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## Why I Own: CRBN

By  
Drew Voros

October 28, 2015

Related ETFs:  
[CRBN](#), [LOWC](#)

Share:



**Gregg Lessard**

**Firm:** Aspen Leaf Partners

**Location:** Golden, Colorado

**Founded:** 2013

**AUM:** \$18 Million

**% ETFS:** 65%

**What attracted you to the [iShares MSCI ACWI Low Carbon Target fund \(CRBN | D-95\)](#)?**

I came across it soon after it launched in in December of last year. I read the index methodology. I went back and checked that out. I found that it could fit in well as a nice complement to some of the other ESG [environmental, social and governance] index funds I was already using. I adopted it relatively quickly. I did a big practicewide rebalance in June 2015 so that all my clients owned it by the beginning of the summer.

**And how does it work in a portfolio for you?**

It works on two levels. First off, just the name of it— "low carbon"—speaks loudly to a lot of investors. If you ask most people off the street, most would probably say, "I do have environmental concerns." But little do they know you can actually incorporate an environmental value with your portfolio designing. In terms of asset allocation, it's a little tricky to integrate. You have to really pay attention, because if you look at the underlying stocks, you've got a pretty broad representation of large companies and some midsize companies. And then you've got U.S. companies as well as developed international companies, and a spattering of emerging markets in there.

When you insert this ETF into the overall portfolio, you really have to be careful that you're not kind of disrupting your target allocations to U.S. large-cap versus international versus small-cap versus everything else.

**Why CRBN over the [SPDR MSCI ACWI Low Carbon Target \(LOWC | D-95\)](#)? It came out at about the same time and tracks the same index.**

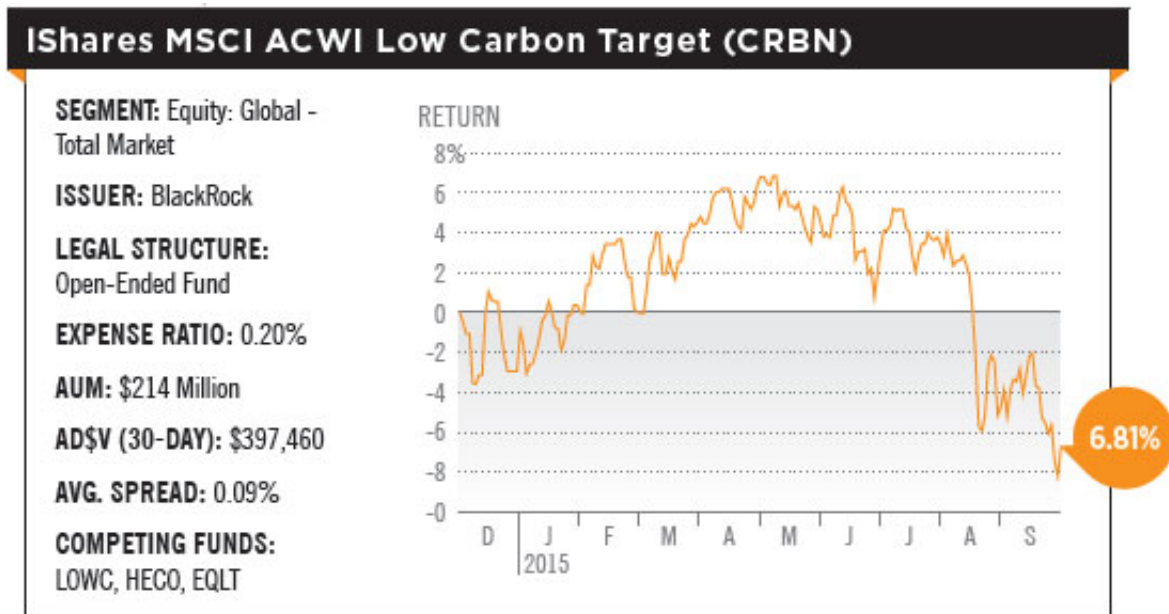
CRBN hit my radar first. And that's where I focused my research. So that's No. 1. And No. 2, CRBN received quite a bit of seed money from the United Nations, as well as the University of Maryland. I do worry a little bit about liquidity for clients.

**There's not a track record for performance for CRBN. How do you talk to your clients about that?**

We don't have the research that goes back decades, if not through multiple market cycles. That is a limitation of anyone trying to promote socially responsible investing. The only thing I can do is talk to clients about two things. I can look at the index that goes back to 2010. I can make some general comments on risk and return with at least a couple years' worth of data. So it's not a solution, but it helps in response to CRBN questions.

There are certain triggers that may come up that make me look at everything and say, "Is this really the best fit for how I manage a client's portfolio?"

In the broad scope of socially responsible investing, this fund, while it's pretty broadly diversified, really only covers the "E" of "ESG." So if there were another fund that covered the E, the S and the G, and it did all of those things to a relatively strong extent, I'd certainly pause and take a look at that fund. If I can go from, let's say, three funds covering the mid and large-cap global allocation down to one or two, I would certainly look into that.



Sources: ETF.com and Bloomberg, 12/9/2014-9/30/2015.

