

UNIVERSITY *of*
STIRLING



SMIF

Student Managed
Investment Fund

ANNUAL REPORT

2020/21

SMIF HIGHLIGHTS 20/21

Successfully hosted a record number of Events (25) with good attendance and engagement

Introduced a new, more advanced ESG policy to be incorporated into the SMIF Investment Process and Guidelines

Redeveloped and relaunched the SMIF website

Achieved a Record-High Attendance for the 'Best Online Event'-Nominated Give-It-A-Go (GIAG) Event, "A TESLA Debate"

Won the 'FAANGM Debate' against the University of Glasgow's GUTIC (Glasgow Trading and Investment Club)

Shifted the SMIF Portfolio's composition through new Investments in 'Tailwind' opportunities

Expanded the SMIF Network by bringing International Professional speakers to our events

About the Student Managed Investment Fund

The Student Managed Investment Fund (SMIF) at the University of Stirling was created in September 2017 to provide students with the opportunity to enhance their knowledge of investments and portfolio management. Membership of the SMIF is open to any student, undergraduate or postgraduate, in any field of study.

The SMIF exposes students to a professional investment environment. In addition to gaining technical knowledge about the valuation of stocks, members also have the opportunity to develop important soft skills in areas such as creativity, teamwork and communication. In its existence to date, the SMIF has helped its members to develop the skillset required for a career in the financial sector and is why we encourage other students to join.

The SMIF is organised as a Students' Union society, with advice and support provided by academic staff from the Accounting and Finance Division of Stirling Management School. The SMIF is governed by a constitution which identifies the following aims:

1. To use skills developed through involvement in the society to pitch investment ideas and create a portfolio in line with the fund's investment policy.
2. To provide insight into the roles of equity analysts and fund managers and provide experience of using professional financial databases for equity research.
3. To improve the employability of members by providing experience of investment research.

Over sixty students join the SMIF yearly. Members are encouraged to research the investment potential of the stocks of publicly listed companies in particular industry sectors either alone or as part of a team. The aim is to identify stocks with long-term growth opportunities while taking Environmental, Social and Governance (ESG) criteria into consideration, and to construct a diversified portfolio. In its start-up phase the SMIF has operated as a virtual fund, with the aim of transitioning to a real fund.

There are regular weekly meetings of the SMIF, enabling members to interact with their student peers. Members also receive support in the form of workshops provided by academic staff and guest lectures from external speakers. In addition, the University of Stirling has invested in a permanent resource room for the SMIF, which is located in room 3A57 of the Cottrell Building. This room provides access to a Bloomberg Terminal and the Thomson Reuters DataStream and S&P Capital IQ databases. It also functions as a boardroom and has facilities for making presentations.

This report summarises the activities of the SMIF in its third year, focusing on the two Stock Pitch events that took place, the composition of the SMIF portfolio, and its performance. This year presented a particular challenge with the beginning of the COVID-19 pandemic. This report will explore the effects the pandemic has had on our portfolio and on markets as a whole.

In the coming year we intend to increase the number of club activities and engage with even more students, regardless of their academic background. We look forward to enhancing further the transformational experience that the SMIF provides for Stirling students, and we look forward to receiving your support in this endeavour.

Welcome

As the world around us changed at an unprecedented pace, it was inevitable that there would be several changes. One thing that would not change however is the Student Managed Investment Fund's comprehensive offering to our stakeholders. During the COVID-19 health crisis we aimed to be the 'best that we can be' in supporting our members through difficult times by improving upon and adapting the fantastic work of our predecessors.

To that effect we hosted a record 25 events throughout the academic year for our SMIF Analysts, including a record 14 guest speakers from around the world. This year saw significant changes in two ways. Primarily to comply with public health guidelines, all our events were held virtually on Microsoft Teams and Zoom. Secondly, whilst retaining our stock pitch events, we pivoted towards a more comprehensive arena for our members to discuss and learn about a diverse range of topics in a collaborative and innovative environment. To that end we introduced more guest speakers in new fields, as well as new event formats, such as our highly commended debates. We also sought to take advantage of our unfortunate circumstances, where practical, and to that end we were able to welcome several guest speakers based overseas, as well as forming an alliance with the University of Glasgow Trading & Investment Club which led to our collaboration in an event, and other initiatives.

No SMIF year would be complete, however, without our stock pitch events, investment resources for our members or the membership themselves. To that extent we are pleased to have presided over a record attendance for a SMIF event as well as consistently leading events which earned positive attention from well outside of our usual audiences.

Behind the scenes a lot of under-the-radar successes were accomplished. This led to a material change in the composition of our portfolio, towards equities exposed to secular tailwinds in growing markets. This, we hope, will also correct the SMIF portfolio's previous underperformance in the longer term with timely exposure to E-Commerce and Financial Technology stocks, an increase in Consumer Discretionary investments, and more exposure to the growth of emerging economies.

Our progress would not have been as swift, nor would it be sustainable without the dedication of several stakeholders, many of whom offer selfless and vital support.

Finally, I would like to reflect on the words of arguably the greatest investor of all time; 'Someone is sitting in the shade today because a long time ago someone planted a tree'. This year, through our work detailed in this report, we planted that tree and look forward to seeing it maturing and providing more fruits in the future.

Callum Graham

President & Chief Executive Officer

Individual Stock Performance Breakdown

From 27/05/2020 to 26/05/2021

Company	Quantity (Shares)	Cost	Market Value (27/05/2021)	Market Value (26/05/2021)	Delta	Market Value (26/05/2021) incl. Div.	Total Return (%) (incl. Div.)
Lloyds	1,556	£1,049.73	£495.12	£753.42	£258.30	£852.69	-18.77%
Infineon	54	£1,132.14	£938.81	£1,502.29	£563.48	£1,502.29	36.79%
Total	11	£475.02	£336.42	£365.38	£28.96	£454.06	-4.41%
EasyJet	75	£1,226.24	£531.45	£740.10	£208.65	£847.66	-32.56%
Salesforce	6	£518.00	£867.60	£975.74	£108.14	£975.74	85.10%
Baxter	8	£377.65	£566.22	£466.85	£-99.37	£491.54	23.31%
Next Era	20	£697.79	£987.19	£1,040.39	£53.21	£1,087.81	55.89%
Pfizer	22	£732.40	£673.89	£606.25	£-67.64	£644.23	-12.04%
Disney	7	£712.33	£696.56	£874.63	£178.07	£884.27	25.01%
Estee Lauder	3	£482.62	£466.96	£649.64	£182.68	£653.06	39.85%
Americold	9	£274.64	£259.74*	£245.21	£-14.53	£250.99	-3.37%
BlackRock	2	£1,125.23	£1,102.26*	£1,241.52	£139.26	£1,247.51	15.01%
Granite REIT	12	£544.28	£527.04*	£565.68	£38.64	£570.85	5.98%
Mercado Libre	1	£1,325.51	£1,300.55*	£980.97	£-319.58	£980.97	-28.10%
SMIF				£11,607.96		£12,310.25	23.10%

Note: Salesforce & Baxter partly sold.

* Date of Market value varies because stocks were not yet included in the portfolio on 27/05/2020.

SMIF Events 2020/2021

The academic year began by navigating the effects of the Covid19 pandemic, with a late election for a new Executive Board who assembled a series of events to be delivered remotely in compliance with public health guidance.

The new board began with a general overview of the existing SMIF portfolio, and basics of investment terminology and analysis methods. This was complemented by interactive sessions from MorningStar's Katja Ballentin on how to use the MorningStar services, as well as Advisory Board member Dr Isaac Tabner's session on stock pitching, picking and portfolio construction.

Heading into the second half of the semester, SMIF analysts heard from Martin Pousette, an experienced wealth manager for the ultra-wealthy in Sweden on how SMIF members can improve their personal finances, as well as an insight into his experiences in both wealth management and investment banking.

Practical sessions followed, firstly from former Advisory board member Dr Patrick Herbst with a workshop on stock pitching, as well as a comprehensive study of ESG in investments from Advisory Board member Dr Kevin Campbell. An optional drop-in session with guidance and support for those pitching stocks was offered by experienced stock pitchers on the executive board.

The Autumn semester concluded with the Portfolio Review and stock pitch event. The executive board updated attendees on the changes to and performance of the SMIF portfolio, followed by a Q&A from experienced industry professionals. Four new stocks were then pitched for inclusion in the SMIF portfolio: Canadian warehouse trust, Granite REIT [by CRO Alvaro Villen], followed by Italian logistics and banking provider Poste Italiane SpA [by Analyst Alessandro Pambianchi]. Chinese renewable energy producer China Longyuan Power Corporation was pitched by former CFO Luke Millburn as was Latin American E-Commerce & FinTech titan MercadoLibre by our CEO Callum Graham.



We began 2021 with a Tesla debate, in the form of bull vs bear. Former SMIF CEOs David Frost & Mark Sharpe debated the then \$800 billion Californian company's prospects and valuation, with questions from the audience. By audience vote, SMIF members narrowly concluded by 53-47% that whilst Tesla had bright prospects, its share price was too high. This event featured in the shortlist for the Student's Union awards for 'Best Event', narrowly missing out on the overall prize.

A workshop on personal finance and how SMIF members can make their money work for them was provided, discussing a range of investment options, the benefits and risks of each of them, and the practical steps that may be taken to do so. This was followed by a discussion by SMIF members into the GameStop short squeeze saga.

A range of 'double events' featuring both guest speakers and information sessions followed. Alexander Onelli, Investment Banker at Swedbank, shared his experience and advice for SMIF Analysts, which was followed by profiles of the strategy and experiences of some of the world's greatest investors: Peter Lynch, Bill Ackman and Warren Buffet. The next event saw the return of former CRO Gregorio Rossi, now a Fixed Income broker, who explained his journey from the SMIF into the industry, prior to an overview of stock pitching.

A series of guest speakers on a variety of timely and cutting-edge topics began the month of March. Beginning with Johnny McCamley, CryptoClear CEO, with a presentation on Blockchain and Cryptocurrencies, before SVM Asset Management CEO Colin McLean gave a presentation about bull markets, overconfidence, and the illusion of wisdom. Russell Napier, founder of ERIC, presented some valuable lessons from financial history, and finally Dr Kyle McEnery, Leader of the AI Group at Baillie Gifford, delivered a comprehensive and rare insight into the role of artificial intelligence inside one of the world's largest asset managers.



The SMIF then collaborated with the Glasgow University Trading & Investment Club to host a 'FAANGM Debate', to determine which of Facebook, Amazon, Apple, Netflix, Alphabet and Microsoft was the best stock. Each stock was assigned a debater, with three from each of SMIF and GUTIC taking part. A series of audience votes eliminated Facebook, Apple, Alphabet and Netflix respectively, until Microsoft was crowned the winner with a 51%-49% win over Amazon.

The sixth portfolio review and stock pitch event featured a portfolio review, as well as stock pitches for water utility American Water Works, diabetes healthcare producer DexCom Inc, British gaming group Games Workshop as well as FinTech innovator Square.

An annual general meeting was then held, and finally former CMO Andreas Haberl returned to discuss Behavioural Finance.



SMIF Events in Chronological Order: 2020 / 2021

Autumn Semester Give It A Go

- Q&A session offering a general insight into the SMIF from the outgoing CEO and CMO.

EGM

- Delayed Annual General Meeting to elect the 2020/2021 SMIF Executive Board.

Introduction to the SMIF Portfolio + Basic Terminology

- Event to introduce new members to the SMIF Portfolio and basic finance terminology .

MorningStar Direct Tutorial

- Training from MorningStar's Katja Bellentin on how to use the database – to which our members have access.

Investment Strategies & Metrics

- Overview of the three main investment strategies and metrics which can be used to analyse investments.

Introduction to Stock Picking, Pitching & Portfolio Construction

- Joined by Advisory Board member Dr Isaac Tabner for an insight into portfolio building.

Personal Finance

- Guest lecture by Martin Pousette, managing partner of Soederberg & Partners in Sweden, where he discussed his experience of advising high net worth individuals and how our members can improve their own personal finances.

How to Create a Stock Pitch

- Dr Patrick Herbst presented a workshop on how to create a successful stock pitch.

ESG Investing

- Advisory Board Member Dr Kevin Campbell provided a comprehensive session on ESG investing and the latest research in the field.

Stock-Pitch Workshop

- Optional 'drop-in' workshop for Analysts who intended to pitch in our Autumn stock pitch event.

Autumn Stock Pitch & Portfolio Review Event

- Review of the SMIF Portfolio by the Executive board followed by stock pitches for Granite REIT, Poste Italiane, China Longyuan Power & MercadoLibre in the presence of our professional panel.

Tesla Debate; Bull vs Bear

- Two former SMIF Presidents, Mark Sharpe & David Frost went head-to-head to debate whether Tesla's stock was overvalued or not. SMIF members determined, narrowly that it was overvalued.

Personal Finance + GameStop Discussion

- Practical toolkit on how to make your money work for you, followed by a discussion of the GameStop saga

Insight into Investment Banking + The World's Greatest Investors

- Joined by Alexander Onelli, Investment Banker at Swedbank, who discussed his experience and offered tips to Analysts considering careers related to investment banking. Secondly, profiles of Peter Lynch, Warren Buffet and Bill Ackman were presented.

From SMIF to Fixed Income Broker + How to Give a Good Stock Pitch

- Former SMIF CRO, now Fixed Income Broker at Tullet Prebon, Gregorio Rossi returned to explain how he went from the SMIF to his current role and offered advice on how others could do the same. This was followed by an example of how to do a good stock pitch.

Cryptocurrencies & Blockchain

- Guest lecture from Johnny McCamley, founder of CryptoClear, giving an overview of Cryptocurrencies and the technology behind them.

Bull Markets, Overconfidence & the Illusion of Wisdom

- Colin McLean, CEO of SVM Asset Management, joined us to offer insights on various timely finance topics.

Pre-Selection Stock Pitch

- Opportunity to pitch stock ideas to our members in advance of the Spring 2021 stock pitch event. We also heard from some candidates who were running in the students' union elections.

Lessons from Financial History

- Welcomed Russell Napier, co-founder of the investment research portal ERIC, to receive wisdom from the financial past, with lessons for the future.

AI In Investments

- Joined by Dr Kyle McEnery, Leader of the AI Group at Baillie Gifford, for a comprehensive and rare insight into the cutting edge of AI technology in one of the world leaders in investment management.

FAANGM Debate

- Collaboration with the University of Glasgow Trading and Investment Club [GUTIC] where 6 debaters were each assigned a FAANGM stock which they then argued was the best from the fledging group. A series of audience votes determined that the winner was Microsoft, closely followed by Amazon.
- Featuring Callum Graham [Co-Host, SMIF], Luke Wells [Co-Host, GUTIC], Ramtin Taavoni [Facebook, GUTIC], Mark Sharpe [Amazon, SMIF], Juan del Cid [Apple, GUTIC], Hamish Ablett [Netflix, GUTIC], Branislav Graus [Alphabet, SMIF] & Jan Sattler [Microsoft, SMIF].

