NC State Foundation SRI Fund

NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: May 31, 2014

September 30, 2019

FUND HISTORY AND PHILOSOPHY

On September 26, 2013, The Park Foundation (Donor) pledged $50 million, at the time the largest single contribution in NC State’s 126-year history, to permanently fund the university’s prestigious Park Scholarships program. In addition, an agreement was entered into by the NC State Foundation and the Donor to manage these funds in a socially responsible manner. Authority to manage the investment program in accordance with this investment policy was granted jointly to the Foundation’s Treasurer and Assistant Treasurer.

The SRI Fund is broadly diversified with an asset allocation that is intended to achieve stated return objective of inflation plus 5% (net of fees). Asset allocation guidelines reflect a diversified portfolio and emphasize equity-related investments to help achieve the SRI Fund’s long-term return objective. In accordance with the current strategic asset allocation, the SRI Fund targets a 75% Equity and 25% Fixed Income portfolio with tactical asset allocation ranges which provide flexibility to take advantage of market conditions. As of September 30, 2019, $50.0 million has been received in the SRI Fund and the market value was $54.7 million. The SRI Fund provided programmatic spending of $1,515,205 and $464,220 for FY 2020 and FY 2019, respectively.

MANAGERS

Generation Investment Management is a Global Equity Strategy that integrates sustainability research with fundamental equity analysis.

RBC SRI Wealth Management Group (RBC) oversees 7.0% of the assets in a balanced equity/fixed income portfolio including Fiera, Brown, and Breckinridge. RBC performs due diligence on the managers and negative screening based on the NC State Foundation’s ESG factors while investing in quality managers to outperform over the long run. In May 2017, funds were liquidated from Calvert and invested with Breckinridge. In June 2019, funds were liquidated from Cambiar and invested with Breckinridge.

Goldman Sachs Impact Private Equity Managers’ (Impact PEM) investment objective is to realize long-term compounded returns in excess of those available through conventional investments in the public equity markets while also creating measurable, positive environmental and/or social impact. The strategy seeks to build a diversified core portfolio of managers who will target a range of environmental and social themes such as clean infrastructure, resource efficiency, sustainable products, healthcare, and education. Funding began in May 2017.

Vanguard manages the FTSE Social Index Fund, a low-cost fund that seeks to track a benchmark of large- and mid-capitalization stocks that have been screened for certain social, human rights, and environmental criteria, and is being utilized as a temporary placeholder in the SRI portfolio. Funding began in February 2018.

SGI employs a multi-dimensional view to create a portfolio that by design seeks to provide more capital protection, consistent returns, and diversification with greater transparency over a full risk cycle. Funding began in July 2018.

Boston Trust Walden focuses on higher financial quality, attractive valuation, and portfolio diversification. In addition to traditional financial analysis, Walden evaluates companies on their ESG performance. Funding began in September 2018.

Generation Sustainable Solutions Fund III focuses on private growth stage opportunities across broad sustainable solution themes. Funding began in February 2019.

Calvert Absolute Return seeks positive absolute returns across global fixed income markets over a full market cycle, regardless of market conditions. Funding began in March 2019.

Cash $1.5 million has been placed in cash for future investment.

SECTOR ALLOCATION

*Multi-Sector exposure is due to the nature in which GS Impact PEM reports sectors for its underlying funds

This report is based on information available at the time of distribution. The information comprising this report has not been audited and is subject to change.

First Quarter Fiscal Year 2020