

# Black Leadership Empowerment (BLE) Strategy

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# Black Leadership Empowerment (BLE) Strategy

## MODEL OBJECTIVES

### Investing in companies\* that seek to promote racial equity

This portfolio seeks to invest in companies with higher levels of diversity, advancing Black representation in leadership roles.

Specifically, we look at Black representation on the board of directors and in executive management, as well as corporate policies enacted to address racial justice.

(Targeting 25-30 holdings)

\*Equity securities, i.e., stocks, of companies

## INVESTING IN RACIAL EQUITY

A growing body of evidence points to better financial performance associated with higher levels of diversity.<sup>1</sup>

As an investment opportunity, racial equity is about identifying ways in which achieving balance in representation, empowerment and economic opportunity is material to financial outcomes.

We aim to invest in the largest US companies who are leaders in promoting Black leadership and representation.

## RESEARCH PROCESS

Our process is designed to generate competitive risk-adjusted market returns as well as positive environmental and social impact. We search for companies rated overweight or equal weight by MS&Co research that are actively seeking to mitigate the risks associated with Environmental, Social, and Governance (ESG) concerns, rated BB or higher, as measured by MSCI ESG\*.

While we believe broad-based ESG data provides valuable insight to evaluate a company, additionally we seek concentrated exposure to leaders in specific ESG themes. Specifically, this portfolio strives to invest in companies with at least two Black directors on the board and/or Black representation in the C-suite.

\*Please see Disclosures Section of this document for more information about MSCI ESG ratings

## PORTFOLIO CHARACTERISTICS

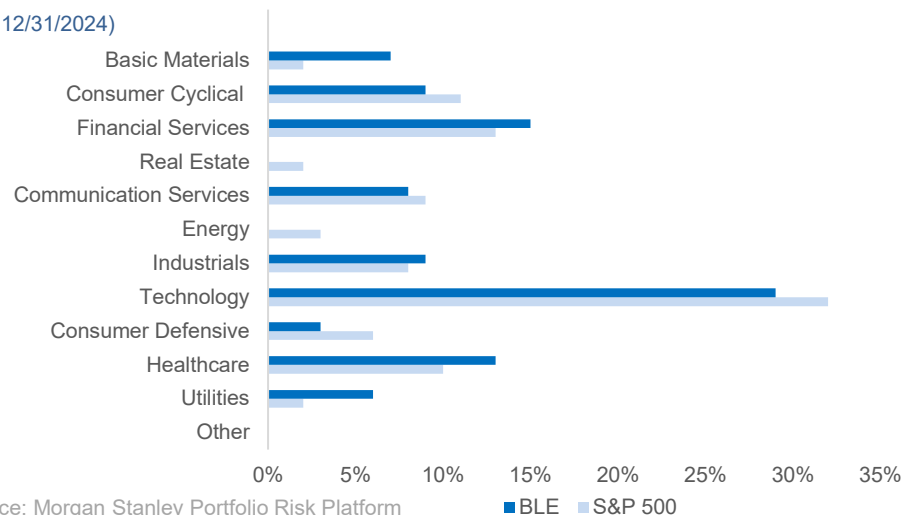
(as of 12/31/2024)

	BLE	S&P 500
P/B Ratio	4.16	5.11
P/E Ratio	24.17	27.67
Holdings (#)	28	503
Dividend Yield (%)	1.91	1.24

Source: Morgan Stanley Portfolio Risk Platform

## SECTOR ALLOCATION

(as of 12/31/2024)



## PORTFOLIO MANAGERS

### THE INDIGO GROUP AT MORGAN STANLEY

**Mark C. Callaway**  
Senior Vice President  
Financial Advisor  
Investing with Impact Director  
Senior Portfolio Manager

*in partnership with*

**Alora Yaron, CPM®**  
Associate Vice President  
Financial Advisor  
Portfolio Manager  
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### THE MELIOR GROUP AT MORGAN STANLEY

**Jesse Walton Jr., CFP® CIMA® CPWA®**  
Executive Director, Financial Advisor  
Senior Investment Management Consultant  
Portfolio Manager

Allocation can be customized based on client's risk tolerance or specific client request. Equity allocation can be customized below 100% based on client's risk tolerance or specific client request. In such cases, non-equity allocations may or may not be subject to ESG screening criteria. The allocation above is for illustrative purposes only, at quarter end, and does not necessarily represent the current portfolio or how your specific account would be invested. The allocation is subject to change without notice. Sector weightings may be re-allocated as industry fundamentals warrant. They may also be re-allocated as your risk/reward profile changes.

