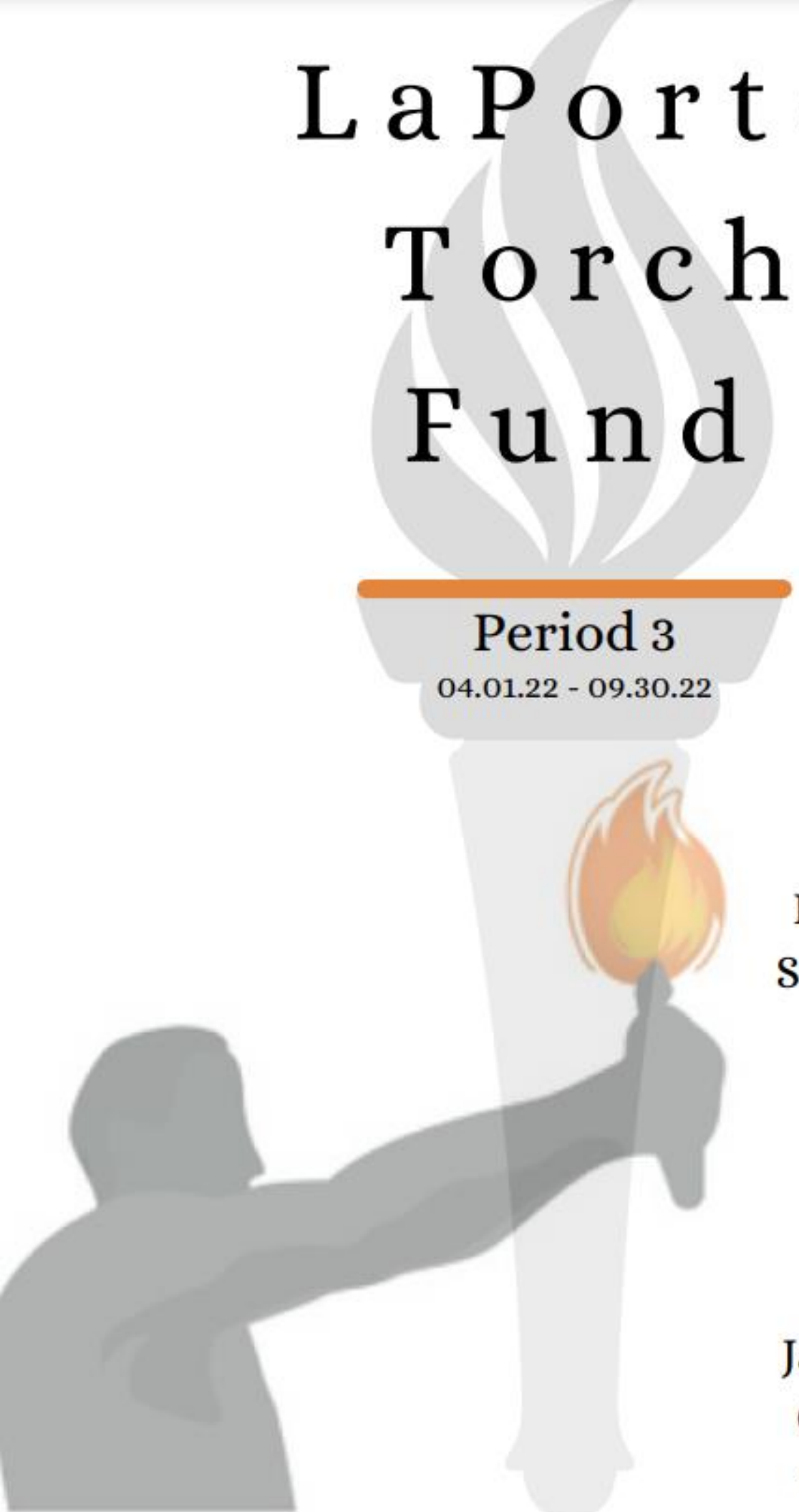
LaPorte Torch Fund

Period 3

04.01.22 - 09.30.22



Faith Burton
Edgar Hernandez
Steven LoCascio Jr.
Samir Martin
Jonah Mikulski
Isabella Shaw
Nilai Sheth
Jarett Smith
Jackson Snodgrass
Garrett Stephens
William Wheeler

Dear Mr. and Mrs. LaPorte,

As we entered Period 3 of 2022 (April 1 – September 30), we faced a market that was characterized by uncertainty and volatility. The Russia-Ukraine conflict continued to play out before us, injecting global markets with an increased level of uncertainty. The Federal Reserve enacted multiple target rate hikes, inflation soared, and the dollar strengthened at an unprecedented pace. As such, our team focused on ensuring that the LaPorte Fund portfolio was prepared for an unexpected market recovery, while being exposed to minimal downside risk. As collegiate managers, the economic environment we traversed this period was unlike anything we had been old enough to remember and interact with.

With another fiscal year closing for the Torch Funds at the University of Tennessee Knoxville, the LaPorte Fund management team wishes to thank you for your gift to the University and to us as students. The experiences and opportunities that you provided have synthesized our classroom education with real-world applications in the most realistic, instructional way possible. Navigating unprecedented economic times has equipped us with skills that will be invaluable for years to come – all due to your generosity. As always, our team strives to handle this opportunity with the respect and diligence that it merits, with exhaustive research going into each decision we make.

The team began by liquidating our position of 158 shares in Fiserv Inc. (FISV) over concerns that tech giants like Apple might render FISV's payment products and services less valuable in the future. The Fund then increased its position in Vale S.A. (VALE) by 294 shares due to their increasing role as a supplier of inputs for EV technology, and to expand our exposure to commodities. The Fund then purchased 2,282 shares of BlackRock Municipal Income Trust II (BLE) to gain exposure to stable, tax-exempt income, also attempting to take advantage of rates which were the highest seen in years at the time of purchase. We trimmed our holdings of CVS (CVS), Amgen (AMGN), W.P. Carey (WPC), and Prudential (PRU) during the summer as part of our initiative to reallocate funds from equities to fixed income. Additionally, we purchased 78 shares of a VanEck Semiconductor ETF (SMH) viewing the purchase price as great value, and giving the fund exposure to a crucial technology used globally. Our final action of the period was to fully liquidate CoStar Group (CSGP), due to fears of an economic downturn leading to a housing market downturn.

The LaPorte Fund managers will continue to strive for a standard of uncompromising excellence in our work and in our processes. We are incredibly proud and honored to be trusted with the high level of responsibility that your gift not only demands, but deserves. The goal of growing that gift and managing it responsibly is the benchmark by which we make all decisions. Thank you for your continued investment in education and your investment in us.

Gratefully,

The LaPorte Torch Fund Team

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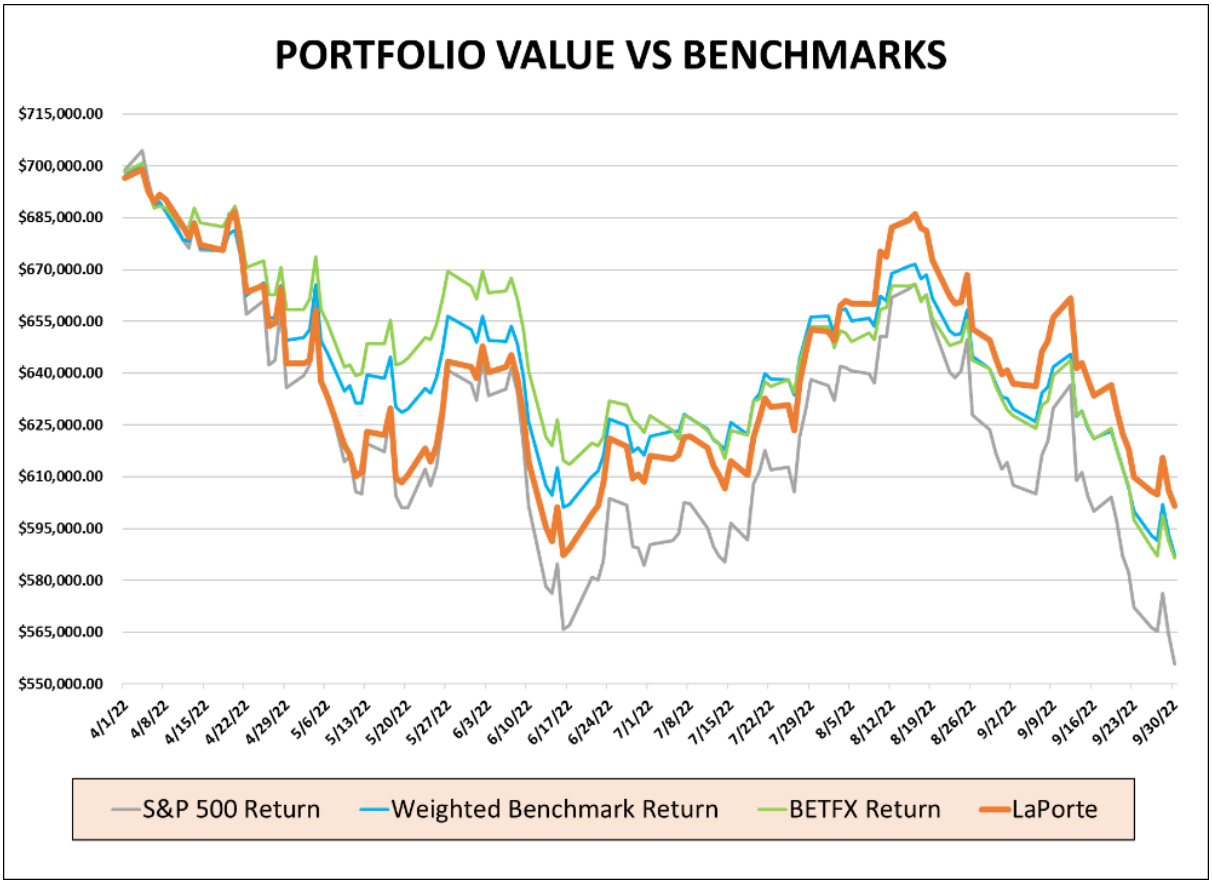


Total Return				
	Portfolio	Weighted Benchmark[a]	S&P 500	BETFX[b]
Period 1	8.51%	6.61%	11.00%	3.22%
Period 2	-5.06%	-5.14%	-4.61%	-3.98%
Period 3	-13.11%	-15.77%	-20.13%	-15.78%
Tenure	-10.48%	-15.00%	-15.27%	-15.52%

Standard Deviation[c]				
	Portfolio	Weighted Benchmark[a]	S&P 500	BETFX[b]
Period 1	10.91%	7.92%	13.89%	15.50%
Period 2	16.33%	13.05%	21.48%	11.60%
Period 3	19.42%	16.13%	24.99%	15.14%
Tenure	16.88%	13.75%	21.83%	14.44%

[a] Weighted Benchmark is composed of 60% S&P500 and 40% Bloomberg Barclays Aggregate Bond Portfolio.

[b] BETFX is the Morningstar Balanced ETF Asset Allocation Fund.

[c] Calculations are annualized from daily returns for the period.

Performance Summary

Period 3

Sharpe Ratio				
	Portfolio	Weighted Benchmark[a]	S&P 500	BETFX[b]
Period 1	3.00	3.19	3.03	0.89
Period 2	-1.22	-1.55	-0.79	-1.38
Period 3	-1.41	-2.11	-1.73	-2.28
Tenure	-0.61	-1.13	-0.69	-1.22

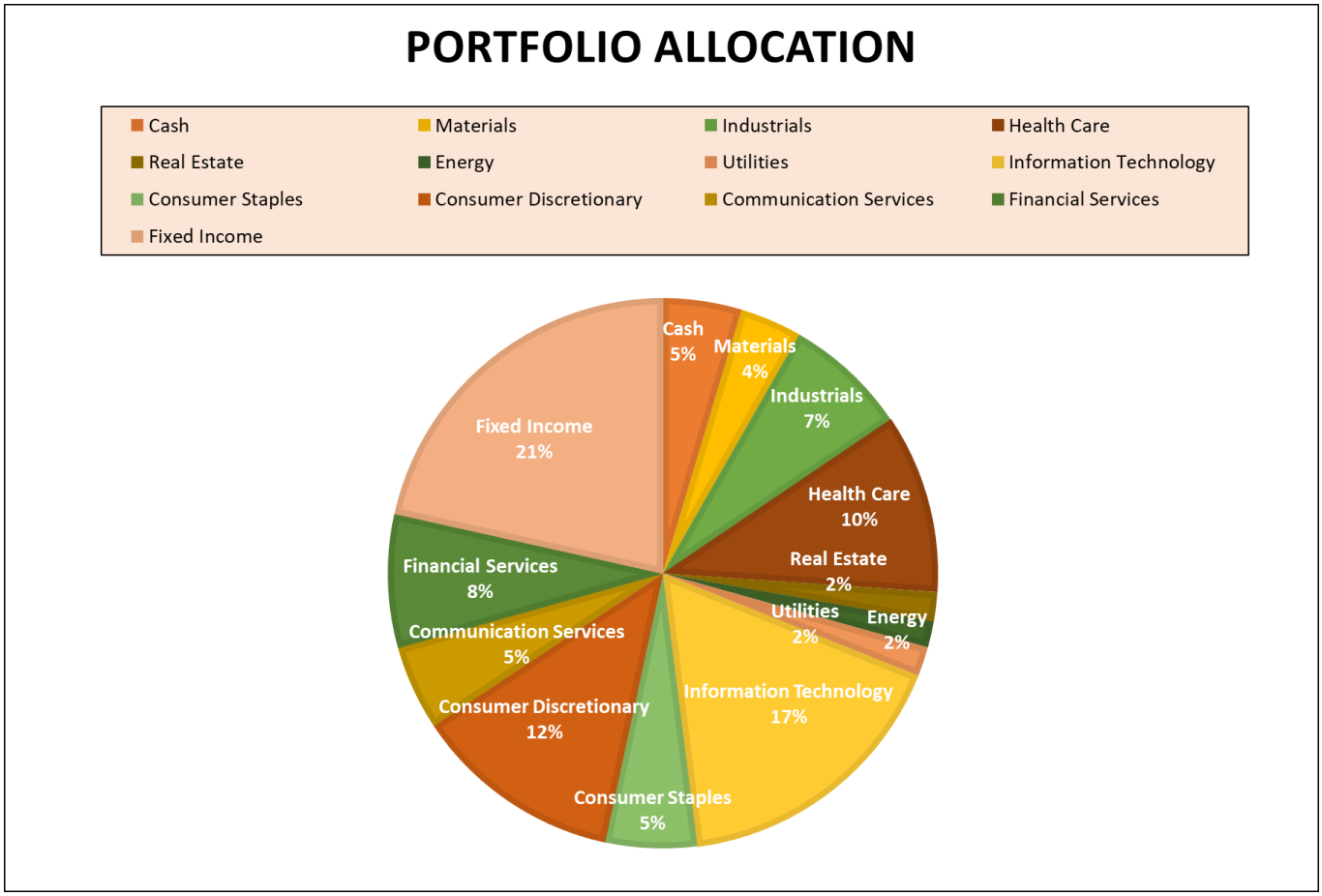
Treynor Ratio[a]				
	Portfolio	Weighted Benchmark[a]	S&P 500	BETFX[b]
Period 1	0.26	0.25	0.42	0.25
Period 2	-0.17	-0.20	-0.17	-0.19
Period 3	-0.23	-0.34	-0.43	-0.38
Tenure	-0.09	-0.16	-0.15	-0.20

