

Oral Roberts University Student Managed Investment Fund

Consolidated Report

Spring 2026

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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 mainly selected from the Russell 1000. A portion of the fund may also be apportioned to stocks outside the Russell 1000, per the IPS. 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, healthcare, and financials. Each portfolio manager is expected 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, and other sources deemed relevant by the manager. These resources help in understanding each sector and the assumptions the market is making about the stocks' valuation.

The portfolio managers also reevaluated the portfolio's current holdings, which prior managers had invested in. 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 voted to hold, sell, or buy more throughout the semester. The portfolio managers considered the previous and updated valuation of the investment and voted according to their evaluations and determinations.

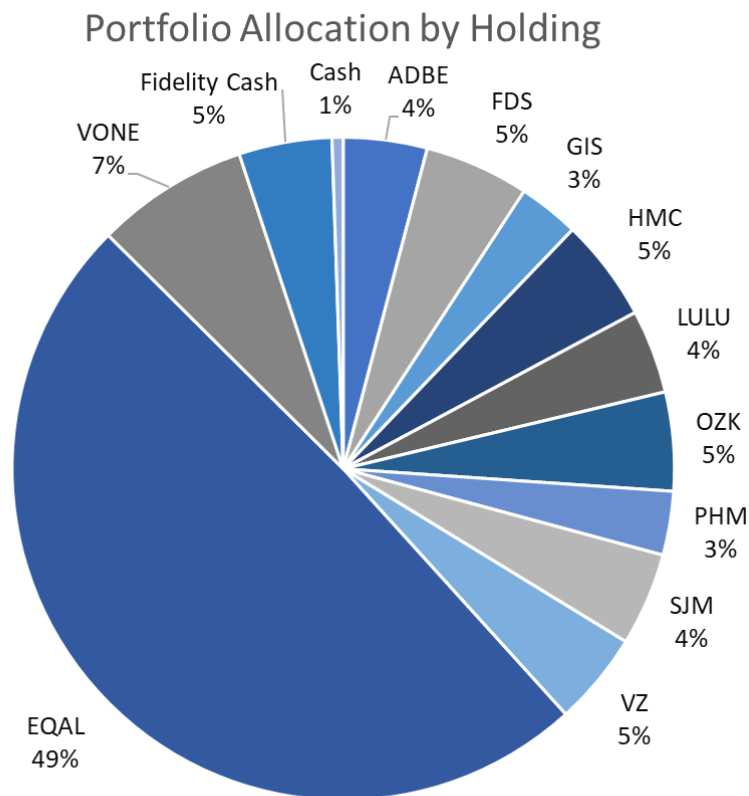
Current Market Analysis

The U.S. economy in spring 2026 is growing modestly but unevenly, jolted by a Middle East war that began on February 28, 2026, between the U.S. and Iran. After 2025 closed with Q4 GDP rising just 1.4% annualized and full-year growth near 2%, consensus forecasts place 2026 growth in the 2.2–2.5% range. However, the Atlanta Fed's GDPNow tracks Q1 at only 1.3%. Inflation has reaccelerated: headline CPI jumped to 3.3% year-over-year in March, driven by a 10.9% surge in energy costs, while core CPI remained more contained at 2.6%.

The tariff policy was upended when the Supreme Court ruled on February 20, 2026, that IEEPA cannot be used to impose tariffs. This decision invalidated the “Liberation Day” reciprocal tariffs and prompted the administration to pivot to a 10% global tariff under Section 122, set to run through July 24, along with new Section 232 duties, including up to 100% on patented pharmaceutical imports. As a result, the average effective tariff rate has fallen 13.7% from last year's peak, though it remains historically high.

The labor market is stuck in a low-hire, low-fire equilibrium, with 178,000 jobs added in March, and unemployment little changed at 4.3%. In February, the economy lost 133,000 jobs, and the labor force shrank by 396,000, pushing participation down to 61.9%, its lowest level since November 2021. The Fed is on hold, keeping the funds rate at 3.50%–3.75% at its March 18 meeting after three cuts last fall, with the dot plot now signaling just one more cut in 2026.

Industry Breakdown



Portfolio Makeup

The SMIF portfolio is anchored by two diversified exchange-traded funds: the Invesco Russell 1000 Equal Weight ETF (EQAL) and the Vanguard Russell 1000 ETF (VONE). VONE and EQAL primarily serve as holding vehicles for capital that has not yet been allocated to individual stock selections, allowing the portfolio to maintain broad equity market exposure while the actively chosen single-stock positions remain the core focus.

EQAL, which currently accounts for 49.1% of total assets, was originally selected by previous portfolio managers to reduce exposure to the top end of the market and mitigate the concentration risk inherent in a market-weighted index. Because EQAL assigns a more even weight across each sector (and the companies within each sector), it naturally underweights mega-cap technology companies and increases exposure across the remaining sectors. This structural feature is the primary driver of the portfolio's technology underweight and the corresponding overweight in several non-technology sectors.

From the PORT analysis in Bloomberg, the portfolio lags the Russell 1000 when the mega-cap tech stocks have momentum but will outperform if the market rotates toward value, financials, and defensive sectors. This is because of the fund's approach to investing in undervalued stocks that do not rely on aggressive future growth assumptions as a result of AI-driven demand.

Our portfolio beta benchmarked to the Russell 1000 is 0.62, meaning if the Russell 1000 moves 10%, the portfolio is expected to move 6.2%. Also, the VaR of 28% shows that there is 95% confidence that the chosen stocks shouldn't lose more than 28% in one year under normal market conditions.

Some factors that may cause the portfolio to perform better relative to the Russell 1000 include:

- Interest rates rising (helping Verizon and Bank OZK)
- The market leadership rotating from the mega-cap tech stocks and broadening to value and financial sectors
- Economic growth slowing, which will result in General Mills and JM Smucker will holding up relatively better than tech stocks

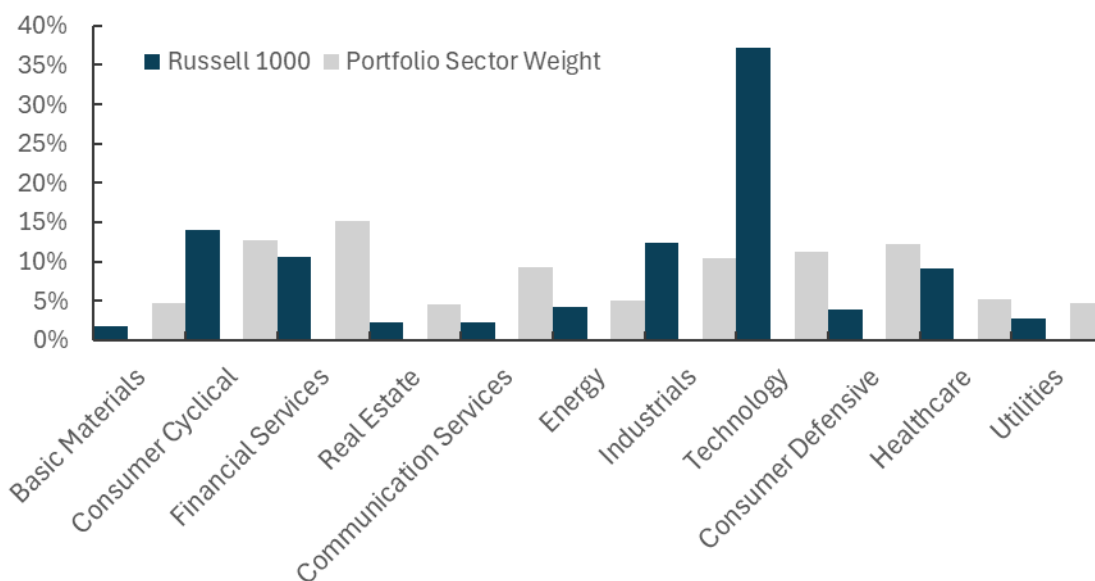
VONE and EQAL primarily serve as holding vehicles for capital that has not yet been allocated to individual stock selections, allowing the portfolio to maintain broad equity market exposure while the actively chosen single-stock positions remain the core focus. All new investments this semester were funded by EQAL.

The portfolio's active holdings include Adobe (ADBE), FactSet (FDS), General Mills (GIS), Honda Motor Co. (HMC), Lululemon (LULU), Bank OZK (OZK), PulteGroup (PHM), The J.M. Smucker Company (SJM), and Verizon (VZ). Each represents approximately 3–5% of the portfolio. This sizing reflects the IPS rule that new positions may not exceed the greater of twice the stock's weight in the Russell 1000 or 5% of the portfolio at purchase. The IPS also requires action if a position exceeds the greater of 7.5% or 3x its Russell 1000 weight, ensuring disciplined diversification and preventing concentrated risk.

