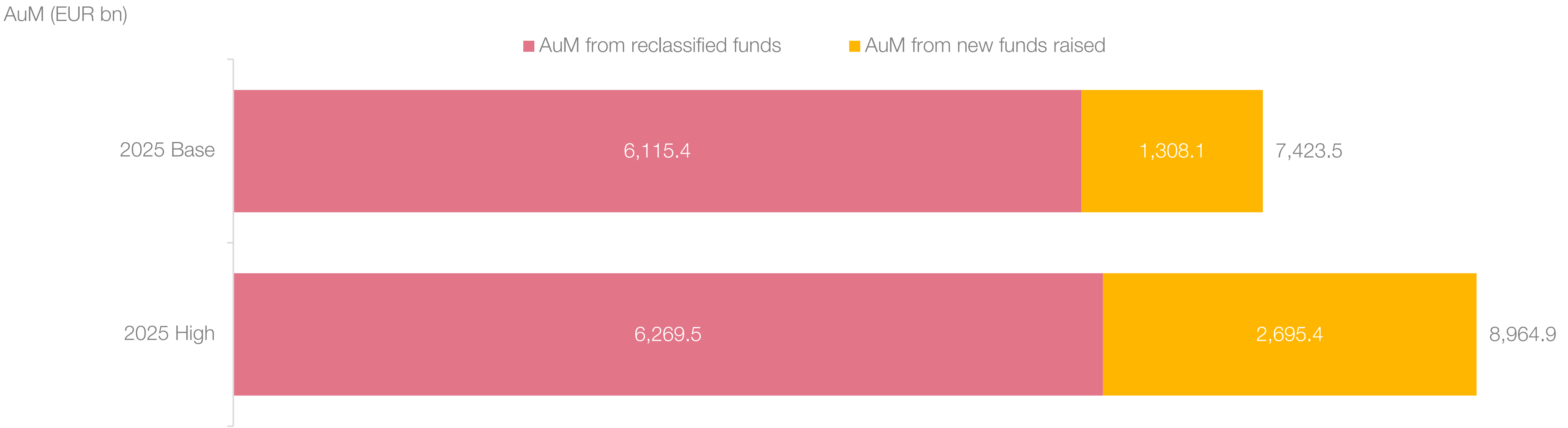
ESG shift represents an up to EUR 2.7tn opportunity in European Mutual Fund markets to 2025

Exhibit 1.8 Forecasted European-domiciled ESG Mutual Fund AuM up to 2025: Fund reclassifications vs. new funds raised



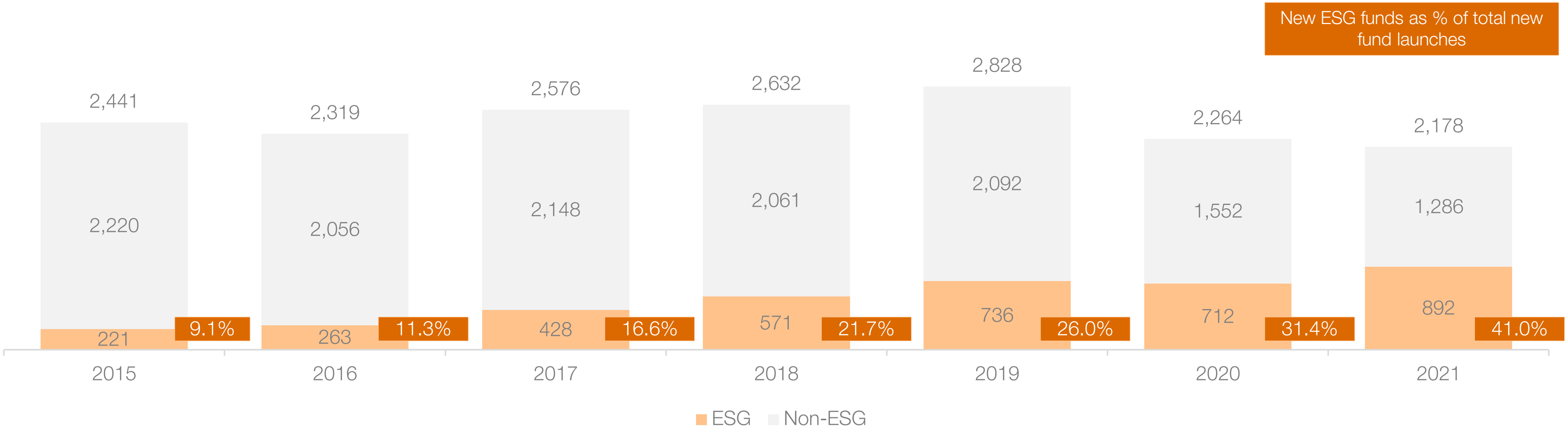
Given the open-ended nature of Mutual Funds, we expect the lion's share of future European ESG Mutual Funds AuM to stem from reclassified legacy products rather than from new funds raised. In fact, recent years have already given rise to a widespread trend of fund reclassifications, as European managers rush to revamp their product shelves in accordance with rapidly evolving regulator and investor demands. As many as 6,299 funds (accounting for a total of approximately EUR 4.4tn) were reclassified as of end-2021.

