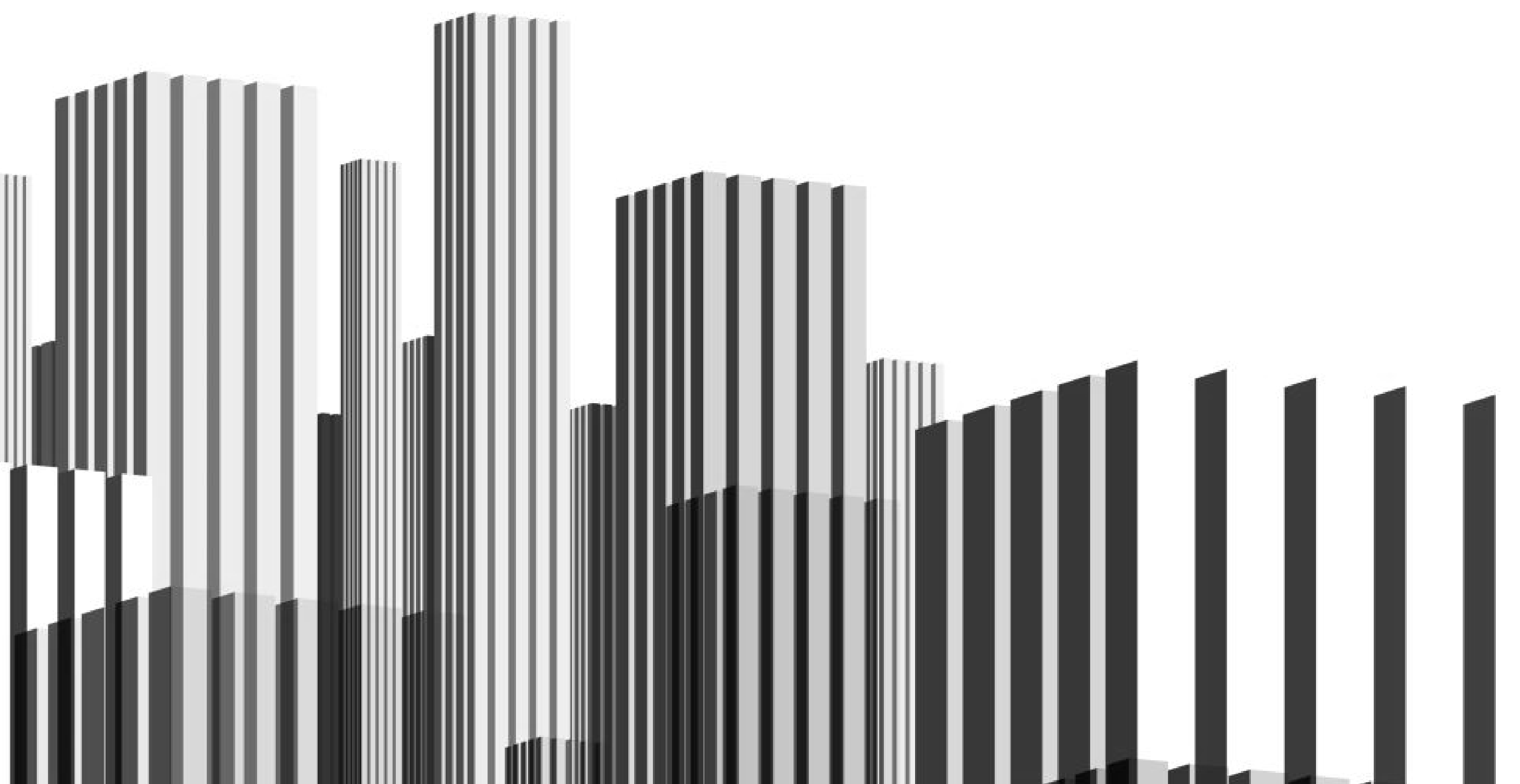
GWU
Socially Responsible
Investment Fund

Investment Overview

Fall 2023



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Note from the Executive Board

The GW Socially Responsible Investment Fund is pleased to release our investor letter and portfolio overview for Fall 2023. The fund added an investment committee to the organization to assist with the vetting process for equity selection. Sectors presented to the investment committee first, and then the committee voted on such equities. After being voted forward by the committee, selected sectors presented to the full fund and the whole body of SRIF voted on the matters of inclusion to the portfolio.

