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Introduction

When we joined the Haas Socially Responsible Investment Fund (“Fund”) last spring, the market looked pretty bleak. At the time, it was very difficult for many of us to find ideas in which we had sufficient conviction. However, the dual mandate of the Fund provided the principals the ability to look beyond current market conditions to ponder: can socially responsible behavior improve a company’s earning potential? Somewhat fortunately for our learning experience, the market downturn made so many companies look like poor bets that we had to look for great SRI stories. While we do not claim to have answered whether SRI criteria can drive stock returns, we do believe that we have made a strong effort to define what “SRI Alpha” can be.

Over the past year we have introduced a more structured framework to our pitch documents. At the very top of each document, we highlight what we believe are the SRI and financial catalysts for the company. The best pitches attempt to quantify the SRI impact. We do this so that future Principals can more easily assess whether the investment has performed or not. This process has also given us greater comfort in purchasing stocks that we probably would not have purchased a year ago.

Wal-Mart and Rio Tinto come to mind here. Many Principals had an initially negative reaction to both these companies, one for its labor record and the other for its invasive environmental impact. However, the Principals’ concerns were assuaged once it became clear that these firms were not only making huge strides with respect to ESG factors, but that their efforts could be quantified in many aspects. Further, by the simple size of these companies, they could have a greater impact on the economy than smaller, more “traditional” SRI-focused companies.

We believe we leave the Fund in capable hands. The 2011 graduating class of MBAs has been able to profit from our institutional knowledge while also applying their own experiences to the Fund. We also owe a debt of gratitude to the recently graduated MFEs, who created a portfolio management tool that should help with asset allocation and concentration decisions as the Fund becomes more fully invested.

On behalf of the 2010 graduating class of MBAs, it has been a pleasure serving on the Fund and we would like to thank the Advisory Board and the Center for Responsible Business (“CRB”) for their continued support.
Investment Approach

The evolution of the Fund’s investment approach continued this year, as we anticipate it will in each subsequent class of principals. Building upon the progress made in the previous two years, the class of 2010 outlined guiding principles to pass down from one class to the next to ensure that the ground gained each year developing a learning framework about socially responsible investing would be additive and contribute to the ultimate purpose of the Fund.

The mission of the Fund was made purposefully simple, with the intention of providing the student principals the flexibility to carry out the greater objective of the donors and the CRB at the Haas School of Business:

“The Fund’s aim is to contribute to the field of social investing by defining and exploring new ideas around unlocking hidden value based on companies’ environmental, social and governance (ESG) practices.”

This is in conjunction with the broader goals of the CRB:

“The Center for Responsible Business is the catalyst for Berkeley and Haas changing the practice of leadership in business to create a sustainable world. In short, [it aims to] promote responsible and sustainable business leadership through our key stakeholders: students, faculty and companies.”

Over the course of numerous discussions among the Fund principals, and tempered by the guidance of the Fund’s advisors, the conceptual framework became one of a lab for investigating the impact of ESG components on the performance of public companies. The Fund is a mechanism to generate new ideas that will ultimately contribute to the field of Socially Responsible Investing. As such, the less conventional the thinking, the more innovative the approach, and the less correlation with the activity of other established SRI funds used by the principals, the greater the potential to achieve this goal.

As a result, principals develop original hypotheses that will demonstrate the impact of ESG components on publicly traded companies. To guide the principals, a number of components are required in each stock pitch that a principal delivers to the team for investment consideration such as an investment thesis, an analysis of relevant financial data and equity valuation, and analysis of relevant ESG components, related risks and opportunities.

Social investors have not yet reached consensus on which ESG components create value, how they create value or how to measure that value. Therefore, each principal interprets the evidence presented in each stock pitch on a case-by-case basis and comes to a decision based on the viability of the investment thesis presented.
Performance Summary

The invested portion of the Fund realized a growth of 34% over the last fiscal year (5/1/09 – 4/30/10). The total Fund (including cash) had a growth of 17%. As of 4/30/10, the Fund was composed of about 53% equities and about 47% cash.

While the year before last was one of the worst periods in the U.S. equity markets, last year was a mixed bag of potential opportunities and challenges in identifying those opportunities. Nevertheless, the Fund principals managed to make key investments over 2009 which have yielded positive returns.

The next two chart show the performance of the Fund against the key market benchmark used by the Fund (S&P 500). The lower than market performance of the total fund is a reflection of the significant cash position at the beginning of the year. However, the portion of our Fund invested as of 5/1/2009 performed almost at par with the S&P 500 index.
The following chart lists our holdings as of 4/30/10 along with their inception-to-date returns.

<table>
<thead>
<tr>
<th>Holdings</th>
<th>Ticker</th>
<th>Inception Date</th>
<th>ITD Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB Ltd</td>
<td>ABB</td>
<td>5/5/2008</td>
<td>-38%</td>
</tr>
<tr>
<td>PG&amp;E Corporation</td>
<td>PCG</td>
<td>5/5/2008</td>
<td>8%</td>
</tr>
<tr>
<td>Nike, Inc</td>
<td>NKE</td>
<td>9/11/2008</td>
<td>28%</td>
</tr>
<tr>
<td>Suntech Power Holdings</td>
<td>STP</td>
<td>9/11/2008</td>
<td>-57%</td>
</tr>
<tr>
<td>Cisco Systems</td>
<td>CSCO</td>
<td>12/9/2008</td>
<td>36%</td>
</tr>
<tr>
<td>Net1 UEPS Technologies</td>
<td>UEPS</td>
<td>2/12/2009</td>
<td>10%</td>
</tr>
<tr>
<td>Cisco Systems</td>
<td>CSCO</td>
<td>2/19/2009</td>
<td>54%</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>BRK.B</td>
<td>2/19/2009</td>
<td>59%</td>
</tr>
<tr>
<td>Johnson Controls</td>
<td>JCI</td>
<td>4/21/2009</td>
<td>91%</td>
</tr>
<tr>
<td>Darling International</td>
<td>DAR</td>
<td>4/28/2009</td>
<td>58%</td>
</tr>
<tr>
<td>Novo Nordisk</td>
<td>NVO</td>
<td>5/8/2009</td>
<td>69%</td>
</tr>
<tr>
<td>Autodesk Inc</td>
<td>ADSK</td>
<td>5/14/2009</td>
<td>81%</td>
</tr>
<tr>
<td>Net1 UEPS Technologies</td>
<td>UEPS</td>
<td>6/1/2009</td>
<td>16%</td>
</tr>
<tr>
<td>Google</td>
<td>GOOG</td>
<td>10/23/2009</td>
<td>-5%</td>
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<tr>
<td>Ener1</td>
<td>HEV</td>
<td>11/2/2009</td>
<td>-18%</td>
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<td>Wal-Mart Stores</td>
<td>WMT</td>
<td>2/2/2010</td>
<td>0%</td>
</tr>
<tr>
<td>Rio Tinto</td>
<td>RTP</td>
<td>3/9/2010</td>
<td>-9%</td>
</tr>
<tr>
<td>Accenture</td>
<td>A C N</td>
<td>4/6/2010</td>
<td>4%</td>
</tr>
</tbody>
</table>
Position Size

This next chart shows the percentage size of each of our positions. In general, we are working toward a final portfolio of 20 equal weight positions. However, when we decide to invest in a particular company, we often will only take one-third or one-half of our full position at first, and then monitor developments at the company before filling our position completely.


Portfolio Management

As the Fund continues to mature, we have increasingly put more time and effort into portfolio management. While the Fund has a significant portion of cash available to invest, the investment activity of the past three years of the Fund’s existence is requiring an increasing level of effort to go into managing our existing portfolio.

Benchmark

In our monthly performance reports, the Fund measures performance against the S&P 500, the DJIA, the Nasdaq, and the Russell 2000. We do not currently include any social indexes, such as the Domini 400, though this is something that has been discussed and may be a decision for future Fund principals. However, currently SRI value impact assessments are measured by the Fund through regularly revisiting the SRI alpha or leadership position identified in each company’s investment thesis to ensure invested-in companies are maintaining their drive to achieve these identified SRI objectives.

Below, the Fund’s performance is measure against the S&P 500, the DJIA, the Nasdaq, and the Russell 2000 indexes. The Fund is pleased to report annualized returns of 25.20%. Measured over the entirety of the Fund’s history, it has performed greater than all aforementioned benchmarks.

Cash

The Fund’s cash continues to be held in our Schwab account.

Optimization

One area that we have recently begun to explore is portfolio optimization. Over the past year, the Fund’s MFE members have worked to build out a risk management tool (see Risk Management section below) to manage the risk exposure of the Fund’s positions. This tool will be rolled out in 2011.

Size Exposures

The following chart indicates the company size exposure of the Fund. To ensure consistency in determining exposure by company size, we used cap size as defined in the 2009 annual report, with companies having values
of less than $2bn considered to be small-cap, $2-10bn to be mid-cap, and greater than $10bn to be large-cap. Since last year, the Fund has increased its small cap holdings from 18% of dollars invested to 25%. Mid-cap exposure has remained similar to last year, increasing only 1% from 7% to 8%. While exposure to large-cap stocks has reduced by 8% from 75% to 67%.

The increase in the Fund’s focus on small-cap stocks in part reflects our efforts to seek the novel SRI alphas offered by smaller, growing companies. The correspondence of the Fund’s more regular reviews of held positions will help the group more closely and regularly manage the entire Fund as well as these potentially more risky positions. The decrease in the large-cap exposure also was the result of the Fund’s divestiture of its Berkshire Hathaway holdings in mid-April.

