

Purchase

Export

Search ScienceDirect

Advanced search

You have **Guest** access to
ScienceDirect Find out more...

Journal of Banking & Finance

Available online 24 February 2016

In Press, Accepted Manuscript — [Note to users](#)

The Effect of Social Screening on Bond Mutual Fund Performance

Hans-Martin Henke , Thomas Mählmann

[Show more](#)

Choose an option to locate/access this article:

Check if you have access
through your login credentials
or your institution[Check access](#)[Purchase \\$35.95](#)[Get Full Text Elsewhere](#)

doi:10.1016/j.jbankfin.2016.01.010

[Get rights and content](#)

Abstract

This study measures the financial impact of screening for environmental, social and governance criteria on corporate bond portfolios. Specifically, the risk-adjusted financial performance of 103 socially responsible bond funds in the US and the Eurozone is compared with a matched sample of conventional funds. During the period 2001-2014, socially responsible bond funds outperform by one-half of one percent annually. An evaluation of fund holdings and a performance-attribution analysis suggest that this outperformance is directly related to the mitigation of ESG risks, which is achieved by the exclusion of corporate bond issuers with poor corporate social responsibility activities. A separation of crisis and non-crisis periods further indicates that the outperformance is especially likely to occur during recessions or bear market periods. We confirm this crisis-related return effect from a sample of socially screened bond indices. Moreover, our results are robust to alternative definitions of sustainability, survivorship bias, fund characteristics and stable in the US and Eurozone sub-samples.

JEL classification

G11; G23

Keywords

Responsible investing; Fixed income; Bond mutual funds; Performance measurement; Environmental; Social and governance (ESG) screens

Corresponding author. Tel.: +49 170 7330550; fax: +49 841 937 2881.
Copyright © 2016 Elsevier B.V. All rights reserved.

Note to users:

Accepted manuscripts are Articles in Press that have been peer reviewed and accepted for publication by the Editorial Board of this publication. They have not yet been copy edited and/or formatted in the publication house style, and may not yet have the full ScienceDirect functionality, e.g., supplementary files may still need to be added, links to references may not resolve yet etc. The text could still change before final publication.

Recommended articles

No articles found.

Citing articles (0)

Related book content

Articles with these JEL codes

Search on ScienceDirect

across all JEL codes ▾

Relevant articles across all JEL codes:

[The value of active portfolio management](#)
Journal of Economics and Business - Ravi Shukla - 2004

[Axiom of solvency and portfolio immunization under random interest rates](#)

Insurance: Mathematics and Economics - Leslaw Gajek - 2005

[Cyclical risk exposure of pension funds: A theoretical framework](#)

Insurance: Mathematics and Economics - Francesc Menoncin - 2005

[Mutual fund performance in Tunisia: A multivariate GARCH approach](#)

Research in International Business and Finance - Yacine Hammami et al. - 2013

[On the characteristics and performance of long-short market-neutral and bear mutual funds](#)

Journal of Banking & Finance - S.G. Badrinath et al. - 2011