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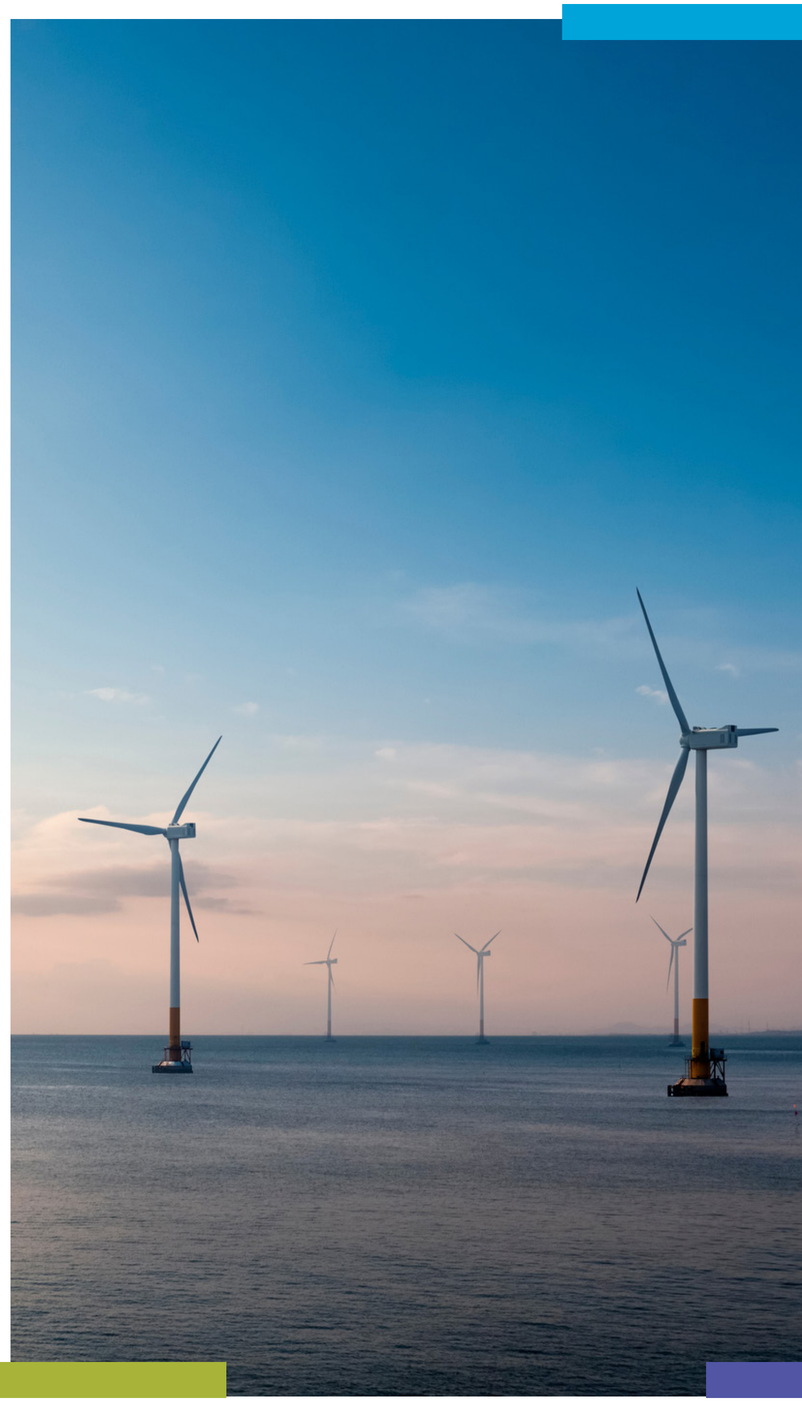
BROADRIDGE DISTRIBUTION INSIGHT

ESG and sustainable investment outlook:

$30 trillion by 2030 on the way to net zero

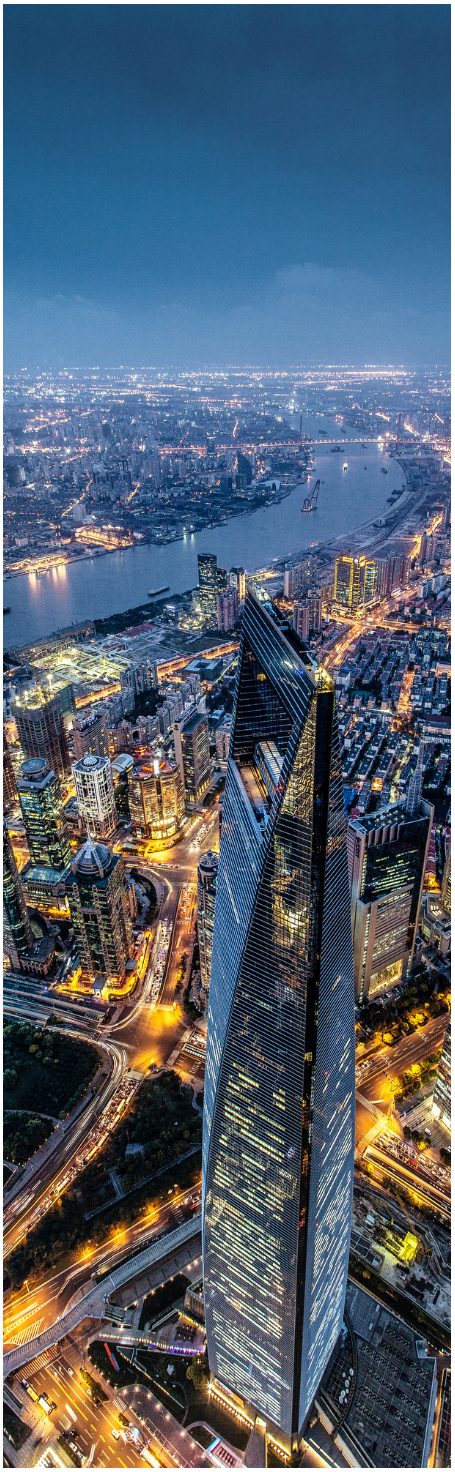


Ready for Next

SUMMARY

ESG investing has reached an important juncture following an impressive growth spurt. What comes next will depend on the actions that asset managers take to deliver the outcomes promised to investors, fund selectors, and policy makers. There is still plenty of work to be done in order to provide evidence of the value that ESG products offer, as well as to address greenwashing concerns. This effort can prove rewarding though. Assets in dedicated ESG funds could grow from US$8 trillion today to as much as US$30 trillion by 2030. The industry would thus play a vital role both in the allocation of capital towards a more resilient economy and in addressing sustainability challenges.

Despite the opportunity, competition for the potential US$9 trillion of net new flows through the end of this decade is becoming more difficult. The complexity and costs of ESG implementation have risen, and fund selectors have begun to ask harder questions. New regulations in Europe have created a maze of requirements but have already improved the quality of disclosure, doubled the size of the market, and sped up the pace of change. Demand for thematic strategies has expanded rapidly and morphed with the sustainability trend, putting a new spin on the business as it evolves along values, risk, and impact dimensions. Net zero goals have also moved up the investor agenda, encouraging asset managers to develop more refined climate change solutions.



