"Why-not" Investment?":
Implication of the "Feel-Good" Factor on Thai Sustainability Mutual Funds

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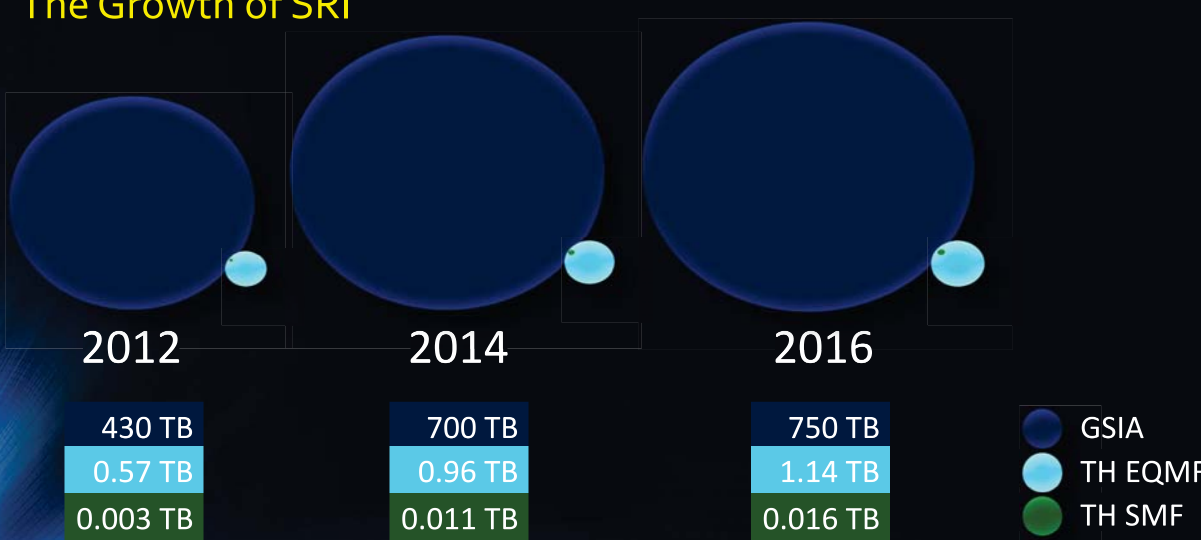
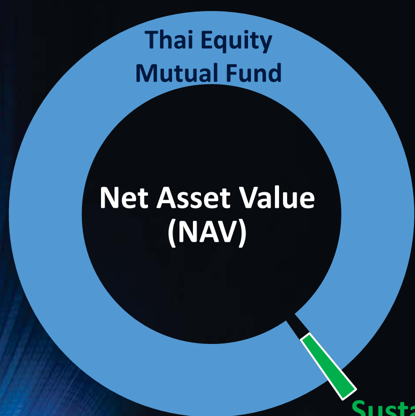
Introduction

The Growth of SRI



Introduction



To explore what individual investors considers when investing in SMFs in Thailand

Sustainable Mutual Fund (SMF)

Only 1.4% (15.8 Billion Baht) of total Thai Equity Mutual Fund in 2016 (1.14 Trillion Baht)

(SET and AIMC, 2016)

Literature Review

CSR
Garriga and Mele, 2004; ISO 26000

- Ethical Practices
- Social and Ecological Practices
- Corporate Governance
- Stakeholder Interests

SRI
von Wallis and Klein, 2014;
Sanberg et al, 2009

- Integration of certain non-financial concerns into investment process

Behavioral Finance
Statman, 2008

- Rational Decisions VS “Normal” Decisions
- Expected Return and Risks
- Holding Values and Emotional Benefits

Sustainability

Literature Review

Analysis of Information	The investment advisors/ institutions	Performance-related factors	Social norm
Berreda-Tarrazona et al, 2011; Diouf et al,2016; Hill et al, 2007; Wimmer, 2013	Diouf et al, 2016; In et al, 2014; Statman, 2008	Auer & Schuhmacher, 2016; Derwall et al, 2011; Mendonca & Oppenhiem, 2007	Hong and Kostovetsky, 2012; Dorfleitner and Nguyen, 2016; Statman, 2008
How good the publication is and how far the medias reach potential investors.	*The actors are able to approach push and pull strategy to lead sustainability investors making the decision.*	*The potential economic performance of socially responsible investment is to be appraised in different viewpoints.*	*Taking sustainability investment decision, personal value and ethics play a crucial role.*
Benchmark	No. of funds	Type of investors	Investment Policy
Sources	Knowledge	Relationship	Screening procedures
		Risk & Diversification	

Sample

Individual investors

with investment experience in at least one or more of these funds in the past or currently investing in these funds:

- **CG-LTF** UOBAM
- **MIF** MFC
- **MIF-LTF** MFC
- **BSIRICG** BBLAM
- **BKIND** BBLAM
- **TISESG-S** TISCO AM

**Based on SET consideration as Sustainability Investment (2015)*

Research Methodology (Cont.)

Independent Variable

- Analysis of Information
- Investment Advisor/ Asset Management Company
- Performance-related Factor
- Social Values

Dependent Variable

Potential to continue invesment in SMFs in the future

All questions utilised the Likert's Rating Scale – 5 as strongly agree to 1 as strongly disagree

The analysis employed descriptive statistics to explain sample's characteristics and variables as well as multiple regression to examine their relationships

Findings

***Investor Background**

- Investment Frequency
- Portfolio Proportion
- Type of Investors
- Financial Instrument
- Investment Patterns

Findings (Cont.) * SRI factors

Variable	Mean	Standard Deviation
1. Analysis of Information		
You regularly read the investment reports of these SMFs and/or sustainability reports of the equities in these SMFs.	3.18	1.21
The information regarding sustainable investment in different media is enough for you to make investment decisions	3.31	1.11
Ranking of the sustainable funds and/or equities by reliable institutions are critical for your investment decision.	4.05	0.85
2. Investment Advisor/Asset Management Company		
Currently, there are various products in sustainable equity investment.	3.46	1.01
Investment advisors (such as, advisors from asset management company, advisors from securities company, and bank officers are knowledgeable.	3.19	1.04
3. Performance-related Factor		
The level of risk is appropriate.	3.85	0.68
Management fee is appropriate.	3.35	1.05
4. Social Values		
Investment policy takes social norms into consideration.	3.69	0.93
The equity selection process takes social norms into consideration.	3.67	1.00

Findings (Cont.) *Relationship between SRI factors & Investment Decision

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.952	.071		55.725	.000
Analysis of information	.162	.088	.184	1.836	.069
Investment advisor/asset management	.098	.105	.110	.931	.354
Performance-related factors	.126	.091	.137	1.389	.168
Social values	.262	.089	.295	2.938	.004

Conclusion

Academic Discussion & Implications

Support Behavioral Finance
More than Financial Return in the investment decisions of the Thai investors

***Early* Evidence of SRI on Decision, Yet lightly taken**
Social Values of the investors expressed via the presence of Social norms in the policy and equity-screening procedure

Feel-good Investment
limited proportion of SRI in investment portfolio, limited advantage in SRI

Conclusion (cont.)

Managerial Implications and Recommendations for financial institutions

More Commitment to Sustainability

- More SRI products from More institutions
- More knowledgeable and capable executives and staff
- More education and promotion to the market
- More engagement with stakeholders

Thank you