

Morgan Stanley

INSTITUTE FOR SUSTAINABLE INVESTING



Sustainable Signals

INDIVIDUAL INVESTORS 2026

Key takeaways for 2026

We surveyed 2,250 individual investors globally to understand their current thoughts around sustainable investing.



Allocation to sustainable investments is slightly down, although sentiment remains positive

Headline numbers around interest in sustainable investing remain at very high levels, at 92% of global respondents, up four points from 2025. The average portfolio allocation to sustainable investments is 31% this year, slightly down from 33%, demonstrating that there can be a disconnect between expressed views and behavior.



Investor expectations about returns drive portfolio allocations

Over 80% say financial returns are a key driver of their interest in sustainable investing, and expectations about returns continue to drive allocation plans. This year, 64% say they plan to increase their sustainable investment exposure, citing confidence in financial performance. Another 28% expect to maintain allocations, often due to diversification, while 5% plan to reduce exposure, most commonly citing disappointing returns.



Thematic interests span a broad range of topics, while greenwashing remains a key barrier

A quarter say that their top thematic goal is to advance a combination of environmental and social objectives in their portfolio, followed by 15% naming each of financial inclusion and health and wellness as their top priority. While almost a third say greenwashing is a very significant concern, more than three-quarters see sustainable investment options as a differentiator when selecting a financial advisor.



Two-thirds see greater opportunities for sustainable or impact investments in private markets

Globally, 40% of investors have private market assets in their portfolios today and a further 34% would like to in future. Most see greater opportunities for sustainable or impact investments in private markets compared to public markets. Those with most exposure to sustainable investments are more likely to have private market investments today (55%), driven by the ability to invest in innovation as well as for portfolio diversification.

About the Sustainable Signals Series

This report is led by the Morgan Stanley Institute for Sustainable Investing (“Institute”) and presents results from an online survey of individual investors conducted by iResearch on behalf of the Institute. This is a different vendor to previous editions, but the methodology and sample design remained very similar, so results are comparable to the 2024 and 2025 editions. This report is the latest in the “Sustainable Signals” series, which is designed to identify global market trends in sustainable investing. From February 19 to March 16, 2026, a global sample of 2,250 individual investors were surveyed across North America, Europe and Asia Pacific.

For the first time, the survey also went to 500 respondents in MENA, but for comparability this group is not included in the global total. For all geographies, respondents were required to be self-identified ‘active’ or ‘somewhat active’ investors between 18–80 years old with over \$100,000 in investable assets, excluding personal retirement accounts, employer-sponsored retirement accounts, cryptocurrencies and personal real estate. There were exceptions for those between 18–28 years old (Gen Z), where there was not a \$100,000 minimum requirement for investable assets, however all other qualifiers did apply.

TERMINOLOGY

The following definition was provided to respondents:

“**Sustainable investing**” is the practice of making investments in companies or funds that aim to achieve market-rate financial returns while considering positive social and/or environmental outcomes.

METHODOLOGY

In line with prior year methodology, Morgan Stanley set quotas for respondent numbers by generation and gender in order to generate a large enough sample size to understand views of younger respondents. This may mean that the demographics in our sample vary from the make up of investors with over \$100,000 in non-retirement investment accounts.

DATA SOURCE

The source for all charts is the survey, unless otherwise indicated. For more information on the sample profile and quotas, please see [page 20](#).

CONTACT US

For any questions related to the report, please reach out to the Institute for Sustainable Investing team at globalsustainability@morganstanley.com.

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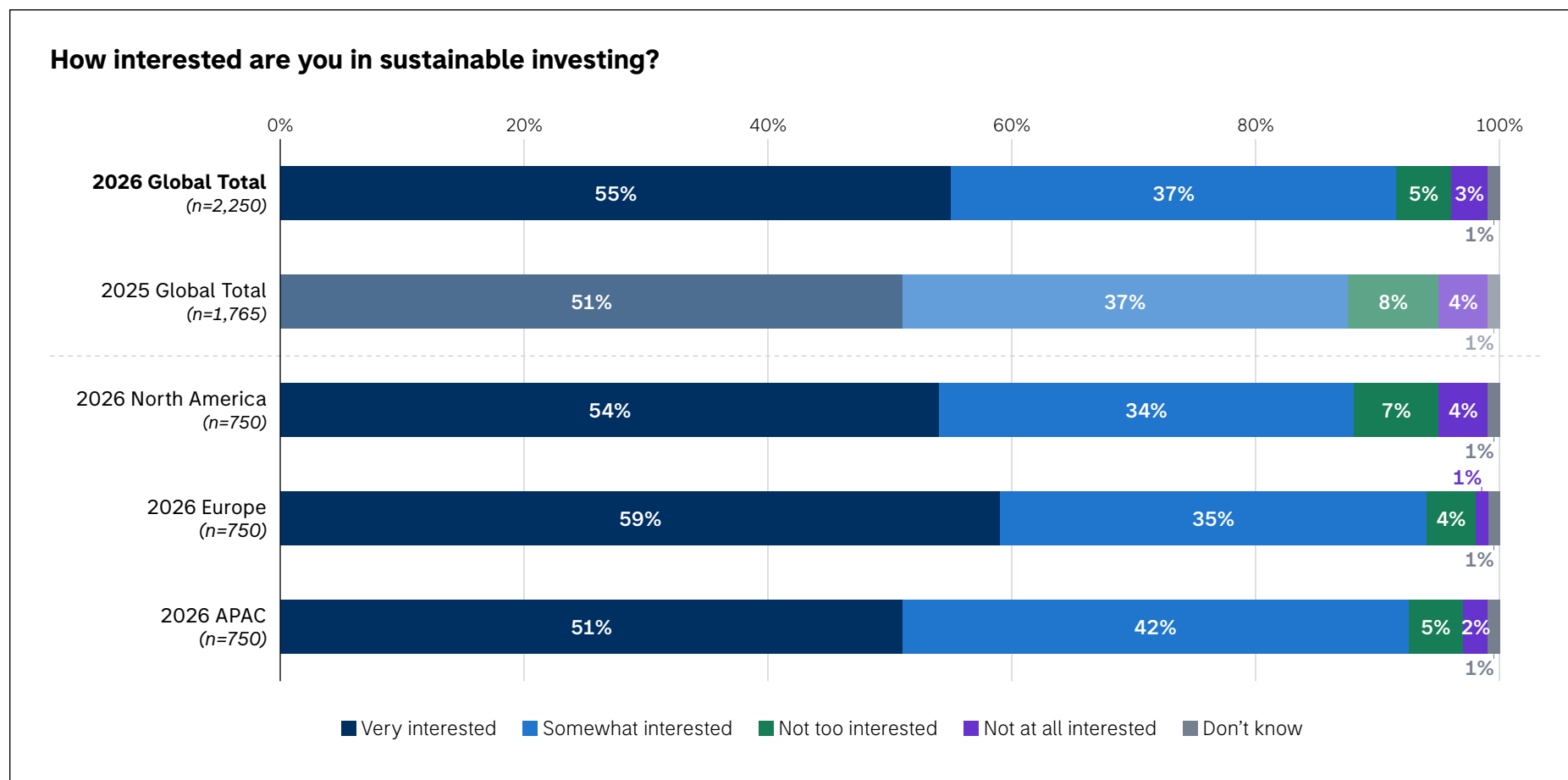
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Sentiment & Allocations