# Black Leadership Empowerment (BLE) Strategy

## DIVERSITY CHARACTERISTICS (as of 12/31/2024)



100% of the portfolio is invested in companies with at least 2 Black Directors<sup>2</sup>



The portfolio is invested in 7 out of only 7 S&P 500 companies with a Black CEO<sup>2</sup>

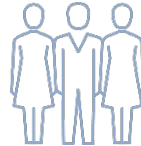
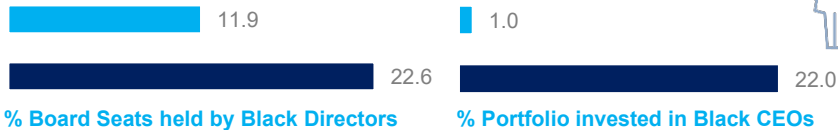


100% of companies made a pledge to address racial justice in 2020<sup>3</sup>

## COMPANIES IN BLE VS. S&P 500

(as of 12/31/2024)

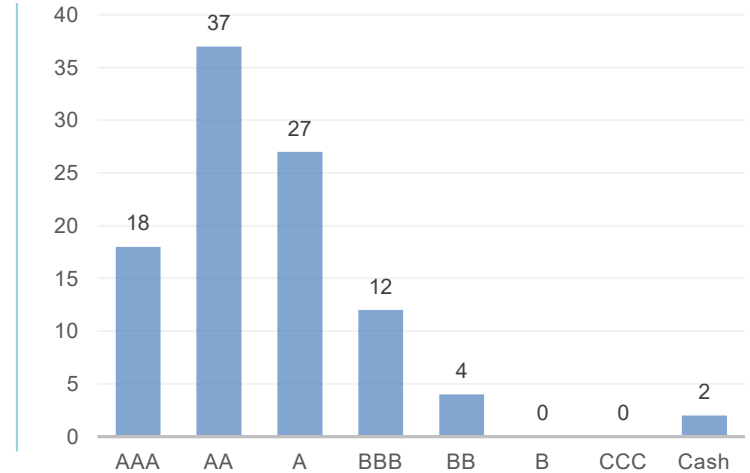
■ S&P 500  
■ BLE



Source: Black Enterprise (2024); ISS ESG

\*Please see Disclosures Section of this document for more information about ISS ESG ratings

## MSCI ESG RATING OF HOLDINGS IN BLE (%) (as of 12/31/2024)\*



Source: MSCI ESG (as of 12/31/2024)

\* Please see Disclosures Section of this document for more information about MSCI ESG ratings

In 2019, 187 S&P 500 companies, or 37% of the S&P 500 had no Black representation on their boards.<sup>4</sup>

**MINIMUM INVESTMENT SIZE**  
**\$100,000**

## PORTFOLIO MANAGERS

### THE INDIGO GROUP AT MORGAN STANLEY

in partnership with

Mark C. Callaway  
Senior Vice President, Financial Advisor  
Investing with Impact Director  
Senior Portfolio Manager

Alora Yaron, CPM®  
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Financial Advisor, Portfolio Manager

### THE MELIOR GROUP AT MORGAN STANLEY

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1. McKinsey & Company, "Delivering Through Diversity" (January 2018); 2. Black Enterprise (2024); ISS ESG;  
3. Fortune 500, Axios analysis of company statements (June 2020); 4. Black Enterprise (2019)

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MSCI ESG Ratings are based upon the following scale:

- AAA/AA-Leader: A company leading its industry in managing the most significant ESG risks and opportunities.
- A/BBB/BB-Average: A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers.
- B/CCC-Laggard: A company lagging its industry based on its high exposure and failure to manage significant ESG risks.

Source: [www.msci.com/our-solutions/esg-investing/esg-ratings](http://www.msci.com/our-solutions/esg-investing/esg-ratings)

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Investing in the markets entails the risk of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Asset allocation and diversification do not assure a profit or protect against loss.

Price/Book Ratio - or P/B Ratio is a stock's price divided by its book value per share. A fund's price/book ratio can act as a gauge of the fund's investment strategy in the current market climate, and whether it is overvalued or undervalued. The (P/B) ratio of a fund is the weighted average of the price/book ratios of the stocks in a fund's portfolio.

Price/Earnings Ratio - or P/E Ratio is a stock's current price divided by the company's trailing 12-month earnings per share from continuous operations. A fund's price/earnings ratio can act as a gauge of the fund's investment strategy in the current market climate, and whether it has a value or growth orientation. The (P/E) ratio of a fund is the weighted average of the price/earnings ratios of the stocks in a fund's portfolio. The P/E ratio of a company, which is a comparison of the cost of the company's stock and its trailing 12-month earnings per share, is calculated by dividing these two figures.

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The Numerical Scale, Alphabetical Rating and Performance Levels are shown below:

<b>D-</b>	<b>D</b>	<b>D+</b>	<b>C-</b>	<b>C</b>	<b>C+</b>	<b>B-</b>	<b>B</b>	<b>B+</b>	<b>A-</b>	<b>A</b>	<b>A+</b>
1.00 - <1.25	1.25 - <1.50	1.50 - <1.75	1.75 - <2.00	2.00 - <2.25	2.25 - <2.50	2.50 - <2.75	2.75 - <3.00	3.00 - <3.25	3.25 - <3.50	3.50 - <3.75	3.75 – 4.00
Poor			Medium			Good			Excellent		

Source: ISS ESG Ratings & Rankings | ESG Corporate Rating (issgovernance.com) and Corporate-Rating-Methodology.pdf (issgovernance.com)

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