

Does Sustainability Matter in Thai Mutual Fund Investments?

Suparatana Tanthanongsakkun
Chulalongkorn Business School, Chulalongkorn University

Sunti Tirapat
Corresponding Author, Email: sunti@cbs.chula.ac.th
Nida Business School

**The 15th Biennial Conference of
Asian Consumer and Family Economics Association (ACFEA)
Hanoi, Vietnam. July 8-11, 2025**

Challenging Issue

- Do not observe administrative data
- Investors care but do not know which fund is sustainable (especially retail investors)

Globe Rating

First introduced
in 2016 but
available for Thai
mutual funds
since 2018

Morningstar Sustainability Rating

Historical Sustainability Score relative to Morningstar Global Category.
At least 30 funds in Global Category need a Historical Sustainability Score.



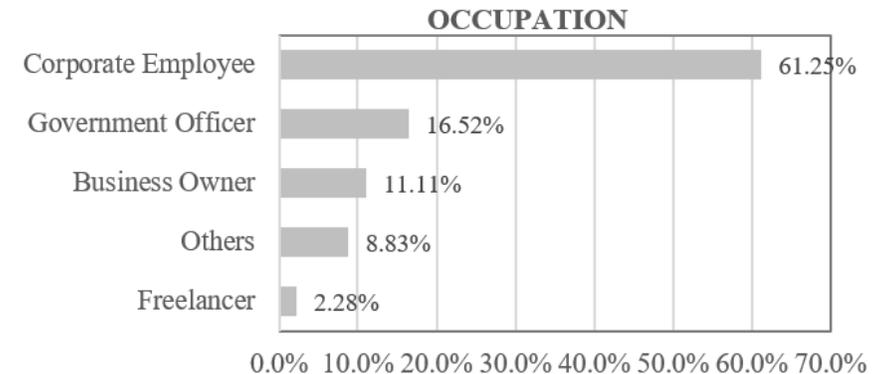
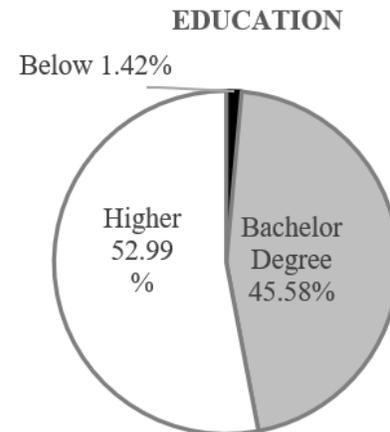
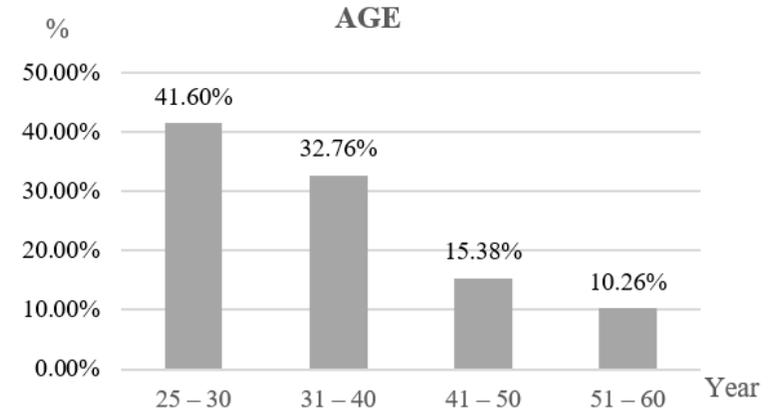
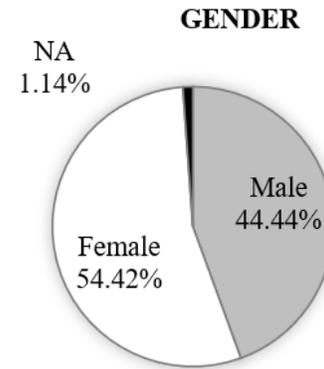
Objective

Does sustainability matter?

