University of Richmond

Student Managed Investment Fund
2020 - 2021 Annual Report

April 14, 2021

University of Richmond ROBINS School of Business™

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Letter from the General Manager

Dear Advisory Board and Robins School Faculty Members,

On behalf of the 2020-2021 SMIF Managers, I would like to start this letter by thanking you for providing us with this unparalleled and incredibly rewarding learning experience. Joining the Student Managed Investment Fund has been a goal for many of us since our first business classes in the Business School. Entering the year with high hopes, reality exceeded our expectations. The opportunity to gain hands-on experience coupled with Dr. Earl's "throw us in the deep end and learn to swim" advising strategy created an environment unlike any other in the Robins School. Demanding initiative and independent thought, not only did we strengthen our fundamental knowledge of portfolio management, but we were instilled with values that will be with us throughout our careers.

The University of Richmond's Student Managed Investment Fund is the quintessential liberal arts experience. Every year, top finance students are given the chance to grow outside the classroom and apply their in-class knowledge to the real world. This year was no exception. We learned how to work together as a team, manage varying timelines, and effectively communicate with one another. It is because of this that I look back on the year with an immense sense of pride and gratitude for the Robins School and the Managers with whom I have been fortunate enough to work. Despite a challenging academic year, the Managers displayed unwavering diligence and adaptability week after week. It has truly been an honor to serve as General Manager of SMIF and work with such a talented group.

Taking over the Fund during a global pandemic gave us early exposure to the difficulties of virtual communication. Our Traders were not informed of when they had control of our brokerage accounts and we later found out the previous Managers continued to trade until April 19th. This sets our formal hand-off date at April 20, 2020. With the lack of clarity and inefficient communication on our end, both funds were inactive after the hand-off and had substantial cash positions going into the summer. Nonetheless, upon our return to campus in August, we quickly formulated investment strategies to capitalize on the drastically different macroeconomic climate and deployed our dry-powder.

Throughout the year, we were challenged with a global pandemic, a landmark election, the subsequent change of political power, market corrections, and not once being able to meet as a group in-person. Despite these headwinds, we outperformed the benchmark in both funds, became the first Managers to grow the Fund over $1,000,000, established the foundation for SMIF's ESG policies, and recruited new Managers for the upcoming academic year.

Thank you again to the Advisory Board, Robins School Faculty, and '20 - '21 Managers. None of these accomplishments would have been possible without the immeasurable care and effort displayed during the year. I am so grateful to have served as General Manager and hope these milestones highlight the incredible group of Managers this year.

Sincerely,

Michael Ukrainskyj

Michael Ukrainskyj
General Manager
April 14, 2021

Overview & History

The Student Managed Investment Fund ("SMIF" or "the Fund") was created in 1993 by the Board of Trustees with funds from the University's endowment. SMIF provides valuable, real-time experiential learning in security analysis and portfolio management, thereby supplementing the topics and theories discussed in the classroom. SMIF is therefore the capstone course of the investment studies track, which is a series of courses developed by the Finance department over the past decade.

Process

New Managers are chosen through a rigorous selection process that encompasses an application, resume, written research report, and a formal interview. All parts of this selection process are scored quantitatively. The existing Managers make selection decisions with oversight from the SMIF faculty advisors. To be eligible, applicants must first earn a B grade or better in the 300-level "Investments" course. If accepted into SMIF, Managers must then take "Portfolio Management" and are encouraged to take courses in the broader "investment track." Managers control the Fund from April 2020 to April 2021 and receive one unit of academic credit for their participation in the spring semester. Growth and Value Fund meetings are held weekly to evaluate the status of the Fund, pitch new companies, and attend to any other administrative duties that are pertinent to the Fund's success.

SMIF is a long-only equity fund that splits Managers between a Growth Fund and a Value Fund. The two Funds each consist of seven to nine Managers. A General Manager actively participates in both Funds and ensures the professional management of SMIF as a whole. Managers act as security analysts and portfolio Managers. Through many different research sources, information is gathered to decide on a buy or sell decision. Practical investment knowledge gained through field trips, internships, and a close working relationship with market professionals enhances the overall educational experience for SMIF Managers. This generally includes at least one trip to visit alumni working on Wall Street.

SMIF maintains working relationships with alumni and other professionals in the financial services industry, who act as mentors for the Managers of the portfolio. The Managers work with faculty advisors from the finance department as well as with an Advisory Board consisting of investment professionals from the local Richmond community.

Each year, SMIF continues to improve and plays a unique role in the finance curriculum. Therefore, this year, the Managers have incorporated Environmental, Social, and Governance (ESG) integration policies for the Fund's investments. A Head ESG Manager oversees and facilitates the integration process in each pitch and investment. At the conclusion of each year, the Head Manager conducts a regression analysis of both Fund's holdings to analyze the statistical significance of ESG scores on investment returns.

Through high caliber students, determination and professional conduct, the Student Managed Investment Fund will remain one of the most unique and prestigious programs offered at the University of Richmond.

SMIF Advisory Board

Rob Allen
Capstone Financial Partners

Nancy Bagranoff
University of Richmond

Perry A. Corsello, CFA
Virginia Retirement System

Christopher Dion
Lowe, Brockenbough & Co.

John Earl
University of Richmond

Steve Fisher
Virginia Asset Management

Cederic Fortemps
Matrix Capital Markets

Patrick Gallagher
Boxwood Partners

Steve Goddard
London Company

Chris Haberlin
Davenport & Co.

Roberta Keller
Alexis Advisors

Ashley Long
1607 Capital Partners

Jeffrey McNeill
SunTrust Bank

Miguel Quiñones
University of Richmond

Pat O'Hara
Agincourt Capital Management

Chris Pearson
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Matt Rosenthal
Aptimy

Doug Sandler
Riverfront Investment Group

Mark Schlegel, CFA
TFS Capital

John Sherman
Scott & Stringfellow

George Smith
Davenport & Co

Don Steinbrugge
Agecroft Partners

Jerry Stevens
University of Richmond

Cody Tafel
Thompson, Siegel & Walmsley

Dennis Tarrant
Davenport & Co.

Dan Whitlock
Virginia Retirement Systems

James Mallory
SunTrust Bank

Student Managed Investment Fund (SMIF) 2020-2021

Faculty Advisors
Dr. John Earl
Dr. Jerry Stevens

General Manager
Michael Ukrainskyj

Vice President of Recruitment
Michael Procaccino

ESG Head Manager
Rachel Perry

Growth Fund Managers
Head Manager: Lizzie Reedy
Michael Baker
Jack Bonomo
Ayushman Padia
Susan Pelczar

Value Fund Managers
Head Manager: John Nugent
Ben Addeo
Michael Limongelli
Michael Loughran
Isabel Nonemaker
Michael Procaccino
Jason Reynolds

Student Managed Investment Fund (SMIF) 2021-2022

Faculty Advisors
Dr. John Earl
Dr. Jerry Stevens

General Manager
Payton Van Den Heuvel

Vice President of Recruitment
Tyler Donsky

ESG Managers
Growth Fund: Lana Pucci
Value Fund: Emily Mendelson

Growth Fund Managers
Head Manager: Alex Cook
Brock Cannon
Mihir Chinai
Erica Grosso
David Nadwodny
Jack Phillips
Lana Pucci
Ryan Silverman
Nicole Willis

Value Fund Managers
Head Manager: Stephanie Gridley
Hunter Chalhub
Daniel Coyle
Tyler Donsky
Emily Mendelson
Michael Pilkington
Buford Reid
Ying Zhu

SMIF Recruitment Evaluation Process

Overview

The new manager class is the third class to have been recruited using a quantitative evaluation process that was proposed by the Managers two years ago. The process has 4 steps: (1) Outreach, (2) Application Review, (3) Equity Research Report, (4) and Interviews. The goal in changing the process was to recruit the most competitive, diverse applicant pool possible. While applicants are evaluated based on set criteria, it is not disclosed to candidates in an effort to ensure a fair process. The Vice President of Recruitment position was created to assist the General Manager in organizing and running the recruitment process.

Outreach

The VP of Recruitment sent out a description of SMIF as well as the application process to all Junior Finance concentrations in the Robins School graduating in May of 2022. Members attended each section of Investments, Corporate Finance, and Equity Analysis to provide a brief overview of the Fund as well as to outline the application process. A slideshow to exhibit where current Managers will be working (industry/company/geographic location) was circulated to all possible applicants to demonstrate the prestige of the group and further encourage applicants to apply. Outreach was also conducted toward different business school organizations including the Finance Society and Gateway Capital Management.

Application Review

The first step of the application process is to turn in an updated resume alongside filling out a brief application explaining the reasoning for wanting to join SMIF. Applications are assigned numerical scores based on GPA, prior experience, future internship plans, and college involvement. They are reviewed by a Manager assigned to each applicant based solely on what has been stated on their resumes to avoid personal biases towards, or against an individual. Applicants move to the next step in the process so long as they were not among the bottom five applicants.

Equity Research Report

Each qualified applicant is randomly assigned a stock from the Fund and will then write an in-depth equity research report. The General Manager virtually conducted two Bloomberg overview sessions and circulated a list of common Bloomberg functions to assist in applicants' research. One of the two Bloomberg overview sessions was recorded and shared with all applicants in the event they were sick or unable to attend. The applicants are assigned a current Manager to act as a mentor and guide them through the process of writing an equity research report. Reports are graded based on eight different criteria, including quality of content and strength of investment thesis. This year, each report was graded by three current Managers who had little to no prior connection to the applicant. Once graded, the bottom three candidates did not move on to final interviews.

Interviews

Each candidate completed three separate interviews designed to simulate a super day as used in the investment banking industry. Applicants were given the option to conduct their interview in-person or via Zoom; that said, in-person interviews were encouraged to ensure integrity in the process. The three interview rooms assessed the dimensions of technical knowledge, market knowledge, and behavioral/qualitative fit. Each room consisted of at least two current Managers with no prior social connection. Interviews were standardized with sets of questions made by the Managers. Following the interviews, each Manager provided a score from 1-4 for each applicant based on last year's rubric. Scores were averaged to calculate a final score for the candidate's interview portion of their application.

Final Selection

The candidate's three scores were aggregated, weighted most heavily with the research report and interviews, to produce a final percentage score out of 100. This year, the top-18 candidates were extended an offer to join SMIF. If any of the top-18 applicants rejected the offer or were unable to accept due to distance learning or a study abroad commitment, we ranked and selected four alternates.

Investment Policy Statement

Investment Philosophy

- The market consistently produces stocks that are incorrectly valued with regard to their fundamentals
- Both the Growth and Value Fund can implement fund-specific strategies to exploit these inefficiencies through fundamental company analysis
- The Fund strives to be educational in purpose; while it is our duty to seek investments we deem to be the best use of the University endowment's capital, the goal is to gain greater understanding of the process behind portfolio management
- Growth Fund is benchmarked against the SPYG ETF; Value Fund is benchmarked against the SPYV ETF

Investment Process

1. Economic, sector, and company research reveals potentially attractive areas
2. Depending on fund, manager utilizes specific screens for underpriced securities in a specific sector
3. Manager pitches investment thesis to his/her respective fund
4. Fund votes on investment thesis, must receive majority vote to acquire position
5. Investments are continually monitored

Investment Criteria

- Properly executed sector and fundamental analysis reveals upside potential that outweighs downside risks
- Managers should consider the sustainability of current fundamentals in the specific context of its sector and industry
- Stocks must be from the Russell 1000 index

Sell Discipline

- Positions are continually reassessed by the Fund and are sold if:
    - Investment thesis/objective (as specified by Manager who pitched it) is achieved
    - New information changes risk/return profile of new investment
    - Stop loss is triggered
- Potentially volatile investments are accompanied by a stop loss that is determined by pitching Manager in the context of the individual investment
- Reassessment is required when holding has reached its targeted holding period

Investment Horizon

Upon takeover of the Fund, new Managers reassess all holdings and examine if the investment thesis remains relevant. Managers should not compromise on the Fund's one-year holding period in an effort to prop up short-term performance for annual presentation to the Advisory Board. Typical Value horizons range from 2 - 3 years, and while positions can be liquidated and reallocated if the thesis weakens, decisions are not made based on the one-year time horizon of the Managers on the Fund. Typical growth horizons should range from 6 months - 2 years and should not be hindered by manager turnover.

Portfolio Allocation

- Attempt to diversify sector and individual weightings to manage risk
- Each sector is over or underweight compared to benchmark based on sector research
- Properly use and monitor the attribution model to ensure that the Fund is properly allocated
- Target 18-25 holdings per each side of the Fund, with no stock comprising of more than 12.5% of the respective fund

Inactive Trading Period

By nature of the Fund, Managers are not allowed to trade during the summer period between spring and fall semester. During this period, Managers can use cash as an asset class or invest in an ETF that mimics the Funds' objective, such as the QQQ for the Growth Fund. All positions may be guarded by stop-loss triggers in case of market downturn during the inactive trading period. Stop-loss trigger should be loose enough to allow for market volatility.

Environment, Social, and Governance Policies

Our Method: ESG Integration

The 2020-2021 SMIF Managers became the first in SMIF's history to integrate ESG into the Value and Growth Funds. ESG integration is the inclusion of material ESG factors into SMIF's investment analysis and decision-making process, which we believe may reduce downside risk. In tandem with traditional financial analysis, we believe using an ESG lens will provide us with a holistic view of a company, its operations, and whether the firm has a long-term view on its material risks.

We use SASB's (Sustainability Accounting Standards Board) materiality map[1] and industry standards to uncover material ESG factors for prospective companies. SASB's mapping and standards process looks like a funnel, starting off with a broad range of sustainability issues that might impact financial performance in an industry. Then, in each industry, they conduct research to uncover both past ESG topics that have impacted financial performance in an industry, and current evidence of investor interest in a topic. SASB's map spans 77 industries and provides the most important ESG factors to the long-term operation of the Company, such as data security for a technology company. Important to note, although SASB provides industry-specific metrics for companies to report on, not all of these metrics will be applicable to each company in the industry. SASB clearly notes in their implementation primer that some topics are not necessary to report on if they do not align with a company's business model. Therefore, after conducting research using SASB's industry-specific lens, a company-specific analysis is then done in order to uncover the most material factors given their specific business model.

ESG Proxy Statement Voting

In addition to integrating ESG into our security selection process, ESG managers will also participate in voting through proxy statements. Voting through proxy statements is a key component of investment stewardship and can be used as a medium to engage with company management and vote on shareholder proposals.

Responsibilities

In each separate growth and value meeting, the head ESG manager will be in charge of bringing up any issues that need to be voted on for holdings in each respective fund. Upon receiving a proxy statement or claim forms, all ESG managers will review questions and candidates. The ESG managers will then give an overview to the respective fund which holds the company. Once all members are able to discuss the issue and weigh the outcomes, the fund will vote.

Process

In each separate growth and value meeting, the head ESG Manager will be in charge of bringing up any issues that need to be voted on for holdings in each respective fund. Once all members are able to discuss the issue and weigh the outcomes, the fund will vote. A majority vote will be conducted to decide whether or not we are for/against/abstain from the voting item.

To vote on each proxy statement, the head ESG Manager will use www.proxyvote.com. In order to submit our proxy voting instructions, Managers must input the sixteen digit control in the box marked with the arrow on the Proxy statement.

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[1] "SASB Materiality Map." https://materiality.sasb.org/.

ESG Scoring Process

After conducting relevant research and analysis, Managers will come up with an ESG score for the company. The scoring process is three pronged, first starting out with calculating E, S, and G weightings. In an industry with material E, S, and G factors, each pillar will receive a 0.33 weight in calculation of the final score. In a sector with merely two material pillars, we would weigh the two material pillars with a 0.5/0.5 weight. After weights are determined, individual pillar scores are calculated for each of the three pillars (E, S, G) on a scale of 1-3 (with 3 being the best score). Companies are evaluated based on the content within their disclosure of material ESG topics and any forward-looking policies and programs to manage such risks. After individual scores are calculated for E, S, and G (or for only two pillars), we take the weighted average to arrive at a final score between 1 and 3. Score criteria is given below:

- Companies with no management or disclosure of material risks receive a 1
- Disclosure of less than half of material factors with a lack of strategic direction receive a 2
- Disclosure of over half of material factors with a long-term framework receive a 3

Growth Fund ESG Regression Analysis

A linear regression analysis was performed to estimate the relationship between a security's contribution to total return (i.e. our response variable) and their respective ESG Score (i.e. our explanatory variable). We aimed to assess and explain the variability in an individual security's contribution to total return by their ESG score and observe if a higher ESG score was associated with a higher return contribution.

Growth Fund ESG Scores were broken down by the following:

- 12.5% of companies had an ESG score of 1
- 50% of companies had an ESG score of 2
- 37.5% of companies had an ESG score of 3

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.32840
R Square	0.13465
Adjusted R Square	0.07067
Standard Error	0.02250
Observations	24

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.00147	0.00147	2.90119	0.07676
Residual	22	0.01214	0.00051		
Total	23	0.01361			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 90.0%*	*Upper 90.0%*
Intercept	-0.00620	0.01488	-0.41649	0.68075	-0.03691	0.02452	-0.03166	0.01926
ESG Score	0.01104	0.00648	1.70329	0.07676	-0.00234	0.02442	-0.00005	0.02214

Analysis:

The regression model's output revealed that 13.465% of the variation in return was attributable to a company's ESG score. P values less than 0.05 are generally considered statistically significant, and our p-value of 0.076 slightly exceeds this. Therefore, the result was that the ESG score did not have a statistically significant impact on variability in a stock's contribution to total return.

This lack of statistical significance could be due to several reasons. First, there may not be enough variability in the scoring range as a 1-3 scale limits greater dispersion among scores. We can see this by the fact that the majority of our stocks have an ESG score of 2. Second, the score itself may not have been the driver of returns, as it is difficult to deduce a company's ESG performance down to one number that can then be used to explain variability in returns. This is why we subsequently place strong emphasis on both the qualitative and quantitative aspects of our ESG analysis. While data may reveal that ESG score wasn't a statistically significant driver of returns, we can extract value by seeing that a higher ESG score is generally associated with a higher return contribution. By looking at the coefficients numbers, we can see that an increased ESG score is expected to positively contribute to returns by 1.1%.

Value Fund ESG Regression Analysis

A linear regression analysis was performed to estimate the relationship between a security's contribution to total return (i.e. our response variable) and their respective ESG Score (i.e. our explanatory variable). We aimed to assess and explain the variability in an individual security's contribution to total return by their ESG score and observe if a higher ESG score was associated with a higher return contribution.

Value Fund's ESG Scores were broken down by the following:

- 12% of companies had a score of 1
- 52% of companies had a score of 2
- 36% of companies had a score of 3

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.54502
R Square	0.29705
Adjusted R Square	0.26357
Standard Error	0.05256
Observations	25

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.02452	0.02452	8.87393	0.00716
Residual	23	0.05802	0.00276		
Total	24	0.08254			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 90.0%*	*Upper 90.0%*
Intercept	0.15368	0.04236	3.62763	0.00158	0.06558	0.24177	0.08078	0.22657
Score	-0.05392	0.01810	-2.97891	0.00716	-0.09156	-0.01628	-0.08506	-0.02277

The regression model's output revealed that 29.705% of the variation in return was attributable to a company's ESG score. P values less than 0.05 are generally considered statistically significant, and our p-value of 0.007 reveals that ESG score had a statistically significant impact on variability in a stock's contribution to total return.

One variable to discuss in the coefficients tab was that a higher ESG score was associated with a 5.4% negative contribution to returns. This is mainly attributable to Penn National Gaming, which had an ESG score of 1 and contributed 30.1% to total return. By taking Penn out of the regression analysis, an increase in ESG score contributed positively to returns by 0.67%. Therefore, by removing the outlier of Penn, a higher ESG score generally has a positive effect on returns. This aligns with our investment thesis because we are using material ESG information as an input in our investment process to find companies that have a long-term view of their risk management, and companies that manage risk are better protected against downside risk experienced in their stock price or reflected in their financial statements.

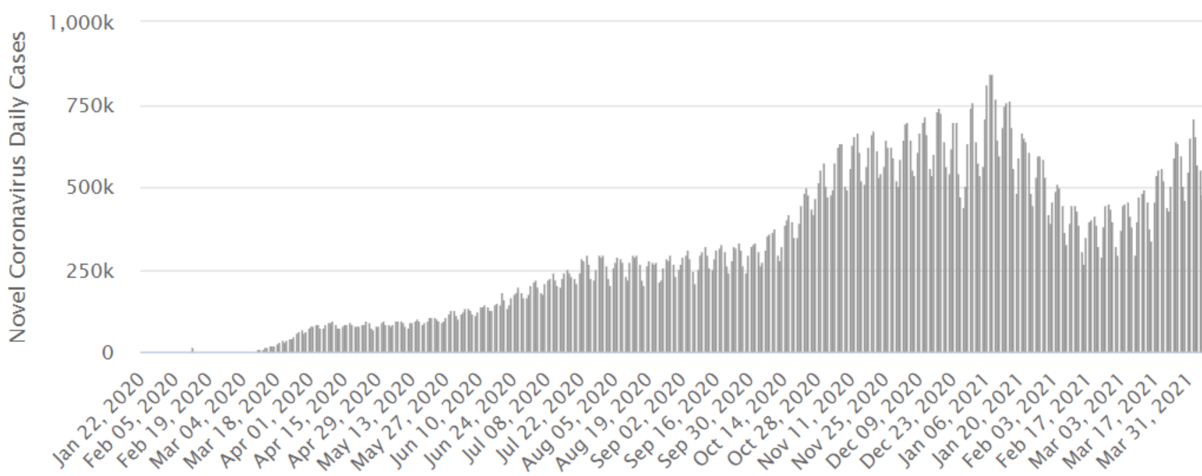
Economic Overview & Analysis

Part I: U.S. Economy

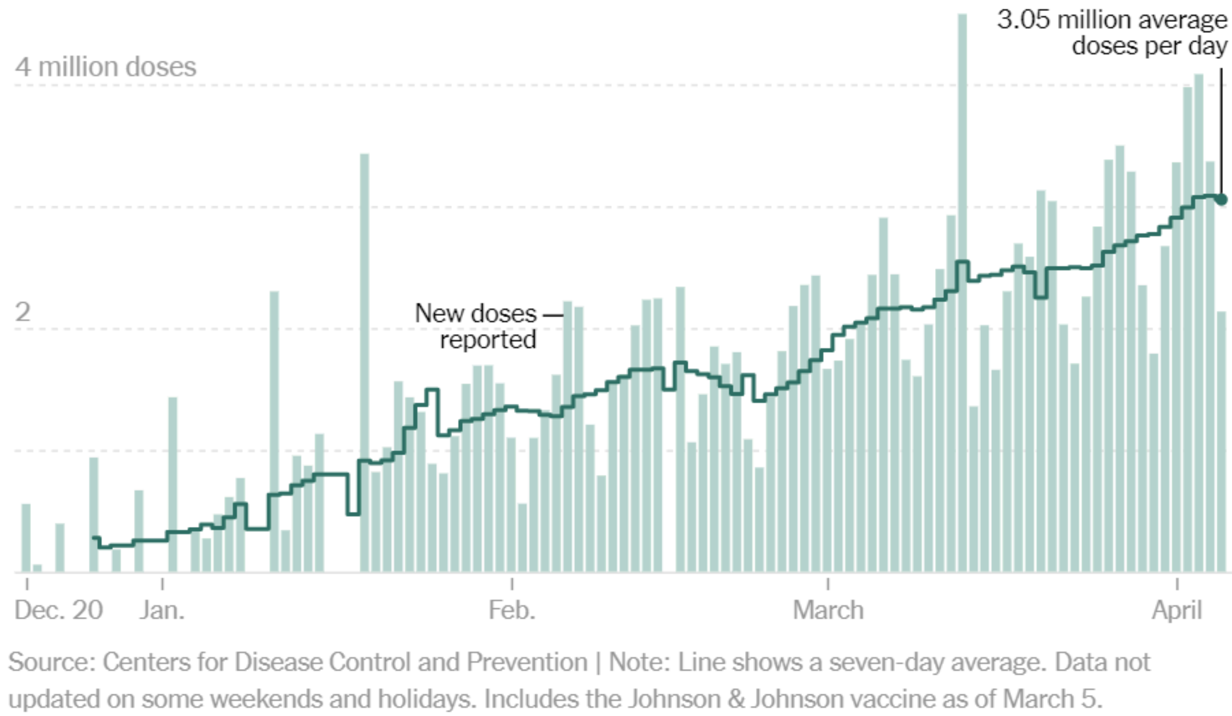
1.a - COVID-19 Cases & Vaccine Rollout

The Coronavirus has created a global pandemic unlike any seen before. In many areas of the world, economies have been severely affected by closures and stay-at-home orders that forced many businesses to shutter. Hopes are improving, however, due to the approval of three vaccines developed to create immunity from the virus. The first, Pfizer-BioNTech, was authorized for use on December 11, 2020 and shortly thereafter a Moderna vaccine was approved on December 18th. More recently, approval was received for a Johnson and Johnson vaccine on February 27, 2021.

