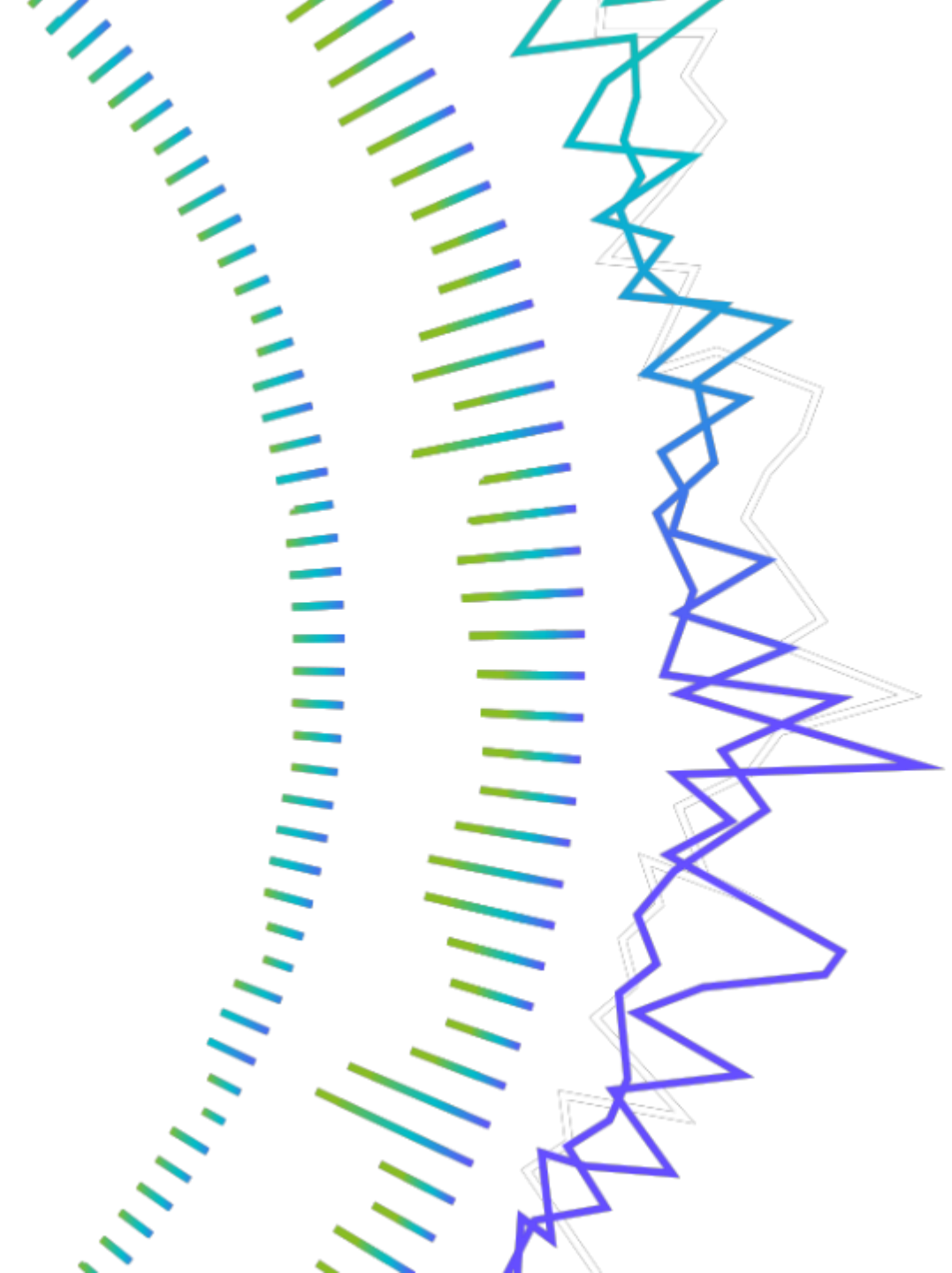




UK RESPONSIBLE INVESTING STUDY

Wave 2 Proposal

Autumn 2020



Introducing UKRIS



- An **annual, multi-stakeholder study** into market understanding of, and appetite for, responsible investing
- Digs deeper to reveal **how responsible investments are used, researched and selected** by professional investors
- The first industry study to give asset managers **a meaningful way of measuring and tracking brand perception** in a RI context
- Competitor benchmarking enables stakeholders to learn **who the market leaders are and how they have achieved leader status**
- A combination of online quantitative survey and qualitative community research **across retail intermediaries and institutional investors**

Why UKRIS is valuable to asset managers



Market trends

Know the real level of overall RI take-up among professional investors, as well as by type of RI strategy and asset class

Assess demand for specific responsible funds vs. fund range-wide ESG integration

Understand differences in attitudes and activity between different investor segments, to tailor sales, marketing and support accordingly

Track progress in RI understanding and adoption over time – what are investors' support needs today, and what are they likely to be in a year's time?

Benchmarking against peers

See who the perceived top RI communicators are, and what informs this perception

Understand which brands are regarded as leading for ESG integration, sustainable and impact funds, and why

Measure RI performance of your brand versus the peer group. Are you seen to be 'leading', 'among the pack' or 'lagging'? Are you known for a single product, firm-wide ESG integration, strong reporting?

Assess what proportion of professional investors are familiar with your approach to RI, and how that improves over time

Testing & troubleshooting content

Understand how well-received your thought leadership is, and how it can be improved

Explore which pieces of information in your RI reporting really capture attention

Learn how your investment literature can read better and avoid financial jargon as far as possible