Other Performance Metrics				
	Period 1	Period 2	Period 3	Tenure
Tracking Error	4.79%	5.32%	5.01%	5.01%
Information Ratio	1.55	0.04	1.32	1.04
Beta vs. Benchmark	1.27	1.20	1.18	1.19
R^2 vs. Benchmark	0.84	0.92	0.95	0.93
Beta vs. S&P 500	0.73	0.73	0.76	0.75
R^2 vs. S&P 500	0.87	0.93	0.96	0.95

Portfolio Details

Period 3

Asset Allocation As Of Period Close						
	Period 1		**Period 2**		**Period 3**	
Equities	79.87%	$582,389.96	78.42%	$542,835.93	73.85%	$444,214.32
Fixed Income	16.27%	$118,606.69	15.93%	$110,271.74	21.51%	$129,399.75
Cash	3.86%	$28,116.38	5.65%	$39,119.22	4.64%	$27,887.09
Total	100.00%	$729,113.03	100.00%	$692,226.89	100.00%	601,501.16



Portfolio Details

Period 3 & Tenure

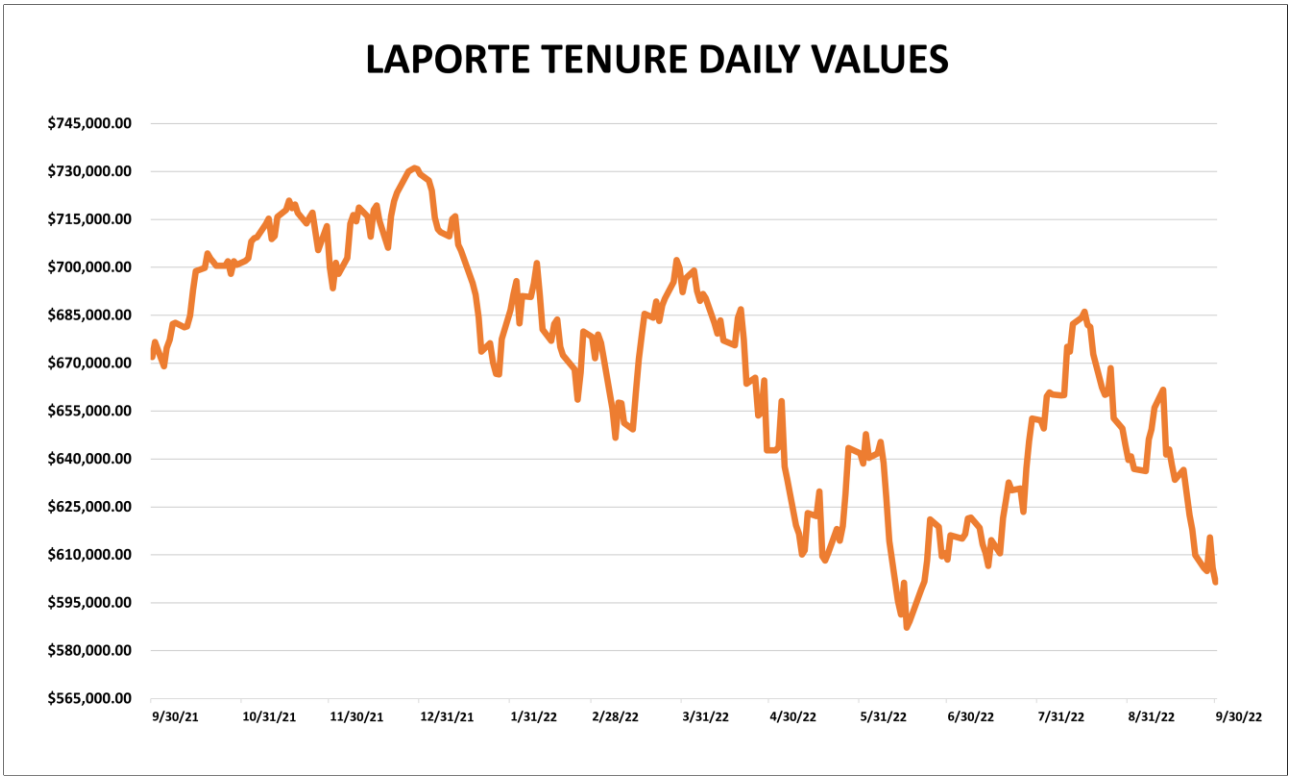
Ticker	Period 3 % Return	Period 3 $ Return	Tenure % Return	Tenure $ Return	Ending Weight as of 09/30/22
Cash					
SPAXX**	0.31%	$122.95	0.35%	$124.42	4.64%
Equities					
AAPL	-13.73%	-$2,206.10	-13.73%	-$2,206.10	2.30%
ACN	-23.13%	-$8,968.85	-18.36%	-$6,755.10	4.92%
AMGN	-3.97%	-$796.93	10.94%	$1,931.28	2.66%
AMZN	-30.67%	-$17,999.10	-31.20%	-$18,450.72	6.76%
CSGP	5.67%	$718.06	-18.21%	-$2,977.44	0.00%
CVS	-5.57%	-$1,782.85	13.86%	$3,715.55	3.90%
FISV	1.08%	$173.71	-7.77%	-$1,363.63	0.00%
GD	-10.98%	-$1,112.58	10.73%	$883.68	1.48%
IBM	-6.08%	-$791.00	-5.95%	-$826.40	1.98%
JPM	-21.88%	-$3,429.30	-33.23%	-$6,153.65	2.00%
LOW	-6.20%	-$639.03	-0.81%	-$116.83	1.59%
MSFT	-24.06%	-$10,235.46	-16.51%	-$6,422.52	5.34%
NDAQ	-7.44%	-$3,049.21	-9.19%	-$5,212.36	3.90%
NEE	-6.43%	-$724.84	1.97%	$206.17	1.73%
OMC	-24.02%	-$4,485.80	-9.07%	-$1,445.40	2.31%
PEP	-1.09%	-$129.22	11.50%	$1,228.31	1.93%
PG	-16.18%	-$1,532.86	-4.19%	-$480.24	1.30%
PRU	-24.65%	-$5,067.48	-10.04%	-$2,344.23	1.94%
RTX	-16.26%	-$3,946.95	-2.30%	-$485.10	3.33%
SBUX	-0.16%	-$38.83	-9.80%	-$2,609.23	3.92%
SMH	-3.88%	-$583.44	-3.88%	-$583.44	2.40%
SON	-7.75%	-$945.75	-1.63%	-$189.15	1.84%
TMO	-14.03%	-$3,894.42	-11.03%	-$2,961.94	3.96%
TTD	-13.72%	-$2,565.00	-15.01%	-$2,848.50	2.68%
VALE	-25.13%	-$3,785.61	3.89%	$465.87	1.79%
WM	1.90%	$279.93	8.95%	$1,243.88	2.48%
WMB	-11.76%	-$1,261.52	-4.60%	-$981.22	1.53%
WMT	-11.78%	-$1,754.00	-5.35%	-$745.00	2.16%
WPC	-8.93%	-$1,233.95	3.68%	$460.15	1.72%
Fixed Income					
AGG	-6.85%	-$2,802.69	-10.46%	-$4,483.22	4.87%
BLE	-7.79%	-$1,954.47	-7.79%	-$1,954.47	3.79%
FLOT	-0.08%	-$13.46	-0.08%	-$13.46	0.00%
TRECX	-10.94%	-$1,808.88	-19.08%	-$3,473.04	2.45%
USFR	0.80%	$191.20	0.98%	$236.27	4.00%
WFCPRL	-6.30%	-$2,672.00	-13.70%	-$6,496.00	6.41%

Portfolio Highlights

Period 3

Torch Fund Performances				
	Carroll	Haslam	LaPorte	McClain
Period 1	5.30%	7.28%	8.51%	3.59%
Period 2	-4.32%	-2.94%	-5.06%	-5.59%
Period 3	-16.52%	-15.42%	-13.11%	-15.98%
Tenure	-15.89%	-11.93%	-10.48%	-17.83%

Period 3			
Top 5 Performers		***Bottom 5 Performers***	
CSGP	**$718.06**	**AMZN**	**-$17,999.10**
WM	**$279.93**	**MSFT**	**-$10,235.46**
USFR	**$191.20**	**ACN**	**-$8,968.85**
FISV	**$173.71**	**PRU**	**-$5,067.48**
SPAXX	**$122.95**	**OMC**	**-$4,485.80**

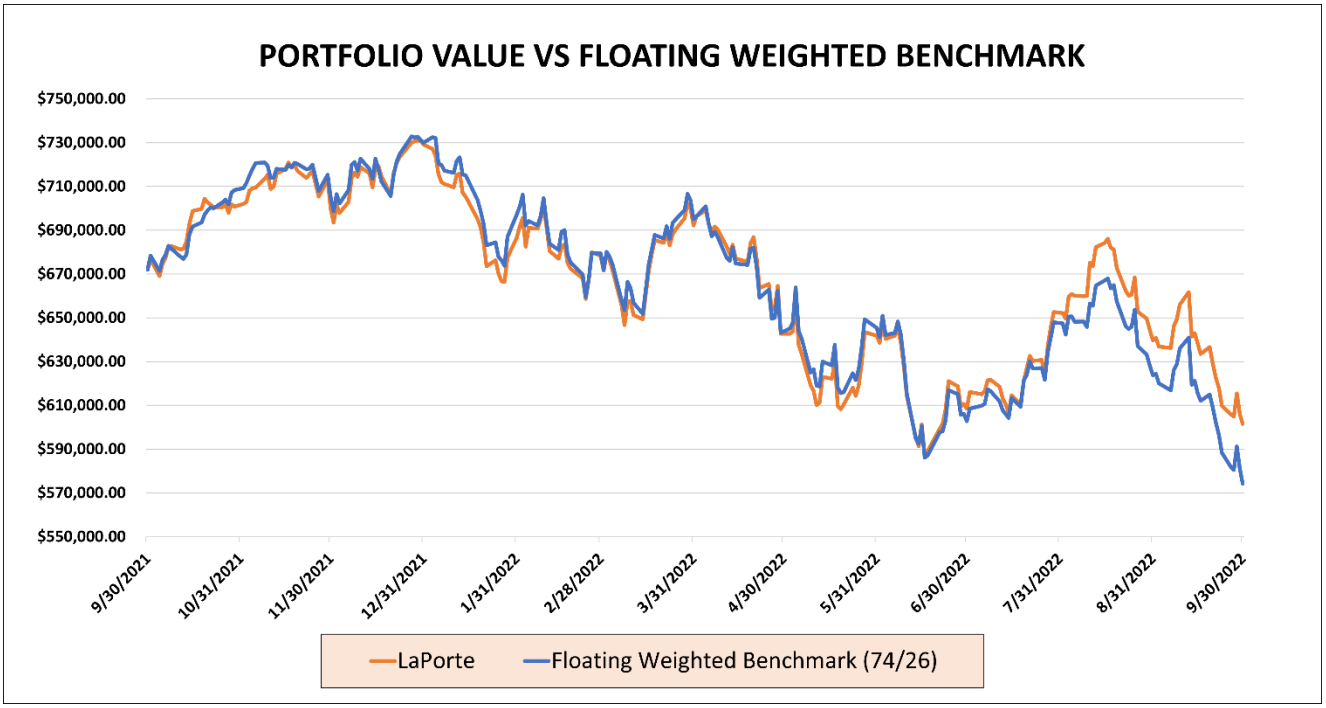


Portfolio Highlights

Period 3

Tenure $ Returns			
Top 5 Performers		***Bottom 5 Performers***	
CVS	$3,715.55	AMZN	-$18,450.72
AMGN	$1,931.28	ACN	-$6,755.10
WM	$1,243.88	WFCPRL	-$6,496.00
PEP	$1,228.31	MSFT	-$6,422.52
GD	$883.68	JPM	-$6,153.65

Tenure % Returns			
Top 5 Performers		***Bottom 5 Performers***	
CVS	13.86%	JPM	-33.23%
PEP	11.50%	AMZN	-31.20%
AMGN	10.94%	TRECX	-19.08%
GD	10.73%	ACN	-18.36%
WM	8.95%	CSGP	-18.21%



Economic Outlook

Entering Q4 2022

Period Performance:

The LaPorte Fund maintained a fairly pessimistic outlook during Period 3. As such, our proposed actions and desired reallocations tended to be in more defensive positions. During the period, the LaPorte portfolio achieved a -13.11% return, while our benchmark returned -15.77%.

Domestic Economy:

The Fund's consensus outlook for the domestic economy lacks optimism. As we consider the coming year, we remain cautious over an 18 month horizon. Looking further out, our expectations turn optimistic 24 months out. Several factors contributed to the portfolio outlook, but the most significant was inflation, as it reached a 40 year high at the beginning of the period. Consequently, the Fed began raising interest rates, and aggressively positioned themselves to correct inflation. The US Economy was already in a technical recession at the beginning of the period, the expected rate hikes were concerning to us. Despite hawkish activity from the Federal Reserve, key metrics – such as CPI and unemployment – have not yet responded as anticipated, signaling continued interest rate hikes through the end of 2022 and into 2023.

Global Economy:

The LaPorte Fund's expectations for the global economy were profoundly negative. Pessimism was consistent for the next 24-months, and short-term sentiment was abysmal, with inflation being a primary driver. The UK reached even higher inflation than the US (10.1%) to start the period, and expectations indicated consistent increases for the foreseeable future. Moreover, managers view global economic turmoil as a potential outcome of recent geopolitical issues. The Russia-Ukraine conflict has driven European energy prices to extreme levels, as Russia continues to be largely exiled from global trade. Given proximity, we expect a pronounced effect in Europe compared to the US. China's lockdown and mortgage strike added concern this period also. Some managers believe the listed geopolitical issues could cause a global recession or depression, with fears that recovery would be long and uncertain.

Looking Ahead:

Continued hawkishness by the Fed does not shed positive light on the beginning of 2023. Rate hikes are expected to continue, and Fed Chairman Jerome Powell has made it clear that he will correct inflation at all costs. However, some believe that the market has priced in these future hikes, but the market's future rate expectations are lower than the Fed's, which could suggest otherwise. Based on the Fed's dot plot from their September FOMC meeting, their projected rate for 2023 is 4.625%, however on that same meeting date, the rate implied by trading in Fed Fund Futures was 4.207%. Many investors are questioning the possibility of a recession to start the new year. Even if a recession is not imminent, GDP growth is expected to be low in 2023. Global growth in the future will depend on the resolution of geopolitical tensions. The energy crisis is making the cost of living for many Europeans extremely high, and until the Russian invasion is over, there is not yet a clear solution. The UK has made questionable tax cuts amid their fight to fix record high inflation, and volatility is expected to continue. The LaPorte managers will continue to take defensive measures to position our portfolio for the highest possible success during these trying times.

