

Summary Responsible Investment in Credits, June 16, 2011



Double Dividend and Fair Impact organise a series of round table meetings. The number of investors that actively look at responsible investments is growing. In this second round table meeting participants learned about the specifics and challenges for fund managers that apply the Principles of Responsible Investment in Credits.

The crisis really changed investment behaviour leading to a larger SRI market share for credits to 53% in 2010 (33% for equity 14% for others). In the Netherlands this is about 50%.

Tegwen Le Berthe, SRI Analyst, and Alban de Fay, SRI Fixed Income Portfolio Manager of Amundi and Colin Purdie, SRI Credit Fund Manager of Aviva Investors presented their investment styles. Amundi has a more quantitative style and Aviva puts emphasis on engagement.

When is your portfolio 'ESG Proof'? Unfortunately the Principles of Responsible Investment do not give a single definition. Every year the bar is being raised what ESG proof means. What started with exclusions for controversial weapons evaluates to an ESG footprint for all funds.

Ethical debates, for example about investing in nuclear power, will always come up. The participants could not agree about influence of the personal opinion of the investment manager on the investment decisions versus the common interest of the pensioners.

Green washing is still a big risk in investing. That's why it's important to select a fund manager on its investment process. Then the discussion about extra costs for limiting the ESG risk is less relevant. The general conclusion was that integrating ESG in the investment process does not cost performance and limits downside or fat tail risk.