NEW HAVEN REGISTER The Middletown Press
THE REGISTER CITIZEN

Business Columnists

MARKET MATTERS: Save the earth, one investment at a time


Joseph Matthews

Posted: 04/24/17, 11:48 AM EDT | Updated: 42 secs ago

Yesterday's celebration of Earth Day is an impressive example of a concept designed to mobilize concern and support for the environment. According to the nonprofit Earth Day Network, the umbrella coordinator of worldwide events, the commemoration first celebrated in 1970 now is the largest secular holiday in the world, drawing participation from more than a billion people every year.

From stalling climate change to marching for science, some 200 countries now participate in awareness-raising Earth Day events and programs.

Hand in hand with other ideals associated with saving the Earth — including philanthropy, conservation and volunteerism — comes the growing awareness that how and where we invest our money can help dictate the condition of the planet we hope to leave for future generations.

One interesting concept that satisfies the clarion call to protect the environment — and one that may be worthy of investor investigation — is the notion of recycling e-waste.

E-waste is the colloquial term for obsolete or unwanted electronic products that essentially are nearing or at the end of their useful life. Televisions, video cassette recorders, stereo systems, desktop computers and outdated mobile phones are examples. According to the Consumer Electronics Association, the average American household has 24 different electronic gadgets. With millions of cellphones and computers and gaming devices in use, and new and updated versions being brought to market each year, what happens to the mountains of obsolete hardware piling up in the nation's basements?

Throwing old electronics in the trash is not the solution: in fact, it probably is one of the most deleterious habits to the environment, as many electronic items such as batteries and cellphones contain toxic chemicals that are harmful when released in landfills. Cathode ray tubes from old televisions also are typically considered hazardous waste as they contain lead. Not surprisingly, the United States produces more e-waste than any other nation, exceeding nine million tons.

Clearly, there is a tremendous need for a way to safely dispose of e-waste. In response to this need, a whole new industry has evolved into what now is called the electronics recycling sector. Dozens of companies now offer recycling. Some are specialty recycling companies. And some big-box stores offer recycling as a free service to customers.

Several recycling companies, including some that also handle medical waste, appliances, plastics and paper, are listed on the New York Stock Exchange. Those companies that meet the highest standards for globally responsible recycling and reuse of e-waste are known as E-Stewards.

Just being an E-Steward does not necessarily mean a company is worthy of your investment dollars. As with any investment, there are a host of criteria to be investigated, including long-term profitability, growth, potential dividends, and, most important, whether it "fits" in your portfolio and with your long-term financial objectives.

However, being an E-Steward can be one of an individual's criteria for pursuing what has come to be called "sustainable investing."

It has become increasingly popular, particularly among Millennials, to select investments that match the individual's moral, religious and ethical values. One does not have to sacrifice those values to invest in companies that also meet your financial objectives. Interestingly, research has shown that sustainable investing grew by 135 percent in the last four years.

So, how does one identify these companies? Start by looking at the company's published materials, such as the annual report and corporate website, and analyze such aspects as the company's mission statement. Does it have a diverse board of directors with sufficient outsiders? Is there any indication of what happens to manufacturing waste and debris? Have there been any initiatives that hint at a company's ethics and values? You may even be able to identify what charities the company supports.

A recent study of investors under the age of 45, whose assets range from $100,000 to $25 million, shows that more than 25 percent have allocated 25 percent or more of their portfolio to socially responsible companies.

These savvy investors have realized that saving the Earth and making a profit may not be mutually exclusive — that we can be the stewards of our planet and manage our personal wealth at the same time.

Joseph Matthews is a Financial Advisor with the Wealth Management Division of Morgan Stanley in Fairfield. He can be reached at 203-319-5165 or by email at joseph.matthews@morganstanley.com.