Spring 2021 Stock Pitch & Portfolio Review

- Portfolio review from the executive board followed by pitches for American Water Company, Dexcom, Square & Games Workshop Group.

Annual General Meeting

All relevant internal business, including the election of the 2021/2022 executive board, awards and accolades for members.

Behavioural Finance

- Joined by former SMIF Chief Marketing Officer Andreas Haberl, now a certified consultant for Panthera Solutions, for deep insights into investor psychology. Steve Clapham, founder of Behind the Balance Sheet also joined us to outline an opportunity for SMIF members.

SMIF Guest Speakers

We were privileged to be joined by a diverse range of experienced, senior professionals and leading academics. The insights and wisdom provided by our guest speakers were invaluable and we extend our thanks to the following individuals who gave up their valuable time to talk to us in the previous 12 months.

Katja Ballentin	Katja works for MorningStar where she leads educational services at the data provider.
Dr Kevin Campbell	Kevin is a member of our advisory board, and a leading academic at the university with over 30 years of experience. Kevin graduated with a PhD from the University of Glasgow and leads the MSc in Investment Analysis degree.
Steve Clapham	Steve is the Founder of The Balance Sheet Surgery LLP. Previously he was head of research for several multi-billion dollar hedge funds including Toscafund Asset Management LLP and Partners LLP. Steve is also an author and contributes to BBC Radio 4's finance coverage.
Andreas Haberl	A former SMIF Chief Marketing Officer, Andreas is a graduate of Public Relations [Carlos Herrera University, Spain], MA Management [University College London] and MSc Behavioural Finance [University of Stirling]. Andreas now serves as an external partner for several investment firms including Monaco-headquartered Panthera Solutions. Andreas is also the founder of EconomiaConductual.Com.
Dr Patrick Herbst	A former SMIF advisory board member, Patrick earned an MSc from the London School of Economics followed by a PhD from the University of Tübingen. Patrick gained professional experience as a portfolio manager for Allianz, before moving to academia. He is now the co-ordinator for the MSc International Accounting & Finance degree.
Johnny McCamley	Graduating from Queens University Belfast with an LLB Law, Johnny's pioneering interest in Cryptocurrencies led to him becoming Founder of Crypto asset manager 'CryptoClear'.
Colin McLean	Colin is CEO at SVM Asset Management and former member of the Board of Governors of CFA UK. He also sits on the SMIF's advisory board
Dr Kyle McEnery	Since attaining his PhD in Quantum Computing from University College London, Kyle has worked for Baillie Gifford and is now the head of Baillie Gifford's Artificial Intelligence team.
Russell Napier	Russell is Co-Founder and Chairman of the Electronic Research Interchange (ERIC) and author of <i>The Anatomy of the Bear</i> .

	Patron of the Karen Napier Scholarships for the Stirling University MSc Investment Analysis, he is also a regular contributor to leading news sources such as Bloomberg and the Financial Times.
Alexander Onelli	A successful entrepreneur, Alexander holds a degree in Economics from the Stockholm School of Economics and, since graduation, has worked as an Investment Banker at Swedbank.
Martin Pousette	A graduate from the University of Denver, and former Investment Banker, Martin is a founding partner of Soederberg & Partners SE. Martin now leads the partnership and advises and manages the financial affairs of ultra-high net worth individuals including billionaire businessmen and high-profile professional athletes.
Gregorio Rossi	Former SMIF Chief Research Officer, Gregorio now works as a Fixed Income Broker for Tullet Prebon in Paris.
Dr Isaac Tabner	SMIF Advisory Board Member Isaac attained a BSc in Marine Biology from the University of St Andrews before switching to the world of Finance through the MSc Investment Analysis and a PhD in Finance. Isaac is also a CFA charter holder and is the Director of the MSc Finance degree.

SMIF External Collaboration Partners

The SMIF took the opportunity to collaborate with external partners on two occasions in the last year, with societies that have overlapping interests and provided our stakeholders with their unique portfolio of knowledge, people, values and networks.

Leadership, Entrepreneurship, Employability & Personal Finance [LEEP]	Founded in 2020 by a former SMIF CEO, our incumbent CEO and current CRCO, 'LEEP' was created as a place where ambitious individuals can come together to learn from guest speakers and each other in a diverse range of topics. The SMIF collaborated with LEEP for Personal Finance events as well as a pitching workshop by former JP Morgan VP of Sales Derek Borthwick.
Glasgow University Trading & Investment Club [GUTIC]	One of the largest societies affiliated to the University of Glasgow's Adam Smith Business School, GUTIC are the SMIF's sister society with whom we collaborated for our FAANGM debate.

SMIF Public Relations

Despite the pandemic, the Student Managed Investment Fund has been able to maintain its public presence digitally, increasing awareness about its Initiatives and recruiting Analysts from various parts of the world. Specifically, through our commitment to our social Media accounts (Facebook, Instagram, LinkedIn and Twitter) and our Website (www.smif.stir.ac.uk) the SMIF has been able to increase its online presence and reach most of its objectives – communicating the friendly learning environment and the endless opportunities that can arise from engagement in our activities.

RELAUNCH OF SMIF WEBSITE – This Year, the SMIF committee took the initiative to remodel the society's website, a project led by our Chief Marketing Officer, Stefanos Valoumas. The SMIF committee would like to give special thanks to Dr. Kevin Campbell, Mrs Vonny Laing-Leclerc and Mr Douglas Laing-Leclerc for their valuable assistance and advice on enhancing the digital experience of our SMIF Analysts and external visitors.

New Features:

The new re-developed SMIF website has incorporated a fresh and professional design accompanied by more interactive points of action. In particular, visitors are now able to directly interact with the website and the SMIF committee through the inclusion of new pages: "How to Join" the SMIF (Become a SMIF Analyst), our Events and Event Calendar for the Year, how to contact the SMIF committee, as well as updating new information about the SMIF (New ESG policy, Reports, Current and Past Committee members).

Thus, our website still serves as part of our wider marketing and communication plan on further promoting the SMIF, with new interactive features that serve as a significant complement to our social media presence. On our website you may also find more about the SMIF's objectives, the investment process and philosophy, the SMIF committee, our investments, and past Guest Speakers. The Resources Section is aimed at anyone interested in the Finance and Investment industries who has little or no prior knowledge about them (videos on TED talks and free online courses, Investment books the SMIF highly recommends, and more).

SOCIAL MEDIA – As mentioned prior, despite the challenging times, the SMIF was able to focus its commitments to its digital marketing strategy in promoting the Society, enhancing its reputation by communicating its Initiatives and Objectives online to a wider audience.

Content across our social media has often been mirrored to provide consistency of communication with occasional adaptations to suit the nature of each platform – ensuring coherent messaging and maintaining our brand.

SMIF MESSENGER GROUP CHAT – New Initiative in response to the COVID-19 pandemic, for the most loyal SMIF Analysts, enabling informal discussion on various Economic, Financial, Investment, Business and Social Topics

You may find more information at:

Instagram: @stirlingunismif

Facebook: Stirling University SMIF

LinkedIn: Stirling University SMIF

Twitter: @stirlingunismif

SMIF Objectives

The SMIF has an overriding educational objective, which is to enable University of Stirling students gain a better understanding of stock valuation and portfolio management and thus enhance employability. More specifically, the SMIF aims to:

- Enable students to gain valuable practical experience of the process of stock valuation and portfolio construction and management.
- Provide students with the opportunity to pitch investment ideas to professional investment analysts and portfolio managers during Stock Pitch events each semester.
- Provide students with the opportunity to use the Bloomberg, Thomson Reuters DataStream and S&P Capital IQ databases in the dedicated SMIF Resource Room.
- Provide students with the opportunity to develop leadership skills through participation in the SMIF Student Committee.
- Provide students with the opportunity to enhance their skills in running meetings using the boardroom in the dedicated SMIF Resource Room.

Statement of Investment Principles

Decisions are guided by the following Investment Principles.

Investment Philosophy

- The overall investment philosophy is long-term “buy and hold”.
- Environmental, Social and Governance (ESG) criteria will be incorporated into stock selection decisions in accordance with the first of the United Nations-supported Principles for Responsible Investment (PRI). See <https://www.unpri.org>.
- The focus on ESG aligns with the UN Principles for Responsible Management Education (PRME) to which the University of Stirling is a signatory. See <https://www.unprme.org>.



- Fundamental analysis will be used to determine whether a given stock is included in the SMIF portfolio.
- The SMIF seeks to generate a positive real return from its investments, where return is equal to capital gains plus dividends.
- The principles of modern portfolio theory will be used to achieve an efficiently diversified portfolio.
- A proportion of any surplus funds will be reinvested in the fund or used to support charitable causes, as decided by the SMIF Student Committee.

Investment Strategy

- The SMIF invests only in the stocks of listed firms or Exchange Traded Funds (ETFs).
- Stocks and ETFs may be sourced from any of the major stock exchanges worldwide.
- Transactions involving short positions or products traded on derivatives exchanges are prohibited, as are ETFs that use products traded on derivatives exchanges.
- The SMIF aims to maximise total returns from a diversified portfolio of up to 30 equity securities or ETFs.
- The distribution of sector weights in the portfolio will take into account correlations between sectors and the principles of portfolio diversification.
- ETF Investments will be reduced as the number of stocks in the portfolio increases.
- Securities will normally be traded only twice a year, following the Stock Pitch events.

- Although the SMIF does not place stop-losses, securities may be sold if there are extenuating circumstances, for example when the risk/return profile of a particular company changes dramatically.
- The performance of the fund will be benchmarked against the FTSE Developed Index.

Investment Process

Students who join the SMIF will become Analysts and engage in the following activities, with the aim of providing them with an authentic Equity Analyst experience.

1. **Review the Portfolio.** Analysts will help review the current portfolio and determine the type of stocks that would most help achieve the portfolio's aims.
2. **Research the Stocks.** The search for suitable stocks begins. Top-down, sector research is carried out to identify industry trends. Analysts are encouraged to take a long-term view when looking for suitable companies.
3. **Stock Selection.** Basic screening criteria are used to determine stocks that are potential investments. Once these stocks are selected a more in-depth financial and ESG analysis takes place. The single stock which ranks the highest is selected.
4. **Stock Pitches.** The selected stocks are pitched by members of each Sector Team at Stock Pitch Events. The first round of pitches is between SMIF Members, who will then decide the best 3 pitches to proceed to the Final. At the Final, SMIF members are joined by faculty members and industry professionals to offer advisory votes on the suitability of the stocks pitched.
5. **Investment Decision.** The results of the voting are provided to the SMIF Student Committee to make the decision about which stocks to incorporate into the SMIF portfolio and the weightings to allocate to them. The committee may choose to agree with or disregard the voting recommendations of the Advisory Panel.
6. **Oversight Committee Approval.** The recommended stocks are then passed on to an Oversight Committee for approval and are then signed off. If the Oversight Committee queries a judgement of the SMIF Student Committee, more detail will be required to explain why a particular stock is deemed to be suitable for the SMIF.
7. **Monitor and Review the SMIF portfolio.** A record of the justification for each decision is kept. Future SMIF members will have the responsibility to monitor the selected stocks to discover if the investment theses play out as expected and review the composition of the SMIF portfolio. Stocks which were rejected or put on a Watch List are also monitored, as they may be incorporated into the SMIF portfolio in the future.

Investment risks

Stock market investments have a high level of uncertainty and complexity, making it important to consider the following main risks:

- **Market risk (systematic risk)** is the potential for an entire stock market to decline due to events relating to the economy or politics. As it affects a whole market, this type of risk cannot be diversified away, and hence it is an important risk to consider. The extent to which a stock moves in line with the market, and thus possesses market risk, is reflected in its beta coefficient.
- **Unsystematic risk** is the risk that a specific stock may change in value independent of the stock market's overall direction. It is possible to minimise this risk through diversification, ensuring one stock does not take up too much of a share of the overall portfolio. Investing across multiple industries and geographies ensures a level of diversification to minimise unsystematic risk.
- **Currency exchange risks** are those that arise from fluctuations of foreign currency exchange values relative to the Pound Sterling, the currency in which the SMIF portfolio is denominated. These risks are particularly important given the international character of the SMIF portfolio.
- **Commodity risk** is based on uncertainty about the future market values of commodities (e.g. corn, copper, crude oil). It is necessary to consider this risk when evaluating investments as variations in commodity prices have repercussion for equities. For example, a political administration's imposition of tariffs on steel and aluminium is an example of an increase in commodity risk.
- **Market capitalisation risk** must be considered when analysing equity markets. The lower the size, or market cap, of a company, the higher is the volatility of its stock returns. As a result of their greater risk, small-cap stocks require more careful evaluation than large-cap and mid-cap stocks.
- **Liquidity risk** refers to the possibility that it may not be possible to buy or sell a stock as and when desired or in sufficient quantity. This risk is greater for small-cap stocks.
- **ESG risks** are risks of stocks violating our ESG investment philosophy (as stated earlier) which could cause them to become unsuitable for our portfolio and adversely impact their valuation. These ESG risks can manifest themselves in multiple ways: such as an environmental catastrophe, not effectively managing employee and community relations, or even a scandal within a company's governance structure. The SMIF implements ESG selection criteria into its stock selection process to help minimise these risks.

Environmental, Social and Governance (ESG) Risks

The academic year 2020/2021 saw a dramatic increase in use of ESG risk ratings within our stock monitoring and decision making, and in the SMIF's development of its own ESG Policy. A great deal of work went into developing a new Responsible Investment Policy (RIP) with an accompanying Implementation Procedure. This expanded on our core values and principles as an investment group and set out stricter boundaries and foresight which we want to align ourselves with in our future investments.

Our main Values as a group have been set as "Invest and Improve". We have also worked on the wording of our Principles which we will hang these values on and create a sound and clearer vision for our investments. Our Principles align with the aforementioned United Nations Principles for Responsible Investing and the Principles for Responsible Management Education.

Key Developments within the Responsible Investment Policy (RIP)

- A greater focus on environmental issues including climate change. The RIP now reflects this in terms of acknowledging sustainable practices.
- Treatment of workers takes more precedence, with companies being required to abide by the Modern Slavery Act (2015).
- The biggest improvements and alterations have taken place within our Governance section, e.g. confirmation of voting rights and share structures.

