SOUTHERN ILLINOIS UNIVERSITY
SALUKI STUDENT INVESTMENT FUND

Annual Report

June 30, 2020

Southern Illinois University – Carbondale

About the Saluki Student Investment Fund

The Saluki Student Investment Fund (SSIF) exists to provide SIUC undergraduate students with hands-on experience in portfolio management and investment research. As such, the SSIF is modeled after real investment management firms. SSIF students are focused on making the best investment decisions possible on behalf of their primary client, the SIU Foundation. The SSIF's investment philosophy is to capitalize on investment opportunities through focused fundamental research. The SSIF's competitive advantage is our students' unique and unbiased perspective and their ability to spot opportunities in the markets, especially those that are driven or favored by their generation.

SSIF members work in teams that focus their research on companies within specific sectors, such as information technology, financial services, and healthcare. Each team's goal is to choose the best companies within their sector that give the portfolio the best chance to outperform the mid-cap equity benchmark (the S&P 400 total return index SPTRMDCP). This allows students to put their class lessons to work in a professional environment. Moreover, students learn to collaborate and to take responsibility for their analysis and decisions as they must support their ideas.

The SSIF is open all students from any major. In the past, most members have been from the College of Business, but students from other colleges within the University are welcomed. In recent years, SSIF students have been majors in Finance, Business Economics, Accounting, Marketing, Management, Mathematics, Physics, Engineering, Health Care Management and Political Science.

As of June 30, 2020, the SSIF manages a total of $2,266,086.91.

History of the SSIF

The SSIF was established in May 2000 through the generosity of Mr. Omar Winter and his wife Carol, both alumni of Southern Illinois University Carbondale. Mr. and Mrs. Winter provided $25,000 to start the student investment fund. Shortly thereafter, the SIU Foundation provided $200,000 for the students to manage on its behalf – in essence, the SIU Foundation hired the SSIF as one of its portfolio managers. The goal of Mr. and Mrs. Winter and the SIU Foundation was to provide SIUC undergraduate students with hands-on experience in portfolio management and investment research.

Dr. Mark Peterson, Gordon & Sharon Teel Professor of Finance, was the inaugural faculty advisor to the SSIF and remained its advisor over its first decade. During that first decade, the SSIF's assets under management (AUM) grew to more than $325,000 with participation from more than 60 SIUC undergraduates. When Dr. Peterson stepped up as Chair of the Department of Finance in 2010, Dr. Jason Greene, Rehn Professor of Finance, became the SSIF faculty advisor.

In April 2011, the SSIF proposed to the SIU Foundation to increase its AUM from approximately $370,000 to $1,000,000. In recognition of the students' diligence, the SIU Foundation approved the increase and transferred the additional $630,000 to the SSIF's fund in May of 2011. After the May 2015 SIU Foundation meeting, a $2,000,000 AUM cap was established for the portfolio to mitigate the percentage that the students managed portfolio contributes to the overall endowment.

Dr. Xiaoxin Wang Beardsley, Associate Professor and Hamilton Family Faculty Fellow in Finance, joined and assisted Dr. Greene in advising the SSIF from the Fall semester of 2014 after Dr. Greene stepped up to become the Interim Dean of the College of Business at SIU Carbondale.

After the Spring 2016 semester, Dr. Greene stepped away from the SIU College of Business and SSIF. Clinical Assistant Professor, Dr. Timothy Marlo, took the reins as faculty advisor of the SSIF at the beginning of the Fall 2016 semester. In November 2017, the SSIF hit the AUM cap, and $500,000 was transferred back to the SIU Foundation. On August 30, 2018, the SIU Foundation approved the merge of the Graduate Student Investment Fund with the SSIF, transferring $870,214 and increasing the AUM cap to $3,000,000.

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Executive Summary

This Annual Report is made to the SIU Foundation by the Saluki Student Investment Fund (SSIF) and discusses the performance of the SSIF for the fiscal year (FY) ending June 30, 2020. The report begins with an annual review followed by a summary of portfolio rebalancing. A summary of investment policies and procedures is also provided. During FY 2020, the SSIF remained focused on managing the allocated capital in a manner that is consistent with its investment mandate. The mandate is to remain fully invested in mid-cap U.S. equities with the S&P 400 Midcap Index as a benchmark. A summary of the current organizational structure is included. The report concludes with the FY 2021 outlook of the Saluki Student Investment Fund followed by a list of resolutions, and a complete member roster for the SSIF during the FY 2020.

Over the past fiscal year, SSIF portfolio beat the benchmark. This performance can be evaluated in detail on the monthly returns chart. The SSIF does not focus on this short-term outperformance but rather continues to focus on outperforming the benchmark over the long-term by operating on an active, fundamental, and value-focused strategy. Included is an attribution report of the returns by contributions from sector allocation and stock selection. The SSIF's investment process creates value through stock selection; therefore, the SSIF strives to remain sector neutral in the allocation of its assets by tracking the benchmark sector weightings as closely as possible. An individual stock's contribution to performance is noted, followed by a breakdown of how the teams' investment views guided the stock purchase/hold/sell activities in FY 2020.

Looking forward, the SSIF will continue to work diligently to adhere to the SSIF investment philosophy to generate sustainable returns while maintaining focus on long-term success in the future. We will also continue to improve the performance of the fund as well as the learning experience of the members in FY 2021.

Thank you for your continued support,

The Saluki Student Investment Fund

Overview

Annual Review

After the correction the markets experienced in 2018, 2019 brought with it a substantial rebound to stocks, bonds, oil, and gold. Much of this recovery could be attributed to action taken by the Fed through rate cuts, as well as the announcement of the first phase of a trade agreement between the U.S. and China. This climb continued into 2020 but was ultimately cut short due to the COVID-19 pandemic, which would substantially impact the markets and the global economy. Energy markets were also shaken by the oil price war between Saudi Arabia and Russia, which created significant pressure on commodity prices. The Federal Reserve has taken notable action in their response to this crisis, however, through further rate cuts, expanded quantitative easing, substantial lending to small and medium-sized businesses, and more.

We still hold to our belief that there is attainable value in mid-cap stocks, particularly in the S&P 400 Index, and that we are well-equipped to find this value. Over the course of the year, we made a significant effort to continue developing a well-documented, repeatable process for future members to continue outperforming the benchmark over the long-term.

FY 2020 also included discussions and changes to our portfolio strategy, as well as new developments to our operating policies. We were also fortunate to host lessons from industry professionals, professors, and experienced Fund members to better educate our members about our investment process. We also engaged in company visits with Oshkosh and Edward Jones. Continuing into 2020, we are confident in our abilities and are excited for the opportunities that lie ahead.

Performance Review

The SSIF measures its relative return compared to the S&P 400, particularly the SPTRMDCP Index. Further discussion on performance begins on page 12, including historical performance since the inception of the Fund. This past fiscal year, the SSIF outperformed compared to the S&P 400 by 1.95%. In addition, the Fund has outperformed the benchmark over the 3, 5, 10, and 15 Year periods. Beating the benchmark is not an easy task. But by remaining vigilant to its investment philosophy and finding undervalued companies, the SSIF hopes to continue outperforming the benchmark in upcoming FY 2021.

Portfolio Rebalancing

Table 1 shows the SSIF portfolio sector weights over the calendar year. One of the goals of the SSIF, as instructed by the sector neutral policy, is to remain within a +/- 2% margin compared to the benchmark S&P Midcap 400 Index in each sector's weight. All sectors remained this parameter.

Table 1: Sector Weights in SSIF Compared to Those in the S&P 400

As of 6/30/2020				As of 06/30/2019			
Sector	SSIF	Benchmark	Diff.	Sector	SSIF	Benchmark	Diff.
Consumer Discretionary	14.40%	14.79%	-0.39%	Consumer Discretionary	12.41%	12.18%	0.23%
Consumer Staples	3.69%	3.36%	0.33%	Consumer Staples	2.48%	2.69%	-0.21%
Energy	1.47%	1.63%	-0.16%	Energy	3.21%	3.14%	0.08%
Financials	14.89%	14.87%	0.02%	Financials	16.73%	16.98%	-0.24 %
Health Care	11.00%	12.04%	-1.04%	Health Care	9.59%	9.70%	-0.11%
Industrials	15.73%	15.86%	-0.13%	Industrials	15.45%	15.92%	-0.47%
Information Technology	16.63%	16.26%	0.37%	Information Technology	16.01%	15.62%	0.39%
Materials	6.08%	6.03%	0.06%	Materials	6.22%	6.47%	-0.25%
Real Estate	9.75%	9.13%	0.63%	Real Estate	10.26%	10.08%	0.19%
Communication Services	1.81%	1.89%	-0.08%	Communication Services	2.61%	2.53%	0.07%
Utilities	4.17%	4.15%	0.02%	Utilities	4.69%	4.70%	-0.01%

Table 2: Number of Stocks in SSIF and the S&P 400

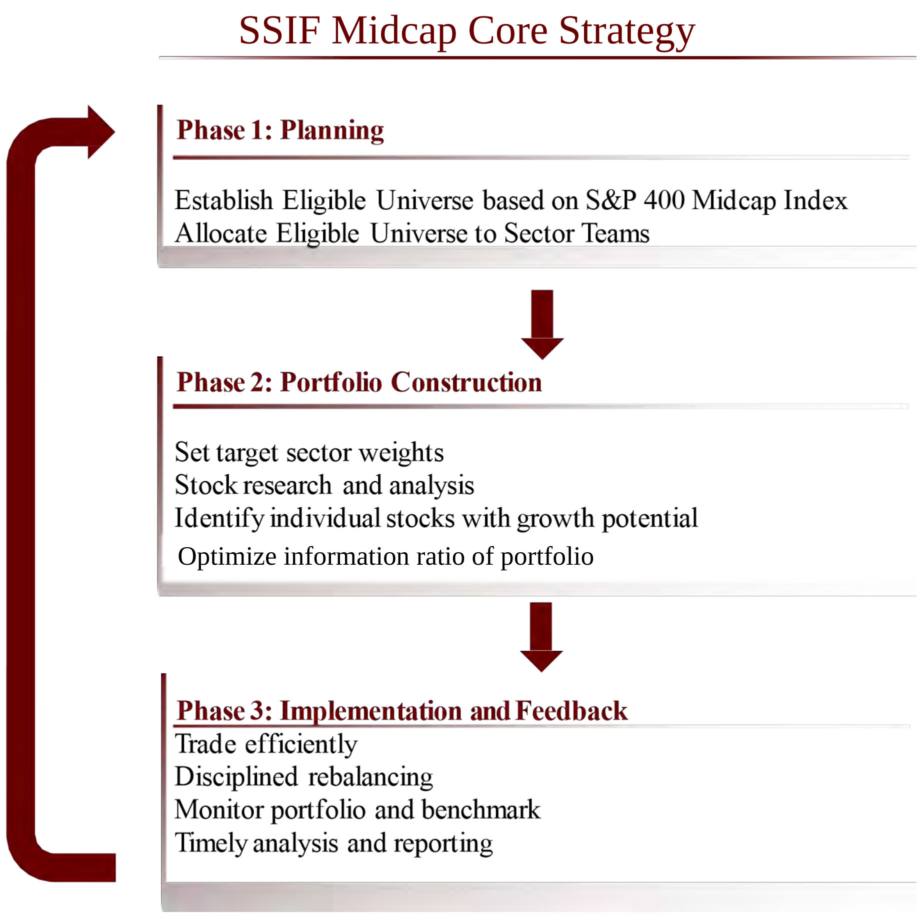
	As of 6/30/2020	As of 6/28/2019
Stocks in the SSIF	40	44
Holdings in the S&P 400	38	44

Investment Philosophy and Process

Investment Philosophy

- SSIF believes markets are generally efficient; however, opportunities exist for a fundamental active strategy to outperform a passive benchmark.
- SSIF aims to capitalize on these opportunities by focusing on mid-cap stocks that are potentially less researched than large cap stocks; yet have sufficient liquidity and available value-relevant information.
- SSIF's competitive advantage originates from focused research and an unbiased student perspective of the market, operating outside of potential distractions of large investment management firms.

