

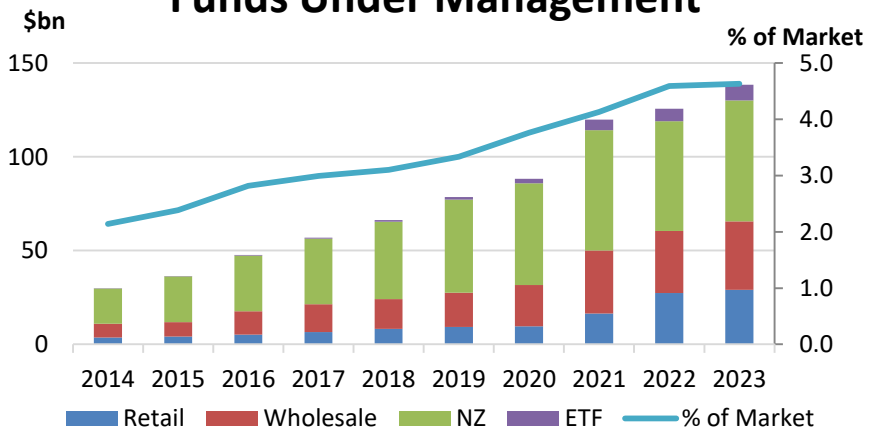
# Responsible Investment Funds in Australia & Aotearoa New Zealand

## FUM, Flows and Performance September 2023

The Responsible Investment Funds in Australia & Aotearoa New Zealand 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 & Aotearoa New Zealand managed funds markets over the 10 years to 30 September 2023.

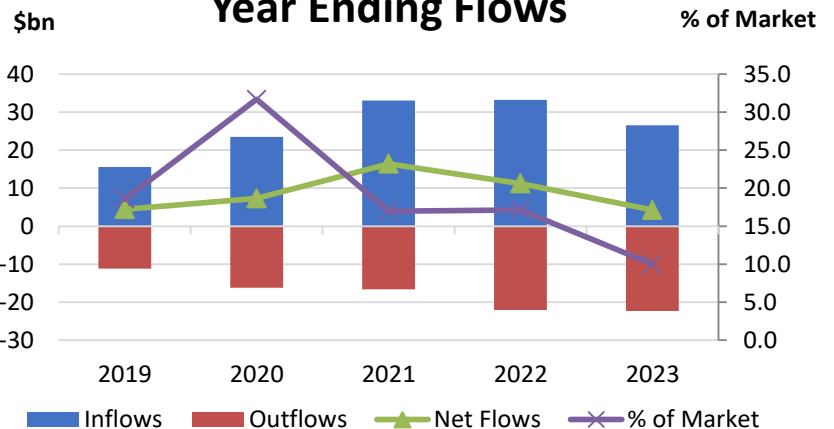
Responsible Funds Under Management have grown to \$138.5bn as at the end of September 2023 to now account for 4.6% of the comparative market<sup>1</sup>, with Inflows remaining solid despite falling from the previous year. FUM has grown 109% over the past 5 years and is almost 6 times larger than 10 years ago, while over the latest year it was up 10.3% with investment earnings fluctuating quarter-to-quarter but returning to positive territory overall.

### Funds Under Management



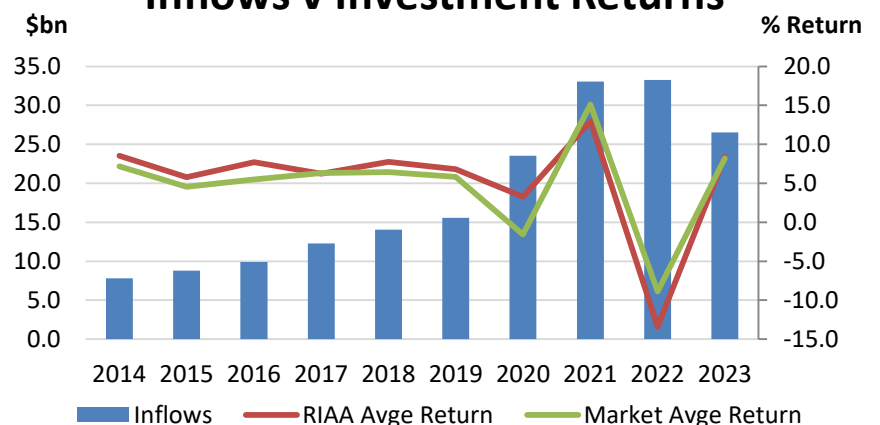
Inflows into Responsible products have experienced strong long-term growth – Inflows over the past 5 years were 150% larger than those of the previous 5 years, and Annual Net Flows having remained positive since 1999, although the latest annual Inflows were 20% lower than the previous year.

### 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 up to 2022 despite fluctuations in market returns, although Inflows over the year to September 2023 of \$26.5bn were notably down on the record \$33.2bn reported for the previous year.

