Prepared for Mr. and Mrs. James A. Haslam II

HASLAM TORCH FUND

H1 Performance Report

10/01/2022 – 03/31/2023

Managers: Jack Beachboard, Lindsey Campbell, Matthew Carter, Matthew Hatton, Adam Husseini, Nathan Miller, Julia Pelot, and Michael Ray

April 1, 2023

Dear Mr. & Mrs. James A. Haslam II:

We would like to begin by thanking you for the generous contributions you have dedicated to the Torch Fund program and all those devoted to it. You have truly embodied what it means to be a Tennessee Volunteer and have established a foundational benchmark for others to follow. None of the invaluable experience gained from this program would be possible without your continued support. The Torch Fund program differentiates both the University of Tennessee and the Haslam College of Business as premiere learning institutions for young students in finance and business. The Torch Fund program provides real-world investment experience within an educational environment, which allows Torch Fund managers to begin their careers one step ahead of their peers. We cannot be thankful enough for the opportunity to manage the Haslam Torch Fund, and we will strive to continually bear the torch, as you have done for generations of students.

As Torch Fund managers, we seek to fulfill our fiduciary responsibilities of maximizing returns on a 5-year time horizon, while utilizing a top-down investing approach. To start the fiscal year 2023, we sought to position our portfolio to combat the existing challenges from the previous year. Pressures from the growing labor market, the overseas energy crisis, and increasing commodity prices fueled unprecedented inflationary forces. Central banks continued to raise interest rates, resulting in a rare simultaneous decline in both equity and bond markets. The markets rallied shortly to start the year, but subsequently fell once again as investor optimism dwindled. As we positioned our portfolio to defend against an ever-evolving macroeconomic landscape, the collapse of Silicon Valley Bank shifted market's expectations regarding Fed's rate hiking strategy. With the uncertainty surrounding the banking industry, interest rates, and fluctuating markets, our outlook has remained pessimistic throughout the H1 period of October 1, 2022, through March 31, 2023.

Ultimately, despite the volatile markets during H1, our Fund delivered strong results. We reported an absolute return of 11.97% and beat our primary benchmark of 60/40 between the S&P 500 and Bloomberg Barclays U.S. Aggregate Bond Index by 68 basis points, which is the highest benchmark relative return among the four Torch Funds. Further, we reported the second highest Sharpe ratio and the lowest coefficient of variation among all the Torch Fund portfolios. Our team began the period by purchasing shares in Camden Property Trust (CPT), FedEx Corp. (FDX), and Schwab Short-Term U.S. Treasury (SCHO). Our strategy was to gain more fixed income exposure due to attractively high yields while also taking advantage of depressed market prices within equity sectors. We continued through the period liquidating positions in ArcBest Corp. (ARCB); Prologis, Inc. (PLD); Dupont de Nemours (DD); Tyson Foods, Inc. (TSN); and Jabil Inc. (JBL). We also sold portions of KKR & Co. (KKR); Global X Infrastructure Development ETF (PAVE); Lockheed Martin Corp. (LMT); and Raytheon Corp. (RTX). These liquidations facilitated the purchase of Roche Holding AG (RHHBY) and increased positions in Camden Property Trust (CPT) and Wisdom Tree Floating Rate Treasury (USFR). Our actions during H1 reflected our commitment to safer alternatives within fixed income while allocating funds to suitable and attractive equity investments.

Moving forward, the Haslam Fund managers will continue striving for unparalleled success and growth in our endeavors. We are sincerely grateful for the opportunity to manage the Haslam Torch Fund and will undoubtedly rely on this experience to kickstart our professional careers. On behalf of the entire Haslam team, we thank you for your trust in us and look forward to earning your continued support in years ahead.

Sincerely,

Your Haslam Torch Fund Team,

Jack Beachboard, Lindsey Campbell, Matthew Carter, Matthew Hatton, Adam Husseini, Nathan Miller, Julia Pelot, and Michael Ray

Table of Contents

Economic Outlook **04**
Summary of Portfolio Performance **05**
Overview of Performance Objectives **08**
Largest & Smallest Holdings and Best & Worst Performers **09**
Portfolio Allocation **10**
Summary of Individual Holding Returns **11**
Summary of Actions for the Period **12**

Fixed Income
BlackRock Municipal Income Trust 15
iShares Core U.S. Aggregate Bond ETF 16
Schwab Short Term U.S. Treasury ETF 17
SPDR ICE Preferred Securities ETF 18
WisdomTree Floating Rate Treasury Fund 19

Communication Services
Comm. Services Select Sector SPDR Fund 21
Verizon Communications Inc. 22
Walt Disney Co. 23

Consumer Discretionary
Amazon.com, Inc. 25
Dollar General Corp. 26

Consumer Staples
The Proctor & Gamble Co. 28
Tyson Foods, Inc. 29
Walmart, Inc. 30

Energy
Energy Transfer LP 32

Financials
Bank of America Corp. 34
JPMorgan Chase & Co. 35
KKR & Co. 36
MetLife, Inc. 37

Healthcare
Abbott Laboratories 39
Amgen Inc. 40
CVS Health Corporation 41
Merck & Co., Inc. 42
Roche Holding AG 43

Industrials
ArcBest Corporation 45
FedEx Corporation 46
Global X Infrastructure Development ETF 47
Lockheed Martin Corporation 48
Raytheon Technologies Corporation 49

Information Technology
Apple Inc. 51
Applied Materials Inc. 52
Broadcom Inc. 53
Jabil Inc. 54
Microsoft Inc. 55
Palo Alto Networks Inc. 56

Materials
DuPont de Nemours Inc. 58
Graphic Packaging Co. 59

Real Estate
Camden Property Trust 61
Prologis, Inc. 62
Welltower, Inc. 63

Utilities
Entergy Corp. 65
Utilities Select Sector SPDR Fund 66

Fund Manager Bios 67

Works Cited/Appendix 70

Economic Outlook

Overall Economy
At the beginning of the period, the Haslam Fund maintained a pessimistic view of the macroeconomy. This was largely driven by central banks raising rates to combat multi-decade high inflation, which has persisted longer than many anticipated. Given the Fed's inflation target of 2.00%, monetary policy has been a source of consistent pressure on financial markets. As a result, we sought to move our portfolio in a more defensive direction throughout the H1 period.

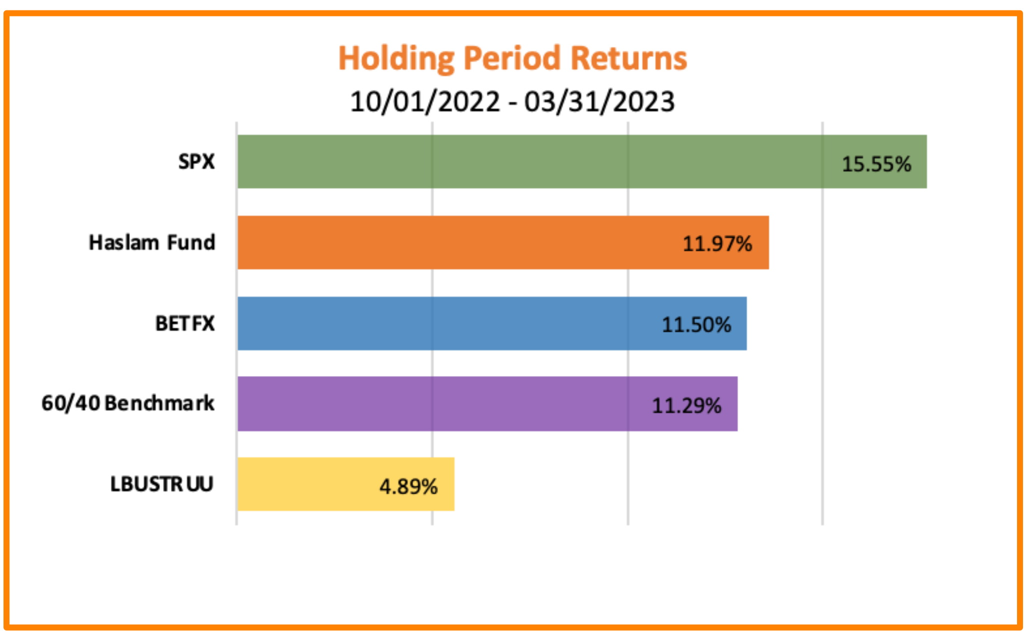
Domestic Economy
Throughout the period, the Fed has remained steadfast in its pursuit to cool a hot labor market and achieve its 2.00% inflation goal. The Fed's messaging throughout each of its seven hikes during the period remains focused on tamping inflation with the hopes to see a soft-landing in the economy. The soft-landing would see cooling effects in labor and prices, thus preventing a wage-price spiral. To monitor this as a fund, we follow major economic releases, including the CPI and PCE, for signs of disinflation (meaning rising prices at a decreasing rate) and jobs reports and GDP data for indicators of the economy's health. An unintended consequence of tightening monetary policy occurred on March 10th, when Silicon Valley Bank (SVB) collapsed, becoming the second largest bank failure in U.S. history. The failure created a ripple effect across the banking industry, leading to the failure of Signature Bank and the distress of Credit Suisse, which was eventually acquired by UBS. Rising interest rates exposed banks to distress due to a mismatch of duration risk within their balance sheets. The lack of effective immunization decreased asset values, which led to the forced sales of treasuries at prices well below par value. In reaction to the distress, concentrated pools of depositors rushed to pull their funds in a run on the banks. Following the bank failures, the Federal Deposit Insurance Corporation (FDIC) insured all deposits regardless of value as the failure posed a "systemic risk" to the financial system. Further, many expect more stringent stress testing is on the horizon for mid-sized banks, which will likely work in lockstep with the Fed's objective by tightening credit conditions.

Over the past six months, interest rate expectations derived from fed funds futures and overnight interest swap markets indicated terminal rates ranging from 4.45% to 5.48%, ending the period at 4.96%. The Fed has remained clear in their objectives; however, the market has seen more volatility in expectations regarding the terminal rate the Fed will impose. Regardless of likely additional hikes, the Fed predicts that the U.S. will enter a recession by the end of this year.[1] This environment collectively reaffirms our pessimistic outlook on the U.S. economy.

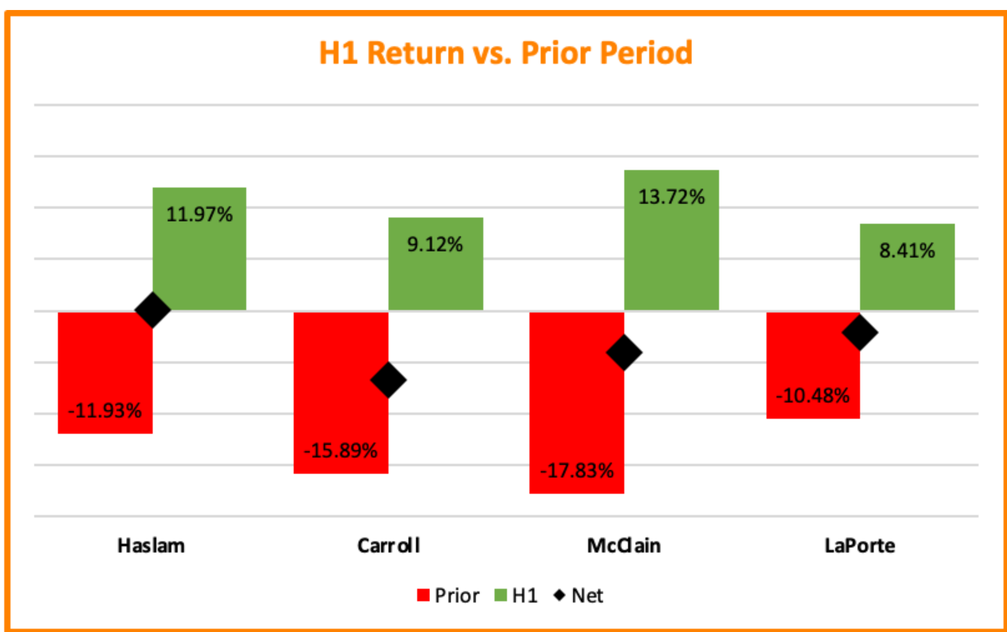
Global Outlook
Within the global economy, rising interest rates, banking instability, and recessionary concerns are equally prevalent. Countries with historically low and, in some cases, negative interest rates have seen central banks raising rates to combat inflation. From 0.10% at EOY in 2021, the Bank of England raised rates to 4.25% in March of 2023. Additionally, political tensions remain high abroad, specifically as the Russia-Ukraine war reached its one-year anniversary during H1. The U.S. and China continue to see heightened political tensions, especially surrounding trade relations between the U.S. and Taiwan. As the world becomes increasingly interconnected, global economic concerns greatly affect domestic markets. As the U.S. continues towards a recession, it is likely that other established markets will follow.

Economic Outlook Implementation
Due to our pessimistic view of the economy, the Haslam Fund implemented defensive measures for our portfolio. The first major action was to increase our fixed income exposure, while reducing our duration and taking advantage of the inverted yield curve, by buying SCHO (a short-term treasuries fund). Secondly, due to the cyclical nature of private equity, we reduced our position in KKR, which proved to be beneficial during the banking crisis. Additionally, throughout the period we have been more willing to hold cash in the form of money market funds due to their security and historically high yields. Moving forward, we will continue to prepare our portfolio to perform well in a recessionary environment.

Summary of Portfolio Performance



In terms of absolute return, The Haslam Fund finished second among the four Torch Funds, returning 11.97% for H1. The fund outperformed the 60/40 benchmark by 68 basis points, which is the highest benchmark relative return among the four funds. The Haslam portfolio also outperformed BETFX for the period, which is Morningstar's ETF that represents a 60/40 allocation portfolio.



The Haslam Fund was the only fund to fully recover losses incurred during the prior period, with a net gain of 4 basis points. In comparison, the Carroll, McClain, and LaPorte Funds each had a net loss of -677, -411, and -207 basis points, respectively.

*The above figure presents absolute returns of the most recent reporting period in green (10/01/2022 - 03/31/2023), with returns from the prior period shown in red (04/01/2022 – 09/30/2022). The absolute net return spanning both periods, i.e., the past 12 months, is denoted with a diamond.

Summary of Portfolio Performance

Betas	H1	H2	Tenure
Beta Compared to Benchmark	0.98	-	0.98
R-Squared of Beta	0.96	-	0.96
Beta Compared to S&P 500	0.64	-	0.64
R-Squared of Beta	0.95	-	0.95

Sharpe Ratios	H1	H2	Tenure
Haslam Fund Portfolio	1.48	-	1.48
Benchmark	1.42	-	1.42
S&P 500	1.34	-	1.34
BETFX	1.10	-	1.10

Treynor Ratios	H1	H2	Tenure
Haslam Fund Portfolio	0.21	-	0.21
Benchmark	0.20	-	0.20
S&P 500	0.29	-	0.29
BETFX	0.23	-	0.23

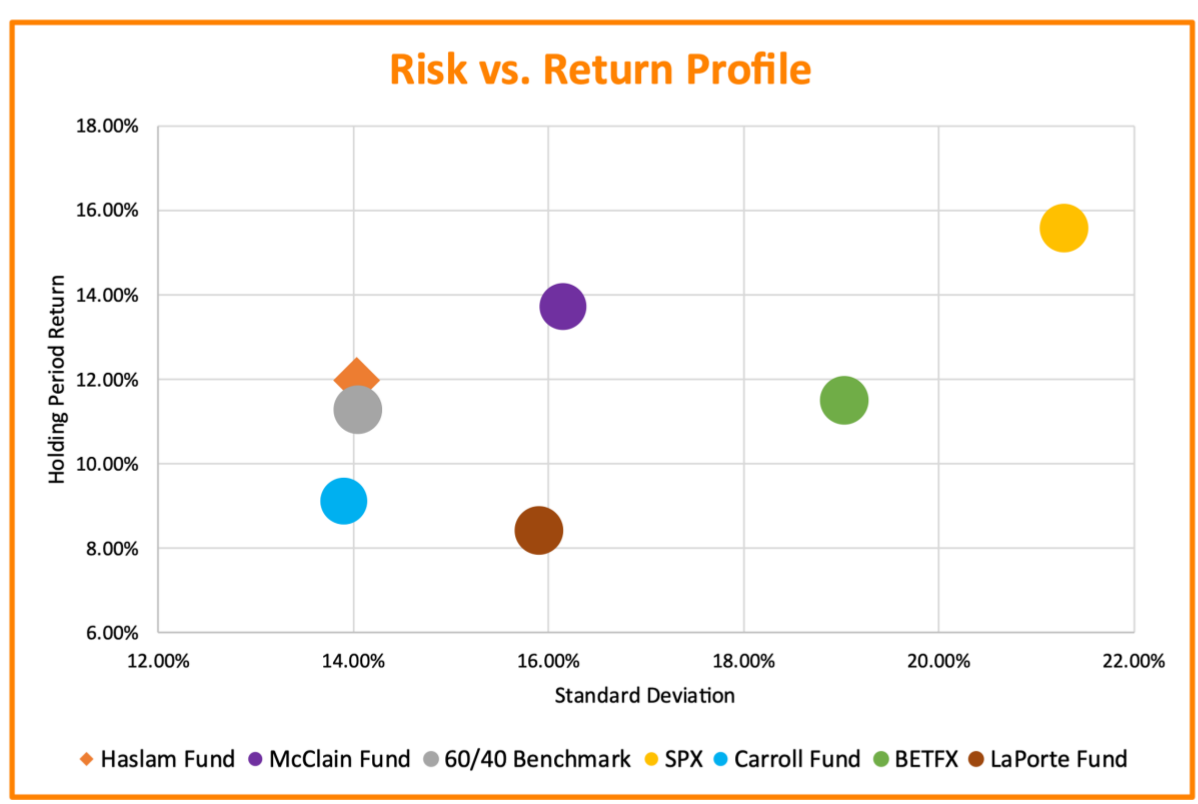
Other Metrics	H1	H2	Tenure
Standard Deviation (%)	14.04	-	14.04
Tracking Error (%)	2.97	-	2.97
Information Ratio (Benchmark)	0.31	-	0.31

Note: All calculations presented are annualized and calculated using daily returns over the reporting period.

*The primary benchmark for the Haslam Torch Fund is a 60-40 portfolio, weighted 60.00% of S&P 500 returns and 40.00% of Bloomberg Barclays U.S. Aggregate Bond Index returns.

