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**MORE THAN READY.  
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# SELLINGER APPLIED PORTFOLIO FUND

*SPRING 2023*



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# INVESTMENT POLICY



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# BACKGROUND & LEARNING OBJECTIVES

The Student-Managed Sellinger Applied Portfolio Fund known as "SAP Fund" was established to provide students with real world portfolio experience.

Students are exposed to the various aspects of the portfolio management process, including asset valuation, diversification, portfolio optimization, asset selection, risk management, performance evaluation, and rebalancing.

## Learning Objectives

Review the basics of capital markets

Utilize contrarian investment philosophy through fundamental analysis

Evaluate the theoretical concepts versus pragmatic aspects given current market

Develop research skills using Bloomberg, S&P Capital IQ, and Morningstar Direct



# INVESTMENT PHILOSOPHY

## Allowable investments:

- U.S. exchange listed stocks, including American Depositary Receipts (ADRs)
- Unleveraged ETF's, including stock index ETF's and commodity ETF's
- Only investment grade securities

## Unallowable investments:

- "Sin" stocks - publicly traded companies involved in or associated with an activity that is considered unethical or immoral (i.e., manufacturers of cigarettes, alcohol, firearms, or companies engaged in gambling activities)

Emphasis on United States Conference of Catholic Bishops to ensure moral and social considerations are taken into account throughout the entirety of the investment process



# INVESTMENT STRATEGIES

- Select stocks that are **undervalued** and will **outperform** their industry and the S&P 500 index over the course of the investment period
- Diversification across sectors will be a key part of the investment strategy, although given market conditions in a particular time period, certain sectors may be significantly under-weighted and others over-weighted
  - No more than **10%** will be invested in any **one stock**
  - No more than **25%** will be invested in a **single index**
  - No more than **30%** will be invested in a **single sector**
- Follow either **growth** investment strategy, **value** investment strategy, or **dividend** strategy
- Depending on economic conditions during a given period, the SAP Fund may be more heavily weighted towards one or two of these investment strategies but will strive for **40% value**, **40% growth**, and **20% dividend** strategies
- The fund will be monitored and periodically **rebalanced** to ensure diversification
  - Ex. securities that have significantly underperformed and/or overperformed
- **Proxy voting** will be in agreement with company recommendations





# RESEARCH SOURCES & PROCESS

Primary Research Databases	
<ul style="list-style-type: none"><li>• Bloomberg</li><li>• S&amp;P Global Capital IQ</li><li>• Morningstar Direct</li></ul>	
Fundamental Analysis Tools	Additional Research Sources
<ul style="list-style-type: none"><li>• Debt Ratios</li><li>• Return on Assets Ratios</li><li>• Return on Equity Ratios</li><li>• Price to Earnings Ratios</li><li>• Price to Earnings Growth Ratios</li><li>• Current Ratios</li><li>• Quick Ratios</li></ul>	<ul style="list-style-type: none"><li>• Company Announcements</li><li>• Global Markets &amp; Foreign Exchange</li><li>• Inflation/Unemployment/Housing Statistics</li><li>• Consumer Confidence</li><li>• Interest Rates &amp; Federal Reserve Announcements</li><li>• Political News</li></ul>

# OVERSIGHT & PROCESS

- Investment Committee of the Board of Trustees
  - Approve allocation of SAP Fund
  - Monitor performance of SAP Fund
- Faculty
  - Provide oversight and direction to students
  - Submit buy and sell requests to Associate Vice President for Finance for approval and to Director of Investment and Treasury Services for processing
  - Submit semester end reports detailing Fund performance to Department Chair, Associate Vice President for Finance, Director of Investment and Treasury Services
- Students
  - Conduct research and rebalancing within portfolio
  - Prepare buy and sell requests for approval
- Office of Business and Finance
  - Associate Vice President for Finance approves buy and sell requests
  - Director of Investment and Treasury Services works with Investment Custodian to process all buy and sell requests
- Investment Custodian and Investment Consultant
  - Process all buy and sell requests, provide quarterly Fund performance reports.



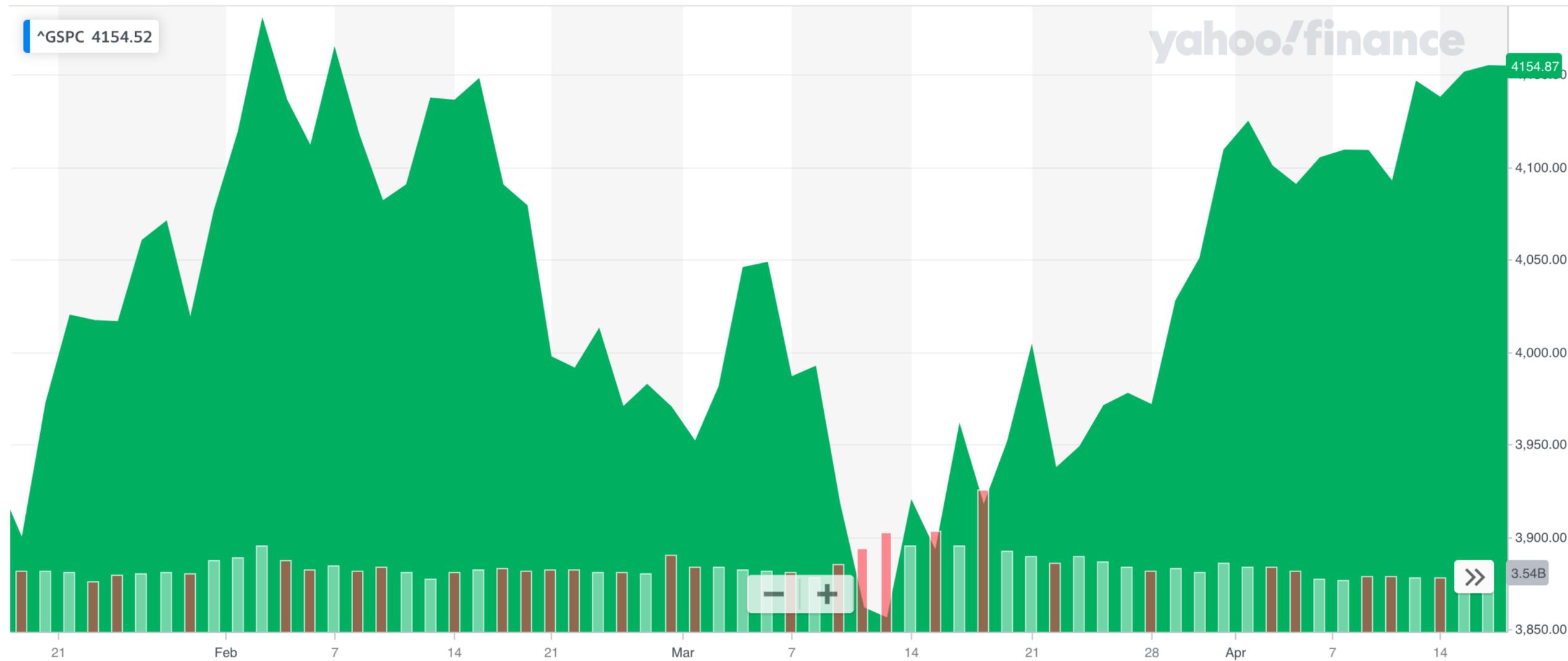
# MARKET PERFORMANCE



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# S&P 500 PERFORMANCE



5 Year	55.33%
1 Year	-3.70%
6 Month	7.20%

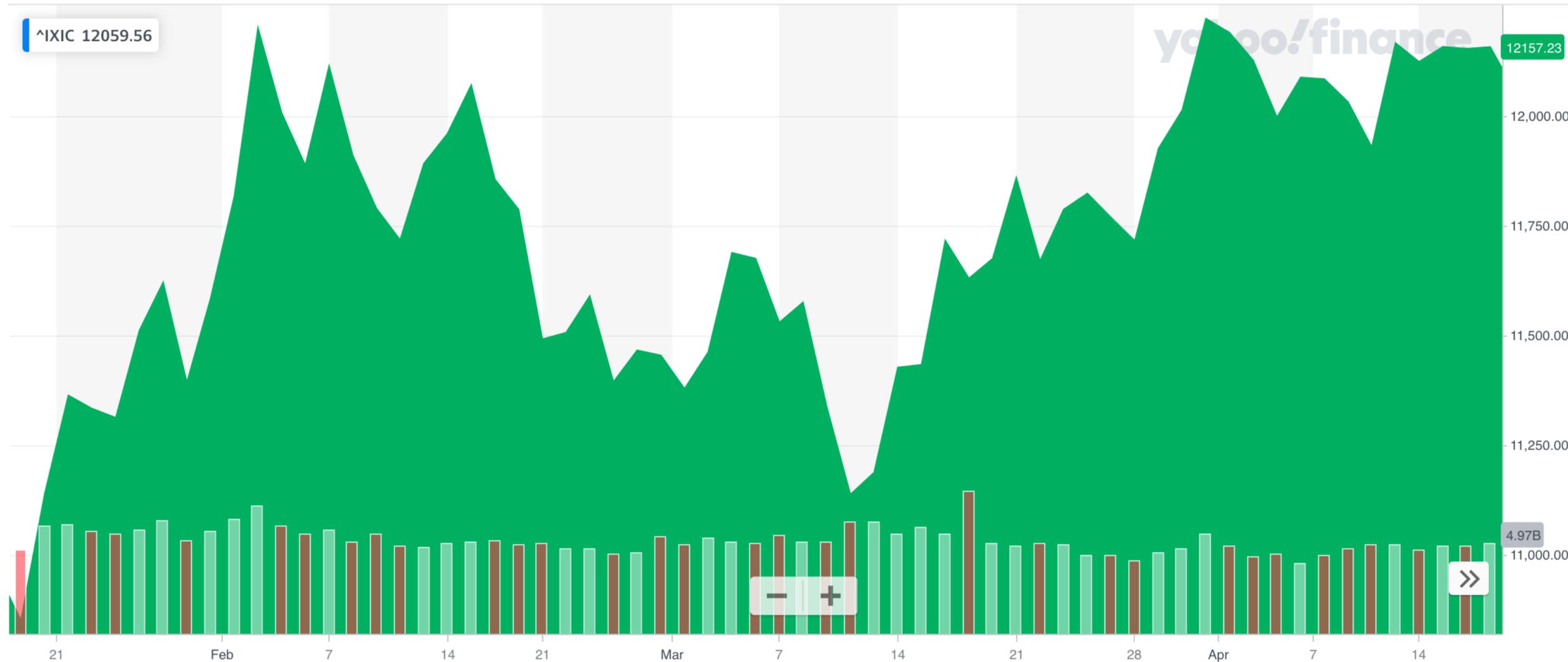
The S&P 500 had a **+6.57%** return over the course of the Spring 2023 semester.



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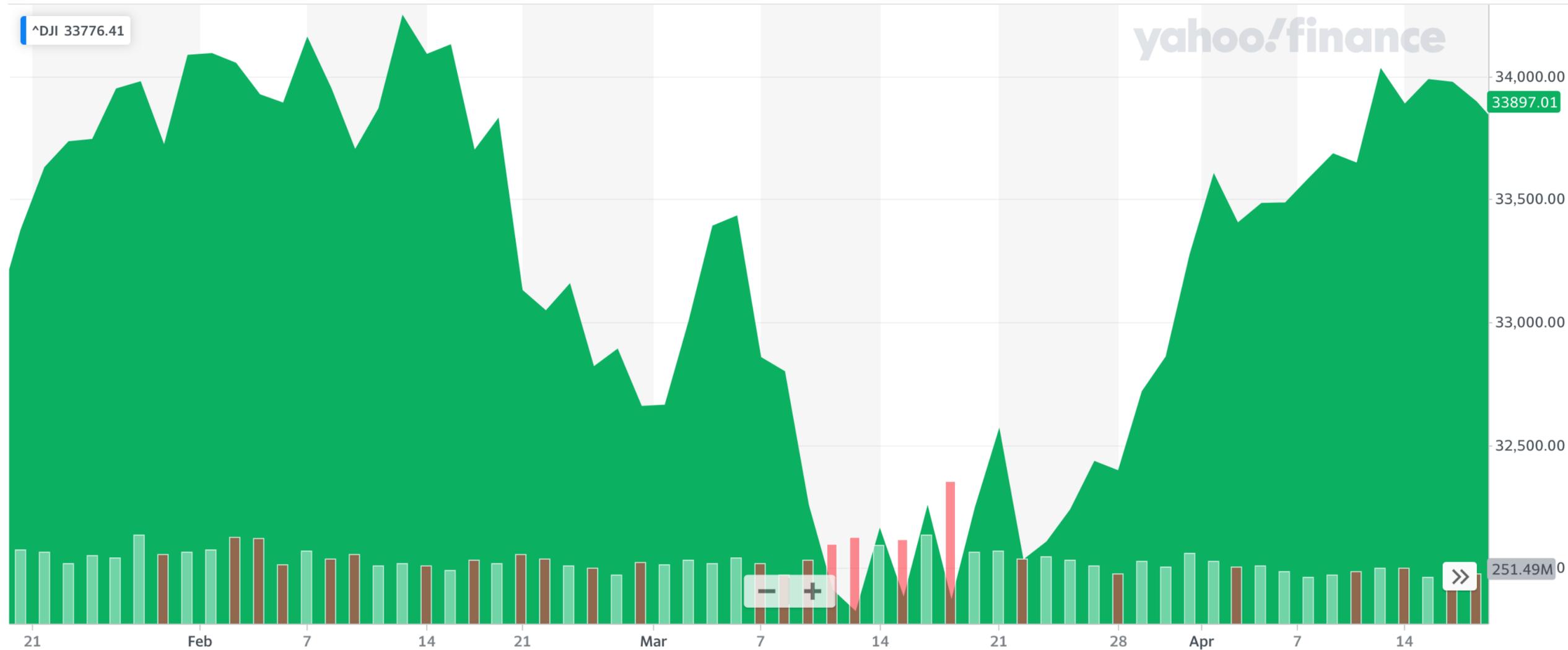
# NASDAQ PERFORMANCE



5 Year	66.96%
1 Year	-7.44%
6 Month	7.48%

The Nasdaq had a **+12.03%** return over the course of the Spring 2023 semester.

# DOW JONES PERFORMANCE



5 Year	39.62%
1 Year	-0.51%
6 Month	6.40%

The Dow Jones had a **+2.58%** return over the course of the Spring 2023 semester.

# ECONOMIC CONDITIONS



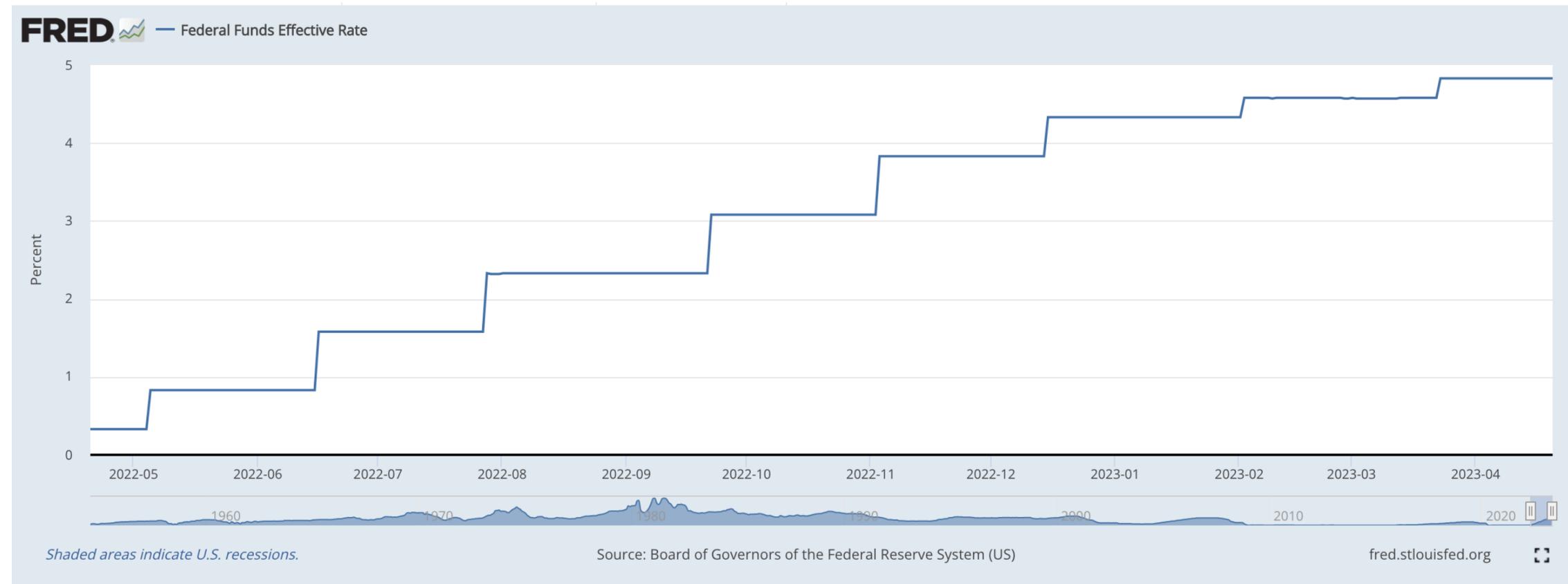
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# FEDERAL RESERVE POLICY

<b>4/20/2023 Effective US Federal Funds Rate</b>	<b>4.83%</b>
<b>Current Target Range</b>	<b>4.75% - 5%</b>



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# FEDERAL RESERVE RATE HIKES

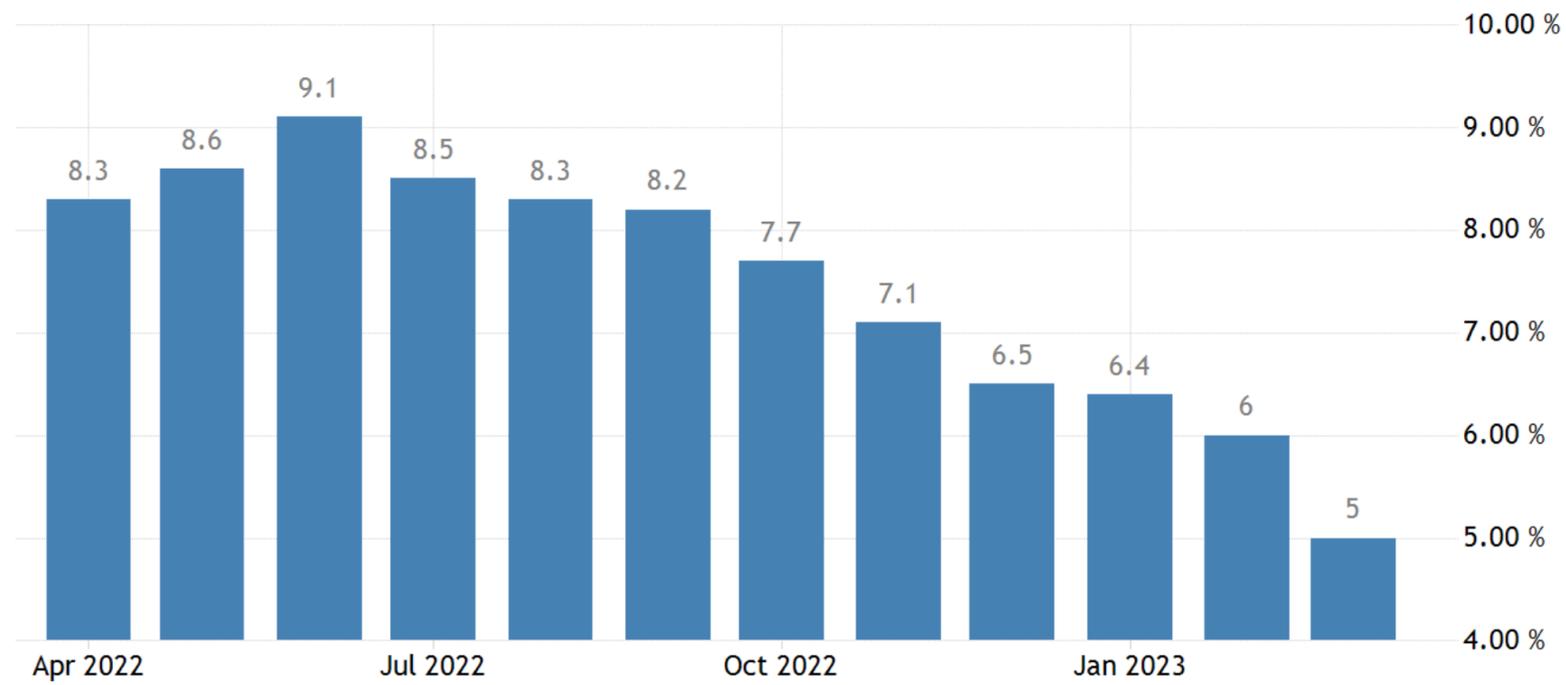
- Since March of 2022, the Federal Reserve has been enacting rate hikes in increments as high as **75 basis points**
- The rate hikes are a response to rising inflation, which in June 2022 faced the highest one-year increase of **9.1%**
- Rate hikes are expected to continue to slow, with consensus for May 2 Federal Reserve meeting being an increase of **25 basis points**

FOMC Meeting Date	Rate Change (bps)	Federal Funds Rate
Mar 23, 2023	+25	4.75% to 5.00%
Feb 2, 2023	+25	4.50% to 4.75%
Dec 15, 2022	+50	4.25% to 4.50%
Nov 3, 2022	+75	3.75% to 4.00%
Sept 22, 2022	+75	3.00% to 3.25%
July 28, 2022	+75	2.25% to 2.50%





# INFLATION



- Lower inflation worries affecting **value** stocks
- With sustained rate hikes, it has caused inflation to decrease significantly in the last 12 months
- Based on most recent figures, inflation will continue to decrease until leveling out
  - Employment and CPI will increase, causing the economy to grow
- Data for month of April 2023 to be released **May 10**

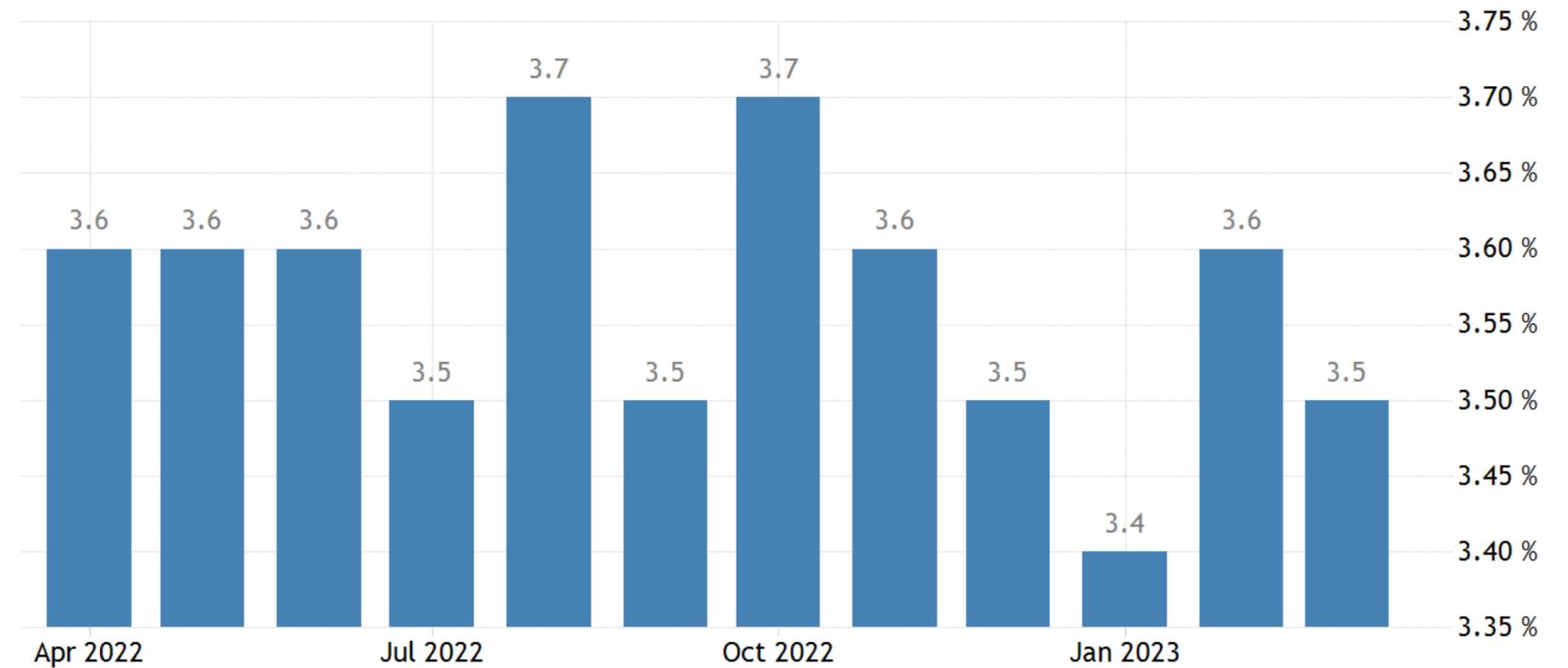
12-Month PCE Inflation	October 2022	November 2022	December 2022	January 2023	February 2023
PCE	4.75	4.70	4.68	4.60	4.59



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# EMPLOYMENT & UNEMPLOYMENT

- The economy added **236,000** jobs in March, which is less than the 311,000 added in February
- The unemployment rate has fluctuated between 3.4%-3.7%
- Average wage growth has increased to 0.3% in March compared to 0.2% in February



