

**Everything  
people living  
abroad need  
to know  
about green  
investing**



# Why green investing matters to people living abroad.

It's no secret that many established business models negatively impact the environment.

As people living abroad, we see these changes up-front and center thanks to our unique global perspectives.

Thankfully, the investment community is also in tune with this dire situation.

"Green investing" is now one of the hottest trends in global finance.

This movement aims to keep capital moving while creating more sustainable and environmentally friendly businesses.

We wrote this guide to help people living abroad like yourself understand green investing.

**That way, you can put your money to work growing your wealth while helping the planet.**



# What is “green investing” and why is it so popular?”

The climate and the way we as a species interact with our home have never been more critical. Over the past decade, the growing call to action to go "green" grew exponentially.

Since money powers our economy, it only makes sense that green investing is becoming more prominent by the day.

## **And for a good reason.**

Excessive polluting and using the environment as collateral create tons of risk.

Each time there's a “record” weather event like unprecedented flooding and wildfires, it adds costs, kills nature, and makes business planning more expensive.

**All this is before we get into the millions of people killed or having their lives cut short from pollution.**



# The power of green investing

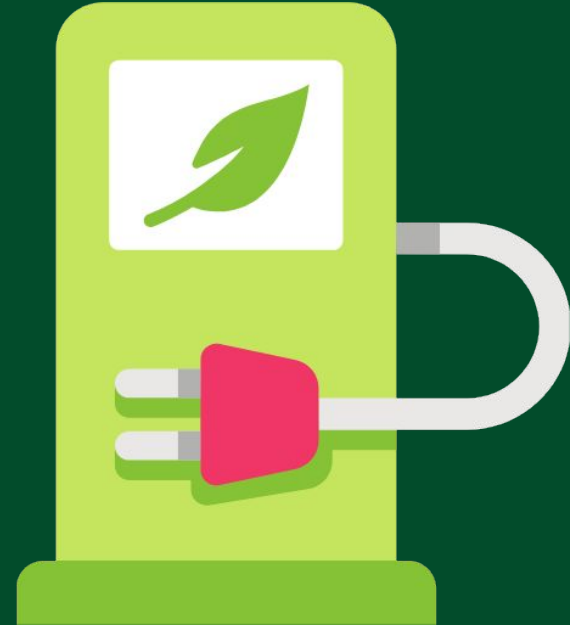
“Voting with your wallet” is one of the most powerful things we can do. Companies needing money respond to investors.

As more people demand “green” investments, more companies adopt more ethical and sustainable practices.

The phrase “Selective Investing” is probably more accurate (even if green is more trendy). Investors like you and me can select which companies align with our values and visions, then put our money to work with them.

**This sort of filtering is extraordinarily impactful.**

This cycle only accelerates, which enacts positive change across the global economy.



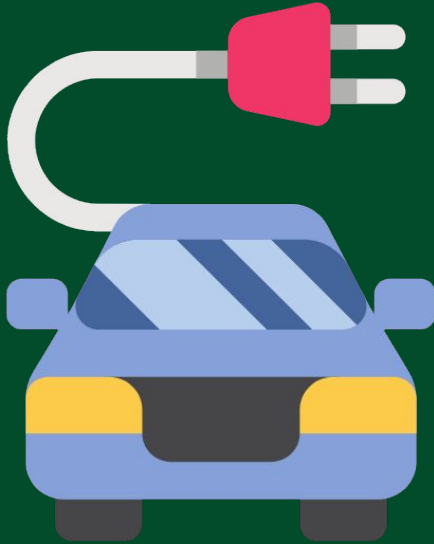
# 1 in 3

**In the United States, almost 1 out of 3 invested dollars goes towards companies with an ESG, SRI, or impact mandate since early 2020**

(US Forum for Sustainable and Responsible Investment).



# The different themes driving green investing



Green investing focuses on two key topics: ESG and SRI.

Both themes focus on green and socially responsible business activities.

Financial rating agencies like Standard & Poor's, Reuters, and MSCI define ESG and SRI using a wide range of criteria.

Then, they continuously analyze firms and funds, giving them a score.

**In turn, green and social investors can quickly see if a potential investment aligns with their values.**



# ESG

ESG is short for “**Environmental, Social, Governance.**”

**Environmental:** How much does a company's business activities negatively impact the environment? Do they create a lot of CO2 emissions, or are they carbon neutral?

**Social:** Does the company have a net positive impact on society? Do they and their suppliers respect human rights and fair working conditions? Are they evading taxes?

**Governance:** What controls does the company board have to prevent corruption and ensure employees respect rules and laws? Do they have a strong or weak corporate social responsibility (CSR) strategy?



# ESG

ESG investors focus on making money but within these boundaries.

