

Internet Appendix to “ESG Favoritism in Mutual Fund Families”

In the Internet Appendix, we provide additional evidence for the findings in the main body. In particular, Table [IA-1](#) presents a differentiated treatment of outside-family non-ESG funds used for the matching procedure depending on the existence of ESG funds in their respective fund families. Table [IA-2](#) summarizes a comprehensive investigation of the robustness of our results accounting for funds, which during the sample period, based on their name, changed from a non-ESG fund into an ESG fund. Finally, we redo our main tests using alternative matching procedures in Table [IA-3](#).

Table IA-1: Test of ESG Favoritism without ESG Family Matching.

This table shows the results of monthly regressions of the difference in net-of-style returns (in percentage points) between an ESG fund and a matched non-ESG fund on various explanatory variables. All specifications are equivalent to Model (2) in Table (3) of the main body. The sample represents open-end equity funds domiciled in the U.S. with a USD base currency between 2000 and 2022 from Morningstar Direct. In Model (1), the sample is as defined in Section 3. In comparison, in Model (2), we exclude from the base sample matched non-ESG funds that are part of a fund family that includes an ESG fund. In Model (3), we redo the matching using solely non-ESG funds part of a fund family without ESG funds. The standard errors shown in parenthesis are clustered at the ESG fund level. We indicate significance at the 10%, 5%, and 1% level by *, **, and ***, respectively.

	(1)	(2)	(3)
Same family	0.144*** (0.010)	0.146*** (0.011)	0.138*** (0.010)
Same style	0.001 (0.016)	0.007 (0.020)	0.001 (0.016)
Controls	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Family FE	Yes	Yes	Yes
Style FE	Yes	Yes	Yes
Observations	192,914	158,281	192,166
Adjusted R ²	0.016	0.015	0.016

Table IA-2: Test of ESG Favoritism Accounting for Name Changes.

This table shows the results of monthly regressions of the difference in net-of-style returns (in percentage points) between an ESG fund and a matched non-ESG fund on various explanatory variables. All specifications are equivalent to Model (2) in Table (3) of the main body. The sample represents open-end equity funds domiciled in the U.S. with a USD base currency between 2000 and 2022 from Morningstar Direct. In Model (1), the sample consists of all ESG funds as defined in Section 3. In Model (2), we exclude ESG funds with a name change during the sample period. In Model (3), we only consider ESG funds with a name change. The standard errors shown in parenthesis are clustered at the ESG fund level. We indicate significance at the 10%, 5%, and 1% level by *, **, and ***, respectively.

	(1)	(2)	(3)
Same family	0.144*** (0.010)	0.136*** (0.017)	0.151*** (0.012)
Same style	0.001 (0.016)	0.001 (0.027)	0.001 (0.020)
Controls	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Family FE	Yes	Yes	Yes
Style FE	Yes	Yes	Yes
Observations	192,914	86,738	106,176
Adjusted R ²	0.016	0.026	0.012

Table IA-3: Alternative Matching Procedures.

This table shows the results of monthly regressions of the difference in net-of-style returns (in percentage points) between an ESG fund and a matched non-ESG fund on various explanatory variables. All specifications are equivalent to Model (2) in Table (3) of the main body. The fund matching for the samples in Models (1) and (2) is based on the Mahalanobis distance on fees, YTD return, and age. The fund matching for the samples in Models (3) and (4) is based on the Euclidean distance on fees, YTD return, and age. In Models (1) and (3), the ESG funds are paired with all non-ESG funds in the family and their respective matches outside the family. In Models (2) and (4), the ESG funds are each randomly paired with a single non-ESG fund in the family and its respective match outside the family. The sample represents open-end equity funds domiciled in the U.S. with a USD base currency between 2000 and 2022 from Morningstar Direct. The standard errors shown in parenthesis are clustered at the ESG fund level. We indicate significance at the 10%, 5%, and 1% level by *, **, and ***, respectively.

	(1)	(2)	(3)	(4)
Same family	0.144*** (0.010)	0.182*** (0.027)	0.122*** (0.013)	0.233*** (0.025)
Same style	0.001 (0.016)	−0.040 (0.034)	−0.002 (0.013)	0.028 (0.033)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Family FE	Yes	Yes	Yes	Yes
Style FE	Yes	Yes	Yes	Yes
Observations	192,914	28,404	224,848	32,267
Adjusted R ²	0.016	0.015	0.014	0.015