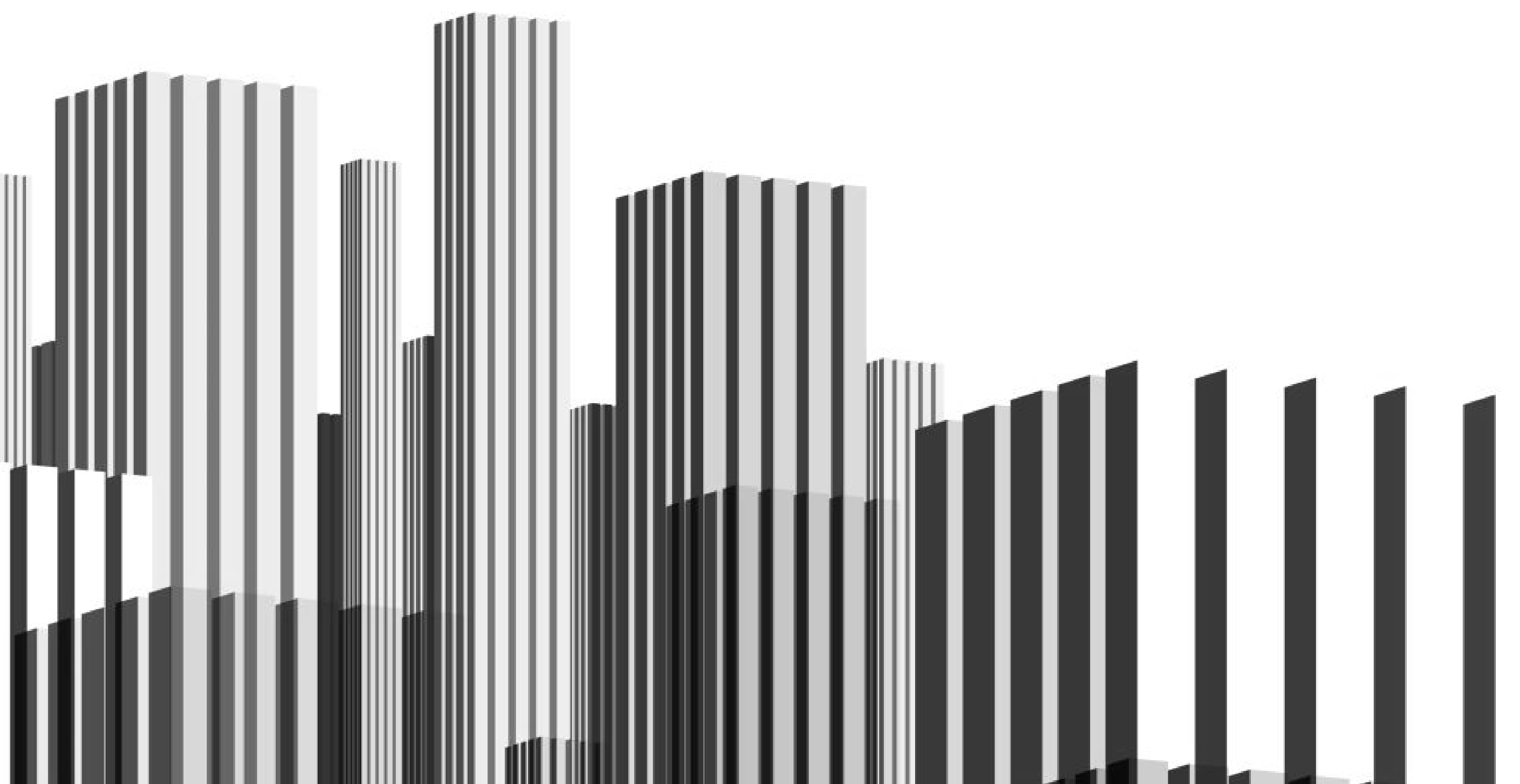
GWU
Socially Responsible
Investment Fund

Investment Overview

Fall 2022



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Note from the Executive Board

On behalf of all our members, advisors and alumni, we are excited to release GWSRIF's inaugural investment summary. It is our responsibility to ensure that the organization is transparent to investors and provides investment-related educational opportunities both internal and external to the organization. This semesterly report will provide a thorough analysis of the fund's composition, financial performance and the financial and ESG methodology behind our investment decisions.

