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Submitter Information

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General Comment

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Dear Mr. DeWitt:

I appreciate the work by the Department of Labor for taking the time to review comments like my own during the process of finalizing the Department's recently proposed guidance on environmental, social, and governance (ESG) investing. As someone responsible for overseeing investment portfolios for a variety of individuals and businesses I am grateful for the government taking action to protect investors and codify fiduciary duties through a noninvasive means.

ESG investing, as it has come to be known in common parlance, is an investing strategy that I believe works counter to the most fundamental responsibility of money managers: maximizing returns for clients.

This responsibility has been codified in a number of statutes but there are still money managers that neglect this duty to maximize returns and ESG investing is just the latest trend that tempts managers away from returns. ESG investing was essentially created out of societal pressures on corporations, demanding that corporations embrace the idea of being mindful of (read: responsible for) external 'stakeholders' that are tangentially affected by a corporation's activities. This 'stakeholder' terminology has been pushed and broadened to encapsulate environmental and social issues that seldom matter to corporate operations, interests, and bottom line. The popularity of ESG concerns has spurred many fund providers, like Blackrock, to provide options

with an emphasis on ESG matters instead of more traditional, healthy and profitable companies or funds.

To me, it is especially important to protect retirement and pension funds from ESG investing through the Employment Retirement Income Security Act. A large number of investors are actually in the market through retirement and pension funds not through portfolio building practices and as a result the fund managers must be crystal clear in their strategies. Allowing for ESG investing only makes the available strategies murkier. Moreover, much of middle class America relies on responsible management of these funds to build a nest egg. Should the country entertain the allowance of investment activity that isn't in the interest of maximizing those returns?

As Alicia Munnell, a former Treasury Department official under President Clinton and her colleague Angi Chen wrote<http://crr.bc.edu/wp-content/uploads/2016/11/slp_53.pdf> “While social investing raises complex issues, public pension funds are not suited for this activity. The effectiveness of social investing is limited, and it distracts plan sponsors from the primary purpose of pension funds – providing retirement security for their employment.”

As an operator of a company that deals frequently with retirement and pension funds I have come to believe that a clear objective is essential to success. For fund managers it is, and should always be, to maximize returns. I am looking forward to the Department's finalization of the proposed rules. I suspect many Americans are also looking forward to the security of knowing their retirement is being managed properly.

Regards,
Robert Graham
CEO of REI Global Partners
Former CEO of RG Capitol