

Magenta

FINANCIAL PLANNING

Planning with Passion



THE MAGENTA GREEN MONEY GUIDE

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Everything you need to know about making your money more Green, Clean and Kind

Almost all of us want to make responsible choices in life and we are now, more than ever, aware of the global challenges we face in the world. Environmental issues, human rights and climate change.

Many of us are also starting to care more about how our behaviours affect the planet and its people. In our homes we are swapping the products we buy for those that are more environmentally friendly, as we consider our impact on recycling, waste and pollution.

For many this mind-set is also changing the way we want to manage our finances. We've put this guide together to help you understand more about your ethical, responsible and sustainable investment options.



HOW TO CHANGE THE WORLD THROUGH YOUR MONEY

At Magenta we are keen to give clients the opportunity to invest in a way that makes them feel confident that they are using their money not only to benefit themselves and their family, but also for the greater good of society and our planet.

We tend to use the term “ethical investing” as a catch-all phrase to cover ‘responsible’, ‘sustainable’, ‘positive impact’ and ‘ESG (Environmental, Social and Governance)’ to keep things simple, as this seems to be the most widely understood and adopted terminology.

Investing ethically is about diverting money away from companies that are guilty of reckless and irresponsible behaviour when it comes to matters such as the environment, human rights and equality, and instead directing money into companies that first and foremost do not have a negative impact on the world and our society and indeed may even have a positive impact.

In the past, ethical funds that excluded certain types of investments, such as tobacco and weapons, were the only choice if you wanted to match your investments to your values. These funds are still popular but they’re now joined by a range of other options that let us invest responsibly and with impact.

We know from speaking to our clients, that nearly everyone would like to play their part in helping to make the world a better place, however small their contribution. Never has this been more relevant than when we are dealing with a pandemic.

Covid has made a difference – many people have been soul searching as they have had time to think about the future and the bigger picture of their lives, their purpose and motivation. It follows then that many are more receptive to different investment ideas that gel more with their own thinking and values.

KEY QUESTIONS FOR YOU TO ASK YOURSELF



Are there any moral issues you feel strongly about?



Do you know where your pension is invested?



Are you already adopting any sustainable changes in your life (home/car/family), if so what?

LET'S DEBUNK THE JARGON!

The Great British Sustainable Savers Census 2021 by Boring Money, has found that the outlook of investors can be split into 6 "tribes" ranging on a spectrum from 'Eco Warriors' – "environment first, financial gain second" – to the 'Pure Returns' – "I invest to make money and don't really care about anything else." We know this to be true from discussions we have with clients every week.

The good news is we have the skills to help you, no matter where you fall on the spectrum. We have over 15 years' experience of advising about investments in an ethical and sustainable way.

At Magenta, we have thorough processes to help clients invest in a way that gives them a clear conscience, helps them make a genuine difference and makes them feel good while at the same time getting good returns on their money.

All investment options are important. We work with clients to ensure they use their money to reach their personal goals in a way that aligns with their personal values. The following categories are applicable to investment funds and the mandates are specific, so that fund managers can manage them with better control, understanding and confidence.

It can be said that ESG investing is about doing things right - whereas positive impact investing is about doing the right thing.

***"ESG IS WHAT KEEPS YOU UP AT NIGHT,
IMPACT IS WHAT GETS YOU OUT OF BED
IN THE MORNING."***

***- (FORMER PRINCIPLE FOR RESPONSIBLE
INVESTMENT CEO JAMES GIFFORD)***

TRADITIONAL INVESTMENT

- Try to generate a good return without any ethical or negative screening.
- Investment remit is unrestrained or filtered, other than by considering risk levels for an investor.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

- ESG investment primarily focuses on companies' operational practices, i.e. how the business is run and if they have good positive governance. ESG investing will then look to favour those companies that are better than their peers in terms of their operational structure.
- Investors who are keen to see companies behave well eg: don't pollute rivers and care for staff etc, will be attracted to this approach.
- These are also known as responsible or sustainable investments.

ETHICAL INVESTMENT

- Where money is invested, usually in managed funds which focus first and foremost on exclusions, ie screening out companies whose activities are considered harmful to society and the environment.
 - This exclusion usually focuses on so-called "sin stocks" such as tobacco, gambling, weapons and adult entertainment. Other issues screened might include animal testing, intensive farming, nuclear power, genetic engineering, deforestation, and poor human or labour rights.
 - Some people are very keen NOT to invest in certain areas and this is a good approach for them as it screens out controversial sectors but leaves others available.