# CONSUMER PRICE INDEX (CPI)

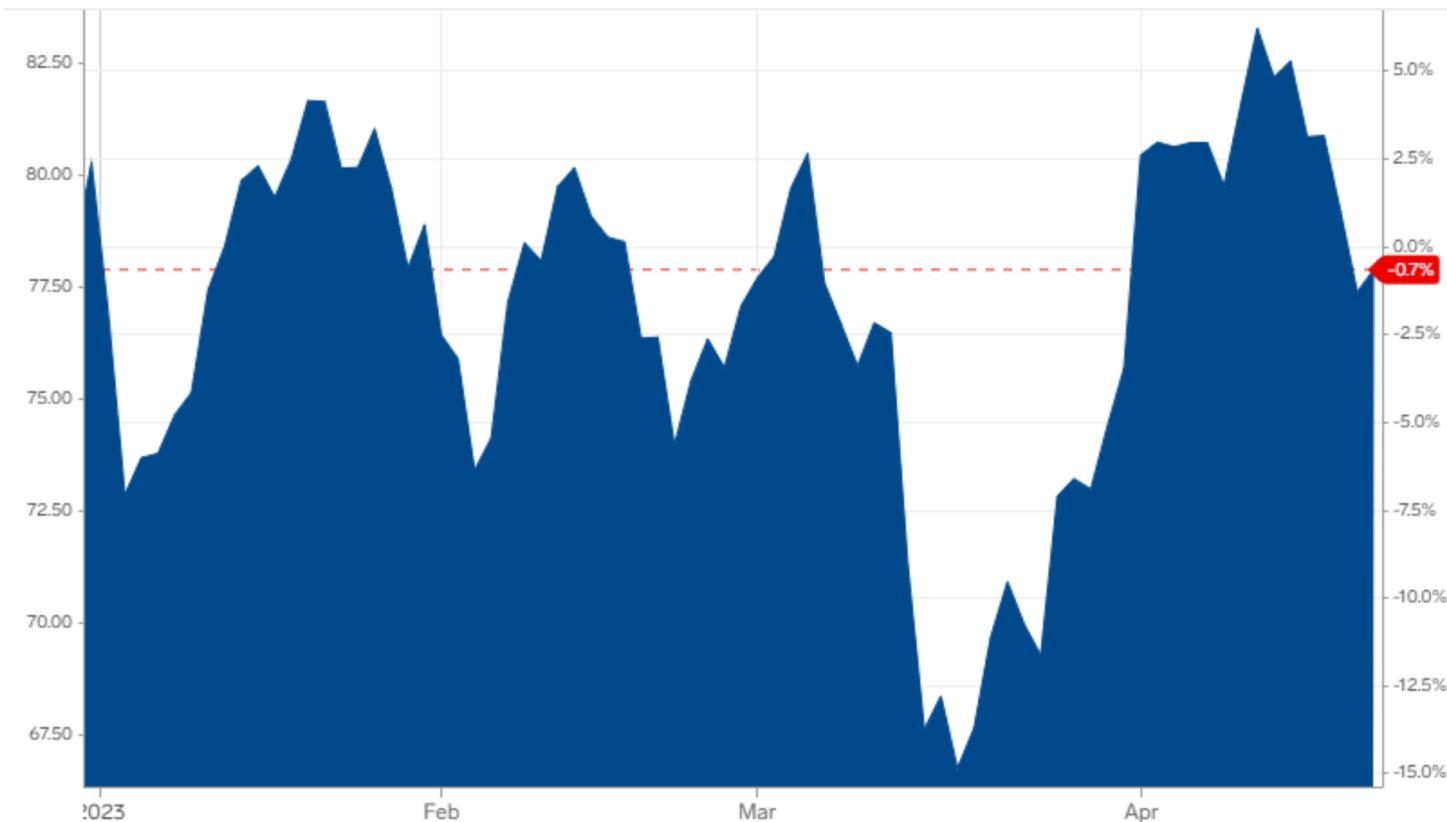
- Following a period of rising CPI figures between November 2020 and June 2022 (1.2% to 9.1% un-adjusted 12 mos. for all items), investors are cautiously celebrating recent CPI declines as inflation shows signs of slowing as the Fed raises rates.
- For the most recent available CPI report (March 2023), the annualized un-adjusted CPI was **5.0%** for all items and **5.6%** for all items less food and energy
- Inflation has been the primary concern of the Federal Reserve within their dual mandate, with Fed Chair Jerome Powell suggesting further rate hikes through the next several months

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Mar. 2023
	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023	Mar. 2023	
All items	0.4	0.5	0.2	0.1	0.5	0.4	0.1	5.0
Food	0.8	0.7	0.6	0.4	0.5	0.4	0.0	8.5
Food at home	0.7	0.5	0.6	0.5	0.4	0.3	-0.3	8.4
Food away from home <sup>(1)</sup>	0.9	0.9	0.5	0.4	0.6	0.6	0.6	8.8
Energy	-1.7	1.7	-1.4	-3.1	2.0	-0.6	-3.5	-6.4
Energy commodities	-4.1	3.7	-2.1	-7.2	1.9	0.5	-4.6	-17.0
Gasoline (all types)	-4.2	3.4	-2.3	-7.0	2.4	1.0	-4.6	-17.4
Fuel oil <sup>(1)</sup>	-2.7	19.8	1.7	-16.6	-1.2	-7.9	-4.0	-14.2
Energy services	1.2	-0.7	-0.6	1.9	2.1	-1.7	-2.3	9.2
Electricity	0.8	0.5	0.5	1.3	0.5	0.5	-0.7	10.2
Utility (piped) gas service	2.2	-3.7	-3.4	3.5	6.7	-8.0	-7.1	5.5
All items less food and energy	0.6	0.3	0.3	0.4	0.4	0.5	0.4	5.6
Commodities less food and energy commodities	0.0	-0.1	-0.2	-0.1	0.1	0.0	0.2	1.5
New vehicles	0.7	0.6	0.5	0.6	0.2	0.2	0.4	6.1
Used cars and trucks	-1.1	-1.7	-2.0	-2.0	-1.9	-2.8	-0.9	-11.2
Apparel	0.0	-0.2	0.1	0.2	0.8	0.8	0.3	3.3
Medical care commodities <sup>(1)</sup>	-0.1	0.0	0.2	0.1	1.1	0.1	0.6	3.6
Services less energy services	0.8	0.5	0.5	0.6	0.5	0.6	0.4	7.1
Shelter	0.7	0.7	0.6	0.8	0.7	0.8	0.6	8.2
Transportation services	1.9	0.6	0.3	0.6	0.9	1.1	1.4	13.9
Medical care services	0.8	-0.4	-0.5	0.3	-0.7	-0.7	-0.5	1.0

# COMMODITIES

## Oil

- Crude oil is down **0.77%** YTD
- Prices of oil have been very volatile recently due to the decision made by OPEC+ to cut oil production



## Gold

- Gold is up **9.5%** YTD



## Portfolio Impact

- Students observe movements in commodities in order to make investment decisions and stock pitches

# CURRENT EVENTS



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# DOMESTIC POLITICS

## • Debt Ceiling

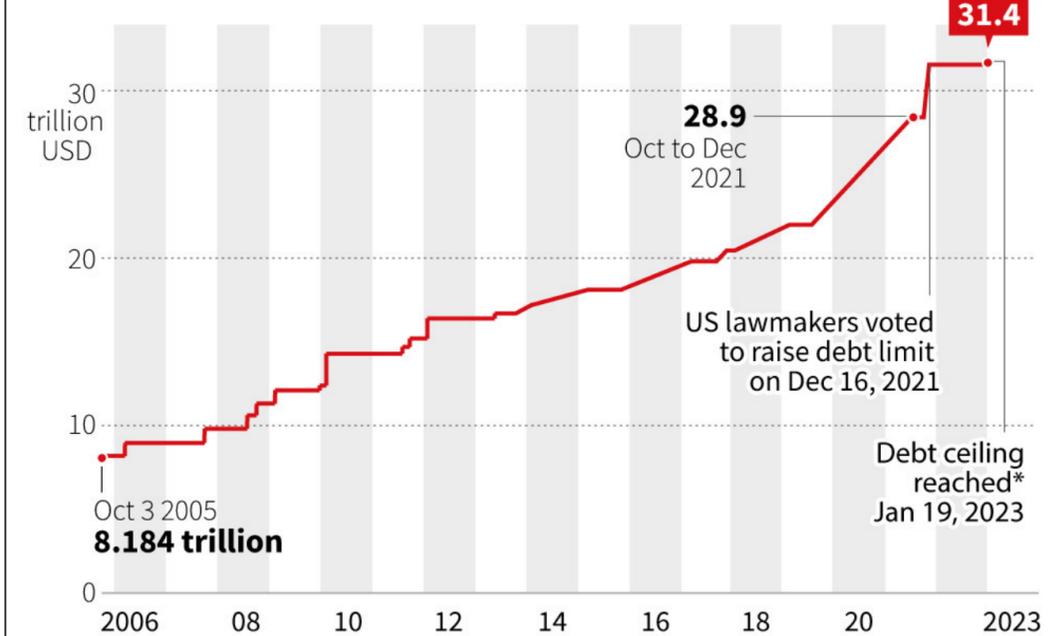
- United States has hit their debt ceiling cap of \$31.4 trillion on January 19, 2023
- At the end of FY2022, the debt-to-GDP ratio sat at 123%
- There was massive conversations about whether to raise the debt ceiling and impose spending cuts from the government
- On April 27, 2023, the House passed a \$1.5 trillion debt limit increase and a nearly \$4.8 trillion deficit reduction

## • Banking Failure

- Throughout this new year, banking pressure exasperated by carefree lending, unrealized losses on bonds due to interest rate hikes, and rising liquidity checks, we have seen historic bank failure in Silicon Valley.
- Rising government spending concerns have raised the question of whether we allow these institutions to fail or prop up the existing sectors to maintain status quo. These questions lend themselves to already escalating bipartisan political contentions concerning our national spending

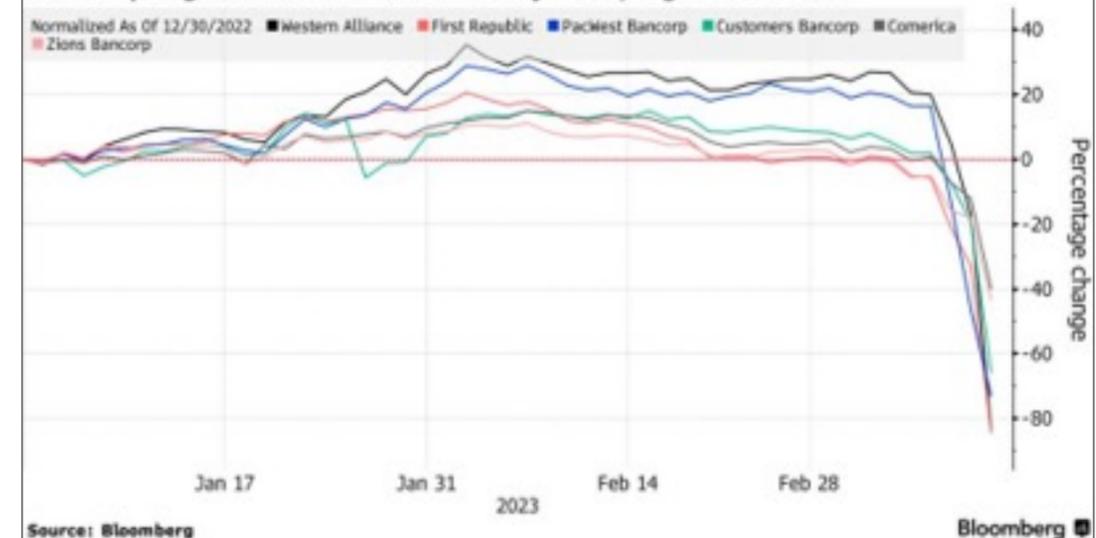
### US debt ceiling

The amount above which the country cannot issue new loans to fund government agencies and make loan repayments



### Regional Bank Stocks Sink

Lenders plunged in wake of Silicon Valley Bank, Signature fallout



# INTERNATIONAL POLITICS

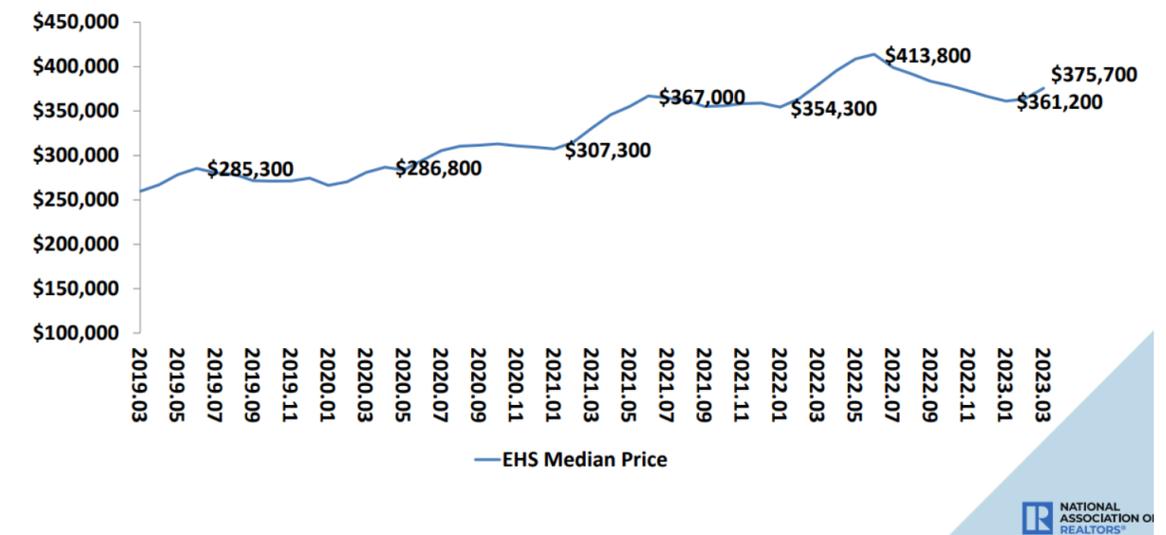
- Russo-Ukrainian War
  - Slower economic recovery from the pandemic created by lack of energy
  - Massive investment into Ukraine taking away funds from the United States
- Rise of Artificial Intelligence
  - Could lead to the creation of super firms (hubs of wealth and knowledge)
  - Widen gap between developed and developing countries and boost the need for workers with certain skills while rendering others redundant
  - Potential to increase inequality, push down wages, and shrink the tax base
  - Increase efficiency by vastly improving the decision-making process with the analyzation of data
  - Could spawn the creation of new revenue streams
- Xi Jinping's Problems
  - He has cemented himself in power for another term
  - Has stuck to strict COVID rules for years
  - His abrupt reversal has thrown China into chaos with spiraling virus cases and disruption for businesses and supply chains
- North Korean Missiles
  - Launching rockets and missiles for months
  - Prompted warnings from Seoul to Tokyo and the US
  - Has not stopped potentially because he has not gotten the attention he might usually expect with Biden dealing with Russia and China
  - Does Kim Jong Un do a nuclear test or fire off long-range intercontinental ballistic missiles?



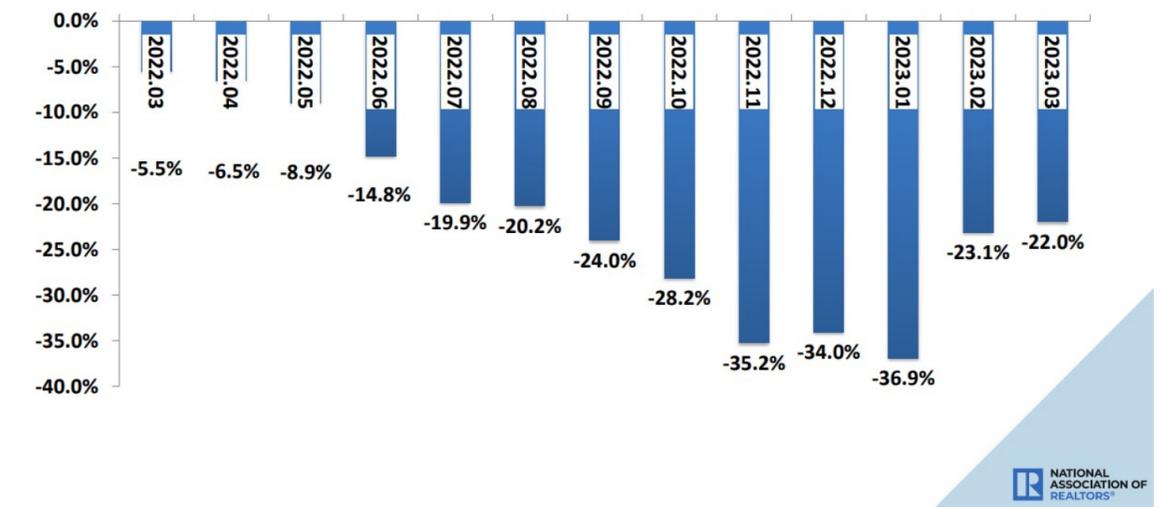
# HOUSING MARKET

- In February of 2023, U.S. house prices rose 0.5% from January. This increase is in part due to a decline in mortgage rates from the peak reached in early November 2022.
- House prices rose 4% from February 2022 to February 2023.
- As housing markets have been greatly affected from recent economic pressures, US real-estate is under pressure to sustain the unprecedented growth from last year.
- The recent steep decline in housing prices illuminates how real-estate value has fluctuated with changing economic conditions.

Median Price of Existing Home Sales

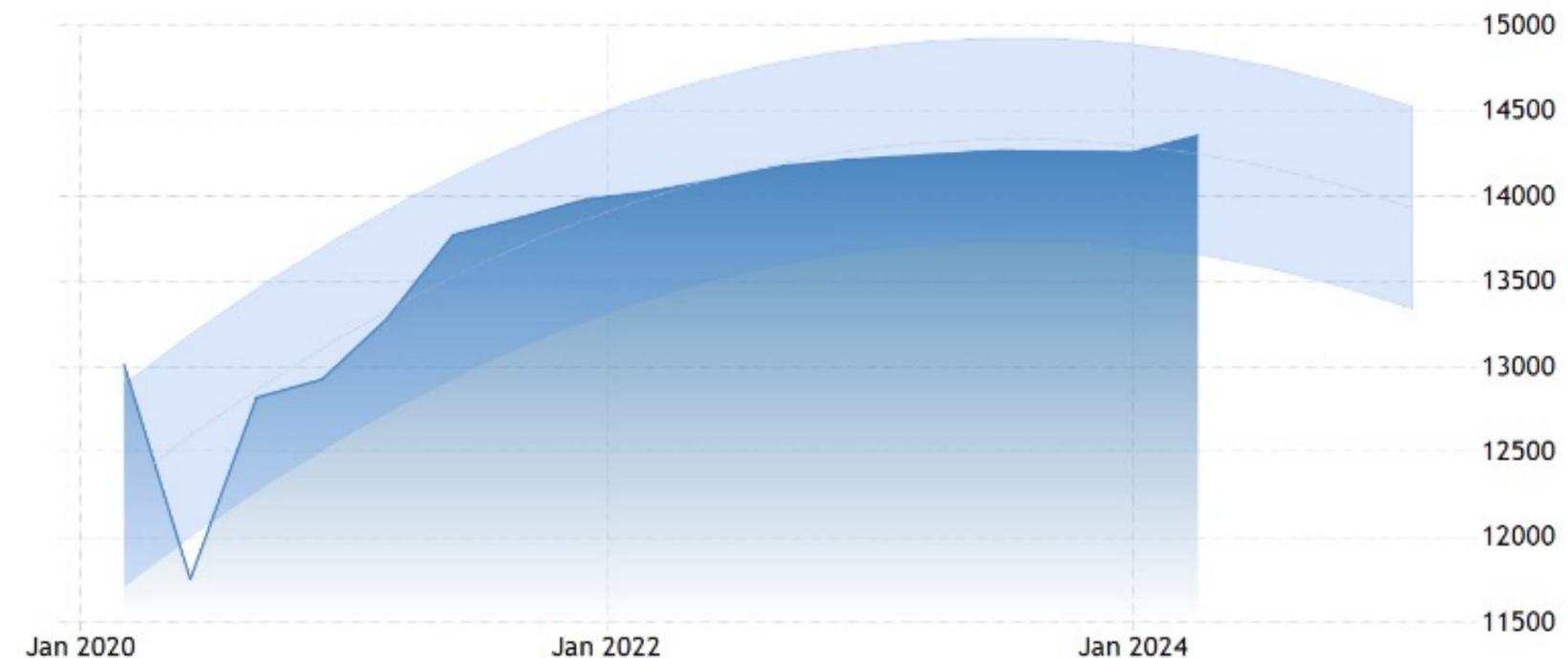


Total Existing Home Sales, Percent Change Year-Over-Year



# CONSUMER SPENDING

- Consumer spending in the United States increased to **\$14,212.86B** in the fourth quarter of 2022 from **\$14,178.56B** in the third quarter of 2022
- Consumer spending in the United States is expected to be **\$14,214.86B** by the end of this quarter, according to Trading Economics global macro models and analyst expectations
- In the long-term, the United States Consumer Spending is projected to trend around **\$14,272.00B** in 2024 and **\$14,429.00B** in 2024
- Consumer spending accounts for about two-thirds of GDP, as **shelter, food, vacation, and clothing** all fit into this category
- U.S. consumer spending **slowed** in February by 0.2% following a sharp jump in January by 2.0%, as a result of the Federal Reserves continued aggressive monetary policy tightening.
- Consumer spending data is strong but has not been published for March to factor in the recent banking crisis.



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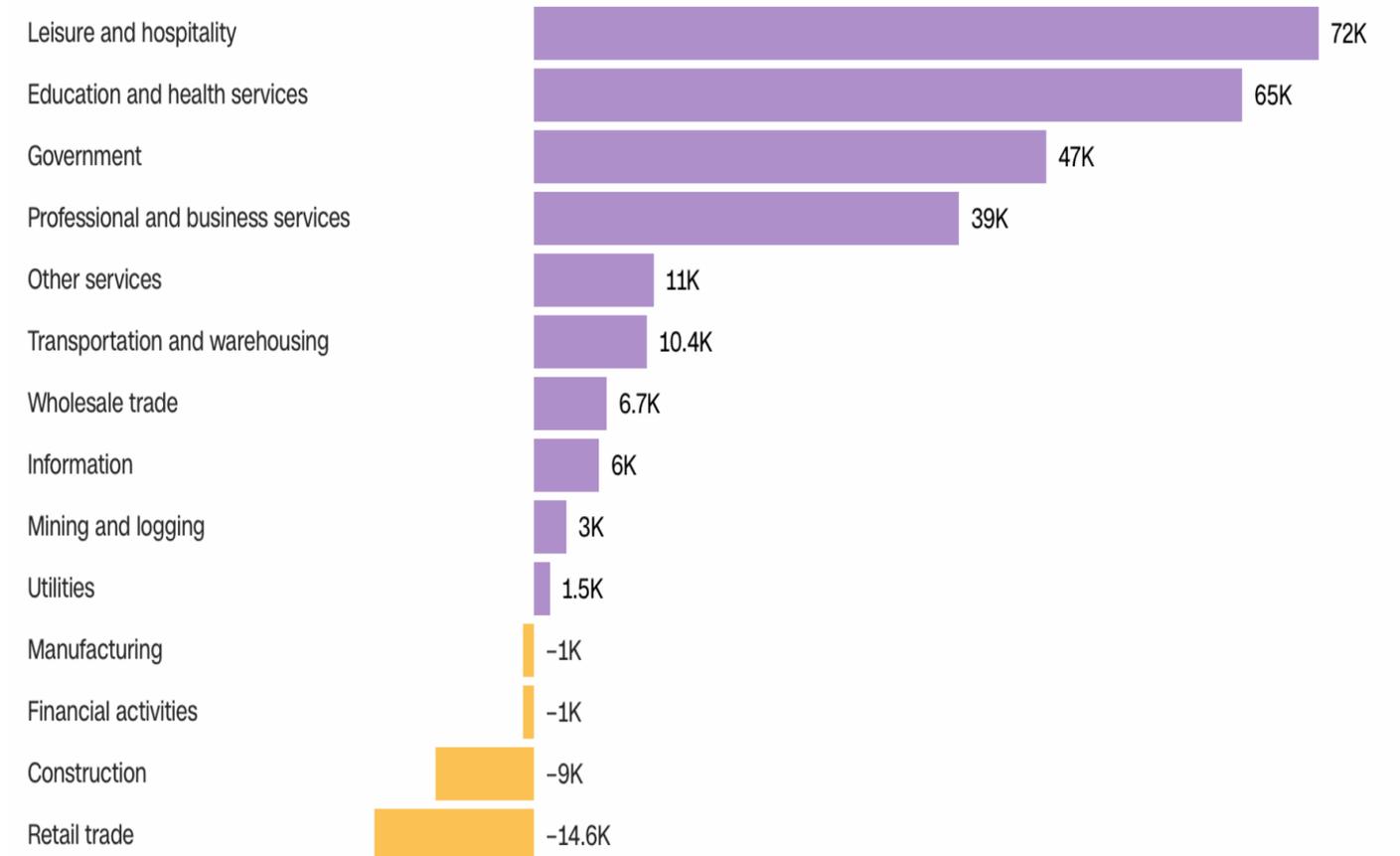
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# EMPLOYMENT

- March 2023:
  - U.S. economy has added 236,000 jobs
  - Unemployment rate dropped to 3.5%
- Last 12-Months:
  - Net gain of 4.1M jobs, averaging 345,417 jobs per month
- **Industries Reporting Loses:** Retail trade, temporary help, manufacturing, construction, information services
- **Industries Reporting Gains:** Leisure and hospitality, health care, government

## US jobs report by industry

Employment continued to trend up in leisure and hospitality, government, professional and business services and health care.



Data last updated April 7, 2023.

Note: Employment numbers reflect monthly change in non-farm jobs and is seasonally adjusted. Figures from two most recent months are preliminary.