**BETFX is Morningstar Balanced ETF Asset Allocation Portfolio Fund.

Summary of Portfolio Performance

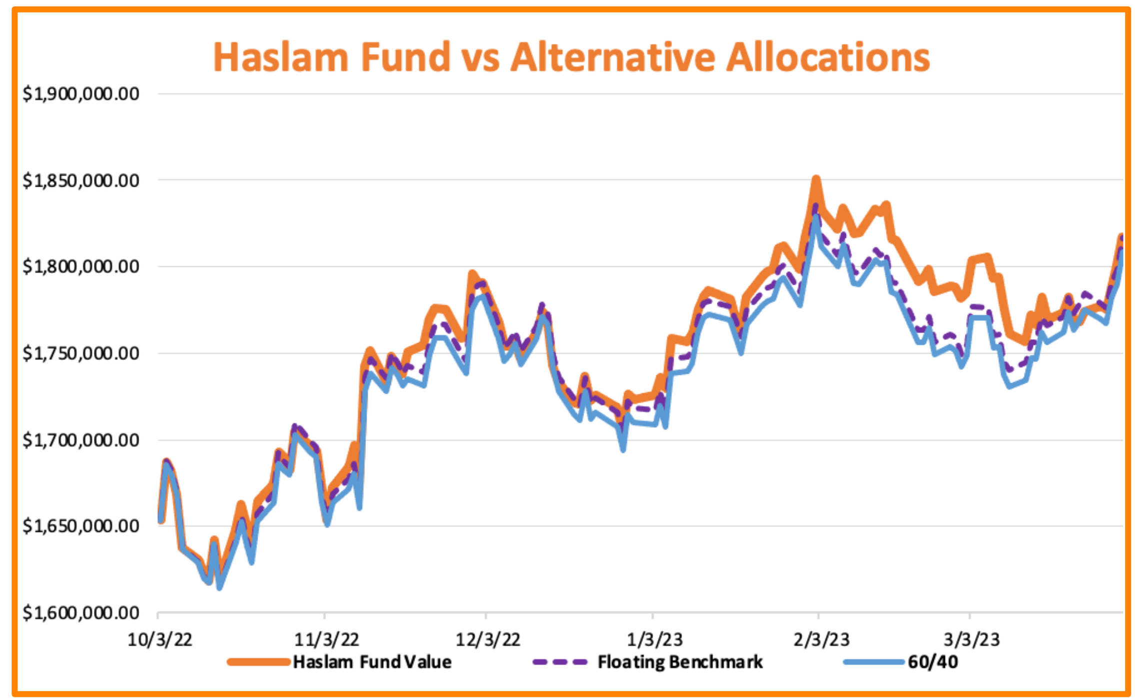


	Holding Period Return	Standard Deviation	Sharpe Ratio	Treynor Ratio	Coefficient of Variation
Haslam Fund	11.97%	14.04%	1.4819	0.2129	1.1728
McClain Fund	13.72%	16.15%	1.5015	0.3095	1.1771
60/40 Benchmark	11.29%	14.05%	1.4167	0.1990	1.2446
SPX	15.55%	21.29%	1.3391	0.2851	1.3687
Carroll Fund	9.12%	13.90%	1.1216	0.1605	1.5241
BETFX	11.50%	19.04%	1.1033	0.2277	1.6558
LaPorte Fund	8.41%	15.91%	0.9159	0.1332	1.8918

Despite finishing second among the four Torch Funds in terms of Sharpe ratio and Treynor ratio, the Haslam Fund reported the lowest coefficient of variation (CV) among the funds and the benchmarks. This is due to the higher yields on risk-free U.S. Treasury bills emphasizing the need for higher returns over reduced risk. Sharpe ratio includes standard deviation in the denominator of the calculation, while Treynor includes beta. The Haslam Fund sustained a lower standard deviation than the McClain Fund, which led to a similar Sharpe ratio. However, the Haslam portfolio maintained a much higher beta of 0.98 compared to McClain's beta of 0.78, which led to a lower Treynor ratio. Continually, the Haslam Fund had a CV of 1.1728, meaning it needed roughly 1.173 units of risk to generate one unit of return. In comparison, the McClain, Carroll, and LaPorte Funds needed approximately 1.177, 1.524, and 1.892 units of risk, respectively, to generate a single unit of return.

Overview of Performance Objectives

Objective	H1	H2
Generate positive return	✓	
Beat our benchmark	✓	
Outperform all other funds on an absolute basis	✗	
Outperform all other funds on a risk-adjusted basis	✗	



The graph above shows the Haslam Fund compared to the 60/40 benchmark as well as a floating weight benchmark. The floating weight benchmark (shown by the purple dotted line) is a mix of the S&P 500 and the Bloomberg Barclays U.S. Aggregate Bond Index, weighted by the fund's actual asset class allocation for a given day. Therefore, when the floating weight benchmark exceeds the fixed 60/40 benchmark, this means the portfolio has strong allocation. As seen in the graph, the floating weight benchmark is greater than the fixed 60/40 benchmark for most of H1, indicating that our intentional asset class allocation was successful at generating superior returns. However, allocation is only one piece of the puzzle. When the Haslam Fund value is greater than the fixed 60/40 benchmark, but less than the floating weight benchmark, this indicates strong allocation, but poor selection. On the other hand, when the Haslam Fund value is less than the fixed 60/40 benchmark, but greater than the floating weight benchmark, this indicates our security selection is strong, but our allocation is poor. Continually, when the Haslam Fund value is less than both the floating and fixed 60/40 benchmark, our allocation and selection are both poor. When the Haslam Fund value exceeds both the floating and fixed weight benchmark, this shows that our asset class allocation and individual security selection is strong. As shown, for most of the period, the Haslam Fund exceeded both the fixed and floating benchmark, signifying that both our allocation and security selection led to outperformance.

Largest & Smallest Holdings and Best & Worst Performers

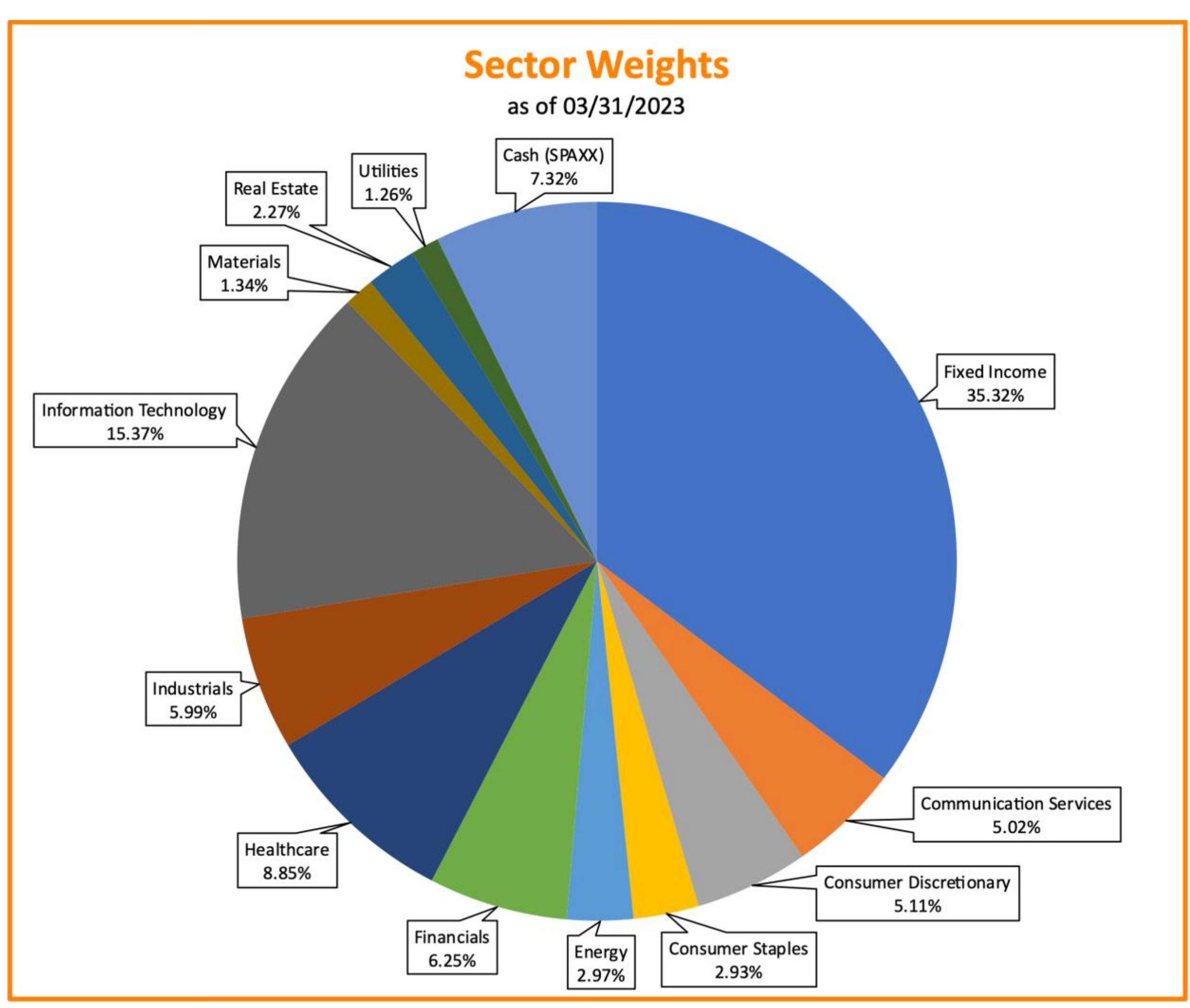
Largest Holdings	Weight (%)
iShares Core U.S. Aggregate Bond ETF (AGG)	8.59
BlackRock Municipal Income Trust (BFK)	8.18
WisdomTree Floating Rate (USFR)	7.03
SPDR Wells Fargo Preferred Stock ETF (PSK)	5.93
Schwab Short Term US Treasury ETF (SCHO)	5.59

Smallest Holdings	Weight (%)
Utilities Sector SPDR Fund (XLU)	0.58
Entergy Corporation (ETR)	0.68
Amgen Inc. (AMGN)	0.93
Verizon Communications Inc. (VZ)	0.98
Welltower Inc. (WELL)	1.03

Best H1 Performers	Return (%)
Applied Materials Inc. (AMAT)	50.56
Broadcom Inc. (AVGO)	46.56
FedEx Corp. (FDX)	45.35
DuPont de Nemours Inc. (DD)	37.16
Graphic Packaging Holding Company (GPK)	30.02

Worst H1 Performers	Return (%)
CVS Health Corp. (CVS)	-20.87
Dollar General Corp. (DG)	-11.80
Amazon.com Inc. (AMZN)	-8.59
Camden Property Trust (CPT)	-7.29
Bank of America Corp. (BAC)	-3.84

Portfolio Allocation



Asset Type	H1 End Value	H2 End Value
Equities	1,042,290.59	-
Fixed Income	641,682.05	-
Cash	132,946.32	-
TOTAL	**1,816,918.96**	**-**

Summary of Individual Holding Returns

Holding	H1 Return (%)	H2 Return (%)	Tenure Return (%)	Current Weight (%)
Equities				
AAPL	19.65	-	19.65	3.73
ABT	5.66	-	5.66	1.27
AMAT	50.56	-	50.56	2.99
AMGN	9.06	-	9.06	0.93
AMZN	-8.59	-	-8.59	2.96
ARCB	19.06	-	19.06	-
AVGO	46.56	-	46.56	2.82
BAC	-3.84	-	-3.84	1.71
CPT	-7.29	-	-7.29	1.24
CVS	-20.87	-	-20.87	1.48
DD	37.16	-	37.16	-
DG	-11.80	-	-11.80	2.15
DIS	6.15	-	6.15	1.33
ET	18.22	-	18.22	2.97
ETR	9.19	-	9.19	0.68
FDX	45.35	-	45.35	1.99
GPK	30.02	-	30.02	1.34
JBL	24.45	-	24.45	-
JPM	26.61	-	26.61	1.28
KKR	26.55	-	26.55	1.58
LMT	24.16	-	24.16	1.07
MET	-3.03	-	-3.03	1.67
MRK	25.19	-	25.19	3.18
MSFT	24.37	-	24.37	4.51
PANW	21.95	-	21.95	1.32
PAVE	21.03	-	21.03	1.64
PG	19.22	-	19.22	1.49
PLD	11.60	-	11.60	-
RHHBY	3.98	-	3.98	1.99
RTX	20.38	-	20.38	1.29
TSN	0.07	-	0.07	-
VZ	5.86	-	5.86	0.98
WELL	13.36	-	13.36	1.03
WMT	14.12	-	14.12	1.44
XLC	21.61	-	21.61	2.70
XLU	4.95	-	4.95	0.58
Fixed Income				
AGG	4.83	-	4.83	8.59
BFK	9.54	-	9.54	8.18
PSK	0.48	-	0.48	5.93
SCHO	2.45	-	2.45	5.59
USFR	1.19	-	1.19	7.03

Summary of Actions for the Period

H1 Actions:

Camden Property Trust (CPT)

- Purchased 118 shares for $13,570.00 (10/07/2022)

Wisdom Tree Floating Rate Treasury Fund (USFR)

- Sold 1985 shares for $100,011.93 (10/24/2022)

Schwab Short Term US Treasury ETF (SCHO)

- Purchased 2083 shares for $100,254.79 (10/31/2022)

ArcBest Corp. (ARCB)

- Sold 87 shares for $6,494.12 (11/07/2022)

Global X US Infrastructure Development ETF (PAVE)

- Sold 317 shares for $8,235.50 (11/07/2022)

Lockheed Martin Corp (LMT)

- Sold 15 shares for $7,229.62 (11/07/2022)

Raytheon Technologies Corp. (RTX)

- Sold 42 shares for $4,021.40 (11/07/2022)

FedEx Corp. (FDX)

- Purchased 158 shares for $24,963.00 (11/07/2022)

Camden Property Trust (CPT)

- Purchased 97 shares for $10,961.00 (11/14/2022)

Prologis Inc. (PLD)

- Sold 231 shares for $26,192.49 (11/14/2022)

DuPont de Nemours (DD)

- Sold 317 shares for $21,913.70 (11/18/2022)

Tyson Foods Inc. (TSN)

- Sold 400 shares for $26,197.40 (12/02/2022)

H1 Actions Continued:

Wisdom Tree Floating Rate Treasury Fund (USFR)

- Sold 521 shares for $26,185.46 (12/02/2022)

Jabil Inc. (JBL)

- Sold 862 shares for $61,838.46 (12/09/2022)

ArcBest Corp. (ARCB)

- Sold 283 shares for $25,511.85 (02/02/2023)

KKR & Co Inc. (KKR)

- Sold 300 shares for $17,099.86 (03/07/2023)

Roche Holdings ADR (RHHBY)

- Purchased 483 shares for $17,098.20 (3/10/2023)
- Purchased 524 shares for $18,405.50 (3/13/2023)

Fixed Income

Fund Manager: Michael Ray

H1 Analysis:
During H1, the bond markets bounced back from the negative returns of 2022. The Bloomberg Aggregate Bond Index returned 4.89%, up from -9.22% at the end of September of 2022. Our fixed income holdings showed resilience as well, returning 3.60% during H1, which is up from -7.36% at the end of September of 2022. The difference in returns was a result of us taking on more duration risk and having slight underperformance in our high duration holdings for the current period. Because of our 5-year time horizon, our portfolio is positioned towards looking through the remaining hike cycle, with an eye towards an expected slowdown in the second half of 2023, when we believe the corresponding decline in interest rates will lead to long term outperformance over our benchmark. For H1, the recovery of the bond market stemmed from investors wanting to keep their money in bonds rather than equities due to the inconsistency within the stock market. Particularly, bond ETFs outperformed in the first quarter of 2023, with almost double the amount of inflows as stock ETFs.[1] In addition, before the collapse of Silicon Valley Bank in March, it looked as if there would not be a cut in interest rates until the end of 2023 due to the strong jobs reports and CPI statistics to start the year. The yields on 2-year treasuries had reached a high of 5.07% in March, which was 1.07% higher than the yields on 10-year treasuries, resulting in a steeply inverted yield curve.[2] However, once Silicon Valley bank failed, the Fed was forced to reassess their outlook on inflation to avoid undue distress within the financial sector. The fixed income market benefitted, and at quarter close on March 31st, the yield on 2-year treasuries had dropped to 4.06%.[2]

Moving Forward:
In H2, it will be imperative for our fund to continue following unemployment and inflation metrics. Unemployment rate, initial jobless claims, and consumer spending indicators such as CPI, PCE, and PPI will all play a role in determining what will happen at each of the next FOMC meetings. Since the dust has settled within the banking industry, we can expect the Fed to continue trying to battle inflation and raise rates until they start to see a decline in the labor market and consumer spending. This will negatively affect our high duration holdings in the short term, but interest rate futures suggest that May will be the last hike before we begin to see rate cuts by the end of H2.[3] Conversely, interest rate expectations have fluctuated throughout 2023, implying that more people may invest in safer, short-term Treasuries and low duration bonds to hedge against the uncertainty of the Fed. The Haslam Fund will continue to monitor Fed policy and the markets' reaction to it, while attempting to filter out short term noise, to maintain an unwavering focus on long term portfolio performance.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark
H1	601,474.25	641,682.05	3.60	4.89	2.64
H2	-	-	-	-	-
Tenure	601,474.25	641,682.05	3.60	4.89	2.64

BlackRock Municipal Income Trust (BFK)

Sector: Fixed Income
Fund Manager: Michael Ray

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	138,728.21	148,626.97	9.54	2.40
H2	-	-	-	-
Tenure	138,728.21	148,626.97	9.54	2.40

H1 Actions: Held. Total dividend payments of $3,333.55 during the period.

Holding Description:
BlackRock Municipal Income Trust is a closed-end fixed income mutual fund that was launched by Blackrock, Inc. Their objective is to provide current income that is exempt from federal income tax, so they invest primarily in high-yield municipal bonds that may be undervalued by the bond market. According to the BlackRock website, "Under normal market conditions, the Trust will invest at least 80.00% of its total assets in municipal bonds that are investment grade quality."[4] The other 20.00% may be invested in municipals that are just below investment grade.

Positive Drivers:
Since BFK invests in high-yield, long-duration municipal bonds, their returns should have been negatively affected as interest rates continued to increase. However, during H1, BFK generated strong positive returns because the supply of municipal bonds has decreased while demand from retail investors has remained strong. Since it hit its low point in October of 2022, BFK's price has consistently trended upwards while providing consistent dividend yields. To add, unlike most high-yielding bonds, BFK's underlying municipal bonds have little default risk because most of them are state tax-backed debt issuances. Unless state taxpayers decide to stop paying their taxes in the future, debtholders can feel confident they will be paid back on time and experience higher yields with less overall risk. Finally, BFK's high duration exposure will provide our portfolio with increased capital gains once rates start to decrease. Barring any major economic crises, BFK should begin to see significant returns towards the end of H2 in 2023.

Negative Drivers:
While BFK could offer substantial upside due to its duration exposure, it could also experience losses if interest rates continue to increase. Approximately 40.00% of BFK's holdings have maturities of over 25 years, which presents significant risk going forward with the uncertainty regarding interest rate changes.[4] BFK also has four of the top ten of its holdings invested in tobacco bonds, which could pose a threat if municipalities begin defaulting on their debt. Also, BFK has continued to become more expensive due to its increased leveraging. As of March 31, 2023, it was leveraged with 39.88% of preferred assets, which continues to drive up its already high expense ratio of 1.63%.[5]

iShares Core U.S. Bond Aggregate ETF (AGG)

Sector: Fixed Income
Fund Manager: Michael Ray

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	150,868.44	156,036.24	4.83	1.41
H2	-	-	-	-
Tenure	150,868.44	156,036.24	4.83	1.41

H1 Actions: Held. Total dividend payments of $2,126.20 during the period.

