

## SOCIAL IMPACT POOL

Seeks to invest in companies creating economic opportunity for historically marginalized communities, and support fund managers led by or who work closely with individuals from groups traditionally excluded from the finance industry.

### Weighted Average Fee<sup>1</sup>

0.56% (56 basis points)

### Objectives

**Risk Profile:** Aggressive

**Strategy:** The Social Impact Pool invests in organizations that are treating employees and customers fairly and are creating opportunities for the least advantaged. This diversified portfolio allows you to align your investments with your charitable goals while investing in companies taking the lead in providing fair wages, healthcare, and other benefits to employees and community members. The portfolio also has a dedicated allocation to emerging BIPOC-led or women-led investment funds that support reducing systemic racial and gender inequalities in the asset management industry.

**Impact:** The Pool consists of a globally diversified mix of passive index funds and ETFs that:

**Invest** in companies that are developing products or services to aid the least advantaged in society.

**Select** companies that treat their employees and suppliers fairly (and screen out those that fall behind).

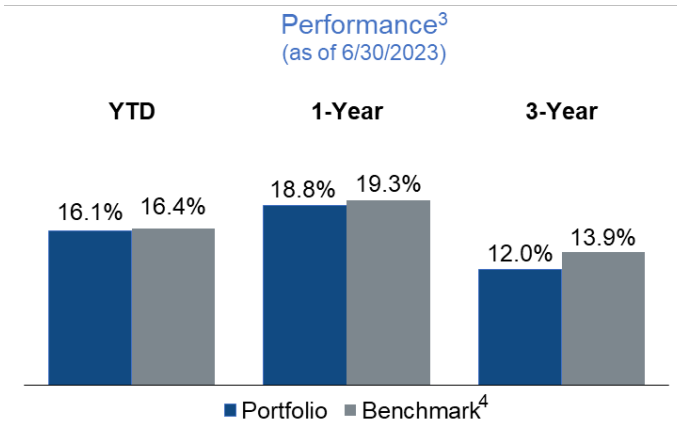
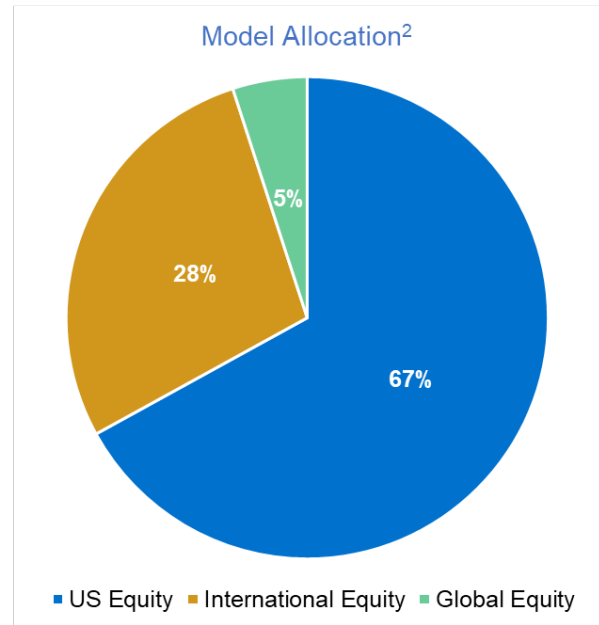
**Engage** with companies to increase pay equity, encourage workforce diversity, and make investments that benefit low-income communities.

**Allocate** capital to asset managers from historically excluded groups who are working shrink historical inequities in the asset management industry.

**Grantmaking:** Appropriate for donors with long- and short-term time horizons for granting priorities.

### Investments

Goldman Sachs JUST US Large Cap ETF  
 Vanguard FTSE Social Index  
 Calvert International Responsible Index  
 Impact Shares NAACP Minority Empowerment ETF  
 Adasina Social Justice All Cap Global ETF  
 V-Shares US Leadership Diversity ETF



### Customer Service

If you have any questions about your fund or wish to request a change in your investment mix, please contact Donor Services at [service@growyourgiving.org](mailto:service@growyourgiving.org) or 816.842.7444.

Contact Trey Corbett at [corbett@growyourgiving.org](mailto:corbett@growyourgiving.org) or 816.627.3419 for more information on the pools, including their component funds and blended benchmarks, the Board of Directors Investment Committee, or the Investment Policy Statement.

