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Here's what leading asset managers think are the biggest trends in green investing

Article

What do leading wealth managers think about ESG? We wrap up what happened at last week's **Wealth Management Transformation Summit** session on ESG in London.

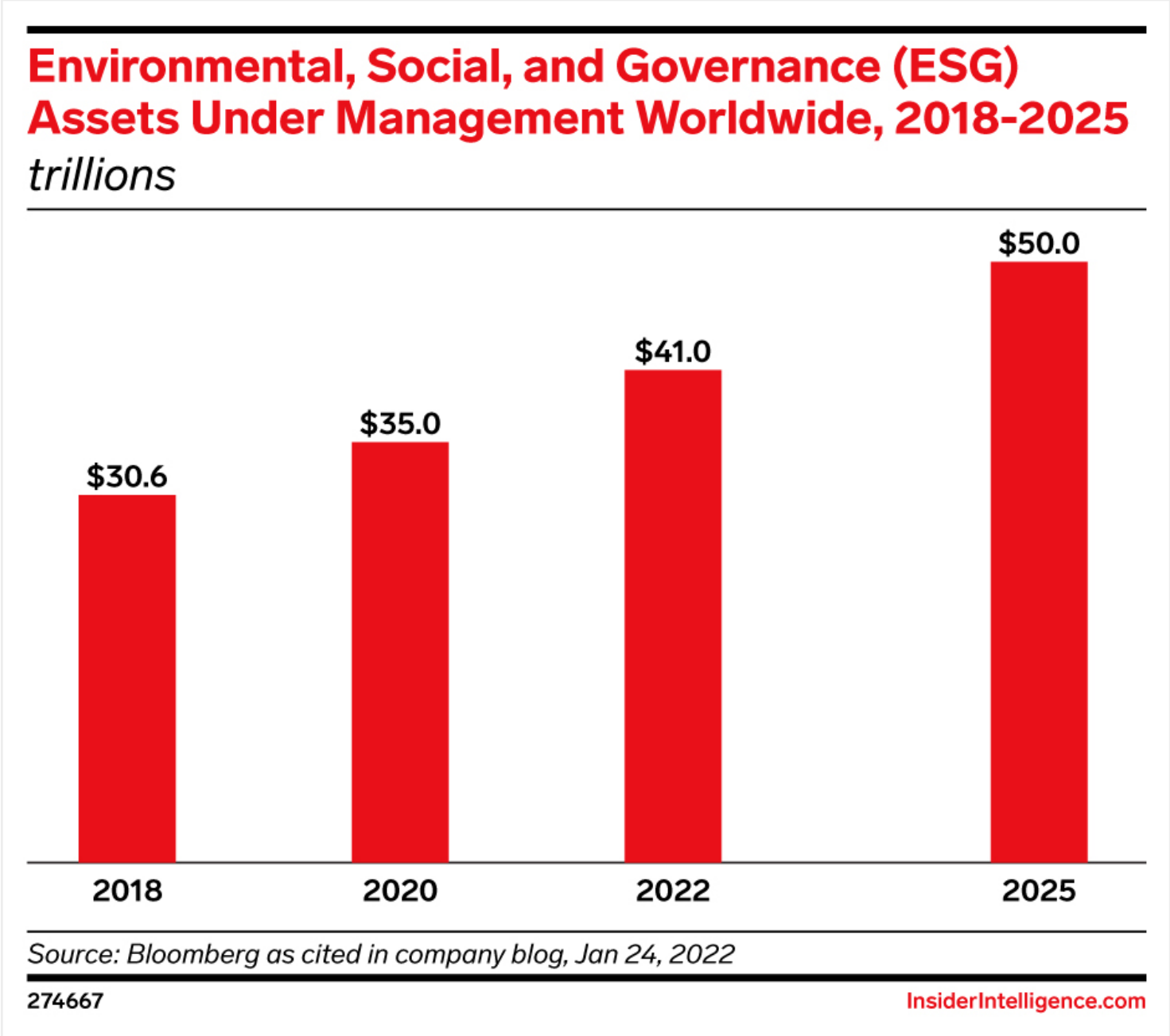
Speakers: Jamie Forrester, Director, Asset & Wealth Management Consulting at **Alpha FMC** (moderator)

- Nikhil Chouguley, Chief Operating Officer - Sustainable Investing at **Citi Global Wealth**
- Garth Emrich, Delivery Lead, Change & Transformation at **Rathbone Brothers**
- Maria Costa, Sustainability and Innovation - Wealth Management and Insurance at **Santander UK**
- Sam Tripuraneni, Head of Sustainable Outcomes at **Aviva Investors**

The sustainable investing megatrend: The panel discussion centered on three key points.

1. **The ESG investing boom is set to continue.** Green investing is here to stay and will become "more resilient over time," according to Costa. She underlined the need to balance the impact of socially conscious investments with maximizing returns, as the trend evolves. Chouguley agreed and said he expects ESG investing to mature as the "generational shift" in wealth management occurs. Emrich argued that you could take a more cynical view, saying "There is inertia amongst investors and within the industry but the [climate] science is completely clear." The green investing trend will continue but the path is winding, he added.
2. **Regulation is improving but it's not perfect.** What the UK's Financial Conduct Authority is doing "is exactly what's needed," Emrich believes. Self-regulation is important: It's up to companies to earn ESG labels and have guardrails in place, he added. Tripuraneni disagreed, lamenting that, "Regulation is lagging what most forward-looking investors are doing." He thinks this will stymie short-term innovation because products must meet labels, although he acknowledged that regulation must be gradual for long-term benefits. The "industry is still finding its feet" on oversight, Chouguley said, noting 12 separate regulations on Citi's radar. He expects legislation to stabilize, which will make building products and educating clients easier for financial institutions. Regulation is about being "pragmatic and honest," he stressed, and advised, "Don't claim sustainability and greenness if you can't prove it."
3. **The competitive advantage that ESG products give is shrinking.** The trend is becoming the norm and so simply offering green investing won't be enough in the long term, noted Costa, although she "definitely" views it as giving firms a short-term advantage. Chouguley said it gives a long-term competitive advantage, but that there is risk to being an industry leader due to the danger of being caught greenwashing and

punished by watchdogs, as Goldman Sachs has found. Asset managers can differentiate by the performance of ESG funds, as everyone now offers them, Tripuraneni said. Rathbone's Emrich highlighted ESG investing's wider value in attracting young talent.



Flash take: Here's how panelists responded when Forrester asked whether they think targets for net-zero carbon emissions by 2030 are achievable and what their top recommendation

would be for ESG-focused wealth managers.

- Emrich said “it has to be” achievable to hit net zero. He claimed, “We can achieve it in our portfolios” and argued investors can heavily influence carbon emissions.
- Tripuraneni stressed that net-zero goals are important, but ultimately the objective is to limit temperature rises to “well below” two degrees. He said the top priority should be to act now. His top recommendation to wealth managers was to focus on “active ownership and being an active shareholder.”
- Costa’s top recommendation for wealth managers was to prioritize collaboration with companies and governments.

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