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## BlackRock to offer firearm-free funds



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Vicky Ge Huang / 06 April 2018, 11:37



**The \$6 trillion firm said on Thursday it would launch two ESG ETFs as well as five new investment strategies to institutional investors, part of the several measures it will take to address gun violence.**

The world's largest money manager BlackRock is to offer a new line of firearm-free strategies and ETFs in response to the recent series of mass shootings in the US, the most recent of which saw 17 students killed by a gunman at Marjory Stoneman Douglas High School in Parkland, Florida.

The \$6 trillion firm said on Thursday it would launch a new small cap ESG ETF, the **iShares MSCI USA Small-Cap ESG Optimized** ETF on April 12 and a fixed income ESG ETF, the **iShares ESG US Aggregate Bond** ETF later this year. Both ETFs will exclude all producers and large retailers of civilian firearms.

BlackRock will also offer five new strategies that track the S&P 500, Russell 1000, Russell 2000, Russell 3000 and MSCI World ex-US indices respectively, and exclude all producers and large retailers of civilian firearms.

The new strategies, which arise out of client demand, will only be offered to big institutional investors, such as US pension plans that are looking for firearm-free funds for their employment retirement programs.

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In addition to the new offerings, the firm will also change the underlying indices of its six existing broad market ESG equity and bond index ETFs to ones that expressly prohibit all manufacturers of civilian firearms.

The new screening will exclude retailers of civilian firearms if they earn 5% or more in revenue, or more than \$20 million in revenue, from civilian firearms-related products, according to a BlackRock client update.

Meanwhile, BlackRock will also make two flagship ESG ETFs more accessible to investors by lowering the net expense ratios of the **iShares MSCI KLD 400 Social** ETF and **iShares MSCI USA ESG Select** ETF from 50 basis points to 25 basis points.

Mark Sloss, chief executive of ESG and sustainable investing consulting firm Regenerative Investment Strategies, believes that although weaponry divestiture is certainly a positive step towards being responsive to the current needs of asset owners, mega asset managers still have a lot of catch-up to do.

'I do think the industry needs to take a cue from the ESG boutiques and engage in a more comprehensive look at the issue of weapons in portfolios so that they do not have to keep going back to the well to re-

examine policy based on the news cycle,' said Sloss.

'Today it is mass casualty events in our schools. Tomorrow it could be an issue with drone strikes overseas, or selling weapons to oppressive foreign regimes. Examine what the motivations of clients are, and be sure that the steps being taken are both responsive to what is at issue today as well as what fundamentally underpins their motivation for the long-term,' he added.

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