INTRODUCTION

As the prevalence of ESG products in the market increases, having an ESG strategy has become an operational imperative for asset managers.

This report examines the growth forecasts for assets in ESG funds over the next decade, as well as the regulatory and investor pressures that will shape how ESG strategies continue to evolve.

IN THIS WHITEPAPER:

- Forecasting growth in ESG investment between now and 2030
- Examining the changing role of ESG products
- Breaking down trends by region
- Considering the implications of new regulation
- Evaluating different approaches and strategies
- Positioning your firm to meet client demand

ABOUT THE AUTHOR

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HEAD OF ESG INSIGHTS

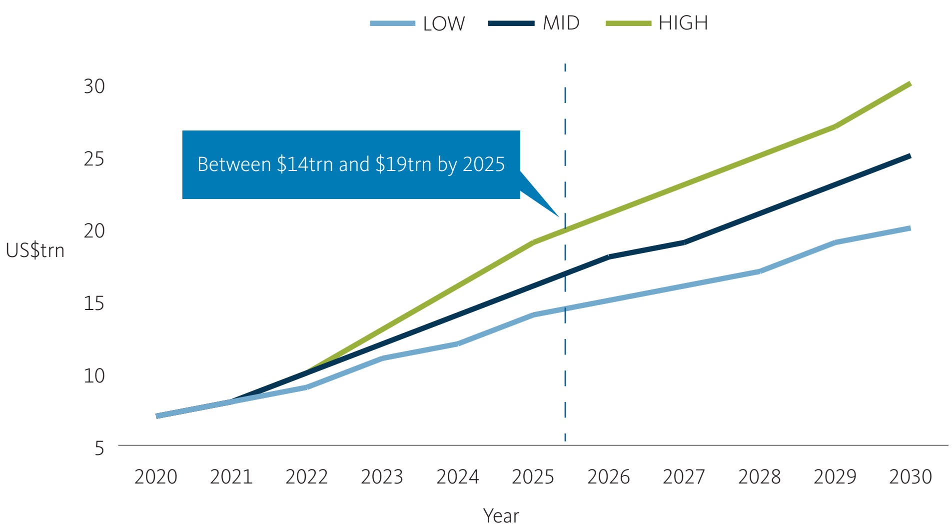
Jag Alexeyev supports the Broadridge Analytics, Insights and Advisory teams to identify opportunities in sustainable asset management globally.

THE EMERGING FOUNDATION OF SUSTAINABILITY

With sustainability taking root as an industry imperative, asset managers continue to adapt their business strategies around the booming demand for solutions that address Environmental, Social, and Governance (ESG) issues. Assets now exceed US$7.8 trillion worldwide across dedicated ESG mutual funds, ETFs, institutional mandates, and private funds.[1] More than US$1.3 trillion of net inflows into these strategies have materialized since the start of 2019.

Given the powerful undercurrents supporting ESG investing, assets could grow to US$14–19 trillion by 2025 and potentially US$20–30 trillion by the end of this decade. Achieving the low-end estimate requires little since it assumes that the share of industry flows captured by ESG remains unchanged. In the high-end forecast, sustainable investments' share of AUM grows from 11% today to 28% in 2030. Managers could compete for anywhere between US$6 trillion and US$9 trillion of net new inflows depending on the scenario. Beyond the commercial opportunity, the emerging standard of ESG in asset management enables the industry to play a more integral role in sustainable finance, and to deliver long-term outcomes increasingly valued by new generations of investors.

Total Retail and Institutional ESG AUM Forecasts to 2030 $trn



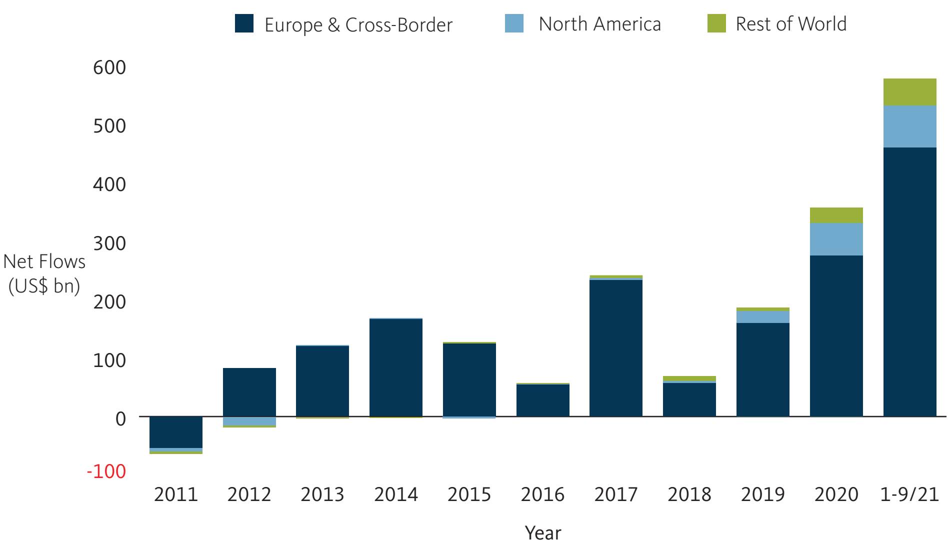
Source: Broadridge Global Market Intelligence 2021 data. Excludes money market and fund of funds. Includes mutual funds, ETFs, institutional mandates, and private funds.

Reference
1. Excludes money market funds and fund of funds; includes estimated institutional assets.

NO LONGER OPTIONAL

Net flows into ESG mutual funds and ETFs have risen dramatically this year to US$577 billion in the nine months through September 2021, already far surpassing the full-year total from 2020. While these volumes point to distinct opportunities for asset managers, the sustainable investment landscape has grown increasingly complex and challenging to navigate. Tighter regulatory guardrails, expansive disclosure requirements, more discerning fund selectors, conflicting sustainability considerations, intensified competition, and greenwashing concerns have complicated the task for investment firms.

ESG Fund Net Flows $bn



Source: Broadridge Global Market Intelligence 2021 data. Excludes money market funds and fund of funds. Does not include institutional mandates or private funds.

Yet the effort is no longer optional. ESG has quickly matured from an attractive commercial prospect into a practical business prerequisite. Due diligence for institutional mandates, private market fundraising, and retail investment selection requires fund managers to evidence their grasp of financially material sustainability factors. While expectations for routine integration are becoming a baseline requirement, greater potential exists for managers offering exceptional sustainable investment solutions and credentials.

