



**Sustainable Investment Fund
Annual Report
2019 to 2020**

May 1, 2020

Dear SIF Stakeholders & Haas Community,

We are excited to share with you a comprehensive update on the Haas Sustainable Investment Fund, now in its twelfth year. Managing the Fund has proved to be an incredible learning opportunity for each of us—we have refined our thinking about portfolio construction, defined the impact we want to achieve through our investments, and deepened our skills in fundamental and ESG analysis. Along the way, we made important decisions to drive the Fund forward.

Most notably, we expanded the Fund's investment universe—evolving it from an actively managed equity fund to a diversified portfolio with exposure to more asset classes. As we broadened our scope, we remained as committed as ever to financial returns and environmental and social impact. In the year that began May 1, 2019 and ended April 30, 2020, the fund returned 0.62% compared to our blended benchmark which returned -3.33%. We successfully protected \$135K in invested capital during a difficult time. Currently, the total value of the fund is \$3.45M.

We continue to believe in a large allocation to equities (~65% of our investments) while we seek to balance risk through active and passive exposure. This year, we elected to place 55% of our equities sleeve (approximately \$1.9M) with the Aperio Group, who worked with us to craft a personalized, passive portfolio that aligns with our investment goals and ESG values. We have directly invested the remainder of the equities sleeve, focusing on small and mid-cap companies where we can uncover competitive sustainable and financial advantages and engage with management to push for more responsible business practices.

Interested in the unique impact opportunities available outside of equities, we allocated the remaining 30%+ of the portfolio to fixed income and real asset investing. We explored each of these asset classes in-depth and ultimately invested in two funds that hold corporate and government debt focused on funding impact-oriented projects. Additionally, we made the Fund's first real asset investments—investing in American Water Works, a public water utility, and Hannon Armstrong, a real estate investment trust focused on renewable energy development. We continue to think this is an exciting area for the Fund to grow in future years.

Finally, we write this in the midst of the COVID-19 pandemic. This crisis has helped us learn how to manage a fund during significant economic uncertainty. Early on in the crisis, we adjusted our fundamental analysis to consider the impacts of a global pandemic and, on an ongoing basis, we evaluated our decisions in light of the evolving public health and economic challenges. From the end of February when we began to see the market impacts of COVID-19, the Fund has lost 4.20% in value, outperforming the market largely because of our choice to position away from fossil fuels. We remain steadfast in our conviction about the long-term value of the investments that we hold and the importance of ESG investing broadly.

We want to express our sincere appreciation to each of you and to our Faculty Advisors, Adair Morse, Julia Sze, and Sam Olesky. You have provided each of us with immeasurable learning opportunities and for that we cannot thank you enough.

Sincerely,

2019-2020 Student Principals

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2019 - 2020 Principals

During the 2019 - 2020 academic year period, the Haas Sustainable Investment Fund maintained its vision of building student knowledge and managing assets on behalf of UC Berkeley while shifting capital towards achieving sustainability goals. During this academic year, nine principals were trained and acquired ESG skills that have translated into their professional careers. Our principals are transitioning to careers in diverse areas such as the federal government, management consulting, and impact venture capital firms.



Abigail Mackey
MDP, 2020



Antonio Ciudad Casafranca
MBA, 2020



Boyu Zhang
MBA, 2020



Carolyn Henderson
MBA, 2020



Carla Orrego
MBA, 2020



Katharine Hawthorne
MBA, 2020



Lucas Tepman
MDP, 2020



Patrick Hamm
MBA, 2020



Riely White
MBA, 2020

Investment Policy Statement

1. **Introduction:** The Haas Sustainable Investment Fund (SIF, or “the Fund”), launched as HSRIF in 2008, is the first and largest student-led sustainable investment fund at a leading business school. The Fund is structured as a separate account managed through the University of California Berkeley Foundation (UCBF), a 501(c)(3) non-profit foundation whose primary responsibility is the management of the long-term endowment funds in support of the university. As part of a philanthropic institution, the Fund manages its assets for maximum public benefit and in compliance with fiduciary duties of care and loyalty. The purpose of this Investment Policy Statement (IPS) is to create a framework within which the student Principals will invest and manage the Fund for the benefit of current and future students at the University of California Berkeley, Haas School of Business.
2. **Purpose:** The Fund’s purpose is threefold:
 - 1) Provide an applied learning opportunity for Student Principals
 - 2) Provide an annual distribution to the Institute for Business and Social Impact (IBSI) at the Haas School of Business, University of California, Berkeley
 - 3) Serve as a research platform for SRI, ESG, and sustainable investing

3. **Values Statement:** The Fund believes that investing to protect the environment and elevate human well-being can be done without sacrificing risk-adjusted financial returns and is critical to creating a sustainable and equitable future for all.

Companies operating in socially and environmentally responsible ways have a unique competitive advantage—when matched with strong market fundamentals, operational excellence, and financial strength, this will be a key driver of long-term financial returns and meaningful environmental and social impact.

The Fund focuses its equity investments on companies that are early in their transition to sustainable practices to capture the financial benefits resulting from more efficient operation. The Fund focuses active management on small and mid-cap companies where readily available ESG information is limited to capture upside from sustainable practices that are not already priced into the market. The fund seeks to engage with management to push for more responsible practices and disclosure, which will drive improvement of the bottom line. The Fund believes activism will have the most impact with smaller companies who, at a minimum, recognize ESG risks and opportunities as integral to their core business.

The Fund has several sector specific values which inform the overall investment strategy.

- 1) *Energy:* In active holdings, the Fund will invest in companies that are innovating to responsibly meet energy demands while preserving our environment, even if their primary business remains in fossil fuels. The Fund will avoid companies that are not actively transitioning to a clean energy future and, in passive investments, will not hold any companies whose primary business is fossil fuel extraction.
- 2) *Weapons:* The Fund will not hold any companies that produce weapons.
- 3) *Human rights:* The Fund will not hold any companies that are currently known to abuse human rights or that have a history of egregious human rights violations.

The Fund's commitment to sustainable investing is critical to achieving educational goals, driving financial returns, and delivering meaningful impact for the planet and those that inhabit it through the capital markets.

4. **Fiduciary Duty:** The fiduciary duty of Student Principals, which is both legal and moral, encompasses three central obligations:
- 1) *Duty of care* to make decisions in good faith and with reasonable prudence
 - 2) *Duty of loyalty* to act without personal economic conflict
 - 3) *Duty of obedience* to the mission of UC Berkeley to serve the public benefit
5. **Objective:** The purpose of the Fund is to deliver strong financial returns and positive social impact. The fund has the objective to preserve long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions to IBSI.
6. **Time Horizon:** Investment decisions will be made with a five-year time horizon. The Fund is a long-term pool of capital and may take advantage of this horizon to withstand year-to-year volatility.

Counterbalancing this factor, however, is the inherent annual turnover of Principals given the length of the MBA and other graduate and professional programs at the University.

7. Asset Allocation Targets & Allowable Ranges:

Asset Class	Target	Range
Equity	65%	55-75%
1. Broad Equity Market Exposure	55%	50-60%
a. Domestic	40%	
b. International	15%	
2. Active Equity Sleeve	10%	5-15%
Fixed Income	25%	20-30%
Cash	5%	0-10%
Other (Real Assets, Absolute Return, etc.)	5%	0-10%

8. Portfolio Construction: Based on the objective of delivering strong financial returns while maintaining long-term stability for incoming Principals, the Fund will hold a portfolio asset allocation of 65% equity, 25% fixed income, and up to 5% in other assets.

