



A.I.M.

KUTZTOWN UNIVERSITY

Annual Report for Fiscal Year 2021

Report Highlights

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Management's Message

Kutztown University Foundation,

The Applied Investment Management committee is proud to present our annual performance for the fiscal year 2021. We transitioned into in-person class modality this fall semester after an academic year of virtual learning, and we thought to acknowledge the diligence the AIM students have shown to maintain an impeccable level of enthusiasm throughout the year. Our fiduciary obligation to the Foundation and our broader goal of outperforming the S&P 500 benchmark remain a primary focus and guiding principle for every decision we make as a committee. The AIM program truly delivered a rigorous learning experience that challenged every one of us to hone and apply distinct skill sets through peer-to-peer interactions, independent research analysis, and formal presentations.

This fiscal year was indeed an extraordinary one amid greater stock market volatility and economic uncertainties. On this note, we decided to continue the legacy of our predecessors by monitoring and reporting notable events, price changes and earnings on all 11 sectors and 71 individual stock holdings that make up the AIM portfolio on a weekly basis. With rising inflationary concerns and stock price volatility this fiscal year, the weekly reports have kept us duly apprised of notable related news as they unfold. We believe this has been a very successful initiative and has spurred interesting conversations in class.

We strongly believe that, indeed, we stand on the shoulders of those who came before us as we consider our work this semester a continuation of the goals we keep setting for ourselves over the years. The program, we believe, is presently in a time of development and expansion. As a result, we expanded the number of company valuation methodologies available on our stock pitch rubrics in order to increase the quantitative aspect of our fundamental study.

We are certain that AIM will continue to be a successful program for many years to come, and we appreciate the Foundation's continued support.

Sincerely,

Jadesola Alatishe
Fund Manager



Heather Mastrangelo
Fund Manager



A.I.M. Committee



Back Row: Trevor Spaide, Alex Wallach, Cameron Baumgardner, Margaret Gehman, Stephen Sponenberg, Joao Pedro Simoes

Front Row: Joey Hamoui, Phillip Castrine, Nessa Cartagena, Jadesola Alatishe, Heather Mastrangelo, Margaret Davis, Brittany Arentz

Committee Member	Anticipated Graduation	Major(s)	A.I.M. Position	Hometown
Jadesola Alatishe	Fall 2021	Finance	Fund Manager	Lagos, Nigeria
Heather Mastrangelo	Spring 2022	Finance	Fund Manager	Hershey, PA
Joao Pedro Simoes	Fall 2021	Accounting & Finance	A.I.M. Scholar	Divinopolis, Brazil
Joey Hamoui	Spring 2022	Accounting & Finance	Chief Financial Officer	Allentown, PA
Nessa Cartagena	Spring 2022	Finance & Personal Financial Planning	VP of Marketing	Allentown, PA
Trevor Spaide	Fall 2022	Finance & Criminal Justice	Marketing Officer	Allentown, PA
Margaret Davis	Spring 2022	Finance & Marketing	Alumni Relations & Networking Officer	Allentown, PA
Brittany Arentz	Spring 2022	Finance & Marketing	VP of Alumni Relations	York, PA
Margaret Gehman	Fall 2022	Accounting & Finance	VP of Networking	Macungie, PA
Phillip Castrine	Spring 2022	Finance & Supply Chain Management	VP of Technology	Germansville, PA
Cameron Baumgardner	Spring 2023	Finance & Personal Financial Planning	VP of Finance	Emmitsburg, Md
Alex Wallach	Fall 2021	Finance	Secretary & VP of Records	St. Louis, MO

How is A.I.M Developing?

Since inception in 2005, the Applied Investment Management program has been in a constant growth trajectory, both in the portfolio's capital appreciation and as an educational tool for students in Kutztown University. While the prestigious A.I.M. class's operational quality has drastically increased, the A.I.M. Association has been a fundamental mechanism to boost investment management knowledge and networking events for all students at the College of Business.

Throughout the previous fiscal year, varying initiatives have been implemented to increase the quality of the program and help students land a desirable job at the largest financial institutions across U.S. and abroad. During this period, the following initiatives have been realized:

- Creation of a new Investment Policy Statement.
- Creation of an Operations Manual for consistency in future semesters.
- Partnership with the KU FUEL program to pair analysts with mentors on their perspective industry.
- Alumni engagement campaigns to connect previous and current students.
- Designed the KU AIM website to showcase the program's progress, members, and history.
- Provide FactSet credentials to all members of the AIM Association.

These initiatives have proven to be a successful endeavor and has catapulted the program to new heights. Nonetheless, the program is always seeking improvement. During Fall 2021, the following actions are being implemented with a focus on increasing the brand recognition of the program, recruiting freshman and sophomore members to the association, and expanding the educational experience:

- AIM introduction delivered to every accounting, finance, and business core classes.
- Production of a brochure outlining the semester's activities, flyers for every meeting or event, and promotional videos asking for donations and explaining the program's operations and goals.
- Increase in social media engagement.
- Round-table format event with several guest speakers outlining the different career paths students can take in the finance industry.
- Introduction of fixed income into the portfolio and preparation of bond pitch guidelines.
- Creation of a Spending Policy with the intention of making the program self-sufficient.
- Elevating the AIM Association to Maroon status during Fall 2021, and Gold status in Spring 2022.

In addition, the A.I.M. Association participated in the 1866 Minutes Giving Challenge this October, beating our fundraising goal by 85% and our previous performance by 211%.

The excellence of this program has helped hundreds of students put their foot in the door of major enterprises by providing them knowledge in investment management and public speaking skills. This applied experience has been essential for the development of our careers and through these initiatives we hope to elevate the intrinsic value of the program and further increase the qualifications of future analysts.

Market Report

The COVID-19 pandemic rocked the economy worldwide in early 2020, and the effects of the pandemic continued to be felt throughout the 2021 fiscal year. American investors panic sold their investments in one of the largest selloffs in history in March and early April of 2020 in response to countries closing their borders and businesses being forced to shut their doors. Stock prices plummeted from this mass selloff. Many businesses opened their doors with the coming of warmer weather in the spring as consumer sentiment improved, and stock prices improved along with consumer sentiment.

Congress passed numerous relief bills throughout the year to combat the economic effects of the pandemic, including the CARES Act (\$1,200 stimulus checks) in March 2020, the Paycheck Protection Program and Health Care Enhancement Act in April 2020, the Consolidated Appropriations Act (\$600 stimulus checks) in December 2020, and the American Rescue Plan Act of 2021 (\$1,400 stimulus checks) in March 2021. Relief bills were funded with expanded monetary policy, forcing inflation levels upward. The CPI-U measure of inflation rose from 257.797 in June 2020 to 271.696 in June 2021, a 5.4% increase year over year.

Over the fiscal year, the S&P 500 saw a return of 40.89%. The S&P 500 is projected to continue to rise through 2021 due to reports from large-cap U.S. corporations of strong earnings. The year began with a national unemployment rate of 10.2% in July 2020 and steadily improved throughout the year, dropping to 5.9% in June 2021, as businesses opened their doors with the easing of pandemic restrictions. The federal funds rate stayed flat throughout the year at 0-0.25% as the Federal Reserve Board wished to encourage spending and stimulate the pandemic-ravaged economy.

Moving forward, interest rates are expected to rise above their current historic lows and return to historic average levels. As interest rates rise, investors will be less willing to invest in riskier growth stocks since the risk-free rate of return available through risk-free assets will rise, and value stocks will therefore become more appealing. Additionally, since the national debt to GDP ratio is currently very high, if interest rates rise as projected, then the amount of government spending allocated to pay interest rates will necessarily rise. To combat this effect, fiscal or monetary policy will need to be enacted. Enacting fiscal policy to raise taxes and decrease government spending would slow down the economy, which could affect the stocks we're invested in. However, higher taxes would not have a direct effect on our fund since it is an endowment fund and we therefore do not pay taxes. Using monetary policy to expand the money supply could push inflation higher and depreciate the dollar. Passage of President Biden's \$2.95 trillion infrastructure and social spending bills would additionally increase government need for cash, potentially pushing inflation even higher.



Trading Report

The A.I.M. portfolio returned 44.64% for the annual year beginning July 1st, 2020 and ending June 30th, 2021. The A.I.M. portfolio outperformed the S&P500 benchmark by 3.75%, over the same period. Our top five performers and top five worst performing stocks in our portfolio are listed below.

Top 5 Best Performers		Bottom 5 Worst Performers	
X	233.66%	SPLK	-27.24%
REGI	151.57%	LITE	0.74%
SQ	132.32%	T	2.10%
SCHW	119.03%	GIS	2.16%
HASI	103.65%	BWXT	2.75%

The market for the fiscal year ending June 30th witnessed a large increase in growth stocks due to low interest rates and rapid liquidity. We were able to see stocks grow across our portfolio with a few exceptions leaving Splunk, Lumentum, and AT&T as the worst performing stocks in our portfolio.

A.I.M. Portfolio	
Beginning Balance (7/1/2020)	\$625,608.34
Ending Balance (6/30/2021)	\$904,883.80
Fiscal Year Gain	\$279,275.46
Cash Balance	\$12,525.32

The A.I.M. portfolio saw an impressive return of 44.64% in FY21. In comparison to SPY, you are able to differentiate a 3.75% growth advantage in our portfolio against the growth of our benchmark.

	FY21 Performance
A.I.M. Portfolio	44.64%
SPY	40.89%
A.I.M. vs SPY	3.75%



Trading Summary

Order	Stock	Ticker
Sell	Gilead Sciences, Inc.	GILD
Sell	JetBlue Airways Corporation	JBLU
Buy	Renewable Energy Group, Inc.	REGI
Sell	Wells Fargo & Company	WFC
Buy	Intuitive Surgical, Inc.	ISRG
Hold	The Boeing Company	BA
Buy	Square, Inc.	SQ
Buy	The Allstate Corporation	ALL
Trim	Apple Inc.	AAPL
Reject Buy	Freshpet, Inc.	FRPT
Buy	PayPal Holdings, Inc.	PYPL
Buy	The Procter & Gamble Company	PG
Reject Buy	NVIDIA Corporation	NVDA
Reject Buy	Churchill Downs Incorporated	CHDN
Hold	Lowe's Companies, Inc.	LOW
Reject Buy	Five Below, Inc.	FIVE
Buy	Alphabet Inc.	GOOGL
Buy	Abbott Laboratories	ABT
Buy	SolarEdge Technologies, Inc.	SEDG
Buy	Meta Platforms, Inc.	FB
Buy	Visa Inc.	V
Reject Buy	Prudential Financial, Inc.	PRU
Buy	Lumentum Holdings Inc.	LITE
Buy	Walmart Inc.	WMT
Buy	American Express Company	AXP
Reject Buy	Intel Corporation	INTC





Trade Justifications

Sell	Rationale		
Gilead Sciences, Inc.	<ul style="list-style-type: none"> • Sales have decreased 9.7% in the last three years • Overpriced products vs. competitors' such as coronavirus drug, Remdesivir • Lawsuit and a \$97 million settlement 		
JetBlue Airways Corporation	<ul style="list-style-type: none"> • Low profit margin, high fixed costs • Outperformed by larger competitors • Industry has high debt-to-equity ratios with expected loss of \$89 billion in 2020 		
Wells Fargo & Company	<ul style="list-style-type: none"> • Much distrust for management to turn scandals around • Significant number of loans are overdue • Shrinking net income, growing expenses, and mismanagement at the top 		
Apple Inc *Trim Position*	<ul style="list-style-type: none"> • 6% of share needed to be sold to comply with our investment policy statement that reports that we can not hold more than 10% of a specific security 		

Trade Justifications

Buy	Rationale	Buy	Rationale
Renewable Energy Group, Inc.	<ul style="list-style-type: none"> Impressive growth in the past five years Has opportunity to capitalize on market share since they are leaders in the biodiesel market 	Abbott Laboratories	<ul style="list-style-type: none"> Strong global presence Largest market share with their nutritional segment at roughly 48%
Intuitive Surgical, Inc.	<ul style="list-style-type: none"> Its Da Vinci system allows doctors to make less errors and decreases exposure infections disease Acceleration of tech across all industries, robotic surgeries is the future 	SolarEdge Technologies, Inc.	<ul style="list-style-type: none"> Controls around 60% of the solar market worldwide which is expected to grow to about 25% annually in the next five years Diverse portfolio of renewable energy products
Square, Inc.	<ul style="list-style-type: none"> Growth in foreign markets Growth in profit margin, 75% in Q3 and 212% in FY19 	Meta Platforms, Inc. (Facebook)	<ul style="list-style-type: none"> Leading market share Sales increased by 21.6% in 2020 with a 41.5% 5-year CAGR
Alphabet Inc.	<ul style="list-style-type: none"> Google is the largest search engine on the market Very strong financial ratios 	American Express Company	<ul style="list-style-type: none"> 5-year stock appreciation of 131.83% “Spend-centric” business model aimed at growing the number of overall transactions on its cards



Trade Justifications

Buy	Rationale	Buy	Rationale
The Allstate Corporation	<ul style="list-style-type: none"> Steady revenue from premiums on policies Financially stable, large projected growth 	Visa Inc.	<ul style="list-style-type: none"> Expanding global presence Revenues increasing by 200% over the last decade and net income quadrupled in value
PayPal Holdings, Inc.	<ul style="list-style-type: none"> Pioneer in its industry Many different products that will help their customers 	Lumentum Holdings Inc.	<ul style="list-style-type: none"> Market leader in the innovative optical and photonic product segments Sales have increased at an average of 13.1%, while gross income increased by 17.48% in the past five years
The Procter & Gamble Company	<ul style="list-style-type: none"> Growing net income up 37% over the past 5 years Keep long-term debt to minimum 	Walmart Inc.	<ul style="list-style-type: none"> #1 retail chain in the world Good defensive stock when economy is underperforming



Individual Holdings

Company Name	Ticker	Fiscal Year Return
3M Company	MMM	31.64%
Abbott Laboratories	ABT	28.69%
Activision Blizzard, Inc	ATVI	26.36%
Air Products and Chemicals	APD	21.56%
Alibaba Group Holding Limited	BABA	5.14%
Amazon.com, Inc	AMZN	24.70%
American Express Company	AXP	76.22%
Amerisourcebergen Corporation	ABC	15.46%
Apple Inc	AAPL	51.20%
AT&T	T	2.10%
Axalta Coating Systems LTD	AXTA	35.21%
Bank of America	BAC	77.50%
Bank of Montreal	BMO	102.67%
Berkshire Hathaway Inc	BRKB	55.69%
BWX Technologies Inc	BWXT	2.75%
Carlisle Companies Inc	CSL	62.21%
CBRE Group Inc	CBRE	89.58%
CME Group Inc	CME	29.86%
Comcast Corporation	SMCSA	48.37%
Constellation Brands Inc	STZ	35.71%
COSTCO Wholesale Corporation	COST	35.01%
CVS Health Corporation	CVS	32.26%
Danaher Corporation	DHR	52.29%
Discover Financial Services	DFS	46.10%
EXXON MOBIL Corporation	XOM	52.01%

