UCONN | STAMFORD

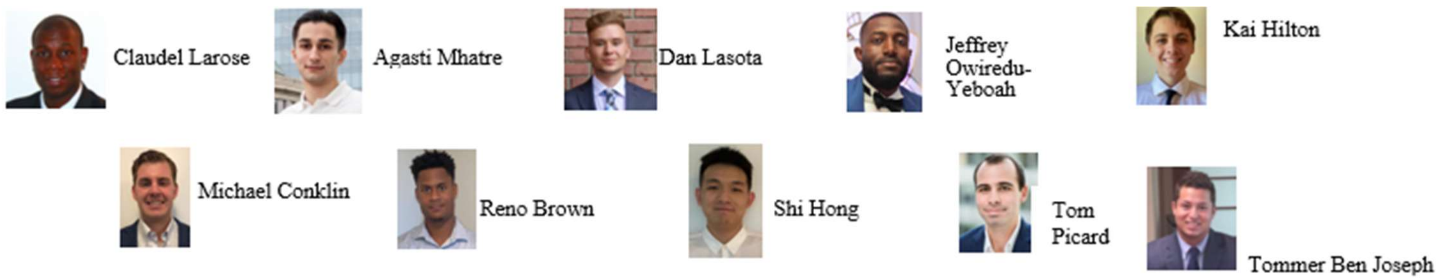
STUDENT MANAGED FUND

Portfolio Report Spring 2022

Contents

INTRODUCTION

Portfolio Managers



Officer Positions

Co-Lead Manager: Tom Picard

Co-Lead Manager: Claudel Larose

Portfolio Trader: Reno Brown II

Communications Manager: Shi Hong

Digital Media Manager: Daniel Lasota

PORTFOLIO OVERVIEW

Investment Philosophy

The University of Connecticut Stamford's Student Managed Fund follows an investment philosophy using a bottom up strategy where we buy great companies, at fair prices, with a margin of safety (MOS) greater than 15%. There are a number of factors to be considered when making any investment however, we consider both quantitative and qualitative analysis into our decision making process. The qualitative factors include understanding the business model, management's background and history, ESG ratings, industry outlook in order to identify a total addressable market, upside potential, and potential risks that could impact the business in the future. The quantitative factors we use are modeling a discounted free cash flow of an equity in order to identify its intrinsic value and possible upside potential. Additionally, we use multiple and ratio based analysis relative to industry averages and its peers to understand financial condition and performance in comparison to companies with similar size and businesses (comp. analysis).

Investment Strategy

Our investment strategy is to have analysts research their sectors and identify companies with intrinsic value trading below fair market value and offer competitive advantages that will add long term value to our portfolio.

We choose to invest long-term in companies with a wide economic moat, high margin of safety, high growth potential and strong financials in comparison to the industry and its peers.

We consider the following factors when evaluating investment opportunities:

Qualitative	Quantitative
● Industry Outlook	● Enterprise Value to EBITDA
● SWOT Analysis	● Discounted Free Cash Flow Model
● Porter's Five Forces	● Return on Invested Capital
● Management Quality	● CAGR
● ESG	● Dividend Yield
● Merger and Acquisition activity	● Price to Earnings Ratio

Risk Management

Our team's analysts conduct industry research as well as read a security's 10-K in order to gain a more thorough understanding of the business and to better evaluate potential investment risks. Our analysts are responsible for conducting due diligence on each investment we choose to initiate coverage and take a position on. We utilize risk metrics such as margin of safety, beta, and volatility to measure and mitigate risk of each investment, along with qualitative analysis for business risks. Thus far, we recommend placing a stop-loss order for each investment at 20% on each security in order to minimize significant potential loss. If and when a security reaches its price target and or zero percent MOS, we look to identify demand zones to move the stop loss accordingly. Once an investment is made, analysts are responsible for following up on any new information or economic developments and assessing the impact on their investments within 24 hours. From a portfolio perspective, we diversify our portfolio by investing across all sectors in order to mitigate systemic risks.

Investment Process

Our investment process could be broken down into three phases. First, we have at least two analysts assigned to each sector to research the sector and use tools such as Bloomberg, S&P NetAdvantage, and ValueLine to build a comp sheet to conduct ratio analysis and identify securities that would be most suitable for our portfolio. The metrics we utilize include, but are not limited to, ROIC, 5-year CAGR, and EV/EBITDA. Our team also creates a pitch schedule before each semester, in order to flow through pitches efficiently.

Second, based on the targets identified, the analyst's model discounted free cash flows in order to identify the securities whose intrinsic value is below fair value and a margin of safety of 15% or more. After a security is identified, our analysts pitch securities weekly to the team with their proposed allocation and a vote is taken. Their reports are circulated two days prior to the pitch for team review and questions to be answered. After the pitch, a position is initiated only after at least 70% of the team is in favor.

- For an investment with 10/10 favorable votes, 100% of the proposed position size will be allocated

- For 9/10 favorable votes, 90% of the proposed position size will be allocated
- For 8/10 favorable votes, 80% of the proposed position size will be allocated
- For 7/10 favorable votes, 70% of the proposed position size will be allocated

If an investment is not passed, the team may be allowed to pitch again at a later date or pitch a different company within the sector.

Third, after the target price is hit, the security reaches a margin of safety equal to zero, and the analysts are unable to identify material information that would warrant updating their DCF model to provide a positive margin of safety, we use technical analysis to identify a demand zone based on historical price action of candle sticks. We move our new stop loss to just beneath the demand zone in order to allow the security to capture as much upside potential as possible while simultaneously securing unrealized gains from our original trade should price action fall back below the demand zone. After each investment, analysts are responsible for following up on any news events or economic developments and assessing the impact on their investments. If there are changes in the valuation assumptions or if the stock reaches its target price, analysts re-evaluate their DCF model or present a "sell pitch" and the team will discuss and vote on the proposal. The required vote for approval to exit a position is 6/10. Analysts from any sector can propose to sell a position.

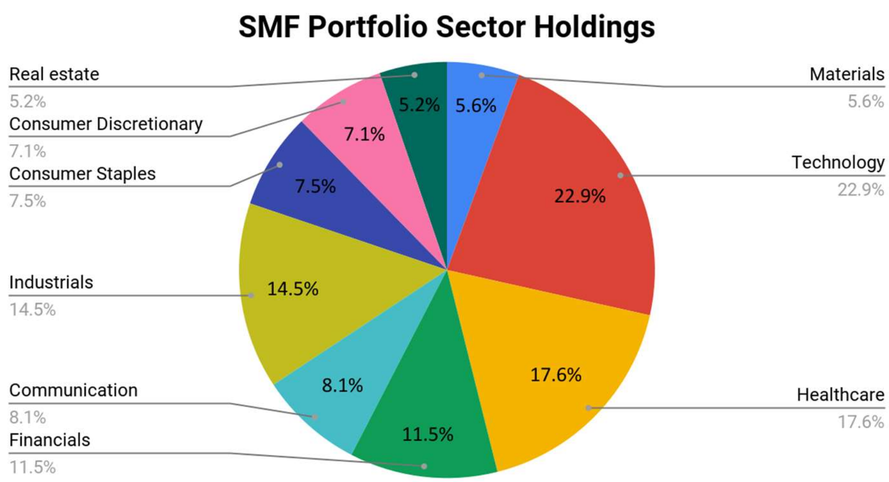
Sector Assignments

- **Communications:** Michael Conklin, Kai Hilton
- **Information Technology:** Claudel Larose, Reno Brown, Agasti Mhatre, Jeffrey Owiredu-Yeboah
- **Healthcare:** Daniel Lasota, Michael Conklin
- **Consumer Discretionary:** Tom Picard, Shi Hong
- **Utilities:** Agasti Matre, Tommer-Ben Joseph
- **Energy:** Claudel Larose
- **Financials:** Shi Hong, Jeffrey Owiredu-Yeboah, Tommer Ben-Joseph
- **Materials:** Reno Brown II
- **Real Estate:** Jeffrey Owiredu-Yeboah
- **Industrials:** Tom Picard, Daniel Lasota
- **Consumer Staples:** Kai Hilton, Tommer Ben-Joseph

Portfolio Allocation

The chart below illustrates the portfolio allocation based on the market value of the securities as of April 14, 2022.

Sector Allocation			
Sector	Current Portfolio Weight	S&P 500 Sector Weight	Over/Under Exposure
Consumer Staples	7.49%	6.53%	1.35%
Information Technology	22.49%	26.62%	1.99%
Financials	11.54%	11.02%	1.71%
Healthcare	17.79%	14.21%	5.28%
Communications	8.01%	9.19%	-0.48%
Industrials	14.02%	7.87%	7.33%
Energy	0.00%	4.17%	-4.17%
Consumer Discretionar	7.02%	11.92%	-4.18%
Utilities	0.00%	2.88%	-2.88%
Real Estate	5.18%	2.87%	2.44%
Materials	5.61%	2.73%	3.03%
Total	99.16%	100.01%	



Portfolio Performance

The table below depicts our portfolio performance from September 13, 2021 to April 14, 2022:

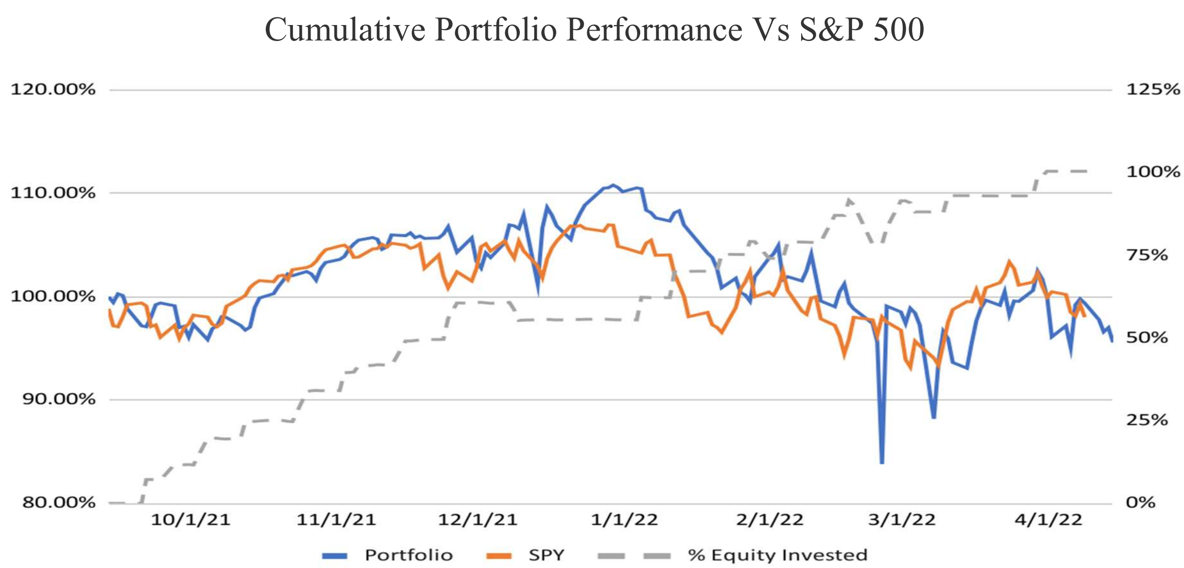
Total Portfolio Unrealized Gains/ (Losses)

Total Portfolio vs. S&P 500 Performance	
Total Portfolio Performance	-3.35%
S&P 500 Performance	-2.22%
Difference in Performance	-1.13%

Our portfolio has underperformed the S&P 500 during this period.

Company	Ticker Name	Buy Price	Recent Price	% Change
SPDR S&P 500 ETF Trust	SPY	$438.83	$437.79	-0.24%
UnitedHealth Group Inc.	UNH	$398.77	$534.82	34.12%
Whirlpool Corporation	WHR	$170.05	$170.55	0.29%
Microsoft Corporation	MSFT	$323.62	$279.83	-13.53%
FedEx Corporation	FDX	$242.19	$205.74	-15.05%
Costco Wholesale Corporation	COST	$505.68	$590.39	16.75%
JPMorgan Chase & Co.	JPM	$135.77	$126.12	-7.11%
Cisco Systems Inc.	CSCO	$55.26	$51.17	-7.40%
AbbVie Inc.	ABBV	$115.90	$162.31	40.04%
Generac Holdings Inc.	GNRC	$283.75	$251.19	-11.47%
Air Products & Chemicals, Inc.	APD	$254.75	$246.84	-3.11%
Communication Services Select Sector SPDR	XLC	$68.84	$66.48	-3.43%
Fiserv Inc	FISV	$94.68	$99.67	5.27%
Five Below Inc	FIVE	$166.55	$179.54	7.80%
Adobe Inc	ADBE	$461.51	$420.44	-8.90%
EastGroup Properties Inc.	EGP	$192.65	$199.15	3.37%

Portfolio Performance vs S&P 500



Our account was funded on September 13, 2021 with continuing divestiture away from the SPY. As we transferred into the new year, our performance declined toward our end date. Our initial position was $1,265,635.01 in SPY.