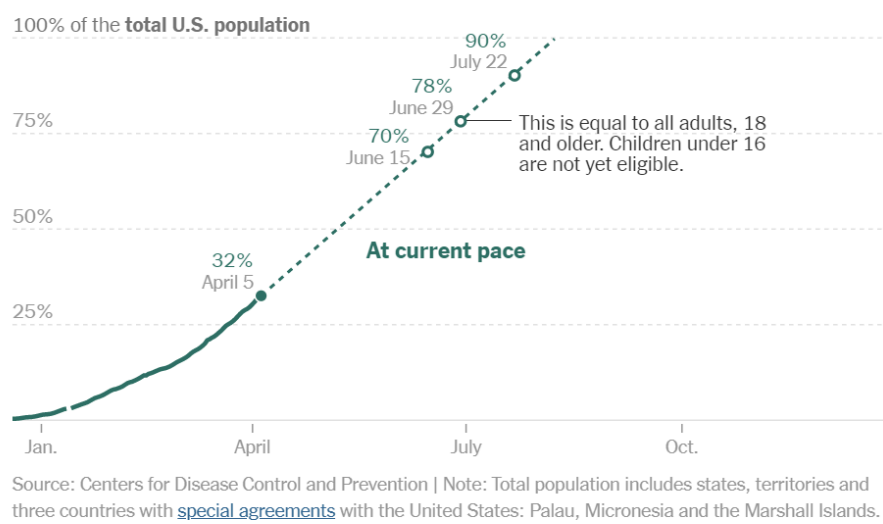
Since the COVID-19 outbreak in early 2020, there have been a total of 132 million cases recorded worldwide according to the CDC. The United States has reported 30.8 million cases, or about 23% of cases globally. The virus has a death rate of about 2% and has taken the lives of 2.86 million people across the world and 550 thousand in the U.S. The chart below shows the number of new daily cases reported globally.



While the vaccine rollout in the U.S. had difficulties in the early stages due to logistics and data complexities, it is now becoming widely available to U.S. citizens across the nation. According to the CDC, 107.5 million citizens have received at least one dose of a vaccine while 62.4 million are fully vaccinated. Currently, an average of 3 million doses are administered everyday, with a high of 4 million doses administered on April 3rd. The chart below shows the number of doses administered in the U.S. each day.



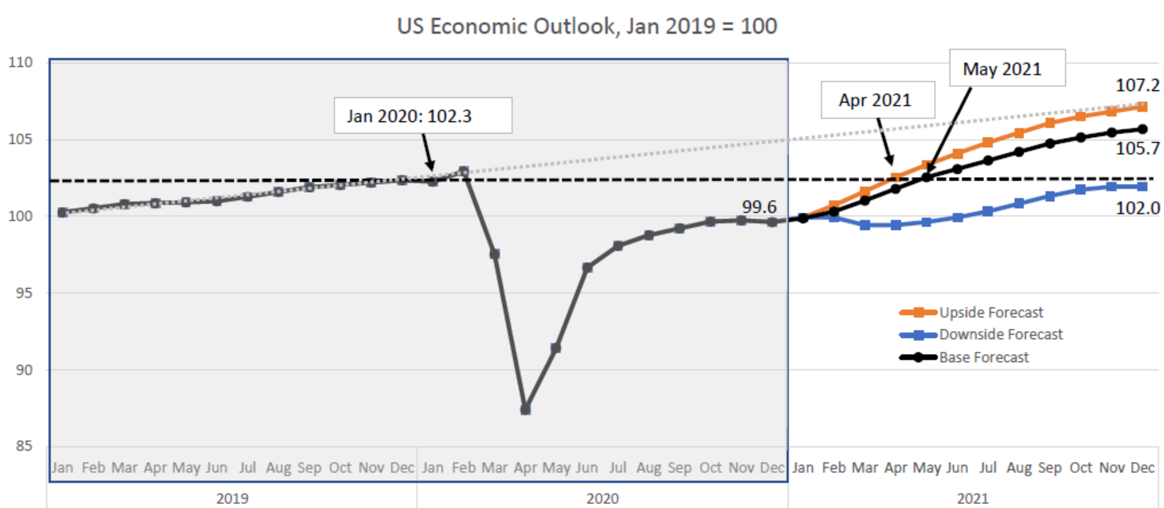
Experts have estimated that in order to achieve herd-immunity, ~75% of the population, including children, need to be vaccinated. Herd-immunity occurs when transmission of the virus slows substantially because enough people are vaccinated or are protected through previous infection. There are two main hurdles that face the U.S. in achieving this goal: (1) vaccinating children and (2) new COVID-19 variants. Notably, of the three vaccines currently approved by the FDA for administration, none are approved for use in people under the age of 16. Experts at the CDC say it will be critical to vaccinate children to reach herd immunity. Furthermore, multiple new and potentially more transmissible variants of the virus have been documented globally which may pose a threat to achieving herd-immunity. The chart below shows a prediction of mid-July for herd-immunity to be reached in the U.S. at current vaccination levels.



1.b - Gross Domestic Product

The United States is the world's largest economy and has historically averaged a real GDP growth rate of 3.16% from 1947 to 2020 (World Bank). However, similar to many other developed countries, that average growth rate has been slowly declining over the last few decades. In the 50s and 60s, the average rate of growth was above 4%, in the 70s and 80s it dropped to around 3%, and in the last ten years it has averaged below 2%.

Recently, due to the COVID-19 pandemic, the real GDP growth rate declined to negative 5% in the first quarter of 2020 and a record plunge of negative 31.4% in the second quarter. Following this massive decline, real GDP grew at an annualized 33.1% in the third quarter (marking the largest expansion ever to date) and 4.1% in the fourth quarter. This massive growth was largely driven by personal spending which was helped by checks and weekly unemployment benefits provided by the $2.2T CARES Act. The increase in personal spending reflected increases in services including health care as well as food and accommodations. That being said, total GDP shrank 3.5% in 2020, the most since 1946. GDP is expected to make a strong recovery and grow at 8.1% in 2021, aided by the recent $1.9T stimulus package (Morgan Stanley). The chart below created by the Conference Board forecasts that GDP will return to pre-pandemic levels around May of 2021.

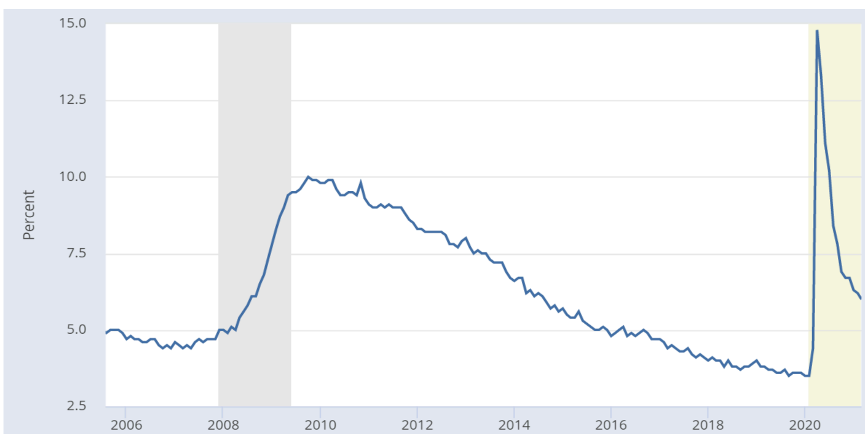


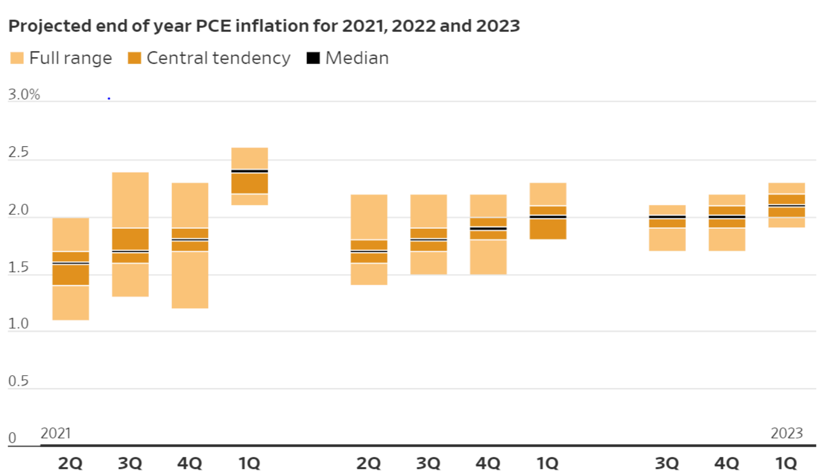
1.c - Monetary Policy

Since the outset of the COVID-19 Pandemic, the Federal Reserve has been accommodative in order to support the damaged economy. Last year, the central bank pledged to do whatever was necessary in order to help the economy. It has now been over 12 months since the Fed cut interest rates to near zero, at a range of 0.00%-0.25%, and initiated an asset purchase program. These actions were designed to lower borrowing costs, encourage spending, and inject liquidity into the markets in order to smoothen and bolster the economy. Now, 12 months later since the initial response to the COVID-19 pandemic, the Fed's mindset has changed from "doing whatever is necessary" to "as long as it takes." At its most recent meeting on March 17, 2021, the Fed indicated that they have no intentions of dialing back this support despite the outlook becoming increasingly positive amid upward revisions to economic projections. The Federal Reserve Chair, Jerome H. Powell, stated that he expects the economy to continue improving this year but plans to keep interest rates near zero until employment increases. As widely expected, the policymaking Federal Open Market Committee voted to keep short-term borrowing rates steady near zero, while continuing an asset purchase program in which the central bank buys at least $120B of bonds a month.

The Federal Reserve reaffirmed their position that no interest rates hikes are likely through 2023 despite an improving outlook for economic growth. Fed officials and central bankers expect the economy to recover more quickly than they did a few months ago. They sharply raised their forecasts for economic growth and inflation, anticipating that the COVID-19 vaccination campaign and trillions of dollars of fiscal stimulus will propel the U.S. economy to rapid expansion. Mr. Powell said the forecasts underscore the central bank's commitment to achieve its dual mandate goals of maximum employment and sustained 2% inflation, which they believe is a healthy level for the economy.

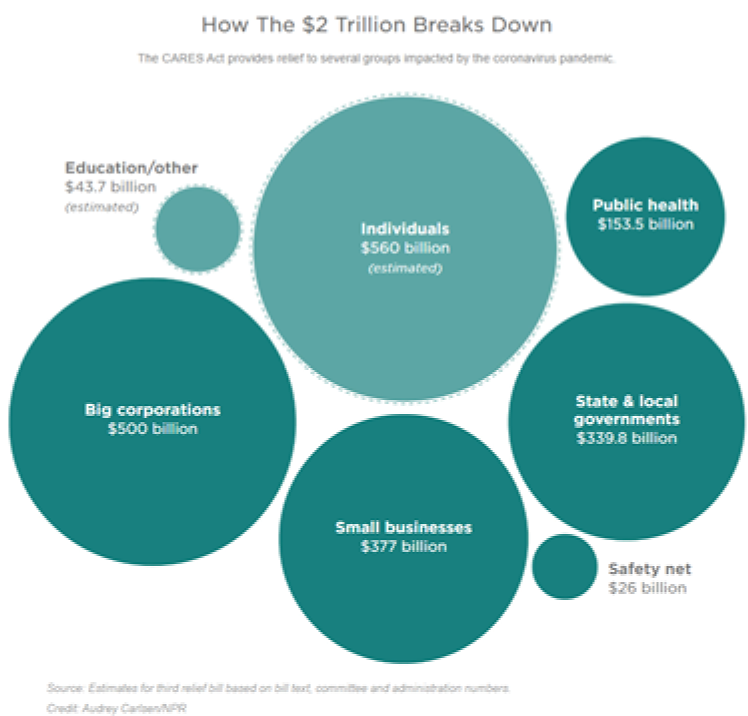
The labor market has strengthened this year, as the unemployment rate dropped to 6.2% though it remains historically elevated compared to the 3.5% level achieved in February 2020 prior to the pandemic. FOMC members now forecast unemployment to fall to 4.5% from its current level by the end of 2021. Expectations for core inflation were raised, with central bankers now anticipating a 2.2% gain this year as measured by personal consumption expenditures. Mr. Powell expects inflation will rise this year but won't be enough to change a policy that seeks inflation above 2% for a period of time if it helps achieve full and inclusive employment. Some investors worry that rapid inflation above the 2% target caused by massive fiscal stimulus will force the Fed to reassert control by hiking rates. Despite short-term inflation fears, current fiscal policy is committed to no interest rate hikes until inflation is sustainably at the Fed's target and the country is at full employment. The charts below track the U.S.'s historical unemployment rate between 2006-2020 and the Fed's 2021-2023 inflation projections, respectively.





1.d - Fiscal Policy

The U.S. government reacted quickly and aggressively at the onset of the COVID-19 pandemic. On March 27th, 2020, the Trump Administration passed the CARES Act, which provided $2.2T in economic stimulus. This relief package was aimed at both individuals and corporations struggling from the societal shut-down that accompanied the COVID-19 outbreak. About $560B was sent to individuals in the form of direct payments and expanded unemployment benefits. An additional $500B was reserved to assist large businesses at risk of failing due to the pandemic. Finally, another $1T was directed toward public health initiatives, state and local governments, and small businesses in an attempt to help withstand the impact of the virus. These efforts represent the single largest relief package in U.S. history. The graphic below breaks down the COVID-19 aid package.



Various supplementary measures have been instituted since the passage of the CARES Act. For example, an additional stimulus package titled Phase 3.5 was signed into law on April 24th, 2020. It directed about $500B towards the Paycheck Protection Program, which helped small businesses continue to pay employees. This package also added additional funding for hospitals and COVID-19 testing. Continuing with the theme of supplemental government support, executive actions taken by President Trump throughout the summer of 2020 extended additional unemployment benefits, lengthened the moratorium on student loan payments, and extended the ongoing eviction moratorium. These efforts have continued under President Biden.

The most recent fiscal effort made by President Biden came in the form of the American Rescue Plan Act of 2021, which was signed on March 11, 2021. This $2T relief package once again offered direct cash payments to those that could demonstrate need. It also ensured that strong unemployment benefits remain in place. Continuing on, the stimulus provided $350B in funding for state and local governments, in order to ensure that public education and public transit are safe and accessible for all. Additionally, this funding was provided in order to establish adequate testing, infection tracking, and vaccine distribution.

These unprecedented measures have required cumulative borrowing exceeding $3T, with a total value equivalent to nearly 15% of U.S. GDP in the fourth quarter of 2019. In fact, early U.S. spending as a share of GDP was much larger than most countries through July of 2020. For example, it was about 50% larger than in the U.K. and nearly three times as much as in France, Italy, or Spain. However, this spending appears to have undoubtedly had a positive impact on the health of the economy in the short-term. Personal saving levels have been buoyed by this consistent support. In addition, consumer confidence and disposable personal income metrics are steadily returning to pre-pandemic levels. Meanwhile, major U.S. stock market indexes have reached all-time highs.

Part II: International Economy

II.a - Asia

China: While China was the epicenter of the pandemic, its economy recovered more quickly than any other major economy. GDP growth in 1Q'20 dropped by 6.8% YoY, but it recovered to a rate of 3.2% in 2Q and 4.9% in 3Q; by 4Q, China's growth had returned to pre-pandemic levels, signaling that it had effectively made a full economic recovery from the pandemic. In fact, China is the only major economy not to post a negative 2020 growth rate. Much of this recovery can be attributed to China's massive investment in infrastructure and real estate, as well as strong global demand for medical supplies and equipment. In 2021, economic growth is expected to be 8-9%—the highest forecast among any major economy.

That said, China's impressive 2020 growth rate and overall recovery from the pandemic fails to paint a complete picture. For one thing, the pandemic significantly widened the income and spending gap between the rich and poor. To address this, Chinese policymakers are lobbying for demand-side reforms that would optimize the country's income distribution system and social security network, among other things.

China has done moderately well at managing COVID-19 flare ups. Such flare ups have occurred but are typically mitigated in short order thanks to close contact tracing systems, rapid lockdowns, and mass nucleic acid testing. Regarding vaccine developments, in late December, China granted tentative market approval for the country's first vaccine, which would be free of charge to the general public. All told, nine million vaccines had been administered by year-end 2020.

In terms of trade relations, continued friction with the U.S. remains a risk. The trade deficit between the U.S. and China grew by 5.4% in 2020 and now accounts for 37% of the U.S.'s total deficit. This deficit is likely to widen, as American businesses in China are reluctant to leave given the country's superior manufacturing capacity, robust supply chain, and COVID-19 management. In light of the foregoing, it's expected that President Biden remains tough on China. The President has said he does not plan to immediately repeal Trump's most recent tariffs on China, but he has stated he will not impose any additional tariffs. In any case, if China can meet 2021 GDP growth estimates of 8-9%, its economy will be almost 75% the size of the U.S.'s, thereby pressuring the Biden Administration to ensure this gap doesn't narrow further.

II.b - Europe

Germany: Germany's economic performance, as the largest economy in Europe, has a strong influence on the rest of the E.U. Prior to the COVID-19 pandemic, Germany was already at risk of a recession with GDP growth hovering near 0.0%. Per Bloomberg, it is predicted that Germany's economy is likely to shrink 5% and could shrink as much as 8% due to the halting of business with the COVID-19 pandemic. Angela Merkel approved a €750B stimulus package that aims to support small businesses and citizens affected by the pandemic. Germany's automobile industry, which employs more than 800,000 Germans, has been largely affected by coronavirus. With factories closed and production halted, some manufacturers like Volkswagen are losing €2B a week (Bloomberg). Other industries and companies like Airbus are operating their German factories at limited capacity (WSJ). As Germany's economy relies heavily on exports, the World Bank states that nearly 50% of GDP is attributable to exports of goods and services, halted production has large negative repercussions to the health of their economy. With the German 5-year long term interest rate being -0.47%, it will be difficult to provide additional monetary stimulus to jumpstart the economy post-pandemic (European Central Bank). Without Germany's economic strength, the rest of the E.U. will likely face economic losses at a scale greater than or equal to that of Germany. A recession throughout the E.U. is extremely likely and its magnitude may be worse than the 2008 recession.

Italy: Italy has certainly felt the brunt of the COVID-19 pandemic, as it has been the worst-hit country in Europe. The nation has been in a strict lockdown since early March, meaning that most of its economic activity has been halted and likely will be for the foreseeable future. Thus, the Italian government is ramping up spending plans "significantly" to mitigate the economic impact of the coronavirus, the country's finance chief said. Italy has already put forward a €25B fiscal package last month to support businesses, but the outlook for the country's economic health remains grim. As one IHS Markit economist states, the "sheer scale of the impact on output, employment and investment is likely to be felt for a long time to come." There are also specific concerns regarding the health of Italian banks because of their formidable piles of bad loans. Ultimately, Italy is at risk of falling into a recession.

European Central Bank: The ECB has taken action to curb the effects of the pandemic, which has so far resulted in increased market volatility and a severely dampened growth perspective within the Eurozone. Earlier in March, the ECB announced measures to support bank lending and expanded its asset purchase program by €120B. According to the ECB, European banks will now be able to borrow money with an interest rate of -0.75%. This stimulus of virtually paying banks to borrow is meant to incentivize banks to lend the borrowed money to businesses and people, helping spur the economy. Moreover, the ECB's main rate stands at -0.5%, contrary to analyst expectations of a 10bp cut earlier last month. Inflation is dangerously low at 0.7%, which is well below the target of "below but close to 2%" and evidence of a stagnating Eurozone economy. While the ECB controls the monetary policy of the Eurozone, the individual member states are still in charge of their fiscal policy, which limits the efficacy of the implemented measures if the countries are not adopting similar reactionary policy.

II.c - Emerging Markets

Turkey: Turkey's economy is slowly beginning to rebound from its low point that was hit during the start of COVID-19. However, news of continued COVID-19 outbreaks could easily reverse this progress. In the second quarter year-over-year Turkey's GDP contracted 10% as the country began to face the full effects of COVID-19. In response to the pandemic shock, authorities resorted to aggressive monetary loosening. The government decided to drop already declining interest rates to negative. The government also pursued a targeted fiscal expansion that supported workers, firms, households, and health services. This caused the government deficit to reach 3.4% of GDP in June. Moving in 2021 and 2022, GDP is expected to recover 4% and 4.5% respectively. Additionally, inflation is expected to average about 12% in 2020 and remain around 10% in 2021 and 2022. Overall, Turkey's external risk profile is also heightened as gross international reserves have fallen. The continuance of stable recovery within the country will be based upon the potential of further increases in COVID-19 cases as well as vaccine availability.

Brazil: The COVID-19 pandemic has exposed Brazil to an unprecedented health and economic challenge. The response to the pandemic resulted in the implementation of strict social restrictions which were intended to slow the spread of the virus. In the second quarter, the economy contracted 9.7% and as a result Brazil GDP is projected to decline in 2020, followed by rebounds in 2021 and 2022. To help protect those hit hardest by the pandemic, the government put forward a fiscal package focused on social need and assistance. Brazil has seen a sharp decline of external demand which has affected domestic demand and also constrained internal supply. Due to the dramatic decreases in demand resulting from the first half of the year, Brazil is projected to fall into a deep recession. The unemployment rate reached 13.3% in June 2020, which is the highest rate the country has seen in the past 3 years. However, due to government assistance, sectors such as industry and commerce are beginning to show a partial rebound. Moving forward, new and unexpected strains of COVID-19 will continue to hurt the already damaged economy if they are not placed under control.

India: Since the early 2000s, India has made tremendous progress in reducing poverty within the country. Between 2011-2015, over 90 million people were removed from extreme poverty. The COVID-19 pandemic has served to reverse some of this incredible progress. The economic slowdown that resulted has held the greatest implications on poor and vulnerable households. At the start of the pandemic, the government implemented a national lockdown and economic activity slowed sharply. During the first quarter of 2021, output fell by 25% YoY. Real GDP is estimated to have contracted by about 8.5% in 2021. In response, the government and Reserve Bank of India took both monetary and fiscal measures in order to support impoverished households. These measures included increased spending on health and social protection as well as growth-oriented reforms. Due to these proactive measures, the economy is expected to rebound slowly with growth estimated to stabilize at around 6% in 2022. Moving forward it will be crucial for India to stay focused on reducing inequality and poverty within the country in order to help get the economy back on track.

