

HSBC Asset Management sustainable investing survey summary

The below data is taken from a survey conducted by Core Data Research between January 1st 2021 – February 28th 2021 with 250 investors in four locations: Hong Kong, mainland China, Singapore and United Kingdom - (120 with net investable assets up to USD250-500k, 80 with USD500k - 1million and 50 with USD1m+) as well as 400 advisers (100 in each location) with average assets under advice of between USD100 million and USD500 million.

Global findings – UK, Hong Kong, Singapore and mainland China

The pandemic has caused a re-think

- 61% of investors believe the pandemic has increased their awareness of the importance of ESG and the same proportion say it has caused them to rethink the way they invest.
 - Mainland China (70%)
 - Singapore (68%)
 - Hong Kong (54%)
 - UK (51%)
- Over two-thirds of investors (68%) agree there are now more investments that take into account issues of sustainability, the environment and ethics. This sentiment is most pronounced among mainland Chinese respondents.
 - Mainland China (77%)
 - Hong Kong (65%)
 - Singapore (68%)
 - UK (60%)

Despite a high awareness on ESG issues, there is a significant gap between investors' intentions and actions

- Over four-fifths (82%) of investors rate sustainable, environmental and ethical issues as quite or very important when managing their investments.
 - Mainland China (89%)
 - Hong Kong (84%)
 - Singapore (80%)
 - UK (75%)
- However, investors estimate that on average less than a third (28%) of their current investments explicitly consider ESG factors – revealing a gap between investors' intentions and their actions.
 - UK (33%)
 - Mainland China (27%)
 - Singapore (26%)
 - Hong Kong (25%)
- While 82% of investors claim that sustainable investments are important to them, advisers tell a slightly different story, saying only just over half (52%) of their clients see them as quite or very important.

Sustainable investment will go mainstream in next three to five years

- Almost half (46%) of investors believe their portfolio will comprise 100% sustainable investments within the next three to five years.
 - Mainland China (54%)
 - Hong Kong (51%)
 - Singapore (46%)
 - UK (34%)
- The top three factors to encourage greater interest in sustainable investments in the future were:

- More products suited to their needs in terms of risk and return – (49%)
 - Singapore (54%)
 - Mainland China (52%)
 - Hong Kong (49%)
 - UK (41%)
- Government incentives/support - (46%)
 - Hong Kong (48%)
 - Singapore (47%)
 - Mainland China (46%)
 - UK (44%)
- Increased information on investment performance and ESG issues - (46%)
 - Singapore (51%)
 - UK (48%)
 - Hong Kong (43%)
 - Mainland China (42%)
- More investors in Singapore (52%) advocate for a wider range of investment vehicles and strategies using ESG compared to their UK counterparts (38%).
- And more than half of Singapore investors want additional information about sustainable investments (52%). This compares to just 38% of investors in mainland China.

A lack of suitable products and limited investment choices are top barriers to sustainable investing

For investors:

- A lack of suitable sustainable investment products and not wanting to limit investment choices are the current major barriers to sustainable investing for investors.
- Nearly half (45%) of investors haven't found a sustainable investment product which meets their needs and concerns.
 - Mainland China (57%)
 - Hong Kong (48%)
 - Singapore (42%)
 - UK (33%)
- 39% of investors don't want to limit the range of companies/sectors they're investing in.
 - UK (45%)
 - Mainland China (38%)
 - Hong Kong (36%)
 - Singapore (36%)
- A third cite high costs and a quarter of investors have not been offered sustainable products.

For advisers:

- Advisers also cite a lack of suitable products as the biggest barrier to investing in sustainable investments (60%).
- Advisers also claim there is a lack of client demand for sustainable investment (57%).

Sustainability, environment impact and climate change are top critical ESG issues

- Sustainability (61%), environmental impact (57%) and climate change (53%) are the three most important ESG issues for investors globally, apart from mainland China, where consumer protection (50%) is considered slightly more important than climate change (47%).

- In the UK, environmental impact and sustainability (both 57%) are deemed equally important.
- On the other hand, advisers attach more weight to environmental impact (76%) and climate change (70%)

Yet action is needed

- Investors are in broad agreement (76%) that both governments and individuals need to take action to reduce climate change.
- Over half (61%) agree it is desirable to prioritise ESG issues, even at the expense of economic growth.

Investors do not want to lose out financially or do not know how to approach ESG investment

- About two-thirds (64%) of investors want their investments to tackle ESG issues yet they don't want to lose out financially.
 - Mainland China (69%)
 - Singapore (66%)
 - Hong Kong (60%)
 - UK (60%)
- More than half (57%) would like to do more on ESG issues but don't know how. This indicates the need to raise awareness, improve education and understanding of ESG investment.
 - Mainland China (65%)
 - Singapore (58%)
 - Hong Kong (53%)
 - UK (50%)
- Despite the strong conviction in ESG, 28% think there is too much talk around it and express doubts.

Equities and multi-asset investing stand out as preferred sustainable investment options

- While advisers think equities (77%) are the best option, investors see more opportunities in multi-asset investing (50%).
- Multi-asset investing are the most preferred investment products for investors in the UK (47%), Hong Kong (53%) and Singapore (49%), while investors in China are most inclined to look for exposure through thematic funds (50%).

Active or Passive?

- Actively managed sustainable investment products are the preferred choice (73%), while passive funds and ETFs also have a role to play (27%).

Step up dialogue between advisers and investors

- The majority of investors discuss taking ESG issues into account at least once a year.
- However, nearly one in five (18%) say they have never spoken with their adviser on ESG issues, especially UK (31%)
- Mainland Chinese investors are more likely to engage with advisers on the issue, with 57% addressing it weekly or monthly followed by Singapore (45%), HK (41%) and UK (26%).
- A further disconnect is evident when it comes to adviser knowledge on ESG. While about four in 10 (39%) advisers claim to be very knowledgeable about ESG issues and investing, only 27% of investors claim this is the case.

Important information

This document has not been reviewed by the Securities and Futures Commission.

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