

reduced their exposure significantly after the financial crisis, but a handful of sectors were insulated from this investment behavior. The influence of speculative overseas investors was unchanged for sectors such as Pharmaceuticals, Marine Transport and Rubber Products, and increased for sectors such as Real Estate and Insurance. This characteristic was clearly observed in the SC fund returns that imply that SC fund managers were successful in trading off the influence of speculative overseas investors. This paper contributes to the literature in the sense that it has identified a sustainable growth factor that may serve as a benchmark for funds with long term goals (i.e. such as pension funds).

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Figure 1 Oversea Investment Flow to the Tokyo Stock Exchange

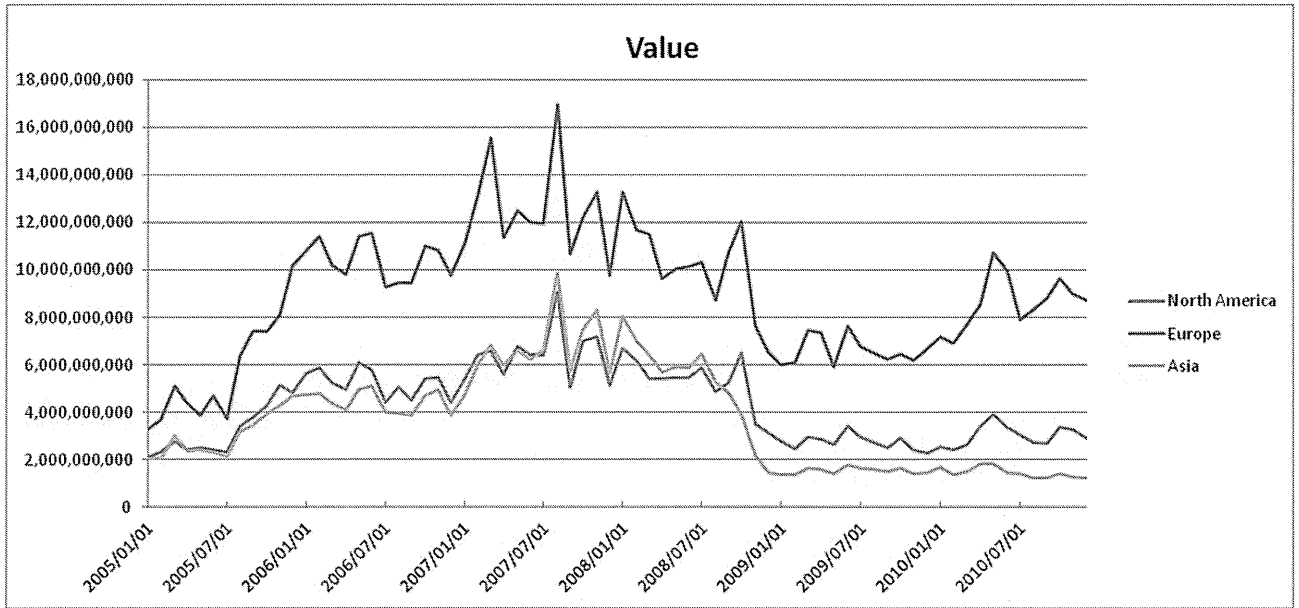


Figure 2 Orthonormal Loadings biplots apparel & luxury goods index (LUXYEN), socially conscious funds (F2_RET, F4_RET, F5_RET, F6_RET, F9_RET, F12_RET, F14_RET) is on the left. The biplot of the apparel & luxury goods index (LUXYEN), the TOPIX index (T23) and its 33 sectors (T1 to T22 and T24 to T34) is on the right

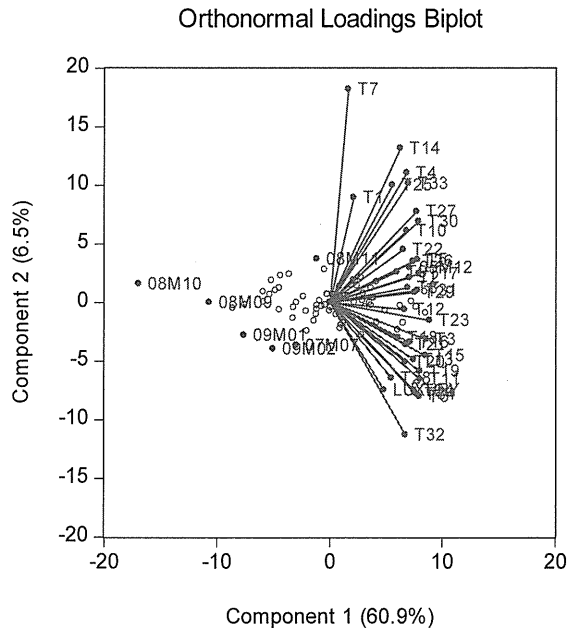
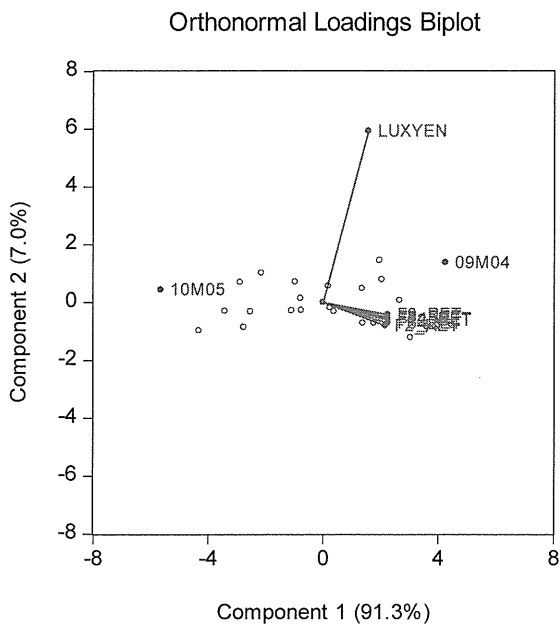


Table 1 Socially Responsible Fund Data

Number	Fund Name	Management Company
F1	Daiwa ShigaBank SRI 3 Asset	Daiwa Asset Management Co., Ltd.
F2	AsahiLife SRI	Asahi Life Asset Management Co., Ltd.
F3	Chuomitsui SRI	Chuo Mitsui Asset Management Co., Ltd.
F4	Daiwa DC SRI	Daiwa Asset Management Co., Ltd.
F5	Daiwa SRI	Daiwa Asset Management Co., Ltd.
F6	MitsubishiUFJ SRI	Mitsubishi UFJ Asset Management Co.,Ltd.
F7	Nippon SRI Open	Okasan Asset Management Co., Ltd.
F8	PineBridge Japan Equity SRI DC	PineBridge Investments Japan Co., Ltd.
F9	Shinkin Fukoku SRI	Shinkin Asset Management Co., Ltd.
F10	Shinkin SRI Japan Equity	Shinkin Asset Management Co., Ltd.
F11	SompoJapan SRI Open	SOMPO JAPAN NIPPONKOA ASSET MGMT CO.,LTD
F12	STAM DC Good Company SRI	STB Asset Management Co., Ltd.
F13	STAM SRI Japan Equity	STB Asset Management Co., Ltd.
F14	STAM SRI Japan Open	STB Asset Management Co., Ltd.
F15	STAM SRI Japan Open SMA	STB Asset Management Co., Ltd.