Source: US Bureau of Labor Statistics  
Graphic: Byron Manley and Matt Stiles, CNN

# SECTOR OVERVIEWS



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# INDUSTRIALS

04-19-2023 ■ .GSPI 0.95% ■ S&P 500 INDEX 3.35%



Position Strategy	Overweight
SAP Target	11.00%
S&P Contribution	8.70%
SAP Contribution	10.76%

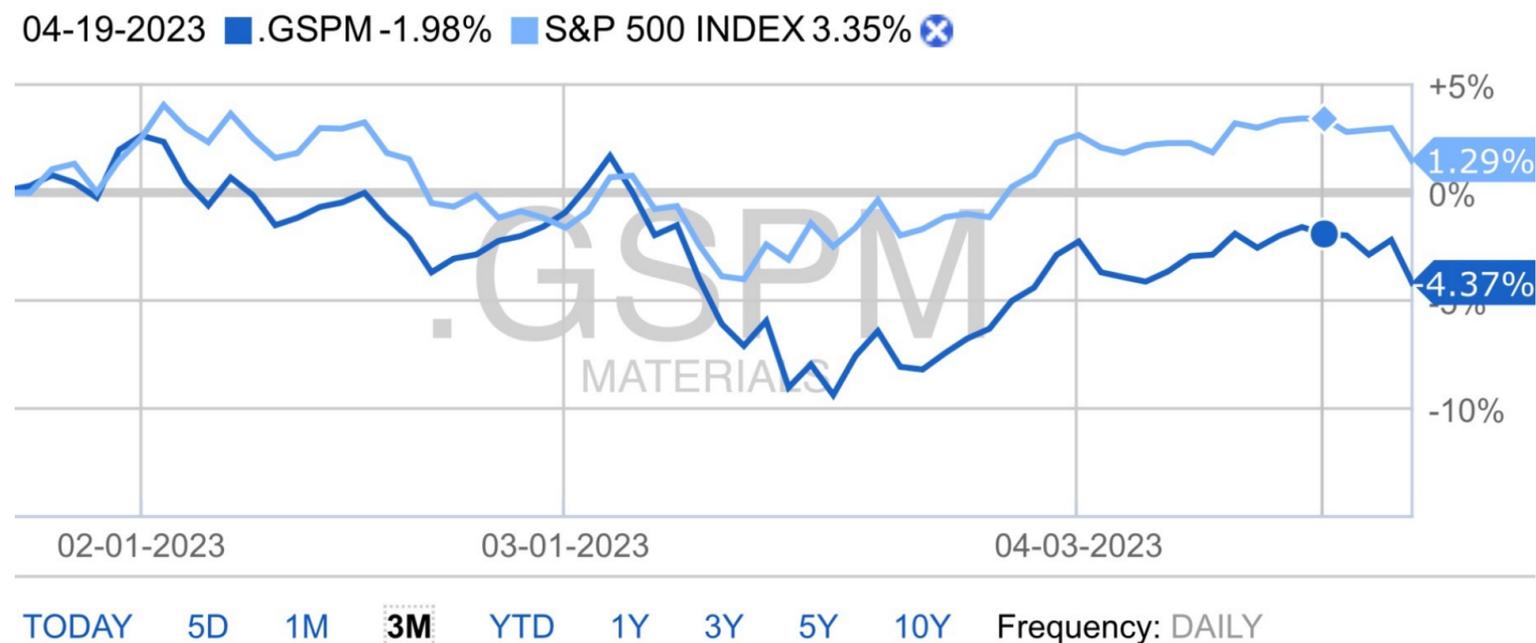
- The **industrials** sector is comprised of firms that produce capital goods used in manufacturing, resource extraction, and construction.
- This sector is directly correlated with economic conditions within the market as well as government spending
- Represented within the past 3 months price change in percent in the left, the Industrials sector returned **-1.10%**, trailing the S&P 500
- As the semester went on, we decided to sell from the Industrials sector and invest more money in other sectors



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# MATERIALS

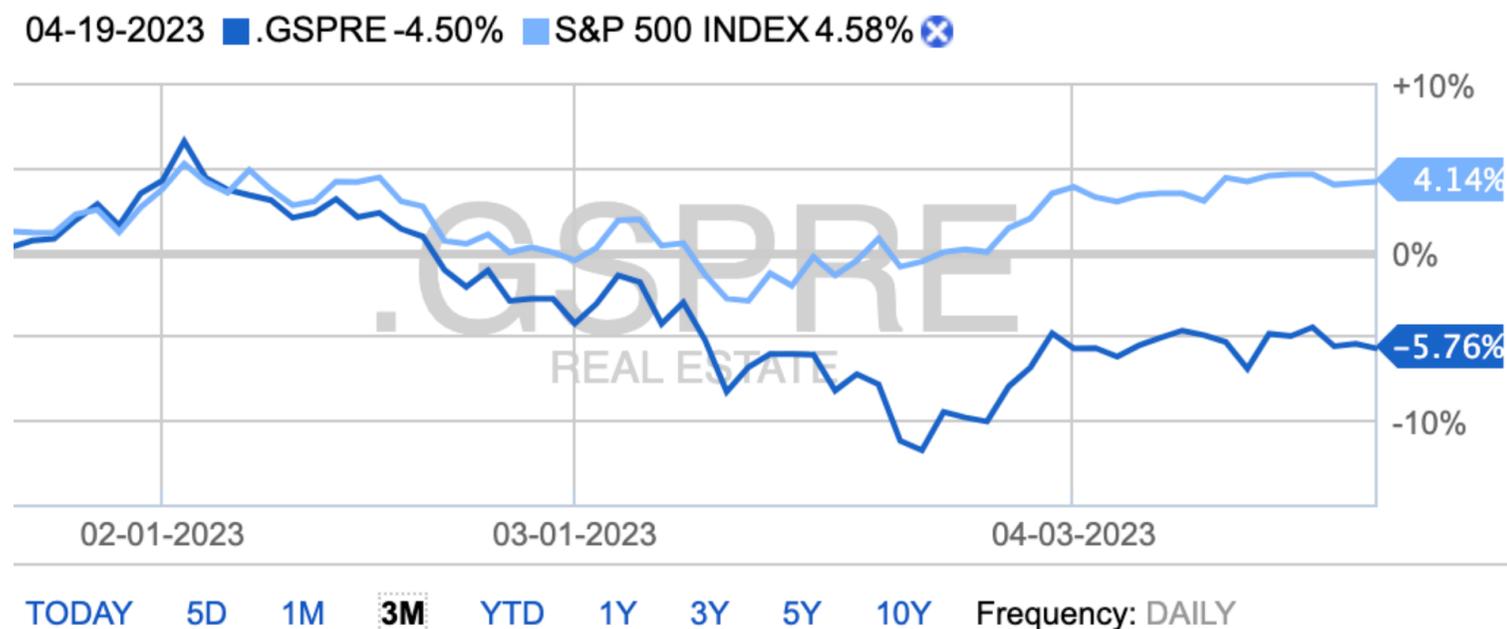


Position Strategy	Overweight
SAP Target	5.00%
S&P Contribution	2.7
SAP Contribution	4.43%

- The **materials** sector comprises of companies that manufacture chemicals, building materials, and paper products as well as companies engaged in commodities exploration and processing
- Sub-sectors of the basic materials sector: mining, forestry, and chemical production
- The basic materials market relies heavily on the demand for products that are used in production, for all physical goods are created from raw material
- In our portfolio, we only have one material stock that is up roughly 4% and one ETF that is up 11.90%.



# REAL ESTATE

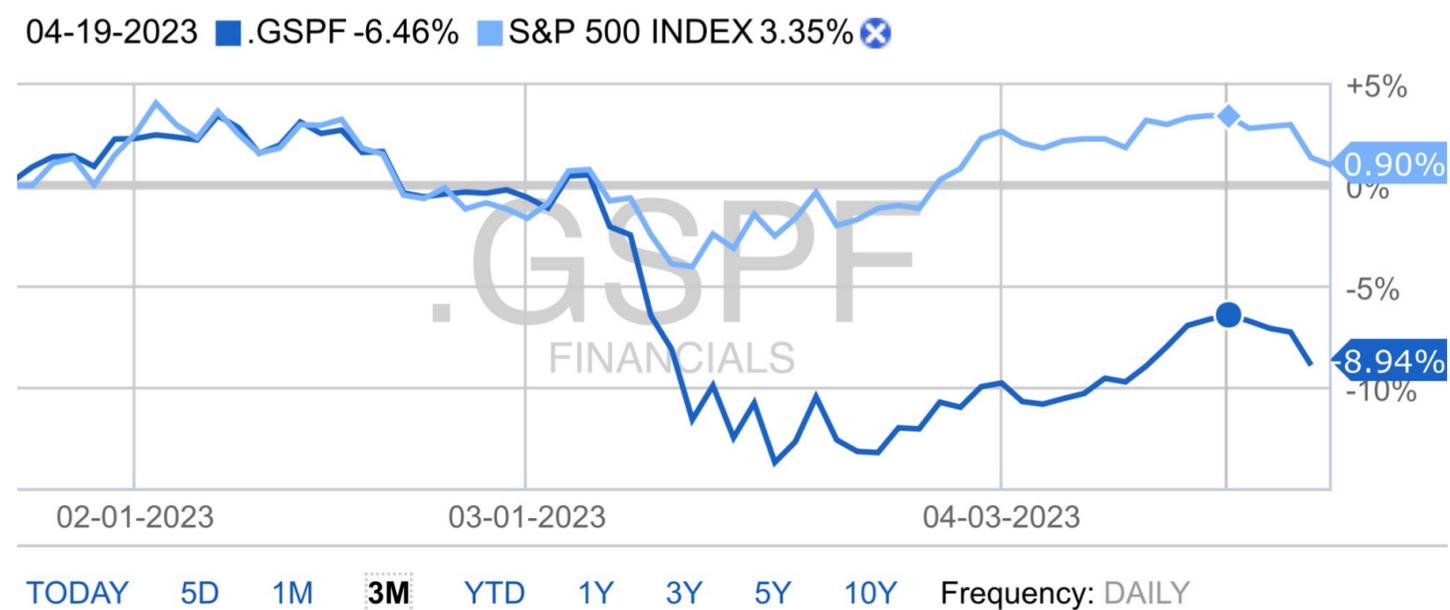


Position Strategy	Underweight
SAP Target	0.00%
S&P Contribution	2.89%
SAP Contribution	0.00%

- The **real estate** sector is comprised of three main categories: residential, commercial, and industrial
- Although for decades the real estate sector has been seen as a safe addition to any diversified portfolio, in this market with rising interest rates spooking first-time homebuyers and the transition from brick and mortar to online stores, the real estate sector has transformed.
- Factors such as mortgage rate increases, decrease in mortgage applications, shift to online stores, work-from-home fad, and fears of a recession cause us to **underweight** this sector keep our contribution at 0.00%.



# FINANCIALS



Position Strategy	Underweight
SAP Target	11.00%
S&P Contribution	11.70%
SAP Contribution	10.50%

- The **financials** sector focuses on banking, insurance, consumer finance, payment and tax services
- The sector is incorporated with larger companies (JPMorgan & Bank of America), but is also comprised of smaller companies like boutique banks
- The financial sector is the largest portion of the S&P 500 meaning that when the economy does well the sector also typically thrives
- Due to interest rate hikes, recession fears, and the health of financial institutions, the sector has fallen under the S&P 500

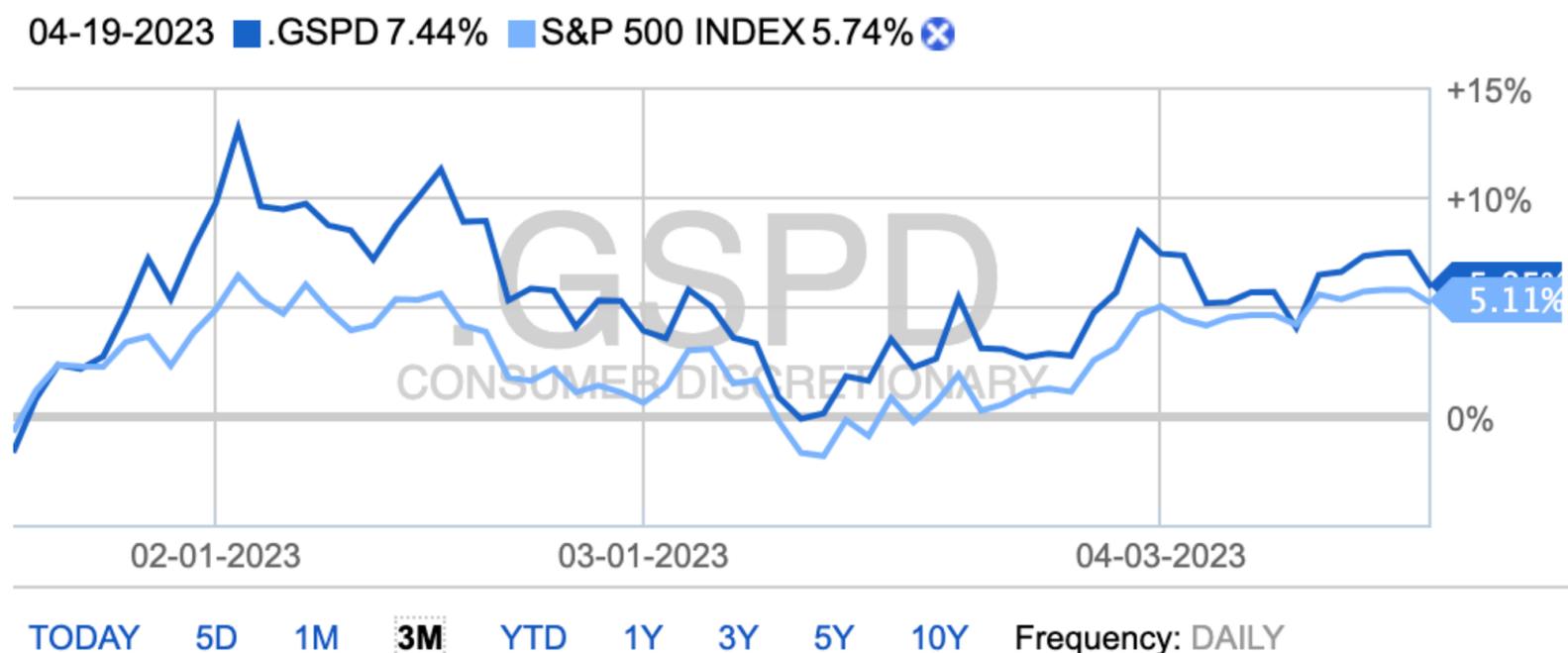
# CONSUMER STAPLES



Position Strategy	Overweight
SAP Target	10.00%
S&P Contribution	7.20%
SAP Contribution	12.71%

- The **consumer staples** sector is a highly anticipated industry seeing that most people are unable to remove these products from their lifestyle
- The sector is non-cyclical meaning that the products are in demand year-round along with being at a constant level regardless of price
- The industries within the sector are beverages, food and staples retailing, food products, household products, personal products, and tobacco
- Consumers have no substitutes, but have options regarding price differences
- With inflation and fears of a recession, the sector follows the S&P 500 closely

# CONSUMER DISCRETIONARY

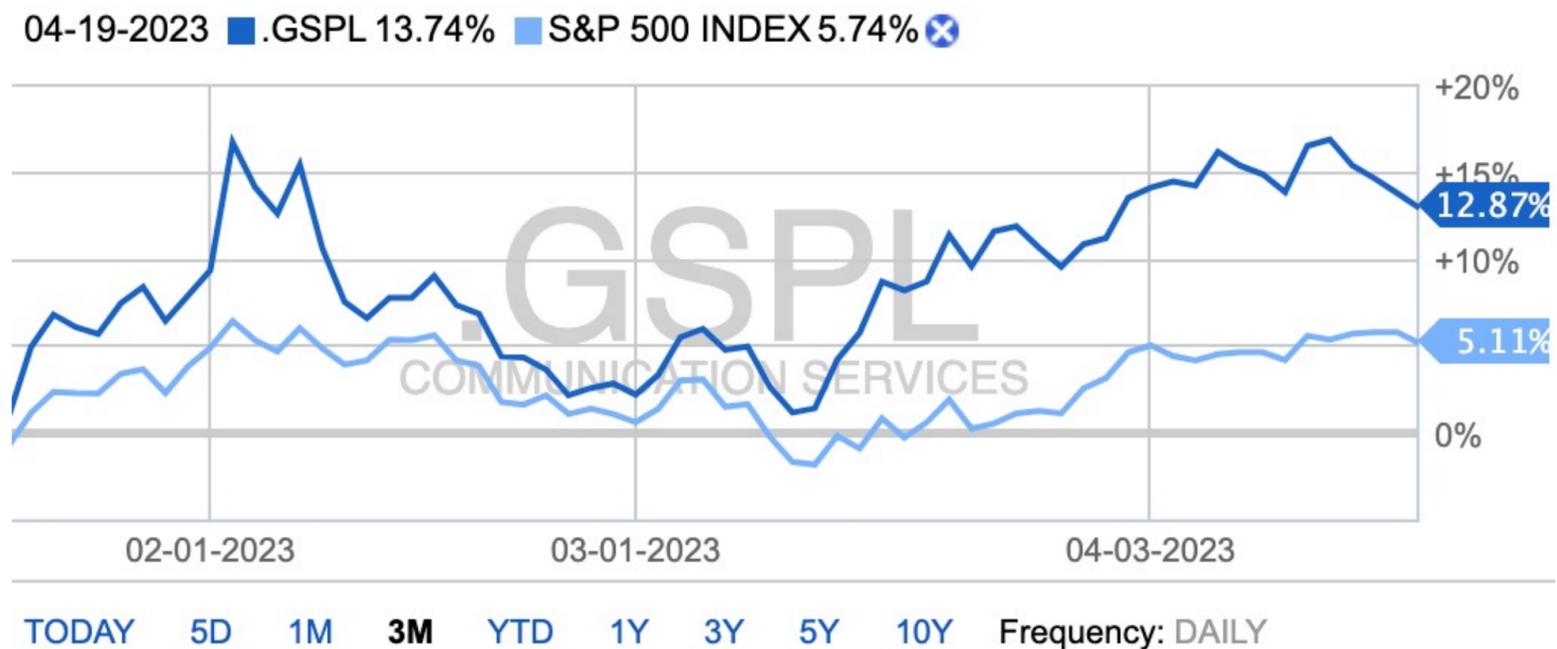


Position Strategy	Underweight
SAP Target	8.00%
S&P Contribution	9.80%
SAP Contribution	7.89%

- The **consumer discretionary sector** otherwise known as the consumer cyclical sector is made up of companies that can be considered nonessential. This sector typically follows a cyclical pattern following the economy
- Examples of consumer discretionary products include durable goods, high-end apparel, entertainment, leisure activities, and automobiles
- The Fed's plan to continue to combat high inflation impacts consumer spending by increasing borrowing rates, thus taking away from consumer's expendable income to both invest and indulge in nonessential products
- We decided to **underweight** this sector to operate under a conservative investment mentality as fears of recession continue



# COMMUNICATION SERVICES

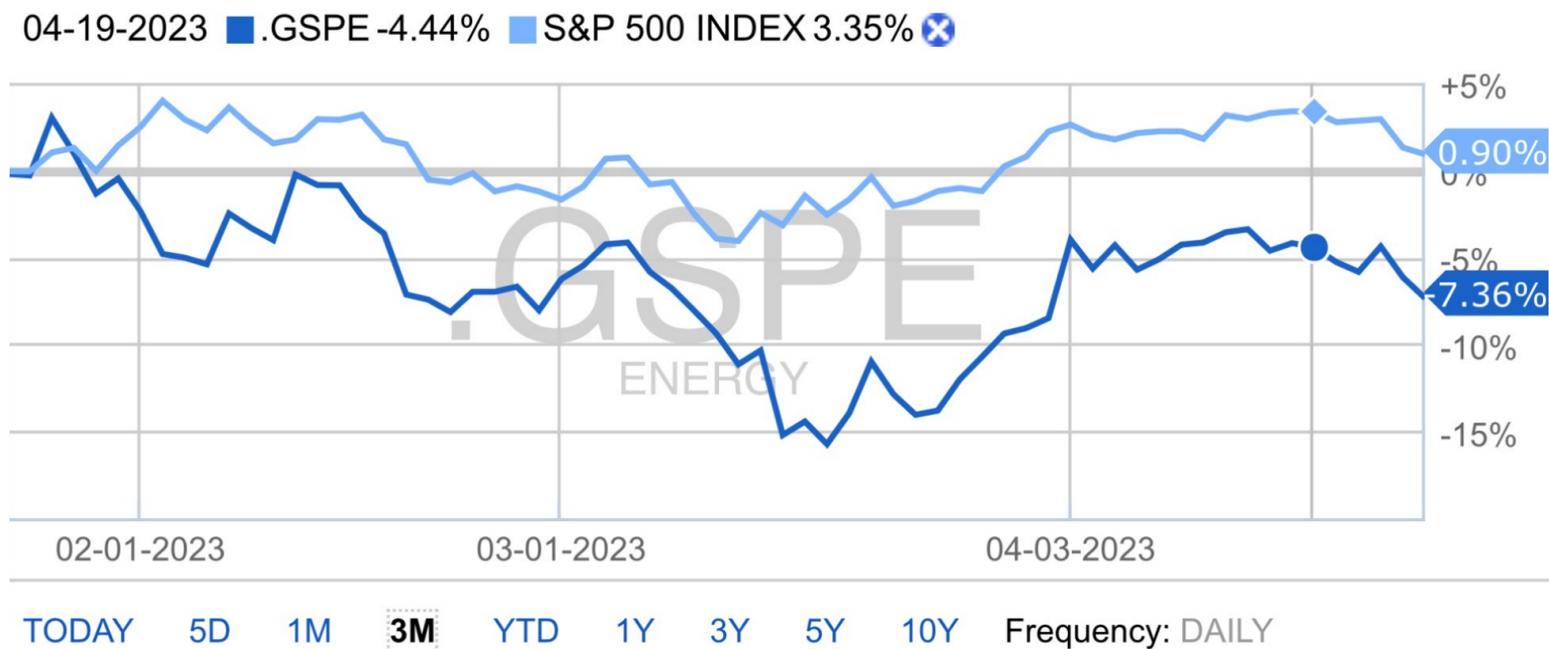


Position Strategy	Underweight
SAP Target	5.00%
S&P Contribution	8.41%
SAP Contribution	10.89%

- The **communication services** sector was created as a result of the reorganization of the S&P500 Index in 2018. This sector is home to stocks such as Alphabet, AT&T and Netflix, which represent how communication services is shifting and adapting to the rapidly changing times
- The major industries within the communication services sector are diversified telecommunication services, entertainment, interactive media and services, media, and wireless telecommunication services
- We decided to slightly **underweight** this sector due to its weaker performance
- However, due to the looming idea of a recession, communications became a more attractive sector throughout the semester, offering high upside potential



# ENERGY



Position Strategy	Overweight
SAP Target	5.50%
S&P Contribution	5.20%
SAP Contribution	11.14%

- The **energy** sector is primarily made up of companies that engage in discovery, drilling, refining, and transporting of oil, gas, and coal
- As of the past year, the sector saw a **50.3%** (TTM) increase in revenue due to the global low supply of oil and high demand
- OPEC cut production in early April by 1.2 million barrels a day, fueling a four-week straight increase of oil prices from a year low in March
- The price of crude oil currently sits around \$80/barrel down from the \$123/barrel high last summer.
- For this reason, we aimed to invest **modestly**, but ended up significantly higher than the S&P as energy prices rose and profit margins increased for energy companies.