Through the passive management approach, the Fund seeks broad equity market exposure with minimal tracking error to the benchmark index (MSCI ACWI) while aligning with the Values Statement agreed upon by the Student Principals (Section 3). This allocation is managed by an Aperio customized account that meets the sustainability criteria determined by the Principals, avoids unwanted stock selections, and effectively manages risk.

10% of the portfolio will consist of an active equity sleeve of concentrated positions held in individual companies selected by Principals through fundamental financial and ESG analysis. The purpose of the active sleeve is to achieve ESG alpha by identifying financially undervalued companies with strong ESG prospects. These concentrated positions seek outperformance above the benchmark index (MSCI ACWI) and expose the Fund to idiosyncratic risk.

The purpose of the fixed income and cash allocation is to manage fund liquidity, improve diversification, and manage risk, while maximizing direct, measurable ESG impact. The Fund may invest up to 5% of the portfolio in other assets, such as real assets like sustainable timber or ESG absolute return funds, for the purpose of additional diversification and furthering Principal learning about other asset classes in sustainable investing. Other assets opportunities will be considered across market capitalizations, and for the potential to provide strong additionality and ESG impact.

9. Performance Objective & Benchmarks: Since the Principals desire broad global and emerging markets exposure, the Fund will benchmark performance against the *MSCI ACWI Index* which represents the

performance of large and mid-cap stocks across 23 developed and 26 emerging markets. Berkeley is home to over 6,000 international students, and over 40% of current SIF Principals hail from outside the U.S. The Principals believe that a global perspective is critical to achieving sustainability goals, and thus have chosen to benchmark performance against the ACWI instead of the more commonly used but U.S.-centric S&P 500 or Russell 3000.

10. Risk Management: The Fund will assess portfolio risk through its asset allocation strategy and through fundamental financial and ESG risk analysis for individual assets. In order to manage specific risk, the Fund will be diversified across a wide range of equities, including geography and market capitalization. The passive allocation is designed to minimize tracking error and provide broad market diversification to balance the concentrated individual equity positions. Principals will perform fundamental analysis to assess idiosyncratic risk in the active equity sleeve. These concentrated positions will be focused on companies in which the Principals have high conviction of financial outperformance and ESG impact. The Fund must maintain sufficient liquidity to fund annual spending of no less than 4% of the Fund's assets to maintain tax exempt status. To manage liquidity risk, the Fund will maintain a minimum of 20% of the portfolio invested in fixed income and cash securities.

11. Responsibilities:

Student Principals: The role of Student Principals is to lead the Fund and participate in a comprehensive learning opportunity while preserving the long-term health of the Fund. Specific responsibilities of the Student Principals include:

- Implement and adhere to the IPS;
- Evaluate equity, fixed income, and real asset investments and execute trades that are in-line with the values of the Fund;
- Set expectations for performance in terms of risk and return;
- Monitor holdings on an ongoing basis to ensure financial and ESG performance align with this policy and, when necessary, make the decision to increase, decrease, or fully exit a position;
- Rebalance the portfolio to account for market fluctuations and/or cash needs up to 5 percent of assets;
- Track performance of the portfolio and report internally and to the Fund's Advisory Board on the portfolio's social and financial performance relative to goals and established benchmarks;
- Engage with the Fund's Advisory Board or other pertinent parties to seek advice and counsel on investments strategy, active stock, fixed income, and other asset holdings, passive vehicle selection, and results;
- Maintain investment-related files, records, and accounting procedures; and
- Periodically review the IPS and make recommendations to the Advisory Board regarding new policy development, revisions, or amendments.

Faculty: The Professors have the responsibility to monitor and guide the Student Principals in the learning experience and management of the Fund. Specific responsibilities include:

- Develop a course syllabus and schedule that helps Student Principals achieve educational objectives;
- Introduce academic literature on and best practices for ESG investing, portfolio construction, and equity, fixed income, and real asset investment and management;
- Arrange guest speakers and company visits and make connections to academics and practitioners working in the field of ESG investing to advance Student Principals' learning and improve fund management;
- Provide counsel on the evaluation and selection of equity, fixed income, and real asset investments; and
- Ensure continuity between classes of Student Principals.

Advisory Board: The Fund's Advisory Board has the responsibility to guide and oversee the Student Principals in the execution of the Fund. Specific responsibilities include:

- Advise and comment on investment guidelines, asset allocations, active and passive manager selection, and individual equity, fixed income, and real asset investments;
- Review regular performance evaluation reports; and
- Maintain regular communication with Faculty and Student Principals

12. Transparency: The Fund has published an annual report each year since inception and will continue to disclose performance annually in order to disseminate knowledge about sustainable investing and share results with Fund stakeholders (i.e., IBSI, the Advisory Board, etc.).

13. Payout Management: For the purpose of making distributions, the Fund shall use a total-based spending policy, which means that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of holdings. Annual distributions will be calculated at 4% of a twelve-quarter moving average market value of the fund, to smooth distributions and mitigate volatility. The distribution of Fund assets will be permitted to the extent that such distributions do not exceed a level that would erode the Fund's real assets over time. The principles will seek to reduce the variability of annual Fund distribution and will try to improve the fund's Sharpe Ratio given thorough consideration of ESG.

Key Strategic Decisions

Values Statement

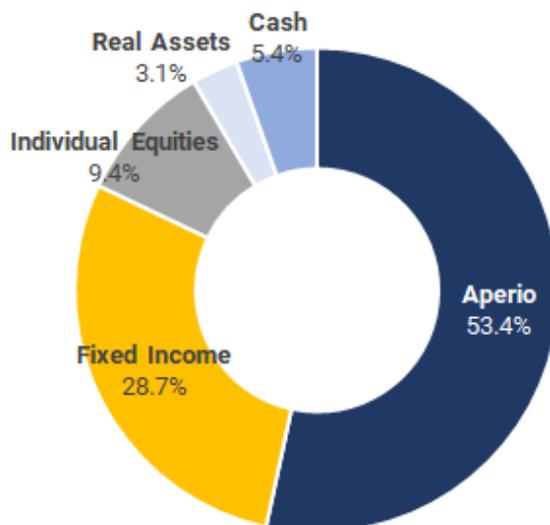
The Haas Sustainable Investment Fund's commitment to sustainable investing was central to defining our overall investment strategy. We believed it was key to establish a Values Statement to drive and inform both our Investment Policy Statement and investment decisions. The Fund has several specific values and we believe that investing to protect the environment and elevate human well-being can be done without sacrificing risk-adjusted financial returns.

Asset Allocation

The Fund asset allocation changed significantly with respect to previous years and this year included an increased exposure to fixed income and a new exposure to real assets. The objective, focused on enhancing our ESG strategy, was two-fold: (i) harness the benefits of being diversified across-asset classes, and (ii) invest in financial instruments with greater and direct impact potential. The final allocation was 62.8% in equities (Aperio and individual stocks), 28.7% in fixed income, 3.1% in real assets, and 5.4% in cash.

Portfolio Allocation

(as of April 30th, 2020)



For the equity sleeve, Principals allocated 55% of the portfolio to passive management, after an exhaustive analysis of the benefits and costs of partnering with active management firms. Using Aperio, an ESG portfolio construction platform, allows us to customize our investments and provides a cost-efficient diversified portfolio. Most importantly, it aligns the Fund's holdings with the Values Statement and IPS. The Principals were disappointed by the lack of transparency of ESG methodologies and the inability to customize funds based on ESG values. Additionally, the long-term outcomes of many active management firms, when weighed against the costs, do not offer a significant enough advantage above passive options to warrant investment. Finally, since 10% of the fund is already actively managed by the Principals, we decided an additional active allocation to an outside manager was unnecessary.

