Received: July 29, 2020
Tracking No. 1k4-9i38-vhmb
Comments Due: July 30, 2020
Submission Type: Web

PUBLIC SUBMISSION

Docket: EBSA-2020-0004
Financial Factors in Selecting Plan Investments

Comment On: EBSA-2020-0004-0002
Financial Factors in Selecting Plan Investments

Document: EBSA-2020-0004-DRAFT-1035
Comment on FR Doc # 2020-13705

Submitter Information

Name: Cary Krosinsky

General Comment

To Whom It May Concern

The DoL Proposed Rule on ESG is perhaps understandable from a standpoint of wanting to ensure consumers know what to trust, and that costs are reasonable, however this rule fails to achieve many things, and needs further consideration as a result.

We do agree with clarifying what ESG Investing is and is not, however where is that guidance? Does this rule apply to any managed funds that consider ESG or those which might happen to have some related phrase in the fund title (many consider ESG without saying so)?

Also half of the world's economy by some measures is now represented by Asia where good governance is critically important for all investors. Should investors ignore this?

On this point alone, the rule fails to stand up as written, failing to understand the clear, critical importance of ESG as a source of fiduciary duty when it comes to the duty of prudence alone.

Also, we live in a world where most actively managed funds most often underperform benchmarks (many sources such as https://www.cnbc.com/2015/03/12/for-active-managers-its-been-a-brutal-10-years.html) especially when they do not consider ESG. Should DoL maybe look at that sort of thing instead if it is interested in the interest of investors?

In addition, research shows that during the pandemic, sustainability minded funds outperformed more often than not during the pandemic per Morningstar: https://www.morningstar.com/articles/991091/sustainable-stock-funds-held-their-own-in-second-quarter-rally

Should investors take heed of what is working and not under the present circumstances or just be shied away by this poorly considered rule?

Lastly, as a leading educator on sustainable investing, our class portfolios often outperform. This past December our students chose a six stock equally weighted portfolio consisting of Vestas rsted Beyond Meat Chr. Hansen TOMRA Xylem Inc. - which was up 27% as of this writing in July, versus the S&P 500 +2% and the MSCI World -2%.

Similarly our five stock portfolio from 2016 of 3M, Applied Materials, Alphabet, Xylem and Hannon Armstrong went onto significantly beat the S&P500 for years. Portfolios which consider ESG and financial performance often financially outperform versus active fund managers who do not consider ESG.

On what basis is this rule as written a way to help protect retirees?

Cary