

SAEF

Schwab Ariel ESG ETF

Fund Description

SAEF is an actively-managed, non-transparent ETF that holds a portfolio of small- and mid-cap US firms screened for ESG criteria. The fund utilizes the Natixis/NYSE non-transparent model.

FactSet Analyst Report

SAEF is the first active ETF and first ESG offering from Schwab. The fund uses the proprietary ESG research of its sub-adviser to build a portfolio of small- and mid-cap US stocks. The sub-adviser initially considers company valuation and screens for fundamental characteristics that enable capital appreciation. A proprietary risk-rating based on various ESG criteria is then assigned to each prospective holding. The sub-adviser screens out companies that derive significant revenue from controversial business activities such as those involving tobacco, fossil fuels, private prisons, firearms, and weapons. However, the fund adviser has the discretion to manage a portion of the assets, which may not utilize the sub-advisers ESG risk rating. SAEF only discloses its full holdings quarterly, with a 60-day lag. A tracking basket is published daily on its website, in place of the actual portfolio.