

Renaming with purpose: Investor response and fund manager behaviour after fund ESG-renaming ^{*}

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Abstract

Motivated by concerns that mutual funds' stated integration of environmental, social and governance (ESG) criteria in investing is cosmetic, we study the widespread phenomenon that mutual funds change their name to include ESG-related appellations. Using a unique global sample of 740 ESG-related name changes between July 2016 and September 2022, we investigate investors' response and fund managers' behaviour in terms of fund flows, portfolio-level ESG metrics, portfolio turnover, and fees. Using difference-in-differences analysis and accounting for heterogeneous treatment effects, we provide mixed evidence on whether funds increase flows by renaming, although effects appear significant for funds domiciled in Europe. We subsequently document that fund managers do improve the ESG performance, reduce exposure to controversial businesses, decrease the carbon intensity, and lower the overall ESG risks of their portfolios after ESG renaming. Repurposing has no material impact on funds' turnover rates and on fees. The results alleviate concerns that funds use ESG-oriented name changes cosmetically and imply that they are renaming with purpose.

1 Introduction

Climate change and social sustainability issues such as gender or ethnic discrimination are now widely recognised problems within society. Not surprisingly, a growing body of studies concludes that individuals and institutional investors prefer investments that consider ESG issues (Bauer, Ruof & Smeets, 2021; Hartzmark & Sussman, 2019; Heeb, Kölbel, Paetzold & Zeisberger, 2023), and fund managers increasingly deem ESG considerations part of their fiduciary duty (Eurosif, 2016). There is evidence that mutual funds that cater to investors with ESG preferences might benefit from positive or more stable money flows (Benson & Humphrey, 2008; Bollen, 2007) and indeed the last years have seen record inflows into funds that invest according to environmental, social and governance (ESG) criteria (Morningstar, 2023).

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Accompanying this trend is the growing phenomenon of repurposing where existing investment funds re-brand and shift their stated investment profile into the ESG segment ([Financial Times, 2021](#)). For example, around 250 European funds changed their name and investment policies to include sustainability related terms in 2020, while the number doubled to 536 in 2021 according to Morningstar classifications ([Morningstar, 2022](#)). However, whether funds’ actions mirror their new names or labels is the subject of debate. There are concerns that funds self-designate as sustainable, without meaningfully changing their modus operandi ([Kaustia & Yu, 2021](#)). The perceived risk of “ESG-washing” has been significant enough to attract the attention of regulators in the U.S. and Europe.¹

In this paper, we investigate how investors respond to first-time ESG renaming by mutual funds around the world, and whether fund managers’ subsequent investments align with ESG repurposing, i.e., renaming with purpose. The literature provides alternative views on why fund managers change fund names to include ESG-related terms in order to appeal to investors. On one hand, due to information asymmetry between investors and fiduciaries, funds may change their names to signal their (future) commitments to ESG based investing ([Akerlof, 1970](#); [Spence, 1973](#)). On the other hand, funds may change names only cosmetically to attract capital from investors that are sensitive to trendy names ([Cooper, Gulen & Rau, 2005](#); [Espenlaub, Ul Haq & Khurshed, 2017](#)), or to charge higher fees to uninformed investors ([Laudi, Smeets & Weitzel, 2021](#)). We use MSCI ESG Fund Metrics to identify 740 funds that changed their name by including an ESG term (i.e. ‘Sustainable’, ‘Responsible’, ‘Social’,...) for the period July 2016 - October 2022. To identify these name changes, we used a customised keyword search algorithm similar to [Nofsinger and Varma \(2014\)](#), [Candelon, Hasse and Lajaunie \(2021\)](#) and [Ghoul and Karoui \(2021\)](#). Consistent with increased ESG-based investing, we document a steep increase in annual ESG renaming over time, from 9 occurrences in 2016 to 243 in 2022. To contribute to the ongoing debate on renaming, we study fund flows, changes in ESG profiles, and portfolio turnover and fees.

First, we examine to what extent investors respond to ESG renaming through an analysis of fund flows. We apply difference-in-differences regressions to analyse flows following renaming, relative to non-renamed funds. Using two-way fixed-effect (TWFE) regressions, we find that monthly flows increase significantly, by about 1-2 percentage points, depending on the model specification employed. This effect is sizeable given a sample-average monthly flow of 1.1%, and it holds true after controlling for fund size, past returns, fees and fund-level ESG score. In line with earlier literature ([Ammann, Bauer, Fischer & Müller, 2018](#); [Hartzmark & Sussman, 2019](#)), flows also respond directly to mutual funds’ ESG scores. Next, we consider retail and institutional share classes separately. Within ESG investments, [Ammann et al. \(2018\)](#) and [Kaustia and Yu \(2021\)](#) find that institutional investors use more sophisticated criteria to select the funds they invest into, although this could not be confirmed by [Hartzmark and Sussman \(2019\)](#). We find that effects are largely similar across retail and institutional share classes. In addition to TWFE, we apply recent estimators advanced by [Callaway and Sant’anna \(2021\)](#) when TWFE can be biased due to staggered treatments ([Chaisemartin & D’haultfoeulle, 2022](#); [Goodman-Bacon, 2021](#); [Sun & Abraham, 2021](#)). In our preferred method, we find a positive effect on flows for European funds only. These findings provide support for the notion mutual funds can attract new capital from investors through ESG renaming.

We then examine fund manager behaviour through an analysis of fund-level ESG data, testing whether

¹In November 2022, the European Securities and Markets Authority (ESMA) launched a consultation on guidelines for funds using ESG or sustainability related terms in their names ([ESMA, 2022](#)). Proposals would require such funds to meet a quantitative threshold of 80% of investments into ESG assets. The US Securities and Exchange Commission (SEC) has also proposed to amend the Investment Company Act “Names Rule”, which outlines an 80% investment policy, to include ESG terms ([SEC, 2022](#)).

funds meaningfully change their ESG profile after renaming. Although the literature on fund ESG performance often excludes passively managed funds (i.e., index funds and ETFs) under the assumption that fund managers are powerless in their choices of where to redirect investment (Kim & Yoon, 2023), we include these funds as the decision by fund managers on a new benchmark is highly relevant for a fund’s ESG performance. Our definition of passive funds comprises both index funds and ETFs. Following concerns by Berg, Kölbel and Rigobon (2022), we study metrics published by different providers. Using MSCI ESG scores, we find evidence that ESG renaming leads to improvements in the ESG profiles of underlying portfolios. The average mutual fund experiences an increase in overall fund-level ESG score, even after accounting for staggered treatment. Based on TWFE results, the average ESG score improves by 0.33 for funds that rename (i.e. 6.2 to 6.5) with funds domiciled in the U.S. making an improvement of 0.67, while those in some European countries make smaller improvements to their ESG scores. A potential explanation for this variation is that European funds have fewer improvements in ESG performance to make post-renaming, given that European fund managers may have a stronger ESG orientation to begin with; see e.g., Amel-Zadeh and Serafeim (2017); Dyck, Lins, Roth and Wagner (2019); Gibson Brandon, Glossner, Krueger, Matos and Steffen (2022). When using the Morningstar portfolio-level sustainability risk score, we find that renaming leads to a reduction in this score. Turning to the results for staggered treatment effects, we see once again that the U.S. sample is responsible for the overall improvement with a significant 0.68 reduction in risk compared to a non-significant 0.11 for European funds. Both ESG score-based metrics indicate that fund managers meaningfully change the ESG profile of their portfolio after their fund names change. In addition, we consider fund-level metrics beyond ESG scores. Recognising that investors have heterogeneous motives to invest in ESG funds (Derwall, Koedijk & Horst, 2011; Starks, 2023), we examine scores that measure, respectively, funds’ avoidance of controversial businesses, funds’ alignment with positive-impact investments, and funds’ decarbonisation. We find that after ESG renaming fund managers on average reduce both the exposure to controversial businesses and the carbon intensity of their portfolios.

Finally, we analyse the consequences of ESG renaming for portfolio turnover and fund fees. Albeit with a smaller sample, we document that ESG renaming does not lead to significantly different turnover rates. Consistent with this behaviour, fees are only marginally affected by funds’ ESG orientation; we estimate that ESG renaming, *ceteris paribus*, reduces fees by 0.01-0.03 percentage points, whereas the relation between fund-level ESG scores and fees is positive yet small. We conclude that ESG-related name changes do not appear to be cosmetic nor accompanied by unreasonably higher fees. Taken together, our results are consistent with a signalling story, in which renaming conveys information about fund managers’ commitment to equity allocations that improve the ESG profile of their portfolios.

We make several contributions to the literature. First, our results contribute to research about the effects of name changes on mutual fund flows (e.g., (Cooper et al., 2005; Espenlaub et al., 2017)). Within this literature we specifically contribute to small body of preliminary evidence on the effects of ESG related name changes. In an earlier paper based on a small sample of 28 U.S. based mutual funds, Ghoul and Karoui (2021) report that ESG-related fund name changes increase fund flows, portfolio turnover, and correlation with a social index, but do not change risk exposures and performance. They conclude that name changes are not cosmetic but call for research on more ESG-related name changes. In contemporaneous research, Cochardt, Heller and Orlov (2023) use Morningstar Direct data to collect a sample including non U.S. funds, for a total of 218 events where ESG terms are added to a fund’s name. Similar to Ghoul and Karoui (2021) they find abnormal fund flows and improved portfolio sustainability scores after a name change, however they conclude that funds are no more likely to vote in favour of proposals related to firms’ ESG policies. We further contribute to this research agenda by identifying an

international set of 740 funds that add an ESG-related term to their name, using the MSCI ESG Fund Metrics database. Our data enables us to study more granularly how U.S. investors respond to renaming compared to European investors, and we investigate alternative ESG dimensions that are relevant for fund managers and investors. In related research, [Kaustia and Yu \(2021\)](#) conclude that U.S. funds may have greenwashing motives by studying first-time mentioning of ESG-related words in prospectuses (i.e. self-designating as an ESG fund). They report higher flows for funds with a self-designated ESG label over the period 2016-2018, even for funds with below-average Morningstar sustainability ratings. Funds in their study tend to self-label as ESG when exhibiting weaker flows, and post-labelling they reduce stakes in ESG-unfriendly industries from 10% to 8.4%, with no significant effect on flows. We extend this research by documenting improved ESG profiles and higher flows of funds after switches to ESG-related fund names, although to a varying degree across continents.

We also contribute to a broader literature that studies whether institutional investors that claim to apply ESG criteria “walk the talk” or mislead investors. [Gibson Brandon et al. \(2022\)](#) analyse portfolio-level ESG scores of institutional investors that are signatories of the Principles for Responsible Investing (PRI). They find that in contrast to signatories from other regions, U.S. institutions do not exhibit higher ESG scores but reap benefits from signing PRI through positive fund flows. Similarly, [Kim and Yoon \(2023\)](#) document that U.S. mutual funds enjoy large inflows by signing PRI, but experience neither improved fund-level ESG scores nor improved returns. In contrast, we focus on the global trend in the mutual fund industry of changing names to include ESG related terms, analysing both investor and fund manager behaviour following first-time name changes. Counter to evidence that U.S. mutual funds may not “walk the talk” after signing PRI, we find that both U.S. and non-U.S. mutual funds do follow up on ESG-renaming by improving the ESG profiles of their managed portfolios.²

The paper proceeds as follows; in Section 2 we detail the sample selection process and explain the main variables used in analysis, providing an overview of the sample. Next we outline the difference-in-differences specifications, using both the traditional two-way fixed effects set up, as well as a consideration of more modern approaches to identifying staggered treatment effects. We provide presentation of the results in Section 3 and concluding findings in Section 4.

2 Data and Methodology

2.1 Sample selection

We use data from MSCI ESG Fund Metrics, FactSet Research Systems, Morningstar, CRSP Mutual funds and Refinitiv Eikon to construct our sample. First, we use Factset to retrieve our initial universe of fund share classes from MSCI ESG Fund Metrics. The fund metrics module gives us monthly fund share class names and ISINs from July 2016. As ISIN is the common identifier across databases, it allows us to collect and merge financial variables from July 2015 (one year prior to the first renaming). We identify fund renaming until October 2022, and collect data on financial variables up to March 2023 (a half-year after the last renaming event).³ We merge ISINs with Morningstar data to identify fund types and exclude share classes from closed-end funds and hedge funds. We additionally merge our data with Refinitiv Eikon to identify funds’ legal structure and we remove any remaining share classes from closed-end fund types. Lastly, we use the legal structure to select equity funds only.

²Further, [Liang, Sun and Teo \(2022\)](#) investigate signing the PRI in the context of hedge funds. They find that some hedge funds consistently under perform on ESG but nonetheless attract flows from becoming signatory.

³Our query from Factset includes non-active share classes to mitigate survivorship bias.

To identify funds that have had ESG-related name changes for the first time, we use a keyword search procedure similar to Nofsinger and Varma (2014), Candelon et al. (2021) and Ghoul and Karoui (2021). We record a name change if the share class name changes to include at least one of the ESG-related appellations in a keyword list that includes terms such as: ‘Sustainable’, ‘ESG’, ‘Eco’, ‘Social’. Appendix A.1 provides a description of the algorithm used to identify name changes and the list of appellations. Due to the global nature of our sample, we identified in total 172 different appellations. This process narrows down the initial universe of over 220,000 share classes to 2,907 open-ended equity share classes with an ESG-related name change.⁴ To verify our US sample, we use data from CRSP Mutual Funds and repeat this keyword search process for the set of share classes available. We identify three additional name changes and add these to our sample.

Name changes generally happen at the fund level and affect the names of multiple share classes (see Appendix A.2 for an example). We need a way to identify all share classes belonging to a fund. Morningstar provides a fund-level ID variable that is common across share classes, but coverage is incomplete. For funds without a Morningstar ID across share classes, we create our own fund name variable by dissecting names at the share class level. Please see Appendix A.3 for more detail on these steps. To avoid double-counting of share classes, we follow Cooper et al. (2005) and Ghoul and Karoui (2021) and select the oldest share class per fund. As an additional criteria, we also select the largest in terms of average total net assets (TNA) over all time periods available.