# INFORMATION-TECHNOLOGY



- The information technology (IT) sector encompasses a broad range of industries that involve the use of technology to store, process, transmit, and retrieve information. It includes software development, hardware manufacturing, telecommunications, internet services, e-commerce, cybersecurity, and data analytics.
- The IT sector is critical to the evolving modern economy and contains attractive growth investments.
- The tech sector is broken down into three main sub-sectors, being Tech Hardware & Equipment, Semiconductors, and Software & Sales.
- YTD the tech sector has seen a **18.58%** growth after a poor conclusion in the last FY
- The underweighting of the IT sector in respect to the S&P was the result of the sector's poor 2022 performance

Position Strategy	Underweight
SAP Target	22.50%
S&P Contribution	25.70%
SAP Contribution	20.88%



# HEALTHCARE



Position Strategy	Underweight
SAP Target	15.00%
S&P Contribution	15.80%
SAP Contribution	13.23%

- The **healthcare** sector provides exposure to companies in health care supplies & equipment, pharmaceuticals, health care marketing services, life sciences tools & services, biotechnology, and health care technology industries
- We decided to underweight this sector moderately due to pre-existing challenges across multiple industries with its products and services providing extra security in times of economic uncertainty
- We ended up contributing relatively **less** than our target percentage, which ended up being a cautious venture for the class as the S&P outperformed the sector over the course of the semester by roughly 3.8%

# UTILITIES



Position Strategy	Underweight
SAP Target	5.00%
S&P Contribution	3.20%
SAP Contribution	0.00%

- The **utilities** sector is composed of firms existing within the regulated electric, regulated water, regulated gas, independent power/electricity producers and distributors, and renewable utilities
- Multiple concerns were evident in the utilities sector given the costly-infrastructure nature of the sector in a steady rising-rate market environment
- No individual **stock** was purchased in the portfolio from the sector, and consequently, the Utilities Sector SPDR (XLU) was sold during the semester
- This sector was inevitably **under-weighted** – its small contribution size to the S&P 500, dated infrastructure, instability, and geo-political concerns were all considered in discussions which also led us to sell the Utilities ETF



# SPRING 2023 SAP FUND PORTFOLIO



**LOYOLA**  
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# ETF PERFORMANCE



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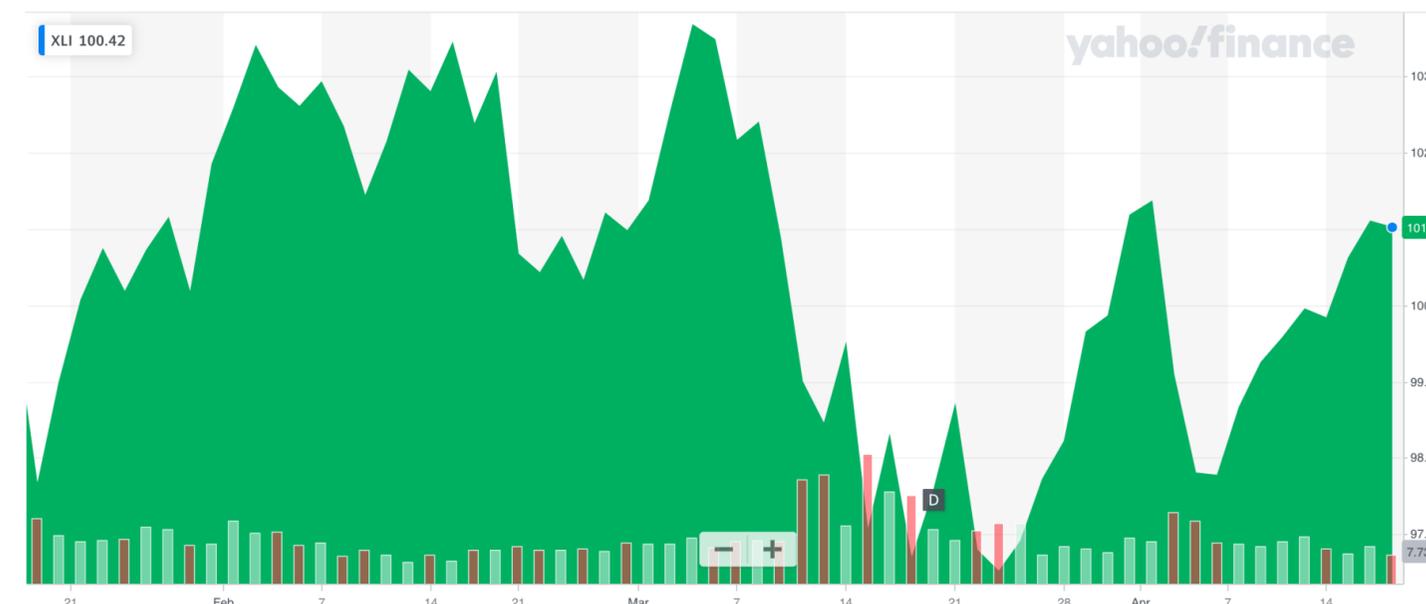
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# INDUSTRIALS SPDR (XLI)

## Top 10 Holdings (40.11%)

Name	Ticker	% Assets
Raytheon Technologies Corp	RTX	5.06%
United Parcel Service Inc Class B	UPS	4.78%
Honeywell International Inc.	HON	4.46%
Union Pacific Corp	UNP	4.12%
Caterpillar Inc	CAT	3.95%
Boeing Co	BA	3.85%
Lockheed Martin Corp	LMT	3.76%
Deere & Co	DE	3.56%
General Electric Co	GE	3.53%
Automatic Data Processing Inc	ADP	3.03%

Date Purchased	09/21/2022
Number of Shares Held	414.14
Acquisition Price	\$99.91
<b>Cost Basis</b>	<b>\$41,374.76</b>



**Market Value (4/19/2023): \$101.02 +\$1.11 (+1.11%)**



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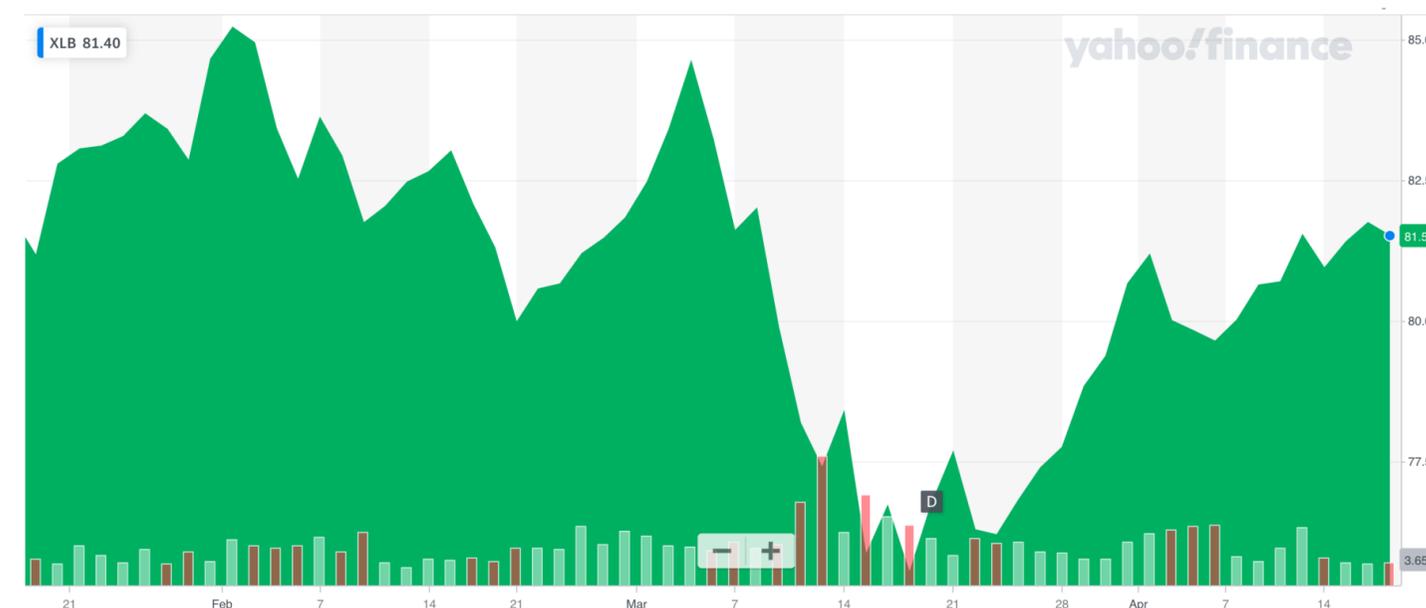
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# MATERIALS SPDR (XLB)

## Top 10 Holdings (64.53%)

Name	Ticker	% Assets
Linde PLC	LIN.L	19.40%
Air Products & Chemicals Inc	APD	6.96%
Freeport-McMoRan Inc	FCX	6.75%
Sherwin-Williams Co	SHW	5.83%
Corteva Inc	CTVA	4.85%
Ecolab Inc	ECL	4.46%
Dow Inc	DOW	4.36%
Newmont Corp	NEM	4.30%
Nucor Corp	NUE	4.05%
PPG Industries Inc	PPG	3.56%

Date Purchased	09/21/2022
Number of Shares Held	171.84
Acquisition Price	\$73.32
<b>Cost Basis</b>	<b>\$12,427.51</b>



**Market Value (4/19/2023): \$81.51 +8.19 (+11.17%)**



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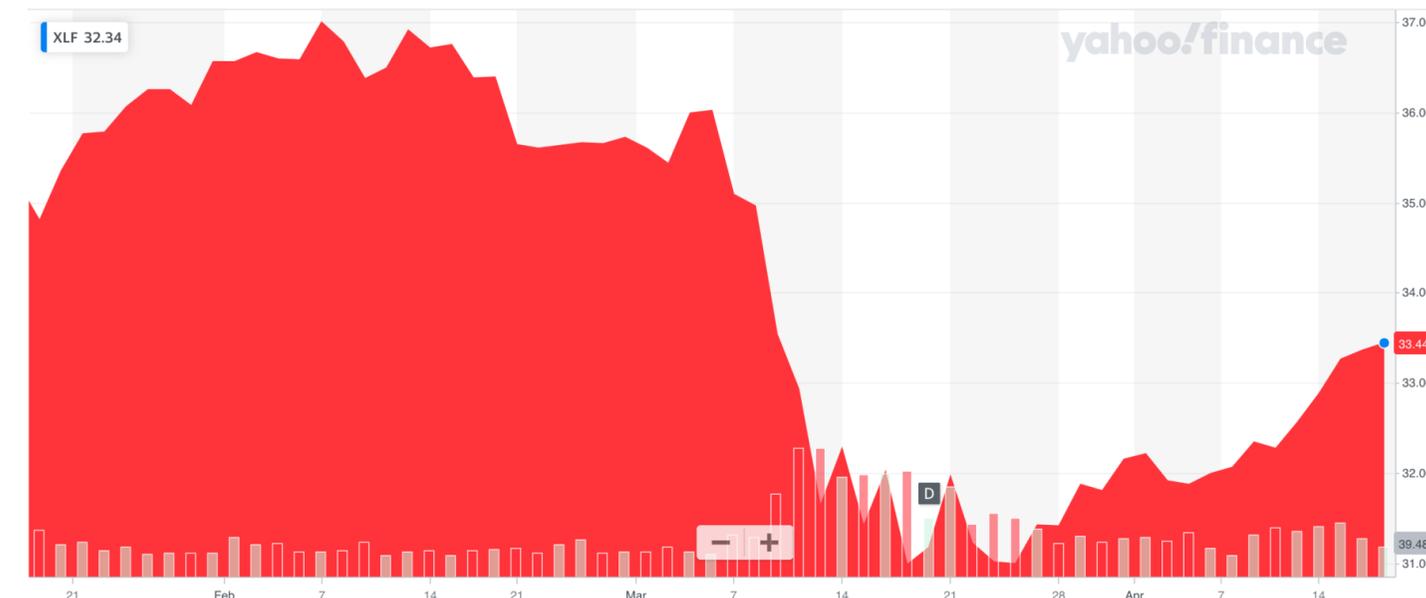
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# FINANCIALS SPDR (XLF)

## Top 10 Holdings (54.63%)

Name	Ticker	% Assets
Berkshire Hathaway Inc Class B	BRK.B	12.67%
JPMorgan Chase & Co	JPM	8.97%
Visa Inc Class A	V	8.28%
Mastercard Inc Class A	MA	6.87%
Bank of America Corp	BAC	4.53%
Wells Fargo & Co	WFC	3.45%
Morgan Stanley	MS	2.57%
S&P Global Inc	SPGI	2.52%
The Goldman Sachs Group Inc	GS	2.49%
Blackrock Inc	BLK	2.27%

Date Purchased	09/21/2022
Number of Shares Held	534.62
Acquisition Price	\$33.06
<b>Cost Basis</b>	<b>\$17,671.93</b>



**Market Value (4/19/2023): \$33.44 +\$0.38 (+1.15%)**



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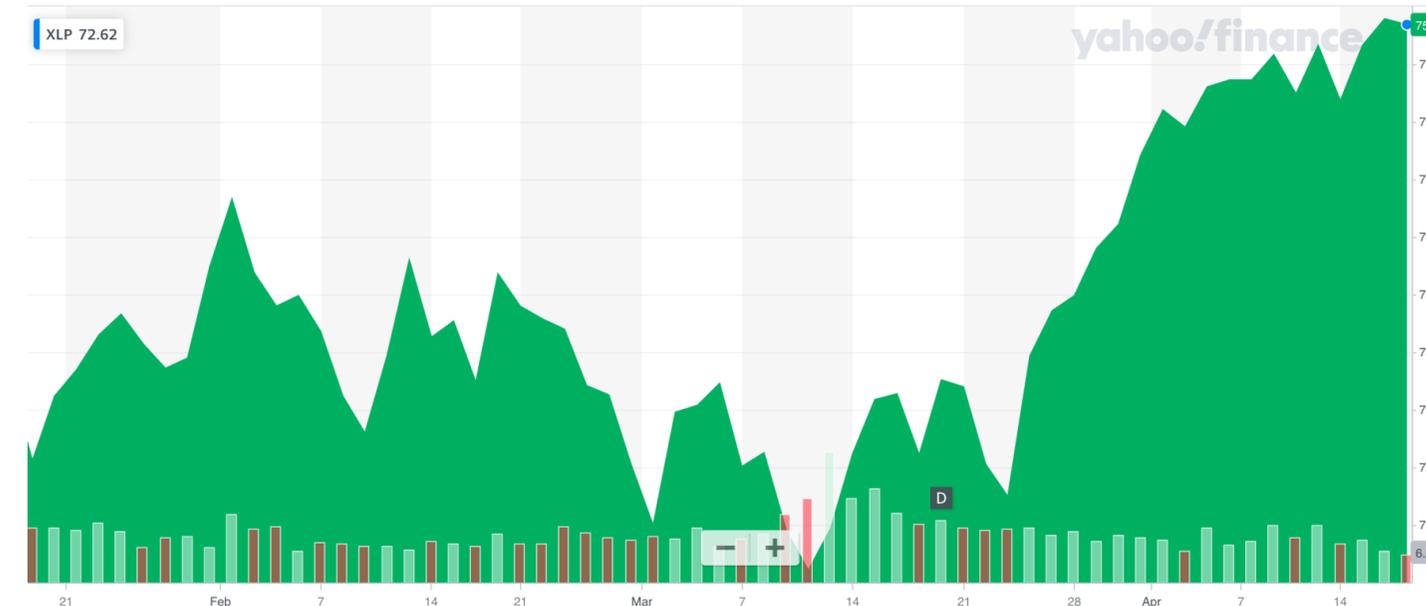
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# CONSUMER STAPLES SPDR (XLP)

## Top 10 Holdings (65.83%)

Name	Ticker	% Assets
Procter & Gamble Co	PG	14.09%
PepsiCo Inc	PEP	10.11%
Coca-Cola Co	KO	9.86%
Costco Wholesale Corp	COST	8.88%
Walmart Inc	WMT	4.64%
Mondelez International Inc Class A	MDLZ	4.33%
Philip Morris International Inc	PM	4.14%
Altria Group Inc	MO	3.67%
Target Corp	TGT	3.25%
Colgate-Palmolive Co	CL	2.85%

Date Purchased	09/21/2022
Number of Shares Held	384.54
Acquisition Price	\$71.44
<b>Cost Basis</b>	<b>\$27,469.47</b>



**Market Value (4/19/2023): \$75.84 +\$4.40 (+6.16%)**



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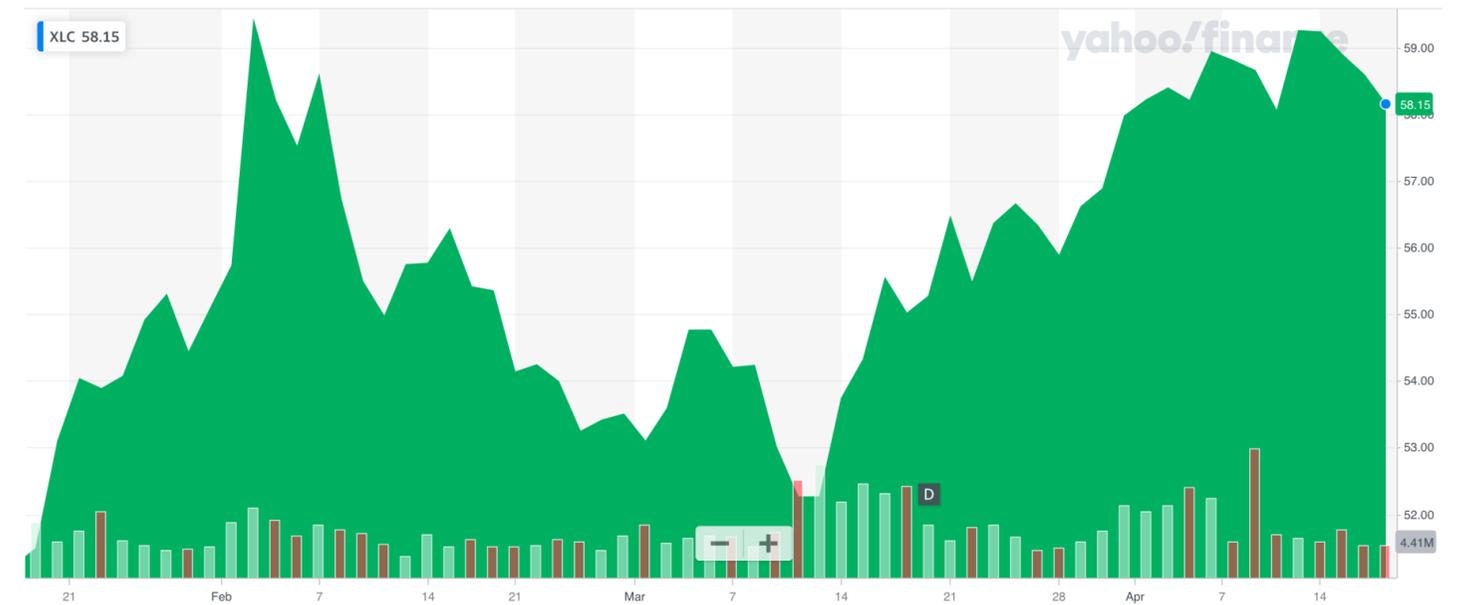
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# COMMUNICATIONS SERVICES SPDR (XLC)

## Top 10 Holdings (77.75%)

Name	Ticker	% Assets
Meta Platforms Inc Class A	META	22.69%
Alphabet Inc Class A	GOOGL	12.95%
Alphabet Inc Class C	GOOG	11.35%
Netflix Inc	NFLX	4.57%
Activision Blizzard Inc	ATVI	4.33%
AT&T	T	4.28%
Comcast Corp Class A	CMCSA	4.25%
T-Mobile US Inc	TMUS	4.24%
Verizon Communications Inc	VZ	4.23%
The Walt Disney Co	DIS	4.22%

Date Purchased	09/21/2022
Number of Shares Held	66.96
Acquisition Price	\$51.65
<b>Cost Basis</b>	<b>\$3,468.53</b>



**Market Value (4/19/2023): \$58.15 +\$6.50 (+12.58%)**



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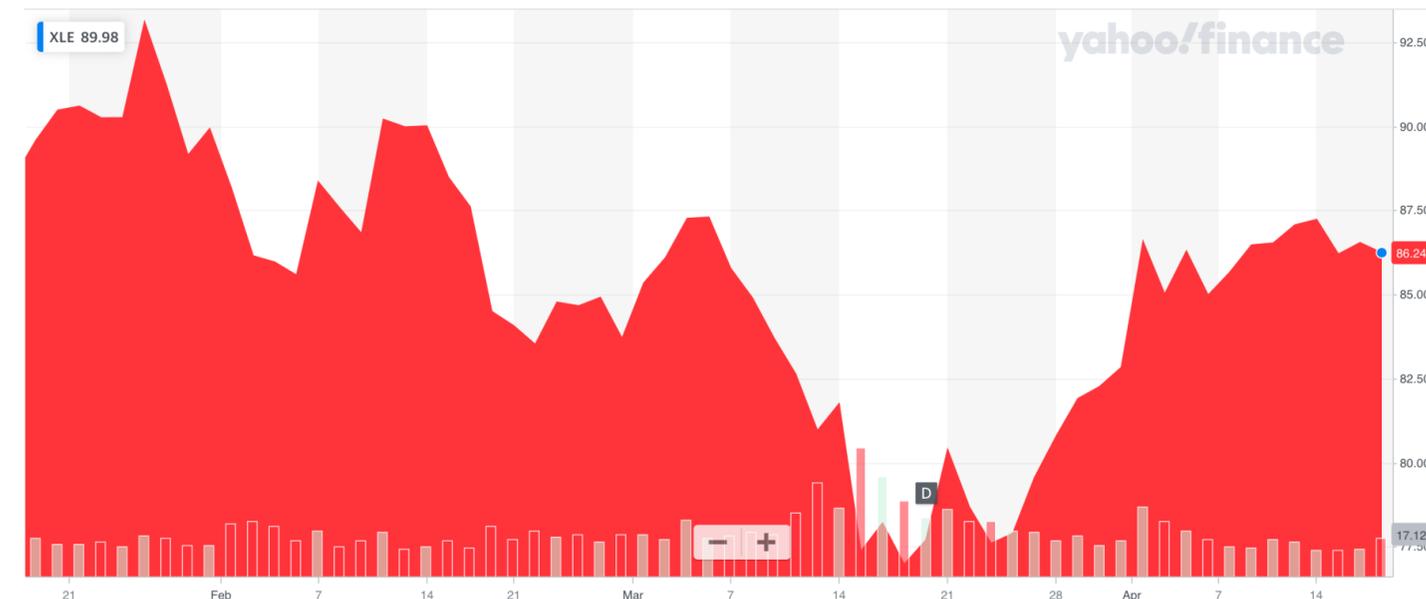
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# ENERGY SPDR (XLE)

## Top 10 Holdings (74.57%)

Name	Ticker	% Assets
Exxon Mobil Corp	XOM	23.07%
Chevron Corp	CVX	19.58%
EOG Resources Inc	EOG	4.56%
ConocoPhillips	COP	4.36%
Schlumberger Ltd	SLB	4.31%
Marathon Petroleum Corp	MPC	4.24%
Pioneer Natural Resources Co	PXD	3.91%
Valero Energy Corp	VLO	3.63%
Phillips 66	PSX	3.54%
Occidental Petroleum Corp	OXY	3.35%

Date Purchased	09/21/2022
Number of Shares Held	295.83
Acquisition Price	\$77.98
<b>Cost Basis</b>	<b>\$23,068.82</b>



**Market Value (4/19/2023): \$86.24 +\$8.26 (+10.59%)**



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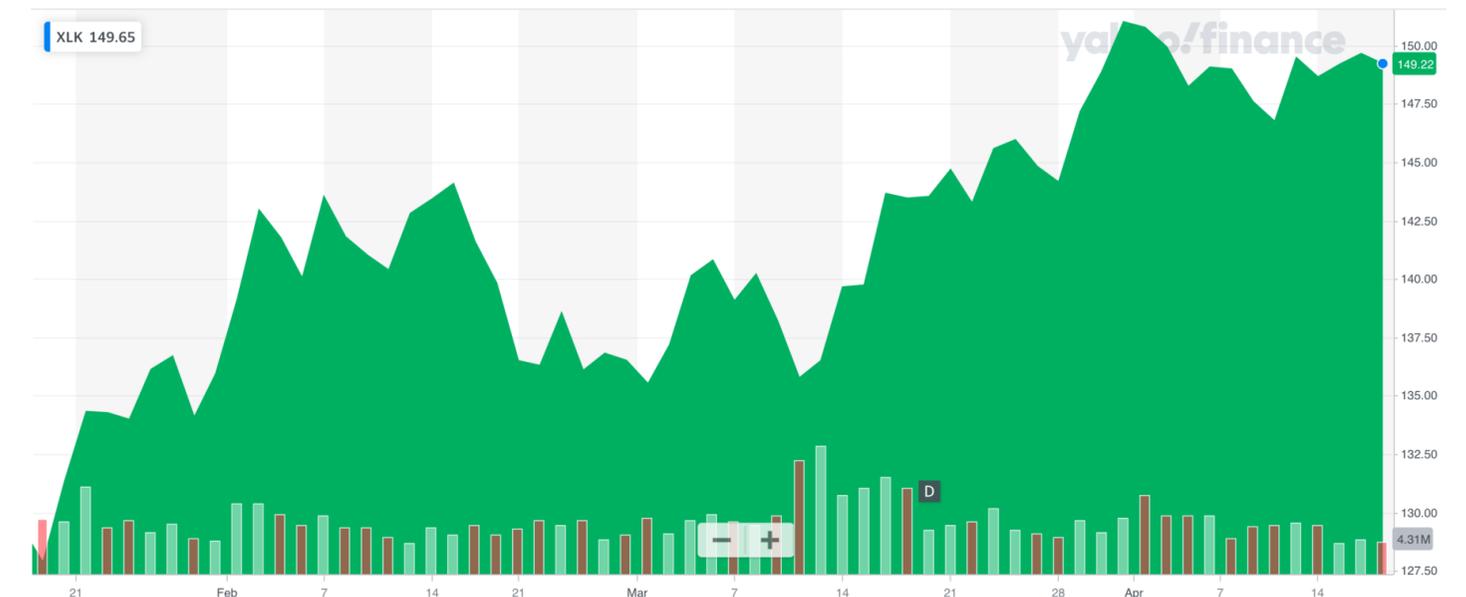
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# TECHNOLOGY SPDR (XLK)

## Top 10 Holdings (68.94%)

Name	Ticker	% Assets
Apple Inc.	AAPL	23.38%
Microsoft Corp	MSFT	23.14%
NVIDIA Corp	NVDA	4.39%
Broadcom Inc	AVGO	3.53%
Cisco Systems Inc	CSO	2.83%
Salesforce Inc	CRM	2.66%
Accenture PLC Class A	ACN	2.40%
Adobe Inc	ADBE	2.37%
Texas Instruments Inc	TXN	2.21%
Advanced Micro Devices Inc	AMD	2.02%

Date Purchased	09/21/2022
Number of Shares Held	316.60
Acquisition Price	\$129.14
<b>Cost Basis</b>	<b>\$40,885.69</b>