Holding Description:
iShares Core U.S. Aggregate Bond ETF (AGG) is an exchange traded fund that offers broad exposure to U.S. investment grade bonds by tracking the Bloomberg U.S. Aggregate Bond Index. AGG covers five sectors of the fixed income market but is mainly comprised of government, mortgage, and corporate securities that attempt to replicate the returns of the investment grade fixed income market.[5] The Haslam Fund holds AGG to passively invest a portion of its fixed income segment against its benchmark, which is why it is our largest holding at 8.59% of the portfolio.

Positive Drivers:
As AGG strictly follows the investment grade bond index, its positive drivers will be the same as the overall bond market: the lowering of interest rates and inflation. The Fed has continued to raise rates at a steady pace to start 2023, but due to the recent instability of the banking sector, rates may begin to flatten out sooner than expected. Once rates begin to come down, AGG should provide strong capital gains within its diversified portfolio of holdings. Until then, it will follow the U.S. Aggregate Bond Index and provide the fund with steady dividend yields to provide positive returns in an interest rate sensitive environment. AGG functions as a safety net for us to track our benchmark while also experiencing market returns, which grants us flexibility to find opportunities within fixed income where we can outperform our benchmark.

Negative Drivers:
AGG's performance is reliant on how the Fed attempts to deal with inflation, and thus, its returns will fluctuate with interest rate changes. The main items to watch within the coming months will be unemployment rates and consumer spending statistics that will heavily influence the Fed's decision on rates. Given AGG's expense ratio (0.30%), we can expect a modest miss compared to the underlying index but intend to continue to hold AGG as a core position within our fixed income allocation.

Schwab Short-Term U.S. Treasury ETF (SCHO)

Sector: Fixed Income
Fund Manager: Michael Ray

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	-	101,629.57	2.45	1.08
H2	-	-	-	-
Tenure	-	101,629.57	2.45	1.08

H1 Actions: Bought 2,083 shares for $100,254.80 on 10/31/22. Total dividend payments of $1,085.66 during the period.

Holding Description:
Schwab Short-Term U.S. Treasury ETF (SCHO) has an objective to follow the Bloomberg U.S. 1-3 Year Treasury Bond Index as closely as possible. It provides "simple access to U.S. Treasury securities having a remaining maturity of between one and three years." [6]

Positive Drivers:
SCHO provides income from the short end of the Treasury bond yield curve and serves as a core part of our diversified fixed income portfolio. SCHO has very low default risk, as it is entirely AAA rated, and has a low duration as well. Holding SCHO gives us exposure to the front end of the yield curve, offering low levels of interest rate risk, with a historically high yield to maturity. In addition to the highest yields available in a decade, the amount of inversion in the yield curve makes the risk return tradeoff of these short-dated treasury funds attractive. Also, SCHO is highly liquid being a U.S. Treasury ETF, which gives our fund the ability to sell at a moment's notice if necessary.

Negative Drivers:
Continued interest rate hikes pose a threat for SCHO in the short term. Although it has low duration risk, SCHO will still be negatively affected by another hike in interest rates. This is coupled with the effects of a strong labor market that will move wages higher and fuel inflation. If this occurs, SCHO could see losses, as their short maturity holdings will depreciate in value as prices drop and yields go higher. Another risk lies with the U.S. government and the debt ceiling. The debt ceiling has been set, but Congress will need to raise it once again if it wants to be able to fulfill the U.S. government's obligations. If an agreement is not reached within the next few months, the government could default on its debt, which would be detrimental to the performance of SCHO, although this scenario is highly unlikely.

SPDR ICE Preferred Securities ETF (PSK)

Sector: Fixed Income
Fund Manager: Michael Ray

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	110,506.20	107,653.20	0.48	3.06
H2	-	-	-	-
Tenure	110,506.20	107,653.20	0.48	3.06

H1 Actions: Held. Total dividend payments of $3,384.79 during the period.

Holding Description:
SPDR ICE Preferred Securities ETF (PSK) is a passively managed fund of preferred securities that tracks the performance of the ICE Exchange-Listed Fixed and Adjustable-Rate Preferred Securities Index. It follows its benchmark by investing in non-convertible securities with fixed par values of $25.00, which is typical for most preferred securities.[7] PSK is another way to diversify the fixed income portion of our portfolio and provides consistent dividend payments in addition to potential capital gains.

Positive Drivers:
PSK, along with BFK, represents another one of our high duration holdings. Because it is composed of preferred shares that do not mature, the duration risk is high; however, it has significant upside potential once interest rates begin to decline and markets begin to rally. To add, PSK also offers another form of fixed income because it is made up of preferred securities that are considered "hybrid" investments, meaning they share the characteristics of both stocks and bonds.[7] In general, preferred securities will have a strong relationship with both the stock and bond markets, allowing it to rebound quicker than our other fixed income securities and diversifying our holdings further. By holding PSK, we are further differentiated from our benchmark, through both underlying assets and duration exposure, which we expect will enhance benchmark relative returns going forward.

Negative Drivers:
As with other high duration holdings, PSK's interest rate sensitivity presents a significant risk as the Fed continues hiking rates. Preferred shares do not mature, which explains why PSK has such a high duration. Additionally, 83.29% of PSK's holdings are within the financial sector.[8] With the collapse of Silicon Valley Bank in March, PSK took a large hit as the financial sector plummeted. Although the Fed seems to have eased the worries of those predicting another financial crisis, a recession in the near future could pose serious risks in the banking industry because of its cyclical nature. We will have to watch for earnings releases from each of PSK's top financial holdings, including Citigroup, Capital One, and Allstate to ensure that deposits and underwriting of loans remain steady.

WisdomTree Floating Rate Treasury Fund (USFR)

Sector: Fixed Income
Fund Manager: Michael Ray

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	201,371.40	127,736.07	1.19	2.10
H2	-	-	-	-
Tenure	201,371.40	127,736.07	1.19	2.10

H1 Actions: Sold 1,985 shares for $100,011.93 on 10/24/2022 and bought 521 shares for $26,185.46 on 12/02/2022. Total dividend of $2,523.37 received during the period.

Holding Description:
WisdomTree Floating Rate Treasury Fund ETF (USFR) is a passively managed fund that seeks to track the performance of the Bloomberg U.S. Treasury Floating Rate Bond Index. USFR selects Floating Rate Notes (FRNs), which are debt securities with variable interest rates, that fluctuate with the high-yield determined at the weekly auction of 13-week U.S. Treasury bills.[9] If yields at the treasury bill auction rise each week, investors can receive greater compensation than if they had decided to hold a fixed rate coupon paying security. Therefore, the FRNs in which USFR invests in provide attractive yields, given current rates and the shape of the yield curve, while also avoiding interest rate risks. USFR acts as a higher yielding ultra-liquid cash equivalent, given the floating rate underlying securities side-step interest rate risk.

Positive Drivers:
The primary driver of USFR is its ability to provide a competitive yield on short-term floating rate notes that are free of the interest rate risk associated with the continuing rate hikes. Its yields move with market determined rates on 3-month U.S. Treasury bills, without any capital gain or loss, leading to attractive returns in a rate hike environment, and extremely low duration. USFR provides our portfolio with a steady stream of interest income without having to take on much additional risk. It also is highly liquid because of its extremely short terms, giving our fund more flexibility as we move through uncertain economic times.

Negative Drivers:
Because USFR holds floating rate securities, it offers no upside once rates decline. However, we do expect to receive stable cash flows with nearly no risk to principal. The instability within the Treasury markets could raise a slight cause for concern, but unless the U.S. government begins to default on its debt, USFR provides a safe way for us to put away cash and collect interest income.

Communication Services

Fund Manager: Matthew Hatton

H1 Analysis:
Despite the Communication Services sector finishing H1 with capital gains, as the S&P 500 Communication Services sector ended with a return of 18.22%, our investments in this sector underperformed with an overall return of 13.84%. The Communication Services sector outperformed the broader S&P 500 by roughly 320 basis points, which is indicative of improvements in the sector. During H1, we held our positions in Disney, Verizon, and XLC. In the first half of the period, many of the luxury purchases associated with entertainment and technology upgrades were being put off by consumers due to rising prices caused by increased inflation and continued Fed rate hikes. About halfway through H1, markets began to forecast a softer landing and a rapidly approaching terminal rate. This reduced that initial hesitancy in spending that had drastically affected companies in the sector in the earlier part of H1. As a result, the sector saw a rebound in the early months of the year as the delays in consumer spending on luxury goods began to subside. Each of our holdings in this sector generated positive returns for the period.

Moving Forward:
The Haslam Fund team is overall pessimistic on economic conditions in the near to mid-term due to the current persistent levels of inflation in the market and the resulting fed funds rate hikes that will follow. Therefore, we believe that the likelihood of a hard landing is substantial, and a recession may be on the horizon. The Communication Services sector contains businesses that inherently have higher equity betas due to their production of discretionary products and services. Though we have seen a rally in the market in the later part of H1, we expect there to be an overall downturn in the sector in H2, as the economy begins a potentially rocky descent from the terminal rate, which we expect to see in the next few months.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	80,818.92	91,182.56	13.84	18.75	0.64
H2	-	-	-	-	-
Tenure	80,818.92	91,182.56	13.84	18.75	0.64

Communications Services Select Sector SPDR Fund (XLC)

STATE STREET GLOBAL ADVISORS SPDR®

Sector: Communication Services
Fund Manager: Matthew Hatton

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	40,562.83	49,100.59	21.61	0.56
H2	-	-	-	-
Tenure	40,562.83	49,100.59	21.61	0.56

H1 Actions: Held. Total dividend payments of $226.73 during this period.

Holding Description:
The Communications Services Select Sector SPDR Fund is an exchange-traded fund (ETF) that seeks to track the performance of companies in the Communication Services sector of the S&P 500 Index. The fund uses a market capitalization-weighted approach to allocate its holdings. XLC is passively managed, which means it aims to replicate the performance of its benchmark index rather than trying to outperform it through individual security selection or market timing. The fund's top holdings are as follows: Meta Platforms Inc. Class A (22.57%), Alphabet Inc. Class A (12.77%), Alphabet Inc. Class C (11.21%), Netflix Inc. (4.68%), Activision Blizzard Inc. (4.34%), AT&T Inc. (4.28%), T-Mobile U.S. Inc. (4.26%), Walt Disney Company (4.26%), Comcast Corporation Class A (4.26%), and Verizon Communications Inc. (4.24%).[6]

Positive Drivers:
A large positive driver within this sector has been the adoption of 5G technology, which has allowed for the spread of processes that require faster internet speeds across an even larger area of locations, which supports the rise of the internet of things. This interconnected network of devices is being built on the backbone of cellular service, and this industry's demand is going to become even more inelastic as technology is further integrated into daily processes. The global telecommunications industry itself is projected to grow at a compound annual rate of 6.20% over the next seven years as emerging markets in China, India, and Brazil see significant market size expansion.[7] A third positive driver is the continued growth and move to the shake-out stage of streaming services and online content. With the boom of streaming services caused by COVID, we are now seeing the shakeout and maturity of many of the services that grew in popularity during that time.[8] As the industry continues forward, smaller services that came about will partner with bigger service providers in order to better capture value for the consumer. In this stage, the players that are large enough to absorb these smaller services will see growth from these new sections of added value.

Negative Drivers:
A risk that afflicts both the streaming revolution in the entertainment industry, as well as the 5G movement in the telecommunications industry, is the necessity for capital investment.[9] Due to tightening credit conditions, firms will be less likely to take on some of these larger projects that are necessary to staying competitive in the market, which will likely stunt long term market growth.[10]

Verizon Communications Inc. (VZ)

Sector: Communication Services
Fund Manager: Matthew Hatton

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	17,428.23	17,850.51	5.86	3.44
H2	-	-	-	
Tenure	17,428.23	17,850.51	5.86	3.44

H1 Actions: Held. Total dividend payments of $599.00 during this period.

Holding Description:
Verizon Communications Inc. is a telecommunication services business that offers wireless and wired internet, phone, and television services to individual and business customers. They generate revenue by charging customers for these services on a subscription or usage-based model, and they also sell devices and accessories such as smartphones, tablets, and routers. Additionally, Verizon owns and operates a media subsidiary which generates revenue through advertising and media content. Verizon also invests in network infrastructure and new technologies to improve and expand their services. The firm's current market capitalization is roughly $164.30 B.

Positive Drivers:
Recently, Verizon has focused on the expansion of its 5G capabilities and offerings to maintain premium levels of internet speed. These investments are centered around maintaining Verizon's reputation as the fastest internet speeds and best quality of coverage to charge higher prices than competing carriers. In order to do this, Verizon shut down their 3G network at the end of 2022 to save on low quality service costs and upgraded those 3G customers to 4G compatible devices free of charge. This action of customer service fostered goodwill that was reflected in a period of stock price increase from $36.99 on December 20 to share price of $42.19 on January 6th. The telecommunications industry, in which Verizon finds most of its business activities rooted, tends to be less sensitive to market conditions due to the increased necessity of wireless services and internet access in today's society.[1] This makes Verizon better positioned to outperform other firms in its sector as we face recession-like economic conditions in the coming months. Verizon has continued to drive its debt-to-equity ratio down to 1.653, which is the firm's lowest since 2013.[2] This is a result of increased retained earnings, up $11 M year over year, and decreased total debt, down $229 M year over year.[3]

Negative Drivers:
Verizon has seen slow declines in overall market share as AT&T, one of the main competitors of Verizon, has seen a 12.00% growth in market share of wireless subscriptions over the past ten years.[1] If AT&T can sustain these market share increases, Verizon will have to continuously raise both the quality and price of its services and offerings in order to remain competitive with AT&T, who is positioned as the cheaper alternative to Verizon. The company has just started to reduce its debt reliance in the past year following its $10 B 5G implementation plan but will have to take actions that reverse this debt reliance reduction in order to continue to provide that higher quality service. Inherently, this opens Verizon up to more risk as the firm becomes more highly leveraged in the future. Additionally, the share price increases that followed their 3G to 4G upgrade campaign were short lived as the stock settled at around $39.40 per share.

Walt Disney Co. (DIS)

Sector: Communication Services
Fund Manager: Nathan Miller & Matthew Hatton

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	22,827.86	24,231.46	6.15	-
H2	-	-	-	-
Tenure	22,827.86	24,231.46	6.15	-

H1 Actions: Held. No dividend payments this period.

Holding Description:
The Walt Disney Company is one of the largest entertainment and media companies in the world. The company has three main types of services/products, including streaming, parks, and movies. Disney is far more complex than most other companies in the industry, as the firm owns over 200 subsidiary companies. These range from Pixar, Marvel, Walt Disney Studios, ESPN, Hulu, all the Disney theme parks, and many more. Walt and Roy Disney founded Disney Bros in 1923, and now the company has grown to be worth $196.67 B.[14] The Walt Disney Company was founded on creativity. The company still holds this value today, as it focuses on creativity, accountability, coordination, and efficiency to provide customers with the best experiences.

Positive Drivers:
Disney has undergone numerous promising changes over H1. The company is enacting a restructuring plan that will include cost reductions and reorganization of Disney's core businesses.[11] By cutting costs and streamlining operations, the company will improve its financial position and be better equipped to manage the challenges of the economic downturn. The restructuring will also help Disney focus on its core businesses, such as its streaming services and theme parks, which are crucial to the company's long-term success. The company has already consolidated its operations and is allocating its resources more efficiently, which could lead to improved profitability and add more shareholder value. Last quarter, Disney exceeded expectations in both EPS and revenues, indicating promising financial results for the company.[12] Combined with the company's goal to reinstate dividends by the end of the calendar year, this provides certainty of its commitment to delivering value to shareholders.

Negative Drivers:
Walt Disney Co. faces several negative drivers that could impact its financial performance and business operations. One major challenge is the changing of consumer preferences, which has already shown with a decrease of 2.40 M subscribers in Q1 for Disney+.[13] Leading the company to search for and invest in new ways to appeal to the desires of consumers. Another major negative driver is Disney's political tensions in the state of Florida. The company is currently dealing with controversy and disputes that could possibly lead to impacts on Disney's operations and financial performance.

Consumer Discretionary

Fund Manager: Nathan Miller

H1 Analysis:
During H1, the Consumer Discretionary sector underperformed compared to the rest of the market and continues to underperform. Interest Rates were raised as the Fed sought to drive down inflation. The Consumer Discretionary sector felt the full effect of recent economic uncertainty. During economic downturns, discretionary products are the first to go. This can be shown by the low return of 4.21% from the sector. The Haslam Fund's return is significantly lower than the S&P Sector's return. The reason for this is the Fund only holds two stocks in this sector, Amazon (AMZN) and Dollar General (DG). Both companies have been facing other underlying conditions which have been driving the two returns lower than the S&P Sector return. Amazon and Dollar General are still two very strong stocks, and we are confident their long-term growth will generate positive returns in time.

Moving Forward:
The Haslam Fund outlook for the Consumer Discretionary sector is pessimistic. The current state of the economy has a lot of uncertainty, with most large corporations preparing for an economic downturn. The Haslam Fund managers believe that the market will continue to decline, and the Consumer Discretionary sector will follow it. Ultimately, leading consumers to keep spending less on discretionary products. Our two holdings in this sector have the potential to outperform by the end of the year, due to unique characteristics of their businesses. We believe that our two holdings are more unique in comparison to the rest of the sector. AMZN and DG have historically performed well during an economic downturn. Overall, the Consumer Discretionary Sector is projected to do poorly in the months to come, but we believe our holdings have the potential to grow. We plan to continue with an underweight allocation in this sector.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	103,373.96	92,856.36	-9.98	4.21	-1.22
H2	-	-	-	-	-
Tenure	103,373.96	92,856.36	-9.98	4.21	-1.22

Amazon.com, Inc. (AMZN)

Sector: Consumer Discretionary
Fund Manager: Nathan Miller

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	58,760.00	53,710.80	-8.59	-
H2	-	-	-	-
Tenure	58,760.00	53,710.80	-8.59	-

H1 Actions: Held. No dividend payments this period.

Holding Description:
Amazon is the top U.S. online retailer and is by far one of the most popular in the world. Amazon is an online company that provides services in e-commerce, digital streaming, cloud computing, artificial intelligence, and machine learning. Amazon's operations are broken into three segments: North America, International, and Amazon Web Services (AWS).[1] The company was founded by Jeff Bezos in Bellevue, Washington, in 1994. Now the company has grown to have a market cap of $1.02 T and is known for transforming the retail industry and shaping the future of e-commerce.

Positive Drivers:
The approach taken by Amazon in leveraging its various business units to inform and improve the development and functionality of its other units is a positive driver for the company's success. This strategy allows Amazon to build a highly interconnected ecosystem of business units that work together to enhance the company's overall value proposition. The company is able to use all of these different business units to recognize and capitalize on emerging trends and opportunities, which results in better products, services, and experiences for the customers. This has shown with positive revenue growth of 9.00% to $149.20 B in Q4.[2] Overall, Amazon's unique approach has helped them become one of the most successful and innovative companies in the world and will likely continue to drive the company's growth and success in the future.

