

ESML

iShares ESG Aware MSCI USA Small-Cap ETF

Fund Description

ESML tracks an index of US small-cap companies with high environmental, social, and governance factor scores as determined by MSCI.

FactSet Analyst Report

ESML launched at a time of high investor sensitivity to producers and retailers of civilian firearms. The fund holds about 1,000 US small-cap companies with the highest ESG ratings. The index screens the US small-cap universe to exclude securities of companies involved in tobacco or controversial weapons, producers and retailers of civilian firearms, thermal coal and oil sands, as well as companies involved in severe business controversies. For each industry, MSCI identifies key ESG issues (such as climate change, resource scarcity, and demographic shifts). Each company is then rated based on their exposure and strategic response to the key issues, in comparison to their industry peers. The index is then optimized quarterly to maximize exposure to companies with higher ESG ratings, while providing investment results comparable to those of the parent index.