Since its inception in 2019, the GW Socially Responsible Investment Fund has committed itself to sustainability-forward investment practices with an eye on a well-diversified portfolio with stable risk-adjusted returns. Over the past 3 years, we have amassed 22 equity positions in six different industry sectors: Consumer Goods, Energy & Transportation, Financial Services, Healthcare, Real Estate and Technology, Media & Telecommunications. All of these holdings are long-only positions which satisfy the fund's rigorous ESG criteria and demonstrate a healthy long-term financial outlook. Among our top performers are family-favorite big box retailer Costco Wholesale and innovative solar microinverter manufacturer Enphase Energy, both returning over 30% since the positions were initiated.

While the fund's performance has tailed off from the technology-driven pandemic highs of late 2020 through 2021, we benefit from strong diversification and are confident in the long-term outlook of each equity position. We will continue to provide comprehensive updates on a semesterly basis.

Lastly, 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,

Thomas Reardon
President

Julian Daszkal
Executive Director

Ameen Iraqi
Director of Finance

Valerie Kim
Director of Operations

Chris Wright
Co-Director of External Affairs

Jacob Tabb
Co-Director of External Affairs

Eli Bak
Co-Director of Social Responsibility

Damien Chafe
Co-Director of Social Responsibility

Current Holdings

Consumer Goods Holdings

Portfolio Manager: Chris Wright, Vice President: Eli Bak

BEST BUY	• Distributor of tech and tech-adjacent consumer products
COSTCO WHOLESALE	• Membership-only big-box retail chain
lululemon	• High-end athletic apparel retailer
P&G	• Multinational consumer goods conglomerate

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

- Best Buy Co, Inc. (BBY) provides retail technology exposure to the fund while limiting volatility through the firm's enduring history and leading 5.16% dividend yield
- 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
- Proctor & Gamble Inc. (PG) is a very stable, large-cap investment with very little risk and a healthy dividend yield

Energy & Transportation Holdings
Portfolio Manager: Rhys Chambers, Vice President: Ken Baeza

AMERESCO	• **Leading US cleantech integrator and renewable energy asset developer**
ENPHASE	• **Manufacturer of solar micro-inverters and energy storage systems**
gm	• **American automotive manufacturing and distribution company**
HANNON ARMSTRONG	• **REIT specializing in renewables and cleantech investments**
NEXTera ENERGY	• **Electric utilities holding company**

The Energy & Transportation Sector is well-diversified, with two large-cap positions in General Motors and NextEra Energy and smaller growth-oriented positions in Ameresco, Enphase Energy and Hannon Armstrong.

- Ameresco (AMRC) is the largest ESCO company in the country with a strong commitment to renewable energy but a relatively small cap and high volatility
- Enphase Energy (ENPH) has been a fund-defining investment with 54% growth over the past 6 months and unparallel offerings in the solar microinverter space
- General Motors (GM) is a valuable diversification play into the automotive space with exciting EV prospects in the near future
- Hannon Armstrong (HASI) is a sustainable infrastructure REIT with a strong dividend but notable underperformance in recent months
- NextEra Energy (NEE) is a large utility holdings company with little volatility and dependable annual returns

Financial Services Holdings

Portfolio Manager: Griff Evans, Vice President: Damien Chafe

charles SCHWAB	• Brokerage, banking and financial advisory services firm
mastercard	• Payment processing system provider
PayPal	• Online payments systems provider

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

- A leader in the brokerage and broader financial services space, Charles Schwab (SCHW) has demonstrated a sector-leading 30% 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

Healthcare Holdings

Portfolio Manager: Ameen Iraqi, Vice President: Max Drozdov

GILEAD	• **Antiviral drug producer and developer**
INTUITIVE	• **Manufacturer and developer of surgical robotics systems**

A recent addition to the fund, the Healthcare sector has holdings in the pharmaceuticals subset of the healthcare industry with Gilead Sciences as well as the surgical instruments subset with Da Vinci robot manufacturer Intuitive Surgical.

