Developed in partnership with CapShift, a provider of impact investment solutions, National Philanthropic Trust is proud to offer four thematic portfolios:

- Broad Social Impact
- Equity & Inclusion
- Environmental Stewardship
- Gender Lens

These portfolios, which actively pursue social and environmental solutions alongside competitive financial returns, provide donors with a complete, diversified allocation strategy in a single investment vehicle.

The enclosed annual impact reports are designed to provide insights into the construction of the four portfolios, their impact strategies and highlights from underlying fund managers from calendar year 2021.

To learn more about NPT’s impact investment offerings, including customized impact investments, visit our website.

If you have any questions about impact investing with your donor-advised fund (DAF), please reach out to us at npt@nptrust.org or (888) 878-7900.

For information about the financial performance of the thematic portfolios, please see NPT’s Investment Descriptions and Performance document.
**IMPACT OBJECTIVE**

*Overall goal of the portfolio*

Advance solutions to global challenges, including financial inclusion, climate change, conservation, access to healthcare, equity and inclusion, and proper corporate governance.

**SDG ALIGNMENT**

*Alignment with the United Nations’ Sustainable Development Goals*

**IMPACT OBJECTIVE**

*Overall goal of the portfolio*

Advance solutions to global challenges, including financial inclusion, climate change, conservation, access to healthcare, equity and inclusion, and proper corporate governance.

**Strategy**

*Impact strategies utilized by the portfolio*

A diversified public equity and fixed income portfolio, including private investments, that collectively:

- Funds organizations that **advance equity** by lending to low-income families and small businesses that lack access to traditional banking
- Supports businesses that are **developing solutions** to aid the least advantaged and/or help combat **climate change**
- **Screens out** companies with poor track records in treating their employees and suppliers fairly, environmental stewardship, and responsibility to local communities; **engages with** companies to advocate for best practices in those areas

**Impact Characteristics**

**IMPACT METRICS**

*Quantitative metrics on impact performance*

- **MORE EXPOSURE TO GREEN TECHNOLOGIES AND SOCIAL IMPACT**
  - **Green Technologies and Solutions**
    - 31% higher exposure than the benchmark
  - **Products & Services with Social Impact**
    - 11% higher exposure than the benchmark
- **LESS EXPOSURE TO CLIMATE & SOCIAL RISKS**
  - **Fossil Fuels & Resource Intensity**
    - 55% less exposure than the benchmark
  - **Harmful and Controversial Sectors**
    - 28% less exposure than the benchmark
  - **Companies Lacking ESG Policies and Practices**
    - 11% less exposure than the benchmark

**HOLDINGS**

*Select top holdings*

- **Apple** created the $200 million Restore Fund that aims to make investments in natural climate solutions fighting against the degradation of forests, wetlands, and grasslands.
- **Microsoft** launched the Black and African American Partner Growth Initiative (BPGI), a business incubator to support Black and African American businesses. BPGI aims to kick off its accelerator program in Jan 2022.
- **Local Initiatives Support Corporation**, a CDFI backed by Community Capital Management, issued $200 million in Impact Notes in October 2021 to finance community and economic development across the US in underserved areas.
Taking Action

Specific approaches to achieving impact objectives

SHAREHOLDER ENGAGEMENT AND PROXY VOTING

Calvert, the manager of the Calvert US Large Cap Core Responsible Index, voted against eBay’s proposed executive compensation plan, which proposed a salary for the CEO that exceeded the average industry executive’s by 4x. Calvert raised public awareness that eBay’s CEO pay exceeds the 75th percentile of peers, while the company’s performance is below the 75th percentile of the peer group.

Nuveen, the manager of the TIAA-CREF Core Impact Bond Fund, had a total of 141 engagements with investees across its fixed income portfolio: 86 in natural resources, renewable energy, and climate change, as well as 49 in community and economic development and affordable housing.7

ADVANCING CLIMATE SOLUTIONS

Parnassus, the manager of Parnassus Core Equity, launched a climate initiative that requests companies with exposure to climate transition risk commit to science-based-targets that align with global climate goals.

DFA, manager of DFA International Sustainability Core Fund, reduced year-over-year exposure to greenhouse gas emissions in the portfolio by 68%.

ADVANCING EQUITY

Community Capital Management, manager for CCM Community Bond Fund, made 791 loans in 2021 to BIPOC women borrowers looking to start or grow their small businesses.

Trillium, manager of Trillium ESG Global Equity Fund, conducted a proprietary racial equity study of 84% of its portfolio companies, which it plans to use to develop portfolio-level metrics aimed at assessing racial equity performance.

