

From individual investors to institutions, investors of all types are turning to ESG investing for both performance and personal values

- 59% of financial professionals, 57% of professional fund buyers, and 56% of institutional investors believe there is alpha to be found in ESG
- 55% of institutional investors intend to increase allocations to ESG over the course of 2019
- Four fifths (81%) of individual investors want investments aligned to their personal values
- Consensus that ESG strategies can mitigate exposure to governance and social risks not captured in traditional analysis
- Reporting and measurement identified as the biggest challenge to ESG according to two thirds of institutional investors and professional fund buyers

London, 16 May 2019 – **Appetite for environmental, social and governance (ESG) strategies is on the rise, as investors increasingly recognise the opportunity to generate alpha through ESG, but for professional investors reporting and measurement remains one of the biggest obstacles, according to a survey released today by Natixis Investment Managers. The Natixis ESG cross-survey report leverages data from four global Natixis surveys* of financial professionals, individual investors, institutional investors, and professional fund buyers.**

The main findings revealed that six in ten (59%) financial professionals, 57% of professional fund buyers, and 56% of institutional investors believe there is alpha to be found in ESG, whilst also believing these strategies can mitigate exposure to governance and social risks not captured in traditional analysis. More than half (56%) of individual investors believe that companies that demonstrate a higher level of integrity will outperform those that do not.

Institutional investors continue to lead the way in the adoption of ESG strategies in their portfolios. Almost two thirds (66%) believe ESG will become standard practice in the next five years, up from 60% in 2017. Among those who implement ESG today, 46% say they believe this analysis is as important to their investment process as traditional fundamental analysis.

However, the survey also demonstrated the need for more advanced reporting and measurement. More than two thirds of financial professionals (68%) said they would be more likely to recommend ESG products if there was better data and reporting available.

“As an active manager, we view ESG factors as inherently part of long-term, active investment strategies. Investors agree. ESG is now recognised beyond the narrow scope of negative screening with which it was once associated. However, demand for ESG is outpacing supply. As it continues to expand into a broader set of strategies, investors will need greater clarity and definition on ESG products, how ESG is implemented, why, and what the benefits of ESG are on investment performance,” said **Jean Raby, CEO of Natixis Investment Managers**. *“There are some clear steps to take, including better taxonomy and labelling standards across the industry, and more transparency around climate and ESG reporting.”*

Professional investors leading the charge

Institutions are integrating a wide range of ESG strategies, most frequently employing ESG integration, which makes analysis of ESG factors part of their fundamental analysis process. ESG investing is also making inroads in wholesale markets, where 65% of fund buyers say it is part of their investment practices. In this field, slightly fewer rely on full integration (28%) and exclusionary screening (22%), but larger numbers employ both impact investing and best-in-class approaches (15% each).

[Attribute quote to local head of country or region], commented: “As with most new innovations in investing, institutional investors have been leading the charge on ESG. Six in ten already incorporate ESG in their portfolios and the majority (55%) plan to increase allocations in 2019. As they face greater reporting requirements of their own, they will increasingly come to lean on the investment industry to provide the measurement and reporting they need, which will be to the benefit of investors across the board.”

Younger investors lead the way among individuals

In contrast to older generations, the majority (56%) of Millennial investors and half (48%) of Generation X before them said they believe their investments can have a positive impact on the world. Only 41% of Baby Boomers and 30% of the Silent Generation said the same.

Values hold sway on ESG

Across the investor groups surveyed, the findings reveal the importance of aligning investments to values, a particularly important consideration for individual investors – four in five (81%) said the ability to customize their investments to meet their personal values was important. This is not however at the detriment of returns, with more than half (XX%) who say they are not willing to give up investment performance in order to align their assets and values. Almost three in five (59%) institutional investors and more than half (52%) of professional fund buyers also identified the need to align investment strategies to organizational values as the primary reason for integrating ESG.

Environmental considerations edge out Governance and Social

For professional investors globally, environmental considerations continue to be the primary ESG consideration. When asked to identify the factors they were most focused on incorporating within their investment strategy, more than three quarters (76%) of institutional investors selected environmental, followed by governance (70%) and social (61%). This focus is reflected by professional fund buyers for whom environmental factors are the primary consideration for four-fifths (80%), followed by governance (73%) and social (65%).

