



**Sprott**  
School of Business  
Carleton University

Sprott Student  
Investment Fund

# 2021-22

## Annual Report

June 30, 2022



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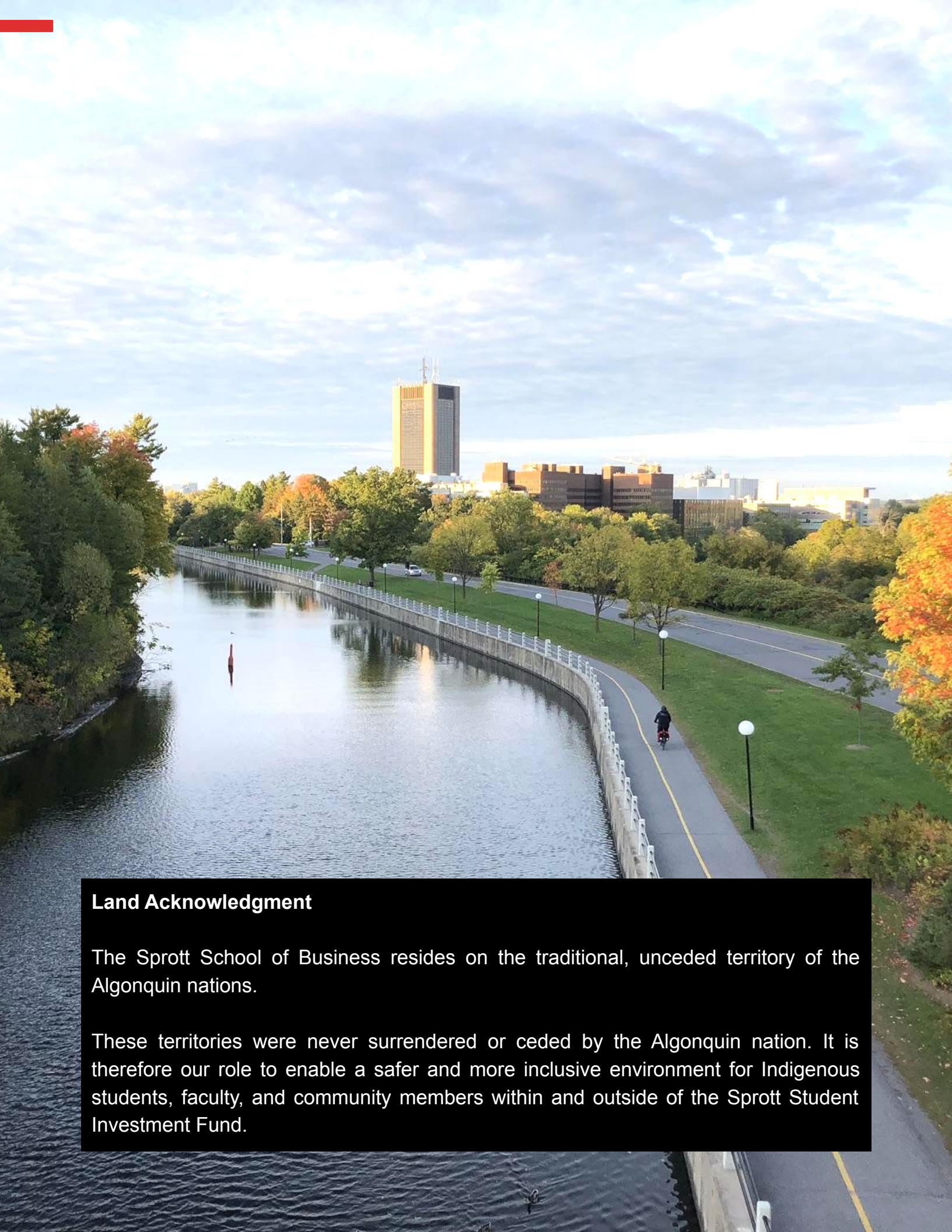


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## Land Acknowledgment

The Sprott School of Business resides on the traditional, unceded territory of the Algonquin nations.

These territories were never surrendered or ceded by the Algonquin nation. It is therefore our role to enable a safer and more inclusive environment for Indigenous students, faculty, and community members within and outside of the Sprott Student Investment Fund.





## Introduction

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## Message from the Dean of the Sprott School of Business

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Dana Brown

At Sprott, we empower our students to harness the enterprising spirit of business to foster long-term prosperity without causing harm to our health or our planet. We know that a better world is one that is more equitable, sustainable and caring. As members of the SSIF, you have embodied this approach through your initiative to adopt ESG and responsible investment practices. As future leaders, I am proud to witness your growth and commitment as you challenge the ways things have been done to create a better world.

Congratulations to all members of the Sprott Student Investment Fund on your successful year. You should be very proud of the achievements of your hard work.

Best wishes,

**Dana Brown**  
**Dean, Sprott School of Business, Carleton University**



## Message from the Chair of the Carleton University Investment Committee



Lorraine Dyke

It is my pleasure to congratulate the Sprott Student Investment Fund (SSIF) on an exceptional year. The SSIF recently passed a significant milestone when the market value of the assets under its management rose above the \$2 million mark. This is a remarkable achievement for a student fund that was established in 2007.

Since its inception, the SSIF has demonstrated continual improvement to its internal processes and investment analysis. Most recently, the SSIF has taken significant steps in the area of responsible investing, incorporating analysis of Environmental, Social and Governance factors into their investment decision making. The SSIF is also committed to applying ESG principles to its own operations and is to be congratulated on the diversity of the team of portfolio managers, sector leaders and analysts.

The SSIF is also to be commended on its communications with Carleton's Investment Committee, the group that oversees the University's Endowment Fund. The Investment Committee continues to be impressed by the professionalism of the SSIF team members in presenting the SSIF's performance and investment process.

I would also like to extend thanks to those who have supported the SSIF and helped it grow as an organization. This includes Dana Brown, Dean of the Sprott School of Business, and Howard Nemiroff, Associate Dean, who has been a constant guide to the students. Thanks also to alumni of the SSIF who have been available for advice and mentoring, the Investment Committee for their support and input, and representatives from external investment management firms who have shared their insights.

Congratulations SSIF! We look forward to your continued success.

**Dr. Lorraine Dyke**  
**Chair, Carleton University Investment Committee**  
**Vice President (Finance and Administration)**  
**Professor, Management and Strategy**

## Message from the SSIF Faculty Advisor

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Howard Nemiroff

Let me start off by tipping my hat and offering a huge congratulations to you, the SSIF members, for passing the \$2 million AUM mark earlier this year! I have had the honour of acting as Faculty Advisor for the fund since its inception, and the participating students continue to amaze me. It has always been our goal to develop a model that reflects the external investment environment to the best of our ability, with limitations around succession and access to information of course. Whether it be your foray in to business cycle modelling, ESG, or portfolio hedges, your diligence, passion, drive and curiosity get better every year, pushing me and the fund to new heights, as each of you bring your personal investment flair to the table. Congrats again to a wonderfully productive year, and may all your future returns be double digits!

I wish you all continued success as you work toward preparing for a stellar career in the money management field.

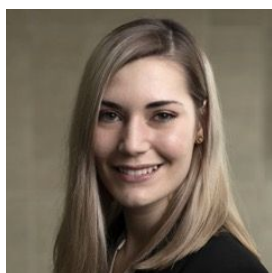
**Howard B Nemiroff**  
**Associate Dean, Undergraduate Studies**  
**Associate Professor, Finance**  
**Sprott School of Business**



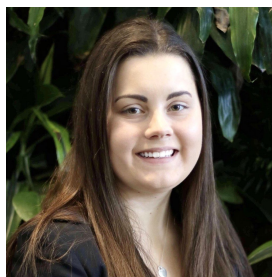
## Message from the SSIF ESG Team



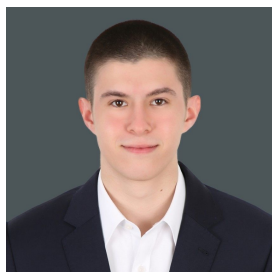
Ellena Damini



Gabrielle Kolotinsky



Lisanne Peters



Benjamin Szabo

It is an honour to share the SSIF's inaugural Annual Report for the 2021-2022 school year. Our intention of constructing an annual report was to offer a medium of transparency for the Sprott community, Carleton community and greater public domain, as well as to demonstrate our commitment to the United Nations Principles for Responsible Investment (UN PRI) and our stewardship in aligning to all six principles. This last year, our team dedicated significant time to developing ESG into both our investment research and analysis process, as well as internal functioning and operations. After multiple brainstorming sessions and conversations with investment professionals and leaders in the space, we developed several milestones to achieve this year, and we are very proud to share the significant progress made to date.

This year, the SSIF saw the revision of its investment philosophy, with robust ESG considerations added to our statement. We added a comprehensive ESG research and analysis section to the SSIF equity research template, in which members were educated on and directed to use. The team also received lessons and presentations from members of the ESG team and investment professionals to gain a better understanding of ESG for research and analysis. We identified that considering ESG in the internal functioning and operations of the SSIF was equally as important. Our team conducted a materiality assessment of the SSIF's internal functioning and operations to determine which areas we deemed material and were driven to develop. This year, there was a renewed focus on Equity, Diversity, and Inclusion (EDI). The SSIF saw the creation and delivery of its first general intake survey, an anonymous survey sent to members at the end of each semester to gain feedback regarding experience on the SSIF for the given term. The SSIF also saw the creation and delivery of its first EDI survey, an anonymous survey based on the current standard used by Statistics Canada in the Census, and with wording from the Employment Equity Act, to gain a stronger understanding of our overall team profile. Our team was further prompted to develop a thorough recruitment, hiring and promotion package, to develop a medium for Management to follow to maintain consistency across all three domains.

Our team acknowledges that in such a fast growing space, there is still work to be done in order to robustly develop responsible investing into the SSIF. We are confident that given the diverse group of members on our team passionate about ESG and its considerations in the investment universe, we will continue to propel this integration forward for future years to come.

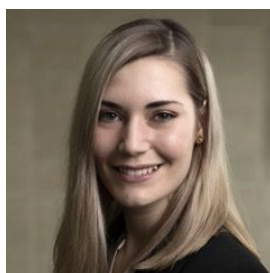
Sincerely,

**The SSIF ESG Team**

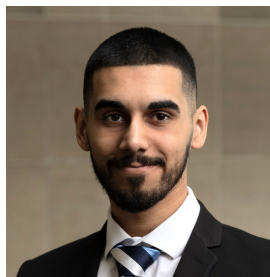
## Message from the SSIF Management Team



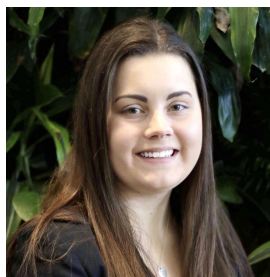
Ellena Damini



Gabrielle Kolotinsky



Armaan Toor



Lisanne Peters



Matthew McElheran

It has been an honour to see the SSIF team grow and evolve this last year. We are impressed with the development of our members, and their drive and commitment to growing and preserving the SSIF's capital through the various market conditions we faced this school year.

The SSIF team worked hard to both monitor our current portfolio holdings while also producing research and analysis to consider for prospective investment. Amid the pandemic, the fall 2021 semester was virtual for the team. Come the winter 2021 semester, members convened in the new SSIF Training Lab in the Nicol Building for weekly meetings. At the end of both semesters, the Management team received several investment pitches from Equity Analysts and Interns. To equip our team with the necessary skills, several lessons pertaining to valuation, ESG, and various financial and economic topics were conducted over the course of the year to better educate our members. The SSIF also saw the creation of its first Onboarding Guide, ESG Guide and Financial Modelling Guide as supplementary materials to aid in the onboarding process and equity research and analysis process. To foster team building, the SSIF had activities and socials for members to convene in person once Provincial guidelines permitted. Further, initiatives such as the first-ever SSIF Virtual Coffee Chats were conducted to decrease barriers to education for Sprott students and Carleton students alike. In the fall, the SSIF officially implemented ESG considerations into our research and analysis process and within our internal functioning and operations. In December, our portfolio reached new heights, surpassing \$2 million in assets under management, a milestone for our portfolio and team.

It cannot go unmentioned the appreciation we hold for the global alumni that maintained the portfolio before us, and the unwavering support they continue to provide to our team to this day. We have been astonished by the number of alumni who have come to SSIF meetings to speak about their career paths. Due to the pandemic, this last year did not see the annual SSIF alumni event, however, we are hopeful the event will be rejuvenated in the near future.

On a final note, we would like to express our gratitude to our Faculty Advisor Howard Nemiroff, Dana Brown, Dean of the Sprott School of Business and the Investment Committee, for their guidance, dedication and support. We could not be more proud of the position the SSIF stands in today. We are confident in the SSIF's abilities to continue to grow our capital responsibly, achieve high performance, and demonstrate admirable corporate leadership moving forward.

Sincerely,

**The SSIF Management Team**





## **About Us**

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The **Sprott Student Investment Fund (SSIF)** is an actively managed equity portfolio run by a select group of students at the Sprott School of Business on behalf of the Carleton University Endowment Fund. The SSIF is **volunteer-run**, and operates year-round, with peak operations during the school year from beginning of September to end of May.

The money is real, the experience is real, and the output is real hands-on money-managing experience. Students are given the opportunity to learn investment strategies in a team environment. All members contribute to the analysis process, helping to assemble the ideal portfolio that will safely and wisely grow SSIF's capital.

## History

Established in September of **2007**, the SSIF was founded by Prof. Howard Nemiroff and a group of students after a \$50,000 injection of endowment capital to assess proof of concept. The mandate was to give standout students at the Sprott School of Business the opportunity to engage in real investment management.

During the initial four years, the students managed to grow the capital base by 25 percent, despite one of the worst economic recessions in history.

In **2011**, the Carleton University Endowment Fund committed an additional \$500,000 payment to the SSIF once the concept was proven.

In **October of 2017**, the SSIF portfolio surpassed \$1 million.

In **September of 2021**, the [SSIF committed to responsible investing](#).

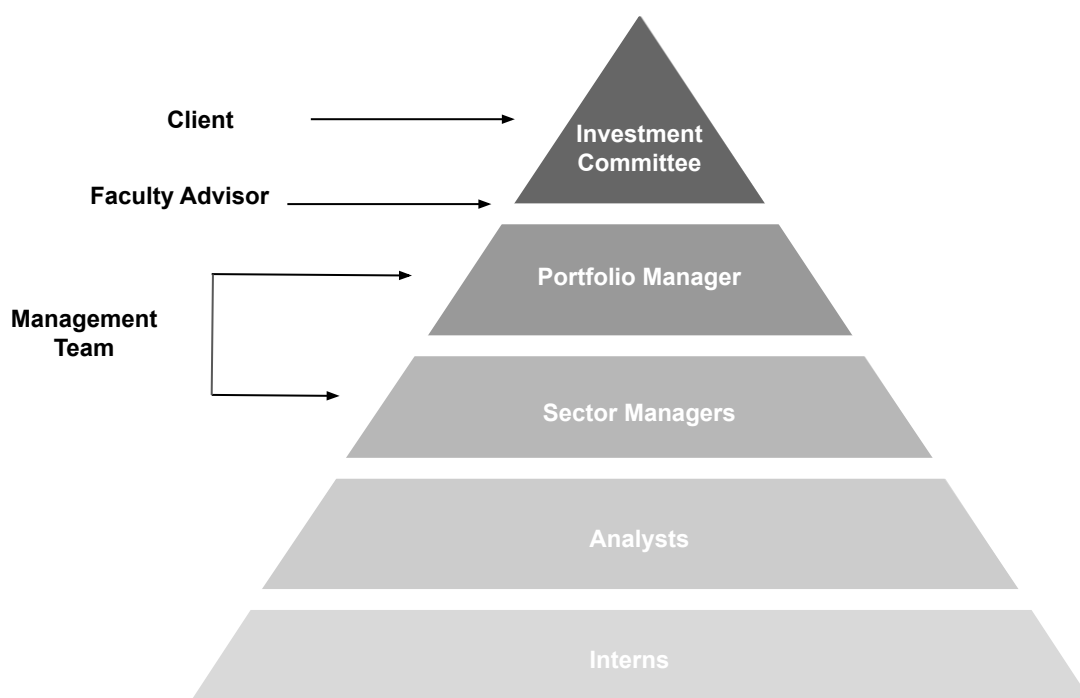
In **February of 2021**, the SSIF began implementing working environmental, social and governance considerations into the investment analysis and decision-making process and internal operations.

