



PROSPER

SOCIAL FINANCE

Annual Report 2023



Contents

- 1.0 Executive Summary
 - Meet the Team
- 2.0 Investment Report
 - Portfolio Return in Context
 - Portfolio Breakdown
- 3.0 Portfolio Composition
- 4.0 Value Added by Prosper
 - Analyst Training Programme
 - Social Return On Investment
 - Social Impact In The Edinburgh Community
 - Diversity and Inclusion
- 5.0 Strategic Relations
 - Collaborative Continuity
- 6.0 Strategic Goals
 - Assessment of Performance to Date
 - SRI Network
 - Alumni Network
 - Relationships Formed
 - LinkedIn Strategy
- 7.0 Senior Analyst Programmes
 - Semester One
 - Social Impact Grant Selection Project
 - Semester Two
 - Funding Project
 - Social Impact Grants Project
 - Tracking and Portfolio Analysis Project
- 8.0 Risk and Risk Mitigation
 - Introduction of Next Year's Management Team



1.0

Executive Summary

I. Executive Summary

This academic year has been pivotal to the development of Prosper Social Finance, as we reached the end of our first-five year horizon. Accordingly, Prosper successfully gave out the first of our Social Impact Grants to Invisible Cities. Yet, this year has also been full of many other firsts. We formalized our current relationship with the University in a new Memorandum of Understanding (MoU), pioneered Prosper's divestment strategy, and implemented the first comprehensively overhauled Analyst Training Program (ATP) curriculum. While not yet complete, by the end of this academic year we hope to have transitioned to a new brokerage, Interactive Brokers.

Building off of the strong foundation left by previous Management Teams (MMTs), this year we have continued to refine our internal operations, portfolio management, and pursue strategic goals. Amongst all of these changes, we aimed to strengthen collaboration between ourselves, our analysts, our alumni, and our local community, to ensure that Prosper continued to fulfil its mission and operate along its core values.

Since November 2017, Prosper has trained 248 analysts, holding a portfolio valued around £55,000 which comprises investments into 30 companies. Once the transfer to Interactive Brokers is complete, we will invest the final £10,000 installment from the University Loan. Additionally, while our portfolio currently covers Europe, the United Kingdom, the United States and Canada, we will expand to additional markets upon the brokerage transfer. Our investment philosophy is centred on the principle that value-based investing does not require investors to sacrifice a competitive return. Over the last year, we successfully trained 45 analysts and 22 senior analysts.

Our goal in this report is to showcase Prosper's continued commitment to its mission, core values, and the strategic plan that was pitched to the University of Edinburgh SRS department, which includes:



- Influence through collaboration with organisations and universities around the world
- Contribution to and enrichment of the local community through Social Impact Grants
- Enabling students to build their own talent, skills, and employability

This report also highlights:

1. The rationale behind our transfer to Interactive Brokers.
2. The performance of our investments, and the refinement of the portfolio through reinvestigation into underperforming stocks.
3. The fulfillment of Prosper's original mission to generate a positive social impact for a local social enterprise.
4. Development of Prosper's long term strategic goals and the next-five year horizon.
5. The development of our training programs.
6. Our operational cash flow performing as projected in the original business plan.
7. Our management of ongoing and potential risks.

We are extremely grateful for the support everyone has given Prosper over the last year. We are especially grateful for the £50,000 in funding we have received from the University of Edinburgh thus far which has enabled us to achieve our goals.

Ultimately, we hope the University of Edinburgh is satisfied that Prosper continues to fulfil its business plan and continues to have a positive impact for the University and its students. If so, then we would aim to continue our investment cycle in May and move forward to grow and develop Prosper in the coming year.



Matthew Hales
 Executive Director

1. Meet the Team



Matthew Hales
Executive Director



Grace Gubbay
*Director of Social
Impact*



Kyle Valentine
*Director of
Operations*



Aaron Jimenez
Head of Strategy



Mason Crawford
*Head of Investment
strategy*



Albert Doyle
*Head of Investment
Tracking*



Jake Terry
*Head of Portfolio
Research*



Ethan Cohn
*Head of Strategic
Relations*



Priscilla Gracia
Head of Marketing



Aidan Brennan
Head of Training



Keira Hovorka
Head of Training



2.0

Investment Report

2. Investment Report

2.1 Introduction

This investment report will look at the Prosper Social Finance portfolio performance from inception to present. This year has been incredibly exciting for Prosper's portfolio. We have reached the end of our first five year investment time horizon, we have invested into innovative and exciting equities, and we will soon be changing to a new brokerage, Interactive Brokers, which will offer us increased opportunities to better analyse our portfolio. We will publish updated portfolio performance when the transfer is complete.

Heads of Investment	Jake Terry & Albert Doyle
Report Date	20/04/2023
Fund Size	£54,521.42
Initial Investment	£48,117.59
Total Return	13.31%

2.2 Portfolio Return in Context

Following a rapid COVID recovery, our portfolio has at times struggled to keep pace with the aggressive and volatile pace of the major indices, particularly the Nasdaq and S&P500, but more recently the MSCI ESG index as well. Furthermore, our portfolio as a whole has slightly underperformed over the past 12 months. We believe this has been due to the uncertainty surrounding equities globally. Following a confident, accelerated recovery from the depths of COVID, sentiment has turned to that of uncertainty amid fears surrounding long-lasting inflation, and persistent Federal Reserve interest rate hikes.

Prosper, however, invests on a five year time horizon, and we believe our investments will continue to rise in the long-run. For example, we have reached the end of our first five year investment horizon, and we are pleased to announce that equities bought in our first round of investments five years ago have risen by 43%, an average annual growth rate of 8.6% (see Figure 1).

Figure 1: Prosper First Round Investment Returns vs Major Indices



2. Investment Report

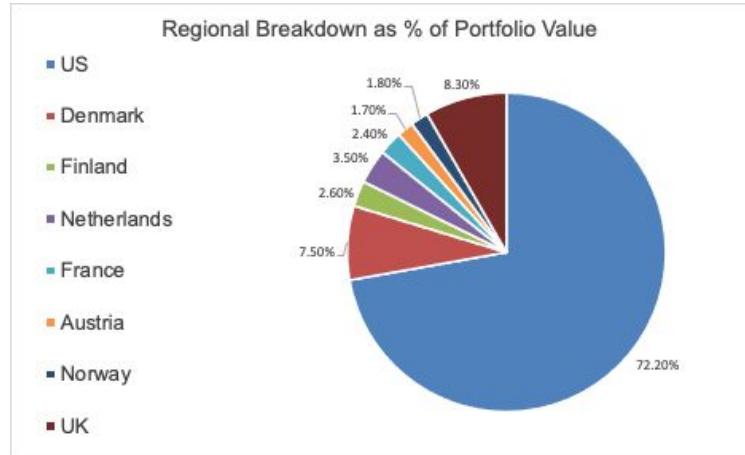
2.3 Portfolio Breakdown

The portfolio has remained similar to the portfolio composition in 2022. The 2023 compositional changes are a result of the addition of Lemonade and Zoetis.

Portfolio Breakdown			
BioTech	Biogen (US, NASDAQ: BIIB)		
Chemicals	Lenzing (Austria, ENX.VI: LNZ)	Novozymes (Denmark, NASDAQ OMX: NZYM-B)	Yara (Norway, OSL: YAR)
Cosmetic Products	Olaplex (US, NASDAQ: OLPX)		
Energy	First Solar (US, NASDAQ: FSLR)	GRID (UK, LSE: GRID)	Hannon (US, NYSE: HASI)
Food Service	Compass Group (UK, LSE: CPG)		Vestas (Denmark, NASDAQ OMX: VWS)
Forestry Products	Trex (US, NYSE: TREX)		
Healthcare	Agilent (US, NYSE: A)	Intuitive Surgical (US, NASDAQ: ISRG)	K Phillips (Netherlands, ENX.EN: PHIA)
Paper Products	James Cropper (UK, LSE: CSPR)		Zoetis (US NYSE: ZTS)
Packaged Food	Danone (France, ENX.PA: BN)	McCormick (US, NYSE: MKC)	
REIT	Assura (UK, LSE: AGR)		
Retail	Etsy (US, NASDAQ: ETSY)	Kesko (Finland, NASDAQ OMX: KESBV)	William Sonoma (US, NYSE: WSM)
Software	Cadence (US, NASDAQ: CDN)	Microsoft (US, NASDAQ: MSFT)	Salesforce (US, NYSE: CRM)
Tech	Cisco (US, NASDAQ: CSCO)	NVIDIA (US, NASDAQ: NVDA)	Xylem (US NYSE: XYL)
Telecommunication	Telus (Canada, TSX: T)		Lemonade (US NYSE: LMND)

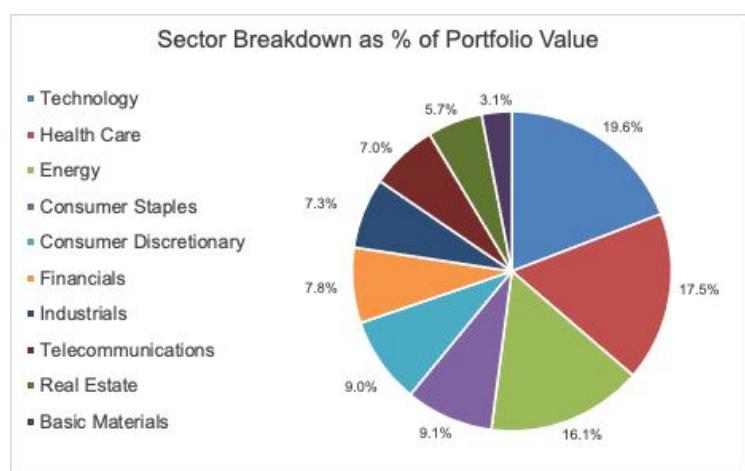
Regional Breakdown

The vast majority of our portfolio consists of US equities (72%), and whilst diversification risks are always taken into account in the screening and buy order size of potential investments, we do not believe having an American dominant portfolio will depress returns. Due to limitations of our current brokerage (Hargreaves Lansdown), we have not yet been able to invest in equities listed outside of Europe and North America. However, since switching to Interactive Brokers, we are now able to invest in exciting equities in the Asia Pacific region. For example, Australian company Brambles, and Hong Kong company AIA have been pitched by analysts this year, presenting next year's investment panel an exciting opportunity to expand into new markets.