Table 2 Funds Used for the PCA Analysis

Fund Number/Name
F2/AsahiLife SRI
F4/Daiwa DC SRI
F5/Daiwa SRI
F6/MitsubishiUFJ SRI
F9/Shinkin Fukoku SRI
F12/STAM DC Good Company SRI
F14/STAM SRI Japan Open

Figure 3 Orthonormal Loading Biplots for apparel & luxury goods index and the TOPIX composite index (T23)

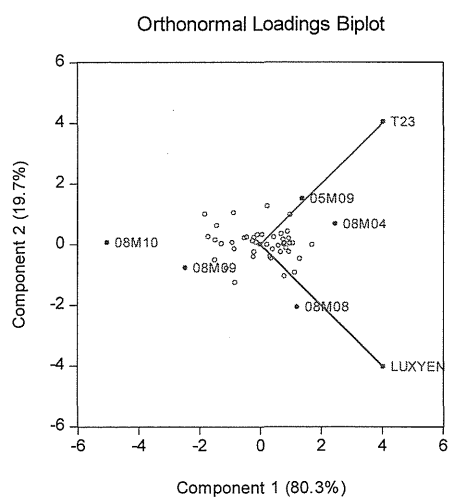


Table 3 Panel A

Principal Component Analysis of Socially Conscious Funds and the apparel & luxury goods index (JPY). Data Period from January 2005 to December 2010.

Eigenvalues:								
Number	Value	Difference	Proportion	Cumulative				
				Value	Proportion			
1	6.76	6.16	0.85	6.76	0.85			
2	0.61	0.26	0.08	7.37	0.92			
3	0.35	0.22	0.04	7.72	0.96			
Eigenvectors (loadings):								
Variable	PC 1	PC 2	PC 3					
LUXYEN	0.26	0.95	-0.17					
F2_RET	0.36	-0.14	-0.05					
F4_RET	0.38	-0.13	-0.16					
F5_RET	0.37	-0.17	-0.18					
F6_RET	0.37	-0.10	-0.09					
F9_RET	0.38	-0.09	-0.15					
F12_RET	0.38	-0.11	-0.04					
F14_RET	0.32	0.08	0.93					
Ordinary correlations:								
	LUXYEN	F2_RET	F4_RET	F5_RET	F6_RET	F9_RET	F12_RET	F14_RET
LUXYEN	1.00							
F2_RET	0.55	1.00						
F4_RET	0.59	0.92	1.00					
F5_RET	0.55	0.88	0.96	1.00				
F6_RET	0.59	0.89	0.95	0.91	1.00			
F9_RET	0.62	0.93	0.99	0.95	0.95	1.00		
F12_RET	0.60	0.92	0.99	0.94	0.94	0.99	1.00	
F14_RET	0.55	0.75	0.76	0.73	0.76	0.76	0.80	1.00

Table 3 Panel B The first 11 eigenvalues that amount to 90% of the cumulative variance, the difference of the eigenvalues, and non-cumulative explained proportion of variance obtained from the principal component analysis on the Apparel & Luxury goods index (yen base) and the 33 sectors of TOPIX and the TOPIX composite index

Number	Value	Difference	Proportion
1	21.40	19.10	0.61
2	2.30	0.70	0.07
3	1.59	0.33	0.05
4	1.26	0.09	0.04
5	1.17	0.34	0.03
6	0.83	0.11	0.02
7	0.72	0.02	0.02
8	0.70	0.09	0.02
9	0.61	0.14	0.02
10	0.47	0.02	0.01
11	0.44	0.03	0.01

Table 3 Panel C First three principal components for returns on the apparel & luxury goods index (yen base) and the 33 sectors of TOPIX

Variable	PC 1	PC 2	PC 3	PC 4
T1	0.05	0.21	-0.29	-0.44
T10	0.16	0.15	0.17	0.19
T11	0.19	-0.16	-0.01	-0.04
T12	0.16	-0.01	-0.18	0.02
T13	0.18	-0.11	0.09	0.10
T14	0.15	0.31	0.01	-0.03
T15	0.20	-0.11	0.06	-0.06
T16	0.17	-0.08	0.19	-0.20
T17	0.19	0.06	-0.03	0.05
T18	0.15	-0.07	0.34	-0.39
T19	0.19	-0.14	0.09	-0.13
T2	0.17	0.05	-0.17	0.00
T20	0.16	-0.12	0.17	-0.25
T21	0.16	-0.09	0.13	-0.17
T22	0.16	0.12	0.27	0.26
T23	0.21	-0.04	0.00	0.04
T24	0.18	-0.18	0.08	0.12
T25	0.13	0.24	0.14	-0.10
T26	0.18	0.08	-0.28	0.00
T27	0.19	0.19	-0.11	-0.02
T28	0.13	-0.16	-0.10	0.25
T29	0.18	0.02	-0.21	0.01
T3	0.21	-0.07	0.03	0.00
T30	0.19	0.17	0.04	-0.04
T31	0.19	0.02	-0.10	-0.01
T32	0.16	-0.27	0.02	0.19
T33	0.17	0.24	-0.18	-0.08
T34	0.18	-0.18	0.09	-0.15
T4	0.16	0.27	0.20	-0.01
T5	0.19	0.09	-0.17	-0.05
T6	0.19	-0.19	0.02	0.11
T7	0.04	0.44	0.31	0.30
T8	0.17	0.03	-0.35	0.05
T9	0.14	0.06	-0.05	0.25
LUXYEN	0.13	-0.20	-0.13	0.24

Table 4 Correlation Analysis of S&P500 sub-indices and the apparel & luxury goods index

	S&P 500 Sub/Apparel Access&Lux TR
S&P 500 Sub/Apparel Access&Lux TR	1.00
S&P 500 Sub/Biotechnology TR	0.69
S&P 500 Sub/Movies&Entertainment TR	0.69
S&P 500 Sub/Thrifths&Mort Finance TR	0.81
S&P 500 Sub/Tobacco TR	0.76
S&P 500 Sub/Trading Coms&Distributors TR	0.76
S&P 500 Sub/Wireless Telecom Svcs TR	0.82

Figure 4 Orthonormal Biplot of the SP500 sub-indices (for correlation with the apparel & luxury goods index larger than 0.69) and socially conscious fund returns