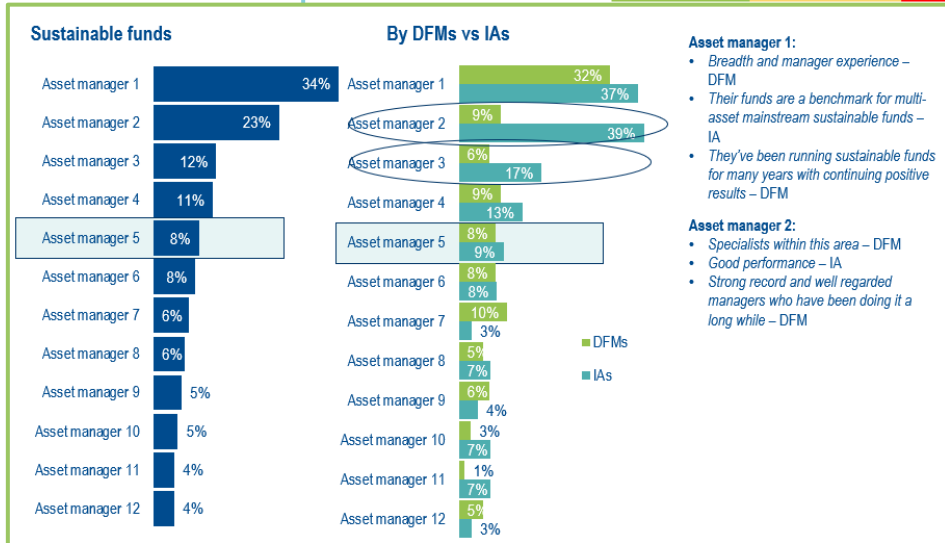
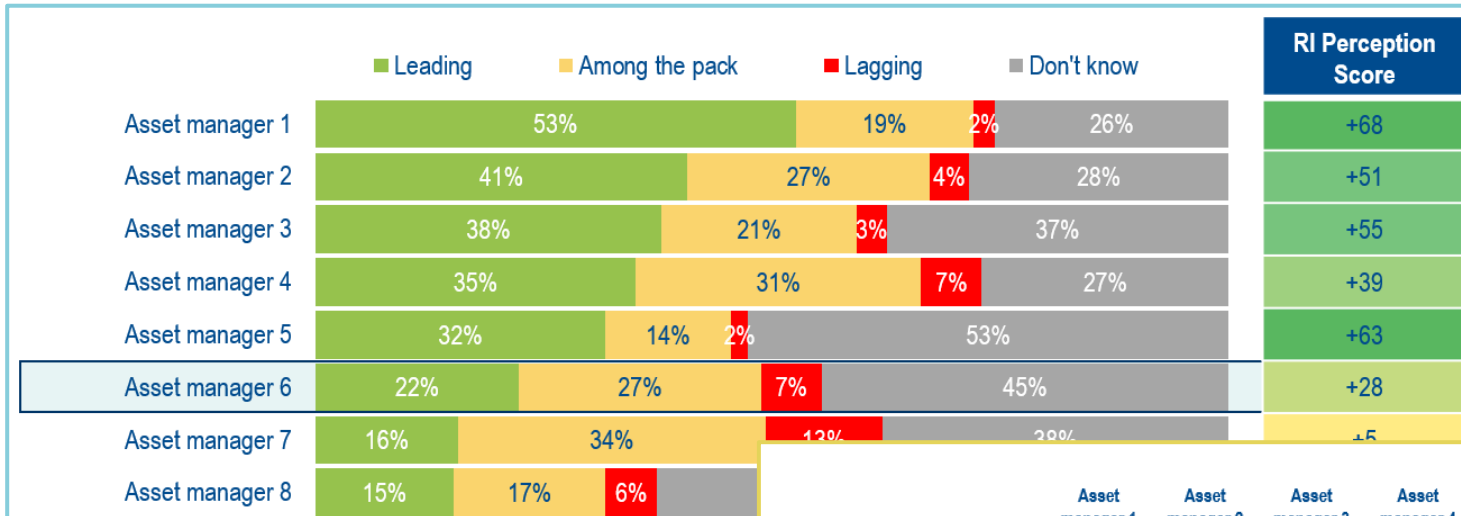
Ensure that media standing in for face-to-face meetings in the short term – e.g. videos and podcasts – is up to investors' standards and provides the information they expect

Benchmarking against peers

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IN FINANCE



	Asset manager 1	Asset manager 2	Asset manager 3	Asset manager 4	Asset manager 5	Asset manager 6	Asset manager 7	Asset manager 8	Asset manager 9	Asset manager 10
A specific range of sustainable/ impact funds	50%	40%	63%	17%	69%	62%	56%	39%	67%	26%
A clear, well-defined ESG investment process	50%	60%	68%	48%	41%	54%	35%	28%	40%	33%
A strong heritage in ESG/ sustainable investing	65%	73%	37%	59%	46%	42%	53%	39%	20%	11%
Strong engagement/ stewardship with companies	20%	53%	47%	31%	38%	23%	35%	33%	20%	33%
Good corporate responsibility (CR) practices/policies	35%	20%	16%	31%	36%	38%	18%	50%	13%	26%
Thought leadership on ESG/ sustainability	50%	27%	37%	38%	26%	38%	18%	28%	7%	15%
High-quality reporting on ESG/stewardship/impact	40%	27%	37%	34%	28%	31%	24%	11%	13%	15%
ESG integration across their whole fund range	35%	47%	16%	41%	15%	4%	9%	11%	13%	19%
A single sustainable/impact fund	25%	0%	11%	3%	13%	12%	12%	6%	20%	15%
Leading on specific ESG issues e.g. plastics, diversity	45%	13%	11%	21%	13%	8%	12%	6%	27%	15%
Buy-in from personnel across the business	30%	7%	11%	17%	5%	12%	3%	11%	20%	7%
None of the above	0%	0%	0%	3%	0%	0%	3%	11%	0%	0%

Testing & troubleshooting content

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COMPONENT:
ESG Integration³

Definition:
The Investment Association adopts the definition of "ESG integration" according to the UN PRI:
"The systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions"⁴

Essential Note:
ESG Integration alone does not prohibit any investments. Such strategies could invest in any business, sector or geography as long as the ESG risks of such investments are identified and taken into account.

