It’s time to rethink Environmental, Social, and Governance Investing.

Have you considered Environmental, Social, and Governance Investing (ESG) before, but discarded it because you didn’t want to sacrifice performance? Reconsider. With the growth in the industry, more investment options are available than ever before. This is no longer a peripheral opportunity only acceptable to a small group. In recent years, ESG has flourished into a compelling investment option. You can now build a diverse, sophisticated portfolio incorporating ESG that helps deliver competitive performance.

ESG INVESTING CAN HELP YIELD COMPETITIVE RETURNS

Academic studies demonstrate that Environmental, Social and Governance investment strategies perform competitively with non-ESG strategies over time. A recent study conducted by the United Nations Finance Initiative indicated no negative relationship between socially responsible investing and portfolio performance. Further studies conducted by independent and governmental organizations support these findings.

These studies suggest what the Greater Cedar Rapids Community Foundation has always believed, portfolio performance can be generated from sound asset allocation and manager selection.

You do not have to sacrifice investment quality to build a Environmental, Social and Governance investment portfolio.

THE CURRENT INVESTMENT MANAGER LINE-UP AVAILABLE THROUGH THE GREATER CEDAR RAPIDS COMMUNITY FOUNDATION’S ESG FUND:

**Global Equity**
- Vanguard FTSE Social Index
- Portfolio 21 Global
- Neuberger Berman Socially Responsive
- Parnassus Endeavor
- Boston Common International
- Calvert Emerging Markets

**Global Fixed Income**
- Praxis Impact Bond
- Access Capital
- Pax High Yield

**Real Assets**
- Calvert Global Water
- Cohen & Steers Real Estate

**Diversifying Strategies**
- Appleseed Fund

<table>
<thead>
<tr>
<th>GCRCF ESG FUND ALLOCATION:</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>30.0%</td>
</tr>
<tr>
<td>Developed International</td>
<td>20.0%</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>5.0%</td>
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<tr>
<td>Fixed Income</td>
<td>30.0%</td>
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<tr>
<td>Real Assets</td>
<td>10.0%</td>
</tr>
<tr>
<td>Diversifying Strategies</td>
<td>5.0%</td>
</tr>
</tbody>
</table>
MORE ESG STRATEGIES AVAILABLE NOW THAN EVER BEFORE

Environmental, Social and Governance Investing assets represent over $6.6 trillion — a 929% increase since 1995. Nearly one of every six dollars under professional management is invested in a socially responsible manner.1

Because of this demand, there are multiple ESG investment strategies available today that did not exist 10 years ago. Virtually all styles or asset class strategies needed to build a diverse portfolio exist in a socially responsive fund, including domestic, international, and emerging stocks (small-, mid-, and large-cap), global bonds, real assets (clean energy such as wind, natural gas, conservation-related forestry investments, and conservation-related rural real estate), and various clean-tech and sustainability investments.

GROWTH OF ESG FUNDS AND DOLLARS INVESTED


AREAS OF IMPORTANCE/FOCUS

MAKE A DIFFERENCE THROUGH ESG INVESTING

As a leader in nonprofit financial management, the Greater Cedar Rapids Community Foundation’s investment consultant, Fund Evaluation Group, LLC (FEG) incorporates the same rigorous due diligence process used in traditional investment manager research to help uncover the best socially responsive investment managers for consideration in investment portfolios.

Recognizing that investors want choices in how they meet their financial goals and impact corporate responsibility and sustainability practices, we can apply ESG solutions for your charitable dollars.

To discuss incorporating ESG investment strategies into your portfolio, please contact:

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Vice President of Development
324 3rd St SE
Cedar Rapids, IA 52401
Direct: 319.774.2362
Email: michelle.beisker@gcrcf.org

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**Vanguard FTSE Social Index**

The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the FTSE4Good US Select Index. The index is composed primarily of large- and mid-cap stocks that have been screened for certain social and environmental criteria by the index sponsor, which is independent of Vanguard. The fund attempts to replicate the index by investing all, or substantially all, of its assets in the stocks that make up the index.

**Portfolio 21 Global**

Portfolio 21 Global Equity Fund seeks to invest in exceptional companies that are meeting positive thresholds of performance for Environmental, Social and Governance (ESG) issues, such as strong workplace practices, a demonstrated record of producing safe products for consumers, protecting the environment, fair compensation for employees and executives, and respecting and upholding human rights.

**Neuberger Berman Socially Responsive**

Neuberger Berman’s belief is that good corporate citizenship is good business. The team analyzes a company’s social and environmental record within the framework of its business model and strategy. The team seeks companies that they believe have “best in class” practices, as relevant to the business, in several general areas: environment, community, workplace, and products. Neuberger Berman also seeks to avoid companies that derive revenue from alcohol, tobacco, gambling, weapons, or nuclear power.