Current ESG Risk ratings of portfolio constituents

	MSCI rating	Sustainalytics rating
Baxter	BBB	27.5
Disney	A	16.2
Americold		17.5
EasyJet		34.6
Estee Lauder	BBB	24.3
Infineon	AA	17.5
Lloyds	AA	23.3
Next Era	AAA	29.1
Pfizer	B	24.7
Salesforce	AA	11.2
Total S.A.	A	28.4
BlackRock	AA	22.8
MercadoLibre	A	24.3
Granite REIT		16.8
Square	A	20.7
Games Workshop		13.3

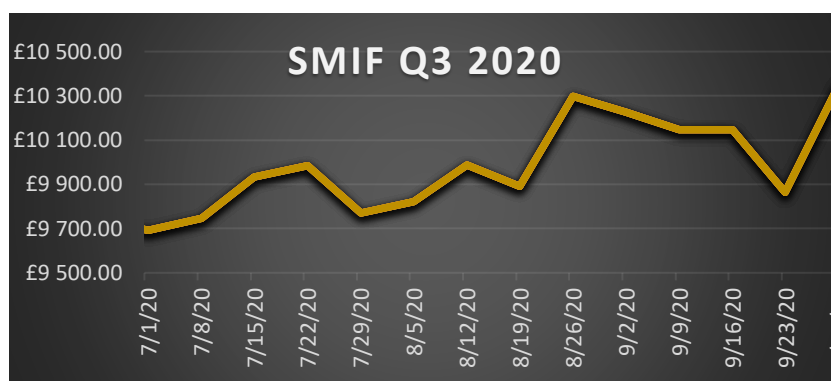
MSCI (Morgan Stanley Capital International) assigns ESG Ratings on a scale from AAA (best) to CCC (worst). Companies with higher ratings demonstrate strong ESG management practices and lower exposure to ESG risks. AAA and AA are Leaders; A and BBB are Average performers; BB and B are Laggards; CCC are the Lowest performers. The Sustainalytics ESG Risk Ratings are categorized across five risk levels: negligible (0-10), low (10-20), medium (20-30), high (30-40) and severe (40+).

Markets Review

Quarter 3, 2020

The US equity market continued to rally during the third quarter of the year. The S&P 500 index increased by 8.9%. On the contrary, the UK equity market struggled during this quarter. A combination of Brexit uncertainty and the effects of the global Covid-19 pandemic pushed the FTSE 100 down by 4.84%. The equity markets were very reactive to Covid-19 cases, vaccine developments, fiscal stimulus, monetary policy, economic data, and the US presidential election.

The SMIF portfolio had a strong third quarter, with a gain of 7.67%. NTT Docomo was the company with the best performance during the quarter. NTT Docomo announced that the company was repurchasing all their publicly traded shares at a substantial premium over the traded share price, with the intention of going private. Salesforce, NextEra Energy, and Infineon were also among out best performing stocks during the third quarter. EasyJet was the worst performing stock during the quarter as consequence of severe travel restrictions during the quarter.



Regarding the Bond Market, the US 10-year bond yield hit a historical low level of 0.504%, during the third quarter of the year. Moreover, on August 27, the Fed announced a change in the FOMC's Statement on Longer-Run goals and Monetary Policy Strategy to reflect average inflation targeting. Historically, the Fed hiked interest rates when inflation surpassed the 2% target level. However, under the new policy, the Fed seeks to achieve inflation that averages 2% over time. This means that interest rates will likely remain low for the foreseeable future. Since an environment of low interest rates favours stocks over bonds, the equity markets reacted positively to the news from the Fed, taking stocks to new highs.

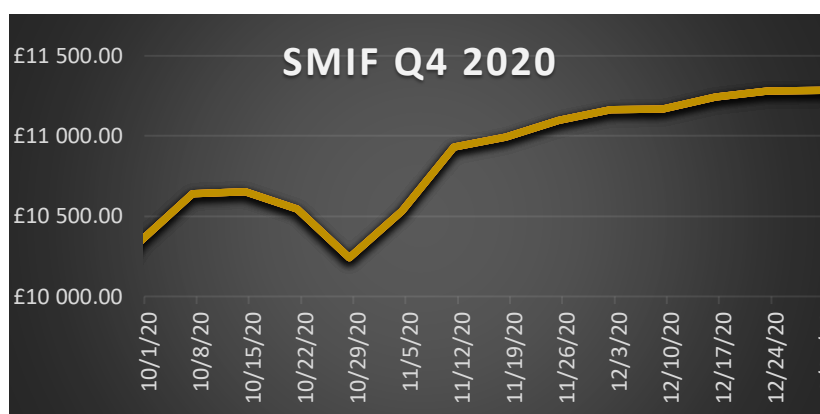
Quarter 4, 2020

The US Equity Market had a very strong fourth quarter. Positive news regarding vaccine developments filled the market with optimism about the re-opening of the economy, sending stocks to new all-time highs. The S&P 500 showed a double digit increase of 11.1%, closing the year with an 18.4% gain. UK equities also had a strong quarter, with the FTSE 100 increasing by 9.88%, although it closed the year 15.25% lower. The market rally from March to December was boost by accommodative monetary policy, fiscal stimulus, optimism on vaccines, and on the reopening on the economy.

On November 3, 2020, Joe Biden and Kamala Harris won the 59th quadrennial US presidential election over Republican President Donald Trump and Vice President Mike Pence. The Biden and Harris administration is more favourable to emerging economies as it seems likely to be more stable than the previous administration. Moreover, healthcare, renewable energy, and infrastructure companies could be the long-term winners in the Biden administration.

In the US, the Congress passed an additional \$900 billion fiscal stimulus package in late December. The package aimed to help households, business, schools as well as increased funding for testing and vaccines.

The SMIF portfolio showed a strong performance during the last quarter of the year. The portfolio's value increased by 8.6%. The best performing companies were EasyJet, Disney, and Infineon. Two new holdings were incorporated into the portfolio: Granite REIT and BlackRock.



Quarter 1, 2021

The US 10-year treasury yield increased from 0.91% to 1.74% at the end the first quarter of the year. The US 10-year yield tripled, after hitting and an all-time low of 0.504% back in August 2020. Putting this in context, a yield of 1.94% is extremely low and it will not affect economic growth. The 10-year yield has averaged 3.7% over the last 25 years. Long-term interest rates increased due to expectations that monetary and fiscal stimulus combined with the vaccine rollout would lead to higher levels of economic growth and inflation.

Equities continued to rally in the first quarter of 2021. The S&P 500 increased by 6.2% and the FTSE 100 increased by 2.17%. During the first months of the year, there was a rotation

from growth stocks, mainly in the technology, consumer discretionary, and communication services sectors, towards cyclical stocks, mainly in the energy, financials, and industrial sectors. During the first quarter, energy companies increased by 30%, financial companies increased by 15%, and industrial companies increased by 11%. In contrast, technology, consumer discretionary and communication services companies experience limited growth of 2%, 3% and 8%, respectively. The main pillars of this rally were vaccine rollouts, fiscal stimulus, strong corporate earnings, and very accommodative monetary policy.

Vaccine rollouts

The vaccine rollout program was successful in the US and in the UK. In the US, 196,000,000 vaccines were delivered in the first quarter of the year, with 51% of people over 65 fully vaccinated. In the UK, 32,000,000 vaccines were delivered in the first quarter. However, other countries in the world had yet made little or no progress regarding their vaccination programmes, which could have a mayor effect on the global economy.

Fiscal Stimulus

The US congress passed a rescue plan worth \$1.9 Trillion in March 2021. This was the third major stimulus passed in the last year. The bill included additional stimulus check and unemployment benefits, expansion of the child tax credit, additional aid to state and local governments, and increased funding for vaccine production and distribution.

Economic growth

Economic growth is estimated to materially increase due to the amount of fiscal and monetary stimulus, combined with the vaccine rollout and subsequent reopening. Real US GDP growth estimates for 2021 is 6,5%, and 3.3% for 2022. In the UK GDP grew 2.1% in the first quarter of the year and is expected to grow 5.1% in 2021.

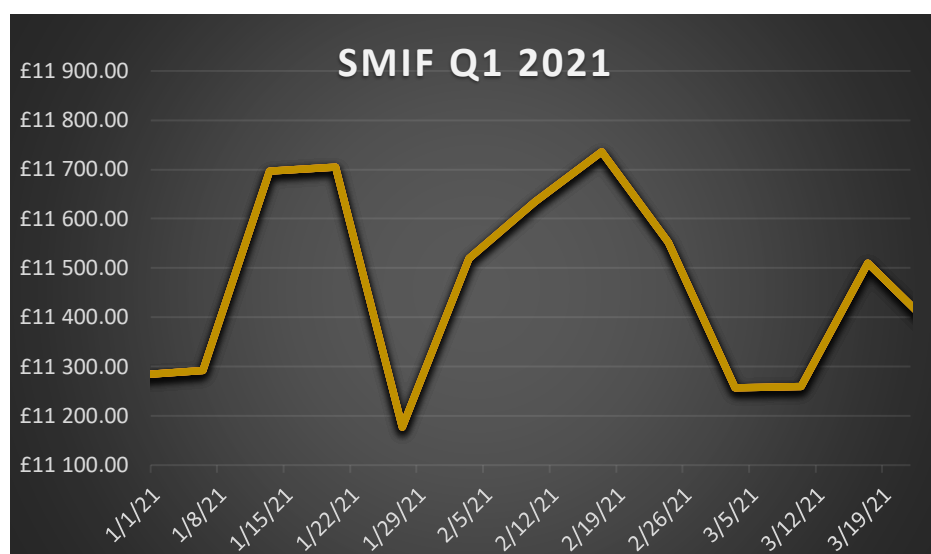
Corporate Earnings

The S&P 500 earnings are estimated to recover and increase in 2021 and 2022 after declining by 14% in 2020. In the first quarter of 2021, companies have beaten earnings expectations comfortably.

Monetary Policy

Most FOMC members do not expect to raise interest rates until at least 2024. Regarding quantitative easing, the Fed will continue buying at least \$80 billion in Treasuries and \$40 billion in agency MBS per month to help financial conditions. The central banks of major economies have struggled with low inflation during recent years. This, combined with the Fed's new policy of pursuing an average inflation target of 2% means that interest rates will probably stay low for the foreseeable future.

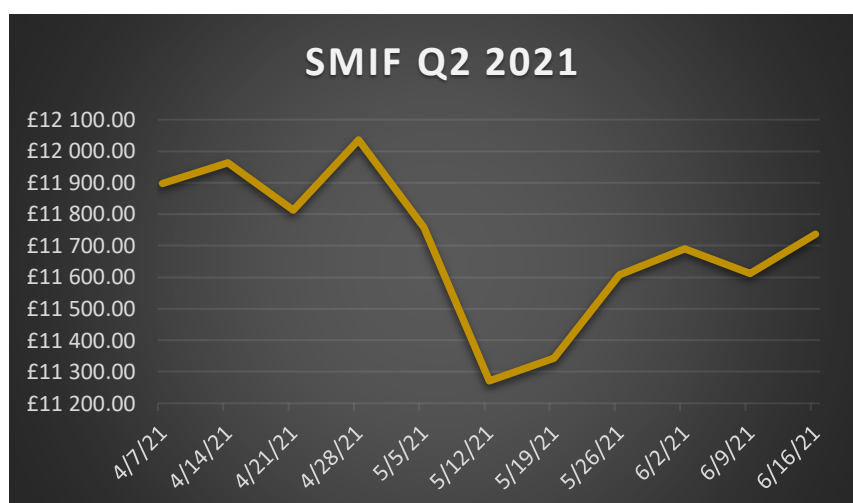
The SMIF portfolio moved horizontally during the quarter and finished 0.8% higher. Our strongest performers were EasyJet and Lloyds.



Quarter 2, 2021

The equity market performed strongly during the second quarter of the year. Inflation fears try to push prices down, but strong earnings and the reopening of the economy took the S&P 500 to new all times high. The S&P 500 closed the quarter with an increase of 6%. The FTSE 100 also showed a strong quarter with an increase of 5.5%. As mentioned before, equities were quite sensitive to inflation data. Inflation rose substantially during Q2, hitting a high of 5% in the US. However most experts predict that inflation will be temporary and therefore equities continued to increase during this quarter.

The SMIF portfolio performed quite weakly during the quarter. Most of the equities moved sideways but a couple of stocks closed the quarter a bit lower, with the portfolio 1.6% down for Q2.



Stock Pitch Presentations

After the Sector Teams each selected one stock, team members were given the chance to present their selection at the Stock Pitch Events that took place towards the end of the Autumn and Spring semesters. Prior to these pitches, members had screened the stocks in their chosen industries and analysed in depth those stocks they believed would provide the SMIF portfolio with long-term growth. The pitches were delivered to a general audience of students and other members of the SMIF, as well as to the members of an advisory panel, who collectively voted on whether or not to invest, as shown below. After the Stock Pitch Events took place the Student Committee met to act on the recommendations. In the Spring they also reviewed the current holdings for opportunities to sell, hold, or purchase more stock.

Recommendations – Autumn 2020

Company	Industry	Market Cap	Vote (Audience)	Vote (Panel)	Final Outcome
China Longyuan Power Corporation	Renewable Energy	\$9.2bn	Yes	Tied	Not Invested
Granite Real Estate Investment Trust	Real Estate	\$4.9bn	No	Tied	Invested
MercadoLibre Inc	E-Commerce & Financial Technology	\$79bn	Yes	Yes	Invested
Poste Italiane SpA	Logistics & Banking	EUR 13.8bn	No	No	Not Invested

Company Descriptions and Investment Theses

Granite Real Estate Investment Trust (REIT)

The main reason for pitching Granite REIT to the SMIF is the growth potential that this company presents. Granite is a very small REIT, with a Market Cap 4.6m Canadian dollars (CAD) in 2020. The company grew its Funds From Operations, or FFO (net income for a REIT) 27% during 2020. The company was forecast to grow 15% in 2021 and 2022 and 10% in 2023, 2024, and 2025. Thus, Granite could earn a FFO of 396m CAD by 2025. At a FFO to price ratio of 16, which is conservative, the stock price would have increased by 20% to 90 CAD. At a FFO to price ratio of 20, which is the current situation, the stock price would have increased by 50% to 113 CAD. In addition to the capital gain, the stock has a growing dividend currently at 3.77% and with the potential to increase to 4.3% as the company grows. The risk of the stock is moderate. The company's operations consists of buying and renting industrial real estate. The company's occupancy rate has been over 98% historically. Therefore, the risk-reward of Granite REIT seems ideal for the SMIF portfolio. Moreover, Real Estate has, historically, performed well in periods of inflation. Consequentially, with the current market sentiment of high inflation, Granite can give the SMIF portfolio a beneficial hedge against inflation.

China Longyuan Power Group

China Longyuan Power Group Limited is a predominantly renewable energy utility company based in China. It is the largest wind power producer in China and Asia and has operations in number of different countries including Canada, South Africa and Ukraine. The company uses energy to generate electricity to be supplied to customers in those countries, as well as China. Within China itself the electricity the company generates is sourced from 2 coal fired power plants and over 300 windfarms – most of the energy the company supplies to customers is generated from renewable sources.

