

# Is Socially Responsible Investing For You?



## What is SRI?

**SRI is the conscience of your portfolio.**

Socially Responsible Investing (SRI) is using Environmental, Social, and Governance (ESG) factors as a lens through which to view the overall Investing landscape

- A way to use your portfolio to reinforce your values and make a positive impact on the world around you
- Socially Responsible Investing (SRI) is not a charitable activity
- We believe that investors can achieve market-like returns without sacrificing their values, that you can “do well while doing good”

## Why SRI?

**SRI may offer strong returns and promote strong culture.**

- In 2021, the Morgan Stanley Institute for Sustainable Investing released a study **Sustainable Funds Outperform Peers during 2020 Coronavirus**. In a year of extreme volatility and recession, funds focused on “on environmental, social and governance (ESG) factors, across both stocks and bonds, weathered the year better than non-ESG portfolios.”
- A study by Harvard Business School found that companies that developed organizational processes to measure, manage, and communicate performance on ESG issues in the early 1990s outperformed a carefully matched control group over the next 18 years.

### 1. Exclusionary Screening

Excluding stocks from the portfolio, avoid owning businesses involved in areas of concern. An example is avoidance of fossil fuels and weapon producers.

*A way to avoid profiting from work you find immoral or harmful.*

### 2. Positive Screening

Including stocks in the portfolio which score well on factors of concern, such as carbon footprint, diversity, and treatment of workers.

*A way to reward companies which have taken positive steps in the right direction.*

### 3. Shareholder Advocacy

Stock ownership as an endeavor to positively influence corporate behavior. Efforts include initiating conversations with corporate management on issues of concern and submitting and voting proxy resolutions. These activities are undertaken with the belief that social investors, working cooperatively, can steer management on a course that will improve financial performance over time and enhance the well-being of the stockholders, customers, employees, vendors, and communities.

*A way to actively influence companies to move towards a better world.*

### 4. Impact Investing

Capitalizes businesses that potentially provide social or environmental impact at a scale that purely philanthropic interventions usually cannot reach. This capital may be in a range of forms including private equity, debt, working capital lines of credit, and loan guarantees. Examples in recent decades include many investments in community development finance, and clean technology.

*A way to use your wealth to make a positive, direct impact in the world we all share.*



**For more information, please contact us at:**

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**Disclosures**

<https://www.ussif.org/performance>

<https://hbr.org/2019/05/the-investor-revolution>

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