

# Quarterly Responsible Investment Funds Report Q1 2023



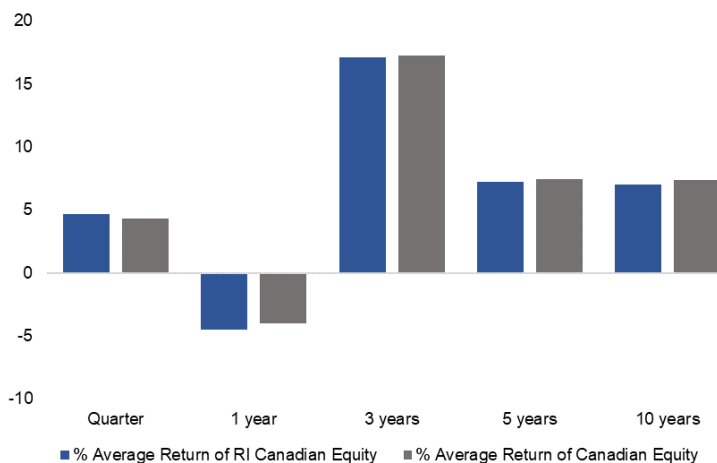
## Highlights from Q1 2023

- In the first quarter of 2023, one-half (50%) of RI funds outperformed the average return for their respective asset class category. This proportion is consistent with last quarter.
- Net asset flows to Canadian-domiciled RI funds in the first quarter of 2023 remained positive at \$1.4 billion CAD. This was a 109% increase from the previous quarter.
- This quarter, 5 new RI products were launched, of which 3 are ETFs and 2 are Mutual Funds. In all of 2022, 45 new RI products were launched.

## RI Fund Performance

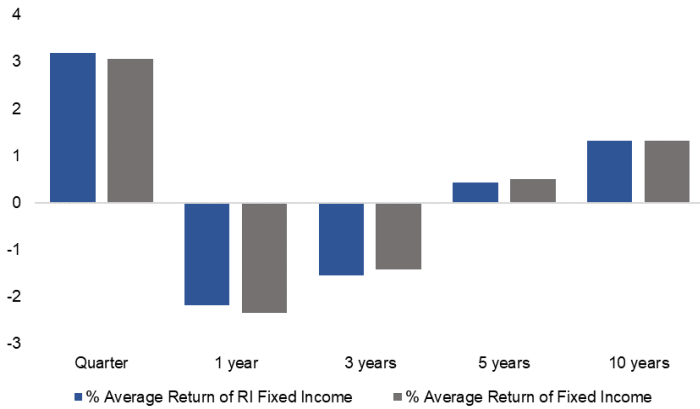
- Based on data provided by Morningstar, in Q1 2023 50% of Canadian-domiciled RI funds (including mutual funds and ETFs) outperformed the average return for their respective asset class. For the 12 months ending March 31st 2023, 34% of Canadian RI funds outperformed their respective average asset class return.
- Over the medium term, 31% of Canadian-domiciled RI funds outperformed the average return for their respective asset class over the 3 years ending March 31st, 2023, as did 34% over the 5-year period.
- The following information highlights RI fund performance for select asset classes, in Q1 2023 and over longer time periods.

### Canadian Equity



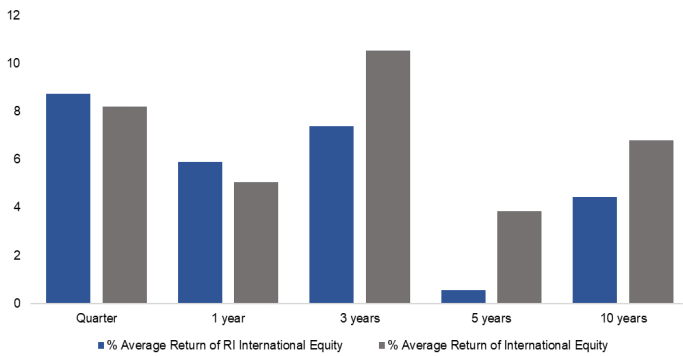
For the **Canadian Equity** fund class, **74%** of RI Canadian Equity funds outperformed the average for the asset class in the first quarter of 2023. This quarter, the average RI fund return exceeded the average return for the asset class. For all other time periods examined in this report, the average RI fund moderately underperformed its asset class counterpart.

### Canadian Fixed Income



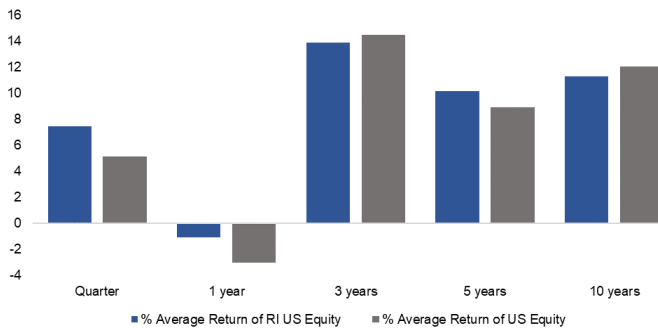
For the **Canadian Fixed Income** fund class, in the first quarter of 2023, **57%** of RI funds outperformed the average asset return for the category, and the average RI fund outperformed the category average. Over the 1, 3, 5, and 10 year periods reviewed in this report, the average RI fund slightly underperformed the category average.

### International Equity



For the **International Equity** fund class, **95%** of RI funds outperformed the average asset class return in the first quarter of 2023. For the quarter and 12 months ending March 31st 2023, the average RI International Equity fund outperformed the average for the asset class. For all other time periods observed, the average RI fund underperformed the asset class average.

