

THE TORCH

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Special Issue: Understanding ESG

By Kevin D. Freeman, CFA

The hottest area of investing today is ESG, which stands for Environmental, Social, and Governance. The ESG trend has developed very rapidly and is the talk of Wall Street. In 2018, experts estimated ESG had amassed \$30.1 trillion of investments and today the total likely tops \$40 trillion. To some, ESG means “sustainable investing.” Sounds good, but what does it really mean?

ESG means different things to different people. It has become an umbrella term to cover all sorts of agendas mostly centered around left-leaning political ideas. Some investors want to ‘save the planet.’ Others use the ESG label as a marketing gimmick to attract money. Still others want to push a particular political agenda and use your money to do it.

At the core of ESG is the belief that elites, scientists, politicians, and academics know what’s best, and thus are entitled to use the money of the masses to finance their utopian vision. That is what ESG is all about. Regardless of the stated intent, the mechanism remains the same: employ investment dollars to drive a preferred social, environmental, or political outcome.

ESG is a Weapon of Elitism

Because ESG is so ill-defined, the door is left wide open to exploitation and malfeasance. But this is a feature of ESG, not a bug. For ESG practitioners, maximizing returns on investment is not their priority – they are quite clear about that.

Larry Fink, the CEO of the world’s largest investment firm, BlackRock, which holds nearly \$10 trillion in assets, recently said that his primary goal was not to produce the best return for investors. No, for Fink, the old-fashioned notion of fiduciary duty was being demoted to make room for a more fashionable crusade: addressing Climate Change. But recent surveys show that addressing climate change is not a top priority for neither investors nor voters.

Indeed, Fink’s pet project is deeply divisive between Republicans and Democrats. According to a recent Pew Research survey, 67% of Democrats believe that climate should be a top priority but only 21% of Republicans. This is not a lone example. ESG dollars consistently favor the left side of the political spectrum. Essentially, ESG proponents are weaponizing \$40 Trillion of private investments in favor of Democrats and leftist ideology.

Does this seem right to you? Big money managers taking their clients’ money and using it to push a political agenda with possible personal motives? Historically, the motive

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for asset managers has been to maximize returns. But now ESG has given investment managers a kind of ‘slush fund’ brimming with your money to pursue their own ideological wish lists.

ESG Scores Bully Companies into Compliance

Have you ever stopped to wonder how seemingly every advertisement on TV or social media contained the same marketing messages at the same time? The recent pivot across the entire U.S. commercial market to green energy, social justice, and Diversity-Equity-Inclusion (DEI) is a direct consequence of ESG driving investment decisions. Environmental, Social, and Governance (ESG) standards operate much like the school yard bully terrorizing companies into forced compliance, and ESG scoring systems are the sharp end of the stick.

The ESG scoring system is how woke Wall Street managers are driving American companies to adopt woke policies. Any company failing to earn their affection—such as fossil fuel producers, gun manufacturers, or anyone else caught not toeing the party line — is punished through the ideologically driven ESG scoring system. Companies receiving low ESG scores face losing access to the banking services and capital they need to operate.

The big managers like BlackRock now insist U.S. companies adopt ESG, or they will vote their shares against management or even dump shares to tank a company’s valuation to achieve their objective. But while ESG weighs down American companies with woke requirements – such as ending fossil fuels – the same standards are not being applied to China.

ESG Hypocrisy on China

While Larry Fink goes “all in” for ESG here in the States, he is also seeking a much bigger presence for BlackRock in China. But Fink knows full well that when you are in China, you either play by their rules or you don’t play at all. There is no way that BlackRock will demand ESG priorities from Beijing.

Revealing where their loyalties lie, some Wall Street firms are sparing Chinese companies the same pressure now being placed on their American counterparts. Even though Communist China is one of the worst polluters on the planet, brutally represses its people, and fosters a shocking degree of income inequality, they get a pass while American firms get pummeled. This may enrage you – and it should. But it should not surprise you.

