

## MEDIA RELEASE

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### Responsible investment outperforms over the short and long term: says RIAA report

- Responsible investment outperforms in Australian Shares, International Shares and Balanced Growth funds over one year and seven years and across International Shares and Balanced Growth funds over one, three, five and seven years
- Managed responsible investment portfolios fell 3% less than mainstream portfolios
- Community finance continues to increase, growing 14%

**SYDNEY:** *Responsible Investment 2009*, the 9th annual Benchmark Report commissioned by the Responsible Investment Association Australasia (RIAA), confirms taking environmental, social and governance (ESG) issues into account can improve investment performance in the short and long term.

Released today, the report found the average return of responsible investment Australian Shares, Overseas Shares and Balanced Growth managed funds outperformed the average mainstream fund over one year and seven years.

The report also found the average return of responsible investment Overseas Shares and Balanced Growth managed funds outperformed the average mainstream fund over all time periods up to seven years to June 2009.

Over the last twelve months, the average return of the largest category, Australian Shares, was half a percent better than the average mainstream Australian shares funds (negative 18.28% compared to negative 18.79% respectively).

“In a period that witnessed the aftermath of the US sub-prime loans crisis, a worldwide collapse in asset prices and the flow through of the global financial crisis, this year’s benchmark figures once again confirm that taking ESG into account is a profitable and prudent investment strategy,” said Louise O’Halloran, Executive Director of RIAA.

		1 year	3 years	5 years	7 years
<b>Australian Share Funds</b>	Average Resp. Invest. Fund (19)	-18.28	-4.08	6.67	7.86
	Average Mainstream Fund	-18.79	-3.61	6.82	7.18
	S&P/ASX 300 Acc'm	-20.34	-3.86	6.79	7.54
	AMP SRI Median (12) (before fees)	-18.58	-2.64	7.83	N/A
<b>Overseas Share Funds</b>	Average Resp. Invest. Fund (12)	-14.93	-6.26	2.97	4.74
	Average Mainstream Fund	-22.13	-11.09	-2.76	-2.22
	MSCI World ex Australia Index \$A	-16.24	-10.76	-3.14	-2.64
<b>Balanced Growth Funds</b>	Average Resp. Invest. Fund (8)	-10.09	-1.42	4.83	4.45
	Average Mainstream Fund	-10.28	-2.57	2.98	3.82

Returns to June 2009 (net of management fees) % pa. Number of funds in each responsible investment category is shown in brackets.

With regard to total funds under management, managed responsible investment portfolios fell 11% during the 2009 financial years from A\$15.81 billion to A\$14.00 billion, a decrease of A\$1.81 billion. However, this drop was smaller than the broader market with total investment management of all types of managed portfolios falling 14% in the same period.

The main factor contributing to this fall was negative investment performance of A\$2.19 billion. Offsetting this, net flows to existing managed portfolios were A\$185 million. New funds gathered A\$190 million and were mostly thematic funds based on climate change, water or clean technology investment propositions.

The bright light again in responsible investment was community finance. A total of 12 community finance providers had total assets of A\$980 million, an increase of 14% on last year's figure of A\$863 million.

The report also confirms there is increasing support for broad responsible investment by mainstream institutional investors who integrate ESG issues into their day to day financial analysis, stock selection, company engagement and voting processes. This is demonstrated by the growth of Australian signatories to the United Nations backed Principles for Responsible Investment, up 34% from 2008 and now assets under management of A\$554 billion.

A copy of *Responsible Investment 2009* can be downloaded at [www.responsibleinvestment.org](http://www.responsibleinvestment.org)

**NOTES TO THE EDITORS:**

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**About Responsible Investment 2009**

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The research for the report was conducted by Michael Walsh of Corporate Monitor and the New Zealand report was prepared by Dr Rodger Spiller of Money Matters. Data was provided by Morningstar and Rainmaker.

Responsible Investment 2009 is the 9th annual Benchmark Report commissioned by RIAA and the 6th report based on research carried out by Corporate Monitor. Its aim is fourfold: to update figures for the 2008-09 financial year for the various forms and segments of responsible investment; to present analysis of its level of growth (or decline); to show comparisons with the total managed investment market; and to provide a summary of the latest reported overseas figures. This year it also contains a separate report showing benchmarks for clean technology investment.

**About RIAA**

The Responsible Investment Association Australasia (RIAA) was established in 2000 and is the region's peak, professional association for organisations and individuals working in responsible investment.

RIAA exists to provide education, training and professional support to further an investment industry and investment practices which optimise financial returns and create positive environmental, social, governance and ethical outcomes.

For more information, visit [www.responsibleinvestment.org](http://www.responsibleinvestment.org)