

**Press Release London, Nice, Paris, 1 October 2020**

**EDHEC-Risk 2020 survey results show strong motivations for integrating ESG, whether in ETFs, or in smart beta and factor investing strategies**

EDHEC-Risk Institute has announced the results of the 13th EDHEC European ETF, Smart Beta and Factor Investing Survey, a comprehensive survey of 191 European ETF and smart beta investors, conducted as part of its Amundi research chair on “ETF, Indexing and Smart Beta Investment Strategies”. This survey, conducted since 2006, aims to provide insights into European investors’ perceptions, practices and future plans in the domain of ETFs and Smart Beta. The 2020 edition presents a new focus on SRI/ESG investing.

Here’s a selection of key findings about the current use and future development of ETFs, smart beta and factor investing strategies, as well as the integration of ESG within these products.

***Current use and future development of ETFs***

* **In 2020**, **49% of respondents are investing in SRI/ESG, a significant increase compared to 17% in 2011**. Among them, **55% have used ETFs to invest in SRI/ESG** in 2020 (33% in 2019), with a **satisfaction rate of 87%** (68% in 2019).
* **Achieving broad market exposure** **still tops the list of reasons for using ETFs**, with 77% of respondents using them frequently for this purpose.
* **Cost and quality of replication are the two main drivers for selecting ETF providers** (91% and 86% of respondents, respectively).
* **About two-thirds of respondents (65%) have used ETFs to invest in smart beta in 2020**, and 47% of smart beta and factor investing has been done through ETFs in 2020.
* **54% of investors still plan to increase their use of ETFs in the future** despite the already high maturity of this market and high current adoption rates.
* **50% of respondents would like to see further developments in SRI/ESG-based ETFs and/or low-carbon ETFs**, compared to 38% in 2019.

***How sustainable investing fits into investors’ concerns***

* Allowing for a **positive impact on society** (65%) as well as **reducing long-term risk** (58%) are the two main reasons why respondents incorporate ESG into their investment decisions. However, the majority (63%) do not want this to be done at the expense of weaker performance.
* More respondents (45%) favour a **best-in-class (positive screening) approach to SRI/ESG implementation** over the thematic approach (30%) and the negative screening approach (25%).
* The majority of respondents (57%) identify the **E (Environmental) as the most important dimension of ESG**. The G (Governance) comes second (36%) and the S (Social) ranks last with only 7%.
* 45% of respondents consider that the best approach to **reducing the carbon footprint** of a portfolio is positive screening.

***Current use and future development of smart beta and factor investing strategies***

* **Improving performance and managing risk are the two main motivations for using smart beta and factor investing strategies.** Despite this strong level of motivation, 70% of respondents invest less than 20% of their total investments in these strategies.
* In terms of the actual product wrapper, **respondents favour passive funds that replicate smart beta and factor investing indices** (57%).
* **About three-fifths of respondents believe that the three typical factors of the credit risk market, namely carry/level of the yield curve, credit and slope of the yield curve, are the most relevant rewarded factors (63%, 60% and 59% respectively).**
* When asked about the smart beta solutions they think require further development by providers, respondents cited **ESG,** **fixed income and alternative asset classes**. They would also like to see **more customised solutions developed.**
* The development of new products corresponding to these demands may lead to even higher take-up of smart beta solutions. **48% of respondents plan an increase of more than 10% in terms of assets in their use of smart beta and factor investing products in the near future.**

Commenting on the results of the survey, Fannie Wurtz, Head ETF, Indexing & Smart Beta at Amundi, had this to say: “As a pioneer in sustainable investing, Amundi is delighted to see growing interest from investors in ESG solutions. With respondents reporting a range of objectives for their ESG allocations, from a positive impact on society (65%), to reducing long-term risk (58%) and improving performance (25%) we recognise that there is no one-size-fits-all in sustainable investing. With our focus firmly on our clients we have developed a range of responsible ETFs designed to meet the varied objectives of investors.”

Professor Lionel Martellini, Director of EDHEC-Risk Institute, added, “The 2020 edition of the EDHEC European ETF, Smart Beta and Factor Investing Survey conducted as part of the Amundi research chair at EDHEC-Risk shows a significant increase in the use of ETFs for ESG investing. Overall, 39% of total assets under management in ESG takes the form of ETF investments for our survey respondents in 2020, with a satisfaction rate of 87%. This finding confirms that ESG investing has become a key force in the industry, and that ESG exposure can be achieved not only via active managers, but also via passive investment vehicles.”

