

The ESG Report

ESG's impact on the fund industry

Sustainability must go vertical



Reliable data – or indeed any data - on the allocations that are flowing into investment schemes that, combined, make up the environmental pillar - such as renewable energy, bio-diversity, emission reductions, water and waste – is incredibly difficult to find. The same applies to data on investment flows into schemes covered by the social and governance pillars.

Given the many billions of dollars that is pouring into ESG this is bizarre. A better understanding of what is going on in at least the main sustainable investment sectors would be very helpful. As well as data on investment flows the opportunities, and the dangers, of allocating to these very different individual investment sectors should be much more accessible than at present. It is difficult to believe that there is any other area in the investment industry where such large allocations are being made on back of such little reliable data.

The reason that this situation has arisen is, in part, because ESG investing is still seen as being a predominantly horizontal activity. *Continued on page 15 >>*

What the market correction means for ESG ETFs



At the time of writing the Nasdaq is down 27% on the year to date, the S&P 500 is down 17% and the DJIA is down 12%. In other words, there is a significant correction going on equity markets - especially in the tech sector (where a lot of ESG ETFs are invested).

There has been a great deal of coverage in the financial media of bubbles bursting in tech and so forth but there has been almost nothing at all on what this stock market correction means for ESG ETFs.

As equity markets boomed over the last few years so did ESG ETFs. Over \$120 billion poured into ETFs last year alone that were marketed as following companies with ESG track records. Bloomberg forecast late last year that ESG ETFs would likely reach \$1 trillion in assets by 2025.

Just a few months later it is beginning to look like Bloomberg may have got that forecast substantially wrong. *Continues on page 18 >>*

In this issue

Features

- 1 Sustainability must go vertical
- 1 What the market correction means for ESG ETFs
- 10 ESG is 3D investing
- 12 Energy security and ESG
- 15 Sustainability must go vertical
Story continued from front page
- 18 What the market correction means for ESG ETFs
Story continued from front page

News

- 2 E-events: IFI Global Vision
- 2 Capital raising in Europe: What US private fund managers need to know
- 3 Investing in and structuring debt instruments
- 4 IFI Global launches the Risk Governance Forum
- 4 SIS expanded to include ESG functionality
- 5 IFI Global launches FSI for the US
- 6 IEA May Report on renewables
- 8 Oxford University and the Bank of America to tackle climate change

Listings

- 20 AIFMD service providers
AIFMD related Company listings
- 21 Domicile service provider listing
Company listings by Domicile

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Make cheque payable to:
IFI Global Ltd.
10 Arthur Street
London EC4R 9AY

For additional information please contact Tamara Sims at sims@ifiglobal.com
IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44 (0) 207 220 9077

The ESG Report is published by IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44(0)207 220 9077

Editorial & research enquiries:
Simon Osborn e-mail: osborn@ifiglobal.com

Directory, event and subscription enquiries:
Tamara Sims e-mail: sims@ifiglobal.com