

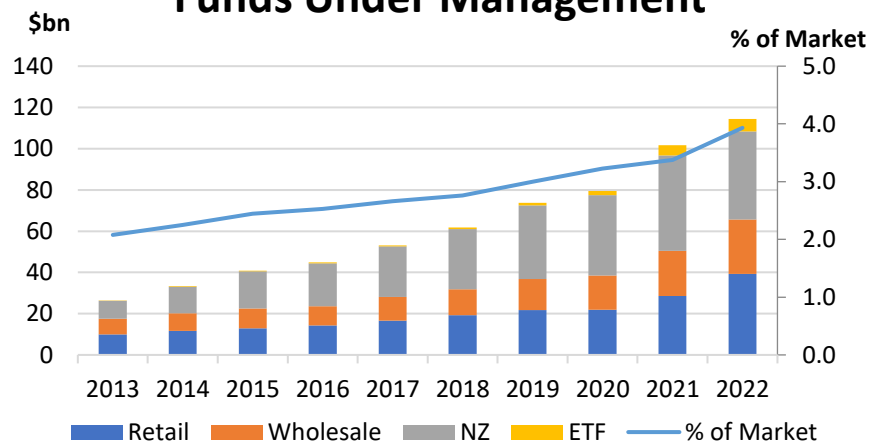
Responsible Investment Funds in Australia & NZ

FUM, Flows and Performance June 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 June 2022.

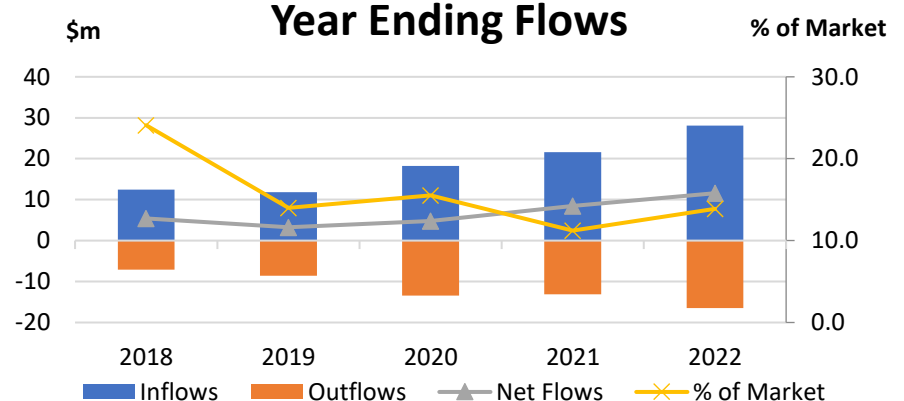
Responsible Funds Under Management have grown to over \$114.5bn as at the end of June 2022, driven by continuing strong Inflows to now account for 3.9% of the comparative market¹. FUM has grown over 115% over the past 5 years and is almost 5 times larger than 10 years ago, while annual growth remained substantial at 12.6% despite the impact of falling investment markets.

Funds Under Management



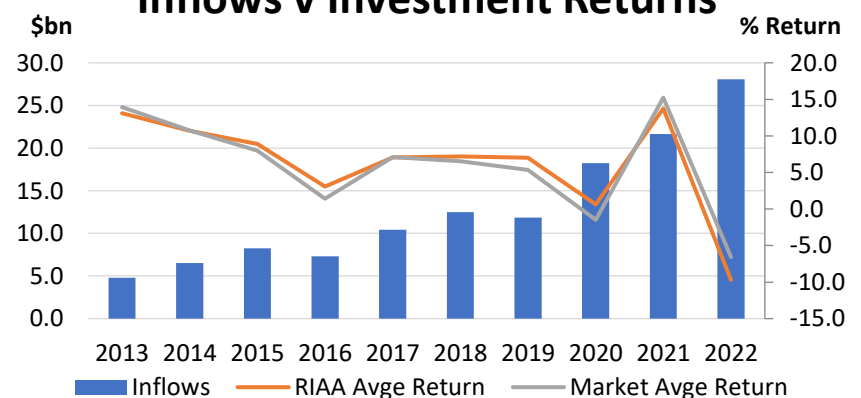
Inflows into Responsible products have experienced strong growth – Inflows over the past 5 years were almost 150% larger than those of the previous 5 years, and Annual Net Flows having remained positive since 1999.

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 \$28.1bn were up 29.7% on the previous year.

