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Wheaton financial advisers make only 'good' investments

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Bill Moucka and **Don Cummings** were secure as bond salesmen but felt the nagging doubts often associated with a midlife crisis, the bane of comfortable living. "After a while selling bonds to institutions, you realize there isn't a lot of humanity involved," Moucka said. Gee, really? Anyhow, they loosened their neckties, took an assessment of their skills and realized they had a common interest in helping people invest with social as well as financial goals. So they formed **Blue Haven Capital** in Wheaton, a financial advisory firm with a devotion to socially responsible investing.

As such, it has a unique appeal. Investors with a social mind-set can take their money to different mutual funds or even find someone in a big firm who specializes in screening stocks by ideology, but it's rare for an advisory firm to concentrate on the sector.

Moucka, 47, and Cummings, 43, set up shop last fall, and report just short of \$2 million under management. They hope to gain a greater profile with individuals, foundations and pension funds.

"We are independent and we don't work on commissions, so we are free, for example, to recommend mutual funds from different families," Moucka said.

He said he's found more investors want a social screen for their stock picks, but they don't want to give up profitability. Data show the two aims don't have to be exclusive; a back test of the **Domini 400 Social Index** from 1990 through 2005 shows it ran slightly ahead of the Standard & Poor's 500 in average returns for the period.

The Domini index weeds out stocks deemed objectionable in the S&P 500 and adds others that pass screening.

Socially responsible investing is a term of art. How and where to draw the line is debatable, but the strategy's popularity is beyond question. The Social Investment Forum said that in 2005, nearly 10 percent of the money managed in the U.S. followed some kind of social screen.

Moucka said the idea has evolved over the years from avoiding alcohol and tobacco stocks to evaluating companies according to their pollution, support of overseas tyranny or their openness to shareholders. He said Blue Haven doesn't take hard stances on how to define social responsibility, leaving that up to the client.

Examples: Does **Wal-Mart Stores (WMT)** meet the test?

"I don't know," Moucka said. "They are a good example of a company that's been in the news, and they are making an effort to change in response to criticism."

How about **Playboy Enterprises (PLA)**?

"Probably not," he said.

The firm's management fees are 1 percent for accounts of at least \$100,000, slightly less for those who have put in more than \$250,000.

But social standards are widely available to those with less money to spend. **Calvert** and **Ariel** are popular fund families in this category. **Morningstar** has attached high ratings on some of their offerings, plus funds from **Neuberger Berman**, **Parnassus** and **Vanguard**. It also likes the **Ave Maria Catholic Values** fund, for those who invest on faith of a spiritual kind.

Does all this work? The managers of the Dallas-based **Vice Fund (VICEX)** might beg to differ. Its holdings are in cigarettes, alcohol, gambling and weaponry. The fund has high ratings from **Lipper** and since its inception in the fall of 2002 has posted average annual returns of more than 16 percent. Hate to say it, but vice has a virtue.

RENT CONTROL: Shares of Chicago-based apartment landlord **Equity Residential (EQR)** gained slightly last week, even though the stock suffered two downgrades from prominent analysts. EQR took the hits from

Goldman Sachs and **Wachovia**, whose analysts cited expectations of slower economic growth later this year.

CHILL IN THE AIR: The February retail sales figures proved the weather report belongs near the financial pages. Days before the February numbers came out, **Bill Kirk**, chief of **Weather Trends International** correctly predicted they would come in below expectations. The nation experienced its coldest February in 18 years.

"With retailers fully stocked for spring items in February, this was not the weather they were hoping for," he said.

SEMANTIC SEMINAR: **Calamos Investments** in Naperville has announced a new mutual fund, the Calamos Global Equity Fund, which, if you're not familiar with the jargon, sounds awfully similar to the Calamos International Growth Fund. In English, "global" and "international" are used interchangeably, but that's not the case in the fund industry.

There, "global" generally means investments anywhere in the world, including the home country (U.S. in this case). "International" means only investments outside the home country. Watch for that in your next portfolio check for international (or whatever) exposure.

Calamos Holdings LLC said it has put \$30 million into the new fund.

CLOSING QUOTE: "Nineteen quarters of the strongest string in profit gains in history has yet to be fully reflected in current stock prices." -- **Diane Swonk**, chief economist, **Mesirow Financial**

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