Firm Level
ESG integration can be adopted in a number of ways, and, in such instances, the precise ways in which ESG factors will be taken into account in investment analysis and in the investment process will differ in practice between investment funds, mandates or strategies. Therefore, the framework reflects the practical application of ESG integration undertaken at a firm level articulated by a firm-level policy, the practical application of ESG integration in specific funds, mandates or strategies.

Fund Level
The precise ways in which ESG factors will be taken into account in investment analysis and in the investment process will differ in practice between investment funds, mandates or strategies. Therefore, the framework reflects the practical application of ESG integration undertaken at a firm level articulated by a firm-level policy, the practical application of ESG integration in specific funds, mandates or strategies.

Sven added a pin 2nd

Confusing
I'm not sure what PRI means. Would be good to have it defined.
20 days ago

Sven added a pin 1st

Financial services jargon
I feel that this is a bit of a cop out. There should be clearer guidelines on this!
20 days ago

Phil added a pin 1st

I think to every experienced person within the sector the definition is fine but to new entrants, the usage of an acronym with no full description of what it stands for could be confusing. It

⚠
⚠
WARNING : RESTRICTED BUSINESSES

NO BOMBS

NO BOOZE

NO BETTING

NO BURNING COAL

NO BULLDOZING

NO BLACK GOLD

NO BONKING

NO BACCY

NO BASELESS PAY

NO BAMBINOS

NO BRIBERY

NO BULLYING

Fundsmith

Sustainable Equity Fund

WILL screen the world to find businesses which:

- Sustain a high return on operating capital
- Have advantages that are difficult to replicate
- Do not require significant borrowing to generate returns
- Have a high degree of certainty of growth from reinvestment of their cash flows at high rates of return
- Are resilient to change, particularly technological innovation
- Have a valuation which is considered to be attractive

WILL NOT invest in businesses which have substantial interests in any of the following sectors:

- Aerospace
- Breweries, Distilleries and Vintners
- Casinos and Gaming
- Geothermal, Electric, Utilities
- Nuclear and Mining
- Oil and Gas and Consumable Fuels
- Pornography
- Tobacco

Materials we tested in UKRIS Wave 1 included:

- Ad creative
- Thought pieces
- Fund brochures
- Videos
- Responsible investment & engagement reports
- Webpages
- Marketing concepts

Identifying best practice

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RIF
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IN FINANCE

Who is providing the most compelling info on responsible investing?



Which asset managers are producing the most compelling information on ESG, sustainable or positive impact investing? What makes this information particularly engaging/useful? Please upload images/screengrabs and/or add links to the information to support your comments.

Please note that this is an activity where you can come back to at any time over the course of the next 3 weeks. So please feel free to add comments and images whenever you like!

"[Of the syndicate] Schroders are providing the most engaging and compelling information. They provide weekly insights on interesting topics, their website is engaging, modern, colourful (although at times perhaps too much so) and clear. However, they could benefit from making it easier to find fund-specific information. It would be good if along the top banner of their website [...] there was also a 'Funds' or 'Investment Options' where fund options could be screened by which of their criteria they meet or investment options discussed further" – IA

"We regularly share [EdenTree's] Amity insight papers with our clients on topical issues of relevance to them" – IA

"I like asset managers that readily share insight on their engagement activities and demonstrate that they are using ESG and it is not a tick box. [...] Newton are better at it" – Consultant

"I think Newton is. They are often mentioned in the press on ESG issues, and are very present on my LinkedIn feed about it. [...] I feel managers do make good info on ESG but it does not get shared and is stuck on their website. I feel LinkedIn is a good way to share and also be mentioned in the news as an ESG expert" – Consultant

