CURRENT SRI SCENARIO:

Analysis of the Investment Portfolio of SRI Funds.

FINANCES AND ACCOUNTING DEGREE

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ABSTRACT

Over the past decade, sustainable investments have gone from being a minor phenomenon to increasing its popularity. Taking into account that society changes when it comes to investment, environmental, social and corporate governance are key factors. The aim of this paper is to carry out a comparative analysis of SRI funds in our country, from both, the funds domiciled and managed in Spain, as well as those not domiciled but marketed in our country. The scope of this analysis is to determine which SRI funds marketed in Spain are the most profitable, and also, present the highest degree of application of ASG criteria in their investment portfolios.

Key words: ISR Funds, Social Impact, ISR Exclusion, Carbon Footprint, profits, investment, sustainable, ESG criteria.

1. Introduction

The concept of Socially Responsible Investment (hereinafter SRI) appeared at the end of the 1990s in the USA. In recent years it has become increasingly important in the financial markets. Thus, SRI can be defined as "an investment philosophy in which social criteria prevail, in addition to financial criteria, in short, it is the result of incorporating social, environmental and corporate governance criteria in some or all of the stages of the investment process" (ForéticaRsearch, 2016).

With this premise we want to introduce the subject of our research showing the current SRI scenario. To do so, an analysis of the investment portfolio of the SRI investment funds that exist in our country will be carried out. In this work we will carry out a detailed study of a sample of twenty-five SRI funds in order to analyze their investment portfolio in terms of socially responsible investment and their profitability. The focus of the research work has been to carry out a comparative analysis using descriptive statistical techniques for the twenty-five most profitable SRI funds domiciled and managed in Spain together with the twenty-five most profitable SRI funds domiciled abroad but marketed in our country, in order to be able to carry out a comparative analysis between the two, which will allow us to glimpse which are the most profitable in terms of investments with an ESG philosophy.

In short, the aim of the research is to carry out a comparative analysis of SRI funds in our country, both funds domiciled and managed in Spain, as well as those not marketed in our country, in order to see which SRI funds marketed in Spain are the most profitable and at the same time present the highest degree of application of ASG criteria in their investment portfolios.

For the analysis, a sample of twenty-five national SRI funds domiciled and marketed in Spain was selected and, on the other hand, twenty-five SRI funds domiciled abroad but managed in Spain. Following this comparative analysis, the aim is to set out two key points, the first being which of the entire sample are the most profitable SRI funds and the second being which SRI funds best meet their socially responsible investment credentials.

The TFG structure will therefore consist of a brief contextualisation of SRI and a review of the literature on socially responsible investment. Subsequently, the methodology used will be detailed and, finally, the results of the descriptive analysis will be presented, as well as the conclusions regarding the study of SRI in investment portfolios.

1.1. Global context and the Spanish case

Recent years have seen an increasing number of investors becoming aware of SRI. We find that certain traditional financial parameters are influenced by ethical, social and environmental filters, and thanks to certain key elements such as Agenda 2030, the Principles for Responsible Investment or the Environmental, Social and Corporate Governance (ESG) criteria themselves, SRI has become a strategic factor in investment in general. As Spainsif (2019) defines it, "Sustainable and responsible investment is an investment philosophy that integrates ESG criteria in the process of studying, analysing and selecting securities in a portfolio".

According to data from Eurosif (2019), during the period 2016 and 2018, SRI grew by 32%. Specifically, in the Euro Zone it grew by 11%, reaching 14.1 billion euros invested. As explained in Spainsif's annual report for 2019, everything points to the fact that the increase in demand for SRI products by investors, international institutions and governments is due to greater control of the risk offered by SRI and that it also serves as an incentive for subsequent growth in the coming years (Spansif, 2019).

2. Socially Responsible Investment (SRI) and its evolution

In order to understand this research work, we will first explain the elements that have mostly encouraged Socially Responsible Investment. It is important to emphasize the fundamental role of SRI Investment Funds, funds that are characterized by integrating environmental, social and corporate governance criteria into their management policy, which we will comment on in the next section.

2.1. SRI funds and their characteristics

SRI funds, as indicated in the report of the SRI Observatory in Spain (2016), apply SRI policies to their financial product portfolios, which, as we will explain in greater detail, are based on the GAA criteria. The main motivation for this type of investment fund is to invest taking into account not only the return-risk binomial, but also social and environmental parameters.

As can be seen in Figure 1, unlike a traditional fund, SRI funds have certain characteristics that differentiate them from traditional funds to a large extent. The first of these, in the present definition of criteria, selection of filters and a list of companies to which they are to be focused taking into account the guidelines of the control body by the fund manager for the selection of the investment portfolio.

Another of the characteristics of SRI funds is the presence of a control body called the Ethics Commission, dedicated to fulfilling the previous characteristic. It exercises a regulatory role within the fund itself when selecting the investment portfolio.

Figure 1. Characteristics of a traditional versus an SRI fund.

<table>
<tr><th>Fondos Tradicionales</th><th colspan="2">Fondos Socialmente Responsables</th></tr>
<tr><td rowspan="3"></td><td>Definición de criterios</td><td rowspan="6">Órgano de control

<u>Comisión de Ética:</u>
ONGs
Gestora
Profesionales independientes</td></tr>
<tr><td>Filtros</td></tr>
<tr><td>Listado de empresas</td></tr>
<tr><td>Análisis de la gestora</td><td>Análisis de la gestora</td></tr>
<tr><td>Selección de empresas</td><td>Selección de empresas de acuerdo a los criterios ISR</td></tr>
<tr><td>Resultado</td><td>Resultado
+
Información Transparente</td></tr>
</table>

Source: Economists without Borders (2004).

On the other hand, we have the most relevant feature within SRI funds. The selection of companies in accordance with SRI criteria, as this is also a key difference that we find in comparison with traditional funds, given that SRI funds include a series of companies which are dictated by the Ethics Commission.

Finally, the SRI funds present additional information, when presenting the results, complementing it with transparent information for the most part. From a business point of view, keeping "transparency" in mind is an essential element. This element refers to the data obtained from companies on social and environmental practices and policies known as the financial information report, in which they explain certain aspects or actions or strategies that they are going to follow, and it is vitally important to be aware of it in order to continue to proliferate in the implementation of either new strategies or to mature them.

SRI funds are collective investment institutions that choose the assets that make up their portfolio based on ethical, environmental, social and corporate governance criteria (De la Cuesta, 2005). Funds with these characteristics are very important because they are ideal instruments for influencing policy and companies, trying to make them consider social, environmental and economic objectives. In addition, they allow investors to manage their funds responsibly.

The following is a description of the ESG criteria that the Ethics Committee takes into account when selecting an SRI fund's investment portfolio.

2.1. ASG criteria applied by the SRI Funds

The acronym ASG, known worldwide for its acronym in English ESG, responds to Environmental, Social and Corporate Governance criteria. In other words, an SRI will adopt a policy based on and with reference to these criteria. The ESG criteria, which are closely linked to the investment policy of SRI funds, are as follows

- Environmental criteria determine activities that positively or negatively affect the environment such as greenhouse gas emissions, energy efficiency, renewables, pollution and others. Environmental criteria are linked to certain activities that positively or negatively affect the environment. In short, the direct or indirect impact of the company on the environment. For example, emissions of greenhouse gases, energy efficiency, renewables, pollution, among others.

- Social criteria are related to premises in the community. Whether it is improving education or public health, or jobs. Social criteria, on the other hand, are related to issues that affect the community. For example, improving health or education. But also closely related to the workplace, think of discrimination or respect for human rights.

- The last of the criteria is that of corporate governance, referring to the way in which a company is directed, managed and controlled. Any question linked to good corporate governance such as the quality of management, company culture or the business profile.

Finally, the criteria related to corporate governance. They mainly refer to the way in which the company is directed, managed and controlled. Issues related, therefore, to good corporate governance, such as management quality, culture and business profile. We highlight transparency, lobbying and accountability.

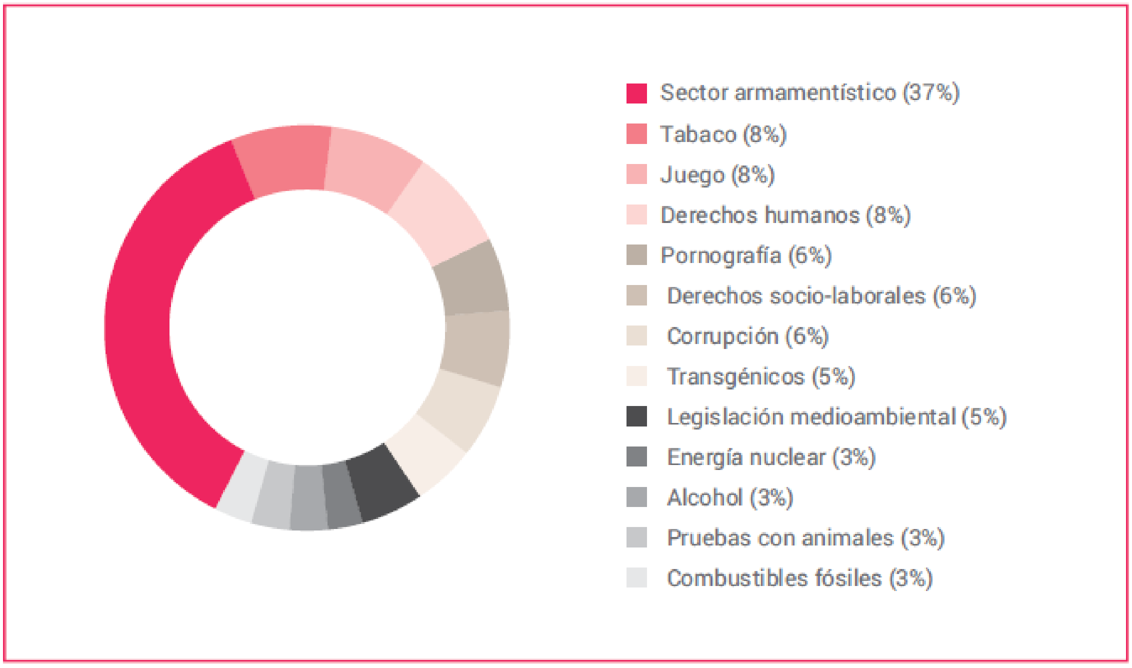
Once the ESG criteria linked to the investment policy of an SRI fund have been presented, the strategies that such a fund carries out to invest in a way that its portfolio has a social impact will be described.

2.3. ESG strategies employed by SRI funds.

Firstly, a brief explanation of the current strategies for sustainable and responsible investment, which have evolved in recent years to reach a large number, with a total of eight strategies used in socially responsible investment:

1. Exclusion, is the simplest in terms of incorporating ESG criteria in the management and portfolio of financial assets. The aim is to find or search for entities that can be included in an investment portfolio whose activity is contrary to that defined in the investment policy, the most common exclusion criteria being arms, pornography, nuclear energy, child exploitation or tobacco. Furthermore, not only is it being applied in recent years to the investment of assets but also to public debt, excluding dictatorial regimes or countries which have not ratified environmental agreements to date or which present a clear example of institutional corruption, among others. It should be stressed that this strategy is the most present today on a global scale, representing 36% of the total assets managed by ASG in 2018, as can be seen in the following figure (SPAINSIF, 2018). As can be seen in Figure 2, the themes are shown with their respective percentages of portfolio selection.

Figure 2. Exclusionary issues exposed in percentage rate.



Source: SPAINSIF, 2018.

2. Screening, which is a strategy based on standards or specifications, has its origins in the countries of Northern Europe, and is an evolution of the classic exclusion, in addition to adding a greater regulatory character. The idea is that it is not the entities that manage these assets, but rather a process in which the selected entities comply or do not comply with an external standard on certain aspects such as the environment, labour rights, human rights or anti-corruption. It is said that around 15% of global assets are managed using this strategy (SPAINSIF, 2018).

3. Best-in-Class, is based on including entities that perform certain ESG objectives within different markets or sectors. It is a screening of entities when a portfolio of assets is being considered. Generally, a list is formalized in a hierarchy based on the ESG performance of the companies studied and thus the different ESG criteria used in order to add the hierarchy. Globally, it represents 2% of total managed ESG assets (SPAINSIF, 2018).

4. ASG integration is a strategy based on the inclusion of ASG criteria previously based on a financial analysis carried out in the decision making of the fund in question. GSA integration would be a step beyond the above-

mentioned Best-in-Class strategy. It is essentially about achieving a certain depth in sustainable investment and achieving investment opportunities that are differentiated from other strategies. According to GSIA, ASG integration was already the second most widely used strategy at the global level, accounting for 25% of total ASG assets under management (SPAINSIF, 2018).