ESG practitioners are using our money to finance China’s rise while hastening America’s decline, because they have every intention of being rewarded for their efforts in the future by their Beijing counterparts.

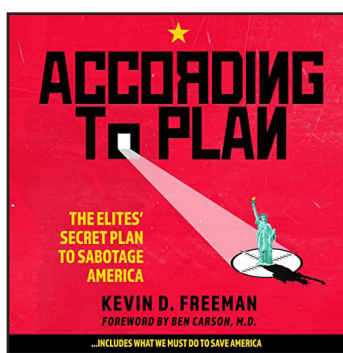
ESG is a Declaration of War

There is a new kind of war in America. In the past, wars were focused primarily on military targets. Today, the target is you. As Chairman of the Foundation for Defense of Democracies and former Director of Central Intelligence, R James Woolsey, recently commented, “Our markets, banks, and other financial systems are vital institutions that are far more vulnerable to complete disruption than we would hope, especially to carefully planned intervenors with the opportunity, motive, and means to... bring down the Dollar.”

ESG is determined to take control of Corporate America to enact its Marxist utopian vision. They are seeking total control over the means of production by forcing corporations either to comply or be cancelled. In China the law says that every company must serve the Chinese Communist Party. Here in the U.S., the goal is to make all corporations serve the intellectual elites, the leftists, the American Marxists. This is all “According to Plan,” as I outline in my most recent book by that title. (<https://accordingtoplanbook.com/EWR>)

In World War II, during the Battle of Dunkirk, there came a moment where the small ships were desperately needed to turn the tide. Ordinary men and women answered the call, and they saved the day. That’s the history of Dunkirk. This is such a time here and now. What we see as a marketplace, our enemies view as a battlespace. This is true with your investments and everything else. So, get educated, get informed, and let’s work together to save America!

Kevin D. Freeman served as a contracted consultant on Economic Warfare for the Department of Defense during the Obama Administration. He holds the Chartered Financial Analyst (CFA) designation and has been active in the investment management industry for four decades. Currently, he hosts Economic War Room with Kevin Freeman on BlazeTV and is the author of multiple best-selling books including his latest, According to Plan.



To purchase Kevin D. Freeman’s book, *According to Plan*, scan this secure QR code.



Truth Revealed: ESG's Hidden Agenda

From Kevin D. Freeman's website, *Economic War Room*.

Warning: The elites are using ESG to drive their anti-American pro-socialist agenda. Your money, livelihood, and way of life are under attack.

At its core, ESG investing is the belief that elites, scientists, politicians, academics all know what's best for us. In reality, they want our investments to fund their utopian visions while lining their own pockets.

E - Eliminate Fossil Fuels

1. The Green New Deal is more about control than climate.
2. Corporations that do not comply are being penalized with poor ESG scores, which can chase away investments or result in debanking.
3. Higher energy prices and brownouts are the inevitable result.

S - Social Justice

1. Social Justice and Critical Race Theory (CRT) have become institutionalized through ESG.
2. Who defines Justice? The woke mob. This is the single greatest threat to Religious Liberty in America today.
3. The mob will boycott or shame any company that fails to virtue signal. Fund managers will threaten to dump shares or vote against management.

G - Gender and Identity Quotas

1. ESG is not about helping women or minorities.
2. ESG is promoting uniformity of ideology under the guise of promoting diversity through gender and identity quotas.
3. ESG proponents claim their diversity mandates correlate with improved profits.

Many investors and advisors do not understand the real intent of the ESG movement, also known as "Stakeholder Capitalism."



Why You Should Care:

We must recognize that ESG is just another gimmick used by the Left to impose their Marxist ideology and fund their revolution. Corporations are being forced to comply or face being defunded, debanked, and destroyed. Your investments could be going towards funding the very movement seeking to radically transform America and our way of life.