Sector Breakdown

Our sector breakdown by portfolio value reveals a majority holding in the Technology sector (19.6%). Looking forward, our investment thesis suggests that a portfolio with exposure to a multitude of sectors results in the greatest return. Therefore, Prosper's Investment Panel will continue to screen companies on an individual basis, ensuring that analysts pitch a variety of sectors.





3.0

Portfolio Composition

3. Portfolio Composition

Agilent (NYSE: A): Agilent are in healthy financial position and are well placed to take advantage of positive market trends. They have strong ESG credentials and despite previous scandals operate in a way that aligns well with Prosper's values. We have decided to invest in Agilent.

Assura (LON: AGR): Assura appears to be a low risk and low volatility investment with an easily scalable model. The ESG outlook seems very strong with a few issues in areas such as water. The company looks to have carbon neutral buildings by 2020. The values of the company align with those of Prosper and therefore overly we decided to invest in Assura.

Biogen (NASDAQ: BIIB): We believe Biogen is truly leading the pharmaceutical industry on the side of social responsibility and sustainability and has the potential to continue to develop and market life-saving and life improving drugs that will have a Positive Social Impact. We are impressed by their innovation and drive to research drugs in new fields. This has led to our decision to invest in Biogen.

Cadence (NASDAQ: CDNS): Cadence provides exemplary evidence that it is both aligned with Prosper's values and that it is a strong bet financially. The balance sheet permits a lot of confidence in the stock, with current assets and cash remaining high and majorly resistant to the pandemic. This allows Cadence a degree of security and flexibility towards its R&D budget. It is our belief that there are significant growth opportunities that will remain resilient during the pandemic and beyond to the end of the 5 year time horizon. This prediction is based upon Cadence's trusted relationships with both suppliers and customers alongside their quality of product. These factors enable Cadence to progress their business through repeat and referral business and generate greater sales numbers in the future with their existing and new customers.

Cisco (NASDAQ: CSCO): Cisco was a surprisingly strong case for ESG integration. The company's commitment to driving equality and sustainability is impressive and industry leading. This is especially important in the technology sector. The investment proposal for Cisco was well researched and presented in both ESG and financial evaluation.

Compass Group (LON: CPG): The company's values are aligned with those of Prosper and we believe this will be a good investment in the 'Quality of Life' section of our portfolio. There are signs of growth of the company and a good ESG score. This has led us to invest in Compass Group.

Etsy (NASDAQ: ETSY): The company has shown great strength in all the initial parts of the Prosper criteria including a great ESG outlook. The company is well ahead of the industry in this aspect; while the P/E is slightly above the industry, the competitive advantage among e-commerce platforms justifies the ratio. Etsy fits well with the Prosper values and the signs of growth have led us to decide to invest in Etsy.

First Solar (NASDAQ: FSLR): First Solar is an excellent fit for the Prosper portfolio. The use of innovative solar cells sets First Solar apart from their competition. The focus on sustainability of production and recycling of their products demonstrates a strong commitment to ESG integration. The vertically integrated model should provide some stability in a growing market. The investment proposal for First Solar is well researched and detailed in both the ESG and financial analysis.

3. Portfolio Composition

Gresham House Energy Storage Fund (LON: GRID): Gresham House Energy Storage Fund aligns strongly with Prosper's core values and ESG standards. GRID is intrinsically ESG, given that the company plays a key role in the energy transformation. GRID tackles the issue of the renewable energy production volatility through BESS and reduces the demand for fossil fuels creating a strong positive environmental and social impact. We believe GRID fits well into Prosper's portfolio mix and will allow us to enter a very nascent market with massive growth potential in the medium-term.

James Cropper (LON: CRPR): The company has impressive ESG credentials and strong Core Values, especially with Innovation, Integrity and Transparency. There is a lot of potential for the direction the company is trying to grow in with a competitive edge in cup-cycling capacity; and also, their Innovation in TFP and 3D. There is a financial risk for the company with reduced profits in once year, so we have decided to invest, but to take a smaller position to reduce the risk to the overall portfolio.

Kesko (HEL: KESKOB): The company has a strong ESG outlook, with sustainable product sourcing and securely monitored supply chains. The company has also shown strong alignment with Prosper's Core Values, especially on the Collaboration and Integrity front. We will be investing in Kesko as it allows us to diversify the portfolio by adding a company. The financials look solid, with the company having given out uninterrupted dividend and good signs of stable cash flow. There is some risk in competitors such as Lidl coming in and affecting the company's margins, but we believe Kesko is well positioned to deal with this and as such have decided to invest. Kesko will also give Prosper a good chance to diversify in the portfolio.

Lenzing (VIE: LNZ): We believe Lenzing is a market leader in the production of sustainable fibres and is having a positive influence on the attitudes to fashion towards its future and sustainability. While financials have been rocky over the last few years, we believe that the management team is competent at ensuring the business's profitability in the long-run. Its stock price devaluation in 2017 but resilient financials have proven to the investment team that the company is undervalued at this time.

McCormick & Co (NYSE: MKC): The company does extremely well in the ESG criteria, particularly in their approach to their suppliers. The company also align strongly with Prosper's Core Values, especially in Positive Social Impact and Innovation. They are a financially sound company, with strong ROE, ROA, CROCI and fluctuations in year on-year growth justified by acquisitions to expand the business. The next year or so will be challenging in particular for their flavours segment, however demand for their consumer products should remain as people around the world will continue to shop for household essentials. The investment team find McCormick to be a great addition to Prosper's portfolio.

Microsoft Corporation (NASDAQ: MFST): The company, more so recently, aligns strongly with Prosper's Core Values, with increasing trends in Transparency and Positive Social Impact. While the company has faced scandals in the past, the response with policy adjustments and revision of its values, has justified the integrity of the company. Microsoft has impressive ESG policies and social externalities that can benefit many communities through their AI and general accessibility of their products. The company has a very strong financial position, with a steady EPS growth and manageable debt position. Although there was some concern about overexposure to certain markets given Prosper's holding in Cisco and Salesforce, after further research the investment Panel concluded that the operations of these 3 firms differ enough that over-exposure to a certain market segment is not an issue.

3. Portfolio Composition

Olaplex (NASDAQ: OLPX): Olaplex passes Prosper's investment screening with alignment to Prosper's core values, a strong ESG case under the rising equality theme and impressive financial results with a strong growth story. The company only had its initial public offering in 2021 so there is limited financial data but what exists is strong and provides a convincing case investment.

Philips (AMS: PHIA): Koninklijke Philips N.V. has demonstrated strong, sustainable historical performance, and their drive for Innovation will ensure consistent returns into the future. We have chosen to invest in Koninklijke Philips N.V.

Salesforce (NYSE: CRM): CRM is a growing industry and Salesforce is a market leader. Although trading at a high price we see great potential for future growth. Salesforce is committed to ethical business practices and fits well with Prosper's values. We have decided to invest in Salesforce this semester.

Trex Co Inc (NYSE: TREX): The company's product inherently aligns with Prosper with the revolution of the decking industry into a greener industry. The company also provides a great diversification stock for Prosper's portfolio as it is not an industry we have invested in before. Trex is an industry leader in environmental policy and has relatively strong policies in the social and governance aspects too. Trex shows a strong financial position with good growth in sales and EBIT. While there were significant risks associated with Trex's operations and sales under the COVID pandemic, the company has regained momentum and will prove a valuable investment. The investment team consider Trex a valuable investment, accounting for all these reasons.

Telus (TSX: T): Telus is a Telecommunications company operating in Canada. Despite Canada's market being concentrated in a few firms hands, Telus impressed us with its strong corporate governance standards. Furthermore, the panel were impressed by the innovative nature of the company, specifically their transition to 5G technology. Finally, Telus offered Prosper the opportunity to diversify our portfolio, both in terms of holding a new sector (telecommunications) and region (Canada).

Vestas (CPH: VWS): Vestas is a well-established company which appears to be a relatively safe investment. Vestas is also diversified across locations, with operations in Europe, Africa and Asia. Production will not cease but shifts in the market may occur and affect the value of Vestas and we will continue to monitor these. We have decided to invest in Vestas.

Xylem (NYSE: XYL): Xylem has strong profitability and large potential areas for growth in Smart Metering and the improvement of ageing water infrastructure. These are in high demand for water municipalities worldwide. Xylem's mission to tackle water scarcity is aligned with Prosper's ESG goals. Key risks to take into account is the volatility of its share price due to aquifer extraction and weather, in addition to its close margin with competitors. We have decided to invest in Xylem.

3. Portfolio Composition

New Investments

Lemonade Inc (NYSE: LMND): Lemonade presented last year's investment panel an exciting opportunity to expand and invest into InsurTech, and a high growth potential stock. Unfortunately, since we invested in Lemonade it has offered negative returns. As a result, the stock has been re-evaluated by our Senior Analyst group. The summary of this research can be found on page 40.