Communication Services Sector

Garrett Stephens

Period Performance:

In Period 3, the Communication Services Sector of the LaPorte portfolio returned a collective -18.87%, as compared to the benchmark S&P 500 index return of -30.70%. Our holdings in this sector include Omnicom Group Inc. (OMC) and The Trade Desk, Inc (TTD), which returned -24.02% and -13.72% respectively during the period. No actions were taken within the Communications Services Sector during Period 3. We ended with the Communication Services Sector representing 6.76% of our equity allocation, marginally underweight when compared to the S&P 500 allocation of 8.07%.

Looking Ahead:

The Communication Services Sector can be characterized as cyclical and offensive, as it tends to outperform the market when economic conditions are accelerating and underperform when markets are down. This is due in large part to the cyclical nature of advertising spending and the ramifications this has on the entire sector. For this reason, inflationary pressures — combined with hawkish Fed sentiment — are a cause for concern for the future of the Communications Services Sector. Another area of concern, particularly for the Advertising and Integrated Telecommunication Services sub-industries, is increased government intervention and regulation. There have been several antitrust lawsuits filed against some of the largest firms in the Communication Services Sector, and public concerns about the collection and use of personal data have forced legislators to implement stricter data-privacy laws. A key example of this is the California Privacy Rights Act (CPRA), which mandates that companies give consumers the right to opt-out of data collection for advertising purposes starting in January of 2023.[2] Although this may serve as a challenge for many companies within Communication Services, there are many positives that could make this sector attractive as well. Disruptive technologies and the Internet of Things (IoT) have fundamentally changed the way people communicate in the 21st century. With the market for IoT set to grow to over $2.4 trillion annually by 2027, an opportunity exists for telecommunication companies and platform providers to increase revenue via growth in this innovative technology.[3] In addition, the global shift from cable television to streaming services creates a unique opportunity for companies in the Media and Entertainment industry group. However, because of the cyclical nature of the modern Communication Services Sector, we aim to keep a similar equity allocation in Communication Services to that of our benchmark.

Omnicom Group Inc.

OMC

P3 Total Return: -24.02%

Beta: 0.817

Initial Shares: 220

Final Shares: 220

Initial Value: $18,673.60

Final Value: $13,879.80

P3 Dividend Yield: 1.65%

P3 Holding Action: Hold

Description:

Omnicom Group Inc. (OMC) provides advertising, marketing, and business communications services to over 5,000 clients in more than 70 countries. It is composed of 5 agency networks: BBDO Worldwide, TBWA Worldwide, DDB Worldwide, Diversified Agency Services (DAS), and Omnicom Media Group (OMG), which rule over 1,500 agencies as parent companies. Omnicom agencies generate revenue by charging businesses for their services, which include advertising, branding, digital marketing, content marketing, in-store design, search engine optimization, consultancy, and others.

Growth Drivers:

OMC primarily drives growth through M&A activity, aiming to acquire and manage smaller firms that add to their capabilities, expanding their geographic reach. In May, the Omnicom Group acquired TCA, a full-service marketing agency with expertise in CTV and linear video advertising. OMC also announced partnerships with Walmart, Instacart, Amazon, and Kroger in June, who will utilize its Omni-channel platform to drive their advertising campaigns.[4] These acquisitions and campaigns will be key to the future success of OMC, as they seek to increase their global footprint as efficiently as possible.

Risks:

Because OMC derives 48.3% of its revenues from abroad, currency repatriation has a significant impact on their revenues. With the dollar continuing to appreciate thus far through 2022, Omnicom's foreign revenues are now less valuable. Omnicom expects the effect of foreign exchange rates to reduce their 3rd quarter and yearly revenues by 6% and 4.5%, respectively. Another factor affecting OMC is the ongoing Russia-Ukraine conflict, which forced them to cease all operations in Ukraine. In response to sanctions from the US, EU, and U.K., Omnicom liquidated— or committed to the disposition of— all Russian businesses and operations.[5] For this reason, it is important to watch the conflict closely as an end could mean regaining those revenue streams in the future.

The Trade Desk, Inc

TTD

P3 Total Return: -13.72%

Beta: 2.265

Initial Shares: 270

Final Shares: 270

Initial Value: $18,697.50

Final Value: $16,132.50

P3 Dividend Yield: 0.00%

P3 Holding Action: Hold

Description:

The Trade Desk, Inc is a global technology company that operates a cloud-based, self-service platform for advertising agencies and service providers to purchase mobile, display, and video advertising solutions. Trade Desk's software generates data-driven insights into clients' customer data in order to better align their marketing campaigns with consumers. The programmatic nature of the platform allows companies to bypass traditional ad-placing auctions through the use of automated purchasing technology. TTD generates revenue by charging customers a fee for their services and taking a percentage of advertising spend.

Growth Drivers:

As a demand-side only firm, TTD establishes a sustainable competitive advantage over companies that operate on both sides of demand. This is because they do not have the same conflicts of interest as other firms, who might recommend ad placement on one of their supply-side platforms.[6] Another factor in the success of TTD is the digitization of media and the growth of demand for programmatic advertising. In response to the evolving digital marketing environment, TTD released Solimar, their new media trading platform, in July of this year. Solimar will use a data-driven, goal-based approach to analyze the first-party data of its users and implement innovative advertising strategies.[7] As with a majority of digitally centered firms, innovation tends to be the greatest opportunity for growth.

Risks:

Because the demand for advertising stems from the demand of consumers, high inflation and persistent rate hikes from the Fed will almost certainly have a negative impact on TTD's top line until economic conditions become more conducive to traditional growth. Although most of their revenues come from master service agreements ("MSA's"), these agreements are not particularly binding because they do not include a limited spend clause or prevent companies from terminating their use of TTD's products.[8] For this reason, TTD's short-term success will depend on a soft landing.

Consumer Discretionary Sector

Steven LoCascio Jr

Period Performance:

At the end of Period 3, Consumer Discretionary holdings accounted for 12.28% of the LaPorte portfolio while the sector made up 11.71% of the S&P 500. During the period, our Consumer Discretionary holdings returned a -20.11% while the Consumer Discretionary portion of the S&P 500 returned -23.43%. Our largest holding in this sector is Amazon, and Starbucks is about half of its size. All our holdings returned negative values, which were expected in this macroeconomic environment. Amazon returned -30.67%, Lowe's returned -6.20%, and Starbucks returned -0.16%.

Looking Ahead:

The third GDP reading for the second quarter was announced on September 29th, and it supports concerns we have held since late summer; we are in a recession and increasingly signs point to it being a deep and painful one. The hope for a "soft landing" seems less and less likely. Inflation has been the main antagonist in this balancing act, and it remains stubbornly high. The Fed vowed at its last meeting to continue to raise rates until "the job is done."[14] What this indicates to us is that the Federal Reserve will continue to raise rates until inflation comes down significantly to a more acceptable level of 2-3%. The increasing of rates will have a long-term negative impact on the sector. When rates are raised, the cost of borrowing becomes much more expensive. This is a big negative for consumers and companies. For consumers, the effect is simple, it just costs more to borrow for a mortgage and other types of financial products. For companies, the effect is much more complicated. As interest rates increase, the cost of carrying excess inventory increases as well.[15] This will lead to large quantities of discounted items that corporations will attempt to offload resulting in a decrease in potential revenue, and potential lost jobs for the economy correspondingly. This is troublesome because with inflation, consumers are already tempering their discretionary purchases. This results in excess inventory that companies struggled to restock due to the supply chain issues and shortages of the pandemic. Fortunately, we hold Starbucks, Amazon, and Lowes, which we consider to be high quality discretionary stocks which we project will be able to weather the storm long term better than competitors. We will, however, expect to see high volatility in the short and medium term.

Amazon.com, Inc.

AMZN

P3 Total Return: -30.67%

Beta: 1.327

Initial Shares: 18

Final Shares: 360

Initial Value: $58,679.10

Final Value: $40,680.00

P3 Dividend Yield: 0.00%

P3 Holding Action: Hold

Description:

At its core, Amazon is an online retailer that offers a wide range of products for consumers. It sells virtually any type of consumer product you can think of through its online stores and third-party sellers. AMZN also provides web-based cloud services for businesses and enterprises, which comprises 15% of Amazon's revenue, with its online marketplace making up 70% of revenue. Amazon recently announced its plan to purchase healthcare provider One Medical, which further increases its presence in the Healthcare Sector. Amazon also owns the Whole Foods business chain.

Growth Drivers:

Amazon continues to expand its physical footprint in the world, aiming to reach more consumers and be even more of an integral part of everyday life for people. Amazon sees much opportunity in growing its subscription business, which makes up 15% of revenue. To do so, it recently acquired MGM Studios to help create and promote premier content on its Amazon Prime streaming service, to compete with the likes of Netflix, Hulu, Paramount, and others. It most recently announced plans to acquire One Medical, which further increases its presence in the Healthcare Sector. One Medical already boasts a portfolio of 767,000 member patients, so Amazon will have a considerable foot in the healthcare industry.[11] Amazon will continue to increase sales of products and services, by primarily focusing on enhancing the customer experience.

Risks:

Amazon sits in the Consumer Discretionary Sector, which is hit hard by bad economic times like we are in now. The biggest risk to Amazon is the reversal of trends that the pandemic ushered in. While people are shopping more in person, Amazon is seeing the effects. They have posted the slowest growth rates in 2 decades, and consequently have shuttered and stopped construction on many warehouses across the US as a result.[12] Labor issues including a leaked internal memo, notes that Amazon could run out of people to hire by 2024. Amazons labor practices of churning out employees year over year would put them at risk of depleting their available workforce, which could hurt their operations.[16]

Lowe's Companies, Inc.

LOW

P3 Total Return: -6.20%

Beta: 0.969

Initial Shares: 51

Final Shares: 51

Initial Value: $10,311.69

Final Value: $9,578.31

P3 Dividend Yield: 0.91%

P3 Holding Action: Hold

Description:

Lowe's is the world's second largest home improvement retailer with thousands of products available in its big box stores and over $2 million additional items available through the companies online selling channels. It specializes in home improvement targeting homeowners, renters, and professional customers. Lowe's provides Nation Brand name merchandise including appliances, flooring, lighting, and others, as well as promotes its own private labels including Kobalt, Harbor Breeze, Sta-Green, Moxie, and Style selection. Lowe's revenue is mainly from physical products, account for 95% of revenue while the rest is comprised of revenue from services.

Growth Drivers:

Prior earnings in August remained moderate due to its heavy exposure to the DIY segment. They experienced a 6% decrease in transactions, but this was offset with a 6.6% increase of total ticket amount, which was a direct result of inflation. Currently, services only account for 5% of their total revenue. Generally, services can become a high margin line item on companies' income statements. If Lowe's can expand this line and create new ways to serve their customers, both DIY and professionals, they can realize significant growth. Unfortunately, a large growth driver for a company like Lowe's is the occurrence of natural disasters, such as hurricane Ian which hit Florida at the end of September. We have seen in the past when natural disasters hit, it tends to increase demand for repair materials and other products.

Risks:

According to recent earnings, it seems like home improvement spending has not negatively affected Lowe's, but with the slowdown of the housing market this could negatively impact Lowe's. The National Association of Homebuilders/Wells Fargo Housing Index dropped into negative territory for the first time since early in the pandemic, and housing starts have declined significantly as well. Now that interest rates are elevated, it will affect consumers ability to get home equity lines of credit that they would normally use to renovate their home, either with DIY jobs or hiring contractors to professionally renovate.[13]

Starbucks Corporation

SBUX

P3 Total Return: -0.16%

Beta: 0.967

Initial Shares: 140

Final Shares: 280

Initial Value: $12,735.80

Final Value: $23,592.80

P3 Dividend Yield: 2.15%

P3 Holding Action: Buy 140 Shares

Description:

Starbucks aspires to be the premier roaster, marketer, and retailer of specialty coffee globally and it operates in over 80 countries. Starbucks has corporate stores, as well as stores it licenses to franchisees to operate. Starbucks operates internationally, with 70% of revenues coming from the US and Canada, and 30% of revenue coming from international markets and Channel Development. When looking at the products it sells, 60% of revenue comes from beverages, 20% comes from food, and 20% comes from Starbucks branded drinks which are manufactured by PepsiCo.[9]

Growth Drivers:

One of the main growth drivers continues to be the amount of capital that Starbucks has access to through deposits into their loyalty program from customers. As of their most recent quarterly filing, they have over $1.72 billion dollars in deferred revenue. This amount is roughly $100 million more than they had the same period last year. This will assist in their plan to expand their footprint across the world in the coming years. Starbucks plan to add 2,000 new stores in new formats, such as drive thru/pick-up only formats. Starbucks also plans to grow their footprint in China by 50% to over 9,000 stores.[10] In Starbucks investor day, they also planned to further grow their third-party beverage line with the help of their new CEO Laxman Narasimhan, who has held multiple senior leadership roles at PepsiCo.

Risks:

There continues to be a large push toward unionization that started back in late 2021 but has not subsided. It has only remained consistent at best. Former CEO Howard Shultz began to take a strategic approach to quell the unionization by offering nonunion employee's extra benefits and raises, a move that was legal because unions must collectively bargain for benefits and increases. It will be interesting how the incoming CEO Narasimhan deals with this situation and others, especially since he has no experience leading food service/restaurant business. Lastly, inflation continues to stay elevated and SBUX among other corporations will be heavily affected as consumers pivot their spending to the essentials.

Consumer Staples Sector

Faith Burton

Period Performance:

In Period 3, the Consumer Staples Sector of the portfolio had a total return of -9.42%, compared to the S&P 500 index return of -10.83%. Our holdings in this sector include PepsiCo (PEP), Procter & Gamble (PG), and Walmart (WMT), returning -1.09%, -16.18%, and -11.78% respectively. With our holdings performing relatively steady given the volatile economic climate, no actions were taken within the Consumer Staples Sector during this period. The sector accounts for 7.29% of the LaPorte Fund equities holdings, which is slightly overweight when compared to the S&P 500 index allocation of 6.88%.

