

# Quarterly Responsible Investment Funds Report



## Highlights from Q2 2021

- The majority of all responsible investment (RI) funds in Canada outperformed the average return in their respective asset class category for the three months ending June 30, 2021.
- Following an exceptionally strong first quarter, estimated net asset flows to Canada-domiciled RI funds slowed somewhat in the second quarter, while remaining positive at \$2.0 Billion.
- Five new RI funds were launched in the second quarter, of which three were active products and two were passive/indexed products. Year-to-date, 23 new funds have launched.

## RI Fund Performance

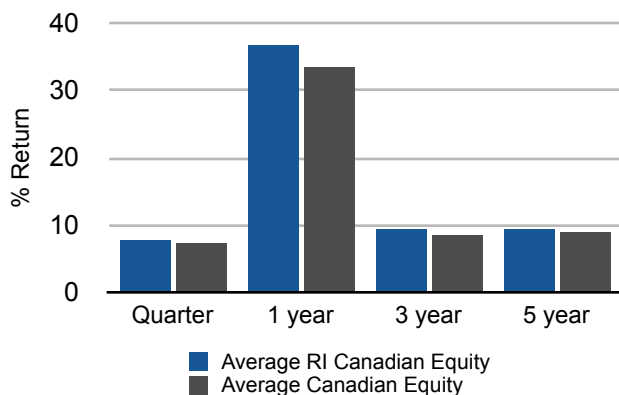
According to data provided by Morningstar, over one-half (52%) of Canadian RI funds outperformed the average return in their respective asset class category during the quarter ending June 30, 2021. A similar proportion (55%) of Canadian RI funds outperformed their average asset class return over the 12 months ending June 30, 2021.

Canadian RI funds performed well over the medium- to long-term periods reviewed in this report, highlighting the value of incorporating environmental, social and governance (ESG) factors into investment decisions. As of June 30, 2021, 70% of the RI funds outperformed their average asset class return over the previous three years, and a comparable percentage (69%) outperformed their average asset class return over the previous five years. A majority of RI funds outperformed their average asset class return over the ten years ending June 30, 2021.

The following charts provide a quick overview of notable RI fund performance relative to their asset class peers, in the second quarter of 2021 and over longer time periods.

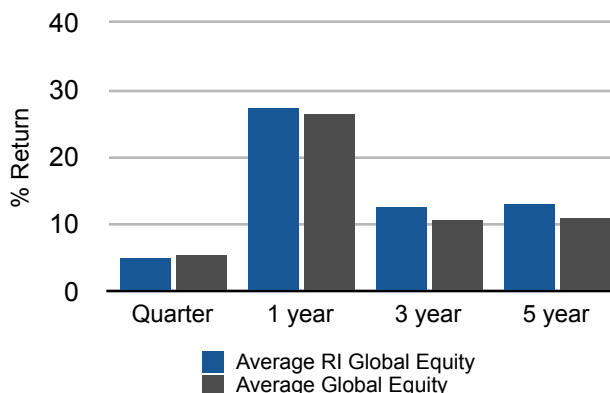
### Canadian Equity

In the **Canadian Equity** fund class, 69% of the RI funds outperformed the average asset class return in the quarter, while 71% of RI funds outperformed the average asset class return over the 12-month period. The majority of the RI funds in this category outperformed their average asset class returns over their respective 3-year, 5-year and 10-year periods reviewed in this report.



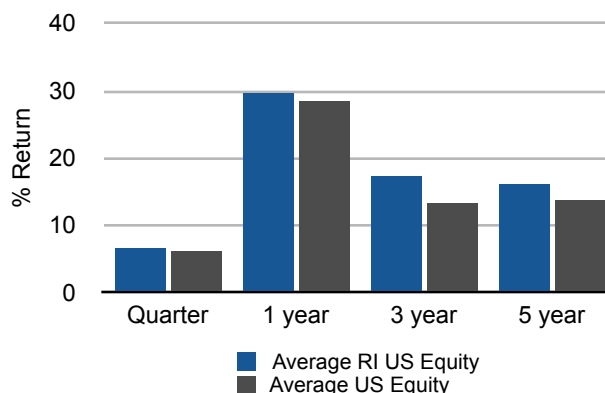
## Global Equity

In the **Global Equity** fund class, a majority of the RI funds outperformed the average asset class return in the second quarter of 2021. For the 12 months ending June 30, 2021, 45% of the RI funds in this category outperformed the average asset class return. Two-thirds of the RI funds in this category outperformed the average asset class return over the 3-year period, while 72% of the RI funds outperformed the average asset class return over the 5 years ending June 30, 2021.



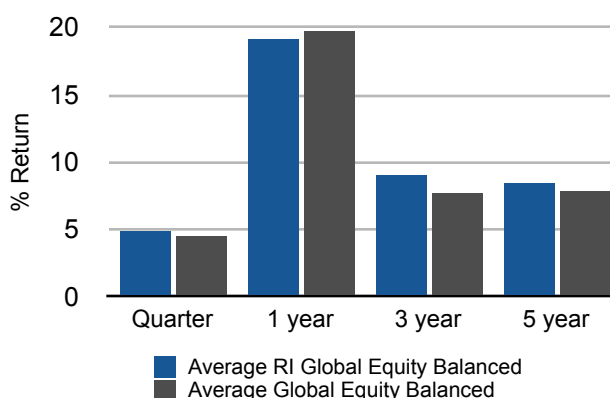
## US Equity

In the **US Equity** fund class, while 41% of the RI funds outperformed the average asset class return in the second quarter of 2021, a significant majority (88%) of the RI funds outperformed the average asset class return over the 12 months ending June 30, 2021. In both the 3-year and 5-year periods reviewed in this report, a majority of the RI funds outperformed the average return in the asset class over the respective periods.



