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The Complexity of Sustainable Funds

- An exploratory study of investors' different perceptions of the term 'sustainable funds'

Bachelor Thesis in Marketing FEK315, H20

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Abstract

Background: The growing trend of sustainability today contributes to a growing discussion and scrutiny of its integration within different industries. In the investment industry the trend resulted in the emergence of sustainable funds whose definitions vary depending on who is asked, both within the industry as well as outside of it. The definitional problem is mentioned in the earlier research on the subject as a hindrance regarding the general understanding of sustainable funds as well as the overall complexity of the investment environment. With the upcoming Taxonomy Regulation from the European Union and the definition of sustainable fund that this regulation will result in, it is interesting to investigate current perceptions.

Purpose: The purpose of this case study is to analyse different subjective perceptions of the *'sustainable fund'* term among private investors. By examining investor's perceptions this study aims to explore if there is a pattern regarding the investors' sustainability engagement, investment behaviour and trust within the market of sustainable funds.

Completion: A qualitative case study was carried out via semi-structured interviews. As our method contained elements of both deductive and inductive approaches, the abductive approach was best suited for our research. By using an abductive approach, it was possible to collect more data as the samples were being analysed to further explain the phenomenon of sustainable funds.

Conclusion: To examine the existing perceptions of sustainable funds and to answer the research questions an analytical model is formed to categorise different types of investors with aims to find patterns of these perceptions. The analytical model and analysis resulted in discussions and comparisons between the empirical findings and theoretical framework. It is established to exist numerous perceptions of the funds today and a pattern is seen between having a high level of engagement towards the sustainability concept and having a broader definition of and investing in sustainable funds. In contrast, with a lower level of engagement there is a lower interest in the funds, which leads to a more one-dimensional definition and decreased willingness to invest in the sustainable funds.

Keywords: *sustainability, sustainable investing, sustainable funds, engagement, rationality, risk*

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Gothenburg, January 2021

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1 Introduction

From this introduction, relevant information regarding the study will be presented. The research study will be introduced along with the background, which will serve to introduce the chosen topic and to attract interest in the matter. In the problem discussion following arguments will be presented to give meaning and relevance to the topic. The purpose of the study is presented alongside the study's research question. Delimitations are discussed and made to proceed the study in a relevant manner. Lastly, the study will also be given an outline in order to visually enlighten the reader.

1.1 Background

Today, there is a vast interest concerning our shared living resources and the sustainability of our world. It can even be addressed as a *'mainstream issue'*, according to Gordon et al., (2011), due to the ever-increasing engagement shown in the topic of sustainability. This could be exemplified by many of the current trends seen as of late: Greta Thunberg is the seventh most googled person of 2019 (Hills, 2019), people are protesting all around the world every Friday (Fridays For Future, 2020) and bigger companies in Sweden are now required to establish sustainability accounting in their financial statements (Bolagsverket, 2019). The financial world has not escaped this movement as sustainability is said to be the biggest trend in the industry as mentioned in a newspaper article from 2018 (Dagens Industri, 2018) and the interest for sustainable investments is also increasing. According to a survey conducted in Sweden in 2018, 44 per cent of the interview objects are interested in investing in sustainable funds (Miljömärkning Sverige, 2018). As characterised by all trends there are also risks implicated by not following them. If businesses and industries are not actively engaging with a trend, in this case, sustainability, as explained by Hartmann et al. (2020) it could damage their image and profit. However, if companies *do* engage with the sustainability trend but are not factually changing their business model to adapt to various sustainable matters, it is called greenwashing (Hartmann et al., 2020). However, further on in the study sustainability will not only include a green perspective of sustainability. If not mentioned otherwise, a more open perspective is assumed including multiple aspects of what sustainability can imply today.

There are various ways for the market to present sustainable funds, some of the most frequently used are through ESG (Environmental, Social and Corporate Governance) and SRI (Socially Responsible Investment). Another definition could be SEE (Social, Ethical and Environmental) and the UN-PRI (United Nations' Principles for Responsible Investments) which are commonly used in the market to communicate an aspiration to implement ESG actions in the investment practice. Whilst SRI mainly focuses on the social aspect of sustainability ESG, SEE, the UN-PRI on the other hand focuses on including an environmental perspective. The UN-PRI criteria are based on the United Nations' sustainable development goals (PRI, 2020) and are ultimately principles that institutional investors agree with. (PRI, n.d) Due to the existence of several ways to present sustainable investments, the actual meaning of sustainable investments could be seen as uncertain. The European Union is currently working on a tool and criteria for sustainable investing called the Taxonomy Regulation (TR) and it will commence in 2021. The taxonomy is described in a report made by The EU Technical Expert Group on Sustainable Finance to aid the finance industry to be consistent with the EU's environmental objectives. The aim with the taxonomy is that all investments marketed as environmentally sustainable will have to be viewed in the light of the Taxonomy criteria (EU Technical Expert Group, 2020). This implies that the goal is to create more clarity regarding the definition of sustainable funds in the future of the investment industry.

As the various definitions of sustainable funds historically seem to be inconsistent, there is earlier research surrounding the difficulties regarding sustainable investments and the definitional vagueness. The complex decision-making environment surrounding the investment industry is accounted for in a report by Nilsson (2010). Five main issues within the investment industry are introduced and an idea presented is that an investor looking for sustainable investments has to go through the process of these five issues twice. Once in order to make a good decision regarding the financial part, and the second time with sustainability in mind. (Nilsson, 2010). Other earlier research on the topic is those examining the views of sustainable investments. As an example: D. Brett (2018) writes about a survey ordered by Schroders conducted in 30 different countries with approximately 22 000 participants. The participants were asked about a phrase that best described a sustainable investment and the results of the study show that 52 percent think it is to invest in companies that probably will be more profitable as they are preparing for environmental and social changes. 47 percent claimed that sustainable investments are defined by the following: investing in companies that are thought of as leaders within sustainability topics such as the environment, social justice and how the company is governed.

1.2 Problem Discussion

Almost all Swedes could be called *'savers in funds'*. Even when excluding the premium pension, eight out of ten Swedes are still saving in funds. This is stated by Fondbolagens förening (2019), who also declares that compared to other countries, Sweden has a considerably higher amount of participation in the investment industry. Owing to the increasing number of investors and their increasingly varied backgrounds of them, the interpretations of the sustainable fund term among the consumers are bound to be further diversified. In addition to the several demographic aspects, there is also an emotional aspect to the sustainability term that can cause priorities within the sustainability field and affect the individuals' perception of what a sustainable fund means to them. Moreover, as a result of the permission within the industry to organisationally define the term of sustainable funds, a multitude of interpretations already exists which derive from the actors within the finance field. As one unified definition is soon to be established via the EU Taxonomy Regulation in the investment industry it is interesting and relevant to distinguish how unified or scattered these interpretations and perceptions of the sustainable fund might be today. The TR could be argued to primarily change the definition of sustainable funds on an 'institutional' level. However, the formal expectations on the funds in the industry will consequently be changed and the consumers will have to take a stand as to their own perceptions of what it should imply.

1.3 Purpose

The purpose of this case study is to analyse different subjective perceptions of the *'sustainable fund'* term among private investors. By examining investor's perceptions this study aims to explore if there is a pattern regarding the investors' sustainability engagement, investment behaviour and trust within the market of sustainable funds.

1.4 Research Questions

To be able to fulfil the purpose of this case study, research questions are formulated to aid the research moving forward.

- *RQ1: What are the different perceptions of the meaning of the term 'sustainable fund' in today's investment environment?*
    - *RQ2: Is it possible to categorise investors depending on their engagement in sustainability concept?*
    - *RQ3: If so, has this level of engagement influenced their investment behaviour?*

The perceptions mentioned in RQ1 are both based on the respondents' views of what the meaning of sustainable funds includes today and in the investment industry specifically, but also what makes a fund sustainable for the respondents in their own opinion. RQ1 is thought of as the main research question of the study where RQ2 and RQ3 serves as supporting research questions aiding in answering RQ1 throughout the study. RQ2 and RQ3 are primarily formulated as a consequence of the patterns found in the empirical findings.

1.5 Delimitations

Due to the limitations considering resources and time, this study is limited to investigate how sustainable funds are perceived through a Swedish perspective. Thus, it will mainly include Swedish previous research and statistics. The collected data are to be gathered from domestic persons. Delimitations regarding the age of the persons participating in the collected data will also be made, the age range of the respondents will mostly include ages between 20-30. This due to that applicable individuals close to the ages of the researchers (24 & 26) are easier to locate. As the purpose also suggests, the collected data stems from private individuals' perspectives, as it is relevant to investigate personal perceptions of what the term 'sustainable funds' entails. Despite this, a professional fund investor, A. Andersson, is interviewed in addition to the private investors. However, the results of that collected data are meant to nuance and help in understanding the collected data from the private individuals better rather than being a part of the empirical data. These delimitations are made to offer a deeper understanding of the recognised problems, a depth that a broader perspective could not offer.

1.6 Outline

Introduction

From this introduction, relevant information regarding the study will be presented. The research study will be introduced along with the background, which will serve to introduce the chosen topic and to attract interest in the matter. In the problem discussion following arguments will be presented to give meaning and relevance to the topic. The purpose of the study is presented alongside the study's research question. Delimitations are discussed and made to proceed the study in a relevant manner. Lastly, the study will also be given an outline in order to visually enlighten the reader.

Literature Review & Theoretical Framework

In this chapter, the literature review and theoretical framework will henceforth be given. Constructionism serves as a commencing framework for analysis, and is followed by theories of a rational investor, and how that can impact the meaning of sustainable funds. The emergence of the definitional problem will be introduced to be followed by a presentation of the different investment strategies for sustainable funds. The complexity within the investment environment is debated to highlight further aspects playing a role to make sense of the problem discussed. Lastly, an analytic model will be presented that is based on all the theoretical frameworks, providing the reader with a visual representation of how the theories are interconnected. The concepts highlighted in the theoretical framework will serve as theoretical pillars (figure 1.1 left side) to the analytical model presented in 2.6 where three main factors of a perception are granted (figure 1.1 right side).

Methodology

In this section it will be presented what methodological framework was utilised in order to conduct the study and explain the research being done. The chosen methodology will be presented to further explain and exemplify; to highlight why the methodology was chosen and how it supported the carrying out of the purpose of the study. It will further be described how the data collection was made, and through what means. In addition, the validity and reliability of the study shall be discussed, as well as criticism of the method and sources.

Analysis

Following section will contain a presentation of this thesis' analysis. This chapter will be based on the empirical findings from the qualitative research and display its result. It will be built on the analytical model that was presented in 2.6 (Figure 1.1, right side) where the three main factors will be analysed using the behavioural dimensions (Figure 1.1, left side) for each group. Throughout the analysis similar themes and theories will be covered in the same order for every factor, for each identified group. For example, the complex environment described by Nilsson (2010) will be discussed under the Engagement factor for each group. Moreover, to sum up the respondents' several perceptions of what a sustainable fund should be, a completive discussion regarding their view of what their optimal sustainable fund is concludes each group headings. The analysis of the empirical findings will be held within the analysis' structure to set a foundation for the conclusion.

Discussion & Conclusion

The conclusion will commence with a further discussion of the conclusions drawn in the analysis which then finalises with the answers to the research questions. The discussion is based on the behavioural dimensions of the analytical model (figure 1.1, left side), unlike the analysis which consisted primarily of the three main factors of the model (figure 1.1, right side). This part is hence not structured by the groups of engagement, aiming to discover patterns, but instead comparing the behavioural dimension – and similarities and differences among these.

2 Literature Review & Theoretical Framework

In this chapter, the literature review and theoretical framework will henceforth be given. Constructionism serves as a commencing framework for analysis, and is followed by theories of a rational investor, and how that can impact the meaning of sustainable funds. The emergence of the definitional problem will be introduced to be followed by a presentation of the different investment strategies for sustainable funds. The complexity within the investment environment is debated to highlight further aspects playing a role to make sense of the problem discussed. Lastly, an analytic model will be presented that is based on all the theoretical frameworks, providing the reader with a visual representation of how the theories are interconnected. The concepts highlighted in the theoretical framework will serve as theoretical pillars (figure 1.1 left side) to the analytical model presented in 2.6 where three main factors of a perception are granted (figure 1.1 right side).

2.1 Constructionism

There are many perspectives to be taken into account when considering investment. There are various factors affecting the initial process of the investment decision which will be further discussed. To offer meaning to the analysis constructivism will be applied. Constructivism is a method where the individual is set in focus; how they perceive and construct their sense-making of the world around them (Eriksson & Kovalainen, 2016). As the purpose suggests this study will analyse the different perceptions of what sustainable funds are today – meaning that the individual perspective of the focal concept is highlighted. Therefore, the ontological perspective is best suited.

Furthermore, constructionism is a theoretical framework that serves as a broad spectrum of interpretation where the outline is similar to that of constructivism but focuses more on the bigger picture where language, culture and other aspects are taken into account (Eriksson & Kovalainen, 2016). Constructionism stems from the ontological perspective and it questions whether culture and organisations are previously constructed and that the roles within these are already set. Constructionism believes that these roles are not set but can be constructed as they are proceeded (Bryman & Bell, 2015). This approach opens up to a more adaptive way of thinking where culture is seen to continuously be created. This does not necessarily mean that everything has to be remade or that nothing 'old' can last, but that change can be welcomed depending on the perspective of the one perceiving it (Bryman & Bell, 2015). Furthermore, in this framework it is proposed that the categories created to understand social phenomena and the natural order seem to be socially constructed themselves. Meaning; they offer no inherited meaning but have gained that through interaction (Bryman & Bell, 2015).

This could lead us to the conclusion that a concept such as 'sustainability' is socially constructed and has gained purpose through ongoing interaction. The word offers a meaning, a sense, that has grown to be attached to certain attributes. As the framework suggests, different subjective meanings can stem from one word. The phenomenon can thus take the shapes of several and diverse meanings, which can be cultural, linguistic or linked to other topics.

2.2 The Rational Investor

An important next step will be to define the diverse types of investors with the industry of investment. The theory of a rational investment choice is that the 'uncertain prospects should be evaluated by a weighted average of the utilities of possible outcomes, each weighted by its probability.' (Kahneman & W. Riepe, 1998. p. 56) This could be seen as the proper plan of analysis for a rational investor. Fama (1970) further discusses that the theory of the effective market and rational investors is primarily based on the assumption that all decisions are made to maximise profit. The theory of the efficient market model is concluded to be coherent with the reality, but it comes with a few exceptions.

