

What you need to know about...

ETHICAL INVESTMENT

Ethical investment (also known as socially responsible investment) exists to allow people to invest in companies that make a difference, and to avoid companies which negatively impact on society, the environment or other important issues.

This may be important to you if you have strong beliefs in a particular area.

Which issues do ethical funds take into account?

This varies enormously from fund to fund, as each will have its own aims. However, many funds will be concerned with some of all of the issues listed below:

- Animal testing
- The arms trade
- Corporate social irresponsibility
- Directors' excessive pay awards
- Genetic modification
- Global warming
- Human rights
- Nuclear waste
- Pesticides in food and water
- Pornography and the exploitation of women
- Poverty at home and abroad
- Racial or sexual discrimination
- Global warming
- Tobacco
- Gambling
- Unequal opportunities
- Workers' conditions

Why consider ethical investment?

Because if you don't think about it, then the chances are that you could find your money invested to further issues which you do not support. Take a look at the above list and pick an issue that is important to you; would you want to support a company that promotes or ignores such issues? If not, then you may consider investing ethically.

This is a rapidly expanding sector - with over £6 billion invested in it, according to EIRIS.

How does ethical investment work?

There are different types of funds which cater for different approaches.

- Negative screening
This is the form that most ethical funds take. They will operate from a set of principles, often governed by external, independent criteria. This will therefore rule out any companies which do not match up with this criteria. For example, if a company tests on animals, the fund will exclude it.
- Positive advancement
This type of fund seeks to invest only in companies which have environmentally sound practices.
- Engagement
These funds will not exclude companies from their investments. However, they take a positive engagement approach seeking to raise important issues with the companies that they invest in, from a position of strength as shareholders. These funds seek to gradually raise standards through encouragement of best practice.

Don't ethical funds underperform compared to other funds?

Not necessarily. Many ethical funds come close to the top of their investment sector, probably because the fund managers get to know who they invest in. One thing that is true, however, is that ethical funds are often more volatile than ordinary funds, simply because of the reduction in the available companies. You should only take action in this area if you have proper advice.

How to choose an ethical fund

There are over 80 ethical funds on the market, so choosing the right one can be difficult without qualified, unbiased financial advice. We have specialist tools to enable us to compare the criteria of the different funds, to be best able to match them to your concerns. Once this has been done, we can show you which has the best track record, and also to help you to manage the risks.



Why use us?

1. Free initial consultation
2. Guaranteed satisfaction with our advice
3. Fee based - no commission hungry salesmen
4. Fully independent from insurance companies
5. State of the art research tools
6. Regular contact and services to suit your needs

The Colchester Centre
Hawkins Road
Colchester
CO2 8JX
01206 266882
advice@woodruff-fp.co.uk
www.woodruff-fp.co.uk

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