Looking Ahead:

Consumer Staples goods are relatively price inelastic with consistent demand regardless of the state of the economy, making this sector tend to behave in a noncyclical nature. Characterized by steady growth and low volatility, stocks within this sector are prime investments during bear markets and recessions. With the continued rise in inflation, efforts from the Federal Reserve to sharply increase interest rates, and two consecutive quarters of negative GDP growth in 2022, investments in this sector will serve defensively for our portfolio. However, while still being defensive, this sector is not entirely immune to larger economic trends. Overall decreases in consumer spending spurring from the current economic climate can adversely affect our holdings. Despite strong brand loyalty in this sector, there may be a move away from the brand names of PepsiCo and Procter & Gamble to more generic low-cost alternatives. Increased transportation and commodity costs also pose major threats to companies' operating profits. As companies take action to increase prices in an effort to offset these higher costs, consumers may be pushed even further to cheaper substitutes leaving companies with significantly decreased sales volumes. It is crucial that companies communicate and strengthen their brand value in order to generate substantial demand even with higher prices. Operational efficiency and cost management are also areas that warrant increased attention to ensure steady performance and prevent steep price increases. In the long run, investments in innovative technology, online shopping, and digital marketing serve as robust growth opportunities for this sector allowing companies to differentiate themselves and better serve their consumers.[17]

PepsiCo, Inc.

PEP

P3 Total Return: -1.09%

Beta: 0.572

Initial Shares: 71

Final Shares: 71

Initial Value: $11,883.98

Final Value: $11,591.46

P3 Dividend Yield: 1.37%

P3 Holding Action: Hold

Description:

PepsiCo is a leading food and beverage company that manufactures and distributes its products in more than 200 countries. PepsiCo produces an array of well-known brands such as Pepsi, Lays, Doritos, Mountain Dew, and Quaker. The company's food category accounts for over half of their revenue. PepsiCo sells to a variety of customers including distributors, grocery stores, food service customers, convenience stores, discount stores, mass merchandisers, membership stores, ecommerce retailers, and authorized independent bottlers.[1]

Growth Drivers:

PepsiCo has a strong diversified portfolio of 22 brands to satisfy a wide range of customer needs. The company has strong market presences in both the food and beverage categories, unlike their major competitor Coca-Cola. Working to increase market share and diversify their drink portfolio, the company recently entered into a long-term distribution agreement with energy drink maker Celsius and strategic relationship with premium water brand AQUA Carpatica.[17,18] Product innovation is of increasing value to the company as seen with the releases of zero sugar cream sodas, Gatorade FastTwitch, and S'mores limited edition sodas during this period.[19] PepsiCo also continues to have a strong advertising presence in the sports world, recently renewing their sponsorship deal with the NFL this past May.[20] Growth within the company can further be seen with the company recently breaking ground in Denver to build their new largest manufacturing plant in North America.[21]

Risks:

With a decrease in consumer demand from inflation and interest rate hikes, consumers may substitute PepsiCo brands with cheaper generic brands. However, the firm does have a loyal customer base and diversified portfolio that could soften this impact. Moreover, selling in over 200 countries, PepsiCo's international sales are likely to be affected by the strong US dollar resulting in less earnings after currency conversion. In addition, PepsiCo announced in March that they would be halting production of Pepsi, 7UP, and Mountain Dew in Russia. However, production and sales continued until officially halting at the end of August.[23] The effects of this final suspension of operations in Russia will continue to be felt in the upcoming period.

The Procter & Gamble Co.

PG

P3 Total Return: -16.18%

Beta: 0.596

Initial Shares: 62

Final Shares: 62

Initial Value: $9,473.60

Final Value: $7,827.50

P3 Dividend Yield: 1.20%

P3 Holding Action: Hold

Description:

Procter and Gamble is the world's largest manufacturer of consumer-packaged goods, specializing in personal care and hygiene goods. With over 65 individual brands, the company operates in five main segments: Fabric & Home Care; Baby, Feminine & Family Care; Beauty; Health Care; and Grooming. The company is well known in households with top brands such as Tide, Gillette, Pampers, Olay, and Pepto-Bismol penetrating the market. The company sells their products in over 180 countries to consumers and a wide variety of businesses such as mass merchandisers, ecommerce, grocery stores, wholesalers, distributors, baby stores, beauty stores, pharmacies, and department stores.[1]

Growth Drivers:

Procter and Gamble's mission is to provide high quality products and services to their consumers. As a result, they spent $2 billion on research and development in the 2022 fiscal year to improve upon and create products. This period saw new releases of Downey Rinse and Refresh, Olay and Pantene Booster collections, and Old Spice Sweat Defense dry spray. The company also continues to cultivate a positive reputation within the community, offering relief to residents affected by the August flooding in Eastern Kentucky and most recently pledging to aid with Hurricane Ian relief efforts. Procter and Gamble invests heavily in creating positive social and environmental impact with strategies to reduce the global water crisis and save wildlife, as well as monetary commitments towards efforts such as supporting women in the arts.[24]

Risks:

Although Procter and Gamble produces necessary goods, their items come at a higher premium price point. With high inflation and continued interest rate hikes, Procter and Gamble faces the risk of customers substituting their products with cheaper off brand alternatives. In addition, over half of the company's sales come from outside of the United States. With the current strength of the US dollar, Procter and Gamble's profits will be hard hit as international sales are worth less when converted to US dollars, particularly if the strengthening-dollar trend continues.

Walmart Inc.

WMT

P3 Total Return: -11.78%

Beta: 0.702

Initial Shares: 100

Final Shares: 100

Initial Value: $14,892.00

Final Value: $12,970.00

P3 Dividend Yield: 1.13%

P3 Holding Action: Hold

Description:

Walmart is a large multinational retail corporation headquartered in Bentonville, AR that sells grocery and general merchandise items at a low cost. The firm operates in three main segments: Walmart US, Walmart International, and Sam's Club. With accumulated capital of over $500 million, it is the largest company in the world by revenue. Walmart operates 10,500 stores in 24 countries and employs over 2.3 million people.[1]

Growth Drivers:

Walmart has continued to embrace technological advancement and innovation to enhance the customer experience and streamline supply chain processes. The company has taken significant steps to redefine convenience for consumers with curbside returns, return pickup from home, and flexible delivery options.[25] The Walmart website and app have been redesigned with enhanced registries, virtual try on, "view in home," and "scan to add" features.[26] Walmart has even made strides in the fintech space with the goal of delivering innovative financial services to customers. In September, Walmart fintech company, One, began beta testing on employees and select online customers.[27] In terms of supply chain innovation, the company has acquired the technology company Volt Systems to predict consumer demand more accurately and robotics automation company Alert Innovation to expedite the order fulfillment process.[28,29] Overall, Walmart is positioning itself for immense growth in the future and differentiating itself from other firms with consistent innovation.

Risks:

With the current economic climate characterized by high inflation and increased interest rates, Walmart may see a decline in revenues from decreased consumer demand for nonessential goods. Inflation, particularly in fuel, has also impacted the company's operating costs.[30] Walmart has been laying off employees and plans to have decreased holiday hiring to cut costs compared to years prior.[31] Furthermore, Walmart's large investments in new technology and innovation may pose as risks during a time of decreasing profits. Lastly, despite strides in site and app improvements, Walmart also still faces intense competition from ecommerce companies like Amazon.

Energy Sector

William Wheeler

Period Performance:

In Period 3, the Energy Sector of the LaPorte portfolio returned -11.76%. In comparison, the S&P 500 energy index achieved a -3.08% return. Our losses are only accounted for from the Williams Companies, Inc, which earned -11.76% in Period 3 and is our only holding in the sector. Energy accounts for 2.07% of the equities in LaPorte Fund, which is significantly underweight compared to the sector's weight in the S&P 500 of 4.59%. This is unfortunate, as energy offered relative outperformance during Period 3.

Looking Ahead:

Geopolitical conflicts persisted in Period 3 as Russia's invasion of Ukraine continued. Oil embargoes remained firm, which positively influenced domestic energy companies like Williams Companies, Inc. While unfortunate for consumers, the record high gas prices generated significant earnings for energy firms. The conflict in Ukraine is contributing to a potential energy crisis in Europe, and American companies were able to profit off newly generated export opportunities. The tumultuous economic state that has been present so far in 2022, provided record high earnings for the Energy Sector. However, in the beginning of 2023, oil demand is expected to decrease.[32] Rates are expected to continue to rise, which makes the cost of capital higher for energy firms. Also, the economic downturn that corresponds with aggressive rate hikes is anticipated to have a negative impact on the sector. However, opportunities are still available due to persisting geopolitical tensions.[35] Embargoes on Russian oil are expected to maintain elevated oil prices. Prices are expected to remain high, barring any unforeseen resolution to the current conflict in Ukraine, which will not produce the same rapid price appreciation as was seen in 2022.[36] In conclusion, energy is likely to continue experiencing volatility, which could result in great investment opportunities over the coming months.

Williams Companies, Inc.

WMB

P3 Total Return: -11.76%

Beta: 0.541

Initial Shares: 321

Final Shares: 321

Initial Value: $10,724.61

Final Value: $9,190.23

P3 Dividend Yield: 2.54%

P3 Holding Action: Hold

Description:

Williams Companies, Inc. is a midstream energy company that owns and operates the Transco and Northwest pipeline systems. Williams' interstate pipeline spans the entirety of the continental United States. While natural gas is responsible for the majority of revenue, the company participates in petroleum production as well. Its segments include Transmission & Gulf of Mexico, Northeast G&P, West, and Gas & NGL Marketing Services.[33]

Growth Drivers:

Geopolitical tension in Ukraine continues to be the leading growth driver for WMB. This conflict applies upward pressure to global energy prices, as it has caused an energy crisis overseas. Being a leader in natural gas production storage domestically, Williams will continually benefit from exporting liquid natural gas to Europe.[34] Also, seeing that natural gas operations generate significantly less carbon emissions than oil and coal production, Williams is well positioned to benefit from the continued push for cleaner burning energy. WMB has allocated significant capital to continue scaling their natural gas transportation and storage infrastructure, which will allow them to better meet increasing demand due to the societal call for reduced carbon emissions and the prolonged supply shortage.

Risks:

Commentary from the Fed has led to the market pricing in rate hikes at least through Q1 2023. The market's reaction to previous rate hikes this year has been concerning, but Williams has endured better than most. However, increased volatility and a likely recession presents risks for WMB. While Williams has proven not to be highly cyclical, they are not immune to market pressures. Further risks include geopolitical uncertainty. As Europe finds its own means to meet the demand caused by the war, firms such as Williams will suffer due to the gradual decrease in demand as the Eurozone's energy supply has time to readjust and expand in this new geopolitical climate.[35,36]

Financials Sector

Isabella Shaw

Period Performance:

The LaPorte Fund's Financials Sector returned -14.95% for Period 3 and -11.71% for the year. Meanwhile, the S&P Financials Sector Index returned -17.41% for the year, so the Fund benefitted from our specific selection of holdings in this sector. The Fund was only 0.39% underweight in this sector as compared to its weighting in the S&P 500. We held J.P. Morgan Chase & Co. (JPM), which returned -21.88% and -33.23% for Period 3 and the year, respectively. We sold 92 shares of our position in Nasdaq, Inc. in June to take some degree of profits to increase cash for other investment opportunities. However, this action was catalyzed after this firm and other exchanges were denied appeal by the US Court of Appeals for the District of Columbia following their suit against the Securities and Exchange Commission. This allowed the SEC to proceed with regulatory changes, requiring more information be provided to security information processors (SIPs), rather than offering this market data to customers at a premium (generating ~20% of revenue).[39] NDAQ initiated a 3-for-1 stock split at the end of August and returned -7.44% and -9.19% for Period 3 and the year, respectively. This period, the LaPorte Fund also sold 38 shares of Prudential Financial, Inc. in a wide effort to shave shares in multiple equity positions as we aimed to increase our Fixed Income allocation. PRU was selected as one due to fears about waning life insurance demand as the effects of COVID-19 dissipate. As such, PRU returned -24.65% and -10.04% for Period 3 and the year, respectively.

Looking Ahead:

The Financials Sector is generally a cyclical sector, so its health correlates with economic swings. Banks, which make up a huge portion of this sector, theoretically benefit from higher interest rates characteristic of high inflationary times, since they make money on the difference between interest collected from borrowers and interest paid out to lenders. However, economic slowdown caused by interest rate increases presents a significant risk because consumers and corporations cease to demand banking services as their wallets become tighter to weather the downturn. Spending and borrowing decrease, which affects the amount banks earn from interest and the amount that people have available to keep in deposit accounts. The utilization of blockchain technology, popularity of Environmental, Social, and Governance (ESG) reporting, and rise of ETF/Index investing present significant growth opportunities, so firms that make meaningful efforts to stay ahead of these advancements should be monitored as a potential new investment.

J.P. Morgan Chase & Co.

JPM

P3 Total Return: -21.88%

Beta: 1.015

Initial Shares: 115

Final Shares: 115

Initial Value: $15,676.80

Final Value: $12,017.50

P3 Dividend Yield: 1.47%

P3 Holding Action: Hold

Description:

J.P. Morgan Chase & Co. (JPM) is a global retail banking and financial services firm serving the world's most prominent governments, corporations, and institutional investors, as well as individuals offering investment banking, private banking, commercial banking, card services, home finance, and asset management. It is the largest bank in America, with over $2.87 trillion in total assets. However, they also have a presence in 60 countries globally with over 240,000 employees and are the fifth largest bank in the world.[1]

Growth Drivers:

J.P. Morgan remains committed to expanding their service offerings and retaining a highly skilled workforce. This period, they announced a plan to open a Mid-Atlantic headquarters in downtown D.C. and to double their local branches in the region by 2025.[37] Mark Birkhead, Chief Data & Analytics Officer of the Consumer & Community Banking segment spoke to JPM's developments in utilizing Natural Language Processing (NLP), artificial intelligence (AI), and machine learning to produce real-time insights and answers; this follows previous JPM's efforts when they became the first bank to offer Bitcoin to retail clients.[38] They have sufficient liquidity, and they have more loans on their books than competitors from which they can collect the rising interest payments.[1] This firm refuses to rest on its laurels, which makes us confident in it as a holding, despite the economic downturn the US is currently experiencing.

Risks:

High inflation, and thus higher interest rates, are technically a good thing for JPM because that would increase their revenue, which they earn from the interest rate spread they charge for loans against what they pay on deposits. However, 40-year high inflation and subsequent interest rate shocks run the risk of forcing consumers to change their habits by borrowing less and demanding fewer banking services in general. This could affect JPM's revenue negatively and result in negative earnings revisions throughout the rest of 2022 and during 2023. As such, consumer personal spending and disposable income results should be watched closely. Additionally, COO Daniel Pinto warned of a 45-50% slump in Q3 investment banking revenue, so this segment of JPM's business suffers from less corporate M&A activity this year.[40]

Nasdaq, Inc.