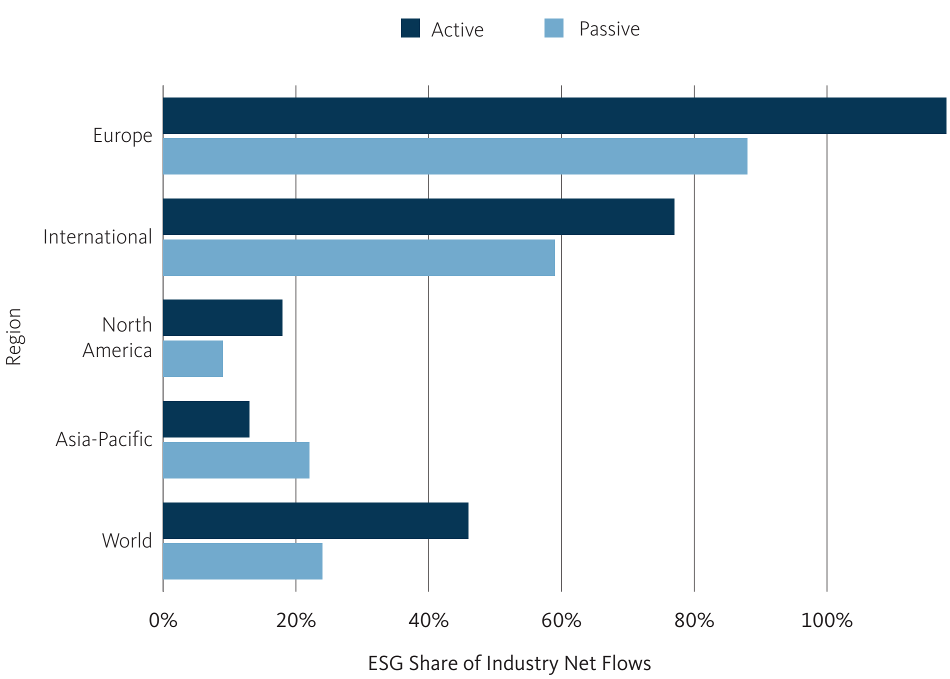
BRIDGING REGIONAL DISPARITIES

Sustainable investment represents a remarkably large share of fund net inflows relative to their assets under management. ESG strategies accounted for just 11% of overall mutual fund and ETF assets but captured 37% of inflows during the twelve months through September 2021.

This share masks sizeable differences in the extent of adoption by region. Among actively managed strategies, ESG drove more than 100% of flows in local European funds and 77% of flows in cross-border European and International markets. The share of actives in North America was a more modest 18% — and in Asia Pacific just 13%. Yet the business is growing rapidly in every region, with flows during 2021 to September running at more than double the pace of last year.

Catalysts such as the relaxing of ESG restrictions in retirement plans in the US should open the door for an increased share of wallet. Given the vast size of the North American fund industry, it will take some time for market share to approach European levels. Meanwhile in Europe, the enormous influence of regulation will further establish sustainable investing as the norm.

ESG Share of Industry Net Flows – 12 Months to September 2021



Source: Global Market Intelligence 2021 data. Excludes money market funds and fund of funds. APAC includes fund of funds.

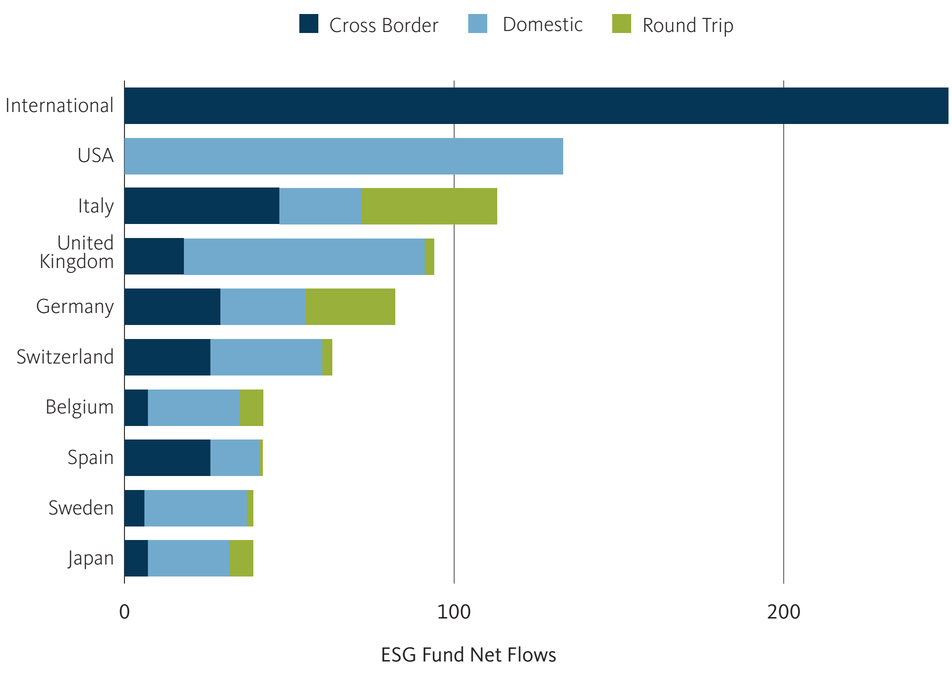
TRACKING THE TRILLION

Mapping the US$1 trillion in flows that investors have added to ESG funds since the start of 2019 offers a starting point for prioritizing distribution strategies. Half of that amount was captured by cross-border International funds, primarily domiciled in Luxembourg and Ireland but also sold across Europe and to a lesser extent in other regions around the world. Investors in Italy, Germany, and Switzerland were the largest attributable purchasers of cross-border funds. Including local funds plus offshore 'round trip' vehicles of domestic firms, the Italian market contributed 10% of the total.

Investors in the US mobilized an even greater amount of capital, despite the relatively lesser role played by ESG in that market historically. With proof of the sustainability concept now more established, the US could support a more dynamic competitive field in coming years.

Hints of that potential arrived earlier this year in the form of US$2 billion raised by a pair of 'Carbon Transition Readiness' active ETFs in the US. One of the offerings was the largest ETF launch of all time. Much of the capital came from a consortium of global institutions including CalSTRS, Temasek, and Varma.

ESG Fund Net Flows, 2019 – September 2021 by Country, $bn



Broadridge Global Market Intelligence 2021 data. Excludes money market funds and fund of funds. International represents cross-border fund flows not attributable to a single market.

