

An Evolving Landscape

2019  **Responsible**
Investment Survey

Executive Summary

Key definitions



Responsible Investing

An umbrella term used to describe the broad range of approaches that can be used to deliberately incorporate environmental, social and governance (ESG) considerations into the investment process

ESG Integration

The systematic integration of material ESG factors into investment processes

Socially Responsible Investing (SRI)

The application of positive or negative screens to include or exclude companies from the investment universe based on a defined set of values

Impact Investing

Investing with the intent to generate a measurable positive social or environmental impact

Thematic Investing

Investing with a focus on broader, macroeconomic ESG themes



Engagement

Seeking to influence corporate behavior through direct engagement, shareholder proposals, and proxy voting

Introduction

As ESG investing matures, interest remains strong but investors are more critical than before

After two consecutive years of significant increases in the use of environmental, social and governance (ESG) investment strategies and managers, the market is showing signs of maturing, with further growth in adoption slowing and an evident divergence of opinion about the value of ESG-based investing. The 2019 RBC Global Asset Management Responsible Investing Survey shows that, across the globe, the vast majority of institutional investors continue to embrace ESG principles and engage with their investment consultants and external money managers on the use of ESG-informed strategies. Among those institutions who apply ESG significantly, the belief in its value remains strong. However, those institutions who apply ESG “somewhat” or who have not yet embraced an ESG approach appear less convinced of its merits than before, or comfortable to remain on the sidelines for now.

One clear theme emerging from this year’s survey is an increase in the level of uncertainty around ESG. There appears to be a divergence of views about the value of ESG as it relates to investment performance, with significant adopters of ESG remaining confident in its value but the balance of the survey sample expressing more doubts in this area. Moreover, when asked about ESG’s ability to mitigate risk, the percentage of respondents who said they were not sure rose notably this year.

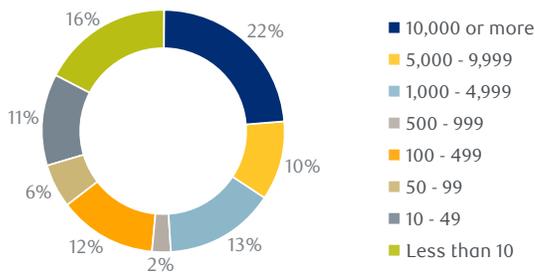
Still, while the rate of further adoption of ESG-based investing appears to have plateaued over the past year, the institutional investors who have adopted such an approach (and this group remains in the majority) remain committed to it. These adopters are clearly thinking deeply about key ESG factors such as using them across different asset classes, engagement and identifying the specific ESG issues—including cyber security, climate change, anti-corruption and water—that are most important to them.

Survey reflects a broad cross-section

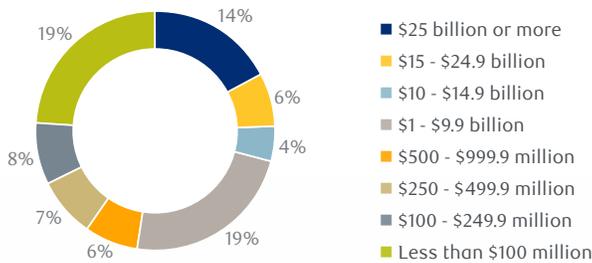
The 2019 RBC Global Asset Management Responsible Investing Survey was answered by nearly 800 participants from around the world, including the US, Canada, Europe and Asia. Respondents come from all corners of the investment business.

Over 150 of the respondents represent organizations with \$1 billion to \$9.9 billion in assets and 190 were from organizations with more than \$10 billion. Approximately one fifth of the respondents work at organizations with 10,000 or more employees, while a similar number, or 16%, were from much smaller firms of less than ten employees. Sixty consultants responded to the survey and provided key information as to how they are integrating ESG principles into manager selection.

Please estimate the number of employees in your entire organization, that is, the total in all plants, divisions, branches, subsidiaries - national and international.



Which of the following best represents the current total pension retirement assets of your organization? Endowments and foundations please indicate total fund assets.

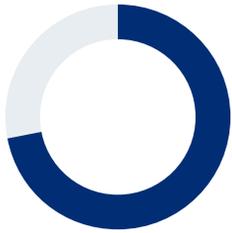


What is the primary structure of your employer's business?

	Overall %
Wealth Management/Wealth Platform	18.1
Pension Plan Sponsor	10.1
Investment Manager	9.4
Government Organization	9.1
Consulting Organization	8.6
Foundation, Non-Profit, Charity	7.9
Non-Financial Corporation	7.1
Registered Investment Advisor	5.8
Insurance Company	5.0
Educational Institution/Endowment	4.6
Other	3.6
Other Consultant, Advisor, Professional Service Provider to Asset Owner	3.4
Union	2.4
Other Asset Owner	1.8
Financial Planning Firm	1.6
Family Office	1.1
International Organization/IMF/World Bank/Development Bank	0.3



Shifting patterns of ESG adoption



70%

of respondents use ESG principles as part of their investment approach and decision making.

