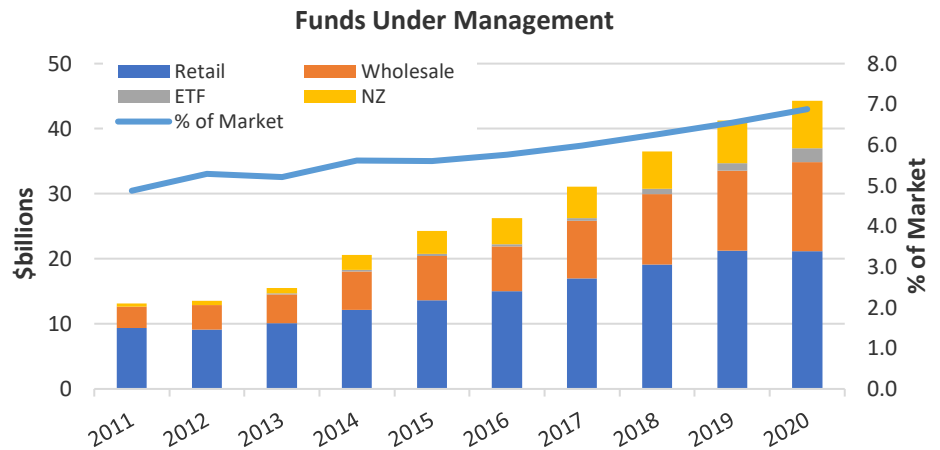


# Responsible Investment Funds in Australia & NZ

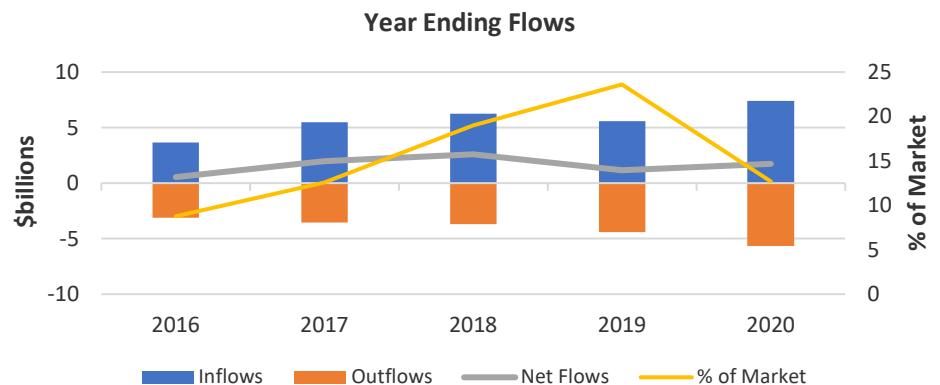
## FUM, Flows and Performance Q2-2020

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 30 June 2020.

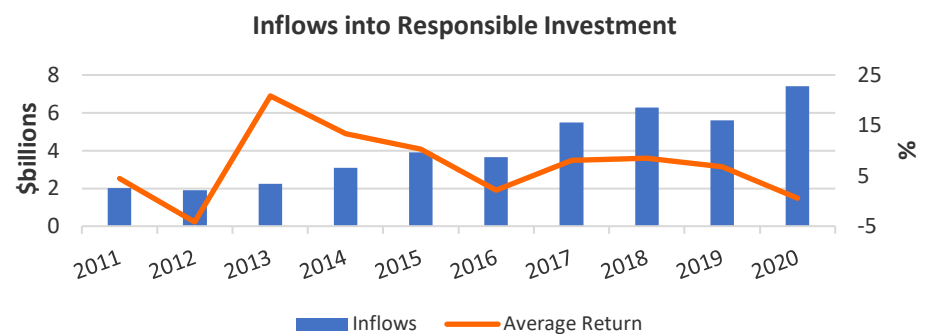
Partly recovering from the March quarter downturn, Responsible Funds Under Management has grown to over \$44.3bn as at the end of June 2020, accounting for 7% of the comparative market<sup>1</sup>. FUM has grown 82% over the past 5 years and more than tripled over the past 10.