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## Disclosures

<sup>1</sup> The Weighted Average Fee includes the overall portfolio cost based on underlying fund expense ratios and their weighted allocations along with any investment advisory fees.

<sup>2</sup> Investment allocation tactical flexibility of +/- 10%. Actual allocation may fluctuate within these flexible bands intra-quarter due to market movements.

<sup>3</sup> These performance figures for the time periods of YTD, 1, and 3 years are model performance for illustration purposes only, and do not constitute professional investment advice. Model performance and past performance are not indications of future results and may never have been or will be achieved.

The model performance has been prepared at the request of Greater Kansas City Community Foundation for its exclusive use and the use of its donors and is not for general distribution. The model assumes the inception of the model portfolio occurred 3 years from the date of the reporting period. Some funds in the portfolio today were incepted less than 3 years ago, the model invests the capital allocated to these funds pro-rata into funds that were investable at the time and then rebalances the portfolio to its model allocation when these funds incepted. The model performance is not representative of actual returns and interpretation of results should take into consideration the limitations inherent in the results of the model. The model performance does not represent the trading of investor assets and does not account for the timing of investment flows. The model performance does not reflect the impact that material economic and market factors had or might have had on decision making if actual investor money had been managed.

The model performance accounts for reinvestment of income and capital-gains distributions and assumes quarterly rebalancing. The model performance figures are annualized on a YTD, 1- and 3-year basis. The model performance does not account for the underlying investment advisory fee or the GKCCF charitable admin fees, trading costs or transaction costs associated with the management of the underlying portfolio. Performance of the DAF's investments may be lower or higher.

<sup>4</sup> The Benchmark is a 70% S&P 500 Index/30% MSCI World Index blend.

## IMPACT OBJECTIVE

*Overall goal of the portfolio*

*Invest in companies creating economic opportunity for historically marginalized communities, and support fund managers led by or who work closely with individuals from groups traditionally excluded from the finance industry.*

## SDG ALIGNMENT

*Alignment with the United Nations' Sustainable Development Goals*



## ASSET CLASS

*Types of underlying assets*

Public Equity

## Strategy

*Impact strategies utilized by the portfolio*

The Social Impact Pool invests in organizations that are treating employees and customers fairly and are creating opportunities for the least advantaged. This diversified portfolio allows you to align your investments with your charitable goals while investing in companies taking the lead in providing fair wages, healthcare, and other benefits to employees and community members. The portfolio also has a dedicated allocation to emerging BIPOC-led or women-led investment funds that support reducing systemic racial and gender inequalities in the asset management industry. The Pool consists of a globally diversified mix of passive index funds and ETFs that:



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## ESG Integration

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All funds employ some element of ESG Data Integration.



### MORE EXPOSURE TO PRODUCTS & SOLUTIONS THAT ENABLE EQUITY & INCLUSION

**100% greater** than the benchmark in education technology & support exposure<sup>1</sup>

**50% less** than benchmark in air pollution in poor communities<sup>2</sup>



### MORE EXPOSURE TO COMPANIES WITH EQUALITY IN PAY

**14% less** than benchmark in sub-minimum wage compensation<sup>3</sup>

**15% less** than benchmark in ratio of CEO to median worker pay<sup>4</sup>



### MORE EXPOSURE TO JOBS SUPPORTED

**5% greater** than benchmark in jobs supported<sup>5</sup>



### DEDICATED ALLOCATION TO EMERGING BIPOC/WOMAN-LED INVESTMENT FUNDS<sup>6</sup>

**50%** of the Funds in the portfolio are managed by emerging asset managers with at least one founder or lead portfolio manager that is either a BIPOC individual or woman, these include:

- Adasina Social Justice All Cap Global ETF
- Impact Shares NAACP Minority Empowerment ETF
- V-Shares US Leadership Diversity ETF

## Holdings

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Select investments supporting impact:

### EQUITY



In 2020, **Microsoft** identified three pillars of its Racial Equity Initiative: strengthening communities, increasing representation, and engaging its ecosystem — each with discrete commitments to be achieved by 2025. As of June 2022, Microsoft reached 116% of its 2025 commitment for Black and African American representation in its people managers, and 92% of its 2025 commitment for directors, partners, and executives.