We chose Aperio as our investment partner to construct a passive portfolio that balances our priorities around sustainability and human rights, while minimizing tracking error to the MSCI ACWI index. Aperio provided three sample portfolios, from which we selected the investment option with the highest ESG performance while controlling for tracking error. In our selected portfolio, carbon emissions are estimated to be 1/3 and carbon intensity 1/5 compared to the second best alternative, for a difference of 0.20% in tracking error and no increased volatility.

For the fixed income allocation, we analyzed different strategies across ESG bond funds, climate bonds, CDFIs, investment notes, and private loan funds. Our analysis identified two cost-effective fixed income investments with high impact potential: a global green bond ETF and an actively managed municipal bond fund focused on social projects. These fixed income instruments result in direct positive ESG impact by specifying use of proceeds, following a robust ESG selection methodology, and requiring annual impact reporting. The fixed income allocation is weighted 20% towards the green bond ETF and 10% towards the municipal bond fund, optimizing for an overall expense ratio equivalent to the percentage fee paid on the Aperio allocation.

In real assets, we explored timber, agriculture land, water, and real estate. Our analysis revealed that both timber and agriculture alternatives weren't compelling in public markets or compelling products were not investable for the Fund, and didn't provide the benefits of these types of assets. For instance, both agriculture and timber showed higher market correlation than expected, and this correlation was even higher during the current COVID-19 pandemic. The Principals invested in sustainable real estate and water, both of which demonstrate strong financial positioning and ESG opportunities in the current pandemic.

Performance

Trailing 1-yr performance (4/30/2019-4/30/2020)	Return (%)	Standard Deviation (%)
SIF	0.62	N/A*
SIF (ex-Aperio)	7.90	9.69**
Aperio (since 3/4/2020)	(7.22)	N/A*
70% MSCI ACWI / 30% Barclays Global Agg	(3.33)	19.56
MSCI ACWI	(6.48)	25.74
MSCI ACWI (since 3/4/2020)	(8.77)	N/A*

*Unable to calculate Standard Deviation as Aperio has not yet published this information and does not provide a daily return stream.

**Excludes Aperio assets transferred 3/4/2020

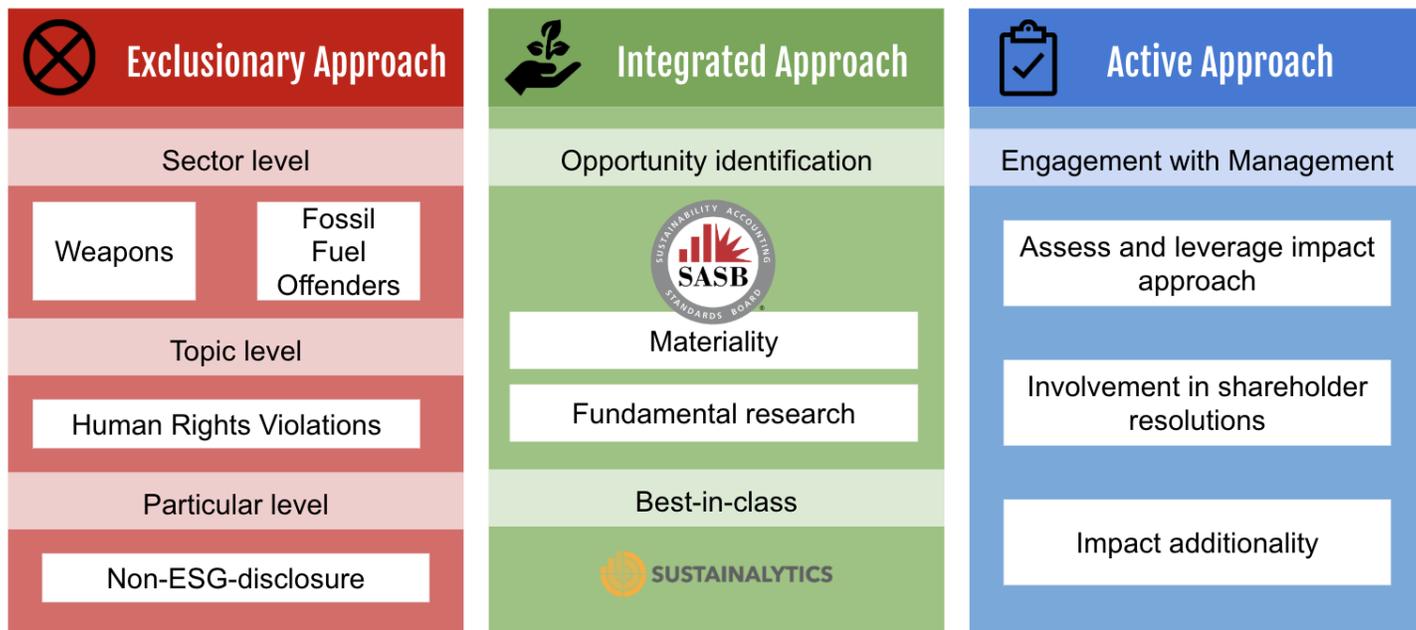
We have chosen a target allocation for the fund of 65% equity, 25% fixed income, 5% cash, and 5% real assets. Given this exposure, we chose to benchmark the fund to a blended index of 70% equity/30% fixed income. While all of our individual security choices are U.S.-based companies, our Aperio portfolio has global equity exposure. To appropriately match this exposure, we decided upon the MSCI ACWI Index as the most applicable equity benchmark. We also sought broad fixed income exposure through both our ETF and fund exposure, so chose the Barclays Global Aggregate Bond Index as our fixed income benchmark.

For the one-year period ending 4/30/2020, the SIF has significantly outperformed its benchmark, returning 0.62% vs. -3.33% benchmark performance. We are very pleased the fund was able to provide significant downside protection during the recently volatile period. This was largely driven by our asset allocation decisions, notably having a fairly large cash position during the March market downturn.

Unfortunately, due to the transitioning a large portion of our equity funds to Aperio, we are unable to calculate an overall standard deviation for the fund as Aperio has yet to provide us with this information. However, our portfolio standard deviation for the year, excluding the Aperio assets transferred on 3/4/20, was 9.69%, significantly below both our equity-only index, and our blended benchmark. Our lower portfolio volatility was largely a result of our asset allocation decisions. We were underweight on equity during the recent high volatility period and held a significant cash position, which we ultimately deployed into increased fixed income exposure on 4/3/2020, missing much of the extreme market volatility of March.

Impact Overview

The impact approach used by the 2019-2020 Principals followed a three-tiered framework consisting of a) an exclusionary approach to narrow down investments by sector, topic, and particular assets, b) an integrated approach to assess financial performance integrated with sustainability propositions from ESG-material fundamentals, and c) an active approach to engage with management of firms before and after investment.



Exclusionary Approach

Principals began with an exclusionary approach to eliminate sectors and opportunities that the group considered uninvestable (primarily based on fund values). Through this lens, the Principals excluded weapons and energy companies that had not started to shift towards clean energy. Other industries that contributed to the supply chain or end-users for the excluded sectors were analyzed on a one-to-one basis following the next steps of the framework. Companies with reports of human rights violations or scandals were also excluded. With the intention of advancing the agenda for ESG reporting, Principals also disregarded firms that did not provide any disclosures. Since reporting adoption is in early-stages, disclosures did not have to follow SASB’s guidelines. Types of disclosure varied from sustainability reports, risk discussions in 10K filings, voluntary sustainability goals, and outcome measurements. SIF Principals focused on industry-specific reporting metrics, including emissions and resource intensity, human right codes of conduct, supply chain transparency, and board diversity.