Zoetis Inc (NYSE: ZTS): Zoetis is well established in its market, and offers the low risk and high reliability that comes with that. The firm's cost-effective innovations and its training programmes both in its current markets and in other emerging markets, makes its animal health solutions much more accessible to potential consumers around the globe. By sticking to the company's core values which align well with those of Prosper; Zoetis has proven itself to employ a sustainable and long-term approach to its business operations. Since Prosper's investment last year, Zoetis' share price has increased by 12%.

JDE Peets (XAMS: JDEP): What concerned us most was JDE Peet's partial ownership by Mondelez, which has been attributed to numerous governance/ethical concerns. However, further research shows that Mondelez only has 2/9 board seats and is looking to reduce its stake in the company. While Prosper believes that JDE Peets is moving in the correct direction, future investment panels will need to re-examine this issue. Aside from that, JDE Peets is making good ESG-based progress whilst simultaneously improving its financial position. While major competitors in the coffee industry, such as Starbucks and Nestle, are starting to report negative growth, JDE Peets has grown 1.8% annually. Well done to the analysts for finding this stock.

RS Group (LSE: RS1): RS Group offers the opportunity to gain a share in a very large, fragmented market, in a stock that has made vast progress in becoming more ESG and aligning with Prosper's values. Recent acquisitions and strategic operations only serve to accelerate organic growth. A strong balance sheet has become stronger in 2022, with key decisions to take on less debt inspiring confidence in the management of the company. The strong revenue and attractive returns overall make RS Group an investment for Prosper that supports the goal of making the world more inclusive and sustainable.

Stora Enso (LSE: SEOAY): Stora Enso demonstrates a strong alignment with Prosper's ethos and firmly passes the ESG section. While their levels of minimum wage payment may need to be watched for future ESG downgrade, current levels are acceptable for Prosper. Improving financials, with high R&D into the areas of business with the highest profit margins means the firm can shift from the structurally declining paper industry which it has historically relied upon to provide cash flow. Overall, a great find from the analysts and a very strong investment report.



4.0

Value Added by Prosper

4. Value Added by Prosper

4.1 Analyst Training Programme

The Analyst Training Program (ATP) has undergone a significant overhaul, encompassing both its structure and content, marking a first since its inception. Over the summer months, the Heads of Training undertook the task of streamlining the ATP's essential content, replacing outdated or irrelevant materials with comprehensive and up-to-date case studies. Past feedback had indicated a lack of group discussions and presentations, leading to some sessions appearing dull. Consequently, the program now emphasizes in-session group work and pitches, particularly during weeks 1, 3, and 6, aimed at improving analysts' research and presentation skills before the pitch night.

Programme structure in particular has been changed dramatically for the 2022/23 academic year. Sessions are not only shorter and more dynamic but content has been shifted around as to allow for better time management and flow of ideas. Week 1 now includes a more comprehensive discussion of what ESG is, the history of ESG investing, recent backlash surrounding ESG investing and a review of the ESG investing styles. This content was included to allow analysts to better understand Prosper's ESG matrix as well as to give analysts a more contemporary view of current ESG related events that will be important when they enter industry.



Image of analysts from the first semester delivering their final investment pitch

Over the course of the past year, significant changes and updates have been made to the ATP, with a specific focus on the addition of an entirely new Excel training session and a refinement of the social impact training. Excel was a topic that was not previously covered in the ATP, however it was frequently mentioned in feedback that exposure to Excel would be appreciated. Therefore, Excel training was introduced to the 2022/23 Semester 1 cohort and continued training into Semester 2 as the Excel week generated very positive feedback. Key topics covered included data entry, navigation, functions, formatting, and calculation of financial ratios through Excel.

Shifting to the social impact training, the main change involved having this session led by the Head of Social Impact In order to increase the focus and detail of the session. Furthermore, the Head of Social Impact was able to effectively introduce the Senior Analyst Programme and broader opportunities for involvement within Prosper's social impact. Prosper's newly founded relationship with Invisible Cities was also introduced in Semester 2 of the program with Invisible Cities coming to speak to the ATP cohort.

Hear from our Analysts

"Prosper has exposed me to the world of ESG investing, challenged me to improve my time management skills and, exposed me to amazing, like-minded people along the way!" - Semester One Analyst



"Prosper has increased my capacity for time management and organisational skills" - Semester One Analyst



"Prosper pushed me out of my comfort zone and the pitch gave me experience of public speaking that I wouldn't otherwise have" - Semester Two Analyst



"Prosper was such an incredible experience, I am very grateful for the opportunity. I have learnt so much, grown so much, and made some great friends" - Semester Two Analyst



4. Value Added by Prosper

4.2 Social Return On Investment

This year a social return on investment (SROI) calculation was implemented, with focus on the ATP. An SROI measures the social impact created from each £1 of investment (e.g. an SROI of £3 would mean that £3 of positive social impact is created for every £1 of investment). Calculating an SROI will serve as a quick and quantitative way to communicate the positive social impact of Prosper, as well as enhance our internal tracking.

The SROI methodology first needs an input, this being a monetary value which represents, and equals, the value of the resources invested into hosting the ATP. It was decided that the most accurate way of doing so would be to calculate the monetary value of the time invested into the ATP by the Heads of Training, and Team Heads, running the ATP sessions, with the living wage used to proxy the value of each hour invested into Prosper. The below shows the estimate from the past year:

Operation Category	No. Employees	Hours Invested	Living Wage (in £)	Investment (in £)
Heads of Training	2	64	10.90	1,395.20
Team Heads	4	64	10.90	2,790.40

Total Investment = £4,185.60

Next, an output is needed, this being a monetary value which represents, and equals, the value of the social benefit created through the ATP. It was decided, upon evaluating different methodologies, that the best way to do so would be using a willingness-to-pay calculation. The final ATP survey incorporated an additional question, asking analysts to assign a monetary value to their experience with the programme. The question is shown below, along with an associated disclaimer to avoid bias responses:

'How much, in monetary terms, do you value your experience on the ATP, this should consider value added to your social life, through skill development, and career prospects etc?'

Note: your response to the above question will not impact the cost of the ATP to future analysts, but rather will be used to help us better understand the impact of the programme.

Once the above question had been answered, an average (mean) value was calculated across the responses. The purpose of calculating an average is to account for the differing perceptions of monetary value by each of the analysts. Once an average willingness-to-pay had been calculated, this was multiplied by the number of analysts, and used as the output value. The result is shown below:

ATP Average Willingness-To-Pay x Analysts = £213.90 x 45 = £9,625.50 (Output)

Total Investment in ATP = £4,185.60 (Input)

SROI for ATP = £9,625.50 / £4,185.60 = £2.30 (of positive social impact created for every £1 of investment)

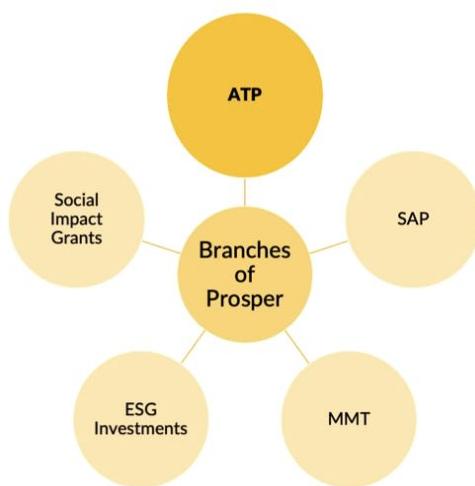
The outcome of this calculation reveals that the value which analysts perceived to have received from the ATP outweighed the value of the time invested into running the programme. This helps to confirm the positive SROI of the ATP, and can serve as a reference point for which to improve upon going forward.

4. Value Added by Prosper

4.3 Social Impact In The Edinburgh Community

Social Impact Grants and Fundraisers

The University of Edinburgh provided the initial £50,000 loan to Prosper Social Finance, with the expectation of the fund yielding returns in excess of CPI. The excess return (above CPI) would ultimately be donated in the form of Social Impact Grants to the Edinburgh community, thus allowing Prosper to operate along its original business model:



Choosing to operate on a five year investment horizon, this year marks the end of the first time-period. Accordingly, this year we have revised the methodology behind the Social Impact Grant and have taken on a more active role in addressing social impact within the community. This has resulted in various events that enable more members of Prosper to directly engage with the local community. In part due to the potential for volunteering and collaboration between the two organisations, including practice tours, events, and talks, Invisible Cities was selected to be the recipient of the grant. The grant is worth £500 and will be awarded twice a year, thereby providing Prosper with the opportunity to add value to the community.

Moreover, in collaboration with the Edinburgh Collective, Prosper hosted a social event which allowed members of both communities to network and raised money and awareness for emerging artists in Edinburgh. 130 people attended, raising £914 for the social enterprise. Prosper's relationship with Edinburgh Social Enterprise continues to provide significant value through advice and access to the local community. During the "Good Stuff Network: Social Stories" event, members of the Senior Analyst Program presented on quantifying social impact and the selection and development process of Prosper's Impact Grant. The event was attended by around 20 members, the majority of whom run their own social enterprise, allowing for networking opportunities.

Further Outreach Explained

Since Prosper's inception, we have collated a list of 91 professional contacts who work across many industries (asset managers, social enterprise founders, consultants etc.) Many of them have attended the share your ideas session, investment panel and spoken at events and helped us develop our investment strategy adding further value to us.

They also provide networking opportunities, career advice, internships and potential careers for students involved with Prosper. Former analysts have gone onto work for some of our contacts. Operating under the name of the University of Edinburgh increases the presence of the university amongst these professionals, fostering valuable relationships with initiatives and social enterprises that may end up benefiting from the profits the fund will accrue.