**Company Size Exposure by Dollars Invested**

![Pie chart showing 67% Large, 25% Medium, 8% Small](chart.png)

**Sector Exposures**

The following chart indicates our sector exposures of the invested portion of the Fund. Since last year, when 59% of the Fund was invested in two sectors, Technology (30%) and Consumer Discretionary (29%), the Fund has become more balanced across industry exposure. In 2010, the Fund has added exposure to Basic Materials, with its investment in Rio Tinto, and to Healthcare, with its investment in Novo Nordisk.
Risk Management

Risk management is a critical area of importance for the Fund. In 2010, the Fund implemented a practice requiring a formal review of each holding every four months. During this review, the stock’s financial and SRI performance is assessed and its target price is updated. During these presentations, the Fund’s principals will decide by vote whether or not to maintain the position. This new process has been put in place to help ensure the Fund fully understands and is actively managing investment positions made by past principals.

In addition, in 2010, the MFE members of the Fund helped to further our ability to manage risk by developing a portfolio analyzer tool designed to assess the risk and performance of the Fund’s portfolio. Specifically, the tool uses value-at-risk to quantify the portfolio risk and uses mean-variance optimization to optimize portfolio holdings. Value-at-risk measures risk by calculating the percent probability of losing a given amount of money. This method requires an assumption about the statistical distribution of returns. Most often returns are assumed to be normally distributed. While this method has flaws when used in isolation, such as assumption of normality of returns when done in a comparative sense to a benchmark such as the S&P 500, it can be quite useful. In 2011, the Fund will work to test this tool going forward when making portfolio investment and management decisions.
Accenture (NYSE: ACN)

**Sector:** Services  
**Industry:** Management Services

**Company Description:** Accenture is a management consulting, technology services, and business process outsourcing company. The company leverages its industry and business-process knowledge and service offering expertise to identify business and technology trends and formulate and implement solutions for clients under demanding time constraints.

Accenture helps its clients improve operational performance, deliver their products and services more effectively and efficiently, increase revenues in existing markets and identify and enter new markets. Revenues are derived primarily from Fortune Global 500 and Fortune 1000 companies, medium-sized companies, governments, and government agencies.

**Investment Pitch:**
- To investigate the suitability of investment in a professional services company that has taken its core competencies/business to organizations working in the international development sector.
- The benefits of Accenture’s intrapreneurial culture and best in class CSR programs have not been fully priced by the market.

**Outcome:** We believe Accenture’s social and sustainability programs are sincere as well as innovative. These social and sustainability programs allow Accenture to successfully hire and retain employees, as well as strategically position Accenture in high growth consulting areas such as clean technology and emerging markets. Our valuation indicates the stock is undervalued from a fundamental DCF analysis standpoint, as well as a multiples standpoint when compared to historically higher P/E multiples. Underlying our financial analysis is the belief that a tech recovery is imminent, and we believe Accenture is well positioned to capitalize on such a recovery. Based on all of the above, we recommended that the make an initial investment of $60,000, which was executed in April 2010.
Autodesk (NYSE: ADSK)

**Sector:** Technology  
**Industry:** Software

**Company Description:** ADSK is a design software and services company that offers products and solutions for the architectural, engineering and construction, manufacturing, geospatial mapping, and digital media and entertainment markets. ADSK’s most well-known products are AutoCAD and AutoCAD LT, which are 2D horizontal design solutions and several 2D and 3D industry-specific design and documentation tools. ADSKS has employed a growth strategy through acquisition which has expanded its product portfolio. Since 1990, ADSK has acquired over two dozen companies that provide a variety of cutting-edge software capabilities. ADSK has more than 9 million users, 9 global strategic partners including Microsoft, Intel, HP, and Apple, and over 2,500 third-party developers.

**Investment Pitch:** ADSK has one of the most sophisticated and strategic sustainability platforms among software companies. Although hit hard by the recession, ADSK had a very strong 4Q10 that beat expectations, indicating the beginning of a recovery in ADSK’s share price. While macroeconomic trends have affected the entire market, ADSK is particularly sensitive to high unemployment rates and slow economic growth, given its licensing sales structure. Thus, continued heavy job losses in key sectors like construction, architecture, and manufacturing will continue to be a significant obstacle to revenue growth. However, we believe that ADSK is well-positioned for significant revenue growth, riding macroeconomic trends such as improved employment rates and increased infrastructure spending in core markets, as well as pushing standards from 2D to higher-priced 3D products and moving into the software-as-a-service space. Furthermore, ADSK is beginning to emerge from the 2009 downturn with a much leaner, more efficient cost structure. The company took a substantial $48 million in restructuring charges in FY10 but also reaped $312 million in cost savings, far surpassing its initial $250 million target.

As the industry leader of software for designers, architects and engineers to incorporate sustainability in the design, construction, and product design processes, ADSK continues to be a strong fit for the Haas SRI Fund. ADSK’s software helps reduce material waste, increase energy efficiency, more accurately evaluates project lifecycles – ultimately reducing the time, resources, and costs necessary for building design, construction, and operations. Well-known ADSK products like ADSK Inventor and Green Revit are examples of how the company has integrated sustainability into the core functionality of design software. Since the Fund purchased shares, ADSK has continued to demonstrate strong leadership in sustainability by launching a carbon impact on-demand solution that clearly measures, mitigates, and monetizes greenhouse gas emissions across internal operations and supply chains, launching an educational awareness program on carbon emissions from buildings, and expanding its clean tech partner program in Europe.

**Outcome:** Since purchasing 1613 shares at $18.75 on May 14, 2009, the Fund’s ROI has been 87%. With ADSK beating consensus expectations in 4Q10, impending increases in infrastructure spending and employment rates, transitions to 3D and SaaS products, a very strong portfolio of products, and a leaner cost structure, ADSK continues to have significant upside potential. The Fund decided to continue to hold and monitor the stock.
Darling International Inc. (NYSE:DAR)

Sector: Consumer Staples  
Industry: Agricultural Products

Company Description: Darling International ("Darling") has a dominant position in one of the most disgusting industries imaginable: the rendering and recycling of animal waste products and grease. The company is divided into two segments: 1) Rendering (animal by-products) and 2) Restaurant Services (grease and cooking oil).

Investment Pitch: Darling’s social and environmental record is top-notch. Darling is not your typical recycling company. Whereas most recyclers reproduce the same good they are recycling (e.g., an aluminum recycler produces aluminum), Darling transforms truly toxic materials into proteins and fuels that benefit its business partners and society. Further, from a carbon emission standpoint, Darling stands out from typical recyclers: for each metric ton of carbon dioxide (CO$_2$) produced by one of Darling’s operations, approximately seven metric tons of CO$_2$ equivalents are recycled rather than being released into the environment.

In terms of financials, Darling generates strong free cash flows, has a safe balance sheet (Debt/Equity ratio of 0.11x and $69 million in cash), and has produce impressive ROE figures (16.0% last year, 16.5% five-year average). As for the valuation, Darling trades at lower multiples than its comp set, despite having better EBITDA margins, higher sales growth rates, and less debt than nearly all of its comparable companies.

Outcome: Fund principals voted to accept Darling into the Fund.
Google (NASDAQ:GOOG)

**Sector:** Technology  
**Industry:** Internet Information Providers

**Company Description:** Google Inc. is one of the leading internet technology and advertising companies in the world, and is the largest search engine on the Internet. The company maintains an index of web sites and other content and makes them freely available on the Internet through the search engine. The Company’s automated search technology helps people obtain nearly instant access to relevant information from its index. The Company generates revenue primarily through online advertising (98%). It also offers advertising in newspapers, radio and television, and gains non-core search revenue from Google Applications, licensing, YouTube, Android/iPhone Applications and DoubleClick.

**Investment Pitch:** A clear leader in its industry, Google, Inc. is positioned to continue to experience significant growth over the next several years, which is expected to come from multiple expansion, increase in revenue, and operating margin improvement. Additionally, as part of the Company’s efforts to reduce structured costs to improve margins, it has taken a leadership position in developing energy efficiency initiatives commensurate with its burgeoning reputation as a sector-leader in social and environmental best practices. Google’s has only recently appeared as a high performer in various sustainability metrics, suggesting that the market has not yet fully realized the scope or potential impact of its sustainability program. In turn, this suggests that the value to be gained from these initiatives is not yet baked into its security price. Consensus estimates and valuations are currently based on current earnings and growth, and systematically overlook the efficiency gains from its energy projects and the positive impact this will have on its margins as well as its brand, which should allow the company to continue to expand its offerings and maintain its dominant market position.

**Outcome:** Fund principals voted in favor or purchasing Google.
**Ener1 (NASDAQ:HEV)**

**Sector:** Industrial Goods  
**Industry:** Industrial Electrical Equipment

**Company Description:** Ener1 is a lithium-ion battery manufacturer. The company’s core battery technology was formed in cooperation with Argonne National Laboratories, one of the largest research centers of the U.S. Department of Energy (DOE). This followed multiple R&D contracts awarded by the U.S. Advanced Battery Consortium (USABC), an industry consortium of the Detroit Big 3 automakers, funded by the DOE. Today, Ener1 has two principal battery solutions, one for HEV applications and another for pure EV applications like the Th!nk City. Ener1 is a full range solution provider: it designs and manufactures the cells, the battery modules, and the fully integrated battery packs, and it controls electronics in-house. Today however, the majority of its revenue is derived from its Enertech subsidiary, which specializes in “small cell” technologies. Ener1’s decision to acquire Enertech was not to necessarily diversify its business model - it gives the company immediate access to a commercial manufacturing platform, a key factor that automakers will consider when choosing battery suppliers.

