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THE IMPERATIVES OF SOCIALLY RESPONSIBLE FUNDS

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ABSTRACT

Australian law mandates that from March 2004, issuers of consumer financial investment products report any 'labour standards or environmental, social or ethical considerations taken into account' when constructing investment portfolios. Guided by the financial services industry, the regulator issued reporting guidelines that allow product issuers to determine for themselves the format and content of the disclosures. A framework is developed to suggest that the financial services industry has managed reporting requirements on socially responsible investment to repel regulatory pressure, widen sales distribution networks and increase market share. Investment portfolios of many 'socially responsible' managed funds appear similar to those of conventional investments and in some cases are opposed to their investment policies. The ability of the legislative requirement to promote accountability is stymied because these funds must align themselves as close as possible to mainstream investments.

Keywords: accountability, ethical investment, socially responsible investment, consumer protection

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This article is concerned with the Australian legislative requirement that issuers of consumer investments disclose any labour standards or environmental, social or ethical considerations that are used in portfolio construction. The article seeks to show how the reporting requirement was managed by the financial services industry so as to repel further regulatory pressure and to widen sales distribution networks.

This article is divided into four sections. The first two sections provide backgrounds to, respectively, consumer investments that are marketed as being socially responsible, and to the relevant legislation affecting those investments. The third and fourth sections construct an accountability framework to analyse, respectively, the responses of the Australian government regulator and the financial services industry to the reporting requirements. The portfolio choices of Australian consumer investments marketed as being socially responsible suggest that substantial differences to conventional investments are imaginary.

SOCIALLY RESPONSIBLE MANAGED FUNDS

The definition of a ‘socially responsible’ or ‘ethical’ investment product is conjectural; neither term is defined in the relevant legislation. This article uses the term ‘public socially responsible fund’ [PSRMF] to denote any managed investment scheme that markets its use of social, environmental or moral guidelines in portfolio construction. Most of these funds are unit trusts that pool the capital of a large number of individual and institutional investors, investing the pool most commonly in publicly traded companies. The Australian term ‘managed fund’ is used in this article in preference to the North American equivalent ‘mutual fund’ or the British listed open-ended investment company.

In 1971, the US was the first country to launch a PSRMF; the UK and Australia followed in the 1980s. Most large investment managers now offer PSRMFs. Although the equity holdings of PSRMFs represent less than half of one percent (0.5%) of total funds under management, they attract sizeable amounts of investors’ monies. In December 2001, the European Union accounted for approximately €14.4 billion; in September 2002, U.S. fund managers could count \$US15.7 billion; in June 2003, Australian PSRMFs held \$A2.35 billion.

PSRMFs distinguish themselves from other funds by maintaining that they invest in corporations that exhibit socially responsible practices. Avoidance of corporations that exhibit socially irresponsible practices is also frequently followed. Some managers with PSRMFs invest in every recognised industry sector, advising corporations on issues in which they consider improvements should be made.

Most of the published research in PSRMFs centres on reviews of the relative economic performance of the funds, demographic profiles of investors, portfolio construction methodologies of fund managers, and decision usefulness and event studies. Mackenzie and Lewis (1999) and Beal and Goyen (1998) examined the ethical motivations of individual investors in, respectively, British PSRMFs and the Australian conservationist company Earth Sanctuaries. A small body of work has examined the theory of socially responsible investment and the functions of PSRMFs. This work is marked most notably by Mackenzie (1997), Bruyn (1987) and more broadly by Kapur (1999). Mackenzie’s work (1997, p. 34) sought to critically engage with “the shared understandings of the ethical investment

community [to evaluate the] ethics of ethical investment”. The ‘ethical investment community’ was defined as “fund managers, marketing managers, independent financial planners, advisor committee members, researchers and commentators” (Mackenzie, 1997, p. 86). Mackenzie presented two central ‘shared understandings’: that ethical investment allows individual investors to satisfy their consciences, and that ethical investment can and should be used to persuade companies to avoid harming people, animals and the environment (Mackenzie, 1997, p. 7).

