



Investing in a green future

Niall Murphy of KBC Asset Management discusses sustainable and ethical investment

“This is a new phenomenon! Four years ago, it wasn’t accepted that it was man who was giving rise to global warming, but now international governments say that man’s activity is affecting the climate and this has been translated into pounds, shillings and pence,” says Niall Murphy, Senior Business Development Manager at KBC of KBC Asset Management.

KBC Asset Management has offices in 21 countries. Its Dublin office was established in 2000 and employs 90 people. The asset management unit is responsible for €170 billion in funds under management worldwide and in recent years has expanded its portfolio to include new, innovative and ecologically-based funds.

“We have four eco funds: alternative energy, water, climate change and **agri-business**, which are overseen by eight dedicated investment managers,” says Niall. “There is no doubt that sustainable and ethical investment is an increasing trend. There is more evidence to suggest that you don’t have to sacrifice return by investing in sustainable, ethical funds.”

Potential investors have been drawn towards eco funds as a result of changes in the contemporary political, economic and environmental arenas. There are three main thrusts behind an investor’s decision to dedicate finances to eco-funds. The first of these is the spiralling cost of fossil fuels. The second is governmental attempts to reduce dependence on imported fuel and to attain security of supply. Thirdly, the consensus is that it is economically and environmentally imperative to reduce **carbon** emissions.

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sources by 2010, eco funds are an attractive prospect for investors.

“We distribute eco funds through Bank of Ireland and there has been a huge interest in these funds. We have a Diversified Alternatives Fund called Innovator and 50 per cent of that is made up of alternative energy, water and climate change. We have sold more than €100 million in the past year and a half in that fund, mainly to individual investors and small pension schemes,” says Niall.

With such attention being placed on reducing **carbon** emission and developing renewable energy by governments and environmental groups alike, there is a natural impetus amongst many forward-thinking investors to investigate the potential of eco funds.

“Within our portfolio there are 60 or 70 alternative energy stocks and we think that

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this is a good way for an investor to get exposure. It is good to diversify investments and not just decide to invest solely in wind or only in biomass,” says Niall.

Although the stock exchange has faced a difficult year, eco funds have, in the long term, generated a good return. KBC’s Alternative Energy Fund was up 20 per cent over five years at the end of August and the Water Fund was up just under 15 per cent at the end of August.