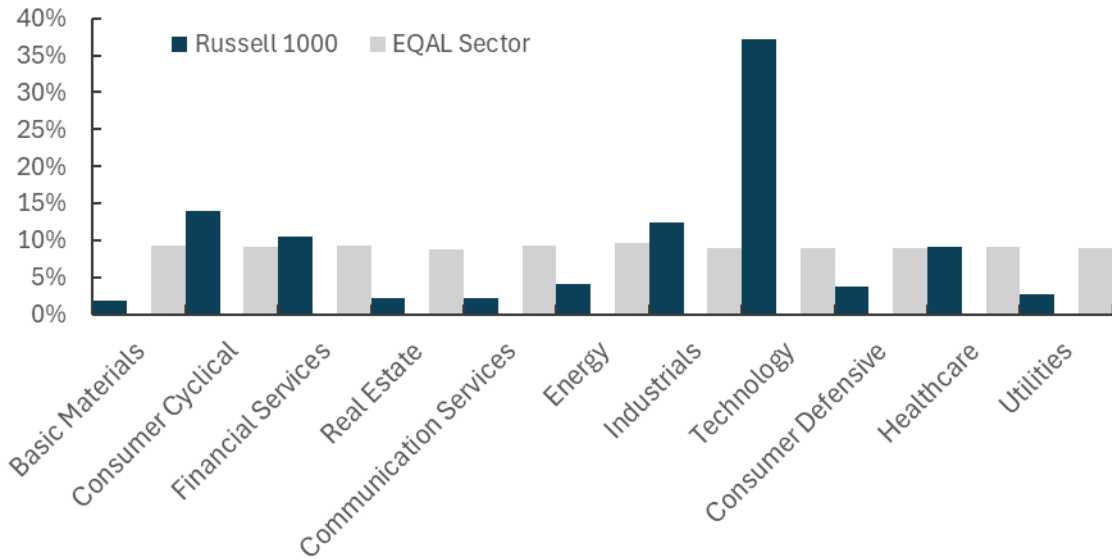
The portfolio's combined cash position, held across Fidelity Government Cash Reserves (FDRXX) and the SPAXX money market, totals approximately 5%, within IPS guidelines and held for liquidity rather than as a tactical macro stance. The SPAXX balance reflects leftover cash from a recent donation, most of which has already been deployed into rebalancing existing positions that had drifted below their 5% target weights or invested into EQAL.

A major dynamic this semester was the turnover within the active holdings. UPS was sold after a review determined the position was overvalued and no longer offered an attractive risk-reward profile. Microsoft (MSFT) was purchased earlier in the semester but subsequently sold after the share price rose to the target price, reducing the margin of safety. Three new positions, ADBE, LULU, and OZK, were added, funded by trimming EQAL. These changes kept total active single-stock exposure near 38%, consistent with the prior semester, while refreshing the composition of the active book to reflect current valuations and conviction.

Sector Weight Comparison: Russell 1000 vs Portfolio



Sector Weight Comparison: Russell 1000 vs EQAL



Sector Breakdown

Relative to the Russell 1000, the SMIF portfolio remains a close comparison in several sectors with some significant deviations. Most notably, the SMIF portfolio is overweight in the real estate and consumer defensive sectors, while being underweight in the consumer cyclical, financial services, and industrials sectors.

Overweighting in the real estate and consumer defensive sector results from EQAL’s and VONE’s sector composition and from the portfolios active picks for the consumer defensive sector: General Mills (GIS) and Smucker’s (SJM). Both positions fit the IPS and reinforce the portfolio’s emphasis on stable cash flow businesses.

The combined effect of EQAL, VONE, and IPS position-size constraints is a portfolio that distributes risk more evenly across sectors and individual holdings. Where a handful of technology firms dominates the Russell 1000, the SMIF portfolio avoids concentration risk and maintains broader exposure, consistent with the IPS and the program’s diversification objective.

Consumer Cyclicals

The consumer staples sector is one of the most defensive sectors within the Russell 1000, comprising industries such as packaged food and meat, beverages, household products, and personal care. Performance within the sector is driven less by economic cycles and more by brand strength, pricing power, and the ability to manage volatility in commodity input costs. During the Spring 2026 semester, the sector continued to face meaningful structural headwinds. Some of these issues include commodity cost pressures, private-label competition, and the emerging demand impact of GLP-1 weight-loss drugs (both of which PepsiCo and Hormel Foods explicitly acknowledged in their most recent 10-K filings).

Using FactSet’s universal screening tools, companies in the consumer staples sector of the Russell 1000 were filtered based on key metrics, including return on assets, return on equity, earnings per share, price-to-earnings, price-to-book, beta, and debt ratios. Companies that did not align with the College of Business Investment Policy Statement were removed. Companies with a beta below a minimum threshold or a P/E ratio significantly above the industry average were also eliminated. This process consistently surfaced three leading candidates: Maplebear Inc. (CART), Performance Food Group Co. (PFGC), and e.l.f. Beauty, Inc. (ELF).

Although these three companies were identified as the strongest screened candidates, none ultimately advanced to a formal fund pitch. After further research across the sector, two other names, PepsiCo (PEP) and Hormel Foods (HRL), were selected for full stock valuation reports and fund presentations.

PepsiCo initially presented as a compelling candidate given its diversified global portfolio spanning snack foods and beverages across more than 200 countries, under brands such as Lay's, Doritos, Gatorade, and Pepsi-Cola. The company's competitive advantage lies in its shared distribution network across both segments, which creates meaningful scale economies that are difficult for competitors to replicate. However, following a full valuation analysis, the portfolio managers concluded that the stock was fairly valued and lacked an adequate margin of safety to justify investment. The portfolio managers also determined that PepsiCo's sustainable competitive advantage, while real, was not strong enough given the current environment. GLP-1 drug adoption and growing health consciousness represent concerns for PepsiCo's core snack and beverage businesses. As a result, no purchase recommendation was advanced.

Hormel Foods emerged as a turnaround opportunity, with the investment thesis centered on the view that the market was overly pessimistic and pricing in continued decline. The RIM models indicated a meaningful upside from the then-current share price. However, during the fund presentation, an error in the non-constant-growth FCF model was identified, causing the FCF-based valuation to be misstated. Once corrected, the margin of safety indicated by the FCF model narrowed considerably, bringing the composite valuation picture closer to fairly valued than the headline RIM figures had suggested. The fund also cited ongoing execution risk in the turnaround following the Planters acquisition, commodity input cost volatility, and the same GLP-1 and health-trend concerns facing the broader sector as reasons to hold off on initiating a position. As a result, no purchase recommendation was advanced.

Consumer Staples

The consumer cyclical sector remains one of the most economically sensitive sectors within the Russell 1000, consisting of industries such as retail, apparel, footwear, automobiles, lodging, restaurants, and homebuilding. Performance within the sector is heavily influenced by consumer confidence, wage growth, employment trends, inflation, and interest rates. During the Spring 2026 semester, the sector continued to face mixed macroeconomic conditions. Higher borrowing costs, lingering inflationary pressures, and cautious discretionary spending created obstacles for many cyclical companies.

Using FactSet's screening tools, companies within the Russell 1000 were repeatedly filtered using a "cream theory" approach across key metrics such as return on invested capital (ROIC), operating margins, leverage, liquidity, and valuation measures including price-to-earnings and EV/EBITDA. Companies that consistently ranked favorably across multiple categories were then reviewed qualitatively based on competitive positioning, business model durability, and sensitivity to the consumer cycle. This process identified three leading candidates: Deckers Outdoor Corporation (DECK), O'Reilly Automotive (ORLY), and Abercrombie & Fitch Co. (ANF).

Deckers Outdoor Corporation initially emerged as the top candidate. The company demonstrated exceptional profitability, strong capital efficiency, low leverage, and attractive growth driven by its HOKA and UGG brands. Deckers' asset-light model, premium pricing power, and strong direct-to-consumer execution made it an attractive opportunity. However, during the final valuation review, an error in the operating margin forecast was discovered. Once corrected, the company's intrinsic value estimate declined materially, resulting in a conclusion that the stock was fairly valued rather than undervalued. As a result, the investment pitch was withdrawn, and no purchase recommendation was advanced.

After reanalyzing consumer cyclical stocks through another screening process, an additional stock was found to be undervalued: lululemon athletica inc. (LULU). Lululemon presented a compelling opportunity following a sharp decline in share price driven by concerns surrounding moderating growth and the perception that the company was entering a more mature phase of its lifecycle. Despite this market reaction, the company continued to exhibit strong profitability, no meaningful long-term debt, premium brand positioning, and continued international expansion, particularly in China, where growth trends remained favorable. Multiple valuations indicated that the stock was undervalued. Based on this analysis, the recommendation to purchase the stock was brought before the portfolio managers, where it was approved and subsequently added to the portfolio.

PulteGroup (PHM), an existing portfolio holding, was also reevaluated during the semester. While the company continued to demonstrate strong fundamentals, healthy profitability, and a disciplined balance sheet management, the broader housing market remained constrained by elevated mortgage rates and affordability pressures. At the same time, a structural shortage of homes in the United States continued to support long-term demand for quality homebuilders. Given these offsetting factors, the portfolio managers determined that PulteGroup remained a fundamentally strong company with solid long-term prospects, but near-term industry conditions did not justify increasing the position. As a result, the recommendation was to maintain the current holding and vote to hold the stock rather than allocate additional capital.

Industrials

1. Sector Overview

The industrials industry includes the three subsegments of Capital Goods, Commercial & Professional Services, and Transportation (see Exhibit B). In the industrials industry, the top five companies with regard to market capitalization include GE Aerospace, Caterpillar Inc., RTX Corporation, The Boeing Company, and GE Vernova Inc. (StockAnalysis, n.d.). Compared to the Technology industry, industrials have a much smaller profit margin of 7.25%. Additionally, the industrials segment is comparable in size to the Healthcare and Financials industries in terms of market capitalization. Industrials' valuations are medium to high with a P/E ratio of 34.55, and they pay out fewer dividends because of their steady growth (StockAnalysis, n.d.).

2. Regulatory Environment

The regulatory environment for the industrials industry is moderate to high in terms of oversight. According to IBISWorld, tariffs are causing trade uncertainty, which could impact wholesalers in the industrials industry (n.d.). For instance, manufacturers who purchase industrial supplies may be affected by trade policy that causes higher costs. Therefore, downstream demand could be reduced, which puts pressure on the margins of industrial companies. Additionally, China tariffs on U.S. manufacturing imports are driving U.S. goods out of the China market (IBISWorld, n.d.).