Following several years of rapid growth in the adoption of an ESG-based approach by institutional investors, this trend is showing signs of tapering. At a global level, the percentage of investors who said they used ESG principles as part of their investment approach and decision making in 2019 was relatively flat compared to last year, at 70%. On a regional basis, ESG adoption continued to tick upward in the UK and Canada, reaching 97% and 80%, respectively, while in the US, ESG adoption was flat versus 2018, at around 65%. At the same time, the percentage of global respondents who said they are not using ESG rose slightly to 30% this year, after having dropped to 27.8% last year from 33.4% in 2017.

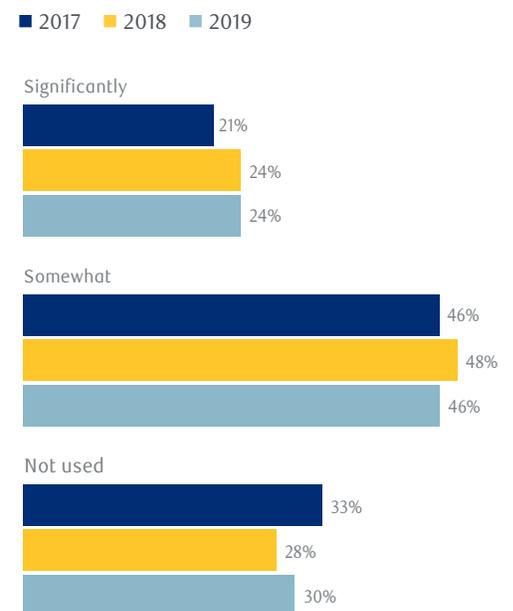
It is noteworthy, however, that institutional investors who apply ESG principles are doing so to a greater degree: the percentage who report using ESG principles “significantly” as opposed to “somewhat” rose in 2019 in several key markets. The increase was small in the US (rising about 3% from 2018), more pronounced in Canada (up over 5%) and especially strong in the UK (up 30%). This data suggests that for institutional investors in these three regions who have adopted an ESG-based approach, they are more convinced than ever by the benefits they are seeing, and the trend continues to move incrementally toward going “all in”.

Considering these shifting patterns of ESG adoption, the next logical question to ask is what factors may be influencing the decision-making of institutional investors.

While the reasons survey respondents listed for either incorporating or not incorporating ESG remained largely the same from 2018 to 2019, slight differences point to a divergence of views on the value of ESG, particularly when it comes to enhancing returns and mitigating risk.

Last year, among survey respondents who already incorporate ESG principles, the most common reason cited for doing so was fiduciary duty. That was followed closely by the belief that incorporating ESG would help lower risk and increase returns. In 2019, those priorities flipped.

Exhibit 1: To what extent are ESG principles used as part of your investment approach and decision making?



Performance—i.e., lower risk and improved return—is now the most-cited reason for incorporating ESG, cited by 53.1% of respondents this year, up from 52.8% in 2018, while fiduciary duty was cited by 50.4% this year, compared with 53.9% in 2018. (Respondents were able to select more than one reason.)

Responses to this question strongly indicate that investors who incorporate ESG into their investment decision-making view it as a strategy that can help lower risk, increase returns and help meet their all-important fiduciary duty.

It is important to note that the increase in lowering risk and improving return as a reason for incorporating ESG did not come at the expense of fiduciary duty across the board. In Europe and the UK, for instance, the number of respondents who listed fiduciary duty rose to 64.9% from 56.2%.

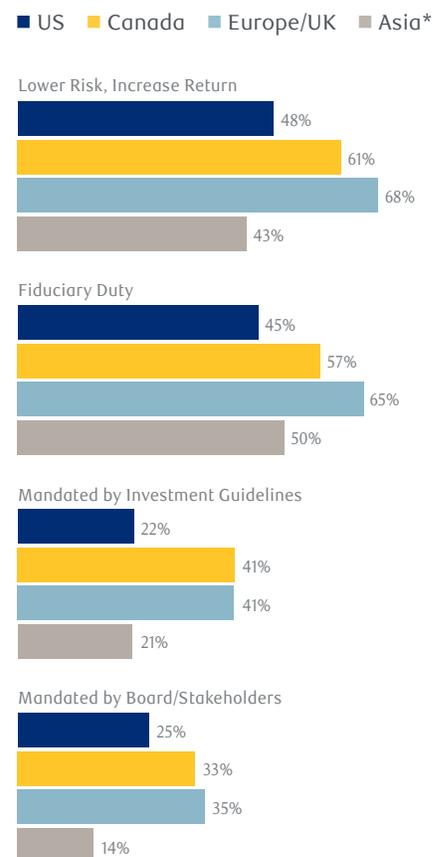
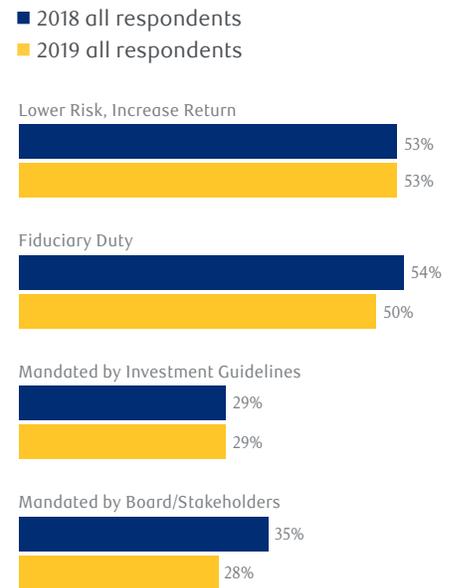
These responses are interesting from another perspective: the investment policy statement. While more than half of respondents—in 2018 and 2019—cited fiduciary responsibility as a reason to incorporate ESG principles, less than one-third cited investment guidelines.