In our analysis, we consider differences across retail and institutional share class types. We use both the FactSet Reference Data module and the FactSet Mutual Funds module to collect information on share class type (i.e., A, B, E, I, P). For share classes missing this information we create our own classification based on share class name; see Appendix A.4 for a more detailed description. We label a share class as institutional if it is categorised as such according to Morningstar’s description of share class types (Morningstar, n.d.) (see Appendix A.3). Otherwise we label it as a retail share class. Within institutional and retail share classes, we again select the oldest and largest share class.

The final sample of ESG-related name changes includes 1057 share classes consisting of both retail and institutional share classes types, with 248 funds that have both types of share class. Counting retail share classes only (the most abundant of the two types), there are 740 funds with name changes. We manually verify our sample of funds that changed their name to include an ESG term during the panel time-frame, and to ensure we are not double counting funds.

We collect financial data from Refinitiv Eikon. Eikon provides monthly percentage returns and monthly TNA measured in \$ millions at a share class level. Following Sirri and Tufano (1998), we use data on return and net assets to derive mutual fund flows in percentages:

$$Flows_{j,t} = \frac{TNA_{j,t} - TNA_{j,t-1}(1 + R_{j,t})}{TNA_{j,t-1}}$$

where $TNA_{j,t}$ is share class j ’s TNA at the end of month t , while $R_{j,t}$ is the return for month t . We winsorise flows, returns and TNA at the 1st and 99th percentile to prevent outlier values from skewing results. *Age* is also calculated at the share class level, measured in months from the fund’s launch date.

We obtain the total expense ratio for each fund from Eikon and fund turnover from Morningstar. In addition we use Eikon to retrieve the share class’s launch date and fund domicile. The final panel dataset

⁴Of these, 53 share-classes reversed their ESG name change at some stage after repurposing; they are left within the sample. Future research may want to explore whether ESG name changes were reversed for a common reason, perhaps due to regulatory reasons or changing investor perceptions (Candelon et al., 2021). Within their sample of ESG-related name change funds, Cochardt et al. (2023) identify several funds that remove ESG terms from their name and suggest that this too is driven by past poor performance.

includes observations for each share class from the time of its launch, contingent on having at least 12 months of flows data.

We measure the ESG performance of mutual funds in three ways, alleviating concerns that our results are specific to the choice of ESG rating provider; see, e.g., [Berg et al. \(2022\)](#). First, we use fund-level ESG scores obtained from the MSCI ESG Fund Metrics module in Factset. We use their overall ESG score, ranging from 0 to 10 with higher values reflecting better performance. MSCI computes this score by aggregating the firm-level ESG ratings of the fund’s holdings. This rating reflects how well firms manage ESG-related risks and opportunities across various environmental, social and governance issues. For a fund to receive an ESG rating, it needs to have at least 65% of its holdings covered by MSCI ESG ratings; see [MSCI \(2021\)](#).

Second we collect Morningstar portfolio sustainability scores from Morningstar Direct. This score is an asset-weighted aggregate of the firm-level ESG risk ratings that Morningstar maintains, ranging from 0 to 100, where higher values indicate more severe ESG risks.⁵ Similar to MSCI, Morningstar only assigns a score to a fund if at least 67% of the fund’s holdings have a firm-level ESG risk rating.

Third we use MSCI ESG Fund Metrics to capture specific variants of sustainable investment strategies or philosophies that fund managers may adopt. Specifically, we use the sustainable impact score that measures funds’ exposure to firms that actively address social and/or environmental challenges, by for example investing in clean energy or community building. This measure, ranging from 0 to 100, reflects a recent trend to ‘impact investing’ or ‘impact-aligned’ investing in listed equities; see, e.g., [Busch et al. \(2021\)](#). Next, we analyse the ‘values-alignment’ measure, again ranging from 0 to 100. This measure is based on fund holdings that have ties to firms active in, for example, tobacco and gambling. Values-based investors typically tend to screen for these activities ([Derwall et al., 2011](#); [Starks, 2023](#)). Subsequently, we measure how much funds decarbonise their portfolios following renaming by studying fund portfolio carbon intensity. The fund-level carbon intensity is a weighted average of MSCI’s security-level scope 1 and 2 intensity metrics ([MSCI, 2021](#)).^{6,7}

2.2 Data description

In this section, we present descriptives for the funds in our sample, including both actively managed and passive funds. To avoid double-counting, we only present it for the retail share classes. Figure 1 depicts the most frequently used appellations (i.e., at least five times) in our sample. It can be clearly seen that ESG and sustainable are most used. Table 1, Panel A shows the annual number of renamed funds, reflecting a particularly strong increase in ESG oriented name changes since 2020. In Panel B we show an overview of the total number of funds by continent and country, with a column for funds that didn’t rename during our time-frame and one for those that did.

Table 2 reports fund characteristics for the month of name change for funds that rename and comparison funds. The statistics are based on retail share classes, aligned on the month of name change. To give equal weighting to each renamed fund, the mean values for the comparison funds on each name change month are first multiplied by the fraction of funds that changed name that month and then aggregated

⁵The firm-level ESG risk ratings were originally developed and maintained by Sustainalytics, which Morningstar adopted in October 2019, replacing their previous rating and updating their methodology. We therefore only use Morningstar data from October 2019 onwards in our analysis.

⁶([MSCI, 2020](#), p. 8) defines firm-level carbon intensity as “Weighted average Scope 1 and Scope 2 carbon emissions intensity normalised by enterprise value including cash”.

⁷While several studies use emissions intensity as the preferred measure of assessing carbon performance (e.g., ([Aswani, Raghunandan & Rajgopal, 2023](#))), others prefer unscaled emissions (e.g., ([Bolton & Kacperczyk, 2023](#))). We focus on scaled emissions due to data availability.

to give a value for the entire sample. Median values for the comparison funds are first collected for each month at least one fund changes its name, and then the median of those selected. Panel A summarises characteristics of actively managed funds, and Panel B summarises those for passive funds.⁸

Across both active and passive fund types, the previous month’s flow and the previous six month cumulative flows are lower for renamed funds as compared to non-renamed funds.⁹ Renamed funds exhibit higher ESG performance across all the MSCI ESG metrics, carbon intensity and Morningstar risk score, and renamed active funds demonstrate higher turnover of fund holdings over the past year. Neither active nor passive renamed funds exhibit hugely different expense ratios in comparison to their control groups, whereas previous six month returns and TNA values are lower for both. The literature on fund name changes provides mixed results on the relationship between fund size, proxied by TNA, and propensity to change name; [Cooper et al. \(2005\)](#) identify renamed funds as larger, while [Espenlaub et al. \(2017\)](#) and [Cochardt et al. \(2023\)](#) find they are smaller. It could be that smaller funds that are less well known find it easier to re-brand away from a previous image to adopt a new one ([Espenlaub et al., 2017](#)). Renamed active funds in our sample are on average older than the control funds, similar to [Cooper et al. \(2005\)](#) but contrary to [Espenlaub et al. \(2017\)](#). Renamed passive funds are comparable to control funds, perhaps as the rise of passive investing is also a more recent phenomenon. These initial statistics align with the suggestions by [Cooper et al. \(2005\)](#) and [Cochardt et al. \(2023\)](#) that older and relatively less successful funds that have experienced a decline in flows may be motivated to re-brand to attract investor attention.

In Table 3, we show descriptive statistics that give a first impression of the flows, ESG metrics, and other characteristics that funds exhibit, pre- and post-renaming. Monthly flow is given for the month prior to renaming and the month after renaming. Similarly, six month cumulative flow, and six month return are given for the six months prior and six months following renaming. The other variables are measured at points in time or reported on a annual/quarterly frequency; we take a year window around the renaming events, comparing values six months before and six months after renaming. We compute the difference in means for each variable, and report the associated *t*-statistic and *p*-value for the null hypotheses that the difference in means is zero. The ‘count’ columns show per variable the number of funds for which data is available.

Table 3 shows that, on average, previous month flows and the cumulative six-month flows of both active funds (Panel A) and passive funds (Panel B) are higher post-renaming compared to before, but only the cumulative six-month flow difference observed for repurposed passive funds is significant ($p = 0.06$). Funds’ MSCI ESG scores (carbon intensities) are significantly higher (lower) in the six months post-renaming as compared to before, and Morningstar risk scores are also lower, thus providing some initial evidence that renamed funds take action on their words. Fund impact and values alignment ratings, however, move in the opposite direction compared to the MSCI and Morningstar overall ESG and risk scores. These opposite signs could be consistent with the popular view that ESG investing is less thematic and less sector-specific than values-aligned and impact-focused investing, and if so, suggest that most repurposing appears to focus on improving ESG performance and reducing ESG risk in a broader sense. The next sections will shed more light on how these results hold after controlling for fund and time fixed effects. Consistent with funds redirecting investment into higher-ESG securities, funds’ turnover rates are significantly higher during the six months post-renaming. Interestingly, fees charged

⁸For general summary statistics for the entire panel of observations please see Appendix A.9, by US and European sub-samples see Appendix A.10, and by funds with ESG terms in their name or conventionally named see Appendix A.11.

⁹Six month flows and returns are calculated using the formula $(1 + r_1)(1 + r_2)(1 + r_3)(1 + r_4)(1 + r_5)(1 + r_6) - 1$, where r_n is either the percentage return or flow in month n .

by funds are *lower* six months post-renaming as compared to before. Although the difference in fees is economically small, these results are somewhat contrary to expectations because anecdotal and empirical evidence suggest that financial professionals may charge higher fees for ESG-based investments (Laudi et al., 2021). Finally, six month returns are considerably lower after renaming, to the point of turning negative for passive funds (and significantly so, $p = 0.02$). These initial results provide a first indication of potential differences due to fund renaming but could reflect an underlying trend over time in ESG behaviour, costs and performance. We turn to formal tests of renaming effects in the next sections of the paper.

2.3 Difference-in-differences specification

We formally measure the effect of renaming on investor or fund manager behaviour by the difference in the dependent variables (respectively, flows, ESG score, fund turnover, and expenses) across the treated (i.e, renamed funds) and control groups pre- and post-renaming. We estimate a difference-in-differences regression using all available monthly observations for funds over the time period July 2015 to March 2023. Our general equation takes the form:

$$y_{i,t} = \alpha_i + \alpha_t + \beta * Repurposed_{i,t} + \gamma * X_{it} + \epsilon_{i,t}$$

where y is the dependent variable of interest observed for each fund i , at year-month t , α_i indicates fund fixed effects and α_t denotes time fixed effects. *Repurposed* is a dummy variable that takes a value of one if fund i has had an ESG related name change by month t , and zero otherwise. y is the variable of interest; i.e., we study flows to understand investor behaviour, funds' ESG metrics to assess the ESG performance of fund managers' portfolios, as well as turnover and expenses. β represents the coefficient of interest which measures the contemporaneous change in outcomes across the treated and control groups after repurposing, and ϵ the errors.

In addition to fund and time fixed effects, we control for several other factors in X that can relate to the different dependent variables we are interested in. For example, since the relation between past performance and fund flows is well established in the literature (Chevalier & Ellison, 1997), we include prior-month fund return as covariate. Further, fund size (the one-month lagged natural logarithm of a funds' assets under management), and lagged expenses may correlate with flows (Cooper et al., 2005; Espenlaub et al., 2017). We also include expense ratio as there is some evidence ESG investors are willing to pay higher fees for the benefit of investing into an ESG as opposed to conventional fund (Laudi et al., 2021), and fees are also of importance in looking at flows across active and passive mutual funds (Braun, 2016). Finally, Hartzmark and Sussman (2019) document that flows follow fund-level ESG ratings. By controlling for lagged ESG scores, we estimate how renaming affects flows beyond any direct effect of the ESG performance of the fund. Beyond the inclusion these fund-specific controls, we consider that a fund's region of domicile moderates investors' and fund managers' ESG behaviour after repurposing. For example, funds' domicile can capture differences in social and cultural norms which may account for variations in ESG scores across countries (Amel-Zadeh & Serafeim, 2017; Dyck et al., 2019).

We estimate the specification above using the entire sample of non-renamed funds with available data. Some prior studies (Cooper et al., 2005; Ghoul & Karoui, 2021), rely on a matching procedure to compare abnormal flows to the funds that have undergone a name change, to those of similar non-renamed 'control' groups.¹⁰ This approach relies on the assumption that there are no unobservable characteristics that are fundamentally different between the two groups. Given both our context of fund ESG performance

¹⁰In addition, Espenlaub et al. (2017) employs an endogenous switching model

post-repurposing and the unobserved potential heterogeneity across funds for repurposing, we use the entire sample of non-repurposed funds available and control for time invariant unobserved factors with difference-in-differences regressions on a panel data set that includes time and entity fixed effects. We also include robustness tests using different control groups, that aim to address this unobserved heterogeneity.

2.4 Heterogeneous treatment effects

The difference-in-differences specification described in Section 2.3 is essentially equivalent to a two-way fixed effects (TWFE) estimator if there are two time periods and the treatment is only given to one of the groups in the second time period (Goodman-Bacon, 2021; Imai & Kim, 2020). Recent advances in econometric theory however, show that TWFE regression estimators can be biased when: there are groups undergoing time varying treatment and different sizes of timing group (Baker, Larcker & Wang, 2022; Goodman-Bacon, 2021); there are heterogeneous treatment effects (Chaisemartin & D’haultfoeuille, 2022; Sun & Abraham, 2021); or if units can switch in and out of treatment condition (Imai & Kim, 2020). The TWFE estimators would only be unbiased in a staggered treatment setup if the very strong assumption of treatment effect being constant between groups and over time held true (Chaisemartin & D’haultfoeuille, 2022).