Integrated Approach

After exclusions, the Principals used an integrated approach combining ESG analysis from a materiality perspective with the goal of leveraging ESG market opportunities. Principals understood that ESG analysis should not be separated from a financial/performance analysis and can be used to identify differentiated investable opportunities. Fundamentals such as revenue growth, operational ratios and capital expenditures were analyzed through a sustainability lens. For example, a company's technological innovations can create competitive advantage and mitigate negative environmental impacts, and strategic M&A activity can result in geographic expansion of sustainable products aligned with responsible consumer trends and demand. SASB's industry specific materiality framework guided the analysis of companies in terms of compliance or future opportunities for more sustainable performance. To build evidence towards an investment thesis, Principals used Sustainalytics, MSCI, and Bloomberg ratings on environmental, social, and governance factors to conduct general analysis and understand the market appreciation for the industry sustainability ranking and contrast it with our due diligence.

For individual equities, we investigated whether the investment created opportunities resulting from a sustainability or broader ESG proposition (great potential new technology such as the *Brightbox* battery in the case of Sunrun, or the expansion to the European market in the case of Thor), and second we analyzed the particular ESG case taking into consideration factors such as: the supply chain transparency (like conflict minerals, and other sourcing risks), human rights codes of conduct, and externalities produced. For example, Principals invested in Thor Industries because it is uniquely suited to capture growth in affordable housing alternatives and sustainable travel as it moves into the European market. This geographic expansion creates not only an opportunity for Thor Industries to capture new consumer segments, but also will further pressure the company to innovate its products to meet sustainability standards.

Active Engagement

Finally, Principals considered the possibility of active engagement with companies as part of an impact assessment. After Principals originated an impact thesis and discussed amongst the group, they initiated an active communication to deepen conversations and gather first-hand information on the company's sustainability disclosures, metrics, and goals. Post-investment, Principals maintained active communication by tracking sustainability disclosures or press releases to better identify and leverage impact additionality. Due to the limited duration of portfolio holdings, it was not possible to actively engage with management or pursue shareholder resolutions. In support of the market shift towards active ESG shareholder involvement, SIF presented a shareholder engagement strategy to improve the company financial and sustainability performance through participation in a pilot Student Corporate Engagement Competition organized by Sustainable & Impact Investing Learning & Knowledge (SIILK) and Intentional Endowments Network (IEN).

Throughout investment research, the United Nations Sustainable Development Goals (SDGs) motivated discussions about preferred investment outcomes. Although Principals did not directly map the SDGs to investment theses, discussions amongst Principals often included prioritization of particular goals depending on sector and asset focus.

Aperio Spotlight - Applying ESG Framework to Passive Investment Strategy

Exclusionary approach: After doing a thorough analysis of existing ESG managed funds which range from Vanguard ESG to Triodos Investment Fund, we saw that some funds did not comply with our exclusionary requisites such as human right violations or exposure to fossil fuels.

Integrated approach: After studying broad passive ESG funds, we concluded that these funds did not allow the flexibility whereby ESG materiality is an integrated component of valuation. We decided to go with Aperio because it provided Principals with the possibility both to customize our values in terms of exclusions and to embed environmental tilts that met our view of integrated ESG materiality. As you can see in Appendix 1, we were able to pursue Environmental tilts to prioritize low carbon footprint and clean technology solutions by excluding: (i) Fossil fuels: Fracking, Tar Sands, Carbon Reserves, Oil, Gas & Consumable Fuels, Coal companies, Energy Equipment & Services; (ii) Military weapons. As a result, our portfolio, according to Aperio data, holds 80% less carbon emissions than the MSCI ACWI.

Active Engagement Approach: With Aperio we have the possibility to participate in shareholder resolutions. However, this is not the driving force behind our passive strategy.

SIF 2019-2020 Summary of Holdings

Equity Positions

Comfort Systems USA (NYSE: FIX) is an efficiently managed small cap (\$1.1 billion) HVAC contracting company with strong growth prospects. The company is diversified across geographies and end customers and operates in a highly fragmented segment of construction and engineering services, providing attractive infrastructure sector exposure with an asset-light business model. Comfort Systems USA is well-positioned to take advantage of demand for more energy efficient mechanical building systems, creating both shareholder value and positive ESG impact. The company will likely benefit from future regulations requiring businesses and buildings to



Total Return: 30 Apr '15 - 30 Apr '20



reduce their energy footprint. Moreover, FIX's Occupational Safety and Health Administration's (OSHA) recordable rate was 1.61 during 2019, 20% better than the most recently published rate for the engineering and construction industry.

	SIF Holding Period Return (%)*		5-Year Total Return (%)**	
	Cumulative	Annual (CGR)	Cumulative	Annual (CGR)
FIX	-30.12	-80.51	67.83	10.90
MSCI ACWI	-13.93	-49.56	31.32	5.59

*Holding period returns reported for February 2 - April 30, 2020

**5-year returns reported for April 30, 2015 to April 30, 2020

Sunrun (NASDAQ: RUN) is a small cap (\$1.6 billion) solar technology company, and the leading US-based provider of residential solar electricity. Sunrun operates in a massive, underpenetrated market (3%) and is well positioned to benefit from future US solar policies and capture growing demand in the residential sector. Moreover, Sunrun's sustainability approach is embedded across the whole company, from providing sustainable products and services to managing the environmental footprint of its operations. According to its 2020 impact report, Sunrun has produced 7.4 billion kilowatt hours of clean energy since 2007, helping to offset 5.2 million tons of carbon.



Total Return: 05 Aug '15 - 30 Apr '20



	SIF Holding Period Return (%)*		5-Year Total Return (%)**	
	Cumulative	Annual (CGR)	Cumulative	Annual (CGR)
RUN	-25.73	-74.26	30.27	5.74
MSCI ACWI	-13.93	-49.56	31.21	5.90

*Holding period returns reported for February 2 - April 30, 2020

**5-year returns reported for August 5, 2015 (first trading record) to April 30, 2020

SurveyMonkey (NASDAQ: SVMK) is a \$2.1 billion market cap survey software provider. SurveyMonkey targets the niche market of small and medium businesses and is in the early phase of transitioning from a B2C business to a full-fledged enterprise software company, with major investments in building out its capabilities, and a strong cash position and positive cash flow supporting continued investment. The company's ESG profile is best-in-class among comparable tech firms along measures of social and human capital.



	SIF Holding Period Return (%)*		5-Year Total Return (%)**	
	Cumulative	Annual (CGR)	Cumulative	Annual (CGR)
SVMK	-15.18	-52.82	-8.93	-5.70
MSCI ACWI	-13.93	-49.56	-1.62	-1.02

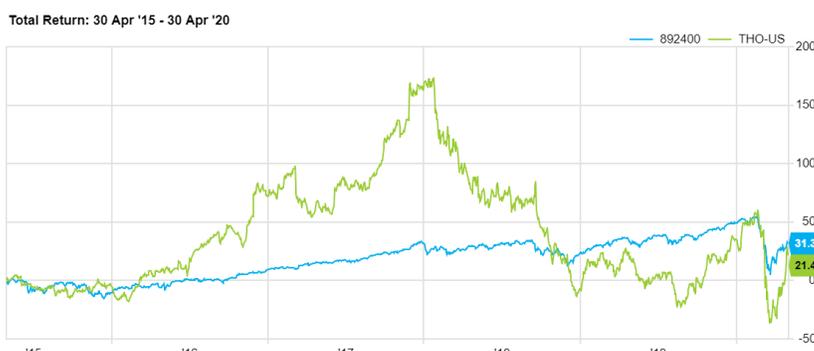
*Holding period returns reported for February 2 - April 30, 2020

**5-year returns reported for September 26, 2018 (first trading record) to April 30, 2020

Thor Industries Inc. (NYSE: THO) is a small cap (\$3.4 billion) company that manufactures and sells recreational vehicles (RVs), including iconic brands Airstream, Heartland, Jayco, Keystone, and KZ. Thor Industries' strategy focuses on acquisitions of leading RV brands, resulting in strong sales growth and increased market share, including a recent entry to the European market, which SIF believes may drive improvements in product sustainability characteristics. RVs offer affordable housing and more sustainable travel options, and Thor Industries is well positioned to meet growing demand for alternative living and travel lifestyles of younger generations.