In **December of 2021**, the [SSIF portfolio surpassed \\$2 million](#).

## Our Work

Our Sector teams use fundamental analysis techniques widely deployed in the industry to identify undervalued securities. Equity Analysts and Interns are placed into a Sector at the beginning of a given semester where they are responsible for producing at least one equity report, valuation and investment pitch per semester over the course of the year. Pitches are presented at the Sprott Student Investment Fund's weekly meetings near the end of the semester, after which an investment decision is made by the Management team and Faculty Advisor. Members rotate among sectors on a semesterly basis to diversify industry knowledge and enhance student experience.

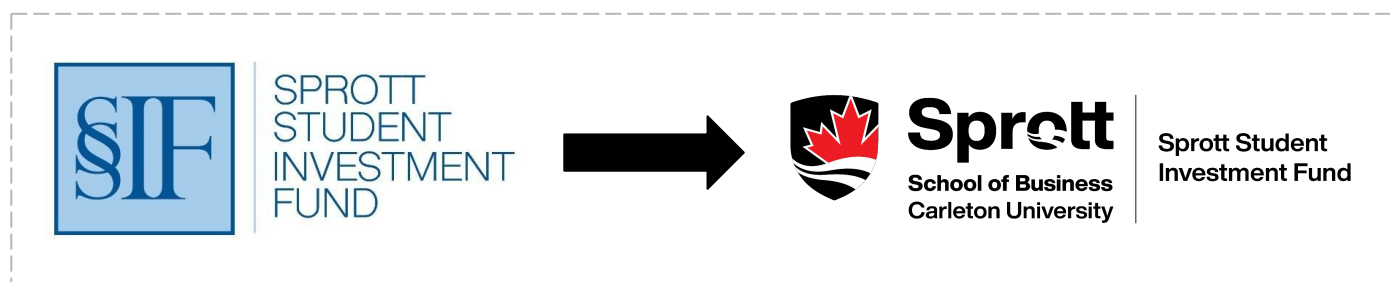
## SSIF Governance Structure



## SSIF Key Statistics

<b>Members</b>	21
<b>% Management team that identify as women</b>	60%
<b>% Members that identify as a visible minority</b>	40.9%
<b>Portfolio Return since inception</b>	435.7%
<b>Benchmark Outperformance since inception</b>	120.7%

*As of March 2022*



*In August of 2021, the SSIF gained a new logo that aligns with the Sprott School of Business brand*



# Team Organizational Structure (Fall 2021)

as of December 1, 2021

Portfolio Manager



Ellena Damini



Tyler Page

Sector Manager



Ben White



Armaan Toor



Matthew McElheran



Lisanne Peters

Quantitative Analyst



Andrew Elliot

Equity Analyst



Gabrielle Kolotinsky



Michael Gagnon



Josh Gadoury



Daniel Cheung



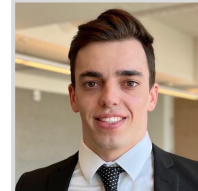
Ellena Damini



George Al Kayal



Colin Duffin



David DeRoode



Brock Dalley

ESG Integration



Tyler Page

Intern



Benjamin Szabo



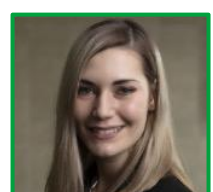
Tiam Nazardad



Ayomi Adeniyi



Neil-Philippe Nahimana



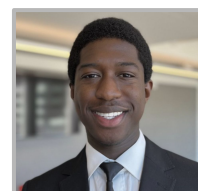
Gabrielle Kolotinsky



Warren Smith



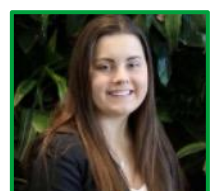
Jaylen Vij



Cedric Osagie-Ogunbar



Teodora Gordic

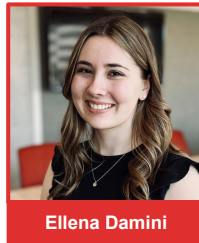


Lisanne Peters

## Team Organizational Structure (Winter 2022)

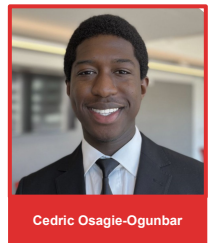
as of April 1, 2022

Portfolio Manager



Ellena Damini

Marketing

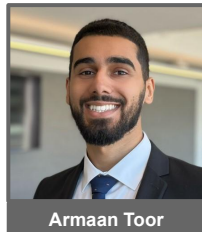


Cedric Osagie-Ogunbar

Sector Manager



Gabrielle Kolotinsky



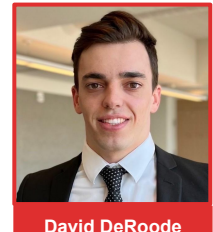
Armaan Toor



Matthew McElheran



Lianne Peters



David DeRoode

Equity Analyst



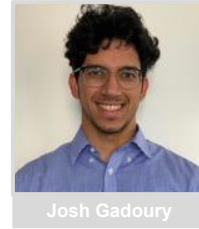
Khushee Godiwala



Andrew Elliot

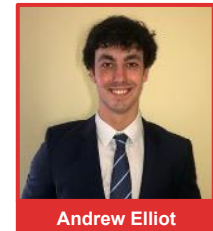


Daniel Cheung



Josh Gadoury

Quantitative Analyst



Andrew Elliot

Intern



Ayomi Adeniyi



Neil-Philippe Nahimana

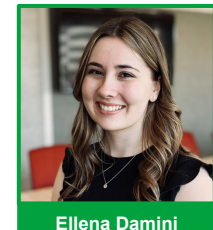


Jack Wright

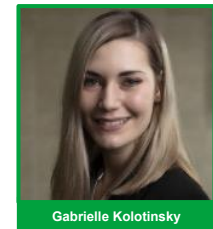


Benjamin Szabo

ESG Integration



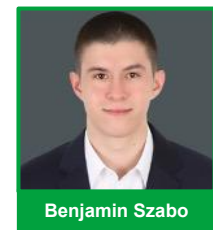
Ellena Damini



Gabrielle Kolotinsky



Lianne Peters



Benjamin Szabo



## External Involvement

### SSIF Initiatives

The SSIF team conducted **Virtual Coffee Chats** from March 1 to April 1, providing Sprott students an opportunity to be paired with an SSIF member for a 1 on 1 virtual coffee chat. This initiative was intended to provide curious students the opportunity to learn more about the team, SSIF's investment approach, or to answer any other questions they may have.

The SSIF intends to produce more initiatives in the coming years, in order to further connect with Sprott students, Alumni, and industry professionals, as well as to give back to the greater community.

### Competitions and Conferences



Several members of the SSIF team participated in stock pitch competitions and conferences in the winter 2022 semester.

Four members of the SSIF team (from L to R: Lianne Peters, Ellena Damini, Armaan Toor and Matthew McElheran) represented Carleton University in the **CFA Society Research Challenge**, qualifying for the preliminary investment pitch event for teams in the Ottawa and Toronto region. The team wrote an equity research report and developed an investment pitch for their assigned company, Transcontinental Inc. (TSE: TCL.A).

Three members of the SSIF team (from L to R: Lianne Peters, Gabrielle Kolotinsky and Ellena Damini) qualified for **William & Mary's 7th Annual Women's Stock Pitch and Leadership Summit**. To qualify, the team was required to produce an investment pitch for Under Armour (NYSE:UAA). The team qualified for the final round, where they represented Carleton University and Canada, producing a pitch for their selected company, Clean Harbors Inc. (NYSE:CLH). The team also represented Carleton at **The Big Short Global Stock Pitch** competition at McGill University where they produced an investment pitch for Waste Management (NYSE:WM).





## Alumni Presence

Since the launch of the SSIF, the alumni network and the greater Sprott alumni network have played a crucial part in the education and development of SSIF members. SSIF has an evolving base of alumni that dedicate time to providing career assistance to its members where many alumni participate in the Carleton Alumni Mentorship Program.

During the school year SSIF has had the privilege of hosting alumni to discuss their career journeys and provide guidance to members.

SSIF's alumni network has a wide reach, both in industry and geographically. Some of the professional industries include private equity, asset management, investment banking, management consulting, accounting, technology, and entrepreneurship. SSIF alumni are located across the globe, including cities such as Toronto, New York, Miami, Hong Kong and London.





## **Investments and Portfolio Performance**

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## Investment Philosophy

The SSIF's equity portfolio takes a **fundamental approach** to investing with a **value orientation** toward sustainable businesses, seeking to maximize the value of its assets over the **long term**. The primary focus is on building a portfolio of **wealth-creating** firms with; **unique competitive advantages**; **strong financial positions**; **robust Environmental, Social and Governance (ESG) considerations**, and **proven management teams**. We strive to make investments only in firms that trade at **discounts to their intrinsic value**.

**Fundamental Approach:** Focusing on facts, data, numbers, not opinions or charts. We own businesses not stocks. We are concerned with the value of the business, not the stock price.

**Value Orientation:** Portfolio tilt toward out of favour businesses

**Long Term:** We manage money for the Endowment fund which has a multi-decade time horizon

**Wealth-creating:** Generates returns on capital above its cost of capital

**Unique Competitive Advantages:** Without a competitive advantage a firm will not generate excess returns

**Strong Financial Positions:** Investments with credit rating > BBB- is in our mandate. We must make sustainable investments; we favour low debt/capital businesses

**Robust Environmental, Social and Governance (ESG) considerations:** Companies that consider Environmental, Social, and governance and strive to improve their impact in these three pillars

- **Environmental:** Assessing the risks and the opportunities that can impact the environment
- **Social:** Prioritizing employee, community and societal health and well-being
- **Governance:** Encouraging high performing boards of directors and ethical practices at the management level and throughout the company

**Proven Management Teams:** Management shows signs of having a long-term focus, and emphasis on shareholder returns

**Discount to Intrinsic Value:** We make investments in firms that can be purchased below what we believe is their fair value



## Portfolio Construction and Investment Process

### Portfolio Overview

<b>Construction</b>	Geographical & Sectoral Diversification
<b>Company Size</b>	Market Cap of $\geq$ 300 MM
<b>S&amp;P Credit Profile</b>	$\geq$ BBB-
<b>Benchmark*</b>	65% S&P 500, 35% S&P/TSX
<b>Fiscal Year End (Official)</b>	December 31

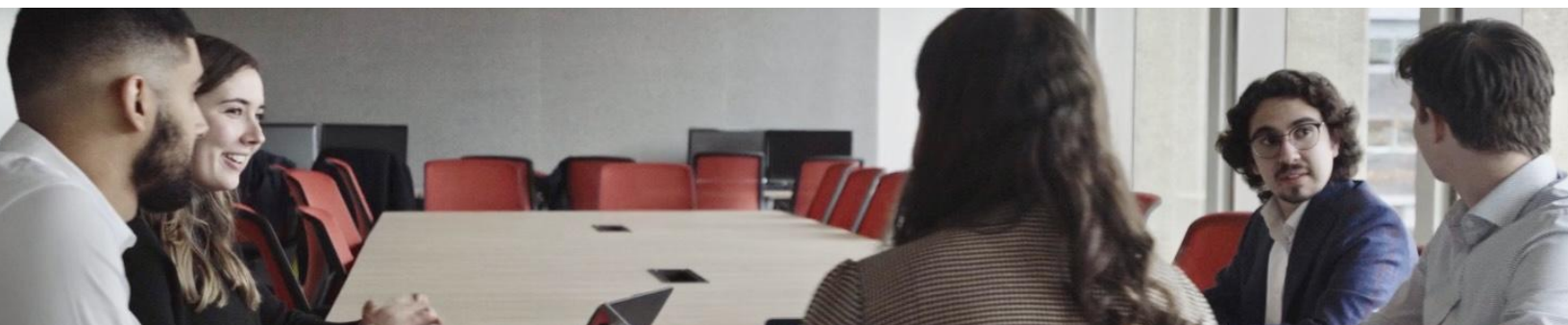
*\*For the portfolio overall, the benchmark against which performance is measured is constructed as a weighted average of the returns for the two indexes*

### Our Investment Process

Each Equity Analyst and Intern pitches at least one company per semester. Following each pitch the Management team discusses follow up items with the respective member(s), in order to better understand the merits of each idea. The Management team presents the Faculty Advisor with feedback and discusses the pitch. If a trade is to be made, the Portfolio Manager sends in a trade ticket to the Faculty Advisor.

### Portfolio Oversight

Each Equity Analyst and Intern is assigned a current legacy holding to monitor every two weeks. The legacy holdings are rotated among members. Members are required to monitor their holdings for any significant price movements and to ensure the original investment thesis still holds. Legacy holdings are discussed at the weekly meetings where members provide updates on how the legacy holding has been performing for the given week. The Portfolio Manager and various members of the SSIF Management team also meet with the Investment Committee on a quarterly basis to discuss the portfolio performance and internal operations on the SSIF.



