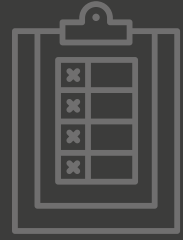




INVESTMENT
COMMUNICATIONS
TRENDS
ENVIRONMENTAL,
SOCIAL &
GOVERNANCE

2022





SURVEY UNIVERSE

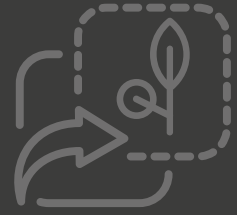
In our fifth annual Investment Communications Trends Report, JPES Partners ("JPES") conducted 16 in-depth interviews with senior in-house communications and marketing professionals at global and European asset management firms.

To ensure that a broad spectrum of views were represented across the industry, we spoke to 4 boutique managers (classified as below €100 billion); 6 medium-sized managers (between €100 – €500 billion); and 6 large managers (over €500 billion).



- **16 in-depth interviews conducted**
- **€9 trillion of assets represented**
- **Heads of Communication / PR / Marketing**
- **Firms ranging in size from under €5 billion to €2 trillion**
- **Interviews conducted between March – July 2022**

This year we have divided the Investment Communications Trends Report into three shorter, standalone reports looking at Private Markets; Environmental, Social & Governance; and Content & Digital.



TO CONVERT OR NOT TO CONVERT?

Is 2022 the year that ESG investing finally loses its sheen? For the last 12-months, there appears to have been a regular flow of news regarding possible greenwashing, with regulators acting against market participants and whistle-blowers lifting the lid on what they claimed were greenwashing practices.

This reality echoes one of the key findings of last year’s Investment Communications Trends Report when several asset firms said they were worried that their firm might be accused of greenwashing. As a result, many asset managers said their initial fund classifications under the EU’s Sustainable Finance Disclosures Regulation (SFDR) were relatively conservative, as they preferred to take a cautious approach, with the aim of upgrading funds over time.

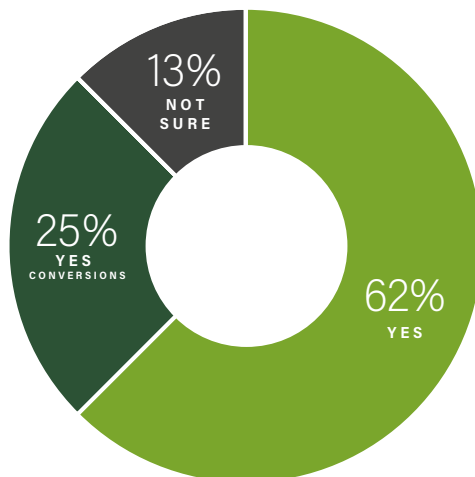
This strategy of converting and upgrading over time is being borne out by firms’ product development strategies. This year, our report found that while 62% of asset managers are still planning to launch new, standalone ESG-labelled products in the next 12 months, a further 25% said that an expanded range of ESG solutions being made available to clients would most likely be through the conversion of existing, rather than creating new, funds.

The conversion and rebranding of existing funds doesn’t come without its challenges, however.

One respondent noted that there has been a very clear move towards the rebranding of existing funds by their own firm and in the wider asset management industry, which they warned can be dangerous territory. “I always wonder when journalists will start picking up on it as it’s been quite a recent shift. We’ve relabelled funds and have always been quite conscious that it’s not something to go out and scream about.”

The decision to focus on conversions is already reflected in industry data, with a marked slowdown in new fund launches this year. Figures by Morningstar for the first quarter of 2022 found that an estimated 138 new Article 8 and 9 funds were launched in the period, down by nearly 50% on the previous quarter. Delving deeper into the data showed a marked difference between the two. Morningstar reported that flows into Article 8 funds shed €3.3 billion in the first quarter while Article 9 recorded inflows of €8.6 billion.

PLANS TO LAUNCH MORE ESG PRODUCTS IN THE NEXT 12 MONTHS





PRUDENCE REIGNS ON GREENWASHING FEARS

A fear of being seen to greenwash and a far more prudent approach to product development has also manifested in how asset managers view their ESG expertise, with fewer firms than ever before willing to declare themselves a pioneer in the space.

Back in 2019, nearly half of the industry believed they were leading the way on ESG; this year, only 6% said they were a true pioneer, with one other even noting that the term 'Pioneer' applies, but only selectively for parts of the business rather than the group as a whole.

