



# **The Association for Sustainable and Responsible Investment in Asia**

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***The Market Opportunity for  
SRI Funds in Taiwan  
May 2002***



# Evolution of SRI in Selected Markets

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**Europe:** Church groups  
... environmental  
awareness

**US:** Religious groups  
...ethical issues



**Japan:** Environmental  
awareness

**Australia:** Retail driven  
...conscious of 'dirty'  
industries



# Trends in SRI Investors Worldwide

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- Educated professionals
- Often in caring or educational occupations
- Frequently belong to religious networks
- Support NGOs, charities and community groups – especially environmental
- High proportion are female
- Can be first time investors
- Middle-high income brackets



# Market Research in the U.K.

<b>Type of Person</b>	<b>%</b>
Professional	57
Retired	17
Managerial	10
Directors	6
Skilled Labour	3
Not employed	2
Clerical	2
Sales	1
Secretarial	1
Unskilled labour	1

Source: NPI

<b>Academic Qualifications</b>	<b>%</b>
Further Education	13
First degree or equivalent	40
Higher degree	47

Source: Univ. of Bournemouth

<b>Type of Group</b>	<b>%</b>
Female	49
Over 55	50
Between 35 and 55	43
Retired	33

Source: Henderson Global Investors



# Market Research in the U.K.

## ***SRI Investors' Activities***

- Donate money to charities 87%
- Volunteer time for charities 47%
- Boycott companies with poor social records 70%
- Recycle household waste 96%
- Purchase organic foodstuffs 72%
- Purchase environmentally friendly products 91%



# Examples of Asian SRI Fund Investors

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## Nikko Eco-Fund

- High proportion of women
- Many first time investors







## Unifem-UOB Fund

- 75% first time investors
- 75% women
- 75% blue collar workers – i.e. not high income bracket



# Taiwan

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-  One of Asia's wealthiest countries, US\$12,941 per capita GNP (31/21/01)
-  Large, highly educated middle class
-  High discretionary savings rate – 30% estimate
-  Fast growing mutual fund industry
-  Active retail investment community – 88% of total market turnover
-  46% of working population is female
-  Active religious community
-  Growing environmental awareness



