HASLAM TORCH FUND

H1 Performance Report

10/01/2023 – 03/31/2024

Managers: Beckett Anderson, Viktoria Eisenstadt, Sam Holloway, Luke Ireton, Joshua Liebowitz, Ethan McNeill, Caden Mitchell, Lucas Nulsen, Chyanne Smailovic, Matthew White

March 31, 2024

Dear Mr. and Mrs. James A. Haslam II,

To begin, the team would like to express how thankful we are for allowing us to manage your portfolio and be a part of this incredible program. One of the most valuable educational opportunities at the Haslam College of Business and the University of Tennessee is the Haslam Torch Fund, only made possible because of your generosity. Through each manager's time in the program, we have all come to embrace the value of a strong work ethic, a deep sense of fiduciary responsibility, and an overall understanding of the nuances affecting financial markets. Having the ability to gain tangible investment and portfolio management experience while also furthering our education continues to be a fantastic privilege.

The Haslam Fund reported a return of 18.63%, beating out our 60/40 benchmark between the S&P 500 and Bloomberg Barclays U.S. Aggregate Bond Index by 2.21%. This positive outcome also led us to boast the highest risk-adjusted return relative to our respective benchmark out of the four Torch Funds during the period. A major driver for our success was the astounding returns in the Consumer Discretionary sector, returning 54.34% while the index returned 17.99%. We hope that you are satisfied with our performance as we continue working to beat expectations and generate alpha. The Haslam Fund team will continue to monitor the state of the macroeconomy in order to best prepare our portfolio for any future opportunities or risks that may arise. It is important to note that uncertainty regarding interest rate futures and the world's current political environment will be on the forefront of our outlook when considering investment and portfolio strategies.

At the end of H1 (October 1, 2023, through March 31, 2024), the Haslam Fund had 30 equity holdings in 11 sectors with additional holdings in fixed income. Extensive research and analysis have led us to make quite a few changes to the portfolio during the period, which managers agree are improvements and have potential to increase fund performance moving forward. During H1, we bought Dollar General (DG), RTX Corporation (RTX), Albertsons Co. (ACI), Alphabet Inc. (GOOGL), & Bristol-Myers Squibb (BMY) for the high growth potential they have presented to the fund. These purchases were funded with liquidations in Walt Disney Co. (DIS), KKR & Co. Inc. (KKR), & Roche Holding AG (RHHBY) in favor of more profitable opportunities.

We thank you again for the opportunity to serve on the Haslam Fund. Your generosity has not only provided us with a fantastic educational opportunity but has also given us an invaluable leap forward in our professional journey; for which we will always be indebted to you.

Sincerely,

Your Haslam Torch Fund

Beckett Anderson, Viktoria Eisenstadt, Sam Holloway, Luke Ireton, Joshua Liebowitz, Ethan McNeill, Caden Mitchell, Lucas Nulsen, Chyanne Smailovic, Matthew White

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Economic Outlook

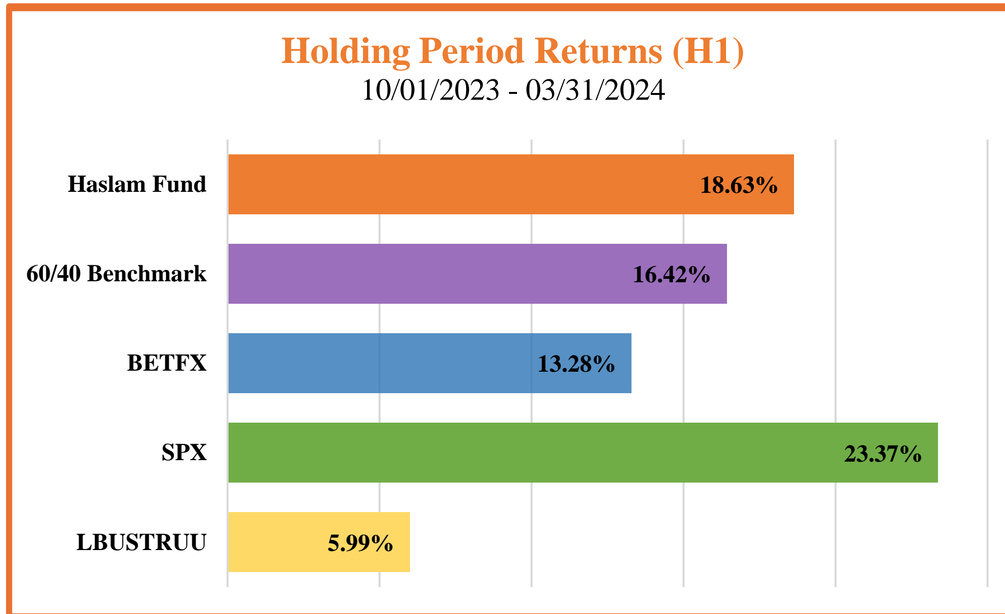
Macroeconomic Outlook:
The Haslam Fund adopted a neutral approach at the beginning of H1. The elevated interest rate environment served as a risk factor to our holdings, increasing their cost of debt. However, our fund speculated a potential interest rate cut towards the end of H1. As stronger than expected economic data rolled in throughout the second half of H1, decreasing chances of a rate cut, our fund adopted a slightly optimistic stance.

Domestic Economy:
Interest rates leveled off during this period, increasing the importance of monitoring CPI and inflation related data. For most of H1, CPI and PCE data showed lower inflation. The FOMC core PCE was revised upwards by 20 basis points in March after inflation was higher than expected. This reduced the chances of rate cuts as inflation did not show signs of slowing towards the Fed's goal of 2.00%. While cuts seemed less promising as H1 progressed, the job market remained strong. March unemployment data showcased an increase of 303,000 jobs, more than the expected figure of 214,000. Because the economy is showing the ability to withstand higher interest rates, the Fed has waited for inflation to fall further to consider rate cuts. This data reduced the chances of rate cuts towards the end of H1 and reflected the over-confidence of the market. Additionally, the U.S. federal budget deficit added a layer of risk to our future outlook. As of February 2024, the U.S. government had a monthly interest rate of 3.20%, continuing an upward trend that raised federal debt to $34.47 T.[3] The debt crisis created uncertainty in the domestic economy during H1, tempering optimism from strong economic data, to leave us with an overall neutral domestic outlook throughout H1.

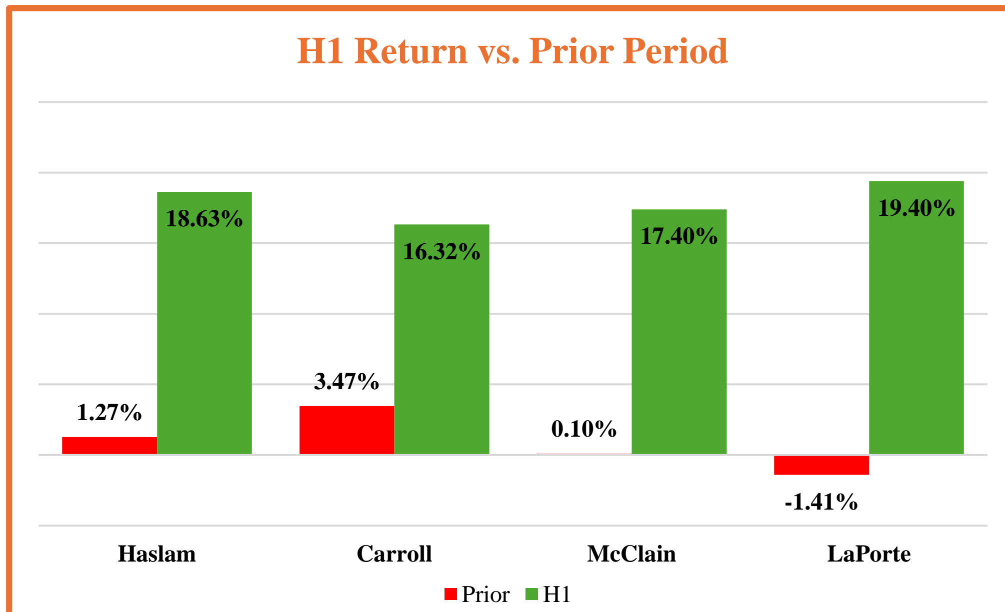
Global Economy:
Geopolitical conflict intensified, motivating our slightly pessimistic outlook for the global economy during H1. Wars in Gaza and Ukraine presented both opportunities and risks for investors. Defense firms focused on munitions, air-power, and missiles systems continue to offer investment opportunities. Meanwhile, in other segments of the Industrials sector, rising oil prices have increased costs for companies in manufacturing and transportation. As of February 2024, obstructions to the Suez and Panama Canals posed a threat to the global economy. The Panama Canal carries approximately 40.00% of all U.S. container traffic while approximately 15.00% of global trade is passed through the Suez Canal annually. The resulting shipping delays have increased costs for firms with international operations and raised prices on customers for those firms serving global product markets. These risks require additional returns to compensate, and we found it challenging to find attractive global opportunities available at a sufficient discount.

Economic Outlook Implementation:
Our neutral stance led us to be highly selective in consideration of new investments. One example of this is the fund's purchase of RTX which was positioned for increased defense contracts stemming from the war in Gaza. Furthermore, our fund purchased BFK during H1 to increase our duration given the expectations of a rate cut. Moving forward, the Haslam Fund will continue to closely monitor potential drivers of economic uncertainty, ranging from market expectations concerning U.S. monetary policy, to a possible expansion of the scope of conflict in the Middle East.

Summary of Portfolio Performance



The chart above examines absolute returns the Haslam Fund, our 60/40 benchmark, a Morningstar ETF representing a 60/40 allocated portfolio (BETFX), the S&P 500 (SPX), and the U.S. investment grade bond market (LBUSTRUU) during H1. The Haslam Fund takes immense pride in its 2.21% outperformance relative to the benchmark. Additionally, we celebrate our 5.35% outperformance over BETFX, given its asset allocation similarity to the Haslam Fund.



Above, we observe absolute returns for all four funds compared to the previous period spanning from April 1st, 2023, to September 30th, 2023. Notably, the Haslam Fund achieved the second-best return, trailing only the LaPorte Fund. During this period, we welcomed the Federal Reserve's policy decision to maintain interest rates, which was followed by increased consumer spending.

Summary of Portfolio Performance

Betas	H1	H2	Tenure
Beta Compared to Benchmark	0.86	-	0.86
R-Squared of Beta	0.89	-	0.89
Beta Compared to S&P 500	0.60	-	0.60
R-Squared of Beta	0.86	-	0.86

Sharpe Ratios	H1	H2	Tenure
Haslam Fund Portfolio	4.17	-	4.17
Benchmark	3.31	-	3.31
S&P 500	3.45	-	3.45
BETFX	2.79	-	2.79

Treynor Ratios	H1	H2	Tenure
Haslam Fund Portfolio	0.36	-	0.36
Benchmark	0.27	-	0.27
S&P 500	0.40	-	0.40
BETFX	0.24	-	0.24

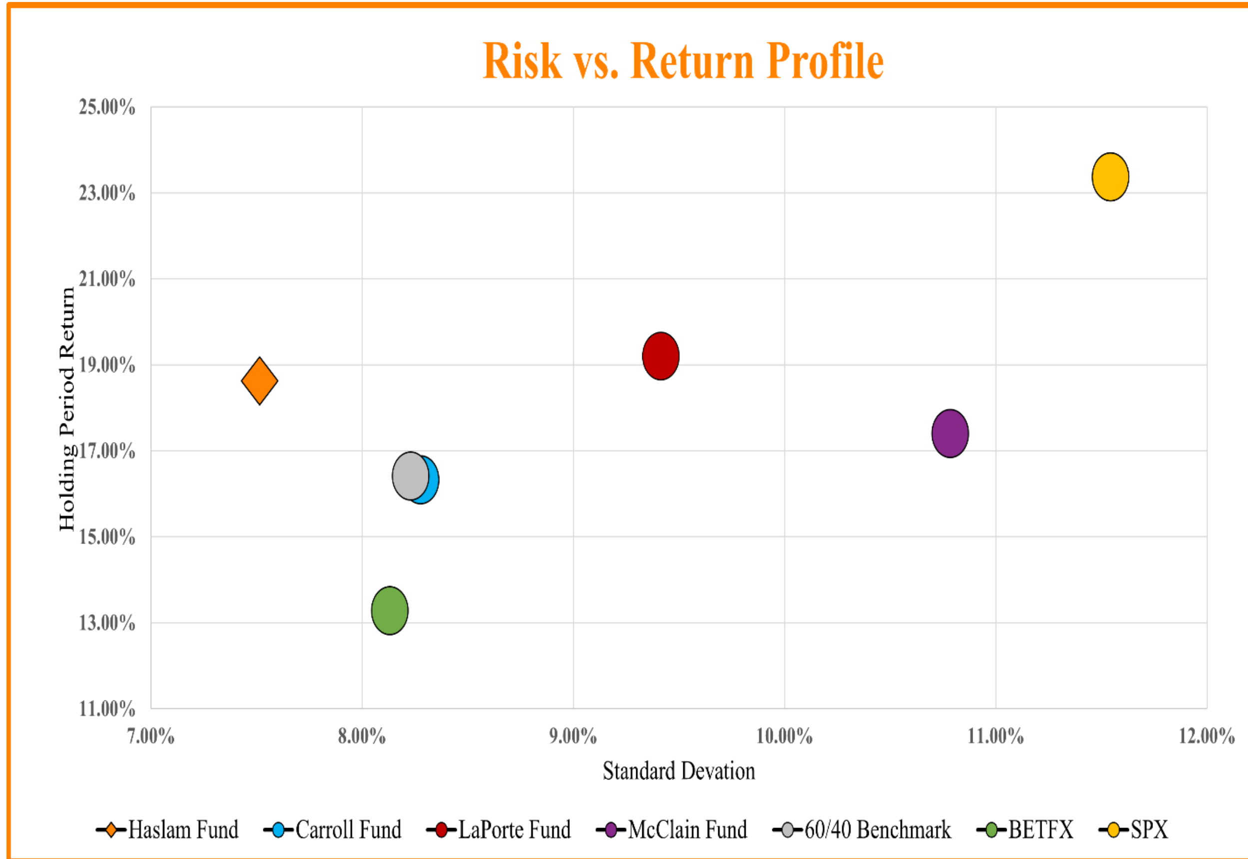
Other Metrics	H1	H2	Tenure
Standard Deviation (%)	7.51	-	7.51
Tracking Error	0.03	-	0.03
Information Ratio (Benchmark)	1.49	-	1.49