Investment Process



Eligible Universe

The eligible universe resolution states that the SSIF will have a minimum of 75% of the total portfolio value invested in stocks that are constituents of the benchmark S&P 400 Midcap Index. Also, the SSIF may not hold any stock that is a constituent of the S&P 500 or S&P 600 index. So, as to avoid imposing on the diversification efforts of the overall university endowment, we will sell any holdings that move into these indices. The SSIF portfolio may be invested in stocks outside the S&P 400 only if the market capitalizations of those stocks are within 10% to 90% market capitalization of the constituents in the S&P 400 Index. No more than 25% of the total portfolio can be in stocks outside the S&P 400. The eligible universe resolution became effective as of October 1, 2010.

Sector Weights

The sector weight resolution states that the SSIF will normally maintain a sector weight of +/- 2% of the benchmark sector weights. Deviations outside of this range will be remediated in an orderly manner with the consideration of transaction fees. If it is the decision of the SSIF members to allow for an overweighting of a certain sector, a strong thesis should be presented to the group and the thesis must pass with a majority vote. The sector weights resolution became effective on October 26, 2010.

Equity Weights

The equity weight policy states that SSIF will not hold any stock in a weight above 5%. This is to protect the portfolio from excessive risk from overexposure to one stock. Any equity exceeding the 5% weight will be sold off in a disciplined manner. The team will perform quantitative optimization to rebalance individual equity weights and sector weights according to their targets.

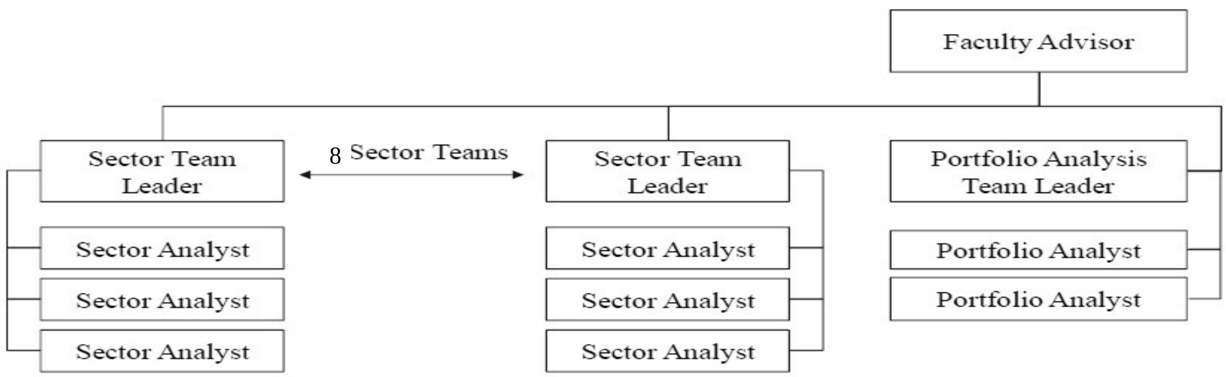
Cash Balance

The cash balance policy reflects the mandate given to the SSIF by the SIU Foundation to be fully invested. The SSIF cash balance policy states that the SSIF will hold no more than 1% cash (with an ideal target zone of 25bps to 75 bps) in the portfolio at any time unless there is a proposed trade within two weeks' time. Allowing more than 1% cash for a short time-period helps to reduce trading costs. This recognizes the potential need for the SIU Foundation to withdraw cash periodically. If the cash balance exceeds 1% when no trade is anticipated in the near future, purchasing a S&P 400 Exchange Traded Fund (ETF) will equitize the excess of 75bps. Finally, if the cash in the portfolio falls below 25bps, appropriate actions will be taken to raise the cash back to the 75bps target. The cash balance resolution became effective as of October 26, 2010.

Organizational Structure

The Saluki Student Investment Fund is an investment group in which students can apply classroom lessons as professionals within an organization that operates as a real investment management firm. Students have full responsibility for researching companies and making buy/sell decisions. The responsibilities of the SSIF are divided into different categories and are assigned based on experience and general interest in a specific duty. Those duties include, but are not limited to:

Portfolio Analyst: Monitors equity positions and sector weights, performs quantitative optimization of the portfolio for trading and re-balancing, and does monthly performance attribution of stocks and sectors for internal analysis.
Team Leader: Has the responsibility of mentoring sector analysts, as well as providing guidance for buy/sell decisions.
Sector Analyst: Provides information for the sector team on companies either in the portfolio or those that are potential purchase targets.
Faculty Advisor: Advises the SSIF in all activities.



The teams are broken down into Global Industry Classification Standards (GICS) and are as follows:

Consumers & Communication	Industrials
Energy & Utilities	Information Technology
Financials	Materials
Health Care	Real Estate

Performance Analysis

Table 3 below shows the SSIF performance against the S&P 400 benchmark for various holding periods. The SSIF posted a loss of 4.75% over the past fiscal year, and the S&P 400 posted a loss of 6.70% resulting in an SSIF outperformance of 1.95% for FY 2020. In order to continue to beat the benchmark over the long-term, the SSIF remains committed to fundamental research, analysis, and valuations to select stocks with potential to provide growth and outperformance over extended future periods. The goal of the SSIF is to continue to outperform the S&P 400 Benchmark over the 10 and 15-year periods while controlling risk relative to the benchmark. By tirelessly working toward this goal, the SSIF adds value to the SIU Foundation's portfolio over time while limiting the risk of significant short-term underperformance of the S&P 400 Midcap core benchmark.

Table 3: Performance Summary

As of June 30, 2020

	Quarter	Calendar YTD	1-Year	3-Year	5-Year	10-Year	15-Year	Since Inception
SSIF	**18.95%**	**-15.12%**	**-4.75%**	**3.06%**	**6.09%**	**12.75%**	**9.51%**	**7.63%**
S&P 400 Benchmark*	24.07%	-12.78%	-6.70%	2.39%	5.22%	11.34%	8.21%	8.33%
Difference	*-5.12%*	*-2.34%*	*1.95%*	*0.67%*	*0.87%*	*1.41%*	*1.30%*	*-0.70%*
Tracking Error**			4.80%	4.77%	4.19%	3.56%	4.20%	5.19%
Information Ratio***			0.41	0.14	0.21	0.40	0.31	-0.13
Months > Benchmark			50%	44%	52%	52%	51%	49%

Periods greater than one year are annualized.
Inception: June 30, 2000
* Performance of the benchmark is reported for the S&P Midcap 400 Total Return Index (Source: Bloomberg SPTRMDCP Index)
** Tracking error is annualized and based on monthly return differences relative to the benchmark.
*** Information ratio is the ratio of the annualized relative return divided by the tracking error
SIU Foundation Portfolio value as of June 30, 2020: $2,266,086.91

Over the years, students of the SSIF were relentless and dedicated to the investment philosophy and process of the SSIF which contributed to its outperformance over the benchmark for the most recent 3, 5, 10, and 15-year periods.

Figure 1: Annualized Average Return

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
SSIF	**-2.62%**	**-13.03%**	**-4.01%**	**18.75%**	**19.31%**	**12.95%**	**24.99%**	**-5.28%**	**-29.40%**	**24.67%**
S&P 400 Benchmark*	8.87%	-4.72%	-0.71%	27.99%	14.03%	12.98%	18.51%	-7.34%	-28.02%	24.93%
Difference	*-11.50%*	*-8.31%*	*-3.29%*	*-9.23%*	*5.29%*	*-0.03%*	*6.49%*	*2.05%*	*-1.38%*	*-0.26%*

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
SSIF	**48.10%**	**-1.34%**	**25.31%**	**24.12%**	**8.69%**	**4.59%**	**17.40%**	**10.10%**	**4.38%**	**-4.75%**
S&P 400 Benchmark*	39.38%	-2.33%	25.18%	25.24%	6.40%	1.33%	18.57%	13.50%	1.36%	-6.70%
Difference	*8.72%*	*0.99%*	*0.12%*	*-1.11%*	*2.29%*	*3.26%*	*-1.16%*	*-3.40%*	*3.01%*	*1.95%*

Calendar Year	2000**	2001	2002	2003	2004	2005	2006	2007	2008	2009
SSIF	**-2.88%**	**-10.12%**	**-19.13%**	**34.14%**	**13.69%**	**13.97%**	**13.64%**	**9.93%**	**-34.43%**	**30.84%**
S&P 400 Benchmark*	9.41%	-0.60%	-14.51%	35.62%	16.48%	12.56%	10.32%	7.98%	-36.23%	37.38%
Difference	*-12.30%*	*-9.52%*	*-4.62%*	*-1.48%*	*-2.79%*	*1.42%*	*3.32%*	*1.95%*	*1.80%*	*-6.54%*

Calendar Year	2010	2011	2012	2013**	2014	2015	2016	2017	2018	2019
SSIF	**32.59%**	**3.40%**	**16.25%**	**15.15%**	**6.90%**	**2.50%**	**18.68%**	**16.72%**	**-9.50%**	**-15.12%**
S&P 400 Benchmark*	26.64%	-1.73%	17.88%	14.59%	9.77%	-2.18%	20.74%	16.24%	-11.08%	-12.78%
Difference	*5.94%*	*5.13%*	*-1.63%*	*0.56%*	*-2.87%*	*4.67%*	*-2.05%*	*0.47%*	*1.59%*	*-2.34%*

Figure 2: Cumulative Chart

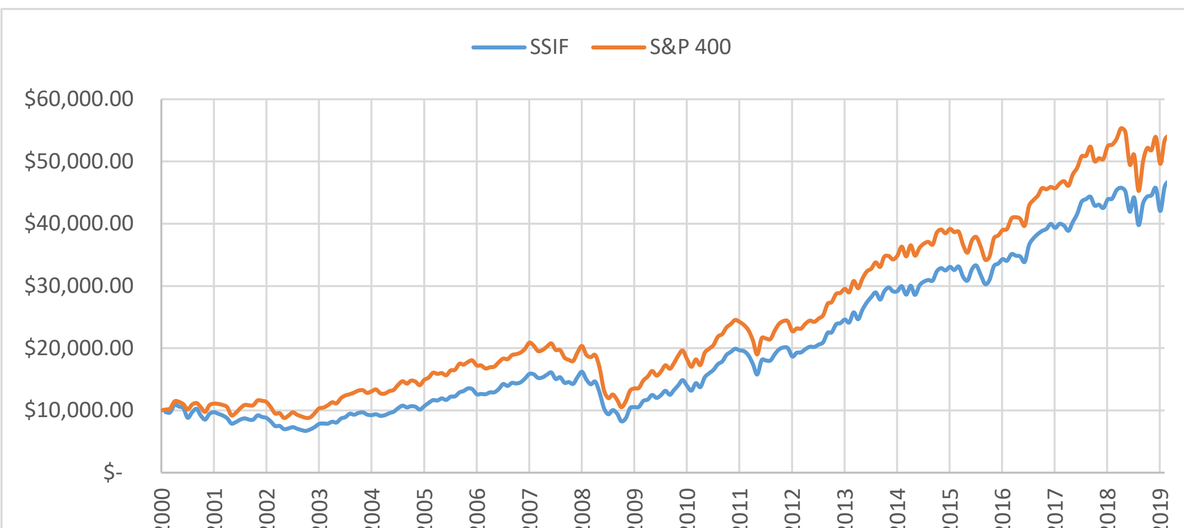


Figure 2 shows the hypothetical growth of $10,000 since the Fund's inception date of May 2000. The ending June 30th, 2020 amount for the SSIF would be $43,763 and the S&P Midcap Index would be $49,835.