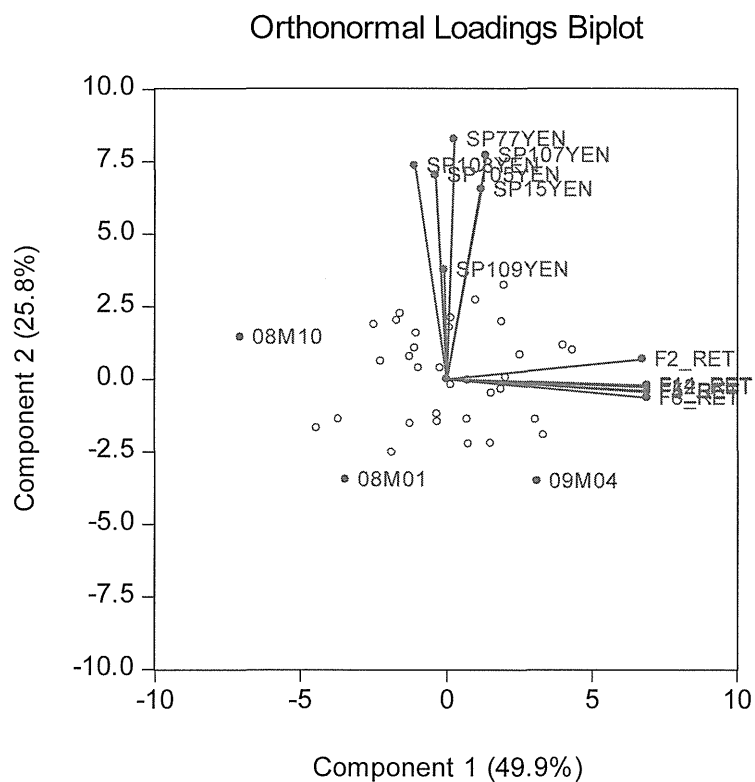


Table 6 Standard Deviation of Fund Flow (2009 Sept. – 2012 May)

	standard deviation
SRI	0.51
small cap	1.62
large cap	2.22
middle cap	1.02

Figure 3 Panel A Rolling Style Analysis: TOPIX sectors as the dependent variable, the apparel & luxury goods index (vertical axis in percentage) and Japanese Socially Conscious Funds (Fund 2, 4, 5, 6 12, 14) as independent variables

