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## **Corporate Knights Magazine releases seventh-annual Responsible Investing Guide**

(Toronto, Canada, January 30, 2009) Today, Corporate Knights Magazine releases its seventh-annual Responsible Investing Guide. This guide assesses 64 Canadian mutual funds with self-stated environmental, social, and governance (ESG) goals based on the funds' performance, turnover rate, and adherence to responsible investment principles.

**Top Equity Fund:** Ethical Special Equity Fund  
(score 87/100; 1-year performance -33.8%; 83<sup>rd</sup> percentile in asset class)

**Top Balanced Fund:** Vancity Circadian Monthly Income Fund  
(score 88/100; 1-year performance -16.4%; 87<sup>th</sup> percentile in asset class)

**Top Income Fund:** Ethical Canadian Dividend Fund  
(score 83/100; 1-year performance -24.4%; 77<sup>th</sup> percentile in asset class)

**Top Cash Fund:** Inhance Money Market Fund Class A  
(score 79/100; 1-year performance 2.8%; 70<sup>th</sup> percentile in asset class)

Equity funds held their own among their non-Responsible Investing (RI) peers during an overall period of market decline, with a median percentile score of 47<sup>th</sup>. "This year's results show that RI funds perform well in both up and down markets," says Toby Heaps, Corporate Knights Magazine Editor-in-Chief.

The financial crisis is also renewing the legitimacy of holistic, long-term investing and is prompting interest in funds that look at their holdings' ESG risks. The financial community is signaling the end of a debt-powered consumerism.

"For the last 25 years the motor of the world economy was consumption by the American consumer, who has been spending more than he has been saving and producing," says investment guru George Soros. "That motor is now switched off. It's finished. You need a new motor."

This motor could be investment in climate change mitigation. Deutsche Bank economist Pavan Sukhdev has found that the annual loss to nature due to climate change far exceeds that of the financial crisis. "Wall Street by various calculations has to date lost, within the financial sector, \$1-\$1.5 trillion," he says. "The reality is that at today's rate we are losing natural capital by at least \$2-\$5 trillion every year."

This year's ranking also added turnover rates and proxy voting records as new indicators to further inform investors. While prospectuses state that portfolio turnover rate is not an indicator of fund performance, sustained high turnover does generate trading costs, reducing return. High turnover also indicates that the fund manager may be sacrificing long-term value for short-term gain. Corporate Knights found that the average turnover rate of the RI fund universe was 28 per cent, versus 80 per cent for the average Canadian diversified equity fund.

Corporate Knights also wanted to highlight the funds that vote consistently with the stated socially responsible themes of their investment prospectus, and scrutinized the proxy voting records of all funds.

Overall, traditional investment houses with ESG-focused funds tended to vote against ESG resolutions while holistic ESG investment houses like Ethical Funds, Inhance Investment Management, and Meritas Mutual Funds tended to vote for and even propose ESG resolutions.

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**Contact: Don Huff, 416-972-7404, [huffd@huffstrategy.com](mailto:huffd@huffstrategy.com) to schedule interviews with Toby Heaps, Editor-in-Chief, or Melissa Shin, Managing Editor.**

### ***Methodology Brief***

Shield Score is based on the following weighted scores:

Portfolio Turnover Rate: 10%

Engagement: 15%

Integration: 17%

Systemic: 8%

Performance: 40%

We used a blend of 1-year and 3-year relative performance (percentile ranking within the fund category). For funds with less than 3 years of history, we used the 1-year performance. For a full breakdown of how funds scored in each of the above categories, go to [www.corporateknights.ca/ri](http://www.corporateknights.ca/ri).

The full results of the Ranking are available on [www.corporateknights.ca](http://www.corporateknights.ca) and are summarized in the Responsible Investing issue (Vol. 7.3) of Corporate Knights, distributed in the Globe and January 29, 2009.

**To schedule interviews with Toby Heaps, Editor-in-Chief, or Melissa Shin, Managing Editor, contact: Don Huff, 416-972-7404, [huffd@huffstrategy.com](mailto:huffd@huffstrategy.com)**

*About Corporate Knights: Founded in 2002, Corporate Knights Inc. is an independent Canadian-based media company focused on promoting and reinforcing sustainable development in Canada.*