

# 2020 NEWSLETTER



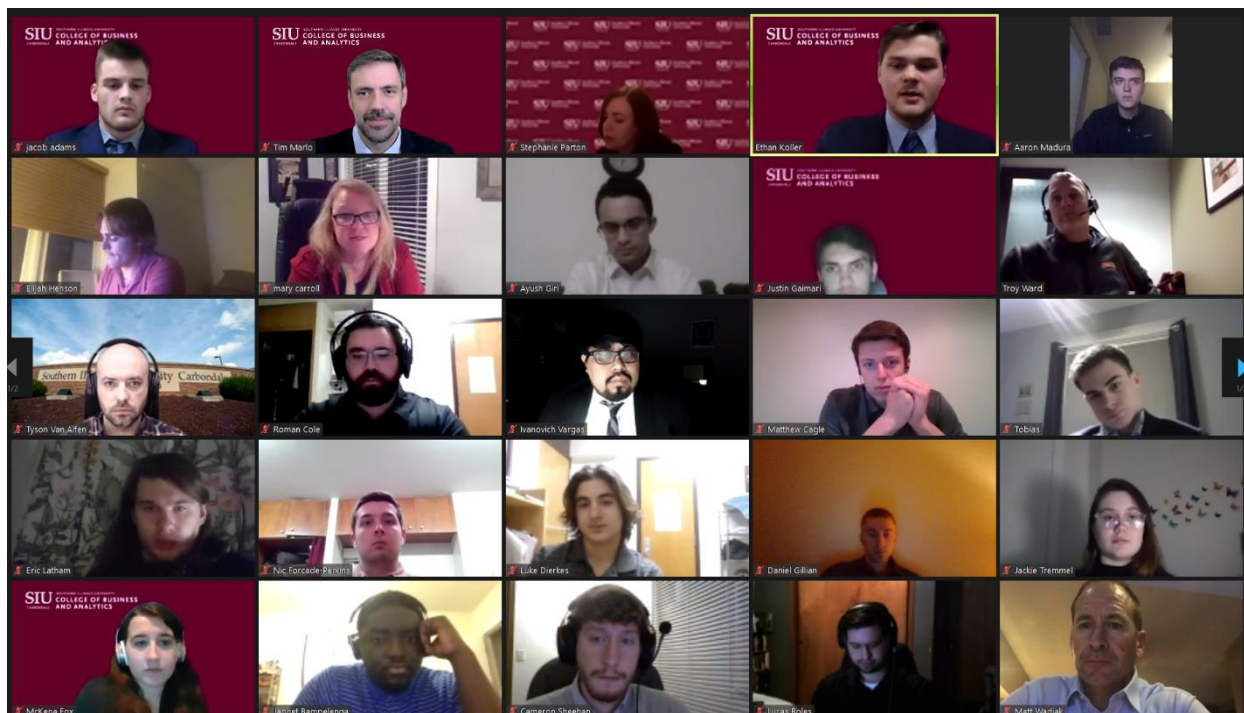
SOUTHERN ILLINOIS UNIVERSITY  
**SALUKI STUDENT  
INVESTMENT FUND**



Editors:  
Kelsey Odom  
Morgan Braden

## 2020 Fund Activity

In Fall 2020 the Saluki Student Investment Fund had 48 members. Due to the COVID-19 pandemic meetings were held in Trading Room and virtually. Members were divided into five groups that each met in person on different weeks while everyone else went via Zoom. Throughout the pandemic, the SSIF continued to rebalance the portfolio to optimize our holdings and ensure sector neutrality while staying within individual holding constraints.



As of December 31<sup>st</sup>, 2020, the SSIF was managing \$2,920,219.60 million. While the SSIF 1-year performance was 3.51% below the S&P 400 benchmark, the 15-year performance was up 1.20% over the benchmark. This falls in line with the funds goal to achieve long term outperformance against the benchmark; and puts the SSIF in the top 20% of mid cap managers over the 15-year period according to the S&P's SPIVA US Score Card Report.

