

2020 Report on US Sustainable and Impact Investing Trends

REGISTERED INVESTMENT COMPANY HIGHLIGHTS

Sustainable investing in the United States continues to expand at a robust pace. Total US-domiciled assets under management (AUM) using environmental, social and governance (ESG) strategies grew from \$12.0 trillion at the start of 2018 to \$17.1 trillion at the start of 2020, a 42 percent increase. This represents 33 percent – or 1 in 3 dollars – of the total US assets under professional management.

BREAKDOWN OF US SUSTAINABLE INVESTING ASSETS

- Institutional investors, money managers and community investing financial institutions consider ESG issues in their investment research, analysis and decision making across portfolios totaling \$16.6 trillion. This is a 42 percent increase from the \$11.6 trillion reported in 2018.
- Institutional investors and money managers that file or co-file shareholder resolutions on ESG issues represent \$1.98 trillion.
- After eliminating double counting for assets involved in both strategies, the net total of sustainable investing assets under management at the beginning of 2020 was \$17.1 trillion.

REGISTERED INVESTMENT COMPANIES

Registered investment companies, such as mutual funds, variable annuities, exchange traded funds (ETFs) and closed end funds, that incorporate ESG investing criteria, all grew in terms of number of funds and assets under management except for variable annuity funds. Between 2018 and 2020, the number of funds increased 15 percent to 836, and assets under management increased 19 percent to \$3.10 trillion.

The number of sustainable investment mutual funds, the largest registered investment company vehicle type, increased 13 percent to 718. Assets under management increased 19 percent to \$3.06 trillion.

ETFs incorporating ESG factors continued to grow from 2018 to 2020. Total ETF ESG assets increased almost 3-fold to \$21 billion, and the number of funds increased 36 percent to 94.

More than \$2.5 trillion in registered investment company assets reported incorporating general ESG issues without disclosing the specific ESG criteria or themes used. However, 287 funds with \$1.3 trillion in assets explicitly reported incorporating climate change or carbon-related criteria into their investment process, an increase of 63 percent since 2018 in the assets affected. As in 2018, it is the leading specific ESG issue for registered investment companies in asset weighted terms.

MONEY MANAGER ASSETS, BY TYPE, INCORPORATING ESG CRITERIA 2018

Total Assets (in Billions)

- Mutual Funds \$3,060
- Variable Annuities \$17
- ETFs \$21
- Closed-End Funds \$3
- Alternatives \$716
- Other Commingled Funds \$985
- Community Investment Institutions \$266
- Undisclosed Investment Vehicles \$11,493



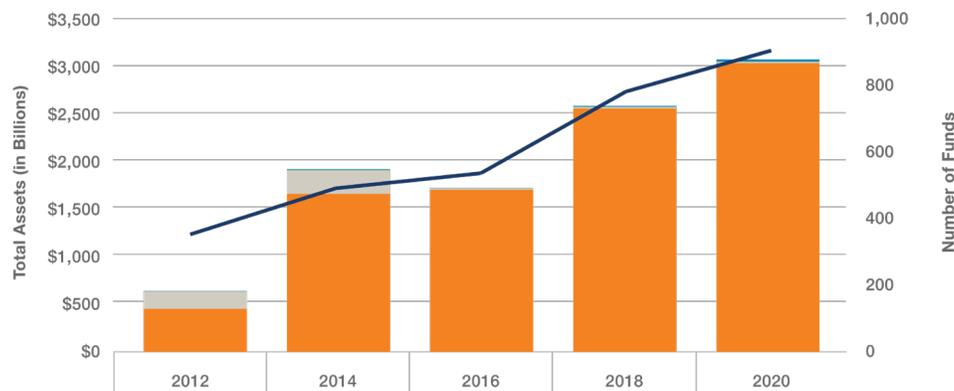
SOURCE: US SIF Foundation.

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ESG Incorporation by Registered Investment Companies 2012–2020

Left Axis: ■ Mutual Funds ■ Variable Annuities ■ Closed-End Funds ■ Exchange-Traded Funds

Right Axis: — Number of Funds



	2012		2014		2016		2018		2020	
	#	Assets	#	Assets	#	Assets	#	Assets	#	Assets
Mutual Funds (ex-Variable Annuity)	302	\$455.7	415	\$1,675.1	475	\$1,718.3	636	\$2,580.3	718	\$3,060.4
Variable Annuities	31	\$184.8	41	\$249.7	16	\$16.9	18	\$17.0	13	\$17.0
Closed-End Funds	7	\$1.4	4	\$7.3	3	\$0.7	7	\$2.9	11	\$3.3
Exchange-Traded Funds	21	\$2.5	20	\$3.5	25	\$3.5	69	\$7.4	94	\$21.0
Total	361	\$645	480	\$1,936	519	\$1,739	730	\$2,608	836	\$3,101.8

SOURCE: US SIF Foundation.

NOTE: Asset values are in billions.

About the 2020 Trends Report

The US SIF Foundation's biennial Trends Report provides extensive data on the numbers of institutional asset owners, money management firms and investment vehicles using sustainable investment strategies. It also distills the range of significant environmental, social and governance (ESG) issues that investors consider.

The report is the only report of its kind in the United States. It is extensively used by other institutions and organizations. To obtain a copy, visit www.ussif.org/trends.

About US SIF

US SIF: The Forum for Sustainable and Responsible Investment is the leading voice advancing sustainable and impact investing across all asset classes. Its mission is to rapidly shift investment practices towards sustainability, focusing on long-term investment and the generation of positive social and environmental impacts.

The US SIF Foundation undertakes educational, research and programmatic activities to advance the mission of US SIF.

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