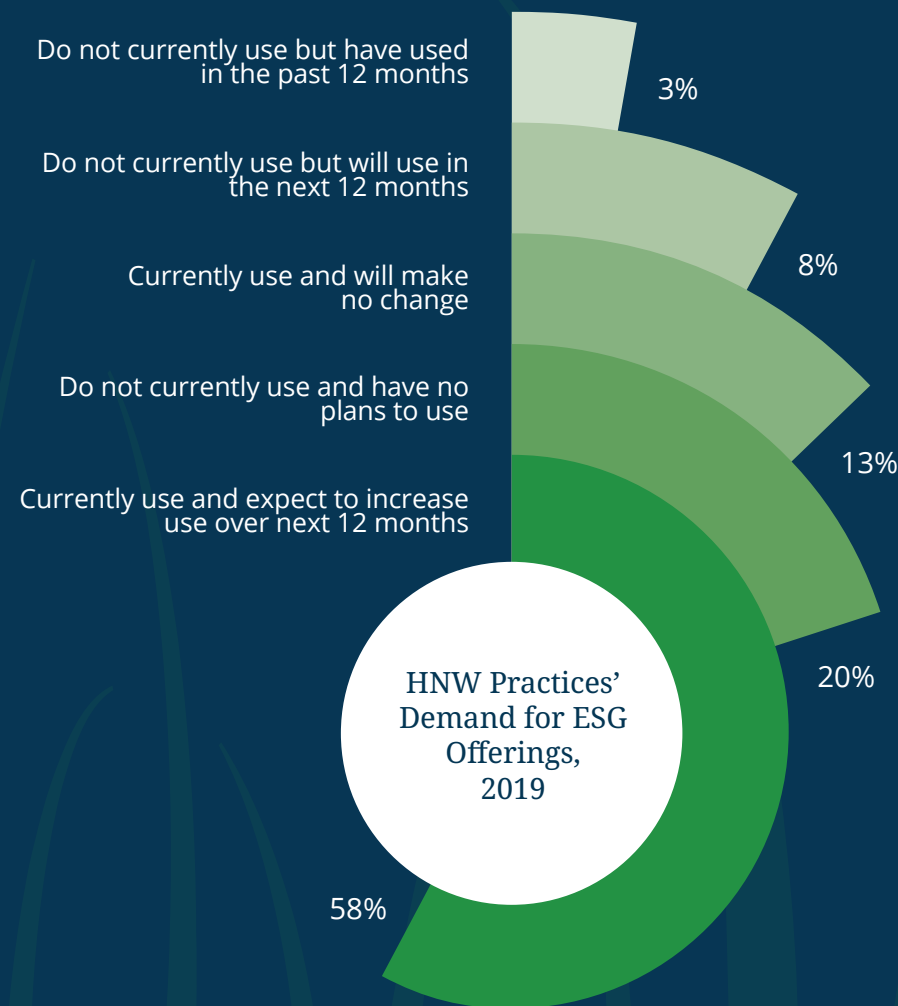


ESG and High-Net-Worth Adoption

HNW Practices Increasingly Use ESG/SRI

Cerulli finds that more than half (58%) of surveyed HNW practices currently use ESG/SRI and plan to further increase their allocations in the next 12 months. Furthermore, another 8% indicate their plans to start using these strategies in the next 12 months.



Source: Cerulli Associates | Analyst Note: "Currently use and do not expect to use in the future" was an option but was not selected.

Key Insights

ESG Integration Type:

Many HNW practices started out with negative/exclusionary screening (e.g., tobacco, weapons), but have since evolved to offer a wider range of strategies, including ESG integration and impact investing.

Demand Drivers:

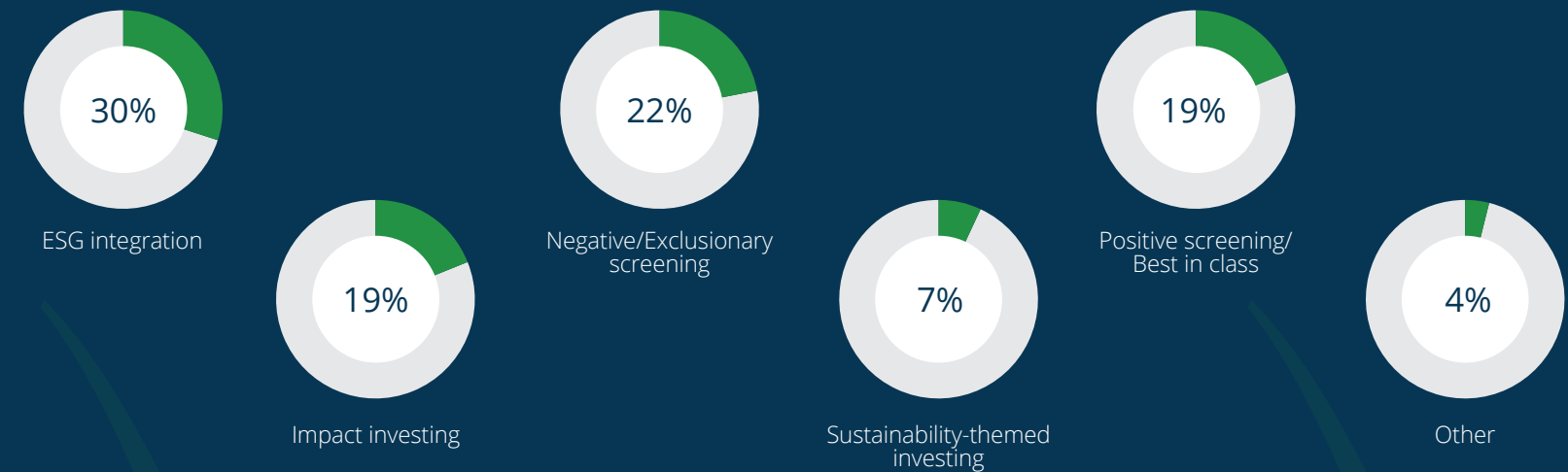
As more investors look to align their investments with their values, understanding the driving factors and motivations behind clients ESG interest will become increasingly important. Environmental concerns (69%), desire to make an impact with their wealth (54%), and ethical concerns (52%) are the primary reasons why HNW investors are using ESG strategies.

ESG Demand by Channel:

While interest in ESG has increased among HNW practices, the various levels have varied by firm. Asset managers are seeing the highest demand for ESG/SRI strategies from multi/single-family offices (50%) and independent RIAs (28%).

HNW Practices: Methods for Incorporating ESG Factors into Investment Process, 2019

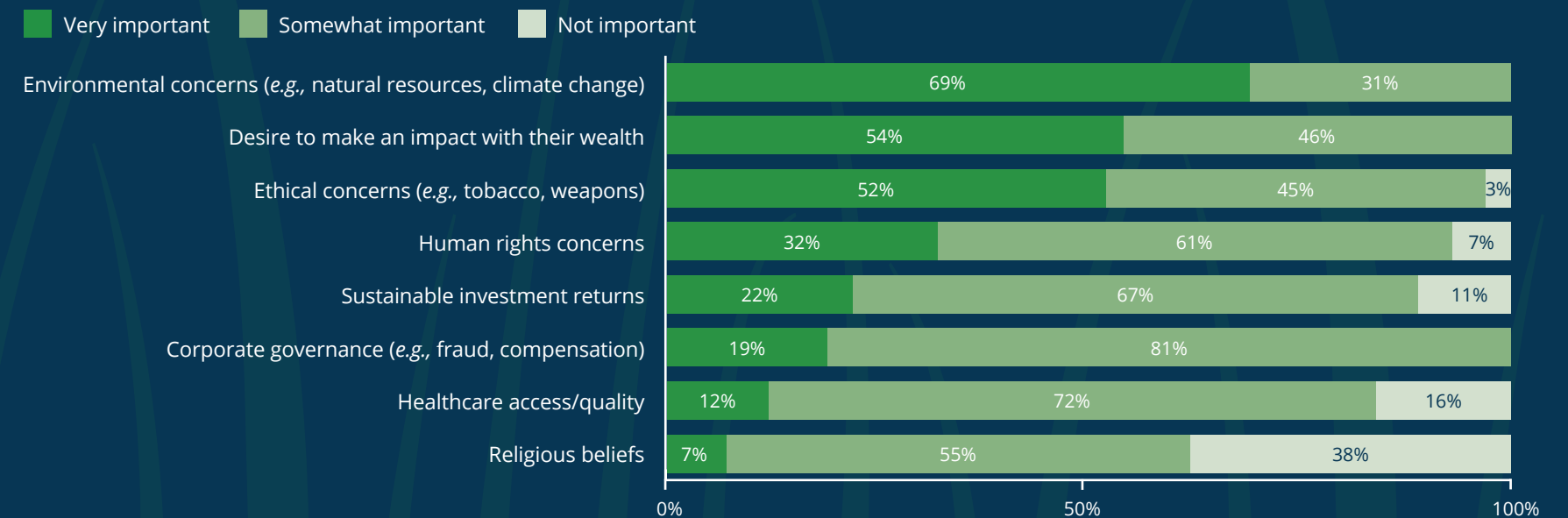
The most common methods used for incorporating ESG factors into the investment process are ESG integration (30%) and negative/exclusionary screening (22%).



Source: Cerulli Associates | Analyst Note: Respondents were asked, "What best describes how your firm is incorporating ESG factors into its investment process?" Active ownership was an option but was not selected.

HNW Practices: Reasons for Using ESG/SRI Strategies, 2019

HNW practices indicate environmental concerns (69%) and a desire to make an impact with their wealth (54%) are the key reasons for using ESG strategies.



Source: Cerulli Associates | Analyst Note: Respondents were asked, "Which of the following are motivating your clients' interest in ESG/SRI?"