- To investigate the mutual funds investment decisions of Thai investors regarding the sustainability
 - Conduct an experimental survey of investors to provide insights on sustainable investment
 - Test whether sustainability matters in addition to the expected fund performance

Sample

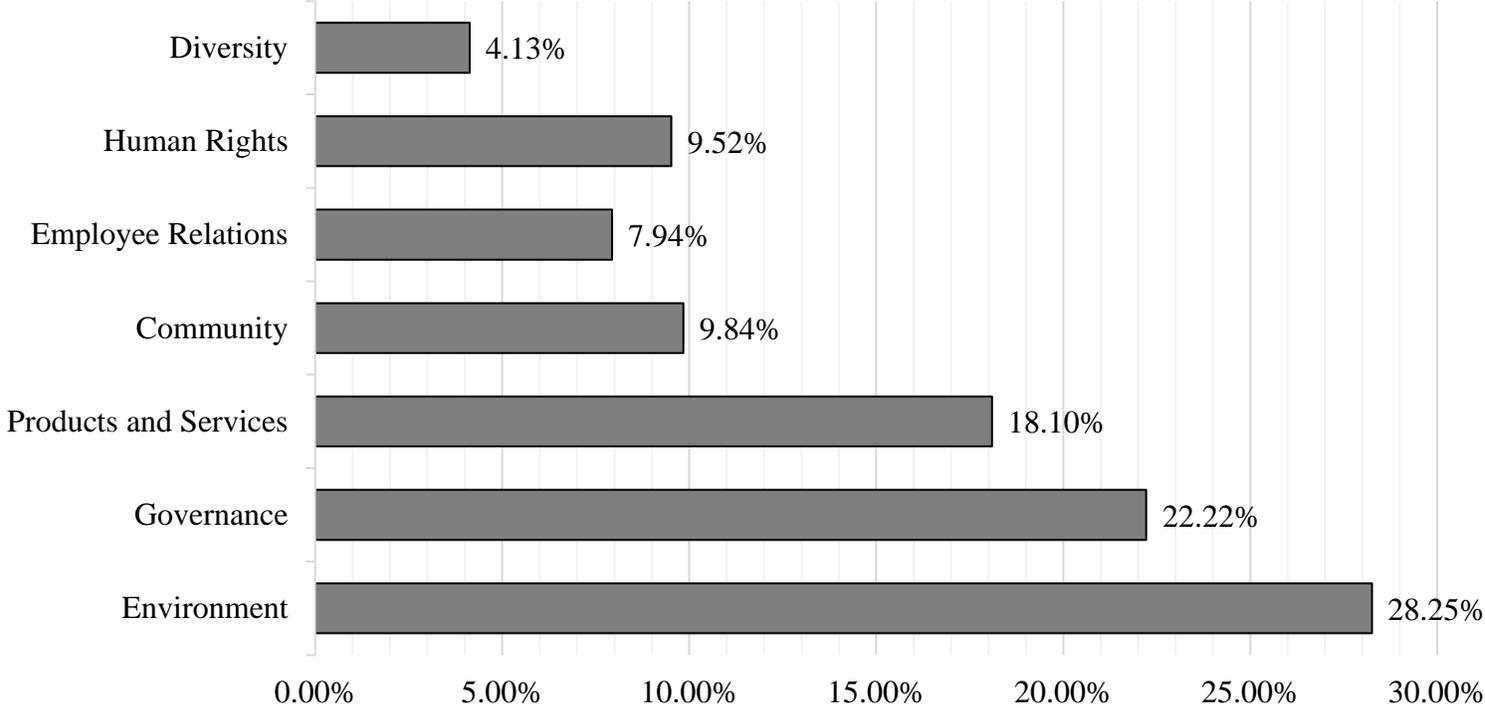
An experimental survey of Thai mutual fund 351 investors aged 25-60 years