Given the limited research on the functions of PSRMFs, theme identification was used to identify the ostensible objectives of PSRMFs. This researcher compiled a listing of objectives and claims made by (mostly) Australian PSRMFs in their 2001-2002 investment prospectuses, Key Feature Statements, product disclosure statements and other marketing material attached. From this material[1], and guided by a review of the relevant literature, four themes emerge. PSRMFs aim:

- (i) to effect social and environmental improvements by influencing companies either to change their areas or manner of operations;
- (ii) to match conventional investments in the short term and outperform them in the longer term;
- (iii) to provide a mechanism by which investors can connect their moral values to their financial objectives; and
- (iv) to achieve self-governance for the finance sector.

FINANCIAL SERVICES REFORM

Consumer protection in relation to financial investments has increasingly concerned legislators in North America, Europe and Australia in recent years. Marking the culmination of a comprehensive program of regulatory reform, the Australian Financial Services Reform Act 2001 [FSRA] became effective 11th March 2004. The FSRA requires sellers of financial products with an investment component - which include retirement savings, insurance investments, and managed funds - to make certain disclosures to consumers about the expected financial risks and characteristics of those products. Pursuant to Section 1013D, which the FSRA has inserted into the Australian Corporations Act 2001, the following information must also be disclosed:

“the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of the investment” (Corporations Act 2001).

The requirement applies to a wider range of products than does its precedent, which is found in the British Pensions Act 1995. Since July 2000, trustees of British occupational pension schemes have been required to disclose their policies on socially responsible investment in their Statements of Investment Principles. In 2002, France and Germany issued similar, albeit optional, legislation.

The Australian Securities & Investment Commission [ASIC] is the federal government agency charged with regulating company and financial services laws. The Corporations Act 2001 afforded ASIC a mandate to develop legally binding guidelines for the s1013D disclosures. ASIC issued a discussion paper, draft and final guidelines in the two years to December 2003.

The next section constructs an accountability management framework to explain the responses of the financial services industry and ASIC to the s1013D requirements.

ACCOUNTABILITY MANAGEMENT

This section first explains the concept of accountability and highlights relevant accountability relationships in the context of PSRMFs. The giving of an account provides ‘reasons for character and conduct...through a fiduciary relation’ (Schweiker, 1993, pp. 234, 245). In a relationship between two or more parties, accountability is concerned with the right to receive and the duty to supply that account (Shearer, 2002; Gray, 1992). Jensen and Meckling (1976) presented accountability as the control mechanism underpinning the principal-agent relationship. Accountability arises when one party (the ‘principal’) transfers financial resources and delegates decision-making authority to another (the ‘agent’). At contractual law, this transfer usually affords the principal a right to demand that the agent account for its decisions and behaviour.

To examine the nature of the accountability relationships created by PSRMFs, five forms of accountability identified by Sinclair (1995) are used. They are political, public, professional, personal, and managerial accountabilities, the latter containing two finer levels of accountability: process and fiscal. Other researchers have used the bases of those categories. Broadbent and Laughlin (2003), for example, delineated five staged levels. The first of those is compliance with probity and legal requirements, considered to be the minimum accountability level, in which *ex post* reporting is deemed to be sufficient. The second level is process accountability, which requires one party to account for the means adopted to achieve the objectives that have been agreed upon between both parties.

This section uses the probity, political, professional, personal and managerial categories to identify and analyse the relationships between society, the government, fund managers, investors, and the corporations in which managed funds invest. Figure 1 illustrates some of these accountability relationships.

take in Figure 1

The solid arrow-headed lines in Figure 1 indicate the discharge of primary accountabilities from one party to another; the broken lines indicate secondary accountabilities generated at the same time. The solid line leading from the fund manager to the investor depicts the discharge of managerial accountability made by complying with s1013D. Fund managers discharge probity accountability to the government by complying with s1013D. Corporations discharge probity accountability to fund managers by supplying assessment data demanded by fund managers/analysts, and probity accountability by way of periodical reporting to the government (and to stock exchanges and taxation authorities). Fund managers discharge professional accountability when they make assessments of financial and qualitative

characteristics of corporations. The remaining solid line depicts the investor discharging personal accountability to society.