The company represented an attractive investment opportunity for several reasons – qualitatively speaking, the company represents an attractive investment owing to the nature of its asset base, principally because the assets the company uses to generate electricity are predominantly renewable energy assets, i.e. wind turbines – this is a far more profitable method of generating electricity than assets which are fossil-fuel based. This is because fossil fuel sources such as coal plants, gas powered plants, biomass and wood pellet burning plants must pay significant sums of money in order to acquire combustible fuel in sufficient quantities that must be burned to provide electricity to large numbers of customers. However, renewable utility companies such as Longyuan Power do not have the additional cost of acquiring fuel to burn, resulting in higher operating margins compared to fossil fuel based utilities. This in turn has a positive impact on the net profit margin and cash flow. Many metrics used in fundamental analysis also point to a company which is an attractive investment. For example, the price-to-book ratio of Longyuan Power when the company was pitched in November was less than 1 – indicating a company that might be undervalued, particularly as it has been consistently profitable. Additionally, it had a P/E ratio of around 10.68, a net profit margin of around 16.58% and growth in earnings of around 445% over the last 10 years. Additionally, the company pays a healthy dividend of around 1.87% (at the

time of being pitched) and has done so for a number of years since 2010, when it started paying dividends, which have since been gradually increased. Compared to its peers in Europe and the USA, the company has grown its revenues on average at around 11.6% per annum, which compares very favourably with other utility companies in developed nations which have grown their revenues year to year at 3.8%, at best, over the last decade. There is an expectation that this growth will continue into the future as Longyuan expands its portfolio of windfarms in China and abroad. Politically, climate change is one of the few policy areas that Western developed economies and China are lockstep in agreement of late. China in particular has been consistently dedicated to the principles set out in the Paris Climate Accord in 2015 and has set ambitious goals to decarbonise its economy – Longyuan will likely be used as a vehicle for reducing China's greenhouse emissions well into the future.

MercadoLibre Inc

MercadoLibre (Spanish for 'Free Market') is the largest E-commerce and financial technology provider in Latin America. Founded by Ivy League MBA Graduate and current CEO Marcos Galperin in 1999, with seed funding from JP Morgan, the Argentine headquartered company has penetrated a range of complementary industries, including E-commerce, financial technology, logistics, wealth management, insurance, storefronts and web hosting. MercadoLibre has benefited from a range of alliances, including with eBay, JP Morgan and PayPal – the latter having taken a substantial stake, forming a best practice sharing agreement. The company IPOd on the NASDAQ in 2009 as 'MELI' and is now the most valuable company in Latin America, with dominance in Mexico, Brazil and Argentina. MercadoLibre's revenue is driven by its namesake MercadoLibre E-Commerce segment (44%) and the MercadoPago ('payment market') financial technology segment (49%).

MercadoLibre represents timely exposure to key secular tailwinds for the SMIF portfolio, such as E-commerce, financial technology, and rising digital penetration, as well as exposure to the growth of emerging economies. The company has shown a remarkable ability to execute into these tailwinds, achieving annual revenue growth above 90% for two consecutive financial years.

The company's local positioning gives it a strategic advantage over international competitors such as Amazon, whose management have a more limited understanding of the region. Furthermore, MercadoLibre regularly poll as the most envied graduate employer in Latin America, ensuring an advantage in the recruitment of high-quality employees.

Secular tailwinds alone would present MELI with extremely attractive growth potential given that only 5% of commerce is conducted online in Latin America, compared to 32% in Western Europe. MercadoLibre have a key advantage in gaining more than their competitors from this tailwind given that a significant number of consumers are unbanked or 'underbanked', meaning that they have no way to pay for online purchases. This is where MercadoPago, which is becoming a vast ecosystem in itself, provides a significant benefit. Finally, MercadoLibre's own MercadoEnvios logistics network is said to, in many places, be more comprehensive and significantly more efficient than state postal services.

In addition to secular tailwinds, MercadoLibre have throughout their history organically expanded their businesses, occasionally with low-cost, bolt on acquisitions. Most notably, this has included the rise of MercadoPago's FinTech services, which is increasingly

resembling ANT Financial of China. MercadoPago have become an integral part of many physical retail stores with their EPOS terminals, whilst their debit and credit card offering to consumers means that MercadoPago's scope now goes well beyond e-commerce. MercadoCredito, a lending division, has been reported by Bloomberg to have the lowest loan default ratio for any business operating in Latin America because of its data and AI advantages. In the coming years MercadoPago plan to expand by providing insurance brokering services as well as wealth management products, with banking licences also being secured in most Latin American countries. They also benefit from a best practices and intellectual property sharing agreement with PayPal.

MercadoLibre has secured notable partnerships with Disney and Warner Media to deliver media content in the region through a package similar to Amazon Prime. They have also partnered with established grocery retailers, many of whom use MercadoLibre's platform and logistics network, as well as international apparel firms such as Adidas and Nike – with the latter making a rare exception to their forward vertical integration strategy, demonstrating the strong position occupied by MercadoLibre.

Whilst MercadoLibre trades at a premium valuation of 19 times trailing twelve months' sales, this is not historically high for the company, with the pandemic having increased MercadoLibre's revenue growth percentages deep into three figures (the MercadoPago division grew by 184% in 2020). This suggests that MercadoLibre will comfortably support such a valuation through exceptional sustained growth for many years, given that penetration of their markets remains in the early stages. This view is supported by a majority of analysts, including Bank of America, who rate MELI as a 'strong buy' with a price target of \$2,500, a 78% increase at the time of writing. The company has high liquidity, with a current ratio of 2.2 and a respectable credit rating of B+, outlook positive. MercadoLibre demonstrates inconsistent EPS, largely because of significant logistics and distribution investments to ensure that it offers unrivalled coverage of the region, as opposed to competitors, most of whom are confined to larger cities.

Should inflation rise, MercadoLibre would be minimally affected. Having operated in markets where sustained high inflation is present, the company has vast knowledge and experience of how to grow in such conditions, whilst the company's standing in debt markets was underlined by a recent bond offering, offering a coupon of 2%, being 16 times oversubscribed.

MercadoLibre also meet and exceed the SMIF's RIP. The company is led by its billionaire founder Marcos Galperin, who's significant 9% stake in the company helps ensure alignment of management interests within MercadoLibre's single class share structure. At non-executive level, the expertise of the former CEOs of Telefonica, Santander and the incumbent CEO of the Hong Kong Stock Exchange can be drawn from. The company is also actively reducing not only its own carbon footprint but that of their entire supply chain by, for example, offering grants to loyal suppliers and customers for the purchase of electric vans.

The largest risks with an investment in MercadoLibre relate to forex fluctuations in the region, and political instability. However, the company has successfully grown throughout 20 years in a region which has variously witnessed political corruption, coups, defaults and hyperinflation, suggesting that it has sufficient durability, experience and local knowledge to navigate hurdles that are likely to affect competitors much more significantly. In the words of Bloomberg's Erik Schatzler, "MercadoLibre have succeeded in areas where many of the world's biggest corporations and even national governments have failed".

Overall MercadoLibre is a play on the ability to successfully continue to execute outstanding growth into secular tailwinds in a sustainable way through their competitive advantages and strong executive team.

Poste Italiane SpA

Poste Italiane is an Italian company owned 29.3% by the Ministry of the Economy and Finance (MEF) and 35% by Cassa Depositi e Prestiti SpA (CDP). It has been listed on the Milan stock exchange since 2015, and from this date to 31 December 2020 the stock price increased by 23% while the FTSE MIB (Italian index) decreased by 2%. It is the biggest logistics company in Italy and one of the leaders for financial, insurance and payment services. The Chairman is Maria Bianca Farina and the CEO is Matteo Del Fante, who respectively studied at University of Rome “La Sapienza”, and at Bocconi University in Milan.

The Poste Italiane group have 12,765 Post offices, 12,5000 employees, generated 575 million Post Office transaction in the most recent year and issued 21.7 million Postepay prepaid cards. The group generates a significant amount of Italy's Gross Domestic Product. It has a turnover of over 12 billion €, a market revenue of 10.5 billion €, an EBIT of 1.5 billion € and Net profit of 1.2 billion €.

On 19 of March, CEO Matteo Del Fante said:

“With our ‘2024 Sustain & Innovate Plan’, we are able to build and grow on the solid foundations put in place with Deliver22 with achievable targets across all our four businesses. Revenues will grow steadily throughout the plan, with EBIT and Net Profit increasing 5% and 6% CAGR respectively, generating €0.4 billion of incremental EBIT between 2019 and 2024. After a step up of 14% in 2021, the dividend per share will benefit from a 6% annual growth”.

And CEO Matteo Del Fante also said:

“Confirming the relevance of the environmental topics for our strategy, Poste Italiane will become a net zero emission company by 2030”.

These words indicate the future growth potential of Poste Italiane shares.

At the time of writing the stock price was really high, at 11.52 € per share - the highest ever price. When the buy recommendation was made, the price was lower, at 7.5€/8 € per share. The company has a great opportunity to grow further, and to benefit from the recovery from the covid-19 pandemic.

Student Presenters – Autumn 2020

China Longyuan Power Corporation	Luke Millburn
Granite Real Estate Investment Trust	Alvaro Villen
MercadoLibre Inc	Callum Graham
Poste Italiane SpA	Alessandro Pambianchi

Recommendations – Spring 2021

Company	Industry	Market cap	Vote (audience)	Vote (Panel)	Final outcome
American Water Company	Utilities		No	Tied	No
DexCom Inc	Healthcare		No	No	No
Games Workshop Group PLC	Consumer Discretionary		Yes	Tied	Yes
Square Inc	Financial Technology		Yes	No	Yes

Company Descriptions and Investment Theses

DexCom Inc

DexCom is a healthcare devices company created in 1999 and based in San Diego that specializes in developing, manufacturing, and selling Continuous Glucose Monitors, or CGMs, for diabetes type I patients. A DexCom CGM allows patients to manage their glucose levels through a smartphone without the inconvenience of traditional methods. Following their first FDA approved device in 2006, they are currently on the sixth version of the DexCom (G6) and have announced the G7 for 2022. The company is renowned in its industry for the quality of its technology and software and is currently exploring opportunities in other industrial and geographical markets.

The management is formed of experienced professionals in the niche industry of medical devices, most of them having over 20 years of experience in this area. CEO Kevin Sayer has been with the company since 2001, occupying important roles over his time with the firm and has overseen three different versions of the DexCom CGM, each with greater success.

The company has been growing steadily, with revenues and gross profits in 2021 four times greater than in 2016. In 2021 the company increased its long-term debt position likely due to their intention of scaling production for the upcoming G7 version, but also to gain commercial traction for a Type II diabetes device and to enter other countries' health care systems to sell their devices. This would potentially expand the company, increase its profits, reduce its risk, via diversification, and allow it to gain market power.

The dramatic increase in the price of insulin over the last two decades and the evidence for the rise in Type I and Type II diabetes patients creates a necessity for more efficient glucose tracking. This industry is still at an early stage of development, and the company has demonstrated its ability improve and adapt its products for patients over the years.

Square Inc

Company Info

Square Inc is a US headquartered financial technology provider offering business and financial solutions to its customers through two main business ecosystems: Seller and CashApp. Founded by Twitter Founder Jack Dorsey, and Jim McKelvey, in 2009, the company IPOd on the NYSE in 2015 as 'SQ', and operates globally, while continually innovating and expanding its business portfolio.

Why this Company?

Square Inc is a growth company, which, despite its \$100bn market capitalisation, is still on an intermediate, arguably underestimated growth state relative to its potential. Specifically, with its mission of 'enabling everyone to participate and thrive in the economy', Square has been an early innovator, successfully penetrating industries which are experiencing structural changes. Consequently, the company has a wide business portfolio within its Business and CashApp ecosystems, ranging from financial technology services, business management services, brokerage services, business lending, and music streaming services. This portfolio acts as a robust diversifier - and enabled the company to grow by 100%+ YoY during the Covid-19 health crisis.

Square is a company that focuses on long-term, scalable projects, rather than short-term share price appreciation. Thus, its net margins have been low (but increasing every year) compared to its revenue and gross margins (54% in 2020). Moreover, the company's greatest expenses include investing in increasing capacity (CapEx, product development, sales and marketing); it should be noted that, as the company's projects scale, it will benefit from economics of scale, and lower costs.

Most of the company's projects are financed through leverage, which may pose a risk. However, Square's liquidity and solvency have been robust – it has maintained a high current ratio for many years (average of 1.9) across various business cycles, whilst its EBITDA to Interest Coverage ratios were 4.8 and 3.1 for Q3 and Q4 of 2020 (quarters where Square took on the most debt). In addition, its cash from operations to total debt was 15% for 2020, a drop from 49.6% in 2019, as the company took advantage of the low interest rate environment to increase its borrowing capacity.

Another possible risk for the company's revenues is through its operations in Bitcoin. However, it is noteworthy that the company witnessed a 52% YoY increase in Gross Profit ex-Bitcoin – which suggests that it is not highly exposed to the Cryptocurrency.

According to the Sum-Of-The-Parts (SOTP) valuation which we conducted, Square is undervalued on its future potential, a view shared by various professional analysts, which suggest that it is underestimated by the market.

Thus, the company has the potential to be a great addition to our portfolio – it may be volatile in the short-term but has high long-term potential – and will increase the portfolio's Beta and provide exposure to industry structural changes and tailwinds that our portfolio has been lacking.

Finally, its strong ESG attributes – its environmental initiatives, strong support for minority communities and robust Board of Directors – position Square as an attractive investment in terms of our Portfolio's new ESG guidelines.

Games Workshop Group (GAW)

Company Info

Games Workshop Group (GAW) is a miniature wargames company based in Nottingham. Famous game lines include Warhammer, Warhammer 40000, and The Lord of the Rings. In addition, Games Workshop holds a licence for The Lord of the Rings/The Hobbit tabletop battle game. The collecting, modelling, painting, and playing of games with armies is enjoyed by millions of people worldwide. Games Workshop is a vertically integrated business, retaining control over every aspect of design, manufacture and distribution of models and rulebooks.

Why Games Workshop?

Games Workshop provides an opportunity for the SMIF Portfolio as it will provide currency diversification. Also, Games Workshop brings a new industry to the SMIF Portfolio, allowing exposure to cyclical consumer products, further enhancing SMIF diversification. Games Workshop has a competitive advantage by exploiting IP through gaming partnerships and TV series (royalties increased £1.5M FY15 to £16.8M in FY20). Furthermore, Games Workshop has shown strong sales. For example, the 9th edition of Warhammer 40000 sold out online in 15 minutes in 2020.

The company's management and leadership are experienced. CEO Kevin Rountree was appointed in 2015 and joined the business in 1998 as an accountant, but gained experience as Head of Sales. The management team have increased their awareness of reporting on ESG credentials and initiated several projects internally to improve sustainability. Sustainalytics gave Games Workshop an ESG rating of 13.3, which is low risk.

