Grado en Finanzas y Contabilidad

What do sustainable investment funds in Spain invest in?

Study on Sustainable Investment

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Index

Abstract:

In recent years, the current economic and financial system has experienced an increase in concern for sustainability, seeking to achieve different objectives, not only related to economic profitability but also to social profitability. As a result, a new type of investment has emerged, based on social responsibility, in which sustainable investment funds stand out.

In this context, the aim of this study is to analyze this type of fund, studying its evolution, its main characteristics, and the analysis of its portfolio, both by sector and by investment policy. For that, we have selected a sample of SRI funds commercialized in our country and we have focused on analyzing mainly the investment policies followed by each fund and which sectors they focus on and why.

1.Introduction

In the current economic and financial system we have seen an increase in concern for sustainability, seeking to achieve objectives which are not only related to economic profitability. In recent years, a large number of initiatives related to ESG (Environmental, Social and Governmental) criteria have been born, which aim to combat the problems that cause these imbalances. This demonstrates the growing need for sustainable development, for progress that does not endanger economic stability and future generations.

This need has a global scale, which has meant that latent concerns for sustainable development have led to measures that affect the financial sector. This is how Socially Responsible Investment (hereinafter SRI) was born.

SRI is defined as a “form of conscious investment by investors who positively value the most responsible and sustainable companies and encourage, from the financial market, that companies adopt social and environmental responsibility policies and strategies" (Balaguer and Albareda, 2006). This investment style takes into account environmental, social and good corporate governance criteria. Its main objective is to contribute to sustainable development; in other words: satisfying people's current needs without compromising the ability of future generations to satisfy theirs.

SRI has become a useful tool to create long-term value, and more and more companies are adapting to become socially responsible companies or trying to find and environment stakeholders more related to these objectives.

This type of investment was born in the United States at the beginning of the 20th century, due to the demand by religious entities that sought to be able to exclude some unethical industries, such as alcohol and tobacco, since according to their ideals, they damaged the moral fabric of society (Cuesta and Ballesteros, 2001). As it was considered a sin to obtain benefits from these sources, the first imposition of exclusive social criteria was carried out in making financial decisions.

Decades later, in the 1960s, this type of investment was fully developed: a series of events such as the Vietnam War, protests for justice and racial equality, environmental disasters and the negligence of the most polluting companies led to the investors to worry about social responsibility, starting to take this need into consideration. In 1965 the first ever ethical investment fund was created, founded by a Swedish church.

However, we are talking about a time when environmental concern was practically non-existent. No media or state body considered this phenomenon worrisome.

Later, it arrived in Europe in the 70s, and has evolved to make the continent the most developed in terms of offering this type of financial products.

It is also worth mentioning the position of emerging countries, whose importance in the sustainable financial world is gradually increasing, although they present a series of disadvantages compared to the more industrialized countries, such as greater political instability and lack of technological progress. Starting in the 1980s, environmental issues began to gain more weight, due to the attention that some environmental disasters such as Bhopal or Exxon Valdez received. Awareness of the threat of climate change increased.

However, the boom of sustainability was in 2008, when the financial crisis demonstrated the interdependence that existed between companies, economies and financial markets, since this meant that their instability can affect the public good.

From this moment on, awareness of sustainable economies increased, and the role of investors in guiding the evolution that industries can take in this regard in the long term.

Governments tightened regulations, and due to pressure from citizens, the involvement of industries in society and in obligations to interest groups was reinforced.
At this time, SRI is experiencing a great expansion. It has become a point of great interest for investors, both institutional and individual. Most sustainable financial tools are linked to equities, in part because this offers companies long-term added value: differentiation, long-term stability, good corporate image ...

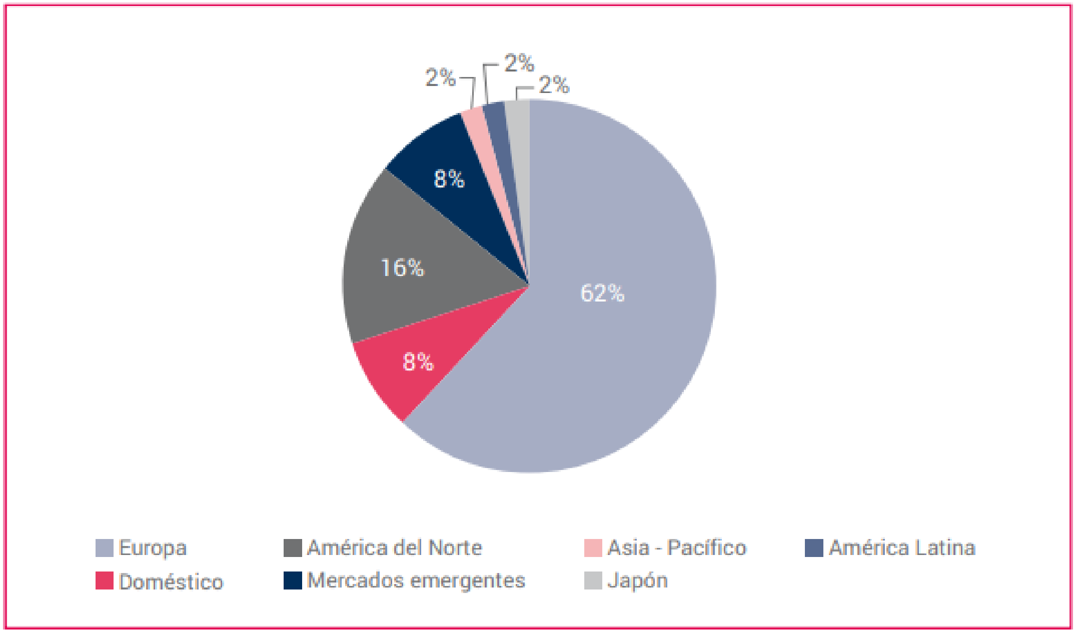
Due to the growth of this type of investment, it is interesting to learn about its evolution and operation, in order to be able to develop some type of conclusion. In this work, the objective is to delve into the most profitable sustainable investment funds (SRI funds) that can be accessed in Spain, in order to clear up some doubts about their investment methodology.

2. SRI evolution and development

2.1 SRI evolution

In this paper's section, we are going to analyze part of the evolution and development of SRI, focusing on the current situation, since we are at the peak so far in terms of this type of investment. Two key factors in order to understand the evolution of SRI are the growth of the capital invested in sustainable proceeds and the distribution of this capital, therefore, these aspects will be the key of our methodological analysis.

As mentioned before, Europe is one of the most developed continents in the field of SRI, and this can be seen reflected in *Graph 1*, which represents the volume of sustainable assets in each geographical area in percentages in relation to the total:

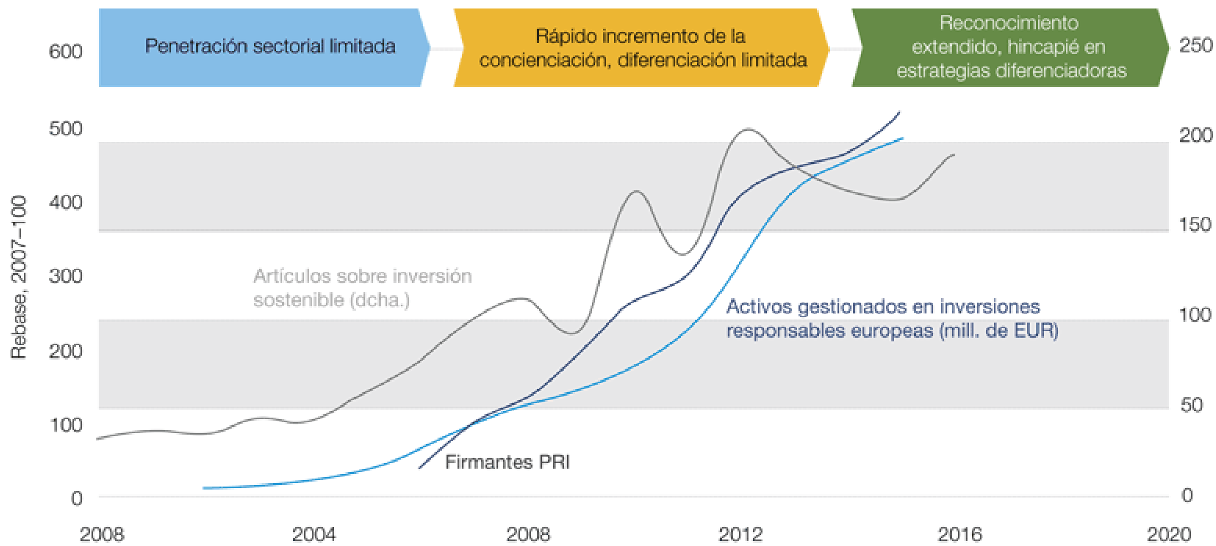


Graph 1: Geographical distribution of sustainable assets. Source: Global Sustainable Investment Alliance Review (Spainsif, 2020)

Looking at the graph, we can see the importance of European assets (62%), followed by North America (16%). Apart from the current volume of these assets, the growth of each geographical area must also be taken into account, the most significant being the growth of SRI in emerging markets (7% per year) and in Europe (5% per year) according to the report. previously mentioned.

SRI is a global trend which affects most of the countries with the most active equity markets. Their level of development differs substantially in each one of them since the nature of the incentives and obstacles they face to generalize varies in each country depending on historical, cultural, socioeconomic and regulatory factors (Ramos, 2006).

The SRI growth can be appreciated in *Graph 2*, which shows the evolution of three important factors: the information coverage of sustainable investment *(gray line)*, the growth of assets subject to responsible investment *(blue line)* and the number of signatories of the Principles for Responsible Investment (PRI) *(black line)*, which have the support of the United Nations:



Graph 2: Relationship between articles on sustainable investment and sustainable assets. Source: EuroSIF (2020)

Observing this graphic, a stable growth can be appreciated on the assets managed in responsible investments, and how it has accelerated since the 2008 “boom”.

It is important to understand the correlation that exists between the three factors, since a greater volume of media and possibilities for sustainable investment make the volume of these grow: this is due to the fact that with more information and possibilities, the demand for said assets increases, and therefore increasing the volume of these.

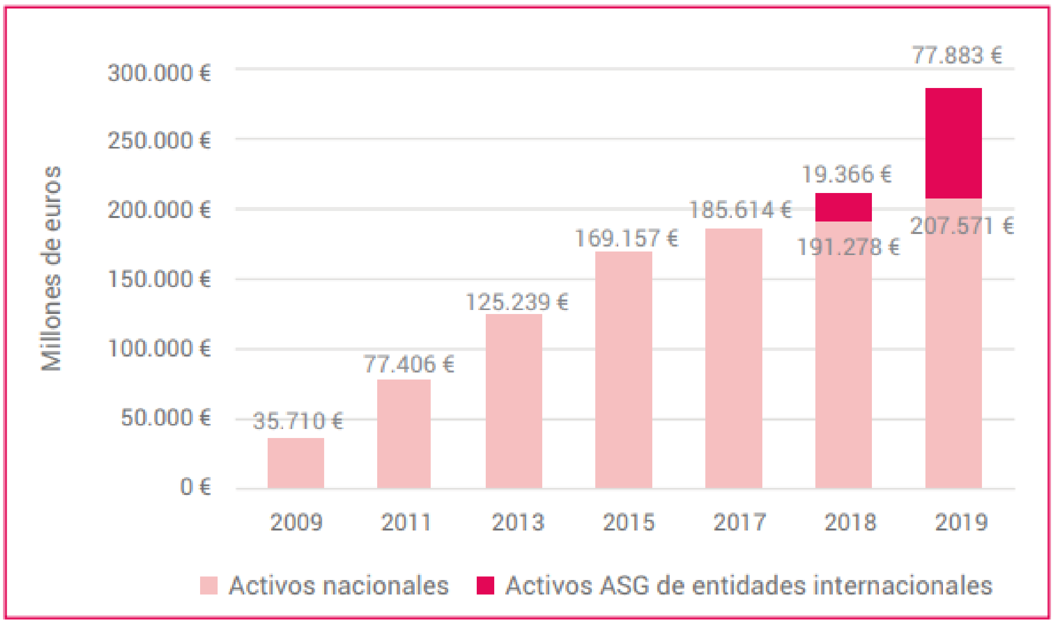
2.2 SRI in Spain

SRI arrived in Spain at the end of the nineties, due to the echo it had in the rest of Europe, and which led a series of minority groups to generate initiatives regarding this trend. The first SRI fund to be domiciled in Spain appeared in 1997, and had an investment policy oriented towards the principles of Catholicism. Even so, it was not until 1999 when the criteria that the funds had to meet in order to be classified as ethical began to be defined.