Fund managers, by creating PSRMFs, discharge public accountability to investors and prospective investors. Compliance with s1013D affords publicity to public socially responsible funds that they might not otherwise be able to achieve. By mandating that fund managers comply with s1013D, the government discharges its political accountability to the electorate, which includes investors and the wider society. Finally, fund managers and corporations discharge political accountabilities to governments. For the financial services industry, compliance with s1013D strengthens the political advantages afforded by PSRMFs, as discussed later in this article. For investee corporations, compliance with the demands of managers of PSRMFs, inasmuch as that minimises political visibility, may be approved of by financial market analysts and government regulators.

The remainder of this section describes how the processes by which s1013D will be operationalised. Section 1013DA of the Corporations Act 2001 charged ASIC with a mandate to enhance the abilities of consumers to make comparisons between SRI products, and facilitate the transparency and accuracy of disclosures (ASIC, 2003a). Ostensibly in the interest of not inhibiting market practice, ASIC chose not to mandate the reporting issues or formats that product issuers should use. As a result, consumers' abilities to make comparisons between investment products have not been enhanced.

ASIC's final guidance made some substantive improvements to its draft guidelines, which space does not allow us to consider more fully here. However, three deficiencies in the draft guidelines that were carried through into the final guidelines must be noted:

- (i) no effort was made to define the marketing terms used;
- (ii) independent verification and regular review of disclosures is not compulsory;
- (iii) product issuers can decide on the substance of their disclosures (see ASIC, 2003b).

As a result, the problem of accountability to which Broadbent and Laughlin (2003) pointed, where an agent is left to define and account for a broad purpose, has been institutionally reinforced.

Although the guidelines remain weak and are unlikely to promote the discharge of accountability, they have created political advantages for the government. The government appears to have capitulated to powerful interest groups. The reporting guidelines have allowed the government to answer the opposing demands made by the fund manager's lobby group, the Australian Investment and Financial Services Association [IFSA], and the Australian Conservation Foundation. To counter the threat of regulation and to control the extent of accountability, IFSA has consistently lobbied governments to restrict the mandates placed on investment managers (example, refer IFSA, 2003). The Australian Conservation Foundation was instrumental in bringing the standard of disclosures made by financial institutions to the attention of the Australian government. Its research initially attracted the attention of trustees of superannuation (savings retirement) funds (see Kerr and Zubevich, 2002). The federal government, taking note of the political importance of trustees' awareness of social and environmental issues, subsequently drafted and inserted s1013D into the Financial Services Reform Bill.

ASIC's limited directives afford a great deal of reporting largesse to issuers of consumer investment products. The rules and requirements of accountability have been left to be determined, to a large extent, by the regulated entities themselves, and as a result, will be managed to suit those entities.

RESPONSES FROM THE FUNDS MANAGEMENT INDUSTRY

Traditional research perspectives on social reporting suggest several motivations for voluntary disclosures by public listed corporations. User utility, the legitimisation of corporate operations and stakeholder management are the theoretical models most commonly employed. Guthrie and Parker (1990) posited that corporations use social reports primarily to achieve political goals, despite publicly asserting that the purpose of reporting is to provide accountability to investors and the wider society. The observation is useful in the current context. The s1013D reporting requirements offer certain strategic advantages to two groups of fund managers.

For fund managers that offer a majority of conventional investment vehicles, s1013D affords an opportunity to present an appearance of self-governance, allowing them to claim they are exercising accountability. Such claims assist in repelling regulatory pressure (Buhr, 2002). Public scrutiny of corporate operations has been associated with increased social disclosures. Patten (1992) noted that petroleum companies generated a greater amount of environmental disclosures after the Exxon Valdez oil spill. Gray *et al.* (1988) suggested that corporations who produced social reports may do so in attempts to pre-empt imminent legislation.

