

Oral Roberts University Student Managed Investment Fund

Consolidated Report

Spring 2025

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April 29, 2025

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Process

Overview of Industry-Level Analysis Performed

The Student Managed Investment Fund (SMIF) aims to find undervalued investments for potential long-term growth in the fund. These investments are based on and selected from the Russell 1000. The portfolio maintains diversity in the investments by assigning each portfolio manager to a different sector of the economy. These sectors include consumer cyclicals, consumer staples, industrials, communications, technology, and financials. Each portfolio manager expects to understand their sector's key factors, potential investment opportunities, current and historical trends, and the sector's structure. The portfolio managers can access and use resources and databases like FactSet, Bloomberg, ValueLine, and other sources deemed relevant by the manager. These resources create an understanding of each sector and provide their analysis.

The portfolio managers also reevaluated the portfolio's current holdings, which prior managers had invested. The stock market is constantly changing, and to accomplish the goals of the SMIF, it is crucial to reevaluate as each industry performs differently during different times of the current market. The managers vote to hold, sell, or purchase more throughout the semester. The portfolio managers consider the previous and updated valuation of the investment and vote according to their evaluation and determination.

Current Market Analysis

Recent market conditions have been highly volatile, primarily driven by tariff policy uncertainty. On April 2, 2025, President Trump implemented a baseline 10% reciprocal tariff. However, on April 10, 2025, President Trump

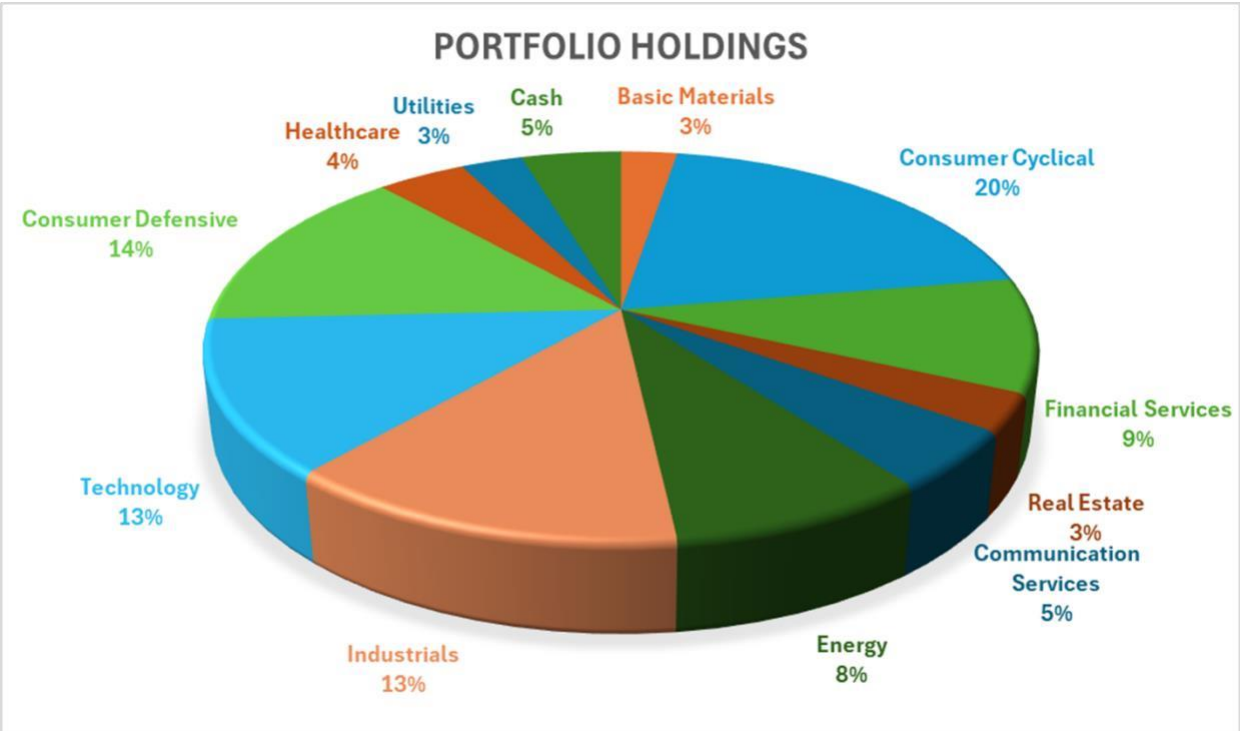
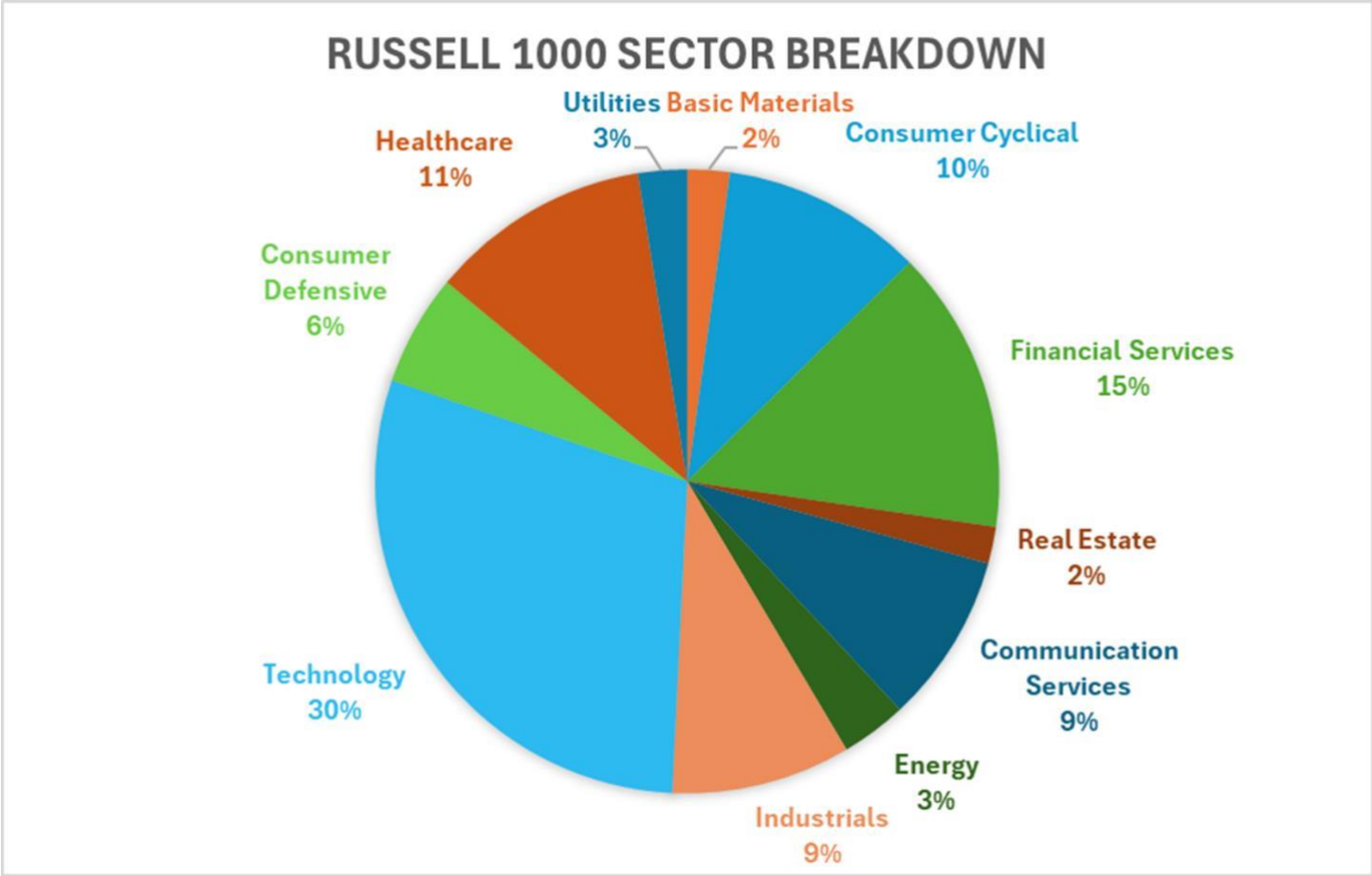
paused the tariff for 90 days with the opportunity for negotiation, except for China, for which the tariff rate increased to 125%. During the eight days the tariffs were active, the Nasdaq declined by nearly 7%, and the Dow Jones fell by approximately 5%, driven by widespread market sell-offs fueled by investor uncertainty. Although markets have shown signs of recovery and growth towards pre-tariff levels by late April, overall investor sentiment remains cautious.