5. Voting, or active voting, is the ability to get shareholders to vote at the Shareholders' Meeting in favor of ESG criteria that may affect certain aspects of the company such as reputation, or the risk/return ratio (SPAINSIF, 2018).

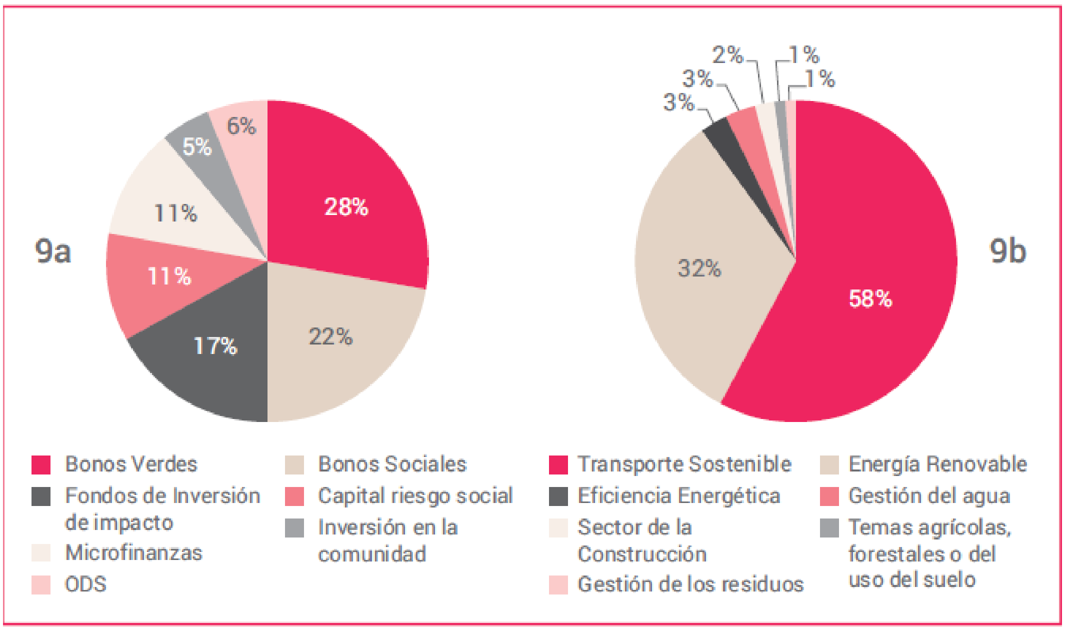
6. Engagement, or active dialogue, is a strategy applied as a negotiation aimed at the exercise of shareholder rights or divestment on ESG criteria. This strategy, together with Voting, is intended to be a dialogue between shareholder and company with the intention of identifying controversies in the area of ESG. According to studies by GSIA (SPAINSIF, 2018), around 7 billion euros are being managed on a global scale.

7. Impact investment, which has recently been implemented and which manifests itself through an additional approach to those seen previously to be the result between society and return for the investor. This strategy was born with the idea of obtaining competitive returns while producing a positive environmental and/or social impact.

8. Thematic investment is characterized by being a vehicle for equity investment funds, most of which focus their social investment strategy on the choice of securities that respond to some GSA theme.

These last two strategies are significantly different from the rest of the strategies in that they quantify the profitability of the investment in the form of financial return, but also in the form of sustainable, environmental and/or social impact return. As can be seen in the following figure, the percentages of assets managed as impact investment and investment by theme and their main investment themes are shown (SPAINSIF, 2018).

Figure 3. Percentage of assets by impact investment class 9a and percentage of assets by investment theme 9b.



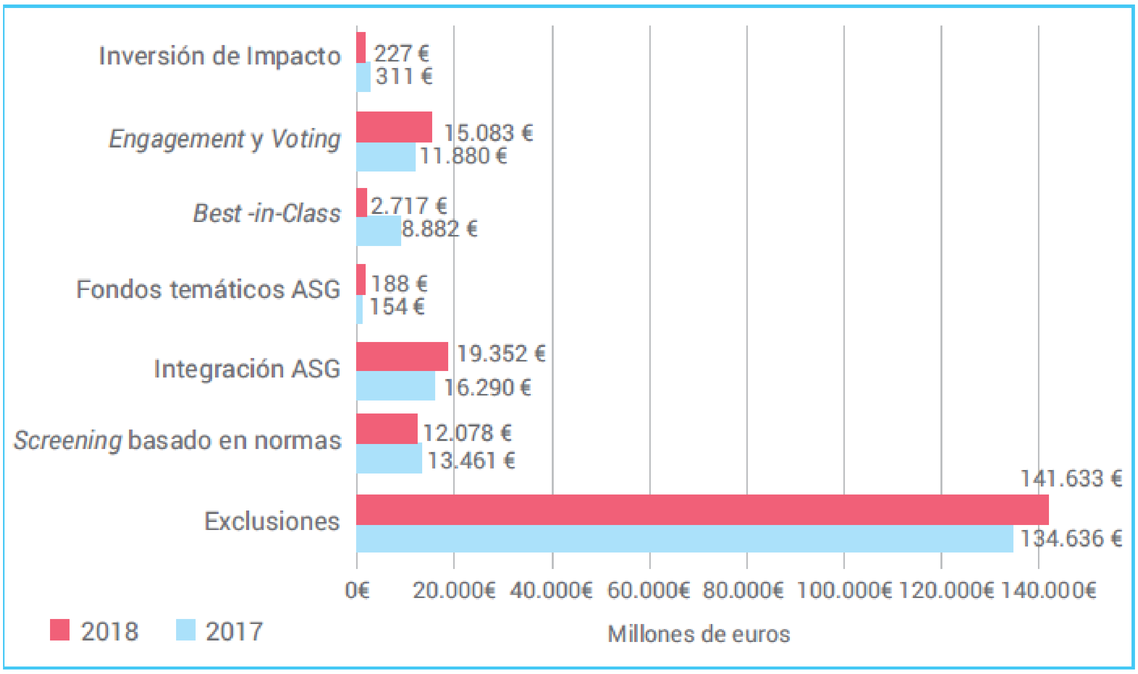
Source: SPAINSIF, 2018.

In relation to the evolution of assets managed on the basis of ESG strategies, as shown in Figure 3. In the case of Spain, the SRI Exclusion strategy is the one that has the greatest presence, since most of the national panorama already has its strategies in matters of sustainability and corporate social responsibility more advanced or defined than in the rest of the strategies. Therefore, depending on the general strategies for sustainability, it is the assets managed by SRI that are subject to some type of exclusion. As can be seen in the following illustration, the strategy has grown by 5% between 2017 and 2018, and this is in line with the history of the lowest, which may be due to the fact that this strategy is being replaced by another of the previous ones (SPAINSIF, 2019).

On the other hand, rule-based screening like the Best-in-Class descends to what they used to do. This decrease may be due to the methodology used to avoid double counting between strategies. A lower number has simply been recorded due to the fact that the one and the other are now being discerned, but it can be seen that both Best-in-Class-based screening has been affected by the development of new strategies incorporated into SRI strategies, such as ASG integration, which has increased by around 19%, and Engagement and

Voting, which have seen their implementation increase by around 27% in the last year, as can be seen in the illustration (SPAINSIF, 2019).

Figure 4. SRI strategies by volume in euros in Spanish funds.

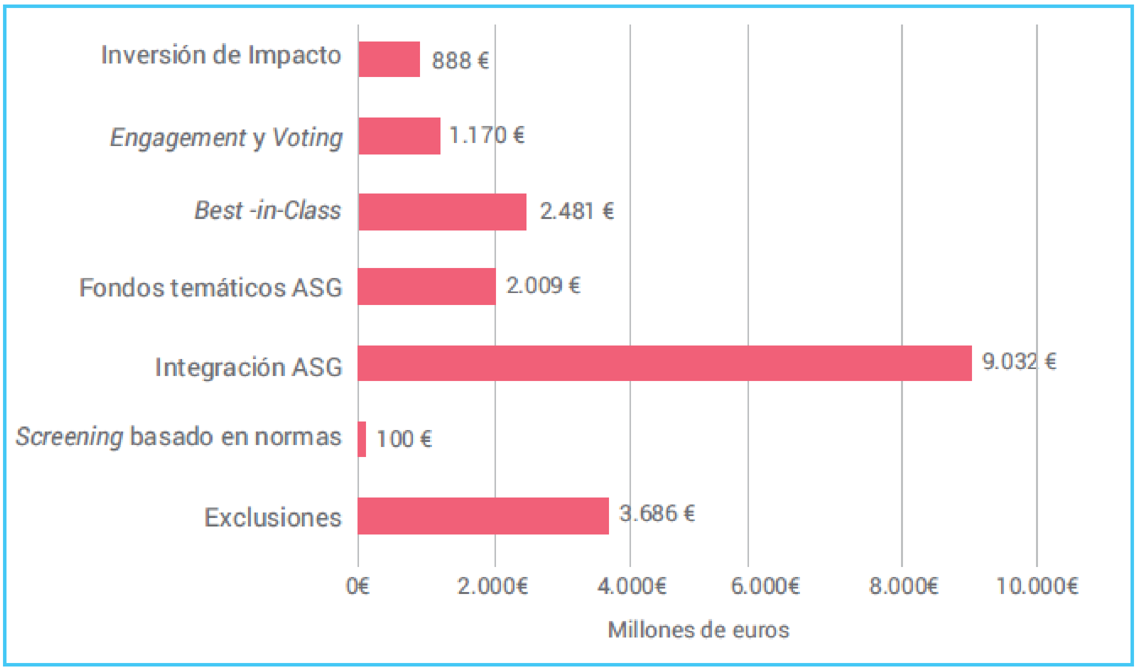


Source: SPAINSIF, 2018.

Finally, as can be seen in Figure 4, in the case of the ASG thematic funds, they have grown by 22% in the last year, unlike their equal Impact Investment, which has seen its presence reduced by 27%. This is due to the fact that between states two strategies there is a complication present in the entities and investment funds in defining what the Impact strategy is and it is observed that the entities include their own Impact investments within the Thematic ones, as SPAINSIF explains in its last report (SPAINSIF, 2019).

However, in the international arena, there are major differences in the distribution of strategies among the assets managed under ESG concepts, as can be seen in the illustration below. Thus, the GSA integration would have the most weight as in the national one. However, the presence of the GSA integration in relation to the other strategies in the international image is far more distant than in the national situation, as can be seen in Figure 5. Strategies such as Best-in-Class and thematic funds, for example, have more weight in assets managed internationally than by national entities, this is due to the offer of SRI investment funds as Spainsif explains in its 2019 annual report (SPAINSIF, 2019).

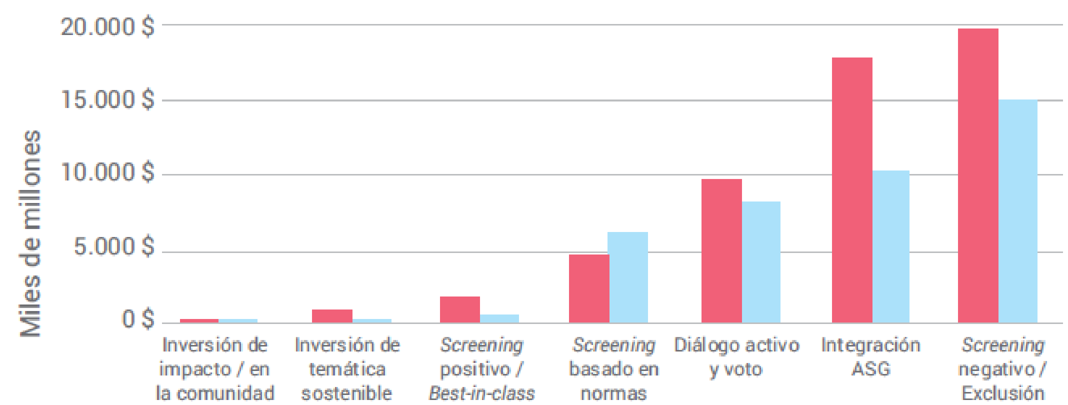
Figure 5. Assets managed by SRI strategies on the international scene.



Source: SPAINSIF, 2019.

In line with this, in 2018 Global Sustainable Investment (GSIA) presented a distribution of assets managed by international entities in which it was observed that the majority weight of new Voting and Engagement strategies on a global scale has been more mature than in the Spanish scenario. As in the previous case, the presence of screening has also increased due to the maturity of the international market, although it should be noted that standards-based screening is on the decline. As can be seen in the following figure (GSIA, 2018 and SPAINSIF, 2019).

Figure 6. Assets managed globally by SRI strategies in SRI funds.