In our dataset, funds rename at different points in time, with some months containing more than 20 funds that decide to rename and other months only a few or none at all. In total we have 51 months where at least one fund renames, the frequency of which is concentrated in the later years of the panel. TWFE estimates for our data structure could be biased for a number of reasons. First, we expect that there could be heterogeneous treatment effects across groups in time (i.e., whether a fund renames in 2016 or 2022), as evidenced by Kaustia and Yu (2021) who find that investors respond less dramatically to a repurposing event in 2018-2020 as compared to 2016-2017. Second, we also anticipate that the dynamic development of treatment effects is applicable to our study, as flows likely respond to renaming within a couple of months, whereas fund ESG scores may change more slowly as fund managers re-balance their portfolios. To address these concerns, we also use the estimator created by Callaway and Sant’anna (2021), which allows us to calculate treatment effects for each group in each time period in the panel separately, and to aggregate these in different ways to give an overall measure. We consider the ‘group’ aggregation method the most robust for our data structure given that we believe treatment effects may be heterogeneous in and across time. With this method the treatment effects are first aggregated into group specific effects, which are then averaged to give the overall average treatment effect. In contrast the other two aggregation methods require further assumptions. ‘Dynamic’ aggregation allows for treatment effects at different lengths of exposure to the treatment, essentially creating an event study plot, and an overall treatment effect averages the average treatment effects across all lengths of exposure to the treatment. For this measure to be accurate, it requires the underlying assumption that the dynamic effect does not vary across groups in time, we are not convinced this is true for our data structure. Finally, ‘simple’ aggregation is where the average treatment effect is a weighted average of all group-time treatment effects with weights proportional to group size. This measure is different to TWFE in that it avoids the negative weights issue, but similar in that earlier groups are overweighted because we observe more of them in the post treatment period. We present both TWFE and staggered estimator results in this paper, providing an initial benchmark that can be used to compare our results to past literature, while also gaining insight to the level of bias that we correct for in using more advanced methods.

3 Analysis and results

3.1 Investor responses to renaming

We first study how investors respond when mutual funds switch to ESG-related names by analysing monthly fund flows. We could expect ESG renaming to positively affect fund flows if investors have ESG preferences and perceive a reorientation towards ESG-related investing through the name change. It is conceivable that retail and institutional investors differently respond to ESG-related renaming; for example, [Ammann et al. \(2018\)](#) reports that flows to retail funds, but not institutional flows, are sensitive to sustainability ratings. To formally test whether retail and institutional flows have a significantly different response to ESG renaming, we use data on both retail and institutional share classes, first employing traditional TWFE estimators and then accounting for staggered treatment.

In Table 4 we estimate how much fund flows respond to renaming based on the TWFE specification described in Section 2. Across Models 1-3 we interact *Repurposed* with a dummy for institutional share classes, and find no significant interaction effects that would indicate a difference in response to *Repurposed* between retail and institutional investors. In the first model, which controls for fund and time fixed effects only, estimates suggest that monthly flows are 1.93 percentage points higher after funds rename (coefficient = 1.925, $t = 11.813$). Models 2 and 3 show that the effect on fund flows remain significant but reduce in magnitude once fund-specific controls are added to the empirical specifications. These results are similar to what previous research finds; [Esenlaub et al. \(2017\)](#) report abnormal flows of 13% in the year after a name change, and [Cochardt et al. \(2023\)](#) document an increase of 14 annualised percentage points.

Consistent with literature, fund flows increase with higher past fund returns and decrease with greater fund size (month lagged logarithm of TNA) ([Sirri & Tufano, 1998](#)). The coefficient on *Lagged Fees* is significant at the 10% level within Model 2, but once we add lagged ESG scores in Model 3 this significance disappears. A potential explanation for the low levels of significance is that our funds exhibit limited within-variation in monthly expense ratios, which funds tend to report at quarterly or annual frequencies. The inclusion of fund-level ESG score helps to gauge how flows respond to the level of ESG performance that a fund exhibits. Beyond any effect of ESG renaming, fund flows positively respond to funds' ESG scores; TWFE estimates indicate around 17 basis points for every unit increase in ESG score. These positive effects are consistent with a growing body of evidence that investors respond to information about the ESG scores of mutual funds, e.g., [Hartzmark and Sussman \(2019\)](#).¹¹

In Table 5 we report on treatment effects based on [Callaway and Sant'anna \(2021\)](#) and provide results for the group/cohort aggregation method. The average treatment effect on the treated (ATT) reported in Table 5 is positive but insignificant when estimated based on all retail shares classes.¹² It is possible that ATT estimates that are based on our global sample mask some variation across regions in the responses of investors to ESG repurposing. As [Gibson Brandon et al. \(2022\)](#) report, institutional investors in the U.S. experienced higher flows after signing PRI, whereas their European counterparts do not. After estimating ATTs based on U.S. and EU sub-samples, we find significant positive treatment effects for funds domiciled in the EU, and negative but non-significant effects for U.S. funds. These results provide a different perspective on U.S. and European investors' response to ESG renaming signals than [Gibson Brandon et al. \(2022\)](#), and are consistent with other papers that focus on investor interest in ESG across regions. For example, European professional investors more frequently cited 'client and

¹¹We run the same regressions using only ESG or conventional funds as the control group, and results do not meaningfully differ from those reported.

¹²The same holds true when estimating the ATT for institutional share classes.

stakeholder demand’ as a reason for integrating ESG issues in investment decisions, as compared to U.S. investors, in the survey by [Amel-Zadeh and Serafeim \(2017\)](#); although the difference of 6 percentage points that they report is not statistically significant.

We also examine dynamic effects in terms of effect sizes after different lengths of exposure to treatment. In Figures 2, 3 and 4, we plot ATTs for 18 months before and after renaming for all retail, U.S., and EU samples. None of the figures show significant deviations from zero in either the pre or post treatment periods. These results help us illustrate parallel trends for our treatment and control groups prior to renaming, but they shed further doubt on the claim that investors respond to ESG-related name changes. The limitation with the event study approach as mentioned already, is that accuracy of the estimators is based on the assumption that treatment effects develop in the same way regardless of whether a fund renamed in 2016 or 2022. We therefore place the most trust in the ATTs displayed in Table 5.¹³

Taken together, this section reports mixed evidence on mutual fund investors’ response to ESG repurposing. Both institutional and retail mutual fund flows change after repurposing under TWFE specifications. The responses are mixed in terms of statistical significance once we conservatively account for heterogeneous treatment effects, and suggest that mainly flows to European funds react to ESG renaming. This could imply that previous research may overemphasise the extent to which investors can be exploited by a name change. Furthermore, beyond any direct effect of funds’ renaming, flows increase when funds exhibit higher ESG scores based on their actual investments. Hence, while ESG renaming may trigger greater investor flows for certain mutual funds, fund managers can enjoy greater flows by meaningfully investing in firms with strong ESG performance. The question that arises is how the ESG performance of mutual funds change after they add an ESG related term to their name.

3.2 Fund manager responses to renaming

In this section, we examine to what extent fund managers rename with purpose by changing the ESG profile of their portfolio. Table 6 shows the TWFE estimates for overall fund ESG scores adjustments after renaming. In Panel A we focus on the difference across active and passive funds. We distinguish between actively managed funds and passive funds because passive investments potentially face more constraints in tilting to high-ESG investments (unless the repurposing entails tracking a different index that is more ESG-aligned). For our overall sample, funds see an increase in ESG score of about 0.33 points (Model 1). When we include an interaction term for passive funds in Model 2 we find this drops to around 0.3 for active funds and increases to 0.5 for passive funds. Results remain qualitatively similar even after controlling for fund size and return in Model 3.

Prior studies suggest that asset managers in different countries may have different incentives for pursuing ESG investment strategies. [Gibson Brandon et al. \(2022\)](#) finds that U.S. domiciled signatories of the PRI did not have more sustainable equity allocations than their non-PRI counterparts, unlike European PRI signatories. To explore whether ESG renaming differentially affects funds’ ESG scores across EU and the U.S., we interact in Models 2 and 3 of Panel B *Repurposing* with dummy variables that indicate funds’ continent of domicile. For ease of interpretation we only report the U.S. reference category with the EU interaction term. In contrast to [Gibson Brandon et al. \(2022\)](#), funds domiciled in European countries make significantly smaller improvements to their ESG score after repurposing, relative to the reference category. Funds based in the U.S. make an improvement of 0.67 in overall ESG score whereas this is 0.3 for European funds. A potential explanation for the divergence is that EU funds may already have incentives or obligations to consider sustainable investments prior to any name change,

¹³See see Appendix A.5 for results with all methods of aggregation.

and hence do not have as many improvements to make post renaming. We explore this by estimating the average fund-level ESG scores by country of domicile, which are reported in Appendix A.6. We indeed find that the average ESG score of funds in European countries are higher (ranging between 6.4 - 7.2), than the average ESG score of funds that are domiciled in the U.S. (5.7).¹⁴

We verify whether the effect of ESG repurposing on fund-level ESG scores holds if we explicitly take heterogeneous treatment effects into account. The Callaway and Sant’anna (2021) estimates of average treatment effects by the group/cohort aggregation method are reported in Table 7. Again, we show ATTs for the entire retail sample, as well as EU and U.S. sub-samples, and these are all significant at the 5% level. Furthermore, the ATTs corroborate that effect of repurposing on ESG fund performance is much smaller for European funds (0.09), than for U.S. funds (0.43).¹⁵ In Figures 5, 6 and 7, we plot ATTs for 18 months before and after renaming for all retail, U.S., and EU samples. The first two of these figures do not show significant deviations from zero in the pre-treatment periods, illustrating parallel trends prior to renaming, while there are a couple of anomaly deviations in the EU sample. The larger and more significant treatment effects for U.S. based funds is visible in Figure 6, while Figure 7 shows the more subdued effects for EU funds. Regardless, we place the most trust in the ATTs displayed in Table 7.¹⁶

A recent variant of sustainable investing focuses on proactively tilting to firms that make a positive contribution to society while avoiding firms that cause significant harm, also dubbed ‘impact-aligned’ investing (Busch et al., 2021). Tables 8 and 9, Panel A, show the results from regressions based on ‘sustainable impact’ items in the scoring model of MSCI Fund Metrics. Model 1 in Table 8 shows that renaming has a significant impact on the level of impact-aligned investment in fund portfolios. This however disappears once interaction terms for fund continent and controls are included in Models 2 and 3, suggesting that either the effect is driven by funds outside the EU and U.S or the estimate lacks precision due to small sample size. Results in Table 9 which are robust to staggered treatment provide a consistent story.

For decades sustainable, socially responsible responsible (SRI), and ethical investing has involved shunning companies that earn from business which conflict with societal norms or investors’ personal values. For example, many ethical and socially responsible funds have shunned tobacco, alcohol, gaming, and weapons industries (Renneboog, Ter Horst & Zhang, 2011). We estimate how much renaming is followed by values-based exclusion using fund-level ‘values-alignment’ scores from MSCI ESG fund metrics, which measure a portfolio’s percentage exposure to companies that are flagged for such ‘SRI exclusion factors’.¹⁷ Our results in Panels B of Table 8 and Table 9 indicate that exclusions-based investment is a relevant strategy for fund managers. The fund exposure to the SRI-exclusion categories decreases by around 3 percentage points, including controls (Model 3, Table 8), in both EU and U.S. based funds. The results in Table 9 under group aggregation, confirm that the effect of renaming is indeed negative and significant, and that the effect size for the U.S. sub-sample (-1.7 percentage point) is more than double that of the EU sub-sample (-0.7 percentage point).

Next we explore to what extent repurposing is reflected in decarbonisation by mutual funds. It is plausible that funds adopting an ESG approach to investing pay attention to reducing their portfolios’ carbon footprint. For example, according to Bolton and Kacperczyk (2021) institutional investors avoided firms with high levels of Scope 1 carbon intensity, i.e., high carbon emission relative to firm sales, in

¹⁴Further regressions at the EU country level can be found in Appendix A.7. Again for expositional convenience we only report the U.S. reference category along with the main EU countries interaction effects.

¹⁵Regardless of which method of aggregation we use, results are significant across most specifications, see Appendix A.8

¹⁶See Appendix A.8 for results with all methods of aggregation.

¹⁷Specifically, the SRI factors considered by MSCI are “alcohol, civilian firearms, gambling, weapons, cluster bombs, landmines, nuclear power, GMOs, and tobacco” (MSCI, 2021, p. 79).

environmentally sensitive sectors. Panel C, Table 8 provides an analysis of funds’ carbon intensity of retail funds. Consistent with baseline results on funds’ ESG scores, the TWFE estimates indicate that fund managers decrease the carbon intensity of their portfolio after renaming their funds (Model 1, coefficient = -30.6; $t = -8.38$). Unlike with ESG scores, there is limited evidence that funds domiciled in European countries differently adjust portfolio carbon intensity after repurposing than the reference group. Furthermore, the negative treatment effect on carbon intensity reported by Table 8 finds further support in the [Callaway and Sant’anna \(2021\)](#) estimators based on group aggregations, as shown in Table 9. Here we see the effect size for U.S. funds is larger (-22) compared to EU funds (-4) with both being significant at a 10% significance level.

We then replace the MSCI ESG fund metric by the Morningstar portfolio sustainability score, which measures the extent to which portfolio holdings are vulnerable to ESG-related risks. Note that our coverage of Morningstar ratings is smaller than coverage by MSCI ESG fund metrics and we analyse data from 2019 on U.S. and EU funds only. Table 10 reports the results of TWFE regressions with Morningstar’s fund-level sustainability scores as dependent variable. We derive from Model 1 that after renaming, funds decrease their vulnerability to sustainability risk, and after adding continent interactions we find no significant difference between EU and U.S. funds (Models 2 and 3). Interestingly, the results when accounting for heterogeneous effects in Table 11 show that the U.S. sub-sample is driving the overall effect, experiencing a significant decrease in risk score of 0.68 versus a non-significant decrease of 0.11 for the EU sub-sample. These results are in line with those found using MSCI metrics such as values alignment and carbon intensity, where U.S. funds make larger improvements.

Finally, we recognise the issue of endogeneity in the decision funds make to rename we consider alternative sub-samples that differ in the choice of control group funds. For the construction of Table 12, Panel A, we rely on funds that rename to include an ESG term and funds that consistently carried ESG-related terms in their names (based on the our set of keywords; see Appendix A.1). In contrast, Panel B is based on a sample of renamed funds alongside funds that never carried any ESG-related names (i.e, omitting funds that are consistently ESG-related). Regardless of the model specification, the effects of *Repurposed* on fund-level ESG scores in Table 12 is positive and in magnitude similar to our previous TWFE results. Table 13 displays the results from the [Callaway and Sant’anna \(2021\)](#) estimation technique, here too we see the effects remain positive and significant. A further test is to change the control group of ‘never treated’ funds to use only the sample of funds who will eventually rename . Again, as shown in Table 13, we find positive and significant results, with the effect size for U.S funds being much larger, namely a 0.43 improvement in ESG score compared to EU funds which exhibit an improvement of around 0.1. Our robustness checks support the conclusion that mutual funds change the ESG profiles of their portfolios after the names of their funds change, although funds may differ across regions in the way these changes materialise. These results are inconsistent with the idea that ESG-related name changes are merely cosmetic, and support the view that they credibly signal fund managers’ commitments to making equity allocations based on ESG criteria.

