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MONEY

Going green has helped my pension return 5% a year

Moving to a more sustainable portfolio was a natural choice for one investor and it is paying off, writes *David Brenchley*

Many investors feel that switching to a more sustainable portfolio means a huge overhaul for rewards that are anything but certain. For Michael Garfield, 64, however, it was a natural transition from what he was already doing.

Garfield, the director of a specialist medical consultancy, is betting that he will profit from the rising share prices of companies that meet environmental, social and governance (ESG) criteria.

He's so confident of this that he has moved all his pension savings, which are fast approaching the lifetime allowance limit of £1.07 million and account for 80 per cent of his total investments, into sustainable investments.

He may be doing it partly for ethical reasons, but he also doesn't think it's a risky proposition – far from it. "I don't see it as sacrificing performance; I see it as getting on the escalator going on to the next floor up," said Garfield.

In 2013 Garfield, who is from Southampton but now lives in Bedford, decided that the 30 per cent of his pension that he'd managed himself since the turn of the century should hold thematic investments, rather than investing in generalist funds like **Merchants Trust**, which invests in large, British businesses, and **Monks Investment Trust**, which holds global firms.

His main three themes were biotechnology and healthcare; the digital economy; and ESG. Funds that he held included **Worldwide Healthcare Trust** and the **iShares Automation and Robotics exchange traded fund** (ETF).

He quickly realised that his self-invested personal pension was performing better than the 70 per cent of his retirement savings he had entrusted to a traditional pension provider. "How can I, a private investor, be doing better than a big pension fund? It just didn't make sense."

Today his pension is run by Canaccord Genuity Wealth Management, using its ESG portfolio. Holdings include the **Baillie Gifford Positive Change fund**, which has returned 140 per cent over the past three years; the **L&G Battery Value Chain ETF** (132 per cent) and **Impax Environmental Markets** Investment Trust (115 per cent).

The transition was easy. Garfield said: "ESG and I met going in the same direction. The ESG industry came along and started identifying myself and I'd already been doing a lot of that anyway."

The part of his portfolio that had been flatlining when it was run by a pension company is now delivering 5 per cent every year. "It's been an absolute transformation," he said. "I think I owe the Canaccord team dinner at some point."

How could I be doing better than a big pension fund?

Garfield said that his 10 to 15-year investment plan allows him to take some risks, but he gets higher returns from the companies that these funds hold than from traditional top performers such as Shell, the oil firm, or tobacco companies.

He said that the world's giant corporations needed to adapt to the needs of the changing world in the same way that he has.

Amazon, for example, uses too much cardboard and far too many delivery vans. "OK, we are trying to cut back on the plastic in our packaging, but one day someone's going to wake up and say, 'My goodness, we're using a lot of cardboard'," Garfield said. "Somebody in Amazon's got to be looking at it and saying that buying an entire country's supply of cardboard is just not sustainable."

Michael Garfield, 64, has all his pension savings in sustainable investments