NDAQ

P3 Total Return: -7.44%

Beta: 0.993

Initial Shares: 230

Final Shares: 414

Initial Value: $40,986.00

Final Value: $23,465.52

P3 Dividend Yield: 0.40%

P3 Holding Action: Sold 92 Shares

Description:

Nasdaq, Inc. (NDAQ) is a financial technology firm with diverse offerings such as trading, clearing, exchange technology, securities listing, and other various financial services. It's most well-known for operating the second largest stock exchange in the world, the NASDAQ Stock exchange, which has over 4,200 listings with a combined market capitalization of $28.2 trillion. NDAQ operates within four main business segments: Market Services, Investment Intelligence, Corporate Platforms, and Market Technology.[1]

Growth Drivers:

This firm has aimed to focus on higher-growth and more scalable opportunities while staying committed to its marketplace platform that is core to its business model. A year ago, NDAQ said that they would be moving their market data information onto Amazon Web Services, a public cloud. This was a huge milestone because the Financials Sector has been one of the slowest to adopt public cloud-computing as this sector is so heavily regulated. NDAQ has a previous long-standing relationship with AMZN, so utilizing AWS was an obvious choice. This year, they've moved Nasdaq MRX, a US options market onto AWS.[41] On another note, as of June this year, NDAQ boosted its revenue goals from ESG listings to $50 million over the next five years, which is 10x what it was previously. After acquiring OneReport in 2020, which is an ESG data reporting software, NDAQ has expanded its client base by 69% and has also since created a comprehensive ESG workflow reporting tool.[42]

Risks:

On NDAQ's stock exchange, general market decline could have a potential negative impact on daily trading volume, so this should be monitored closely. Additionally, the rise of more SEC regulation surrounding their Investment Intelligence segment due to recent SEC rulings poses on ongoing risk. And although their Corporate Platforms segment only accounts for ~10% of revenue,[1] demand for consulting services is likely to decrease this year as firms suffer weaker earnings due to macroeconomic headwinds.

Prudential Financial, Inc.

PRU

P3 Total Return: -24.65%

Beta: 1.025

Initial Shares: 174

Final Shares: 136

Initial Value: $20,561.58

Final Value: $11,666.08

P3 Dividend Yield: 1.81%

P3 Holding Action: Sold 38 Shares

Description:

Prudential Financial, Inc. is an American Fortune 500 company that provides financial services such as life insurance, mutual funds, annuities, pension & retirement related services, and investment management. The firm serves both institutional and retail investors in over 40 countries worldwide with approximately $1.7 trillion in AUM. PRU operates within seven primary segments: Prudential Global Investment Management (PGIM), Retirement, Group Insurance, Individual Annuities, Individual Life, Assurance IQ, International Businesses, and Closed Book.[1]

Growth Drivers:

PRU began a strategic renewal a few years ago aimed at producing more consistent earnings relative to guidance, reviewing and renewing the product mix while cutting costs, and balancing firm re-investments with returning capital to shareholders. This firm seems to be delivering on its promise of transformation laid out by CEO Lowrey.[43] From January 2021 to January 2022, PRU returned 47.5%. As far as returning capital back to shareholders, just this year, their dividend yield has increased from 4.0% to 4.77%. In terms of cost cutting, they divested their full-service retirement business to Empower in April. PRU uses an asset liability management (ALM) strategy to reduce risk through a strategic match of mis-matched assets and liabilities, and the credit quality of assets that PRU invests their premiums are very high-quality with over 93% of their investments of NAIC 1 or 2 ratings, which are the lowest levels of risk.[1]

Risks:

This firm's top and bottom earnings miss, in Q2, contributed to a high loss ratio of 1.35, which means they had more losses than premiums earned for this period. This isn't encouraging, but management has stated this was largely due to strengthening their reserves for life insurance policies.[44] Rising interest rates generally increase profitability but accompanying persistent inflation and poor market performance impact the returns PRU can generate from the premiums they then must invest. Overall, the LaPorte Fund retains a neutral outlook on this firm due to confidence in the ability of the leadership to navigate such uncertain times.

Healthcare Sector

Jonah Mikulski

Period Performance:

In Period 3, the Healthcare Sector of the LaPorte Fund had a total return of -8.11%, while accounting for 14.25% of the equities allocation in the portfolio. Our holdings of Amgen, CVS Health, and Thermo Fisher Scientific held fairly steady over the period given the overall market downturn, with returns of -3.97%, -5.57%, and -14.03% respectively. In the S&P 500, Healthcare accounts for 15.10% of the overall index and had a total return of -10.72%. During this fiscal year, our Healthcare holding returned a more respectable 3.76%, showing the resiliency of this sector even with extreme volatility in markets.

Looking Ahead:

As we continue farther away from the COVID-19 pandemic, the changes in healthcare are likely more resistant to reverse course. Increased technological capabilities and offerings will continue to make healthcare more accessible regardless of demographic information. Negatively, the fragility of the supply chain was very clearly highlighted and will continue to be transformed and planned out in a way that provides the ability for deliveries to be delayed while still maintaining the ability to continue care services.[1] In the long term, the Healthcare Sector, with extensive inputs and very important and potentially delicate outputs, should be better set up to survive through large-scale, mostly random disruptions which have been seen in the recent past. In the short term, increased costs are projected to persist even with increased government intervention being enacted and proposed to try and help consumers deal with extremely high costs for non-substitutable goods and services. The current administration has shown a concentrated effort to fight back against market power in the pharmaceutical industry, as seen in the provisions within the Inflation Reduction Act signed in August.[1] Overall, healthcare will continually be a necessary component of the human experience. Due to market structure, the sector also will continue to be costly and generate high revenues for those who are able to maintain position or innovate. As economic outlooks continue to show signs of general slowdown, we believe the LaPorte Fund should continue to seek out strong value opportunities within the sector, both to remain defensive and take advantage of the possible growth within the various industries.

Amgen Inc.

AMGN

P3 Total Return: -3.97%

Beta: 0.496

Initial Shares: 83

Final Shares: 71

Initial Value: $20,071.06

Final Value: $16,003.40

P3 Dividend Yield: 1.49%

P3 Holding Action: Sold 12 Shares

Description:

Amgen Inc. is a healthcare firm within the biotechnology industry, focused on the discovery, development, manufacturing, and delivery of innovative solutions centered around severe human ailments. AMGN operations center around the following specialties: oncology and hematology, inflammation, bone health, cardiovascular disease, nephrology, and neuroscience. Amgen is an industry leader and pioneer in using living cells for the development of new medicines.[1]

Growth Drivers:

In mid-September, Amgen reported that their drug Lumakras, a treatment for certain lung cancers aimed at rivaling chemotherapy, showed in phase 3 testing to have better results than standard of care chemotherapy.[47] This provides a large growth opportunity as another firm – Mirati – is attempting to bring a competing product to market. With this result, Amgen could set a higher standard for Mirati's product providing another barrier to entry for full approval. Additionally, AMGN tends to produce medicines for severe conditions, making their products more essential and providing a high baseline demand for what they provide regardless of macro-economic conditions.

Risks:

Amgen faces a constant battle for approvals and beating the market with products due to medical patent protections. As such, sustaining a constant flow of new products, either through M&A activity or through home-grown research, is paramount. With these projects, there is always a risk of investment without any payoff due to a failure along the way, or due to another product entering the market first. These failed endeavors can be very costly depending on where they fail in the approval process. Additionally, while largely resistant to macroeconomic trends, inflation has remained resilient and can greatly impact the cost of production. As inflation continues, margins could become slimmer or by passing on this higher cost to consumers, generic versions of Amgen's medicines could see a spike in popularity.[48]

CVS Health Corporation

CVS

P3 Total Return: -5.57%

Beta: 0.928

Initial Shares: 316

Final Shares: 246

Initial Value: $31,982.36

Final Value: $23,461.02

P3 Dividend Yield: 0.97%

P3 Holding Action: Sold 70 Shares

Description:

CVS Health Corporation is a healthcare firm in the Healthcare Providers and Services industry, operating exclusively in the US and Puerto Rico. The firm operates through the following segments: Pharmacy Services, Retail/Long-Term-Care (LTC), Healthcare Benefits, and Corporate/Other. CVS is the largest drugstore chain in the country with over 9,500 locations, and additionally offers MinuteClinic (urgent care) services at 1,200 of those locations.[1]

Growth Drivers:

In early September, CVS announced a deal to buy Signify for $8 billion, an acquisition which is aimed at growing CVS into at-home healthcare. Signify is a leader in assessing health risks analytically, as well as providing care through their network of doctors and physicians allowing CVS to enter the home-healthcare industry.[45] This falls perfectly in-line with CVS's goal to make healthcare as streamlined and accessible as possible, now with the capability to provide pharmaceutical, insurance, and care services. Additionally, CVS has begun implementing more of their MinuteClinic services into existing retail locations, again allowing them to be a full coverage provider of health.[46]

Risks:

As primarily a retail healthcare and drugstore, CVS is susceptible to similar risks with inflation as firms seen in more traditional retail sectors. Additionally, the Signify deal has not yet passed federal approval, and is expected to face some headwinds on an anti-trust basis.[45] The current political administration has shown a desire to limit the scope of potential monopolies, and if the CVS-Signify deal is approved, this could present limitations on their opportunities for future growth. Similar to the complications from their previous acquisition of Aetna, fully integrating the expanding service offerings of Signify could prove to be more costly than anticipated and extend the timeline for profitability if complications arise.

Thermo Fisher Scientific, Inc.

TMO

P3 Total Return: -14.03%

Beta: 0.922

Initial Shares: 47

Final Shares: 47

Initial Value: $27,760.55

Final Value: $23,837.93

P3 Dividend Yield: 0.10%

P3 Holding Action: Hold

Description:

Thermo Fisher Scientific, Inc. (TMO) is a healthcare firm operating in the Life Science Tools & Services industry. The firm delivers in the following segments: serving scientific solutions, analytical instruments, legacy diagnostics, and lab product & BioPharma services. All segments aim to provide necessary tools and equipment to facilitate research and testing facilities, as well as offering diagnostics on equipment, testing and manufacturing of drugs. Approximately 80% of revenue is generated from products sold.[1]

Growth Drivers:

Regardless of economic environment, TMO provides essential products and services to the healthcare industry. The diagnostic testing and supply of necessary tools/equipment for research and testing facilities have very elastic demand, helping to keep revenues stable over time. Through M&A activity, Thermo Fisher has also made a concerted effort to scale up their capacity for pharmaceutical testing and manufacturing, providing another potential for revenue especially as this type of real estate has seen significant price increases recently.[51] Product-wise, in August TMO announced a new test for HIV-positive samples which helps to test the strain for mutations against common medicines, allowing researchers to better understand how the virus is evolving in the continued fight against HIV/AIDS.[49]

Risks:

Thermo Fisher will continue to be harmed by supply chain and inflation issues that have been persistent for over two years now. As a company that primarily generates revenue through the sale of products for healthcare, which tend to be bought in larger quantities and expensive, incremental increases of input pricing can trickle down to significant changes in final pricing. This presents the potential for supplier changes, or a decrease in quantities purchased, negatively impacting the bottom line.[50]

Industrials Sector

Nilai Sheth

Period Performance:

The LaPorte Fund's Industrials Sector returned -6.57% for Period 3 and -2.24% for the year. We held CoStar Group Inc. (CSGP), which returned 5.67% and -18.21% for Period 3 and the year, respectively. We sold our entire CoStar Group Inc. position in September to increase cash for other investment opportunities as well as taking advantage of a recent price bump due to its inclusion into the S&P 500. Our other holdings in this sector include Waste Management returning 1.90%, General Dynamics returning -10.98%, and Raytheon Technologies Corporation returning -16.26% over the period. Even with three holdings in this sector, we are 2.01% overweight (9.88% vs 7.87%) compared to the proportion of Industrials in the S&P 500, which is in line with our economic outlook.

Looking Ahead:

The Industrials Sector operates in a cyclical manner for the most part. This sector performs poorly during times of economic contraction, largely due to consumers spending less and saving more and the high capital expenditures generally needed for goods and services in Industrials. However, with the sector covering a wide range of industries, there is usually at least one area of growth in the industrial goods sector. Many of the subsectors go through bullish growth cycles lasting for years before seeing a retraction. Most recently, the homebuilding sector has gone through this cycle and is now seeing some decelerating growth. Other areas, such as industrial conglomerates and waste management, have provided steady streams of revenue generation. With the conflict in Russia and Ukraine escalating once again, there could be another period of aerospace and defense industry growth as the US government continues to assist Ukraine and Europe has been forced to completely reassess their current defense capabilities.

CoStar Group, Inc.

CSGP

P3 Total Return: 5.67%

Beta: 1.103

Initial Shares: 190

Final Shares: 0

Initial Value: $12,655.90

Final Value: $0.00

P3 Dividend Yield: 0.00%

P3 Holding Action: Sold 190 Shares

Description:

CoStar Group, Inc. is a leading provider of commercial real estate data, marketplace listing platform, and analytics for real estate information. CoStar has the most comprehensive database of real estate. It consists of 9 flagship brands which reach all segments of the real estate market: apartments, commercial real estate, residential, online auction, and franchises. The most well-known being Apartments.com and CoStar suite. CoStar aims to create transparency and efficiency in the real estate market. CoStar is an industry leader in providing subscription-based services pertaining to real estate markets and data used by professionals to inform investing decisions.[1]

Thesis for Liquidation:

The recent increase in valuation for CoStar is largely a product of an unsystematic event, not because of a material change which would influence the standard valuation of the firm. CoStar was added to the S&P 500 on September 19 and saw upward price movement due to rebalancing of index-matching portfolios to include CoStar.[1] We as a fund have been looking for positions to liquidate as we aim to raise capital to take advantage of depressed valuations in the future, and liquidating CoStar is a great chance to accomplish that while selling at a temporary high. CoStar is very heavily correlated with the real estate market, and we as a fund have a negative outlook on both the real estate market and the overall market as a whole. With mortgage application rates and housing prices decreasing while the cost of borrowing is steadily rising, we decided to fully liquidate CoStar both to raise cash for new investments and to decrease our exposure to the Real Estate Sector tangentially.

General Dynamics Corporation

GD

P3 Total Return: -10.98%

Beta: 0.792

Initial Shares: 42

Final Shares: 42

Initial Value: $10,129.56

Final Value: $8,911.14

P3 Dividend Yield: 1.04%

P3 Holding Action: Hold

Description:

General Dynamics Corporation is a combination of four operating segments: Technologies, Marines Systems, Aerospace, and Combat Systems. GD has a balanced business model which gives each business unit the flexibility to stay agile and maintain an intimate understanding of customer requirements. GD "continues to invest in advanced technologies pursue a culture of continuous improvement, and strive to be the low-cost, high-quality provider in each of its markets."[1]

Growth Drivers:

General Dynamics has a backlog of orders that will sustain higher revenues in the future, assuming they remain able to complete the orders. The firm has recently been awarded several contracts including a $1.1 billion tank contract in August and a $415 million army vehicle contract in September. Increasing global tensions between Ukraine and Russia also bode well for defense contracting companies, GD included.[60] The consistent quarterly dividends and a recovering commercial aerospace industry, leads to a positive outlook for GD.