According to the *Financial Times*, most analysts believe the stock to be a buy. Games Workshop has an excellent track record of delivering earnings growth. It has no direct competitor, high margins, and a strong balance sheet.

American Water Company Inc

American Water is a US company that provide utilities services for US residents and undertakes government and military contracts. Their CEO is Susan Story, who has been in her position since 2014 along with the Non-executive Chairman of the Board Karl F. Kurz (since 2018) and director Veronica M. Hagen, who has occupied the position since 2016 and is a former CEO of Polymer Group Inc.

American Water has a majority female board and high ratings for ESG. Their ESG standards have been recognised and accredited in many awards, including military awards, recognition from the disability index and being listed in the Bloomberg index for inequality. With regards to growth and returns, American Water has steadily risen in price over the past year and has a low beta value. It continues to make investments in its infrastructure and plans to invest

\$10.4 billion over the 2021-2025 period and \$22-\$25 billion in the next decade. Were SMIF to invest in this company, it should prove to be a stable and safe investment.

Student Presenters – Spring 2021

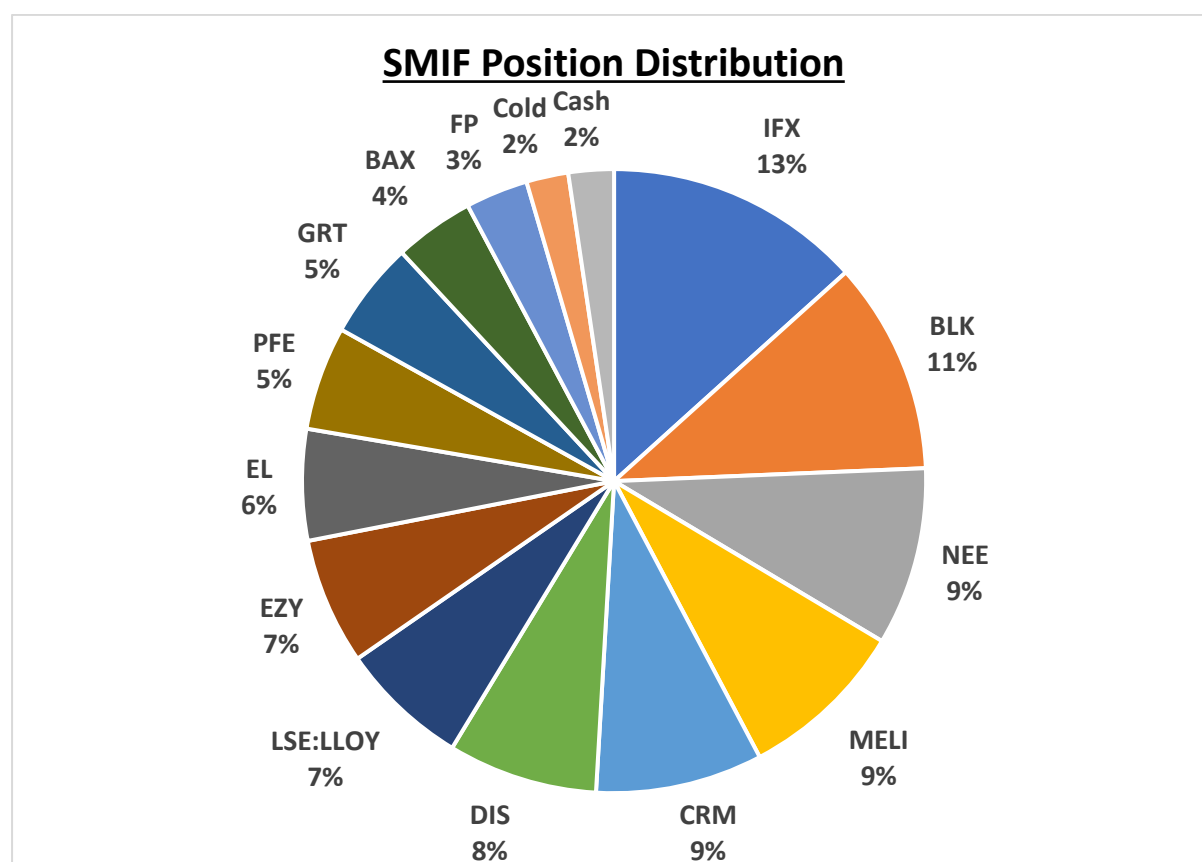
American Water Works Company	Ross McCafferty
DexCom Inc	Jaime Ojeda
Games Workshop Group PLC	Brent Jennings
Square Inc	Callum Graham & Stefanos Valoumas

Portfolio Composition and Performance for the period from 27th May 2020 to 26th May 2021

In the period from 27/05/2020 to 26/05/2021, both sales and new purchases changed the distribution of stocks within the portfolio. Sales included Rio Tinto, Salesforce (partial sale) and Baxter (partial sale) (all covered in last year's *Annual Report*). Recent purchases include BlackRock, Granite REIT and Mercado Libre, with Games Group Workshop and Square to follow shortly. For the time being, there are 14 positions in the portfolio which will increase to 16 with the 2 new investments.

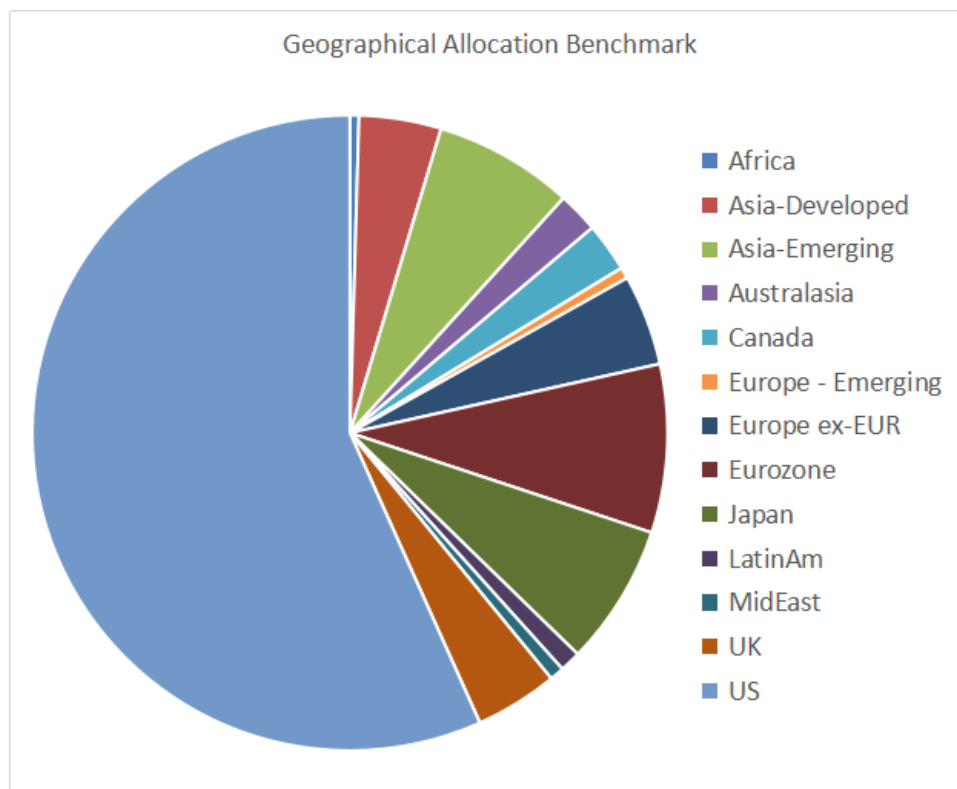
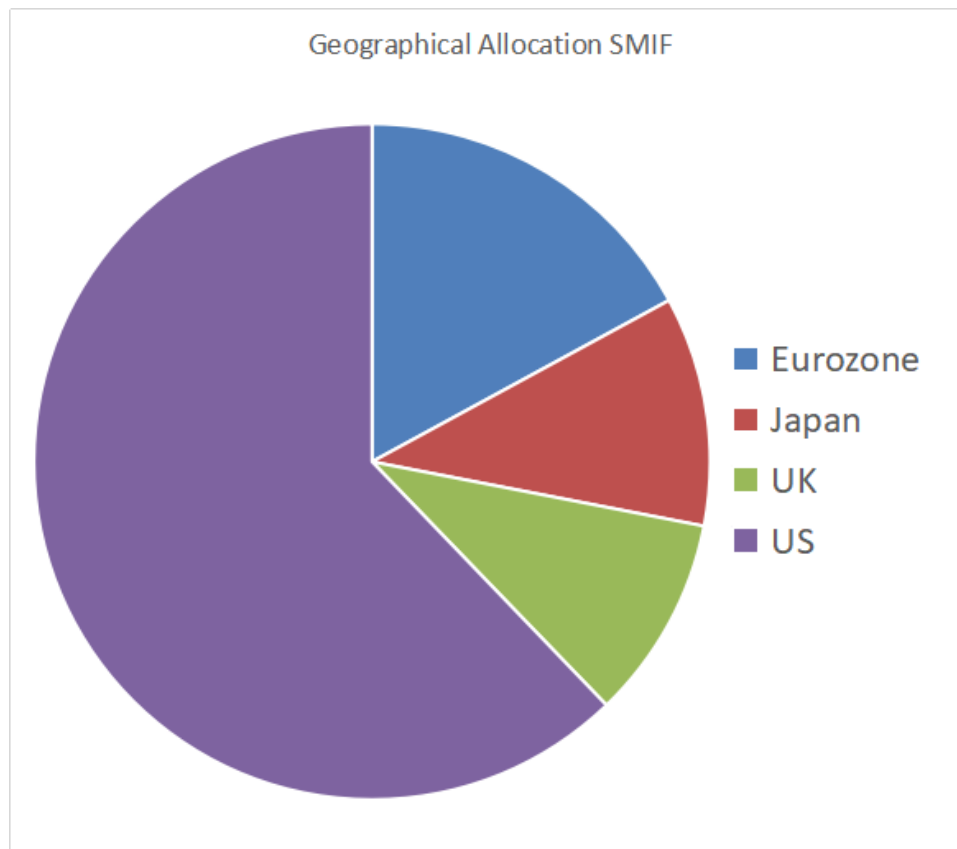
The graph below shows the weightings of the individual positions. The investments in the new positions are accompanied by a reduction in the Infineon position. The reason for this is the high weighting of the Infineon (IFX) position, at 13%, due to high value gains. The goal is to reduce this to 7% and, with the liquid funds thus made available, to support the new investments together with the existing cash of £599.89.

It should be noted that the SMIF Executive Board aims to maintain a 10% limit on investment in any given stock order to keep the risk of individual positions as low as possible.



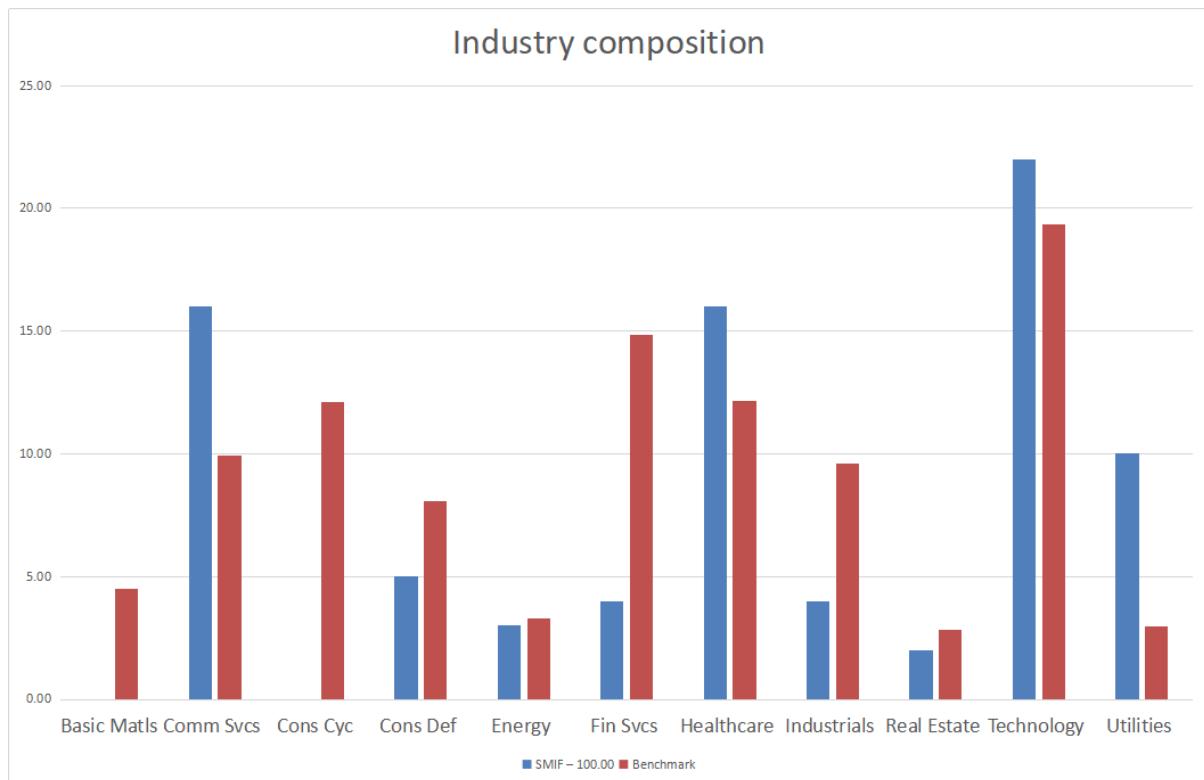
Source: SMIF calculations based on market data provided by Thompson Reuters DataStream and Yahoo Finance (26/05/2021).

Breaking down the portfolio composition by nation, as shown below, indicates that the highest exposure of the portfolio is to the US market, followed by the Eurozone.



