



latest word

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inside this issue: ethical investing - does it pay to be good?

Merck Jobs Boost for Dublin

Taoiseach Brian Cowen has announced that Pharma Giant MSD, part of Merck & Co, chose Dublin as the home for its newly established Shared Business Services Centre for its Europe, Middle East and Africa operations, involving the creation of 150 jobs.

Stacey Gelman, vice president, Shared Business Services, said "their presence in Ireland now

includes seven separate sites in Cork, Carlow, Dublin, Tipperary and Wicklow. We believe Ireland offers the best combination of factors to ensure the success of the centre, with a strong track record in the successful execution of complex projects such as this and an excellent business environment for the pharmaceutical and financial shared services industries"

"The factors include the quality of the Ireland's educational system, quality of life, its highly-educated workforce with excellent language skills, and its proximity to European Markets." This project is being grant aided by the tax payer to IDA Ireland.



did you know

Disney to Open on Grafton Street

US entertainment giant Disney is understood to have offered to buy the lease to the Laura Ashley store on Grafton Street.

Disney is currently expanding the number of stores in its portfolio, hoping to open 20 new stores across North American and Europe, including one at Donegal Place in Belfast. Disney first set up its retail chain in 1987 to take advantage of the surge in interest in merchandising and other toys. Last week, its parent group Walt Disney announced that revenues from consumer products increased 20% to €480m in the second quarter.

Retail Sales Growth 'Imminent'

A return to growth in retail sales is imminent, according to industry group Retail Excellence Ireland (REI).

The group made the claim after figures released by the Central Statistics Office showed that the value of retail sales in March this year were 1.6% lower than March 2009. The volume of sales increased by 3.6% in the year, and by 2.6% compared with February 2010. If motor trades are excluded, sales were down 1.2% in the year, but up by 0.6% month on month.



Chief executive of REI, David Fitzsimons said: "Following a prolonged two year period of rapidly deteriorating retail sales, the industry is now experiencing more modified decline and, in fact, many operators claim the industry has reached the bottom. Notwithstanding the fact that this modified decline is set against very weak sales figures in 2009, the numbers are at least moving steadily in the right direction."

The Central Statistics Office (CSO) data for March reveal that a majority of sectors showed year on year volume increases with the most significant being: Motor Trades up 21.9%, Non-specialised stores up 0.1%, Other Retail Sales up 8.4%.

Slight Fall in Live Register in April

The number of people on the Live Register fell for the second time in three months in April, according to the Central Statistics Office.

CSO figures show that the Live Register total decreased from 433,000 in March to 432,500 in April, a decrease of 500. In the year to April 2010 there was an unadjusted increase in the Live Register of 50,800 (+13%). This compares with an increase of 65,900 (+18%) in the year to March 2010.

Goodbody economist Dermot O'Leary said the figures provided further hope that the Irish economy is at last turning the corner. "While we feel that this is becoming a less relevant indicator of the labour market as the labour force shrinks, it should be noted that the unemployment rate remained unchanged at 13.4% for the fourth consecutive month.

"There have been a number of different indicators, including car sales, sentiment surveys and tax returns released recently that suggest that the economy has, at the worst, stabilised. One should not forget about the drags such as further fiscal consolidation and their effect on the economy, but it is becoming clear that the fear-induced spending strike in 2009 eased significantly at the beginning of 2010."

Davy economist Rossa White said the figures were "further confirmation that Ireland has exited recession".



Ethical Investing – Does it pay to be good?

We all want to be good. But when it comes to investing our money, does it really pay to invest in companies with ethically sound business principles and practices? In short, is ethical investing worth the money?

Broadly speaking, ethical investing involves investing in companies which do not engage in practices or produce products which are harmful to people or the planet. Ethical investing first came to global prominence in the 1980s when investors became anxious to avoid investing in businesses linked to the apartheid regime in South Africa, in much the same way as musicians and sports people sought to avoid supporting or recognising the regime by performing there.

did you know

Ulster Bank Enter First Time Buyers Market

The lending market to first-time buyers is currently dominated by AIB, Bank of Ireland. Ulster Bank have now announced that they will be re entering this market and are launching a standard variable rate mortgage for new buyers which will have a discount rate throughout the term of the loan. It promises it will always be 0.78% cheaper than its main standard variable rate. The new discounted rate will be 3.09pc, compared with the bank's normal standard variable rate of 3.85%. The bank will also offer €500 in cash to first-time buyers who switch their current account to it. The maximum loans advance will be up to 90% of the value of the property. For those who do not switch their current account over, Ulster will only advance loan up to 80pc of the value of the home to new buyers.



Investment managers soon capitalised on investor demand for ethical products. In the mid-1980s the first ethical funds were introduced, to a sometimes sceptical investment community. One such fund, the Stewardship Growth Fund, was nicknamed the 'Brazil Fund' because you were thought to be nuts to invest in it.

The intervening years, however, have seen attitudes to ethical funds change and such funds are now an integral part of the investment market. Ethical investing has also broadened its remit to encompass screening companies for good corporate governance - a real concern for investors following the well-publicised transgressions at Enron, WorldCom and the more recent Bernard Madoff 'ponzi' or pyramid-selling scandal.

did you know

Emergency UK Budget for June

The New British Chancellor George Osborne has announced that the new government's emergency budget will be on June 22. The Conservative-Liberal Democrat coalition led by Prime Minister David Cameron had promised a budget to lay out spending cuts and other measures to tackle Britain's record deficit. It is likely that Mr Osborne will be setting out next week details of the £6 billion of spending cuts to be made this year.

