

# US Large Cap ESG Investment Manager Search

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CARSON

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# Executive Summary

As a fiduciary responsible for managing the retirement plan, the investment committee has an obligation to act in the best interest of plan participants. This includes documenting the committee's investment decision making process, including the criteria used to select and monitor investment options.

Parnassus Core Equity is the plan's incumbent investment manager in the Large Cap Blend peer group. This fund was placed on watch and has been monitored closely. Carson Group has concluded that higher conviction investment options exist within that peer group, and therefore conducted a manager search for potential replacements.

Carson Group reviewed the Large Cap Blend investment universe, filtered for strategies that also have an ESG mandate, analyzed the candidate pool, narrowed down our top candidates and believe that the Vanguard FTSE Social Index mutual fund is the most suitable replacement due to its performance and risk characteristics, low fees, and experienced management. Carson Group included the following strategies in the Large Cap Blend manager search and assessed them on the metrics shown below. Carson Group has also provided the subsequent reports to assist in the decision-making process. The IPS Status evaluation is consistent with the monitoring criteria outlined in your plan's Investment Policy Statement and defined in the quarterly Investment Monitoring Review document.

	Vanguard FTSE Social Index	Parnassus Core Equity
Performance	√	X
Risk	√	√
Style	√	√
Management Team	√	√
Fees	√	X
IPS Status	Pass	Watch



# Investment Selection Process Summary

- 1. Quantitative Screen:** Carson Group began the process by looking at the broader Large Cap Blend universe. To initially narrow the investment universe, Carson Group applied various quantitative screens, including whether the share class was closed to new investors, average investment manager tenure, investment performance peer group ranking, and competitive prospectus net expense ratio.
- 2. Qualitative Analysis:** After going through various screens, Carson Group began its qualitative analysis which included our perspective on the fund based on our interviews with each fund management team. From our quantitative screening and qualitative analysis, Carson Group was able to narrow the entire pool of Large Cap Blend managers to three strategies, all encompassing the following characteristics:
  - A stable and experienced investment team, from the named Portfolio Managers to the support analysts.
  - Consistent, thoughtful, and transparent investment process using a proprietary framework.
  - Ongoing risk monitoring and portfolio due diligence, leading to portfolios that achieve high performance ranking relative to peers, at a reasonable cost.
- 1. Final Analysis:** The viable Large Cap Blend alternative was then compared with the incumbent. The assessment included historical peer group rankings from common fund inception dates using quantitative data points such as performance, Sharpe ratio, standard deviation, and information ratio. From this assessment, Carson Group determined the single best alternative candidate to fit the Large Cap Blend mandate.

The following analysis compares the top candidate with the incumbent. Note, for comparison purposes, each strategy's cheapest available mutual fund share class is used in this report, which may differ from the share class in your plan.



# Fund Highlights

Name	Ticker	Morningstar Category	Inception Date (Oldest Share Class)	Manager Tenure (Average)	Primary Prospectus Benchmark	AUM	Prospectus Expense Ratio	# of Holdings
Parnassus Core Equity Institutional	PRILX	US Fund Large Blend	8/31/1992	13.69	S&P 500 TR USD	\$28,567,086,052	0.610	41
Vanguard FTSE Social Index Admiral	VFTAX	US Fund Large Blend	1/14/2003	3.56	FTSE US Choice Index TR USD	\$24,192,681,522	0.130	417



# Parnassus Core Equity Inst

	PRILX		Replace
Commentary:	<p>Todd Ahlsten (2001), Benjamin Allen (2012), and Andrew Choi (2022) are the managers of the strategy. The team looks for exposure to US large cap equity markets through an ESG lens. The team will first exclude companies that derive significant revenue from alcohol, tobacco, weapons, fossil fuels, or gambling and then screen the universe based on traditional ESG, quality, and valuation metrics. Finally they invest in firms that meet all of their quantitative criteria and also offer durable competitive advantages, relevant products, strong management teams, and ethical business practices. The strategy ranks in the third quartile over the past 1-, 3-, and 5- years and in the second quartile over the past 10- years. Recent performance compared to both their Large Cap Blend peers as well as their benchmark index (S&amp;P 500) has struggled slightly due to smaller allocations to mega-cap technology within the portfolio, although this has been a benefit to the strategy YTD in 2025, as the fund ranks in the top quartile of peers.</p>		
Rationale:	<p>Carson's internal investment committee voted to replace the strategy due to underperformance and above average costs</p>		



# Performance

## Morningstar Category Performance

	Total Ret 1 Yr (Mo-End)	Total Ret % Rank Cat 1 Yr (Mo-End)	Total Ret Annlzd 3 Yr (Mo-End)	Total Ret % Rank Cat 3 Yr (Mo-End)	Total Ret Annlzd 5 Yr (Mo-End)	Total Ret % Rank Cat 5 Yr (Mo-End)	Total Ret Annlzd 10 Yr (Mo-End)	Total Ret % Rank Cat 10 Yr (Mo-End)
Parnassus Core Equity Institutional	13.91	55	15.51	55	14.52	56	13.13	28
Vanguard FTSE Social Index Admiral	17.09	15	17.71	15	15.15	43	13.80	6

- Parnassus has inconsistently generated excess returns
- Vanguard has been more consistent by giving beta exposure

*Past performance is not an indication or guarantee of future performance. All returns are presented net of all applicable service, load, and investment management expenses.*

*The benchmark index shown is the applicable benchmark index for the peer group in question on Morningstar. Inception date of each fund's oldest available share class is provided on the Fund Highlights page.*



