



University of  
Zurich<sup>UZH</sup>

Department of Banking and Finance  
Chair of Quantitative Finance

Master Thesis

# Mutual Funds and Sustainable Investing

*Supervisors:*

Prof. Dr. Marc Chesney  
Jonathan Krakow

*Author:*

Nadine Wyss

Field of Study: Business Administration

Submission Date: July 15, 2019

## **Abstract**

There is a growing trend in not only achieving returns through financial investments but also in acting responsibly towards society, the economy, and the environment. Based on this, sustainable mutual funds are currently gaining momentum. The resulting increase in the number of sustainable mutual funds calls, therefore, for a comprehensive and critical examination of such mutual funds.

Given this central relevance, this master thesis analyzes the performance of sustainable funds and is intended to provide a deeper insight into how the performance of sustainable mutual funds differs from that of conventional mutual funds. In the first section, the foundations are laid for understanding sustainable investments and mutual funds. Subsequently, an empirical analysis is carried out in order to examine the impact of the sustainability rating of mutual funds on different performance and operating measures. The analysis provides evidence that investors increase their risk-adjusted return by investing in sustainable mutual funds while fund managers do not maximize their profit function by increasing fees or inflow of investments. According to these results, it can be concluded that sustainable mutual funds appear to be more attractive, as they seem to outperform traditional mutual funds.

In view of the current global challenges and its growing awareness, sustainable investing will become considerably more important in the years to come. As a result, investments in sustainable companies and projects will increase and thus hopefully accelerate the development of a sustainable economy.