

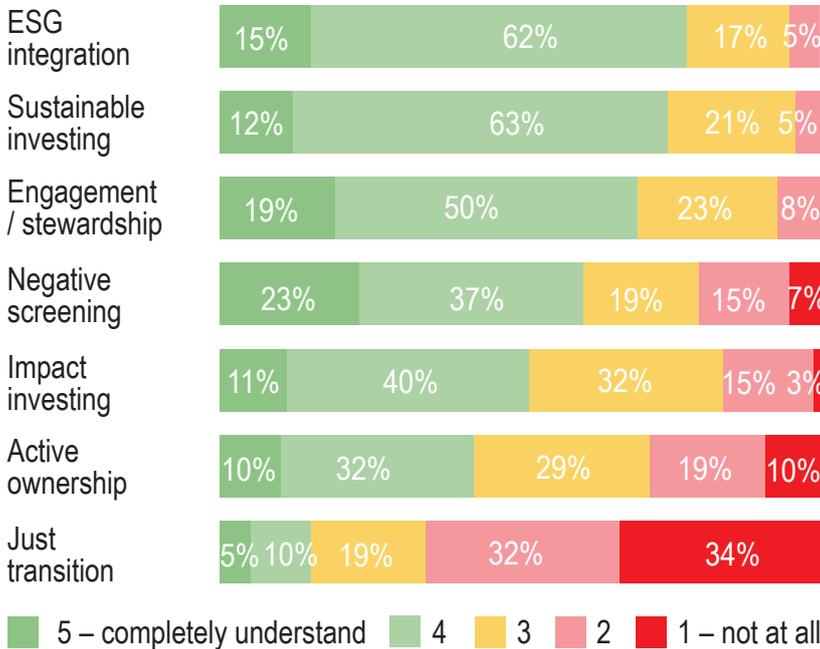
UK Responsible Investing Study Summary Report

STUDY OVERVIEW

- Research in Finance (RiF) is an award-winning market research, consultancy, publisher and data provider, specialising in the financial services sector, covering both the UK and European markets.
- RiF's UK Responsible Investing Study (UKRIS) is an annual research study which aims to understand knowledge of and demand for responsible investing (RI) solutions. Questions also focus on selection of responsible funds and use of them, as well as barriers to investing responsibly or investing more responsibly.
- The study includes both a survey, conducted among 150+ institutional investors during the winter each year, as well as an online community where investment manager materials are reviewed.
- The findings provide valuable insight to investment managers regarding what is important in the market, how the responsible investing landscape is evolving over time, and how best to communicate with institutional investors on such an important and dynamic topic.

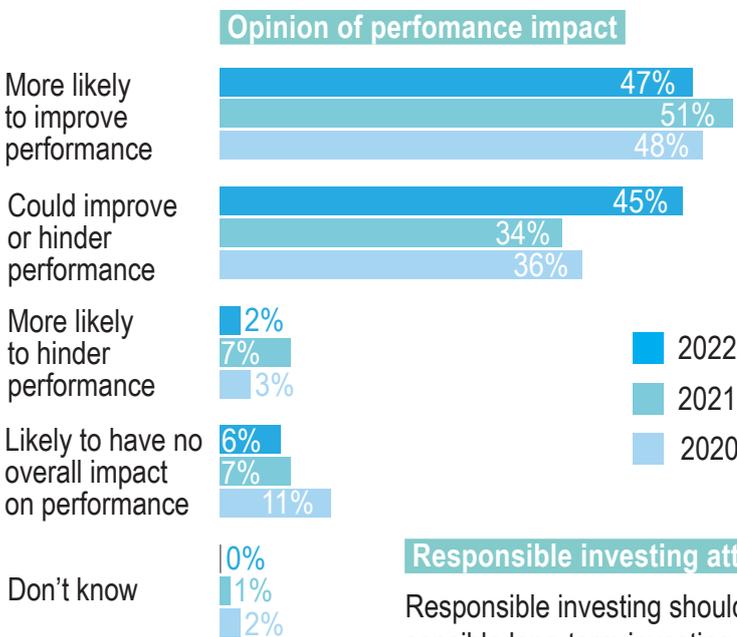
Views on Responsible Investing

PENSION SCHEMES' AND CONSULTANTS' UNDERSTANDING OF RESPONSIBLE INVESTING TERMINOLOGY IS GENERALLY IMPROVING OVER TIME, BUT CERTAIN TERMS REMAIN ELUSIVE



NET Good Understanding		
2022	2021	2020
77%	68%	67%
75%	68%	64%
69%	64%	63%
60%	49%	51%
51%	38%	46%
42%	N/A	N/A
15%	N/A	N/A

NEARLY HALF OF INSTITUTIONAL INVESTORS THINK INVESTING RESPONSIBLY IS MORE LIKELY TO IMPROVE PERFORMANCE



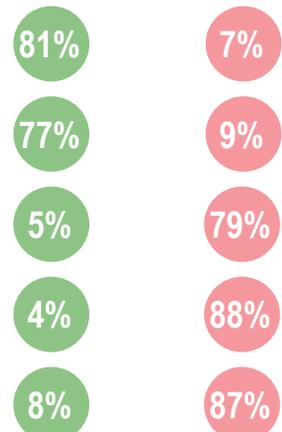
KEY INSIGHT
Overall, both consultants and schemes feel investing responsibly and superior returns can go hand in hand, although the former believe that more strongly than the latter