The full report of the 2019 ESG survey from Natixis Investment Managers, “Looking for the best of both worlds”, is available here <insert hyperlink>

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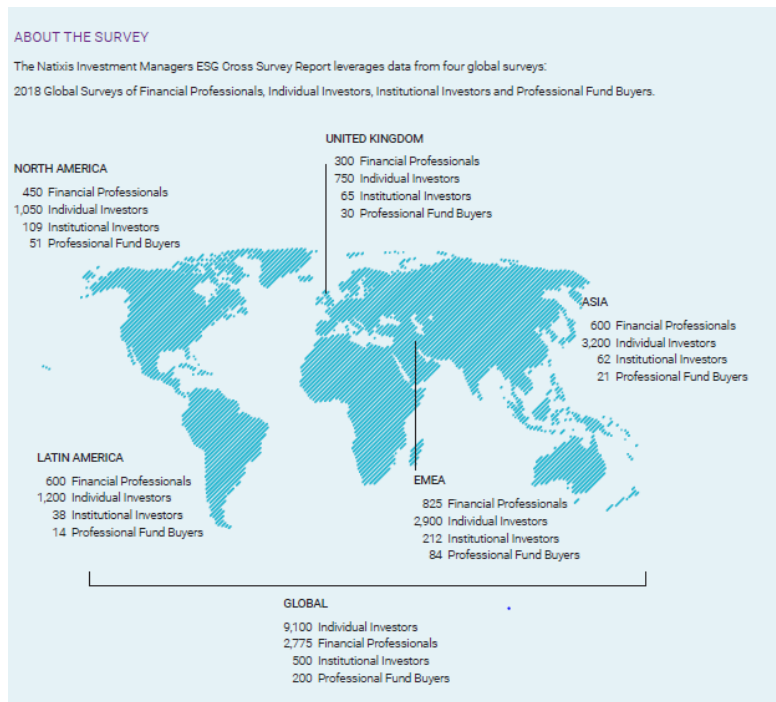
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About the Natixis Center for Investor Insight

Investing can be complicated: Event risk is greater and more frequent. Volatility is persistent despite market gains. And investment products are more complex. These factors and others weigh on the psyche of investors and shape their attitudes and perceptions, which ultimately influence their investment decisions. The Center for Investor Insight conducts

research with investors around the globe to gain an understanding of their feelings about risk, their attitudes toward the markets and their perceptions of investing.

Methodology*



Natixis Investment Managers, Global Survey of Financial Professionals conducted by CoreData Research in March 2018. Survey included 2,775 financial professionals in 16 countries.

Natixis Investment Managers, Global Survey of Individual Investors conducted by CoreData Research, September 2018. Survey included 9,100 investors from 25 countries.

Natixis Investment Managers, Global Survey of Institutional Investors conducted by CoreData Research in September and October 2018. Survey included 500 institutional investors in 28 countries.

Natixis Investment Managers Global Survey of Professional Fund Buyers was conducted by CoreData Research in October and November 2018. The survey included 200 respondents in 22 countries throughout North America, Latin America, the United Kingdom, Continental Europe and the Middle East.

About Natixis Investment Managers

Natixis Investment Managers serves financial professionals with more insightful ways to construct portfolios. Powered by the expertise of 24 specialized investment managers globally, we apply Active Thinking® to deliver proactive solutions that help clients pursue better outcomes in all markets. Natixis Investment Managers ranks among the world's largest asset management firms¹ with \$960.3 billion / €855.4 billion AUM.² Headquartered in Paris and Boston, Natixis Investment Managers is a subsidiary of Natixis. Listed on the Paris Stock Exchange, Natixis is a subsidiary of BPCE, the second-largest banking group in France. Investment solutions are also offered through Natixis Advisors and Dynamic Solutions. **Not all offerings available in all jurisdictions.** For additional information, please visit Natixis Investment Managers' website at im.natixis.com | LinkedIn: [linkedin.com/company/natixis-investment-managers](https://www.linkedin.com/company/natixis-investment-managers). Natixis Investment Managers' distribution and service groups include Natixis Distribution, L.P., a limited purpose broker-dealer and the distributor of various registered investment companies for which advisory services are provided by affiliated firms of Natixis Investment Managers, and Natixis Investment Managers S.A. (Luxembourg) and its affiliated distribution entities in Europe and Asia. Provided by Natixis Investment Managers UK Limited which is authorised and regulated by the UK Financial Conduct Authority (register no. 190258). Registered Office: Natixis Investment Managers UK Limited, One Carter Lane, London, EC4V 5ER.

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¹ Cerulli Quantitative Update: Global Markets 2018 ranked Natixis Investment Managers as the 16th largest asset manager in the world based on assets under management as of December 31, 2017.

² Net asset value as of March 31, 2019. Assets under management ("AUM"), as reported, may include notional assets, assets serviced, gross assets, assets of minority-owned affiliated entities and other types of non-regulatory AUM managed or serviced by firms affiliated with Natixis Investment Managers.