

Challenge

Marla realized early in her life that she loved helping people through community service and volunteer opportunities. She supplied food, clothing, and tutoring to those at risk in lower income areas. She planted gardens with a farming coop in the inner city. After receiving a large inheritance from her aunt and hiring extensive professional counsel, Marla was able to turn her humanitarian passions into structured philanthropy via a private family foundation. Three years after starting the foundation, Marla began to wonder if the foundation's investments were aligned with her values. She heard about socially responsible investing, but didn't know how to begin. She wondered if she changed her portfolio, would she still be able to get decent investment returns? Marla felt overwhelmed and perplexed until a friend told her about Allodium.

Recommendation

Marla met with the investment consultants at Allodium. Through the use of responsible investing questionnaires and other tools, they helped her identify her values and assess how well her current investments aligned with them. Marla was able to prioritize her investment choices using environmental, social, and governance (ESG) metrics that responsible investors use to evaluate portfolios. Some of the investments in her portfolio were not as consistent with her beliefs as she would like. Allodium suggested slowly transitioning to an ESG strategy over a period of several years. The funds that Marla wanted to change could be replaced incrementally with more suitable choices, and then monitored closely for a period of time after each change. She found that the returns from her socially responsible investments were similar to the returns from her previous investments.

Result

The foundation is now a leader in aligning its investments with its values. Over a period of five years, the foundation has transformed its investment model from a "single bottom line" or purely financial return model to a "triple bottom line," achieving returns in the environmental and social arenas, in addition to realizing financial returns. By achieving a "triple bottom line," Marla can rest assured that not only is the foundation carrying out its intended mission, but the foundation's investments are also contributing to causes she cares about, such as alleviating poverty and reducing pollution.



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