

APPLIED INVESTMENT MANAGEMENT

Fiscal 2023 Annual Report



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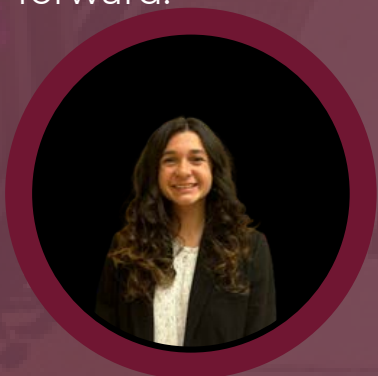
FOREWARD

We, the Applied Investment Management committee, are proud to present the performance of the AIM portfolio in the fiscal year period spanning from July 1, 2022–June 30, 2023.

Despite a time where financial markets have experienced high volatility and an abundance of risk, the AIM class has seen a return of 17.84% during the fiscal year. This return is due to the re-evaluation of our entire portfolio and liquidation of positions that analysts believe had excess risk associated with them. We saw an increase in our cash reserves of over \$50,000 during the fiscal year and our analysts will continue to monitor the markets carefully to keep our portfolio composed of competitively valued securities.

Our analysts this semester have been derived from the elite Finance program at Kutztown University and hand-picked by their professors to join the AIM class. Our analysts have a wide-variety of educational and professional backgrounds that has allowed us to use a multitude of viewpoints and opinions when monitoring securities and financial markets as a whole.

Our analysts have done an outstanding job in exceeding our expectations set as leadership. We are happy to announce that we have successfully completed our multi-semester goal of refining the AIM portfolio thanks to the hard work of these analysts. We also worked to fix the 3-year under-allocation of the energy sector, and expect future returns to closer reflect that of the XLE moving forward.