Recently the SSIF had been reviewing and updating our portfolio optimization methods to maximize the information ratio of the portfolio. The portfolio team started utilizing tools in RStudio to optimize the portfolio's information ratio using Jensen's alpha (Excel is used for backup purposes only). Unfortunately, all 2020 company visits were postponed but we look for opportunities in 2021.

The COBA Challenge was postponed due to COVID-19 but the Challenge will resume in 2021. The current balance of the COBA account is \$181,123.18 as of December 31<sup>st</sup>, 2020.

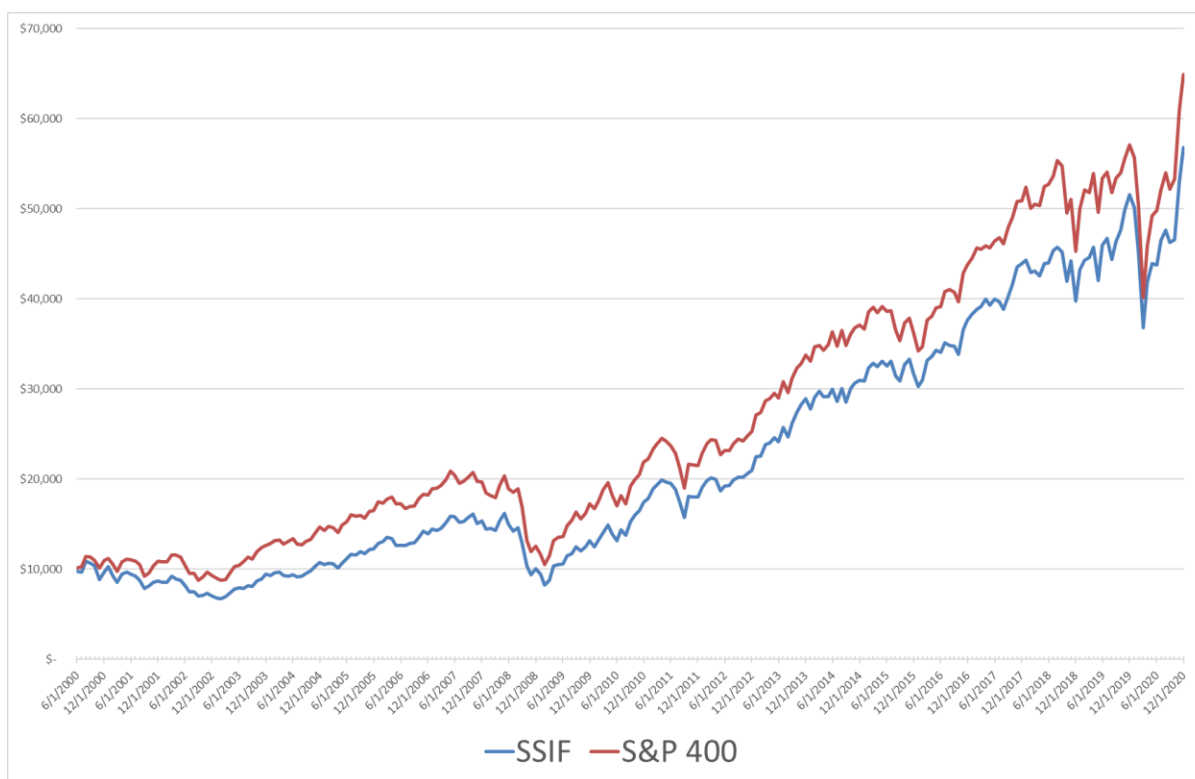
## SIU Foundation Portfolio Performance Summary

As of December 31, 2020

	Fiscal YTD	1-Year	5-Year	10-Year	15-Year	Since Inception
<b>SSIF</b>	<b>29.77%</b>	<b>10.15%</b>	<b>12.35%</b>	<b>12.53%</b>	<b>10.75%</b>	<b>8.80%</b>
S&P 400 Benchmark*	30.31%	13.66%	12.35%	11.51%	9.55%	9.52%
<i>Difference</i>	<i>-0.54%</i>	<i>-3.51%</i>	<i>0.00%</i>	<i>1.02%</i>	<i>1.20%</i>	<i>-0.71%</i>
Tracking Error**		4.31%	4.21%	3.55%	4.20%	5.15%
Information Ratio***		-0.82	0.00	0.29	0.29	-0.14
Months > Benchmark		33%	48%	50%	51%	49%

