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SOUTHERN ILLINOIS UNIVERSITY SALUKI STUDENT INVESTMENT FUND

SIU CARBONDALE

Fiscal Year 2023
Annual Report

June 30, 2023

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. The goal is to look for the best companies trading at discounts to fair value to outperform the mid-cap equity benchmark (S&P400 Total Return Index SPTRMDCP). This allows students to put their classroom 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 with fundamental research.

The SSIF is open to 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 has accepted students majoring in Finance, Business Economics, Accounting, Marketing, Management, Mathematics, Physics, Engineering, Health Care Management, and Political Science.

As of June 30, 2023, the SSIF manages a total of $3,463,600.

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, the 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.

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. This took place after Dr. Greene stepped up to become the Interim Dean of the College of Business at SIU Carbondale.

Dr. Timothy Marlo, Clinical Associate Professor, took the reins as faculty advisor of the SSIF at the beginning of the Fall 2016 semester. On August 30, 2018, the SIU Foundation approved the merge of the Graduate Student Investment Fund with the SSIF, transferring $870,214 to the Fund. In 2021, the Fund hit a historic high as it surged over $3,000,000 in AUM with the participation of more than 350 undergraduate and graduate students since its inception.

Since 2000, the Foundation has graciously contributed $1,706,653 in principal to the Fund, and the Fund has returned $940,336 back to the Foundation. Thus, the net amount contributed by the Foundation to the Fund is $766,317. This amount is currently worth $3,463,600.

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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, 2023. 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 2023, 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 2024 outlook of the Saluki Student Investment Fund followed by a list of resolutions, and a complete member roster for the SSIF during FY 2023.

Over the past fiscal year, the SSIF portfolio slightly underperformed compared to the benchmark. This performance can be evaluated in detail on the monthly returns chart. The SSIF does not focus on this short-term performance, 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 2023.

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 2024.

Thank you for your continued support,

The Saluki Student Investment Fund

Overview

Annual Review

In the second half of calendar year 2022, the U.S. economy was in a state of strong growth and high inflation, with the nation's GDP increasing at an annual rate of 2.9% from October to December and CPI increases only starting to slow down. This resulted in 2022's average inflation rate of 8%, well above the Federal Reserve's target of 2%, despite the Fed's continued interest rate hikes. In 2023, we are starting to truly see the result of these rate increases along with the unwinding of pandemic supply chain disruptions, with the annual inflation rate decreasing to 3% in June of 2023 and GDP growth slowing from 2.6% at the end of 2022 to 2% in the first months of 2023. Thus, throughout the past fiscal year, we have seen a slowdown in economic growth, and while inflation remains high, it is starting to settle as well.

Nevertheless, throughout the past fiscal year, we have continued to see very low unemployment rates, lying very close to 3.5% each quarter. While e-commerce is still expanding, the majority of the industrial and retail sectors have continued to see employment losses, potentially due to the inflation of labor rates. There have also been decreases in the consumer rental and wired communications sectors. This emphasis on renewable energy impacted the energy sector as well. Shareholders in the S&P 400 are divesting from traditional energy companies in favor of renewable energy companies. The Energy sector has also been impacted by the ongoing war in Ukraine. Due to Vladimir Putin's weaponization of energy and European nations' refusal to purchase Russian petroleum, the global oil market has gone through massive changes, leading Europe to now largely rely on the US for oil. Worldwide, supply cuts from Russia and Saudi Arabia have resulted in particularly high oil prices. Since 2020, the global economy has been particularly impacted by the COVID-19 pandemic, but with cases and deaths being low throughout 2022 and 2023 and the disease appearing to now be endemic, COVID-19 is no longer as major of a consideration for the fund as other global events, such as the aforementioned war in Ukraine.

All sectors have gradually been influenced by the rise in climate change. The most immediate effects are being seen in real estate. Infrastructure in the Western United States has been severely harmed by wildfires. The effects of the wildfires may be observed throughout the American continent. As far east as the eastern shore, the air quality has gotten worse, especially following the Canadian wildfires in the summer of 2023. Infrastructure is also in jeopardy due to storms' enhanced strength. Homes, businesses, retail stores, and conventional energy sources like gas and oil are all being destroyed by floods. As more people become aware of the implications of the changing environment, ESG norms are becoming increasingly common. Additionally, Generation Z's is pushing for broader stakeholder welfare with increased investment into businesses that are not only profitable, but also focus on improving the environment and benefiting societal issues. Thus, while finding good, undervalued investments continues to be our primary target, we take ESG metrics into consideration in our fundamental analysis of stocks.

While the SSIF’s FY 2023 performance was very strong in Q1 and Q2, faltering slightly in Q3, the fund underperformed the S&P 400 by over 5% in Q4, resulting in the fund overall underperforming its benchmark over the past fiscal year. The fund’s Q4 FY 2023 attribution report made it clear that most of the poor performance from this quarter was due to the information technology, financials, healthcare, and consumer discretionary sectors. The benchmark had constituents with extreme returns resulting in relative underperformance.

In addition to analysis being made by the sectors, the SSIF’s portfolio management team is currently researching potential changes to our optimization model. While we believe our current optimization model is extremely effective, we acknowledge that there is always room for improvement, and we strive to use the most efficient model we can create.

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

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.

As shown in Table 1, the Industrials and Consumer Discretionary sectors are the two largest sectors and Communication Services and Utilities are the two smallest sectors. The Table compares each sector to the S&P Midcap 400, our benchmark, and displays the difference between the fund’s weightings and that of the benchmark. For reference, the sector weights as of the past fiscal year ending June 30, 2022, have been included.

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

Fiscal Year 2023				Fiscal Year 2022			
Sector	SSIF	Benchmark	Diff.	Sector	SSIF	Benchmark	Diff.
Consumer Discretionary	15.20%	15.15%	0.05%	Consumer Discretionary	13.36%	13.97%	-0.61%
Consumer Staples	4.37%	4.35%	0.02%	Consumer Staples	3.42%	3.61%	-0.19%
Energy	3.84%	3.83%	0.01%	Energy	3.46%	3.58%	-0.12%
Financials	14.46%	14.58%	-0.12%	Financials	14.38%	14.21%	0.17%
Health Care	9.45%	9.42%	0.03%	Health Care	9.10%	9.16%	-0.06%
Industrials	21.84%	21.85%	-0.01%	Industrials	18.61%	18.73%	-0.12%
Information Technology	10.27%	10.37%	-0.10%	Information Technology	14.36%	14.12%	0.24%
Materials	6.95%	6.94%	0.01%	Materials	7.52%	7.44%	0.08%
Real Estate	7.59%	7.64%	-0.05%	Real Estate	10.67%	10.09%	0.58%
Communication Services	2.01%	2.07%	-0.06%	Communication Services	1.66%	1.72%	-0.06%
Utilities	3.79%	3.80%	-0.01%	Utilities	3.25%	3.36%	-0.11%

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

	As of 6/30/2023	As of 6/30/2022
Stocks in the SSIF	39	37
Holdings in the S&P 400	36	35