Sentiment on sustainable investing remains at high levels

Headline numbers around interest in sustainable investing remain at very high levels. Globally, 92% of respondents say they are very or somewhat interested, up four points from 2025. European investors report the greatest increase, particularly in the very interested group which is up 11 points year-over-year. By generation, both Gen Z and Millennials report slightly lower levels of interest (down 2-3 points from 2025, from very high levels). However, this year's sample contained more Gen Z respondents* who still have higher interest levels compared to older generations, offsetting this decline in the overall numbers.

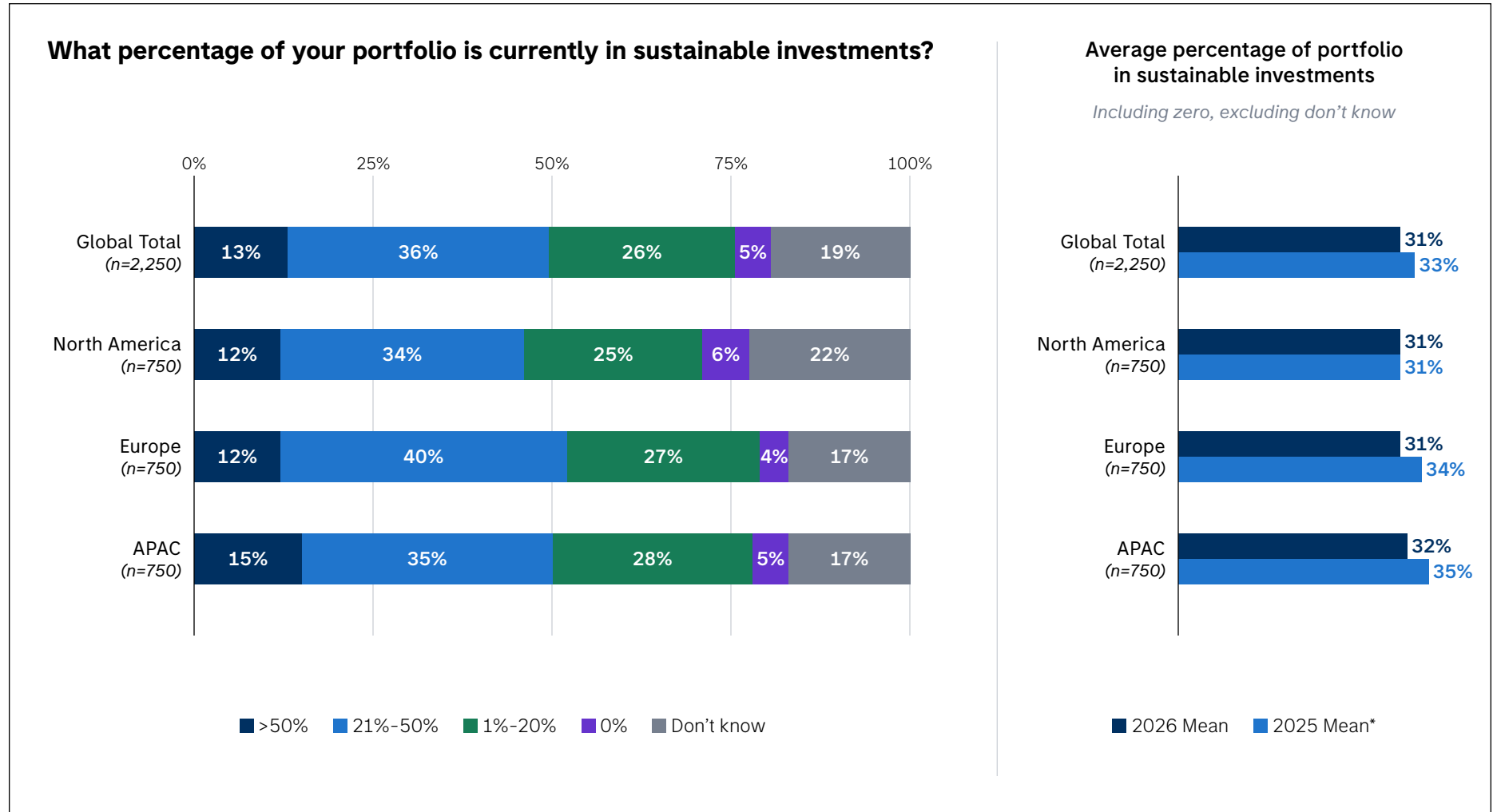


Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026.

*The 2026 sample had 20% Gen Z respondents compared to 15% in 2025. This partly reflects more of Gen Z being captured by the 18-80 age range, and is partly natural fallout, as quotas are set with a +5%/-5% range.