**Market Value (4/19/2023): \$149.22 +\$20.08 (+15.55%)**



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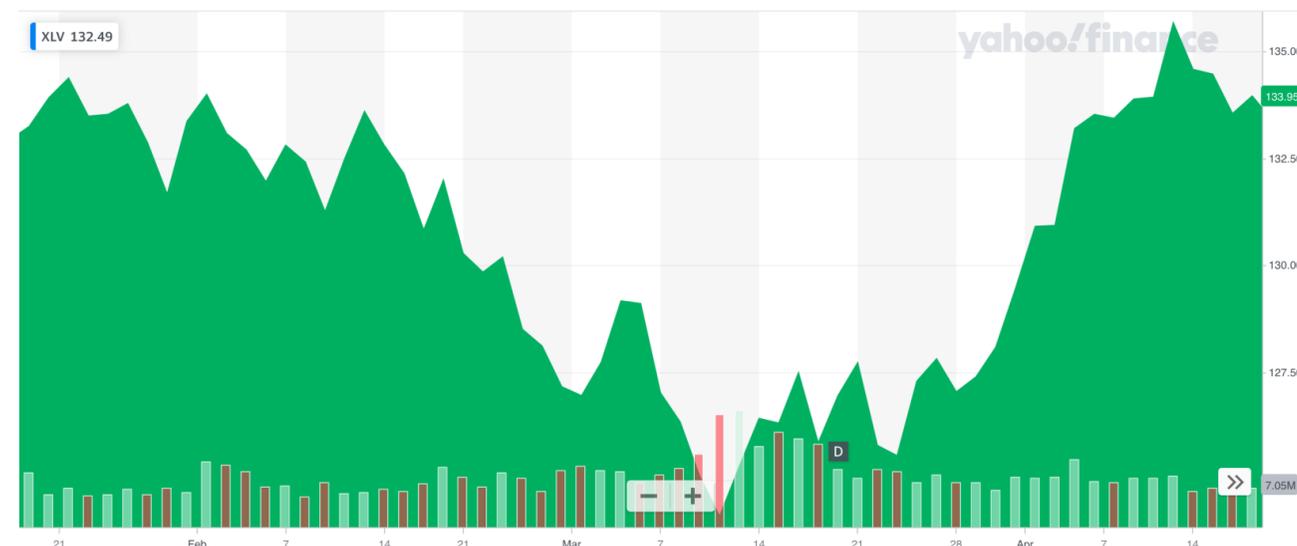
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# HEALTHCARE SPDR (XLV)

## Top 10 Holdings (53.55%)

Name	Ticker	% Assets
UnitedHealth Group Inc	UNH	9.05%
Johnson & Johnson	JNJ	8.30%
AbbVie Inc	ABBV	5.78%
Eli Lilly and Co	LLY	5.55%
Merck & Co Inc	MRK	5.53%
Pfizer Inc	PFE	4.69%
Thermo Fisher Scientific Inc	TMO	4.63%
Abbott Laboratories	ABT	3.62%
Danaher Corp	DHR	3.39%
Bristol-Myers Squibb Co	BMJ	3.02%

Date Purchased	09/21/2022
Number of Shares Held	343
Acquisition Price	\$124.57
<b>Cost Basis</b>	<b>\$42,735.98</b>



**Market Value (4/19/2023): \$133.95 +\$9.38 (+ 7.52%)**



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# GROWTH STRATEGY

Revenue Growth	$\geq$ Industry Average
Revenue Growth 5 Year Average	$\geq$ Industry Average
ROE	$\geq 15\%$ and $>$ Industry Average
PEG	$\leq 1.2$ and $<$ Industry Average
Debt / Equity	$< 1.5$



Industrials

# CATERPILLAR (CAT)



Date Purchased	10/5/2022
Number of Shares Held	75.76
Acquisition Price	\$178.70
Cost Basis	\$13,537.42

Market Value (4/19/2023): \$224.65 +\$45.95 (+25.71%)

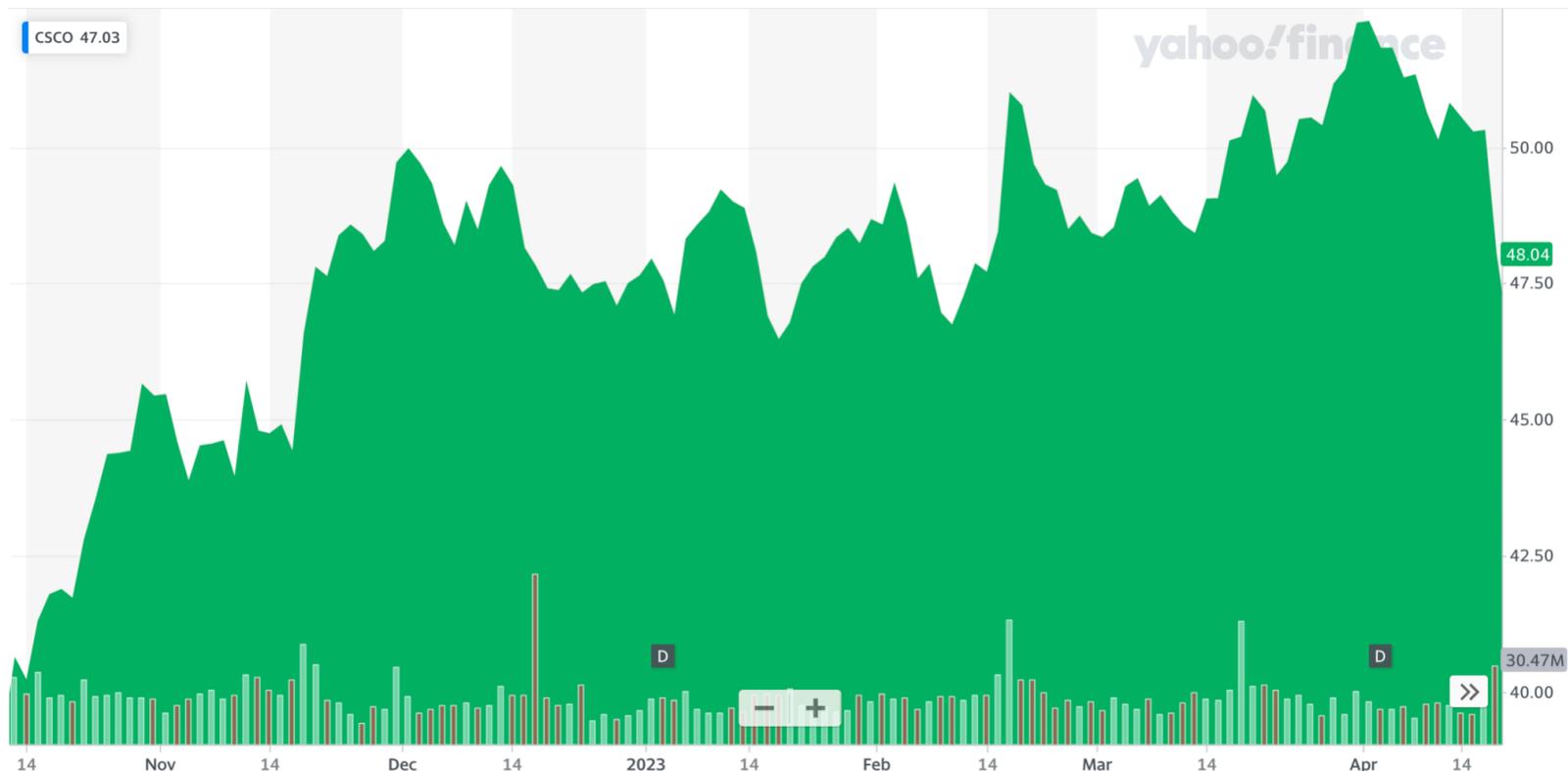
- **Caterpillar** is the flagship brand of a variety of products & services in the industrials industry
- More than **4 million** Caterpillar products are at work around the world
- Caterpillar's portfolio includes **18** independently owned brands, which operate globally
- **4** Main Industries make up their business segments (Construction, Resource, Energy & Transportation, & Financial Products)
- Caterpillar is primarily responsible for providing customers with infrastructure, forestry, and building solutions



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# CISCO SYSTEMS, INC (CSCO)



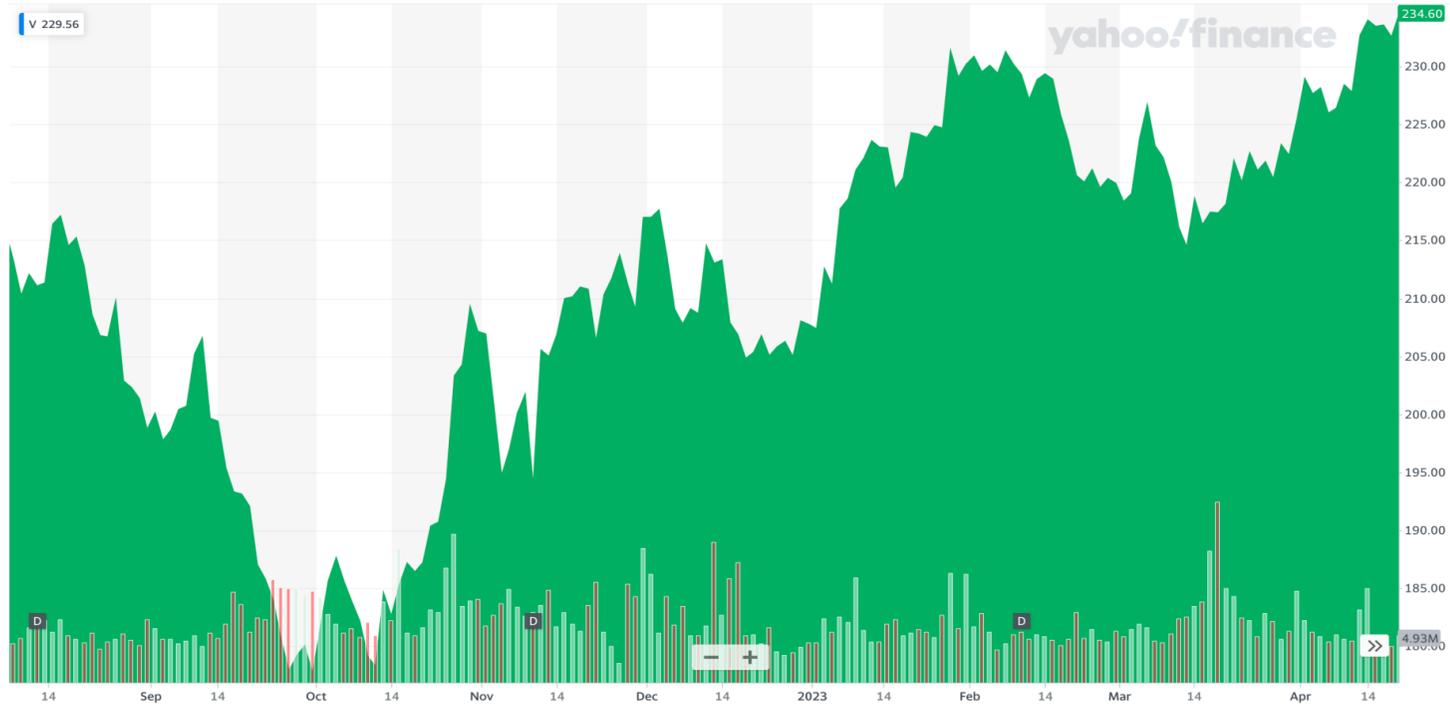
Date Purchased	10/12/2022
Number of Shares Held	338.98
Acquisition Price	\$39.67
Cost Basis	\$13,447.14

**Market Value (4/19/2023): \$48.04 +\$8.37 (+21.05%)**

- **Cisco Systems, Inc** provides services to the communications and information technology industry through the design, manufacturing, and sale of internet protocol-based networking products.
- Revenue grew by 7% YoY beating expectations by 2%. Net income fell 7% YoY and EPS fell 6% YoY in Q2. Dividends increased 3%.
- 76.8% of revenue is generated from their product segment and 23.2% is generated from services they offer.
- CSCO continues to pay off its debt therefore lessening leverage that rising rates have on the business.
- Cisco has a wide economic moat due to its dominant market share of 41% in the enterprise network infrastructure market and high switching costs.

# Financials

## VISA (V)



- **Visa** is a digital payments industry veteran known for connecting customers, financial institutions, governments and businesses in over 200+ countries.
- 1958 – company is founded as BankAmericard which was the first card to have a revolving credit feature
- 1976 - BankAmericard is rebranded as Visa, in an attempt to be recognized as a global brand
- **15,100** financial institution clients
- **80 million** merchant locations
- **192.5 billion** total transactions and **\$14.1 trillion** total payments/cash volume in 2022

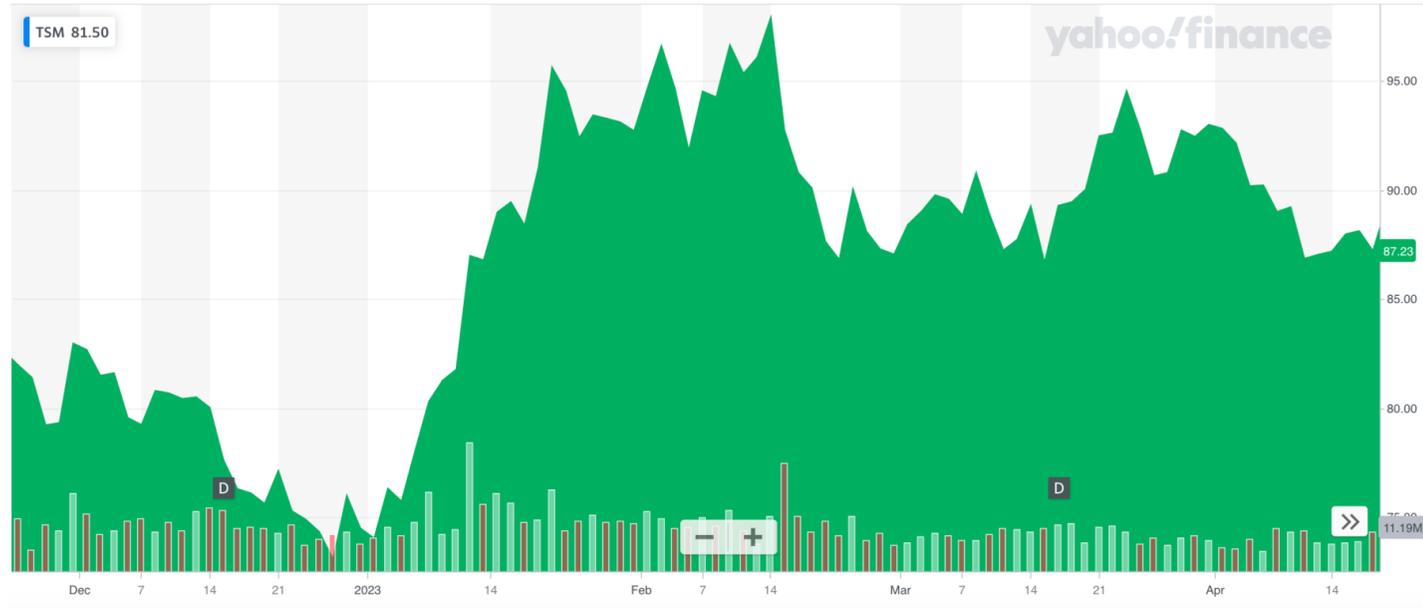
Date Purchased	10/31/2022
Number of Shares Held	75.31
Acquisition Price	\$208.07
<b>Cost Basis</b>	<b>\$15,669.38</b>

**Market Value (4/19/2023): \$232.57 +\$24.50 (+11.77%)**



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# TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY (TSM)



Date Purchased	11/22/2022
Number of Shares Held	191.58
Acquisition Price	\$82.09
<b>Cost Basis</b>	<b>\$15,726.72</b>

- **TSM** manufactures, packages, tests, and sells integrated circuits and other semiconductor devices globally
- TSM is the manufacturer of about **half** the world's semiconductors, working with companies like **AMD, Apple, Qualcomm, and Nvidia**
- The company plans to triple its US investments to **\$40 billion** as TSM's fourth fab in Arizona is set to start production of 4nm processing technology in late 2024.
- While **TSM** has had a difficult first half of the year, industry analysts believe there will be a rebound during the second half of the year as a result of inventory corrections

**Market Value (4/19/2023): \$87.23 +\$5.14 (+6.26%)**

Consumer Discretionary

# MCDONALD'S CORPORATION (MCD)



Date Purchased	4/11/2023
Number of Shares Held	37
Acquisition Price	\$283.37
Cost Basis	\$10,484.65

- **McDonald's Corporation** is a multinational fast-food chain known for selling an array of casual American fare such as burgers, fries, and chicken products
- **1940** - Founded in San Bernadino, CA
- **13,515** total restaurants in the United States
- **40,275** locations worldwide
- **\$23.18 billion** in sales in 2022
- McDonald's has consistently increased their dividend for 46 consecutive years and beat earnings for all 4 quarters in 2022

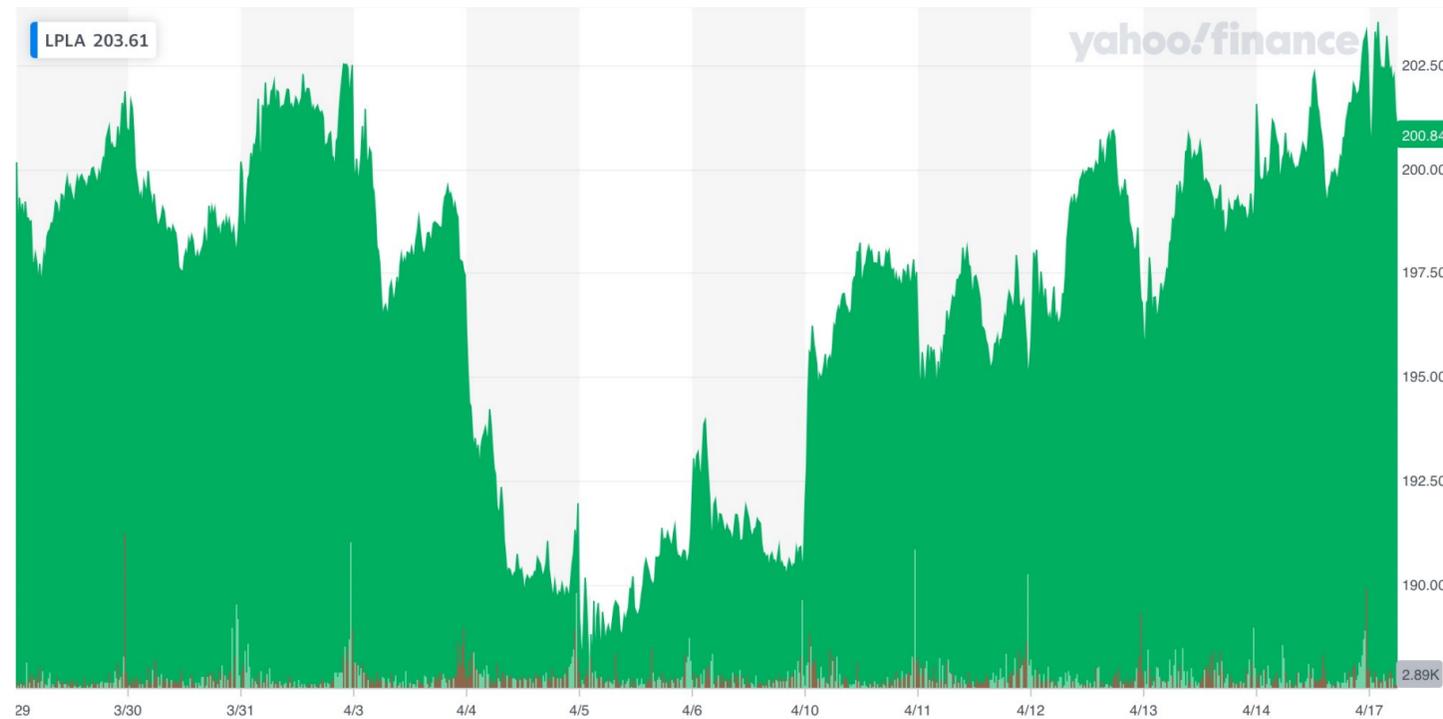
**Market Value (4/19/2023): \$291.27 +\$7.90 (+2.79%)**



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# LPL FINANCIAL HOLDINGS INC. (LPLA)



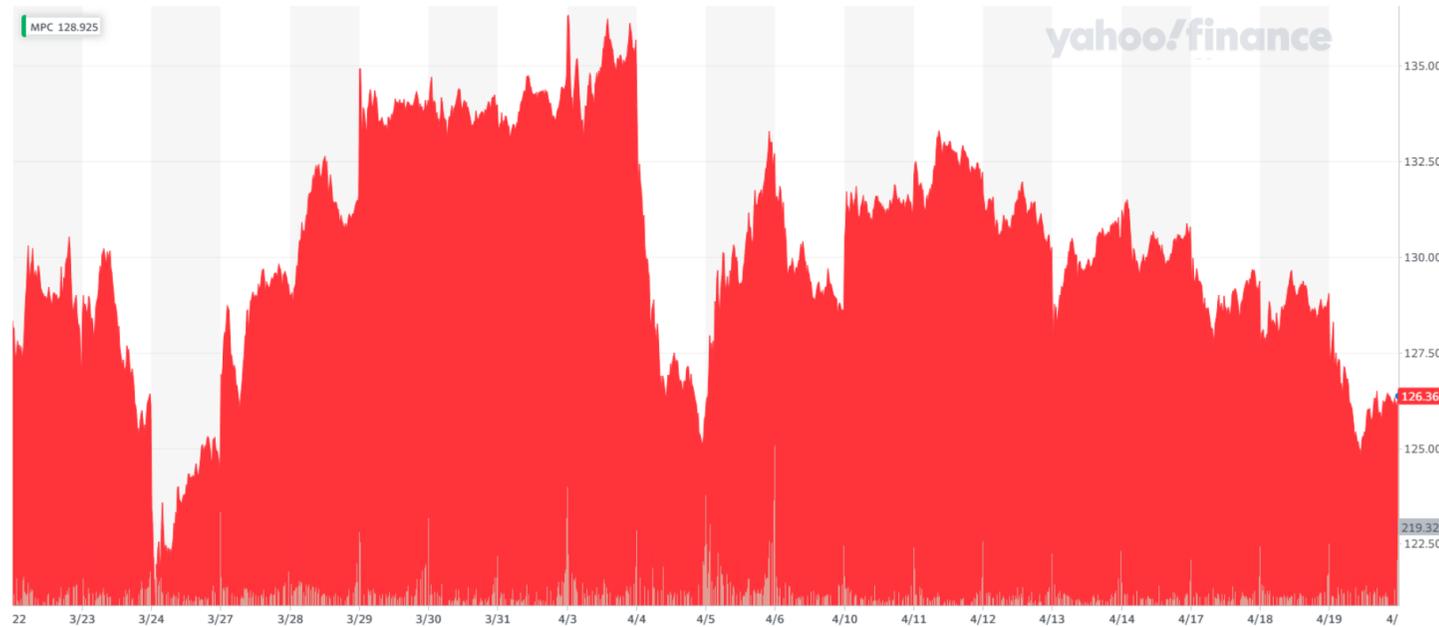
Date Purchased	3/29/2023
Number of Shares Held	52
Acquisition Price	\$199.17
Cost Basis	\$10,356.58

**Market Value (4/19/2023): \$206.78 +\$7.61 (+3.82%)**

- LPL Financial is a leading retail investment advisory firm that provides a range of financial services to independent financial advisors and their clients.
- Founded in 1989, LPL Financial has grown to become one of the largest independent broker-dealers in the United States, with over 16,000 financial advisors across the country.
- LPL Financial offers a wide range of investment products and services, including investment advisory services, brokerage services, and insurance products, to help clients achieve their financial goals.

