

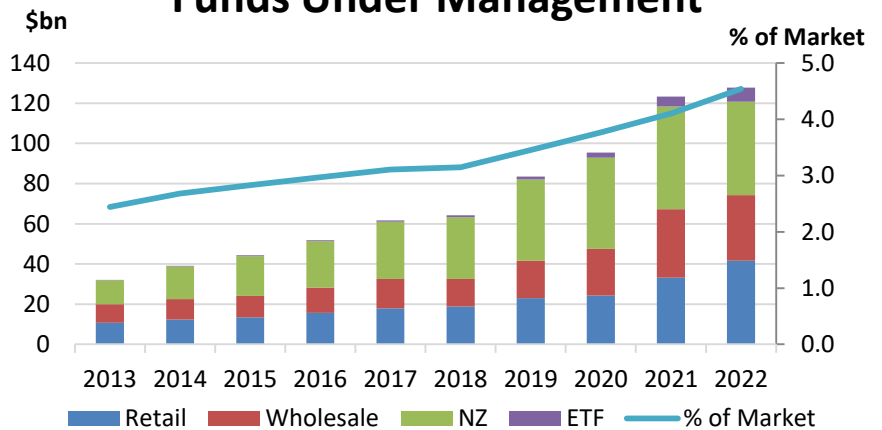
Responsible Investment Funds in Australia & NZ

FUM, Flows and Performance December 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 31 December 2022.

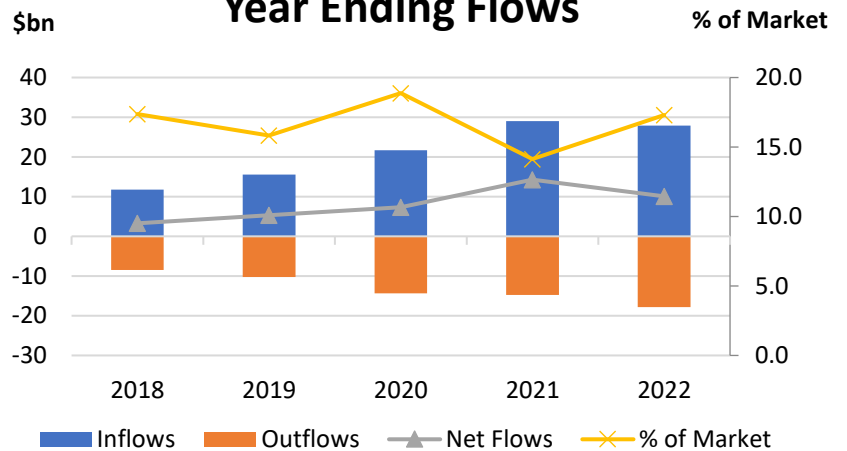
Responsible Funds Under Management have grown to over \$127.8bn as at the end of December 2022, driven by continuing strong Inflows to now account for 4.5% of the comparative market¹. FUM has grown 107% over the past 5 years and is more than 5 times larger than 10 years ago, while growth over the latest year remained solid at 3.6% despite the impact of falling investment markets.

Funds Under Management



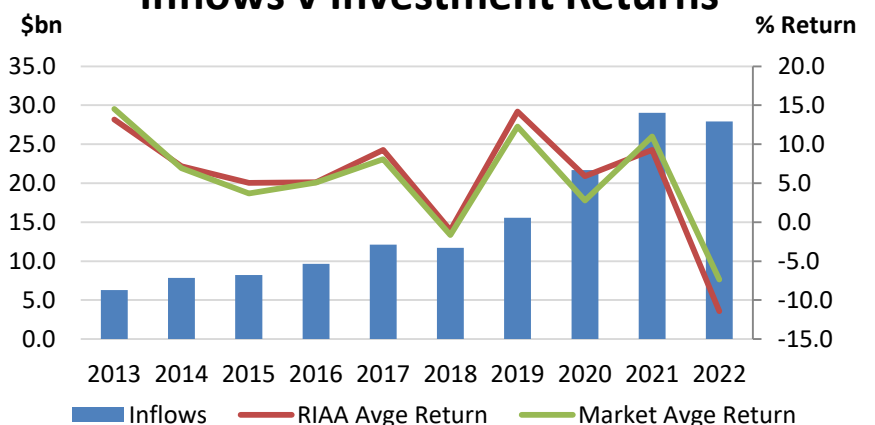
Inflows into Responsible products have experienced strong growth – Inflows over the past 5 years were almost 140% larger than those of the previous 5 years, and Annual Net Flows having remained positive since 1999.

Year Ending Flows



Annual Inflows into Responsible Investment funds tracked against average annual returns demonstrates that Inflows have maintained a steady upward trend over the past 10 years despite fluctuations in market returns, although 2022 Annual Inflows of \$27.9bn were slightly down on the record \$29.0bn reported for the previous year.

