

AAll Survey: Readers Weigh in on Socially Responsible Investing

Socially responsible investing (SRI) is where investors attempt to align their investment strategies with their social values. Another form of SRI—sustainable, responsible and impact investing—is an investment discipline that considers environmental, social and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact.

Examples of ESG criteria include clean technology, pollution, water use and conservation and avoidance of tobacco or other harmful products.

Recent events have placed ESG investing in the spotlight, as companies have cut ties with the National Rifle Association (NRA) and consumers have called for boycotts of companies selling high-powered rifles and high-capacity ammunition clips.

AAll Weekly Survey Question

With ESG investing making headlines, we were interested to see if our readers make a conscious effort to avoid “sin stocks” or “sin sectors.” According to Investopedia, “A sin stock refers to a publicly traded company that is either involved in or associated with an activity that is considered to be unethical or immoral. Sin stocks are generally found in sectors that deal directly with activities are frowned upon because they are perceived as making money from exploiting human weaknesses and frailties. Sin stock sectors usually include alcohol, tobacco, gambling, sex-related industries and weapons manufacturers.”

So last week’s AAll survey question asked:

Do you purposefully avoid “sin” stocks when making investments?

Here are the results:

Do you purposefully avoid “sin” stocks—publicly traded companies either involved in or associated with an activity that is considered to be unethical or immoral such as alcohol, tobacco, gambling and/or weapons manufacturers—when making investments?

No : 70% - Votes: 1236



Yes : 30% - Votes: 518



In all, 1,754 readers participated in the survey.

The overwhelming majority of our readers—70%—**do not** purposefully avoid “sin stocks” when making investments. That means that roughly one-third of readers—30%—do make an effort to avoid sin stocks or sin sectors when making their investments.

Weekly Special Question

To understand why investors choose to avoid sin stocks, or not, last week’s special question asked:

If you do avoid “sin sectors,” why? Is it on moral grounds, because of a perceived weakness as an investment class or something else?

Overall, we received 206 responses to the question.

Of those who submitted responses, nearly three-quarters (73%) say they avoid investing in “sin sectors” on moral grounds or because of their personal beliefs,

Another 7% of respondents say they do not invest in sin sectors because they believe they are weak investments, too risky or too volatile.

Here is a sampling of the responses readers offered regarding why they choose not to invest in “sin sectors”:

- “I don’t invest in sin sectors as indicated in biblical scripture based on moral grounds. This does not include weapons or national defense stock.”
- “I don’t support anything that I wouldn’t support on a daily basis in my community.”

- “I am against contributing to an enterprise which seeks profit by fostering and eliciting the destructive impulses which we all have and from causing human misery.”
- “I am not willing to make money based on investing in companies that profit from causing ill health, injury or death or from the financial woe of others.”
- “I believe it is wrong to grow my family’s wealth at the expense of the health and welfare of other human beings.”
- “I consider them to be riskier and there are so many other stocks in which to invest.”
- “I don’t see ‘sin’ the same as you I guess. I think of fossil fuel stocks as the most sinful. Petrochemical products like ‘roundup’ that deplete the trace elements from our food. Factory farms that are so poorly run that they need to feed their animals antibiotics to make a profit. High finance banks that charge high interest and fees just because they can.”
- “There are so many quality sectors to invest in I don’t even trouble myself with the moral grounds or focus of an investment.”

Everybody has an opinion! Why not give us yours? Participate in our weekly member poll, updated every Monday, and see the results online at www.aaii.com/memberquestion.