**Investment Pitch:** High oil prices, stricter legislation and the development of next-generation battery technology promise to fuel a rapid industry transition toward hybrid (HEV), plug-in hybrid (PHEV), and pure electric (EV) Vehicles. While it is evident how oil prices and legislation will affect the industry, it is less known that the improvement in lithium-ion batteries has principally made it possible for the HEV/PHEV/EV industry to expand. Current hybrids use NiMH technology (such as Toyota’s Prius), which has less than half the power of next generation lithium-ion batteries. With greater engine power, it is natural to assume that the hybrid market will explode (currently 2% US market share). Only four companies have met the USABC U.S. Advanced Battery Consortium’s (an industry consortium of the Detroit Big 3 automakers) end-of-life battery pack requirements; Ener1, A123, Johnson Controls Saft and Compact Power International. While these firms are being careful in disclosing their sales efforts, it is highly likely that all of the largest automotive companies worldwide (~50) are in discussion with them (Ener1 claims to be in conversation at the highest levels with a number of Tier I OEMs). If Ener1 can simply be one of core 5-6 lithium-ion battery manufacturers for OEMs, there stock price could easily double.

**Outcome:** The Fund voted to purchase the stock in November 2009.
**Net1 UEPS Technologies Inc. (NASDAQ: UEPS)**

**Sector:** Services  
**Industry:** Business Services

**Company Description:** Net1 offers an electronic payment system (similar to debit cards) for people in developing nations who have limited access to traditional financial institutions and services. This system is especially effective in communities where 1) the use of cash is unsafe, 2) traditional banking services are unaffordable, or 3) the existing communications infrastructure cannot support traditional debit cards from providers like Visa or national banks. In addition to banking, the cards can be used for health care management, international money transfers, voting, and identification uses. Already established in South Africa (65% of revenues), Net1 also has operations in Ghana, Iraq, Namibia and Uzbekistan and plans to expand into India, Latin America and Asia.

**Investment Pitch:** The core mission of the company addresses an important social issue—the dangers and costs of using cash in developing countries. As compared to cash, debit cards offer much more security for individual users. One prime example of this is with Net1’s schools project. The use of cash on school grounds to purchase meals, books, and sports equipment introduces the possibility of theft or the chance that the cash will be used to buy drugs. Additionally, Net1 is looking at a similar program for 360 prisons that look after more than 5 million people.

The financial picture looks strong as well. The company is currently sitting on $153 million in cash ($3 per share), even after its recent acquisitions and with only $4.2 million in debt. In terms of the relative valuation, Net1 is trading at low multiples. The trailing PE is 12.41x, the forward PE is 7.81x, and the EV/EBITDA is only 5.32x. In the context of Net1’s robust sales growth of 20% (most recent quarter compared to the same quarter in the previous year), these multiples are quite cheap. Though LTM net income did decline significantly compared to the previous year, Management attributed this primarily to one-time charges and amortization of intangibles as operating margins remained stable.

**Outcome:** On February 12, 2009, Fund principals voted to accept Net1 into the Fund. We recently reviewed this position and have revised our price target to $19.77. As such, we continue to believe in the potential growth of this stock and have maintained it as a portfolio company.
Novo Nordisk (NYSE: NVO)

**Sector:** Healthcare  
**Industry:** Pharmaceuticals and Biotech

**Company Description:** Novo Nordisk A/S is a Denmark-based healthcare company. The Company provides diabetes care and is engaged in homeostasis management, growth hormone therapy and hormone replacement therapy. The Company manufactures and markets pharmaceutical products and services to patients, the medical profession and society. The Company is organized in two segments: diabetes care and biopharmaceuticals. Diabetes care includes discovery, development, manufacturing and marketing of products within the areas of insulin, glucagon-like peptide (GLP)-1 and related delivery systems, as well as oral anti-diabetic products (OAD). Biopharmaceuticals includes discovery, development, manufacturing and marketing of products within the therapy areas homeostasis management, growth hormone therapy, hormone replacement therapy, inflammation therapy and other therapy areas.

**Investment Pitch:** Strategically, the stock provides exposure to the Healthcare sector and is a relatively good stock in a recessionary environment. The company’s stock has strongly outperformed the S&P 500 as well as the S&P Healthcare Index on an absolute basis and on a risk-adjusted basis. The stock price has appreciated significantly since it was acquired by the Fund primarily because of the approval of new products in the US, significant difficulty of competitors to launch competing products and the potential increase in covered patients in anticipation of the passage of the Healthcare bill.

On the social side, the story is intact

1. The company is ranked # 2 in providing access to medicine to population in the developing world (# 1 for Diabetes care)  
2. Company does not have any existing lawsuits against it... rare in the healthcare industry  
3. Has integrated environmental goals in its key strategic goals and is on target to achieve reduction in CO₂ emissions.  
4. The company spends very little on lobbying compared to the competitors  
5. The company continues to support new social initiatives in the US and overseas through the Novo Nordisk Foundation  
6. Accolades: Has consistently been ranked as the 100 Best Companies to work for and Corporate Knight’s Top 100 Sustainable Companies

The company continues to be a leader in providing education and diabetes care to people in developing and underdeveloped countries and this is expected to provide a significant boost to company’s revenues in the long run, when the economies develop.

**Outcome:** Hold: Because the social alpha is not completely realized yet (given that company still has very small sales out outside of US and EU), we will continue to hold the stock and monitor into the future. Key factor to watch out will be the impact of successful launch of competitor product followed by other head-to-head studies with Novo’s products.
PG&E Corp. (NYSE:PCG)

**Sector:** Utilities  
**Industry:** Multi-Utilities

**Company Description:** PG&E is a $15.9 billion holding company and utility engaged in the generation, procurement, and transmission of energy in California, and one of the largest utility holding companies in the U.S.

**Investment Pitch:** The Fund initiated a position in PG&E as part of our corporate governance and environmental leadership investment themes. PG&E continues to be an industry leader in its efforts to promote energy efficiency and meet the adoption of renewable resources in its generation portfolio. Furthermore, the company has placed employee and public safety at the heart of its operational practices. It is also highly regarded for its labor diversity, community engagement and affordable programs for low-income households. PG&E has invested heavily to ensure reliability in its transmission to appropriately meet increased demand. Therefore the Fund considers that PG&E’s commitment to its corporate social responsibility strategy continues to be compelling. The Fund also considered the company's strong and steady cash flow, its much improved balance sheet and credit profile, a healthy economy in its service territory, and a greatly improved regulatory environment. With a solid dividend yield, good outlook on profit, and moderate long-term growth, PG&E continues to be a strong position for a long exposure for the Fund, and 2010 has the potential to see renewed interest in the implementation of smart grid.

The stock rebounded 29% from its 2009 low and was up 15.3% for the year. While PCG has underperformed gas utility peers, it substantially outperformed its electric utility peers. With the authorized decoupling of Pacific Gas & Electric’s revenues (to promote energy efficiency), earnings are not impacted by the decline in demand. With future returns forecasted to be above the cost of capital, PCG is expected to be a modest value builder. The outlook for the multi-utilities sub-industry for the next 12 months is neutral as regulated operations will continue to see single digit earnings growth. However, the dividends paid by PG&E should have appeal for investors in light of increased concerns about the rate of real GDP growth.

**Outcome:** Fund principals voted in favor of holding PG&E.
Rio Tinto (NYSE:RTP)

**Sector:** Basic Materials  
**Industry:** Steel & Iron

**Company Description:** Rio Tinto is one of the world's largest mining conglomerates with major interests in copper, iron ore, coal, aluminum, mineral sands, borax, diamonds and gold. It is one of the largest single producers of copper, iron ore, steaming coal, TiO2 slag and borax. Operations are characterized by world-class deposits - principally opencut, mostly in the lowest-cost quartile and located in North and South America, Australia, Indonesia, Europe and Southern Africa.

**Investment Pitch:** Rio Tinto exceeds industry benchmarks with respect to Governance, Human Capital, the Environment and Stakeholder Capital. Specifically, we believe there is SRI “Alpha” associated with Rio Tinto’s strong environmental record and comprehensive stakeholder policies that enables it to strike favorable deals with resource-rich countries who want mining done in a sustainable manner. From a financial perspective, Rio Tinto gives the Fund exposure to the basic materials space and rising commodity prices. Rio Tinto appears to be attractively valued when using a discount cash flow (DCF) model. The firm appears to be trading at a 50% discount to its intrinsic value, and that is with higher than historic capital expenditures forecasted and lower commodity prices from the 2008 peak.

**Outcome:** The Fund voted to purchase the stock in March 2010.
Wal-Mart Stores, Inc. (NYSE:WMT)

Sector: Services
Industry: Discount Variety Stores

Company Description: Walmart is the largest retailer in the world. Walmart has over 2.1 million employees and trailing 12-month revenues of approximately $400 billion, which is 3x higher than its next biggest competitor, Carrefour. In fact, it has higher revenues than all of its top 3 competitors combined (Carrefour, Tesco, and Metro AG). The company’s revenues are divided into three main segments: Walmart U.S. (approximately 64% of sales), International (approximately 25% of sales) and Sam’s Club (approximately 11% of sales).

As of January 31, 2009, it operated 891 discount stores, 2,612 super centers, 153 Neighborhood Markets, and 602 Sam’s Clubs in the United States; and 28 units in Argentina, 345 in Brazil, 318 in Canada, 197 in Chile, 164 in Costa Rica, 77 in El Salvador, 160 in Guatemala, 50 in Honduras, 371 in Japan, 1,197 in Mexico, 51 in Nicaragua, 56 in Puerto Rico, and 358 in the United Kingdom, as well as 243 stores through a variety of joint ventures. The company also owns and operates walmart.com.

Investment Pitch: We investigated Walmart in order to determine the suitability of investment in a large-cap retail company that is rapidly turning around its corporate citizenship reputation and is using its significant clout to positively affect the environmental and social sustainability of its suppliers worldwide. At the onset, we also wanted to assess the size and trajectory of the SRI risks that continue to plague this controversial company.

We found that top-line growth opportunities are naturally limited given the size of Walmart but there is still significant growth that can come from international expansion and by incrementally growing market share, as well as also enhancing the bottom-line through relentless cost-cutting initiatives. The stock appears to be slightly undervalued by the current market, which is still pessimistic over the retail industry’s prospects overall. The downside risk is also limited. P/E for this stock should remain steady at approximately 15x in the next 12 months and any earnings growth would directly translate into price returns, in addition to the dividend yield of 2.1%.