- Gilead Sciences (GILD) is a leading biopharmaceutical producer with a healthy 3.37% dividend yield and industry-leading growth over the past six month, yielding gains in excess of 40%
- 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

Real Estate Holdings
Portfolio Manager: Julian Daszkal, Vice President: Claire Belliveau

AvalonBay Communities	• Residential REIT focused on multi-family dwellings primarily in the Northeast US
Digital Realty	• REIT focused on carrier-neutral data center holdings
Healthpeak Properties	• REIT with holdings in the healthcare, senior living and life science industres
Prologis	• REIT investing in industrial and logistics facilities

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 Healthpeak for healthcare, Digital Realty for data centers and Prologis for logistics.

- Despite strong performance in 2021 and 2022, AvalonBay (AVB) has underperformed in recent months, largely 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
- With its focus on healthcare-related real estate, Healthpeak Properties (PEAK) has overperformed relative to the market in 2022, although it has fallen over 30% from its all-time highs
- Despite increased need for warehousing, Prologis (PLD) stock has declined in value, driven by reduced demand from Amazon and FedEx's financial troubles

Technology, Media & Telecommunications Holdings
Portfolio Manager: Rehan Hak, Vice President: Valerie Kim

Adobe	• Computer software and application provider
Microsoft	• Computer software, application, electronics and hardware provider
Qualcomm	• Electronic semiconductor and software provider
salesforce	• Leading customer relationship management (CRM) software provider

The Technology, Media & Telecommunications sector is composed of large-cap software providers in Adobe and Microsoft, leading CRM provider Salesforce and has hardware exposure with Qualcomm, the semiconductor manufacturer.

- While Adobe (ADBE) has traded down 40% through 2022, strong Q4 revenue growth indicates a potential trend reversal, although 2021 performance is unlikely to be matched in the near term
- Microsoft (MSFT) has declined 29% through 2022 despite consistent growth from 2019 through 2021 through strong cloud performance with Azure, allowing it to outperform the technology industry as a whole
- Qualcomm (QCOM) has experienced sharp declines in recent months, returning negative 42% through 2022; this is driven by sales lagging guidance and reduced smartphone demand
- Salesforce (CRM) has underperformed significantly since late 2021, losing nearly half of its value – this is largely due to recent reductions in revenue and profit forecasts

Portfolio Performance

GWSRIF has outperformed our benchmarks since the Spring 2022 investment cycle, buoyed by strong performance in our energy, healthcare and technology investments.