Julianna Elsesser



*Stephen Sponenburg*₃

COMMITTEE MEMBERS

LEADERSHIP



Stephen Sponenburg
Fund Manager
Accounting & Finance
Class of 2024



Julianna Elsesser
Fund Manager
Finance & PFP
Class of 2024



Ryan Reynolds
AIM Scholar
Finance & Economics
Class of 2024



Gonzalo Barcelo
CFO
Finance & PFP
Class of 2024

ANALYSTS



Mia Kepler
XLB, XLY, XLP Analyst
Finance
Class of 2024



Logan Iacobelli
XLI Analyst
Finance & PFP
Class of 2024



Conor Steward
XLV Analyst
Finance
Class of 2024



Isaac Weidler
XLRE/XLV Analyst
Supply Chain & Finance
Class of 2023



Ryan Mills
XLE Analyst
Finance & PFP
Class of 2024



Matt Leskowsky
XLK Analyst
Finance
Class of 2024



John Zeich
XLC Analyst
Finance
Class of 2024



George Snyder
XLF Analyst
Finance & PFP
Class of 2024



Mason Schlofer
XLU Analyst
Finance
Class of 2024

FISCAL YEAR SNAPSHOT

-1.58%

AIM portfolio vs SPY

\$143K+

Total Return

18

Transactions

\$949K+

Assets Under Management

\$50K+

Cash & Cash Equivalents

100%

Percentage of Portfolio Re-Evaluated

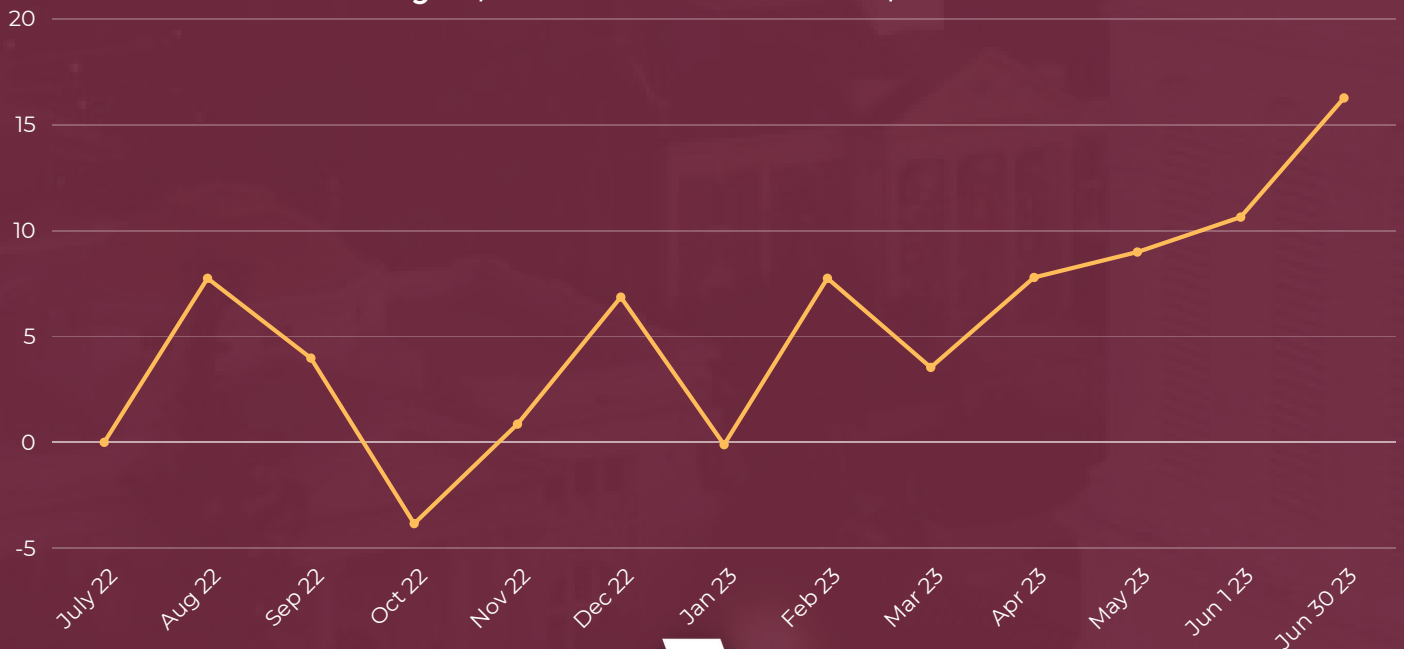


MARKET REVIEW

During the last fiscal year, markets saw the best of times despite the worst of times. If you judged performance by headlines alone, you would have seen that four major U.S. banks fell (along with one in Europe), there were worries about the debt ceiling, anxiety spiked around geopolitical uncertainty, and central banks have signaled that more work may be needed to win the fight against inflation. And yet, the S&P 500 was up 19.42% during that time and 14.50% in 2023, the fourth-best first half in the last 25 years.

While this rally provided signals that the bear market may be over, 76.90% of the S&P 500's performance was driven by the 10 largest holdings of the index. The NASDAQ gained 32% in the first half of 2023 and was led by technology stocks rebounding from poor performances in 2022. A lot of this was driven by the emergence of artificial intelligence. A recession may be coming, but a strong argument can be made that it is likely to be mild.

