant step up in consumer demand cementing this rise that has resulted in billions shifting from mainstream to responsible funds.

The new report launched today by the [Responsible Investment Association Australasia](#) (RIAA), shows it's not only consumers who are benefiting, but financial advisers, superannuation funds, fund managers and banks who are leading the way in delivering great products with great returns, whilst creating a better environmental and social outlook for Australia.

"In observing the significant and consistent growth in responsible investment we can say without a doubt that this isn't just a passing trend, but an evolution of the entire sector that is now being driven strongly by consumer demand and engagement with where they invest and bank their life savings," said Simon O'Connor Chief Executive of RIAA.

"Years of demonstrated long-term investment benefits to investors, who consider environmental, social and governance (ESG) factors, have quietly shifted around half of Australia's investment industry to invest responsibly. Now, it is consumer demand targeted at superannuation funds, banks and financial advisers that is creating unstoppable momentum with implications for all parts of the finance sector," said O'Connor

In further good news from the sector, investors who have embraced the evolution have reaped the rewards with responsible investment outperforming and returning greater benefits than their mainstream peers over the last one, three, five and 10 years.

"Every year we see more Australian's opening their eyes to the opportunities to invest ethically and responsibly. You can invest with confidence, aligning your money with your morals, and it's not just a 'well-intentioned' philanthropic approach, it is generating great returns for savvy investors,"

The growth in the responsible investment sector also shows a very deliberate approach from consumers indicating an increased engagement in investment and superannuation. "We're told again and again that Australian's don't care about their super or what their money is invested in, but the results of this research showing significant amounts of money flowing into responsible investments mean that this is simply not true,"

The 2016 Responsible Investment Benchmark Report also found:

- 'Core' responsible investment - that part of the market most closely representing an ethical and socially responsible investment (SRI) approach - has reached its highest levels in both absolute terms and relative terms in the 15 years RIAA has been undertaking this research
- 'Core' responsible investment has increased significantly by 60% in the last year to \$51 billion in assets under management
- This part of the market – that best reflects consumer demand for responsible and ethical investment - has doubled over the last two years, reaching it's highest relative level in a decade of 3.8% of total assets professionally managed in Australia
- Representing a major force in the investment industry is fund managers implementing an ESG integration approach – the leading fund managers in this 'Broad' Responsible Investment category now manage \$582 billion

With this continuing growth, responsible investing is becoming much more sophisticated in its approach, with an ever greater number of investors using multiple responsible investment strategies, with negative screens ever more common, alongside ESG integration, active corporate engagement and voting, as well as sustainability themed funds including low carbon funds on the rise.

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“Although there has been much focus on the theme of divestment in the recent year, and this report confirms an ever stronger uptake of negative screening, the results also highlight how investment is increasingly being used to support environmentally and socially positive investments, as well as just removing support from damaging industries,” said O’Connor

Responsible investing is reaching maturity, with a growing range of investment products and styles across all asset classes – 70 investment organisations with 130 products were assessed for this research – which is a great outcome for consumers and financial advisers looking for responsible and ethical choices.

“As we can see from the report, responsible and ethical investment is now completely integrated within the financial sector. In fact, we welcome a time in the future where the differentiators of mainstream and responsible are redundant, as this will be the accepted and demanded way of investing.” concluded O’Connor.

Full copy of the report can be found here: [www.responsibleinvestment.org/resources/benchmark-report/](http://www.responsibleinvestment.org/resources/benchmark-report/)

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**Notes to Editors:**

- The annual Responsible Investment Benchmark report produced by RIAA and researched by EY, is the most comprehensive review of the responsible investment sector in Australia
- The report is now in its 15<sup>th</sup> year
- The research was undertaken by EY, based on research and data from 69 investment organisations and 130 products, combined with data provided by Morningstar, UN Principles for Responsible Investment and the Ethical Advisers Co-operative
- Responsible investments are nearly half of all assets managed in Australia at \$632.7 billion
- Of fund managers that are undertaking an ESG Integration approach across their entire funds there are now 34 asset owners (mainly super funds) and 71 asset managers committed to this approach
- In addition, 15 asset managers, managing \$581.2 billion are demonstrating leading ESG integration
- Core responsible investment has also increased, growing by 62% in one year to \$51.5 billion - equating to double of the funds in the last two years reaching 3.8% of Australia's total assets under management
- The most significant part of the Core responsible investment category is *screened investments* which has grown by 16% to \$24.7 billion
- Sustainability-themed investments also increased to \$23 billion (from only \$8 billion) off the back of sustainable agriculture, green property funds and low carbon funds
- Impact investing also grew by 74% to \$3.7 billion
- Core responsible investment Australian equities funds outperformed ASX300 and average large cap Australian equities funds over one, three, five, and 10 years
- Core responsible multi-growth funds outperformed their mainstream counterparts over 1, 3, 5 & 10 yrs
- Core responsible International Equities outperformed mainstream equivalents over 5 & 10 yrs
- The New Zealand companion report will be launched in Auckland on the 27<sup>th</sup> July

**About RIAA:**

The RIAA is the industry body representing responsible investors throughout Australasia with 165 members managing over \$1 trillion in assets under management globally. 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.

[Our members](#) represent a cross section of the investment industry including super funds, asset managers, asset consultants, research houses, brokers, impact investors, financial advisers, dealer groups, banks and community trusts.

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