Average allocations to sustainable investments are slightly down

Three-quarters report some exposure to sustainable investments, with the average portfolio allocation at 31%. This is slightly down on the 2025 average of 33%. Last year’s edition of Sustainable Signals noted some tension between sentiment and firm plans around allocations, and this year’s results again demonstrate that there can be a disconnect between expressed views and behavior.



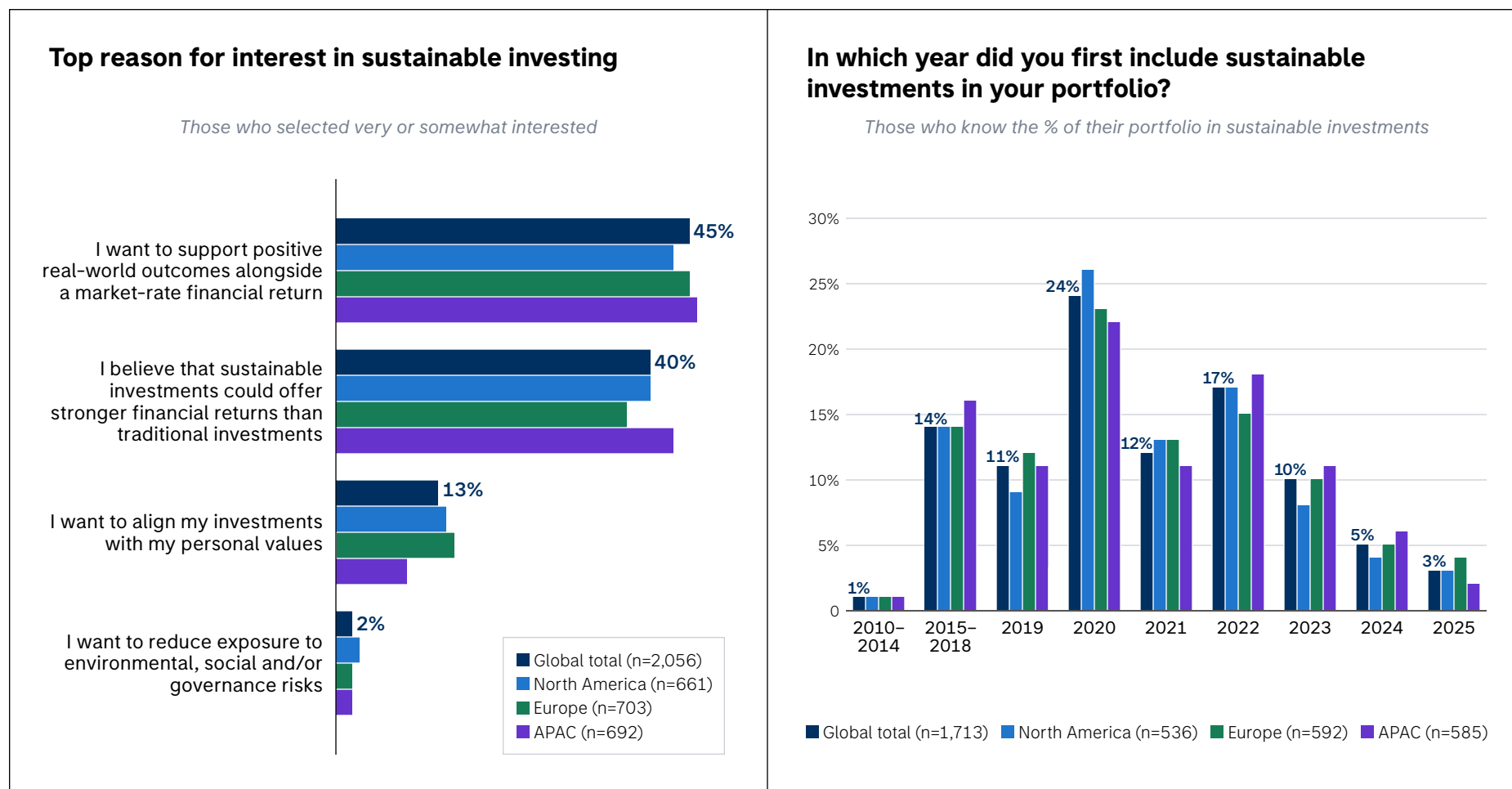
Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026.
 *For 2025, n=1,765 for the global total, with North America at n=757, Europe at n=500 and APAC at n=508.

Return Expectations & Allocation Decisions

Financial returns are central to interest in sustainable investing

Financial returns are central to interest in sustainable investing: Across regions, levels of portfolio allocation and generations, over 80% say their top reason for interest is either supporting real-world outcomes alongside a market-rate return (45%), or the expectation that sustainable investments may offer stronger returns (40%).

Many investors now have a significant track record of performance in their own portfolios. Of the three-quarters of global investors who report having some sustainable investments in their portfolios, half first included sustainable options more than five years ago while less than 10% began in the past two years.



Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026.

Expectations about returns continue to shape allocation intentions

Globally, 64% say they plan to increase their allocation to sustainable investments over the next year, with 28% planning to maintain current levels and 5% expecting to decrease allocation. The reasons behind these plans center on expectations about financial returns, as in previous years. Stronger or weaker returns again top the list of reasons for both those planning to increase or decrease allocations. For those planning to maintain exposure, a quarter cite diversification, while 18% note inconsistent returns. The Institute's [Sustainable Reality](#) report series shows that the median sustainable fund has outperformed the median traditional fund in ten of fourteen half-year periods back to 2019, but on an individual level some funds have seen relatively weaker performance.

Which option best matches your plans for the percentage of your portfolio allocated to sustainable investments for the next 12 months?

