

Weekly
Update



**Brown
Socially
Responsible
Investment
Fund**

Macro Update

- COVID-19: JHU reports 1.5MM cumulative infected and 93k deaths worldwide
- Now over 10 million unemployment claims in the US
- Accounting Fraud: Luckin' Coffee made only \$103MM in sales in 2019, only a quarter of what it claimed to have made, \$413MM
- Zoom grows from 10MM to 200MM users across the past few weeks
- Jamie Dimon is the only bank CEO still around since 2008, and JPM says it can increase lending even if US GDP falls by 35%, according to internal stress tests
- Adam Neumann no longer a billionaire: SoftBank backs out of \$3bn WeWork share purchase offer
- In October, Uber launched Uber Works, a job board for companies to fill short-term staffing needs: now, with COVID-19, there's a strong chance for growth

Consumer Retail

Total Return of Sector: 2.77%

Portfolio News:

- **Starbucks (SBUX)** extends store closures to May 3rd. Plan to adjust back to normal models after date.
- **Home Depot (HD)** makes more changes to store, including closing stores early, limiting number of customers at once, and other initiatives in response to COVID-19.

<i>Company</i>	<i>1 Week %</i>
HOME DEPOT	11.15%
KELLOGG	2.32%
MCCORMICK & Co	6.26%
NESTLE SA	1.65%
NIKE INC CLASS B	8.30%
PROCTOR & GAMBLE	0.23%
STARBUCKS	13.66%
UNILEVER PLC	1.89%
UNITED NATURAL FOODS INC	12.75%

Consumer Retail

Industry Return: 15.82% (Fidelity Consumer Discretionary)

Industry News:

- Consumer confidence in the United Kingdom plummets to 2008 levels after lockdown. Consumer confidence index plummeted from -7 in February to -34 at end of March.
- Uber Eats accelerates push into grocery deliveries, striking new alliances with retailers including France's Carrefour. Launching rapid deliveries of groceries in wide range of locations around world.

Stocks to Watch: TheRealReal REAL (BUY)

- TheRealReal is an American sustainable fashion brand based on the circular economy
- The company allows customers to buy second-hand luxury fashion items
- Plan on being carbon neutral by 2021
- All its top competitors are private companies, notably Vestiaire Collective, based in Paris

Energy and Utilities

Total Return of Sector: 8.3%

Portfolio News:

- **NextEra Energy** announced that it plans to report first-quarter 2020 financial results before the opening of the New York Stock Exchange on Wednesday, April 22, 2020
- **American Water Works** is expected to benefit greatly from quarantine, as residential customers are its most lucrative group on a revenue per gallon basis
- **First Solar** will continue operations in its main locations, Wood County, Ohio, Kulim, Malaysia and Ho Chi Minh City, Vietnam, while monitoring the COVID situations closely

<i>Company</i>	1 Week %
AMERICAN WATER WORKS	11.99%
BROOKFIELD RENEWABLE	13.41%
FIRST SOLAR INC	14.56%
NEXTERA ENERGY INC	8.32%
ORMAT TECHNOLOGIES	-1.52%

Energy and Utilities

Industry Return: **12.95%** S&P 500 Energy, **8.24%** S&P 500 Utilities

Industry News:

- On Thursday, the OPEC++ agreed, in principle, to cut 10 million bpd in oil production.
- With global oil demand thought to have taken as much as a 30 million bpd hit, many predicted the cut would be approximately 20 million bpd
- While still a massive production cut the likes of which the world has never seen, it is significantly under what the market will likely require in order to “balance”—and oil prices have shown this in their sharp decline amid the COVID-19 crisis

Stocks to Watch:

- **Enphase Energy (NASDAQ: ENPH): Buy**

Enphase Energy is an energy technology company headquartered in Fremont, California. Enphase designs and manufactures software-driven home energy solutions that span solar generation, home energy storage and web-based monitoring and control. In 2019, Enphase grew considerably, with 97% YoY revenue growth (driven by increased demand for solar microinverters, of which it is the leading supplier) and increased operating CF (>8x). Enphase is a strong growth play in a market where solar is becoming increasingly important.

Financials and Real Estate

Total Return of Financials: 1.99%

Total Return of Real Estate: 0.94%

Portfolio News:

- Accenture acquired B2B marketing services firm Yesler. Accenture also completed the acquisition of ESR Labs, a Munich-based company that develops embedded software for leading German car brands and suppliers.
- Weyerhaeuser plans on reducing 2020 capital expenditures by \$70-90 million; and increasing cash on hand by \$550 million through a draw on its revolving credit facility. It will also reduce lumber operating capacity by 20%

<i>Company</i>	1 Week %
ACCENTURE PLC	13.85%
AMERICAN TOWER CORP	17.60%
AVALONBAY COMMUNITIES	23.66%
BROOKFIELD ASSET MGMT	21.10%
EQUINIX INC	9.71%
HANNON ARMSTRONG	37.18%
INTUIT INC	11.93%
MASTERCARD INC	12.78%

Financials and Real Estate

Industry Return: -1.81% (Financials) -2.06% (Real Estate)

Industry News:

- According to the Mortgage Bankers Association, potential homebuyers are backing away but more borrowers are refinancing to save money on monthly payments. Mortgage applications have fell by 24% from last year due to bleak economic outlook.
- The Fed's \$183 billion of purchases of mortgage-backed securities led to huge volatility in mortgage bonds, which created massive margin calls from the broker-dealers, to their mortgage bankers. Some of these mortgage bankers are now facing margin calls of tens of millions of dollars that could drive them out of business
- Some of the U.K.'s biggest banks have agreed to scrap dividends. Barclays, Santander, Lloyds, NatWest, Standard Chartered and HSBC have confirmed that they will not be paying out dividends in 2020.