Risks:

The major risks for General Dynamics include political risk relating to the defense budget, execution risk on the defense portfolio, and cyclical risk in aerospace. While the national defense has historically been a top priority, there is volatility in the perceived importance of defense, particularly in a mid-term election year. Business jets are discretionary luxury goods, orders dry up and get canceled during cyclical downturns and equity market downturns. GD bears the financial risk of cost overruns for these programs, so a poorly executed development contract may financially strain GD and make it difficult to win future contracts.[60] Inflation also remains a risk as global inflation has remained causing the cost of inputs to increase.

Raytheon Technologies Corporation

RTX

P3 Total Return: -16.26%

Beta: 0.856

Initial Shares: 245

Final Shares: 245

Initial Value: $24,272.15

Final Value: $20,055.70

P3 Dividend Yield: 1.11%

P3 Holding Action: Hold

Description:

Raytheon Technologies Corporation is a combination of four businesses: Pratt & Whitney, Collins Aerospace, Raytheon Intelligence & Space, and Raytheon Missiles & Defenses. Mainly focused on advancing aviation, building smarter defense systems, and creating innovations to take us deeper into space, Raytheon is a well-diversified defense contracting company, known globally for setting the standard in missiles and missile defense systems.[1]

Growth Drivers:

Through their operations as a firm in the defense industry, Raytheon gives the fund exposure to missiles, missile defense systems, space militarization, and IT services for governments. We are expecting the military's increased focus on defending against great powers' conflicts to drive material investment in each of these exposures. There is evidence of this with the government recently awarding RTX contracts in September of $985 million, $375 million, and $311 million for hypersonic missiles, navigation systems, and javelin missiles, respectively.[61] This signals that the increase in tensions in Russia and Ukraine have had a positive impact for RTX, especially as the conflict has highlighted the need for world powers to restart building up their defenses following a long period of relative peace globally.

Risks:

Raytheon has some environmental, social, and governance risks in the form of product governance and carbon intensity of products. Jet engines are highly complex products, any small errors can jeopardize the entire product. There is also the risk of the government pulling contracts after they have been awarded. Additionally, RTX has had inventory issues with its asset turnover being well below the industry standard.[62] This is something that should improve as the pandemic recedes further into the past; however, supply chain disruptions have shown to be more resilient and will likely continue to cause delays along the production process.

Waste Management, Inc.

WM

P3 Total Return: 1.90%

Initial Shares: 93

Initial Value: $14,740.50

P3 Dividend Yield: 0.82%

Beta: 0.727

Final Shares: 93

Final Value: $14,899.53

P3 Holding Action: Hold

Description:

Waste Management is the largest provider of solid waste services in the United States. WM provides waste collection, transfer, recycling, and disposal services. WM controls a majority of the North American solid waste market/industry and has been able to sustain a high level of success. WM owns and operates 260 landfills, 340 transfer stations, and 100 material recovery plants.[1]

Growth Drivers:

Due to the rapid increase in commodities pricing seen in recent months, Waste Management has been able to see higher resale values for its recycled materials and thus larger profit margins. WM has also made several efforts in becoming more sustainable in the short and long term. Short term goals for more energy efficient vehicles and creating systems to capture natural gas at sites to use for energy needs are a few of the ways that they are expanding their operations symbiotically with other aspects of their business. WM operates in an inelastic model, with the need for trash and recycling services consistently having a high floor for demand.[59]

Risks:

Waste Management has few public competitors; however, there are many private firms that can compete with WM in a more localized but meaningful way. These competent operators can keep the pricing backdrop more competitive, especially during periods of sluggish macroeconomic growth, reducing WM's monopolistic profit maximization. Waste Management is a serial acquirer, a strategy which inherently carries risk that the company overpays and dilutes capital returns.[59] Additionally, as the Fed reduces inflation and processed recycled materials prices deflate, WM will no longer see the higher revenues from increased resale prices realized recently.

Information Technology Sector

Jackson Snodgrass

Period Performance:

In Period 3, the Information Technology Sector of the LaPorte Fund had a total return of -13.10% and accounted for 22.93% of the equities portfolio section. Our holdings Apple, Accenture, IBM, Microsoft, and the recently added SMH Semiconductor ETF did not perform well in the economic downturn we witnessed during this period with returns of -13.73%, -23.13%, -6.08%, -24.06%, and -3.88%, respectively. Information Technology accounts for 26.34% of the S&P 500 and returned -25.13% over the period.

Looking Ahead:

Information Technology is one of the more rapidly innovating and volatile sectors. Heavily dependent on consumer spending, IT historically fluctuates directly with the business cycle – impressive performance in times of expansions, and poor performance in times of contraction. Over the period, we have seen continued rate hikes and persistently high inflation rates. The subsequent economic downturn does not favor the performance of IT companies. Microsoft and IBM have historically outperformed the market in times of economic distress, but we could see a different trend over the next 12 months.[63] With continued rate hikes causing uncertainty in the market, we could see a decline in consumer and corporate spending, and subsequently lower GDP releases; these factors have the potential to hinder the growth of the IT Sector.[60] Conversely, the US government's investment in domestic chip manufacturing poses a potential offset in losses, as we acquired 78 shares of a VanEck Semiconductor ETF at the end of this period. Several member companies of this ETF, such as Intel and NVIDIA, stand to be some of the largest beneficiaries of the "CHIPS and Science Act" passed by congress earlier this year. Taiwan Semiconductor Manufacturing Company, the largest Semiconductor manufacturer in the world, is also a member company of this ETF. Semiconductors are a crucial piece of the Information Technology Sector. The fund expects to benefit from exposure to this subsector beginning in the next 18-24 months and for the foreseeable future.

Apple Inc.

AAPL

P3 Total Return: -13.73%

Beta: 1.169

Initial Shares: 0

Final Shares: 100

Initial Value: $16,072.10

Final Value: $13,820.00

P3 Dividend Yield: 0.28%

P3 Holding Action: Bought 100 Shares

Description:

Apple Inc. designs, manufactures, and markets a wide variety of consumer electronic goods including smartphones, desktop computers, laptop computers, and wearables like watches and other accessories. They also offer digital services such as advertising, payment processing, and cloud services. Apple is the largest company in the world by market capitalization and the most short-interest company in the world. Known for their inter-product compatibility, Apple has consistently been able to innovate and generate high revenues with each new iteration of their products.[1]

Growth Drivers:

Most of Apple's revenue is generated from iPhone sales. Customers loyal to Apple's brand continue to purchase the newest iPhone model year after year. Additionally, the firm continues to grow its Wearables, Home, and Accessories industry, which has grown year over year since 2014 (most notably the Apple Watch).[1] Apple continues to heavily invest in Research and Development a crucial component for cultivating future growth. They must continue to deliver enhanced technology to its customers to maintain a competitive presence. Being on the cutting-edge has been the main goal since the firm's foundation and investing in R&D is how Apple continues to do so.

Risks:

The rollout of the iPhone 14 has been lackluster for Apple in terms of sales, with less demand and popularity than expected. This has caused a revision in production of iPhones and will negatively impact projected phone sales.[1] Apple faces risks as it relates to political uncertainty between the US, China, and Taiwan. China accounts for nearly 20% of total revenue, and Taiwan Semiconductor Manufacturing company is a critical player in Apple's supply chain.[1] It is still very uncertain how the tensions between these countries will unfold, but in the event of war, Apple has significant exposure. The firm also stands to face losses from diminished consumer spending caused by inflation.

Accenture PLC

ACN

P3 Total Return: -23.13%

Beta: 1.171

Initial Shares: 115

Final Shares: 115

Initial Value: $38,781.45

Final Value: $29,589.50

P3 Dividend Yield: 0.58%

P3 Holding Action: Hold

Description:

Accenture PLC (ACN) is a management and IT consulting company. They provide clients with a wide range of consulting services such as business and tech consulting, outsourcing, and alliances. ACN serves some of the top companies in the world as well as government agencies. Clients use Accenture's services to improve decision-making, improve risk management and security, structure management, implement cloud migrations, structure supply chains, and manufacturing strategy.[1]

Growth Drivers:

Accenture states their goal is to offer customers "360-degree value".[56] They help clients adapt to new technology like cloud services and AI. Unlike IBM, Accenture focuses solely on consulting and aiding clients through IT challenges. Recently, Accenture has begun to double down on IT consulting. In 2021, the company completed several M&A transactions. Accenture's strategy is to grow as a consulting firm that can do it all, with a specialization in IT consulting, by far the most lucrative sector of services offered by the company. As the firm continues to grow, they continue to open several new international offices every year, expanding their physical reach globally.

Risks:

Accenture has 33% exposure to the European market in terms of total firm revenues, which has continued to show signs of economic distress and likely recession. This could significantly impact Accenture's growth in Europe short term. But as Accenture continues to expand in growing markets, this becomes less of a concern. If global enterprise spending by companies falls with continued economic downturn in the US and Europe, Accenture could continue to face losses. However, continued innovation in technology and cloud-based software growing demand for Accenture's service should persist.

Fiserv, Inc

FISV

P3 Total Return: 1.08%

Beta: 0.878

Initial Shares: 158

Final Shares: 0

Initial Value: $16,021.20

Final Value: $0.00

P3 Dividend Yield: 0.00%

P3 Holding Action: Sold 158 Shares

Description:

Fiserv, Inc. is an industry and global leader in the provision of payment and financial services technology solutions. The company operates through Merchant Acceptance, Payment, and Financial segments, covering the buy and sell side of transactions as well as Fintech. Operations include point-of-sale (POS), security/fraud protection, an omni-channel commerce ecosystem Carat, card processing, digital banking, consulting, capture, and clearing services. Fiserv's main area of revenue is the US, with additional reach across the globe.[1]

Liquidation Thesis:

We sold this holding early into Period 3 for numerous reasons. Primarily, we were no longer as confident about the payment processor's long-term prospects. They have been developing the Clover operating platform and increasing its functionality and reach for some time now, but with news that Apple will be releasing payment processing technology on their iPhones soon, this will seriously cut into the market share that Fiserv is targeting.[64] This is mainly because most consumers/business owners already own an iPhone and would not need to purchase additional technology like terminals or handheld devices.[64] Another reason for liquidation was the fact that at that time, Visa and Amazon were in a debate over credit card fees and Amazon elected to not accept Visas because of the rates they were charged.[65] This was indicative of a 'race to the bottom' on rates that processors charged their customers, and further illustrated that there may not be much profit growth absent of major innovation. The last reason for liquidation was rumors of an atrophying culture. While in our search for answers, we found employee review sites and saw a lot of negative comments about how after the Fiserv-First Data merger was completed, the leadership of the former completely usurped the powers of the latter. Some described the leadership as wasting the resources of First Data and its potential. These comments cannot be verified, as it is former employees who wrote them, so they must be taken with a grain of salt. Peter Drucker once said that culture eats strategy for breakfast. Without a cohesive, positive culture, even with a breakthrough strategy, the long-term prospects look quite bleak.

International Business Machines Corporation

IBM

P3 Total Return: -6.08%

Beta: 0.555

Initial Shares: 100

Final Shares: 100

Initial Value: $13,002.00

Final Value: $11,881.00

P3 Dividend Yield: 2.54%

P3 Holding Action: Hold

Description:

International Business Machine Corporation (IBM) is a technology company that offers a broad spectrum of services - application, technology consulting and support, process design and operations, cloud, digital workplace, and network services, as well as business resiliency, strategy, and design solution. IBM's operations can be divided into four business segments: Software, Consulting, Infrastructure, and Financing. IBM was our best performer in the Information Technology Sector this period.[1]

Growth Drivers:

As more and more companies continue to adapt and utilize IT and cloud services to enhance their business processes, IBM grows alongside. IBM continues to help companies utilize the power of AI and hybrid-cloud services. Last year, IBM introduced its first spinoff business Kyndryl. The firm focuses on companies that must constantly adapt to changes in technology. This strategy primes IBM for growth as more companies begin to redefine their business to advance alongside IT innovation. Also last year, IBM completed 15 M&A transactions for a total of $3.4 billion to advance the company across each business segment. The company is poised to grow long-term. The biggest driver is the growth in demand for consulting and hybrid cloud services.[57]

Risks:

Some uncertainty facing IBM can be attributed to exposure to a volatile European market. The Russia-Ukraine war could inhibit growth in the European market, which accounts for 30% of IBM's customer base.[1] Prolonged conflict in eastern Europe could put a dent in future earnings, especially if tensions grow and more nations take action. Inflation is another factor that could prevent growth. Halted spending on IT services is possible with continued inflation. Less new utilization of IT services will decrease demand for many of IBM's service lines.

Microsoft Corporation

MSFT

P3 Total Return: -24.06%

Beta: 1.144

Initial Shares: 138

Final Shares: 138

Initial Value: $42,546.78

Final Value: $32,140.20

P3 Dividend Yield: 0.40%

P3 Holding Action: Hold

Description:

Microsoft Corporation is one of the largest technology companies in the world, with a wide range of well-known products and services such as Windows, Microsoft Office, Azure cloud services, LinkedIn, and Xbox. Microsoft serves a wide customer base from small businesses to the largest companies and government agencies in the world. Microsoft operates in three core business segments: Personal Computing, Productivity & Business, Intelligent Cloud.[1]

Growth Drivers:

Microsoft continues to grow its cloud services business Azure, which offers customers more seamless cloud capabilities from security to hybrid cloud services.[58] Azure recently surpassed Amazon Web Services as the most widely used cloud services software in the world.[1] Microsoft continues to offer the infamous Office 365 subscription which includes Excel, PowerPoint, and Word. These familiar programs are also cloud-based. The Xbox and its associated subscriptions continue to secure Microsoft and are a staple in the gaming industry. Microsoft's acquisition of gaming giant Activision-Blizzard further propels their presence in the gaming industry. They are, however, in the process of developing more innovative gaming services that will be launched shortly such as Project Xcloud.[59] This allows Xbox users to access gaming capabilities across numerous devices rather than just the console.

Risks:

Decreased consumer and business spending because of increased inflation pose a threat to future earnings for Microsoft. Less disposable income for consumers will result in earning slumps for personal computers and gaming consoles. Conversely, businesses will still be in demand for certain Microsoft products such as Office 365. This attributes to the firm's historically resilient performance in times of economic distress, like we saw during the COVID-19 pandemic.[1] Because of such demand for essential business services, we are confident in holding Microsoft long term.