“...investors who incorporate ESG into their investment decision-making view it as a strategy that can help lower risk, increase returns and help meet their all-important fiduciary duty.”

Of course, the other interesting component in this discussion is the reasons investors give for not using ESG principles. This year, a belief that ESG is not consistent with fiduciary duty was cited by more respondents than any other reason. Overall, 32.9% of respondents cited this factor, up from 27% in 2018, when the No. 1 reason for not using ESG was a lack of resources. Interestingly, in 2019, limited resources were cited by just 19% of respondents, down from 29.1%.

The fact that this year there were slightly more respondents who said they do not incorporate ESG factors because they don’t believe these factors will materially impact their investment returns—21.9% versus 18.4% last year—could be another indication of rising concerns about issues of return and risk among 2019 survey respondents.

Exhibit 2: What are your reason(s) for incorporating ESG in your investment approach?



*Sample size not statistically significant.



Performance, performance, performance

A powerful indication of investors' appetite for ESG is how they think ESG-integrated portfolios are likely to perform relative to non-ESG-integrated investments.

As noted above, institutional investors who already heavily incorporate ESG principles are more convinced than ever before that this approach adds value in terms of enhanced returns and risk mitigation. Compared to last year, this group is more certain that integrating ESG factors can mitigate risk (agreement now at 93%, up 3% from last year), and also more convinced that ESG factors help generate alpha (69%, up 4%).

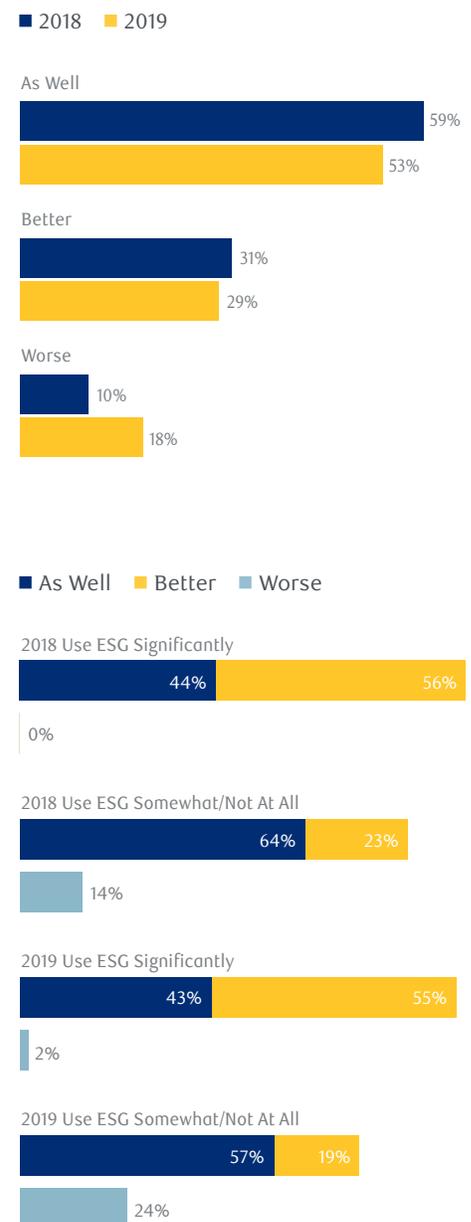
However, among the broader group of global survey respondents—including those who do not incorporate ESG as well as those who incorporate “somewhat”—this year's responses showed growing uncertainty about the investment merits of an ESG-based approach.

This year, 28.9% of respondents said they thought an ESG-integrated portfolio would perform better than a non-ESG-integrated portfolio. While this is up considerably from the 18% who said better in 2017, it is down slightly from 30.9% last year.

This pattern echoed regionally, except in Canada, where 33.6% of respondents said an ESG-integrated portfolio would perform better than a non-integrated portfolio, up from 24.6% a year ago. That may not be surprising, given the fact that the use of ESG principles by Canadian investors increased by six percentage points from 2018 to 2019.

An important sign of investors' sentiment toward ESG investing can be seen in the portion of respondents who think an ESG portfolio will perform worse than a non-ESG portfolio. Overall, this number increased significantly, to 17.8% from 10.4% in 2018. While fairly steady across the world, the number of respondents in the US who doubt the efficacy of an ESG portfolio rose to 22.1% from 18.4% last year. These results suggest that a significant portion of the institutional investment world may not be familiar with research that has debunked the myth that ESG hurts performance when it's a core foundation of investment strategy. This is surprising, as the number of studies done that supports this theory has only increased in the past year.

Exhibit 3: How do you believe ESG integrated portfolios are likely to perform relative to non-ESG integrated portfolios?