Further, Walmart’s competitiveness, especially arising from its sustainability initiatives such as its leadership role in defining and promoting green products, its significant cost reduction due to energy and waste reduction initiatives and its improving corporate citizen reputation, may not be fairly priced into the market’s current valuation. On SRI risks, while we did have some concerns regarding Walmart’s continued sale of tobacco and firearms, lack of commitment to LGBT diversity and ongoing lawsuits against employees, on the whole, we considered Walmart to have a new Management team and culture that is committed to environmental and social responsibility.

Outcome: Based on all the above, we determined a price target of $60 and agreed that the stock was suitable for the Fund. On February 2, 2010, we made an initial investment of approximately $60,000 (1,122 shares at $53.49).
Investment Pitches – Non-Portfolio Companies

Chipotle Mexican Grill (NYSE:CMG)

**Sector:** Services  
**Industry:** Restaurants

**Company Description:** Chipotle is a restaurant chain that competes in two market segments – fast food and casual dining. From both a price point and customer experience perspective, Chipotle is really a hybrid concept, which the company refers to as “fast-casual”. Chipotle’s approach is simple: offer a straightforward menu using the freshest ingredients, and allow the customer to customize his/her dish as it is prepared. Chipotle serves only a few things: burritos, burrito bowls, tacos and salads. However, because customers can choose from four different meats, two types of beans and a variety of extras such as salsas, guacamole, cheese and lettuce, there’s enough variety to extend its menu to provide countless choices.

**Investment Pitch:** The increasing impact of Hispanic culture on food, the growth of the Mexican food segment and increasing awareness and concern among consumers about what they eat and how it is prepared are all catalysts for Chipotle. Chipotle believes the key to its competitive advantage, other than its excellent operations management, is its commitment to “Food With Integrity”. Few of its competitors use the same variety of fresh and natural ingredients in an open restaurant kitchen to create their food. As consumers become more conscious of what they put in their bodies, it figures that Chipotle has the most leverage to this trend of anyone in the fast food or casual dining space.

However, while Chipotle is a great operator, the stock appeared priced for perfection. To get an idea for what a fully-priced Chipotle would trade for, a DCF Model was created that extrapolated their record 2009 restaurant margins into the terminal year and doubled the existing store count. ~$105/share was the result. As such the principal presenting the stock suggested we wait on buying the stock until a pullback to the $85 range.

**Outcome:** The Fund voted to pass on buying the stock as it appeared overvalued.
**Discovery Communications (NYSE: DISCA)**

**Sector:** Media & Entertainment  
**Industry:** Cable Network & Production

**Company Description:** Discovery Communications Inc. is a global media and entertainment company that provides original and purchased programming across multiple distribution platforms in the United States and approximately 170 other countries. Discovery Communications has over 100 television networks offering customized programming in 35 languages, reaching approximately 160 million subscribers in the United States and 892 million internationally. The company also develops and sells consumer and educational products and services, as well as media sound services in the United States and internationally. In addition, it owns and operates a diversified portfolio of website properties and other digital services.

**Investment Pitch:** From the Fund’s perspective, Discovery would provide two outstanding benefits for the portfolio: diversification as the only media name in our portfolio and exposure to one of the few global mission-based corporations.

As a niche media company in one of the few favorable growing media segments (cable networks), Discovery generates a solid free cash flow with the potential to return cash to shareholders through share repurchases. The leading provider of premier non-fiction programming, the company holds a strong competitive position and is well positioned to continue to see double digit international sales growth due to advertising spending moving toward pay-television. Over the past several quarters, Discovery’s three main networks have seen ratings increase by a mid- to high single-digit percentage, reaching 9.6% in 2Q:09. Given the growth potential of the company and its unique premium assets, the company traditionally trades at a premium to industry. Both DCF and comps analyses indicate that Discovery is currently fairly priced. Future growth in the stock are contingent upon continued industry multiple expansion and Discovery maintaining consistent multiple premiums over its diversified peers.

On the social side, Discovery leverages its core competency of communications and content development to enlighten, educate, and inspire positive social action. Each of Discovery’s 10 networks has a unique focus to target specific issues areas, such as engaging in exploration (Discovery Channel), encouraging tolerance (TLC), or promoting conservation (Animal Planet). To support the translation of on-screen messaging to on-the-ground action, each network partners with numerous nonprofit organizations to publicize programs and initiatives, provide community outreach, and assist in content creation. Discovery is the number one provider of educational media to U.S. classrooms. Furthermore, Discovery’s strong resource management and employee relations programs significantly impact the bottom line by reducing costs. With platinum-level leadership in LEED, a headquarters that is within the top 5% of energy efficient buildings nationally, and strong green IT and employee conservation engagement plans, Discovery is a leader in sustainability and is consistently ranked as one of the best places to work.

**Outcome:** While Discovery provides tremendous social strengths and potential for significant growth, the stock was thought to have little upside at current valuations. Despite the strong portfolio of programming assets, future price appreciation for Discovery will more likely come from media industry-wide multiple expansions. Thus, Fund principals recommended monitoring the stock price until a more visible catalyst emerges or price becomes more attractive.
FirstSolar, Inc. (NASDAQ:FSLR)

**Sector:** Technology  
**Industry:** Semiconductor Specialized

**Company Description:** First Solar, Inc. designs and manufactures solar modules using a thin film semiconductor technology. The Company’s solar modules use a very thin layer of cadmium telluride semiconductor material to convert sunlight into electricity. First Solar’s solar power systems and project development business provides a variety of integrated services to its customers as part of a system solution delivery. These services include: solar power system design, procurement of permits and balance of system components (e.g., inverters), construction management, monitoring and maintenance, pre-funded collection and recycling (the only of its kind).

**Investment Pitch:**
- During the manufacturing and recycling processes, thin-film technologies require far less energy consumption than traditional crystalline silicon-based solar panels.
- SRI “Alpha” – the recycling program will eventually drive bottom line results for FSLR, although it will likely never be a major portion of the company’s profitability
- Great growth potential, but there appears to be little upside at current valuations
- At $120/share, the company’s growth potential and substantial free cash flows make it a more interesting investment

**Outcome:** While we appreciated the long term growth prospects of the solar industry, we did not believe the company was a good investment entry point due to substantial headwinds facing the industry due to uncertain demand, falling silicon prices, lack of customer diversification: fossil fuel substitution, and competition from other thin film companies. While First Solar has a compelling social case, we believe the company had little upside at the time of the valuation. EPS estimates for 2009 are around $6/share, and considering the headwinds from Chinese silicon manufacturers, other thin film competitors, declining silicon prices and uncertain demand, we do not believe a P/E multiple of greater than 20 is warranted. As such, our target share price is $120.00, which is significantly lower than the current market price.
Gap (NYSE:GAP)

**(Sector:** Services  
**Industry:** Apparel)

**Company Description:** The Gap, Inc. is a global specialty apparel retailer with 3,095 retail stores located in the U.S., Canada, the UK, France, Ireland, and Japan. The Gap was founded in 1963 and went public in 1976. The Gap Foundation was established in 1977. After a series of acquisitions and new brand launches, today Gap, Inc. is comprised of the following brands: Gap, Banana Republic, Old Navy, Piperlime, Athleta.

**Investment Pitch:** The Gap, Inc. is unabashedly focused on developing the following aspects of its culture: customers, creativity, doing what’s right, and delivering results. The Gap, Inc. believes that how they do business incredibly important: it is critical to act with integrity and to give back to the community. Gap, Inc has received a large number of awards and recognition in its pursuit of its CSR goals.

Although Gap, Inc. is an industry leader in CSR, the timing for investment was not ideal from a financial standpoint. Economic conditions have put downward pressure on sales in a highly competitive industry, and only moderate growth is expected over the next five years as the economy slowly recovers and international sales increase. The market has priced in an optimistic 2010 earnings outlook from management. This EPS target may be difficult to achieve and may result in downward pressure on price if missed. Margins are currently at multi-year lows, so improvement in earnings will have to come from sales increases, which may be difficult in a recessionary environment. Ultimately, analysis indicated that the security is accurately priced.

**Outcome:** Ultimately an investment in Gap, Inc. was not approved because the stock appears to be fairly valued. Fund members will continue to monitor the stock for an opportunity when it is believed to be undervalued.
Heinz (NYSE: HNZ)

**Sector:** Consumer Goods  
**Industry:** Food Major Diversified

**Company Description:** One of the world's largest food companies, H. J. Heinz Company manufactures and markets food products for consumers, foodservice, and institutional customers. It offers ketchup, condiments and sauces, frozen food, soups, desserts, entrees, snacks, frozen potatoes, appetizers, beans and pasta meals, infant nutrition, and other processed food products. Its flagship product is ketchup, and the company dominates the US ketchup market. Its leading brands include Heinz Ketchup, Lea & Perrins Worcestershire sauce, Classico pasta sauces, Ore-Ida frozen potatoes, and its Boston Market, T.G.I. Friday’s, and Weight Watchers frozen foods.

**Investment Pitch:** Heinz had recently burgeoned as a recognized name in corporate social responsibility. Its global health and wellness initiatives combine seamlessly with its focus on quality, healthy products. Consumers are increasingly demanding healthy product choices from food companies, and Heinz's management has identified the business opportunities this new market trend is presenting. Further, its waste reduction and efficiency programs make it well positioned to improve its margins while increasing its brand equity in the marketplace. Financially speaking, the Company was trading near a historically low multiple, offers opportunity for continued revenue growth and an attractive dividend commitment that would offer sustainable return for the Fund.

