SRI Assets Up 22% in Two Years

The new 2012 Report on Sustainable and Responsible Investing Trends in the United States, released today by the US SIF Foundation, finds that sustainable and responsible investing (SRI) accounts for 11.23 percent of all assets under professional management in the United States at year end 2011. According to the report, $3.74 trillion out of $33.3 trillion of investment assets is held by individuals, institutions, investment companies or money managers that practice SRI strategies.

This total, an increase of 22 percent since year end 2009, reflects growing investor interest in considering environmental, community, other societal or corporate governance (ESG) issues to refine how they make decisions as they select and manage their portfolios or raise their voices as shareholders. Additionally, the US SIF Foundation identified many investors that are beginning to develop their in-house capabilities to analyze ESG criteria; these developments speak to the potential for further growth in the US sustainable and responsible investing market.

Overall Summary

Research was conducted from late April – July 2012 and discovered the following:

•$3.31 trillion in US-domiciled assets was held by 443 institutional investors, 272 money managers and 1,000-plus community investing institutions that select or analyze their portfolios using various ESG criteria.

•$1.54 trillion in US-domiciled assets was held by more than 200 institutional investors or money managers that filed or co-filed through shareholder resolutions on ESG issues from 2010 through 2012.

These two segments of assets, after eliminating for double counting for assets involved in both strategies, yields the overall total of $3.74 trillion.

Main Report Findings

The report found that the total net assets of both mutual funds and alternative investment funds that consider ESG criteria increased significantly:

•Mutual Funds: $641 billion, a doubling from 2010.

•Alternative Investment Funds: $132 billion, a 250 percent increase from the corresponding assets identified at year-end 2009.

The report also found sizable growth in financial institutions that have a mission of serving low- and middle-income communities:

•Community Development Banks: $30.1 billion, a 74 percent increase since 2010.

•Credit Unions: $17.1 billion, a 54 percent increase from 2010.

The report found that concerns about business ties to repressive or terrorist regimes, other country-specific criteria and interest in corporate governance are the top issues for sustainable and responsible institutional asset owners.

•Sudan: $1.63 trillion, a 21 percent increase from 2010; Iran: $1.24 trillion, a 180 percent increase from 2010.

•Corporate Governance: $914 billion, a 161 percent since year-end 2009.

Additionally, the report found a significant increase of institutional investor assets involved in the following ESG criteria, since the last Trends report, published in 2010:

•Environmental issues: $636 billion, 43 percent increase from 2010. Climate change is now considered by 23 percent of institutional asset owners incorporating ESG criteria.

•Corporate Political Contributions and Lobbying (tracked for the first time by the 2012 survey): $459 billion.

"The 2012 Trends report demonstrates that we are moving closer to a sustainable and equitable economy," said Lisa Woll, CEO of US SIF. “From the growth in mutual funds that consider ESG criteria and increased investment in community development banks and credit unions to increasingly large votes on shareholder proposals and the availability of sustainable investment options across asset classes, SRI strategies are on the rise in the United States. We are pleased that this report details many important and interrelated trends that indicate that sustainable and responsible investing will continue its impressive growth and impact.”

About the Survey

The US SIF Foundation sent a confidential, personalized survey link to approximately 1,100 investment management firms and institutional asset owners identified in previous surveys as practicing SRI strategies or believed to be new entrants to SRI practice. Survey recipients were asked to detail whether they considered ESG issues in investment analysis and portfolio selection, to list the issues considered and to report the value of the US-domiciled assets affected as of December 31, 2011. They were also asked to report their total US-domiciled assets as of year-end 2011 and whether they filed shareholder resolutions or engaged in other shareholder engagement activities. The research team also collected additional data from public and third-party sources.

US SIF: The Forum for Sustainable and Responsible Investment is the US membership association for professionals, firms, institutions and organizations engaged in sustainable and responsible investing. US SIF and its members advance investment practices that consider environmental, social and corporate governance criteria to generate long-term competitive financial returns and positive societal impact. US SIF’s members include investment management and advisory firms, mutual fund companies, research firms, financial planners and advisors, broker-dealers, banks, credit unions, community development organizations, non-profit associations, and pension funds, foundations and other asset owners.

The 2012 Report on Sustainable and Responsible Investing Trends in the United States is a publication of the US SIF Foundation, a 501c3 organization that undertakes educational, research and programmatic activities to advance the mission of US SIF.

14/11/2012