

**Brown
Socially
Responsible
Investment
Fund**

What is SRIF?



- Undergraduate-run investment fund with around \$180,000 in assets under management (AUM)
- Target investments in companies that have **strong financial prospects and strong performance on material ESG (environmental, social, governance) factors**
- Conventional investing tends to focus primarily on earning a financial return with respect to a benchmark
 - ESG investing goes a step further: it analyses material sustainability metrics to identify opportunities and mitigate risks
- Our investment process and theses are iterative: we refine them continually
- ESG investing has gone “mainstream”, but:
 - Lots of funds still limit themselves to simply employing negative screens
 - Many investors still believe that integrating ESG means sacrificing returns
 - ESG data and disclosure is still not standardised or mainstream
 - Investment universe can be limited to developed markets, large-cap companies
 - Most student-run investment funds still follow a traditional investment approach

What does ESG mean to us?



- Superb performance in ESG often implies superb performance financially
 - We invest in best-in class companies that also meet ESG criteria
- Examples of ESG:
 - **Environmental:** Company making a lot of cash, but has a recurring theme of environmental scandals → fines, regulation, negative public sentiment
 - **Social:** Retail company does not disclose/is deceptive about raw material sourcing or labour standards → human rights/environmental violations could tarnish brand reputation or spark litigation
 - **Governance:** CEO maintains a high creative influence/owns most of the company, or there are recurring scandals → company may see immediate drops in value, and could struggle to retain customers and retain quality employees

- Bringing together ‘value’ and ‘values’:
 - Market-beating returns
 - An exciting learning experience
 - Investing in accordance with our values



What we do in a Meeting



1. Macroeconomic Update
 - a. What's going on in the world, and what's relevant to us
2. Company Pitch!
 - a. Finance Pitch
 - i. Examine industry, company, business model. financial statements, outlook.
 - ii. We teach people everything they need to know; **no experience is required and anyone can participate**
 - b. ESG Pitch
 - i. Scrutinize company's **environmental** impact and record
 - ii. Evaluate company's overall **social** impact, i.e., its impact on stakeholders including employees, consumers, communities, etc.
 - iii. Look at a company's **governance** structure to examine management incentives and performance
3. Elevator Pitches
 - i. One-slide summaries of potential investments or sales
 - ii. **Anyone can do an elevator pitch!**
4. **Everyone can vote** on pitches

Pitch Structure and Organization



- **Coordination**

- Sign-up via Google Form sent through email
- Finance and ESG Chairs reach out
 - In-person meetings
 - Provide frameworks/resources
 - Answer questions and advise

- **Working on the Pitch**

- Finance and ESG Chairs divide work
- Collaborate on Slack, work alongside Chairs and Sector Analysts
- Review slides and edit/provide feedback

- **Presenting**

- Present pitch in meeting
- ESG slides and Elevator pitches are great ways to start out

Tesla Pitch

Please select which portion of the pitch you would like to work on. Our board members will reach out to you soon with next steps.

ESG Portion

Finance Portion

What is your email address?

Your answer _____

Never submit passwords through Google Forms.

Why SRIF?



- One of the oldest and largest student-run funds of our kind
- Largest undergraduate-run ESG equity fund in the country
- This year also marks a new decade of SRIF: the fund started with \$30k in 2009, and then reached \$100l in 2015 → \$180k today
- Welcoming, democratic and inclusive → **input on Day 1.**
- You learn:
 - How to analyze a company's financial statements
 - How to present data and insights to an audience
 - The fundamentals of ESG and Sustainable Investing
- Opportunities to challenge yourself, take on responsibility, build a stronger community and dive deep into investing by joining our **board**
- We demonstrate solid returns (more on this later!)
- An ever-expanding network of alums and young professionals
- Fun events include...
 - FSIcon, Pitch-offs, SRIF semi-formal, and more!