Given respondents' answer to the question of how an ESG-informed portfolio might perform against a non-ESG portfolio, it shouldn't be surprising that when asked whether integrating ESG factors into a portfolio can help generate alpha, a slightly lower percentage said yes and a slightly higher percentage said no. The percentage of respondents uncertain about this question remained steady in the area of 41% to 42%.

Once again, breaking out this question across geographies reveals a pattern similar to that for ESG usage, with a drop in the number of US and Asian respondents who said ESG can help generate alpha but significant increases in Canada, and Europe and the UK combined.

Risk, of course, is the corollary to return. Here again, the 2019 RBC Global Asset Management Responsible Investing Survey suggests that institutional investors have grown a bit more wary of the benefits of using ESG principles in their investment approach and perhaps more sensitive to the critical issues of risk and return.

In 2018, a full 67.3% of respondents said they thought integrating ESG factors into an investment approach could help mitigate risk. This year, that number dropped materially by nearly 9% to 58.4%. While that's still higher than the 47.9% who said yes in 2017, it shows a change in attitude. To be sure, this decline was not across the board. In Canada, the percentage who said yes to ESG as a risk mitigator rose slightly, to 72% from 70.7%; and in Europe and the UK combined, it climbed to 88.6% from 82.9% in 2018. Declines were seen in the US and Asia.

One indication of a growth of uncertainty around ESG can be seen in the "Not Sure" response to the risk-mitigation question. This year, 24.1% of respondents said they weren't sure whether ESG factors could help mitigate risk, up from 18.8% in 2018. In the US, that number rose to 28.8% from 21.3% last year. For most other regions surveyed, the number dropped.

Finally, as noted above, the uncertainty around ESG is not universal. Perhaps not surprisingly, survey respondents who already significantly incorporate an ESG-based approach continue to show strong belief in the risk-mitigation and alpha-generation merits of ESG. So, while the data around return generation and risk mitigation suggests changing attitudes toward ESG, it appears to be more a shifting of sentiment than a complete change of thinking.

Exhibit 4: Can ESG factors help generate alpha?

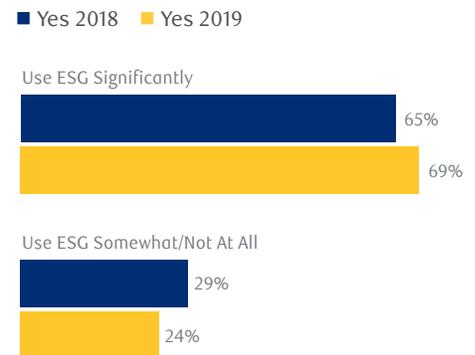
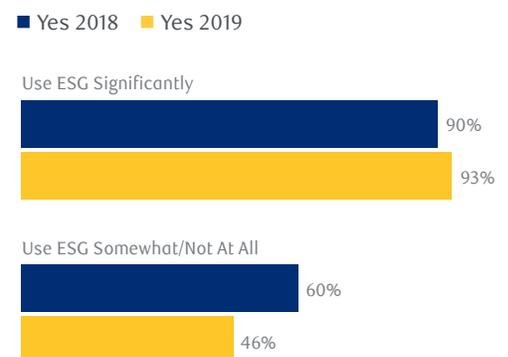


Exhibit 5: Can ESG factors help mitigate risk?



Still room to grow in impact investing

Year over year, the number of institutional investors who held impact products in their portfolio was little changed.

In the US, fewer respondents said yes (31.5% in 2019 versus 34.4% in 2018) to the question of whether they hold impact products and fewer respondents said no (44.9% versus 52.3%). Notably, a significantly greater number said they were not sure (23.6% versus 13.3%)—suggesting a degree of uncertainty about what an impact product really is. In Canada, fewer respondents this year said they held impact products than last year (15.4% versus 16.8%), while more said they did not (52.9% versus 48%). In Europe and the UK combined, more investors this year are using impact products than last year (34.3% versus 31.2%), fewer are not using them (51.4% versus 52.5%) and fewer are not sure (14.3% versus 16.2%).

The story didn't change much when respondents were asked if they planned to allocate funds to impact investing as opposed to ESG or socially responsible investing in the next one to five years. Overall, and across individual regions, more respondents said they were not sure than either yes or no. These numbers were up slightly from 2018 (41.5% overall this year versus 38% overall in 2018). Canada was the only region surveyed in which an increasing number of respondents said they planned to allocate funds to impact investing over the next one to five years—up very slightly to 18.4% from 17.5% in 2018.

Exhibit 6: Do you currently hold any impact products in your portfolio?

