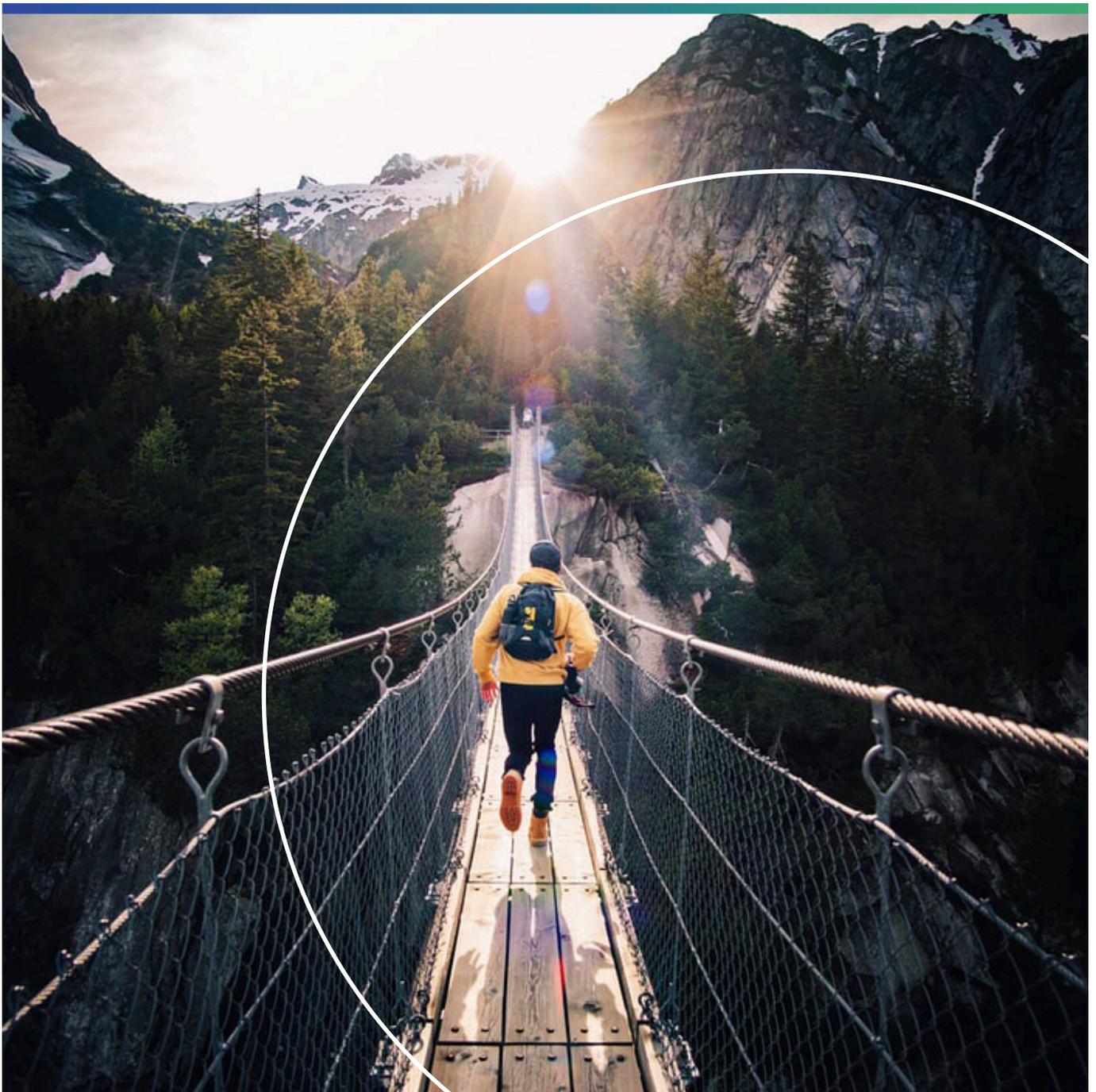




**Sustainable
Finance**
initiative

2019 SFi Investor Survey

An Investor Community Ready for Action





Key Findings

The 2019 SFi Investor Survey revealed five key insights into the mindset and preparedness of Asia's sustainable investor community.



