



Environmentally Responsible Companies

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Topic

Use the tools in Yahoo! Finance to obtain a portfolio of ten stocks of environmentally responsible companies. List the filters you used to obtain these ten stocks and describe exactly how these filters screen. Compute the daily returns on your portfolio over the last two months and compare those returns to the returns on the S&P 500 over the same period.

Filters Used

1. Region
2. Market Cap (Intraday)
3. Environmental Score

Filter 1 - Region

- The Region filter screens for stocks in the specified region.
- For the purpose of this presentation, the region was set to identify stocks in the **United States**.

Filter 2 - Market Cap (Intraday)

- The Market Cap (Intraday) filter screens for stocks within the specified market capitalization group(s).
- For the purpose of this presentation, this filter was set to identify stocks in the **Large and Mega market capitalization groups**.

Filter 3 - Environmental Score

- The Environmental Risk Score filter screens for stocks within the specified score range.
- For the purpose of this presentation, the filter was set to identify stocks with a score less than 0.1.

Filter 3 - Environmental Score

- The Environmental Risk Score is categorised into five types:

<u>Score Range</u>	<u>Risk Category</u>
0 - 9.99	Negligible Risk
10 - 19.99	Low Risk
20 - 29.99	Medium Risk
30 - 39.99	High Risk
40+	Severe Risk

ESG - Environment, Social, & Governance

- Yahoo! Finance includes a section titled “Sustainability” for every stock
- This section hosts the ESG Risk Ratings
- Environment looks at a company’s approach to nature and how it performs safeguarding it
- Social looks at a company’s approach to its stakeholders and how it manages its relationships in this regard

ESG - Environment, Social, & Governance

- Governance looks at a company's performance in terms of its corporate structure, leadership, shareholder relations, CSR (Corporate Social Responsibility) and other related areas
- In this presentation, the focus will be on the Environment part of ESG

Portfolio

Using the filters as stated previously, the following companies were added to the portfolio:

1. Mastercard Incorporated
2. UnitedHealth Group Incorporated
3. The Walt Disney Company
4. PayPal Holdings, Inc.
5. American Express Company
6. Cigna Corporation
7. Gilead Sciences, Inc.
8. Nintendo Co., Ltd.
9. Regeneron Pharmaceuticals, Inc.
10. Thomson Reuters Corporation

Portfolio Environment Risk Scores

Mastercard Incorporated	0.1
UnitedHealth Group Incorporated	0.0
The Walt Disney Company	0.0
PayPal Holdings, Inc.	0.1
American Express Company	0.1
Cigna Corporation	0.0
Gilead Sciences, Inc.	0.0
Nintendo Co., Ltd.	0.1
Regeneron Pharmaceuticals, Inc.	0.0
Thomson Reuters Corporation	0.0

Portfolio Total ESG Risk Scores

Mastercard Incorporated	16	Low Risk
UnitedHealth Group Incorporated	21	Medium Risk
The Walt Disney Company	16	Low Risk
PayPal Holdings, Inc.	18	Low Risk
American Express Company	20	Medium Risk
Cigna Corporation	12	Low Risk
Gilead Sciences, Inc.	23	Medium Risk
Nintendo Co., Ltd.	18	Low Risk
Regeneron Pharmaceuticals, Inc.	22	Medium Risk
Thomson Reuters Corporation	10	Low Risk

Portfolio Returns (last two months)

<u>Company</u>	<u>Average Return</u>
Mastercard Incorporated	-0.28%
UnitedHealth Group Incorporated	-0.44%
The Walt Disney Company	0.00%
PayPal Holdings, Inc.	0.34%
American Express Company	-0.32%
Cigna Corporation	-0.51%
Gilead Sciences, Inc.	-0.09%
Nintendo Co., Ltd.	0.19%
Regeneron Pharmaceuticals, Inc.	-0.09%
Thomson Reuters Corporation	-0.28%

Portfolio Returns (last two months)

Portfolio Average Return -0.15%

S&P 500 Average Return 0.15%

Sources:

- <https://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.asp>
- <https://www.sustainalytics.com/>
- https://www.morningstar.com/content/dam/marketing/shared/research/methodology/744156_Morningstar_Sustainability_Rating_for_Funds_Methodology.pdf
- <https://finance.yahoo.com/screener>
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Sources:

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