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**The financial performance of socially responsible funds.**

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Since the early 1970s, socially responsible funds have known a real succes among private and institutional investors. According to Eurosif, the total amount invested in these funds in Europe reached more than 6763 billion euros in 2011.

As socially responsible funds are taking into account both social and financial criteria, the issue of the financial performance of this investment has been addressed by a lot of scientific studies.

Although the modern portfolio theory developed by Markowitz predicates that socially responsible funds can’t outperform conventional funds because of the lack of diversification they face, the empirical studies don’t have come to the same conclusion. Indeed, most of the authors have found that even if there exists a difference of performance between both kinds of funds, this difference is generally not statistically significant. The main objectives of this paper are thus to give an overview of the different theories and empirical studies on this issue and to determine if socially responsible funds have a lower, a higher or an equal financial performance compared to conventional funds and indexes.

This study focuses on the French market, uses the pair-matching method to link socially responsible and conventional funds, and employs traditional measures of performance. The results reveal that there is no significant difference between the performance of both kinds of funds.