3. Industry Pressures

There are macroenvironmental factors that affect the industrials sector related to energy supply and supply chain cost pressures. One article by RSM points out how volatile energy prices are affecting manufacturers' value chains (2022). For instance, natural gas and petroleum are major production costs for many industrial companies, so fluctuations can significantly affect the cost competitiveness of companies in the industry. Recently, natural gas prices have soared 40–60% because of cold weather affecting many states (Kern, 2026).

Additionally, the industrials segment may suffer from increased logistics and transportation expenses. According to the 2025 Manufacturing Industry Outlook by Deloitte, "Supply chain challenges have eased since the height of the COVID-19 pandemic, but pressures remain... costs also remain high" (2024).

4. Screening Methodology

To screen for companies in the industrials industry, the equity screener function (EQS) in Bloomberg was used to filter companies using the following criteria: active trading status, United States exchange, Industrials Sector, and Russell 1000 Index (152 companies remaining). After this, I employed different criteria to filter out companies that are financially appealing. I set the 12-month free cash flow (FCF) to greater than zero, the latest fiscal year revenue growth year over year to 8%, and the latest fiscal year return on invested capital 1 year ago to 9%. These filters revealed 22 companies that were financially durable, operationally efficient, and had growth fueled in part by profitability. Then, narrowing it down further to 12 companies, I restricted this set to companies with a return on invested capital over weighted average cost of capital (ROIC/WACC) over 1.2. This metric kept companies whose returns exceeded their cost of capital by 20% or more. For industrials, this metric further revealed companies whose growth was not diluting returns.

5. Sector Takeaways

Overall, the industrials industry is influenced by changes in the economy. It is currently affected significantly by regulations and input price fluctuations. Also, in the current environment the sector is susceptible to trade and tariff uncertainty. Industrial companies' success is impacted heavily by their operational efficiency and their ability to react to new regulations and current geopolitical risks.

6. Scoring & Selection Process

After arriving at the 12 companies, I evaluated each company by weighting its scoring on different metrics relative to the group. The weighting included: 20% to ROIC, 20% to ROIC/WACC, 10% to EBITDA Margin, 15% to Revenue CAGR, 15% to EBITDA CAGR, 15% to Net Debt/EBITDA, 10% to FCF Yield, and 5% to EV/EBITDA. The balanced approach ensured the attractiveness of the company was not due to a temporary cycle of growth or simple earnings growth.

7. Stock Pitched & Outcomes

Comfort Systems (Overvalued)

Comfort Systems (FIX) has experienced significant share price growth due to their position to capitalize on AI data center demand tailwinds. They provide HVAC and infrastructure products to different building complexes and have secured a significant amount of data center contracts for the future. While the company is expected to grow significantly, this value is already reflected in their stock price. Furthermore, the pitch was withdrawn due to the underlying risks.

Allison Transmission (Overvalued)

Allison Transmission (ALSN) designs and manufactures vehicle propulsion solutions (transmissions) for commercial and defense vehicles. They appeared to be undervalued because of the uncertainty the market is factoring in regarding the company's ability to adapt to the progressing electric vehicle shift in the industry. Allison had proven performance and diversity of projects aimed at capitalizing on the electric vehicle opportunity in the future. Despite this, after projecting their pro-forma with their recent acquisition of Dana's Off-Highway business segment, the margin of safety from the discounted cash flow derived model was not adequate for an investment.

Core & Main (Overvalued)

Core & Main is a specialty distributor of products used in water, wastewater, storm drainage, and fire protection systems. The company has a durable infrastructure market with strong long-term investment opportunities. They undergo frequent acquisitions, but the expected future growth of Core & Main was determined to be largely reflected in their stock price. Additionally, the portfolio managers considered the macroenvironmental risks, such as a slowdown in construction spending, and ultimately decided against the stock.

Existing Holding: Honda Motors (Undervalued)

Honda Motors (HMC) operates a diversified global manufacturing business focused on automobiles, motorcycles, power equipment, and emerging mobility technologies. Honda offers stable and resilient free cash flow supported by strong global demand across its automotive and motorcycle segments, as well as disciplined cost management.

Honda's stock dipped towards the end of March due to their adjustments in their 2026 earnings estimates and an adjustment to their electric vehicle (EV) plan. They stated they will focus on their hybrid technology and will not continue their plans to produce their three announced future EV models. The portfolio managers viewed this as an overreaction given Honda's strong edge in hybrid technology and the industry wide's caution to EV strategy overall. Thus, the portfolio increased its existing holding in Honda to reach 5% of the portfolio.

Financials

Industry Composition

The financials sector comprises banks, insurance companies, diversified financial firms, asset managers, credit services, payments processors, and financial data providers. Together, these institutions perform the core economic functions of credit intermediation, risk transfer, capital allocation, and financial infrastructure. Although grouped under a single sector heading, the underlying subsectors respond to economic conditions in meaningfully different ways. Traditional banks remain the most sensitive to interest rate movements, with net interest margins rising and falling alongside the rate cycle. Insurance companies are driven more by underwriting results, catastrophe activity, and investment income. Payments firms and financial data providers, by contrast, tend to generate steadier, more subscription-like cash flows and often behave more like technology companies than traditional financials.

Recent Trends and Economic Activity

The Federal Reserve has cut rates by a cumulative 175 basis points since September 2024, bringing the federal funds rate to a target range of 3.50% to 3.75%, where it has been held steady for two consecutive meetings. Policymakers have signaled one additional reduction this year and another in 2027, though the timing remains unclear. A leadership transition is also underway, with Powell's term expiring in May 2026 and the Senate considering Kevin Warsh as his replacement.

For banks, lower rates compress net interest margins but also stimulate loan demand and ease consumer credit conditions. The financials sector is reporting blended year over year earnings growth of 19.7% for Q1 2026, the largest increase of any sector since the end of the quarter. Capital markets activity has rebounded as well, with investment banking fees and trading revenue rising sharply across the major banks.

The current administration has pursued a lighter regulatory posture, though policy ambiguity around tariffs and geopolitical developments has kept some firms cautious. The March FOMC minutes noted that inflation remains above the 2% target, with several participants remarking that further progress had stalled. Given persistent inflation and broader uncertainty, a conservative long term GDP growth assumption of 1.5 to 2.0 percent remains appropriate for valuation purposes.

Artificial intelligence continues to reshape the sector, though its impact varies by subsector. Financial data providers like FactSet are furthest along in commercializing AI, while traditional banks are adopting it more gradually for operational efficiency and fraud detection.

Method Used to Select Stocks

Stock selection in this sector followed a bottom-up, opportunity-focused approach. The process began with a quantitative screen of 130 financial stocks from the Russell 1000, evaluating each on 12 metrics across four categories: forward valuation, trailing valuation with capital strength, five-year growth, and profitability and efficiency. Each metric was scored using quartiles, then combined into a weighted composite that places greater emphasis on valuation and capital strength while still recognizing growth and operating quality. The top candidates from this initial screen were run through a second screen focused on valuation and earnings dynamics, and the two scores were blended to identify the strongest names.

Stocks Pitched and Outcomes

FactSet (Implemented - Prior Semester, Continuing Position)

FactSet was implemented in the prior semester after the stock declined on margin compression concerns. The original thesis centered on the company's exceptional free cash flow conversion, decades of stable revenue and earnings growth, and the long term defensibility of its curated financial database. That thesis has continued to play out. In Q2 fiscal 2026, FactSet delivered revenue of \$611 million, up 7.1% year over year, beating analyst estimates and prompting management to raise full year organic ASV growth guidance. The company has also made significant progress on AI commercialization, deploying AI enabled Document Search to over 85,000 users and launching an alpha AI platform for investment banking workflows through a partnership with Finster AI.

However, the stock has faced meaningful headwinds. Shares have fallen approximately 55% over the past 52 weeks as investors weigh concerns that AI powered alternatives could commoditize financial data and erode FactSet's pricing power. As the price declined, additional shares were purchased this semester to bring the position back up to its 5% target weight, resulting in an average cost basis of approximately \$246.86. At the current price of \$224.12 and an estimated intrinsic value of \$295, the position retains a margin of safety of roughly 31%. Despite the selloff, the company's fundamentals remain robust, with strong credit ratings, nearly 10% dividend growth, and an 11.7x P/E. The position currently represents approximately 5.1% of the SMIF portfolio. While the stock price has declined since original implementation, the underlying business performance and AI integration progress support the value thesis, and the decision to add at lower prices reflects continued conviction.

Bank OZK (Implemented)

Bank OZK was identified through the valuation-focused screening process as a high-quality regional bank trading at a significant discount to intrinsic value. At approximately 1.0x tangible book value and roughly 8x earnings, OZK's valuation reflected the market's concern over its commercial real estate concentration. CRE loans represent approximately 67.6% of total loans. However, the bank's fundamentals argue that these risks are already substantially reserved for, with \$631.9 million in allowance for credit losses. OZK operates with a 35.6% efficiency ratio, among the best in banking, and generates above-peer profitability with a 1.75% ROA. The bank is actively diversifying through its corporate and institutional banking segment, which has grown from 5.8% to 13.1% of the loan portfolio over the past year. As the CRE cycle is expected to improve by 2027 and diversification gains visibility, the valuation discount should narrow. Residual income models produced a most likely intrinsic value in the \$63–\$64 range, implying a margin of safety above 35% at purchase. The position has gained approximately 2.4% since implementation and currently represents 4.8% of the portfolio.