An example of the exceptions from the model is demonstrated by Burke, Auger, Louviere and Devinney (2003) who conclude that people are at times willing to pay more for an ethically aware produced product. Another exception from the efficient market model is Statman's (2005) conclusion regarding how feelings and cognitive biases affect the investors' choices. Moreover, Kahneman and W. Riepe (1998) discuss how the most optimal financial decision that a rational investor could make is not a possible option for an investor who cannot deal with uncertainty. Kahneman and W. Riepe (1998) also put emphasis on how investment decisions have both financial and emotional consequences over time and that they often result in feelings of worry or regret but also pride. Seeking pride or avoiding uncertainty are factors that might influence an investor to not make fully optimal, rational decisions.

The whole idea of the 'traditional' rational investor and how they should behave is getting challenged as suggested by Bernow et al., (2017). The article outlines how a 'new normal' is being created by the sustainability concept getting naturally more intertwined with the investment industry, particularly in fund management. Although the correlation between sustainable investment and good financial return is still being discussed, with various results, some statistics support statements that they do correlate. It is mentioned how the Third Swedish National Pension Fund (AP3) has managed to outdo its performance with more than double investments in green bonds in the year of 2016. Thus, implicating and supporting statements regarding how sustainable fund management can in fact enhance the return as well as the risk profile on a fund (Bernow et al., 2017). This could be seen as an example of Statman's (2005) statement of how feelings actually do affect the investors' choices, and how those biases can later result in being the 'new' rational.

2.3 Definitional Problem

After identifying some of the underlying factors affecting the varied perceptions of sustainable funds on a personal level, another issue emerges: the official definition of 'sustainable funds' may vary as there are no official statements or laws regulating the definition of the concept. Although the Swedish government strives to follow both global set goals and EU directives for financial sustainability (Finansdepartementet, 2020) there are still problems with clarifying standards to be met to achieve sustainability. Some of these set out goals are directly aligned with existing frameworks regarding sustainable funds. These introduced concepts offer meanings to sustainable investments.

ESG: Environmental, social and governance
SRI: Socially Responsible Investments
UN-PRI: United Nations Principles for Responsible Investment
SEE: Social, Ethical, Environmental

(Woods & Urwin, 2010)

The Swedish government uses the goals set by ESG to contribute to a sustainable development in the financial sector, but the responsibility of upholding those goals is tied to the actors in the market (Finansdepartementet, 2020). As for the financial actors, the fund companies are not bound by any praxis regarding the compliance of the sustainability goals within the industry. The Swedish fund association, Fondbolagens förening, are further directing the responsibility to the individual actors to create their own interpretation of sustainable funds, again referring to ESG standards. (Fondbolagen, 2020). Consequently, this has resulted in the openness regarding the concept of sustainable funds. Moreover, Fondbolagens förening takes part in UN supportive PRI, the Principles for Responsible Investments and this initiative includes six principles regarding ESG that has been signed by Fondbolagens förening (2020). Again, these are principles, and more of a guideline than a directive.

The definitional problem has led to each actor being able to decide for themselves what they imply when they offer sustainable funds to their clients. Accordingly, this can cause confusion and information asymmetry amongst the clients. Asymmetric information refers to the economic phenomenon where one part of the trade has significantly more knowledge of the subject than the second party (Investopedia, 2020). This further adds to the issues regarding the 'expertise barrier' that Nilsson (2010) mentions in his research. Subsequently, this could result in the consumers having problems whilst navigating through these different definitions, as the knowledge is difficult to obtain, and as mentioned earlier, subjective when it comes to information given from different actors. For fund investment, previous knowledge is usually required to fully comprehend the purchase (Nilsson, 2010) to be able to compare, analyse and determine whether the sustainability spoken for actually exists and is met with the customers' standards. This puts a lot of pressure on the consumer and can lead to moral hazard. Moral hazard is tied to financial risk taking and suggests that asymmetric information can lead to the risk-taker being too uninformed thus leading them to taking greater risks than what they intentionally may have set out to take (Investopedia, 2020). Adding all this up, it is obvious that there are some issues stemming from the definitional problem that can cause potential investors to shy away from the sustainable fund.

2.4 Sustainable Fund Management Strategies

An explanatory factor to why the definitional problems might have occurred on the topic of sustainable funds could be that there are different sustainable fund management strategies, and that these in comparison to each other could be seen as contradictory.

Nilsson (2010) defines different strategies of sustainable investing as techniques of basing the decisions on *positive screening, negative screening* and *engagement.* These strategies will further on in this research paper also be called: *inclusion strategy, exclusion strategy and shareholder activism strategy.* Overall Nilsson (2010) explains sustainable investment broadly as investing whilst not only considering the traditional financial objectives but also the additional SEE (Social, Ethical and Environmental) objectives. The positive screening is a method where you include certain companies, often the ones described as 'best-in-class' companies due to their SEE conduct (Nilsson, 2010). This means only including the companies that are superior in their SEE performance compared to their competition and thus favouring that development in the industry. The negative screening method is instead where companies that are not in line with the SEE policies are excluded. Nilsson (2010) further underlines how the exclusion strategy can be seen as more tangible and easier to understand for the investors. The engagement strategy is to try to create change within the invested businesses through activism/your engagement in the business.

A valid point in the discussion regarding the sustainable fund management strategies is the conclusion drawn by Sandberg and Nilsson (2011) regarding ethical intuition. The authors explain how the ethical investor in many cases may act upon ethical intuition when deciding what is right and wrong in the investment environment. The intuition itself is described as 'a spontaneous and pre-theoretical ethical judgement which arises in an individual when confronted with either an abstract question about ethical principles or, more commonly, a concrete ethical dilemma or scenario'. (Sandberg & Nilsson, 2011, p. 18) This could then imply that despite the different strategies that are present in the industry, an investor might disregard the advantages and disadvantages of these and simply invest due to intuition. However, this is not the only factor adding complexity to the discussion of the existing strategies of sustainable fund management.

The ESG Investment Specialist at SEB, A.Andersson, discusses how there is rarely any example of funds that exclusively adapts one of the strategies. However, she clarifies that the exclusion strategy is the most popular in a global perspective, but she also states that the funds of the Nordic industry most often are a combination of the three strategies: inclusion, exclusion and engagement. The exclusion strategy is said to be the strategy most easily understood strategy for a consumer of sustainable funds, the first strategy that was adapted in the market and the one that historically has been the simplest one to measure compliance to. It is unfortunate, Andersson (2020) says, that a big proportion of the market's focus is still on what is not invested in, rather than what is actually being prioritised and supported. She further points out that the engagement strategy often occurs when big owners, such as SEB, with the companies of their funds have the right to attend the annual general meetings with the companies of their fund, and that this probably is the method that reaches the greatest result. This with the explanation that a company which you do not have a financial interest in will not have to change according to your preferences. Andersson (2020) exemplifies this by the exclusion strategy; you exclude something you are not fond of, but while excluding it you will not gain the opportunity to change it. When asked if SEB invests through the inclusion strategy, and whether they prioritise in accordance with the 'best-in-class' alternative, Andersson says no. The motivation to this is that a company being 'best-in-class' already has a value corresponding to their position and is thus not an investment that will make their funds profitable. SEB is instead aiming to include businesses that are in the beginning of their sustainability transformation so the funds can be benefited through both their prospective financial journey as well as the sustainability transformation. (A. Andersson, Personal Communication, 7 December 2020)

2.5 Complexity of the investment environment

With the different strategies and methods of sustainable fund management and investing, it is not a surprise that there are several interpretations of action possibilities for sustainable investing and several interpretations of what sustainable investing entails. These are topics Nilsson (2010) investigates while researching the complex environment of the investment industry.

A conclusion of Nilsson's (2010) research is that the investment environment creates an information overload, or lack paradox, meaning that the investors are both exposed to an overload of 'expert-type' information as well as a lack of standardisation and transparency. This implies that the environment of decision-making for an investor is both demanding regarding the knowledge-intensive language and information whilst at the same time forcing the investor to manage the absence of other information. The information that Nilsson (2010) refers to as absent in the investment industry is regarding the actual process and result of the mutual fund as the results are only known after the investment time period.

Nilsson (2010) concludes that there are five main problems or issues that investors tend to face in the investing environment, and underlines that the investors having SEE policies in mind will encounter these issues twice. This is due to them both having to consider the financial objectives of the investment process as well as the SEE aspects. These issues are described by Nilsson (2010) as consisting of: (1) a large amount of historical information regarding the investment, earlier return, risk and relevant industry specific data. Then, (2) there is the fact that this information is, what Nilsson (2010) calls, 'expert-type' information. This means that the terminology of the investment environment requires practice and knowledge to understand correctly which Nilsson (2010) exemplifies with terms such as *standard deviation, negative or positive screenings.* Furthermore, (3) everything regarding the investor's actual investment is future-oriented and the results can only be predicted and never certain both concerning the financial return and the impact of your investment seen through the SEE aspects. There is also (4) a lack of credence qualities generally since the environment is neither offering full transparency nor tangibility. This issue is also argued by Nilsson (2010) to include the problem of standardisation of the sustainability term in the investment environment, since it further complicates the transparency problem for the investor. Lastly, (5) a rational investor will consider diversification and covariation whilst allocating their assets. This is a challenge where Nilsson (2010) summarises how the SEE concerned investor might meet a more severe task as these funds have a tendency to covariate to a greater extent than while choosing from all available options.

When addressing the reality of today's complex environment and different barriers perceived for sustainable investments the lack of information is frequently mentioned. TT (2018) articulates that the overall knowledge concerning sustainable funds is increasing, but that the absence of information is still a problem. A survey conducted by Kantar SIFO for Miljömärkning Sverige (2018) on the other hand displays that the most common barrier is a lack of time. However, the same survey's second and third most common barriers are expressed to be that 'it has not happened' and 'it is not possible to tell whether the fund actually is sustainable'. The latest of which could also result from the absence of enough relevant information. The report of Miljömärkning Sverige (2018) henceforth shows that almost eight out of ten people interested in investing in sustainable funds request a sustainability labelling that controls and ensures that the requirements are satisfied.

2.6 Interconnection of the theoretical framework and the analytical model

It is not only a complex environment in the investment industry, in addition, the nature of the research question (RQ1) overall is complex too. Since a perception is formed by several influencing factors one must determine all of these to fully grasp the nuances of the phenomena. An opinion regarding what a sustainable fund is can be influenced by the perception of what sustainability is, how they prioritise while investing as well as their earlier knowledge and experience. This can all be affected by their backgrounds. The relevant background of the participants in this model are surrounded by three main factors: *Level of engagement*, *Type of Investor* and *Trust.* To include trust as a part of the analytical model is motivated by the fact that the lack of trust is often an issue connected to the sustainability term where the greenwashing issue is a highly debated topic. (Lyon & Montgomery, 2015) Furthermore, big parts of the theoretical framework describe investor behaviour (the theory of a rational investor, preferences within the strategies) which then results in the factor 'type of investor'.

2.6.1 Motivation Behind the Categorisation of the Respondents

Via this, a pattern of three categories of investors were observed based on these three main factors within the respondents of the study. As the topic of sustainable funds is quite complex and knowledge-intensive, it was observed that the level of engagement was crucial for the respondents' view of the phenomenon. The level of engagement in the sustainability matter seemingly determined their willingness to build knowledge of the area and hence their capacity of describing their view of sustainable funds. Since all respondents were chosen on the prerequisites of being involved in the investment industry the required engagement about funds and the investment industry in general is not seen as a determining variable for the groups. Grounded in this pattern the groups were mainly determined through their level of engagement in the sustainability concept. As previously mentioned in the background, the sustainability concept has been broadly interpreted and therefore the level of engagement could be revealed, for example, in both social and environmental aspects of sustainability. The first group is the one with the highest amount of engagement in the sustainability concept while the level of engagement declined with the second and third group, where the third has the lowest. The measurement of engagement towards sustainability will not be limited to one definition of sustainability but include multiple perspectives.

Moreover, the several behavioural dimensions described within the theoretical framework are used to substantiate the analysis of the three determined factors of the analytical model: the level of engagement, the type of investor and the trust. To one extent, one sees that the behavioural dimensions influence the factors of the analytical model. On the other hand, the factors of the analytical model influence the participants' actions and priorities within the behavioural dimensions. It is determined that the best and also the most accurate result is given when combining the two in the analysis.

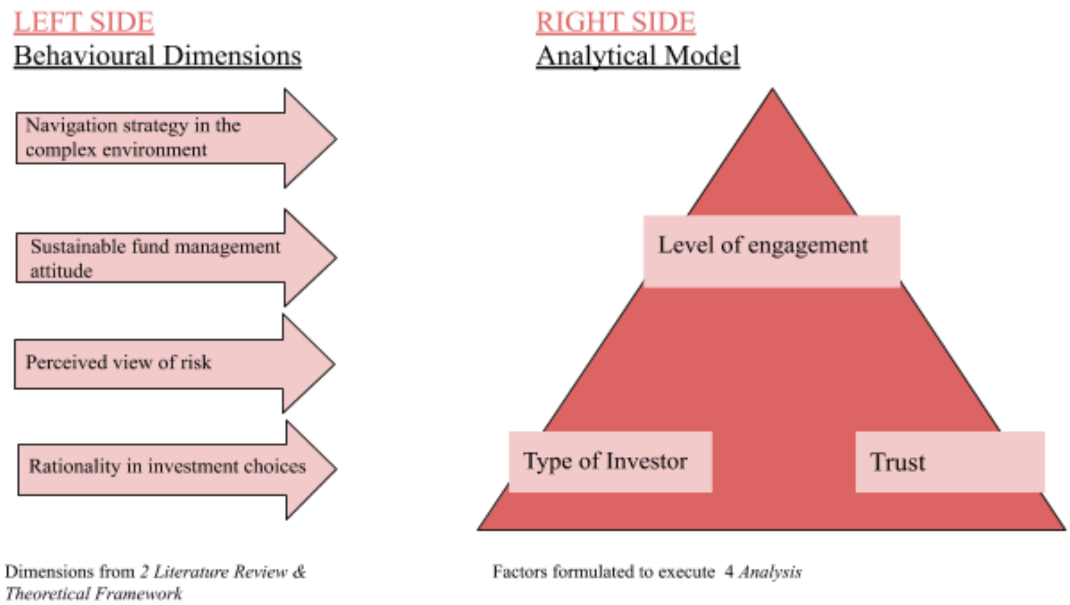

***Figure 1.1**. Figure illustrating the relation between the behavioural dimensions, formulated through the theoretical framework and the analytical model. The factors of the analytical model are the headings applied for the analysis of each group categorisation. The analytic model is designed with inspiration from 'The Good, the Bad & the Ugly' (Andersson & Andersson, 2017).*

3 Methodology

In this section it will be presented what methodological framework was utilised in order to conduct the study and explain the research being done. The chosen methodology will be presented to further explain and exemplify; to highlight why the methodology was chosen and how it supported the carrying out of the purpose of the study. It will further be described how the data collection was made, and through what means. In addition, the validity and reliability of the study shall be discussed, as well as criticism of the method and sources.