MOST BUT NOT ALL INSTITUTIONAL INVESTORS BELIEVE THAT RESPONSIBLE INVESTING IS A FIDUCIARY EXPECTATION

Responsible investing attitudinal statements

- Responsible investing should just be seen as sensible long-term investing
- Responsible investing is a fiduciary expectation
- Responsible investing is **not** suitable for my scheme (*schemes only*)
- Responsible investing is **not** suitable for the schemes I advise / work with (*consultants & professional trustees only*)
- Responsible investing is an industry fad – it won't last

NET Agree NET Disagree

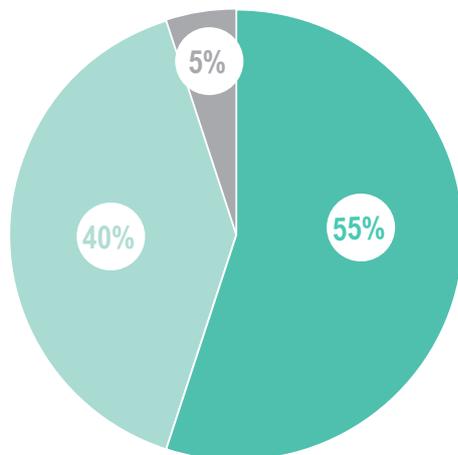


Selecting Responsible Funds

KEY INSIGHT

Regulation and greater awareness are driving demand for responsible funds / strategies in particular, as well as there being more of an industry focus on RI and more media coverage in general. Clarity and transparency, around funds and broader information, will be important as the market evolves and matures

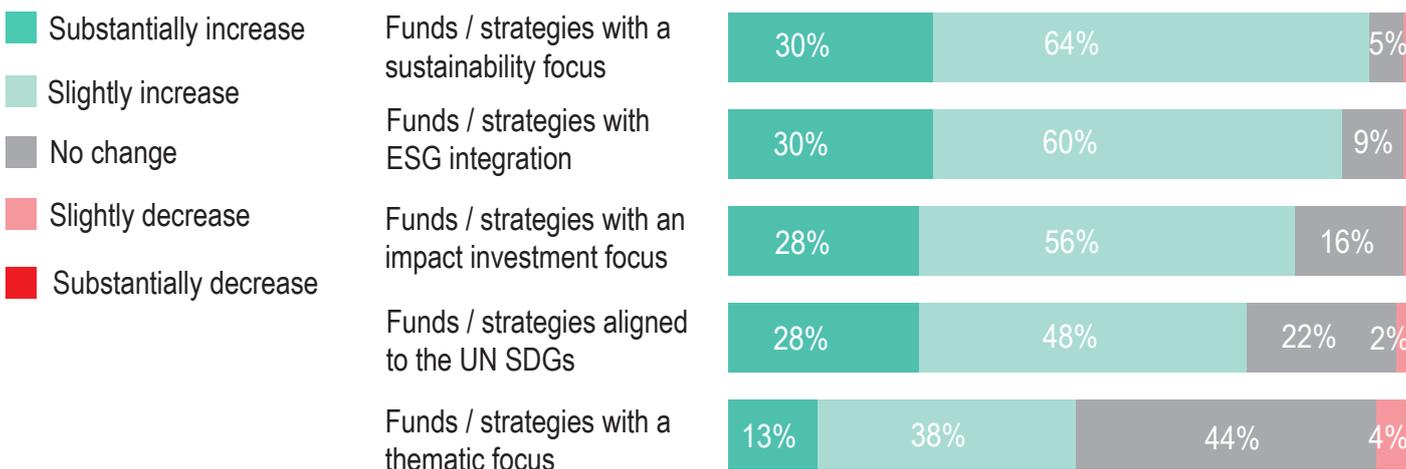
THE MOMENTUM AROUND RI IS HERE TO STAY WITH REGARDS TO DEMAND FOR FUNDS AND STRATEGIES IN THIS AREA



Demand overall for responsible funds / strategies in the PAST 12 months

- Substantially increase
- Slightly increase
- No change
- Slightly decrease
- Substantially decrease

Demand in the NEXT 12 months for specific funds / strategies



CLIMATE CHANGE IS THE STAND-OUT MOST IMPORTANT ESG ISSUE FOR INSTITUTIONAL INVESTORS

ESG INTEGRATION IS THE MOST PREFERRED TYPE OF APPROACH, FOR BOTH CONSULTANTS AND SCHEMES

Top 5 most important ESG issues

-  Climate change 1
-  Human rights 2
-  Pollution 3
-  Transparency and disclosure 4
-  Child and forced labour 5

KEY INSIGHT

Whilst environmental issues such as climate change and pollution are top of mind for institutional investors, and have been for the past few years, social issues such as human rights and working conditions have grown in importance compared to other issues as a result of the pandemic