Investment Philosophy and Process

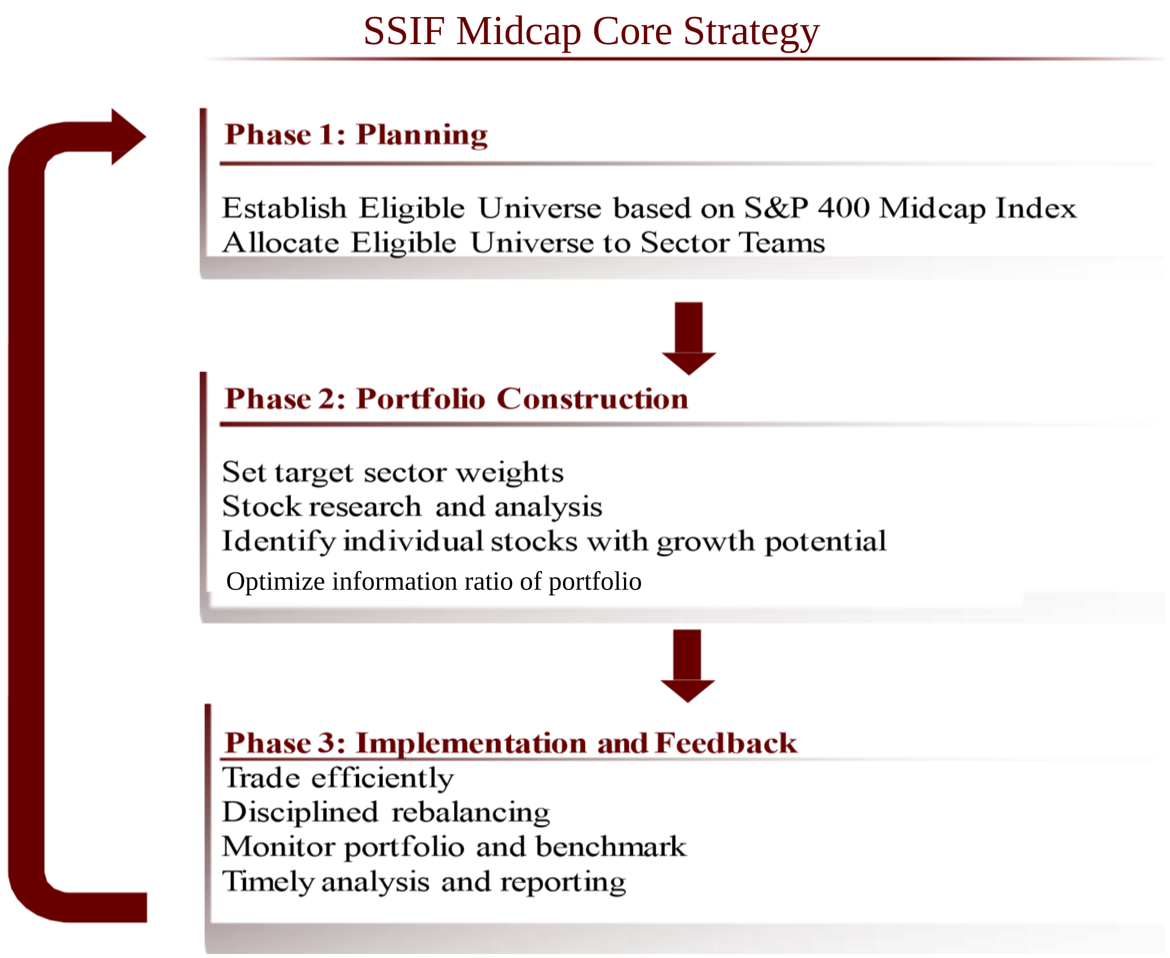
Investment Philosophy

• 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 Index. 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. The Fund has determined that all equities should have a minimum exposure of 1% of the Fund’s total portfolio.

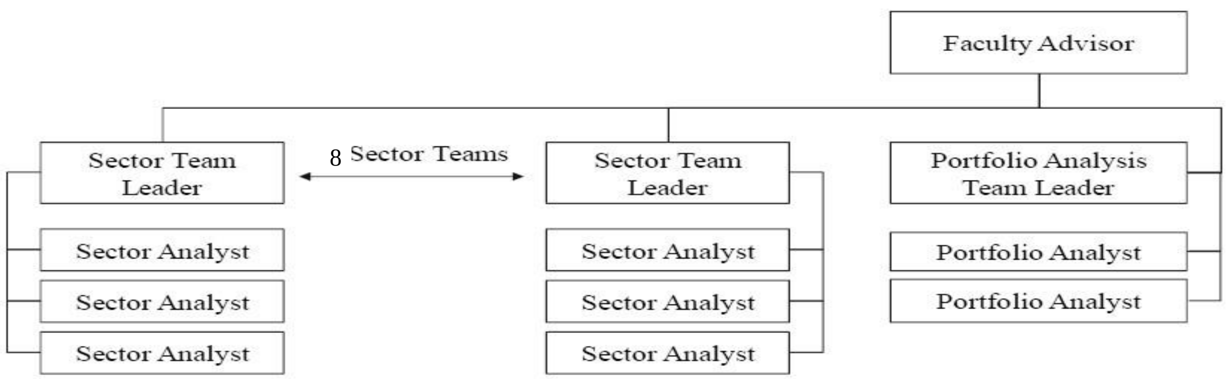
Cash Balance

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. 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 an impressive gain of 17.18% over the past fiscal year. However, the S&P 400 benchmark posted a gain of 17.61% resulting in SSIF's relative underperformance of 0.43% for FY 2023. In order to attempt to outperform the benchmark over the long-term, the SSIF remains committed to fundamental research, analysis, and valuations to select stocks with the 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-, 15-, and 20- 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, 2023

	Quarter	Calendar YTD	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year	Since Inception
SSIF	**-0.26%**	**3.99%**	**17.18%**	**17.15%**	**9.84%**	**11.29%**	**10.87%**	**11.55%**	**8.82%**
S&P 400 Benchmark*	4.85%	8.84%	17.61%	15.44%	7.79%	10.21%	9.78%	10.48%	9.22%
Difference	*-5.12%*	*-4.85%*	*-0.43%*	*1.72%*	*2.05%*	*1.08%*	*1.09%*	*1.07%*	*-0.40%*
Tracking Error**			5.77%	4.93%	5.01%	4.25%	4.27%	4.55%	5.15%
Information Ratio***			-0.07	0.35	0.41	0.26	0.26	0.24	-0.08
Months > Benchmark			42%	53%	52%	51%	52%	51%	49%

Periods greater than one year are annualized.
Inception: June 30, 2000
** 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

Figure 1: Annualized Average Return (Fiscal Year)

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
SSIF	**-2.62%**	**-13.03%**	**-4.01%**	**18.75%**	**19.31%**	**12.95%**	**24.99%**	**-5.28%**	**-29.40%**	**24.67%**	**48.10%**	**-1.34%**
S&P 400 Benchmark*	8.87%	-4.72%	-0.71%	27.99%	14.03%	12.98%	18.51%	-7.34%	-28.02%	24.93%	39.38%	-2.33%
Difference	*-11.50%*	*-8.31%*	*-3.29%*	*-9.23%*	*5.29%*	*-0.03%*	*6.49%*	*2.05%*	*-1.38%*	*-0.26%*	*8.72%*	*0.99%*

Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SSIF	**25.31%**	**24.12%**	**8.69%**	**4.59%**	**17.40%**	**10.10%**	**4.38%**	**-4.75%**	**55.20%**	**-11.58%**	**17.18%**
S&P 400 Benchmark*	25.18%	25.24%	6.40%	1.33%	18.57%	13.50%	1.36%	-6.70%	53.24%	-14.64%	17.61%
Difference	*0.12%*	*-1.11%*	*2.29%*	*3.26%*	*-1.16%*	*-3.40%*	*3.01%*	*1.95%*	*2.00%*	*3.06%*	*-0.43%*

Figure 2: Annualized Average Return (Calendar Year)

Calendar Year	2000**	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
SSIF	**-2.88%**	**-10.12%**	**-19.13%**	**34.14%**	**13.69%**	**13.97%**	**13.64%**	**9.93%**	**-34.43%**	**30.84%**	**32.59%**	**3.40%**
S&P 400 Benchmark*	9.41%	-0.60%	-14.51%	35.62%	16.48%	12.56%	10.32%	7.98%	-36.23%	37.38%	26.64%	-1.73%
Difference	*-12.30%*	*-9.52%*	*-4.62%*	*-1.48%*	*-2.79%*	*1.42%*	*3.32%*	*1.95%*	*1.80%*	*-6.54%*	*5.94%*	*5.13%*

Calendar Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
SSIF	**16.25%**	**38.16%**	**6.90%**	**2.50%**	**18.68%**	**16.72%**	**-9.50%**	**29.62%**	**10.15%**	**30.77%**	**-8.88%**
S&P 400 Benchmark*	17.88%	33.50%	9.77%	-2.18%	20.74%	16.24%	-11.08%	26.20%	13.66%	24.76%	-13.06%
Difference	*-1.63%*	*4.66%*	*-2.87%*	*4.67%*	*-2.05%*	*0.47%*	*1.59%*	*3.42%*	*-3.51%*	*6.01%*	*4.18%*