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

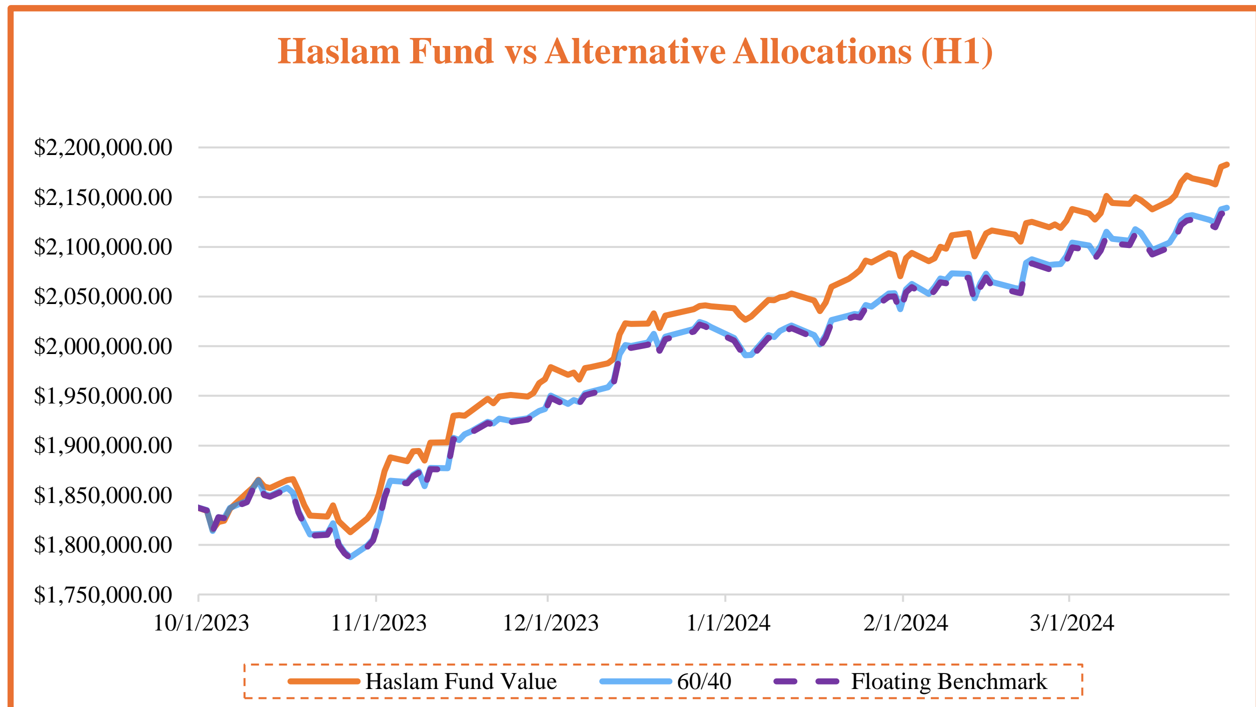


H1	Holding Period Return	Standard Deviation	Coefficient of Variation	Sharpe Ratio	Treynor Ratio
Carroll Fund	16.32%	8.28%	0.5074	3.3086	0.2929
Haslam Fund	18.63%	7.51%	0.4031	4.1673	0.3633
LaPorte Fund	19.21%	9.41%	0.4898	3.4490	0.3049
McClain Fund	17.40%	10.78%	0.6195	2.7346	0.3639
60/40 Benchmark	16.42%	8.23%	0.5012	3.3109	0.2724
BETFX	13.28%	8.13%	0.6122	2.7894	0.2397
SPX	23.37%	11.54%	0.4938	3.4510	0.3983

After beating the 60/40 benchmark in the previous FY, the Haslam Fund had a strong performance in H1 beating the benchmark by 221 basis points. The Haslam Fund sustained a lower standard deviation than all other funds at 7.51%, which led to having the highest Sharpe ratio. The Haslam Fund also sustained the lowest coefficient of variation (CV) among all other funds for H1 at 0.4031. This indicates the Haslam Fund achieved the best risk-return tradeoff of all funds, meaning 0.4031 units of risk were required to generate one unit of return. This impressive feat was accomplished while maintaining an asset-allocation matching the 60/40 benchmark and running an equity beta <1.00 for the entire period. With a potential Fed pivot imminent, the Haslam Fund looks to extend its gains in H2 by further increasing fixed income duration and matching asset and sector benchmark allocations.

Overview of Performance Objective

Objective	H1	H2	Tenure
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. The floating benchmark closely tracks the 60/40 allocation line, indicating that we maintained an asset class allocation that closely followed the static benchmark. Our deviations from the 60/40 allocation were minimal, reflecting our commitment to exceptional security selection. Throughout the period, the Haslam Fund consistently outperformed both measures, except for the initial phase. This outcome demonstrates selection skill, given our allocation mirrored the benchmark while the portfolio generated outperformance.

Largest & Smallest Holdings and Best & Worst Performers

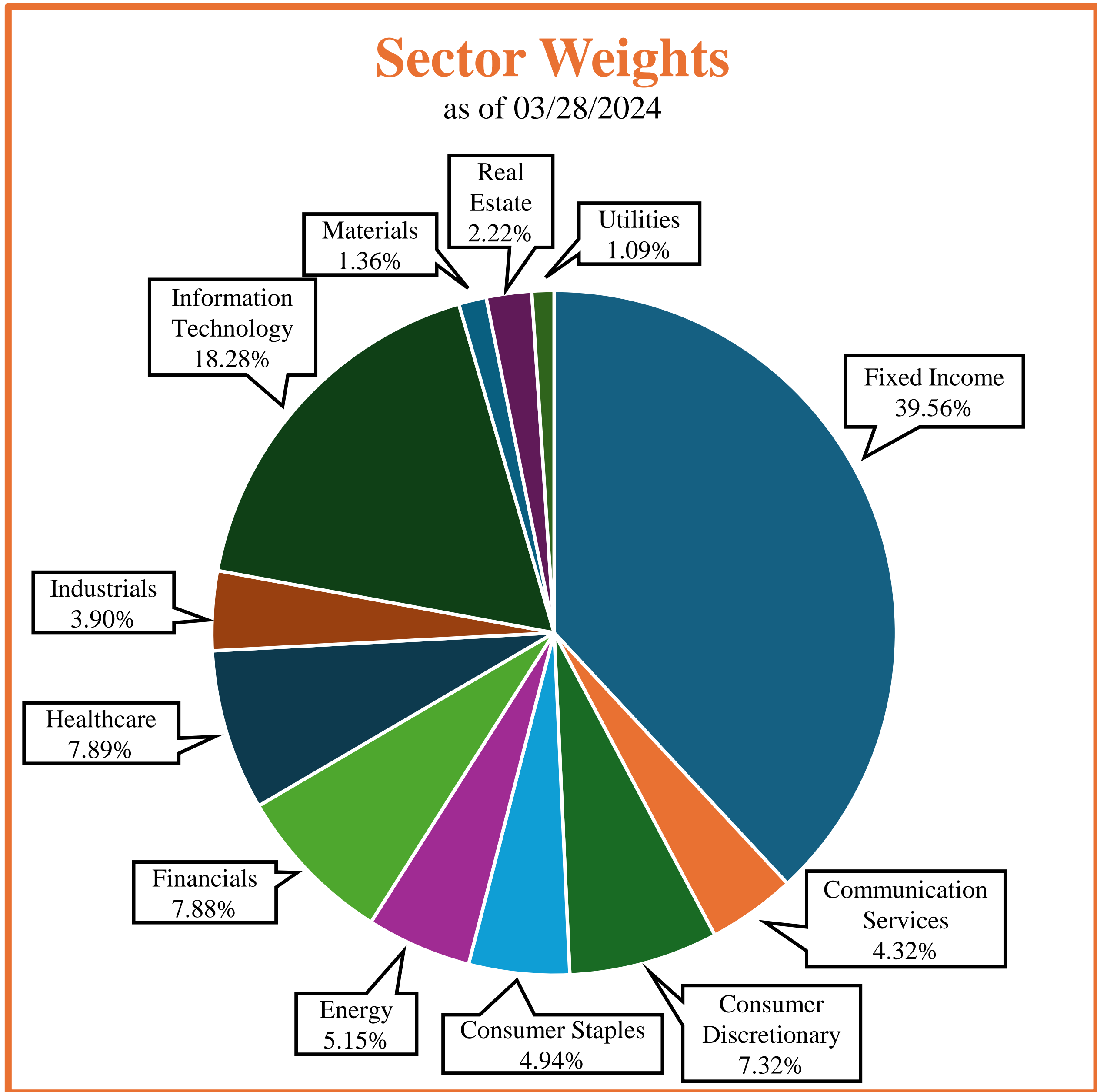
Largest Holdings	Weight (%)
BlackRock Municipal Income Trust (BFK)	10.08
WisdomTree Floating Rate (USFR)	7.58
iShares Core U.S. Aggregate Bond ETF (AGG)	7.01
Microsoft Corp. (MSFT)	5.47
Janus Henderson AAA CLO ETF (JAAA)	5.16

Smallest Holdings	Weight (%)
Utilities Select Sector SPDR Fund (XLU)	0.47
Entergy Corp. (ETR)	0.55
BorgWarner Inc. (BWA)	0.66
Lockheed Martin Corp. (LMT)	0.85
Camden Property Trust (CPT)	0.97

Best H1 Performers	Return (%)
Broadcom Inc. (AVGO)	60.21
Dollar General Corp. (DG)	50.13
Applied Materials Inc. (AMAT)	49.42
Amazon.com Inc. (AMZN)	41.90
Evercore Inc. (EVR)	40.78

Worst H1 Performers	Return (%)
Roche Holding AG ADR (RHHBY)	-3.07
Halliburton Co. (HAL)	-1.85
Apple Inc. (AAPL)	0.44
Albertsons Companies Inc. (ACI)	0.77
Global X US Infrastructure Development ETF (PAVE)	0.82

Portfolio Allocation



Asset Type	H1 End Value	(%) Portfolio
Equities	1,317,448.78	60.44
Fixed Income	862,540.55	39.56
Cash	943.70	0.04
TOTAL	**2,182,800.13**	

Summary of Individual Holdings

Holdings	H1 Return (%)	H2 Return (%)	Tenure Return (%)	Current Weight (%)
Equities				
AAPL	0.44	-	0.44	3.23
ABT	18.45	-	18.45	1.19
ACI	0.77	-	0.77	1.82
AMAT	49.42	-	49.42	4.18
AMZN	41.90	-	41.90	4.30
AVGO	60.21	-	60.21	2.73
BAC	39.37	-	39.37	1.89
BMY	7.26	-	7.26	1.61
BWA	7.99	-	7.99	0.66
CPT	6.15	-	6.15	0.97
CVS	16.06	-	16.06	1.33
DG	50.13	-	50.13	2.58
DIS	16.50	-	16.50	-
ET	16.59	-	16.59	3.12
ETR	16.69	-	16.69	0.55
EVR	40.78	-	40.78	2.10
GOOGL	14.58	-	14.58	2.58
GPK	31.87	-	31.87	1.28
HAL	-1.85	-	-1.85	1.72
JPM	39.57	-	39.57	1.63
KKR	21.57	-	21.57	-
LMT	12.00	-	12.00	0.85
MET	19.46	-	-3.03	1.78
MRK	29.63	-	29.63	3.28
MSFT	33.72	-	33.72	5.47
PANW	21.20	-	21.20	1.56
PAVE	0.82	-	0.82	-
PG	12.53	-	12.53	1.35
RHHBY	-3.07	-	-2.98	-
RTX	35.21	-	35.21	2.14
VZ	18.68	-	18.86	-
WELL	15.55	-	15.55	1.12
WMT	13.22	-	13.22	1.47
XLC	15.55	-	15.55	1.47
XLU	13.30	-	13.30	0.47
Fixed Income				
AGG	5.92	-	5.92	7.03
BFK	16.38	-	16.38	10.08
JAAA	4.08	-	4.08	5.16
PSK	10.75	-	10.85	5.06
SCHO	2.81	-	2.81	4.60
USFR	1.60	-	1.60	7.58

Summary of Actions for the Period

H1 Actions:

Wisdom Tree Floating Rate Treasury Fund (USFR)
- Sold 11 shares for $554.28 (10/11/2023)

Dollar General Corp (DG)
- Purchased 175 shares for $18,062.15 (10/11/2023)

Wisdom Tree Floating Rate Treasury Fund (USFR)
- Sold 353 shares for $17,806.94 (10/18/2023)

RTX Corporation (RTX)
- Purchased 240 shares for $17,769.60 (10/18/2023)

Global X US Infrastructure Development ETF (PAVE)
- Sold 427 shares for $12,733.03 (11/02/2023)

BorgWarner Inc. (BWA)
- Purchased 413 shares for $13,368.81 (11/02/2023)

Wisdom Tree Floating Rate Treasury Fund (USFR)
- Sold 1,128 shares for $56,879.40 (11/15/2023)

Global X US Infrastructure Development ETF (PAVE)
- Sold 627 shares for $19,549.70 (11/15/2023)

The Walt Disney Company (DIS)
- Sold 242 shares for $22,849.45 (11/15/2023)

Blackrock Municipal Income Trust (BFK)
- Purchased 6,746 shares for $63,884.62 (11/15/2023)

Albertsons Companies Inc. (ACI)
- Purchased 1,850 shares for $39,580.75 (11/15/2023)

The Communications Services Select Sector SPDR (XLC)
- Sold 453 shares for $31,845.64 (11/29/2023)

H1 Actions Continued:

Verizon Communications Inc. (VZ)

- Purchased 459 shares for $17,350.06 (11/29/2023)

Wisdom Tree Floating Rate Treasury Fund (USFR)

- Purchased 814 shares for $40,944.20 (11/29/2023)

KKR & Co. Inc. (KKR)

- Sold 558 shares for $40,947.79 (11/29/2023)

Wisdom Tree Floating Rate Treasury Fund (USFR)

- Purchased 43 shares for $2,164.19 (11/30/2023)

Alphabet Inc. Class A (GOOGL)

- Purchased 373 shares for $49,135.29 (11/30/2023)

Wisdom Tree Floating Rate Treasury Fund (USFR)

- Purchased 312 shares for $15,684.24 (02/26/2024)

Wisdom Tree Floating Rate Treasury Fund (USFR)

- Purchased 43 shares for $2,162.90 (03/01/2024)

Roche Holdings AG ADR (RHHBY)

- Sold 1007 shares for $33,150.17 (03/01/2024)

Bristol Myers Squibb Co. (BMY)

- Purchased 650 shares for $32,864.00 (03/01/2024)

Wisdom Tree Floating Rate Treasury Fund (USFR)

- Purchased 46 shares for $2,316.56 (03/08/2024)

Wisdom Tree Floating Rate Treasury Fund (USFR)

- Purchased 13 shares for $655.33 (03/15/2024)

Wisdom Tree Floating Rate Treasury Fund (USFR)

- Purchased 9 shares for $452.34 (03/25/2024)

Fixed Income

Fund Manager: Chyanne Smailovic

H1 Analysis:
During H1, bond markets rallied, with the Bloomberg U.S. Aggregate Bond Index gaining 5.99%. This contrasted with the index's previous half, where it experienced a downturn, returning -4.05%.[1] The Federal Reserve has maintained steady interest rates since its September 2023 meeting, as inflation increased at a decreasing rate following the Fed's hawkish rate policy from March 2022 to July 2023. This trend fostered investor optimism for rate cuts in the latter half of 2024, with bond futures in December 2023 pricing in as high as six rate cuts for the year.[2] This optimism resulted in significant gains in bond markets, particularly in longer duration holdings due to their higher sensitivity and potential price appreciation in the event of rate cuts. With the Fed Funds rate still inside the 5.25%-5.50% range, the Haslam Fund has positioned itself to continue capitalizing on higher short-term yields, as the yield curve does not indicate an imminent correction in short-term yields, with corrections seen primarily in the 20-year yield.

Moving Forward:
Despite prevailing market optimism regarding imminent rate cuts, the fund maintains a cautiously optimistic outlook on the rate cut horizon, considering the U.S. economy's resilience in an elevated rate environment and ongoing geopolitical unease. The market's excessive optimism, particularly anticipating rate cuts between March and May 2024, has resulted in both increased returns and heightened volatility in the bond markets. Following January's CPI release, which indicated a 0.30% MoM increase primarily due to rising shelter and food prices, led to sharp declines in stock futures and a rise in the 10-year Treasury yield, dashing hopes for rate cuts during the first half of 2024.[3] This is due to the inverse relationship in yields and prices, as when yields increase, bond prices decrease. Consumer spending has continued to rise MoM, with increases of 0.20% and 0.80% in January and February, respectively.[4] Geopolitical conflicts such as the war in Ukraine, the war in Gaza, and the attacks in the Red Sea pose risks to trade, particularly affecting the prices of imported goods, with additional costs potentially passed on to consumers, further driving consumer spending.[5] We continue to closely monitor markets and monetary policy, looking for signs of disinflation sufficient to put us on a path towards the Fed's 2.00% target. Once these signals are observed we intend to aggressively transition from current holdings in ultra-short duration to longer duration securities.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	767,043.86	862,540.55	8.18	5.99	0.44
H2	-	-	-	-	-
Tenure	767,043.86	862,540.55	8.18	5.99	0.44

BlackRock Municipal Income Trust (BFK)

Sector: Fixed Income
Fund Manager: Chyanne Smailovic

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	129,120.59	220,059.99	16.38	2.12
H2	-	-	-	-
Tenure	129,120.59	220,059.99	16.38	2.12

H1 Actions: Bought 6,746 shares for $63,855.95 on 11/15/2023.
Total dividend payment of $4,531.04 during the period.