Figure 3 shows the returns for the SSIF relative to the benchmark over each month during FY 2020. The SSIF outperformed the benchmark for FY 2020 for 6 out of 12 months.

Figure 3: Monthly Returns during Fiscal Year 2020

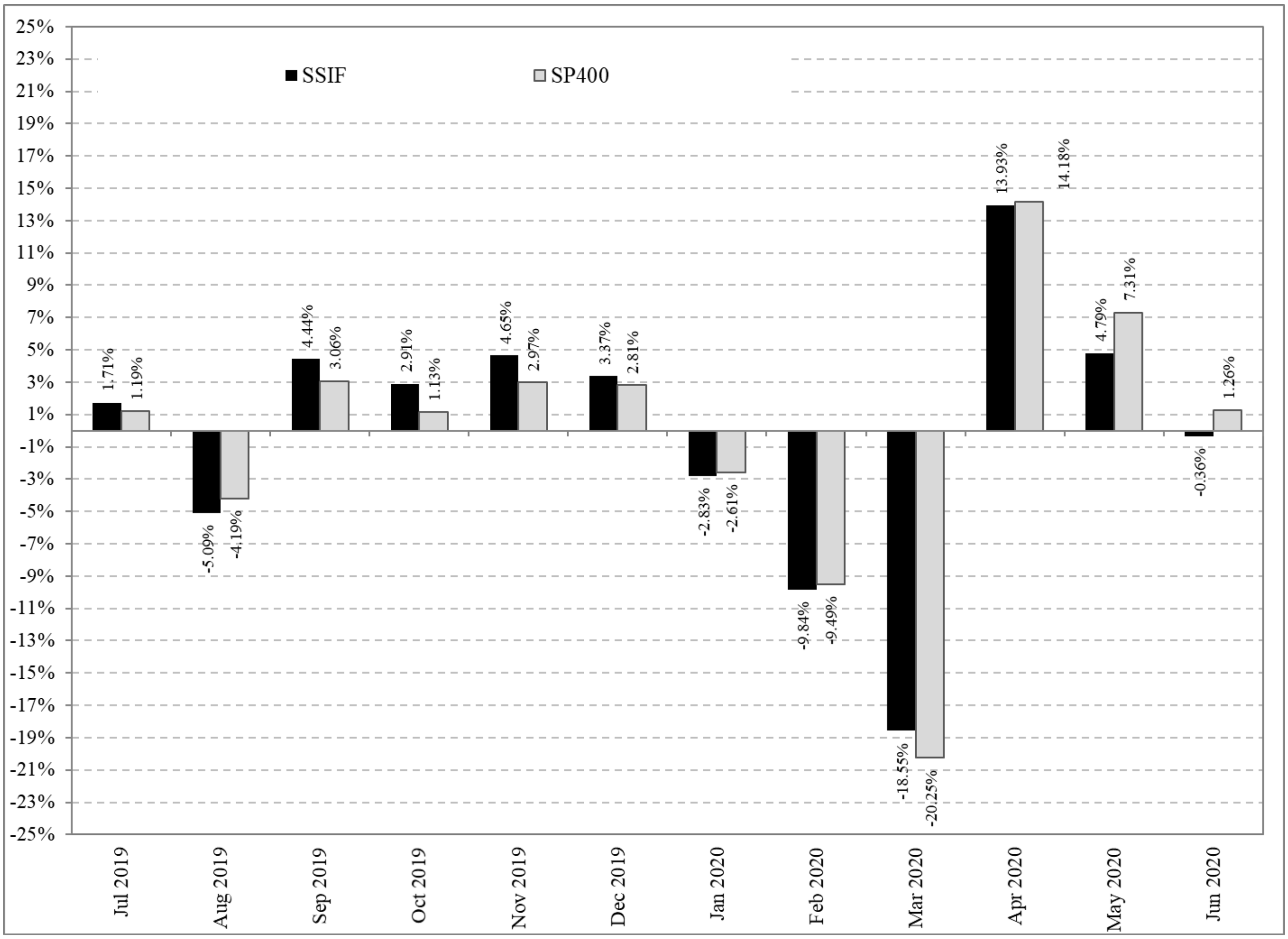
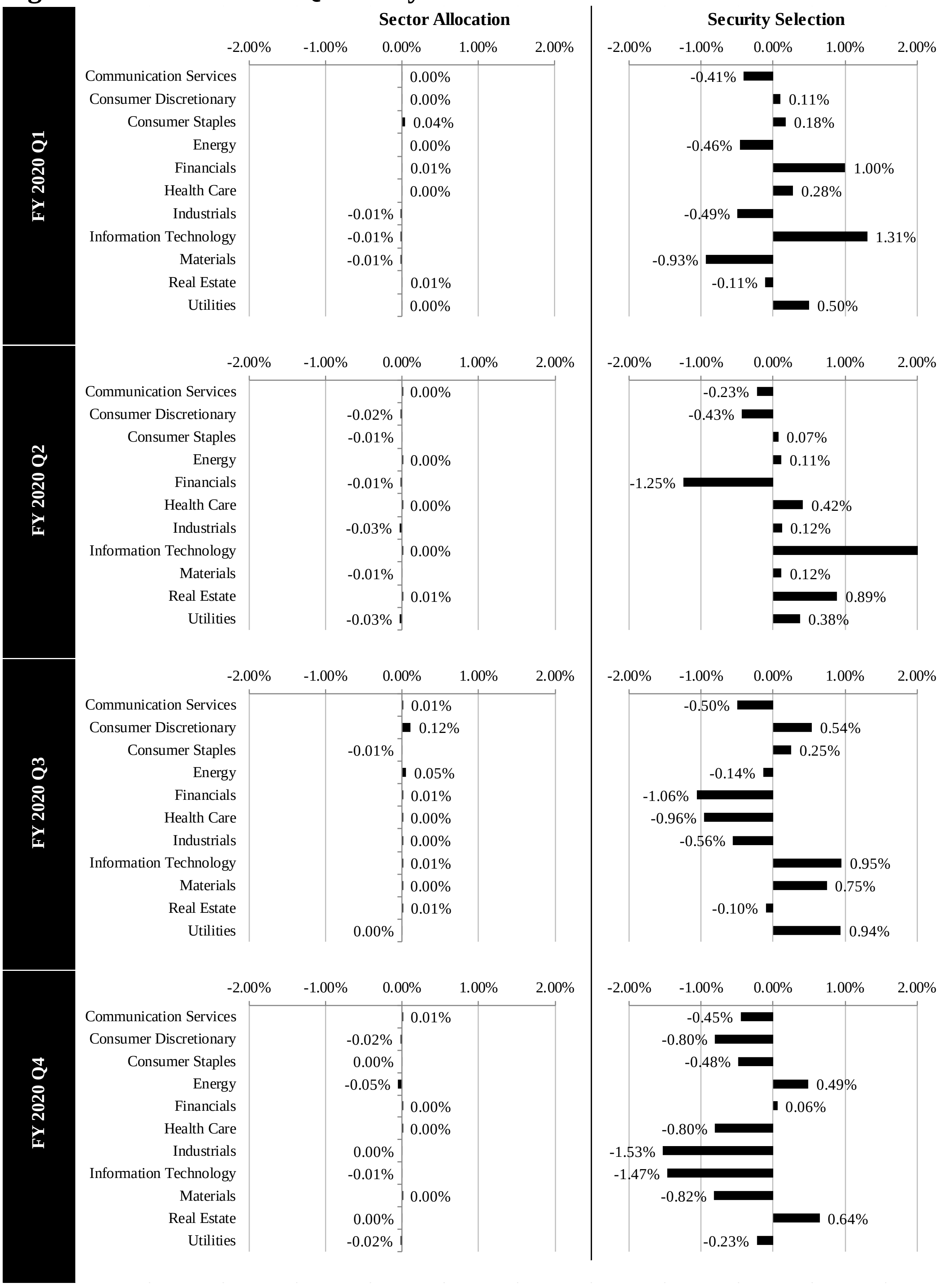


Figure 4: FY Year 2020 Quarterly Relative Return Performance



Attribution

Figure 4, on the previous page, shows the quarterly performance attribution by sector allocation and stock selection, demonstrating how SSIF applies its investment philosophy and process in order to generate abnormal returns over the benchmark. The left panel of the figure shows how much of the relative return is generated from sector allocation. The right panel of the figure shows how much of the relative return is generated from stock selection. The SSIF maintains a sector neutral policy. Therefore, the very low contribution from sector allocation is to be expected. Stock selection contributes mostly to the portfolio's relative return from the benchmark while sector allocation has virtually no role in this. This indicates a thorough execution of the sector neutral policy.

