

**socially motivated investing**  
investments that can change the world



# While your investments work for you they can also help others.

## Do you want to know how?

Increasingly people are realising that there is more to good financial planning than the accumulation of wealth. As a socially minded person, you are looking for investments that offer a 'double bottom line' – providing a good potential return for you whilst making a positive impact on the environment and other people's lives.

A new market has emerged that offers opportunities for, what are termed, socially responsible investors. Whether your interest is in saving the planet, making poverty history or staying true to your moral or ethical code there will be a choice of funds, ventures or businesses that you can put your money into. At Truestone we help you to understand exactly what these options are and the associated risks and returns.

Truestone has been involved for many years in philanthropic activities and ventures; helping to found and fund a number of local and international charities. Our work and our interest in areas such as this have allowed us to build up a deep understanding of the market for both socially motivated and socially responsible investing.

## Ethical, green, ecological, environmental, socially responsible, microfinance – what does it all mean?

The market for socially responsible investments is still relatively young as is the market terminology which requires some explanation.

There are three key areas of impact that a potential investor might choose to support:

**People** – Financing medical or educational needs, developing fair trade, providing housing and amenities for the disadvantaged and disabled and helping to lift individuals and communities out of poverty

**Planet** – Supporting businesses that help preserve the environment through good working practices or developing technology that can help sustain resources. These are often referred to as green businesses

**Ethics** – Avoiding businesses that deal in certain products such as in tobacco, alcohol, armaments, gambling or pornography or those that exploit employees and suppliers, particularly in developing nations

There will be some overlap between these areas. For example many businesses that benefit people are also highly likely to be environmentally responsible and ethically run.

The other consideration an investor will need to take into account is the degree to which they wish to support any of the above. Again, there are three alternative approaches:

**Providing investment** – Through diligent research it is possible to find opportunities for direct investment into well run socially responsible businesses, ventures and funds. Alternatively indirect investing can be organised through micro-finance institutions that specialise in lending to people, communities and businesses that would not normally be able to access capital.

**Screening** – Many investment opportunities are now 'screened' against socially responsible criteria. This is a process used by investment managers to exclude or include industries and businesses according to their performance against set environmental or ethical standards.

**Engagement** – As an alternative to outright exclusion of certain industries and businesses from an investment, investment managers may 'engage' with them; lobbying from a position of power to change socially irresponsible activities.

## How much impact do you want to make?

As an investor you may want to ask yourself a couple of key questions about your own personal preferences:

- What area of impact means the most to me?
- What level of impact do I want to make?

## Socially motivated investing

At Truestone we believe that the most important impact you can make is one that changes people's lives for the better; what we term socially motivated investment. As a result, we research the market to identify opportunities for direct investment through equity or loans, into businesses and ventures or funds that genuinely help disadvantaged people and communities build themselves a more prosperous future. But this is not charity. This is about investment that is designed to provide a healthy return on capital. Given the increasing marketability of produce from developing nations it is possible to see how returns from certain ventures will bear comparison with more traditional opportunities. Many people from the investment industry now view this sector as a major growth market for the future.

## We can reduce the risks

Any investment involves a certain amount of risk. Through our detailed and thorough research process we aim to significantly reduce the risks for our clients.

Before we consider offering any investment opportunity it must meet the required standard against a number of stringent criteria which measure financial stability as well as the social impact. There are many good business ideas and established funds to be found out there but we select only a small proportion of them as suitable for investment.

We analyse:

- > Liquidity
- > Balance sheet data
- > Longevity – we rarely select start-ups
- > Leadership
- > Whether a business is investment ready
- > Access to capital

Only if a business can pass all the tests will it be placed on the Truestone panel of opportunities.

## All or nothing?

Our socially motivated investment service can be accessed as part of our overall financial planning and investment management service.

As investment managers we insist that clients take a balanced view when it comes to including these types of opportunities in their portfolio. Our service is designed for clients who have significant assets to invest and generally a small proportion of the overall portfolio will be directed into socially motivated schemes. That money however will make a big difference to many people across the world.

**If you are ready to help make a positive impact by using your investments to help others, call us now on 0845 362 8425 or email us at [socialinvestments@truestone.co.uk](mailto:socialinvestments@truestone.co.uk) or visit the website at [www.truestone.co.uk](http://www.truestone.co.uk)**

## The nature of socially motivated investment opportunities

Socially motivated investment opportunities focus on transforming people, communities and the environment. They may be UK based or overseas, particularly in developing nations where finance is difficult for locals to source. Very often you will find that socially motivated ventures are also ethically run and act to preserve the environment. The following examples will give you an idea of the types of venture that we believe could deliver a good potential financial return whilst helping others to build a better future.

**An established jewellery business** sourcing its precious metals (gold and platinum) from an artisan mining cooperative in Peru and Colombia where care is taken not to damage the environment when mining and processing (a typical wedding ring on the market through traditional sources creates three tonnes of toxic waste). Fair prices are paid to workers for their labour. Truestone clients are investing to help develop the business. The founder of the company is a leading international authority on the processes and impacts of mining and creating the finished jewellery. Products are now retailing in the UK through specialist boutiques and top designers.

**A mineral water business**, initially financed by a number of high profile investors. This company produces a mineral water with 100% of its profits going to create clean water supplies in Africa and India and cleaning rivers in the UK. The company has launched the UK's first fully biodegradable bottle. Made from corn, it generates less greenhouse gases and could help end our reliance on landfills. The company does not contribute to climate change. The water is now available at leading restaurants and major supermarkets across the UK.

**A forestry fund** based in Latin America that has as its objectives the sustainable production of teak, high employee welfare and poverty reduction. The company invests in forestry projects in Brazil that regenerate timber forests that have been destroyed.

**A microfinance fund** based in Switzerland that invests in microfinance throughout the world on a diversified basis. Investments are made directly into microfinance institutions in developing and transitional countries. Microfinance enables entrepreneurs in developing countries to lift themselves, their families and their communities out of poverty.

It is important to understand both the risks and the potential rewards that come from investing in opportunities like these. For advice about including socially motivated investments as part of your portfolio email [socialinvestments@truestone.co.uk](mailto:socialinvestments@truestone.co.uk) or call Truestone on 0845 362 8425

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