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Most popular recent fund launches are global equities - Strong growth in retail and ESG themed funds

The last 100 funds launched by Australia's leading responsible entity provider Equity Trustees have shown global equities to be the most popular, with a sharp rise in ESG-themed funds.

'**The 100**' is a new and innovative body of research developed by Equity Trustees this year, with plans for it to be released annually. The analysis found the majority (34%) of funds brought to market over the past 24 months were global equity funds. This was followed by (Global and Domestic) fixed income (17%), Australian equities (16%), and multi-asset funds (12%).

| FUND TYPE | PER CENT |
|-------------------------|----------|
| Global equity | 34 |
| Australian equities | 16 |
| Multi-asset | 12 |
| Global fixed income | 10 |
| Australian fixed income | 7 |
| Global property | 5 |
| Australian real assets | 3 |
| Commodities | 3 |
| Global real assets | 3 |
| Venture capital | 3 |
| Renewables | 1 |
| Multi strategy | 1 |
| Currencies | 1 |
| Other | 1 |

While the analysis found that the majority (83%) of funds had no primary theme, of those that did, 9% had an environment, social and governance (ESG) theme, with 4% having sustainable development goals, 3% ultra-ethical code of governance (Sharia compliant) and 1% themed carbon neutral.

"This was a significant jump compared to previous years and today we are seeing a large variety of ESG-orientated investment strategies being developed. We expect to see this theme to continue as we push towards a carbon neutral world by 2050" said Mick O'Brien, Managing Director at Equity Trustees.

"The key focus of these funds is the environment and reducing environmental impact through investing. The range of strategies is very wide, from having some exclusions to actively looking to invest in a positive manner to improve the environment – and everything in between."

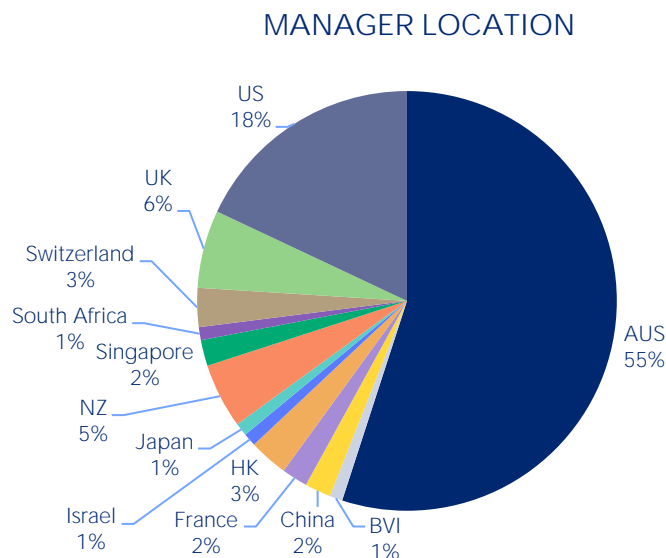


Mr O'Brien added that an increasing number of managers are signatories to the UNPRI directory and are now committed to incorporating ESG into their investment strategies. Many Australian super funds have signed up to be tobacco free causing fund managers following suit.

Equity Trustees has appointed a General Manager, Responsible Investing to reflect its continuing commitment to this area.

Russell Beasley, Executive General Manager Corporate Trustee Services at Equity Trustees, added: "Of the funds launched, just over half (55%) were launched by domestic fund managers, with 45% from global asset managers. We expect to see more global fund managers entering the Australian market as borders reopen after 2 years without being able to travel.

"Of the global managers setting up funds in Australia, 18% were head-quartered in the United States, 6% in the United Kingdom, 5% in New Zealand, 3% in Switzerland and 3% in Hong Kong. When establishing master feeder structures, the majority of master funds were Luxembourg SICAVs (29%), followed by Cayman-registered funds (18%) and Delaware LLCs (11%).



Mr Beasley added: "The majority of funds (81% by number) were developed for the direct retail or platform market, with just 1 in 5 funds now being developed purely for the wholesale market alone.

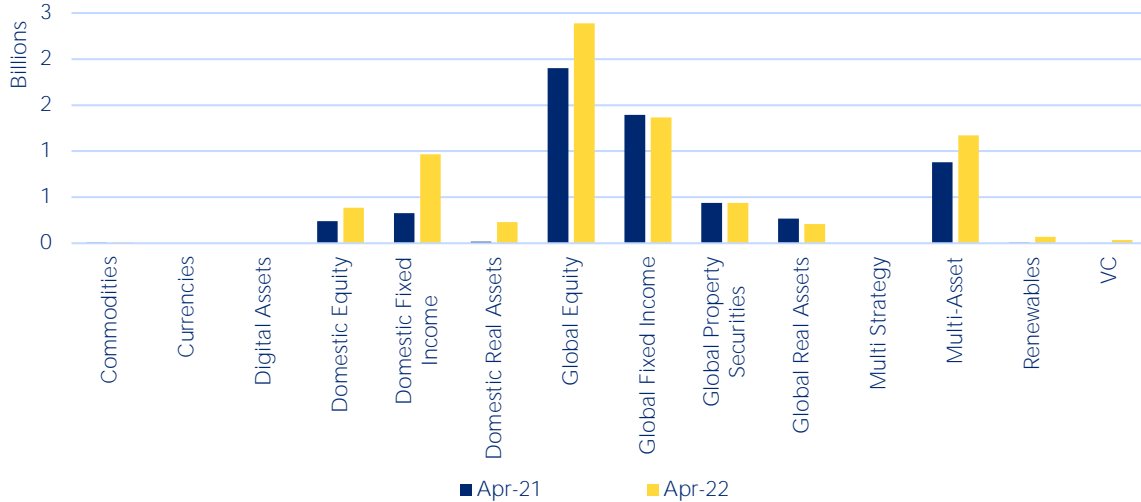
"There was strong demand for investment funds from retail investors during COVID; funds that they could understand and relate to. Increased regulation and investor protection is certainly driving this interest in retail products."

He also noted: "The 100 analysis also found that retail fund flows over the year to April 2022 had increased from \$4.3 billion to almost \$6 billion. Wholesale fund flows increased from \$800 million to just over \$1 billion."

The greatest increases were in global equity, he said, with fixed income and multi-asset funds next in line. Most other asset classes saw similar fund flows over the year.



FUM BY ASSET CLASS (\$'BILLIONS)



Mr Beasley said that almost three-quarters of funds (70% by number) were registered managed investment schemes, with 16% unregistered MIS. There has been significant interest in listed vehicles with 8% of new funds being exchanged traded funds, 3% listed investment trusts and 1% real estate investment trusts. While the majority of funds (77%) use a single asset class, a noticeable proportion of funds (23%) now have more than one class with the aim to achieve greater market coverage in a more cost-efficient manner, another trend that is expected to continue.

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With a footprint in US, Europe, the UK and Asia Pacific, we have the ability and know-how to service an ever-growing number of globally diverse fund managers with complex funds

MEDIA INQUIRIES

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