3.1 Research Approach

The research approach aims to further describe the connection between theory and empirical data. A deductive approach is characterised by the initial theory research, often based on academic literature readings, to later be researched by using a designed strategy. Inductive theory, on the other hand, is characterised with the research process commencing by collecting data to investigate a phenomenon and then the theory is formed as a result of the collected data. Abductive approach explains the methodism where data is collected to illuminate themes, explore phenomena and describe patterns to create new or add to existing theories, to later be tested (Saunders et al., 2016). With this in mind, the analytic model (figure 1.1) presented was created with the expectation and hope that it could be applied for other similar case studies in the future.

As mentioned, our abductive method contained elements of both deductive and inductive approaches. The deductive approach was relevant when the research purpose was formulated, as it relied on theory claiming that there in fact exists different views on the sustainability concept and sustainable funds. Hence, the research was based on previous theory as the deductive theory ought to be according to Bryman and Bell (2015). The inductive element of this research paper was primarily portrayed in the fact that the research was also meant to establish additional theory on the topic. By using an abductive approach, it was possible to collect more data as the samples were being analysed to further explain the phenomenon of sustainable investments and its contexts. The usage of this approach of additional collected data could be exemplified by the interview of an ESG-specialist and how it was used to analyse the main collected data. An abductive research approach strives to turn something undescribed or surprising into something that feels certain and natural which was our aim to do (Saunders et al., 2016). Furthermore, abductive approaches can generalise the interactions between both the specific and the general, whereas the previously mentioned two approaches are not as flexible (Saunders et al., 2016). With that being said, it is important to note that the said generalisation is not possible to apply without the given context in which our analytical model (figure 1.1) was created.

3.2 Qualitative Approach

As the purpose of the study is to investigate how different people might have separate perceptions of what sustainable funds are, a qualitative approach is best suited. Sustainability as a concept is not unambiguously defined, which opens up a vast number of interpretations from different individuals, which are later to be analysed through qualitative methods in this study. The qualitative approach is explained by Bryman and Bell (2015) to help create empirical data that can deepen the understanding of the different, subjective ideas that exist around the said topic. This due to the fact, as described by David and Sutton (2016), that the data collected can include descriptions of values and sentiments. Furthermore, the purpose aims to portray several nuances of a phenomenon rather than being able to quantify the result over a population, which in addition is also favourable for a qualitative approach. In order to answer the thesis research questions, the selection of research methods was considered to be a fundamental component. Bryman and Bell (2015) stress the importance of matching the research approach to the empirical findings to get a result as valid and reliable as possible.

3.3 Research Design

After having established the qualitative method approach, the next step was regarding the research design. David and Sutton (2016) explain that a research design is necessary to create a certain framework for the conducted study and analysis of the data. The chosen design was a case study. A case study, according to David and Sutton (2016), examines particular entities such as individuals, as was appropriate in our case. An objection towards using a case study design in our case of multiple interview objects could be that these could be seen as multiple single cases. However, we argued that all these voices were used to describe the single phenomenon that the actual case of the case study consists of – sustainable funds. A qualitative research study is meant to deeply analyse a phenomenon with a gap in knowledge and not necessarily meant to be comparative (David & Sutton, 2016). This was highly relevant for our case study, as this was our intention. Since our research question aimed to gather subjective data on a topic where previous research cannot be quantified, the chosen methodology meant to generate new theory based on the collected data (Birks, Francis & Chun Tie, 2019).

Birks, Francis and Chin Tie (2019) further explains the possibility of creating new theory from systematically obtained data by using comparative analysis. This analysis was, as previously mentioned, performed through coding. Coding was used as an analytical tool that identified similarities, conceptual reoccurrences and the general concept of the collected data (Birks, Francis & Chun Tie, 2019). The primarily used coding concept in this study was one called open coding, a concept that breaks down, categorises and compares the collected data (Eriksson & Kovalainen, 2016). This type of coding resulted in found pattern among the participants where similarities gave reason to possible groupings. Within these groupings the level of engagement was the most prominent and relevant in connection to the respondents' perception of the term 'sustainable funds'. It was therefore chosen to be a determining factor when deciding the categorisation of the groups for the analysis.

3.4 Research Selection

As the purpose of this study is to examine different existing perceptions of the term 'sustainable funds', and not to quantify the found results, the researched selection was mainly completed through convenience selection. This was a non-probability sampling (David & Sutton, 2016), which means that not all members of the Swedish population had the same probability of being chosen. However, as the study concerns the interpretation of a knowledge-intensive topic (sustainable funds), all of the population was not seen as favourable participants. In this sense it could be argued that the researched selection was also partly strategic, as participants that are active in the investment industry were preferred and thereby chosen. There was also a case of a snowball selection (David & Sutton, 2016), where a respondent knew a suitable participant and introduced her to the study. One respondent was interviewed without the intention of belonging to the empirical work. This was an ESG investment specialist at SEB, a Swedish bank, and the purpose of this interview was mainly to broaden the background information of the topic and give further perspective on the investment environment of sustainable funds today.

3.5 Interview Structure

In all separate cases of the case study, the empirical collection strategy was interviews with private individuals. With the aspiration to explore the different views on what sustainable funds are today, and what they should be in the future, this qualitative approach was conducted through semi-structured interviews. According to David and Sutton (2016) the semi-structured interviews enhance the possibility to gain more personal and detailed answers, due to the possibility to ask supplementary questions and acquire further depths and layers to the answers. The semi-structured interview was suitable for answering the research question as it combines the flexibility of an unstructured interview, which is necessary to be able to build the theory with the guidance of relevant concepts that a structured interview enables (Bryman & Bell, 2015). The unstructured interview creates an interview process where the participant keeps some control regarding the topics, making them share only what they feel certain about. The structured interview could be more comfortable for the researchers, as they remain certain about which topics that should be attended to (Eriksson & Kovalainen, 2016).

We argued that the combination of the two would be ideal for the chosen research question due to the fact that a complex subject could need the structure to keep within the relevant theoretical framework, at the same time as it needed flexibility and follow-up questions because of the participants' different experiences and perceptions. To make sure that the concepts that we thought relevant for the research question were addressed, an interview guide was formulated with 'theme-headings' for the different concepts. An advantage with this type of pre-designed outline for the interviews is described by Eriksson & Kovalainen (2016) as being able to keep the materials systematic and comprehensive while still keeping the interviews fairly conversational. However, to maintain an informal tone yet addressing all themes required careful preparation before the interviews.

Regarding the types of questions asked during the interviews, a focus was to keep them simple and neutral, as this is described as superior for gaining reliable and relevant answers by Eriksson and Kovalainen (2016). We also mixed direct and indirect questions with the aim of avoiding direct questions regarding the topic which might otherwise have encouraged dishonest answers. The topic of sustainable funds could be seen as a sensitive topic where there are expectations on preconceived rights or wrongs, therefore asking straight forward questions could sometimes result in misleading answers. This was avoided through the technique offered by Bryman and Bell (2015) where an indirect question on the topic could make the participant answer what they truly think but might not want to admit as their own opinion and thereafter rephrase the question to a direct question regarding their own preferences.

Due to the situation with the COVID-19 pandemic during the research period, all interviews were planned and performed digitally. As we wanted the interview objects to be prepared regarding the different themes of the interview, the interview outline was sent in advance.

3.5.1 Transcription of Interviews

As Bryman and Bell (2015) states, the qualitative researcher is not only interested in what is said but also how it is said. To be able to also use this aspect of the conducted interviews in the research analysis, the transcription of the interviews had to be carefully executed. The fact that all interviews were accomplished digitally, where it was more difficult to interpret the participants' body language, it was therefore even more important to record what was being said as the focus needed to be addressed to how things were said or what was implied.

3.5.2 Ethical Aspects

To ensure that the ethical aspects of the study were maintained at a high level, the ethical research guidelines presented by Vetenskapsrådet (2002) have been carefully considered and followed. These were introduced to preserve the participant's integrity whilst being a part of a research study and consist of four main requirements. Vetenskapsrådet (2002) associates these requirements to the participant's requirement of information, consent, confidentiality and utilisation. This entailed that the participants had to be informed regarding the purpose of the research, that they understood that their participation was voluntary, that they would remain anonymous throughout the whole process and ultimately, that their answers would not be used with any other purpose than research purposes.

3.6 Research Quality

3.6.1 Reliability

As this is qualitative research, one strives for dependability in its findings, thus reliability will be sought (Bryman & Bell, 2015). Reliability can be found alongside that of transparency and stability within the qualitative research. It also refers to the researcher's capacity to present the study where reproduction of findings from the research instruments can be made (Eriksson & Kovalainen, 2016; Bryman & Bell 2015). To ensure the point of reliability in this research paper, all the interviews made were implemented in the most transparent way possible. The method chapter itself will provide authenticity by carefully describing the methodological process to achieve reliability. Further steps to obtain reliability will be hereby be described. Firstly, by including the process of using a semi-structured interview guide, which was identically used to each of the interview objects. The interview guide will furthermore be provided (See Appendix). Secondly, all the interviews were carried out verbally, and were simultaneously being recorded. The interviews were also conducted in the very same manner, by the usage of a digital platform. Thirdly, the interviews were all transcribed prior to analysing the data to obtain empirical findings.

3.6.2 Validity

It can be argued that validity poses as an essential element of every study made and refers to accuracy of measures. (Bryman & Bell, 2015). The purpose of validity in a research refers to the study's capacity to convey the meaning of its operationalised concepts. To reflect upon these, as well keeping the qualitative aspects of it. Key words connected to that specific are transferability and credibility. It questions the study's ability to be generalised and how certain the given claims are (Eriksson & Kovalainen, 2016; Bryman & Bell, 2015). Within the concept of validity, there are various aspects of the validity that could be presented. When attempting to measure within qualitative research, it is not always easy because qualitative research involves humans interpreting other humans and the objectiveness was hard to obtain (Flick, 2018). To ensure validity in this thesis given these aspects, choices were made to strengthen the validity. This was choices such as giving each chapter informative ingresses so that each decision that was made in the research process was argued for and given a meaning of sense as to why it should be included. Another choice made was to have included neutral outside reviews regarding the understanding of the method choice and research findings. Lastly, validity was exhibited in the analysis where a neutral stance and alternative outcomes were discussed to provide legitimacy to the results.

3.7 Reflections & Criticism of The Sources

3.7.1 Analysis of the Interview Data

When using a qualitative approach for the conducted research, the amount of data tends to be large. Unlike with quantitative data the analytical process does not consist of substantial facts and numbers, but instead regards understanding and exploring the data. To understand the data correctly was vital for the research's trustworthiness and was hence a great challenge with this method. Before conducting the interviews, the interview concepts and categories of the planned primary data for the study were formed in order to simplify the coming analysis. The analysis of the interview data was inspired by the description of decoding by A. Hedin (1996) and started with a proper evaluation of the transcript interviews, where the main aim was to find patterns among the answers. As both authors were present at all interviews, the data was discussed and transcript to ensure that nothing was misunderstood. Aiming to find themes in qualitative research findings is mentioned as a kind of quantification in qualitative research by Flick (2018), called thematic analysis. Themes are, however, also difficult to identify as the criteria are unclear (Flick, 2018) and the possibility of noting a theme increases with the frequency of occurrence. This means that some themes are possibly left out and unnoticed in this type of analysis. As one research question of the study was whether it was possible to categorise the investors depending on their engagement in sustainability, the thematic analysis connected to engagement was of great importance. Principally, the data was analysed considering key words and phrases connected to the different concepts, and also an analysis of how different interview objects interpreted the questions in distinct/similar ways. The important next step was finding a way of identifying overall patterns of knowledge and interest, due to the interest in a possible categorisation of the respondents. The themes that were sought were hence developed with the aim to suit the research questions of the study, revealing their level of engagement and knowledge within the field of sustainability and sustainable funds.

The interviews were conducted in the interviewees mother tongue: Swedish, and the interview data was also analysed when still being transcript in Swedish. The identified themes and patterns were discovered and first at this point, the chosen quotes to illustrate these patterns were translated. This to avoid any patterns being 'lost in translation'.

3.7.2 Criticism of the Method Choice

This section will be handling criticism against the chosen method of this study. To begin with, one can argue that using a qualitative approach to gather data could be seen as too subjective; that the data collected needs interpretation to be sufficient enough to answer the research question. Nevertheless, instead of being able to generalise over a population we, as researchers, found that a more in depth understanding of the factors affecting certain behaviours was more interesting. This in line with the purpose to analyse the different subjective perceptions of ‘sustainable funds’. By doing this, we are aware of the fact that by choosing a qualitative method, an accurate representation might be hard to achieve, and will therefore not either be our aim to achieve. Seen from a reflexivity point of view our process of interpreting the collected data could be seen as subjective. Criticism could therefore be directed towards our subjective views and positionality towards the subject and the respondents which might affect the decoding and analysis. This could in turn lead to a more biased outcome where our embedded opinions could be present in the choices of quotes and how the respondents are represented in the analysis.

Further criticism could involve the usage of Swedish during interviews, and the potential risk of losing some meaning or accuracy when later being translated. To avoid this, the translation of the used quotes was carefully made. It was decided that the benefits of having the subjects being able to express themselves freely in their native tongue outweighed the possible negative effects mentioned. To increase validity and offer more accuracy in the method, one might also have used triangulation (Hedin, 1996). Triangulation is a qualitative method where one approaches the problem from different angles as well as using multiple sources with varying connections to the given problem.

3.7.3 Source Criticism

Even though the aim of the study never was to generalise the result over a population, a broader range of ages represented and a higher number of respondents in the primary data could bring higher credibility to the study. It could also provide more basis to the categorisation of investors and give the factors of the analytical model (Figure 1.1) more trustworthiness. As the study included several people with similar economical background, another criticism could be that this meant less perspectives and nuances in the data which could have been avoided with a broader research selection. Moreover, a potential critique could be the varied length of the conducted interviews that resulted in the primary data for the thesis. However, since the interviews were semi-structured the length was dependent on the respondents’ willingness to elaborate and therefore the length of the interviews varied.

