



U.S. Mutual Fund Investors: Attitudes About Global Warming

An Examination of Investor Knowledge and Behavior

Prepared for
Civil Society Institute and Ceres

Prepared by
OPINION RESEARCH CORPORATION

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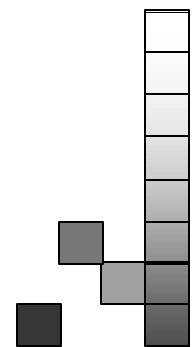




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METHODOLOGY

A series of questions was asked on two waves of CARAVAN®, ORC International's twice-weekly national shared-cost survey. The purpose of the research was to gain an understanding of the views of American mutual fund investors on their knowledge and behavior when it comes to companies and their environmental record or potential liability regarding global warming.

Results are based on telephone interviews conducted among a sample of 2,034 adults (1,013 men and 1,021 women) age 18 and over, living in private households, in the continental United States. Interviewing was completed at ORC's Central Telephone Facilities during the period of January 5-9, 2006.

Completed interviews of the 2,034 adults were weighted by four variables: age, sex, geographic region, and race, to ensure reliable and accurate representation of the total adult population.

The margin of error at a 95% confidence level is plus or minus two percentage points for the sample of 2,034 adults. Smaller sub-groups will have larger error margins.



Executive Summary



Executive Summary

Roughly seven out of 10 American mutual fund investors want their mutual funds to screen companies linked to global warming and also to support shareholder resolutions calling on corporations to address climate change issues. A major new survey by the Civil Society Institute/Ceres of 845 U.S. mutual fund investors found:

- ◆ Three out of four mutual fund investors (74 percent) want their “mutual fund to ask questions about the potential impact of global warming on the companies in which they are investing your money.” Of this group, 41 percent responded “definitely yes” versus only 23 percent who said “no” (including just 10 percent who said “definitely no.”)
 - More than four out five women (83 percent) want their mutual funds to ask the tough questions about investing in companies tied to global warming, as opposed to slightly less than two thirds of men (64 percent).

Executive Summary

- ◆ About seven out of 10 mutual fund investors (71 percent) said “yes” when asked: “Many investors are filing shareholder resolutions with companies requesting that company management pay closer attention to global warming concerns and problems. Do you think your mutual fund should support these resolutions on your behalf?” A quarter of the respondents said “no,” (including only 11 percent who said “definitely no.”)

Executive Summary

- ◆ Roughly seven in 10 mutual fund investors (71 percent) said they would not “invest directly in a company that is a major source of pollution linked to global warming, whether from its operations or the products it produces.” Of this group, more than a third (36 percent) responded “definitely no,” versus less than a quarter (23 percent) who said “yes;” (including just 6 percent “definitely yes.”)
 - Female mutual fund owners are considerably more likely than their male counterparts -- by a margin of 82 percent to 60 percent -- to be opposed to investing directly in polluters tied to global warming.

Executive Summary

- ◆ About four in five mutual fund investors (79 percent) think “that companies should analyze the long-term financial impacts that global warming will have on their businesses and on the potential value of their stock to people who either own shares directly or indirectly through a mutual fund.” Well over two-fifths of mutual funds investors (45 percent) responded “definitely yes” versus fewer than one in five (16 percent) who said “no” (including just 6 percent responding “definitely no”).

