

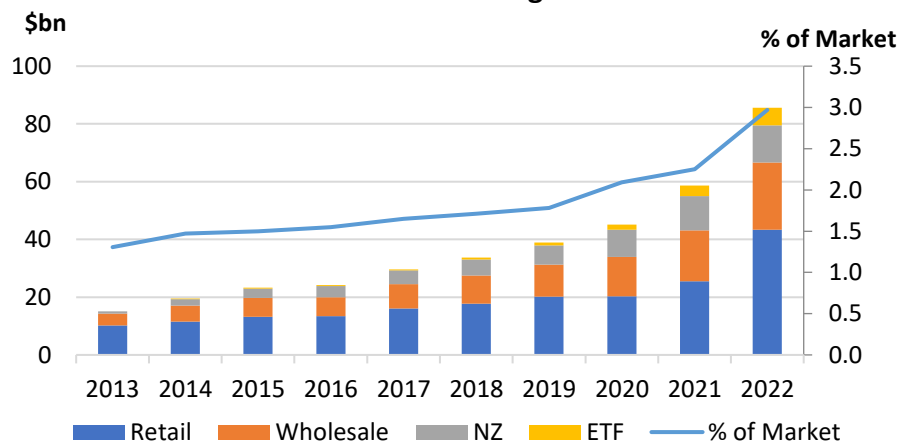
Responsible Investment Funds in Australia & NZ

FUM, Flows and Performance March 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 March 2022.

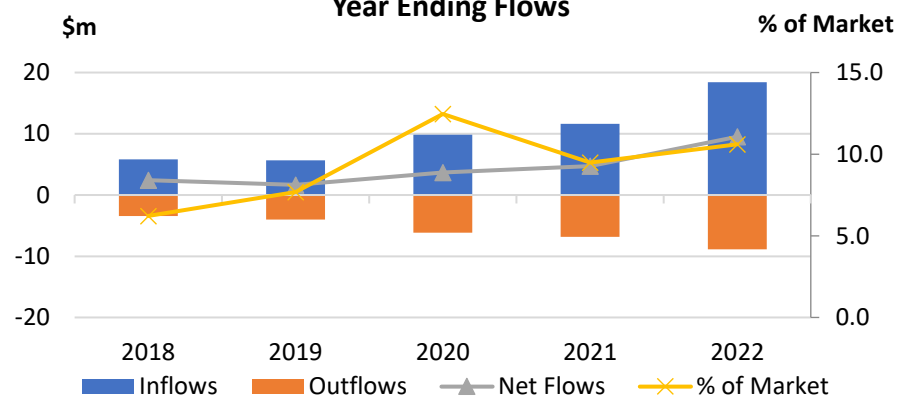
Responsible Funds Under Management have grown to over \$85bn as at the end of March 2022, driven by continuing positive annual investment performance (despite a dip during the latest quarter) and strong Inflows, accounting for 3.0% of the comparative market¹. FUM has grown 189% over the past 5 years and is more than 6 times larger than 10 years ago, while annual growth remains strong at over 45%.

Funds Under Management



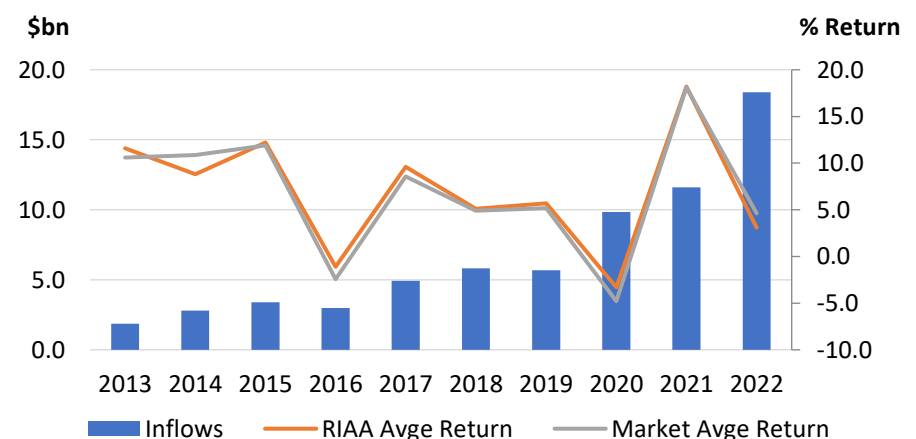
Inflows into Responsible products have experienced strong growth – Inflows over the past 5 years more than triple that of the previous 5 years, and Annual Net Flows having remained positive since 2012.

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 \$18.4bn were up 58.7% on the previous year.