Trade History

Trade Date	Ticker	Shares	Price	Amount	Trade Type
9/13/2021	SPY	2826.8	$ 447.73	$1,265,635.01	Buy
9/24/2021	FB	256	$ 349.17	$89,387.52	Buy
9/24/2021	SPY	204	$ 443.43	($90,459.72)	Sell
9/30/2021	HPQ	2070	$ 27.69	$57,320.37	Buy
9/30/2021	SPY	130	$ 436.52	($56,747.60)	Sell
10/7/2021	UNH	249	$ 398.21	$99,154.29	Buy
10/7/2021	SPY	226	$ 438.42	($99,083.08)	Sell
10/15/2021	WHR	304	$ 207.25	$63,002.48	Buy
10/28/2021	SPY	255	$ 456.04	($116,290.68)	Sell
11/5/2021	FDX	292	$ 246.56	$71,995.34	Buy
11/5/2021	SPY	153	$ 469.35	($71,810.55)	Sell
11/10/2021	COST	52	$ 508.88	$26,461.75	Buy
11/10/2021	SPY	57	$ 465.61	($26,539.77)	Sell
11/18/2021	JPM	613	$ 164.34	$100,740.42	Buy
11/18/2021	SPY	215	$ 469.23	($100,885.31)	Sell
11/30/2021	CSCO	1532	$ 55.35	$84,796.20	Buy
11/30/2021	SPY	184	$ 462.00	($85,008.00)	Sell
12/1/2021	ABBV	510	$ 115.61	$58,961.10	Buy
12/1/2021	SPY	129	$ 461.33	($59,511.57)	Sell
12/13/2021	HPQ	200	$ 35.67	($7,134.00)	Sell
12/13/2021	HPQ	1000	$ 35.63	($35,630.00)	Sell
12/13/2021	HPQ	546	$ 35.62	($19,448.52)	Sell
12/13/2021	HPQ	324	$ 35.61	($11,537.64)	Sell
12/14/2021	SPY	164	$ 463.63	$76,035.11	Buy
1/7/2022	TGT	407	$ 232.80	$94,749.60	Buy
1/7/2022	SPY	201	$ 467.00	($93,867.02)	Sell
1/14/2022	ADBE	208	$ 518.17	$107,779.36	Buy
1/14/2022	SPY	232	$ 465.34	($107,959.20)	Sell

1/26/2022	GNRC	229	$ 273.83	$62,707.07	Buy
1/26/2022	SPY	146	$ 438.75	($64,057.50)	Sell
2/1/2022	COST	103	$ 504.07	$51,919.22	Buy
2/1/2022	SPY	116	$ 450.77	($52,289.33)	Sell
2/3/2022	FB	256	$ 245.00	($62,720.00)	Sell
2/3/2022	SPY	139	$ 451.20	$62,716.79	Buy
2/9/2022	APD	255	$ 255.30	$65,101.50	Buy
2/9/2022	SPY	143	$ 456.59	($65,292.73)	Sell
2/17/2022	XLC	1474	$ 68.84	$101,470.16	Buy
2/17/2022	SPY	230	$ 440.30	($101,269.81)	Sell
2/23/2022	FISV	596	$ 93.85	$55,934.60	Buy
2/23/2022	SPY	130	$ 427.38	($55,559.53)	Sell
2/24/2022	ADBE	60	$ 418.63	($25,117.80)	Sell
2/24/2022	ADBE	100	$ 418.63	($41,863.00)	Sell
2/24/2022	ADBE	48	$ 418.58	($20,091.84)	Sell
2/24/2022	TGT	407	$ 184.34	($75,026.38)	Sell
2/25/2022	SPY	378	$ 435.79	$164,728.85	Buy
3/2/2022	FIVE	375	$ 167.01	$62,628.75	Buy
3/2/2022	SPY	232	$ 435.79	($101,103.42)	Sell
3/3/2022	ADBE	216	$ 461.51	$99,686.16	Buy
3/3/2022	SPY	232	$ 435.79	($101,103.42)	Sell
3/7/2022	JPM	613	$ 131.87	($80,836.31)	Sell
3/8/2022	GNRC	135	$ 305.24	$41,207.40	Buy
3/8/2022	SPY	96	$ 418.64	($40,189.87)	Sell
3/15/2022	EGP	318	$ 192.65	$61,262.70	Buy
3/15/2022	SPY	142	$ 432.27	($61,381.93)	Sell

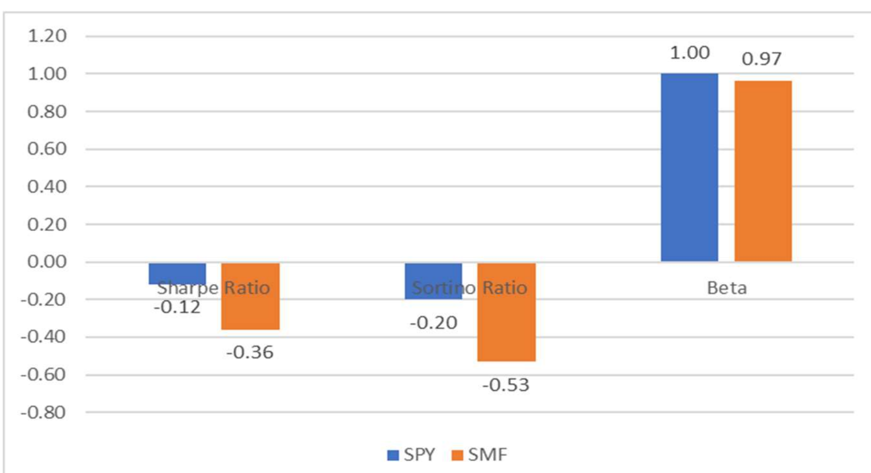
4/1/2022	JPM	557	$ 136.18	$75,852.26	Buy
4/1/2022	SPY	169	$ 452.18	($76,418.42)	Sell
4/1/2022	WHR	305	$ 171.04	($52,167.20)	Sell
4/5/2022	SPY	39.3549	$ 454.86	($17,901.01)	Sell
4/6/2022	APD	23	$ 428.68	$9,859.64	Buy
4/6/2022	CSCO	110	$ 53.94	$5,933.40	Buy
4/6/2022	FDX	34	$ 204.28	$6,945.52	Buy
4/6/2022	FISV	58	$ 103.25	$5,988.50	Buy
4/6/2022	FIVE	41	$ 162.35	$6,656.35	Buy
4/6/2022	GNRC	51	$ 295.79	$15,085.29	Buy
4/6/2022	JPM	41	$ 131.70	$5,399.70	Buy
4/6/2022	WHR	62	$ 167.91	$10,410.42	Buy

Correlation Matrix	SPY	UNH	WHR	MSFT	FDX	COST	JPM	CSCO	ABBV	GNRC	APD	XLC	FISV	FIVE	ADBE	EGP
SPY	1.000	0.535	0.622	0.821	0.539	0.575	0.584	0.620	0.272	0.523	0.613	0.871	0.499	0.668	0.722	0.574
UNH	0.535	1.000	0.313	0.397	0.264	0.422	0.278	0.419	0.534	0.182	0.482	0.326	0.212	0.274	0.305	0.458
WHR	0.622	0.313	1.000	0.377	0.406	0.378	0.543	0.427	0.116	0.383	0.485	0.526	0.413	0.491	0.372	0.533
MSFT	0.821	0.397	0.377	1.000	0.392	0.560	0.282	0.513	0.156	0.501	0.455	0.745	0.216	0.512	0.776	0.419
FDX	0.539	0.264	0.406	0.392	1.000	0.258	0.410	0.343	0.073	0.188	0.437	0.516	0.305	0.395	0.399	0.231
COST	0.575	0.422	0.378	0.560	0.258	1.000	0.184	0.453	0.213	0.273	0.337	0.436	0.127	0.433	0.523	0.425
JPM	0.584	0.278	0.543	0.282	0.410	0.184	1.000	0.378	0.284	0.244	0.362	0.433	0.361	0.376	0.220	0.286
CSCO	0.620	0.419	0.427	0.513	0.343	0.453	0.378	1.000	0.293	0.271	0.418	0.514	0.201	0.323	0.398	0.478
ABBV	0.272	0.534	0.116	0.156	0.073	0.213	0.284	0.293	1.000	-0.064	0.191	0.118	0.139	0.011	0.062	0.234
GNRC	0.523	0.182	0.383	0.501	0.188	0.273	0.244	0.271	-0.064	1.000	0.290	0.500	0.216	0.461	0.523	0.292
APD	0.613	0.482	0.485	0.455	0.437	0.337	0.362	0.418	0.191	0.290	1.000	0.538	0.303	0.391	0.381	0.497
XLC	0.871	0.326	0.526	0.745	0.516	0.436	0.433	0.514	0.118	0.500	0.538	1.000	0.507	0.586	0.646	0.423
FISV	0.499	0.212	0.413	0.216	0.305	0.127	0.361	0.201	0.139	0.216	0.303	0.507	1.000	0.365	0.306	0.303
FIVE	0.668	0.274	0.491	0.512	0.395	0.433	0.376	0.323	0.011	0.461	0.391	0.586	0.365	1.000	0.560	0.372
ADBE	0.722	0.305	0.372	0.776	0.399	0.523	0.220	0.398	0.062	0.523	0.381	0.646	0.306	0.560	1.000	0.421
EGP	0.574	0.458	0.533	0.419	0.231	0.425	0.286	0.478	0.234	0.292	0.497	0.423	0.303	0.372	0.421	1.000

Risk Management

Our portfolio has seen large deviations of value at risk since January 1, 2022. As of April 14, 2022, our portfolio has a value at risk of $19,519.69 at a 90% confidence level, $23,584.26 at a 95% confidence level and $29,191.15 at a 99% confidence level. Based on our risk metrics, our portfolio had a sortino ratio of -0.53 compared to the SPY of -0.20. The beta of our portfolio was 0.97 compared to 1 for the SPY and a Sharpe ratio of -0.36 compared to -0.12 for the SPY. Based on further analysis, our portfolio had a larger downside deviation than the SPY with a deviation of 4.27% versus the SPY of 2.92%, a lower information ratio of -1.07, skewness of 0.69, and excess kurtosis of 0.07. Based on analysis, our portfolio is susceptible to swings in momentum in the market and high probability of tail events with some losses occurring on those tails.

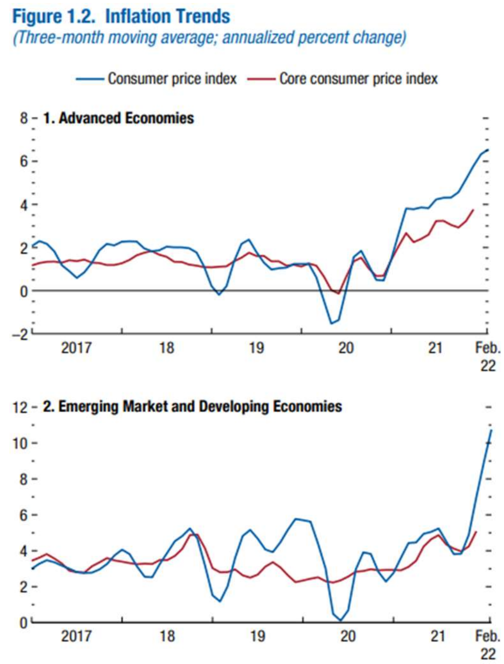
	VAR_HS_Port	VAR_HS_SPY	Over/Under
90%	$ 19,519.69	$ 18,664.30	$ 855.39
95%	$ 23,584.26	$ 23,669.50	$ (85.24)
99%	$ 29,191.15	$ 28,038.48	$ 1,152.67
99.90%	$ 29,938.34	$ 34,968.41	$ (5,030.07)



ECONOMIC OUTLOOK

Global Economy

The war in Ukraine and pandemic related lockdowns in China have put pressure on global economic growth so far in 2022. The war in Ukraine has driven up commodity prices such as oil, fertilizer, and wheat supplies while also being constricted due to the conflict. The rise in commodity prices has contributed to broadening price pressures, with current 2022 inflation projected at 5.7% in advanced economies and 8.7% in emerging markets.



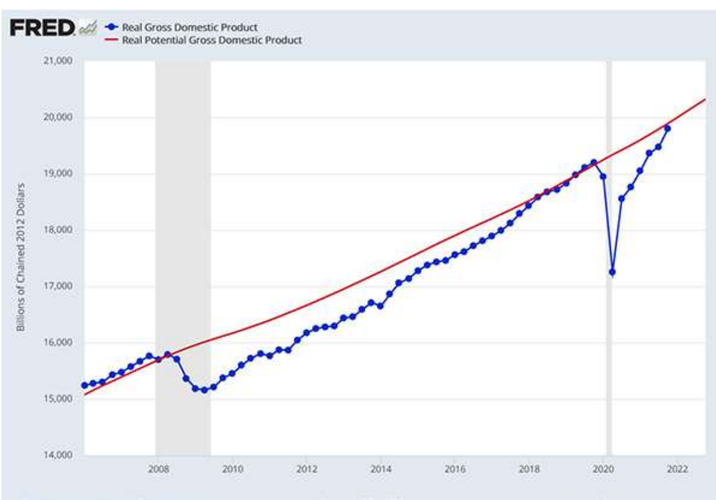
Meanwhile, China has seen COVID-19 outbreaks in over 70 cities. Production is completely halted in 13 cities which are in lockdown as of April 2022, including Shanghai, a city with a population of 27 million. The People's Bank of China has responded by easing monetary policy. Given the tightening occurring in the U.S., China will see more foreign investors take their capital out of the country. Looking forward, the IMF forecasts global growth to be 3.6% for 2022 and 2023, 0.8% and 0.2% less than forecasted in January 2022.

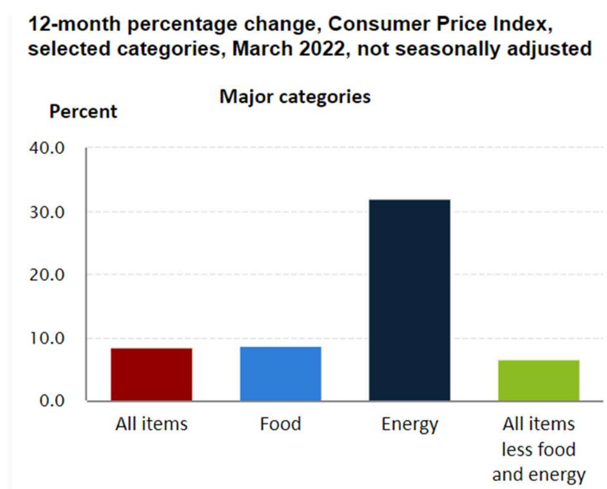
	2021	Projections 2022	Projections 2023	Difference from January 2022 WEO *Update*[1] 2022	Difference from January 2022 WEO *Update*[1] 2023	Difference from October 2021 WEO[1] 2022	Difference from October 2021 WEO[1] 2023
World Output	**6.1**	**3.6**	**3.6**	**–0.8**	**–0.2**	**–1.3**	**0.0**
Advanced Economies	**5.2**	**3.3**	**2.4**	**–0.6**	**–0.2**	**–1.2**	**0.2**
United States	5.7	3.7	2.3	–0.3	–0.3	–1.5	0.1
Euro Area	5.3	2.8	2.3	–1.1	–0.2	–1.5	0.3
Germany	2.8	2.1	2.7	–1.7	0.2	–2.5	1.1
France	7.0	2.9	1.4	–0.6	–0.4	–1.0	–0.4
Italy	6.6	2.3	1.7	–1.5	–0.5	–1.9	0.1
Spain	5.1	4.8	3.3	–1.0	–0.5	–1.6	0.7
Japan	1.6	2.4	2.3	–0.9	0.5	–0.8	0.9
United Kingdom	7.4	3.7	1.2	–1.0	–1.1	–1.3	–0.7
Canada	4.6	3.9	2.8	–0.2	0.0	–1.0	0.2
Other Advanced Economies[2]	5.0	3.1	3.0	–0.5	0.1	–0.6	0.1
Emerging Market and Developing Economies	**6.8**	**3.8**	**4.4**	**–1.0**	**–0.3**	**–1.3**	**–0.2**
Emerging and Developing Asia	7.3	5.4	5.6	–0.5	–0.2	–0.9	–0.1
China	8.1	4.4	5.1	–0.4	–0.1	–1.2	–0.2
India[3]	8.9	8.2	6.9	–0.8	–0.2	–0.3	0.3
ASEAN-5[4]	3.4	5.3	5.9	–0.3	–0.1	–0.5	–0.1
Emerging and Developing Europe	6.7	–2.9	1.3	–6.4	–1.6	–6.5	–1.6
Russia	4.7	–8.5	–2.3	–11.3	–4.4	–11.4	–4.3
Latin America and the Caribbean	6.8	2.5	2.5	0.1	–0.1	–0.5	0.0
Brazil	4.6	0.8	1.4	0.5	–0.2	–0.7	–0.6
Mexico	4.8	2.0	2.5	–0.8	–0.2	–2.0	0.3
Middle East and Central Asia	5.7	4.6	3.7	0.3	0.1	0.5	–0.1
Saudi Arabia	3.2	7.6	3.6	2.8	0.8	2.8	0.8
Sub-Saharan Africa	4.5	3.8	4.0	0.1	0.0	0.0	–0.1
Nigeria	3.6	3.4	3.1	0.7	0.4	0.7	0.5
South Africa	4.9	1.9	1.4	0.0	0.0	–0.3	0.0
Memorandum							
World Growth Based on Market Exchange Rates	5.8	3.5	3.1	–0.7	–0.3	–1.2	0.0
European Union	5.4	2.9	2.5	–1.1	–0.3	–1.5	0.2
Middle East and North Africa	5.8	5.0	3.6	0.6	0.2	0.9	0.1
Emerging Market and Middle-Income Economies	7.0	3.8	4.3	–1.0	–0.3	–1.3	–0.3
Low-Income Developing Countries	4.0	4.6	5.4	–0.7	–0.1	–0.7	–0.1
World Trade Volume (goods and services)	**10.1**	**5.0**	**4.4**	**–1.0**	**–0.5**	**–1.7**	**–0.1**
Imports							
Advanced Economies	9.5	6.1	4.5	–0.2	0.0	–1.2	0.4
Emerging Market and Developing Economies	11.8	3.9	4.8	–1.7	–0.9	–3.2	–0.9
Exports							
Advanced Economies	8.6	5.0	4.7	–1.1	0.0	–1.6	0.7
Emerging Market and Developing Economies	12.3	4.1	3.6	–1.7	–1.5	–1.7	–1.4
Commodity Prices (US dollars)							
Oil[5]	67.3	54.7	–13.3	42.8	–5.5	56.5	–8.3
Nonfuel (average based on world commodity import weights)	26.8	11.4	–2.5	8.3	–0.6	12.3	–1.0
Consumer Prices							
Advanced Economies	3.1	5.7	2.5	1.8	0.4	3.4	0.6
Emerging Market and Developing Economies[6]	5.9	8.7	6.5	2.8	1.8	3.8	2.2