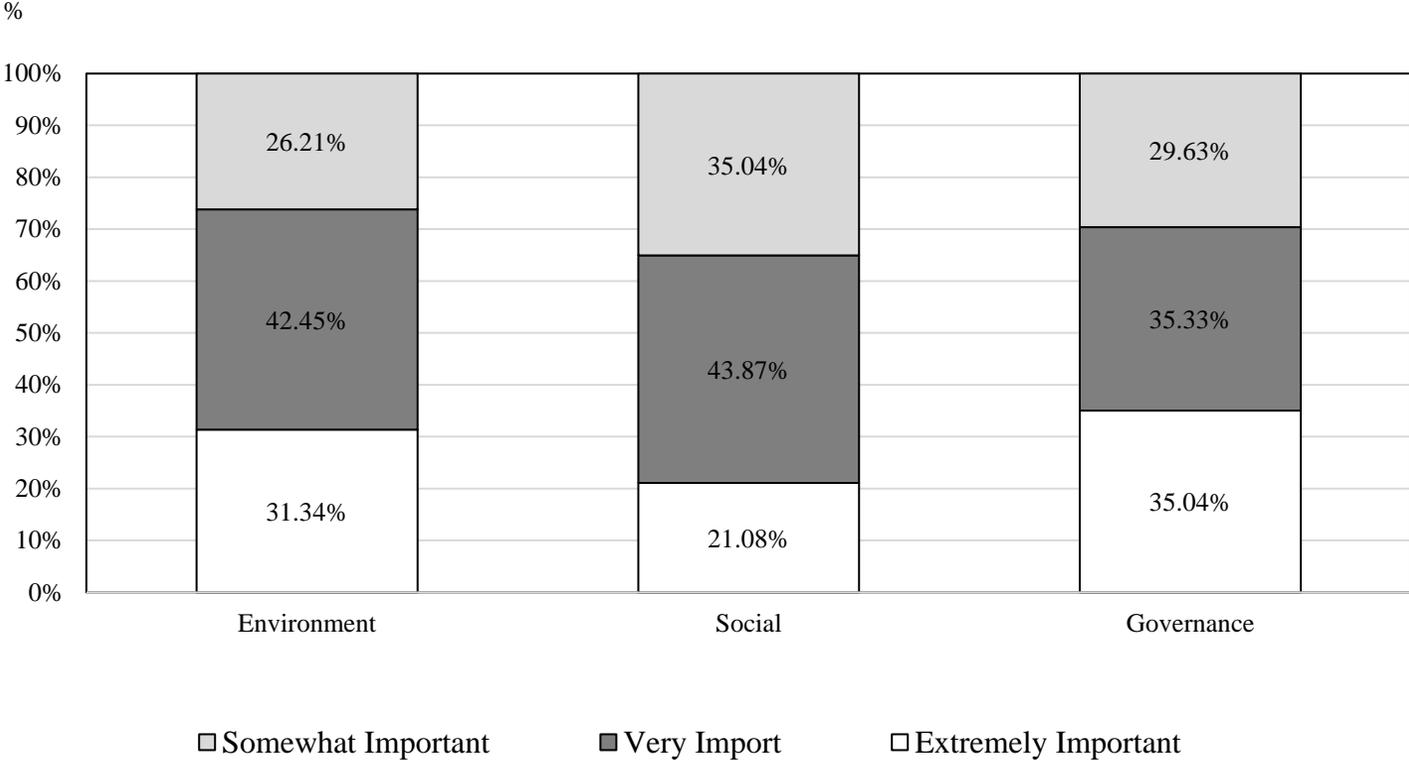
Results

Meaning of Sustainability

(Percentage of Responses)