The Gross Domestic Product (GDP) of the United States has increased by 2.4% in the fourth quarter of 2024. Projections for the first quarter of 2025 estimate growth to be 0.4%. This decline is due to the uncertainty in tariff policy. GDP is an indicator of economic health, suggesting that the potential for increased costs and consumer hesitation may materially impact economic activity.

Over the past twelve months, inflation has moderated to an annualized rate of 2.4%, down from 2.8%. In response, the Federal Reserve has maintained the federal funds rate between 4.25% and 4.5% for the past three months. Since August 2024, when rates peaked at 5.5%, there has been a steady decline over the eight months. Many investors now believe the U.S. economy faces a rising risk of stagflation, a period with high inflation and slow economic growth, which would present significant challenges.

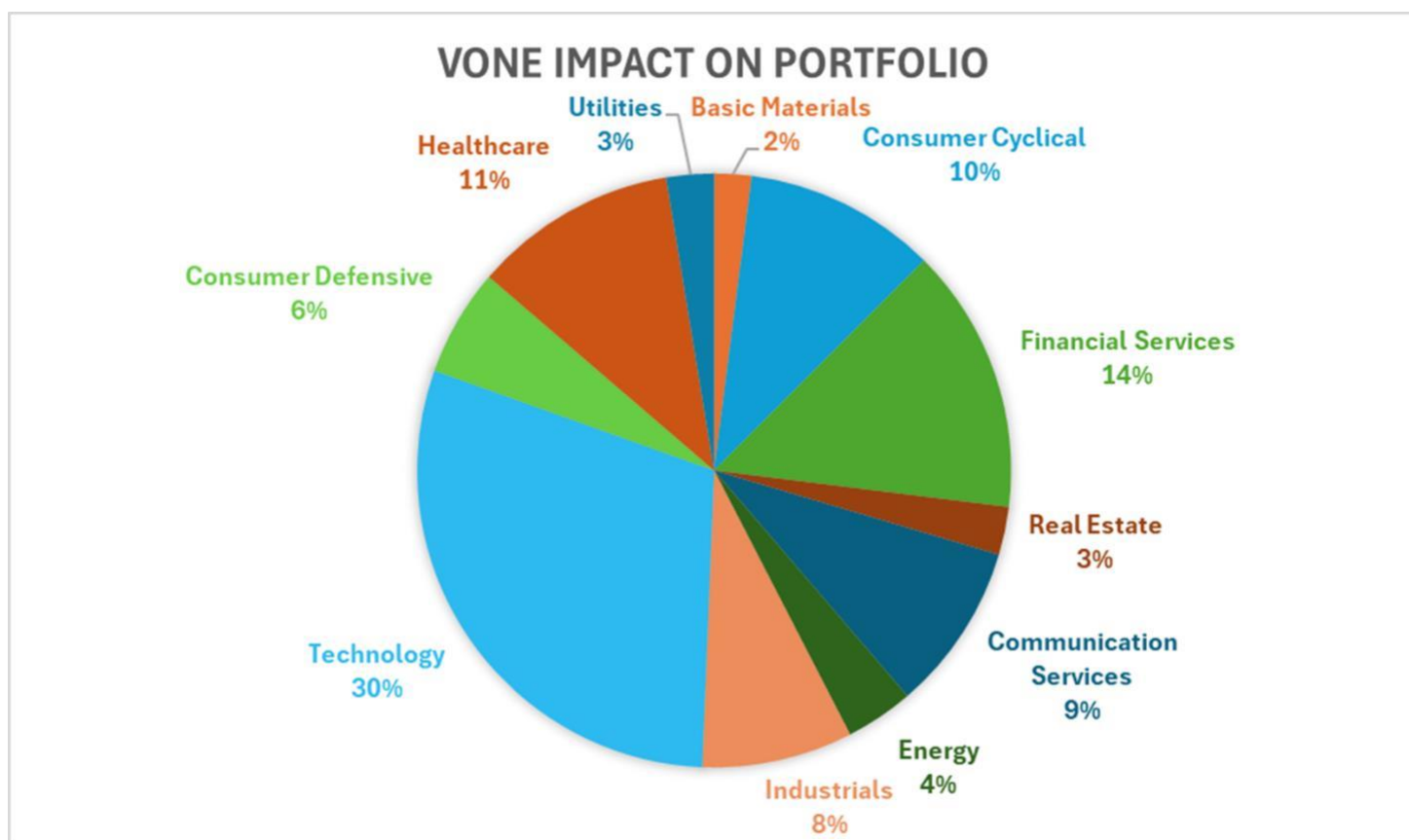
Additionally, the U.S. dollar has weakened considerably, falling 9.3% since January 1, 2025, particularly against the Euro. Due to inflationary pressures, tariff uncertainty, and broader market instability, the dollar's value has declined. Due to the belief of risk aversion, the price of gold has surged by 23.58% since the start of the year, signaling that investors and consumers are seeking safer assets amid concerns about economic volatility.