Individual Holdings

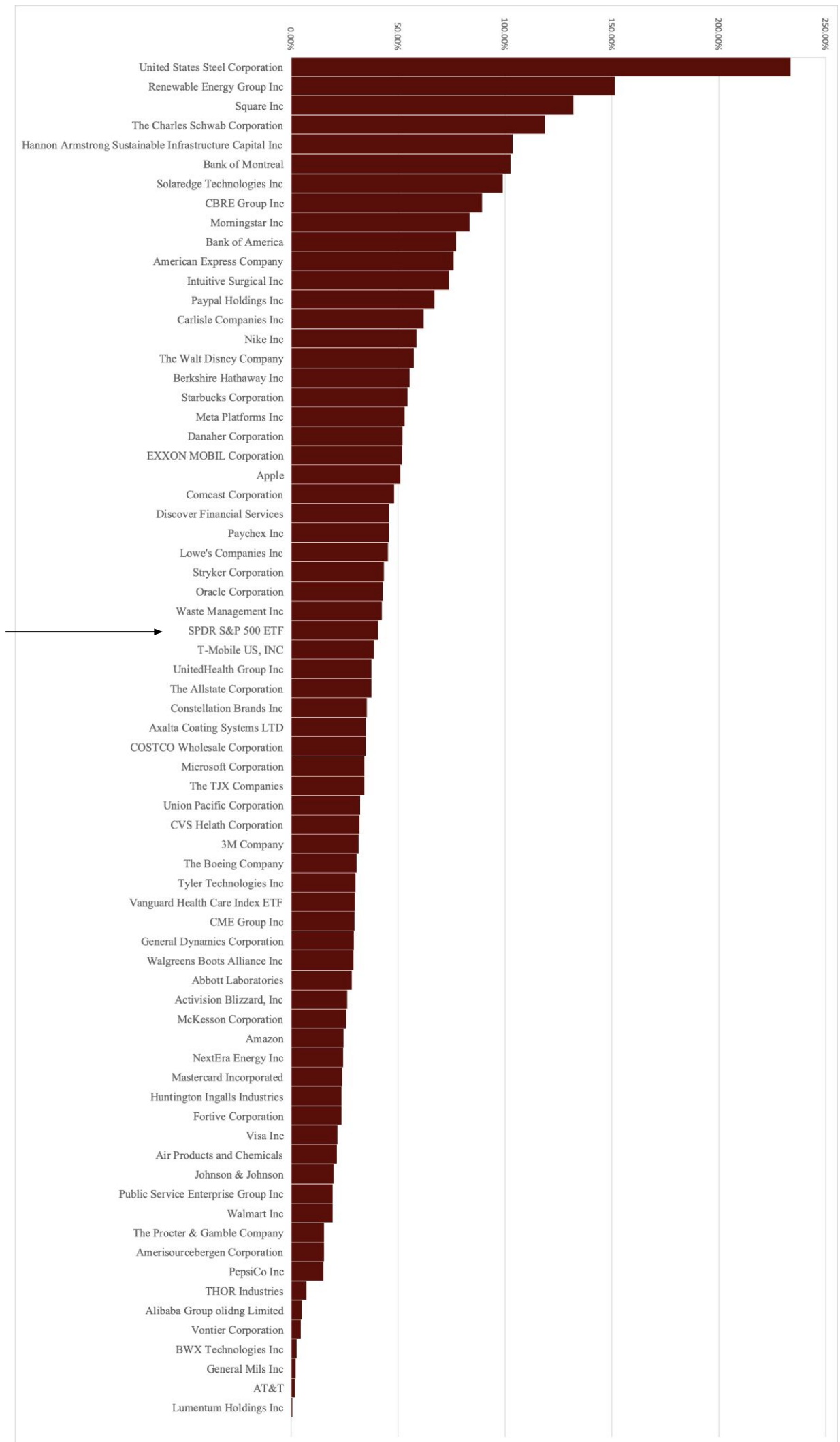
Company Name	Ticker	Fiscal Year Return
Meta Platforms, Inc	FB	53.13%
Fortive Corporation	FTV	23.66%
General Dynamics Corporation	GD	29.63%
General Mills, Inc.	GIS	2.16%
Hannon Armstrong Sustainable Infrastructure Capital, Inc	HASI	103.65%
Huntington Ingalls Industries	HII	23.82%
Intuitive Surgical, Inc	ISRG	73.99%
Johnson & Johnson	JNJ	20.23%
Lowe's Companies Inc	LOW	45.54%
Lumentum Holdings Inc	LITE	0.74%
Mastercard Incorporated	MA	24.08%
McKesson Corporation	MCK	25.87%
Microsoft Corporation	MSFT	34.40%
Morningstar Inc	MORN	83.59%
NextEra Energy Inc	NEE	24.55%
Nike Inc	NKE	58.88%
Oracle Corporation	ORCL	43.16%
Paychex Inc	PAYX	45.94%
Paypal Holdings Inc	PYPL	67.30%
PepsiCo Inc	PEP	15.38%
Public Service Enterprise Group Inc	PEG	19.72%
Renewable Energy Group Inc	REGI	151.57%
SolarEdge Technologies Inc	SEDG	99.14%
SPDR S&P 500 ETF	SPY	40.89%
Splunk Inc	SPLK	-27.24%

Individual Holdings

Company Name	Ticker	Fiscal Year Return
Square Inc	SQ	132.32%
Starbucks Corporation	SBUX	54.76%
Stryker Corporation	SYK	43.49%
The Allstate Corporation	ALL	37.79%
The Boeing Company	BA	30.69%
The Charles Schwab Corporation	SCHW	119.03%
The Procter & Gamble Company	PG	15.61%
The TJX Companies	JNJ	34.34%
The Walt Disney Company	DIS	57.63%
THOR Industries	THO	7.33%
T-Mobile US Inc	TMUS	39.06%
Tyler Technologies Inc	TYL	30.41%
Union Pacific Corporation	UNP	32.59%
United States Steel Corporation	X	233.66%
UnitedHealth Group Inc	UNH	37.80%
Vanguard Health Care Index ETF	VHT	29.94%
Visa Inc	V	21.77%
Vontier Corporation	VNT	4.58%
Walgreens Boots Alliance Inc	WBA	29.34%
Waste Management Inc	WM	42.56%
Walmart Inc	WMT	19.61%



Individual Returns





Sector Allocations & Returns

Current Sector Allocations

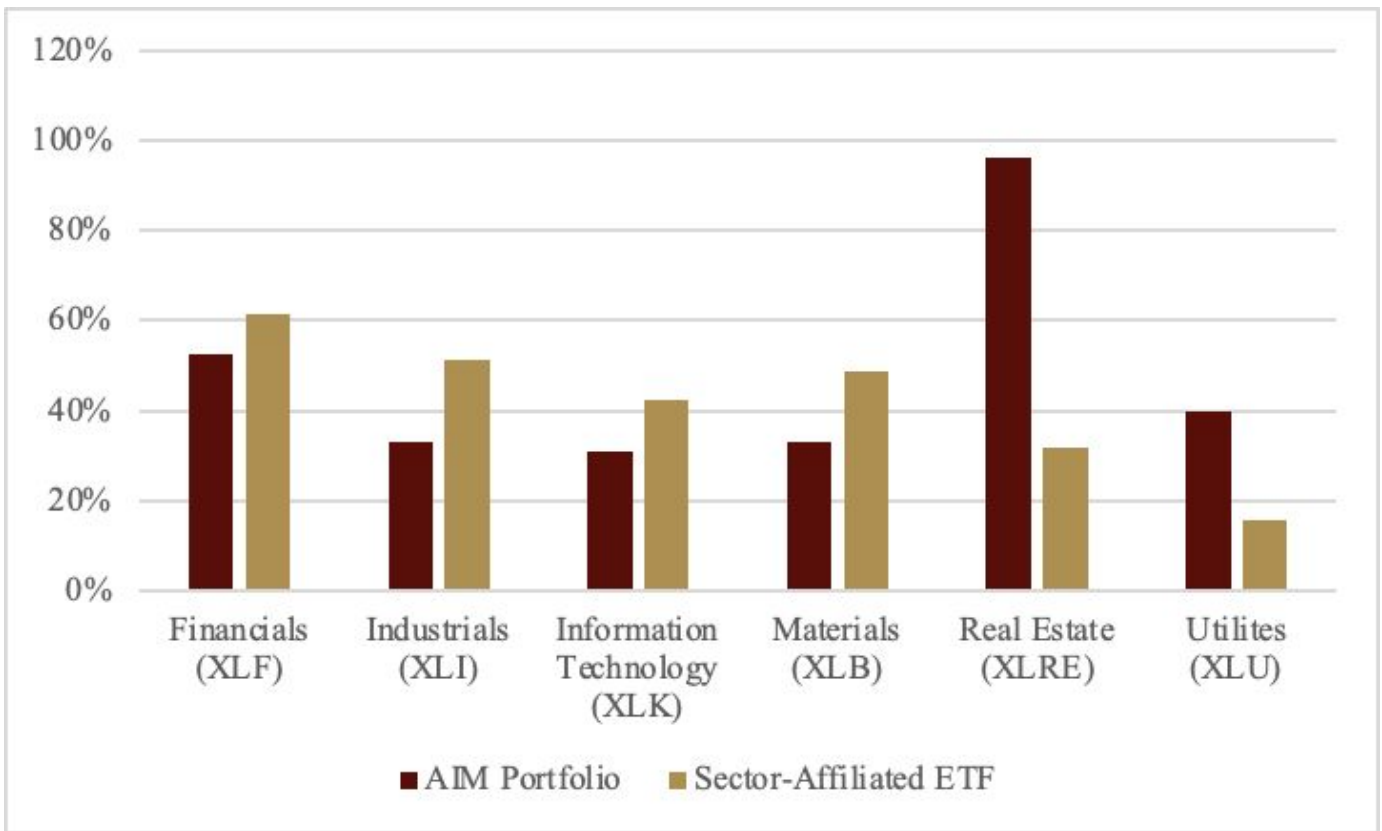
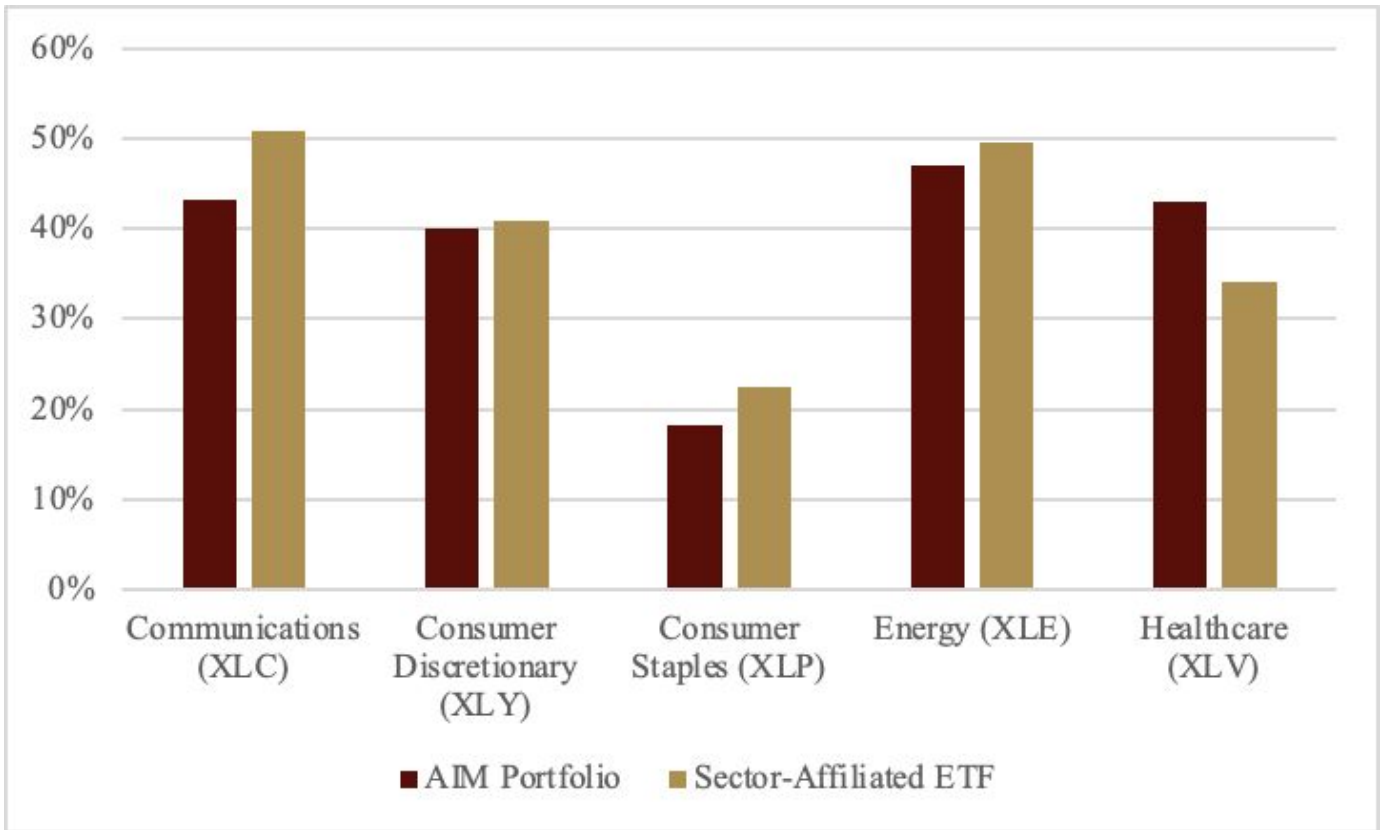
<u>Sector</u>	<u>Current %</u>	<u>Target Allocation</u>	<u>Under/Over Allocation</u>
Communications	6.56%	11.00%	-4.44%
Consumer Discretionary	12.30%	9.00%	3.30%
Consumer Staples	6.94%	7.00%	-0.06%
Energy	4.63%	5.00%	-0.37%
Financials	12.64%	13.00%	-0.36%
Healthcare	13.60%	15.00%	-1.40%
Index & Mutual Funds	6.18%	0.00%	6.18%
Industrials	8.79%	8.00%	0.79%
Information Technology	22.27%	24.00%	-1.73%
Materials	2.14%	3.00%	-0.86%
Real Estate	2.02%	2.00%	0.02%
Utilities	1.93%	3.00%	-1.07%

Annual Sector Returns

<u>Sector</u>	<u>A.I.M.</u>	<u>Sector-Affiliated ETF</u>	<u>A.I.M. vs ETF</u>	<u>SPY</u>	<u>A.I.M. vs SPY</u>
Communications	43.23%	50.91%	-7.68%	40.89%	2.34%
Consumer Discretionary	40.00%	40.80%	-0.80%	40.89%	-0.89%
Consumer Staples	18.15%	22.49%	-4.34%	40.89%	-22.74%
Energy	47.14%	49.66%	-2.52%	40.89%	6.25%
Financials	52.55%	61.64%	-9.09%	40.89%	11.66%
Healthcare	43.00%	34.12%	8.88%	40.89%	2.11%
Industrials	32.86%	51.19%	-18.33%	40.89%	-8.03%
Information Technology	30.93%	42.51%	-11.58%	40.89%	-9.96%
Materials	32.86%	48.76%	-15.90%	40.89%	-8.03%
Real Estate	96.06%	31.90%	64.16%	40.89%	55.17%
Utilities	39.71%	15.71%	24.00%	40.89%	-1.18%