Figure 5: Relative Return Contributions and Performance Attribution for Fiscal Year 2020

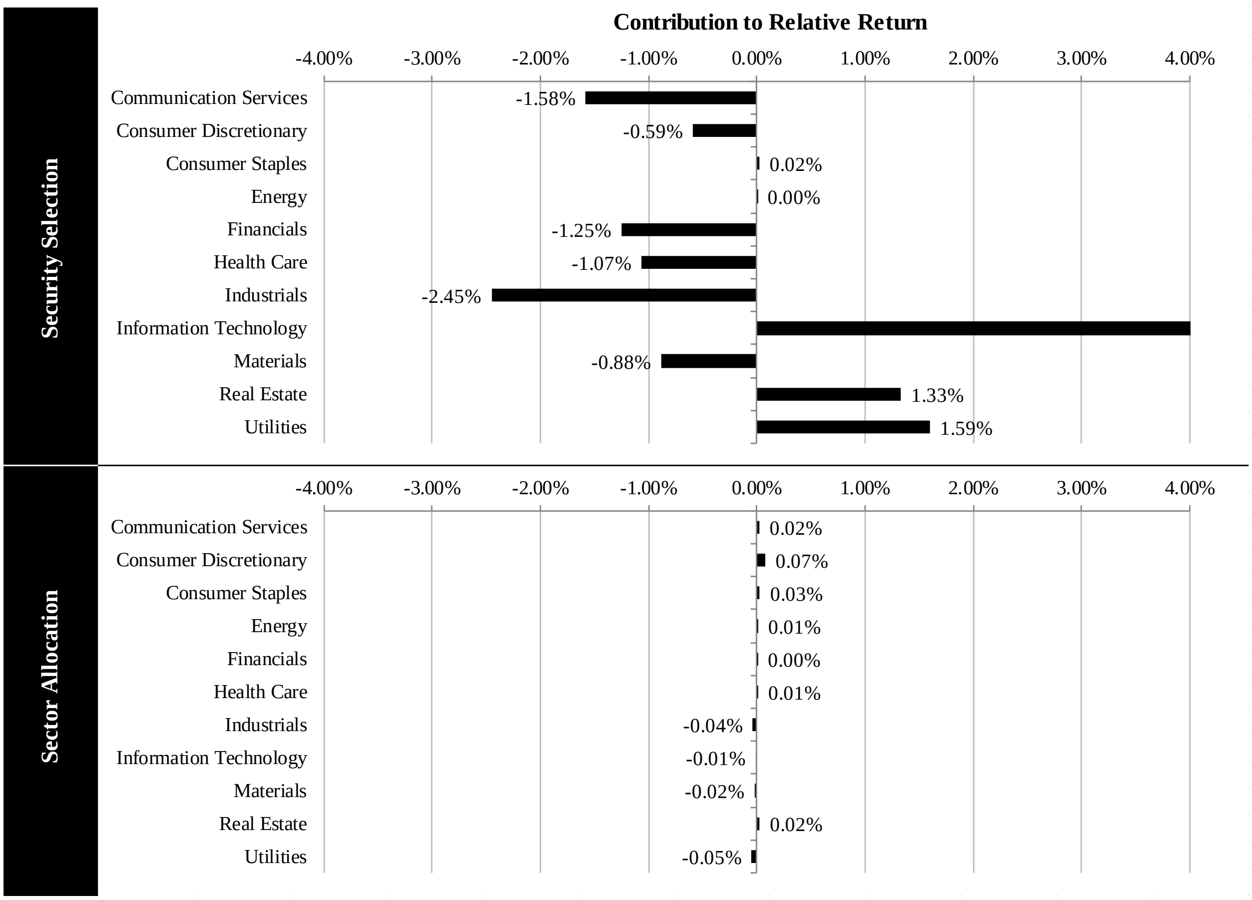


Figure 5 and Table 4 show the relative return attribution into sector allocation and stock selection for the Fiscal Year 2020. As demonstrated by Figure 4, the SSIF maintains a sector neutral policy so the very low contribution from sector allocation is to be expected. The small returns from sector allocation are due to minor differences between the SSIF portfolio and S&P 400 midcap benchmark due to the sector neutral level of tolerance. Also shown is the relative performance attributed to stock selection by each sector. The SSIF draws its competitive advantage from the students' fresh and unbiased perspective of markets and stock selection. Therefore, stock selection is the key contributor to the performance of the SSIF. The Information Technology sector was the top contributing sector in contrast to Industrials

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Table 4: Full Year Relative Return Contributions by Sectors

	Full Year		
Sector	Sector Allocation	Security Selection	Total
Cash	0.14%	0.00%	0.14%
Communication Services	0.02%	-1.58%	-1.56%
Consumer Discretionary	0.07%	-0.59%	-0.52%
Consumer Staples	0.03%	0.02%	0.05%
Energy	0.01%	0.00%	0.01%
Financials	0.00%	-1.25%	-1.25%
Health Care	0.01%	-1.07%	-1.06%
Industrials	-0.04%	-2.45%	-2.49%
Information Technology	-0.01%	4.99%	4.98%
Materials	-0.02%	-0.88%	-0.91%
Real Estate	0.02%	1.33%	1.35%
Utilities	-0.05%	1.59%	1.55%
Total	0.18%	0.10%	0.29%
Actual Relative Return			1.95%
Unexplained by Attribution Model			1.66%

Figure 6: Rolling 3-year Tracking Error

Figure 6 shows the 3-year tracking error of the SSIF. Since 2012, the SSIF has significantly decreased tracking error relative to the benchmark to around the 3% to 4% level in accordance with its implemented sector neutral policy and enhanced tracking error controls through a portfolio optimizing procedure. After September 26, 2018, the SSIF modified the optimizing procedure to a different method that no longer optimizes based on minimizing tracking error but focuses on maximizing the Information Ratio (Appraisal Ratio). This ratio measures outperformance while penalizing risk and is calculated by determining the CAPM alpha and dividing it by the standard error of the model.

Optimization Analysis

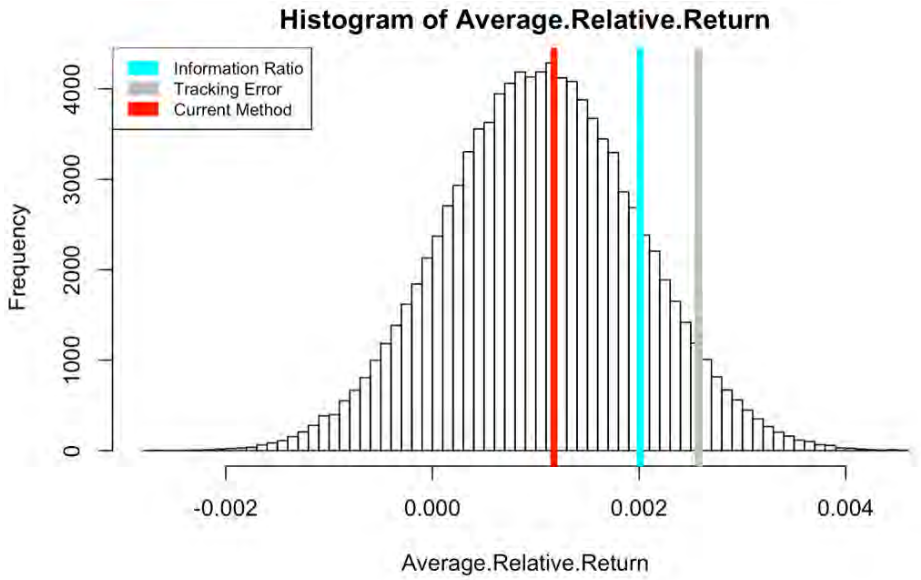
Three ways to allocate holding weighting within the portfolio are considered and compared given the Fund imposed constraints. First is maximizing the Jensen alpha divided by the standard error of the regression for the portfolio (Method 1: Total information ratio). The second is by minimizing the tracking error of the portfolio (Method 2: minimizing tracking error). The third is by maximizing the weighted average information ratio of individual stocks within the portfolio (Method 3: Maximizing individual information ratios, which is the current method as of June 30, 2020).

The distribution of four performance measures are considered: average relative return, tracking error, information ratio, and five factor information ratio (Fama-French five factor alpha divided by standard error of the regression) are obtained by simulating 100,000 possible returns. 100,000 individual returns are obtained by considering 100,000 different ways assets could have been allocated within the portfolio each time the portfolio was rebalanced. Constraints such as stocks being held at minimum of 1% and maximum of 3.5% are maintained. Sector neutrality is maintained as well. Returns are originally calculated on a daily basis and are transformed into monthly returns. The average relative return, tracking error, information ratio, and five factor information ratio can then be calculated for each of the 100,000 individual time-series. Obtaining the information ratio or tracking error optimized portfolio time-series is done with quadratic programming while the current method uses linear programming. A p-value closer to 0 is better for tracking error while a p-value closer to 1 is better for average relative return, information ratio, and 5 factor information ratio.

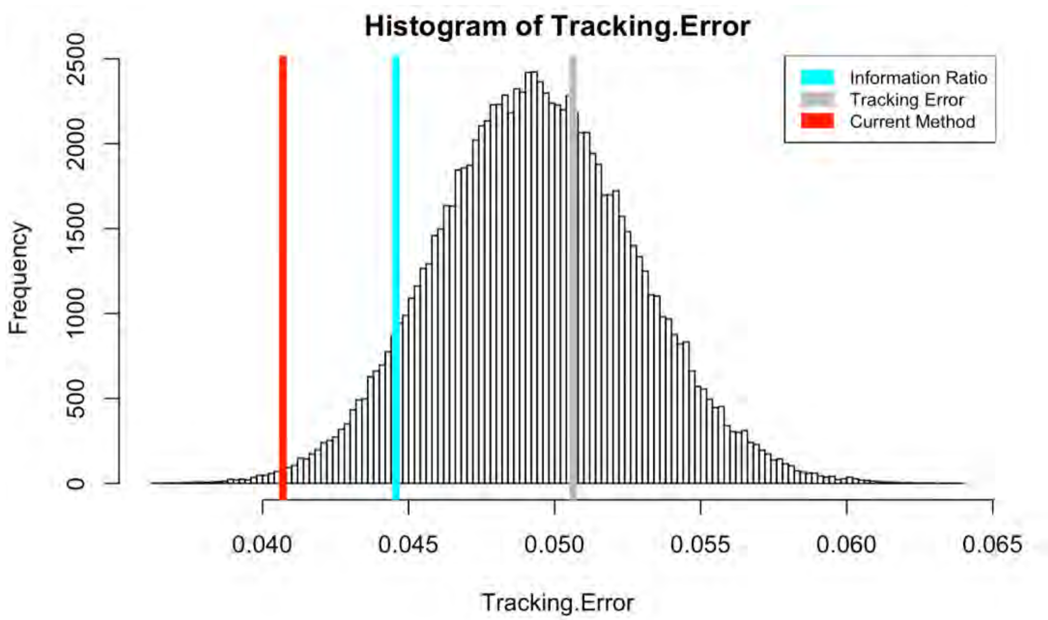
While it was not utilized in FY 2020, the tracking error (Method 2) optimization is the best method to have utilized in three of the four performance measures. The only performance measure that the Method 2 underperformed was actually minimizing tracking error in FY 2020. While tracking error is the overall best performer for fiscal year 2020 this is not representative of the long term. In the long-term, Method 1: Information Ratio vastly outperforms Method 2: tracking error and Method 3: current method. The optimized portfolio should be considered a stochastic process (random process) dependent on portfolio composition (holding within the portfolio), market conditions (historical information fed into the optimizer), and constraints. From a nine-year back-test, it can be concluded that Method 1: the information ratio is a stochastic process with parameters significantly better than the mean. This method will be utilized in FY 2021.

As a side note by running a Shapiro-test (test for normality) on 10,000 random samples of 50 values from the average relative return, tracking error, information ratio, and five factor information ratio. We obtain 10,000 individual p-values for each performance measure. If the null hypothesis of normality holds then the distribution of p-values is uniformly distributed from 0-1. After running a Kolmogorov-Smirnov test on the p-values vs a uniform distribution it can be concluded that the tracking error and five factor information ratio values are not normally distributed.