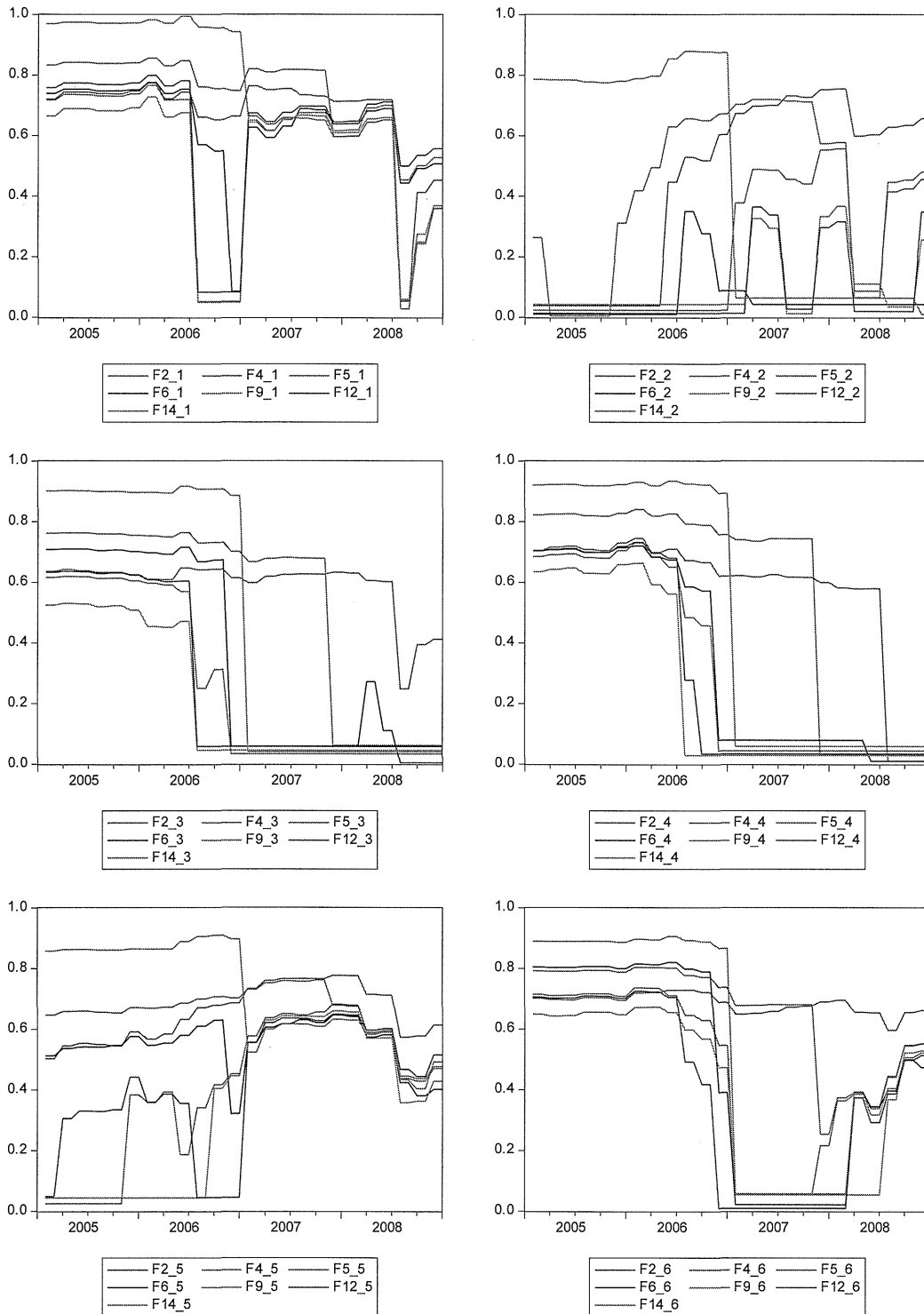


Figure 3 Panel B

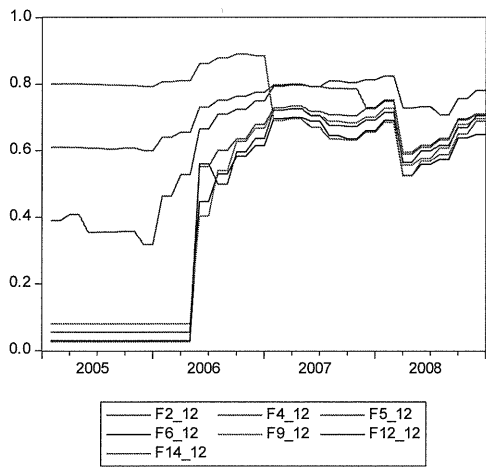
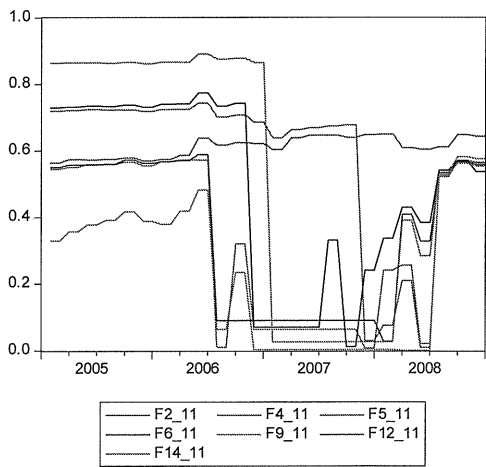
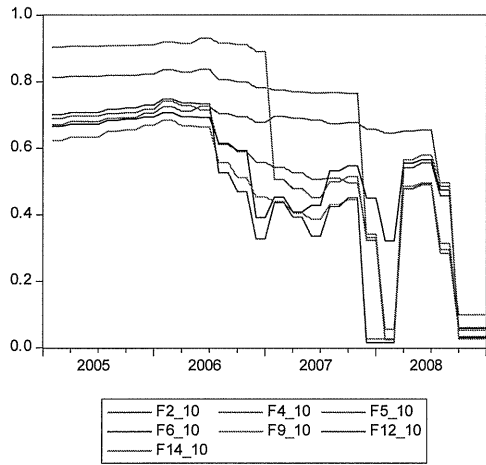
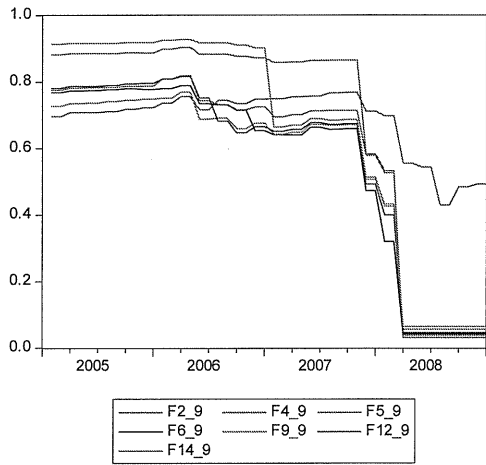
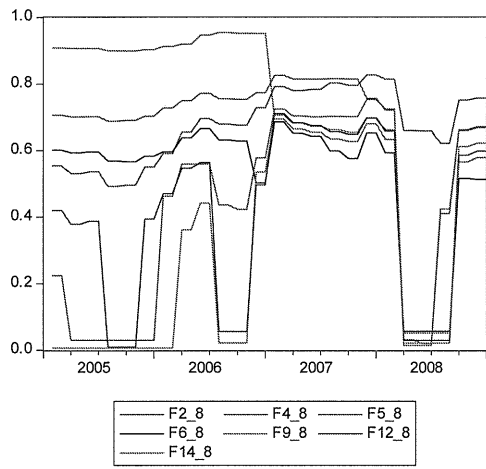
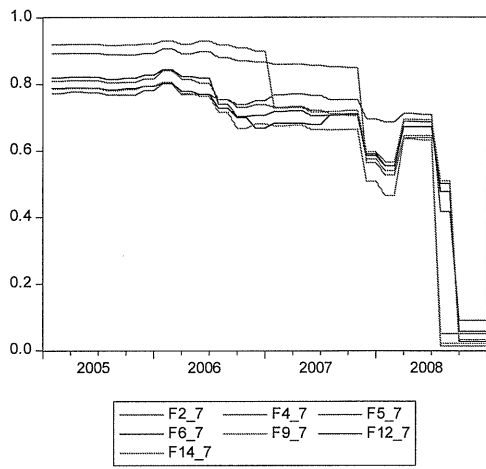


Figure 3 Panel C

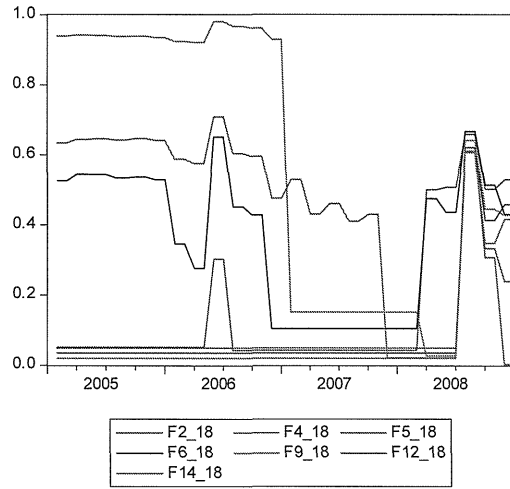
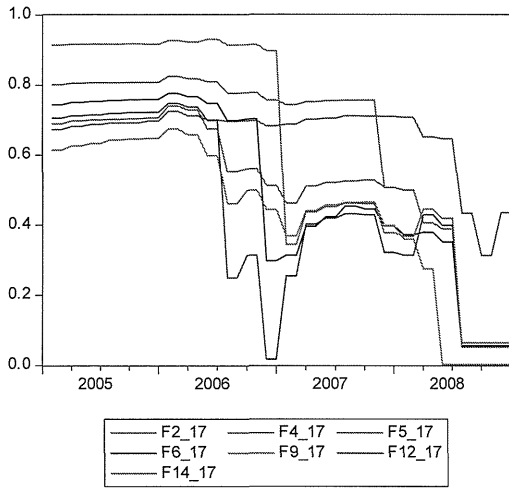
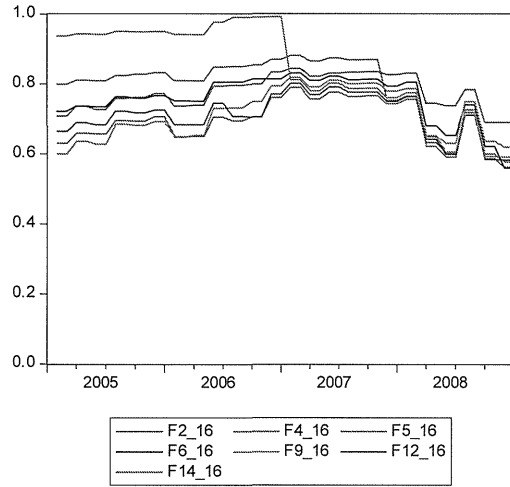
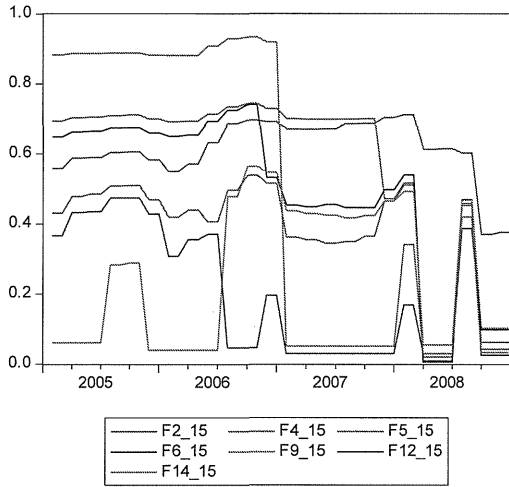
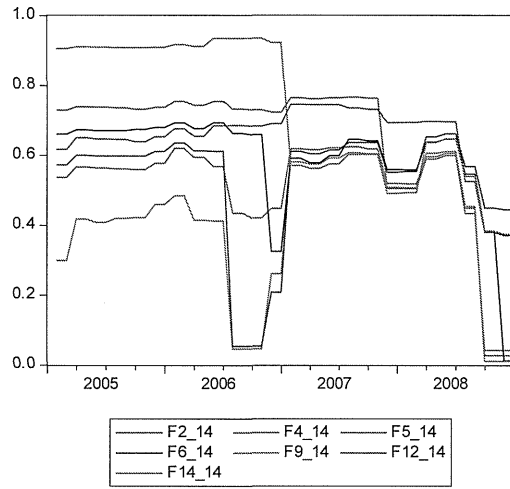
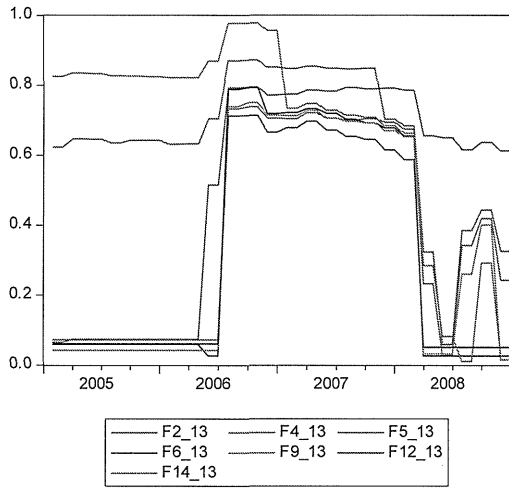


