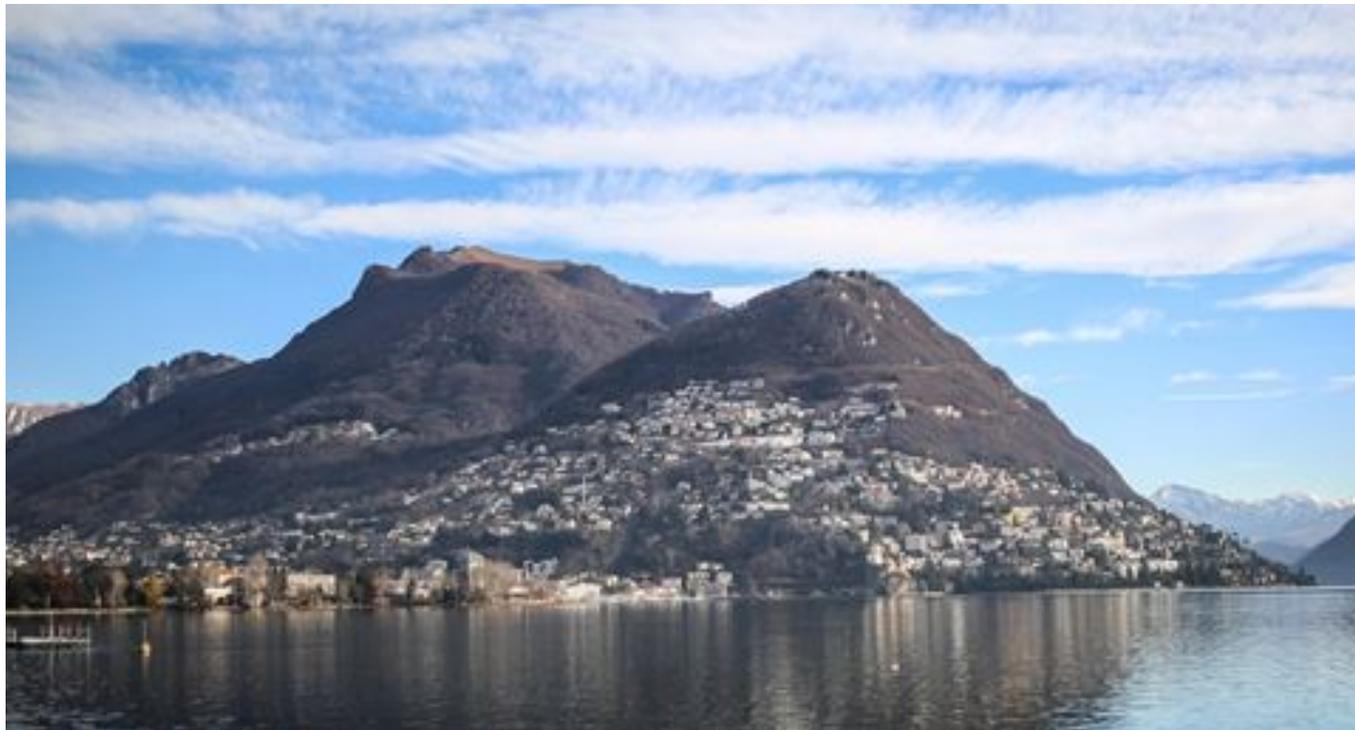




## How clients pushed a Lugano WM to adopt ESG

By **Camilla Giannoni** / 15 Jan, 2019 at 10:00



Clients have the power to push wealth management firms to adopt ESG-compliant investment processes, according to Lugano Financial Advisors (LFA) CIO Massimo Borghesi.

Speaking to *Citywire Switzerland*, Borghesi said that LFA, which now offers ESG mandates to all clients, first took these measures to meet demand.

He said: 'LFA took its first step along the ESG path due to a client's request, specifically for ESG investing. After a deep study, we modified our investment process and established co-operations with external service providers.

'It's our duty to show our clients this sustainable way of looking at investments,' he added. 'The response has been very positive.'

### Rising regulation

The CIO argued that the demand for these kind of investments will increase dramatically, especially among the next generation of investors. Increased awareness may also lead to stricter regulation.

He said: 'Sooner rather than later, the authorities will step in and will impose some regulations. It is reasonable to forecast that asset managers will soon have to disclose the ESG profile of their portfolios, and regulated sectors such as insurance and pension funds will have to hold investments with a higher ESG rating.'

## Performance boost

LFA's move towards ESG goes beyond client interest. Borghesi noted that ESG-compliant investments often perform better than their counterparts.

'Investing in a portfolio of "good" or "sustainable" business models and companies will deliver a higher return and a lower risk to our clients,' Borghesi said. 'Higher performance occurs when there is a higher demand for these companies' securities, and "more sustainable" also means "higher value".

'The increasing awareness of ESG factors within communities and public authorities will lead to incentives for good companies and higher taxes for bad companies. Lower risk is due to the lower probability of being invested in companies suffering from litigations, fines and lawsuits.'