Sector Performance vs Benchmark



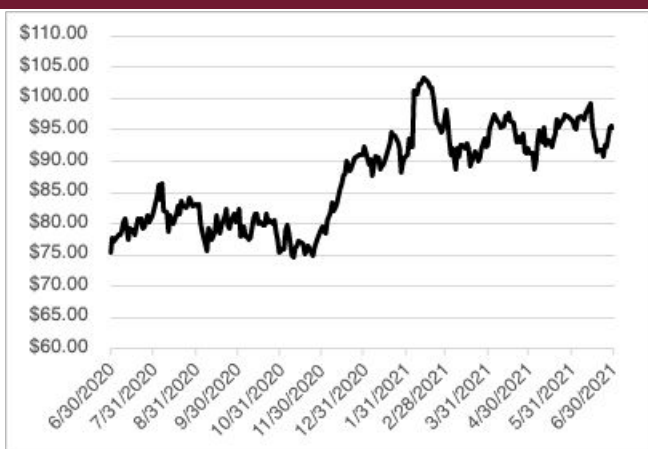


Communications Holdings

Company	Annual Performance	% of Holdings
ACTIVISION BLIZZARD, INC. (XNAS:ATVI)	26.36%	0.84%
COMCAST CORPORATION (XNAS:CMCSA)	48.37%	0.41%
THE WALT DISNEY COMPANY (XNYS:DIS)	57.63%	2.60%
Meta Platforms, Inc. (XNAS:FB)	53.13%	1.73%
AT&T INC. (XNYS:T)	2.10%	0.51%
T-MOBILE US, INC. (XNAS:TMUS)	39.06%	0.47%

ATVI

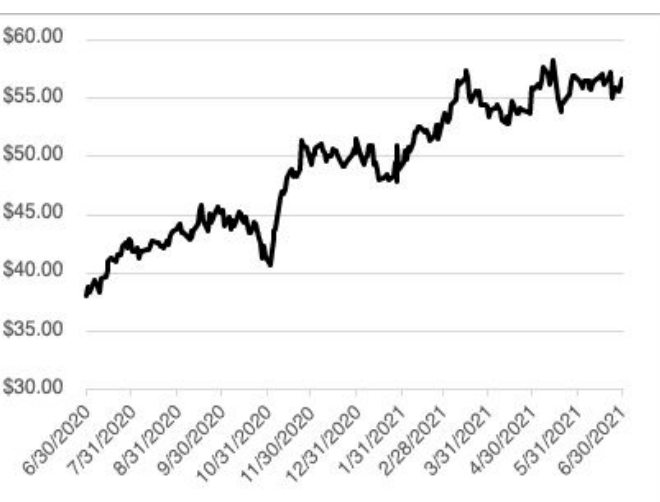
Activision Blizzard, Inc.



- Activision Blizzard had a lawsuit filed against them by Levi & Korsinsky, LLP concerning workplace harassment and discrimination. In their due diligence since the filing, they fired multiple employees and executives to depict the company's stance against this act.
- Sales grew 31.8% since the last fiscal year.

CMCSA

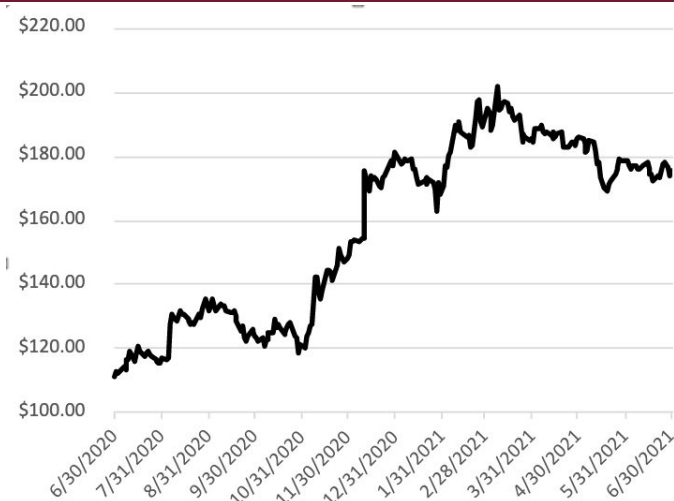
Comcast Corporation



- Comcast launched its own smart TVs with Chinese TV manufacturer Hisense to sell two smart TV models under the XClass TV brand.
- Revenue for Cable Communications increased 2.9% to \$15.0 billion in the third quarter of 2020, driven by increases in high-speed internet, business services, wireless and advertising revenue, partially offset by decreases in video, voice and other revenue.

DIS

The Walt Disney Company



- In celebration of its 50th anniversary on October 1st, the resort began an 18-month event featuring new attractions, products, promotions, music, dining options, and the debut of its "Disney Enchantment" fireworks spectacular.
- DIS reported the fiscal year 2020 net sales of \$63.4 billion, a decrease of 2.63% versus the prior year. Diluted net earnings per share were \$0.61, an increase from the prior year of -\$1.58, due primarily to the increase in sales popularity of Disney+.



Communications Holdings

FB

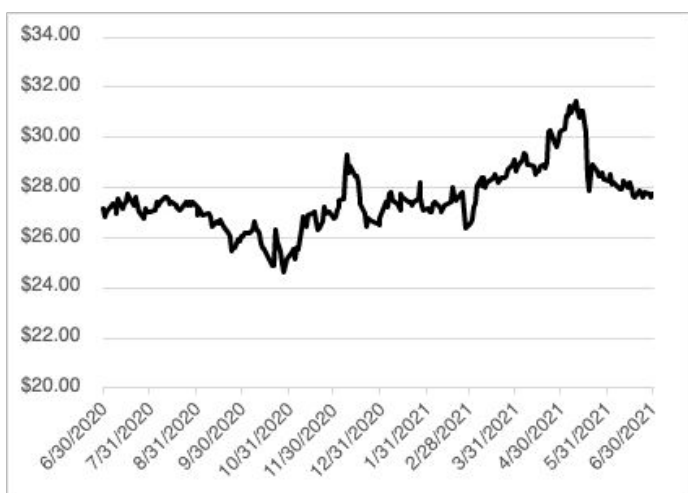
Meta Platforms Inc



- Facebook's new name is Meta Platforms, Inc. It is believed that this was a publicity stunt to combat the recently leaked trove of damning internal documents by former employee Frances Haugen.
- Net sales for the third quarter of FY21 were \$112.3 billion. Net income for the third quarter was \$40.3 billion and diluted earnings per share was \$14.01 versus \$10.09 in the prior year.

T

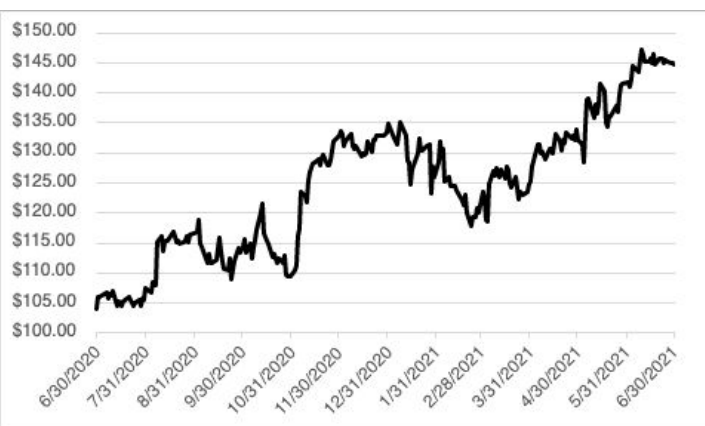
AT&T



- The COVID-19 pandemic impacted revenues across all businesses, particularly WarnerMedia and domestic wireless service revenues, which were pressured by lower international roaming. The number of subscribers barely increased by 7.6% since December 2020.
- GAAP earnings per share was \$0.87, up from \$0.86 in the prior year primarily due to unfavorable impacts related to the COVID-19 outbreak.

TMUS

T-Mobile

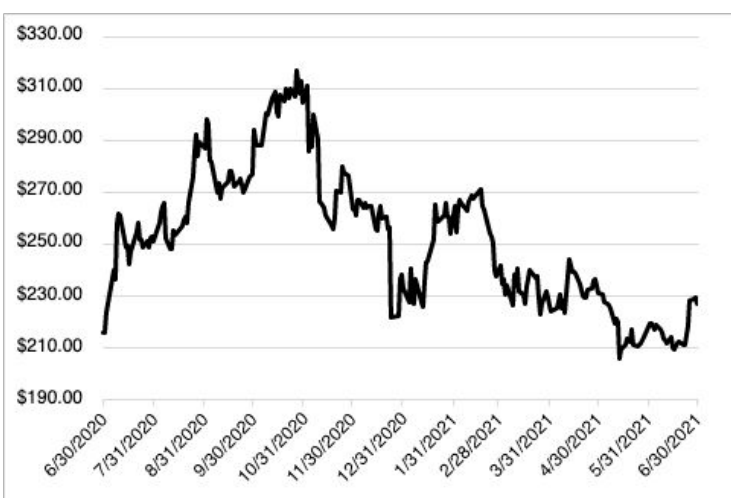


- Management attributes the successful year to consistent customer growth. T-Mobile boasts America's largest, fastest, and most reliable 5G network. Additionally, seven different independent third-party network benchmarking reports highlighted the company's strong leadership in 2021.
- For 6 months ending June 30, 2021, net income was up 80.11% year-over-year from \$1.06 billion to \$1.911 billion. Diluted EPS over that same time frame was up 52%, from \$1.00 to \$1.52. Service revenues of \$14.5 billion was a 10% growth year-over-year, and was the best in the industry. Free cash flow grew 16%, which was also the best in the industry.

Consumer Discretionary Holdings

Company	Annual Performance	% of Holdings
AMAZON.COM, INC. (XNAS:AMZN)	24.70%	1.08%
Alibaba Group Holding Limited (XNYS:BABA)	5.14%	0.53%
LOWE'S COMPANIES, INC. (XNYS:LOW)	45.54%	2.27%
NIKE, INC. (XNYS:NKE)	58.88%	4.37%
STARBUCKS CORPORATION (XNAS:SBUX)	54.76%	0.90%
THOR INDUSTRIES, INC. (XNYS:THO)	7.33%	0.44%
THE TJX COMPANIES, INC. (XNYS:TJX)	34.34%	2.71%

BABA



Alibaba Group Holding Limited

- The company unveiled a new high-tech microchip to run its cloud servers. The semiconductor is one of China's most advanced. Alibaba said the new chip is built using advanced 5-nanometer technology and represents a significant step toward China's goal of manufacturing more of its own semiconductors.
- Revenue was Ren Min Bi (RMB) of 187,395 million (US\$28,602 million), an increase of 64% year-over-year. Excluding the consolidation of Sun Art, our revenue would have grown 40% year-over-year to RMB 159,952 million (US\$24,413 million). Annual active consumers on our China retail marketplaces was 811 million for the twelve months ended March 31, 2021, an increase of 32 million from the twelve months ended December 31, 2020.

LOW



Lowe's Companies Inc.

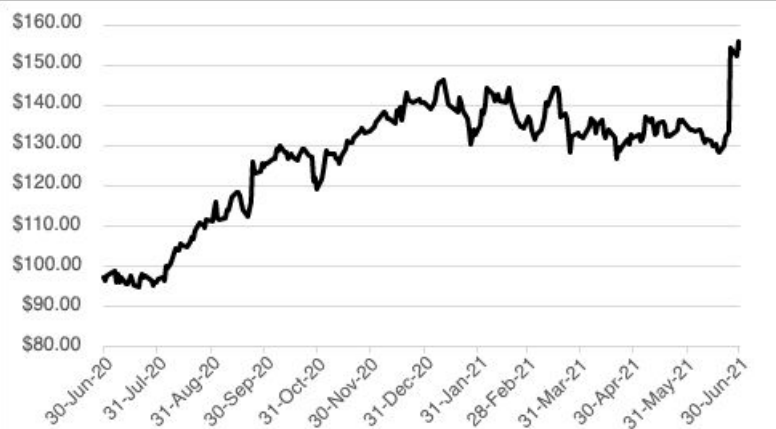
- Lowe's has been gaining from customers inclination toward home renovation and maintenance. Experts believe that 2020's stay-at-home norms made people realize the importance of their shelters. Backed by favorable demand trends, Lowe's has been witnessing strong growth in its Pro business and online platform. Also, the Total Home strategy has been gaining traction and helping to meet consumers' needs across categories
- Total Home strategy is working, with U.S. sales comps up 32% on a two-year basis. In the second quarter, they drove 21% growth in Pro, 10% growth in Installation Services and strong comps across Décor product categories. On Lowes.com, sales grew 7% on top of 135% growth last year.



Consumer Discretionary Holdings

NKE

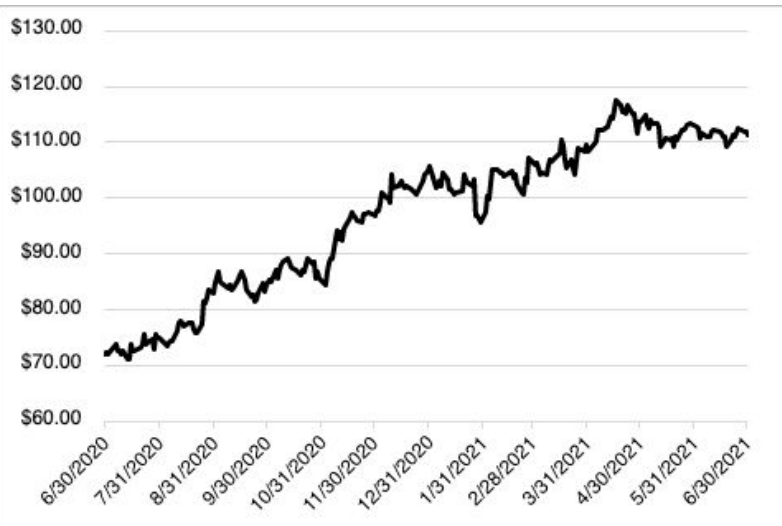
Nike, Inc.



- On March 25th, 2021, Nike was added to the Chinese public boycott list over Xinjiang statement regarding cotton supply.
- In Nike's Q4 earnings on June 22nd, 2021, they provided their gross profit as 44% and how their revenue outperformed consensus 15 of the last 20 quarters, while their EPS outperformed consensus 17 out of the last 20 quarters.