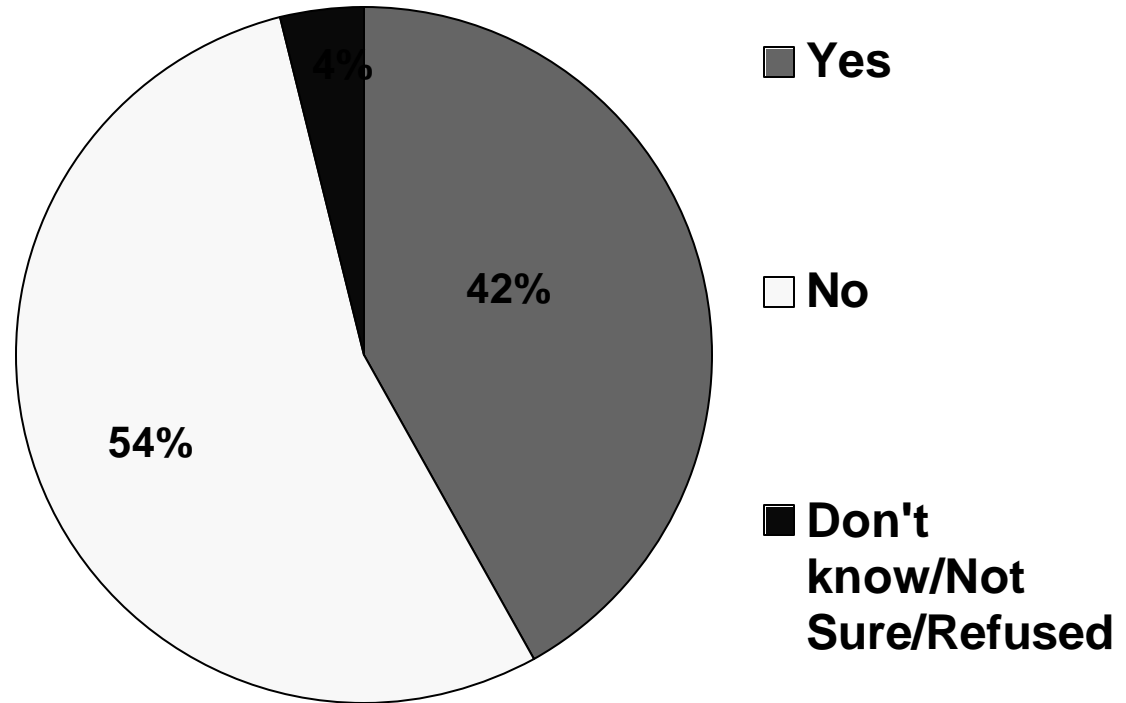
Detailed Findings

A Profile of Mutual Fund Investors

- ◆ To begin, all 2,034 respondents were asked if they hold shares in a mutual fund either in their own account or through a retirement plan at work. Forty-two percent said “yes” and are the sample of mutual fund investors who were asked the rest of the questions.
 - Respondents aged 35-64 (52%) are the most likely to own mutual fund shares compared to those aged 18-24 (17%), the next oldest age group 25-34 (39%) or those age 65 and over (36%).
 - The higher the education level of the respondent and the higher the income level of the household, the more likely the respondent is to be an investor. Only 13% of those with less than \$25,000 in household income are investors compared to 72% of those with incomes of \$75,000 or more. Similarly, only 10% of those with less than a high school education are investors compared to 65% of those with a college degree.

A Profile of Mutual Fund Investors

QF1: Do you hold shares in a mutual fund either directly in your own account or indirectly through a retirement plan at work?



Base: Total respondents, N = 2,034.