## Portfolio Performance Analysis

### Portfolio Analytics - 1 Year

#### Portfolio Management Statistics

As of March 31, 2022

Portfolio Value (04/01/21)	\$1,757,113.67	Portfolio Total Return (%)	17.62%
Portfolio Value (03/31/22)	\$1,974,234.34	Benchmark Total Return (%)	16.99%

Outperformance	0.63%	Sharpe Ratio	1.55
Portfolio Beta	0.83	Tracking Error	5.86
Jensen Alpha	3.48	Information Ratio	0.08
Treynor Measure	0.22		

### Portfolio Analytics - Since Inception

#### Portfolio Management Statistics

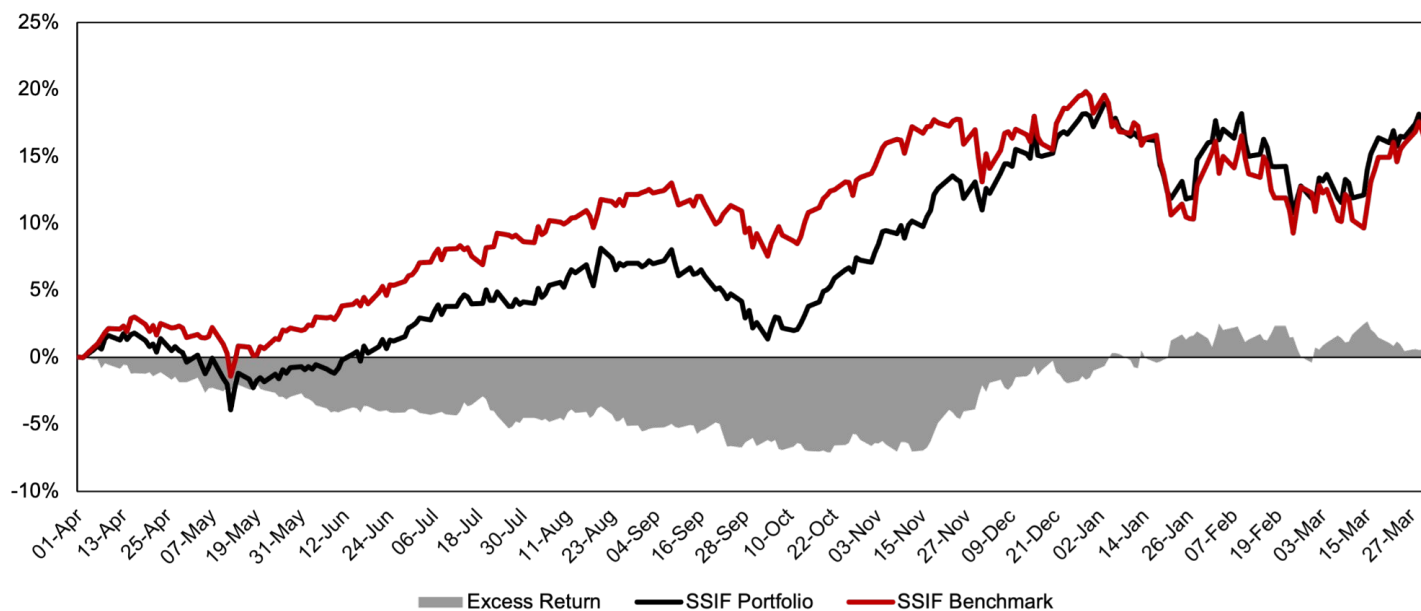
As of March 31, 2022

Portfolio Value (11/08/2007)	\$49,205.19	Portfolio Total Return (%)	435.7%
Portfolio Value (03/31/22)	\$1,974,234.34	Benchmark Total Return (%)	315.0%

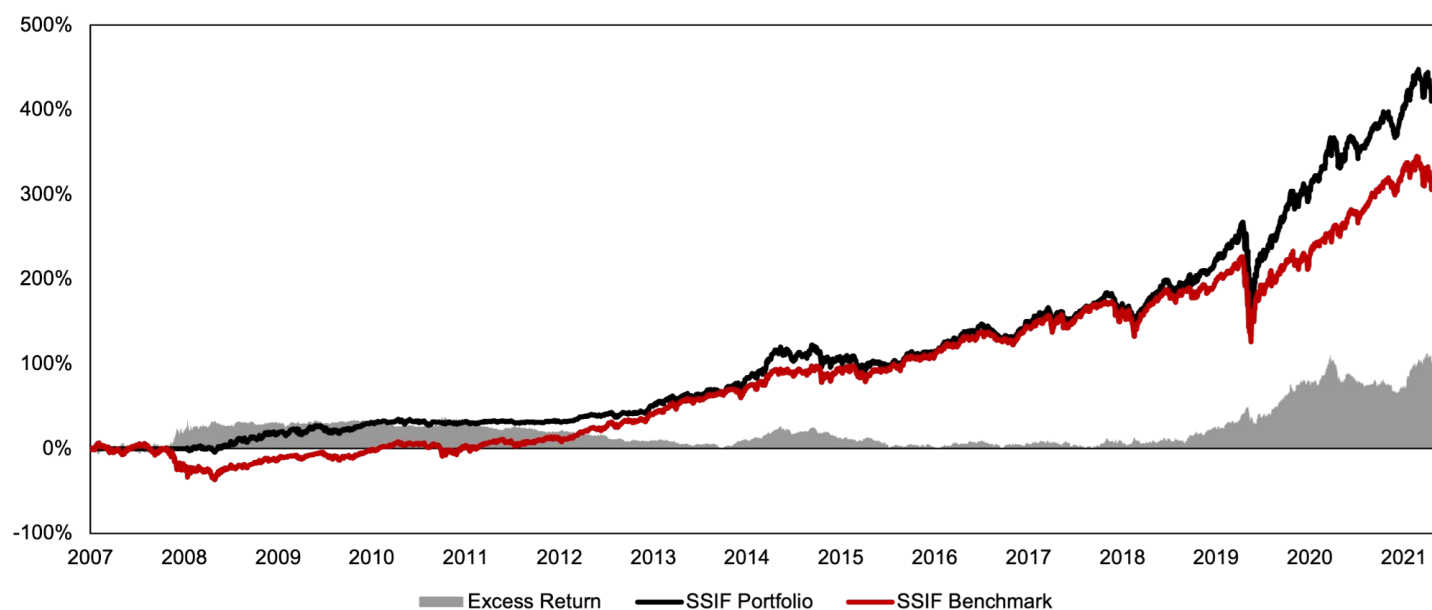
Outperformance	120.7%	Sharpe Ratio	0.98
Portfolio Beta	0.53	Tracking Error	12.24
Jensen Alpha	6.58	Information Ratio	0.08
Treynor Measure	0.24		

## Portfolio Performance Analysis

### Fund Performance - Fiscal Year Ended March 31, 2022



### Fund Performance - Since Inception

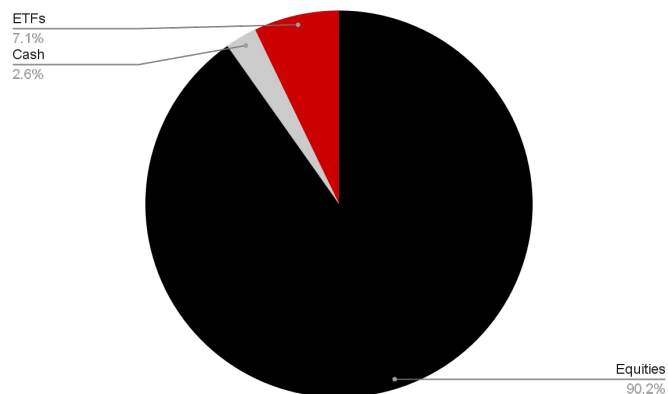




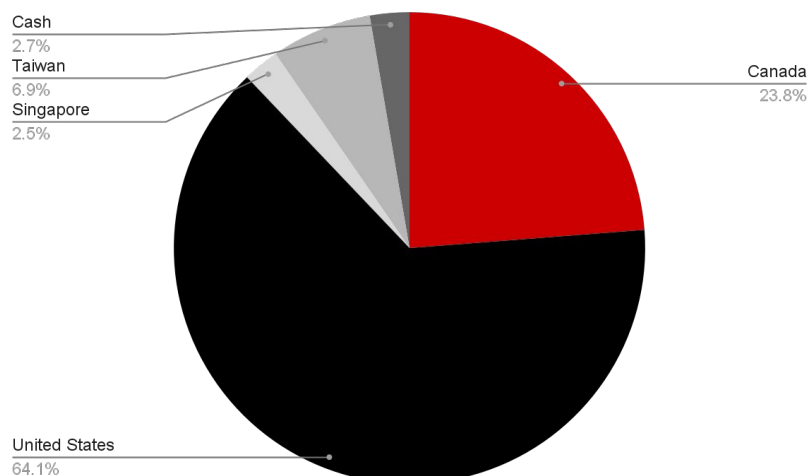
## Portfolio Composition Analysis

As of March 31, 2022

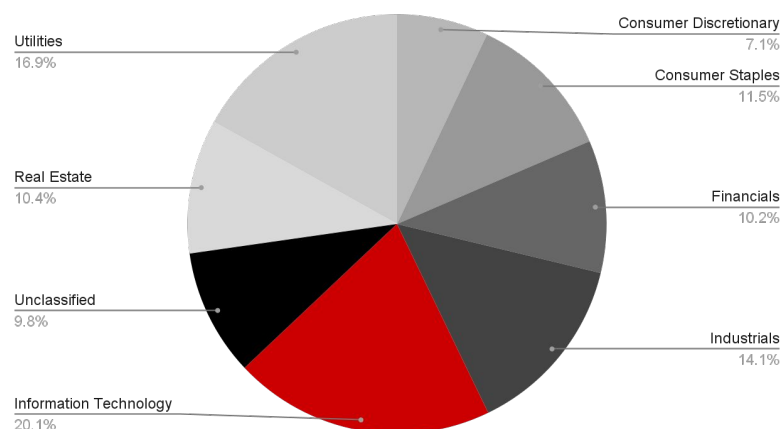
### Asset Allocation



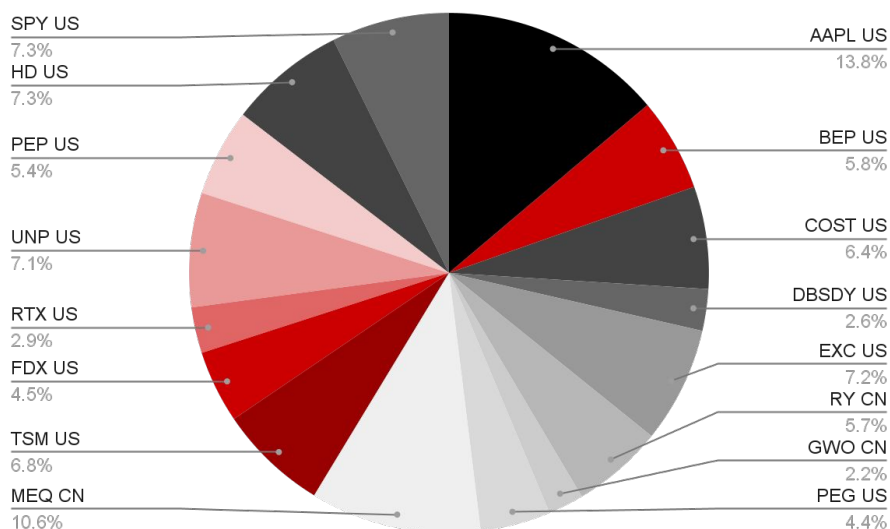
### Country Allocation



### Sector Allocation



### Equity Allocation



## Portfolio Composition Analysis

### Portfolio Holdings

Company Name As of March 31, 2022	Ticker	Share Units	Market Price	Market Value	Avg Weight (1-Yr)	Active Weight
<b>Financial Institutions Group</b>						
Royal Bank of Canada	RY CN	794	137.64	109,286	5.55%	5.7%
DBS Group Holdings	DBSDY US	382	104.26 US	49,744	2.40%	2.6%
Great-West Lifeco Inc.	GWO CN	1160	36.84	42,734	2.33%	2.2%
<b>Utilities</b>						
Brookfield Renewable Partners	BEP US	2170	41.07 US	111,313	5.51%	5.8%
Exelon Corp	EXC US	2330	47.63 US	138,611	7.56%	7.2%
Public Service Enterprise Group	PEG US	960	70.00 US	83,933	4.08%	4.4%
<b>Real Estate</b>						
Mainstreet Equity Corp	MEQ CN	1430	143.01	204,504	8.41%	10.6%
<b>Technology, Media &amp; Telecommunications (TMT)</b>						
Apple Inc.	AAPL US	1220	174.61 US	266,067	12.28%	13.8%
Taiwan Semiconductor	TSM US	1010	104.26 US	131,523	7.95%	6.8%
<b>Industrials</b>						
Fedex Corp	FDX US	300	231.39 US	86,702	5.27%	4.5%
Raytheon Technologies	RTX US	443	99.07 US	54,816	2.61%	2.9%
Union Pacific Corp	UNP US	400	273.31 US	136,496	6.21%	7.1%
<b>Consumers</b>						
PepsiCo Inc.	PEP US	500	167.38 US	104,529	5.29%	5.4%
Home Depot Inc.	HD US	373	299.33 US	139,451	8.59%	7.3%
Costco Wholesale Corp	COST US	170	575.85 US	122,270	5.26%	6.4%
<b>Other</b>						
SPDR S&P 500 ETF Trust	SPY US	250	451.64 US	141,025	2.52%	7.1%
US Dollar	USD	23,805.47	1.00	29,733	3.73%	1.5%

Values in CAD unless specified otherwise

## Portfolio Composition Analysis

### Portfolio Holdings (cont'd)

Company Name As of March 31, 2022	Ticker	Total Return (1-Yr)	YTD Return	Contribution to return (1-Yr)	Risk attribution contribution (1-Yr)
<b>Financial Institutions Group</b>					
Royal Bank of Canada	RY CN	22.81%	3.40%	1.19%	4.39%
DBS Group Holdings	DBSDY US	22.89%	5.87%	0.52%	1.29%
Great-West Lifeco Inc.	GWO CN	15.31%	-1.67%	0.35%	1.71%
<b>Utilities</b>					
Brookfield Renewable Partners	BEP US	-1.46%	14.49%	-0.13%	5.05%
Exelon Corp	EXC US	55.98%	15.26%	3.59%	7.60%
Public Service Enterprise Group	PEG US	20.39%	4.56%	0.81%	3.58%
<b>Real Estate</b>					
Mainstreet Equity Corp	MEQ CN	76.56%	18.99%	5.15%	11.25%
<b>Technology, Media &amp; Telecommunications (TMT)</b>					
Apple Inc.	AAPL US	41.86%	-2.66%	4.50%	17.02%
Taiwan Semiconductor	TSM US	-15.63%	-13.94%	-1.48%	4.49%
<b>Industrials</b>					
Fedex Corp	FDX US	-17.96%	-11.25%	-1.11%	5.28%
Raytheon Technologies	RTX US	30.35%	14.42%	0.75%	3.34%
Union Pacific Corp	UNP US	25.65%	7.72%	1.60%	7.00%
<b>Consumers</b>					
PepsiCo Inc.	PEP US	20.95%	-4.12%	1.07%	3.31%
Home Depot Inc.	HD US	-1.38%	-28.27%	0.09%	10.53%
Costco Wholesale Corp	COST US	62.31%	0.43%	2.76%	6.29%
<b>Other</b>					
SPDR S&P 500 ETF Trust	SPY US	-4.56%	-5.70%	-0.37%	7.97%
US Dollar	USD	-0.66%	-1.14%	0.01%	-0.10%

Values in CAD unless specified otherwise



## Companies Researched

Fall 2021

Company	Ticker	Rating	Price Target	Upside	Pitch Date	Analyst/Intern
<b>Consumers</b>						
Aritzia	TSE:ATZ	BUY	\$52.30 CAD	5.0%	12/03/21	Ayomi Adeniyi & Theodora Gordic
Starbucks	NASDAQ:SBUX	BUY	\$115.23 USD	4.0%	12/03/21	Joshua Gadoury
Malibu Boats Inc.	NASDAQ:MBUU	BUY	\$92.63 USD	23.4%	11/04/21	Daniel Cheung
<b>Energy, Utilities, Materials</b>						
Nucor	NYSE:NUE	HOLD	\$123.39 USD	3.0%	11/22/21	George Al Kayal
West Fraser Timber	NYSE:WFG	BUY	\$103.14 USD	23.0%	12/03/21	Gabrielle Kolotinsky
CCL Industries	TSE:CCL.B	BUY	\$81.98 CAD	26.0%	11/24/21	Benjamin Szabo & Warren Smith
Livent	NYSE:LTHM	BUY	\$29.02 USD	16.0%	12/03/21	Gabrielle Kolotinsky
<b>Financials</b>						
Visa	NYSE:V	BUY	\$227.94 USD	12.1%	11/25/21	Brock Dalley
Wells Fargo	NYSE:WFC	HOLD	\$50.12 USD	0.43%	11/18/21	Daniel Cheung
<b>Healthcare</b>						
Anthem	NYSE:ANTM	BUY	\$447.96 USD	5.0%	11/21/21	Michael Gagnon
<b>Real Estate</b>						
RioCan REIT	TSE:REIN.UN	BUY	\$26.33 CAD	22.0%	11/12/21	Tiam Nazardad & Jaylen Vij
<b>Information Technology</b>						
Teradyne Inc.	NASDAQ:TER	HOLD	\$151.13 USD	0.20%	11/26/21	David DeRoode