### US Equity



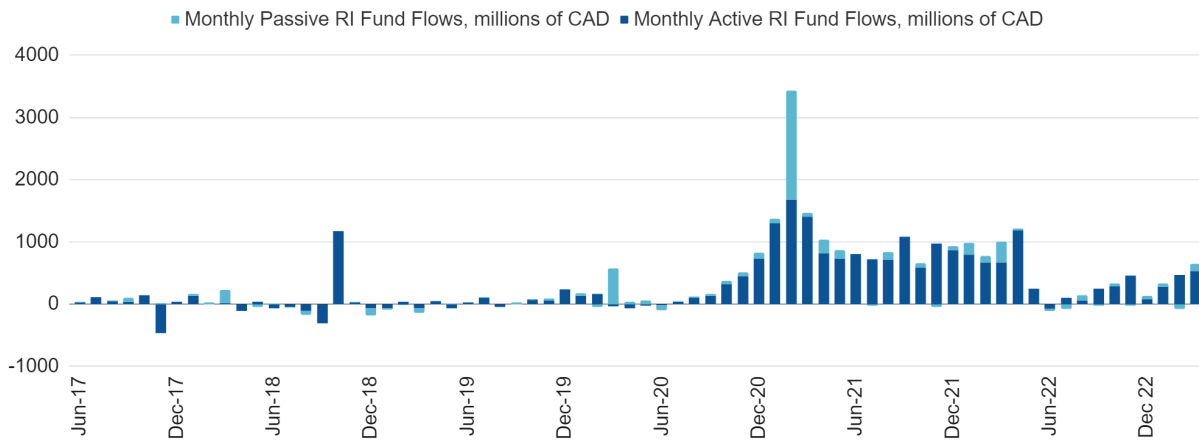
For the **US Equity** fund class, **84%** of RI funds outperformed the average asset class return in the first quarter. This quarter, the average return for RI US Equity funds outperformed the average return of the asset class. For the previous 1 and 3 year periods, the average RI fund underperformed the asset class average.

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. Returns for periods greater than one year are annualized. Excludes fund-of-funds.

## RI Fund Flows

Net asset flows into RI mutual funds and ETFs were positive this quarter at approximately \$1.4 billion, a significant increase from the fourth quarter of 2022 which had net asset flows of \$660 million. Both passive and active strategies had positive inflows this quarter, with active strategies representing about 93% of the total inflows.

### Canadian RI Mutual Fund and RI ETF Net Flows

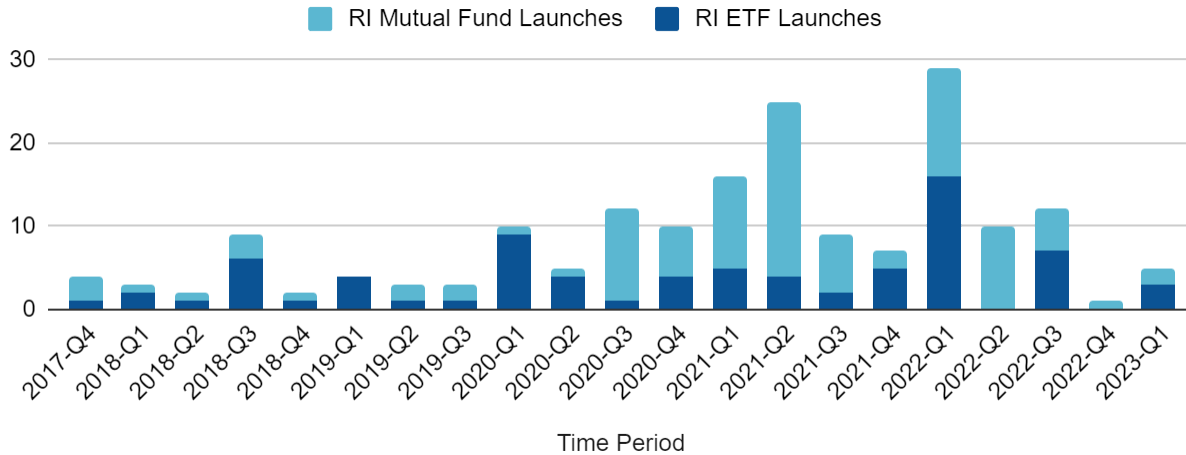


Source: Morningstar Direct. Data as of March 31st, 2023. Excludes funds of funds.

## RI Product Launches

Based on information from Morningstar, RI product launches increased from the previous quarter. In Q1 2023, 5 new products were launched. In the previous quarter, only 1 new product was launched, which was a mutual fund. For the calendar year 2022, a total of 45 RI products were launched.

## Canadian RI Mutual Fund and RI ETF Launches



Source: Morningstar Direct. Data as of March 31st, 2023.

## CIFSC Responsible Investment Identification Framework

The Canadian Investment Funds Standards Committee (CIFSC) originated in 1998 with the intention of standardizing the classification of Canadian-domiciled mutual funds. In recognition of the growing appetite for responsible investment (RI) products and subsequent standardization needs, in January 2023 CIFSC formally published its [Responsible Investment Identification Framework](#) and initial list of identified RI products.

The CIFSC RI identification framework was developed in collaboration with various stakeholders, including research firms, data providers, asset managers, and other industry bodies. The objective of the RI classifications is to guide Canadian investors to find RI products that indicate they are following a responsible investment approach, according to their regulatory documents. The CIFSC classifications are meant to be used in conjunction with and are complementary to the Canadian Securities Administrators' (CSA) guidance on ESG-related fund disclosures ([CSA Staff Notice 81-334](#)) as well as the CFA Institute's [Global ESG Disclosure Standards for Investment Products](#). The CIFSC RI framework may change as the RI landscape evolves.

The CIFSC RI product classifications have been incorporated into the file that accompanies this writeup, as a new feature to this quarterly reporting.

## Data provided by



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