One of the factors that has determined the late development of SRI in Spain is the lack of demand for this type of funds, partly due to the misinformation that existed to date, which has been reduced over time, due to the growth of the weight of ethics in collective investment.

However, currently, in Spain, SRI is growing exponentially. This is partly due to the performance of the political media at national and European level, the role of the managing entities, and also due to the growing social demand mentioned above. According to a study by Spainsif (2020), there has been a 6.6% increase in ESG assets compared to last year, reaching 76% of the national total and 43% of the international marketed in Spain.

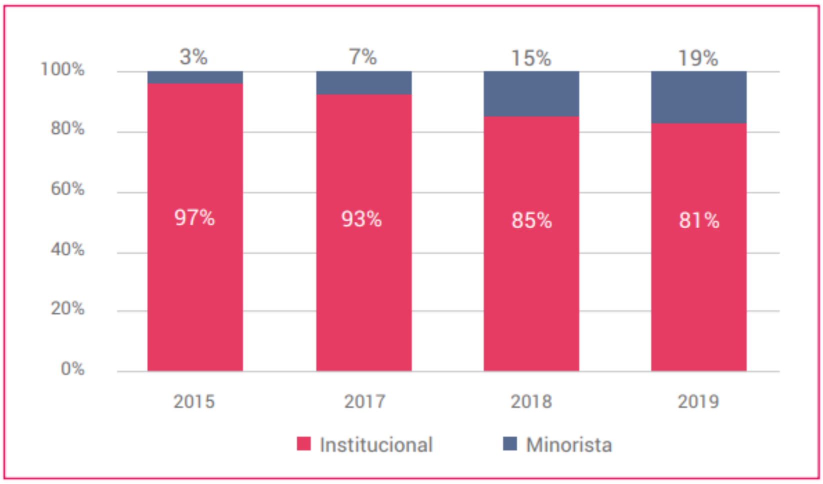
Graph 11 shows the volume of national and international assets with SRI income at the end of 2019:



Graph 11: Evolution of assets managed with ESG criteria in Spain. Source: Global Sustainable Investment Alliance Review,(2020)

Within this growth, we can see that the sustainable retail investor has gone from being 3% of the total to 19% in 4 years. This means that there are more and more products with SRI criteria available to everyone and that retail investors are also betting on this type of investment.

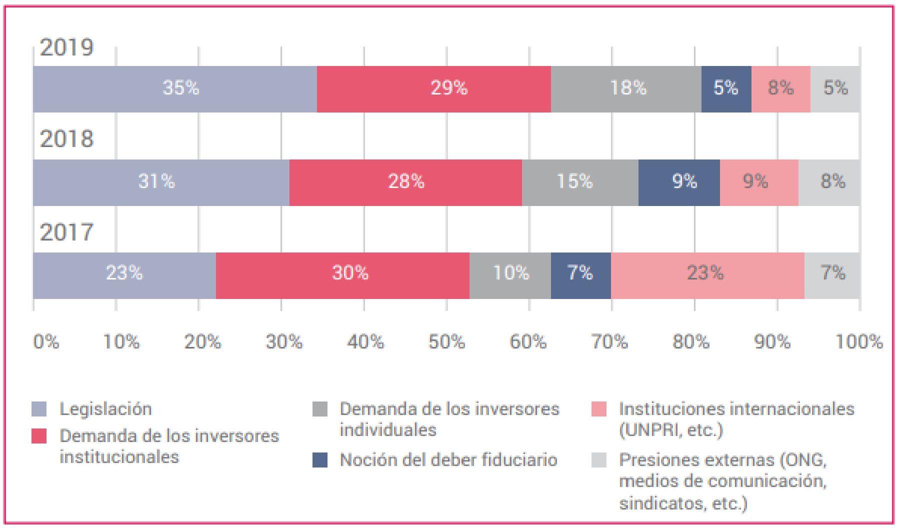
Graph 12 shows the evolution in the importance of the retail and institutional investor in terms of sustainable investment in Spain:



Graph 12: .Evolution of the distribution by type of investor. Source: Spainsif (2020)

There is a pronounced growth in the role of retail investors, who are influenced by a series of factors that affect sustainable investment.

In Graph 13 we can see the most important of which their influence on SRI has been estimated in recent years in Spain:

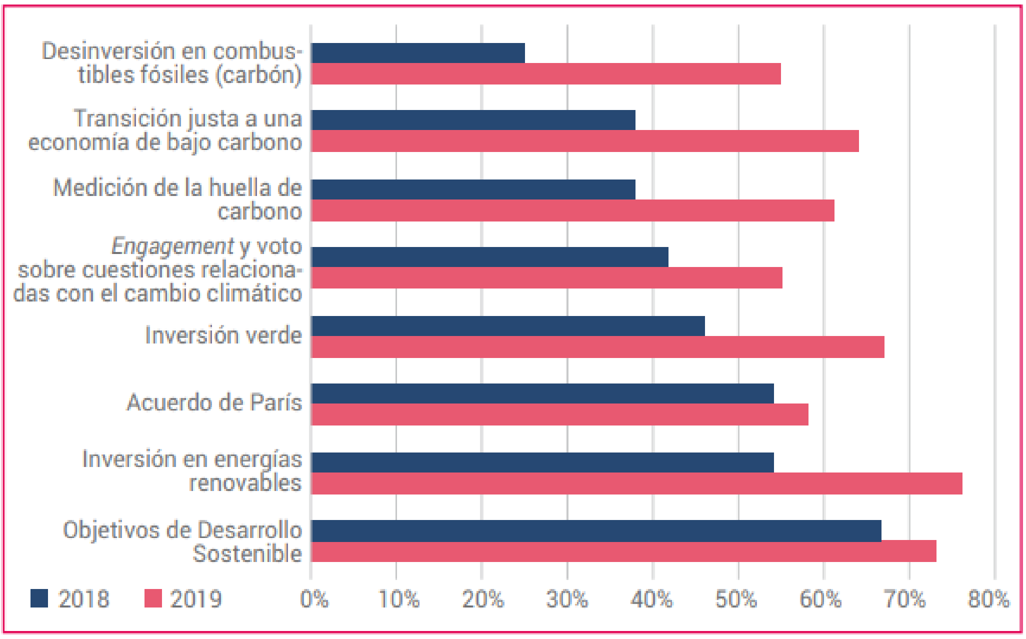


Graph 13: Evolution of key factors of SRI market development. Source: Spainsif (2020)

These factors have influenced the behavior of companies when making decisions, orienting themselves towards a circular economy. We can observe that in Spain the impact of legislation has had a greater growth, together with the demand of private investors, together with the loss of importance that the effect of international institutions has experienced. In 2019, the key factors guiding investors towards SRI in Spain are: legislation (35%), demand from institutional investors (29%) and demand from individual investors (18%).

Another matter of interest is to know where this increase in the behavior of investors has been channeled, since within sustainability several objectives can be pursued.

In Graph 14 we can see which are most pursued objectives when investing responsibly:



Graph 14: Percentage of entities surveyed with defined strategies in terms of sustainable development and climate change Source: Global Sustainable Investment Alliance Review (Spainsif, 2020)

There is an increase in the percentage of entities with sustainability policies aimed at meeting any objective. The growth of disinvestment in fossil fuels and a low-economy in carbon are noteworthy, but policies related to the Paris Agreement or the Sustainable Development Goals (SDGs) are also increasing.

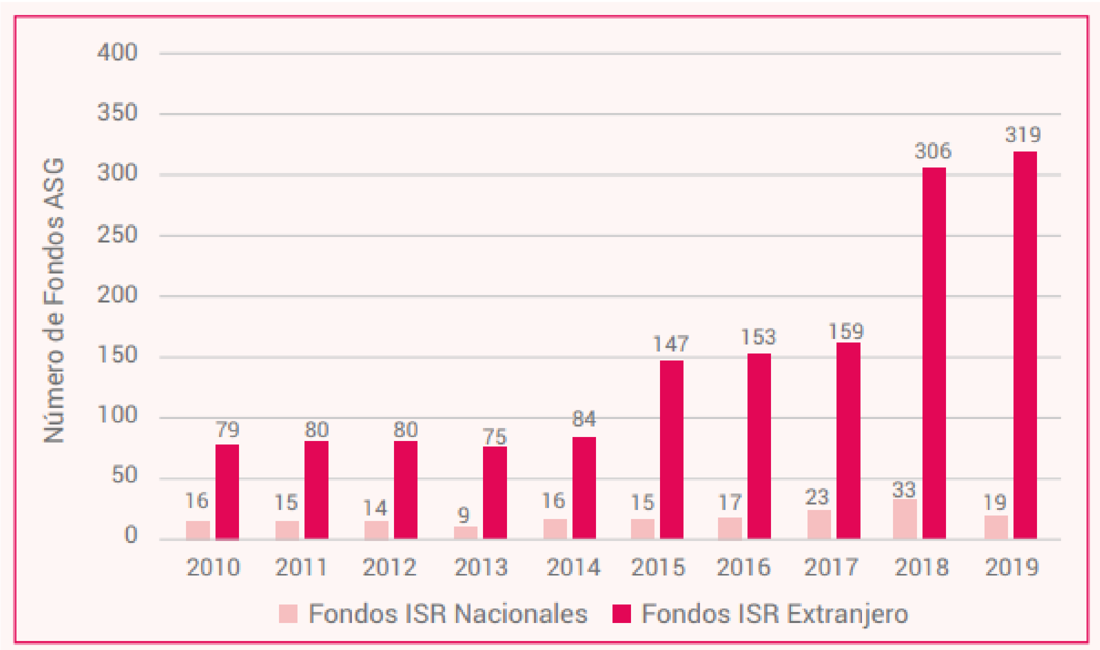
This is also partially due to the effect of investing in these types of objectives, with respect to the expectations of economic evolution disturbed by Covid-19, which allows optimism regarding the economic recovery of ethical investments.

Current situation of SRI funds in Spain:

As we have seen before, there are more and more sustainable assets in which we can invest. Regarding SRI funds, it is important to know the supply of funds with this denomination that can be accessed, both national and foreign.

The higher the supply of these, the more likely investors will decide to invest in them.

In Graph 15 we can see the number of SRI funds registered in the Spainsif platform, the largest provider of information regarding this type of assets:



Graph 15: Evolution of the number of national and international funds on the platform Spainsif. Source: Global Sustainable Investment Alliance Review (Spainsif, 2020)

In this graph you can see the reaction that the fund market has had with respect to consumer demands, offering more and more of these types of resources. It is also possible to observe a slight decrease in national SRI funds compared to foreign ones.

3. SRI funds

3.1. What are SRI funds

As can be deduced from the previous headings, SRI investment funds are collective investment institutions, in which the assets that make up their portfolio are chosen based on environmental, social and corporate governance (ESG) criteria.

