

Independent study title	FINANCIAL PERFORMANCE COMPARISON: DOES ESG PLAY A ROLE IN ACTIVE AND PASSIVE MUTUAL FUNDS?
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## ABSTRACT

This paper examines whether the fund incorporates ESG factors to affect financial performance. Furthermore, this paper focuses on the risk-adjusted returns of ESG and non-ESG active and passive equity funds in the USA. The period used in this study is from January 2000 to December 2021 monthly. The result that this research found is a fund that incorporates ESG to create positive outcomes in financial performance. When compare between ESG and conventional funds, it can be seen most ESG funds can overcome conventional funds when using the Sharpe ratio, Treynor ratio., and Jensen's measure. Lastly, this paper seeks which variable affects the ESG fund abnormal return, and it found that size is the only factor that affects ESG fund abnormal return in a positive relationship.

Keywords: ESG fund, Conventional fund, ESG active fund, ESG passive fund, Active fund, Passive fund, Sharpe ratio, Treynor ratio, Jensen's measure