

**For immediate release**

## **SRI money market funds: A high-growth market lacking transparency**

**Paris - 30 March 2009 - Novethic releases its first working paper on "SRI Money Market Funds." With volumes that increased six-fold in 2008, this rapidly expanding asset class owes its popularity to the safety it can offer investors. The SRI dimension brings a degree of reliability but is tempered by questionable transparency in the funds' communication and distributors' lack of commitment to avoid tax havens.**

### **Explosion of SRI money market funds**

The 13 SRI money market funds listed by Novethic in its working paper were worth a total of EUR 6.3 billion at end-2008, accounting for 31% of the assets under management on the French SRI market, compared with only 5% at end-2007! It is important to point out that 6 out of these 13 funds (including the three largest) recently "converted" to SRI. This trend picked up in early 2009, with the SRI assets under management in money market funds totalling EUR 7.6 billion as at end-February 2009.

To provide another example of this trend, assets under management in French SRI money market funds rose from 32% to 43%, reaching EUR 490 billion in 2008.

### **SRI guarantees reliability...**

Applying an SRI approach to money market funds provides added assurance for products already considered low-risk but that were recently discredited due to investment approaches (e.g. exposure to subprime loans via derivative products) seeking to boost their performance. SRI helps investors meet their need for safe investments. An Environmental, Social and Governance (ESG) assessment can be used to determine the nature and characteristics of a money market fund and better identify the issuers.

### **... but not transparency**

However, investment firms offering SRI money market funds provide uneven and limited levels of transparency, notably on screening rules and tolerance thresholds. While some fund managers categorically exclude securities that have not been reviewed against extra-financial criteria, others allow a certain percentage, sometimes as high as 50%, in their portfolio. Moreover, none of them has taken a stance on the issue of tax havens, considered to have helped spur the financial crisis. Securities issued from tax havens sometimes rank among the top ten fund investments in Novethic's panel.

Published on a quarterly basis, Novethic's working papers focus on an issue raised by a specific asset class or the integration of ESG criteria into new financial sectors.

The working papers due for release in 2009 deal are:

- Islamic finance and SRI
- When private equity goes SRI
- Mainstreaming ESG Integration

Click here to read the working paper:

[http://www.novethic.com/novethic/v3\\_uk/upload/SRI\\_Money\\_Market.pdf](http://www.novethic.com/novethic/v3_uk/upload/SRI_Money_Market.pdf)

### **About Novethic**

As the sole source of analytical and statistical information on the French SRI market, Novethic is the leading research center in France on Socially Responsible Investment (SRI) and Corporate Social Responsibility (CSR). Created in 2001 as a subsidiary of Caisse des Dépôts, Novethic produces research studies and organises events to mobilise business leaders, investors and NGOs on these key issues related to CSR and SRI.

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