Inflows v Investment Returns

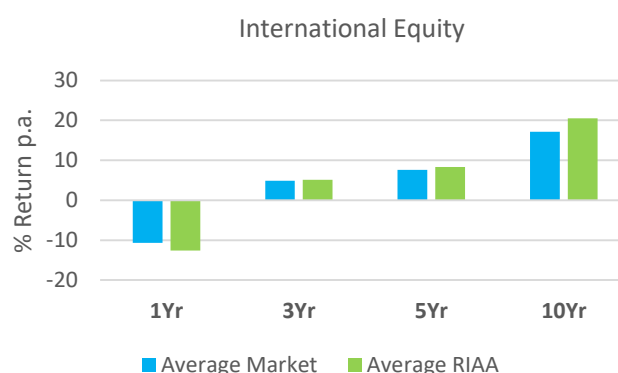
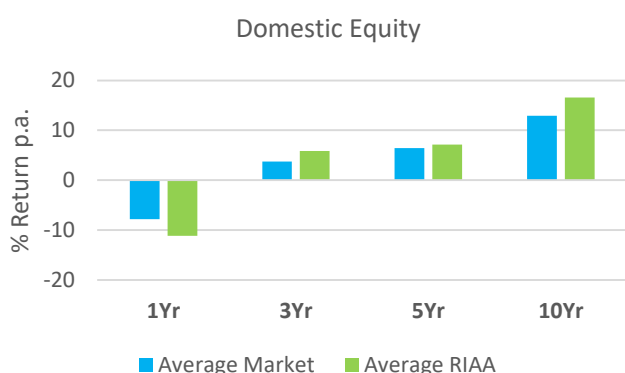


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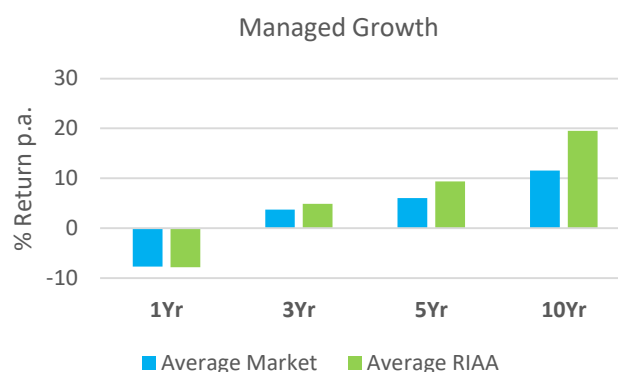
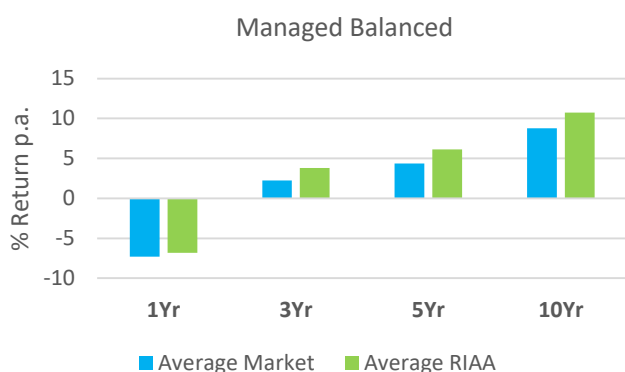
FUM, Flows and Performance June 2022

As at the end of June 2022, with investment markets experiencing a second consecutive quarter of significant falls, 62% of Responsible funds outperformed the average return achieved across the combined Responsible and Non-Responsible market within their asset class based on both 3-year and 5-year CAGR, while 51% of funds outperformed the market based on 10-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 72% and 67% of Responsible funds respectively outperformed the market with in particular average returns +3.7% higher compared to the benchmark over 10-years. Average outperformance on a 3-year basis was also marked with 58% of Responsible funds achieving this and by +2.1% on average. Responsible **International Equity** funds similarly outperformed the wider market over all time periods apart from the latest year, most impressively over the past 3 years where 67% of funds outperformed the market, and by an average of +0.9%. Responsible funds also clearly outperformed the market average on 5-year and 10-year bases, with 58% and 55% of funds achieving this respectively.



Managed Balanced Responsible funds outperformed the market average over all time periods, this being most marked over 5 and 10-year periods which were +1.7% and +2.0% higher than average. Fewer Responsible funds fall within the **Managed Growth** asset class, 83% of which outperformed the wider market over the 5-year period, while 67% of funds outperformed over the 3-year period and 60% over 10-years. Outperformance for the 10-year period was most significant with on average +8.0% compared to the benchmark.



Responsible Investment Funds in Australia & NZ



FUM, Flows and Performance June 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).

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. ¹

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\$55.7bn.

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