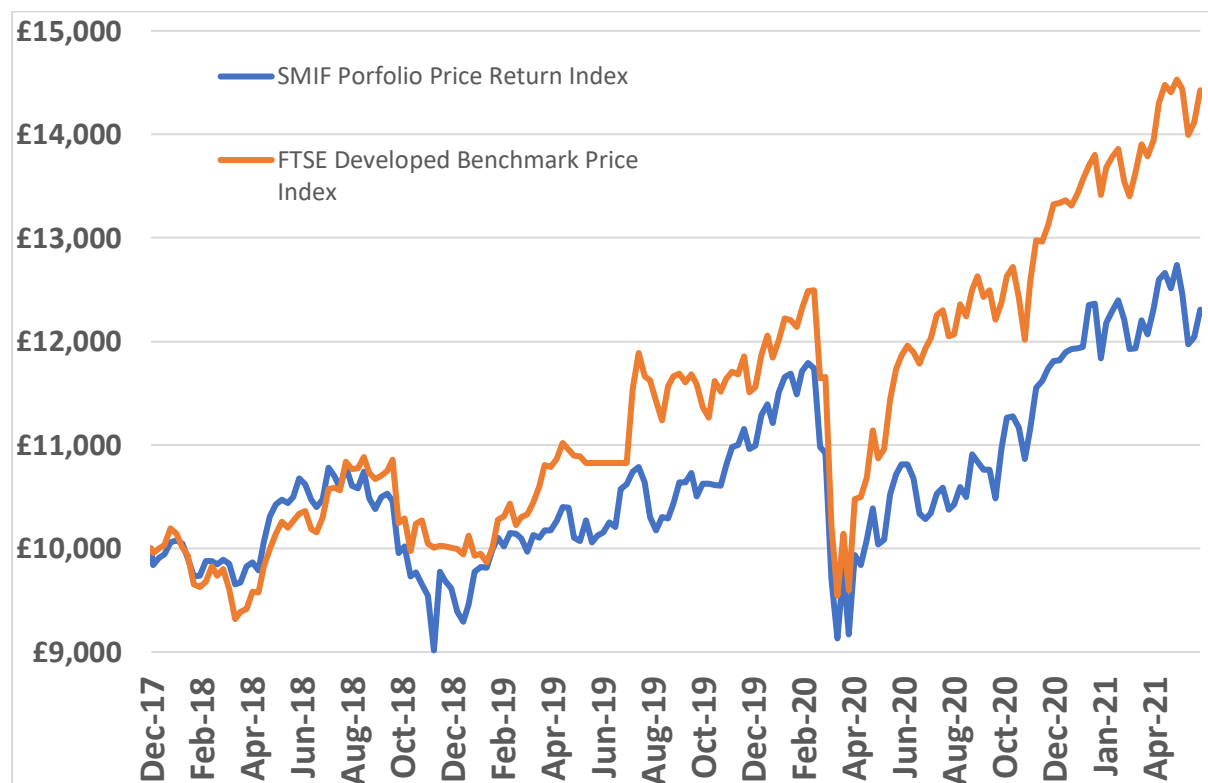
The benchmark in contrast shows far greater geographical diversity, but has similar sized positions in the US and eurozone. The largest difference is in the UK allocation, as the SMIF portfolio is overweight compared to the benchmark.

We break down the portfolio composition by industry using the Vanguard VWRL as a proxy for our benchmark, the FTSE Developed Index, as we do not have access to the FTSE Developed index constituents. As shown below, the portfolio is overweight in the Technology, Utilities, Healthcare and Communications sectors and has no exposure to two sectors. Source: Morningstar.



Overall Portfolio Performance for the period from 27th May 2020 to 26th May 2021

The SMIF portfolio is benchmarked against the FTSE Developed Index, derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world's investable market capitalisation. The chart showing overall performance indicates that as of July 2018 the SMIF portfolio began to underperform relative to the benchmark and continued this trend until October 2018 when there was a systemic market downturn after the US Federal Reserve's unexpected announcement that it would raise interest rates. Between November 2018 and February 2020 the portfolio could not keep up with the benchmark due to the high cash position and the low beta at that time. Since the COVID-19 induced market collapse, the portfolio recovered and reached its pre-Covid high in December 2020, but continued to lag the benchmark. The recovery has been driven by market-cap tech giants, reflected in the benchmark's rapid ascent to previous heights. The SMIF portfolio has lagged behind. Overall, the value of the SMIF portfolio cumulatively increased by 23.1%, whilst the benchmark returned 44.25%, a difference of 21.15% since the SMIF portfolio started.

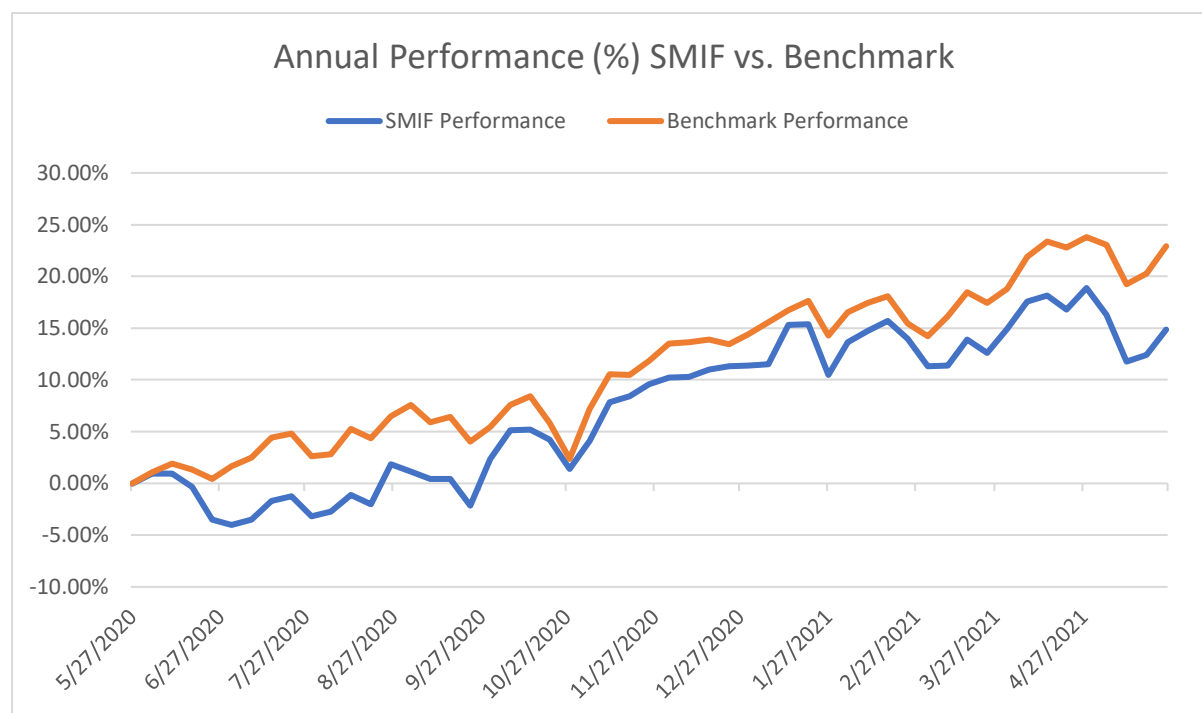


Source: SMIF Back Office Report (26/05/2021)

Note: Dividends are included in these returns but there is no management fee included in the above figures. A typical fee would be 0.5 percent of total Assets Under Management.

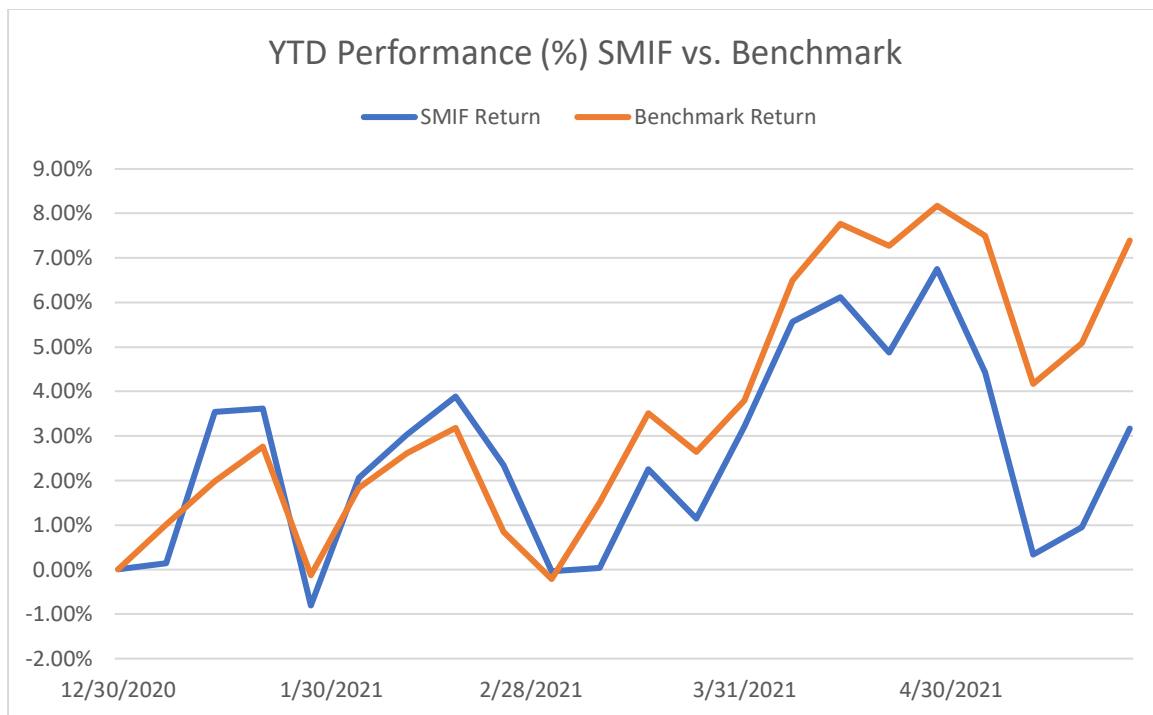
Annual SMIF Portfolio Performance Versus FTSE Developed Index

The annual performance shows a difference in returns of -7.85% since May 2020 between the SMIF (12.42%) and its benchmark (20.27%). This shows that the SMIF portfolio did not benefit to the same degree as the benchmark from the post-covid Tech-inspired Upswing. The overall SMIF return, at 20.46%, is lower than the benchmark, at 41.15%.



Source: SMIF Back Office Report 26/05/2021

Year-to-Date (YTD) SMIF portfolio performance vs. FTSE Developed Index



Source: SMIF Back Office Report 26/05/2021

If we examine the Year-to-Date (YTD) performance of the SMIF portfolio since the start of the current 2021 calendar year, we can observe that the SMIF portfolio and the benchmark were correlated. Only during Q2 did the benchmark break away. The lower fall of the SMIF fund from the end of May compared to the benchmark is striking. The recent underperformance in Q2 2020 can be attributed to EasyJet, Mercado Libre and Lloyds. Together, they accounted for around 15% of the portfolio and returned -32.8%, -31.5% and -19.5% respectively.

Observing the Overall, Annual and YTD performance charts, we can deduce that the SMIF's underperformance is largely because of its exposure to the same downsides as the market, while missing the upsides afforded by the rapid growth of US-based tech sector stocks.

Comment

"The SMIF student leadership team deserve to be commended for rising to the challenges of the Covid-19 pandemic and adapting quickly, using Teams and Zoom for most 2020/21 events, and increasing the number of events, many with international guest speakers. The Annual Report details the performance of the SMIF portfolio, and the key decisions made during a challenging year. The greater use of ESG risk ratings in the decision-making process and the new Responsible Investment Policy are welcome developments that will help to increase future alignment with the SMIF's core values."

Dr Kevin Campbell, Student Managed Investment Fund Oversight Committee

Main Qualitative Risks

COVID19 - The outbreak of COVID-19 resulted in an economic shutdown the extent of which has not been seen in recent times. Companies experienced a period of sharp losses across the board as businesses closed, planes were grounded and many people were made redundant, resulting in far lower consumer spending. This affected almost every industry. The removal of the Government furlough scheme will add further pressures to businesses that have been struggling, and we may see an increase in the number of failing businesses and redundancies. Those that survive may need to consider diversification. However, with the nationwide delivery of a vaccine, life appears to be returning to 'normal' with shops, restaurants, leisure facilities and even nightclubs reopening. Although this appears to be a positive step forward, it has also resulted in an increase in coronavirus cases, including the delta variant, which may have some degree of resistance to the vaccine. This is a cause for concern as there is risk of further localised lockdowns, or a nationwide lockdown.

Brexit - With Brexit concluded, the British economy during 2021 rebounded strongly contrary to many dire predictions. Inflation risk is a consequence of this growth in the economy, driven by a resurgence of consumer confidence and spending. We are now seeing the risk of inflationary pressures increasing wage costs, and for the first time in a decade it could put pressure on the Bank of England to increase interest rates.

ESG Risks - There are companies in our portfolio that inevitably carry some ESG risks. These are primarily Total and EasyJet, in the context of sustainability. Also, there are other outstanding issues in regard to EasyJet with loss of shareholder voting rights due to the combination of Brexit and EU regulations, and the environmental risks of this company.

Portfolio Risk Analysis

VaR analysis was used to estimate the capital loss on our Portfolio over a weekly period.

<i>SMIF Portfolio</i>		<i>% Returns FTSE Developed</i>	
Beta	0.866	Beta	1
Mean	0.12%	Mean	0.24%
Standard Deviation	2.34%	Standard Deviation	2.18%
Sample Variance	0.000549361	Sample Variance	0.00047435
VaR (90)	2.35%	VaR (90)	1.99%
VaR (95)	3.40%	VaR (95)	2.95%
VaR (99)	6.90%	VaR (99)	6.95%

The metric shows that the portfolio's tail risk is generally higher than that of the benchmark, apart from the 1% tail of the distribution. This indicates that our portfolio has been generally more exposed to negative market movements and has not participated so much in upside market movements, as can be seen from the return graphs in the previous section.

The mean return of the SMIF portfolio at 0.12% is significantly less than that of the benchmark, which comes in at 0.24%. On a more positive note, the Beta of the SMIF portfolio is lower than that of the benchmark, at 0.866, with the benchmark obviously having a Beta of 1. This indicates that the SMIF portfolio is underexposed to systemic risk (which is risk in the general market due to factors which no company can avoid, such as political risk or economic risk). Because systemic risk is lower for the SMIF portfolio, it can be expected that in times when stock prices are rising, particularly for benchmark stocks - the prices of the stocks in the SMIF portfolio should also rise at the same time but to a lesser degree. This is evident from the lower mean return of the SMIF portfolio in comparison to the benchmark, as stated previously. By the same token, having a Beta less than 1 also means that during periods where stock prices are declining on the general market, and particularly for the benchmark, the prices of the stocks in the portfolio can also be expected to decrease but to a lesser degree. This means that the portfolio is generally less volatile and has more stable pricing than that of the benchmark - so the SMIF portfolio's composition of stocks should prove to be more stable in times of crisis or recession.

The standard deviation of 2.34% for the SMIF portfolio and 2.18% for the benchmark indicate that the portfolio has a greater total risk than the benchmark. Having calculated the correlation matrix for individual stocks within the SMIF portfolio, the highest correlation between two stocks in the portfolio was the value 0.54 for the correlation between the returns of Americold and the returns of Granite REIT, while conversely the lowest correlation between two stocks in the portfolio was between the returns of EasyJet and Salesforce, with a value of -0.067. As the highest correlation between any two stocks in the portfolio is significantly less than the value 1.0, the portfolio is adequately diversified.