As to the secondary sources a criticism could be that some of the literature used is not recently produced and hence include theory that is not as relevant anymore. However, as the aim with the study was to categorise different perspectives, different perspectives needed representation within the literature as well. The design of the theoretical framework and its sources was carefully chosen with this in mind, as the amount of research and literature on the topic is vast. Despite the amount of research Nilsson (2010;2011) was used to a wide extent – which could be seen as a further criticism of the secondary sources. Additional sources could too be favourable in the method to offer arguments in favour of the execution of the research method from other relevant literature.

4 Analysis

Following section will contain a presentation of this thesis' analysis. This chapter will be based on the empirical findings from the qualitative research and display its result. It will be built on the analytical model that was presented in 2.6 (Figure 1.1, right side) where the three main factors will be analysed using the behavioural dimensions (Figure 1.1, left side) for each group. Throughout the analysis similar themes and theories will be covered in the same order for every factor, for each identified group. For example, the complex environment described by Nilsson (2010) will be discussed under the Engagement factor for each group. Moreover, to sum up the respondents' several perceptions of what a sustainable fund should be, a completive discussion regarding their view of what their optimal sustainable fund is concludes each group headings. The analysis of the empirical findings will be held within the analysis' structure to set a foundation for the conclusion

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4.1 General Presentation of Interview Objects

Table 1.1 *Presentation of the respondents. The level of involvement was valued by the participants themselves on a scale of 1 to 10. Occupancy was formulated by background information provided by the participants and previous knowledge.*

Respondent	Age	Gender	Occupancy	Involvement in their private economy (1-10)
1	24	Male	Bachelor Student within the Economy and Sustainability field	10
2	56	Male	Sales Manager at International Cooperation	10
3	27	Female	European Master Student within the field of Health Economics and Management	6
4	23	Male	Bachelor Student in Business Economics and in Robotics Engineering	6
5	21	Female	Bachelor Student in Business Logistics, Customer Service at SEB	8
6	25	Male	Master Student in Finance Economics	10
7	45	Female	Consultant/Student in Sustainability	9
8	24	Male	Master Student in Physics Engineering	8

4.2 Highest level of engagement towards the sustainability concept

This group of investors includes the ones of the highest engagement towards the sustainability concept. The respondent of this group was 3, 4 and 7. The main focus of the investment environment was of a SEE perspective, where the sustainability question was close to heart. Financial return could be somehow compromised with for SEE aspects.

4.2.1 Level of Engagement

> *'To me, it is very clear what sustainability is, however it can be extremely contextual. But I now have a fairly broad competence base, as I have read courses within sustainability on an interdisciplinary level during the past two years.' - Respondent 7*

The pattern that distinguishes the first group is their high involvement regarding the sustainability issue, despite slightly separate angles of approach. One respondent with a more technological background and interest focused this interest on the environmental prospects of technological development, and continuously showed high emotional engagement in the matter. *'[...] From a more societal perspective – as soon as child labour is excluded from a societal aspect, one can achieve sustainable working conditions. It cannot be acceptable now in 2020… soon 2021 to have someone minor to work at companies.'* (Respondent 4). The other respondents of this group also expressed strong emotional engagement with the sustainability field and as to how they relate to the concept.

> *"...I am originally an economist, but I have never been very interested in shares or funds but rather the political economy aspect'…'I have always been interested in the matter of how the financial resources are distributed…' 'I have been engaged within the environmental and climate movement…" - Respondent 3*

Their level of engagement has resulted in a broad perspective and knowledge within the field which facilitates in the complex decision-making environment described by Nilsson (2010). Nilsson (2010) further described five issues, which a sustainable investor has to encounter twice. One round for considering the economic potential of the investment and another when instead considering the SEE policies. A pattern among these respondents was that they had a primary engagement within the sustainability field, which could be argued to both simplify and aggravate their decision-making within the sustainable investment field. Easier since they understand the expert-type terminology and information connected to sustainable funds, but also more complex as they have standards as to what they wish to call 'sustainable' and therefore have tools for comparing and understanding the information available. The respondents had various degrees of interest in the financial aspect of the complex environment, but the common focus was to evaluate the complex environment seen from SEE aspects, as described by Nilsson (2010). The fact that two of the respondents valued their involvement in their own private economy to be 6 out of 10 (table 1.1) could be an explanatory reason as to why their main focus was the SEE policies of their investments rather than the financial 'round of evaluation' and objectives of the complex environment. If interpreting their lower (compared to the other groups) level of involvement in their private economy as a possible reason behind not investing with the main aim to earn a fortune, it could make sense that the five issues of Nilsson (2010) are not as concerned in the financial aspect. The issue regarding the lack of credence qualities in the investment environment (Nilsson, 2010) was thus mainly approached from the SEE policies' angle, where respondents in this group highlight their hesitancy towards sustainable fund alternatives put together by banks because of a disbelief in their genuine sustainability. These respondents had tried to formulate their own versions of sustainable funds or seek alternatives from actors they thought of as more credible.

> *'I have created this kind of own 'sustainability-stamp' on Avanza, where you yourself can determine which sustainability dimensions are most important and then it selects some funds. All in all, I think it has been extremely difficult to choose sustainable funds' - Respondent 7*

> *'I followed a feminist that was active in trading shares. She called herself…'the feminist trader', or something. I know that she formed, along with a few others, a portfolio of different shares where they tried to have a sustainability perspective' - Respondent 3*

It was generally noted that this group gave more elaborated answers throughout the interview, especially to the questions connected to sustainability. This conforms with the constructionist idea that the meanings of a concept, such as sustainability, can be changed depending on the perspective of the one perceiving it (Bryman & Bell, 2015). As education and further involvement in a topic gives you a multi-layered/nuanced perspective, their answers would be harder to summarise briefly. When asked to define what they thought to be the general view of sustainability, the pattern of these respondents was that they could not define this view of the term unambiguously; '*it is a very 'fluffy' term that people have very diverse associations to*' (Respondent 7). Another characteristic of this group was that their knowledge within the field gave them the possibility to express one separate version of what the general view of sustainability could be, and another one for themselves. A pattern seen among this group was that they expressed complexity in terms of a definitional problem, but that the general impression of sustainability mostly was to be seen as 'green' sustainability. Henceforth, the respondents explained their own view as similar to the general but with the exception that they wished to add more meaning to the term. '*I think just that is very important to me. That it is not only about ecological sustainability, the 'technological' or the 'material' aspect of sustainability, but that it is also about the people and existing structures*'. (Respondent 3) The separate thoughts of this group's own view in contrast with the general could therefore be of significance for their perceptions of sustainable funds. If they do not agree with the general view, they may not find the usage of the term as attractive. Respondent 4 further discussed a wish for the general view to take on more of the social sustainability aspect of sustainability, as a big part of sustainability to him includes proper living conditions for all. Even if the respondents agreed on the general definition to be of 'green sustainability' they also expressed an impression that the public view was gradually taking on new versions of sustainability, for example the definition manifested in the *United Nations Sustainable Development Goals.* They thought that the definition of, and approach to sustainability will continue to change over time. The conclusive definition of Respondent 7 furthermore underlines the constructionist view on the term that may come with higher levels of knowledge and engagement within the field. '*It [sustainability] is both contextual and multidisciplinary, I guess you can say. But I also think the term 'sustainability' will further change over time'* (Respondent 7)

The level of knowledge and the focus of the participants' engagement towards sustainability give this group a broad toolbox to deal with the complexity of the investment environment seen through the SEE policies. As the respondents hold preconceptions as to what the term 'sustainability' implies due to their engagement, this knowledge is most certainly affecting their perceptions and expectations regarding the concept 'sustainable fund'. They are able to formulate requirements to compare with the investment industry's offering and evaluate the environment according to the SEE policies because they possess the knowledge needed.

4.2.2 Type of Investor

Another common feature seen in this group of respondents was that their level of engagement and connection to the sustainability field created an alternative view of risk. While the respondents were still aware of the financial risks of sustainable funds and while in some cases describing this risk as greater than with 'traditional investing' in a financial prospect, a pattern seen in their perception of risks was that it could regard societal risk too. An interpretation of risk here was that it's meaning will change depending on if it is viewed on an individual or a societal level.

> *'I also think that there will somehow be a breaking point, regarding that it might feel like a safer investment with a traditional fund. But it is probably only a matter of time before it [investing in traditional funds] might feel incredibly risky, and in some cases, we are already there. So, I think that this [risk] in relation to sustainability is changing. Not only in terms of value but also purely concrete – on both a macro and micro level.' - Respondent 7*

A pattern seen on this topic was a way of explaining the societal risk that comes with acting or investing unsustainably as a potential future financial risk, too. When asked whether it was important to evaluate both financial return and sustainable impact whilst investing, Respondent 4 answered the following:

> *'I think they are the same thing. Mostly because the social return generates a, generally seen, better economy. A more circular economy should flow in and out from labour, money quite generally, and therefore should we as a society favourably economically work sustainably too.' - Respondent 4*

This group's focus is thus substantially on risk in a perspective including societal changes, and not only regarding the financial risk in the traditional theory of an efficient market, described by Fama (1970). As a general view of sustainable funds throughout the interviews seemed to be a perception of them sometimes implicating higher risk than others, true or not, this additional aspect of risk-taking affects this groups' perception of sustainable funds. This group could be argued to follow Statman's (2005) example of an exception from a 'traditionally rational' investor, where it is said that feelings and cognitive biases may influence the investor's choices. As this is coherent with the level of engagement and emotional involvement shown towards sustainability within this group, this could be seen as a potential explanation as to why someone might not always act 'traditionally rational'. Moreover, the exception based on seeking pride, underlined by Kahneman and W. Riepe (1998), could give clarity to the arguments of the respondents claiming that their investments aim to create a better society. The conclusion drawn by Kahneman and W. Riepe (1998) is however not only that the emotional consequences of the investment are at stake, but also the consequences due to the financial decision. When Respondent 4 believes that the sustainable investment will generate a financial return as well, he could be argued to behave rationally seen to his possible positive financial returns. However, the respondents within this group often stated their willingness to possibly 'lose some money' for a good cause and through this statement they avoided potential shame when facing negative financial consequences of the decision. This view also argues for the conclusion drawn by Burke, Auger, Louviere and Devinney (2003) that people can deliberately avoid being 'rational' when acting ethically correct.

> *'[...] But it has been quite low return and a high risk [regarding sustainable funds]. So I have not seen it maybe as a part of my private economy, that 'I will get high return here in the future', but more that this is something that I believe in and want to support by investing. So, I am ready to lose this money, and I see it more in a charitable way.' - Respondent 3*

Nonetheless, the theory of a rational investor could still be applied, but perhaps not in the traditional sense. When portraying risk in this group's sense, including the bigger societal risk of 'unsustainable investment' and re-defining the term, their choices could be seen as properly evaluating the possible outcomes (Kahneman & W. Riepe, 1998) and making choices to maximise the profit (Fama, 1970) both for themselves and society at large. Adding on to this argument, the expressed theory of businesses now valuing stakeholders' opinion more and that the stakeholders of the society more and more cares of the sustainability of the businesses, the group's definition of risk could be further substantiated and rational in the future. '*Companies go more from shareholder value to stakeholder value in general. So that purpose number one is not in the same way as before to maximise the return to shareholders, as there are now lots of other stakeholders.'* (Respondent 7)

Breaking away further from the traditional way of seeing a rational investor, Bernow et al., (2017) discusses the emergence of a new 'normal' where sustainable investment would be considered the rational choice. That one should perhaps not have to choose between prioritising the financial return or prioritising sustainability values when investing. Discussing how the market is shifting towards a bigger inclusivity regarding sustainable funds (Bernow et al., 2017), it could again be argued that this group of investors are rational in a sense of moving with the market. This sort of mindset was also discussed by one of the respondents whilst talking about risks tied to sustainable investment. It can be additionally noted that all respondents within this group had a positive mindset towards taking higher risks if it meant securing more sustainable investments.

> *'I am willing to take a higher risk. Mostly, because I do not see a direct explanation as to why a fund that invests in stuff that can raise living standards, increase opportunities to a better life in the future, to have, ehm… low possibilities to reach its goal.' - Respondent 4*

Despite the overwhelming positivity regarding sustainable investments, and the sacrifices they felt certain could be made to obtain this, the participants made points to clarify that it can be difficult to achieve complete sustainability in their individual investments. To conclude, one could say that the group are principally not as risk averse when putting themselves as a means to achieve something greater, as sustainability, yet do still consider risk as a factor when considering their personal economy.

> *'...Well, to some extent it [the risk] is about financial return - it is after all my future pension that it is about so it cannot be disregarded. But I also think about the risk like as a society and how I feel about myself that I want to act as an individual in relation to the like, big global crisis.' - Respondent 7*

The next section covered in the interview was that of strategies when it comes to sustainable fund management. Typically, three main strategies are used, and Nilsson (2010) describes these as techniques to base decisions on. There is *negative screening, positive screening* and *engagement.* (Nilsson, 2010). After discussing and exemplifying the strategies, the participants were asked to favour one of them. Exclusively in this group, the negative screening strategy was chosen. As this group symbolises high engagement and emotional connection to the topic, one could theorise that this answers the question as to why this strategy appealed to them more. Although, an interesting point could also be that despite their high engagement, none of them favoured the engagement strategy - the strategy that A. Andersson (Personal Communication, 7th of December 2020) described as having the most influence on a society. However, this group of investors are knowledgeable of the sustainability field, which leaves them to consider the concept through a multifaceted perspective with a clear focus on personal sentiments regarding the different aspects of sustainability. It seemed like the personal views in particular impacted the choice, as each of them could exemplify and highlight what should be excluded through negative screening. Furthermore, it seemed like negative screening best mirrored how they perceived the sustainability concept. This is applicable with the statement from A. Andersson (Personal Communication, 7th of December 2020) that many today focus on what they *do not* wish to invest in rather than *what* they actually want to support. This preference could be argued to be suitable for a more 'emotionally-based' investing, where one really wants to make sure that the fund is compliant. The exclusion strategy is, according to A. Andersson (Personal Communication, 7th of December 2020) easier to measure compliance to, and has historically been easier to grasp by the investors.