Stocks to Watch: Square Inc (SQ) (BUY)

- It is likely that Square will perform badly in 2020 as >40% of their revenue comes from consumer discretionary businesses like restaurants and small retailers. However, in the long-run, Square is well positioned to pick up market share in a recovering market. Could be worth considering if the price dips low enough

Healthcare

Total Return of Sector: +3.31%

Portfolio News:

- **Boston Scientific:** Company now expects first quarter 2020 revenue growth on a GAAP basis to be approximately flat to up slightly versus the prior year period, and an organic revenue decline of approximately two to three percent.
- **CVS Health:** Announced opening of rapid COVID-19 drive-through testing sites in Georgia and Rhode Island to help local communities.
- **Zoetis:** To host a webcast and conference call at 8:30 a.m. (ET) on May 6, 2020, to review first quarter 2020 financial results.

<i>Company</i>	1 Week %
BOSTON SCIENTIFIC	18.62%
CVS HEALTH CORP	9.13%
STRYKER	22.16%
ZOETIS INC	10.96%

Healthcare

Industry Return: 1.84% (S&P Healthcare)

Industry News:

- COVID-19 has continued its unprecedented spread around the globe with over 1.3 million global cases, including 340,000 cases and 10,000 deaths in the United States
- Gilead Sciences expects to have 1 million doses of experimental COVID-19 drug Remdesivir by year-end and has already administered 1,700 doses on a case-by-case basis
- Regeneron Therapeutics has found hundreds of antibodies with the potential to combat COVID-19 and plans to enter clinical trials soon and manufacture hundreds of thousands of doses by the end of the summer
- Abbott Laboratories has rolled out a test that can identify COVID-19 with 5 minutes

Stocks to Watch: Amgen inc. (NYSE: AMGN)

Amgen is one of the largest independent pharmaceutical companies in the world and has drugs that span from cancer to arthritis to asthma. It currently has 20 drugs in phase-3 testing, giving numerous opportunities for breakthrough drugs to come to market. AMGN is a relatively recession-proof stock due to the inelastic demand of products and offers upside in new technology.

Industrials

Total Return of Sector: +11.23%

Portfolio News:

- **Allegion** suspends operations in Mexico due to federal guidance and withdraws guidance for 2020
- **Cummins** announces that it will be repurposing materials used for diesel engine filtration into creating N95 masks
- **Keysight's** 5G test solutions were chosen by one of China's largest test labs to establish its first 5G test program

<i>Company</i>	1 Week %
ALLEGION PLC	12.96%
CUMMINS	13.51%
FEDERAL SIGNAL CORP	14.37%
KEYSIGHT TECHNOLOGIES	9.97%

Industrials

Industry Return: +1.15% (S&P Industrials)

Industry News:

- Airlines have been squeezed by the delay in \$29 billion US Rescue Funds
- Air travel demand has plunged because of coronavirus and measures to stop it from spreading.
Airlines slash most flights to coronavirus hot spot NYC as the area grows more isolated.
- General Electric is planning to furlough half of its aviation unit's engine manufacturing staff due to coronavirus

Stocks to Watch:

Rockwell Automation Inc (ROK) BUY - Rockwell Automation manufactures and assembles automation and other digital products. EPS growth % 303.0. Dividend growth 5.2% from last year. Dividend increased by 5 times on a year-over-year basis over the past 5 years.

TMT

Total Return of Sector: +6.06%

Portfolio News:

- **iRobot** announced iRobot Education, which will provide educators and parents with access to educational robots, online resources and programming to supercharge STEM education.
- **Disney's** streaming service Disney+ has reached over 50 million subscribers globally
- **Adobe** co-founder Dr. Charles Geschke has announced his retirement from the board of directors
- **Qualcomm** announced the appointment of Heather Ace as executive vice president of human resources

<i>Company</i>	1 Week %
ADOBE INC	4.85%
APPLIED MATERIALS INC	14.69%
AT&T	6.85%
CISCO SYSTEMS INC	3.52%
IROBOT CORPORATION	20.54%
MICROSOFT CORP	6.36%
NVIDIA CORP	2.93%
QUALCOMM	5.23%
VERIZON COMMUNICATIONS	3.96%
WALT DISNEY CO	7.77%

TMT

Industry Return: 8.68% (Fidelity Sector & Industries Overview)

Industry News:

- Amazon's 100,000 job openings in its warehouses and delivery network are a rare bright spot in a U.S. economy that has been devastated on account of the the Coronavirus pandemic.
- The Trump administration officials sought to revoke federal licenses used by China Telecom to do business in the US. This is one of many attempts to curb Chinese technology interests on grounds of national security.
- Many healthcare-oriented software companies including Datavant Inc, Allscripts Healthcare Solutions Inc, and Change Healthcare Inc are creating a registry of Covid-19 patients by pooling national medical records

Stocks to Watch:

- Slack (NYSE: WORK) \$24.70, **BUY**: Slack is down nearly 15% from its peak earlier this month despite being one of the companies best positioned to profit off of this crisis. The coronavirus pandemic is causing a societal shift towards remote work. Slack is still one of the best products out there for group collaboration and is used by 65% of Fortune 500 companies.

SRIF Sector Breakdown

Diversified Industries

2.3%

Retail

5.2%

Media & Telecom

8.1%

Financials

9.1%

Real Estate

9.3%

Healthcare

10.7%

Energy & Utilities

16.3%

Consumer Products

13.3%

Technology

13.1%

Industrials

12.5%