## Religious Groups

- Buddhists Communities
- Christian/Catholic parishes
- Taoist Groups

## Caring Professions

- Healthcare/Social Services: 280,000
- Educational Services: 470,000



# Growing Environmental Awareness

~15 active environmental protection groups

Household waste recycling program increasingly popular

Government Green Procurement Policy reinforced

Misery index

Advance disposal fee deposit program

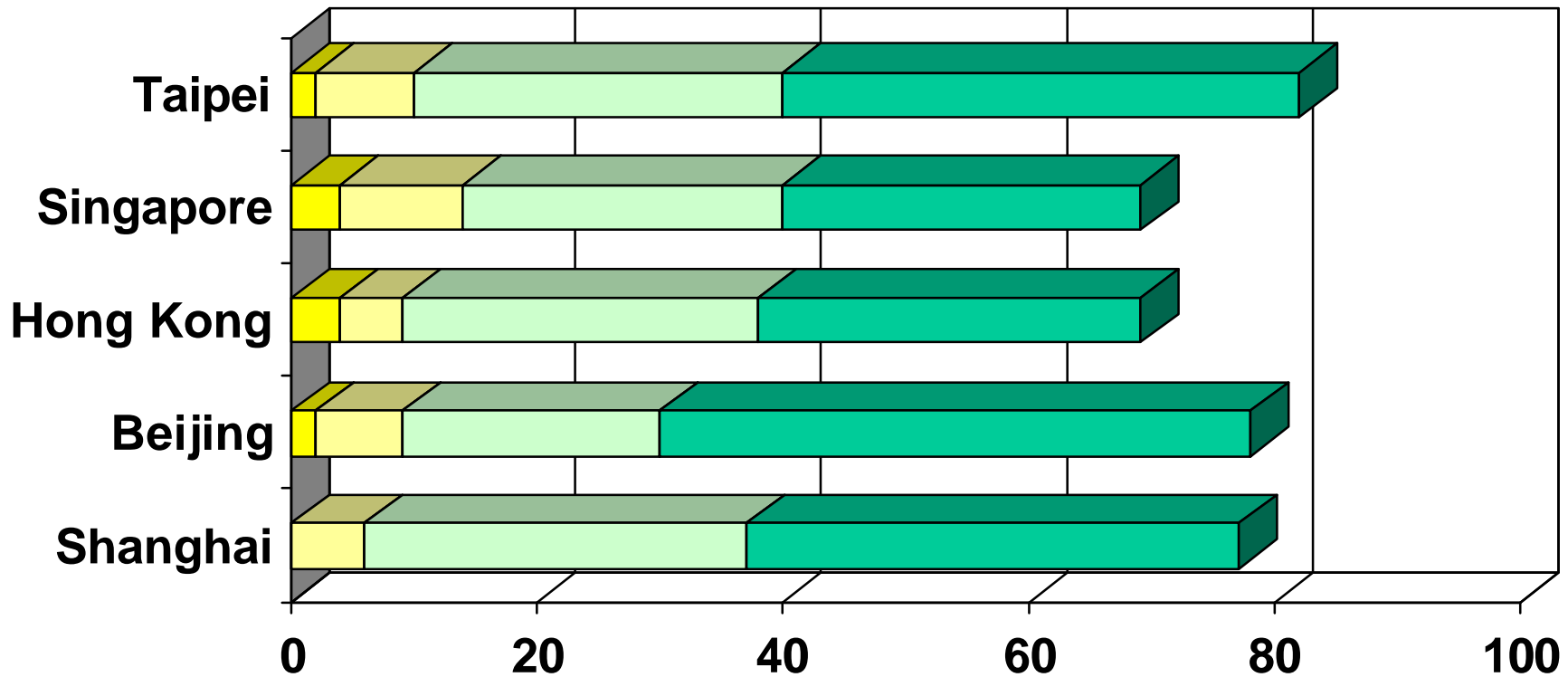
Taiwan Environmental Protection Union 2000 Survey





# Survey on Acceptance of Environmentally Friendly Products

- **Would consumers switch to environmentally-friendly products if they are of the same quality and price as the current product they are using?**