Insurance Candidates - RenaissanceRe (RNR), Allstate (ALL), Arch Capital (ACGL) (Not Pitched)

The initial quantitative screen surfaced three insurance companies: RenaissanceRe, Allstate, and Arch Capital — which consistently scored well on valuation, growth, profitability, and capital strength across both screening stages. All three offered compelling combinations of high returns on equity, strong margins, and valuations. However, deeper analysis revealed that the screening methodology likely favored insurers whose profitability was elevated by

a favorable point in the underwriting cycle. All three showed expected EPS declines as earnings normalize from cyclical peaks. Given the inherent cyclical nature, catastrophe event risk, and earnings volatility associated with insurance and reinsurance, these candidates were not advanced to a formal pitch. The decision reflected a preference for more durable, through-cycle earnings profiles consistent with the fund's value investing philosophy

Technology

The screening process, designed to uncover high-quality investment opportunities within the technology sector, commenced using FactSet's universal screening tool as the analytical foundation. The initial stage filtered companies within the technology sector by applying the iShares Russell 1000 ETF and narrowing results through the FR RBICS Name Economy classification. Where applicable, individual tickers were added manually to ensure comprehensive sector coverage. An extensive suite of financial metrics was incorporated to assess key performance and valuation indicators, including price-to-earnings, price-to-free-cash-flow, current ratio, quick ratio, net income margin, operating margin, earnings per share, and return on invested capital. The resulting data was exported to Excel, where conditional formatting and systematic sorting produced a heat map used to identify top-performing candidates visually.

The technology sector is broadly characterized by its sensitivity to macroeconomic conditions, regulatory shifts, and rapid innovation cycles. Interest rates remain a key headwind, as many technology firms are valued on future earnings expectations - when rates rise, those cash flows are discounted more heavily, compressing valuations even when underlying fundamentals remain strong. On the demand side, enterprise software and subscription-based companies have demonstrated relative resilience, while consumer-facing and advertising-dependent platforms remain more vulnerable to economic slowdowns. Notably, the rise of AI-driven platforms is beginning to pressure the broader software subsector, as AI models increasingly incorporate application capabilities that were previously the domain of standalone software products - creating a new layer of competitive disruption within technology itself. Regulatory pressure has intensified globally, with the United States requiring faster cybersecurity disclosures and Europe's AI Act and Digital Markets Act directly reshaping how technology companies design products and compete in digital markets. The most significant structural driver of the moment is artificial intelligence, which has accelerated demand for advanced semiconductors, cloud infrastructure, and data center capacity - while simultaneously introducing competitive disruption across software, content creation, and enterprise workflows. Geopolitical tension, particularly around semiconductor export controls, adds further complexity to supply chains and revenue visibility for companies with significant international exposure. Taken together, the technology sector currently trades at a premium relative to the broader market, with a sector average P/E of approximately 32, reflecting AI-driven earnings expectations that increase downside risk if growth decelerates.

Guided by a disciplined approach to valuation, the screening prioritized companies with price-to-earnings ratios below 30 and price-to-free-cash-flow ratios under 35, while also examining debt ratios, liquidity metrics, and multi-year trends in revenue and net income. Following this quantitative process, three firms emerged as top candidates: Adobe, Inc., Applied Materials, Inc., and KLA Corporation. Each demonstrated a compelling combination of valuation, profitability, and strategic positioning within the technology ecosystem. The continued growth of artificial intelligence, cloud computing, and semiconductor demand underpins the long-term thesis for all three selections. Adobe ultimately was seen as the more attractive and undervalued play - including a P/E of 16.87 and P/FCF of 13.87 versus ratios of 26-30 and 32 for the semiconductor names - as well as a significantly higher ROIC of 54.2% and gross margin of 88.61%. Adobe's stock had also been pressured by broad market fears that generative AI would displace traditional software platforms - fears the portfolio managers viewed as overexaggerated given Adobe's active AI integration through Firefly - creating an attractive entry point into a fundamentally sound business trading below intrinsic value.

Following deeper qualitative and quantitative evaluation, Adobe, Inc. (NASDAQ: ADBE) was selected as the portfolio's technology investment. Adobe's selection was supported by a robust set of financial and strategic factors. Trading at approximately \$275 per share at the time of analysis, Adobe demonstrated exceptional profitability metrics, including a gross margin of 88.61%, an operating margin of 36.6%, and a return on invested capital of 54.2% - far exceeding its 9.16% cost of capital. Free cash flow grew from approximately \$2 billion in 2016 to nearly \$10 billion in 2025, providing enormous capital allocation flexibility and reinforcing the company's financial durability. A free cash flow valuation model, which carried the greatest weight in the analysis given Adobe's scalable subscription model and low capital requirements, produced an estimated intrinsic value of approximately \$413 per share - implying roughly 50% upside from the current price. Residual income models produced more conservative estimates ranging from \$244 to \$291 per share, while a price multiples approach yielded a higher but less reliable estimate near \$653. Weighted across methodologies, Adobe's fair value was estimated in the range of \$291 to \$413 per share, suggesting meaningful undervaluation at current trading levels.

Strategically, Adobe occupies a dominant position in the creative and digital workflow software market through its Creative Cloud, Document Cloud, and Experience Cloud platforms, all of which generate recurring, predictable subscription revenue with near-zero marginal delivery costs. While near-term fears surrounding generative AI - including competition from platforms like Canva and emerging AI image tools - have contributed to the stock's pullback from prior highs, Adobe's own investments in AI, particularly through its Firefly generative tools, position it to absorb and monetize these trends rather than be displaced by them. Adobe's acquisition of Semrush, announced in Fall 2025, further broadens its digital experience footprint. The portfolio managers concluded that Adobe's high-margin subscription model, expanding AI capabilities, and compelling valuation collectively offer an optimal blend of near-term and long-term investment value, securing its place in the portfolio.

When evaluating CoStar Group, Inc. (NASDAQ: CSGP) as a potential additional technology holding, the company initially presented a compelling investment thesis. CoStar operates a subscription-based data and analytics platform serving the commercial and residential real estate markets through properties including CoStar, LoopNet, Apartments.com, and the rapidly expanding Homes.com. The company possesses a strong sustainable competitive advantage through its extensive proprietary database, high switching costs, and powerful network effects. A free cash flow model produced an estimated value of \$51.54 per share against a current price of approximately \$39.77, implying roughly 30% upside. However, the portfolio managers determined that the FCF valuation carried significant uncertainty, as the model was heavily dependent on assumptions regarding operating cash flow and capital expenditures - both of which remain difficult to forecast with confidence given CoStar's ongoing, large-scale investment in Homes.com. The ultimate return on that investment, and the timeline to margin recovery, remains unclear. Given this uncertainty, the portfolio managers concluded that the risk-adjusted conviction required for a new position was insufficient at this time, and CoStar was not added to the portfolio.

As part of the ongoing review process, the previously held position in Verizon Communications (NYSE: VZ) was re-evaluated to determine its continued suitability for the portfolio. Updated valuation analysis indicated that Verizon remained modestly undervalued, with a residual income model producing an intrinsic value estimate of \$58.28 per share against a current price of \$50.80, reflecting a margin of safety of approximately 14.7%. Verizon's investment case has been further strengthened by several meaningful developments since the prior review. In January 2026, the company completed its \$20 billion acquisition of Frontier Communications, expanding its fiber broadband reach and adding significant long-term asset value. Additionally, Verizon welcomed a new CEO in October 2025, whose consumer-focused strategic pivot has already produced tangible results - the company added one million net wireless subscribers in the most recent quarter, contributing to what was reported as Verizon's best single trading day in 18 years. The appointment of Tony Skiadas as permanent CFO, along with a \$5 billion cost-savings initiative and a multi-billion dollar share repurchase program announced for 2026, has further restored investor confidence. With a P/E of 10.03, a P/FCF of 4.64, and a dividend yield consistent with its defensive profile, Verizon's valuation

metrics, stable cash flows, and renewed operational momentum justify its continued inclusion as part of a diversified, growth-oriented investment strategy.

I started the process by running a screen in FactSet on Russell 1000 technology companies, filtering names trading at a price-to-earnings ratio below 30 to focus on more reasonably valued opportunities. From there, I layered in filters for positive free cash flow, return on invested capital above the cost of capital, and a manageable debt load relative to EBITDA. I also looked at five-year trends in revenue, earnings, operating margin, and free cash flow margin, because I wanted to find companies that were creating real economic value over time, not just riding a temporary wave. NXP Semiconductors stood out from the names that came through the screen. It looked like a strong company whose stock seemed to be weighed more by cyclical concerns than by anything fundamentally broken.

After narrowing in on NXP, I built Pro Forma financial statements under base, optimistic, and pessimistic scenarios and ran the company through a DCF, a Residual Income Model, and a Dividend Discount Model. NXP is the world's largest automotive semiconductor supplier, with strong positions in vehicle networking, radar, microcontrollers, and secure connectivity, as well as meaningful exposure to industrial and IoT end markets. At the time of analysis, the stock was trading around \$204.37, with projected 2026 EPS of \$7.95 (a forward P/E of about 25.7), a beta of 1.34, a required return on equity of 11.02%, and a WACC of 10.96%. I weighted the Residual Income Model most heavily because of how steady NXP's book value and earnings have been, and it produced an intrinsic value of about \$95.53 per share in the base case, \$81.46 in the pessimistic case, and \$133.21 in the optimistic case. The Dividend Discount Model came in even lower, in the \$40 to \$54 range across scenarios.

Strategically, NXP holds a defensible position in automotive and industrial semiconductors, with high switching costs and deep integration into customer platforms, and the long-term thesis around software-defined vehicles, electrification, and ADAS adoption is genuinely compelling. When I pitched the company, though, I was upfront about two concerns from the valuation work. The first was margin of safety: all three Residual Income Model scenarios came in well below the \$204.37 market price, so the stock looked like it was trading at a premium to intrinsic value rather than a discount, with even the optimistic case only reaching about \$133. The second was how dependent the valuation was on growth rate assumptions, since the upside only worked if sales and net income growth recovered toward 7 to 10% over the long term, and sensitivity testing showed even modest changes pulled intrinsic value lower. After talking it through, the portfolio managers agreed not to move forward with NXP.