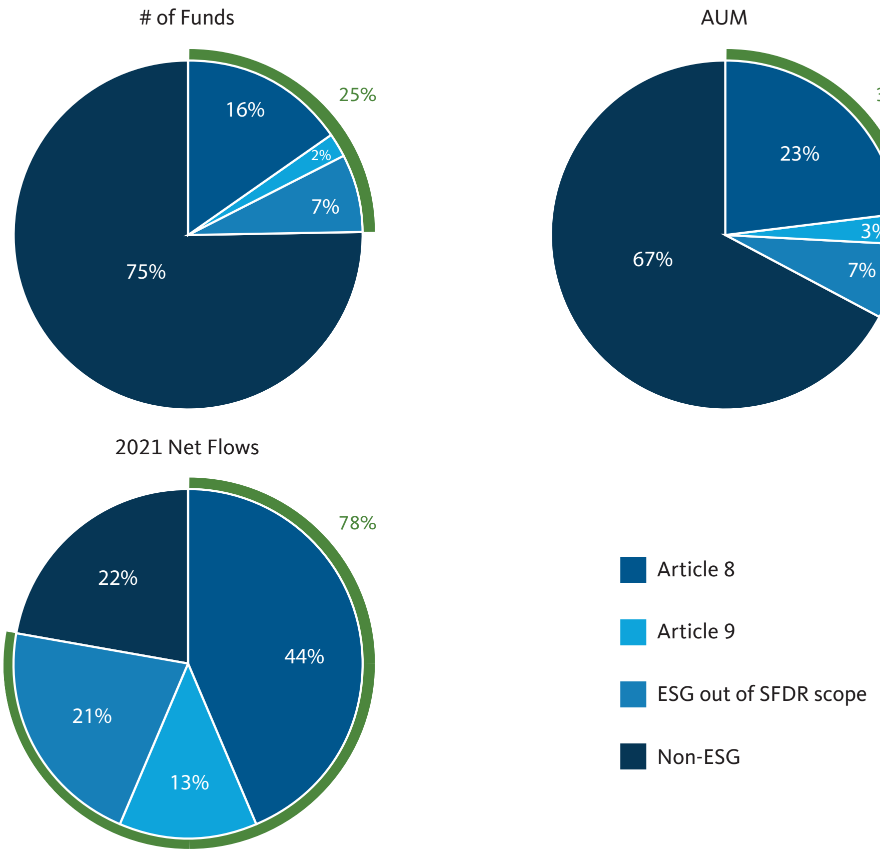
RESHAPING SUSTAINABLE FINANCE IN EUROPE

The EU's Sustainable Finance Disclosure Regulation (SFDR) hastened the mainstreaming of ESG more than any other catalyst in the past year. The initial stage of regulation came into effect in March 2021, requiring asset managers to disclose sustainability risks, impacts, and product characteristics. They had to designate funds that promote ESG characteristics (Article 8 or 'light green' products) and those with a sustainable investment objective (Article 9 or 'dark green' products).

In response, firms identified more than 5,700 funds as Article 8 or 9 products with combined assets of US$4.1 trillion (€3.6 trillion) as of September 2021.[2] This vastly expanded the ESG pool, as six out of ten of these products were not categorized as responsible investment strategies in the past. Managers chose to align these products with SFDR by providing more specific disclosures or by enhancing the ESG characteristics of their strategies. Some firms have committed to align as many strategies as possible over time, guaranteeing additional conversions in the coming years.

Adding in other responsible investment funds in Europe that are out of scope of SFDR, total dedicated ESG assets in Europe catapulted to US$5.2 trillion across nearly 8,000 funds. ESG funds — excluding money market vehicles — represented 25% of the total number of products, 33% of assets, and 78% of flows in the region.

ESG Share of Europe and Cross-Border International



Source: Broadridge Global Market Intelligence September 2021 data. Excludes money market funds and fund of funds.

Reference
2. Including fund of funds and money market funds. Excluding these, more than 5,000 funds were disclosed as Article 8 or 9 products, with combined assets of $3.5 trillion as of September 2021.

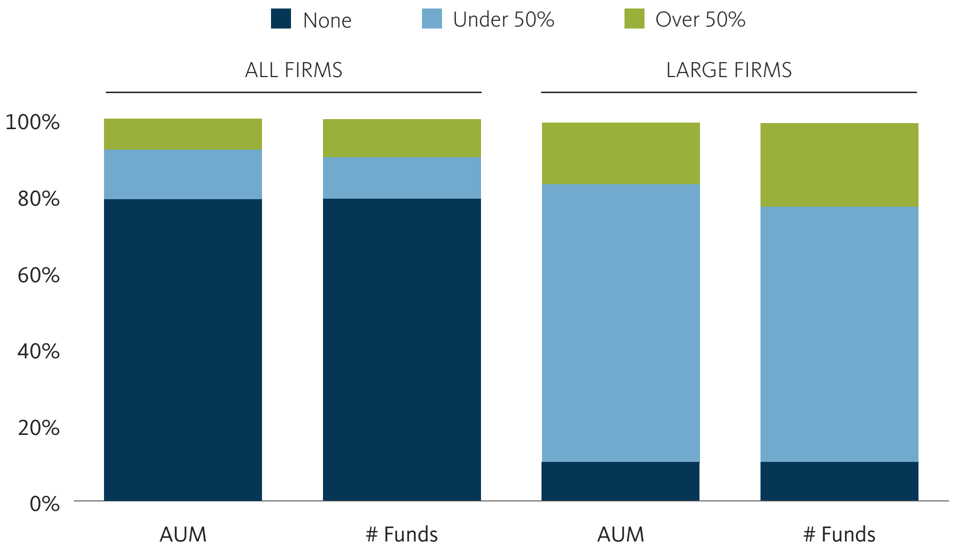
COMPETITIVE IMPLICATIONS OF SFDR

The universe of SFDR-compliant ESG and sustainable investment funds will expand with industry growth, product development, and repurposing of existing products. In addition, fund selectors may lean on Article 8 as a minimum standard for inclusion on platforms. This trend will accelerate as amendments to MiFID 2 come into force next year, requiring distributors to consider their clients' sustainability preferences when making product suitability assessments.

The regulation goes beyond compliance obligations and has meaningful competitive implications for the industry. It will encourage firms to implement stronger sustainability practices. But as more firms get the basics right, ordinary ESG integration will wane as a competitive differentiator.

Smaller asset managers could face hurdles if they cannot build the intricate infrastructure needed to deliver and report on sustainability. Across Europe, 21% of all firms have disclosed at least one Article 8 or 9 product, compared to 90% of large firms. Except for a few sustainable boutiques, larger firms are ahead, and smaller firms may have difficulty catching up given the resources needed to execute.

Firms by percentage of AUM and funds identified as Article 8 and 9



Source: Broadridge Global Market Intelligence 2021 data. Excludes money market funds and fund of funds. Large firms with AUM over US$25bn in Europe and Cross-Border International excluding money market and fund of funds. Roughly corresponds with the top-100 firms by AUM in the region.

DOUBLE MATERIALITY AND SUSTAINABLE IMPACT

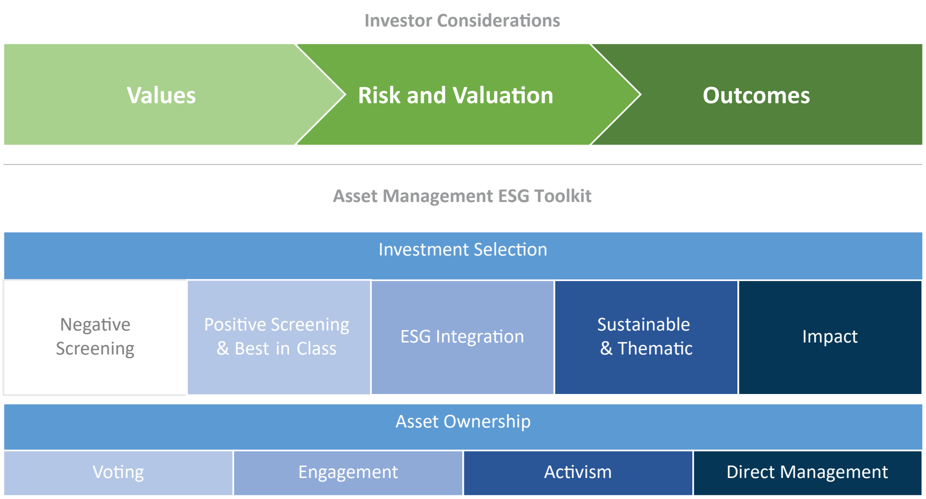
The center of gravity in ESG investing has steadily shifted from a foundation in values, to risk and valuation considerations, and increasingly towards sustainable outcomes and impact. The concept of double materiality, which weighs the impact of sustainability factors on investments as well as the impact of investments on sustainability factors, is now a cornerstone of best practice.