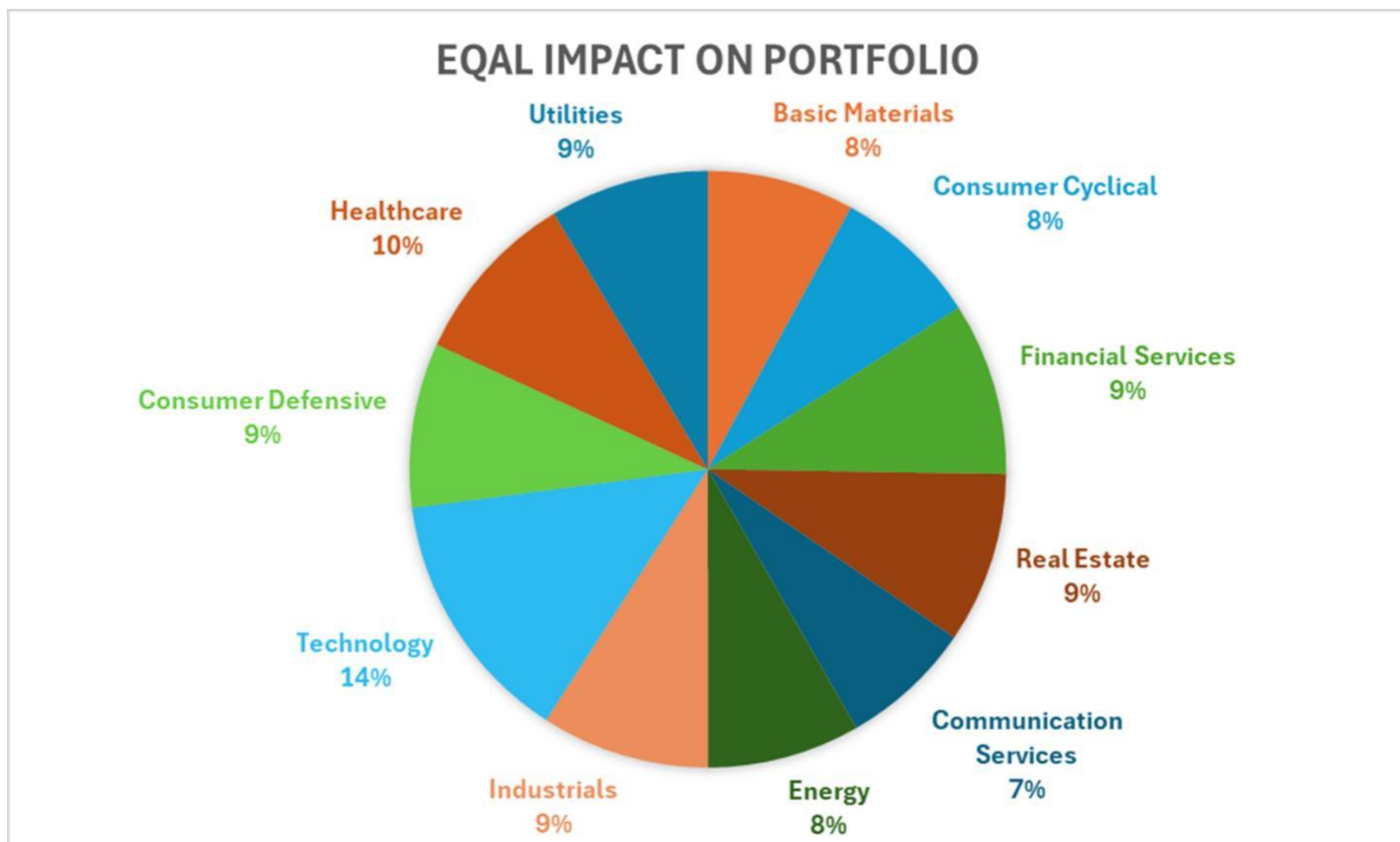
Industry Breakdown



As of April 24th, 2025					
Sectors	Russell 1000	Portfolio Sector Weight	Active Allocation Weights	VONE Portfolio Effect	EQAL Portfolio Effect

Basic Materials	2.20%	2.61%	0.00%	0.23%	2.38%
Consumer Cyclical	10.43%	19.72%	16.15%	1.21%	2.36%
Financial Services	14.71%	9.45%	4.98%	1.67%	2.80%
Real Estate	1.91%	3.07%	0.00%	0.30%	2.77%
Communication Services	8.81%	4.83%	1.64%	1.06%	2.14%
Energy	3.41%	8.53%	5.63%	0.43%	2.47%
Industrials	9.30%	13.30%	9.63%	0.95%	2.72%
Technology	29.48%	12.73%	5.17%	3.44%	4.12%
Consumer Defensive	5.77%	14.10%	10.76%	0.67%	2.66%
Healthcare	11.45%	4.12%	0.00%	1.28%	2.84%
Utilities	2.53%	2.87%	0.00%	0.30%	2.58%
Cash	0.00%	4.66%	4.66%	0.00%	0.00%
Total	100.00%	100.00%	58.62%	11.54%	29.84%





Consumer Cyclicals

The consumer cyclical sector is one of the major sectors in the current U.S. economy. A sector that suffered during the COVID-19 pandemic has rebounded over the past five years. With the looming threat of tariffs, consumer cyclical have been affected by the market decrease within the past few months. Cyclical are still one of the most important sectors of the U.S. economy, but in an economic downturn, cyclical will follow suit. Although it can be unpredictable, consumer cyclical are intriguing to invest in due to the decrease in the economy. The decrease in the economy has led to many consumer cyclical currently being undervalued.

The screening process used was the FactSet screen tool. The pool of potential investments originated from the Russell 1000. Some metrics used to identify these potential investments were the P/E ratio, net profit margin, asset turnover, and debt ratio. Although the P/E ratio in cyclical is not the most reliable, P/E was used as a very basic level ratio. The potential investments were organized from lowest to smallest based on the P/E ratio. Ultimately, the companies that were originally potential investments were Genuine Parts Company (GPC), Lowe's (LOW), and Home Depot (HD). These companies had a P/E ratio lower than 30, but Lowe's and Home Depot had a debt ratio close to 1. Although Lowe's and Home Depot had extremely high asset turnover rates and had some indicators of being bargains, the companies were, unfortunately, found to be overvalued. Genuine Parts Company had a very low net income and struggled to stay above a net loss for the year. BorgWarner (BWA) was a stock with potential due to a lower P/E ratio and a debt ratio of just below 0.6. BorgWarner has had consistent net income but also had an unusual expense for the 2024 year, which is exceptionally high for the 2024 year—masking the potential return of BorgWarner.

BorgWarner, an auto part manufacturer, was tabled on the original pitch date, due to the official news being unclear on the tariffs. It was tabled until President Trump announced his tariff plan in his joint session with Congress in February. There was also a delay in pitching the stock again, and by the time the stock had been pitched again, tariffs had been implemented into the economy and paused. BorgWarner dropped during this period but did not drop drastically. BorgWarner had a substantial margin of safety, with a high unusual expense, consistent sales growth, and good product diversity. The portfolio managers voted to invest in BorgWarner.

For the second stock, a similar process was used for potential stocks. Home Depot, Lowe's, and Genuine Parts Company were reevaluated and determined to be overvalued. PulteGroup (PHM) had an extremely low P/E ratio at 7.41 but had a net margin of 17.18, where PulteGroup, a home construction company, was pitched. PulteGroup had consistent returns and high margins of safety. It also was undervalued for the pessimistic, most likely, and optimistic opinions. The portfolio managers voted to invest in PulteGroup.

Chevron was reevaluated during the semester as well. Chevron is an energy company focused on oil and gas, focusing on finding and refining oil and gas. Chevron has been a part of the portfolio for a few semesters. After the updates to the evaluation, the portfolio managers voted to hold the current position. Given the challenges of determining the investment, the portfolio managers exercised caution and decided to hold the stock. Chevron's stock price has decreased almost 15% since the portfolio managers voted to hold the stock. The drop started once the tariffs were imposed at the beginning of April and has since not recovered. Although a slow recovery appears, with the unknown tariff policy, the portfolio managers decided to hold Chevron.

Consumer Staples

The screening process aimed at identifying high-quality investment opportunities within the Consumer Staples sector began with the use of the FactSet Universal Screening tool to establish a data-driven foundation. The initial step involved filtering companies classified under the Consumer Staples sector and within the Russell 1000 Index, resulting in a narrowed universe of 81 publicly traded companies. A comprehensive set of financial metrics was then applied to assess performance across several critical dimensions, including profitability, debt management, asset efficiency, liquidity, valuation, and both earnings and sales growth. These data points were exported into Excel for further refinement and analysis.

The screening criteria were guided by the enterprising investor principles outlined in Benjamin Graham's *The Intelligent Investor*. Specifically, six quantitative benchmarks were operationalized: (1) a current ratio greater than 1.5, (2) a debt-to-equity ratio between 50%-75%, (3) a history of consecutive years of dividend payments, (4) earnings growth over the past 5-10 years, (5) a price-to-book ratio under 1.5, and (6) a price-to-earnings ratio no greater than 20. Excel's conditional formatting was used to highlight data points that met each of these criteria, visually marking compliant values in green. A scoring column was then added to tally the number of criteria met by each company. The dataset was filtered to retain only those firms that satisfied at least four out of the six benchmarks.

