

# Europe leading the way in ESG investing

*European asset managers are leading the world in ESG product availability, thought leadership and brand positioning, according to new research by digital transformation specialists Kurtosys Systems.*

Temps de lecture : minute

---

28 September 2020

In its [ESG Distribution Study 2020](#), Kurtosys Systems examined the public websites of the top 100 asset managers by AuM. The findings explored three major themes – the availability of ESG products, the integration of ESG into brand messaging and the provision of sustainability metrics in investor reporting.

While UK investment groups and global managers domiciled in the US slightly trailed European counterparts, US-centric managers were conspicuous laggards in all metrics we observed – as were managers from Asia and the rest of the world.

In terms of the availability of ESG products, dedicated ESG labelled funds, or funds focusing on sustainable investing, were made available by precisely 50 of the top 100 asset managers. The UK led the way at 80%, or eight of 10 managers, ahead of the European managers at 73%, or 19 of 26. It was just 44% in the US, or 22 of 50. Across the rest of the world – Japan, China, Australia, Canada and Brazil – the picture was decidedly less developed, with only two of the remaining 14 managers offering ESG products.

These numbers confirm sustainable investing is a largely Eurocentric

phenomenon at present, a fact explained by both the European Union's legislative stance towards climate change, as well as the more liberal attitudes of many of the bloc's citizens. Simply put – there is more demand both from the consumer and the regulator. However, the 'S' in ESG may start to create more demand in the USA and other jurisdictions, with the growing swell of support for social justice movements.

As for the integration of ESG into brand and messaging, 24 of the 26 European asset managers in the study incorporated ESG as a core anchor within brand messaging and content. This is in fact a larger percentage than those managers offering dedicated ESG products. In the US, only 42% featured sustainability in any way on websites. In the UK only four of 10 managers anchored core messaging to ESG.

Managers leading the way are those providing real evidence of how sustainability has been incorporated into investing processes. US-headquartered Federated Hermes offers a great example of how to do this well, as does European giant Nordea.

Finally, in comparison to the relative abundance of ESG-style products, the reporting accompanying the strategies is much less mature. For example, just 7% of managers provided fund-level sustainability metric reporting for ESG labelled products via a digital channel. These ranged from the inclusion of carbon consumption metrics to overall sustainability scores. Meanwhile, just 2% provided digital sustainability metrics across the broad fund range – beyond just ESG products.

*“In spite of COVID-19, the work to integrate sustainability into the core of our industry will continue apace in 2020 and 2021. The early leaders in this new world are creating a strong*

*defensive moat around them, not just in terms of expertise but in terms of brand perception and client service,”*

*“For the chasing pack to compete, investments need to be made in people, data, process, and technology to evolve their existing businesses for the new world of responsible investing.” - Patrick McKenna, Global Head of Sales and Product at Kurtosys Systems*

To assist in this effort, Kurtosys Systems is launching a series of ESG focused web and print components to help managers accelerate client reporting, while also adding to its existing client portal offering, to allow managers to demonstrate engagement reporting alongside ESG metrics. In addition, it is adding ESG data to its core data model to allow for seamless integration with product book of record systems, while orienting its product management process to stay aligned to upcoming regulatory change.

*“While we are merely one piece of the puzzle, we feel this is an important component in the strategy of every asset manager in preparing for this new world,” McKenna adds.” - Patrick McKenna*



Read also

Welcome to the next level of digital asset storage for investors

---

Article by Maddyne