
Betterment adds socially-responsible portfolio option

By Editorial Staff Thu, Jul 20, 2017

A 42% improvement in social responsibility over Betterment's existing portfolio came from substituting iShares DSI—a broad US ESG stock market ETF—for the portfolio's U.S. large cap exposures, Betterment said.

Betterment, the \$9.6 billion digital advisory platform, now offers its 270,000 online clients a socially responsible investing (SRI) portfolio strategy that invests in companies that foster “inclusive workplaces or work toward environmental sustainability” while avoiding those with poor labor practices or that damage the environment.

The SRI portfolio reflects a 42% improvement in social responsibility scores (relative to the Betterment portfolio) on US large cap assets. The improvement came from substituting iShares DSI—a broad US ESG stock market ETF—for the portfolio’s U.S. large cap exposures. An additional ETF, iShares KLD, will serve as the secondary ticker for DSI.

All other SRI portfolio asset classes match Betterment’s existing portfolio because an acceptable alternative doesn’t yet exist or because the existing alternatives have high fees or liquidity limitations.

Betterment plans to add new SRI funds as they become available. The SRI portfolios are also eligible for Betterment’s tax-loss harvesting and tax-coordinated portfolios services.

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