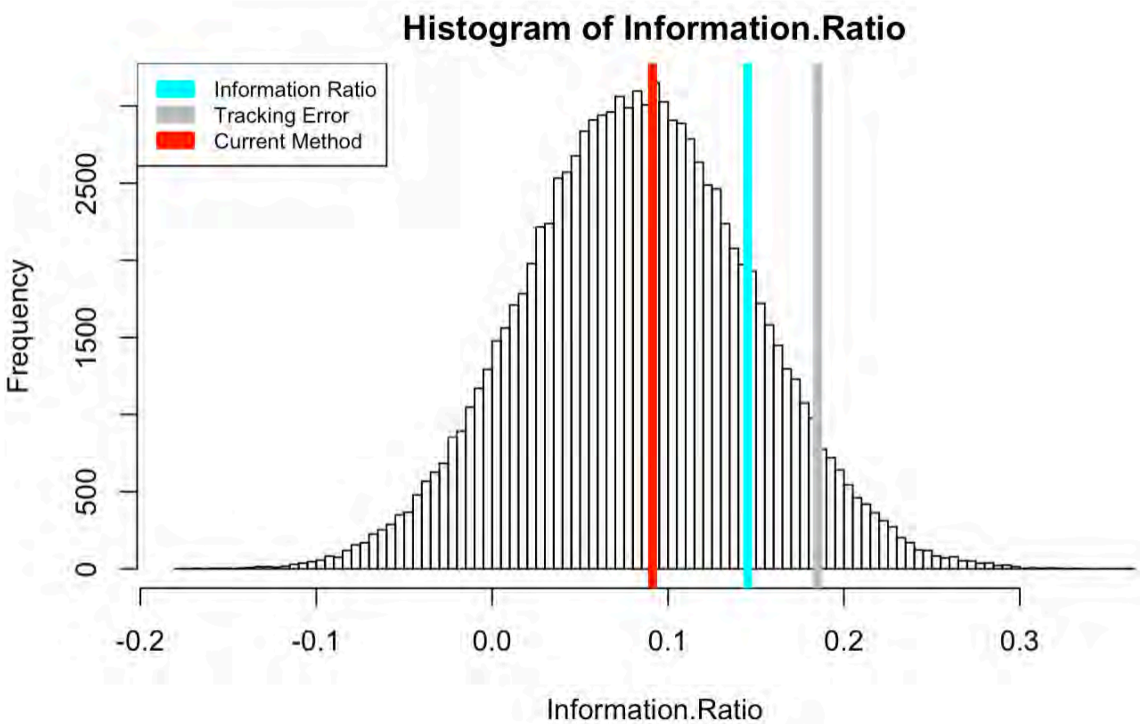
Figure 6: Performance Measures of Simulated and Actual Portfolios



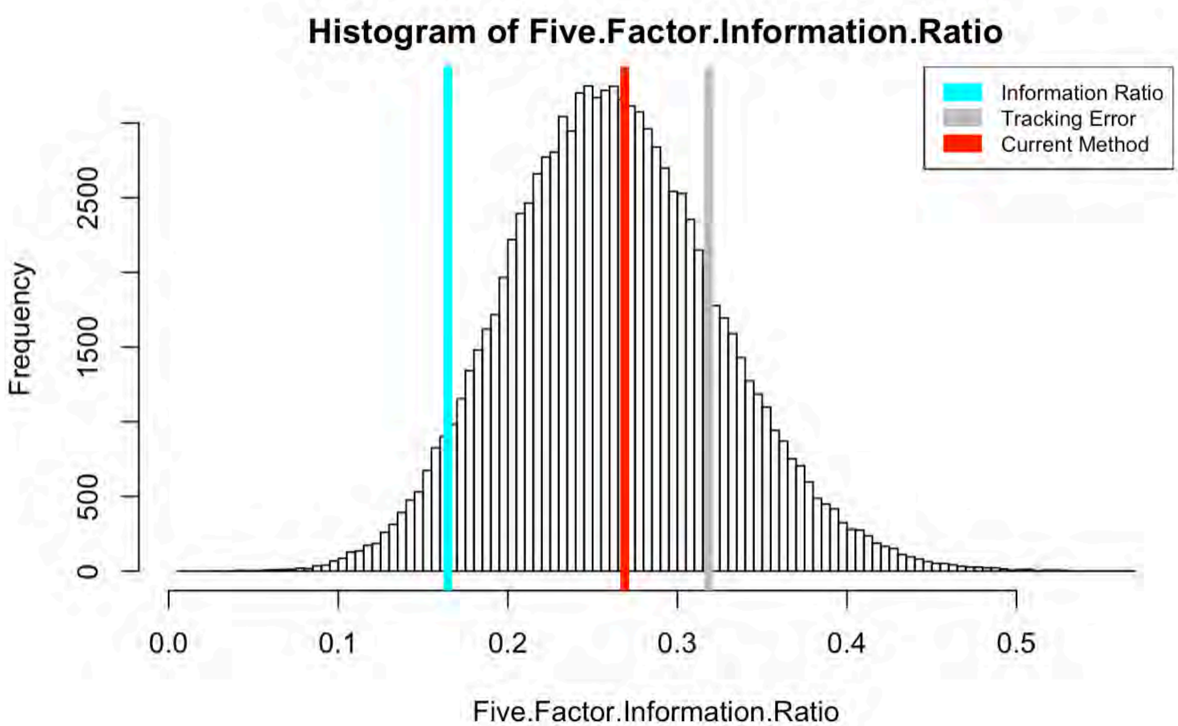
Performance measured: SSIF portfolio annual return minus S&P 400 Total Return Index. Right is better.



Performance measured: SSIF portfolio annual tracking error vs S&P 400 Total Return Index. Left is better.



Performance measured: SSIF portfolio CAPM Information Ratio. Right is better.



Performance measured: SSIF portfolio Five Factor Information Ratio. Right is better.

Individual Stock Contributions

Table 5: Individual Stock Contributions During Fiscal Year 2020

Rank	Top Ten Contributors	Contribution (%)
1	SYNAPTICS INC	2.55694
2	FLOOR & DECOR HOLDINGS INC-A	1.94925
3	MKS INSTRUMENTS INC	1.45314
4	TECH DATA CORP	1.17020
5	GLOBUS MEDICAL INC - A	0.79950
6	QUALYS INC	0.75422
7	LIBERTY PROPERTY TRUST	0.74942
8	HAWAIIAN ELECTRIC INDS	0.41349
9	CHARLES RIVER LABORATORIES	0.30600
10	SABRA HEALTH CARE REIT INC	0.26628
Rank	**Bottom Ten Contributors**	**Contribution (%)**
1	REINSURANCE GROUP OF AMERICA	-2.01763
2	AMERICAN EAGLE OUTFITTERS	-1.91047
3	LIBERTY LATIN AMERIC-CL C	-1.05275
4	SERVICE PROPERTIES TRUST	-1.03523
5	EAST WEST BANCORP INC	-0.83981
6	FEDERATED HERMES INC	-0.71494
7	SONOCO PRODUCTS CO	-0.66575
8	HANOVER INSURANCE GROUP INC	-0.65751
9	CATHAY GENERAL BANCORP	-0.62071
10	AECOM	-0.61563

*Individual stock contribution is calculated by taking the stock's return in a period, multiplied by the stock's weight for that period.

The Information Technology sector contributed four of the top ten holdings. Meanwhile, the Financials sector made up five of the bottom ten contributors. Please note that regardless of past one-year performance, the Fund remains focused on its investment philosophy of long-term performance and believes the intrinsic values of these holdings are still greater than their market price.

Individual Stock Theses

Below is the value thesis for each stock that was held by the SSIF as of June 30, 2020. Data sources include: Bloomberg Professional Service, Morningstar, Yahoo Finance, Google Finance, as well as the companies' websites. Detailed portfolio holdings are provided in the section of Portfolio Holdings.

Communications

Liberty Latin America (LILAK)

Liberty Latin America is a telecommunication company, which provides broadband, mobile, video and telephony services for residential and B2B customers. We believe that the market is extremely pessimistic on Liberty Latin America for headline risk. However, we believe that the business has merits the market is not taking into account potential bankruptcy of major competitor in duopoly markets, more durably built out assets in hurricane-prone areas of Latin America, and a growing umbrella of encompassing multiple potential services that can attract value customers.

Consumer Discretionary

Dunkin' Brands Group (DNKN)

Dunkin' Brands is the parent company of Dunkin' (formerly Dunkin' Donuts) and Baskin Robin. We believe that Dunkin' has a great combination of innovation to the brand and secular trends. Dunkin' will always have a place in the market for "get-in, get-out" coffee which the management team is improving upon by revamping the beverage side of the business through NextGen stores and new equipment. We have seen the business achieve close to 20% cash on cash returns on individual stores which is very good compared to other retail/restaurant concepts. We believe that Dunkin' can continue to stay relevant within consumers' eyes and have plenty of growth opportunities ahead.

Gentex Corporation (GNTX)

Gentex Corporation is the largest manufacturer of auto-dimming rearview mirrors. With its large profit margins, they have generated some of the highest returns to total capital in the entire discretionary sector. The management team has been with the company for more than 17 years and knows that innovation and staying relevant with the times is incredibly important. They run a very conservative balance sheet and R&D policy that will lead to huge advances in the field such as auto-dimming glass and camera-based systems. Despite declines in overall auto production, Gentex's new nameplate gains and undershooting of inventory has allowed them to grow their top line and maintain the bottom line compared to other auto names. For these reasons, we believe that Gentex has many opportunities for growth in the future.

Five Below (FIVE)
Five Below is the operator of discount retail stores throughout the United States. They primarily focus on toys and knick-knack type products for children and middle-aged parents. We believe that we are currently in a situation where many consumer discretionary companies are of low quality. Five Below shows the highest standards of quality compared to many mid-cap stocks because the unit economics of the business are fantastic. Also, management continues to find new ways to improve the supply chain over time and focuses on delivering quality products as opposed to focusing on higher margins. Lastly, Five Below has recession-resistant qualities. Because of these reasons, we believe we will see strong growth in the future.

Floor and Decor (FND)
Floor and Décor is a low-cost provider of hard-surface flooring in multiple categories like hardwood, vinyl, and tile. They provide their services to DIY, Do-it-for-me, and Professional Housing customers. Floor and Décor stands out in this sector due to their undervalued unit economics giving them impressive ROIs. Also, hard surface floor tailwinds make their growth opportunities very attractive. Lastly, they are the lowest cost provider in their industry making them the go to flooring outlet.

<u>Consumer Staples</u>
Lancaster Colony Group (LANC)
Lancaster Colony is a specialty consumer packaged goods company that specializes in salad dressings, sauces, dips, frozen breads, and organic breads. We believe that this company is the only quality investment in the Staples sector. The sector is filled with many undesirable investments where valuations are high and corporate strategies are high risk. Lancaster has unique takes on many of the sectors trends. They have a focus on organic growth through new product development of licensed restaurant products and innovations on existing products. They are also conservative on M&A by being selective on targets that are founder owned and giving the owners the resources to grow the businesses how they see fit. They are also getting better control of their supply chain though M&A of packers and lean six sigma training. Overall, we believe that Lancaster is positioned well in the industry to be one of the next big food companies.

Materials

Sensient Technologies (SXT)

SXT is a prominent global corporation and retailer of colors, flavors, and fragrances. They manufacture quality food and beverage, cosmetic components, pharmaceutical substances, specialty inks, and other well-made chemicals. Their goal is to distribute products that consumers desire while offering appealing experiences that motivate brand satisfaction and increase sales. Sensient also offers value added services that allow them to go beyond their competitive market by frequently investing in improved and pioneering technologies. Their experienced R&D staff utilizes extensive variety of technologies to create unique ingredients that help drive and accomplish the company's long and short-term goals.