## Companies Researched

## Winter 2022

Company	Ticker	Rating	Price Target	Upside	Pitch Date	Analyst/Intern
<b>Consumers</b>						
Alimentation Couche Tard	TSE:ATD	HOLD	\$59.15 CAD	8.9%	04/01/22	Brock Dalley
<b>Energy, Utilities, Materials</b>						
Marathon Petroleum Corp	NYSE:PBC	HOLD	\$95.67 USD	22.0%	03/22/22	Khushee Godiwala
CF Industries Holdings	NYSE:CF	BUY	\$112.27 USD	3.8%	04/06/22	Ayomi Adeniyi
NextEra Energy	NYSE:NEE	HOLD	\$83.92 USD	4.6%	06/06/22	Tiam Nazardad
<b>Financials</b>						
Equitable Group	NYSE:EQB	BUY	\$85.16 USD	17.5%	03/28/22	Michael Gagnon
<b>Healthcare</b>						
Pfizer	NYSE:PFE	BUY	\$74.08 USD	36.0%	03/22/22	Neil-Philippe Nahimana
United Health Group	NYSE:UNH	BUY	\$581.19 USD	16.9%	03/17/22	Andrew Elliot
<b>Industrials</b>						
Illinois Tool Works	NYSE:ITW	BUY	\$232.39 USD	9.94%	3/18/22	Daniel Cheung & Jack Wright
<b>Real Estate</b>						
American Tower	NYSE:AMT	HOLD	\$233.2 USD	-6.0%	03/30/22	George Al Kayal & Benjamin Szabo
<b>Information Technology</b>						
Autodesk Inc.	NASDAQ:ADSK	HOLD	\$236.28 USD	14.97%	04/07/22	Joshua Gadoury

The SSIF intends to allocate capital to both Illinois Tool Works (NYSE:ITW) and United Health Group (NYSE:UNH) in April of 2022



## **Sector Reflections**

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## Consumers Sector

## Sector Composition

Company	Ticker	Total Return	Contribution to Portfolio Return	Avg % Weight	Active Weight
<b>Consumer Staples</b>					
Costco Wholesale	COST US	62.31%	2.76%	5.26%	6.4%
Pepsi	PEP US	20.95%	1.07%	5.29%	5.4%
<b>Consumer Discretionary</b>					
Home Depot	HD US	-1.38%	0.09%	8.59%	7.3%

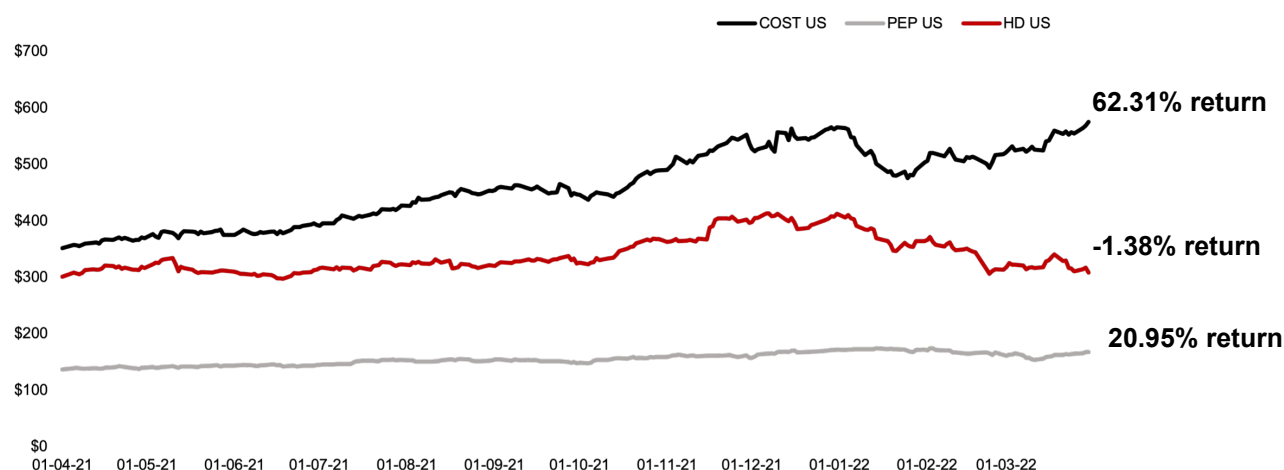
## Sector Analytics

## Consumer Staples

## Consumer Discretionary

Total Return - 1 Yr	40.08%	-1.38%
Contribution to Portfolio Return - 1 Yr	3.83%	0.09%
Average Weight - 1 Yr	10.55%	8.59%
Portfolio Weight - as of March 31, 2022	11.48%	7.06%
Benchmark - as of March 31, 2022	5.27%	8.93%
Over/Underweighted	Over	Under
Best Performer	COST US	n.a.

## 52 Week Performance





## Consumers Sector

*As of May 2022*

### Outlook

The consumers staples and consumers discretionary sectors have seen a rapidly changing landscape recently. Due to extremely low interest rates over the past 2 years and supply chain complications resulting from the COVID-19 pandemic, inflation is at an all time high. The US CPI Urban Consumers Index is currently up 8.5% year over year. Regulators have started to combat these inflation concerns by increasing interest rates, however, there is no clear end in sight. As a result, there is significant pressure on consumer disposable income and the consumer discretionary sector as a whole. This creates an opportunity to make smart investments in consumer staples businesses that have secure and stable supply chains and are well positioned to endure the upcoming inflationary environment while also looking for possibly undervalued discretionary businesses.

### Key Trends

#### Inflation

Inflation has been rapidly increasing recently due to prolonged Covid-19 supply chain issues as well as very low interest rates. While regulators have taken preliminary steps to curb current inflation concerns there is no clear end in sight.

#### Rising Interest Rates and Monetary Policy

Interest rates are rising with the US 10 year currently trading at 3%. As of early April, the Bank of Canada increased the overnight rate to 1% and has started quantitative tightening with more updates to be released in early June.

#### Consumer Confidence

The Canadian consumer confidence rating fell further from 66 in June to 56.3 in early March which further reflects the inflation concerns and the current consumer sentiment.

## Energy and Utilities

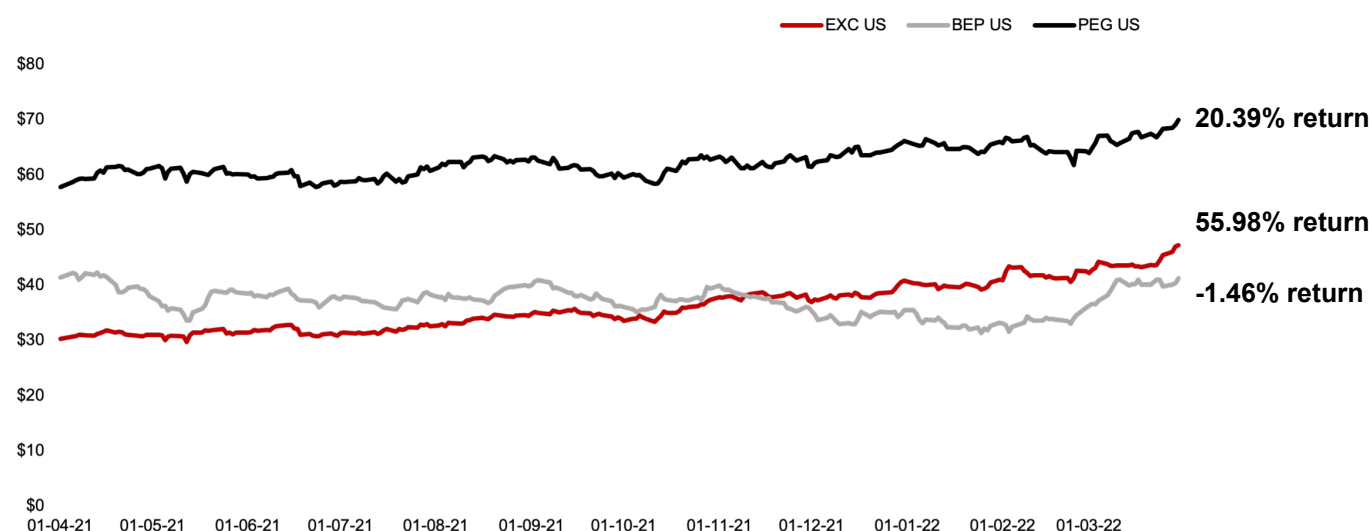
### Sector Composition

Company	Ticker	Total Return	Contribution to Portfolio Return	Avg % Weight	Active Weight
Brookfield Renewable Partners	BEP US	-1.46%	-0.13%	5.51%	5.8%
Exelon Corp	EXC US	55.98%	3.59%	7.56%	7.2%
Public Service Enterprise Group	PEG US	20.39%	0.81%	4.08%	4.4%

### Sector Analytics

Total Return - 1 Yr	26.74%
Contribution to Portfolio Return - 1 Yr	4.27%
Average Weight - 1 Yr	17.16%
Portfolio Weight - as of March 31, 2022	16.90%
Benchmark - as of March 31, 2022	10.50%
Over/Underweighted	Over
Best Performer	EXC US

### 52 Week Performance



## Energy and Utilities

As of May 2022

### Outlook

The energy and utilities sector is experiencing dramatic changes with volatile commodity prices, the transition to sustainable energy, and the energy crisis. Technology and innovation has never been greater with more government funding and stimulation. With a market capitalization of \$13.5 trillion, the industry is broad enough that changes in the macroeconomic landscape have vastly different implications across securities. Industry revenue declined by 14.87% year over year, due to uncertainty and reduced energy use by the pandemic. This will rebound as supply chain, logistics, health crisis, and other challenges are resolved. There are many opportunities to invest in firms that previously lacked coverage, as well as opportunities to purchase undervalued stocks that were divested or received abnormal negative sentiment.

### Key Trends

#### Volatile Commodity Prices

Geopolitical conflict and pandemic-related supply chain issues have served to inflate commodity prices and cause widespread volatility.

#### Sustainability & Climate Lens

Climate change challenges have been widely publicized. All stakeholders are now motivated to help support the shift to a green economy.

#### Alternative Fuel Sources

Traditional fuels have lost popularity due to their climate implications and wide-scale adoption and commercialization of alternative fuels is on the rise.

#### Fossil Fuel Divestiture

As per Carleton University's Responsible Investment Policy, the SSIF will not invest or retain direct fossil fuel positions. Our only holding that requires divestment is Public Service Enterprise Group (PEG), which is being incrementally divested over the next several months.

## Financials Sector

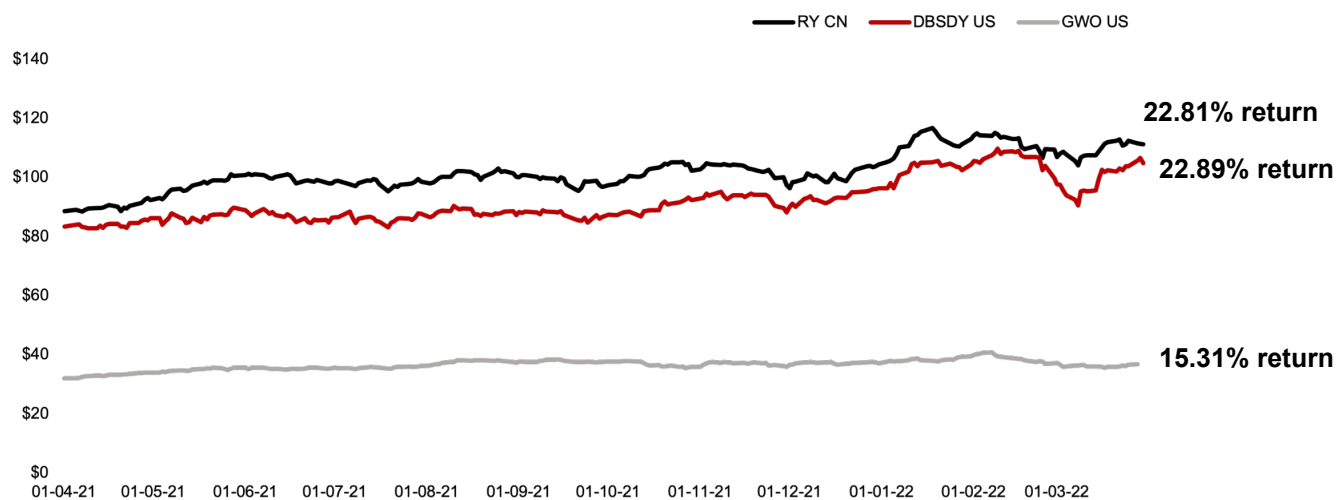
## Sector Composition

Company	Ticker	Total Return	Contribution to Portfolio Return	Avg % Weight	Active Weight
Royal Bank of Canada	RY CN	22.81%	1.19%	5.55%	5.7%
DBS Group Holdings	DBSDY US	22.89%	0.52%	2.40%	2.6%
Great-West Lifeco Inc.	GWO US	15.31%	0.35%	2.33%	2.2%

## Sector Analytics

Total Return - 1 Yr	21.16%
Contribution to Portfolio Return - 1 Yr	2.06%
Average Weight - 1 Yr	10.28%
Portfolio Weight - as of March 31, 2022	10.2%
Benchmark - as of March 31, 2022	18.3%
Over/Underweighted	Under
Best Performer	DBSDY US

## 52 Week Performance





## Financials Sector

*As of May 2022*

### Outlook

The financials sector performed well in 2021 as investors were optimistic about economic reopenings around the world. The outlook remains promising going forward backed by the prospect of interest rate hikes. Rising long-term and short-term interest rates would be a significant tailwind for the sector providing a boost in profitability for financial institutions. Although, there are scenarios in which the Federal Reserve raises short-term interest rates more aggressively than expected in response to the ongoing inflation surge potentially threatening economic growth. In addition, the Russia-Ukraine conflict is creating uncertainty and poses a risk to global economic growth. The firms within the sector continue to have a strong financial position with many passing the Federal Reserve Stress Test and increasing dividends and buybacks as a result. This is expected to continue but growth will be hampered by high cash levels and low loan demand. Increases in banking regulations may serve as a headwind for the sectors and will benefit financial technology companies that could take market share from traditional banks. This risk has been accelerated by the pandemic with the rise of e-commerce and mobile payment solution

### Key Trends

#### Interest Rates

Despite an expected uptick in interest rates in 2022, net interest margins may take a while to return to pre-pandemic levels.

#### Talent

The sector is facing increasing pressure from the labour market to modernize the workplace creating issues in both talent attraction and retention

#### Attractive Valuations

Many firms appear to be trading at steep discounts relative to historical averages and other sectors, but earnings growth expectations have flattened out

## Health Care Sector

### Sector Composition

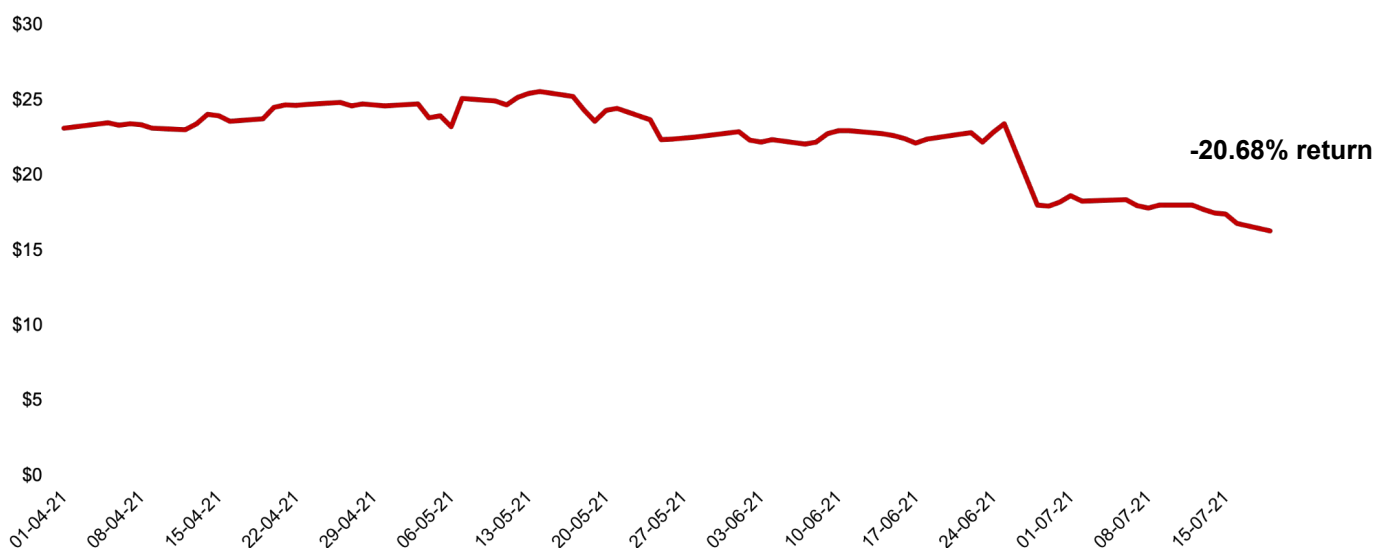
Company	Ticker	Total Return	Contribution to Portfolio Return	Avg % Weight	Active Weight
Exelixis Inc.	EXEL US	-20.68%	-0.74%	1.14%	0%

\*As of July 20, 2021, the SSIF divested of Exelixis Inc.