THOR
Go Everywhere. Stay Anywhere.™



	SIF Holding Period Return (%)*		5-Year Total Return (%)**	
	Cumulative	Annual (CGR)	Cumulative	Annual (CGR)
THO	21.49	11.50	31.32	5.50
MSCI ACWI	13.93	49.56	1.62	1.02

THO	26.70	76,726.84	21.49	3.97
MSCI ACWI	1.65	58.34	31.32	5.59

*Holding period returns reported for April 17 - April 30, 2020

**5-year returns reported for April 30, 2015 to April 30, 2020

Utah Medical Products Inc. (NASDAQ: UTMD) is a micro-cap (\$302mm) medical device company that focuses on the healthcare of women and babies. The company designs, manufactures, and sells a portfolio of medical devices and supplies across end markets worldwide and is a leader in product safety. The firm has consistently achieved profitable and efficient operations with high ROIC versus its peers, and is well-positioned for future growth. Utah Med is an ESG leader in product quality and safety, supply chain governance, and ethical business practices, resulting in improved clinical outcomes for women and babies. UTMD's flagship product, the FILSHIE clip (a device used for female sterilization either via laparoscopic surgery or following a caesarean birth) is the most effective tubal occlusive device on the market and represents a significant improvement in safety and patient outcomes.



	SIF Holding Period Return (%)*		5-Year Total Return (%)**	
	Cumulative	Annual (CGR)	Cumulative	Annual (CGR)
UTMD	-8.59	-33.62	65.43	10.58
MSCI ACWI	-13.93	-49.56	31.32	5.59

*Holding period returns reported for February 2 - April 30, 2020

**5-year returns reported for April 30, 2015 to April 30, 2020

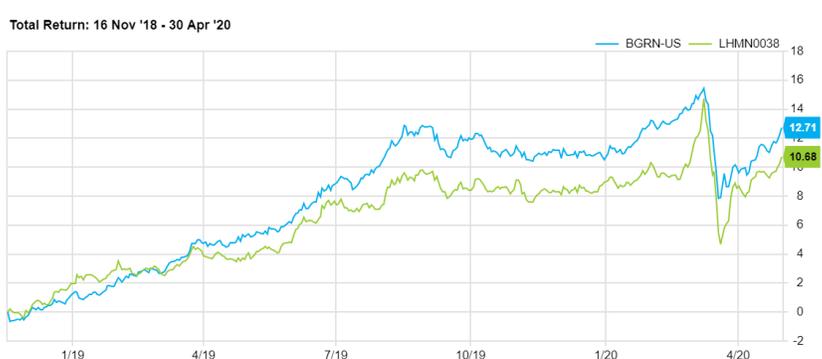
Fixed Income Positions

iShares Global Green Bond ETF (BGRN) tracks a market-value-weighted index of investment-grade government



iShares Global Green Bond ETF

and corporate bonds linked to environmentally beneficial projects across the globe. BGRN is the largest green bond ETF currently available, combining improved liquidity, restrictions on securities lending, and a low expense ratio. The fund employs a robust ESG methodology managed by MSCI, which extends beyond CBI certification to evaluate use of proceeds and ongoing issuer reporting of environmental impact.



	SIF Holding Period Return (%)*		5-Year Total Return (%)**	
	Cumulative	Annual (CGR)	Cumulative	Annual (CGR)
BGRN	1.96	30.00	12.71	8.57
Bloomberg Barclays Global Agg	2.34	36.79	10.68	7.23

*Holding period returns reported for April 3 - April 30, 2020

**5-year returns reported for November 16, 2018 (first trading record) to April 30, 2020

Columbia US Social Bond Fund (CONAX) is a US municipal bond fund (at least 60% allocated to munis, up to 40% corporates) seeking total return consisting of current income and capital appreciation. The fund uses Sustainalytics ESG data and targets thematic areas including education, health and social services, affordable housing, economic opportunity and community development, environment and energy, and connectivity.



U.S. Social Bond Fund CONAX



	SIF Holding Period Return (%)*		5-Year Total Return (%)**	
	Cumulative	Annual (CGR)	Cumulative	Annual (CGR)
CONAX	-6.01	-35.28	14.47	2.74
Bloomberg Barclays Global Agg	-3.52	-22.23	14.91	2.82

*Holding period returns reported for March 9 - April 30, 2020

**5-year returns reported for April 30, 2015 to April 30, 2020

Real Asset Positions

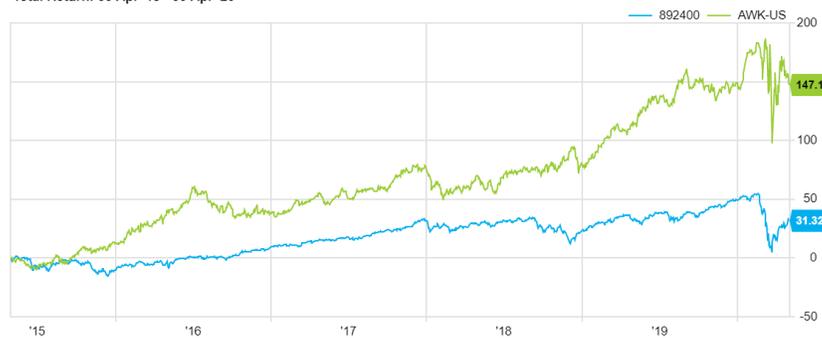
American Water Works (NYSE: AWK)

is the only large-cap, publicly traded, pure-play water utility in the US, with a \$22 billion market cap. The company is involved in the provision of water and wastewater services. It represents a highly defensive investment opportunity with a predictable range of outcomes, a steady EPS growth trajectory, scarcity value, a strong management team, and an attractive ESG profile focused on water affordability and water safety.



AMERICAN WATER

Total Return: 30 Apr '15 - 30 Apr '20



	SIF Holding Period Return (%)*		5-Year Total Return (%)**	
	Cumulative	Annual (CGR)	Cumulative	Annual (CGR)
AWK	-8.28	-91.17	147.11	19.81
MSCI ACWI	1.65	58.34	31.32	5.59

*Holding period returns reported for April 17 - April 30, 2020

**5-year returns reported for April 30, 2015 to April 30, 2020

Hannon Armstrong Sustainable Infrastructure Capital (NYSE: HASI)

is a \$2 billion market cap renewable energy REIT, the first of its kind to trade publicly in the U.S. Hannon Armstrong is uniquely positioned to finance and benefit from the increased demand for a more sustainable built environment in the face of climate change challenges. HASI has chosen the public REIT platform to pursue a differentiated climate-positive investment strategy with deep energy and financial industry experience. The current broad market and oil price drawdowns creates an attractive entry point.



Total Return: 30 Apr '15 - 30 Apr '20



	SIF Holding Period Return (%)*		5-Year Total Return (%)**	
	Cumulative	Annual (CGR)	Cumulative	Annual (CGR)
HASI	50.89	3,795.06	97.90	14.61
MSCI ACWI	21.97	486.05	31.32	5.59

*Holding period returns reported for March 20 - April 30, 2020 **5-year returns reported for April 30, 2015 to April 30, 2020

Letter to 2020-2021 SIF Principals

Dear 2020-2021 Principals,

We are excited for your new voices and minds to shape how SIF leverages capital for social good. We find the Fund's approach so compelling because there are no easy answers when it comes to effective ESG investing. In fact, as we depart, we are left with many questions. Below is a list of what we believe are our most critical questions, and the ones we most hope you will take up.