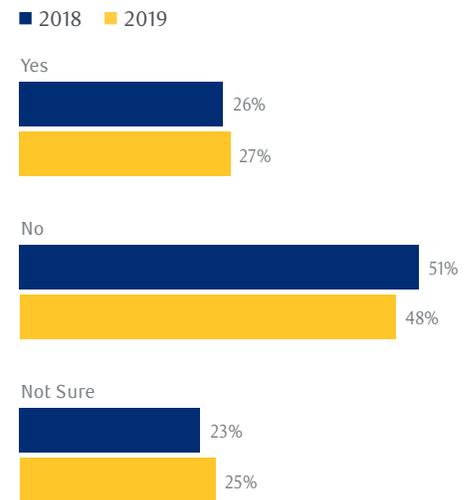
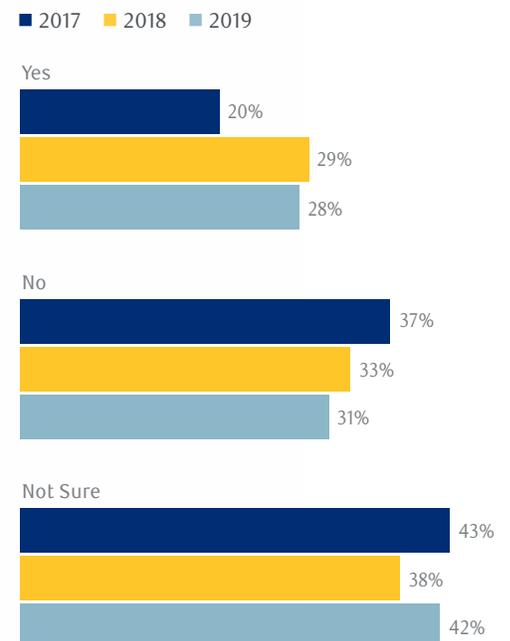


Exhibit 7: Do you expect to allocate funds to Impact Investing as opposed to ESG/SRI in the next 1-5 years?



Equities still the prime target for ESG analysis

For institutional investors, equities remain the most popular asset class for incorporating ESG factors, followed by fixed income, real estate, alternatives and infrastructure. These rankings are largely the same as in 2018, but the level of use (as a percentage of respondents) changed somewhat.

While it may not be surprising that the classic asset classes of equities and fixed income remain the most popular for incorporating ESG, it is noteworthy that fewer investors this year are incorporating ESG into real estate and infrastructure, while more are going into “other” real assets.

Once again, regional breakouts illustrate how institutional investors around the globe think differently about these issues. In the US, the use of ESG factors in equities, fixed income and real assets increased, while real estate, alternatives and infrastructure declined from 2018 to 2019; but in Canada, ESG in real estate and alternatives increased while it decreased in infrastructure. In Europe including the UK, the percentage of investors incorporating ESG into equities and real estate declined notably, and increased in fixed income, infrastructure, alternatives and other real assets.

While a growing number of institutional investors worldwide are incorporating ESG factors into fixed income strategies, fixed income is generally viewed as less of a priority when put up against equities in the context of ESG.

Investors were asked whether it is important to incorporate ESG factors into both equity and fixed income strategies, and nearly half said both were equally important. About one-third said both were important but equities more so, and very few (1.6%) said both were important, but fixed income was more important. Perhaps most notably, a full 22% said neither was important, up significantly from 15.2% last year.

Exhibit 8: For which of the following asset classes do you incorporate ESG factors into portfolio management?

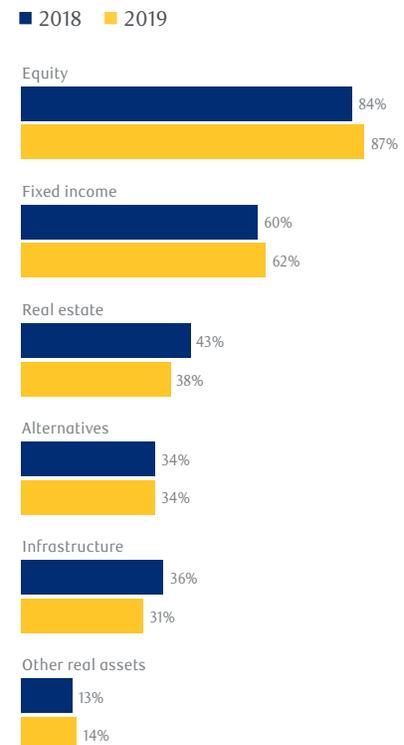
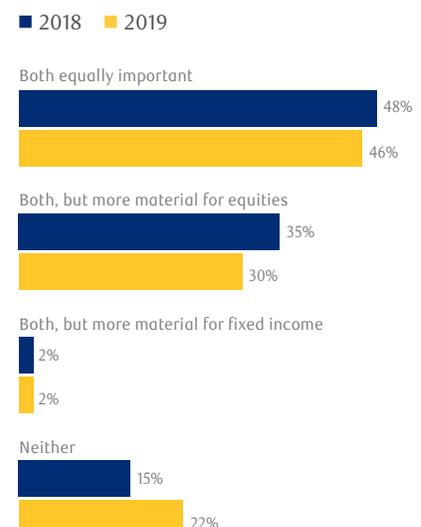


Exhibit 9: Is it important to incorporate ESG factors into both equity and fixed income strategies?