Energy

# MARATHON PETROLEUM CORPORATION (MPC)



- MPC is a downstream energy company that refines, markets, and transports petroleum products
- MPC is the largest petroleum refiner in the United States and offers three major service/product lines: Petroleum Refining (midstream), Distribution (midstream), and Retail Network (gas stations)
- Their recent stock price has been extremely volatile due to the decision made by OPEC+ to cut oil production

Date Purchased	3/22/2023
Number of Shares Held	81
Acquisition Price	\$127.76
Cost Basis	\$10,348.16

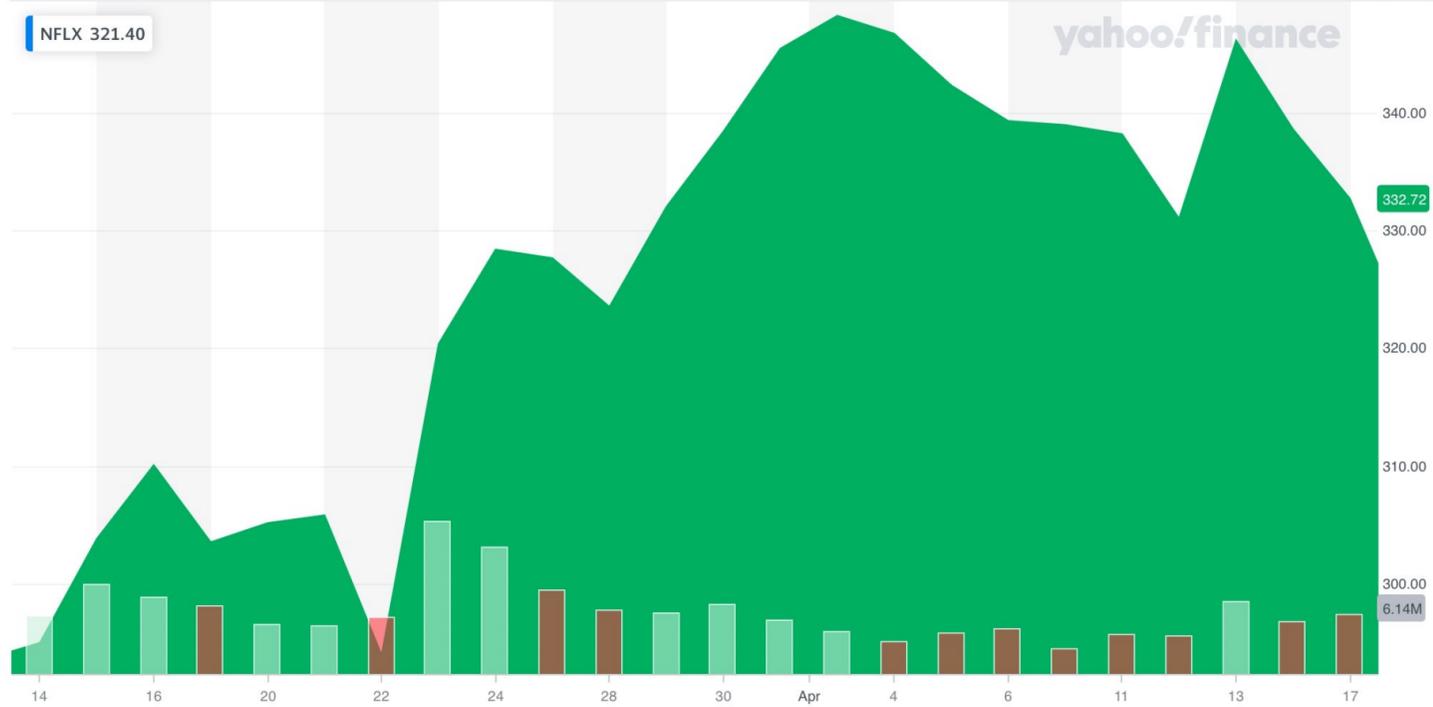
**Market Value (4/19/2023): \$126.39 -\$1.37 (-1.07%)**



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# NETFLIX, INC. (NFLX)



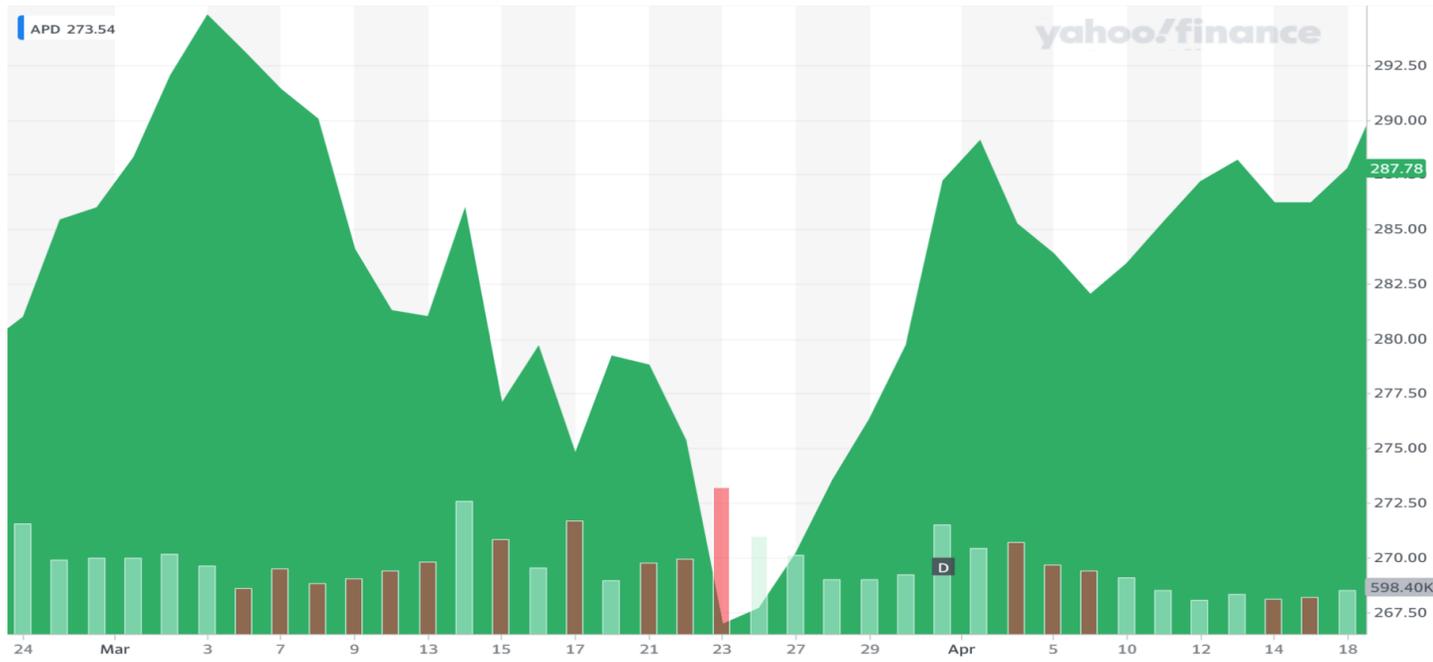
Date Purchased	3/14/2023
Number of Shares Held	40
Acquisition Price	\$296.47
Cost Basis	\$11,858.78

- Netflix is a media and entertainment company that offers a subscription-based streaming service for movies and television shows.
- Netflix is a publicly traded company listed on the NASDAQ stock exchange under the ticker symbol "NFLX"
- As of April 2023, Netflix has over 200 million subscribers in more than 190 countries, making it one of the largest streaming services in the world.
- Netflix's revenue has been growing steadily over the years, with total revenue of over \$31.6 billion in 2022, up from \$11.7 billion in 2017.

**Market Value (4/19/2023): \$323.12 +\$26.65 (+8.99%)**



# AIR PRODUCTS AND CHEMICALS, INC. (APD)



Date Purchased	2/24/2023
Number of Shares Held	36
Acquisition Price	\$278.99
Cost Basis	\$10,043.64

- **Air Products and Chemicals, Inc.** is a World-leading industrial gases company. They specifically provide atmospheric and process gases and related equipment to manufacturing markets.
- Globally ranked in green hydrogen and blue hydrogen
- They capitalized heavily on Saudi Arabia’s increased investment into liquified natural gas
- \$10 Billion in clean energy investments within North America
- With high impressive capital allocation, APD continues to trade at a **discount** with a fair value of roughly \$319

**Market Value (4/19/2023): \$290.50 +\$11.51 (+4.13%)**

# COSTCO WHOLESALE CORPORATION (COST)

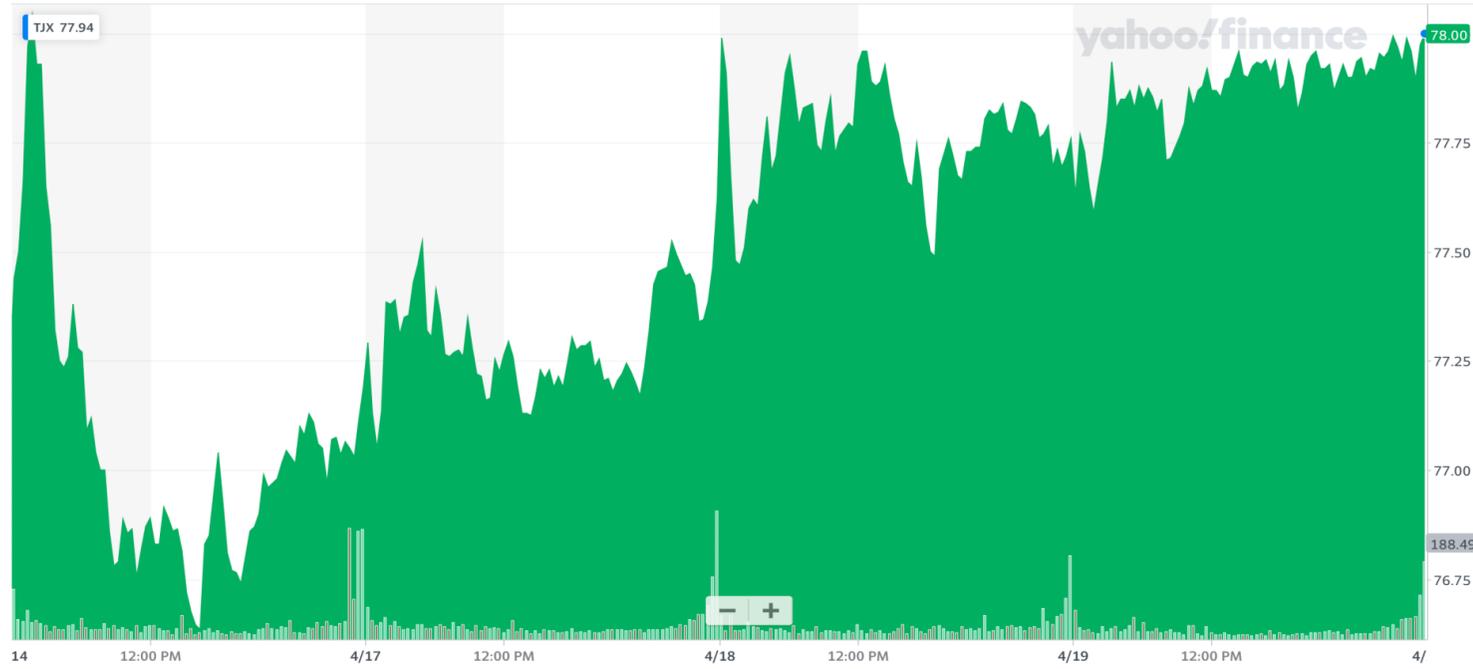


- **Costco** has over 120 million members globally with a retention rate above 90%
- Membership fees allow Costco to generate profits while capitalizing on their ability to offer **substantial discounts** on product offerings
- Costco **beat** expected EPS and revenues, in Q1 2023, reporting EPS of 3.30 dollars a share and a revenue of \$55.27 billion for the quarter.

Date Purchased	2/3/2023
Number of Shares Held	20.04
Acquisition Price	\$506.72
<b>Cost Basis</b>	<b>\$10,172.71</b>

**Market Value (4/19/2023): \$496.03 -\$10.69 (-2.11%)**

# THE TJX COMPANIES, INC. (TJX)



- Headquartered in Framingham, Massachusetts, TJX was founded in 1987 by Bernard Cammarata
- Leading off-price retailer of apparel and home fashions in the U.S. and worldwide with roughly 340,000 associates, 7 different chains, and nearly 21,000 vendors
- Using all kinds of vendors to bring in high quality brand name merchandise several times a week, creating that “treasure hunt shopping experience”
- No set way of buying merchandise, examples include department store cancellations, manufacturer excess, or vendor close out deal.
- The strategy of this off-price store functions to lessen the past supply chain issues and past factory closures

Date Purchased	4/14/2023
Number of Shares Held	131
Acquisition Price	\$76.84
Cost Basis	\$10,066.04

**Market Value (4/19/2023): \$78.01 +\$1.17 (+1.52%)**



# VALUE STRATEGY

Price / Sales	< Industry Average
Price / Book Value	< Industry Average
Dividends	> Industry Average
Free Cash Flow	> 0
Report Beta	



# MORGAN STANLEY (MS)



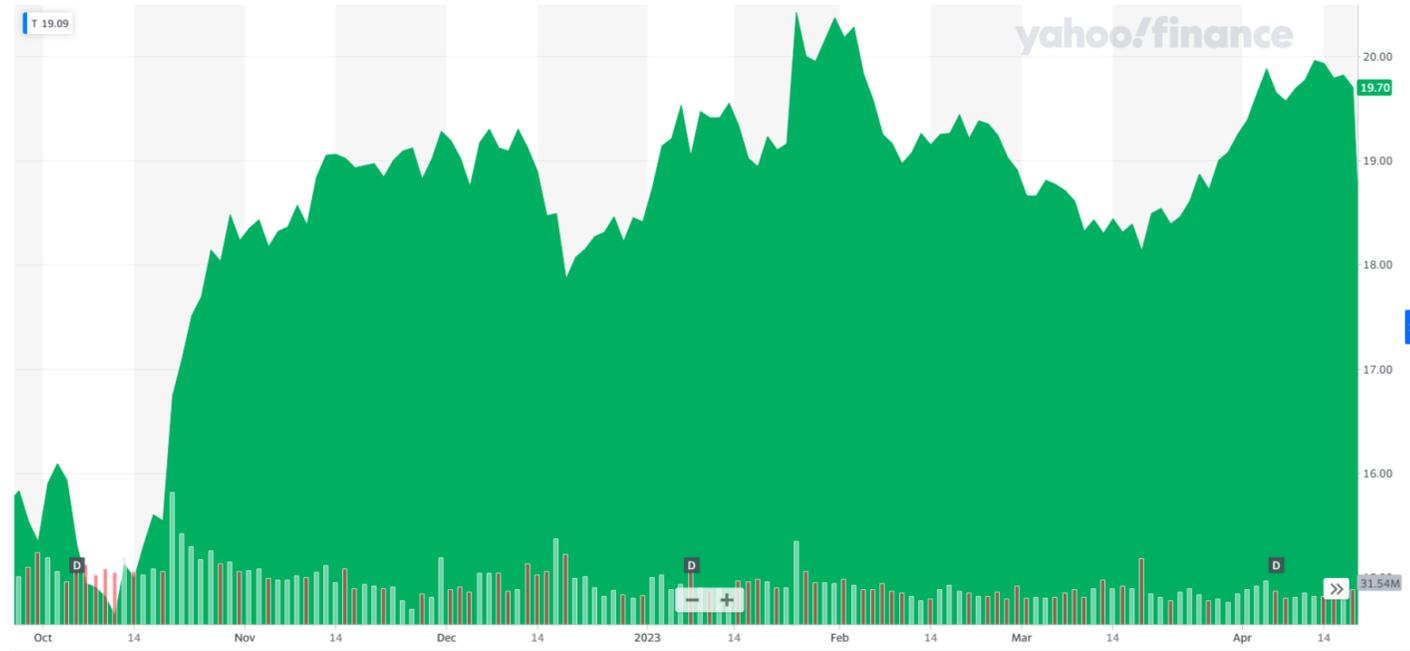
Date Purchased	9/23/2022
Number of Shares Held	127.04
Acquisition Price	\$88.28
<b>Cost Basis</b>	<b>\$11,215.36</b>

**Market Value (4/19/2023): \$90.45 +\$2.17 (+2.45%)**

- **Morgan Stanley** is responsible for \$1.4 trillion of AUM within 24 different countries
- The bank is split into institutional securities, investment management, and wealth management
- Financial services firms have historically performed **strongly** during times of inflation and rising interest rates
- Morgan Stanley trades **undervalued** compared to peers with regard to P/S and P/B ratios



Communication Services  
**AT&T (T)**



- **AT&T Inc.** began in 1876 as a telephone company. Throughout the years it has become a holding company, and it operates in the Communication Services Sector.
- AT&T's major business segments are Mobility, Business Wireline, Consumer Wireline, and Latin America (listed in order of importance regarding revenue)
- Despite the AT&T's reduction in subscribers, they have been able to recover and maintain a 24.37% gain for the portfolio

Date Purchased	9/28/2022
Number of Shares Held	671.54
Acquisition Price	\$15.84
<b>Cost Basis</b>	<b>\$10,635.13</b>

**Market Value (4/19/2023): \$19.70 +\$3.86 (+24.37%)**

# KRAFT HEINZ CORPORATION (KHC) KraftHeinz



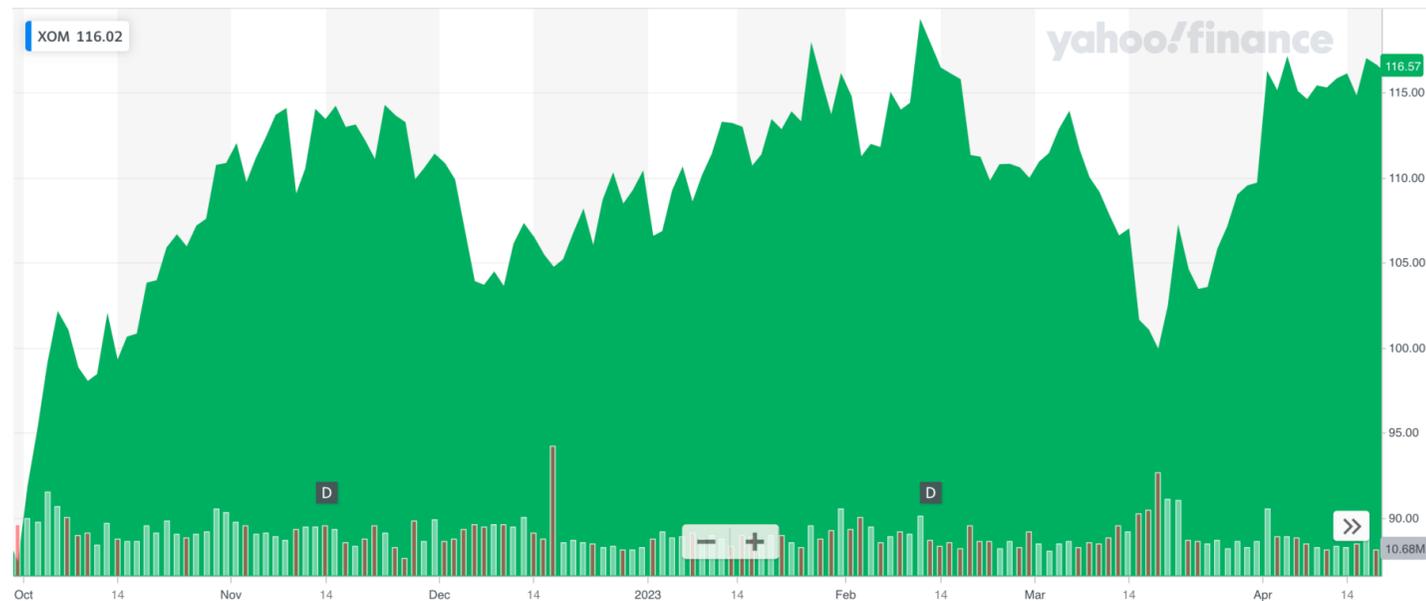
Date Purchased	9/28/2022
Number of Shares Held	408.07
Acquisition Price	\$33.52
Cost Basis	\$13,678.41

- **Kraft Heinz** is a one of the largest food manufacturers in the country. They own everyday staple brands such as Oscar Meyer, Jell-O, Philadelphia and so much more.
- With rising inflation rates, Kraft Heinz is a company that sells cheap, well liked food products for families on a tighter than usual budget.
- Warren Buffet made a significant investment into Kraft-Heinz as a value investment with Berkshire Hathaway owning a 26% stake in the company.
- MorningStar valued the company as being at a 32% **discount** from its target price in September.
- Kraft Heinz **beat** expected EPS and revenues, in Q4, reporting EPS of 85 cents a share and a revenue of \$7.38 billion for the quarter.

**Market Value (4/19/2023): \$39.47 +\$5.92 (+17.75%)**



Energy  
**EXXON MOBIL (XOM)**



Date Purchased	9/30/2022
Number of Shares Held	135.56
Acquisition Price	\$87.90
<b>Cost Basis</b>	<b>\$11,916.08</b>

- **Exxon Mobil** is the leading petroleum and chemical manufacturer in the industry
- **Exxon** oversees the research, development, production, and distribution of their oil, gas, petroleum, and chemical products
- Exxon Mobil's next earnings release is expected to be April 28, 2023 and is projected to report earnings of **\$2.65** per share, which would represent year-over-year growth of **28.02%**
- **Exxon Mobil** is in early talks with Pioneer Natural Resources about a potential acquisition which would give Exxon a dominant position over its competitors in the Permian Basin

**Market Value (4/19/2023): \$116.57 +\$28.67 (+32.61%)**

Healthcare

# GILEAD SCIENCES (GILD)



- **Gilead Sciences** develops and sells therapies and pharmaceuticals that serve to treat a variety of life-threatening diseases including HIV, hepatitis, cardiovascular disease, and cancer
- Possesses patent protection on a significant number of its products, providing the firm pricing power and benefiting metrics like ROE and operating margin
- Retains over **50%** of the HIV and Hepatitis C anti-viral market share
- Despite market projections for GILD to miss its earnings call, many firms such as Vanguard and Capital Research Global investors have increased their shares in GILD by roughly 30% last quarter.

Date Purchased	10/5/2022
Number of Shares Held	179.57
Acquisition Price	\$65.02
<b>Cost Basis</b>	<b>\$11,675.64</b>

**Market Value (4/19/2023): \$84.11 +\$19.09 (+29.36%)**

Information-Technology  
**MICROSOFT (MSFT)**

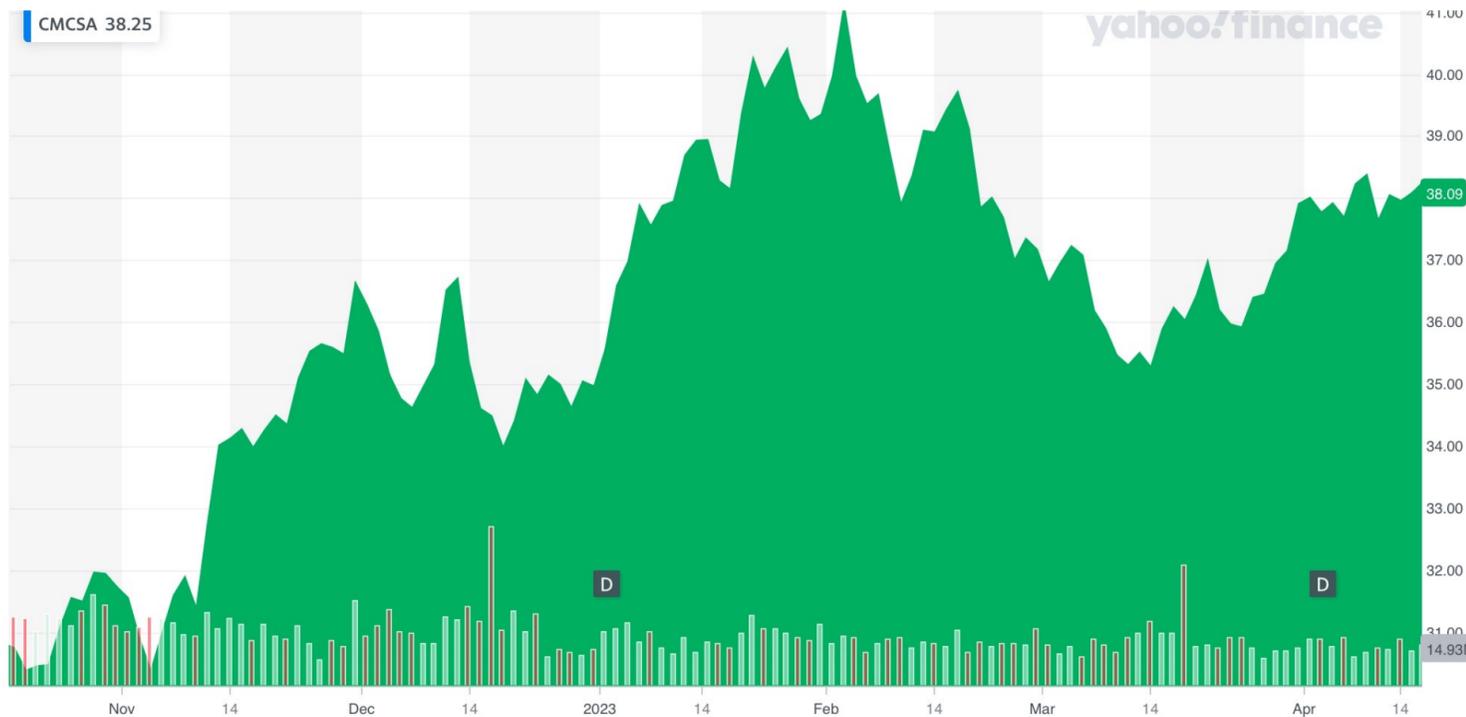


Date Purchased	11/8/2022
Number of Shares Held	61.37
Acquisition Price	\$229.45
<b>Cost Basis</b>	<b>\$14,081.04</b>

**Market Value (4/19/2023): \$288.45 +\$65.00 (+25.71%)**

- **Microsoft** generates revenue through software licensing, cloud services, hardware sales, and advertising. Additional revenue streams include patent licensing and investments.
- Microsoft has a wide moat due to high switching costs, network effects, and cost advantages which benefit its product segments.
- Microsoft owns a competitive advantage in its market share. Microsoft has 23% of the cloud services market, 74% of the desktop operating services market, and 30% share in the gaming console market giving them a strong competitive advantage across many segments.
- Microsoft has continued to pay off its debt over the last 5 years with a D/E of .94 in 2018 to .31 last quarter. They continue to be less leveraged by debt and increasing rates.
- Revenues continue to grow at 17.96% TTM, while Net Income grows at a higher rate of 18.72% TTM. This indicates that Microsoft is becoming more profitable.