3.3 Fund turnover and expenses

In this section we ask whether ESG repurposing by mutual funds is accompanied by changes in funds’ turnover rates and expenses. There are several reasons why analysing turnover and fees is informative. On one hand we could expect to see changes in fund turnover after ESG repurposing when fund managers rebalance their portfolio to include more companies with higher ESG scores ([Ghoul & Karoui, 2021](#)).

In addition, we could expect that expenses are involved in working to improve ESG credentials after repurposing. Alternatively, it has been suggested that funds might charge higher fees for adding ESG attributes to investment portfolios (Laudi et al., 2021).

Table 14 shows based on TWFE estimators that ESG repurposing is accompanied by higher turnover rates but the coefficient estimate for *Repurposed* is not significantly different from zero.¹⁸ In Table 15 we report on mutual fund fees for active funds in Panel A, and passive funds in Panel B. Interestingly, for active funds we find that the coefficient on *Repurposed* is negative and statistically significant at the 10% level, but with a predicted reduction in expenses of about 0.015 percentage points the effect is economically small. The estimate continues to be negative and has more significance if we augment fund and time fixed effects with fund specific controls in Models 2 and 3. Effect sizes for passive funds are slightly larger but still not economically meaningful.

Finding lower expense ratios in response to ESG repurposing seems perhaps surprising at first glance, as one could expect higher fees arising from the costs involved in ESG data selection and monitoring firms on ESG issues. However, we note that mutual fund-level expenses increase with higher fund-level ESG scores according to Models 3 of Tables 14 and 15. The predicted increase in expenses for active funds is about 3 basis points for a unit increase in ESG score, and 1 for passive funds. Based on the standard deviations of ESG scores (see Appendix A.6), the economic significance of the effect is small. Hence, for a mutual fund that repurposes and experiences a one standard deviation increase in ESG score, all else equal, the predicted change in expense ratio is close to zero. Altogether, these results indicate the ESG repurposing by mutual funds does not systematically affect fund turnover rates and fees.

4 Conclusion

We study the widespread phenomenon that mutual funds change their name to include ESG-related appellations. We investigate how investors respond to ESG renaming by mutual funds, and whether those that rename meaningfully change their equity portfolio allocations accordingly. Using a unique sample of 740 ESG-related name changes, we document the following main results. First, we provide mixed evidence on the response of mutual fund flows to repurposing. Our most conservative estimates that take heterogeneous treatment effects into account suggest that mutual funds domiciled in Europe may enjoy greater average flows by renaming. Apart from the effect of ESG-related name changes on flows, the level of ESG performance is positively related to flows, which can be taken to imply that investors evaluate whether fund managers have meaningful tilts to equities with strong ESG credentials.

The evidence that funds' actual ESG performance matters for flows provides incentives for fund managers to meaningfully weigh ESG issues in portfolio construction. However, our observation that funds may elicit additional flows by switching to ESG-related names, controlling for ESG performance, may reveal potential to exploit investors. To better understand how fund managers change funds' ESG profiles after renaming, we study ESG performance metrics for our mutual fund sample over time. Although fund managers' behaviour may vary by domicile, we provide consistent evidence that mutual funds improve the ESG performance and reduce the ESG risks of their portfolios after signalling ESG repurposing through fund name changes. Finally, we find that renaming has no material impact on funds' turnover rates or on the fees charged to investors.

Taken together, the results are inconsistent with concerns that funds use cosmetic name changes to attract capital from (or charge higher fees to) ESG-oriented investors without changing underlying

¹⁸As shown in Table 3 coverage for turnover data is poor for our sample so these results should be interpreted with caution.

investment strategies. The results of this paper support the idea that renaming signals increased equity allocations subject to ESG criteria.

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5 Tables

Table 1: Frequency and location of fund name changes Jul 2016-Oct 2022

Panel A	Year	All renamed funds	Active	Passive
	2016	9	8	1
	2017	16	14	2
	2018	39	35	4
	2019	74	71	3
	2020	143	132	11
	2021	216	168	48
	2022	243	201	42
	Total	740	629	111
Panel B	Continent	Country	Control funds	Renamed funds
	Africa	South Africa	407	1
	Asia		3327	11
		India	402	1
		Japan	2065	2
		Malaysia	166	1
		Singapore	133	5
		Thailand	561	2
	Europe		15322	639
		Austria	275	14
		Denmark	360	13
		France	1129	98
		Germany	533	26
		Ireland	2633	55
		Luxembourg	6182	277
		Netherlands	195	11
		Spain	508	13
		Switzerland	668	59
		UK	1658	38
	North America		6719	71
		Canada	572	2
		United States	6147	69
	South America	Brazil	2019	9
	Oceania	Australia	298	9

Table 2: Fund characteristics

Panel A: Active	Renamed Funds				Control Funds		
	count	mean	median	st.dev	mean	median	st.dev
Monthly lagged flow %	609	0.2	-0.2	11.1	0.9	-0.3	12.5
Six month cumulative flow %	596	4.0	-2.2	38.6	9.1	-2.8	79.7
MSCI ESG score	629	7.4	7.6	1.4	6.4	5.7	1.6
MSCI impact	502	7.3	6.0	6.0	6.6	5.1	5.4
MSCI values alignment	629	5.3	4.2	4.8	5.6	5.6	6.1
MSCI carbon intensity	629	139.3	111.6	112.8	193.8	139.6	231.2
Moringstar portfolio risk score	589	25.7	21.4	11.2	27.2	24.8	12.6
Turnover %	113	67.2	54.0	58.0	29.7	44.0	7753.4
Expense ratio %	582	1.4	1.4	0.7	1.4	1.4	0.7
Six month cumulative return %	608	2.3	3.7	15.7	2.9	6.0	13.7
TNA (\$ mil)	621	165.7	47.4	424.8	218.7	34.8	556.9
Age (months)	629	174.9	153.0	130.2	139.9	105.0	115.7
Panel B: Passive							
Monthly lagged flow %	106	0.4	0.0	10.8	2.6	0.0	15.9
Six month cumulative flow %	104	8.4	0.5	39.7	19.1	1.0	84.6
MSCI ESG score	110	7.6	7.7	1.5	6.8	5.9	1.7
MSCI impact	96	7.1	6.1	4.7	7.1	5.8	6.4
MSCI values alignment	110	6.1	5.1	5.7	6.8	5.2	8.3
MSCI carbon intensity	110	137.2	124.4	106.5	206.8	139.8	341.5
Moringstar portfolio risk score	99	23.2	20.9	8.5	25.0	22.9	10.1
Turnover %	26	55.2	24.0	89.5	58.1	28.3	184.4
Expense ratio %	103	0.3	0.3	0.2	0.4	0.4	0.3
Six month cumulative return %	104	0.7	-0.1	13.7	1.7	17.6	15.9
TNA (\$ mil)	110	268.4	95.3	449.3	584.0	103.5	1013.0
Age (months)	111	96.3	68.0	85.8	96.7	72.0	77.6

Table 3: Fund characteristics: Six months pre- and post-renaming

Panel A: Active	Pre			Post			Diff. in means	
	count	mean	median	count	mean	median	T stat	P value
Monthly flow %	609	0.24	-0.16	616	0.82	-0.00	0.73	0.47
Six month cum. flow %	596	3.98	-2.19	609	5.06	-1.65	0.12	0.91
MSCI ESG score	545	6.99	7.16	605	7.85	8.04	18.64	0.00
MSCI impact	545	6.25	5.11	605	4.31	3.12	-10.92	0.00
MSCI values alignment	460	6.98	5.82	493	7.62	6.39	4.78	0.00
MSCI carbon intensity	545	153.00	124.29	605	125.69	101.60	-8.39	0.00
Morningstar portfolio risk score	575	28.40	22.62	588	23.77	20.62	-11.11	0.00
Turnover %	123	69.40	54.04	119	82.31	68.47	1.74	0.09
Expense ratio %	580	1.42	1.49	547	1.37	1.45	-1.58	0.11
Six month cum. return %	608	2.31	3.73	618	1.87	0.89	-0.39	0.69
TNA (\$ mil)	618	164.49	47.47	614	167.63	45.07	0.07	0.95
Panel B: Passive								
Monthly flow %	106	0.44	0.00	110	1.67	-0.00	0.71	0.48
Six month cum. flow %	104	8.45	0.46	110	21.35	1.24	1.92	0.06
MSCI ESG score	107	6.68	6.71	111	8.26	8.46	13.45	0.00
MSCI impact	107	9.36	8.32	111	4.74	2.69	-7.43	0.00
MSCI values alignment	96	6.54	5.78	97	7.68	6.66	2.18	0.03
MSCI carbon intensity	107	169.47	145.62	111	124.98	100.89	-4.48	0.00
Morningstar portfolio risk score	98	24.74	22.15	92	22.47	20.69	-4.56	0.00
Turnover %	22	39.77	26.50	27	70.62	40.00	3.37	0.00
Expense ratio %	105	0.37	0.30	104	0.33	0.28	-4.42	0.00
Six month cum. return %	104	0.70	-0.13	110	-3.25	-6.36	-2.29	0.02
TNA (\$ mil)	109	274.77	91.10	110	258.63	96.98	-0.80	0.43

Table 4: Fund flows after renaming: TWFE

	Model 1	Model 2	Model 3
Repurposed	1.9250*** (11.813)	1.0182*** (4.8429)	1.0533*** (4.6996)
Institutional x Repurposed	-0.3878 (-1.3034)	0.4067 (1.0190)	0.0139 (0.0341)
Lagged fees		-0.1742* (-1.7103)	-0.0896 (-0.8458)
Month lagged return		0.1626*** (39.598)	0.1711*** (38.242)
Log month lagged TNA		-2.5045*** (-62.699)	-2.5039*** (-53.682)
Lagged ESG score			0.1686*** (7.8486)
Effects: Fund & time	✓	✓	✓
No. Observations	2589573	1986444	1499923
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0001	0.0337	0.0301

Reported are two-way fixed effects specifications with monthly percentage fund flow as dependent variable based on a sample that pools retail and institutional share classes. Observations are based on flows data running from August 2015 to March 2023. Repurposed is 1 as from the month a fund has switched for the first time its name to ESG-related appellation (and zero otherwise). Institutional is 1 for institutional share classes. We control for fund and time fixed effects. Standard errors are clustered at the fund level. T-stats reported in parentheses. $p < 0.01$ *** $p < 0.05$ ** $p < 0.1$ *

Table 5: Fund flows after renaming: Staggered DiD

Sample	ATT	SE
Retail	0.8222	0.4335
Retail, EU	1.1085*	0.4673
Retail, US	-1.662	0.8684

Reported are average treatment effects on the treated (ATT) associated with ESG renaming (first-time name changes of funds towards ESG-related appellations). Observations are based on flows data running from August 2015 to March 2023. Using [Callaway and Sant'anna \(2021\)](#), which first allows us to calculate treatment effects for each group in each time period in the panel separately, and then aggregate in different ways to give an overall measure. Standard errors are bootstrapped with 1000 iterations, a uniform confidence band that covers all group-time average treatment effects is calculated to a 0.05 significance level. Here we report results from the 'group/cohort' aggregation method; treatment effects are aggregated into group-specific average treatment effects, which are then averaged to give the overall average treatment effect ('group/cohort').

Table 6: Fund ESG scores after renaming: TWFE

Panel A: Active & passive	Model 1	Model 2	Model 3
Repurposed	0.3285*** (11.001)	0.2998*** (9.3968)	0.2928*** (8.8824)
Passive x Repurposed		0.1867** (2.1858)	0.2096** (2.3699)
Month lagged return			0.0020*** (9.2281)
Log month lagged TNA			0.0108*** (3.8550)
Effects: Fund & time	✓	✓	✓
No. Observations	1343324	1343324	1313090
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0017	0.0018	0.0019
Panel B: EU and U.S.	Model 1	Model 2	Model 3
Repurposed	0.3285*** (11.001)	0.6714*** (6.2286)	0.6691*** (6.2046)
Continent EU x Repurposed		-0.3716*** (-3.3303)	-0.3764*** (-3.3622)
Month lagged return			0.0020*** (9.2149)
Log month lagged TNA			0.0109*** (3.8972)
Effects: Fund & time	✓	✓	✓
No. Observations	1343324	1343324	1313090
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0017	0.0025	0.0027

Reported are two-way fixed effects specifications with monthly fund-level ESG score (from MSCI ESG fund metrics) as dependent variable. Observations are based on ESG score data available from July 2016 to March 2023. Repurposed is 1 as from the month a fund has switched for the first time its name to ESG-related appellation (and zero otherwise). We control for fund and time fixed effects in Models 1. In Models 2 we add an interaction between Repurposed and Passive, or Repurposed and Continent (showing only EU and the U.S. which have at least 50 funds that rename), and in Models 3 we additionally control for past return and fund size. Standard errors are clustered at the fund level. T-stats reported in parentheses. $p < 0.01$ *** $p < 0.05$ ** $p < 0.1$ *

Table 7: Fund ESG scores after renaming: Staggered DiD

Sample	ATT	SE
All	0.0912*	0.0336
EU	0.0884*	0.0305
US	0.4308*	0.1003

Reported are average treatment effects on the treated (ATT) for funds' MSCI ESG scores associated with ESG renaming. Observations are based on ESG score data available from July 2016 to March 2023. Standard errors are bootstrapped with 1000 iterations, a uniform confidence band that covers all group-time average treatment effects is calculated to a 0.05 significance level. We control fund size and return.