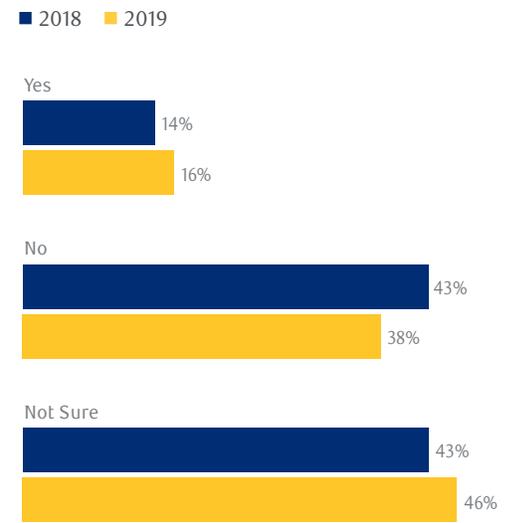


Meeting the fixed income need

Respondents who said that there are not enough fixed income products that incorporate ESG factors dropped to 37.6% from 43% last year, perhaps suggesting that the asset management industry may be responding to demand for more offerings that incorporate ESG. So it would appear that progress has been made in this regard, with room for more. The percentage of respondents who said they were not sure if there were enough fixed income products that incorporate ESG factors on the market rose this year to 46.3% from 42.7% last year.

In terms of issuers of fixed income securities, institutional investors think ESG factors are the most material for both corporate and sovereign issuers. Roughly one-third of respondents cited these two groups.

Exhibit 10: Do you believe that there are sufficient fixed income product offerings that incorporate ESG factors?

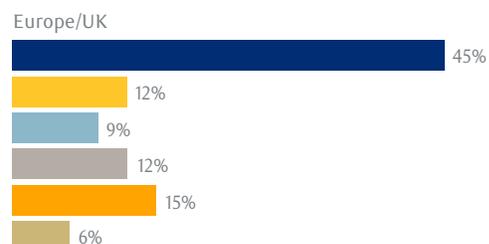
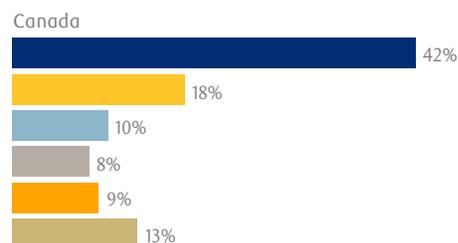
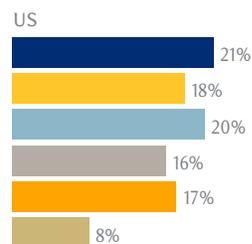
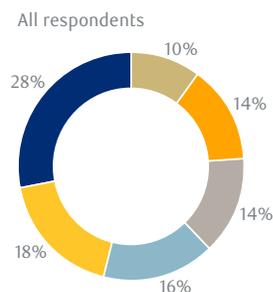


Active vs. passive management

Like nearly every other corner of investment management, ESG has been affected by the passive investment movement but, according to the survey, active management tends to dominate. For the first time, survey respondents were asked what percentage of their portfolio under the umbrella of responsible investing is actively managed. Overall, the average level approximated 61%. Most respondents reported using a mix of active and passive management for their responsible investing portfolios, while 28.1% of respondents employ only active management and 10% use only passive management. Regionally, Europe and the UK combined and Canada had the highest percentage of respondents with 100% actively managed ESG portfolios, at 45.5% and 41.7%, respectively. In the US, 21.3% of respondents said their entire responsible-investing portfolios are actively managed and in Asia, 10.5% responded as such.

Exhibit 11: Of your portfolio that falls under the umbrella of responsible investing, what percent is actively managed (versus passively managed or index-based)?

- 100% - the entire portfolio is actively managed
- 76 - 99%
- 51 - 75%
- 26 - 50%
- 1 - 25%
- 0% - it is all passive



Consultants' view

Enthusiasm for ESG investing on the part of investment consultants appears to have remained steady from 2018 to 2019, but its importance seems to have increased as a factor in their work. The number of consultant respondents to the survey who said they employ external money managers that incorporate ESG factors into their portfolio management process remained constant but more consultants employed external managers for “all” mandates this year than last year by 9%, 18.2% in 2018 versus 27.1% in 2019, and fewer employed them for “some” mandates. In the US this number was up by 11% and in Canada it increased by approximately 26%.



Engagement, divestment or negative screens?



38.6%

of respondents said engagement is more effective than divestment.

For institutional investors using investment strategies informed by ESG factors, an important question comes down to whether to simply divest certain holdings or to engage with companies and work with corporate managers to improve environmental, social and/or governance practices and structures.

