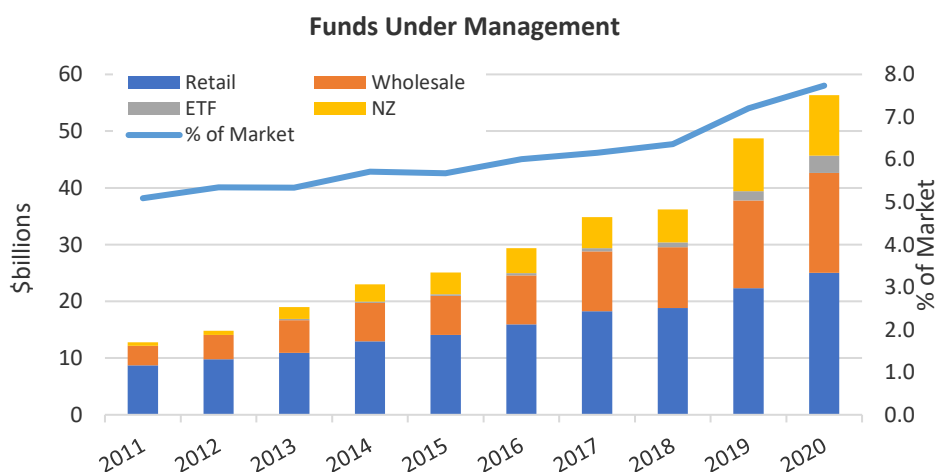


Responsible Investment Funds in Australia & NZ

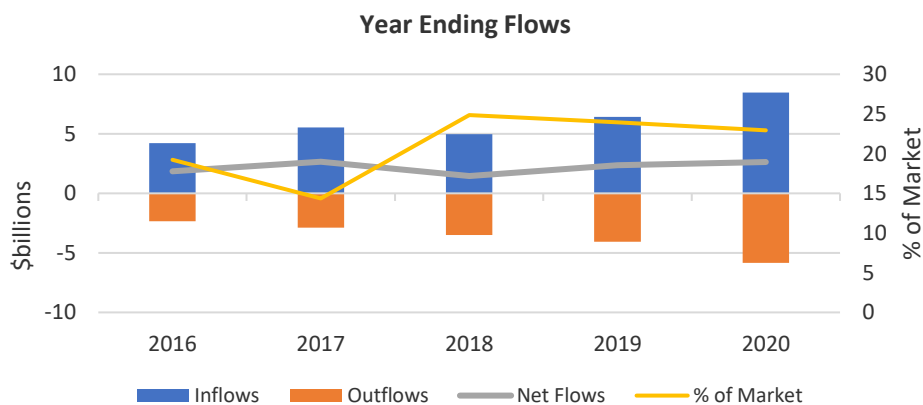
FUM, Flows and Performance Q4-2020

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 10 years to 31 December 2020.

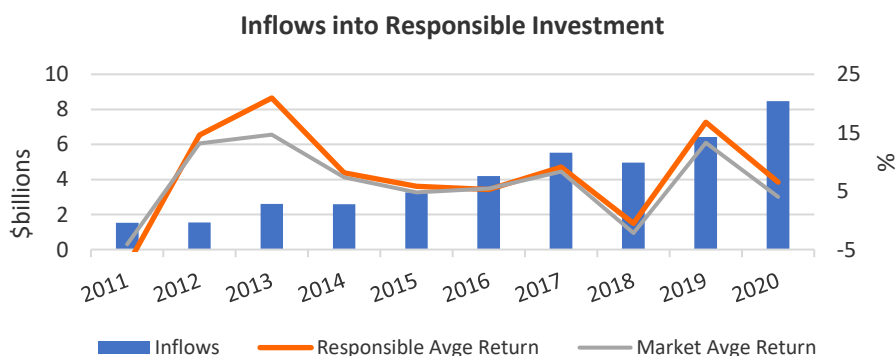
Responsible Funds Under Management have grown to over \$56.3bn as at the end of December 2020 on the back of sustained investment performance and strong Inflows, accounting for 7.7% of the comparative market¹. FUM has grown 124% over the past 5 years and more than quadrupled over the past 10.



Inflows into Responsible products have experienced strong growth – Inflows over the past 5 years more than double the previous 5 years, and Annual Net Flows having remained positive for the tenth straight year.



Annual Inflows into Responsible Investment funds tracked against average annual returns demonstrates that Inflows have continued a steady upward trajectory even as market returns fluctuate.