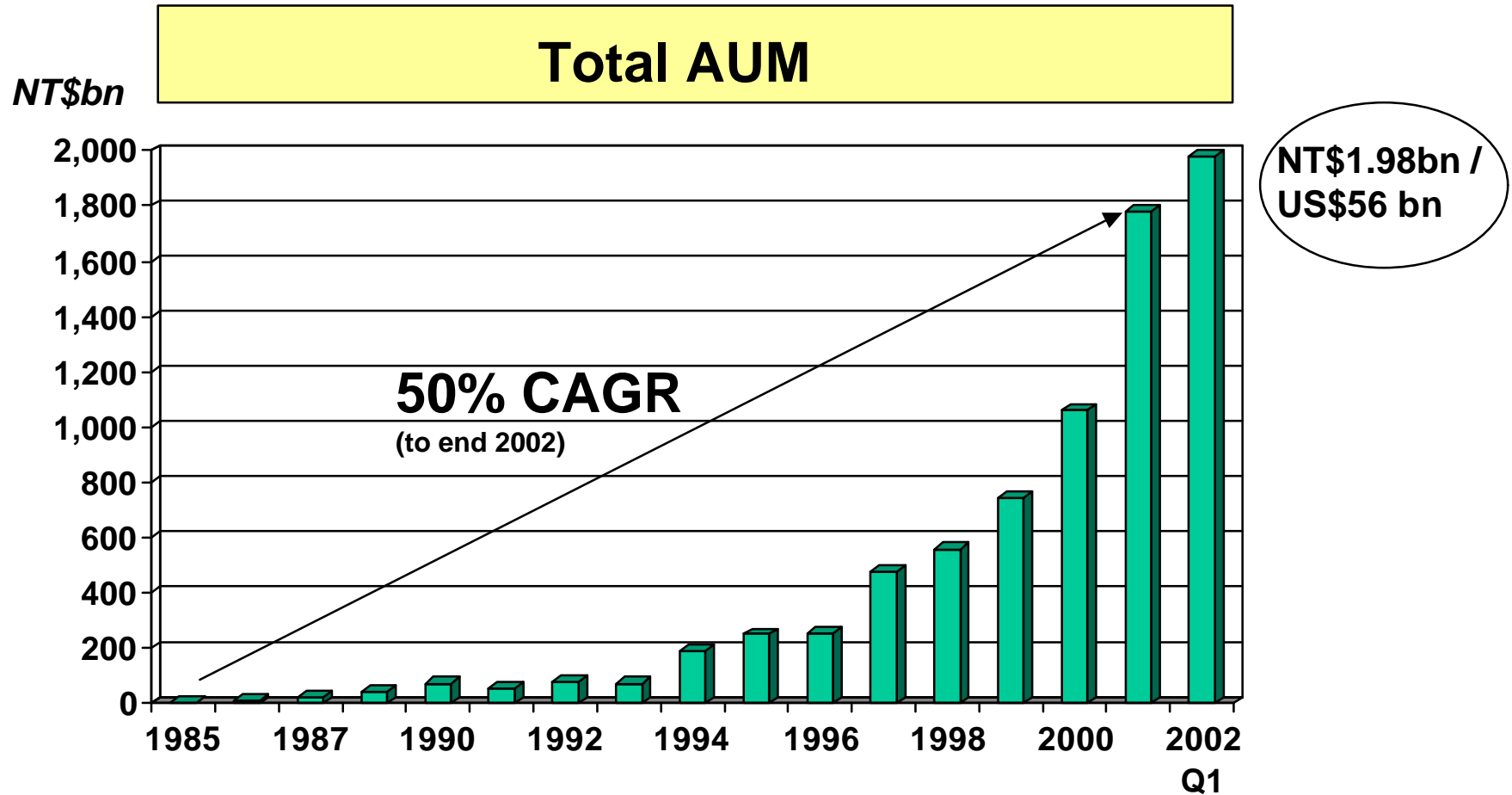


■ Not at all likely ■ Not very likely ■ Somewhat Likely ■ Very Likely