According to Antonio Argandoña (2014), "ethical funds fulfill an important function: they are the response of the supply (financial institutions) to the demand (private investors) of investment instruments that allow the exercise of this responsibility"
For these types of assets, incorporating these criteria is a sensible and rational way to generate a better profitability-risk profile and thus meet possible future customer demands. In this way, it is also possible to channel the money of savers to turn them into an active subject in sustainable development.

As we have already advanced in previous sections, several criteria can be used to form the portfolio of an SRI fund:

- Exclusion criteria: to choose the assets of the company. Sectors that do not match social responsibility, such as tobacco, or that have a poor rating within the ESG criteria are usually excluded.
- Inclusion criteria: for companies or governments with proactive policies on social responsibility.
- Thematic: a series of assets related to a certain criterion can form part of a fund; like water or climate change.
- Another exclusion criterion is not complying with the principles of the United Nations Global Compact: signed by more than 13,000 entities and 170 countries, committed to promoting a sustainable and responsible private sector.

Within the portfolios of SRI funds, there are usually those companies or governments that have the best environmental, social and corporate governance scores. For example, those that apply emission reduction policies.

All SRI funds seek to obtain profitability in the medium and long term, something that combines very well with the advantages offered by investing in this way for a company or government: “a company with solid corporate governance is a well-managed company; and this reduces the risk in the medium and long term. " These companies manage to minimize their regulatory, litigation and reputational risks, making their decisions more complete.

According to INVERCO (1999), funds that are considered ethical, supportive and ecological will have to state in their informative catalog the rules that must be met in their investments as well as their ideology. To ensure compliance with the standards, there is an Ethics Commission that is made up of independent individuals. Investment or divestment decisions will be set by the Management Company. All Collective Investment Institutions (IIC) that invest in securities that are included in ethical indices will not require an Ethics Commission. Both in the informative catalog, the quarterly report and in the advertising messages, all this information must appear (Economists without borders, 2011, p.28).

3.2. Sustainable investment strategies

In order to analyze SRI funds, it is very important to know the main sustainable investment strategies that exist, with the objective of recognizing them within the investment policy of each fund and observing the main relationships that exist between them.

These strategies allow the analysis of variables that are not considered in a strictly financial analysis, and can become decisive when making an investment decision, taking into account that they can affect long-term performance.

Thus, the most important strategies that SRI funds use to choose which companies have to invest are detailed, seeking to integrate sustainability as a key factor.

1. **Exclusion:**
   It consists of identifying among the companies in which you want to invest those that do not meet the ESG criteria or are contrary to investment policies. It is one of the oldest and most widely used SRI strategies today, and is characterized by its low complexity, which makes its applicability easier.
   This strategy reduces the universe of investment, the most common being to exclude companies related to weapons, tobacco and animal tests, among others. The exclusion criteria are not limited only to listed companies, but can also be extended to governments and international organizations to decide whether or not to invest in public debt.

In the Graph 3 a diagram of the operation of this investment strategy can be seen:

Graph 3: Exclusion. Source: Spainsif (2018)

2. **ESG Integration:** It consists of the "explicit and systematic integration, by the managers, of the SRI factors in the financial analysis" (GSIA, 2018, p. 7).
   This integration requires in a special way the identification of the materiality elements within the SRI scope for each of the sectors of the companies in which the fund wants to invest, in addition to the analysis of the potential impact on the performance of each company.
   It is the second most used strategy today, behind exclusion.
   This strategy requires specialized knowledge of the sectors and companies to be analyzed, also taking into account the most important sustainability criteria within these.
   In graph 4 we can see a diagram of the operation of this investment strategy:

Graph 4: ESG Integration. Souurce: Spainsif (2018)

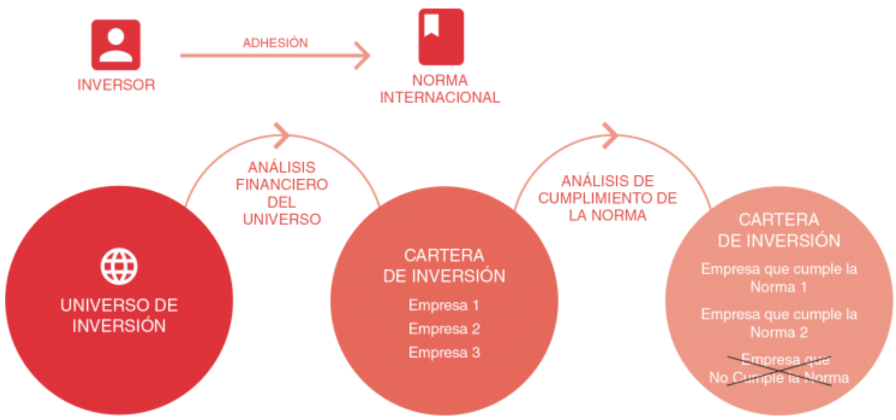
3. **Shareholder activism or "voting":** consists of the exercise of political rights by investors in the companies in which they invest through different mechanisms and forms of dialogue. The main means is to exercise this right through the shareholders' meeting, in order to help choose a certain SRI strategy. It is an increasingly common strategy, as more and more companies are concerned about these types of aspects.
   It can also be carried out through "engagement" or active dialogue between shareholders and company managers.

   In graph 5 we can see a diagram of the operation of this investment strategy:

Graph 5: Shareholder activism. Source: Spainsif (2018)

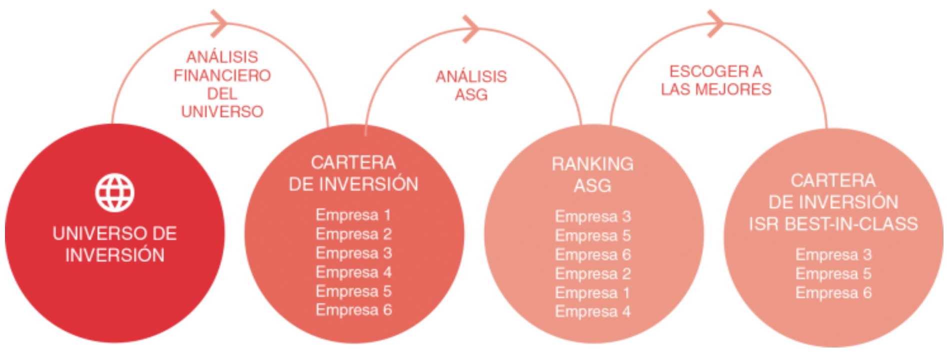
4. **Screening based on rules:** It is an elaborate version of the exclusion strategy, which also requires compliance with a series of regulations and agreements on this type of matter, such as compliance with international standards. It is not only intended that companies do not directly violate a series of basic principles, but also that they comply with a series of international norms and agreements, with the intention of aligning the investment portfolio with the route of the most important international organizations. "The flexibility that this system allows is very adequate, especially if the variety of social concerns is taken into account (Fernández Sánchez, J.L., 2001)

   In graph 6 we can see a diagram of the operation of this investment strategy:



Graph 6: Screening based on rules. Source: Spainsif (2018)

5. ***Best-in-class:*** Instead of excluding those companies whose activity has a negative impact on any of the dimensions considered in the ESG criteria, this strategy consists of selecting the companies with the best performance in the SRI field within the different sectors and markets.
   This entails seeking a positive approach when selecting the best options when investing.
   To carry out this strategy, it is necessary to analyze the field of companies in a more complex way, taking into account all the issues that may be related to ESG criteria within each sector.
   In graph 7 we can see a diagram of the operation of this investment strategy:



Graph 7: Best-in-class. Source: Spainsif (2018)

6. **Thematic investments**: They consist of investing in assets that take advantage of the best opportunities in the main trends in ESG, related to long-term sustainability, that drive value in all industries. Thematic investments contribute to face the different current social and/or environmental challenges, by investing in companies aligned with sustainable development. The most common way to apply this strategy is by investing in equity funds specialized in a specific sector or area.

   According to GSIA (2018), this strategy is the one that has experienced the highest growth since 2016, 269%, although in absolute terms it encompasses only 1 trillion dollars in assets under management.

   In graph 8 we can see a diagram of the operation of this investment strategy:

Graph 8: Thematic investments. Source: Spainsif (2018)

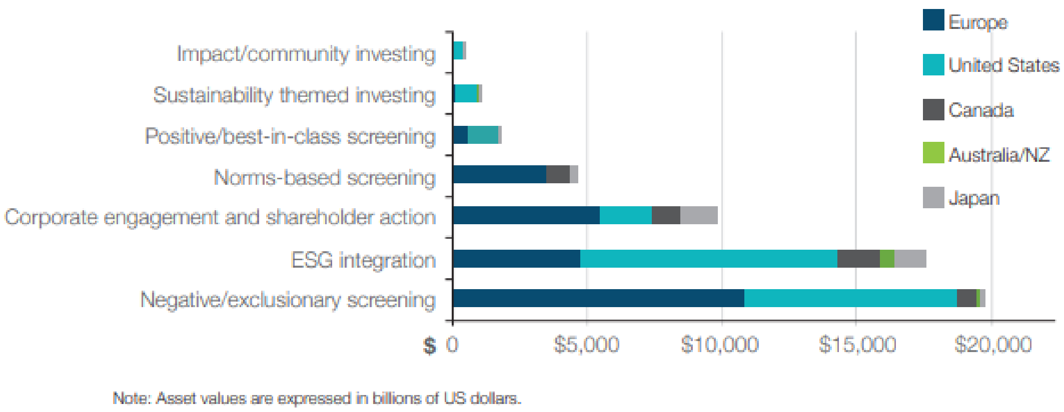
7. **Impact investing:** seeks to obtain financial performance while trying to create a positive social impact, seeking to generate measurable results.
   It is the most innovative strategy, and adopts a different approach from the rest of the strategies, by combining the two objectives mentioned before, and has a wider number of investment vehicles, such as loans, direct participation in the capital of companies or hybrid products. This strategy has also experienced great growth since 2016, 79%, but the volume of assets still does not reach half a trillion dollars, being the least used SRI strategy (GSIA, 2019).

   In graph 9 we can see a diagram of the operation of this investment strategy:

Graph 9: Impact investing. Source: Spainsif (2018)

From these strategies we can see which companies or funds decide to invest in a sustainable way, and how they propose this selection. According to a study by the Ethical Finance Observatory (2010), the simplest SRI funds exclude sectors while the most complex seek to identify the best companies (best-in-class).

In graph 10 we can see the amount of assets used in each type of investment, according to each geographical area:



Graph 10: Sustainable investments by strategy and region. Source: Sustainable Investing Study (GSIA, 2018).

Regarding the growth of assets by strategies measured in this study, the generalized growth of the strategies stands out, except in the case of the screening strategy based on rules, which decreased by 24%. The most notable growth is that of the ASG integration, which reached 69%. Thematic investment, impact investment and Best-in-Class also have very important growth, but they continue to have small investment volumes.