The industry is increasingly delineating between funds that consider or promote ESG characteristics from those that have a clear sustainable investment objective. This represents a step towards linguistic clarity — moving past the days when sustainable investing was often seen as interchangeable with ESG and responsible investing.

Sustainable investment focuses on putting capital to work in an economic activity that contributes to an environmental or social objective, provided that such investments do no significant harm and that the investee companies follow good governance practices.

Top-selling sustainable investment products feature themes such as clean energy and climate transition, strategies aiming to contribute to the United Nations Sustainable Development Goals, and impact investment products. Impact investing applies a rigorous set of standards to achieving, measuring, and reporting on positive outcomes, with intentionality and additionality as hallmarks of the process.

ESG and Sustainable Investment Approaches



Source: Broadridge proprietary data.

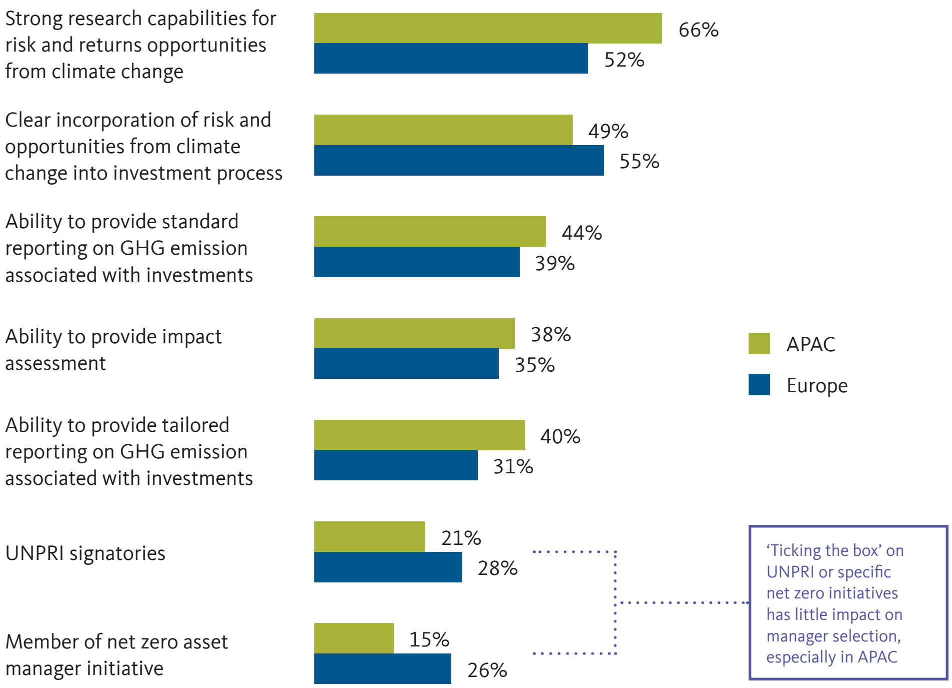
MOVING TOWARDS NET ZERO

Reducing carbon emissions in the global economy is increasingly regarded as a distinct objective relating to sustainable investment. Investors are taking aim at this goal as corporations and governments adopt targets to achieve net zero greenhouse gas (GHG) emissions by 2050 or sooner in line with the Paris Agreement. Major pensions funds, insurance companies, and sovereign wealth funds are adapting their investment approaches to net zero targets: in some cases, with ambitious goals decades ahead of government commitments.

In Europe, 75% of institutional investors interviewed by Broadridge for a climate change investment study had set specific objectives for GHG emissions reductions in their portfolios, and 40% had set a net zero goal.[3] Such investors are looking for asset managers with capabilities to deliver climate transition-aligned portfolio solutions. They are seeking firms with strong proprietary research, clear integration of climate risks and opportunities into investment processes, along with a credible engagement approach on climate issues.

Asset managers meanwhile have stepped up their efforts to better understand institutional investors' net zero goals and how they can support them on their journey. That includes acting as a thought partner and providing roadmaps with net zero best practices in addition to investment solutions.

Requirements for third party asset managers (% institutions)



Source: Broadridge Distribution Insight Advisory report: Stranded Asset Management: Keeping up with institutions in the race to net zero, 2021.

Reference
3. Broadridge, Stranded asset management: Keeping up with institutions in the race to net zero - 2021.

Asset managers have launched more than forty 'Paris-Aligned' and 'Net Zero' funds globally: the vast majority as passive strategies in an ETF structure and nearly all introduced within the last two years. A larger group of at least low carbon and climate transition strategies have been introduced over the past half-decade which form part of the net zero investor's toolkit. Other climate-themed and green bond funds widen the range of potential climate solution building blocks. Altogether, these products have attracted around $60 billion of net inflows in 2021 through September.

Investors, however, cannot implement net zero strategies simply by allocating to individual funds. The process entails new governance standards, setting science-based targets at portfolio and asset class levels, choosing relevant metrics to measure alignment and manage risks, reviewing strategic asset allocations with scenario analysis, and enhanced monitoring and reporting.

The race to net zero may present unusual challenges for managers in coming years. Constraints on investment choices may tighten if the corporate sector lags in reducing emissions in line with Paris-aligned goals. Strong shareholder engagement and stewardship thus will be critical in transforming investee companies on a rapid timeframe. This includes improved proxy voting, policy advocacy, and collaborative engagement with support from groups such as the Net Zero Investors Initiative, Net Zero Asset Owner Alliance, and the Paris Aligned Investment Initiative.