SPY Returns July 1, 2022 - June 30, 2023



PORTFOLIO REVIEW

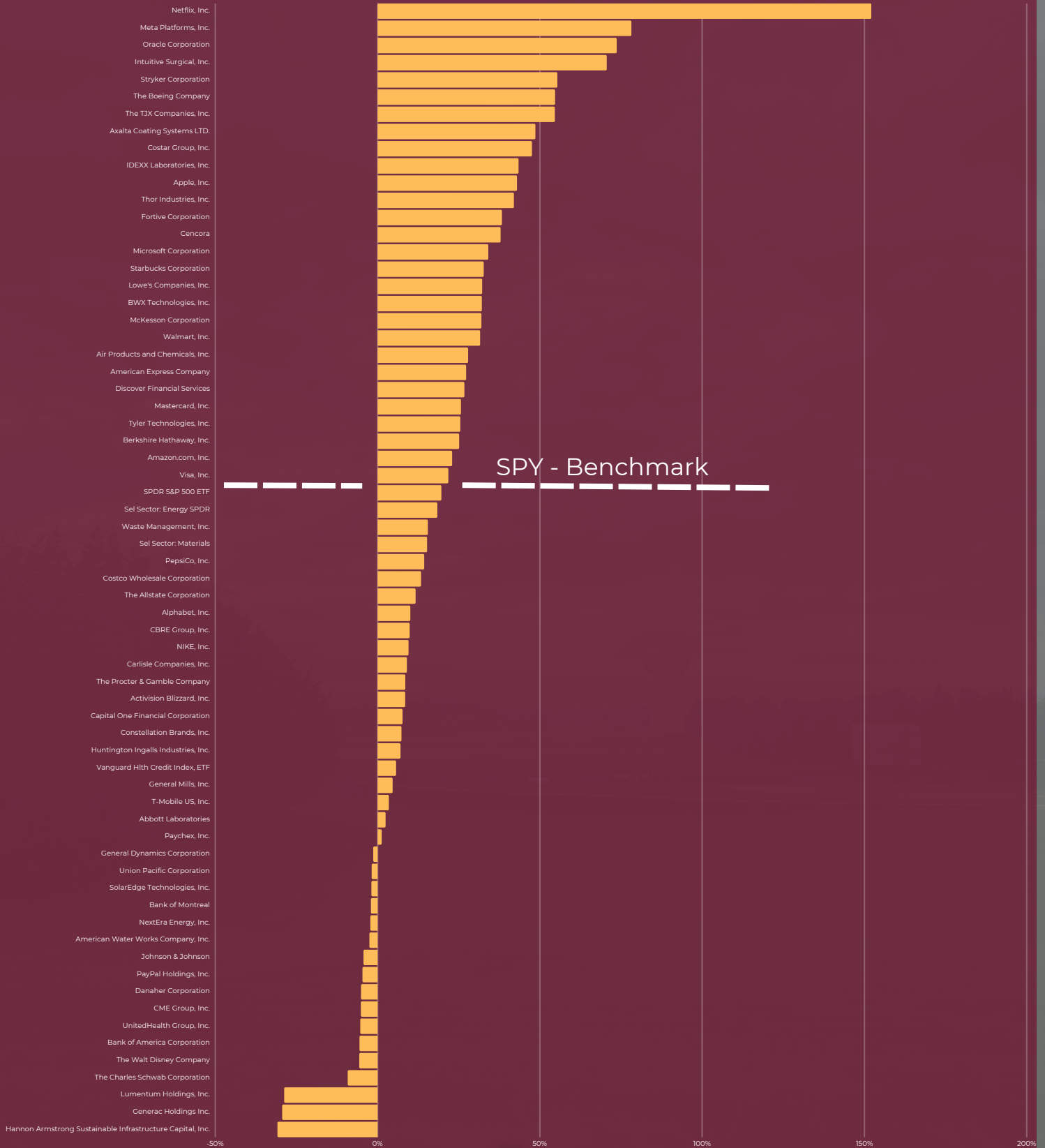
Total Portfolio Value	
Beginning Balance	\$805,849
Ending Balance	\$949,644
Gain/Loss	\$143,795
Total Returns	
AIM Portfolio	17.84%
SPY	19.42%
AIM vs. SPY	-1.58%
Sharpe Ratio (AIM)	2.06%
Sharpe Ratio (SPY)	1.40%

As fiduciaries of the Kutztown University Foundation, our goal is to act in the best interests of the organization by monitoring and managing the portfolio. We believe we have created substantial value by selling off fourteen different positions, cutting off the under performers and taking profits on overvalued stocks. In total, we collected \$50,000+ from the sale of these positions.

In contrast to a negative return in the fiscal year of 2022, the AIM portfolio managed to appreciate 17.84% in the 2023 fiscal year. While we lost to the SPY, we are confident that we are in a position to meet it moving forward.