They believe that companies that have poor ESG scores show an underlying risk and potential lost profits.

If a company doesn't keep up with modern best practices, its competitors, technology, or the government will. When that happens, it will need to spend a lot of money to get up to speed or even risk shutting down.

**In other words, high ESG scores can equal a better-quality investment.**

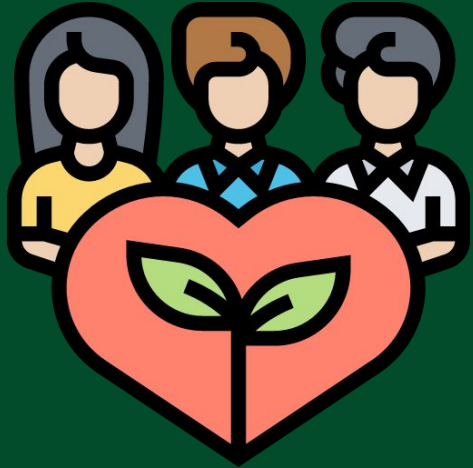


European investors are the most significant contributors to ESG, **accounting for almost 82% of all green investors in 2020.** ([Morningstar](#))





# SRI



SRI stands for “**Socially Responsible Investing.**”  
SRI-friendly companies are agents of change,  
looking to transform the world for the better.

In other words, they're trying to positively **impact society** and the environment and not just make a profit.

To that end, SRI investors see the return on their investment beyond only money.

For them, if a company can replace a polluting but more profitable one with an eco-friendly alternative, then it's a good investment.

SRI isn't just for environmental impact. People who believe vices like alcohol, tobacco, and gambling are bad for society to use SRI scores to avoid these investments.

Weapons, nuclear power, and human rights violations are also big red flags for SRI investors.



# Impact investing

Impact investing is an offshoot of SRI. Where SRI sacrifices some profit for a non-financial gain, impact investing focuses on positive change above all.

The best way to think about impact investing is a bit like venture capital.

Venture capitalists make investments on unknown and unproven models, knowing that they likely won't get any return.

Impact investing is similar in that it seeds new ideas aligned with certain values.

**While impact investing has the power to institute real change, it's a high-risk activity without a focus on generating a return.**



**On the surface, ESG and  
SRI might look identical.  
They're not!**

**Here's how they differ.**



# The differences between ESG and SRI you should know.

	ESG	SRI
<b>Profits</b>	Focuses on profitability, but within a set operating structure	Focuses on social change even at the expense of some profits
<b>Investment types</b>	Will avoid poorly run companies based on their environmental, social, and governance score.	Filters out any company that doesn't align with its values.
<b>Social impact</b>	Not a priority	High priority
<b>Environmental impact</b>	Excludes polluting companies or weights them against their overall operations	strictly excludes polluters and non-green companies
<b>Decision drivers</b>	Data-driven based on both positive and negative screening	Values-driven using negative screening (SRI) or even positive screening (impact investing)



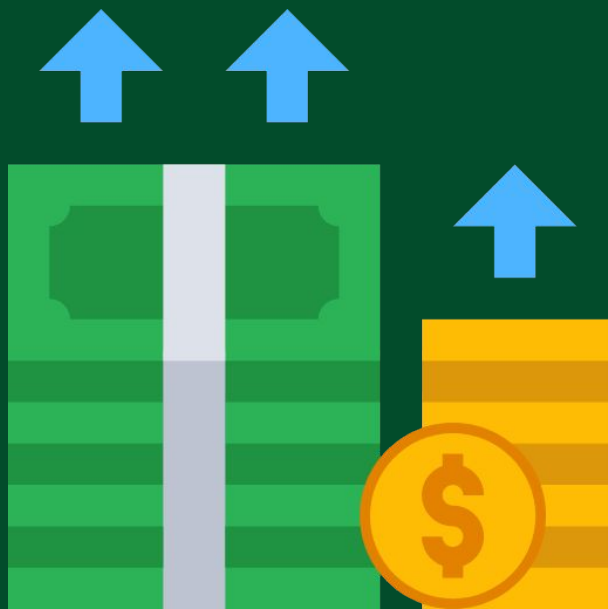
# What's screening, and why is it essential for Green investing?

ESG and SRI investing revolve around screening different investments. There are two ways we can filter them:

- **Positive screening or "inclusion":** looking for companies that align with our values (impact investing)
- **Negative screening or "exclusion":** removing companies that conflict with our values. For example, you could avoid weapons manufacturers, fossil fuels, pornography., etc.

Your investment portfolio changes depending on how your screen. **Fortunately, many funds come pre-screened, doing the work for you!**





# 27-55%

The returns delivered by 19  
out of 26 ESG funds in  
2020, beating the S&P 500.

