

Breaking down the barriers to ethical investing



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We are seeing increasing interest in Ethical and Sustainable & Responsible Investment (SRI) from clients and many advisers, and through press commentary, but for some advisers this is still an area they are reluctant to engage with for a variety of reasons.

In this article I address some of the concerns (and misconceptions) from advisers that I have come across when discussing ethical investment solutions.

Am I required to ask if clients are interested in ethical investing?

At the current time it is not a regulatory requirement for advisers to talk to clients about ethical, green or SRI investing. However, you are expected to know your clients and offer appropriate advice.

If, however, you are aiming to achieve the best practice adviser ISO standard ISO22222 (BS 8435) then it is a requirement to ask an SRI fact find question.

My clients are not interested in ethical or SRI investing

Unless you have asked the question you cannot be sure that your client is not interested. There are a variety of social and/or environmental concerns an investor may have.

There is increasing interest in this area with substantial and growing media interest in such issues which both reflect and stimulate public interest. It should be considered that although a client may not have expressed an interest in ethical and SRI investing in the initial fact find, several years later this view may have changed.

What are the benefits of engaging with a client on this issue?

If you don't ask the question you could risk a complaint at a later date from the client if this was something they would like to have discussed. You could even face the scenario of losing the client to another adviser.

A more positive aspect to asking the question would be that it could open up new client bases and referrals. Anecdotal evidence also suggests that discussions with existing clients can help further cement relationships.

There aren't enough funds to choose from

In the past the choice of funds was limited but the market has grown and the universe is growing constantly. We undertake careful analysis to ensure that any funds under consideration meet all of a client's ethical requirements. Using funds which meet [Whitechurch ethical portfolio screening](#) requirements we have been able to build well-diversified portfolios investing in UK equities, overseas equities, fixed interest, property and exciting growth areas such as water and alternative energy.

Ethical funds perform poorly

Historically ethical funds have not always performed well as they tend to exclude certain stocks and sectors of the market such as tobacco or oil. However, the market is changing and new opportunities are opening up which is helping to improve performance.

Whitechurch Ethical investment portfolios adhere to a predefined and comprehensive set of ethical requirements which we believe will fit the needs of most investors. One year on from launch we are pleased with the performances so far, details of which can be found on our website – [Ethical Investment Commentary](#).

Following several conversations with advisers, we are running a series of monthly features about ethical investing. Watch out for next month's update which will look at how to discuss the subject with clients.

Meanwhile, if you would like more information on the Whitechurch Prestige Ethical Portfolios please contact our [Business Development Team](#) at dfm@whitechurch.co.uk or call 0117 916 6175.

The Whitechurch Investment Team

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