Options For Socially Conscious Investing

Expert advice from CPA/CFP Darren Zaragola on options for Socially Conscious Investing – how to invest in companies that are looking to improve the world. Q1 2021 hedge fund letters, conferences and more An Increase In Socially Conscious Investing As more of us become concerned about climate control and environmental dangers, there has been an […]

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An Increase In Socially Conscious Investing

As more of us become concerned about climate control and environmental dangers, there has been an increase in Socially Conscious Investing (SRI – Sustainable, Responsible and Impact Investing).

"These are companies that are looking to improve the world, or at least not allowing it to deteriorate any farther," says Darren Zagarola, a Certified Financial Planner and CPA with the wealth management firm, EKS Associates in Princeton, NJ. "It's led to an increase in socially-conscious investing, often through mutual funds and Exchange Traded Funds. It's not

a one-size-fits-all approach. Some funds focus on the environment and climate change, while others concentrate on labor management, diversity, human rights, and other issues."

Whereas SRI once focused exclusively on excluding certain companies from your portfolio – guns, tobacco, racial injustice – it now also focuses on investing in companies that are taking proactive measures to do the right thing.

But can SRI also benefit your bottom line?

In fact, recent studies from Wall Street firms and academia show these funds more than hold their own when it comes to return on investment. Sustainable funds that have been around for seven years or more had higher or equal median returns to traditional returns 64 percent of the time, according to a recent review by Morgan Stanley. Morningstar gives a 4-star or 5-star rating to more than a dozen of these socially-conscious funds. Bloomberg counted more than 200 funds and ETFs that qualify as SRI (or ESG), and some have shown a return of 25 percent or more so far this year.

"The bottom line is you do not need to sacrifice return to combine your investment strategy and personal values," Mr. Zagarola says.

About Darren Zagarola

Darren Zagarola, Certified Financial Planner and CPA with the wealth management firm, EKS Associates in Princeton, NJ is available about this topic and many other topics related to financial and retirement planning. **For arrangements contact:** Steve Clark, Andover Communications, sclark@sbhny.org.

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