VanEck Semiconductor ETF

SMH

P3 Total Return: -3.88%

Beta: 0.997

Initial Shares: 0

Final Shares: 78

Initial Value: $15,022.08

Final Value: $14,439.36

P3 Dividend Yield: 0.00%

P3 Holding Action: Bought 78 Shares

Description:

SMH tracks a market-cap-weighted index composed of the 25 largest US listed firms where over 50% of revenue comes from semiconductor production and equipment. It's invested 99.99% in equities with the remaining held in cash. It is a very concentrated portfolio that also allows ADRs, which means Taiwan Semiconductor Manufacturing Co. (TSM) is included. It also awards greater allocation to bigger firms, so the top ten holdings comprise 57% of the fund. The largest holdings include TSM, Nvidia, Texas Instruments, and Qualcomm.[1]

Investment Thesis:

Semiconductor chips are a crucial part of virtually every electronic device in our modern world, ranging from automobiles to computers and even to washing machines.[62] The fund lacked exposure to this subsector of IT, and with a crash in valuations, we decided to buy in. Semiconductors will certainly continue to be crucial hardware of our technology for the foreseeable future, and we believe this ETF will capture the value of the industry long term. Since the fund allows ADR's, Taiwan Semiconductor Manufacturing Company is a member company. TSM is the largest semiconductor manufacturing firm in the world and holds nearly half of global market share. Another key holding is Intel, who stands to benefit greatly from the recently passed "Chip Bill" in the US.[61] The investment in domestic semiconductor manufacturing to address chip shortages puts Intel in a position to receive substantial government funding.

Risks:

The most glaring risk for this ETF is heavy exposure to political tension between China and Taiwan with the ownership of TSM. An invasion by China into Taiwan poses serious risk for this ETF because it would render TSM's chip manufacturing inoperable. However, considering China is heavily dependent on TSM like most of the world, it is in China's best interest to avoid any disruption to TSM production capacity.

Materials Sector

Samir Martin

Period Performance:

During Period 3, the Materials Sector within the LaPorte Fund's equity allocation accounted for 4.91% of the portfolio, yielding an overall return of -17.35%. The Fund continued to hold only 2 materials firms, with Vale S.A. and the Sonoco Products Company which had returns of -25.13% and -7.75%, respectively. In the broader market, the Materials sector of the S&P 500 returned -21.77%.

Looking Ahead:

As the Fed has continued their hawkish rate policy, inflation has still remained persistently high and continues to have strong implications within the sector. As goods and services within this sector tend to be more up-stream in the overall supply chain, even small increases in input or final goods pricing can have long reaching effects on the demand for this sector and the profits possible therewithin. Fortunately, with single use packaging distributed to sectors such as Healthcare and Consumer Staples, these levels of supply are less likely than others to experience large decreases in demand, even as the US economy entered a technical recession during the period. The Fund is confident that the current holdings provide us with sufficient defensive positions within the sector which should be able to stand strong through this period of economic downturn, with also vast geographic reach considering our allocation has remained lower. Our increase in Vale holding was largely influenced by the inverse-cyclical nature of commodities pricing which Vale stands to be able to take advantage of, and additionally their increased desire to become more involved in the EV inputs market with the announcement of their partnership with Tesla for Nickel supply from Canadian mining operations.

The Sonoco Products Company

SON

P3 Total Return: -7.75%

Beta: 0.852

Initial Shares: 195

Final Shares: 195

Initial Value: $12,199.20

Final Value: $11,062.35

P3 Dividend Yield: 1.57%

P3 Holding Action: Hold

Description:

Sonoco Products Company manufactures industrial and consumer packaging solutions for customers worldwide. Alongside paper and plastics packaging, Sonoco offers a product mix including reusable food storage, flexible packaging, high density film products, folding cartons, and single use plastics primarily used in healthcare. Sonoco operates an integrated network of global technology focused on materials science, packaging engineering, and process improvement. The firm is routinely praised and focuses heavily on maintaining strong sustainability efforts.

Growth Drivers:

Sonoco has made significant progress in rapidly expanding Thermosafe's Pegasus ULD air freight fleet by growing the global network of strategic Partner Airlines and Freight Forwarders. Thermosafe is the world's first FAA and EASA-approved passive bulk temperature-controlled ULD container for pharmaceutical use. During Period 3, additional global master lease agreements have been signed with Turkish Cargo, American Airlines, and United Cargo, enabling Pegasus ULD to speed through international air freight handling and customs processes at the lowest possible cost. Sonoco also continues to strive toward being a more sustainable company, producing their packages with high quality inputs, and ensuring that production is as clean as possible.

Risks:

The Russia-Ukraine war has driven up energy prices globally as the supply has been greatly impacted, and the overall market in Eastern Europe for packaging products has become much less stable since. To combat this, Sonoco-Alcore has decided to increase Paperboard and Tube & Core prices in the EMEA region. Sonoco is expanding their European manufacturing with the acquisition of Skjern Paper in Denmark to expand production capacity for customers throughout Europe and bordering regions.[66]

Vale S.A.

VALE

P3 Total Return: -25.13%

Beta: 0.906

Initial Shares: 514

Final Shares: 808

Initial Value: $10,274.86

Final Value: $10,762.56

P3 Dividend Yield: 5.40%

P3 Holding Action: Buy 294 Shares

Description:

Vale S.A. is the world's largest producer of iron ore and ferrous minerals, with other business segments including base metals and coal. Their customers span major economies across the world, with over half of revenue coming from China. Vale strives to operate in a sustainable and responsible a manner possible, while providing the highest quality metal inputs for manufacturing.[1]

Growth Drivers:

Vale has continued to make strides in their Canadian nickel sulphate production, completing the prefeasibility study which concluded that the project would have an annual capacity to process 25,000 tons of contained nickel into nickel sulphate. This strategic initiative underscores Vale's focus on delivering low carbon and high purity nickel products, adding to sales diversification and accelerating their entrance into the growing North American electric vehicle market. Additionally, the Zhongzhai pre-blending project in China was started. Estimated to begin operations by 2023, this project is planned to help increase their metals preparing, and also aims to help relieve supply chain logistics within China, their biggest single country in terms of revenue.

Risks:

During Period 3, Vale faced legal issues which will continue to impact the bottom line. The office of the Comptroller General (CGU) concluded that Vale failed to present reliable information regarding a dam issue in Brumadinho/MG, resulting in a fine of approximately 86.3 million Brazilian Real. This decision has been subsequently fought by Vale, and the extent of their legal issues includes arguing against slanderous news headlines which overestimated the amount of the fine. Additionally, the lower levels of Chinese steel production have remained depressed – due to weak demand in the real estate sector – falling by 6.4% year-over-year.[67]

Real Estate Sector

Edgar Hernandez

Period Performance:

The Fund's real estate allocation has decreased since the last period, as we trimmed shares of our only real estate holding, W.P. Carey (WPC). The decrease led to a lower real estate allocation compared to the S&P 500, of 2.33% for the Fund and 2.80% in the S&P 500. WPC had a return of -8.93% compared to the S&P 500 Real Estate index which had a return of -23.98%. WPC exposes the Fund to a diversified portfolio of net leases of all real estate types which range from self-storage, offices, industrial, and warehouses.

Looking Ahead:

Real estate has been a lucrative business for the past couple of years, especially since the onset of the pandemic. A low supply of homes coupled with high demand and material cost had led to massive appreciations in home prices, rents, and other housing-related cash outflows. Rents overall are up about 23% since August 2020.[69] Home prices nationally had even reached just north of a 20% increase earlier in the year.[70] Such demand has contributed to soaring inflation as home-related costs increased. However, with soaring inflation, the Fed has hiked the Fed Funds rate and we have started to see the effects on real estate. As one of the most leveraged sectors, given the nature of the large sum of financing needed, real estate can be particularly susceptible to rising rates. Mortgage rates have risen above 6% this year along with other loan types, a large increase since the low-interest environment. Such increases have started to show in the market such as decreasing loans for commercial real estate.[71] Other signs include a decrease in mortgage applications, building permits, new home sales, and new house starts.[1] The real estate market remains stubborn with higher home prices and other property types overall. But we are starting to see a reversal in this new high-interest rate environment with decreasing property prices. The Fund will continue to monitor trends and evaluate the strength of tenants to make the appropriate decisions.

W.P. Carey

WPC

P3 Total Return: -8.93%

Beta: 0.541

Initial Shares: 171

Final Shares: 148

Initial Value: $13,823.64

Final Value: $10,330.40

P3 Dividend Yield: 2.62%

P3 Holding Action: Hold

Description:

W.P. Carey is a publicly traded diversified real estate investment trust that operates in two segments: Real Estate and Investment Management. It is one of the largest net lease REITS with 386 tenants from different industries, 1,390 properties, and about $1.3 billion in annualized base rent. Property types include industrial, self-storage, warehouses, retail, and offices.[1] The business's objective is to remain invested in high-quality real estate with long-term leases and rent escalators to generate steady cash flows and a growing dividend. Their operating regions include the US and Europe.

Growth Drivers:

WPC has recently completed a merger with Corporate Property Associates 18 – Global Inc (CPA:18), which was a public non-traded REIT. CPA:18 leased commercially owned properties in the US and abroad. A similar business model between WPC and CPA:18 increases the future success of this merger as it allows for better integration among their businesses. The merger will increase AFFO, add diversified and high-quality net leases, and add sixty-five additional self-storage properties.[72] Another positive driver is the CPI-linked rent increases. Part of their contractual rent increases includes rising inflation, which about 57% of leases are linked to inflation.[73]

Risks:

Rising interest rates will continue to pose a risk to WPC, as it may materially affect the value of their real estate portfolio and borrowing cost. Rising rates have already hindered commercial real estate loans, so if WPC cannot secure financing this could negatively impact the value of the company. Additionally, a significant 33% of annualized base rent comes from Europe which has suffered from geopolitical tensions, rising inflation, and declining currency value. If economic conditions worsen, WPC and its tenants could be negatively impacted.

Utilities Sector

William Wheeler

Period Performance:

In Period 3, the Utilities Sector of the LaPorte portfolio returned -6.43%. In comparison, the S&P 500 Utility index achieved a -10.63% return. Our lone energy holding is NextEra Energy, Inc., which earned -6.43% in Period 3. Utilities account for 2.35% of the equities in the LaPorte portfolio, which is slightly underweight compared to the sector's weight in the S&P 500 of 3.14%.

Looking Ahead:

Utilities generally performed well in Period 3. During the economic downturn that has been present in 2022, utilities have been used as a defensive investment to hedge the significant losses that other equity sectors have endured. Utilities did not reap the same benefits as the corresponding Energy Sector with regards to the increase in energy demand resulting from the Russia-Ukraine conflict, but they still had minor positive outcomes. Moving forward, utilities will have to meet the increasing demand for renewable energy. Growing ESG concerns and calls for lower carbon emissions provide uncharacteristic growth opportunities for utility companies that have invested capital into renewable infrastructure.[74] Apart from renewable energy growth opportunities, the sector will likely endure volatility with continuing rate hikes and market volatility. While this volatility will be relatively low in comparison to other sectors, it still should be prepared for and expected.[75]

NextEra Energy, Inc.

NEE

P3 Total Return: -6.43%

Beta: 0.886

Initial Shares: 133

Final Shares: 133

Initial Value: $11,266.43

Final Value: $10,428.53

P3 Dividend Yield: 1.00%

P3 Holding Action: Hold

Description:

NextEra Energy, Inc. is the largest utility company in the world. NextEra specializes in electricity, but they also store and distribute natural gas. They are headquartered in Juno Beach, Florida, and they generate most of their revenue from their largest subsidiary, Florida Power and Light. More importantly, their other business, NextEra Energy Resources, is the global leader in renewable electricity production, producing 24 Gigawatts of wind and solar electricity.[78]

Growth Drivers:

NextEra has been pursuing their Real Zero Campaign. According to management, this campaign is a push to reach net zero for carbon emissions in the utility industry.[77] NextEra appears to be ahead of competitors in relation to the transition to renewable energy, equating to a substantial advantage on the basis of ESG. NEE has allocated billions of dollars in capital to renewable infrastructure, and they are already the global leader in renewable storage and production. As the switch to renewable energy continues, NextEra is positioned perfectly to capture the growth opportunities that will be presented as a result. Additionally, more individuals are migrating to Florida, which allows NextEra to open more contracts.[76]

Risks:

Due to Florida being home to most of NextEra's customers, the company is at risk of the extreme weather which tends to come with the area, and these events can destroy or damage a significant amount of the company's existing infrastructure in a short time span. During Period 3, Hurricane Ian displayed this risk, causing a significant contraction in the company's stock price due to the rise in needed repairs from damages. Also, the firm is not alone in the move to renewable energy. Competitors' infrastructure production could accelerate past that of NextEra. Furthermore, governmental regulations generate risk by causing uncertainty in product price, and new regulations could create the need for costly overhauls.

Fixed Income

Jarett Smith

Period Performance:

At the end of Period 3, Fixed Income holdings comprised 26.15% of the LaPorte Fund's total holdings. Our positions outperformed the benchmark with a return of -6.26% compared to -9.22%. We retained the four holdings from the previous period which were iShares Core US Aggregate Bond ETF (AGG), T. Rowe Price Emerging Market Corporate Debt Fund (TRECX), Wells Fargo & Co. Preferred (WFCPRL), and Wisdom Tree Floating Rate (USFR). The Fund added an additional holding in BlackRock Municipal Income Trust II (BLE). Period 3 brought multiple interest rate hikes by the Federal Reserve, which had little immediate impact on red-hot inflation. These interest rate hikes raised yields to local highs, which crushed asset values in Fixed Income markets. However, there were some positive indicators that interest rate hikes could ease. Gas prices declined and the housing market began to slow; both of which are credited with contributing significant upward pressure on inflation.

Looking Ahead:

Despite some positive movements in the battle against inflation, the Federal Reserve is expected to continue raising rates throughout the beginning of 2023. Core inflation remains high, which indicates that hawkish interest rate policies have not had their full intended effect. Overnight borrowing rates could reach as high as 4.6% early next year, which will show in continued value loss in our Fixed Income holdings.[1] The extent to which the individual holdings are affected will depend on each holding's duration. We can also expect some results of interest rate hikes to continue like unemployment rate increases and mortgage application decreases. The LaPorte managers will continue to closely monitor inflation reports, actions by the Federal Reserve, and other key metrics.

iShares Core US Aggregate Bond ETF

AGG

P3 Total Return: -6.85%

Beta: 1.011

Initial Shares: 255

Final Shares: 304

Initial Value: $27,310.50

Final Value: $29,287.36

P3 Dividend Yield: 1.12%

P3 Holding Action: Bought 49 Shares

Duration: 6.25

Convexity: 0.80

Description:

iShares Core US Aggregate Bond ETF (AGG) seeks to track the performance of the Bloomberg US Aggregate Bond Index. The ETF's top two areas of exposure are US Treasury securities and various MBS that comprise 40.96% and 27.68% of the fund's exposure, respectively. AGG also has sizeable exposures to the Industrials, Financials, and Utilities Sectors. The fund offers low-cost, broad exposure to investment-grade bonds to offer core portfolio stability.[79] AGG has a relatively low expense ratio of 0.03% and an average yield to maturity of 5.14%.

Growth Drivers:

AGG gives the LaPorte Fund broad exposure to the fixed income market with a competitively low expense ratio. In a rising interest rate environment, we can expect this fund's longer maturity holdings to suffer more than short-term, low duration holdings. Roughly 28% of the fund's holdings have maturities greater than ten years.[1] With aggressive contractionary policies enacted by the Federal Reserve, bond yields across the broader fixed income market have hit local highs. High yields could start to draw investors to attractively priced fixed income securities. This, along with the eventual stabilization of interest rates, could bring growth to fixed income markets as investors seek stable returns in the face of a possible economic recession.