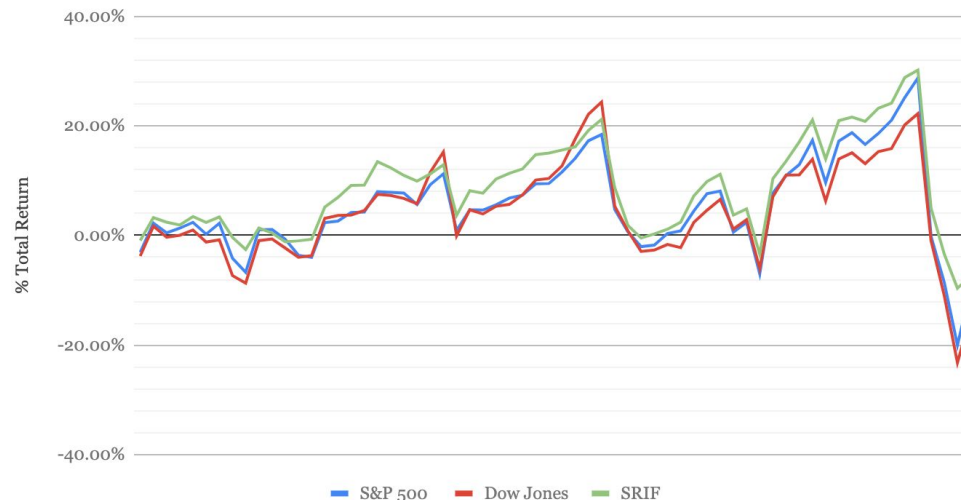
Portfolio Overview



- SRIF manages over **\$180,000 in real money!**
 - ~**4.9% of portfolio** (~\$8,800) still in cash
 - Well-diversified portfolio made up of **49 stocks**
 - Not just in “traditionally-ESG” sectors
 - Select portfolio companies: Microsoft, Nike, Starbucks, Nestle
- **SRIF delivers consistent returns**
 - 2019 return: **32.10%** (S&P 500: 28.71%, Dow Jones: 22.24%)

Portfolio Performance vs Indices 2015-Present

YTD Return, Monthly



Macroeconomics Update [Davis]



- **Analyzing key risks across our portfolio with respect to global events**
 - COVID-19 pandemic
 - Risks for CR/INDS companies → Starbucks, Allegion have struggled with consumer spending decline
 - Risks for Financials/Real Estate → BAML, Avalon Bay Communities
 - High concentration of liquidity in markets
 - High valuations in February and at present highlight potential selling opportunities
 - February/March buys largely successful because of risk management → SAP, Danaher
 - Dominance of tech as a threat to other sectors
 - As Amazon takes market share away from traditional retail/shipping amid pandemic, we were able to avoid downstream effects
- **Is our portfolio recession-resistant?**
- **Exposure of our portfolio to emerging markets affected by COVID**
 - Americas
 - Businesses in portfolio largely concentrated in USA with some presence in LATAM
 - Asia
 - Asia exposure not particularly significant because of ESG concerns related to China and overall supply chain structure in the region

Portfolio Review - Trends and Activity [Sabrina]



- **Preparing our portfolio for certain macroeconomic conditions & scenarios**
- **Upcoming events**
 - COVID vaccine
 - If approved, could lead to a bounceback in entire portfolio
 - If not approved, work-from-home stocks could be worth looking into
 - US-Election
 - Prepare for volatility
 - If Biden wins, corporate taxes could increase
 - If Trump wins, US-China tensions could increase
- **Robust Portfolio Analysis**
 - Looking to deploy more analysis tools to assess attribution, factor analysis throughout the portfolio
 - Using analysis to better inform investing decisions
 - Buys: being more targeted in the companies we're pitching
 - Sells: identifying positions where stock expected to underperform or where the thesis has played out: stock is overvalued and already realized gains
- **Summer 2020 Sell Pitches**
 - Clean-up portfolio, set aside cash for future purchases
 - Sold Waste Management, iRobot, Siemens
 - Review positions that have limited upside

Portfolio Review - Performance



Top Overall

Company	Buy Price (\$)	Current Price (\$)	Total Return (%)
Microsoft Corp.	37.75	214.25	+461.83%
Mastercard Inc.	77.30	335.01	+333.41%
Nextera Energy	63.46	277.32	+337.00%
Zoetis Inc.	78.98	136.31	+196.00%

Top YTD (2020)

Company	1/1/2020 Price (\$)	Current Price (\$)	YTD Return (%)
Nvidia Corp.	235.30	504.90	+114.58%
United Natural Foods Inc.	8.76	17.87	+104.00%
Cadence Design Systems	69.36	105.88	+52.65%
Adobe Inc.	329.81	491.94	+49.16%

Portfolio Review - Recent Transactions



Exits

Company	Sell Date	Buy Price (\$)	Sell Price (\$)	SRIF Return (%)
Facebook	12/12/19	80.78	202.70	+150.93%
Amazon	11/08/19	1591.39	1775.10	+11.54%
Celgene	10/09/19	90.22	99.62	+10.42%
Hasbro	05/02/19	83.93	102.10	+21.65%