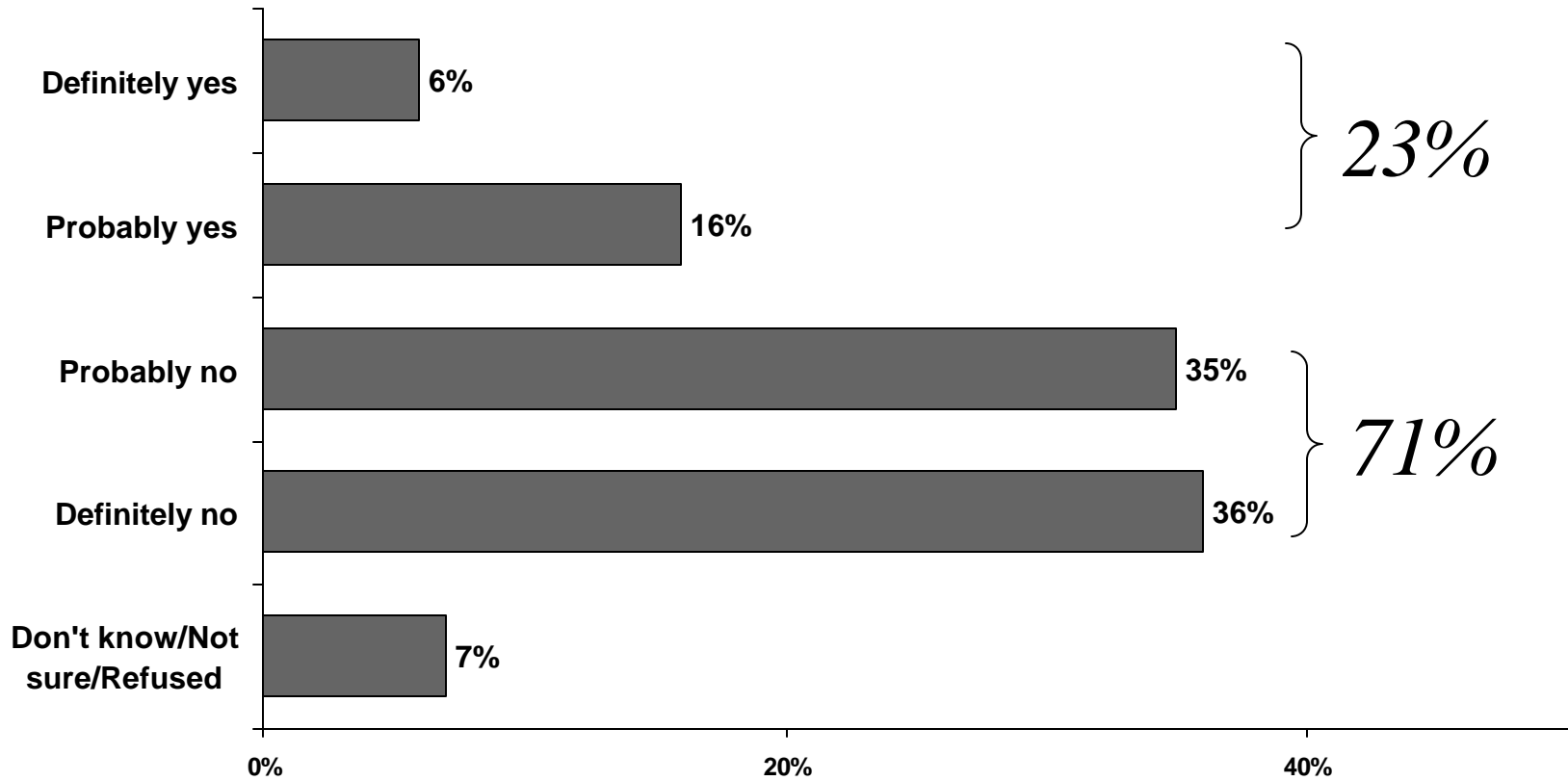


Investing in Companies that Pollute

- ◆ Only about one-fifth (23%) of mutual fund investors would invest in a company that is a major source of pollution linked to global warming. Seven out of 10 would not invest in such a company including 36% who say they would definitely not.
 - Women are significantly more likely than men to not want to invest in a company that is a major polluter or contributor to global warming (82% vs. 60%.)

Investing in Companies that Pollute

QF2: A growing number of large and small investors are concerned about the risks that climate change may pose to the long-term value of the shares they hold in some companies. Would you invest directly in a company that is a major source of pollution linked to global warming, whether from its operations or the products it produces. Would you say....?



Base: Mutual fund investors: N=845.