Global total (n=2,250)

64% plan to increase

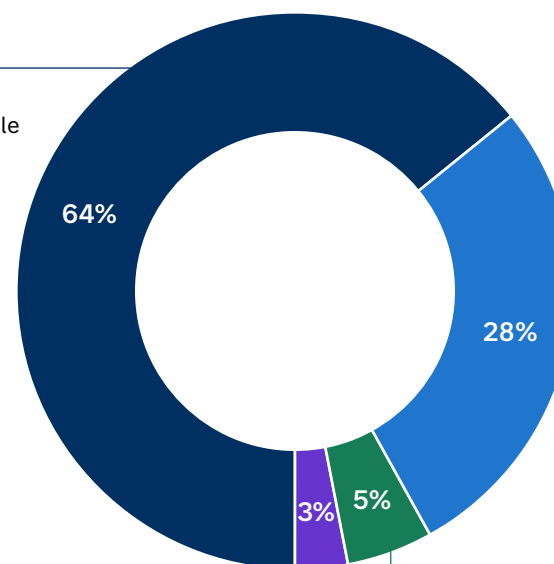
TOP 3 REASONS TO INCREASE

- **29%** are confident that sustainable options offer comparable or better returns (2025: 24%)
- **20%** have become better informed about sustainable investing (2025: 16%)
- **16%** want to show demand for sustainable investments (2025: 10%)

5% plan to decrease

TOP 3 REASONS TO DECREASE

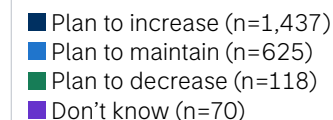
- **23%** have seen their sustainable investments deliver weaker returns
- **18%** report lower confidence in their sustainable investments due to limited data quality or reporting standards
- **14%** say sustainable investment options are decreasing in quality or quantity



28% plan to maintain

TOP 3 REASONS TO MAINTAIN

- **26%** have already diversified their portfolio between sustainable and traditional investments (2025: 26%)
- **18%** believe sustainable investments have shown inconsistent returns (2025: 15%)
- **16%** say concerns around greenwashing make them want to limit exposure (2025: 13%)



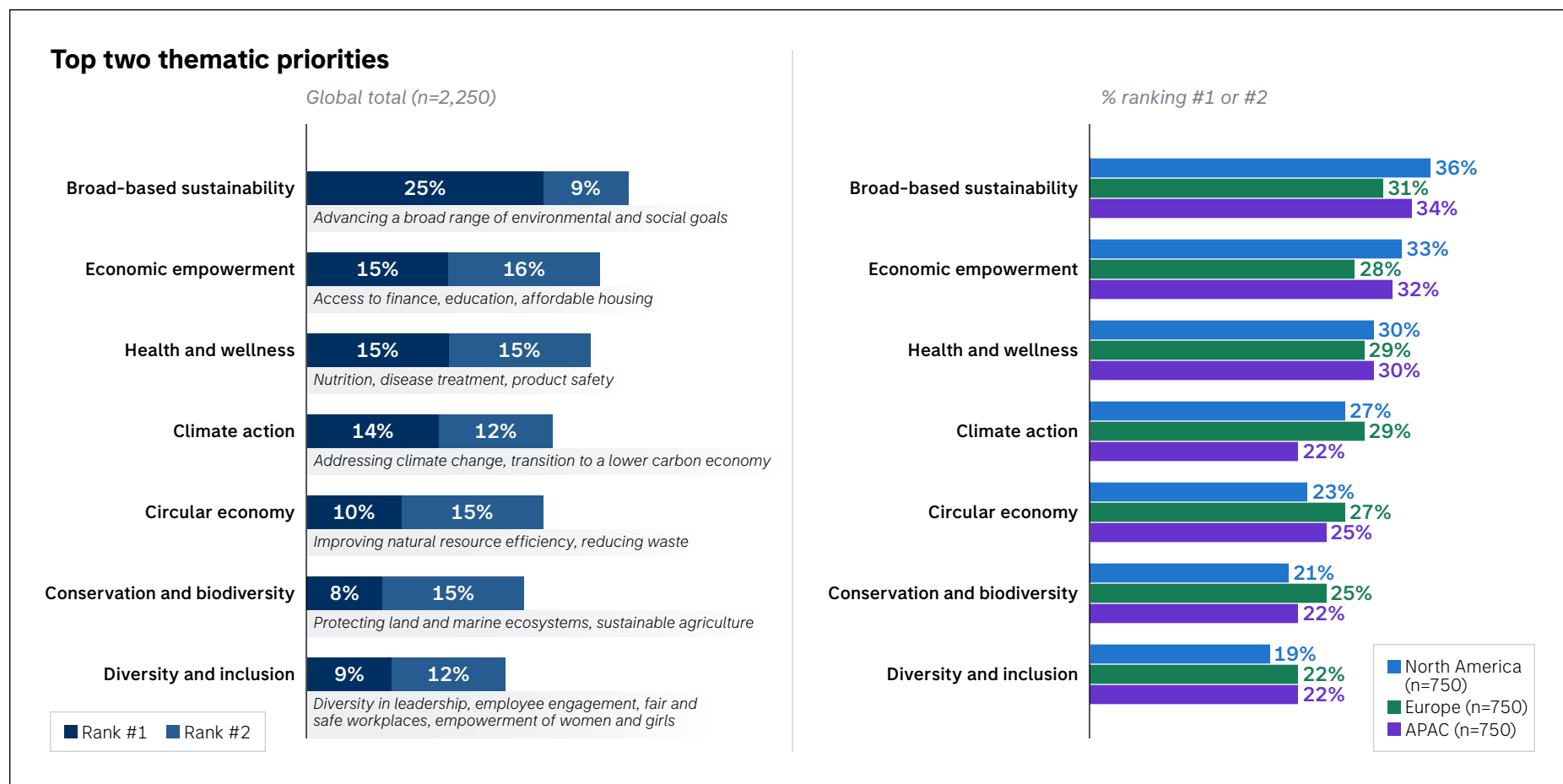
Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026. The 2025 figures are n=1,048 for those planning to increase, n=539 for those planning to maintain, and n=55 for those planning to decrease.

Themes & Priorities

Thematic priorities span a wide range of topics

This year the survey asked about thematic priorities across seven wide-ranging topics within sustainable investing, in order to align more closely with how themes are presented in Morgan Stanley Impact Quotient® (MSIQ®). A quarter say that their top priority is broad-based across environmental and social goals, followed by 15% naming each

of financial inclusion and health and wellness. Each of the seven themes presented are the first or second priority for at least a fifth of respondents. Broad-based sustainability topped the list in all three regions, although economic empowerment is close behind in North America and APAC. In Europe, climate action and health and wellness are both prominent.