II.d - Middle East

Saudia Arabia: Saudia Arabia constitutes the largest economy in the Middle East and the richest Arab country in the region. The country is expected to grow GDP at a rate of 3.1% in 2021 due to the expansion of hydrocarbon activity and the resumption of capital projects. In June 2020, COVID-19 weighed on global oil demand and prices which forced OPEC to introduce several production cuts. Foreign trade represents 63% of the country's GDP. Petroleum products represent over 70% of these exports. Saudia Arabia's crude exports fell to a record low of 4.98mn barrel per day in June 2020. Crude exports have slowly started to recover since. In order to curb the impact of COVID-19 on the private sector, Saudi authorities implemented fiscal mitigation measures which were estimated at around 7.3% of GDP. Unemployment within the country is high especially among young people, with the unemployment rate reaching 15.4% in 2Q 2020. In order to sustain the recovery, the government has implemented spending increases and expects that infrastructure spending will also improve as the pandemic slowly fades. Assuming that the country will be able to sustain the trend of diminishing COVID-19 cases, the country is well-positioned for recovery moving into the remainder of the year.

Oil: World oil markets are slowly returning back to normal following the drastic collapse in demand in 2020 that was caused by the COVID-19 pandemic. Global oil demand fell 25% in April but has rebounded sharply since, managing to cut its losses to 8%. Looking forward, oil demand is expected to make a strong recovery of about 60% of the volume that was lost in 2020. Oil demand is projected to return to 2019 levels by 2023. Producers from the Middle East are expected to provide half of the expected increase. The United States is also set to resume production as investment and activity levels continue to increase along with increasing prices. The pandemic has also introduced rapid changes in behavior with a stronger drive toward a low-carbon future. The outlook for oil demand has shifted lower as a result of these trends as governments are being expected to follow through on clean energy initiatives and policies. Fuel efficiency improvements along with increased work from home measures and reduced business travel will also continue to curb demand for oil.

II.e - Trade

The United States is the world's largest importer and second-largest exporter of goods as well as the largest exporter and importer of commercial services. Top U.S exports include refined petroleum oils, cars automotive parts, and petroleum gases. Main U.S imports include cars, crude oils, computers, and automobile parts. Foreign trade with relation to the U.S was severely affected by the COVID-19 crisis, with an estimated drop of 12.6% and 12.3% in 2020 for the country's exports and imports, respectively. The U.S expects a rebound of 7.2% for exports and 7% for imports moving into 2021.[2] U.S trade relations with China have finally started to normalize in early 2020 when several tariffs were decreased or eliminated on certain Chinese goods in exchange for China's pledge to buy more American goods and address concerns over intellectual property practices. According to the U.S Commerce Department, the trade deficit has risen 1.9% to $68.2B in January 2021. Imports of goods have increased 1.6% to $221B, the highest on record while exports of goods gained 1.6% to reach a level of $135B. Additionally, consumer spending increased the most in seven months during January. This increase was supported by government checks to low-income households as a part of a nearly $900B in additional pandemic relief support.[3] 2021 will remain to be a transition year for U.S. trade policy rather than a year of abrupt shifts. President Biden's trade policy remains focused on China-enforcement issues. During the Trump Administration, aggressive use of the legal provisions in the Trade Expansion Act were used to justify the imposition of tariffs. The Biden administration plans to take a multilateral approach to addressing trade issues with China[4]. Balancing foreign trade policy with domestic interests will be crucial in order to maintain continued recovery post pandemic moving forward.

[2] nordeatrade.com
[3] cnbc.com
[4] industryweek.com

Growth Fund Overview

Growth Fund Philosophy

The Growth Fund's investment philosophy consists of three foundational principles: (1) market inefficiency, (2) the supremacy of a top-down approach, and (3) security momentum. We believe that by actively managing our portfolio we can achieve above-market returns — that is, returns in excess of our benchmark, the S&P 500 Growth ETF (SPYG). We believe that an optimal investing strategy first establishes a broad economic outlook that identifies industries with exceptional growth potential and follows this with analysis and selection of individual securities within those favorable industries. Additionally, we believe that rising stock prices tend to rise further, while falling prices tend to keep falling, which helps guide our stock selection and market timing.

Growth Fund Strategy and Tactics

The Growth Fund's investment strategies and tactics are rooted in the three foundational principles of our investment philosophy outlined above. Our Managers employ a top-down investment strategy by first conducting thorough economic analysis of the domestic economy, as well as researching global economic factors that may impact domestic industries and firms. The vast majority of the economic factors that we have been monitoring this year have been tied to the COVID-19 pandemic, including: business closures and layoffs, CDC and state guidelines, travel restrictions, U.S. consumer spending, work-from-home environment, residential investment and the development/rollout of vaccines. Other economic factors we have been following include foreign and domestic monetary policy, oil prices, international trade, production trends and shortages, and new policies to be enacted under the Biden Administration. We have also monitored industry factors, including: technological trends, demographics trends, lifestyle trends, industry regulation, industry life cycle, barriers to entry, substitute products or services, customer bargaining power, supplier bargaining power, and existing competition.

Once our Managers have discerned industries with outstanding growth prospects, they search for the most advantageous stocks within those industries. The Growth Fund believes in the investing principle of momentum — that is, we believe that rising stock prices ("winners") tend to rise further, while falling stock prices ("losers") tend to continue falling. Within the industries that we have determined to be favorable, we screen for stocks with recent high returns. We then employ other techniques and strategies from both fundamental and technical analysis in our pursuit of excess return.

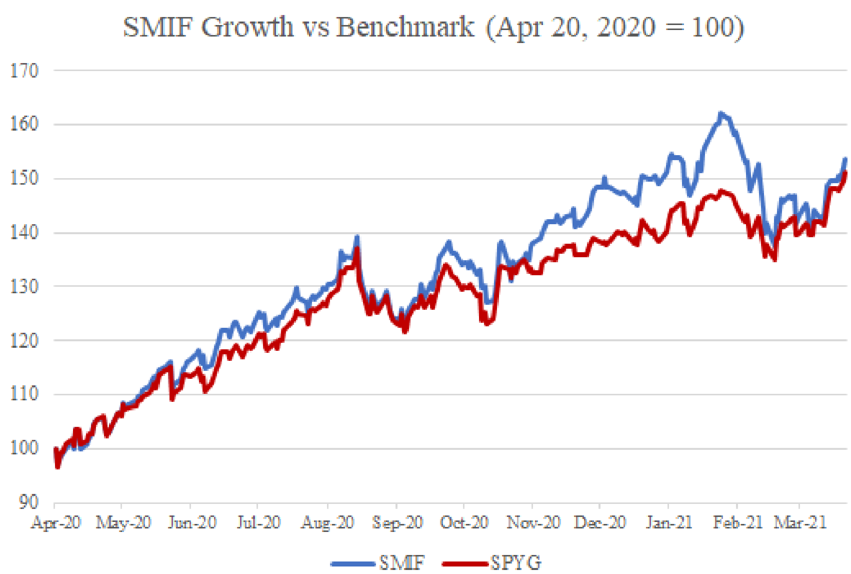
SMIF '20-'21 conducted a range of methodologies in order to determine the implied fundamental value of the firms we invested in including: discounted cash flow analysis, company comparable using a range of multiples, and S&P Normalizations. While growth investing is primarily concerned with the story of the firm and less about a company's implied value relative to its current price, we used the valuations to see if we felt the story warranted a higher implied upside. If we liked a company's business model, but felt the valuation exceeded levels we believed were justified by the story, we sought other investments. We identified trends in the current market that would flourish as rapid adoption took place, such as COVID-19 plays including payment processing services, semiconductor chips, software services, e-commerce platforms, and telehealth services. Additionally, we identified positions we thought would thrive under the incoming Biden Administration, such as companies with a greater focus on sustainability and less antitrust concerns. We sought out firms that were best positioned to take advantage of these rising, short-term trends. We were less concerned with firms that produced steady cash flow, and focused more on companies that had accelerated top-line growth. As growth investors, we were not deterred from firms that were not profitable.

Buy and Sell Discipline

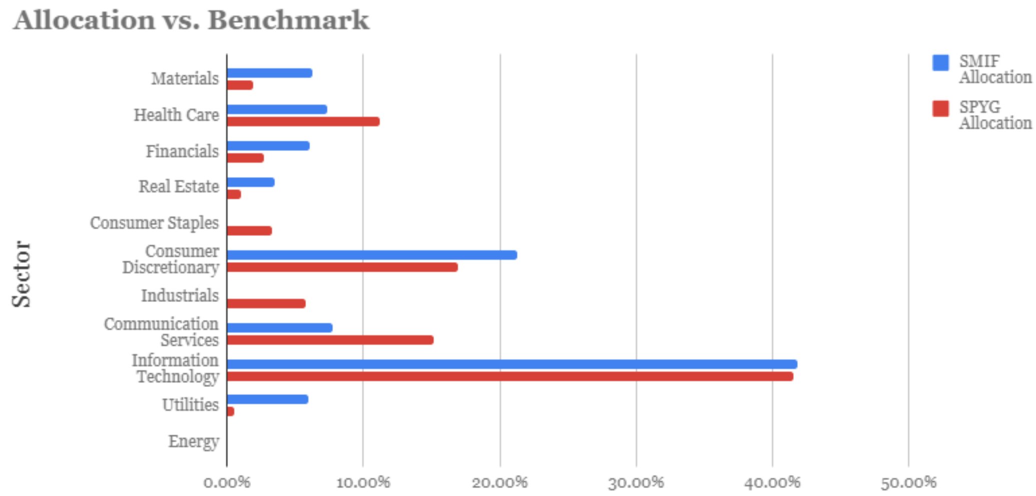
We generally predict holding periods of 6 to 18 months, as research has shown that this is approximately the period over which momentum generates excess return. However, we will occasionally make trades based on shorter-term market views, which was prevalent during the fall semester given increased market volatility stemming from the COVID-19 pandemic and 2020 presidential election and the Growth Fund's ample dry powder to start. We endeavor to establish price targets, and we continually reassess our positions based on new economic, industry, and company news. Thus, we make sell decisions when a stock has reached its price target and our re-evaluation has not changed our view, or when the stock has failed to reach its price target (or even declined) and our re-evaluation has changed our view.

Growth Fund Performance Overview

Over the past year, our Fund returned 55.36%, while our benchmark, the S&P 500 Growth ETF (SPYG), returned 52.92%. Our Fund outpaced the benchmark by 2.44%.



Current Growth Fund Sector Allocation (as of Apr 9, 2021)



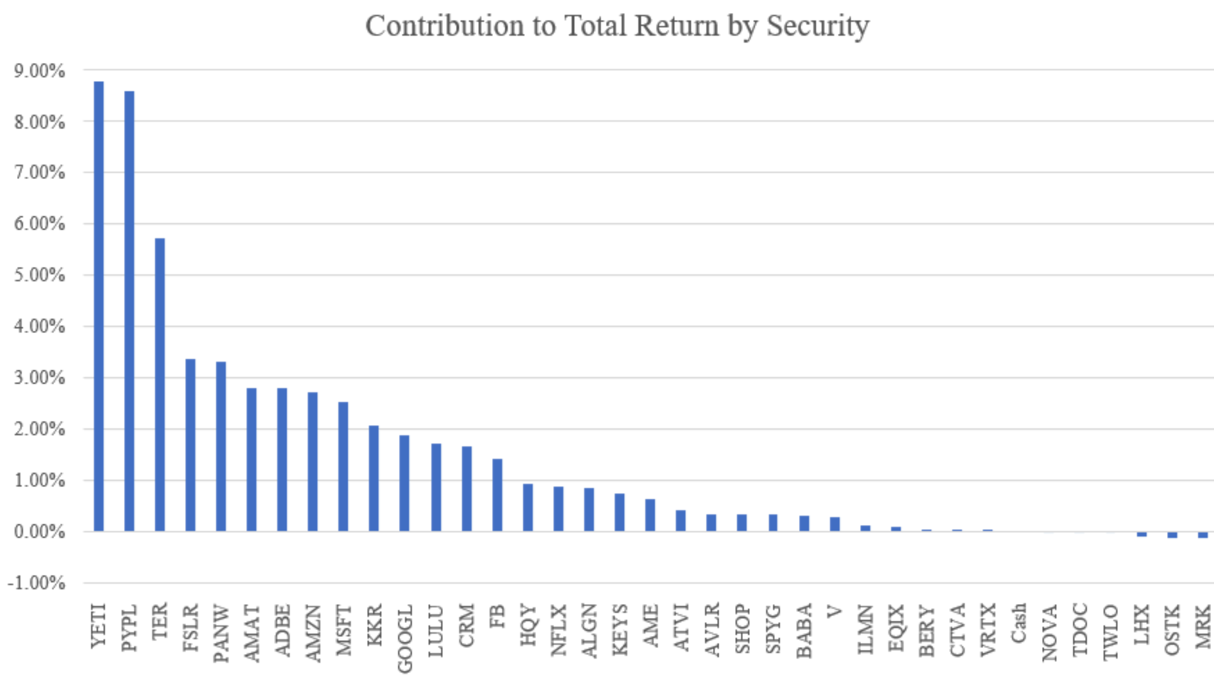
Growth Fund Attribution Model

Attribution Model Overview

Growth Fund achieved returns of 55.36%, a 2.44% excess over the SPYG Growth ETF, for the holding period April 2019 - April 2020. The sectors contributing the most to the Growth Fund's outperformance were Financials, Consumer Discretionary, Utilities, and Not Classified. It is important to note that "Not Classified" includes the sizable cash position held from the previous Managers over the summer of 2020 until the start of the school year and investments in benchmark ETFs held at various points. The Fund benefitted from holding cash during the market correction caused by the COVID-19 virus but suffered once the market rebounded. The outperformance in Financials was achieved due to stock selection versus sector allocation: PYPL and KKR, as digital payment services flourished with the increased e-commerce during the COVID-19 pandemic private equity firms acquired struggling firms at discounted valuations. From an ESG perspective, PYPL's financial outperformance is also supplemented by the fact that they are a leader in their industry on disclosure and management of material ESG risks, scoring a 3 on our scale and are poised for long-term growth. The outperformance in Consumer Discretionary was derived from a mix of stock selection and sector allocation, with YETI being the largest contributor. The worst performing sectors for us relative to the benchmark were Information Technology and Communication Services. Our choice to underallocate in the Energy and Consumer Staples sectors in favor of other sectors was prudent as these sectors performed mediocrely over the holding period. We underperformed in Information Technology because of the severe underallocation to the sector that was maintained throughout the summer months when the market rotated into IT. Although we tried to realign to the benchmark quickly during Fall 2020, several of our positions underperformed the benchmark. The best performing stocks were YETI, PYPL, and TER.

Attribution Model

Sector	Average Port Weight			Return			Contribution		
GICS	SMIF	Benchmark	Diff (-)	SMIF	Benchmark	Diff (-)	SMIF	Benchmark	Diff (-)
Financials	10.83%	3.87%	6.96%	85.36%	48.48%	36.88%	10.95%	1.95%	9.00%
Consumer Discretionary	20.24%	15.58%	4.66%	54.35%	49.19%	5.16%	14.29%	7.58%	6.71%
Utilities	3.75%	0.62%	3.13%	44.79%	29.31%	15.48%	3.37%	0.21%	3.16%
Not Classified	6.96%	0.07%	6.89%	4.45%	0.18%	4.27%	0.33%	0.00%	0.33%
Real Estate	3.98%	2.00%	1.98%	2.49%	12.91%	-10.42%	0.10%	0.26%	-0.16%
Energy	0.00%	0.45%	-0.45%	N/A	71.72%	N/A	0.00%	0.22%	-0.22%
Consumer Staples	0.00%	4.11%	-4.11%	N/A	19.26%	N/A	0.00%	0.93%	-0.93%
Health Care	9.05%	10.77%	-1.72%	16.88%	23.22%	-6.34%	1.79%	2.80%	-1.01%
Materials	0.79%	2.12%	-1.33%	7.09%	60.70%	-53.61%	0.05%	1.28%	-1.23%
Industrials	6.31%	6.58%	-0.27%	20.64%	57.94%	-37.30%	1.28%	3.83%	-2.55%
Communication Services	6.53%	13.34%	-6.81%	52.29%	68.56%	-16.27%	3.73%	8.74%	-5.01%
Information Technology	31.56%	40.49%	-8.93%	52.24%	65.76%	-13.52%	19.47%	25.12%	-5.65%
Return / Excess Return							55.36%	52.92%	2.44%



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Growth Holdings

Activision Blizzard, Inc.
Ticker: ATVI
Current Price: $95.78
Purchase / Inherited Price: $78.70
52-Week Range: $60.02 - $104.53
Price Target : $97.13
ESG Score: 1.65

Company Description:
Activision Blizzard was founded in 2008 from the merger of Activision Inc. and Vivendi Games. The company develops and distributes its video games and services on game consoles, personal computers (PCs), and mobile devices. Activision Blizzard also operates eSports leagues and sells digital advertising. The company is divided into three business segments; Activision, Blizzard, and King. The Activision segment contributes the largest amount to the firm's revenue stream through its production of popular titles such as Call of Duty.

Top-Down Reasoning:
The gaming industry is considered a pandemic-resistant business and has increased user engagement through forced lockdown measures that have taken place during the past year. Additionally, the gaming industry is projected to grow at a 9.3% CAGR in the upcoming years. Being that Activision Blizzard is one of the largest gaming publishers in the industry, they are well poised to benefit from this growth.

ESG:
The firm does not yet disclose any energy management metrics. Within the social segment, the Company has established a code of conduct. The company has established a code of conduct which contains information regarding the prevention of harassment, and a push to increase diversity and non-discrimination measures. Additionally, the firm has established an "Integrity Line" which allows employees to call about confidential matters 24 hours a day. The firm currently has 10 members of the board of directors, of which 2 are women. The company has also provided "over the top" executive compensation. The firm previously awarded CEO Robert Kotick over $30M.

Investment Thesis:
Activision Blizzard posted strong Q2 2020 revenue results, driven largely by a massive increase in user engagement as a result of the COVID-19 pandemic. The company's revenue stream is driven by their legacy franchises, including names such as *Call of Duty* and *World of Warcraft.* The company is expecting 3 new major game releases and a new generation of gaming consoles in the upcoming year. The company also has significant resources to minimize downside risks in the event that the new titles underperform. They currently hold $3.76B worth of cash and have no upcoming maturing debt. Lastly, Activision Blizzard is located within an industry that has strongly benefited from the pandemic and is positioned to experience strong, long-term growth moving into the future.

Risks:
- Revenue is concentrated among a small number of franchises
- Capacity concerns as the Company expands into the Esports market
- Inability to sustain growth post-pandemic

Adobe, Inc.
Ticker: ADBE
Current Price: $504.04
Purchase / Inhertied Price: $344.88
52-Week Range: $313.75 - $536.88
Price Target : $520.00
ESG Score: 3.00

Company Description:
Adobe, Inc. is a global software company headquartered in San Jose, California. Leading the market in Software-as-a-Service (SaaS) and cloud-based products, Adobe focuses on improving the digital experience for individuals and businesses alike. Some of its most well-known products, including Adobe Flash, Photoshop and the Portable Document Format (PDF), have helped produce strong brand recognition and pushes the Company to continue growing and adapting to the needs of new types of customers.

Top-Down Reasoning:
The technology industry is viewed as attractive due to automation and digitization trends that were strengthened with the onset of COVID-19. Particularly, subscription software companies, due to their business model, generate high free cash flows in economic booms and have the reserves to hedge against a downturn. Adobe has capitalized on this trend and produced net income growth of over 75% year-over-year from 2019 to 2020.

ESG:
Adobe is classified in the Software and IT Services SICS industry. For this industry, the main environmental measurement is energy management. Adobe has committed to 100% renewable energy by 2035 without purchasing carbon offsets. In terms of social measures, the industry is focused on user privacy and data security. Adobe uses third party auditors to validate and improve their security practices. With regard to governance, the chairman of the board is independent and 45% of members of the board are women or people of color. For these reasons, Adobe has been rated with a 3.00 ESG score out of 3.00.

Investment Thesis:
Adobe dominates the content creation software industry with Photoshop and Illustrator solutions which are both now part of the broader Creative Cloud. The company utilizes inorganic growth strategies through bolt-on acquisitions to create the most comprehensive portfolio of tools in printing, digitizing, and content creation. Furthermore, the switch from licensing to subscriptions for its products allows it to capitalize on the well known benefits of SaaS. Lastly, the Company operates with a large economic moat due to high switching costs and network effects.

Risks:
- Not a big player in the digital experience space, which is the fastest growing subset of software and IT services
- History of overpaying for acquisitions

Alphabet Inc.
Ticker: GOOGL
Current Price: $2,285.88
Purchase / Inherited Price: $2,093.98
52-Week Range: $1,187.60 - $2,289.04
Price Target: $2,476.07
ESG Score: 3.00

Company Description:
Alphabet is an American multinational conglomerate headquartered in Mountain View, California. It was created in 2015 through a restructuring of Google. Alphabet is the fourth largest technology company by revenue and one of the most valuable companies. Its subsidiaries produce both software and hardware devices and operate in a number of industries such as the internet, advertisement, telecommunication, artificial intelligence, internet access, human health, autonomous driving, etc. In January of 2020, it became the fourth American company to reach a $1T market value. It strives to become the A-Z of the internet with continually investing and acquiring tech companies.

Top-Down Reasoning:
Online advertising has witnessed a huge rise in the past few years with more and more companies now investing on their online platforms. The pandemic once again reminded everyone of the importance of technology and was one of the reasons for people to purchase goods while staying indoors during lockdowns. A shift to work from home also benefited companies offering cloud service, which Google was at the forefront of and witnessed a 50% sales growth in the past year.

ESG:
Alphabet operates in the Internet Media & Services industry which has an emphasis on the environmental footprint of hardware infrastructure as well as data privacy and freedom of expression. Alphabet's sustainability report aligns with the SASB guidelines and provides a detailed disclosure of material ESG risks and the steps taken to mitigate them. As an example, Alphabet offered sustainability bonds with $5.75B (largest ever in the bond market) and has also pledged to be carbon free by 2030 (it has been carbon neutral since 2007 and has been operating on 100% renewable energy since 2017).

Investment Thesis:
Alphabet provides wide exposure into the IT sector with emphasis on advertising and cloud service. Both these segments witnessed widespread adoption in 2020 and are expected to witness continued growth globally with subscription based models offered by most cloud service providers. Moreover, YouTube has also witnessed a rise in paid subscription. Lastly, the forward outlook for the Company seems positive with greater adoption and promotion in the fintech sector with GooglePay and wallet services.

Risks:
- Antitrust lawsuit filed by the U.S. DOJ and 30 states could pose threat to advertising revenue in the longer term
- Ad prices for Google may drop by double digits with the upcoming changes to iOS software and changes to its privacy policy (Device Identifier for Advertisers opt-in option)

Amazon, Inc.
Ticker: AMZN
Current Price: $3,372.20
Purchase / Inherited Price: $2,393.61
52-Week Range: $2,038.00 - $3,552.25
Price Target: $3,813.13
ESG Score: 2.15

Company Description:
Founded by CEO Jeff Bezos in 1994, Amazon.com, Inc. (AMZN) has transformed itself from being the biggest online bookstore into a pillar in today's retail and technology markets. Headquartered out of Seattle, Amazon idolizes the customer, embraces innovation, demonstrates quality, and exercises long-term thinking. Known to offer just about anything under the sun, Amazon organizes its operations into four segments: retail sales, third-party seller services, subscription services, and Amazon Web Services (AWS). Amazon offers consumer products through both online and physical stores. Amazon's e-commerce website allows consumers to purchase a seemingly infinite amount of items at very reasonable or even cheap prices. The digital marketplace that Amazon built its foundation upon in the 90's has only grown since then and is the Company's most profitable and household segment.