The launches of socially responsible investment products by all major Australian financial institutions over the period 2001-02 coincided with the appearance on the regulatory horizon of the Financial Services Reform Bill. All of these funds were launched without publicity made to explain why the banks had found cause to be concerned over environmental and social issues. Table I shows all of the PSRMFs that were launched by Australian investment banks over 2001-02.

take in Table I

Shown against each fund manager is total funds under management [FUM] within its social responsibility product, its total FUM, and the proportion of the former to the latter in March 2003. Given that that funds in PSRMFs comprised a relatively minor part of the total FUM of these institutions, it is a moot point whether democratic pluralism has ever manifested itself in socially screened investments, as Mouck (1995) has suggested. If the financial institutions under consideration had found reason to be concerned over social, environmental or moral issues, one might have expected that FUM in public socially responsible investment products would have been larger than the average of 0.3 percent of total FUM. It appears more likely that major institutions have created PSRMFs to exhibit responsible self-governance.

The second group of fund managers under consideration is that which offers only PSRMFs. Section 1013D also affords this group an opportunity to further their goals of achieving self-governance. Like most sectors in financial services, these PSRMFs have generally kept its distance from governments. The Mays Report (2003) presents the viewpoints of international fund managers who argue "the business case" for investing along sustainable principles. One

of its arguments is that financial services can “insure against regulatory developments” (p. 30) and so manage “regulation and litigation risk” (p. 10). The U.K. Social Investment Forum advocates that governments should be shown that PSRMFs possess the capabilities to govern themselves (UKSIF, 2003). Eurosif’s draft guidelines for PSRMFs are intended to “pre-empt [any] potential regulation” that might, presumably, burden funds (Eurosif, 2003). The peak social investment forum in Australia is the Ethical Investment Association [EIA]. The Executive Directorate of the EIA made the following communication to members in September 2003:

“We have the potential to co-operate with ASIC and [so] obviate the need for further regulatory intervention in the industry, a process that has been commenced in other markets and is well advanced in Europe.”

But for this second group, the legislation also affords an opportunity to widen distribution networks and increase market share. In September 2003, the board of the EIA formed a task force to meet and prepare a collective response to ASIC’s draft guidelines on s1013D. After asking permission in advance from the EIA executive, this researcher attended the meeting as a participant observer. The meeting was held in at Sydney, Australia. As far as was possible, the extent of participation was limited to note-taking and the asking of questions for clarification.

The primary concern of the EIA task force was that s1013D might increase the costs of operations of funds. The task force recommended a set of disclosures that were designed to standardise rather than highlight differences between socially responsible products, and advocated that disclosures be restricted to a minimum. Its final recommendations reflected primary concerns to generate more sales and widen sales distribution networks for retail and wholesale products (see Ethical Investment Association, 2003). Scant regard was paid to investors’ information requirements, or to the opportunity to be accountable to investors.

This researcher conducted personal semi-structured interviews over the period February–November 2003 with twelve interviewees. The purposes of the interviews were to examine the extent to which investors in PSRMFs demanded information from fund managers and financial planners, and to examine the accountability mechanisms that were used between fund managers and investors. Interviewees numbered chief executives and senior managers drawn from six Australian PSRMFs, a representative of a relevant industry association, a financial planner advising high net worth clients, another planner who specialised in providing advice to clients who wished to invest in PSRMFs, the principal of a company that issued ‘green’ debentures to investors, and an individual who invested for the purpose of raising shareholder resolutions at general meetings of companies. Eight interviewees were male; four female. With three exceptions, interviews were conducted in the head offices of the organisations. The average duration of each interview was 90 minutes, and all were tape-recorded[2].

Interviews confirmed that managers placed relatively little emphases on the information needs of retail investors. Most interviewees expressed an opinion that investor information was not a critical issue, believing that investors would be primarily concerned over the relative economic performance of the funds. All fund managers interviewed were concerned that s1013D would inflate administrative costs, reduce income dividends and potentially drive prospective investors away. The pragmatism of the EIA and of fund managers is not surprising. Managers of PSRMFs are anxious to

validate their investment approaches and maintain viable businesses. A business development manager in one PSRMF considered that the chief ‘information challenge’ in the current market was “a need to articulate the investment side of performance to asset analysts”. Others were similarly pragmatic:

“We need to align ourselves with the [investment] community. [To establish a credible reputation, a manager of a socially responsible fund would need] to balance portfolios across all sectors and restrict divergence from the benchmarks.”