Despite major uncertainties persisting in the market, we have posted gains exceeding 11% throughout this period[1], compared to the 9% return posted by the SPY ETF. Within this period, we disposed of several positions at a loss to improve investment oversight and reduce our holdings in riskier, small-cap stocks. We are making further changes to reduce our total holdings which is part of a longer-term shift towards more concentrated positions and longer holding periods.

As we have done throughout the past four years, we continue to focus on the long-term sustainable impact of our investments, which we believe will return value to the fund. Holdings including Costco, Prologis and Fortinet have performed well throughout the investment cycle while demonstrating strong ESG footprints in their respective industries. Underperformance has been concentrated in our technology and real estate sectors - industries that have experienced widespread valuation decreases in the past months. However, we are confident in the financial performance of our portfolio and anticipate these positions rebounding in the near future.

As always, we want to thank our founders, alumni, donors and members for their contribution to GWSRIF. We recognize the significant time and resources you have dedicated to the fund and our success is directly attributed to your hard work and assistance.

Signed,

Valerie Kim President	**Eli Bak** Executive Director	**Rishab Rival** Director of Finance
Damien Chafe Director of Social Responsibility	**Eva Schwartz** Director of Social Responsibility	**Rhys Chambers** Director of Education
Jessica Waldmann Director of Education	**Greyson Mangal** Director of Operations	**Jacob Tabb** Director of External Affairs

[1] November 7, 2023 to January 9, 2023.

Sector Holdings & Pitches

Consumer Goods
Portfolio Manager: Griffith Evans, Vice President: DJ Antonilli
Holdings:

- Membership-only big-box retail chain

- High-end athletic apparel retailer

The GWSRIF Consumer Goods sector focuses on stable, consistent returns across the consumables industry with an emphasis on product diversity and long-term success.

- Costco Wholesale Corporation (COST) has exhibited consistent long-term growth and has proven a stable, blue-chip investment - becoming the third largest retailer in the world
- Lululemon Athletica Inc. (LULU) serves as a riskier diversification play for the sector, with a more volatile profile but strong annual revenue and income growth

Consumer Goods Pitch: Cambell Soup Company
Verdict: No Pass

The consumer goods sector pitched the Cambell Soup Company. Cambell is a producer of various packaged food products which it sells to retailers. The sector argued that stubborn inflation has persisted, allowing Camebell to perfom well over a prolongued period. The sector conveyed their belief that continued uncertainity will increase consumers' reliance on consumer staples, like Cambell, making it a steady investment choice in the near term and long term.

The sector estimated that the consumer goods segment of the market has a compound annual growth rate (CAGR) of 7.3% for the years 2022 to 2028. They demonstrated that direct-to-consumer (DTC) channels are growing within the consumer goods sector and Cambell almost exclusively sells to retailers and does not provide DTC options.

Cambell has seen a fall in its debt to equity ratio from 2017 to 2023. Cambell has also seen a rising inventory turnover rate and a falling receivables turnover rate. The company's 2023 return on equity (ROE) was 25.6x and return on assets (ROA) was 7.5x with a net margin of 9.17%.

In regards to ESG, Cambell plans to reduce emissions by 42% by 2030 along with similar targets for other scopes of emissions. Cambell also uses 100% certified sustainable palm oil in all products and non-BPA lining in aluminum and steel cans. However, the consumer goods sector itself accounts for roughly 66% of all greenhouse gas emissions worldwide. Ultimately, the fund decided that stability and growth were could be attained through investment in other sectors.

Energy & Transportation
Portfolio Manager: Rishabh Raval, Vice President: Rhys Chambers
Holdings:

ENPHASE	• Manufacturer of solar microinverters and energy storage systems
gm	• American automotive manufacturing and distribution company
NEXTera ENERGY	• Electric utilities holding company
ups	• Multinational shipping, distribution and supply chain management company

The Energy & Transportation Sector is well-diversified, with three large-cap positions in General Motors, NextEra Energy and UPS and a more volatile growth-oriented position in Enphase Energy.