Top-Down Reasoning:
As discussed, the E-Commerce industry is positioned to grow dramatically in the future, especially given the acceleration from the COVID-19 pandemic. Especially given Amazon's innovative and trend-setting reputation, the Company is a clear winner for the industry.

ESG:
SASB places Amazon as an E-Commerce company in the Consumer Goods industry. In addition to having a sustainability report, the firm has committed to becoming net-zero carbon by 2040 and is on the path to powering their operations with 100% renewable energy by 2025. There have been some rumors concerning employee conditions in fulfillment centers, but nothing definitive. Lastly, one out of six officers are female and four out of ten directors are female.

Investment Thesis:
Through the COVID-19 crisis, AMZN has benefited greatly from customers not being able to shop in person. The pandemic has also given AMZN a great position with its cloud computing software AWS. AMZN's Amazon Prime targets new and younger users by offering college students a free subscription. These students become accustomed to and even rely upon Amazon Prime, so they will likely purchase it when the free service is no longer offered.

Risks:
- The possibility of government intervention with regards to anti-trust policies
- Competition from innovative companies and strategic partnerships may dismantle AMZN from its current market-leading position

Applied Materials Inc.
Ticker: AMAT
Current Price: $138.91
Purchase / Inherited Price: $60.37
52-Week Range: $46.22 - $142.36
Price Target: $160
ESG Score: 3.00

Company Description:
Applied Materials is a global equipment manufacturer and services provider to the semiconductor and display industries. Founded in 1967, Applied Materials has a global reach with operations in 17 countries and is headquartered in Santa Clara, California. Applied manufactures equipment for use primarily by fabrication plants and semiconductor facilities to design, develop, and test semiconductor chips and components. In addition, they provide continual upgrading and remodeling services for their equipment through their Applied Global Services segment. Their display segment provides deposition systems for LCD and OLED displays for smartphones, TVs, tablets, watches, and more that meet the growing demand for thinner and higher resolution displays.

Top-Down Reasoning:
Semiconductors are the backbone of digitization and information revolution as these chips are the foundation of most modern electronic systems and databases. This revolution was sped up by the COVID-19 pandemic as work from home orders and growing e-commerce activity increased investment in cloud data centers and electronic equipment, powered by semiconductors. Applied's unique positioning as the provider of equipment across the entire semiconductor manufacturing process points to them being a clear leader in their industry and long-term partner for customers.

ESG:
Applied Materials operates in the semiconductor industry which has an emphasis on environmental risks as semiconductor manufacturing is resource, energy, and chemical-intensive. Applied's sustainability report, which is SASB-aligned, details disclosure of material ESG risks and their strategic direction for improvement over time. For example, they have a per-wafer reduction goal of 30% reduction in energy, chemical, and throughput density by 2030.

Investment Thesis:
Applied Materials provides a broad suite of process technology and metrology capabilities under one roof. The pandemic increased reliance on e-commerce to buy goods and services, which is a positive catalyst for Applied because it is driving investments in cloud data centers and companies need semiconductor manufacturing equipment to build capacity to store data. One main competitive advantage companies can gain in the industry is by producing equipment that decreases per-wafer energy usage, which is a priority for Applied Materials through their goals and research and development pipeline.

Risks:
- International Exposure, particularly in China and risks of semiconductor manufacturing equipment tariffs
- Consolidated customer base: Intel, samsung, and Taiwan Semiconductor Manufacturing generally accounts for at least 30% of total sales

Avalara, Inc.
Ticker: AVLR
Current Price: $142.56
Purchase / Inherited Price: $123.00
52-Week Range: $71.60 - $185.37
Price Target: $195
ESG Score: 2.00

Company Description:
Avalara Inc is a leading Software-as-a-Service company that provides cloud-based solutions for tax compliance. Founded in 1999, Avalara has a global reach with operations in 79 countries and is headquartered in Seattle, Washington. Their comprehensive suite of solutions enables customers to automate the entire tax compliance process through Avalara's omni channel interface. While a majority of revenue comes from subscriptions, ~5% is a result of their professional services.

Top-Down Reasoning:
As a result of COVID-19, Avalara found themselves central to four major tailwinds. eCommerce acceleration created an environment where businesses are selling to consumers in an increasing amount of tax jurisdictions. As a result, the tax compliance process becomes more complex as the tax rates vary in different jurisdictions for different products. WFH orders also accelerated the demand for cloud-computing. COVID-19 also forced many businesses to cut costs in any way possible which placed an emphasis on increasing ROI through automation. Finally, the S. Dakota vs Wayfair Supreme Court ruling has resulted in more states adopting Wayfair laws.

ESG:
Avalara operates in the software & IT services industry which does not have many material ESG risks. Environmentally, Avalara does not report any of their energy management metrics but focuses on leasing buildings certified in LEED. Socially, they provide clear data privacy policies and discloses previous data vulnerabilities that were reported. Socially, the Company does not have litigation fees against competitors.

Investment Thesis:
Avalara provides an efficient solution to a niche problem. COVID heightened the need for cloud-computing and made many companies cost-cut which, in-turn, increased demand for Avalara. As eCommerce continues to grow, purchases from customers will originate from varying tax jurisdictions. With over 12,000 jurisdictions in the U.S., businesses are faced with increasingly complex tax compliance processes that, if done poorly, can result in litigation and financial repercussions. Many states are also adopting Wayfair laws as a result of the S. Dakota vs Wayfair decision. This allows for states to charge tax on purchases made from out of state sellers, even if the seller does not have physical locations in the state. The SaaS business model is also scalable which allows them to acquire new customers with relatively little increased operating costs.

Risks:
- Following the February '20 market correction, many tech stocks and especially those with SaaS business models have yet to return to their previous trading multiples
- Consolidation and market penetration through innovation and acquisition will be timely

Berry Global Group, Inc.
Ticker: BERY
Current Price: $62.91
Purchase / Inherited Price: $57.48
52-Week Range: $33.97 - $63.24
Price Target: $72
ESG Score: 2.00

Company Description:
Berry Global Group is a top plastic product and container manufacturer headquartered in Evansville, Indiana. Their diverse product portfolio serves many end-markets but focuses on healthcare, personal care, and the food beverage industry. Despite working in a relatively mature market sector, Berry has seen significant growth and is now focusing on strategic acquisition to gain market share. The company's acquisition of RPC doubled their size and positioned them well to meet consumer demands for more sustainable plastic products.

Top-Down Reasoning:
Berry has been able to capitalize on many of the tailwinds from the pandemic. Increase in the need for hospital garments, hand sanitizer, and other sanitary products gave their health and hygiene segment a large boost. Additionally, COVID has accelerated eCommerce and online shopping. As a result, demand for plastic liners in packaging has increased and assisted the Company grow during the economic recession. Finally, consumer trends have shifted towards sustainability. With Berry's acquisition of U.K.-based RPC, they have become a market leader in producing plastic safely and sustainably.

ESG:
Environmental risks are the most prevalent for container and packaging manufacturers. Berry discloses a majority of material metrics for this segment in their annual GRI report and surpasses many competitors. The only material subject they do not disclose is emissions of pollutants. Socially, they do disclose how their new materials are reviewed to identify regulatory constraints but they do not disclose if they have ever participated in product recalls. Governance is not material for this sector.

Investment Thesis:
Within their industry, Berry's internal operations and metrics show they are a deeply undervalued growth company. Berry boasts best in class ROE, asset turnover, EBITDA, and EPS. Despite this, they have the lowest trailing and forward P/E ratios. With operating and profit margins higher than their two closest competitors, their ability to efficiently grow EPS should soon materialize in their stock price. Berry also has the ability to capitalize on COVID trends while being defensible. Their exposure to the healthcare and ecommerce industries provide strong growth levers while 65% of their product portfolio has nondiscretionary end markets. Finally, they will not be hindered by sustainability trends in the market like many of their competitors.

Risks:
- Berry took on a considerable amount of leverage for the RPC acquisition that could slow growth
- Increasing resin prices as a result of oil supply could compress margins and increase NWC

Corteva Inc.
Ticker: CTVA
Current Price: $47.13
Purchase / Inherited Price: $45.00
52-Week Range: $22.38 - $48.48
Price Target: $54
ESG Score: 2.00

Company Description:
Corteva Inc. is a leading global supplier of seed and crop protection solutions in the agricultural industry. Their broad portfolio of products that serve farmers in over 140 countries. Their seed segment develops and supplies commercial seed germplasm with advanced traits to produce high yield potential for farmers around the world. Their crop protection solutions provide an array of digital service and software solutions aimed at enhancing yield results, reducing resources inputted into the process, and improving profitability for farmers. Corteva's customers are primarily cereal farmers, particularly farming corn, wheat, and soy. Corteva is a Delaware corporation.

Top-Down Reasoning:
Corteva's positioning as a player with one of the most diverse product pipelines in the agriculture industry position them as a clear leader against competitors. Organic year-over-year growth in all divisions and regions is a great sign of expansion and future growth prospects as the industry is expected to grow at a CAGR of 2.4%. An expected increase in planted acreage in 2021 is expected to drive growth as a rise in crops being planted drives demand for seed and crop protection services.

ESG:
Environmental risks are most prevalent for companies producing seeds and crop protection services. Corteva conducted their own materiality assessment and uncovered ESG factors as an input into their 14 goals by 2030 to advance sustainable agriculture for farmers, the community, and in their own operations. Their products and services enable sustainable and resilient food production systems that increase productivity and production, that help maintain ecosystems and strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters.

Investment Thesis:
They are focused on combining science and agriculture through advancing its science based innovations and deliver a range of improved products and services that allow farmers to increase yields using less resources. Many of Corteva's seed traits are programmed to be more resistant to drought and other extreme weather events. Their 140+ new product registrations will drive future sales growth, led by innovations in green chemistry (i.e. through their Arylex product, a pipeline of green herbicides).

Risks:
- Corteva has usually relied on 66% of their sales coming from the northern hemisphere planting season
- Stringent regulatory and legislative requirements, especially for biotechnology companies

Equinix, Inc.
Ticker: EQIX
Current Price: $687.46
Purchase / Inherited Price: $670.75
52-Week Range: $586.73 - $839.77
Price Target : $823.86
ESG Score: 2.33

Company Description:
Equinix, Inc. operates as a real estate investment trust headquartered in Redwood City, California. EQIX invests in interconnected data centers with a focus on developing network and cloud-neutral data center platforms for enterprises such as technology, mobile services providers and financial institutions. An estimated 80-90% of the world's internet traffic flows through the Company's data centers. Some of EQIX's customers include Amazon (AWS), Microsoft, IBM, Salesforce.com, Anheuser Busch, Aon, Bloomberg, NASDAQ, Ford Motors, Oracle, PayPal, and Sysco Foods. Equinix operates 210 data centers in more than 50 markets in about 25 countries around the world.

Top-Down Reasoning:
The growth of the Internet of Things, artificial intelligence, and other innovations that increase the public's demand for data and connectivity require more hardware and connections in data centers, especially with the expansive rollout of the 5G network. Here, EQIX is the strongest competitor, dominating with the largest presence in the industry in terms of square footage and revenues. They maintain a strong balance sheet with attractive cash flows positioned for future growth especially as the COVID-19 pandemic forced numerous firms to go digital and employees to work from home.

ESG:
Operating within the infrastructure sector and real estate industry, Equinix strives to protect, connect, and power a sustainable digital world by taking a more progressive stance in incorporating green innovation and design into their data centers. EQIX has outlined multiple goals pertaining to energy and waste management in addition to product design and lifecycle management. The company publishes its progress towards each of these goals annually in its Corporate Sustainability Reports and CDP Climate Change Survey. 3 females comprise EQIX's board of directors of 10 total.

Investment Thesis:
Equinix's expected revenue growth of 7-9% continues to be bolstered by strong gross bookings from hyperscale and enterprise customers with gross bookings in Q4'20 setting a record both overall and in the Americas. Revenue is expected to improve throughout the coming year with lower churn as the number of acquisitions is projected to recede as markets stabilize as the world emerges from the COVID-19 pandemic. EQIX acquired Axtel, Bell Canada, and Packet which added $43m in revenue growth in 2020, and management will dedicate resources towards developing these assets as scale increases in order to maintain the growth rate. Outside of EQIX's core business, xScale is poised to gain scale and momentum for the Company without tying up large amounts of capital.

Risks:
- Borrowing costs and debt balances are tied to prevailing market interest rates and are thereby subject to potentially unfavorable refinancing
- EQIX has significant FX exposure with U.S. dollar-denominated revenue at 39%, Euro 20%, British pound sterling 10%, Japanese yen 7%, and Singapore dollar 7%

First Solar, Inc.
Ticker: FSLR
Current Price: $79.61
Purchase / Inherited Price: $65.50
52-Week Range: $37.93 - $112.50
Price Target: $105
ESG Score: 3.00

Company Description:
First Solar Inc. was founded in 1999 and is a global provider of thin-film solar PV solutions by designing and manufacturing PV solar modules with thin film semiconductor technology. They are the world's largest thin film PV solar module manufacturer and provider of utility-scale PV power plants, often used by companies to reach their renewable energy goals. Their global manufacturing footprint is concentrated in the United States, Malaysia, and Vietnam. First Solar is a Delaware corporation and has headquarters in Tempe, Arizona.

Top-Down Reasoning:
Increased global demand for electricity and the secular trends towards cleaner energy options positions solar as a leading supplier of electricity. The solar panel manufacturing industry is expected to grow at a CAGR of 7.3% through 2025, driven by the fact that solar PV electricity is now cost-competitive with conventional generation technologies such as natural gas, and are cheaper than producing coal. Given this increased investment into solar, First Solar is positioned as the strongest competitor as they continually maintain the largest market share

ESG:
Environmental factors are particularly important for solar companies, such as e-waste and water management. First Solar's modules have the lowest environmental impact in their industry. Their resource-efficient module manufacturing process has a carbon footprint up to 6 times lower and a water footprint up to 24 times lower than crystalline silicon modules. They have a global e-waste recycling system for customers to recycle their modules after their warrantied 25+ year period. They are also committed to powering 100% of their global operations with renewable energy by 2028 and in the U.S. by 2026.

Investment Thesis:
First Solar is leading the world's sustainable energy future with the largest market share in the solar panel manufacturing industry. First Solar's product suite is diversified across the entire solar value chain
And their unique product suite and investments into products such as their series 6 module provide more clean energy to end users versus the conventional crystalline silicon solar modules. First Solar is also one of only five modules in the world to pass the Atlas 25+ test, a test of module consistency, durability, and long-term function.

Risks:
- Growing global competition and supply of solar PV solutions, particularly in Asia
- Reduction, elimination, or expiration of government subsidies could impact demand for solar modules and negatively impact their operations

HealthEquity, Inc.
Ticker: HQY
Current Price: $69.33
Purchase / Inherited Price: $50.37
52-Week Range: $44.11 - $93.32
Price Target : $85.30
ESG Score: 2.00

Company Description:
HealthEquity, Inc. is the largest independent health savings account ("HSA") non-bank custodian headquartered in Draper, Utah. A leader in tech-enabled platforms, HQY's platform empowers consumers to make healthcare saving and spending decisions regarding HSAs, FSAs, HRAs, COBRAs, commuter benefits, and other CDB options. The company serves through a network of employers, benefit brokers and advisors, and health plans to promote its savings, payment, and benefit products offered on its cloud-based platforms. The company records its revenue streams under three segments (Service, Custodial, and Interchange) to account for the recurring monthly administrative fees, management fees, and card payment usage fees associated with each account.

Top-Down Reasoning:
Many companies are shifting towards offering employees HDHPs paired with HSAs because they are more cost-effective, especially as companies look to trim expenses during the COVID-19 pandemic. As deductibles across different plans are increasing and migrating towards the HDHP minimum, there are greater savings available for employees who have an insurance plan with an HSA attached. Devenir Research projects that the HSA market will approach 35M accounts holding over $100B in assets by the end of 2022. Furthermore, HSAs can be used as a retirement vehicle as they address the top retirement concern of individuals in the U.S. of being able to afford rising healthcare expenses.

ESG:
Although HealthEquity operates as the largest HSA provider, SASB classifies them under the technology & communications sector and software & IT services industry given their cloud-based, independent platform and stance as a non-bank custodian. Therefore, HQY is primarily judged on their system's ability to conserve energy and protect its customers' highly confidential financial information and health records. 9 members serve on HQY's board, of which 3 are female and 7 are independent.

Investment Thesis:
HealthEquity is the best play in the concentrated marketplace given its cloud-based, independent platform that can rapidly expand to accomodate an influx of accounts at little variable cost. Its stance as a non-bank custodian increases transparency and possible partnerships with employers. Furthermore, as a nascent HSA firm, HQY has significantly outpaced its competitors in terms of growth to become the top HSA provider terms of HSA accounts and HSA assets. Its management team has looked to expand both organically and inorganically. The $2B acquisition of WageWorks completed on August 30, 2019, which expanded HQY's CDBs into commuter benefits, progressed rapidly one year ahead of schedule and synergies were raised beyond initial projections to account for the increased cross-selling opportunities.

Risks:
- Potential benefit clawbacks due to COVID-19
- Shift to a single-payer health insurance model would eliminate private insurance plans and the importance of HSAs

Lululemon Athletica, Inc.
Ticker: LULU
Current Price: $318.12
Purchase / Inherited Price: $218.59
52-Week Range: $197.66 - $399.90
Price Target : $390.00
ESG Score: 1.32

Company Description:
Lululemon Athletica is an international designer, distributor and retailer of athletic clothing products. The company's main products include: fitness pants, shorts, tops and jackets.The company operates through two main segments: company-owned stores (404) and direct to consumer (online). The company's revenue is generated through three main geographical locations; the United States, Canada, and Asia Pacific. The company is currently headquartered in Vancouver, Canada.

Top-Down Reasoning:
The athletic apparel industry is offering more options that allow customers to transition between leisure and exercise. The sports apparel market size is expected to grow at a CAGR of 5.1% from 2020 to 2026. Lululemon is in direct competition with brand names such as Nike and Under Armour. As consumer confidence continues to increase post pandemic, retailers such as Lululemon are well positioned to capture a good portion of the market share.

ESG:
Lululemon is a member of the sustainable apparel coalition and claims sustainability as one of its core principles. The company does not mention SASB in their ESG framework. Lululemon does not disclose sufficient information on its ESG practices. Set a target to reduce gas emissions generated by its operations in 2021, but has not taken actions to reduce hazardous chemicals or create policies on water reduction. Lululemon offers no worker empowerment initiatives such as collective bargaining or rights to make a complaint. They have also shown little progress toward the payment of what is classified as a living wage. Lululemon also performs its final stages of product production in countries with extremely high reports of labor abuse. The Lululemon board of directors is composed of 6 members, all who are male. Overall, the Company is known to perform well among competitors with respect to corporate governance.

Investment Thesis:
Lululemon is considered to be "top-shelf" athletic apparel. In line with pandemic trends, consumers are looking to live both a more healthy and comfortable lifestyle. During Q2 2020 Lululemon reported a 157% in year-over-year sales growth in their online channel. Currently 97% of stores have reopened and consumer confidence along with spending is continuing to rebound. The company is currently looking to expand into footwear, which represents the highest-margin category of athletic apparel. Additionally, the Company continues to open stores at an expansive pace and is looking into under-penetrated markets such as Asia. Finally, Lululemon's acquisition of the home workout technology MIRROR is helping to bolster the Company's sales. Overall, Lululemon presents multiple growth opportunities within their pipeline and is well-positioned to capitalize on these opportunities moving forward.

Risks:
- Unsuccessful expansion into international and online markets
- High supplier concentration, with 5 suppliers accounting for 64% of production

Microsoft Corporation
Ticker: MSFT
Current Price: $255.85
Purchase / Inherited Price: $175.06
52-Week Range: $162.30 - $249.96
Price Target: $263.00
ESG Score: 2.50

Company Description:
Microsoft is an American multinational technology company headquartered in Redmond, Washington. It manufactures and develops computer software, electronics, and other related services. It is best known for its software products such as Windows, Office suite, Xbox consoles, and Surface products. It ranked 21st in 2020 among the fortune 500 companies by revenue. Microsoft was founded in 1975 by Bill Gates and Paul Allen.

Top-Down Reasoning:
Cloud service across the globe has witnessed massive growth in 2020 with work from home restrictions. Moreover, companies have had to provide their employees with the required software and hardware product to ensure continuous workflow. Moreover, the much anticipated next-gen consoles were launched in the holiday season of 2020 which has further helped Microsoft to increase its revenue in what has been a tough year for most companies.

ESG:
Based on the SASB classification, Microsoft falls under the Software and IT services industry. For this reason, the majority of the focus is on energy consumption and carbon footprint. Microsoft has a detailed report on how they have addressed these concerns. An example of this would be their commitment to be carbon negative by 2030 (as they have been carbon neutral since 2012). 238 metric tons of water was conserved due to their recycling efforts and 288 metric tons of hazardous waste was treated by them on their site itself. Lastly, they have 9 independent directors out of 12 with 5 of them being female.

Investment Thesis:
Besides a positive future outlook for the industry as a whole, Microsoft's continued global expansion and strive to develop the latest software has helped it to become most widely adopted. Continued growth in Azure cloud software and Xbox in 2021 will help it grow after a turbulent past year.

Risks:

- Momentum for Microsoft Office has slowed relative to the past due to it being considered as a mature product
- Microsoft is not the top performer in cloud service sector with intense competition witnessed from other tech companies

Netflix, Inc.
Ticker: NFLX
Current Price: $555.31
Purchase / Inherited Price: $437.49
52-Week Range: $367.70 - 593.29
Price Target: $575
ESG Score: 2.48

Company Description:
Netflix, Inc. is a massive video entertainment streaming platform that currently has over 204 million paid subscribers spread over more than 190 countries. In addition to purchasing rights to stream content produced by other companies, Netflix has built its own production vertical that has created several massively successful series, documentaries, and films. Additionally, the Company offers the ability to rent DVDs that are sent via the postal system. Netflix was founded in 1997 by Marc Randolph and Wilmot Reed Hastings Jr..

Top-Down Reasoning:
Video streaming across the globe is projected to experience a CAGR of 21% from 2021 to 2028, reaching a projected market size of $223.98 B USD by 2028.The COVID-19 pandemic has only accelerated this growth as subscribers grew significantly when the world was forced to stay at home. Netflix has paved the way for this industry, being a trend-setting company that has continued to adapt to changes along the way. For these reasons, Netflix is positioned to outperform against its competitors.

ESG:
According to SASB, Netflix operates in the Technology & Communications sector, and, more specifically, the Internet Media & Services industry. Despite consuming roughly 51,000 MwHs of energy in 2018, the firm matches 100% of direct power with regional renewable energy certificates (RECs). Additionally, Netflix's ESG report shows strong diversity figures and their in-house content is also well diversified. Lastly, ten out of twenty-one officers and three out of twelve directors are females.

