Press release, January 17, 2008

SRI Funds Advice offers sustainable rating of mutual funds

Investors can now turn to an independent analyst for comparisons of the sustainability and the financial performance of SRI-funds.

SRI Funds Advice offers an interactive **database** on the Web serving up revealing comparative charts about the financial performance and sustainability performance of socially responsible investment funds (SRI-Funds). The homepage ranks and maps the funds according to how good their sustainability research is and how the asset management turns this into a portfolio with sustainable assets. This information supports private and institutional investors in their decision with financial and non-financial information and allows them to choose the best fund amongst the many claiming to be environmental, sustainable and ethical funds.

The joint venture is between two Swiss companies: **Care Group** and **GOE**. Founded in 1997 Care Group is a research and asset management firm for SRI investors. GOE, founded in 1991, is a limited liability partnership that develops sustainability rating systems and provides consulting services in the field of sustainable banking.

The sustainability rating used by SRI Funds Advice takes several characteristics of each fund into account and aggregates the information into a single sustainability rating. 140 funds of the 690 in the database have a sustainability rating. Web visitors can pick and choose from menus to compare funds only in countries where they are sold, in areas of the world where the assets are located, by asset classes, and according to SRI category (for example, ethical or new energy). The charts can be retrieved for one, three, and five year returns, fund volume, and median market cap.

Sustainability Rating

SRI Funds Advice gives a high rating on the sustainability scale to funds that do comprehensive social and environmental research, have excellent stakeholder relationships, execute proxy voting and provide a high level of transparency for investors. A fund’s research quality is judged by how it applies sustainable selection criteria, the research effort, and how the results are validated.

A portfolio’s social and environmental performance depends on company ratings from the SiRi group. The SiRi ratings cover six categories: business ethics; community; suppliers; corporate governance; employees; and environment. SRI Funds Advice also looks at the fund's footprint in its industry sector allocation and looks at controversial business activities of the invested companies in areas such as human rights and pollutions. However, the rating leaves out the consumption phase, which for manufacturers can play a large role in their total impacts.

Color-Blindness of Portfolios

Based on the methodology the homepage uses a recently published **scholarly paper*** compares 13 funds that are managed according to sustainability goals with 13 conventionally managed funds.

The statistical analysis shows that the SRI funds on average emit fewer greenhouse gases and use less energy, and are more sustainable in terms of human health, ecosystem quality, and resources. But the conventional funds had better risk-adjusted economic performance over the period 2000 to 2004. For 2004 only, the SRI funds had better financial performance.

The study's central conclusion, however, is that the difference in mean environmental ratings of the aggregated portfolios of the SRI funds and the conventionally managed funds are much smaller than one would expect. The less than clear-cut advantage arises because the portfolios of both types of funds overlap. The similarities are strong because SRI portfolio managers often choose an investment universe from conventional benchmark indices, like the MSCI World, and try to match the SRI funds' sector allocation, too, to arrive at a comparable risk structure.

For more information: www.srifundsadvice.com / info@srifundsadvice.com

**) Koellner, T., S. Suh, O. Weber, C. Moser, and R. Scholz. 2007. Environmental impacts of conventional and sustainable investment funds compared using Input-Output Life-Cycle Assessment. Journal of Industrial Ecology 11:41-60.*

http://www.mitpressjournals.org/doi/abs/10.1162/jiec.2007.1147