Silgan Holdings (SLGN)

Silgan operates in the market segments of metal containers, composite containers, and plastic closures. Silgan's core business is in metal containers, followed by closures and plastic containers. With recent acquisitions and some organic growth, this company has recently increased sales in its more profitable closures segment and composite containers segment. While they are slowly moving away from the metal containers, they still retain this segment due to the loyal customers they have acquired over the years and the steady revenue this segment provides. In the long-term, the Materials sector believes that Silgan's plan for increased productivity and cost reduction will increase organic growth. Silgan is viewed positively by the Materials sector for strong potential for future growth, especially in the closures and plastic containers segments.

Sonoco Products Company (SON)

Sonoco Products Company has a portfolio of industrial and consumer packaging product offerings, such as flexible and rigid plastics, reels and spools, pallets, and composite cans. Sonoco continues to expand through acquisitions, completing the acquisition of Highland Packaging and agreeing to buy remaining interest in Conitex-Sonoco operation. Sonoco continues to be on the lookout for acquisitions, hinting that a flexible or plastics acquisition may be in the future. Sonoco's values and core beliefs continue to drive the company forward in the 120th year of business through "Better Packaging, Better Life."

Energy

Murphy Oil Corporation (MUR)

Murphy Oil Corporation is an independent energy company that engages in the exploration, development, production, and acquisition of oil, natural gas, and natural gas liquid resources in the United States and globally. They possess a diverse portfolio of onshore & offshore assets within the Eagle Ford region, the Gulf of Mexico, and Canada. Their offshore presence in the Gulf of Mexico is unique among S&P 400 E&P companies, and their high margin plays and efficiency make them an attractive stock to hold in periods when commodity prices are especially tumultuous (as they are currently). Their continued focus on improving balance sheet health within favorable commodity price environments also makes them a valuable hold in volatile periods.

Financial Services

Cathay General Bancorp (CATY)

Cathay General Bancorp is a bank holding company with more than fifty years of experience. They are focused on serving Chinese American individuals and businesses. They are working to become more customer-focused to capitalize on their niche group. The Chinese American population has been one of the fastest growing groups in the United States, which will result in a larger future client base for Cathay. This coupled with the bank's high collection rate on loans and strong leadership are reasons we believe Cathay is a great name for us to hold. In terms of ongoing tension between the US and China, the bank's loan portfolio is not significantly at-risk, with under 3% of their total loans considered susceptible. Therefore, we believe that CATY is a great value holding for the Fund; and though we are attentive to news regarding China, we do not see current conflict as a significant risk to the long-term performance of CATY.

East West Bancorp (EWBC)

East West Bancorp is a bank holding company located in Pasadena, California. It operates in the United States and greater China area, focusing on serving the needs of both businesses and individuals. Many of their clients have an overlapping relationship with China and the United States, making EWBC a national provider for the financial service needs of the demographic. In the past couple years, US relations with China have been deteriorating, but only a small portion of EWBC's loan portfolio is directly affected by trade. We believe that there is great value in EWBC that is going unrecognized, partially because of their relationship with China. For the long-term, it is a great holding for the Fund's portfolio.

Federated Hermes, Inc. (FHI)
Federated Hermes is one of the largest asset managers in the United States. Most of their assets under management are in Money Market Funds. During times of uncertainty in the market, these money market funds are typically great performers as people shift to risk-off investing. We believe FHI will grow because their management has been expanding their Fixed Income, Equity funds, and Separately Managed Accounts which garner higher fees. Due to the growth of these segments, we believe that FHI is a great name for the SSIF portfolio.

The Hanover Group (THG)
The Hanover Group dates back to 1852, when it was the Hanover fire insurance company. The company operates through three business segments: Commercial, Personal, and Other Lines. Their products are sold by independent agents and brokers. THG formerly had an international segment prior to our buy. The sale of their Lloyd's business, Chaucer, has primed THG for domestic growth in their more profitable segments with an extra $950 million in cash. To date, they have committed much of this money to returning capital to shareholders and investing in their domestic business.

Reinsurance Group of America (RGA)
Reinsurance Group of America is one of the largest life and health reinsurance companies in the world. RGA's management team works to capitalize on current industry trends and mitigate the company's risk. The demand for life insurance and retirement products has increased due to the aging population. This then drives demand for primary insurance writers to mitigate some risk through the use of reinsurance. We believe that RGA is well-positioned to take advantage of opportunities in the life and health reinsurance segment.

Renaissance Reinsurance (RNR)
Renaissance Reinsurance is a company that specializes in property and casualty reinsurance. They are industry leaders in underwriting profitability, which helps them obtain more funding for investment activities. The company's well-capitalized balance sheet also sets RNR up to have a very sustainable business, even during high catastrophe years. During and after high catastrophe years, larger reinsurers like RNR will be able to take advantage of price hardening in ways that smaller companies with fewer resources cannot.

Healthcare

Globus Medical (GMED)

Globus Medical Inc. is a medical equipment company with a focus on orthopedic and neurosurgical devices for musculoskeletal disorders. The company's primary focus is implants, but they are moving into robotic surgical systems that were introduced in 2017. They have an international presence in 54 countries but are concentrated in North America. Globus Medical is currently undervalued considering the favorable growth trends in spinal surgery, robotics in healthcare, and implantable devices. This is evidenced by their two competitive segments that are complementary and well positioned to secure market share from competitors, strong financial ratios and healthy cash flows that set the framework for further acquisitions, and guidance by the innovative founder of Globus Medical, David C. Paul.

Charles River Laboratories (CRL)

Charles River Labs is a Contract Research Organization (CRO) founded in 1947 and headquartered in Wilmington, Massachusetts. The company lies within the S&P 400 Life Sciences and Tools industry and offers research support services to the pharmaceutical, biotech, government, and chemical manufacturers. We bought CRL based on the combination of the company's competitive advantage in the early stage research market, its growth opportunities both organically and through M&A, and the value we find in the company's stock compared to similar CROs.

Encompass Health Corporation (EHC)

Encompass Health provides inpatient rehabilitation services to patients with a wide variety of injuries, wounds, birth defects, and diseases. EHC does this through a wide network of hospitals, outpatient offices, satellite facilities, home health agencies, and partnerships with other providers. Encompass Health Corporation is currently undervalued amid favorable trends in outpatient centered care and growing rehabilitation demand driven by an aging population. We think these trends will support EHC as they expand operations into new states and invest in current and future facilities.

Exelixis (EXEL)

Exelixis is an oncology-focused biotech company involved in researching, developing, and marketing its current portfolio of cancer therapies as well as new therapies. The company currently develops three drugs for various oncology indications and is focused on bringing its current portfolio into new oncology areas. We believe EXEL is a good company based on the following factors. They are established in Oncology, have potential to expand in the field, and are harnessing

Oncology expertise. Exelixis' current market share in RCC and HCC has grown significantly in only two years and Cabozantinib-based drugs have the potential to continue growing the company for years to come in these indications. We also see strength and opportunity in Exelixis' pipeline because of the more than 20 trials that exhibit a wide range of phases, partnerships, and target indications. Lastly, Exelixis' strategic partnerships with Ipsen, Takeda, Roche, and others are beneficial for the company in overcoming disadvantages of the company's relatively small size. These partnerships should help Exelixis fortify its global presence and expand pipeline opportunities.

Industrials

Aecom (ACM)

Aecom is an engineering and design group for civil and infrastructure construction, which offers a variety of services for multiple end markets in 150 countries. They are one of the primary contractors used by the US government to carry out infrastructure contracts. A large portion of Aecom's revenue comes from the U.S. government, specifically the Department of Defense. We believe that increased infrastructure spending, increased backlog, their M&A activity, and the need for cyber security domestically and abroad will result in promising growth for the company.

Carlisle Companies Inc. (CSL)

Carlisle Companies Inc. is a manufacturing and distribution company for products for roofing, construction, aircraft production, and others. This company is positioned strongly in several growing industries, commercial construction, and interconnect technologies. CSL provides a strong quarterly dividend and has performed well in dealing with COVID issues. Still consistently increasing their dividends as they always have, and seeing the company perform much better than other industrials stocks gives us confidence that our belief in their management team is well placed.

Hubbell Inc. (HUBB)

Hubbell Incorporated designs, manufactures, and sells electrical and electronic products in the United States and internationally. It operates through two segments, Electrical and Power. The Electrical segment offers standard and special application wiring device products, rough-in electrical products, connector and grounding products, lighting fixtures and controls. The Power segment designs, manufactures, and sells distribution, transmission, substation, and telecommunications products. This segment sells its products to distributors, as well as directly to users, such as utilities, telecommunication companies, pipeline and mining operations, industrial firms, construction and engineering firms, and civil construction and transportation industries. Based on our valuations, analysis, and research, we found Hubbell. Inc. to be undervalued by the market. We believe that this company has a strong capital structure, and a promising future due to a growing industry. Due to the economic effects of the outbreak of the COVID-19, the company suffered an impact in the first two quarters of the year 2020 which has caused uncertainty for the future. However, the company continues beating its earnings quarter after quarter making Hubbell a high quality company to hold.

JetBlue Airlines (JBLU)

JetBlue Airlines is an airline that operates domestic and international flights to and from the United States. This company is the fifth largest airline in the United States with large potential for growth and impressive performance. Through their structural remodeling aimed at increasing capacity and projected increase in airline traffic, we believe the fundamentals of the company are very strong. JetBlue Airlines has been expanding as they are offering new services to other countries and continents. In the future, JBLU is continuing to add domestic flights and are looking to expand into the transatlantic flights. They have also been increasing their amenities to have luxury options like some of the larger US airlines.

Kirby Corporation (KEX)

Kirby Corporation is a marine transportation service company that also produces and repairs diesel engines. They provide service to companies by shipping bulk oil products such as petrochemicals and black oil via river systems and coastlines. As Kirby is heavily exposed to oil-related products, the company's future prospects are currently in question as the price and demand of oil has drastically decreased due to COVID's apparent long lasting detrimental impact on the economy. Because of this, due to the belief that there will be reduced activity in marine shipping in the coming years, the Fund sold Kirby Corporation on July 7, 2020.

ManPower Group (MAN)

ManPower Group provides employment and training services to companies all around the globe. They handle contracts from companies who are looking for temporary workers as well as well-trained permanent workers. MAN is the largest employment agency in the world giving them an advantage of preferential contracts from employers and being a first choice for people who are looking for employment. We believe MAN will be able to capitalize on changing economies as some corporations' decline, MAN will be able to transition the work force to the new immerging markets.

MSC Industrial Direct (MSM)
MSC Industrial Direct is one of the largest direct suppliers of industrial products with categories such as fasteners, cutting tools, plumbing supplies, metal working, and maintenance and repair equipment. They have the largest supplier catalog with nearly 2 million different products from 3,000 different suppliers. MSM puts an emphasis on customer satisfaction with next day delivery on almost every product creating a very reliable reputation which continually helps to add new clients. We believe as manufacturing continues to expand, MSM will be able to meet the demand and add more shareholder value. Because of the COVID-19 outbreak, the company lost revenues due to limitations on the ability to manufacture products, and limitations on the suppliers' ability to obtain the products. Also, due to uncertainty on how the government will respond to the crisis, the company is expecting this impact to continue. However, we believe that because of the emphasis this company puts into customer satisfaction, its ability to grow its catalog, and the acquisition strategy to grow the company's value, MSC Industrial Direct continues to be a solid HOLD

Oshkosh Corporation (OSK)
Oshkosh Corporation is a manufacturer and marketer of access equipment, specialty vehicles and truck bodies for the primary markets of defense, concrete placement, refuse hauling, and fire/emergency. Having manufacturing operations in eight US states and seven foreign countries, OSK currently sells and services products in more than 150 countries. Oshkosh proves itself as a stable stock throughout this pandemic, as the defense sector still manages to see a 7% increase in net sales during Q3 Fiscal 2020, alongside that Fire and Emergency segment stays a consistent player, only down about 7% Q3. Commercial and Access equipment have taken larger hits to net sales individually, but the stock has stayed relatively stable due to the consistent nature of their defense segment.