This quantitative screen yielded 19 companies, which were further evaluated through a qualitative overlay using Inspire Insight scores—an ESG-style metric. Companies receiving a negative score were excluded from consideration, narrowing the pool to seven candidates. Value Line reports were reviewed for each company to find the top three. This qualitative review offered insight into each firm's financial condition, management quality, strategic direction, and long-term outlook. By integrating historical financial performance with forward-looking assessments, the top three companies were identified as the most promising investments within the Consumer Staples sector.

After screening the top three and presenting them to the portfolio managers, Bunge Global SA, ArcherDaniels-Midland Co., and Dillard's Inc. were initially considered. However, further analysis revealed that Dillard's, while classified as a Consumer Staples stock by FactSet, is more accurately categorized as a Consumer Discretionary company. Additionally, all three companies were ultimately deemed unattractive investment options due to relatively low growth trajectories and unfavorable sensitivity to prevailing economic conditions.

Following this reassessment, The J.M. Smucker Company (SJM) emerged as a compelling alternative. SJM demonstrated strong alignment with key value investing principles, standing out as an undervalued candidate based on its below-median price-to-earnings (P/E) ratio and a low price-to-book (P/B) ratio. In addition to favorable valuation metrics, the company exhibited consistent earnings performance, a solid dividend track record, and a resilient business model rooted in essential consumer goods. Its diversified brand portfolio, which includes widely recognized names such as Folgers, Jif, and Smucker's, contributes to dependable revenue streams and consumer loyalty, particularly attractive features in uncertain economic environments. Furthermore, SJM's conservative balance sheet, stable free cash flow generation, and ongoing efforts to optimize its product mix and supply chain reinforce its

investment appeal. While not characterized by rapid growth, the company's financial stability, market defensibility, and alignment with defensive investor criteria make it a strong candidate for inclusion in a long-term, risk-averse portfolio. Based on these findings, SJM was identified as a suitable Consumer Staples investment that balances value, stability, and strategic potential in the current market landscape. The portfolio managers ended up voting to invest in SJM.

In addition to the Consumer Staples screening process, Delta Air Lines, Inc. (DAL) was presented as a stock pitch during the investment selection phase. The pitch emphasized Delta's strong recovery trajectory postpandemic, strong free cash flow generation, disciplined capital management, and its industry-leading operational efficiency relative to competitors. Particular attention was given to Delta's ability to strategically navigate fuel price volatility and labor cost pressures while maintaining competitive margins. After a thorough discussion and evaluation of Delta's financials, growth outlook, and risk profile, the portfolio managers concluded that DAL represented an attractive investment opportunity, given its potential for continued earnings growth and value creation. As a result, Delta Air Lines was approved and incorporated into the portfolio.

Separately, Tyson Foods, Inc. (TSN) was reviewed as part of a continued effort to identify stable, value-oriented opportunities within the Consumer Staples sector. The analysis highlighted Tyson's diversified protein product mix, resilient supply chain, strong balance sheet, and improving operating margins despite challenging commodity cost dynamics. Following an in-depth review of Tyson's fundamentals and strategic initiatives to enhance profitability and international growth, the portfolio managers approved a 5% allocation of the fund's assets into Tyson Foods. This investment reflects a strategic effort to add defensive, income-generating exposure while maintaining the portfolio's overall risk balance.

Communications

One of the most influential factors in the communications industry is the rapid advancement of digital and connectivity technologies, particularly the introduction of 5G and satellite internet networks. These innovations transform how content is delivered and consumed and enhance new business models and services. Further, regulatory shifts around data privacy, content moderation, and competition push companies to adapt quickly. Economic factors, including interest rate changes and inflation trends, also impact investment in infrastructure as well as mergers & acquisitions activities.

FactSet's universal screening tool was used to analyze the communications industry, where a set of criteria was applied to identify undervalued stocks within the sector companies listed in the Russell 1000 index. The screening highlighted performance metrics that are relevant to the communications industry. Some key indicators considered included free cash flow generation, net income margins, price-to-earnings (P/E) ratios, and dividend yield. Through the screening process, four companies were highlighted among the top players in the U.S. communications sector: Verizon, AT&T, Alphabet Inc., and Comcast Corporation. These stood out for their scale, diversified revenue streams, and strategic positioning in broadband, media, and digital services. Verizon offers a stable, subscription-based model with strength in wireless and 5G, reflected in consistent operating margins (22.71%) and a high dividend yield of 6.71%, appealing to income-focused investors. AT&T also maintains a high dividend yield and has focused on deleveraging and streamlining its operations following the spinoff of WarnerMedia. Its core strength lies in wireless services and fiber broadband expansion. However, growth is affected by high capital expenditure needs and intense competition. Alphabet Inc., on the other hand, although not a traditional telecom company, is a digital powerhouse with robust profitability, driven by advertising, cloud computing, and AI innovation. Its impressive net margin (28.62%) and return on equity (32.91%) indicate strong efficiency, but its reliance on advertising revenue and regulatory scrutiny present notable risks.

Comcast Corporation presented a compelling investment case, positioning it as the top pick because of its diversified business model, balanced broadband, media, streaming exposure, and steady cash flow generation and growth potential. It benefits from reliable revenue through broadband subscriptions and has made strategic gains in content delivery through Peacock and NBCUniversal. The company has notably improved its net profitability margin, which rose to 13.09% in 2024, while ROE surged 19.25%. Its P/E ratio of 9.06 suggests undervaluation relative to its earnings power. Its global footprint (through Sky and Universal) offers further growth opportunities. While challenges

such as declining traditional cable subscriptions and regulatory risks remain, Comcast is still a compelling investment. Unfortunately, Comcast was flagged on Inspire Insight for business practices that are not in line with the university ethical guidelines set in the IPS. The motion to invest in Comcast was withdrawn as a result.

Another previously invested stock, Verizon, was reassessed to evaluate its fit within the SMIF Portfolio. The updated analysis showed that Verizon is still an undervalued stock and thus continues to create a good investment opportunity. The reevaluation indicated an intrinsic value estimate for Verizon of \$58.55 and a 35.56% margin of safety relative to its current market price. The company has a healthy financial performance, with a gross margin of 46.59% and an operating margin of 22.71% in 2024, indicating strong profitability and efficient cost management. Verizon continues to present a strong investment opportunity, supported by its strong position in the industry, stable cash flow generation, and strategic focus on 5G expansion. As one of the largest telecommunications providers in the U.S., it benefits from a strong subscription base through its Consumer and Business Groups, delivering wireless and broadband services nationwide. Further, their recent acquisition of Frontier Communications positions them to expand their fiber network and customer base, strengthening competitiveness within the sector. With the reassessment, portfolio managers agreed and voted to hold the Verizon Communications stock.

In addition, a screening process was performed on another potential stock for the portfolio. SYSCO Corporation (SY) was presented as another potential stock for investment. Sysco Corporation is a global leader in food service distribution. It has an extensive distribution network and diversified customer base across restaurants, healthcare, education, and hospitality sectors; Sysco's business model encompasses four business groups: broad line (largest segment covering restaurants, educational institutions, and hospitals), specialty companies, international, and Sysigma. This robust model and network base supports customers in over 90 different countries. Given its strong free cash flow generation, attractive dividend yield, and solid market position, Sysco offers a balanced mix of growth and income, making it an attractive investment. However, there were some concerns, one of them being the effects a downturn in the economy would have on the company as consumer services like restaurants, which represent their most significant revenue and customer base segment, are quite volatile and could pose significant risk. However, upon further review, the motion to invest failed due to lack of a second.