Figure 3: Monthly Returns during Fiscal Year 2023

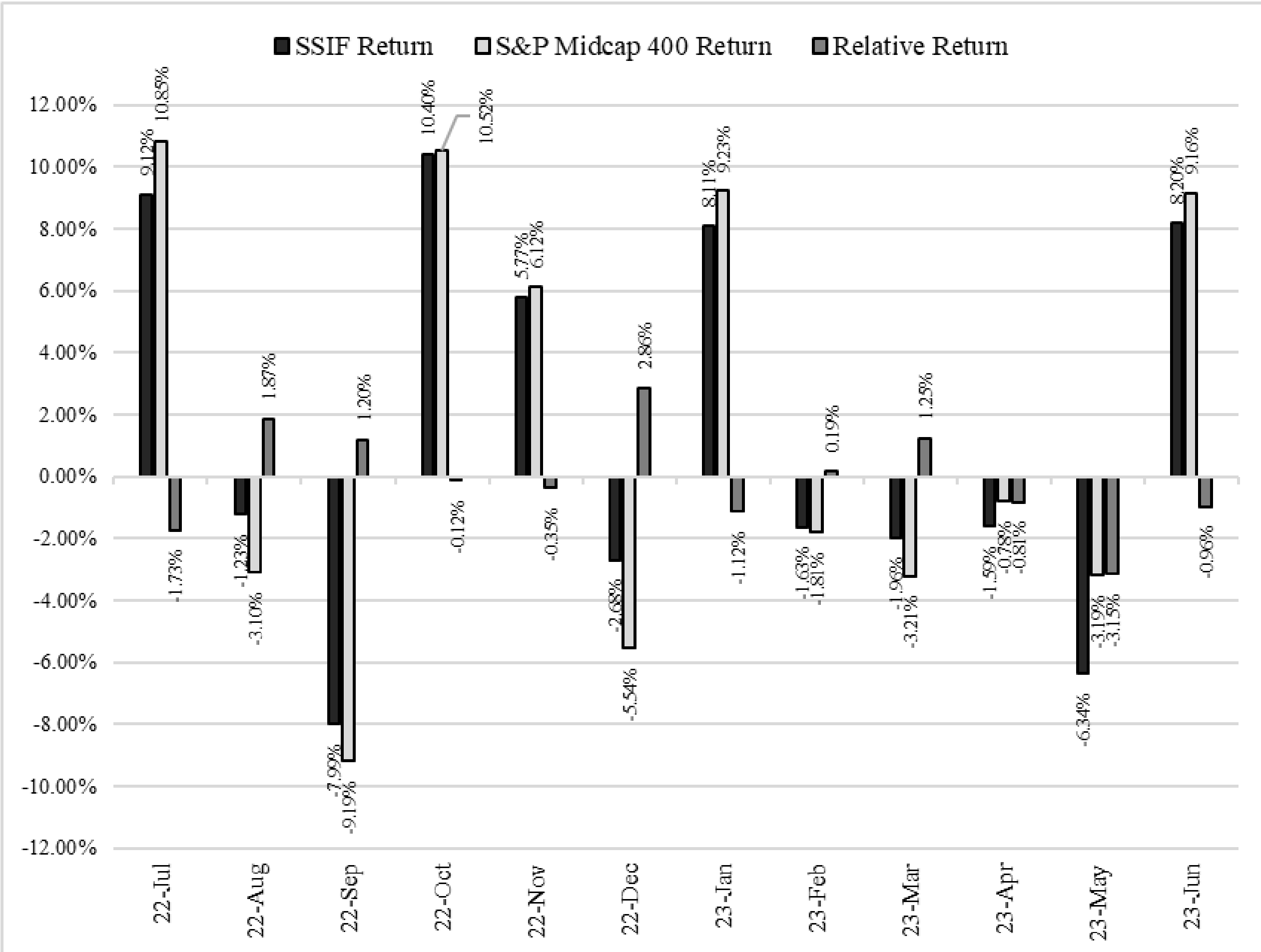
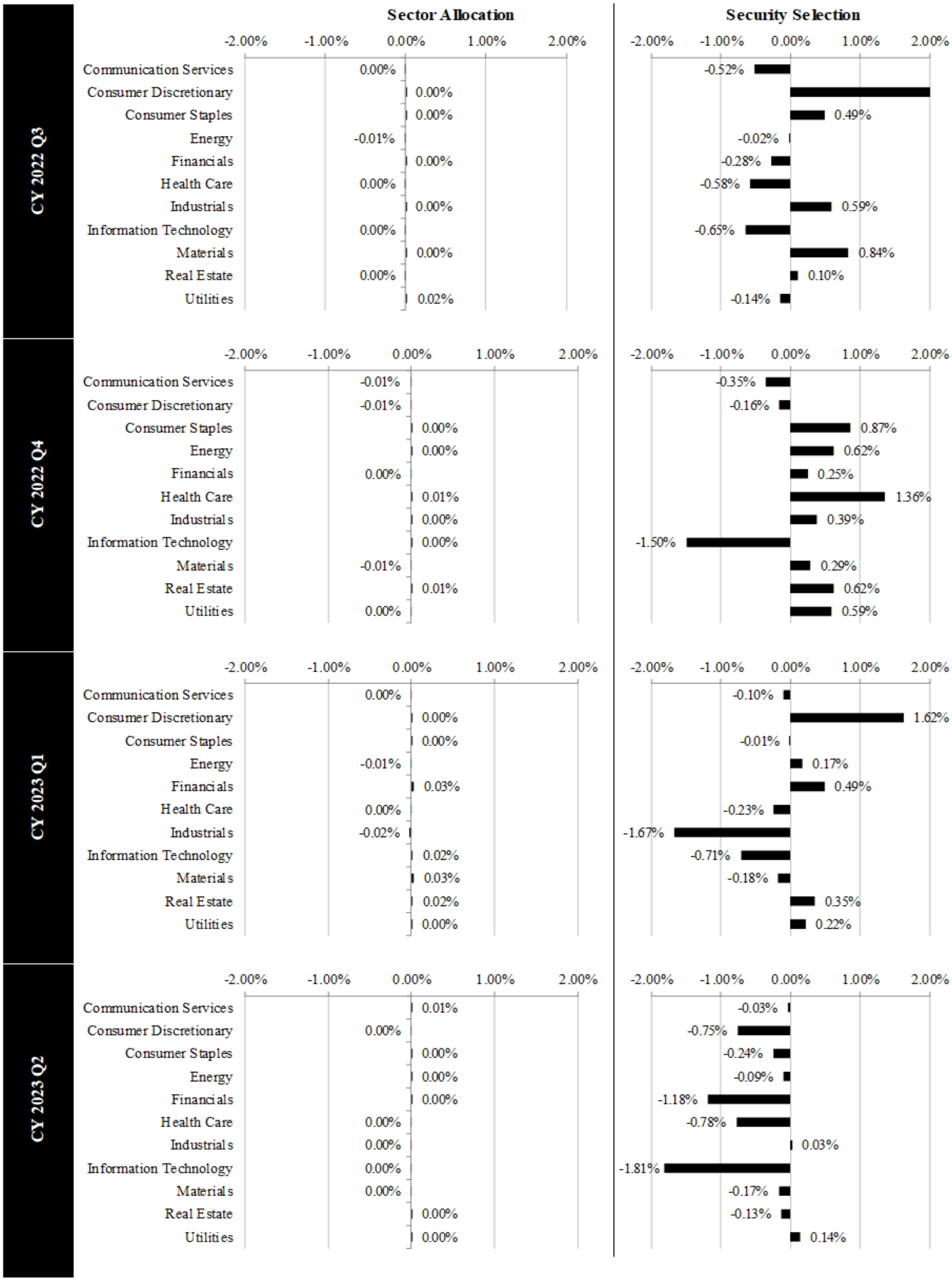


Figure 4: FY 2023 Quarterly Relative Return Performance



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, a 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 2023

