



## Retirement News Highlights

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# Broward Health to keep anti-tobacco investment due to good returns

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A Florida hospital system will remain invested in an S&P 500 index fund that excludes tobacco companies despite the state's new anti-ESG law championed by Gov. Ron DeSantis.

The board of trustees of Broward Health, Fort Lauderdale, Fla., voted at its Aug. 30 meeting to retain its investment in SSGA S&P 500 ex-Tobacco Index Fund, a large-cap equity index fund managed by State Street Global Advisors, because its investment returns equaled or exceeded those of the SSGA S&P 500 index fund in the trailing, one-year, three-year, five-year and seven-year periods, said Sue Zeiler, Broward Health spokeswoman. For the year ended June 30, the ex-tobacco index fund returned 17%, and for the three, five and seven years ended June 30, the fund returned an annualized 14.6%, 12.3% and 13.5%, respectively, all in line with the S&P 500 index fund that includes tobacco companies.

The hospital system's pension and investment committee previously had on its June 28 meeting agenda a vote to terminate its pension and operating funds' investments in State Street Global Advisors' SSGA S&P 500 ex-Tobacco Index Fund and move the assets to the SSGA S&P 500 Index Fund.

Mr. DeSantis, a 2024 Republican presidential candidate, signed the anti-ESG law in May, and it requires public entities in the state to make investment decisions based "solely on pecuniary factors" and not include environmental, social and governance considerations.

A memo included with the June 28 pension and investment committee agenda materials said "both the pension and unrestricted funds include a large cap equity index fund, SSGA S&P 500 excluding Tobacco. At the time this investment was selected, the Committee may have considered non-pecuniary factors. Therefore, the Committee should consider a replacement fund, such as the SSGA S&P 500 index fund, at the June Pension and Investment Committee meeting."

According to June 28 system board of commissioners meeting minutes, the board voted to table the action item until the Aug. 30 pension and investment committee meeting. Following that meeting, Broward Health's board approved changing the investment policy statement to include the wording in the new law regarding pecuniary factors, and that because the ex-tobacco index fund's returns equaled that of the S&P 500 index fund's returns, the index fund fulfilled the requirements of the law.

As of March 31, the Broward Health Unrestricted Fund had \$710 million in assets, of which \$498 million was invested in the SSGA S&P 500 ex-Tobacco Index Fund; the Broward Health Pension Fund had \$389 million in assets, of which \$53 million was invested in the SSGA S&P 500 ex-Tobacco Index Fund.