### Sector Analytics

Total Return - 1 Yr	-20.68%
Contribution to Portfolio Return - 1 Yr	-0.74%
Average Weight - 1 Yr	1.14%
Portfolio Weight - as of March 31, 2022	0%
Benchmark - as of March 31, 2022	9.08%
Over/Underweighted	Under

### 52 Week Performance



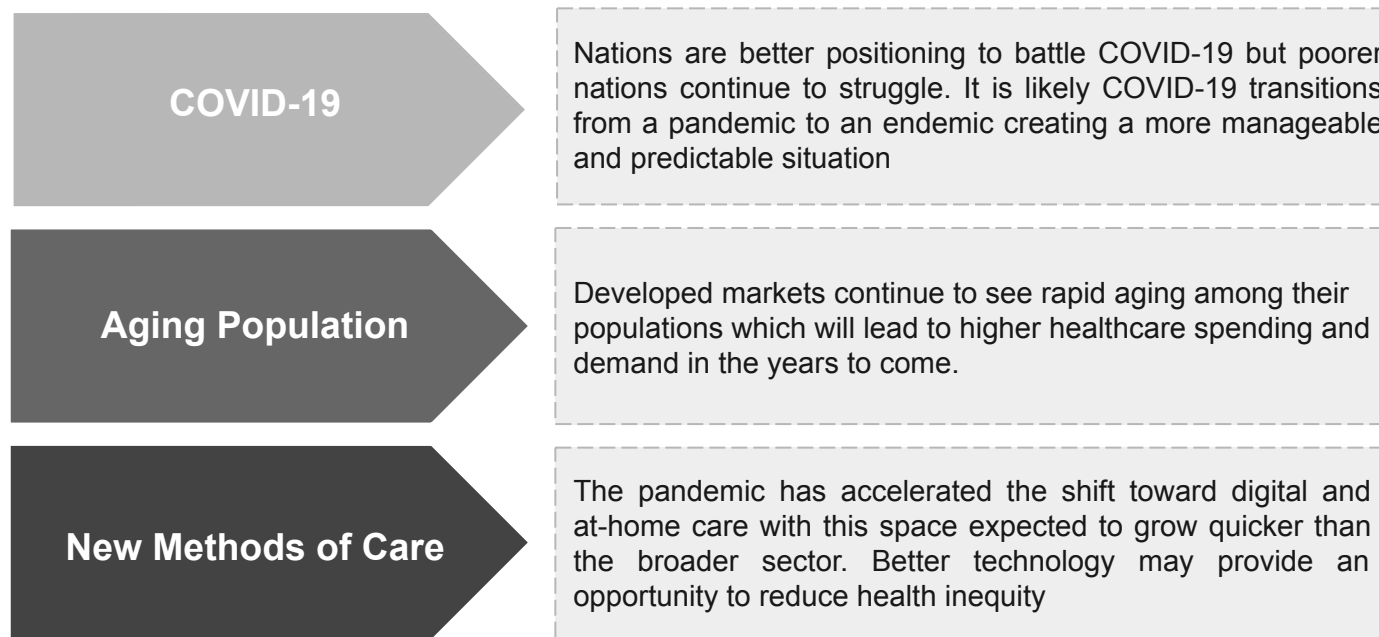
## Health Care Sector

As of May 2022

### Outlook

2022 brings the second full year of the COVID-19 pandemic which is still putting a strain on the resources and attention of the healthcare sector. Low vaccination rates have hampered many countries' ability to contain the pandemic. More than half the world's population has yet to receive a single dose of a COVID-19 vaccine, a figure that drops to less than 5% in low-income countries along with continued hesitancy in developed nations. The pandemic has decreased access to and consumer demand for non-COVID-19-related medical care but is expected to rebound in the second half of 2022 and beyond with restrictions easing and demand increasing. As a result, the pandemic presents an opportunity for healthcare providers to innovate and accelerate the transition to digital health technologies. New potential government policy will also impact the sector as the Biden Administration announced plans to expand the Affordable Care Act (ACA) which would benefit the sector. Although, there have been hints of potential drug pricing reform which would act as an industry headwind. In the developed world, populations are aging and living longer which will lead to increased demand for healthcare products and services while modernization of healthcare infrastructure and increased spending in emerging markets present prime growth opportunities.

### Key Trends



## Industrials Sector

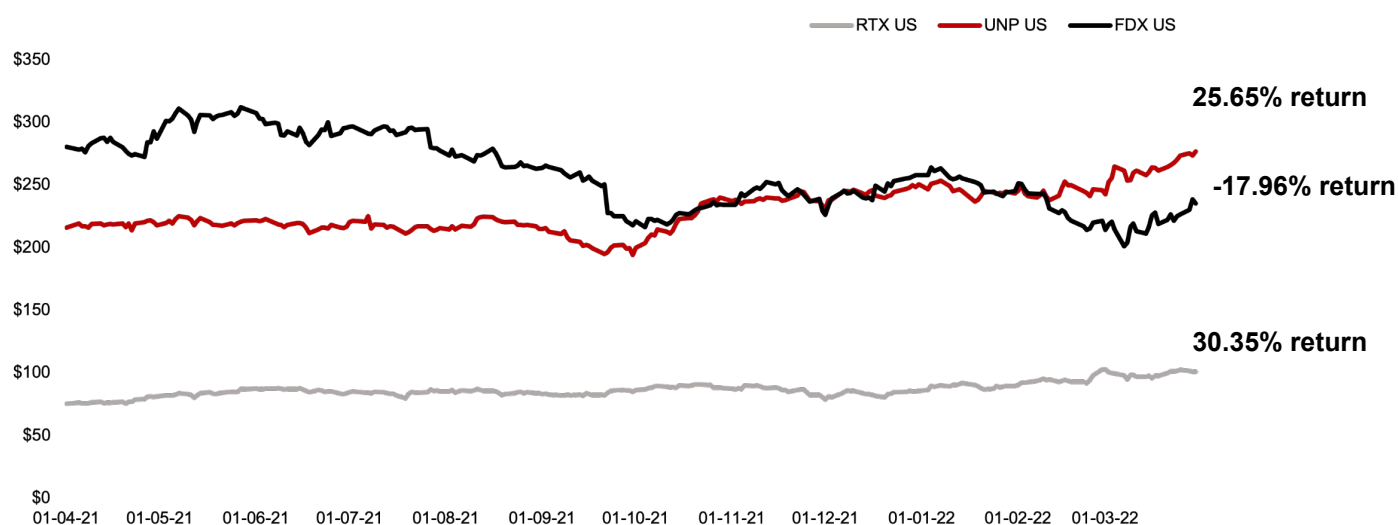
### Sector Composition

Company	Ticker	Total Return	Contribution to Portfolio Return	Avg % Weight	Active Weight
Fedex Corp	FDX US	-17.96%	-1.11%	5.27%	4.5%
Raytheon Technologies	RTX US	30.35%	0.75%	2.61%	2.9%
Union Pacific Corp	UNP US	25.65%	1.60%	6.21%	7.1%

### Sector Analytics

Total Return - 1 Yr	8.46%
Contribution to Portfolio Return - 1 Yr	1.24%
Average Weight - 1 Yr	14.09%
Portfolio Weight - as of March 31, 2022	14.1%
Benchmark - as of March 31, 2022	9.3%
Over/Underweighted	Over
Best Performer	RTX US

### 52 Week Performance





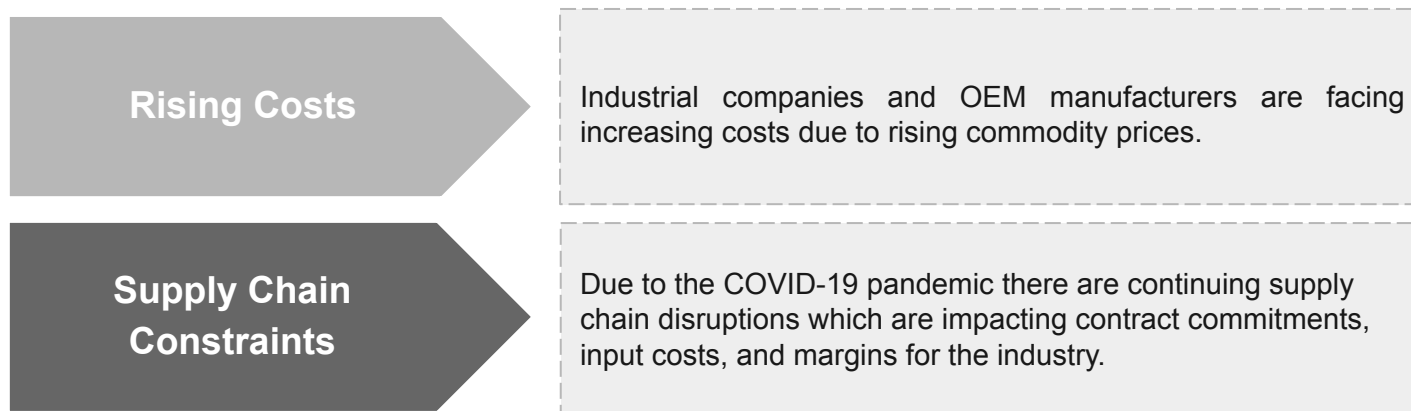
## Industrials Sector

*As of May 2022*

### Outlook

The main headwind and uncertainty in the industrials sector stems from the continuing supply chain disruptions from the COVID-19 pandemic. Coupled with rising commodity prices, this has made it difficult for companies to meet contractual obligations. This has also put pressures on sales volumes and margins, and has resulted in increased costs. This has made it more important than ever for industrial companies to support other businesses through their supply chain to ensure the entire supply can bounce back when possible. These effects vary slightly throughout the sector depending on the particular business, however it does not seem that the supply chain issues, or rising costs, will be resolved in the near future. This creates an opportunity to look for investments that might be undervalued given the current state of the global supply chain, as well as look for business that are an integral part of the global supply chain and are positioned to benefit from its recovery.

### Key Trends



## Real Estate Sector

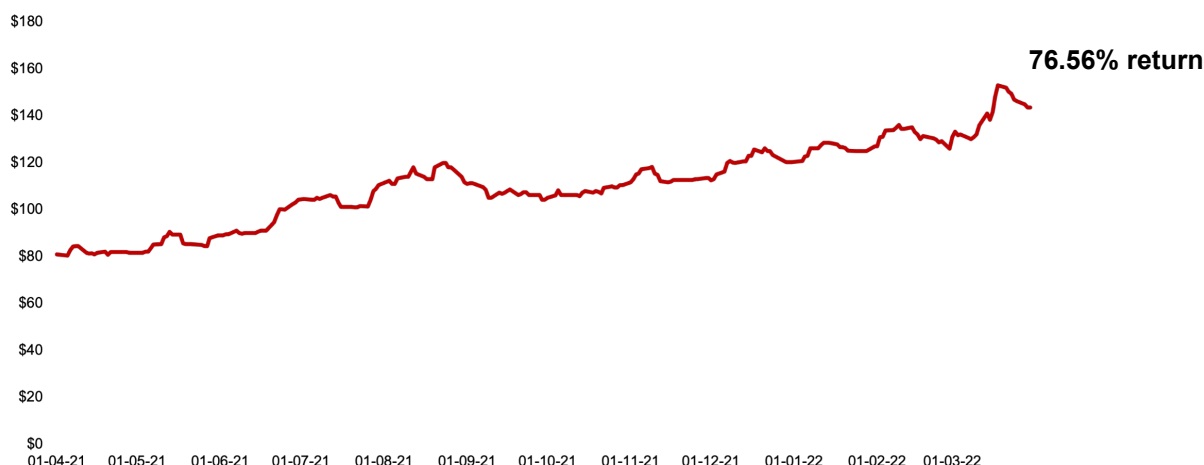
### Sector Composition

Company	Ticker	Total Return	Contribution to Portfolio Return	Avg % Weight	Active Weight
Mainstreet Equity Corp	MEQ CN	76.56%	5.15%	8.41%	10.6%

### Sector Analytics

Total Return - 1 Yr	76.56%
Contribution to Portfolio Return - 1 Yr	5.15%
Average Weight - 1 Yr	8.41%
Portfolio Weight - as of March 31, 2022	10.4%
Benchmark - as of March 31, 2022	2.7%
Over/Underweighted	Over

### 52 Week Performance



### Outlook

The real estate sector in Canada has seen significant growth since the beginning of the pandemic. The pandemic had some businesses seeking alternate working environments, it showed accelerated industrial growth due to e-commerce, and a deterioration in the supply of multi-family housing. In 2021 investment volumes reached a record all-time high of \$57.9 billion in Canada's commercial real estate. This growth is expected due to the ongoing recovery in the retail and office sectors with M&A activity to contribute the market. The CBRE believes 2022 will be the year of normalization despite higher inflation and the Bank of Canada's recent and expected interest rate hikes. Overall, we believe the outlook for real estate is positive with healthy returns expected.

## Real Estate Sector

As of May 2022

## Key Trends

## Changing Work Environment

Key trends include a shifting the landscape for offices in Canada, changing migration patterns, and placing greater focus on mixed-use communities

## Finding the Right Approach to Sustainability

ESG will be imperative to the success of Canadian real estate companies with ESG being critical for institutional investors.

