

# Doing Well and Doing Good

Coming from the founder and CEO of an environmental impact consulting firm, the question made very good sense: Can I invest my values and support companies with eco-friendly policies and products, yet still have a well diversified portfolio with solid returns?

Traditionally, it's been thought that socially responsible investing (SRI) goes hand in hand with lower performance. But now, a fundamental change is transforming the whole concept of socially responsible investing.

Investors are now looking for companies of all sizes and sectors that use innovation to promote the safety and well-being of the environment. According to Fauzia Rashid and Christopher Walsh of Spectra Fund, recent studies have suggested a high, positive correlation between companies that practice eco-efficiency and share price out performance. Being green and being innovative often go hand in hand.

Examples of innovative companies are all around us. Auto companies, at the forefront of "going green," have responded to the challenge of designing and producing fuel efficient or alternative energy cars. Toyota's hybrid car, the Prius, made headlines with its emission-free motor to achieve fuel economy. Honda comes out next year with its limited production Honda FCX which runs on a hydrogen fuel cell. We're fortunate in Orange County to have a hydrogen fuel cell station at UCI on the corner of Jamboree and Campus. It's not just cars; it's a way of doing business that can be eco-friendly. By being totally web-based, DealerTrack holdings provides an auto financing network that allows lending institutions, car dealerships and credit reporting agencies to save on paper.

One of the most visible examples of a company that lives its values and benefits its shareholders at the same time is Starbucks. It does everything from conserving beans to paying coffee farmers more if they harvest the beans a certain way to ensure sustainability of their fields.

Croc, a manufacturer of footwear and apparel, has made a name for itself not only for its shoes but for its environmentally friendly manufacturing process. It uses only one material – croslite – so less energy is consumed. Crocs is also working

on a recyclable shoe and to its credit, the company encourages all of its employees to recycle everything in their office. Deckers is another shoe company that makes pure, environmentally-friendly products. Smaller companies like these attract attention because of their environmentally sound business practices.

On the energy front, Calpine Corporation last month unveiled an ambitious plan to pump up its geothermal power source. The overhaul of the Crump Geysers geothermal project is evidence of the strong demand for cleaner energy in California. Recent legislation aimed at reducing greenhouse gas emissions is prompting utilities to ramp up their use of energy from water, wind and sun. At the other end of the capitalization range is British Petroleum, which has built its significant brand around developing environmentally-friendly energy sources.

The new awareness that stakeholders are looking for eco-friendly policies as well as products is changing the way businesses think. As the cost of energy rises, many companies will be building green buildings, knowing that the up front cost may be 15% to 20% higher, but that they will enjoy 30% lower operating costs year in and year out for the next 20 years.

Investors today have more opportunities to invest in ways that can make a difference than they ever have in the past. Just look around and you'll see many examples. As with any investment, start by identifying your income/growth goals. If you use funds, read the prospectus for information on the fund objectives, strategy, risks and costs. Remember, past performance is not a predictor of future performance and all investments have risk. That said, some resources to check out are:

**Green Money Journal** [www.greenmoney.com](http://www.greenmoney.com)  
**Domini Social Investments** [www.domini.com](http://www.domini.com)  
**Parnassus Investments** [www.parnassus.com](http://www.parnassus.com)  
**Legg Mason Investment Counsel's Socially Responsive Investing Group** [www.lmicus.com](http://www.lmicus.com)

Victoria Collins, Ph.D., CFP®, was named among the Nation's 100 top wealth advisors in Robb Report/Worth Magazine. Victoria is a principal with The Keller Group and she can be reached at (949) 622-3790, or by e-mail at [vcollins@kellerinvest.com](mailto:vcollins@kellerinvest.com).