THEMATIC STRATEGIES AND SUSTAINABLE MEGATRENDS

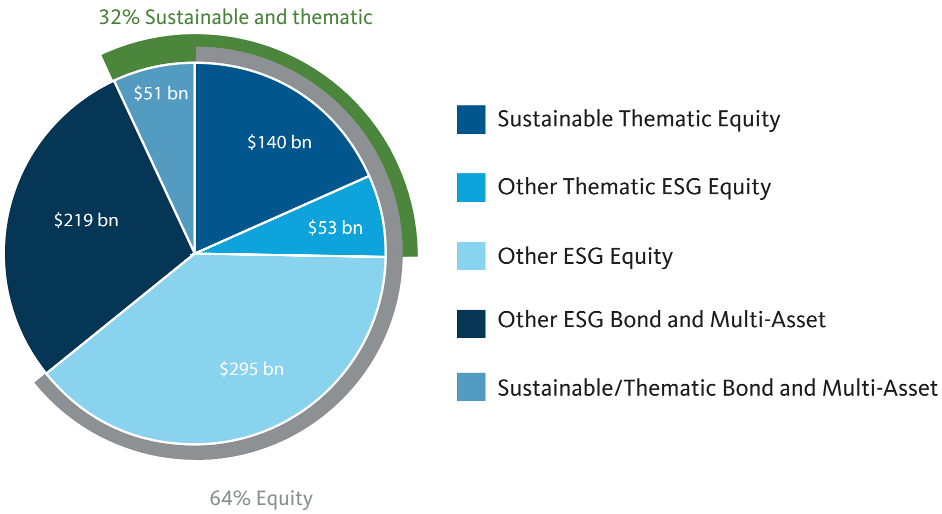
A strong link exists between the rising appeal of thematic equity strategies and sustainability. Thematic equity funds captured $314 billion in net inflows worldwide in the twelve months through September 2021, ten times greater than the amount in 2019. Dedicated ESG products represented 61% of that total.

Fifteen different equity themes such as food & agriculture, lifestyle, and emerging technology are found within this framework. Yet sustainability themes such as clean energy, climate, and environmental funds were the top selling. These 'sustainable thematic' strategies accounted for 29% of all equity ESG fund inflows.

The clear and compelling storyline offered by thematic funds is one of their key selling points. Many of them touch on megatrends that could transform the global economy and generate substantial wealth for shareholders. They have captured the investment zeitgeist in Europe, and visibility in North America and Asia Pacific has also grown with notable thematic successes among the best-selling funds.

Narrow themes may remain confined to a satellite allocation in a diversified portfolio, but relatively well-diversified sustainable thematic funds increasingly serve as core holdings. Some climate funds, for example, resemble mainstream large-cap growth funds based on portfolio holdings and characteristics. While such similarities may elicit greenwashing questions which asset managers must convincingly address, a trend towards sustainability and thematic storytelling within core investment options is gathering speed.

ESG Net Flows by Type, 12 Months through September 2021



Source: Broadridge Global Market Intelligence 2021 data. Excludes money market funds and fund of funds.

MEETING SELECTORS' NEEDS

Since late 2018, European fund selectors have consistently cited ESG as their number one need for innovation from asset managers. Thematic strategies, which often overlap with ESG, were cited second most frequently. However, many fund selectors expressed scepticism about the solutions being offered by asset managers, as well as concerns about greenwashing. Selectors are hopeful that SFDR will improve transparency and push the industry to be more responsible.

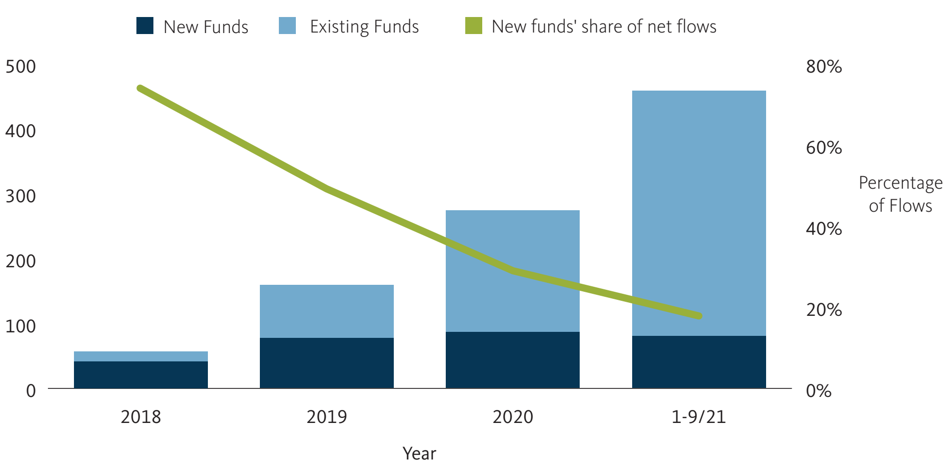
Top needs expressed by European fund selectors

	Oct'19-Mar'20	Apr'20-Sep'20	Oct'20-Mar'21	Apr'21-Sep'21
1	ESG/SRI	ESG/SRI	ESG/SRI	ESG/SRI
2	Thematic	Thematic	Thematic	Thematic
3	Alternatives/Uncorrelated	Transparency/ Simplicity	Alternatives/ Uncorrelated	Alternatives/ Uncorrelated
4	Transparency/Simplicity	Alternatives/ Uncorrelated	Transparency/ Simplicity	European equities
5	Niche	Niche	Niche	Global equities

Source: Broadridge FBF Intelligence 2021 Data.

Selectors have bolstered their due diligence efforts in response to the growing complexity of sustainable investment and ESG; product proliferation; and availability of data. Beyond the merits of an individual fund, every manager is assessed on their overall responsible investment policy; sourcing of ESG data; analytic infrastructure; risk factor management; portfolio managers' involvement in meeting sustainable objectives; organizational commitment to responsibility; shareholder engagement and proxy voting record; and other practices. Firms converting existing mainstream products into sustainable offerings come under even greater scrutiny.

New and Existing ESG Fund Net Flows, Europe and Cross-Border International $bn



Source: Broadridge Global Market Intelligence 2021 Data. Excludes money market funds and fund of funds.

FUND SELECTOR VIEWS

"I particularly dislike it if companies engage in greenwashing or if they convert their products into ESG & SRI products without our consent or notifying us beforehand."

Switzerland, Discretionary

FBF INTELLIGENCE EUROPE

All this adds up to time-consuming work. Selectors' familiarity with existing strategic partners thus has entrenched relationships, making it harder for entrants to gain shelf space. A rapidly evolving regulatory landscape and greater compliance requirements have also led some selectors to take a more cautious approach. This has compressed the share of flows going to new products, with launches capturing just 18% of net inflows this year, compared to 72% three years ago.

ON THE RADAR IN ASIA PACIFIC

Thematic strategies sit at the top of fund selectors' wish list in most markets across the Asia-Pacific region. ESG is noted less frequently but is the fastest riser as it was not mentioned in any country's top five last year. While the region remains behind Europe both in terms of the need for sustainability and the sophistication of that need, the business could change rapidly. Unlike Europe today, there is little concern about greenwashing, little demand for transparency, and ESG is frequently regarded in monolithic terms.

Fund selectors in Japan did not cite sustainability as one of their main needs, yet the largest launches in each of the past two years integrated ESG. The offerings also reveal the unique potential for international sub-advisors in the market. Notably, AM One's introduction from 2020 is managed by Morgan Stanley and has surpassed US$10 billion, and Nikko AM's launch of a positive change innovation fund, advised by affiliated thematic leader Ark Investment Management, has raised US$4 billion.