SBUX

Starbucks



- In Q4 of FY21, certain changes were made to the company's management team, and the operating segment reporting structure was realigned as a result. The company realigned the fully licensed Latin America and Caribbean markets from the Americas operating segment to the International operating segment. The America's operating segment has been renamed the North America operating segment, comprised of company-operated and licensed stores in the U.S. and Canada.
- Consolidated net revenues of \$29.1 billion increased by 24%. North America comparable store sales increased 22%, primarily driven by an 18% increase in comparable transactions.





Consumer Discretionary Holdings

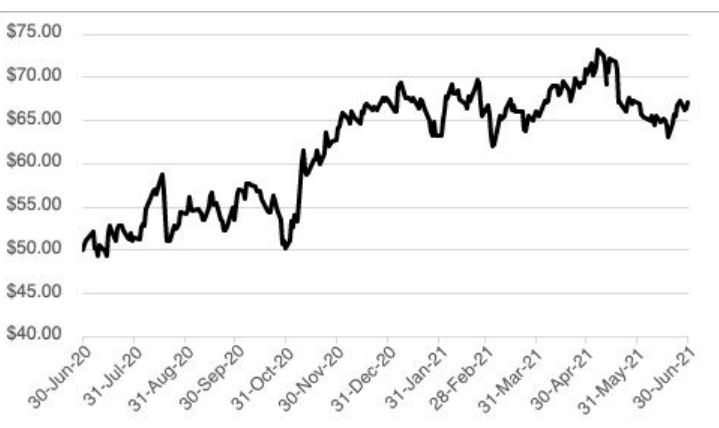
THO



Thor Industries Inc.

- Subsequent to FY21 and effective September 1, 2021, THOR acquired AirX Intermediate, Inc. ("Airxcel"), a leading supplier of OEM and aftermarket RV parts and accessories.
- Net sales for FY21 were \$12.32 billion compared to \$8.17 billion for fiscal year 2020. Net cash provided by operating activities for FY21 was \$526.5 million compared to \$540.9 million in FY20.

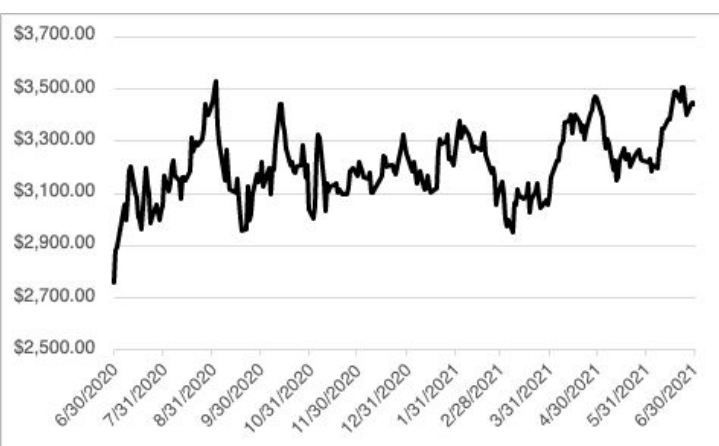
TJX



TJX Companies, Inc.

- On May 27th, 2021, TJX announced they are bringing back their share repurchasing program in hopes of buying back \$1.0 billion to \$1.25 billion of TJX stock by FY22.
- On June 25th, 2021, they entered into a billion dollar (\$1B) involving credit agreement with different financial institutions to mature on June 25th, 2026.

AMZN



Amazon

- As consumers return to physical locations and Amazon faces supply chain issues, the company's sales growth is decelerating. Amazon CEO Andy Jassy said the company expects to take on "several billion dollars" of extra costs in its consumer business in 2021 fourth quarter as a result of labor shortages, higher employee costs, global supply chain constraints and increased freight and shipping costs. Amazon is navigating these challenges as it enters the peak holiday season, he said. Amazon recently became the world's largest corporate purchaser of renewable energy, taking another step in its journey to be net-zero carbon by 2040.
- In October 2021, Amazon shares fell more than 4% after the company disclosed weaker-than-expected third-quarter results and provided poor guidance for the crucial holiday season. Revenue in 2021 third quarter rose 15%, down from 37% growth in the same period a year ago.

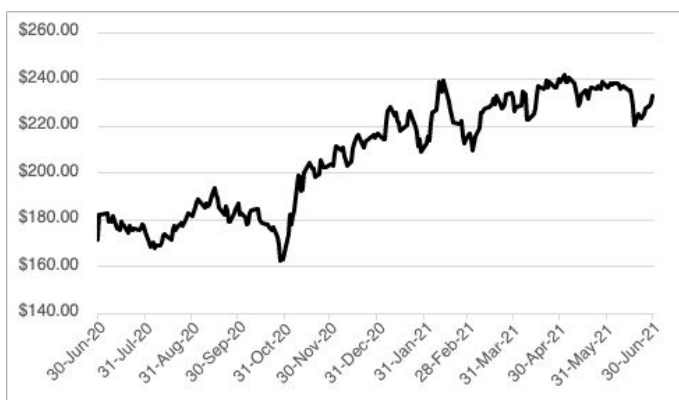




Consumer Staples Holdings

Company	Annual Performance	% of Holdings
COSTCO WHOLESALE CORPORATION (XNAS:COST)	35.01%	1.59%
GENERAL MILLS, INC. (XNYS:GIS)	2.16%	0.91%
PEPSICO, INC. (XNAS:PEP)	15.38%	2.33%
THE PROCTER & GAMBLE COMPANY (XNYS:PG)	15.61%	0.75%
CONSTELLATION BRANDS, INC. (XNYS:STZ)	35.71%	0.23%
WALMART INC. (XNYS:WMT)	19.61%	1.13%

STZ



Constellation Brands

- On June 30th, 2021, they had entered an accelerated buy back agreement with Goldman Sachs to repurchase \$500.0 million of its class A common stock.
- According to the most recent 10-Q, they have dropped \$912.4 million in assets compared to January 28th, 2021, and have increased total liabilities by \$419.1 million from January 28th, 2021.

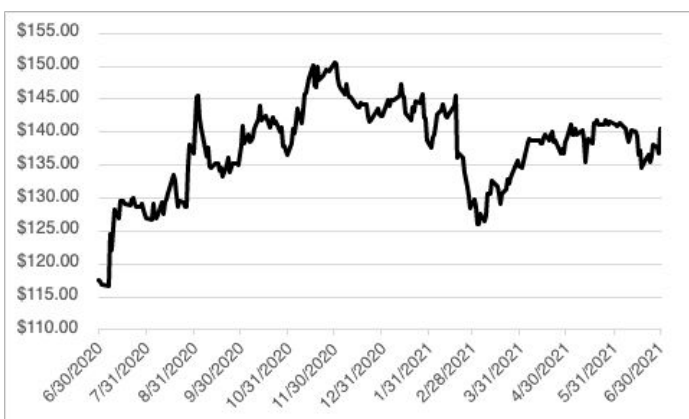
PG



The Procter & Gamble Company

- PG appointed Andre Schulten, previous Senior VP of Baby Care for the North America market to the CFO of the company.
- For the Q3 of FY21, the company reported sales of \$18.1 billion, which is a 5% compared to the prior year. Diluted earnings per share were reported at \$1.26, which is an increase of 13% when compared to the previous year.

WMT



Walmart, Inc.

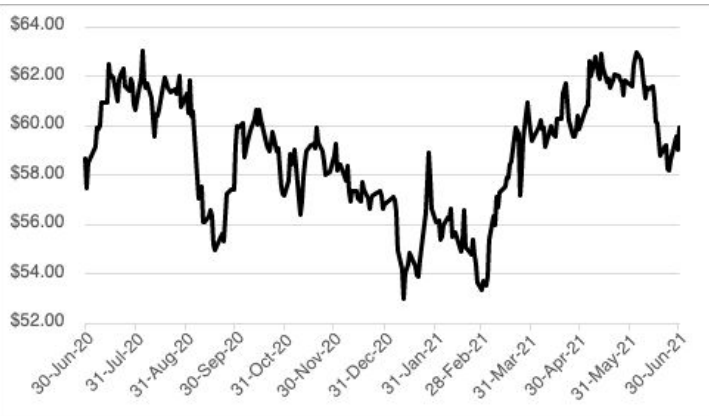
- In a recent press release, CEO Doug McMillon stated that the company gained market share in one of its main areas, grocery. He said that the company has made strides in new areas, such as introducing thousands of online vendors to its third-party marketplace and nearly doubling advertising sales in Walmart U.S. in the quarter compared to the previous year.
- Annual total revenue was \$559.2 billion, an increase of \$35.2 billion, or 6.7%. U.S. E-commerce sales grew 79% for FY21. The company generated \$36.1 billion in operating cash flow.



Consumer Staples Holdings

GIS

General Mills Inc.



- The company has three priorities for their upcoming 2021 fiscal year: compete effectively in all the areas they play, drive efficiency to fuel investments and brands, and lastly reduce debt leverage.
- GIS had acquired Tyson Pet products who has sales of over \$240 million in their last fiscal year.

PEP

PepsiCo, Inc.



- Supply chain disruptions and inflationary pressures for labor, commodities, and transportation, according to executives, hurt the company's most recent earnings—fiscal third-quarter. Hugh Johnston, the business' CFO, said that the company has been increasing prices on its beverages and snacks, and that another price hike is expected in the fiscal first quarter of 2022.
- Earnings per share for the second quarter of Fiscal 2021 was \$1.72 adjusted vs. expected \$1.53. Net income was \$2.36 billion, or \$1.70 per share, up from \$1.65 billion in the previous year. Net sales surged 20.5% year over year to \$19.22 billion, topping expectations of \$17.96 billion.

COST

Costco Wholesale Corporation



- A research report came out for when the best time is to shop when you want to avoid crowds or if you want a full Costco experience. It is said that weekday mornings are the best time to go and had the least foot traffic. It is also stated for the full experience, the customer should come during the week around 11am so you have less crowds as well as being able to try their sample foods.
- For Costco's Q3 earning report on May 27th, 2021, they reported a \$2.75 EPS while FactSet estimated a \$2.32 EPS they also shared a \$45.28 Billion dollars in revenue while FactSet estimated only \$43.65 billion.

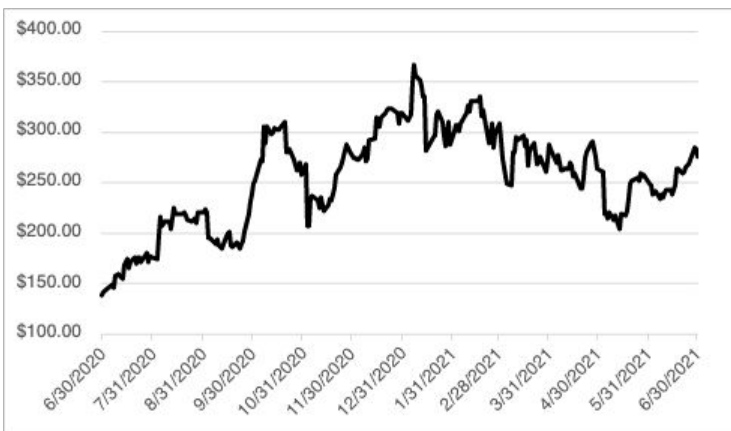


Energy Holdings

Company	Annual Performance	% of Holdings
NEXTERA ENERGY, INC. (XNYS:NEE)	24.55%	2.79%
RENEWABLE ENERGY GROUP, INC. (XNAS:REGI)	151.57%	0.68%
SOLAREEDGE TECHNOLOGIES, INC. (XNAS:SEDG)	99.14%	0.68%
EXXON MOBIL CORPORATION (XNYS:XOM)	52.01%	0.47%

SEDG

SolarEdge Technologies, Inc.



- Quarterly sales increase with new highs in Australia, Italy, and France, according to the company's 2021 Q1 results. Residential shipments continue to expand across all markets, with record residential revenues in the Netherlands and Australia.
- SEDG reported a 13.2% increase in revenues from Q4 2020 to Q1 2021, along with an increase in operating income by 206.25% during the same period.

REGI

Renewable Energy Group, Inc.



- Renewable Energy Group reported Q1 2021 revenues of \$540 million, net income of \$39 million, as well as 134 million gallons of fuel sold.
- The company made recent changes to the organizational structure of its senior leadership team, appointing a new Senior VP, Commercial Performance role, intended to accelerate the company's position as a market leader within the energy sector.

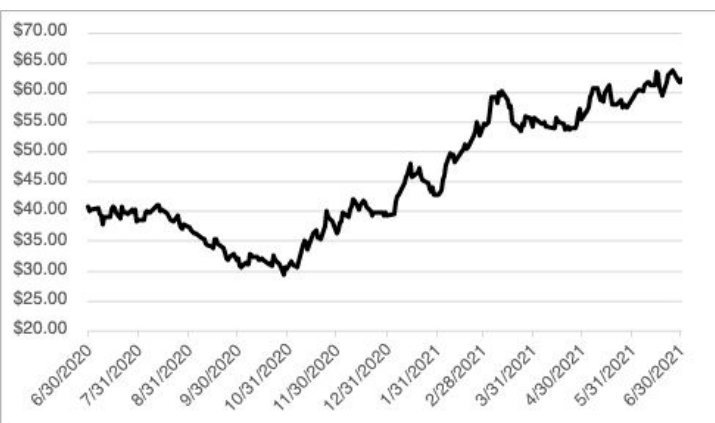




Energy Holdings

XOM

Exxon Mobil Corporation



- In their Q1 2021 earnings report, the company announced \$2.7 billion of sales compared to a \$610 million loss in the Q1 of 2020. Production of oil and oil-equivalent was reported 3.8 million barrels each day, which increased by approximately 3% from the company's up 3 percent from the company's 2020 Q4 reporting.
- ExxonMobil Low Carbon Solutions was formed to market the company's substantial low-carbon technology portfolio, with an emphasis on carbon capture and storage, the method of permanently storing industrial emissions underground. Carbon capture and storage is regarded as one of the most important technologies for achieving society's net-zero aspirations and the Paris Agreement climate targets.

NEE

NextEra Energy, Inc.



- Downturn in net income for nine months ended September 30, 2021 was attributed to approximately \$180M of revenue related to reimbursable expenses from a counterparty that were deemed not probable of collection. This stemmed from the impact of severe prolonged winter conditions in Texas in February 2021.
- Net income for nine months ended September 30, 2021 was down 26.77% to \$1.87 billion, from \$2.56 billion. Net income for nine months ended September 30, 2020.