On an individual basis the stock which has the highest Beta in relation to the market in which it trades is EasyJet, with a value of 1.44. Therefore, EasyJet's share price declined more dramatically than the FTSE 250 as covid hit. Individually the stock in the portfolio that has the lowest Beta is Total, which had a Beta of -0.09. Again, this incredibly low value for Beta can be explained by the fact that during the past five years (for which the company Betas were calculated) Total's share price marginally declined over time, whereas the Euronext 100, of which Total is a constituent, marginally increased in value. Therefore, the price movement of Total was, overall, in opposition to the price movement of the Euronext, resulting in the negative Beta.

Commentary on Individual Stock Performance from June 2020 to May 2021

Company Specific 12-month Performance Overview

Equity	Market Cap	Revenue Growth	EPS Growth	Net Margin	PE
Americold	\$9bn	31%	-113%	-0.6%	165
Baxter	\$42bn	5%	-9%	9.5%	29
BlackRock	\$131bn	19%	51%	32%	24
Disney	\$308bn	-14%	-194%	-4%	79
Granite	\$4.8bn	14%	16%	7%	7.4
EasyJet	£4.5bn	-89%	-47%	-36%	-
Estee Lauder	\$107bn	-5%	6%	9%	65
Infineon	41bn	25%	-49%	4%	103
Games Workshop	£3.6bn	10%	21%	26%	51
Salesforce	\$205bn	24%	213%	19%	51
MercadoLibre	\$67bn	111%	93%	-0.1%	-
Next Era	\$142bn	-14%	18%	14%	38
Pfizer	\$205bn	13%	-14%	17%	15
Total	101bn	-29%	-156%	-4%	46
Square	\$93bn	266%	132%	2.7%	241

Americold Reality Trust

CEO: Mr. Fred W Boehler

Market cap: 6.69 billion USD

Revenue (2020): 1.99 billion USD

Description: Americold Reality Trust is an American Real Estate Investment Trust that owns and operates temperature-controlled warehouses and associated services. Americold offer services from 'farm to fork', with major clients including Walmart, Unilever and Nestle. Their facilities primarily enable the storage of food and pharmaceutical products, with significant levels of automation and AI used to enhance efficiency. Logistical services are often provided, through outsourcing to partners. Packaging and de-bulking of goods is also offered. The company has 242 locations globally and more than one trillion pounds of product throughput. Founded in 1903 in Atlanta, Americold has expanded as well as grown through mergers and acquisitions of smaller firms to become the largest operator of temperature-controlled warehouses worldwide.

Events: On the 13th October 2020 Americold Reality Trust announced the acquisition of Argo Merchants Group for 1.74 billion USD. In the same month the company announced a common share offering. In November 2020 Americold announced acquisition and development activity totaling 575 million USD. On the 10th of November 2020 the company announced underwriters' exercise of option to purchase

additional shares. During December of 2020 Americold Realty Trust closed the acquisition of Argo Merchants Group.

ESG: Carries low exposure risk to ESG issues (17.5 - Sustainalytics). This company does not carry a MSCI Index rating.

Baxter Health

CEO: Mr. Jose E. Almeida

Market cap: 42.17 billion USD

Revenue (2020): 11.67 billion USD

Description: Baxter International is an American multinational healthcare company operating through two segments: BioScience and Medical Products. Baxter's BioScience business helps treat haemophilia and other bleeding disorders as well as creating products for regenerative medicine and vaccines. The medical products are used in the delivery of fluids and drugs to patients, inhalational anaesthetics, contract manufacturing services and products to treat end-stage kidney disease or irreversible kidney failure including products for peritoneal dialysis and haemodialysis.

Events: On the 8th of February 2021 the American Diabetes Association and the Baxter International foundation partner in health equity launched an initiative to address barriers to diabetes management. In the same month Baxter appointed Dr. David Wilkes to its board. In March 2021 Baxter BioPharma Solutions and Moderna announced an agreement for manufacturing of the Moderna Covid-19 vaccine in the US. The company was in 2021 yet again featured on the inaugural global inclusion index in 11 countries: Brazil, China, France, Germany, India, Ireland, Italy, Japan, Mexico, Singapore and the United Kingdom. On the 24th of April Baxter received a grant from the German Federal Ministry of Education and Research to lead extracorporeal blood purification research. In May 2021 Baxter launched the PrisMax 2 system to advance critical care delivery for patients and hospitals. In early June Baxter launched the sharesource analytics 1.0 digital health module to enhance clinical management of home dialysis patients.

ESG: Carries medium exposure risk to ESG issues (27.5 - Sustainalytics). This company carries a BBB rating from MSCI and has seen steady improvement in its rating since Dec 2016.

BlackRock

CEO: Mr. Laurence Douglas Fink

Market cap: 133.33 Billion USD

Revenue (2020): 16.2 billion USD

Description: BlackRock is an American multinational investment management company with headquarters in New York. As of January 2021 BlackRock, has 8.67 trillion USD in asset under management, making it the largest asset manager in the world. BlackRock operates globally with 70 offices in 30 countries and clients in 100 countries.

Events: In August 2020, BlackRock received approval from the China Securities Regulatory Commission to set up a mutual fund business in the country, making it the first global asset manager to get consent from China to start operations. On the 1st of February 2021 the company completed its acquisition of Aperio. During March Hans E. Vestberg was added to the board of directors. Also, in March BlackRock hired Paul Bodnar to lead sustainable investing. In April Temasek and BlackRock launched a decarbonization investment partnership. In May BlackRock bolstered its Aladdin Platform's trading capabilities with the FlexTrade partnership. On the 19th of May 2021 ADP, Best Buy, Self, Truist and Varo joined BlackRock's emergency savings initiative. In June 2021 British Airways Pensions entrusted BlackRock with the management of over 21 billion GB pounds of Assets, in a transformational partnership.

ESG: Carries medium risk exposure to ESG issues (22.8 - Sustainalytics). Has an AA rating from MSCI which it has held since June 2017. A recent major ESG event is the palm oil scandal, in which BlackRock supported a shareholder protest against Procter & Gamble's sourcing of palm oil from an Indonesian company in which BlackRock itself holds a significant stake, thereby leading to accusations of inconsistency.

The Walt Disney Company

CEO: Mr. Robert A. Chapek

Market cap: 335.53 billion USD

Revenue (2020): 65.39 billion USD

Description: The Walt Disney Company is a global entertainment company and media enterprise that operates through four business segments: media networks, parks, experiences and products, studio entertainment and direct-to-consumer and international (DTCI). The Media Networks unit includes cable and broadcast television networks, domestic television stations, and radio networks and stations. The Parks, Experiences and Products segment operates the Walt Disney World Resort in Florida and in California. The Studio Entertainment encompasses the production of live action and animated motion pictures, as well as musical recordings and live stage plays. The DTCI unit licenses the company's trade names, characters and other properties to several manufacturers, game developers and retailers worldwide. Additionally, the

DTCI also consists of Disney's streaming services and develops and publishes books, games, magazines and comic books. The Company's Walt Disney Imagineering unit designs and develops new theme park concepts and attractions, as well as resort properties. The studio entertainment segment produces and acquires live-action and animated motion pictures, direct-to-video content, musical recordings, and live stage plays.

Events:

The NBA playoffs were held at the Disney facilities in Orlando during the months of August through October. In September 2020, Disney announced they would lay off 28,000 employees in both Florida and California. According to company officials two-thirds of those laid off were part-time workers. In November the announcement was made that a further 4000 jobs would be cut. During December 2020 Alan Bergman was announced as the chairman of Disney Studios Content division. In March 2021 Disney announced a new division, 20th Television Animation, that will focus on adult animation. In October Disneyland Paris announced the phased development of one of the largest solar canopy plants in Europe. The solar plant will be developed in collaboration with Urbasolar and will contribute to the reduction of greenhouse gas emissions by more than 750 tona of CO₂ per year. On the 18th of December 2020 Disney announced their new set of environmental goals for 2030, focused on five main areas: Greenhouse Gas Emissions, Water, Waste, Materials and Sustainable Design. Also, in December the company surpassed 137 million paid subscriptions across its direct-to-consumer services. In April Disney was awarded a total of five Oscars. At the end of April Disneyland reopened resort theme parks for guests.

ESG: Carries low exposure risk to ESG issues (16.3 - Sustainalytics). This company carries an A rating from MSCI as of March 2021. This is an improvement from its BBB rating which it held since March 2017. Human Capital development improvements have partly driven this increase.

EasyJet

CEO: Mr. Johan Peter Lundgren

Market cap: 6.95 billion USD

Revenue (2020): 3 billion USD

Description: EasyJet is a multinational low-cost airline headquartered in the UK. It operates over 1000 routes in more than 30 countries. The airline is part of the FTSE 250 index and employs around 14000 people.

Events:

The dominant topic for EasyJet has been the covid-19 pandemic which restricted travel and affected the company adversely. The year 2020 saw EasyJet make a loss of 1.3 billion pounds due to travel restrictions imposed by governments globally. On the 17th of August 2020 the airline confirmed that it would be closing three bases in

the UK: Stansted, Southend and Newcastle. At the end of May the family of the founder of EasyJet sold a small stake in the company, reducing the Haji-loannou family's holding to 25.3% from 26.7%.

ESG: Carries high exposure risk to ESG issues (34.6 - Sustainalytics). This company does not carry an MSCI index rating. There are issues with the loss of shareholder voting rights due to the combination of Brexit and EU regulations, and also environmental issues.

Estee Lauder

CEO: Mr. Fabrizio Freda

Market cap: 109.9 billion USD

Revenue (2020): 14.29 billion USD

Description: Estée Lauder manufactures and markets skin care, makeup, fragrance, and hair care products for women and men worldwide. The company was founded in 1946 by Estée Lauder and her husband, and is headquartered in New York. Estée Lauder is one of the market leaders in the cosmetics industry and has multiple distribution channels around the world, allowing a presence in over 150 countries. Estée Lauder also possesses many recognizable brands, such as MAC Cosmetics, La Mer, Clinique and Michael Kors Beauty. In addition, Estée Lauder is also involved in significant M&A activities, particularly in the East Asian market.

Events:

As a result of the Covid-19 pandemic Estee Lauder announced a reduction of about 3 percent of their employees in August 2020. In February 2021 Estee Lauder joined the Bloomberg gender equality index. In March 2021 the company announced it will be issuing 600 million USD worth of senior notes. Early April 2021 Estee Lauder joined the global Shea Alliance which commits to promote the sustainable development of Shea butter, a fat extracted from the nuts of the shea tree. In May 2021 Estee Lauder partnered with Uber Eats allowing their cosmetics to be delivered straight to customers' doors. The same month saw the company increase its ownership of Deciem to a 76 percent ownership stake. Furthermore, that month Meridith Webster was appointed Executive Vice President, Global Communications and Public Affairs. She is the direct successor of Alexandra Trower who retired from the position in April 2021.

ESG: Carries medium exposure risk to ESG issues (24.3 - Sustainalytics). This company carries a BBB rating from MSCI and has been steady since Jan 2020.

Granite REIT

CEO: Mr. Kevan S. Gorrie

Market cap: 5 billion USD

Revenue (2020): 0.34 billion USD

Description: Granite Real Estate Investment Trust is a Canadian company that acquires, develops, owns and manages industrial, warehouse and logistics properties in North America and Europe. The company currently has 115 properties in 7 countries, of which 99.6% are occupied.

Events:

At the beginning of November 2020 Granite REIT announced new acquisitions worth a total of 164 million USD as well as a dividend increase of 3.4% effective with the December 2020 distribution. Towards the end of November 2020, the company announced the closing of a 288 million Canadian dollars bought deal equity offering. In December Granite REIT completed its offering of 500 million Canadian dollars of 2.378% senior debentures due 2030. The same month the company issued notice of redemption of 3.788% of senior debentures due 2021. In March 2021 Granite REIT extended and upsized their credit facility to 1 billion USD and also announced a new 86 million USD acquisition in the US.

ESG: Carries low exposure risk to ESG issues (16.8 - Sustainalytics). This company does not carry an MSCI index rating.

Infineon

CEO: DR. Reinhard Ploss

Market cap: 50.18 billion USD

Revenue (2020): 8.57 billion USD

Description: Infineon Technologies AG is a Germany-based designer, developer and manufacturer of semiconductors and related system solutions. The Company operates through four segments: Automotive, Industrial Power Control, Power Management & Multimarket, and Chip Card & Security. The Automotive segment designs, develops, manufactures and markets semiconductors for use in automotive applications. The Industrial Power Control segment designs, develops, manufactures and markets semiconductors for the conversion of electric energy in the medium to high power range. The Power Management & Multimarket segment designs, develops, manufactures and markets semiconductors for power supplies, and for mobile devices and cellular infrastructure, as well as offering a range of Class-D amplifiers for home audio applications. The Chip Card & Security segment designs, develops, manufactures and markets hardware-based security products for card applications.

Events:

On the 1st November 2020 Klaus Walther retired. He was the long-standing head of communications and most recently senior advisor to the CEO. In November 2020 Infineon was once again listed in the Dow Jones Sustainability Index, and ranked amongst the most sustainable companies worldwide for the 11th time in a row. During the month of February 2021 Constanze Hufenbecher became Chief Digital Transformation Officer and the supervisory board extended the mandate of the chief financial officer by a further five years. In April 2021 Infineon successfully signed a 1.3 billion USD US private placement to repay outstanding financing related to the acquisition of Cypress. In late May 2021 Samsung chose Infineon for its newly launched refrigerator. Also, in May 2021 Infineon increased supply security for the important compound silicon carbide by expanding their supplier base.

ESG: Carries low exposure risk to ESG issues (17.5 - Sustainalytics). This company carries an AA rating from MSCI and has been steady since Feb 2019.

Lloyds

CEO: Mr. William Leon David Chalmers

Market cap: 45.9 USD

Revenue (2020): 15.28 billion USD

Description: Lloyds Banking Group is a provider of financial services to individual and business customers in the United Kingdom. The company's segments are Retail, Commercial Banking, Consumer Finance, Insurance and Other. The Retail segment offers a range of financial service products, including current accounts, savings and mortgages. The Commercial Banking segment offers a range of products and services, such as lending, transactional banking, working capital management, risk management and debt capital markets services. The Consumer Finance segment offers consumer lending products, including motor finance, credit cards, and unsecured personal loans. The Insurance segment provides a range of protection, pension and investment products. With 30 million customers and 65000 employees it is the UK's largest financial institution.