What You Can Do:

1. Recognize what ESG is really all about.
2. Ask your financial advisor to remove ESG companies or funds from your portfolio.
3. Invite your financial advisor to consider going through training in Liberty, Security, and Values (LSV) investments through the NSIC Institute.
4. Contact your congressional and state representatives and let them know you oppose ESG and the socialist agenda.
5. Embrace wealth, prosperity, innovation, technology and free markets.
6. Reject the weaponization of corporations against traditional American values.

Equip Yourself and Teach Others

As we spread the word and wake-up others to the truth behind ESG's hidden agenda, we will see America become less 'woke.' To receive Economic War Room's Economic Battle Plans, visit

www.economicwarroom.com/battleplans

"What we see as a MARKETPLACE, our enemies view as a BATTLESPACE." - Kevin D. Freeman



Texas Drops Pro-ESG Citigroup as Bond Underwriter

Texas Natural Gas Securitization Finance Corp. removed Citigroup from the underwriting syndicate on a \$3.4 billion bond deal sponsored by the Texas Public Finance Authority, in response to Texas Attorney General Ken Paxton determining that Citigroup “discriminates” against the firearms industry. Several other states have followed Texas’ lead, either adopting or proposing laws targeting investments or doing business with firms that purportedly take pro-ESG stances. Meanwhile, the attorneys general of 19 states sent a letter to BlackRock CEO Larry Fink criticizing the firm for relying on ESG criteria in managing state pension funds. SOURCE: Lyle Niedens, Investopedia, February 13, 2023.

Biden to Allow Retirement Money to be Invested in ESG

Republican senators were joined by West Virginia Democrat Joe Manchin in signing a disapproval resolution protesting Biden’s Department of Labor directive issued last month allowing the pensions of 152 million Americans to be invested according to environmental, social, and governance (ESG) criteria. In the resolution, Senators cited studies that found ESG funds underperformed the broader market by nearly 30%. “Forcing Americans into ESG investment is not only politically inappropriate... [but] also financially irresponsible,” the statement read. “Moreover, 85 percent of the country does not even know what ‘ESG’ is and therefore would not be aware of the financial risks.” ESG financial assets are projected to grow to nearly \$100 trillion by 2025, comprising more than half of all assets under management. SOURCE: Kevin Stocklin, The Epoch Times, February 8-14, 2023.

Are Your Investments Supporting ESG? 5 Questions You Need to Ask

Right now, in boardrooms of companies across the country, your money is being used in ways that don’t align with your values. Here are five questions to ask your financial professional: 1. Have I invested in any funds that voted my shares in favor of racial equity audits? 2. Have I invested in any funds that voted my shares in favor of emissions reduction plans or executive compensation tied to environmental and social goals? 3. Have I invested in any funds that systematically underweight companies in any of the following sectors: coal, mining, oil and gas exploration, defense, or firearms? 4. Do you use ESG factors in your external fund evaluation process, internal operations, or client portfolio optimization strategies? 5. If the answer to any of these questions is “yes,” can you please inform me of alternative investment options so that I may select funds and portfolios that best align with my values and long-term financial interests? Your financial professional should be responsible for answering these questions and adjusting to your wishes. SOURCE: Vivek Ramaswamy, FOX Business, January 5, 2023.

Financial Advisors Receive Training in Pro-Liberty Investing

The National Security Investment Consultant Institute (NSIC) is offering an online training program designed to equip and certify professional investment advisors in LSV (Liberty, Security, Values) Investing. NSIC’s program, offered through Liberty University, provides valuable insights into the economic implications of ESG investing and offers solutions to protect client assets. According to NSIC, “78% of investors want to work with an advisor who shares their values.” To nominate your financial advisor to become LSV certified, or to register for an upcoming training session, visit nsic.org.

QUOTE OF THE MONTH

“Hardships often prepare ordinary people for an extraordinary destiny.”

~ C. S. Lewis

GREAT AMERICAN QUOTE

“America will never be destroyed from the outside. If we falter and lose our freedoms, it will be because we destroyed ourselves.”

- Abraham Lincoln

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