

Media release

Adviser education key to meet ethical investment demand

SYDNEY, 11 April 2019: Limited transparency and disclosure from the \$2.6 trillion¹ super industry is impacting advisers' ability to provide advice on ethical and environmental, social, and governance (ESG) considerations, according to leading ethical wealth manager Australian Ethical Investment.

Leah Willis, Head of Client Relationships at Australian Ethical, said that while nine in 10 Australians expect their superannuation or other investments to be invested responsibly and ethically² both advisers and consumers are struggling to obtain a complete picture of many funds' holdings.

"Our experience suggests that Australians want more alignment between their investments and their values but a lack of transparency makes it difficult for advisers to point them in the right direction.

"The current lack of disclosure by super funds is preventing Australians from knowing exactly where they are invested and what activities they are funding through their superannuation and other investments," she said.

Australian Ethical has launched a public awareness campaign that aims to highlight these issues to help Australians consider the social and environmental impact of their investments as well as economic performance.

Willis said: "Ethical and responsible investing presents advisers with a great opportunity to form deeper, more meaningful relationships with their clients by matching them with investments that align with their personal values.

"And while a growing number of Australians are actively seeking Australian Ethical out as having the highest ethical conviction of any responsible fund, challenges in the sector include limited knowledge, confusion, and a lack of advice.

"The many "shades of green" can be bewildering for investors, and it is the adviser's role to demystify and simplify the ethical investing journey so their clients can make informed and empowered decisions."

According to the Responsible Investment Association of Australasia, ethical investing quadrupled in Australia between 2014 and 2017³ with Australian Ethical named the fastest growing super fund in Australia by membership for the past five years⁴. This growth spans all ages as ethical investing continues to become mainstream and not just "millennials" and "activists" seeking values-aligned investments.

"For advisers to attract and retain clients and appeal to future investors it is critical they realise ethical investing is not a fad. It is here to stay," Willis said.

¹ [Royal Commission Final Report, Volume 1](#) February 2019

² [The Responsible Investment Association of Australasia](#) November 2017

³ [The Responsible Investment Association of Australasia](#) June 2018

⁴ [KPMG Super Insights Report](#) 2018

Adviser education

Australian Ethical has been helping people invest in a better future for over 30 years and recently renewed its focus on adviser education, updating content and producing a toolkit to help advisers navigate the sector with confidence.

Willis said: “Our experience speaking with Australia’s adviser community indicates that demand for ethical and responsible investing is client-led rather than advice-driven which is why adviser education is so important. Advisers need to be able to respond to clients’ queries about the impact of their investments accurately.”

One of the simplest ways advisers can gain transparency over investments and ensure due diligence is by asking the funds directly about their investment process.

Willis said these questions should include:

- What is the fund’s philosophy on responsible investing?
- What sectors/companies does the fund invest in and where won’t it invest?
- What’s the impact of these investments, for example, on the environment and on society?
- How is the fund investing member money to make a positive difference?

A recent survey by Investment Trends highlighted strong appetite for ESG investments among high net worth investors, with 70% believing it is important for their portfolio to incorporate responsible investing principles, while 36% say they currently exclude or include investments based on ESG concerns⁵.

“As we see the interest in responsible and ethical investment continue to grow, access to comprehensive investment information, philosophies, and screens should be readily available for the adviser community to help clients realise their financial goals,” Willis said.

Australian Ethical’s bold new brand campaign, aimed at encouraging all Australians to better understand the impact of their super, can be viewed [here](#) and the adviser toolkit can be downloaded [here](#).

To request a time to speak with Australian Ethical, or for written comment, please contact:

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⁵ Investment Trends Oct 2018 High Net Worth Investor Report

About Australian Ethical Investment

Australian Ethical is Australia's leading ethical wealth manager. Since 1986, Australian Ethical has provided investors with wealth management products that align with their values and deliver strong returns. Investments are guided by the Australian Ethical Charter which both shapes its ethical approach and underpins the Company's culture and vision.

Australian Ethical has \$2.85 billion in funds under management across superannuation and managed funds⁶. Visit: www.australianethical.com.au

⁶ As at 31 December 2018 <https://www.australianethical.com.au/wp-content/uploads/2019/01/20190124-AEF-FUM-Flows-Q2-FY19.pdf>