### Inflows v Investment Returns

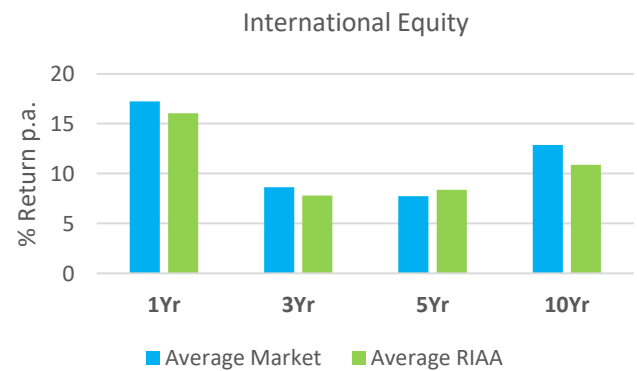
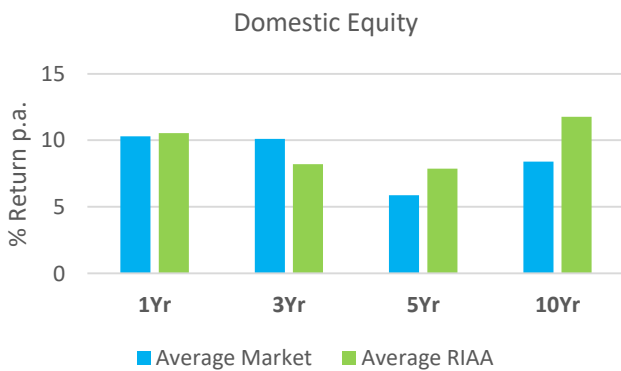


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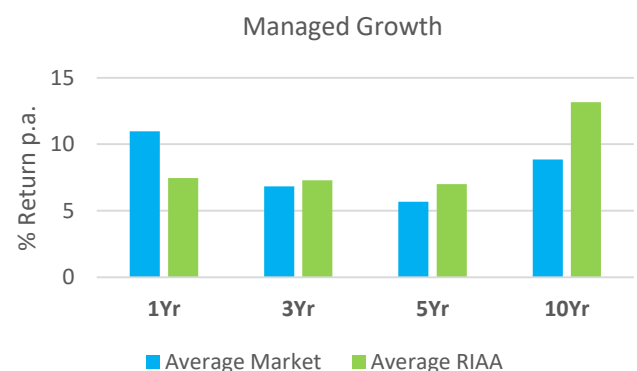
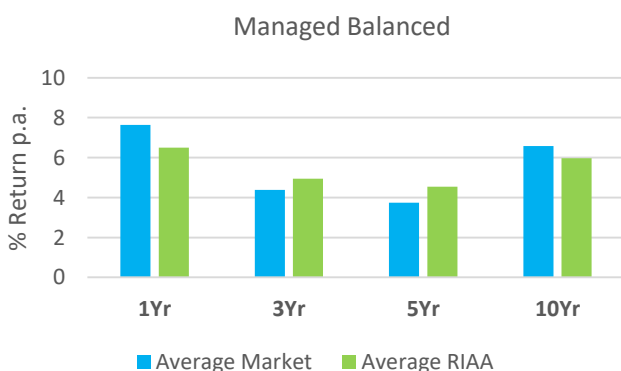
## FUM, Flows and Performance September 2023

As at the end of September 2023 investment markets returned to negative territory after experiencing three consecutive quarters of growth, which were in turn preceded by three consecutive quarters of significant falls. Responsible funds outperformed the average return achieved across the total combined Responsible and Non-Responsible market based CAGR across 1-year, 5-year and 10-year time periods, although results varied quite widely by asset class.

Similarly to the overall market the **Domestic Equity** asset class displayed outperformance over all time points apart from over 3 years, with Responsible funds outperforming the market most significantly over the 10-year and 5-year periods, by +3.4% and +2.0% on average respectively, while 1-year outperformance was only a marginal +0.2%. Responsible **International Equity** funds outperformed the wider market over the 5-year time periods by on average +0.6%, however they underperformed over all other time periods, most significantly over 10 years where returns were 2.0% lower on average.



**Managed Balanced** Responsible funds only outperformed the market average over 3-year and 5-year time periods, most markedly over 5 years with returns +0.8% higher than average, while 10-year performance was only 0.6% lower than average. Fewer Responsible funds fall within the **Managed Growth** asset class, although these funds displayed outperformance over all time periods apart from the latest year and displayed a dramatic progression of increasing outperformance over each longer time basis. Outperformance for the 3-year period was on average +0.5% compared to the benchmark, rising to +1.3% over 5 years and a very significant +4.3% over the 10-year period.



# Responsible Investment Funds in Australia & Aotearoa New Zealand



## FUM, Flows and Performance September 2023

### 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 Aotearoa 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, Aotearoa 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 Aotearoa New Zealand Retail Managed Funds, rather than the total Australia & Aotearoa New Zealand Managed Funds market. <sup>1</sup>

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