	Inversión de impacto / en la comunidad	Inversión de temática sostenible	*Screening* positivo / *Best-in-class*	*Screening* basado en normas	Diálogo activo y voto	Integración ASG	*Screening* negativo / Exclusión
2018	444,26$	1.017,66$	1.841,87$	4.679,44$	9.834,59$	17.543,81$	19.770,96$
2016	248,47$	276,16$	818,01$	6.195,40$	8.385,17$	10.353,20$	15.063,57$
Crecimiento 16-18	79%	269%	125%	-24%	17%	69%	31%
CAGR	33,7%	92,0%	50,1%	-13,1%	8,3%	30,2%	14,6%

Source: SPAINSIF, 2019

Below, we will see what the main incentives for socially responsible investment were, such as the Principles for Responsible Investment or the European Union's action plan.

2.4. Principles for Responsible Investment Sustainable Development Goals and the European Union Action Plan.

It is important to emphasize the pioneering role that the Principles for Sustainable Investment have had in recent years in which the philosophy of ESG investment has increased, so it is important to explain, mainly, how the mission of the Principles for Responsible Investment (PRI) is defined.

PRI is defined as the creation of an economically efficient and sustainable long-term global financial system with the intention of adopting the principles and working with institutions and countries to achieve their implementation. Promoting good governance, integrity and transparency of accounts as well as passing obstacles in the way can be a solid and structural basis for market regulation.

As can be seen in figure nº7, the PRI presents six principles for responsible investment:

Figure 7. Summary table of the Principles for Responsible Investment

Principles for Responsible Investment	
1.	ESG issues will be incorporated into investment analysis and decision-making processes.
2.	HSA issues will be incorporated into our practices and ownership policies.
3.	Make adequate disclosure of ASG matters by the entities in which we invest.
4.	Promote acceptance and implementation of the Principles in investments.
5.	Work collaboratively to increase the effectiveness of application of the Principles.
6.	To report on the present activity and progress with respect to the implementation of the Principles.

Source: Own elaboration .

These principles serve as practical and effective platforms to formalize and focus our responsible investment efforts. We must be clear about the value of interacting with, and learning from, other actors who share this commitment" (PRI, 2019).

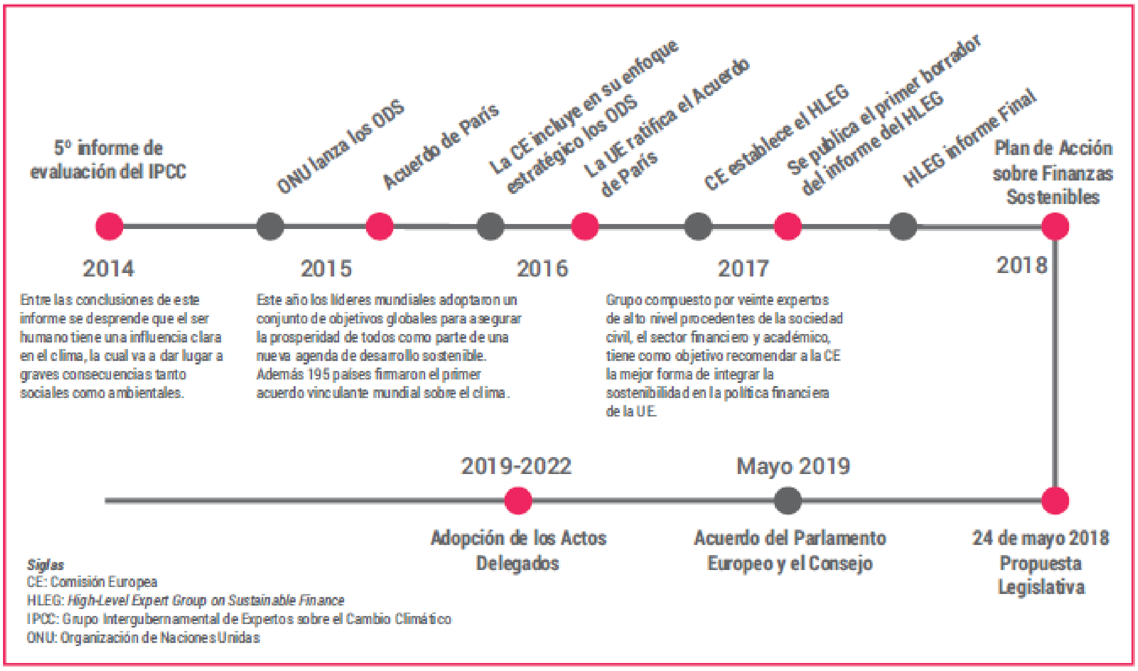
However, the first precursors were the Sustainable Development Goals, conceived by the United Nations, meaning a list of seventeen goals that aim to end poverty, combat climate change or ensure education at all levels of society, among others (United Nations, 2019). Figure nº8 below shows a graph showing the current Sustainable Development Goals (SDAs).

Figure 8. The seventeen Sustainable Development Goals.

Source: United Nations, 2019.

In order to achieve these Sustainable Development Objectives, as can be seen in figure nº9, we have the Action Plan of the European Commission on Sustainable Finance. A plan designed by the European Commission in March 2018 (Cite SPAINSIF, 2019), thanks to the support of the European Union and the Member States for sustainable and responsible investment with the aim of providing incentives to contribute to sustainable finances. Thus, it was born with three objectives in mind, the first being to redirect cash flows towards more sustainable finances. The second is greater integration of sustainability into risk management and, finally, the promotion of transparency and long-term activities in the sector we cover, the financial sector (SPAINSIF, 2019).

Figure 9. European Commission Action Plan on Sustainable Finance.



Source: SPAINSIF, 2019.

In order to achieve this plan, ten actions were drawn up, which can be seen in figure nº10, to carry out a classification system for sustainable activities, called Taxonomy[1], which is necessary to achieve this plan. It is also necessary to bear in mind the creation of reference indices linked to the sustainable framework as well as a standard for green bonds (SPAINSIF, 2019).

[1]Taxonomy: A tool used by the European Union as a result of the Action Plan to help investors identify and/or respond to investment opportunities that can contribute to compliance with current environmental policy. Its objective is to become a language, a common language for all investors, legislators and/or companies to contribute to green investment in general, and therefore six environmental objectives were drafted. This is how the EU Taxonomy is defined. (Deloitte, 2019).

Figure 10. Actions of the Sustainable Finance Action Plan

Source: SPAINSIF, 2019.

Like the Taxonomy, we would have the climate benchmarks as that index that incorporates scored targets of financial investment together with environmental targets, for example. In addition, as an additional point, the European Union's green bond standard is present with the intention of making fixed income that presents a unique characteristic, being the ecological use of savings to transform them into green income, as well as impact reports or external reviews. We therefore conclude this section with an explanation of the elements that incentivised or promoted and are currently driving socially responsible investment. We will now proceed to set out the analysis carried out in this paper on SRI funds.

3. SRI Funds Methodology and Sample

In this section we will present the methodology used to carry out the comparative analysis of the sample of selected SRI funds, as well as the tables where we will present the data taken into consideration to carry out these analyses.

3.1. Justification of the subject to be investigated.

This research is based on analysing the SRI funds portfolio and its profitability based on a comparative analysis between SRI funds, domiciled and managed in Spain and SRI funds, domiciled and managed abroad but marketed in Spain.

3.2. Sample of SRI funds

The sample of SRI funds used consists of SRI funds domiciled and managed in Spain and SRI funds domiciled and managed abroad but marketed in Spain. The Spainsif and Morningstar database (Spainsif, Morningstar and Sustainalytics, 2020) was used to perform the analysis. Table nº1 shows the SRI funds domiciled and marketed in Spain:

Table 1. Sample of National SRI Funds.

National SRI funds
ALTAIR EUROPEAN OPPORTUNITIES
DEUTSCHE WEALTH GROWTH

CAJA INGENIEROS IBERIAN EQUITY
SANTANDER PB
ABANCA
ALCALA GESTION ACTIVA
BANKIA BANK
BANKIA DOLAR, FI CARTERA
BANKIA DOLAR, FI UNIVERSAL
BBVA CORE BP BONDS
BESTINVER BIG COMPANIES
BELGRAVIA DELTA
BOWCAPITAL GLOBAL FUND
CAIXABANK SAVINGS
ENGINEERS BOX EURO PLUS BAG
CAJA INGENIEROS BOLSA USA
ETHICAL COMMITMENT
CS FAMILY BUSINESS
BANKIA FONDUXO PORTFOLIO
EDM
CRUCIAL AREA
SPINY PARTNERS INVESTMENTS
EUROVALUE SAVINGS DOLARI
FIDEFONDO
FON FINECO

Source: Own elaboration.

On the other hand, in the sample of SRI funds domiciled abroad but marketed in Spain we have the following funds arranged in table nº2 (Spainsif, Morningstar and Sustainalytics, 2020).

Table 2. Sample International SRI Funds.

International SRI funds
ALLIANCE BERNSTEIN
ABERDEEN STANDARD INVESTMENTS

DWS XTRACKERS
NORDEA
AMUNDI
ROBECO
AXA WORLD FUNDS
DWS INVEST
BNP PARIBAS
ROBECO QI
PICTET
RBC GRAN FONDO WHISTLER
CANDRIAM
ROBECOSAM
SANTANDER
ASG MANAGED
NATIONALE-NEDERLANDEN
THEAM QUANT
OSTRUM
NATIXIS
ALLIANZ
GROUPAMA
VONTOBEL
LOOMIS SAYLES
DWS INVEST ESG GLOBAL CORPORATE BONDS

Source: Own elaboration.

Once the data tables have been presented above, the methodology used in the comparative analysis between the SRI funds marketed in Spain, both those domiciled in Spain and those domiciled abroad, will be explained.

3.3. Methodology.

The sample, in total, includes fifty funds, on the one hand, the twenty-five selected SRI funds in the Spanish financial market and, on the other hand, twenty-five SRI funds representing the foreign market. The comparative analysis consists of two clearly separable studies, the first being a descriptive analysis comparing the returns on Spanish SRI funds with the returns on foreign SRI funds. The second is the analysis of the GAAP criteria used in the investment portfolios, with the SRI exclusion applied to the investment portfolio, the carbon footprint of each investment portfolio and the percentage of sustainable impact generated by the SRI fund.

3.3.1. Methodology for the descriptive analysis of SRI fund returns

For the comparative analysis, data have been obtained from the performance of these SRI funds at the end of 2019. Also for greater contrast, data was taken from the performance at the end of 2019 of the benchmark indices used with benchmarking in[2] order to study their evolution at the end of 2019. The [3]performance data for the benchmark indices was collected from the Bloomberg benchmark portal, as well as from the websites of Morningstar, MSCI and Trackinsight.

The tables are arranged in such a way that the first column shows the name of the background, and the second column the reference index. As can be seen in table nº3, the SRI funds in Spain (Morningstar, MSCI and Trackinsight, 2020):

[2] Benchmarking is the concept used by funds to refer to the benchmarks they are trading against,
[3] When we refer to performance, we refer to a statistical data taken as a whole by a series of data that presents the index, at the end of the year weighted these data, we obtain a %, which we have used as a profitability reference for the index.

Table 3. National SRI funds with their respective benchmarks

National SRI funds	Reference Index
ALTAIR EUROPEAN OPPORTUNITIES	Stoxx Europe 600 Net Return EUR
DEUTSCHE WEALTH GROWTH	EUROSTOXX 50 Net Return EUR (50%) + ML Euro Goverment Bill Index (30%) + ML EMU Direct GovermentIndex (20%)
CAJA INGENIEROS IBERIAN EQUITY	IBEX 35
SANTANDER PB	(50%) Barclays EurAgg + (50%) FTSE Wld TR
ABANCA	IBEX 35
ALCALA GESTION ACTIVA	(50%) Barclays EurAgg TR + (50%) FTSE Wld TR
BANKIA	IBEX 35 (Total Return) 50% + ML EURO CRCY LIBID 50%
BANKIA DOLAR, FI CARTERA	Merrill Lynch Government Bill, US Treasuries 0-1,5 year
BANKIA DOLAR, FI UNIVERSAL	Merrill Lynch Government Bill, US Treasuries 0-1,5 year
BBVA	Merrill Lynch German FederlGoverments 0-3
BESTINVER BIG COMPANIES	MSCI World Net Total Return EUR Index
BELGRAVIA DELTA	Stoxx 600
BOWCAPITAL GLOBAL FUND	IBEX 35
CAIXABANK SAVINGS	Merrill Lynch EMU largeCap Investment Grade 1-3 year
ENGINEERS BOX EURO PLUS BAG	EUROSTOXX 50
CAJA INGENIEROS BOLSA USA	S&P 100
ETHICAL COMMITMENT	Stoxx 600 Europe, Barclays EuroAgg 3-5 Total Return
CS FAMILY BUSINESS	MSCI ACWI NR USD
BANKIA FONDUXO PORTFOLIO	(50%) Barclays EurAgg + (50%) FTSE World TR
EDM GROUP	S&P 500 (50%) + MSCI Europe (50%)
CAPITAL SPHERE	IBEX 35
SPINY PARTNERS INVESTMENTS	(50%) Barclays Eu Agg + (50%) FTSE AW DvEur

EUROVALUE SAVINGS DOLLAR, FI	FTSE USD EuroDep 3 month
TRUSTWORTHY, FI BASE	BBgBarc Euro AggGovt 1-3 yr TR EUR
FON FINECO TOP FIXED INCOME, FI A	BBgBarc Euro Agg 1-3 yr TR EUR

Source: Own elaboration.

