

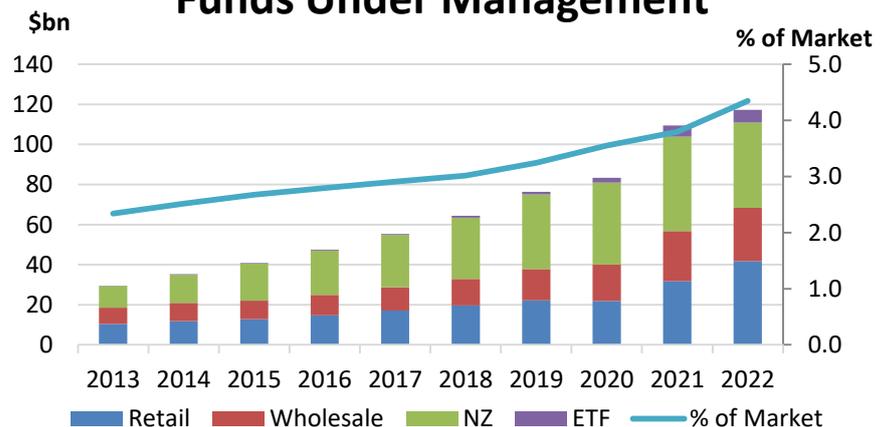
# Responsible Investment Funds in Australia & NZ

## FUM, Flows and Performance September 2022

The Responsible Investment Funds in Australia & NZ quarterly report outlines industry data on market size (FUM), flows and performance of responsible, ethical and impact investment products that have been certified by the Responsible Investment Association Australasia (RIAA) and compares these results with the broader Australian & NZ managed funds markets over the 10 years to 30 September 2022.

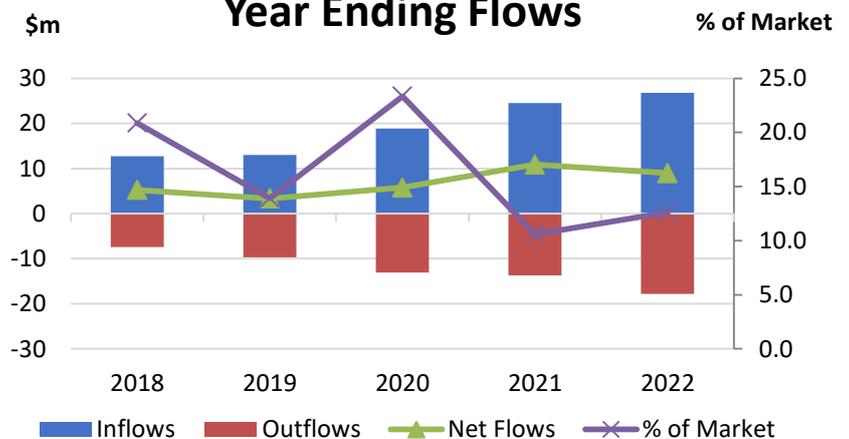
Responsible Funds Under Management have grown to almost \$117.3bn as at the end of September 2022, driven by continuing strong Inflows to now account for 4.3% of the comparative market<sup>1</sup>. FUM has grown 123% over the past 5 years and is almost 5 times larger than 10 years ago, while growth over the latest year remained substantial at 7.1% despite the impact of falling investment markets.