- As of September 2022, employees in the U.S. identifying as a racial or ethnic minority earned \$1.008 in total pay for each dollar earned by white employees, controlling for job-title and level and considering tenure<sup>7</sup>



**Apple's** 2020 Racial Equity and Justice Initiative focused on three key areas: expanding access to education, supporting criminal justice reform, and removing economic barriers for communities of color. As of May 2022, Apple has committed \$155 million to the initiative to date, most recently to expand access to capital for community financial institutions supporting communities of color.<sup>8</sup>



**NVIDIA** helped fund the AI Education Project, which provides evidence-based, culturally relevant AI curricular resources and educator training to schools and other education partners. The investment from NVIDIA will help it scale the impact of its introductory AI curriculum to 10,000 more K-12, community college, and Historically Black College and University students across the United States.<sup>9</sup>

## Taking Action

*Shareholder engagement and proxy voting*

Notable funds in portfolio using this strategy:

- Calvert International Responsible Index
- Impact Shares NAACP Minority Empowerment ETF
- Adasina Social Justice All Cap Global ETF



During the summer of 2022, Adasina, manager of the **Adasina Social Justice All Cap Global ETF** started engaging with 665 holdings of the Fund's portfolio to increase dialogue on the following topics:

- Increase of diversity among the Board of Directors (BOD) to at least 30% people of color today with an aim to increase the ratio to 50% by 2025 – with particular attention to hiring those from historically marginalized groups.
- Identify and disclose the race and ethnicity of individual board members in the 2023 proxy statement.
- Confirm the racial and ethnic makeup of the company's BOD and provide details on ongoing Diversity, Equity, and Inclusion initiatives.<sup>10</sup>



Impact Shares, manager of the **Impact Shares NAACP Minority Empowerment ETF**, partnered with the NAACP to engage airline company American Airlines. American Airlines proactively worked with the NAACP and Impact Shares to better understand their goals and expectations for minority empowerment. After several years of collaboration, American Airlines had improved their Impact Shares Minority Empowerment score sufficiently within the airline sector such that they were included in the ETF for the first time in 2022.<sup>11</sup>

## Advancing Impact Outcomes

*Strategic investments in impact outcomes*

Notable funds in portfolio using this strategy:

- Adasina Social Justice All Cap Global ETF
- Goldman Sachs JUST US Large Cap Equity ETF

## ADVANCING EQUITY & INCLUSION



JUST Capital, a partner of Goldman Sachs on the **JUST US Large Cap Equity ETF** shed light on the 100 top performers among Russell 1000 companies on Workforce Equity & Mobility issues and found that top performers were 8.2x more likely to have conducted a race/ethnicity pay gap analysis, provide 13 more hours in training or career development per employee, and were 4.6x more likely to disclose a DEI target<sup>12</sup>



Adasina, manager of **Adasina Social Justice All Cap Global ETF**, led successful campaigns in 8 states to end the subminimum wage and mobilized investors to engage with financial institutions investing in prison stocks and bonds.<sup>13</sup>

## Important Information and Disclosures

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### FOOTNOTES

<sup>1</sup> Source: YourStake Data as of 12/31/2022 compared to Portfolio Specific Benchmark. The Portfolio Specific Benchmark is created by weighting each underlying funds' benchmark in accordance with that fund's weighting in the portfolio. Companies that offer education technology products and/or educational support services, excluding negative externalities such predatory educational institutions.

<sup>2</sup> Source: YourStake Data as of 12/31/2022 compared to Portfolio Specific Benchmark. This metric takes annual toxic air pollution data from factories as reported to the US EPA, and applies an overlay of U.S. Census data to assess the health risk borne by people living below the poverty line in communities surrounding the polluting facilities.

<sup>3</sup> Source: YourStake data of 12/31/2022 compared to Portfolio Specific Benchmark. Companies that pay their employees below a living wage.

<sup>4</sup> Source: YourStake data of 12/31/2022 compared to Portfolio Specific Benchmark. Ratio of CEO pay to median worker pay based on salary, bonus, stock options, and other compensation.

