



# Future proofing through Sustainability

Sustainable investing has been gaining traction across different asset classes. It is a long-term investment trend that will play an increasingly important role in enhancing portfolio returns and the sustainable development of the world.

## FURTHER INFLOWS EXPECTED

According to recent data from the Morningstar, global sustainable fund assets have reached a record high of USD 3.9 trillion as of 3Q21. Notably, the expansion has been particularly sharp since the onset of the COVID-19 pandemic. In addition, we have witnessed a surge in the issuance of sustainable debt, which climbed from USD 87 billion in 2015 to about USD 1 trillion this year.

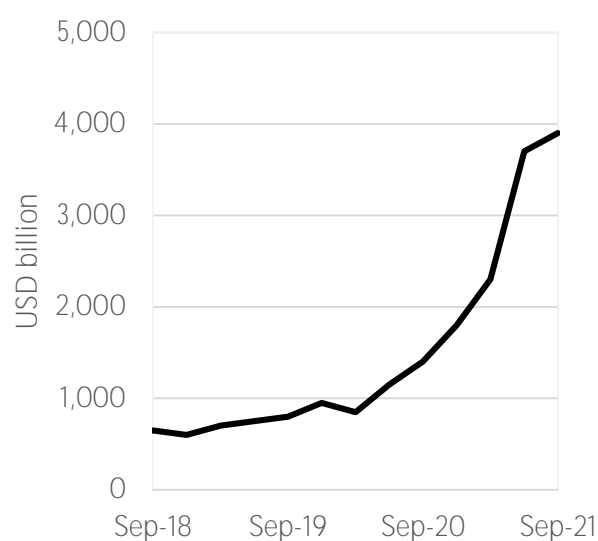
Despite the impressive asset growth, there are still some concerns over the lack of a common standard to evaluate sustainable investments. This has kept some investors on the sidelines, as they are worried that investments labelled as “sustainable” are actually “greenwashed” and creating a false impression that they are “Environmental, Social, and Governance (ESG)-friendly”.

To address this issue, there have been developments such as the implementation of Sustainable Finance Disclosure Regulation (SFDR) in Europe, which made it easier to understand and compare the sustainability profile of different funds. With further progress on the regulatory front and evaluation framework, it should instil more investor confidence and encourage healthy inflows into sustainable investments that should be supportive of their performance.

## ADOPT HOLISTIC APPROACH

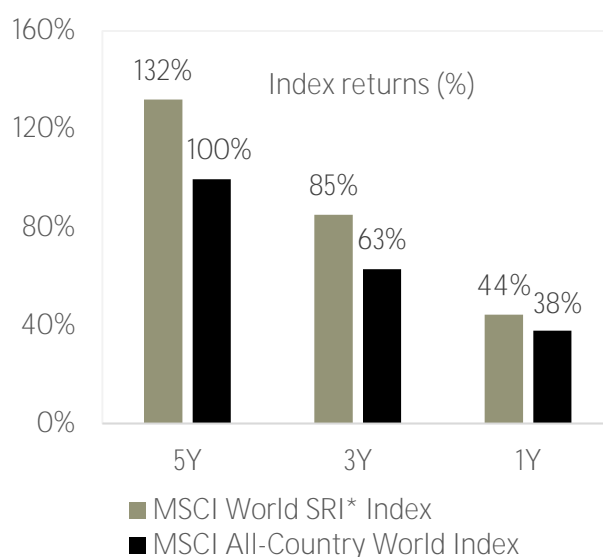
Still, a good ESG rating should not be the only criterion when evaluating sustainable investments. Investors should consider other aspects, be it the track record of a sustainable fund, the credit fundamentals of a green bond or the valuation of a plant-based food company. By adopting a holistic approach, we would be in a better position to assess and select the appropriate sustainable investment assets. In doing so, it would not only help to future proof our investment portfolio, but also future proof the world for the generations to come.

Global sustainable fund assets hit a record high of USD 3.9 trillion as of 3Q21



Source: Morningstar | October 2021

Sustainable investments have demonstrated the ability to outperform



\*MSCI World Socially Responsible Investment (SRI) index provides exposure to companies with outstanding ESG ratings

Source: Bloomberg | 31 October 2021

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