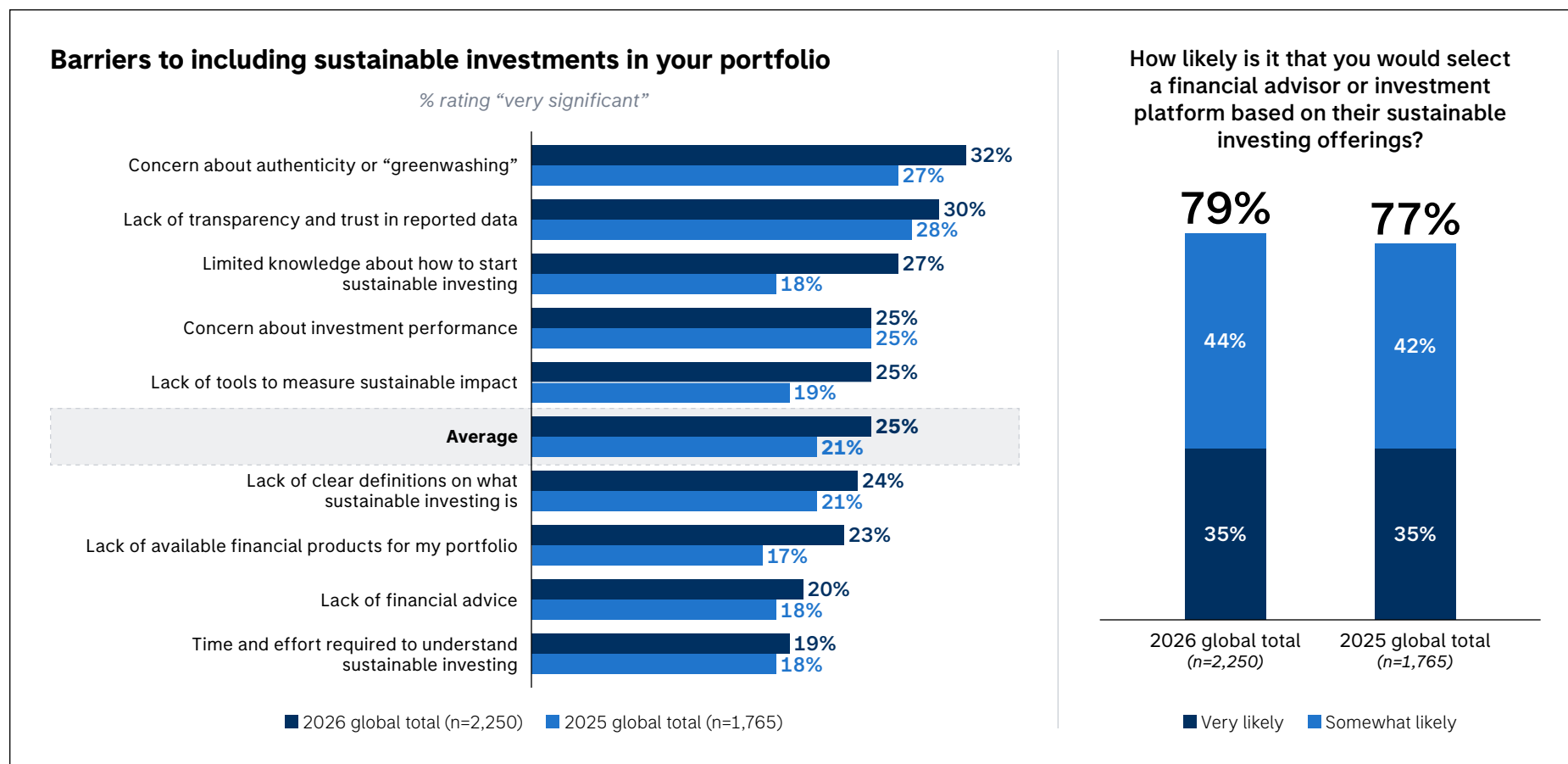
Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026.

*MSIQ® is a tool from Morgan Stanley Wealth Management to help investors align portfolios with personal values. Respondents were asked to identify the top two priorities for their portfolio from this list of sustainable investing themes, see [page 21](#) for definitions.

Greenwashing remains a key concern, but over 75% still see sustainability as a differentiator in selecting a financial advisor

On average, 25% of 2026 respondents rate a range of potential barriers to including sustainable investments as very significant, up four points on 2025. This suggests moderately higher concern than last year, but less so than the most recent Sustainable Signals survey of institutional investors where the average for very significant concerns rose to 38%, from 24% the year before.* Greenwashing remains the most prominent concern, with 32% rating it very significant and 27% saying this is the main barrier.

Sustainable investment options are still seen as a differentiator in selecting a financial advisor, with 79% very or somewhat likely to select for this.