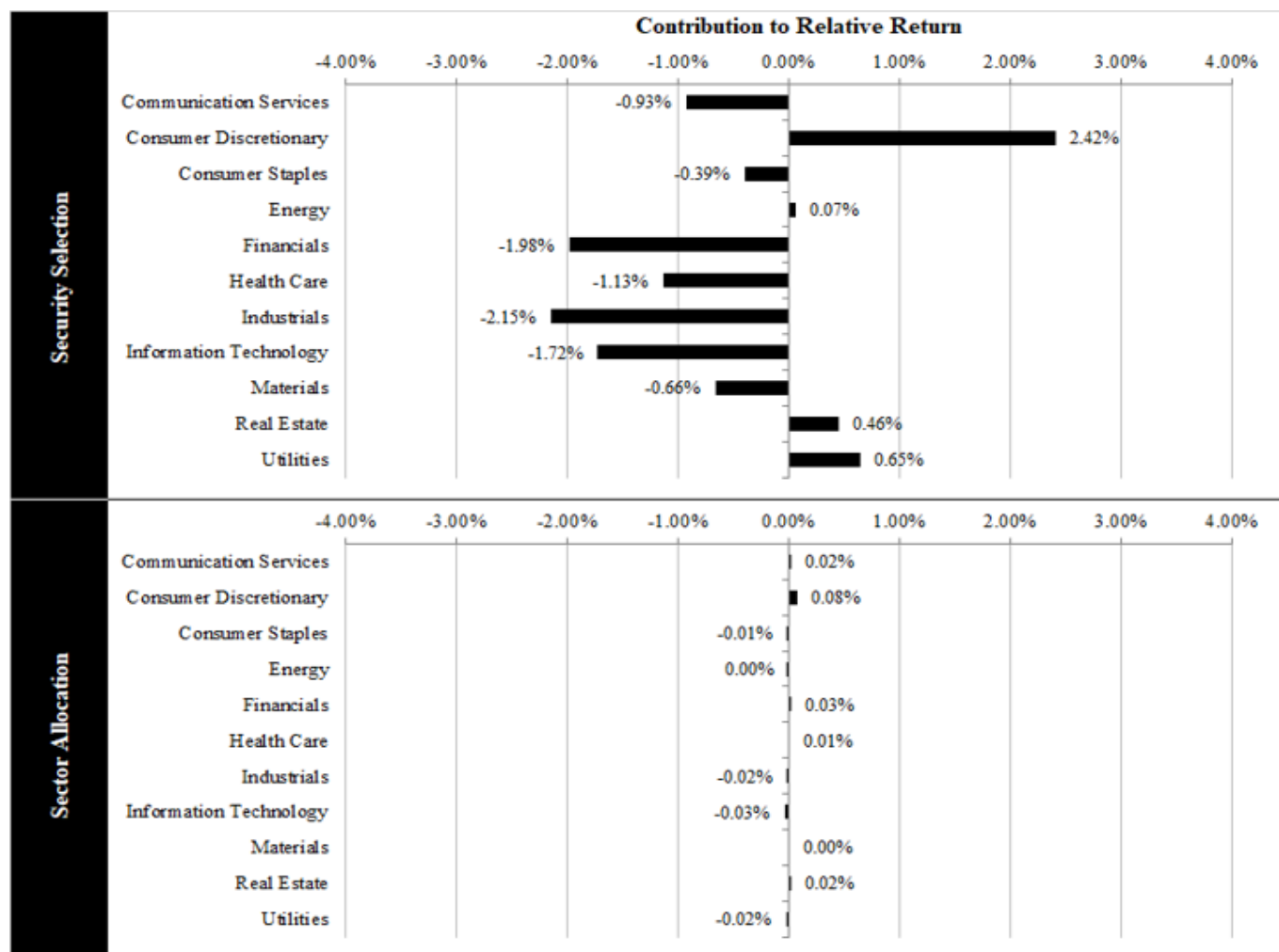
Periods greater than one year are annualized. Inception: June 30, 2000. \* Performance of the benchmark is reported for the S&P Midcap 400 Total Return Index (Source: Bloomberg SPTRMDCP Index) \*\* Tracking error is annualized and based on monthly return differences relative to the benchmark. \*\*\*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

