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## **MAKE ROOM FOR MILLENNIALS:** The next generation takes a seat at the investment table.

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As Millennials come of age in the business and financial landscape, they are approaching the terrain with a unique, evolved mentality. Today, the world’s first socially networked generation is demonstrating they are also the world’s purest generation of socially responsible investors.

In contrast to what we have seen with baby boomers, Millennials often approach investing with a social mindset. They recognize the need to generate returns, but they are just as concerned with the value and impact their investments can make. In fact, a study by Spectrem Group found that “45 percent of wealthy Millennials want to use their wealth to help others and consider social responsibility a factor when making investment decisions.”<sup>i</sup>

This creates a fascinating social investing opportunity, and is reflective of a sea-change from previous decades. For Millennials, the traditional goal of maximizing returns has taken a seat next to goals with deeper meaning.

For Millennials who are ready to embark on a sophisticated investment strategy, there are a few potential ways to maximize social impact while generating sound financial returns:

**1. Invest in industries that prioritize positive change**

Millennials are wisely attracted to investments that make a positive impact on a sustainable lifestyle – food production, mobility, and clean energy are common examples. Because this generation has seen businesses and companies have great success initiating change, they are drawn to management teams that guide their growth with a social compass. In fact, a Merrill Lynch/Deloitte study recently found that more than half of Millennials “believe that business, not government, will have the greatest impact in solving society’s most pressing challenges.”<sup>ii</sup>

The statistic demonstrates a new willingness from Millennials to put their faith in businesses, and recycle their capital into industries and corporations they believe in.

By investing in positive change fueled by fundamentally sound companies, Millennials may well bridge the gap for skeptical investors who believe social impact requires sacrificing returns. It is our belief that social investing done correctly is simply sound investing – a reality that aligns with many Millennials’ sensibilities.

## **2. Don’t let your investment decisions be “green washed”**

Not all social change fueled by corporations merits investment, of course. A constant flow of news reports on initiatives taken up in the name of the environment have flooded the media, but in reality there are plenty of companies that are laden with “green” facades built in the name of marketing.

Stable social change must be part of a long term plan supported by management goals or the overarching business model. Companies that are genuine in their social profile will be ethically run, transparent about their operations, and built on solid financials that allow them to thrive. After all, a poorly run or financially unstable organization will not be around long enough to make an impact – or to reward investors.

For example, companies that focus on healthy GMO-free food and have a commitment to transparency, responsible sourcing, reducing waste and reducing energy use -- all pillars of sustainable business practices-- often meet the profile of Millennials’ potential investment checklist. These companies appeal to Millennials’ desire to eat foods that are healthy and to know where and how they are sourced.

## **3. “Community and impact investing” are the new “fixed income”**

Traditional fixed income is not what it used to be, and Millennials are catching on. There is a silver lining, though: with interest rates lingering at all-time lows, investors are discovering they can find the same low-risk, low-yield results by placing their assets in community investing and impact investing.

Community Development Financial Institutions (CDFIs), for example, have a track record of providing community based businesses and low income individuals with access to credit, equity, and capital. Fundamentally sound programs can provide steady returns, lower default risks, and direct community benefits. Investors may earn interest on 3 or 5 year notes while putting their money to work in their own backyards.

Since the early 1980s, the investment world was largely driven by the chase for pure profit and fast growth. Multiple economic downturns, global connectivity, and an emphasis on social change created a new investing environment that this generation is ready to tackle head-on. Millennials are now in an excellent position, with the chance both to shape the landscape and to be empowered by it for decades to come.

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## *About the Authors*

**Charlton Reynders, III**, Chairman and Chief Executive Officer of Reynders, McVeigh Capital Management, brings more than 25 years of experience in investment management and social venture investing to Reynders, McVeigh. His passion for forward-thinking investment strategy rooted in fundamentals has provided a guidepost for his success to date. In addition to his leadership in the traditional investment management world, Chat has structured and funded public/private partnerships that have brought more than \$150 million in revenues to leading cultural institutions around the world – projects that have won numerous awards. In this vein, he has for decades produced socially oriented IMAX films including *Dolphins*, which was produced in conjunction with the National Wildlife Federation and garnered an Academy Award nomination in 2000, and *Coral Reef Adventure*, which received the largest grant in the history of the Informal Science Division of the National Science Foundation. Chat's focus on climate change also led him to his current role as a Director on the Board of the One World One Ocean Foundation, an organization committed to increasing awareness of the delicate state of today's oceans. Using the power of film, television, new media and grassroots education, OWOO strives to change the way people see and value the ocean — and motivate action to restore it. He previously served as Executive Director of The Whale Conservation Institute, the nation's leading independent cetacean research center, which was founded under a grant from the MacArthur Foundation.

Chat graduated from Princeton University with a degree in history. In addition to being a director at the One World One Ocean Foundation, he is a trustee at Brookwood School and is on the advisory board of Project Adventure. He has been featured in numerous publications including the Wall Street Journal, Business Week and Forbes.

**Patrick McVeigh**, President and Chief Investment Officer of Reynders, McVeigh Capital Management, is widely recognized as a pioneer in bringing traditional investment management together with socially responsible investing. With over 30 years of experience in the industry, Patrick was one of three original employees at Trillium Asset Management. His research there was a key factor in the growth of assets from startup to \$700 million. Since 1995, Patrick has been project manager for a series of groundbreaking studies conducted by the Social Investment Forum, tracking the growth of socially responsible investing and its implications in the investment markets.

Patrick has been featured in publications including Wall Street Journal, Investment Advisor, Forbes Magazine, Investing for A Better World, The Social Investment Almanac and Working Capital.

Patrick received a B.S. in economics from Santa Clara University and attended a Master's programs in economics and sociology at Boston College and the University of Maryland, College Park.

Patrick was honored as the Scholar-Athlete of the Year for the West Coast Athletic Conference in 1978. His affiliations include Waltham YMCA, Board Member, Waltham Fields Community Farm, Advisory Board SEED: The Haitian Community Loan Fund, Former Board Member, The Social Investment Forum, Former Board Member, San Jose Food Co-operative, Former Board Member and General Manager.

## *Endnotes*

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- <sup>i</sup> [Millennials Will Bring Impact Investing Mainstream](#), Jed Emerson & Lindsay Norcott, Stanford Social Innovation Review, April 24, 2014.
- <sup>ii</sup> [Impact Investing Needs Millennials](#), Vilas Dhar and Julia Fetherston, Harvard Business Review, October 3, 2014.