Energy

Industry Composition

The energy sector in the United States is composed of companies responsible for production, storage, and distribution of crude oil and natural gas products. Companies are generally segregated into three categories based on their primary role in the product cycle. Those that engage in the exploration, drilling, and extraction of crude oil and natural gas products are on the upstream side. Those that own, operate, and develop pipelines and storage solutions fall under the midstream designation. Downstream companies are those that refine and sell crude oil and natural gas products to businesses, utility companies, and consumers. Many companies operate in more than one category, but most have a primary focus. A few large players operate at every level of the industry and are known as integrated companies.

To upstream exploration and production companies, oil prices matter significantly. Thus, production volume and average realized prices are primary metrics of success. These companies are most susceptible to economic downturn. To midstream transportation and storage companies, oil prices matter less, and operational efficiency is more important. For downstream refinery companies, efficiency metrics such as refinery utilization rate, yield efficiency, and operating cost per barrel are crucial to monitor.

Recent Trends and Economic Activity

Energy stocks overall saw a 7.9% return in 2025, with poor performances by upstream companies being offset by midstream, downstream, and integrated companies performing well. One significant recent change is the deregulation push under the current Trump administration. On March 12, 2025, shortly after Trump began his second term, 31 deregulation actions were announced by Lee Zeldin, EPA administrator. The goal of deregulation was to stimulate growth in the industry and lower energy costs for consumers. The actions subsequently reversed many of the policies of the previous Biden administration. The EPA also announced plans to increase collaboration and cooperation with individual states.

Political and socio-cultural trends greatly affect the energy industry, and public shifting public perception can lead to volatility in the sector. There is a need for a significant amount of energy in the United States. However, the political views of state and federal leaders dictate how it is achieved. The Biden administration pushed renewable energy sources, while the current administration is focused on fossil fuels. The significant difference in beliefs and strategies illustrates the potential for instability in the sector. Outside of government, socio-cultural trends such as the introduction of electric (EV) and hybrid-electric (HEV) vehicles have a unique impact. EV sales had a record third quarter in 2025, leading up to the termination of the \$7,500 federal subsidy, followed by a fall in Q4. The uncertainty of the future of EVs invites an ongoing discussion of the future demand for petroleum products like gasoline. The recent flurry of tariffs also impacts sector stability. While their products are excluded, the higher prices of metals and other materials imported are noticeable.

Method Used to Select Stocks

The process for screening and selecting the three stocks used both qualitative and quantitative measures. First, the 36 stocks in the GICS Energy sector into the subsectors upstream/integrated, midstream, and downstream, as the companies within each subcategory have unique operational characteristics. After researching the industry, it was determined that EPS, P/E, and P/BV would give a good initial indicator as to potential future growth. The forward one-year projected EPS and P/E ratios were also utilized to better understand if the trailing twelve-month performance was the result of one-year events or a continuation of consistent results. The analysis led me to two upstream companies and one midstream company which, when compared to their sector peers and industry financial metrics, outperformed in revenue stability and generation or operational efficiency.

Stocks Pitched and Outcomes

Matador Resources Company (MTDR), an upstream oil and natural gas company, was discovered through the screening process detailed in the previous section. Compared to similar upstream companies in the Russell 1000, MTDR had one of the highest EPS and FY EPS metrics, as well as very low P/E, FY P/E, and P/BV ratios. Further research indicated that it could be a smaller, overlooked player in the industry. Additionally, rising tensions in the Middle East can caused crude oil prices to rise, directly benefiting a company like Matador Resources Company, which operates entirely within the United States. Ultimately, the vote to buy was split with four Ayes and 4 Nays, and it did not pass. One concern was the uncertainty of how long the conflict with Iran would continue and how long oil prices would remain elevated. A valuation based on a scenario in which the Iranian conflict had no impact was conducted, resulting in a negligible margin of safety.

ONEOKE, Inc. (OKE) was pitched as a steady company with strong financials and suppressed cash flows from several recent acquisitions. OKE was initially selected for its EPS, FY EPS, P/E, FY P/E, and B/BV, which were all among the best relative to its industry competitors in the Russell 1000. The premise was that the suppressed cash flows had not been fully realized in the price, resulting in the company being undervalued. Also, the company has a history of steady dividend payments and pays over \$1 per share. After discussion, it was determined that the value for long-term debt used in the WACC equation and free cash flow valuation was incorrect. Once the correct number was inputted into the model, the margin of safety dropped significantly, indicating that the stock was fairly-valued.

Utilities

Industry Composition

The utilities sector typically includes the electric, water, gas, and even telephone industries. However, before considering the state of the utilities sector, it is also essential to consider the state of the economy, and more specifically, what stage of the business cycle we are currently in, and how that affects the utilities sector as a whole. Although it can be tricky to pinpoint precisely which stage of the business cycle we are in, we are likely around stage four, the peak of the business cycle, given that the stock and precious metal markets are continuing to hit all-time highs. Typically, utilities do not perform as well during stage four of the business cycle, when the economy is doing well, as they do during stage one, when the economy is in late contraction. This is typically due to investors valuing stable cash flows and predictable earnings that utilities provide when the economy is not doing as well.

Recent Trends and Economic Activity

The utilities industry faces significant regulatory pressure due to the monopolistic nature of utility companies. This is further highlighted by the fact that this industry provides services deemed necessary for consumers. With this in mind, government regulations, often through price controls, play a major role in shaping the industry. Utilities often operate as regional monopolies, which leads to regulations usually enacted at the state level through agencies such as Public Utility Commissions and Public Service Commissions. These regulatory bodies are designed to balance the interests of both consumers and utility providers. Looking ahead, evolving regulations, especially those promoting renewable energy, are likely to continue to have a significant impact on the industry.

Method Used to Select Stocks

Stock selection in this industry began with a screening that included all the utility stocks from the Russell 1000. Then, the stocks were screened for various ratios and financial metrics. After processing the data, a color scale was applied to highlight specific points that are especially exceptional. Upon reviewing that data, further analysis into companies with promising financial metrics was conducted by reviewing Morningstar, Value Line, and Inspire Insight reports. The last step for this sector's methodology was if they had strong financial metrics with no red flags and no additional red flags were presented from any of the previously mentioned database reports, then the last 10 years of financial statements for that company would be reviewed in FactSet to see if the company has displayed consistent growth, as opposed to a volatile growth over time.

Stock Pitched & Outcomes

American Electric Power (AEP) (Not Implemented)

American Electric Power (AEP) primarily operates as a regulated electric utility, generating electricity and selling it to residential, commercial, and industrial customers across several states, including Oklahoma and Texas. Although the company initially presented a promising valuation, the stock was ultimately withdrawn due to concerns about the company's continued growth relying heavily on the continued expansion of data centers.

Microsoft (MSFT) (Implemented)

Microsoft generates revenue through various diversified streams, including cloud computing (Azure), productivity software (Microsoft 365), operating systems (Windows), and the social media platform (LinkedIn). Many of these products are sold through subscriptions and licensing, generating strong, consistent cash flows for the company. Through the discounted cash flow model, the company presented itself as undervalued, and the class ultimately voted to purchase the stock. The stock later surpassed our valuation estimates and was sold in the same semester.

1. 175 shares bought on 4/1/2026 for \$369.55/share at a total cost of \$64,671.25.
2. 175 shares sold on 4/22/2026 for \$431.43/share, with fees of \$1.56, for total proceeds of \$75,498.69.
3. Net capital gain: \$10,827.44.

Existing Holdings: The J.M. Smucker Company (SJM) (Implemented)

The J.M. Smucker Company was initially reviewed, but tabled, due to an unknown impairment loss. Upon reviewing the stock again, the impairment was associated with an impairment of goodwill with the company's purchase of Hostess Brands, which was ultimately completely impaired in the company's third-quarter financial results. Upon updating our valuation models, the class concluded that the stock remained undervalued, so it was repurchased to restore it to a 5% weight in the portfolio.

Healthcare

Industry Composition

The healthcare sector encompasses a broad set of interconnected subsectors, including large-cap pharmaceuticals, biotechnology, medical devices and equipment, managed care and health insurance, healthcare facilities and providers, life sciences tools, and consumer-facing health products. These businesses collectively form one of the largest and most defensive segments of the U.S. economy, anchored by durable demand drivers such as demographic aging, chronic disease prevalence, and continued innovation in therapeutics and diagnostics. The sector has sustained revenue growth despite cost pressures, pricing scrutiny, and a shifting regulatory environment, with pharmaceuticals and managed care accounting for the largest share of enterprise value.

Biotechnology and specialty pharmaceuticals represent the most dynamic innovation engines in the sector, driven by advances in oncology, immunology, obesity, and metabolic therapies (notably GLP-1 franchises), gene editing, and cell therapy. At the same time, medical devices and life sciences tools benefit from procedure volume normalization and from rising capital expenditures by hospital systems. Consumer health, oral care, over-the-counter products, nutrition, and personal wellness offer more defensive, cash-generative exposure with lower R&D intensity but narrower growth runways. Meanwhile, drug pricing policy, patent cliffs, and the expanding reach of Medicare price negotiation under the Inflation Reduction Act introduce significant uncertainty into long-term cash flow modeling.

The sector remains structurally resilient. Barriers to entry in biopharma and medical devices are high, intellectual property is well protected, and recurring-revenue business models in managed care and consumer health provide stability across economic cycles. Nevertheless, the combination of regulatory intervention, reimbursement pressure, and trade policy volatility continues to compress multiples and create dispersion in fundamental outcomes.