- Enphase Energy (ENPH) has been a volatile position in recent months but positions itself well to benefit from EV conversion and a global shift to solar energy
- General Motors (GM) is a valuable diversification play into the automotive space with exciting EV prospects in the near future
- NextEra Energy (NEE) is a large utility holdings company with little volatility and dependable annual returns
- United Parcel Service (UPS) is a leading shipping and supply chain management firm in the United States which has underperformed the greater market over the past six months

Energy & Transportation Pitch: Cheniere Energy
Verdict: No Pass

The energy and transportation sector selected Cheniere Energy as their pitch. Cheniere Energy is a producer and exporter of liquified natural gas (LNG). The sector argued that LNG bridges the gap between oil and renewable energy sources and provides stability in the energy market. They also believe that the extensive pipe network in the United States would allow the company to take advantage of that existing infrastructure and be a cost-competitive company in the energy markets of Europe. Cheniere Energy has an advanced network of trains (jargon in the industry for equipment that processes and purifies LNG). Cheniere also has a strategic location on the Gulf of Mexico for worldwide shipping.

Cheniere has seen over 100% growth in revenue from 2021 to 2022 with skyrocketing net income in the latter year as well. However, the company has seen a fall in its EBITA margin.

The energy sector argued that Cheniere is a valuable investment to the portfolio based on its financial performance, but also because it provides a product (LNG) as an alternative to the worst greenhouse gas emitting energy sources, emitting fewer greenhouse gasses. They argued it is a viable medium between the energy sources that worsen climate change and fully reneweable sources.

While many in the fund argued the objective of Cheniere is noble and that the equity is a stable growth stock with positive ESG impacts, others did not think that the product of the company (LNG) was a strong enough alternative to traditional energy sources that worsen climate change.

Financial Services
Portfolio Manager: Eva Schwartz, Vice President: Ian Dailey
Holdings:

Aflac	• Leading provider of diverse insurance policies in the US and Japan
charles SCHWAB	• Brokerage, banking and financial advisory services firm
mastercard	• Payment processing system provider
PayPal	• Online payments system provider

The Financial Services sector merges the stability of brokerage behemoth Charles Schwab with the innovative fintech services provided by Mastercard and PayPal and international insurance giant Aflac.

- As a leading supplemental insurance provider in the US and Japan, Aflac (AFL) has performed well over the LTM and is positioned to continue this trajectory
- A leader in the brokerage and broader financial services space, Charles Schwab (SCHW) has demonstrated moderate 8% growth over the past six months
- The second largest payment processing provider in the world, Mastercard Inc (MA) is a very stable position that should retain value regardless of broader conditions
- PayPal Holdings (PYPL) is a stalwart in the fintech space but has severely underperformed over the past six months, heavily eroding investor expectations

Financial Services Pitch: N/A

Healthcare
Portfolio Manager: Arjun Moorthy, Vice President: Rohan Arora
Holdings:

Cigna	• A leading multinational healthcare and insurance provider
GILEAD	• Antiviral drug producer and developer
INTUITIVE	• Manufacturer and developer of leading surgical robotics systems

The Healthcare sector has holdings in the pharmaceuticals subset of the healthcare industry with Gilead Sciences and Cigna as well as the surgical instruments subset with Da Vinci robot manufacturer Intuitive Surgical.

- Cigna (CI) is a major healthcare and insurance corporation and the sixth largest healthcare company in the United States
- Gilead Sciences (GILD) is a leading biopharmaceutical producer with a healthy 3.80% dividend yield and industry-leading growth through 2022 and into 2023
- Intuitive Surgical (ISRG) is a riskier more technology-enabled investment but we anticipate R&D investment in products such as the Da Vinci surgical robots will place the company on a strong long-term trajectory

Healthcare Pitch: GE Healthcare Technologies
Verdict: Pass

The healthcare sector selected GE Healthcare Technologies. The company is a spin off of General Electric with GE retaining 13.5% of the company. GE Healthcare Technologies is a manufacturer of diagnostic imaging machines and chemical agents (often dyes) used in medical imaging. The sector agued that, given limited growth opportunities exist in the current state of the macroeconomy, GE Healthcare provides the fund an opportunity for short-term stability and long-term growth as a market leader of the technology is creates. Additionally, they argued the company is well positioned to absorb the rising demand in imaging and procedures, making it an attractive stock.

The sector estimates that the healthcare segment of the economy has a CAGR of 8.27% from 2023 to 2029. GE Healthcare had roughly 4% revenue growth from 2021 to 2022 with a falling EBITDA. GE Healthcare Technologies recently acquired IMACTIS and Caption

Health Inc., the latter growing GE Healthcare's ultrasound business by providing it with AI-enabled image guidance.