Table 4 below shows the foreign funds and their benchmarks (Morningstar, MSCI and Trackinsight, 2020):

Table 4. International SRI funds with their respective benchmarks

International SRI funds	**Reference Index**
ALLIANCE BERNSTEIN	MSCI AC World
ABERDEEN STANDARD INVESTMENTS	AustralianAllOrdinaries
DWS XTRACKERS	ShortDAX x2 Daily
NORDEA	Bloomberg Barclays Series - E US Govt 10+ Yr Bond
AMUNDI	MarkitiBoxx $ Treasuries 7-10Y
ROBECO	Bloomberg Barclays MultiverseIndex
AXA WORLD FUNDS	Bloomberg Barclays World Inflation-Linked
DWS INVEST ESG	Barclays Capital U.S Credit
BNP PARIBAS	ICE BofAML US Corp&Govt 1-5 Yr (USD) RI
ROBECO QI	JPM GBI Global Investment Grade
PICTET	JP Morgan USA 1-3 Years
RBC GRAN FONDO WHISTLER	30% S&P500 Total ReturnIndex (USD) +20% MSCI EAFE Net Total ReturnIndex (USD) +18% Barclays U.S Corporate Investment Grade Index (USD)+ 11% Citigroup WGBI Index (Hedgedto USD)
CANDRIAM	JPM GBI Global
ROBECOSAM	Bloomberg Barclays Global AggregateCorporates
SANTANDER	Bloomber Barclays 10+ year U.S

	corporate Bond ETF
ASG MANAGED	CreditSuisseManaged Future
NATIONALEN-NEDERLANDEN	Bloomberg Barclays World GovermentInflation-Liked
THEAM QUANT DISPERSION	S&P 500
OSTRUM	Bloomberg Barclays World GovermentInflation-Liked
NATIXIS	Bloomberg Barclays Global Aggregate
ALLIANZ	Bloomberg Barclays Capital Global Aggregate
GROUPAMA	Barclays Global InflationLinked Total Return
VONTOBEL FUND	USD 3 month Libor
LOOMIS SAYLES	Bloomberg Barclays Global AggregateCredit
DWS INVEST ESG	Barclays Global AggregateCorporate TR (EUR Hedged)

Source: Own elaboration.

Bearing in mind that, in order to have a specific sample to study, a total of fifty funds marketed in Spain have been chosen, but with different addresses, twenty-five are in national territory and another twenty-five in foreign territory with the main characteristic that they were within the top of their respective rankings. This means that of the performance rankings that the reference indices set out where these SRI funds operate, they occupy the top positions, specifically those funds that only occupy the positions within the top 25% of their reference index ranking.

The returns of both Spanish and foreign SRI funds at the end of 2019 will be shown below. As can be seen in table nº5 below, the returns of funds domiciled in Spain are presented (Spainsif, Morningstar and Sustainalytics, 2020):

Table 5. Profits at the end of 2019 of the national SRI funds.

National SRI funds	Profitability 2019
ALTAIR EUROPEAN OPPORTUNITIES	20,45%
DEUTSCHE WEALTH GROWTH	14,32%
CAJA INGENIEROS IBERIAN EQUITY	9,87%
SANTANDER PB	6,71%
ABANCA	9,81%
ALCALA GESTION ACTIVA	10,20%
BANKIA BANK	14,13%
BANKIA DOLAR, FI CARTERA	5,36%
BANKIA DOLAR, FI UNIVERSAL	4,74%
BBVA BONUSES	-0,91%
BESTINVER BIG COMPANIES	23,37%
BELGRAVIA DELTA	-3,56%
BOWCAPITAL	-5,31%
CAIXABANK SAVINGS	0,80%
ENGINEERS BOX EURO PLUS BAG	16,87%
CAJA INGENIEROS BOLSA USA	23,91%
ETHICAL COMMITMENT	5,34%
CS FAMILY BUSINESS	12,96%
BANKIA FONDUXO	11,75%
EDM GROUP	29,20%
CAPITAL SPHERE	11,80%
SPINY PARTNERS INVESTMENTS	1,63%
EUROVALUE SAVINGS DOLLAR	4,30%

FIDEFONDO	-1,07%
FON FINECO	1,32%

Source: Own elaboration.

Table nº6 below shows the performance at the end of 2019 of the SRI funds in the foreign sample (Spainsif, Morningstar and Sustainalytics, 2020):

Table 6. Profits at the end of 2019 of the international SRI funds.

International SRI funds	Profitability 2019
ALLIANCE BERNSTEIN	30,93%
ABERDEEN STANDARD INVESTMENTS	26,04%
DWS XTRACKERS	-40,97%
NORDEA	8,08%
AMUNDI	10,16%
ROBECO	10,34%
AXA WORLD FUNDS	10,62%
DWS INVEST ESG	17,79%
BNP PARIBAS	2,95%
ROBECO QI	9,76%
PICTET	5,59%
RBC GRAN FONDO WHISTLER	9,43%
CANDRIAM	7,99%
ROBECOSAM	14,87%
SANTANDER CORPORATE COUPON	3,96%
ASG MANAGED	17,38%
NATIONALE-NEDERLANDEN	4,82%
THEAM QUANT	-0,03%
OSTRUM	5,59%
NATIXIS	8,80%
ALLIANZ	8,89%
GROUPAMA	4,70%

VONTOBEL FUND	8,42%
LOOMIS SAYLES	13,28%
DWS INVEST ESG	10,61%

Source: Own elaboration.

In addition, in order to carry out the performance analysis, the returns at the end of 2019 of the SRI funds were compared with the returns of the benchmark indices where the sample of selected SRI funds operated. As can be seen in table 7 below, which shows the closing returns of the benchmark indices in the national sample (Morningstar, MSCI and Trackinsight, 2020):

Table 7. End 2019 returns of national benchmark indices.

Reference rate/weight over rate %.	Profitability Indexes
Stoxx Europe 600 Net Return EUR	26,82%
EUROSTOXX 50 Net Return EUR (50%), ML Euro Goverment Bill Index (30%), ML EMU Direct Goverment index (20%)	13,86%
IBEX 35	11,82%
(50%) Barclays EurAgg and (50%) FTSE Wld TR	15,13%
IBEX 35	11,82%
Cat 50% Barclays EurAgg TR&50%FTSE Wld TR	7,83%
IBEX 35 (Total Return) and ML EURO CRCY LIBID	11,82%
Merrill Lynch Government Bill, US Treasuries 0-1,5 year	4,48%
Merrill Lynch Government Bill, US Treasuries 0-1,5 year	4,48%
Merrill Lynch German Federl Goverments 0-3	0,65%
MSCI World Net Total Return EUR Index	14,51%
Stoxx 600	-13,64%
IBEX 35	11,82%
Merrill Lynch EMU large Cap Investment Grade 1-3 year	-0,30%
EUROSTOXX 50	24,78%

S&P 100	4,85%
Stoxx 600 Europe, Barclays EuroAgg 3-5 Total Return	-6,33%
MSCI ACWI NR USD	27,30%
(50%) Barclays EurAgg and (50%) FTSE World TR	15,13%
S&P (500 50%) + MSCI Europe (50%)	29,45%
IBEX 35	11,82%
Cat 50% Barclays Eu Agg 50% FTSE AW Dv Eur	15,13%
FTSE USD EuroDep 3 mon	1,48%
BBg Barc Euro Agg Govt 1-3 yr TR EUR	0,22%
BBg Barc Euro Agg 1-3 yr TR EUR	0,22%

Source: Own elaboration.

As can be seen in table nº8 below, the returns at the end of 2019 of the benchmark indices in which the SRI funds of the foreign sample operate are presented (Morningstar, MSCI and Trackinsight, 2020):

Table 8. Yields at the end of 2019 of the international reference indices.

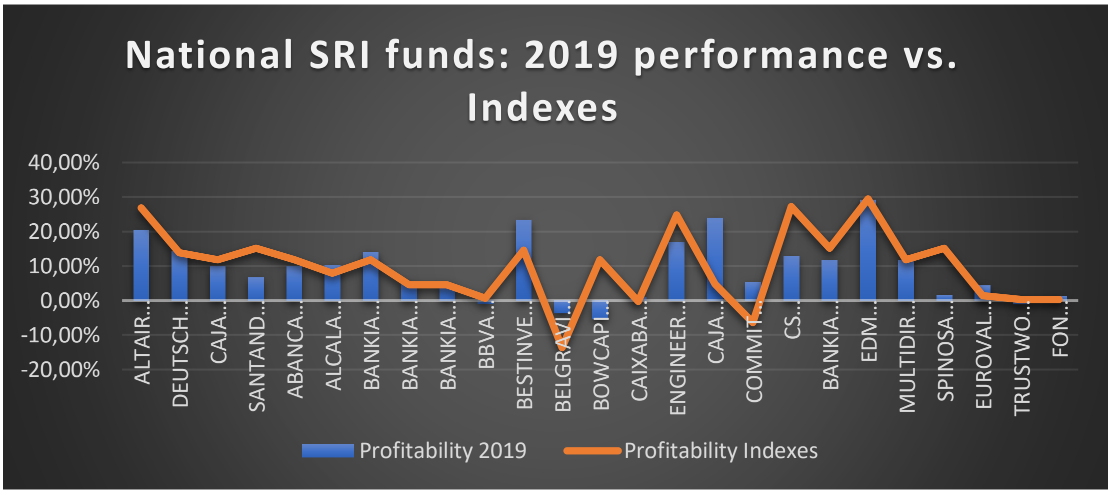
Reference rate/weight over rate %.	**Profitability Indexes**
MSCI AC World	26,60%
Australian All Ordinaries	-14,41%
ShortDAX x2 Daily	-39,23%
Bloomberg Barclays Series - E US Govt 10+ Yr Bond	10,22%
Markit iBoxx $ Treasuries 7-10Y	20,84%
Bloomberg Barclays Multiverse Index	4,62%
Bloomberg Barclays World Inflation-Linked	4,27%
Barclays Capital U.S Credit	8,39%
ICE BofAML US Corp & Govt 1-5 Yr (USD) RI	3,84%
JPM GBI Global Investment Grade	3,85%
JP Morgan USA 1-3 Years	2,22%
30% S&P500 Total Return Index (USD) + 20% MSCI EAFE Net Total Return Index (USD) +18% Barclays U.S Corporate Investment Grade Index (USD)+ 11% Citigroup WGBI Index (Hedged to USD)	8,54%
JPM GBI Global	4,32%

Bloomberg Barclays Global Aggregate Corporates	4,36%
Bloomber Barclays 10+ year U.S corporate Bond ETF	28,10%
Credit Suisse Managed Future	17,88%
Bloomberg Barclays World Goverment Inflation-Liked	7,06%
S&P 500	28,88%
Bloomberg Barclays World Goverment Inflation-Liked	7,06%
Bloomberg Barclays Global Aggregate	5,22%
Bloomberg Barclays Capital Global Aggregate	5,22%
Barclays Global Inflation Linked Total Return	4,27%
USD 3 month Libor	2,33%
Bloomberg Barclays Global Aggregate Credit	6,34%
Barclays Global Aggregate Corporate TR (EUR Hedged)	4,36%

Source: Own elaboration.

