

Summary of *Do Investors Value Sustainability? A Natural Experiment Examining Ranking and Fund Flows*

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1. What are the research questions?

- Do investors value sustainability?
- How investors view the increase in resources directed toward sustainability?

2. Why are the research questions interesting?

- Different investors react differently to the increase in resources directed toward sustainability.

3. What is the paper's contribution?

- the literature on how investors value nonfinancial aspects of stocks
 - Existing literature: how subsets of investors value characteristics of securities.
 - extension: evaluate how all fund investors collectively value the characteristic.
- the literature on investment products with explicit social responsibility mandates
 - Existing literature: without distinguishing social responsibility mandates.
 - Extension: examining the preferences for sustainability among the universe of U.S. mutual fund investors.
- the literature on why firms invest in sustainability
 - Existing literature: agency issues.
 - Extension: investment in sustainability is not due purely to agency issues.

4. What hypotheses are tested in the paper?

- High sustainability ratings attracts inflow, low sustainability ratings leads to outflow.

a) Do these hypotheses follow from and answer the research questions?

- Yes, they are exploring how investors value sustainability.

b) Do these hypotheses follow from theory? Explain logic of the hypotheses.

- Yes.

5. Sample: comment on the appropriateness of the sample selection procedures.

- Using data of only one certain period.

6. Dependent and independent variables: comment on the appropriateness of variable definition and measurement.

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- The dependent and independent variables in this study are chosen wisely.
7. **Regression/prediction model specification: comment on the appropriateness of the regress/predict model specification.**
- Similar to DID model, easy to tell the difference.
8. **What difficulties arise in drawing inferences from the empirical work?**
- The analysis based on only one certain period, the result may not be of Universality.
9. **Describe at least one publishable and feasible extension of this research.**
- The method can applied to analysis of other aspects on investors reaction.