How might we continue to refine the Aperio portfolio tilts and exclusions?

One of the reasons that we chose Aperio as our partner for our primary "passive" strategy was the customizability of their portfolios. However, we did not have the time to explore how best to refine our holdings with them on an on-going basis, including through our own ESG research. We highly encourage you to decide how your values will shape the tilts and exclusions applied to the Aperio portfolio and to add to the ESG analysis that informs the holdings, especially in more difficult to evaluate areas such as human rights.

Are there opportunities on the fixed income side to design a broad, values-aligned portfolio?

We encourage you to explore Aperio-like products in other asset classes like fixed income. In the spring semester of this year, we spoke with Breckinridge Capital Advisors and found their investment approach in this area very compelling. However, we decided to not invest as we wanted to leave more flexibility in the fund for future principals.

How can the Fund utilize ESG engagement strategies more effectively?

For many of the companies we sought to invest in, we believed an engagement strategy to support improvement in ESG disclosures and actions could make a difference in performance. However, with limited time and resources, we were not able to pursue direct engagement to the extent we would have liked. We encourage you to design a more holistic approach to engagement early in your tenure and reach out to local organizations that can support this (e.g., [As You Sow](#)).

How can the Fund invest in real assets?

This year, we began exploring a variety of opportunities across multiple sectors in real assets. We found that the most readily investable opportunities for SIF were in water and real-estate. However, there are exciting developments in timberland and farmland that we believe might be beneficial to explore. For example, currently only two farmland REITS are available to invest in through accessible public markets, both of which are not ESG aligned in our opinion. This may change in the future.

How will COVID-19 impact current and future holdings?

We had limited time to explore the risks and changes to opportunities arising as a result of COVID. We recommend that the incoming principals make the impact of COVID to potential investments a key part of asset analysis. For example, supply chain service providers may become a more compelling investment for companies that have resilient enough models to weather the storm of COVID and provide critical services to people.

Good luck and please don't hesitate to reach out to any of us as needed.

Sincerely, SIF 2019-2020 Principals

APPENDICES

Appendix 1- Long Term Performance of SIF Portfolio

Fund performance data for the last 10 years (2010-2020) are presented in the table below. Overall, the Fund performance tracked the Russell 3000 and S&P 500 fairly well except a few years (2016, 2015, 2013, and 2010) where they diverged significantly. SIF has produced 118 alumni with ESG knowledge in the investment field, an 11.8% annualized return, and contributions totalling \$645,000 to UC Berkeley.

HSIF historical academic calendar year performance:

1-Year Return	HSIF	Russell 3000		S&P 500	
	Base Returns (%)	Base Return (%)	Difference	Base Return (%)	Difference
2019-2020 (4/24)	-1.70	-5.85	4.15	-3.70	2.00
2018-2019	13.05	12.47	0.58	13.26	-0.21
2017-2018	14.80	13.60	1.20	14.30	0.50
2016-2017	12.40	17.20	-4.80	16.20	-3.80
2015-2016	-4.30	0.00	-4.30	1.70	-6.00
2014-2015	18.20	15.40	2.80	15.60	2.60
2013-2014	13.30	20.50	-7.20	19.90	-6.60
2012-2013	20.80	16.90	3.90	15.10	5.70
2011-2012	5.00	5.00	0.00	6.40	-1.40
2010-2011	0.90	12.90	-12.00	13.40	-12.50
2010-2020 (Annualized)	11.81	11.39		11.52	

Appendix 2 – Case Study Hannon Armstrong Sustainable Infrastructure Capital

Investment Thesis:

Hannon Armstrong is uniquely positioned to finance and benefit from the increased demand for a more sustainable built environment in the face of climate change challenges. HASI makes unique use of the public REIT platform to pursue a differentiated climate-positive investment strategy with deep energy and financial industry experience. The broad market and oil price drawdowns in March 2020 created an attractive entry point, and SIF achieved a 46% total return on this position as of May 1, 2020.

Ticker: HASI (NYSE)
Market Cap: \$1.9 bn
Price: \$26.52/share
Shares Outstanding: 73.9 million
52 Week Range: \$15.01 - 39.91

SIF Investment

Position Size: 1.36% of fund
Cost Basis: \$17.47/share
1-year Price Target: \$30/share

Business Model: Hannon Armstrong has a “climate-positive” thesis and invests in three market segments: “Behind the Meter”, grid-connected solar land and onshore wind, and sustainable infrastructure.¹ They increasingly see more attractive opportunities with higher yield (~8%) in the “Behind the Meter” segment, including high credit quality residential solar leases and government-backed securitized green housing loans incentivizing water and energy efficiency. HASI invests through preferred and common equity, government and commercial receivables, real estate, and debt securities in renewable energy projects.

Sustainability & ESG Impact: Hannon Armstrong’s ESG performance is exceptional. The firm is a signatory to the UN Global Compact, UN PRI, “We Are Still In”, and implements annual TCFD disclosure. HASI quantifies the carbon impact of investments by estimating the first year of metric tons of carbon emissions avoided by investments divided by the capital invested ([CarbonCount®](#)); for 2019 originations, 385 thousand metric tons of CO₂ emissions were avoided.² HASI has a Business Partner Code of Conduct incorporating ethics, human rights, privacy, and environmental stewardship that applies to all transactions and business partners, including joint venture partners, suppliers, dealers, and contractors.² In early April 2020, the firm donated \$150,000 towards COVID-19 relief efforts in Maryland, including the local food bank and YWCA.³



Performance: SIF opened a \$31k position in Hannon Armstrong on March 20, 2020, at \$17.47/share. At the time of investment, the stock was down 50% YTD due to the coronavirus market response, the impact of plummeting oil prices, and the liquidation of a small UBS trust that had used leverage to invest in REITs, including Hannon Armstrong.⁴ The combination of these factors created an attractive entry point for the Fund, and our position has experienced a 51% total return as of April 30, 2020.

¹ [Hannon Armstrong Investor Presentation](#), March 2020

² [Hannon Armstrong Business Partner Code of Conduct](#), October 2014

³ [Bloomberg](#), April 2020

⁴ Hannon Armstrong Press Release Regarding the Coronavirus, [Business Wire](#), March 2020

Appendix 3 – Aperio SRI Menu



SRI/ESG MENU (v120)