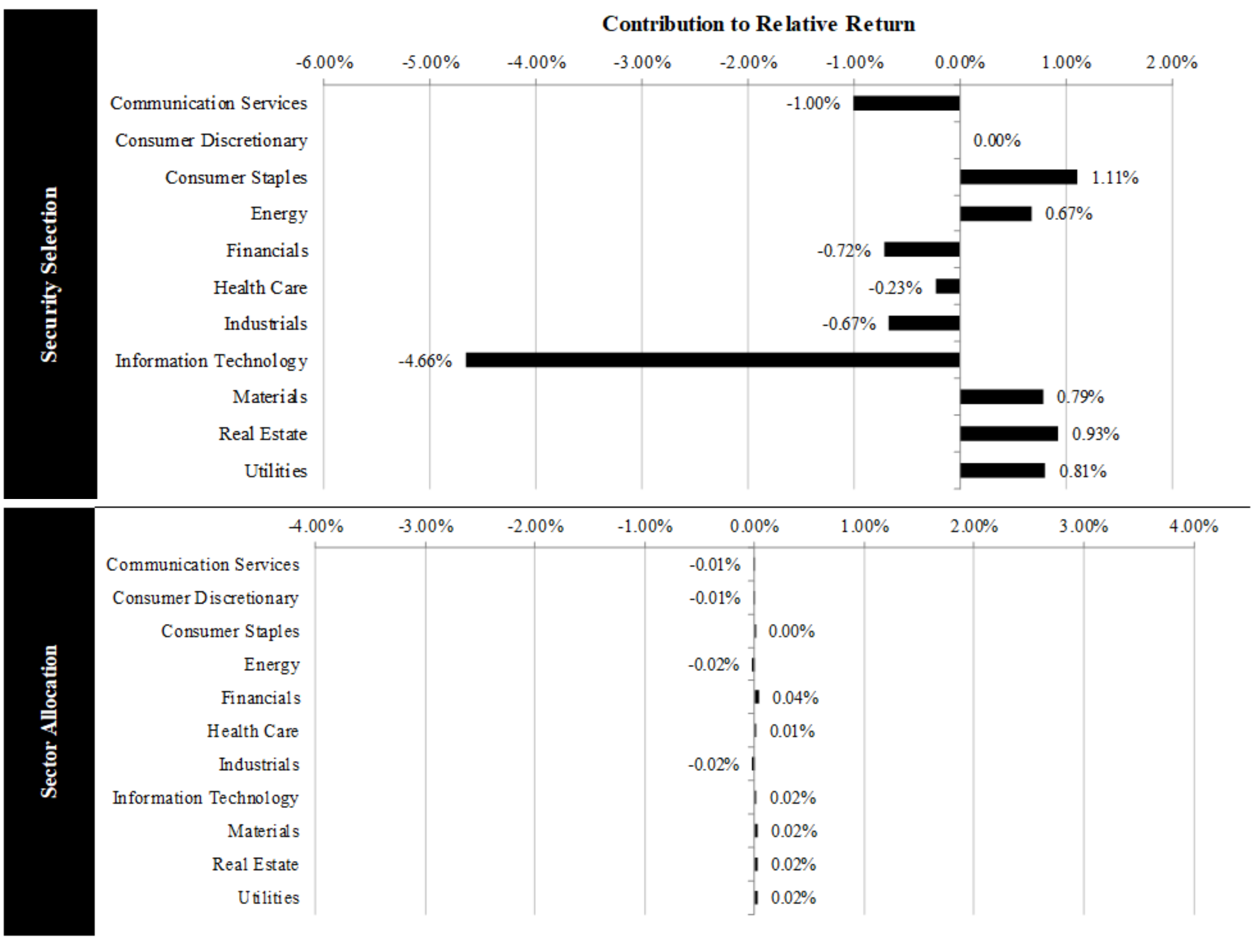


Figure 5 and Table 4 show the relative return attribution into sector allocation and stock selection for the Fiscal Year 2023. As demonstrated by Figure 4, the SSIF maintains a sector neutral policy so the very low contribution from sector allocation is to be expected. The small returns from sector allocation 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 Consumer Discretionary sector was the top contributing sector in contrast to Information Technology.

Table 4: Full Year Relative Return Contributions by Sectors

	Full Year		
Sector	Sector Allocation	Security Selection	Total
Cash	-0.05%	0.00%	-0.05%
Communication Services	-0.01%	-1.00%	-1.01%
Consumer Discretionary	-0.01%	2.73%	2.72%
Consumer Staples	0.00%	1.11%	1.11%
Energy	-0.02%	0.67%	0.66%
Financials	0.04%	-0.72%	-0.68%
Health Care	0.01%	-0.23%	-0.22%
Industrials	-0.02%	-0.67%	-0.68%
Information Technology	0.02%	-4.66%	-4.65%
Materials	0.02%	0.79%	0.81%
Real Estate	0.02%	0.93%	0.96%
Utilities	0.02%	0.81%	0.83%
Total	0.03%	-0.23%	-0.21%
Actual Relative Return			-0.43%
Unexplained by Attribution Model			-0.22%

Rolling 3-year Tracking Error

Since 2003, the SSIF has significantly decreased tracking error relative to the benchmark to around the 4% to 5% 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.

Individual Stock Contributions

Table 5: Individual Stock Contributions During Fiscal Year 2023

Rank	Top Ten Contributors	Contribution (%)
1	HUBBELL INC	2.67
2	FLOOR & DÉCOR HOLDINGS INC-A	2.04
3	DICK'S SPORTING GOODS INC	2.03
4	FIVE BELOW	2.02
5	COMMERCIAL METALS	1.77
6	LANCASTER COLONY CORP	1.68
7	MSC INDUSTRIAL DIRECT CO-A	1.10
8	AECOM	1.04
9	TARGA RESOURCES CORP	0.80
10	AGCO CORP	0.76
Rank	**Bottom Ten Contributors**	**Contribution (%)**
1	CABLE ONE INC	-1.13
2	SYNAPTICS INC	-0.65
3	CATHAY GENERAL BANCORP	-0.58
4	HANOVER INSURANCE GROUP INC	-0.44
5	ENVISTA HOLDINGS CORP	-0.44
6	HIGHWOODS PROPERTIES INC	-0.39
7	LUMENTUM HOLDINGS INC	-0.35
8	UNITED THERAPEUTICS CORP	-0.33
9	QUALYS INC	-0.18
10	IDACORP INC	-0.18

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

The Industrials and Consumers sectors both contributed four of the top ten holdings. However, these sectors are continuing to evaluate all holdings, including our top performing companies, regardless of recent outperformance. Meanwhile, the Information Technology sector made up three of the bottom ten contributors, primarily due to overall industry volatility. Please note that regardless of past one-year performance, the Fund remains sector neutral and focused on its investment philosophy of long-term performance. We focus on quality holdings with intrinsic values that are greater than their market price.

Despite having 4 out of the 10 top performers for the fiscal year, the Industrials Sector has underperformed relative to the benchmark. We believe a couple factors attributed to this underperformance. Firstly, AGCO, which was among one of the top performers for this fiscal year, has not been held in our portfolio for a full year. Additionally, the rest of the holdings within the Industrials sector, which have not been included in the top 10, have seen turbulence over the last year for a various number of reasons. Additionally, maintaining integrity to the target prices we assign to each of our holdings is a top priority. That being said, careful analysis and judgment will be given before deciding on whether to sell a company or just adjust a target price. Missing the opportunity to sell when we should have has been realized by the Fund in the past. That being said, it is important to mention that we are sticking to a long-term perspective. While short-term underperformance can be concerning, it doesn't necessarily reflect the ultimate success or failure of our sector. It is essential to make decisions based on a comprehensive understanding of the situation.

Individual Stock Theses

Below is the value thesis for each stock that was held by the SSIF as of June 30, 2023. 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

Cable One, Inc. (CABO)

Cable One spun off from Graham Holdings Company in 2015 and went public on the NYSE under CABO. Targeting rural, low-competitive areas, Cable One provides internet, video, and phone services operating in a $691 billion cable and satellite industry. In 2019, Cable One introduced Sparklight—their customer-facing brand. Sparklight, Fidelity Communications, Clearwave, Hargray, and NewWave makeup Cable One's primary brands. Purchased in March 2022, the fund believes Cable One is an attractive, undervalued company for a few reasons—they are transitioning to more profitable services like data and business services, the industry has extremely high barriers to entry and low competitive threats, and Cable One has multiple factors of growth like increased M&A and higher penetration rates.