A copy of the EDHEC-Risk Institute survey can be found here:

[EDHEC-Risk Institute Publication: EDHEC European ETF, Smart Beta and Factor Investing Survey 2020](https://risk.edhec.edu/sites/risk/files/indices/publications/edhec_eur_etf_smart_beta_and_factor_investing_survey_2020.pdf)

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**About EDHEC-Risk Institute**

**Academic Roots & Practitioner Reach**

Since 2001, EDHEC Business School has been pursuing an ambitious policy to produce academic research that is both practical and relevant. This policy, known as “Research for Business” and now labelled “Make an Impact”, aims to make EDHEC an academic institution of reference in a small number of areas in which the school has reached critical mass in terms of expertise and research results.

In 2001, EDHEC Business School created EDHEC-Risk Institute, a premier academic centre for industry-relevant research in investment management, which has developed a portfolio of research and educational initiatives in the domain of investment solutions for institutional and individual investors.

The institute, in partnership with industry leaders, boasts a team of permanent professors, engineers and support staff, as well as affiliate professors and research associates. Their collective work has a particularly significant footprint in the areas of **factor investing, retirement investing and sustainable investing.** Its philosophy is to validate its work by publishing in international academic journals, as well as to make it available to the sector through position papers, published studies, online courses, on-campus workshops and global conferences.

To ensure the dissemination of its research to the investment industry, EDHEC-Risk also provides professionals with access to its website, <https://risk.edhec.edu>, which has more than 120,000 visitors and is devoted to asset and risk management research, with a focus on investment solutions. Finally, its quarterly newsletter is distributed to over 100,000 readers.

Building on the cutting-edge research of the faculty, EDHEC-Risk Institute creates programmes to help executives level up their financial expertise on topics of considerable interest in the asset management industry: factor investing, goal-based investing, sustainable investing, data science and machine learning.

EDHEC-Risk’s mission is to give participants an edge in today’s fast-changing landscape, with programmes designed to guide them towards converting theoretical concepts into practical results. Courses are run in different formats to match the market’s needs: 100% on line, on-site, blended or bespoke programmes. To date, 2,500 professionals have chosen EDHEC-Risk Institute to help them address their challenges.

As part of its policy of transferring know-how to the investment industry, EDHEC-Risk Institute set up Scientific Beta, an original initiative to boost the take-up of the latest advances in smart beta design and implementation by the whole investment industry. On 31 January 2020, Singapore Exchange (SGX) acquired a majority stake in Scientific Beta, a transaction that vindicates the school’s “Make an Impact” model and its focus on producing research that is useful for both students and businesses.

EDHEC-Risk Institute also contributed to the launch of EDHEC Infrastructure Institute (EDHEC*infra*), a spin-off dedicated to benchmarking private infrastructure investments. EDHEC*infra* is now a provider of research and indices on unlisted infrastructure investments.

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**About Amundi**

Amundi, the leading European asset manager, ranking among the top 10 global players[[1]](#footnote-1), offers its 100 million clients - retail, institutional and corporate - a complete range of savings and investment solutions in active and passive management, in traditional or real assets.

With its six international investment hubs[[2]](#footnote-2), financial and extra-financial research capabilities and long-standing commitment to responsible investment, Amundi is a key player in the asset management landscape.

Amundi clients benefit from the expertise and advice of 4,500 employees in nearly 40 countries. Created in 2010 and listed on the stock exchange in 2015, Amundi currently manages nearly €1.6 trillion[[3]](#footnote-3) of assets.

**Amundi ETF, Indexing and Smart Beta** is one of Amundi’s strategic business areas. With over 30 years of expertise in index solutions replication and development, Amundi is a leader in ETF UCITS and a partner of choice in index management, recognised for its innovation and competitiveness. The platform is also known for its ability to develop Smart Beta & Factor Investing solutions. Responsible investment is one of the platform’s strengths, not only for open funds but also for ESG and climate solutions. The business line manages over €131 billion –of assets3.

1. Source IPE “Top 500 asset managers” published in June 2020 and based on AUM as of end December 2019 [↑](#footnote-ref-1)
2. Boston, Dublin, London, Milan, Paris and Tokyo [↑](#footnote-ref-2)
3. Amundi data as at 30/06/2020 [↑](#footnote-ref-3)