Investment Thesis:
In addition to the industry tailwinds highlighted in the top-down reasoning section, Netflix's global scaling will serve as a strong growth catalyst. As they expand their availability, their number of subscribers, and therefore consistent revenue, will grow as well. Furthermore, Netflix's production company has and will continue to expand rapidly in order to remain competitive.

Risks:
- Cost of Content: the increasing demand for new content has been quite costly for the firm, putting immense pressure on their operating margins
- Increased Competition: as the TV industry changes, many networks are creating their own streaming platforms that Netflix must compete with in order to maintain its leading position, which requires extensive investment

Overstock.com, Inc.
Ticker: OSTK
Current Price: $71.70
Purchase / Inherited Price: $104.62
52-Week Range: $6.76 - $128.50
Price Target : $113.35
ESG Score: 1.33

Investment Thesis:
Overstock is an e-commerce marketplace and an advancer of blockchain technology. The company offers discounted brand name merchandise for sale over the internet. Their main products include; bed and bath goods, kitchenware, electronics, and other home goods items. The company's customer base is almost entirely in the United States and the Company is currently headquartered in Salt Lake City, Utah. Medici Ventures is a wholly owned subsidiary of Overstock.com that was launched in 2014. Medici Ventures focuses on the growth and promotion of blockchain technology.

Top-Down Reasoning:
The Internet retail industry focuses on goods and services that consumers can directly buy from sellers on the internet. The growth of the e-commerce industry has greatly accelerated due to COVID-19 and a shift in consumer spending patterns. The internet retail industry is expected to grow at a CAGR of 9.4% from 2020 to 2027. Online retail sales have been steadily increasing, with e-commerce penetration hitting 21.3% in 2020, up from 15.3% in 2019. Estimates show that COVID-19 boosted online sales an additional $174.87B. Overall, Overstock is well positioned for growth within the industry for the long term.

ESG:
Overstock actively supports several local and national charities, offers carbon-neutral shipping, and is a fur and ivory free retailer. Overstock holds partnerships with the Special Operations Warrior Foundation (SOWF) and the BEst Friends Animal Society. Thye company has also received multiple awards with respect to employee and customer satisfaction. The board of directors is appointed by a committee made of independent directors. The board is made up of 7 directors, 2 of which are women. No minorities or persons of color are represented on the board. Additionally, the board is made up of 5 independent directors.

Investment Thesis:
Overstock.com has shown impressive revenue and customer growth with retail revenue increasing 111% YoY and new customer growth increasing 141% YoY. In addition, the home decor industry is expected to grow at a CAGR of 13% projected up until 2023. The factors spurring this growth include increasing residential construction and an increase in demand for multifunctional furniture. Apart from growth in home furniture, the cryptocurrency market is also growing at a CAGR of 6.18% projected up until 2024. Overstock is in the midst of converting its Medici Ventures segment into a limited partnership fund with Pelion Ventures acting as the general partner. Pelion will drive future investment decisions and will enable Overstock management to exert greater focus on the home segment. Overall, Overstock is well positioned in both the home decor and cryptocurrency industry to experience massive growth moving forward.

Risks:
- Relatively high PE ratio compared to peers, indicating a risk of overvaluation
- COVID-19 tailminds

Palo Alto Networks, Inc.
Ticker: PANW
Current Price: $349.51
Purchase / Inherited Price: $194.29
52-Week Range: $179.11 - $403.00
Price Target: $400
ESG Score: 2.00

Company Description:
Palo Alto Networks is a leading multinational cybersecurity company headquartered in Santa Clara, California. Its core products are advanced firewalls and cloud-based offerings that extend those firewalls to cover other aspects of security. The company serves over 70,000 organizations in over 150 companies (including 85 of the Fortune 100 companies). Palo Alto Networks sells its products outright but has been promoting its subscription services that has benefited its performance in the past couple of years.

Top-Down Reasoning:
With a global shift to technology post pandemic, investment into cybersecurity and digitization increased immensely. Palo Alto Networks being an industry leader benefited from it and was able to acquire both institutions as well as household customers. Due to its success, it has been able to continually acquire companies in the security space which has allowed it to stay ahead of its competitors by launching the latest next-gen firewalls.

ESG:
Palo Alto Networks falls under the Software and IT Services industry according to SASB. Although energy management is one of the biggest areas of concern, it did not address concerns regarding energy well enough in its ESG report. The only mention regarding usage of energy was that its offices and headquarter are focused on recycling efforts and minimizing their carbon footprint. However, its social front and governance were very strong with emphasis on inclusivity and diversity. 7 of its 9 board members are independent with 3 of them being female and has continuously ranked well in the best managed companies since 2018 with the Board reorganization.

Investment Thesis:
Palo alto Networks has the second largest market share of 7.8% in the network security industry (only behind Cisco) but has been the only security company to witness continued growth in customers in the past 2 years. Since PANW has been acquiring companies in space where it lacks expertise, it will only be in the years to come where the synergies from these acquisitions will come into effect. Lastly, high penetration into enterprise customers will help a sustainable flow of income for the Company post pandemic.

Risks:
- Its competitors are offering consolidated platforms from cloud service to cyber security which could make displacing customers tougher in future
- There are low barriers to entry in the market and often startups develop technologies that some of the big companies are unable to which could cause loss of consumers

PayPal Holdings, Inc.
Ticker: PYPL
Current Price: $266.77
Purchase / Inherited Price: $112.17
52-Week Range: $102.34 - $309.14
Price Target: $310.53
ESG Score: 3.00

Company Description:
PayPal Holdings, Inc. is a technology platform and digital payments company that enables digital and mobile payments on behalf of consumers and merchants. PYPL's combined payment solutions, including its PayPal, PayPal Credit, Braintree, Venmo, Xoom and Paydiant products, compose its Payments Platform. It operates a two-sided global technology platform that links its customers, both merchants and consumers, around the globe to facilitate the processing of payment transactions, allowing it to connect merchants and consumers. Customers may use their accounts to purchase goods as well as to transfer and withdraw funds.

Top-Down Reasoning:
With the rapid expansion of e-commerce brought about by the COVID-19 pandemic, we are bullish on the payments processing industry as a whole and believe PayPal is in a prime position to capitalize on future growth in the space. The digital payments landscape is continuously evolving, and strategic decisions and management execution will dictate long-term sustainability and pricing power. Compared to the broader universe, PYPL has high relative exposure to digital commerce, one of the fastest growing areas in payments, and its strong brand recognition and global scale carries significant weight.

ESG:
SASB categorizes PayPal as operating within the financials sector and the consumer finance industry. In addition to publishing a Global Impact Report annually, PYPL completed its inaugural ESG materiality and prioritization assessment of 19 key ESG topics in 2019 and identified 7 key topics of greatest importance to both internal and external shareholders. However, SASB lists their primary concerns as customer privacy and data security, and their system fell victim to a breach in 2020. 5 of their 11 board members are diverse.

Investment Thesis:
PayPal is committed to improving the user experience by providing a wider array of products to become what management has coined a "super app" by building a digital wallet for the masses. The super app would cover Payments (core to PYPL's current structure), Shopping (building off of Honey) and Financial Services (partner focused) and is expected to be clarified by product/version releases over the next 18-24 months. The strategic moves of PYPL's management team has driven mid-to-high-teens organic growth, more than 40% faster than the broader payments universe, and will continue to solidify PYPL's dominant position as the user base is expected to double to 750 million in 5 years.

Risks:
- Shocks from the current pandemic tied to stimulus checks, business closures, and unexpected layoffs have negatively impacted spend trends
- Increased competition in the payments processing space, leading to downward pricing pressure and heightened payment network rules

Salesforce.com, Inc.
Ticker: CRM
Current Price: $231.28
Purchase / Inherited Price: $162.76
52-Week Range: $148.00 - $284.50
Price Target: $265.00
ESG Score: 3.00

Company Description:
Salesforce.com provides enterprise cloud computing solutions, including Sales Cloud, the Company's main customer relationship management software-as-a-service product. Salesforce.com also offers Service Cloud for customer support, Marketing Cloud for digital marketing campaigns, Commerce Cloud as an e-commerce engine, the Salesforce Platform, which allows enterprises to build applications, and other solutions, such as MuleSoft for data integration.

Top-Down Reasoning:
The technology industry is viewed as attractive due to automation and digitization trends that were strengthened with the onset of COVID-19. Particularly, subscription software companies, due to their business model, generate high free cash flows in economic booms and have the reserves to hedge against a downturn. Salesforce.com has capitalized on this trend and expanded revenue by over 25% year-over-year from 2019 to 2020.

ESG:
The firm produces a sustainability report which identifies the firm's ESG awareness. In terms of the environment, the firm has agreed to the Science Based Targets initiative to lower emissions by 1.5 degrees celsius. The firm also has a tree planting campaign, goals for reduced carbon emissions, and has made investments in renewable energy. Socially, the firm was awarded "Companies that Care" by People and "Best Workplaces for Giving Back." In terms of governance, a majority of the board are independent and the firm was awarded "America's Best Employers for Diversity" and "Best Large Workplaces for Women".

Investment Thesis:
Salesforce.com represents one of the longest standing growth companies in software with continued revenue growth over 20% for the last several years. The company practically introduced the software-as-a-service model and will continue to build on this front-office empire for years to come. With the combination of Sales Cloud, Service Cloud, and Marketing Cloud, the Company has solutions for nearly all aspects of customer acquisition and retention.

Risks:
- Expected declines in revenue growth due to deceleration in Sales Cloud or slower adoption of Service and Marketing Clouds
- Risk that future acquisitions do not generate the advertised synergies

Shopify, Inc.
Ticker: SHOP
Current Price: $1,227.30
Purchase / Inherited Price: $1,027.50
52-Week Range: $417.81 - $1,499.75
Price Target: $1,450
ESG Score: 3.00

Company Description:
Shopify, Inc. provides merchants with cloud-based commerce platforms in order to facilitate growth and manage their businesses. Shopify is designed to support businesses of all sizes, including massive enterprises, but has targeted much of their efforts on small to medium sized businesses (SMB). The majority of their revenue comes from basic subscription plans that cost less than $50 per month. In addition to offering customizable ecommerce platforms, Shopify provides access to analytics, financing, and logistics to their customers. As of the fiscal year end of 2019, the firm had over one million subscribers across approximately 175 countries.

Top-Down Reasoning:
In 2017 NASDAQ projected that e-commerce would account for 95% of all consumer spending by 2040, a transition away from conventional brick and mortar retail that is estimated to have been accelerated by roughly five years due to the coronavirus pandemic that our world is currently facing. Shopify will benefit directly from this trend, as the firm makes e-commerce accessible to businesses of all sizes.

ESG:
SASB categorizes Shopify as an E-Commerce company in the Consumer Goods sector. Shopify has committed over $5M towards a sustainability fund, has ensured the corporation is carbon-neutral, and has committed to becoming carbon-negative in the future. Additionally, the firm focuses largely on protecting the private data of its customers. Lastly, two out of seven officers are female and two out of five directors are female.

Investment Thesis:
In addition to our industry outlook that we believe will serve as a major tailwind for Shopify, we believe the firm's recent strategic acquisitions and partnerships will be a strong growth catalyst. They recently partnered with Wal-Mart in an effort to, in our opinion, compete with Amazon's online marketplace. Additionally, the firm has invested heavily in improving their fulfillment centers and warehouses.

Risks:
- Has not turned a profit in the last nine years and may never do so

Sunnova, Inc.
Ticker: NOVA
Current Price: $35.46
Purchase / Inherited Price: $37.17
52-Week Range: $9.98 - $57.70
Price Target : $54.51
ESG Score: 2.00

Investment Thesis:
Sunnova is a residential solar and energy storage service provider that serves over 80,000 customers across more than 20 U.S states and territories. The company's products and services include add-on battery storage, home solar protection plans, and new solar battery storage. Sunnova operates under a dealer-network model in which the Company has no internal sales generation. This model has allowed the firm to develop strong relationships and obtain competitive contracts with local dealers. Sunnova was founded in 2012 and is based in Houston, Texas.

Top-Down Reasoning:
Solar power is the cleanest and most abundant energy source available. The global solar market has a size of about $163.7B and is projected to grow at a CAGR of 5.9% from 2020-2027. Solar's competitiveness has increased its share of total U.S electrical generation from 0.1% in 2010 to over 3% today. Additionally, costs to install solar have fallen 70% in the last decade as the average-sized residential system has dropped from a price of $40,000 in 2010 to roughly $20,000 today. Environmental protection regulations across the globe are forcing power generation companies to shit to cleaner and more environment-friendly energy sources.

ESG:
Sunnova pledges that over the lifetime of their solar systems, 3 billion watts of clear energy will be generated. The company has currently generated 22.9 KwH of clean energy and 1.2M metrics of carbon have been avoided. Each year Sunnova sponsors "Sunnova Diversity Day" in which employees are granted an additional day off to observe diversity. Sunnova also provides young women in the Company with senior mentors. Sunnova's board of directors is made up of 9 members, 2 of which are women. Of the 9 members, 2 are independent.

Investment Thesis:
Sunnova has reported strong revenue and customer growth in 4Q 2020. The company saw a 57% increase in customer acquisition along with continued increases in revenue from 2018-2020. The company's recent acquisition of SunStreet expands the firm's market share through a multi-year supply of homesites. The acquisition also reduces customer acquisition costs by making solar a standard feature and is expected to lead to a potential increase in pricing. Solar is projected to account for 39% of all new U.S electricity generation capacity in 2021 led by the increase in residential real-estate. Overall, Sunnova is well positioned to capitalize on the growth within the industry and perform well moving forward.

Risks:
- COVID-19 continues to disrupt supply relative to consumer expectations
- The company is dependent on a dealer network for growth

Teradyne, Inc.
Ticker: TER
Current Price: $133.06
Purchase / Inherited Price: $62.47
52-Week Range: $56.42 - $147.90
Price Target : $140.00
ESG Score: 2.00

Company Description:
Teradyne designs, develops, and manufactures automatic test systems for use in semiconductors, wireless products, data storage, and electronic systems used in aerospace, and defence industries. It operates in four different markets segments based on the end market that are semiconductor test, system test, wireless test, and industrial automation. Its primary sales are in countries such as Taiwan, China, South Korea, Japan, and the U.S. but has a global presence. Lastly, Teradyne was included into the S&P 500 in September of 2020.

Top-Down Reasoning:
The technology sector has been a major beneficiary due to the pandemic as most companies decided to shift to a work from home environment. Some companies even reached the highest levels their stocks have ever been and Teradyne was no exception. Semiconductors are essential for most gadgets and Teradyne has been able to assert itself as one of the leading semiconductor testing companies. With constant innovation and testing conducted in the industry, companies such as Teradyne are almost a necessity in society in order for companies to build the latest computers and softwares.

ESG:
Based on the SASB's classification, Teradyne falls under the electrical and electronic equipment industry. For this reason, most of the emphasis is on energy management, waste management, and safety of product. For this reason, TER did a great job in explaining how it diverted 35% of its waste away from landfills with the help of recycling efforts.Also, it produces 1,047 MWh of energy via renewable sources and plans to reduce carbon emissions by 1% every year and energy consumption by 1.5% annually. It has a strong focus on social efforts via its diversity program and has 9 board members out of which 6 are independent and 2 are women.

Investment Thesis:
One of the major benefits for Teradyne has been its high profile customers such as Samsung, Qualcomm, Intel, IBM, etc as they ensure a steady and constant inflow of income. Next, global shift to digitization and development of autonomous vehicles and machines in future will require Teradyne's testing equipment before they are mass produced which is why future prospects for the Company seem strong.

Risks:
- Faces intense competition from Asian companies that are able to operate under lower cost structures
- ESG not as strong as competitors and needs to invest more into sustainability in future

Twilio Inc.
Ticker: TWLO
Current Price: $368.24
Purchase / Inherited Price: $391.20
52-Week Range: $92.71 - $457.30
Price Target : $498.15
ESG Score: 1

Company Description:
Twilio Inc. is a global software company headquartered in San Francisco, California that develops application programming interfaces (APIs) through its cloud computing platform which software developers can customize to their applications and needs. TWLO's platform enables developers to build, scale, and operate real-time communications (e.g. SMS, voice, video, chat, and identity authentication) within software applications. These communications could be automatic text reminders for appointments, notifications for an Instacart order, etc. TWLO, which boasts an impressive lineup of over 7 million registered accounts with high-profile logos including Uber, WhatsApp, and Airbnb, operates 26 cloud data centers in 16 countries to service clients worldwide.

Top-Down Reasoning:
The COVID-19 pandemic drastically quickened the integration of technology into everyday life tasks and activities. From telehealth appointments to food delivery services, consumers increasingly found themselves reliant upon applications to connect them with end parties. Companies flocked to TWLO in order to acquire the technology to connect parties and facilitate communication on their existing digital platforms. TWLO divides its services into two APIs: channel and solutions. Channel APIs consist of software for voice, messaging, video and email authentication that offer flexible building blocks enabling customers to individualize to their specific needs while Solutions APIs build upon Channel APIs to offer more functionality for a specific purpose and to save developers significant time in building applications. The company has experienced a heightened demand for both services as the COVID-19 pandemic necessitated swift changes in many business's operating models.

ESG:
SASB classifies Twilio under the technology & communication sector and the software & IT services industry. TWLO hired an independent third party to analyze their carbon footprint, track water usage and e-waste disposal, and launch a supplier code of conduct to uphold its energy management standards. Although TWLO adheres to ISA 27001 framework and is ISO 27018 certified, their platform is a key target for hackers and has been breached before. 4 of TWLO's 9 board members are diverse.

Investment Thesis:
The COVID-19 pandemic is accelerating the adoption and expansion of TWLO's digital communication services; messages sent in H1 2020 totalled nearly as many as all of 2017 and 2018 combined and most other segment's H1 2020 revenue growth matched or surpassed that of the previous fiscal year. TWLO's usage-based model permits low-cost expansion as their SaaS platform can accommodate a rapid influx of new clients at low variable cost. The company's sales teams focus on cross-selling Channel APIs and Solutions APIs to clients has paid off in producing stable dollar-based net expansion rates. Analysts expect the Company's 30%+ YoY organic annual revenue growth to continue for the next 4 years.

Risks:
- TWLO's top 10 customers lack long-term contracts
- TWLO's cloud infrastructure and products rely nearly entirely on Amazon Web Services and are therefore vulnerable to any disruptions or security breaches on this platform

Vertex Pharmaceuticals, Inc.
Ticker: VRTX
Current Price: $213.35
Purchase / Inherited Price: $210.35
52-Week Range: $202.57 - $306.08
Price Target: $285.00
ESG Score: 3.00

Company Description:
Vertex Pharmaceuticals discovers and develops small-molecule drugs for the treatment of serious diseases. Its key drugs include Kalydeco, Orkambi, Symdeko, and Trikafta which treat cystic fibrosis, where Vertex therapies remain the standard of care globally. In fact, there are no other FDA approved therapies for cystic fibrosis. The company's pipeline also includes genetic therapies like CTX001 for beta-thalassemia and sickle-cell disease as well as small-molecule medicines targeting diseases associated with alpha-1 antitrypsin deficiency and APOL1-mediated kidney disease.

Top-Down Reasoning:
The biotechnology industry is attractive due to high margins and pricing power. Particularly in the case of Vertex Pharmaceuticals, where the firm has monopolistic power over cystic fibrosis treatments. Furthermore, over the next few years, as investor uncertainty decreases post-COVID-19 and investment levels rise, biotechnology as a historically strong and profitable industry will be an attractive area for investment.

ESG:
The biotechnology industry's main concern in relation to environmental impacts is energy and waste management. Vertex Pharmaceuticals has committed to reducing carbon emissions by 20% by 2023, after successfully reducing emissions by 39% over the past five years. The company also operates several waste management facilities throughout the world. Socially, employee health and safety is most pertinent in this industry and Vertex has a lower incident rate (0.49%) compared to the benchmark (2.80%). With regards to governance, the Company received a perfect score on Human Rights Campaign's 2020 Equity Index and was named a Forbes The Best Employers for Diversity.

Investment Thesis:
The firm's cystic fibrosis therapies are poised to dominate the lucrative market for the foreseeable future, based on the disease-modifying potential of the drugs, chronic use by patients, and limited competition. Furthermore, the Company's leading drug candidates were mostly developed in-house which points to a strong capability to diversify drug offerings through internal R&D. Lastly, the drugs the Company currently has on market are patent protected for at least another ten years.

Risks:
- Pipeline disappointments
- Pricing pressures

Yeti, Inc.
Ticker: YETI
Current Price: $79.00
Purchase / Inherited Price: $24.06
52-Week Range: $21.42 - $80.89
Price Target: $85
ESG Score: 2

Company Description:
Yeti, Inc. is an American multinational holding company headquartered in Austin, Texas that offers outdoor lifestyle products. Founded by Ryan and Roy Seiders in 20016, the firm strives to be a “lifestyle brand” whose products are durable in any environment. The Company’s core products include drinkware and coolers & equipment, but also offers Yeti-branded gear including hats, shirts, bottle openers, ice substitutes, and dog bowls.

Top-Down Reasoning:
The U.S. camping cooler market has experienced above average growth throughout 2014 - 2020 and is expected to continue throughout 2025. A shift towards sustainability has caused massive growth in the reusable water bottle market as well which serves as a major tailwind for the firm.

ESG:
SASB categorizes Yeti, Inc. as an operating company in the Consumer Goods sector and the Toys & Sporting Goods industry. Despite the lack of a sustainability report, the firm incorporates recycled goods into their production process. There is no data concerning their social standards. Lastly, while the firm has strict governance protocols, only one out of six officers are females and three out of nine directors are females.

Investment Thesis:
Yeti, Inc.’s growth should be driven by several catalysts. Primarily, the firm is expanding internationally which will boost sales and brand recognition. Overall the firm’s consumer base is also expanding due to diversified product offerings. Innovation in product offerings as well as the production process distinguishes Yeti from competitors, and, lastly, a shift to direct-to-consumer sales increases the firm’s margins.

Risks:
- U.S.-China relations
- High seasonality

Value Fund Overview

Value Fund Philosophy

The Value Fund's philosophy is centered around the belief that market inefficiencies exist, and attempts to take advantage of these inefficiencies by identifying companies that we deem as undervalued. Every year, the goal of the Value Fund is to achieve a positive alpha against the S&P 500 Value ETF, or SPYV, in which the portfolio is benchmarked against. The Fund follows a top-down approach to find undervalued stocks in industries that have trailed their respected benchmarks. We determine which industries to consider based on strong macro fundamentals and bright prospectus for future performance. Our process then leads us to distinguish well insulated companies which have underperformed for isolated reasons, and that we feel are well positioned to succeed over the long-term.

Value Fund Strategy and Tactics

The Value Fund strategy and tactics begin by using a top-down approach as referenced above. We develop in-depth analysis of broad macroeconomic factors and trends through an examination of relevant data. This past year, the majority of research revolved around the effects of the COVID-19 pandemic and the value opportunities that coincided with the overall market pullback. Some of the specific economic factors that we utilized in our decision making were as follows: interest rates, monetary policy, consumer spending, unemployment rates, the new administration's policies, state and federal COVID restrictions, global travel restrictions, and oil prices. We also attempted to identify trends in the post-virus business world that will be permanently altered by COVID-19 over the long term, headlined by work-from-home, which might provide value if properly recognized. The above factors, among others, helped to narrow down the decision making process in order to determine which industries we want to overweight and underweight in our portfolio.