Holding Description:
The BlackRock Municipal Income Trust (BFK) is a closed-ended, actively managed fund that seeks to provide investors with federal tax-exempt income. BFK achieves this goal by maintaining a minimum 80.00% asset allocation in investment-grade municipal securities, as well as employing derivative strategies.[6] As BFK does not have an underlying benchmark, its portfolio managers have a wider horizon for strategic municipal security selection. BFK's underlying municipal securities are highly diversified from transportation bonds to utility bonds. It also boasts a 4.33% monthly coupon. The portfolio has a weight of 10.08% allocated towards BFK, making it the largest holding in the fund.

Positive Drivers:
Signs of slowing inflation suggest the effectiveness of the Federal Reserve's tightening policy, leading to optimism for potential rate cuts in 2024. In this context, BFK benefited from its long effective duration of 11.12 years, as longer-duration holdings appreciate more with falling rates. Another positive driver is BFK's wide diversification in the municipal bond space, allowing the fund to gain exposure to a multitude of sectors while managing risk. Furthermore, the possible expiration of the Tax Cuts and Jobs Act in 2025 could lead to higher marginal tax rates, enhancing the attractiveness of the federal tax-exemption and further boosting demand for municipal bonds, particularly among risk-averse older investors.[7] Additionally, it has a very impressive taxable-equivalent yield of 10.02%.

Negative Drivers:
BFK's allocation faces several significant considerations. Firstly, approximately 10.99% of its holdings are callable within the year, with an additional 3.56% callable in 1-2 years, heightening reinvestment risk, particularly in a potentially falling rate environment. Moreover, an upward trend in inflation could dampen market expectations for rate cuts, delaying potential bond price appreciation, and potentially reverse the gain BFK experienced due to its longer duration. Additionally, the portfolio's exposure to revenue bonds brings elevated default risk, as payments hinge on project-generated revenue. Lastly, the U.S. tobacco industry's sluggish growth, with a mere 0.62% compound annual growth rate (CAGR), amplifies the likelihood of default for BFK's tobacco bonds if industry obligations decline due to diminishing demand.[8] To add, BFK has a rather high gross expense ratio of 3.40%, lessening returns.

iShares Core US Aggregate Bond ETF (AGG)

Sector: Fixed Income

Fund Manager: Chyanne Smailovic

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	147,266.64	153,374.04	5.92	1.78
H2	-	-	-	-
Tenure	147,266.64	153,374.04	5.92	1.78

H1 Actions: Held. Total dividend payment of $2,614.21 for this period.

Holding Description:

iShares Core US Aggregate Bond (AGG) is a passively managed exchange-traded fund (ETF) with the goal of tracking the entire investment grade U.S. bond market. The index that AGG tracks is the Bloomberg U.S. Aggregate Bond Index (LBUSTRUU), which is also the fund's fixed income benchmark.[9] Investing in AGG allows the fund to easily gain exposure to all aspects of the U.S. bond market, from U.S. Treasuries to collateralized loan obligations (CLOs) without needing to buy ETFs in every sector of the bond market while also using its diversification as a risk management tool. AGG currently has a weight of 7.03% in the portfolio.

Positive Drivers:

During H1, the U.S. investment-grade bond market rallied on investor expectations of potential rate cuts in the latter half of 2024. These expectations stem from cooling inflation statistics, indicating the effectiveness of the Federal Reserve's rate hikes from March 2022 to July 2023. Additionally, credit spreads across investment-grade corporate and U.S. Treasury securities have narrowed to their lowest levels since November 2022, reflecting a more confident market sentiment.[10] The U.S. Treasury yield curve, a key indicator of the bond market, has shown slight corrections in the 10-year and 20-year yields. With an effective duration of 6.04 years, AGG is positioned to capitalize on higher yields resulting from the inverted yield curve while preparing for an increase in duration once yields stabilize in the U.S. investment-grade bond market.

Negative Drivers:

While the bond market has recently performed well following a negative year, this is attributed to the heavy optimism surrounding anticipated rate cuts in the mid-year, which has been priced into the market. While this optimism has boosted returns for our fixed income holdings, caution is warranted, especially if inflationary trends diverge from market expectations. We witnessed significant market reactions after the release of January's CPI numbers, underscoring the potential for volatility if inflation deviates from anticipated levels. If inflation does begin to head upwards much as it did during the past few years, future rate hikes might be warranted to combat inflation, resulting in a decline in the bond market. With AGG's diversification, losses would be realized in this scenario, but to a much lesser degree as other non-diversified funds.

Janus Henderson AAA CLO ETF (JAAA)

Sector: Fixed Income
Fund Manager: Chyanne Smailovic

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	111,732.60	112,642.80	4.08	3.27
H2	-	-	-	-
Tenure	111,732.60	112,642.80	4.08	3.27

H1 Actions: Held. Total dividend payment of $3,621.25 for this period.

Holding Description:
Janus Henderson AAA CLO (JAAA) is an exchange-traded fund (ETF) that seeks to deliver risk-adjusted returns on a regular basis by investing in high-quality collateralized loan obligations (CLOs).[11] CLOs are structured financial products that pool together many loans, and then places them into different tranches (levels) of securities. The different tranches in JAAA have an underlying portfolio of high yield corporate loans. CLOs typically have lower volatility and downside risk since they are connected to the Secured Overnight Financing Rate (SOFR). CLOs were originally tied to the London Interbank Offer Rate (LIBOR), but have transitioned to SOFR, as the loans used to calculate SOFR are secured by U.S. debt, while LIBOR loans are unsecured.[12] Most of the CLOs in JAAA are short-term, making its effective duration of 0.05 years. JAAA has an allocation of 5.16% in the portfolio.

Positive Drivers:
Given the current inversion of the yield curve, JAAA's ultra-short duration of 0.05 years enables it to leverage high short-term yields, evident by its Yield-To-Worst (YTW) of 6.95%. Moreover, JAAA boasts a top-tier credit rating of AAA. This is particularly noteworthy in an environment of elevated interest rates, where borrowing costs are higher, exerting price pressure on many firms. The strength of the CLO market during H1, with new issuances reaching approximately $29.00 B and narrowing spreads alongside reduced credit defaults, contributed to JAAA's performance.[13] The Haslam Fund's exposure to JAAA enhances portfolio diversification, as it represents the sole CLO holding. Furthermore, JAAA's diverse allocation across the CLO market provides an additional layer of risk management in an otherwise volatile fixed income landscape.

Negative Drivers:
During H1, JAAA traded at a premium to its Net Asset Value (NAV) for most of the period, suggesting high demand but also raising concerns of potential overvaluation. Despite its top-quality credit rating, JAAA carries inherent risks, particularly amidst ongoing geopolitical tensions that escalated during this period. Conflicts in the Red Sea, the war in Ukraine, and the war in Gaza have disrupted trade and increased costs for consumers and firms, potentially impacting their ability to meet debt obligations and affecting credit ratings. Additionally, high borrowing costs add to the pressure on firms. Moreover, JAAA's actively managed nature is associated with a relatively high expense ratio of 0.22%, which can eat into returns.

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

Sector: Fixed Income
Fund Manager: Chyanne Smailovic

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	99,754.87	100,421.43	2.81	2.14
H2	-	-	-	-
Tenure	99,754.87	100,421.43	2.81	2.14

H1 Actions: Held. Total dividend payment of $2,135.70 for this period.

Holding Description:
Schwab Short-Term U.S. Treasury ETF (SCHO) is a passively managed exchange-traded fund (ETF) designed to mirror the performance of its benchmark, the Bloomberg U.S. Treasury 1-3 Year Index. With 98 holdings, primarily composed of one to three year U.S. Treasury notes, SCHO maintains a weighted-average maturity of 2.00 years and an effective duration of 1.90 years.[14] This strategic allocation is particularly advantageous in the current environment of an inverted yield curve, where short-term holdings offer higher yields. SCHO accounts for 4.60% of the portfolio allocation.

Positive Drivers:
During H1, SCHO's positive return can be attributed to its short duration holdings, which leverages yield inversions and benefits from an elevated rate environment compared to the near-zero rates of 2020. With holdings typically ranging from one to three years, SCHO remains positioned solely on the front end of the yield curve, where higher yields prevail. The possibility of the Federal Reserve beginning to cut rates in the latter half of 2024 has been an increasing sentiment, appreciating the price of fixed income securities. Additionally, SCHO provides the fund with reliable monthly income with minimal risk due to the U.S. Government's AA+ credit rating. It has a very low expense ratio of only 0.03%, allowing the fund to maximize returns.

Negative Drivers:
Overoptimism regarding imminent rate cuts poses a risk, as unfavorable economic indicators could trigger price declines, prompting some investors to sell off bonds and stocks. Furthermore, as investors pivot towards higher duration holdings in anticipation of rate cuts in 2024, shorter duration assets like SCHO may experience outflows, leading to price declines. Additionally, once the Federal Reserve implements rate cuts, SCHO's shorter duration is expected to underperform compared to holdings with longer duration.

SPDR ICE Preferred Securities ETF (PSK)

Sector: Fixed Income
Fund Manager: Chyanne Smailovic

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	102,898.20	110,537.90	10.75	3.33
H2	-	-	-	-
Tenure	102,898.20	110,537.90	10.75	3.33

H1 Actions: Held. Total dividend payment of $3,423.60 for this period.

Holding Description:
SPDR ICE Preferred Securities (PSK) is a passively managed exchange-traded fund (ETF) that seeks to track the performance of its benchmark, the ICE Exchange-Listed Fixed & Adjustable-Rate Preferred Securities Index. PSK consists of investment-grade, non-convertible preferred stock, and equivalent securities with a minimum par value of $25.00.[15] PSK has a diverse allocation across different sectors of the S&P 500, with nearly 70.00% in the Financials sector, as financial institutions are the largest distributors of preferred stock. Large banks, insurance firms, and private credit make up much of the Financials allocation. PSK has an allocation of 5.06% in the portfolio.

Positive Drivers:
During H1, PSK demonstrated notable outperformance, surpassing the aggregate U.S. investment grade bond market by 4.76%. This achievement can be attributed to the rally in the S&P 500 Financials sector, which returned 28.02%. Following the regional banking crisis of March 2023, the banking industry faced scrutiny regarding its sustainability in an environment of rising interest rates, which have increased from near-zero in 2020 to 5.25%-5.50% currently. Fortunately, the industry has proven resilient, benefiting from higher net interest income and deposit costs. The decline in the U.S. 10-year Treasury yield from its peak of 4.99% on October 19, 2023, to 4.31% by March 31, 2024, has further bolstered banks' balance sheets, particularly as they are primary issuers of preferred stock, thereby enhancing their earnings potential.

Negative Drivers:
As PSK has a significant allocation in the Financials sector, it is important to note various risks associated with it. It faces significant headwinds, particularly with regional banks under scrutiny due to concerns about the struggling commercial real estate market. These banks hold a substantial portion, approximately 80.00%, of commercial real estate loans totaling $2.70 T, with $2.20 T set to mature by 2027.[16] The devaluation of commercial real estate and reduced demand due to rising interest rates pose challenges for both regional and larger banks. Larger banks face investor scrutiny, as seen after Silicon Valley Bank (SVB)'s collapse in 2023. Elevated rates have also increased deposit costs for bank customers, leading them to seek banks with lower fees, prompting banks to offer higher interest rates to retain customers, which increases their costs. Additionally, according to the New York Federal Reserve, 7.70% of auto loans and 8.50% of credit card loans have become delinquent due to pressure from elevated rates compared to their near-zero levels in 2020.[17] If rates stay higher for longer or are even raised further, these risks will only become larger and more persistent.

WisdomTree Floating Rate Treasury Fund (USFR)

Sector: Fixed Income

Fund Manager: Chyanne Smailovic

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	176,270.96	165,504.39	1.60	2.53
H2	-	-	-	-
Tenure	176,270.96	165,504.39	1.60	2.53

H1 Actions: Bought 1,479 shares for $71,383.14 and sold 1,631 shares for $82,245.11 at various dates throughout this period. Total dividend payment of $3,855.04 for this period.

Holding Description:

WisdomTree Floating Rate Treasury Fund (USFR) is a passively managed, open-ended fund designed to track the price and yield performance, before fees and expenses, of the Bloomberg U.S. Treasury Floating Rate Bond Index. USFR is comprised of newly issued, floating-rate U.S. Treasury notes with a 0-2 year maturity horizon.[18] Floating Rate Notes (FRNs) pay a coupon determined by the sum of the index rate and a fixed spread. The index rate is linked to the highest accepted discount rate of the most recent 13-week Treasury bill. Meanwhile, the spread is established during the initial auction of the note and remains fixed for the duration of the note's life. USFR has an allocation of 7.58%.

Positive Drivers:

Due to the persisting inverted yield curve, USFR has benefited from the high yields of short-term investments. To add, its high credit rating of AA+ provides the fund with virtually risk-free income, as Treasury securities are backed by the full faith and credit of the U.S. Government. While inflation shows signs of cooling, it is at 3.80% YoY as of February’s core-CPI print. Additionally, comments from Fed Chair Jerome Powell throughout H1 indicate that the Fed is not yet ready to cut rates until inflation is closer to the 2.00% target. If rates are higher for longer, USFR will continue to perform positively and continue to provide the fund with lucrative monthly dividends. During March 2024, the Haslam Fund made a unanimous decision to keep the fund’s cash balance in USFR rather than SPAXX, a money market fund. The cash balance will benefit more in USFR, as it has a distribution ratio of 5.49%, 42 bps over SPAXX, as well as a lower expense ratio of 0.15%, 27 bps below SPAXX.

Negative Drivers:

USFR underperformed its benchmark by 13 bps and the benchmark that follows the U.S. investable bond market by 3.32%. The fund's performance has been influenced by the pause in interest rate hikes, with rates remaining steady since July 2023. As a floating rate bond fund, USFR typically performs better during periods of rate hikes, as FRN's act as a hedge against such increases. However, once interest rates start to decline, investors may transition to higher duration holdings and less defensive assets like corporates and mortgage-backed securities (MBSs), potentially impacting USFR's performance negatively.

Communication Services

Fund Manager: Matthew White

H1 Analysis:
During H1, the S&P 500 Communication Services Index (S5TELS) returned 28.42%, outperforming the S&P 500 which saw a 23.37% gain. As the push for artificial intelligence (AI) continues and the Fed hints at rate cuts in 2024, the sector reaped the benefits. Companies such as Meta and Alphabet are some of the top players in the AI race and generated strong returns. Over the period, we liquidated our positions in both Walt Disney Co. (DIS) and Verizon (VZ) while trimming our position in the Communication Services Select Sector SPDR Fund (XLC). The decision to sell Verizon centered around its lackluster performance since 2022, and the overall underperformance of telecommunication stocks. Disney was liquidated due to concerns over performance and both internal and external turmoil that the company is facing. We also opened a position in Alphabet Inc. (GOOGL) with the belief that it could bring great value by achieving consistent returns and long-term growth. In H1, the Communication Services sector reflected the overall market's belief that interest rate cuts were coming in 2024. The number of rate cuts predicted in 2024 fell and consumer prices remained above the Fed's target of 2.00% during the period, cooling the sector's rally. Although our position in XLC provided us with broad exposure to the sector, we likely missed out on returns due to limited exposure to META which saw massive returns in the period. Due to this reason, our Communication Services holding underperformed the S5TELS Index by 4.19%, with returns of 24.23% and 28.42%, respectively.