Information Technology

InterDigital Inc. (IDCC)
Interdigital, Inc. was founded in 1972, and develops and designs technologies that enable and enhance wireless communications and capabilities. Focusing on advanced research and development, IDCC engineers have established a wide range of innovations that are used in digital cellular and wireless products and networks. They are also the leading contributor of intellectual property to the wireless communications industry. With future products coming out including 5G cellular networks, increased wireless capabilities, and IoT technology, they are well positioned for future growth.

MKS Instruments Inc. (MKSI)
MKS Instruments, Inc. was founded in 1961 as a Massachusetts corporation. It is a global provider of instruments, subsystems and process control solutions that measure, monitor, deliver, analyze, power and control critical parameters of advanced manufacturing processes to improve process performance and productivity. With the vast majority of MKS Instrument's customers being in the ever-expanding semiconductor market, we expect MKSI to grow and believe in the fundamentals of this company because of their strong financial health and the wide depth of their product portfolio allowing for future growth.

Qualys Inc. (QLYS)
Founded in 1999 in Foster City, CA this cloud-based cybersecurity firm specializes in offering online protection to 15,700 customers worldwide. They are a pioneer in quickly expanding industry and we believe they are in a perfect position to take full advantage of this. Their business model consists of offering a key set of applications to customers through subscription models, meaning that almost 100% of their revenue is reoccurring. Qualys grows has several methods of both organic and inorganic growth but remain focused on profitability and have a strong commitment to no debt. Qualys will certainly be a long term hold and we are excited to see where their consistent and experienced management team takes them.

Synaptics (SYNA)
Synaptics has a long-standing history of innovation from the late 1980's to present day. Synaptics' track record of technological leadership, design innovation, product performance, cost effectiveness, and on-time deliveries have resulted in their leadership position in providing human interface technology such as touch ID, face ID, and more in semiconductor product solutions. Synaptics prides itself on generating substantial revenues from multiple markets in the US as well as internationally through its global business model. Recently within the last two years Synaptics has announced they are switching their product lineup to focus on higher end technology with the goal is create industry leading profit margins. They have sold off unprofitable business segments and acquired some new ones in line with this new strategy and we believe this new strategy for the company puts them in excellent shape fundamentally now and in the future.

Vishay Intertechnology Inc. (VSH)

Vishay Intertechnology is a manufacturer of discrete semiconductors and passive components products founded in 1962. They pride themselves on a large variety of products, as well as being industry leaders in key market areas. Vishay looks to grow by expansion in Asia, stock buy-back programs, and continued growth on their first dividend. The recent trade wars between the United States and China has had largely negative impacts on its ability to expand and even maintain revenue streams. This has been heighted since a significant portion of revenue comes from automotive and industrial customers, areas with less than exciting outlooks. While we like the company and its management team, we are currently seeking a replacement for this company.

Utilities

Essential Utilities (WTRG)

Essential Utilities is a holding company for regulated utilities that provides water, wastewater, and natural gas services to approximately 5 million customers across 10 states through both its Aqua and Peoples brands. Essential's aggressive growth strategy has largely been fueled through frequent acquisitions, which have been achievable thanks to their exposure to largely favorable regulatory environments. With their recent acquisition of People's, they have diversified into natural gas operations, which will allow for even more opportunities for growth within the states they operate in. Despite these acquisitions, Essential has maintained a healthy balance sheet and has provided ample value to shareholders through consistent dividend growth.

Hawaiian Electric Industries, Inc. (HE)

Hawaiian Electric Industries is a holding company that provides services in the electric utility and banking businesses. Their electric company, Hawaiian Electric, provides electricity to 95% of the state of Hawaii and operates 3 utilities on five separate grids. They are rapidly progressing towards their goal of being 100% renewable primarily through consumer rooftop solar projects. These distributed energy resource projects have averaged growth of 24% annually since 2012. American Savings Bank, their banking business, is currently the third largest bank in Hawaii with over $8 billion in assets and 49 branches across the state. The combination of the utility and banking businesses provides Hawaiian with a sustainable capital structure and the resources necessary to invest in strategic growth.

Real Estate

Highwoods Properties Inc (HIW)

Highwoods Properties is a Real Estate Investment Trust that invests in office and industrial properties. This company, which we bought in October of 2018, is attractive to us because of their presence in rapidly growing business markets, such as Nashville, Raleigh, and Pittsburgh. Their strategy of disposing non-core assets in non-core markets to reinvest in developments and acquisitions shows promising returns for the future. We thus value this company as a hold.

Lamar Advertising Co. (LAMR)

Lamar Advertising Company is an outdoor advertising company who leases billboards. We are confident in the effectiveness of billboards as a mode of advertising, despite advances in other areas of the market. In addition to Lamar's large market share (>80% in markets in which they compete) and foray into digitalizing its advertising units, we see a potential for future growth through profitable acquisitions and developments. We consider LAMR a hold.

First Industrial Realty Trust Inc. (FR)

First Industrial Realty Trust Inc. is a real estate investment trust that specializes in industrial real estate. FR is attractive to us because of the space they occupy in very premium industrial geographic regions. We are confident in FR as they report higher operating and profit margins, higher annual rent yields, and higher asset cap rates than other real estate sub-sectors. With interest rates lowering, we see FR being able to take advantage of their low leverage ratios to increase their asset portfolio at a low cost. We value FR as a hold.

Portfolio Holdings

Symbol/Sector	As of 6/30/2019 Shares	Market Value	As of 6/30/2020 Shares	Market Value	S&P Constituent
Consumer Discretionary					
AEO	2,760	$ 46,644.00	-	-	Yes
BID	1,470	$ 85,451.10	-	-	Yes
DNKN	1,030	$ 82,049.80	1,260	$ 82,189.80	Yes
FIVE	-	-	760	$ 81,251.60	Yes
FND	-	-	1,430	$ 82,439.50	No
GNTX	3,540	$ 87,119.40	3,120	$ 80,402.40	Yes
Total		$ 301,264.30		$ 326,283.30	
Consumer Staples					
LANC	-	-	540	$ 83,694.60	Yes
SFM	3,180	$ 60,070.20	-	-	Yes
Total		$ 60,070.20		$ 83,694.60	
Energy					
MTDR	2,670	$ 53,079.60	-	-	Yes
MUR	1,010	$ 24,896.50	2,420	$ 33,396.00	Yes
Total		$ 77,976.10		$ 33,396.00	
Financials					
CATY	680	$ 24,418.80	870	$ 22,881.00	Yes
EWBC	990	$ 46,302.30	610	$ 22,106.40	Yes
FHI	2,640	$ 85,800.00	3,340	$ 79,158.00	Yes
RGA	540	$ 84,256.20	730	$ 57,261.20	Yes
RNR	460	$ 81,884.60	450	$ 76,963.50	Yes
THG	650	$ 83,395.00	780	$ 79,037.40	Yes
Total		$ 406,056.90		$ 337,407.50	
Real Estate					
FR	-	-	2,110	$ 81,108.40	Yes
HIW	520	$ 21,476.00	1,780	$ 66,447.40	Yes
LAMR	1,020	$ 82,325.20	1,100	$ 73,436.00	Yes
LPT	1,640	$ 82,065.60	-	-	Yes
SVC	1,550	$ 38,750.00	-	-	Yes
Total		$ 224,616.80		$ 220,991.80	
Healthcare					
CRL	170	$ 24,123.00	460	$ 80,201.00	Yes
EHC	390	$ 24,710.40	360	$ 22,294.80	Yes
EXEL	4,040	$ 86,334.80	1,900	$ 45,106.00	Yes

GMED	1,210	$ 51,183.00	1,680	$ 80,152.80	Yes
LIVN	310	$ 22,307.60	-	-	Yes
PBH	760	$ 24,070.80	570	$ 21,409.20	Yes
Total		$ 232,729.60		$ 249,163.80	
Industrials					
ACM	670	$ 25,359.50	2,120	$ 79,669.60	Yes
CSL	610	$ 85,650.10	660	$ 78,982.20	Yes
HUBB	200	$ 26,080.00	640	$ 80,230.40	Yes
JBLU	4,250	$ 78,582.50	2,010	$ 21,909.00	Yes
KEX	300	$ 23,700.00	420	$ 22,495.20	Yes
MAN	250	$ 24,150.00	320	$ 22,000.00	Yes
MSM	320	$ 23,763.20	320	$ 23,299.20	Yes
OSK	1,050	$ 87,664.50	390	$ 27,931.80	Yes
Total		$ 374,949.80		$ 356,517.40	
Information Technology					
IDCC	1,310	$ 84,364.00	1,080	$ 61,160.40	Yes
MKSI	1,150	$ 89,573.50	700	$ 79,268.00	Yes
QLYS	-	-	770	$ 80,095.40	Yes
SYNA	1,250	$ 36,425.00	1,290	$ 77,554.80	Yes
TECD	850	$ 88,910.00	-	-	Yes
VSH	5,400	$ 89,208.00	5,160	$ 78,793.20	Yes
Total		$ 388,480.50		$ 376,871.80	
Materials					
SLGN	1,450	$ 44,370.00	1,030	$ 33,361.70	Yes
SON	1,270	$ 82,981.80	1,550	$ 81,049.50	Yes
SXT	320	$ 23,513.60	450	$ 23,472.00	Yes
Total		$ 150,865.40		$ 137,883.20	
Communications					
LILAK	-	-	4,340	$ 40,969.60	No
TDS	2,080	$ 63,232.00	-	-	Yes
Total		$ 63,232.00		$ 40,969.60	
Utilities					
HE	1,910	$ 83,180.50	640	$ 23,078.40	Yes
WTRG	740	$ 30,613.80	1,690	$ 71,385.60	Yes
Total		$ 113,794.30		$ 94,464.00	
Cash		$ 10,584.40		$ 8,443.91	
SSIF PORT TOTAL		$ 2,429,040.90		$ 2,266,086.91	

The COBA Portfolio

The College of Business Portfolio (COBA Portfolio) was established due to the generosity of Mr. and Mrs. Omar and Carol Winter, who provided the initial $25,000 to start the Saluki Student Investment Fund. Managing the COBA portfolio provides the students of the SSIF with an additional responsibility and opportunity to expand valuation techniques and application to a wide variety of stocks.

The SSIF manages this portfolio in addition to the SIU Foundation portfolio. While the SSIF does not have a mandate to outperform a specific benchmark with the COBA Portfolio, the COBA portfolio performance is compared to the S&P 500 as an informal benchmark in the table below. As of June 30, 2020, the COBA equally weighted portfolio holds 25 stocks with a total market value of $152,128. Performance by calendar year are reported in Table 6.