Table 8: Other fund ESG metrics after renaming: TWFE

Panel A: Fund impact scores	Model 1	Model 2	Model 3
Repurposed	0.3224* (1.6947)	0.5823 (1.1034)	0.5802 (1.0898)
Continent EU x Repurposed		-0.2888 (-0.5093)	-0.3524 (-0.6255)
Month lagged return			-0.0030*** (-4.5994)
Log month lagged TNA			-0.0185 (-1.5266)
Effects: Fund & time	✓	✓	✓
No. Observations	1303341	1303341	1173557
Cov. Est.	Clustered	Clustered	Clustered
R-squared	9.845e-05	0.0002	0.0003
Panel B: Fund values-alignment scores	Model 1	Model 2	Model 3
Repurposed	-2.3009*** (-12.179)	-3.1595*** (-4.0530)	-3.1716*** (-4.0624)
Continent EU x Repurposed		0.9219 (1.1474)	0.9735 (1.2103)
Month lagged return			0.0103*** (13.746)
Log month lagged TNA			-0.0931*** (-6.8119)
Effects: Fund & time	✓	✓	✓
No. Observations	1343456	1343456	1313221
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0048	0.0051	0.0056
Panel C: Fund-level carbon intensity	Model 1	Model 2	Model 3
Repurposed	-30.600*** (-8.3766)	-29.042** (-2.1390)	-29.205** (-2.1485)
Continent EU x Repurposed		-2.0593 (-0.1468)	0.6833 (0.0490)
Month lagged return			-0.0286 (-0.4834)
Log month lagged TNA			-0.5890 (-1.3010)
Effects: Fund & time	✓	✓	✓
No. Observations	1342107	1342107	1311903
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0001	0.0002	0.0001

Reported are two-way fixed effects specifications with monthly fund-level impact scores, values alignment scores, or carbon intensity from MSCI as the dependent variable. Observations are based on data available from July 2016 to March 2023. Values-alignment refers to percentage of asset exposed to SRI exclusion factors, i.e. firms flagged by MSCI for tobacco, alcohol, gambling, weapons, civilian firearms, cluster bombs and landmines, nuclear power, and genetically modified organisms. Repurposed is 1 as from the month a fund has switched for the first time its name to ESG-related appellation (and zero otherwise). We control for fund and time fixed effects (Models 1 and 2) and additionally for past return and fund size (Model 3). Model 2 augments Model 1 with an interaction between Repurposed and a Dummy variable that indicates European (EU) mutual funds. Standard errors are clustered at the fund level. T-stats reported in parentheses. p<0.01*** p<0.05 ** p<0.1 *

Table 9: Other fund ESG metrics after renaming: Staggered DiD

Panel A: Fund impact scores	ATT	SE
Retail	0.2616*	0.1177
Retail, EU	0.1031	0.1314
Retail, US	0.455	0.3224
Panel B: Fund values-alignment scores	ATT	SE
Retail	-1.0109*	0.1354
Retail, EU	-0.7004*	0.1411
Retail, US	-1.6887*	0.5427
Panel C: Fund carbon intensity	ATT	SE
Retail	-9.0533*	2.6002
Retail, EU	-3.9384*	2.381
Retail, US	-21.8445*	13.015

Reported are average treatment effects on the treated (ATT) for fund-level impact scores, values-alignment scores, and carbon intensity from MSCI associated with ESG renaming. Observations are based on impact score data available from July 2016 to March 2023. Standard errors are bootstrapped with 1000 iterations, a uniform confidence band that covers all group-time average treatment effects is calculated to a 0.05 significance level for impact and values-alignment scores, and to 0.1 for carbon intensity. We control fund size and return.

Table 10: Morningstar Sustainability Score after renaming: TWFE

	Model 1	Model 2	Model 3
Repurposed	-0.5855*** (-10.222)	-0.8453*** (-2.6127)	-0.8574*** (-2.6990)
Continent EU x Repurposed		0.2792 (0.8504)	0.3285 (1.0185)
Month lagged return			-0.0060*** (-12.558)
Log month lagged TNA			0.0101* (1.8334)
Effects: Fund & time	✓	✓	✓
No. Observations	670116	670116	636031
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0031	0.0032	0.0035

Reported are two-way fixed effects specifications with monthly fund-level sustainability (risk) scores from Morningstar as dependent variable. Observations are based on data from October 2019 to March 2023. Repurposed is 1 as from the month a fund has switched for the first time its name to ESG-related appellation (and zero otherwise). We control for fund and time fixed effects (models 1 and 2) and additionally for past return and fund size (Model 3). Model 2 augments Model 1 with an interaction between Repurposed and a Dummy variable that indicates European (EU) mutual funds. Standard errors are clustered at the fund level. T-stats reported in parentheses. p<0.01*** p<0.05 ** p<0.1 *

Table 11: Morningstar Sustainability Score after renaming: Staggered DiD

Sample	ATT	SE
Retail	-0.1349*	0.0605
Retail, EU	-0.1148	0.0671
Retail, US	-0.684*	0.2361

Reported are average treatment effects on the treated (ATT) for funds' Morningstar Portfolio Scores associated with ESG renaming. Observations are based on data from October 2019 to March 2023. Standard errors are bootstrapped with 1000 iterations, a uniform confidence band that covers all group-time average treatment effects is calculated to a 0.05 significance level. We control fund size and return.

Table 12: ESG scores after renaming relative to ESG funds or conventional funds: TWFE

ESG funds	Model 1	Model 2	Model 3
Repurposed	0.3707*** (11.619)	0.6731*** (6.1889)	0.6800*** (6.2326)
Continent EU x Repurposed		-0.3255*** (-2.9086)	-0.3260*** (-2.8995)
Month lagged return			-0.0014* (-1.8288)
Log month lagged TNA			0.0139** (2.3969)
Effects: Fund & time	✓	✓	✓
No. Observations	134516	134516	131051
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0194	0.0285	0.0286
Conventional funds	Model 1	Model 2	Model 3
Repurposed	0.3229*** (10.802)	0.6685*** (6.2007)	0.6657*** (6.1709)
Continent EU x Repurposed		-0.3747*** (-3.3575)	-0.3796*** (-3.3909)
Month lagged return			0.0022*** (9.9901)
Log month lagged TNA			0.0122*** (3.9874)
Effects: Fund & time	✓	✓	✓
No. Observations	1255808	1255808	1227074
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0017	0.0026	0.0028

Reported are two-way fixed effects specifications with monthly fund-level ESG score (from MSCI ESG fund metrics) as dependent variable. Observations are based on ESG score data available from July 2016 to March 2023. Repurposed is 1 as from the month a fund has switched for the first time its name to ESG-related appellation (and zero otherwise). We control for fund and time fixed effects in Model 1. In model 2 we additionally interact Repurposed with various continents of domicile (showing only EU and the U.S. which have at least 50 funds that rename), and then add in model 3 past return and fund size. T-stats reported in parentheses. p<0.01*** p<0.05 ** p<0.1 *

Table 13: ESG scores after renaming relative to different control groups: Staggered DiD

Sample: control group	ATT	SE
All: ESG funds	0.195*	0.0331
All: conventional funds	0.099*	0.0322
EU: not-yet-treated	0.099*	0.0322
US: not-yet-treated	0.431*	0.0909

Reported are average treatment effects on the treated (ATT) for funds' MSCI ESG scores associated with ESG renaming. Observations are based on ESG score data available from July 2016 to March 2023. Standard errors are bootstrapped with 1000 iterations, a uniform confidence band that covers all group-time average treatment effects is calculated to a 0.05 significance level. We control fund size and return.

Table 14: Fund turnover after renaming: TWFE

	Model 1	Model 2
Repurposed	90.851 (1.2086)	89.243 (1.1942)
Month lagged return		2.0477 (1.0421)
Log month lagged TNA		10.349 (0.9222)
Effects: Fund & time	✓	✓
No. Observations	662401	635023
Cov. Est.	Clustered	Clustered
R-squared	6.513e-07	2.696e-06

Reported are two-way fixed effects specifications with monthly fund-level turnover rates as dependent variable. Observations are based on data from July 2015 to March 2023. Repurposed is 1 as from the month a fund has switched for the first time its name to ESG-related appellation (and zero otherwise). We control for fund and time fixed effects in Model 1n and additionally for past return and fund size in Model 2. T-stats reported in parentheses. $p < 0.01$ *** $p < 0.05$ ** $p < 0.1$ *

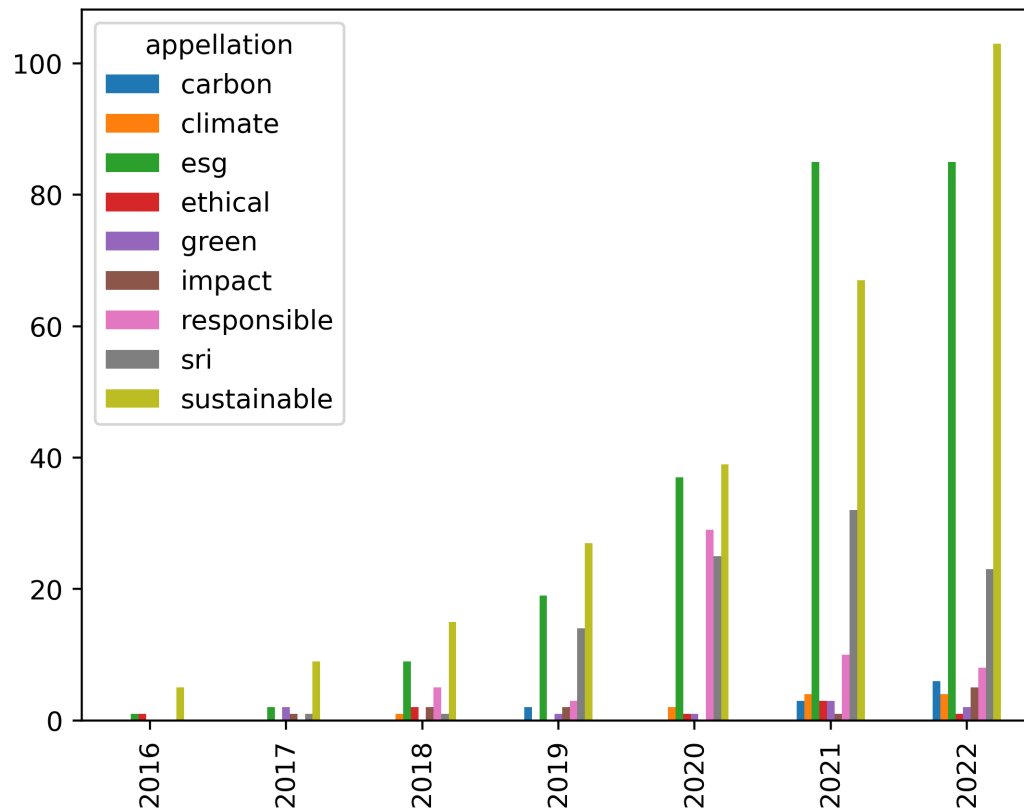
Table 15: Fund fees after renaming: TWFE

Panel A: Active	Model 1	Model 2	Model 3
Repurposed	-0.0150* (-1.7170)	-0.0186** (-2.0756)	-0.0117*** (-1.4346)
Month lagged return		0.0002*** (2.9407)	0.0001 (1.6855)
Log month lagged TNA		-0.0115*** (-11.322)	-0.0101*** (-10.068)
Lagged ESG score			0.0030** (3.2503)
Effects: Fund & time	✓	✓	✓
No. Observations	1251586	1207892	889062
Cov. Est.	Clustered	Clustered	Clustered
R-squared	4.171e-05	0.0031	0.0029
Panel B: Passive	Model 1	Model 2	Model 3
Repurposed	-0.0441** (-2.3098)	-0.0231*** (-2.5702)	-0.0301*** (-3.5567)
Month lagged return		1.098e-05 (0.2107)	1.177e-05 (0.2471)
Log month lagged TNA		-0.0055*** (-6.2258)	-0.0066*** (-8.1143)
Lagged ESG score			0.0012** (1.9955)
Effects: Fund & time	✓	✓	✓
No. Observations	311883	305054	251400
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0015	0.0039	0.0083

Reported are two-way fixed effects specifications with monthly observations of annual expense ratios as dependent variable. Observations are based on data from July 2015 to March 2023. Repurposed is 1 as from the month a fund has switched for the first time its name to ESG-related appellation (and zero otherwise). We control for fund and time fixed effects in Model 1. Model 2 augments model 1 with past return and fund size. Model 3 augments model 2 with a fund's lagged ESG score. Panel A reports results based on actively managed funds, Panel B reports results based on passive funds. T-stats reported in parentheses. p<0.01*** p<0.05 ** p<0.1 *

6 Figures

Figure 1: Appellations used in name changes over time



Similar words from other languages translated to closest English equivalent to allow for grouping. ESG-related terms included in figure subject to use by over five funds.