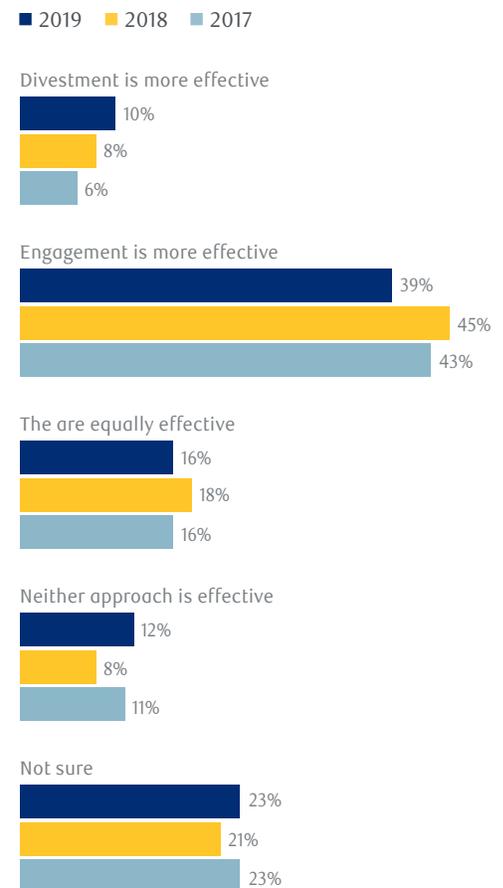
In the context of the “fossil fuel free” movement, investors came down squarely on the side of engagement, as they did in last year’s survey, but their enthusiasm for engagement appears to have cooled. To wit: this year, 38.6% of respondents overall said engagement is more effective than divestment, down from 45.1% last year. The number who said divestment is more effective edged up to 10.2% from 8.1%, and the number who said neither approach is effective rose to 11.8% from 8.1% in 2018. Those who said both methods are equally effective dipped to 16.4% this year from 17.7% last year. In both years, roughly one-fifth of respondents were not sure.

Institutional investors in Europe and the UK combined had the highest regard for engagement, with 66.7% of them calling that method more effective than divestment, up from 54.3% last year. Canadian investors were second in this regard, at 47.4%, virtually unchanged from last year. In the US, 33.8% of investors favored engagement, down from 38.8% in 2018, while 10% said divestment was more effective, up from 6.7% last year.

Related to the question of engagement or divestment is the use of negative SRI screens. As in 2018, three quarters of survey respondents overall said they do not require their external managers to use such screens.

For investors who require the use of negative screens, the most common ones are applied to cluster munitions and landmines, tobacco and weapons. These three screens were cited by nearly two-thirds of investors who use SRI screens, similar to last year. Fossil fuel-related screens were the fourth most popular, with just under 45% of respondents who use screens listing that category.

Exhibit 12: In the Fossil Fuel Free context when thinking about ESG investing, do you consider divestment to be more effective than engagement?



Information, please

Engagement requires information, and issuers are getting better, slightly and slowly, with both the amount and quality of data they provide investors.

Ranking their satisfaction with the quantity of information on a scale of 0 to 5, with 5 being very satisfied, more investors landed slightly past the midpoint. A total of 12.8% of respondents answered either 4 or 5, up from 7.9% last year. On the other end of the spectrum, the number of respondents who answered either 0 (not satisfied) or 1 was 18.9% this year, down from 21.5% last year.

Quality of data was ranked on a similar scale and the results had the same pattern, with more respondents landing just past the midpoint. This year, 9.2% answered either 4 or 5

(very satisfied), compared with just 6.6% last year. Roughly one quarter of respondents—both this year and last year—ranked their satisfaction either 0 (not satisfied) or 1.

In comparison to last year's responses, it appears that more investors are satisfied with both the quantity and quality of ESG-related data; however, there is definitely room for improvement. Given this, the question becomes who should push for more and better information, and institutional investors by and large continue to see shareholders as the lead drivers in this effort, followed by government regulators, industry organizations and stock exchanges.

This year, roughly half of respondents cited shareholders, up from 46.2% last

year. While government regulators ranked second again, the portion of investors viewing this group as a key driver fell to 21.8% from 27.2% last year. Industry organizations, on the other hand, drew more responses, 20.5%, this year than last year's 17%.

In years past, stock exchanges played a major role in corporate governance, but as many have become for-profit companies, their focus has shifted more toward generating revenue, and institutional investors have taken note. Stock exchanges as drivers of influencing companies to improve the ESG-related information they provide were cited by just 2.5% of respondents this year, down from 4.8% last year.



Breaking ESG into individual issues



Headline Issues

This year, the survey asked respondents to rank which ESG issues they are concerned about while investing. Cyber security ranked No. 1, as 67.4% of respondents said they were concerned or very concerned about it.

Noteworthy regional differences included the fact that in Europe and the UK combined, climate change ranked No. 1, followed by water, renewable energy, anti-corruption and biodiversity. In Canada, the top five included: anti-corruption, shareholder rights, water, executive compensation and cyber security. In the US, the top five included: cyber security, anti-corruption, water, health and safety and renewable energy.

Board diversity and workplace diversity ranked relatively low here, with 37.6% and 35%, respectively, of respondents citing those two issues as the first or second issues that they are most concerned about.



Gender Diversity

Shareholders—or shareholder proposals more specifically—should be the main force behind encouraging gender diversity on boards, according to respondents to the 2019 RBC Global Asset Management Responsible Investing Survey.

But on the issue of gender diversity, last year three-quarters of respondents said gender diversity on corporate boards was important to them. This year, when the question was phrased in terms of whether corporations should adopt gender diversity targets, most investors said no. To be sure, it was a close vote: 52% said “no” and 48% said “yes”. The highest no votes came from the US, at 55%, while the highest yes votes, 55.6%, came from Europe and the UK combined.