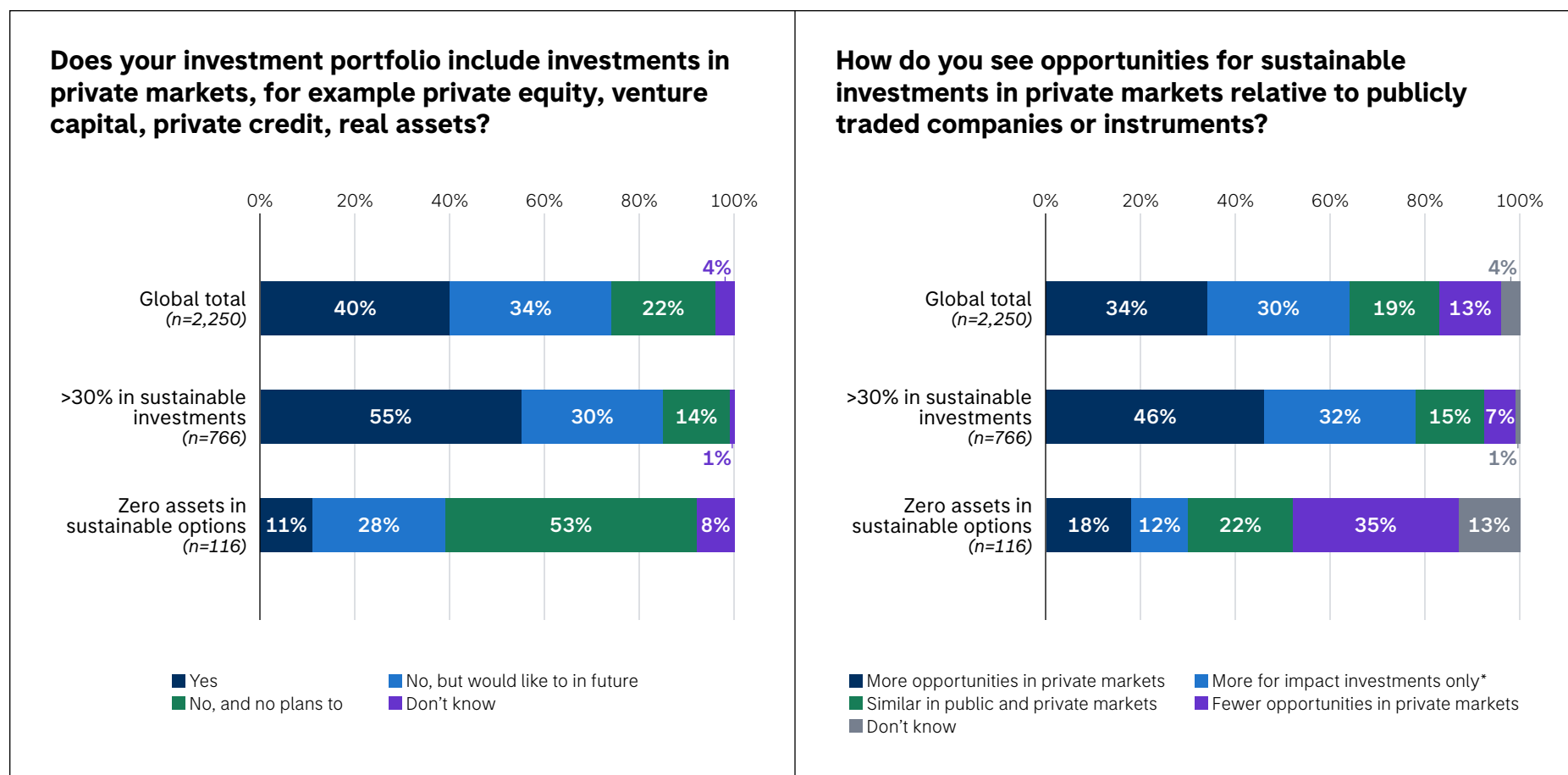
Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026. *September 2025 compared to September 2024.

Private Markets

40% invest in private markets today, with most seeing greater potential for sustainable or impact investments

40% of investors currently invest in private markets, such as private equity, private credit and real assets, and a further 34% say they would like to do this in future. Those with most exposure to sustainable investments—over 30% of their portfolio—are more likely to invest in

private markets today, at 55%. Two-thirds of investors (64%) see more opportunities for sustainable investments in private markets, either due to greater availability of pure-plays (34%) or for impact investments only (30%).



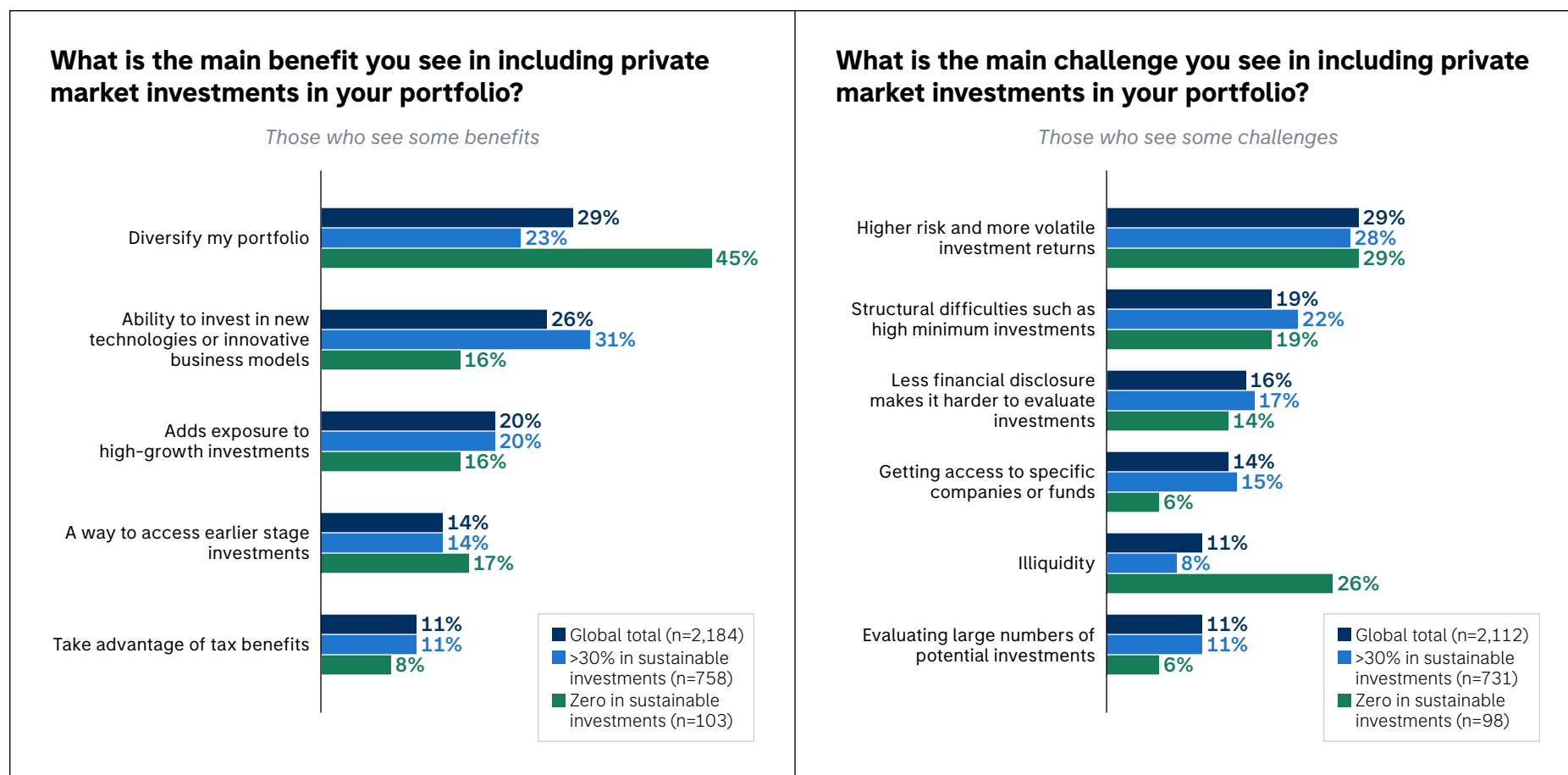
Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026.