Financials

Among the factors most heavily influencing the sector is monetary policy. Addressing post-COVID-19 inflation, the Federal Reserve raised interest rates in March 2022, which produced more significant interest revenue for financial institutions issuing loans. As inflation began to slow, the Fed started cutting interest rates in September 2024. Lower rates have resulted in lower income derived from interest payments but have driven more significant demand for loans. The federal funds rate is expected to remain unchanged through 2025. The financial sector is undergoing significant changes. With disruptions from Fintech and imminent changes in regulation, much uncertainty hangs in the air. Central bank digital currencies are growing steadily in their global adoption and gradually undermining the dominance of the U.S. dollar. This digital shift towards alternative credit solutions could potentially obsolesce the traditional commercial banking industry.

Basel III Endgame is near, intending to resolve what Basel I & II failed to do in ensuring bank stability. Implementation in the U.S. is set to begin July 1, 2025, and will be phased in over three years. This regulation will only directly affect the largest bank holding companies, specifically those with \$100 billion or more in assets. Greater capital adequacy for Tier I and Tier II will be required, with an increase in reserves to between 16% and 19%. Various other liquidity mandates will be imposed, including high-quality liquid assets. In theory, these changes are intended to achieve a more stable financial system and ensure access to credit for businesses and individuals. However, with higher reserve requirements, banks will have less to lend and, therefore, be more selective when granting loans.

Buyer power within the financial sector is high due to consumers having many options to choose from when selecting financial services. Ease of use, quality of customer service, and affordability are all consumer considerations when evaluating which financial institution to deal with as a baseline of expectations. Supplier power is also high due to the digital and online nature of most services offered, often necessitated by regulatory demands. With many high

barriers to entry, the threat of new entrants is moderate. The threat of substitutes is again low due to high entry barriers and operating costs. The threat of rivalry is high, with stiff competition for clients.

Utilizing FactSet's universal screening tool, criteria for selecting undervalued stocks were chosen for financial sector companies in the Russell 1000. With the financial sector currently overvalued, special attention was given to profitability, the quality of assets held, and capital adequacy. Free cash flow, profitability ratios, particularly net income margin, and price-to-earnings were focused on when narrowing down the list. Leverage and liquidity were observed after selection but were not relied on for screening due to regulation stabilizing the sector overall in those areas. No subsequent evaluation was conducted of these top three companies, as they all operate in some form of insurance services, which can be extremely risky in the event of a recession. The screening was narrowed to exclude insurance companies. Columbia Banking System, Inc. (COLB) was selected for its low P/E ratio, high dividend yield, high Tier 1 capital ratio, and asset quality ratio. With its stock price declining by nearly 18% over the past five years, despite consistent dividend yield growth, it stood out as a bargain with strong earnings growth. After the purchase of COLB, errors were discovered in its stock evaluation, resulting in an inflated margin of safety. Corrections were made, and it was still found to be undervalued, but with approximately half the previously estimated margin of safety. A subsequent vote on the position was held, unanimously in favor of maintaining the investment.

Industrials

The Industrials sector includes various industries such as Aerospace, Industrial Machinery, Engineering & Construction, Railroads, Airlines, and Couriers. Companies like Boeing, Caterpillar, and UPS illustrate the sector's role in producing capital goods and providing essential services that support economic infrastructure. Its performance is closely tied to economic cycles, particularly the expansion phase, when inflation rises, interest rates increase, and unemployment declines. As a result, the sector is highly sensitive to fiscal and monetary developments that influence business investment and operating costs.

Since early 2025, the sector has faced renewed pressure from political and economic developments, especially under President Trump's trade policies. New tariffs on imports from countries such as China, Canada, and Mexico have increased supply chain costs and uncertainty. At the same time, persistently high interest rates—held in the 4.25%–4.50% range by the Federal Reserve to combat inflation—have raised capital costs for firms in this asset-heavy sector. These factors led to downward adjustments in valuation models and higher risk premiums, reinforcing the need for a selective approach focused on companies with solid fundamentals and resilience to macroeconomic volatility.

Three top stock picks from the Industrials sector were identified by analyzing companies from the Engineering & Construction, Metal Fabrication, and Railroads industries. These industries were selected for their promising outlooks: the first for its long-term growth potential driven by demand for energy-efficient construction materials, the second for its stability and diversification across global infrastructure and agriculture markets, and the third for its essential role in freight logistics with consistent demand across economic cycles. Final selections were based on favorable valuation indicators such as low Price-to-Earnings and Price-to-Book ratios, solid profit margins, and manageable debt levels, suggesting strong fundamentals and potential undervaluation.

Aptiv PLC was thoroughly evaluated using multiple valuation models, including Residual Income Models (with and without terminal growth) and a Non-Constant Growth Free Cash Flow model. However, concerns were raised during portfolio discussions regarding the company's close similarity to BorgWarner, another candidate presented. Moreover, it was noted that Aptiv's core operations in automotive technology and vehicle components align more closely with the Consumer Cyclical sector rather than Industrials. Based on these factors, Aptiv was decided to be withdrawn from consideration.

Halliburton Company was presented as a compelling pick within the Oilfield Services segment of Industrials. The company showed strong fundamentals, solid profitability metrics, improving margins, and a favorable debt profile. Multiple valuation methods pointed to substantial undervaluation. Halliburton's leadership in North American shale, investments in automation, and growing digital capabilities further supported its long-term potential. Despite a robust defense of the pick, the investment committee ultimately decided against adding Halliburton to the portfolio.

due to its overlap with existing holdings. The fund already includes Schlumberger and Chevron, and with additional indirect exposure to the oil and gas sector via companies like Honda, concerns about overconcentration in energy-related assets led to the decision not to invest.

Reinsurance Group of America was evaluated as part of the Other Stock Pitch but could not be presented; however, the valuation analysis has been included in the repository for reference. Despite some near-term profitability pressures, RGA was found to offer a compelling investment opportunity due to its strong global position in life and health reinsurance, disciplined underwriting, and strategic use of data and risk analytics. The valuation models (Residual Income and Non-Constant Growth Free Cash Flow) indicated attractive margins of safety, supported by demographic trends and higher investment yields.

The review of Honda Motor Co. (HMC), based on updated data from ValueLine and FactSet, led to modestly higher valuation estimates across most scenarios due to improved sales growth assumptions, a lower beta (0.71 vs. 0.76), and a reduced risk-free rate (4.17% vs. 4.43%), which together lowered the required return to 7.37% and the WACC to 3.97%. Despite new concerns about potential Trump tariffs, the broader industry and company fundamentals remain largely unchanged since November 2024. Given that the stock price has fallen at the time of the review, enhancing the margin of safety, and that the current investment already reaches the 5% allocation limit, the recommendation was to hold the stock, a decision that the portfolio managers have approved. On inspireinsight.com, Honda is flagged for limited abortion-related employee benefits, but no active advocacy is evident. This issue was known at investment time and does not affect the hold decision.

Technology

The screening process, designed to uncover high-quality investment opportunities within the technology sector, commenced using the FactSet Universal Screening tool, which ensures a robust and analytical foundation. The initial stage targeted companies listed in the Russell 1000 index, specifically those classified under the Information Technology sector according to the GICS Multi-Sourced classification. The initial filtering step narrowed the list to a focused set of companies suitable for detailed financial analysis. After identifying this refined subset, an extensive suite of financial metrics was incorporated to assess key performance and valuation indicators. Metrics such as market cap, current ratio, total debt-to-equity percentage, dividend yield, earnings per share (EPS), return on equity (ROE), price-to-book value, gross profit margin, return on assets (ROA), return on invested capital (ROIC), asset turnover, and price to free cash flow ratio, among others, were systematically evaluated.