Negative Drivers:
Amazon is currently facing multiple negative drivers that could impact the company's growth and profitability. Rising construction costs and the expectations for a slowdown in the market are putting pressure on Amazon's margins. Accordingly, the company has come to a halt on major projects, like the construction of its second headquarters in Virginia. The company is also facing regulatory scrutiny with antitrust concerns related to its dominance in the e-commerce market.[3] This could lead to increased regulatory costs and legal challenges for the company, ultimately making it harder to reach its growth objectives. Lastly, Amazon is facing increased competition from e-commerce platforms and traditional retailers internationally. This will challenge Amazon to keep product development strong, or the company will fall into a pricing battle resulting in less profit. Amazon will need to keep innovating and adapting to stay at the top in the always evolving e-commerce world.

Dollar General Corp. (DG)

DOLLAR GENERAL

Sector: Consumer Discretionary
Fund Manager: Nathan Miller

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	44,613.96	39,145.56	-11.80	0.46
H2	-	-	-	-
Tenure	44,613.96	39,145.56	-11.80	0.46

H1 Actions: Held. Total dividend payments of $204.60 during this period.

Holding Description:
Dollar General is one of the largest discount retailers in the United States. The company has more than 19,000 stores across the nation and has a presence in forty-seven states. Their locations in rural and suburban areas cater to low to middle income families. Dollar General was founded in Springfield, Kentucky, in 1955 by J.L. Turner and his son Cal Turner.[4] The company has grown drastically since, building a reputation for offering convenience and value to its customers. Dollar general focuses on offering consumable products at a discount price, keeping their costs low and generating strong profits.

Positive Drivers:
Dollar General has unique aspects that most competitors cannot beat. Dollar General is able to keep costs low with the smaller size of their stores and the need for less employees.[5] Over the past year Dollar General has opened more than 1,000 new stores.[6] The new stores have a cash payback period of approximately 1.70 years.[7] This is a strong driver for Dollar General, as the short payback period of the new stores allows the company to rapidly expand its footprint and generate positive returns. In addition, same-store sales increased 4.30% in 2022, which is a good indicator of the high growth potential from the continued expansion.[8] The company strives for value by passing along cheaper prices to consumers. While the rest of the sector will suffer, this uncertainty will benefit Dollar General, attracting worried consumers with discounts and savings. Customers will switch from name brands to the generic brands that Dollar General offers. This offers the company strong potential for the near future and the ability to continue its position as one of the largest discount retailers in the U.S.

Negative Drivers:
Dollar General has been facing OSHA (Occupational Safety and Health Administration) problems since 2017. The company has been found to violate various safety regulations ranging from blocked exits, poorly maintained equipment, and inadequate employee training. In total the company has been fined more than $15.00 M over the past six years.[9] While Dollar General has committed to addressing these concerns, the company's history of OSHA violations raises questions about its commitment to ensuring safety for its employees as well as customers.

Consumer Staples

Fund Manager: Nathan Miller

H1 Analysis:
The Consumer Staples sector had a very strong performance in H1. This is because of the counter-cyclical nature of the sector, meaning that it moves in the opposite direction of the market. With the current state of the economy, consumer spending has begun to slow. Fear of a recession has pushed consumers into a more defensive nature. Households have started to hold off on larger purchases and transition into purchasing more essential goods. This has pushed the positive return for the Consumer Staple sector. The Haslam Fund's holdings underperformed compared to the index return by 298 basis points. The fund sold Tyson Foods, Inc. during H1, realizing a total return of 0.07% and ultimately driving the sector return lower. Looking at just PG and WMT with returns of 19.22% and 14.12%, respectively, the Haslam Fund would have beaten the S&P Sector return. Overall, the Consumer Staples sector had a strong outcome for H1.

Moving Forward:
The Haslam Fund has an optimistic view of the Consumer Staples sector and expects continued growth. Many large companies have started to slow down, as well as begun to lay employees off. There has been significant turmoil surrounding banks in the U.S., especially after the Silicon Valley Bank failure. All this uncertainty has led investors to reevaluate current outlooks. In times like these, people fall back on security and switch to cheaper alternatives. The Consumer Staples sector is going to continue to benefit from the expected recession by the end of 2023. The Haslam Fund is looking to this sector to generate a positive return for the full year.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	72,436.10	53,307.68	10.62	13.60	-2.12
H2	-	-	-	-	-
Tenure	72,436.10	53,307.68	10.62	13.60	-2.12

The Procter & Gamble Co. (PG)

Sector: Consumer Staples
Fund Manager: Nathan Miller

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	22,977.50	27,061.58	19.22	1.45
H2	-	-	-	-
Tenure	22,977.50	27,061.58	19.22	1.45

H1 Actions: Held. Total dividend payments of $332.44 during this period.

Holding Description:
Procter & Gamble is the world's largest maker of consumer-packaged goods. The company owns nearly 40 brands that include Gillette, Bounty, Tide, Old Spice, Swiffer, Crest, and many more. Procter & Gamble was founded in Cincinnati, Ohio, by William Procter and James Gamble in 1837.[1] Now the company has grown to be selling in nearly 180 different countries around the globe. P&G specializes in five main segments: Fabric and Home Care, Family Care, Beauty, Healthcare, and Grooming.

Positive Drivers:
Procter & Gamble did exceptionally well during H1. The company is well positioned to be successful during economic downturns due to its focus on essential products, strong brand recognition, and diversified revenue streams. Procter & Gamble offers products from everyday household items to medications. The company has a portfolio of well-known brands that people recognize and trust, giving them a competitive advantage. Another important positive driver is the company's diversified revenue streams, which includes both developed and emerging markets.[2] The presence in emerging markets does very well in times of uncertainty, benefiting Procter & Gamble significantly by helping offset the decline in developed markets.

Negative Drivers:
One of the major headwinds the company is going to face this year is the unfavorable foreign exchange rates, in which the company expects to pay approximately $1.20 B after-tax. Procter & Gamble is also expecting higher commodities and materials costs; as well as, higher transportation costs, totaling roughly $2.50 B in additional cost for the full year.[3] These expenses are going to push profits down, making it harder for the company to keep growing at their current rate. Another negative driver for Procter & Gamble is the evolution of consumer preferences and changing markets. Consumers want environmentally friendly products that are more sustainably and ethically made. This results in increased costs for Procter & Gamble and less profit.

Tyson Foods, Inc. (TSN)

Sector: Consumer Staples
Fund Manager: Nathan Miller

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	26,372.00	-	0.07	0.73
H2	-	-	-	-
Tenure	26,372.00	-	0.07	0.73

H1 Actions: Sold 400 shares for $26,197.40 on 12/02/2022. Total dividend payments of $192.00 during this period.

Holding Description:
Tyson Foods is an American multinational corporation that specializes in meat and poultry products. The company is one of the largest meat processors in the world, supplying meat products to customers across North America, Europe, and Asia. Tyson is headquartered in Springdale, Arkansas, and employs over 142,000 people. The company produces chicken, beef, and pork products, and has several well-known brands under their umbrella. Some of Tyson's top brands include Tyson, Hillshire Farm, Jimmy Dean, Ball Park, and Aidells.[4] Tyson has faced some scrutiny over the years due to lack of confidence in management, widespread bird flu, and poor livestock conditions. These factors were major contributors in the decision to liquidate our position in TSN during the period.

Positive Drivers:
Despite the internal challenges Tyson faced this past year, the company offered a unique position in the food distribution market. One main driver is the company's diversified product portfolio, which includes fresh, frozen, and prepared meats, as well as value-added products like convenience food and deli meats. This variety allows for the company to adapt when consumer preferences and market conditions are changing. Tyson Food's sales did rise to $13.26 B from $12.93 B in the last quarter. The company also posted a net income of $316.00 M, lower than the previous quarter but still a positive outcome.[5] Tyson's commitment to sustainability is another possible positive driver that could help change the image around the branding. Currently, Tyson lacks credibility when it comes to their commitment to helping the environment. The company could turn this around and start implementing more of the ambitious goals it hopes to achieve in the future, like reducing its environmental impact. If Tyson can do this, then it will help the company's reputation and appeal to socially conscious consumers.

Negative Drivers:
Tyson Food's has faced many struggles over the past few years leading our fund to lose confidence in the company. Tyson has experienced several negative drivers that have had an impact on its reputation and profitability, such as concerns about the spread of the bird flu, poor management practices, and criticism of how the company treats its livestock. The company also faced major backlash from the arrest of Tyson's CFO for public intoxication and criminal trespassing. After evaluating these occurrences as a team, the Haslam Fund decided to close our position in Tyson, realizing a small profit. We believe that Tyson Foods is not as strong of a company as it once was and do not see the company having strong growth opportunities in the coming years.

Walmart, Inc. (WMT)

Sector: Consumer Staples
Fund Manager: Nathan Miller

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	23,086.60	26,246.10	14.12	0.43
H2	-	-	-	-
Tenure	23,086.60	26,246.10	14.12	0.43

H1 Actions: Held. Total dividend payments of $99.68 during this period.

Holding Description:
Walmart is one of the world's largest retailers based on revenue and number of employees. Walmart currently employs roughly 2.30 M workers across the world with more than 10,000 stores globally. This large corporation was founded in Bentonville, Arkansas, by Sam Walton and now spans across 24 countries including China, Africa, Mexico, India, and many more. Walmart is made up of three main business segments, including Walmart U.S., Walmart International, and Sam's Club, which combined generated roughly $573.00 B of revenue in 2022.[6]

Positive Drivers:
Walmart has been undertaking significant store renovations with the focus on expanding e-commerce capabilities and prioritizing high-growth areas. As online shopping continues to grow in popularity, shown by Walmart's 12.00% growth in e-commerce last year, the company is targeting specific mobile app and stores capabilities to continue to drive this growth.[7] Walmart is also directing efforts towards high-growths areas such as health and wellness, financial services, and beauty products.[8] The main goal is to tap into new sources of revenue and stay ahead of competition. Walmart has been successful in doing this over the past year with annual sales surpassing $600.00 B for the first time ever.

Negative Drivers:
Walmart is planning for the uncertainty of the macroeconomic conditions for the upcoming year. The company is expecting sales growth to moderate in the second half of the year. Walmart has already started making layoffs in preparation for this scenario. The company could continue laying off employees, which could lead to more problems for customers. This results in longer wait times at checkout lines, as well as a more challenging shopping experience when trying to find assistance or support. These effects could damage Walmart's reputation and bottom line.

Energy

Fund Manager: Matthew Carter

H1 Analysis:
The Energy sector has been a bright spot in the market during H1, with the associated S5ENRS index returning 17.09%. The Haslam Fund's Energy holding, Energy Transfer (ET), returned 18.22%, beating the benchmark by 113 basis points. Unfortunately, we have maintained minimal exposure in this sector with only one holding, which accounts for 2.97% of our portfolio at the end of H1. This position is unfavorable for the Fund, and we are actively considering proposals to increase our holdings in the space. Consistent with our economic outlook on the sector, many players in the Oil & Gas industry have recently outperformed, largely led by oilfield services companies like Baker Hughes, which returned 39.50%, and Schlumberger, which returned 37.95%. Likewise, Energy's worst performers came from natural gas and integrated energy companies, with EQT Corporation, which focuses on natural gas supply and distribution, returning -20.96%, while Devon Energy, an integrated energy company, returned -12.11%. Fund managers expected continued weakness in natural gas for the duration of H1 due to the mild winter experienced globally.

Moving Forward:
Total natural gas demand is down 1.96% relative to the same period last year, while total supply is up 3.74%, creating an environment that has facilitated cratering prices.[1] With rig counts also up 12.10% from last year and volumes of natural gas in storage ~19.00% higher than the 5-year average, we expect associated weakness in upstream producers that should present opportunities to strategically increase our exposure in the space.[2] Likewise, we believe that some oilfield services players are trading near fair valuations and that, should OPEC reverse course on recent surprise output cuts, these companies will likely become undervalued, creating more opportune entry prices. On the other hand, when including the Strategic Petroleum Reserve (SPR), total oil stocks are down by roughly 6.29% from a year ago, which could help keep relevant oil equities higher should the U.S. government capitulate and refill the SPR this summer at current prices. Ultimately, the EIA forecasts declining crude prices in 2023, regardless of OPEC cuts, on the back of recent banking industry crises creating expectations of lower economic growth and slowing oil demand, further supporting our thesis for potential opportunities going forward. We believe that ET will continue to provide excellent returns for our portfolio, as the company has made timely investments in upstream, midstream, and downstream activities, including building out their import and export operations with the ability to scale throughput capacity to meet demand for years to come.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	47,792.99	54,032.51	18.22	17.09	0.57
H2	-	-	-	-	-
Tenure	47,792.99	54,032.51	18.22	17.09	0.57

Energy Transfer LP (ET)

Sector: Materials
Fund Manager: Matthew Carter

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	47,792.99	54,032.51	18.22	5.17
H2	-	-	-	-
Tenure	47,792.99	54,032.51	18.22	5.17

H1 Actions: Held. Total dividend payments of $2,469.81 during this period.

Holding Description:
Energy Transfer LP (ET) is a Dallas-based oil and gas processing, distribution, and transportation company with a market cap of $39.80 B. The Company operates through numerous segments, including Crude Oil Transportation and Services, Interstate and Intrastate Transportation and Storage, Midstream Operations, NGL and Refined Product Transportation, as well as through stakes in Sunoco LP and USA Compression Partners LP. ET's core business has a vast domestic footprint, with terminal operations and pipelines located throughout more than 20 states that enable the company to maintain a significant network of distribution services to accommodate nearly every stage of the oil and gas lifecycle. Further, the company is exposed to significant retail revenues through its stake in Sunoco LP, which operates more than 6,900 convenience store locations via a network of company-owned and independently operated storefronts. The Haslam Fund holds this security to gain exposure to critical domestic oil and gas infrastructure, as well as significant exposure to import and export activities at an attractive valuation.

Positive Drivers:
Midstream oil and gas companies were supported by strong fundamentals during H1. ET was among the top performers in the space, leading with an adjusted EBITDA of $3.40 B and excess cash flow after distributions of $965.00 M in Q4, and increasing their dividend to restore it to pre-pandemic levels.[3] Operationally, the company reached new records across the value chain in Q4, including in gathered volumes, NGL fractionation and transport volumes, as well as setting a new record for ethane exports. Beyond this, ET's Gulf Run natural gas pipeline in the Haynesville Shale was placed into service in December, along with the Grey Wolf processing plant in the Delaware Basin. Gulf Run adds 1.65 Bcf/day in transportation capacity to their pipeline portfolio, while Grey Wolf adds processing capabilities of +200 MMcf/day, which is funded via growth from existing customer contracts and new commitments. The company announced plans to acquire Lotus Midstream to increase its presence in the Permian Basin, as the deal will add 3,000 miles of crude gathering and transportation pipelines between New Mexico and Cushing, Oklahoma. This system is already integrated with ET's network, and increases their storage capacity in Texas by roughly 2.00 M barrels. The deal is valued at roughly $1.45 B and will be funded via 44.50 M new common shares and $900.00 M in cash.[4]

Negative Drivers:
Though midstream operators are the least likely players to be immediately affected by volatility in rig counts, the industry has seen a drop in total rig counts and plunging natural gas prices during H1, which is poised to negatively impact ET's fee revenue. The Henry Hub Natural Gas spot rate dipped below $2.00 in the last week of March, ending H1 at $2.10, reflecting a 67.19% decline in prices. Further, WTI crude spot prices were also volatile, though to a lesser degree, ending the period down 4.81% at $75.67, after having dipped below $67.00 in March. Natural gas stocks were significantly elevated in March, 36.70% higher than in the same period the year prior, and 14.40% above the 5-year average; another bad sign for fees.[5]

Financials

Fund Manager: Jack Beachboard

H1 Analysis:
The Haslam Fund outperformed in the Financials sector for H1, returning 10.35% compared to the S&P 500 Financials Index return of 7.31%. The portfolio contains four companies within this sector: Bank of America Corp. (BAC), JPMorgan Chase & Co. (JPM), KKR & Co. (KKR), and MetLife, Inc. (MET). Ongoing rate hikes by the Federal Reserve put pressure on the financial system, causing overall growth and profitability to fall. Return on assets fell in the first quarter of 2023 to 0.94%, down from 1.66% in the same period a year ago. This marked the fourth consecutive quarter of declining ROA for the Financials sector. Similarly, operating margins declined over the last four consecutive quarters, to 16.71% in the first quarter of 2023 from 30.53% in the same quarter a year ago. The first quarter of 2023 was characterized by high volatility within the Financials sector, as Silicon Valley Bank and Signature Bank became the second and third largest bank failures in the United States, respectively. Although these bank failures were partly caused by unhedged exposure to the venture capital and technology industries, the Federal Reserve along with the FDIC and the Treasury Department took swift and decisive action to contain the banking crisis and prevent bank runs from spreading to other parts of the economy. Despite these actions, regional lenders lost vast amounts of market capitalization, as investors feared smaller banks could potentially collapse as individuals and businesses transitioned to larger institutions for increased security.

Moving Forward:
Investors remain unsure about the future of the Financials sector, as uncertainty surrounding the SVB failure and ongoing Fed rate hikes continue to pressure the industry. The banking crisis will likely contribute to tightening credit conditions and increased regulatory oversight, leading to potentially less profitability throughout the Financials sector. The Haslam Fund is prepared to potentially increase exposure to this sector, as prices are depressed and could offer strong buying opportunities. However, a wave of commercial mortgage debt is set to mature in 2023. Property values are falling due to rising interest rates, and some landlords may be unable to sell or refinance before their loans mature. Some banks, particularly smaller regional lenders, have increased exposure to commercial real estate, and this could pose a risk moving forward in 2023. Balancing this risk and reward profile will be vital to the performance of the Haslam Fund in 2023.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	119,801.90	113,482.84	10.35	7.31	-2.02
H2	-	-	-	-	-
Tenure	119,801.90	113,482.84	10.35	7.31	-2.02

Bank of America Corp. (BAC)

Sector: Financials
Fund Manager: Jack Beachboard

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	32,827.40	31,088.20	-3.84	1.46
H2	-	-	-	-
Tenure	32,827.40	31,088.20	-3.84	1.46

H1 Actions: Held. Total dividend payments of $478.28 during this period.

Holding Description:
Bank of America Corp. (BAC) is one of the largest financial institutions in the world, offering a full range of products and services to individuals, businesses of all sizes, institutional investors, and governments. BAC is headquartered in Charlotte, NC. According to their 2022 10-K report, BAC operates through four segments: Consumer Banking, Global Wealth & Investment Management (GWIM), Global Banking, and Global Markets.[1] Bank of America returned -3.84% for the period, underperforming against the S&P 500 Financials Index return of 7.31%. BAC is the Fund's largest holding within the Financials sector as of period end, representing 27.39% of the total sector value.

Positive Drivers:
Following the downfall of SVB, individuals and businesses fled smaller regional banks for the relative safety of larger financial institutions. According to an article from Bloomberg, Bank of America recorded nearly $15.00 B of deposit inflows in the days following the crisis, as customers viewed the nation's second biggest bank as "too big to fail."[2] Continually, the bank's net interest margin has increased in three consecutive quarters to 1.95% in the fourth quarter of 2022 from 1.66% in the same period a year ago, likely due to Fed rate hikes. Bank of America remains well capitalized, as the Tier 1 Capital Ratio has increased for three consecutive quarters and remains well above the regulatory minimum. Its strong capital and liquidity position and large balance sheet make Bank of America well positioned to grow its business in the near future.