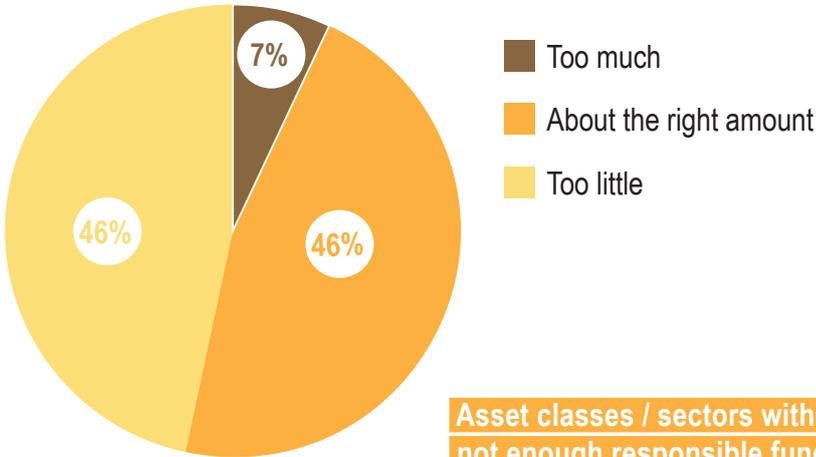
Favoured approach ranking when taking into account ESG factors

- 1 ESG integration
- 2 Engagement
- 3 Best-in-class
- 4 Positive screening
- 5 Thematic investment
- 6 Negative screening

Barriers to Responsible Investing

THERE IS APPEAL FOR MORE SOLUTIONS IN CERTAIN SECTORS AND ASSET CLASSES, OVER AND ABOVE EQUITIES

Supply of RI products in the market



KEY INSIGHT

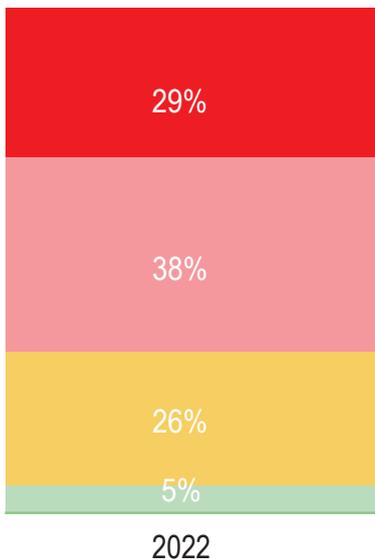
Institutional investors feel that there are not enough fixed income / credit responsible options currently, and would also value RI funds focussed on emerging markets as a region, and private markets in general

Asset classes / sectors with not enough responsible funds



AS THE VOLUME OF RI STRATEGIES INCREASE, SO TOO HAVE CONCERNS AROUND GREENWASHING

Concerns about greenwashing



5 – very concerned

4

3

2

1 – not at all concerned

THE MAIN BARRIER TO WIDER ADOPTION OF RI IS THE BELIEF THAT IT COULD HINDER INVESTMENT PERFORMANCE IN CERTAIN SCENARIOS

Top 5 barriers to wider adoption of RI

- 1 Believe it could hinder investment performance
- 2 Not good enough options in some sectors / asset classes
- 3 Lack of consistency in investment managers' definitions
- 4 Lack of knowledge
- 5 Focus on reducing DB pension deficits

KEY INSIGHT

As RI continues to develop and touch all corners of institutional investors' thinking, some barriers from a few years ago still remain while others start to become more prominent. Lack of knowledge and performance concerns fall into the former category, while lack of options and lack of consistency in definitions are increasing in importance in line with the expanding information and thoughts on ESG and the role it plays in the market

Concluding Remarks

Methodology

Online survey which takes place at the end of 2021 through to the start of 2022

150 institutional investors take part each year. In the 2022 research there were:
x85 consultants & professional trustees
x66 schemes and trustees

Topics asked about in relation to RI include understanding, engagement, selection of funds, information needs and barriers.

Contact us



Visit the RiF website:
<https://researchinfinance.co.uk/>



Charity donations and partners

£400 raised for charity from the UK Responsible Investing Study this year so far

Thank you for your kind donations having completed the survey and your continued support!

Partner charities:



Via email:
Jack Dominy
Research Manager
jackdominy@researchinfinance.co.uk

RESEARCH

We sincerely hope you have found this summary report insightful, and that you will continue to take part in our UK Responsible Investing Study in future years. Our next industry survey will kick off in winter 2022.

THANK YOU

If you have any friends in the industry or know of any colleagues who would be interested in taking part in our research, please send the link below to them, where they will be able to sign up to receive invites to surveys, in-depth interviews and online communities.

SHARE

As a thank you for sharing your views, we always offer a reimbursement for your time – either an Amazon voucher or charity donation – as well as summary findings at the end of the project. Participation is entirely voluntary and you can unsubscribe from survey invites at any time.

https://researchinfinance.eu.qualtrics.com/jfe/form/SV_b2uvH60iFUVQXYx