PORTFOLIO REVIEW

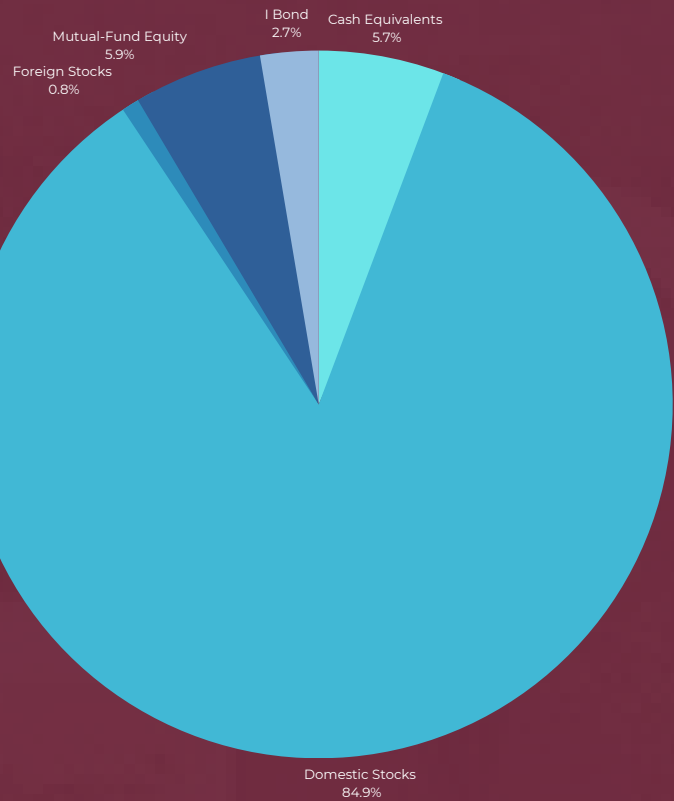


SECTOR REVIEW

AIM Equity Sector Weights

Sectors	Current	Target Allocation	Allocation Difference
Communications	9.33%	11.00%	-1.67%
Consumer Discretionary	8.56%	9.00%	-0.44%
Consumer Staples	8.44%	7.00%	1.44%
Energy	2.70%	5.00%	-2.30%
Financials	11.49%	13.00%	-1.51%
Healthcare	13.51%	15.00%	-1.49%
Index & Mutual Funds	3.37%	0.00%	3.37%
Industrials	9.16%	8.00%	1.16%
IT	24.18%	24.00%	0.18%
Materials	3.19%	3.00%	0.19%
Real Estate	1.42%	2.00%	-0.58%
Utilities	4.65%	3.00%	1.65%

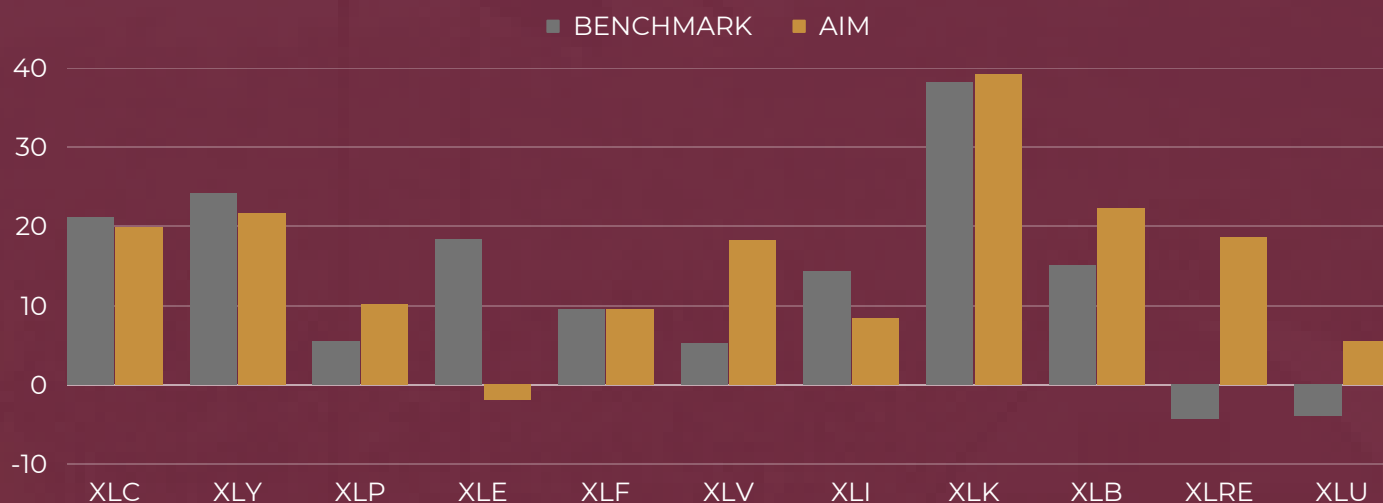
Asset Allocation:



The sector allocations for this semester continue to be balanced with a few notable outliers. The over-allocated outliers being Consumer Staples, Index & Mutual Funds, and Utilities. And the under-allocated sectors being Communications, Energy, Financials, Healthcare, and Real Estate. This is a topic that the committee is looking to address.



SECTOR PERFORMANCE



	XLC	XLY	XLP	XLE	XLF	XLV	XLI	XLK	XLB	XLRE	XLU
Benchmark	21.00%	24.04%	5.41%	18.17%	9.46%	5.18%	14.20%	38.10%	15.02%	-4.28%	-3.82%
AIM	19.78%	21.52%	10.10%	-1.81%	9.46%	18.16%	8.27%	39.18%	22.17%	18.50%	5.35%

*Considering only the stocks we are currently owning

As you can see from the graphic above, 6 out of the 11 sectors outperformed their respective benchmarks. Those sectors being the XLP, XLK, XLV, XLB, XLU, and XLRE. Together, those sectors make up 55.39% of the portfolio.

