

Fund backed by ethics.

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YOU'VE heard of theme funds - offhand there are quite a few on the menu today, ranging from technology and property, to the recent launch of a new junior fund investing in products and services for the young. Even country funds are plays on specific themes. But an ethical fund? If you haven't heard of this concept yet - where, essentially, your investment dollar goes into socially responsible companies - it's because there aren't any available here or in the region. Until now.

UOB Asset Management yesterday launched the region's first ethical fund, together with Unifem Singapore, the local chapter of the United Nations Development Fund for Women. It's a gamble for UOBAM, which is the biggest retail fund manager here, but judging from the public's response to recent Unifem projects, it may just pay off.

Quite simply, the United Global Unifem Singapore Fund is a global equities fund. But here's the difference: it will invest in companies whose practices are women and family-friendly. What's more, a third of the annual management fee of 1.5 per cent will go towards Unifem projects. Investors will also be given a choice of either taking out their dividends, reinvesting them or donating these to Unifem.

Says UOBAM managing director Daniel Chan: "We think it's a good concept. Social and ethical investing is being done in the US and parts of Europe, and it has worked ... The Unifem objectives are quite laudable. In any good company there should be room for charity and we hope others will follow suit."

The Singapore chapter of Unifem, set up in January 1998, aims to help women and their families in developing countries to help themselves. The agency's projects focus on three areas: health, education and resource maximisation. The latter helps women develop skills that can become a means of livelihood. Recent efforts include an educational project in Bintan which aims to put poor children in school for at least three years.

Kanwaljit Soin, who chairs the Unifem executive committee, says the fund is likely to appeal to women and young investors. "I'm quite optimistic and very excited. There's a niche of investors - women and young idealistic people - who have not ventured into the market. We must approach it in the right way and appeal to their idealism ... There is a reservoir of goodwill, and people often wish they have an avenue to express this. Of course expressing goodwill without any returns can cause donor fatigue. But this fund will also help them plan for their future." The idea of an ethical fund which could provide a steady source of funding for Unifem came from veteran fund manager Madeleine Lee, former managing director and chief investment officer of Commerzbank Asset Management Asia. Ms Lee, who left Commerzbank earlier this year and who has some 15 years of fund management experience, is involved in a number of financial services projects, and is part of the Unifem executive committee.

She says: "Many people said an ethical fund wouldn't work, that people don't care about these things. But when we launched Unifem, the people who came cared. There are a lot of people who want to help, judging from the response to our projects which exceeded expectations. For every woman we help, we're helping four children."

She adds: "I thought that apart from organising charity teas and dinners, something can be done that's totally different. It's OK to get a few caring people together to buy a booklet at a funfair, but how many of those can you sell? I thought it would be great to set up a channel for savings for individuals. In this way, it's a win-win situation for Unifem for our projects and for the asset manager who'll be tapping a bunch of people who might not have thought about their savings before."

To attract as broad a base of investors as possible, the initial investment is being lowered to just S\$500, and subsequent investments must be at least S\$100. At the moment investments must be in cash, but there are plans to seek CPF approval.

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