Growth of responsible investing

Rapid growth in Canada and beyond

Responsible investing is growing in popularity as investors see an opportunity for better risk-adjusted returns while also contributing to important social, governance and environmental issues.

Canadian assets being managed using one or more responsible investing strategies increased to **$3.2 trillion** between Dec. 31, 2017 and Dec. 31, 2019 – a **48% increase.**[1]

In 2021, Canadian responsible investing assets accounted for **61.8%** of total Canadian assets under management.[2]

Global responsible investment assets reached **USD $30.7 trillion** at the start of 2018, a **34% increase** from 2016.[3]

There are three key investment approaches that are recognized under the umbrella term responsible investing:

Exclusionary

Excludes entire industries based on values or belief set.

Commonly excludes the “sin sectors” of tobacco, alcohol, adult entertainment and weapons.

Value-based exclusionary investment strategies typically apply a screen as part of their security selection process, avoiding investing in companies that meet a given criteria.

Inclusionary

Identifies and invests in companies that focus on social and environmental issues, as well as those that are doing a better job managing and promoting these issues.

Includes positive screening, environment, social and governance (ESG) integration, thematic investing and shareholder engagement strategies.

Impact

Focuses on business models and the products and services these companies produce. Impact investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

Who’s interested and why?

canada life™

Investors contributed **$51.1 billion** to sustainable funds in 2020, compared to less than $5 billion five years ago.[4]

97% of respondents expect moderate to high levels of growth in responsible investing over the next two years, showings that Canadian investors increasingly view ESG factors as important components of investment decisions.[1]

77% agree that companies with good environmental, social and governance (ESG) practices are better long-term investments.

82% of investors would like to dedicate a portion of their portfolio to responsible investing.

77% of investors are somewhat to very interested in responsible investing.

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[1] Responsible Investment Association (RIA) Canada. (2020). *2020 Canadian RI Trends Report.* RIA Canada. https://www.riacanada.ca/research/2020-canadian-ri-trends-report/

[2] RIA Canada (2020). *What is Responsible Investment?* RIA Canada. https://www.riacanada.ca/responsible-investment/#what-is-ri

[3] Global Sustainable Investment Alliance. (2018). *2018 Global Sustainable Investment Review.* GSI Alliance. http://www.gsi-alliance.org/wp-content/uploads/2019/03/GSIR_Review2018.3.28.pdf

[4] MSCI. (March 2020). *Swipe to invest: the story behind millennials and ESG investing.* MSCI. https://www.msci.com/documents/10199/07e7a7d3-59c3-4d0b-b0b5-029e8fd3974b

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