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Overview: "Responsible" investing: Expressing personal values in your portfolio

April 29, 2019
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The seventh habit in Stephen Covey's bestseller *7 Habits of Highly Effective People* focuses on the need to "sharpen the saw." Regardless of your profession, fresh insights and evolving knowledge are required to keep your skills sharp.

As a CERTIFIED FINANCIAL PLANNER™, building financial plans and crafting investment strategies for clients since 2008, I've seen first-hand the growing interest in and preference for investing in companies that are perceived to be making relatively more intentional contributions to the greater good of society.

So, I decided to sharpen my saw by pursuing specialized expertise in this type of investing. In March 2019, I completed the Chartered SRI Counselor™ designation. It is a program administered by the College for Financial Planning utilizing research and content from the U.S. Forum on Sustainable Investing. The curriculum provides a broad lens on the history and trends of Socially Responsible Investing (SRI).

Several of my clients already utilize investment funds that apply preferences that are more aligned with their values. But in a constantly evolving environment like global investment marketplaces, there is always something new to learn.

In a series of articles here, I will provide some historical background on these strategies as well as framework for decision making when deciding why, when and how to incorporate this theme in your portfolio. To start, there are the following seven parts:

Part 1: What is SRI/ESG Investing? – There are many acronyms with varying interpretations to define these investment preferences. What began as Socially

Responsible Investing evolved for some to become Sustainable Responsible Impact investing. The next iteration that seems to now have the most traction is ESG – Environmental, Social and Governance investing.

Part 2: SRI/ESG Investment Characteristics – What is the risk/return profile of this investing emphasis? Do you have lower expected returns or less diversification? Is it expensive?

Part 3: How are SRI/ESG strategies implemented? – Going beyond theoretical views to applied tactics, SRI strategies are implemented in a variety of ways across the global marketplace for stocks and bonds.

Part 4: SRI/ESG investments in company retirement plans – Here's what to do if your company's retirement plan does not offer SRI/ESG-focused investment choices.

Part 5: Conflicts and failures of investment managers and corporate executives to advance SRI/ESG interests – World economies, investor behavior and the interests of shareholders are imperfect, leaving some contradictions.

Part 6: Taking action to own SRI/ESG funds in your investment accounts – If SRI/ESG issues are compelling to you, there are several questions to ask yourself or work with your advisor to determine how to move forward revising your investments.

Before digging in, enjoy my favorite cartoon that is loosely related to investing in the future. Responsible investing isn't all about the environment but air, water and climate do draw a lot of attention in this space.