### Growth of \$10,000 Since Inception



The figure above shows the hypothetical growth of \$10,000 since the Fund's inception date of May 2000. The ending December 31st, 2020 amount for the SSIF would be \$56,790 and the S&P Midcap Index would be \$64,939.

### SSIF Performance Attribution for the Calendar Year Ended December 31, 2020



Rank	Top Five Contributors to 2020 Return	Contribution (%)
1	FLOOR & DECOR HOLDINGS	4.08
2	FIVE BELOW	1.71
3	SYNAPTICS INC	1.67
4	DUNKIN' BRANDS GROUP	1.63
5	CHARLES RIVER LABORATORIES	1.56

Rank	Bottom Five Contributors to 2020 Return	Contribution (%)
1	AMERICAN EAGLE OUTFITTERS	-1.82
2	REINSURANCE GROUP OF AMERICA	-1.46
3	SERVICE PROPERTIES TRUST	-1.15
4	KIRBY CORP	-0.95
5	LIBERTY LATIN AMERICA	-0.93

## COBA Portfolio Performance Summary

As of December 31, 2020

	Quarter	Fiscal YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
<b>COBA</b>	<b>6.92%</b>	<b>26.86%</b>	<b>21.41%</b>	<b>13.20%</b>	<b>13.67%</b>	<b>11.30%</b>	<b>10.50%</b>
S&P 500 Index*	8.93%	31.31%	27.26%	16.96%	16.89%	14.71%	7.28%
<i>Difference</i>	<i>-2.01%</i>	<i>-4.44%</i>	<i>-5.86%</i>	<i>-3.76%</i>	<i>-3.22%</i>	<i>-3.41%</i>	<i>3.23%</i>
Tracking Error**			3.68%	3.09%	3.60%	6.00%	12.66%
Information Ratio***			-1.59	-1.22	-0.89	-0.57	0.25
Months > Benchmark			33%	39%	43%	45%	51%

Periods greater than one year are annualized. Inception: June 30, 2000 \* Performance of the S&P 500 Total Return Index (Source: Bloomberg SPTR 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.

SECTOR	TICKER	NAME	SHARES	MARKET VALUE	% OF TNA
COMMUNICATION	GOOG	ALPHABET INC	5	\$8,759.40	5.40%
COMMUNICATION	FB	FACEBOOK INC	33	\$9,014.28	5.56%
CONS. DISCRETIONARY	AMZN	AMAZON.COM	3	\$9,770.79	6.03%
CONS. DISCRETIONARY	DG	DOLLAR GENERAL	38	\$7,991.40	4.93%
CONS. STAPLES	MNST	MONSTER BEVERAGE	109	\$10,080.32	6.22%
CONS. STAPLES	WMT	WALMART INC	52	\$7,495.80	4.26%
ENERGY	XOM	EXXON MOBIL	90	\$3,709.80	2.29%
FINANCIALS	BRK/B	BERKSHIRE HATHAWAY	29	\$6,724.23	4.15%
FINANCIALS	JPM	JPMORGAN CHASE & CO	49	\$6,226.43	3.84%
HEALTH CARE	CVS	CVS HEALTH CORP	91	\$6,215.30	3.83%
HEALTH CARE	LLY	ELI LILLY & CO	54	\$9,117.36	5.63%
HEALTH CARE	JNJ	JOHNSON & JOHNSON	46	\$7,239.48	4.47%
HEALTH CARE	TMO	THERMO FISHER SCIENTIFIC	20	\$9,315.60	5.75%
INDUSTRIALS	MMM	3M CO	36	\$6,292.44	3.88%
INDUSTRIALS	BA	THE BOEING CO	18	\$3,853.08	2.38%
INDUSTRIALS	DAL	DELTA AIR LINES	111	\$4,463.31	2.75%
INDUSTRIALS	GD	GENERAL DYNAMICS	34	\$5,059.88	3.12%
INFO. TECH.	AAPL	APPLE INC	25	\$3,317.25	2.05%
INFO. TECH.	ORCL	ORACLE CORP	112	\$7,245.28	4.47%
INFO. TECH.	V	VISA INC	34	\$7,436.82	4.59%
MATERIALS	DD	DUPONT DE NEMOURS	72	\$5,119.92	3.16%
REAL ESTATE	AMT	AMEERICAN TOWER CORP	28	\$6,284.88	3.88%
REAL ESTATE	APLE	APPLE HOSPITALITY REIT	373	\$4,815.43	2.97%
UTILITIES	NEE	NEXTERA ENERGY	26	\$2,005.90	1.24%
UTILITIES	UGI	UGI CORP	128	\$4,474.88	2.76%
CASH	USD	US DOLLAR	-	\$46.82	.03%

