

# Sustainable Investing

**What is ESG?** Formerly referred to as socially responsible investing, the modern term for ESG is Environmental, Social and Governance investing – meaning aligning your portfolio with your values. Some examples include...<sup>1</sup>

**Investable food** ... The food sector has become a crucible of demographic pressures, environmental action, and technological innovation. How should investors navigate the changing landscape of risk and opportunity? As people get richer, they add protein to their diet. They also tend to become more environmentally conscious, which fuels demand for alternative proteins. But finding funds that offer true exposure to the future of food is not straightforward.

**Investable water** ... Water is becoming scarcer: Its use is growing, and pollution and climate change are stressing water systems. Investors must balance emerging risks, opportunities, and the potential to drive positive impact. Water scarcity poses a bigger short-term danger to some industries than carbon risk. Yet investors have paid comparatively little attention to it. How should they think about measuring water risk?

## Investable Energy

As governments and private companies focus on lowering greenhouse gas emissions, the energy sector faces a period of protracted uncertainty. Investors are responding, both to carbon risks and climate opportunities. Some governments are wavering in the journey to net-zero emissions. But the financial markets continue to do their job. Investors seeking opportunities in emerging climate technology can find them in the venture capital market.

**Investable health...** Aging populations and emerging health threats are straining healthcare delivery and adding to pressure on costs. Investors are using data to help increase access to healthcare and uncover emerging opportunities.

**Investable community** ... The drive for greater diversity, better equity, and more inclusion is shaking up how board members are selected, how companies pay and promote, and how whole industries function. Investors are using data to engage.

**Sustainable investing** ... investors who apply exclusion remove issuer from their portfolios based on certain products or services, and industry, or corporate behaviors, like major controversies. Investors who limit ESG risk use ratings to understand a company's exposure to certain material ESG issues. Investors who use ESG information to seek opportunities apply data to identify companies that are sustainability leaders. Investors who target sustainability themes identify investments that stand to benefit from secular trends toward greater sustainability in the way we live and work.



## Want more information?

How you can navigate as an investor who is committed to sustainable investing? **Reid Burford, your dedicated CFS<sup>2</sup> Financial Advisor**, can help you identify and structure your portfolio so it aligns with your values and your commitment. Contact him directly at **804.748.3405** or email him at [reid.burford@cusonet.com](mailto:reid.burford@cusonet.com).



<sup>1</sup>[www.morningstar.com](http://www.morningstar.com)

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