### Funds Under Management



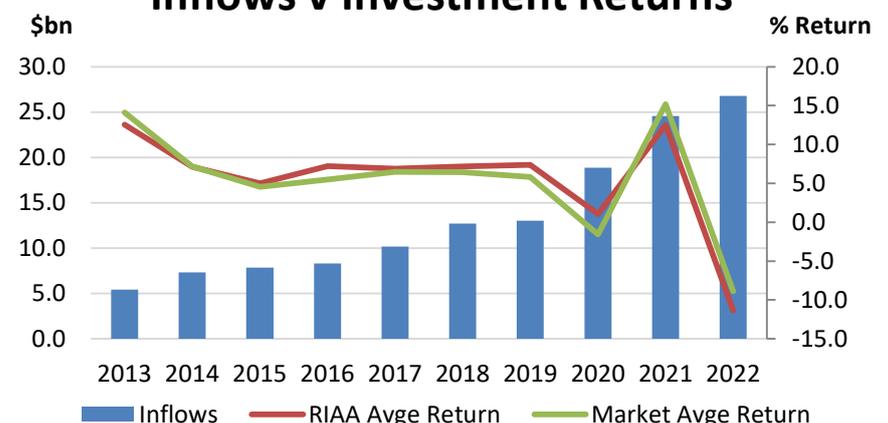
Inflows into Responsible products have experienced strong growth – Inflows over the past 5 years were over 145% larger than those of the previous 5 years, and Annual Net Flows having remained positive since 1999.

### Year Ending Flows



Annual Inflows into Responsible Investment funds tracked against average annual returns demonstrates that Inflows have maintained a steady upward trend despite fluctuations in market returns. Annual Inflows of \$26.8bn were up 9.1% on the previous year.

### Inflows v Investment Returns

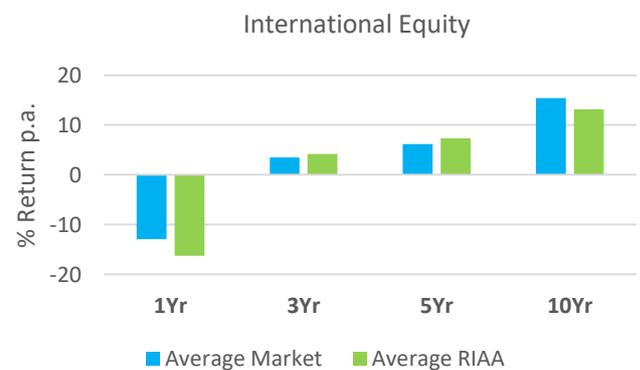
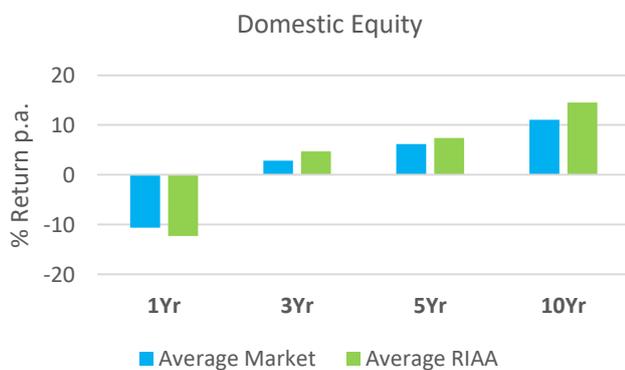


# Responsible Investment Funds in Australia & NZ

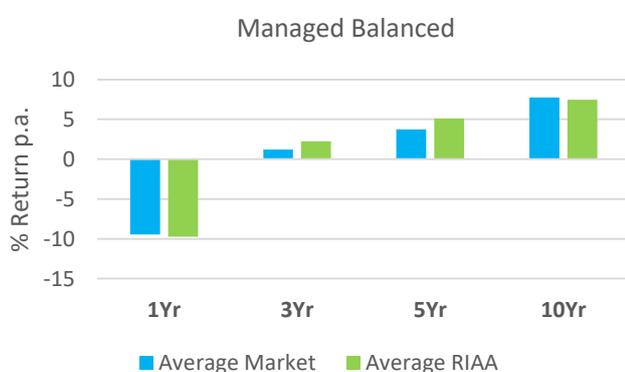
## FUM, Flows and Performance September 2022

As at the end of September 2022, with investment markets experiencing a second consecutive quarter of significant falls, 58% of Responsible funds outperformed the average return achieved across the combined Responsible and Non-Responsible market within their asset class based on 5-year CAGR, while 53% of funds outperformed the market based on 3-year CAGR respectively, highlighting the longer-term focus of investing with an emphasis on ESG factors.