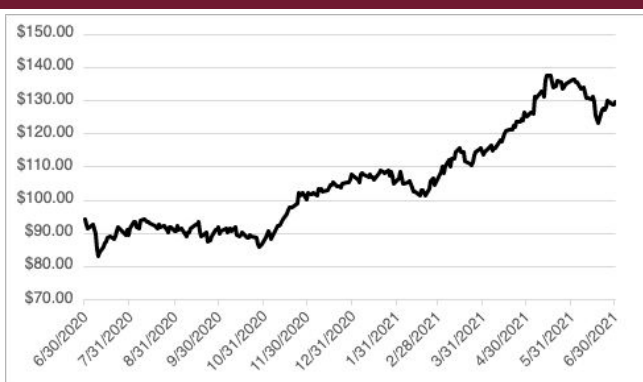




Financials Holdings

Company	Annual Performance	% of Holdings
THE ALLSTATE CORPORATION (XNYS:ALL)	37.79%	0.66%
AMERICAN EXPRESS COMPANY (XNYS:AXP)	76.22%	1.24%
BANK OF AMERICA CORPORATION (XNYS:BAC)	77.50%	0.72%
BANK OF MONTREAL (XNYS:BMO)	102.67%	0.35%
BERKSHIRE HATHAWAY INC. (XWBO:BRKB)	55.69%	0.75%
CME GROUP INC. (XNAS:CME)	29.86%	0.95%
DISCOVER FINANCIAL SERVICES (XNYS:DFS)	46.10%	2.51%
MASTERCARD INCORPORATED. (XNYS:MA)	24.08%	0.54%
MORNINGSTAR, INC. (XNAS:MORN)	83.59%	1.19%
PAYPAL HOLDINGS, INC. (XNAS:PYPL)	67.30%	0.51%
THE CHARLES SCHWAB CORPORATION (XNYS:SCHW)	119.03%	0.89%
SQUARE, INC. (XNYS:SQ)	132.32%	0.41%
VISA INC. (XNYS:V)	21.77%	1.92%

ALL



The Allstate Corporation

- Compared to Q2 2021, Q2 2020 saw higher property and casualty insurance premiums, higher net investment income and lower Shelter-in-Place Payback expense, partially offset by higher non-catastrophe losses.
- Consolidated net income applicable to common shareholders increased 30.3% to \$1.60 billion in the second quarter of 2021 compared to the same period of 2020.

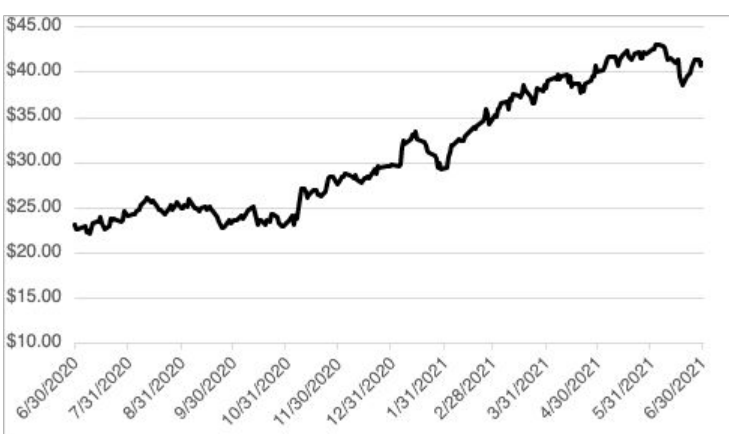
AXP



American Express Company

- American Express announced its “Let’s Go Shop Small” campaign, which will invest more than \$100 million to encourage consumers to support small businesses across the world. The effort expands on the company's previous promise to urge more Americans to shop at small shops to support small companies as they recover from the effects of the pandemic.
- AXP reported \$2.2 billion in Q1 net income, an increase of \$367 million, from the previous year. The results showed a credit reserve release of \$1.05 billion, due to ongoing improvements in the company’s macroeconomic outlook and credit performance.

BAC



Bank of America Corporation

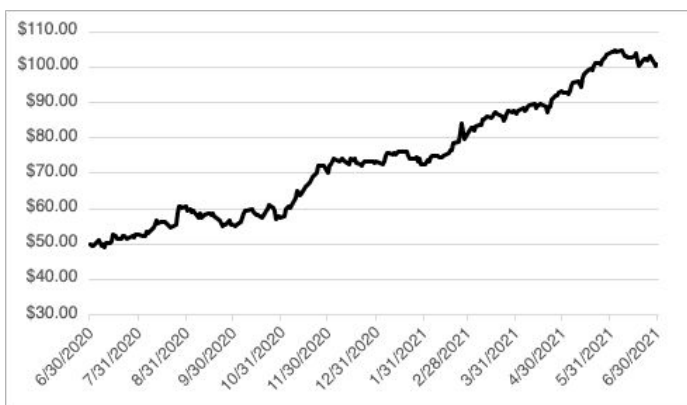
- The increase in net income was primarily due to improvement in the provision for credit losses and a positive income tax adjustment related to the revaluation of U.K. net deferred tax assets, partially offset by higher noninterest expense.
- Net income was \$9.2 billion and \$17.3 billion, or \$1.03 and \$1.90 per diluted share, for the three and six months ended June 30, 2021 compared to \$3.5 billion and \$7.5 billion, or \$0.37 and \$0.77 per diluted share, for the same periods in 2020.





Financials Holdings

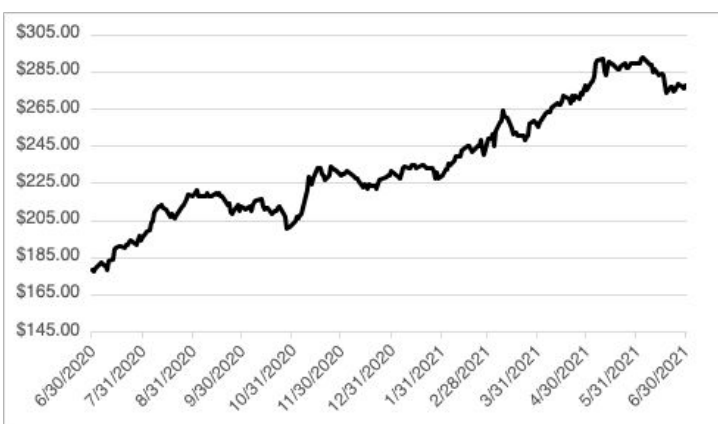
BMO



Bank of Montreal

- “Operating momentum across our diversified businesses continues to drive strong financial performance.” said Darryl White, Chief Executive Officer, BMO Financial Group. “We are executing strategies and investing in our businesses to deliver strong returns and efficiency improvements.”
- Third quarter 2021 ended July 31, 2021 showed net income of \$2,275 million compared with third quarter 2020 ended July 31, 2020, an increase of 85%. “We recorded third quarter adjusted earnings per share of \$3.44, with strong pre-provision pre-tax earnings of \$2.9 billion, up 12% year-over-year, driven by revenue growth of 10%,” said White.

BRK-B



Berkshire Hathaway Inc.

- After-tax earnings of the railroad business increased 34.0% in the second quarter and 19.2% in the first six months of 2021 compared to 2020. The increases reflected overall higher freight volumes and lower costs due to improved productivity.
- Net earnings attributable to Berkshire Hathaway shareholders increased to \$28.09 billion in Q2 2021 from \$26.30 billion in Q2 2020.

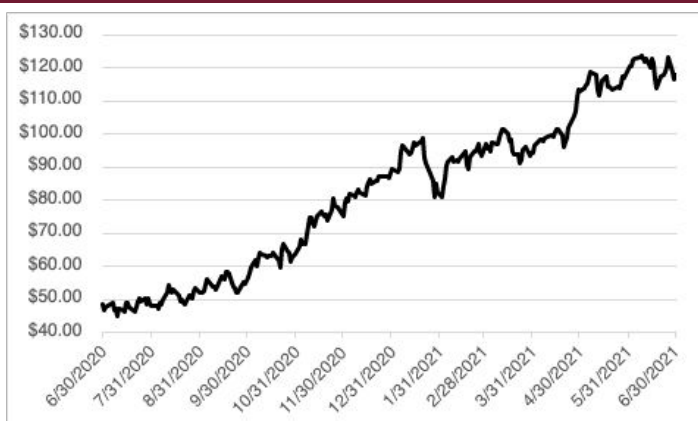
CME



CME Group Inc.

- Announced in the recent weeks that they will expand their crypto derivatives offerings with the introduction of Micro Ether futures by December 6th. This will diversify their group even further as they already have over 20 micro products on the market right now. This new contract will be cash settled.
- Recent numbers show that average daily volume has increased 32% to 20.4 million contracts during the month. Their interest rate ADV increased to 10.2 million contracts while their Options ADV went up to 3.2 million contracts.

DFS



Discovery Financial Services

- CEO Roger Hochschild attributes their strong results to the company’s integrated digital banking and payments model, which he says is the source of their competitive advantage.
- The net income was up 42% for Q3 2021 over Q3 2020, from \$771 million to \$1.1 billion, which means the diluted EPS increased 44%.





Financials Holdings

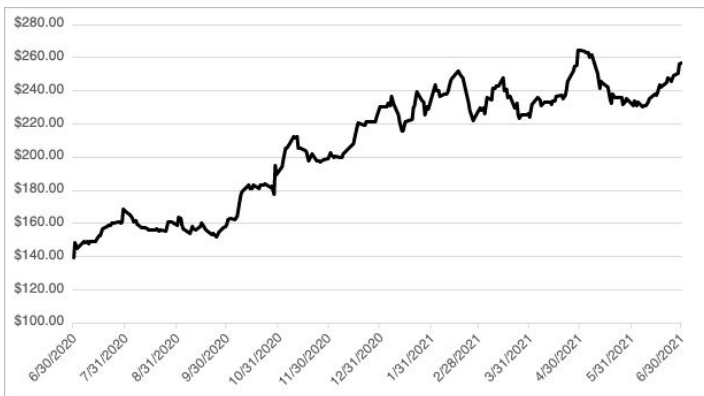
MA



- High performance was driven by healthy domestic spending and growth in cross-border travel. The company has extended its scale of operations through innovations like the new Mastercard Installments program. Additionally, Mastercard has continued to increase efforts in the cryptocurrency arena by acquiring CipherTrace, a firm that aims to protect financial institutions from virtual asset laundering risks.
- Net income for Q3 2021 was up to \$2.4 billion from \$1.5 billion. Net income for Q3 2020 saw an increase of 59%. Diluted EPS was up 62%, from \$1.51 to \$2.44. During the Q3 2021, Mastercard repurchased 4.3 million shares at a cost of \$1.6 billion, and paid \$434 million in dividends.

Mastercard Inc.

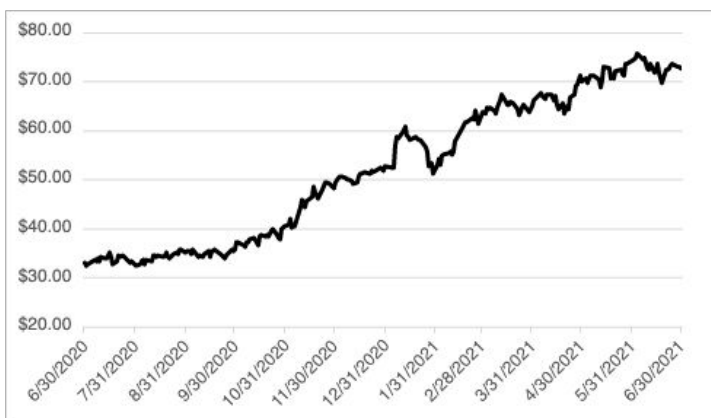
MORN



- As an independent leader of investment research, Morningstar, Inc. is continually innovating the way security and mutual fund analysis is evolving in the current market. Over the fiscal year, they have launched the Morningstar Market Monitoring Program which offers real-time data and news feed updates to investors.
- In the first quarter of 2021, revenue increased 21.2% to \$398.2 million. Operating income increased 51% to \$67.2 million, and diluted net income per share increased 130.9% from \$.55 to \$1.27. Cash provided by operating activities increased 31.8% to \$64.2 million, as well as, free cash flow 23.5% to \$41.5 million.

Morningstar Inc.

SQ



- Square is considering creating a non-custodial hardware wallet for bitcoin, according to CEO Jack Dorsey. A non-custodial wallet, the individual has sole control over the private keys which control the cryptocurrency, proving the funds are yours. Dorsey gave details of the announcement at a conference called Bitcoin 2021. Dorsey wants the company to build it entirely in the open, in large collaboration with the community.
- Square easily beat expectations for quarterly profits, as demand for bitcoin fueled a jump in cryptocurrency transactions on its payment service CashApp. Cash App generated \$3.51 billion in bitcoin revenue, up 11x from a year prior. Gross payment volumes, a measure of the transactions processed on Square's platform, rose 29% to \$33.1 billion. Net revenue jumped nearly 400% to \$5.06 billion.

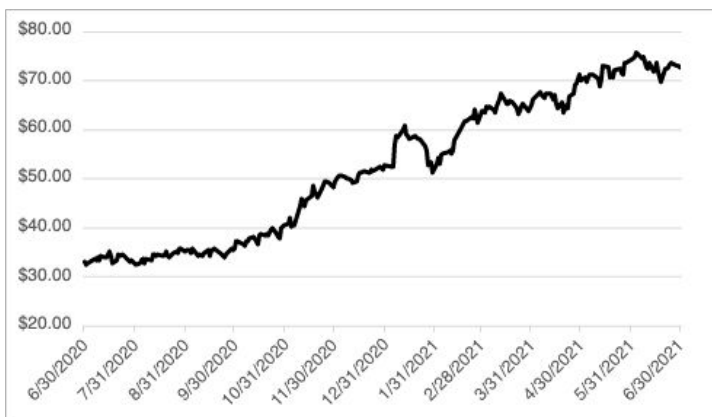
Square Inc.



Financials Holdings

SCHW

The Charles Schwab Corporation



- During the second quarter and first six months of 2021, the U.S. saw signs of returning normalcy in everyday life as vaccinations accelerated, social activities largely resumed, and people started returning to corporate offices. Daily average trades were 6.0 million during the second quarter of 2021, representing a 28% slowdown from the first quarter's average of 8.4 million, but still 4% higher than the fourth quarter of 2020.
- Net income totaled \$1.3 billion and \$2.7 billion during the second quarter and first six months of 2021, respectively, increasing 89% and 88% from the same periods in 2020. Diluted earnings per common share (EPS) totaled \$.59 and \$1.32 during the second quarter and first six months of 2021, respectively, rising 23% from both comparable periods in 2020.

V

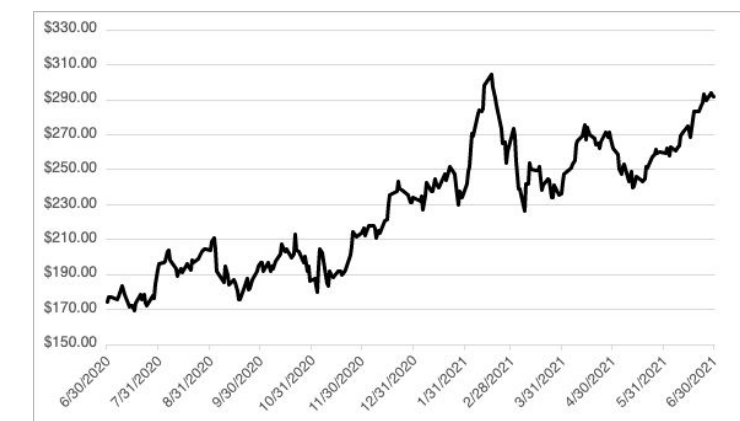
Visa, Inc.