"Robeco – it seems to be their bread and butter and feels as though they have this at the cornerstone of their investment philosophy rather than an afterthought. I regularly receive email updates from them on new initiatives, and when I've heard them present I believe that they want change and it's not just a money spin" – Consultant

"I really liked Robeco recently and it was I think on LinkedIn which led me to their website and as a result I signed up to their newsletter. There was a good catchy headline and as a result I learnt about the trillion trees campaign. This may or may not be a good idea as I then read further but their paper actually made me think and read further and explore the topic. So Robeco did achieve something on this micro level" – Scheme

Stanley – Who is provid...

Sophie – Who's providin...

Seth – Who's providing ...

Research in Finance maintains and continually adds to proprietary panels of professional and private investors. The UKRIS participants are recruited from these panels. We ensure that all are involved in investment research or decision making.

Target audiences

INSTITUTIONAL



Stage 1: Online survey x150 completes
Stage 2: Online community x10 RI advocates

Sample sizes stated may increase, should we have 10+ stakeholders

RETAIL



Stage 1: Online survey x200 completes
Stage 2: Online community x10 RI 'early adopters'

Sample sizes stated may increase, should we have 10+ stakeholders



**Optional additional module: Private Investor
Online Community**

Survey coverage



We aim to keep the majority of survey questions consistent year-on-year, to enable us to track trends and how perception of asset managers' RI efforts is evolving. Yet we are also eager to garner opinion as new developments in the space arise.

Questions we seek to answer include...

- What is the actual take-up of funds under the responsible investment umbrella? How is this changing over time?
- What is the awareness and level of understanding of key terminology, such as 'ESG integration', 'impact investing' and 'engagement'?
- What is the market's perception of your brand? Are you known for responsible investing, and in what way(s) exactly?
- Who are the competitors to watch? Why do investors see them as credible/appealing in a RI context?
- How is the global pandemic affecting RI? How is it impacting on appeal and information/communication needs?
- What has been the *genuine* impact of new ESG regulation and guidance on investor behaviour?
- How are asset managers' ESG credentials being assessed? How can you influence how the market perceives your capabilities in this area?
- Which information sources and ratings are most influential when investors are researching sustainable funds?
- How much do investors examine the Corporate Responsibility activity of asset managers?
- To what extent are advisers aware of and outsourcing to DFM responsible investment services? Which ones should be sales priorities?
- What education and support do professional investors require from asset managers?

Optional additional PI module



We think that private investor (PI) interest in RI has reached a turning point, making it really important to understand PIs' specific needs and preferences in addition to those of professional investors.

- Our September 2020 Private Investor Pulse survey found that 56% of PIs recall seeing articles or reports on RI in the last six months, with their investment platforms being the most commonly cited source. The same survey found that the proportion of investors reporting that they currently hold responsible funds has more than doubled within the last couple of years
- With growing demand in mind, RiF proposes running a Responsible Investing Community for PIs in spring of 2021. We will offer this at a special rate for existing UKRIS stakeholders
- Like the communities for intermediaries and institutional investors, it will give subscribers the opportunity to test their marcomms, ensuring that advertising catches the eye and resonates, and that information provided via one's website is fit for this audience
- Through a community, we can also explore how PIs research responsible investment options, to guide asset managers on how to reach, inform and ultimately win business from these investors
- Get in touch if you'd like to find out more!

Deliverables



Research in Finance ensures all reporting provides actionable insights for our clients.