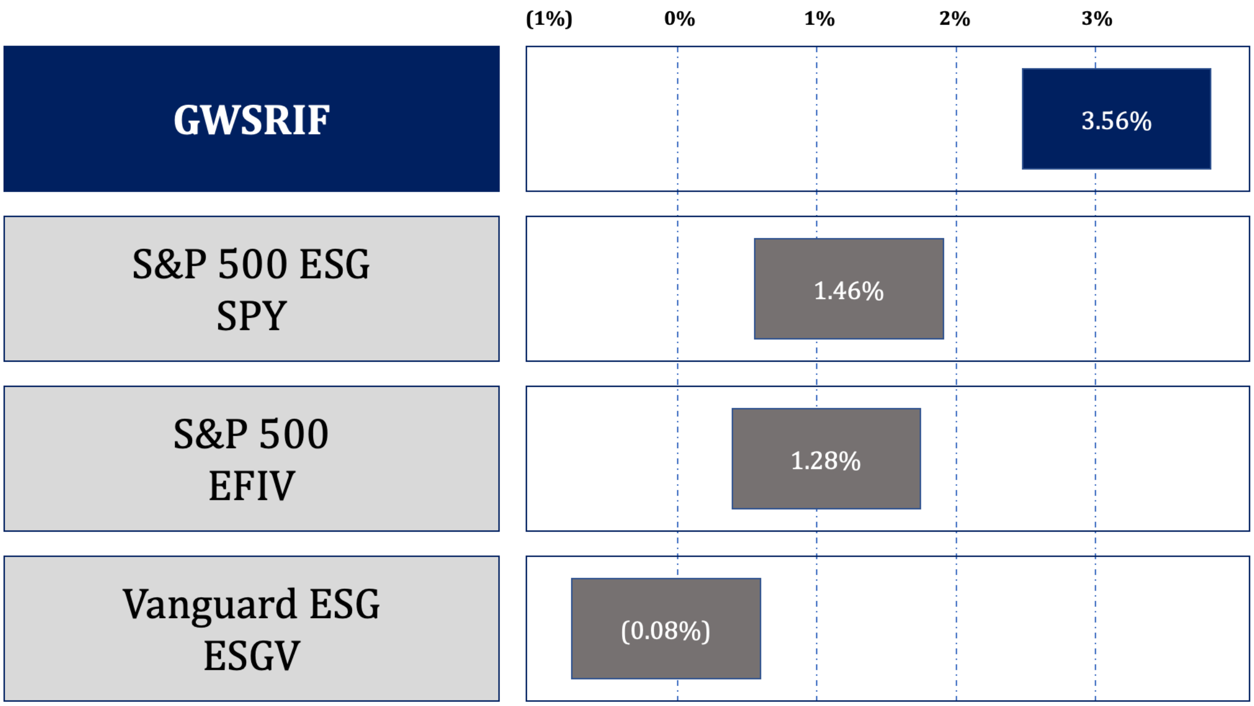

Figure 1. GWSRIF Portfolio Benchmark, 6/21/22 - 12/20/22

Despite widespread market underperformance throughout the second half of 2022, GWSRIF slightly outperformed its three benchmark ETFs. Our leading positions throughout this period are Enphase Energy, NextEra Energy, Gilead Sciences, Charles Schwab and Intuitive Surgical, all posting notable gains for the fund. Underperformers are concentrated in the real estate and technology industries and include Microsoft, Adobe, Salesforce, Digital Realty and Healthpeak Properties.