*More for impact investments only, fewer for sustainable investments overall.

Diversification and ability to invest in innovation are seen as key benefits of private markets

Views around key benefits of investing in private markets diverge between investors with most and least exposure to sustainable investments. Traditional investors see diversification as the main benefit of private markets (45%), while those with most exposure

to sustainable investments are more likely to cite the ability to invest in new technologies or business models (31%). For challenges, both groups put higher risk and more volatile returns top, but illiquidity is a close second for traditional investors.



Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026.

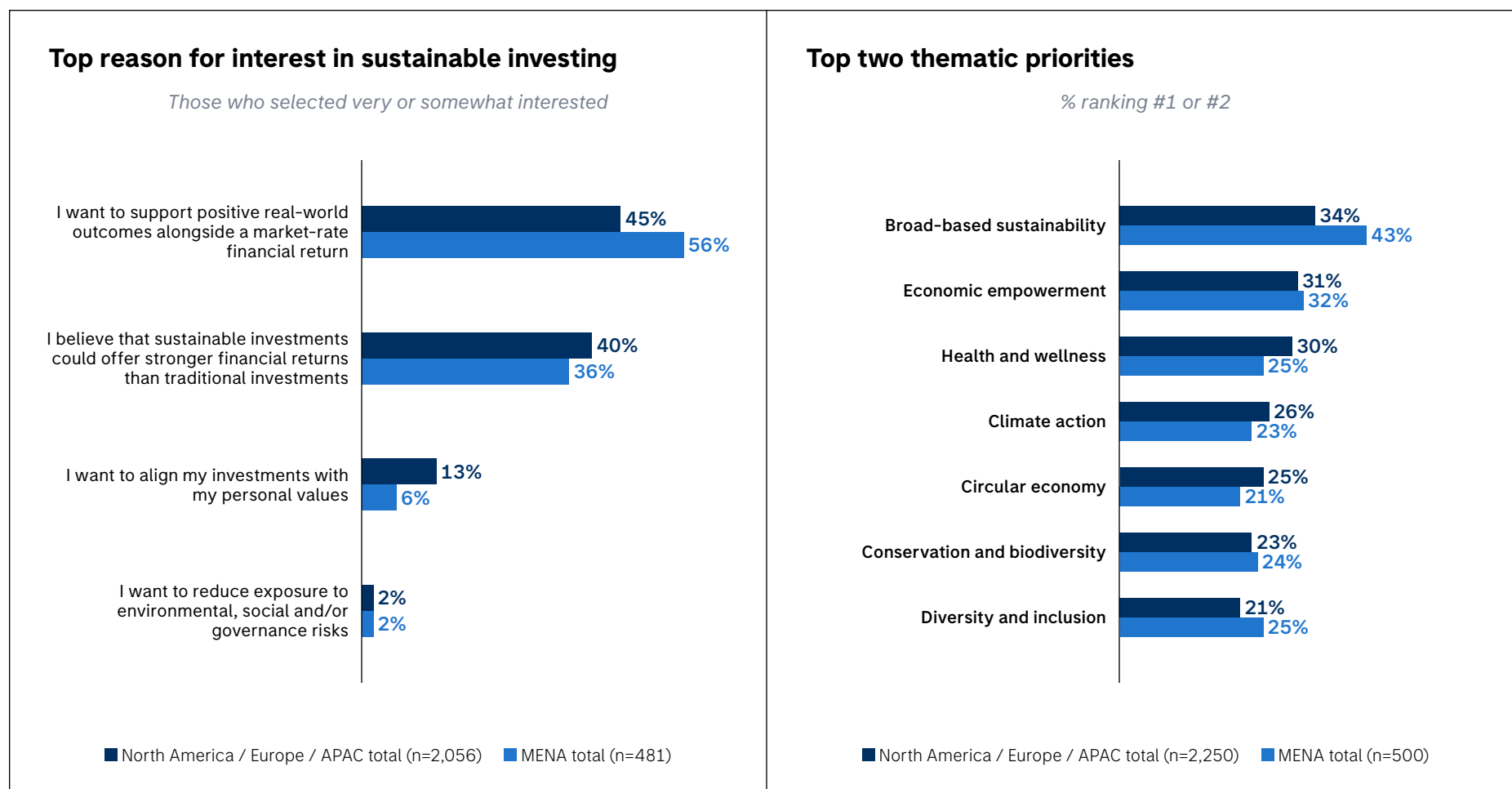
*More for impact investments only, fewer for sustainable investments overall.

MENA

MENA respondents report similar views to those in other regions

For the first time, the 2026 survey also went to respondents in MENA, a group of 500 individual investors meeting the same qualifiers as respondents in other regions. This group shares many characteristics with those in other regions: over 90% say they are very or somewhat interested in sustainable investing; half have included sustainable

investments in their portfolio for more than five years; greenwashing is the top barrier. MENA respondents report a greater focus on supporting real-world outcomes alongside market-rate returns, and are more likely to prioritize broad-based sustainability goals as themes for their portfolio.



Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026.