Source: *The Nature Conservancy, 1998*

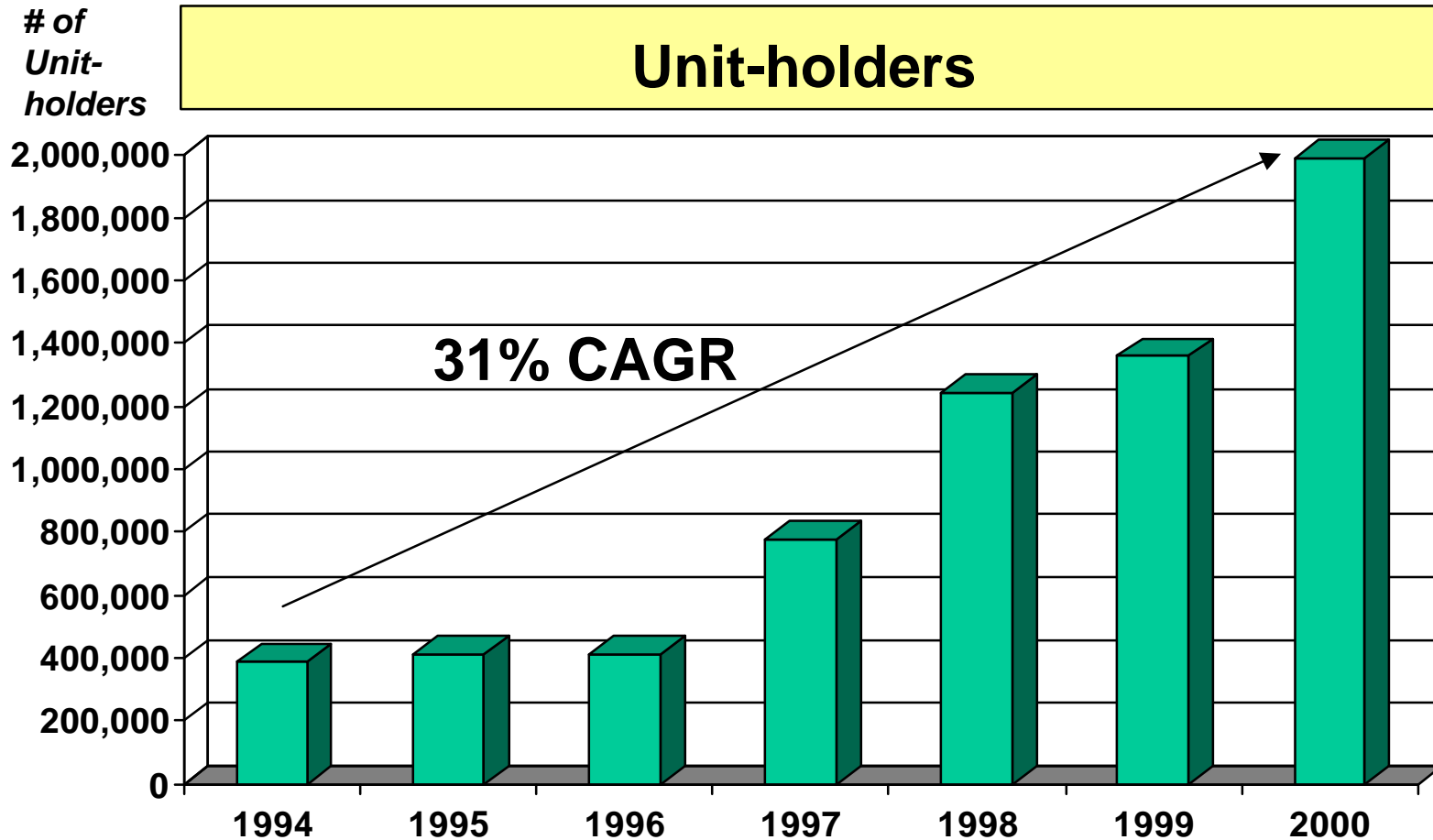


# High Growth Mutual