

Two thirds of advisers see Environmental, Social, Governance (ESG) considerations as ‘important’ when building portfolios for their clients

- **80% of advisers believe in the importance of ESG investing in ensuring the UK delivers its ‘net zero’ carbon targets**
- **Advisers cite perception of underperformance as the biggest barrier to investor take-up of ESG options**
- **Over half (57%) of advisers cited education sessions as necessary to encourage them to suggest ESG funds to clients more frequently**
- **Using these insights, Foresight is committed to working closely with the investment community on sustainable investment**

London, 5 March 2020: The majority of advisers have a very positive view of the importance of ESG in portfolio construction, according to a new study¹ among financial advisers by Foresight Group LLP (“Foresight”), a leading independent infrastructure and private equity investment manager.

The research, conducted among more than 100 financial advisers, revealed that: almost two-thirds of advisers (64%) see ESG considerations as ‘important’ when building portfolios for their clients, of which 15% see it as ‘very important’.

Moreover, four out of five (80%) advisers believe in the importance of ESG investing in ensuring the UK delivers its ‘net zero’ carbon targets. Over three-quarters of advisers (77%) say they would consider investing in a global equity fund with an investment mandate focusing on companies that combat climate change.

Knowledge gap remains

Despite the powerful momentum within the asset management industry towards greater ESG integration, the study, *‘Making inroads: The challenges financial advisers face in recommending Environmental, Social and Governance funds’*, underlines the existing misconceptions around ESG performance.

The biggest barrier identified by advisers is Investors’ perception that ESG strategies will lead to underperformance, despite recent data showing just the opposite². Other barriers preventing client adoption for ESG are a lack of understanding and familiarity.

This knowledge gap and fears of portfolio underperformance mean it could be at least five years before investors view ESG as a key investment consideration, according to those surveyed. Financial advisers reported that only 20% of clients have expressed a preference for ESG investing options.

Bridging the knowledge gap

When asked what would encourage a greater take-up of ESG funds among their clients, well over half (57%) cited education sessions to bridge the existing knowledge gap. This was followed by case studies (45%), learning tools (43%) and testimonials (25%).

Nick Scullion, Head of Foresight Capital Management and lead fund manager of the FP Foresight Global Real Infrastructure Fund, said: “It is encouraging to see advisers getting behind ESG investing,

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however, there is still much to do for end investors to follow suit. As an industry, we must do a better job of putting forward the case for ESG investing, improving levels of knowledge and most importantly correcting the misperception around underperformance, particularly when the opposite is true. At Foresight we pride ourselves on being a sustainability-led investment manager with strong ESG credentials and continue to wrap our investment strategies around the trends shaping society. We are certainly prepared to take on responsibility for working with the investment community to improve understanding and helping to shape sustainable investing in the future.”

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¹ Research conducted by PollRight among 124 financial advisers between 21 October and 8 November 2019

² Source: *ESG Funds Beat Non-Sustainable Sister Funds*, Morningstar, 24 September 2019. Funds with a commitment to ESG are outperforming non-ESG funds on a risk-adjusted basis

Source: MSCI ESG Research, LLC, “Foundations of ESG Investing Part 1: How ESG Affects Equity Valuation, Risk and Performance.” Contributors: Guido Giese, Linda-Eling Lee, Dimitris Melas, Zoltan Nagy, Laura Nishikawa. November 2017

Notes to Editors

About Foresight Capital Management:

Foresight Capital Management (“FCM”) was set up in 2017 as a division of Foresight Group LLP, the specialist infrastructure and private equity investment manager, to manage infrastructure focused strategies through Open Ended Investment Companies (“OEICs”). FCM’s OEIC portfolio includes the FP Foresight UK Infrastructure Income Fund (“FIIF”) launched in December 2017 and the FP Foresight Global Real Infrastructure Fund (“GRIF”), launched in June 2019 with assets under management now exceeding £675 million.

FCM was named ‘Fund Manager of the Year’ at the PLC Awards 2018 in respect of the outstanding debut performance of FIIF.

Foresight Group LLP (“Foresight”) has been managing investment funds on behalf of institutions and retail clients for more than 35 years. It has in excess of £4.5 billion AUM across a number of funds, including Listed Vehicles, Limited Partnerships, Enterprise Investment Schemes (EISs), Venture Capital Trusts (VCTs) and Inheritance Tax Solutions using Business Property Relief (BPR) and OEICs.

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Foresight is a leading renewables infrastructure investor with over £3 billion of clean energy infrastructure assets under management including wind, solar, bioenergy, hydro, battery storage and flexible generation. Foresight currently manages more than 290 renewable generation assets globally, with a total generating capacity of 2.2GW.

In private equity, Foresight has more than £600 million of funds under management and a UK SME portfolio comprising more than 90 companies, making growth capital and equity release investments from five regional institutional funds alongside a family of Venture Capital Trusts and Enterprise Investment Schemes.

Foresight is headquartered in London with regional UK offices in Manchester, Nottingham, Milton Keynes, Leicester, Edinburgh, Cambridge and Guernsey and international offices in Sydney, Rome, Madrid and Seoul.