> *'I think it is partly due to an emotional aspect. That I do not want to support a company whose business model or business idea I don't sympathise with or so. That I do not want to favour it, simply, like for example the fossil industry or drilling in the arctic" - Respondent 7*

> *'The [alternative of] 'the best of the worst' that another example [of strategy] was, still feels like a step backwards as you choose to invest in something that will not result in sustainability. It should therefore not be allowed to be called 'a sustainable investment' - Respondent 4*

The type of investor emerging from all these factors being considered is one that tends to have a broader picture in mind when considering sustainability and the role they play in partaking in the movement. A pattern of emotional aspects of this investor can clearly be seen, and underlying themes of how they presented themselves in the interviews. This meant a positive fundamental perception of sustainable funds in this group, where they as investors willingly prioritise the sustainable funds. Being emotional does not necessarily exclude the possibility of being rational, as discussed previously when noting how the market is shifting towards more awareness about sustainability. It seems like the societal risk tends to outweigh the importance of their personal financial risk-taking, when the respondents feel strongly about sustainable efforts. This group's shared idea that unsustainable funds potentially will be riskier in the future than their current financial value implies, also matters for this group's perception of sustainable funds.

4.2.3 Trust

When asked regarding the trustworthiness of the sustainability term, and specifically when it is being used to describe a product, company or fund, this group addressed the definitional problem as an aspect affecting their trust. The term could be trusted in some cases, but there were opinions of disbelief, misuse and that it might not embody all that was wished to be included in the definition of the term. This argument was further developed when clarifying that what is wished to be included is also a matter of individual perspective, hence a fund can rarely suit everyone. Another idea expressed was that companies need to do their homework regarding which definition of sustainability is applicable for their type of business and this is a further expression of how the definitional problem affects their trust in the term.

> *'It [trust in the sustainability term] is pretty big, but with emphasis on that I think it is only focusing on the environmental perspective when being discussed in a business or stakeholder perspective.' ... 'It is definitely interesting but like I said, I think they are too narrow in their interpretation of it.' - Respondent 4*

> *'I know several banks have tried to develop different types of 'green funds' and that they have succeeded differently depending on who you ask… If you ask someone who is an economist, they will have one perspective, and if you ask someone who is perhaps engaged in the climate and environment movement, they will have another perspective' - Respondent 3*

Owing to this group possessing multi-layered knowledge which gives them a broad definition of the sustainability term (Eriksson & Kovalainen, 2016) the respondents could be argued to more thoroughly evaluate the usage of 'sustainability' in marketing terms. If their own perception was not consistent with the latter this group highlighted a possible *greenwashing* (Hartmann, et. al, 2020). Greenwashing was not only said to occur when the respondents did not agree with the definition expressed by the product, company or fund, sustainability was also described to be a purely misused term in some other contexts as well.

> *'I think there is a lot of greenwashing, I also think there are many who take advantage of concepts such as 'sustainability', 'climate smart' and so on. So, I'm probably pretty sceptical about just buying into it.' - Respondent 3*

When continuing the discussion of the respondents' trust towards the sustainability concept, the focus was shifted to the usage in the investment environment and 'sustainable funds'. Thus, while there was still a disbelief towards the 'classification' of sustainability, this group still showed an optimistic view of the trend towards sustainability being marketed in the investment environment despite potential divergent definitions and sometimes, mis-usage. It could be seen as a relevant first step towards the development this group was aiming for.

> *'At the same time I want to have an optimistic view of it [green washing within sustainability field]….That I somehow still have some belief in a 'feedback-loop' to the companies. They notice that when they are talking sustainability, people listen. That it is an interesting argument for the public.'- Respondent 7*

> *'...my bank is Danske Bank and if they said that 'we now have a sustainable fund', I would have thought that: 'Yeah, that is good. It is the first step.' But then I would probably not buy it completely before I see that someone else too has confirmed or validated that this indeed was true.' - Respondent 3*

The matter of trust did henceforth bring the respondents into the topic of verification of the sustainability term in the investment industry. With their level of engagement, a bigger need of legitimacy arose, described by Respondent 3 as '*I have great faith in the term when it is used by actors I trust, who I know possess the knowledge [of the concept]'* (Respondent 3). This is similar to the request for a sustainability labelling that controls and ensures that the requirements are satisfied underlined in the earlier research conducted by Miljömärkning (2018). However, a difference could be spotted in the fact that Respondent 3 preferred an organisation outside of the investment environment like 'Naturskyddsföreningen' to verify, as she considered these as competent enough to judge from a sustainability perspective. This wish could in turn be said to be revealing of her trust for the industry and perhaps too, for the perception of sustainable funds today. Despite wishing for an outsider verification within the investment industry, the group suggests that a type of certification for a sustainable fund intrigues them to evaluate the fund and determine whether the certification equals their own perception.

> *'[...]If I see that it is 'sustainability classified', so to speak, then I would say that I will be more intrigued to check out what they have done to get it [classification]. If they then meet the requirements I consider to be sustainability, that they follow my personal views on future sustainability strategies, then I am inclined to invest more'. - Respondent 4*

Depending on the respondents' level of trust towards the sustainability term in general, and while describing products, companies or funds, their perception of sustainable funds is likely to be influenced. The level of engagement within this group resulted in them forming their own clear definitions of sustainability which they could then use to evaluate any classifications, certifications or other types of definitions used in the industry against. Their knowledge and trust towards the sustainability concept and movement connotes a belief in the sustainable funds when they are consistent with their own priorities and definition of the term. This causes an optimistic and trusting view of the movement in general, which also favours the view of sustainable funds in some cases.

When applying this group's level of engagement and trust in the term to how they perceived an optimal sustainable fund, they can construct a fairly detailed and nuanced picture of what to include or exclude. Their engagement in the sustainability field has resulted in varied perspectives as to what a sustainable fund should be and in which ways it can be achieved. Since this group believes in the sustainability concept as such, a wish to be able to control the actors using the term was more underlined than controlling/verifying the need of the movement. While all showed high engagement and knowledge of the issue, their definitions and points of view differed some when describing an optimal fund. What was a pattern however, was how they saw things from a bigger picture. Respondent 3 started to formulate an ideal sustainable fund as a '*fund that has a holistic perspective. Where you might also first and foremost look at what is being produced? Is it something we actually need or is it some kind of demand that we have created through marketing...?'*. The next step was then, described by Respondent 3, to make sure that everything produced was also produced sustainably. For this to be possible, innovation would occasionally be needed and ultimately it would have to be made sure that all resources are optimally utilised. Respondent 7 expanded further and viewed the potential of a sustainable fund through a change of the whole system of today's business world. She had thought about doing research on the field herself, trying to formulate a business economics measure that *'includes more aspects than the expansive measures concerning increased revenue and profit margin of today. That you could somehow measure sustainability in a better way (...)'* (Respondent 7). The main argument for the optimal sustainable fund for this respondent, seemed to be about changing the economic system and definition of success - even though she too mentioned the exclusion of for example fossil fuels.

'But then both to question old truths... it is so closely connected as well as, what we view as success and the measurements we have for success will characterise how we act, both as companies and people. If these measurements only reward an increased resource consumption, an increased marginal benefit and, as always, look at increased growth rather than maturity, then we will have a damn hard time solving this sustainability problem.' - Respondent 7

4.3 Medium Level of Engagement towards the Sustainability Concept

This group gathered the interviewees with a medium level of engagement within the sustainability concept. Respondent 1 and 5 were included. The general focus of the investment environment was partly seen from SEE perspective, but with elements of a traditional rational investor considering financial return as a factor too.

4.3.1 Level of Engagement

'Yes. For me sustainability is also social sustainability. To be able to keep traveling… and to exist in a world where you know you feel comfortable to travel – comfortable to go shopping without knowing it affects, I mean affect the planet too negatively or how to put it.' - Respondent 5

What distinguishes this group's approach to sustainability from the rest is their rather mixed knowledge and engagement regarding sustainable funds. It is clear that a pattern of general good knowledge surrounding the sustainability concept can be seen throughout the interviews being held. Included in this group is also a candidate with a technical interest, similarly to the first group, who highlights the efforts of focusing on new sustainable technology. What truly does differentiate this group from the previous is engagement, or perhaps better yet, the involvement in the discussed topic. It seems as they do not necessarily have the same amount of engagement in the sustainability concept as the previous pairings.

'I can genuinely buy stuff that are recycled and think 'Yeah nice, now I have a little bit smaller impact' but then I can buy things that are not as sustainable as I have somehow 'evened out the scores' for myself' - Respondent 1

It appears that the main themes of this grouping are awareness; both of the problems surrounding sustainability but also their own roles in the matter where they can honestly express their own relationship to the issue as well as see it from a bigger perspective. What perhaps is 'lacking' would be greater engagement, in comparison to the first group. Applicating this on the complex environment, as described by Nilsson (2010), it is mentioned that there are five main issues that investors typically face when investing and when investing with SEE-factors in mind these issues appear twice (Nilsson, 2010). This undoubtedly creates a threshold not all investors will cross, simply because of the complexity that could be the reasoning behind the lack of engagement. It can be noted that the overload of 'expert-type' information seems to be existent in how the applicants perceive the investment environment and that a hinder lie within. One of the interviewees mentions their background of working with customer service in Swedish bank SEB. As the growing interest in sustainability continues to spill over to the investment industry (Dagens Industri, 2018; Gordon et al., 2011), it may occur that a *'gap'* in given and received information will be existent. A respondent describes this phenomenon followingly *"There are a lot of people thinking 'I want to invest sustainably!' And they will proceed to invest in basically anything appearing first"* (Respondent 5). This could also be tied to the definitional problem. As previously discussed, the authority of defining 'sustainable funds' lies within each actor (Fondbolagen, 2020). This aligns with the information received from the interview with the ESG-specialist, who talked about how SEB defined their sustainable funds. (A. Andersson, Personal Communication, 7 December 2020). Moreover, the people referred to, showing engagement in the matter, may fall into this gap. SEB in this case, will ultimately have the power to define their own funds to their likeness and beliefs which perhaps will not align with the customer's perception of what it should include, leading to information asymmetry. *'When you take a risk there is a high chance to get a really good return, but also that evidently you can lose a lot of money in the investment. That is why I think it is important to really read, research before one invests',* Respondent 5 stresses. It seems as the respondents in this category are not inclined to fall into the same gap as the customers just described, as they have better knowledge as to what they personally want to include in their definition of sustainable funds. This could serve as an important observation to understand the purpose of finding various perceptions of sustainable funds.

Back to Nilsson (2010) and the mentioned barriers, it appears as the group recognises the general absence of standardisation and transparency in the investment environment of sustainable funds, as previously stated. The decision making is thus complicated and demanding for the investor where they have to navigate themselves in branch specific information and language or be forced to manage themselves without this (Nilsson, 2010) as was exemplified by Respondent 5. The complex environment, especially regarding information deficiency is also noted not only by respondents but also as the second most answered barrier according to Kantar SIFO's survey. (Miljömärkning Sverige, 2018). From the survey it was expressed that 'it is not possible to tell whether the fund actually is sustainable', which could be said speaks about the scepticism within the investment environment. Respondent 1 can partially agree to this but highlights that there is a commencing process where stakeholders as well as countries are demanding more clarity. *'[...] customers do not want their fund money to be invested in oil or child labour – so they make demands that have not existed before. So, it is probably a shifting trend towards a clearer concept [within sustainable funds]'* (Respondent 1).

Furthermore, how the individuals of this group are set in focus in their sense-making of their interpreted meaning offers a construvistic methodism (Eriksson & Kovalainen, 2016) that can be seen as characteristic for the group. Their honesty and detailed descriptions differentiate them from the other categorisation groups by inheriting qualities of the both. Additionally, constructionism which is the way a concept such as sustainability within the investment industry offers a meaning through interaction (Bryman & Bell, 2015), clearly affects the group. The first respondent being influenced by new technology and the latter with her work and the meaning of sustainable investment there.

> '*Mainly, what I look for is that the fund invests in companies that produce products that aim to reduce the carbon dioxide emission and the climate footprint, like wind and wave power. I think that is very exciting. But yeah mainly, new technique that is promoting environmental development.' - Respondent 1*

The level of knowledge and the focus of the participants' engagement towards sustainability give this group a quite broad toolbox to deal with the complexity of the environment seen through the SEE policies. As the respondents hold preconceptions as to what the term 'sustainability' implies due to their engagement this knowledge is most certainly affecting their perceptions and expectations regarding the term 'sustainable fund'. They are able to formulate requirements to compare with the investment industry's offering and evaluate the environment accordingly the SEE policies because they possess the knowledge needed (according to them).

The level of commitment in this group is subsequently mostly tied to personal interests and personal values. The group proves to have attempted to navigate in the complex environment to fulfil their own sense of requirements, where Respondent 5 already feels content with her own investments in sustainable funds.

> *"[...] Well, I actually invest quite a lot in sustainable funds already, and that's because I'm simply reading the fund's fact sheet [to ensure they are]. 'Okay, they invest in this, but not in this etc'. So, I already know [enough]. Therefore, I do not think I would perhaps invest more in sustainable funds, but not less either. But as it is now, I think it's good." - Respondent 5*

The perceptions of the sustainability concept from previous knowledge seems to have aided the respondents in drawing such conclusions, where they feel confident to choose their own paths, whether it is happening now or in the future. They are able to formulate requirements, as to what a sustainable fund should include and include SEE policies in their assessments. It could be argued that the knowledge they possess could be limited to their pre-existing bias as to what the knowledge should include, where in contrast to the first group they 'settle' more in it whilst the first group continuously seek more information. This could be interpreted as the level of engagement in the second group is slightly lower compared to the first one.

4.3.2 Type of Investor

A connection of this group's respondents was their mixed level of engagement and sentiments towards the sustainability within the investment environment. This has conclusively led to the respondents having a nuanced with multi-perspective view of risk. The group identifies the financial risks of sustainable funds but are also willing to accept these perceived risks to a certain degree.

> *"[...] If I invest in a sustainable fund, then it is not that I care about… well of course I care about the return. But I invest mainly because I want to contribute to impact the society in a sustainable way like that. It is not that I go in with the mindset of 'Wow, I am going to make so much money just because I invest in this sustainable fund!' It is more so that I [do it], just because it is good for the society and the investors around me, that I actually care about the companies I invest in." - Respondent 5*

Similarly to the first group, a willingness to invest for 'a greater good' can also be noted here, where the societal perspective is put into light. Although not completely societally focused, not either compatible with the description by Fama (1970) of regarding financial risk in the traditional sense of a rational investor in an efficient market. This group could also be argued to follow Statman's (2005) exceptions examples for a rational investor, where it is said that feelings and cognitive biases may influence the investor's choices. Kahneman and W. Riepe (1998) offers an interesting perspective where emphasis is put on the investment decision having consequences in dual interests such as financial and emotional aspects. It is connected to worry and pride. The prospect of worries about 'failure' and uncertainty affecting pride ultimately leads the investor to not act optimally rational. The pride can be diverted in many directions, either one can take pride in investing charitably as Respondent 1, or pride can be the factor as to why one does not. Respondent 5 expresses the current financial situation to influence 'charitable' actions not being possible, that a 'success' within his previous investments being done has to proceed such actions.