Events

The table on the following page outlines all of the events which have been hosted or organised this year, spanning across both internal and external relations, each with a positive social impact.

4. Value Added by Prosper

4.3 Social Impact In The Edinburgh Community

Event Description	Number of Attendees	Ticket Price	Total Benefit
Women in Prosper	10	Free	Intangible value for the Women of Prosper to network, mentor, and support women early on in their careers
Talk from Adam Jones from Horatii	16	Free	Intangible value for Prosper to learn from an industry professional and to network.
Invisible Cities "Witches of Edinburgh" Event	TBC	Free	Intangible reputational value for Prosper and opportunities to increase social impact within the community.
Social Impact and Grant Presentation of Edinburgh Social Enterprise	TBC	£5.00	Intangible reputational value for Prosper and the Edinburgh Social Enterprise providing an opportunity to network and increase social impact within the community.
Edinburgh Collective Social and Fundraiser	130	£7.00	Intangible reputational value for Prosper and the Edinburgh Collective providing opportunities for students to integrate, network and increase social impact.
Further Outreach	91	-	Intangible reputational value for Prosper whilst simultaneously offering opportunities for attending students.
Invisible Cities Practice Tours	4	Free	Intangible value for Prosper community to engage with Invisible Cities' and provide feedback to their tour guides.

4. Value Added by Prosper

4.4 Diversity and Inclusion

ATP Cohort

We are proud to represent a diverse community of members, and strive to continue making progress in this regard. In the most recent Analyst Training Programme cohort, we saw a 36.4%/63.6% Male/Female Gender split across our analysts. Moreover, the analysts reported a 81.8%, 13.6%, and 4.5% split across the sexualities of heterosexual, bisexual, and lesbian respectively. Regarding ethnicity, analysts disclosed a 50%, 27.3%, 13.6%, 4.5%, and 4.5% split across the categories of white, asian, multi-ethnic, black or african american, and white other respectively. Lastly, in response to the type of secondary school that analysts attended, there was a 54.5%, 31.8%, 9%, and 4.5% split across private (fee paying), public (state), private (full scholarship), and other respectively.

MMT Team

Over the past five years, Prosper's Management Team members has seen an average of 47.1% Female representation, notably above the industry average for financial services. Moreover, with Grace Gubbay as Prosper's next Executive Director, Prosper has now had 60% Female representation in the top role, again placing well above the financial services industry average. These figures represent Prosper's commitment to raising marginalised groups within the financial services industry.



5.0

Strategic Relations



5. Strategic Relations

5.1 Collaborative Continuity

This year Prosper has actively expanded on its core value of collaboration.



Industry Professionals

We have grown our network of industry professionals in an effort to bring the most diverse and varied perspectives to our analysts in the ATP program. This year's 'Share your Ideas' sessions have been a resounding success, and we were delighted to host many new names through the use of our alumni network. This year we hosted Charlie Leitchi, one of Prosper's founder's who now works in Santander Corporate & Investment Bank in the ESG solutions team, Lexi Hayden another founder working at Accenture as well as Clara Gerald and Rory Sandison who work in wealth and asset management. Alumni contribution to the ATP has had very positive feedback, with analysts finding their perspectives on how Prosper has helped them in their current profession valuable.

We hope that future management teams continue to utilise the alumni network for events and the ATP program. Prosper is also thankful to have continued strengthening our relationships with experienced industry professionals for the Share your Ideas sessions such as Chris Hegarty and Adam Hussain who have extensive experience in the ESG sphere.

Internship Panel

We have also continued hosting an October internship panel which helps demystify the process of how best to apply for internship and spring-weeks. Prosper hopes that future management teams will continue these due to the positive feedback from the analysts.

External Investment Panel

Additionally, we were delighted to host a wide range of industry professionals to our Investment Panel who provided their valuable insight to our team through their questions and feedback. This year's panels were perhaps our most complete, and we would like to say a massive thank you to Nick Rankin from Refinitiv, David Sol from the London Stock Exchange Group, Tyler Thomas from Stewart Investors, Thaiha Nguyen from Baille Gifford and Chris Hegarty a consultant in the ESG field who chairs Parmenion Investment Management's Ethical Oversight Committee.

Their questions and feedback were incredibly helpful for the management team to make their investment decisions and gave the opportunity for the analysts to practice pitching in front of experienced professionals.

Developing Relations

We would also like to thank the team at Invisible Cities - our newly partnered social enterprise in receipt of an impact grant - who gave a Week 6 session explaining their charitable work to the ATP program. Analysts found this very valuable as it helped link the educational side of Prosper to its charitable endeavors and honed in on the positive social impact that the analyst created through their research.

Finally, we have been very happy to host analyst socials where both the ATP and SAP have the opportunity to socialise with their fellow analysts outside of the program. In our second semester, we were very happy to work with Edinburgh Collective and host a live music event and party where Prosper alumni also attended.



6.0

Strategic Goals

6. Strategic Goals

6.1 Introduction

In previous years, various strategic projects have been worked on by past Heads of Strategy. These have included the Social Responsibility Investment Framework (SRIEF) project, basic research into the formation of the SRI network as well as smaller external collaborations. Additionally, previous Heads of Strategic Relations have worked on various Alumni events and initiatives. This year, it was critical to be analytical of our achievements to date and to use these as a basis for future strategic goals. These can be divided into both long-term goals and shorter-term goals – some specific to one or two MMT roles, compared to some company-wide objectives. The first semester of this year primarily consisted on collecting data for future projects, whilst the second semester focused on working closely with Senior Analysts to come up with a detailed plan for future long-term projects such as our Alumni strategy and SRI Network creation.

6.2 Assessment of Performance to Date

As Prosper reaches its 5-year investment horizon, it was important to identify both our successes and limitations to date. In order to assess the individual successes of each role within the MMT, a survey was sent round at the beginning of the academic year. This asked the new MMT to identify the successes of their role over the past 5 years, followed by key limitations of the role. They were then asked to identify 2-3 actionable goals to work towards. Key findings and a detailed analysis can be found in our Internal Strategy Report. Some of the goals identified can be seen below, with many of them having been achieved successfully. Also, these goals act as a starting point for future MMTs.



Director of Operations

- Cost/Benefit analysis of all software trials to be logged
- Identifying a designated accounting resource



Director of Social Impact

- Creating and allocating our Social Impact Grant
- Developing the SIP SAP



The Investment Panel

- Migrating to a new broker due to high transaction costs
- Identify and source funding to make larger investments and amplify our social impact



Head of Marketing

- Reorganisation of internal Marketing materials
- Development and implementation of a Social Media plan



Heads of Training

- Development of quiz materials for use in ATP
- Prepared examples for technical work, to be integrated throughout the ATP



Executive Director

- Source external funding to help grow and develop our fund and amplify social impact
- Increase the numbers of speakers and events
- Grow our external relations to grow our brand image in order to secure Prosper's long term future

A range of goals were identified and many have already been actioned. This year's MMT have been encouraged to keep these goals in mind and work towards actioning any short-medium term projects. Longer term projects, such as those mentioned by the Executive Director, have been worked on over the course of the year. Over the two semesters this year, a funding project has been in place within the Senior Analyst Program, allowing for significant amounts of progress. (See funding section). Likewise, various speakers have been invited in to speak for our ATP, SAP and MMT including alumni, representatives from Invisible Cities and Investment Professionals.

6. Strategic Goals

6.3 SRI Introduction

Accreditation for the management was researched and a relationship with the Chartered Management Institute (CMI) was established. This means that MMT can become accredited which improves employability and opens up further CMI qualifications. This still remains an option for future management teams however, due to lack of popularity amongst the current MMT this was not pursued as an option. A further option that was discussed was the formation of Prosper into a formal accredited teaching foundation. This should be further discussed to assess whether Prosper mould for the requirements.

1. SRI Creation Plan (SAP Project)

A detailed plan has now been synthesised by Senior Analysts and can be found inside our Internal Strategy Report. Significant amounts of research were conducted to ensure that the culture of the network benefits from Collaboration (one of our 5 core values), as well as a little healthy competition to help catalyse innovation and our social impact. We investigated the potential to create a Prosper SRI Accreditation for any training programs which are deemed rigorous enough by a board within the network. This encourages the improvement of ESG and financial education across member funds, as well as collaboration to achieve this. The idea is not to replicate Prosper's ATP, but rather help other funds provide an education of an equal quality and rigour. This has been identified as being a large opportunity to grow our social impact as we can directly help other funds to improve, as well as indirectly improving the standard of ESG education across various student-run groups. A plan as to how this could work has been detailed in the Internal Strategy Report. An onboarding strategy for the SRI Network has been detailed, as well as conducting an in-depth analysis of other networks and their structure.

A detailed framework has been composed for measuring core value and ESG alignment – which have been determined to be key factors for fund recruitment into the network. Moreover, we identified potential members and researched their ESG funds.

In the concluding sections of the SRI section, we identified other Edinburgh-based student-run societies and social enterprises with whom we could look to partner with. These include societies focused on finance, sustainability, consulting, business and social impact. As we hope to grow the number of external speakers we have, we hope to be able to invite other groups within Edinburgh as a method of generating and amplifying our social impact within our community. Advantages and limitations for the creation of the network have been detailed, as well as briefly exploring the alternative of hosting a virtual conference instead of creating a network.

Whilst many of the details may still require refinement, we believe that a solid plan has now been created to allow for the formation of the network and this should be created over the summer and into next academic year by the next Head of Strategy. It may also be advantageous to involve the Head of Strategic Relations too, as an extra pair of hands in its creation.

