

**Date of the event:**

On Thursday 31st March 2011  
From 01:00 PM to 2:00 PM

**Location:**

Luxembourg School of Finance  
University of Luxembourg  
4 Rue Albert Borschette  
2<sup>nd</sup> Floor  
Modigliani Miller Auditorium (E02-003)  
L-1246 Luxembourg

**Registrations:**

- Free seminar (with lunch included)
- Registrations by email before March 28th, 2011
- At the following address : [lsf-events@uni.lu](mailto:lsf-events@uni.lu)

**Information:**

Ms Caroline Herfroy  
Tel : +352 46 66 44 6335

<http://www.lsf.lu/eng/Research/Seminars-and-Workshops>



The LSF is pleased to invite you to the following lunch seminar:

***The Performance of Socially Responsible Funds: Does the Screening Process Matter?***

*By Professor Gunther Capelle-Blancard  
Université Paris I, France*



**Thursday, 31<sup>st</sup> March 2011  
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# ***The Performance of Socially Responsible Funds: Does the Screening Process Matter?***

***By Gunther Capelle-Blancard***

The Luxembourg School of Finance

Is pleased to invite you to the

**LSF Seminar**

This paper is about the financial performance of mutual funds that practice Socially Responsible Investing (SRI). First, we measure the financial performance of a sample of 116 French SRI mutual funds over the period 2001-2007. As expected, and according to previous studies, our results show that SRI funds do not outperform the market, whatever the performance measure considered. Then, we assess the financial performances *within* our sample of SRI funds, as suggested by Barnett and Salomon (2006). To do so, we examine whether the financial performances of these funds are related to the characteristics of the extra-financial screening process. We consider three sets of explanatory variables. The first one is related to the screening intensity of funds: the number of exclusion criteria used by fund managers, whether they are industrial or transversal, etc. The second one concerns the nature of the extra-financial screens used: fund managers' focus on specific ESG (environment, social, or governance) issues. The third relates to the quality of the extra-financial screening process, proxied with the SRI ratings computed by Novethic. We confirm that a greater screening intensity reduces SRI financial performance, but we do not support the hypothesis that the relationship runs in the opposite direction, when screening gets tougher. Instead, our main result is that only industrial screens (such as avoiding "sin" stocks) decrease financial performance, while transversal screens (commitment to UN Global Compact Principles, ILO/Rights at Work, etc.) have no impact. Other characteristics of the screening process like shareholder activism, or the quality of the process do not have any significant impact either.