## Global Equity Balanced

In the **Global Equity Balanced** fund class, three-quarters of the RI funds outperformed the average asset class return in the quarter. As of June 30, 2021, a majority of the RI funds outperformed the average asset class return over the previous 12 months, while almost all of the RI funds outperformed the average asset class return over the previous three years. The vast majority of the RI funds outperformed the average asset class return over the five-year period reviewed in this report.

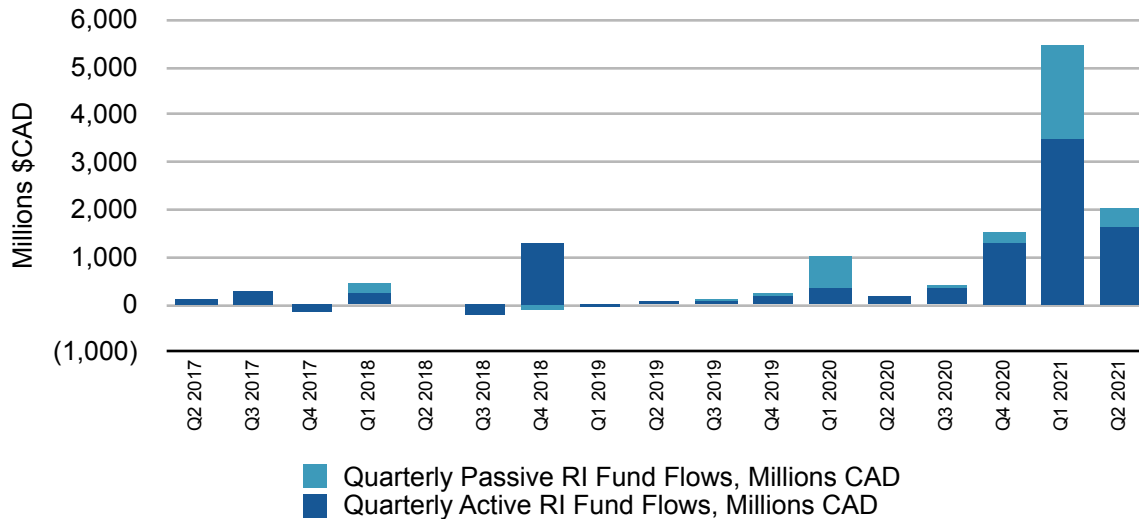


*Note: For the purpose of this report, RI funds include those that are marketed as responsible investments with RI strategies/policies disclosed in regulatory documents. Average asset class return includes RI and non-RI funds. Only the oldest share class of RI funds were included in the analysis against category averages. Returns for periods greater than one year are annualized.*

## RI Fund Flows

Net asset flows for Canada-domiciled RI mutual funds and ETFs, estimated by Morningstar, continued to be strongly positive in the second quarter of 2021. Total estimated flows amounted to \$2.0 Billion for Q2, bringing year-to-date flows to \$7.5 Billion.

### Canadian RI Mutual Fund and ETF Estimated Net Flows, Active & Passive

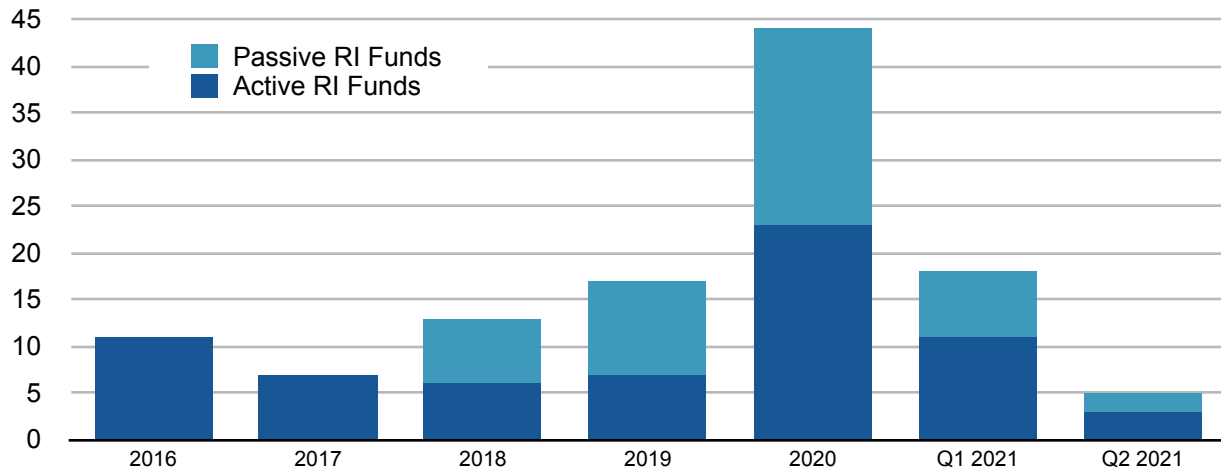


Source: Morningstar Direct. Data as of June 30, 2021. Excludes fund of funds.

## RI Product Launches

According to Morningstar, a total of 5 RI funds launched in the second quarter of 2021, of which 3 were active funds while 2 were passive or indexed funds. A total of 23 RI funds have been launched in the first 6 months of 2021.

### Canadian RI Mutual Fund and ETF Launches, Active/Passive



Source: Morningstar Direct. Data as of June 30, 2021.

Data provided by



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