Environmental, Social and Governance (ESG) Investing

ESG Solutions
ESG in Equity Portfolios
Governance-related factors are an important ingredient in our stock selection portfolios

ESG in Separately Managed Accounts
Option to deploy our process on ESG-friendly investment universe
Option to apply an investment exclusion based on clients’ own ESG criteria

ESG Proxy Voting
We provide managed-account clients the option to incorporate ESG considerations in proxy voting

ESG Corporate Engagement
Outreach on ESG-related issues, with a focus on increased disclosure of relevant information for investor consideration

ESG Research
Publication of our ESG research. Click here for more information

AQR’s ESG Policy
AQR acknowledges that ESG factors may have both direct and indirect impacts on corporate profitability, long-term portfolio performance and risk. With this in mind, our primary objective for considering ESG issues is improving the risk/return tradeoff of our clients’ investments.

AQR’s ESG framework is built on an economic model that considers ESG issues as externalities imposed on society that may not be fully priced into the value of the company or related security. The mispricing of these externalities has the potential to encourage inappropriate corporate decisions - some of which may present investment risks while others may lead to potential profit implications.

Research and empiricism are at the core of AQR and we believe in applying an objective research process to evaluate the merits and efficacy of all investment strategies, including ESG criteria. We look for investment criteria or signals that are firmly grounded in economic theory and have the potential to lead to measurable improvements in risk-adjusted returns.

We recognize that investors may have other motivations for ESG investing, including upholding ethical standards and/or promoting ESG accountability of companies to benefit society as a whole. AQR believes it can best address these preferences in client-specific mandates that are customized for each investor’s unique preferences and circumstances.

In applying our ESG Philosophy, AQR has adopted the following guiding principles:

1. AQR will embrace research and education on ESG criteria in pursuit of continuous improvement in our understanding of the risk and opportunities of our clients, investment strategies, and business.

2. AQR will consider incorporating ESG investment ideas on an equal footing with other investment ideas. In all mandates, ESG investment ideas will be implemented to the extent they impact expected risk and portfolio return characteristics. In segregated mandates, AQR will also work with clients to implement solutions that reflect client-specific views on moral, social, environmental or governance issues.

3. AQR will be transparent with respect to its progress on ESG research and implementation solutions.

4. AQR will ensure it has the resources available to adhere to these guiding principles and to aid clients in their understanding of ESG-based investing.

AQR does not provide legal, tax or accounting advice. Investors should conduct his or her own analysis and consult with professional advisors regarding any legal, tax or accounting matters.
advisors prior to making any investment decisions. Diversification does not eliminate the risk of experiencing investment loss. Past performance is not a guarantee of future results. Investment process is subject to change.