INTRODUCTION

Investing in companies which line up with your values is becoming more popular as investors become aware of where their money is invested. Commonly known as "Socially Responsible Investing," investing according to your values sends a message to companies and if enough investors are socially responsible investors then change is possible.

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**Investing with a conscience**

What is values based investing?

It is investing in companies which line up with your values.

A value-based investment portfolio can be based on environmental factors, moral factors, or your faith.

Investments based on a set of values is usually called, "Ethical Investments," but it really all depends on your code of ethics when deciding on what constitutes ethical investing. It is more commonly known as "Socially Responsible Investing," but I prefer to call it "Values Based Investing," because not every one shares the same values.

What may be ethical for one person may not be so for another, therefore, it is up to each one of us to do our homework and reading the information provided by the fund's website. It is important to know what is ethical to you when choosing a fund to invest in.

A prudent investor after he or she has done their homework will discern between what is fact and fiction and whether a company actually lives up to their claims.

Green washing is when a company uses marketing to make claims of being a socially responsible company but in reality they do not practice what they preach.

A company may make donations to charities but that does not necessarily make them green, ethical, or socially responsible.

One company I know has stop selling coal yet sells imported clothing from third world companies where the working conditions in the clothing factories are unknown.

There are several variations of value-based investments and they come under different names; here are the ones I know of:

SOCIALLY RESPONSIBLE INVESTMENTS

These are investments which follow socially acceptable guidelines. They invest in companies whose activities are not damaging to the environment. You can be sure that these kind of investments do not have funds invested in companies which are involved in fossil fuels.

ETHICAL BASED INVESTMENTS

An investment fund based on ethics may not invest in companies involved in the gambling, alcohol, and cigarette industry. Any investment related to the meat industry may also be off limits if you are a vegetarian.

FAITH BASED INVESTMENTS

Some churches have their own investments which are used to fund various church activities. For many investors in church funds the return on their money is a secondary consideration to the work carried out by the church with investor's money.

GREEN INVESTMENTS

This is basically concerned with climate change and the environment. It is another name for socially responsible investing.

IMPACT INVESTMENTS

Anther name for socially responsible investments.

It is important to follow the basic rules of investing and to diversify your investments and invest according to your age and life goals. Investing in mutual funds is an excellent way to reduce your risk as your money is spread over different companies. Diversification as it is commonly known as is a good strategy to have particularly when you are older and have less time to recover from financial set backs. The young ones are able to take more risks.

Balancing risk and reward is an art and to become really good at it requires experience.

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