

MEDIA RELEASE

Dubai, 10 May 2022

Exclusive survey by Lombard Odier shows high-net-worth Middle East investors' strong shift to sustainable investment and Islamic Finance

- 85% of the surveyed 300 HNW investors in the Middle East intend to increase their exposure to ESG or sustainable investments in the future. 81% already take sustainability and ESG into account when making investment decisions.
- 72% of investors in the region believe that they can generate improved returns through ESG investments.
- At present, sustainable investments account for 33% of investment portfolios; investors forecast that this will increase to 52% in the next five years.
- Strong momentum for Shariah finance strategies – Sukuks and Islamic loans are the two most favoured Shariah-compliant asset classes in the region, with 39% and 38% interested in holding these assets respectively.
- 67% of investors said that observing Islamic investment principles in their investments is important to them, while only 4% of investors said that they are not interested in Islamic investments.

Lombard Odier, a leading global wealth and asset manager with deep roots in the region and a long tradition in value investing, today revealed results from its Middle East survey on value-driven investments. Key findings highlight the growing importance of value-based investing in a region where strong religious, cultural and social values remain deeply entrenched.

When it comes to sustainable investing, 81% of regional HNW investors stated that they already take sustainability and ESG into account when making investment decisions. Environmental protection and decarbonisation continue to move up the policy agenda across the region and investors want to play their part. Importantly, investors recognise a link between performance and ESG factors, with 72% of respondents stating that they believe sustainability factors can generate superior returns.

Respondents expressed a need for more clarity and advice from specialists on how to invest sustainably, stating a desire to receive regular research on sustainable investment ideas (78%) and portfolio sustainability benchmarking (77%). The results are a clear indication that financial institutions in the region need to provide more guidance to help investors express their ESG-related values. Just 29% of respondents said they were very satisfied with the service that they currently receive from their banking partner and around half (58%) are quite satisfied.

The survey also highlighted the significant overlap between Islamic and sustainable finance, since both involve acting ethically and responsibly. Indeed, the overwhelming majority of HNW investors, regardless of age, want to reflect traditional Middle Eastern values in their investments. They have already taken significant strides to integrate their Islamic beliefs via Shariah-compliant strategies and plan to increase those allocations. According to the survey, 67% of Middle Eastern HNW investors state that observing Islamic investment principles is important to them. There is strong appetite for this type of investment, with Sukuks and Islamic loans being the two most favoured Shariah-compliant asset classes in the region.

Private equity follows close behind the above classes, with almost a third (30%) of investors surveyed reporting an interest in private equity that complies with Islamic finance principles. This type of asset allocation therefore remains essential for regional investors, offering a means of gaining exposure to growth opportunities across a wide range of business sectors.

The survey revealed that Shariah investing is also important to younger investors, with 54% of 18-40 year-olds investing accordingly for some of their assets. This is reinforced by the larger Shariah-compliant asset allocation among the younger generation, who allocate on average 52% to Shariah investments vs 48% for those aged 40 and upwards. This is expected to increase to 60% in the next five years for younger investors, compared to 56% for older investors.

Speaking on the rationale behind the rising interest in Islamic and sustainable investments in the previous 12 months, **one younger Middle Eastern investor** added:

“Being an ethical and responsible investor with Islamic values, our interest in Islamic finance and sustainable investment has grown naturally. We have always avoided high-risk investments, and by aligning ourselves to Islamic finance, we continue to follow our investment strategy very well.”

Commenting on the findings, **Arnaud Leclercq, Partner Holding Privé and Head of New Markets at Lombard Odier**, said:

“The results of our survey are very encouraging, demonstrating that HNW investors have already taken steps to integrate their Islamic beliefs via Shariah-compliant strategies, and want to learn more about investing sustainably. Investors also plan to increase those allocations, illustrating a growing awareness that they can play an important role in driving positive social and environmental change. Lombard Odier is an acknowledged leader and has developed unique performance strategies in this field.”

You can access the full report on Lombard Odier’s insights page [here](#)

The survey included 300 high-net-worth (HNW) investors and business owners from the United Arab Emirates, Saudi Arabia, Kuwait, Oman, Qatar, Bahrain, Egypt and Lebanon, and respondents included both younger investors (aged 18-40) and older generation investors (aged 40 and upwards).

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About Lombard Odier

Lombard Odier is a global wealth and asset manager, and a leader in sustainable investing. For over 225 years and through more than 40 financial crises, the Group has combined innovation and prudence to align itself with the long-term interests of private and institutional clients. The Group is solely owned by its Managing Partners and has a strong, liquid and conservatively invested balance sheet with a CET1 ratio of 28.5% and a Fitch rating of AA-.

Lombard Odier provides a comprehensive offering of wealth services, including succession planning, discretionary and advisory portfolio management, and custody. Asset management services are offered through Lombard Odier Investment Managers (LOIM). The Group has created cutting-edge banking technology, which is also leveraged by other Swiss and European-based private banks and financial institutions.

The Group had total client assets of CHF 358 billion at 31 December 2021. Headquartered in Geneva since 1796, at end-December the Group had 26 offices in 21 jurisdictions and employed 2,650 people.

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