



Embargoed until 17:30 AEST 11 July 2013

MEDIA RELEASE

Whilst financial markets set post-GFC records, responsible investment funds surge even higher

Whilst investment returns have strengthened to levels last seen before the Global Financial Crisis, responsible investment funds have surged even higher, outperforming both the benchmark and the average of mainstream funds over short and long term, in both Australian and international equities, according to the *2013 Responsible Investment Benchmark Report* released today.

This 12th annual *Benchmark Report* produced by the Responsible Investment Association Australasia, maps the growth in funds under management and the sector's performance against mainstream investment funds across Australia and New Zealand.

"With eight of the top ten investment managers in Australia having now declared themselves responsible investors by signing on to the UN Principles for Responsible Investment, it would be fair to say that responsible investment has become mainstream" said RIAA CEO Simon O'Connor.

"The strong outperformance of ethical and responsible investment funds should finally put to bed the myth that a more responsible approach to investing leads to lower returns."

"With more of the region's investments being made under responsible investment mandates, the extra analysis undertaken for every investment decision means responsible investors have a deeper understanding of their investments, so it should be no surprise they are earning better returns."

Constituting an array of investment practices from ethical investment through to integrating environmental, social and corporate governance (ESG) factors into mainstream portfolios, responsible investment is proving itself to be the benchmark of good investment practice.

Today's *Benchmark Report* highlights that responsible investment is a term that represents a blossoming sub-sector within the finance industry across superannuation, funds management, banking, community finance and financial advisory services. The report also highlights the growth in responsible banking, impact investment and community finance.

Increasingly, there is an array of offerings from ethical funds through to the region's largest investors integrating ESG across their entire portfolios resulting in greater choice to the consumer.

Key findings of the 2013 *Responsible Investment Benchmark Report*:

- As at 31 December 2012, **funds under management in responsible investment portfolios in Australia totalled \$152 billion or 16% of total assets under management (TAUM)** – including all ethical and socially responsible funds, as well as the funds managed under ESG integration that are rated as above average (2011: 13% of TAUM and \$117 billion)

- **Core responsible investment funds are delivering better returns than both the benchmark and the average of all mainstream funds in all but one category** across time periods (1, 3, 5 & 10 years) in three major investment categories – Australian equities, international equities and multi-sector growth funds.
- The **5 year returns post-GFC has been stronger in all responsible fund categories** compared with the benchmark and average mainstream funds.
- In Australia, **ESG Integration has proven to be the dominant method of responsible investment, representing 89% of the overall market total (\$135 billion)** having experienced 33% growth between 2011 and 2012.
- **Ethical and socially responsible investment funds grew only a modest 4.2% during 2012 from \$14.6 billion to \$15.2 billion** despite some of the strongest performance of funds in many years, typified by the best performing Australian equities fund in 2012 being an ethical fund.
- New Zealand is also a very strong responsible investment story this year, with **funds in New Zealand managed responsibly totalling NZ\$22.6 billion, a growth of 17% - a massive 38% of TAUM** across the country

NOTES TO THE EDITORS

A copy of the *2013 Responsible Investment Benchmark Report* will be available after the embargo at www.responsibleinvestment.org

If you would like an interview with RIAA CEO Simon O'Connor please contact:

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ABOUT THE RESPONSIBLE INVESTMENT BENCHMARK REPORT 2013

The *2013 Responsible Investment Benchmark Report* is the 12th annual benchmark report published by the Responsible Investment Association Australasia, and has been made possible with the generous support of Advance/BT Financial Group, Australian Ethical Investment & Superannuation, bankmecu, and Perpetual Investments.

Research for the Report was conducted by CAER – Corporate Analysis. Enhanced Responsibility. Research support was provided by Morningstar, and Mercer. The report presents data on the current state of the industry compiled from 117 funds, over 100 advisers and 20 community finance organisations.

ABOUT RIAA

RIAA is the industry body representing responsible investors throughout Australasia, with the aim of promoting responsible investment, to accelerate its uptake and deepen its impact.

Our members represent a cross section of the investment industry, from super funds, fund managers, service providers to financial advisers. RIAA's membership currently consists of 158 investment organisations and individuals, who manage over \$500 billion in funds under management.

RIAA acts as a hub for the responsible investment industry, supporting its members by amplifying issues, advocating on their behalf and delivering solutions with the goal of achieving the mission of promoting stable markets, maximising financial returns and creating positive environmental, social, governance and ethical outcomes.