“Our management expense ratio is a barrier to entry [for many investors]. Underperforming the benchmark is our chief risk.”

Concerns over relative economic performance are echoed in a stream of studies. Over twenty quantitative studies made since 1992 have sought to measure the relative economic performance of PSRMFs. Significant studies are Bauer *et al.* in the Australian, Canadian and European markets (respectively 2003a, 2003b, 2002), in the U.S. (Statman, 2000; Kurtz, 2002), and the European studies of Kreander *et al.* (2002, 2001). Several papers have reviewed studies performed in those markets: see Bauer *et al.* (2002), Kurtz (2002), Kreander (2001), and Cummings (2000).

Researchers have been drawn to answer the question of whether imposing qualitative constraints on equity portfolio construction could be expected to compromise the performance of those portfolios. Two reasons commonly provided for this research are a perception that a portfolio constructed from a constrained investment universe is unlikely to maximise the benefits from diversification; and that qualitative screens translate to significant increases in management expenses, to the detriment of economic benefits accruing to investors (Bauer *et al.*, 2003b).

The relevant literature has presented mixed results, neither confirming nor disconfirming the general perceptions cited above (Bauer *et al.*, 2003a, 2003b). Kreander (2001) could not disconfirm a consensus among scholars and practitioners that a financial penalty need not be incurred when investing in PSRMFs. Kurtz (2002), discussing the relative performance of PSRMFs against that of broad market indexes, found no evidence of either consistent overperformance or underperformance, concluding that “most studies suggest that screened portfolios have about the same risk-adjusted returns as their unscreened counterparts.” Cummings (2000, p. 20) could not resolve the inconsistencies of previous studies, finding that “a clear distinction [could not be made] between the [risk-adjusted] performance of ethical unit trusts and market benchmarks.”

Although these studies are inconclusive regarding systematic outperformance of PSRMFs, several have found significant correlations between the economic performances of PSRMFs and conventional actively managed funds (see, for example, Bauer *et al.*, 2003a, 2003b, 2002; Gold and Ali, 2002; Kreander *et al.*, 2002; Statman, 2000; Cummings, 2000; DiBartolomeo and Kurtz, 1999; Hamilton and Statman, 1993). A plausible reason for converging performance of conventional funds and PSRMFs is that the portfolios and investment styles of both groups are similar, a possibility implied by Bauer *et al.* (2003a, 2003b).

To identify possible reasons for the similarities in economic performance between PSRMFs and conventional funds, this writer made two analyses of the portfolio compositions of a

number of Australian PSRMFs. The first examination revealed that the sixteen largest Australian PSRMFs at November 2002 held 171 of the largest 200 companies in the Australian Stock Exchange at that time. Commonly, the portfolios of Australian conventional actively managed funds are also comprised from that group of companies.

The second analysis was made of ten Australian institutions that offered both screened and unscreened managed funds in 2003. In five of those institutions, the ‘socially responsible’ and conventional Australian equities portfolios were remarkably similar. Portfolio compositions were obtained in the third calendar quarter of 2003 from fund managers’ websites, which commonly list the ten ‘leading stocks’ held in conventional portfolios, and from listings of the portfolios of PSRMFs. In each of those five institutions, most of the heaviest-weighted Australian stocks in the conventional fund appeared in the screened product, and with similar proportionate weightings. (The portfolios examined were held by AMP Henderson Global Investors, BT Financial Group, EQT Equity Trustees, Perpetual Investments Australia, and Vanguard Investments Australia. Sources were AMP, 2003; BT, 2003; Ethical Investor, 2003a; Lonsec, 2003; Vanguard, 2003.)

The apparent modelling of screened products on conventional portfolios might be explained by the reluctance of PSRMFs to present portfolios that differ significantly from the composition and weighting of broad stock market indices. Most fund managers actively manage such divergence, which is generally known as ‘tracking error’. Standard & Poor’s ASX200 index represents over 99 percent of the capitalised value of the stocks listed on the Australian Stock Exchange. In personal interviews, several fund managers and financial planners communicated to this researcher that a tracking error of more than 3 to 5 percent from the ASX200 would be considered unacceptable. Perhaps as a result of the spectre of tracking error, many stocks in PSRMF portfolios do not attain particularly high social, environmental or corporate governance investment grade rankings.

