

A guide to 'Good Money'...

Financial advisers



www.goodmoneyweek.com

Because your clients are asking about it...

Baby-boomers and millennials are increasingly asking how climate change and other environmental, social and governance (ESG) issues will affect their investments.

They hear about these issues frequently in the news - Good Money Week alone gets nationwide media coverage on TV, radio, newspaper and social media - and are looking for informed advice on the implications for their investments.

'Good Money' refers to environmental, social and governance issues as well as financial returns. In the City, investments that integrate ESG are often called "Responsible Investment" or "RI". That's all the jargon you need to know, now let's explain the main aspects!

- Mitigates investment risk in companies with poor ESG practices, e.g. Volkswagen, Tesco, Sports Direct
- Provides investment opportunities in e.g. clean technology, recycling and green energy etc.
- Provides investments which reflect client concerns and sensitivities, e.g. tobacco-excluded funds, animal testing

Why all of this is good for your business

Strong returns. A recent survey of over 2,000 empirical studies on RI showed a positive correlation between ESG standards and corporate financial performance

Respond to client concerns about ESG issues. Some will tell you about them, some won't!

Longer term relationships. IFAs in UKSIF report that clients who have discussed RI bring in new assets for management, give more referrals and are longer term clients

Know your customer. By including questions on the client's attitude in the fact find advisers are meeting the FCA's KYC requirements

Risk mitigation. The impact on share prices of SRI events such as Volkswagen scandal show that mitigating them can be an important and distinctive part of your proposition such as the environment, ethics and social issues

Useful facts!

- RI has evolved over at least 200 years. Increasingly it is used by leading fund managers who adopt a wide variety of approaches from excluding stocks to integrating SRI factors into fundamental analysis
- Lots of research says RI can boost corporate performance and is at worst neutral. Clients are typically more concerned with reducing risk, so this is useful
- There are over 80 UK funds to choose from in all major asset classes: UK and international equity, fixed income, property
- The Pensions Regulator which oversees all DC schemes is pushing responsible investment for trust-based DC funds, RI is beginning to be integrated into the default scheme of workplace pension schemes, e.g. the RI option in NEST

Next steps...

- Visit the [Good Money Week Adviser page](#) for links to fund lists, reports, questions to ask your clients and more help
- Join UKSIF – there's a special interest group for FAs, called the Ethical Investment Association