Fund Industry





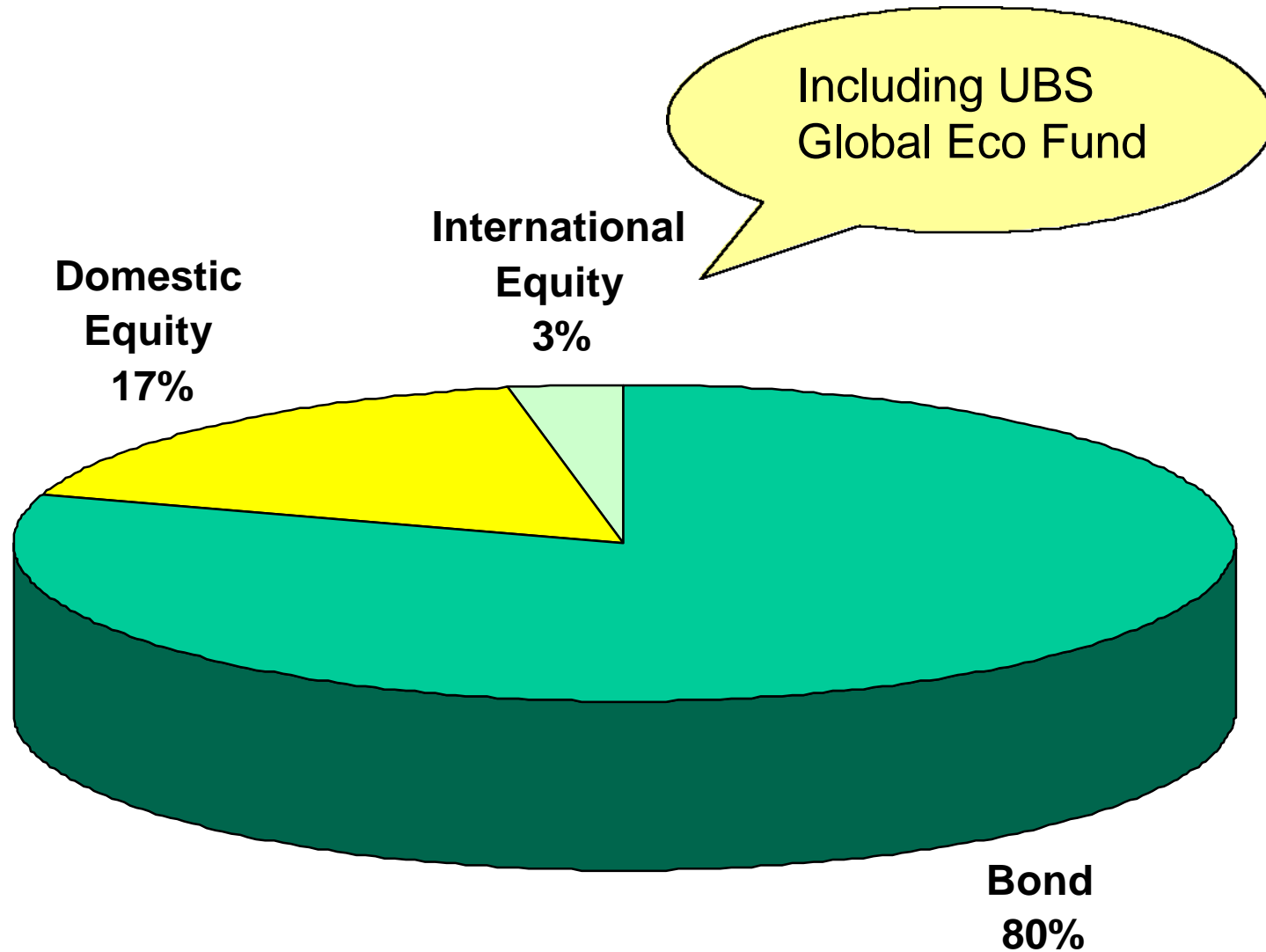
# Increasing unit-holders...low penetration