The losing sectors are the XLC, XLY, XLE and XLI. Together, those sectors make up 33.12% of the portfolio.

We attribute our loss vs the SPY mainly due to the poor asset allocation in our energy sector. We saw a spread of 19.98% between the performance of the XLE and AIM's return on energy stocks and are under-allocated by nearly 2.5%. Our analysts are working hard to fix the energy allocation this semester and provide stability during a time where geopolitical tensions could lead to extreme volatility in the energy sector in the near future.



TRANSACTION REPORT

ACTION - SELL

Exxon Mobil Corporation

Ticker: XOM

Date Sold: 11/21/2022

Shares: 68

Market Price: \$111.71

Principal (Net): \$7,596.28



XOM lost its status in the S&P 500 after 90 years. The committee felt that purchasing back shares of the SPY would use the cash balance of the portfolio in a better way with detrimental inflation reports on the horizon.

Public Service Enterprise Group Inc.

Ticker: PEG

Date Sold: 11/21/2022

Shares: 30

Market Price: \$56.27

Principal (Net): \$1,688.10



Lagging behind competitors in profitability and is willing to take big losses in the name of ESG.

3M Company

Ticker: MMM

Date Sold: 11/21/2022

Shares: 58

Market Price: \$126.26

Principal (Net): \$7,323.08



3M was caught in a lawsuit involving faulty earplugs. We were worried this would develop into further legal troubles for the company.



TRANSACTION REPORT

ACTION - SELL

Comcast Corporation

Ticker: CMCSA
Date Sold: 12/12/2022
Shares: 75
Market Price: \$34.50
Principal (Net): \$2,587.50



Was showing horrible governance, and had a hard time transitioning away from cable. Disney has the right to purchase Hulu from them as well, which would significantly lower Comcast's free cash flow.

McKesson Corporation

Ticker: MCK
Date Sold: 12/12/2022
Shares: 23
Market Price: \$384.96
Principal (Net): \$8,854.08



Declining sales that were boosted from Covid, poor financial health, and better investment alternatives.

Morningstar, Inc.

Ticker: MORN
Date Sold: 12/12/2022
Shares: 35
Market Price: \$236.85
Principal (Net): \$8,289.75



Premium membership decline since 2017. Was getting oversold by newer names that have better advertisement/information.



TRANSACTION REPORT

ACTION - SELL

Block, Inc.

Ticker: SQ
Date Sold: 12/12/2022
Shares: 15
Market Price: \$60.53
Principal (Net): \$907.95



Cash flows were guiding for a lower valuation, companies owned under (Cashapp, Tidal) were not showing growth comparable to stock price and enterprise value. Thought capital would be better utilized in a more fairly valued company.

Vontier Corporation

Ticker: VNT
Date Sold: 12/12/2022
Shares: 16
Market Price: \$18.98
Principal (Net): \$303.68



Under-performing the sector and the SPY. Highly leveraged with a projected negative growth rate.

Lumentum Holdings, Inc.

Ticker: LITE
Date Sold: 03/15/2023
Shares: 75
Market Price: \$50.36
Principal (Net): \$3,777.00



We sold all shares because their stock performance is very cyclical and that does not align with the AIM class's investment style. LITE was drastically underperforming both the XLK and SPY the past 1, 3 and 5 years.



TRANSACTION REPORT

ACTION - SELL

The TJX Companies, Inc.

Ticker: TJX
Date Sold: 03/15/2023
Shares: 284
Market Price: \$74.03
Principal (Net): \$21,024.52

Sold 30% of shares and netted \$20,000 (400% gain) to take profit and keep idle cash during time of market volatility.



Capital One Financial Corporation

Ticker: COF
Date Sold: 04/03/2023
Shares: 16
Market Price: \$95.52
Principal (Net): \$1,528.32

Sold COF because they were lagging performance, over exposed to payment companies, they had macroeconomic pressures, and increasing long term debt. This would help eliminate some of the laggards and move out of payment exposure. It was purchased on the decline from its highest price in history.



Paychex, Inc.