Moving Forward:
In February, the Fed's preferred inflation gauge, personal consumption expenditures, was up 2.50% YoY.[1] Inflation is certainly trending toward where the Federal Reserve would like to see it. However, a strong labor market and persisting price pressures have cooled expectations, however, and they are still indicating three rate cuts in 2024. This bodes well for the Communication Services sector which is cyclical in nature. As consumer confidence increases and companies have access to cheaper capital, we are optimistic about the return potential for the sector. Aside from interest rate events, a big reason that the market saw great returns in H1 was due to the increased focus on AI and its capabilities. Aspects of AI such as customized chatbots, robots that multitask, and the reliability of the products will be under the gun in 2024.[2] If companies in the sector can continue to optimize AI for their business and overcome the challenges that come with its implementation, the potential for growth is substantial.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	90,028.08	88,470.93	24.23	28.42	-2.25
H2	-	-	-	-	-
Tenure	90,028.08	88,470.93	24.23	28.42	-2.25

Alphabet, Inc. Class A (GOOGL)

Alphabet

Sector: Communication Services
Fund Manager: Matthew White

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	-	56,296.89	14.58	-
H2	-	-	-	-
Tenure	-	56,296.89	14.58	-

H1 Actions: Bought 373 shares for 11/30/2023 for $49,135.29.
No dividend payments during this period.

Holding Description:
Alphabet Inc., more commonly known as Google (GOOGL), is an internet content and information company that operates under three distinct segments: Google Services, Google Cloud, and Other Bets. They operate the go-to search engine on the internet, which captures roughly 90.00% of the search engine market share and is one of the key players in the emerging AI space. During H1, Google released Gemini, the company's "most capable and general model yet," bolstering their commitment to this new technology.[3] As of March 28, they have a share price of $150.82 with a market cap of $1.88 T.

Positive Drivers:
Advertising revenue continues to be very lucrative for Alphabet. As more people come online, especially those in emerging markets, using a wider selection of devices, their revenue opportunities also grow. Additionally, capital expenditures are at the forefront of Alphabet's minds. They intend to focus significant resources on technical infrastructure upgrades in addition to, "acquisitions and strategic investments."[4] With the prospect of lower interest rates, these investments become cheaper and could lead to better return. Finally, despite recent hiccups, Google has shown itself to be a significant contributor to the AI revolution. They possess the resources necessary to recruit talent and continue to develop an artificial intelligence product that drives long-term growth potential for the company.

Negative Drivers:
Despite benefitting from the AI rally of 2023, Google has encountered headwinds around their own products. Google's AI chatbot, Gemini recently faced criticism after it failed to accurately depict historical figures. This reduced investors' confidence in the company's ability to provide a superior product in an increasingly competitive environment. Another hurdle Google must clear is the retainment of talent as tech startups and companies like OpenAI are willing to pay top dollar for the talent that resides at Google. Also, as a company that develops cutting edge technology and ranks top-10 in terms of market capitalization, legal battles related to data privacy and antitrust laws could impede on Alphabet's ability to operate efficiently. The company spent $700.00 M in December over Google Play store issues and allocated $350.00 M to end lawsuits over improperly sharing users' private information. The company is also involved in Federal lawsuits after being accused of rigging the search market through potential deals with Apple and Samsung. Navigating these risks will determine whether Google can remain as one of the top companies in the world.

Communication Services Select Sector SPDR Fund (XLC)

Sector: Communication Services
Fund Manager: Matthew White

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	55,537.79	31,174.04	15.55	0.28
H2	-	-	-	-
Tenure	55,537.79	31,174.04	15.55	0.28

H1 Actions: Sold 453 for $31,845.64 on 11/29/2023.
Total dividend payment of $152.76 during this period.

Holding Description:
Communication Services Select Sector SPDR Fund (XLC) is an exchange-traded fund that tracks the performance of stocks in the Communication Services sector by employing a replication strategy. The fund has 22 holdings that "provides precise exposure to companies from telecommunication services, media, entertainment and interactive media & services."[5] The largest holdings in the fund, in order, are Meta Platforms Inc. Class A with a weighting of 23.80%, Alphabet Inc. Class A and C, 23.64%, Netflix Inc., 4.48%, T-Mobile US Inc., 4.42%, and Electronic Arts Inc., 4.41%. The fund has a low gross expense ratio of 0.09% and on the last day in the period was trading at a 3 bps discount to its NAV.

Positive Drivers:
The Communication Services sector covers a broad range of industries, such as telecommunications, media, and entertainment. The ability to gain exposure to the entire sector limits the risk we might face from holding individual stocks. Growth opportunities in the sector itself include the emergence of AI and the expansion of operations into emerging markets. As the world becomes more digital and access to internet and cellular services becomes more like a necessity, companies in XLC's portfolio are positioned to take advantage and achieve strong growth. Despite recent changes in the expectations for rate cuts in 2024, the prospect of such actions provides optimism for companies across the sector that traditionally require high levels of capital expenditures to operate. Increased adoption of emerging technology, such as AI and 5G, and projected shifts in monetary policy stand to benefit the holdings in XLC's portfolio for 2024 and beyond.

Negative Drivers:
The diversification of holdings reduces our risk to sharp changes in prices for individual companies. At the same time, if a singular stock has strong returns, we miss out on a large portion of it. For example, during H1, Meta Platforms, Inc. (META) returned over 60.00%, but we only experienced those gains as much as it is held in XLC's portfolio.[6] Aside from this, the companies in this sector require significant capital investment to remain competitive. This business model becomes tricky in high interest rate environments which is still a possibility for the future.

Verizon Communications, Inc. (VZ)

Sector: Communication Services
Fund Manager: Matthew White

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	14,876.19	-	18.68	2.05
H2	-	-	-	-
Tenure	14,876.19	-	18.68	2.05

H1 Actions: Sold 459 shares for $17,350.06 on 11/29/2023.
Total dividend payment of $305.24 on during this period.

Holding Description:
Verizon Communications, Inc. (VZ) is a U.S. based telecommunications company that operates under two segments. Their consumer group operates a wireless communication network that is serviced through the Verizon and TracFone brands. The business group provides wireless, wireless communications, and "network access services to deliver various internet of things (IoT) services and products to businesses, government customers, and wireless and wireline customers in the U.S."[7] They are a leader in the industry and are at the forefront of innovations occurring in the space.

Liquidation Thesis:
Due to its poor performance since a massive decline in 2022, the fund decided to cut its losses and liquidate our positions. On November 29, 2023, we sold 459 shares at $37.80/share which was well below our cost basis of $56.14/share. Telecommunication companies have struggled recently in the high interest rate environment. To maintain their operations, companies like Verizon must invest heavily in equipment upgrades and repairs. With increased borrowing costs, Verizon has been unable to grow their revenue for several years. As a fund we were also concerned with other risks such as the cleanup costs and potential lawsuits stemming from the lead being used for many of their cables. This presents the risk of both financial and reputational harm. Verizon also finds itself scrambling for new customers. There are very few people, especially in the U.S., that do not have a wireless phone, which means customer acquisition becomes more difficult. Verizon is now forced to spend more money to poach customers from its competitors which is very difficult. From 2021 to 2023, the company has seen their church rate, which is the number of customers lost divided by the total number of customers, rise from 1.27% to 1.48% for wireless retail postpaid customers.[8] The combination of poor performance and the bleak outlook for the industry were key factors in the decision to liquidate our position in Verizon.

The Walt Disney Company (DIS)

Sector: Communication Services
Fund Manager: Matthew White

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	22,849.45	19,614.10	16.50	-
H2	-	-	-	-
Tenure	22,849.45	19,614.10	16.50	-

H1 Actions: Sold 242 shares for $22,849.45 on 11/15/2023.
No dividend payments during this period.

Holding Description:
The Walt Disney Company (DIS) is an extremely well-known company that operates a broad range of business segments. Their revenue segments include Entertainment, Experiences, and Sports which account for 41.70%, 38.10%, and 20.20% of revenue respectively. Within their entertainment segment, which is responsible for their streaming service Disney+ and film production, there are many recognizable brands and businesses such as Marvel, Star Wars, Hulu, and ABC. The experiences segment is responsible for their theme parks and resorts which drive a large amount of revenue every year. Finally, their sports segments consist of revenue from ESPN and ESPN+.[9] The liquidation of Disney during H1, was largely due to its underperformance during the time that we held the company. Despite our holding period return of 16.50% for Disney, we sold our shares at $94.42/share which was well below our cost basis of $113.46/share.

Liquidation Thesis:
During the previous period, Disney declined 14.08% and contributed heavily to the funds underperformance in the Communication Services sector. Due to underperformance, pessimism about future revenue, and news headline risk, the fund decided to liquidate our position in the Walt Disney Company. On November 15, 2023, we sold 242 shares for a total of $22,849.45. During much of 2022 and 2023, Disney faced many different pressures such as their battle with Florida Governor Ron DeSantis and a proxy fight over company leadership with activist hedge fund manager Nelson Peltz. Additionally, Disney faces staunch competition in the streaming industry, where they operate their platform Disney+, which could decrease the company's margins. The fund also had concerns about the relationship with China and the U.S. and the effects that could have on Disney's revenue and expansion potential. There have been multiple Marvel movies barred from releasing in the country due to actors and actresses' comments about country leadership. With a deteriorating U.S. and Chinese relationship, Disney faces the risk of losing revenue in the Asia Pacific region where they generated over 9.00% of revenue in 2023. At the time of liquidation, Disney posted a strong earnings beat, making it a good time to liquidate and pursue other opportunities for greater returns.

Consumer Discretionary

Fund Manager: Sam Holloway

H1 Analysis:
In H1, we successfully reversed the trend of our Consumer Discretionary holdings underperforming the sector index. Throughout H1, our Consumer Discretionary portfolio achieved a total return of 54.34%, significantly outperforming the Consumer Discretionary sector index, which returned only 17.99%.[1] This overperformance is a source of pride for us, and we aim to carry this momentum into H2. The remarkable results can be largely attributed to the strong performance of both Amazon.com Inc. and Dollar General Corp, which posted impressive returns of 41.90% and 50.13%, respectively. Given the cyclical nature of the Consumer Discretionary sector, the macroeconomic data related to consumer behavior significantly influences overall sector performance. Notably, consumers responded positively to the Federal Reserve's decision to maintain interest rates at 5.25%-5.50% throughout H1. This sentiment is reflected in robust gains in the University of Michigan Index of Consumer Sentiment, which rose from 63.80 at the beginning of H1 to 79.40 in March 2024.[2] Lastly, our strategic decision to capitalize on the strengthening consumer momentum and shift to an overweight position in the sector yielded favorable results, further enhancing our outperformance.

Moving Forward:
The Haslam Fund will continue to operate with a neutral to slightly optimistic stance toward the Consumer Discretionary sector. Our investment strategy revolves around identifying corporations capable of delivering robust returns relative to the risks they face. As we enter H2, we anticipate rate cuts by the Federal Reserve, which should significantly impact consumer behavior. Interest rate reductions may provide consumers with additional spending flexibility, while further rate hikes, though unlikely, could dampen sentiment. Surprisingly, the resumption of student loan repayments has not significantly hindered discretionary spending. We remain vigilant, monitoring key macroeconomic indicators that influence consumer behavior. Trends in data releases—such as inflation (CPI and PCE), unemployment rates, consumer sentiment, and confidence—will remain at the forefront of our watchlist moving forward.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	85,781.20	150,135.26	54.34	17.99	1.03
H2	-	-	-	-	-
Tenure	85,781.20	150,135.26	54.34	17.99	1.03

Amazon.com, Inc. (AMZN)

Sector: Consumer Discretionary
Fund Manager: Sam Holloway

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	66,102.40	93,797.60	41.90	-
H2	-	-	-	-
Tenure	66,102.40	93,797.60	41.00	-

H1 Actions: Held. No dividend payments during this period.

Holding Description:
Amazon.com, Inc. (AMZN), one of the world's largest online retailers, was incorporated in the state of Washington in 1994. FY 2023 proved exceptionally successful for Amazon, with net sales reaching an all-time high of $574.80 B.[3] Amazon ended H1 with a market capitalization of $1.87 T.[4] Amazon's business model revolves around e-commerce, cloud computing, digital streaming, and AI. As a prominent online retailer, Amazon offers an extensive array of products through its website and mobile applications. The company generates revenue from the sale of goods, subscription services, and fees from third-party sellers utilizing its platform. Amazon has been a steadfast and long-term holding in the Haslam Fund, demonstrating a proven and impressive strategy of prioritizing the consumer experience while delivering excellent returns to shareholders.

Positive Drivers:
While Amazon does not pay dividends, this is part of the broader corporate strategy. Amazon has a successful history of investing in long-term projects, aiming for sustainable growth in free cash flow to achieve superior financial performance in the long run. Amazon Web Services (AWS) is a staple and growing business line for Amazon, with sales growing by 13.00% last year. During H1, Amazon hosted a record-breaking Black Friday and Cyber Monday holiday shopping event, where customers worldwide purchased more than one billion items. Amazon consistently emphasizes its dedication to the customer experience, demonstrated by its commitment to posting the fastest delivery speeds for Prime members. Additionally, Amazon announced a strategic partnership with Hyundai, allowing customers an online vehicle shopping experience. Hyundai also selected AWS as its preferred cloud provider to accelerate its digital transformation. Furthermore, Amazon has ventured into the Healthcare sector, offering Prime members in the U.S. the option to add health care from One Medical for only $9.00 a month or $99.00 annually. Amazon adeptly balances revenue growth from new products and services while providing significant benefits to consumers.

Negative Drivers:
While we celebrate Amazon's impressive H1 performance and eagerly anticipate its future within our fund, it is essential to acknowledge the complexities during H1. Regulatory scrutiny has consistently shadowed Amazon, and during this period, it manifested in the termination of the $1.70 B acquisition of iRobot.[5] The European Commission and the Federal Trade Commission (FTC) raised antitrust and anticompetitive concerns, underscoring the company's high-profile battles. Despite these challenges, Amazon's cloud computing arm, Amazon Web Services (AWS), remains a pivotal growth driver and a key differentiator. However, its revenue growth has decelerated, hovering near all-time lows. While this warrants attention in the near term, we remain optimistic.

Dollar General Corp (DG)

Sector: Consumer Discretionary
Fund Manager: Sam Holloway

DOLLAR GENERAL

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	17,678.80	56,337.66	50.13	0.84
H2	-	-	-	-
Tenure	17,678.80	56,337.66	50.13	0.84

H1 Actions: Bought 175 share for $18,602.15 on 10/11/2023.
Total dividend payment of $322.72 during this period.