Risks:

The Federal Reserve has continued to affirm projections that interest rate hikes will continue until inflation subsides. Year-to-date, the Fed has raised the target Fed Funds rate on five occasions, increasing from nearly 0% to 3-3.25%. The market is anticipating interest rates to peak sometime in March at an overnight rate near 4.6%.[1] As long as interest rates continue to increase, bond yields will continue to increase, which will result in future value loss of the bonds themselves.

BlackRock Municipal Income Trust II

BLE

P3 Total Return: -7.79%

Initial Shares: 0

Initial Value: $0.00

P3 Dividend Yield: 2.04%

Duration: 8.64

Beta: 0.589

Final Shares: 2,282

Final Value: $22,820.00

P3 Holding Action: Bought 2,282 Shares

Description:

BlackRock Municipal Income Trust II (BLE) provides current income exemption from regular federal income tax by primarily investing in municipal bonds. The fund invests at least 80% of its assets in municipal bonds that are investment-grade at the time of investment. Investment in municipal bonds is typically tax-exempt at the federal level.[80] BLE is a mutual fund which by nature has a higher expense ratio than other ETF holdings. The fund has an expense ratio of 1.05% and an average yield to maturity of 8.58%.

Growth Drivers:

The BlackRock Municipal Income Trust II adds unique value to the LaPorte Fund's fixed income portfolio because of its focus on municipal bonds. Municipal bond interest income is typically tax-exempt, which allows the holding to generate income to the LaPorte portfolio without increasing its tax burden.[81] Over the period, BLE returned $307.36 in tax-exempt income to the LaPorte portfolio. However, it should be noted that capital gains for municipal bonds are taxed identically to capital gains with other securities.

Risks:

Like most fixed income investments, BLE is susceptible to interest rate risk. With an effective duration of 8.64 years, BLE's asset values moves inversely to rising yields.[1] As the Federal Reserve has taken an aggressively hawkish interest rate stance, yields have risen and BLE's price is not exempt from this downward pressure. The Fund is also exposed to default risk; however, default is less likely for municipal bonds than for corporate bonds as they more closely resemble government bonds.

iShares Floating Rate Bond ETF

FLOT

P3 Total Return: -0.16%

Initial Shares: 0

Initial Value: $0.00

P3 Dividend Yield: 0.00%

Duration: 1.61

Beta: 0.015

Final Shares: 0

Final Value: $0.00

P3 Holding Action: Bought & Sold 168 Shares

Convexity: 0.05

Description:

iShares Floating Rate Bond ETF (FLOT) seeks to track the performance of the Bloomberg Capital US Floating Rate Note < 5 Years Index.[82] FLOT provides exposure to US floating rate bonds through more than 300 short-term, investment-grade bonds to manage interest rate risk.

Reasons for Purchase and Liquidation:

The LaPorte Fund held FLOT for 6 trading days. Initially, the team viewed the purchase of FLOT to be a strong investment to shelter the Fund from future rate hikes. However, after discussing the probability of future rate hikes, the team decided that future rate hikes were likely already represented in the ETF's current price and that rate cuts were more likely than additional rate hikes. There were also major concerns about locking in losses in another holding to fund the purchase. iShares Core US Aggregate Bond ETF (AGG) shares were liquidated to fund the purchase of FLOT. The team decided that a bond swap from high duration of AGG to low duration of FLOT when yields were high was not a responsible use of capital. It would take an exorbitant amount of time to recoup the losses being realized by selling shares of AGG. For this reason, the shares were quickly liquidated, and the proceeds were returned to the original source of funding. Returning funds to AGG exposed us to longer duration but serves us as a strong position when yields eventually ease.

T. Rowe Price Emerging Market Corporate Debt Fund

TRECX

P3 Total Return: -10.94%

Beta: 0.152

Initial Shares: 1,713.93

Final Shares: 1,749

Initial Value: $16,539.43

Final Value: $14,730.55

P3 Dividend Yield: 0.00%

P3 Holding Action: Hold

Duration: 4.55

Description:

T. Rowe Price Emerging Market Corporate Debt Fund (TRECX) is 96% invested in bonds issued by companies located, listed, or conducting predominant business in emerging markets. TRECX offers potential for high current income and capital appreciation because of higher yield and greater risk bonds in Latin America, Asia, Europe, Africa, and the Middle East.[83] TRECX is a mutual fund which by nature has a higher expense ratio than other ETF holdings. The fund has an expense ratio of 1.15%.

Growth Drivers:

Emerging market debt is typically characterized by higher yields and higher real returns to incentivize foreign investments. However, a recently strengthening dollar has decreased foreign investment.[83] With many central banks across the world beginning to take hawkish interest rate stances, the dollar should start to weaken against some foreign currencies. A weakening dollar, with improvements in other macroeconomic trends like supply chain weaknesses and global inflation, could greatly increase the value of TRECX. The fund's duration also shortened from 5.51 to 4.55 from Period 2 to Period 3, respectively. This decrease in duration indicates that TRECX will be less sensitive to interest rate changes domestically and internationally.

Risks:

One of the risk exposures that is unique to TRECX relative to the LaPorte Fund's other fixed income holdings is foreign exchange risk. The dollar has been strengthening at an extraordinary rate against most foreign currencies as other central banks lagged in addressing global inflation. A strengthening dollar makes foreign investments less valuable domestically and causes funds like TRECX to decrease in value. TRECX, like most fixed income securities, is also subject to interest rate risk and the risk of inflationary value loss. As central banks across the world continue to combat inflation with rising interest rates, prices of these fixed income securities will continue to fall.[84]

WisdomTree Floating Rate Treasure Fund

USFR

P3 Total Return: 0.80%

Initial Shares: 478

Initial Value: $24,033.84

P3 Dividend Yield: 0.80%

Duration: 1.34

Beta: 0.825

Final Shares: 478

Final Value: $24,033.84

P3 Holding Action: Hold

Convexity: 0.03

Description:

The WisdomTree Floating Rate Treasury Fund (USFR) seeks to track the price and yield performance of the Bloomberg US Treasury Floating Rate Bond Index.[85] USFR is almost completely comprised of US Treasury floating rate notes. Floating rate notes or "FRNs" pay coupons according to 3-month treasury bill rates and have maturities of 2 years. The coupon rate is adjusted based on the most recent 13-week T-bill rate. USFR has a relatively low expense ratio of 0.15% and an average yield to maturity of 3.84%.

Growth Drivers:

Treasury FRNs provide direct protection from interest rate risk by fluctuating with changes to short-term treasury rates. The Federal Reserve has chosen target interest rates as one of its main tools to tame inflation. As interest rates have risen this year, the coupons of these securities have been adjusted to mimic the change in rates. USFR has served as a valuable source of protection for the LaPorte Fund portfolio.

Risks:

USFR has had a strong performance in the inflationary environment of Period 3. However, as the Federal Reserve begins to slow or cease future rate hikes, coupon payments should be monitored to ensure that the expense ratio of the fund does not surpass the coupon payments paid.

Wells Fargo & Co. Preferred

WFCPRL

P3 Total Return: -6.30%

Beta: 0.352

Initial Shares: 32

Final Shares: 32

Initial Value: $42,400.00

Final Value: $38,528.00

P3 Dividend Yield: 2.83%

P3 Holding Action: Hold

Description:

Wells Fargo & Co. is one of the top 5 largest banks in the US, providing banking, insurance, investments, mortgage, leasing, credit cards, and consumer finance services in all 50 states and more than 30 countries. Wells Fargo & Co. 7.5% Non-Cum. Perp. Conv. CL A Pfd. Series L is a perpetual preferred stock that pays coupons quarterly with an option to convert the preferred shares to common shares.

Growth Drivers:

While Wells Fargo & Co. common stock had a -17% return in Period 3, the common stock boasts a 78% "Buy" rating.[1] This signals that many market participants view the firm as viable and strong enough to face current market challenges. The preferred stock also pays strong, fixed returns of 7.5% that outpace typical fixed income returns. WFCPRL offers a safe location to store money in a turbulent market environment and earn a respectable return. Another key driver of the preferred stock is the option to convert the shares to common stock. However, the common stock shares would have to trade at a price roughly three times as high as it is currently in order to for the convertible option to be profitable.

Risks:

With interest rates increasing, banks are expecting profits to shrink as borrowing begins to slow. Firms like Wells Fargo & Co. have already experienced a steep decline in investment banking revenue and can expect a slowdown in other areas like mortgage borrowing. Because of the perpetual nature of the holding's payments, the intrinsic value of the preferred stock is more sensitive to interest rate changes than other fixed income securities. Another factor that negatively impacts the holding is inflation risk. With persistent inflation present, the fixed distributions from the holding have less buying power.

Biographies

Period 3

Steven LoCascio Jr.

Steven is currently a second year MBA candidate with a focus in Finance. He joined the LaPorte Fund in September of 2021 and over his tenure on the fund he covered the following Sectors: Energy, Utilities, Consumer Staples, Consumer Discretionary, and Information Technology. Prior to pursuing his MBA and serving on the fund, he spent 5 years working for companies in different industries such as Enterprise Rent-a-Car, 21st Mortgage Corporation, and Fiserv. He most recently served as a Wealth Management Intern at LeBlanc Financial Alliance. Steven's experiences have brought a unique insight to the LaPorte Fund. Steven is currently exploring Wealth Management and Corporate Finance positions upon graduation this December.

Edgar Hernandez

Edgar is in his fourth year at the University of Tennessee double majoring in Finance and Economics with a collateral in Business Analytics. He is overseeing the Real Estate Sector, and currently on his second term. Edgar is from Morristown, Tennessee and has worked in several companies such as Team Technologies Inc, Tennessee Valley Authority, Knoxville Utilities Board, and most recently interned with Capital One. He is actively searching for new opportunities in the Finance industry, and upon graduation in December 2022 he plans to pursue a career in Fixed Income or Corporate Finance.

Jonah Mikulski

Jonah is currently in his fourth year at the University of Tennessee, majoring in Finance with a concentration in Economics. He is in his second semester on the LaPorte Fund, covering the Healthcare Sector and serving as Project Manager both semesters. Jonah, originally from Southampton, New Jersey, has interned at the Federal Reserve Bank of Philadelphia and most recently interned with Chubb in Philadelphia. He currently works as a Senior Bloomberg Analyst in the Masters Investment Learning Center, while also being a member of the UT Investment Group and the UT Real Estate Club. Jonah has been previously selected to enroll in the Honors Finance track within the Haslam College of Business. He plans to graduate in May of 2023 and pursue opportunities in Finance or Consulting.

Isabella Shaw

Isabella is currently in her fourth year at the University of Tennessee, majoring in Finance with a minor in Political Science. This is her second semester on the LaPorte Fund, and she covers the Financials Sector. She is from Memphis, Tennessee, and on campus at UT, she serves as the President of the UT Investment Group, Vice President of the Financial Management Association, a Bloomberg Senior Analyst at the Masters Investment Learning Center, and a Haslam Ambassador. This summer, she interned at AllianceBernstein in their Equity Portfolio Management Group. After graduation in May 2023, she plans on pursuing a career in Asset or Wealth management.

Faith Burton

Faith is currently in her fourth year at the University of Tennessee, majoring in Finance and Business Analytics with a collateral in Economics. This is her first semester on the LaPorte Fund, and she covers the Consumer Staples Sector. She is originally from Rowland Heights, California, and most recently interned in Dallas as a Trade Management Summer Analyst with Goldman Sachs. On campus, Faith serves as Co-Vice President for Women of Haslam and is on the Haslam Student Advisory Council. She is also a part of the Melton Scholars program in the Business Analytics & Statistics department. Upon graduation in May 2023, Faith will be joining J.P. Morgan Private Bank as a Wealth Management Analyst in Atlanta, GA.

Samir Martin

Born and raised in Knoxville, Tennessee, Samir is currently in his first semester of the University of Tennessee's Haslam College of Business MBA program. He completed his first Master's degree with the Haslam College of Business in Business Analytics. He received his Bachelor's of Science in Chemistry from Emory University, with a Mathematics minor. This is Samir's first semester as a manager on the LaPorte Fund, covering the Materials Sector. Upon graduating in May of 2023, Samir plans to pursue a career in Wealth Management.

Nilai Sheth

Nilai is currently in his fourth year at the University of Tennessee, double majoring in Finance and Business Analytics with a collateral in Information Management. This is his first semester on the LaPorte Fund, and he covers the Industrials Sector. He is originally from Brentwood, Tennessee, and most recently interned as a Finance intern at Nissan headquarters. On campus, Nilai is part of the Business Analytics Club and is the captain of the Men's Ultimate Frisbee team at UTK. He is also a part of the Chancellor's Honors program. After graduation in May 2023, Nilai plans to pursue a career in Analytics or Wealth Management.

Jarett Smith

Jarett Smith is in his fourth year at the University of Tennessee, majoring in Finance with a collateral in Business Analytics. He is managing the Fixed Income allocation of the LaPorte Fund during his first semester as a team member. Jarett is originally from Memphis, Tennessee, and most recently interned at Strategic Financial Partners in Memphis. During his time at the University of Tennessee, he has been involved in the Order of Omega Honors Society and held various leadership positions within the Sigma Chi fraternity. After graduation in May of 2023, Jarett will attend the Dual MBA-MS in Business Analytics program here at the University of Tennessee.

Jackson Snodgrass

Jackson is currently in his fourth year at the University of Tennessee, majoring in Finance with a collateral in Entrepreneurship. This is his first year as a member of the LaPorte Fund team, with the task of covering the Information Technology Sector. He is from Knoxville, Tennessee, and most recently interned at Realty Trust Group in his hometown. During his time at Tennessee, he has been an active member of the Sigma Alpha Epsilon Fraternity and has served as a Haslam College of Business Peer Mentor. Jackson will graduate this coming spring, after which he plans to pursue a career in Asset Management or Consulting.

Garrett Stephens

Garrett is currently in his fourth year at the University of Tennessee, majoring in Finance with a collateral in Economics. This semester marks his first on the LaPorte Fund, and he covers the Communication Services Sector. He is originally from Nashville, Tennessee, and during his time at Tennessee, he has been a member of the UT Investment Group, the Economics Club, and served as a Senator in the Student Government Association. Upon graduating in May 2023, Garrett plans to pursue a career in Wealth Management.

William Wheeler

William is currently in his fourth and final year at The University of Tennessee. He majors in Finance with a collateral in Marketing. William is a first semester LaPorte manager, and he actively monitors the Energy and Utilities Sectors. Growing up in Nashville, William began interning with a local wealth management firm, Waypoint Financial Partners, where he is currently still employed. Following his graduation in the spring of 2023, William plans to pursue a career in Wealth Management and fulfill his dream of becoming a Financial Advisor.

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Period 3

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