

Are SA investors motivated by money or morals?

A number of influences will hold sway over where people put their money, one of which is their personal value system and, for most South Africans, this appears to be non-negotiable.



Kondi Nkosi, country head, Schrodgers

This is according to the recently released Schrodgers' Global Investor Study 2020 – an annual survey that canvassed the views of more than 23,000 wealth investors from 32 locations around the world – which suggests that almost three-quarters (73%) of local investors refuse to compromise on their personal beliefs when investing, even if higher returns were on offer.

“The results of this year’s survey are clear – returns are not the only influence of investment decisions. People want their values reflected in the way they invest, and are increasingly looking to contribute to a more sustainable society through their investments.” Interestingly, the findings show that South African Millennial investors are more likely than older generations to compromise for higher returns. While 80% and 75% respectively of Gen Xers and Baby Boomers would not invest against their personal beliefs, a smaller portion (68%) of Millennials see their personal value system as non-negotiable when it comes to investing,” says Hannah Simons, head of sustainability strategy, Schrodgers.

Different things for different people

However, that sustainable investing often means different things to different people, and their personal beliefs are often a key part of this. “For some, this may entail putting a greater investment emphasis on companies that place environmental issues at the top of their corporate agendas for others they may seek divestment from fossil fuel producers,” she says.

For South African investors, the survey results reveal that social responsibility (having a positive impact on communities and society) is the most important behaviour that they would like investment funds to prioritise when considering companies to invest in. “This makes sense, considering the high levels of inequality that persist across the country and the current record-high unemployment figures,” says Kondi Nkosi, Schrodgers country head for South Africa.

Higher returns

“What’s encouraging is that increasingly more South African investors are realising that returns don’t have to be sacrificed to achieve sustainable impact,” he says.

In fact, this year's study shows that 46% of South African investors are attracted to sustainable investments because they believe they're more likely to offer higher returns. So how do investors access these types of investments? Nkosi says that there are a growing amount of options available for investors who value sustainability.

"We believe that companies demonstrating positive sustainability characteristics, such as managing the business for the long-term, recognising its responsibilities to its customers, employees and suppliers, and respecting the environment, are better-placed to maintain their growth and returns over the long term. As an example, the team look at issues such as climate change, environmental performance, labour standards or board composition before investing in a company," says Nkosi.

"Sustainability does not have to come at the expense of performance and it is promising to see this manifesting more strongly each year in the data. Our focus as an asset manager is to help our clients better navigate the increasingly complex sustainable investment space. Our aim is to deliver not only returns for investors, but better outcomes for society as a whole, measurement and tracking of progress remain critical," Simons says..

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