

Study Shows Socially Responsible Investing Improves Performance

Refutes Outdated View That Socially Responsible Portfolios Underperform

NEW YORK, September 3, 2014 — A recent study by New Amsterdam Partners has demonstrated that asset managers can create better portfolios weeding out stocks with low ESG ratings. It also found that stocks with higher ESG ratings tend to be associated in the aggregate with superior returns and lower price volatility.

ESG stands for the three pillars of sustainable investing: environmental, social and governance. The core principle of sustainability is that if a company's environmental, social and governance practices do not rise to global norms, then corporate performance will in the long run be unsustainable.

The New Amsterdam study affirms this principle empirically. One test compared 100 randomly selected and equally weighted 40-stock portfolios selected from a universe of US stocks with an identically created set except that the lowest 10% of ESG companies were removed. The mean returns were higher for the second group of portfolios in five of the six years measured.

Please [click here](#) to access the entire research study.

Said Indrani De, co-author of the study, "Clearly, asset managers can actively use ESG information and exclude the worst ESG stocks to enhance their stock-picking and portfolio construction ability."

New Amsterdam used the [Thomson Reuters Corporate Responsibility Ratings](#) (TRCRR) to conduct the study. The TRCRR provide a fair, open and transparent system for rating and ranking the Environmental, Social, Governance and Composite ESG performance of nearly 5000 companies worldwide. Thomson Reuters jointly developed the TRCRR with S-Network Global Indexes, a New York based consultant.

Herb Blank, Senior Consultant with S-Network added, "The ratings use a best-practices methodology on an industry-neutral basis and as such may serve as a proxy for management quality. Therefore, it makes sense that screening out the stocks with the worst ESG ratings would improve portfolio returns." The TRCRR incorporate nearly five hundred different data points, including factors such as carbon footprint, water usage, labor practices and board independence.

About S-Network Global Indexes, Inc.

S-Network Global Indexes, Inc. is a publisher and developer of proprietary and custom indexes. S-Network, founded in 1997, has specialized in indexes, indexation, and index-based products, including ETFs. The firm has provided in-depth consulting services to some of the world's leading financial institutions, including Deutsche Borse AG, UBS AG, State Street Bank & Trust, Deutsche Bank AG, the American Stock Exchange, Speer Leads & Kellogg, and Barclays Global Investors. Among its accomplishments, S-Network was instrumental in the structuring and development of the STOXX Index, which serves as the most widely-referenced benchmark for European and Euro zone equities. For more information please visit www.snetglobalindexes.com.

About New Amsterdam Partners, LLC

New Amsterdam Partners was founded in 1986 to bridge the chasm between the methods of quantitative and fundamental stock analysis. Discerning the strengths and limits of each, Michelle Clayman, CFA, Managing Partner & CIO, developed an approach that integrates both disciplines to yield a decisive and intellectually sound edge in stock selection. Its guiding principle is that an intellectually rigorous and disciplined blend of quantitative and fundamental investment research will produce superior stock selection. Featured among its clientele are prominent state and local retirement systems, pension plans—as well as not for profit groups. For more information, go to www.naplhc.com.