POSITIVE IMPACT INVESTING

- Money is invested and actively managed in companies, organisations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return.
- This starts with a negative screening process like the other methods outlined and then adds in a further measure of the positive impact screened-in companies have
- Impact investing provides a way of measuring fund performance over just financial returns: the ability to measure the effects of the investment on the world and society
- For those looking to make the world a better place, but not wanting to sacrifice returns or profits, positive impact investing aims to support positive social and environmental issues at the same time as providing good financial returns and an emotional feel-good factor for individual investors.



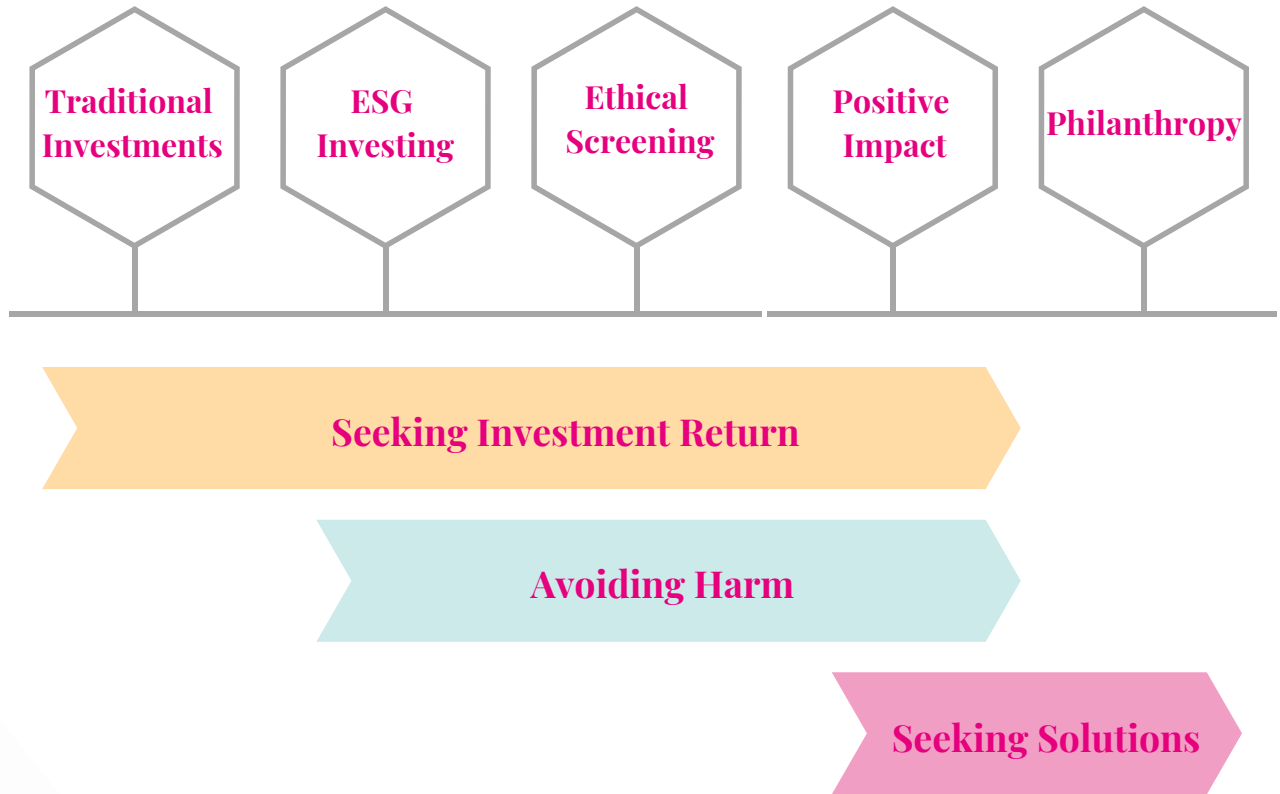
BE AWARE!!



Savvy fund managers and investment brokers have realised that if they market their funds as “sustainable”, “ethical” or “ESG” they will be more attractive and therefore they can sell more of them. It’s the investment equivalent of the word ‘Artisan’ in the food industry, where sometimes very ordinary food is given this title and the price is hiked up. In the investment world this is known as “greenwashing” and should be treated with caution.