The sector argued that GE Healthcare Technologies has developed numerous technologies, including mobile ultrasound, CT, and x-ray products that have increased access to quality healthcare, bossting its positive ESG impact. The company has also achieved pay equity based on gender and U.S. underrepresented minorities. GE Healthcare does, however, have a notable history of carbon dioxide production.

Ultimately, the fund believed the company was invaluable to the portfolio as it promotes the expansion of healthcare technologies that benefit millions worldwide. The fund also thought the stock is currently undervalued, making it a valuable time to enter a position in GE Healthcare Technologies.

Real Estate
Portfolio Manager: Damien Chafe, Vice President: Jessica Waldmann
Holdings:

AvalonBay COMMUNITIES	• Residential REIT focused on multi-family dwellings primarily in the Northeast US
DIGITAL REALTY	• REIT focused on carrier-neutral data center holdings
KILROY	• REIT focusing on the Western US research and sciences real estate market

Encompassing Real Estate Investment Trusts (REITs) across many verticals, the Real Estate sector holds a position in large-cap residential holdings firm AvalonBay, a major player in the DC area alongside more industry-specific companies including Digital Realty for data centers and Kilroy for research facilities and Prologis for logistics.

- Despite strong performance throughout 2021 and 2022, AvalonBay (AVB) has underperformed recently, driven by the work from home trend in U.S. urban centers
- Like much of the real estate market, Digital Realty (DLR) exhibited steady gains from 2019 through 2021, with these returns eroded in the second half of 2022
- Kilroy Realty (KRC) has a promising research market niche but has experienced the recent declines consistent with the rest of the industry

Real Estate Pitch: WP Carey
Verdict: Pass

The real estate sector pitched WP Carey. The company is a REIT that leases to tenants via triple net leases (NNN) also referred to as net lease whereby the lessee is responsible for paying expenses incurred with the property including maintenance, building insurance, and property taxes, among other expenses. The sector demonstrated that most of the REIT's tenants are logistical companies (retail, warehouse, or industrial) and they are reducing their office holdings to match trends in the macroeconomy. The sector argued that due the growth in e-commerce over the years, the long-term nature and rent escalation built into their leases, and the quality of their tenants, the company is well positioned for the future.

The sector estimates that the real estate segment of the economy has a CAGR of 2.8% from 2017 to 2022. WP Carey has 99% of its its properties currently rented. The company also has 99.1% of tenant leases with rent escalation. WP Carey has approximately 8.23% market share of the net lease market which is second only behind Realty Income Corp. The company also has a forward dividend yield of 6.76% which (above the industry average of 3.49%). WP Carey has also had 27 consecutive years of dividend yield increases. The company has also seen net income increase by 45% from 2021 to 2022 with a 2022 net margin of 55.56% up from 54.92% in 2021. WP Carey's total properites has also consistently increased from 2013.

The sector noted that a concern about the company's ESG practices is that they have little control over their tenants ESG standards. Additionally, the company has little ability to retrofit buildings to higher sustainability standards based on the structure of net leases. However, the company has invested in green certified buildings. Additionally, the company is facing lawsuits alleging the company failed to disclose information in regards to a spin-off company.

The full fund decided to include the WP Carey REIT into the GWSRIF portfolio as it saw short-term stability potential and long-term growth possibilities due to their net leases, rent escalation built into their leases, various property holdings, and tenant diversity and quality.

Technology, Media & Telecommunications
Portfolio Manager: Greyson Mangal, Vice President: Jenna Brendel
Holdings:

Adobe	• Computer software and application provider
FORTINET	• Leading developer of full-service cybersecurity solutions
Microsoft	• Large-cap enterprise software and cloud provider
Qualcomm	• Electronic semiconductor and software provider
salesforce	• Leading customer relationship management (CRM) software provider
MarketAxess	• International fintech that operates trading platforms for institutional credit markets

The Technology, Media & Telecommunications sector is composed of large-cap software providers in Adobe and Microsoft, leading CRM provider Salesforce, cybersecurity firm Fortinet, hardware exposure with Qualcomm, the semiconductor manufacturer, and financial technology company, MarketAxess.