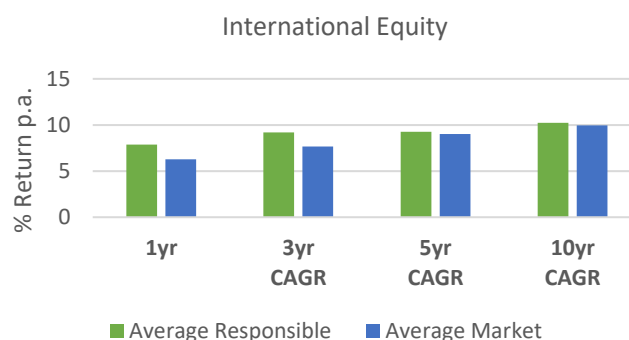
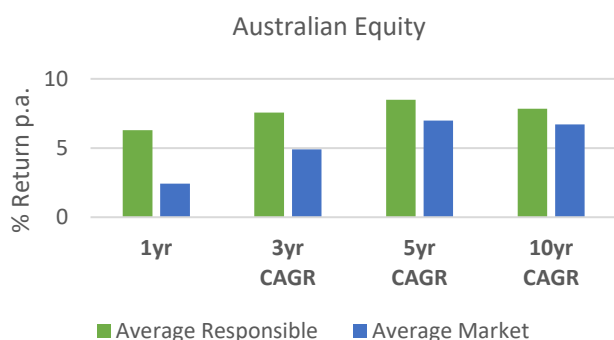


Responsible Investment Funds in Australia & NZ

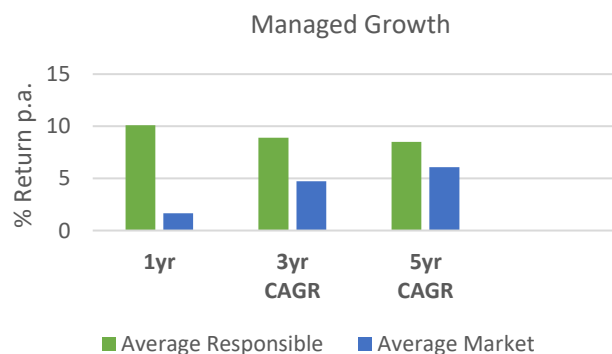
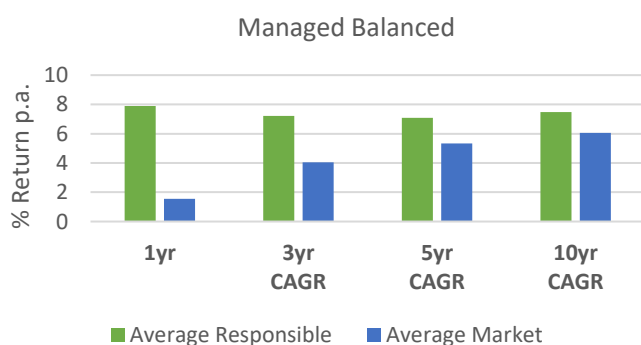
FUM, Flows and Performance Q4-2020

As at the end of December 2020 with investment markets now more than recovered from early 2020 losses, 55% of Responsible funds outperformed the average return achieved across the combined Responsible and Non-Responsible market within their asset class over the past year, and 80% outperformed the market based on 3-year CAGR, while 76% and 70% of funds outperformed the market based on 5-year and 10-year CAGR respectively, highlighting the short-term viability but also longer-term focus of investing with an emphasis on ESG factors.

The **Australian Equity** asset class showed significant outperformance at all time points, especially on a 1-year basis where 88% of Responsible funds outperformed the market with an average return of +6.4% higher compared to the benchmark. Average outperformance on a 3-year basis was also marked at +2.2% higher, with 74% of Responsible funds achieving this, while 80% of Responsible funds outperformed the market based on both 5-year and 10-year CAGR. Responsible **International Equity** funds outperformed the wider market over all time periods, most impressively over the past 3 years where over 79% of funds outperformed the market, and by an average of +3.1%. 66% and 60% of funds also outperformed the market over 1-year and 10-year periods respectively although by a smaller scale at +2.0% and +0.1%.



Managed Balanced Responsible funds similarly outperformed the market average over all time periods, with over 85% of funds achieving this over each period. The scale of outperformance ranged from +5.4% over the past year to +1.1% for 5-year CAGR. Fewer Responsible funds fall within the **Managed Growth** asset class, all of which outperformed the wider market over the 3 and 5-year periods. 86% of funds outperformed over the past year, higher on average by +7.8% compared to the benchmark.



Responsible Investment Funds in Australia & NZ



FUM, Flows and Performance Q4-2020

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>.

¹The 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 and NZ KiwiSaver, rather than the total Australia & NZ Managed Funds market.

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\$52.7bn.

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