

GREEN INVESTING

Analysis. When purchasing equities, your decisions should be based not only on ethical and ecological criteria, but also on such financial figures as profit and debt ratios.

Selecting an investment fund. When choosing a fund, consider its investment policy. Not all funds invest according to the same criteria. At a minimum, read the sales brochure or seek information through the Internet.

Spreading the risk. Avoid putting all your eggs in one basket. Buy either individual securities in different sectors or leave the selecting and mixing to an expert: In FINANZtest's long-term test of funds, the **Green Effects NAI-Werte (NSI Securities)** fund performed outstandingly well.

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High returns, with a clear conscience

It is possible to invest your money with a clear conscience and earn high returns at the same time. The *Naturaktienindex* (Nature Stock Index), for example, has risen by 15.6 percent per year since it was established. But green-oriented investors may also choose investment funds.

The following is an overview:

In investor circles, the Nature Stock Index (NSI) is regarded as the logical realisation of the idea of 'green investing'. Investors for whom environmental protection and social responsibility are important can choose between 30 equities. This is the number of securities represented by the NSI since the beginning of the year. Those who do not wish to make their own selection may also choose an investment fund.

The Nature Stock Index was established in April 1997. It is a price index and does not include dividends. Since the beginning of the year, the number of its member companies has risen from 25 to 30. A committee decides which securities are included in the index. In making its selection, the committee looks for a mix of small and large companies while also considering the sectors to which they belong. All of the securities are weighted equally at the beginning of the year. Only in the course of the year is the proportion of securities that perform well increased. The balance is then restored the following year.

Socio-ecological factors

The companies in the NSI must operate above all according to socio-ecological principles. Included in this category from the beginning have been the French company Boiron and Shimano, a Japanese manufacturer of bicycle parts. Also listed since the beginning of the year is United Natural Foods, the American organic products wholesaler. The shoe manufacturer Timberland was removed from the index, on the other hand, because it could no longer guarantee socially acceptable working conditions for its suppliers. But takeovers are the principal reason for exclusions. This was the case, for example, with the cosmetics producer Body Shop, after its takeover by L'Oreal, and with the ice cream producer Ben & Jerry's after it was bought by Unilever.

Good returns

Green investing can be quite profitable for investors. Since it was established in April 1997, the NSI has produced an overall gain of 306 percent. That averages out to 15.6 percent per year. By comparison, the conventional MSCI World Stock Index, even with dividend payments included, rose by only 6.7 percent per year during the same period. Those who do not wish to put together their own mix of green investments may resort to investment funds. The Green Effects fund, for example, invests exclusively in NSI securities. And successfully so: In FINANZtest's long-term test of funds, it is in 60th place among a total of 346 funds in the World Equity Funds group.