**Outcome:** An investment in Heinz was not approved because the social story was not strong enough to warrant inclusion in the Fund. A number of questions surrounded the Company’s policies on sourcing ingredients, and it was not clear that it was an industry leader. Additionally, the sustainability of some of its products were brought into question regarding the sustainable health benefits.
**Herman Miller (NASDAQ:MLHR)**

**Sector:** Consumer Goods  
**Industry:** Business Equipment

**Company Description:** Herman Miller, Inc. engages in the research, design, manufacture, and distribution of office furniture systems, products, and related services worldwide. Herman Miller provides high quality, award-winning products for corporate and healthcare offices in a range of furniture systems, seating, storage and material handling solutions, freestanding furniture, and casegoods.

**Investment Pitch:** A “Quiet Giant” in the arena of social responsibility, Herman Miller was already well along its path to developing socially and environmentally conscious business practices when sustainability was only just beginning to hit the consumer radar in the early 80’s. It has since become ever more devoted to its mission to “create a better world” through innovation in sustainable product design, engagement of employees in initiatives that promote social and environmental objectives, and partnering with suppliers to meet both quality and CSR objectives. MLHR is not a PR-focused company, so the unlikely chance it will make a big splash on the front page of the Wall Street Journal is a likely indicator that there may not be an overwhelming return on investment available from its sustainable business practices. However, the Company is a clear market leader in design and CSR practices, and its brand is synonymous with quality, innovation and sustainability worldwide, which can be seen as a strong and defensible brand moat for a quality, long-term value investment.

Financially speaking, however, there is an uncertain outlook for the furniture sector. Because of record unemployment rates and dwindling construction of new office space due to the economic crisis, growth in its industry and sector promised to be incremental at best in the next year or so.

**Outcome:** Ultimately an investment in Herman Miller was not approved because the financial story indicated that the stock was clearly not poised for growth in the near future. The principals agreed that the company presented a solid investment from a sustainability standpoint and future Fund members will continue to monitor the stock for an opportunity when it is believed to be undervalued.
JPMorgan Chase (NYSE: JPM)

**Sector:** Financial  
**Industry:** Money Center Banks

**Company Description:** JPM is a multi-bank holding company that provides various financial services to customers in the United States and internationally. The Group's principal activities are to provide financial services through six divisions: investment banking, Retail Financial Services, Card Services, Commercial Banking, Treasuries and Securities Services, and Asset and Wealth Management.

**Investment Pitch:** The main investment strengths for JPMorgan Chase include: (1) Leadership position in the recovering financial industry (2) High capital levels and more conservative approach towards lending versus other large banks (3) Strong management team with a proven track record of success (4) Growth in international opportunities.

From and SRI perspective, in a sector not well known for CSR or ESG Risk Management, as the market recovers, those like JPM, who have made substantial progress in this area will succeed. Perhaps first and foremost, governance and reputation are paramount in the finance sector and JPM has shown superior progress and performance in both areas before, during and after the credit crisis.

As the Fund currently does not have any financials in the portfolio, we felt that JPMorgan would also be appropriate from a diversification perspective.

**Outcome:** Despite attractive valuations from a financial perspective given the potential for continued growth and improved macroeconomic conditions, we recommend a HOLD largely due to the ESG risks. The ESG risk management is uncertain due to MTR project financing from an environmental perspective, despite strong governance for the company in general. Another consideration would be the current overhang from uncertainties regarding the proposed financial reforms and impact on financial stocks. Thus, we recommend monitoring the name until JPMorgan comes out with better transparency regarding the risks mentioned above as a form of an ESG catalyst.
RiskMetrics Group Inc. (NYSE:RISK)

**Sector:** Business Services  
**Industry:** Information Services

**Company Description:** RiskMetrics Group is a provider of risk management and corporate governance products and services to global financial markets participants. The RiskMetrics segment (50% of revenues and 79% of operating income in 2009) delivers solutions to measure and quantify multi-asset portfolio risk (including its flagship RiskManager mark-to-market risk system) as a hosted web-based application or as a fully outsourced service; the company estimates its risk product market penetration at roughly 20% in Europe and less than 10% in the U.S. Its Institutional Shareholder Services (ISS) segment (50%/21% of 2009 revenues/operating income) delivers corporate governance and specialized financial research and analysis services; 50% of US asset managers and 25% of European asset managers with AUM over $10B use its Proxy Research and Voting Services. 41% of 2009 revenue came from outside the U.S.

**Investment Pitch:** RiskMetrics presents the following SRI profile:

- Leading risk and governance products and services provider bringing ESG data and analytics into a large embedded customer base following the acquisitions in 2009 of Innovest Strategic Value Advisors and KLD Research & Analytics.
- RiskMetrics estimates recent growth of ESG data/services market at 20% but believes this rate had been muted by previous lack of a scalable platform.
- Company’s legacy Institutional Shareholder Services segment (50% of revenue) is a top provider of corporate governance services and analytics.

The company’s broadened ESG product lines supported a broader investment thesis:

- Market is slow to appreciate improving key metrics in wake of global financial crisis, which slowed company’s top- and bottom-line growth in 2008 & 2009 (though notably did not turn them negative).
- Increasing regulation and compliance requirements provide secular tailwinds. Growth opportunities exist within existing client base (~50% of new ACV sales coming from current clients), new clients (company believes that largest competitor is in-house departments), broader geographical reach (int’l markets not as developed as U.S.) and expansion of product line (in-progress investments include performance attribution, fixed income/structured finance analytics, liquidity risk tools & counterparty risk solutions).
- Attractive financial model: highly visible subscription-based revenue stream, highly scalable platform with inherent operating leverage, low capex.

**Outcome:** RiskMetrics announced its acquisition by MSCI Inc. the day before RISK was brought up for a vote. The shares jumped immediately upon the deal announcement, erasing upside return potential.
Starbucks (NYSE:SBUX)

**Sector:** Services  
**Industry:** Specialty Eateries

**Company Description:** Starbucks Corporation engages in the purchase, roasting, and sale of whole bean coffees worldwide. It offers brewed coffees, Italian-style espresso beverages, cold blended beverages, various complementary food items, coffee-related accessories and equipment, a selection of premium teas, and a line of compact discs, through its retail stores. The company also sells and licenses its trademark through other channels. In addition, Starbucks Corporation produces and sells ready-to-drink beverages, which include bottled beverages and espresso drinks, and a line of ice creams. Its brand portfolio includes super premium Tazo teas, Starbucks Hear Music compact discs, Seattle’s Best Coffee, and Torrefazione Italia coffee. As of September 30, 2007, the company operated 8,505 retail stores. Starbucks Corporation was founded in 1985 and is based in Seattle, Washington.

**Investment Pitch:** Starbucks is a best in class example of a company who has consistently and strategically integrated sustainability within its core business model. We feel that the sustainability initiatives they have undertaken over the past 8 years will produce not only realizable cost savings but also risk management in the tough economic climate; particularly in their ethical sourcing initiatives. Similarly, discretionary goods have taken significant hit over the past year, Starbucks included, but we feel that the Company’s focus on sustainability as well as continued expansion into new geographic areas will offer a competitive advantage over competitors as the market continues to rebound.

Starbucks is the leader in the category for ethical sourcing of the coffee beans, in environmental stewardship, in investing back into the community and in making contributions to different charities.

Potential Social Alpha: Coming out of a recession and with consumers more conscious about corporate image there is potential to increase sales significantly and achieve stock price appreciation.

However, based on the DCF model, the stock seemed to be fairly priced around $23 and we did not move it ahead to pitching.

**Outcome:** Moved to Watchlist
Veolia Environnement (NYSE:VE)

Sector: Utilities
Industry: Foreign Utilities

Company Description: Veolia Environnement, together with its subsidiaries, provides environmental management services to public authorities, individuals, and industrial and commercial customers worldwide. The company operates in four segments: Water, Environmental Services, Energy Services, and Transportation. The company’s breadth of services is broad, and includes: The Water segment provides water and wastewater services; the Environmental Services segment provides environmental and logistical services; and the Energy Services segment provides heating and cooling systems, thermal and multi-technical services, industrial utilities services, etc.; and the Transportation segment offers urban, suburban, and other transportation services.

Investment Pitch: To investigate the suitability of diversified company that works primarily in the water, environmental services, transportation and energy industries.

Outcome: At the outset, VE was attractive to us given their large presence in the water space as well as their triple bottom line strategy. Although the company has made significant progress in the environmental and social space, several risks came up during our research, including their safety record and responsiveness, corporate governance, regulatory and nonmarket issues, and uncertain corporate strategy. At the time of the pitch, we concluded that it was not the right time to move forward with a vote to invest in the company.
Investment Pitches – Divestments

ABB Ltd (NYSE: ABB)
While markets have warmed up somewhat to ABB’s potential improved financial position as CapEx flows once again open up, company performance continues to suffer. To address its revenue concerns, ABB continues to look to developing nations for growth, a market segment that grew 15% over the last year as opposed to decreasing by 20% as did developed economies market segment. However, as bribery and corruption issues continue to be identified as concerns for the company, operations in regions where such concerns are more relevant, i.e. developing markets, provide ABB with increasing exposure to SRI risk. Furthermore, while its focus on cleantech is a worthy SRI thesis, a number of other companies are also serving this space and may be more appropriate investments for the Fund. On 5/4/10 we sold 1,300 shares of ABB at $18.68.

Berkshire Hathaway (NYSE: BRB-B)
Berkshire was pitched for divestiture during Spring of 2010. It had returned a significant ROI to the Fund (56.7%) and it still showed signs of promising financial prospects. However, throughout the Fund’s holding period, there was an apparent absence of clearly articulated policies in any respect to ESG management. Issues involving portfolio company Russell Athletic and a stock split used to purchase BTN indicated that, although BRK management clearly values ethical performance and transparent management, it was not enough to maintain a position in the Fund. The ambiguity surrounding these events is in contrast to the original hypothesis and may not position the company to garner additional market return from an SRI standpoint. Fund principals voted in favor of divesting BRK-B. On 4/6/2010 we sold 550 shares of BRB-B at $80.57.

