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Putting ethics at the heart of advice

Virtuo Financial Services was founded when Scott Murray decided to specialise in ethical investing.

If you hear an adviser talk about a major shift in the professional life as a result of a decision shaped by personal 'ethics', you'd be forgiven for expecting to hear a familiar story of an intermediary that has left a larger institution or bank into to begin a practice that treats they treat clients as people rather than cash cows.

Scott Murray of Virtuo Wealth Management, however, struck out his own a decade ago due to his desire to follow a more familar 'ethical' route. Previously at Ernst and Young Financial Management until 2003, Mr Murray began thinking about his approach to investments just before the financial crisis hit. This led him to launch Virtuo, an IFA firm specialising in ethical investments.

"Just before the financial crisis I started thinking about ethics and the markets and sustainability. I decided to casually introduce it to my clients. I rebranded the company and set up an office in London and since then it's gone from strength to strength.

"There was the financial crisis and my own spirituality. It isn't a religious thing, it's just how I wanted to live. I want the planet to be here for my children and grandchildren and wanted to do something about that and it helps to use funds that make a difference."

Despite being a whole-of-market IFA, Virtuo is a bonafide example of an independent firm serving a "relevant market" (in fact ethical investing was an example given by the regulator of a segregated market that can be served exclusively by independent advisers). Each of Mr Murray's clients has to have at least a little bit invested ethically.

Let's do launch

Mr Murray and Virtuo have recently set off on a new partnership with discretionary investment manager Tam Asset Management. The latter has launched a selection of "ethical" model portfolios covering a range of risk appetites from cautious to adventurous, which Mr Murray encourages clients to consider.

While the funds were technically launched solely by Tam subsidiary Tam Ethical, Mr Murray has acted as "ethical adviser". Mr Murray says he chose to partner with a discretionary manager because advisers that provide financial planning solutions for clients would find it "very difficult" to also effectively select funds.

He says: "Financial advisers aren't fund managers. If you are advising clients I think picking the right fund is very difficult, [unlike] If you are an investment firm and you have an investment committee. You can't really be both.

“The thing about it is the portfolios that TAM and ourselves are running, they are buying funds at institutional discount prices which aren’t generally available to financial advisers. The portfolios are UK-authorised unit trusts and Oeics, it isn’t like there’s any Mexican farmland or condos in Costa Rica.

“The performance stacks up. Some of the funds might have a bit more volatility but the portfolios cater to anywhere from cautious to adventurous [risk profiles]. The portfolios have been available for about two weeks but I have been working on this for about two years looking for the right partner.

By Michael Trudeau

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