Figure 3 Panel D

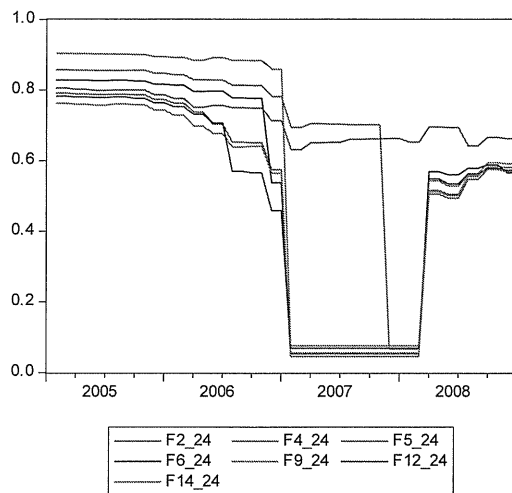
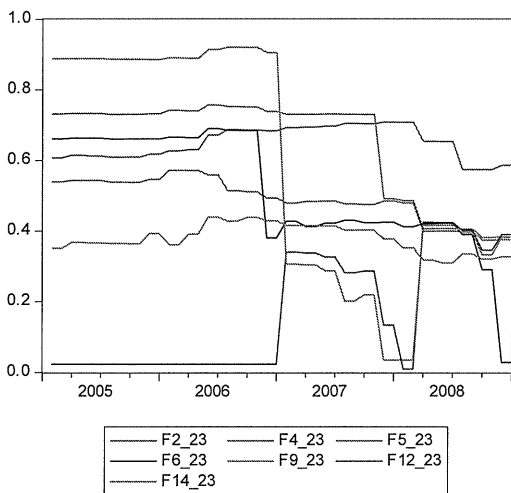
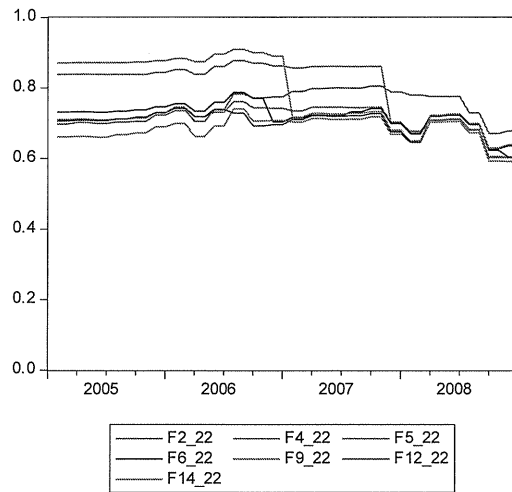
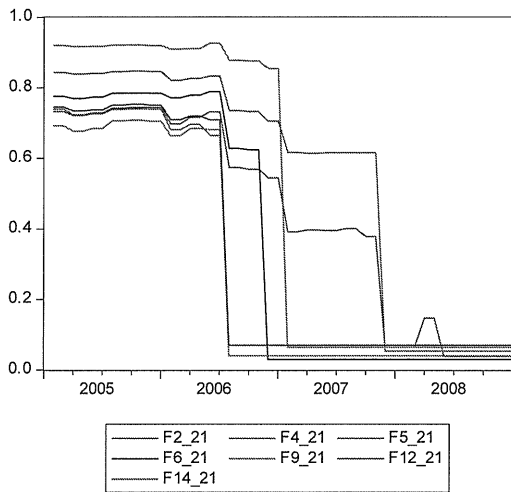
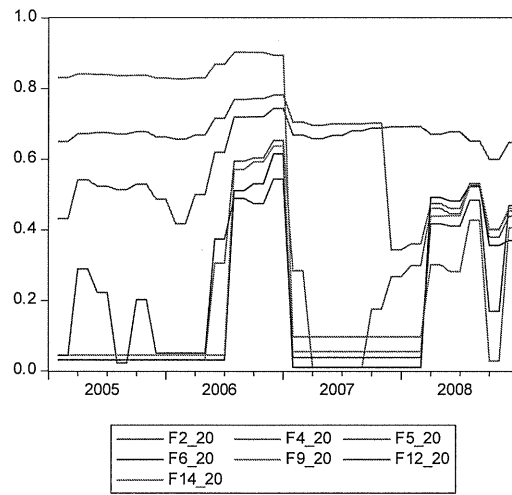
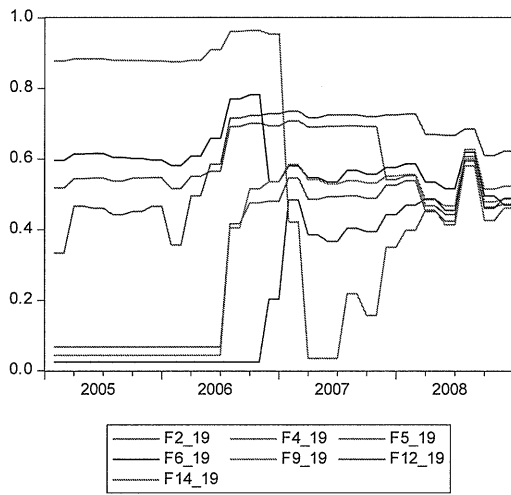