The following six examples of investment choices made by PSRMFs suggest that economic imperatives appear more important than does conformance to social or environmental investment criteria:

- (i) The international asset researcher Sustainability Asset Management (SAM), like other asset researchers servicing PSRMFs, ranks companies along social, environmental and corporate governance dimensions. Curiously, SAM justifies its Australian investments in alcohol-producing companies on the bases of high gradings on governance, appearing to overlook the low rankings SAM placed on their social performance. Investments in companies that manufacture and operate gambling equipment follow high gradings on environmental dimensions, despite their low rankings on social performance. Investments in mining companies are justified on the bases of high gradings on social performance, apparently sufficient to outweigh their poor environmental rankings (SAM, 2003).
- (ii) If a company’s operations have not been identified as directly damaging society or the natural environment, most PSRMFs would consider that company to pass its investment screens. A large Australian PSRMF (November 2003) held its largest investment (and had for a number of years) in a company that used animal by-products as a raw material for production of its primary consumer product, being soap. The dictum of doing no harm is proclaimed by that PSRMF in its “Ethical Policy”:

“The Trusts do not support companies that, in the opinion of the manager, are harmful to people, animals or the environment.”

The fund applies a negative investment screen so as to exclude investments in “companies involved in activities such as...cruelty to animals [sic].” In an interview conducted for this article, the fund’s chief executive officer proffered as justification for making its major investment in a soap company:

“We restrict ourselves from involvement in sinful industries only at the first level. The second derivative [sic] is acceptable.”

- (iii) Although involvement with the tobacco industry is publicly shunned in the literature of most PSRMFs, the listed Australian wood chip processing company Amcor appeared in ten Australian PSRMFs in March 2003 (Ethical Investor, 2003b, p. 42). That Amcor provides packaging to the Australian tobacco industry is considered far enough removed from core operations to pass social investment screens. In an interview conducted for this article, the general manager of a large Australian PSRMF shrugged at its investment in Amcor, although the tobacco industry was contained in the fund’s negative screen. Many other examples can be easily found where Australian PSRMFs invest in companies that supply production materials or services to industries that the funds ostensibly screen out. The example is made to show a curious approach to the exercise of explicitly stated social investment criteria..
- (iv) The listed investment company Macquarie Infrastructure Group is invariably scored by Corporate Monitor (an asset researcher providing advice to several Australian PSRMFs) below ‘compliance’ grade on social, environmental and governance dimensions (Ethical Investor, 2003a, 2003c, 2002a, 2002b). Macquarie Infrastructure Group appeared in the portfolios of two of the five largest Australian PSRMFs in the first quarter of 2003.
- (v) The average total capitalised value of the largest 200 companies in the Australian Stock Exchange [ASX200] over the period September 2002 to August 2003 was A\$665.8 billion. Telstra’s valuation at A\$76.5 billion in March 2003 made it the fifth largest stock and the largest telecommunications company in the ASX200 (ASX, 2003). Although Telstra rarely meets social, environmental and governance ‘investment grade’ requirements (Corporate Monitor, 2003), the stock appears consistently in the portfolios of most Australian PSRMFs.
- (vi) Similarly, the four largest Australian national banks are a fixture in the portfolios of most Australian PSRMFs, despite being assessed frequently by Corporate Monitor in its published tables as failing to investment grade on the three qualitative criteria. In 2004, public attention over the inappropriateness of the governance structures of one of those banks, attention brought to bear from the bank’s involvement in a currency trading scandal, did not cause any of the PSRMFs holding that stock to make portfolio adjustments.

The analysis in this Section supports the conclusion of this article that the main difference between many Australian PSRMFs and conventional managed funds appears to consist in their marketing approaches.

