PUBLIC SUBMISSION

Received: November 07, 2021
Tracking No. kvp-ypf1-amw7
Comments Due: December 13, 2021
Submission Type: Web

Docket: EBSA-2021-0013
Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights

Comment On: EBSA-2021-0013-0001
Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights

Submitter Information

Name: Stephen Hoedt

General Comment

As a successful professional investor with over 30 years of experience, the only ESG factors that have shown any efficacy in terms of stock selection are corporate governance factors; none of the others mentioned in this rule hold any water in terms of generating positive investment performance relative to the market. If you think about this, it makes perfect sense, as companies that have strong governance metrics often have strong "quality" metrics. My work has shown that quality outperforms over the full market cycle, so any ESG factor that mimics quality latches onto the same positive performance coat tails. It is not that the firm is focused on ESG per se, as much as it is that firms with strong corporate governance (i.e. board independence, etc.) also have a strong management culture that leads to success generating financial results. My work has not shown that there is any positive performance correlation for any of the other broad areas that this rule suggests allowing to be used for investment criteria. Given this, I suggest that this rule be abandoned, as it does not take into account the best interests of the broad-based investor community, which should be focused simply on one goal: generating solid investment returns to meet financial goals.

The above is my personal opinion alone and I do not speak for my employer, KeyBank N.A., on this, or any other, public policy issue.