Consumer Discretionary

Dick’s Sporting Goods (DKS)

We Believe that Dick’s Sporting Goods is currently undervalued at its current price and is a great company for the following reasons. They have 861 locations around the country as distribution points, therefore, DKS can use ECommerce to help increase their margins because their products are available nationwide. Also, Dick’s has been using the curbside pick-up option which is also helping them compete with other online retailers without the expensive logistics. Possibly the biggest positive in recent years is the overall growth of the fitness industry viewing many of Dick’s products as consumer staples now instead of consumer discretionary. With Dick’s being a powerhouse in the retail sports world and the popularity of their products constantly increases in customers eyes is why DKS is a great company to have in our portfolio.

Five Below (FIVE)

We believe that we are currently in a situation where many consumers discretionary companies are of low quality. Five Below shows the highest standards of quality compared to many mid-cap stocks because management focuses on delivering quality products as opposed to focusing on higher margins. Also, five has recession resistant qualities and is a nation-wide company. As a company they have continued to improve supply chain and have become more and more efficient on getting products to consumers in the best way possible.

Gentex Corporation (GNTX)

Gentex Corporation is the largest manufacturer of auto-dimming rearview mirrors and boasts a 94% share of the automatic-dimmable rearview mirror market. The Company also manufactures and markets commercial smoke alarms and signaling devices for the fire protection industry. The combination of a low debt-to-equity ratio, an above average return on invested capital, along with an average retention ratio of 70% exemplifies management’s focus and expertise on operational efficiency, financial conservativeness, and capital allocation. Because of these fundamental traits, we believe that Gentex will continue to perform well as global light vehicle production continues its recovery from pandemic lows, and operational costs simmer from pandemic highs. Additionally, we believe that investors are undervaluing the revenue and profit potential of the Fire Protection Product segment. The global smoke detector market share was 1.8B in 2019 and expected to grow through 2027. This implies a less than 1% market share, but as the value of R&D expenditure is realized, through innovation and product specialization, we expect shareholder value to increase from the development of a cash generative segment.

Levi Strauss & Co. (LEVI)

Levi Strauss & Co. is a manufacturer and designer of apparel for American consumers, often through the use of denim products. They offer products under their own entity in the form of Levi products, as well as other brands such as Dockers, Beyond Yoga, and Denizen, to name a few. The industry is prominent in America, as well as Europe and East Asian countries, mostly due to the popularity of Western culture in those areas. The company has partnerships with various retailers, such as Nordstrom's, Kohl's, Macy's and JC Penny. Levi would be prosperous during the pandemic due to their consumer sales tactics and by innovating more in the ecommerce space. With the new change in interest rates from the Federal Reserve trying to cool inflation, we could see consumer demand falling as it is not a necessity compared to other products due to less available spending. When looking into the competitive advantages that the company offers, we can see that it also lacks in diversity, fashion, or budget compared to other denim companies in the space. That is, with its history with denim products, which gives it some brand recognition in the consumer space. With all of this information in mind, it would be best for the fund to reassess (reevaluate) the company and see whether it would be a good time to sell or hold.

Consumer Staples

Lancaster Colony Corporation (LANC)

Lancaster Colony Corporation is a manufacturer and marketer of salad dressings, sauces, dips, frozen, and organic bread to the Retail and Foodservice channels. We believe that this Company is a quality business within the food manufacturing industry because of its exceptional management team that has proven its capability to create shareholder value. Over the past three years, revenues have grown 8% per year, driven by management's strategy to expand its core business with its Retail licensing program. So far, they have entered into brand license agreements to manufacture and sell Olive Garden dressings, Buffalo Wild Wings sauces, and Chick-fil-A sauces. Additionally, book value per share has grown at a compounded annual growth rate of 6%, which outpaces industry peers. With its exceptional management, steady revenue growth, and strong licensing program with renowned brands, Lancaster Colony Corporation is a promising investment within the Food Manufacturing industry.

Energizer Holdings, Inc. (ENR)

Energizer Holdings, Inc. is an American battery manufacturer, providing primary batteries, battery-related goods, lighting items, and automotive products to consumers worldwide. Their specialization in batteries has resulted in the company receiving a generous market share. Additionally, their strategy of acquiring notable brands in the battery and car product industries has allowed the company to see significant revenue growth since forming in 2015. Even as consumer balance sheets are affected by interest rate hikes and inflation, we expect continued revenue growth because of its diverse battery portfolio that includes the value segment brand, Rayovac. Although Energizer holds a considerable debt burden, it has maintained an interest coverage ratio of 1.5x over the past five years, and we believe this trend will continue to improve over the next year as covid related supply chain issues and costs stabilize. Energizer has great long-term potential for the Fund's portfolio.

Energy

Murphy Oil Corporation (MUR)

Murphy Oil Corporation is an independent energy company that explores, develops, produces, and acquires 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. This, along with their high margin plays and efficiency, makes them an attractive stock when commodity prices are especially tumultuous. Their continued focus on improving balance sheet health within favorable commodity price environments makes them valuable in volatile periods.

Targa Resources (TRGP)

Targa Resources is an independent midstream services company that gathers, processes, and sells natural gas and crude oil and also processes and transports liquid natural gas for exporters. They control a diversified portfolio of some of the most attractive basins within the United States, including the Permian Basin, Bakken Shale, Barnett Shale, Eagle Ford Shale, Anadarko Basin, Arkoma Basin, onshore Louisiana, and the Gulf of Mexico. This puts them in a solid strategic position for NGL markets and their logistic centers. Targa Resources' robust financial ratios and strong balance sheet make them an attractive hold.

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 may result in a 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 has the potential to result in a larger future client base for Cathay. Alongside anticipating more business in the future, Cathay has taken part in rebranding and technology improvement in recent years, which we attribute as being a way for them to keep up with advances in the banking industry. Whilst tensions remain high between US and China, Cathay has maintained a relatively safe loan portfolio with security from susceptible loans. We do not anticipate Cathay to struggle amidst geopolitical tensions due to the nature of their business and their large Chinese American client base. This is why we believe CATY is a great value holding for the Fund.

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 of years, US relations with China have been deteriorating, but only a small portion of EWBC's loan portfolio is directly affected by trade. Rather, we expect the fundamentals of the company to outlast any China-US disputes and grow as a profitable investment for the Fund. Our analysis of

EWBC in relation to their peers indicates that they have a healthy loan portfolio which is reflected by their low net charge off ratio in recent years. Their unique position in international operations is another indicator of growth that is being realized over time and will continue to grow them into a strong holding for the Fund in the long-term.

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. FHI has proven to be a steady performing company even though most of their assets under management are in money market funds. Especially during times of uncertainty in the market, these money market funds are typically great performers as people shift to risk-off investing. We believe that FHI will continue to grow slowly and remain profitable in the future of its position as a leading provider of money market funds and its increasing offerings of ESG funds that are becoming more popular in the market.

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. RGA also monitors its risk exposure through the several risk-focused committees with overlapping membership that they have in place within the company. These committees influenced RGA's recovery from the toll that the pandemic took on them due to casualties far beyond their anticipation. We expect these risk-management measures to continue pushing RGA forward as a leader in this market and a great name for us to keep in the portfolio.

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. They have a strong ability to conceptualize and analyze risks which has time and time again proven to keep the company stable even during a global pandemic as seen in 2020. In recent years, we can look to the sustainability of RNR's underwriting performances to visualize their risk-management even during high-catastrophe years. Management continues to shift capital toward Casualty & Specialty underwriting, and we expect the business to become more profitable with scale. 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.