(S&P Global)



# How people living abroad can make incredible green investments



# Investment funds are your friend.

Investing is overwhelming for almost everyone.

When you're living abroad, that sensation is even greater thanks to your international life and living outside your comfort zone.

By far, the easiest way to get into green investing (or any for that matter) **is through funds.**

Funds are an excellent choice for people living abroad as they provide low-cost diversification that minimizes most risks.

All you have to do with a fund is periodically contribute to it, and the fund should do the rest.





# Not all green funds are created equal.

While many banks and investment services offer green funds, you should approach them with extreme caution.

First, many banks and domestic investment services try to jump into ESG and SRI without doing their homework.

Second, most funds sold by these guys lack transparency.

That means you can't see all of the decisions and underlying investments your money goes to.

That by itself is a giant red flag for us. If ESG is all about transparency, then why don't banks disclose everything in the funds?

**Many funds sold by banks have high fees.** The more you pay in fees, the less overall return you get.

"**Expat life insurance**" sold by seedy brokers is even worse because there's zero transparency, even higher fees, and penalties for leaving.

**More importantly, most funds sold by domestic banks and providers don't cross borders well (or at all).**

If you're living abroad, getting your investments stuck in one country could cost you hundreds of thousands of euros in lost return.



**We recommend people  
living abroad use  
Exchange-Traded  
Funds (ETFs) for green  
investing.**



# Why we like ETFs for Expats

We're fans of ETFs for green investing because:

- **They're 100% transparent.** You know exactly what you're getting, which is extremely important for green investing.
- **They're low-cost,** saving you money on fees and boosting your returns.
- **ETFs are some of the most popular investment vehicles in the world.** Therefore, an excellent platform for investors to push companies to change.
- For people living abroad, they cross borders really well, keeping your wealth with you, no matter where you go

Companies like Lyxor, Amundi, and Blackrock provide ESG and SRI ETFs for all shades of green investors living abroad.

**These factors come together to make ETFs one of the best solutions for quick and effective green investing.**



# 1.985 Trillion

The amount of USD invested  
in ESG funds world-wide.

(Morningstar)



# Beware of Greenwashing

It's no surprise that with the rise of ESG and SRI investing, some companies and funds would try to cheat.

Companies that lie or distort their true environmental impact do what's called "greenwashing."

In short, these firms know that green looks good in marketing documents and ESG ratings but don't want to actually commit to environmentally-friendly practices.

Before making ESG and SRI investments, we recommend searching for "company/fund +greenwashing."

Keep in mind that the industry, investors, and the population are constantly improving the control process.

This evolution is forcing more and more companies to become honest about their true environmental impact.

It can very well be that a greenwashed firm today could get its act together tomorrow.

It's always worth periodically checking (or [subscribing to our newsletter for updates](#) 😊).



# How to build a green investment portfolio while living abroad

Want to dive into green investing? Great! Here's how:

- Find the funds that fit your needs and values: Do I prefer ESG (profits) or SRI (change sacrificing profits). Mention "screening here." You also don't have to go 100% green.
- You can always "tilt" your portfolio to invest in some green themes but not others.
- How much risk am I comfortable taking? → find investments that go to that limit but not above it
- Double check that your investments are diversified, which reduces your risk.
- Make sure the investments you pick can move with you whenever you change countries.
- Open an account with a broker, bank, or a specialist so you can make and manage your investments.
- Create your plan and stick to it.
- **Watch your money go to work, creating a better, more sustainable world.**



# Abroaden - the shortcut for easy green investing while living abroad.

## Living abroad isn't easy.

Despite having a global view of how our actions impact the environment, investing as an expat, digital nomad, or remote worker is often out of reach.

We created abroaden to give people like you an empowering tool to build a better financial future.

We help you find the best combination of green investments suited to your needs and dreams with our platform.

Then, with your consent, we do all the heavy-lifting that powers successful investing, including when you move countries.

Protecting the environment and building a more sustainable future while also growing our wealth is crucial for our long-term success.

**By understanding how green investing works, we can make our money do good, regardless of where on Earth we call home.**

**get early access to abroaden's  
wealth building platform for expats**

*use referral address [green2021@abroaden.co](mailto:green2021@abroaden.co) to get an additional special offer!*



# Thanks for reading! 🙌

(and don't forget to follow us on)



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# About abroaden

[abroaden](#) is a WealthTech startup born in Barcelona.

We're creating the first wealth-building platform help people living abroad find, make, and manage investment.

Unlike other services, when you move countries, we move with you. That way, you don't have to worry about reporting or nasty surprises while living across the world.



how people living abroad invest



proudly participating in Barcelona Batch I  
of the [F10 fintech Incubator](#)