This notwithstanding, we foresee a notable proportion of future ESG asset growth stemming from the launching of new ESG Mutual Funds. As sustainability becomes increasingly central to managers' product strategies, we expect new fund launches to account for between 17.6% and 30.1% of total ESG AuM by 2025 – representing between EUR 1.3tn and EUR 2.7tn in 'fresh money up for grabs'.

Sources: PwC Global AWM Research Centre analysis based on Refinitiv Lipper data

ESG funds account for 40% of new Mutual Fund launches, up from 9% in 2015

Exhibit 1.10 New European-domiciled Mutual Fund launches: ESG vs. non-ESG



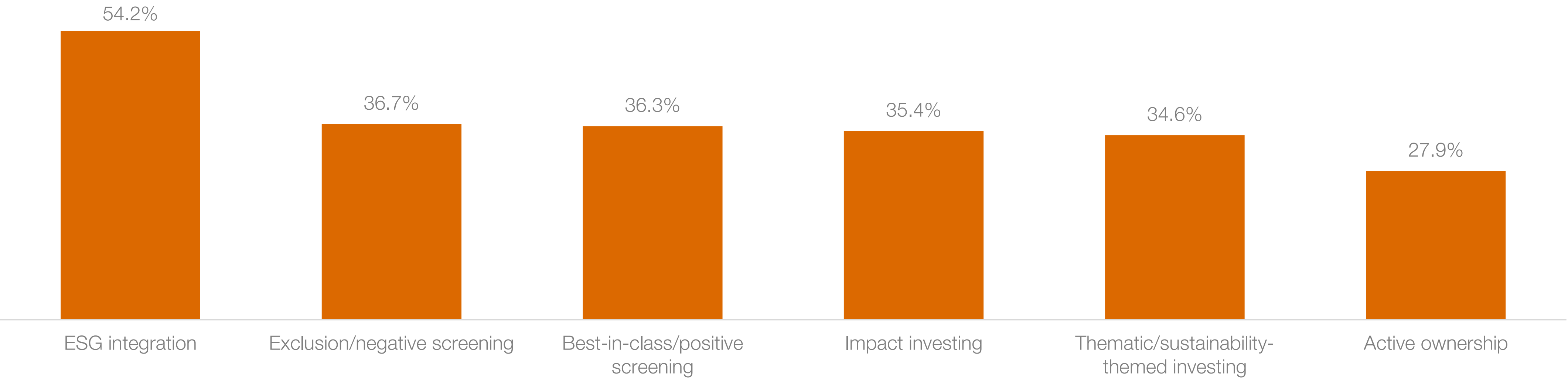
While the number of European-domiciled Mutual Fund launches has remained relatively stable in recent years, the proportion of new ESG Mutual Funds has been consistently increasing. Indeed, ESG Mutual Funds accounted for over 40% of new Mutual Fund launches in 2021 – in sharp contrast with the analogous 9.1% figure observed in 2015. This considerable growth illustrates the rate and scale of asset managers' response to investors' increased demand for ESG products, as well as of the industry-wide adaptation to novel regulatory and policy provisions.

