

Aspirations of sustainable investment don't match reality

Mirroring a global trend, the proportion of South Africans who are actually investing sustainably is significantly lagging behind those who would like to invest sustainably, indicating that a gap exists between investors' intentions and their tangible actions.



Jessica Ground, head of sustainability at Schroders

This was revealed in the recently released Schroders Global Investor Study 2019, which surveyed over 25,000 investors across 32 locations around the world. The study has found that 22% of South Africans invest sustainability (higher than 16% globally), compared to 31% who are interested and would like to invest this way. This is on par with international study findings, where 32% of people globally are interested in sustainability and want to invest in a sustainable manner.

Speaking at a recent event held in Sandton, Johannesburg, to unpack the study, Jessica Ground, global head of stewardship at Schroders, said that the results indicate a gulf between people's sustainable investment aspirations and the reality of how they prioritise these factors in their investment decision-making. "A significant proportion of investors clearly believe that sustainable investing is important, but this is yet to translate into tangible action for the majority.

"This will unfortunately leave investors vulnerable to the global impacts caused by issues such as climate change. It is therefore important that asset managers and the broader industry – including the likes of policymakers globally – work with investors to ensure they can better identify the benefits of sustainable investment and, in turn, are able to access funds which will enable them to do so."

Findings

Interestingly, the study found that many South Africans also feel strongly that all investment funds – not just those specifically designed as sustainable investment funds – should consider sustainability factors. Almost a third (32%) of South African investors said that they strongly agree with this – 9% more than the global average (23%).

Another noteworthy finding of the study was that Generation X (aged 38-50) are more motivated by investing sustainably than other age groups, in contrast to the common consensus that millennials are driving sustainable investing efforts.

This confirms that sustainable investing is far more than just a millennial trend, and will continue to increasingly impact future investment decisions across the globe.

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