An Introduction to Social Justice Investing

The universe of social justice investments is quickly evolving from nascency to increased interest from mainstream investors as evidenced by the recent launch of the Adasina Social Justice All Cap Global ETF (JSTC).

Andrea Longton | Dec 16, 2020

On December 9, social justice investing exploded on the exchange traded fund scene with the launch of the Adasina Social Justice All Cap Global ETF (JSTC). JSTC is the first publicly traded ETF to follow an index that screens out companies whose policies, products or services exacerbate social injustice. Beginning with a
global universe of 9,000 stocks, Adasina screened out companies based on racial, gender, economic and climate justice criteria. The ETF follows an index of 891 companies that passed the negative screenings.

There were three main reactions to the JSTC launch:

- Social justice activists googled: “What is an ETF?”
- Financial advisors googled “What is social justice investing?”
- Retail investors forwarded the announcement to their financial advisors: “I want in.”

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Everyday investors realize their money works on their behalf through mechanisms they don’t fully control. Social justice investors want to establish guard rails to keep it from flowing to companies and organizations that exacerbate social injustice.

Adasina Social Capital changed the industry landscape by unlocking a door for social justice investors: an approachable product that meets their dual return objectives of sustainable financial earnings coupled with social justice returns.

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As retail investors discover JSTC and other similar products, they will be calling their financial advisors to integrate a social justice investing approach to their own portfolio.

**What Is Social Justice Investing?**

Social justice investing is an investment framework that targets dual return objectives of sustainable financial earnings coupled with social justice returns.
Social justice investors are looking for a financial advisor who can help them plan for expected financial events, build a reasonable cushion for unexpected financial events and research products that reflect their social justice values.

**A Tidal Wave of Social Justice Investors Are Seeking Financial Advisors**

While social justice investing resonates with investors across all generations, millennial investors (myself included) are particularly interested in driving their financial resources through a portfolio that reflects their personal values:

- 86% of millennials are interested in socially conscious investing and are twice as likely to invest in social or environmental causes than the general investor population.
- 84% of millennials believe that their own investment decisions can alleviate poverty.

As they stand to inherit over $68 trillion from the baby boomer generation over the next 30 years in what is described as “The Great Wealth Transfer,” millennials have significant power to influence the trajectory of the financial services industry.

Millennials are not likely to follow the traditional investment path. They will not be assuaged with the summary explanation “because this is how we’ve always done it.” Armed with information that was unavailable to previous generations, Millennials will question their investment decisions through the same lens that they question their consumer decisions: How does this affect people and the planet?

And unlike previous generations, millennials tend to be disillusioned by the unintended consequences of unchecked profit ambitions. To social justice investors, greed is NOT good.

As their financial wealth grows, millennials are primed to define investment success on their own terms. They’re looking for financial advisors who can execute their vision.
What Is Enough?

My friend Phuong Luong recently highlighted a mindset prevalent among our generation: “What is enough?”

- What is enough profit?
- What is enough time at work relative to time spent with family or friends?
- What is enough contribution to social justice efforts?
- What is enough money in my investment account?

Social justice investors don’t solve for “what is enough” by accumulating as much wealth as possible. Rainy day funds aren’t excessively appealing.

Instead, social justice investors want a financial advisor that can help them determine how much wealth is “enough” to sustain their expected and unexpected financial events. They don’t expect financial advisors to have a crystal ball, but they do expect experts who can advise them on appropriate financial planning.

Social justice investors also look to financial advisors for products and strategies that incorporate social justice returns. The universe of social justice investments is quickly evolving from nascency to absorb increased interest from mainstream investors. Millennials, who already tend to be more socially conscious than their parents, are gaining financial wealth at the same time as their intentions to fight for social justice ignite into action.

Social justice investors are looking to financial advisors for guidance in crafting a portfolio that balances their financial needs with their social justice return objectives.

Where Do We Go from Here?

Maybe you’ve spoken with a social justice investor client in the past about their dual goals of sustainable financial earnings and social justice returns. If you couldn’t offer
products and strategies that matched their specific objectives in the past, perhaps it’s time to conduct fresh research and reach out with the results.

Today’s investors have more access to information, research and due diligence than ever before. As they’ve been listening and learning, their pent-up demand to invest with their values has only been increasing. Adasina Social Capital just burst through the door to meet investor demand for investment solutions that reflect their values.

Are you ready to absorb the flood of demand as additional products follow?

Andrea Longton, CFA, is the founder of The Social Justice Investor. You can follow Andrea on LinkedIn and Twitter.

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