Ticker: PAYX
Date Sold: 04/03/2023
Shares: 55
Market Price: \$117.05
Principal (Net): \$6,437.75

Sold 55 shares of PAYX because there is not much growth in the industry, they are fully domestic, and they do not have leading market share. We wanted to take profit while we could and put cash into something that would potentially have more growth potential.



TRANSACTION REPORT

ACTION - SELL & BUY

Hannon Armstrong Sustainable

Ticker: HASI Infrastructure Capital, Inc.

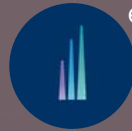
Date Sold: 04/14/2023

Shares: 141

Market Price: \$28.59

Principal (Net): \$4,031.19

We sold HASI because their business model was hard to understand and their financials were messy. Their beta was 1.66 which makes them an extremely volatile stock.



Tyler Technologies, Inc.

Ticker: TYL

Date Bought: 10/28/2022

Shares: 13

Market Price: \$346.28

Principal (Net): \$4,501.64

We decided to buy more because it had a 27% upside on valuations, high customer retention rate, and good prospects for long-term growth.



Energy Select Sector SPDR Fund

Ticker: XLE

Date Bought: 12/12/2022

Shares: 148

Market Price: \$86.26

Principal (Net): \$12,766.48

Bought to track sector until suitable investments in sector could be found.



TRANSACTION REPORT

ACTION - BUY

The Charles Schwab Corporation

Ticker: SCHW

Date Bought: 4/03/2023

Shares: 50

Market Price: \$53.67

Principal (Net): \$2,683.50

Bought 50 shares of SCHW because with the acquisition of TD Ameritrade in October of 2020, SCHW acquired roughly \$6 trillion in client assets and \$28 million in brokerage accounts. This acquisition was believed to boost long term revenue growth.



UnitedHealth Group Incorporated

Ticker: UNH

Date Bought: 4/14/2023

Shares: 5

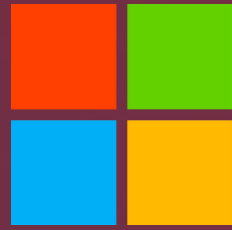
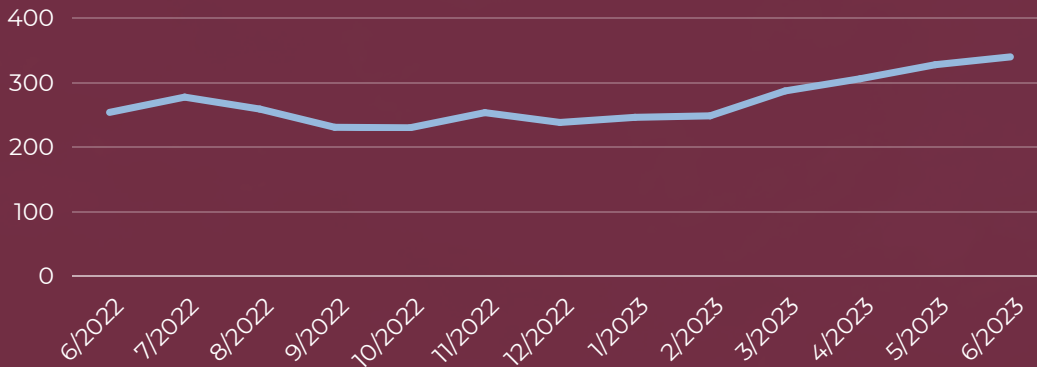
Market Price: \$524.12

Principal (Net): \$2,620.60

Bought 5 shares of UNH because UNH is the top insurer in the country and is continuing to grow and was consistently beating the SPY. UNH was in a leading position in South America's largest economies.



