

## Short Update October 2009

### 20 and still going strong

In June 2009 Ethical Investors reached the milestone of 20 years in business; a landmark for any company. Despite the turmoils and traumas of the downturn/recession/near collapse of the global economy over the last year, not only did we manage to maintain our annual profit distribution, but also significantly increase the amount of money that is invested ethically.

In many ways the trials and tribulations of the 'normal' investment system has led more people to question the validity of not investing ethically. Yes, ethical funds suffered in the downturn like any other fund, but the key point is that they suffered no more or less, and have recovered incredibly strongly. On this basis, why would anyone knowingly invest unethically, given there is no evidence that doing so will produce a higher return than investing ethically? For most it isn't a question of choice, rather a lack of knowledge or bad advice.

### Profit distribution and something a little special

Although we were not immune from the effects of the downturn, we still managed to generate a profit distribution of £16000 for the year to 30/09/09. This is less than recent years, but that is not surprising in the circumstances.

To celebrate our 20th anniversary, and looking ahead to our 21st birthday in June 2010 Ethical Investors has established its own charitable foundation – **Ethical Giving**. All of our profit distributions in future will be made via Ethical Giving, but there will be no changes to the voting system where our clients have the opportunity to steer the distributions towards human/environmental/animal projects.

Ethical Giving will be able to receive donations from individuals, either as part of their annual giving, or via legacies. We will reclaim the Gift Aid (where appropriate), and then allow the donor to nominate any number of charities and groups to share in the donations, from a minimum of £10 per payment. So, one single donation of £1000 to Ethical Giving could, for example, be used to send on 10 donations of £100 each, with Ethical Giving doing all the work! Further information on how Ethical Giving operates is available on the web site ([www.ethical-giving.org](http://www.ethical-giving.org)), which we hope will be live by the end of November.

### New Eqfund 5% Loanstock

We have been involved with Eqfund and their various Loanstock offers over the last 8 years. In that time Eqfund have raised funds that have allowed them to address a number of issues in connection with housing; from helping elderly residents with a fair form of equity release to offering assistance to those being threatened with repossession; the initiatives have invariably sought to help those who were not enjoying the benefits of a booming housing market.

The latest Loanstock is different as Eqfund will work with Forum Housing Association, which provides accommodation for young adults to build a new, bespoke housing unit. Like many other housing associations they are suffering from a shortage of funding with which to carry out the development.

The fixed rate of interest on the loan stock is 5%, and investors can choose their own investment term of 2, 3, 4 or 5 years. The interest rate is the same, whatever term is selected. Minimum investment is £1K. Applications must be received by us no later than 30<sup>th</sup> November 2009.

### High Interest Bank account with a twist

Over recent months we have been working to develop a cash savings account that addresses the two major issues for our clients; how will my savings be used and how can I maintain a consistently competitive rate of return on my savings? The High 5 Account from Investec Bank meets most of these criteria.

Every week Investec takes the best 5 interest rates available from the full range of savings accounts published by Money Facts and pays the average of these best 5. From a social perspective, Investec are keen to develop their lending within the field of social property, whether that be individual housing or the provision of accommodation for specific groups (such as excluded young adults mentioned above under the Equfund offering).

The account has a **3 month notice** period and the minimum investment is £25,000. At the time of writing, the interest rate is **3.37%** gross. Please contact us for further information.

## New ISA limits

The maximum investment limit for ISAs has been increased, in two stages;

- For those who reached the age of 50 before 6/4/2009, the new limits apply with effect from 6/10/2009
- For everyone else, the new limits apply with effect from 6/4/2010

The overall ISA limit increases to £10,200 and this can be split equally between a Cash ISA and a Stocks and Shares ISA. Alternatively, the whole amount can be invested in a Stocks and Shares ISA.

## Blog

We've replaced the News section of our web site with a new Blog. Here we plan to raise issues that we think are relevant to ethical investors, or simply just worthy of comment. We would encourage all of our clients to use this Blog as a way of expressing their views on various issues, as it will help us have a better idea of your reaction to contemporary issues.

## E-newsletters

After trying various methods in the past for distributing e-updates and Newsletters, we think we've finally got a system that works smoothly and efficiently. If you would like to receive all future Newsletters and Updates from us as an e-copy, please go to the [www.ethicalinvestors.co.uk](http://www.ethicalinvestors.co.uk), click on Contact Us and register for the E-Newsletter service. Once registered, we will send you an e-copy to the email address provided, so please make sure you keep us up to date with any changes.

## Environmental Fund of Funds

For several months we have been working with a fund manager to 'build' a Fund of Funds of the best of the Environmental, Climate Change and Social investment funds that are available. Specialist funds are being launched almost on a monthly basis, and the majority of these would be of interest to our clients. The problem with many, however, is that they are quite specialised and often have minimum investment limits of £10,000 - £25,000. These limits are well beyond single fund investment levels of most investors, which is a shame as they are the type of investments that many clients would like to see their money in.

By launching a Fund of Funds of the best of these new ideas, it will be possible for everyone to gain access to these interesting and innovative new funds, we hope from as little as £1000. The fund manager of the Fund of Funds can take the pooled amount and invest this across a large number of the environmental and social funds. By investing in the Fund of Funds one gains access to perhaps as many as 25 different funds in one single investment.

We are hoping for a launch date of mid-January 2010, but like most 'building' projects, the final delivery date may slip a little! Please keep an eye on our web site for updates, or look out for our more detailed Newsletter in the New Year.

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