Emphasis of ESG Factors



Emphasis of ESG and Age

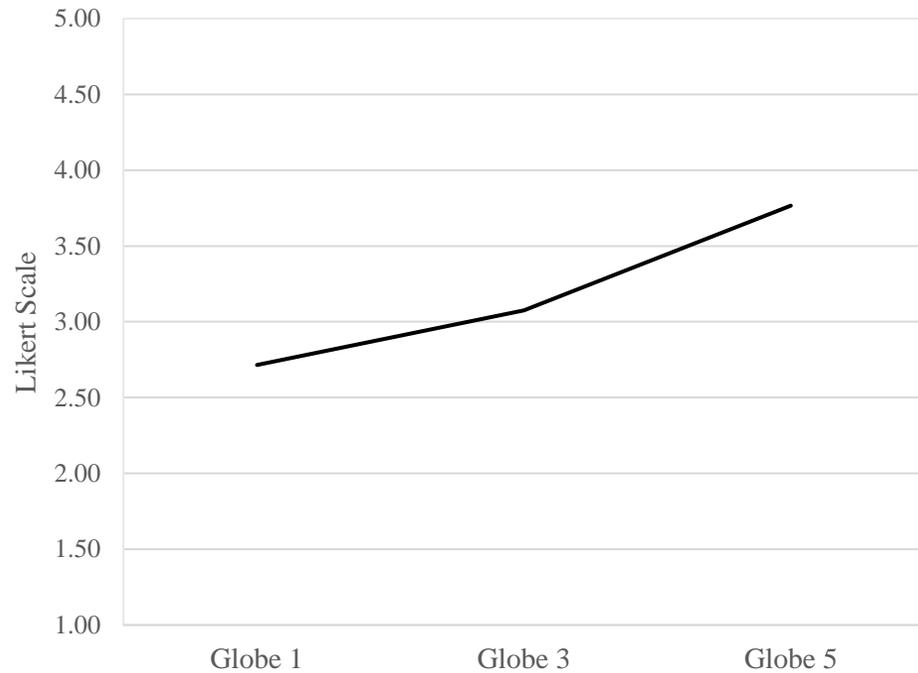
	25–30 Years (N = 146)		31–40 Years (N = 115)		> 41–60 Years (N = 90)		Total (N = 351)	
	N	%	N	%	N	%	N	%
Environment (E)								
Very Important	43	29.45%	36	31.30%	31	34.44%	110	31.34%
Important	66	45.21%	47	40.87%	36	40.00%	149	42.45%
Not Important	37	25.34%	32	27.83%	23	25.56%	92	26.21%
Social (S)								
Very Important	36	24.66%	26	22.61%	12	13.33%	74	21.08%
Important	62	42.47%	48	41.74%	44	48.89%	154	43.87%
Not Important	48	32.88%	41	35.65%	34	37.78%	123	35.04%
Governance (G)								
Very Important	45	30.82%	42	36.52%	36	40.00%	123	35.04%
Important	60	41.10%	33	28.70%	31	34.44%	124	35.33%
Not Important	41	28.08%	40	34.78%	23	25.56%	104	29.63%