Holding Description:
Dollar General Corp (DG) operates an extensive chain of discount retail stores, catering to a diverse range of consumer needs. Their product offerings span cleaning supplies, consumer goods, health and beauty items, paper products, pet supplies, and seasonal merchandise. Headquartered in Goodlettsville, Tennessee, Dollar General boasts approximately 20,000 stores across the U.S. and Mexico. Dollar General's mission centers on stress-free and affordable shopping. By providing everyday essentials, they serve customers seeking both value and convenience. Notably, around 80.00% of Dollar General's stores are strategically located in towns with populations of 20,000 or fewer people. In FY 2023, Dollar General reported net sales of $38.70 B—a commendable 2.20% increase compared to FY 2022.[6]

Positive Drivers:
In H1, Dollar General announced Todd Vasos would return to the company as the Chief Executive Officer (CEO). Vasos had previously served as CEO from 2015 to 2022, orchestrating a remarkable transformation period for Dollar General. During his tenure, Dollar General expanded its store network by approximately 7,000 locations, generating nearly 60,000 new jobs and achieving impressive annualized returns of approximately 18.00%. Since Vasos's return, he has championed a "Back to Basics" strategy. This approach prioritizes operational excellence while enhancing customer service. Notably, Dollar General experienced net sales growth driven by positive contributions from new store openings and robust same-store sales performance. Dollar General's strengths lie in its diverse private-label brands—which accounts for over 20.00% of total sales in the consumables division. These proprietary brands allow for larger profit margins and better control over production and pricing. Additionally, the company has addressed merchandise inventory carrying costs through an efficient inventory demand forecasting tool, resulting in a per-store decrease of 1.10% in total merchandise inventory cost.

Negative Drivers:
Dollar General exhibited a remarkable rebound following a lackluster H2 performance, where it returned -49.17% for the fund. While this resurgence was met with enthusiasm by our team, it is essential to recognize the headwinds faced during H1. A significant portion of Dollar General's customer base is comprised of low or fixed-income households. Consequently, external factors like elevated inflation and interest rates pose substantial risks to the company's performance. Inflation, as measured by the Consumer Price Index (CPI), consistently hovered above 3.00% throughout the period, reaching a peak of 3.70% in September 2023.[7] This persistent inflationary pressure places heightened strain on the purchasing power of Dollar General's target clientele.

Consumer Staples

Fund Manager: Lucas Nulsen

H1 Analysis:

The Consumer Staples sector was the second lowest performing sector in the S&P 500 during H1, with the S5CONS index returning 13.37% versus the S&P 500 Index (SPX) index return of 23.37%. The Haslam Fund started the period with two positions in the Consumer Staples sector: Procter & Gamble (PG) and Walmart (WMT), later acquiring Albertsons (ACI) in November. The three holdings returned 13.44% during H1, beating the benchmark by 0.07%. The Consumer Staples sector consists of businesses that produce essential products used by consumers. The sector is characterized by stable demand and relatively predictable revenue streams, which often appeal to investors seeking a defensive position during periods of market volatility. The Haslam Fund's neutral to slightly optimistic economic outlook through the course of H1, was a major contributor to the decision to take an overweight position in the Consumer Staples sector. In H1, the sector benefited from the continued resilience of the U.S. consumer despite several economic challenges following the COVID-19 pandemic.

Moving Forward:

Moving forward, the Consumer Staples sector is poised to maintain its resilience amidst ongoing economic uncertainties. Although many consumers' budgets are still constrained by the effects of inflation, the essential nature of the sector creates stable demand for many of the staple companies. The counter-cyclical behavior of the Consumer Staples sector presents great opportunities during economic downturns. However, recent economic data indicating stronger than expected economic performance has prompted the fund to adjust its outlook for some sectors. With the CPI trending towards the Fed's 2.00% target level and GDP figures holding strong, many economic indicators have outperformed the fund's initial outlook.[1] While Consumer Staples companies are expected to maintain their stability and resilience, other sectors may offer more lucrative investment opportunities in the near term. The Haslam Fund is prepared to potentially reduce our overweight position in the sector to fund new opportunities in the future.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	55,014.04	101,324.28	13.44	13.37	2.03
H2	-	-	-	-	-
Tenure	55,014.04	101,324.28	13.44	13.37	2.03

Albertsons Companies Inc. (ACI)

Sector: Consumer Staples
Fund Manager: Lucas Nulsen

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	-	39,664.00	0.77	0.53
H2	-	-	-	-
Tenure	-	39,664.00	0.77	0.53

H1 Actions: Bought 1850 shares for $39,580.75 on 11/15/2023.
Total dividend payment of $222.00 during this period.

Holding Description:
Albertsons Companies, Inc. distributes fruits, vegetables, canned items, medicines, and other related goods. Albertsons Companies is headquartered in Boise, Idaho and is one of the largest supermarket retailers in the U.S. with nearly 2,270 stores across 35 states and the District of Columbia. In addition to traditional grocery items, many of the stores offer pharmacies and coffee shops and around 400 include adjacent gas stations. In the 2023 FY, Albertsons generated $77.70 B in revenue and $1.50 B in net income while returning $277.00 M in dividends to its shareholders.[2] Albertsons is currently operating as an independent company but is in the legal process of being acquired by grocery giant Kroger. The planned merger with Kroger is a $24.60 B all-cash deal expected to close in H2 of Kroger's FY. If closed, Kroger will purchase all outstanding Albertsons shares for $27.25, providing the Haslam Fund with a 28.48% gain.

Positive Drivers:
Looking ahead, Albertsons is poised for continued growth and resilience, buoyed by the essential nature of its business and the imminent merger with Kroger. Kroger is currently in negotiations with C&S Wholesale to expand the original deal to divest from 413 stores to appease the FTC and state attorneys general concerns over monopolistic business practices. Over the last 35 years, the FTC has not successfully blocked a single grocery chain merger.[3] If the merger happens to be blocked, Albertsons could still provide a worthwhile investment opportunity due to its strong brand recognition, extensive store network, and diverse portfolio of private-label products that provide a competitive edge in attracting and retaining customers. Additionally, the company has made significant investments in its e-commerce platform, providing its customers with ease of access to their products and services.

Negative Drivers:
The Albertsons-Kroger merger has attracted significant media attention recently due to the scale of the merger and the politics surrounding food inflation. On February 26th, the FTC announced that it will sue to block the proposed merger with nine AG's joining the suit. This dealt a significant blow to the chances of the deal closing. The FTC's bid for a preliminary injunction will be heard in the U.S. District Court of Oregon on August 26th.[4] The United Food & Commercial Workers Union (UFCW), which has members in both companies, has also voiced their concerns with the deal. With inflation and wages being significant political topics this election cycle, it is likely the deal will attract further political attention as the 2024 presidential race heats up this summer. For these reasons, Albertsons will require extra monitoring in the coming months as the court date draws closer.

The Procter & Gamble Co. (PG)

Sector: Consumer Staples
Fund Manager: Lucas Nulsen

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	26,546.52	29,529.50	12.53	1.29
H2	-	-	-	-
Tenure	26,546.52	29,529.50	12.53	1.29

H1 Actions: Held. Total dividend payment of $342.42 during this period.

Holding Description:
The Procter & Gamble Co. is a multinational consumer goods corporation headquartered in Cincinnati, Ohio. PG operates in more than 80 countries and generated over $82.10 B in revenue in 2023. PG's portfolio includes a wide range of health, household, and personal care brands, making it one of the most prominent players in the consumer goods industry. PG's nearly 80 brands across five industry-based Sector Business Units (SBUs) have become staples in households across the world. Through the years PG has focused on making strategic acquisitions to further bolster its very large portfolio of top consumer good brands. With over 187 years of business, PG has streamlined its operations to maximize efficiency and shareholder returns while keeping prices low for its consumers.

Positive Drivers:
Procter & Gamble is well known for its consumer brand loyalty through all cycles of the economy. PG returned 12.53% in H1, underperforming both the S5CONS and SPX Index, but still had a strong performance considering its massive scale and international footprint. This slight underperformance can be attributed to inflationary pressures impacting the consumer across the globe. After the difficult decision of cutting nearly 100 brands in 2014, PG has since streamlined their production and distribution of their product portfolio. Operating margins have increased from 17.00% in 2014 to 22.00% in 2024 while increasing revenues by 10.21%.[5] PG has also demonstrated their commitment to maximizing shareholder value by increasing their dividend for 67 consecutive years and repurchasing $7.40 B worth of common stock. PG's ability to maintain a portfolio of brands consumers love while maximizing operational efficiencies and shareholder returns will allow them to remain a leader in the space for years to come.

Negative Drivers:
One of the biggest problems Procter & Gamble has experienced in recent years is the impact foreign exchange rates have had on PG's margins. In 2023 alone, the impacts of foreign exchange reduced net earnings by approximately $1.40 B. The resilience of the U.S. economy coming out of the COVID-19 pandemic strengthened the U.S. dollar relative to other currencies, making U.S. goods less attractive to foreign buyers. PG's costs can often fluctuate significantly with changes in commodity and material prices. PG has significant exposure to commodities such as oil derived materials like resins and paper-based materials like pulp that are used in many types of packaging. Volatility in the market price of commodities and input materials has a direct impact on PG's costs and margins. PG also operates in a very competitive market of consumer good conglomerates with very large portfolios and strong consumer brand loyalty. Adapting to consumer preferences to maintain strong branding is costly but crucial in the consumer goods space.

Walmart Inc. (WMT)

Sector: Consumer Staples
Fund Manager: Lucas Nulsen

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	28,467.54	32,130.78	13.22	0.36
H2	-	-	-	-
Tenure	28,467.54	32,130.78	13.22	0.36

H1 Actions: Held. Total dividend payment of $101.46 during this period.

Holding Description:
Walmart Inc. is a multinational retail corporation headquartered in Bentonville, Arkansas. Walmart operates a vast network of over 10,500 grocery stores, department stores, and warehouse clubs that serve hundreds of millions of people across the globe. As the world's leading employer, Walmart boasts a workforce of over 2.30 M people. In 2023, Walmart reported revenues surpassing $648.00 B, more than any company in the world. Walmart operates across various formats including Walmart Supercenter, Sam's Club, and its growing e-commerce division. Walmart offers a wide range of grocery and general merchandise products at competitive prices by leveraging its efficient supply chain and scale.

Positive Drivers:
In the years following the COVID-19 pandemic, Walmart has experienced significant growth in their e-commerce platform. With consumers spending increasingly more money online, this presents a growth opportunity for grocery retailers like Walmart to capitalize on this trend. In 2023, e-commerce sales were up 16.00% YoY and made up over 10.00% of total sales.[6] It is Walmart's goal to fully integrate its e-commerce business into its stores by turning its nationwide retail outlets into shoppable distribution hubs.[7] In January 2024, Walmart announced a five-year plan to build and convert 150 new locations, and remodel 650 locations over the next 12 months. The new and remodeled stores will reflect Walmart's new "Store of the Future" concept with improved layouts and aesthetics.[8] Walmart has also made significant investments in the integration of technology to help improve operational efficiency and improve the overall customer experience. By integrating AI into their inventory management system and store planograms, Walmart can leverage historical data and pair it with predictive analytics.

Negative Drivers:
In recent years, Walmart has struggled to grow its international segment. In 2021, Walmart operated 11,443 locations globally which generated $121.38 B in international revenues. In 2023, these numbers declined to 10,623 global locations while generating $100.98 B in international revenues. This significant drop was due to Walmart suspending operations in Argentina, Japan, and the UK to look for higher growth markets.[9] Shrink, which is the loss of inventory due to theft, damage, or administrative errors, has also been a problem for Walmart and other retailers recently. Walmart has had to invest in security technology, implement loss prevention standards, promote employee awareness to mitigate shrink levels, and protect margins. Additionally, Walmart operates in an extremely competitive business segment with many competitors operating similar business models that hurt Walmart's pricing power. Walmart's growth in the e-commerce space could also be challenged by Amazon, which has made significant investments into their grocery delivery service. To maintain its top status in the grocery industry, Walmart will need to continue to leverage its scale and pricing power to squeeze its competitors and maximize its operating margins.

Energy

Fund Manager: Viktoria Eisenstadt

H1 Analysis:
The Haslam Fund holds solid conviction in the performance of the Energy sector. We are heavily overweight compared to the S&P 500's 3.95% energy weighting as we currently invest 8.00% of our equity portfolio in the Energy sector. Since the reopening after COVID-19 the Energy sector has taken off from travel demand, but OPEC product cuts reduced the supply. Crude oil futures mostly stayed above $70.00/bbl and energy was constantly mentioned as an inflationary cost in the CPI reports for the period. We perceived midstream energy as more promising than other divisions of the supply chain, as the stake in the industry amounted to 64.54% of our energy portfolio. The remaining portion is in the products and services business in the Energy sector. Separating the investments into these two businesses proved to be an effective strategy evident in our 3.91% relative return. Energy outperformance is a position we are confident in, but the exploration and production operations were difficult to decern going into H1, and downstream refineries did not provide any more promise. Energy Transfer (ET) and Halliburton (HAL) both had the benefit of being involved in Energy while also having unique business models in midstream energy and services. ET's performance was stellar compared to HAL who struggled during the duration of the period and the dividend yield could not offset the losses. The 9.44% return of the fund's energy investment is largely attributed to ET's stellar performance in H1, mitigating HAL's underperformance.

Moving Forward:
Remaining in the midstream industry of the supply chain for Energy is a firm position we will hold. In addition, we will continue to be overweight in Energy. HAL faces a lot of idiosyncratic risk and suffered during the period from their revenue streams in Argentina, which brought the company back devalued currency and extraneous costs. With recent innovation in hydraulic fracking, natural gas price increases, and lower Baker Hughes Rig Counts HAL struggles as their services are not needed or cost-effective. ET's attractive dividend yield, extensive interstate infrastructure, growing natural gas pipeline, refinement expansions, and natural gas services have outperformed peers. Investment in ET is integral to our tactic in generating alpha, and we plan to transition away from HAL to another opportunity due to the fund's belief that HAL is no longer offering sufficient compensation for the risk it entails.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	99,266.99	105,607.09	9.44	5.53	4.05
H2	-	-	-	-	-
Tenure	99,266.99	105,607.99	9.44	5.53	4.05

Energy Transfer (ET)

Sector: Energy
Fund Manager: Viktoria Eisenstadt

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	60,791.99	68,158.09	16.59	4.47
H2	-	-	-	-
Tenure	60,791.99	68,158.09	16.59	4.47

H1 Actions: Held. Total dividend payment of $2,718.96 during this period.

Holding Description:
Energy Transfer is a midstream company that focuses on NGL transport, storage, and processing while also managing a crude oil segment. Their financial stability and impressive M&A activity has led them to be a world leader in their field and maintain their targeted annual distribution per unit growth rate of 3.00%-5.00%.[1] Their business model is streamlined as they focus on expanding capacities and infrastructure with profitable product lines. This consistent growth in adjusted EBITDA is part of their long-term capital allocation strategy, which is attractive to investors seeking stable returns. We hold 4,333 shares at 2.96% of our portfolio. The cyclical natural of the energy sector has not infiltrated ET's ability to make shareholder distributions as they release most of their free cash flows to investors.

Positive Drivers:
In the most recent earnings, ET's ability to hedge the volatility of energy prices showed promise as they were able to offset low fees with higher transportation volume modeling financial stability, impressive capture of market share in midstream energy markets, and quality risk (mitigation) management. Two of the largest contributors to ET's success in increasing profitability were the acquisitions of Crestwood and Lotus. These acquisitions increased storage, gas processing, and transportation of NGLs in the northwest and midstream crude oil capabilities increased in the Permian basin. Both deals closed last year, and we have seen the start of productivity from the assets in Q4 2023. At more than 900,000 exported barrels per day, ET has maintained ~20.00% market share of worldwide NGL exports.[2] They don't have any upstream operations such as production or exploration, but they have a large network that provides competitive connectivity to premier producers. Gross profit margin increased by 1.54% and net income margin increased by 4.28% QoQ in Q4 of 2023, showing ET's improved efficiencies are getting revenues to the bottom line.