Cisco Systems (NASDAQ: CSCO)
On October 7, 2009, we divested our position in Cisco and sold our shares at $23.49 each. We continue to believe in the suitability of the stock in terms of social responsibility. However, the stock had reached a price that exceeded our target range of $17 to $22 and an update of the valuation did not yield a higher price target given recently reported financial results.

Johnson Controls Inc. (NYSE: JCI)
JCI stock has outperformed over the past year, up 112.5% and up 21.4% YTD. Given the significant run-up in share performance and potential slowdown in the HVAC business over the next few years, we found that the upside is more limited as the stock has surpassed its initial price target and approaching even its new target of $35. Thus, the Fund agreed to divest JCI given the lack of upside catalyst and greater downside risk at the current levels. On 4/20/10, we sold 3,550 shares of JCI at $34.26.

Nike (NYSE: NKE)
Nike has had a great run since we purchased the stock in Sept 2008 at $59.45. As of 4/30/10, Nike was trading at $75.91, a return of approximately 27%. We’ve exceed the original target price of $72.80, and believe Nike is currently trading at fair value and will likely not outperform in the near term despite having performed better than estimated for 3Q10. From an ESG perspective, Nike continues to be a leader in the space, however they have recently run into some troubles with factories operating in Honduras. Also, as a Fund, we discussed whether continued sponsorship of athletes (such as Tiger Woods) conflicts with the SRI story. On 5/12/10, we sold 1,085 shares of NKE at $76.85.
Fund Principals

From left to right: Hallie Marshall, Russell Elliott, Amanda Murnane, Kristen Mannix, Phillip Gillespie, Adam Valainis, Anup Anajpure, Brendan Nemeth-Brown, Jeffrey Olson, George Lai, Harvey Villarica, Wendy Walker, Jenny Hsieh, Carlos Gonzalez, not pictured: Bo Hu and Vivien Lai

The Fund’s third portfolio management team consisted of seven first-year MBAs and two MFE students. These nine student principals brought a mix of capital markets experience, a passion for social change, and a commitment to learning about social investing.

Anup Anajpure, MBA 2010
Prior to Haas, Anup worked in Healthcare consulting at a large consulting company and also in a startup environment. He worked with clients across the globe developing commercial strategy for pharmaceutical and biotech companies. Anup has an academic background in Materials Science from IIT Bombay and a Masters in Operations Research from Penn State University. Anup is interested in pursuing a career in investment management and wants to learn about SRI and investment strategies.

Jenny Hsieh, MBA 2010
Jenny brings experience from both the corporate world and the non-profit sector. She began her career in New York at JPMorgan as an Associate in the Equity Derivatives Group. After three years of structuring financial solutions for corporate clients, Jenny’s desire to have more direct social impact led her to transition to a career in the non-profit sector at Rockefeller Philanthropy Advisors (RPA) as a financial analyst. Jenny came to Haas to explore how financial market-based solutions can address large-scale social problems and hopes to pursue a career in SRI or social venture capital. For her summer internship, Jenny worked on the lending team at RSF Social
Finance. Jenny received a BA from Northwestern University with a dual degree in Mathematical Methods in the Social Sciences (Applied Math) and Economics.

Amanda Murnane, MBA 2010
Amanda worked as a management consultant for Accenture where she worked with a wide variety of hi-tech companies and government agencies before pursuing her MBA. She spent a portion of her tenure at Accenture working for Accenture Development Partnerships, Accenture’s not-for-profit consulting arm. There, she managed and sold projects with organizations working in the international development sector. Amanda studied International Relations and Development in Buenos Aires in 2005 and graduated from Emory University with a BA in Spanish and Anthropology. At Haas, Amanda has focused on learning more about corporate social responsibility, SRI, and alternative energy.

Brendan Nemeth-Brown, MBA 2010
Brendan brings a background in financial analysis and a passion for investment management to the Fund. Prior to Haas, Brendan worked as a Senior Consultant for BearingPoint and focused on real estate finance. While working with real estate developers Brendan realized he had a strong interest in valuation and sought to further educate himself by studying equity valuation techniques. Brendan currently works part-time at Passport Capital, a $2.5 billion long/short hedge fund.

Jeffrey Olson, MBA 2010
Jeff brings his background in strategic sustainability consulting and nonprofit board service to the Fund. Most recently, Jeff spent the past 1.5 years building Accenture’s Sustainability Practice. Over the past 2 years, Jeff has served on the Harvard and Children’s Hospital Boston Center on Media and Child Health Advisory Board. He has worked with leaders in academia, medicine, and media to research and disseminate the positive and negative impacts of media on children’s health. Jeff received his BA in Economics from St. Olaf College and is focusing his time at Haas on early-stage cleantech development and finance.

Adam Valainis, MBA 2010
Adam worked as an analyst for GESD Capital, a middle market private equity firm, before pursuing his MBA at Haas. Adam began his career in public accounting as an auditor in Ernst & Young’s Assurance and Advisory Business Services practice, which he left to develop and implement an internal compliance infrastructure for a large-cap pharma company in the Bay Area. Adam received a BA in Economics and Spanish from the College of the Holy Cross and an MS in Accounting from the University of Virginia. Adam is a member of the Bear Fund, a PE fund created by a Haas student.

Harvey Villarica, MBA 2010
Before Haas, Harvey spent four years at The Salter Group, a boutique financial advisory firm that provides valuations and transaction support services to the media and entertainment industry. He came to Haas to switch careers into the technology and digital media industry. At Haas, he was the Co-Chair of the play conference 2009, a student-led conference for digital media professionals. He also helped organize the 2009 Global Social Venture Competition as the Co-Chair of Technology. Last summer, he interned in the Mobile Sales and Monetization group at Yahoo. Harvey has a BA in business administration from the University of Southern California.

Russell Elliott, MFE 2010
Russell working for Northrop Grumman as an aerodynamic analyst and developed and implemented performance algorithms to aid in the flight performance predictions of the Global Hawk reconnaissance aircraft. He also used his knowledge of computational fluid dynamics to design aerodynamic structures and laminar flow research projects. Russell hopes to combine his skills in modeling complex systems with his interest in financial markets and pursue portfolio or risk management. He has a BS in Math from Morehouse College and a BS degree in Aerospace Engineering from Georgia Institute of Technology.
Phillip Gillespie, MFE 2010

Phillip worked as a management consultant in the financial service industry at Deloitte & Touche in Tokyo. He then joined the Electronic Sales Trading team at Lehman Brothers Japan, where he provided DMA access and algorithmic trading to leading buy-side clients around the world. Through his interaction with statistical arbitrage and quant based funds, he became interested in pursuing a MFE at Haas. Phillip graduated from Georgia Institute of Technology with a BS in Industrial and System Engineering.
Management Team Transition

The Class of 2010 principals began marketing the Fund to first years in Fall 2009. The seven principals gave a presentation about the Fund and our work-to-date to interested students. The level of enthusiasm among the first years was very encouraging. In fact, some even admitted to choosing Haas because of the Fund.

In the winter of 2009, the student management team solicited applications from first-year MBA students to join the Fund. Six first-year students were chosen. These six students possess a wide array of experiences in the financial world and the social sector. The first year students were asked to join the team at the beginning of the spring semester in order to give them as much exposure to the Fund prior to the official transition. They began executing stock pitches and shared administrative tasks immediately. The Fund will be in excellent hands under their stewardship. Also, in the spring of 2010, we solicited applications from the incoming class of MFE students. Two MFE students were selected to join the Fund in April 2010.

The fourth class of Fund principals includes:

Chad Arkoff, MBA 2011
Chad Arkoff brings a background of private equity, social investing and corporate finance experience to the Fund. Prior to attending Haas, Chad worked as an associate with Hamilton Lane in San Francisco where he helped to execute private equity investments on behalf of a “double-bottom-line” investment fund. The strategy of the fund was to generate financial return alongside of achieving social return. The fund’s social return was measured in job creation as well as allocation of capital to underserved demographics and regions. Before Hamilton Lane, Chad was an investment analyst at Liquid Realty Partners in San Francisco where he executed real estate transactions both domestically and abroad. Chad began his career in New York with UBS Investment Bank as an analyst in the investment banking division. Chad earned his B.S. in Economics from Lehigh University. In his spare time, Chad is a competitive mountain biker, avid skier, outdoor rock climber and ambitious traveler.

Bo Hu, MFE 2011
Bo worked as an Algorithmic and Quantitative Strategies Trader at J P Morgan Hong Kong, where she focused on developing, trading and risk managing trading strategies in the Asian fixed income market. Prior to that, she was a credit derivatives trader in the Credit Hybrids and Exotics division, working on trading emerging market structured credit products for Asian institutional and corporate clients. Before joining J P Morgan, Bo was a derivatives structurer at Lehman Brothers. There, she worked extensively on pricing and developing interest rate and FX derivatives products for corporate clients to meet their investment and hedging needs. Bo holds dual degrees in Electrical Engineering and Physics from Swarthmore College, where she was the George I. Alden Scholar. As an undergraduate student, she was involved in many research projects in the field of high energy physics and that remains to be an area of interest for her throughout the years. In her spare time, Bo is an avid runner and a huge sports fan. She also enjoys reading about physics and philosophy.

Carlos Gonzalez, MBA 2011
Carlos has a background in consulting, sustainability/community initiatives and asset management. Prior to attending Haas, he worked at a consulting firm, where he assisted electric utilities to expand their portfolio of renewable resources, evaluated the cost-feasibility of pollution controls and helped design financial incentives to promote energy efficiency. He brings an extensive background of commitment to work for environmental stewardship, corporate governance, labor rights accountability, consumer protection and shareholder advocacy. Carlos also worked at the Royal Bank of Canada’s Dain Rauscher Mutual Funds Division performing due diligence and screening funds to meet clients’ investment strategies aligned with environmental sustainability and corporate governance. Through his relationships with successful microfinance institutions, Carlos has developed a firm belief in ‘patient’ capital. He has also developed quantitative skills to assess market risk and asset valuation.
within ambiguous scenarios. At Haas he is focusing on corporate responsibility, alternative energy and development in emerging economies.

