

## Press Release

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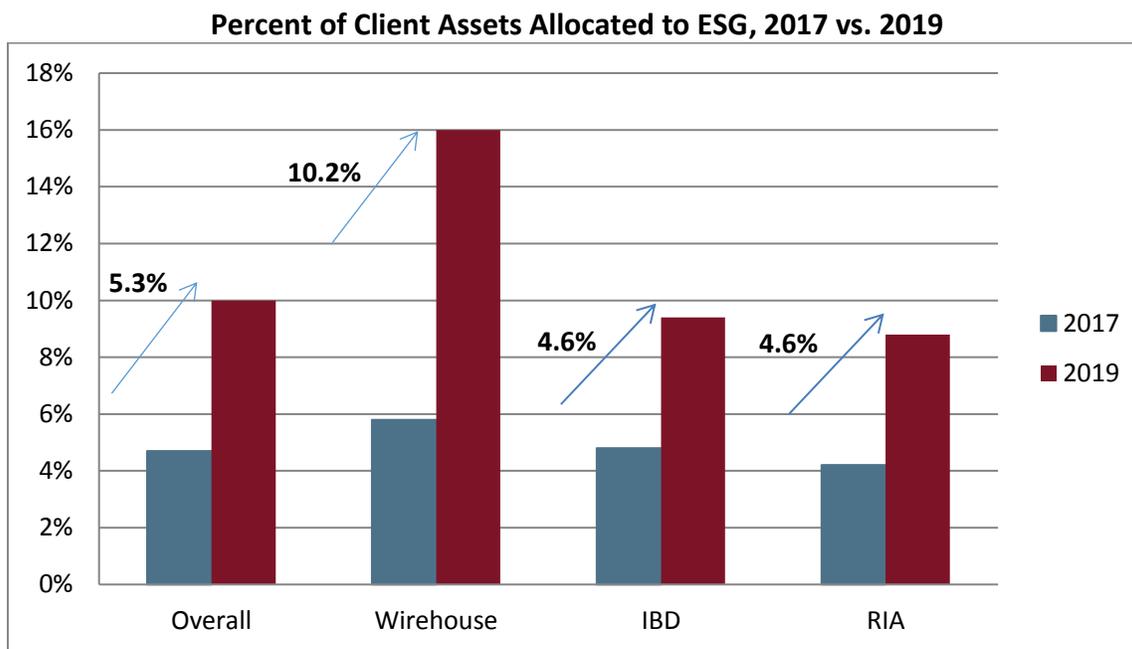
Clark Davis

720-491-4344

[cdavis@fuse-research.com](mailto:cdavis@fuse-research.com)

## Popularity in ESG Continues to Grow, But Will the Money Follow the Desire?

October 24, 2017, Needham, MA – ESG (environmental, social, governance) strategies continue to grow in popularity. Today it remains primarily in the province of institutional investors, but interest has extended to individuals, particularly women and Millennials. According to FUSE Research Network’s latest Advisor Trend Monitor Series Report – *Portfolio Construction: The Advisor View*, overall advisors’ allocation of client assets to ESG funds remains relatively limited at just under 5%. While this percentage is expected to double by 2019, the increase in popularity still has not been reflected in actual asset growth with demand for ESG remaining aspirational for retail investors. This year, FUSE surveyed nearly 700 advisors in conjunction with WealthManagement.com, examining the portfolio construction process with a detailed look at the future client allocations to ESG and smart beta.



*Source: FUSE 2017 Portfolio Construction: The Advisor View*

Impact investing and ESG strategies have certainly become more mainstream, in fact 18% of surveyed advisors stated that ESG is very important for their Millennial clients. “However, two-thirds of surveyed advisors believe ESG is not relevant to their overall business, and barriers to more universal adoption

remain high,” explains Patrick Newcomb, Director of BenchMark Research, FUSE Research Network. “In particular, ambiguity still surrounds many of the ESG aspects, and despite findings from some industry surveys, many cannot shake the perception that ESG integration means sacrificing financial returns.”

“In terms of the immediate future, FUSE expects that most of the ESG growth will be concentrated in the number of products as opposed to flows,” adds Newcomb. “An opportunity does present itself with Millennial clients as intergenerational wealth transfers accelerate. As of now though, the jury is still out on whether this momentum for ESG can translate into future asset gains.”

In addition to the ESG evaluation, the Advisor Trend Monitor Report – *Portfolio Construction: The Advisor View* focuses on the following topics: investment management firms that excel at portfolio construction, primary drivers behind portfolio construction process, rising influence of home office models, critical attributes of portfolio construction, allocations to smart beta and source of new assets for future increased ETF use. Survey findings are presented at the aggregate level, as well as by distribution channel, age, whether or not there is a dedicated due diligence team member, size of book and gender.

The FUSE Advisor Trend Monitor is a survey-based report series that provides timely insight into advisor views on a range of issues central to asset managers’ decisions about resource allocation. With the ongoing support of our partner, WealthManagement.com, FUSE releases a total of five reports annually that make up the Advisor Trend Monitor series.

For details about obtaining a copy of *Portfolio Construction: The Advisor View*, please email Jason Heinhorst at [jheinhorst@fuse-research.com](mailto:jheinhorst@fuse-research.com) or call (720) 221-5223.

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### [About FUSE Research Network LLC](#)

FUSE was launched in 2008 with the view that research and consulting support for asset managers has failed to evolve with the changing needs of the client. The future competitive environment will demand that clients make important business decisions within shorter and shorter timeframes.

In order to support clients in this setting, FUSE provides a dynamic research platform that covers our clients’ current and future decision areas (strategic and tactical). Our goal is to become an invaluable business partner through the delivery of highly informed and forward-looking recommendations that are among the critical inputs our clients need to optimize results.