### SSIF Portfolio Holdings as of 12/31/2020

SECTOR	TICKER	NAME	SHARES	MARKET VALUE	% OF TNA
COMMUNICATION	LILAK	LIBERTY LATIN AMERICA	4,170	\$46,245.30	1.58%
CONS. DISCRETIONARY	DKS	DICKS SPORTING GOODS	540	\$30,353.40	1.04%
CONS. DISCRETIONARY	FIVE	FIVE BELOW	620	\$108,487.60	3.72%
CONS. DISCRETIONARY	FND	FLOOR & DÉCOR	1,050	\$97,492.50	3.34%
CONS. DISCRETIONARY	GNTX	GENTEX CORP	2,990	\$101,450.70	3.47%
CONS. DISCRETIONARY	LEVI	LEVI STRAUSS & CO	4,350	\$87,348.00	2.99%
CONS. STAPLES	LANC	LANCASTER COLONY	610	\$112,075.30	3.84%
ENERGY	MUR	MURPHY OIL	2,930	\$35,453.00	1.21%
FINANCIALS	CATY	CATHAY GENERAL BANCORP	2,020	\$65,023.80	2.23%
FINANCIALS	EWBC	EAST WEST BANCORP	2,020	\$102,434.20	3.51%
FINANCIALS	FHI	FEDERATED HERMES	980	\$28,312.20	0.97%
FINANCIALS	THG	HANOVER INSURANCE GROUP	850	\$99,382.00	3.4%
FINANCIALS	RGA	REINSURANCE GROUP OF AMERICA	330	\$38,247.00	1.31%
FINANCIALS	RNR	RENAISSANCE HOLDINGS	600	\$99,492.00	3.41%
HEALTH CARE	CRL	CHARLES RIVER Laboratories	420	\$104,941.20	3.59%
HEALTH CARE	EHC	ENCOMPASS HEALTH	340	\$28,114.60	0.96%
HEALTH CARE	EXEL	EXELIXIS	4,120	\$82,688.40	2.83%
HEALTH CARE	GMED	GLOBUS MEDICAL	1,560	\$101,743.20	3.48%
INDUSTRIALS	ACM	AECOM	2,060	\$102,546.80	3.51%
INDUSTRIALS	CSL	CARLISLE COS	660	\$102,078.80	3.53%
INDUSTRIALS	HUBB	HUBBELL	640	\$100,345.60	3.44%
INDUSTRIALS	MAN	MANPOWERGROUP	320	\$28,857.60	0.99%
INDUSTRIALS	MSM	MSC INDUSTRIAL DIRECT	1,170	\$98,736.30	3.38%
INDUSTRIALS	OSK	OSHKOSH	880	\$75,741.60	2.59%
INFO. TECH.	IDCC	INTERDIGITAL	1,600	\$97,088.00	3.33%
INFO. TECH.	MKSI	MKS INSTRUMENTS	670	\$100,801.50	3.45%
INFO. TECH.	QLYS	QUALYS	990	\$120,651.30	4.13%
INFO. TECH.	SYNA	SYNAPTICS	980	\$94,472.00	3.24%
INFO. TECH.	VSH	VISHAY INTERTECHNOLOGY	5,050	\$104,585.50	3.58%
MATERIALS	SXT	SENSIENT TECHNOLOGIES	1,370	\$101,064.90	3.46%
MATERIALS	SLGN	SILGAN HOLDINGS	960	\$35,596.80	1.22%
MATERIALS	SON	SONOCO PRODUCTS	470	\$27,847.50	0.95%
REAL ESTATE	FR	FIRST INDUSTRIALS REALTY	2,370	\$99,848.10	3.42%
REAL ESTATE	HIW	HIGHWOODS PROPERTIES	1,410	\$55,878.30	1.91%
REAL ESTATE	LAMR	LAMAR ADVERTISING	1,200	\$99,864.00	3.42%
UTILITIES	HE	HAWAIIAN ELECTRIC INDS	1,920	\$67,948.80	2.33%
UTILITIES	UGI	UGI CORP	800	\$27,968.00	0.96%
CASH	USD	US DOLLAR	-	\$7,325.85	0.25%