6.4 Alumni Network

We are currently expanding our alumni network of past Prosper analysts, having over 250 alumni distributed across the UK and internationally. Our aim is to facilitate a gateway for connections among past, present and future Prosper analysts. We look forward to hosting student-alumni networking events, share-your-ideas sessions with guest speakers and mentoring for current analysts who want to go into similar career paths. We believe this expansion will elevate Prosper, helping students engage with the professional world.

6. Strategic Goals

1. Alumni Network (SAP Project)

At the start of the academic year, a survey was sent round to all Prosper Alumni. Here some basic information was gathered about their current professional careers, the impact Prosper had on them and whether they would be willing to help with share your ideas sessions and our investment panels. Alumni emails were found and a database was created in the drive for future use. It is worth noting that we did not have the personal emails for many of the alumni – many had used their (now expired university emails) which made it much harder to contact some alumni. The survey was then sent to all alumni, as well as being advertised on the alumni Facebook group.

50 responses were received, accounting for around 25% of analysts responding. Some key facts that were identified include:

50% of Prosper Alumni now work or live in London.

25% of Prosper Alumni now work or live in Edinburgh.

When asked what impact Prosper had on them overall, a score of 8.3/10 was given.

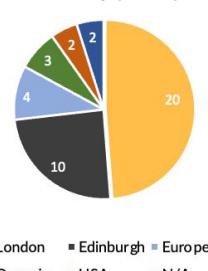
37% of Alumni work in Consulting

25% of Alumni work in Asset Management

What Industries Are Our Alumni In?



Where Are Our Alumni?



We also asked our alumni this question:

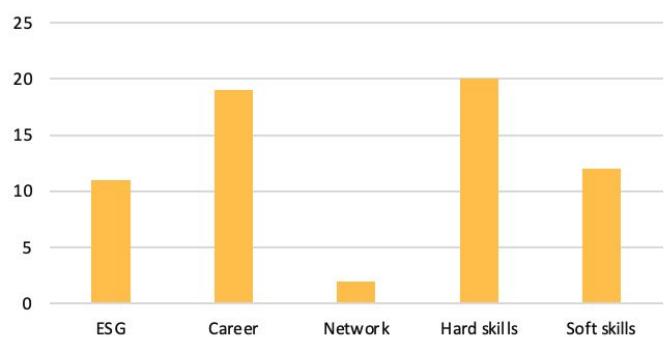
"What specific impact did Prosper have on you and your career?"

We then created 5 categories and tallied how often they were addressed in response to the question.

These categories were:

1. **ESG** – Prosper increased interest or skills in the field of ESG.
2. **Career** – Being a part of Prosper helped with employment or internship opportunities.
3. **Network** – Alumni found connections to Prosper and its network a useful tool.
4. **Hard skills** – Alumni learnt or improved financial, analytical or technical skills (etc) whilst at Prosper.
5. **Soft skills** - Alumni learnt or improved public speaking, communication, time management skills (etc) at Prosper.

Each of these responses was analysed and any time that one of these five themes was mentioned, a tally was added. The bar chart below shows the data collected:



their answers to the above question – indicating that we need to be doing more to facilitate networking amongst past present and future analysts. As Prosper grows from its infancy and more ex-analysts enter the job market the network will grow organically. However, we believe we are at a crucial juncture in time to facilitate deeper and longer lasting connections between past, present and future analysts.

Key areas for improvement have been identified:

6. Strategic Goals

A social media redesign. This is critical for engaging past, current and future analysts. Whilst we have been somewhat active on our Instagram platform, we also need to grow our presence on LinkedIn. See below for information on our LinkedIn Strategy.

Potential for SAP to work on content creation for publication on social media. This is a potential source for social impact.

Keeping in touch with our alumni. Many alumni stated that they would be keen to receive a semesterly newsletter about Prosper developments.

Hosting alumni events in both Edinburgh and potentially London. Our analysis shows that around 75% of our alumni are located in either London or Edinburgh and thus it is imperative that we organise in-person events for ex-analysts to reconnect with Prosper and their fellow alumni.

6.5 Relationships Formed

Various relations were strengthened or formed over the course. This included meetings with Blackelm Equity (ESG fund from UCL and Warwick Universities), the University of Bath, University of Strathclyde, London School of Economics and the University of Durham Student Investment Fund. This is in addition to previous relationships with Oxford University, Brown University and Lancaster University. Many of these calls were to assist other funds in their formation of a student-run fund – most of which have an ESG focus. Providing this mentorship to many other funds can be considered a vote of confidence in Prosper's internal operations and brand image, whilst also allowing us to create social impact on other campuses. Next year's MMT should actively try to grow and develop these relationships as they may be particularly useful in the formation of the SRI Network.

6.6 LinkedIn Strategy

Finally, we managed to regain access to our LinkedIn social media account and have been posting a range of content on here. This includes information on our ATP recruitment deadlines, SAP generated content in the form of PSF Insights, as well as liking and engaging with ESG

news on more established pages. Since regaining access to our page this year, we have had 1909 page views, a 20% increase in followers and over 5400 post views. With the formation of a robust social media plan, this platform could help us to significantly increase our social impact and brand image. In future, the Head of Marketing should liaise with the Head of Strategy, Head of Strategic Relations, Head of Operations and Executive Director to aid with the management of our LinkedIn platform.

6.7 Conclusion

In conclusion, this year has seen vast improvements in our Strategic planning. Firstly, key goals were defined by each MMT member, allowing them to work on their own mini-strategic projects from the start of the tenure. Additionally, a robust and highly detailed plan on the creation of the SRI Network was composed by Senior Analysts – allowing for the creation of the Network over the summer and into next academic year. We have predicted any potential limitations and have suggested specific onboarding strategies. Additionally, senior analysts also worked on the analysis of alumni data, allowing us to define a detailed strategy to better engage ex-analysts for both their benefit and the benefit of current and future analysts. Finally, we worked on regaining access to our LinkedIn account, allowing us to expand our global reach. All of the above projects should be continued into next year as methods to amplify our social impact. As dictated in last year's Annual Report, all goals and relationships should be maintained and enhanced throughout the year to ensure dynamic progress, rather than static and waning relationships. Both long term goals such as the creation of the SRI Network, and short term goals such as creating a social media plan should be worked upon next year as we embark onto a new and exciting chapter in Prosper's development.



7.0

Senior Analyst Projects

7.1

Semester One

The Senior Analyst Programme is an opportunity for Analysts who enjoyed the ATP to stay involved with Prosper through completing semester-specific projects that aid in the improvement of the organisation. As Prosper reached its first five-year investment horizon in January 2023 it was essential that the structure and recipient of the Social Impact Grant was decided. Thus a key motivation of this semester's Senior Analyst Programme (SAP) was to create an Impact Grant Matrix to ensure the profits from Prosper's matured investments are granted to the Edinburgh community and maximise social impact.

7.1 Social Impact Grant Selection Project

Introduction

The Social Impact Grant Selection Project sought to address how the Impact Grant could maximise social impact, find an enterprise to establish a long-term, sustainable, and mutually beneficial relationship, develop a matrix to track Social Impact and establish a structure to the divestment process from the portfolio to ensure that Prosper can repay its loan to Edinburgh University in 2034.

All in accordance with Prosper's mission:

To deliver positive social change in Edinburgh through responsible, student-led investments.

Project Outline

This term our Senior Analyst team was tasked to:

1. Create a comprehensive selection matrix for social enterprises in receipt of Impact Grants.
2. Conduct applications for the Impact Grant.
3. Select a Social Enterprise to receive the Impact Grant.
4. Establish a divestment process that aligns with the Impact Grant whilst ensuring minimal risk to the portfolio and loan repayment.
5. Determine the most suitable brokerage for Prosper.

Tasks

Task 1: Building on the previous Social Impact Grant document, the team decided to create a matrix similar to the ESG matrix and methodology, like Prosper's Bottom-Up Investment Strategy, that could be adapted to each enterprise as the most appropriate way to design selection criteria. The four main branches of key performance indicators (KPIs) were:

- Core Value Alignment
- Enterprise Impact
- Relationship Potential
- Operations

This rigorous screening process looked to ensure a beneficial partnership with the enterprise, and an impact not only limited to money. Emphasis was placed on transparency and good communication, as well as ensuring that the size of the enterprise allowed for impact from the grant.

See the developed matrix on the next page:



Grace Gubbay
Director of Social Impact
 3rd Year, Chemistry



Mason Crawford
Head of Investment Strategy
 3rd Year, Business Management



Ewan Cook
Senior Analyst
 3rd year, Chemical Engineering



Luke Jenkins
Senior Analyst
 3rd Year, Economics



James Hannan
Senior Analyst
 3rd Year, Economics and Mathematics



Tadhg Jones
Senior Analyst
 2nd year, Economics and Mathematics



Luke Kirkwood
Senior Analyst
 2nd Year, Politics



Tejasvi Asija
Senior Analyst
 2nd Year, Business with Decision Analysis

7.1 Social Impact Grant Selection Project

Core Value Alignment	Transparency Integrity Collaboration Innovation Positive Social Impact
Enterprise Impact	Product Impact Community Engagement Value Creation Product Safety and Quality Ethical Labour Standards Nature of Good/Service (Tangibility)
Potential of Relationship	Previous/Existing Relationships Possibility for Volunteering Location Awards and Accreditation Social Media Presence/Following
Operations	Turnover Stability/Length of Business Funders Overheads Long Term Growth Economies of Scale Size of Enterprise

The selection matrix was utilized to evaluate applications and a short list of candidates were interviewed to determine compatibility, objectives, aims and impact of the relationship before selection. This was to ensure that Prosper is adequately and efficiently catering to the Social Enterprise's needs, as well as keeping track of Prosper's overall impact as an organisation. Key considerations were as follows:



As the main objective of the Senior Analyst Programme was to quantify the social impact of the grant, it was important to consider the tangibility of the impact created by the social enterprises. Thus, there was a large discussion about how each enterprise could quantify impact, with a preference for an enterprise that could better quantify it.

