

Your Investments. Your Values.

A Quick Dive Into Values-Based Investing

WHAT IS VALUES-BASED INVESTING?

Values-based investing aligns your investment portfolio with your personal values. Essentially, it is building an investment portfolio that fits your personal beliefs, values and preferences.

Values-based investing can go by several names such as Socially Responsible Investing (SRI), Environmental/Social/Governance (ESG) and, Impact Investing.

Socially Responsible Investing uses certain criteria to screen out certain companies from the portfolio. While there are many criteria, some of the most common are what I like to refer to as the ATF Companies: Alcohol, Tobacco and Firearms. The key is to try to filter out companies that the investor finds objectionable based on the company's activities and the investors personal beliefs.

The **Environmental/Social/Governance (ESG) Investing** approach is to invest in companies based on favorable environmental, social and governance categories. The companies' approaches to Climate Change, Toxic Emissions, Clean Technology, Health of Employees and Customers, Community Involvement, Ethics and Diversity are ranked by various companies. This allows an investor a way to position their portfolios in companies that tend to score higher in the overall ESG categories.

Impact Investing is a relatively new area that refers to investing for both a financial and social benefit. Since it can be interchangeable with the other two and, indeed, has different meanings for different investors I will not take too much time on it here. However, some basic Impact Investing themes are Resource Efficiency, Sustainable Products, Clean Infrastructure, Healthcare and Education.

SHOULD YOU CONSIDER VALUES-BASED INVESTING?

There are few reasons besides your personal values to consider Values Based investing. First, the world is changing. Global challenges such as flood risk, sea level rise, demographic shifts and other pressures are creating new risk factors that have not been as apparent before.

Aside from the world changing, investors are changing. The next few decades could see an increase in the investing population that demands more of their investments and the companies in which they invest.

Also, data is more available. According to the Governance Accountability Institute, over 75% of the companies in the S&P 500 publish a Corporate Responsibility Report. Several research companies also produce ESG ratings, scores and databases that make it easier to incorporate Values-Based Investing into your Investment Plan.

Finally, it could just make sense. It can help you try to assure that you are not putting your money toward something you oppose for moral or religious reasons.

CONCLUSION

Whether or not you consider Values-Based Investing is up to you. At Williams Financial Planning, Inc., our process begins with a conversation. We want to know what is important to you. Once we understand you and your preferences, we can customize portfolios that are more in line with your personal values.

Contact Us today so that we can begin a conversation.

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