Figure 2: Parallel trends - flows all retail share classes

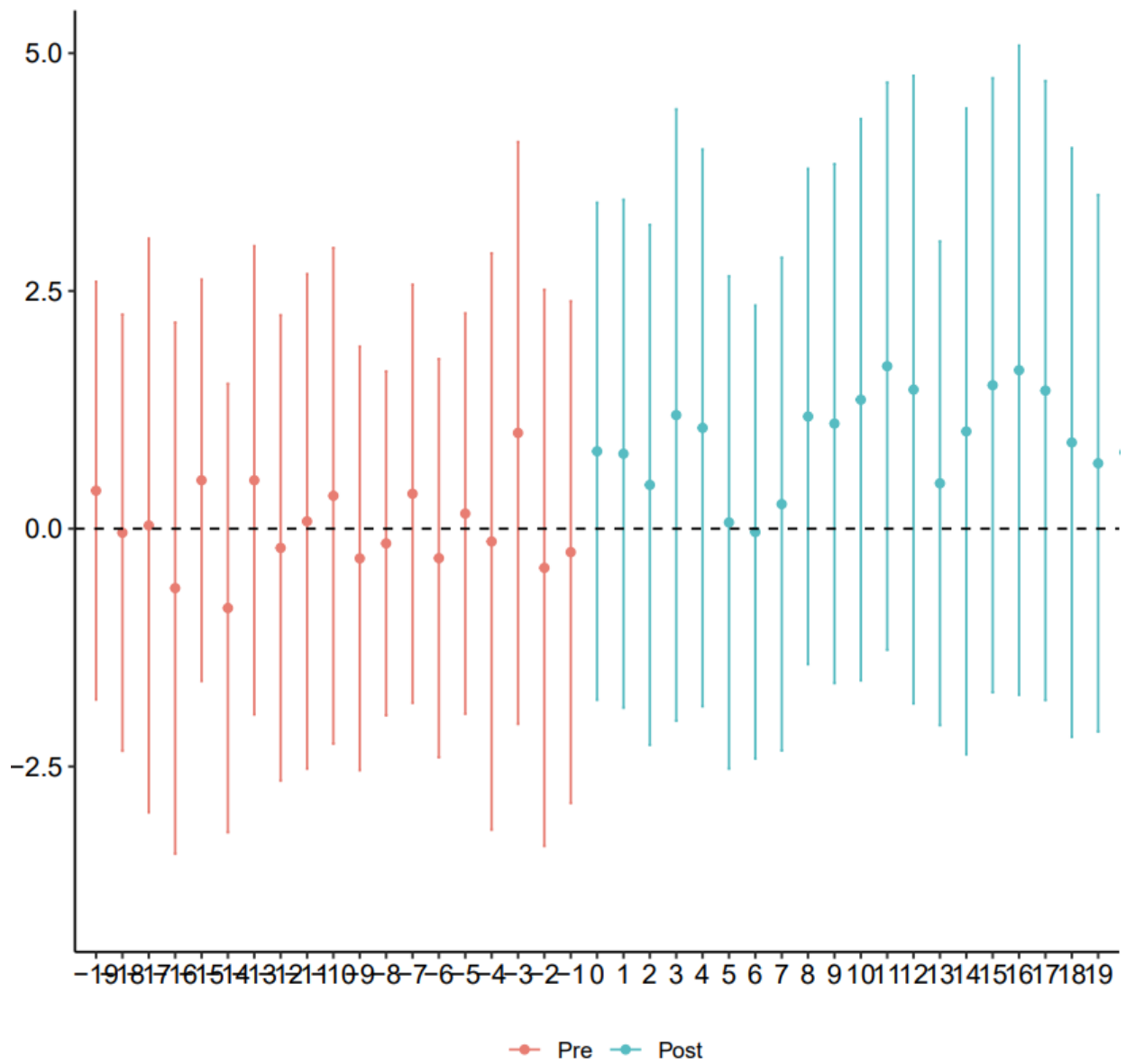


Figure 3: Parallel trends - flows US retail share classes

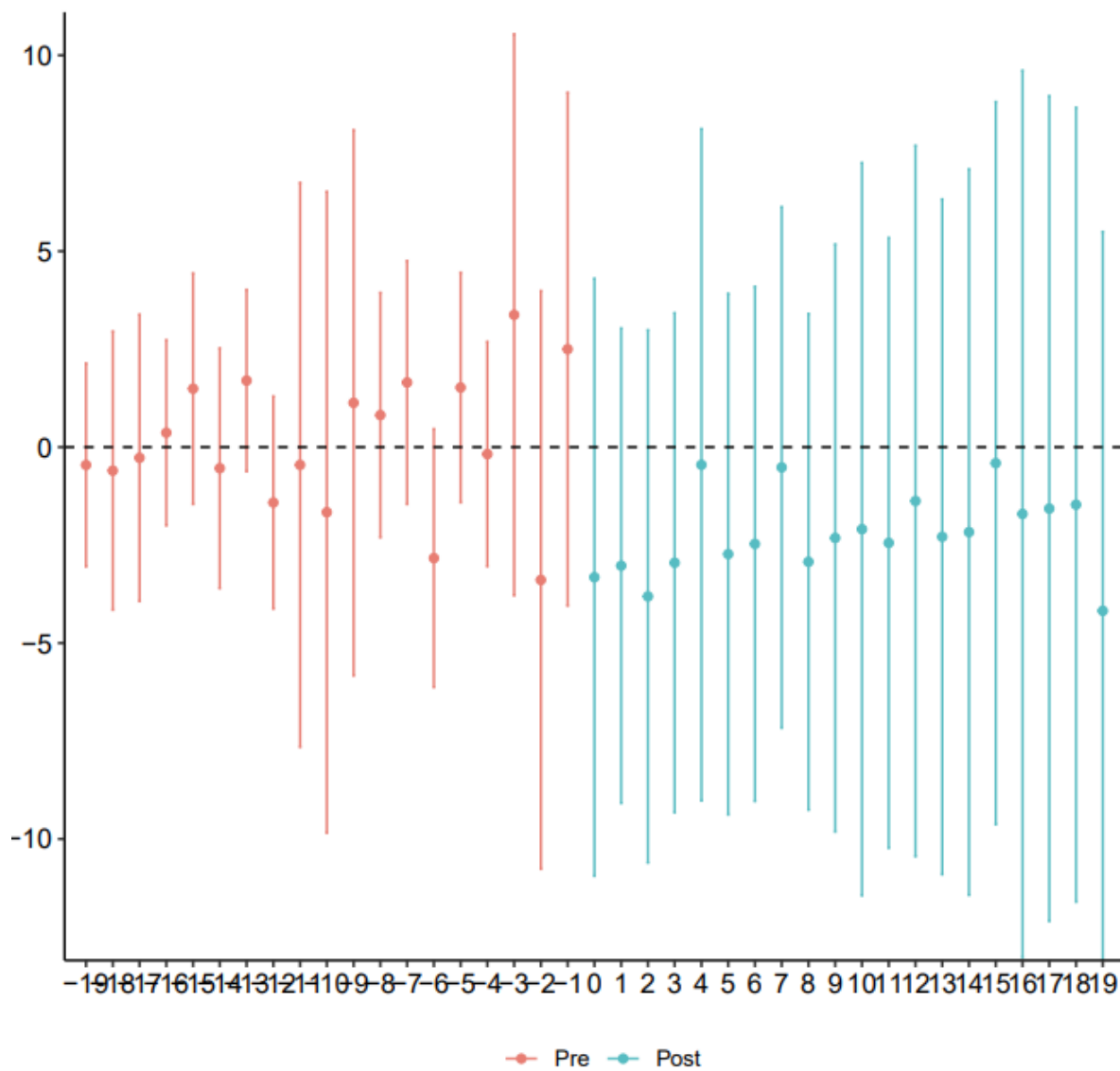


Figure 4: Parallel trends - flows EU retail share classes

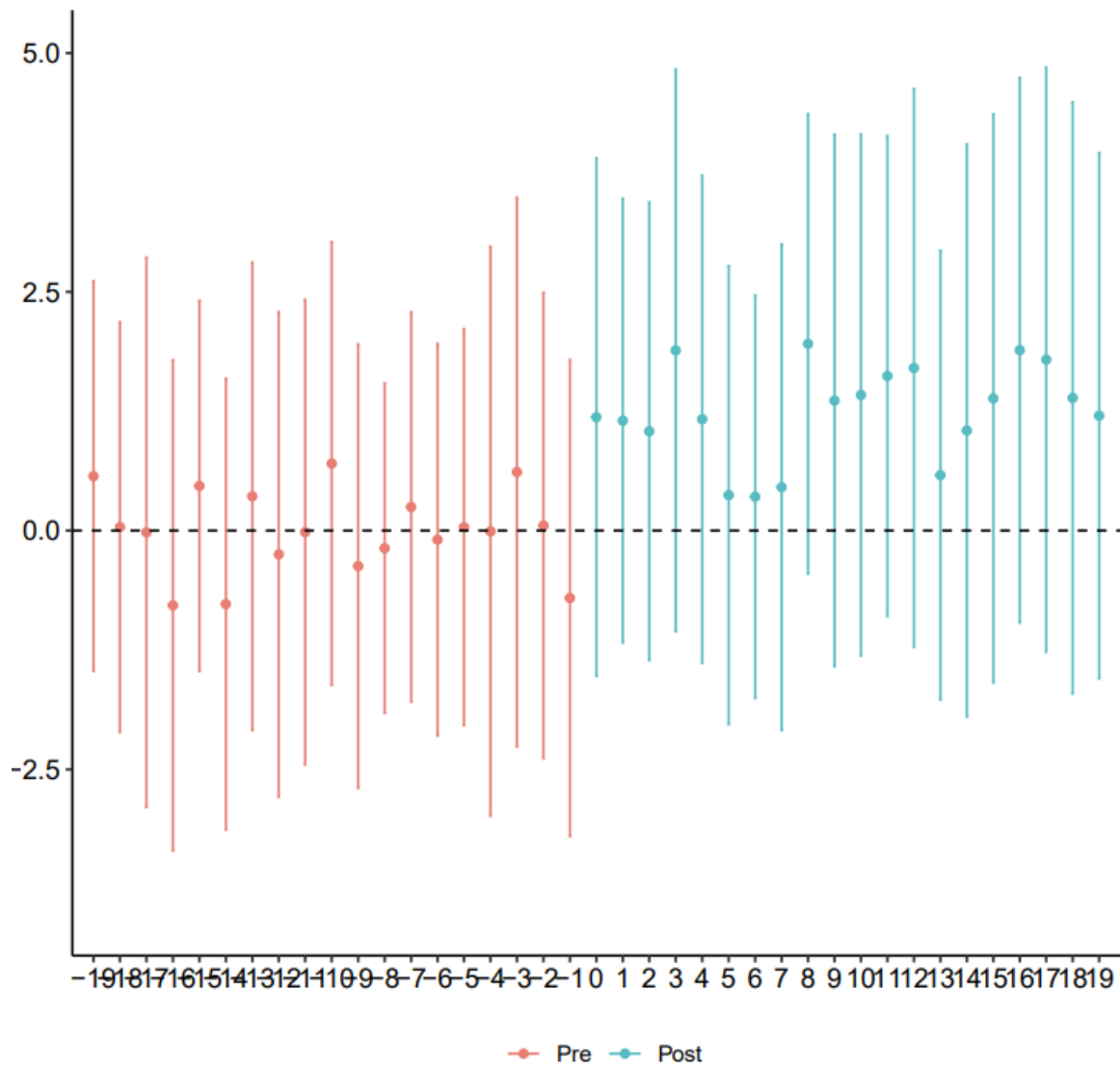


Figure 5: Parallel trends - ESG scores all share classes

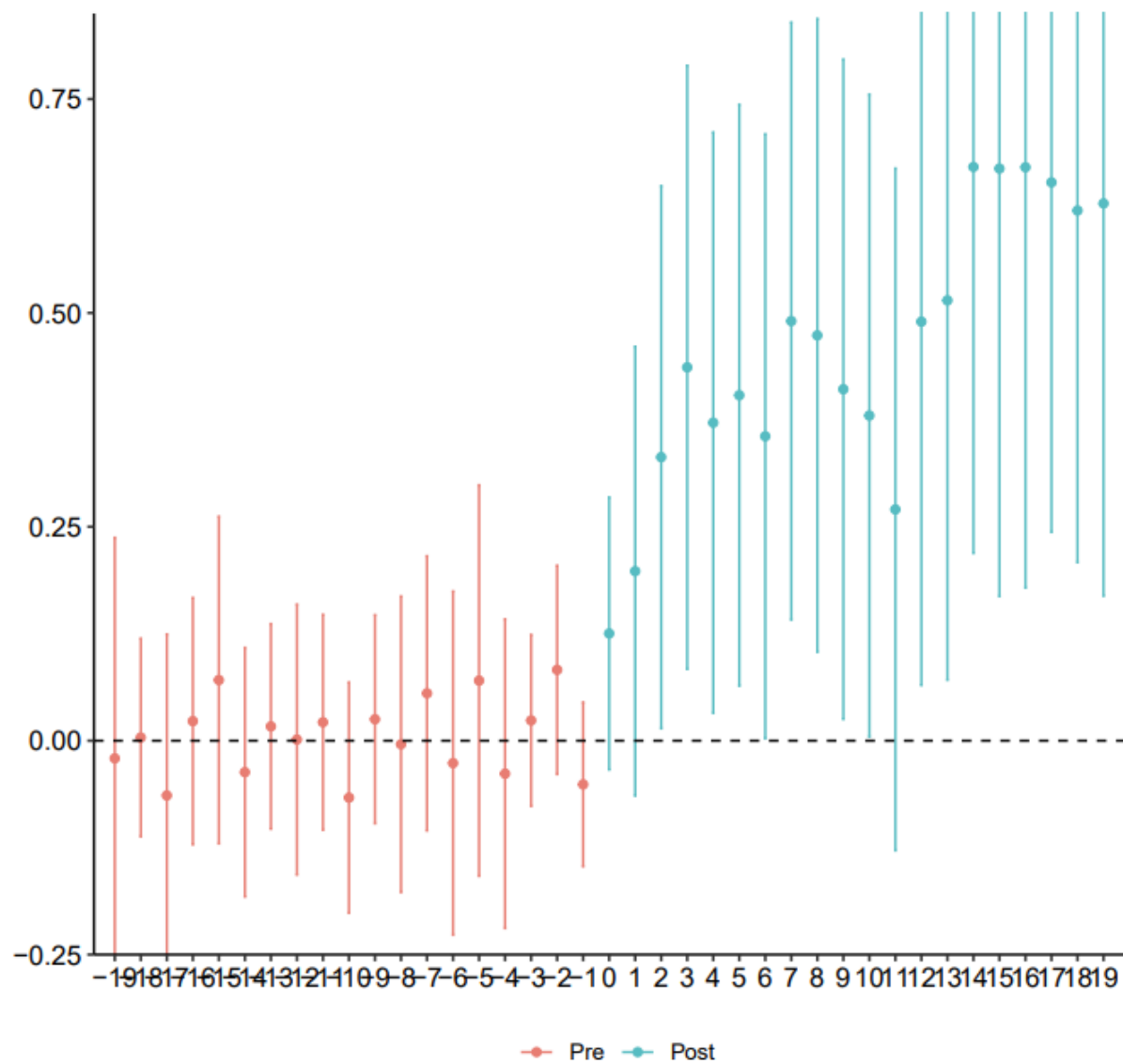


Figure 6: Parallel trends - ESG scores US share classes

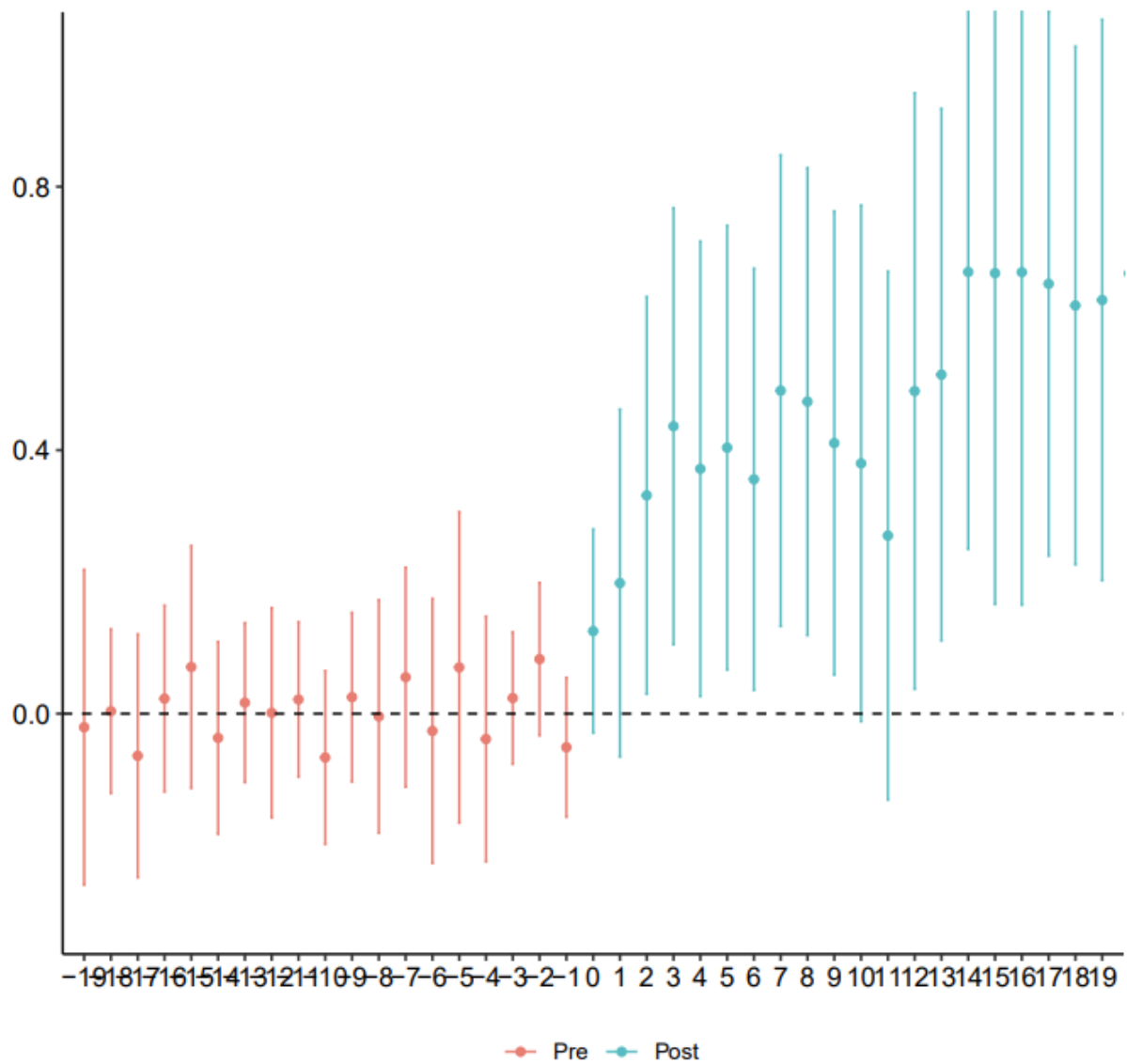
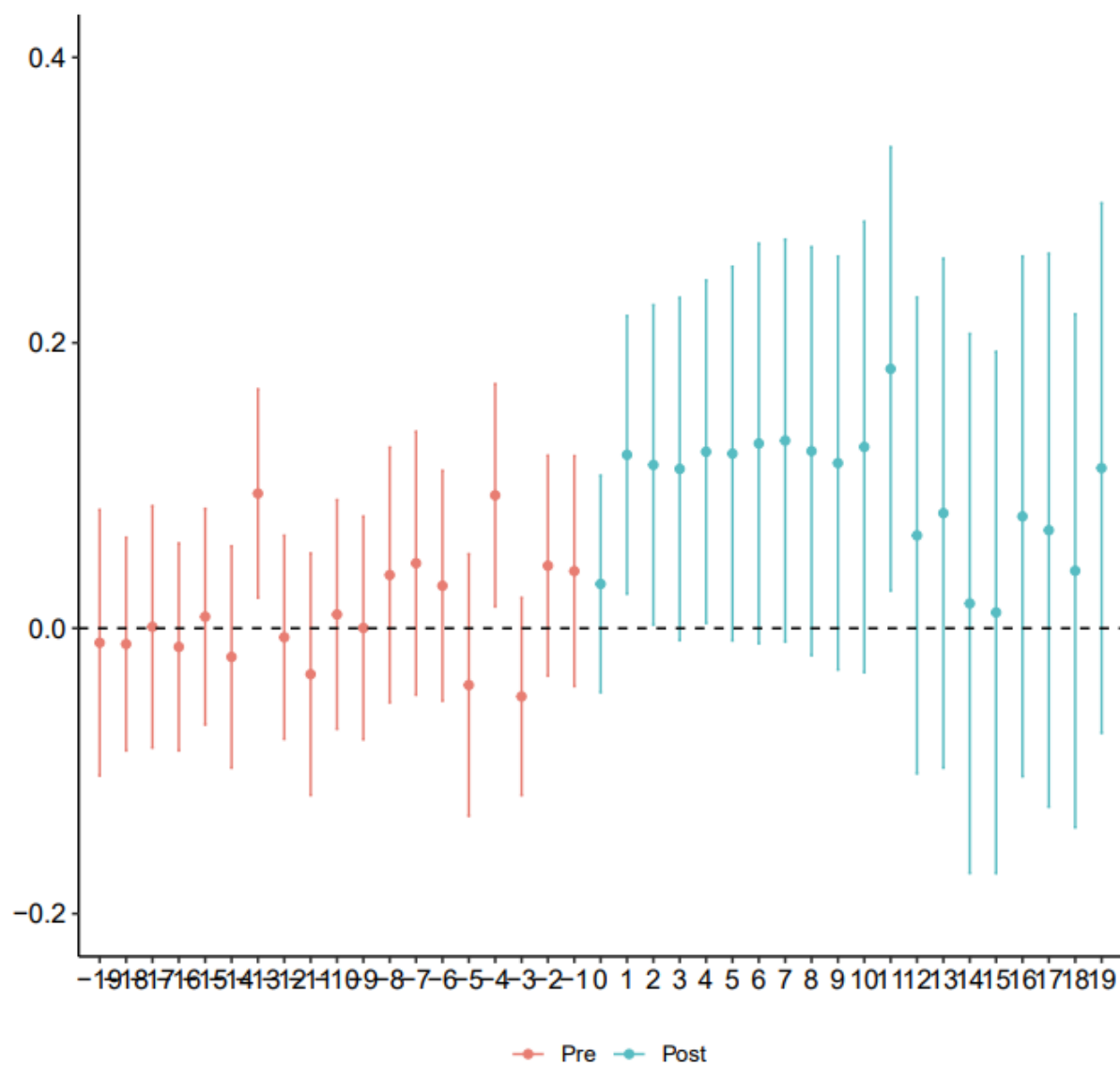


Figure 7: Parallel trends - ESG scores EU share classes



A Appendix

A.1 Algorithm for selecting funds with name change

For each share class (ISIN) we track name changes using monthly data. We first identify all share classes with an ESG term within their name, by doing a keyword search on the following list of appellations. Initially we began using terms from [Candelon et al. \(2021\)](#); [Ghoul and Karoui \(2021\)](#); [Nofsinger and Varma \(2014\)](#) in the English language, but broadened the list iteratively as well as including other language translations for some of the common terms.

Ansvar	Environnement	ISR	Sostenible
Anti Corruption	ESG	Katholische	SRI
Anti-Corruption	Ethic	kestävää	Sus
Baeredygtig	Ethical	Klimatindex	Sust
Baeredygtige	Ethically	Klimawandel	Sustain
Baptist	Ethics	Lavkarbon	Sustainab
Be Long	Ethik	Low CO2	Sustainability
Be=Long	Ethikfonds	Low carbon	Sustainability
Better Future	Ethique	Lutheran	Sustainable
Better World	ethisch	Medioambiente	Sustainability
Better Future	Etica	milieu	Sustentab
Better World	Etico	Mission	Sustentabilidade
Beyond Infrastructure & Transition	Etik	nachhaltig	Sustentavel
Biodiversity	Etisk	Nachhaltigkeit	Sustinbly
Carbon	ex cw	Nachhaltigkeits	Sustnbl
Carbone	Ex-fossil	Nachhaltigkeitsfonds	Sustnblty
Carbono	Fair	Nachhaltigkeitsstrategie	Sutainability
Catholic	Faith	Nachhaltkeitsfonds	Target Net Zero
Christian	female	New energy	Transition Energy
Circular	FFR	Oeko	Umwelt
cleantech	Fossil Fuel Free	Oekofonds	Umweltfonds
Clim	Fossil Fuel Reserves Free	Planete	vahaiilinen
clima	Fossil Fuel Free	Positive	valeurs
Climat	Fossil fuel reserves free	religion	Values
Climate	Fossil Fuel Scrd	Renewable	Vastuullinen
Climt	Fossil Fuel Screened	Renewables	verantwoord
Community	Fossilfri	Resource Efficient	Verantwortung
Crbn Transition	Future Earth	Resource Efficiency	Verde
Crbn Transition	gender	Resource Efficient	Verte
CSR	Global Transition	Resp	Vertes
Decarbonisation	Global Warming	Responsable	Virtuous Cycle Society
Decarbonization	global transition	Responsables	weapons
Durable	Green	Responsavel	Wellbeing
Duurzaam	Hallbarhet	Responsibility	Wo Men
Eco	hållbar	Responsible	Wo=Men
Ecologie	Impact	Save Earth	woman
Ecology	Impct	SDG	women
Education	Inclusion Diversity	Smart Energy	Zero Transition
Efficient Energy	Inclusion Diversity	Soc Res	Zero Transition
Efficient Resources	Inclusion and diversity	Soc Rsp	Öko
Energy Transition	Inclusive	Social	
Env and Soc	Infrastructure Transition	Socially	
Environment	Islam	Solidaires	
Environmental	Islamic	Solidarity	

Once we have a sample of share classes with an ESG term in their name, we remove the ones which have an ESG term across all observations, so that we can narrow down the sample to share classes that have had name changes. We also remove all the funds that have a name change from initially having to not having an ESG term to ensure we are selecting funds associating themselves with ESG investing.