- Adobe (ADBE) has performed well in 2022 and 2023
- Fortinet is a highly performant and profitable cybersecurity firm that has exhibited consistent growth
- Microsoft (MSFT) has grown nearly 40% in value over the past six months due to strong cloud performance with Azure, allowing it to outperform the technology industry as a whole

- Qualcomm (QCOM) has exhibited underwhelming growth in recent months although it provides the fund valuable hardware exposure in the technology industry
- Salesforce (CRM) has rebounded nicely from late 2022, and the enterprise software vertical appears strong across the board
- MarketAxess (MKTX) has seen stagnant movement since the time of purchase in spring 2023.

Technology, Media & Telecommunications Pitch: ASML Holdings NV
Verdict: No Pass

ASML Holdings NV was pitched by the technology, media, and telecommunications (TMT) sector. ASML Holdings NV is the world's exclusive producer of extreme ultraviolet (EUV) lithography machines. They also produce deep ultraviolet (DUV) machines, but not exclusively. These machines are used in the manufacturing of microchips. The difference between EUV machines and DUV machines is in the precision of patterns it creates for microchips. The sector argued that ASML's exclusive hold on EUV lithography machine manufacturing would be a tremendous opportunity to capture the short and long-term growth of such a niche company. They argued it would also add necessary diversification to TMT holdings.

The customers of ASML include Taiwan Semiconductor Manufacturing, Intel, Carl Zeiss AG, and Samsung, among others. The company has also seen consistent growth in net income (450%) from 2013, despite a fall from 2021 to 2022. Gross profit has also grown.

The company does face growing threats from China as companies within the country have made attempts to steal their EUV lithography technology, which would undercut the company's exclusivity in EUV lithography machine manufacturing.

ASML is only comprised of only 20% women and does not advertise what the racial breakdown of the company is. The company has also closed a charity foundation in 2023 that promoted inclusivity in education. Additionally, semiconductor requires tremendous amounts of water and by selling their products to manufacturers of semiconductors, they contribute to large uses in water. The company does currently have a recylcying rate of 75%.

The fund ultimately decided not to invest in ASML Holdings NV but did so by a slim margin. Members cited concerns in ESG practices and high probability of intellectual property theft which would limit ASML's dominance and thus growth potential.

Spring 2023 Sales

In Spring 2023, we sold out of several positions to free up liquidity, realize gains and drive down total holdings quantity. We believe that this has positioned the fund to better manage our active positions and reinvest our returns in new, more productive opportunities.

We used our Spring 2023 investment cycle as an opportunity to reduce holdings in our Consumer Goods, Real Estate, and Energy & Transportation Sectors with the sales of Best Buy, Healthpeak, and Prologis respectively.

Portfolio Performance

GWSRIF has performed above our benchmarks since the November 2023.