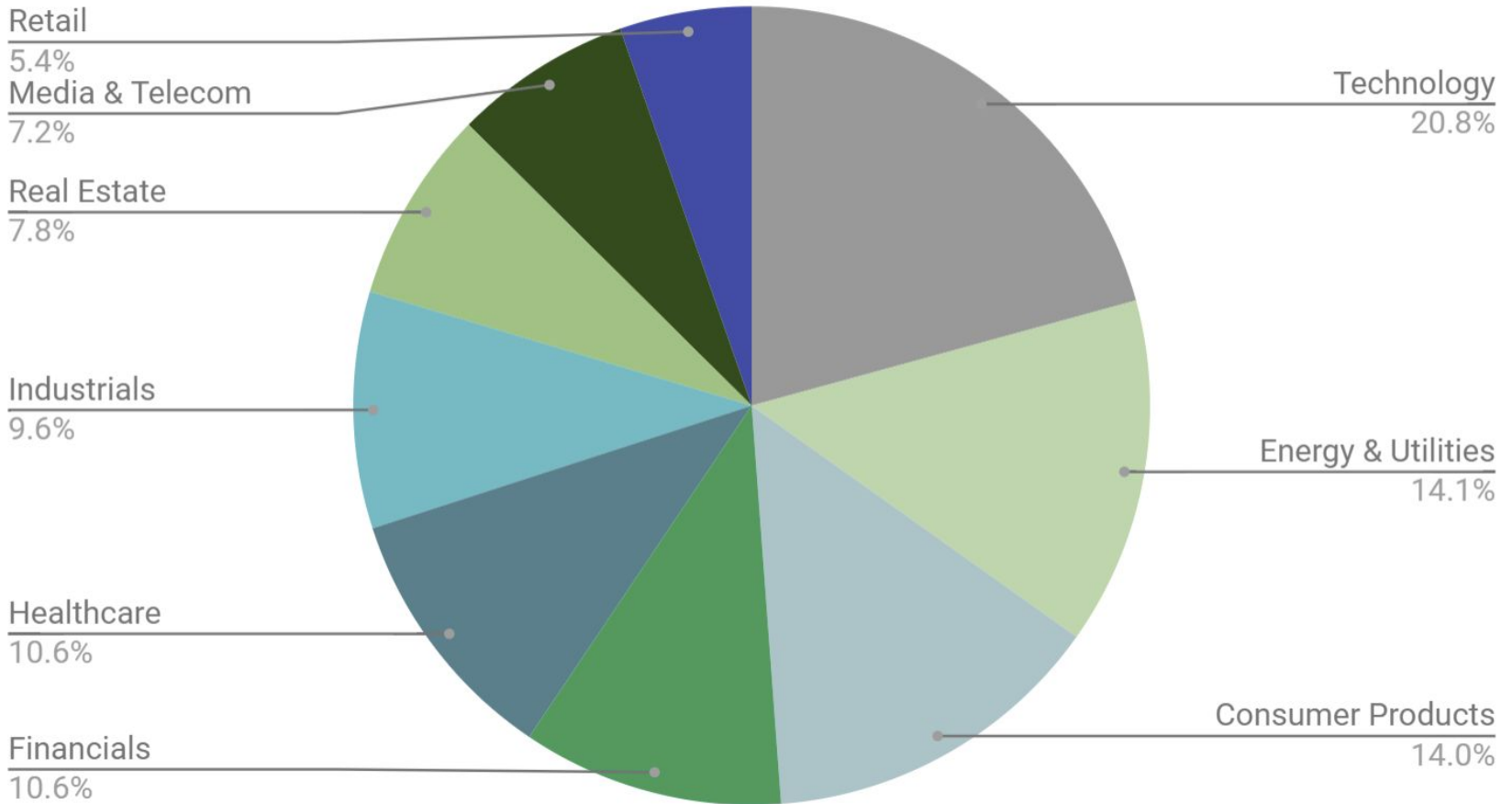
Acquisitions

Company	Buy Date	Buy Price (\$)	SRIF Return (%)	YTD Return (%)
Marsh & McLennan	04/28/20	97.26	+16.20%	+1.86%
Cadence Design Systems	04/14/20	75.52	+33.00%	+44.81%
Bank of America	04/07/20	24.54	+3.82%	-27.65%
Danaher Corp	03/31/20	133.09	+47.38%	+27.80%

Portfolio - Sector Breakdown



Sector Breakdown



Mentorship and Education



❖ You will hear from industry experts!

- Periodic education sessions/workshops with ESG/finance professionals
- Alumni are engaged with SRIF leadership and look to give back to the team

❖ You will be up-to-date on the markets!

- Global macroeconomic updates
- Stay informed through pitches and discussions

❖ We will mentor you!

- Our board and alumni have navigated the recruiting process and landed top offers across all industries → investment banking, consulting, PE/VC/HF, asset management, S&T, SWE
- Mentorship program with BFC and informal SRIF networking
- Recruiting-focused overview sessions and mock interviews
- Career advice and resources



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