We will provide the following to stakeholders:

- A PowerPoint report of the retail market findings
- A PowerPoint report of the institutional market findings
- A PowerPoint summary presentation of the key findings, delivered via video call

UK Responsible Investing Study Institutional Report
Wave 2 | March 2021

Favoured ways of taking account of ESG factors

Category	Method	Most favoured	Least favoured
RETAIL	ESG integration	27%	14%
	Best-in-class	26%	14%
	Thematic investment	17%	19%
	Negative screening	17%	24%
	Engagement	13%	33%
INSTITUTIONAL	Best-in-class	12%	8%
	Thematic investment	13%	23%
	Negative screening	4%	56%

What to avoid
"Discuss if there are areas they wish to exclude - we will automatically exclude armaments, gambling pornography and tobacco in our ethical portfolios and see if there are any others of concern. [...] Also explain that we do not invest in property in these portfolios as we cannot be 100% sure of the underlying tenants and also gilts, as governments are involved in war" - IA

Different approaches
"We can use direct equity or funds, apply negative screening or positive screening. They can replace part of their portfolio with an ESG etc. offering, or we can re-orientate the whole portfolio. We can offer a list of investments we have approved, from funds mainly focusing on financial returns to those focusing purely on impact" - DFM

Benefits
"Discussion is along the lines that although it may be slightly more expensive in charges the long term positive returns should outweigh this, as well as having a positive impact on the climate etc." - IA

Risks/trade-offs
"Point out that ESG may well limit their investment spectrum and also possibly increase the risk profile. Once we're agreed, we'd look for external research agencies to match their investment requirements" - IA

Questions?

We have also run deep-dive workshops with specific teams e.g. communications, and presented at stakeholders' events.

Project timings 2020/21



UKRIS Wave 2 launches in late October 2020. These are the main project milestones for stakeholders to be aware of...



Research in Finance will circulate draft questionnaires at least a couple of weeks before the client feedback deadlines.

Meet the project team



Annalise Toberman
Head of Insight



Annalise has spent her working life intensively researching B2B and B2C audiences in the financial sector. A keen qualitative researcher, she has conducted thousands of interviews across private and professional investors and their respective advisers.

In addition to overseeing qualitative research at Research in Finance, Annalise manages the UK Investment Trust Study (UKITS) and UKRIS, with responsible investment/ESG an area she is particularly passionate about!

Ana Mendes
Senior Analyst



Ana has been working in data analytics and research for the past nine years, six of which have been spent within the quantitative research team at RiF. She manages the fieldwork and conducts the quantitative analysis and reporting for the retail component of UKRIS.

Ana previously worked as part of Incisive Media's research team running major European and institutional projects. She speaks several languages and has a BSc in Business from University of Pucrs in Brazil.

Jack Dominy
Senior Research Consultant



Jack has extensive experience and knowledge of the institutional market, both pensions schemes and insurers, and is the lead researcher of the UK Institutional Market Study (UKIMS). He manages the fieldwork, analysis and reporting for the institutional component of UKRIS.

Before joining Research in Finance in 2019, Jack was a Senior Research Executive at GfK, where he worked on large-scale studies on behalf of banking and insurance clients.

