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The greater the return the happier the investor, right? Well, that may not apply to all investors. Some investors want more than just good returns, they want good behavior leading to good returns.

But how do you define good behavior? Ask ten people and you're likely to get at least ten different answers.

For some, environmentally friendly behavior is a virtue. For others it may be to avoid what they consider acts they don't approve of such as providing abortions or selling alcohol.

Socially, politically, or religiously motivated investing is not new but until recently it has occupied only a small portion of Wall Street. Increasingly, though, investors ask questions beyond return and we are seeing more mutual funds and index funds offered to meet a growing demand.

The most common approach is to filter out investments in companies considered bad actors. Do you not like fossil fuel? There's a filter to sort out companies in the fossil fuel industry. Guns not your style? That can be filtered out, too. How about deal with abortion issues? That can be avoided.

Beyond excluding unwanted investments there is also a growing movement towards activist investing. Mutual fund companies may hold very large positions in stock of companies and we're beginning to see more of them speak up on issues and voting for change.

Some people express an interest in this kind of investing but they don't want to give up returns. To those I'd argue that with the mutual funds and ETFs available you may not have to give up much.

There are even those who argue ESG (Environment, Social, Governance) investing generates above average return. Personally, I doubt any such advantage could be sustained. If it works better than other approaches all the agnostic investors would move in and the edge would be gone. That's just classic efficient market theory.

Still. If you think you'd like to invest according to your values, even if it somewhat reduces your return, then know that you have lots of options awaiting your research.

Good luck.



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*Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted index of 30 "blue-chip" industrial U.S. stocks.*

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