Recent Trends and Economic Activity

Healthcare performance this year has been shaped primarily by drug pricing policy, tariff developments, and continued momentum in GLP-1 and oncology franchises. The Trump administration's April 2, 2026, announcement of Section 232 tariffs of up to 100% on patented pharmaceutical imports has been the single most influential policy event for the sector, prompting large, branded manufacturers to accelerate U.S. manufacturing investment to qualify for exemptions tied to domestic production. This has introduced meaningful near-term uncertainty into cost structures and capital allocation decisions across the industry, while simultaneously creating potential long-term beneficiaries among U.S.-sited producers.

A second major influence has been regulatory and reimbursement activity. Ongoing Medicare drug price negotiations, continued scrutiny of pharmacy benefit managers, and expanding federal interest in hospital price transparency have weighed on margin assumptions for managed care organizations and pharmaceutical manufacturers alike. These dynamics were particularly relevant in the evaluation of branded pharma and biotech names with concentrated product portfolios exposed to future negotiation cycles.

Market valuation has also been a meaningful factor. Sentiment around GLP-1 leaders, AI-enabled drug discovery, and large-cap pharma M&A activity has driven valuation expansion across several subsectors, while lagging performance in legacy biotech and consumer health has created pockets of apparent value. This divergence has reduced the number of companies offering a sufficient margin of safety and shaped the assessment of the sector's investable universe throughout the semester.

Method Used to Select Stocks

The stock selection process applied a value-conscious screening framework to the Russell 1000 healthcare universe. A hard filter of P/E < 25 excluded speculative and sentiment-driven names with limited earnings visibility. Additional metrics, including ROE, current ratio, operating margin, beta, free cash flow yield, and debt/equity, were used as relative quality filters to identify financially sound companies capable of sustaining performance in a capital-intensive and regulatorily sensitive sector.

The screen initially surfaced Amgen Inc. (AMGN), Johnson & Johnson (JNJ), and Eli Lilly & Co. (LLY) as top-ranked names on quality and fundamentals. However, each was ultimately filtered out of pitch consideration: AMGN and JNJ on valuation grounds relative to their growth profiles, and LLY on its premium multiple, leaving no meaningful margin of safety. After further screening and ranking firms by free cash flow strength and balance sheet durability, two companies emerged as the top candidates advanced for full evaluation: Gilead Sciences (GILD) and Colgate-Palmolive (CL). These provided exposure to different subsectors, biopharmaceuticals, and consumer health, and balanced value discipline with the sector's defensive growth characteristics, emphasizing resilience, recurring cash generation, and financial integrity.

Stock Pitched and Results: Gilead Sciences (GILD)

Gilead Sciences was selected for further analysis due to its leadership in HIV therapeutics, expanding oncology platform through the Kite cell therapy franchise, and attractive free cash flow profile relative to large-cap biopharma peers. Its dominant Biktarvy franchise supports durable, high-margin cash generation, and the company's diversified pipeline across virology, oncology, and liver disease offered a credible long-run growth thesis. Preliminary valuation work suggested a compelling opportunity relative to the biopharma peer set.

However, as the valuation models were refined, the intrinsic value estimate was pressured by two principal considerations. First, Gilead's recent acquisition activity, including its continued buildout of the oncology platform and associated integration costs, has weighed on near-term earnings quality and introduced execution risk that the discounted cash flow framework struggled to fully capture. Second, relative performance across the evaluation

window was underwhelming, reflecting investor concerns about pipeline productivity, competitive pressure in the HIV segment from long-acting injectables, and uncertainty surrounding the trajectory of the Trodelvy and cell therapy franchises. The portfolio managers assessed the combination of integration risk and softening fundamentals as sufficient to reduce the margin of safety below the threshold required by the IPS. The pitch, therefore, did not move forward.

Stock Pitched and Results: Colgate-Palmolive (CL)

Colgate-Palmolive was evaluated for its leadership in oral and personal care, stable recurring revenue base, and defensive cash flow characteristics within the consumer health segment. The company's global brand portfolio, pricing power in oral care categories, and the Hill's Pet Nutrition franchise supported a reasonable quality profile, and its dividend track record aligned with the portfolio's emphasis on financially disciplined compounders.

Upon deeper review, however, the investment thesis lacked sufficiently differentiated catalysts to justify inclusion. Organic revenue growth has been driven disproportionately by price rather than volume, raising questions about the durability of top-line expansion as consumers continue to trade down, and private-label competition intensifies. Margin recovery has been modest, foreign exchange exposure has persisted as a headwind, and the valuation did not offer a compelling discount to intrinsic value relative to higher-quality compounders within the consumer health universe. The portfolio managers concluded that Colgate did not present enough strategically important reasons to warrant a position, and the pitch was not advanced.

Existing Holding: United Parcel Service

UPS was actively managed throughout the cycle, with multiple transactions and dividend receipts contributing to total return. The portfolio initially received dividend income of \$551.04 on June 5, September 4, and December 4, 2025. A position of 252 shares was purchased on December 3, 2025, at \$97.85 per share for a total cost of \$24,656.94, followed by an additional purchase of 336 shares on April 2, 2026, at \$109.93 per share, totaling \$36,936.48. The fund also received \$964.32 in dividends on March 5, 2026. Subsequently, the full position of 588 shares was sold on April 22, 2026, at \$105.66 per share, generating total proceeds of \$62,126.80 after \$1.28 in fees. This resulted in a net capital gain of \$533.38, excluding dividends.

Additionally, UPS was reevaluated as a previous portfolio holding during this cycle. After reassessing the position against the fund's valuation and conviction thresholds, the portfolio managers elected to exit the position. This decision reflects the Investment Policy Statement's emphasis on disciplined valuation practices and maintaining strong conviction across all holdings.

Current Sector Positioning

While the healthcare sector offers substantial structural growth supported by demographics, innovation, and defensive demand characteristics, the combination of tariff uncertainty, drug pricing policy, and elevated valuation dispersion has tightened the conditions under which opportunities meeting SMIF's desired margin of safety can be identified. The screening process surfaced with several financially sound companies, and both Gilead and Colgate-Palmolive presented coherent theses, but neither cleared the valuation and conviction thresholds required for implementation. The evaluation reflects a balanced approach: respectful of the sector's long-term durability while grounded in disciplined valuation practice and attentive to the evolving policy and competitive backdrop.

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. The fund has an allocation in Honda Motors (HMC), which is a stock not in the Russell 1000. This stock is approved due to its portion of the fund being below the threshold for allowable holdings not in the Russell 1000.

Results

Summary of Approvals

Activity Summary as of 4/22/2026					
Date	Ticker	Name	Decision	Vote	Approved Allocation
2/24/2026	SJM	J.M. Smucker Company	TABLED	9Y, 0N	
2/24/2026	FDS	FactSet Research Systems Inc.	INCREASE WT.	9Y, 0N	5.00%
3/3/2026	DECK	Deckers Outdoor Corporation	WITHDRAWN		
3/3/2026	AEP	American Electric Power Company, Inc.	WITHDRAWN		
3/3/2026	OZK	Bank OZK	BUY	7Y, 1N	5.00%
3/10/2026	GILD	Gilead Sciences, Inc.	TABLED	5Y, 3N	
3/10/2026	ADBE	Adobe Inc.	BUY	8Y, 0N	5.00%
3/10/2026	PEP	PepsiCo, Inc.	DID NOT PASS	1Y, 7N	
3/10/2026	FIX	Comfort Systems USA, Inc.	ABANDONED		
3/26/2026	ALSN	Allison Transmission Holdings, Inc.	TABLED	8Y, 0N	
3/24/2026	MTDR	Matador Resources Company	DID NOT PASS	4Y, 4N	
3/31/2026	LULU	lululemon athletica inc.	BUY	5Y, 3N	5.00%
3/31/2026	MSFT	Microsoft Corporation	BUY	8Y, 0N	5.00%
3/31/2026	ALSN	Allison Transmission Holdings, Inc.	WITHDRAWN		
3/31/2026	SJM	J.M. Smucker Company	INCREASE WT.	8Y, 0N	5.00%
3/31/2026	VZ	Verizon Communications Inc.	HOLD	8Y, 0N	
4/7/2026	CNM	Core & Main, Inc. Class A	WITHDRAWN		
4/7/2026	OKE	ONEOK, Inc.	WITHDRAWN		
4/7/2026	HRL	Hormel Foods Corporation	WITHDRAWN		
4/7/2026	CL	Colgate-Palmolive Company	WITHDRAWN		
4/7/2026	CSGP	CoStar Group, Inc.	WITHDRAWN		
4/14/2026	ZETA	Zeta Global Holdings Corp. Class A	DID NOT PASS	0Y, 9N	
4/14/2026	GILD	Gilead Sciences, Inc.	WITHDRAWN		
4/21/2026	NXPI	NXP Semiconductors NV	WITHDRAWN		
4/21/2026	EQAL	Invesco Russell 1000 Equal Weight ETF	KEEP	9Y, 0N	
4/21/2026	VONE	Vanguard Russell 1000 ETF	KEEP	9Y, 0N	
4/21/2026	FDRXX	Fidelity Cash Reserves	KEEP	9Y, 0N	
4/21/2026	PHM	PulteGroup, Inc.	HOLD	9Y, 0N	
4/21/2026	HMC	Honda Motor Co., Ltd. Sponsored ADR	INCREASE WT.	9Y, 0N	5.00%
4/21/2026	GIS	General Mills, Inc.	DID NOT PASS	4Y, 5N	
4/21/2026	UPS	United Parcel Service, Inc. Class B	SELL	7Y, 2N	
4/21/2026	MSFT	Microsoft Corporation	SELL	5Y, 4N	

The SMIF portfolio managers, under the guidance of the IPS, utilized qualitative and quantitative methods to thoroughly research publicly traded companies in the Russell 1000 index. The objective was to find intrinsically undervalued stocks while adhering to the social responsibility and reporting requirements detailed in the IPS and approved by the Oversight Committee. In February 2026, J.M. Smucker and FactSet Research Systems Inc., existing portfolio holdings, were evaluated. J.M. Smucker (SJM) was tabled due to a concerning impairment trend and ongoing legal issues. The weight of FactSet Research Systems Inc. (FDS) was increased to 5%. In March, new proposals were presented and discussed. Several, including Deckers Outdoor Corporation (DECK), American Electric Power Company, Inc. (AEP), and Allison Transmission Holdings, Inc. (ALSN) were withdrawn and not put to a vote. The decisions to withdraw were reached after group discussion but initiated by the SMIF member who proposed the stock.