Table 6: Performance of the COBA Portfolio as of June 30, 2020

	Quarter	Calendar YTD	1-Year	3-Year	5-Year	7-Year	10-Year	Since Inception
COBA	**18.65%**	**-4.30%**	**2.68%**	**6.35%**	**8.30%**	**11.66 %**	**11.35%**	**9.47%**
S&P 500 Index*	20.54%	-3.08%	7.51%	10.73%	10.73%	12.13%	13.99%	6.02%
Difference	*-1.89%*	*-1.22%*	*-4.83%*	*-4.38%*	*-2.43%*	-0.46%	*-2.64%*	*3.46%*
Tracking Error**			3.56%	3.53%	4.29%	4.48%	6.83%	12.80%
Information Ratio***			-1.36	-1.24	-0.57	-0.10	-0.39	0.27
Months > Benchmark			25%	39%	43%	46%	46%	51%

COBA portfolio value as of June 30, 2020: $152,128.
Inception: June 30, 2000
* Performance of the S&P 500 Total Return Index (Source: Bloomberg SPXT Index) is used for comparison purposes only. The COBA Portfolio does not have a formal mandated benchmark against which it is managed.
** Tracking error is annualized and based on monthly return differences relative to the S&P 500 Index. Due to incomplete monthly data for the portfolio during the period December 2001 through April 2004, S&P 500 Index returns were used in twelve separate months for the purposes of calculating tracking error. Therefore, tracking error is likely underestimated for periods that include the December 2001 through April 2004 period.
*** Information ratio is the ratio of the annualized relative return divided by the tracking error. See note regarding tracking error

The COBA Challenge

In February 2014, SSIF started the COBA Challenge to determine which stocks should be bought and sold in the COBA portfolio. The portfolio originally started by Mr. and Mrs. Omar and Carol Winter in 2000. This intense competition is intended to be challenging. It takes place over the course of one week and consists of two teams of four members who must conduct all related research associated with proposing a buy and a sell recommendation. By design, every team will be at an equal playing field because a random sector, from the Russell 1000 Index, will be chosen, but will not be revealed until the start of the competition. The competition begins on a Monday evening following a general meeting of the SSIF.

At the beginning of the challenge, teams will be notified of the sectors they may select a buy recommendation form. Teams have until 5:00 PM on the following Sunday to submit presentation slides to the SSIF Faculty Advisor. The teams will then present their buy and sell recommendations in front of SSIF members, College of Business faculty, and guests, followed by a questions and answers session. The teams are then judged by a combination of two faculty judges, a guest judge, and their SSIF peers. Once the votes for both decisions are determined, the SSIF will appropriately add and remove the winning stocks from the COBA portfolio.

This competition forces its participants to understand the most important sources of value in an investment decision: the fundamental analysis and security valuation models. In a way, the COBA Challenge's role could be linked to that of an examination. It is meant to push the boundaries of its participants and show all of what they have learned while encouraging a healthy competition that creates a better portfolio overall. While the COBA Challenge benefits members of the SSIF, it also highlights the talent in our organization as the presentation is open to all College of Business students and faculty. We market this event by inviting faculty members and other students to attend and observe the knowledge and skills we have acquired through our efforts with the SSIF. We also use this event as a channel to give others a better understanding of what we do at the SSIF and potentially attract new members. The SSIF is very pleased with the first ten COBA Challenges, with winning teams' names and stock picks instated on the east wall of the Burnell D. Kraft Trading Floor. While the Spring 2020 COBA Challenge was postponed due to the COVID pandemic, we look forward to continuing our success each semester with this event in the future.

Outlook for 2021

Despite the challenges we have faced so far this year, little regarding our overall strategy has changed. We are dedicated to finding undervalued securities through fundamental valuation with medium to long holding terms. Additionally, we continue to remain diligent in monitoring market developments to provide an active strategy against unfavorable trends while also mitigating risk. The following is a brief overview of our outlook for 2020 and beyond.

It is unlikely that most analysts could have predicted where we stand today six months ago. The COVID-19 global pandemic has sent shock waves across the world and disrupted trillions of dollars in manufacturing and trade that cannot be fully realized. Examining the United States, July 2020 unemployment currently stands at 10.2%, in stark contrast to the 50-year low of 3.5% realized just six months ago. Real GDP declined by 33% in the second quarter, which is the worst decline ever recorded. With such bleak statistics, one might assume that the U.S. is in a condition that rivals what was seen in the 1930s. However, this recession has much more to it than meets the eye.

This recession is not directly correlated to a business cycle event that occurs every 8-10 years like many other recessions. By most measures, the economy was in an excellent position in early 2020 with room remaining to grow. Instead, what we are seeing now is a self-induced coma, as vast swaths of the economy voluntarily shut down to stop the spread of COVID-19 in Q1 and Q2 of 2020. The governmental response has likewise been unprecedented in size and speed, with the utilization of trillions of dollars of stimulus packages and interest rate cuts to essentially zero.

One might expect the equity market to still be in the midst of the worst bear market in history, but that is not the case. In fact, on August 18th the S&P 500 closed on a record high, fully recovering from the crash in March where markets shed 30-40%. It appears that the brief bear market we saw in late February to April may be ending, and that the markets are pointing to a much brighter future. The looming question remaining is whether future economic outlook is as bright as it may appear? As it stands, there remains two popular theories regarding what the long-term outlook of the post-COVID economy will look like.

The “V” shaped recovery has been discussed at length in the financial news media and it is clearly the most optimistic view of the future. In short, the trough of the V represents where we are now (or where we several months ago) and that things will quickly reopen and economic activity will reengage in full force, bringing the economy back up to where it was in early 2020. This assumption would argue that the government timed its stimulus packages well, and as a result no permanent job loss or decrease in consumer spending activity will occur.

The “W” shaped recovery is certainly the most pessimistic economic outlook, as it describes a situation in which we have only seen the first wave of downturn and bear markets. Proponents of this idea would argue that the massive stimulus packages created a false sense of security, and a massive bubble is still waiting to burst once a second wave of COVID-19 occurs and we return to lockdown measures. This assumption proposes that permanent job loss will be rampant, consumer spending will decrease for the next few years, and the economy will take much longer to recover than we realize.

It is also possible that some hybrid combination of the two scenarios will play out, where a V shaped economic recovery will flatten out and not reach pre-COVID-19 levels for some time. Additionally, it is likely that several more stimulus packages will arrive in various forms, but it is unclear how powerful of an effect such efforts will have in truly promoting the recovery of the economy. Regardless, many questions remain today. How much permanent job loss will occur? To what extent have consumers been spooked by this crisis? Will the massive stimulus packages result in new levels of inflation? These questions remain unanswered and prevent us from making meaningful predictions on how our economy will recover moving forward.

To make matters more complex, 2020 is an election year. If the Trump administration remains in office, will the trade war between the U.S. and China continue? 5G is also gearing up for massive expansion this year, in addition to a potential wave of productive investment factors such as automation and innovation in energy.

Despite such challenges, we are still holding true to our time-tested operating strategies. We are facing these macroeconomic threats by focusing on quality names with durable competitive advantages that can outperform in a variety of economic conditions. By overhauling the onboarding process for new members, we will also be able to educate them faster than ever before. We also plan to emphasize an organizational culture in which tenured members leave a permanent presence in the respective sectors they manage. We intend to further develop our knowledge of our holdings by attending more company visits and presentations. With these new developments in mind, we are confident that we will continue to outperform for the client we serve.

Appendix I: Resolutions

Saluki Student Investment Fund
Mid-Cap Core Strategy

Resolution: *Investment Process (Cash Balance)*

The decision of the Saluki Student Investment Fund as of October 26, 2010 in regards to the investment process is as follows:

1. The cash balance of the SSIF portfolio will not exceed 1% of the overall portfolio value unless the following stipulations are true:
   a. There will be a proposed trade by a sector team within 2 weeks' time
   b. The sector team proposing the trade is underweight against the benchmark

2. If the above stipulations are false, then any percentage over 1% will be allocated into the benchmark ETF to correct the excessive cash balance. If a correction in cash is needed because of the above stipulations the ETF will be sold to obtain a cash balance as close to 75 basis points as possible.

3. The cash balance will not go below 25 basis points of the overall portfolio value. If the cash balance falls below the lower limit, the SSIF will immediately sell the proper amount of the benchmark ETF to maintain the target goal of 75 basis points.

4. If the SSIF portfolio does not hold the mid-cap ETF at the point where a cash balance adjustment is needed, the group will have one week to decide the proper Equity to be sold to achieve the cash balance goal.

Saluki Student Investment Fund
Mid-Cap Core Strategy

Resolution: *Investment Process (Eligible Investment Universe)*

The decision of the Saluki Student Investment Fund as of October 1, 2010 in regards to the investment process is as follows:

1. All equities in the S&P 400 are in the acceptable eligible investment universe.

2. A minimum of 75% of the portfolio value will be S&P 400 constituents.

3. All equities with a market capitalization in the 10% to 90% range of S&P 400 constituents' market capitalizations at of the beginning of the semester will be in the eligible investment universe.

4. Stocks that are a constituent of the S&P 500 or 600 will not be held in the SSIF portfolio.

5. The eligible investment universe will be re-adjusted every semester to account for changes in the overall market.

6. Any holding outside the eligible investment universe for more than one semester will be removed from the portfolio in an orderly manner.

Saluki Student Investment Fund
Mid-Cap Core Strategy
Sector Weight Policy

Resolution: *Investment Process (Sector Weight)*

The decision of the Saluki Student Investment Fund as of October 26, 2010 in regards to Sector Weights is as follows:

1. With the absence of a strong thesis, sector weights will be maintained within +/- 2% of the S&P 400 Mid-Cap index.

2. Sectors that become organically under or overweighed will be addressed and brought back to the proper sector weight in an orderly manner.

3. For sector teams that wish to over or underweight their sector, the sector team must present a thesis that supports their decision to the other sector teams. The SSIF as a whole will need to approve or deny the proposed sector weight before any weights can be changed.

4. In the event, that no other sector wants to make an equal under or overweight bet to the new proposed weight, then all the sectors should be adjusted equally up or down compared to the new sector weight.

Appendix II: 2019-2020 SSIF Members

Austin Albrecht
Japhet Bampelenga
Kaitlyn Bevis
Lucas Boles
Matthew Cagle
Kailey Cameron
Justin Carlson-Gaimari
Gilbert Chua Sheng Yu
Bennett Cohen
Roman Cole
Elijah Evans
Mitchell Fairfield
Nicolas Forcade-Perkins
McKena Fox
Jessica Giacobbi
Daniel Gillian
Tobias Hagen
Kate Held
Elijah Henson
Phil Herard
Joshua Hill
Stepan Hurmak
Nicholas Jennings
Richy John
Hannah Kingery
Ethan Koller
Zhiyuan Li
Aaron Madura
Steven Merdian
Rafael Munoz Morales
Parker Moses
Sydney Moss
Eric Obenauf
Dustin Pawelek
Chris Phillips
Mackenzie Piazza
Rachel Powless
Mitchell Rhymes
Daniel Rivera
Karla Rosado
Ari Schencker
Cameron Sheehan
Luis Teran
Jeana Vardalos
Adrian Veseli
Rhett Walker
Nicholas Winkler
Jingwen Yao
Jeremy Zeoli
Zhongwen Zheng
Yunjia Zhu