

## Are ESG funds readily available to retail investors?

Discussions around sustainability and in particular environmental issues have taken centre stage in recent years. Citizen-led initiatives in multiple countries have forced corporations and governments to take sustainability-focused decisions and are playing a vital role in policy development. Many have reconsidered their day-to-day habits and choices and try to opt for a socially and environmentally conscious approach. However, when it comes to investment choices, the lack of education and relevant information has often resulted in frustration.

While institutional investors have fuelled the significant expansion of ESG and particularly environmental investing over the past few years, a largely untapped segment is the retail investor.

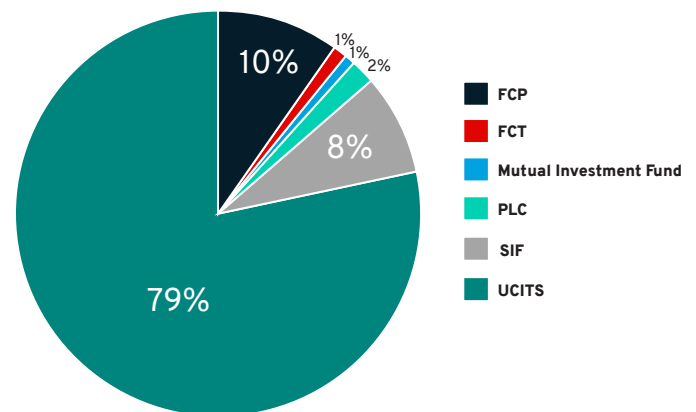
The relatively small but fast-growing proportion of ESG conscious retail investors is driven by a increasing concern over the effects of climate change, as well as income inequality and other social issues highlighted by the impact of COVID-19. Increased choice in terms of available investable ESG products can only expedite this growth.

Among the 123 LuxFLAG ESG labelled products which represent over 60 billion euros of assets under management, an analysis of the legal form of these products reveals that: 79% are UCITS (Undertakings for the Collective Investment in Transferable Securities), 10% are FCPs (FondsCommun de Placement), 8% are SIF (Specialised Investment Funds), 2% are PLCs (Public limited company), which sits alongside the Irish Collective Asset-Management Vehicle and 1% are FCTs (Fonds Commun de Titrisation) and Mutual Investment Funds.

As for access to sustainable products by different types of investors, we have noted that 73% of LuxFLAG ESG labelled products are available to retail investors (an individual who purchases securities for her or his own personal account, rather than for an organization), 23% are limited to the institutional investors (an organization that invests money on behalf of other people in mutual funds, pensions, insurance companies, etc.) and 4% are available to both retail and institutional investors and also to private professional investors.

Product access and therefore the type of investor can be correlated with the legal structure of the fund. On a positive note, 77% of the LuxFLAG ESG labelled products are available to retail investors. That being said much work is required to educate retail investors about the availability and opportunity of these products that let them participate in a mega trend of the decade.

### Legal Form



### Type of Investors