STOCK HIGHLIGHTS

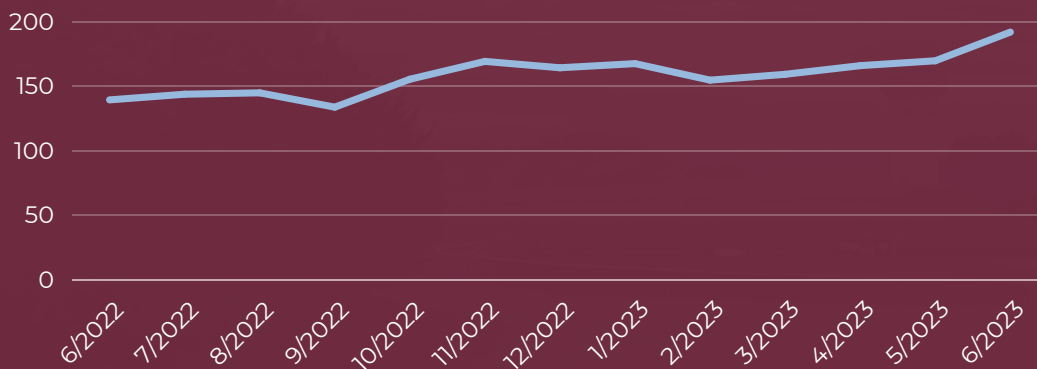


Microsoft (NASDAQ: MSFT)
 Beginning Price: \$253.83
 Ending Price: \$339.82
 Returns: +33.88%



Matt Leskowsky
 XLK Analyst
 Finance
 Class of 2024

Microsoft is proving to be one of the program's biggest success stories, with their stock price growing 33.88% over the last fiscal year. We view Microsoft as a continuous hold for years to come as we do not anticipate this growth reaching a plateau. We are pleased with Microsoft's strategic acquisition of Activision Blizzard. Microsoft will bolster their X-Box games division through this move and allow them to put more big titles on Game Pass, their Netflix-style subscription, and make more games for mobile phones, where there are big profits to be made. Moreover, we are pleased with Microsoft's continuous investment in the AI field, which appears to be the next big boom in the tech industry. We believe that Microsoft has the capital and talent to differentiate themselves from the competition in the AI space; leading to higher revenue and profit expectations in the future, ultimately leading to a higher share price and more gains to be had for the program.



Cencora, Inc. (NYSE: COR)
 Beginning Price: \$139.41
 Ending Price: \$191.93
 Returns: +37.67



Conor Steward
 XLV Analyst
 Finance
 Class of 2024

Cencora, Inc., formerly known as AmerisourceBergen, has seen their stock grow by 37.67% over the past fiscal year. Headquartered close by in Conshohocken, the corporation advanced from AmerisourceBergen to Cencora in August 2023, which resulted in a ticker symbol modification. The pharmaceutical services company derived from the previous name to better reflect its bold vision and purpose-driven approach to creating healthier futures while improving its international exposure. Cencora has consistently outperformed the XLV sector by above 30%. Cencora, over the past year, has beaten earnings estimates and investors believe the stock will continue its bullish pattern. For the coming years, we would expect Cencora to grow steadily and actively try to expand domestically and internationally.



RECENT ALUMNI



Beck Neely
Operations Analyst
SEI
Class of 2023



Cameron Delillo
Audit Associate
KPMG
Class of 2023



Jeffrey Tews
Financial Adviser
Thrivent
Class of 2023



Sierra Alcorn
Senior Banker
Bank of America
Class of 2023



ALUMNI SPOTLIGHT

Cameron Baumgardner

Graduation: Spring 2023
Previous AIM Position: Analyst
Current Employer: Guidehouse
Position: Consultant



"One thing that stood out to me at my time in Kutztown was the AIM program. Every other class taught you the fundamentals of business, but no other class taught you what it takes to do business in the real world. The collaboration, hard-work, and presentation skills I learned while in AIM transfer over seamlessly to my job as a consultant. Not only did AIM help build hard and soft skills, but it gives you a platform to network and build connections. NETWORK NETWORK NETWORK!"

Cassidy Kauffman

Graduation: Spring 2023
Previous AIM Position: Senior Analyst
Current Employer: RKL LLP
Position: Senior Living Consultant



"AIM taught me how to communicate in group settings and how to professionally voice my opinion. I use these skills on a daily basis when working and communicating with clients. In addition, the ratios discussed in AIM helped to prepare me for a section of the CPA exam which I am currently studying for. Overall, I am grateful for the practical skills AIM has equipped me with to be successful in my career."



LOOKING FORWARD

The Committee has not only continued the pursuit of growth in equity value, but also has discussed new ways to capitalize on a multitude of opportunities in the markets. Pushing for students to analyze and assess market mechanics in the short and long term, based off historical and future projections, has led to personal and group growth within our students.

The use of a wide variety of tools such as Factset & ThinkorSwim, as well as a setting for discussion and debate, has led to more intellectual students that will carry their lessons far beyond the classroom and into the work force.

Though our current AIM class has felt the brunt of inflationary concerns, geopolitical tensions, bank failures, and more, the skills and lessons learned are guaranteed to be a stepping stone on how to adapt for future generations of the AIM class and committee.