- CEO Alfred F. Kelly, Jr. reports that Visa's strong performance was driven by the continuing economic recovery, as well as the increased diversification of Visa's revenue streams. He believes the company is well positioned for the future as cross-border travel returns, and as Visa continues to drive the growth of digital payments and innovation in the world of money movement.
- Net revenue for Q4 of FY21 was \$6.6 billion, an increase of 29% over Q4 of FY20. For the full fiscal year, net revenues was \$24.1 billion, which was an increase of 10%. Quarterly cash dividend increased by 17% to \$0.375 per share.

PYPL

Paypal Holdings, Inc.



- Despite being involved in an investor relations lawsuit, PYPL continues to be a major player in the fintech industry. The company faces strong competition in likes of Cash App and Venmo, but its improved methods for rendering payments and receiving payments are a huge hit with buyers/sellers.
- Over the fiscal year, PYPL's reports an EPS of \$1.07, unchanged from the prior year quarter. Net sales for PYPL are \$6.22 billion which is up 13% from the prior year. The valuation metric that is promising for Paypal is the forward PE ratio of 56.78. In comparison to the industry average forward PE ratio of 63.89, the company is trading at a discount.



Healthcare Holdings

Company	Annual Performance	% of Holdings
AMERISOURCEBERGEN CORPORATION (XNYS:ABC)	15.46%	0.66%
ABBOTT LABORATORIES (XNYS:ABT)	28.69%	1.12%
CVS HEALTH CORPORATION (XNYS:CVS)	32.26%	0.64%
DANAHER CORPORATION (XNYS:DHR)	52.29%	2.75%
INTUITIVE SURGICAL, INC. (XNAS:ISRG)	73.99%	1.28%
JOHNSON & JOHNSON (XNYS:JNJ)	20.23%	1.29%
MCKESSON CORPORATION (XNYS:MCK)	25.87%	1.03%
STRYKER CORPORATION (XNYS:SYK)	43.49%	3.26%
UNITEDHEALTH GROUP INCORPORATED (XNYS:UNH)	37.80%	0.99%
WALGREENS BOOTS ALLIANCE, INC. (XNAS:WBA)	29.34%	0.58%

ABC

Amerisource Bergen Corporation



- AmerisourceBergen was named 8th on the 2021 DiversityInc Philanthropy list. Launched in 2001, the survey is the most comprehensive, data-driven D&I analysis of some of the largest U.S. employers. The assessment collects data across six key areas: Leadership Accountability, Human Capital Diversity Metrics, Talent Programs, Workforce Practices, Supplier Diversity, and Philanthropy.
- In the third quarter of FY21, revenue was \$53.4 billion, up 17.7% compared to the same quarter in the previous fiscal year, reflecting a 13.2% increase in Pharmaceutical Distribution Services revenue and a 128.0% increase in revenue.

ABT

Abbott Laboratories



- The increase in net sales during the year, excluding the impact of foreign exchange, reflected demand for Abbott's tests to detect COVID-19 as well as other growth across Abbott's reportable segments.
- During the second quarter of 2021, Abbott's COVID-19 testing-related sales totaled approximately \$1.3 billion. During the second quarter of 2020, COVID-19 testing related sales totaled approximately \$0.6 billion.



Healthcare Holdings

DHR



Danaher

- Danaher's vital role in COVID-19 diagnostic testing and therapeutics and vaccine development. To date, Danaher's businesses have collectively enabled or produced more than 60 million COVID-19-related diagnostic tests and are involved in the majority of the more than 250 COVID-19 vaccine and therapeutic projects currently underway globally.
- For the quarter ended April 2, 2021, net earnings were \$1.7 billion, or \$2.29 per diluted common share which represents a 182.5% year-over-year increase from the comparable 2020 period. Non-GAAP adjusted diluted net earnings per common share were \$2.52 which represents a 140.0% increase over the comparable 2020 period.

JNJ



Johnson & Johnson

- Johnson & Johnson drew criticism after using a controversial bankruptcy maneuver to block roughly 38,000 lawsuits linked to claims that its talc baby powder was contaminated with cancer-causing asbestos. The health products giant used a quirk of Texas state law to spin off a new company called LTL, then dumped all its asbestos-related liabilities including the avalanche of lawsuits into the new firm, then proceeded to file for bankruptcy.
- Johnson & Johnson posted profits of \$6.3 billion, or \$2.35 per share, on sales of \$23.3 billion for the three months ended June 30, 2021, for a 73.1% bottom-line gain on sales growth of 27.1% year-over-year.

UNH



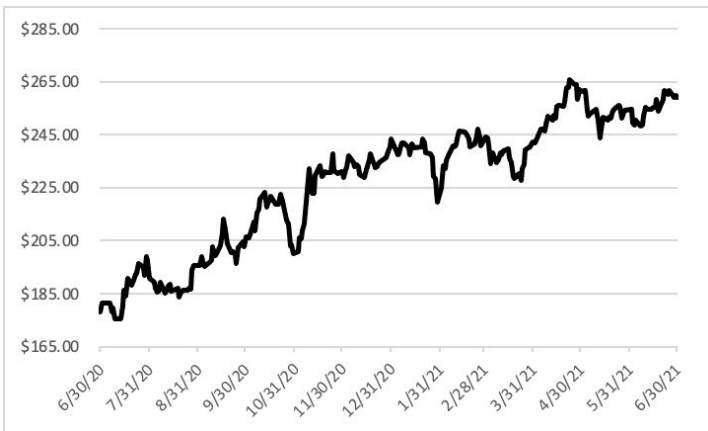
UnitedHealthcare Group Inc.

- On January 6, 2021, UnitedHealthcare Group announced they reached an agreement to acquire Change Healthcare, a deal that was valued at over \$13 billion. The acquisition was set to simplify services around medical care to improve outcomes and lower costs. It will also support faster, and more accurate services for healthcare providers.
- For Q1 of FY21, UNH beat projections by earning \$4.9 billion in profits. That's an increase of \$3.4 billion from the same quarter of FY20. Revenue increased by 7.9% year-over-year. This revenue increase beat projections by about 1.7%. Based on their Q1 results, they increased EPS outlook from \$18.10 to \$18.60. This includes about \$2 per share in potential negative impact to accommodate continuing issues related to the COVID-19 pandemic, such as testing and treatment costs.



Healthcare Holdings

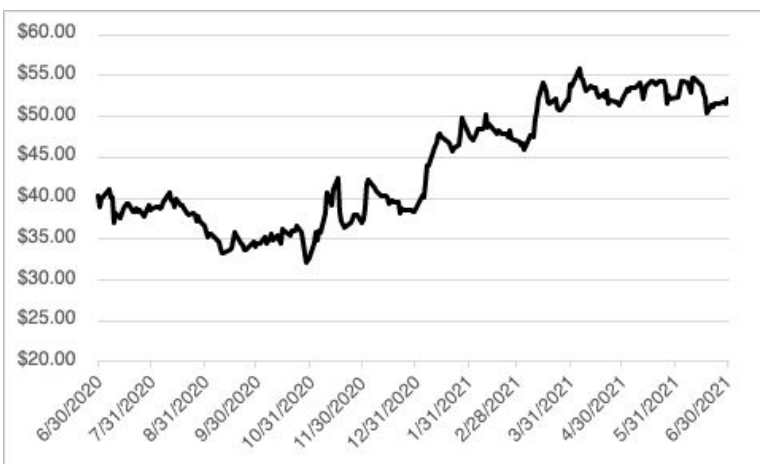
SYK



Stryker Corporation

- In a recent report, the company has announced they have revised its outlook based on their performance, the volatility experienced as a result of COVID, and labor and staffing environment in their healthcare sector. They will adjust end of the year number expectations and increase training and employment diversity over the next 2 months.
- Their quarter report revealed they received \$2.20 per share compared to the expect \$2.29 per share. However, this is larger than last year's numbers at \$2.14 per share. The company has surpassed consensus EPS estimates of 2/3 of the last 3 quarters. They posted revenues of over \$4.16 billion.

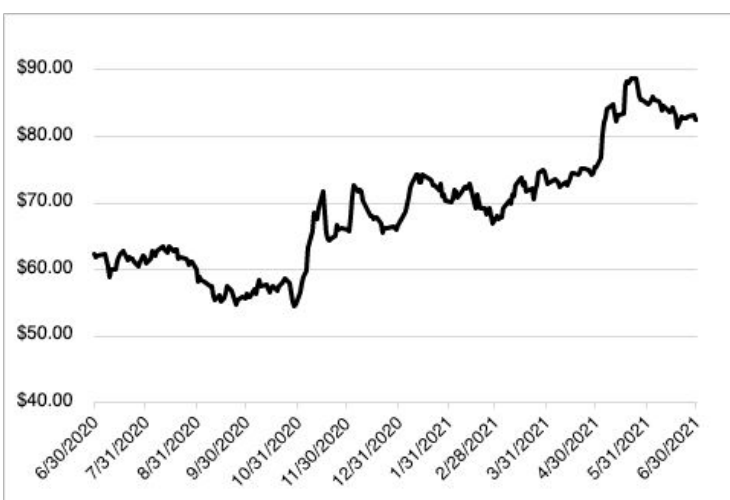
WBA



Walgreens Boots Alliance

- Roz Brewer, the company's new CEO, stated that drugstore chains were under pressure as online retailers such as Amazon grabbed sales of daily items such as toothbrushes and shampoo, as well as pharmacy sales. The global health crisis hastened the e-commerce shift, reducing foot traffic and forcing businesses to find new methods to stay relevant.
- WBA had a strong finish to the year and exceeded expectations. Sales rose to \$34.03 billion from \$30.36 billion a year earlier, exceeding the \$33.76 billion that analysts expected. Walgreens posted a net profit of \$1.20 billion, \$1.38 per share.

CVS



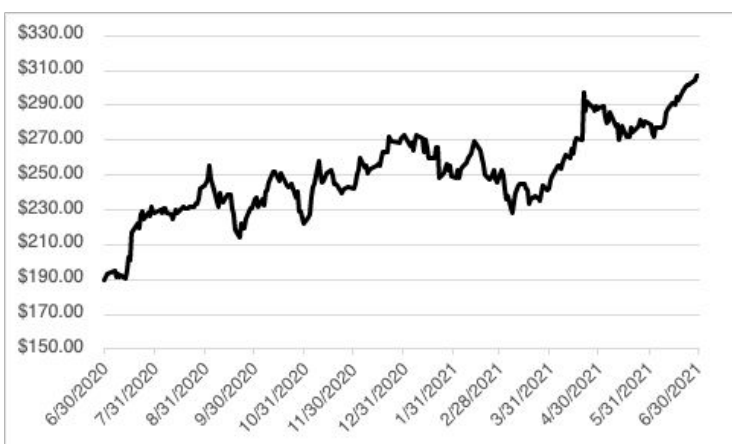
CVS Health Corporation

- Total revenues increased 14.2% for the three months ended June 30, 2021 compared to the prior year primarily driven by increased prescription volume, COVID-19 vaccinations and diagnostic testing and higher front store revenues across all product categories.
- The company generated cash flow from operations of \$8.7 billion, and repaid \$5.4 billion of long-term debt.



Healthcare Holdings

ISRF



Intuitive Surgical, Inc.

- Worldwide da Vinci procedures grew approximately 68% compared with the second quarter of 2020. The second quarter of 2020 reflected significant disruption caused by the COVID-19 pandemic, and the second quarter of 2021 reflected a continued recovery in procedures and included the performance of several procedures that were deferred during the pandemic. The compound annual growth rate between the second quarter of 2019 and the second quarter of 2021 was 16.5%.
- Second quarter 2021 revenue was \$1.46 billion, an increase of 72% compared with \$0.85 billion in the second quarter of 2020. The compound annual growth rate between the second quarter of 2019 and the second quarter of 2021 was 15%. Higher second quarter revenue was driven by growth in da Vinci procedures and system placements. In conjunction with the Company's 2020 COVID-19 Customer Relief Program, second quarter 2020 revenue was reduced by \$59 million for service fee credits provided to customers.

MCK



McKesson Corporation

- AmerisourceBergen, Cardinal Health and McKesson announced on July 21, 2021, that they have negotiated a comprehensive proposed settlement agreement which, if all conditions are satisfied, would result in the settlement of a substantial majority of opioid lawsuits filed by state and local governmental entities. While the companies strongly dispute the allegations made in these lawsuits, they believe the proposed settlement agreement and settlement process it establishes, are important steps toward achieving broad resolution of governmental opioid claims and delivering meaningful relief to communities across the United States.
- McKesson's fourth-quarter total revenues of \$59.1 billion increased 1%. Full-year total revenues of \$238.2 billion increased 3%. Fourth-quarter earnings per diluted share from continuing operations of \$4.15 decreased by \$1.67. Full-year loss per diluted share from continuing operations of (\$28.26) decreased by \$33.25. Full year Adjusted Earnings per diluted share of \$17.21 increased 15%.

Industrials Holdings

Company	Annual Performance	% of Holdings
THE BOEING COMPANY (XNYS:BA)	30.69%	1.33%
BWX TECHNOLOGIES, INC. (XNYS:BWXT)	2.75%	0.46%
CARLISLE COMPANIES INCORPORATED (XNYS:CSL)	62.21%	1.81%
GENERAL DYNAMICS CORPORATION (XNYS:GD)	29.63%	1.07%
HUNTINGTON INGALLS INDUSTRIES, INC. (XNYS:HII)	23.82%	1.09%
3M COMPANY (XNYS:MMM)	31.64%	1.12%
UNION PACIFIC CORPORATION (XNYS:UNP)	32.59%	1.92%

BA

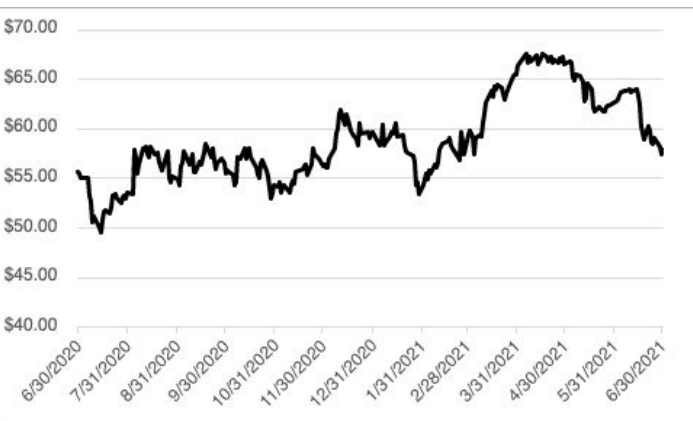
The Boeing Company



- In their Q4 earnings report, BA reported to have lost an approximate \$12 billion in 2020, the highest loss the company has seen, as demand to travel during the pandemic diminished, therefore decreasing the desire to purchase new airplanes.
- The U.S. The Federal Aviation Administration rescinded the order that halted commercial operations of Boeing 737-8s and 737-9s, allowing airlines that are under the Federal Aviation Administration's jurisdiction to take the steps necessary to resume service on previously grounded flights.