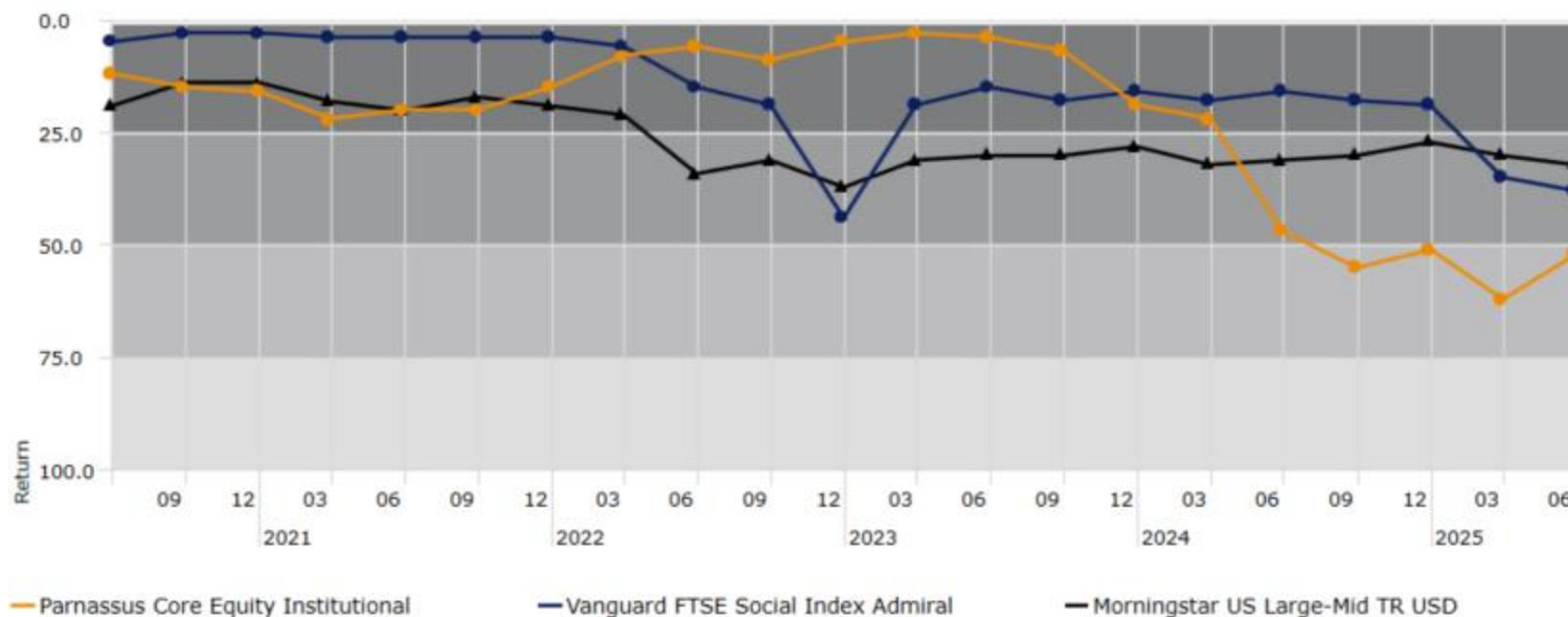
# Consistency

## Rolling Return (Descending Rank)

Time Period: 7/1/2015 to 6/30/2025

Peer Group (5-95%): Funds - U.S. - Large Blend Rolling Window: 5 Years 3 Months shift Calculation Benchmark: Morningstar US Large-Mid TR USD

1st to 25th Percentile 26th to Median 51st to 75th Percentile 76th to 100th Percentile



- Vanguard has been better at generating consistent returns through changing market conditions

Past performance is not an indication or guarantee of future performance. All returns are presented net of all applicable service, load, and investment management expenses. The benchmark index shown is the best-fit index for the funds in question based on Morningstar data.



# Fees



- Vanguard ranks in the least expensive quartile of the peer group for investment manager expenses.





# Vanguard FTSE Social Index Adm

	VFTAX		Recommendation
Commentary:	<p>Vanguard FTSE Social Index delivers on its environmental, social, and governance remit without sacrificing the benefits of a broadly diversified, market-cap weighted portfolio. The fund tracks the FTSE US Choice Index, which targets large- and mid-cap US companies that comply with its ESG criteria. It excludes companies operating in controversial businesses, violating the UN Global Compact principles for corporate sustainability, or failing FTSE's diversity and sanction criteria. These screens don't weed out a significant portion of the starting universe. As of April 2025, the fund held around 420 stocks from the 540 names in the parent index, and their top holdings significantly overlapped.</p>		
Rationale:	<p>Carson's internal investment committee considers this strategy to be a prudent option for fund replacements and new offerings in the Large Cap Blend category with an ESG Bias due to strong long-term performance and low costs.</p>		



# Conclusion

After evaluating the Large Cap Blend fund universe and narrowing our in-depth analysis to the three funds above, the Carson Group found the Vanguard FSTE Social Index fund exhibited the following qualities:

- Consistently strong trailing performance rankings through changing market conditions
- Fees below the peer average

**For these reasons, Carson Group has determined that the incumbent Parnassus Core Equity fund should be replaced with the Vanguard FTSE Social Index fund.**

	Vanguard FTSE Social Index	Parnassus Core Equity
Performance	√	X
Risk	√	√
Style	√	√
Management Team	√	√
Fees	√	X
IPS Status	Pass	Watch