Top needs expressed by APAC fund selectors

All	Australia	China	Hong Kong	Japan	Singapore	South Korea	Taiwan
Thematic	ESG	Thematic	Thematic	Thematic	Thematic	Alternative	Thematic
ESG	AI/Factor	Alternative	AI/Factor	Niche	AI/Factor	Thematic	Alternative
AI/Factor	Alternative	Risk Control	ESG	End clients	ESG	ESG	Niche
Alternative	Thematic	Niche	Transparency	Transparency	Transparency	Transparency	Transparency
Transparency	Transparency	End clients	Alternative	Risk Control	Alternative	Multi Asset	Passive

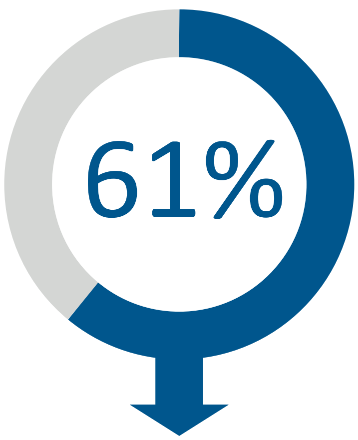
Source: Broadridge FBF Intelligence 2021 APAC Data.

FINANCIAL ADVISORS AND RETIREMENT PLANS

The future of ESG solutions in the US market will be shaped largely by financial advisors, how asset managers support them, and the degree to which sustainability is incorporated within widely used model portfolios. Even though most advisors already use ESG products, significant upside remains as only a fraction of clients and assets are invested in these so far. Gatekeepers are seeking to build product-agnostic solutions using not only funds and ETFs but also separately managed accounts with an emphasis on customization, tax optimization, and personalized reporting.

Financial advisor use of ESG in the US

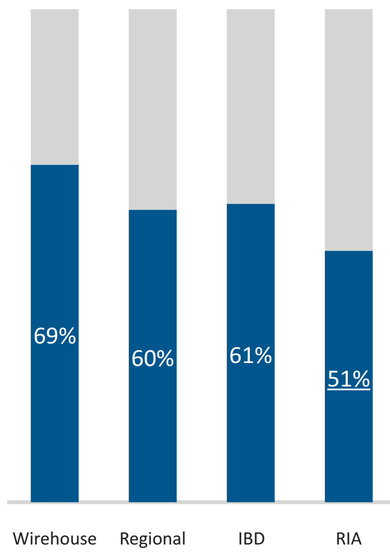
6 in 10 FAs Use ESG



Average % of **Clients** in ESG 11%

Average % of **AUM** in ESG 7%

Advisors are more likey to use ESG if the... ...are at a wirehouse



	Wirehouse	Regional	IBD	RIA
Average % of **Clients** in ESG	12%	8%	10%	11%
Average % of **AUM** in ESG	9%	6%	7%	5%

Source: Broadridge: Needs and Strategies of Financial Advisors - 2021 report.

Financial advisors will steer the direction of sustainable fund use in the US market, but retirement plans may play a role as well. ESG has been largely absent in defined contribution plans and guidance from the Department of Labor (DOL) discouraged fiduciaries from considering investments that promoted so-called ‘non-financial’ objectives. As of 2019, only 3% of 401(k) plans had an ESG option, and these accounted for just 0.1% of total plan assets according to the Plan Sponsor Council of America.

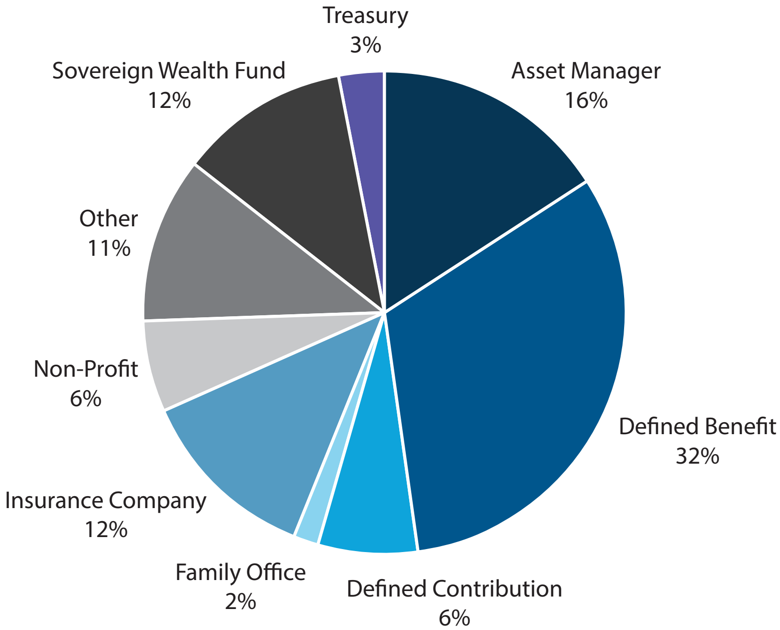
However, this picture may change as the DOL reviews its stance. The world’s largest defined contribution plan, the government’s US$760 billion Thrift Savings Plan, announced that it will begin offering ESG funds to participants next summer through a new mutual fund window. This milestone could help normalize sustainable investing in retirement plans and mobilize large pools of assets as barriers fall. Mutual funds may stand to gain the most since ETFs are not used in a meaningful way within defined contribution plans.

INSTITUTIONAL AND PRIVATE MARKET POTENTIAL

At least US$2 trillion of institutional assets are managed with ESG commitments through separate accounts, commingled funds, mutual funds, and ETFs. Private market funds and alternatives represent an especially vibrant segment of the business as both LPs and GPs seek greater ESG diligence. More than one-third of total private capital assets have been raised by ESG-committed firms, according to Preqin. [4] ESG-committed private capital managers raised in excess of US$400 billion during the first nine months of 2021.

Exceptionally large private fund closes this year featured thematic ESG and climate impact goals. Brookfield Asset Management announced an initial US$7 billion closing for its Global Transition Fund, keying off the transition to a net zero economy, and TPG raised US$5 billion in a first close for its Rise Climate fund. While private equity represents the largest bucket, institutional investors' demand for non-correlated sustainable strategies supports growing allocations to private debt, infrastructure, real estate, natural resource, and venture capital alternatives.

Institutional AUM through ESG Funds and Mandates by Client Type, June 2021



Source: Broadridge Global Market Intelligence Institutional 2021 data. Includes institutional assets managed through separate accounts, comingled alternative funds, comingled CITs and trust funds, mutual funds, and ETFs. Excludes money market and fund of funds.

Reference
4. Preqin, ESG in Alternatives: Navigating the Climate Crisis — October 2021.

PREPARING FOR 28% OF AUM

Asset managers may need to plan for ESG funds to grow by three to four times by 2030, and for sustainability factors to play a more decisive role in sourcing new business. Dedicated responsible investments through funds and mandates has reached US$8 trillion out of the US$100 trillion of professionally managed assets tracked in the Broadridge Global Market Intelligence platform.[5] This amount could expand to US$19 trillion by 2025 and as much as US$30 trillion by the end of this decade. Our forecasts reflect various scenarios of probable growth that asset managers may consider in their strategic planning.