Negative Drivers:
The Nederland Terminal project is expected to cost $1.25 B and won't be operational until late 2025.[3] The project has seen multiple delays and is halting 250,000 (25.00% of current capacity) barrels per day of added NGL export support. The pipeline extension is to add a refrigerated storage for butane, propane, and ethane. The capital intensity of the Energy sector is a known downside, and if ET keeps getting caught up in delays, we could see revenues slip and decrease our confidence in management. $300.00 M of projected organic capital growth has been moved from 2023 to 2024 as project timelines have been prolonged. Since 55.00% of growth capital is attributed to this segment, we can infer that a good portion of growth is being inhibited by this long-term project.

Halliburton (HAL)

Sector: Energy
Fund Manager: Viktoria Eisenstadt

HALLIBURTON

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	38,475.00	37,449.00	-1.85	0.81
H2	-	-	-	-
Tenure	38,475.00	37,449.00	-1.85	0.81

H1 Actions: Held. Total dividend payment of $313.50 during this period.

Holding Description:
Halliburton is an upstream exploration and production servicing company that provides innovative tools to increase efficiencies for upstream oil producing businesses. They are one of the top three oil service providers in the world, with a market share of 10.93%, and are one of the leading innovators in hydraulic fracturing. Data analytics have also been a focus with their patented iEnergy cloud service for E&P. Partnerships with start-ups researching emerging technologies has turned into an attractive consulting opportunity. HAL is in a period of distress as E&P firms are tight on capital due to low commodity prices and high production levels. The underperformance of this stock, compared to both peers and the sector, has greatly diminished our outlook for the future of the company. Halliburton went from one of our best performers to the second worst holding in a single period. Our performance in the Energy sector is stellar, but this is because ET is offsetting HAL's capital losses.

Positive Drivers:
Over the past five years the average free cash flow has been $1.30 B. They have also lowered their capital intensity by decreasing their capital expenditures as a percentage of revenue from 11.40% to 5.00-6.00% in a decade through enhancement design attachments, new materials, higher asset velocity, digital technologies, and changing portfolio mix.[4] Halliburton has grown revenues by 17.00% YoY in international markets by being one of the dominating integrated service business models across the globe. They increased growth by 5.00% in Europe through improved well construction, higher completion of tool sales, and improved wireline activity. Similarly, revenues increased 5.00% in Latin America through increases in pressure pumping services and fluid activity in Argentina, improve tools completion in Brazil, higher project management and drilling-related services in Colombia and Ecuador.

Negative Drivers:
Halliburton's operational presences spans across the major continents. 55.00% of revenues are generated outside of the U.S. leaving them vulnerable to volatility in the value of other currencies. A $109.00 M adjustment for the devaluation of currency and Blue-Chip Swap losses. In Q2 of 2023 HAL also claimed $691.00 M in losses for the same reasons yet has not retired their Argentina market segment. E&P is expected to have outperforming growth in developing nations that would expose HAL to the same risks Argentina has from geopolitical and economic instability. As HAL's international growth continues it is likely that they will incur more losses like this. Their focus on international markets and concentrating their future investment in iEnergy decreases the fund's positive perspective we had at the end of the last H2.

Financials

Fund Manager: Joshua Liebowitz

H1 Analysis:
In H1, the Financials sector in our portfolio proved to be extremely resilient and successful with a total return of 31.81%, which was 3.79% higher than that of the S5FINS Index's return. Despite inflation, higher interest rates, and geopolitical military conflict, the Financials sector outperformed the S&P 500. Financial sector outperformance was particularly surprising given high inflation rates, which increased over the period, and also the fact that bonds have remained steady. The average annual inflation rate in 2023 was 3.40% and has since risen slightly, by 0.10%, in 2024.[1] Consumer spending also increased within the period, which was a key positive impact on the entire market. In our portfolio, the Financials sector remains underweight despite the past period's and individual holding's outperformance. The sector ended H1 with a weighting of 12.12%, 0.98% underweight compared to the S&P 500. This is due to our neutral outlook motivating a balanced allocation among procyclical and countercyclical sectors.

Moving Forward:
Even though the Financials sector outperformed in H1, we currently expect our holdings to remain mostly steady in H2 due to JPM, MET, and EVR holdings' average performance to begin this April. However, since the start of H1 when the entire fund originally stated our individual stances on the overall U.S. and global market outlook, the fund has since become slightly more constructive. We expect increases in consumer spending from interest rate cuts during the latter half of the year. With both inflation and interest rates expected to decrease, the market as a whole will expand due to a loosening of monetary policy. Many top financial institutions like JPM are expanding their reach into new areas of the industry such as biodiversity, which we believe can lead to even more positive returns in both the relatively short and long terms. Bolstering our Financials sector holdings would be a great opportunity for the fund that would create even greater overall performance for our portfolio.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	155,175.61	161,616.61	31.81	28.02	-0.91
H2	-	-	-	-	-
Tenure	155,175.61	161,616.61	31.81	28.02	-0.91

Bank of America Corp (BAC)

Sector: Financials
Fund Manager: Joshua Liebowitz

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	29,762.06	41,219.04	39.37	1.27
H2	-	-	-	-
Tenure	29,762.06	41,219.04	39.37	1.27

H1 Actions: Held. Total dividend payment of $260.88 during this period.

Holding Description:
Bank of America Corp is one of the world's top financial institutions that offers a wide range of services, most predominantly in the banking industry. Their clients include small businesses, large corporations, and governmental institutions. Bank of America's other services also include credit cards, financial risk services, home equity products, investment management, and mortgages. The corporation currently employs approximately 217,000 people worldwide and has a 6.71% market share of the banking/financial services sector. The company strongly values its clients. It divides its business into five areas including basic checking/savings accounts, home buying, college planning, retirement planning, and building clients' portfolios through its Merrill Lynch subsidiary.

Positive Drivers:
For Bank of America and the banking industry, higher interest rates support their ability to serve clients. Mortgage rates have increased from 5.34% in 2022 to over 6.40% today, which is a positive driver for Bank of America and others within the banking industry.[2] Over H1, they have sacrificed their EPS (that dropped 3.40%) for longer-term gains.[3] This ultimately proved to be successful since its revenue remained steady throughout the past year and their share price continued to increase overall. Shareholders had a total return of 38.00% which could indicate more positive outcomes to arise over this next year as well. Lastly, along with most other financially-focused institutions, Bank of America has also benefitted from advancements in technology and AI that ultimately make their client operations more efficient and overall make the company more profitable.

Negative Drivers:
Following last year's banking crisis, the FDIC proposed a series of rules towards increasing capital requirements for large banks.[3] These rules will begin rolling out in 2024, within the final phase of Basel III, and include additional leverage ratio requirements, capital buffers, and the inclusion of certain unrealized gains and losses in capital ratios.[4] We expect compliance with these regulations to be costly, with investments already underway. Overall Bank of America performed well over the period, but net interest income over H1 compared to the prior period, despite high interest rates.[5] These weaker results led to subsequent weakness in the stock price. In the second half of H1, Bank of America's underperformed the Financials sector, returning 2.20% compared to 10.10%.[6] This underperformance can be attributed to the aggressive nature of the rate hikes.

Evercore Inc. (EVR)

Sector: Financials
Fund Manager: Joshua Liebowitz

EVERCORE

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	32,815.44	45,836.42	40.78	1.58
H2	-	-	-	-
Tenure	32,815.44	45,836.42	40.78	1.58

H1 Actions: Held. Total dividend payment of $361.76 during this period.

Holding Description:
As one of the leaders and fastest-growing firms within independent investment banks, Evercore Inc. has proven to be an extremely strong stock in our portfolio since it was acquired. The company specializes in both asset management and general investment services, most predominantly in the U.S. Although relatively small compared to our other Financial sector holdings, Evercore employs around 2,100 people. However, in 2022 they were ranked as the number one independent investment bank, with over 73.00% of revenue generated from advisory fees. They are known for their ability to remain profitable by providing financial advice and consistently creating positive returns for both themselves and their clients. They specialize in a few areas including M&A, strategic shareholder advice, restructuring, and capital structure advice.

Positive Drivers:
Evercore is known as the fastest-growing private investment firm in the world. In just five years the firm's stock has more than doubled and as of March 31, 2024, is at $192.59. Their growth can be attributed to their overall earnings growth. As of December 2023, they beat their EPS benchmark by 20.91% and their revenue benchmark by 10.31%. This ultimately indicates that Evercore has had higher revenue and profit growth than its peers, and in turn, investors have been and will continue to be more inclined to purchase the stock. According to their website, they attest their success to the overall talent and experience of the bankers who work for them.[5] Evercore will look to build on their success in H1 as M&A deal-flow rebounds in the future.

Negative Drivers:
One of the most prominent negative aspects of Evercore recently has been its relatively large decline in revenue. From 2022 to 2023, Evercore's revenue declined from $2.78 B to $2.44 B, a 12.10% decline YoY. Another negative driver for Evercore and many other investment banks was their inability to raise capital and that their overall deal volume had stagnated. A 25% decrease in debt-heavy acquisitions are what ultimately caused this.[6] Although they were resilient for most of last year, it still affected their profitability.[7] Their ROA and ROE had both fallen from 14.97% to 8.01% and 29.64% to 15.03%, respectively.

JPMorgan Chase & Co (JPM)

Sector: Financials
Fund Manager: Joshua Liebowitz

JPMORGAN CHASE & CO.

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	25,813.56	35,653.40	39.57	2.09
H2	-	-	-	-
Tenure	25,813.56	35,653.40	39.57	2.09

H1 Actions: Held. Total dividend payment of $373.80 during this period.

Holding Description:
JPMorgan Chase & Co is one of the world's top financial service companies most known for its asset management, commercial banking, and investment banking. More specifically, their main financial services include wealth planning, investing, lending, other banking services, family wealth management, and more. They currently have over 240,000 employees, operate in more than 100 countries, and have $2.50 T in total assets. JPMorgan Chase's clients include those from corporate, institutional, and governmental backgrounds and strive on the mission to make others more profitable and more financially sound overall.

Positive Drivers:
JPMorgan Chase had an exceptionally strong performance in H1, continuing its trend of strong performance in recent years, and it remains one of the largest banking institutions in the world today. This was most prominently proven by their net income of $49.60 B and their $164.40 B in revenue. In fact, this was the sixth year in a row that the company set a new high for its revenue record in a single FY.[8] One of JPMorgan's biggest strengths is how they execute business by way of expanding their reach and ultimately growing their market share. The advancement of AI and ultimately digital advancement in financial technology and services has been extremely beneficial and positive on the financial sector as a whole since business is becoming faster and more efficient than ever before. JPMorgan Chase's EPS also increased by 34.24% YoY from $12.09 in 2022 to $16.23 in 2023.[9] Lastly, their overall return of 39.57% is representative of these positive drivers from the past six months.

Negative Drivers:
CEO Jamie Dimon began his annual letter to shareholders with a list of negative influences and challenges that the company has faced in the most recent six months. These negative drivers include the war in the Middle East, the war in Ukraine, and especially the rising political tension between China and Taiwan. He also added the higher amounts of global economic uncertainty and higher inflation rates as well. The firm has faced even more challenges out of its control, most notably being the more restrictive regulations among big corporations.[10] These will make it increasingly difficult to adhere to a more complex legislature and require more resources to attain the level of compliance issued by the government. Worldwide banks and corporations would have to spend over $200 M annually on compliance costs.[11]

KKR & Co Inc (KKR)

Sector: Financials
Fund Manager: Joshua Liebowitz

KKR

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	33,756.80	-	21.57	0.87
H2	-	-	-	-
Tenure	33,756.80	-	21.57	0.87

H1 Actions: Sold 548 shares for $40,947.79 on 11/29/2023.
Total dividend payment of $90.42 during this period.

Holding Description:
KKR & Co. Inc. is known as one of the oldest and most successful private equity investing firms worldwide and was one of the first to use leveraged buyout as an investment strategy.[12] They specialize in certain financial areas such as alternative asset classes, private equity, credit, and hedge funds and function across multiple sectors. They strive upon the idea that they work alongside their clients and not for them, creating a more intimate and trustworthy relationship with those who seek their financial guidance.[13] KKR employs around 4,500 employees and is based out of New York City. They also post a market cap of $84.02 B making them a relatively large company in terms of market share.[14]

Liquidation Thesis:
The Haslam Fund decided to fully liquidate KKR before H1 on 9/29/2023. We chose to sell all 548 shares for $40,947.79 while the cost basis at the time was $54.76. This holding was sold at a very opportune time and for a substantial profit. The main reasoning behind this liquidation was that our fund wanted to establish a more defensive position by reducing the weighting of the Financials sector from being overweight by 1.27% to being underweight, compared to the S&P 500 Index. After liquidation, the Financials sector weighting was approximately 1.58% underweight. This action also reduced the overall portfolio beta by 0.01; this was also desired by the fund. Some negative drivers leading to this liquidation were that the firm faced too large of competition to remain as profitable as they were, their struggle to finance debt, and the anticipated higher interest rates. The firm has also been known to invest in fossil fuel production and fossil fuel expansion efforts which have ultimately instilled a more negative reputation for the firm. Some positive aspects that supported the liquidation included that 17 out of 20 Bloomberg analysts recommended buying the stock, indicating that there is a clear opportunity to sell high. Also, the stock was trading at a 2x higher P/E ratio than its historical average, indicating that the stock was also overvalued. KKR became increasingly profitable for the fund due to an increase in overall deal flow during the summer months of 2023. This caused us to receive a profit of approximately 12.00% at the time of liquidation and also ensured that we would receive another dividend payment late in the year. Overall, the liquidation of KKR proved to be advantageous and had a very positive effect on our portfolio.

MetLife Inc (MET)

Sector: Financials
Fund Manager: Joshua Liebowitz

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	33,027.75	38,907.75	19.46	2.81
H2	-	-	-	-
Tenure	33,027.75	38,907.75	19.46	2.81

H1 Actions: Held. Total dividend payment of $546.00 during this period.

Holding Description:
As one of the largest life insurance firms in the entire U.S., MetLife Inc. provides services including insurance coverage, annuities, and employee benefits. Its main clients include regular everyday people, up-and-coming businesses, and some major corporations both nationally and worldwide. More specifically, they insure people in categories such as health, legal, pet, dental, and vision sectors. Currently headquartered in New York City, MetLife serves over 90 M customers and employs over 45,000 people worldwide. Its current market share is 12.10% of their specific insurance industry. It also generated $66.91 B in 2023, a 2.71% decline from 2022.[15] Overall, MetLife proves to be a strong and stable company financially and exemplifies the current financially mature state of the company.

Positive Drivers:
MetLife attributes its strong fourth-quarter rebound to positive momentum in its portfolio and the market as a whole. Due to this positive momentum the company has stated they have "excellent capital and liquidity." These improvements can be attributed to their international segments which ultimately drove them to their amount of capital and liquid assets. More specifically, in Asia and Latin America their adjusted earnings both increased by 12.00% and 13.00%, respectively.[16] MetLife has built its mature company by way of simply selling insurance. The demand for insurance is always in need and allows them to continuously be profitable, especially since they already have a positively related brand. Lastly, more advances in service automation will speed up their business processes and ultimately make them more profitable and hopefully, continue to grow along with the positive momentum they are currently building off of.

Negative Drivers:
The most prominent negative driver for MetLife has been their apparent struggle in the Q4 2023 and the year as a whole. Their net income specifically took a major hit in 2023 with a 71.00% decrease from the prior year going from $5.10 B to $1.40 B.[17] This immense decrease in net income can be due to the firm's overall costs surpassing their sales due to their mature state. This mature state of the company can cause them to be more inclined to borrow funds at a higher rate than they would before. Also, from the start of 2023 to the beginning of 2024 the company's stock price took a large hit relative to the rest of the S&P 500 Index due to rising geopolitical conflicts, high oil prices, and increased interest rates. The stock had a five percent decrease throughout 2023 compared to the S&P 500 Index's 26.00% increase over the same period.[18] Overall, the company has underperformed relative to the market.