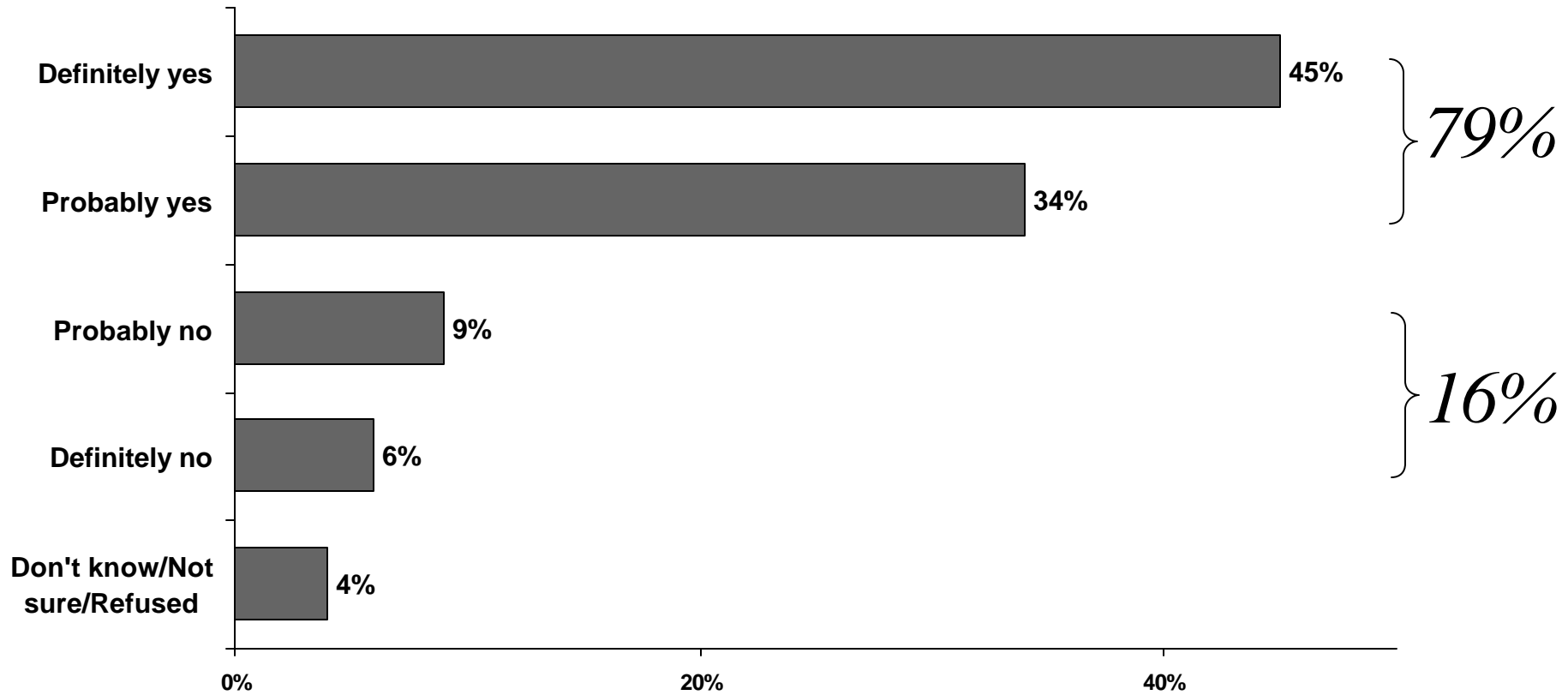


Taking the Effect of Global Warming Into Account

- ◆ Mutual fund investors decidedly agree that companies should take the effect that global warming could have on their business and on the value of their stock into account. Nearly eighty percent (45% definitely yes, 34% probably yes) think companies should do this. Only 16% do not think companies should concern themselves with this problem.
 - Women are more likely than men to think companies should take the effect of pollution into account (83% vs. 76%) than are men.

Taking Pollution into Consideration

QF3: Do you think that companies should analyze the long-term financial impacts that global warming will have on their businesses and on the potential value of their stock to people who either own shares directly or indirectly through a mutual fund? Would you say....?



Base: Mutual fund investors: N=845.