CONCLUDING REMARKS

Australian financial services reform legislation that relates to the marketing of socially responsible investments has allowed industry insiders to determine and manage their own accountability requirements. The original intention of the legislators to enhance consumer protection legislation appears to have been forgotten. As a result, marketers have found themselves in the unusual, but managed, position of being able to legitimise an industry, widen market share and forge new distribution networks, while restricting public disclosures to a minimum.

At face value, the disclosure of social and environmental considerations used in portfolio construction appears to be a positive step. However, interview research shows that public socially responsible managed funds are not concerned with accountability and disclosing information as much as they are with maintaining comparable investment performance and increasing market share. The relative focus on economic performance over other investment criteria is reflected in current portfolios. Analysis indicates that, in keeping with their economic returns, the portfolios of Australian public socially responsible managed funds are remarkably similar to the composition of broad market indexes.

[1] Space does not permit the listing to be included in this article. Interested readers are asked to refer to Haigh and Hazelton (forthcoming) or to contact the writer for a full listing.

[2] Notes and tape recordings of the interviews, and a copy of the general form of the questions used in the interviews are available from the writer. Interviews were granted on the basis of confidentiality.

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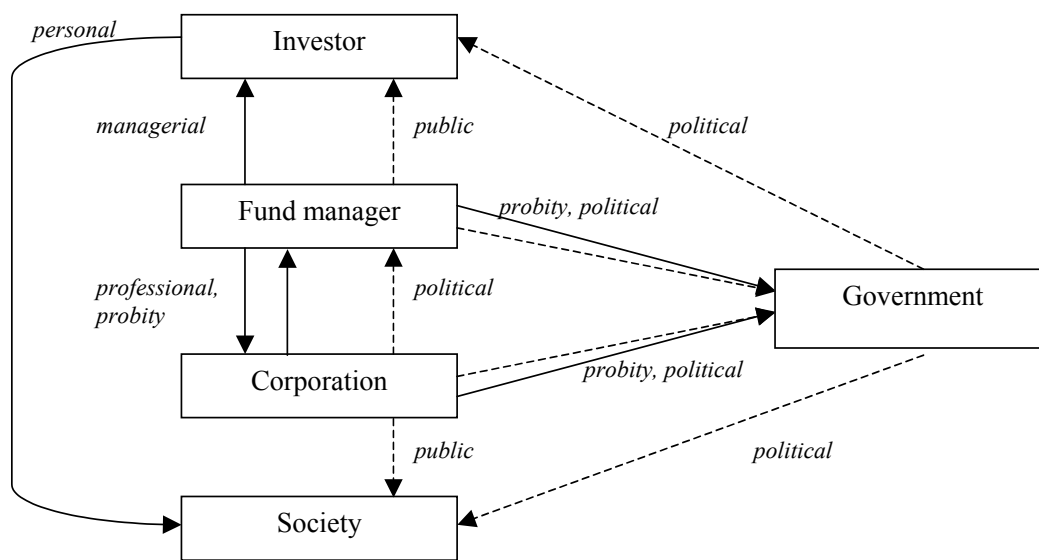


Figure 1 Forms of accountability

Table I FUM of Australian PSRMFs created 2001-2002

Fund Start Date	Fund Manager	SRI FUM March 2003 A\$m	Total FUM March 2003 A\$m	Proportion SRI to Manager's Total FUM %
Dec-01	ABN AMRO	9	3,306	0.3
Feb-01	AMP Henderson Global Investors	193	61,100	0.3
Nov-02	Ausbil Dexia Limited	8	1,029	0.8
May-01	BIAM Australia Pty Limited	27	2,819	1.0
Jan-01	EQT Equity Trustees (Bell)	18	571	3.2
Jan-01	ING Group	106	41,592	0.3
Jun-01	IIOF/Perennial Investment Partners	20	1,901	1.1
May-02	Perpetual Investments Australia Limited	19	16,482	0.1
Nov-01	Vanguard Investments Australia	87	14,778	0.6
	Total FUM these managers	487	143,578	0.3
	Average FUM these managers	54	15,953	0.3
	Total FUM all managers	2,317	735,396	0.3

Source: Rainmaker Information, 2003

Notes: SRI=socially responsible investment. FUM=funds under management.