How scale makes a difference

The largest firms have the resources to lead the industry on major issues like ESG. Smaller ones are under pressure to keep up

Trends ranked no. 1 for impact on investment over the next 3-5 years

- Increasing regulations: e.g., fees, reporting
- Disruptive technologies: e.g., artificial intelligence, big data
- Market volatility/uncertainty
- Increasing complexity of investment options
- Increasing sophistication of ESG measurements and management
- Climate change/climate risk
- The shift to index-based investing
- Changing investor demands
- Need to increase allocation to private assets for increased opportunity set

<table>
<thead>
<tr>
<th>Size Range</th>
<th>7%</th>
<th>19%</th>
<th>12%</th>
<th>5%</th>
<th>14%</th>
<th>31%</th>
<th>2%</th>
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</thead>
<tbody>
<tr>
<td>$200bn+</td>
<td>24%</td>
<td>9%</td>
<td>11%</td>
<td>11%</td>
<td>13%</td>
<td>18%</td>
<td>4%</td>
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<tr>
<td>$100bn - $200bn</td>
<td>13%</td>
<td>15%</td>
<td>17%</td>
<td>8%</td>
<td>19%</td>
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<tr>
<td>$25bn - $100bn</td>
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<tr>
<td>$25bn and below</td>
<td>22%</td>
<td>18%</td>
<td>16%</td>
<td>10%</td>
<td>12%</td>
<td>8%</td>
<td>5%</td>
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</tbody>
</table>
Plans for ESG investing based on assets owned

Organizations planning to increase ESG investment significantly by the end of 2021

- $200bn+: 55%
- $100bn - $200bn: 31%
- $25bn - $100bn: 27%
- $25bn and below: 21%

Organizations planning to completely integrate ESG issues into their main fund by the end of 2021

- $200bn+: 50%
- $100bn - $200bn: 22%
- $25bn - $100bn: 23%
- $25bn and below: 13%

79% of organizations with $200bn+ have adopted an ESG policy framework compared with only 36% of organizations with less than $25bn.
Perceived barriers to ESG integration, according to assets managed

- Resources/time
- Costs
- Lack of data
- Quality of indexes
- Non-standard definitions of ESG
- Fiduciary duty
- Inexperience of managers
- Insufficient investment capacity
- Fear of lowered returns/lack of alpha
- Other problems take greater priority at present

Investment constraints are very different for large and small investors

### Constraints on investment strategies over time

- Today
- As remembered from 5 years ago

**Regulations**
- $200bn+
  - 29% today
  - 12% as remembered
- $25bn and below
  - 34% today
  - 11% as remembered

**Transparency**
- $200bn+
  - 17% today
  - 17% as remembered
- $25bn and below
  - 20% today
  - 16% as remembered

**Access to asset classes**
- $200bn+
  - 24% today
  - 24% as remembered
- $25bn and below
  - 23% today
  - 26% as remembered

**Technology**
- $200bn+
  - 17% today
  - 19% as remembered
- $25bn and below
  - 7% today
  - 16% as remembered

**Governance**
- $200bn+
  - 14% today
  - 29% as remembered
- $25bn and below
  - 16% today
  - 30% as remembered

Smaller organizations are more impacted by costs and skills shortages

Investment constraints are very different for large and small investors

Constraints on investment strategies over time

- **Regulations**
  - Today: 29%, As remembered from 5 years ago: 12%
  - $200bn+: 29%
  - $25bn and below: 34%

- **Transparency**
  - Today: 17%, As remembered from 5 years ago: 17%
  - $200bn+: 17%
  - $25bn and below: 20%

- **Access to asset classes**
  - Today: 24%, As remembered from 5 years ago: 24%
  - $200bn+: 24%
  - $25bn and below: 23%

- **Technology**
  - Today: 17%, As remembered from 5 years ago: 19%
  - $200bn+: 17%
  - $25bn and below: 7%

- **Governance**
  - Today: 14%, As remembered from 5 years ago: 29%
  - $200bn+: 14%
  - $25bn and below: 16%