> *'To take a great risk, one has to see that the upside of that risk-taking will be good, for me. I am not in a place right now where I can engage in any sort of charity – I have not been doing that good, so to speak. But I can definitely take a risk with a company of which product I like and where I see there is a natural place [for it], like one of my favourite companies which specialises in wind power. It is also cheaper, easier than pre-existing wind power – a win-win for everyone. Then, of course, I would take a greater risk, even if it is not doing so good now, I am willing to take a risk, definitely.' - Respondent 1*

Seemingly is the theory of a traditional rational investor still relevant to discuss. Rationality, here in the sense where it is a means to reach bigger engagement, or as a steppingstone to achieve greater impact on the sustainable investment market in the future. The group shows a pattern of handling the risk factor carefully and taking not only their perspective into remembrance, but also that of stakeholders. Respondent 1, similarly to a respondent of the first group talks about the weight they carry in shaping the current investment environment and re-defining the term of sustainable investment. It could be seen as properly evaluating the possible outcomes as mentioned by Kahneman & W. Riepe (1998). *'[...] Now, there will probably be a shift towards more and more people starting to save privately in shares that they themselves buy',* Specifying that *'[...]I think that shift is becoming more common, a conscious consumer is also becoming a shareholder'.* (Respondent 1). Thus, the respondents of this group focus on the individual efforts towards greater sustainability and a mindset of shared risk-taking to reach this which affects their perceptions of sustainable funds.

When asked about whether it is important to consider both financial return and social and environmental impact when investing, Respondent 5 answered following:

> *'Ah, yes, truly! And it is like this... It will be contradictious because, even if I invest in sustainable funds, I do also invest in a lot of funds that will not take the same accountability regarding sustainable factors, so yes rather contradictory. But I think it is like this for most people.' - Respondent 5*

Again, it can be noted that the group's level of knowledge and commitment can be seen. Whereas Respondent 1 focused on investing in chosen companies, Respondent 5 has a greater involvement in social sustainable investing, SRI (Woods & Urwin, 2010), where she prefers funds where it clearly has been stated what is being omitted from the fact sheets. Both candidates rank their own involvement in their private economy high, 10 and 8 (table 1.1) which might have affected the outcome. Conclusively, they have chosen different paths as to how these previous perceptions and knowledge, as well as how they view risk-taking have led them to choose different strategies they prefer with sustainable investments. When asked about the three strategies of sustainable investing, negative *screening, positive screening* and *engagement* (Nilsson, 2010), they chose differently. Respondent 1 stated that he preferred positive screening as engagement could be hard to achieve as a private individual.

> *'I do not really believe that you as a small savings investor should have too much influence yourself, it feels like there is a risk that non-rational decisions will be made then. But if there are large 'corner-stones', i.e., 5–6 percent of a company – then I absolutely think that shareholder activism is great. But as a private person, it feels as if 100 million people will like it, there will probably be a huge decision vacuum. I prefer that you bring in what is 'best in the class' because it would also create a huge competition, everyone wants to be in the league. Then, they would want to develop their own products.' - Respondent 1*

Respondent 5 answered as follows to the same question, expressing a favour for negative screening, an opinion Andersson said to be the most popular option by far. (Personal Communication, 7 December 2020)

> *'Ah, but I think – I think that's the best option [negative screening]. With inclusive strategy [positive screening], it is still unsustainable to invest in [best-in-class]. While*

with exclusion, well then you actively opt out of non-sustainable things, which I think is a better alternative.' - Respondent 5

Despite the different takes, the type of investor hailing from these factors can be seen as an independently thinking one, considering multi-layered factors whilst investing, not only sustainable factors but that of risk and stakeholders. A certain scepticism can be found forming a pattern between the both, where the risk aspects may play a major role as to why. The willingness to take a greater risk for sustainable funds is present, although Respondent 1 does not see it happening right now given economic matters. The 'broader picture' perspective as discussed among the first group can also be seen, but the group put emphasis on the smaller individual actions. This leads to a type of investor knowledgeable enough to make rational decisions in a sense where they feel it is rational both to themselves, but also to the sustainable 'movement'.

4.3.3 Trust

The next category being discussed was trust. In the interview, the respondents were being asked about trust and how they perceive trust when premised to the sustainability term and its usage. What can be said for this group in general is that a sentiment of scepticism can be seen throughout, where the participants both mention the intricacy of the term and how it is being handled in the investment industry but also in other areas. It is not a 'yes or no' question, as can be interpreted through their given answers to the question regarding the level of trust for the sustainability term. This, specifically when it is being used to describe a product, company or fund. The constructivist approach where the individual is set in focus as to how they perceive and construct their sense-making of the world around them (Eriksson & Kovalainen, 2016) can be applicable here as well. The background given in the technical interest as well as the one in banking seem to have influenced their sense-making when they both attempted to tap into their emotions regarding the trust factor.

'Yes, I mean maybe it is 'super sustainable', a company making solar cells, which is good. But then, what if the factory is based in China, and the working conditions are catastrophical, or maybe the electricity running the factory even is coal powered. So, it is hard to just say something is it [sustainable], but at the same time, if there was an internationally renowned symbol to prove it, then I guess one could think 'I assume this is the certification'. - Respondent 1

"The trust is there, but perhaps not completely. It is hard to say that one invests completely sustainably, because the companies one invests in may completely change their direction and someone would say 'Let's produce weapons, alcohol…' Then it, this [issue] will be harder." - Respondent 5

Evidently, the trust is somewhat lacking. This group has, as stated a level of knowledge about sustainability that lets them assess this question in a more in-depth way, where they can use their knowledge to exemplify *why* they feel as they do and even attempt to find solutions to the issue appearing. Respondent 1 mentions that a symbol of some sort could serve as a mark of authenticity and aid consumers to make a rightful sustainable decision. The lack of a symbol or a 'sustainability label' may thus be a barrier. He is not the only one, the request for labelling that could ensure the validity and upfill the requirements of sustainability were noted in the research conducted by Miljömärkning (2018). A trustworthy independent label could prove important to the ones falling low in the category of knowledge and investment, as the investment industry, especially within sustainable investment is burdened by the complex investment environment as mentioned by Nilsson (2010). When further discussions of labelling and rating systems of the legitimacy of sustainability continued with Respondent 1, it was also brought to light that the distributor of this 'mark of approval' mattered as well. Whether the distributors were profit-driven or not were taken into account, when commencing the debate of labelling.

> *'If something were to arrive, let's say. If the EU had made an overall rating system based on what they consider to be sustainable and then the US had done something similar – then it could have been some sort of non-profit kind of thing, that would actually be more interesting. But, for example, Morningstar, who are paid, is profit-driven, it feels as if there is a profit interest that can affect [the results]. Then, maybe the spectrum 1–5 is a bit… 1–7 it is well at risk, but it might be a bit narrow either way' - Respondent 1*

Moving further into the direction of sustainable investments the question was asked how the term was presented there, and what level of trust the interviewees felt accordingly. In this categorisation, greenwash was not as frequently mentioned here as with the previous group but the underlying factors behind that given term are also brought up. The issues of transparency is also expressed, where yet again the double standards and lack of knowledge seen in the industry was seen to easily lead to greenwashing as there is no one to 'correct the wrongs' and the 'wrongs' in their turn are hard to identify. The definitional problem appears in the bottom of a chain of actions where the government entrusts Fondbolagens förening and they are further directing the responsibility away to the individual actors to create their own interpretation of sustainable funds, again referring to ESG standards (Fondbolagen, 2020). This opens up for greenwash, but also a mistrust to the entire sustainability movement where it can be seen as 'easier' not to get involved at all. As a further consequence the actors, such as banks, get the ultimate say in what 'sustainable funds' are to them. In effect, it can result in multiple interpretations amongst the actors. Respondent 5 further discusses the trust in the sustainability term, from the perspective of Swedish Bank SEB.

> *'Mhm, then. It is… I know like that… the trust is quite great. But I know that it is difficult to say fully that this company is – or that I invest completely sustainably. Because in the fund, like at SEB then, we take away the responsibility for these five percent which can be used to invest unsustainably. Then, as mentioned, it becomes contradictory again. The trust is there, and I know that I invest sustainably, but also that they can still invest, these companies can still trade in alcohol, weapons, tobacco, etc. up to five percent.' - Respondent 5*

Yet again, themes of self-awareness and the insights of contradictory statements can be noted. It seems as both respondents do have some faith in the investment industry as whole but with the distinction of the Respondent 5 putting more trust into the actors, i.e., the banks whereas Respondent 1 seeks verification from non-profit organisations and highlights how the country of origin of that organisation would matter as well.

> *'[I]Would probably say that it depends a bit on which country the fund is from, which bank it is from. I would probably say that in general I probably have more trust in Handelsbanken's sustainability fund than a sustainability fund based in the USA, because the fundamental view of the concept of sustainability is very different. I mean, the government poses demand on companies in Sweden and the US makes demands there – so there is a difference. I would probably not say that I believe in that [the authenticity of sustainability] very much' - Respondent 1*

> *'Ah, it [the trust] is… yes but I would say it is quite high. And I think that – I know that we [SEB] are trying to work to reduce these five percent, so you reduce it to three percent, zero percent... But trust is there, in fact.' - Respondent 5*

Both show greater levels of trust in the sustainability term used in the sustainability investment industry than they do when it is used to describe products and companies. The trust towards sustainable funds today is subsequently quite high, despite doubts and talks of the double standards within the usage of the term. The previous stated engagement may affect this outcome, or a bias stemming from the background knowledge of the participants.

More so, the level of engagement in the group further manifested itself in the way the group described their own version of how an optimal could be presented. Both participants had clear and nuanced opinions regarding their own preferences, which were clearly aligned to their previous knowledge. They chose to design their optimal fund based mostly around their preferred strategy. Respondent 1 therefore chose mainly from positive screening techniques, where innovative companies with circular economy business models would be prioritised. To *'[...] get rid of the acute environmental destructiveness, to later be able to focus on social aspects'* (Respondent 1). Respondent 5 on the other hand views social sustainability as the most important wants an optimal fund where anything unethical will be excluded by negative screening. Furthermore, a perspective where also positive screening is offered too where she mentions that it could offer a competitive situation where one can lift companies choosing to produce sustainably instead of just 'best-in-class'. When asked about what causes these priorities, the respondent answered following:

> *'It is because when I invest in a sustainable fund, as I said before, then it is not that I expect the highest return but more that I know that I am doing something morally right. And I think that is important to prioritise when investing a lot. It is important to keep track of what you invest in, and then you have to, I believe, take your social and*

sustainable responsibility and invest in, among other things, sustainable funds.'- *Respondent 5*

4.4 Low Level of Engagement Towards the Sustainability Concept

This was the group with the lowest level of engagement towards the sustainability concept. There were three respondents suitable for this group: Respondent 2, 6 and 8. The general focus in the investment environment was of the financial perspective, where the participants always strived for high financial return and would not be influenced by SEE objectives.

4.4.1 Level of Engagement

'It is about hindering global warming and… yeah, to not destroy the earth' - *Respondent 6*

The last group to analyse is the one considered showing the lowest current engagement within the sustainability topic but also the group who ranked themselves as most involved in their private economy (table 1.1). On average, they showed a pattern of more brief explanations considering what the general view of sustainability could be. This could be explained by an opposite explanation than the one for the first group, where a broad knowledge base resulted in a broad definition of the term. Hence, these interviews resulted in short answers where the respondents mainly focused on the environmental perspective of the sustainability term. They did this without mentioning the lack of focus on other perspectives, such as social sustainability, within the public view of the sustainability matter. However, Respondent 8 stated that: '*it could include lots of things. It is good that the companies have started to accept/understand more of it. Everyone wants to be sustainable*', which still displayed a care for the sustainability issue. This group's general engagement and knowledge within the investment industry, which was mostly towards the financial aspect of the environment, could hence be argued to have resulted in definitions of the sustainability term much alike the ones described by the first group as the general view (where the social aspects most often were left out). This is telling as the third group's principal aim when operating in the investment environment seemingly was to achieve financial return. Respondent 2 answered that the general view was: *'Yes… that everything should be green'*, but then clarified that there are different levels of willingness as to accept that the reality is not 'as green as it should be'. Depending on their willingness to adjust their own standard, he says, the level of acceptance differs as to how much they can accept pushing the boundaries of 'being green' in accordance with what the general view of the sustainability concept implies.

The pattern distinguished in the first group, of the respondents wanting to add more meaning to the definition whilst asked how their own vision looked in comparison to the general, was also contrasted here. The pattern of this group was that how they described the general definition of sustainability tended to overlap completely with their private definitions of the concept, which could imply that their backgrounds and priorities while investing above all constructed one general view of the sustainability concept. (Bryman & Bell, 2015) Respondent 6 even concluded himself to be representing the general view: '*I probably am the 'general view' maybe… I know what it is about but no in-depth knowledge*' (Respondent 6). While two respondents of this group declared to have poor knowledge of the sustainable fund topic, one of these still formulated an idea that sustainability could regard '*equality, environment and the climate. Eh…and also social sustainability (...) But mainly I think of the climate'* (Respondent 8) when asked to elaborate what sustainability could imply. Meanwhile, as the semi-structured interview allows interpretation of the questions, the initial answer of Respondent 8 as to what the general perception of sustainable funds could be, was '*that it is good but does not yield as good financial return*' (Respondent 8), which could further imply a more financially directed focus of engagement. The third respondent of this group explained that he had one main interpretation - formulated by the help of Avanza.