If you are really interested in investing in an ethical way, you need to research the available funds to ascertain whether they are investing in the right things for you i.e. positively screening companies to see if they are investing in good things, or whether they are negatively screening i.e. searching out companies that do not do bad things, like investing in tobacco and armaments etc.

THE FOLLOWING CHART IS A SIMPLE VISUAL WAY TO DIFFERENTIATE THE DIFFERENT INVESTMENT APPROACHES:



DO YOU HAVE SPECIFIC THINGS YOU'D LIKE TO AVOID WHEN INVESTING?

1

2

3

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

SUSTAINABLE DEVELOPMENT GOALS



By investing in companies who take these goals seriously, clients can make a real difference, get good returns from their money and benefit from the peace of mind that they are doing their bit.

WHICH OF THESE GOALS WOULD BE IN YOUR TOP 5?

1

2

3

4

5



THE CASE FOR INVESTING MONEY ETHICALLY:

- Investing ethically is 27 x times* more powerful in reducing CO₂, than anything we can do personally, like eating less meat, shorter showers, less consumption.
- Helping create a world you want to live in, as well as your children and grandchildren.
- It really is no longer a choice between doing good and positive returns. It is possible to do both – achieving your financial targets and doing good along the way.
- Statistics show that women are consistently more likely than men to choose sustainable investments! Research by Nordsip.com shows that this is for a variety of reasons, but one may be that women are often more risk averse than men and more inclined to take sustainability into consideration in an investment decision, believing the best way to achieve good long-term return is, to avoid crises, including climate ones.

**This startling statistic was borne out of research conducted by Nordea Investment Management. If you are interested to learn more, their research can be found here: [Nordea Research pdf Doc](#)*



TOP 5 THINGS TO THINK ABOUT

1 **Demand a green pension.** Trillions of pounds of our pension savings are invested in companies each year. Some of these are guilty of reckless behaviour when it comes to the environment, human rights and inequality. Ask about ethical investment options because investing your pension money in green investments could have 117 x the same positive environmental impact of limiting yourself to one return flight a year (Nordea, 2018).

2 **Save well.** Make sure your bank is choosing the greenest, kindest companies by browsing comparison website Ethical Consumer. They rank savings accounts from various UK firms on a number of environmental and sustainable factors. Good with Money also has amazing 'good lists' and 'good guides' to all sorts of financial products.

3 **Don't buy, borrow!** The Library of Things asks 'Why buy when you can borrow?' It's asking consumers to think twice before they buy things and instead to try to borrow them. Lots of common household items are available and you can reserve and collect your items or have them delivered. This may not be available yet in your area, but see what you can do to introduce it.

4 **Switch to green energy.** Did you know you can easily compare green energy suppliers? With the Big Clean Switch you can quickly search for planet-friendly gas and electricity suppliers and they'll make the switch on your behalf.

5 **Find a financial planner** who specialises in good money and will talk to you about what is important to you. Magenta can be found via the Ethical Investment Association



WALKING THE TALK

Magenta is a green business. We are proud to say that it causes no negative impact on the local or global environment, the community, or the economy. It is both socially and environmentally responsible and is focused on implementing principles and practices that benefit our employees, community, and the planet.

We are proud members of UK Sustainable Investment and Financial Association (UKSIF). Magenta proudly contributes on behalf of its employees each month to Ecologi, which directly impacts atmospheric CO2 levels and offsets all our employees carbon footprints each year, as well as funding important climate projects, making the company a 100% climate positive workforce. You can view our ever-growing forest here!



- There is no better time to start thinking about your future and financial planning than right now. Getting to grip on your finances is NOT as complicated as people often make it out to be.

You can listen to what some of our clients have to say about us on the ['Our Clients'](#) page on our website.



NEXT STEPS

Check out these blog posts we have written about the steps we have taken and continue to take to “do our bit” for society and the world:

[Investing for good](#) 

[Doing Good With Your Money](#) 

[Positive Impact Investing - what it means to me, and how investing this way can help local companies.](#) 

[Thinking about purposeful investing](#) 

[Magenta Goes Green](#) 

[Magenta goes Green – half year update!](#) 

[Magenta Goes Greener](#) 

Call us on 01656 760670 for an initial chat

Email us to arrange a chat or meeting on hello@magentafp.com

Book a meeting online [here](#) 

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We are now confident that our financial future is secure, based on investments that not only look after our well being but also that of the world and our grandchildren's future.

William

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