IMPACT INVESTING RESONATES WITH INVESTORS

Christopher Gannatti – Global Head of Research
12/19/2017

Last week, while guest-hosting on behalf of Jeremy Schwartz, I had the pleasure of speaking with DeAnne Steele, Head of National Portfolio Management and Consultancy Practice with U.S. Trust. She brought a wealth of both experience and passion to the concepts of impact investing and looking at making investments with sensitivity to the gender lens.

The critical theme: clients want to do good while also doing well. Some highlights that Steele brought to light include:

On Impact Investing Broadly:

- Assets under management related to sustainable, responsible and impact investing (SRI) rose from $6.57 trillion at the start of 2014 to $8.72 trillion at the start of 2016, a growth rate of 33% over that two-year period and a total that represents about one-fifth of all professionally managed U.S. investments.[1]
- Wealthy investors believe that they make an impact in a variety of ways, as studies have shown that 74% give financially to nonprofit organizations, 69% volunteer their time, skills or service, 27% serve on the board of a nonprofit organization or foundation, 17% invest in companies that support positive social and environmental policies and practices, 14% own a company that creates jobs and opportunities for others, 13% work for a nonprofit organization, and 7% engage in social entrepreneurship (i.e., own a company to provide social or environmental solutions).[2]
- Advisors are also cognizant of how impact investing can help bridge the generational divide and build connections with millennial investors.
- Steele emphasized that a factor that could contribute to the ultimate success of these types of investment approaches is how it further aligns the thoughts and feelings of clients with the success of their portfolios. The depth of the client relationship and an understanding of their values was of the utmost importance.

On Investing through the Gender Lens:

- Today, women represent 5.4% of chief investment officers, 25% of executive/senior level officials and managers, and one fifth of board members.[3] Women in 1960 earned an average of 60 cents to every dollar men earned; in 2016, they made approximately 80 cents.[4]
- Notably, over a five-year period (2011–2016), U.S. companies that began the period with at least three women on the board experienced median gains in return on equity (ROE) of 10 percentage points and earnings per share (EPS) of 37%. In contrast, companies that had no female director as of 2011 experienced median

changes of -1 percentage point in ROE and -8% in EPS over the study period.[5]

- We also emphasized diversity beyond simply talking about gender, and Steele brought a lot of different ideas to light that truly contribute to an inclusive culture within both her firm and more broadly.

Listen to the full conversation:

[1]Source: "Report on U.S. Sustainable, Responsible and Impact Investing Trends," US SIF (Forum for Sustainable and Responsible Investment), 2016.

[2]Source: 2017 U.S. Trust Insights on Wealth and Worth Survey.

[3]Source: "Women in S&P 500 Companies," Catalyst.org, 2017.

[4]Source: Census Bureau reports and data, 2016.

[5]Sources: "The Tipping Point: Women on Boards and Financial Performance," MSCI ESG Research LLC, 2016; "Diversity Matters," McKinsey & Co, 2015.

For standardized performance and the most recent month-end performance click here NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our Economic & Market Outlook

View the online version of this article here.

IMPORTANT INFORMATION

U.S. investors only: Click here to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Jianing Wu, and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.

You cannot invest directly in an index.

DEFINITIONS

Return on Equity (ROE) : Measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Earnings per share : Total earnings divided by the number of shares outstanding. Measured as a percentage change as of the annual Index screening date compared to the prior 12 months. Higher values indicate greater growth orientation.