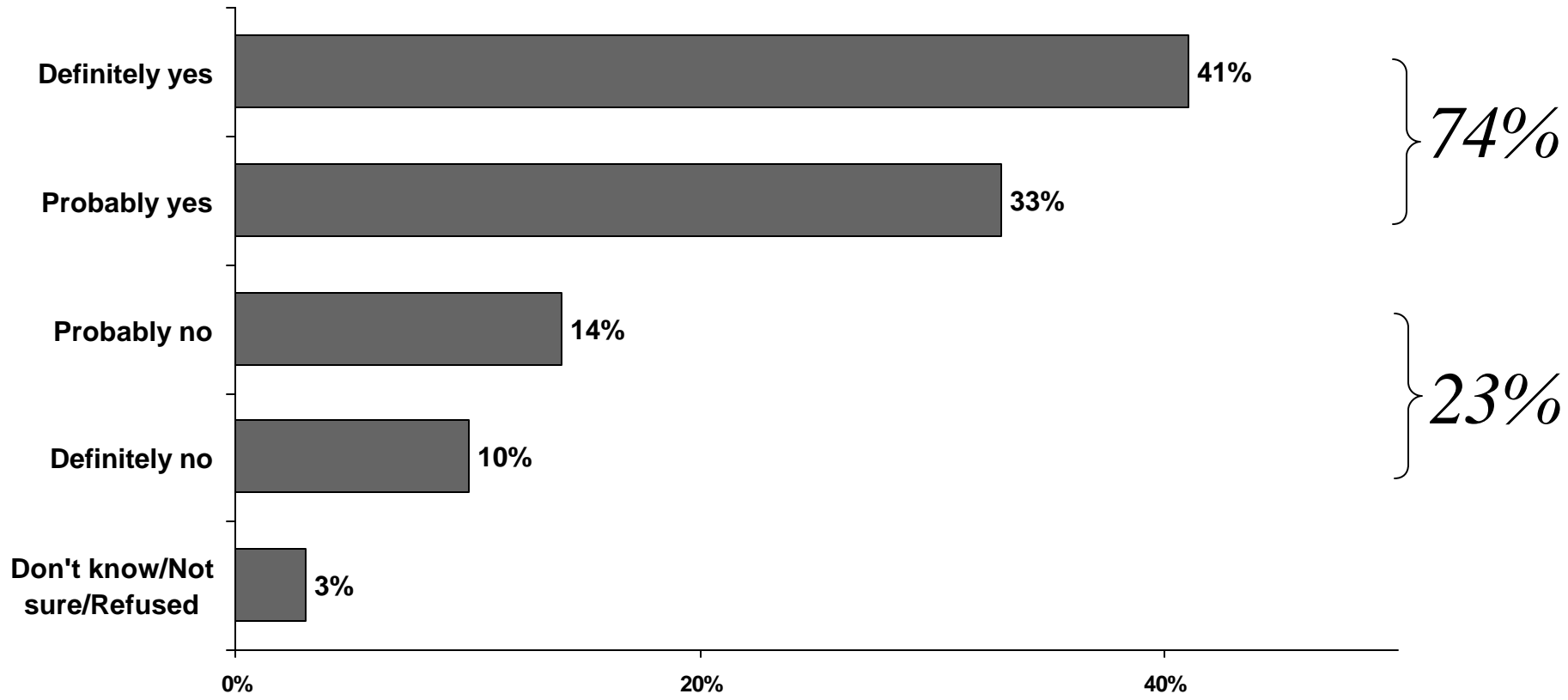


Asking the Right Questions about the Impact of Global Warming on a Company/Investment

- ◆ Almost three-fourths (74%) of mutual fund investors would want their fund to ask questions of a potential investment company about the impact of global warming on the company.
 - Women are far more likely than men to want their mutual fund company to ask these questions (83% vs. 64%.)

Asking the Right Questions about the Impact of Global Warming on a Company/Investment

QF4: Would you want your mutual fund to ask questions about the potential impact of global warming on the companies in which they are investing your money?



Base: Mutual fund investors: N=845.

