



**KARINA FUNK AND DAVID POWELL PUBLISH “ESG AND THE STOCK PICKER’S DILEMMA” IN *THE JOURNAL OF ENVIRONMENTAL INVESTING***

**New Haven, Ct.** – On September 22, 2017, [\*The Journal of Environmental Investing\*](#) accepted “[ESG and the Stock-Picker’s Dilemma](#)”—an article authored by Karina Funk and David Powell, co-portfolio managers of Brown Advisory’s Large-Cap Sustainable Growth Strategy—for publication; it will appear in [Volume 8, Issue 1](#).

At the heart of this discussion is a simple question: Can companies and investment managers who incorporate environmental, social and governance (ESG) considerations into their strategies deliver better performance?

The authors offer a clear takeaway in their article: Regardless of the quality and availability of ESG data, there is no substitute for fundamental research. “As active managers that are more focused on alpha than beta, even well-defined, statistically valid, and perfectly clairvoyant ESG metrics would not help much with our primary task: diving deep on individual companies and finding the select few that are poised to produce exceptional long-term business results.” Funk and Powell also offer suggestions for future research on company-specific sustainability data that may identify market-independent sources of risk and return (alpha), to complement the current literature that is focused on finding quantifiable ESG factors that are correlated with the risk and return of the broad market (beta).

Brown Advisory President and CEO Mike Hankin believes that Funk and Powell’s approach to the Large-Cap Sustainable Growth Strategy is ahead of the industry curve in terms of investing with an eye on sustainable factors. “Karina and David do a lot of proprietary, primary research on various companies’ sustainable business drivers, and they have repeatedly built investment hypotheses for individual stocks that hinge on sustainable growth drivers, well before the rest of the market catches up,” Hankin said.

Brown Advisory currently manages over \$3.5 billion for clients using ESG or sustainable mandates. The firm’s suite of sustainable investing strategies currently includes the Large-Cap Sustainable Growth Equity, Sustainable Core Fixed Income, Tax-Exempt Sustainable Fixed Income and Sustainable Balanced strategies, among others. The firm is a leading participant in the green bond market and was an early adopter of International Capital Market Association’s (ICMA) Green Bond Principles (GBP).

## About Brown Advisory

Brown Advisory is an independent investment and strategic advisory firm committed to providing its clients with a combination of first-class investment performance, strategic advice and the highest level of service. Founded in 1993 as an affiliate of Alex. Brown & Sons, a leading U.S. investment bank, Brown Advisory became independent in 1998.

Today the firm serves private clients and institutions in 34 countries from eight offices globally and is responsible for approximately \$56 billion in client assets as of June 30, 2017. The firm's colleague equity ownership, experienced investment professionals, collaborative investment process, and client-first culture help to make a material difference in the lives of its clients. For more information, please visit <http://www.brownadvisory.com>

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## References

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