



## **The Road to Market-beating Returns is Paved with Sustainability Investing**

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### **ABSTRACT**

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Monthly performance metrics were computed for the 3 Philippine peso-denominated sustainability-focused Philippine equity UITF's and their stated benchmark index, the Philippine Stock Exchange Index (PSEi), from February 2021 to February 2023. Further, this study also compared the R-squared and the information ratios of the flagship Philippine peso-denominated actively-managed equity UITF's of the top 4 banks in the Philippines to that of the aforementioned sustainability-focused UITF's for the same period. Results show that all funds were closet indexers as all of them had R-squareds of at least 70%. Aside from that, BDO esg fund and ATRAM Y unit class had the 2nd and 4th highest IR's, respectively, among 8 funds that were analyzed. This shows that sustainability investing works in the Philippines. It was also recommended that future research use the PSEi Total Return Index instead of the PSEi to account for the reinvestment of cash dividends.

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