Next, Table 1 summarizes the main strategies indicated above:

Exclusion	Exclude companies in which you do not want to invest due to some requirement
ESG Integration	Use of SRI factors in financial analysis
Shareholder activism or "voting"	Exercise the right to vote to support certain policies
Screening based on rules	Exclusion of companies for non-compliance with imposed regulations
Best-in-class	Select the companies with the best SRI performance in a sector or market
Thematic investments	Investment in assets within a specific SRI subject
Impact investing	Search for social impact as well as financial performance

Table 1: Investment Strategies. Source: Own elaboration

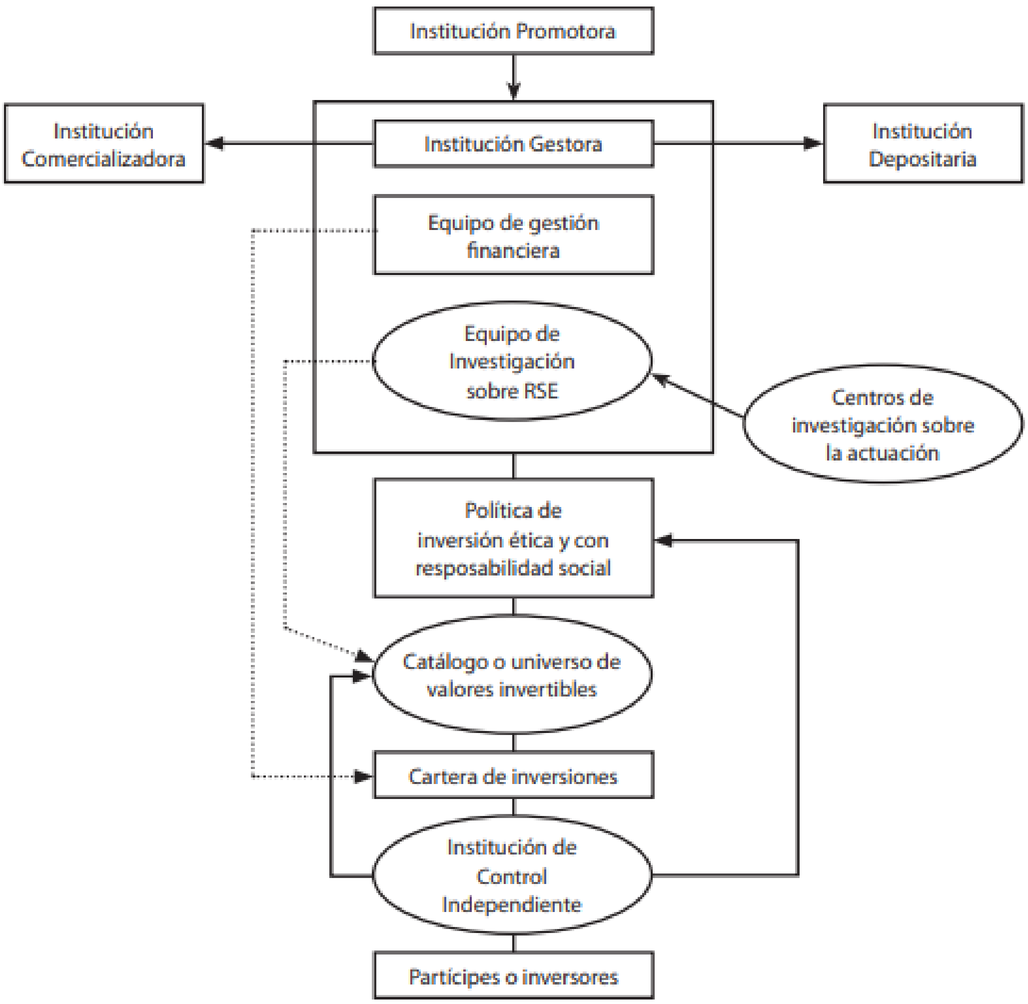
During data collection for the study, we will seek to obtain information related to these strategies from each fund analyzed, to see which ones are used by each of them and in what way.

Structure of SRI funds:

Next we are going to analyze the components of the structure of SRI funds:

Like all investment funds, SRI funds share a general scheme on their structure in which the parts that fulfill each function within it are determined.

In Graph 16 we can see the structure of an SRI fund outlined:



Graph 16: SRI funds structure. Source: Balaguer Franch, M.R., 2007, p. 17.

As can be seen, the basis of any SRI fund is its ethical investment policy (ethical ideology). Once this has been determined, the catalog or universe of invertible securities is drawn up. Then, through a financial and sustainability analysis, carried out by an ethical research team, the companies that will be part of the fund are chosen. In addition, the funds have an ethics committee (independent from the manager) that is in charge of ensuring that such SRI management is carried out correctly.

The elements that make up an SRI fund are the same as those of a normal investment fund, but the necessary mechanisms are incorporated to be able to select the securities according to the investment criteria proposed by the fund (Balaguer Franch, M.R., 2007).

4. Objectives and Methodology

Starting from the previous theoretical and conceptual framework, this work pursues the following objectives:

- Analyze the importance of these funds, evaluating their current situation, both individually and collectively, and consequently, the potential of SRI as a tool to promote sustainable development.
- Analyze a group of SRI funds managed in Spain to focus not only on their profitability, but also analyze a series of factors that may also be relevant, such as their investment policies, strategic decisions or sectors.

For this we have located a series of funds with optimal characteristics for analysis, trying to find the most profitable within a high sustainability ratio. We have chosen a sample of 10 funds of which we have studied some of their characteristics; from its economic evolution to other data that can provide us with more information at the SRI level, in order to determine how these aspects influence its profitability, and the characteristics they have in common.

To obtain the data, we have gone to Spainsif and Morningstar, from where we have extracted the necessary information to select the funds and classify them, and the documents of each fund in which we can find more information about their methodology and the characteristics that we want to analyze. Subsequently, once the necessary information was obtained, we analyzed and compared the characteristics that define the funds, delving into the analysis of the composition of the portfolio.

5. Database

5.1. Obtaining the data

To obtain information about SRI funds we have turned to Spainsif in order to use their database. Within Spainsif, for funds belonging to national management companies a record is generated every three months on their activity, and for funds belonging to international management companies an internal evaluation is carried out in which their investment policies are compared.

To complete this information we have also used two providers of financial information about funds:

- Morningstar: includes the analysis and performance of the ESG criteria of the investment portfolios of Sustainanalytics.
- VDOS: is a platform that collaborates with MSCI, a company for the inclusion of sustainability ratings and other ESG metrics in the financial information of VDOS.

Within Spainsif, we have used the Morningstar fund provider, for its ease of classifying funds. They can be filtered based on several characteristics, among which we are going to choose a high degree of sustainability in its rating, and a high profitability in 5 years, a period in which conclusive data can already be obtained to compare, and does not neglect to funds whose creation is less than ten years (the next benchmark), as many are newly created.

These sustainability ratings (Fernández Izquierdo, 2005) offer a triple function: they offer a quick view of the average profitability obtained by the market, they serve as a benchmark for investment funds with a social philosophy and allow the construction of portfolios that follow the composition of an index ethical when making known to investors the companies that are part of it, and that therefore have passed the filter of social responsibility of the rating agencies that prepare and manage them.

Once we have found information about the funds to choose which ones we are going to analyze, we have completed our information in "Vdos", where different documents and reports offered by the managers in reference to their funds are collected, and where several of their characteristics are indicated, such as, for example, the criteria for selecting companies.

Thus, the most profitable 5-year funds, with a high sustainability ratio as of 11/06/2021 are the following ones:

- DPAM INVEST B - Equities World Sustainable B Cap
- Pictet-China Equities I EUR
- Nordea 1 - Global Climate and Environment Fund BI USD
- Robeco MegaTrends D EUR
- Amundi Funds - Pioneer US Equity Fundamental Growth I2 EUR C
- Global Sustainable Equity - I Cap EUR
- Ibercaja Tecnológico B FI
- Pictet-Premium Brands I USD
- Nordea 1 - Emerging Stars Equity Fund BI USD
- Pictet - Global Environmental Opportunities I

As can be seen, practically all of the SRI funds selected for our analysis are funds domiciled and managed abroad and marketed in Spain, with the exception of the Ibercaja Tecnológico fund, which is domiciled and managed in Spain.

5.2. SRI investment funds: profitability and sectors

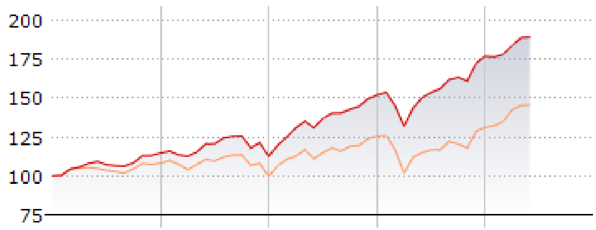
In this section we detail the main characteristics, at the profitability and sector level, of the SRI funds selected for our analysis:

1. DPAM INVEST B - Equities World Sustainable B Cap

Category: RV Global Cap. Grande Blend

This fund belongs to the manager Degroof Petercam Asset Management S.A. It was created in Belgium on 12/14/2001. Graph 16 shows several characteristics of the fund, such as its growth, the relationship between it and those in its category, and profitability to 11/06/2021:

Crecim. de 100 (EUR) **31/05/2021**



	2017	2018	2019	2020	2021
Fondo	14,71	-1,89	34,99	16,43	6,90
Categoría	8,25	-7,74	26,09	4,68	10,87

Rentab. acum. % (EUR) **11/06/2021**

	Fondo	Cat
Año	9,46	12,75
3 años anualiz.	16,43	10,25
5 años anualiz.	15,89	10,64
10 años anualiz.	12,09	10,08

Graph 16: Data about DPAM INVESTMENT B. Source: Morningstar (2021)

The Fund invests primarily (without any industry restriction of any kind) in stocks and / or other securities that provide access to capital in companies around the world selected according to environmental, social and governance (ESG) criteria.

In Graph 17 we can see the percentage of its capital that it dedicates to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Estados Unidos	49,38
Zona Euro	16,35
Europa - ex Euro	7,41
Asia - Emergente	7,25
Reino Unido	6,54

Sectores de R.V. principales

Sectores	%
Tecnología	28,72
Salud	22,70
Servicios Financieros	17,13
Consumo Cíclico	7,74
Consumo Defensivo	7,68

Graph 17: Data about DPAM INVESTMENT B. Source: Morningstar (2021)

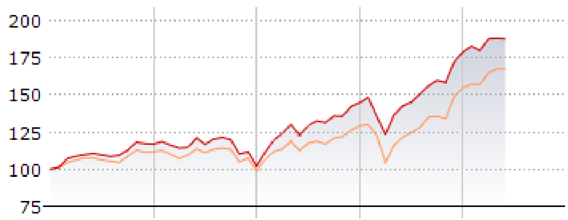
We can observe that half of its capital is distributed in the United States, making less use of assets in the EuroZone (16.35%) and Asia (7.25%). Among the sectors where more investment is made, technology (28.72%) and health (22.70%) stand out, also making use of those related to financial services, cyclical consumption and defensive consumption.

2. Pictet - Global Environmental Opportunities I

Category: RV Sector Ecología

This fund belongs to the manager Pictet Asset Management (Europe) SA. It was created in Luxembourg on 09/10/2010. Graph 18 shows several characteristics of the fund, such as its growth, the relationship between it and its category, and profitability to 11/06/2021:

Crecim. de 100 (EUR) **31/05/2021**



	2017	2018	2019	2020	2021
Fondo	16,84	-12,48	41,53	23,60	4,95
Categoría	11,25	-11,72	30,87	21,99	8,10

Rentab. acum. % (EUR) **14/06/2021**

	Fondo	Cat
Año	6,16	9,46
3 años anualiz.	15,44	14,94
5 años anualiz.	15,64	14,19
10 años anualiz.	12,71	10,75

Graph 18: Data about Pictet - Global Environmental Opportunities I. Source: Morningstar (2021)

It is intended to achieve capital growth by investing its assets in shares mainly, based on trends, such as agriculture, clean energy, wood, water ... For each of these topics a weighting is assigned on the capital to be invested.