Healthcare

H1 Analysis:
During H1, the Healthcare sector of the Haslam Fund demonstrated strong performance, outperforming the S&P 500 Healthcare sector index return of 15.75% with a return of 18.96%. This excess return was largely due to Merck (MRK), the Haslam Fund's largest healthcare holding, which returned 29.63% during H1. After a tumultuous H1 and H2 of 2023, CVS Health (CVS) was also able to outperform the sector index, returning 16.06% during H1. Pharmaceuticals continued to drive the Healthcare sector during the period, following increased market optimism on obesity drugs seeking to compete with Ozempic. To capture better returns, the team made the decision to sell our previous holding of Roche Holding (RHHBY) and purchase Bristol-Myers Squibb (BMY). As of the end of the period, the fund closely aligns with the S&P 500 weight in the Healthcare sector, being underweight by 0.16%. Excepting for Roche, which had a negative 3.07% return, all Healthcare holdings generated a positive return for the fund during H1.

Moving Forward:
Moving forward, the Healthcare sector faces both promising growth opportunities and risks. The aging U.S. population will continue to drive demand for healthcare products and services, while advanced technologies will lead to innovations and transformative improvements. However, regulations, particularly from the Food and Drug Administration (FDA), pose major challenges for the biotechnology and pharmaceutical firms that the fund holds. Following an H1 characterized by broad market optimism, there has been some concerns about the market going forward. Due to the inelastic nature of its demand, the Healthcare sector generally outperforms the overall market during downturns and tends to underperform when the economy is strong. Since the team is neutral about the broader market, we will maintain our neutral position in the Healthcare sector. This will help the fund gain stable returns in the sector while also allowing for more investment opportunities in other sectors that we believe have greater potential over the coming period.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	137,495.82	161,765.71	18.96	15.75	-0.16
H2	-	-	-	-	-
Tenure	137,495.82	161,765.71	18.96	15.75	-0.16

Abbott Laboratories (ABT)

Sector: Healthcare

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	22,081.80	25,914.48	18.45	1.09
H2	-	-	-	-
Tenure	22,801.80	25,914.48	18.45	1.09

H1 Actions: Held. Total dividend payment of $241.68 for this period.

Holding Description:

Abbott Laboratories (ABT) is an American healthcare company headquartered in Chicago, Illinois. ABT offers a broad portfolio of healthcare products and medical devices with a global presence in this space, as 70.00% of revenue generated comes from international markets.[1] Revenue segmentation between ABT's four product lines is as follows: medical products 42.10%, diagnostics 24.90%, nutrition 20.20%, and establish pharmaceuticals 12.60%.[2] Abbott is looking to make a shift back toward their initial business model which was in place prior to COVID-19. This entails priority going to medical device sales growth to drive company performance and a decline in revenues from COVID-19 testing related products.[3] Strong free cash flow will prompt increasing investment in research and development, as well as spur mergers and acquisitions to grow all business segments.

Positive Drivers:

Abbott's positive drivers are primarily encompassed in the success and growth of products from the medical device segment. The FreeStyle Libre glucose sensor and MitraClip are recognized as two of the most influential growth drivers for ABT. Analyst forecasts show, the two devices "could push total organic growth in 2024 to more than 11.00% (2 percentage points above consensus)".[4] Additional pieces of the Libre product line (Libre 2 and Libre 3) will also propel revenue growth as ABT is able to capture market share in the diabetes care industry. Growth forecasts for the industry show, global diabetes management market size was around $18.23 B in 2022 and is anticipated to reach $36.02 B by the end of 2030, presenting a large opportunity for this arm of Abbott's business.[5]

Negative Drivers:

In the short term, Abbott will face struggles in the nutrition segment of their business following a lawsuit against PediaSure, "a nutrition drink that complements a diet for kids who are behind in growth and is clinically proven to help kids grow".[6] Consumer sentiment around the topic is rather low considering motions for dismissal were denied earlier this year and plaintiff Noriega has citied "three studies funded by Abbott itself that found no connection between PediaSure and growth in height".[7] ABT will be pressured for strong performance in other business segments to offset these declines.

Bristol-Myers Squibb Co (BMY)

Sector: Healthcare

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	-	35,249.50	7.26	-
H2	-	-	-	-
Tenure	-	35,249.50	7.26	-

H1 Actions: Bought 650 shares for $32,864.00 on 3/1/2024.
No dividend payments during this period.

Holding Description:

Headquartered in Princeton, New Jersey, Bristol-Myers Squibb (BMY) is a world leader in the biopharmaceutical industry. BMY operates one business segment that focuses on discovery, development, licensing, manufacturing, marketing, distribution, and sale of biopharmaceutical products on a global scale. In 2023, BMY generated 70.10% of revenues in the U.S. while 29.90% were generated internationally.[8] The company's business model revolves around developing and acquiring drugs to build a portfolio that treats a wide range of diseases. With a diverse portfolio of cutting-edge therapies spanning across Cardiovascular, Hematology, Immunology, Neuroscience, and Oncology, BMY maintains a strong position in the biopharmaceutical industry.[9]

Positive Drivers:

Bristol-Myers Squibb is a strong and financially sound company that runs a diversified portfolio of both established and emerging therapeutic drugs. With multiple patents on key drugs set to expire in the latter half of the decade and a recent CEO change, BMY has been making strategic acquisitions to maintain its market dominance. In 2019, the company acquired oncology giant Celgene in a $74.00 B cash and stock deal. In addition to the Celgene acquisition, BMY recently issued multiple series of notes totaling $11.00 B for their proposed acquisitions of Karuna Therapeutics, Inc and RayzeBio, Inc.[10] BMY has also been making significant investments in their own products after ramping up their research and development spending. In the last four years alone, BMY has spent over $9.00 B annually on R&D.[11] These are major investments for BMY as they hope to bolster their pipeline of incoming drugs. BMY's investment in the future coupled with their shareholder-focused capital allocation strategy made this an attractive addition to the portfolio.

Negative Drivers:

Although BMY is a leader in the biopharmaceutical space, the company faces an uncertain future with a "patent cliff" looming. Patents are set to expire on its two major drugs Eliquis and Opdivo as early as 2027 and 2028 respectively. With these two drugs representing 47.14% of revenues in 2023, the expiration of these two patents could deal a major blow to BMY's revenues.[12] Additionally, BMY operates with a significant amount of debt, reporting $49.49 B in the most recent quarter. For these reasons, the market has heavily discounted BMY over the last two years expressing doubts over management's ability to replace these revenues with its existing pipeline.

CVS Pharmacy (CVS)

Sector: Healthcare

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	25,344.66	28,952.88	16.06	1.82
H2	-	-	-	-
Tenure	25,344.66	28,952.88	16.06	1.82

H1 Actions: Held. Total dividend payment of $461.02 during this period.

Holding Description:
CVS Health Corporation provides health care and retail pharmacy services. CVS serves as a leading member of the pharmaceutical industry with approximately 110 M plan members while maintaining status as the nation's largest drugstore chain.[13] The company has approximately 9,000 retail locations with more than 1,100 walk-in medical clinics. CVS has about 66,000 retail pharmacies, consisting of approximately 40,000 independent chain pharmacies and about 26,000 independent pharmacies across the U.S., including Puerto Rico, the District of Columbia, Guam, and the U.S. Virgin Islands. CVS health Corporation operates through four segments: Pharmacy Services, Retail/Long-term Care, Healthcare Benefits, and Corporate/Other. Pharmacy services account for 45.00% of their total revenue while retail/LTC segment accounts for 30.00% of revenue. Overall, their products account for about 70.00% of the total revenue, premiums account for 25.00% of total revenue, and other services account for the rest. CVS returned 16.06% during H1, outperforming the broader market by 0.31%. This holding represents 1.33% of the Haslam fund.

Positive Drivers:
CVS experienced growth during H1 after announcing a 10.00% dividend increase at the end of 2023.[14] The company has paid cash dividends every quarter since going public which is why the dividend increase provided further optimism surrounding this holding. Additional growth throughout this period stemmed from revised and increased forecasts for 2024. CVS announced their Cost Vantage reimbursement model, providing greater transparency and simplicity to their customers. Analysts revised cash flow from operations from $12.50 B to $13.71 B following this news.

Negative Drivers:
While CVS experienced strong member growth during H1, the company faced risks related to increased medical costs and higher utilization. At the beginning of H1, CVS disclosed their medical benefit ratio (the percentage of premiums going to patient care) of 85.70% which was above the analysts estimate of 84.30%. CVS faces additional pressure due to regulatory and compliance restrictions which are costly in the form of fines and legal proceedings. CVS provided significant resources in H1 towards compliance and regulation, as failing to do so negatively affects acquisitions, profitability, and obtaining financing.

Merck & Co. (MRK)

Sector: Healthcare

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	55,901.85	71,648.85	29.63	1.46
H2	-	-	-	-
Tenure	55,901.85	71,648.85	29.63	1.46

H1 Actions: Held. Total dividend payment of $814.60 during this period.

Holding Description:
Merck & Co. (MRK) is a global biopharmaceutical company headquartered in Rahway, NJ. Founded in 1891, Merck specializes in creating health solutions across a multitude of areas, specializing in cardio-metabolic disorders, immunology, infectious diseases, neuroscience, oncology, and vaccines.[15] Merck also provides health solutions for animals including livestock and household pets. The biggest driver of Merck's revenue stems from their oncology (cancer) treatments, with the segment accounting for 58.83% of sales in the U.S..[16] Keytruda, one of Merck's cancer immunotherapy drugs, accounted for 53.07% of the company's sales in 2023 alone.

Positive Drivers:
During H1, Merck exceeded revenue expectations in Q3 and Q4, driven by robust sales across its drug portfolio, notably in cancer and diabetes treatments. Two strategic acquisitions of Caraway Therapeutics in November 2023 and Harpoon Therapeutics in January 2024, bolstered Merck's research capabilities and expanded its drug pipeline. Caraway Therapeutics specializes in neurogenerative diseases such as Parkinson's and dementia.[17] All baby boomers in the U.S. will be 65 and older by 2030, and older populations have more susceptibility to neurogenerative diseases.[18] Therefore, Merck is well-positioned to capitalize on this trend. Harpoon Therapeutics specializes in oncology treatments, with this purchase increasing Merck's largest drug segment.[19] These acquisitions strengthen Merck's pipeline, which is crucial as its leading drug, Keytruda, faces a patent expiration in 2028.[20]

Negative Drivers:
The impending expiration of Keytruda's patent in 2028 poses a financial risk to Merck, necessitating the development of new drugs to sustain its pipeline. This demands significant investment in R&D, averaging around $2 B per therapy in the industry.[21] Additionally, Merck faces the challenge of overvaluation, reflected in its high P/E ratio of 146.61. This could indicate limited future upside potential and increased vulnerability to market corrections, as its market price is inflated compared to its intrinsic price.

Roche Holding AG (RHHBY)

Sector: Healthcare

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	34,167.51	-	-3.07	-
H2	-	-	-	-
Tenure	34,167.51	-	-3.07	-

H1 Actions: Sold 1007 shares for $33,150.17 on 3/1/2024.
No dividend payments during this period.

Holding Description:
Roche Holding AG (RHHBY) is a world leading pharmaceutical and diagnostic company headquartered in Basel, Switzerland. The company provides medicines that are used to treat a wide range of diseases and illnesses. Their top pharmaceutical segments include Hemophilia, Immunology, Neuroscience, and Oncology. The company operates out of Switzerland but generates 52.90% of pharmaceutical revenues in the U.S. while 28.50% and 18.60% come from Asia and Europe, respectively.[22] Roche is committed to delivering diagnostic solutions and pharmaceutical drugs through strategic acquisitions and R&D. Through this commitment, the company has delivered a long history of life-changing medicines while maintaining a consistent pipeline to generate positive returns for its shareholders.

Liquidation Thesis:
During H1, Roche was our lowest performing holding in the portfolio. Due to underperformance and continued issues with earnings growth, the fund decided to liquidate our position in Roche Holding AG. On March 1, 2024, we sold 1007 shares for a total of $33,150.17. After strong success during the COVID-19 pandemic, Roche has been plagued by stagnant revenues and earnings. In the company's 2023 FY earnings report, revenue rose just 1.00% in USD and was down 7.00% in the reporting currency Swiss Francs.[23] These disappointing results coupled with management's decision not to raise sales guidance in 2024 were a concern for the fund. Additionally, Roche's international exposure has proven to be unfavorable for the business in recent years due to the strengthening Swiss Franc. With Roche generating the majority of its revenues overseas, reported revenues and earnings are reduced when converted back to the stronger home currency. Roche, being a European firm, has also long rewarded its shareholders through an annual dividend payment rather than share repurchases. With a 35.00% withholding tax on share repurchases in Switzerland, the tax benefits of share repurchases do not exist as they do in the U.S. making dividends more attractive. For these reasons, the fund decided to close out its position in Roche, and transition into a domestic pharmaceutical company trading at a more favorable valuation.

Industrials

Fund Manager: Beckett Anderson

H1 Analysis:
Regarding the portfolio performance of our holdings in the Industrials sector, we returned 1.54% below the index benchmark. By the end of the period, we were significantly underweight in Industrials with our equity sector weighting sitting at 6.04% while the S&P 500 Index had a weighting of 8.80%; a negative 2.76% difference. This data, alongside our outlook for the macroeconomy and Industrials sector moving forward gives an indication that we would like to return our equity sector weighting closer to equal or overweight. In the following period, we will be considering purchases and liquidations that will support this goal.

During H1, there were four actions in the Industrials sector of the Haslam portfolio. On October 20, 2023, we doubled our position in RTX Corporation (RTX), moving our total holding from 240 shares to 480 shares. This proved to be a very lucrative investment and was a major driver for the sector's success. RTX returned over 35.00% during the duration of H1. On November 6, we reduced our weighting in U.S. Infrastructure Development ETF (PAVE) by 40.50% to provide the cash needed to purchase BorgWarner Inc. (BWA). Finally, on November 17, 2023, we chose to fully liquidate our position in PAVE.

Moving Forward:
The future actions taken with the Industrials sector of the Haslam portfolio will continue to be in response to our outlook of the macroeconomy. As Federal Reserve data continues to come in positive for manufacturing and other industries, we will adapt our outlook for the sector and look to shift our portfolio to reflect our outlook. With an expected rebound in production and consumer spending, an allocation to industries will benefit from this, and will be a driving factor for the Industrials sector of our portfolio. We will likely continue to hold Lockheed Martin (LMT) and RTX, securities that have either slight or full exposure to the defense industry for the foreseeable future as they stand to benefit from the continuing conflicts in Eastern Europe and the Middle East. Although the conflict between Ukraine and Russia has slowed, it still is a prevalent factor in the defense industry. Additionally, Allies have confirmed that Ukraine will join the North Atlantic Treaty Organization (NATO) in the coming future which will more than likely have a positive impact on these holdings revenue streams because of the increased military infrastructure resources made available to them.[1]

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	66,060.68	79,811.69	23.74	25.28	-2.76
H2	-	-	-	-	-
Tenure	66,060.68	79,811.69	23.74	25.28	-2.76

BorgWarner Incorporated (BWA)

Sector: Industrials
Fund Manager: Beckett Anderson

BORGWARNER

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	-	14,347.62	7.99	0.54
H2	-	-	-	-
Tenure	-	14,347.62	7.99	0.54

H1 Actions: Bought 413 shares of BWA on 11/02/2023 for $13,370.34.
Total dividend payment of $90.83 during this period.

