Media release

Sustainable investments continue their dynamic growth in Switzerland

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According to the latest Swiss Sustainable Investment Market Study 2019 published by Swiss Sustainable Finance (SSF), the total volume of sustainable investments reached CHF 716.6 billion by the end of 2018. This sharp increase of 83% is attributable to the fact that more and more institutional investors are opting for sustainable investment strategies and many asset managers are now also integrating sustainability criteria as a standard in their selection processes. Planned regulatory requirements and a more intense public dialogue about climate risks, together with other global challenges, are accelerating this trend.

Volume of sustainable funds doubles

Sustainable investment funds posted the strongest growth rate: 102%. This was mainly due to the greater systematic integration of sustainability aspects into asset management. Sustainably managed funds of CHF 190.9 billion now account for 18.3% of the Swiss investment fund market – the highest percentage ever. Investments managed by institutional investors themselves have also seen a massive increase of 91%, primarily driven by the additional pension schemes and insurance companies that took part in the study this year. These assets managed according to sustainability principles now total CHF 455 billion and already make up 31% of the total assets held by Swiss pension schemes and insurance companies. The increase in sustainable mandates was more moderate, up 22% to CHF 70.8 billion. A total of 77 organisations – 11 more than last year – took part in the survey.

Institutional investors are the main drivers of the trend

Banks and asset managers account for 37% of all sustainable investments in Switzerland, while investments managed by institutional investors themselves comprise two thirds of the total. "The percentage of sustainable assets managed by institutions is significantly higher, at 88%, since a big share of the assets controlled by banks and asset managers are also owned by institutions," explains Sabine Döbeli , CEO of SSF. ESG integration has become the most popular investment approach. "Additionally, with the growing importance of exclusions, norms-based screening, last year's number one, has been pushed into third place," explains Professor Timo Busch, Senior Fellow at the Center for Sustainable Finance and Private Wealth, University of Zurich, who was the scientific advisor for the study. The proportion of sustainable real estate investments has increased once again, and at 24.2% now accounts for the biggest share of all sustainably managed assets, followed by equities at 21.3%. Corporate and sovereign bonds complete the picture, with shares of 19.9% and 14.4%, respectively.

Focus on climate protection and UN Sustainable Development Goals
Both product providers and institutional investors are concerned about the risks of climate change. "25 providers offer products with a specific reference to climate change, with 84% of respondents considering investments in climate solutions to be the most important strategy," explains Jean Laville, Deputy CEO of SSF. In second place comes the measurement of portfolio carbon footprints (76% of providers of climate-related products). In terms of engagement, climate change is equally important for institutional investors and asset managers. The percentage of asset managers offering products with a specific reference to the UN SDGs has increased from 38% to 51%, indicating that a number of providers have implemented the plans they announced previously.

EU action plan affects Swiss players as well
The EU Action Plan for Financing Sustainable Growth has encouraged various draft laws, some of which are already in force or are about to be passed, as described in an overview provided in the study. This obviously concerns Swiss providers as well, as many of them are engaged in cross-border business. However, institutional investors are also following developments in Europe with interest, as highlighted in the two interviews with the director of the Swiss Association of Pension Funds (ASIP) and the head of the Swiss Insurance Association (SIA). Switzerland recently saw a growing number of parliamentary items of business referring to sustainable investments. Even in the absence of existing legislative requirements, all the study participants anticipate growth rates of 15% or more in sustainable investment volumes in the current year.

Specialist know-how is a competitive advantage
Sabine Döbeli draws a positive conclusion: "The dynamic growth in Switzerland's sustainable investment market shows that it is increasingly becoming standard practice to consider environmental, social and governance themes in investment decisions. Switzerland has specialist expertise in sustainable investments, which will prove very useful in the growing competition for new clients."

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Additional information:
> Swiss sustainable investment market study 2019 (English report, German summary and French summary)
> Interviews with ASIP and SIA

> Newsletter SSF bimonthly
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Swiss Sustainable Finance (SSF) strengthens the position of Switzerland in the global marketplace for sustainable finance by informing, educating and catalysing growth. The association, founded in 2014, has representation in Zurich, Geneva and Lugano. Currently SSF unites over 120 members and network partners from financial service providers, investors, universities and business schools, public-sector entities and other interested organisations. An overview of Swiss Sustainable Finance's current members and network partners can be found here.