Retail and Institutional AUM Forecast Scenarios

$tn	Forecast Scenario		
	Low	Mid	High
AUM 2025	14	16	19
AUM 2030	20	25	30
Net Inflows 2021-2025	3	3	3
Net Inflows 2026-2030	3	5	6
Realigments/Conversions	2	5	7
ESG share of flows by 2030*	30%	45%	60%
ESG share of AUM in 2030*	18%	23%	28%

Source: Broadridge proprietary data. * Share of flows and AUM excludes mandates and private funds. Excludes money market funds and fund of funds.

In the mid-range scenario, brisk adoption gains pace as investor demand, supportive regulation, and stronger evidence of the benefits of sustainable investing drive growth. The share of fund inflows captured by ESG rises to 45%, compared to about one-third of flows during the past three years. This trajectory will generate US$8 trillion in net new flows to funds and mandates. In addition, we assume another US$5 trillion of existing mainstream assets will be realigned to ESG standards. Sustainable investments' share of mutual fund and ETF AUM would approach 23% by 2030.

Even in the low-range scenario in which the share of industry flows tops out at 30%, ESG AUM expands to US$20 trillion by 2030 and accounts for 18% of mutual fund and ETF assets, up from 11% today. In the high-end forecast scenario, rapid mainstreaming of sustainable investing takes their share of flows to 60%, propelled by up to US$9 trillion in net inflows, US$7 trillion in conversions, and a market share reaching 28% by the end of the decade.

Reference
5. Includes money market funds. GMI tracked $89 trillion in assets excluding money markets as of June 2021.

POSITIONING YOUR FIRM TO MEET CLIENT DEMAND FOR ESG

Sustainable investing has evolved immensely from its roots in client values as managers, corporate issuers, and institutional investors recognized the financial materiality of ESG factors. The field has matured further with a greater emphasis on double materiality, sustainable outcomes, and quantifiable impact.

While its contribution to risk management proved transformative, ESG itself has crystallized into a major reputational risk for firms that stumble on greenwashing concerns. More than ever, asset managers are being pressed to better articulate how sustainability adds value to stakeholders. This is easier said than done given the heightened complexity of the practice, data inconsistencies, and divergent investor priorities. Notwithstanding these challenges, with a concerted effort the industry may yet seize a unique opportunity to play a central role in sustainable finance. Some of the greatest potential lies ahead as investors allocate increasing amounts of capital aligned with the transition to a net zero economy.

Firms will marshal a wider a range of resources to execute their vision of themselves as sustainability leaders. These resources will be deployed across the following areas to improve both ESG implementation and market reach:

- **Technology and data:** Extracting clear insights from the vast store of sustainability data will call for stronger technology infrastructures, including artificial intelligence applications. These will be mission critical not only for investment decisions and effective engagement, but also for meeting selectors' due diligence requirements and regulatory compliance reporting

- **Products and solutions:** Managers still have a blank canvas on which to innovate as investors delve further into thematic, dark green sustainable, climate, and net zero strategies. Evidence of a robust process will be sought, along with measurable impact and outcomes. Active ETFs and private market alternatives will represent high-growth segments along with model portfolios, online platforms, and customization through direct indexing

- **Marketing and brand:** Transparency and authentic communication will form the basis for building credible ESG brands and facilitating customer acquisition. Technology will play an important role in distribution enablement, advisor support, and piping relevant content to intermediaries. Sales teams will need intense training to convey the value of increasingly complex sustainable investment solutions

- **Talent and leadership:** Senior executive responsibility for actioning the sustainability agenda across the organization remains a key ingredient for success. Many firms still need to enhance portfolio managers' involvement in the process, tying compensation and incentives with sustainability results. Talent development in this highly analytical field will help create the solution set that in the end mobilizes capital for sustainable impact

BENCHMARK YOUR VALUE

At Broadridge, we provide the critical infrastructure that powers investing, corporate governance, and communication to enable better financial lives. As a global Fintech leader, with US$5 billion in revenues, we deliver technology-driven solutions that drive business transformation for our clients and help them get ahead of today's challenges to capitalise on what's next.

Our representatives and specialists are ready with the solutions you need to advance your business.

Fund Buyer Focus (FBF) – Measuring clients' perception

Broadridge Fund Buyer Focus (FBF) Intelligence operates an independent competitor research platform that surveys the views of over 1,000 of the most influential third-party fund selectors across Europe and APAC. FBF data provides personalised perception benchmarking and competitor analysis across six KPI fields:

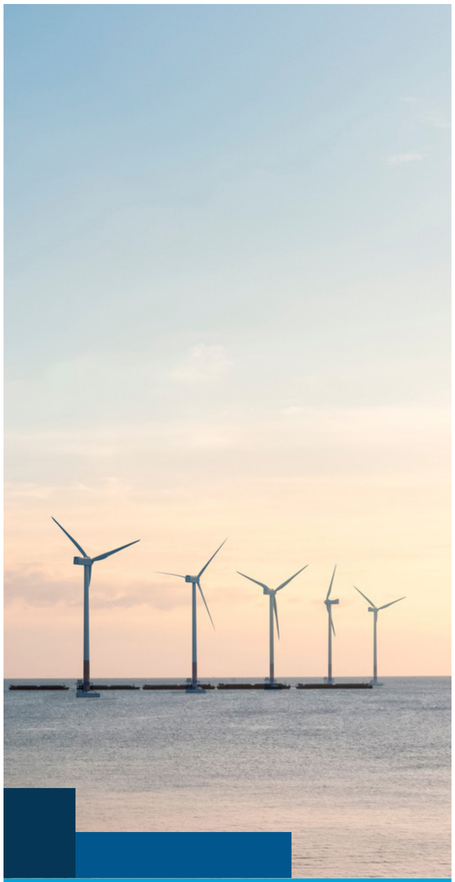
- Brand Management
- Product Quality
- Marketing & Communications
- Provider Selection
- Sales & Account Management
- Asset Allocation

FBF's market-leading survey data enables managers to measure their performance against their competitors.

Global Market Intelligence – See the bigger picture

Broadridge Global Market Intelligence (GMI) is an integrated analytics solution which delivers market, distribution, competition, and pricing intelligence across retail and institutional channels globally. The GMI Fee Module tracks negotiated fees of over 80,000 agreements globally, providing members with an essential tool for benchmarking their businesses and establishing effective pricing. GMI can help managers to:

- Identify new markets and opportunities
- Analyse trends
- Understand market, channel, and product landscapes
- Operate more efficiently and make better strategic decisions



Global Market Intelligence

GMI's sophisticated analytics functionality puts market intelligence at the heart of successful asset management businesses.

FBF Intelligence

FBFI surveys over 1,000 of the most influential third-party fund selectors across Europe and APAC, in order to drive value through real-world benchmarking and competitor analysis.

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Broadridge, a global Fintech leader with over $5 billion in revenues, provides the critical infrastructure that powers investing, corporate governance and communications to enable better financial lives. We deliver technology-driven solutions that drive business transformation for our clients and help them get ahead of today's challenges to capitalize on what's next.

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