Sample Design

Sample Design

COUNTRIES

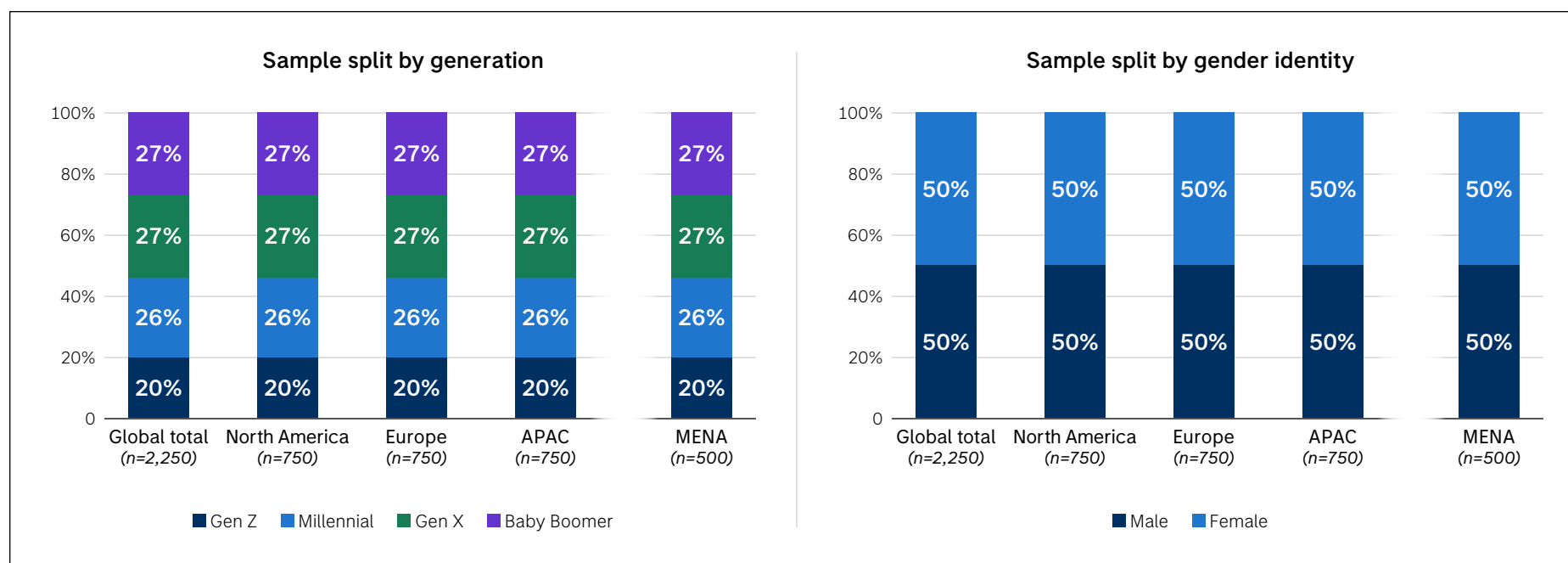
The global total of 2,250 individual investors is an even split between North America, Europe and APAC.

- **North America** includes 750 individual investors, with gender identity, sexual identity, race and ethnicity, and age matching 2020 census records. By country, United States (n=564), Canada (n=92), Mexico (n=94).
- **Europe** includes 750 individual investors, with gender identity, sexual identity and age matching each country's most recent census. By country, Austria (n=25), Belgium (n=34), France (n=150), Denmark (n=26), Germany (n=150), Ireland (n=28), Netherlands (n=37), Norway (n=40), Spain (n=37), Sweden (n=30), Switzerland (n=43), United Kingdom (n=150).

- **APAC** includes 750 individual investors. By country, Australia (n=56), Mainland China (n=141), Hong Kong SAR (n=45), India (n=136), Japan (n=143), Macau SAR (n=23), Malaysia (n=49), New Zealand (n=26), Philippines (n=43), Singapore (n=52), Taiwan (n=36).

For the first time, the survey also went to 500 respondents in MENA. Results from this group are shown on [page 18](#) but, for comparability to last year's survey, they are excluded from global total figures.

- **MENA:** By country, Saudi Arabia (n=163), United Arab Emirates (n=146), Qatar (n=123), Bahrain (n=68).



Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026.

Definitions

THE FOLLOWING DEFINITIONS WERE PROVIDED TO RESPONDENTS, IN ADDITION TO THOSE NOTED ON PAGE 3:

Greenwashing	False or misleading information used to persuade the public about the sustainable impacts of an organization's products or services
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THE FULL DEFINITIONS OF THE THEMES ON PAGE 12 PROVIDED TO RESPONDENTS WERE:

Broad-based sustainability	Advancing a broad range of environmental and social goals
Climate action	Advancing solutions to address climate change and the transition to a less carbon intensive economy
Economic empowerment	Generating solutions including access to finance, education and affordable housing
Diversity and inclusion	Promoting diversity in leadership, employee engagement, fair and safe workplaces, and empowering women and girls
Circular economy	Improving natural resource efficiency and reducing waste through recycling, reuse and materials recovery
Conservation and biodiversity	Protecting land and marine ecosystems through conservation, sustainable agriculture and responsible natural resource use
Health and wellness	Supporting long-term health outcomes through nutrition, disease treatment, and product safety

Source: Morgan Stanley Institute for Sustainable Investing, April 2026. Data as of March 16, 2026.

Disclosures

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ESG investments may also be referred to as Sustainable investments, impact aware investments, socially responsible investments or diversity, equity, and inclusion (“DEI”) investments. It is important to understand there are inconsistent ESG definitions and criteria within the industry, as well as multiple ESG ratings providers that provide ESG ratings of the same subject companies and/or securities that vary among the providers. This is due to a current lack of consistent global reporting and auditing standards as well as differences in definitions, methodologies, processes, data sources and subjectivity among ESG rating providers when determining a rating. Certain issuers of investments including, but not limited to, separately managed accounts (SMAs), mutual funds and exchange traded-funds (ETFs) may have differing and inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. Further, socially responsible norms vary by region, and an issuer’s ESG practices or Morgan Stanley’s assessment of an issuer’s ESG practices can change over time.

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The appropriateness of a particular ESG investment or strategy will depend on an investor's individual circumstances and objectives. Principal value and return of an investment will fluctuate with changes in market conditions.

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