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Susan H d W
Lynn Hanrahan

Subj: **Re: Social Investing Info**
Date: 10/7/00 3:56:47 PM Eastern Daylight Time
From: JPARK@gvpt.umd.edu (Jacob Park)
To: Mewleen@aol.com
CC: JPARK@gvpt.umd.edu (Jacob Park)

Hi, Pegeen

Here is some points I think it is worth mentioning in your presentation about socially responsible investing (SRI).

* One of every eight dollar invested goes through some kind of non-financial screening or about \$2.16 trillion. Two sources you can go to get additional info on SRI is <http://www.socialinvest.org> or <http://www.socialfunds.com>

I should emphasize that "screening" here involves both not investing in companies for progressive reasons (e.g. environment, labor/employee relations, human rights, etc) to not so progressive factors (e.g. not investing in companies if they give money to Planned Parenthood or contraceptive research, though these are mostly due to pension funds of certain religious groups).

* As of August 31, 2000, nine of 68 SRI funds had the Morningstar (mutual fund rating/research company) rating of 5 stars, which is the highest rating (for such things as performance, low expenses, etc.) and is slightly better than the industry average.

If you go to <http://www.morningstar.com> and hit the search key for socially responsible investing, you can pull in some past news articles on SRI which should also help your presentation.

* As your fund manager is inevitably going to ask, "yeah, SRI may be okay but we have a fiduciary responsibility to maximize performance, blah blah blah."

Then, here is what you might wish to say: SRI funds are like any other fund categories in terms of financial performance. They are some better than others.

Again, if you go into the Morningstar.com website, and click on fund, and/or fund ranking. You can compare the universe of all funds by categories like all US stock funds, international funds, and then you can select the field for how long you want to compare (one year, five year, etc.)

If you do that, here is what you will find (I know because I just did it):

If you do "All Stock Funds" and select total returns for one year, you will find that Green Century Balanced (a particularly aggressive enviro fund) had a return of 96.55 percent or more than quadrupling the fund average of 21.42 percent.

Once you scroll down and select, Green Century Balanced, you can click its symbol (GCBLX) and get its Morningstar rating and find out the kinds of companies the fund invests in, and other information you need.

If you select US stock fund and then hit total return for 5 years, you will find that Citizens Emerging Growth Fund (another good SRI fund) ranked among the highest return and recorded 32.5 percent return or nearly double the industry average.

Keep in mind that these returns are pure financial returns independent of the SRI aspects of the funds themselves.

Citizens Fund (<http://www.citizenfund.com>) also had a fund (its global equity fund) had one of the best performing international fund, with a 23.4 percent return in five years, more than three times the industry average among comparable international investment funds.

There are plenty of community-friendly banks, which you can use for various short-term CDs, and financial services for both individual and business purposes. My favorite is the Chicago-based South Shore Bank (<http://www.sbk.com>) or 1-800-669-7725. You might ask this Bank if there is a similar type of institution that community investing in the Gainesville area, which I am sure will appeal to other board members.

Also, I was thumbing through an old article on socially responsible investing and it said investors interested in SRI investment products should ask themselves five questions:

1. What issues are important to me ?
2. Is this a good investment (see above) ?
 How does a fund screen their investments ?
3. Does this fund engage in shareholder activism and/or community investment ?
4. How do these funds work in my portfolio ?

If the answers to these questions are consistent with the long-term objectives of your pension fund, it seems clear what the fiduciary responsibility of your board has to be.

I should also note that I have no financial or business relations with Citizens and any other companies mentioned in my e-mail. In fact, our company, Friends Ivory and Sime (<http://www.friendsivoryfunds.com>) is more of a powerhouse in Europe and compete with Citizens Fund in the US domestic market.

Let me know if you have any other questions, and good luck on your presentation,

Cheers, Jacob

----- Headers -----

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