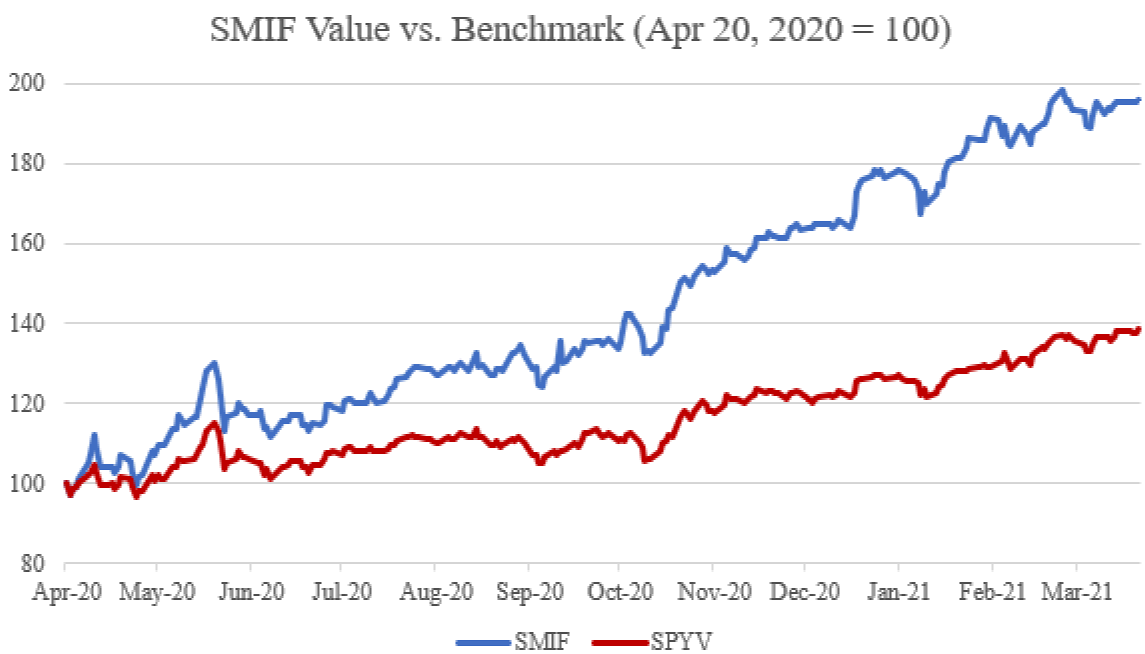
When selecting a "value" stock, a manager attempts to value the company independently of its current market price. This can be done by examining some of the following metrics: P/B, P/E, P/S, or whichever metric is most appropriate to value a company within an industry they are analyzing. These metrics are then compared to industry averages, as well as direct competitors to determine whether the stock is currently being priced at a seemingly "unfair" discount. Additionally, we utilized discounted cash flow analysis as well as dividend discount models to calculate the intrinsic value of the company as a whole. Value investing typically works within a two-to-five year time frame, therefore we seek to find stocks with catalysts that fit that investment horizon, despite only having control of the Fund for twelve months.

Buy and Sell Discipline

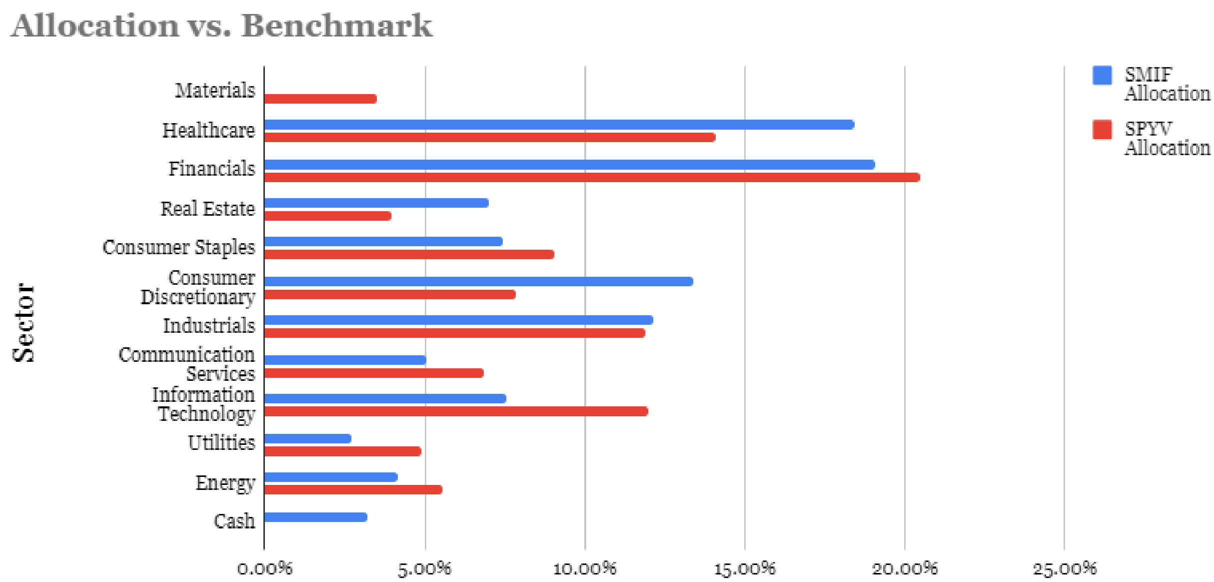
Once a manager has selected an investment opportunity based on the strategies outlined above, the manager continues to do extensive research into the company and the stock. Eventually, the manager will create a formal pitch that will be presented to the Value Fund at the weekly meeting. The manager pitching the investment will provide their rationale behind the investment, an ESG overview of the company, as well as valuations and ultimately, a price target. Once both the pitch and discussions have concluded, the Fund votes on whether to build a position or not. A simple majority of "buy" votes warrants the stock to be added to the portfolio. Once the stock is added, the manager who pitched it is largely responsible for closely tracking the position, although every manager is expected to keep track. Our ultimate goal is to hold the stock until it reaches its target price, but unexpected circumstances may arise that lead the Managers to liquidate the position early and reinvest into a stock that they believe has more risk-adjusted upside potential. At each meeting, Managers discuss current trends in the markets as well as any updates on current positions that might alter the current investment thesis or timeline, or in some cases, constitute a sell.

Value Fund Performance Overview

- Since inheriting the Fund on April 20, 2020, the Value Fund has generated gains of 75.26%, while the benchmark (SPYV) was up 36.74%. This reflects an alpha of 36.74%, representing strong overperformance for the Fund.
- Sectors held in the Value Fund's portfolio cover most of the GICS sectors, including: Financials, Healthcare, Energy Industrial, Consumer Staples, Real Estate, Utilities, Consumer Discretionary



Current Value Fund Sector Allocation (as of Apr 9, 2021)



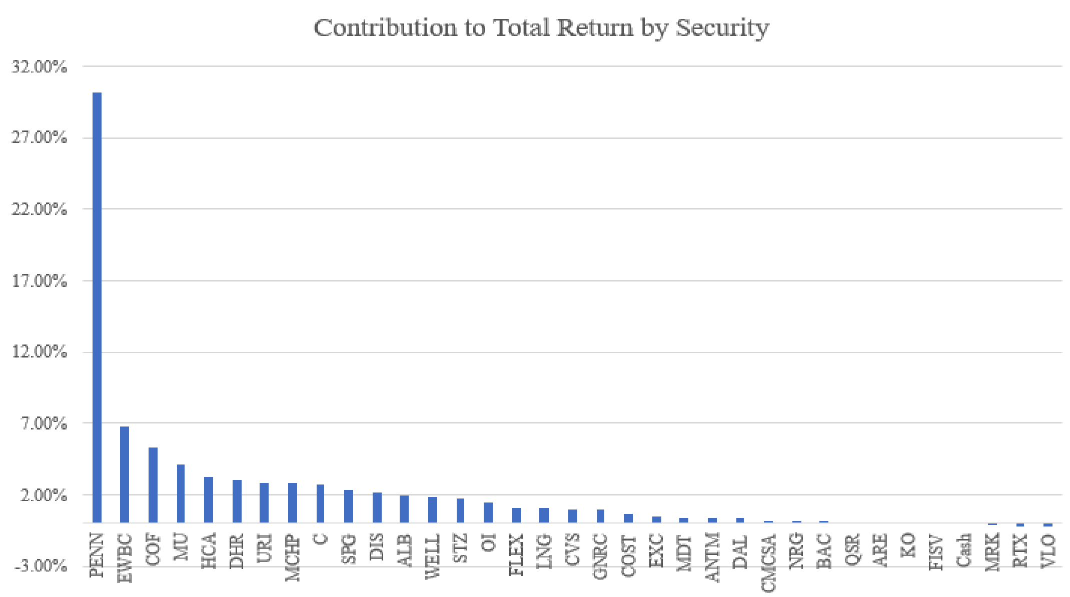
Value Fund Attribution

Attribution Model Overview

The Value Fund produced returns of 79.40%, which outperformed the SPYV Benchmark by 36.83% since the new Managers inherited the Fund on April 20, 2020. The Consumer Discretionary sector is largely responsible for the Fund's success this past year, more specifically, the performance of Penn National Gaming. Since inheritance, shares have risen 650.68%. Some other strong performing sectors over the past year include Information Technology, Healthcare, and Financials. It is noteworthy that all three of these sectors were able to outperform the benchmark despite being underallocated, which indicates strong stock selection on behalf of the Managers. From an ESG perspective, several of the names driving growth in the top performing sectors also scored well within the industry on ESG, such as Constellation Brands in Consumer Discretionary and Micron in Information Technology. The poorest performing sectors in comparison to the benchmark were Industrials and Energy. This can partly be attributed to the decision to remain underallocated in comparison to the SPYV, specifically in Industrials, which realized 7.03% in gains in comparison to the Funds 3.91%. The decision to hold onto DAL throughout the onset of the COVID-19 was likely a large contributor to underperformance in the Industrials sector, as airlines were amongst the hardest hit by the virus.

Attribution Model

Sector GICS	Average Portfolio Weight SMIF	Benchmark	Diff (-)	Return SMIF	Benchmark	Diff (-)	Contribution SMIF	Benchmark	Diff (-)
Consumer Discretionary	11.73%	6.20%	5.53%	159.34%	85.50%	73.84%	32.04%	4.47%	27.57%
Information Technology	8.67%	9.25%	-0.58%	70.72%	40.91%	29.81%	8.05%	4.08%	3.97%
Health Care	16.02%	18.72%	-2.70%	30.82%	18.08%	12.74%	7.03%	3.59%	3.44%
Financials	12.81%	19.00%	-6.19%	99.06%	66.11%	32.95%	15.06%	11.77%	3.29%
Real Estate	6.18%	3.37%	2.81%	61.36%	35.97%	25.39%	4.34%	1.29%	3.05%
Materials	6.57%	3.24%	3.33%	54.22%	70.65%	-16.43%	3.47%	2.06%	1.41%
Not Classified	7.41%	0.17%	7.24%	0.00%	3.13%	-3.13%	0.00%	0.06%	-0.06%
Communication Services	4.06%	7.76%	-3.70%	49.55%	31.40%	18.15%	2.37%	2.56%	-0.19%
Utilities	4.12%	6.12%	-2.00%	18.25%	13.22%	5.03%	0.66%	0.90%	-0.24%
Consumer Staples	10.13%	10.33%	-0.20%	13.09%	18.87%	-5.78%	1.66%	2.10%	-0.44%
Energy	3.84%	5.38%	-1.54%	14.47%	51.56%	-37.09%	0.81%	2.66%	-1.85%
Industrials	8.46%	10.48%	-2.02%	36.96%	75.90%	-38.94%	3.91%	7.03%	-3.12%
Return/ **Excess Return**							79.40%	42.57%	**36.83%**



Value Holdings

Alexandria Real Estate Equities, Inc.
Ticker: ARE
Current Price: $168.40
Purchase / Inherited Price: $165.46
52-Week Range: $136.52 - $179.79
Price Target: $196.99
ESG Score: 2.00

Company Description:
Alexandria Real Estate Equities, Inc. is an American real estate investment trust that owns, develops, and operates offices and labs to life science tenants including biotech and pharmaceutical companies, universities, research institutions, medical office developers, and government agencies. Alexandria owns approximately 290 specialized properties with more than 29 million sq. ft. of rental space in the U.S. and Canada. Its portfolio is largely located in high-tech hotbeds such as Boston, greater New York City, the San Francisco Bay area, San Diego, Seattle, and the North Carolina Research Triangle.

Top-Down Reasoning:
Alexandria stands out as a clear leader in the sector that felt the brunt of COVID-19 and national stay-at-home orders. Since the onset of COVID-19, the Company's outlook has improved due its multifaceted platform of internal and external growth. A key element of its strategy is its unique focus on Class A properties clustered in urban campuses. These key urban campus locations are characterized by high barriers to entry for new landlords and represent highly desirable locations for tenancy by life science and technology entities because of their close proximity to concentrations of specialized skills, knowledge, institutions, and related businesses.

ESG:
Alexandria is committed to making continuous improvements in sustainability efforts, which include reducing energy use, greenhouse gas pollution, water use, and waste They recently launched their Green Development program in accordance with LEED (Leadership in Energy and Environmental Design) which is the most widely used green building rating system in the world. They have also launched numerous philanthropy and volunteerism programs, such as Operation CARE. The company's recent progress and future in all ESG aspects earns them a composite ESG score of 2.33.

Investment Thesis:
Alexandria's focus on life science real estate in key clusters should result in above average growth due to outsized demand that has shown resilience during the COVID-19 pandemic. ARE's tenants carry strong credit profiles and consequently pose less risk of rent deferrals or loses. The company's development/acquisition pipeline is large, and its value will help push earnings higher as projects are delivered, acquired, and stabilized.

Risks:
- Deterioration in capital availability for the life science stemming from venture capital slowing or large drug companies cutting back on their growth of R&D spending
- Tenant credits are a key consideration; weaker tenant credit quality could impact bottom line growth

Anthem, Inc.
Ticker: ANTM
Current Price: $361.01
Purchase / Inherited Price: $296.78
52-Week Range: $237.65-379.13
Price Target : $369.22
ESG Score: 3.00

Company Description:
Anthem Inc., an independent licensee of the Blue Cross Blue Shield Association, is one of the largest health and medical insurance providers in the United States. The company was formed in 2004 when WellPoint Health Networks Inc. and Anthem, Inc. merged to become the nation's leading health benefits company. They serve more than 78 million clients, including 42 million within its family of health plans. Anthem has a managed care presence in 14 states and offers Medicare coverage in 23 states plus Washington D.C., through this expansive geographic coverage, they have earned a 10.5% market share in the Health and Medical insurance subsector. The company also holds arrangements with fellow Blue Cross Blue Shield licensees to offer clients further discounts and offers that are outside of their coverage territory.

Top-Down Reasoning:
Anthem operates in the most highly affected sector of 2020: healthcare. Key sources of growth in the medical insurance industry include medical cost inflation and increased demand from the aging United States population. The retirement of baby boomers, ages 56-74, will particularly increase medicare expenditure because of fueled need for coverage. Recent trends in the medical insurance industry are the strong correlation between wealth and healthcare spending, healthcare reform motivating many carriers to consolidate and reduce costs, and high hopes for the future due to the political security surrounding the ACA.

ESG:
Anthem is the 1st in its sector to establish a 100% renewable energy commitment by 2025, and it achieved their 30% greenhouse gas emissions reduction one year earlier than expected. Thus, the Company is performing well from an environmental standpoint. Regarding the social dimension, the Company assesses, scores, and benchmarks all supply-chain partners for ESG performance in order to engage the most with conscious companies. Additionally, 63% of managers are women.

Investment Thesis:
Anthem is a dominant player in the Medicare and Medicaid market, as 7.3 of 42 million plan holders use Medicaid. This segment, alongside Medicare advantage, earns the Company approximately ~60% of total revenue. In the next five years, the number of adults aged 65 and older is expected to grow at a 3% CAGR, fueling enrollment in this sector. Additionally, Anthem's in-house Pharmacy Benefit Manager, IngenioRX, has enabled them to reduce costs for both themselves and customers by no longer outsourcing medical product production. They have also expanded into the behavioral health industry through their acquisition of Beacon Health Options, capitalizing on the rapidly growing tele-counseling market.

Risks:
- Medical cost inflation at a projected 6.8% increase
- After the repeal of the individual health insurance mandate, percentage of uninsured individuals increased from 7.5% in 2015 to 8.5% in 2018

Bank of America Corporation
Ticker: BAC
Current Price: $39.99
Purchase / Inherited Price: $34.19
52-Week Range: $20.10-$40.28
Price Target : $42.96
ESG Score: 3.00

Company Description:
Bank of America is a universal bank headquartered in Charlotte, North Carolina offering both commercial and investment banking services. They operate over 4,300 locations and 17,000 ATMs serving over 66 million customers. Their client base includes consumer and middle market businesses, institutional investors, large corporations, and government agencies. Their client offerings include loans, bankings, investing, asset management, and other financial risk management products. Bank of America has an increasingly strong online presence, engaging over 40 million active users through their virtual banking systems. They also own and operate P2P payment platform, Zelle. Bank of America acquired Merrill Lynch in 2009 to increase exposure to the wealth management market and take over their $2.5T assets under management.

Top-Down Reasoning:
COVID-19 crushed financial institutions, forcing lenders to take massive losses on unpaid loans and forgone interest payments. The 4 major universal banks had amassed nearly $100B in cash for loan loss reserves as of 3Q2020. However, the outlook for financial stocks is picking up. Equity prices are seeing a lift due to factors such as a steepening yield curve, banks given the green light to resume share purchases, and hopes that the economy will recover in the latter half of 20201 therefore fueling loan activity and decreasing credit losses. Banks must do their part by consistently beating earnings.

ESG:
Bank of America Corp has pledged to achieve net zero emissions by 2050 alongside a commitment to spending $445B in addressing climate change. They currently use 100% renewable electricity and are operating at carbon neutrality. They have a joined partnership for Carbon Accounting Financials to pledge to disclose emissions associated with all financing activities they engage in. They also have a strong focus on diversity, equity and inclusion shown by their 4-year, $1B initiative to advance racial equity and economic opportunity. They also had zero Covid relayed layoffs in 2020.

Investment Thesis:
Bank of America is the most interest rate sensitive of the big 4 banks, the current short term interest rates will be staying at 0.00% for the near future, however the Treasury yield curve has been steepened to a four year high as investors bet on the growth rebound. Additionally, BoA's financial health is unmatched as they have remained profitable throughout the entire pandemic. Their CET1 ratio has increased to 11.9% and 71% of their liabilities are made up of low risk sources of funding. Additionally, the coveted value investor, Warren Buffet, admires BoA's management style, led by CEO Brian Moynihan, and has been increasing his stake in the Company for months while moving away from other universal banks.

Risks:

- Economic relapse, more money set aside for loan defaults and provision credit losses
- Large company with many clients. BoA is susceptible to data breaches which may inhibit investor relations

Capital One
Ticker: COF
Current Price: $134.17
Purchase / Inherited Price: $53.87
52-Week Range: $49.41 - $134.70
Price Target: $145
ESG Score: 1.50

Company Description:
Capital One is an American bank holding company, headquartered in McLean, VA. It provides commercial banking services including personal credit cards, investment products, and loans to more than 45 million accounts across the U.S., U.K. and Canada. It is one of the top ten largest banks in the U.S. by assets with $318B and 474 branches nationwide. They have a deposit portfolio of around $250B, with their three main segments being Credit Card (65% of revenue and 48% loans), Consumer banking (25% of revenue and 24% of loans), and Commercial Banking (10% of revenue and 28% loans).

Top-Down Reasoning:
The COVID pandemic severely damaged the financial sector, as companies were forced to take losses on unpaid loans and suffered from forgone interest payments. Loan loss reserves also negatively impacted the balance sheets of many financial institutions. However, extreme stimulus has buoyed the consumer loans industry. As loss allowances continue to decrease, government implemented restrictions on financial companies are removed, and earnings releases show encouraging results, optimism within the sector has returned.

ESG:
COF suffered large-scale customer privacy violations in July of 2019. These affected about 106m people and centered around personal information from credit card applications, but also included 140,000 social security numbers and 80,000 bank account numbers. As a result, the Company's data security measures have been brought into question. The company also has a twelve member board with eleven independent directors, including four female and three ethnically diverse directors.

Investment Thesis:
Capital One is an exemplary company when it comes to both its governance and strategy, which has helped it find its niche and create a strong economic moat over the years. Unlike other banks that emphasize short-term returns, Capital One has continued to invest heavily into its business on both the operational and marketing sides. The management has a long history of generating value through well-priced acquisitions, which will undoubtedly be an asset in the early stages of the economic cycle. Additionally, an investment in improving their technological foundation has put Capital One ahead of its competition in regards to the flexibility and efficiency of new products. Looking beyond recent short-term headwinds, Capital One is expected to fully participate in the economic recovery from this pandemic.

Risks:
- An economic downturn placing pressure on credit quality after stimulus measures conclude
- The Fed willingness to maintain low benchmark interest rates through the near future

Cheniere Energy
Ticker: LNG
Current Price: $73.12
Purchase / Inherited Price: $50.12
52-Week Range: $36.94 - $77.11
Price Target: $85
ESG Score: 2.50

Company Description:
Cheniere Energy is a leading producer of liquified natural gas (LNG) in the United States. The company exports to customers in over 30 countries around the world from it's two terminals located in Corpus Christi, Texas and Sabine Pass in southwest Louisiana. The company buys natural gas and processes it into LNG, where they then offer customers the option to load it onto vessels at the Company's facilities or have it delivered to them by Cheniere. In addition, the Company also has pipeline assets, as well as operates an LNG natural gas marketing business. The company generates 95% of revenue from LNG sold at its terminals, with 70% of total revenue being to customers outside of the U.S.

Top-Down Reasoning:
The current global population continues to grow, and with it will come a greater demand for energy. In Canada and the U.S., the energy consumption per head is double that of Europe and 800 times that of developing countries, which also indicates there is vast amounts of demand still to be realized in emerging markets as well. An expected renewed focus on green energy and infrastructure spending from the Biden administration will prove as a positive. Cheniere remains the largest producer of LNG in the United States and has established a strong global footprint that is only expected to grow. In addition, the Company's high fixed-fee contract model ensures stability moving forward and reduces the risk of any drastic surprises to the Company's business model, making it the strongest play amongst competitors.

ESG:
Each LNG cargo shipped should result in a reduction of 140k-200k metric tons of CO_2 if displacing electricity from a coal-fired power plant. The company has goals to reduce GHG by 35% and Methane by 64%, among others. They openly disclose emissions data and release an annual report every year that follows SASB guidelines. The company does not clearly indicate that it has accomplished any prior goals, leading it to fall short of a three, until it can prove that it is committed to taking action.

Investment Thesis:
A steadily increasing global population, growing demand for energy in emerging markets and a shift towards reducing CO_2 emissions will all positively impact the LNG markets. Cheniere stands well positioned to take advantage of these shifts but currently offers value due to the strong headwinds brought on by COVID-19 in the energy sector. The company's fixed fee contract model fortifies revenue streams and provides stability in the short term with upside in the long term.

Risks:
- The company's debt management will be important to ensure future flexibility
- If the Trump administration wins a second term it will likely negatively impact Chenieres growth

Citigroup
Ticker: C
Current Price: $72.42
Purchase / Inherited Price: $44.01
52-Week Range: $38.76 - $76.13
Price Target: $80.00
ESG Score: 2.50

Company Description:
Citigroup is one of the largest financial services companies in the world, with roughly 200 million customers around the world. The company is a diversified financial services firm that provides a wide range of financial services to both corporate and consumer customers that include, but are not limited to, investment banking, corporate banking, wealth management, and retail brokerage. The company has around $1.9T in assets and $1.1T in deposits around the world, but generates 45% of total revenue in North America.