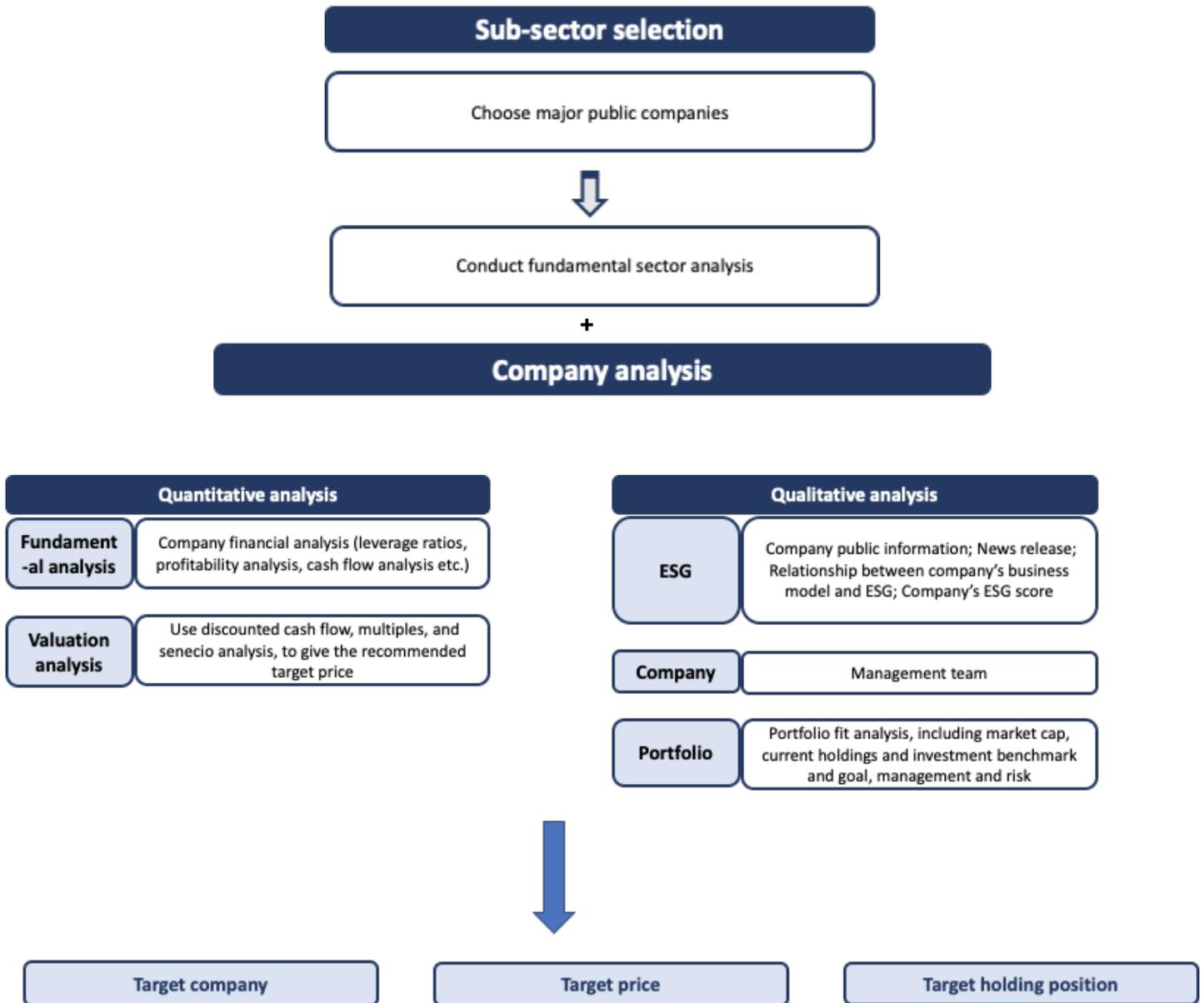
NAME:

ADVISORY FIRM:

BENCHMARK:

<p>Do you want to CHOOSE a strategy building block? <i>Select only ONE.</i></p> <p><input type="radio"/> NONE</p> <hr/> <p>General ESG Strategy</p> <p><input checked="" type="radio"/> Aperio SRI: Scoring</p> <hr/> <p>Environmental Strategies</p> <p><input type="radio"/> Environment: Scoring</p> <p style="background-color: #f0f0f0; padding: 2px;"><small>US Green REIT is available as a standalone strategy.</small></p> <hr/> <p>Social Strategies</p> <p><input type="radio"/> Women's Inclusion: Exclusions & Scoring</p> <p><input type="radio"/> Animal-Friendly: Exclusions</p> <hr/> <p>Faith-Based Strategies</p> <p><input type="radio"/> Catholic Values: Exclusions & Scoring</p> <p><input type="radio"/> Catholic Values: Exclusions</p> <p><input type="radio"/> Islamic Values: Exclusions</p> <p><input type="radio"/> Jewish Values: Exclusions & Scoring (includes Israel Exposure Tilt)</p>	<p style="text-align: center;">& or</p> <p>Do you want to TILT to companies aligned with your values? <i>Choose as many as you wish.</i></p> <p><input type="checkbox"/> NONE</p> <hr/> <p>Environmental Tilts</p> <p><input checked="" type="checkbox"/> Low-Carbon Footprint</p> <p>Clean Technology Solutions</p> <p><input type="checkbox"/> 5% (int'l., domestic, or global)</p> <p><input checked="" type="checkbox"/> 10% (domestic or global)</p> <hr/> <p>Social Tilts</p> <p><input type="checkbox"/> Pro-LGBTQ Policies & Practices (embedded in Aperio SRI strategy)</p> <p><input type="checkbox"/> Reproductive Rights</p> <hr/> <p>Governance Tilts</p> <p><input type="checkbox"/> Governance (embedded in Aperio SRI strategy)</p> <hr/> <p>Geography-Based Tilts</p> <p><input type="checkbox"/> Israel Exposure (included in Jewish Values strategy)</p>	<p style="text-align: center;">& or</p> <p>Are there companies or industries you want to EXCLUDE? <i>Choose as many as you wish.</i></p> <p><input type="checkbox"/> NONE</p> <hr/> <p>Environmental Exclusions</p> <p>Fossil Fuel Divestment</p> <p><input checked="" type="checkbox"/> Fracking</p> <p><input checked="" type="checkbox"/> Tar Sands</p> <p><input checked="" type="checkbox"/> Carbon Reserves</p> <p><input type="checkbox"/> Nuclear Power</p> <p><input checked="" type="checkbox"/> Oil, Gas & Consumable Fuels</p> <p><input checked="" type="checkbox"/> Coal Companies</p> <p><input checked="" type="checkbox"/> Energy Equipment & Services</p> <p>Sustainable Agriculture</p> <p><input type="checkbox"/> Factory Farming</p> <p><input type="checkbox"/> GMOs</p> <hr/> <p>Social Exclusions</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><input type="checkbox"/> Anti-LGBTQ Policies</td> <td style="width: 20%;">Exclude at revenue threshold of:</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td><input type="checkbox"/> Animal Testing: Pharma Only</td> <td></td> <td>1st \$ of revenue</td> <td>> 5% of revenue</td> </tr> <tr> <td><input type="checkbox"/> Animal Testing: Non-Pharma</td> <td></td> <td></td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> Fur</td> <td>Adult Entertainment</td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr> <td><input checked="" type="checkbox"/> Civilian Firearms: Production</td> <td>Alcohol</td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr> <td><input type="checkbox"/> Civilian Firearms: Distribution</td> <td>Gambling</td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr> <td><input checked="" type="checkbox"/> Military Weapons</td> <td>Life Choice</td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr> <td><input checked="" type="checkbox"/> Predatory Lending</td> <td>Tobacco</td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr> <td><input type="checkbox"/> Private Prisons</td> <td></td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Sudan</td> <td></td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Iran</td> <td></td> <td></td> <td></td> </tr> </table> <hr/> <p>Governance Exclusions</p> <p><input type="checkbox"/> No Women on Company Board</p> <p><input type="checkbox"/> No Racial or Ethnic Minorities on US Company Board</p>	<input type="checkbox"/> Anti-LGBTQ Policies	Exclude at revenue threshold of:			<input type="checkbox"/> Animal Testing: Pharma Only		1st \$ of revenue	> 5% of revenue	<input type="checkbox"/> Animal Testing: Non-Pharma				<input checked="" type="checkbox"/> Fur	Adult Entertainment	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/> Civilian Firearms: Production	Alcohol	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/> Civilian Firearms: Distribution	Gambling	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/> Military Weapons	Life Choice	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/> Predatory Lending	Tobacco	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/> Private Prisons				<input type="checkbox"/> Sudan				<input type="checkbox"/> Iran			
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<input type="checkbox"/> Iran																																														
<p style="text-align: center;">& or</p> <p>ENGAGE</p> <p>Are you interested in shareholder advocacy?</p>	<p>SRI Proxy Voting Included for Standard SRI Premium Strategies</p>	<p>Shareholder Advocacy</p> <p><input type="checkbox"/> Environment, Environmental Health & Climate Change</p> <p><input type="checkbox"/> Gender Diversity Initiatives</p> <p style="text-align: right;"><input type="checkbox"/> NONE</p>																																												