Investors Are Moving Beyond “Interested”, To Thinking “How” They Can Invest Sustainably

80% SPEND TIME LEARNING ABOUT SUSTAINABLE FINANCE



Investors Are Equipping Themselves With The Tools Through Networks And External Advisors

80% ACCESS NETWORKS



Inadequate Advice From Wealth Advisors, Finding Quality Investments, Conducting Due Diligence And Impact Measurement Remain Key Challenges

80% FIND ADVISOR SUPPORT INADEQUATE



Investors Wish To Support SDGs Including Health & Well Being, Education And Climate Action

45% OF INVESTORS WOULD LIKE TO INVEST TOWARDS SDG 3, 4 & 13



Investors Wish To Deploy In Asia With Private And Public Equities Topping Asset Class Interests

>50% WISH TO INVEST IN ASIA

Finding 1.0

Investors are moving beyond simply being “interested” in sustainable investing, to thinking about “how” they can create a legacy that reflects them as individuals and portrays their families’ values.

Eighty percent of our respondents already spend time learning about sustainable and impact investing. They describe their time commitment from “whenever they can” to “a few hours a week” to “part-time”. Some have already built, or are in the process of building, small investment teams of one to three people in addition to the principles.

The top UN Sustainable Development Goals (SDGs) investment preferences within the Investor Circle are Good Health and Well-Being, Quality Education, and Climate Action. These SDGs rank 4th, 9th and 8th among GIIN Investor Survey 2019¹ respondents respectively – the top three for the global survey are Decent Work and Economic Growth, No Poverty and Reduced Climate Action.

More than half of the investors surveyed plan to apply these goals within Asia in order to bring about positive change in their home region.



¹https://thegiin.org/assets/GIIN_2019%2520Annual%2520Impact%2520Investor%-2520Survey_webfile.pdf

Finding 2.0

Investors are seeking out investor networks to better equip themselves with the needed tools, knowledge and resources.

Eighty percent of investors surveyed participate in sustainable, impact or philanthropy networks, or intend to join regional or global platforms. Investors value peer-to-peer learning, and the practical, shared experiences that they gain from networks. These experiences form the fundamental building blocks of their approach to sustainable portfolios. SFI's Investor Circle is one such platform, which collaborates with other networks around the globe.

Finding 3.0

Inadequate advice from investment or wealth advisors remains a key challenge for the sustainable finance market.

More than eighty percent of family offices surveyed work with external investment and wealth advisors, but eighty percent of these find the quality of the sustainable finance support provided by those advisors to be inadequate. This leaves investors feeling dissatisfied and prompts them to seek other sources of support in sourcing quality investments, conducting due diligence and impact measurement. Almost three-quarters of our respondents work with, or plan to work with, external consultants on their sustainable finance activities to bridge this gap.

Finding 4.0

An overwhelming majority of investors are convinced by the sustainable finance thesis and see it as a way for them to contribute to sustainable development.

Investor education efforts have resulted in a growing level of awareness and conviction that sustainable finance is a practical and effective way for wealth owners to contribute to sustainable development. This is evident in respondents' primary drivers for pursuing sustainable finance – over ninety percent wish to solve real-life issues and maximise impact through investing, but at the same time over eighty percent expect, or are planning for, financial returns.

Most investors expect market-rate returns across different asset classes in their sustainable portfolios, although there is some flexibility in private equity and debt investments.