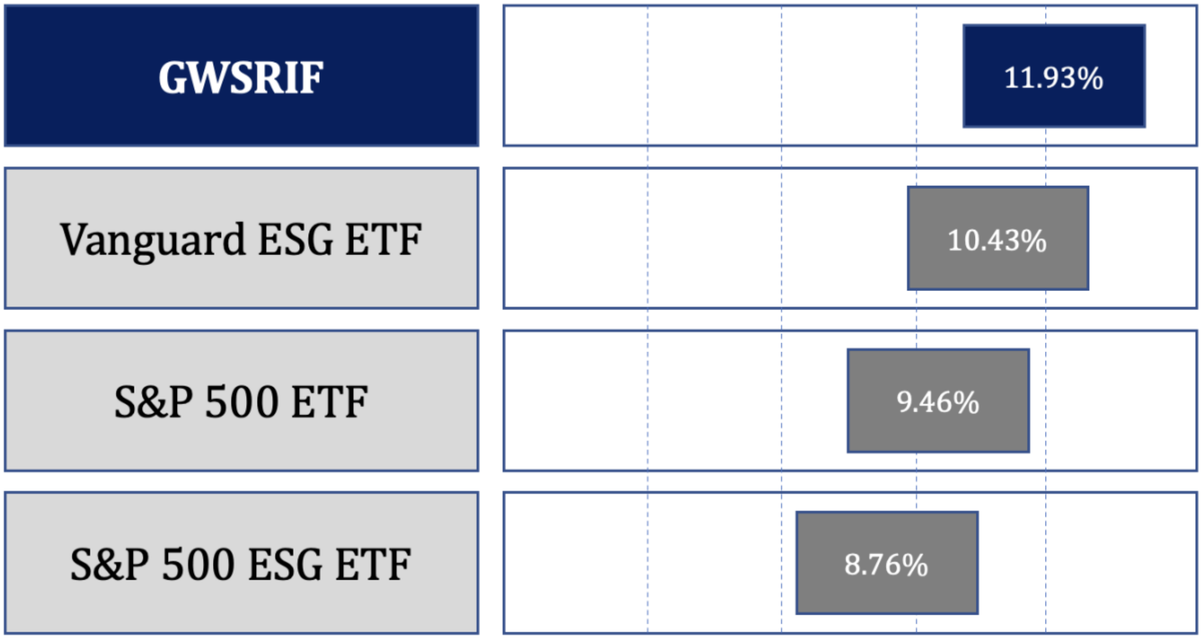

Figure 1. GWSRIF Portfolio Benchmark, 11/7/23 – 01/09/2023

GWSRIF lead our three benchmarks as the fund saw 11.93% growth from November 2023 to the beginning of 2024.

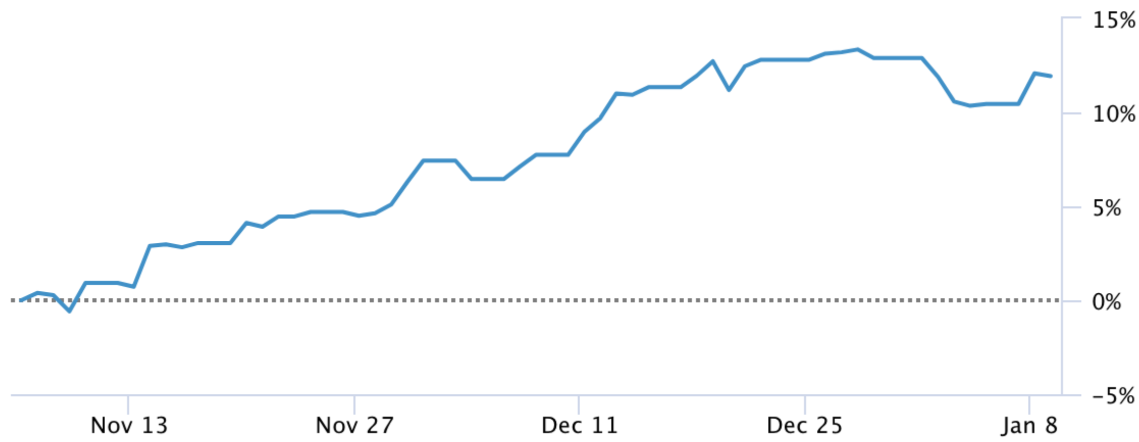

Figure 2. GWSRIF Portfolio Performance, indexed from 11/7/2023

As seen in Figure 2, GWSRIF has posted gains over the past two months with relatively little volatility. The fund generated returns over this period despite broader market uncertainty and continued interest rate uncertainty.

We have improved on our performance from the Spring 2023 investment cycle, although this is largely attributed to an increase in equity values across the board (as demonstrated by gains in the S&P 500). However, this also stems from various exits in positions that were dampening the fund's growth.

Concluding Remarks

We want to thank our members, donors, advisors and alumni for their contributions to the GW Socially Responsible Investment Fund. Over this investment cycle, the fund performed approximately in-line with the major market benchmarks. Throughout this period, the market faced significant instability and uncertainty, primarily in the financial services and technology industries. Despite this, equities have proved resilient with the S&P 500 posting gains over the trailing six months. With our new additions and recent selloffs, we believe that we have positioned ourselves to increase our long-term portfolio performance. While we are pleased with our recent gains, we hope to improve relative to our benchmarks throughout the Spring 2024 investment cycle.

At GWSRIF, our goal is not only to maximize portfolio returns, we aspire to educate members on effective financial and ESG analysis, equity research, presentation skills and provide career development opportunities to members of GWSRIF and the greater student body at George Washington University. To students interested in joining the fund, we recruit new members into our mandatory education program at the beginning of the Fall and Spring semester of each academic year. Upon completion of this program, members are welcomed into the investing component of GWSRIF. More information on this process is available at GWSRIF.org and you can reach out to the fund directly at gwsrif@gwu.edu to express your interest or ask any questions. We also encourage prospective employers to reach out to us at gwsrif@gwu.edu so we can share more information about our organization and professional skills we provide to our members.

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