U.S Outlook

After a year of economic recovery hampered by COVID resurgences, 2022 promises to build upon 2021. Robust but slowing growth is expected in developed economies, with expanded vaccination rates and strengthening policy protections expected to stabilize the pandemic. Emerging markets are set to benefit in 2022 as well, pending a strong rollout of vaccinations, or else these countries might be hampered by further variants & resurgences. Major concerns going forward are the emergence of more aggressive and transmissible COVID variants that may spread before widespread vaccinations take place. Pandemic related supply shortages and inflation are font and center, which should correct itself with policy support and loosening of pandemic restrictions. Consensus estimates put economic growth at 4.9% in 2022. US GDP decreased at an annual rate of 1.4 percent. The decrease in real GDP reflected decreases in private inventory investment, exports, federal government spending, and state and local government spending while imports, which are a subtraction in the calculation of GDP, increased. The annual inflation rate in the US accelerated to 8.5% in March of 2022, the highest since December of 1981 from 7.9% in February and compared with market forecasts of 8.4%. Energy prices increased 32%, namely gasoline (48%) and fuel oil (70.1%) as Russia's invasion of Ukraine pushed crude oil prices higher. Also, food prices jumped 8.8%, the most since May 1981.

As far as recent developments our team believes the geopolitical tensions abroad will not likely derail the U.S economic recovery, but **inflation (8.5%)** could continue to rise until the end of the year. On May 4, 2022 The Federal Reserve increased the federal funds rate by 0.5%, the largest single increase since the tech bubble in 2000. Our outlook of the U.S economy has direct impacts to our portfolio and DCF models due to tightening margins since the price of oil is driving up corporate input costs, further adding to the pressure of inflation/supply chains. Inflation accelerated for shelter (5% vs 4.7% in February) and new vehicles (12.5% vs 12.4%) but eased for used cars and trucks (35.3% vs 41.2%). The unemployment rate is back to the full employment level pre-covid at **3.6%,** suggesting a strong labor market and workforce recovery. U.S unemployment rate declined to 3.6% in March of 2022 from 3.8% in the previous month, the lowest since February 2020 and below market expectations of 3.7%.The number of unemployed people declined by 318 thousand to 5.952 million, while employment levels rose by 7.3 thousand to 158.458 million.





U.S Inflation

Supply and demand imbalances related to the continuing pandemic supply shortage and the oil and gas pressures caused by the Russian invasion in Ukraine have continued to contribute to elevated levels of inflation. Over the last twelve months, the Consumer Price Index has increased by 8.5% per the U.S. Bureau of Labor. Looking forward, as of April 29th 2022, the breakeven rate is 3.39% for 5Y TIPS bonds and is 2.88% for 10Y

TIPS bonds. In the near term forecasts indicated that oil and auto prices will level off thereby limiting topline inflation for the rest of the year, and stabilizing real incomes which have been declining as inflation outpaces wage growth.

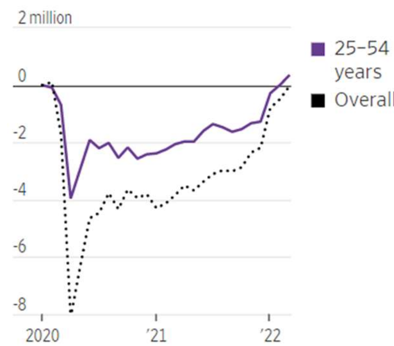
Fannie Mae expects a decline in economic activity. Savings rates for US-Consumers are below pre-COVID norms, and consumer confidence is at depressed levels due to inflation. This could cause a significant cut back in consumer spending.

Another inflation concern looking forward is the renewal of lockdowns in China that could cause new bottlenecks in global supply chains. The IMF have revised medium term projections for all industries except commodity exporters who will benefit from the surge in prices, Chinese lockdowns in the short term have positively impacted energy and oil prices as the subsequent decrease in demand pushes prices down. However in the long term, should these lockdowns persist, the price of consumer goods could increase further.

U.S Labor Market

In March 2022, the unemployment rate was 3.6%, down from 3.8% a month earlier. Easing COVID-19 related restrictions has boosted employer demand for labor as well as the number of job seekers entering the labor market. The labor-force participation rate increased to 62.4% in March, up from 62.3% in February and from a pandemic low of 60.2% in April 2020. It is likely to see this trend continue as high inflation is putting pressure on household savings, forcing more people to go back to work.

U.S. labor-force level, change from January 2020



Note: Seasonally adjusted
Source: Labor Department

We still anticipate that the tight labor market will put pressure on margins of U.S. firms. Before the pandemic, labor's share of income was at a 70-year low. As U.S. firms navigate a historically tight labor-market, they will be forced to give up some of their profit margins back to their workforce.

Overall Outlook

While the effects of the COVID-19 pandemic continue to linger, the recent rise in inflation coupled with the war in Ukraine have driven the recent volatility seen so far in 2022.

As we look forward in the short to medium term, our focus is on how central banks choose to handle inflation through monetary policy. Continued conflict in Ukraine will further support high commodity prices, driving sustained inflation. Central banks will combat this by rising rates but will be challenged with doing so without pushing the global economy into a recession.

Looking forward long-term, we will be focused on which new consumer trends brought on by the pandemic will remain along with the developments in automation and move towards renewable energy sources.

SECTOR DESCRIPTIONS & OUTLOOK

Communication Services

Current Holding: Communication Services Select (XLC)

As of April 21st 2021 the communications sector constitutes 9.15% of the SPY. This makes the sector the fifth largest in the SPY. The sector has five sub-sectors within it that cover the areas of: Diversified Telecommunication Services, Entertainment, Media, Wireless Telecommunication Services, and Interactive Media and Services. There are distinguishing features of these sub-sectors, however for ease of understanding most of these are grouped under two umbrella categories, Media, and Telecommunications. Media constitutes the majority of the sector, at around 88%.

Our Outlook

The communication sector has seen an overhaul during the last few years. Pandemic stay-at-home orders have boosted the success of new media, social media companies and streaming entertainment have seen particular success at the expense of traditional entertainment options. Traditional broadcasters and cable TV advertisers have begun pivoting towards online mediums to re-energize their businesses, whilst wireless service revenues and equipment sales have been supported by 5G rollout. Online advertising companies face headwinds going forward, with renewed regulatory scrutiny, and consumer privacy concerns damaging the ability for companies to deliver targeted ads. The telecommunications industry is expected to benefit from continuing 5G expansion, which is expected to increase demand and revenues. Whilst this is expected to require significant investment, government subsidies and infrastructure investment should ease the CapEx burden on these companies.

Sector Positives:

- 5G rollout may benefit telecom operators
- Government infrastructure investment reduces burden on corporations
- Strong demand for social media and entertainment due to lingering pandemic
- Strengthening economy may boost advertising demand

Sector Negatives:

- Regulatory risk for advertising companies
- Apple IOS update and other privacy concerns reduce revenue potential
- Sector is heavily concentrated in Google and FB, and over exposed to advertising risk
- Oversaturation of the streaming market has created great uncertainty around the industry.
- Uncertainty over government infrastructure aid

Information Technology

Current Holdings: Microsoft Corp. (MSFT), Cisco Systems Inc. (CSCO), Adobe Inc. (ADBE)

As of April 29th, 2022, Information Technology accounted for 27.2% of the S&P 500 index. The Technology sector comprises six sub-sectors: IT Services, Software, Communications Equipment, Technology Hardware, Storage and Peripherals, Electronic Equipment, Instruments and Components, and Semiconductors and Semiconductor Equipment. Among all the sub-sectors, Software is the largest sub-sector, representing approximately 51.4% of the sector's market value. The Information Technology sector's forward P/E currently 25 but forecasted to be 22.2x for 2023 and stands above the S&P 500's forward P/E multiple of 20x to 18.2x.

Our Outlook

The primary drivers of the IT sector over the next decade will be a combination of cloud technologies, automation, and data analytics. As a consequence of COVID-19, the acceleration towards a fully digitized economy will become more permanent leading to expansive opportunities for the IT sector going forward. As enterprises reshape how they conduct business by modernizing their IT infrastructure via widespread hybrid and public cloud adoption and "as-a-service" engagement models, they are paving a path to a more immersive environment with extensive value opportunity involved. Additionally, the concept of cognition will become more fully adopted leading the charge to the creation and implementation of new emerging technologies. All of these opportunities ahead carry strong revenue growth as well as overall margin expansion resulting in increased profitability and value generation for the IT sector going forward.

Healthcare

Current Holdings: UnitedHealth Group (UNH) & AbbVie (ABBV)

The Healthcare sector consists of businesses that provide medical services, manufacture medical equipment or drugs, provide medical insurance, or otherwise facilitate the provision of healthcare to patients, which contains a diverse array of industries with six sub-sectors: Health Care Providers & Services, Pharmaceuticals, Health Care Equipment & Supplies, Biotechnology, Life Sciences Tools & Services and Health Care Technology. As of April 14, 2022, the market capitalization of the healthcare sector is $5.50 trillion, and it makes up approximately 14.21% of the S&P 500, and 19.7% of U.S GDP in 2022 according to cms.gov. The forward P/E ratio for the entire sector is 17.65x and the dividend yield for the sector is 1.61%.

The sector has returned 26.13% in 2021, underperforming the S&P 500 by 2.28%.

Our Outlook

The primary drivers unfolding in the Healthcare sector are integrating data and technology in order to lower the cost of care. This is especially visible since the COVID-19 pandemic, with a greater emphasis on healthcare spending by governments worldwide. People are now more inclined to see their doctor, whether that's in person or virtually. The integration of data and technology within healthcare will reduce costs, increase efficiency, while passing down those cost savings to consumers. While our team believes the worst impacts from Covid-19 are behind us, there are still some uncertainties in the near future. For example, a slower than expected economic recovery could have a further impact in a few sub-industries, including the managed care, Life Sciences tools, and the healthcare equipment industry. Although healthcare is considered a non-cyclical sector, the progression of labor conditions can dictate the evolution of employer sponsored and medical coverage going forward. In addition, a depressed economic outlook could reduce R&D spend impacting the development of the industry and causing lower capital equipment sales.

The team views the development of digital medical consultations and other technological innovations as a positive trend that will drive lower costs and higher efficiency for the sector. The team also views the managed care sub-industry benefiting from a higher price transparency, a change in patient demographics, and the proliferation of off-brand drugs. Although "Medicare for All" has gained traction, since President Biden was elected, it is believed to be hard to materialize.

A global pandemic has had exponential advances in medical science, digital transformation in data and analytics, in providing more informed and empowered consumers around the world. Mental health is a topic that wasn't widely discussed, but is now front and center in healthcare services.

Consumer Discretionary

Current Holding: Whirlpool Corporation (WHR), Five Below, (FIVE)

As of April 28, 2022 the Consumer Discretionary sector makes up 11.5% of the S&P 500, making it the third largest sector within the S&P 500 behind technology and healthcare.

The sector has returned -20.33% this calendar year, underperforming the S&P 500 by 7.07%.

Sector Key Financial Metrics

	Price/ Earnings	EV/ EBITDA	Dividend Yield	Profit Margin
Consumer Discretionary	35.41	16.91	0.72%	8.05%
S&P 500	21.21	14.03	1.50%	12.68%

The Consumer Discretionary sector covers the industries which are most sensitive to economic cycles as they make up for consumer discretionary spending which typically corresponds to booms and busts within the economy. The sector is particularly exposed to inflationary pressures, as rising input costs will put pressure on margins while consumer discretionary spending is reduced.

Our Outlook

Our primary concern continues to be valuations. As discussed in our fall report, valuations for this sector are stretched. At the end of 2019 (pre-pandemic), the sector P/E multiple was roughly in-line with the S&P 500. During the pandemic, the market gave the firms in the sector the benefit of the doubt that earnings would return to normal levels quickly once lockdowns ended. With lockdown restrictions easing, we expect the market to value companies within the sector more traditionally, placing a lower multiple on earnings at a time where margins and demand are under pressure due to inflation.

Price/ Earnings Historical

	2019	2020	2021	Today
Consumer Discretionary	25.19	57.22	40.88	35.41
S&P 500	21.22	30.73	24.62	21.21
Difference	***1.19x***	***1.86x***	***1.66x***	***1.67x***

Our second concern is that the higher fuel prices and interest rates will hurt demand, particularly as the sector is heavily concentrated in automobiles. As consumers have less purchasing power, consumer discretionary constituents will be among the first in the S&P 500 to see a reduction in demand.

While these headwinds will weigh on Consumer Discretionary, we do believe these challenges will create opportunities for firms to take advantage of.

Utilities

Current Holding: N/A

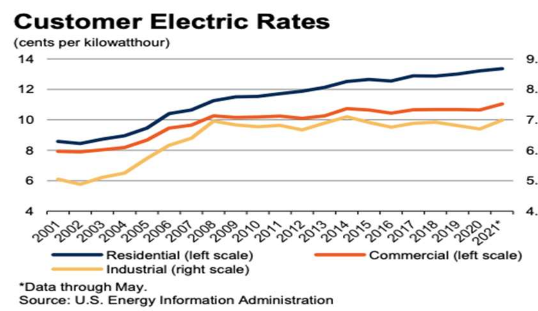
The Utilities sector consists of companies that provide electric, gas or water. As of April 14th, 2022, the market capitalization of the Utilities sector is $994.43 billion, and it accounts for 2.88% of S&P 500.