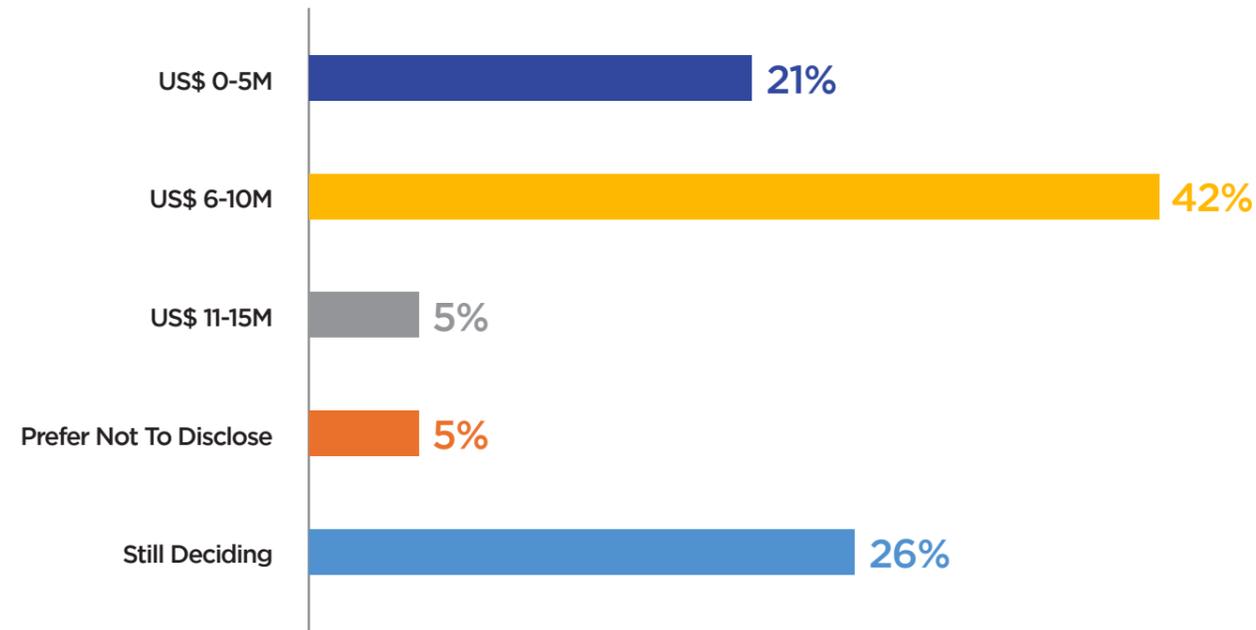
Finding 5.0

Investors wish to deploy more capital across a range of asset classes and thematic areas in Asia in the next 12 to 24 months.

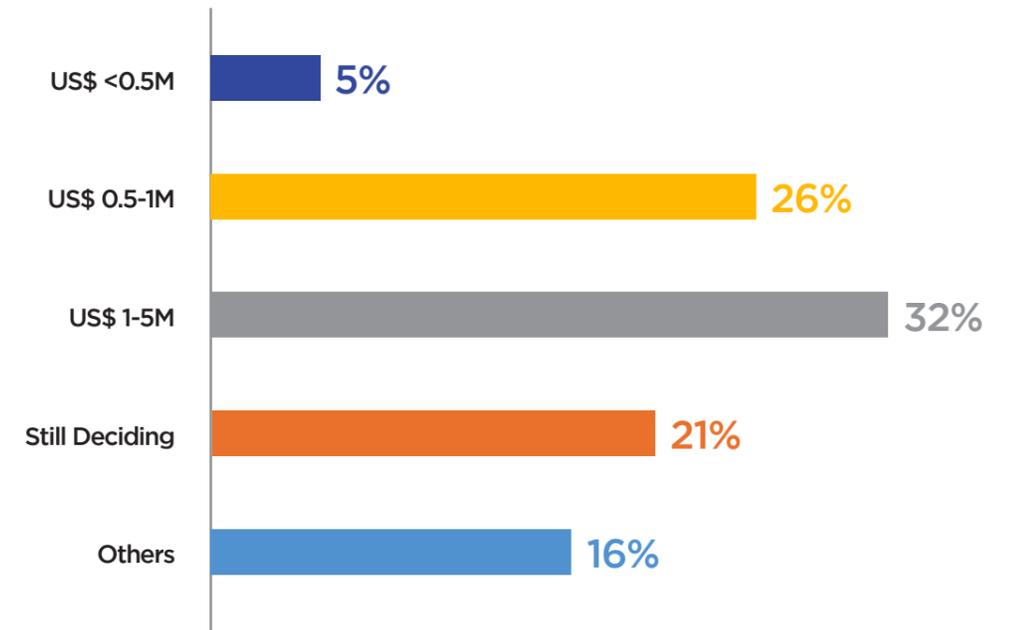
Almost all investors surveyed have already made sustainable investments and are focused on further deployment in the next 12 to 24 months. This willingness to invest comes even as they are still deciding on certain aspects of their investment approach such as risk/return, time horizon, overall percentage of AuM to be allocated, and geographical focus.