Negative Drivers:
As of year-end 2022, Bank of America held a total of approximately $867.00 B of debt securities, consisting of approximately $633.00 B classified as held-to-maturity and the remaining 234.00 B dollars classified as available-for-sale.[1] As interest rates continued to rise, the market value of these securities fell, weighing on the bank's capital and liquidity positions. This led to a large-scale sell-off of the stock following the collapse of SVB. Moreover, the efficiency ratio – which measures non-interest expense as a percent of total revenue – has steadily increased over the past year, up to 59.07% in the fourth quarter of 2022 from 47.00% in the same period a year ago. This indicates that BAC is not operating as efficiently as it has historically, and now requires more overhead expense to generate revenue. Lastly, tightening credit conditions, increased regulation, and a drop off in investment banking deal flow will likely lead to less profitability in the short term.

JPMorgan Chase & Co. (JPM)

JPMORGAN CHASE & CO.

Sector: Financials
Fund Manager: Jack Beachboard

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	18,601.00	23,195.18	26.61	1.91
H2	-	-	-	-
Tenure	18,601.00	23,195.18	26.61	1.91

H1 Actions: Held. Total dividend payments of $356.00 during this period.

Holding Description:
JPMorgan Chase & Co. (JPM) is a worldwide financial holding company. The company offers a wide array of financial services to individuals, businesses, and governments. The company is headquartered in New York, NY. As of December 31, 2022, JPM had over $3.70 T in total assets, making it the largest bank in the world by asset size. JPM operates in four major segments: Consumer & Community Banking (CCB), Corporate & Investment Banking (CIB), Commercial Banking (CB), and Asset & Wealth Management (AWM).[3] JPMorgan Chase was the Haslam Fund's best performing company within the Financials sector, returning 26.61% over the period compared to the S&P 500 Financials Index return of 7.31%. JPM is the smallest holding within the Financials sector of the portfolio, representing 20.44% of the total amount of the sector as of period end.

Positive Drivers:
Like Bank of America, JPM saw less volatility than regional institutions during the fallout of the Silicon Valley Bank crisis. As the largest bank in the world, depositors felt more secure with their money at JPM compared to its smaller counterparts. JPM also had fewer loans and investment securities as a percentage of deposits than its competitors, and held a higher percentage of retail deposits, which tend to be less risky and less vulnerable to bank runs. Moreover, JPM reported higher than expected revenue and EPS in the last two quarters of 2022. Net interest margin increased in the last three consecutive quarters, to 2.07% in the last quarter of 2022 compared to 1.67% in the same quarter a year ago. The bank's efficiency ratio also fell for three consecutive quarters, indicating fewer overhead expenditures were required to generate revenue. Credit quality also improved over the last three quarters, with the Texas Ratio falling to just 3.32% as of year-end 2022. This further emphasizes why JPM is considered one of the safest banks in the world, which will be a major tailwind for the company over the remainder of 2023.

Negative Drivers:
Uncertainty regarding the future of the banking industry was the primary negative driver for JPM throughout the period. Instability throughout the industry is expected to lead to tighter credit conditions, lower loan demand, and increased regulation. As rate hikes from the Federal Reserve continue to cool the economy, less IPO and M&A activity may weigh on JPM's investment banking arm, which generated approximately one third of total revenue in the last quarter of 2022. Continually, the FDIC is set to implement a "special assessment" fee to help cover its losses related to the SVB failure, which could lead to a dent in profits for banks moving forward.

KKR & Co. (KKR)

Sector: Financials
Fund Manager: Jack Beachboard

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	36,464.00	28,780.96	26.55	0.92
H2	-	-	-	-
Tenure	36,464.00	28,780.96	26.55	0.92

H1 Actions: Sold 300 shares on 03/07/2023 for $17,099.86.
Total dividend payments of $262.88 during the period.

Holding Description:
KKR & Co. (Kohlberg Kravis Roberts) is one of the longest-standing and most well-known private equity firms in the world. The company is a leading investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR sponsors investment funds that invest in private equity, credit, and real estate assets. Also, the company has strategic partners that manage and invest in hedge funds. Furthermore, the firm acquired a majority controlling interest in Global Atlantic in February 2021, which expands the firm's reach in the insurance business by offering retirement, life, and reinsurance products. The firm aims to generate attractive investment returns by deploying a disciplined and time-tested investment approach. As of June 30, 2022, KKR had 123 portfolio companies generating a total of $275 B in annual revenue. The firm has two primary operating segments: Asset Management and Insurance. KKR returned 26.55% over the period, outperforming the 7.31% return of the sector index.

Positive Drivers:
KKR posted higher than expected revenue and earnings in the last two quarters of 2022. Most recently, KKR closed its largest ever European buyout fund, which totaled approximately $8.00 B.[4] The fresh wave of capital gives KKR dry powder to navigate private equity investments in a volatile market and indicates positive sentiment by investors about the future of the company.

Negative Drivers:
The private equity business tends to be very cyclical, rising and falling with the broader economy. This is evident in the firm's equity beta of 1.55. Because of this increased volatility, the fund decided to trim this position in early March when prices were relatively high, and, by realizing some capital gains, the fund secured a higher return on this stock for the period. Also, ROA and ROE have fallen for five consecutive quarters, and currently both metrics are below zero for the first time since the pandemic. Continually, rising interest rates have caused steep drops in the commercial real estate market, which is an area of large exposure for KKR. Multifamily apartment sales were down 74.00% year over year in March 2023[5], and some other private equity firms have shown cracks by defaulting on office property loans.[6]

MetLife Inc. (MET)

Sector: Financials
Fund Manager: Jack Beachboard

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	31,909.50	30,418.50	-3.03	1.65
H2	-	-	-	-
Tenure	31,909.50	30,418.50	-3.03	1.65

H1 Actions: Held. Total dividend payments of $525.00 during the period.

Holding Description:
MetLife Inc. (MET) is one the of leading insurance and financial service companies in the world, with a significant presence in the United States, Asia, Latin America, Europe, and the Middle East. The company offers "insurance, annuities, employee benefits and asset management."[7] Continually, the company is one of the largest institutional investors in the United States, with an investment portfolio consisting of primarily fixed income securities as well as real estate ventures. As of year-end 2022, MET had a total of $579.8 B of assets under management. MET underperformed against the S&P Financials Index, returning -3.03% over the period compared to the sector index return of 7.31%.

Positive Drivers:
The beginning of H1 saw solid gains for MetLife stock, as investors viewed the insurance industry as a defensive position. The firm beat analyst expectations for both revenue and earnings per share in the third quarter of 2022. Operating margin increased for two consecutive quarters to 12.10% in the last quarter of 2022 from 7.62% in the same period a year ago. Net premiums earned also increased approximately 17.59% year over year in 2022. Moving forward, management projects an increase in adjusted ROE to 13.00% - 15.00% over the next three years, while adjusted premiums, fees, and other revenues are expected to grow at 4.00% - 6.00% annually.[8]

Negative Drivers:
As one of the largest institutional investors in the United States, the MetLife balance sheet contains a significant portfolio of fixed income securities, including U.S. Treasury bonds and mortgage-backed assets. As interest rates continued to rise, the value of these securities fell. Contrary to traditional banks, MetLife did not have the financial support from the Federal Reserve and FDIC. The newly created Bank Term Funding Program, developed to provide necessary liquidity to the banking system, only extended to depository institutions, leaving MetLife without a backstop to cover potential unrealized losses within their fixed income portfolio. Because of this, insurance providers, which are typically seen as a more defensive investment, were hit harder than most other financial institutions. Furthermore, the company reported lower variable investment income, mainly driven by lower private equity returns.[8] In addition, MET reported lower than expected revenue and earnings for the fourth quarter of 2022, which compounded the negative investor sentiment and led to further underperformance relative to other major insurers.

Healthcare

Fund Manager: Lindsey Campbell

H1 Analysis:
H1 has been filled with much economic uncertainty, and this has led the defensive Healthcare sector to be a strong performer. To gain from this part of the market cycle, the Haslam portfolio worked to be overweight in the sector. This was accomplished by adding Roche Holding AG (RHHBY) to the portfolio, bringing the fund to five holdings within this sector. With this purchase we now hold three pharmaceutical companies. The sector found the recent rising rate environment to be a major headwind. Because of the increase in the cost of debt, R&D has become more expensive, further putting pressure on growth.[1] However, despite the rising cost of debt, R&D has increased since COVID and is expected to continue. Many industries within the sector have suffered from the labor shortage, particularly health care providers and services companies. In the period of rising inflation, these companies have also suffered with an inability to increase margins because of set contracts with insurers. CVS is the only healthcare provider we hold, and the only holding in the sector that generated a negative return for the portfolio, leading our Healthcare holdings to underperform.

Moving Forward:
The volatile market that will continue for the rest of the year means that Healthcare will continue to be a strong performing sector due to its non-cyclical nature. Whether or not the U.S. moves into a recession this year, the low elasticity of demand for the sector will allow it to face less risk than the rest of the market.[2] As the Fed slows down rate hikes, the cost of borrowing will begin to come down. This will allow R&D and M&A to spur growth in the sector. We will maintain our overweight position in the sector, which will help defend the fund in the coming uncertain year.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	119,221.4	160,865.10	7.25	7.95	1.23
H2	-	-	-	-	-
Tenure	119,221.4	160,865.10	7.25	7.95	1.23

Abbott Laboratories (ABT)

Sector: Healthcare
Fund Manager: Lindsey Campbell

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	22,061.28	23,087.28	5.66	1.01
H2	-	-	-	-
Tenure	22,061.28	23,087.28	5.66	1.01

H1 Actions: Held. Total dividend payments of $223.44 during this period.

Holding Description:
Abbott Laboratories (ABT) is a healthcare company that operates in four business segments, including medical devices, pharmaceutical, diagnostics, and nutritional products. It is made up of ninety manufacturing and R&D plants globally, including in China, Columbia, India, Singapore, Spain, and the United Kingdom.[3] The United States accounts for 40.00% of the company's total sales. The medical devices segment accounts for 35.00% of total sales. In this industry, they focus on developing devices that are used to target heart failure, cardiac rhythm management, vascular diseases, electrophysiology structural repair, and chronic pain disorders, diagnostics products make up 35.00% of sales, nutritional products account for 20.00%, and pharmaceutical offerings are 10.00%.[4] Their diagnostics segment develops systems that are used for infectious diseases, laboratory systems that screen and diagnose cancer, cardiovascular diseases, infectious diseases, and infertility. They also make testing systems and molecular diagnostics used for genetic and genomic testing, laboratory informatics, and automation tools. ABT has been a strong performer over the period and will continue to outperform as they shift back to pre-pandemic operations over this year.

Positive Drivers:
Abbott focuses on developing products in new areas and generating approval from the FDA for these products. Their medical devices segment will continue to lead the company's revenue growth, since their glucose sensor FreeStyle Libre and MitraClip are expected to contribute 3.40% to the company's revenue growth for 2023.[5] Expansion through M&A also offers a positive future for the company. Earlier this year they announced the acquisition of Cardiovascular Systems Inc. This deal will add a leading atherectomy system to the Abbott portfolio.[6] ABT will be a strong performer in the Haslam portfolio this year, due to its strong competitive position within the Healthcare sector.

Negative Drivers:
As a medical device company, the rising cost of debt over the period has been a major headwind, and the uncertainty around the future of rate hikes will continue to affect the company's growth opportunities. ABT revenue largely comes from other companies within the Healthcare sector, making them have large cross sector revenue reliance. As other industries face their own unique headwinds, this will make medical device companies such as ABT also suffer. Their expansion through M&A also leaves them subject to potential antitrust legal disputes and the regulatory opposition to vertical integration in the Healthcare sector.

Amgen Inc. (AMGN)

Sector: Healthcare
Fund Manager: Lindsey Campbell

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	15,778.00	16,922.50	9.06	1.81
H2	-	-	-	-
Tenure	15,778.00	16,922.50	9.06	1.81

H1 Actions: Held. Total dividend payments of $284.90 during this period.

Holding Description:
Amgen Inc. (AMGN) is a leading global biopharmaceutical company focused on the innovative development of discovering and manufacturing therapeutics for serious illnesses. They offer a wide variety of products, with top sellers including ENBREL, Prolia, Otezla, XGEVA, and Aranesp.[4] AMGN is one of the portfolio's oldest holdings and has been a strong performer, returning 9.06% for the period.

Positive Drivers:
The firm's strategy focuses on developing medicines that target unmet medical needs. They are also focused on finding different ways to expand the use of their current products in combatting new diseases, as well as creating innovative delivery methods for their products. One of their most recent releases, LUMAKRAS, marks the first treatment specifically targeting non-small cell lung cancer.[8] They will continue to expand through synergies brought from M&A and increased research and development into new products. The acquisition of Horizon Therapeutics will add twelve current medicines and a strong pipeline that consists of over twenty programs.[9]

Negative Drivers:
In the United States, their products are distributed through wholesalers. As of year-end 2022, 80.00% of U.S. sales (and 30.00% of total sales) are generated from wholesalers McKesson, AmerisourceBergen, and Cardinal Health.[10] This offers a potential threat for increased default risk. The company mitigates this risk by requiring set credit limits and monitoring the financial performance of their top customers. Continually, patents are an important part of AMGN's business model and are critical to their position products in the market. As the expiration of patents near, there is an increase in competition from biosimilar products. Moreover, as a healthcare company, a large amount of revenue comes from third party reimbursement channels, which includes both government systems and private health insurers. Drug companies have historically been scrutinized for high prices, and these organizations are committed to reducing the cost of care. In recent years the regulatory environment has instituted rules requiring a high level of clinical evidence backing up the success of products in their targeted treatment. Increasing regulatory implementation of required pricing will be a major threat to the firm's margins.

CVS Health Corporation (CVS)

Sector: Healthcare
Fund Manager: Lindsey Campbell

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	34,619.31	26,974.53	-20.87	1.21
H2	-	-	-	-
Tenure	34,619.31	26,974.53	-20.87	1.21

H1 Actions: Held. Total dividend payments of $419.27 during this period.

Holding Description:
CVS Health Corporation (CVS) is the nation's largest drugstore chain operating in all fifty states and Puerto Rico. They have 9,900 retail locations and specialty drugstores that offer their services and products. They focus on improving access to healthcare, generating lower costs, and enhancing health outcomes by engaging with their customer base to determine where and when customers want their services and working on innovative ways to meet this demand. CVS offers prescription medication, healthcare products, pharmacy benefit management, disease management, beauty, cosmetics, personal care, and administrative services. They divide their operations into two segments: pharmacy and front store. They also have over 1,100 "MinuteClinics" staffed with physician assistants and nurse practitioners.[11] This service allows for a lower cost and more efficient alternative for urgent care centers offering lower cost and more efficient care. While CVS stock price has suffered over the period, we are confident in the company's ability to perform well in the future.

Positive Drivers:
CVS can further expand into telehealth. This industry has expanded rapidly since the pandemic, and thus a new competitive environment has been created, and the company's position in this new segment is strong. They look to acquisitions as their primary growth driver. Recently they have announced two high profile acquisitions. In March 2023 the Signify Health acquisition was closed and in February 2023 they announced the acquisition of Oak Street Health Inc.[12] These transactions will further lead to the dominance of CVS in the industry. For their front store segment, CVS has successfully implemented a retail loyalty system through their ExtraCare card program. This has been a key driver of marketing, and alongside their CarePass program has created customer loyalty with promotional rewards and benefits.

Negative Drivers:
Like most Healthcare companies, their profits are tied directly to the regulatory environment. In the pharmaceutical segment revenue is generated largely through reimbursements from insurers and government agencies, and as the regulatory environment changes around reimbursement rates their margins could be affected. With two recent acquisitions it is likely that CVS will continue to look to M&A. However, as politicians such as Elizabeth Warren share fear surrounding over integration based on antitrust laws, the Oak Street acquisition and future deals are put at risk.[13]

Merck & Co., Inc. (MRK)

Sector: Healthcare
Fund Manager: Lindsey Campbell

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	46,763.16	57,769.77	25.19	1.65
H2	-	-	-	-
Tenure	46,763.16	57,769.77	25.19	1.65

H1 Actions: Held. Total dividend payments of $771.06 during this period.

Holding Description:
Merck & Co Inc. (MRK) is a global healthcare company that develops innovative health solutions targeting both the pharmaceutical and animal health industries. Merck & Co Inc. is headquartered in New Jersey and is led by CEO Robert M. Davis. Their products include vaccines, prescription medicines, biologic therapies, and animal health products. Their vaccines are created to for both children and adults to combat illnesses such as mumps, measles, rubella, varicella, and pneumonia.[14] Pharmaceuticals account for approximately 90.00% of their revenue, while animal sciences accounts for the remaining 10.00%. MRK is the largest weight allocation of the Haslam portfolio within the Healthcare sector at 3.18%. The company has also been the strongest performer in the sector with a return of 25.19%.[15] We believe that MRK will continue to generate positive returns and be a leader amongst our holdings and the entire sector.

Positive Drivers:
MRK has strong growth opportunities because of their focus on expansion through R&D. They focus on the development of products they deem as having the best potential success, focusing on the efficiency of their spending and time spent in this stage of business. They house internal research and collaborate with external companies. Bringing products to market is a long process for pharmaceutical companies; however, MRK has created a Phase 2/3 that cuts back on time spent in the R&D stage for products by combining features of the Phase 2 and 3.[16]

Negative Drivers:
The company is highly connected to the regulatory environment. In 2023 a new pricing rule issued by the Centers for Medicare & Medicaid Services came into effect where biotech manufactures must adhere to a particular calculation for the best price of products. The FDA, while committed to helping the process of developing breakthrough medicines, has also implemented constraints around the requirements to bring products to the market.

Roche Holding AG (RHHBY)

Sector: Healthcare
Fund Manager: Lindsey Campbell

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	-	36,111.02	3.98	1.97
H2	-	-	-	-
Tenure	-	36,111.02	3.98	1.97

H1 Actions: Bought 483 shares for $17,098.20 on 3/10/2023 and 524 shares for $18,405.50 on 3/13/2023. Total dividend payments of $807.24 during this period.

Holding Description:
Roche Holding AG (RHHBY) is one of the world's leading pharmaceutical and diagnostics companies. Headquartered in Basel, Switzerland, it provides the portfolio with international exposure through an ADR. The company is committed to providing life-changing medicines that are used to treat and spot a wide range of diseases and illnesses. Their top segments include oncology, hematology, ophthalmology, and neuroscience. Though headquartered in Europe, 45.00% of revenue is derived from its operations in North America, while Europe accounts for 25.00%, and Asian another 25.00%. The company has a strong ability to become the leader of developing products targeting previously untreated diseases. This ability on top of their strong pipeline demonstrates their likelihood of generating positive returns in the future. Roche is a new holding for the Haslam Fund, but it has already offered a promising upside.