- **2 million unit-holders in 2000, approx. 9% penetration**



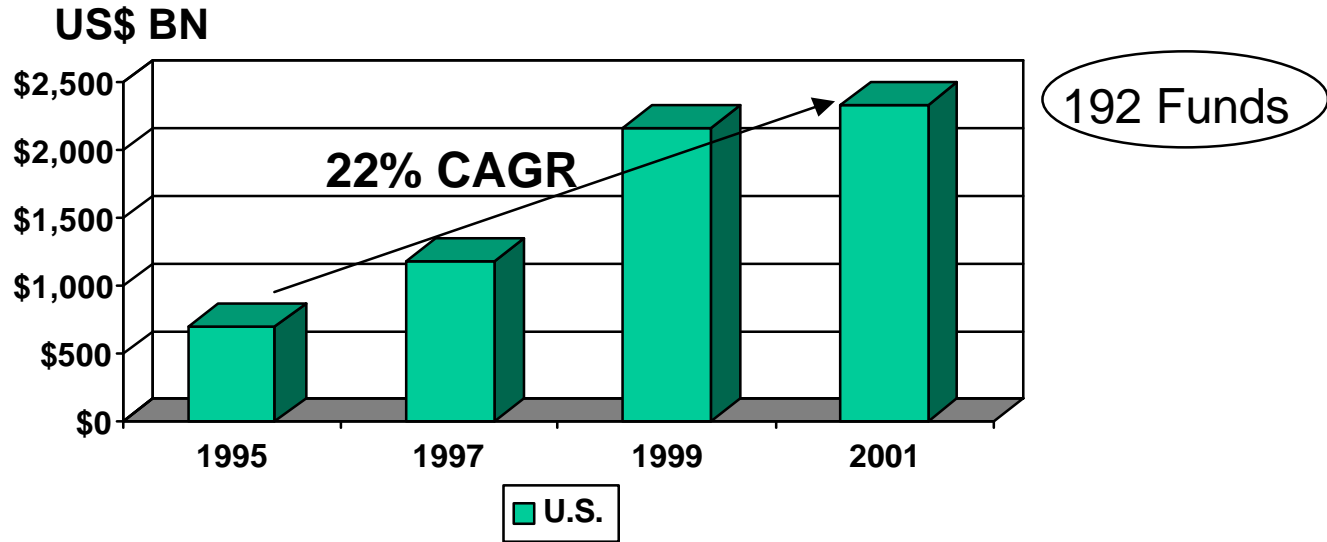
# Composition of Mutual Funds



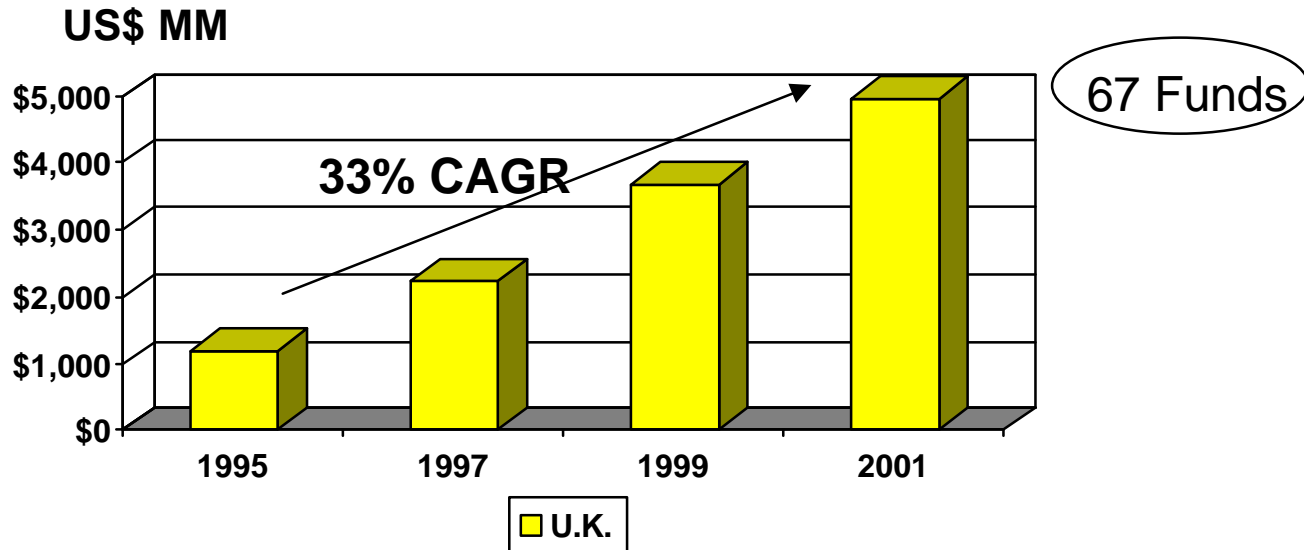


# SRI in the U.S. & U.K

U.S.



U.K.



Source: UBS Warburg - 1999 US Trends Report, USSIF, EIRIS



# The Business Case for SRI

## Performance Example

	<i>S&amp;P 500</i>	<i>Domini Social</i>
1992	7.68%	12.10%
1993	10.08%	6.54%
1994	1.26%	-0.36%
1995	37.50%	35.17%
1996	23.07%	21.84%
1997	33.40%	36.02%
1998	28.58%	32.99%
1999	21.04%	22.63%
2000	-9.11%	-15.05%
2001	-8.6%	-7.3%

- **Creditable performance – investment restrictions have not impacted returns**

## Performance Statistics

- DJSGI Asia Index outperformed the MSCI Pacific and the FTSE Asia Pacific by 27% from 1999 to end 2001
- Hendersons NPI Global Asia Pacific Fund has outperformed the benchmark by 23% since inception (April 2002)
- Since inception in early 2001, Kingsway Korea Fund 20% outperformance of KOSPI, Kingsway Asia Pacific Fund 10% outperformance of MSCI'

- **Significant outperformance by Asian SRI funds and SRI indices**



# Select SRI Managers

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AEGON

AMP/Henderson/NPI

Axa

Baillie Gifford

Bank Sarasin

CalPERs

Calvert

Domini

First State

Friends, Ivory & Sime

Hermes

ING

Jupiter

Kingsway

Lombard Odier & Cie

MeesPierson

Morley

Neuberger Berman

Nikko

PPM

Rabobank

Schroders

Scottish Widows

Standard Life

T. Rowe Price

Zurich Scudder

UBS

UOB

Westpac



# SRI Funds Need Marketing



- Articulated marketing strategy
- Materials
- Clear policies
- Newsletters
- Joint branding – e.g. FIS & Oxfam



- The market opportunity is vast and in the very early stages
- First movers in Taiwan SRI asset gathering will capture the lion's share
- For advice, join ASRIA - the only current source of Asian SRI mindshare and information