The majority of respondents plan to make investments of USD 0.5-5 million in size. They plan to make these investments primarily through intermediaries, including fund managers, as well as in direct investments. Most prefer a balanced, "total portfolio" approach to sustainable investing, but in terms of specific asset classes of choice, venture & growth private equity, public equities and private equity at the angel/pre-seed stage rank as the top three. Respondents that plan to deploy capital as a "total portfolio" approach expect returns of five to ten percent per annum.

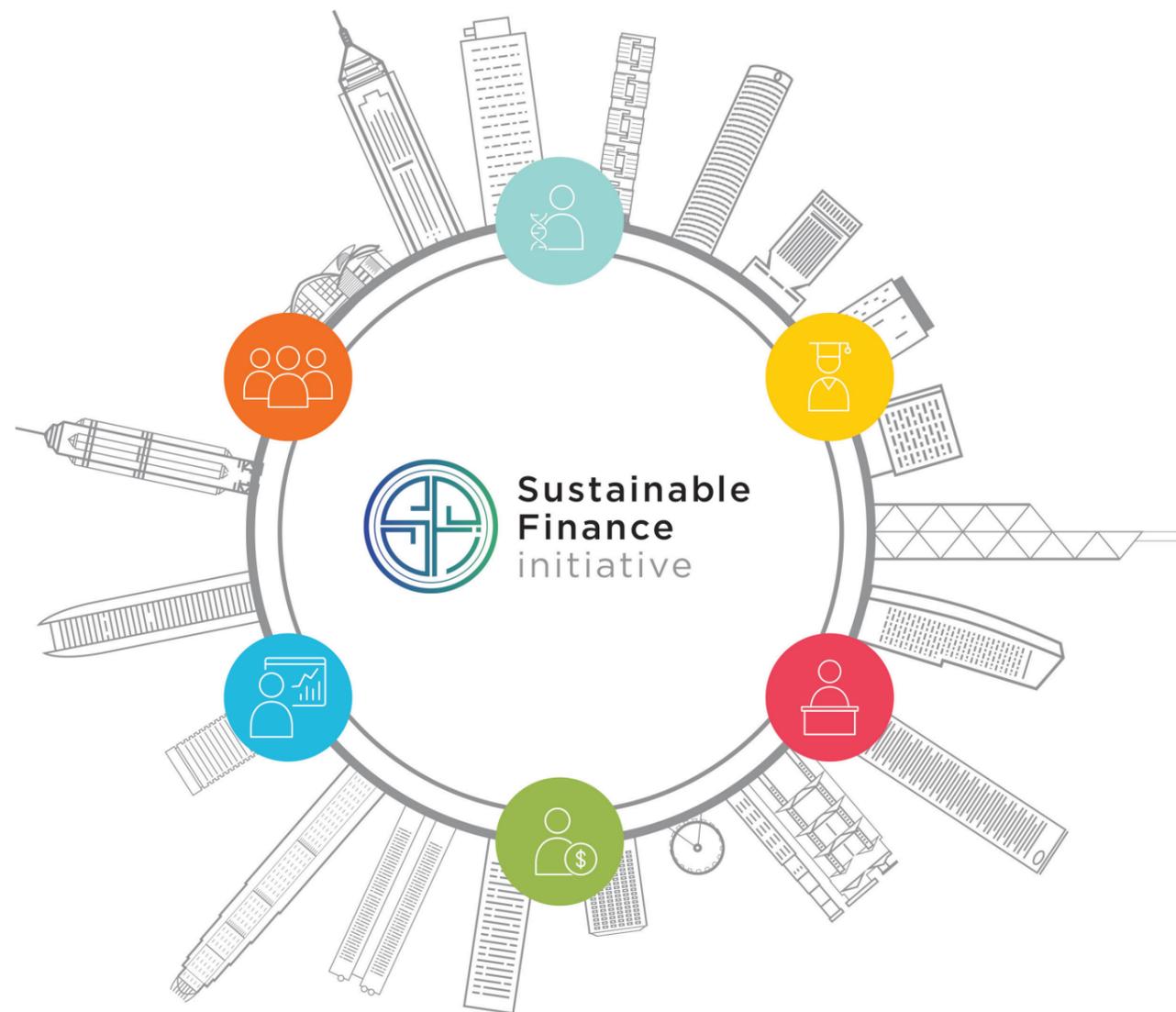
Capital to be deployed in the next 12-24 months



Avg ticket size (in any asset, US\$MM)



Survey Demographics



18

Family Offices responded from HK, Singapore and Taiwan.