## Costs and Competition

Although there is a strong outlook for many asset classes, rising prices for land and critical supplies create cost pressures and stronger competition in the Canadian market

## Select Global Real Estate Monitor

City	Country	2021 Investment (US\$B)	Vacancy Rate Q421	Leasing Recovery
London	GB	32.6	7.7%	-9.0%
Berlin	DE	16.3	4.1%	32.0%
Paris	FR	21	7.4%	-16.0%
Singapore	SG	9.2	8.6%	4.0%
Tokyo	JP	23.5	3.5%	-25.0%
Sydney	AU	10.3	13.1%	-44.0%
Beijing	CN	7.2	11.7%	487.0%
Toronto	CA	8.5	12.7%	-28.0%
New York	US	28.9	14.6%	-41.0%
San Francisco	US	5.6	22.4%	-52.0%

## Technology, Media, and Telecommunications Sector

## Sector Composition

Company	Ticker	Total Return	Contribution to Portfolio Return	Avg % Weight	Active Weight
<b>Information Technology</b>					
Apple Inc.	AAPL US	41.86%	4.50%	12.28%	13.8%
Taiwan Semiconductor	TSM US	-15.63%	-1.48%	7.95%	6.8%
<b>Communications Services</b>					
Tencent Holdings Ltd*	TCEHY US	-31.29%	-2.25%	2.25%	0%

\*In August of 2021, the SSIF divested of Tencent Holdings

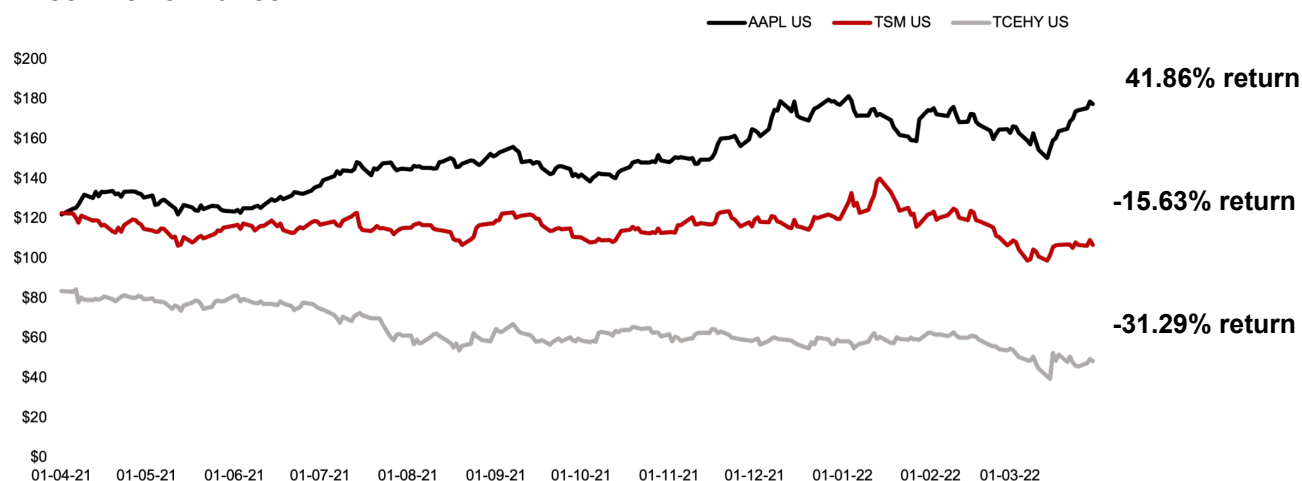
## Sector Analytics

## Information Technology

## Communications Services

Total Return - 1 Yr	15.67%	-31.29%
Contribution to Portfolio Return - 1 Yr	3.02%	-2.25%
Average Weight - 1 Yr	20.24%	2.25%
Portfolio Weight - as of March 31, 2022	20.1%	0%
Benchmark - as of March 31, 2022	20.5%	7.81%
Over/Underweighted	Under	Under
Best Performer	AAPL US	n.a.

## 52 Week Performance





## Technology, Media, and Telecommunications Sector

As of May 2022

### Outlook

Although in high demand, the TMT sector continues to struggle with the global supply chain disruptions, material scarcity, COVID-19 mandated shutdowns, labour shortage, increasing transportation costs, etc. Moving forward, it is expected that companies continue to combat these challenges, however company leaders are now able to manage these challenges throughout rather than provide an immediate solution. In addition, many technology companies are also working on building the next iteration of the hybrid work environment while many are also taking actions to drive a more sustainable future. Overall, these issues will provide opportunities for technology companies to mitigate risks and fuel innovation.

### Key Stats

**5.3%**

 Growth Expected  
in 2022

**22.4%**

 Growth Expected in  
2021-2024

**52.0%**

 CDN Businesses  
Plan to Invest in  
Intangible Assets in  
2022

### Key Trends

#### M&A Activity

M&A activity in Canada's TMT sector has increased ~127% in Q3/21 in comparison to the all time low in Q2/20. 1 in 3 Canadian tech companies expecting to make an acquisition in the next 5 years.

#### Cybersecurity

~28% of businesses have been the target of a cyberattack over the past 12-months. Businesses are largely targeted for their customer, partner, and supplier data; financial information; medical data; etc. This can then be held for ransom, sold, or be used to gain a competitive advantage.

#### Labour

Although the unemployment rate within the sector has remained steady throughout the pandemic, 29% of companies struggle to retain their employees while 55% are struggling to find candidates

#### Transition to the Cloud

Software-as-a-service (SaaS), infrastructure-as-a-service (IaaS) & platform-as-a-service (PaaS) companies are among the fastest-growing segments. Cloud penetration in Canada grew ~32% and is expected to grow 15% annually until 2024.



## **Environmental, Social & Governance**

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*"It is our responsibility as investors to ensure that the companies in which we give our capital to are using it in a responsible manner"*

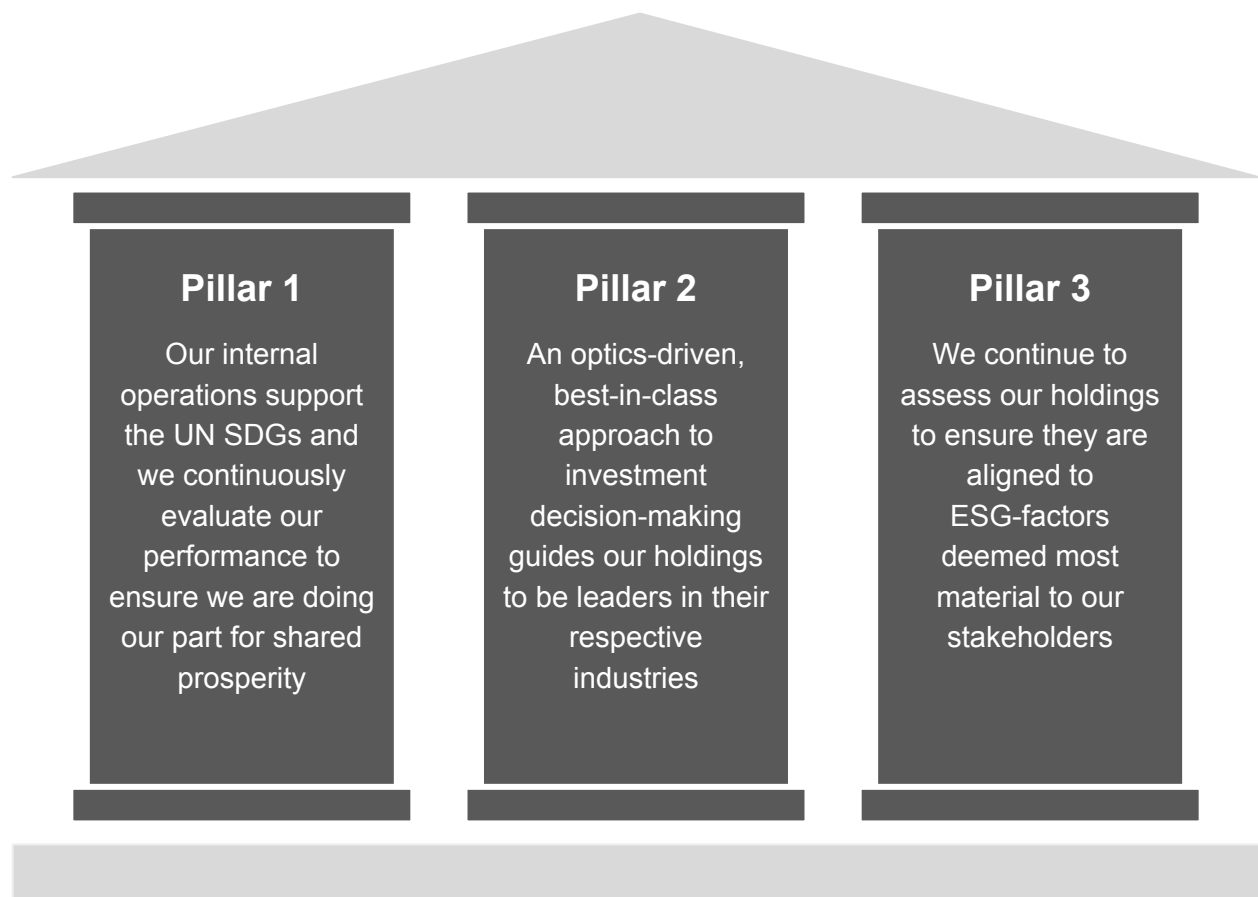
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## Our Approach to Responsible Investing

As of September 1st, 2021 the Sprott Student Investment Fund (SSIF) has committed to Responsible Investing. This includes an alignment to the United Nations' Sustainable Development Goals (SDGs) and Principles for Responsible Investing (PRI). We have amended our investment philosophy to reflect these changes and to build transparency, trust, and accountability.

“The Sprott Student Investment Fund’s equity portfolio takes a fundamental approach to investing with a value orientation, seeking to maximize the value of its assets **and ensure sustainability** over the very long term. The primary focus is on building a portfolio of wealth-creating firms with: unique competitive advantages; strong financial positions; **robust Environmental, Social and Governance (ESG) considerations**, and proven management teams. We strive to make investments only in firms that trade at discounts to their intrinsic value.”

This amendment entails a three pillar approach in which we analyze our ESG positioning on internal, asset, and portfolio levels. Our pillars are as follows:



## Our Approach to Responsible Investing

As of March 2022, the Carleton University Endowment Fund updated their [Responsible Investing policy](#). The SSIF must adhere to this policy. The University is guided by certain principles as they relate to RI.

### Carleton University Endowment Fund Responsible Investing Guiding Principles

- That the fund will strive to achieve the best possible risk-adjusted rate of return on the Fund's assets
- That portfolio diversification is necessary to achieve these returns
- That responsible corporate behaviour with respect to environmental, social and governance (ESG) factors can have a positive effect on long-term financial performance (to varying degrees across companies, sectors, regions, assets classes and time)
- That taking into account ESG issues may better align the portfolio with the interests of our stakeholders
- That imposing constraints or negative screens on portfolio investments may increase risk or reduce returns or both
- That stewardship by investors is an effective way to encourage responsible corporate behaviour

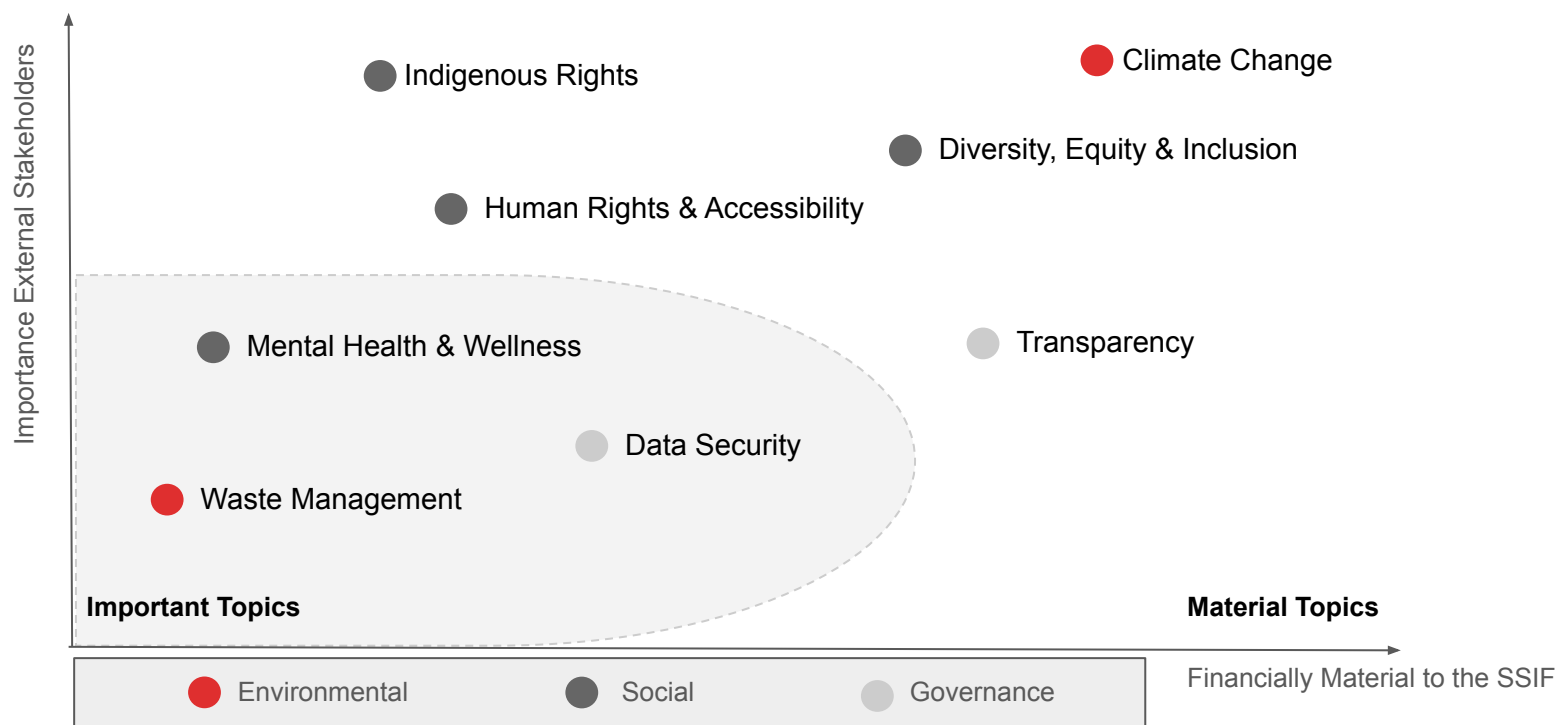
### Our Commitment to the United Nations Principles for Responsible Investment (UN PRI)

Carleton University is a signatory to the [UN PRI](#) which are considered best practices in the area of responsible investing. This policy applies to all Fund assets, unless otherwise specified. As investment managers on behalf of the Carleton Endowment Fund, the SSIF both supports and commits to the UN PRI. As such, the SSIF commits to the following Principles:

<b>Principle 1</b>	We will incorporate ESG issues into investment analysis and decision-making processes.
<b>Principle 2</b>	We will be active owners and incorporate ESG issues into our ownership policies and practices.
<b>Principle 3</b>	We will seek appropriate disclosure on ESG issues by the entities in which we invest.
<b>Principle 4</b>	We will promote acceptance and implementation of the Principles within the investment industry.
<b>Principle 5</b>	We will work together to enhance our effectiveness in implementing the Principles.
<b>Principle 6</b>	We will each report on our activities and progress towards implementing the Principles.

## Materiality Assessment

We define material environmental, social, and governance topics as those that are most important to our key stakeholders and financially material to the SSIF. Carleton University's Endowment Fund Responsible Investment Policy was originated by our Investment Committee, the SSIF's key stakeholder and representative for the greater Carleton body. Within this policy, the Investment Committee identifies priority ESG factors that were later discussed in a strategy meeting with the SSIF ESG Team. We used these topics to identify our stakeholder priorities. Activities that were deemed high priority as per our external and internal stakeholders will guide the actions of the SSIF ESG Team and the portfolio management for the 2022-2023 academic year. We have grouped material ESG factors across key themes of environmental, social, and governance. However, Carleton's Responsible Investing policy encourages all relevant ESG factors be considered in investment decision making regardless of whether they are a key priority.