Figure 3 Panel E

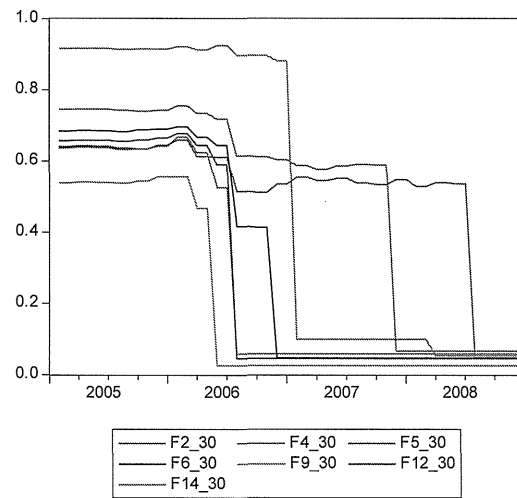
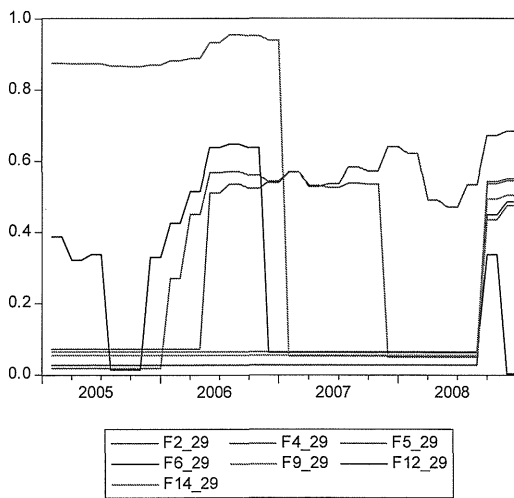
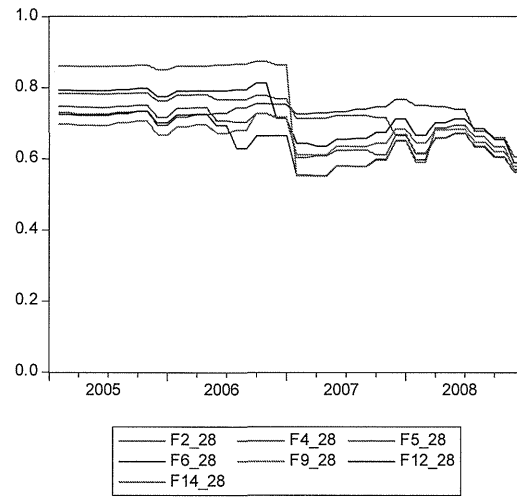
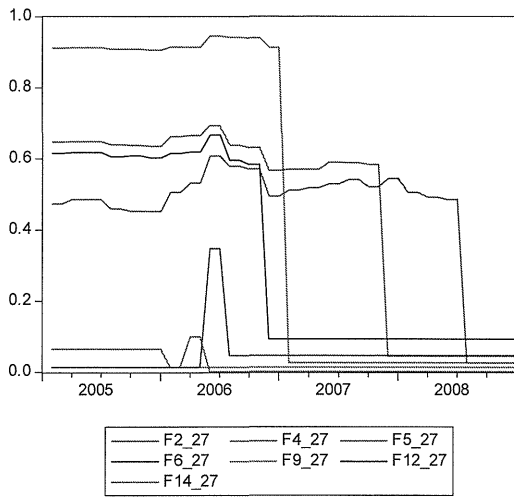
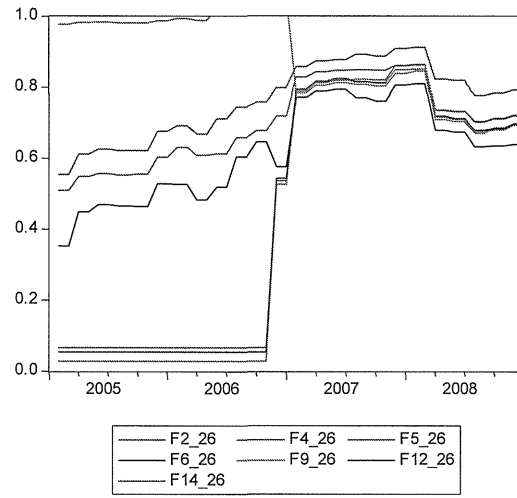
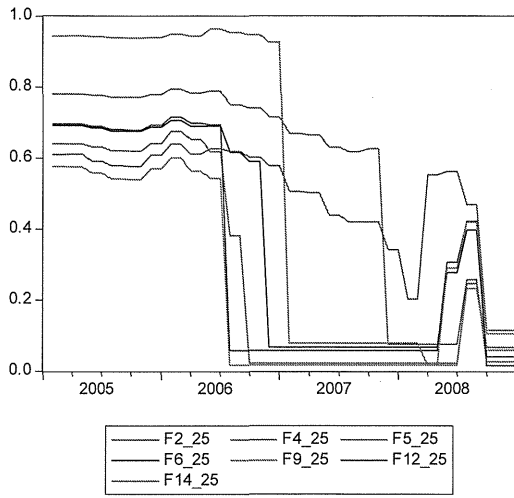
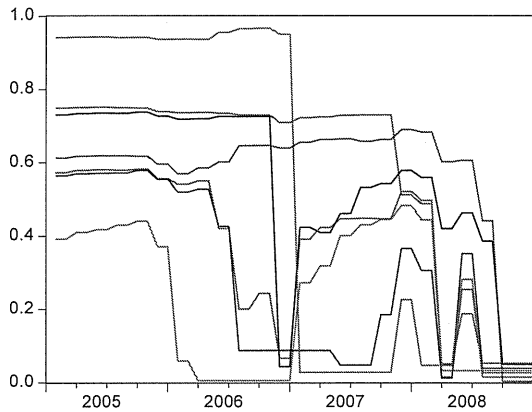
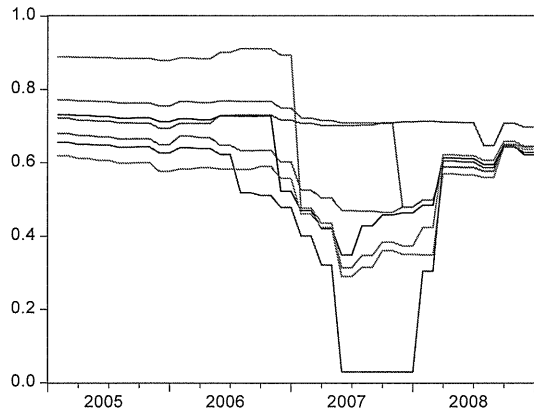