To summarize the data conglomerate, a series of summary graphs have been made to show the data in a more visual way, displaying a graph that relates the fund's performance to the performance of the benchmark index. As can be seen in figure nº11 below, the performance at the end of 2019 is shown together with the performance of the benchmark index of the sample of national SRI funds:

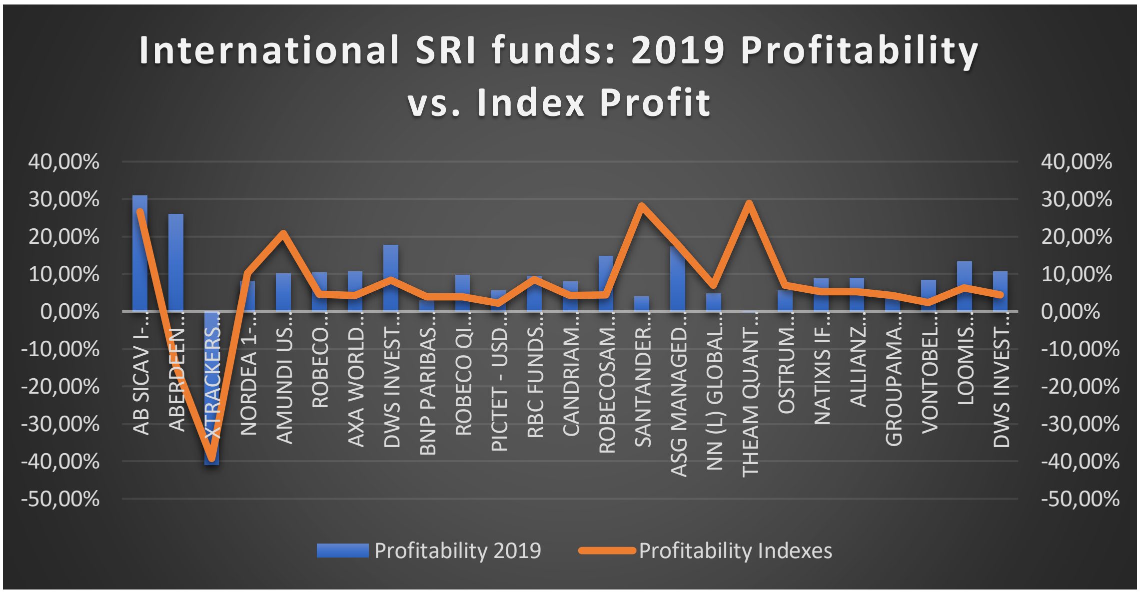
Figure 11. SRI fund returns vs. index returns at the national level



Source: Own elaboration.

As regards the sample of foreign SRI funds, the following chart summarizes the returns at the end of 2019, together with the returns of the indices, as can be seen in figure nº12 below:

Figure 12. SRI fund returns vs. index returns at the international level.



Source: Own elaboration.

The latter data would complete the data used for the comparative analysis of returns between the sample of national and international SRI funds. The data used for the analysis of the ESG criteria will then be presented.

3.3.2. Methodology for the descriptive analysis of GAA criteria in SRI funds

Before proceeding to explain what criteria have been studied, it should be stressed that the data for the study of this part of the descriptive analysis of the GSA criteria have been extracted from three different web portals in order to be able to extract the maximum possible relevant information from the selected sample, the ones consulted being Spainsif, Sustainalytics and Morningstar.

To carry out this analysis, three key variables were analysed within the SRI funds, first the SRI exclusion percentage applied within the investment portfolios, then the Sustainable Impact generated by the portfolio was studied and finally the carbon footprint present in the investment portfolios of the investment funds in both samples was studied. Each of these ESG criteria taken into account for the analysis are defined as follows (Spainsif and Morningstar, 2020):

- The SRI exclusion is the percentage of the market value of the portfolio exposed to holdings of one or more exclusion factors previously set by the manager. Factors such as alcohol, arms, nuclear energy or tobacco. The greater the exclusion, the greater the integration and commitment to achieving socially responsible investment.
- Carbon footprint, which measures the metric tons of CO^2 for every million euros invested. It is calculated from the direct and indirect emissions of the components that make up the portfolio. The more tonnes, the more pollution.
- Sustainable Impact is the average revenue generated by each component of the investment portfolio in goods and services with sustainable impact. Additionally, for the calculation of the average portfolio in question, negative externalities related to controversial sectors such as those mentioned in the SRI exclusion are excluded. The more percentage of Sustainable Impact the average acquires, the more it will generate.

Table nº9 below shows the percentages to which the investment portfolios of SRI funds domiciled in Spain have been subject (Spainsif, Morningstar and Sustainalytics, 2020):

Table 9. Sample of national SRI funds their respective applied exclusion percentages.

National SRI funds	SRI exclusion
ALTAIR EUROPEAN OPPORTUNITIES	12,40%
DEUTSCHE WEALTH GROWTH	7,40%
CAJA INGENIEROS IBERIAN EQUITY	2,60%
SANTANDER PB GLOBAL INVESTMENT	0,00%
ABANCA	15,80%
ALCALA GESTION ACTIVA	24,40%

BANKIA BANK	16,60%
BANKIA DOLAR, FI CARTERA	0,00%
BANKIA DOLAR, FI UNIVERSAL	0,00%
BBVA CORE BP BONDS	0,00%
BESTINVER BIG COMPANIES	14,60%
BELGRAVIA DELTA	4,00%
BOWCAPITAL GLOBAL FUND	4,50%
CAIXABANK SAVINGS	2,10%
ENGINEERS BOX EURO PLUS BAG	12,30%
CAJA INGENIEROS BOLSA USA	5,80%
ETHICAL COMMITMENT	10,60%
CS FAMILY BUSINESS	11,30%
BANKIA FONDUXO PORTFOLIO	18,00%
EDM GROUP	10,20%
CRUCIAL AREA	9,60%
SPINY PARTNERS INVESTMENTS	0,00%
EUROVALUE SAVINGS DOLLAR	2,40%
FIDEFONDO	0,00%
FON FINECO TOP FIXED INCOME	0,00%

Source: Own elaboration.

Table nº10 shows the percentages applied to the investment portfolios of the SRI funds in the foreign sample (Spainsif, Morningstar and Sustainalytics, 2020):

Table 10. Sample of international SRI funds and their respective exclusion percentages applied.

International SRI funds	**SRI exclusion**
ALLIANCE BERNSTEIN	0,00%
ABERDEEN STANDARD INVESTMENTS	16,10%
DWS XTRACKERS	16,10%
NORDEA	0,00%

AMUNDI	0,00%
ROBECO	1,60%
AXA WORLD FUNDS	0,00%
DWS INVEST ESG	1,40%
BNP PARIBAS	2,00%
ROBECO QI	0,00%
PICTET	1,40%
RBC GRAN FONDO WHISTLER	0,60%
CANDRIAM	0,00%
ROBECOSAM	1,50%
SANTANDER	7,50%
ASG MANAGED	0,00%
NATIONALE-NEDERLANDEN	0,00%
THEAM QUANT DISPERSION	19,20%
OSTRUM	0,00%
NATIXIS	2,50%
ALLIANZ	3,60%
GROUPAMA	0,00%
VONTOBEL FUND	2,00%
LOOMIS SAYLES	10,90%
DWS INVEST ESG	2,80%

Source: Own elaboration.

Then, the sustainable impact was taken into account for the comparative analysis of the investment portfolios, which aims to show the weighted average of the portfolio calculated as the percentage of income of each component that has generated the goods and services with sustainable impact that make up the investment portfolio of the SRI funds in question. Even negative externalities are included in this, with very severe ESG controversies such as firearms investment of more than 5% in the investment portfolio, tobacco or alcohol, in case of more than 10% or fast loans. Table nº11 shows the Sustainable Impact percentages generated by the investment portfolios of the SRI funds in the national sample (Spainsif, Morningstar and Sustainalytics, 2020):

Table 11. Percentages generated of Sustainable Impact from the sample of national SRI funds

National SRI funds	Sustainable Impact
ALTAIR EUROPEAN OPPORTUNITIES	10,60%
DEUTSCHE WEALTH GROWTH	2,70%
CAJA INGENIEROS IBERIAN EQUITY	8,50%
SANTANDER PB GLOBAL INVESTMENT	0,00%
ABANCA	7,30%
ALCALA GESTION ACTIVA	4,90%
BANKIA BANK	4,20%
BANKIA DOLAR, FI CARTERA	0,00%
BANKIA DOLAR, FI UNIVERSAL	0,00%
BBVA CORE BONDS BP, FI	0,00%
BESTINVER BIG COMPANIES	4,10%
BELGRAVIA DELTA	4,20%
BOWCAPITAL GLOBAL FUND	2,40%
CAIXABANK SAVINGS, FI PORTFOLIO	0,60%
ENGINEERS BOX EURO PLUS BAG	13,40%
CAJA INGENIEROS BOLSA USA	9,80%
ETHICAL COMMITMENT	2,10%
CS FAMILY BUSINESS	8,10%
BANKIA FONDUXO PORTFOLIO	1,70%
EDM GROUP	10,90%
CRUCIAL AREA	6,50%
SPINY PARTNERS INVESTMENTS	0,80%
EUROVALUE SAVINGS DOLLAR	3,80%
FIDEFONDO	0,00%
FON FINECO TOP FIXED INCOME	1,10%

Source: Own elaboration.

Table nº12 shows the percentages of sustainable impact generated by the investment portfolio of the SRI funds in the foreign sample (Spainsif, Morningstar and Sustainalytics, 2020):

Table 12. Percentages generated of Sustainable Impact from the sample of international SRI funds.

International SRI funds	Sustainable Impact
ALLIANCE BERNSTEIN	14,00%
ABERDEEN STANDARD INVESTMENTS	6,10%
DWS XTRACKERS	0,90%
NORDEA	0,00%
AMUNDI	0,00%
ROBECO	1,30%
AXA WORLD FUNDS	0,10%
DWS INVEST ESG	2,70%
BNP PARIBAS	0,80%
ROBECO QI	0,00%
PICTET	0,30%
RBC GRAN FONDO WHISTLER	0,00%
CANDRIAM	0,00%
ROBECOSAM	4,10%
SANTANDER	5,10%
ASG MANAGED	0,90%
NATIONALE-NEDERLANDEN	0,00%
THEAM QUANT DISPERSION	2,80%
OSTRUM GLOBAL INFLATION I/A (EUR)	0,30%
NATIXIS	1,40%
ALLIANZ	1,80%
GROUPAMA	0,20%
VONTOBEL FUND	5,20%
LOOMIS SAYLES	3,20%

DWS INVEST ESG	5,80%

Source: Own elaboration.

The third variable used for the analysis of the ESG criteria of the investment portfolios was the data from Morningstar, called carbon footprint. This variable, which we collected together with the two previous ones, measures the metric tons of CO^2 for every million euros invested. It takes into account both direct and indirect emissions from the components of the investment portfolio and is measured from less to more, this means that if the portfolio has a low carbon footprint it is less polluting than, on the contrary, if a portfolio has a high carbon footprint it would be understood to be more polluting.

In table nº13, they are arranged in tons/million euros generated by the investment portfolios of the SRI funds on the side of the Spanish sample (Spainsif, Morningstar and Sustainalytics, 2020):

Table 13. Tons of CO^2 /million euros arranged in the investment portfolio of the sample of national funds.

National SRI funds	**Carbon footprint**
ALTAIR EUROPEAN OPPORTUNITIES	114,8
DEUTSCHE WEALTH GROWTH	307,5
CAJA INGENIEROS IBERIAN EQUITY	149,3
SANTANDER PB	0
ABANCA	170
ALCALA GESTION ACTIVA	522,8
BANKIA BANK	225,9
BANKIA DOLAR, FI CARTERA	0
BANKIA DOLAR, FI UNIVERSAL	0
BBVA CORE BP BONDS	7,5
BESTINVER BIG COMPANIES	115,3
BELGRAVIA DELTA	198,7
BOWCAPITAL	243
CAIXABANK SAVINGS	169,9
ENGINEERS BOX EURO PLUS BAG	48,4

CAJA INGENIEROS BOLSA USA	149,6
ETHICAL COMMITMENT	175,4
CS FAMILY BUSINESS	95,4
BANKIA FONDUXO PORTFOLIO	1040,3
EDM GROUP	94,1
CAPITAL SPHERE	195,6
SPINY PARTNERS INVESTMENTS	82,9
EUROVALOR	95
FIDEFONDO	0
FON FINECO TOP FIXED INCOME, FI A	4,1

Source: Own elaboration.

Table nº14, as shown below, shows the SRI funds marketed in Spain but domiciled abroad (Spainsif, Morningstar and Sustainalytics, 2020):

Table 14. Tons of CO^2/million euros arranged in the investment portfolio of the sample of international SRI funds.