Task 2: The team worked with ample collaboration and guidance from Edinburgh Social Enterprise who helped distribute the application form to ensure the greatest reach. Applicants were asked:

- Why and how do you intend to use Prosper's Impact Grant?
- Who will it impact?
- How do you envision your relationship with Prosper?
- How best can we support you and any volunteering opportunities?

To maximize the impact of the grant, Prosper carefully considered the size of the social enterprise. It was decided to avoid enterprises that were too large, as the grant's impact would be minimal, especially if they were already receiving larger donations, as it would diminish the relative monetary value. Similarly, enterprises that were too small or new were considered risky.

Prosper evaluated opportunities for volunteering with the selected enterprise to establish and reinforce a long-term relationship. The involvement of Junior and Senior Analyst Training programme members in volunteering their time and services to the enterprise could result in a greater social impact, especially in terms of financial turmoil in the market.

7.1 Social Impact Grant Selection Project

Task 3: Prosper selected Invisible Cities as the recipient of the impact grant. Invisible Cities is a social enterprise that empowers homeless people by providing them with the opportunity to become walking tour guides. The grant was awarded after careful consideration of their mission, impact, compatibility with Prosper's values, and potential to create a positive long-term impact.

- 1. Social Impact:** Invisible Cities empowers homeless individuals by providing training and employment opportunities as tour guides. They challenge the perception of homelessness and promote social integration. The enterprise offers a supportive and inclusive environment to develop skills and gain work experience as well as transferable skills for other industries. There is also opportunity for Prosper to attend practise tours to learn about the city and give feedback to the guides. Using National ToMs values Invisible cities estimates social value of £187,700 generated in 2020.
- 2. Compatibility with Prosper's Values:** Invisible Cities and Prosper share a commitment to promoting social change through innovative financing solutions. Both organisations have sustainable business models that create positive social impact while generating income. Invisible Cities' approach to addressing homelessness through tourism aligns with Prosper's belief that business can be a force for good. Additionally, Invisible Cities' emphasis on providing employment opportunities and skills training, focus on sustainability and responsible tourism, and commitment to social and economic justice make them a compatible recipient of Prosper's social impact grant.



- 3. Potential for long term growth:** Invisible Cities has a strong track record and the potential to expand operations to other UK cities, making the grant a valuable asset in achieving this goal. Founder Zakia Moulaoui Guery's previous experience as Director of International Partner Development at the Homeless World Cup Foundation has informed the successful development of the social enterprise, benefiting individuals affected by homelessness.
- 4. Stable use of Funds:** Invisible Cities has a well-defined plan for using the grant funds provided by Prosper Social Finance to expand its operations, improve training, and develop new tours. The enterprise aims to provide training and employment opportunities to more people experiencing homelessness by expanding its operations which will both generate positive social impact and revenue key for a sustainable business model. Moreover, the grant will be used to improve the quality of training provided to tour guides, create a supportive environment for the trainees, and provide more opportunities for students to get involved. By providing training and employment opportunities, Invisible Cities will create a positive long-term impact on the lives of people experiencing homelessness. In addition, the grant can be used to organise various events that promote social impact and bring the community together.

7.1 Social Impact Grant Selection Project

Task 4: The Senior Analyst Programme alongside the Management Team worked to establish a structure for divestment from the portfolio to fund the Impact Grant. It was vital this is conducted to minimize risk of Prosper's 2034 loan repayment. A grant of £2000 was awarded to Prosper and this money will be used for four semesters of Impact Grant whilst the process is refined and the relationship consolidated to minimize risk.

Whilst yet to be finalised, it is currently proposed that Prosper distribute Impact Grants on two predetermined dates throughout the academic year, once per semester. To fund these Impact Grants, Prosper will assess current financial obligations, relating to the University loan, and then divest a percentage of surplus profits (i.e. portfolio value in excess of the current loan obligations). This surplus will be divested from stocks which have reached the five-year investment horizon, with the Investment Panel having discretion over which are most desirable to sell at the current time. Once these are agreed upon, it is proposed that Prosper divest from these positions over multiple fixed dates throughout the year, to spread risk, through cost averaging.

Task 5: The team investigated the inefficiencies in the current brokerage and the benefits of alternative services. Deciding on Interactive Brokers which has lower costs, greater flexibility and improved data analysis.

Conclusion

Overall, the Senior Analyst Program was very successful. Long-term conclusions suggest that a well-structured Social Impact Grant, with a rigorous methodology and regular evaluation, will ensure that Prosper has the utmost impact with its grants and can benefit from a strong relationship with the Edinburgh community. It is imperative that Senior Analysts have a strong understanding of impact tracking to continue to re-evaluate the Impact Grant and remain in close contact with Edinburgh Social Enterprise.



7.2

Semester Two

In the second semester of the Senior Analyst Programme three projects were tackled:

- 1.** Funding Project
- 2.** Social Impact Grants Project
- 3.** Tracking and Portfolio Analysis Project

This section will provide an overview of each based on reports created for the specific project. Prosper believes that it is a great strength of the organisation to be able to approach and work through dynamic projects each semester to help ensure constant improvement. We hope in the future to continue to undertake such work.



Funding



**Social Impact
Grants**



**Tracking and
Portfolio Analysis**

7.2 Funding Project

Introduction

This semester we focused on contacting en masse a number of investment banks, asset managers and consultancies, which we thought would be most interested in funding Prosper. Upon commencing the challenge of finding potential funders, we believed that the first, most necessary step was to simply contact many organisations in order for us to gauge general interest. Despite sending through approximately 115 emails and webforms, we were unsuccessful in capturing their interest.

However, a few companies gave us some leads to charitable funds which in the latter part of the semester, we focused our efforts. Each senior analyst working on the project identified two charitable funds to apply to, of which none were successful, based on the fact that we are a social investment fund with minimal operational expenses making charitable donations to Prosper difficult. Looking towards the future, we are in favour of options where the prospective funders have connections to Prosper or the University, likely making them more inclined to connect with us. We have explored the prospect of maintaining relationships with intermediaries who can introduce Prosper to prospective funders. Additionally, contacting University of Edinburgh alumni is another potential avenue for investigation, given that these contacts have a personal connection to the University.

Background Information

The Funding Project had initially commenced Spring 2022 with a smaller cohort, in which funding proposal documents and pitch books were prepared as well as targeted connections that Prosper had were contacted.

Most notably, we have furthered the relationship with the London Stock Exchange Group this year. Despite funding not being possible from the LSEG Foundation, as they could not give money which would be used for investment rather than operations, Prosper is immensely grateful for this connection and we wish to thank Nick Rankin for all of his aid in helping Prosper over the years. This year we have connected with David Sol, who expressed interest in further helping Prosper educate students through potential future events, and also John Pedernales, who is assessing the viability of getting Prosper access to Refinitiv. Additionally, further networking with LSEG and their contacts may yield future funding opportunities. Other attempts to acquire funding proved challenging. While a few contacts were made by the previous MMT, in Spring of 2022, by the time the new management team ascended, and a new funding group was created in Fall 2022, there was difficulty in accessing these contacts.

Progress

We began the process of reaching out to prospective funders by creating the 'Funding Ideas' Excel spreadsheet, in which each Senior Analyst took responsibility for contacting around 20 companies with which they saw the potential for a mutually beneficial partnership with Prosper. Each company was then contacted either by email (using a personalized email template), through a form, or through a personal connection and they were provided with Prosper's Pitch Book, detailing a brief summary of what Prosper is and why Prosper is, and why Prosper is seeking funding, in total, 115 companies were contacted primarily in



Mason Crawford
Head of Investment Strategy
3rd Year, Business Management



Ewan Cook
Senior Analyst
3rd Year, Chemical Engineering



Thomas Yuen
Senior Analyst
4th Year, Business Management



Cormack Ross
Senior Analyst
2nd Year, Philosophy and Economics



Callum Docherty
Senior Analyst
3rd Year, Economics with Management Science



Lucy Langtry
Senior Analyst
2nd Year, Arabic and Spanish



Gonzalo Plaza Molina
Senior Analyst
4th Year, Mechanical Engineering

7.2 Funding Project

industries such as Asset Management, Banking, Consultancy and a variety of others. At the time of writing, 10 responses have been recorded which state that they will not, or are unable to, provide a grant to Prosper. However, it is important to note that many responses are still yet to be received and may be received during the summer therefore it is important that the incoming 2023-2024 Management Team continues to regularly check the funding@prosperc�클리컬finanCe.co.uk inbox.

A number of the unsuccessful responses pointed us toward applying for charitable grants, especially given that Prosper is a C.I.C. Therefore, each Senior Analyst researched and either applied for, or contacted the provider of two grants which they believed Prosper may be eligible for. Grants and Providers contacted included the 'Scotmid Community Grant', 'The National Lottery' and a number of others which can be found in the 'Funding Ideas' spreadsheet in the Appendix. Thus far, 'The National Lottery' have responded stating that they are unable to provide grants to be used for investments. We are still waiting to hear from other providers who have stated it may take up to 8-9 weeks for a response.

"Cold Call Email" Approach

As discussed earlier, our initial idea of contacting a range of businesses through either personal connections or general enquiry was our starting point for the process. After contacting over 115 different firms through both "cold emailing" or filling out their enquiry forms we can say that this method, for the most part, was unsuccessful. Hearing responses from less than 10% (10 responses) of those who we made contact with does show that this method of funding acquisition is going to be met with a lot of frustration.