**George Lai, CFA, MBA 2011**
Prior to Haas, George worked in a variety of roles throughout finance. He started in New York at JPMorgan as an Associate in the Credit Portfolio Group researching companies in the technology, media, and telecom space and trading bank loans and credit default swaps. After four years at JPMorgan, he joined Merrill Lynch as part of the healthcare investment banking team covering biotechnology, specialty pharmaceuticals, and medical device clients. After Merrill Lynch, he joined Merriman Curhan Ford where he was responsible for the China investment banking efforts working with clients from industries including alternative energy, technology, and automotive. Immediately prior to Haas, George spent two months working at Glass Lewis, a corporate governance research firm where he was responsible for analyzing companies from China, Taiwan, and Southeast Asia. George received a B.A. with honors from Yale University in Political Science and History and is a proud Canadian who has lived in Hong Kong, Taiwan, China, Japan, and now the Bay Area.

**Vivien Lai, MFE 2011**
Yiting Lai holds a Bachelor’s degree in Operations Research from Cornell University and a Master’s degree in Management Science and Engineering from Stanford University. During her studies, she interned with Goldman Sachs in Hong Kong as an equity research analyst covering equity stocks in the consumer industry. After graduating from Stanford, Yiting spent 1.5 years working as an equity derivatives structurer for ABN Amro in London. In this role, she worked closely with exotics traders in designing, pricing, and marketing structured products for both retail and institutional clients. She also developed and back-tested numerous alpha strategies and thematic equity indices. Yiting has completed the CFA Level III and is currently pursuing her CFA charter. Through the Haas MFE program, she would like to further her training in quantitative finance as well as meet talented people in this field. Yiting has traveled extensively and is fluent in Mandarin. In her spare time, she enjoys watching films, taking pictures, and cross-country running.

**Kristen Mannix, MBA 2011**
Prior to attending Haas, Kristen worked as a senior manager for New Sector Alliance, a nonprofit management consulting and leadership development firm. At New Sector Alliance, Kristen led over 20 consulting teams in developing performance management strategies, growth plans, and strategic plans for nonprofit clients. Prior to New Sector, Kristen spent several years as a program manager at the World Affairs Council of Northern California, where she worked to increase exposure to international affairs at Bay Area high schools and community colleges. Kristen received a BA from the University of Pennsylvania in Diplomatic History and Hispanic Studies. At Haas, Kristen is focused on learning more about corporate social responsibility, socially responsible investing, and sustainability.

**Hallie Marshall, MBA 2011**
Prior to Haas, Hallie worked as an Equity Research Associate at Dodge & Cox investment managers in San Francisco. Her industry coverage included international banks and building materials companies. Hallie’s professional experience also includes working as a Marketing Analyst at Wells Fargo Bank and as a Microfinance Consultant in Central America. Hallie is a former board member of the Northern California Chapter of Women Advancing Microfinance and is the current Vice Treasurer of the Silicon Valley Microfinance Network. Hallie graduated cum laude from Princeton University with an A.B. in Political Economy. She is a Fulbright Scholar. Hallie plans to return to investment management in the Bay Area after school.

**Wendy Walker, CFA, MBA 2011**
Wendy worked for three years as an equity analyst at Argus Research, where she covered media and business services companies. During that time, she also earned the Chartered Financial Analyst designation and served as vice chair of the Sustainable Investing Committee at the New York Society of Security Analysts, where she...
developed programs to advance the dialogue about integrating environmental, social and governance factors into the investment decision-making process. Wendy keeps her NYC ties active by continuing to serve on the editorial board of NYSSA’s quarterly journal, The Investment Professional, and on the advisory board of Oslo Elsewhere, a not-for-profit theater company. She graduated cum laude from Yale University with a BA in comparative literature and theater studies and is a current Haas Merit Scholar and a Forté Fellow. Wendy came to Haas to further explore the intersection of finance and sustainability and hopes to devote her career to sustainable and responsible investing.
Outreach

Conferences
As a Fund, we did not participate in any external conferences and made a conscious choice to focus internally on the monitoring of current positions as well as exploration of new ideas. We also felt that as a fund we wanted to further discuss our own investment philosophy and had many conversations around this topic during our administrative meetings. The next class of Fund principals plans to continue conference attendance going forward.

Prospective students and MBA community
The Fund has garnered significant interest from prospective MBA candidates. Drawn to Haas for its leadership in corporate responsibility and sustainability, prospective students have learned about the Fund via the CRB and current Fund principals.

Fund principals have devoted significant time and energy to schedule phone conversations or in-person meetings with prospective students throughout the year and during Days at Haas events. The Fund has also gained exposure to current and prospective students by participating in academic and club fairs held each fall and spring.

Press coverage
The Fund did not receive any press coverage this year.
Accomplishments

The HSRIF team made significant progress in putting our cash to work during the 2009-2010 academic year. While 2008-2009 was focused a lot on capital preservation, the past year saw significant increase in the investment of the capital in the stock market. Our key accomplishments are outlined below:

- Completed a Social Investing class taught by Fund advisor Lloyd Kurtz. Principals defined and completed an independent SRI research study as part of the class.
- Explored the use of various traditional research providers like Capital IQ, Bloomberg & Factset. We obtained long term access to Factset and also set-up access to Bloomberg on an as-needed basis.
- Currently negotiating with Innovest to extend the use of the Sustainability Evaluation Service for the Fund. Secured membership and access to SustainInvest’s database for additional ESG related information and metrics on various companies.
- Had several discussions to develop our investment approach and overarching philosophy and goals, ultimately deciding on an investment hypothesis approach that seeks to link sustainability criteria with an explicit financial impact. This was a challenging but extremely valuable process. Put in place the “Principles for Principals” document clearly outlining the philosophy of the Fund as well as a broad framework of investment criteria.
- Selected the 2010-2011 class of MBA and MFE student principals and integrated them into the Fund’s management and investment activities.
- Created the first version of the new portfolio optimization tool (thanks to the MFE 2010 principals) to evaluate risk and diversification in the portfolio.
- Standardized templates for pitching new investing ideas, divesting ideas and review of portfolio positions.
- Created an operating budget for the Fund including a budget for getting new SRI and traditional research vendors and for participating in various SRI related conferences.
- Will have representation of the Fund at the Social Capital Conference during the summer of 2010.
Acknowledgements

Nurturing and growing the Fund in its third year has been a tremendous experience. Thanks to the diligent efforts of the principals from the class of 2009, we were able to hit the ground running in the fall of 2009 with the research, funding, organizational structure and administrative support that we needed. We are proud to have added many great socially responsible companies to the Fund and believe the Fund is on a trajectory to be more or less fully invested by 2011. We are also extremely confident in the incoming Fund principals from the MBA and MFE classes of 2011 – all of whom have contributed significant time, sincere interest, insightful analysis, and, above all, a willingness to be resourceful, responsible, and engaged.

We would like to thank several individuals for their support throughout the year.

Lloyd Kurtz, for the tremendous value he added to our learning experience. While his Social Investing course was very helpful to the principals, we want to further thank Lloyd for all the time he has taken over the past year to speak with Fund principals about our investment process and specific stock ideas.

Kellie McElhaney, Cecilia Pracher, and Jo Mackness for their continuous guidance and support throughout the year. Kellie’s boundless enthusiasm for the Fund, faith in our approach, and commitment to ensuring the Fund is, above all, a meaningful learning experience, provided the momentum and leadership for the Fund’s success. Jo and Cecilia’s support on every logistical, funding, and scheduling detail enabled us to focus our time on investing and learning instead of administrative issues.

Charlie and Doris Michaels, BS’78; Marguerite and Al Johnson, BS’62, MBA’69; and Vicky and Larry Johnson, BS’72 whose generous donation and faith in the competencies of MBA and MFE students to manage a fund made this unique learning opportunity possible.

The Fund Board of Advisors, whose members provided us feedback on our investment pitches, portfolio balance, and trading strategies. Their continued involvement with the Fund in subsequent years will be integral to its success.

We hope that those with whom we interacted while working on the Fund enjoyed the experience as much as we did. We wish the next class of student investment principals the best of luck with the Fund.

Sincerely,
Brendan, Jenny, Amanda, Anup, Jeff, Harvey, Adam, Russ and Phil
Advisory Committee

The members of our Advisory Committee have played an invaluable role with the Fund, and we cannot thank them enough.

Margo Alexander is currently the Chair of the Acumen Fund, a non-profit global venture fund that uses entrepreneurial approaches to solve the problems of global poverty.

Margo was formerly a senior executive of PaineWebber, where she spent the greater part of her thirty-three year career in the financial services industry. Beginning as a research analyst, she later became Director of Research, then Director of Institutional Equity and, in 1995, CEO of Mitchell Hutchins Asset Management. She was a member of the PaineWebber executive committee until the firm’s acquisition by UBS in November 2000.

Ms. Alexander is a graduate of the University of California at Berkeley and the Harvard Graduate School of Business Administration, where she met her husband, Robert Alexander. She has lived in New York since 1970 and has two sons.

Ms. Alexander is a member of the advisory boards of the Haas School at Berkeley and The New School, serves on the board of the Eleanor Roosevelt Legacy Committee and is a member of The Council on Foreign Relations.