Guided by principles consistent with value-oriented investing, the following analytical step prioritized companies with compelling valuation and profitability characteristics. Specifically, the selected benchmarks emphasized firms with price-to-earnings (P/E) ratios below 25, considerably lower than the technology sector average of approximately 32, thus highlighting undervalued opportunities. Concurrently, companies were evaluated to ensure their earnings per share (EPS) closely aligned with the industry norm of roughly 4.5, reinforcing their relative financial strength and profitability. Excel systematically scored and ranked companies based on these metrics, leveraging conditional formatting to identify top-performing entities visually. Following the quantitative screening, three firms emerged as notable candidates for deeper qualitative evaluation: Cognizant Technology Solutions, Cirrus Logic Inc., and Akamai Technologies Inc. Each displayed a balanced profile of valuation, growth potential, and robust financial health.

However, further qualitative reassessment revealed that Hewlett-Packard Enterprise Company (NYSE: HPE) represented a more strategically advantageous investment. HPE's selection was underpinned by several compelling factors, including an attractive market capitalization of approximately \$21.65 billion and a significant projected upside of 22.22%. With its diverse product offerings in servers, hybrid cloud solutions, intelligent edge technologies, and financial services, HPE's operational diversity positions it advantageously within the technology sector. HPE's valuation further strengthened its investment case, trading at a forward P/E ratio of 7.88, significantly below the sector average, signaling potential undervaluation. Its solid financial metrics demonstrated efficient operational management and profitability, including substantial revenue growth of 16.30%, strong EPS of 2.08, and an impressive

return on equity (ROE) of 12.06%. Moreover, the company's considerable free cash flow of \$1.46 billion reinforced financial stability and strategic flexibility. Investors would also find HPE's dividend profile appealing, characterized by a dividend yield of 3.16% and a sustainable payout ratio of 25%, indicating reliability in income distribution alongside the potential for future dividend growth. Analyst sentiment corroborated these findings, providing an optimistic outlook with predominantly buy ratings and a favorable average target price of \$20.14, implying substantial upside from current trading levels.

Strategically, HPE's significant investments in hybrid cloud services and intelligent edge computing through platforms such as HPE GreenLake, coupled with a forward-looking approach toward artificial intelligence solutions, underscore its potential for sustainable growth and market differentiation. Despite some cautious signals from technical indicators in the short term, the combination of strategic innovation, solid financial fundamentals, and a balanced income-growth investment profile positions Hewlett-Packard Enterprise as a compelling selection within the Technology sector. Consequently, following a comprehensive evaluation of quantitative data and qualitative strategic positioning, the portfolio managers concluded that HPE offers an optimal blend of immediate and long-term investment value, ultimately securing its place in the portfolio.

Further, when evaluating additional stocks from sectors beyond technology for potential inclusion in our portfolio, VICI Properties (VICI) emerged as a strong candidate. Initially, VICI appeared to be a high-quality stock with substantial investment appeal due to strong financial performance, attractive dividend yield, and strategic diversification. The company's stable cash flows, generated primarily through long-term, triple-net leases with reputable tenants, further enhanced its attractiveness. Additionally, VICI's deliberate strategy of diversifying beyond traditional gaming assets, supported by a strong balance sheet and a consistent record of dividend growth, positioned it as a seemingly sound investment choice for stability and income. Unfortunately, the company's Inspire Insight report revealed that the company was in violation of the social responsibility standards set in the IPS. The portfolio managers concluded that the motion to invest should be withdrawn as a result.

As part of the review process, the previously invested stock, Schlumberger, was re-evaluated to determine its ongoing suitability for the portfolio. Updated valuation analysis indicated that Schlumberger remained undervalued, with an intrinsic value estimate of \$56.40, reflecting a 64% margin of safety relative to its current market price. From a portfolio management perspective, Schlumberger presents an attractive investment opportunity, supported by strong fundamentals, a strong global presence in the energy sector, and a positive long-term growth outlook driven by increasing demand for energy services and technological innovation. Following this reassessment, the portfolio managers agreed that maintaining Schlumberger within the portfolio was a good fit. The company's stable financial performance, compelling valuation metrics, and favorable industry positioning justify its continued inclusion as part of a diversified, growth-oriented investment strategy.

Compliance

The companies reviewed and pitched by the fund managers were evaluated for their adherence to social responsibility as stated by the Investment Policy Statement (IPS) before making any investment decision. Inspire Insight was the tool we utilized to facilitate discussions on whether investments should proceed based on their social responsibility engagements. Some companies' actions raised concerns, affecting their eligibility under the Investment Policy Statement (IPS). The IPS restricts investing in companies that earn substantial revenue from or are significantly involved in producing or marketing abortifacients, alcoholic beverages, tobacco products, cannabis/marijuana (including CBD and related products), gambling-related products, activities and facilities, pornographic, lewd, or obscene materials, or any other activities that conflict with ORU's religious beliefs and policies.

In light of these established guidelines, both Comcast and VICI Properties were found to be in violation of the social responsibility standards set in the IPS. Despite presenting attractive investment potential, the motions to invest in these companies were withdrawn. These decisions underscore our ongoing commitment to diligent and compliance-focused stock evaluation processes to ensure alignment with our established investment ethics and guidelines.

Results

Summary of Approvals

Activity Summary for Spring 2025 (as of 4/23/2025)

Date	Ticker	Name	Decision	Vote	Approved Allocation
2/25/25	TSN	Tyson Foods, Inc.	Hold	5Y, 0N	5%
3/4/25	BWA	BorgWarner Inc	Tabled		
3/4/25	APTV	Aptiv PLC	Withdrawn		
3/4/25	SJM	J M Smucker Co	Tabled		
3/11/25	HPE	Hewlett-Packard Enterprise Co	Approved - Buy	6Y, 0N	5%
3/11/25	COLB	Columbia Banking System Inc	Approved - Buy	6Y, 0N	5%
3/11/25	SJM	J M Smucker Co	Approved - Buy	5Y, 0N	5%
3/25/25	SLB	Schlumberger Limited	Hold	6Y, 0N	
3/25/25	CMCSA	Comcast Corp	Withdrawn		
4/1/25	VICI	VICI Properties Inc.	Withdrawn		
4/1/25	UPS	United Parcel Service Inc.	Approved - Buy	5Y, 1N	5%
4/1/25	HAL	Halliburton Co	Withdrawn		
4/1/25	CVX	Chevron Corp	Hold	6Y, 0N	
4/8/25	SYZ	Sysco Corp	Motion/No Second		
4/8/25	PHM	Pultegroup Inc	Approved - Buy	4Y, 0N	5%
4/8/25	DAL	Delta Air Lines Inc.	Tabled		
4/15/25	BWA	BorgWarner Inc	Approved - Buy	6Y, 0N	5%
4/15/25	HMC	Honda Motor Co Ltd.	Hold	6Y, 0N	
4/15/25	DAL	Delta Air Lines Inc.	Approved - Buy	6Y, 0N	5%
4/22/25	VZ	Verizon Communications Inc	Hold	5Y, 0N	
4/22/25	RGA	Reinsurance Group of America Inc.	Not Presented		
4/22/25	COLB	Columbia Banking System Inc	Hold	5Y, 0N	

During the Spring 2025 semester, portfolio activity reflected a cautious yet strategic approach to stock selection, shaped significantly by broader market uncertainty driven by rising tariffs and increased sector-specific costs. Several investment decisions were initially tabled early in the semester to allow for greater clarity around economic conditions, as managers sought to mitigate unnecessary risk. Notably, stocks such as Delta Air Lines (DAL) and BorgWarner Inc. (BWA) were tabled before ultimately being approved for purchase later in the semester, after key catalysts provided more visibility into their operational and financial outlooks. For Delta in particular, the portfolio team intentionally delayed action until after the company's earnings release, using updated financial disclosures to better assess valuation and risk prior to approval.