In Graph 19 we can see the percentage of its capital that it dedicates to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Estados Unidos	56,44
Zona Euro	17,36
Europa - ex Euro	10,03
Asia - Emergente	5,94
Japón	4,94

Sectores de R.V. principales

Sectores	%
Tecnología	48,11
Industria	20,81
Salud	9,97
Consumo Cíclico	8,09
Materiales Básicos	7,07

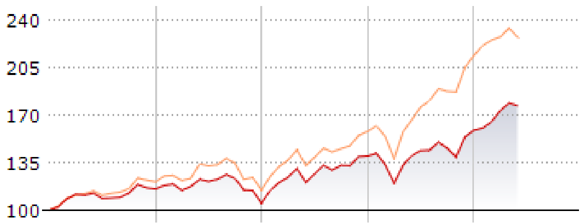
Graph 19: Data about Pictet - Global Environmental Opportunities I. Source: Morningstar (2021)

We can see an investment of 56.44% of its capital in the United States, 17.36% in the Euro Zone and 5.94% in Asia. It is also observed how it uses a large part of its capital (48.11%) in the technology sector, 20% in industry, 9.97% in health, 8.09% in cyclical consumption and 7% in basic materials.

3. Ibercaja Tecnológico B FI

This fund belongs to the manager Ibercaja Gestión SGIIC. It was created in Spain on 09/16/2011. Graph 20 shows several characteristics of the fund, such as its growth, the relationship between it and those in its category, and profitability to 11/06/2021:

Crecim. de 100 (EUR) **31/05/2021**



	2017	2018	2019	2020	2021
Fondo	15,62	-9,02	32,89	13,54	11,42
Categoría	20,49	-4,42	37,82	36,03	6,40

Rentab. acum. % (EUR) **14/06/2021**

	Fondo	Cat
Año	16,03	9,77
3 años anualiz.	12,85	21,01
5 años anualiz.	16,42	24,10
10 años anualiz.	-	-

Graph 20: Data about Ibercaja Tecnológico B FI. Source: Morningstar (2021)

This manager invests based on indices:

- 35% in “MSCI World Information Technology”.
- 20% in “MSCI Europe Information Technology”.
- 40% in “MSCI World Telecommunication Index”.
- 5% in Zones “Euro Exposure”.

In Graph 21 we can see the percentage of its capital that it dedicates to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Estados Unidos	81,74
Zona Euro	12,70
Asia - Emergente	3,41
Japón	0,85
Oriente Medio	0,82

Sectores de R.V. principales

Sectores	%
Tecnología	66,04
Servicios de Comunicación	27,79
Consumo Cíclico	3,32
Servicios Financieros	2,85

Graph 21: Data about Ibercaja Tecnológico B FI. Source: Morningstar (2021)

It invests 81.74% of its capital in the United States, 12.7% in the Euro zone and 3.41% in Emerging Asia. It can be seen how the current composition of its portfolio is based on 66.04% in technology, 27.79% in communication, 3.32% in cyclical consumption and 2.85% in financial services.

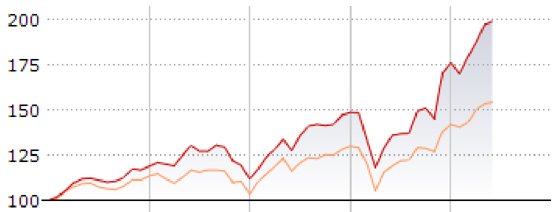
In addition, we find information about the sectors in which it invests:

- 10% (maximum) in “EuroZone Exposure”.
- 75% in equities of shares belonging to the information and telecommunications sectors.
- The rest to the media and advertising.

4. Pictet-Premium Brands I USD

This fund belongs to the manager Pictet Asset Management (Europe) SA. It was created in Luxembourg on 01/23/2007. Graph 22 shows several characteristics of the fund, such as its growth, the relationship between it and those in its category, and profitability to 11/06/2021:

Crecim. de 100 (EUR) **31/05/2021**



	2017	2018	2019	2020	2021
Fondo	18,70	-5,95	33,02	18,67	12,87
Categoría	11,90	-8,90	26,37	8,66	9,08

Rentab. acum. % (EUR) **14/06/2021**

	Fondo	Cat
Año	14,33	11,29
3 años anualiz.	14,70	9,98
5 años anualiz.	16,73	10,77
10 años anualiz.	11,29	11,64

Graph 22: Data about Pictet-Premium Brands I . Source: Morningstar (2021)

This fund bases its investment strategy on the purchase of shares in the upper and middle-upper segments of the world, which benefit from strong brand recognition, and which offer high-quality products or services.

It has its own advisory committee founded with the aim of identifying companies with high potential.

In Graph 23 we can see the percentage of its capital that it dedicates to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Estados Unidos	42,39
Zona Euro	38,73
Reino Unido	7,47
Europa - ex Euro	6,57
Japón	2,50

Sectores de R.V. principales

Sectores	%
Consumo Cíclico	56,30
Consumo Defensivo	25,33
Servicios Financieros	8,50
Tecnología	6,02
Salud	3,85

Graph 23: Data about Pictet-Premium Brands I . Source: Morningstar (2021)

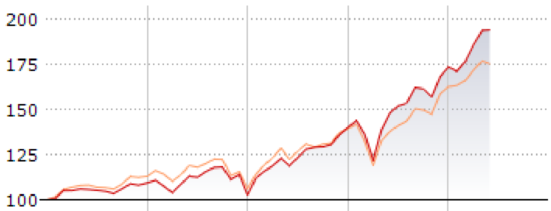
As can be seen, it invests 42.39% of its capital in the United States, 38.73% in the Euro Zone and 7.47% in the United Kingdom. Its investment is distributed in several sectors: 56% in cyclical consumption, 25.33% in defensive consumption, 8.5% in financial services, 6.02% in technology and 3.85% in health.

5. NN (L) Global Sustainable Equity - I Cap EUR

Category: RV Global Cap. Grande Growth

This fund belongs to the manager NN Investment Partners B. It was created in Luxembourg on 7/7/2004. Graph 24 shows several characteristics of the fund, such as its growth, the relationship between it and those in its category, and profitability to 11/06/2021:

Crecim. de 100 (EUR) 31/05/2021



	2017	2018	2019	2020	2021
Fondo	9,24	-6,27	36,74	23,89	11,76
Categoría	12,53	-5,80	31,60	17,10	7,70

Rentab. acum. % (EUR) 14/06/2021

	Fondo	Cat
Año	14,11	10,38
3 años anualiz.	19,26	14,78
5 años anualiz.	17,00	14,60
10 años anualiz.	13,92	12,51

Graph 24: Data about NN (L) Global Sustainable Equity - I Cap. Source: Morningstar (2021)

This fund tries to increase its capital by investing in portfolios of companies that incorporate good financial results, but also with an ethical and environmentally friendly strategy.

In Graph 25 we can see the percentage of its capital that it dedicates to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Estados Unidos	66,06
Europa - ex Euro	16,38
Zona Euro	9,72
Reino Unido	4,71
Japón	2,30

Sectores de R.V. principales

Sectores	%
Servicios Financieros	19,29
Tecnología	18,46
Salud	15,32
Consumo Cíclico	11,79
Servicios de Comunicación	10,50

Graph 25: Data about NN (L) Global Sustainable Equity - I Cap. Source: Morningstar (2021)

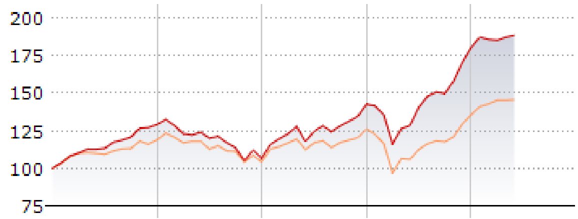
It invests 66.06% of its capital in the United States, 16.38% in the former Euro Zone and 9.72% in the Euro Zone. Regarding the distribution by sectors, it invests 19.29% in financial services, 18.46% in technology, 15.32% in health, 11.79% in cyclical consumption and 10.5% in communication.

6. Nordea 1 - Emerging Stars Equity Fund BI USD

Category: RV Global Emergente

This fund belongs to the manager Nordea Investment Funds SA. It was created in Luxembourg on 04/15/2011. Graph 26 shows several characteristics of the fund, such as its growth, the relationship between it and those in its category, and profitability to 11/06/2021:

Crecim. de 100 (EUR) **31/05/2021**



	2017	2018	2019	2020	2021
Fondo	29,12	-17,32	33,54	26,49	4,56
Categoría	18,78	-12,25	21,04	7,97	7,25

Rentab. acum. % (EUR) **11/06/2021**

	Fondo	Cat
Año	5,74	9,40
3 años anualiz.	15,37	8,52
5 años anualiz.	16,60	11,53
10 años anualiz.	10,53	6,10

Graph 26: Data about Nordea 1 - Emerging Stars Equity Fund BI. Source: Morningstar (2021)

This fund has long-term growth intentions, guiding its investments by the conviction that emerging markets that meet international ESG criteria have good growth prospects and that these types of companies generate excess profits.

In Graph 27 we can see the percentage of its capital that it dedicates to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Asia - Emergente	45,65
Asia - Desarrollada	28,07
Iberoamérica	11,85
Europa emergente	8,60
Zona Euro	2,80

Sectores de R.V. principales

Sectores	%
Tecnología	27,09
Servicios Financieros	25,99
Consumo Cíclico	18,31
Servicios de Comunicación	13,59
Consumo Defensivo	6,78

Graph 27: Data about Nordea 1 - Emerging Stars Equity Fund BI. Source: Morningstar (2021)

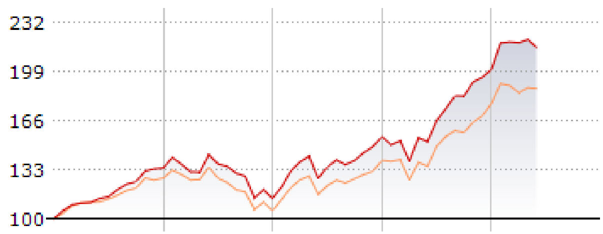
To fulfill its convictions, it intends to invest a minimum of two-thirds in emerging countries. As a consequence, we can appreciate the significance of these countries in their capital management, 45.65% being invested in Emerging Asia, 28.07% in Developed Asia, 11.85% in Latin America and 8.6% in Emerging Europe. Regarding the sectors, it contributes 27.09% of its capital to technology, 25.99% to financial services, 18.31% to cyclical consumption, 13.59% to communication services and a 6.78% to defensive consumption.

7. Pictet-China Equities I EUR

Category: RV Gran China

This fund belongs to the manager Pictet Asset Management (Europe) SA. It was created in Luxembourg on 06/14/2006. Graph 28 shows several characteristics of the fund, such as its growth, the relationship between it and those in its category, and profitability to 11/06/2021:

Crecim. de 100 (EUR) **31/05/2021**



	2017	2018	2019	2020	2021
Fondo	33,94	-15,17	36,50	29,04	7,36
Categoría	26,96	-17,20	32,26	28,16	5,80

Rentab. acum. % (EUR) **11/06/2021**

	Fondo	Cat
Año	6,23	4,74
3 años anualiz.	13,09	5,61
5 años anualiz.	18,61	12,59
10 años anualiz.	11,94	9,37

Graph 28: Data about Pictet-China Equities I. Source: Morningstar (2021)

This fund invests in shares of companies participating in Chinese economic growth, investing mainly in China, Taiwan and Hong Kong. It has a management team that has developed an investment process, guiding decision-making towards value stocks in the Chinese equity market. One characteristic is investing at least two-thirds of your assets in company shares. It is aimed at investors who understand the risks of this type of fund and plan to invest for a term of 5 or more years.