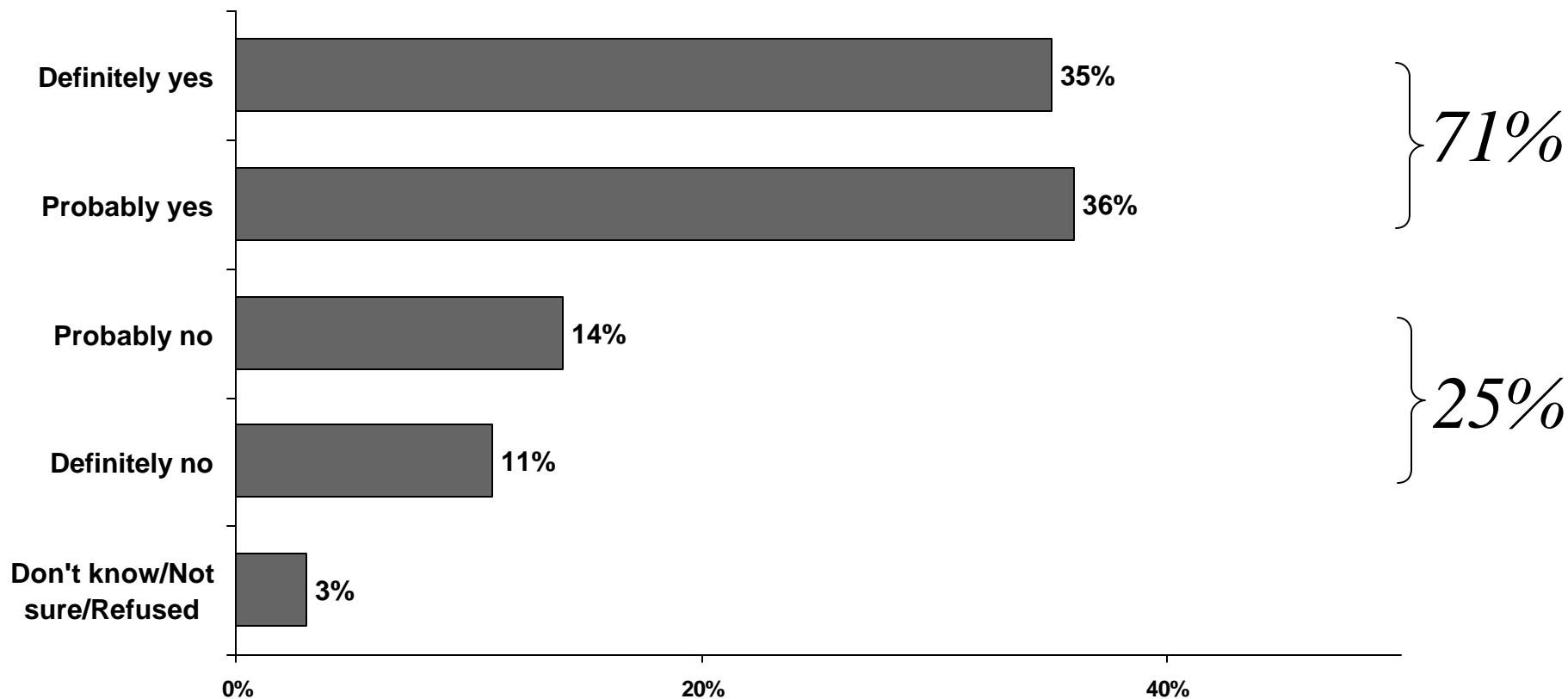


Should Mutual Fund Companies Support Resolutions for Closer Attention to Global Warming?

- ◆ A similar majority (71%) of mutual fund investors want their mutual fund companies to support resolutions that call for company management to pay closer attention to global warming concerns. One-fourth (25%) do not.
 - Women are more likely than men to think their mutual fund companies should support these resolutions (79% vs. 63%).

Should Mutual Fund Companies Support Resolutions for Closer Attention to Global Warming?

QF5: Many investors are filing shareholder resolutions with companies requesting that company management pay closer attention to global warming concerns and problems. Do you think your mutual fund should support these resolutions on your behalf? Would you say that...



Base: Mutual fund investors: N=845.

APPENDIX

RELIABILITY OF SURVEY PERCENTAGES

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results.