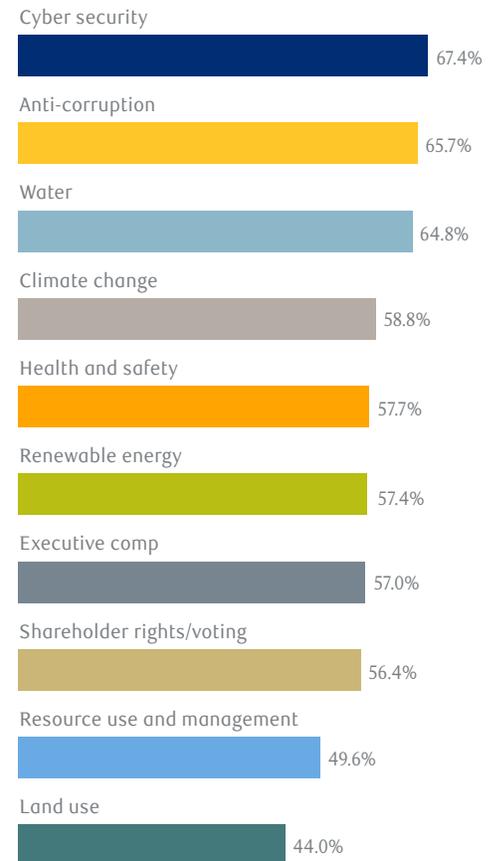


Financial Reporting

On another governance issue, the reporting of financial results, a large majority (85%) of institutional investors continue to agree that companies are too focused on these results. Most survey respondents, or 76%, believe that such focus is driven by short-term pressure from investors. That is an interesting response coming from that same class of investors. The structure of executive compensation plans (61%) and quarterly reporting (57%) were also reasons cited for the focus on short-term financial results.

Exhibit 13: Which ESG issues are you concerned about while investing?

Top Ten Rankings (% of respondents)



Conclusion

Over the past few years, ESG investing has gained mainstream acceptance among institutional investors, but growth in the adoption of ESG has cooled. While a vast majority of investors continue to report using ESG factors as part of their investment approach and decision making, either significantly or somewhat, the rapid increase in adoption seen from 2017 to 2018 was not replicated in 2019. But as in the past, geographic areas vary in their levels of commitment to ESG.

“Those who have already adopted a strong ESG-based investment approach appear to be holding fast in their conviction about the value of ESG...”

Overall, the 2019 RBC Global Asset Management Responsible Investing Survey painted a mixed picture of how institutional investors are thinking of and using ESG factors in their investment approach. Those who have already adopted a strong ESG-based investment approach appear to be holding fast in their conviction about the value of ESG, including its merits in contributing to investment performance. However, outside of that group, uncertainty appears to be on the rise, and in many areas there were more investors responding “not sure” to certain questions this year than in the past.

Could this be because more institutional investors are questioning the efficacy of ESG as a risk mitigator or alpha generator than in years past? Or is it that these investors

have added staff members that do not yet have the deep knowledge and understanding that others have? After all, in 2018, a lack of resources was the No. 1 reason respondents cited for not following ESG principles. This year, that dropped to No. 3, with a 10-percentage point decline in the response.

But before drawing major conclusions from what looks like a growing sense of uncertainty or a deceleration of the trend toward greater ESG adoption, one must consider what impact the macroeconomic investment environment, with highly valued stocks and rising volatility, low interest rates, global trade tensions and other unsettling issues, is having on these institutional investors. The survey responses clearly showed that investors are acutely focused on issues of risk and return, which shouldn't be surprising.

And even if investors who have not yet embraced ESG appear willing to remain on the sidelines for now, those who are adopters continue to migrate toward going “all in” with an ESG-based approach. This group remains fully engaged in using ESG factors and is looking for the investment management industry to continue to provide avenues for additional use. Not surprisingly, equities and fixed income remain the most popular asset classes institutional investors are using with ESG. While investors have seen some improvement in the availability of fixed income products that incorporate ESG factors, they are asking for more.

In addition, while there are some institutional investors who build ESG into other asset classes, such as real

estate and alternatives, there is a lot of room for the industry to step up, not only with product, but with tools and resources for institutional investors to better understand how and why some of these other asset classes can play key roles in an ESG-integrated portfolio. This is especially the case, when considering some of the major ESG-related issues that societies around the world are facing: the effects of climate change, housing shortages, infrastructure needs and income inequality, to name a few.

“...while the multi-year trend of increasing ESG adoption may be tapering off, institutional investors are showing no signs of growing less engaged or committed to using ESG principles in their investment processes and decision making.”

So while the multi-year trend of increasing ESG adoption may be tapering off, institutional investors are showing no signs of growing less engaged or committed to using ESG principles in their investment processes and decision making.

Methodology

- ❧ RBC Global Asset Management (RBC GAM) and BlueBay Asset Management LLP developed a survey of 27 questions around the topic of responsible investing.
- ❧ The survey was distributed to institutional asset owners, consultants, clients, P&I Advisory Panel members, and members of the Pensions & Investments database throughout Canada, Europe, Asia and the United States.
- ❧ Signet Research, Inc. collected and analyzed the results of 799 respondents and determined that the findings from the survey could be accepted as accurate at a 95% confidence level within a sampling tolerance of approximately +/-3.5%.



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