## 2020 Market Recap

*Ethan Koller, Materials Sector Leader*

2020 proved to be one of the strangest and unpredictable years in recent memory, and the stock market was certainly not left unaffected. Market fluctuation was very high, many companies suffered serious financial blows, and still others reached new highs. The Nasdaq, Dow, and S&P 500 each fell over 30% during the March panic over the COVID-19 pandemic. Yet, each one also saw strong positive returns by the end of the year, as the majority of large corporations began recovery, in addition to increased optimism over the vaccine. Soaring above most other companies were big tech stocks, which grew substantially over the course of the year. Companies such as Zoom and Amazon, that were geared towards less public interaction, led the way in their growth and profitability. The SSIF also felt the ups and downs of 2020, as our portfolio took a major hit in March, but has since recovered to higher than pre-pandemic levels. With the increased volatility in the market, investors turned to US Treasury, increasing demand and decreasing the yield to a near zero level, which is where this stayed ending the year.

Nationwide, the economy also suffered; many Americans lost their jobs, as well as the widespread failing of small businesses. This, along with stay-at-home orders keeping people inside and not spending the money they did have, led the GDP to falter. According to the Bureau of Economic Analysis, the real GDP had been growing at about a consistent 2% rate on a quarterly basis since 2017. This positive growth was interrupted by a 5% decrease in Q1 2020, as the pandemic began, then a 30% drop for Q2, similar to the shock felt by the markets. This was met by a rebound of a comparable percent in Q3, then another increase in Q4. Restrictions were lifted to some degree, and people began to do more and spend more. With the tumultuous year that 2020 was, inflation was the one consistent piece of the market, as the consumer price index for 2020 rose 1.4%, on par with the growth of the 2019 FY.

### A Note of Thanks

We wanted to conclude this newsletter with our sincerest note of gratitude. At the end of 2020, the Fund received a special gift from SSIF alumni, Mark Ford '02, and his wife Laura '01. Mark and Laura reached out to specifically see how they could directly help students in the Fund, and graciously donated replacement computers for all Bloomberg terminals in the Burnell D. Kraft Trading Room. Because of the level of programming now being employed in the Fund, the computers were simply not keeping up to the hardware demands of the student members. The Ford's generosity will allow students to productively utilize the computers and will further students' opportunities to explore and employ the vast functionality of Bloomberg Professional Services. In addition to this major gift, Mark Ford is an active participant on both the COBA's Dean's Advisory Board and the Finance External Advisory Board. Thank you both for your continued support and conviction to help SIU continue to foster opportunities for all of us.



*Top left to right: Mark and Laura Ford  
with daughters Adelyn and Kiley.*