American Financial Group (AFG)
American Financial Group is a holding company headquartered in Cincinnati, Ohio that, through the operations of the Great American Insurance Group, is primarily engaged in property and casualty insurance. AFG is focused on capitalizing on niche markets with their specialty coverages, which lessens the amount of competition that they face and diversifies the scope of their coverage – thus reducing some of their risk. Common concerns for insurance companies moving forward are high-catastrophe years, especially amidst higher amounts of natural disasters across the United States each year. We believe that AFG is taking a unique stance to mitigating the risks that these disasters pose by specifically writing business that is expected to produce profits

and keeping a moderate amount in reserves. For these reasons, we foresee AFG to safely navigate these disaster years while keeping a steady growth.

Healthcare

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.

Envista Holdings Corporation (NVST)

Envista Holdings Corporation (NVST) is a dental holding company comprising over 30 brands in 120+ countries. NVST has an abundance of revenue segments broken down into two parts: equipment and consumables, and specialty products and technology. We believe that Envista Holdings is an undervalued company that can be capitalized on due to its high industry growth potential, healthy financials, and emerging market presence. Stemming from trends such as cosmetic dentistry, which has increased in popularity in the twenty-first century due to technological innovation and the growing middle-class market. Additionally, the increase in the global population and their understanding of the importance of hygiene increases the need for these innovative health solutions. For these reasons, we believe that NVST has the ability to produce a positive return for the Healthcare Sector.

United Therapeutics (UTHR)

United Therapeutics Corporation, known by the ticker UTHR, was founded in 1996 by CEO and founder Martine Rothblatt in Maryland. They're an 11 billion dollar biotech company specializing in the treatment of Pulmonary Arterial Hypertension. At their core, they develop solutions to combat lung diseases by finding different technologies and medicines to help its patients. Located primarily in the United States and parts of Europe, United Therapeutics has an established market. UTHR is currently undervalued due to revenue expectations of Tyvaso, one of the company's top treatments, whose revenues are up 80% the last 3 years. Showing no sign of slowing down with recent approvals of new ways to administer it. The revenue expectations are listed by management as doubling the next few years from where it already stands now. UTHRs healthy lineup of products proven in their respective markets paired with their continuance of garnering more market share each year also allow them other opportunities. They're able to fund more research into the development of new drugs and are on the frontier of untapped markets. Notably, the market of growing organs. With major successes the last few years such as doing the first human heart transplant from a pig. We believe UTHR is a deep value hold offering stability while harboring huge potential making it one of our best holds possible.

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 produces 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 the potential to expand in the field, and are harnessing oncology rise. 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. Recent workings with the FDA have increased Cabozantinib-based drugs reach into younger audiences (Ages 12+ accepted). 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 the disadvantages of the company's relatively small size. These partnerships should help Exelixis fortify its global presence and expand pipeline opportunities.

Industrials

AGCO Corporation (AGCO)
AGCO Corporation manufactures and distributes agricultural equipment. The company sells a wide range of agricultural equipment and related replacement parts, including tractors, combines, hay tools, sprayers, and forage equipment. AGCO serves customers worldwide and continues to grow their company in different countries. AGCO has a high potential of growth in the future with their new up and coming technology from their Precision Agriculture segment. Additionally, AGCO has converted 40% of its operations to renewable energy sources, with a goal to reach 60% or more by 2025. Working to reduce emissions of AGCO products supports farmers' achievement of

sustainability goal Due to these factors, as well as their high profitability, AGCO remains a strong holding

Aecom (ACM)
Aecom is an industry leader in infrastructure design and engineering services. AECOM is well positioned to take advantage of the increase in infrastructure spending domestically and abroad. Its diverse range of services makes it a convenient one stop shop for design, engineering, and security services. A large portion of AECOM's revenue comes from the U.S and other foreign governments. AECOM is one of three companies that hold the majority of government contracts for infrastructure in the U.S. Increased infrastructure spending, increased backlog, and investing in digital transformation activities are all conditions that will drive growth for the company, alongside margin expansion post construction-service sale.

Carlisle Companies Inc. (CSL)
Carlisle Companies Inc. is a provider of highly specialized and engineered manufactured products for the roofing, real estate, construction, trucking, food service, aircraft manufacturing, lawn and garden, and other industries. Carlisle's 2025 expansion project in niche high-growth and high-margin markets and the further expansion in other economies, such as Europe, focusing on the commercial construction and aerospace technology markets, are the main reasons for our hold recommendation. Moreover, following Carlisle's successful strategic acquisitions business model, will keep helping them to achieve the 2025 project.

Hubbell Inc. (HUBB)
Hubbell Inc. designs, manufactures and sells electrical and electronic products for non-residential and residential construction, industrial and utility applications. It operates in 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. Rising demand for Hubbell's products will come from increased industrial demand worldwide spurring investment in electrical infrastructure, this in addition to favorable price ratios and profitability ratios suggests that HUBB is a strong hold.

MSC Industrial Direct (MSM)
MSC Industrial Direct is a leading distributor of metalworking and maintenance, repair and operations products. They are centered in North America, with headquarters in both New York and North Carolina. Currently, MSC has over 1 million different products that are available for purchase, which helps them serve customers in the U.S., Canada and the United Kingdom. MSC also has one of the larger lines of products on the industry, and they keep accumulating new brands every year. This combined with a strong and highly trained sales force are the strengths that MSC will continue to capitalize on in the foreseeable future.

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 U.S. states and seven foreign countries, OSK currently sells and services products in more than 150 countries. Oshkosh Corporation's multiple segments and diverse product offerings along with its large backlog of orders make it an appealing stock to hold. In addition to their innovation in developing new technology to improve their products, their large portion of revenue coming from the United States contracts Department of Defense gives us a positive outlook for revenue growth.

Information Technology

Ciena Corp (CIEN)
In terms of internal network administration and services, Ciena is a top performer. They create and administer networks for businesses so that their clients do not have to pay attention to them. They want to build on their recent acquisition of Blue Planet, which employs AI to optimize a network for the requirements of each company. With more than 2,000 patents, Ciena enjoys a strong competitive position in the sector. Additionally, they have developed solid connections with influential participants in the market, most notably AT&T, with whom they have a strategic business alliance. Additionally, Ciena has good financial ratios that enable them to maintain a dominant position in comparison to their competitors. Overall, we think Ciena has a low-risk history with a market for such specialized products at demand.

Lumentum Holdings Inc. (LITE)
Lumentum Holdings Inc. was founded in 2015 in San Jose California after JDS Uniphase Corporation split into Viavi Solutions and Lumentum holdings. Since its inception, Lumentum has been an industry-leading provider of optical and photonic

products. Its vast array of products can be broken down into optical communication products, commercial laser products and diode laser products. Lumentum believes the global markets that it operates in have a fundamentally robust, long-term trend that increases the need for its photonics products and technologies. Lumentum's revenue has grown from $1 billion in fiscal year 2017 to $1.7 billion in fiscal year 2020 and is expected to grow in a similar trend in the upcoming years. We believe that Lumentum's fundamentals and its highly competent internal operations put Lumentum in great shape to grow.

MKS Instruments Inc. (MKSI)
Massachusetts-based MKS Instruments, Inc. was established as a corporation in 1961. It is a leading global supplier of instruments, components, and process control solutions that monitor, deliver, analyze, power, and regulate key elements of sophisticated manufacturing processes to boost efficiency and productivity. We anticipate MKS Instrument to grow and believe in the fundamentals of this company because of their good financial health and the great depth of their product portfolio which allows for future growth. This is a solid stock in our portfolio due to their tactical acquisition of Atotech and advantageous laws. With the vast majority of MKS Instrument's customers are in the ever-expanding semiconductor market we have a better understanding of the market around them.

Synaptics (SYNA)
The late 1980s through the present have seen a long history of innovation at Synaptics. Because of Synaptics' history of technological leadership, design innovation, product performance, cost effectiveness, and on-time deliveries, they are the market leader in semiconductor product solutions for human interface technology, including touch ID, face ID, and other features. With its global business model, Synaptics takes satisfaction in producing sizable revenues from numerous markets both domestically and abroad. Synaptics recently announced that it is changing its product selection to concentrate on higher-end technology with the aim of generating industry-leading profit margins. According to this new approach, which we believe is working, they have sold off some of their less profitable business areas and bought some new ones. We believe this new strategy for the company puts them in excellent shape fundamentally now and in the future. They have an untapped market potential and an extremely favorable position to execute it.