We expect ESG Mutual Funds to represent an increasing share of new Mutual Fund launches over the coming years as ESG considerations become increasingly entrenched in the AWM landscape and investor appetite for ESG products continues to increase. Managers' increased familiarity with regulatory frameworks and provisions – together with the enhanced clarity that technical standards' implementation shall bring – should serve to further spur this growth.

Sources: PwC Global AWM Research Centre analysis based on Refinitiv Lipper data

ESG integration at the core of Pension Funds' ESG implementation strategies

Exhibit 2.6 Pension Funds: Preferred ESG implementation strategies



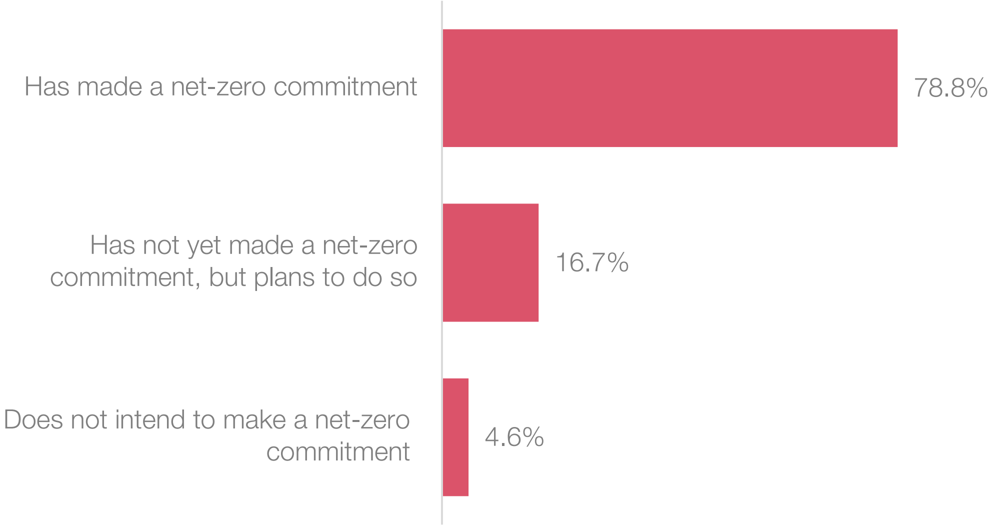
Once representing the exception rather than the rule in the Asset and Wealth Management landscape, ESG integration now stands as the most commonly adopted ESG implementation strategy among European Pension Funds. While this is perhaps unsurprising – given that recent regulatory developments have served to embed ESG integration as the standard approach to ESG – this greatly attests to the deepening entrenchment of ESG within this institutional investor cohort; growing from a mere box-ticking exercise to a holistic approach to the consideration of ESG issues.

Sources: PwC Global AWM Research Centre

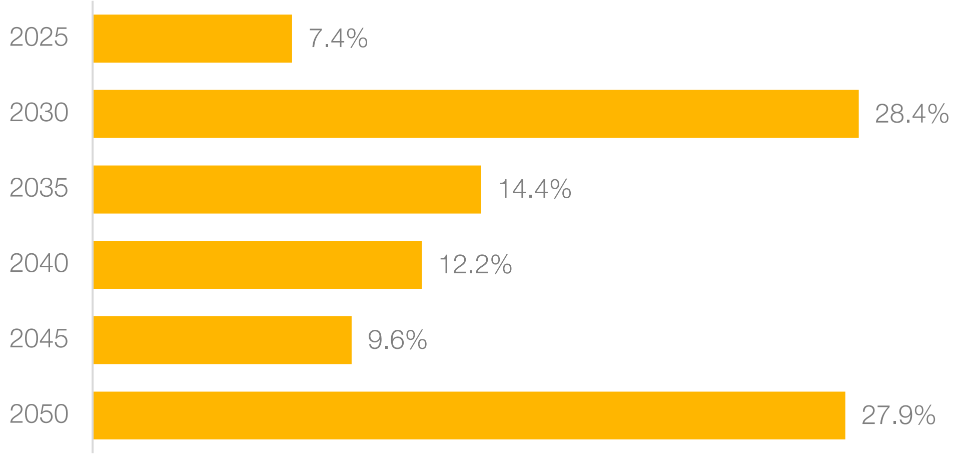
95% of European Insurers aim to be fully net-zero by 2050

Exhibit 3.11 Insurers: Net-zero commitments & target year for becoming net-zero

My organisation...