About CapShift

CapShift partners with National Philanthropic Trust to help donors align their donor advised funds’ investments with their values to create meaningful impact from the moment capital is donated until it reaches their preferred nonprofit.
FOOTNOTES

1. Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 compared to the MSCI ACWI Benchmark. Green Tech and Solutions refers to companies that produce most of their revenues from products and services related to energy efficiency, clean tech, green buildings, pollution prevention, alternative energies, sustainable water.

2. Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 compared to the MSCI ACWI Benchmark. Product and Services with Social Impact refers to companies that produce most of their revenues from products and services related to education services, affordable housing, healthcare, nutrition, sanitation, social finance, social impact, and sustainable solutions.

3. Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 compared to the MSCI ACWI Benchmark. Fossil Fuels and Resource Intensity refers to the following sub-factors calculated at a company-level: weighted average carbon intensity, fossil fuel exposure, thermal coal exposure, toxic waste exposure, water stress exposure, and financed carbon exposure.

4. Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 compared to the MSCI ACWI Benchmark. Sin Stock Exposure refers to alcohol, tobacco, firearms, gambling, palm oil, GMO, and coal company exposure.

5. Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 compared to the MSCI ACWI Benchmark. Internal Practices & Policies includes the sub-factors related to worker rights, labor rights, health and safety, environmental controversy, equitable pay, and company diversity.

6. Select top holdings are stories of impact selected from the top 10 equity companies or fixed income investments comprising the largest share of the portfolio that align with the portfolio’s intended strategy.

7. Engagements by theme do not add up to total engagements as some engagements were centered on multiple themes or impact investing more generally.

All data as of 12/31/21 unless otherwise specified.

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 February, 2022
Environmental Stewardship Portfolio
2021 Impact Report

Impact Objective
Overall goal of the portfolio

Manage climate change risks, as well as protect and conserve natural resources.

Strategy
Impact strategies utilized by the portfolio

A diversified public equity and fixed income portfolio, that collectively:

- Provides funding to companies developing solutions to climate change challenges
- Invests in companies that have reduced greenhouse gas emissions and overall resource consumption
- Screens out companies and municipalities with poor environmental practices

Impact Characteristics

Impact Metrics
Quantitative metrics on impact performance

- MORE EXPOSURE TO CLIMATE CHANGE SOLUTIONS
- Clean Technology & Alternative Energy: 181% higher exposure than the benchmark
- Conservation and Circular Economy: 78% higher exposure than the benchmark
- LESS EXPOSURE TO HARMFUL FOSSIL FUELS
- Weighted Carbon Intensity: 36% less exposure than the benchmark
- Fossil Fuels & Resource Intensity: 39% less exposure than the benchmark

Holdings
Select equity and fixed income holdings supporting environmental stewardship

- Waste Management invested over $100 million to improve the company’s recycling infrastructure, construct materials recovery facilities, and expand the company’s gas-to-energy and solar programs.
- Linde MH was awarded an A from the Carbon Disclosure Project for providing water management planning and sustainable productivity solutions to clients, helping reduce water usage by 300 million gallons.
- AES Corp created the Alamitos Battery Energy Storage System, the world’s first stand-alone energy storage project for local capacity and the first ever standalone battery energy storage system specifically procured to replace a natural gas peaker plant in the US.
Taking Action

Specific approaches to achieving impact objectives

SHAREHOLDER ENGAGEMENT AND PROXY VOTING

- **Pax World**, manager of the **Pax Global Environment Fund**, asked all companies in the S&P 500 to disclose the locations of their significant physical assets so the firm could work with companies to assess their risk exposure to climate-related loss.

- **KBI**, manager of **KBI Global Investors Fund**, is part of the lead investor group engaging with LyondellBasell, one of the world’s largest plastics, chemicals, and refining companies. The group has asked LyondellBasell to align its financial reporting, accounts, and business model with the goals of the Paris Agreement.

- **BlackRock**, manager of the **iShares Global Clean Energy Fund**, voted against management 319 times in 2021 for climate-related reasons. This number is up from 53 times in 2020.

FIGHTING CLIMATE CHANGE

- **Trillium**, manager of **Trillium ESG Global Equity Fund** is a signatory of the Net Zero Asset Managers Initiative and has committed to aligning its investment portfolios with net zero emissions by 2050. By 2030, 75% of the holdings of Trillium-advised large-cap equity strategies are expected to set greenhouse gas emissions reduction targets approved by the Science Based Targets Initiative.

- **Brown Advisory**, manager of the **Brown Advisory Sustainable Growth Fund**, invested in Cross Boundary Group, a global investment firm that deploys capital to enterprises that increase access to cheaper and cleaner electricity.