Looking forward, we are excited for the growth of the Applied Investment Management program as a whole. The interest expressed from current and future students is just the beginning. The ability to give a true setting of board rooms and investment firms is one of the best experiential learning opportunities for a Kutztown student to experience. We are thrilled to see the growth of the AIM Association as more students become involved in the world of investments and wealth management.



INDIVIDUAL HOLDINGS

Company	Ticker	Fiscal Year Return	Company	Ticker	Fiscal Year Return
Abbott Laboratories	ABT	+2.23%	Bank of Montreal	BMO	-1.84%
Activision Blizzard, Inc.	ATVI	+8.27%	Berkshire Hathaway, Inc.	BRK.B	+24.90%
Air Products and Chemicals, Inc.	APD	+27.66%	BWX Technologies, Inc.	BWXT	+31.89%
Alphabet, Inc.	GOOGL	+9.86%	Capital One Financial Corporation	COF	+7.46%
Amazon.com, Inc.	AMZN	+22.74%	Carlisle Companies, Inc.	CSL	+8.80%
American Express Company	AXP	+27.05%	CBRE Group, Inc.	CBRE	+9.65%
American Water Works Company, Inc.	AWK	-2.31%	Cencora	COR	+37.67%
Apple, Inc.	AAPL	+42.72%	CME Group, Inc.	CME	-4.93%
Axalta Coating Systems LTD.	AXTA	+48.39%	Constellation Brands, Inc.	STZ	+7.12%
Bank of America Corporation	BAC	-5.36%			



INDIVIDUAL HOLDINGS

Company	Ticker	Fiscal Year Return
Costar Group, Inc.	CSGP	+47.33%
Costco Wholesale Corporation	COST	+13.16%
Danaher Corporation	DHR	-4.89%
Discover Financial Services	DFS	+26.51%
Fortive Corporation	FTV	+38.08%
Generac Holdings Inc.	GNRC	-29.18%
General Dynamics Corporation	GD	-1.12%
General Mills, Inc.	GIS	+4.40%
Hannon Armstrong Sustainable Infrastructure Capital, Inc.	HASI	-30.64%
Huntington Ingalls Industries, Inc.	HII	+6.83%

Company	Ticker	Fiscal Year Return
IDEXX Laboratories, Inc.	IDXX	+43.20%
Intuitive Surgical, Inc.	ISRG	+70.37%
Johnson & Johnson	JNJ	-4.12%
Lowe's Companies, Inc.	LOW	+31.99%
Lumentum Holdings, Inc.	LITE	-28.57%
Mastercard, Inc.	MA	+25.46%
McKesson Corporation	MCK	+31.76%
Meta Platforms, Inc.	META	+77.97%
Microsoft Corporation	MSFT	+33.88%
Netflix, Inc.	NFLX	+151.90%



INDIVIDUAL HOLDINGS

Company	Ticker	Fiscal Year Return	Company	Ticker	Fiscal Year Return
NextEra Energy, Inc.	NEE	-2.01%	The Charles Schwab Corporation	SCHW	-8.99%
NIKE, Inc.	NKE	+9.30%	The Procter & Gamble Company	PG	+8.31%
Oracle Corporation	ORCL	+73.44%	The TJX Companies, Inc.	TJX	+54.38%
Paychex, Inc.	PAYX	+1.04%	The Walt Disney Company	DIS	-5.42%
PayPal Holdings, Inc.	PYPL	-4.45%	Thor Industries, Inc.	THO	+41.77%
PepsiCo, Inc.	PEP	+14.14%	T-Mobile US, Inc.	TMUS	+3.24%
Sel Sector: Energy SPDR	XLE	+18.17%	Tyler Technologies, Inc.	TYL	+25.26%
Sel Sector: Materials	XLB	+15.02%	Union Pacific Corporation	UNP	-1.61%
SolarEdge Technologies, Inc.	SEDG	-1.69%	UnitedHealth Group, Inc.	UNH	-5.12%
SPDR S&P 500 ETF	SPY	+19.42%	Vanguard Hlth Credit Index, ETF	VHT	+5.47%
Starbucks Corporation	SBUX	+32.47%	Visa, Inc.	V	+21.57%
Stryker Corporation	SYK	+55.16%	Walmart, Inc.	WMT	+31.36%
The Allstate Corporation	ALL	+11.48%	Waste Management, Inc.	WM	+15.26%
The Boeing Company	BA	+54.45%			