Duncan Simmons
Research Executive

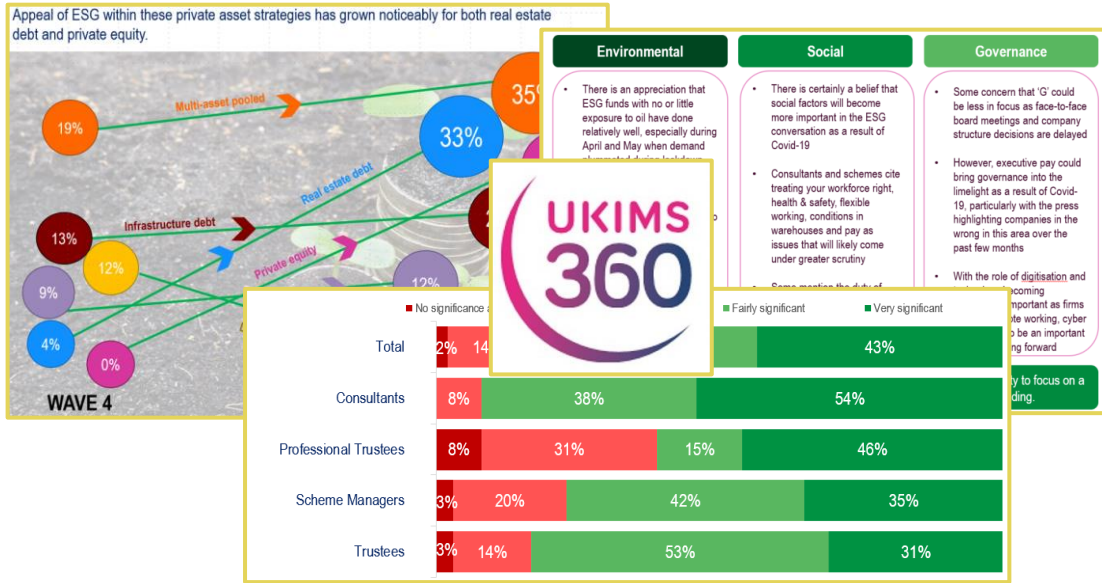


Duncan supports the research team across a range of studies, including the UK Advisory Study (UKAS) and UK Investment Trust Study (UKITS). An important part of his varied role is online community management and moderation, ensuring that community projects run smoothly, participating investors are engaged, and ultimately that clients gain insight into how they can communicate and market themselves more effectively.

Before joining Research in Finance, Duncan worked as an intern at the Houses of Parliament. He holds an M.A. in British Politics and Contemporary History from King's College London.

Our experience in RI research

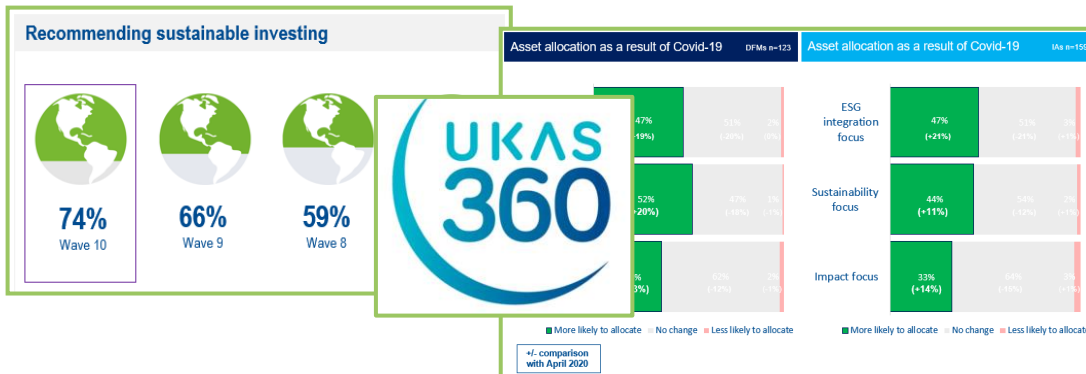
An important part of our UK Institutional Market Study



A subject we like to write about



A topical area in several ongoing retail studies



The inspiration for a comprehensive report



Some of our
clients...



About us



Research in Finance is a market intelligence, publishing and business information provider specialising in the UK and European financial services industries. Now with over 70 years' cumulative experience across the wholesale, institutional and private investor markets, we believe our understanding makes us unique and an invaluable partner with any business working in the sector.

The Research in Finance team has expertise across a range of quantitative and qualitative research methodologies, conducting everything from brand tracking and segmentation analysis to in-depth interviews, focus groups and online diary projects. We help financial services companies to refine their sales strategies, improve their marketing and communications, understand how they are perceived by their target market, test new product ideas and creative, benchmark against their peers and gain a deeper understanding of the markets in which they operate. In addition to a series of established syndicated studies, we design bespoke research around clients' specific needs, tapping into our in-house panels of engaged professional and private investors.



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020 7104 2235