The Utilities sector contains four sub-sectors: Electric Utilities, Independent Power and Renewable Electricity Producers, Multi Utilities and Water Utilities. Within the four sub-sectors, Electric Utilities has the largest market share representing 64.26% of the Utilities Industry, and Independent Power and Renewable Electricity Producers has the smallest market share representing 1.64% of the industry. The sector is highly regulated with little to no competition.

The Forward P/E ratio for the Utilities industry is 21.06x, which is slightly lower than the P/E ratio of 21.91x for the S&P 500. The dividend yield for the Utility industry is 2.98%, which is higher than the dividend yield of 1.29% for the S&P 500.

Our Outlook

Electricity usage in the residential sector appears steadier after spiking during 2020 and 2021. Looking ahead, we foresee higher residential electric demand as working from home becomes more common. Demand for electricity in the commercial and industrial (C&I) sectors has increased with stronger economic activity in 2021 after a notable slump in 2020. We expect to see a gradual increase in C&I sales as the economy continues to reopen. Of course, the specter of the Covid-19 Omicron variant looms large, posing a risk to the economic recovery and potentially altering electricity usage across all sectors. Inflation is significant to this sector as well, as aggregate consumer electric rates are a key industry driver.



We continue to see a transition toward clean energy, boosting the need for capital investment, as a partial consequence of government efforts toward the goal of reducing carbon emissions. In 2020, more than half of renewable power generation capacity installed globally was cheaper than the cost of power from new coal plants, bolstering the economic case for transitioning to cleaner energy resources. Several utilities already set goals to generate carbon-free electricity to adapt to an uncertain regulatory future. Given reduced demand from major international consumers, coal exports decreased by 26% in 2020 to 69 million tons, marking the second-lowest annual amount exported over the prior 10 years. We expect these trends to continue as foreign nations look to reduce their own carbon emissions amid the clean-energy transition.

According to the International Renewable Energy Agency (IRENA), out of the total renewable power generation capacity installed globally in 2020, 162 GW (or 62%) of the renewable power generation capacity added had electricity costs lower than the cheapest source of new fossil fuel-fired capacity, bolstering the economic case for transitioning to cleaner energy resources. Cost declines for wind and solar projects helped to make renewables the dominant source of new power generation in 2019, accounting for 72% of all new capacity installed globally, according to IRENA. With further cost reductions projected in coming years, wind and solar farms will increasingly threaten existing coal-fired plants, creating opportunities to lower power system costs and reduce carbon emissions by retiring uneconomic fossil fuel assets, in our view. Providing additional momentum for renewable energy, major utilities in the country have already pledged to slash their emissions by midcentury.

Energy

Current Holding: N/A

As of April 29th, 2022, the energy sector has 21 constituents and accounts for 4.2% of the S&P 500 index with a total market cap of $3.55 trillion. The energy sector consists of two industries: “energy equipment and services” and “oil, gas, and consumable fuels.” There are various sub-industries encompassed in each industry, including: drilling, equipment service, exploration production, refining marketing, and consumable fuels. The Energy sector was highly affected by COVID-19 shutdown. The overall energy sector has increased by 35% YTD, with Oil, Gas & Consumable fuels up 35% and Energy Equipment & Services up 36% compared to S&P 500’s loss of -13%. According to the data in S&P Net Advantage, the Energy sector’s latest P/E ratio is 12x, much lower than the S&P 500’s 20x.

Our Outlook

Typically, oil demand increases by 1 to 1.5 MMb/d (Million barrels per day) each year. With COVID-19 pandemic shutdown and restrictions, oil demand led to a decline globally by 8.7 MMb/d in 2020. The International Energy Agency predicts that global oil demand will increase by 3.3 MMb/d which would match the demand record previously held in 2019, prior to the pandemic. Refinery utilization recovered to about 90% by early 2021.

CFRA research indicates the expectation for revenues in the drilling sub-industry to rebound 20% in 2022. For the equipment and services sub-industry, CFRA research is projecting 13% revenue growth in 2022. It expects margins for drillers and service firms to expand slowly as oil demand recovers in 2022 but overall the expectation of any meaningful improvements is based on producer expectations and spending plans.

Liquefied natural gas export capacity has gone from almost none at the beginning of 2016 to surging greatly by 2021 “breaking another record high with net exports averaging 9.8 Bcf/d, making US one of the largest global LNG exporters,” as described by the CFRA industry research reports. LNG exports from Russia to Western Europe may be materially affected by sanctions, which will likely continue to increase capacity additions from the US. The US has become the largest LNG source for Europe as of 2021; 26% of all LNG imported by the EU member countries. The Russia/Ukraine war will undoubtedly drive up demand for US LNG.

Financials

Current Holding: JP Morgan (JPM), Fiserv (FISV)

The Financial sector provides financial services to commercial and retail customers. This sector is made up of many different industries ranging from traditional banks, investment banks, insurance companies, real estate brokers, consumer finance companies, and mortgage lenders. The Financial sector is one of the largest portions of the SPY. As of December 31, 2021. JPM's tangible book value per share was $71.53 up 8.1% from a year ago, and its Basel III common equity Tier 1 capital was $ 246 billion with a 13% ratio. 2021 JPM Total gross loans to total interest bearing deposits was 61% compared to 72% in 2020. We think loan activity is likely to grow in 2922 with rising interest rates and increased commercial demand for capital plans and consumer loans picking up with reduced saving. In Q1 2022, net charge-offs of $582 million were down Y/Y comparable to Q4 and remain historically low across all loan portfolios. JPM booked $ 902 million net credit reserve build ($776 million wholesale and $ 126 million consumer) and the bank posted $524 million of losses on the Corporate & Investment Bank driven by increases in commodity exposures and markdown of derivatives receivables from Russian associated counterparties business.

FISV's high-quality characteristics and wide footprint across financial technology channels help generate predictable fundamentals. Total revenues increased $14.8 billion, or 46% in 2020, primarily driven by incremental revenues from the First Data acquisition total contribution from revenue synergies was $160 million in 2020. The company's acceptance and payments segments were the key revenue growth drivers, despite a reduction in transaction-based fees earlier in the year from Covid-19. Total operating income increased $243 million, or 15% in 2020 compared to the year prior. The company is expected to generate free cash flow in excess of $4B+ in 2021 and 2022, which should help return leverage to historical levels of 3.0x debt to EBITDA by the middle of 2021.

Our Outlook

In 2021, banks performed well, mainly driven by declining loan loss provisions, as the global economy recovers from the Covid-19 pandemic. In the U.S the SPY Financials index rose 32.5%. In 2021, outperforming the broader SPY index, which recorded a 26.9% gain during the same period. In Europe the S&P Europe 350 Financials Index increased 24.2% as compared to the S&P Europe 350 index 22.6% gain.

Rising inflation across the globe has become a major concern for major global central banks towards the end of 2021 as they try to balance the economic recovery and keep the economy from overheating at the same time. The U.S Federal Reserve had already flagged that they will begin raising interest rates in March 2022. The Bank of England has already raised its benchmark interest rate twice since December 2021.

Strengthening loan demand as global economic recovery continues, we see mid-single-digit loan growth in 2022, driven by a recovery in global economic activity and rising optimism among consumers and businesses on the back of successful vaccine rollouts globally. Despite concern over rising inflation, we believe central banks will maintain accommodative policies that would ensure that the economic recovery will not be derailed, while at the same time preventing it from overheating.

Multinational banks' loan loss provisions should continue to fall in 2022 but remain above the pre-pandemic level. Rising inflation and higher interest rates will test banks' asset quality, and they will have to set aside additional allocation to cover for potential, in our view.

After seeing the return shareholder distribution in 2021, we expected global banks to increase their dividend payout and share buyback in 2022, supported by strong capital position and generation. After being restrained by regulators in 2019 due to the pandemic, we expect catch up dividends or share buybacks will be exercised in 2022 by most banks.

Materials

Current Holding: Air Products & Chemicals Ltd. (APD)

As of April 14, 2022, Materials accounted for 2.73% of the S&P 500 index with an enterprise value of $56.72 billion. The materials sector contains a total of 27 companies, 4 industries and 11 sub industries. The four industries are Chemicals (16 members), Construction Materials (2 members), Containers and Packaging (6 members), and Metals and Mining (3 members). The largest industry by weight being chemicals, accounting for approximately 69.30% of the sector and the smallest being construction materials, accounting for approximately 5.39%. The Materials performance reflected an annualized return of 12.81% which is lower than SPY total return of 16.55% over a 10 year period. Fundamentally, the materials sector has a trailing P/E ratio of 24.09, and a P/B ratio of 3.19 lower than the SPY benchmark P/E of 27.07 and P/B ratios of 4.48. The material sectors indicated dividend yield of 1.74% was higher than the SPY of 1.35%.

Our Outlook

We have a neutral outlook for the materials sector reflecting a shift in the business models globally to reflect the new trend of stay-at-home work, and recovery of companies from economic shutdowns. Chemical companies' have large exposure in the automotive & building and construction industry. The increasing number of new housing developments due to below-average mortgage rates and supply and demand imbalances show a spur in housing development. Companies producing key chemical housing materials such as insulation and building materials will benefit from increasing new housing construction. In the automotive industry, rising concerns about inflation and global semiconductor shortages reflect a fall in automotive production and sales. This in conjunction with shifting consumer preference and lower interest rates show promise for companies producing chemicals utilized in vehicle production. However, with shifting changes in financial liquidity, the automotive industry may see a decline in sales resulting in lower profitability for chemical companies. Consumer packaging low exposure to COVID pandemic allowed companies to grow due to the shift in stay-at-home trends and the new business model of a work-from-home hybrid model. In the paper and packaging industry, e-commerce retail sales growth grew faster than total retail sales from the aggressive shift in consumer shopping patterns due to lockdowns pushing consumers to purchase online. In the metals and mining industry, there has been rising demand for raw materials such as copper, gold, aluminum, zinc and steel, for gold the shift results in escalating trade tensions and hedges for high inflation, whereas with aluminum, zinc and steel the resulting increasing demand and limited supply are increasing prices for these materials.

Real Estate

Current Holding: Eastgroup (EGP)

As of April 29, 2022, the Real Estate sector accounted for 2.9% of the S&P 500 index. It contains two industries Real Estate Management & Development making up 2.8% of the sector, and Equity Real Estate Investment Trusts (REITs) with the majority holding 97.2%. The equity largest sub industry within the equity REITs is the specialized REITs making up 51.85% of the industry, followed by industrial and residential REITs both with about 11%.

We see major risks with a liberated workforce that seeks to work remotely full time or in a hybrid model that requires one to be in the office one to three days a week. Looking forward, we view these work scenarios as negative for office real estate cash flows and commercial office market values. Large urban markets that depend on public trains, subways, and buses may lag the rest of the country where you can drive to the office.

Our Outlook

A positive fundamental outlook on the Industrial REITs sub-industry driven by the continued rise of e-commerce and tight supply conditions. We see Covid's impact on the U.S. economy to continue to weaken, resulting in continued strength in consumer spending despite inflation and geopolitical uncertainties. We believe the pandemic has accelerated our long-term thesis by taking years of projected online spending growth and compressing it into a couple of quarters.

For the remainder of 2022, we forecast the market will remain tight for available warehouse space, enabling industrial REITs to raise rents in the mid to high single-digit range. We expect occupancy in the 95%-96% range, with sustained high demand offsetting most new supply. Potential risks include a decline in consumer spending, logistic operations moving outside of city centers in response to rising rents, and a reversal in current supply/demand dynamics resulting in lower rents and/or occupancy rates.

Industrials

Current Holdings: FedEx Corporation (FDX), Generac Holdings (GNRC)

The Industrials sector is composed of corporations involved in the general manufacturing of capital goods, providing commercial services and supplies, or transportation services. It is a vastly diverse industry with fourteen sub-sectors. Air Freight & Logistics, Airlines, Building Products, Commercial Services & Suppliers, Construction & Engineering, Electrical Equipment, Industrial Conglomerates, Machinery, Marine, Professional

Services, Road & Rail, Trading Companies & Distributors, and Transportation Infrastructure are classified as Industrials, along with the largest component of the industry, Aerospace & Defense (A&D).

Currently, Industrial firms' market capitalization makeup 8.0% of the S&P 500 total capitalization.

Sector Key Financial Metrics

	Price/ Earnings	EV/ EBITDA	Dividend Yield	Profit Margin
Industrials	24.78	14.66	1.57%	8.28%
S&P 500	21.21	14.03	1.50%	12.68%

Our Outlook

Our primary concern for the sector is rising fuel prices. As the price of oil rises, the transportation and air freight industries will be pressured on margins. Rising fuel prices also reduce the incentive for capital projects, which the industrial sector relies on.

Given the variety of sub-sectors we see a mixed outlook for industrials. HVAC companies such as Johnson Controls and Carrier continue to see elevated demand and strong pricing power due to a new emphasis from consumers on indoor air quality. There is also an expected uptick in defense spending due to recent heightened geopolitical risks which will benefit companies such as Lockheed Martin and General Dynamics.

We are seeing a huge shift in the electrification of everything from automobiles to manufacturing capabilities and greater emphasis on energy efficiency. The transition to natural gas from oil affects every industry within this sector. Consumer attitudes are also shifting, putting pressure on these firms to be conscious of the environment and global warming. R&D spending is increasing in 2022 to adapt to the changes of tomorrow.

Aerospace recovery is mixed and does not appear as straight-line as originally anticipated. Lockdowns in China indicate the demand for air travel may take several years to return to pre-pandemic levels.

Consumer Staples

Current Holding: Costco Wholesale Corporation (COST)

As of April 21st 2022 the consumer staples sector constitutes 7.12% of the SPY. This makes the sector the seventh largest in the SPY, only larger than real estate, energy, materials, and utilities. The sector consists primarily of retailers and producers, with beverage companies, food products, household products, personal products, tobacco, and food & staples retailers. Retailers make up 21% of the sector, the rest being split between producers.

Our Outlook

The consumer staples sector, as expected of a typically defensive sector, has underperformed the economy somewhat, as their customers are generally less affected by business cycles. This does not mean that the sector has done badly, quite the contrary in fact, with the sector reaching record highs this year. The sector is valued higher than historically, similar to most sectors. Pandemic related costs in production and transportation have weighed on earnings, however most of these costs have been passed on to consumers in the form of higher prices. Wholesalers look set to benefit from the reopening of the economy, as restaurants begin to see a return to normal. The major concerns for the future in this sector are higher input prices that may not be able to be passed on to consumers, coupled with stiff pricing competition that may limit profits.