George S. Dallas is Director, Corporate Governance at F&C Investments in London, which manages over £100 billion in assets on behalf of more than 3 million people. He is a member of F&C’s Governance and Sustainable Investment team, where he leads all aspects of F&C’s global policies relating to corporate governance, including proxy voting, remuneration and engagement matters. He joined F&C in January 2008, prior to which he was a Managing Director at Standard & Poor’s in the area of analytical policy and research. Mr. Dallas began his career as a corporate lending officer at Wells Fargo Bank before joining S&P in 1983, initially as an analyst. At S&P he served in a range of analytical and managerial roles, including global head of both Governance Services and Emerging Markets, regional head for S&P’s Ratings Services in Europe and head of the firm’s London office. As global practice leader for corporate governance at S&P, Mr. Dallas led the development of S&P’s governance analysis and built a global team of governance analysts. He has conducted governance evaluations on companies across the globe and contributed to the formal linking of these to the overall credit rating process. He has also served on a working group to develop an S&P emerging markets index focused on corporate governance and sustainability. Mr. Dallas has written extensively on corporate governance and international finance and edited the book Governance and Risk (McGraw Hill, 2004). Mr. Dallas holds a BA degree, with distinction, from Stanford University and an MBA from the Haas School of the University of California at Berkeley. He has dual US/UK nationality and speaks German and French.
Stephen Etter is a Partner at Greyrock Capital Group. Prior to joining the Greyrock Principals in 1996, Stephen held positions at GE Capital, Barclay’s Bank and Citicorp for the preceding 9 years where he focused on senior and mezzanine debt. From 1983 to 1987 he worked for Price Waterhouse where he obtained his CPA.

Stephen received his undergraduate degree and MBA from the Haas School of Business, University of California at Berkeley, where he has been a Finance Lecturer for the past 10 years.

Stephen is a member of Board of Directors for the San Francisco Giants Community Fund and currently serves as a Trustee on the University of California Berkeley Foundation.

Farha-Joyce Haboucha, CFA, is the Portfolio Manager of the Libra Fund and Director of Socially Responsive Investments at Rockefeller & Co. Before joining Rockefeller & Co., she spent ten years as a Senior Portfolio Manager and Co-Director of Socially Responsive Investment Services at Neuberger & Berman. She also was with Manufacturers Hanover Trust as a Vice President and Group Head of the Personal Trust Investment, Private Banking and Securities Division and Division, served at Union Trust Company as a Senior Investment Officer, Portfolio Manager, and Manager of Research. Joyce is past Chairman of the Social Venture Network and serves on the Investment Committee of the United Methodist Church and the Advisory board of the Heron Foundation’s Community investment Index. She has also served on the boards of FTSE4GOOD USA Advisory Committee and several non-profit organizations, and over the years has been active in environmental and women’s issues. Joyce holds a B.A. from Columbia University.
Lawrence R. Johnson retired in 2007 from Milliman, a worldwide employee benefits consulting and actuarial firm based in Seattle, WA. Mr. Johnson was the Founder and CEO of Lawrence Johnson & Associates, a national retirement plan recordkeeping firm and InvestorLogic, LLC, a Registered Investment Advisory firm. Both of these firms were merged with Milliman in 2006 and 2007 respectively. Mr. Johnson had overall responsibility for ensuring that the firm’s retirement plan clients had access to the full recordkeeping and investment advisory resources of both organizations.

He has over 35 years of tax and investment experience, of which the last 30 have concentrated on qualified retirement plans. Mr. Johnson is a nationally recognized expert in retirement plan design and administration. He has extensive experience in IRS and DOL compliance and audit issues and lectures frequently on fiduciary responsibilities affecting qualified retirement plans. Mr. Johnson served on several administrative and investment committees on behalf of the firm’s clients. Mr. Johnson currently serves on the U.C. Berkeley Foundation Board of Trustees; and the Investment Committee—U.C. Berkeley Foundation. Mr. Johnson received his B.S. degree in Business Administration from the University of California, Berkeley.

Lloyd Kurtz is a senior portfolio manager at Nelson Capital and lead PM for socially responsible investing (SRI). Before joining Nelson Capital in 2004, Lloyd was a Senior Vice President at Harris Bretall Sullivan & Smith in San Francisco where he served as Director of Quantitative Research and provided research coverage for the healthcare, basic industry and energy sectors. Before joining Harris Bretall in 1995, he spent four years as Senior Research Analyst at KLD, a Boston research firm specializing in social investment research. At KLD, he did much of the initial quantitative work in the development of the Domini Social Index.

Lloyd is a Research Fellow at the U.C. Berkeley Haas Business School's Center for Corporate Responsibility, and serves as Program Administrator for the Moskowitz Prize. He has published numerous articles on SRI in academic journals, and authored a chapter on SRI for the Oxford Handbook of Corporate Social Responsibility, which will be published in 2007.

He holds a B.A. from Vassar College, an M.B.A. from Babson College, and is a Chartered Financial analyst. In 1999, he received the SRI Service Award for his contributions to social investing.
Kellie A. McElhaney is the John C. Whitehead Faculty Fellow of Corporate Responsibility and the Executive Director of the Center for Responsible Business at the Haas School of Business, University of California, Berkeley. She developed and launched this new center in January 2003, which has helped place corporate responsibility squarely as one of the core competencies and competitive advantages of the Haas School. Kellie teaches multiple courses on Strategic Corporate Social Responsibility in all of the Haas School’s degree programs, which include in-depth student consulting engagements with companies on high-visibility strategic CSR challenges. Her research focus is in the area of analyzing companies’ CSR strategy, and its fit with their core business objectives and core competencies. She consults to several Fortune 500 companies in developing an integrated CSR strategy, bridging her academic focus with the practitioner world.

She is a member of the UN Global Compact Faculty and serves on the Association for Corporate Growth Strategic Philanthropy Advisory Committee. Kellie was recently named a 2005 Faculty Pioneer for Institutional Impact by the biennial report, Beyond Grey Pinstripes. Prior to joining Haas, she spent nine years at the University of Michigan Business School, where she was adjunct professor of corporate strategy and managing director of the Corporate Environmental Management Program (CEMP). Before joining academia, she was in the mergers and acquisitions area of commercial banking. Kellie holds a Ph.D. from the University of Michigan, a M.A. from Ohio University, and a B.A. from the University of North Carolina, Chapel Hill.

Charles F. Michaels, CFA is the Founder, Managing Partner, and Portfolio Manager Sierra Global Management. Mr. Michaels was born in Europe and has spent much of his personal and professional life there, including six years with Goldman Sachs & Co. in London and Zurich. Mr. Michaels served as a vice president during his nine years with Goldman, as well as a founding member of Goldman’s European equities business.

Prior to Goldman, Mr. Michaels was an assistant vice president at Wells Fargo Bank in San Francisco and New York City. Mr. Michaels graduated from the University of California at Berkeley and received his MBA from the Columbia Business School.

John O’Brien is an Adjunct Professor and Executive Director for the Masters in Financial Engineering program at the Haas School of Business, UC Berkeley. Previously John was a Managing Director at Credit Suisse Asset Management, responsible for developing CSAM’s first Risk Management department. Prior to CSAM, John was the Co-founder, Chairman and CEO of Leland, O’Brien Rubenstein Associates (LOR), a financial services firm that developed innovative funds, including precursors of the first exchange traded funds. Before LOR, John worked on pension investment management for A.G. Becker Funds Evaluation Group (now SEI Investment, Inc.). John joined A.G. Becker after the sale of O’Brien Associates, where he was co-Founder, Chairman and CEO. O’Brien Associates introduced modern portfolio theory and analytical risk management into the purely "Graham and Dodd" investment industry of
the time. He created the first "beta" book of individual stock systematic risk, the first risk-adjusted investment performance measurement service, and the first Monte Carlo simulation of multi-asset-class return distributions for pension policy analysis and was the co-creator of the O'Brien 5000 Stock Index –re-named the Wilshire 5000. John received an MS, Engineering (Operation Research) from University of California, Los Angeles, CA and an SB, Economics and Engineering (Electrical) from MIT, Cambridge, MA.


**Scott Pinkus** retired from Goldman, Sachs and Co. in 2000, after having been a partner there since 1990. At Goldman, Scott established and headed the Credit Derivatives Group, which was responsible for the trading, structuring, and distribution of over-the-counter credit derivative contracts, credit-linked notes, and credit-intensive securitized instruments. From 1988 to 1998, he headed the Fixed Income Research Department, which developed decision support tools using the latest computer technology, building quantitative models to assist in security valuation, and creating investment and trading strategies.

Prior to joining Goldman Sachs, Mr. Pinkus founded and headed the Mortgage Securities Research Department at Morgan Stanley & Co. and before that held the same position at Merrill Lynch & Co.

Mr. Pinkus is on the Advisory Board of Home Equity Securities, LLC, a new venture that developing a standardized structure and liquid market for securitized fractional shares of home equity. He is a Special Advisor to Azimuth Asset Management, a hedge fund-of-funds. Mr. Pinkus is the Chairman of the
Steering Committee for the MFE program at Haas.

Mr. Pinkus received both an MBA (1981) and a B.S. in Economics (1980) from the Wharton School at the University of Pennsylvania.

Michael Pearce is an investment consultant with Cambridge Associates in Menlo Park, CA. Michael advises a number of universities, foundations, other nonprofit institutions and private clients on investment issues such as asset allocation strategy, manager selection, and investment program evaluation. In addition, Michael is part of Cambridge’s Mission Related Investing group. Before joining Cambridge, Michael was a summer associate at Pacific Community Ventures, a non-profit/venture capital hybrid organization. At PCV, Michael identified, performed due diligence and valued potential investments for the $60+ million venture capital portfolio. Prior to graduate school, Michael worked at UBS Investment Bank in New York and London as an Associate Director in the Alternative Capital Group, raising over $1.5 billion for more than thirty clients, primarily from private equity, venture capital and hedge funds. Michael is a graduate of the Haas School of Business at UC Berkeley and was an inaugural member of the portfolio management team for the Haas SRI Fund. Michael received a BS in Finance with a minor in Mathematics from Georgetown University.
Research Partners

The Fund would like to thank the following research partner:

RiskMetrics Group
(Formerly known as Innovest)

We look forward to continuing our relationships with this organization in the future.