

Press release

Vaduz, 07 November 2016

Sustainability in Liechtenstein

2016 ESG analysis of Liechtenstein equity funds

The impact of environmental, social and governance (ESG) criteria on the risk and return profile of companies and the investment portfolios of investors are playing an increasingly important role.

This year saw the publication of the first ESG report on equity funds in Liechtenstein. The aim of the report is to provide improved information relating to ESG criteria available on the range of equity funds in Liechtenstein and their quality. The study can be downloaded for free from finance.li.

Financial market participants, politicians and scientists everywhere agree that institutional investors will continue to drive growth in the sustainable investment market in the future. The argument of taking "responsibility for people and the environment" is often countered these days with economic factors. The inclusion of ESG factors allows the investor to identify, avoid or take calculated risks where such risks could not be evaluated before. The view that sustainable investment is synonymous with lower returns has become obsolete. More than 2,000 studies have confirmed the overwhelmingly positive relationship between sustainability indicators and asset performance. The need for more societal responsibility and transparency and the need to move today's asset risk management forward are clearly noticeable.

The report "Sustainability in Liechtenstein" is issued by the Liechtenstein Investment Fund Association (LAFV), the Liechtenstein Bankers Association (LBA) and the Association of Liechtenstein Charitable Foundations (VLGS) and other private sponsors. The Centre for Social and Sustainable Products (CSSP) was responsible for the overall coordination of the project.

According to David Gamper from the Liechtenstein Investment Fund Association, many asset managers of Liechtenstein equity funds have been delivering outstanding performance in terms of sustainability. Importantly, sustainable investment is not synonymous with lower returns and often even has a positive effect on volatility.

"The issue of sustainability has always played an important role at Liechtenstein banks. The purpose of the report "Sustainability in Liechtenstein" is to provide transparency across the range of investment products available in Liechtenstein and to make a significant contribution to our commitment to sustainability in Liechtenstein. It also provides further proof that the commitment of the Liechtenstein financial centre to sustainability is more than just lip service," said Simon Tribelhorn.

The Association of Liechtenstein Charitable Foundations (VLGS) has sponsored the publication of "Sustainability in Liechtenstein" because it believes that the objective of sustainable and socially responsible investing is particularly relevant to charitable foundations.

"We at LGT are fully subscribed to the fact that the use of ESG criteria in the investment decision-making process helps to avoid risks and identify opportunities. Sustainability has always been at the core of our values and culture," said Ursula Finsterwald, Group Sustainability Manager, LGT.

ESG Market Report for Liechtenstein - results

The first edition of the report "Sustainability in Liechtenstein" uses an ESG investment screener from yourSRI.com to measure and compare the portfolio quality of equity funds domiciled in Liechtenstein as at 31 December 2015 according to environmental, social and governance (ESG) criteria. Only equity funds with holding data available as at the reference date and at least 65% of the portfolio measurable according to ESG criteria were rated. This report lists equity funds rated BBB or higher according to ESG criteria in alphabetical order. As a result, more than 50 equity funds domiciled in Liechtenstein received excellent ESG fund ratings, with 60% of the equity funds listed in the ESG Market Report Liechtenstein rated "A" or higher. The results range from a score of 75.4 ("AA" ESG fund rating) to a score of 43.8 ("BBB" ESG fund rating). Over 85% of the portfolios of the published equity funds were measurable according to ESG criteria. This underscores the relevance and comparability of the ESG fund rating results. The equity fund scores published in the report "Sustainability in Liechtenstein" also hold their own in international comparisons. yourSRI.com has been publishing the "Top 100 equity funds ESG ratings - Germany, Austria and Switzerland", which examines the ESG portfolio quality of conventional and sustainable investment funds, since 2014. Sustainable investment funds actively use ESG criteria in their investment process.

In the latest issue, the "best" 100 sustainable investment funds licensed for sale in Switzerland have an average ESG fund rating score of 62.8. Although the report "Sustainability in Liechtenstein" includes mainly conventional investment funds, the average ESG fund rating score has already reached 58.6.

The report "Sustainability in Liechtenstein" can be downloaded for free from www.finance.li

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