Qualys Inc. (QLYS)
This cloud-based cybersecurity company was established in 1999 in Foster City, California, and focuses on providing online safety to 15,700 clients globally. They are innovators in a field that is rapidly growing, and we think they are well positioned to

benefit greatly from this. Their subscription-based business strategy allows them to offer a core set of cloud solutions for information security and compliance to clients, which means that practically all of their revenue is recurring. rather than emphasizing revenue development, its conservative management team is more concerned with profitability. With a distinctive business strategy in place to fully capitalize on the swiftly growing information technology sector. Additionally, they are committed to having no debt and have financial wellness that is above their competition.

Materials

Commercial Metals (CMC)

Commercial Metals manufactures, recycles, and fabricates steel and metal products, related materials, and services through a network of facilities that include seven electric arc furnace (EAF) mini mills, two EAF micro mills, two rerolling mill, steel fabrication and processing plants, construction-related product warehouses, and metal recycling facilities in the US and Poland. CMC operates through two reportable segments: North America and Europe. The US accounts for nearly 75% of revenue. The firm has rapidly increased revenues in recent years, something most materials stocks are unable to do. While increasing profitability heavily, management has also placed a focus on reducing both debt and the company's operating cycle. CMC is an industry leader for sustainability in an industry/society that places more and more emphasis on ESG, providing the company with a major competitive advantage. With Biden's infrastructure bill, we project strong short-term demand. In addition, much of Commercial Metal's business is focused in the "sun belt" of the United States, the area with above-average population growth and expansion of infrastructure.

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 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 container 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 buying the remaining interest in RTS Packaging. Sonoco also completed a substantial acquisition in Ball Metalpack this fiscal year. We are closely monitoring performance since the acquisition as it one of the largest in the firm's history and was financed primarily through bond issuance. We believe that Sonoco's large size, market positioning, and progression towards sustainability make it a stable and strong hold moving forward. The firm offers a plethora of recycled-packaging products.

Real Estate

First Industrial Realty Trust Inc. (FR)
First Industrial Realty Trust Inc. is a real estate investment trust that specializes in industrial real estate. FR occupies space in very premium industrial geographic regions. FRs portfolio contains bulking warehouse properties, flex warehouse properties, regional warehouse properties, and light industrial warehouse properties, all totaling 60.2 million square feet of leasing area. We value FR as a hold.

Highwoods Properties Inc (HIW)
Highwoods Properties is a Real Estate Investment Trust that invests in office and industrial properties. Highwoods Properties is an attractive group 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 value this company as a hold.

Lamar Advertising Co. (LAMR)
Lamar Advertising is one of the largest outdoor advertising companies in the United States based on the number of displays as well as they've been operated under the name Lamar since 1902. They have advertising space on buses, billboards, benches, shelters, logo plates, and in airport terminals. In addition to Lamar's large market share (>80% in markets in which they compete) and foray into digitizing its advertising units, we see a potential for future growth through profitable acquisitions and developments. We consider LAMAR a hold.

Utilities

Hawaiian Electric Industries, Inc. (HE)

Hawaiian Electric Industries is a holding company that provides electric utility and banking services. Their electric company, Hawaiian Electric, provides electricity to approximately 95% of Hawaii and operates three utilities on five separate grids. They are rapidly progressing towards their goal of being 100% renewable by 2045 through various projects, with one of their significant initiatives being consumer rooftop solar projects, as 37% of single-family homes that Hawaiian Electric services had rooftop solar by the end of 2022. 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 Electric with a sustainable capital structure and the resources necessary to invest in strategic growth. This holding has been sold as of August 28th due to the extreme litigious risk resulting from their potential involvement in the Maui Wildfires.

Idacorp (IDA)

Idacorp is a holding company comprised of two main parts Idaho Power Company and Ida-West Energy. IDACORP also operates Idacorp Financial, which focuses on affordable housing real estate investments. Their primary focus is within their Idapower brand, which operates as a regulated utility within Idaho and eastern Oregon, servicing around 618,000 customers. Their geographic location allows them to grow organically from populations moving towards the northwestern United States. In addition to that, they also operate 17 hydropower projects through the Ida-West Energy brand, which enables them to receive low-cost energy. Idacorp is also heavily invested in safety which should limit the risk of natural disasters and protect its strong balance sheet while benefiting from solid organic customer growth.

Portfolio Holdings

Symbol/Sector	As of 6/30/2022 Shares	Market Value	As of 6/30/2023 Shares	Market Value	S&P Constituent
Consumer Discretionary					
FIVE	870	$98,684.10	630	$123,820.20	Yes
FND	1,420	$89,403.20	1230	$127,870.80	No
GNTX	2,990	$83,630.30	4200	$122,892.00	Yes
LEVI	1,770	$28,886.40	3140	$45,310.20	No
DKS	1,440	$108,532.80	880	$116,327.20	Yes
Total		$409,136.80		$536,220.40	
Consumer Staples					
LANC	970	$124,916.60	610	$122,664.90	Yes
ENR		-	1010	$33,915.80	
Total		$124,916.60		$156,580.70	
Energy					
MUR	3,450	$104,155.50	900	$34,470.00	Yes
TRGP	-	-	1330	$101,213.00	No
Total		$104,155.50		$135,683.00	
Financials					
CATY	1,500	$58,725.00	1000	$32,190.00	Yes
EWBC	1,640	$106,272.00	630	$33,257.70	Yes
FHI	980	$31,154.20	3120	$111,852.00	Yes
RGA	310	$36,359.90	430	$59,636.70	Yes
RNR	720	$112,586.40	640	$119,372.80	Yes
THG	760	$111,150.00	-	-	Yes
AFG			1030	$122,312.50	
Total		$456,247.50		$478,621.70	
Real Estate					
FR	2,240	$106,355.20	2260	$118,966.40	Yes
HIW	1,750	$59,832.50	1500	$35,865.00	Yes
LAMR	1,230	$108,203.10	1160	$115,130.00	Yes
Total		$274,390.80		$269,961.40	

Healthcare					
EHC	700	$39,235.00	800	$54,168.00	Yes
EXEL	1,710	$35,602.20	2180	$41,659.80	Yes
NVST	2,750	$105,985.00	3520	$119,116.80	
UTHR	500	$117,820.00	530	$116,997.50	Yes
Total		$298,642.20		$331,942.10	
Industrials					
ACM	1,630	$106,308.60	1470	$124,494.30	Yes
CSL	660	$104,988.40	540	$138,526.20	Yes
HUBB	570	$101,790.60	410	$135,939.60	Yes
MAN	860	$65,712.60	-	-	Yes
MSM	1,330	$99,896.30	1310	$124,816.80	Yes
OSK	870	$71,461.80	1530	$132,482.70	Yes
AGCO	-	-	990	$130,105.80	
Total		$550,158.30		$786,365.40	
Information Technology					
CIEN	2,430	$111,051.00	2110	$89,653.90	
LITE	750	$59,565.00	1060	$60,133.80	Yes
MKSI	520	$53,367.60	320	$34,592.00	Yes
QLYS	870	$109,741.80	610	$78,793.70	Yes
SYNA	540	$63,747.00	980	$83,672.40	Yes
Total		$397,472.40		$346,845.80	
Materials					
CMC	2,820	$93,342.00	1360	$71,617.60	
SLGN	2,110	$87,248.50	2520	$118,162.80	Yes
SON	540	$30,801.60	560	$33,051.20	Yes
Total		$211,392.10		$222,831.60	
Communications					
CABO	40	$51,572.80	100	$65,708.00	Yes
Total		$51,572.80		$65,708.00	
Utilities					
HE	1,990	$81,391.00	2060	$74,572.00	Yes
NJR	790	$35,178.70	-	-	Yes
IDA	-	-	400	$41,040.00	Yes
Total		$116,569.70		$115,612.00	

Cash		$15,715.88		$17,227.92	
SSIF PORT TOTAL		**$3,010,370.58**		**$3,463,600.02**	

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, 2023, the COBA equally weighted portfolio holds 38 stocks with a total market value of $235,160.78. Performance by calendar year is reported in Table 6.

