



SFERS Investment Board approves the transfer of over half a billion dollars to an active ESG-enhanced strategy, managed by BlackRock

At the October 13, 2021 meeting, the San Francisco Employees' Retirement System (SFERS) approved transitioning over half a billion dollars currently in a passive Russell 1000 Value strategy managed by BlackRock, to an active ESG (Environmental, Social, and Governance) enhanced strategy also managed by BlackRock. The transfer to this active ESG-focused strategy is expected to be at least 30% less carbon-intensive than the Russell 1000 Value benchmark and is aligned with [SFERS' ambition to become a net zero carbon asset owner by 2050](#). This new strategy seeks to outperform the current Russell 1000 Value benchmark, while also increasing allocation to ESG leaders in the SFERS Public Equity portfolio.

"The goal of transitioning the assets to an active ESG-focused strategy is to increase alpha by incorporating ESG considerations while maintaining the key elements of the existing passive strategy," said Han N. Pham, Director of Public Equity at SFERS.

The transfer from a passive Russell 1000 Value strategy to an actively managed strategy will fall under the umbrella of BlackRock's Systematic Active Equity Platform, which began dedicated ESG research in 2013. The Systematic Active Equity Platform incorporates ESG insights on topics such as carbon, water efficiency, carbon intensity, and human capital, and aligns with the goals of SFERS' ESG Framework.

BlackRock currently views ESG factors through four categories:

- Risk Mitigation: Use of data to help ensure, tax transparency, strong cyber defense, and avoidance of negative news cycles.
- Human Capital: Supporting strong employee welfare and engagement, while perusing greater workplace diversity.
- Society: Improving social outcomes by supporting greater ESG disclosures, strong social policies, and COVID-19 mitigation
- Transition: Preparing for the future through carbon and water efficiency, supporting the efforts of FEMA, and seeking environmental Innovation

About SFERS

The SFERS Retirement Board oversees an over \$36 billion investment fund and administers a defined benefit retirement plan for over 70,000 active and retired employees of the City and County of San Francisco. The Retirement Board and SFERS Staff are dedicated to securing, protecting, and prudently investing the pension fund trust assets, and providing promised benefits to its members. For more information visit <https://mysfers.org/about-sfers>.