However, right from their inception in the 1980s there has been considerable debate about the performance of ethical funds and whether they are truly worthwhile for investors looking to maximise the return on their money. It's true to say that ethical screening disallows many stocks which have traditionally produced above average investment returns such as tobacco, armaments, gambling and brewing. Another argument is that because many of the very largest companies' stocks are screened out, ethical funds tend to be biased towards medium and smaller-sized companies, thereby introducing an undesirable element of volatility to a portfolio.

On the other hand, with investors seeking greater corporate transparency and the ability of 'bad press' to travel like wildfire, responsible corporate governance is an increasingly prized asset. It is now recognised that companies with the highest levels of corporate governance are also those most likely to see some of the strongest share price performance



in the medium to longer term. So, while sound governance may inhibit some of the creative accounting and business practices which can inflate share prices, it can also prevent the Enron- and WorldCom-type scenarios where such stock market darlings come crashing back down to earth.

When considering ethical investing, it's worth bearing in mind that ethical funds are essentially high risk. That's partly because many so-called defensive stocks are screened out and the same screening process prevents ethical fund managers from moving into the very safest stocks at times of market volatility.

With all that said, there is other less tangible but equally important aspects of ethical investing. Amongst these is the comfort of knowing that the money you invest is not going to support child labour, corporate or governmental corruption, deforestation, environmental pollution and war or civil oppression. For many investors, these factors

alone are the reasons for investing ethically, regardless of the performance.

It stands to reason, nonetheless, that most investors are in it for the money. When it comes to performance, the evidence is that ethical funds perform very well within their peer group, particularly over the medium to longer term. Although many ethical funds will tend to lag the broader market when energy and other commodity stocks are very much in favour, they also hold up well when such stocks are out of favour. This is why, when it comes to ethical investing, it pays to take a longer view.

The growth of shareholder demand for good corporate governance coupled with the broader movement towards increased levels of environmental consciousness means that the demand for ethical investment stocks is likely to increase in future.

Ethical investing can be a very personal decision as everyone's opinion of what constitutes ethical business practice can be different. For this reason, it's best to consider the ethical investment strategy that's right for you in partnership with your financial adviser. They will be well versed in the rights and wrongs of ethical investing and will be able to talk you through the finer points of the ethical funds that are available on the Irish market.

As your financial adviser will be at pains to stress, ethical investing does not necessarily mean foregoing solid investment returns in favour of doing some good in the world. By successfully combining growth with sound investment principles, ethical investing can help you reach your financial goals at no expense to anyone or anything else.

did you know

Consumers Confident

The monthly consumer sentiment indexed figure from KBC bank climbed to 65.6 last month from the March figure of 61.9. KBC economist Austin Hughes said consumers were still cautious, but that there was a clear improvement in their overall mood. Whilst increase was positive, he confirmed that it was still below the surveys long term average. Mr Hughes said "The consumer-sentiment survey suggests that signs of a turn are beginning to broaden." The fact that consumers are not again expecting a renewed painful squeeze on spending power may hint at a turning point in thinking and behaviour that could be significant, according to KBC.



Minister Slams Banks Over SME Lending

Enterprise minister Batt O’Keeffe has criticised banks for “not keeping their side of the bargain and lending to viable SMEs.”

O’Keeffe said he will call in bank bosses to discuss their lending practices after forming the view that some small businesses are being “stone-walled” when it comes to getting credit to keep going or to expand.

The minister added that he will meet small business-owners in the regions over the coming weeks to hear their first-hand accounts of difficulties accessing credit.

“Despite the taxpayer pumping billions of euro into the banks, the small business-owners I have met since becoming Minister for Enterprise, Trade and Innovation tell me they are still being stone-walled when it comes to getting credit to keep going or to expand,” said O’Keeffe.

“It is not acceptable that lip service be paid to government demands of banks to lend to viable businesses. “Now is the time to show gratitude to Irish taxpayers for the massive sacrifices they have made in putting Ireland on the road to economic recovery after the arrogance, greed and reckless irresponsibility of our bankers that brought the country to her knees.”

Minister O’Keeffe said that in return for recapitalisation the banks were to start lending again. “If that is not happening - and the evidence so far suggests to me that in some cases it is not - then I want to know why.”

The minister said he will be closely examining proposals from Allied Irish Banks and Bank of Ireland showing how they will meet lending targets the Government imposed on them after making €3 billion available to each of them for new or increased credit facilities for SMEs this year and 2011.

“If our banking policy is not working for SMEs, then it is our responsibility as a government to make sure that it does. If further action is required, we will act urgently and decisively.”

Savings Fall indicates Worse of Recession Over

A new savings indexed from Nationwide UK (Ireland) shows that just over 4 out of 10 people were saving regularly in April. This is a fall from 44pc of adults who were saving regularly in March. The index carried out by the Economic and Social Research Institute (ESRI) for the building society shows. There was an increase in the percentage of people not saving at all from 23% to 26% in April compared with March. ESRI economist David Duffy said the figures seem to indicate that the recession was easing off so that there was less need to save. A large part of the savings by households was precautionary savings where consumers put money aside to cope with a financial shock, Dr Duffy said. The savings index figures are consistent with last month’s consumer sentiment index which showed that consumers’ perception of the current environment was improving.

did you know

Euro Slide Pulls Oil Prices Lower

17th May Oil prices fell below \$70 a barrel to the lowest level in over three months. The price of oil has reduced by more than 18% so far in May in terms of European debts, weak euro and swollen U.S oil inventories. With the euro’s fall, the strong U.S currency makes for the nominated commodities such as oil more costly to hold for other currencies tends to dampen prices. We have not yet seen this translated into prices for our fuel at the pumps.



Last word

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