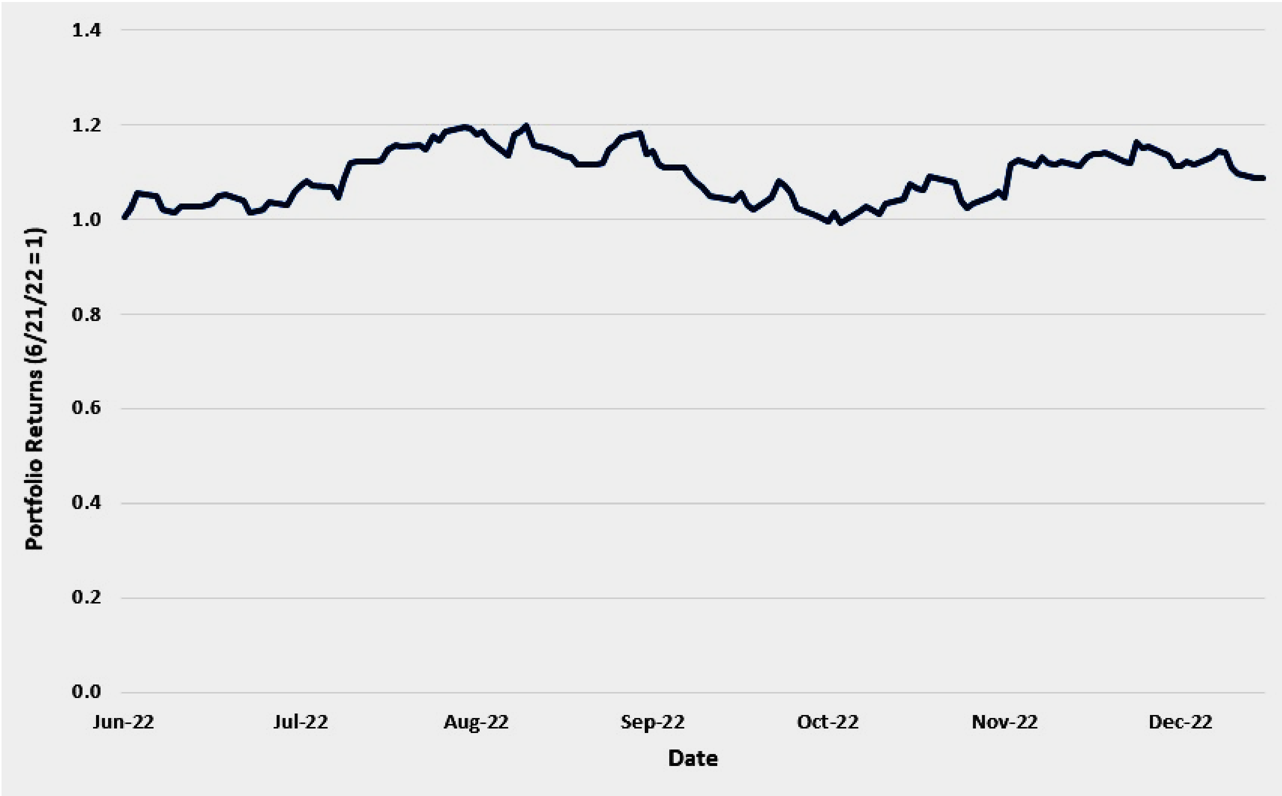

Figure 2. GWSRIF Portfolio Performance, Indexed to 6/22/22

As seen in Figure 2, GWSRIF posted small gains over the last investment cycle (June 2022 through December 2022) while performance remained relatively stable throughout the period. Despite some market cyclicality, the fund retained value effectively, allowing us to outperform our benchmark ETFs and indexes.

Despite widespread downward pressure, particularly in the technology industry, we are proud of GWSRIF's performance over the second half of 2022. Our investments encompass leading public firms from both a financial and socially responsible perspective who are committed to the wellbeing of all relevant stakeholders. We plan to continue this trend in the future while expanding the types of companies and positions we hold, such as including highly rated corporate bonds into the portfolio. This can further reduce the volatility of our portfolio and provide safer returns given upcoming macroeconomic uncertainties. However, we believe our historical investments and due diligence have provided us a strong basis for maximizing the long-term potential of the fund.

We will continue to monitor the performance of the fund and provide regular updates to members and the public.

Fall 2022 Pitches

For the Fall 2022 investment cycle, six industry sectors pitched equities for inclusion to the fund. Each sector provided company overview, social responsibility, financial performance and final investment thesis presentations to the fund. Following the final theses, the fund votes on the stock, with a 2/3 vote of all general body members required for adoption.

Consumer Goods
Company: Home Depot
Verdict: No Pass

The Home Depot is an Atlanta-based home improvement company with relatively few sizable competitors and opportunities for international expansion, particularly in Mexico. Despite relatively strong ESG performance relative to direct competitors and consistent EBITDA growth, GWSRIF had reservations about the ability of the firm to withstand recessionary pressures and interest rate rises. Their primary sales, in the hardware and home improvement categories, depend on a robust real estate industry and the market's appetite for consumer discretionary spending. For these reasons, the fund did not approve the stock's inclusion into the portfolio.

When compared to its peers, Home Depot has a relatively mixed ESG profile but appears to outperform its direct competitors. Scope 3 emissions are significantly lower than Lowes indicating a smaller carbon footprint. On the other hand, management diversity is limited, with just 2 women on the executive leadership team. The company is also a major donor to controversial political groups (representing 12% of total contributions), although this is not unusual within the hardware and home improvement industry and is not significantly different from its competitors. Overall, strong environmental commitments are offset by lackluster DEI initiatives and political efforts.

The financial position of Home Depot has impressed in recent years, although it took a significant hit after the covid pandemic. Despite consistent annual revenue growth, operating cash flows were reduced from 2020 levels due to higher inventory stocks paid for by cash. Margins are higher than competitors and valuation (P/E) is lower, giving us confidence that this is a leader in the industry and a strong investment for the hardware and home improvement segment. However, in the face of rising interest rates we have some concerns over the long-term growth potential of this industry as a whole. Rising rates will depress the home improvement environment and the fund is not confident in the firm's ability to expand while facing reduced consumer demand in this market. For this reason, GWSRIF narrowly voted not to include Home Depot in our portfolio.