In Graph 29 we can see the percentage of its capital that it dedicates to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Asia - Emergente	82,57
Asia - Desarrollada	17,43
Estados Unidos	0,00
Canadá	0,00
Iberoamérica	0,00

Sectores de R.V. principales

Sectores	%
Consumo Cíclico	28,52
Servicios de Comunicación	15,74
Servicios Financieros	14,66
Consumo Defensivo	11,96
Tecnología	9,15

Graph 29: Data about Pictet-China Equities I. Source: Morningstar (2021)

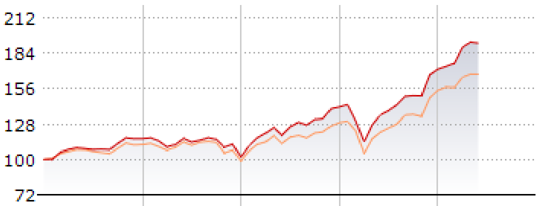
As we can observe, it has 82.57% of its assets invested in Emerging Asia and 17.43% in developed Asia. It has 28.52% of its capital invested in cyclical consumption, 17.74% in communication services, 14.66% in financial services, 11.96% in defensive consumption and 9.15% in technology.

8. Nordea 1- Global Climate and Environment Fund BI USD

Category: RV Sector Ecología

This fund belongs to the manager Nordea Investment Funds SA. It was created in Luxembourg on 06/05/2015. Graph 30 shows several characteristics of the fund, such as its growth, the relationship between it and those in its category, and profitability to 11/06/2021:

Crecim. de 100 (EUR) — **31/05/2021**



	2017	2018	2019	2020	2021
Fondo	16,31	-12,46	39,02	21,08	11,98
Categoría	11,25	-11,72	30,87	21,99	8,10

Rentab. acum. % (EUR) — **14/06/2021**

	Fondo	Cat
Año	12,83	9,46
3 años anualiz.	17,75	14,94
5 años anualiz.	18,13	14,19

Graph 30: Data about Nordea 1- Global Climate and Environment Fund BI. Source: Morningstar (2021)

This Sub-Fund uses its benchmark to be able to compare different returns. It has long-term objectives, targeting projects that meet this characteristic.

In Graph 31 we can see the percentage of its capital that is dedicated to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Estados Unidos	58,48
Zona Euro	18,11
Japón	6,90
Reino Unido	6,01
Europa - ex Euro	3,68

Sectores de R.V. principales

Sectores	%
Industria	40,59
Tecnología	27,11
Materiales Básicos	18,01
Servicios Públicos	4,31
Consumo Defensivo	3,85

Gráfico 31: Datos sobre Nordea 1- Global Climate and Environment Fund BI. Fuente: Morningstar (2021)

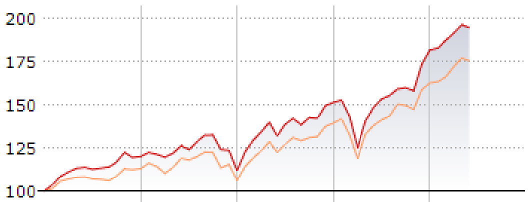
It invests 58.48% of its capital in the United States, 18.11% in the Euro Zone and 6.9% in Japan. Regarding the sectors it uses, it invests 40.59% in industry, 27.11% in technology, 18.01% in basic materials, 4.31% in public services and 3.85% in consumption defense.

9. Robeco MegaTrends D

Category: RV Global Cap. Grande Growth

This fund belongs to the manager Robeco Institutional Asset Mgmt BV. It was created in Luxembourg on 11/15/2015. Graph 32 shows several characteristics of the fund, such as its growth, the relationship between it and those in its category, and profitability to 11/06/2021:

Crecim. de 100 (EUR) **31/05/2021**



	2017	2018	2019	2020	2021
Fondo	19,98	-6,81	35,34	20,09	7,03
Categoría	12,53	-5,80	31,60	17,10	7,70

Rentab. acum. % (EUR) **14/06/2021**

	Fondo	Cat
Año	9,26	10,38
3 años anualiz.	15,38	14,78
5 años anualiz.	17,30	14,60

Graph 32: Data about Robeco MegaTrends D. Source: Morningstar (2021)

The aim of the fund is to provide long term capital growth by taking exposure of at least two-thirds of its total assets to equities of companies all over the world which benefit from growth trends in consumer spending, corporate investments and financial growth trends. The fund may hold the major part of its investments in companies domiciled in emerging countries (as defined in Emerging Countries Equity) or in companies that derive the majority of their revenues from emerging markets.

In Graph 33 we can see the percentage of its capital that it dedicates to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Estados Unidos	49,53
Zona Euro	16,75
Asia - Emergente	8,13
Asia - Desarrollada	7,09
Reino Unido	5,73

Sectores de R.V. principales

Sectores	%
Tecnología	31,75
Consumo Cíclico	16,58
Servicios Financieros	16,40
Salud	12,16
Servicios de Comunicación	9,27

Graph 33: Data about Robeco MegaTrends D. Source:: Morningstar (2021)

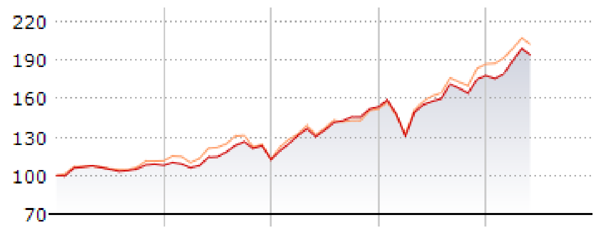
We can see that it directs 49.53% of its investment to the United States, 16.75% in the Euro Zone and 8.13% in Emerging Asia. It has 31.75% of its capital invested in technology, 16.58% in cyclical consumption, 16.40% in financial services, 12.16% in health and 9.27% in communication services.

10. Amundi Funds - Pioneer US Equity Fundamental Growth I2

Category: RV USA Cap. Grande Growth

This fund belongs to the manager Robeco Institutional Asset Mgmt BV. It was created in Luxembourg on 12/12/2008. The following graph, obtained from the Morningstar database (2021), Graph 34 shows several characteristics of the fund, such as its growth, the relationship between it and its category, and performance to 11/06/2021:

Crecim. de 100 (EUR) **31/05/2021**



	2017	2018	2019	2020	2021
Fondo	7,94	4,34	36,39	15,81	8,94
Categoría	11,48	1,22	34,77	24,15	7,97

Rentab. acum. % (EUR) **14/06/2021**

	Fondo	Cat
Año	11,02	10,93
3 años anualiz.	18,52	18,70
5 años anualiz.	16,98	18,78
10 años anualiz.	17,84	17,09

Graph 34: Data about Amundi Funds - Pioneer US Equity Fundamental Growth I2. Source: Morningstar (2021)

The objective of this sub-fund is to revalue in the medium and long term, investing at least two thirds of the capital in a diversified portfolio of shares and capital, linked to companies with their registered office in the United States, or that have part of their activities in that territory.

In Graph 35 we can see the percentage of its capital that it dedicates to investing in the different regions and sectors to 11/06/2021:

Regiones de R.V. principales

Region	%
Estados Unidos	100,00
Canadá	0,00
Iberoamérica	0,00
Reino Unido	0,00
Zona Euro	0,00

Sectores de R.V. principales

Sectores	%
Tecnología	29,36
Consumo Cíclico	19,84
Servicios Financieros	15,73
Salud	15,49
Servicios de Comunicación	9,58

Graph 35: Data about Amundi Funds - Pioneer US Equity Fundamental Growth I2. Source: Morningstar (2021)

It invests 29.36% of its capital in technology, 19.84% in cyclical consumption, 15.73% in financial services, 15.49% in health and 9.58% in communication services.

Next, in Table 2 we present the summary data of the SRI funds that we are going to analyze, where we detail the manager to which they belong, the annual profitability (5y), the sustainability score and the constitution date of each fund to be analyzed:

SRI investment fund	Manager	Annual profitability (5y) (11/06/2021)	Sustainability score annual average	Constitution date
DPAM INVEST B	Degroof Petercam Asset Management S.A.	15,82%	18,2	14/12/2001
Pictet Global Environmental	Pictet Asset Management (Europe) SA	14,95%	18,76	10/09/2010
Ibercaja Tecnologico	Ibercaja Gestión SGIIC	16,73%	17,99	16/09/2011
Pictet premium brands	Pictet Asset Management (Europe) SA	15,79%	17,83	23/01/2007
NN Global Sustain	NN Investment Partners BV	16,18%	19,19	07/07/2000
Amundi Funds	Amundi Luxembourg S.A.	16,49%	19,3	15/04/2011
Robeco MegaTrends	Robeco Institutional Asset Mgmt BV	19,07%	18,65	14/06/2006
Nordea 1 Climate	Nordea Investment Funds SA	18,88%	21,44	13/03/2008
Pictet China	Pictet Asset Management (Europe) SA	17,51%	26,8	15/11/2013
Nordea 1 Emerging	Nordea Investment Funds SA	17,77%	22,84	12/12/2008

Table 2: Quantitative data on the selected investment funds. Source: own elaboration from data obtained in Morningstar (2021).

It should be noted that the sustainability score is calculated based on a series of criteria analyzed by Morningstar that collects the sustainable performance of the fund based on three main pillars: environmental, social and governance. A qualification is obtained for each of these, and later they are added, with 0 being the minimum and 50 the maximum. The lower the rating, the better the fund's SRI performance.

5.3. SRI investment funds: investment policies

In this section we analyze in detail the main investment policies of the SRI funds selected for our analysis:

1. DPAM INVEST B - Equities World Sustainable B Cap

Category: RV Global Cap. Grande Blend

Investment policy:
It is based on exclusion, since it excludes companies that do not comply with the UN Pact on sustainability and companies involved in controversial activities (such as gambling, non-renewable energy sources ...) or involved in serious ESG controversies (that have had any such incident).

To determine which companies do not meet these requirements, both a qualitative and quantitative approach (best-in-class) is taken in order to ensure that the products and services of their companies contribute to sustainable development in proportion to their volume.

2. Pictet - Global Environmental Opportunities I

Category: RV Sector Ecología

Investment policy:
An active management process is established, through which market analysis and fundamental analysis of the companies are used in order to choose securities with favorable growth prospects, without using exclusion criteria; simply by choosing

companies from the sectors indicated in the above sustainable macro trends, making use of the ESG integration strategy.

Due to the pre-established weighing, approximately a third of its capital is invested in water, a third in clean energy, 20% for wood, and 10% for agriculture, so the use of the thematic investment strategy is appreciated.

3. Ibercaja Tecnológico B FI

Investment policy:
It has an investment policy based on thematic investment, specializing in the technology and telecommunications sectors, including some sub sectors such as internet services, computer services and programs, telecommunications equipment, consumer electronics and computer hardware (semiconductors, computers).
Apply the exclusion policy to determine in which geographical areas to invest, excluding those that do not belong to Europe, the US and Japan, or are not an emerging country.

Attempts are also made to invest most of the capital in large-cap securities. The investment strategy has a high rotation of assets in the portfolio, where the duration of this will not exceed a year and a half, which may mean an increase in expenses that affects the net profitability.

4. Pictet-Premium Brands I USD

Investment policy:

As in the previously analyzed fund of the same manager, market analysis and fundamental analysis of the companies are used, in order to choose stocks with favorable growth prospects, without using exclusion criteria; simply by analyzing companies with such brand recognition and high value.

5. NN (L) Global Sustainable Equity - I Cap EUR

Categoría: RV Global Cap. Grande Growth

Investment policy:
Starting from the idea of investing in companies with sustainable policies and with a good profitability projection, the fund uses active management to find companies with sustainable models, focusing above all on the delivery of products and services, always maintaining a maximum weighting by value, relative to the reference value. The objective of minimizing the carbon footprint is also established, in relation to the market reference values.

To achieve this, fundamental analysis is used, being more restrictive with companies that have a controversial activity, such as the production of weapons, tobacco, etc ... but without restricting them. These restrictions are especially applicable for companies related to non-renewable energy sources, poaching, gambling, weapons and adult entertainment.