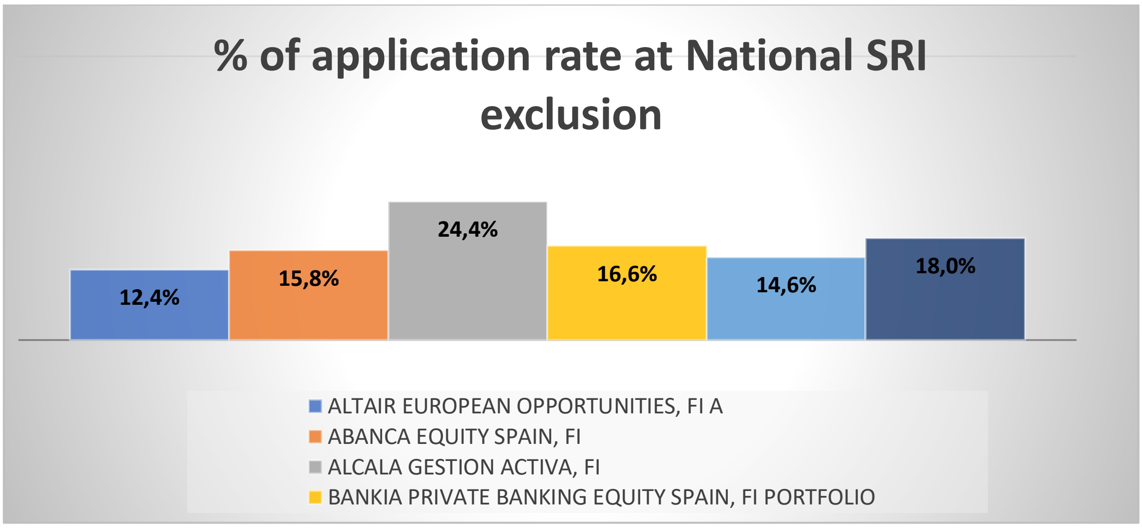
International SRI funds	Carbon footprint
ALLIANCE BERNSTEIN	96,9
ABERDEEN STANDARD INVESTMENTS	224,4
DWS XTRACKERS	110,4
NORDEA	0
AMUNDI	15,9
GLOBAL ROBECO	146,3
AXA WORLD FUNDS	104,9
DWS INVEST ESG	99,6
BNP PARIBAS	130,2
ROBECO QI	0
PICTET	6,2
RBC FUNDS	94,5
CANDRIAM	0
ROBECOSAM	112,7

SANTANDER CORPORATE COUPON	110,6
ASG MANAGED	3,2
NATIONALE-NEDERLANDEN	0
THEAM QUANT DISPERSION	54,9
OSTRUM	23,2
NATIXIS	206
ALLIANZ	166,9
GROUPAMA	79,8
VONTOBEL FUND	108,9
LOOMIS SAYLES	336,4
DWS INVEST ESG	115,3

Source: Own elaboration.

Now, in terms of social, environmental and governance impact. As can be seen, the strategy used by these funds is the exclusion of SRI as a strategy and in which Caixa Enginyers has a considerable 12.3% application in its investment portfolio. In Caixa Enginyers, we find that the exclusions that it proposes for its investment portfolio are the exclusion of the tobacco industry, armaments and a strong presence in assets related to the environment. In the case of Bestinver Grandes Compañías, the role of the carbon footprint of 115 tons of CO^2 1 million invested and with an SRI exclusion application of almost 15%. However, it should certainly be noted that the fund with the highest SRI exclusion application in its investment portfolio is Alcalá Gestión Activa, with around 25%. As can be seen in Figure nº13, the application percentages for the most relevant investment portfolios in the sample of SRI funds domiciled in Spain are shown:

Figure 13. Percentage SRI exclusion in national SRI funds.

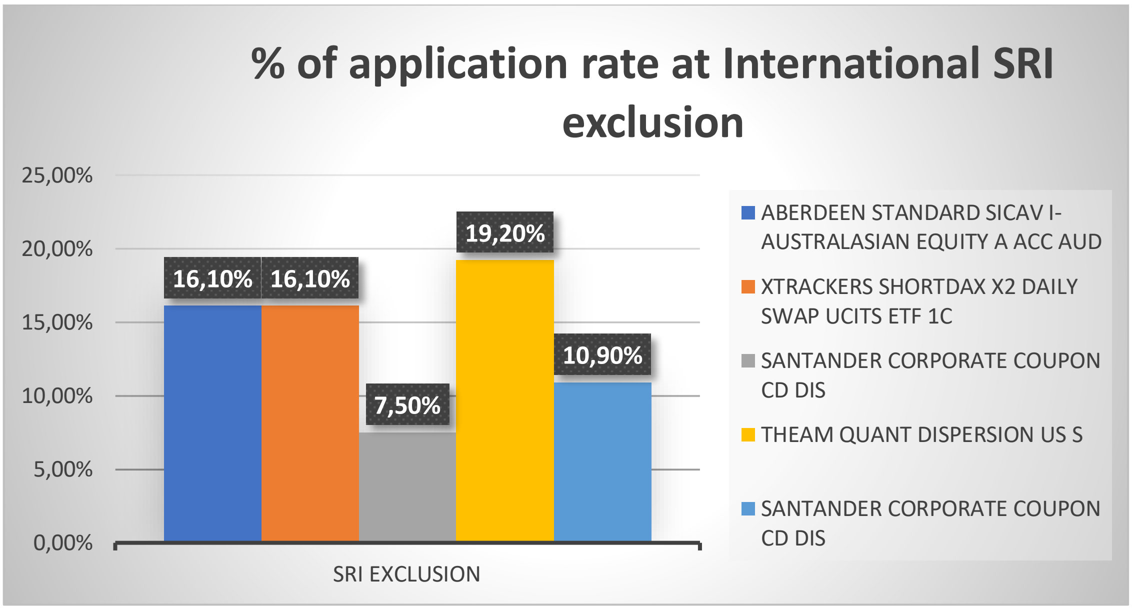


Source: Own elaboration.

Mention the cases of Bankia Banca with almost 17 % of SRI exclusion application or the case of the other fund of Bankia Fundexo with 18 % of application, being these funds among the largest in terms of application of SRI exclusion strategies in their investment portfolios in the national panorama.

On the other hand, as can be seen in Figure nº14 below on the application of the income tax exclusion, it can be seen that in the case of Theam Quant Dispersion it presents a high rate of 19%, the highest in both cases, domestic and foreign. The Aberdeen Starndard Investments and DWS Xtracers funds should be highlighted with a percentage of 16.10%:

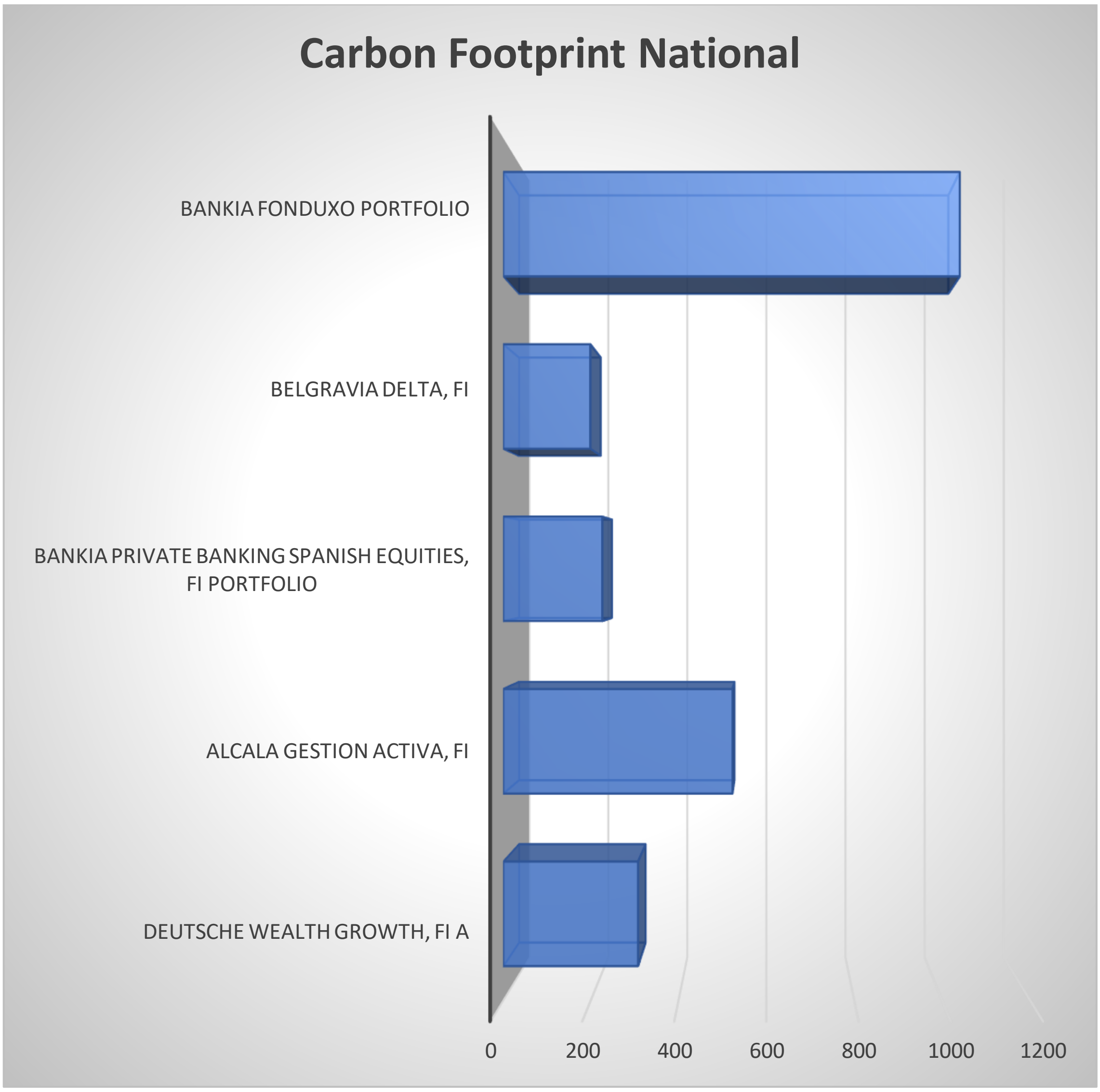
Figure 14. Application rate in investment portfolios in international SRI funds.



Source: Own elaboration.

On the other hand, in reference to the carbon footprint the Bankia Fonduxo fund presents the highest score with 1,043 tons/CO^2 behind both Deustche Wealth Growth which has obtained a footprint of 307 tons/CO^2 as Alcalá Gestión Activa with 522 tons/CO^2 being one of the largest emitters of CO^2 per million euros invested, in short they are the most polluting in terms of investment portfolio per CO^2 invested in the sample of national SRI funds. As can be seen in Figure nº15, the carbon footprint levels per million euros invested are shown for their investment portfolios.

Figure 15. Carbon footprint levels in national SRI funds.