Sector Positives:

- Stable earnings
- Companies remain attractive to consumers due to aggressive pricing
- Restaurant openings boosting wholesale demand
- Demand is not as sensitive to price changes
- Economic risks may support defensive sectors more than currently expected

Sector Negatives:

- Sector tends to underperform during periods of high growth
- Higher inflationary costs for producers and transportation, may not be transferable to consumers
- Stronger than expected economic growth may lead to underperformance
- Supply shortages may affect the ability of retailers to generate revenue

Current Holdings

UnitedHealth Group (NYSE:UNH)

As of October 7th, we purchased 249 shares at a price of $398.21

Industry Outlook

For millions of health care consumers in the United States, the cost to deliver their care is significant and on the rise. The proof is in the data. In 2020, the national health care expenditures (NHE) grew 9.7% to $4.1 trillion, representing 19.7% of gross domestic product. Spending per person was $12,530 and according to the Centers for Medicare and Medicaid Services (CMS), the NHE is projected to grow to 19.7% by 2028. Further, according to NCR Health, three out of four consumers feel their health care decisions are the most important—and expensive—decisions they'll ever make, yet four out of five admit to finding it difficult to compare cost and quality during the decision-making process. This is in stark contrast to other industries where a consumer can access cost, benefits and features to guide their purchasing decisions. From evolving consumerism needs to a robust deal environment, key areas are heating up for health care organizations.

Company Overview

UnitedHealth Group is the leading U.S health insurer offering a variety of plans and services for group and individual customers nationwide. The company operates through two segments: UnitedHealthcare and Optum segment. UnitedHealthcare focuses on health maintenance organization (HMO), preferred provider organization (PPO), and point-of-service (POS) plans, as well as Medicare, Medicaid, state-funded, and supplemental vision, and dental options. UnitedHealth's Optum segment includes OptumHealth, OptumInsight and OptumRx, all of which provide wellness and care management programs, financial services, information technology solutions, and pharmacy benefit management (PBM) services to individuals and the healthcare industry.

Investment Thesis

UnitedHealth Group is focused on improving outcomes for patients, lowering healthcare costs, and offering a better healthcare experience for patients and care providers. To this end, the company is increasingly incorporating data analytics and other technologies in the delivery of health care. The company has partnered with government agencies to identify ways to control increasing costs of prescription drugs. The company has continued to enhance its offerings, focusing on more digital and physical care resources in the home, expanding its concierge navigation services and enabling the home as a safe and effective setting of care. UnitedHealth Group can deliver consistent value for: their dominant market share, lower costs, and strategic merger and acquisition growth. UNH has the most dominant franchise in the industry and continues to gain share in Medicare Advantage which is currently the most valuable growth market in managed care. In addition, UnitedHealth Group is typically a medical cost ratio leader in the managed care industry, and we believe this is partially due to its close relationship with Optum to help keep medical and operating costs low. Lastly, UnitedHealth Group has made strategic investments such as DMG and Catamaran which has increased their medical resources and network access. These mergers and acquisitions expanded UNH's physician and Rx strategy which is used to control costs.

Investment Risks

Public health crises, large-scale medical emergencies and pandemics, such as the COVID-19 pandemic, effect on our business, results of operations, financial condition and financial performance. Competition; fundamentally compete on quality and value given to customers. If we sustain cyber-attacks or other privacy or data security incidents resulting in security breaches disrupting our operations or resulting in the unintended dissemination of protected personal information or proprietary or confidential information, we could suffer a loss of revenue and increased costs, exposure to significant liability, reputational harm and other serious negative consequences.

Financial Performance

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	295,311,000	285,273,000	255,639,000	240,269,000	224,871,000
Cost of Revenue	226,479,000	217,945,000	190,141,000	184,557,000	172,401,000
Gross Profit	68,832,000	67,328,000	65,498,000	55,712,000	52,470,000
> Operating Expense	46,890,000	45,682,000	44,595,000	37,913,000	36,502,000
Operating Income	21,942,000	21,646,000	20,903,000	17,799,000	15,968,000
> Net Non Operating Interest Inc...	-1,696,000	-1,660,000	-1,663,000	-1,704,000	-1,400,000
> Other Income Expense	2,239,000	2,324,000	1,502,000	1,886,000	1,376,000
Pretax Income	22,485,000	22,310,000	20,742,000	17,981,000	15,944,000
Tax Provision	4,583,000	4,578,000	4,973,000	3,742,000	3,562,000
> Net Income Common Stockhold...	17,450,000	17,285,000	15,403,000	13,839,000	11,986,000

ESG Considerations

In the case of UnitedHealth Group, Member of Dow Jones Sustainability Index since 1999 Fortune's World's Most Admired Companies: #1 rank in the insurance and managed care sector. Its ESG is above average for the industry.

(Unrealized gain on the Investment: 34.12% as of April 14th, 2022)

Whirlpool Corporation (NYSE:WHR)

On October 15th we purchased 304 shares of WHR at a price of $223.04.

Industry Outlook

As of 2021, the United States household appliance industry revenue is projected to reach $19,416 million. The projected annual CAGR through 2025 of 6.2% implies revenues will be $26,190 million in 2025. The home appliance industry is correlated with homebuilding. From 2010 through 2020 new home construction fell 6.8 million units short of what was needed to meet household formation growth in the United States. Freddie Mac estimates that the national deficit of single-family homes stands at 3.8mm. Long-term historical average is 1.5 million units a year. At 2.1mm units a year, it would take a decade to close the gap. People are also using their home appliances more due to recent changes in consumer behavior driven by the COVID-19 pandemic. 57% of US consumers surveyed are spending on average an extra 7.5 hours at home each day. 54% of consumers report they are cooking more and of those 54%, 71% state they plan to continue cooking more. Two out of five consumers report they are doing laundry more since the COVID-19 pandemic started. There is a new emphasis in laundry on sanitization. "This whole buzzword of sanitization is something that has become such a big state in the mind of the consumers. It is here to stay. What we saw SARS did for Southeast Asia in terms of completely changing basic human behavior...we will potentially see the equivalent of this (COVID-19) impact for us" - Kumar Guarav VP of Marketing for Whirlpool.

Company Overview

Whirlpool is the world's largest manufacturer of home appliances. Whirlpool sells appliances that focus on laundry, refrigeration, cooking appliances and dishwashing. Whirlpool serves customers in North America, LatAm, EMEA and Asia. The Fortune 500 Company has annual revenue of approximately $21 billion, 92,000 employees, and more than 70 manufacturing and technology research centers around the world.

Investment Thesis

In 2017, Whirlpool's high quality management team initiated a successful campaign to reduce fixed costs and develop a cost-based pricing model. Whirlpool achieved this by making several divestitures over the next three years that re-focused the business on sales to consumers rather than businesses. Between 2017 and 2020, Whirlpool incurred $1 billion in restructuring costs however margins have steadily improved since this time. Whirlpool is now able to fully realize the benefits from this campaign. Furthermore, Whirlpool, as a leader in its industry, is poised to benefit from several positive trends in its industry outlook. 45-50% of Whirlpool's sales are for appliances destined for new homes. We forecast homebuilding to be significantly above average over the next

2-3 years due to a deficit in the current market. Consumer preferences also changed recently due to the COVID-19 pandemic with consumers spending more time doing household chores resulting in them using their appliances more. We expect these changes in consumer behavior to be long-lasting even as lockdown restrictions end. Finally, Whirlpool has a strong presence in smart appliances - an industry that is forecasted to have a ~19% CAGR over the next five years.

Investment Risks

A primary area of risk for Whirlpool is the rising costs of its raw material, however Whirlpool has shown success in passing these costs off to the consumer using its cost-based pricing program. Another risk is meeting consumer demand due to supply constraints; however, Whirlpool's geographical footprint of manufacturing sites helps mitigate this risk

Financial Performance

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	21,547,000	21,985,000	19,456,000	20,419,000	21,037,000
Cost of Revenue	17,435,000	17,576,000	15,606,000	16,886,000	17,500,000
Gross Profit	4,112,000	4,409,000	3,850,000	3,533,000	3,537,000
> Operating Expense	2,003,000	2,128,000	1,939,000	2,211,000	2,264,000
Operating Income	2,109,000	2,281,000	1,911,000	1,322,000	1,273,000
> Net Non Operating Interest Inc...	-31,000	-16,000	-168,000	-19,000	-300,000
> Other Income Expense	82,000	67,000	-288,000	249,000	-994,000
Pretax Income	2,160,000	2,332,000	1,455,000	1,552,000	-21,000
Tax Provision	465,000	518,000	384,000	354,000	138,000
Earnings from Equity Interest Net ...	-13,000	-8,000	-	-	-
> Net Income Common Stockhold...	1,663,000	1,783,000	1,081,000	1,184,000	-183,000

ESG Considerations

Whirlpool focuses its ESG efforts on creating efficient appliances that reduce energy consumption. In April 2021 the company issued its first Sustainable Bond for $300mm that is tied to ESG metrics.

(Unrealized gain on the Investment: .29% as of April 14th, 2022)

Microsoft Corporation (NYSE: MSFT)

On October 28th, we purchased 358 shares of MSFT at $323.01.

Industry Outlook

The Covid-19 pandemic has accelerated growth in mainly two areas: cloud migration & digital transformation. There is a tremendous need to achieve the following objectives; lower IT infrastructure costs & enable easy access to applications from a large number of remote users which drives migration to the cloud through 3 levels of computing.

Company Overview

MSFT is an American multinational technology corporation which produces computer software, OS, server/client applications, consumer electronics, personal computers, internet/intranet software, gaming systems & other devices. It's an extremely stable, blue chip, conglomerate with an aggressive goal of "empowering every person and organization on the planet to achieve more." MSFT has a number of income streams generating revenues from different segments & is well positioned to help us reach our portfolio goal for generating alpha against the SPY. The three main segments driving this growth are More Personal Computing consists of consumer and enterprise products. Products include; Windows including Windows OEM; Devices including, Surface and PC accessories, gaming including Xbox hardware and Xbox content and services, Search advertising, Intelligent Cloud consists of public private and hybrid server products, and cloud services. Products include, Server products and cloud services including Azure, SQL Server, Windows Server and GitHub, Enterprise Services including Premier Support Services and Microsoft Consulting. Productivity and Business Processes consists of products and services representing productivity, communication and information services.
Office Products (Commercial and Consumer) include, Office, Exchange, SharePoint, Microsoft Teams, Office 365, Security and Compliance and Skype, LinkedIn including Talent Solutions, Marketing Solutions, Premium Subscriptions, Sales Solutions, and Learning, Solutions, Dynamics include Dynamics 365.

Investment Thesis

Microsoft has a wide economic moat provided its diverse business portfolio. Organic and inorganic growth across the board is expected for Microsoft's products as well as very strong growth in the intelligent cloud segment of the Software space to $800 billion over the course of the next two years. Microsoft has been able to capitalize on that while also increasing operating efficiency and offering limited downside risk. Considering the wide number of Windows devices being utilized globally, Microsoft remains a leader in the Software Infrastructure industry with 70% of the market share. This offers Microsoft the ability to scale in the use and service offerings of its cloud services business (Azure) easier than its competitors. With increased subscribership to its Office 365 subscriptions, Microsoft will continue to increase profitability.

Investment Risks

- ✓ Intense competition
- ✓ Cybersecurity
- ✓ Lack of innovation
- ✓ Capital expenditure into cloud-based growth
- ✓ M&A Execution

Financial Performance

Breakdown	TTM	6/30/2021	6/30/2020	6/30/2019	6/30/2018
> Total Revenue	168,088,000	168,088,000	143,015,000	125,843,000	110,360,000
Cost of Revenue	52,232,000	52,232,000	46,078,000	42,910,000	38,353,000
Gross Profit	115,856,000	115,856,000	96,937,000	82,933,000	72,007,000
> Operating Expense	45,940,000	45,940,000	43,978,000	39,974,000	36,949,000
Operating Income	69,916,000	69,916,000	52,959,000	42,959,000	35,058,000
> Net Non Operating Interest Inc...	-215,000	-215,000	89,000	76,000	-2,733,000
> Other Income Expense	1,401,000	1,401,000	-12,000	653,000	4,149,000
Pretax Income	71,102,000	71,102,000	53,036,000	43,688,000	36,474,000
Tax Provision	9,831,000	9,831,000	8,755,000	4,448,000	19,903,000
> Net Income Common Stockhold...	61,271,000	61,271,000	44,281,000	39,240,000	16,571,000

ESG Considerations

MSFT has a low risk rating because it has the highest rankings in energy management, systemic risk management, employee engagement in diversity and inclusion.

MSFT is constantly looking to reduce its carbon footprint & donated $1.9B to 243k nonprofits globally. The MSFT Airband Initiative provides broadband access to
2.1million people (15.1m outside US) & has a Global Skills Initiative goal of 25 million learners by 2021.

(Unrealized loss on the Investment: -13.53% as of April 14th, 2022)

FedEx Corporation (NYSE: FDX)

On November 5th, we purchased 292 shares of FDX at $240.84.

Industry Outlook

The parcel industry is highly competitive. There are four major players in the United States that currently have 99% of the market share: FedEx, UPS, Amazon and USPS. The parcel industry has high barriers to entry as a considerable amount of infrastructure and human capital are required to operate an efficient delivery network. In 2020, there was a 27% increase in parcels shipped year-over-year. 18% growth is forecasted for 2021 and an 11% CAGR is forecasted through 2026. E-commerce is a key drive of the industry's growth. E-commerce accounted for 18% of total global retail sales in 2020, up from 7.4% in 2016. Even as COVID-19 lockdown restrictions ease, e-commerce's share of total sales is expected to increase to 21.8% by 2024. Consumers in the industry are placing a higher priority on speed. 25% of consumers surveyed would pay a "high premium" for faster delivery service and this share is expected to grow as it is mostly young consumers.

Company Overview

FedEx Corp. provides a portfolio of transportation, e- commerce and business services through companies competing collectively, operating independently, and managed collaboratively, under the FedEx brand. The Company's segments include FedEx Express, FedEx Ground, FedEx Freight and FedEx Services. The FedEx

Express segment offers a range of the United States domestic and international shipping services for delivery of packages and freight; covering every U.S street address, and more than 220 countries and territories. The FedEx Ground segment provides business and residential money-back guaranteed ground package delivery services, 7 days a week The FedEx Freight segment offers less-than-truckload (LTL) freight services. The FedEx Services segment provides its other companies with sales, marketing, information technology, communications, customer service and other back-office support. In addition, integrated the technology and services customers need including solutions for data management, sales, marketing, & E-commerce.

Investment Thesis

FedEx Corporation's focus on strategic acquisitions and partnerships in technology, software, and robotics will increase profitability and margins over time. In 2016 FedEx acquired TNT Express for $4.8B. This acquisition will expand FedEx visibility in the European market while expanding the existing FedEx portfolio and reshape the global transportation and logistics industry. FedEx also acquired ShopRunner in 2020, furthermore driving expansion into the e-commerce market, with a multi-year collaboration with Microsoft, Adobe, and Salesforce. FedEx has a favorable market position to benefit from the rapidly growing e-commerce industry. FedEx has the greatest number of planes and vehicles when compared to competitors UPS and Amazon. FedEx successfully accommodated the record 39% surge in e-commerce sales from the start of the COVID-19 pandemic. Lastly, FedEx is focused on capital investments that will improve cost margins long-term. 16 automated facilities to be built before the end of the year to accommodate peak season, and commitments to purchase 35 and 33 aircrafts in 2022 & 2023 respectively.