6. Nordea 1 - Emerging Stars Equity Fund BI USD

Category: RV Global Emergente

Investment policy:
Building on the previous idea of seeking long-term performance by relying on emerging markets, the strategy is based on managing the portfolio by selecting companies based on their ability to comply with corporate governance, social and environmental regulations on an international scale.
The fund is also subject to the manager's particular responsible investment policy.

Therefore, its policy consists of excluding companies that do not integrate an internationally responsible management of ESG criteria, and only buying shares in emerging Asian countries.

7. Pictet-China Equities I EUR

Category: RV Gran China

Investment policy:
The investment process integrates ESG factors based on proprietary and third-party research to evaluate investment risks and opportunities. The proportion of the Compartment's portfolio subject to ESG analysis is at least 90% of the net assets or number of issuers. When selecting investments, the Compartment adopts a best in class approach which seeks to invest in securities of issuers with low sustainability risks

8. Nordea 1- Global Climate and Environment Fund BI USD

Category: RV Sector Ecología

Investment policy:
The management team focuses on companies that develop environmentally and climate-friendly solutions, giving great importance to the use of renewable energy and resource efficiency, thinking that these two factors will provide long-term profitability, regardless of the location of the companies.

9. Robeco MegaTrends D

Category: RV Global Cap. Grande Growth

Investment policy:
The Sub-fund strives for economic results, while at the same time taking into account environmental, social and governance characteristics. For the assessment, areas like corporate strategy, corporate governance, transparency as well as the product and service range of a company are taken into account. Robeco excludes on the basis of controversial behaviour, controversial products (including controversial weapons, tobacco, palm oil and fossil fuel) and controversial countries. Sub-funds with an enhanced sustainability profile will apply additional exclusion criteria. A full overview of the Sub-funds and their level of exclusions as well as the most recent version of the Robeco Exclusion.
Busca empresas que cumplan con: ESG Integration, Reduced footprint y SDG Investing principalmente.

10. Amundi Funds - Pioneer US Equity Fundamental Growth I2

Investment policy:
Although the investment manager attempts to invest in ESG rated securities, not all investments in the Sub-Fund will be ESG rated and in any event such investments will not exceed 10% of the Sub-Fund's assets.

The management policy focuses more on the potential of the companies, always starting from the previous restriction.

In addition, Amundis presents an exclusion filter for ESG companies with respect to the name of the companies, excluding those that include factors contrary to sustainability in their name.

6. Results

From the data obtained in the previous sections on the sectors in which each fund invests, we can prepare a table to draw empirical conclusions:

6.1. Sectors

In Table 3 we can observe the percentage of capital allocated by each investment fund to each of the sectors observed in the analysis and the percentage of total capital to which the sum of all these corresponds to 11/06/2021:

Sectors	**Amundi Funds**	**Robeco MegaTrends**	**Nordea 1 Climate**	**Pictet China**	**Nordea 1**
Technology	29,36%	31,75%	27,11%	9,15%	27,09%
Health	15,49%	12,16%	0,00%	0,00%	0,00%
Financial services	15,73%	16,40%	0,00%	14,66%	25,99%
Cyclical consumption	19,84%	16,58%	3,85%	28,52%	18,31%
Defensive consumption	0,00%	0,00%	0,00%	11,96%	6,78%
Industry	0,00%	0,00%	40,59%	0,00%	0,00%
Basic materials	0,00%	0,00%	18,01%	0,00%	0,00%
Communication services	9,58%	9,27%	0,00%	15,74%	13,59%
Public services	0,00%	0,00%	4,31%	0,00%	0,00%
Total percentage in these sectors	90,00%	86,16%	93,87%	80,03%	91,76%

Sectors	DPAM INVEST B	Pictet Global Environmental	Ibercaja Tecnologico	Pictet premium brands	NN Global Sustain
Technology	28,72%	48,11%	66,04%	6,02%	18,29%
Health	22,70%	9,97%	0,00%	3,85%	15,32%
Financial services	17,13%	0,00%	2,85%	8,50%	19,29%
Cyclical consumption	7,74%	8,09%	3,32%	56,30%	11,79%
Defensive consumption	7,68%	0,00%	0,00%	25,33%	0,00%
Industry	0,00%	20,81%	0,00%	0,00%	0,00%
Basic materials	0,00%	7,07%	0,00%	0,00%	0,00%
Communication services	0,00%	0,00%	22,79%	0,00%	10,50%
Public services	0,00%	0,00%	0,00%	0,00%	0,00%
Total percentage in these sectors	83,97%	94,05%	95,00%	100,00%	75,19%

Table 3: Statistical table. Source: own elaboration from data obtained in Morningstar (2021)

In general, these sectors account for 89% of the total investment of the 10 funds.

Table 4 compiles several previously observed data: the number of funds operating in each analyzed sector, the average capital invested in each one, and the percentage of capital employed in each sector when invested in it are indicated:

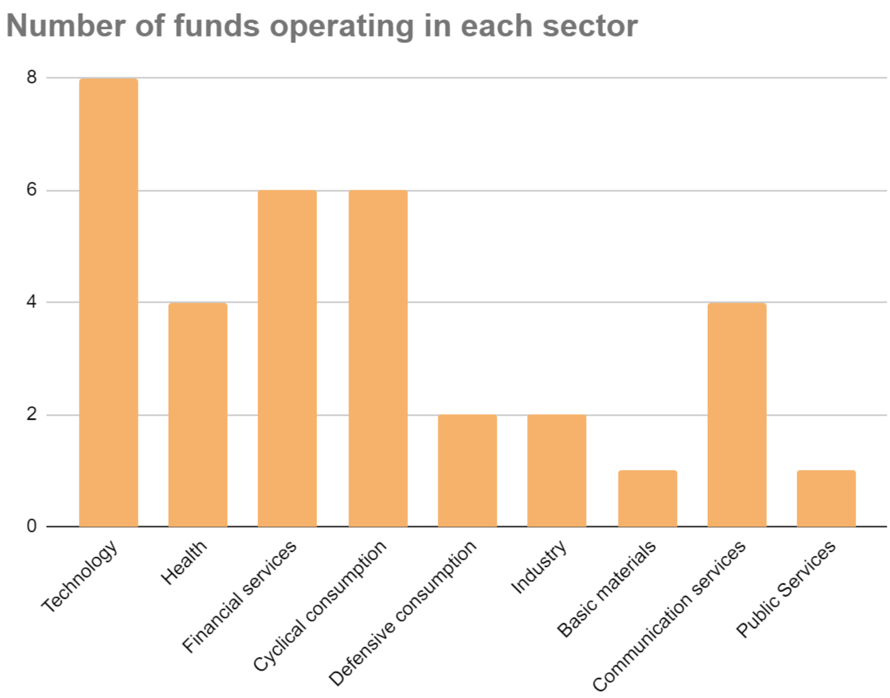
	Number of funds that operate with the sector	**Overall average**	**Power in each fund**
Technology	8	29,16%	36,46%
Health	4	7,95%	19,87%
Financial services	6	12,06%	20,09%
Cyclical consumption	6	17,43%	29,06%
Defensive consumption	2	5,18%	25,88%
Industry	2	6,14%	30,70%
Basic materials	1	2,51%	25,08%
Communication services	4	8,15%	20,37%
Public Services	1	0,43%	4,31%
Average:	**3,78**		**23,53%**

Table 4: Statistical table. Source: own elaboration from data obtained in Morningstar (2021).

The results that we have obtained from the previous data are:

- The overall average, which is the average proportion of the ten funds that is used for each sector.
- The Power in each fund, which is related to the average invested in each sector by the funds that invest in it.

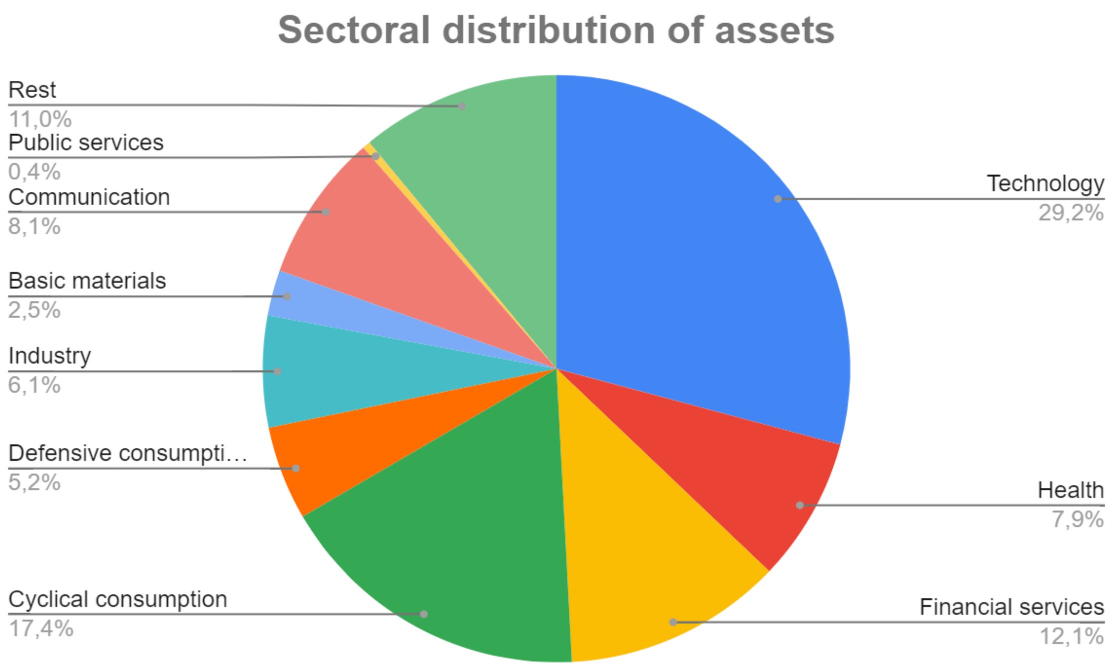
In Graph 36 the number of funds that invest in each sector can be observed through a representation of bars, based on the data presented in the previous table (Table 4):



Graph 36: Number of funds operating in each sector. Source: own elaboration from data obtained in Morningstar (2021).

We can see that the most used sector is Technology, followed by Financial services and Cyclical consumption.

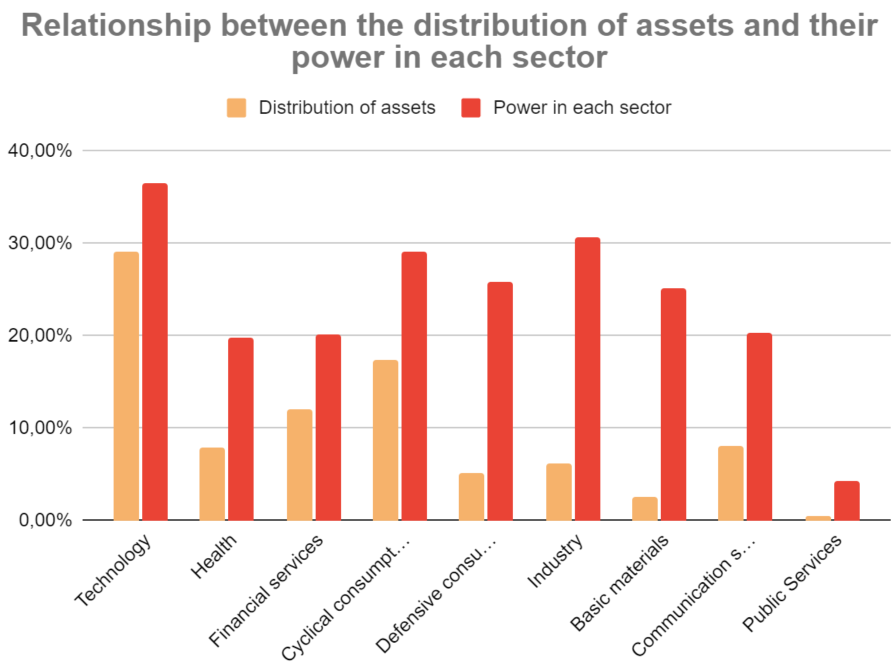
Graph 37 shows the average percentage of assets that are dedicated to each of the sectors observed from the funds to be analyzed:



Graph 37: Sectoral distribution of assets Source: own elaboration from data obtained in Morningstar (2021)

In this way, the importance of the sectors on the total distribution can be graphically appreciated.