Table 6: Performance of the COBA Portfolio as of June 30, 2023

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As of June 30, 2023

	Quarter	Calendar YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
COBA	**9.77%**	**12.68%**	**16.80%**	**15.62%**	**10.89%**	**12.84%**	**10.25%**
S&P 500 Index*	8.74%	16.89%	19.59%	14.60%	12.31%	12.86%	7.10%
Difference	*1.03%*	*-4.22%*	*-2.79%*	*1.02%*	*-1.41%*	*-0.03%*	*3.16%*
Tracking Error**			5.77%	5.24%	4.52%	4.70%	12.08%
Information Ratio***			-0.48	0.20	-0.31	-0.01	0.26
Months > Benchmark			42%	50%	42%	48%	51%

COBA portfolio value as of June 30, 2023: 235,160.78.
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 was 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 from. 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 displays winning teams' names and stock picks instated on the wall of the Burnell D. Kraft Trading Floor.

We held the 15th CoBA Challenge on March 5th, 2023. The winning team presented a BUY for TopBuild Corp. (BLD) because of their strong financial performance, strategic acquisitions, and diversified lines of business and a SELL for Dollar General Corporation (DG) due to their poor financial and peer-based ratios, low credit rating, and lack of a real competitive advantage. This buy/sell has shown great results for the CoBA portfolio with TopBuild Corp. (BLD) being up over 40 percent since the purchase and Dollar General being down over 26 percent as of today August 6th, 2023. The winning team comprised Ryan Rajak, Eric Latham, Rajat Niroula, and Jacob Rothenberger.

CFA Challenge

In 2023, SSIF submitted a team that participated in the CFA Institute Research Challenge, a worldwide contest where student teams perform financial analysis on a publicly traded company. The team consisted of SSIF members Kate Held, Ethan Koller, Yunjia Zhu, Ivan Vargas, and Matthew Carrazco.

The challenge provides students with hands-on mentoring from industry experts and intensive training in financial analysis and professional ethics. Teams are evaluated on their analytical, valuation, report-writing, and presentation skills. The SIU team began working on this challenge in October of 2022 after the kickoff of the challenge, which included an investor presentation from the CEO of Benson Hill, the chosen company. Benson Hill is a St. Louis, Missouri company that operates within the agricultural biotechnology space and offers a crop technology platform that blends food-science and plant biology with data analytics. The team visited Benson Hill's facilities and met with several of the company's representatives to understand their business model from the inside out. After this, the team launched into extensive research and analysis, aided by their faculty mentor, Tim Marlo, alongside their industry mentor, Matt Arnold, an SIU alumnus and senior equity analyst with Edward Jones.

The results of the many hours of effort were compiled into an in-depth 10-page written report, just like one a professional financial analyst would prepare in the business world. The report includes the team's opinion as to whether a person should buy, sell, or hold Benson Hill stock. The report was the first phase of the contest. The second phase was a verbal presentation and defense of the report before a panel of chartered financial analysts who are truly experts in their field. This year, the event was held live in St. Louis, where the team presented their findings and investment recommendations to the judging panel. Though the team did not place this year, they walked away with a higher understanding of the rigor that it can take to put together a cohesive report that financial analysts must do in actual practice.

Outlook for FY 2024

Having deeply analyzed economic data, the SSIF team projects a distinctive economic landscape for the upcoming year. The analysis presents a picture of growth shaped by the interplay of monetary policies and global developments. This detailed comprehension will act as a cornerstone for our outlook on FY 2024.

From 2022 to 2023, there's a marked decline in both the 5-year and 10- year breakeven inflation rates. This trend signals that the market anticipates subdued inflationary pressures in the foreseeable future. Complementing this trend, the inflation rate plummeted to 3% by mid-2023, a notable decrease from the 8% observed the previous year. In response to these inflationary patterns, the Federal Reserve took decisive action, raising interest rates, culminating in a 5.12% Federal Funds Effective Rate by July 2023. These measures collectively reflect a calculated effort by the Federal Reserve to tighten monetary supply, a step towards quelling inflation and fostering economic stability.

Shifting the lens to broader economic health indicators, the country's GDP trend suggests a vibrant economic backdrop. The Federal Open Market Committee (FOMC) meeting on June 14 revealed its June 2023 estimate, which predicted that, adjusted for inflation, the U.S. GDP will rise by 1.0% in 2023. It was predicted that after that, the growth rate would increase to 1.1% in 2024 and then further rise to 1.8% in 2025. These estimates are more optimistic than its estimate from their March 2023 meeting, which estimated 2023's real GDP growth rate to be 0.4%.

The declining unemployment figures, hovering around 3.4%-3.5% in 2023, is a testament to a labor market approaching its peak performance. In another positive sign, 2023 registered a shrinking Trade Balance deficit, hinting at a more balanced trade scenario. However, it's not all rosy. The slight dip in the OECD consumer confidence indicator in 2023, relative to 2022, reveals a more guarded sentiment among consumers. On a brighter note, the industrial sector's growth, though modest, signals a consistent production environment.

Within the financial market sphere, there's been an intriguing development with the yield curve. It has started to invert, particularly when analyzing the 10-Year Treasury against its 2-Year and 3-Month counterparts. Historically, such inversions often precede economic downturns, serving as a cautionary indicator. Simultaneously, the notable rise in corporate yields, highlighted by the AAA US Corporate Index Effective Yield, indicates that businesses now face steeper borrowing costs. On the housing front, there's a perceptible cooling trend, as seen with the 30-year fixed mortgage rate climbing to 6.9% by August 2023.

Transitioning to the outlook for FY 2024, several key predictions emerge. Given the prevailing trends and a proactive stance by monetary authorities, inflation appears set to stabilize. However, a word of caution for businesses and investors: there's always the risk of supply-side shocks potentially destabilizing the markets. The U.S. economy, while brimming with growth potential, might experience moderated growth in 2024, especially considering the cautionary signals from the yield curve. With inflationary concerns potentially receding, the next year might witness a stabilization in interest rates. The Federal Reserve is likely to adopt a watchful stance, especially given its recent aggressive maneuvers. As for trade, the dwindling trade deficit could be attributed to a surge in U.S. exports or a dip in imports, auguring well for domestic production in 2024. The slight erosion in consumer confidence suggests businesses, especially those catering directly to consumers, should brace for cautious spending patterns. Furthermore, the rising borrowing environment could push corporations towards a more conservative investment posture. And, with surging mortgage rates, enthusiasm in the housing sector may wane, hinting at a potential decline in property demand.

In conclusion, while 2023 showcased the economy's robustness and adaptability, some indicators counsel caution. The SSIF, looking forward to 2024, champions a diversified investment approach, gravitating towards sectors adept at navigating uncertain economic waters. As the complexities of 2024 unfold, it will be imperative to keep an unwavering focus on economic indicators, guiding our investment decisions with both foresight and sagacity.

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: 2022-2023 SSIF Members

Andrew Barajas
Reagan Basso
Chase Beatty
Daniel Boles
Itria Bonansinga
Dawson Boys
Moira Brock
Matthew Carrazco
Santo Chiarelli
Nick Dean
Kate DeGrazia
Luke Dierkes
Holden Dodson
Josh Dunn
Robert Ellis
Noe Estrada
Sarah Farris
Gabriel Francis
Chris Golden
Tobias Hagen
Austin Hamrick
Braden Hasty
Kate Held
Garrett Kepley
Ethan Koller
Eric Latham
Sarah Lynd
Kaitlyn May
Rafael Morales
Benjamin Morgan
Rajat Niroula
Joshua Payne
Eddie Pelak
Joseph Ragnanese
Ryan Rajak
Nicole Raventos
Jacob Rothenberger
Dylan Sessengood
Jacob Seidel
Bidit Shakyra
Jackie Tremmel
Ivan Vargas
Adrian Veseli
Louis Vicari
Caleb Wendt
Nicholas Winkler
Jadrian Wright
Yunjia Zhu