In total, the portfolio successfully approved the purchase of several stocks, including Tyson Foods (TSN), Hewlett-Packard Enterprise (HPE), Columbia Banking System (COLB), J.M. Smucker Co. (SJM), United Parcel Service (UPS), PulteGroup (PHM), Delta Air Lines (DAL), and BorgWarner Inc. (BWA), each typically receiving a 5% approved allocation after thorough vetting and group consensus. Conversely, a number of proposed investments were withdrawn, often due to a lack of sustained interest among portfolio managers or unique circumstances that conflicted with the fund's investment objectives. For example, VICI Properties (VICI) and Comcast Corporation (CMCSA) were withdrawn after failing to meet the standards outlined in the Investment Policy Statement (IPS), emphasizing the team's adherence to disciplined selection criteria. Other names such as Aptiv (APTV) and Halliburton (HAL) were similarly withdrawn after reevaluation, ensuring that only investments aligned with fundamental quality and portfolio guidelines advanced.

This careful deliberation process, incorporating both top-down economic assessments and bottom-up fundamental analysis, reflects a prudent balance between seizing market opportunities and preserving alignment

with the portfolio’s long-term investment principles. The overall activity throughout the semester underscores the team’s commitment to making well-supported, policy-driven decisions amid a dynamic and uncertain market environment.

Portfolio Allocation Table and Gains/Losses

Portfolio Composition as of 4/23/2025								
Ticker/Name	Closing Price	Quantity	Market Value	Average Cost Basis	Cost Basis Total	Total Capital Gain/Loss	Total Capital Gain/Loss Percent	Allocation
BORGWARNER INC. (XNYS:BWA)	\$ 27.23	1,321	\$ 35,970.83	\$ 25.84	\$ 34,131.73	\$ 1,839.10	5.39%	5.12%
COLUMBIA BANKING SYSTEM, INC. (XNAS:COLB)	\$ 23.52	1,486	\$ 34,950.72	\$ 24.27	\$ 36,065.22	\$ (1,114.50)	-3.09%	4.98%
CHEVRON CORPORATION (XNYS:CVX)	\$ 136.68	76	\$ 10,387.68	\$ 161.38	\$ 12,264.88	\$ (1,877.20)	-15.31%	1.48%
DELTA AIR LINES, INC. (XNYS:DAL)	\$ 41.40	845	\$ 34,983.00	\$ 40.44	\$ 34,170.96	\$ 812.04	2.38%	4.98%
HONDA MOTOR CO., LTD. (XNYS:HMC)	\$ 29.68	1,414	\$ 41,967.52	\$ 26.01	\$ 36,772.21	\$ 5,195.31	14.13%	5.98%
HEWLETT PACKARD ENTERPRISE COMPANY (XNYS:HPE)	\$ 15.35	2,366	\$ 36,318.10	\$ 15.25	\$ 36,069.67	\$ 248.43	0.69%	5.17%
PULTEGROUP, INC. (XNYS:PHM)	\$ 101.06	351	\$ 35,472.06	\$ 91.54	\$ 32,130.50	\$ 3,341.56	10.40%	5.05%
THE J. M. SMUCKER COMPANY (XNYS:SJM)	\$ 117.60	325	\$ 38,220.00	\$ 111.00	\$ 36,073.96	\$ 2,146.04	5.95%	5.44%
SCHLUMBERGER N.V. (XNYS:SLB)	\$ 34.03	855	\$ 29,095.65	\$ 43.10	\$ 36,850.50	\$ (7,754.85)	-21.04%	4.15%
TYSON FOODS, INCORPORATED (XNYS:TSN)	\$ 62.03	602	\$ 37,342.06	\$ 60.75	\$ 36,568.65	\$ 773.41	2.11%	5.32%
UNITED PARCEL SERVICE, INC. (XNYS:UPS)	\$ 97.21	336	\$ 32,662.56	\$ 109.93	\$ 36,936.48	\$ (4,273.92)	-11.57%	4.65%
VERIZON COMMUNICATIONS INC. (XNYS:VZ)	\$ 42.70	269	\$ 11,486.30	\$ 39.23	\$ 10,552.87	\$ 933.43	8.85%	1.64%
INVESCO RUS 1000 EW (ARCX:EQAL)	\$ 44.75	4,681	\$ 209,474.75	\$ 49.49	\$ 231,667.88	\$ (22,193.13)	-9.58%	29.84%
VANGUARD RUS 1000 (XNAS:VONE)	\$ 243.30	333	\$ 81,018.90	\$ 221.93	\$ 76,013.73	\$ 5,005.17	6.58%	11.54%
FDRXX - FIDELITY GOVERNMENT CASH RESERVES	\$ 1.00	32,142	\$ 32,141.64					4.58%
Cash (SPAXX)	\$ 1.00	453.38	\$ 453.38					0.06%
		TOTAL	\$ 701,945.15					100.00%

Performance Table

Fund Value Change Summary Beginning of Period 1/1/2023 1/1/2024				
End of Period	12/31/2023	12/31/2024	1/1/2025	1/1/2023
			4/23/2025	4/23/2025
Beginning Balance	\$ 350,000.00	\$ 385,220.54	\$ 733,586.96	\$ 350,000.00
Additional Donations	\$ -	\$ 277,059.99	\$ -	\$ 277,059.99
Interest Received	\$ 11,271.58	\$ 16,669.22	\$ 2,447.52	\$ 30,388.32
Dividends Received-Equities	\$ 1,364.28	\$ 3,004.56	\$ 1,240.60	\$ 5,609.44
Net Capital Gains/Losses - Equities	\$ 22,584.68	\$ 19,310.93	\$ 2,704.62	\$ 44,600.23
Dividends Received - ETFs	\$ -	\$ 2,586.79	\$ 1,621.21	\$ 4,208.00
Net Capital Gains/Losses - ETFs	\$ -	\$ 29,734.93	\$ (39,655.76)	\$ (9,920.83)
Withdrawals	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 385,220.54	\$ 733,586.96	\$ 701,945.15	\$ 701,945.15