Investment Risks

An immediate risk for FedEx is a tight labor market. FedEx is urgently trying to hire enough staff to get through the holiday peak shipping season. A long-term risk for FedEx is Amazon Logistics. Amazon has invested $60bn per year to develop a delivery service that can compete against FedEx and UPS.

Financial Performance

Breakdown	TTM	5/31/2021	5/31/2020	5/31/2019	5/31/2018
> Total Revenue	86,641,000	83,959,000	69,217,000	69,693,000	65,450,000
> Cost of Revenue	68,360,000	66,005,000	55,873,000	54,866,000	50,750,000
Gross Profit	18,281,000	17,954,000	13,344,000	14,827,000	14,700,000
> Operating Expense	12,433,000	11,981,000	10,492,000	10,041,000	9,450,000
Operating Income	5,848,000	5,973,000	2,852,000	4,786,000	5,250,000
> Net Non Operating Interest Inc...	-717,000	-741,000	-617,000	-529,000	-510,000
> Other Income Expense	1,394,000	1,442,000	-566,000	-3,602,000	-387,000
Pretax Income	6,525,000	6,674,000	1,669,000	655,000	4,353,000
Tax Provision	1,427,000	1,443,000	383,000	115,000	-219,000
> Net Income Common Stockhold...	5,087,000	5,220,000	1,284,000	539,000	4,566,000

ESG Considerations
FedEx is investing in pragmatic solutions through a $100 million donation to help establish The Yale Center for Natural Carbon Capture, tasked with using technology to take carbon out of the atmosphere. In addition, FedEx is committed with a goal to achieve carbon-neutral operations by 2040, and investing in partnerships like Nuro, in creating a fully autonomous electric delivery vehicle.

(Unrealized loss on the Investment: -15.05% as of April 14th, 2022)

Costco Wholesale Corporation (NASDAQ: COST)
On November 10th 2021, we purchased 52 shares of COST at $508.88.
On February 1st 2022, we purchased 103 shares of COST at $504.07.

Industry Outlook
The wholesale retailing industry is highly competitive but is also an industry that tends to do well regardless of macroeconomic conditions. This is because the wholesale retailing business model offers consumers high value products at low costs. Retailing has seen massive disruptions due to the COVID-19 pandemic, this includes, but is not limited to supply chain issues, the e-commerce boom, explosive sales growth, and record high valuations. The outlook however remains decent for the future, supply chain issues are being mitigated by retailers like COVID. Retailers have embraced e-commerce and have adapted well to new consumer buying habits. The huge boom in sales during 2021 and 2020 look set to be built upon in the future as the world exits the pandemic, despite it being generally considered a defensive industry. Wholesalers will also see demand increases from small and medium sized businesses as restaurants begin fully opening.

Company Overview
Costco Wholesale Corporation operates an international chain of membership warehouses that carry quality, brand-name merchandise at substantially lower prices than are typically found at conventional wholesale or retail sources. The warehouses are designed to help small- to medium-sized businesses reduce costs in purchasing for resale and for everyday business use. Individuals also may purchase for their personal needs. The company operates 818 locations around the world with over 111 million members, and its business model has fostered extremely strong customer loyalty. Costco is now the third largest retailer in the world and has been expanding its presence around the world, particularly in Europe and Asia. Costco has also made great strides in expanding its product line.

Some important things to note:

- Low Reliance on Membership Fees – Contrary to what many believe Costco's membership fees make up a very minor percentage of revenues, this statistic has been declining since 2017.
- Warehouse Expansion – Costco plans to open twenty-five locations in FY2022, compared to twenty in FY2021. Sales growth is driven primarily by new sales created by new locations, and comparable sales growth in stores in their first three years of opening.
- Membership Fee Hike – Despite a low reliance on membership fees as a revenue driver there is still a lot of discussion internally, and from other analysts about the potential of a fee hike in the coming years.

This may impact renewal rates and membership growth.
● E-Commerce Segment – Costco has invested heavily in its online retailing segment in the last two years and has seen massive growth in this section of the business.
● Strong Performance in Foreign Markets - Warehouses in China have outperformed the US average in sales and memberships. Strong growth can be expected as more locations open.

Investment Thesis

✓ Strong Customer Loyalty
✓ Successful Operations Outside of the US
✓ Expanding E-Commerce Business
✓ Consistent Track Record of Profitable Growth
✓ Well Positioned to Mitigate Supply Chain Issues
✓ Expanding Membership Pool
✓ Company on Track to Open New Warehouses
✓ Costco will appeal to bargain seeking consumers during inflationary periods.

Investment Risks

✓ Trading relatively close to fair value
✓ E-Commerce Segment could be outcompeted by other retailers
✓ Price competition from growing wholesale competitors
✓ Producer inflation may not be transferable to consumers
✓ Lower margins from online retailing may dent profitability

Financial Performance

Breakdown	TTM	8/31/2021	8/31/2020	8/31/2019	8/31/2018
> Total Revenue	195,929,000	195,929,000	166,761,000	152,703,000	141,576,000
Cost of Revenue	170,684,000	170,684,000	144,939,000	132,886,000	123,152,000
Gross Profit	25,245,000	25,245,000	21,822,000	19,817,000	18,424,000
> Operating Expense	18,537,000	18,537,000	16,387,000	15,080,000	13,944,000
Operating Income	6,708,000	6,708,000	5,435,000	4,737,000	4,480,000
> Net Non Operating Interest Inc...	-130,000	-130,000	-71,000	-24,000	-84,000
> Other Income Expense	102,000	102,000	3,000	52,000	46,000
Pretax Income	6,680,000	6,680,000	5,367,000	4,765,000	4,442,000
Tax Provision	1,601,000	1,601,000	1,308,000	1,061,000	1,263,000
> Net Income Common Stockhold...	5,007,000	5,007,000	4,002,000	3,659,000	3,134,000

ESG Considerations

Costco is ranked in the middle of other food retailers on an ESG basis. It has improved its environmental, and governance scores recently and compares well against its peers in those metrics. It has no worrying statistics from an ESG perspective and has an MSCI rating of BBB.

(Unrealized gain on the Investment: 16.75% as of April 14th, 2022)

JP Morgan (NYSE: JPM)

On November 18th, we purchased 613 shares of JPM at $159.29.

Industry Outlook

Covid-19 pandemic has shown that the actions taken by the banks since the global financial crisis, including bolstering their capital, provisioning, funding, and liquidity buffers, have strengthened their resilience. We are having a positive view on Multinational Banks, prefer U.S and Asian banks to their European counterparts due to the former's superior profitability and more positive outlook. Expecting regulators in the U.S and Asia will be quicker to raise their key interest rates, given their economies are expected to rebound stronger. We believe The European Central Bank (ECB) will continue to keep its key interest rate low for longer, further widening the profitability gap between European banks and those in the U.S and Asia.

Key areas to Focus

- Rebound in loan demand as global economic recovery gains traction
- Net interest margin will remain under pressure
- Normalizing loan loss provisions will be the key driver in banks improved profitability
- Dividend and share buyback to make a comeback

Company Overview

JPMorgan Chase & Co. (JPM) is a leading global financial services firm with assets of $2.6 trillion and operations worldwide. Our rich history spans over 200 years. JPM are a leader in investment banking, financial services for consumers and small businesses, commercial banking financial transactions processing and asset management.

Four segments for JPMorgan Chase

- Consumer & Community Banking (CCB) Offer Deposit, Home/Auto Loan, Credit Card.
- Corporate & Investment Banking (CIB) Offer Bank and Markets & Investors Services. IPO, SPAC, Stock and Bond issuance, Secondary markets trading.
- Asset & Wealth Management (AWM) Provide investment management to retail and institutional investor, financial intermediaries, and High-net-worth families and individuals goals.
- Commercial Banking (CB) Providing lending, treasury service, Investment Banking and Investment management, services to corporations, municipalities, financial institutions, and nonprofit entities.

Investment Thesis

✓ Universal Bank
✓ Strong Position in Consumer & Commercial Banking
✓ Strong Key Performance indicator
✓ Strong Credit Quality
✓ Risk Management

Investment Risks

✓ Policies, Law and Regulation
✓ Cyber Attack
✓ Market/Credit Risk
✓ Fintech Company

Financial Performance

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	120,173,000	121,706,000	119,475,000	115,627,000	109,029,000
Credit Losses Provision	3,585,000	9,220,000	-17,412,000	-5,585,000	-4,871,000
> Non Interest Expense	71,809,000	71,343,000	66,656,000	65,497,000	63,394,000
Income from Associates & Other P...	-	-21,000	-	-	-
Pretax Income	51,928,000	59,562,000	35,407,000	44,545,000	40,764,000
Tax Provision	9,612,000	11,228,000	6,276,000	8,114,000	8,290,000
> Net Income Common Stockhold...	40,497,000	46,503,000	27,410,000	34,642,000	30,709,000

ESG Considerations

The reason why we care about the ESG score is that ESG can be a risk factor for us to consider when we are investing. JPM has a 29.3 ESG score which is Medium Risk.

(Unrealized loss on the Investment: -7.11% as of April 14th, 2022)

Cisco Systems Inc. (NYSE: CSCO)

On November 18th, we purchased 1532 shares of CSCO at $56.23.

Industry Outlook

There are expected to be 5.3 billion total Internet users by 2023 and the communications hardware industry is expected to be valued at ~$600b as of 2019. While demand on the hardware front is expected to decline in the short term, industry research is expecting there to be an increase in demand toward cloud computing, wireless usage, data center transformation to meet the hybrid cloud computing & client needs, as well as network security. The industry overall is expected to grow in revenue by 9% due to investments in network infrastructure by service providers & enterprises that are attempting to meet a growing demand for data consumption & next generation business applications. Research also expects industry gross margins to improve to 47.5% in 2021 & 50.1% in 2022 with the major driving forces being the rapid adoption of social media content, internet video, and widespread migration toward a more virtualized network environment for many enterprises.

Company Overview

Founded in December of 1984 & headquartered in San Jose, California, Cisco is a U.S. multinational technology corporation which manufactures & sells high-tech products & services, telecommunications equipment, networking software, & hardware. Cisco's goal is to integrate platforms across networks & the cloud in order to provide a highly secure, intelligent platform for its customers. Cisco's mission is to "...shape the future of the Internet by inspiring new possibilities & helping transform its clients' infrastructure, expand applications, analytics, address their security needs, & empower their teams."

Cisco is estimated to have a market cap of almost 70% of the communications equipment index. It has a number of income streams generating revenues from different segments & is well positioned to help us achieve our portfolio goal for generating alpha against the SPY. Its main segments driving growth are Infrastructure Platforms, Applications, Security & other products, & lastly Services as one can see in the graphic depicted below.

Investment Thesis

✓ Increasing market share in the software and subscription space
✓ Growth in value of the software industry
✓ Strong balance sheet to facilitate organic and inorganic growth
✓ Development of communication equipment including Wi-Fi 6 and 5G core products

Investment Risks

✓ Intense competition
✓ Cyber attacks
✓ Restructuring

Financial Performance

Breakdown	TTM	7/31/2021	7/31/2020	7/31/2019	7/31/2018
> Total Revenue	50,789,000	49,818,000	49,301,000	51,904,000	49,330,000
Cost of Revenue	18,423,000	17,924,000	17,618,000	19,238,000	18,724,000
Gross Profit	32,366,000	31,894,000	31,683,000	32,666,000	30,606,000
> Operating Expense	18,376,000	18,175,000	17,582,000	18,125,000	17,939,000
Operating Income	13,990,000	13,719,000	14,101,000	14,541,000	12,667,000
> Net Non Operating Interest Inc...	154,000	184,000	335,000	449,000	565,000
> Other Income Expense	94,000	-641,000	-466,000	-419,000	-193,000
Pretax Income	14,238,000	13,262,000	13,970,000	14,571,000	13,039,000
Tax Provision	2,841,000	2,671,000	2,756,000	2,950,000	12,929,000
> Net Income Common Stockhold...	11,397,000	10,591,000	11,214,000	11,621,000	110,000

ESG Considerations

From reviewing the ESG report, Cisco has a relatively low ESG score due to the fact that there are limited material issues that would warrant a higher score.

(Unrealized loss on the Investment: 7.4% as of April 14th, 2022)

AbbVie Inc. (NYSE: ABBV)

On December 1st, we purchased 510 shares of ABBV at $118.85.

Industry Outlook

The pharmaceutical industry is expected to increase to $1.5 trillion by 2023. Approximately 38% of industry experts expect big data to have the greatest impact in the pharmaceutical industry. More than 450 medications were withdrawn over the past 25 years as a result of adverse reactions. This is one of the reasons why precision medicine is expected to be such an integral part of the change in the industry. There are 66 biologic patents in the United States that will expire from 2022 to 2025. As a result, the FDA anticipates an increasing number of biosimilar products. Pharmaceutical companies can spend up to $100 million per year on recalls that are linked to labeling mistakes.

Company Overview

Today, AbbVie's 48,000 employees around the world focus on discovering and delivering transformational medicines and products in several key therapeutic areas: immunology, oncology, neuroscience, eye care, virology, and women's health, as well as through our Allergan Aesthetics portfolio. We care deeply for patients and customers, their families, our employees, and our communities. We strive to always do the right thing, pursuing the highest standards in quality, compliance, safety, and performance. We embrace diverse backgrounds and perspectives and treat everyone equally, with dignity and respect, allowing us all to achieve our best. Our commitment to health doesn't stop with our medicines. Each day, we work to deliver sustainable solutions that improve the health of our business and the health of humankind.

Investment Thesis

AbbVie's injectable biologic Humira brought in nearly $20 billion in sales in 2020, with $16 billion in the U.S. alone. A year earlier, sales of the drug were $19.17 billion. While AbbVie intends to keep Humira biosimilars at bay in the U.S. until 2023, a number of competitors have filed IP lawsuits against the firm. In 2020, the United States District Court for the Northern District of Illinois dismissed 12 consolidated cases with prejudice, but the plaintiffs appealed the dismissal. More recently, Alvotech has filed a lawsuit accusing AbbVie of attempting to protect Humira with "an outrageous number of patents of dubious validity," according to a court filing. Announced 8.5% dividend increase starting in February 2022. Their dividend has grown over 250% since inception (2013) AbbVie purchasing Allergan in 2020 was a way for the company to not rely so much on its top selling drug Humira, and as a way to diversify its portfolio.

Investment Risks

Public health outbreaks, epidemics or pandemics, such as the coronavirus (COVID-19), have had, and could in the future have, an adverse impact on AbbVie's operations and financial condition. The expiration or loss of patent protection and licenses may adversely affect AbbVie's future revenues and operating earnings. AbbVie's major products could lose patent protection earlier than expected, which could adversely affect AbbVie's future revenues and operating earnings. A third party's intellectual property may prevent AbbVie from selling its products or have a material adverse effect on AbbVie's future profitability and financial condition.