Top-Down Reasoning:
Financials was one of the hardest hit sectors in the wake of the pandemic, which aligned with this year's group taking over the portfolio, and was thought to be a space where we could find deep value. Acquired in 2018, most major banks were trading near 5-year lows. Citi seemed well positioned to deal with the headwinds at the time in comparison to peers, and the fund viewed it as a long term hold that would turn around with the economy when the time came.

ESG:
Environmental guidelines are not provided for this given sector on SASB and therefore not taken into account. On a social front, the Company recently joined a group of leading U.S. employers in support of the equality act, which would provide protections for members of the LGPT+ community. In 2019, Citi donated $76M to different causes on behalf of the Citi Foundation, as well as $6B in loans for affordable housing projects in the U.S. (which they have led for 10 years). In February, the Company appointed Jane Fraser as CEO, making her the first female in her position at a major U.S. financial firm in history. Demographically, 51% of the Company is female and 47% of the U.S. workforce are minorities.

Investment Thesis:
The low interest rate environment and higher credit costs that resulted largely for the pandemic has led Citi to trade below intrinsic value. Although the Company has gained 62% since inception, we are still confident the stock will continue to make gains. Although rates remain low, the 10-year yield has continued to rise and it is likely that banks will be able to release cash they are reserving for loan loss.

Risks:
- There is a possibility that the new administration will bring more regulation and higher taxes for the financials industry
- Citi is more globally exposed than any other major bank, which brings more unpredictability and possible consequences that could negatively affect outlook
- Greater losses on loans than the bank has prepared for could be financially damaging

Coca-Cola
Ticker: KO
Current Price: $53.18
Purchase / Inherited Price: $50.46
52-Week Range: $43.20 - $54.93
Price Target: $56.25
ESG Score: 3.00

Company Description:
Coca-Cola Company is a non-alcoholic beverage company and one of the most recognizable brands in the world. The company manufactures, markets and distributes soft drink concentrates, syrups and juice products to retailers and wholesalers internationally. The company's beverage portfolio includes over 500 brands, with 4 of the 5 top soft drinks. Coca-Cola sells drinks in over 200 countries and generates more than 30% of its total revenue in the United States.

Top-Down Reasoning:
With the arrival of a new administration and continued uncertainty in the markets, consumer staples' anti-cyclical nature stood out as an attractive sector to place a safe bet on. Coca-Cola stands out as a clear leader in the sector that’s stock was damaged by the closing of large public gatherings, such as sporting and cultural events, that were brought on by COVID. The company’s outlook has improved since it reached it’s 5-year low last March, and there is strong reason to believe the stock will recover to pre-COVID levels, but has yet to do so. In addition, the Company is a dividend king that will provide returns even if recovery is slower than expected.

ESG:
Historically known as one of the largest plastic producers in the world, the Company has made it a priority to drastically reduce the damage caused by the production process. In 2015 they established the “drink in your hand goal” which revolved around the Company's carbon footprint by 25% in 2020, which they were successful in doing and have since updated new goals. This is only one of a laundry list (over 30) goals that the Company has both accomplished or is in the process of accomplishing. In 2019, the Coca-Cola foundation also donated $88M to various educational and environmental causes. The SASB materiality map does not cite material issues for governance, and it was therefore not factored into the score. The company's recent progress and future in both environmental and social areas earns them a 3.

Investment Thesis:
The thesis behind this company's purchase for our portfolio was centered around long-term value. Coca-cola does not portray any exciting growth drivers that would cause dramatic growth in the near term, but the Company has shown through adaptability, acquisitions and use of it’s own scale that they repeatedly are able to successfully maintain their beverage portfolio and overall business model to meet the changing needs of the consumer. The pandemic provided a very attractive buying opportunity for a dividend king which rarely has major price drops, and the value was attractive.

Risks:
- There is a major pending tax dispute with the IRS that could cost billions

Comcast Corp.
Ticker: CMCSA
Current Price: $53.57
Purchase / Inherited Price: $46.52
52-Week Range: $34.16-$58.58
Price Target: $52.00
ESG Score: 2.00

Company Description:
Comcast is a leading cable and telecommunications company in the United States, providing television, high-speed internet, and telephone services over its networks. Comcast is a global media company with value in broadband distribution, serving customers worldwide. The company operates as three primary business segments: Comcast Cable, NBCUniversal, and Sky. Comcast Cable is the Company's largest segment, generating 55% of total revenue and is the largest pay-TV provider in the United States with more than 33 million subscribers under the Xfinity Brand. The NBCUniversal segment distributes entertainment content through their NBC cable channels and movie studios, generating 30% of revenue. Comcast acquired Sky, one of Europe's leading media and entertainment providers, in 2018.

Top-Down Reasoning:
Media and Entertainment providers were hurt by the COVID-19 pandemic as both movie theaters and theme parks were forced to close and cancellation of live sports damaged advertising revenues. Comcast, given its relatively diverse revenue streams, was well-positioned to take advantage of their strength as cable and broadband provider to offset short-term impacts to their media segments during the pandemic. Comcast's performance was kept afloat by their cable segment, but as the pandemic eases, their earnings were likely to improve dramatically as NBCUniversal and Sky were able to operate at normal levels.

ESG:
CMCSA is classified within the Cable & Satellite and Media industries. Within the Environmental category, Comcast recently initiated a plan to power all of their buildings, networks, and operations with 100% renewable energy along with the goal of eliminating tailpipe emissions in their vehicle fleet. In 2019, Comcast faced a lawsuit alleging the Company violated the Cable Privacy Act with its collection, storage and handling of personal subscriber data. Nothing materially transpired from this lawsuit. On a positive note, the Company prioritizes digital connectivity and accessibility for low-income households through their Internet Essentials program. Their 10 member board is comprised of 3 women and 8 independent directors.

Investment Thesis:
As the nation's largest cable and broadband provider, CMCSA is well-positioned to take advantage of growing demand for consumers to solidify connectivity and broadband capacity in increasingly digitized environments. CMCSA is projected to continue adding internet customers at a record-pace. CMCSA will also experience growth in their media segments due to their Peacock streaming service and normalized operations for NBCUniversal. Peacock has exceeded management expectations with 33 million sign-ups representing upside potential as its content distribution model becomes more profitable. Furthermore, their media segments will benefit as their rollout of blockbuster movies will support profit margins.

Risks:
- Cable segment faces downward pressure from continued trend of cord-cutting which could potentially offset internet subscription additions
- The firm's media businesses continue to face pandemic drawdown as theme parks and movie theaters are open but at limited capacity

Constellation Brands
Ticker: STZ
Current Price: $224.15
Purchase / Inherited Price: $156.62
52-Week Range: $151.25 - $242.62
Price Target: $255
ESG Score: 3.00

Company Description:
Constellation Brands is a prominent international producer and marketer of beer, wine, and spirits with operations in the U.S., Mexico, New Zealand, Italy, and Canada. It is the third largest beer company in the U.S. and has many high-end, iconic, and imported brands such as Corona Extra, Corona Light, Modelo Especial, Modelo Negra, and Pacifico. In addition, they are the global leader in premium wine with brands such as Robert Mondavi, Clos du Bois, Kim Crawford, Meiomi, Mark West, Franciscan Estate, Ruffino and The Prisoner. Its premium spirits brands include SVEDKA Vodka, Casa Noble Tequila and High West Whiskey. 90% of their revenue is from the U.S.

Top-Down Reasoning:
While economic expansion and growth in discretionary income definitely helps STZ, the Company's low beta and alcohol's nature as an inelastic good means that they are also fairly resilient during recessions as well. The company is very susceptible to demographic factors and more specifically the Hispanic population that is around 40% of the Company's consumer base. The U.S. Hispanic population is expected to grow almost 100% from 57.47 million in 2016 to 93.88 million in 2045 in addition to also increasing their discretionary income. Another demographic advantage is that a growing number of millennials drink, beer, wine, and spirits as these customers spend 6 times their singular counterparts. Millennials also seem to favor imported and premium brands, most of the components of STZ's portfolio.

ESG:
STZ has thorough systems in place to track company-wide energy and water consumption. Action steps have consistently been developed and successfully implemented as a byproduct of these metrics. Additionally, the Company supports responsible drinking through marketing campaigns and non-profit partnerships. Finally, the twelve member board has a separate chairman and CEO, nine independent directors, four female directors, and three ethnically diverse directors.

Investment Thesis:
Constellation Brands is an industry leader that is well-positioned to take advantage of upcoming increases in consumer discretionary income. In addition, rapid growth in the size and income of the Hispanic population, which is a primary consumer base, serves as a demographic tailwind for the Company. Lastly, a 37% equity stake in Canopy Growth with warrants that can bring ownership to over 50% provides unique exposure to the cannabis industry as the legalization trend continues.

Risks:
- Reliance on its Mexican beer portfolio and potential importation costs or complications
- Generates the majority of its revenue from the U.S., while rivals are diversified internationally

CVS Health Corp.
Ticker: CVS
Current Price: $74.07
Purchase / Inherited Price: $62.34
52-Week Range: $55.36 - $77.23
Price Target: $85
ESG Score: 2.00

Company Description:
CVS Health Corp. is a leading pharmacy benefits manager with approximately 105 million plan members and the nation's largest drugstore chain. It operates 9,900 retail and specialty drug stores as well as offering walk-in health services through its retail network of MinuteClinics that are located in 1,100 CVS stores. CVS also serves an estimated 34 million people through traditional, voluntary, and consumer-directed health insurance products. The company plans to become the 'ultimate health care' destination and to increase the number of HealthHubs in its stores. In 2018, CVS acquired Aetna to create a vertically integrated business model.

Top-Down Reasoning:
CVS Health's new focus on MinuteClinics and HealthHubs at their retail locations aims to identify and address gaps in healthcare, introduce therapies and prevent patients from needing more intensive or costly intervention at a hospital. CVS aims to provide a convenient way for people to check their health conditions in an ever changing healthcare landscape. In addition, CVS's combination with Aetna creates the opportunity to care for a patient more holistically and present revenue and cost synergies if it can effectively manage both medical and pharmacy benefits. There is potential for headwinds as healthcare reform will likely remain a recurring political topic.

ESG:
Material topics for drug retailers within the environmental category is energy management. The company has been able to convert 1,000 retail locations to interior LED lighting reducing energy consumption by 47,000 megawatt hours. They've also diverted 53.7% of waste to recycling or reuses. CVS has a 2030 goal to reduce absolute greenhouse gas emissions (GHG) by 36%. In terms of customer privacy and data security, CVS stated they will share Protected Health Information (PHI) as only permitted by HIPAA and company policies The company's 12 person board consists of 10 independent members, 3 women, and the Chairman and CEO are separate.

Investment Thesis:
CVS remains committed to its strategy of becoming the ultimate healthcare provider focused on continued integration of Aetna to create a health care giant with differentiated retail assets. CVS is likely to experience growth across all segments as Retail benefits from increased foot traffic in its stores along COVID-19 testing and vaccine distribution. There is also upside in the Healthcare Benefits as Aetna becomes more deeply integrated in the business. The company's integrated business model and broad suite of services position it well to benefit from changing market dynamics and retail-oriented healthcare.

Risks:
- Continued integration risks from the Aetna acquisition as they restore leverage to normal levels
- Amazon's rollout of their new online pharmacy could be a disrupting force
- Margin pressure is an ongoing concern for CVS with rising healthcare costs

Danaher Corporation
Ticker: DHR
Current Price: $232.36
Purchase / Inherited Price: $155.83
52-Week Range: $143.01 - $248.86
Price Target: $262
ESG Score: 2.00

Company Description:
Danaher Corporation is an American conglomerate operating in the areas of design, manufacturing, and marketing of industrial, healthcare, and consumer products. The firm was founded in 1969 and is headquartered in Washington D.C. The company operates in four different market segments: (1) Environmental & Applied Solutions, (2) Dental, (3) Life Sciences, and (4) Diagnostics. Danaher is the parent company to over 20 operating subsidiaries, both within the United States and abroad. Danaher is currently a top-5 player in the highly fragmented and relatively sticky life science and diagnostic tool markets.

Top-Down Reasoning:
Healthcare reform and an aging U.S. population continue to make the industry attractive. President Biden's progressive healthcare policy will channel more money into the private sector, thereby increasing incentives to innovate. There is also population-driven demand for healthcare solutions. For one thing, the baby-boomer generation will increasingly demand healthcare products as they age. Though COVID-19 caused industry-wide slowdowns for healthcare products not considered "essential," the abatement of the pandemic should coincide with above-average industry growth, as patients pursue treatments they had foregone.

ESG:
While environmental factors are not material for medical equipment and supplies companies, social factors are especially material. The most relevant social dimensions are (1) access and affordability and (2) product quality and safety, both of which are disclosed in the Company's annual sustainability report. Danaher addresses (1) by investing heavily in R&D and addresses (2) by implementing a formal EHS risk mitigation process. The Company scores well on its material governance factors, which include independent board members, an independent audit committee, board diversity, and separation of chairman and CEO.

Investment Thesis:
Danaher is a leader in the medical devices industry, which remains an attractive healthcare subsector. The firm has shown a consistent ability to realize synergies through acquisitions, and Management is effective at improving processes organically. In particular, the Company's recent acquisition of Cytiva—its largest in history—generated over $4B toward overall 2020 revenue and 170 bps of core operating margin expansion, which it expects to build upon in 2021 and beyond.

Risks:
- Appetite for acquisitions may put added pressure on operating leverage and constrain credit rating
- Trading at historical highs relative to uniform earnings
- Poor cash-to-debt ratio

East West Bancorp, Inc.
Ticker: EWBC
Current Price: $74.38
Purchase / Inherited Price: $28.00
52-Week Range: $22.55 - $82.53
Price Target: $82
ESG Score: 1.00

Company Description:
East West Bancorp, Inc. is a bank holding company based in Los Angeles, California. The firm has six subsidiaries, but the bulk of its operations are done through its primary asset, East West Bank (EWB), which was acquired in 1998 when the firm reorganized. The firm employees roughly 3,300 people in the U.S. and Greater China (Hong Kong and Taiwan). The bank operates in three segments: consumer and business banking, commercial banking, and other. The consumer and business banking segment focuses primarily on real estate by providing consumers with mortgages and home equity lines of credit. The commercial banking segment provides commercial business loans, trade finance loans, commercial real estate loans, construction lending, and equipment financing (Figure 1). 2 The bank specifically caters to the Chinese American community, and as America's largest financial service firm focused specifically on the U.S. and Greater China, it offers a significant comparative advantage in this space.

Top-Down Reasoning:
Due to COVID-19, Financials significantly underperformed the broader market. Banking was a promising subsector benefiting from rising long-term Treasury yields and a steepening yield curve. As the pandemic has progressed, the Federal Reserve cut interest rates to 0.25%, squeezing margins for banks, and have signified no imminent changes will be made to that. However, over the next five years, revenue in the broad commercial banking sector is still expected to grow at a rate of 4.3% annually, due to a greater volume of deposit inflows and lending outflows. EWB should benefit by providing lending and deposit products to individuals and businesses in California that will be recovering from COVID-19 as credit risk from loans decreases in recovery.

ESG:
Operating within the Financials sector and Consumer Finance industry, EWBC lacks a significant focus on social and governance aspects within its business model. As a bank, environmental factors are not financially material. Socially, they seem to be engaged in communities while also hiring women and minorities. Governance-wise, 7/10 people on the Board of Directors are people of color. They also have a non-independent Chairman, President, and CEO. Overall, the firm publishes limited information on ESG topics and notably did not circulate a sustainability report.

Investment Thesis:
The Biden administration will likely be more reciprocative with China in relation to the U.S.-China Trade War, which will benefit EWBC due to a safer and more expansion of trade and trust between the nations. Resolution in the U.S.-China Trade War will encourage greater expansion of U.S. businesses into China, and vice versa. EWBC Q2 results beat on stronger loan growth and good fee-related activity, while also experiencing more muted credit costs and better-than-expected guidance. The company has solid valuations, with respect to a dividend discount model in particular, and shows upside potential.

Risks:
- The future of the commercial real estate (CRE) and multi-family lending industries in California given the state legislator's recent plan to forgive unpaid rent. This puts into question the ability of landlords to pay off their CRE loans.
- The unpredictability of climate in California and the amount of damage that wildfires may cause.

Exelon Corp.
Ticker: EXC
Current Price: $44.83
Purchase / Inherited Price: $35.06
52-Week Range: $33.96 - $46.02
Price Target : $49
ESG Score: 2.00

Company Description:
Exelon Corp. is a Chicago-based utility services holding firm that distributes, through subsidiaries, electricity and gas while operating nuclear power plants. The company generates energy through nuclear, natural gas, and renewables and operates in mature energy markets. EXC also operates several electric & gas utilities such as ComEd and Baltimore Gas and Electric. The firm sells its products to a wide customer base, including distribution utilities, municipalities, and cooperatives as well as commercial, industrial, governmental, and residential customers. EXC is the largest U.S. generator of zero-carbon electricity and has the lowest carbon intensity among major public generators.

Top-Down Reasoning:
Utilities started 2020 in a strong position by identifying new opportunities for growth while leading the economy-wide clean energy transition. The COVID-19 pandemic stressed the crisis-resilient sector, but it may have also catalyzed the transition to clean energy while lending urgency to strategic decisions about distributed energy resources and growth opportunities. Overall, sector revenue is estimated to grow at 0.8% annually, with a notable 10% increase in 2021. With Exelon owning more market share than any other U.S. utilities firm at 4.7%, the Company is poised for growth in line with the industry.

ESG:
Operating in the infrastructure sector and electric utilities & power generators industry, Exelon aims to help the environment. Environmentally, they disclose scope 1, 2, and 3 emissions for Greenhouse gas emissions with a goal of a 15% reduction in operations-driven emissions by 2022. For air quality, they disclose nitrous oxide emissions intensity. For water usage, they disclose withdrawn water. Finally for waste management disclosures, they show the recycling rate but lack any data on nuclear waste. Socially, their OSHA recordable rate, 0.57, is below the average of 2.8. From a governance perspective, their ESG risk is assessed annually by the corporate governance committee, they have an independent chairman and CEO, and audit committee independence. They did have a $200M bribery settlement, but have a diverse board as follows: 92% independent, 8% diverse, 25% women, with a 7.3 year average tenure.

Investment Thesis:
As employees return to office buildings, energy consumption will increase sharply. In September, J.P. Morgan reported that younger employees were less productive during the WFH period which demonstrated a desire to return to offices. The firm's M&A activity has been encouraging as well. Many companies will be unable to stay afloat amid the pandemic, and potential strategic moves could strengthen Exelon's outlook. Utilities may focus on M&A efforts on acquisitions of peer utilities since businesses such as midstream and merchant generation are considered undesirable ways to diversify. Nuclear Plants' Zero-Emissions are vital. Between NY, NJ, and IL, Exelon has achieved about $1B in annual subsidies for its merchant nuclear plants and is looking for more in IL. Nuclear plants are opposed by many environmentalists, but they would have to be replaced by fossil fuels.

Risks:
- Net income peaked in 2017
- Weak energy prices are hurting earnings
- A corruption charge in Illinois settled for $200M could cause difficulties with key legislators

Fiserv Inc.
Ticker: FISV
Current Price: $124.29
Purchase / Inherited Price: $116.97
52-Week Range: $90.13 - $126.25
Price Target: $139
ESG Score: 2.00

Company Description:
Fiserv is a leading provider of financial services technology. The company is known as a ‘core processor,’ providing much of the technology that enables small-to-medium sized businesses (SMB) and financial institutions to keep track of accounts, process payments and offer mobile-banking solutions. The company’s clients include banks, credit unions, investment management firms, securities broker dealers, leasing and finance companies, and retailers. They serve more than 12,000 financial clients and 6 million merchant locations worldwide, with 90% of revenue generated in the U.S. The company has a diversified product portfolio competing in different end markets on either the payment or merchant side of the transaction. It is separated into three segments: Acceptance, FinTech, and Payments.

Top-Down Reasoning:
The past year has indicated that electronic payment methods are preferable to cash transactions due to their convenience and contactless nature. Fiserv will likely capture industry growth as consumers will likely continue to bypass cash in favor of electronic means to perform transactions. In addition, industry performance is driven by consumer spending and consumer confidence while are likely to drive an increase of transactions as macroeconomic conditions improve after the pandemic. Fiserv is also well-positioned to take advantage of increased IT spending by financial institutions in the next 12-24 months which was materially reduced as they were devastated by the pandemic over the last year.

ESG:
There are no material environmental topics detailed by SASB for a software and technology services company but the material social topics are customer privacy and data security. Fiserv has an established privacy policy outlining how the Company collects and manages customers personal data and have had no data breaches in the past four years. In 2019, a Pennsylvania Credit Union sued the Company for lax and vulnerable cybersecurity practices, however nothing materialized from the lawsuit. The company’s 10 board consists of 8 independent directors and 2 women, along with a separate CEO and chairman. Fiserv has established ESG committees and guidelines but fails to provide significant disclosures or reports.

Investment Thesis:
Fiserv will continue to expand and take advantage of growth in the lucrative merchant end market. The Acceptance segment can resume double-digit growth as their Clover and Carat platforms enhance access to SMB clients, which is expected to experience 12% CAGR growth in transaction volume over the next 5 years. Fiserv also has relative strength compared to top competitors Square and Venmo. Clover processes more volume annually and experiences better growth than Square. And Fiserv’s Zelle processes more than twice the amount of volume as does Venmo with three times as many clients. Finally, Fiserv will continue to realize revenues and cost-saving synergies from the First Data merger in 2019 as they gradually increase margins due to cross-selling of services between merchants and financial institutions.

Risks:
- Fiserv faces the ongoing risk that its financial institution customers may cut technology budgets or elect not to outsource technology needs
- Possible slowdown in U.S. merchant acquisitions in a highly competitive industry
- Risk of cryptocurrency growth potentially offering alternative banking systems in the future

Generac
Ticker: GNRC
Current Price: $330.41
Purchase / Inherited Price: $217.96
52-Week Range: $90.30 - $364.00
Price Target: $376
ESG Score: 2.00

Company Description:
Generac Holdings is a leading manufacturer of engine-driven stationary standby and portable generators for industrial, residential, telecommunications and commercial markets. The company also produces outdoor power equipment, and has recently entered the energy storage industry. The U.S. accounts for about 80% of total sales, in which retailers and wholesaler distributors are the companies biggest customers. The recent move into energy storage systems is to accommodate the movement towards clean energy sourced from solar panels and other renewable sources.

Top-Down Reasoning:
As the economy moves towards the recovery stage of the economic cycle, it is widely expected that more money will start to circulate in the construction industry, which Generac directly benefits from with its Generators. Additionally, the Biden administration would provide a renewed focus on clean energy. Generac owns 72% of its market share, with no clear second player, and this will only grow as it continues to scale and enter new markets. The company has pre-existing dominance in the standby generator market, is well positioned to dominate the energy storage market, and was trading below intrinsic value at the time due to COVID related struggles.

ESG:
The company's recent string of acquisitions, headlined by Neurio and Pike Energy, reiterate Generac's growing focus on clean energy as the way of the future. They are consistently ranked as a top company for worker safety amongst peers and require each employee to complete 10 separate, 90 minute, courses before starting. Their board of directors is not as diverse as one might want, with 8 out of 10 members being male and the CEO sitting as the chairman.

