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ESG investment considerations continue at pace among UK families

- Nearly half (46%) of UK families surveyed said they had discussed Environmental, Social, and Governance investments (ESG) with their financial adviser
- Almost a third (31%) are more concerned following the global disruptions of climate change and COVID-19
- Two in five (39%) families expect to change the amount they invest in ESG/SRI Investments in the next 5 years spelling a big opportunity for advisers

Almost half (46%) of the UK families Prudential spoke to as part of its *UK Family Wealth Unlocked* report said they are considering ESG investments as part of their discussions with their financial advisers.

The report, which looks at intergenerational planning and wealth transfer among advised families, found that Covid-19 has shifted people's outlook on the environment. In fact, global disruptions have raised concerns for almost a third (31%) of respondents. More than a quarter (26%) of advised families also say they are more worried than ever before due to the uncertainty the pandemic caused.

Almost two in five (39%) consumers, who have or currently seek financial advice, confirm they expect to change the amount they invest in ESG/SRI Investments in the next 5 years presenting advisers with a big opportunity. This suggests a growing appetite among families for greater understanding and awareness of alternative portfolio options and guidance on how to invest sustainably to help the planet, environment, and society.

Catriona McNally, investment expert at Prudential UK, said: "The desire to live more sustainably is accelerating. Whether that's making small changes daily such as recycling through to altering their investment portfolio to support more socially responsible funds. The importance of SRI and ESG has become a growing trend which more and more individuals are now attuned to and more advisers are discussing with their clients. Our research showed this growing trend was especially prevalent amongst those with children or indeed grandchildren suggesting a shift in environmental behaviour to ensure they do their bit to support future generations.

“While it’s hugely positive to see increasing appetite for ESG investing, this does mean we all need to become more informed. It’s important that investors fully understand the ESG investment landscape and particularly the performance of those funds. Recent reports suggest that, on average, investment strategies that incorporate ESG have outperformed over the longer term.

“But as almost half of advised families surveyed confirmed that since the pandemic they are keen to explore responsible companies and funds, there’s a big opportunity for advisers. Incorporating ESG into the adviser – client discussion can ensure that client values are considered and embedded into the investment portfolio without concern of potentially sacrificing growth longer term.

A full version of Prudential UK’s new *Family Wealth Unlocked* report can be found <https://www.pruadviser.co.uk/knowledge-literature/insights-hub/igp-hub/wealthunlocked/>.

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Methodology

Research was carried by Opinium among a UK representative sample of 1,000 advised families. The study was completed in November 2020.

Notes to editors

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Its purpose is to help people live the life they want by managing and growing their savings. And by helping to direct how and where people invest their money, it can help make the world a little better.