<sup>5</sup> Source: YourStake data of 12/31/2022 compared to Portfolio Specific Benchmark. The number of jobs supported by a company.

<sup>6</sup> CapShift Analysis.

<sup>7</sup> Source: "Microsoft Diversity & Inclusion Report," Pg 25, Pg 30. <https://www.microsoft.com/en-us/diversity/inside-microsoft/annual-report?activetab=innovation-spotlights%3aprimar4>

<sup>8</sup> Source: "Apple ESG Report 2022," Pg. 60. [https://s2.q4cdn.com/470004039/files/doc\\_downloads/2022/08/2022\\_Apple\\_ESG\\_Report.pdf](https://s2.q4cdn.com/470004039/files/doc_downloads/2022/08/2022_Apple_ESG_Report.pdf)

<sup>9</sup> Source: "NVIDIA Corporate Responsibility Report 2022," Pg. 44. <https://images.nvidia.com/aem-dam/en-zz/Solutions/csr/FY2022-NVIDIA-Corporate-Responsibility.pdf>

<sup>10</sup> Source: "Adasina Impact Highlights," Pg 1-2, Unpublished PDF provided by Adasina to CapShift, December 8, 2022.

<sup>11</sup> Source: "Racial equity ETF 'utilizes the NAACP's 100-plus year history' of corporate advocacy," Yahoo Finance Live. <https://finance.yahoo.com/video/racial-equity-etf-utilizes-naacp-210509093.html>

<sup>12</sup> Source: Just Capital 2022 Workforce Equity and Mobility Ranking. <https://justcapital.com/reports/annie-e-casey-foundation-2022-workforce-equity-and-mobility-ranking-top-100-companies/>

<sup>13</sup> Source: "Adasina Public Equities Pitchbook," Pg 23-24. [https://adasina.com/wp-content/uploads/dlm\\_uploads/2023/02/Adasina-Public-Equities-Strategy-Pitchbook-Q4-2022-APPROVED.pdf](https://adasina.com/wp-content/uploads/dlm_uploads/2023/02/Adasina-Public-Equities-Strategy-Pitchbook-Q4-2022-APPROVED.pdf)

All data as of 12/31/22 unless otherwise specified.

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### NOTE ON ESG AND IMPACT DEFINITIONS:

**ESG data integration:** Refers to funds that systematically and explicitly include material ESG factors into investment analysis and investment decisions, including exclusion of certain sectors or overindexing towards positive social or environmental focused sectors

**Advocacy & engagement:** Refers to funds who reported on taking actions such as shareholder engagement or proxy voting with underlying holdings in the past year at either the fund or firm level

**Impact outcomes:** Refers to funds who produce reports showing progress against explicit impact goals and targeted metrics in the past year at the fund level

### NOTE ON YOURSTAKE SOURCES:

YourStake gathers data from publicly available sources and cites every data point to ensure verifiability. YourStake looks for data that meet the following criteria:

- Hosted by government, SEC, academic, or trusted NGO sources.\*
- Applies to a broad set of companies, either across a sector, geographical region, or the whole economy.
- Contains quantitative, comparable measures.
- Updated frequently to reflect the current state of the world.

In general, YourStake chooses not to gather data from voluntary company reporting because companies often use different methodologies to report similar metrics, leading to the inability to compare, or worse, misleading comparisons that are not apples-to-apples. Instead, by using third-party and standardized data sources, YourStake can ensure fair comparability. YourStake frequently updates and improves its list of data sources. YourStake has also put together a proprietary database of shareholder engagement actions. This database draws from company reporting, including fund manager impact reports, websites, press releases, blog posts, and the general news media.

\* YourStake determines that an NGO source is a trusted source if it:

- Has a detailed and transparent methodology.
- Is updated frequently,
- Is already used by government regulators or the investor community to analyze, evaluate, or engage with companies.

### DISCLOSURES

The above information does not constitute an offer to sell or a solicitation of an offer to purchase any security. All investments entail a high degree of risk and no assurance can be given that the investment objective will be achieved or that investors will receive a return of their capital. Any investment opportunities highlighted in this document are presented for illustrative purposes only. Additionally, investments may not achieve stated social, environmental, or similar objectives. Opportunities may not be suitable for all investors and past financial or social returns are not indicative of future results.

First used March, 2023