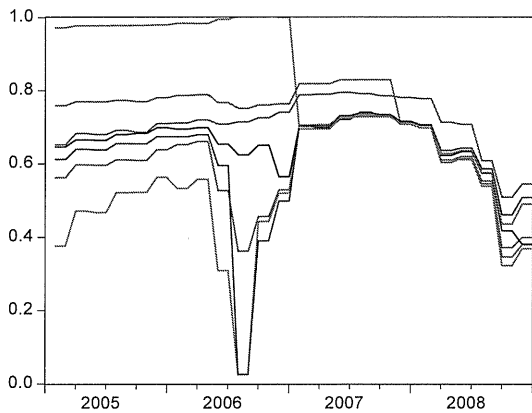
Figure 3 Panel F



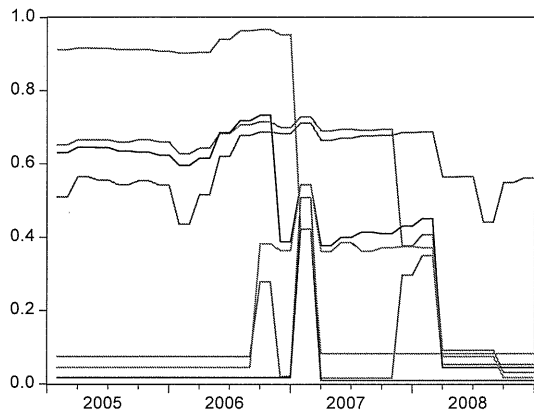
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F6_31	F9_31	F12_31
F14_31		



F2_32	F4_32	F5_32
F6_32	F9_32	F12_32
F14_32		



F2_33	F4_33	F5_33
F6_33	F9_33	F12_33
F14_33		



F2_34	F4_34	F5_34
F6_34	F9_34	F12_34
F14_34		

Figure 4 Panel A

Average of Rolling Style analysis: TOPIX sectors as dependent variable, the apparel & luxury goods index (vertical axis in percentage) and Japanese Socially Conscious Funds (Fund 2, 4, 5, 6 12, 14) as independent variables