Bank OZK (OZK), Adobe Inc. (ADBE), lululemon athletica inc. (lulu), and Microsoft Corporation (MSFT) were purchased to an approved allocation of 5%. Bank OZK was determined by the SMIF to be undervalued even through economic uncertainty and real estate market concerns. Adobe Inc. and Microsoft Corporation had seen significant drops in stock price since the end of 2025. Commonly cited concerns centered around artificial intelligence implementation. Nevertheless, it was the belief of the SMIF that much of the artificial intelligence fears were unfounded and had caused both companies to fall below their intrinsic values. Gilead Sciences (GILD), Inc. and Allison Transmission Holdings, Inc. were tabled for further research. For GILD, the focus was on information regarding its drug patent timelines and acquisition plans. ALSN was initially tabled in early March for additional research on its plans for electric vehicle components and its overall long-term strategy. It was later withdrawn. PepsiCo, Inc. (PEP) and Matador Resources Company (MTDR) had motions to buy but did not receive enough votes. At the end of March, SJM was revisited and Verizon Communications Inc. (VZ), a current holding, was discussed. In the case of SJM, it was determined that the impairment loss had reached its limit. The SMIF voted to increase its weight to 5%. For VZ, the vote was unanimous to hold its current allocation. Comfort Systems USA, Inc. (FIX) was briefly discussed and then abandoned.

Early in the month of April, several stocks were discussed and withdrawn. Core & Main, Inc. (CNM), ONEOK, Inc. (OKE), Hormel Foods Corporation (HRL), Colgate-Palmolive Company (CL), CoStar Group, Inc. (CSGP), Zeta Global Holdings Corp. (ZETA), and NXP Semiconductors NV (NXPI) were all proposed. Discussion with the SMIF revealed errors in calculations and disagreements in projections, and sparked conversations about industry outlooks. Ultimately, each one was withdrawn from consideration or did not pass a vote to purchase. Towards the end of the month, a discussion was held regarding the ETF and cash reserve accounts in which available funds are held. For Invesco Russell 1000 Equal Weight ETF (EQAL) and Vanguard Russell 1000 ETF (VONE), the conversation centered around EQAL's recent performance versus VONE's history of superior returns. It was also determined that there were no other suitable equally weighted ETFs that tracked the Russell 1000. In the end, it was decided that VONE and EQAL were the best options to meet the current needs identified by current and prior portfolio managers. Fidelity Cash Reserves FDRXX was kept, even though its expenses are slightly higher than similar funds. The deciding factor was its ability to be used as cash for stock purchases since the portfolio is managed through a Fidelity account.

Several remaining portfolio holdings from prior semesters were then discussed. The SMIF decided to hold PulteGroup, Inc. (PHM) and its current weight, increase Honda Motor Co. (HMC) to 5%, and sell United Parcel Service, Inc (UPS). UPS netted a small capital gain, and its long-term profitability was in question. General Mills, Inc. A vote to increase the portfolio holding of General Mills, Inc. (GIS) did not pass by a slim margin, with disagreements over durability and long-term profitability. Finally, Microsoft Corporation was sold by a vote of five to four, as its price had risen and surpassed its estimated value.

This semester's practicum portfolio performance is best understood through an integrated review of the Fund Value Change Summary and the Detailed Monthly Data. The Fund Value Change Summary reflects both the continued growth and the evolving complexity of the portfolio, which began the Spring 2026 semester at \$1,279,432.16 - nearly double the balance from the same point in 2025 - supported in part by \$110,000 in additional donations received during the period. By April 24, 2026, the portfolio had grown to an ending balance of \$1,439,705.12, representing a net increase over contributions of \$50,272.96 for the semester and \$282,585.13 since the fund was started. Since the fund's initial \$350,000 endowment in 2023, total additional donations of \$807,119.99 have been deployed alongside investment returns, producing cumulative realized capital gains of \$111,126.68 in equities and \$42,348.66 in ETFs, with additional unrealized appreciation across both asset classes.

The Detailed Monthly Data reveals a semester marked by strong early momentum, a sharp mid-semester reversal, and a notable recovery into the close. In January, the portfolio posted a total periodic return of 2.89%, outpacing the Russell 1000's 1.38% and generating approximately \$36,433 in net capital gains, driven primarily by \$36,433 in change in unrealized capital gains across equity and index positions. February extended the outperformance with a 4.25% total portfolio return against the Russell 1000's -0.54%, generating over \$53,927 in net capital gains and pushing the ending balance to \$1,372,281.74. Individual equity returns during February exceeded the benchmark by nearly 4.93 percentage points, reflecting the strength of the fund's active stock selection during a period of broad market weakness.

March presented the semester's most challenging environment. The portfolio declined 6.21% against the Russell 1000's -4.97%, resulting in a net capital loss of approximately \$91,076 for the month. The sharp deterioration in unrealized positions - a negative swing of roughly \$106,859 - was only partially offset by \$15,783 in realized gains captured through active trading. Individual equity return trailed the Russell 1000 by 6.24 percentage points in March, suggesting that the portfolio's active holdings bore the brunt of the month's volatility, likely tied to broader macro pressures including tariff uncertainty and geopolitical developments noted in the market analysis. A \$10,000 deposit early in March added to the portfolio's investable base.

April partially reversed March's losses. The portfolio returned 3.10% for the period ending April 24 against the Russell 1000's stronger 9.53%, generating over \$42,500 in net capital gains, including \$27,407 in realized gains from active repositioning and \$15,093 in change in unrealized capital gains. A significant \$100,000 deposit at the start of April provided additional capital for deployment, reflected in the sharp increase in individual equity holdings from \$500,095 to \$550,981. While the portfolio lagged the Russell 1000 by 6.43 percentage points in April - consistent with the portfolio's lower beta of 0.62 and its structural underweight to mega-cap technology names that led the market recovery - individual equity return still outperformed the benchmark by 1.70 percentage points on a standalone basis.

Across the full semester, the portfolio's asset mix shifted meaningfully. Cash and equivalents contracted from \$126,709 in January to \$73,188 by April, reflecting the ongoing deployment of both existing reserves and new contributions into individual equities, which grew from \$381,025 to \$550,981 over the same period. Index fund holdings fluctuated with market movements but remained the portfolio's largest single category at approximately \$815,536 at semester end, consistent with EQAL's and VONE's role as structural core positions. Monthly interest income declined as cash balances were redeployed, while dividends provided modest but consistent supplemental income throughout the semester. The portfolio's active equity positions contributed meaningfully to relative performance in the early months, and despite March's drawdown, the fund ended the semester in a significantly stronger position than it began.

Portfolio Allocation Table and Gains/Losses

Portfolio Composition as of 4/24/2026												
Ticker/Name	Closing Price	Quantity	Market Value	Average Cost Basis	Cost Basis Total	Unrealized Capital Gain/Loss	Unrealized Capital Gain/Loss Percent	Allocation	Estimated Value	Date of Estimated Value	% MOS = (V-P)/P	
ADOBE INC. (XNAS:ADBE)	\$ 245.44	240	\$ 58,905.60	\$ 271.13	\$ 65,070.00	\$ (6,164.40)	-9.47%	4.09%	\$403.60	3/10/2026	64.44%	
FACTSET RESEARCH SYSTEMS INC. (XNYS:FDS)	\$ 224.12	328	\$ 73,511.36	\$ 246.86	\$ 80,970.41	\$ (7,459.05)	-9.21%	5.11%	\$295.00	2/24/2026	31.63%	
GENERAL MILLS, INC. (XNYS:GIS)	\$ 34.97	1,226	\$ 42,873.22	\$ 46.18	\$ 56,621.34	\$ (13,748.12)	-24.28%	2.98%	\$74.87	4/22/2026	114.10%	
HONDA MOTOR CO., LTD. (XNYS:HMC)	\$ 24.34	2,963	\$ 72,119.42	\$ 25.27	\$ 74,877.61	\$ (2,758.19)	-3.68%	5.01%	\$33.92	2/3/2026	39.36%	
LULULEMON ATHLETICA INC. (XNAS:LULU)	\$ 143.80	409	\$ 58,814.20	\$ 158.50	\$ 64,826.50	\$ (6,012.30)	-9.27%	4.09%	\$189.32	4/1/2026	31.66%	
BANK OZK (XNAS:OZK)	\$ 47.47	1,460	\$ 69,306.20	\$ 46.43	\$ 67,787.80	\$ 1,518.40	2.24%	4.81%	\$59.51	3/3/2026	25.36%	
PULTEGROUP, INC. (XNYS:PHM)	\$ 127.56	351	\$ 44,773.56	\$ 91.54	\$ 32,130.50	\$ 12,643.06	39.35%	3.11%	\$135.15	4/21/2026	5.95%	
THE J. M. SMUCKER COMPANY (XNYS:SJM)	\$ 96.07	680	\$ 65,327.60	\$ 105.37	\$ 71,652.29	\$ (6,324.69)	-8.83%	4.54%	\$145.85	3/31/2026	51.82%	
VERIZON COMMUNICATIONS INC. (XNYS:VZ)	\$ 46.38	1,409	\$ 65,349.42	\$ 40.54	\$ 57,127.57	\$ 8,221.85	14.39%	4.54%	\$58.28	3/31/2026	25.66%	
Invesco Rus 1000 EW (ARX:EQAL)	\$ 57.85	12,237	\$ 707,910.45	\$ 54.05	\$ 661,423.60	\$ 46,486.85	7.03%	49.17%				
Vanguard Rus 1000 Id;ETF (XNAS:VONE)	\$ 323.20	333	\$ 107,625.60	\$ 228.27	\$ 76,013.73	\$ 31,611.87	41.59%	7.48%				
FDRXX - FIDELITY GOVERNMENT CASH RESERVES	\$ 1.00	65,392.02	\$ 65,392.02					4.54%				
Cash (SPAXX)	\$ 1.00	7,796.47	\$ 7,796.47					0.54%				
		TOTAL	\$ 1,439,705.12		\$ 1,308,501.35	\$ 58,015.28	4.43%	100.00%	Weighted Average MOS		41.4%	