However, although responses on the whole were slim, if we were able to make contact with an employee at these companies then at least a relationship could be struck up and more often than not we had email respondents coming back to us with what we should do for next steps and their own recommendations on who we should contact. These conversations have been so important in our process as it has led us down new funding avenues which are discussed throughout the rest of the report. On the whole, we believe the cold email approach to be one which will likely prove ineffective for actually sourcing funding. However, for our team, it was an invaluable starting point in the process which has connected us to those in the know and taught us the importance of resilience throughout the project.

The overall recommendation for next year is to establish a consistent strategy for connecting with specific individuals who could help with funding. Be that directly asking for grant opportunities or getting in touch to discuss who they think are best to contact.

Recommendations

LinkedIn Approach

Initially, in our team's brainstorming stage, we had talked about the idea of alongside cold emailing companies we would use LinkedIn to contact those who worked for our selected companies directly to see if we could connect that way. This idea was discussed and utilised throughout the semester but potentially wasn't optimised as we had no outlined strategy for finding those in positions that could help us and no template for contacting them even if we found them. With little evidence on the overall success of this approach, we recommend that it is something that should be explored more in depth in future funding teams as we believe it could be a useful method going forward.

7.2 Funding Project

Alongside Prosper's funding acquisition benefits, this approach is a great way for members of future funding teams to develop their personal business network – if done so in the correct way.

Fundraiser Approach

Midway through the semester, Prosper Social Finance collaborated with the Edinburgh Collective C.I.C. – an open network charity working with active creatives in Edinburgh – to host a fundraising music event. This night proved successful with 130 guests in attendance and raising almost £914 for the charity. Since this event, our team has been discussing the possibility of hosting a similar type of event to raise finance for Prosper's fund. The logistics of such an event would need to be considered although with the proper organisation this could come to fruition. An event of this nature would be great for both external marketing/awareness of Prosper and also internal team building through the enjoyment of such an event together.

Social Enterprise Scotland

A response to an email to Scottish Enterprise led us to contact Social Enterprise Scotland. After reaching out we received a response from Jayne Chappell, membership manager at Social Enterprise Scotland. We reached out to Jayne in order to enquire about Prosper becoming a member of the organisation as well as if she had any advice for us regarding funding.

Social Enterprise Scotland is an independent organisation that supports Social Enterprises by providing networking and workshopping events as well as other. The organisation affords Social Enterprises increased outreach and advice in order to ensure the continued success of Social Enterprises.

After responding to our email, we held a zoom meeting with Jayne. Firstly, after outlining the mission of Prosper, Jayne gave us her ideas of who to contact for funding; Social Investment Scotland, Big Issue Invest, Interface, DSL Business Finance, and Pilot Light.

After these suggestions, she further suggested submitting an application to Social Enterprise Scotland as well as looking into Just Enterprise. An application for Social Enterprise Scotland has been submitted for Prosper. Prosper may be able to make use of the new member spotlight initiative to increase our outreach allowing for more networking opportunities. Just being a member of Social Enterprise Scotland will increase the credibility for Prosper when reaching out to potential funders. SES are starting a new program called by Social Business aiming to link prospective businesses to Social Enterprises. After thanking Jayne, we informed her about the summer turnover at Prosper and asked whether we may be able to reach out again in the new academic year.

Conclusion

We focused on reaching out to corporate organisations and charitable funds via email as well as applying to community grants and reaching out via personal connections in hopes to acquire funding to further sustain Prosper Social Finance's future. Furthermore, the SRI network aims to create a network of ESG funds to build relationships with other universities in creating a platform for like-minded individuals through the understanding of ESG and finance, and to build connections through talks and internships. In the coming future, we see value in acquiring funds through community grants and personal connections rather than the 'Cold Emailing' approach.

7.2 Social Impact Grants Project

Introduction

This five-year horizon signifies the full integration of Prosper into the Edinburgh community. In the second semester, the Social Impact Team of the Senior Analyst Program was tasked to formalize the Social Impact Grant with Invisible Cities, including composing the Memorandum of Understanding. Prosper also got involved in numerous social impact events within the local community.

The team has created a separate report detailing the specifics of the Social Impact Grant process, and key points of this report have been summarized below.



Project Outline

The team was tasked to:

1. Formalised the Grant Selection Matrix and Process and compose an MoU.
2. Present on Social Impact quantification and the Grant Selection to Edinburgh Social Enterprise network.
3. Organise a social fundraising event with Edinburgh Collective.
4. Organise a “Witches of Edinburgh” event with Invisible Cities.

Task 1: The team formalised the Impact Grant Selection Process and Matrix though an external report that is of use both to future and past members of Proper but also to other social enterprises. It was important that we were thorough in our justification and selection process to ensure transparency. An MoU was created with the guidance of Àrachas a social enterprise that provides consultancy support combined with practical paralegal services to the third sector and the wider social economy. This was vital to ensure that both Prosper and Invisible Cities had a clear understanding of the

Grant and would have constant communication.

This included:

- Prosper would notify Invisible Cities of an estimated amount one month prior to the payment date.
- Invisible Cities would send a “Proposal” of an estimated breakdown of use of the Grant to be discussed prior to payment
- The Grant would be paid on the 15th of March and October.
- Invisible Cities must track impact alongside breakdown of spending sent to Prosper in a report prior to calculation.

Task 2: The partnership with Edinburgh Social Enterprise has proven to be incredibly beneficial for Prosper in developing the Impact Grant and integrating itself within the social enterprise community in Edinburgh. To maintain this partnership, Prosper recently gave a presentation at the Good Stuff Networks' Social Stories, discussing how it quantifies its social impact through the SIEF which is a crucial issue that social enterprises often struggle with. The presentation also touched on the formulation and selection of the Impact Grant, which is a common funding challenge for social enterprises. The event offered an excellent opportunity for networking with members and CEOs of various social enterprises in Edinburgh, while also promoting Prosper's mission.

7.2 Social Impact Grants Project

Task 3: As part of the grant recipient selection process, Prosper encountered The Edinburgh Collective - a non-profit organisation that supports the creatives and artists of Edinburgh whilst maintaining strong community values. Whilst not selected for the impact grant, their mission and values were found to be well-aligned with Prosper's and it was recognised that there was an opportunity to support them in ways other than through a grant. This notion gave way to our collaborative event "A Night at the Disco" which aimed to build relationships, showcase Edinburgh's local artists and raise funds to facilitate social change in Edinburgh. In total, 130 people attended the event raising £914 for the Edinburgh Collective. The event was a great success and it is recommended that it be replicated in the future.

Task 4: Utilizing the grant, Prosper has been collaborating with Invisible Cities to organize an event centered on a new tour that they are launching on the "Witches of Edinburgh" to promote the role of women in the city's history. The primary objective of the event is to foster connections within the community. Attendees will be able to partake in refreshments and network, and also listen to a talk from external speakers on Invisible Cities' mission and female statues in Edinburgh. Additionally, resources, information, and support will be provided to the community. This initiative is a crucial aspect of Prosper's efforts to generate social impact in Edinburgh and will undoubtedly yield positive outcomes.

Conclusion

Overall the Senior Analyst Programme successfully started to integrate Prosper into the Social Enterprise Scene in Edinburgh. Going forward Prosper should continue to look for innovative way to generate social impact and remain in close connection with Edinburgh Social Enterprise. In this exciting new chapter with the community it is important to maintain good communication with Invisible cities.



7.2 Tracking and Portfolio Analysis Project

Introduction

This academic year we were lucky enough to have one of our largest Senior Analyst cohorts of all time - a testament to the quality of our Analyst Training Programme. Thus, our Head of Investment Tracking and Head of Portfolio Research led a team of seven interested Senior Analysts in the re-researching of some of the underperforming stocks from our portfolio. Our project was focused around understanding why these stocks were underperforming, concluding in a SELL/HOLD recommendation for our in-house investment panel.

We were committed to ensuring that our research for potential divestment followed as closely as possible to our in-house, bottom-up equity research. As a result, our underperforming equities were first screened to see if they adhere to our five core values. Next, any major ESG issues and blunders since Prosper's initial investment were researched. Only after passing these two stages would companies be screened financially, and we would check that they still have a convincing growth story. Stocks that failed to pass our screening have been recommended to be sold to our investment panel.

Results

This project has allowed us to review our portfolio effectively, and has successfully established our divestment process for future members.

Whilst the divestment recommendation reports should be read in full to understand why these decisions have been made, this section will summarise our findings:



Olaplex (NASDAQ: OLPX) (-75%): SELL
Reputation damage after ingredient linked to infertility resulted in scandals and lawsuits.



Philips (AMS: PHIA) (-50%): HOLD
Stock price likely bottomed out.



Hannon (NYSE: HASI) (-45%): HOLD
Stock offers strong diversification and dividend payments, and performance expected to improve.



Lemonade (NYSE: LMND) (-41%): SELL
Lack of profitability and forecast of profitability over a five year time horizon.



Lenzing (VIE: LNZ) (-38%): HOLD
Company remains to be an industry leader with strong growth potential.



Trex (NYSE: TREX) (-23%): SELL
Unnecessary volatility.



Cisco (NASDAQ: CSCO) (-16%): HOLD
Future remains bright for this company.