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 remained strong and have steadily grown even as market returns fluctuate



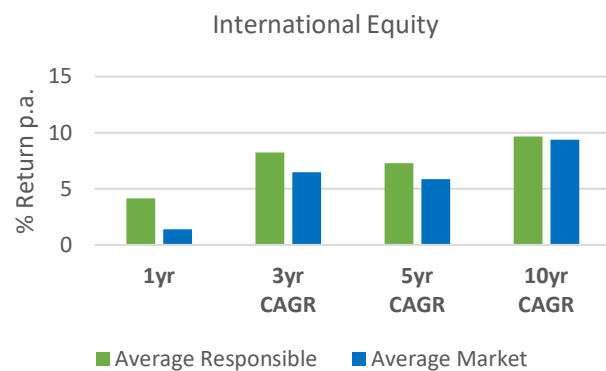
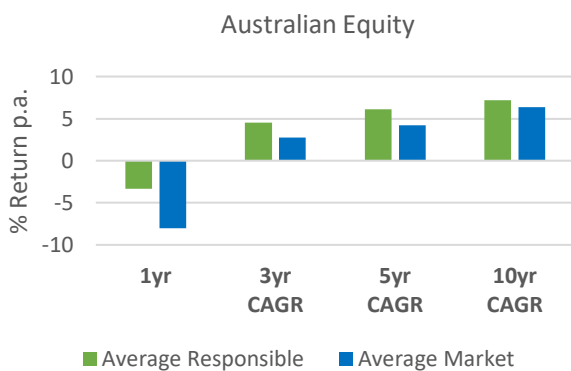
# Responsible Investment Funds in Australia & NZ



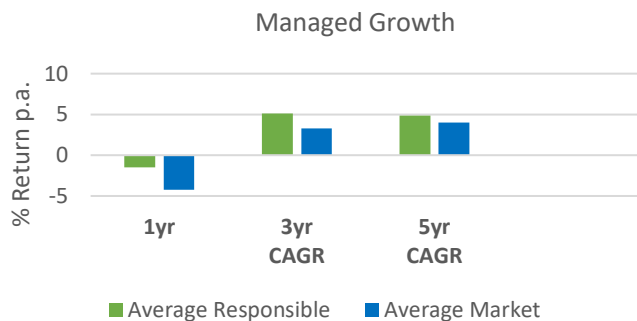
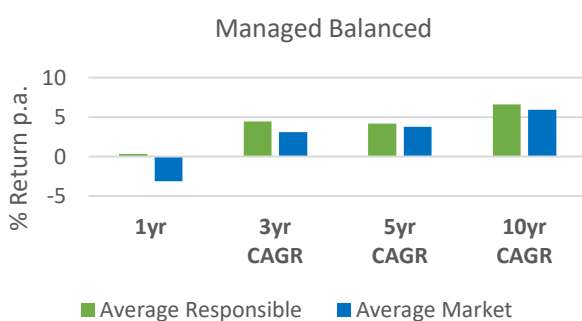
## FUM, Flows and Performance Q2-2020

As at the end of June 2020 and amidst the turbulence of investment markets, 75% 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 over 72% outperformed based on 3-year CAGR, while 57% and 56% of funds outperformed based on 5-year and 10-year CAGR respectively, highlighting the long-term emphasis of investing with a focus on ESG factors, although this varied widely across asset classes.

The **Australian Equity** asset class showed significant outperformance at all time points, especially on a 10-year basis where 80% of Responsible funds outperformed the market with an average return of +0.8% higher compared to the benchmark. Average outperformance on a 1-year basis was even more marked at +4.7% higher than the benchmark, with 71% of Responsible funds achieving this. 5-year CAGR was almost as impressive with 70% of Responsible funds outperforming. Responsible **International Equity** funds outperformed the wider market over all time periods, most impressively over the past year where over 85% of funds outperformed the market, and by an average of +2.8%. 83% and 78% of funds also outperformed over 3-year and 5-year periods respectively although by a smaller scale at +1.8% and +1.4%.



**Managed Balanced** Responsible funds similarly outperformed the market average over all time periods, with over 80% of funds achieving this over each period apart from 5-year where almost 67% did. The scale of outperformance ranged from +3.4% over the past year to +0.4% for 5-year CAGR. Fewer Responsible funds fall within the **Managed Growth** asset class and although still outperforming the wider market on average, only 50% of funds achieved this over the 1 and 3-year periods.



This report is provided by ISS with input from RIAA.

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# Responsible Investment Funds in Australia & NZ



## FUM, Flows and Performance Q2-2020

### 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](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>.

<sup>1</sup>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 and NZ KiwiSaver, rather than the total Australia & NZ Managed Funds market.

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