100%

Completed by Principals or CIOs with decision making influence.

50/50

Gen X / "Older" Millennials

>25%

Invests via a dedicated Carve-out for Sustainable Finance

Conclusion

The 2019 SFi Investor Survey shows that there has been significant progress in the awareness and education of sustainable finance in Asia. Investors have moved beyond initial education and fact-finding to look at the available tools, methods, products and support structures for investing sustainably. Private investors are increasingly prepared to take action and make investment allocations.

SFi's mission is to mobilise private capital for positive impact, and accelerate Asia's development towards a sustainable financial hub. These survey results are evidence that our programmes and support are having a positive impact on Asia's sustainable finance sector.

Survey Methodology

All survey data is self-reported, fully anonymised, and is reflective of families' investment portfolios, including personal, family office, and family foundation portfolios.

The survey employed ranking questions, asking respondents to rank their top three options for questions related to: Drivers for sustainable investing, geographic investment preference, sector investment preference, UNSDG thematic preference, preferred asset class allocation, and challenges towards sustainable investing.

The survey was split into six key sections: Investor set-up, motivations and intentions, investor impact categories and themes, current impact and sustainable investment portfolio snapshot, future impact and sustainable investment snapshot and impact services acquired through service providers.

Our survey questions were distributed to SFi Investor Circle members in August 2019, and we are honoured to report a 95% response rate. A total of 18 family offices responded to the survey from Hong Kong, Singapore and Taiwan. All respondents were either family office principals or Chief Investment Officers within the family offices. Of the respondents, 50% were Generation X and 50% were "older" millennials.



Survey Terminology

Asian Countries:

classification by region included: East Asia – Japan, North Korea, South Korea, Mainland China, Taiwan, Hong Kong, Mongolia, and Macau; South Asia – Afghanistan, India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and Maldives; Central Asia - Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

Gen X:

1961-1981; Millennials: 1981-1996. 8 respondents aged 21-40, 9 aged 41-60, 2 preferred not to disclose.

Investor Circle:

is a small SFi-organised group of private investors who are ready to experiment and deploy capital for positive impact meet regularly for peer support and active deal making.

Private equity:

A private investment into a company or fund in the form of an equity stake (not publicly traded stock).

Public equity:

Publicly traded stocks or shares.

Stages of Growth:

Angel/Pre-seed: Business idea exists, but little has been established operationally; pre-revenue.

Venture: Operations are established, and company may or may not be generating revenues, but does not yet have positive EBITDA.

Growth: Company has positive EBITDA and is growing.

Sustainable investing and sustainable finance:

are used interchangeably in this survey. They refer to an investment strategy or financial service integrating environmental, social and governance (ESG) criteria into the business or investment decisions, for the lasting benefit of investors and society at large.

Total portfolio approach

is where 100% of an owner's capital is invested for various levels of financial return and the simultaneous generation of social and environmental impacts.

UN Sustainable Development Goals (SDGs):

form the blueprint to achieve a better and more sustainable future for all by addressing the global challenges such as those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

Disclaimer

Sustainable Finance Initiative (SFi) is not an investment advisor. The content of this presentation is not intended and should not be used or construed as an offer to sell, or a solicitation of any offer to buy, any securities or other investment products in any jurisdiction. The content of this presentation is for information purpose only, and not intended and should not be construed as investment, tax, legal, financial or other advice.

Although SFi has taken all reasonable care that the content of this presentation is accurate at the time of publication, no representation or warranty (including liabilities towards third parties), express or implied, is made as to its accuracy, reliability or completeness. The content of this presentation is subject to change without notice.

In no case will SFi be liable for any direct or indirect losses or damages of any kind in connection with the access and the use of this presentation.

If you have any enquiries please contact us at info@sustainablefinance.hk.



Visit Us:
sustainablefinance.hk