



Zevin Asset Management

How I Learned to Start Worrying (About Values) and Escape Traditional Investing

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I came to my work in socially responsible investing because I was bothered by the inconsistencies between the ethical lifestyle I was trying to lead and the investments I was making in my professional life. I came to realize that no matter what I did at home in terms of supporting environmental or social causes or

being a conscious consumer, these positive behaviors and consumer choices were dwarfed by the negative effects of the investments I was making as an equity analyst and portfolio manager at a large conventional asset management firm.

I studied zoology at university because I was inspired by naturalists such as David Attenborough and Jane Goodall, and the world of discovery and ecological balance that they presented to me. The reality of that field was somewhat different than I'd imagined: I spent much of my time in a basement lab collecting data for my thesis, watching defecating worms through a microscope. This was not the glamorous career path I had envisioned, so when I graduated, I trained as a stock analyst for a large, traditional investment management firm, where I learned the rules of finance. I figured that it was useful to know the rules of the game before you set about trying to change the system. I became a portfolio manager, managing about a billion dollars before turning 30. However, I became increasingly disillusioned by the greed I saw around me and was not hopeful that it was possible to drive true change within an established firm. One can tinker around the edges, sure, but not affect the type of radical change needed to disrupt our current paradigm of investor irresponsibility towards social and environmental costs created in their name.

Two events inspired me to make a change in my cushy career. The first was witnessing my colleagues in a serious, straight-faced discussion on the investment merits of child labor. When a large foundation client asked us how we made sure that the companies they were invested in didn't use child labor, we made a few placating noises and upon returning to our desks after the meeting laughed at the question because

it was obvious that child labor is cheap labor and lower labor costs are good for shareholders.

Then there was a research trip to visit a mining company in the Siberian city of Norilsk, above the Arctic Circle. That place looked like a scene from the darkest bit of *The Lorax*. The few remaining trees were stunted or dying, and where it snowed, the snow was black from pollution. There was no safety equipment for the workers in either the mine or the smelter. When I tried to ask questions of management about what I was seeing, I was patronized, and I didn't have the expertise to push back on what I knew was greenwashing. The investors I was with seemed totally oblivious to the destruction and despair surrounding us. Naturally, we enthusiastically invested and made buckets of money.

Many of the clients of my old firm were foundations, and the firm understood its fiduciary responsibility in terms of maximizing their returns and growing their assets. Yet, in an uncomfortable irony, their money that was set up to do good work was funding activities that were directly contrary to the purposes for which the funds were originally granted.

At that point, the cognitive dissonance that had been buzzing around the back of my head for some time grew too loud to ignore. I knew that I had to find a better, more moral way to use my skills.

My husband and I used the privilege afforded to us while working for wealthy companies to quit our jobs and travel around central Asia, Siberia, southeast Asia, and the Antipodes for 18 months, much to the chagrin of our families, who were worried for our careers. We spent a few months post-tsunami volunteering on a construction site in southern Thailand, helping to rebuild a village, and spent enough time in Australia for me to volunteer at the Institute for Sustainable Futures at the University of Technology Sydney (UTS) and the Australian Green Building Council. We then made our way to Boston, where I am originally from, and after a lot of cold-call networking I got a job at what is now VigeoEIRIS, heading up the US office for the then-nonprofit ESG research group. While it was an enormous pay cut from being a fund manager, I learned a fantastic amount about sustainability issues and how to research and ask probing questions of companies about ESG (environmental, social, and governance) issues.

I found my way to Zevin Asset Management in 2009 as their director of socially responsible investing, and then became president in 2014. Our majority women-owned and -led firm offers both wealth management services as well as institutional money management for families and foundations with a commitment to social justice and active ownership that upends and challenges the traditional money management paradigm. Our mission is to secure returns for our clients while creating and guarding a legacy of integrity that critiques the unethical status quo of our capital markets and pushes for genuine, positive impact at powerful companies.

At Zevin Asset Management, we consider environmental, social, and governance factors in investment not only for ethical reasons, but also as a marker of strong and enduring companies. If you ignore these things and focus myopically on the short-term financials, as many professional investors currently do, you will not get a full picture of what is happening inside corporations, and may be putting your money at risk. Given my history as a traditional equity analyst, I know that by analyzing ESG information, we get a more complete understanding of our investments than what's captured by just traditional financial analysis. Although it may seem old-fashioned, quaint, or even naive, we deliberately still call our work socially responsible investing. We think this phrase encompasses conducting ESG research, advocacy, and engagement with companies to create impact — but it also crucially involves values.

When Wall Street firms and other big players sell “ESG” products, people don't understand that those investment products are not necessarily values-aligned. I find that most educational materials aimed at non-professional investors, either intentionally or through ignorance, conflate the concepts of ESG integration and values-driven socially responsible investing. They can overlap, but they don't necessarily. ESG research and integration is part of an investment process to try and improve investment returns. It is not necessarily tied to values, ethics, morality, or mission.

Similar to the processed snacks mass-produced by the food industry, the socially responsible investments that big banks and traditional investors offer may be easy to come by

and look appealing, but can ultimately be harmful in ways that are hidden by enticing packaging. The buzzwords of and gestures toward social responsibility are now everywhere, but the progress seems brittle to me. Many of the large newcomer firms who've eagerly hopped on the ESG bandwagon are just as likely to hop off again if it becomes less fashionable.

NEXT STEPS

I think it's so important for people not to blindly buy into “green” or “socially responsible” labels. Ask pointed questions and know exactly what securities you own and what activities you support in your portfolios. It's much like the word “natural” in food products — just because a fund or manager has an “ESG” or “SRI” label, that doesn't make it so.

If you are a donor to your college, or to other non-profits that have investments, ask those organizations to invest responsibly also. Most of them don't yet have a responsible investment strategy, so they need to be pushed by their stakeholders to truly align their investments with their missions. Some alumni are even setting up their own separate socially responsible funds so that colleges can see how much demand there is to do things differently.

As you do all these things, remember also to be realistic about what impact investing can achieve. There are many social challenges and organizations that require donations, not investment. Remember that investing is an exciting tool but not a silver bullet.

Together we can make money more impactful, more purposeful, and more powerful in driving social change. I know that we can hold ourselves to a different and better set of principles and that we can support each other in these pursuits.

We invest money today hoping that it will grow tomorrow. And I hope that by this growth, we can grow a saner, safer world as well. Thank you for your support and for joining us in aligning your investments to your values and legacy. If this piece resonated with you, or if you have any further questions or feedback, please feel free to get in touch with me via [email](#).

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