Stakeholder	Method of Interaction	ESG Priority Area
Investment Committee	Carleton's Endowment Fund Responsible Investment Policy	<ul style="list-style-type: none"> <li>Climate Change</li> <li>Indigenous Rights</li> <li>Human Rights and Accessibility</li> </ul>
	Strategy Meetings	<ul style="list-style-type: none"> <li>Diversity, Equity and Inclusion</li> <li>Mental Health and Wellness</li> </ul>



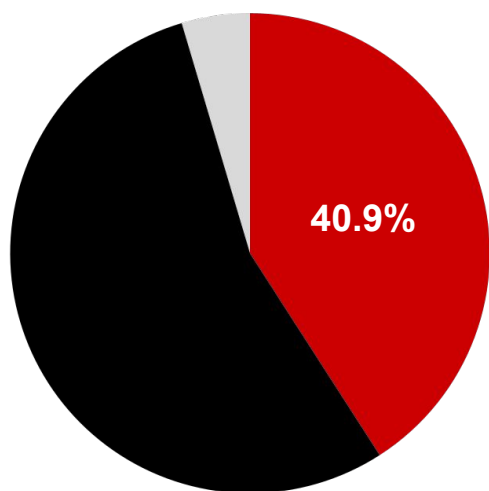
## Our People

### Diversity, Equity and Inclusion

Our goal is to provide an inclusive work culture. We strive to have an empathetic and educated workforce, to be an advocate for equal opportunity, and to empower women in the finance community.

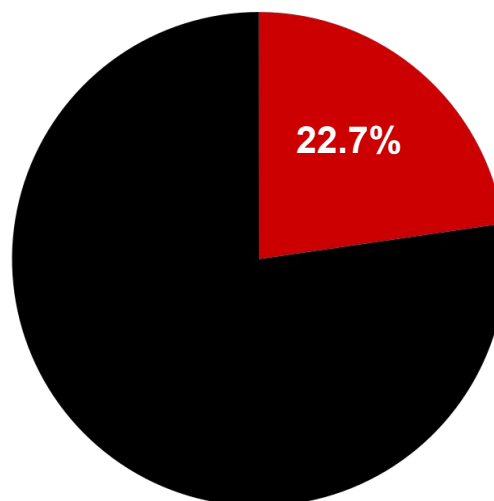
After conducting an anonymous internal survey, we gathered statistics about the diversity of our team in the winter 2022 semester. The questions were formed based on the Employment Equity Act. The results of our findings were the following:

**40.9%** of members identify as a member of a visible minority in Canada



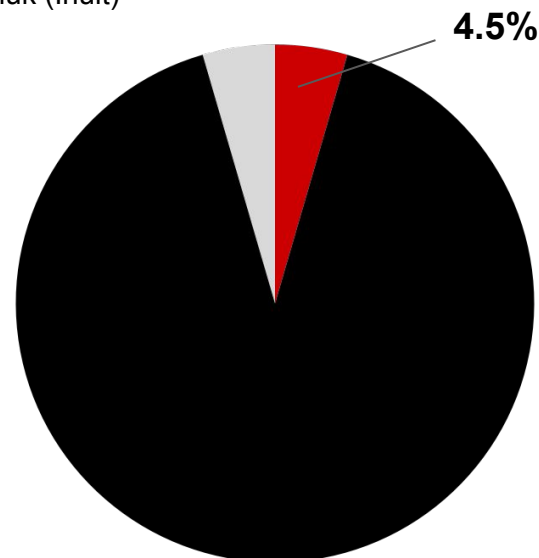
● Identify ● Do not identify ● Prefer not to answer

**22.7%** of members identify as Female



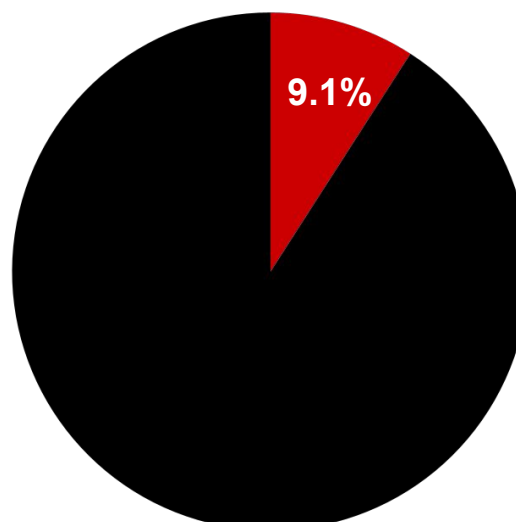
● Female ● Male ● Gender Diverse ● Prefer not to answer

**4.5%** of members identify as Indigenous, that is, First Nation (North American Indian, Métis or Inuk (Inuit))



● Identify ● Do not identify ● Prefer not to answer

**9.1%** of members identify as a person with a disability as described in the Accessible Canada Act



● Identify ● Do not identify

## Our People

### Continuous Learning

We strive to foster a continuous learning culture where we educate our members on different financial topics, keep up to date with the global economy, and emphasize trends in the evolving investment universe. This last year, we placed a strong emphasis on educating our members on the evolving topic of ESG.

### Health & Well-being

We care for the health of our members by fostering balance. This involves offering flexible arrangements with work terms and international exchanges, offering hybrid meetings throughout the pandemic, and prioritizing academics first. This ensures our members can balance the SSIF and other commitments.

### Hiring, Recruitment & Promotion

	Winter 2022	←	Fall 2021
Applicant success rate	20.0%	↓	33.3%
Number of promotions	36.4%	↑	13.0%
Member turnover rate	9.1%	↓	21.7%

- Applicant success rate = # of successful applicants / number of applicants
- Number of promotions (as at end of term) = # of promotions / number of members
- Member turnover rate (as at end of term) = # of members graduated / number of members

## Our Governance

### Management Team

	Winter 2022	←	Fall 2021	←	Winter 2021	←	Fall 2020
Number of members	5	↓	6	↓	7	↑	6
% of Management that are women	60%	↑	20%	↑	14.3%	↑	0%
Mean position tenure	1 yr 2 mos	↑	10 mos	↓	1 yr 3 mos	↓	1 yr 10 mos
Mean years exp. on SSIF	3 yrs 5.5 mos	↑	3 yrs 3 mos	↑	2 yrs 10 mos	↑	2 yrs 9 mos

*"In order to effectively consider ESG in our investment decisions it is vital that we simultaneously consider it in our own business practices"*

## Our Stewardship

### Our Integration of the United Nations Sustainable Development Goals (UN SDGs)

The SSIF strives to integrate the UN SDGs in our business operations. At the beginning of the fall 2021 semester, the SSIF ESG Team mapped out our operations and identified our contribution to the SDGs according to the direct and indirect impacts we have.

#### Internal Operations



ESG Integration						✓
Internal Relationships		●		●		
Accessibility				●		
Competitive Behavior			✓			
D, E & I		●		●		
Professional Development	✓		✓			
Investment Approach					●	

Circle = Aligns with [Carleton University's Endowment Fund Responsible Investing \(RI\) policy](https://sdgs.un.org/goals) RI priorities









Through the SSIF's commitment to ESG practices, this is supportive of **SDG 17**. The SSIF recognizes that when members feel supported and valued, their performance improves. The SSIF recognizes the value of unique perspectives and therefore strives to make conscious efforts to expand on D,E & I within internal operations. The SSIF further conducted anonymous intake surveys in both the fall and winter semesters and collected feedback from current members regarding their experience to identify future improvement. This is supportive of **SDG 5 and 10**. The SSIF also acknowledges that an accessible work environment is an equitable work environment. The team conducted Virtual Coffee Chats throughout March to provide Sprott students the opportunity to learn more about the Fund. Additionally, one intention of the Annual Report was to provide students access to information on the SSIF such as our operations and portfolio holdings. This is supportive of **SDG 10**. The SSIF developed a recruitment, hiring and promotion package to ensure consistency across all operations reflecting competitive behavior. Team meetings also involved lessons, discussions and guest speakers to foster a solid learning environment. This is supportive of **SDG 8 and 4** respectively. Further, the SSIF aligns itself with Carleton's updated RI policy, including its approach to Climate action. This is supportive of **SDG 13**.

## Our Stewardship

### Portfolio Contribution to the United Nations Sustainable Development Goals (UN SDGs)

The SSIF strives to identify which of our current holdings align with UN SDGs, and if such is this case, we identify which SDGs we align with.

### Portfolio Holdings

Ticker	1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 
AAPL US				✓				
BEP US							✓	
COST US								✓
DBSDY US				✓				✓
EXC US							✓	
FDX US								✓
GWO CN								✓
HD US								✓
MEQ CN								✓
PEP US			●					
PEG US							✓	
RTX US								
RY CN								✓
UNP US								
TSM US								

Circle = Aligns with [Carleton University's Endowment Fund Responsible Investing \(RI\) policy](#) RI priorities

Data about alignment was retrieved from the SASB Materiality Map and company filings, and was analyzed at the discretion of the SSIF ESG team

## Our Stewardship

### Portfolio Contribution to the United Nations Sustainable Development Goals (UN SDGs)

#### Portfolio Holdings (cont'd)

Ticker	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
AAPL US				✓					
BEP US	✓		✓		●				
COST US		●		✓					
DBSDY US		●			●				
EXC US			✓		●		✓		
FDX US	✓				●				
GWO CN		●							
HD US	✓		✓	✓	●				
MEQ CN	✓		✓				✓		
PEP US				✓		✓	✓		
PEG US			✓		●				
RTX US	✓								
RY CN					●				
UNP US	✓		✓		●		✓		
TSM US	✓		✓	✓	●				

Circle = Aligns with [Carleton University's Endowment Fund Responsible Investing \(RI\) policy](#) RI priorities

Data about alignment was retrieved from the SASB Materiality Map and company filings, and was analyzed at the discretion of the SSIF ESG team



## Asset Analysis

The SSIF has created a proprietary report template and investment analysis process to identify, integrate and interpret ESG factors. This process seeks to evaluate material opportunities and risks and ensure we adhere to a best-in-class approach. Our process is comprehensive because we believe ESG should be at the forefront of investor's minds.



### 1) Identify: ESG Scorecard

*Flag where the firm under or outperforms historic and/or peers*

### 2) Integrate: Risks & Opportunities

*Provide implications on future business operations and cash flows*

### 3) Interpret: Valuation

*Ensure ESG implications are considered in the final firm value*

#### Identify

Identify key ESG categories in which the company performs substantially different from peers or historic. This data is derived from Bloomberg and serves as the basis for further exploration at the analyst's discretion.

#### Integrate

Analysts use qualitative and quantitative research to assess each significant ESG factor by likelihood, materiality, and the overall impact on the business. All determinants are supplemented with research and assumptions. This information is aggregated and risks and opportunities are prioritized. **Likelihood** defines how likely the impact is to occur. **Materiality** is the significance of the impact's consequences or benefits. **Business impact** outlines how current & future business drivers are affected by the ESG factor

#### Interpret

If appropriate, the most critical ESG risks and opportunities are integrated into valuation. This is done at the discretion of the analyst with adjustments to cash flows or the discount rate in a discounted cash flow valuation, premiums in a relative valuation, or otherwise. This ensures financially material ESG implications are considered in the final firm value. ESG-adjusted valuation feeds in the high priority ESG business drivers from the risk/opportunity ranking.

## Portfolio Analysis

### Best-in-Class Approach

We are committed to an optics driven, best in class approach. This means that the SSIF strives to invest in firms that are leaders in their industry through a comprehensive ESG analysis. To ensure we continue to adhere to this commitment, we assess our holdings against peers and according to ESG proxies.

Ticker	ESG Ranking	Median	Top 50%
AAPL US	173	289.5	Yes
BEP US	101	338.5	Yes
COST US	92	100.5	Yes
DBSDY US	222	504.5	Yes
EXC US	137	338.5	Yes
FDX US	83	178	Yes
HD US	15	226.5	Yes
PEP US	5	295	Yes
PEG US	224	338.5	Yes
RTX US	39	47.5	Yes
RY CN	168	504.5	Yes
TSM US	5	150	Yes
UNP US	199	178	No
GWO CN			Unavailable
MEQ CN			Unavailable

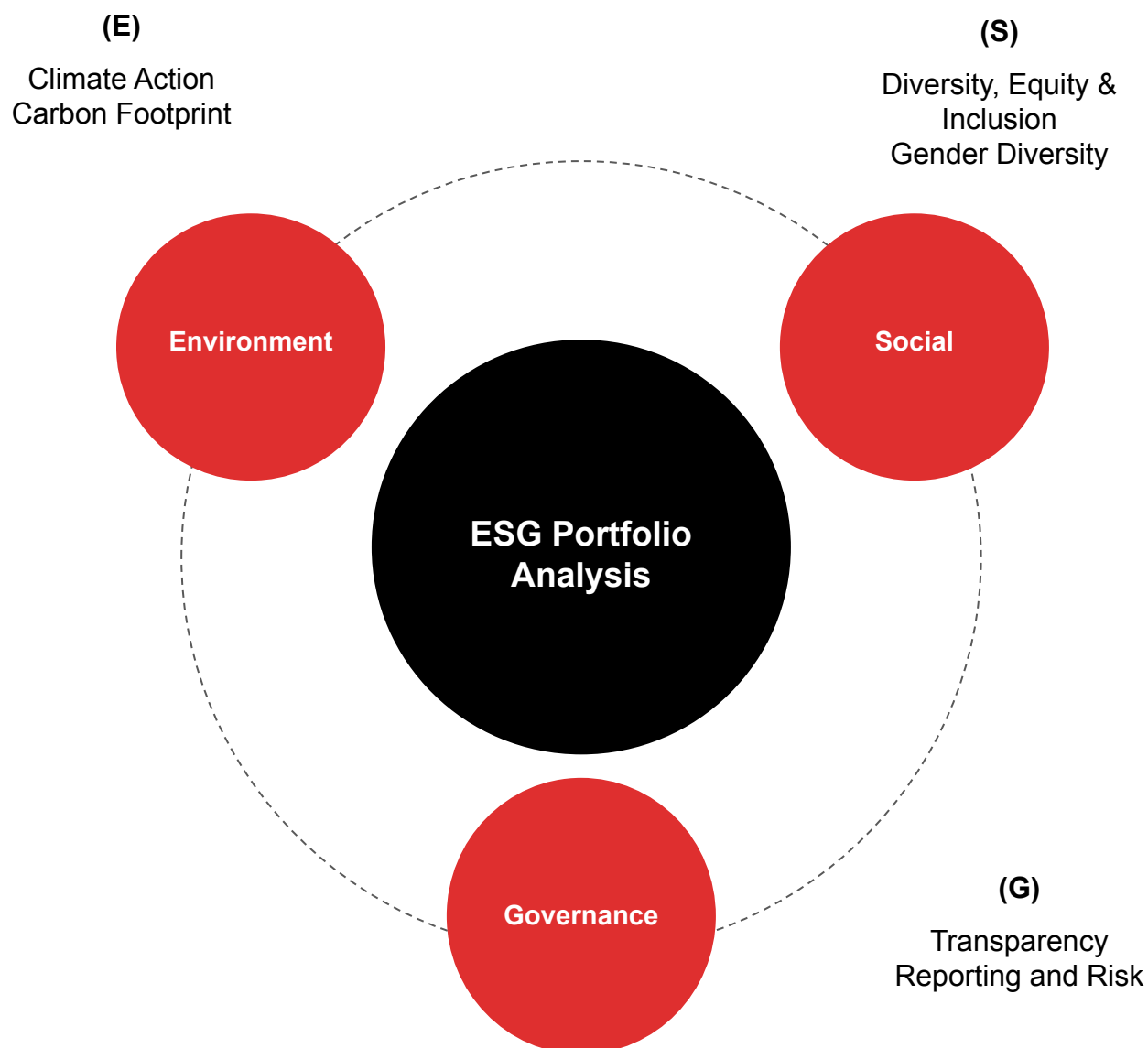
Data was retrieved from Sustainalytics regarding each of the holding's aggregate ESG position in their peer universe, where a ranking of 1 indicates the ultimate leader. We assume that if a company is performing above median it is adhering to a best-in-class approach. We will continuously assess our adherence to the best in class approach and analyze holdings that do not meet this criteria accordingly.