A.2 Fund by share class level name changes

Here is an example of a single fund with three of it's share classes. The different share class names can be seen in the name column, all gaining the terms 'Sus Value' in May 2021 when the fund renamed.

Fname	Date	Name	Launch
Neuberger Berman...	2021-04	Neuberger Berman Systematic Gbl Eq EUR M Acc Hgd	2016-01
Neuberger Berman...	2021-05	NB Systematic Gbl Sus Value EUR M Acc Hgd	2016-01
Neuberger Berman...	2021-04	Neuberger Berman Systematic Global Eq USD A Acc	2016-11
Neuberger Berman...	2021-05	NB Systematic Gbl Sus Value USD A Acc	2016-11
Neuberger Berman...	2021-04	Neuberger Berman Systematic Global Eq USD Z Acc	2016-05
Neuberger Berman...	2021-05	NB Systematic Gbl Sus Value USD Z Acc	2016-05

A.3 Creating a fund level name variable

The FactSet Mutual Funds module provides fund names as a single value, recorded with the latest name, but was often found to provide names at the fund family level reducing our sample considerably; Morningstar provides a fund-level ID variable that is common across its share classes, but many were missing this information. For funds without a Morningstar ID across share classes, we instead derive fund IDs based on fund name.

- We dissect names at the share class level. Any words that are part of the name that would identify it as a particular type of share class, i.e. currency: USD, EUR, and other share class related words such as, M, A, Z, Hgd, Acc, are removed until the remaining *New name* variable identifies the fund. For a list of share class types see Appendix A.4.
- If share classes have *New name* in common and at least one of them has a Morningstar Fund ID we copy this across to the other share classes.

We are able to crosscheck the efficacy of our method for the U.S. set of funds using CRSP portfolio number which appears to provide more comprehensive cover of U.S. funds.

A.4 Identifying share class type

To create a single variable for type of share class we initially combine the two FactSet sources into one. We take data from either source when values in the other one is missing, and if both values exist but are different we select the data from the FactSet Mutual Funds module. Unfortunately even after combining these sources there are still a lot of missing data points. We write an algorithm that once again searches through words in the share class name. It removes currency terms such as 'USD' or 'EUR', and then identifies what type of share class it is by searching through the last four words of the share class name in reverse order for the list of share class types below. We select the most recent share class type identified

by the algorithm as the value to add to the final share class variable.

1	Adis	BC	D2	G3	Investor	Ord	R2	VT
A	Administration	BI	D4	GG	IV	P	R3	VV
a	Administrative	C	D6	I	IX	PC	R4	W
A1	Admiral	C1	DD	I2	J	Pen	R5	X
A2	Adviser	C2	E	II	J2	Pension	R6	XX
A3	Advisor	C3	E1	III	JJ	PM	Retail	Y
A4	AI	Cartera	E2	Init	K	Pn	Retirement	Y1
A5	B	CC	EE	Initial	L	Premier	RR	Z
A6	B1	Class1	F	Ins	Life	Q	S	ZZ
Aa	B2	CLass2	FB	Inst	M	Q1	Service	
AA	B3	Classe	FC	INST	M2	Q2	T	
AAA	B4	Consultant	FD	Insti	MM	Q4	t	
AB	B7	d	Founder	Institutional	N	QB	U	
AC	B8	D	G	Instl	N1	R	V	
AD	BB	D1	G2	Inv	O	R1	VI	

Finally we create a dummy variable for institutional share class types, following Morningstar’s description of share class types. These are: [‘I’, ‘Y’, ‘R’, ‘K’, ‘J’, ‘X’, ‘Retirement’, ‘Pen’, ‘Pension’, ‘Life’].