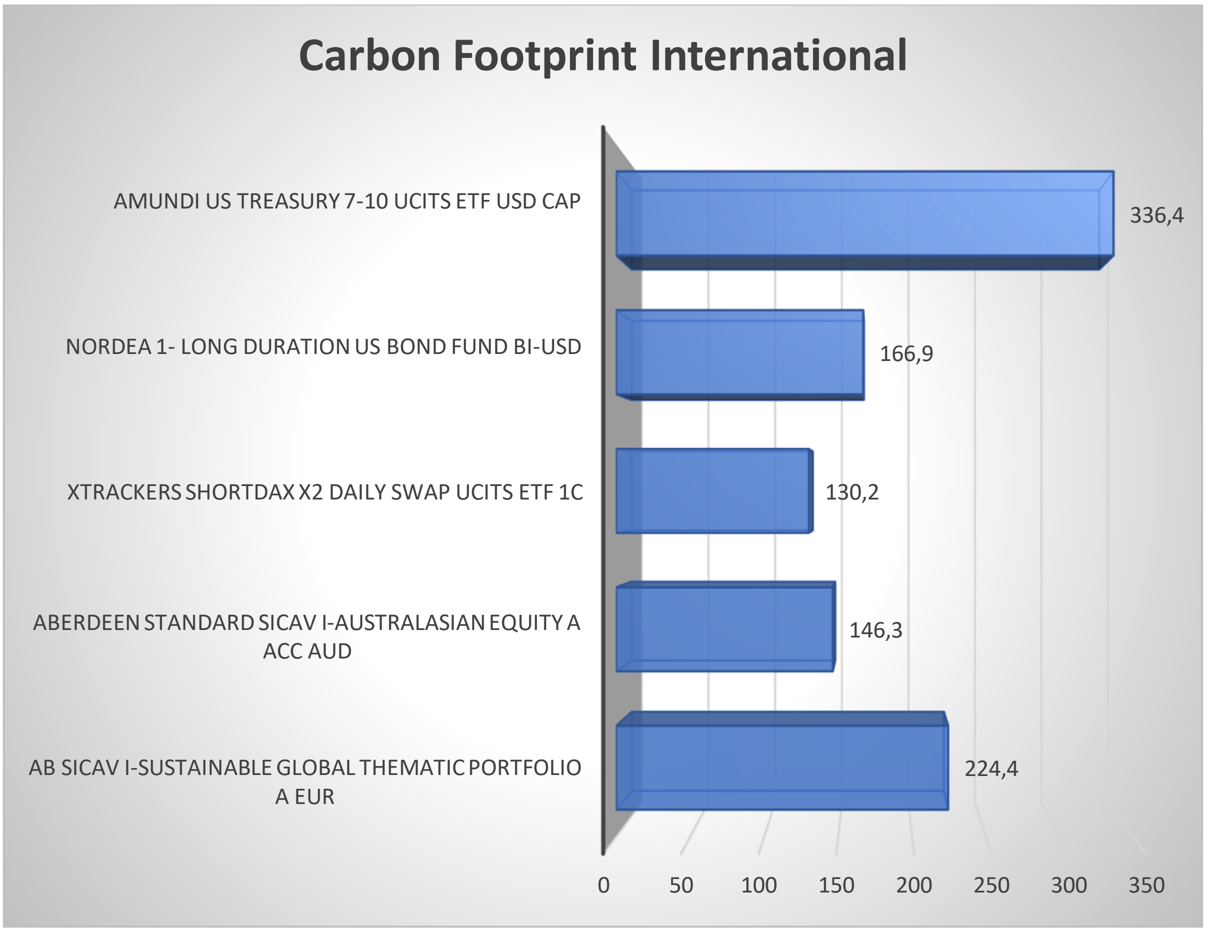


Source: Own elaboration

In the chaos of Aberdeen Stardard Investment and Alliance Bernstein, they show a remarkable performance of over 26%, outperforming their index by far, and we understand that their management is far superior to the rest. Another case in point is that of Aberdeen Stardad Investments, which ended the year with positive results, unlike its benchmark, marking a remarkably profitable year.

In reference to the carbon footprint it is noted that it is quite low in comparison and more spread out than in the sample of national SRI funds. The Amundi fund has the largest carbon footprint, and it has the largest amount of CO^2 issues for a million dollars in this case, invested. Behind it are cases of lesser importance such as Alliance Bernstein or the international fund Nordea. Figure nº16 shows the carbon footprint per million euros invested in the respective investment portfolios of the international SRI funds.

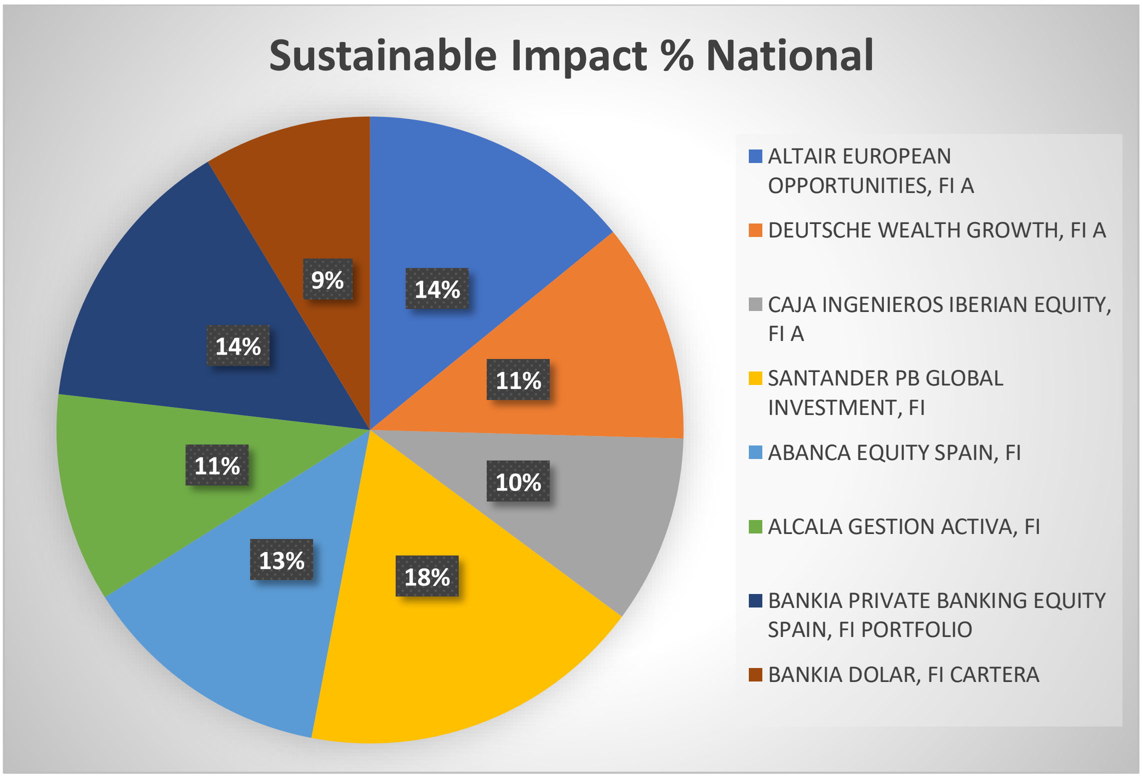
Figure 16. Carbon footprint in international SRI funds.



Source: Own elaboration.

As regards generating a sustainable impact, the investment portfolios of the sample of national SRI funds show that Santander PB has the highest sustainable impact rate at 18%, while Altair European Opportunities and Bankia Banca are behind with 14% sustainable impact in their respective investment portfolios. Therefore, as shown in Figure nº17, we have the sustainable impact shown by their investment portfolios in percentage terms.

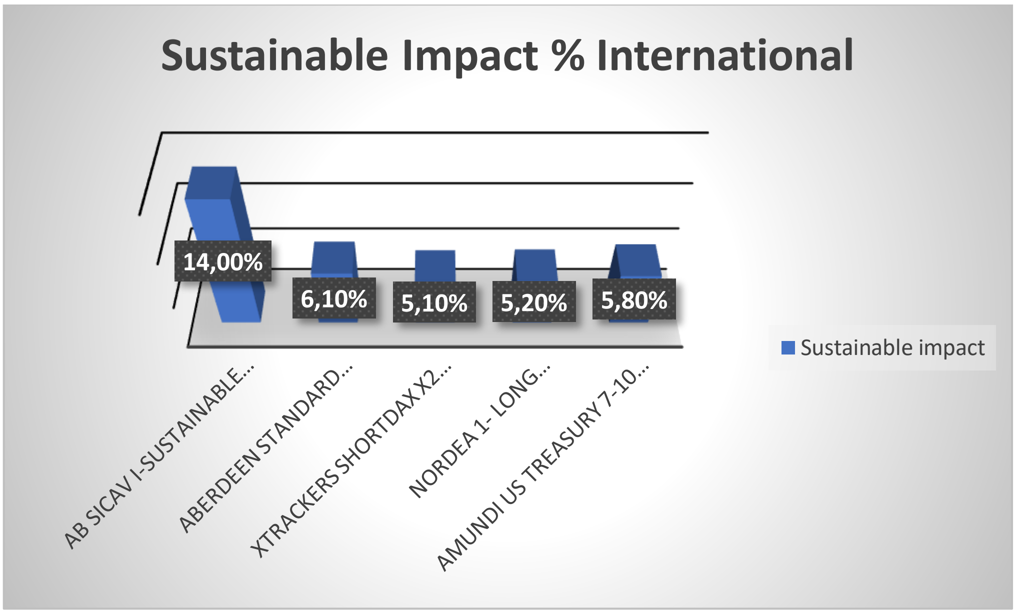
Figure 17. Percentage of Sustainable Impact the investment portfolios in national SRI funds.



Source: Own elaboration.

Continuing with the sustainable impact, the Alliance Bernstein fund presents 14% in terms of sustainable impact, being the largest of all the international sample. The rest of the cases in the international sample are between 5% and 6% in their investment portfolios, and as we can see in Figure nº18 the sustainable impact generated by the investment portfolios of the international SRI funds.

Figure 18. Percentage of Sustainable Impact the investment portfolios in international SRI funds.



Source: Own elaboration.

The results of the analyses carried out in terms of cost-effectiveness and ESG criteria will then be shown to the selected sample.

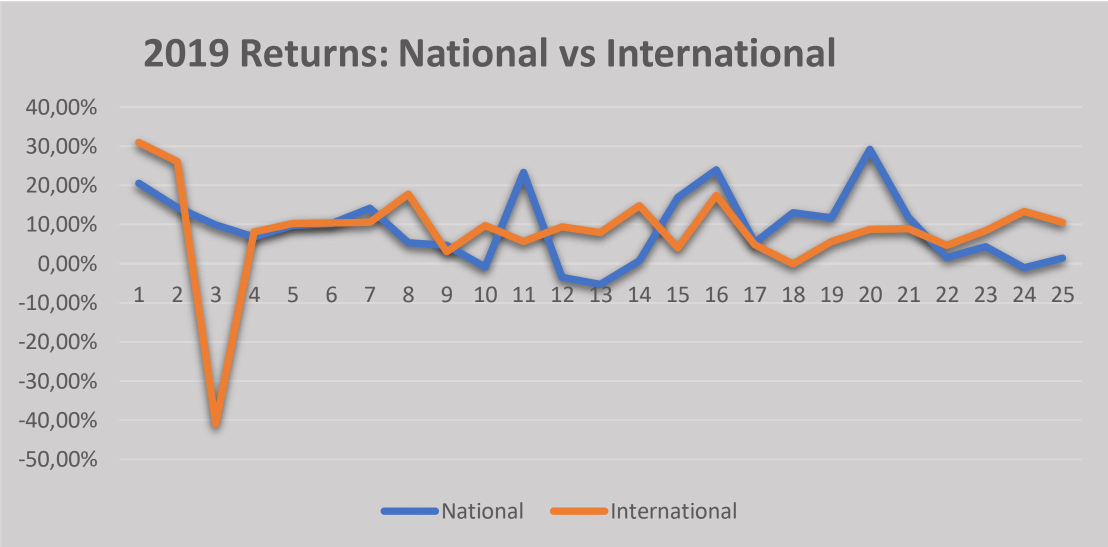
4. Results of the comparative analysis of SRI fund samples

With regard to the results obtained from our comparative analysis, we are going to develop it in two categories, the first with the results of the comparative profitability analysis and the second category with the results of the comparative analysis of the selected variables in terms of GSA.

Firstly, it should be noted that, out of necessity, when presenting the data collected from the sample, the graphs have been simplified and the most representative cases have been presented for their own consideration in order to present the results obtained.

On the performance side, we find that national SRI funds are generally more profitable and international funds are less profitable. It should be noted that the sample of international SRI funds presents the least profitable of all the funds selected, being DWS Xtrackers. Figure nº19 compares both sample returns in a graph for comparative analysis.

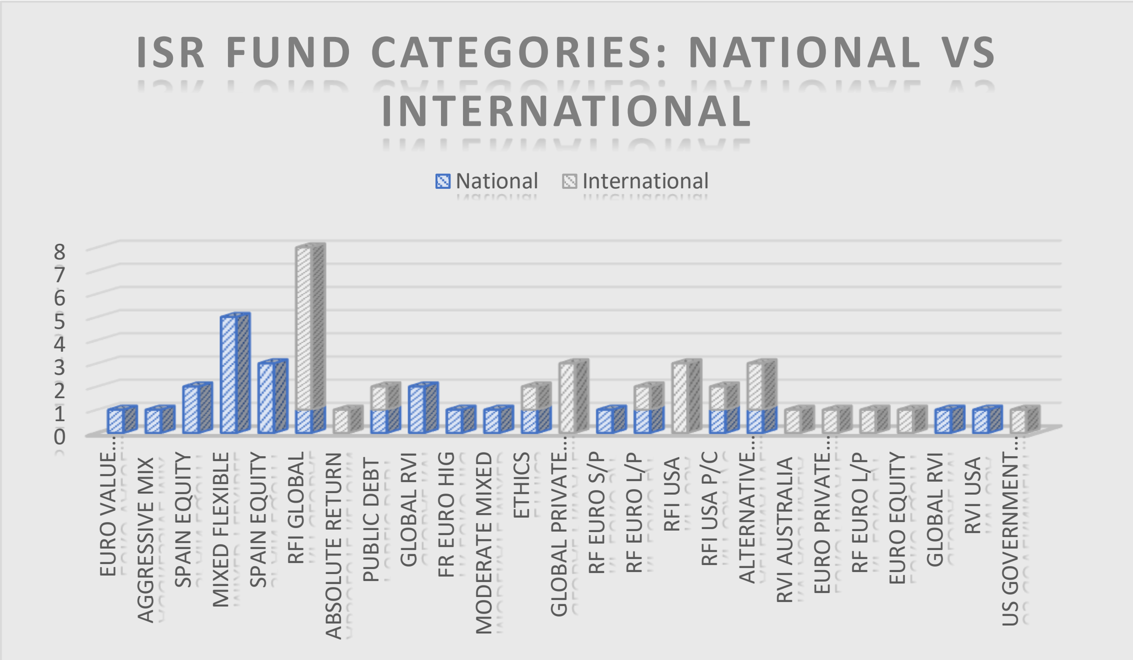
Figure 19. Profitability at the end of 2019 comparing both groups of samples.