Detailed Monthly Data

Beginning Date	1/1/2025	2/1/2025	3/1/2025	4/1/2025
Fidelity Beginning Balance	\$ 733,586.96	\$ 745,646.88	\$ 744,323.28	\$ 732,535.06
Deposits	\$ -	\$ -	\$ -	\$ -
Interest Received	\$ 1,143.27	\$ 837.17	\$ 467.08	Dividends Received \$ 235.13
	\$ 182.25	\$ 1,893.17	\$ 551.26	
Unrealized Capital Gains/Losses	\$ 37,980.68	\$ 35,637.66	\$ 21,489.19	\$ (16,919.11)
Change in Unrealized Capital Gains/Losses	\$ 10,681.52	\$ (2,343.02)	\$ (14,148.47)	\$ (38,408.30)
Realized Capital Gains/Losses	\$ -	\$ -	\$ -	\$ 7,267.13
Net Capital Gains/Losses for the Period	\$ 10,681.52	\$ (2,343.02)	\$ (14,148.47)	\$ (31,141.17)
Costs	\$ -	\$ -	\$ -	\$ (2.67)
Withdrawals	\$ -	\$ -	\$ -	\$ -
Fidelity Ending Balance	\$ 745,646.88	\$ 744,323.28	\$ 732,535.06	\$ 701,945.15
Ending Date	1/31/2025	2/28/2025	3/31/2025	4/23/2025
Total Portfolio Periodic Return	1.64%	-0.18%	-1.58%	-4.18%
Russell 1000 Return	3.18%	-1.75%	-5.79%	-4.07%
Total Portfolio Return +/- Russell 1000 Return	-1.54%	1.57%	4.21%	-0.11%
Ending Cash and Equiv.	\$ 322,738.31	\$ 259,203.18	\$ 78,178.95	\$ 32,595.02
Ending Indiv. Equities & Pending Trans.	\$ 112,489.67	\$ 115,983.94	\$ 249,481.79	\$ 378,856.48
Ending Index Inv. & Pending Transactions	\$ 310,418.90	\$ 369,136.16	\$ 404,874.32	\$ 290,493.65
Fidelity Total Ending Balance	\$ 745,646.88	\$ 744,323.28	\$ 732,535.06	\$ 701,945.15
Ending Date	1/31/2025	2/28/2025	3/31/2025	4/23/2025
Monthly Interest Over Average Cash & Equiv.	0.33%	0.29%	0.28%	0.00%
Indiv. Equity Return Using Average Indiv. Equity Inv.	1.34%	3.22%	3.40%	-2.37%
Russell 1000 Return	3.18%	-1.75%	-5.79%	-4.07%
Indiv. Equity Return +/- Russell 1000 Return	-1.84%	4.97%	9.19%	1.70%

This semester's practicum portfolio's performance is best understood through an integrated review of the Portfolio Allocation Table, the Fund Value Change Summary, and the Detailed Monthly Data. The Portfolio Allocation Table details how the fund's positioning evolved, with holdings spread across individual equities, index funds, and cash equivalents as of April 23, 2025. Individual equities represented the majority allocation at approximately 54%, followed by 41% in index funds and a small 5% in cash. Gains and losses varied significantly; in January, the portfolio posted a change in unrealized capital gains of approximately \$38,000. However, these gains reversed over the following months, culminating in nearly \$38,400 in unrealized losses in April alone. Realized gains remained limited, with only \$7,267 captured during the semester, indicating a primarily long-term investment approach with minimal trading activity. The Fund Value Change Summary shows the longer trajectory of the fund, growing from \$350,000 at the beginning of 2023 to \$701,945 as of April 2025, supported by additional contributions in 2024 and investment returns despite recent volatility. Detailed Monthly Data reveals that while the portfolio outperformed the Russell 1000 during certain months, such as February and March, it also faced periods of negative returns, particularly in April when broad market weakness affected both individual equity holdings and index fund positions. Monthly dividends and interest modestly supplemented returns but were insufficient to offset the broader market declines late in the semester. The portfolio's active equity positions contributed positively early in the semester. Still, increasing volatility,

especially within ETF holdings, led to a contraction in value, with a sharp drawdown in April. It is worth noting that the net capital losses during the semester largely arose from the ETF portion of the funds invested.

Despite these challenges, the portfolio maintained relatively strong positioning versus its benchmark in key periods and remains aligned with a growth-oriented investment strategy focused on selective equity exposure and disciplined cash deployment.

Strategy

In the scenario that one or more of the stocks within the portfolio reaches a margin of safety that is -5 % or worse in the negative before the next semester, the portfolio managers recommend selling the stock immediately.

International ETF Comparison												
ETF		Focus	1-Year Return	5-Year Return (Annualized)	10-Year Return (Annualized)	Expense Ratio	Standard Deviation (Risk)	Notes				
VXUS (Vanguard Total International Stock ETF)		Total International (Developed + Emerging)	6.41%	11.51%	5.24%	0.05%	15.78%	Broadest exposure, lowest cost, moderate risk.				
HEFA (iShares Currency Hedged MSCI EAFE ETF)		Developed Markets Only (Hedged to USD)	7.35%	15.92%	8.21%	0.38%	12.06%	Highest long-term returns, lowest risk, but highest cost; only developed markets.				
VEA (Vanguard FTSE Developed Markets ETF)		Developed Markets Only	4.70%	12.17%	5.61%	0.03%	16.97%	Higher returns than VXUS, but no Emerging Markets.				
VWO (Vanguard FTSE Emerging Markets ETF)		Emerging Markets Only	11.25%	9.48%	4.04%	0.08%	15.38%	Highest short-term returns but more volatile, heavy China exposure.				

International ETF Comparison												
Ticker		R^2 with Index	Alpha	+/- Standard Index				Expense Ratios	Sharpe Ratio (5 yr)	Top Quartile in 10Y	5 Year average Return	Moringstar Rating
				2021	2022	2023	2024					
Best Option	HEFA	76.64	7.04	11.56	11.27	4.82	8.18	0.38	1.06	8Y	15.92%	5 stars
Second Best Option	VXUS	98.53	0.25	0.87	0.02	-0.06	-0.34	0.07	0.59	2Y	11.51%	3 stars

Given the current market environment characterized by persistent trade tensions, rising tariffs, and inflationary pressures, our portfolio must continue to seek prudent diversification while remaining aligned with the long-term goals of risk-adjusted outperformance relative to the Russell 1000 benchmark.

Historically, our allocation to the Invesco Russell 1000 Equal Weight ETF (EQAL) was a strategic decision designed to reduce concentration risk associated with the largest-cap U.S. equities. At the time of the allocation, the top ten holdings in the Russell 1000 represented approximately one-third of the total index value, heavily influenced by the "Magnificent 7" stocks (such as Apple, Microsoft, Amazon, Meta, Alphabet, Tesla, and Nvidia). The EQAL position was intentionally chosen to limit our exposure to these names, recognizing the elevated valuations and potential downside risks inherent in a market so narrowly driven by a small number of companies. While this decision introduced tracking error relative to the cap-weighted Russell 1000, it was a deliberate move to manage concentration risk prudently.

In light of these considerations, we propose reallocating a portion of our Vanguard Russell 1000 ETF (VONE) — rather than EQAL — into developed international markets. VONE more closely mirrors the market-cap weighting of the Russell 1000, and thus inherently carries greater exposure to the Magnificent 7 stocks. Shifting a portion of VONE allows us to reduce this concentrated exposure while maintaining the original diversification benefits we sought with EQAL.

Specifically, we recommend reallocating approximately 10-15% of the overall portfolio, sourced solely from VONE, into the iShares Currency Hedged MSCI EAFE ETF (HEFA). HEFA provides diversified exposure to developed international markets across Europe, Asia, and Latin America while mitigating currency risk through its hedging structure. This adjustment strategically addresses two key objectives: enhancing diversification beyond U.S. equities and reducing reliance on the performance of a few dominant U.S. technology and mega-cap stocks.

With VONE's current market value at \$83,269.98, reallocating 10-15% would involve shifting approximately \$8,300 to \$12,500 into HEFA. This would reduce VONE's allocation from 11.72% of the portfolio to a range between approximately 9.9% and 10.5%, depending on the final size of the reallocation.

This proposed adjustment remains fully compliant with our IPS allocation constraints, maintaining total equity exposure comfortably within the 90-98% permissible range while preserving adequate liquidity for operational needs. Implementation would be phased gradually over the upcoming semester to ensure orderly execution and continuous alignment with SMIF's risk management and ethical investing standards.

In summary, reallocating a portion of VONE into HEFA allows the portfolio to prudently mitigate concentrated U.S. mega-cap risk, strategically diversify internationally, and enhance long-term risk-adjusted return potential, while remaining consistent with the original diversification philosophy that underpinned the selection of EQAL. We respectfully recommend consideration of this reallocation from the Oversight Committee and Board.