> *'I could go for the definition used by the broker I work with then, Avanza. When you look at the funds that I have chosen to save in there, they have CO_2-mark, a low CO_2 impact. I think that is what I can look for, as I have a hard time deciding without learning more about the companies and what they stand for. So that is my way of looking at it… Simple, really!' - Respondent 2*

As the purpose of this study is to evaluate different perceptions of sustainable funds, the groups' navigation within the complex investing environment connected to sustainable funds is relevant. This commentary above could also be exemplifying how Respondent 2 managed the complexity of the investment environment. When choosing this single criterion to define the sustainable fund, the expert-type information and information overload described by Nilsson (2010) is managed within the sustainability aspect of the complex investment environment. However, since this group's engagement was more of a financial characteristic, they were seemingly more prepared to navigate within 'that round' of the complex environment. Hence, the respondents of the third group possessed many tools for handling the environment seen through the traditional financial point of view - but not the same while having to consider the issues described by Nilsson (2010) seen from the SEE policies. While Respondent 2 exemplified the CO2 mark from Avanza, Respondent 6 viewed sustainable funds as funds who invest in CSR companies. *'It is funds that seem to be more sustainable, more environmentally friendly, according to ESG requirements.'* (Respondent 6) One way of dealing with the information overload could thus be argued to be by solely reading into one existing definition (ESG), and exclusively seeing this as your own definition. In this way, the definitional problem could be solved. Furthermore, if stating the ESG requirements as the criteria for a fund to be sustainable, the uncertainty that arises due to the future orientation of the investments (Nilsson, 2010) could also be managed. There is no need for control or verification if the requirement for your perception of a sustainable fund is already met when the investment takes place. This pattern is continued when looking at the third respondent of this group, who simply stated that he has seen that there are funds with this 'label', and that these are sustainable funds of today's market and moreover, that he blindly trusts these to be sustainable (Respondent 8). Here, the (lower) level of engagement within the sustainability field may result in a simplification of the decision-making connected to sustainable funds, as this group did not have any further requirement for their definition of a sustainable fund than a low CO2 mark or works with the ESG requirements. However, there were two different perceptions of the information paradox, described by Nilsson (2010), within this group. While Respondent 2 expressed a wish similar to the one formulated in TT (2018), for more transparency and information connected to the companies within the funds, Respondent 6 was sure that the information exists if enough time and effort is spent on finding it. Respondent 8 did not express any wish for more clarity on the sustainable funds market, however he mentioned that some type of rules connected to what sustainable funds are supposed to be on the market might help investors that are looking for a quick choice of investments.

The main focus of this group's engagement was not towards the sustainability matter as such, even though Respondent 8 highlighted the concept's importance, and this resulted hence in more vague definitions of sustainability and sustainable funds. The knowledge intensive environment was best comprehended from a financial point of view, where the participants showed a broad understanding of the investment industry. Viewing this analysis in the light of Nilsson's (2010) complex investment environment, the group were mostly handling the 'first round of complex decision making', leaving the SEE policies more or less outside the decision. When not viewing the matter in an emotional sense and without own definitions of what is sustainable, the investments could be argued to be a less complex decision for these investors. However, a discussion could be conducted considering that parts of the first group, stating that the financial return was not important, was also only making decisions connected to 'one round of complex decision making' as they only focus on the SEE policies. Hence, the complex environment of sustainable funds may affect their perceptions of the complexity regarding sustainable funds similarly.

4.4.2 Type of Investor

In contrast to the first group, where the greater focus on sustainability led to an alternative perception of risk, a pattern within the third group was the definite view of risk in a more traditional sense. *'You must always be able to expect return in future investments, otherwise it is just charity. Otherwise, you might as well just donate the money somewhere else'* (Respondent 6). When this group considered risk, it was discussed from a perspective much similar to the description of a rational investment choice by Kahneman & W. Riepe (1998), namely when the uncertain prospects thoroughly evaluated. None of the respondents acts in obedience to the conclusion of Burke, Auger, Louviere and Devinney (2003), and would hence not accept a higher risk to include SEE policies to their investments, if not motivated by a potentially greater financial return. This could further exemplify how the level of engagement in the sustainability issue can play a role in the respondent's willingness of risk-taking. In this sense, the investors of this group could be considered rational and the conclusion by Fama (1970) regarding that all decisions in an efficient market are made to maximise profit matches the following statement by Respondent 6.

> *'Generally... .I think that I am willing to take risk… medium risk. The risk should be motivated by the return. [...]It is important that they are always 'in line' so that you do not pick something with a very high risk, but little potential for a good return, that is just stupid...' - Respondent 6*

Hence, the respondents of this group are risk aware but willing to take on risk when it is justified by the situation. This means that these respondents were able to make the most optimal financial decision as described by Kahneman and W. Riepe (1998) as they are willing to deal with uncertainty. Furthermore, the conclusion drawn by Kahneman and W. Riepe (1998) that financing decisions could be made to seek pride or avoid uncertainty is relevant. This group could be argued to avoid sustainable funds due to their low engagement and knowledge, which could implicate feelings of uncertainty connected to the topic. Whilst continuing this discussion, it is relevant to view the participant's answers in the light of 'the new rational investor' explained by Bernow et al., (2017). As it could be argued that this group partly avoids uncertainty when excluding sustainable funds, they could be further argued as potentially not always making the rational decision from this perspective. Bernow et al., (2017) concludes that sustainable fund management in fact is able to enhance the return and risk profile of a fund, and when seeing this group in the light of this argument they could also be seen as irrational in some sense.

Two out of three within this group are continuously contrasting the first group, when moving on to the topic of preferences within the sustainable fund management strategies of Nilsson (2010). The respondents' preferences here is likewise telling for their perception of sustainable funds today, which is the aim to explore. Respondent 8, however, favoured the exclusive strategy as well with the following explanation. '*It feels like the most important thing almost, to exclude the unethical companies. I do not know what effect this will have on the market, as I am fairly unknowing on the topic'* (Respondent 8) In contrast, the other respondents of this group favoured the inclusion strategy and seemed to be principally motivated by interest in the included businesses or industries. *'The biggest incentive for me to invest sustainably would be when choosing industries that are interesting and that I believe in [inclusion strategy] For example hydrogen has been a very hot topic lately'* (Respondent 6). While this statement showed a potential willingness to invest in sustainable funds, the traditionally rational way of prioritising the financial profit was still an underlying factor. One could interpret that the focus here is still mainly economical, to invest in a current 'hot topic' or trends, as it would generate return, as opposed to a genuine interest in sustainability. The general focus of the engagement within this group could be argued to show another perspective towards the businesses overall, a perspective with less disbelief of the companies and their wish to do good. '*I think well of the companies basically, I do, and that is why I prefer the inclusion strategy instead'* (Respondent 2). Moreover, even if Respondent 8 chose the exclusion strategy when asked to prioritise between the strategies described by Nilsson (2010) he conducted a discussion as to the difficulties of this strategy.

> *'Because I think it is difficult to just turn everything around, like with oil. It is not possible to just stop using it directly, so then instead make sure that the last oil being*

used is then the one originating from as good companies as possible' - Respondent 8

Here, he speaks favourably about the inclusion strategy and argued that the strategy might encourage the companies to transform their work into something better. This was partly expressed by Respondent 2, who underlined that the inclusion strategy could in the long-term help turn companies around and influence them to change strategies. This would instead not be possible with the exclusion strategy, he argued, where *'you do not care at all about the companies you exclude, and then you most certainly cannot change anything'* (Respondent 2). This argument could be equated to one of A. Andersson (Personal Communication, 7 December 2020) stating that the exclusion strategy does not give opportunity to in fact change anything within the businesses/industries you choose to exclude. In addition to this, the perspective of believing in the businesses and their wish to evolve into something more sustainable was similarly discussed by A. Andersson, who underlined that the sustainable funds of SEB need to include companies who are not yet completely sustainable too for the fund's possibility to grow. Respondent 6 also motivated the choice of an inclusion strategy similarly, stating that the 'unsustainable' companies have more '*internal value left*' as the already sustainable funds will have a higher valuation to start with.

The type of investor emerging in this group was one more similar to the description of a rational investor acting in an efficient market (Fama, 1970; Kahneman & W. Riepe, 1998) than the other groups. As the engagement has not led to any obvious emotional associations to the sustainability field, it has not caused them to potentially 'act irrational' through the exception mentioned by Statman (2005) and favour sustainable funds at times when the 'traditional evaluation' of the fund would not support the decision. However, the group did not show any particular disapproval of the concept of sustainability and if truly being rational investors in the sense of maximising profit they should aim towards becoming future investors in sustainable funds if Bernow et al., (2017) are correct regarding the 'new rational'.

4.4.3 Trust

The level of trust seen within this group is varied, but the respondents all shared some degree of hesitancy as to whether the sustainability term can be trusted whilst describing a product or company. The overall impression was that a risk of this usage is that it might be used in marketing purposes principally. Respondent 6 expressed a trust towards the general sustainability concepts but mentioned the use of the classification within the investment industry to sometimes be mis-used for selling purposes.

> *'I usually want to look into what it implies, if I am to buy anything so to speak. I think that there is a lot of greenwashing. That you want to put a stamp on it to sell more. So, in that case, I really want to examine whether it is actually for real'- Respondent 8*

The level of engagement of the third group has been concluded to influence their definition of the sustainability term into something vaguer, but there seemed to be several manners of how to relate to the term. While one respondent rather thought of his own vague definition as a result of a complex environment and lack of continuous updates and transparency from the actors, another thought that the information was available but that he had not tried. The difference between these two was that the former thought of the sustainability term with less trust than the other.

> *'Well, I do have trust towards it [sustainability term]. I am not sure how it is defined now, but there are surely things that can be explained further. But like I said, I am not very familiar with the subject' - Respondent 6*

This statement could somehow illustrate the earlier conclusion that a high engagement within the sustainability field leads to a clearer definition of the term and what it implies for an investor. This, as a result, gives the investor something to compare with the definition one encounters in the investment environment and hence, resulting in potentially higher/lower trust depending on whether these definitions agree or not. Thus, when not having any own specific definition the respondents of this group seemingly either choose to trust it or not. Respondent 8 had not formulated any particular perception of sustainable funds in today's investment environment; '*There are some funds, I have seen in multiple funds that they have this name [sustainable funds]. Eh, so that is probably what I have seen'*. However, he chose to trust the sustainability concept whilst being used to describe funds. *'In that case [sustainable funds], I blindly trust that it is pretty sustainable for real'* (Respondent 8).

On the other hand, Respondent 2, who had constructed his definition of the term on the Avanza CO2-mark, did not display any particular trust. Despite arguing for the inclusion strategy since he '*thinks well of the companies*' (Respondent 2) and that they evolve into more sustainable businesses whilst being invested in, the same respondent stated the following. '*So, I do not simply trust businesses, not what they are saying. I think that is mainly marketing measures'* (Respondent 2). This was exemplified saying that it is tricky to determine, for an investor, whether the things being written in the company stories are beautified or not. This contrasts the statement of Respondent 6 claiming all information to be available, if one takes the time to look it up.

> *'It [trust for sustainability term] is actually quite low, I think it is more of a fashion concept to attract people. Attract investors to the different businesses. So, because of this it is fairly low really.' - Respondent 2*

Returning to the topic of using the sustainability term as a way of attracting people, a way of taking part in the sustainability trend, Respondent 2 clarifies that the companies most likely will be more sustainable. However, the purposes of the change will not always be honourable as such. This was exemplified with a new planned refinery by Preem, who met resistance and was questioned regarding its sustainability and hence, he says, gave way and cancelled their plans. While this could be seen as positive change, Respondent 2 was determined that the actions were anchored in thought of continued popularity and future returns, rather than prioritising the more environmentally friendly option. This basic lack of trust towards the companies could be argued to somehow be contrasting the earlier view that companies, when included through a positive screening strategy, will perform better.

The level of trust for the sustainability concept and sustainable funds could be argued to, in some senses, reflect in their view of sustainable funds. One perspective within the group said themselves to believe that sustainable funds are actually sustainable and that the available information regarding the sustainability of the funds was adequate - they were evidently not very interested in buying any. Here again, the level of engagement towards the sustainability field seems to determine whether the participants are interested in sustainable funds or not. However, their perception of sustainable funds was still that they are trustworthy. The second perspective presented in this group, was one of less trust towards sustainable funds, stating that they are part of a trend to attract investors. Without the engagement seemingly needed for formulating a multidimensional definition of the term, which one trusts, this group will potentially be able to agree to more of the 'sustainable fund'-definitions on the market today, but not being attracted to actually invest in them.

When moving on to the participants' view of an optimal fund, their level of trust was still relevant. The general view was that sustainable funds will continue to exist, perhaps even grow on the market, and the main focus was on the sustainable funds of renewable energy. As Respondent 2 had a lower level of trust, a main characteristic of his optimal sustainable fund was to include more information. The matter that it is time consuming and of individual responsibility to gain the correct information today was a fundamental idea regarding improvements for sustainable funds. To be able to trust the term, the information regarding the strategies of the businesses included in the fund, had to be more in-depth information as well as continuously updated. A flexibility of being able to exclude companies who were no longer meeting the requirements of the fund directly was also wished for. Thus, this idea mainly focused on dealing with the issues of transparency and lack of information described by Nilsson (2010). Although, when also mentioning the overwhelming amount of information to take in and understand individually, the information paradox (Nilsson, 2010) overall was addressed. This brings the discussion into further control and requirements, which was not wished for by any of the other participants in this group, who generally described their optima fund to include alternative energy sources and not really any idea of changes within the design or regulations of the funds. As none of these participants currently were investing in funds, only stocks, they might not have encountered the same information paradox described by Respondent 2. Or, the focus of their engagement in the investment topic did not contribute to them seeing the issues connected to the SEE policies, described by Nilsson (2010), as personal issues of their own.

5 Discussion & Conclusion

The conclusion will commence with a further discussion of the conclusions drawn in the analysis which then finalises with the answers to the research questions. The discussion is based on the behavioural dimensions of the analytical model (figure 1.1, left side), unlike the analysis which consisted primarily of the three main factors of the model (figure 1.1, right side). This part is hence not structured by the groups of engagement, aiming to discover patterns, but instead comparing the behavioural dimension – and similarities and differences among these.

5.1 Discussion

The differences in the behavioural dimensions (from figure 1.1, left side) found among the participants leads to several versions of the factors included in the analytical model (figure 1.1, right side). Whilst interpreting the factors in various ways, various definitions of sustainable funds have been found within the groups differentiated by their level of involvement. When moving away from seeking patterns within the separate groups of the respondents, and instead merely seeking understanding as to why the different ways of interpreting sustainable funds occur, the behavioural dimensions are crucial.

An interesting discussion could be held regarding whether any of the groups in fact had an easier time handling the complex investment environment described by Nilsson (2010), or not. As the first group was concluded to have a broad toolbox concerning the decision-making within the SEE policies and could agree to less return or higher risk, this group could be considered to have an 'easier decision' as they take less pride in their investment's financial result. At the same time, the third group was concluded to have a broad toolbox regarding the financial aspect, and perhaps similarly ignore one aspect (SEE policies) of the decision-making environment and could due to this be argued to have an 'as easy' decision. They both deal with the five issues described by Nilsson (2010) once but pay less attention to the 'second round' of complex decision making. Continuing on this line of thought, the second group might be the ones having the toughest decision to make – since they consider both the financial aspect and the SEE policies to some degree. However, as this group did not seem as emotionally engaged in either aspect, there might not be as much pride connected to the decision (Kahneman and W. Riepe, 1998) which would facilitate the decision after all.

