

FOR PROFESSIONAL INVESTORS ONLY

# Square Mile Responsible Investment Report 2022



## Welcome to the 2022 Responsible Investment Report.

Building on the ESG Pathway brand, Square Mile partnered with ESG Clarity once again to launch Responsible Pathway. Running from October 2021 to February 2022, this interactive series of events was designed to bridge the gap between advisers, asset managers and industry experts on the ever-evolving landscape of Responsible Investment (RI). Over the four-part series, we presented to over 160 advisers, and 34% of attendees joined more than one event.

As part of the series, delegates were encouraged to complete a short survey with the aim of determining the views of advisers and their clients on matters of RI. Across the event, 38 surveys were completed, each answering nineteen questions, providing data on:

1. Client interest and understanding
2. Integrating RI into advisers' business models
3. Industry support and development

Square Mile conducted two similar research studies over 2020 and 2021, and although this does not provide a direct comparison, it does offer an indication of how advisers and their clients are adapting to this area of investing as it continues to evolve. It is also important to note that while these surveys provide insight into key themes and trends amongst UK financial advisers, these are based on a relatively small pool of advisers.

An overview of the findings from this year's RI research report can be found to the right.

- There is still inconsistency in language and terminology used by advisers and their clients.
- Although the majority of advisers believe that their clients understand that investing in a RI portfolio does not mean sacrificing returns, 61.3% claimed that their clients would be willing to sacrifice their returns in order to achieve their RI aims.
- Over half (54.4%) of advisers stated their clients had expressed an interest in investing in a specific RI theme. Given the increased visibility and urgency of these issues at a global level, it was unsurprising that climate change was the most prevalent.
- A greater proportion of respondents (76.3%) indicated their clients wish to exclude certain criteria, such as fossil fuels.
- Advisers appear to be continuing to integrate RI into their businesses, with 54.8% having a specific question on RI in their Attitude to Risk Questionnaire and 56.7% having embedded RI into their Centralised Investment Propositions, up from 46.4% and 39.3% in Q4 2020, respectively.
- Complexity remains the greatest barrier to advising on RI, which remains unchanged since Q4 2020. This is followed by a lack of information.
- 70% of advisers stated that third party research and ratings were one of the most important credentials when selecting an asset manager or provider.
- Corresponding to previous findings, advisers once again named Liontrust and Royal London as the leading fund groups in RI.
- Advisers highlighted more consistent frameworks and requirements and greater transparency as key areas where the industry can support them on their RI journey.

## Important Information

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