



Alternatives managers continue to show improvements in ESG integration, finds new LGT Capital Partners study

Pfaeffikon/Zurich, 10 May 2019 – While European alternatives managers continue to lead the way on ESG, the topic is gaining traction in Asia and the US, with both recording a nine percentage point improvement in the proportion of managers ranked “good” or “excellent” in ESG integration compared to 2018 analysis, according to new research from LGT Capital Partners, a leading alternative investment manager.

The seventh edition of LGT Capital Partners annual ESG report assesses some 304 managers globally, grading them on how successfully they have integrated environmental, social and governance (ESG) considerations into their investment activities. Beyond assessing managers, this year’s study also presented KPIs on companies in the firm’s co-investment and private debt portfolios.

Key findings covered in the 2019 report:

- 65% of private equity managers are rated as either ‘Excellent’ or ‘Good’ for ESG integration, compared to 58% in 2018, indicating that ESG integration is becoming mainstream in private equity.
- The proportion of hedge fund managers earning top marks on ESG (rated ‘Excellent’ or ‘Good’) increased to 15%, up from 9% last year. One thing driving progress is the greater availability of quality ESG data on public companies.
- Diversity is becoming an important issue on the agenda of many private equity managers. 45% have a diversity policy in place and 36% consider diversity and inclusion in their investment process.
- Size remains a major consideration in managers’ ability to integrate ESG into their investment activities. 78% of large managers and 95% of mega managers have institutionalized ESG practices in place, compared to 62% of middle market managers and 56% of small managers.
- Europe continues to lead the way in ESG integration, particularly in private equity where 79% of managers were ranked as ‘Excellent’ or ‘Good’. The US and Asia are moving forward, with 49% and 59% of managers, respectively, receiving top ESG ratings of ‘Excellent’ or ‘Good’, a nine percentage point increase compared to 2018.

Commenting on the ESG Report 2019 findings, Tycho Sneyers, Managing Partner at LGT Capital Partners and board member at UN PRI said:



“We are encouraged to see progress on ESG in Europe, the US and Asia, albeit from very different starting points. One theme that clearly stands out this year is the growing importance of the SDGs. Investors are increasingly turning to the SDGs to make their sustainable investment activities more outcome orientated, and they have high expectations for the goals.”

Reflecting its commitment to ESG principles and, in particular, in response to the growing importance of the UN Sustainable Development Goals (SDGs), LGT Capital Partners is currently developing an innovative tool to calculate the impact of companies and whole portfolios – both negative and positive – on the SDGs. This new tool will allow greater insight into both portfolios and underlying companies, allowing investors to improve their SDG footprint while retaining diversification and attractive risk-adjusted returns.

LGT Capital Partners also announces the development of a new long/short hedge fund strategy, where ESG is a key criterion for selecting portfolio companies, as well as shorting those companies weak on ESG.

Ends

LGT Capital Partners

LGT Capital Partners has a long-held commitment to incorporating ESG considerations into its investment programmes and its business overall. Since 2003, many of its portfolios have had a responsible investment clause written into its governing documents, authorizing the firm to exclude investments that are substantially exposed to arms-related activities, violations of human rights, irresponsible treatment of the natural environment or other non-ethical conduct of business. In 2009, LGT Capital Partners launched its dedicated sustainable bond and equity offerings. In 2008 the firm was one of the first signatories of the UN PRI, since 2018 LGT Capital Partners further engages with PRI as a member of its Board. LGT Capital Partners is also a signatory to the Montreal Carbon Pledge.

LGT Capital Partners is a leading alternative investment specialist with over USD 60 billion in assets under management and more than 500 institutional clients in 37 countries. An international team of over 450 professionals is responsible for managing a wide range of investment programs focusing on private markets, liquid alternatives and multi-asset class solutions. Headquartered in Pfaeffikon (SZ), Switzerland, the firm has offices in New York, Dublin, London, Paris, Vaduz, Dubai, Beijing, Hong Kong, Tokyo and Sydney.

For more information on LGT Capital Partners or to receive a copy of the ESG Report 2019, please contact:

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