

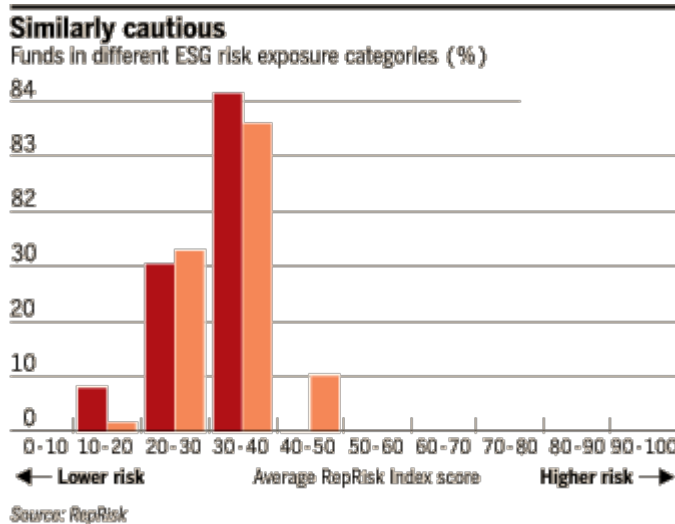
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SRI funds and rivals so alike

By Ellen Kelleher

The environmental, socially responsible and corporate governance performance of “greenie” SRI funds fails to differ wildly from the ESG advances of conventional funds’ holdings, a new report claims.



A study published this month by AfU Investor Research on the ESG Performance of European Investment funds concludes SRI funds are no more sustainable than their peers. While socially responsible investing funds are not “conventional funds in disguise”, their ESG records are similar to those of their traditional rivals.

The mean for the two groups’ monthly investment returns during the period stretching from 2007 to 2011 is also

equal – a conclusion that echoes the findings of previous studies that reveal little difference in the investment performance of SRI and conventional funds on a risk-adjusted basis.

The ESG performance of the holdings of 166 European equity funds last year, 13 of which were SRI funds, was analysed in the study. The methodology involved using the so-called RepRisk Index, a quantitative measure to assess the reputational risk companies might suffer if exposed to controversial environmental, social or governance issues. A RRI score of zero would mean a company faces little reputational risk and a score of 100 would equate to the highest level of risk.

The average RRI range for the SRI funds was 30.76 points, which was only slightly less

risky than the 32.58 point showing of conventional funds.

The most “controversial” company, which was held only by conventional funds taking part in the research, was [Transocean](#) (peak RRI of 82), the offshore drilling contractor involved in [BP’s Deepwater Horizon oil spill in Louisiana of 2010](#). [Deutsche Bank](#) (peak RRI of 71) was the riskiest holding in the portfolios of SRI funds. [BP](#) and [UBS](#) also surfaced on the list of potentially more risky holdings, from an SRI perspective.

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