Importance of ESG in Fund Investments

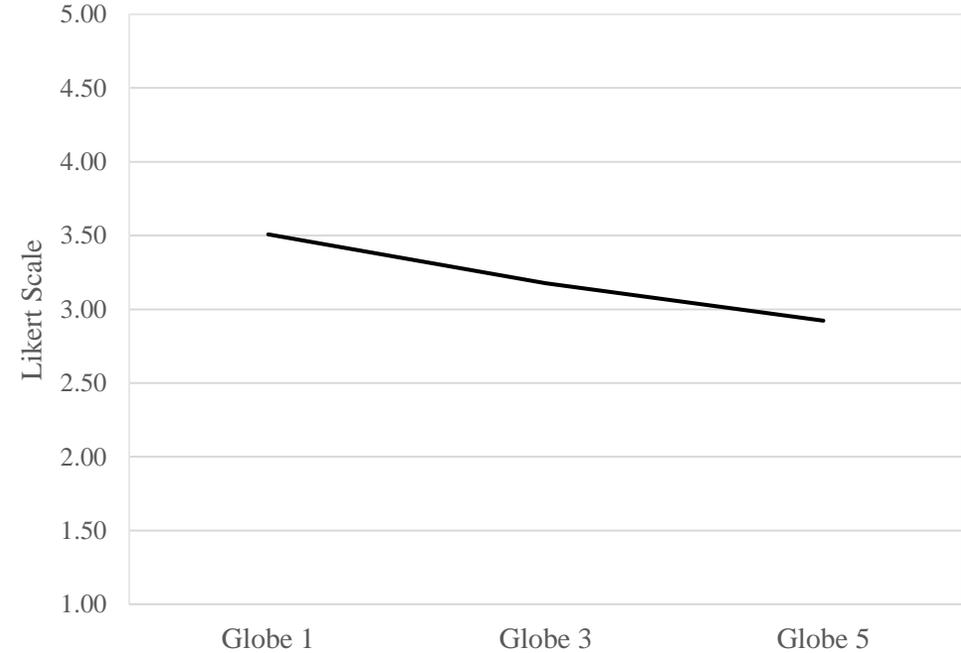
	25–30 Years (N = 146)		31–40 Years (N = 115)		> 41–60 Years (N = 90)		Total (N = 351)	
	N	%	N	%	N	%	N	%
Importance	107	73.29%	95	82.61%	68	75.56%	270	76.92%
Reasons:								
Moral Obligation	70	65.42%	64	67.37%	52	76.47%	186	68.89%
Low Risk	15	14.02%	19	20.00%	10	14.71%	44	16.30%
Better Performance	22	20.56%	12	12.63%	6	8.82%	40	14.81%
Unimportance	39	26.71%	20	17.39%	22	24.44%	81	23.08%
Reasons:								
Buzzword or Trendy	4	10.26%	5	25.00%	4	18.18%	13	16.05%
Unclear Impact	26	66.67%	13	65.00%	12	54.55%	51	62.96%
Lower Returns and Diversification	9	23.08%	2	10.00%	6	27.27%	17	20.99%

Average Return and Risk by Globe Ratings

Average Expected Return (5 = highest, 1=lowest)



Average Expected Risk (5 = highest, 1=lowest)



Expected performance or warm glow?

Regression Specification

$$Allocation_{ij} = \alpha + \beta_1 ER_{ij} + \beta_2 Risk_{ij} + \lambda_1 Globe1 + \lambda_2 Globe5 + \delta_1 \times ESG + \delta_2 Globe5 \times ESG + \varepsilon$$

% allocation investments between funds and government bonds (a hypothetical budget of 1 million THB, among three funds with different Globe Ratings)

ESG = an indicator variable indicating whether the investor care about ESG

Sustainability and Investment Allocation

This table presents the regression analysis where the dependent variable is the proportion of investment allocated to mutual funds. Column 1: The independent variables include expected returns and risk of the fund over the next year. Column 2: The independent variable is the dummy variable for Globe Rating. Column 3: The independent variables include expected returns, fund risk, and the Globe Rating dummy variable. Column 4: The independent variables include ESG and the interaction term (ESG \times Globe Rating 5). ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1)	(2)	(3)	(4)
Return	0.091*** (11.3)		0.072*** (8.14)	0.072*** (8.10)
Risk	-0.039*** (-5.45)		-0.036*** (-5.02)	-0.036*** (-5.04)
One Globe		-0.084*** (-4.59)	-0.046** (-2.60)	-0.046** (-2.60)
Five Globe		0.113*** (6.18)	0.054** (2.93)	0.085* (2.58)
ESG				0.020 (0.990)
Five Globe x ESG				-0.041 (-1.15)
Constant	0.322*** (7.95)	0.477*** (37.0)	0.369*** (8.87)	0.355*** (7.99)
Adjusted R ²	0.171	0.098	0.19	0.189
Observations	1,053	1,053	1,053	1,053

Conclusion

- Demographic characteristics (age, gender, investment experience) **influence ESG perceptions**
- Investors allocate more to funds with **higher sustainability ratings**, after controlling for their expected risk and returns
- Limitations: External validity, based on survey data, specific to Thai investors