Inflows v Investment Returns

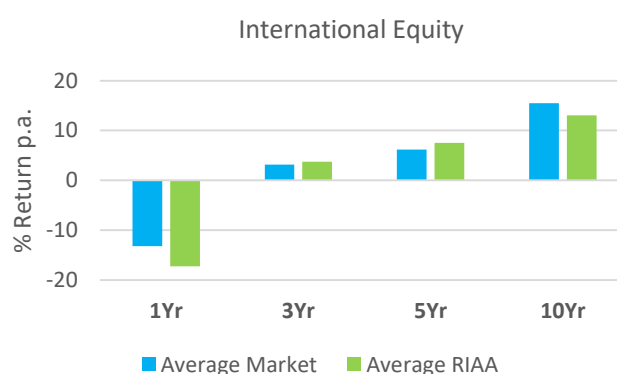
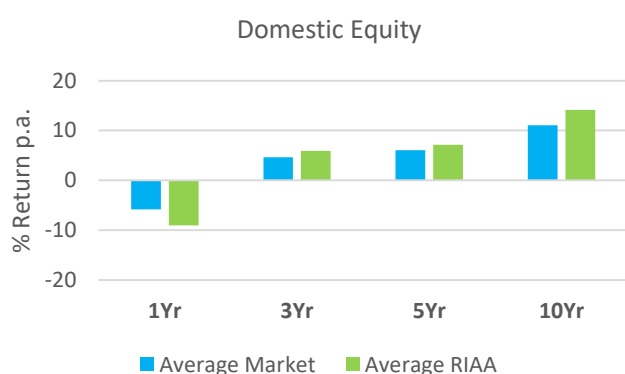


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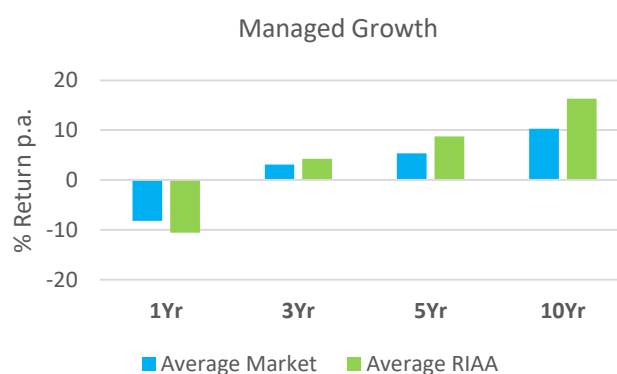
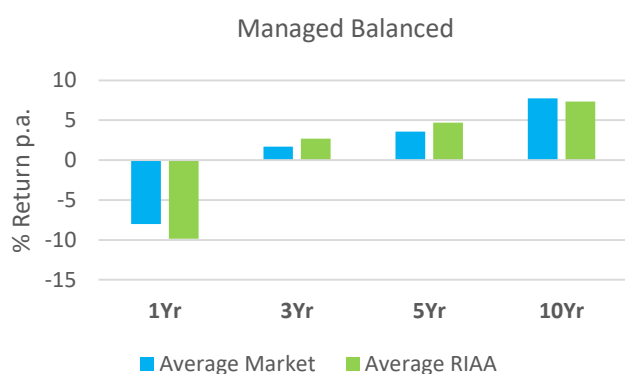
FUM, Flows and Performance December 2022

As at the end of December 2022, with investment markets experiencing a late year resurgence after three consecutive quarter of significant falls, despite underperforming over the latest year Responsible funds outperformed the average return achieved across the combined Responsible and Non-Responsible market within their asset class based on 3-year, 5-year and 10-year CAGR, and by an increasing degree over the longer time periods, highlighting the longer-term focus of investing with an emphasis on ESG factors.

Similarly to the overall market the **Australian Equity** asset class displayed outperformance at all time points apart from the past year, especially on a 10-year basis where Responsible funds outperformed the market by +3.1% on average, followed by the 3-year (+1.3%) and 5-year (+1.1%) bases. Responsible **International Equity** funds also outperformed the wider market over 3-year and 5-year time periods, most impressively over the past 5 years by on average +1.4%. Conversely Responsible funds underperformed the market average on 1-year and 10-year bases, particularly over the latest year.



Managed Balanced Responsible funds also only outperformed the market average over 3-year and 5-year time periods, again most marked over 5 years with returns +1.1% higher than average, with 10-year performance only 0.4% lower than average. Fewer Responsible funds fall within the **Managed Growth** asset class, with these funds displaying a dramatic progression of increasing outperformance over each longer time basis, even while conforming to the market-wide trend of underperformance over the latest year. Outperformance for the 3-year period was on average +1.2% compared to the benchmark, rising to +3.4% over 5 years and a very significant +6.0% over the 10-year period.



Responsible Investment Funds in Australia & NZ



FUM, Flows and Performance December 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\$58.2bn.

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