The emotional aspect could also be argued to have further impact as to which fund management strategy that was preferred. Whilst the first group showed an emotional connection towards the sustainability issue, they preferred the exclusive strategy. Feeling that they could not support businesses whose business ideas they did not agree with, they prefer extracting them from the equation altogether. With the same logic, another perspective could be concluded to show emotional attachment towards the business world/one's finances –

where one would not exclude any companies one believes in, and ultimately wants to support the companies. The 'in-between perspective' was shown to have somewhat of an emotional connection to sustainability but not enough to make them lose sight of the financial perspective or the care for businesses.

Furthermore, the view of risk differed between the different levels of emotional attachment, or engagement, to the sustainability concept. As the high engagement perspective somehow considered societal risk and economic risk to become more and more equal, they viewed unsustainable funds as risky due to their negative societal impact. On the other hand, when viewing risk in the context of an efficient market, described by Kahneman and W. Riepe (1998), another perspective was to not focus on societal risk but instead rather express a scepticism towards the potential financial return of sustainable funds today due to their high risk and valuation. No matter the risk, a view was although concluded to be the fact that sustainable funds are thought of as important and that the definition of risk are continuously changing towards including stakeholders. However, the financial risk needs to be taken into account on an individual level for most.

The different interpretations of risk lead to the question of *what* truly is rational. As discussed above, two sides of the meaning of risk are exposed in the study. This could further lead to the discussion of two meanings of rationality within the investment industry. Simply put, the concept of a rational investor could evolve as the sustainability concept becomes more intertwined in the industry and hence result in the high engagement group's view of risk becoming a new 'normal'. However, when thinking of the industry in the light of the traditional rational investor, one should not invest in sustainable funds if they are not as profitable as any other with the same level of financial risk. If the Bernow et al., (2017) conclusion of a more intertwined relationship between sustainability and the investment industry is correct, the traditionally rational investor and the 'new rational' investor should in time merge as well. Meaning that since no one in the low engagement group expressed resentment towards the sustainability concept as such, they would invest in sustainable funds when it is 'rationally' motivated as described by Kahneman and W. Riepe (1998).These different perceptions of rationality were not least bared when discussing willingness to venture more risk in favour of compliance to SEE policies, where one side perceived the potential 'charity aspect' of their investment to be favourable - whilst the other expressed it as being unintelligent. In summary, perhaps all of the interviewed investors should be seen as rational, acting in dependence on their own perception of sustainable funds and the investment environment. Thus, putting moral compasses aside, there is no right or wrong in any of their actions as all can be described as rational in some sense.

5.2 Answers to the Research Questions

As the main research question was regarding the different perceptions of the meaning of the term 'sustainable funds' (RQ1) it was relevant to find out whether it was possible to categorise investors to discover general patterns connected to sustainability engagement (RQ2) and ultimately discover if these different levels of engagement influenced the investment behaviour (RQ3). As to RQ2 it was discovered that, based on the nine conducted interviews, it is possible to categorise investors depending on their level of engagement in the sustainability concept. It was further noted that these several levels of engagement, which distinguished the categorisations of RQ2, in fact influenced the investors' investment behaviour and specifically concerning sustainable funds (RQ3). Additionally, the categorisations, the levels of engagement towards the sustainability concept also influenced the perception of the meaning of the term 'sustainable funds'.

Thus, RQ1 was answered with the help of RQ2 and RQ3. The different levels of engagement indeed resulted in various perceptions of the investigated term and showed how a broad knowledge base often gave more meaning to sustainability and sustainable funds. This statement, sprung from the answer of RQ1, first of all leads to the simple conclusion that any actors in the industry assuming one single definition to exist are wrong and that there are in fact various perceptions. Furthermore, in accordance with the constructionist perception that the meaning of the 'sustainable fund' term is shaped by the respondents' social and cultural context (Bryman & Bell, 2015) which in turn also could be shaped by the engagement in the topic. As the topic of sustainability is a mainstream topic of today (Gordon et al, 2011), the term 'sustainable fund' will continuously be interpreted and perhaps changed. Especially when considering how it is also an enormous trend specifically in the investment industry (Dagens Industri, 2018) which will lead to further interpretations as well. Furthermore, as with all trends, there is a fear of being left out and with sustainability, it is said by Hartmann et al. (2020), to even be risky not engaging in the trend and hence feelings of aversion towards the term may occur among those who are left behind or threatened to be left behind.

The high engagement group thus has a broad knowledge of the field, which gave them a multi-layered definition of the term as well as an ability to contextualise the term. This meant that the engagement resulted in a multidisciplinary perception which could not be narrowed down to one single perception. Moreover, this result is further proven by the comparison of the perceptions expressed among the several engagement-level groups. Here, we found that the different possible perceptions did not only stem from the multidisciplinary view of the high engagement group, but also that the perceptions varied greatly between the several categorisations. Hence, the level of engagement was concluded to be a vital determining factor for the interviewees' perceptions, as well as for their investment behaviour and the nuances of their trust towards the sustainability term and sustainable funds overall.

In conclusion, looking at RQ1, we can first conclude that perceptions of the term can be scattered but that patterns can be seen connected to the engagement level towards the sustainability concept. Within these patterns different perceptions exist. Some view sustainable funds to be less attractive investment choices than 'other funds', some perceive the term to be connected to greenwash. Another perception of the term was that it is part of a bigger sustainability movement and that it, no matter the financial outcome, plays an important role in the sustainability movement. Regardless of these individually specific perceptions, the main conclusion connected to RQ1 is the found pattern which resulted in the factors of the analytical model (figure 1.1, right side): level of engagement, type of investor and trust. Through this categorisation the different perceptions of the participants were systematically identified sorted by, foremost, the level of engagement which illustrated the found meaning of the perception of the term 'sustainable funds'.

5.3 Practical & Theoretical Implications

Relevant to the conclusions above, where the perceptions and therefore definitions of sustainable funds were scattered, is the question of whether one unified definition could be applied across the entire investment industry. This is a practical implication pertinent to the topic of the Taxonomy Regulation, where the European Union will ensure that the finance industry is in line with the environmental objectives of European Union (EU Technical Expert Group, 2020). The categorisations of our study are relevant to display several types of investors, with several types of perceptions of what a sustainable fund is and *should be*. As the Taxonomy aims to bring clarity to what a future sustainable investment will be, our study gives clarity to what it has been perceived as and what it is wished to become. Without, at the time of writing, us knowing exactly what the expressed definition of a sustainable investment will be – our conclusion that the 'sustainable fund' term today is multi-dimensional still gives basis to what the new definition on the market could imply for different types of investors. Therefore, although one definition might not be enough to encapsulate all dimensions of the term, it might at the same time offer clarity of the term to those less invested in the concept of sustainability.

Since both the earlier research and our research study in many cases concluded that the sustainable investment environment is in need of some kind of labelling, or standardisation of the term, the need for the Taxonomy Regulation is further underlined and illustrated.

An overall conclusion of this study could also be the more general idea that many terms within the industry are perhaps more contructionisticly interpreted and defined than traditional theory implies – and hence, require redefining. For example what a 'sustainable fund' is, is therefore a multidimensional and cannot always be linearly described. Furthermore, the bigger assumptions can be made that a lot of theory and perceptions regarding the investment industry are outdated, especially considering the 'new' trend of sustainability entering the market. This statement is supported by our empirical data, as the high engagement type of investors can be argued to re-define the meaning of risk and rationality in today's society and investment industry.

A general implication that could be seen connected to/relevant for the sustainability field, is that the investors' knowledge of the field seemingly was determined by their own engagement and interest as private individuals. It is noteworthy that it comes down to an individual's own interest and engagement to learn about such an important matter in today's society as sustainability.

5.4 Suggestions for Future Research

After having conducted the qualitative research study, not only did it aid understanding meanings and perceptions better; it also opened up to even more questions regarding the chosen subject. Whilst diving into previous research and theories it broadened our understanding and sparked our interest for future research as well. For future research, the most prominent suggestion coming to mind would be to further evolve the research question we already brushed upon. Firstly, a general suggestion for future research would therefore be to test RQ2 and RQ3 through a quantitative approach. The purpose could be to investigate where a hypothesis could be stated regarding our chosen categorisations (regarding the levels of engagement) and their influence on the investment behaviour of the respondents could be accepted, or not. Secondly, connected to the implications discussed with the Taxonomy Regulation, a study could be made regarding the potential gap or discrepancy between the new definition of sustainable investment by TR and both the general perception of sustainable funds. Again, focusing on and applying the three identified categories of investors to the research process. The third suggestion would be to investigate whether the terms 'risk' and 'rationality' within the investment industry are in fact generally interpreted. This could also be determined through quantitative surveys, where the result can be quantifiable and generalisable to offer more accuracy in the findings.

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APPENDIX

INTERVIEW CONCEPTS

CONCEPT	QUESTION	CONSISTING OF...
General information	1-5	The reason for these questions will be to introduce the person, ask whether it is ok to be recorded, what she/he wants to be called in the paper, if the person is involved in their private economy
Sustainability	6-7	These questions aim to broaden the understanding of the participants' knowledge/perception of the sustainability field in general, and whether they identify themselves with their view of the general perception.
Sustainable funds	8-9	Sustainable fund investment is a global trend, but despite this there is no perfect answer to what they should consist of. These questions aim to understand their take on what a sustainable fund is today.
Dual interests	10-11	What is the participant's view on risk generally, and risk/financial return versus risk/environmental impact. Can they manage both aspects and how?
Trust	12-13	General view of the respondent's trust on the sustainability term, and further when it is used in the investment industry today
Positioning within the existing strategies	14-15	There are different (3) strategies on sustainable funds, An inclusion strategy, an exclusion strategy and a more governmental/shareholder activism strategy. These questions aim to get comments on the strategies and a position on which is best.
Ideal picture of sustainable funds	16-18	When having decided on a favourable strategy, these questions aim to get a broader, more tangible description of what an *optimal* sustainable fund would be and why they think they prioritise like described.
Concluding questions	19-20	Asking what their view/prediction for the future of sustainable funds and making sure the participants feel they have gotten the opportunity to say all they want on the topic

MALL FÖR PRELIMINÄRT INTERVJUMANUS

Det här är en semi-strukturerad intervju, vilket innebär att vi har förberett en del frågor men att många av frågorna även är öppna för tolkning och längre svar - vi vill gärna att du tar till dig frågan på ditt sätt och svarar så utförligt du kan. Det finns inga rätt eller fel utan vi är ute efter din subjektiva uppfattning av saker och ting. Det finns ingen särskilt tidsbegränsning utan intervjun kommer gå åt det håll som du tar den och ta den tid som det tar. Du kommer givetvis vara helt anonym och vi vill ha dina ärliga svar.

General

- Du kommer vara anonym i denna studie, har du något speciellt du vill kallas? - Annars hittar vi på något efteråt.
- Får vi spela in intervjun?
- Ålder/Yrke/sysselsättning

På en skala 1-10, hur involverad är du i privatekonomi?

Sparar du i fonder eller aktier?

Har du gjort aktiva val i ditt pensionssparande?

Sustainability :

Vad tror du är den allmänna uppfattningen om vad hållbarhetsbegreppet innebär?

Direkta frågor:

Är det här även definitionen av hållbarhet för dig?

Följdfråga:

Om inte, vad är din definition av hållbarhet?

Sustainable funds:

Hållbara fonder är idag en stor global trend, trots detta finns det ingen klar definition på vad hållbara fonder ska innebära i realiteten eller bestå av på marknaden.

Vad är din definition på vad en hållbar fond är?

Direkt fråga vid oförståelse:

I dagens investeringsmiljö, vad tycker du är/vilken är din uppfattning av vad en hållbar fond är idag? / hur tycker du begreppet hanteras i dagens investeringsmarknad?

Dual interest:

Hur ställer du dig till risk och avkastning generellt?

Direkt fråga:

Hur ändras din syn gällande vilken risk du är benägen att ta om fonden har SEE (sustainable, ethical, environmental) ändamål och inte enbart ekonomisk avkastning som incitament?

När du bestämt dig för att investera, vad prioriterar du högst - finansiell avkastning eller miljöpåverkan? /eller nedan/

Är det viktigt för dig att både överväga finansiell avkastning och social och miljömässig påverkan när du bestämt dig för att investera?

Trust:

Hur stor är din tillit för hållbarhetsbegreppet och när det används för att definiera en produkt/företag/fonder?

Hur ser din tillit ut gentemot hållbara fonder på marknaden idag?

Positionering inom de tre existerande strategierna:

Det finns tre huvudsakliga strategier för hållbar fondförvaltning, inkluderade, exkluderande och shareholder-activism, även kallad engegemangstrategin. Dessa innebär att man antingen inkluderar de företag inom en bransch som är s.k "best in class" - alltså bättre än sina konkurrenter ur en hållbarhetssynpunkt, eller att man istället exkluderar företag som inte går i linje SEE (alltså social, ethical, environmental) policies. Den sista strategin baseras på att man som investerare själv ska använda sitt investerande för att påverka de företagen man är involverad med.
Nu kommer tre exempel ges för respektive strategi, varefter du får tar ställning för vilken du anser bäst.

- Exkluderande: undvika/utesluter vissa ändamål från sin portfölj.
  - t.ex. investera i en fond vilken har uteslutit investeringar inom arktisk olja och gas, bolag inom kolkraft eller fossila bränslen.
- inkluderande: att man aktivt tar med.
  - t.ex. best-in-class
  - T.ex. om man har en bransch som pappersbruk, så investerar man i det "bästa möjliga" företaget - sett utifrån en hållbarhetssynpunkt.
- shareholder activism:
  - Aktieägare som kan utnyttja sin rösträtt till att driva verksamheten mot mer hållbara alternativ.
  - Man kan investera medvetet i företag som man vill förändra och använder sin rösträtt för att göra så, mot ett mer "hållbart" företagande

Vilken skulle du föredra att investera i och varför?

Potentiell följdfråga om det inte nämns:

Varför väljer du bort de andra?

Ideal picture of sustainable funds:

Nu när du hört de strategierna som ofta används för hållbara fonder och tagit ställning till vilken du föredrar:

Hur skulle en optimal hållbar fond se ut för dig/vad skulle tas hänsyn till/väljas bort?

Direkt fråga:

Skulle du investera i en större andel hållbara fonder än vad du gör i dagsläget om de såg ut enligt din tidigare beskrivning?

Följdfråga:

Varför tror du att du prioriterar så här?

Concluding questions:

Vad är din känsla inför hållbara fonders framtid?

Finns det något på ämnet som du känner att du inte fått möjlighet att ta upp?

Då får vi tacka dig för din medverkan!