

# Environmental, Social, Governance (ESG) Pool Summary

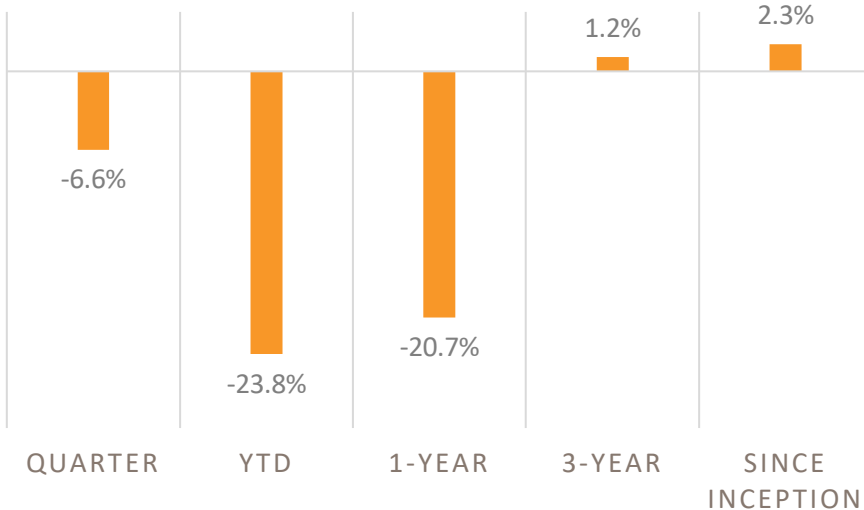
As of September 30, 2022

The ESG (Environmental, Social, Governance) Pool is designed for investors that seek alignment of mission and values while seeking market rate returns commensurate with a globally diversified portfolio. The ESG pool is long-term in nature and capital appreciation is the primary goal. The ESG pool invests in daily liquid investments only. This Pool is for permanent endowments, where the time horizon is in perpetuity. The portfolio is allocated across:

- ❖ **Asset class** (stocks, bonds, diversified mutual funds)
- ❖ **Region** (U.S., developed international, emerging markets)
- ❖ **Market Cap** (large, mid, and small size companies)
- ❖ **Style** (value and growth)
- ❖ **Liquidity** (public investments)
- ❖ **Mission** (climate, labor concerns, gender and racial diversity, hunger, education, clean water, air and soil)

## PERFORMANCE

## ASSET ALLOCATION



❖ Domestic Stocks	31%
❖ International Stocks	24%
❖ Core Fixed Income	30%
❖ Infrastructure	5%
❖ Real Estate	5%
❖ Diversified Mutual Funds	5%
❖ Cash	1%

\*Inception: 11-2017



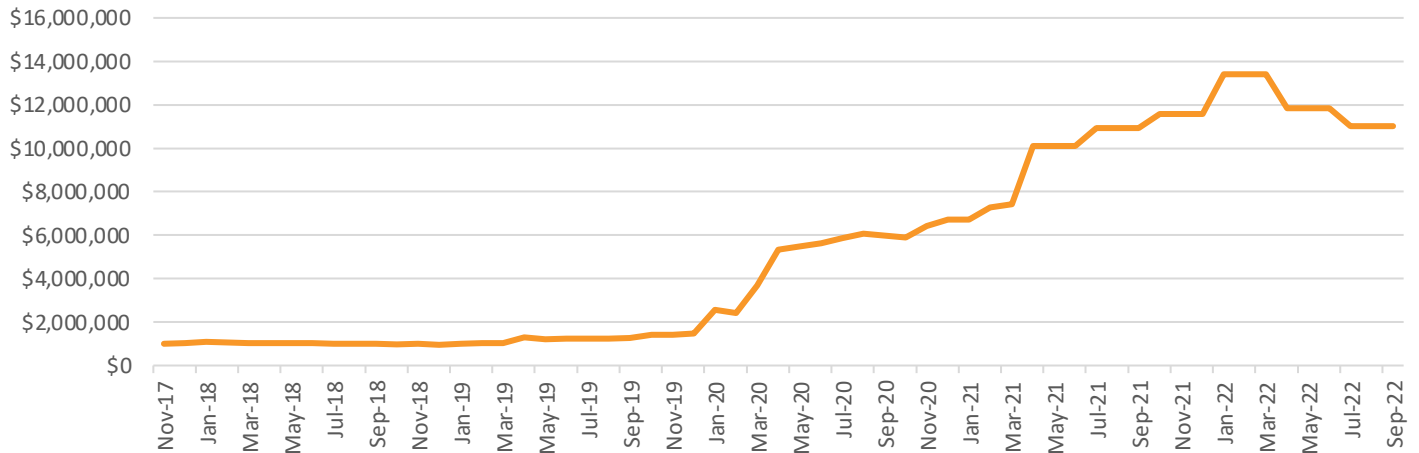
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**COMMUNITY  
FOUNDATION**

## GROWTH OF ASSETS OVER TIME

### ESG Pool



## QUARTERLY COMMENTARY

Following losses throughout the year, the third quarter of 2022 provided little respite for investors hoping for a change. The ESG portfolio faced headwinds as the Energy sector massively outperformed most other sectors of the market due to reduced global supply. Given the environmental nature of the portfolio, it remains underweight to fossil fuels. Despite the recent rally in Energy, longer-term the portfolio has benefitted from maintaining an underweight to the sector.

Global stock returns were overwhelmingly negative in the third quarter, with domestic stocks posting relative outperformance versus their international developed and emerging market counterparts due to an historically strong US Dollar.

## FROM OUR INVESTMENT PHILOSOPHY

The Foundation recognizes that constituents of the Community have an interest in allocating charitable dollars in a fashion that is consistent with their ethics and values. Further, the Foundation and their consultant recognize the growing amount of research that suggests that incorporating ESG factors into the security selection process can help uncover unaccounted risk and return characteristics that can benefit the portfolio. For these reasons, the Foundation elected to provide an additional investment option for potential donors that desire ESG characteristics in their portfolio.

The pool will have the majority of its assets invested in public equity, with the remainder in fixed income and diversified mutual funds. The ESG pool seeks to hold little to no holdings principally involved in alcohol, tobacco, gambling, adult entertainment, civilian firearms, for-profit prisons, fossil fuel extraction, genetically modified foods, predatory lending, and non-gender diversified Boards while emphasizing investment in companies that hold positive ESG characteristics. The pool also focuses a portion of the assets to address concerns within the Greater Cedar Rapids community.

For further information regarding investment management please visit our website:

<https://www.gcrf.org/about/investment-management/>

If you have questions, please contact:

Arthur Kim

Development Officer

319.200.4409 [Arthur.Kim@gcrf.org](mailto:Arthur.Kim@gcrf.org)