Positive Drivers:
Headwinds faced in 2022 created an attractive price for the fund to purchase RHHBY, which has potential to offer a substantial upside this year. The company recently brought on Thomas Schinecker as the new CEO. New management will work towards diversifying operations and 2023 will be a restructuring year for the company. The firm can also grow through geographical expansion, particularly through Asian countries such as Japan, where sales grew by 26.00% in 2022 compared to decreases in the U.S. and Europe.[17] Switzerland's inflation rose 3.50% in 2022, which is much lower than the 9.10% rise in the U.S., this will allow Roche to better defend margins compared to U.S. based competitors whose supply cost has risen.[18]

Negative Drivers:
RHHBY exposes the portfolio to risk from Swiss and European markets. After the Credit Suisse fall, the Swiss National Bank had a surprise rate hike of 50 basis points.[19] This has created more uncertainty around the Swiss markets. Roche has suffered from biosimilars for their top products, and as more patents expire this opens the company up to greater losses. Being exposed to the international markets through this ADR exposes the fund to currency risk, though the Swiss franc has long been a stable currency with little inflation risk.

Industrials

Fund Manager: Julia Pelot

H1 Analysis:
The Haslam Fund outperformed the Industrials sector by 8.70% by generating a 31.99% return for the period. The best performer for Industrials was FedEx Corp. (FDX) with a return of 45.35%. Throughout the period, we held ArcBest Corp. (ARCB), FedEx Corp. (FDX), Global X U.S. Infrastructure Development ETF (PAVE), Lockheed Martin Corp. (LMT), and Raytheon Technologies Corp. (RTX). Overall, the Industrials sector is comprised of three main subsectors Capital Goods, Commercial & Professional Services, and Transportation. The key characteristic that links these industries is the large reliance on business-to-business revenue. The subsectors include a variety of industries including Capital Goods includes Aerospace & Defense, Construction & Engineering, Machinery, and more. Commercial & Professional Services consists of services and suppliers for businesses. Transportation incorporates Logistics, Airlines, Rail, Transportation Infrastructure, among others. One of the industries that performed well throughout the period was Defense, due to the on-going conflict between Russia and Ukraine. Globally, governments are seeking to bolster their militaries boosting demand for weapons and defense. On the other hand, Transportation experienced more volatility due to increased input costs because of the overseas energy crisis that persisted throughout the period. Overall, the Industrials sector had to overcome many obstacles related to input costs, labor, and demand to be able to perform well. The Haslam Fund seeks to continue to hold companies that can outperform the sector.

Moving Forward:
The fund has a slightly pessimistic outlook for the Industrials sector due to recessionary conditions. A shift to focus on business cost savings will impact Industrials' revenue. Additionally, the Industrials sector contracts in recessions. The instability within the banking industry will likely lead to tighter credit conditions, affecting capital expenditures and company spending. Thus, innovations and high-value physical asset investments will not be prioritized in this season due to the credit and interest rate conditions. For companies that can continue to invest during this economic downturn, there will be long-term advantages to gain against competitors. Due to several significant railroad incidents and labor concerns, the Railway Safety Act of 2023 passed this March. Due to these factors, the fund maintains its slightly pessimistic view of Industrials for the next 12 months.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	$103,242.12	$108,867.45	31.99	23.29	1.79
H2	-	-	-	-	-
Tenure	$103,242.12	$108,867.45	31.99	23.29	1.79

ArcBest Corporation (ARCB)

Sector: Industrials
Fund Manager: Julia Pelot

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	$26,910.10	-	19.06	0.16
H2	-	-	-	-
Tenure	$26,910.10	-	19.06	0.16

H1 Actions: Sold 87 shares for $6,494.12 on 11/07/2022. Sold 283 shares for $25,511.85 on 02/02/2022. Total dividend payments of $33.96 during this period.

Holding Description:
ArcBest offers a global transportation network for motor carrier and intermodal transportation operations. ArcBest is comprised of four businesses. The largest business unit is the Asset-Based segment, which specializes in less-than-truckload (LTL) motor carrier operations. This unit generates about 60.00% of total revenue for ArcBest. The ArcBest segment offers ground and expedited services for residences, producing approximately 30.00% of revenue. The last roughly 5.00% of revenue is the FleetNet segment which offers roadside repairs and maintenance for fleets The ArcBest operations are offered throughout the U.S., Canada, and Puerto Rico.[10]

Positive Drivers:
Overall, the transportation industry becomes increasingly more important as the economy becomes increasingly more globally dependent. With growing shipping needs, motor carrier and intermodal transportation operations will become increasingly important. ArcBest relies heavily on partnerships with businesses and entities. The top ten largest customers account for a large portion of revenue.[1] The additional customers are sourced from advertising.

Negative Drivers:
Due to investment in FedEx during the period, the fund chose to liquidate ArcBest. FedEx offered a more attractive price and the ability to scale its business model during difficult economic times. Upon the initial purchase of FedEx, ArcBest was not trading at a level where we felt comfortable liquidating the position. Due to a rally surrounding its earnings release, we sold at our target price. ArcBest is a largely asset-based logistics operation, which is often affected by unprecedented weather conditions similar to those seen over the past few years. Additionally, the rising rate environment can restrain investments in assets. Within the transportation industry, there has been a consistent shortage of labor, especially truck drivers. With these factors considered, the fund felt it best to reallocate to FedEx at its attractive price.

FedEx Corporation (FDX)

Sector: Industrials
Fund Manager: Julia Pelot

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	-	$36,101.42	45.35	0.77
H2	-	-	-	-
Tenure	-	$36,101.42	45.35	0.77

H1 Actions: Bought 158 shares for $24,953.00 on 11/07/2022. Total dividend payments of $181.70 during this period.

Holding Description:
Federal Express (FedEx) specializes in global shipping of packages and freight through its four businesses. The first is FedEx Express, the original specialization of FedEx shipping developed by founder and CEO, Fred Smith. This 1-2 day expedited shipping generates approximately 50.00% of revenue.[2] Secondly, FedEx Ground generates about 35.00% of revenue by shipping small parcels and packages, usually from a business to a consumer. The Ground services are only offered domestically but cover all U.S. residences. Next, FedEx Freight generates roughly 10.00% of revenue via less-than-truckload (LTL) shipping of heavy, bulky items for residences and businesses. The remaining 5.00% of revenue is generated by the brick-and-mortar FedEx Office stores. During this period, FedEx was one of the top three best performers for the fund and the best across the portfolio's Industrials sector.

Positive Drivers:
Following the revised forward guidance in September, which resulted in a significant price drop, the fund acted on purchasing FedEx for an attractive discount. As the period continued, FedEx gained significantly as it revealed its new plans to adjust to the rising rate environment. One of the largest changes includes FedEx's implementation of a long-term initiative, known as DRIVE[3], to increase profitability by altering its cost structure. Through this plan, FedEx plans to see more than $4.00 B in annualized structural cost reductions by the end of the fiscal year 2025[1]. Additionally, the growing demand for shipping, specifically within direct-to-consumer (DTC) shipments, would positively impact the Freight and Ground services.

Negative Drivers:
During this period, FedEx announced the merger of the FedEx Express and Ground units. This new business unit would be responsible for 85.00% of revenue generation. One concern with FedEx combining these business units is the difference in scope. While Express offers a global network, Ground services are focused within the U.S. Additionally, a large portion of Ground services are dependent on third-party partners for drivers, trucks, etc. Conversely, the FedEx Express is supported by the 695 aircraft and approximately 86,000 vehicles owned by FedEx. The differences in models between these two business units may create friction on integration. With roughly 70.00% of its revenue coming from the U.S., another negative driver within the next period will be the reduced spending of an oncoming recession.

Global X U.S. Infrastructure Development ETF (PAVE)

Sector: Industrials
Fund Manager: Julia Pelot

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	$31,615.26	$29,880.90	21.03	0.61
H2	-	-	-	-
Tenure	$31,615.26	$29,880.90	21.03	0.61

H1 Actions: Sold 317 shares for $8,235.50 on 11/07/2022. Total dividend payments of $148.29 during this period.

Holding Description:
Global X U.S. Infrastructure Development ETF is an exchange-traded U.S. fund tracking the U.S. Infrastructure Development Index. Through this holding, the Haslam Fund increases its exposure to domestic infrastructure, which includes construction, engineering, raw materials, and additional firms that promote the advancement of U.S. infrastructure. The ETF is managed by Global X Management's Wayne Xie, who has managed this fund since 2018. It has seen an average weekly tracking error of 0.59 compared to the benchmark of the U.S. Infrastructure Development Index[8]. The top industries include machine-diversified, miscellaneous manufacturing, iron and steel, building materials, and transportation. Some of the top holdings include Fastenal Co., Parker-Hannifin Corp., Trane Technologies PLC, Rockwell Automation Inc., Eaton Corp., Sempra Energy, Nucor Corp., and Union Pacific Corp.

Positive Drivers:
At the end of the period, PAVE received a five-star rating from Morningstar for Infrastructure funds, based on risk-adjusted returns. Within the U.S., there is a need for improved infrastructure. As a result, two major pieces of legislature, The Infrastructure Investment and Jobs Act of 2021 and the Inflation Reduction Act of 2022, allocated significant, long-term, federal funding within the infrastructure field. PAVE seeks to take advantage of the firms that will benefit from this government support.

Negative Drivers:
A potential negative driver for PAVE will be if it is oversold. With its performance since 2018 and the increased ratings and exposure, this would be a concern. The Relative Strength Index indicates that this may be true.

Lockheed Martin Corporation (LMT)

Sector: Industrials
Fund Manager: Julia Pelot

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	$21,632.24	$19,381.93	24.16	1.55
H2	-	-	-	-
Tenure	$21,632.24	$19,381.93	24.16	1.55

H1 Actions: Sold 15 shares for $7,229.62 on 11/07/2022. Total dividend payments of $246.00 during this period.

Holding Description:
Lockheed Martin innovates and manufactures aircraft for government and military use. Operating in four business units, the first unit, Aeronautics accounts for 40.00% of revenue. This segment focuses on combat and air mobility aircraft, with the F-35 fighter jet accounting for 30.00% of sales. The Rotary and Missions Systems unit produces helicopters, radars, missile defense systems, and more to account for approximately 25.00% of revenue. Some of the major products include the Blackhawk and Seahawk combat helicopters. The Space Systems unit produces about 20.00% of its revenue through satellite and space transportation and defense systems. The last roughly 15.00% of revenue is generated in the Missiles and Fire Control unit. Within this business unit, there is a dual purpose of offering comprehensive and accurate missile defense systems and logistics support for missions to ensure energy and fire management. Lockheed Martin's largest customer, responsible for about 70.00% of revenue, is the U.S. Government & Department of Defense[9].

Positive Drivers:
The largest gain for Lockheed Martin during this period came from the surprise earnings beat in October. Additionally, the geo-political tensions that have persisted throughout the period are going to continue to be positive drivers for governmental defense investments. It has been over a year since the initial Ukraine-Russian invasion, tensions amongst the U.S., China, and Taiwan continue to escalate, and turmoil persists in the middle east due to activists' movements. The strong relationship between the U.S. government and Lockheed Martin will continue to benefit Lockheed's ability to win government contracts to implement further programs and product deliveries.

Negative Drivers:
Due to the significant gain in October, the position in Lockheed Martin was reduced to help finance the FedEx purchase. The hope was to maintain sector weighting while increasing exposure to transportation & logistics at a bargain price following FedEx's annual guidance revision. This February Lockheed Martin announced they would no longer be pursuing the acquisition of Aerojet Rocketdyne Holdings Inc. due to the Federal Trade Commission's antitrust concerns. Aerojet Rocketdyne manufactures rocket engines. Moving forward, there are some near-term concerns that the F-35 program with the Department of Defense may be a target for spending cuts due to the weakening U.S. economy as the program is a significant expenditure.

Raytheon Technologies Corporation (RTX)

Sector: Industrials
Fund Manager: Julia Pelot

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	$23,084.52	$23,503.20	20.38	1.34
H2	-	-	-	-
Tenure	$23,084.52	$23,503.20	20.38	1.34

H1 Actions: Sold 42 shares for $4,021.40 on 11/07/2022. Total dividend payments of $264.00 during this period.

Holding Description:
Raytheon Technologies manufactures aircraft materials seeking to innovate within the aviation technology field. Through its four business units, Raytheon offers a wide range of products including radars, software, and aircraft engines and structures. Pratt & Whitney generates about 30.00%[5] of its revenue by manufacturing aircraft engines for commercial and military use. Collins Aerospace Systems develops engine controls and flight systems for military and commercial aircraft, making up another 30.00% of Raytheon's revenue. Raytheon Intelligence & Space shifts to focus specifically on space opportunities with systems that incorporate space-based sensors, communication systems, electronic warfare solutions, and more. This segment also offers more customer support, including training and mission support services. Overall, the RIS segment generates 20.00% of the revenue. The final 20.00% of revenue is driven by the Raytheon Missiles & Defense segment that designs, manufactures, and sustains integrated missile defense solutions. Additionally, this segment offers large land and sea-based radars and sensor solutions. Overall, Raytheon develops holistic systems that integrate technological innovations within defense and commercial to supply to aircraft manufacturers within the defense and commercial industries.[6] To maintain our approximate weighting within the Industrials sector, while also taking some of the profits from the significant climb in defense stocks, the fund sold a portion of Raytheon's position to purchase FedEx.

Positive Drivers:
Defense stocks, companies that produce weapons and military solutions, benefit from warfare and increased political tensions. Since the invasion of Ukraine, Raytheon has benefited from the increased need for its products. Across Europe, the proximity of the tensions has encouraged increased investments in defense. During this period, Raytheon saw boosts in profits within the aftermarket aircraft parts and repairs division, likely due to margin trimming across the industry. A major driver of Raytheon's profit is the aftermarket sales of spare parts, due to the high margins of spares[7]. There is a hope to see demand for spare parts continue to rise into the next period.

Negative Drivers:
The concerns for Raytheon are largely macroeconomic, as increased interest rates will impact the ease of capital projects that fuel innovation. Analysts are expecting Pratt & Whitney to see flat profits as there will be an increase in original equipment rather than higher-margin aftermarket sales[7]. Increasing wages will cut into the margins for its manufactured products and increase the cost of its software-based offerings.

Information Technology

Fund Manager: Adam Husseini

H1 Analysis:
Currently, the Information Technology sector makes up 26.08% of the S&P 500, making IT the largest sector by weight. In H1, our holdings outperformed the S&P 500 IT sector by 2.27%. This sector has long been a cyclical sector and during H1 it finished as the highest-returning sector. Information Technology did very well in H1, largely due to the semiconductor and cybersecurity industries as well as Apple and Microsoft. Apple and Microsoft, two of our IT holdings, alone make up 13.30% of the S&P 500. This helped bolster the S&P 500 through a time that saw two regional banks fall. The S&P 500 in the month of March ended up 3.50% while Apple and Microsoft accounted for about half of that. The tech industry shielded the market and the current environment that the stock market is in. One reason for the boom in tech stocks is the excitement around AI and the possibilities that come with it. Expectations around further rate hikes have decreased significantly, which is another reason for the positive earnings due to the industry's high sensitivity to interest rates[1]. Each one of our IT holdings saw over a 19.00% increase during H1 with two of them (AMAT and AVGO) increasing by over 45.00%. During the period the Haslam Fund decided to liquidate JBL at a 24.45% gain. We felt we needed to decrease our exposure to the semiconductor industry as it made up half of our investments in IT. Overall, it has been a great period for the IT sector and an even better period for the Haslam Fund's IT holdings.

Moving Forward:
Looking forward, we believe that the IT sector can continue to outperform the S&P 500, as a whole. Tech stocks have taken big hits in the past few years, but in 2023 the industry is poised for major growth. Microsoft is a huge player in the new AI frenzy and has recently introduced "Copilot" as a way to make the creation of documents easier for the user. Apple is also releasing a VR/AR headset in June of this year that could have major upside, especially for the Apple faithful. Palo Alto Networks have become one of the largest players in the cybersecurity industry that has seen a huge boom, and with the rise in the amount of data that needs to be secured, we believe this growth can continue for the company. If interest rate hikes continue to slow and even decline, it will bode well for the tech industry as a whole and particularly the Haslam Fund's IT holdings. We feel confident in our technology holdings and will continue to assess these holdings to make the best possible choices, given the information available.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	264,078.48	279,233.96	29.77	27.50	0.71
H2	-	-	-	-	-
Tenure	264,078.48	279,233.96	29.77	27.50	0.71

Apple Inc. (AAPL)

Sector: Information Technology
Fund Manager: Adam Husseini

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	56,800.20	67,773.90	19.65	0.33
H2	-	-	-	-
Tenure	56,800.20	67,773.90	19.65	0.33

P3 Actions: Held. Total dividend payments of $189.06 were made during this period.

Holding Description:
Apple is a multinational technology company headquartered in Cupertino, California. They design, manufacture, and market smartphones, personal computers, tablets, wearables and accessories. They have also started offering payment services with Apple Pay and entertainment with their streaming service Apple TV, digital content, and cloud services. The iPhone accounts for more than 50.00% of their sales while other hardware products like the Mac and iPad as well as their wearables and accessories account for 10.00% of sales, respectively. Apple's second biggest market segment is their services Apple Music, Apple Pay, App Store, and iCloud which accounts for 20.00% of sales. Apple generates over 40.00% of its sales from the Americas, while Europe and Greater China account for 20.00% respectively.

Positive Drivers:
One of the many markets Apple is looking to get into is the augmented and virtual reality market. They will release an AR/VR headset in June 2023[1]. The augmented reality market is expected to grow at a rate of 40.90% through 2030 and the virtual reality market is expected to grow at a rate of 15.00% over that same period. Apple has been successful before at entering markets that already have major players like Meta and Sony, and on top of that Apple has unmatched customer loyalty that could help propel them in this market. Additionally, Apple Pay is growing at a steady rate and is expected to reach over 56.70 M users in 2026. Currently 17.30% of the U.S. population uses Apple Pay at least once a month. That is a large number for a relatively new service that is still being integrated at new vendors around the country.

Negative Drivers:
Apple's iPhone sales decreased 14.90% year over year in their latest earning report. This is worrisome for some investors, especially with an uncertain economy and fears of a recession. Apple is in a spot where consumers will not be as inclined to buy the new version of the iPhone in a recessionary environment. Apple is also facing production problems in China.[2] Most of the world has eased up on COVID restrictions, however, China has not, and it is impacting Apple's iPhone production. Apple's largest iPhone factory in China has been unable to meet its production goals amidst protests and worker unrest, which could cause Apple to have a shortfall of over 6.00 M iPhones.

Applied Materials Inc. (AMAT)

Sector: Information Technology
Fund Manager: Adam Husseini

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	36,213.06	54,290.86	50.56	0.63
H2	-	-	-	-
Tenure	36,213.06	54,290.86	50.56	0.63

P3 Actions: Held. Total dividend payments of $229.84 were made during this period.

