

BUSINESS REVIEW

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You can make money, and sleep well, too

By Carol Knapp

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A growing number of shareholder activists are finding that it's possible to profit from investments customized to fit their personal beliefs. However, the community of financial professionals dedicated to socially responsible investors remains small more than 20 years after the term was coined, according to one southwest Michigan expert.

"There are still not too many investment advisers who offer this service to their clients. If you call 10 companies, you might find one that does," said Coleman Long, vice president and senior research analyst for **Greenleaf Trust** in Kalamazoo.

"We don't take a particular (social) view ourselves. What we're looking at are the best opportunities in the market for clients interested in socially responsible investing, whatever that means to them.

"We're the responsible fiduciary to make sure our clients are investing in ways that match their values.

The best case is when you work with them to match their values to strategies that earn them competitive returns."

Greenleaf Trust relies on the Domini 400 Social Index, a socially screened version of the S&P 500 developed in the mid-1980s to identify companies that have, on balance, a positive social record as defined by the individual investor, Long said.

"The Domini Social Equity Fund uses qualitative screening

to identify companies that have positive social and environmental records based on a number of issues, including community relations, diversity, employee relations, human rights and product quality."

The index can help investors determine whether there is a cost or benefit in dollars and cents to values-based financial planning, Long continued.

For example, would an investor who chose not to invest in tobacco companies or nuclear plants or weapons manufacturers, for example, perform better or worse financially than investors who didn't consider these factors?

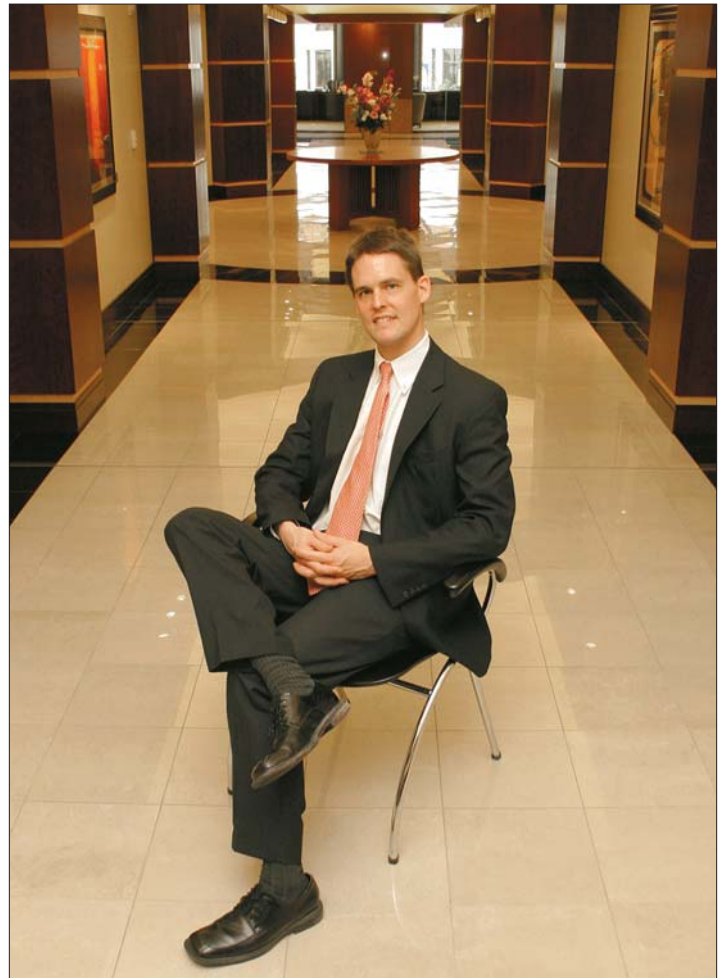
As of November 2005, the social index had outperformed the S&P 500 for a decade, muffling the debate concerning the impact of social screening on performance, Long said.

Some advocates for socially responsible investing point to this high performance as evidence that social screening can enhance returns by avoiding risks most markets don't efficiently price into their stocks, he added.

Jim Everett, senior financial adviser with **Ameriprise Financial Services**, St. Joseph, said the energy sector is currently in vogue among clients who are interested in making socially responsible investments.

"For example, I've done a lot of research for clients who want to invest in clean-energy alternatives like wind or solar power," Everett said.

"Given someone's marching orders, we will find companies our clients will feel comfort-



Long: Looking for the best opportunities. | Photo by Casey Spring

able investing in without compromising on performance.

"You can be pretty specific with your socially minded stance in investing and still make money."

It's most typically individuals or organizations with a lot of money — "more than \$1 million" to invest — who exclude certain companies from their portfolios based on personal

beliefs, Everett explained.

"Among people who have less than that, and consequently may be more concerned about their futures, there may be a disconnect when it comes to realizing that they can stick to their values and still make a profit."

Carol Knapp is a St. Joseph-based freelance writer.