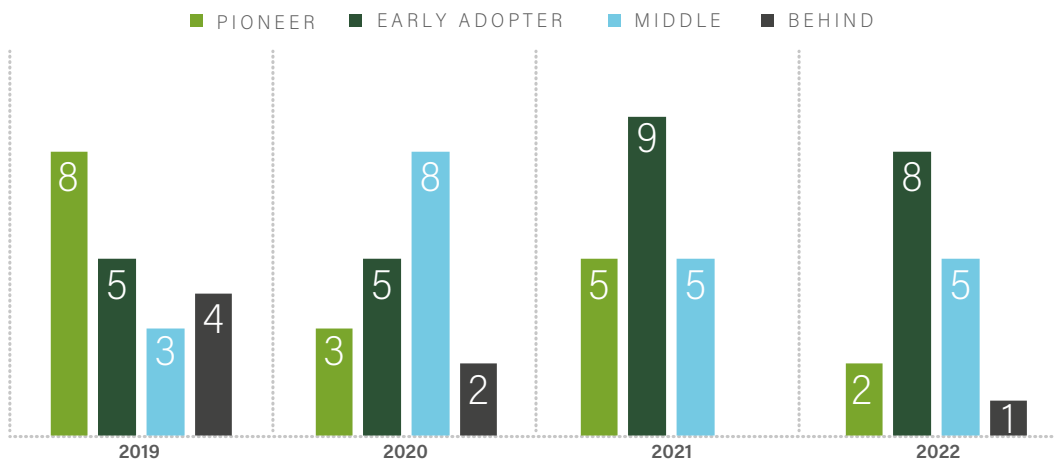
One asset manager, a specialist in ESG investing for many decades, described how it has become increasingly difficult to retain such a mantle with the rapid developments in the broader industry.

"We were a pioneer but that's a bit boring now. Our 30-year track record is really no better than anyone else's 30 years and seemingly everyone is now able to drag up three decades from somewhere. So that [differentiator] goes away. One of our unstated objectives is to become a pioneer again."

One of the bigger issues for specialists, however, is the risk of losing their staff. Despite a rush to recruit such expertise over the last few years, nearly two-thirds of asset managers (62%) we spoke to still expect to continue building out their ESG teams in the year ahead.

One firm even noted that as a specialist player they are often in a difficult position of losing key individuals to much larger groups, who have much deeper pockets.

WHERE IS YOUR FIRM ON THE ESG SPECTRUM





THE DEATH OF THE ESG CAMPAIGN

As asset managers have developed their ESG capabilities, they have also begun to change the way that they describe this expertise. In fact, the acronym 'ESG' has been coming under fire for some time, for its catch-all approach to what is often a far more complex set of issues.

As a result, very few firms (18%) would still choose to use the term at a corporate level to describe their investment approach, with the majority choosing either sustainability (41%) or responsible investing (35%). This doesn't preclude others in the organisation from using it though, with many managers saying the investment teams tend to use the terms far more interchangeably.

While there is perhaps less of a frantic need to play catch up and talk about responsible investment, ESG or sustainability, it is still the number one priority in terms of strategic communications objectives for half of all asset managers, with a further third citing the wider corporate narrative, which may reference ESG, is key.

However, one respondent warned of the need for restraint on media campaigns around ESG, and in particular, the more recent push towards net zero. "The majority of people are really struggling right now, so it's not the right time to be telling people 'We have to do this for net zero'. I think the tide is turning and it's only going to get harder for us. Everyone wants to be doing these big responsible, sustainable campaigns. That's great, but maybe it's not the right time to be doing that."

This asset manager may be one of the few who are feeling a need to be more restrained, however, with 80% of asset managers saying they still plan to increase the volume of ESG content they are producing for media purposes; this has been an ongoing theme for the last few years. That said, this year's research found a possible indicator of a future slowdown, with the first instance of a firm stating that they would actually produce less.

Total volumes of ESG content have been rising steadily in recent years, with our most recent ESG media audit noting that journalists were receiving over 90 pieces of ESG content every month, a 150% increase in volume in just two years. This huge increase has already led some firms to reconsider their strategies and focus on quality of content, rather than quantity.

"There was a content land-grab in ESG that's been playing out over the last three to four years and we exited that. It wasn't something we could win so we really focused on getting more cut-through. We're well known for our direct emails to clients and it's our thought leadership that sits behind those."

Much like the decline in overall content production in recent years, 2022 may well see the beginning of the end of this green tide of content, as managers begin to reevaluate the benefit versus the cost and focus instead on the quality, and cut-through, of what is being produced.



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JPES Partners is a communications consultancy specialising in the investment management and commercial property sectors.

We help our clients achieve their business objectives through a combination of strategic marketing and communications disciplines. Our team of consultants draws on a range of professional backgrounds including investment management, journalism, marketing, public relations and law.

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