The table below shows the possible sample variation that applies to percentage results reported herein. The chances are 95 in 100 that a survey result does not vary, plus or minus, by more than the indicated number of percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

<u>Size of Sample on Which Survey Results Are Based</u>	<u>Approximate Sampling Tolerances Applicable to Percentages At or Near These Levels</u>				
	<u>10% or 90%</u>	<u>20% or 80%</u>	<u>30% or 70%</u>	<u>40% or 60%</u>	<u>50%</u>
1,000 interviews	2%	2%	3%	3%	3%
500 interviews	3%	4%	4%	4%	4%
250 interviews	4%	5%	6%	6%	6%
100 interviews	6%	8%	9%	10%	10%

Additional Sampling Tolerances for Samples of 1,000 Interviews

<u>9% or 91%</u> 2%	<u>8% or 92%</u> 2%	<u>7% or 93%</u> 2%	<u>6% or 94%</u> 1%	<u>5% or 95%</u> 1%
<u>4% or 96%</u> 1%	<u>3% or 97%</u> 1%	<u>2% or 98%</u> 1%	<u>1% or 99%</u> .2%	

SAMPLING TOLERANCES WHEN COMPARING TWO SAMPLES

Tolerances are also involved in the comparison of results from independent parts of the sample. A difference, in other words, must be of at least a certain number of percentage points to be considered statistically significant – that is not due to random chance. The table below is a guide to the sampling tolerances in percentage points applicable to such comparisons, based on a 95% confidence level.

Size of Samples Compared	Differences Required for Significance At or Near These Percentage Levels				
	10% or 90%	20% or 80%	30% or 70%	40% or 60%	50%
1,000 and 1,000	3%	4%	4%	4%	4%
1,000 and 500	3%	4%	5%	5%	5%
1,000 and 250	4%	6%	6%	7%	7%
1,000 and 100	6%	8%	9%	10%	10%
500 and 500	4%	5%	6%	6%	6%
500 and 250	5%	6%	7%	7%	8%
500 and 100	6%	9%	10%	11%	11%
250 and 250	5%	7%	8%	9%	9%
250 and 100	7%	9%	11%	11%	12%
100 and 100	8%	11%	13%	14%	14%

Questionnaire

On another subject . . .

Topline findings of a telephone survey of 2,034 adult Americans conducted January 5-9, 2006.

F1 Do you hold shares in a mutual fund either directly in your own account or indirectly through a retirement plan at work?

(Base N= 2,034)

42%	YES	-----	-->CONTINUE
54	NO		
2	DON'T KNOW/NOT SURE		
2	REFUSED	-----	-->SKIP TO NEXT SECTION

F2 A growing number of large and small investors are concerned about the risks that CLIMATE CHANGE may pose to the long-term value of the shares they hold in some companies. Would you invest DIRECTLY in a company that is a major source of pollution linked to global warming, whether from its operations or the products it produces? Would you say . . . [READ LIST. RECORD ONE ANSWER]

(Base N=845 mutual fund investors)

6%	Definitely yes
16	Probably yes
35	Probably no
36	Definitely no
6	DON'T KNOW/NOT SURE
1	REFUSED

F3 Do you think that companies should analyze the long-term financial impacts that global warming will have on their businesses and on the potential value of their stock to people who either own shares directly or indirectly through a mutual fund? Would you say . . . [READ LIST. RECORD ONE ANSWER]

45%	Definitely yes
34	Probably yes
9	Probably no
6	Definitely no
4	DON'T KNOW/NOT SURE
--	REFUSED

F4 Would you want your mutual fund to ask questions about the potential impact of global warming on the companies in which they are investing your money? Would you say . . . [READ LIST. RECORD ONE ANSWER]

41%	Definitely yes
33	Probably yes
14	Probably no
10	Definitely no
2	DON'T KNOW/NOT SURE

1 REFUSED

F5 Many investors are filing shareholder resolutions with companies requesting that company management pay closer attention to global warming concerns and problems. Do you think your mutual fund should support these resolutions on your behalf? Would you say . . . [READ LIST. RECORD ONE ANSWER]

35%	Definitely yes
36	Probably yes
14	Probably no
11	Definitely no
3	DON'T KNOW/NOT SURE
--	REFUSED