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Titolo tesi di dottorato: Sustainable investing: Beyond or behind ESG?
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Abstract relativo ad un paper che l'autore ritiene di poter ottenere dalla tesi e con il quale intende partecipare al premio.

Titolo: ESG-compliant optimal portfolios: The impact of negative screening and ESG constraints on portfolio optimization in a sample of European stocks

The introduction of the Environmental, Social, Governance (ESG) dimensions in setting up optimal portfolios has been becoming of uttermost importance for the financial industry in terms of financial strategies and for the non-financial to finance their needs. Several strategies are available to set up ESG-compliant portfolios: from screening strategies and a combination of the latter with traditional portfolio theory to fully-fledged optimization problems that consider the sustainability dimension beside the two conventional ones, i.e. risk and return. Given the absence of consensus in empirical literature and the limited number of studies providing performance comparison of different ESG strategies, the aim of this paper is to assess the impact of ESG on optimal portfolios and to compare different approaches to the construction of ESG-compliant portfolios. Starting from a sample based on 586 stocks of the EURO STOXX Index in the period January 2007 – August 2022, we set up ESG compliant optimal portfolios by minimizing portfolio residual risk and imposing a desired level of portfolio average systemic risk. Sustainability issues are considered in three different ways: i) by imposing a desired level of portfolio average ESG (measured by Bloomberg ESG disclosure score); ii) by means of a negative screening; iii) by a combination of the two. Two are the main results. First, in order to set up a portfolio with an exact ESG score, the Sharpe ratio of the optimal portfolio worsens as the target ESG level increases. Second, screening strategies, which impose a reduction in the investment universe, generally reduce the performance of optimal portfolios with respect to optimization over an unscreened sample. However, when adopting a very severe screening a superior performance is obtained implying that very virtuous companies allow investors to do well by doing good. These results are of interest for many stakeholders, in particular the asset management industry that must sustainability preferences of their customers (both retail and institutional) also in compliance with the revision of the EU's MiFID II directive.