BWXT

BWX Technologies Inc.



- BWX Technologies, Inc. received a contract renewal from the US Department of Energy for environmental management work at the Portsmouth Gaseous Diffusion Plant, valued up to \$690 million. The deal went into effect in March 2021, with a one-year extension option and two subsequent six-month options.
- BWXT Nuclear Operations Group, Inc., a subsidiary of BWXT, completed a nuclear fuel line restart project for TRISO fuel. As a result, the company is now producing fuel at its Lynchburg, Va. plant, making the company the only firm in the US executing TRISO fuel production contracts.



Industrials Holdings

GD



General Dynamics Corporaton

- In January 2021, a nuclear weapons ban became international law in 51 countries. While the US (where GD makes 82% of its revenue) was not one of the signatories. General Dynamics said they would continue taking cues from the Department of Defense. GD typically spends about \$10 million a year on lobbying and the current US nuclear modernization plan could cost an estimated \$1.2 trillion, so should their lobby efforts continue to remain successful, this is a lucrative area to stay in despite the international ban.
- For the first quarter of FY21, General Dynamics posted a 7.3% increase in revenue year-over-year, up to \$9.4 billion. All four of their business segments experienced strong growth. The company reported EPS of \$2.48 for the quarter. Throughout the quarter they spent \$744 million on share repurchases.

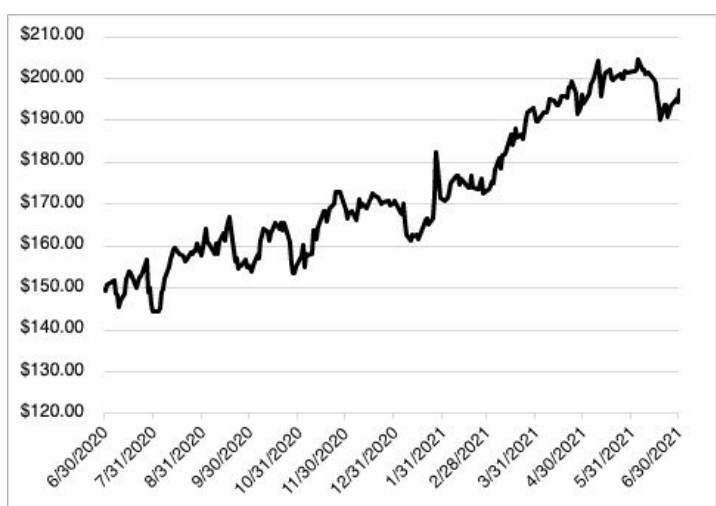
HII



Huntington Ingalls Industries

- HII awarded 100 new scholarships to students for the 2020-2021 school year through its HII Scholarship Fund designed for dependents of the company's employees.
- Huntington Ingalls Industries reported fourth quarter 2020 revenues of \$2.8 billion, up 14.3% from the fourth quarter of 2019. Operating income in the quarter was \$305 million and operating margin was 11.1%, compared to \$186 million and 7.7%, respectively, in the fourth quarter of 2019. Diluted earnings per share in the quarter was \$6.15, compared to \$3.61 in the same period of 2019.

MMM



3M Company

- In the face of continued global challenges, the 3M team executed well and delivered broad-based organic growth, along with strong margins and cash flow. Overall, end-market demand remained strong, and they navigated supply chain disruptions by maintaining a relentless focus on serving and innovating for our customers. Moving ahead, we will continue to invest for the future by investing in strong demand areas aligned with global trends, while improving our operational performance, driving productivity, and advancing sustainability.
- Sales grew 7.1% year-over-year to \$8.9 billion. Organic local-currency sales increased 6.3%.



Industrials Holdings

CSL



Carlisle Companies Inc.

- Carlisle Companies Inc has launched a new ESG-focused website that highlights how the company is delving further into its social and financial responsibility approach to creating value for its stakeholders.
- Carlisle Cos. reported consolidated fourth quarter revenue of \$1.1 billion, with CCM (Carlisle Construction Materials) quarterly sales turning positive on a year-over-year basis. CCM reported record fourth quarter operating margin of 20.4% led by higher year-over-year sales volumes, continued benefits from pricing resolve and raw material cost containment.

UNP



Union Pacific Corporation

- Union Pacific clearly uses a high amount of debt to boost earnings, as it has a debt-to-equity ratio of 222.48. There's no doubt the ROE is impressive (41% 3-yr average), but it's worth keeping in mind that the metric could have been lower if the company were to reduce its debt. Debt increases risk and reduces options for the company in the future, so you generally want to see some good returns from using it.
- Union Pacific Corporation is reporting for the quarter ending June 30, 2021. The transportation company's consensus earnings per share forecast from the 6 analysts that follow the stock is \$2.55. This value represents a 52.69% increase compared to the same quarter last year. Zacks Investment Research reports that the 2021 Price to Earnings ratio for UNP is 22.12 vs. an industry ratio of 7.00, implying that UNP has a high current share price relative to its per share earnings.





Information Technology Holdings

Company	Annual Performance	% of Holdings
APPLE INC. (XNAS:AAPL)	51.20%	9.75%
FORTIVE CORPORATION (XNYS:FTV)	23.66%	0.33%
Lumentum Holdings Inc. (XNAS:LITE)	0.74%	0.67%
MICROSOFT CORPORATION (XNAS:MSFT)	34.40%	5.90%
ORACLE CORPORATION (XNYS:ORCL)	43.16%	2.22%
PAYCHEX, INC. (XNAS:PAYX)	45.94%	0.73%
SPLUNK INC. (XNAS:SPLK)	-27.24%	1.86%
TYLER TECHNOLOGIES, INC. (XNYS:TYL)	30.41%	0.76%
VONTIER CORPORATION (XNYS:VNT)	4.58%	0.06%

AAPL

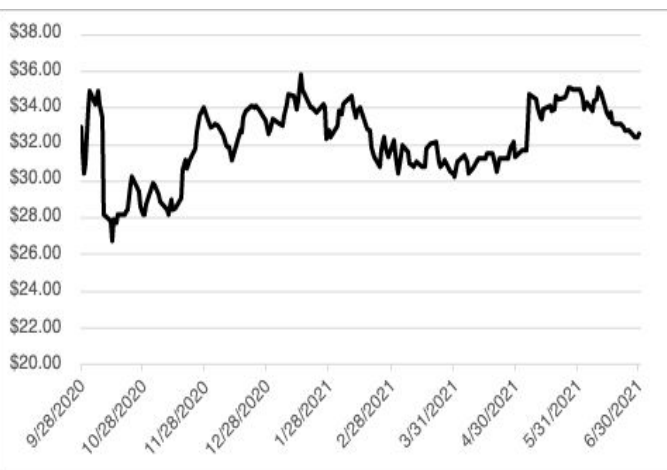
Apple Inc.



- Apple's CFO, Luca Maestri, stated that the September quarter would see less than 36 percent growth due to foreign currency rates, lower growth in the services division, and supply issues for iPhones and iPads. In addition, Apple CEO Tim Cook recently stated that the business is experiencing supply difficulties relating to "silicon" (a generic name for computer processors) that will impair iPhone and iPad sales in the coming quarter.
- Overall, Apple's sales were up 36% this fiscal year. The iPhone sales increased by nearly 50% on an annual basis. For FY21, Apple crushed company records with \$365.8 billion in sales and \$94.7 billion in net income.

VNT

Vontier



- The company held a secondary equity offering of 33.5 million shares of common stock. The shares were being sold by their former parent company Fortive. This came a few months after Vontier formally completed their separation from Fortive and launched themselves as an Independent, publicly traded company.
- For the first quarter of FY21, net earnings were \$91 million an, EPS was \$0.54. Revenue increased 16.1% year-over-year to \$707.4 million, with an increase of core revenue (non-GAAP) of 14.3%. For the full year, Vontier is targeting EPS to be in the range of \$2.55 to \$2.65.

Information Technology Holdings

TYL

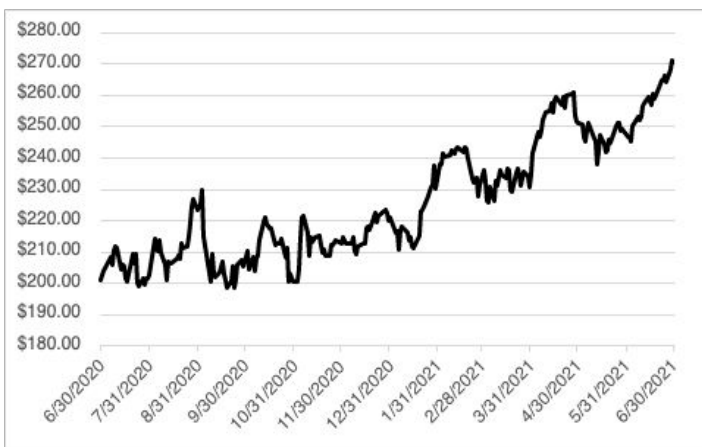
Tyler Technologies Inc.



- Tyler Technologies continues to remain at the top of the public software development space over the fiscal year. The company has had many acquisitions to bolster its growth prospects. The most notable acquisitions included ReadyStub, NIC, and Arx.
- The company reported an estimated EPS of \$1.83 beating consensus estimates of \$1.65 in late 2021. Tyler Tech. posted revenues of \$405.36 million, compared to the previous year's revenue of \$271.33 million.

MSFT

Microsoft Corporation



- Microsoft's tremendous expansion occurred in the face of a growing challenge. According to cybersecurity specialists at Microsoft and other organizations, Russia-linked hackers have increased their efforts in recent months, hacking into technology corporations in an attempt to steal sensitive information. During a prior significant breach, Microsoft and the cybersecurity firm FireEye were both infiltrated.
- In the fiscal year 2021, Microsoft Corporation reported a net income of over 61.27 billion U.S. dollars, which was a significant increase from its FY2020 figure, and a record high. Microsoft's sales revenue also peaked in FY2021 at 168.09 billion.

ORCL

Oracle Corporation



- In the fall of 2020, Oracle made a surprising push along with Walmart to acquire the U.S. operations of TikTok, in a deal supported by former President Donald Trump. However, the deal is now on hold indefinitely under President Biden's administration. Additionally, the U.S. Supreme Court recently sided with Alphabet's Google over Oracle in a major copyright infringement case involving the use of Java software code.
- Fiscal year 2021 total revenues were up 4% year-over-year to \$40.5 billion. Cloud services and license support revenues were up 5% to \$28.7 billion. Cloud license and on-premise license revenues were up 5% to \$5.4 billion. Fiscal year 2021 GAAP operating income was up 9% to \$15.2 billion, and GAAP operating margin was 38%. Non-GAAP operating income was up 9% to \$19.0 billion, and non-GAAP operating margin was 47%.



Information Technology Holdings

PAYX

Paychex



- In FY21 fourth quarter ending May 31st, 2021, PAYX saw record client retention levels and sales results. This was attributed to improving economic conditions and gains in employment, which are directly related to the HR services solutions that Paychex offers. Additionally, Paychex is has increased penetration in the solutions they provide, with notable additions including HR outsourcing, retirement services, and attendance.
- Total revenue for fourth quarter ending May 31st, 2021 increased 12% year-over-year to \$1.03 billion. Operating Income increased 18% year-over-year to \$353.8 million. Dividends paid to stockholders for FY21 increased to 83% of net income from 81% of net income in FY20.

SPLK

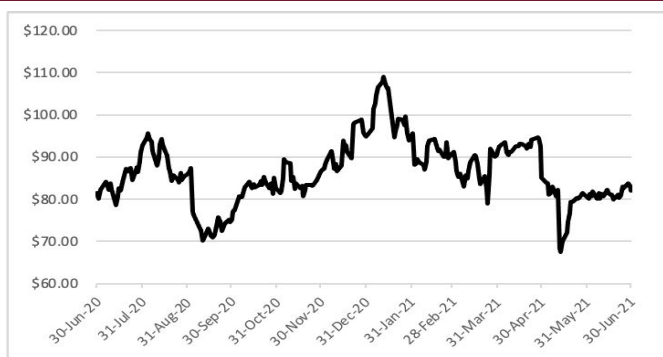
Splunk Inc.



- The company has recently announced the introduction of its new technologies including artificial intelligence (AI). With this new technology, they will increase the security measures and malfunction issues in order to provide their clients with a safer peace of mind.
- Their total revenue increased from \$1.83 billion to \$2.22 billion. If they continue on their path, they could grow to be in a \$1 trillion market within the next 10 years.

LITE

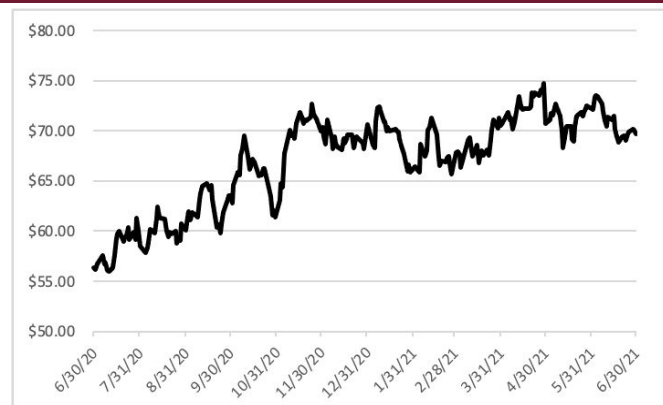
Lumentum Holdings Inc.



- On June 8th, 2021, they announced they were partnering with Ericsson, Nokia, and other industry participants in mobile optical pluggables (MOPA) joint technical paper.
- For their Q3 reported on May 12th, 2021, they reported \$419.5 Million in revenue, their short-term assets are up \$354.3 Million since Q2, and project Q4 revenues to be \$360-400 million.

FTV

Fortive Corp.



- The company owns Zacks Electronics which has been ranked in the top 10% for research companies in the last 2 quarters. The company plans to invest more frequently in these programs in order to innovate new products and designs.
- According to their Q3 earnings that were released on October 28th, the company was able to produce earnings of \$0.66, delivering a surprise of 8.20%. Over the last three quarters, they have surpassed consensus EPS estimates each time.





Materials Holdings

Company	Annual Performance	% of Holdings
AIR PRODUCTS AND CHEMICALS, INC. (XNYS:APD)	21.56%	1.42%
AXALTA COATING SYSTEMS LTD. (XNYS:AXTA)	35.21%	0.50%
UNITED STATES STEEL CORPORATION (XNYS:X)	233.66%	0.22%

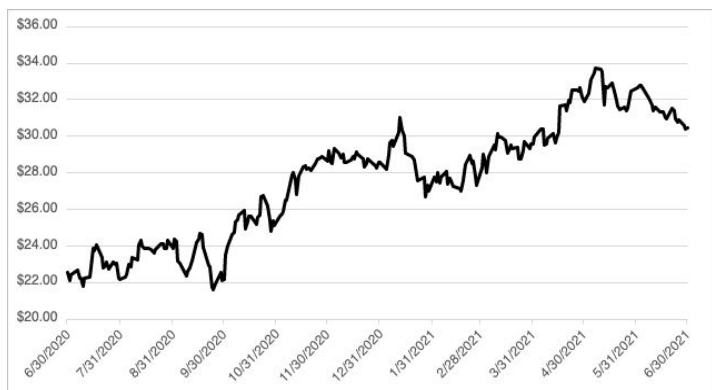
APD



Air Products & Chemicals, Inc.