In Graph 38, prepared from the data in Table 3, you can see the relationship between the distribution of assets and their power in each sector, which serves to see the relative strength of each sector within the funds where it appears, in comparison with the percentage of general investment that it monopolizes on the ten funds:



Graph 38: Relationship between the distribution of assets and their power in each sector. Source: own elaboration from data obtained in Morningstar (2021)

In this graph we can observe graphically the relationship between the distribution of assets and their power in each sector, highlighting the importance of the technology sector, followed by the industry

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6.2. Investment policies

Regarding the investment policy of each fund, we can see that there is great variability of strategies between the different funds.

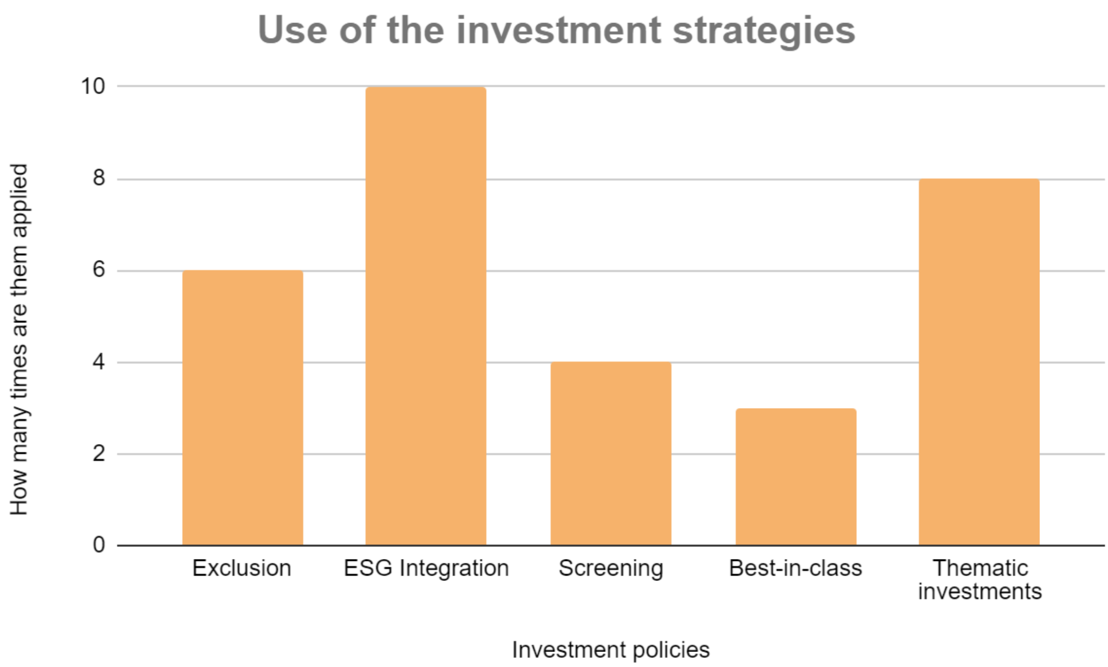
In Table 5 we can see which are the policies used by each of them and the number of funds analyzed that apply them in total:

Investment policies	Exclusion	ESG Integration	Screening	Best-in-class	Thematic investments
DPAM INVEST B	Yes	Yes	Yes	Yes	No
Pictet Global Environmental	No	Yes	No	No	Yes
Ibercaja Tecnologico	Yes	Yes	No	No	Yes
Pictet premium brands	No	Yes	No	No	Yes
NN Global Sustain	Yes	Yes	Yes	Yes	Yes
Amundi Funds	No	Yes	No	No	Yes
Robeco MegaTrends	Yes	Yes	Yes	No	Yes
Nordea 1 Climate	Yes	Yes	No	Yes	No
Pictet China	No	Yes	No	No	Yes
Nordea 1 Emerging	Yes	Yes	Yes	No	Yes
Number of funds that apply it	6	10	4	3	8

Table 5: Investment strategies used by the funds to be analyzed. Source: own elaboration from data obtained in Morningstar (2021).

We can see that the most widely used strategy is ESG Integration, followed by thematic investments.

Graph 39 shows how many times the investment strategies seen in the ten investment funds analyzed have been used:



Graph 39: Use of each investment strategy. Source: Own elaboration based on the documents of each fund that include their investment policies, collected in VDOS (2021).

In the previous graph, can be observed the use of the different strategies mentioned before, seeing how ESG Integration and Thematic Investments stands out.

7. Conclusion

From the results obtained when analyzing the SRI funds and their investment policies, we can draw the following conclusions:

Regarding the different sectors where it is invested:

- The sector in which the most funds are invested is the Technology sector, in which 8 of the funds analyzed invest, followed by Financial Services and Cyclical Consumption, in which 6 funds invest.
- Regarding capital allocation, the sectors in which the most investment is made are Technology, with 29.16% of total investment, Cyclical Consumption, with 17.43% and Financial Services, with 12.06%.
- Regarding the trust that each fund assigns to a specific sector, the Technology sector stands out, with an average of 36.46%, Industry with 30.7% and Cyclical Consumption with 29.06%.
- The funds tend to invest in 3.78 sectors on average in relation to the other funds, making the correlation between these funds very high if one takes into account the consideration that the five sectors in which each one invests the most are measured.
- On average, 23.52% of the capital is invested in each sector, which indicates little sector diversification, and greater specialization.

It should be noted the importance of Technology, due to the large amount of invested capital which represents (29.16% of the total investment), since an increase in research and development of projects in green companies is crucial to optimize environmental emissions and other factors that help achieve greater sustainability.

As stated by Blanco (2021), in an article on the most powerful sectors in conventional investment funds, the weight of the technology sector is common for both sustainable and unsustainable investment funds. It is the sector that has grown the most in 2021, along with health, due to the advances that have needed to be made in both to meet the digitization needs generated by Covid-19, followed by renewable energy.

It also shows how important it is for each fund to specialize in a few specific sectors, in which it can better manage its investments taking into account ESG criteria and analyzing more qualitatively the data provided by the companies.
This is due to the low degree of sectoral diversification seen in the analysis of the funds, where this trend has been observed.

Regarding the investment strategies analyzed, we can also draw the following conclusions:

- **Exclusion:** it is one of the most used. We can see its use in six of the funds that we have seen before.
  While some use exclusion policies to avoid investing in companies that are unethical due to their activity, others focus on internally looking for sustainability factors within companies, whether or not they belong to a sustainable activity.
- **ESG Integration:** It is used by all the funds analyzed, since one of the requirements in the fund search parameters has been that they have a high sustainability ranking, which entails integrating ESG parameters.
- **Screening:** It is used by four investment funds. These four funds seek to exclude companies for reasons beyond the type of operating activity, doing a slightly more advanced exclusion analysis than those that only use normal exclusion criteria.
- **Best-in-class:** This criterion is used by three of the funds analyzed. This indicates the little development of the use of SRI strategies, since it is less used than other simpler strategies, such as exclusion.
- **Thematic investments:** This strategy is used by all the funds except two, either narrowing the range of options by location or activity. It is an almost fundamental factor, which shapes each fund. The two funds that do not apply a specific theme give more importance to the companies' results, taking into account that they adhere to ESG criteria.

It is also worth noting how in these funds analyzed, the ESG integration strategy is much more important than the exclusion strategy, which may determine that when a more complex strategy such as ESG integration is implemented in a greater proportion than the average (graph 10), it is possible to obtain a higher level of profitability.

As a consequence, we can conclude that the search for sustainability as a criterion is an ambiguous term that can be interpreted in different ways, with more emphasis being placed on the idea of analyzing the company's exploitation policies, or on the idea of analyzing the methods used by this company to meet these criteria, and that each investment fund poses a hypothesis of how to obtain profitability and impact in a different way, which enriches the variety of options to choose from when looking to invest in this type of assets.

However, a common factor among all the funds is that they all reflect in their bylaws the idea that a company that meets sustainability criteria internally has more potential, be it from a controversial, conventional or sustainable sector.

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9. Appendix:

Information on investment funds

Mutual funds are savings instruments in which participants deposit their money so that a team of professional managers can invest it in a series of financial assets, using their knowledge and experience in the markets. The money raised by the fund is divided into shares, which are distributed based on the money invested.

The global assets of regulated open funds (which include ETFs, funds of funds and institutional funds) have had a value of 47.05 trillion euros in 2020, according to the web portal “Renta4”.

Investment funds are benefiting from the increase in savings caused by the pandemic, causing the volume of investment to grow significantly. The data in the surveys reflects

this growth, since an estimated volume of 552,000 million in collective investment is expected, which would mean a growth of 5.1% over collective investment in 2020.
According to the latest Savings Barometer published by the Inverco Observatory, the number of savers who invest with a short-term time horizon (less than one year) continues to decline, going from 33% eight years ago to 15% today. Against them, 51% of savers do so in the medium term (1 to 3 years) and 35% in the long term (more than 3 years).

Funds types

Within the world of investment funds, instruments with different characteristics can be found. It is difficult to classify the types of funds, but they can be grouped according to some characteristics. Some examples are:

- Types of investment funds according to the class of fund:
  - Traditional funds: they invest their assets in stocks, bonds, or a combination of both.
  - Index funds: their investment policy is to replicate a stock index.Fondos índice o indexados:
  - Traded funds, also known as ETF (Exchange Traded Funds), are funds with characteristics of an investment fund and also of a share. They are traded on the stock markets in the same way as stocks. Most of these replicate an index.
  - Funds of funds: funds that invest in other mutual funds.
  - Subordinated funds: invest your capital in a single fund, called the main fund..

- Types of investment funds according to the form of management:
  - Active management funds: they are managed by professionals who make investment decisions in order to beat the fund's benchmark*[1]

[1] *Note: A benchmark is a stock index that is used as a reference to assess whether the management of a fund's investment portfolio has been correct or not.

  - Passive management funds, unlike actively managed funds, these funds replicate their benchmark. Examples of these types of funds are ETFs and index funds.

- Types of investment funds according to the type of investment:
  - Equity funds: all or almost all of the assets are allocated to shares of companies that are listed on the stock market.
  - Fixed income funds: most of the equity is invested in debt financial assets (obligations and bonds, bills, promissory notes, etc.)
  - Mixed funds: they maintain a combination of fixed and variable income.
  - Monetary funds: funds are allocated to public debt markets, but unlike fixed income funds, they do so in assets with shorter maturities (no more than 2 years) and greater liquidity, in order to protect the capital of the investor.
  - Guaranteed funds: they have the guarantee of a third party, either total or partial, regarding the initial investment. They are usually issued by banks.
  - Absolute return funds: they do not have a benchmark and pursue a profitability objective for a certain period regardless of what the financial markets do, for example 8% per year, thus trying to avoid downturns.Fos fina
  - Alternative investment funds: Hedge funds
  - Global funds: Their investment policy does not fit with any of the previous funds.

- Types of investment funds according to the distribution of their benefits:
  - Distribution funds: returns are distributed periodically. .