Financial Performance

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	56,725,000	56,197,000	45,804,000	33,266,000	32,753,000
Cost of Revenue	17,285,000	17,446,000	15,387,000	7,439,000	7,718,000
Gross Profit	39,440,000	38,751,000	30,417,000	25,827,000	25,035,000
> Operating Expense	19,865,000	19,865,000	17,856,000	12,459,000	18,228,000
Operating Income	19,575,000	18,886,000	12,561,000	13,368,000	6,807,000
> Net Non Operating Interest Inc...	-2,301,000	-2,384,000	-2,280,000	-1,509,000	-1,144,000
> Other Income Expense	-3,223,000	-3,513,000	-6,883,000	-3,433,000	-466,000
Pretax Income	14,051,000	12,989,000	3,398,000	8,426,000	5,197,000
Tax Provision	1,564,000	1,440,000	-1,224,000	544,000	-490,000
> Net Income Common Stockhold...	12,405,000	11,468,000	4,556,000	7,842,000	5,657,000

ESG Considerations

Since its inception in 2013, AbbVie and the AbbVie Foundation have invested more than $120 million in philanthropic programs that purposefully support diverse communities.

(Unrealized gain on the Investment: 40.04% as of April 14th, 2022)

ADBE Inc. (NASDAQ: ADBE)

On January 14th, we purchased 208 shares of ADBE at $518.16
On March 3rd, we repurchased 216 shares of ADBE at $461.51

Industry Outlook

The Covid-19 pandemic has accelerated growth in mainly two areas: cloud migration & digital transformation. There is a tremendous need to achieve the following objectives; enable easy access to applications from a large number of remote users which drives migration to the cloud, directly supporting Adobe's subscription based model & accommodate the need for a global digital transformation. The global software industry space is valued at approximately $600B. There's been generally a historical approximately 20% year over year cloud subscription growth & it's expected to increase. The cloud space represents approximately 37% of the global software industries' revenue leaving approximately 63% of growth to be captured & absorbed. There's an expectation that cloud subscription's revenue could hit 52% of total industry revenue by 2023 with approximately $300B growth potential. Growth forecasts for total global enterprise software industry to accelerate 3-4% through 2024 driven by cloud subscription growth & partially offset by declining traditional software sales & licenses. Overall subscription revenue has crossed a threshold where it equates to more than 2x license revenue or 70% of total revenue for some industry peers including MSFT & ADBE. Microsoft holds the largest share at 64.7%, Oracle at 17.3%, Salesforce at 8.9%, Adobe at 5.7%, & Intuit at 3.4%.

Company Overview

Originally incorporated in October of 1983 & now headquartered in San Jose, California, Adobe is one of the largest and most diversified software companies in the world offering a wide line of products and services. Adobe's mission is to change the world through digital experiences serving a large customer base from creative professionals including photographers, video editors, designers, developers, content creators, students, & marketers to name a few. Its products and services are used in business of all sizes and used to create, manage, deliver, measure, optimize content and experiences across computing devices and media platforms. (10K) Adobe has three revenue segments; Digital Media, Digital experience, & Publishing & advertising.

- Digital Media Segment consists of Adobe Creative Cloud Suite & Document Cloud. Products include: Photoshop, Illustrator, InDesign, & Premiere to name a few.

- Digital Experience Segment consists of the Adobe Experience Cloud. Services include the usage of AI to gather & analyze data anywhere in a customer's journey.

- Publishing and advertising consists of Adobe Advertising Cloud. This segment primarily offers an end to end platform for managing advertising across digital platforms.

Adobe's income streams generate revenues from licensing products to end users through app stores & its own website Adobe.com. It distributes products and services through a network of distributors, value added sellers, systems integrators, independent software vendors, retailers, software developers, & original equipment manufacturers. Additionally, it licenses its technology to hardware manufacturers, software developers, & service providers for use in their products & solutions. Many of its products run on server based PCs as well as smartphones & Adobe operates globally.

Investment Thesis

- Strong growth in main segments
- Increased operating efficiency
- Operates Globally
- Adopted a growing software subscription model
- Adobe develops its software internally

Investment Risks

- Intense competition
- Cybersecurity
- Recent executive departures (retirement)
- AI social & ethical issues

Financial Performance

Breakdown	TTM	11/30/2021	11/30/2020	11/30/2019	11/30/2018
› Total Revenue	15,785,000	15,785,000	12,868,000	11,171,297	9,030,008
Cost of Revenue	1,865,000	1,865,000	1,722,000	1,672,720	1,194,999
Gross Profit	13,920,000	13,920,000	11,146,000	9,498,577	7,835,009
› Operating Expense	8,118,000	8,118,000	6,909,000	6,230,456	4,994,640
Operating Income	5,802,000	5,802,000	4,237,000	3,268,121	2,840,369
› Net Non Operating Interest Inc...	-113,000	-113,000	-73,000	-88,893	3,298
› Other Income Expense	16,000	16,000	12,000	25,513	-49,791
Pretax Income	5,705,000	5,705,000	4,176,000	3,204,741	2,793,876
Tax Provision	883,000	883,000	-1,084,000	253,283	203,102
› Net Income Common Stockhold...	4,822,000	4,822,000	5,260,000	2,951,458	2,590,774

ESG Considerations

Adobe has a very low ESG risk with a rating of 10.8.

(Unrealized loss on the Investment: -8.9% as of April 14th, 2022)

Company (NYSE:GNRC)

On January 26th, 2022 we purchased 229 shares of GNRC at $273.83.

Industry Outlook

Home as a sanctuary is a mega-trend that we believe won't go away post-COVID. Since COVID, people have been spending more time at home, with a greater reliance on reliable and efficient energy solutions that power all their devices and electronics. There is a direct correlation between the amount of time people spend at home and their energy usage costs. Additionally, having reliable internet connectivity is of greater importance for people that WFH.

Secondly, over the last several years, attitudes are changing around global warming and environmental change. The next key industry trend is energy efficiency. Utility companies are eager to find ways to incorporate those resources to shift peak loads to reduce grid stresses, avoid costly grid upgrades and manage the disruptions caused by increasing levels of intermittent renewables on their systems.

There's been a growing supply and demand imbalance with electricity. We are seeing a rapid growth of the electrification of everything including electric vehicles, to all the devices we use daily. Instead of having fuels like oil or gas flow directly into our homes, offices, and manufacturing facilities, they will be converted to electricity first. The Biden administration has set aside $174 billion for electric vehicles and related public charging stations, and an additional $100 billion to bring broadband to those who currently lack it. For power generators, we are seeing more companies like Generac start to phase out diesel fuel for natural gas. Compared to diesel, natural gas contains no soot particles, 99% less sulfur oxide, 80% less nitrogen oxide, and up to 30% less CO2 emissions.

Lastly, we have recently seen an increase in severe natural disasters including wildfires, hurricanes, earthquakes that have left consumers without power for days or weeks. Small businesses, hospitals, pharmacies, emergency medical services, and schools cannot afford to lose power for more than a couple of hours.

Company Overview

GNRC is a leading designer and manufacturer of products related to power generation and battery storage systems. Generac manufactures generators, transfer switches, pressure washers, water pumps, battery storage solutions, micro inverters, and smart home security products. Generac was founded in 1959, by a true engineer named Robert D. Kern with just 5 employees in his garage in Wales Wisconsin. In 1989, Generac launched its first-ever automatic home standby generator, and since then has been the leader and creator in standby home generators, with 8/10 people owning a Generac standby generator. In 2010, Generac became a public company listed on the NYSE. In March 2021, Generac joined the S&P 500 for the first time in company history.

Today Generac has over 8,500 employees, and its goal is to expand its business to provide efficient and clean energy solutions to power a smarter world. In 2020, about 86% of revenues came from domestic markets, with 14% of products being sold internationally. 67% of revenues came from the residential segment, and roughly 26% came from industrial and commercial sales. Products and solutions are available globally through a broad network of independent dealers, distributors, retailers, e-commerce, wholesalers, and equipment rental companies.

Generac PWR Energy Storage System

> -PWRgenerator is the standby generator that will produce electricity for your home or business, in the case of a power outage. Within 10 seconds of losing power, the generator will automatically start powering your building
>
> - PWRcell is a battery storage device that stores excess energy produced via solar panels. The acquisition of Neurio Technology and Pika Energy helped GNRC gain access in this market
>
> -PWRmanager is an advanced load management device that works in conjunction with PWRview, a user-friendly app, which makes viewing your energy consumption and live data simple.
>
> - PWRcell solar + battery storage systems are being manufactured and offered as Smart Grid Ready, allowing customers to more quickly and seamlessly sell power back to the grid and offset their energy costs. This new and exciting innovation, to be able to sell power back to the grid, is in conjunction with the acquisition of Neurio Technology Inc. and Pika Energy.

Investment Thesis

✓ HSB Penetration Opportunity

✓ Decentralization & Power Storage solutions

✓ 5G- Global Telecom Opportunity

✓ Investment Style: Mid-cap growth

Investment Risks

✓ Generac home standby generators face threats from home batteries to supply backup power needs

✓ Generac's success in the clean energy business is not guaranteed, given strong incumbents

✓ Generac faces risks of integrating its numerous acquisitions into a cohesive product offering

Financial Performance

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	3,737,184	3,737,184	2,485,200	2,204,336	2,023,464
Cost of Revenue	2,377,102	2,377,102	1,527,546	1,406,584	1,298,424
Gross Profit	1,360,082	1,360,082	957,654	797,752	725,040
> Operating Expense	617,481	617,481	478,548	425,589	367,859
Operating Income	742,601	742,601	479,106	372,163	357,181
> Net Non Operating Interest Inc...	-32,953	-32,953	-32,991	-41,544	-40,956
> Other Income Expense	-18,122	-18,122	76	-11,012	-5,149
Pretax Income	691,526	691,526	446,191	319,607	311,076
Tax Provision	134,957	134,957	98,973	67,299	69,856
> Net Income Common Stockhold...	533,392	533,392	349,329	253,260	220,287

ESG Considerations

Generac has an ESG score of 30.81 per Sustainalytics, which is average for companies in the industrials sector
Generac is dedicated to resilient, efficient, sustainable energy solutions, supporting the transition to a newer, cleaner, more reliable power grid - Forbes: Named one of America's Best Midsize employer for 2021
In March 2021, Generac joined the S&P 500 for the first time in company history
Generac received a Silver award in the 2021 Edison Awards, sustainability and home efficiency solutions category, for its PWRcell Solar + Storage System - Fortune- Named to Fortune's 2020 list of the 100 fastest Growing Companies
The Generac Lean Academy (GLA), offered in partnership with Waukesha Technical College, provides customized lean certification to Generac employees.

(Unrealized loss on the Investment: -11.47% as of April 14th, 2022)

Company (NYSE: APD)

On February 9th, 2022, we purchased 255 shares of APD at $255.29.

Industry Outlook

The industrial gas businesses are highly resilient to economic shocks, such as the financial crisis and the Covid-19 pandemic. During the Great Recession of 2008- 2009, free cash flow remained strong in this sub-industry; the same was true during the 2020 recession. Industrial gas companies benefit from a high percentage of revenue derived from stable on-site businesses, which have fixed monthly charges and/or minimum purchase requirements. In general, industrial gas companies have a good degree of pricing power and have been able to consistently expand margins, even during periods of high inflation.

The market forecasts that the business environment will continue to improve due to the start-up and ramp-up of new projects. Consumption of industrial gasses over the longer term are forecasted to continue to increase at the historical rate of 1.5 to 2 times that of industrial production, according to the CFRA APD Equity Research. In current market conditions there are secular tailwinds driving earnings growth for several years, including hydrogen mobility and carbon capture. Based on current market conditions, the consolidation within the industry has slowed, since the Praxair and Linde merger. The outcome of the deal reflected a small number of major global players and many smaller players. From this the market forecasts that ongoing acquisitions of smaller industrial gasses companies by the larger companies will continue at a much smaller pace.

Industrial gasses are produced primarily by air separation. Some gasses include co products or byproducts of these processes. The growth generated within this sub industry should come from penetrating markets outside the U.S. and involve larger and more complex projects, including world-scale gasification projects. This exposes companies in this area to heightened levels of geopolitical and exchange rate risk

Company Overview

Air Products & Chemicals (APD) is one of the largest global producers of industrial gasses and has a large specialty chemicals business. APD reported fiscal year 2020 (ending in September) results under five segments: Industrial Gasses - Americas; Industrial Gasses - EMEA (Europe, Middle East, and Africa); Industrial Gasses - Asia; Industrial Gasses - Global; and Corporate and Other.

The regional Industrial Gasses (Americas, EMEA, and Asia) segments produce and sell atmospheric gasses such as oxygen, nitrogen, and argon (primarily recovered by the cryogenic distillation of air), and process gasses such as hydrogen, carbon monoxide, helium, syngas, and specialty gasses. These segments supply gasses to many industries, including metals, glass, chemical processing, energy production and refining, food processing, metallurgical industries, medical, and general manufacturing. APD is the world's largest provider of hydrogen, which is used by refiners to facilitate the conversion of heavy crude feedstock and lower the sulfur content of gasoline and diesel fuels. Industrial Gasses - Global (4% of FY 20 sales) includes cryogenic and gas processing equipment sales for air separation.

The Corporate and other segment (2% of FY 20 sales) includes the LNG sale of equipment business, and the liquid helium and liquid hydrogen transport and storage container businesses, and corporate support functions that benefit all the segments. Corporate and other also includes income and expense that cannot be directly associated with the business segments, including foreign exchange gains and losses and stranded costs resulting from discontinued operations.

Investment Thesis

✓ Expanding Air Products & Chemicals industrial gas business domestically and internationally
✓ The opening of future capital projects due to COVID backlog
✓ The acquisitions of gasification projects

Investment Risks

✓ Negative trends in global industrial production

✓ Declining demand in Air Products & Chemicals products • Higher raw materials input cost

Financial Performance

Breakdown	TTM	9/30/2021	9/30/2020	9/30/2019	9/30/2018
> Total Revenue	10,942,000	10,323,000	8,856,300	8,918,900	8,930,200
Cost of Revenue	7,777,300	7,186,100	5,858,100	5,975,500	6,189,500
Gross Profit	3,164,700	3,136,900	2,998,200	2,943,400	2,740,700
> Operating Expense	913,000	869,100	760,600	773,600	778,100
Operating Income	2,251,700	2,267,800	2,237,600	2,169,800	1,962,600
> Net Non Operating Interest Inc...	-135,600	-141,800	-109,300	-137,000	-130,500
> Other Income Expense	463,900	381,400	295,500	256,700	182,900
Pretax Income	2,580,000	2,507,400	2,423,800	2,289,500	2,015,000
Tax Provision	462,200	462,800	478,400	480,100	524,300
> Net Income Common Stockhold...	2,177,500	2,099,100	1,886,700	1,760,000	1,497,800
Diluted NI Available to Com Stock...	2,177,500	2,099,100	1,886,700	1,760,000	1,497,800

ESG Considerations

APD has no outstanding ESG issues. From reviewing the ESG report, APD has focused on setting policies and strategies focused on sustainability and further investment into carbon capture and alternative fuel technology.

