booster making sense of money

# Client Update

JIGSAW SOLUTIONS GROUP

## Responsible Investing

There are six Principles of Responsible Investing (PRI) set in motion in 2005 by Kofi Annan of the UN. However, investors are increasingly looking for responsible investment to be clearer across the investment world.

### What's responsible investment?

Responsible investment (RI) is an holistic approach to investing that **includes** environmental, social and governance (ESG) factors into all investment decisions, to better manage risk and generate sustainable long-term returns. Unlike Socially Responsible Investment (SRI), RI does **not** typically just rule out investing in any sector or company. It simply means including ESG information in investment decision-making.

SRI, on the other hand, typically only **excludes** certain sectors or industries. Exclusions are based on values, ethical or moral grounds, and cover areas such as alcohol, gambling, tobacco, all weapons and, more recently, fossil fuels.

In short, RI includes ESG factors – a positive approach – while SRI excludes investments based on certain criteria – negative screening.

### So who was the genius who thought SRI and RI aren't confusing?

Good question!!! And quite frankly, we don't know. Even most RI specialist organisations shake their heads in bemusement.

### What are examples of ESG?

There are many environmental, social and governance factors, which often shift. Typically, they include:

**ENVIRONMENTAL**

- Climate change
- Greenhouse gases
- Overuse of resources
- Waste & pollution

**SOCIAL**

- Working conditions
- Child labour
- Community impact
- Health & safety

**GOVERNANCE**

- Board diversity & structure
- Pay levels
- Bribery & corruption
- Lobbying & donations

### Market update – February

- ❖ Share markets regained ground as February progressed, recovering most of the declines from the start of the month. While portfolios with an allocation to shares finished the month lower, the effect was much less than one might think from reading the newspaper! A Balanced portfolio finished February down less than 2%, well within the normal range of monthly results and still up close to 7% over the last year.
- ❖ During February's volatility, portfolios' small but growing investments in unlisted NZ businesses and horticultural land did a good job of smoothing some of the effects of the share market volatility.
- ❖ On the NZ share market, the demise of construction insurer, CBL Corporation, has been at the forefront of the media's focus recently. It has rightly grasped their attention given only a month ago it was valued at $750 million and now it looks to be worthless.

Content for this newsletter kindly supplied by Booster