Holding Description:
Applied Materials Inc. is an American equipment manufacturer headquartered in Santa Clara, California. They are the leading producer of machines for semiconductors, displays, and related industries. AMAT operates in three segments: Semiconductor Systems, Applied Global Services, and Display and Adjacent Markets. The Semiconductor Systems segment makes up 75.00% of revenue as they handle the complex processes of making chips from beginning to end. Their display segment produces equipment for manufacturing liquid crystal displays (LCDs), organic light-emitting diodes (OLEDs), and other display technologies for TVs, computers, and smartphones. Their Asian customers account for 80.00% of revenue, and their three main customers are TSMC, Samsung, and Intel.

Positive Drivers:
The overall semiconductor market has seen a rebound since late 2022. This is big for Applied Materials Inc. as the semiconductor segment makes up 75.00% of their revenue. If this industry continues to grow, it will create more demand for AMAT's products. AMAT also invests heavily into R&D to continually innovate. Most of the investment is going into research, development, and engineering to help its customers make more chips and with fewer defects. This could bring in more customers from around the world who want that edge.

Negative Drivers:
The U.S. government's export policy against China has impacted Applied Materials greatly. The U.S. wants to strengthen domestic semiconductor manufacturing, design, and research. However, Asia makes up 80.00% of AMAT's revenue, with China being a large part of that. AMAT executives believe this rule could have an impact of up to $2.50 B on revenue for the fiscal year 2023.[1] CFO Brice Hill had this to say about the situation "We continue to work through the regulatory requirements, including seeking licenses and approvals where appropriate." This situation will have to be closely monitored going forward as we see how they adjust in the long run.

Broadcom Inc. (AVGO)

Sector: Information Technology
Fund Manager: Adam Husseini

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	35,520.80	51,323.20	46.56	2.07
H2	-	-	-	-
Tenure	35,520.80	51,323.20	46.56	2.07

P3 Actions: Held. Total dividend payments of $736.00 were made during this period.

Holding Description:
Broadcom Inc. is an American semiconductor company headquartered in San Jose, California. They design, develop, and supply semiconductor and infrastructure software solutions. Broadcom is a business-to-business company that sells to customers worldwide. The majority of their revenue comes from two companies, WT Microelectronics and Apple, who make up 20.00% of revenue respectively. Broadcom is looking to bounce back from a hard 2022 for the company and semiconductor industry.

Positive Drivers:
Broadcom's acquisitions of VMware should be very beneficial to the company as it can expand and grow with multi-cloud technology that improves cloud capabilities and cost.[1] The acquisition should also drive larger and more consistent free cash flow over time. Broadcom experienced great EPS growth. Over the last three years, Broadcom has had an impressive annual EPS growth of 58.00%. If they are able to keep this trend going, it is good for investors and the Haslam Fund.

Negative Drivers:
The biggest negative driver for Broadcom is that Apple is reportedly planning to phase out Broadcom's chips and replace them with an in-house chip in 2025. Apple accounts for 20.00% of Broadcom's total revenue, making this bad news for the company. Broadcom will have to figure out how to overcome this loss before 2025. Also, their acquisition of VMware has not yet gone through, and although it looks to be certain, it is always something to watch for until it officially closes.

Jabil Inc. (JBL)

Sector: Information Technology
Fund Manager: Adam Husseini

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	49,746.02	-	24.45	0.14
H2	-	-	-	-
Tenure	49,746.02	-	24.45	0.14

P3 Actions: Sold 862 shares for $61,838.46 on 12/9/2022.
Total dividend payments of $68.96 were made during this period.

Holding Description:
Jabil is an American manufacturing services company headquartered in St. Petersburg, Florida. They offer services such as digital prototyping, printed electronics, device integration, circuit designing, and volume board assembly services. They serve automotive, consumer health, data centers, energy, and defense sectors worldwide.[1] Jabil has a business-to-business company model, so they do not rely on on the everyday consumer. Jabil is Apple's key supplier of components for their devices. Other big customers of Jabil include Cisco Systems, Dell Technologies, HP Inc and General Electric.

Positive Drivers:
Jabil recently beat revenue and EPS estimates for their 2023 Q2 that ended February 28, 2023. This is good for the stock and has been the trend for companies in their industry. They also project earnings growing for their August earnings release date. Jabil has also been making meaningful sustainability progress. For the fiscal year 2022, they reduced operational emissions by 23.00%, hazardous waste by 25.00%, and water acquired in areas of high-water stress by 18.00%.[2] This has been a focus of the company since 2019 and could help them in the eyes of consumers.

Negative Drivers:
Jabil relies heavily on Apple, as the company accounts for 22.00% of their revenue. If this relationship deteriorates it would have significant negative impact on Jabil's financial performance. The Haslam Fund decided to fully liquidate this stock to decrease our exposure to the semiconductor industry. We also felt the company provided the least upside out of our IT holdings that are involved in the chip industry and had provided us with a good gain during the period. We sold Jabil for a 24.45% return and remain confident in this decision.

Microsoft Corporation (MSFT)

Sector: Information Technology
Fund Manager: Adam Husseini

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	66,143.60	81,877.20	24.37	0.58
H2	-	-	-	-
Tenure	66,143.60	81,877.20	24.37	0.58

P3 Actions: Held. Total dividend payments of $386.24 were made during this period.

Holding Description:
Microsoft is an American multinational technology and software company headquartered in Redmond, Washington. Microsoft produces computer software, consumer electronics, personal computers, and related services. They operate in three business segments: More Personal Computing, Productivity and Business Processes, and Intelligent Cloud. The Personal Computing segment brings in 30.00% of revenue offering devices such as Windows PC, Microsoft surface, phones, and the Xbox. The Intelligent Cloud brings in 35.00% of revenue as it consists of public, private, and hybrid server products and cloud services headlined by the Azure cloud computing service. The last third of revenue comes from the Productivity and Business processes segment which includes services like Office, Exchange, SharePoint, Skype, and Teams. Microsoft has worldwide reach with 50.00% of their sales coming from the U.S. and the other 50.00% coming from other countries.

Positive Drivers:
Microsoft is gaining on Amazon Web Services in the market for cloud infrastructure services. Amazon's market share is 32.00%, while Microsoft gained market share at 23.00%. Spending in the industry is up 23.00% year over year and Microsoft is closing in on the top spot. There is also an AI race right now in the technology sector. On January 23, Microsoft announced a new investment of $10.00 B in an AI startup OpenAi, the organizer behind ChatGPT. That has led to their new AI service "Copilot" that assists users in the creation of documents for their Microsoft 365 apps and services.[1] If Microsoft can successfully integrate this into their software and services it could provide massive opportunities for the company. Also, Microsoft Teams has become the most popular business communication platform with over 270.00 M users.

Negative Drivers:
Microsoft has recently announced a layoff of 10,000 employees by September due to worsening economic conditions. This is following a trend of other layoffs across big companies in the industry. Also, just as the OpenAi partnership could be a benefit for the company, it can also be a downfall if they do not execute properly. With the rise in popularity of AI services, many companies will be competing in this field. While it seems Microsoft has the edge right now, they will have to be careful so they do not get passed by another AI service.

Palo Alto Networks (PANW)

Sector: Information Technology
Fund Manager: Adam Husseini

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	19,654.80	23,968.80	21.95	-
H2	-	-	-	-
Tenure	19,654.80	23,968.80	21.95	-

P3 Actions: Held. No dividend payments were made during this period.

Holding Description:
Palo Alto Networks Inc. is an American-based, multinational cybersecurity company headquartered in Santa Clara, California. They provide firewalls that identify and control applications, scan content to stop threats, prevent data leakage, integrated application, user and content visibility. The company's software and hardware security products account for most of the company's revenue, as well as a growing subscription service. The Americas account for 70.00% of the company's revenue, while Africa and the Middle East each account for 20.00% with the final 10.00% from the Asia-Pacific Region. Customers of the Pal Alto Networks mostly include medium and large companies, service providers, and government agencies.

Positive Drivers:
Palo Alto Networks Inc. has had many financial wins lately. Over the past two fiscal quarters, they reported their first two quarters of profitability. Executives have tried to achieve a balance of growth and expanding profit margins. So far, they have achieved this, which strengthens faith in management's ability to execute. Also, partnerships with hyperscale peers, like Amazon and Google, are key to improving deployment size and helping PANW compete with the best of the best cloud security providers. In the latest earnings report, PANW reported revenue increased 15.00% year over year to $352.90 M. The company also saw a 29.10% increase in revenue for their subscription and support segment that brought in $1.30 B. Also, the management raised the fiscal guidance in 2023 that suggests a top line growth of 25.00-26.00% from the fiscal 2022 level.[1]

Negative Drivers:
Palo Alto Networks Inc.'s Firewall transition to cloud could face challenges. Cloud only makes up one third of its subscribers, but companies have to migrate critical workloads to public clouds for hybrid and remote work. This might bring challenges for Palo Alto Networks as they move their firewall customers to cloud services. The company also faces pressure when the economic conditions look uncertain due to cybersecurity stocks having expensive valuations.

Materials

Fund Manager: Matthew Carter

H1 Analysis:
The Materials sector has realized significant gains during H1, with the S5MATR, the S&P 500 Materials sector index, returning 19.96%. The Haslam Fund's Materials holding, Graphic Packaging Holding Company (GPK), has returned 30.03%, beating the benchmark by 10.07%. As of the end of H1, Materials makes up 2.34% of our equity holdings, reflecting an underweight position relative to SPX by 0.30%. This underweight position is generally unfavorable, and we believe that increasing our exposure to take advantage of attractive opportunities in the market is in the best interest of the fund going forward. Consistent with our economic outlook for H1, the Metals and Mining industry has been a bright spot in the sector, with mining companies like Freeport-McMoran realizing a 50.79% return on the back of increasing copper demand, while Steel Dynamics, a carbon steel producer and metals recycling company, has seen a return of 36.90%. Meanwhile, we were holding packaging and chemical companies, with chemicals being one of the biggest laggards in the sector. For example, CF Industries, a nitrogen and phosphate fertilizer manufacturer and distributor, realizing a total return of -23.85% during H1, while specialty chemicals giant Albemarle realized a -16.11% total return.

Moving Forward:
The Haslam Fund should dive deeper into the fundamentals of companies in the agricultural chemical space, like CF Industries, to determine why these players are seeing such outsized declines. If the factors dragging them down are temporary macro-driven events, the fund may consider an investment with an attractive entry price, provided we believe any headwinds would be resolved during our investment time horizon. Beyond this, we believe that the metals and mining space is only beginning to see secular trends to the upside, and that there exist potential investments in the space that are attractive, and that we should seek out these opportunities. We also believe that GPK will continue to be a strong performer, as the company has made substantial investments in Europe over the prior year that have added more than $1.00 B in revenue. We believe this investment was timely and will play out in the form of healthy returns on the back of regulatory tailwinds from the Single-Use Plastic Directive now in effect throughout most of the EU, which effectively amounts to a ban on single-use plastic containers.[1] This is positive for companies like GPK as their fiber-based packaging is the go-to alternative to single-use plastic containers. Further, much has been made of reducing single-use plastics in the U.S., as eight states, including California, Connecticut, Delaware, Hawaii, Maine, New York, Oregon, and Vermont, have effectively banned single-use plastic bags in stores, which is thought to be a precursor for broader bans on other uses.[2] As such, GPK stands to benefit from any subsequent legislation should these states broaden their bans and force companies and consumers to shift towards alternatives.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	34,848.24	24,368.44	33.29	19.96	-0.30
H2	-	-	-	-	-
Tenure	18,871.44	24,368.44	30.02	19.96	-0.30

Dupont de Nemours (DD)

Sector: Materials
Fund Manager: Matthew Carter

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	15,976.80	-	37.16	-
H2	-	-	-	
Tenure	15,976.80	-	37.16	-

H1 Actions: Sold 317 shares for $21,913.70 on 11/18/2022.

Holding Description:
Dupont de Nemours, Inc. (DD) is a Wilmington, Delaware, based specialty chemicals company focused on the development of advanced materials with a market capitalization of $32.88 B. Dupont has historically operated internationally through numerous segments, though moved to consolidate operations during 2020, resulting in three reporting segments: Electronics & Industrial, Water & Protection, and Corporate & Other. Electronics & Industrial accounted for $5.90 B in revenue in 2022, and includes Industrial Solutions, Interconnect Solutions, and Semiconductor Technologies. Water & Protection generated sales of $6.00 B, and includes Safety Solutions, Shelter Solutions, and Water Solutions. The company reported $1.10 B in sales under Corporate & Other. DD's largest Water & Protection business unit by revenue, Safety Solutions, produces materials like Kevlar, Nomex, and Tyvek; materials used in the manufacture of bullet-proof vests, flame-retardant firefighter gear, and other personal protective equipment. The company's largest Electronics & Industrial business unit, Semiconductor Technologies, produces components and machinery that smooth and etch the surface of semiconductors, allowing for the manufacture of microelectronics, like cell phones, that we use daily.

Positive Drivers:
During H1, DD reported an adjusted EPS gain of 12.00% and increased operating EBITDA by 3.00%, though operating EBITDA margin remained flat from the year prior. The company reported plans to make share repurchases and pay down debt, though offered limited guidance as to the size and scope of these actions. Likewise, the company announced a minimum target shareholder payout of 35.00% of earnings, though with no associated projections of what retained earnings might look like going forward.

Negative Drivers:
DD has suffered from organizational issues for many years, engaging in spinoffs, mergers, and splits, most notably including the merger with Dow Chemical in 2015. The company subsequently reorganized business units several times, though has yet to land on a structure that works well long term. As such, investors have been concerned about the company's future, which has led to significant volatility in the share price. Revenues have declined roughly 10.44% annually over the prior 5-year period, while the dividend has experienced net-growth of -23.16% over the same period. Beyond these concerns, DD has been mired in substantial international litigation for some time, with one of the most significant lawsuits being brought by the state of California in November 2022, which alleged that the company knowingly marketed products that cause cancer and other detrimental health effects. Legal analysts project that the company is poised to incur millions in legal fees and potentially hundreds-of millions of dollars in damages and other penalties, if found liable. Due to fundamental business concerns, a shrinking dividend, and substantial legal troubles on the horizon, the Haslam Fund voted to exit our investment in DD.

Graphic Packaging Holding Company (GPK)

Sector: Materials
Fund Manager: Matthew Carter

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	18,871.44	24,368.44	30.02	0.89
H2	-	-	-	-
Tenure	18,871.44	24,368.44	30.02	0.89

H1 Actions: Held. Total dividend payments of $167.30 during this period.

Holding Description:
Graphic Packaging Holding Company (GPK) is an integrated paperboard and packaging company headquartered in Atlanta, Georgia, with a market capitalization of $7.24 B that provides contract services to multinational consumer products and beverage manufacturers. This mostly includes supplying cartons for food and beverage to retail and foodservice customers. The company differentiates itself by offering sustainable, fiber-based packaging products that are an alternative to plastic packaging. The raw materials they procure are replanted on a continuous basis and end-products are easily recycled at the end of their usable lives. Over the last five years, GPK has made several strategic acquisitions, consolidations, and divestitures to right-size operations, and to remain supportive of the European Union (EU) by divesting from its Russian assets due to the war in Ukraine. As of 2022, GPK's U.S. Paperboard Packaging segment accounted for 64.83% of revenue, while Europe Paperboard Packaging accounted for 21.27%, and its Paperboard Mills segment for the remaining 13.90%.

Positive Drivers:
GPK has been a significant bright spot in the Materials sector during H1, increasing net sales by 32.00% year over year, largely attributable to price increases totaling $1.10 B to recoup higher commodity prices. Beyond this, the stock's performance was driven by increased EBITDA margins by 210 basis points to 16.90% over the same period last year, as well as by a decrease in net debt by $526.00 M. GPK expects net leverage to further decrease in 2023 to roughly 2.50x by the end of Q4, which is likely driving positive momentum as well. The company announced during H1 that they have successfully integrated their sizeable acquisition of AR Packaging, making GPK the European market share leader in fiber-based consumer packaging. Executives believe the merger is poised to create roughly $40.00 M in synergies. Finally, GPK announced that they intend to make roughly $1.00 B in new investments over the coming three years, which will be funded via operating cash flow.

Negative Drivers:
Negative sentiment surrounding GPK is largely centered on the company's overreliance on quick service restaurants, as this customer segment makes up roughly 75.00% of their portfolio and has begun reporting broad slowdowns across the industry. Some of their largest customers by revenue, including Starbucks, Tyson Foods, Chipotle, and Anheuser-Busch, have recently experienced negative sales surprises, while others like McDonald's and Mondelez International, though seeing positive sales surprises, have been signaling trouble in other ways, like announcing layoffs across divisions and subsidiaries. Fast food is far from the only major segment reporting lackluster sales data, as healthcare and pharmaceutical products companies like Johnson & Johnson, and international player Novartis, have also reported negative sales surprises during H1. Though these concerns are substantial and likely to impact GPK in the coming year, we remain positive on the holding in the long term and believe strongly in the company's recent investments.

Real Estate

Fund Manager: Matthew Hatton

H1 Analysis:

The Real Estate Sector finished H1 with capital gains, as the S&P 500 Real Estate sector returned 5.75% over the period, while our investments in this sector outperformed with an overall return of 7.89%. However, the Real Estate sector did underperform against the broader S&P 500 by a significant margin, implying the portfolio would have been better off with an underweight allocation, rather than the slight overweight allocation we carried during the period. During H1, we liquidated our position in Prologis for a gain and purchased shares of Camden Property Trust, which is a REIT focused on multifamily properties throughout the southwest and sunbelt regions. We held our current position in Welltower, a healthcare real estate investment trust. Our holdings saw mixed results for the period, as PLD and WELL generated positive returns while CPT lagged the market and generated negative returns.

Moving Forward:

Housing starts pushed lower throughout H1, reaching as low as 1.32 M units in January[1]. Though there was a significant bump in these numbers to 1.45 M units in February due to the markets rallying, we believe that housing starts will continue to push lower as credit conditions continue to tighten due to Federal Reserve interest rate hikes. We have observed a similar trend in existing home sales, reaching as low as 4.00 M in January and spiking to 4.58 M in February.[2] While the real estate market is rapidly cooling due to recession fear and tightening credit conditions, annual home price changes reveal that the real estate market in the western U.S. is seeing declines and the real estate market in the eastern U.S. is seeing significant price increases. Florida and Maine recorded the highest annual price gains with 11.30% and 10.30%, respectively, while states like Washington and California saw declines of 4.90% and 1.50% annually.[3] This bolstering of prices is due to stronger job markets in the eastern markets than those in the west. The Haslam Fund holds the position that the real estate markets will see losses in the near term, which opens up the opportunity to invest in rapidly growing eastern U.S. real estate markets at a discount in order to realize gains in the mid to long term as inflation subsides and credit conditions return to normal.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	40,257.12	41,251.69	7.89	5.75	1.40
H2	-	-	-	-	-
Tenure	40,257.12	41,251.69	7.89	5.75	1.40

Camden Property Trust (CPT)

Sector: Real Estate
Fund Manager: Matthew Hatton

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	-	22,540.60	-7.29	0.79
H2	-	-	-	-
Tenure	-	22,540.60	-7.29	0.79

H1 Actions: Bought 118 shares for $13,570.00 on 10/07/2022. Bought 97 shares for $10,961.00 on 11/14/2022. Total dividend payments of $202.10 during this period.