(Unrealized loss on the Investment: -3.11% as of April 14th, 2022)

Sector (NASDAQ: XLC)

On February 17th, 2022, we purchased 1474 shares of XLC at $68.83.

Industry Outlook

The communications sector faces both headwinds and tailwinds, social media and specifically advertising companies have to deal with the increased privacy concerns of the average consumer, as well as technology companies increasing privacy protections. Social media companies will have to work around this to successfully provide targeted ads. Old media companies and new media companies are currently embroiled in conflict over the huge and new streaming industry. Companies like Netflix are investing huge amounts of money into the development of original content, both to maintain current subscriber levels and to continue growth into the future. Telecommunications companies are managing the expectations of a potential explosion of infrastructure investment and 5G rollouts. Telecom's is set to benefit from this, as well as from increasing interest in private cellular networks. The sector has underperformed the SPY in recent months, being dragged down particularly by investor fears over the slowing growth of headline names like Netflix and Meta.

Sector Overview

Communication Services is a sector that consists of social media, media services, telecommunications, and consumer discretionary services companies. The sector is most heavily weighted towards the two major social media companies, Meta and Google. These two companies consist of 40% of the fund. The communications sector represents roughly 11% of the SPY, being its fifth largest sector.

Investment Thesis

As investors we claim to purchase companies trading at a discount to intrinsic value, regardless of sector weightings. In the absence of attractive investment opportunities, and with a significant portion of our portfolio unallocated, our goal should be to minimize the risk of our portfolio whilst maximizing our returns. Currently, with such a large underexposure in comm services, we are making the implicit assumption that communication services will underperform our benchmark. We do not claim to pick sectors, as we do not have relevant industry models to guide our decision making. In the absence of industry projections, the safest option is to reduce our exposure risk, and allocate a portion of our portfolio to the communications sector.

Investment Risks

Risks of this investment relate to the headwinds facing the sector, losses however are mitigated due to the SPY's similar allocation in the sector. Since we will still be underexposed vs. the SPY, extremely high returns in the short term could reduce our outperformance. Sector risks are as follows:

✓ Heavily concentrated in FB and GOOG, movement of these stocks can heavily influence the performance of the sector.

✓ Antitrust legislation may significantly impact the ability of Google and Meta to make acquisitions to remain competitive.

✓ Consumer privacy concerns may drive further updates that limit the revenue potential of targeted ads.

✓ ROIC for streaming services may plunge downwards as competitive differentiation necessitates original content.

(Unrealized loss on the Investment: -3.43% as of April 14th, 2022)

Company (NYSE:FISV)

On February 23rd, 2022, we purchased 596 shares of FISV at $93.85.

Industry Outlook

Fundamental outlook for the data processing & outsourced services sub industry is neutral. Participants across the sub industry carry out a wide scope of applications, including payments for goods and services, human resource payroll processing and outsourcing. Following a host of pandemic-related headwinds in 2020, the lion's share of CFRA's coverage universe has staged a large recovery in transaction volumes has been concentrated around important merchant verticals, that offer higher yields and lend a boost to margins – importantly, tailwinds likely persist into early 2022, as the areas that felt the brunt of the impact. We estimate aggregate revenue levels across the sub industry will rise by 18% and adjusted earnings per share by 29% in 2021, aided by suppressed comparable and a systemic recovery in company fundamentals. In the near term, transaction and dollar volumes should swing from steep declines to mid-teens or higher growth in 2021. We advise investors to monitor levels of personal consumption expenditures (or PCE) to gauge the breadth of the recovery – Action Economics (AE) currently estimates PCE to expand by 8% in 2021 but moderate into the back-half of the year. Underlying payment economics likely flip to tailwinds as consumers resume usage of additional services (e.g., loyalty programs) and provide an uplift to take-rates. Longer-term, we expect digital payment methods to incrementally displace cash transactions. Similarly, HR processing companies have been hurt by unfavorable employment trends, shrinking worksite levels, and a lower number of processed paychecks – all due to the Covid19 pandemic. The lower interest rate environment has also tempered net interest income. However, like most of the other counterparts in the sub industry, all past headwinds should flip to tailwinds in 2021 and aid in the recovery to fundamentals. Long term, however, we think competitive dynamics continue to lean in favor of more nimble cloud led Human Capital Management (HCM) peers, making legacy companies more susceptible to client switching and weighing on record retention levels (90%+ in some cases) that some have benefited from during the pandemic. The S&P Data Processing Outsourced Services Index has returned 2.9% through October 22, lagging the advance of 21% from the S&P 1500. We think the underperformance is tied to the general sensitivity to the consumer and implications around other widely publicized events, including digital assets and recent M&A that the sub industry has had. We note from a five-year CAGR perspective, the sub industry has rose 23.4%, handily outpacing the S&P 1500, which increases by 16.1%

Company Overview

Fiserv is a leading provider of financial technology solutions, including electronic payment processing, internet and mobile banking, and account processing services, FISV has more than 12,000 clients worldwide, which include banks, credit unions, investment management firms, leasing and finance companies, billers, retailer, and merchants. FISV was incorporated in 1984 and is headquartered in Brookfield, Wisconsin.

Investment Thesis

✓ The global financial technology market is expected to reach a market value of ~$324 billion by 2026, growing at a CAGR of 25.18%

✓ Fiserv is well-positioned to take advantage of the continued growth in e-commerce.

✓ Because most of their agreements with merchants and financial institutions involve taking a percentage of each transaction, Fiserv's revenues will increase with rising prices due to inflation.

✓ As emerging markets adopt more advanced technology, Fiserv will continue to increase its global footprint.

✓ Fiserv has made a series of forward-thinking strategic acquisitions that position it ahead of the curve in regard to innovation, capitalizing on existing client and customer relationships while acquiring new ones

Investment Risks

✓ Rising inflation could potentially harm transaction volume.
✓ Regulations within the financial services sector could have the potential to alter operations and increase costs.
✓ Fiserv is continuously challenged with staying ahead of the curve in regard to technological innovation.
✓ Larger clients with deep pockets could opt for transitioning payment processing and acceptance to in-house servicing.
✓ Fiserv's business model is highly dependent on relationships with financial institutions.
✓ Cyber security risks; an attack or data leak could harm reputation and brand value.

Financial Performance

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	16,226,000	16,226,000	14,852,000	10,187,000	5,823,000
Cost of Revenue	8,128,000	8,128,000	7,812,000	5,309,000	3,069,000
Gross Profit	8,098,000	8,098,000	7,040,000	4,878,000	2,754,000
> Operating Expense	5,810,000	5,810,000	5,652,000	3,284,000	1,228,000
Operating Income	2,288,000	2,288,000	1,388,000	1,594,000	1,526,000
> Net Non Operating Interest Inc...	-693,000	-693,000	-709,000	-520,000	-193,000
> Other Income Expense	71,000	71,000	492,000	9,000	222,000
Pretax Income	1,666,000	1,666,000	1,171,000	1,083,000	1,555,000
Tax Provision	363,000	363,000	196,000	198,000	378,000
Earnings from Equity Interest Net ...	100,000	100,000	0	29,000	10,000
> Net Income Common Stockhold...	1,334,000	1,334,000	958,000	893,000	1,187,000
Diluted NI Available to Com Stock...	1,334,000	1,334,000	958,000	893,000	1,187,000

ESG Considerations

FISV has no outstanding ESG issues.

(Unrealized gain on the Investment: 5.27% as of April 14th, 2022)

Company (NASDAQ: FIVE)

On March 2nd, 2022, we purchased 375 shares of FIVE at $167.01.
On April 6th 2022, we purchased 41 shares of FIVE at $162.35.

Industry Outlook

The discount retailing industry is set to benefit from market conditions arising out of the end of the COVID-19 pandemic. Inflation created by surplus money in the market has created a more cost-conscious consumer. Discount retailers offer a better value proposition for their customers, and the healthy margins that Five Below maintains allows them to be the last to raise prices. In addition, there is a general expectation of increased discretionary spend from consumers, as the last vestiges of COVID ending allow the behavior of consumers to mean revert.

Company Overview

Five Below is a high-growth value retailer that specializes in low cost, high value products for teens, young adults, and tweens. Most items in their stores are priced between $1 and $5, with a small segment of extreme value items priced beyond $5. The company was founded in 2002, in Pennsylvania, and currently operates 1,100 locations in forty states. It is most correlated with the consumer discretionary sector, with a product mix focusing on leisure, fashion, home, party, and snack products, with a recent expansion of the product line including a few staple products such as cleaning supplies and personal hygiene.

Investment Thesis

✓ Broad appeal across income levels

✓ Consistent store openings driving strong revenue growth

✓ Potential for margin expansion as growth increases cost leverage

✓ Stores pay for themselves in less than one year

✓ Store performance not region reliant

✓ Long term growth may benefit from international expansion, and e-commerce

✓ Strong investment in distribution infrastructure

Investment Risks

✓ Growth stocks underperformed in recent months

✓ E-Commerce segment is currently operating out of a select few warehouses causing higher delivery costs vs. competitors

✓ Business model not currently tested internationally

✓ Inflation may eat away at margins

Financial Performance

Breakdown	TTM	1/31/2021	1/31/2020	1/31/2019
> Total Revenue	2,710,536	1,962,137	1,846,730	1,559,563
Cost of Revenue	1,736,056	1,309,807	1,172,764	994,478
Gross Profit	974,480	652,330	673,966	565,085
> Operating Expense	612,568	497,527	456,682	377,901
Operating Income	361,912	154,803	217,284	187,184
> Net Non Operating Interest Inc...	-13,391	-1,736	4,285	4,623
Pretax Income	348,521	153,067	221,569	191,807
Tax Provision	85,970	29,706	46,513	42,162
> Net Income Common Stockhold...	262,551	123,361	175,056	149,645

ESG Considerations

Five Below is ranked in the middle of other retailers on an ESG basis. It has improved its environmental, and governance scores recently and compares well against its peers in those metrics. It has no worrying statistics with regards to ESG.

(Unrealized gain on the Investment: 7.8% as of April 14th, 2022)

Company (NYSE: EGP)

On March 15th, we purchased 318 shares of EGP at $192.65.

Industry Outlook

Looking ahead to 2022, much of the fundamentals remain the same. Industrial, infrastructure, data center, and even self-storage will continue to do well in 2022, while multifamily and health care will be mixed. However, retail will continue to suffer along with hotels, and to a lesser extent, office REITs. Despite the underperformance, REITs may be once again setting up for long-term outperformance. REITs have historically shown low correlation with the broader market and other asset classes, making them more attractive as volatility increases. REITs could also provide protection as investors are increasingly becoming concerned with inflation. Covid-19 has turned out to be a net positive for industrial REITs. Industrial REIT performance is typically correlated to general consumer spending, leading to concerns given the drop in consumer spending and the unfolding recession. However, the main driver of industrial REIT demand currently is e-commerce, which requires approximately three times the amount of warehouse and logistic space compared to traditional brick-and-mortar retail. While e-commerce spending was already growing three times as fast as traditional retail before the pandemic, this trend was greatly accelerated due to the lockdowns. Furthermore, we think the lockdowns also precipitated a “step-change” in e-commerce, bringing in a new cohort of shoppers who previously did not shop online. This effectively accelerated our thesis of e-commerce penetration by years within the span of a few months

Company Overview

EastGroup Properties [EGP] is a real estate investment trust [REIT] focused on development, acquisition, and operation of industrial properties in major Sun Belt markets throughout the United States. It owns 448 industrial properties and has its corporate head office building in Jackson MS.

Portfolio includes:

- Development and value-add properties in lease-up and under construction includes ~50.9 million sq. ft.
  - Properties were 49% leased in 2021
- 98.7% leased to over 1,500 tenants with no single tenant accounting for more than 1% of income.

Investment Thesis

✓ Sustainability of the e-commerce trend driving demand for EGP properties

✓ Increased industrial storage space utilization due to new pandemic e commerce demand

✓ Maintenance of strong pricing power in fast-growing Sun Belt markets

Investment Risks

✓ Faster-than-anticipated rise in industrial storage supply

✓ Excess industrial capacity

✓ Delta variant has lowered traffic into retail stores

✓ Drop in demand for industrial space

✓ Sharp rise in interest rates

Financial Performance

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	409,475	409,475	363,023	331,387	300,392
Cost of Revenue	115,078	115,078	103,368	93,274	86,394
Gross Profit	294,397	294,397	259,655	238,113	213,998
> Operating Expense	143,503	143,503	131,424	121,541	105,442
Operating Income	150,894	150,894	128,231	116,572	108,556
> Net Non Operating Interest Inc...	-32,945	-32,945	-33,927	-34,463	-35,106
> Other Income Expense	39,689	39,689	14,087	41,231	15,186
Pretax Income	157,638	157,638	108,391	123,340	88,636
> Net Income Common Stockhold...	157,557	157,557	108,363	121,662	88,506
Diluted NI Available to Com Stock...	157,557	157,557	108,363	121,662	88,506

ESG Considerations

EGP has a low overall ESG rating of 11.48. The company has no significant material ESG issue to report. The Company strives to support sustainability through its commitment to build high performance and environmentally responsible properties.

(Unrealized gain on the Investment: 3.37% as of April 14th, 2022)

LESSONS LEARNED

2021-2022 has been an exciting year to be part of such an amazing organization, the University of Connecticut Student Managed Fund has been a life changing experience for all involved. The team came together spring 2021, not knowing each other, or what to expect, other than our advisor telling us all, "This is the best experience UConn has to offer." On that note, we buckled up, hit the books, and were ready to take on anything that was thrown at us. The lessons that we are going to take away from our SMF experience, are going to last us a lifetime, and we will each be able to bring them to our lives and jobs well after our experience comes to an end.

Our team is constructed of students from diverse backgrounds, in various stages of their academic careers, and distinct financial opinions. This has only amplified our overall skill set and value that we bring to each discussion. Through our vigorous discussions about our investments, we have learned the values of teamwork and written/verbal communication. We expect each manager to have a high performing standard and expect to hold each other accountable. We all believe that we have developed the skills to thoroughly develop and justify a thesis. Moreover, as the presentations have continued throughout the semester, our financial modeling and valuation skills have only improved. In addition to this, our advanced Bloomberg and accounting expertise has also expanded with each pitch we develop. It is because of this experience that we believe that we are all much more knowledgeable about markets and much more sophisticated investors. We have learned to accept data and our research with an open mind, in order to build our own individual, justifiable assumptions. We have built a research process that we believe puts us in the best position possible to serve the Endowment's needs.

This program has given us an experience of fiduciary management that is unlike any other student experience available. We are forever indebted to our advisor Blake Mather. Thank you for teaching us the proper frameworks to create commercial outcomes and for constantly guiding us throughout the semester. We also would like to extend a thank you to Dr. Chinmoy Ghosh, Laurel Grisamer, Liping Qiu and the entire Endowment.

UCONN | STAMFORD

STUDENT MANAGED FUND