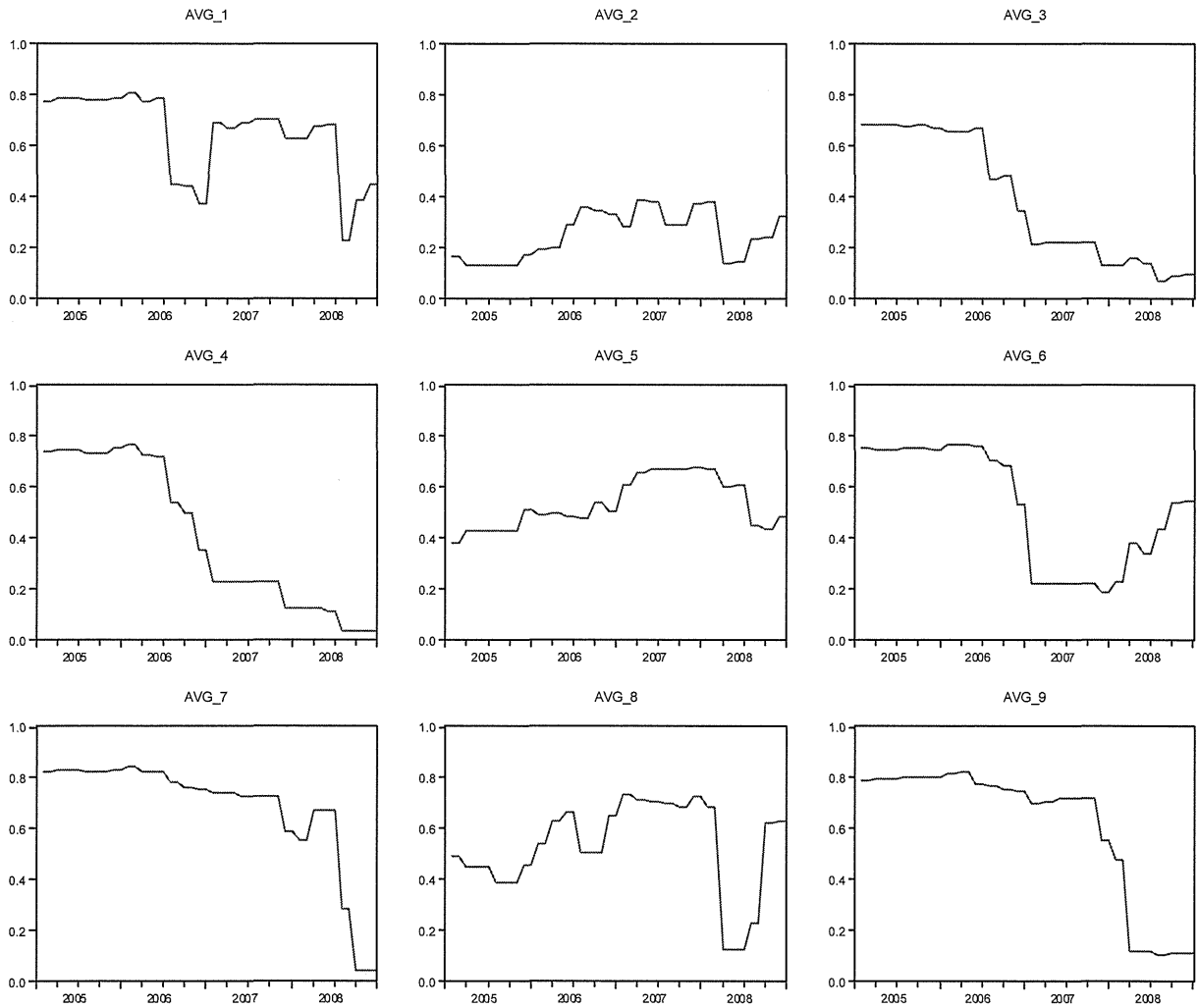


Figure 4 Panel B

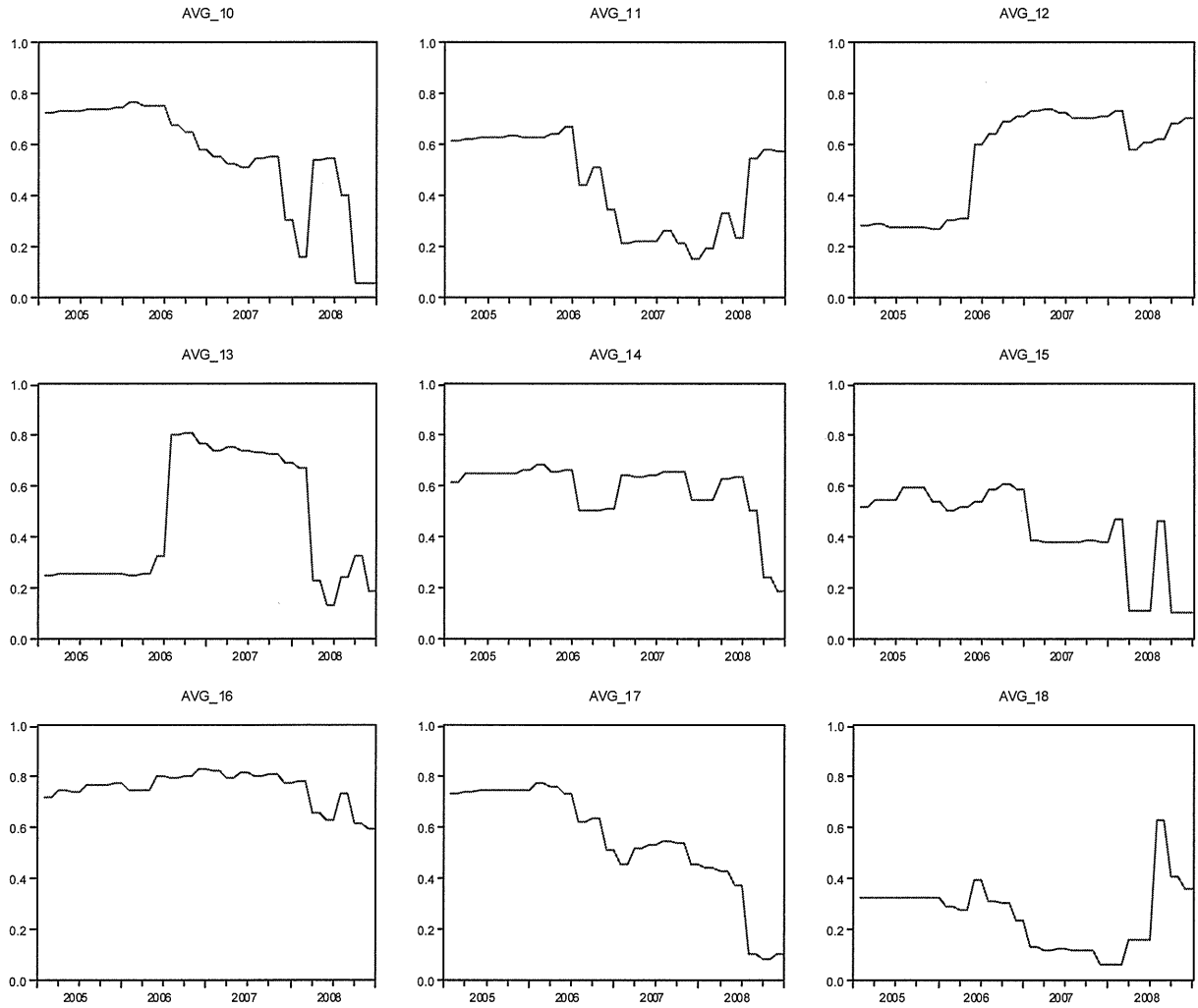


Figure 4 Panel C

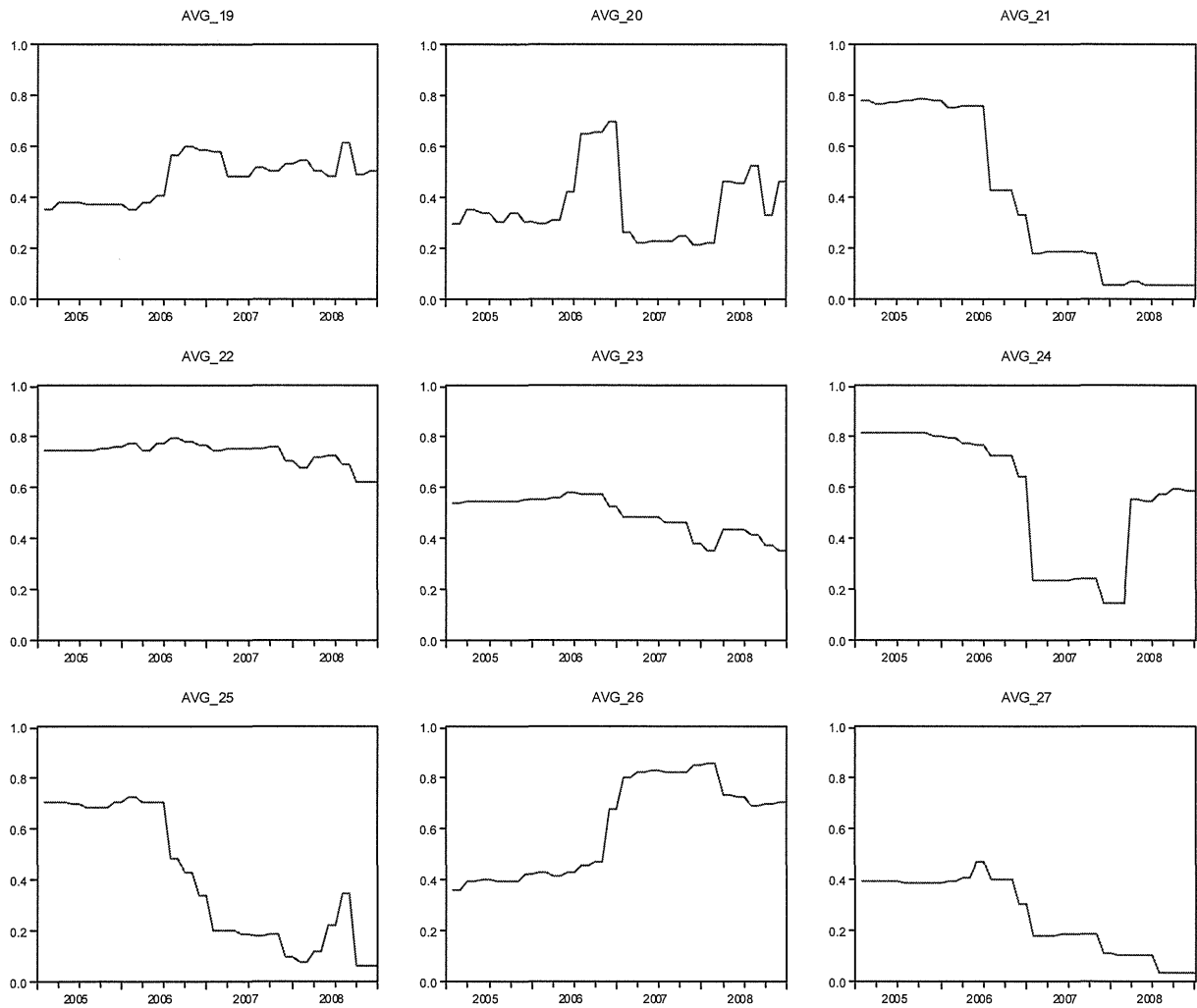


Figure 4 Panel D