Only one of our companies does not perform better than their peer median, 60% of our portfolio perform in the best quartile, and all of our firms perform above the worst quartile. However, this approach is just one of many and the Sustainalytics score does not fully represent each firm's ESG positioning.

## Portfolio Analysis

### ESG Priority Areas

We strive to align our portfolio to our ESG objectives. We have selected one priority area from our materiality assessment for each E-, S-, and G- dimension, and defined quantitative metrics to assess past performance and establish future goals. These will proxy for our overall portfolio performance in each ESG area. We recognize that these are not the only ESG factors relevant to our portfolio and will continue to improve our efforts.



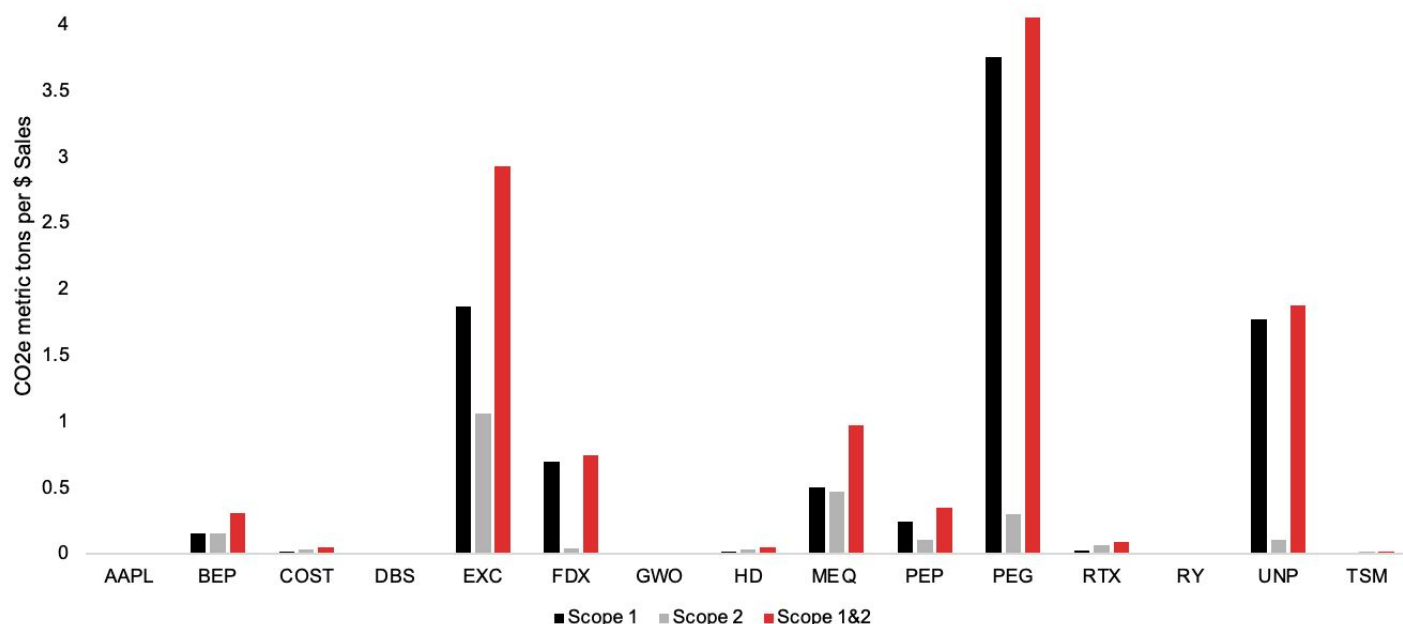
The areas and associated metrics we have prioritized for the 2021-22 academic year include:

- I) Climate Action - Carbon Footprint (E)**
- II) Diversity, Equity, and Inclusion - Gender Diversity (S)**
- III) Transparency - Reporting and Risk (G)**

## Portfolio Analysis

### (E) Climate Change - Carbon Footprint

We use our Climate Change priority to proxy the environmental dimension and consider our portfolio's carbon footprint. We compile the analyst consensus on expected Scope 1 and 2 GHG emissions for each portfolio company from Bloomberg. We calculate our percentage ownership of each firm and allocate the same proportion of emissions to our portfolio. We then calculate our total portfolio's emissions, group it by sector, and also consider the GHG/Sales of per security.



Sector	Weight (%)	Portfolio Emissions (thousand metric tons CO2e)		
		Scope 1	Scope 2	Scope 1&2
Information Technology	20.85	0.05	0.18	0.23
Utilities	17.04	4.47	1.70	6.17
Consumer Staples	11.31	0.18	0.13	0.31
Financials	9.64	0.00	0.01	0.01
Industrials	13.34	2.70	0.20	2.90
Consumer Discretionary	9.54	0.03	0.05	0.08
Real Estate	8.39	0.30	0.28	0.58
<b>Portfolio Emissions</b>	<b>90.11</b>	<b>7.73</b>	<b>2.55</b>	<b>10.28</b>

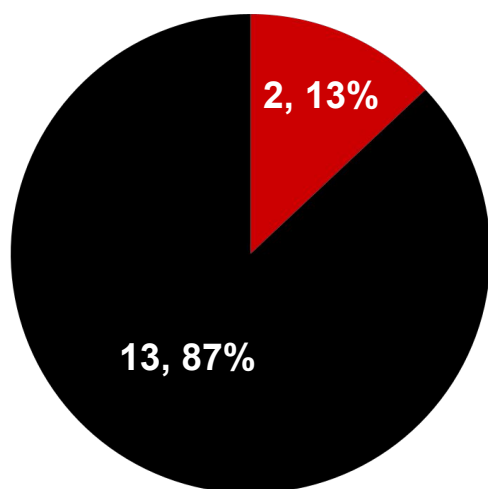
Our total annual portfolio GHG emissions are 10.28 thousand CO2e metric tonnes or approximately the emissions from 2 cars in a given year. With total AUM of \$1,974,234.34, this results in a GHG Emissions/AUM ratio of < 0.01.

## Portfolio Analysis

### (S) Diversity, Equity and Inclusion - Gender Diversity

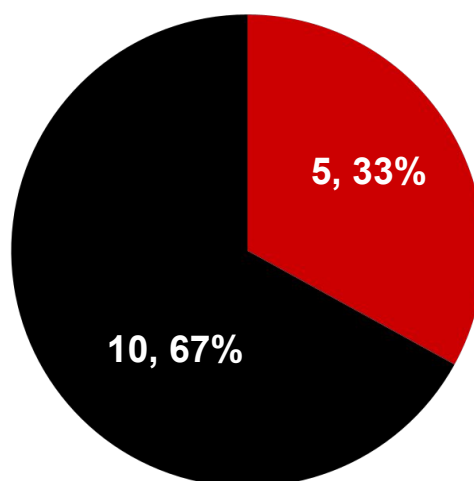
We use our Diversity, Equity and Inclusion priority to proxy the social dimension and consider our portfolio's inclusion of gender diversity at varying levels of management. We begin by applying the Canada 30% gender diversity targets to our holdings' executives and directors.

Holdings with > 30% Female Executives



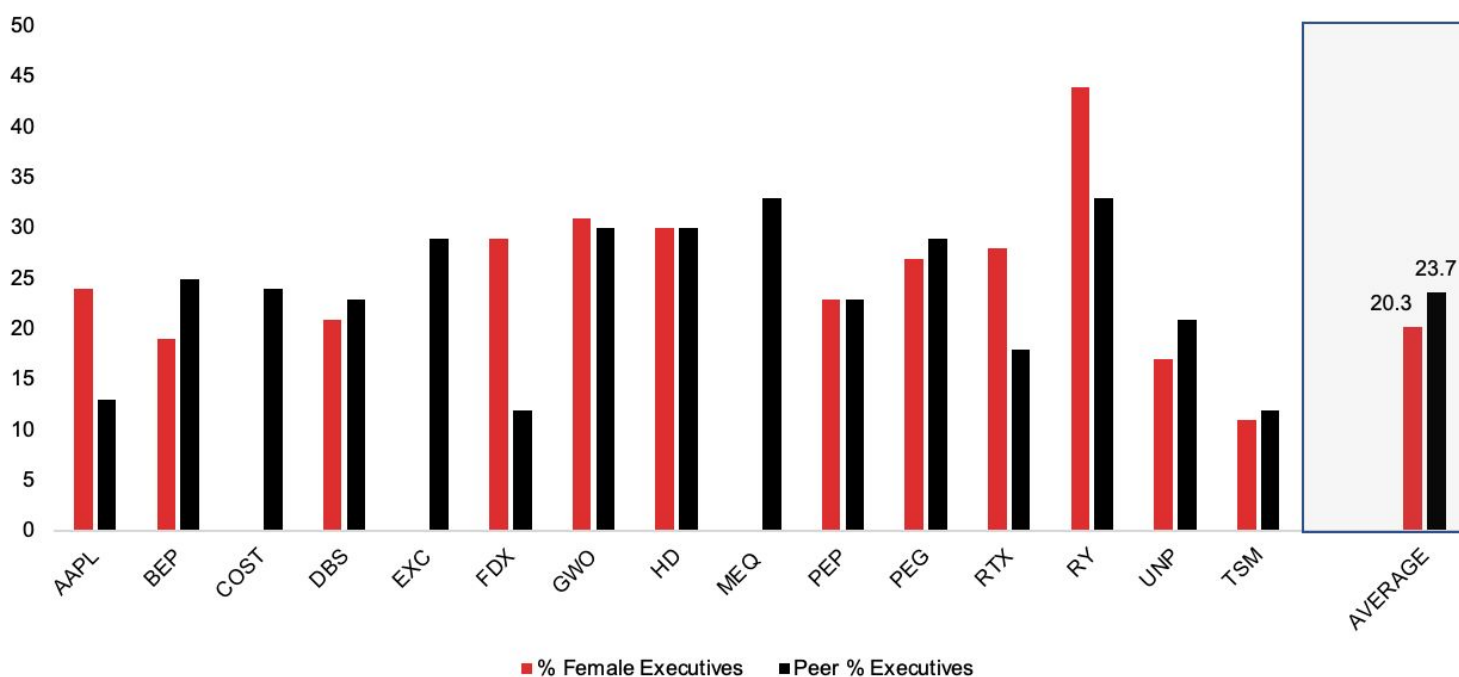
● Yes ● No

Holdings with > 30% Female Directors



● Yes ● No

Only 13% and 33% of our holdings meet the Canada 30% threshold for female representation in executive and director positions respectively, but many outperform peers in their respective peer universe



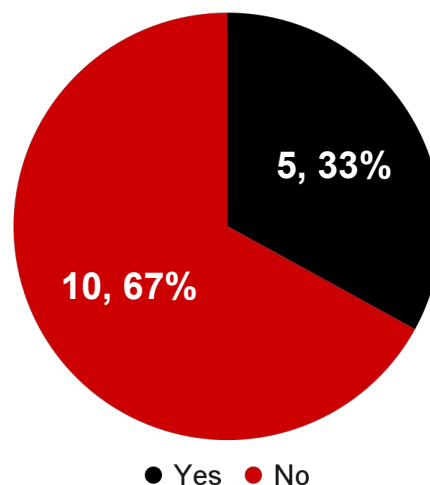


## Portfolio Analysis

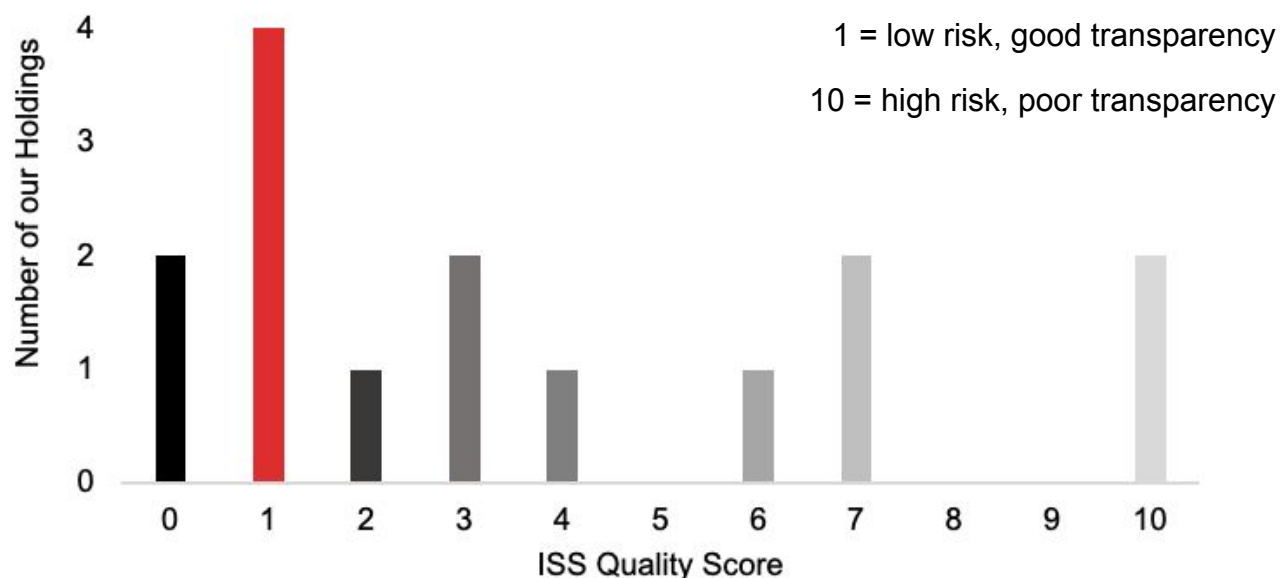
### (G) Transparency - Reporting and Risk

Emissions data is one of the most widely documented socially or environmentally aligned metrics by public corporations. Firms are encouraged to comply with the Task Force on Climate-Related Financial Disclosures and scope 1 and 2 carbon emission targets. We therefore use our Transparency priority to proxy the governance dimension and consider our portfolio's compliance to these standards.

Reports Critical Climate-Related Data



We use a second metric to represent not only the firm's reporting, but also their perceived reporting or governance risk. For this we include our holdings' ISS Quality Score. This is a third party score that aggregates perceived risk in Board Structure, Compensation and Remuneration, Shareholder Rights and Takeover Defenses, and Audit and Risk Oversight. The framework assumes higher quality governance practices correlate with lower governance risk.



Scores of 0 indicate the firm is not rated. **Our average ISS quality score is 3.7**

## Evolution of ESG Integration

**March 2020**

*ESG integration first proposed to SSIF team*

**February 2021**

*SSIF internal ESG team formed*

**Fall 2021**

*First ESG Lesson Presented*

*Investment Philosophy amended to include ESG considerations*

*Materiality assessment conducted*

*New Equity Research template and complimenting ESG guide created*

*First Team Experience survey distributed*

**June 2020**

*ESG integration first proposed to Investment Committee by SSIF members*

**Winter 2022**

*New Inclusive Recruitment Plan Launched*

*Adhered to Carleton's updated RI Investment Policy*

*First D,E and I survey distributed*

**Summer 2022**

*Publicized First Annual Report*

## Alumni Employers

J.P.Morgan

 **Scotiabank**

 **NATIONAL  
BANK**

**CIBC** 



 **citi**

 **Manulife**

 **Desjardins**

**CPP**  **Investments**

**BURGUNDY**  
ASSET MANAGEMENT LTD.

**cg**/Canaccord  
Genuity

 **SLC**  
Management

 **CANALYST**

 **TAILWIND**

 **MUFG**

**RAYMOND JAMES**

**LAZARD**

**Brookfield Deloitte.** 

 **EY**  **pwc**

**bdc** 

 **EDC**

 **FIERA**CAPITAL

 **minto**

**MORNINGSTAR**<sup>®</sup>

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 **IMCO**  
Investment Management  
Corporation of Ontario

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