

HAVE YOU ADDRESSED YOUR ETHICAL BLIND SPOTS?

Eradicating ethical flaws in supply chains is high on the agenda for many executive teams and boards, but investments need to be scrutinised with the same forensic eye.

While mainstream funds often say they make ethical investments, it's important to look deeper for two reasons. Firstly, "ethical" as a personal value is purely subjective, so the fund's definition of ethical may not align with yours. Secondly, as we are increasingly witnessing, companies that have all the right credentials on the surface can, whether intentionally or not, have a dirty supply chain. From modern slavery and child labour to environmental damage and insufficient corporate governance, investors are starting to look deeper to eliminate these ethical blind spots.

Whether it is to align with your personal values, a purely financial decision or a combination of both, ethical investing makes sense on a number of levels. Of course, stock exchanges are secondary markets, so while there is the argument that not investing on ethical grounds can't change behaviour, investors are voting with their feet in greater and greater numbers.

The market is a supply-and-demand machine, and with more investors shunning non-ethical options, demand is dropping. Prices will naturally follow. While we are seeing this impact most heavily today on industries with more obvious sustainability issues, such as mining, the next wave is likely to be about cleaning up what goes on behind the scenes.

Use your head

Of course, you must invest with your head, not just your heart, and too strong a focus on values can cloud judgement. However, ethical decision-making is also becoming part of a sound financial strategy. More consumers are making purchasing decisions that align with their personal values — and boardroom, management and supply chain transparency is beginning to have an impact.

While many things remain uncertain as the pandemic recedes, one thing is clear.

Aligning values and goals

Personal values are changing and this has accelerated an already growing interest in sustainability and ethical practices. Those investors prepared to look beyond the obvious and actively seek to eradicate ethical blind spots in their investments are putting themselves on the front foot.

This is where good advice can help you build a portfolio that aligns with your values and financial goals. You don't have time to invest in identifying and addressing these issues in your portfolio, so it's smart to outsource it to someone who does. Look for a firm with an experienced investment team that will go beyond the surface to identify these blind spots. This way, your adviser can leverage a wealth of expertise on investment issues, apply it to your portfolio and ensure your investment strategy is targeted to meet your personal goals and values.

To discuss how Apt Private Capital can help you build certainty in uncertain times, contact Andrew Dunbar MAICD on 1800 801 277 or andrewd@aptwealth.com.au or visit aptwealth.com.au/privatecapital



The information provided in this article does not constitute financial product advice. The information is of a general nature only and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. Apt Wealth Partners (AFSL and ACL 436121 ABN 49 159 583 847) recommends that you obtain professional advice before making any decision in relation to your particular requirements or circumstances.