A.5 Fund flows after renaming: Staggered DiD

Sample	Method of aggregation	ATT	SE
Institutional	Simple	0.4641	1.0118
Retail		0.732	0.7048
Retail, EU		1.0971	0.8574
Retail, US		−2.3407	3.2444
Sample	Method of aggregation	ATT	SE
Institutional	Group/cohort	1.3063	0.9356
Retail		0.8222	0.4335
Retail, EU		1.1085*	0.4673
Retail, US		−1.662	0.8684
Sample	Method of aggregation	ATT	SE
Institutional	Event study/dynamic	0.1031	0.9172
Retail		0.5938	1.126
Retail, EU		0.8152	2.1208
Retail, US		−1.4082	2.6976

Reported are average treatment effects on the treated (ATT) associated with ESG renaming (first-time name changes of funds towards ESG-related appellations). Observations are based on flows data running from August 2015 to March 2023. Using [Callaway and Sant’anna \(2021\)](#), which first allows us to calculate treatment effects for each group in each time period in the panel separately, and then aggregate in different ways to give an overall measure. Standard errors are bootstrapped with 1000 iterations, a uniform confidence band that covers all group-time average treatment effects is calculated to a 0.05 significance level. The first four rows report ATT based on ‘simple’ aggregation, in which the average treatment effect is a weighted average of all group-time treatment effects with weights proportional to group size. The next four columns report results when treatment effects are aggregated into group-specific average treatment effects, which are then averaged to give the overall average treatment effect (‘group/cohort’). ‘Dynamic’ aggregation, reported in the last four rows, allows for treatment effects at different lengths of exposure to the treatment, essentially creating an event study plot, and an overall treatment effect averages the average treatment effects across all lengths of exposure to the treatment. We control fund size, return, fees, and ESG score.

A.6 Renamed fund ESG scores by domicile

	count	mean	std	min	25%	50%	75%	max
Domicile								
America	368512	5.703947	1.521712	0.0000	4.569775	5.46150	6.643025	10.0000
Austria	12606	6.918177	1.589956	0.0000	5.805300	6.93420	8.105500	10.0000
Denmark	19393	6.689924	1.625488	1.7589	5.522600	6.63110	7.900700	10.0000
France	50760	7.189475	1.311376	1.2029	6.372075	7.17235	8.059000	10.0000
Germany	28909	7.106602	1.344816	1.9632	6.228500	7.10230	8.017900	10.0000
Ireland	115394	6.445310	1.635721	0.0000	5.238025	6.34840	7.686300	10.0000
Luxembourg	282675	6.501134	1.662101	0.0000	5.283600	6.46560	7.712900	10.0000
Netherlands	8602	6.883944	1.460654	2.7060	5.799900	6.77840	7.978200	10.0000
Spain	25517	6.746422	1.295751	0.2787	5.842000	6.80790	7.585200	10.0000
Switzerland	32289	6.992308	1.397423	1.8416	5.987000	6.88290	7.908500	10.0000
UK	86658	6.792726	1.521548	0.0000	5.691225	6.63250	7.950400	10.0000

A.7 Fund ESG scores by domicile after renaming: TWFE

	Model 1	Model 2	Model 3
Repurposed	0.3285*** (11.001)	0.6713*** (6.2282)	0.6690*** (6.2042)
Domicile Austria x Repurposed		-0.1475 (-0.5678)	-0.0447 (-0.1688)
Domicile Denmark x Repurposed		-0.3566* (-1.6906)	-0.3908* (-1.7337)
Domicile France x Repurposed		-0.6433*** (-5.1932)	-0.6416*** (-5.1636)
Domicile Germany x Repurposed		-0.4174** (-2.0845)	-0.3711* (-1.8308)
Domicile Ireland x Repurposed		-0.3650** (-2.3243)	-0.3866** (-2.4306)
Domicile Luxembourg x Repurposed		-0.3109*** (-2.6578)	-0.3158*** (-2.6783)
Domicile Netherlands x Repurposed		-0.1290 (-0.7412)	-0.1235 (-0.6882)
Domicile Spain x Repurposed		-0.2785 (-1.2539)	-0.2475 (-0.8436)
Domicile Switzerland x Repurposed		-0.3075** (-2.3002)	-0.3136** (-2.3200)
Domicile UK x Repurposed		-0.3302** (-2.1598)	-0.3564** (-2.2792)
Month lagged return			0.0020*** (9.2255)
Log month lagged TNA			0.0110*** (3.9439)
Effects: Fund & time	✓	✓	✓
No. Observations	1343324	1343324	1313090
Cov. Est.	Clustered	Clustered	Clustered
R-squared	0.0017	0.0029	0.0030

Reported are two-way fixed effects specifications with monthly fund-level ESG score (from MSCI ESG fund metrics) as dependent variable. Observations are based on ESG score data available from July 2016 to March 2023. Repurposed is 1 as from the month a fund has switched for the first time its name to ESG-related appellation (and zero otherwise). We control for fund and time fixed effects in Model 1. In model 2 we additionally interact Repurposed with various countries of domicile (the U.S is the reference category and only countries with at least 10 name change funds are displayed), and then add in model 3 past return and fund size. T-stats reported in parentheses. p<0.01*** p<0.05 ** p<0.1 *

A.8 Fund ESG scores after renaming: Staggered DiD

Sample	Method of aggregation	ATT	SE
All	Simple	0.1317*	0.0369
EU		0.0975*	0.0353
US		0.5494*	0.1039
Sample	Method of aggregation	ATT	SE
All	Group/cohort	0.0912*	0.0336
EU		0.0884*	0.0305
US		0.4308*	0.1003
Sample	Method of aggregation	ATT	SE
All	Event study/dynamic	0.2634*	0.0962
EU		0.1373	0.1017
US		0.6443*	0.1106

Reported are average treatment effects on the treated (ATT) for funds' MSCI ESG scores associated with ESG renaming. Observations are based on ESG score data available from July 2016 to March 2023. Standard errors are bootstrapped with 1000 iterations, a uniform confidence band that covers all group-time average treatment effects is calculated to a 0.05 significance level. We control fund size and return.

A.9 Fund characteristics: Entire panel

Active	count	mean	std	min	25%	50%	75%	max
Monthly lagged flow %	1482458	0.79	12.12	-36.85	-1.40	-0.18	0.62	104.94
Six month cum. flow %	1381696	7.50	75.33	-92.10	-8.91	-2.39	4.32	7308.15
ESG score	1051913	6.17	1.67	0.00	4.94	6.06	7.36	10.00
Impact	1029077	6.48	5.44	0.00	3.37	5.39	7.77	86.40
Values alignment	1052010	6.13	6.07	0.00	1.57	4.77	9.23	99.50
Carbon intensity	1051057	197.74	322.74	0.10	74.22	133.26	233.31	130743.99
Morningstar risk score	1238953	34.84	13.34	9.55	22.60	28.98	47.57	80.83
Turnover %	481075	80.20	7199.64	-1154116.36	22.00	45.00	84.00	1263753.57
Expense ratio %	1251586	1.44	0.71	0.00	0.97	1.44	1.85	28.07
Six month cum. return %	1438553	3.30	13.04	-59.54	-4.95	3.46	11.23	109.62
TNA (\$ mil)	1519714	211.05	550.22	0.00	7.24	34.84	146.19	3925.83
Age (months)	1761970	138.04	115.80	0.00	46.98	109.05	206.00	1140.95
Repurposed	1761970	0.01	0.10	0.00	0.00	0.00	0.00	1.00
Passive	count	mean	std	min	25%	50%	75%	max
Monthly lagged flow %	362495	2.58	15.83	-36.85	-1.00	0.00	2.35	104.94
Six month cum. flow %	337118	17.03	78.23	-90.06	-7.13	0.59	17.54	4699.12
ESG score	291411	6.31	1.70	0.00	5.12	6.20	7.53	10.00
Impact	274264	6.81	6.28	0.00	3.61	5.74	8.01	77.55
Values alignment	291446	7.86	8.59	0.00	2.37	6.22	11.28	100.00
Carbon intensity	291050	226.66	312.87	0.90	87.62	151.78	261.77	43787.91
Morningstar risk score	306485	34.19	13.11	9.18	22.44	27.79	46.85	67.40
Turnover %	181326	54.40	165.92	-290.97	11.00	26.00	57.00	4838.00
Expense ratio %	311883	0.43	0.29	0.00	0.23	0.40	0.60	4.73
Six month cum. return %	348344	3.74	12.87	-58.69	-4.36	3.78	11.29	109.79
TNA (\$ mil)	368919	505.93	975.19	0.00	18.14	88.91	422.05	3925.83
Age (months)	417802	91.38	76.81	0.00	32.95	71.99	132.01	781.95
Repurposed	417802	0.01	0.08	0.00	0.00	0.00	0.00	1.00

A.10 Fund characteristics: Entire panel - US & EU

US	count	mean	std	min	25%	50%	75%	max
Monthly lagged flow %	439163	1.01	13.09	-36.85	-1.58	-0.45	0.68	104.94
Six month cum. flow %	410573	6.42	58.56	-90.35	-9.03	-3.36	4.87	3313.96
ESG score	368512	5.70	1.52	0.00	4.57	5.46	6.64	10.00
Impact	351073	5.96	5.05	0.00	3.30	5.19	7.16	77.55
Values alignment	368518	6.81	7.50	0.00	2.21	5.21	9.71	100.00
Carbon intensity	368037	199.48	438.74	0.90	70.59	135.70	230.54	130743.99
Morningstar risk score	424086	35.29	11.83	11.95	23.51	39.14	46.18	67.17
Turnover %	417684	64.82	141.15	0.00	20.00	39.71	72.00	4965.00
Expense ratio %	406359	0.94	0.52	0.00	0.59	0.95	1.25	15.15
Six month cum. return %	419680	4.48	12.69	-57.44	-2.98	4.49	11.48	109.79
TNA (\$ mil)	444449	558.37	1021.13	0.00	19.60	110.55	510.70	3925.83
Age (months)	510591	160.29	124.10	0.00	63.02	137.04	234.98	1140.95
Repurposed	510591	0.01	0.07	0.00	0.00	0.00	0.00	1.00
EU	count	mean	std	min	25%	50%	75%	max
Monthly lagged flow %	967168	1.19	13.28	-36.85	-1.15	-0.00	0.86	104.94
Six month cum. flow %	898640	10.44	82.36	-91.53	-8.10	-1.10	6.86	7308.15
ESG score	718909	6.68	1.58	0.00	5.54	6.68	7.82	10.00
Impact	704499	7.04	5.60	0.00	3.92	5.87	8.33	74.73
Values alignment	718931	6.82	6.49	0.00	1.99	5.40	10.33	97.31
Carbon intensity	718268	173.02	200.61	0.10	74.15	129.16	204.63	42199.30
Morningstar risk score	846245	34.98	14.46	9.18	21.73	26.78	48.95	67.40
Turnover %	142988	75.75	13203.59	-1154116.36	7.00	33.00	78.17	1263753.57
Expense ratio %	874369	1.34	0.82	0.00	0.69	1.40	1.87	26.41
Six month cum. return %	937829	2.85	12.69	-58.69	-5.43	2.97	10.77	109.62
TNA (\$ mil)	994091	198.10	490.94	0.00	7.87	38.63	151.97	3925.83
Age (months)	1171585	125.46	111.59	0.00	39.98	92.98	186.98	1068.01
Repurposed	1171585	0.01	0.12	0.00	0.00	0.00	0.00	1.00

A.11 Fund characteristics: Entire panel - ESG & Conventional funds

ESG	count	mean	std	min	25%	50%	75%	max
Monthly lagged flow %	110264	3.64	16.98	-36.85	-0.52	0.00	2.35	104.94
Six month cum. flow %	100378	29.86	135.59	-90.06	-4.23	1.42	22.48	7308.15
ESG score	87516	7.49	1.46	1.63	6.47	7.61	8.63	10.00
Impact	82188	8.56	6.74	0.00	4.69	6.90	10.23	72.39
Values alignment	87522	3.23	4.00	0.00	0.00	1.86	4.84	34.42
Carbon intensity	87471	134.21	128.90	4.78	66.32	101.73	158.00	4405.45
Morningstar risk score	99147	30.29	14.55	10.78	19.81	22.11	47.59	66.77
Turnover %	24815	50.09	121.09	-221.27	13.00	31.00	60.04	3104.00
Expense ratio %	91768	1.07	0.79	0.00	0.40	0.95	1.65	26.41
Six month cum. return %	104502	2.66	13.15	-43.70	-5.99	2.95	11.06	95.32
TNA (\$ mil)	113161	154.76	394.95	0.00	5.46	31.28	125.55	3925.83
Age (months)	125539	76.80	86.12	0.00	17.02	40.05	112.04	596.97
Repurposed	125539	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Conventional	count	mean	std	min	25%	50%	75%	max
Monthly lagged flow %	1716222	0.99	12.66	-36.85	-1.40	-0.11	0.78	104.94
Six month cum. flow %	1600210	8.12	70.69	-92.10	-8.90	-2.01	5.89	6032.41
ESG score	1237533	6.09	1.64	0.00	4.90	5.96	7.22	10.00
Impact	1206119	6.39	5.51	0.00	3.33	5.37	7.65	86.40
Values alignment	1237656	6.77	6.84	0.00	1.99	5.35	9.98	100.00
Carbon intensity	1236361	210.13	331.57	0.10	78.16	141.92	247.90	130743.99
Morningstar risk score	1428443	35.17	13.13	9.18	22.97	29.85	47.47	80.83
Turnover %	632710	74.12	6278.50	-1154116.36	18.00	40.00	78.00	1263753.57
Expense ratio %	1456036	1.25	0.76	0.00	0.67	1.20	1.75	28.07
Six month cum. return %	1663847	3.46	12.98	-59.54	-4.71	3.58	11.25	109.79
TNA (\$ mil)	1756900	276.68	680.27	0.00	8.80	41.76	184.30	3925.83
Age (months)	2034798	131.84	111.21	0.00	46.00	103.03	194.01	1140.95
Repurposed	2034798	0.00	0.00	0.00	0.00	0.00	0.00	0.00