About CapShift

CapShift partners with National Philanthropic Trust to help donors align their donor advised funds’ investments with their values to create meaningful impact from the moment capital is donated until it reaches their preferred nonprofit.
FOOTNOTES

1 Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 as compared to the MSCI ACWI Benchmark. Clean Tech and Alt. Energy refers to companies that produce most of their revenues from clean technology and alternative energy products, services, and a solutions.

2 Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 as compared to the MSCI ACWI Benchmark. Conservation and Circular Economy refers to companies that create products, services, and solutions related to energy efficiency, green buildings, pollution prevention, and sustainable water.

3 Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 as compared to the MSCI ACWI Benchmark.

4 Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 as compared to the MSCI ACWI Benchmark. Fossil Fuels and Resource Intensity refers to the following sub-factors calculated at a company-level: weighted average carbon intensity, fossil fuel exposure, thermal coal exposure, toxic waste exposure, water stress exposure, and financed carbon exposure.

5 Select top holdings are stories of impact selected from the top 10 equity companies or fixed income investments comprising the largest share of the portfolio that align with the portfolio’s intended strategy.

All data as of 12/31/21 unless otherwise specified.

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 February, 2022
Equity & Inclusion Portfolio
2021 Impact Report

IMPACT OBJECTIVE
Overall goal of the portfolio
Create economic opportunity for all with a focus on low-income individuals and communities.

Strategy
Impact strategies utilized by the portfolio
A diversified public equity and fixed income portfolio, that collectively:
- Funds companies developing products and services for the least advantaged communities globally
- Invests in companies and municipalities offering fair wages and benefits to employees
- Screens out companies with poor track records in the way they treat employees, suppliers, and local communities

Impact Characteristics

IMPACT METRICS
Quantitative metrics on impact performance

MORE EXPOSURE TO PRODUCTS & SOLUTIONS THAT ENABLE EQUITY & INCLUSION
Affordable Housing, Education, Small and Medium Enterprise Finance, Social Impact Products/Services
11% higher exposure than the benchmark

LOWER EXPOSURE TO POOR LENDING PRACTICES
Predatory Lending
74% less exposure than the benchmark

LOWER EXPOSURE TO EMPLOYEE AND CUSTOMER-RELATED CONTROVERSIES
Employee-related and Customer-related Controversies
7% less exposure than the benchmark

MORE EXPOSURE TO COMPANIES WITH EQUALITY IN PAY
Internal Pay Equity
194% higher exposure than the benchmark

SDG ALIGNMENT
Alignment with the United Nations’ Sustainable Development Goals

HOLDINGS
Select equity and fixed income holdings supporting equity and inclusion

Microsoft published its first annual update on its Racial Equity Initiative commitments, including increasing diversity across the organization and investing in access to broadband in under-resourced communities.

Fiserv was named one of the Civic 50 in 2021. The Civic 50 provides a national standard for corporate citizenship and honors community-minded companies using their time, skills, and resources to drive social impact. Fiserv’s Back2Business program invested $50 million in BIPOC-owned businesses in 2021.

Minority CARES, an organization launched and supported by bond manager Community Capital Management, made 1,490 loans worth $651 million to majority-BIPOC-owned businesses in 2021.
Taking Action

Specific approaches to achieving impact objectives

SHAREHOLDER ENGAGEMENT AND PROXY VOTING

Calvert, manager of the Calvert US Large Cap Core Responsible Fund, voted against Amazon board director proposals due to the company’s lack of board diversity and lack of performance metrics tied to executive compensation.

Trillium, sub-advisor to the John Hancock ESG Large Cap Core Fund, and Parnassus, manager of the Parnassus Core Equity Fund, led a group of investors that called on Starbucks to accept the results of the company’s first-ever union elections and encouraged them to proceed with union contract negotiations in good faith.

ADVANCING EQUITY & INCLUSION

Brown Advisory, manager of the Brown Advisory Sustainable Growth Fund, invested in UpSurge, an initiative that will help scale local startups and serve as an innovation hub to help create career mobility and high-quality jobs for Baltimoreans.

Parnassus, the manager of Parnassus Mid Cap Fund, requested that portfolio companies improve disclosures regarding the types of employees (full-time, unionized, temporary, contractors, etc.) and the diversity of their workforce. Parnassus followed up with requests to disclose the benefits and protections afforded to each group of employees to help benchmark and compare potential inequalities.

About CapShift

CapShift partners with National Philanthropic Trust to help donors align their donor advised funds’ investments with their values to create meaningful impact from the moment capital is donated until it reaches their preferred nonprofit.
FOOTNOTES

1 Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 as compared to the MSCI ACWI Benchmark. Refers to companies who generate most of their revenues from products and services related to affordable housing, education, SME finance, and social impact products and services.

