

A factsheet from my TEDx talk, She Invests, the World Changes. September 2026

Do sustainable investments cost you returns?



What 20 years of data say, and where the sceptics have a point.

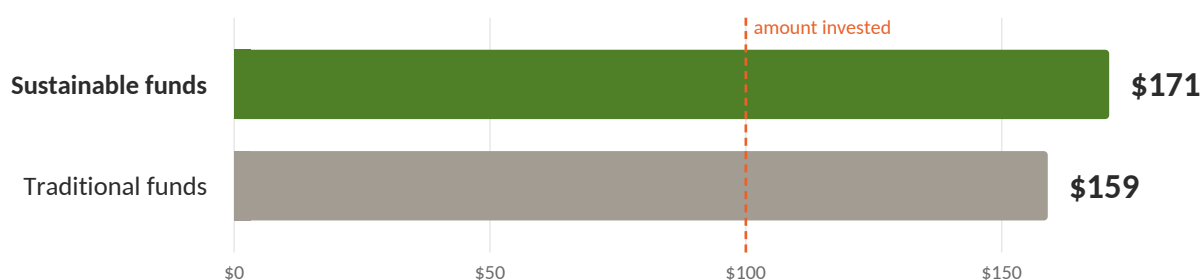
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The short answer: no, not over the long run. Broad sustainable funds and fossil-free indices have matched or even slightly beaten their traditional peers over 7 to 15 years, and sustainable funds have shown less downside risk. "Sustainable investing costs you returns" usually rests on a single year or a single narrow theme.

1. Sustainable funds have kept pace, and then some

[Morgan Stanley](#), ~7.5 years

Median sustainable vs. traditional fund, all asset classes worldwide. A hypothetical \$100 invested in December 2018, valued at end of June 2026:



Sustainable funds trailed in some half-years (e.g. H2 2025: 5.3% vs 5.5%) and led in others (H1 2026: 4.9% vs 4.0%). Over the full period they come out ahead. Source: [Morgan Stanley, H2 2025](#), [H1 2026](#).

2. Removing fossil fuels hasn't hurt a global portfolio

[MSCI](#), to 31 Aug 2026

Annualised net returns (USD) of the world stock index with and without fossil fuel companies. Same market, fossil fuels removed:

	1 yr	3 yr	5 yr	10 yr	Since Nov 2010
MSCI ACWI ex Fossil Fuels	21.96%	20.82%	10.59%	12.72%	11.21%
MSCI ACWI (incl. fossil fuels)	22.35%	20.48%	10.88%	12.58%	10.74%

Fossil-free leads over 3 years, 10 years and since launch; it trails slightly over 1 and 5 years, a window that includes the 2022 energy-price spike. Over 16 years the gap works out to about 0.5 percentage points a year **in favour of** fossil-free.

3. The research agrees

Largest studies to date

10,723 funds

compared from 2004 to 2018: **no financial trade-off** in returns, and sustainable funds had **20% smaller downside deviation**. They also outperformed in the volatile years 2008, 2009, 2015 and 2018.

[Morgan Stanley Institute for Sustainable Investing, 2019](#)

1,000+ studies

reviewed (2015 to 2020): **58%** found a positive link between ESG and corporate financial performance, only **8%** negative. The benefits get clearer over longer time horizons.

[NYU Stern CSB & Rockefeller Asset Management, 2021](#)

4. The real risk sits in the “safe” portfolio

Why short-term thinking misprices it

\$1.4T

Projected losses on oil and gas assets that become stranded in the energy transition. That's more than the 2008 subprime crisis. **Two-thirds (~\$933bn) is owned by private individuals**, largely through pensions and shares.

[Semieniuk et al., Nature Climate Change, 2022](#)

18%

Share of global GDP lost by 2050 if we take no climate action (3.2°C), versus 4% if we meet the Paris goals.

[Swiss Re Institute, 2021](#)

2 : 1

Global clean energy investment vs. fossil fuels in 2025: **\$2.2 trillion vs \$1.1 trillion**. Capital is already moving to where the growth is.

[IEA, World Energy Investment 2025](#)

5. Where the sceptics have a point

- **Short windows can go either way.** In 2022, oil and gas stocks surged while most of the market fell, so fossil-free portfolios lagged that year. That's a one-year effect, and it's why the 5-year figures above trail. Judge a pension over decades, not one energy shock.
- **“Sustainable” isn't one thing.** Narrow clean-energy funds lost more than half their value from their early-2021 peak. That's concentration risk, and it applies to any single-theme fund, sustainable or not. Broad sustainability indexes are a different product: more diversified, and more stable than any single theme.
- **A label isn't proof.** Some “ESG” funds still hold oil majors. Check the top holdings, not the name.

When someone says “sustainable investments earn less”

“Over which period?”

Since 2018, \$100 in the median sustainable fund grew to \$171, against \$159 for traditional funds.

“What risk are you pricing in?”

Two-thirds of \$1.4 trillion in stranded oil and gas losses lands on pensions and shareholders.

“Diversified or single-theme?”

A fossil-free global index has returned ~0.5 points a year more than the standard one since 2010.

“Where is the growth?”

Clean energy now draws twice the investment of fossil fuels.

When she invests, the world changes.

Questions? Email us at contact@brightwiseasia.com.