Appendix 4 - Methodology for stock selection



Appendix 5 – Sunrun’s Disclosure of UN SDG Impacts⁵

SUSTAINABLE DEVELOPMENT GOALS

“GOOD HEALTH AND WELLBEING”

For customers, Sunrun’s commitment to energy services is to meet the end goal of replacing fossil fuel plants one at a time. In particular, we are focusing on disadvantaged communities where residents’ health is negatively impacted by nearby fossil fuel plants. For employees, Sunrun offers best-in-class benefits and wellness services.



“GENDER EQUALITY”

In 2018, Sunrun became the first national solar company to achieve gender pay parity. We have also committed to the White House Equal Pay Pledge and the California Equal Pay Pledge. We offer equal paid parental leave for men and women.



“AFFORDABLE, CLEAN ENERGY”

Sunrun has deployed 1,987 MW of solar energy systems. We pioneered the “solar-as-a-service” business model to ensure that clean, affordable and reliable power is available to all.



“DECENT WORK & ECONOMIC GROWTH”

Sunrun has seen sustained, inclusive and sustainable economic growth over the last 13 years. We employ thousands of people across the country, offering competitive benefits and salaries as well as paid time off and a respectful and impassioned work culture.



“INDUSTRY, INNOVATION, & INFRASTRUCTURE”

Home solar and batteries create a cleaner, more reliable and more resilient energy infrastructure. With little to zero money down, regular people across the nation can afford to take control of their own energy.



“REDUCED INEQUALITIES”

Sunrun’s leadership in California’s Solar on Multifamily Affordable Housing (SOMAH) legislation and program implementation, as well as Illinois’ Solar for All program, shows our commitment to making solar affordable and reliable for all.



“SUSTAINABLE CITIES AND COMMUNITIES”

As our infrastructure ages, outages are becoming more frequent and lasting longer. Sunrun is contributing to a better energy future by publishing thought leadership and engaging in pilot programs to test distributed power networks that will make neighborhood power safer, more resilient and more reliable.



“RESPONSIBLE CONSUMPTION & PRODUCTION”

Sunrun engages in the most responsible end-of-life recycling programs in the industry, and has vendors commit to a [Vendor Code of Conduct](#) before working with the team.



“CLIMATE ACTION”

By leading the home solar and battery industry, Sunrun is working to replace fossil fuel plants one at a time.



“PARTNERSHIPS FOR THE GOALS”

Sunrun works hand-in-hand with nonprofits, utilities, advocacy groups, legislators, regulatory agencies, and other industry players to ensure we are working together to build a planet run by the sun.



⁵ Source of data: [Sunrun Annual Report 2019](#). 2020.

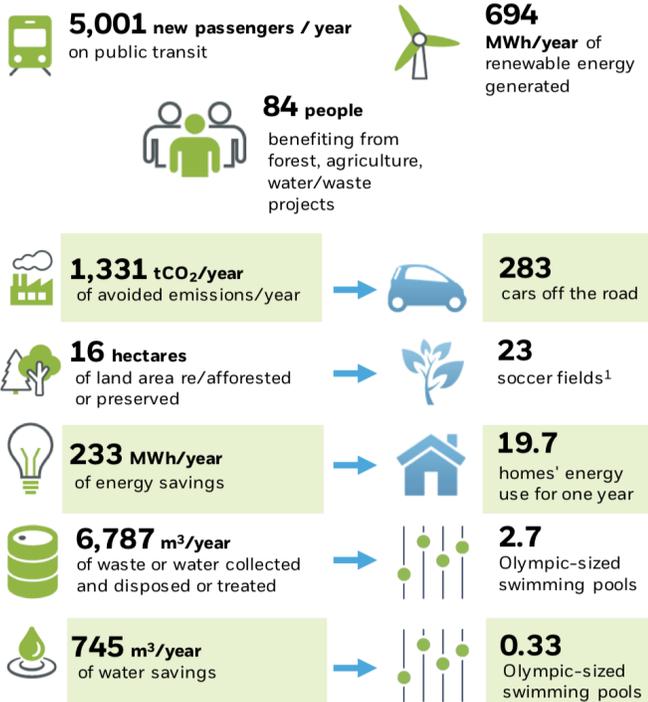
Appendix 6 – Ishare’s Disclosure of UN SDG Impacts⁶

iShares Global Green Bond ETF -BGRN

BENCHMARK: BLOOMBERG BARCLAYS MSCI GLOBAL GREEN BOND SELECT (USD HEDGED) INDEX

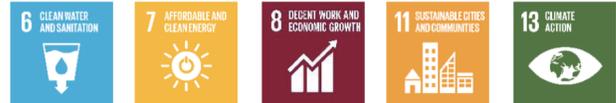
Environmental Impact

A one million US dollar investment in BGRN’s holdings would have created the following environmental impacts equivalent to...



Sustainable Impact

Examples of UN Sustainable Development Goals (SDGs) that BGRN aligns with include:



KFW

Fund weight: 5.6%

SDGs:



The program provides financings for the construction, expansion and acquisition of plants generating power or heat from renewable energy sources that comply with the requirements defined by the German Renewable Energy Sources Act. This includes especially wind energy, solar energy (photovoltaics), hydropower, biomass and geothermal energy. Furthermore, grids and plants for the storage of heat are supported. Funds are available for private individuals and not-for-profit organizations which feed the generated electricity/heat into the grid, at least in part, self-employed professionals and farmers, as well as German and non-German enterprises majority-owned by private individuals or municipalities. Investments outside Germany are eligible for German companies, German citizens and joint ventures with a substantial German stake.

IBERDROLA

Fund weight: 3.3%

SDGs:



Iberdrola is a Spanish public multinational electric utility company, serving around 31.67 million customers. As a world leader in wind power, the company generated 16,077 MW in 2017, and their Electricity for All program reached 3,900,000 beneficiaries. Over the last three years, 63 million tons of CO₂ emissions were avoided.

TENNET

Fund weight: 2.2%

SDGs:



As a transmission system operator (TSO), TenneT has extensive infrastructure investments to expand and develop grid solutions to connect the renewables. TenneT's efforts towards integrating the power generated from offshore wind farms to the grid, developing interconnections for the international grids and pilot energy storage solutions are indicative of its focus to ensure reliable supply to customers. Moreover, with 100% electric transmission business, TenneT has a lower environmental footprint relative to the peers primarily involved in power generation from fossil fuels. TenneT also has policies in place to ensure that its extensive grid expansion complies with European environmental impact standards.

References to specific positions are strictly to highlight examples of Environmental, Social and Governance (ESG) impact and should not be construed as investment advice or recommendations regarding those companies. Details on the selection process are provided in the Appendix. This is a non-exhaustive list of UN SDGs aligned with the fund.

⁶ "iShare Global Green Bond Impact Report 2019." 2020.

Appendix 7 – SIF Theory of Change

THEORY OF CHANGE

Building student knowledge and responsibly managing assets on behalf of the Center for Responsible Business to shift traditional capital to a sustainably focused investment strategy.