Performance Tables

Fund Value Change Summary – Annual, Recent Semester, and Since Inception by Investment Type					
Beginning of Period	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2023
End of Period	12/31/2023	12/31/2024	12/31/2025	4/24/2026	4/24/2026
Beginning Balance	\$ 350,000.00	\$ 385,220.54	\$ 733,586.96	\$ 1,279,432.16	\$ 350,000.00
Additional Donations	\$ -	\$ 277,059.99	\$ 420,060.00	\$ 110,000.00	\$ 807,119.99
Beginning Balance Plus Additional Donations	\$ 350,000.00	\$ 662,280.53	\$ 1,153,646.96	\$ 1,389,432.16	\$ 1,157,119.99
Interest Received	\$ 11,271.58	\$ 16,669.22	\$ 8,311.79	\$ 882.50	\$ 37,135.09
Dividends Received-Equities	\$ 1,364.28	\$ 3,004.56	\$ 11,146.53	\$ 4,526.61	\$ 20,041.98
Realized Capital Gains/Losses-Equities	\$ 7,604.88	\$ 36,726.50	\$ 55,434.48	\$ 11,360.82	\$ 111,126.68
Change in Unrealized Capital Gains/Losses - Equities	\$ 14,979.80	\$ (17,415.57)	\$ 12,782.98	\$ (30,430.65)	\$ (20,083.44)
Net Capital Gains/Losses - Equities	\$ 22,584.68	\$ 19,310.93	\$ 68,217.46	\$ (19,069.83)	\$ 91,043.24
Dividends Received - ETFs	\$ -	\$ 2,586.79	\$ 8,631.20	\$ 3,079.45	\$ 14,297.44
Realized Capital Gains/Losses-Equities - ETFs	\$ -	\$ -	\$ 7,972.13	\$ 34,376.53	\$ 42,348.66
Change in Unrealized Capital Gains/Losses - ETFs	\$ -	\$ 29,734.93	\$ 21,886.09	\$ 26,477.70	\$ 78,098.72
Net Capital Gains/Losses - ETFs	\$ -	\$ 29,734.93	\$ 29,858.22	\$ 60,854.23	\$ 120,447.38
Fees/Taxes/etc. Deducted Separately	\$ -	\$ -	\$ (380.00)	\$ -	\$ (380.00)
Withdrawals	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 385,220.54	\$ 733,586.96	\$ 1,279,432.16	\$ 1,439,705.12	\$ 1,439,705.12
Net Increase in Fund Value Over Donations	\$ 35,220.54	\$ 71,306.43	\$ 125,785.20	\$ 50,272.96	\$ 282,585.13

Detailed Monthly Data				
Beginning Date	1/1/2026	2/1/2026	3/1/2026	4/1/2026
Fidelity Beginning Balance	\$ 1,279,432.16	\$ 1,316,364.80	\$ 1,372,281.74	\$ 1,296,427.09
Deposits	\$ -	\$ -	\$ 10,000.00	\$ 100,000.00
Interest Received	\$ 408.58	\$ 269.51	\$ 204.41	\$ -
Dividends Received	\$ 91.26	\$ 1,720.07	\$ 5,017.27	\$ 777.46
Unrealized Capital Gains/Losses	\$ 98,401.03	\$ 149,781.49	\$ 42,922.06	\$ 58,015.28
Change in Unrealized Capital Gains/Losses	\$ 36,432.80	\$ 51,380.46	\$ (106,859.43)	\$ 15,093.22
Realized Capital Gains/Losses	\$ -	\$ 2,546.90	\$ 15,783.10	\$ 27,407.35
Net Capital Gains/Losses for the Period	\$ 36,432.80	\$ 53,927.36	\$ (91,076.33)	\$ 42,500.57
Transaction Costs/Fees/Taxes/etc.	\$ -	\$ -	\$ -	\$ (2.84)
Withdrawals	\$ -	\$ -	\$ -	\$ -
Fidelity Ending Balance	\$ 1,316,364.80	\$ 1,372,281.74	\$ 1,296,427.09	\$ 1,439,705.12
Ending Date	1/31/2026	2/28/2026	3/31/2026	4/24/2026
Total Portfolio Periodic Return	2.89%	4.25%	-6.21%	3.10%
Russell 1000 Return	1.38%	-0.54%	-4.97%	9.53%
Total Portfolio Return +/- Russell 1000 Return	1.51%	4.79%	-1.24%	-6.43%
Ending Cash and Equiv. & Pending Trans.	\$ 126,709.06	\$ 67,864.75	\$ 78,953.72	\$ 73,188.49
Ending Indiv. Equities & Pending Trans.	\$ 381,025.35	\$ 420,784.99	\$ 500,094.81	\$ 550,980.58
Ending Index Inv. & Pending Transactions	\$ 808,630.39	\$ 883,632.00	\$ 717,378.56	\$ 815,536.05
Fidelity Total Ending Balance	\$ 1,316,364.80	\$ 1,372,281.74	\$ 1,296,427.09	\$ 1,439,705.12
Ending Date	1/31/2026	2/28/2026	3/31/2026	4/24/2026
Monthly Interest Over Average Cash & Equiv.	0.26%	0.28%	0.26%	0.00%
Indiv. Equity Return Using Average Indiv. Equity Inv.	2.54%	4.39%	-11.21%	1.89%
Russell 1000 Return	1.38%	-0.54%	-4.97%	9.53%
Indiv. Equity Return +/- Russell 1000 Return	1.16%	4.93%	-6.24%	-7.64%

This semester's practicum portfolio performance is best understood through an integrated review of the Fund Value Change Summary and the Detailed Monthly Data. The Fund Value Change Summary reflects both the continued growth and the evolving complexity of the portfolio, which began the Spring 2026 semester at \$1,279,432.16 - nearly double the balance from the same point in 2025 - supported in part by \$110,000 in additional donations received during the period. By April 24, 2026, the portfolio had grown to an ending balance of \$1,439,705.12, representing a net increase over contributions of \$50,272.96 for the semester and \$282,585.13 since the fund was started. Since the fund's initial \$350,000 endowment in 2023, total additional donations of \$807,119.99 have been deployed alongside investment returns, producing cumulative realized capital gains of \$111,126.68 in equities and \$42,348.66 in ETFs, with additional unrealized appreciation across both asset classes.

The Detailed Monthly Data reveals a semester marked by strong early momentum, a sharp mid-semester reversal, and a notable recovery into the close. In January, the portfolio posted a total periodic return of 2.89%, outpacing the Russell 1000's 1.38% and generating approximately \$36,433 in net capital gains, driven primarily by \$36,433 in change in unrealized capital gains across equity and index positions. February extended the outperformance with a 4.25% total portfolio return against the Russell 1000's -0.54%, generating over \$53,927 in net capital gains and pushing the ending balance to \$1,372,281.74. Individual equity returns during February exceeded the benchmark by nearly 4.93 percentage points, reflecting the strength of the fund's active stock selection during a period of broad market weakness.

March presented the semester's most challenging environment. The portfolio declined 6.21% against the Russell 1000's -4.97%, resulting in a net capital loss of approximately \$91,076 for the month. The sharp deterioration in unrealized positions - a negative swing of roughly \$106,859 - was only partially offset by \$15,783 in realized gains captured through active trading. Individual equity return trailed the Russell 1000 by 6.24 percentage points in March, suggesting that the portfolio's active holdings bore the brunt of the month's volatility, likely tied to broader macro pressures including tariff uncertainty and geopolitical developments noted in the market analysis. A \$10,000 deposit early in March added to the portfolio's investable base.

April partially reversed March's losses. The portfolio returned 3.10% for the period ending April 24 against the Russell 1000's stronger 9.53%, generating over \$42,500 in net capital gains, including \$27,407 in realized gains from active repositioning and \$15,093 in change in unrealized capital gains. A significant \$100,000 deposit at the start of April provided additional capital for deployment, reflected in the sharp increase in individual equity holdings from \$500,095 to \$550,981. While the portfolio lagged the Russell 1000 by 6.43 percentage points in April - consistent with the portfolio's lower beta of 0.62 and its structural underweight to mega-cap technology names that led the market recovery - individual equity return still outperformed the benchmark by 1.70 percentage points on a standalone basis.

Across the full semester, the portfolio's asset mix shifted meaningfully. Cash and equivalents contracted from \$126,709 in January to \$73,188 by April, reflecting the ongoing deployment of both existing reserves and new contributions into individual equities, which grew from \$381,025 to \$550,981 over the same period. Index fund holdings fluctuated with market movements but remained the portfolio's largest single category at approximately \$815,536 at semester end, consistent with EQAL's and VONE's role as structural core positions. Monthly interest income declined as cash balances were redeployed, while dividends provided modest but consistent supplemental income throughout the semester. The portfolio's active equity positions contributed meaningfully to relative performance in the early months, and despite March's drawdown, the fund ended the semester in a significantly stronger position than it began.