**Parnassus Endeavor**

The Fund invests in large-capitalization companies that represent Parnassus' clearest expression of ESG investing: portfolio companies must offer outstanding workplaces, and must not be engaged in the extraction, exploration, production, manufacturing, or refining of fossil fuels. This workplace focus can result in significant exposure to technology companies, many of which are leaders in offering positive and innovative workplaces.

**Boston Common International**

The international equity strategy seeks to invest in companies with sound governance and a history of responsible financial management, which Boston Common believes are capable of consistent, visible profitability over a long time horizon. Boston Common incorporates ESG criteria into the stock selection process, as the manager seeks to raise the profile of the portfolio and engage with the companies they own in advocacy in order to improve companies’ operations.

**Calvert Emerging Markets**

Sub-advised by Hermes Asset Management, the fund normally invests at least 80% of its assets, including borrowings for investment purposes, in equity securities of companies located in emerging market countries. Investments are first selected for financial soundness and then evaluated according to sustainability and corporate responsibility criteria, the application of which is in the economic interest of the fund and its shareholders.
**Fund Descriptions**

### Fixed Income

#### Praxis Mutual Funds

**Praxis Impact Bond**

Praxis invests primarily in a wide range of U.S. corporate debt securities, notes, and bonds issued by agencies of the U.S. government, and mortgage-backed securities but avoids investments in U.S. Treasury bills, notes and bonds. Praxis stewardship investing is a values-based approach to socially responsible investing that incorporates values-based restrictive screens and active ESG data integration, corporate engagement strategies, positive impact bond investments benefitting the climate and communities, and community development investing.

#### Global Asset Management

**RBC Access Capital Community Investment**

The RBC Access Capital Community Investment Strategy presents investors with excellent opportunities to help build stronger communities through fixed income investments offering safety, liquidity, and competitive returns. Access focuses on impact investing that provides the double-bottom line benefit of aiding underserved communities while seeking to earn a market rate of return through the support of low- and moderate-income home buyers, affordable rental housing units, small business administration loans and economic development projects.

#### Pax World Investments

**Pax World High Yield**

The Pax World High Yield Bond Fund seeks to produce high current income and, as a secondary objective, capital appreciation. The fund follows a Sustainable Investing approach and normally invests at least 80% of its assets in high-yield, fixed income securities. The fund seeks to invest in forward-thinking companies with sustainable business models that meet positive environmental, social and governance standards.

### Real Assets & Diversifying Strategies

#### Calvert Investments

**Calvert Global Water**

A recognized leader in Responsible Investing, Calvert’s investment strategies feature integrated environmental, social, and governance (ESG) research and corporate engagement. The Fund employs a passive management strategy designed to track the performance of the Calvert Global Water Research Index. The Fund uses a replication method, investing in the common stock of each company in the Index, the universe consists of companies significantly involved in water-related business activities that are consistent with the Calvert Principles for Responsible Investment.

#### Cohen & Steers

**Cohen & Steers**

The investment objective of the Fund is to achieve total return through investment in real estate securities. Real estate securities include common stocks, preferred stocks and other equity securities of any market capitalization as well as debt securities issued by real estate companies, including real estate investment trusts (REITs) and similar REIT-like entities. The fund considers ESG criteria to determine optimal discount rate in their Dividend Discount Model.

#### Appleseed

**Appleseed**

Long-term value investors who seek to generate returns by making prudent, disciplined, and sustainable investments in a range of asset classes from markets around the world. Investments can include stocks, bonds, commodities such as gold, Through ESG screens, Appleseed believes they can reduce investment risks.
## ESG POOL SCORES

As of January 2018

<table>
<thead>
<tr>
<th>% MV Weight</th>
<th>Fund</th>
<th>Environmental Score</th>
<th>Governance Score</th>
<th>Social Score</th>
<th>Total Quality Score</th>
<th>Quality Score Peer Comparison</th>
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</thead>
<tbody>
<tr>
<td>15%</td>
<td>Vanguard FT SE Social Index Fund; Investor</td>
<td>5.7</td>
<td>5.2</td>
<td>4.5</td>
<td>5.3</td>
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<td>10%</td>
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<td>5.6</td>
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<td>Neuberger Berman Socially Responsive Fund; Inst</td>
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<td>4.4</td>
<td>5.3</td>
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<td>5%</td>
<td>Parnassus Endeavor Fund</td>
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<td>15%</td>
<td>Boston Common International Fund</td>
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<td>5.2</td>
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<td>5%</td>
<td>Calvert Emerging Markets Equity Fund; I</td>
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<td>4.6</td>
<td>4.9</td>
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<td>15%</td>
<td>Praxis Impact Bond Fund; I</td>
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<tr>
<td>5%</td>
<td>Appleseed Fund; Institutional</td>
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<td>100%</td>
<td>ESG Portfolio Weighted Scores</td>
<td>5.8</td>
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<td></td>
<td>iShares MSCI ACWI ETF Index</td>
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<td>4.6</td>
<td>5.6</td>
<td>42.0</td>
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</table>

**GREATER CEDAR RAPIDS COMMUNITY FOUNDATION**