Inflows v Investment Returns

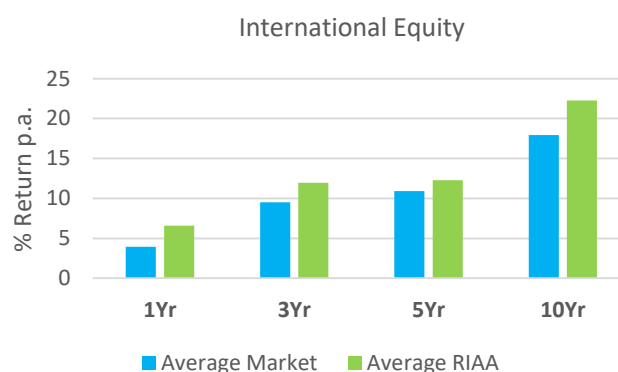
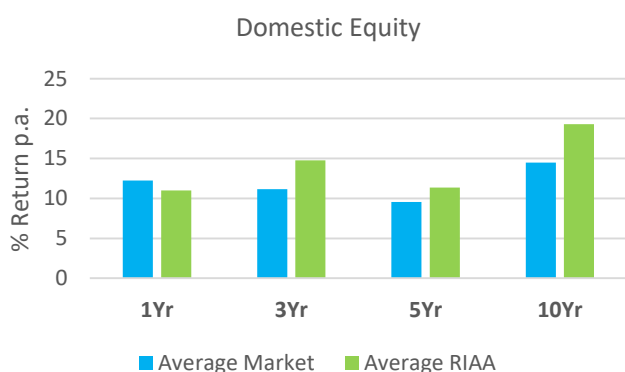


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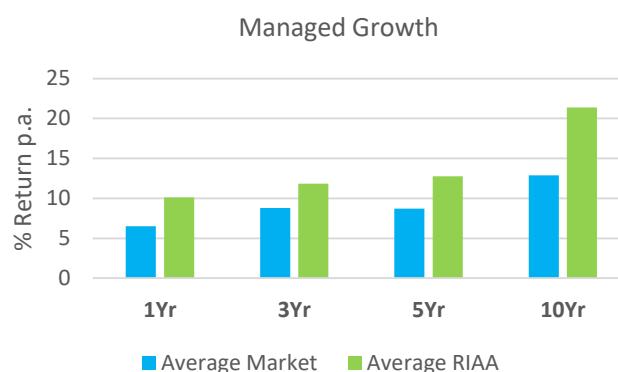
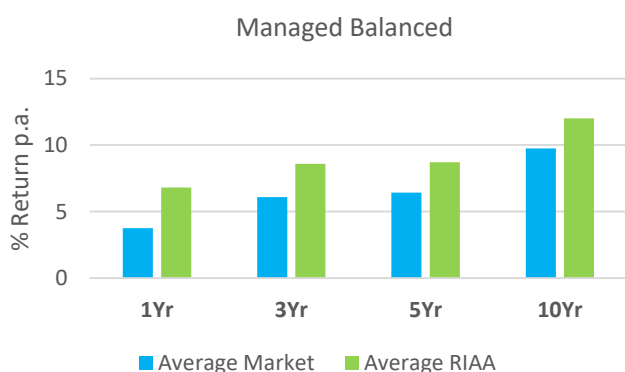
FUM, Flows and Performance March 2022

As at the end of March 2022, with investment markets remaining positive on an annual basis despite widespread falls during the latest quarter, 67% 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 64% and 65% of funds outperformed the market based on 3-year and 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 73% of Responsible funds outperformed the market with average returns +1.8% and +4.8% higher respectively compared to the benchmark. Average outperformance on a 3-year basis was also marked with 63% of Responsible funds achieving this and by +3.6% on average. Responsible **International Equity** funds outperformed the wider market over all time periods, most impressively over the past 3 years where 75% of funds outperformed the market, and by an average of +2.5%. Responsible funds also clearly outperformed the market average on 5-year and 1-year bases, with 64% and 59% of funds achieving this respectively.



Managed Balanced Responsible funds similarly outperformed the market average over all time periods, with over 80% of funds achieving this over 3 and 5-year periods, and 100% over 10-years. The scale of outperformance ranged from +3.1% over the latest year to +2.2% achieved over 10-years. Fewer Responsible funds fall within the **Managed Growth** asset class, all of which outperformed the wider market over the 10-year period, while 90% of funds outperformed over the 3-year period and 75% for 5-year. Performance for the 10-year period was most significant with average outperformance of +8.5% compared to the benchmark.



Responsible Investment Funds in Australia & NZ



FUM, Flows and Performance March 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>.

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, Retail Super, Industry Funds, Public Sector Super Funds and NZ Retail Managed Funds, 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\$59.6bn.

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