- Over FY21, Air Products' EPS has remained rather close to the gains in share price. This suggests that market sentiment has not changed, and Air Products will continue to be a world leader in providing chemicals and gases to its customers.
- APD expects EPS to jump from \$8.95 to \$9.10, up 7-9% this fiscal year. The company has sales of \$8.9 billion over the period and has a current market capitalization of \$65 billion.

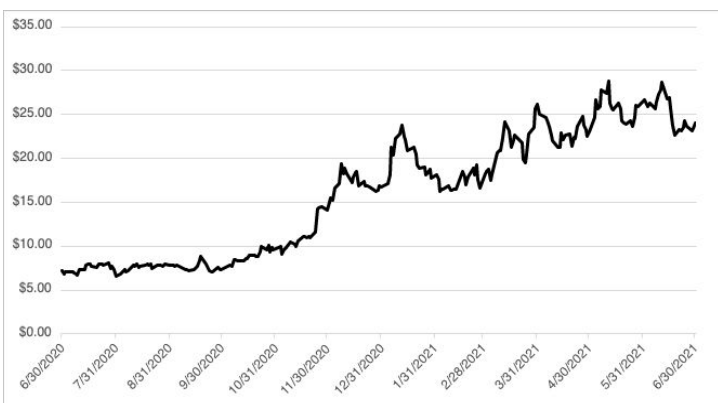
AXTA



Axalta Coating Systems Limited

- Over the fiscal year, Axalta has been focused on creating substantial shareholder value through the innovation and technological improvements of its value-added battery coatings. The company provides a unique and useful product that is becoming useful, especially in the sustainable electric vehicle market.
- The company is anticipating growth projections of organic net sales to be around 4-5% through 2024. The company expects to achieve an adjusted earnings per share of \$3.10, and \$2.4 million in free cash flow to fund acquisitions and share repurchases.

X



United Steel Corporation

- Investors were cheering due to the announcement of a \$300 million dollar stock buyback program. CEO David Burritt commented, "We have made substantial progress on our announced deleveraging plans and expect to complete our incremental \$1 billion target by the end of the year and ahead of schedule. Our expected \$3.1 billion of total 2021 deleveraging combined with our robust cash and liquidity position has also allowed us to confidently begin executing organic growth investments aligned with long-term value creation."
- On the Q3 earnings call, U.S. Steel reported net earnings of \$2.002 billion or \$6.97 per diluted share. During the same time 1 year prior, the company was facing a net loss of around \$234 million. The Q3 earnings almost doubled the net earnings in Q2.



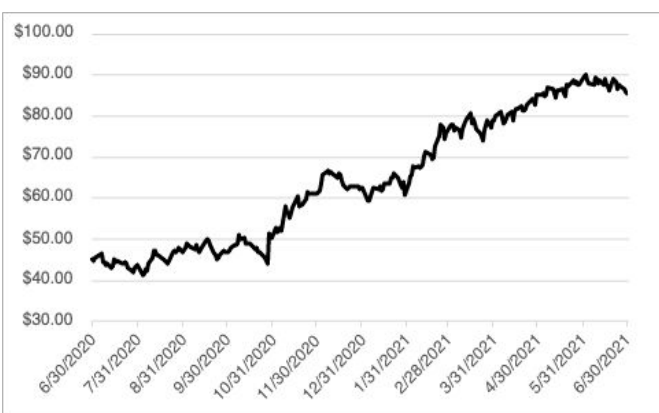


Real Estate Holdings

Company	Annual Performance	% of Holdings
CBRE GROUP, INC. (XNYS:CBRE)	89.58%	1.12%
HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL, INC. (XNYS:HASI)	103.65%	0.90%

CBRE

CBRE Group, Inc.



- The company leadership changes within its Real Estate Investments business segment and Real Estate Development subsidiary Trammell Crow Company. Then CEO of Trammell Crow, Matt Khourie, transitioned into the newly created position of Chief Investment Officer of Real Estate Investments. He is set to focus on allocating CBRE's equity capital into direct real estate investments.
- There has been weak growth in revenue but strong growth in net income. From Q1 of FY20, to Q2 of FY21, revenue was up 0.8% but net income was up 15.1% due to CBRE keeping costs in control. Adjusted EPS increased 15.2% but free cash flow decreased 0.8%.

HASI

Hannon Armstrong Sustainable Infrastructure Capital, Inc.



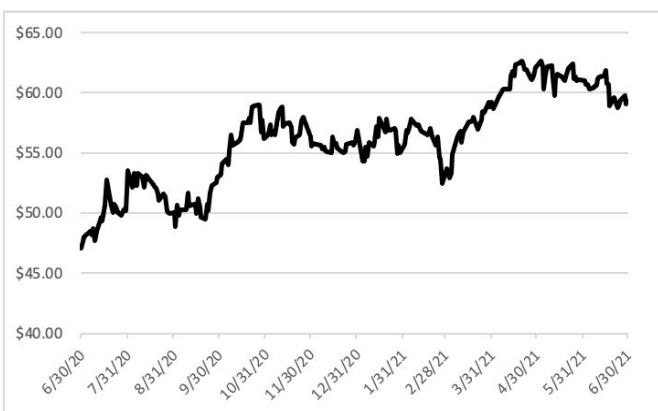
- HASI linked with ENGIE on a 2.3GW portfolio of wind and utility-scale solar assets. The partnership combines HASI's experience in long term climate change investments with the operations experience of ENGIE. This portfolio will significantly increase and diversify Hannon Armstrong's balance sheet portfolio and support continued growth in recurring Net Investment Income.
- For Q1 FY21, Hannon Armstrong delivered a \$0.61 EPS compared with \$0.35 for the same period in 2020. Established \$400 million sustainability-linked unsecured revolving credit facility with 10 relationship banks in April. Grew Portfolio 38% year-over-year to \$2.9 billion and increased managed assets 19% to \$7.4 billion. Declared dividend of \$0.35 per share.



Utilities Holdings

Company	Annual Performance % of Holdings	
PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED (XNYS:PEG)	19.72%	0.21%
WASTE MANAGEMENT, INC. (XNYS:WM)	42.56%	1.72%

PEG



Public Service Enterprise Group, Inc.

- Public Service Enterprise Group has announced that they will increase their 2021 to 2025 utility spending bill by \$1 billion, to \$14 billion, to \$16 billion. This will in turn strengthen their compound annual growth rate from 6.5% to 8%. These increases are detrimental to combating climate change with their new and improved energy efficiency plans.
- Their total assets from 2020 to 2021 have increased by 1.05% and totaled over \$49.292 billion. While their total liabilities increased by .38% with a total of \$33.41 billion.

WM



Waste Management

- WM invested \$100 million in new recycling infrastructure technology this past year and continues to make strides in fleet emissions reduction, lowering its absolute greenhouse gas, and powering 55 percent of its more than 19,000 fleets of vehicles with renewable natural gas.
- In the third quarter of 2021, revenue increased \$260 million in the Company's collection and disposal business, excluding the impact of acquisitions and divestitures, compared to the third quarter of 2020. The increase was driven by \$137 million in sales volume increases and \$123 million of growth from profit.



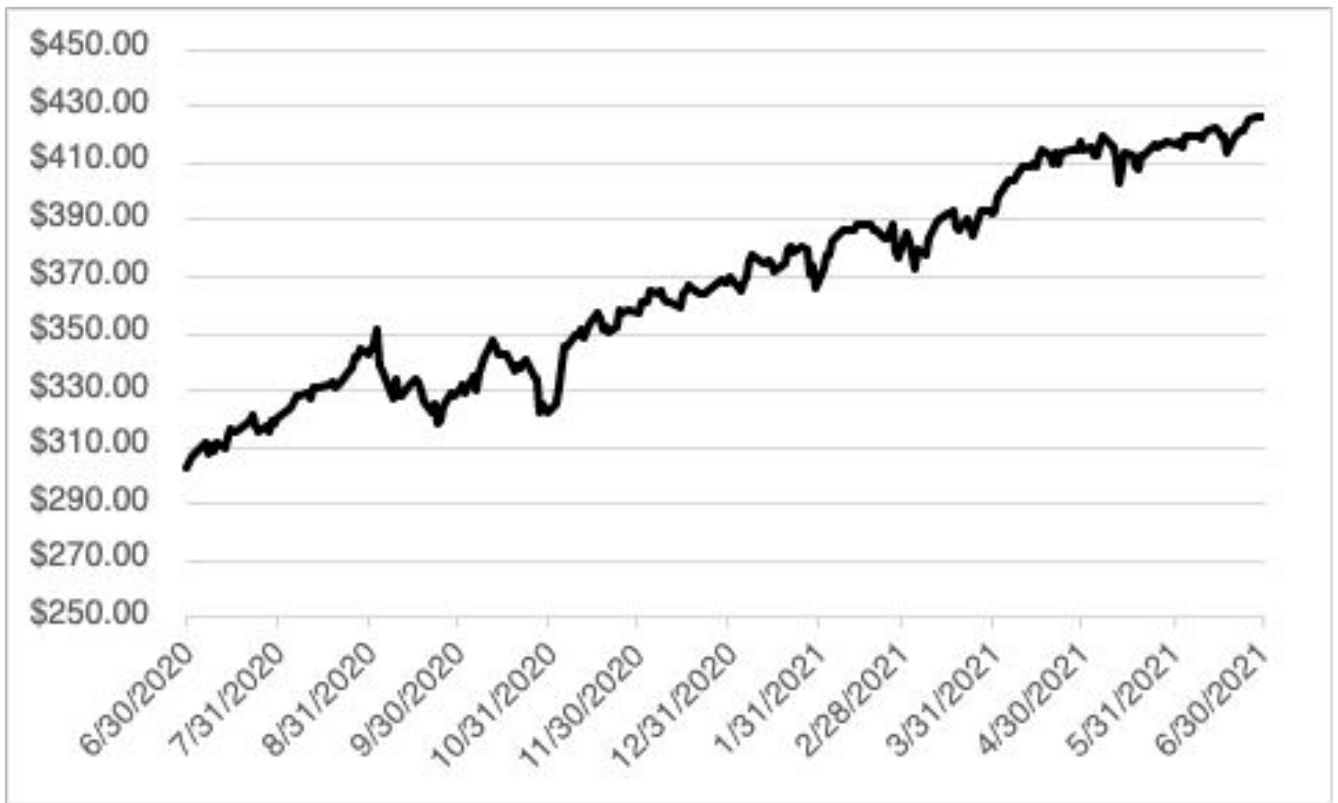


Index & Mutual Funds

Company	Annual Performance	% of Holdings
SPDR S&P 500 ETF (ARCX:SPY)	40.89%	5.62%
Vanguard Hlth Cr Idx;ETF (ARCX:VHT)	29.94%	0.56%

SPY

SPDR S&P 500 ETF



VHT

Vanguard HealthCare Index ETF



Alumni Spotlight

Keith Torres



Graduation year: May 2019

AIM Officer Positions: Fund Manager, Vice President of Alumni Relations

Current employer: JPMorgan Chase & Co.

Position: Global Corporate Bank Analyst

How did the knowledge gained in AIM help you in your career?

Looking back on AIM, it helped me immensely in three key areas of my career: soft skills, market analysis, and valuation. As an AIM Analyst and Fund manager, I had to develop public speaking skills, learn how to collaborate with multiple people for an overall goal of driving returns for the Foundation, and deliver presentations both for the stock pitch and the fund performance that is delivered yearly to the KUF. Having those experiences instilled confidence that I now use today when speaking to senior bankers on a deal we are executing, collaborating with multiple departments for key assumptions, and working with numerous people to drive execution for our clients and ensure satisfaction. The market analysis and valuation skills Dr. Walker instilled in the class still provide everyday use in my role today. Keeping abreast of the market by reading the news in the WSJ or FT, paying attention to the economic macro indicators Dr. Walker had us learn, and understanding the different valuation methodologies to drive a relative and intrinsic valuation on a company is something that is discussed quite frequently in my role and is used for every deal we lead or participate in. Overall, AIM was a wonderful class that helped jumpstart my career as an Analyst in the banking industry.

What skills did the AIM program help enhance?

From a quantitative aspect, AIM helped develop my analysis and valuation skills. Although CapitalIQ gave DCF ranges that seemed off at times, combining the DCF along with relative analysis and industry analysis is something that I conduct in my everyday role now, whether for a refinancing of core facilities or looking at committing to a newly pitched M&A/IPO deal. From a qualitative front, having to present three times in front of your fellow analysts was challenging enough, but having to answer the onslaught of questions from Dr. Walker was the true character builder. Although frightening at the time, delivering those stock pitches, co-leading the class for a semester, and delivering the fund performance to the KUF proved valuable to my career now when I have to deliver solutions to clients, present models and their inputs to a host of senior bankers, and answer questions day or night at rapid speed.



Alumni Spotlight

Hanna Templin**Graduation year:** Spring 2020**AIM Officer Positions:** Vice President of Technology**Current employer:** Objective, Investment Banking, and Valuation**Position:** Investment Banking Analyst**How did the knowledge gained in AIM help you in your career?**

The knowledge from the class helped to give me talking points throughout interviews. The assignments and work you do throughout the class is above a regular class and more closely relatable to people out in a corporate job. The class also taught me how to follow general economic/financial news and how to discuss it with others in and out of the financial industry. Being able to have a general working knowledge of what is going on around you is important because you could have co-workers or clients strike up conversations about current events.

What skills did the AIM program help enhance?

The program helped me learn how to collaborate with others in an intelligent atmosphere. You really learn how to cultivate what you want to say in a meaningful/impactful way. It also helped me to learn how to stand up for your ideas and ensure they are heard and understood. It also is the only class that will emphasize the smaller details while creating presentations like fonts, placing logos, picture/graph placement, etc.





Special Thanks

Dear Kutztown University Foundation,

We would like to express our profound gratitude for your continued support on behalf of the Applied Investment Management Committee. Many of the modern investment and portfolio techniques that we learn in the classroom are put into practice at AIM, using financial databases and research tools made available by you and the College of Business. Throughout the fiscal year, senior and junior analysts have improved their analytical, presentational, collaborative, and leadership abilities, offering us a competitive advantage over our peers as we progress into our respective careers in the financial industry. More so, the A.I.M. program is a major talking point as analysts attend interviews for internships, part-time, and full-time careers.

The Foundation's commitment to excellence has resulted in a significant increase in investment awareness on campus. The A.I.M. Association welcomes students from all departments to educate them on the risks, rewards, importance of financial planning, and the overall characteristics of the financial sector to better prepare these young adults for a healthy financial future.

We thank you once again for this great opportunity, and we value your commitment to our success.

Sincerely,
The A.I.M. Committee

