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## their initial public offers and seasoned equity offers ☆

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## Highlights

- 748 U.S. environmentally-friendly firms have 7% excess returns using the Cahart model.
- Their IPOs and SEOs do not display anomalous post-issue performance.
- A “green premium” exists during most of the sample period of 1990–2012.
- Green investments are good for investors’ wealth.

## Abstract

We employ a sample of 748 environmentally-friendly (or “green”) firms listed on U.S. stock exchanges to extend studies of the effects of socially responsible investment (SRI) on stock investment returns and the performance of initial public offerings (IPOs) and seasoned equity offerings (SEOs). Our empirical tests document positive and statistically significant excess returns for our environmentally-friendly firms and their IPOs and SEOs, in contrast to our control IPO and SEO samples which underperform. In summary, a “green” equity premium is evident in returns calculated from a variety of benchmarks.

## JEL classification

G14; G15; G39

## Keywords

Environmentally-friendly firm performance; IPOs; SEOs; Event study

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