Energy & Transportation
Company: United Postal Service
Verdict: Pass

Founded in 1907, United Parcel Services (UPS) is a leading American shipping and supply chain management provider. They operate primarily in the United States but also offer international postal and logistics/supply chain services. Due diligence conducted by the Energy & Transportation sector found that UPS is a leader in corporate social responsibility and has a favorable financial outlook while further diversifying the sector. Their large cap, limited volatility and strong profitability metrics convinced the fund to include the stock into the GWSRIF portfolio.

UPS is an industry leader from an ESG standpoint, particularly in its adoption of environmentally sustainable technologies. This includes their purchase of the Beta Technologies electric eVTOL aircrafts, deployment of over 13,000 low emission vehicles and focus on renewable natural gas in its shipping and transportation processes. The company is also a leader on the social front, particularly through their HELP initiative and the UPS Foundation. The company has adopted a formal goal for employees to volunteer a total of 30 million hours by 2030 in order to maximize their impact on local communities. So far, the UPS Foundation has provided 24 million volunteer hours, planted 22 million trees and invested $120.8 million into renewable initiatives. The company's strengths extend to their DEI impact – nearly half of employees come from diverse backgrounds and over one-third of middle and senior level employees are minorities. ESG contributions are a notable strength of UPS and we were impressed by its score in nearly every category evaluated by SRIF.

The financial outlook of UPS is strong with few short and low-term concerns. Profitability metrics greatly exceed those of competitors, particularly its return on equity (ROE), indicating efficient profits for the firm. Debt to equity is on the higher end but does not raise liquidity concerns for the firm. Additionally, this metric has been decreasing for the firm, reaching decade lows in 2021. Especially compared to FedEx, its primary competitor, UPS is a leader on the financial side. It has largely avoided the missed guidance experienced by FedEx in 2021 while maintaining higher margins, profitability metrics and dividend ratio. These strengths combined with a desire to diversify the energy portfolio have resulted in the fund-wide decision to purchase the stock.

Financial Services

Company: Aflac
Verdict: Pass

Aflac is a leading Georgia-based provider of supplemental insurance in the United States and Japanese markets. Their insurance offerings include cancer insurance (in Japan), supplemental health insurance, life insurance and accident & disability insurance. Due to concentration of the fund's financial services sector into traditional banking, brokerage and fintech firms such as Charles Schwab and PayPal, the fund believes that Aflac would serve as a strong diversification play for the sector and provide protection against volatility in the market. Due to the company's industry leading ESG practices, long term dividend increases and strong financial fundamentals, the fund has voted to include Aflac into the portfolio for the Fall 2022 investment cycle.

When compared to its peers, Aflac performed well across most GWSRIF ESG criteria, particularly social investment standards and supply chain responsibility. To date, they have committed over $3 billion to sustainable and DEI-related investments while their Aflac Parents House has housed over 140,000 people with cancer and other serious diseases. Combined with the company's robust supplier protections, this has resulted in the company being named an Ethisphere Institute World's Most Ethical Company since 2007. One area where the company must improve is consumer rights & privacy. Widespread data leaks in 2018 and unapproved policy issuance in the same year raise concerns about the company's commitment to customer privacy and wellbeing. However, standards have improved significantly in the years since, and no major leaks or policy breaches have occurred. We believe that these issues have been resolved but will continue to monitor the company to ensure these issues do not resurface.

The recent financial performance of the firm is stable and positive. Cash has grown steadily over the past three fiscal years and the dividend has increased over the past 40 years indicating a strong solvency and liquidity outlook. Gross, operating and net income margins all greatly exceed the company's peers including Allstate and MetLife and valuation multiples are at the lower end of the large-cap insurance industry. Analyst sentiment is slightly cooler than other SRIF investments, with average price targets floating close to the current stock value. Despite this, the fund believes that the stock will be a strong long-term investment due to its impressive and consistent financial performance as well as its ability to diversify the financial services portfolio. The inclusion of an insurance company into this sector portfolio will reduce industry dependence and should further shield the fund from sector-specific trends. For these reasons, the fund voted to include Aflac into our portfolio.