2 Source: MSCI ESG Portfolio Analytics Data as of 12/31/21 as compared to the MSCI ACWI Benchmark. Refers to companies who most of their revenues from products and services with predatory lending characteristics as defined by MSCI.

3 Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 as compared to the MSCI ACWI Benchmark. Employee-related controversy includes companies that have been flagged for any controversies relating to HR, pay inequality, customer satisfaction, labor rights violations, human rights violations, accounting fraud, excessive board and/or executive compensation, and lack of performance-based pay.

4 Source: MSCI ESG Portfolios Analytics Data as of 12/31/21 as compared to the MSCI ACWI Benchmark. Internal pay equity includes companies that have policies to champion equal pay amongst employees.

5 Select top holdings are stories of impact selected from the top 10 equity companies or fixed income investments comprising the largest share of the portfolio that align with the portfolio’s intended strategy.

All data as of 12/31/21 unless otherwise specified.

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 February, 2022
Gender Lens Portfolio
2021 Impact Report

Impact Objective
Overall goal of the portfolio
Support the advancement of women in the workplace and beyond.

Strategy
Impact strategies utilized by the portfolio
A diversified public equity and fixed income portfolio, that collectively:
- Invests in companies providing advancement opportunities for women and equal pay
- Lends capital to businesses that are led by women or that promote the welfare of women and girls
- Holds mutual funds with strong financial and social performance that are managed by women

Impact Characteristics

Impact Metrics
Quantitative metrics on impact performance

- More exposure to companies with women in company leadership

  Companies with >30% Female Board Directors
  17% higher exposure than the benchmark

- Companies with at least 3 Female Board Directors
  5% higher exposure than the benchmark

- Companies with no Female Board Directors
  49% less exposure than the benchmark

- More exposure to female fund managers

  Female Portfolio Managers
  78% of the funds in the pool have a female portfolio manager, whereas only 12% of portfolio managers globally are women

Holdings
Select equity and fixed income holdings supporting the advancement of women

Adobe created the Women's Executive Shadow Program, which aims to provide leadership and career development opportunities for Adobe’s women employees by pairing them up with a key leader in the company.

Target launched the Building Blocks for Better Products program, partnering with nearly 30 beauty and personal care businesses founded or owned by women and/or BIPOC entrepreneurs to help reduce the opportunity gap faced by women and BIPOC founders.

Bank of America launched the Bank of America Access to Capital Directory, a first-of-its kind platform that aims to help educate women-owned businesses in the U.S. on navigating the capital landscape and identifying potential sources of funding.

SDG Alignment
Alignment with the United Nations' Sustainable Development Goals

CapShift | 15 Spencer Street, West Newton, MA 02465 | 617-249-6740 | capshift.com
Taking Action

SHAREHOLDER ENGAGEMENT AND PROXY VOTING

- **Pax World**, the manager of the **Pax Elevate Global Women’s Leadership Fund**, requested to begin a dialogue with portfolio company PNC Financial about gender pay equity. During conversations, Pax encouraged PNC to disclose both its commitment to pay equity and its pay equity data. The company published that data for the first time in the fall of 2021.

- **Calvert**, manager of the **Calvert International Responsible Index**, voted against Brambles Limited’s recommended board members given that the company’s board comprised fewer than two people of color and less than 30% women.

- **Nuveen**, manager of the **TIAA-CREF Core Impact Bond Fund**, established a policy that company boards must have at least 2 women board directors before they add a director who is not a woman. This resulted in 217 votes against directors based on board gender diversity in 2021.

ADVANCEMENT OF WOMEN IN THE WORKPLACE

- **Trillium**, the sub-advisor of **John Hancock ESG Large Cap Core**, drafted a letter to congress — with over 100 other investors — making the economic case for incorporating federal paid family and medical leave policies as part of the Build Back Better budget. Trillium helped outline how the passage of these federal policies will positively affect women's participation in the workforce.

About CapShift

CapShift partners with National Philanthropic Trust to help donors align their donor advised funds’ investments with their values to create meaningful impact from the moment capital is donated until it reaches their preferred nonprofit.
FOOTNOTES

1 Source: MSCI ESG Portfolios Analytics Data as of 12/31/2021 as compared to the MSCI ACWI Benchmark.
2 Source: CapShift database and the Citywire Alpha Female 2021 Report.
3 Select top holdings are stories of impact selected from the top 10 equity companies or fixed income investments comprising the largest share of the portfolio that align with the portfolio’s intended strategy.

All data as of 12/31/21 unless otherwise specified.

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 February, 2022