My organisation plans to be net-zero by...



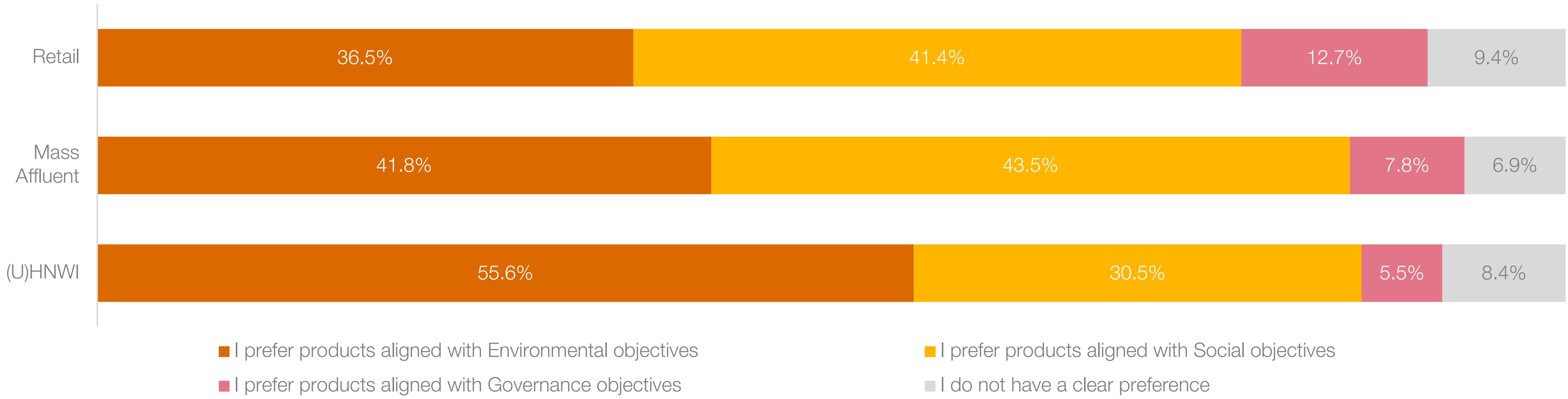
Base: Insurers that have already made or plan on making a net-zero commitment

Over 95% of European Insurers have already committed (or plan to commit) to a net-zero initiative - with 2030 and 2050 representing the most common target years. This figure is a testament to investor group's commitment to embedding climate risk considerations at the heart of their operational philosophies in order to mitigate risk and generate positive externalities. These net-zero efforts have been spearheaded by industry leaders, as illustrated by the formation of the Net-Zero Insurance Alliance (NZIA) by AXA, Allianz, Aviva, Generali, Munich Re, SCOR, Swiss Re and Zurich in July 2021. Now standing at 20 members – together accounting for USD 7tn in AuM and 11% of global volume – the alliance provides that all signatories commit to transitioning their (re)insurance underwriting and investment portfolios to net-zero greenhouse gas (GHG) emissions by 2050.

Sources: PwC Global AWM Research Centre

Individual Investors heavily inclined towards Environmental- and Social-aligned products

Exhibit 7.10 Individual Investors: Preference for Environmental, Social or Governance products by investor type



Our survey results highlight a strong preference for Environmental- and Social-aligned products among European Individual Investors – with over 75% of respondents across the board voicing a proclivity towards these products. This is perhaps unsurprising, given the prominence of Environmental and Social issues in contemporary discourse and media – with discussions surrounding the increasing frequency of climate-related disasters, as well as the rising prominence of the 'Black Lives Matter' and '#MeToo' movements defining this era. The relative strong preference for the latter also suggest that long gone are the days when ESG was a synonym of Environmental-related investments – and that individual investors are recognising that sustainable investing goes far beyond the 'E'.

Sources: PwC Global AWM Research Centre