# Communication Services COMCAST (CMCSA)

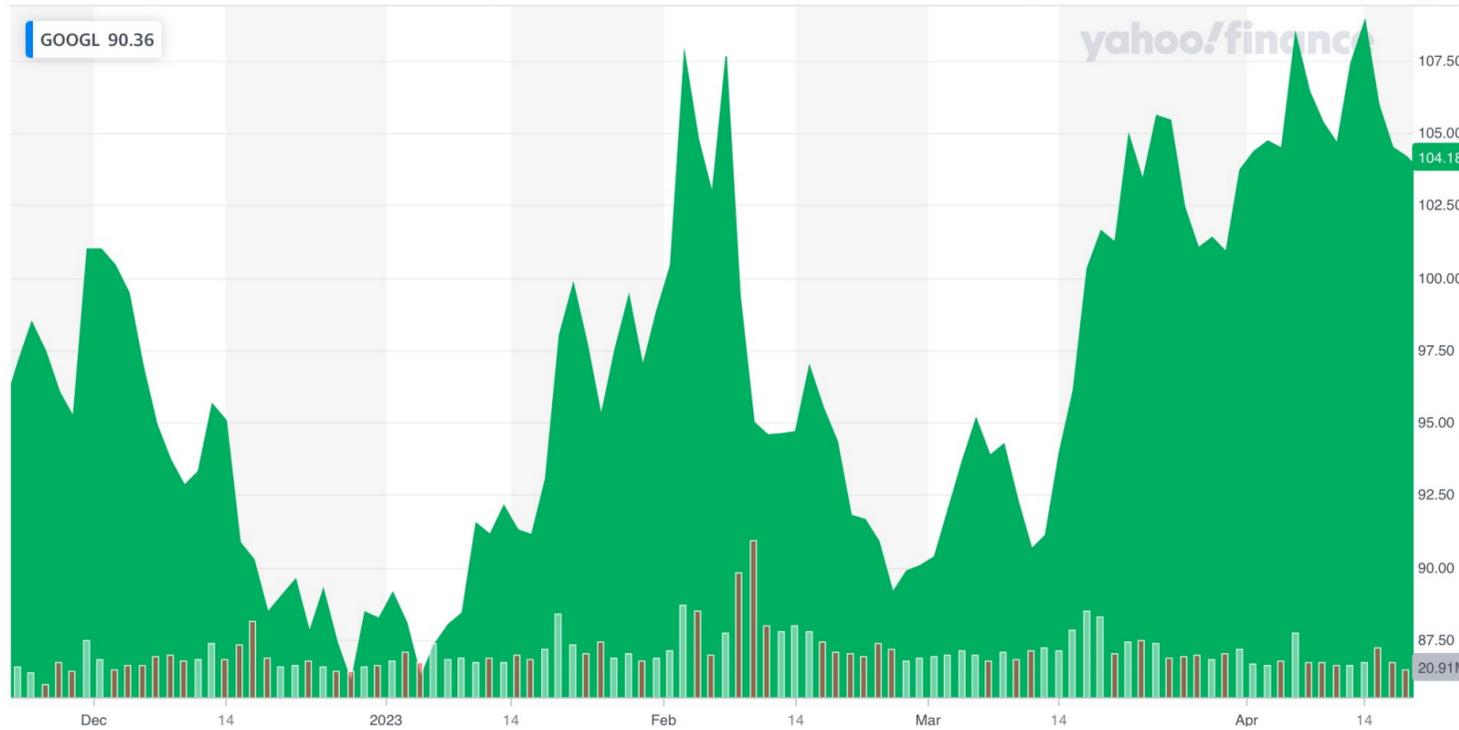


- **Comcast** is a major American provider of cable TV, entertainment, and communication products/ services
- Their major business segments are cable communications, media (television and streaming platforms), studios (Universal, Dreamworks Animation, Illumination, etc.), theme parks, and Sky, a top entertainment company in Europe
- Comcast Q4 and fiscal revenue increased 4.3% to \$121.4 billion, and they returned \$17.7 billion of capital back to shareholders
- Their wireless line grew 1.3 million, more than double their competitor, Peacock. Comcast also tripled Peacock's revenue
- Comcast will report their Q1 earnings for 2023 on April 27th

Date Purchased	10/18/2022
Number of Shares Held	302.02
Acquisition Price	\$34.13
<b>Cost Basis</b>	<b>\$10,307.77</b>

**Market Value (4/19/2023): \$38.25 +\$4.12 (+7.64%)**

# ALPHABET INC (GOOGL)



- Alphabet Inc. operates as a holding company consisting of three segments: Google Services, Google Cloud, and Other Bets
- Alphabet is one of the largest publicly traded companies in the world, with a market capitalization of over \$1.5 trillion as of April 2023.
- Alphabet Inc. has a dual-class share structure, with Class A shares (GOOGL) having one vote per share and Class C shares (GOOG) having no voting rights.
- In 2022, Alphabet generated 224.47 billion in only advertising revenue.

Date Purchased	11/22/2022
Number of Shares Held	171.00
Acquisition Price	\$97.13
Cost Basis	\$16,609.04

**Market Value (4/19/2023): \$104.18 +\$7.05 (+7.26%)**

# Energy PHILLIPS 66 (PSX)



Date Purchased	4/14/2023
Number of Shares Held	95
Acquisition Price	\$105.96
<b>Cost Basis</b>	<b>\$10,040.08</b>

**Market Value (4/19/2023): \$103.06 -\$2.90 (-2.81%)**

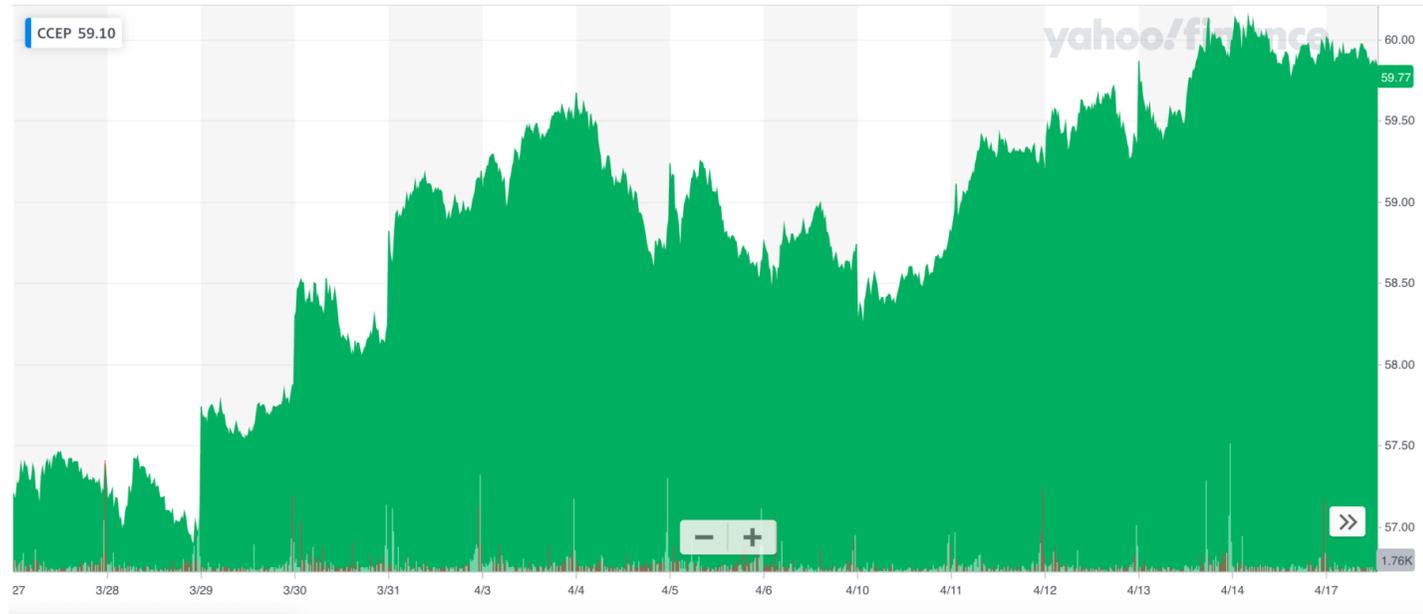
- **Phillips 66** is involved in the downstream sector of the oil industry which includes refining, marketing, and midstream activities.
- Phillips 66 holds a stable moat trend due to the barriers to entry that potential competition faces in the oil and refining industry.
- Phillips 66 generates 50% of its revenue from its refining segment. 30% of revenue is from its midstream and storage segments. It's margins are very dependent on the cost of oil.
- Its strong midstream business portfolio, allows Phillips 66 to generate stable cashflows with lower exposure to energy business volatility.
- Phillips has lower debt exposure compared with the composite stocks belonging to the industry therefore hedging interest rate risk.



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# COCA-COLA EUROPACIFIC PARTNERS PLC (CCEP)



- **Coca-Cola Europacific Partners** is a multinational bottling company that produces, distributes, and markets non-alcoholic beverages primarily under the Coca-Cola brand
- The company is headquartered in London, UK, and operates in 13 countries across Western Europe, serving a population of over 300 million people
- CCEP's revenue rose by **12%** in the first quarter of 2023 due to a strong demand for the products in Europe
- The company has also come out and declared a first-half interim dividend per share of **€0.67(\$0.73)**

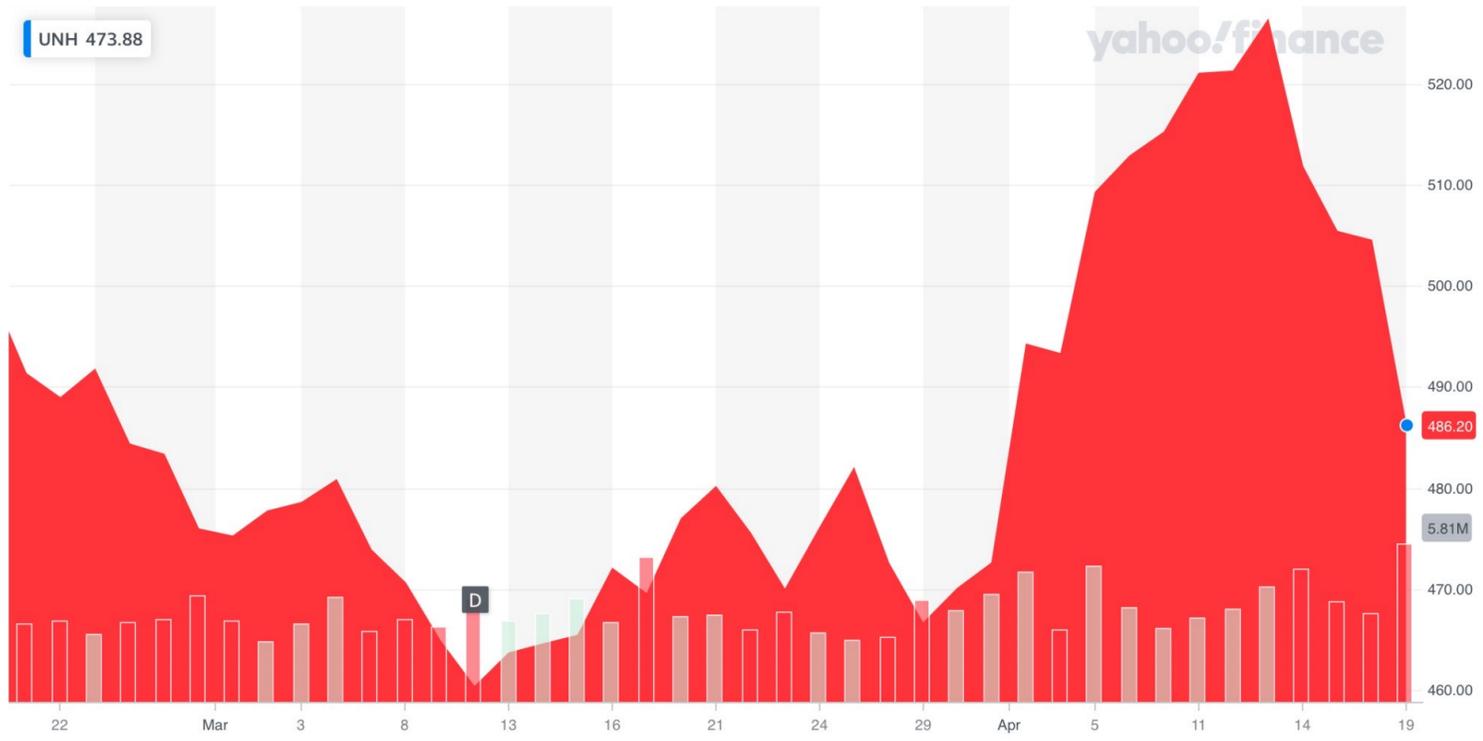
Date Purchased	3/22/2023
Number of Shares Held	200
Acquisition Price	\$56.99
Cost Basis	\$11,398.00

**Market Value (4/19/2023): \$61.06 +\$4.07 (+7.14%)**

# UNITEDHEALTH GROUP INC. (UNH)



UnitedHealth Group®



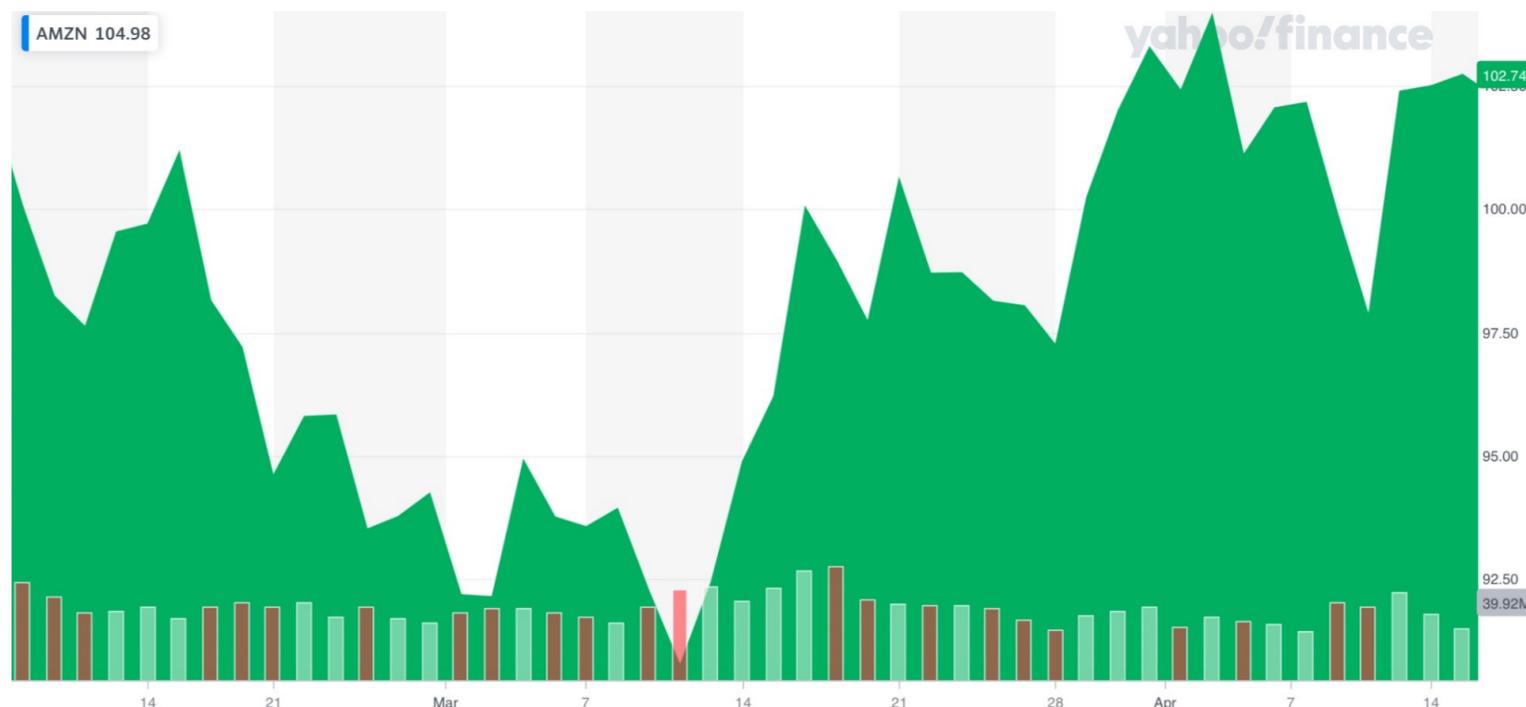
- UnitedHealth Group is a multinational healthcare and insurance company consisting of two main companies: UnitedHealthcare and Optum
- Their strategic priorities includes health benefits, health technology, health financial services, pharmacy services, and delivery
- Even with stable revenue streams and consistent earnings, UnitedHealth Group has faced market headwinds in a volatile market

Date Purchased	2/24/2023
Number of Shares Held	21.07
Acquisition Price	\$493.15
Cost Basis	\$10,391.66

**Market Value (4/19/2023): \$486.20 -\$6.95 (-1.41%)**



# AMAZON.COM, INC (AMZN)



- **Amazon** serves consumers through their online and physical stores. They offer low prices, fast and free delivery, easy-to-use functionality, and timely customer service.
- Almost 45% of revenues is generated through the sales of diversified products offered on their online websites and apps.
- Utilizes Amazon Prime to generating stable revenues.
- **Amazon** reported Q4 2022 earnings in early February. Q4 revenue grew 9% YoY
- The purchase of Amazon was at a 25% discount indicating high-value and potential for the company as they continue to climb.

Date Purchased	2/8/2023
Number of Shares Held	110
Acquisition Price	\$101.15
<b>Cost Basis</b>	<b>\$11,125.96</b>

**Market Value (4/19/2023): \$104.30 +\$3.15 (+3.11%)**

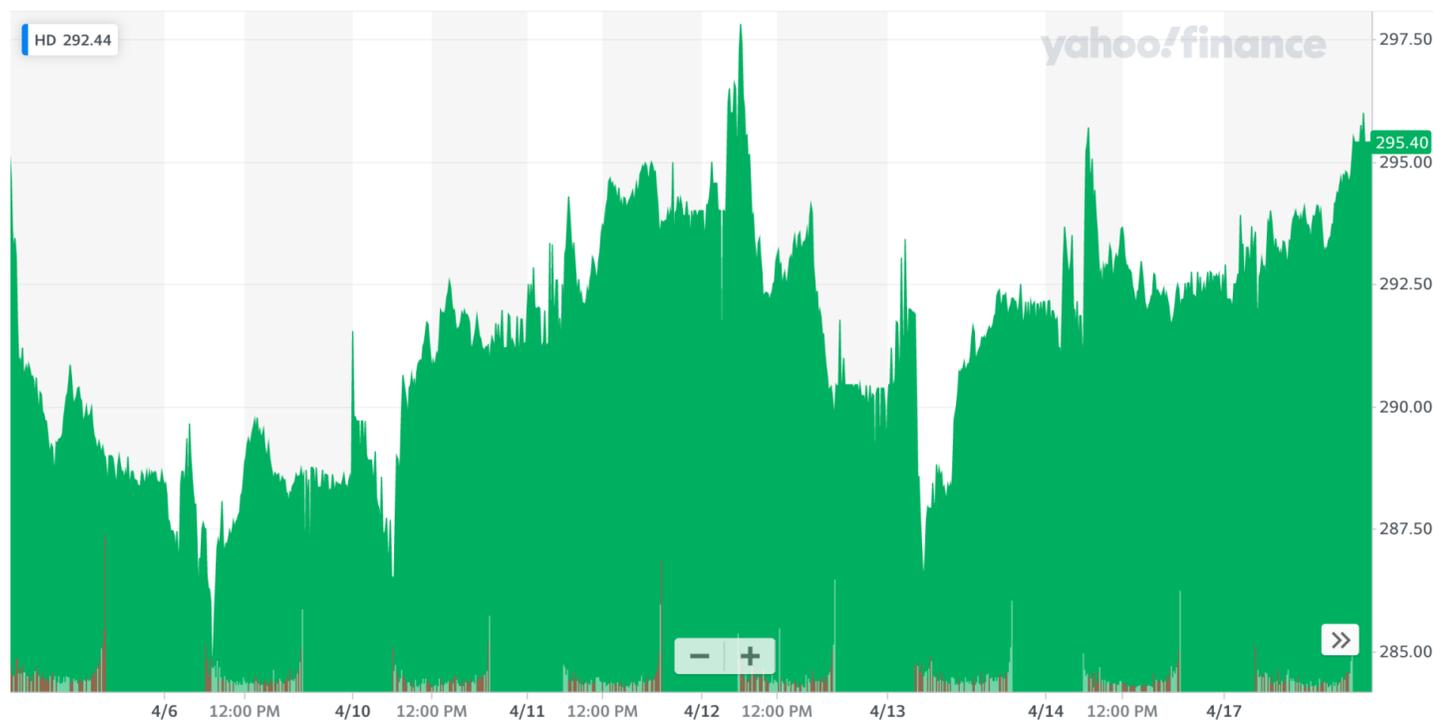


# DIVIDEND STRATEGY

Dividend Yield	$\geq 2.55$
Quick Ratio	$\geq$ Industry Average
Dividend per Share	$> 0$
Investing Cash Flow	$> 0$
Operating Cash Flow	$> 0$
Dividend Yield 5 Year Average	$> 0$



# HOME DEPOT (HD)



Date Purchased	4/5/2023
Number of Shares Held	36
Acquisition Price	\$290.18
<b>Cost Basis</b>	<b>\$10,446.48</b>

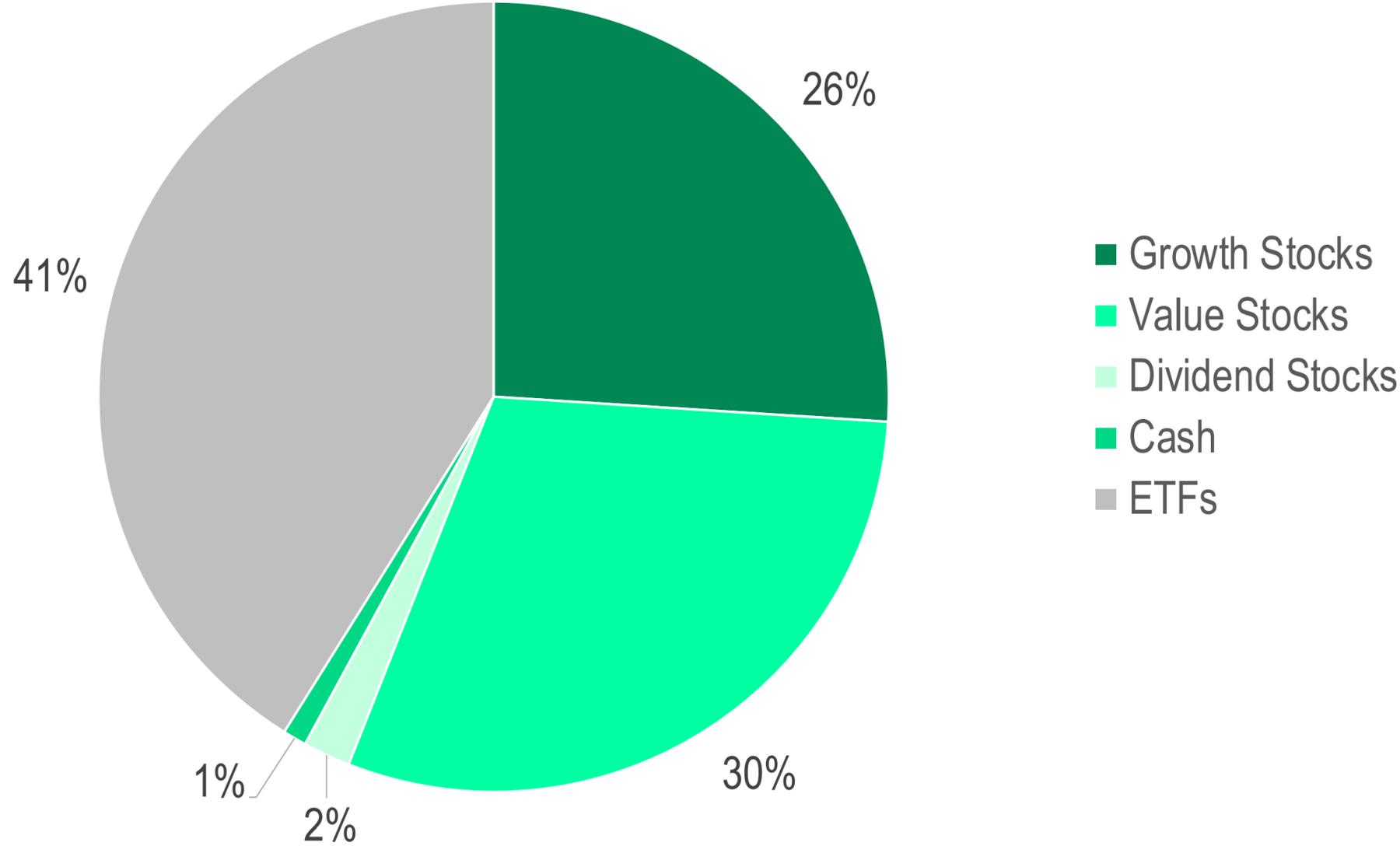
- **The Home Depot Inc.**, is one of the largest retailers of home improvement products and offers various services including credit card services, home delivery, e-retail, and installation services.
- Home improvement products including building materials, home improvement supplies, hardware, electrical products, kitchen and bath products, flooring and paint products, appliances, and lawn and indoor and outdoor garden products.
- Reported strong Q4 and fiscal 2022 earnings results in February 2023. Posted Q4 EPS \$3.30 and revenue of \$35.83B
- Sales growth and enterprise reinvestment has contributed to steady growth during 2023.