The **Australian Equity** asset class displayed outperformance at all time points apart from the past year, especially on 5-year and 10-year bases where 75% and 62% of Responsible funds respectively outperformed the market with in particular average returns +0.9% higher compared to the benchmark over 5-years. Average outperformance on a 3-year basis was also marked with 56% of Responsible funds achieving this and by +0.6% on average. Responsible **International Equity** funds similarly outperformed the wider market over 3-year and 5-year time periods, most impressively over the past 5 years where 72% of funds outperformed the market, and by an average of +1.3%. Conversely Responsible funds underperformed the market average on 1-year and 10-year bases, with only 50% and 44% of funds respectively managing to buck this trend and achieve some level of outperformance.



**Managed Balanced** Responsible funds also only outperformed the market average over 3-year and 5-year time periods, this being most marked over 3 years where 53% of funds outperformed by +0.5% higher than average. Fewer Responsible funds fall within the **Managed Growth** asset class, 62% of which outperformed the wider market over the 5-year period, while 60% of funds outperformed over the 3-year period. Outperformance for the 3-year period was most significant with on average +1.0% compared to the benchmark.



# Responsible Investment Funds in Australia & NZ



## FUM, Flows and Performance September 2022

### About this Report

This report has been prepared by Plan For Life, an ISS Market Intelligence brand. Plan For Life collects data directly from fund managers and publishes quarterly analysis on Responsible Investment funds. This report is based on responsible, ethical and impact investment products that have been certified by the Responsible Investment Association Australasia as delivering on their responsible investment promise and meeting the Australian and New Zealand Standard for responsible investing (these products are all featured on [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au)).

The performance charts provide an overview of average Responsible fund performance compared to comparable average market benchmark performance – please note that market returns include both Responsible funds and those without a responsible focus. Full market reporting is available covering all Retail, Wholesale, New Zealand and ETF products. For more information see <https://www.pflresearch.com/responsible-investments>.

The comparative market used to calculate “% of Market” FUM and Net Flow figures is based on product sub-markets from which Responsible Investment funds have been identified, including Wholesale Trusts, Retail Trusts, ETF’s, Retail Super, Industry Funds, Public Sector Super Funds and NZ Retail Managed Funds, rather than the total Australia & NZ Managed Funds market. <sup>1</sup>

Please note that the NZ Super Fund, although RIAA accredited, has been excluded as sovereign wealth funds currently lie outside the scope of this reporting; FUM in this product is currently NZ\$54.3bn.

### Disclaimer and Conditions of Use

This report and material has been prepared by Plan For Life, an ISS Market Intelligence brand (Asset International Australia Pty Ltd, ACN 147 440 140, ABN 42 147 440 140) (“Vendor”). Vendor has taken all reasonable care in preparing this Report and takes no responsibility for inadvertent errors and omissions, or those due to information received from other parties. If any errors or omissions are found, these should be brought to our attention so that appropriate corrective action can be taken. Vendor takes no responsibility for the subsequent use of the material provided.

Vendor, its employees and associated persons make no recommendations, representations, warranties nor provide opinions, implied or otherwise about the suitability in general terms of a particular asset type or insurance and its suitability for any particular individual or organization. This report is provided as an information service and is not suitable to be acted upon as life insurance advice without additional input from an Authorised Representative of an Australian Financial Services Licence Holder. In particular, Vendor advises that in preparing this report it did not take into account the individual goals and objectives, anticipated resources, current situation, attitudes or other circumstances of any particular person. In this regard any such user must consult with an appropriate Authorised Representative of an Australian Financial Services Licence Holder. The information provided on financial products does not constitute financial product advice and users of this information should obtain independent advice before making any financial decision.

Vendor is an Australian Financial Services Licence Holder; none of its employees and associated persons are currently Authorised Representatives of a Licence Holder. Vendor is a research company. Actuarial services are provided by and under the independent control of Somari Systems Pty Ltd ABN 97 006 233 923 (Simon Solomon & Associates). No part of this publication may be reproduced or distributed in any form without express prior written consent from Vendor. Acknowledgement is given to APRA for cross-reference to items appearing in its Annual and Half-annual Reports on Life Companies.