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### **Sustainability driver**

They seek it here, they seek it there, institutional and retail. Ethical investment is no longer just a fad. And there's an exceptional driver powering growth in the sector: performance.

by Gabriele Petrucciani

Sustainability? It's anything but a fad. They seek it here, they seek it there. Among investors, the younger generations in particular (millennials, in other words), but also among asset managers, who have begun to implement environmental, social and governance (ESG) factors. This is shown, for example, by the latest Mercer survey, according to which 40% of Europe's institutional investors (46% in Italy) include sustainability factors among the criteria inspiring their portfolio strategy. On the investors' side, on the other hand, the most recent edition of the UBS Investor Watch survey of high net worth individuals focused on sustainability. The list was dominated by the Italians, with higher percentages for various aspects than their European counterparts. A significant majority of wealthy investors in Italy deems it important to use their time and resources to help create a better planet. As a result, 86% of Italians are being increasingly proactive in aligning their spending decisions with their personal values and in spending more on products from companies that adopt sustainable practices.

This mentality also translates into an interest in sustainable investment. While all age groups are paying attention to ESG factors, it's the under-35s that are most involved. This interest is growing, thanks not least to the performance of sustainable instruments, which have nothing to fear from more traditional instruments. In fact the opposite is true: in some cases they're even better, as a study by Banor SIM in collaboration with Politecnico di Milano shows. The figures refer to 882 companies listed in the StoxxEurope 600 index from 2012 to 2017. They show that companies with a high ESG rating perform better in terms not just of financial results but also of stock market performance. So their securities bring better returns for investors. In short, the markets seem to reward companies that adopt good ESG practices. And we should never contradict the markets.