

GREENING THE AMS INVESTMENT PORTFOLIO

What is the color of money? While U.S. currency is green, not all financial investments are “green” in the sense of environmental stewardship. Like many other organizations, the AMS tries to manage its financial concerns with a diversified investment portfolio. But we also have environmental concerns, perhaps more so than many other organizations because of our special connection to the natural environment borne of our professional interests and affiliations. Recently, the AMS Committees on Investments and on Environmental Responsibility have teamed up to review the idea of green investing.

Green investing is a special category of social investing that typically embraces companies focused on sustainability and the environmental sector, such as pollution control, organic and natural foods, environmental cleanup, and renewable energy. Green investing also could include companies that are committed to environmentally conscious business practices.

Dan Wilson, a member of the AMS Investment Committee who also oversees UCAR’s investment portfolio, puts it this way: “Green investment strategies are diverse and can be difficult to navigate. There are definitely many shades of green. What if a company makes a green product but causes toxic pollution through its production process? Would we want to invest in the risky solar panel production business that loses money and has poor investment return?”

The AMS Investment Committee has considered this issue previously and has discussed such problems

as the dilemma of nuclear power being screened as a “bad” environmental choice while a coal-burning power company with excellent pollution controls might be rated as a “good” choice. Since the AMS does not buy individual stocks, as that would increase risk, it would have to choose a mutual equity or fixed-income fund that best matches the environmentally friendly goals, but that also has good investment returns. It’s not a simple task to implement a “green investing” strategy.

As Rich Clark, a member of the Committee on Environmental Responsibility, sees it: “With the wider range of values-driven investment products, our hope is that AMS will be able to add more green to the color of its investment portfolio as opportunities present themselves. Admittedly, the risks may be more palatable in a bullish market, but as an organization that is inherently conscious of its environmental stewardship, it is imperative that we continue to study green funds that also have the potential for good long-term returns.”

To that end, the two committees are committed to maintaining a focus on helping the AMS formulate an investment strategy that is both financially and environmentally responsible. Past President Jon Malay, who sits on both committees, offers this perspective: “The work of the AMS—enabled by our financial health and stability—is inherently ‘green.’ Therefore, a professionally managed and responsible investment strategy that supports our work for the long run is our true goal, and one we’re committed to achieving.”