Albert Doyle
Head of Investment Tracking
4th Year, Geography



Jake Terry
Head of Portfolio Research
4th Year, Politics



Charly Campbell
Senior Analyst
3rd Year, Economic and Politics



Demi Talmage
Senior Analyst
3rd Year, Business and Finance



Harvey Graham
Senior Analyst
3rd Year, History and Politics



Dom Kelly
Senior Analyst
3rd Year, Economics with Finance



Tadhg Jones
Senior Analyst
2nd Year, Economics and Maths



Luke Kirkwood
Senior Analyst
2nd Year, Politics



Ruhani Gulati
Senior Analyst
1st Year, Economic with Finance



8.0

Risks and Risk Mitigation

8. Risks and Risk Mitigation

8.1 Recruitment Risks

The recruitment of dedicated analysts, for the Analyst Training Programme, plays a crucial role in ensuring the continuation of Prosper. The development of these analysts is one of Prosper's core channels for positive social impact. Moreover, several of these analysts will ultimately be members of the future management team, who are responsible for the longevity and success of the organisation. Therefore, to ensure the recruitment of dedicated analysts, and of new management team members, the following processes have been developed

1. Analyst Training Programme Selection Process

To ensure the recruitment of dedicated analysts, a rigorous two-stage recruitment process is adopted for the Analyst Training Programme. This entails an initial written application that explores each candidate's motivations and values. Then, upon anonymous assessment by the management team, suitable applicants are then invited to complete a group interview, focused around a case study, as well as an individual interview. This year the Analyst Training Programme recruitment process was moved back to in-person interviews, having been remote in recent years. This helped to facilitate greater interaction between interviewers and candidates, and therefore, more accurate identification of dedicated analysts.

2. Management Team Selection Process

We are also committed to a rigorous selection process for all members of the management team, to ensure that Prosper continues to be led by a committed team. Completing our Analyst Training Programme is a prerequisite for joining the management team as we believe this ensures all members to have a strong understanding of the mission, values and reporting process of the company. Similarly to the Analyst Training Programme, we adopt a two-stage selection process, consisting of a written application followed by individual interviews. Each applicant is assessed by the current management team members and we ensure that the process is carried out fairly and transparently.

3. Workload Balance

We remain committed to supporting the team in balancing their academic responsibilities with their responsibilities as a management team member at Prosper. This consists of measures including weekly management team meetings, whereby each member is made aware of each other's current priorities, and tasks can be shared and collaborated on, where suitable. Additionally, after discussions with Arsh (ex-head of Portfolio Research) about how Prosper was too much work alongside his own business ventures, we worked out a simple solution where Arsh would step down and continue to stay involved with Prosper's SAP. Instead, Jake Terry took his role. After unsuccessfully applying to this year's initial MMT, Jake continued to stay enthusiastic and refined his investment skillset, making him a perfect candidate to slot into the role of Portfolio Research.

8.2 Investment Risks

Our investments are restricted to European and North American equities, which generates risks due to low-diversification. However, various processes are implemented to support in mitigating these risks:

1. Rigorous screening process

All stocks that are added to our portfolio continue to be subjected to our rigorous screening process. Our analysts, as part of the Analyst Training Programme, produce in-depth investment reports, and associated investment presentations, that propose new investments for Prosper to add to the portfolio. The investment panel then evaluates each investment, following our bottom-up investment strategy, to form a decision and rationale as to whether each stock should be added to the portfolio, or not.

2. Moved Investment Brokerage

We are currently in the final stages of transferring our portfolio from Hargreaves Lansdown to Interactive Brokers, enabling reduced trading fees and enhanced portfolio insights. Having reduced trading fees will support Prosper in increasing the efficiency of our investment strategy, through maximising the amount of capital ultimately held in equities. Moreover, it will reduce the cost of more active management, enabling us to be more responsive to market conditions and new

8. Risks and Risk Mitigation

information concerning the financial, and ESG, performance of investments. Regarding enhanced portfolio insights, this will enable us to have greater understanding of our investment risk and exposure, whilst taking some workload away from investment related roles on the management team.

3. Addition of a New Management Team Position

Over the past year, a new position was added to the management team; Head of Portfolio Research. As our portfolio has grown, so have the associated responsibilities of ensuring that each individual investment held continues to meet our financial and ESG expectations, as well as that each of these stocks constitute a portfolio which aligns with our investment objectives. Therefore, this new role was added to the management team, responsible for ensuring that Prosper is aware of developments across global markets, and in the stocks which are held within the portfolio. Through these duties, we believe that this new role will assist the long-term sustainability of the portfolio, which is core to Prosper's business model.

4. Divestment Strategy

This year we began to outline a divestment process, allowing us to distribute profits as Impact Grants. Whilst not yet formalised, it is proposed that Prosper distribute Impact Grants on two occasions throughout the academic year, once per semester. To fund these Impact Grants, Prosper will assess current financial obligations relating to the University loan and then divest a percentage of the surplus profits (i.e. the portfolio value in excess of the financial loan obligations). This surplus will be divested from stocks which have reached the five-year investment horizon, with the Investment Panel having discretion over which are most desirable to sell at the current time. Once these are agreed upon, it is proposed that Prosper divest from these positions over multiple fixed dates throughout the year, to spread risk, through cost averaging. This process will allow for Prosper to form a more standardised investment process, which supports in balancing portfolio growth with financial obligations.

8.3 Security and Proper Use of University Funds

We understand that the University needs to be confident that all funds given to Prosper will be used in the way intended, as outlined in our Memorandum of Understanding. No significant changes were made, over the last year, to the structure that was agreed upon with the University. Aspects of our current structure, ensuring the appropriate use of funds, are outlined below:

1. CIC Structure

Being a Community Interest Company (CIC), limited by guarantee, ensures that funds can only be used for our stated mission and only in the interest of the community which we aim to serve. As indicated in our articles of association, if at any point we should fail to meet our legal requirements as a CIC, all funds would be returned to the University of Edinburgh Development Trust (Charity Number: SC004307).

2. Directorship Roles

Three members of each year's management team are named directors on Companies House. This spread of responsibility ensures an even balance, along with the need for a majority vote on any important legal or accounting decisions.

3. Account Access

Only management team members who sit on the investment committee have access to the trading account which is used to manage our portfolio. The Executive Director has the legal right to place trades. Moreover, for both the trading account and operational bank account, we have best practice security protocols in place to protect access to these accounts.

4. New MoU with the University

This year we formalised Prosper's relationship with the University, formally writing the outcomes the Directors have had with the Company over the past few years. Succinctly, Prosper is to pay back the £50,000 loan by 2034, paying the principal+CPI. Accordingly, the university calculates the permitted divestment amount which can be distributed to Social Impact Grants.

8. Risks and Risk Mitigation

We once again thank the University for all of their effort to create this new MoU, which will carry Prosper through the next 5-year horizon.

8.4 Legal and Accounting Risks

As a company, we continuously ensure that we meet all legal and accounting requirements imposed by law. The related commitments include:

1. Relationship with the Business School

We continue to have a good relationship with the Business School. We are grateful to the business school for continuing their support of Prosper as a supported enterprise, which we largely capitalise upon through extensive use of the School's facilities. Aside from hosting the majority of ATP, SAP, MMT and Director's meetings, this relationship allowed us to host Adam Jones, a consultant from Horatii Consulting, to deliver a guest-lecture regarding the growing quantification of ESG metrics within the industry.

2. Independent Accountant

This year we have acquired accounting services, relating to filing our Corporate Accounts and Tax Return, through leveraging the University's accounting resources. Particularly helpful was Angela Cairns, an Accounting lecturer at the Business School, who double checked our accounts. While accounts can now be filed online at Companies House, our CT600 (Corporation Tax) was filed with the accountancy firm Jay Shah & Co. Both Angela and Jay have agreed to assist Prosper's future MMTs, thus increasing the operational stability of the company in the future. Additionally, the assistance offered by Angela has allowed us to reduce our administrative costs, as independent accountants are no longer required for our annual accounts.

8.5 Cash Flow Risks

Prosper continues to be a financially stable company and meet its operational cash flow needs, without charging excessive administrative fees. This is achieved through:

1. Effective Budgeting and Planning

We continue to ensure that our funds are spent towards the enhancement of our Analyst, and Senior Analyst, Training Programmes and operations. We have managed to, once again, remain cash flow positive and ensure that the company has enough liquidity to cover unexpected expenses that may occur within the next academic year.

2. Efficient Spending of Funds

Our main source of revenue is the administrative fees charged in our Analyst, and Senior Analyst, Training Programmes. We ensure this fee covers all expenses of Prosper; however, that it is also fair and non-discriminatory. This year, we retained the use of free surveying software, Google Forms, allowing us to continue monitoring our social impact, whilst maintaining low operating expenses. Our administrative fees are calculated using a numerical tool that looks to guarantee that the amount charged to our analysts is fair and sufficient to cover the operational expenses.

3. Memorandum of Understanding with social enterprises

As we have established relations with our first social enterprise in receipt of an impact grant, Invisible Cities, we have developed an associated Memorandum of Understanding. This document outlines the scope of the agreement for both parties, aiming to ensure that the donated funds are spent efficiently, maximising positive social impact, and that an effective relationship is maintained.

8. Meet Next Year's Team



Grace Gubbay
Executive Director



Aaron Jimenez
*Director of
Investment Tracking*



Harvey Graham
*Director of Portfolio
Research*



Aidan Brennan
*Head of Investment
Strategy*



Callum Docherty
*Head of Strategic
Relations*



Charly Campbell
Head of Operations



**Chelcie
Mohammed**
Head of Training



ChenChen Zha
Head of Marketing



Ethan Cohn
Head of Training



Ewan Cook
Head of Strategy



Jasmine Lee-Tin
*Head of Social
Impact*

Thank You!

Thank you for taking the time to read through this report. Please do not hesitate to get in touch if you have any questions or concerns. We may be contacted by email at: operations@prospersocialfinance.co.uk.

We would also like to express our gratitude to the University of Edinburgh for their continued support. The growth and development of Prosper would not be possible without their sustained belief in us and their generous financial support.

On behalf of this year's Prosper Team, thank you.