Holding Description:
Camden Property Trust is one of the largest publicly traded multifamily property real estate investment trusts in the United States. Camden takes part in the construction, acquisition, redevelopment, and management of condominiums and apartment complexes to generate revenue. Their core competency among these is the management of property operations, with a focus on leasing out apartment homes to generate constant streams of revenue. Camden has a variety of locations in the following states: California, Arizona, Colorado, Texas, Tennessee, Georgia, Florida, North Carolina, Virginia, and Maryland. The firm's current market capitalization is approximately $12.70 B.

Positive Drivers:
In Q4 of 2022, CPT completed the construction of a new facility in Florida and continued leasing a location in Arizona. This new facility has begun contributing to overall increases in the firm's funds from operations, improving 28.60% year over year.[2] Moving forward, CPT will be well positioned with this facility to take advantage of overall real estate market strength in southeastern states. Firm leadership has cited that California COVID rental restrictions are relaxing, which is projected to result in decreasing the firm's overall net bad debt by 1.40%.[2] This significant increase in reimbursement will allow Camden to better utilize its properties in the west. Camden has made significant investments in energy-efficient technologies and sustainable building practices, with a goal of reducing its environmental impact and improving the sustainability of its properties which creates a point of differentiation for Camden and will drive overall long-term growth. Camden's corporate leadership is oriented towards long term earnings sustainability and growth, exemplified by their maintained dividend issuance over H1.[1]

Negative Drivers:
Recessionary pressures and the return to seasonality of the real estate market resulted in the slowing of CPT's promising long term growth rates in the winter months of H1.[2] Camden missed on their Q4 FFO per share by 0.75% and their EBITDA by 0.44%, which resulted in a negative market reaction and share price tumble after this report was issued on February 2nd.[3] The Haslam Fund believes that the Federal Reserve may continue to raise interest rates, making it more difficult for Camden to obtain funding to continue to expand its real estate offerings in order to maintain its historically consistent growth trends. The earnings report misses, when paired with uncertain economic conditions ahead, have resulted in a degree of lost investor confidence in Camden's future, and thereby has resulted in declines in the holdings value over the period. These declines in value will continue unless Camden can provide more promising numbers in their next quarterly reports.

Prologis, Inc. (PLD)

Sector: Real Estate
Fund Manager: Matthew Hatton

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	23,469.60	-	11.60	-
H2	-	-	-	-
Tenure	23,469.60	-	11.60	-

H1 Actions: Sold 231 shares for $26,192.49 on 11/14/2022.
No dividend payments during this period.

Holding Description:
Prologis is the "global leader in logistics real estate with a focus on high-barrier, high growth markets." The company owns, manages, and develops "well-located, high-quality logistics facilities in 19 countries across four continents."[4] The company also provides other real estate services, such as "leasing, property management, development, acquisitions and dispositions." As of December 31, 2022, the Prologis portfolio consisted of approximately 1.20 B square feet of real estate across 5,495 buildings. Prologis primarily invests in warehousing and logistics properties. Some of the firm's top customers include Amazon, FedEx, Home Depot, Maersk, UPS, and Geodis. At the end of 2022, the top 25 customers occupied 122.00 million square feet of consolidated property and 202.00 million square feet of owned and managed property.[4] Continually, the top 25 customers account for 22.30% and 20.50% of net effective rent in the consolidated and O&M property groups, respectively.[4] According to their 2022 annual report to shareholders, approximately 2.80% of the world's GDP passes through Prologis buildings.[5]

Positive Drivers:
At the beginning of H1, Prologis completed the acquisition of Duke Realty Corporation. This strategic move added nearly five hundred industrial operating properties that totaled nearly 144.00 M square feet to the Prologis portfolio. PLD management believes the newly acquired properties are "highly complementary to our U.S. portfolio in terms of product quality, location and growth potential."[1] Funds from operations grew slightly in 2022, and operating margin increased to 38.17% from 33.98% in the year prior. The weighted average lease term for leases commenced during 2022 was 69 months.[4]

Negative Drivers:
Real estate markets began to see major headwinds in the second half of 2022 as the Fed continued to lift interest rates. Continually, some of PLD's top customers, such as FedEx, predicted less demand for e-commerce and slower growth for the economy. ROA and ROCE both declined to 4.60% and 7.77% in 2022, down from 5.13% and 8.99% in 2021, respectively.[6] Because of the cyclical nature of real estate and the expectation of an upcoming recession, the Haslam Fund decided to liquidate its position in PLD.

Welltower Inc. (WELL)

Sector: Real Estate
Fund Manager: Matthew Hatton

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	16,787.52	18,711.09	13.36	1.90
H2	-	-	-	-
Tenure	16,787.52	18,711.09	13.36	1.90

H1 Actions: Held. Total dividend payments of $318.42 during this period.

Holding Description:
Welltower Inc. is a real estate investment trust that invests in and owns healthcare infrastructure properties, and then leases those properties to operators who provide care and services to the residents of those properties. Welltower's primary focus is on senior housing, which includes independent living, assisted living, and memory care facilities. The company also invests in post-acute care facilities, such as skilled nursing facilities and rehabilitation centers, as well as outpatient medical facilities. Welltower's approach is to invest in high-quality properties that are located in attractive markets with strong demographic and economic fundamentals. The company then partners with medical professionals to manage those properties and provide high-quality care and services to residents. As the owner of the properties, Welltower generates rental income from its tenants, which provides a steady, predictable source of revenue. The company seeks to maintain a diversified portfolio of properties across different geographies and property types, which helps to minimize risk and generate stable, long-term returns for its investors. The firm's current market capitalization is $36.20 B.

Positive Drivers:
Welltower recently reported same store net operating income growth of 12.90%, led by their Senior Housing portfolio that reported 28.10% growth. Outpatient medical care, which makes up the weakest of those growth statistics at 3.00%, will be a portion of their portfolio that will outperform other sections due to outpatient medical care's projected demand growth over the next 10 years.[7] Additionally, Welltower's focus specifically on healthcare related REITs allows them to draw on the healthcare industry's demand consistency to carry an adjusted beta of 0.876.[8] This positions Welltower well for potentially inclement economic conditions and overall market downturn that the Haslam Fund team expects in the coming months. Over H1, there has been market volatility due to uncertainty about the state of the economy, yet Welltower has maintained fairly stable funds from operations with slight positive surprises of $0.84 and $0.83 in Quarters 3 and 4 respectively.[9] This will drive investor confidence as we enter into H2.

Negative Drivers:
As the Federal Reserve continues to tighten credit conditions by raising interest rates, REITs will find it more difficult to obtain funding to invest in new properties and update their current locations. Welltower is more susceptible to these price changes due to their standard of providing high quality care and service in their medical facilities. This quality of care tends to carry higher capital investment costs, which is demonstrated by their high debt-to-equity ratio of 0.69.[10] Additionally, the seniors who are the primary customers of many of Welltower's properties have a very limited margin in terms of their living expenses.[11] The resulting rental prices necessary to combat rising costs to borrow and operate for Welltower may result in increased numbers of tenants who can no longer meet their leasing obligations. This would increase Welltower's bad debt expenses and affect overall funds from operations in H2.

Utilities

Fund Manager: Matthew Carter

H1 Analysis:
The broader Utilities sector has experienced modest gains during H1, with the S5UTIL index returning 5.10%, while the Haslam Fund's holdings collectively returned 7.23%, beating the benchmark by 2.13%. As of the end of H1, Utilities make up 2.19% of our equity holdings, which represents an underweight position by 0.67% compared to our equity benchmark, the SPX index, which maintains a 2.86% position in the sector. This was inconsistent with our desire to remain neutral in Utilities, thus we are evaluating options to adjust our allocation and return to an at-weight position. As Utilities drew attention from investors during the equity market downturn of 2022, on the back of the Federal Reserve raising rates at the fastest pace in over 30 years, the sector became fully priced and has since provided limited opportunities to capitalize on what would otherwise be attractive new investments. At present, the sector trades at a P/E of 19.78x, higher than that of the broader market, with the SPX at 18.46x, after finishing 2022 at an average 20.26x vs the benchmark's 17.16x average multiple. Over the prior decade, SPX has traded at higher multiples than the Utilities sector in six out of ten years and, given the risk/reward tradeoff between the two, diving into investments in a potentially overvalued space with limited upside potential due to numerous factors did not feel prudent.

Moving Forward:
With higher bond yields stealing the thunder that typically makes Utilities the go-to sector for risk-averse investors to shelter market storms, the space has begun to cool, reducing the sizeable spread between the S5UTIL and SPX seen in 2022. Utilities traded at a higher collective P/E by 3.10x earnings for the duration of the year, the largest spread in more than a decade, and has only recently corrected, trading 1.32x higher than SPX at present. This convergence provides a more optimistic investment landscape, as it signals the sector may be trending back toward favorable valuations. The fund will evaluate opportunities, making every effort to capitalize on the stock pickers' market that has recently emerged, and which is likely to continue if the Fed holds rates higher for longer, as they have broadcast. With names like Dominion Energy and AES Corp currently trading at attractive valuations, the sector has much healthier opportunities in more diverse subsectors to act on at fair entry prices relative to the beginning of H1. We believe that our current Utilities holdings, the large-cap XLU ETF and Entergy Corporation, will continue to be bright spots in the market, as XLU provides excellent exposure to both conventional and renewable energy plays, while Entergy, an integrated energy company, is an excellent pick in the electricity distribution space that has been growing its footprint and realizing regulatory wins during H1.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from S&P (%)
H1	21,691.38	22,842.00	7.19	5.10	-0.67
H2	-	-	-	-	-
Tenure	21,691.38	22,842.00	7.19	5.10	-0.67

Entergy Corporation (ETR)

Sector: Utilities
Fund Manager: Matthew Carter

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	11,471.82	12,282.36	9.19	2.13
H2	-	-	-	-
Tenure	11,471.82	12,282.36	9.19	2.13

H1 Actions: Held. Total dividend payments of $243.96 during this period.

Holding Description:
Entergy Corporation (ETR) is a New Orleans-based vertically integrated utility company with a market capitalization of $22.72 B, primarily operating electricity generation, transmission, and distribution facilities serving Arkansas, Louisiana, Mississippi, and Texas. The company also owns and operates a natural gas distribution company, as well as nuclear power generation facilities in the northern U.S., through which they offer services that entail the operation and decommissioning of nuclear power plants owned by fellow operators. ETR also operates a wholesale commodities segment, which the company is currently phasing out, that has offered wholesale electricity to various retail utilities in Arkansas, Louisiana, Michigan, and New York. The discontinuation of this segment is expected to be complete this year. In the territories they operate strictly as a utility, the Company has virtually no competition, as they are the sole operator. We hold ETR to gain exposure to opportunities in the vertically integrated utility space with a stable and growing company at a fair valuation.

Positive Drivers:
ETR raised its dividend by 5.94% during H1, which was consistent with the size and pace of increases seen in prior periods, which investors naturally viewed as positive. Likewise, the company saw a favorable reaction from investors in March on news that they are seeking regulatory approval to add 225 megawatts of new solar resources to their growing base of renewable energy offerings to electricity customers. The proposed increase pending approval includes a 20-year power purchase agreement with a subsidiary of NextEra Energy Resources, which is convenient for our portfolio not only due to the potential positive effects for ETR but also for NextEra, as this is the largest holding by NAV in the XLU ETF we also hold. Beyond this, the company announced they have many thousands of megawatts of renewable energy in their capacity pipeline at different stages of acquisition and approval.[1] Beyond this, the Company attributed increases in operating cash flow to higher revenue from utility customers, as well as lower income tax payments and storm restoration spending in Q4. Finally, ETR received a favorable determination from the Louisiana Public Service Commission in January that their Hurricane Ida restoration costs were both reasonable and prudent, approving their push for recovering associated costs via securitization.

Negative Drivers:
ETR's positive gains were somewhat overshadowed by generally higher operating expenses, increased taxes outside of income taxes (largely property taxes), as well as a higher effective income tax rate, and higher interest expense in Q4. Further, the company reported higher fuel and purchased power costs associated with their utility operations.

Utilities Select Sector SPDR Fund (XLU)

STATE STREET GLOBAL ADVISORS SPDR

Sector: Utilities
Fund Manager: Matthew Carter

Period	Start Value ($):	End Value ($):	Return (%):	Dividend Yield (%):
H1	10,219.56	10,599.64	4.95	1.62
H2	-	-	-	-
Tenure	10,219.56	10,599.64	4.95	1.62

H1 Actions: Held. Total dividend payments of $165.67 during this period.

Holding Description:
XLU is a large-cap ETF that exists to produce positively correlated returns to that of the broader U.S. Utilities sector and is comprised of 32 companies involved in communication services, electricity generation and transmission, and natural gas distribution. XLU tracks the IXUTR, a modified cap-weighted index of S&P 500 Utilities companies and has a tracking difference of -0.91% and a tracking error of 0.26%. XLU's expense ratio is 0.10%. The ETF's largest holdings are NextEra Energy at 15.44% of NAV, The Southern Company at 7.75%, and Duke Energy at 7.56%. The remainder of the fund's holdings each account for ~5.00% or less of total NAV, with roughly 68.75% of them accounting for under 3.00%.

Positive Drivers:
With market participants convinced that the Federal Reserve will have no choice but to pause, or even reverse, their string of rate hikes in the near term, many investors have brightened economic outlooks, which has played out as recent rallies in some pockets of the equities market. During the final days of H1, XLU reversed its YTD downward trend, bottoming at $63.70 in late March, and has since continued an upward trajectory. Among the fund's strongest performers was Duke Energy, which returned 5.87% during H1, as well as The Southern Company, which returned 4.32%. American Electric Power Company, accounting for 4.80% of NAV, returned 7.17%, while Exelon Corporation returned 13.69%, which accounts for roughly 4.21% of total NAV.

Negative Drivers:
Returns for utilities in the United States are largely capped and heavily scrutinized by regulatory bodies on the local, state, and federal levels. As such, passing on any increase in costs to the consumer must generally gain regulatory approval, resulting in a lag between when companies realize these costs and when they receive relief via increased rates. 94.17% of XLU's holdings are in the electric utility industry, and many of these companies have cited both increased fuel costs and higher labor costs during H1 as the primary and secondary reasons for lower EPS, which has translated to lower investor sentiment in the sector. Likewise, the cost of capital has steadily increased, and interest payments have risen as a result, acting as another factor giving investors pause. Among XLU's worst performers was its largest holding, NextEra Energy which returned -0.56% during H1, and Dominion Energy, which accounts for 4.76% of NAV and returned -17.17%.

Fund Manager Bios

Jack Beachboard

Jack is a senior from Manchester, Tennessee, majoring in Finance with a collateral in Business Analytics. Jack is a second semester manager and covers the Financials sector of the Haslam Torch Fund. Outside of academics, Jack serves as the Vice President of Operations for the Tennessee Capital Markets Society and works as an undergraduate student-manager for the UT Swimming & Diving program. Most recently, Jack worked as an Investment Intern at TDK Construction Inc., a privately held real estate development firm based in Murfreesboro, Tennessee. During his internship experience, he conducted market research for multi-million-dollar developments across the southeastern United States and completed financial models for Class A multifamily projects. After graduation in May 2023, Jack plans to attend Belmont University and pursue a JD/MBA degree.

Lindsey Campbell

Lindsey is a junior from Chattanooga, Tennessee. She is pursuing a bachelor's degree in Finance with a collateral in Accounting. Lindsey joined the Haslam Fund in January 2023 and currently covers the Healthcare sector. On campus, Lindsey is heavily involved in the Student Government Association and was recently elected Student Body Vice President. She is also Director of Membership for Tennessee Capital Markets Society, and a member of Chi Omega, Women in Finance, University of Tennessee Investment Group, the Financial Management Association, Psi Society, and Rocky Top Roundtable. Lindsey Currently works as a Junior Analyst in the Masters Investment Learning Center. This summer Lindsey will be working as an Investment Banking Summer Analyst at Lazard in Charlotte, North Carolina.

Matthew Carter

Matthew is a senior at the Haslam College of Business pursuing a bachelor's in Finance with a concentration in Business Analytics. Having a background in transportation and logistics, covering the Materials, Utilities, and Energy sectors during his second term with the Haslam Fund felt like a great fit. Matthew came to the University of Tennessee as a non-traditional student after touring the school and being blown away by how far the University has come in both technological and educational offerings. During his time at UT, Matthew has enjoyed membership in the Financial Management Association and the Real Estate Club. He welcomed his first youngster – a boy! – into the world over the summer of '21 and spends all his spare time re-learning the basics through his eyes. Upon graduating, Matthew plans to work as an Analyst in corporate finance.

Matthew Hatton

Matthew is a first-year MBA candidate from Brentwood, Tennessee. He completed his undergraduate degree at Trevecca Nazarene University in May of 2022, majoring in Business Management and International Business. He joined the fund at the beginning of October of 2022 and hopes to take advantage of the opportunity to delve into the complexities of business finance in the Torch Fund. After completion of his MBA degree in December of 2023, Matthew hopes to put his financial skills to work in the consulting field.

Adam Husseini

Adam is currently a senior at the University of Tennessee pursuing a bachelor's degree in Finance with a collateral in Entrepreneurship. Adam joined the fund in August 2022 and currently covers the Information Technology sector. On campus, he is a new member of the UT Investment Group. Adam has spent the past two summers as the Assistant Finance Manager of Auto Village, a car dealership in his hometown. After graduating, he plans to pursue a career in investment banking or to pursue a master's degree.

Nathan Miller

Nathan is a senior from Knoxville, Tennessee, majoring in Finance with a minor in Economics and collateral in Entrepreneurship. He joined the fund in January of 2023 and covers the Consumer Discretionary and Consumer Staples sectors. Nathan has spent the past two summers working for Volkswagen Group of America, Inc. on the procurement side of the business. After graduation in December 2023, Nathan plans to work as an Analyst in corporate finance.

Julia Pelot

Julia is a second-semester manager for the Haslam Torch Fund. Currently, she is pursuing a degree in Finance with a minor in Sustainability and Environmental Studies with a collateral in International Business through the Smith Global Leadership Scholars Program. Within the Haslam College of Business, Julia serves as an ambassador and is a founding member of the Sustainable Business Organization. On campus, Julia is a member of the Student Alumni Associates working to connect past and present Vols. Julia currently covers the Industrials sector. After graduating, Julia plans to work as a public sector consultant within the DC area.

Michael Ray

Michael is a senior from Knoxville, Tennessee, majoring in Finance with a collateral option in Supply Chain Management. As a first-semester manager, Michael is covering the Fixed Income segment of the Haslam Torch Fund. He spent the last summer as a pricing intern for Elo Touch Solutions, a privately-owned touch screen company here in Knoxville. During his internship, he maintained product margins as well as created financial reports to be presented to upper management. Before transferring back home to the University of Tennessee, Michael played Division I golf at Gardner-Webb University for 2 years. He is currently involved on the club golf team at UTK and enjoys watching golf along with all other sports in his free time. Michael will graduate in December 2023 and plans to move to Charlotte, NC, where he will pursue a career in wealth management and earn his CFP license.

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