Healthcare
Company: Cigna
Verdict: Pass

Cigna is one of the leading firms in the United States healthcare and insurance industry that provides medical support in over 200 countries, providing the company with operational stability. While volatility in the industry is historically low, Cigna is especially stable with an investment-period beta of 0.68, below the industry mean of 0.77. Due to its strong international footprint, innovative offerings, low volatility and commitment to social responsibility, the fund voted to include Cigna into the GWSRIF healthcare portfolio. Combined with favorable analyst sentiment and industry leading ESG commitments, the company is seen as a valuable contribution to the fund, to provide consistent returns while limiting downside risks.

Cigna scored strongly across all SRIF ESG criteria and particularly impressed with its commitments to supply chain responsibility and consumer rights. Cigna is an industry leader in terms of both emissions and carbon neutrality. The company's Scope 1 emissions are far lower than those of Humana and United Healthcare and the firm is committed to 100% renewable energy by 2030, indicating a commitment to environmental sustainability. Consumer privacy is another area where Cigna has excelled. No major data breaches have occurred in recent years and the company has established key cybersecurity partnerships over the past decade while expanding their own cybersecurity division. Charitable programs such as the Cigna Foundation and Healthier Kids for our Future grant illustrate the firm's contributions to local communities and focus on social causes. Overall, Cigna is a leader in social responsibility within the United States healthcare industry.

While Cigna's financials have been mixed in recent years, we believe they are positioned for long term success. Revenues have grown consistently in recent years while EBITDA has stagnated, driven in part by increased cost of sales. At the same time, profitability metrics including ROA, ROI and ROIC lag key competitors including United Health and Humana. Liquidity metrics are in line with industry averages if not slightly better. Our primary interest in Cigna stems from its significantly lower valuation multiples than equivalent trading comps. Price/sales, price/book, price/earnings and EV/EBITDA ratios are significantly lower than those of Humana and United Health indicating potential undervaluation within the industry. Since Cigna is a smaller company that its key competitors with less market share and higher growth potential, we believe that it is the best value investment in the space. For this reason, the fund has decided to move forward with its inclusion into the portfolio.

Real Estate
Company: Kilroy Realty
Verdict: Pass

Kilroy Realty is a Los Angeles based REIT with life science-focused real estate holdings across California and in parts of Washington and Texas. Despite the Covid pandemic and shift towards work from home, the company has maintained impressive occupancy rates, buoyed by especially high rates in their life sciences offices. This is likely to continue as employment in biosciences continues to skyrocket year-over-year. Due to the company's unparalleled commitment to environmental sustainability, strategic location and focus on scientific and lab-based tenants, the fund voted to include Kilroy Realty into the SRIF portfolio.

Kilroy is a standout performer in terms of its ESG commitments, particularly in terms of its DEI initiatives and environmental impact. Currently, Kilroy is the only net zero REIT in terms of carbon emissions and is fully carbon neutral in both its Scope 1 and 2 emissions. Since 2011, the firm has reduced its energy consumption by 30% and reduced its water intensity usage by a notable 43%. This is facilitated by smart water meters to maximize water effectiveness and minimize water usage throughout Kilroy properties. While Kilroy has a comparatively small workforce (only 272 employees at the time of this report), it has demonstrated a particular focus on diversity and is a three-time member of Bloomberg's Gender Equality Index. 57% of the firm's employees are women and 43% are people of color. Among employees in executive governing roles, 35% of employees are female and 20% are people of color. While these rates are better than most large REITs, the company must work to bridge the disparity in gender and ethnicity between executive and non-executive roles. Social investment such as the Kilroy Week of Service and NAACP, Hollaback! and Environmental Scholarships demonstrate the company's commitment to local communities. Overall, Kilroy is an undisputed ESG leader in the US real estate industry.