Source: Own elaboration.

It can be seen that the most repeated or common categories of SRI funds in the group of foreign SRI funds are the Flexible Mixed, with the most notable category being that of the sample of national SRI funds, as well as Global RFI, in this case, on the part of the sample of international SRI funds. As can be seen in Figure nº20, the categories to which both samples belong are shown.

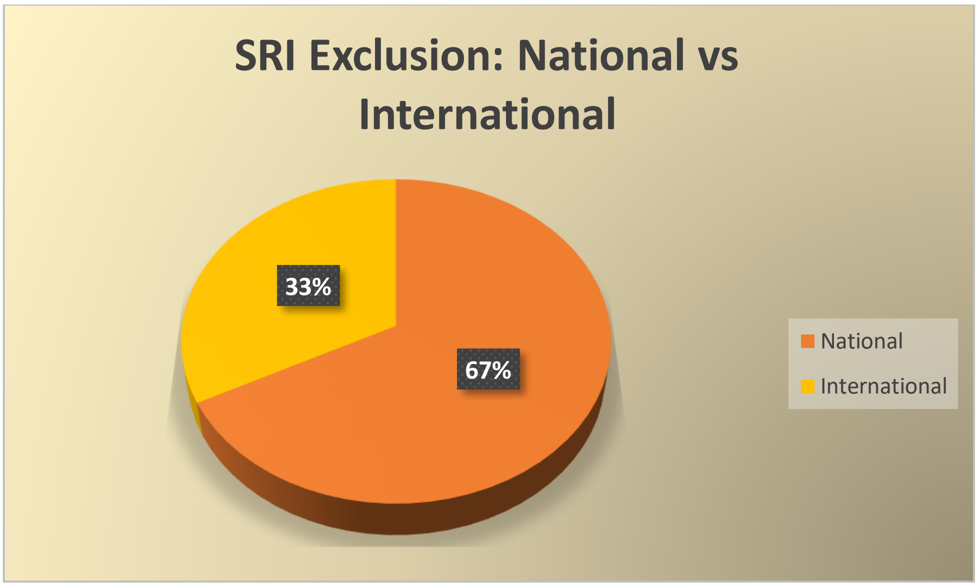
Figure 20. SRI fund categories of the selected sample and their frequency.



Source: Own elaboration.

Unlike the sample of national SRI funds, it can be deduced that the application of the SRI exclusion to the investment portfolios of SRI funds together with the group of international SRI funds is a lower overall average. Domestic SRI funds show the highest percentage applied to investment portfolios throughout the sample, corresponding to 67% of the total, minus 33% for the group of international SRI funds. The highest SRI exclusion rate is that of Alcalá Gestión Activa with 24%. Theam Quant Dispersion is the fund with the highest exclusion percentage in its investment portfolio. Figure nº21 shows the percentage of SRI exclusion applied to the investment portfolios of both samples and a comparison between the two.

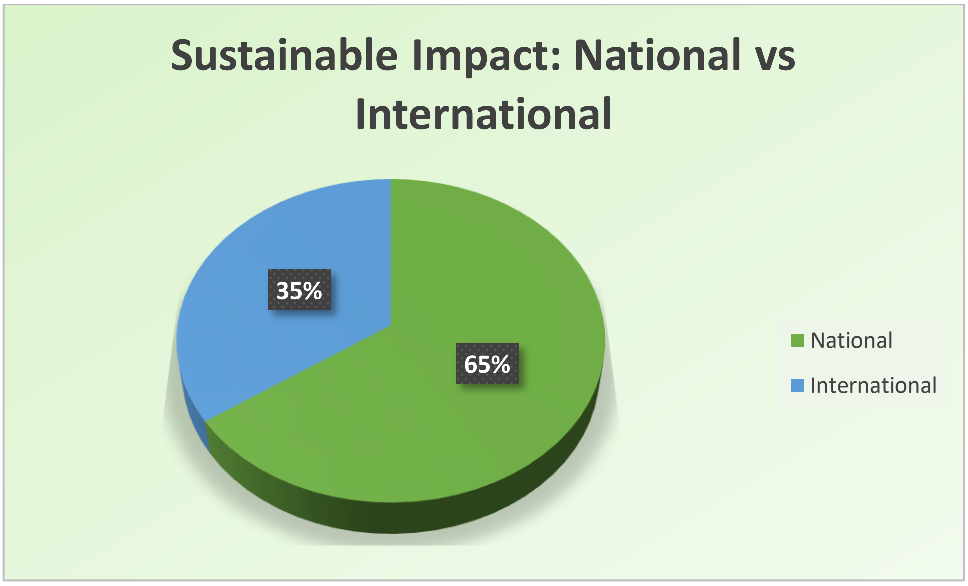
Figure 21. Total, of the sample SRI exclusion as % of application by groups of samples.



Source: Own elaboration.

We found that the sample of national SRI funds includes the largest percentage of the entire sample collected in terms of sustainable impact score according to data collected. As noted above, Santander PB has the highest sustainable impact score at 18%, while Altair European Opportunities and Bankia Banca are still behind at 14%. Figure nº22 shows, in percentage terms, the sustainable impact of the investment portfolio, grouped by sample to make up a total and comparative figure.

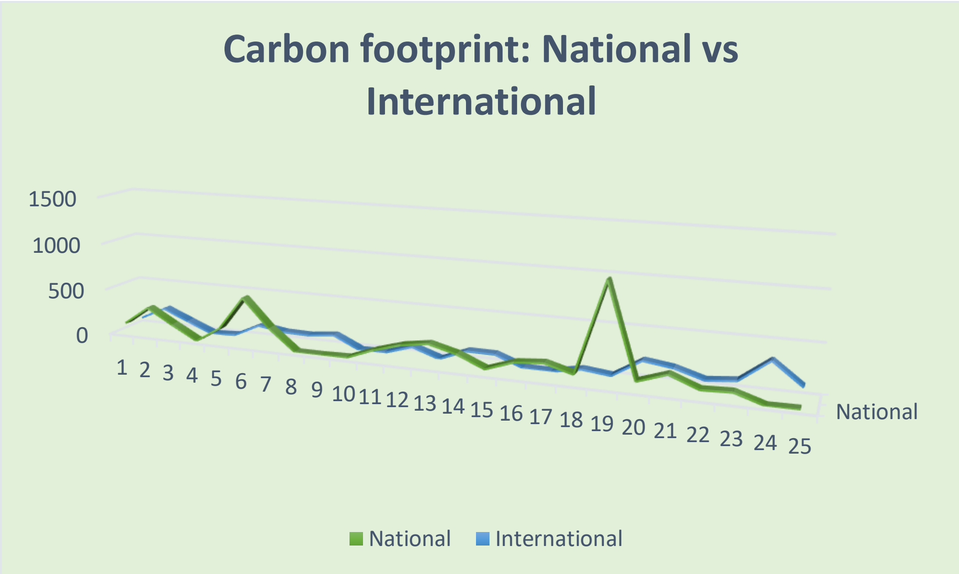
Figure 22. Total, from the Sustainable Impact sample in % by sample groups.



Source: Own elaboration.

In terms of the carbon footprint present in the picture in both the sample of national and international SRI funds, it can be seen that in comparison the sample of national SRI funds shows a greater presence of CO^2 per million euros invested, unlike the international case. Amundi is the international SRI fund that has the largest carbon footprint, with the largest amount of CO^2 issues for a million dollars in this case, invested. And Bankia Fonduxo has the largest carbon footprint of any national SRI fund sample. On the other hand, the funds with the lowest carbon footprint would be the ASD Managed fund on the side of the international sample of SRI funds and the Fon Fineco fund on the side of the sample of national SRI funds. As can be seen in figure nº23, the carbon footprint present in the investment and compared portfolios is collected by all the sample groups:

Figure 23. Carbon footprint in tons of CO^2 /euros in investment portfolios.



Source: Own elaboration.

However, unlike the case of national SRI funds, the carbon footprint in the international case, with the largest carbon footprint, is that of Loomis Sayles with 336.4 tons of CO^2 / euros and those less the Nordea RobecoQI, Robecosam and Nationale-Nederlanden funds not having any data registered in the Sustainalytics base.

It is concluded that the most sustainable funds in the sample of international SRI funds are those of Aberdeen Standard Investments, which presents the most complete average of all the sample of international SRI funds and is the most complete in terms of the three ESG criteria studied in the analysis carried out, showing a higher carbon footprint, SRI exclusion and sustainable impact.

Highlighting the case of Alliance Bernstein from the overall sample for having a carbon footprint of approximately 100 tons CO^2/ and its sustainable impact with 14 %. Throughout the sample we observe that the most complete fund at the SRI level is the national SRI fund Altair European Opportunities as it has one of the lowest carbon footprints of the entire sample and high SRI exclusion percentages applied to its investment portfolio (12.4%) and sustainable impact (10.6%) of the entire sample collected. However, it should be noted that the most profitable of both samples collected is Theam Quant Dispersion, given that throughout 2019 it far surpassed its reference index by being negative by 0.03% and the latter obtained a return of almost 30% at the end of 2019.

Finally, an overview of the two samples shows that the sample of SRI funds domiciled in Spain is slightly higher than the international SRI funds marketed in Spain, which are more efficient in managing their investment portfolios and more involved in implementing the SRI exclusion in their investment portfolios, as well as having a greater sustainable impact generated by those portfolios.

5. Conclusions

The study of the selected samples shows that the funds marketed and domiciled in Spain are slightly more profitable and more involved in applying ESG criteria in their investment policies. This shows us a totally encouraging picture of how sustainable investment has evolved in Spain and how it has developed positively over the years.

From the analysis of returns, we can conclude that the sample of SRI funds marketed and domiciled in Spain shows slightly higher returns than SRI funds domiciled abroad. The average return of the sample of Spanish SRI funds is 9.12% and foreign SRI funds 8.40%. This would mean more efficient management of SRI funds by funds domiciled in Spain.

On the side of the analysis of the ASG criteria, we conclude that SRI funds domiciled in Spain, unlike foreign SRI funds that present a greater application in their investment portfolios, have a greater awareness when applying these criteria in their portfolios and, above all, investment policies.

This is due to the fact that the average rate of exclusion of SRI funds domiciled in Spain is 7.38% compared to 3.57%. This means that domestic SRI funds have a higher percentage of market value of their portfolios filtered by exclusions in their investment portfolios than foreign SRI funds. Understanding that greater exclusion is greater integration and commitment to achieving socially responsible investment.

With regard to the sustainable impact generated, national SRI funds are presented with an average rate of 4.31% compared to an average rate of 2.28% for foreign SRI funds. This means that SRI funds domiciled in Spain have a higher rate of sustainable impact for each component of the investment portfolio in goods and services.

The carbon footprint of both samples is where the difference is greatest and in this case, foreign SRI funds collect a lower rate of CO^2 unlike national SRI funds. While foreign SRI funds have an average rate of 98.33 tons of CO^2 / euro, the national SRI funds present an average rate of 168.22 tons of CO^2 / euros. This would mean that national SRI funds have a higher rate of pollution in their investment portfolios than foreign SRI funds which would become almost half of the polluters.

Finally, collecting the most outstanding funds of each sample, on the side of the sample of national SRI funds, the most profitable at the close of 2019 is the EDM Group fund, with almost 30%, and on the side of applying ASG criteria, it is the Caja Ingenieros Bolsa Euro fund, since it presents the best average values of the entire sample of national SRI funds. On the other hand, in the sample of foreign SRI funds at the end of 2019, the most profitable fund is Alliance Berstain, with 30.93%, and on the side of applying GSA criteria, it is the Theam Quant Dispersion fund, since it presents the best average values of the entire sample of foreign SRI funds.

It has been observed that SRI funds in general have a clear implementation and strategies regarding the ASG criteria in their investment policy. Some funds clearly strive to have a more sustainable role in their investment portfolio, while other funds use it as a service or family of products that can be found in their catalogue. Despite this last detail, it has been observed, according to data from Spainsif, that there is an increase in the implementation of different SRI strategies towards a greater volume of business in the financial markets.

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