















caustic and ‘greener,’ but the bigger environmental angle is the company helps customers use fewer resources and save on water, energy, chemicals and labor costs,” says Funk.

Over the past five years, the fund’s 14.0% annualized return beats the S&P 500 by an average of 1.5 percentage points per year.

**Parnassus Endeavor.** Parnassus has a range of solid ESG funds, including **PARNASSUS MID CAP**, a member of the Kiplinger 25 list of our favorite no-load funds.

Parnassus Endeavor—run by Jerome Dodson, the founder of the firm, and comanager Billy Hwan—has a targeted take on ESG. The fund’s ideal investment is a large, growing firm with an excellent working environment in addition to positive attributes, such as a competitive advantage over peers, a strong management team spending cash

wisely, and evidence of other sustainable, social and ethical business practices. But happy employees are first and foremost. The thinking is that they will be more productive and make the company successful. The fund also avoids fossil-fuel companies.

Dodson, who is in his seventies, will soon step down as the firm’s chief executive. He remains at Endeavor, though, with no current plans to leave. Endeavor has beaten the S&P 500 and other similar funds in six of the past 10 full calendar years.

**TIAA-CREF Social Choice Bond Fund.** Managers Stephen Liberatore and Joe Higgins have proved that they can invest in debt issued by companies that are doing good and still deliver competitive returns. In the six-plus years since the fund opened, Social Choice Bond has returned 2.3% annualized, which beats

the Bloomberg Barclays U.S. Aggregate Bond index and the typical intermediate-term bond fund.

The managers invest roughly 60% of the fund’s assets in companies that win good ESG ratings from data providers MSCI and Sustainalytics and then pass muster based on the managers’ own financial analysis. The rest of the assets are devoted to roughly 200 impact investments: projects and groups that generate a measurable and positive impact on society, whether it’s by providing clean water or affordable housing or by creating economic development opportunities.

In one project, the firm worked with a small Utah sewer district to invest in a bio-gas plant that will take solid waste and use it to power 25,000 homes. “It’s the CO<sub>2</sub> equivalent of taking 36,000 cars off the road,” says Liberatore. The fund yields 2.8%.

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