Events:

In July 2020 Lloyds started a partnership with the fintech company Form3. In late November 2020 the company launched its new cashback initiative with local retailers. At the end of April 2021, it was announced that the chief executive António Horta-Osório will leave the company after 10 years. In May 2021 Lloyds were in advanced talks about a 400-million-pound takeover of Embark. In March 2021 the company announced that since 2018 it has delivered a total of 9 billion pounds to the UK social housing sector. The bank aims to deliver a total of 1.5 billion pounds to social housing in 2021 with a minimum of 500 million pounds going towards ESG spending. In partnership with the Woodland Trust, Lloyds announced in February 2021 that it has planted the first 1 million of 10 million trees to all be planted across the UK by 2030.

ESG: Carries medium exposure risk to ESG issues (23.3 - Sustainalytics). This company carries an AA rating from MSCI. This is an increase of two MSCI index ratings (up from BBB in Feb 2019) due to its 2020 Race Action Plan and a £440m divestment from ESG failing companies.

Mercado Libre

CEO: Mr. Marcos Eduardo Galperán

Market cap: 73.84 billion USD

Revenue (2020): 3.97 billion USD

Description: Mercado Libre is an operator of online marketplaces, in particular e-commerce and online auctions. MercadoLibre.com is Latin America's most popular e-commerce site by numbers of visitors. The company has five major businesses: MarketPlace (a platform for users to sell products), Mercado Pago (a payment platform for online sales), Mercado Publicado (advertising part of Mercado Libre), Mercado Shops (a tool designed to enhance the platforms overall ecosystem) and Mercado Crédito (the company's credit line). Mercado Libre has operations in Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Mexico, Spain, Ecuador, Guatemala, Honduras, Peru, Panama, Uruguay and Venezuela.

Events:

In January 2021 Mercado Libre announced the closing of their inaugural debt offering. The company announced on the 14th of January 2021 that it had successfully closed its registered public offering of 400 million USD 2.375% notes due 2026 and 700 million USD 3.125% notes due 2031, which were initially priced on the 7th of January 2021. Mercado Libre intends to use the proceeds of the 2026 notes to finance and refinance ongoing or new social and environmental impact projects. In the same month the company announced the repurchase of 440 million USD of its convertible senior notes.

ESG: Carries medium exposure risk to ESG issues (24.3 - Sustainalytics). This company carries an A rating from MSCI and has been steady since Jun 2019.

NextEra Energy

CEO: Mr. James L. Robo

Market cap: 142.4 billion USD

Revenue (2020): 18 billion USD

Description: NextEra Energy (NEE) is an electric power company based in North America focused on the generation of renewable energy using wind and solar. NEE owns and operates generation, transmission, and distribution facilities to support its services to retail and wholesale customers whilst also holding investments in gas

infrastructure assets. Its segments include Florida Power & Light Company (FPL) and NEE Resources (NEER). FPL is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution and sale of electric energy in Florida. This subsidiary delivers energy to an estimated 10 million people. NEER is a diversified clean energy company with a business strategy that emphasizes the development, acquisition, and operation of long-term contracted assets with a focus on renewable projects. Together with its affiliated entities, NEER is the world's largest generator of renewable energy from wind and sun.

Events:

NEE subsidiary NextEra Energy Marketing has teamed up with OPAL Fuels to build the first landfill renewable natural gas production facility in Minnesota. The project is expected to be completed by the first-quarter 2022. In May 2021 the company announced NextEra Energy Partners are going to upsize their convertible equity portfolio with investors KKR by 150 million USD, with funds to be used to acquire renewable projects. On the 20th of May 2021 the company declared a regular quarterly common stock dividend of \$0.385 per share. This dividend is payable on the 15th June 2021. During the month of May 2021 an affiliate of NextEra Energy Resources brought online a 130MW solar project at Tucson International Airport in Arizona. On the 2nd of February 2021 Lynn M. Utter was appointed to the board of directors. At the end of February 2021 NextEra Energy was recognized as one of the world's most ethical companies for the 14th time. The company is one of only nine companies worldwide in the energy and utilities sector to receive Ethisphere's award. In March 2021 NextEra Transmission, a NEE subsidiary announced the acquisition of GridLiance Holdco from affiliates of Blackstone for 660 million USD including the assumption of debt. US President Joe Biden's 2 trillion USD infrastructure plan involves a heavy focus on clean energy, thus benefitting NEE.

ESG: Carries medium exposure risk to ESG issues (29.1 - Sustainalytics). This company carries an AAA rating from MSCI, the highest index rating available and has held this rating consistently since Dec 2016.

Pfizer

CEO: Dr. Albert Bourla D.V.M., DVM, Ph.D.

Market cap: 224 billion USD

Revenue (2020): 41.9 billion USD

Description:

Pfizer is an American multinational pharmaceutical company with headquarters in New York. It develops and produces medicines, vaccines for immunology, oncology, cardiology, endocrinology and neurology. The company recently developed a vaccine for Covid-19. The company has 42 manufacturing sites globally and provides medical products to patients in more than 125 countries.

Events:

In September 2020 Pfizer acquired a 9.9 percent stake in CStone Pharmaceuticals for 200 million USD. This acquisition was followed by the acquisition of Arixia Pharmaceuticals in October 2020. In November 2020 Pfizer merged its off patent branded and generic drug business, known as Upjohn, with Mylan to form Viatris, owned 57 percent by Pfizer shareholders. In early December 2020 the Pfizer vaccine against the corona virus was authorized in the UK. The new vaccine increased Pfizer's earnings drastically. However, fears of losing market power rose after an increase in political pressure to make the process of the vaccine public. This was however quickly dismissed and it was announced that Pfizer's covid vaccine is also highly effective against the Indian covid variant. On the 5th January 2021 the company introduced a new logo. Yet another acquisition occurred in April 2021, of Amplyx Pharmaceuticals.

ESG: Carries medium exposure risk to ESG issues (24.7 - Sustainalytics). This company carries a B rating from MSCI. This is the SMIF's lowest scoring stock in the MSCI index system.

Salesforce

CEO: Mr. Marc R. Benioff

Market cap: 196.13 billion USD

Revenue (2020): 21.25 billion USD

Description:

Salesforce is a provider of enterprise software, delivered through the cloud, with a focus on customer relationship management (CRM). The Company focuses on cloud, mobile, social, Internet of Things (IoT) and artificial intelligence technologies. Its Customer Success Platform is a portfolio of service offerings providing sales force automation, customer service and support, marketing automation, digital commerce, community management, analytics, application development, IoT integration, collaborative productivity tools and its professional cloud services. Its cloud service offerings include Sales Cloud, Service Cloud, Marketing Cloud, Commerce Cloud, Community Cloud, Analytics Cloud, Salesforce Quip and Salesforce Platform. In 2020 Fortune magazine ranked the company as the sixth best company for employees.

Events:

On the 1st of December 2020 Salesforce announced the acquisition of Slack for 2.27 billion USD. The same month they also acquired Acumen Solutions for 570 million USD. After six years working for the company, Mark Hawkins (CFO) announced his retirement in February 2021. He will however retain this position until October, when he will be replaced by Amy Weaver. In the beginning of May 2021 Salesforce secured a contract with Disney studios to overhaul workflows. This deal sees Disney using the company's CRM technology to improve content workflows and inform decision making. On the 7th of March 2021 Salesforce announced that its supplier contracts will

now require companies to set carbon-reduction goals and deliver products and services on a carbon-neutral basis.

ESG: Carries low exposure risk to ESG issues (11.4 - Sustainalytics). This company carries an AA rating from MSCI. It dropped down from the highest rating (AAA) in Oct 2019. This is speculated to be because of the purchase of Slack Technologies for almost \$28B, which was deemed to be overpriced.

Total S.A

CEO: Mr. Patrick Pouyanné

Market cap: 127.92 billion USD

Revenue (2020): 119.7 billion USD

Description:

Total S.A. is an oil and gas company that operates worldwide. The French company is one of the seven supermajor oil companies. Total has three segments. 1: An Upstream segment, including the activities of the exploration and production of hydrocarbons and the activities of gas and power. 2: A Refining & Chemicals segment constituting an industrial hub consisting of the activities of refining, petrochemicals and specialty chemicals, which also includes the activities of oil trading and shipping. 3: A Marketing & Services segment, including the activities of supply and marketing in the field of petroleum products, as well as the activity of New Energies. The Company also operates in the renewable energies and power generation sectors.

Events:

As a result of the pandemic Total announced that they would seek 500 voluntary job losses in France during December 2020. In January 2021 the company left the American Petroleum Institute lobby, due to differences on the common vision on how to tackle the fight against climate change. Towards the end of March 2021 Total suspended their work in Mozambique amid violence and terrorist activities in the country. In April 2021, Total booked an income of 3 billion USD for the period of January to March, coming close to pre-pandemic numbers. This was in part due to a rise in oil and gas prices. At the end of April 2021 Total agreed to acquire a 23% stake in the Yunlin offshore wind farm that is under construction in Taiwan from the German developer Wdp AG.

ESG: Carries medium exposure risk to ESG issues (28.4 - Sustainalytics). This company carries an A rating from MSCI and has seen steady improvement since Dec 2016.

SMIF Advisory Board of Non-Executive Directors

Dr Kevin Campbell	Senior Lecturer in Finance, Programme Director, MSc Investment Analysis
Dr Isaac Tabner CFA	Senior Lecturer in Finance, Programme Director, MSc Finance
Angus McPhail	Senior Teaching Fellow, Lecturer in Finance
JB Beckett	Non-Executive Director
Alan Loughray	Non-Executive Director
Colin McLean	Chief Executive Officer, SVM Asset Management
Paul Hughes	Global Head of Investment Risk, Standard Aberdeen PLC

2020/21 SMIF Executive Board of Directors



Despite a unique set of challenges arising from the COVID-19 pandemic, the entire SMIF team rose to the occasion, delivering a highly successful year for all our stakeholders. It has been a privilege and a pleasure to have led such a talented team who will no doubt go on to achieve more success in their future ventures. I look forward to continuing to support and improve the SMIF in my final year at the university and wish all of those leaving us all the best for their futures.

President & Chief Executive Officer, Callum Graham

<https://www.linkedin.com/in/callumjpgraham/>

The past year required special efforts in the organisation of the society as well as in the investment decisions. But it is precisely these challenges and how they were overcome that makes this experience so memorable for me. I have enjoyed working with all SMIF members and external stakeholders and will always remember this time in a positive way. For me, it's back to Germany (for now), but I wish the society and its members only the best and an exciting future lies ahead of you all!



Chief Investment Officer, Jan Sattler

<https://www.linkedin.com/in/jan-sattler-095203197/>



I am a business and finance student at the University of Stirling. In my time in the SMIF, I have met wonderful people and learned a great deal about personal finance and investing. As a member of the SMIF, and now as part of the SMIF's committee, I delivered two stock pitches and organised three guest lectures. Through this commitment, I look forward to seeing the bright future of this society and the wonderful things that are going to be achieved.

Chief Research Officer, Alvaro Villen

<https://www.linkedin.com/in/alvarovillen/>

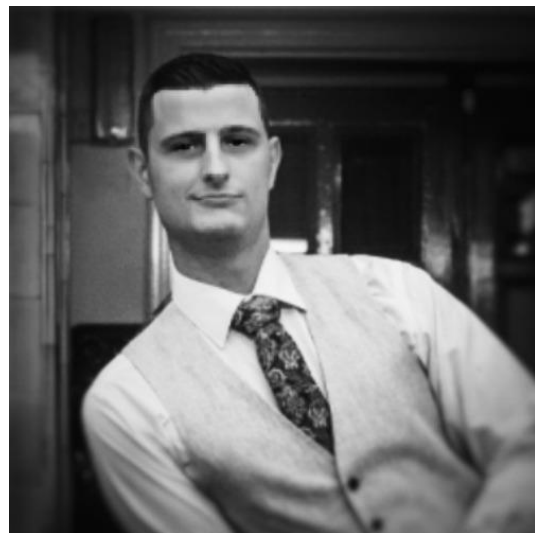


This year, in which we experienced such unprecedented and challenging times, the SMIF has shown its ability to spot opportunities in a changing environment and excel. It was an honour to be surrounded by bright and hard-working individuals and accelerate the development of our professional as well as personal careers. Looking forward to the next year in continuing as the Vice President of the society and being engaged in the SMIF activities and new initiatives that are to come!

Chief Marketing Officer, Stefanos Valoumas

<https://www.linkedin.com/in/stefanos-valoumas-5b9b06183/>

I graduated this year with a 1st Class BAcc (Hons) Accountancy degree, as a mature student. I completed my dissertation project by conducting a materiality analysis of sustainability reports in UK listed companies. Within the SMIF, I was responsible for monitoring all ESG matters arising from current and potential shareholdings and applying the SMIF's Values and Principles Framework to ensure all stocks operate within our guidelines. My other projects within the SMIF included creating a new Responsible Investment Policy and an Implementation document. I have recently started my graduate position with a major accounting firm, EY.



Chief ESG Officer, Ryan McMillan

<https://www.linkedin.com/in/ryan-mcmillan-03559416b/>

It has been a great pleasure of mine to be a part of this wonderful committee this year. Although it was under very unusual circumstances due to COVID-19, I have learned a huge amount in my role and gained invaluable insight to the industry from our guest lecturers. I look forward to continuing to be a member of the SMIF and support the committee in any way I can as I study abroad in the US this coming academic year.



Chief Risk & Compliance Officer, Lewis Downie

<https://www.linkedin.com/in/lewis-downie-219bba19b/>



Joining the SMIF's executive board as a first year initially seemed very daunting. The online environment that was forced upon us amplified this feeling. However, the SMIF has such a great environment and welcomes everyone with open arms. I really enjoyed the weekly events we held and was particularly happy to meet a few of the members during our SMIF Dumyat Summit. The amount of knowledge and skills I gained from my fellow board members as well as the guest lectures is priceless, and I look forward to remaining a part of the SMIF.

Chief Operating Officer, Tim Keunecke

<https://www.linkedin.com/in/tim-keunecke-788010206/>

Incoming 2021/22 SMIF Executive Board Members

President & Chief Executive Officer	Callum Graham	https://www.linkedin.com/in/callumjpgraham/
Vice President & Chief Operating Officer	Stefanos Valoumas	https://www.linkedin.com/in/stefanos-valoumas-5b9b06183/
Chief Investment Officer	Branislav Graus	https://www.linkedin.com/in/branislav-graus-61ba541b3/
Chief Research Officer	Brent Jennings	https://www.linkedin.com/in/brent-jennings-679967196/
Chief ESG Officer	Andrew Barnes	https://www.linkedin.com/in/andrew-barnes-4a6140201/
Chief Risk & Compliance Officer	Luke Millburn [Interim]	N/A
Chief Marketing Officer	Paris Triantafyllou [Interim]	https://www.linkedin.com/in/paris-triantafyllou/
Chief Economic Analysis Officer	Sara Brandt [Interim]	https://www.linkedin.com/in/saras-brandt/
Chief Social & Events Officer	Ross Mellon [Interim]	https://www.linkedin.com/in/rossandrewmellon/



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