Investment Thesis:
The company presented four major growth drivers that stood out, the first of which relating to our country's failing power grid. As population increases and the demand for clean energy increases, our grid is becoming more incapable, and the need for alternative energy sources is growing. In addition, the 5G rollout will drive us to become even more technologically dependent. Climate change is also leading to a drastic increase in severe weather and power outages, which benefits Generac as well. Lastly, the energy storage segment that was established this past year, in my personal opinion, is being significantly undervalued in analyst reports.

Risks:
- Consumer outlook on generators continues to view them as discretionary rather than essential
- The energy storage market proves to have less upside than presumed

HCA Healthcare
Ticker: HCA
Current Price: $190.88
Purchase / Inherited Price: $110.43
52-Week Range: $91.21 - $194.01
Price Target: $193
ESG Score: 2.00

Company Description:
HCA Healthcare, formerly known as HCA Holdings, operates about 185 hospitals within the United States and United Kingdom. The majority of these locations are acute care centers, but they also operate three psychiatric facilities and two rehabilitation hospitals. Half of the Company's hospitals are located in Florida and Texas. Altogether, HCA's hospitals are home to around 49,000 beds. The company is the largest for-profit operator in the U.S. and divides it's hospitals into two groups, National and American, which account for 50% and 45% of revenue respectively.

Top-Down Reasoning:
As Democrats take the White House it is expected that a more pro-Obama care sentiment will follow. The healthcare industry stands to be one of the largest beneficiaries of the new administration, and HCA remains in a strong position to benefit. The company has established itself as a leader in the telemedicine industry, which has seen growing demand over the past few years that has only been accelerated by COVID.

ESG:
The SASB ratings system did not cite any material topics for the companies HealthCare subsector on the Environmental front, and it was therefore not factored into the scoring. In 2020, 59 hospitals won national awards for their achievements in safety and sustainability, indicating they have strong product quality and safety. Additionally, they supported over 100 consumer take back days this past year to help try and limit unnecessary opioids being circulated through the public. The first two Leadership in Energy and Environmental Design for Healthcare certified projects in the United States were both HCA projects.

Investment Thesis:
Although it is quite possible that some of the growth drivers have changed or been realized since the positions inception to the fund in 2015, HCA still remains a holding that is presumed to have solid upside and a decent dividend for its sector. It's early movement into the developing telemedicine industry will provide continued growth. In addition, it's recent string of acquisitions has continued to bump up patient volume and enabled network expansion across numerous locations. The company recently implemented a 3-stage cost reduction plan that will be executed through 2020 and into 2021.

Risks:
- President Biden's policy may not benefit the sector to the degree expected
- The Telemedicine industry may not develop into as big of a market as expected

Medtronic, PLC
Ticker: MDT
Current Price: $122.00
Purchase / Inherited Price: $105.04
52-Week Range: $87.68 - $122.05
Price Target: $125
ESG Score: 3.00

Company Description:
Medtronic is one of the worlds largest medical technology services, and solutions companies. The company provides innovative products and therapies to serve hospitals, physicians, clinicians, and patients. While they cater to 70 different health conditions, Medtronic's largest revenue stream is their innovative cardiac and vascular group which creates pacemakers, defibrillators, and heart monitors. Medtronic is headquartered in Dublin, Ireland for tax purposes and operates in 150 different countries.

Top-Down Reasoning:
The healthcare industry will be heavily supported in the future by the aging U.S. population. Over the next five years the number of adults 65 years and older is expected to grow at a 3% CAGR to 57.7 million people. Additionally, the baby boomer demographic is expected to live longer than their predecessors which will increase the likelihood of medical attention. Access to healthcare and healthcare funding are also both expected to increase. These two headwinds coupled together should result in lasting growth within the sector. Finally, as many companies have faced financial trouble during the pandemic, Medtronic has an investment grade credit rating of A from Standard & Poor's with almost $11B in cash and equivalents.

ESG:
While environmental factors are not material for medical equipment and supplies companies, social factors are extremely prevalent. Access and affordability, product safety, and selling practices and labeling are all material factors that Medtronic fully discloses in their GRI report. With a strong commitment to transparency, the Company scores well for social responsibility and also reported 99% overall gender pay equity. Business ethics poses a small issue for Medtronic as they are currently facing a civil suit from the DOJ on the possibility of monopolizing the ventilator market. However, they do disclose management's approach to uphold ethics in sales and marketing.

Investment Thesis:
Medtronic is currently undergoing a decentralizing program which will go into effect in 2H21. The effect of the initiative will be a company structure similar to that of close competitor, Stryker. The specialized sales forces and decentralized decision-making process places Medtronic closer to the end user and will realize $450-475M in savings. Additionally, Medtronic had over 130 new product approvals in CY20. While nominal, their robot aid along with insulin pen should provide strong top-line support. Their robot aid tested exceptionally well among surgeons which is rarely seen in the relatively lagging group and the InPen provides first to market technology in the diabetes industry.

Risks:
- The new COVID-19 strain could set-back procedure volumes in hospitals
- Corporate restructuring is a long and often difficult process which would end poorly

Micron Technology, Inc.
Ticker: MU
Current Price: $95.30
Purchase / Inherited Price: $43.40
52-Week Range: $41.18 - $96.39
Price Target: $115
ESG Score: 2.00

Company Description:
Micron Technology is a leading provider of advanced semiconductor solutions. The company produces computer memory and computer data storage, including dynamic random-access memory, flash memory, and USB flash drives. They operate through four segments: Compute and Networking Business Unit, Mobile Business Unit, Storage Business Unit, and Embedded Business Unit. Micron's DRAM and Flash components are used in today's most advanced computing, networking, and communications products, computers, workstations, servers, cell phones, wireless devices, digital cameras, and gaming systems. They market their products through their internal sales force, independent sales representatives, distributors, and e-tailers; and Web-based customer direct sales channel, as well as through channel and distribution partners primarily to original equipment manufacturers and retailers.

Top-Down Reasoning:
Despite COVID-19, Micron and the semiconductor industry as a whole have excelled and grown over the past nine months and see continued strong tailwinds for the industry. While the pandemic initially punished the semiconductor industry, many companies quickly rebounded as demand arose for their products as businesses built out new infrastructure, people needed more personal computers and gaming devices, and telecommunication companies continued to roll out 5G networks nationwide. The resulting new high demand for chips has pushed the semiconductor industry to become one of the top-performing sectors in the entire S&P 500. Industry revenue is expected to increase at an annualized rate of 2.4% with Micron controlling 7.2% of the semiconductor & circuit manufacturing in the U.S.

ESG:
Operating within the technology & communications sector and semiconductors industry, Micron shows moderate to low effort when it comes to governance in particular. They strive to improve the performance of operations through improving energy efficiency, recycling water, reducing reliance on groundwater, managing chemical usage, and reviewing all materials used in manufacturing. They promote responsible working conditions, ethical business practices and environmental stewardship in the Responsible Business Alliance while adhering to the alliance’s code of conduct. Over 70% of employees are men and 67% are white. More than 25% of Micron’s board of directors are women, but there is extremely limited information on the board of directors in the sustainability report. There’s only one female “leader” on the website, and there difficulty finding information about the board on the Company website.

Investment Thesis:
Micron’s revenue is poised for significant growth in 2021, driven by increased memory content associated with artificial intelligence, cloud, 5G, and new game consoles. Strong pricing in DRAM is expected since demand is greater than supply in regard to 5G smartphones as well as other memory content. The firm is a leading supplier and manufacturer of memory and storage for a wide variety of electronics, and its volatility is likely to slow. This is due to recent consolidation which will mitigate its volatile profitability.

Risks:
- The memory market is cyclical and at all-time highs
- The market is highly competitive, and firms like Samsung or SK Hynix may out-innovate Micron
- Heavy investment in the semiconductor space may lead to oversupply and limited pricing power

Merck & Co., Inc.
Ticker: MRK
Current Price: $76.31
Purchase / Inherited Price: $83.82
52-Week Range: $71.72 - $87.80
Price Target: $96.38
ESG Score: 3.00

Company Description:
Merck & Co., Inc. is a U.S.-based pharmaceutical company doing business both domestically and abroad. With a market capitalization of ~$195B, it is the fifth-largest pharmaceutical company in the world. Merck's primary services include brand-name prescription medications, vaccines, biologic therapies, and animal health service products. The Company operates in two distinct business segments (1) pharmaceuticals and (2) animal health products. The Company was founded in 1891 as a subsidiary of German-based firm The Merck Group. Headquartered in Kenilworth, NJ, Merck employs over 70,000 people across its 268 offices spanning 76 countries.

Top-Down Reasoning:
The Biden Administration's progressive policy stance on healthcare will translate to increased Medicare and Medicaid funding—a key external driver in pharmaceuticals. President Biden also plans to invest $300B into U.S.-based healthcare R&D, which ought to benefit R&D-intensive firms like Merck. Looking past the pandemic, visits to the doctor's office are likely to surge as patients compensate for months of foregone vaccinations and annual checkups. Given the race for a COVID-19 vaccine, it was important to select a large-cap pharmaceutical company that *wasn't* propped up by pipe dream vaccine prospects. Merck fits this description. Indeed, having pioneered four of the seven total vaccines approved in the U.S. over the past 25 years, Merck seems to understand when drug discovery and commercialization timelines are overly ambitious. So, rather than betting on unproven gene-based technology, Merck instead focused on *proven* growth drivers like oncology research.

ESG:
Merck lists water management, waste management, and GHG emissions as material environmental factors. Accordingly, its sustainability report details a five-year plan to reduce water consumption, waste output, and emissions. Material social factors include access to healthcare and drug price transparency. Healthcare access is Merck's highest priority. It addresses this dimension by targeting its drug products and pipeline to the world's 20 most burdensome diseases. Merck is committed to governance initiatives as well, having established four separate, independently appointed committees and designated VP of Global Diversity & Inclusion, who ensures women and minorities are fairly represented.

Investment Thesis:
Merck has best-in-class industry know-how related to vaccines and oncology treatments. The Company dominates the non-small cell lung cancer space, and its flagship drug Keytruda is the best available treatment for it. Keytruda is currently being studied for over 30 indications across 1,200+ clinical studies. Each additional indication for Keytruda will broaden the scope of growth opportunities, boost the drug's "shelf life," and ultimately hedge against generic competition. A second catalyst is Merck's decision to spin off its women's health, biosimilar drugs, and legacy product segments into a new company. This move enables Merck to focus *solely* on its core competencies and growth opportunities—namely, oncology treatments and vaccines—and is expected to generate cost savings of $1.5B.

Risks:
- Litigation and patent cliffs
- Fierce generic competition and related pricing pressures
- Drug pipeline disappointments

Penn National Gaming
Ticker: PENN
Current Price: $104.12
Purchase / Inherited Price: $13.87
52-Week Range: $12.80 - $142.00
Price Target: $117
ESG Score: 1.00

Company Description:
Penn National Gaming is an American operator of casinos and racetracks. With 41 properties across 19 states, it's the second largest regional casino company in the U.S. The Company generates 80% of its revenue from gaming and the remaining 20% from amenities related to food and stay. Despite the Company's dependence on gaming—and specifically slot machine entertainment—it recently made a push into sports betting by purchasing a 36% stake in Barstool Sports, a sports entertainment company. As a result, Penn has exclusive right to the Barstool name and control over the soon-to-be-launched Barstool Sportsbook betting app.

Top-Down Reasoning:
With the legality of sports betting now adjudicated at the state—rather than the federal—level, half of all U.S. states have legalized sports betting through statute or ballot measure; more are soon to follow suit. Morgan Stanley estimates that by 2025 sports betting could be a $15B industry, pending continued state legalizations. The pandemic has also engendered a new wave of gambling enthusiasts—hungry for excitement but with fewer ways to spend money amid stay-at-home orders. As the pandemic subsides and employment rates continue to increase, consumers will up their discretionary spending on adult gaming and sports betting.

ESG:
Environmental factors are not material to this industry. Material social factors include employee health & safety and customer welfare. Penn addresses this dimension by way of its code of employee conduct and by ensuring customers who struggle with gambling addiction have sufficient resources at their disposal. Regarding governance, the Company has a separate chairman and CEO, independent board members, and a separate audit committee, as well as three women on the board.

Investment Thesis:
As the second largest regional gaming company, Penn occupies substantial market share in a high-growth market. Its investment in Barstool Sports, and specifically its plans to launch a new sports betting platform, is on-trend with increased sports gambling legalizations. Many states still have yet to legalize sports betting, meaning Penn has only captured a fraction of the total addressable sports betting market. As such, the Company has significant room to run over the long term. Further, leveraging the Barstool name helps keep promotional and marketing costs low while giving Penn direct access to Barstool's loyal customer base—a customer base that, generally speaking, is especially enthusiastic about sports betting.

Risks:
- Dependence on consumer discretionary spending
- Converting users away from the underground sports betting market, where winnings are tax free
- Inherent regulatory exposure given the nature of gambling

Restaurant Brands International
Ticker: QSR
Current Price: $66.80
Purchase / Inherited Price: $61.57
52-Week Range: $40.18 - $68.48
Price Target: $69
ESG Score: 3.00

Company Description:
Restaurant Brands International serves as the holding company for all Tim Hortons, Burger King, and Popeyes franchises worldwide. These chains combined produce nearly $30b in system-wide sales through the operations of over 27,000 restaurants in more than 100 countries. In this franchisor business model, Restaurant Brands International generates revenue through one-time franchise fees, royalties, and property leases or subleases to franchisees. Additionally, they approve of the food, packaging, equipment, and other products used in all restaurants. Likewise, they must continually add value by defending each brand, increasing scale, protecting IP, and continuously innovating.

Top-Down Reasoning:
As the economy recovers from the depths of the COVID-19 pandemic, consumer confidence has slowly increased. However, the massive stimulus put in place to support U.S. citizens has largely translated to an increase in personal savings thus far as opposed to discretionary spending. As a result, per capita disposable personal income has spiked. This speaks to the capability for consumers to splurge on minor luxuries as easing COVID restrictions eventually lead to a return to routine. Tim Hortons, Burger King, and Popeyes are each leaders in their respective food markets, as demonstrated by their strong customer loyalty. As a result, they are well positioned to reap the benefits of a society that will look to exchange its extra savings for greater convenience and variety upon returning to more traditional dining habits.

ESG:
QSR has recently established clear plans for tracking and evaluating the energy consumption and water usage at each of their respective brands' stores. Likewise, the Company has taken steps towards minimizing the waste produced by their food packaging. Restaurant Brands International also prioritizes removing colors, flavors, or preservatives from artificial sources at their restaurants. Additionally, they support incredibly inclusive labor practices. Governance is immaterial for this company's sub-sector.

Investment Thesis:
The company has four primary catalysts within our investment thesis. First, Tim Hortons has recently replaced C-suite executives with internal candidates in an attempt to refocus the brand. Next, Burger King has experienced unparalleled international growth which also contributes to higher margins and is expected to continue indefinitely. Third, Popeyes same-store-sales growth has spiked since being acquired in 2017, even despite the COVID-19 pandemic. Lastly, QSR offers a strong, reliable dividend.

Risks:
- A prolonged slow-down of discretionary spending following the COVID-19 pandemic
- Decline in brand strength as consumer preferences constantly evolve

Simon Property Group
Ticker: SPG
Current Price: $115.91
Purchase / Inherited Price: $53.83
52-Week Range: $47.25 - $121.92
Price Target: $182.50
ESG Score: 2.00

Company Description:
Simon Property Group is the largest REIT and the largest shopping mall owner in the United States. SPG is known for operating premium malls, outlet malls, and lifestyle centers. SPG has 325 properties globally with 90% of earnings coming from the U.S. SPG maintains occupancy rates around 95%. SPG has a diverse range of occupants with the largest accounting for only 3.4% of total rent. The higher-end tenants and the Class A properties that SPG operates puts it at the top of the Retail REIT industry.

Top-Down Reasoning:
The historically low interest-rate environment has supported real estate development expansion and has amplified the attractiveness of REITs that pay out 90% of income in dividends. As e-commerce threatens traditional brick and mortar shopping, malls classified as low quality and average quality have seen sharp declines in profitability. However, high quality properties– which are what SPG manages– have maintained their foot traffic and held positive sales growth while other malls have declined. In addition, stimulus measures have recently increased levels of personal savings and disposable income as the U.S. continues to recover from the COVID-19 pandemic. This is expected to benefit the retail sector going forward.

ESG:
SPG has thorough systems in place to track company-wide energy and water consumption. Action steps have consistently been developed and successfully implemented as a byproduct of these metrics. Additionally, the Company has a separate chairman and CEO, as well as ten independent members on its thirteen member board of directors. However, the Company only has three female directors and has zero ethnically diverse directors. Social factors are immaterial for companies in this sector.

Investment Thesis:
As the traditional brick and mortar industry suffers from the threats of ecommerce, the companies that survive will be positioned to thrive in the less competitive environment. SPG's strong balance sheet, consistent dividend history, Class A property portfolio, and tenant diversification will allow them to succeed over competitors. As major retailers have failed, SPG management has seen a favorable opportunity to repurpose to holistic experience-based properties that are more insulated from ecommerce. The strong rebound underway in consumer discretionary spending has also been favorable for SPG.

Risks:
- E-commerce trends continue even as the COVID-19 pandemic fades
- High levels of unemployment and uncertainty in the real economy remain and lead to lower long-term discretionary spending

United Rentals
Ticker: URI
Current Price: $324.71
Purchase / Inherited Price: $174.21
52-Week Range: $94.80 - $339.72
Price Target: $208
ESG Score: 2.00

Company Description:
United Rentals is the largest equipment rental company in the world. They provide general construction and industrial equipment rentals to construction and industrial companies, manufacturers, utilities, municipalities, and government entities. In addition, they provide trench, power, and fluid equipment for underground work, power, heating, ventilation, and air conditioning. Their rentals generally occur at fixed rates and for periods significantly shorter than a year. The company mainly operates in the U.S. and Canada, possessing a nearly 13% market share. This is partly a byproduct of consolidation in the space and United Rentals' reputation as an active acquirer.

Top-Down Reasoning:
The equipment rental industry has historically been highly fragmented and diverse with the vast majority of competitors being small, independent businesses. However, trade relations with China soured under the Trump administration. Likewise, production costs in the U.S. have become much more competitive over time. As a result, there has been a greater emphasis on onshoring and capex spending within the U.S. than ever before. Growing warehouse and manufacturing demand within the U.S. will likely translate to an influx of new construction, leaving equipment rental companies as the main beneficiary. In addition, bipartisan support for increased infrastructure spending will serve as a tailwind for this industry.

ESG:
URI has consistently tracked its energy use at all rental locations in order to identify potential areas of improvement and implement energy-saving solutions. Additionally, the Company optimizes its delivery and pickup routes, while measuring company driver's idling time. United Rentals also led their industry in safety performance in 2019, as a byproduct of mandatory training aimed at safe practices, operations, service, and maintenance. Lastly, ten of their twelve board members are independent, three are female, and four are ethnically diverse.

Investment Thesis:
The company has three primary catalysts within our investment thesis. First, the continued integration of their recent acquisition is expected to return margins to their historical average while also increasing the unique potential for cross-selling. Next, growing warehouse and distribution center needs are expected to translate to increases in new construction and growing rental demand. Lastly, American infrastructure is undeniably outdated and thus an increase in government infrastructure spending has bipartisan support.

Risks:
- Failure to efficiently integrate recently acquired companies
- A secondary collapse of the real economy limiting demand and turning fleet size into a negative

Walt Disney Co.
Ticker: DIS
Current Price: $187.89
Purchase / Inherited Price: $102.26
52-Week Range: $92.56 - $203.02
Price Target: $196
ESG Score: 2.33

Company Description:
Walt Disney Co. is a diversified international family entertainment and media enterprise. It operates through the following segments: Media Networks, Parks, Experiences and Products, Studio Entertainment and Direct-to-Consumer and International (DTCI). The Media Networks segment includes cable and broadcast television networks, television production and distribution operations, and domestic television stations. The Parks, Experiences, and Products owns and operates various resorts and theme parks both domestically and internationally. The Studio Entertainment segments produces and acquires live-action and animated motion pictures, and the DTCI segment licenses the Company's trade names, characters and visual and literary properties to various manufactures, game developers, and publishers.

Top-Down Reasoning:
As the U.S. experiences a slow return to normalcy, Disney could be seen as a vaccine-leveraged stock, with businesses from parks to movies poised to benefit as more COVID-19 restrictions ease. During the lockdown of its parks, Disney turned its attention to its steaming service Disney+, which continues to add subscribers at a robust clip, aided by its buzzworthy content and rising fees. By 2024, Disney forecasts 230 million – 260 million Disney+ subscribers, up from an estimate of 60 million – 90 million when the services launched in the U.S. just over a year ago. If these estimates prove to be accurate, Disney could take Netflix's crown as the world's biggest streaming firm in 2024.

ESG:
Disney operates in a variety of sectors and sub-sectors, and the Company has shown strong commitment to the environment throughout its history and plans to build on that legacy with new, ambitious ESG goals for 2030. The goals focus on key areas of its business where Disney believes it can have a significant, lasting impact and make a positive difference in protecting the planet and enhancing society.

Investment Thesis:
Investors should continue to appreciate the exceptional growth in digital subscribers and Disney's superior content. Disney's early success in transitioning its business to a digital platform will likely continue to award the stock a higher multiple as it increases conviction in its longer-term success and path to profitability.

Risks:
- DTC initiatives with Disney+, ESPN+, Hulu, and Star may require more significant content and marketing investment than expected and profitability may be further out than expected.
- Live sports may see further disruptions, putting further pressure on ad revenues and subscriber trends

Welltower
Ticker: WELL
Current Price: $75.11
Purchase / Inherited Price: $45.38
52-Week Range: $36.08 - $76.00
Price Target: $82
ESG Score: 2.50

Company Description:
Welltower is the fifth largest publicly traded REIT and the largest within its sub industry of managed care facilities. The Company operates and leases over 1700 properties across the U.S., U.K., and Canada in three primary segments: (1) senior housing (62% of revenue), (2) outpatient services (23% of revenue), and (3) long-term acute care (11% of revenue). Welltower's senior housing portfolio operates through a unique mix of partnerships and triple net leases in which the Company either manages the property itself or leases the real estate to a third-party healthcare provider who is then responsible for property taxes, insurance, and maintenance.

Top-Down Reasoning:
Though the REIT space was hit hard by COVID-19, positive macro trends abound nonetheless. According to the UN, 1-in-6 people will be over the age of 65 by 2021, up from 1-in-11 in 2019. Additionally, personal health care spending by those over the age of 80 is currently 4x the average spend. More Americans today recognize the benefit of senior housing facilities and are willing to house aging family members in them. In this way, Welltower's focus on senior living facilities and outpatient services is heavily supported by key trends in population demographics, personal health care spend, and consumer perception.

ESG:
Material environmental factors include energy and water management, the specifics of which are outlined fully in Welltower's annual report. Welltower has no financially material social factors, but governance factors are critically important. The Company excels in this regard. It has a separate chairman and CEO, several independent board members, a separate audit committee to oversee governance, and five women on the board (50% representation). It also provides color on executive compensation and compensation between males and females.

Investment Thesis:
Though Welltower struggled during the pandemic, it's medium and long-term prospects remain promising. The Company's focus on senior housing, in particular, dovetails well with population demographic trends. There is also a broader conversion away from impatient visits and toward outpatient visits. Given that Welltower generates a quarter of its revenue from the outpatient segment, it stands to benefit from this conversion play. Lastly, Welltower has a strong balance sheet insulated by its triple net lease structure.

Risks:
- Housing occupancy concerns pending a delayed vaccine rollout
- Extraneous PP&E and operating expenses due to COVID-related sanitation requirements