The financial performance of Kilroy Realty has also impressed the fund. Despite the pandemic, work from home and rising interest rates, revenues and FFO have consistently increased over the past three fiscal years. Despite significantly higher operating and net income margins that its competitors as well as current EPS, valuations are roughly in line with similar firms. Price/FFO, Price/FCF and EV/EBITDA are on the low end of trading comps (including SL Green and Boston Properties) indicating a potential value investment in Kilroy. Due to the strategic positioning of its offices, life science focus and relatively low valuation metrics, the fund adopted Kilroy Realty into the fund.

Technology, Media & Telecommunications
Company: Fortinet
Verdict: Pass

Fortinet is a global leader in cybersecurity solutions with headquarters in Sunnyvale, California. Alongside cybersecurity hardware offerings, the company provides security-driven networking services, adaptive cloud security, AI-driven security services, security as a service and professional support services. Unlike many other public cybersecurity firms, Fortinet has achieved significant market share since its inception as well as profitability (competitors such as Crowdstrike are yet to achieve this). Due to its relatively strong ESG commitments, industry leader status and financial performance and profitability, the fund voted to include Fortinet into the GWSRIF portfolio.

Across the board, Fortinet demonstrated superior ESG commitments to their primary competitors although there are areas where improvement is needed. We note the unacceptable gender gap at Fortinet – 80% compared with 20% female employees at the firm. While this is highly concerning to the fund and must be improved, it is standard across the industry and not isolated to Fortinet. The firm has made some progress in recent years and demonstrated a 71% YoY increase in female hires throughout 2021. Lawsuits are common in the cybersecurity industry and Fortinet has experienced many patent lawsuits in recent years. Again, this is highly common in the industry and consistent with other publicly traded cybersecurity firms. From an environmental perspective, Fortinet has made valuable commitments to sustainability. It is tracking toward carbon neutrality by 2030 and is constructing a net zero headquarters in California. Additionally, the firm uses 100% renewable energy in all company-owned facilities. While the company has excelled in some areas and needs improvement in others, it is on par or better than its key competitors in all ESG criteria evaluated by GWSRIF.

Fortinet outperforms its direct competitors in almost every financial category. EBITDA and EPS have more than doubled since 2019 and the company has been consistently profitable for several years, a feat that is uncommon in the software-driven cybersecurity industry. Liquidity, profitability and solvency metrics are strong and do not raise major concerns. Usable valuation metrics also indicate that Fortinet is undervalued compared to companies like Crowdstrike and Palo Alto Networks (which did not register profits in FY21). Price to book value is far lower for Fortinet, indicating potential value over its competitors. At SRIF we place a high value on company profitability and seek to avoid highly speculative investments. Due to Fortinet's strong financial performance in recent years, we believe the company is the only real choice in the cybersecurity space and have decided to invest in the company for this reason.

Concluding Remarks

We want to thank our members, donors, advisors and alumni for their contributions to the GW Socially Responsible Investment Fund. As a group, we have exhibited returns slightly above benchmark ETF and Indexes throughout our past investment cycle. Despite less than favorable market conditions, a waning international pandemic and increased US interest rates, we are proud of our portfolio performance and the quality of our sectors' diligence throughout the semester. We hope to continue this performance well into the future and are confident in our ability to further grow and succeed.

With the addition of five new stock positions to our portfolio, we will be exiting out of several historical equities to retain strong cash holdings and reduce the total number of positions in the fund. This should streamline our portfolio tracking process and allow us to realize capital gains made over the past three years. In the long run we are targeting a portfolio of 12-18 positions, or 2-3 stocks for each major industry sector. Position exits will be shared in the Spring 2022 investor letter.

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 at the beginning of the Fall and Spring semester of each academic year. More information on this process is available at GWSRIF.org and you can reach out to the fund directly at gwsrif.president@gmail.com to express your interest or ask any questions. We also encourage prospective employers to reach out to us at gwsrif.president@gmail.com so we can share more information about our organization and professional skills we provide to our members.

Having performed in-line with our financial goals and expanded our holdings over the previous term, we now look forward to Spring 2022 which should bring further performance and operational improvements as we continue to learn from past research and iterate upon our investment approach.

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