**Market Value (4/19/2023): \$296.91 +\$6.73 (+2.32%)**





# PORTFOLIO BREAKDOWN

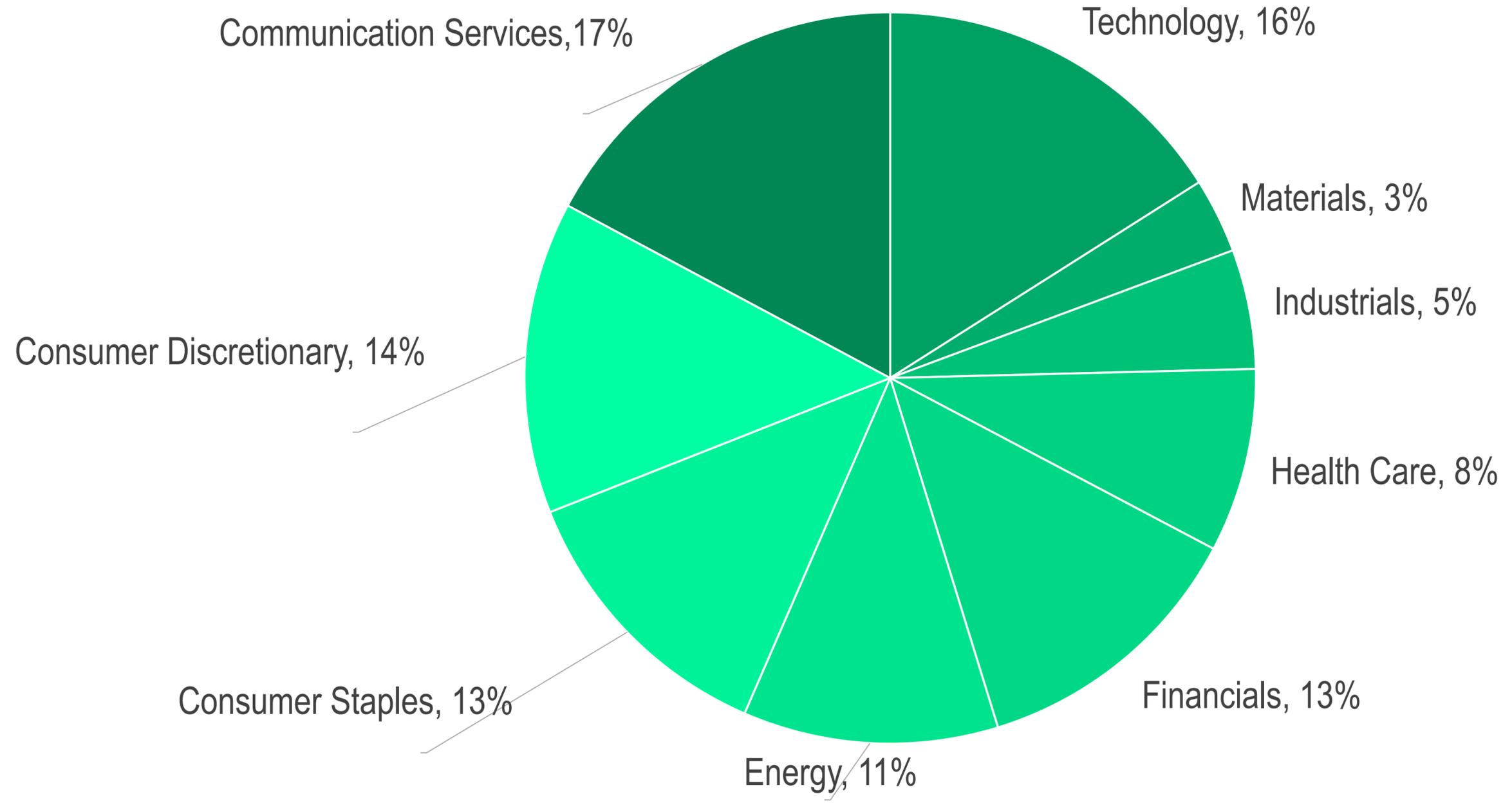


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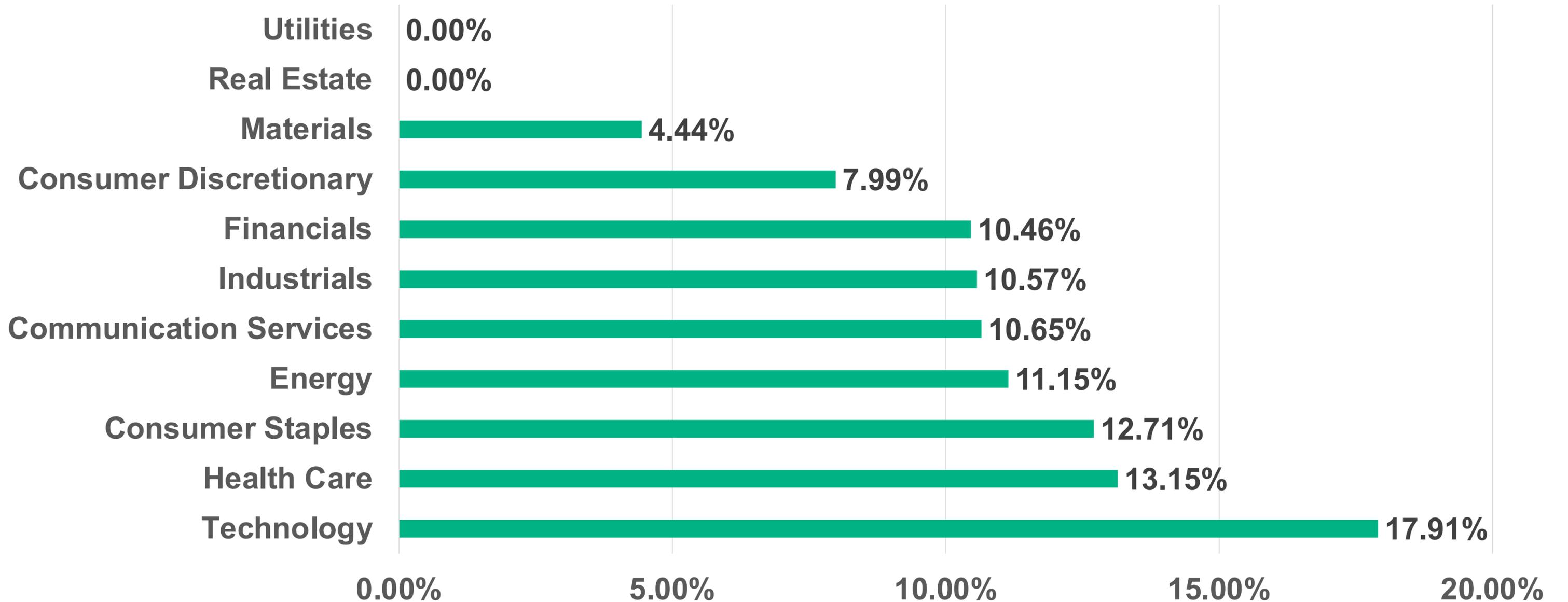
# SECTOR ALLOCATION STOCKS ONLY



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# SECTOR ALLOCATION INCLUDING ETFS



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# RISK ANALYSIS



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# PORTFOLIO RISK ANALYSIS: BETA

SAP  
 $\beta$  0.96

S&P 500  
 $\beta$  1.00

## Highest Betas in SAP Fund

Morgan Stanley (1.32)  
Phillips 66 (1.38)  
Marathon Petroleum Corporation (1.63)

## Lowest Betas in SAP Fund

Gilead Sciences, Inc (0.40)  
AT&T (0.62)  
McDonald's Corporation (0.63)

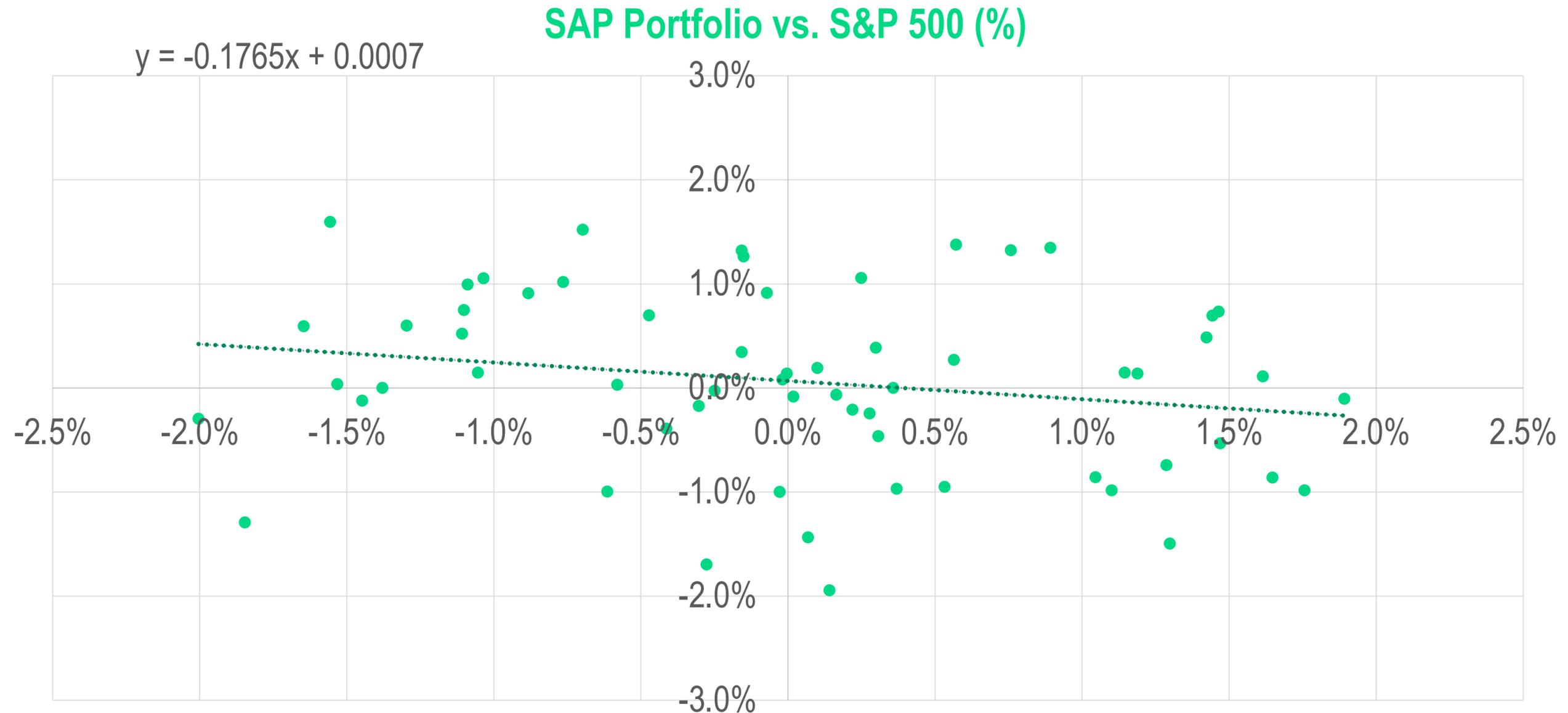
As a class we understand that with a higher risk comes a higher reward, we selected stocks whose betas were close to the industry average to ensure that our stocks either performed in alignment with the industry or outperformed it.



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# PORTFOLIO RISK ANALYSIS: BETA



# PORTFOLIO RISK ANALYSIS: SHARPE RATIO

The Sharpe Ratio measures a portfolio's return adjusted with risk when associated with the market. We assumed the risk-free rate as a 10-year treasury bond (rate averaged between start and end date of the portfolio).

	SAP Fund	S&P 500
Risk-Free Rate	3.50%	3.50%
% Growth	0.80%	-1.80%
Standard Deviation of Excess Returns	0.008	0.009
<b>Sharpe Ratio</b>	<b>3.182</b>	<b>-0.001</b>



# CORRELATION MATRIX

Date Range:  
1/19/2023 - 4/19/2023

The Correlation Matrix represents the correlation between each security through change in stock price day over day. A well-balanced portfolio would display lower values to illustrate a resilience when the market fluctuates.

Red represents a **Strong Correlation** between securities

Strongest:  
(CMCSA & NFLX)  
(LPLA & MS)

Blue represents a **Weak Correlation** between securities

Weakest:  
(MSFT & LPLA)  
(CAT & CSCO)  
(MSFT & CAT)

	Phillips 66	Costco Wholesale Corporation	UnitedHealth Group Incorporated	Marathon Petroleum Corporation	The TJX Companies, inc.	The Home Depot, Inc.	Morgan Stanley	McDonald's Corporation	Amazon.com, Inc.	LPL Financial Holdings Inc.	Air Products and Chemicals, Inc.	Taiwan Semiconductor Manufacturing Co.	Coca-Cola Europacific Partners PLC	Alphabet Inc.	Netflix, Inc.	Visa Inc.	Comcast Corporation	The Kraft Heinz Company	Cisco Systems	AT&T Inc.	Caterpillar Inc.	Microsoft Corporation	Gilead Sciences, Inc.	Exxon Mobil Corporation
Phillips 66	1.00																							
Costco Wholesale Corporation	0.04	1.00																						
UnitedHealth Group Incorporated	0.51	0.27	1.00																					
Marathon Petroleum Corporation	0.46	-0.29	0.26	1.00																				
The TJX Companies, inc.	0.55	0.71	0.37	-0.08	1.00																			
The Home Depot, Inc.	0.29	0.74	0.11	-0.45	0.85	1.00																		
Morgan Stanley	0.33	0.36	-0.15	-0.41	0.63	0.74	1.00																	
McDonald's Corporation	0.17	-0.06	0.45	0.35	0.03	-0.23	-0.40	1.00																
Amazon.com, Inc.	-0.06	0.73	0.35	-0.05	0.42	0.43	-0.12	0.26	1.00															
LPL Financial Holdings Inc.	0.32	0.08	-0.24	-0.28	0.43	0.49	0.93	-0.40	-0.39	1.00														
Air Products and Chemicals, Inc.	0.54	0.31	0.24	0.16	0.69	0.56	0.39	0.20	0.17	0.28	1.00													
Taiwan Semiconductor Manufacturing Co.	0.01	0.61	-0.09	-0.11	0.55	0.57	0.27	-0.20	0.52	0.07	0.23	1.00												
Coca-Cola Europacific Partners PLC	0.12	0.10	0.64	0.47	-0.08	-0.27	-0.61	0.59	0.51	-0.69	-0.10	-0.12	1.00											
Alphabet Inc.	-0.15	0.37	0.39	0.12	0.04	0.02	-0.53	0.43	0.79	-0.68	-0.04	0.31	0.66	1.00										
Netflix, Inc.	0.42	0.79	0.42	-0.14	0.88	0.79	0.41	0.09	0.62	0.17	0.47	0.62	0.11	0.32	1.00									
Visa Inc.	0.43	0.66	0.62	0.07	0.66	0.55	0.20	0.24	0.70	0.00	0.37	0.40	0.47	0.54	0.74	1.00								
Comcast Corporation	0.50	0.73	0.46	-0.15	0.89	0.86	0.50	0.13	0.59	0.24	0.61	0.48	0.09	0.27	0.90	0.69	1.00							
The Kraft Heinz Company	0.52	0.62	0.56	-0.08	0.78	0.69	0.46	0.17	0.40	0.22	0.57	0.22	0.16	0.06	0.74	0.60	0.84	1.00						
Cisco Systems	-0.20	-0.08	0.32	0.49	-0.35	-0.52	-0.70	0.44	0.34	-0.65	-0.38	-0.22	0.76	0.52	-0.16	0.08	-0.22	-0.19	1.00					
AT&T Inc.	0.48	0.62	0.72	0.09	0.68	0.50	0.13	0.46	0.63	-0.06	0.54	0.14	0.48	0.42	0.72	0.78	0.78	0.78	0.14	1.00				
Caterpillar Inc.	0.48	0.31	-0.15	-0.17	0.71	0.72	0.89	-0.24	-0.13	0.83	0.67	0.32	-0.59	-0.45	0.46	0.22	0.55	0.45	-0.71	0.20	1.00			
Microsoft Corporation	-0.18	0.08	0.38	0.31	-0.30	-0.39	-0.68	0.25	0.51	-0.71	-0.51	0.04	0.79	0.70	-0.01	0.32	-0.17	-0.20	0.78	0.12	-0.77	1.00		
Gilead Sciences, Inc.	0.46	0.67	0.55	-0.12	0.78	0.67	0.37	0.01	0.45	0.15	0.31	0.41	0.19	0.20	0.83	0.74	0.75	0.76	-0.15	0.64	0.34	0.08	1.00	
Exxon Mobil Corporation	0.79	0.40	0.67	0.26	0.72	0.50	0.38	0.18	0.28	0.27	0.50	0.20	0.28	0.07	0.64	0.76	0.67	0.69	-0.06	0.70	0.41	0.02	0.74	1.00



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# COVARIANCE MATRIX



**Date Range:**  
1/19/2023 - 4/19/2023

The Covariance Matrix assesses the relationship between two vectors (securities). Larger outputs simulate that these investments react similarly when the sample market condition is met.

Association between the same variable represents the variance of the security

Red represents a **Positive Correlation** between securities

Strongest: (CAT & LPLA) (NFLX & HD)

Blue represents an **Inverse Correlation** between securities

Weakest: (MSFT & LPLA) (MSFT & CAT)

	Phillips 66	Costco Wholesale Corporation	UnitedHealth Group Incorporated	Marathon Petroleum Corporation	The TJX Companies, inc.	The Home Depot, Inc.	Morgan Stanley	McDonald's Corporation	Amazon.com, Inc.	LPL Financial Holdings Inc.	Air Products and Chemicals, Inc.	Taiwan Semiconductor Manufacturing Co.	Coca-Cola Europacific Partners PLC	Alphabet Inc.	Netflix, Inc.	Visa Inc.	Comcast Corporation	The Kraft Heinz Company	Cisco Systems	AT&T Inc.	Caterpillar Inc.	Microsoft Corporation	Gilead Sciences, Inc.	Exxon Mobil Corporation
Phillips 66	18.16																							
Costco Wholesale Corporation	2.01	121.18																						
UnitedHealth Group Incorporated	33.68	45.97	236.57																					
Marathon Petroleum Corporation	8.43	-13.92	17.42	18.38																				
The TJX Companies, inc.	5.31	17.70	13.10	-0.80	5.16																			
The Home Depot, Inc.	18.12	118.57	25.05	-28.32	28.09	211.50																		
Morgan Stanley	8.09	22.57	-13.76	-10.03	8.24	61.93	33.33																	
McDonald's Corporation	4.53	-4.42	43.79	9.55	0.50	-20.76	-14.71	39.94																
Amazon.com, Inc.	-1.05	32.07	21.45	-0.90	3.80	25.23	-2.82	6.50	16.01															
LPL Financial Holdings Inc.	29.55	18.94	-79.71	-25.98	21.20	153.77	116.47	-54.64	-33.60	475.05														
Air Products and Chemicals, Inc.	28.16	41.70	44.44	8.21	19.19	98.75	27.41	15.36	8.46	74.12	148.92													
Taiwan Semiconductor Manufacturing Co.	0.09	19.26	-4.04	-1.34	3.58	23.79	4.48	-3.68	6.00	4.48	7.97	8.26												
Coca-Cola Europacific Partners PLC	0.83	1.88	16.39	3.38	-0.29	-6.63	-5.86	6.27	3.42	-25.11	-2.09	-0.58	2.79											
Alphabet Inc.	-3.57	23.45	34.99	3.03	0.54	2.10	-17.82	15.70	18.22	-86.08	-2.60	5.11	6.38	33.35										
Netflix, Inc.	39.91	194.13	142.94	-13.05	44.59	256.99	53.50	12.60	55.91	83.07	128.48	40.20	4.07	40.76	500.92									
Visa Inc.	8.99	35.34	46.25	1.51	7.28	39.15	5.51	7.30	13.67	-0.12	22.00	5.64	3.80	15.20	80.35	23.69								
Comcast Corporation	3.13	11.79	10.31	-0.96	2.96	18.20	4.19	1.23	3.42	7.52	10.93	2.02	0.22	2.28	29.51	4.92	2.12							
The Kraft Heinz Company	1.50	4.60	5.86	-0.24	1.20	6.80	1.80	0.73	1.08	3.28	4.68	0.42	0.18	0.24	11.21	1.99	0.83	0.46						
Cisco Systems	-1.28	-1.29	7.40	3.16	-1.18	-11.37	-6.05	4.15	2.06	-21.13	-7.02	-0.96	1.89	4.53	-5.37	0.61	-0.47	-0.19	2.24					
AT&T Inc.	1.27	4.20	6.88	0.25	0.96	4.51	0.47	1.81	1.56	-0.85	4.09	0.26	0.49	1.49	9.98	2.33	0.70	0.32	0.13	0.38				
Caterpillar Inc.	30.28	50.30	-33.29	-10.68	24.10	155.73	76.22	-22.76	-7.65	270.37	121.51	13.55	-14.62	-38.56	154.44	15.67	11.94	4.57	-15.82	1.84	222.30			
Microsoft Corporation	-12.52	14.87	93.57	21.52	-10.99	-90.54	-62.98	25.56	32.65	-247.79	-100.41	1.74	21.02	64.39	-4.19	25.06	-3.92	-2.11	18.79	1.16	-184.25	255.83		
Gilead Sciences, Inc.	4.37	16.22	18.58	-1.18	3.90	21.42	4.78	0.21	4.03	7.03	8.39	2.61	0.70	2.61	41.26	7.97	2.43	1.14	-0.50	0.88	11.09	2.98	4.89	
Exxon Mobil Corporation	14.77	19.33	45.13	4.81	7.19	31.55	9.70	4.86	4.85	26.06	26.47	2.46	2.07	1.86	62.62	16.17	4.25	2.05	-0.40	1.91	26.52	1.37	7.15	19.17



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# PERFORMANCE REVIEW



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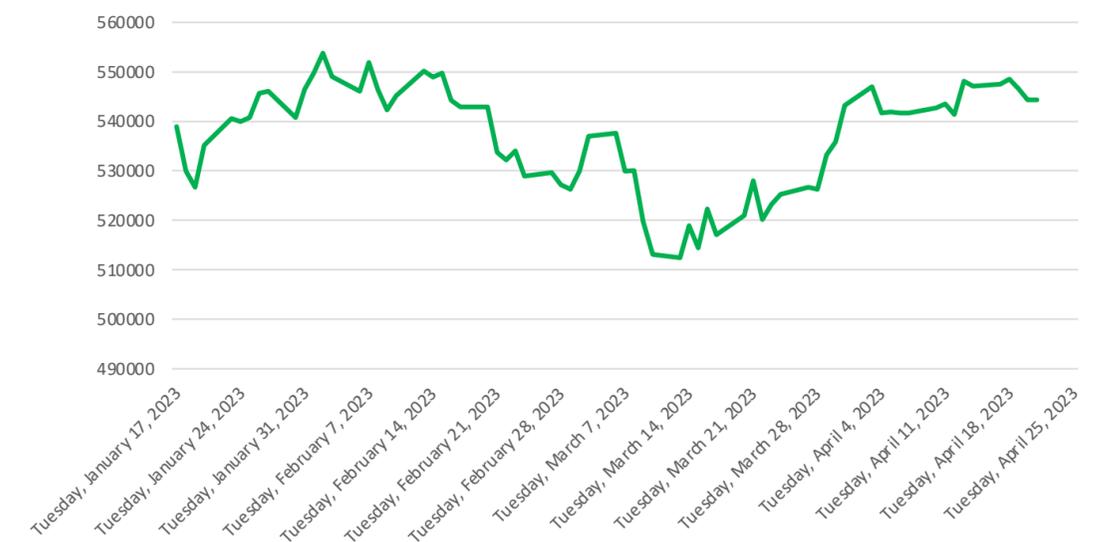
# SAP FUND VS. S&P 500

	Sellinger Applied Portfolio	S&P 500
Market Value (9/7/2022)	\$500,000.00	\$3,979.87
Market Value (4/25/2023)	\$538,634.19	\$4,081.87
Raw Return	7.66%	-9.92%
Annualized Return	12.42%	-15.28%

Value of S&P 500 (1/17/2023 - 4/25/2023)

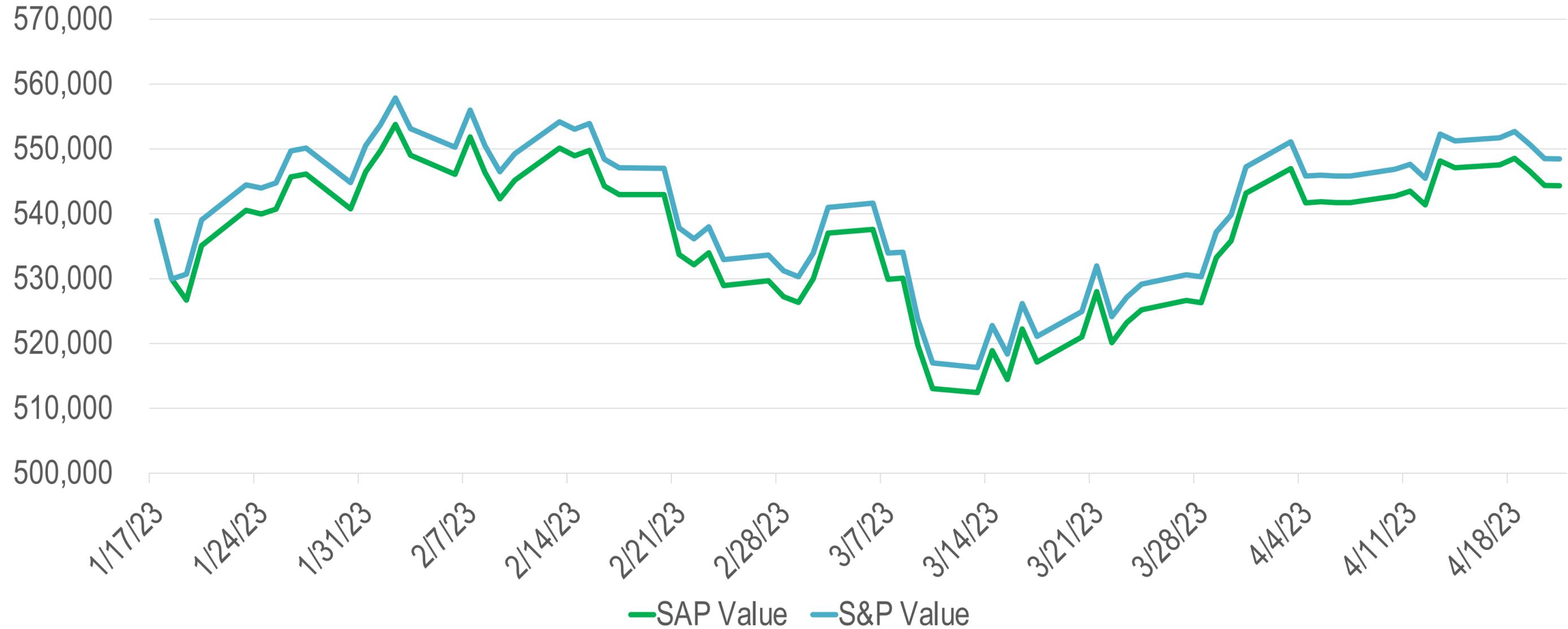


Value of SAP Fund (1/17/2023 - 4/25/2023)



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# SAP FUND VS. S&P 500



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# OVERPERFORMERS



**\$84.11 +\$19.09 (+29.36%)**



**\$224.65 +\$45.95 (+25.71%)**



**\$116.57 +\$28.67 (+32.61%)**



# UNDERPERFORMERS



**\$103.06** **-\$2.90** **(-2.81%)**



**\$126.39** **-\$1.37** **(-1.07%)**



UnitedHealth Group<sup>®</sup>

**\$486.20** **-\$6.95** **(-1.41%)**



**\$496.03** **-\$10.69** **(-2.11%)**