Holding Description:
BorgWarner Incorporated is an American automotive and electric vehicle supplier with headquarters in Auburn Hills, Michigan. The company was founded in 1880 as the Morse Equalizing Spring Company, but later became the Borg-Warner Corporation in 1986. BorgWarner Automotive Incorporated spun off from the original company in 1993 to become an independent organization. Historically, BorgWarner's corporate strategy has focused primarily on combustion engine component manufacturing. Recently, however, BWA has shifted away, and are now investing more resources into the production of electric/hybrid vehicle components. The current goal for the company is stated as follows: "We aim to accelerate our electrification strategy and increase the revenue from electric vehicles". With the recent growth in the electric vehicle market, BorgWarner will attempt to position themselves as a market leader in EV propulsion systems.[2]

Positive Drivers:
With the recent shift in business operations, we expect there to be a strong correlation between the success of BWA and electric vehicle market growth. At the moment, production is lagging behind demand in the market so in that respect there is an opportunity for BWA to capitalize on this and ramp up production.[3] Specifically, they will be looking to provide additional EV charger units to expand on the lack of charging infrastructure. However, if demand begins to slow or there are new entries into the EV component production industry, there will be a significant threat.

Negative Drivers:
A significant driver and simultaneous risk for BWA is their ability to return a long-term profit stream from their capital expenditures and M&A activity. BWA is making a push to firmly position themselves in the electric vehicle component market and is doing so through acquisitions. Eldor, their most recent acquisition, has caused them to lose free cash flow and significantly cut dividends. BWA will be operating at a net loss for multiple upcoming periods. From a business standpoint, this shows that the firm has potential to grow and is doing well to adapt their production capabilities for new consumer needs. However, from a financial standpoint, it's a bit worrisome to see the firm operating at a loss for multiple years to come. Specifically with the acquisition of Eldor, which is primarily serving as an R&D arm of the business and will not generate revenue for quite some time. If there are not large returns to come, it will hurt BWA substantially and threaten their operating capabilities. Because of the aforementioned negative drivers and recent shift in management goals, we are planning to exit the position in the upcoming period.

Global X US Infrastructure Development ETF (PAVE)

Sector: Industrials
Fund Manager: Beckett Anderson

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	32,020.52	-	0.82	-
H2	-	-	-	-
Tenure	32,020.52	-	0.82	-

H1 Actions: Sold 427 shares of PAVE on 11/02/2023 for $12,732.93. Sold 627 shares on 11/14/2023 for $19,549.54. No dividend payments during this period.

Holding Description:
The Global X U.S. Infrastructure Development ETF (PAVE) is an exchange-traded fund that invests in domestic companies that will benefit from an increase in infrastructure funding. The fund includes companies involved in the production of raw materials, heavy equipment, engineering, and construction. PAVE is benchmarked against the U.S. Infrastructure Development Index, which measures the performance of U.S. listed companies that provide exposure to U.S. domestic infrastructure development. PAVE's sector exposure is primarily within the Industrials and Materials sectors with a 71.60% and 22.30% fund weighting in each respectively.[4] Within these sectors, PAVE is exposed to a diverse range of industries, with the following industries over 10.00% fund weighting: electrical products, engineering and construction, industrial machinery, and steel. For reference, the top three holdings in PAVE by fund weighting are as follows: Eaton Corp Plc. (ETN) at 3.35%, Martin Marietta Materials (MLM) at 3.16%, and United Rentals Inc. (URI) at 3.13%.

Liquidation Thesis:
PAVE's growth and risk drivers follow a similar path to those of the Industrial sector in its entirety because of its vast exposure in the sector. The main positive aspect of buying PAVE for the Haslam Fund's portfolio was the diversification benefit that it brought within the Industrials and Materials sector. Holding an ETF, like PAVE, allowed us to minimize idiosyncratic risk and have exposure to a multitude of different holdings. The conglomerate of companies allows us to capitalize on the growth of the sector, while minimizing risks of an individual firm. However, as an actively managed fund, we decide to liquidate exchange traded funds, like PAVE, in favor of concentration on specific investments. One of the traits that the Haslam Fund prides itself on is our ability to create a well-balanced portfolio with high-level allocation skills and choose the best stocks for said portfolio with skilled security-picking strategy. Although ETF's provide extensive diversification and risk management benefits, they conversely sacrifice the higher return we can find in individual securities. After the liquidation of PAVE, we made further investments in individual securities in the Industrials Sector: RTX and BWA. We believe this is the best course of action moving forward as it allows us to benefit from the additional returns that concentration gives us.

Lockheed Martin Corporation (LMT)

Sector: Industrials
Fund Manager: Beckett Anderson

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	16,767.36	18,649.67	12.00	0.77
H2	-	-	-	-
Tenure	16,767.36	18,649.67	12.00	0.77

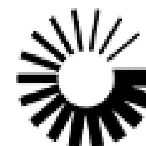
H1 Actions: Held. Total dividend payment of $129.15 during this period.

Holding Description:
Lockheed Martin is an American aerospace, defense, information technology, and security company headquartered in Bethesda, Maryland that primarily operates in the manufacturing and production of capital goods within these segments. Lockheed Martin's primary strategy for production and growth is to create superior products in all segments of their business and stay ahead of the market with a heavy emphasis on internal research and development strategies. The aim for the future of LMT is stated as solving problems by creating innovative technologies.[5]

Positive Drivers:
Because of Lockheed Martin's significant involvement in the military defense subsector, their revenue streams rely heavily on the budgets set by the governments they sell to. Accounting for 73.90% of revenue this is primarily the U.S. government. This factor can be considered both a growth driver and a risk simultaneously. With an increase in military spending, LMT will prosper and produce strong earnings. Due to rising geopolitical tensions across the globe, LMT is in a position where growth is generally immanent. With wars in Ukraine and Gaza as well as military threats from Russia, there will likely be healthy sales growth in the defense sub-sector and inherently in LMT. The Pentagon will also be moving forward with plans to further enhance the U.S. military presence in an effort to counter aggression from rival nations such as China, Iran, North Korea, and Russia. Additional spending from this program will proportionally add additional profits to LMT.

Negative Drivers:
In contrast to LMT's previously mentioned positive driver, when military budget cuts are made, LMT will show an immediate decline in the market. To quantify this, the Biden administration made the decision on February 14th to cut orders of the F-35 fighter jet (part of LMT's main product line in aeronautics and a piece of their product portfolio that generates a significant portion of LMT's total profits. The F-35 makes up 50.78% of total aircraft deliveries) in 2025 by 18.00%. This decision was immediately reflected in the equity's pricing. LMT was down 2.00% during the trading day. While Lockheed Martin is part of a substantial oligopoly in the space contracting segment and they hold firm market strength, there is looming threat from startups such as SpaceX and Virgin Galactic. LMT will need to monitor changes to the industry if they would like to maintain their strength in space transportation programs and satellites.

RTX Corporation (RTX)



Sector: Industrials
Fund Manager: Beckett Anderson

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	17,272.80	46,814.40	35.21	1.64
H2	-	-	-	-
Tenure	17,272.80	46,814.40	35.21	1.64

H1 Actions: Bought 240 shares of RTX on 10/18/2023 for $17,769.14.
Total dividend payment of $283.20 during this period.

Holding Description:
RTX Corporation is an American aerospace and defense company headquartered in Arlington, Virginia. The company was incorporated in 1934 under the former name of Raytheon Technologies Corporation but changed its name in July 2023 to RTX Corporation.[6] RTX segments their production into three independent business divisions: Raytheon, Pratt & Whitney, & Collins Aerospace. Raytheon produces all defense product lines at RTX and is the main source of RTX's revenue at 38.00%. Collins Aerospace (35.20% of revenue) specializes in advanced structures, avionics, interiors, mission systems, power and control systems, and aftermarket service solutions that serve customers across the commercial, regional, business aviation and military sectors. Pratt & Whitney (26.20% of revenue) designs, manufactures and services advanced aircraft engines and auxiliary power systems for commercial, military and business aircraft. After declines during COVID-19, RTX has put a heavy focus on their capital allocation strategy and will move forward with strong efforts to both reinvest in the business and build shareholder value.

Positive Drivers:
With RTX primarily selling in the U.S., there is a strong correlation between the allocations made to the defense budget and revenue generation in the company. One large positive is that the missiles and missile defense systems that RTX manufactures are prioritized by the National Defense Strategy and are heavily used by the Israeli military (specifically the GBU-28, AGM-65, AIM-9X, and AIM-120).[7] The Pratt & Whitney segment of RTX will be moving forward with additional production of jet engines for the Airbus A320 and A220. Assuming implementation stays with expectations, this business venture will provide stable revenue growth over the coming years. Additional high-margin revenue (14.8% operating profit margin) from Collins Aerospace will follow as commercial and business aviation increases.

Negative Drivers:
The commercial aircraft industry is a large growth driver for RTX with a significant portion of revenue coming from Collins and Pratt & Whitney. However, this does not mean there are only positives around their relationship with commercial aircraft manufacturers. RTX faces competition that threatens their profit margins. Boeing and Airbus, two of RTX's largest customers have shown an increasing likelihood to adjust their contracts with RTX in order to cut prices. The cut will likely be taken in the form of a profit margin decrease on commercial aircraft components. Collins' strength in the market as a supplier gives it more negotiating leverage, but its power in this respect is far from unlimited. As a slight risk, the commercial flight industry is extremely carbon-intensive and the capital goods that RTX produces for this industry such as engines and propulsion systems are primarily at fault. With increasing consumer pressure to decrease carbon emissions, RTX could be forced to pivot in order to develop technology that combats this issue.

Information Technology

Fund Manager: Caden Mitchell

H1 Analysis:
In H1, the Haslam Fund saw a 31.13% return from our holdings in the Information Technology sector, slightly lower than the S5INFT index by 0.84%. This underperformance was in large part due to the stagnation of Apple and the steep selloff of Palo Alto Networks in February. As the largest sector in the S&P 500, with 29.57% weighting and the Haslam Fund with an equity weight of 28.39%, the IT sector largely drives the returns of both the overall market and the Haslam Fund. Three of the "Magnificent 7" stocks are in the Information Technology sector, which as a collective, returned 71.00% during the 2023 recovery compared to just a 6.00% return from the other 493 stocks in the S&P 500.[1] AI and semiconductor optimism drove the IT sector forward throughout the duration of H1. Our two semiconductor holdings, Broadcom and Applied Materials returned 60.21% and 49.42%, respectively. Microsoft was another winner in H1, returning 33.72%, largely due to optimism surrounding its AI development and its partnership with OpenAI.

Moving Forward:
The IT sector will likely see a volatile H2. Given potential valuation concerns, we will closely monitor earnings, macro indicators, and any other news to inform our investment strategy in the sector moving forward. A concern held by many companies in the sector is the timing and velocity of interest rate cuts. As the disinflationary cycle appears to be ending before the Federal Open Market Committee's target rate of 2.00%, optimism about the number of rate cuts this year appears to be waning. We are not as concerned about this regarding the IT sector, as our largest holdings are cash flow positive and are not required to take on much debt in high interest rate environments. The fund discussed a covered call strategy that can be implemented if there is a consensus that IT sector valuations are too high. The Haslam Fund is also now underweight in the sector to reflect our less optimistic position on the state of IT. As IT typically experiences the most gains in times of bull markets, and the greatest losses in times of bear markets, we are considering taking profits in certain IT holdings as our outlook grows more negative.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	286,744.11	374,855.47	31.13	31.97	-1.17
H2	-	-	-	-	-
Tenure	286,744.11	374,855.47	31.13	31.97	-1.17

Apple Inc. (AAPL)

Sector: Information Technology
Fund Manager: Caden Mitchell

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	70,367.31	70,478.28	0.44	0.28
H2	-	-	-	-
Tenure	70,367.31	70,478.28	0.44	0.28

H1 Actions: Held. Total dividend payment of $197.28 during this period.

Holding Description:
Apple Inc. is a global technology company headquartered in Cupertino, CA that designs, manufactures, and sells accessories, computers, smartphones, and tablets. They also offer a variety of services including AppleCare, Apple Pay, Apple TV + streaming, and Cloud Services. Unlike the fund's other IT holdings, Apple generates most of its revenue through product sales, either DTC or through indirect channels. Apple provides the fund with geographic diversity with the U.S. generating 40.00% of revenue. China and Europe each generate 20.00%, followed by Japan, which generates 10.00% of sales. Apple's product suite generates 80.00% of the company's revenue, with the biggest share being the iPhone, representing of overall revenue. Mac computers, iPad tablets, and the Wearables, Home and Accessories segment, each account for 10.00% of sales. The remaining 20.00% is included in Apple's Services segment; which contains Apple Music, Apple Pay, and the App Store.

Positive Drivers:
Despite a disappointing period for Apple, we remain confident in our holding of Apple both short and long-term. Apple's product suite is among the best in the world and outside of the Chinese market, Samsung is its only true competitor. During the period, Apple announced it was abandoning its plans to build an electric car, freeing up billions in research & development expenses, and would instead focus on its generative AI projects.[2] We were very happy with this decision as we largely saw the electric car project as an unreachable goal.

Negative Drivers:
During the latter half of H1, Apple struggled through a slew of negative news and earnings results. The worst of these arguably being Apple's decreasing sales in China, the largest smartphone market in the world. Near the beginning of the period, following an announcement that the Chinese Communist Party was banning iPhones for certain government employees, sales of iPhones began to fall in the country. The extent of the damage done in the country was revealed in the latter half of H1, when new data showed Apple fourth in new phone sales in China following a 24.00% YoY decline.[3] Largely as a result of declining sales in the Chinese market, Apple saw its first YoY decline in total product sales since the pandemic.

Applied Materials Inc. (AMAT)

Sector: Information Technology
Fund Manager: Caden Mitchell

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	61,194.90	91,153.66	49.42	0.46
H2	-	-	-	-
Tenure	61,194.90	91,153.66	49.42	0.46

H1 Actions: Held. Total dividend payment of $282.88 during this period.

Holding Description:
Applied Materials is a global technology company headquartered in Santa Clara, CA that develops manufactures, services, and sells semiconductor wafer equipment. AMAT's business is divided into three reportable segments: Semiconductor Systems, Applied Global Systems, and Display and Adjacent Markets, which represent 75.00%, 20.00%, and 5.00%, respectively. Semiconductor Systems, represents a wide range of physical equipment used in the manufacturing process. The Applied Global Services segment represents products that improve fab performance and productivity, including spares, upgrades, or factory automation software. AMAT is one of the few holdings in the Haslam Fund that does not generate at least a plurality of revenue in the U.S., with nearly 83.00% of the company's revenue represented by Asia and Europe, while the U.S. only represents 17.00% combined.[4]

Positive Drivers:
Applied Materials, alongside the entire semiconductor industry, delivered excess returns to investors throughout H1. Companies in the industry beat earnings expectations time and time again, and AMAT was no different, beating on top and bottom-line expectations twice during the period. Applied Materials added the most value to the fund on a dollar basis, returning $30,241.64 during H1. Applied Materials is entrenched in the semiconductor supply chain and could be viewed as more important to the global supply of semiconductors than actual chipmakers themselves. As firms begin opening production facilities in the U.S. due to the CHIPS act, AMAT is set to benefit from this investment, as any new facility built, would likely run on Applied Materials' equipment.[5]

Negative Drivers:
After being the Haslam Fund's top returner in FY 2023, Applied Materials slipped to being our third best performing holding on a percentage basis, under another semiconductor holding, Broadcom. This underperformance of Broadcom was in large part due to a U.S. investigation targeting AMAT for potentially assisting Chinese chip manufacturers in evading U.S. sanctions.[6] A potential concern held by the fund is the potential overvaluation of AMAT, as it currently is trading well above its historical multiples. The fund will continue to monitor AMAT, and the semiconductor industry broadly, with increased scrutiny following a year of very strong returns.

Broadcom Inc. (AVGO)

Sector: Information Technology
Fund Manager: Caden Mitchell

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	37,376.10	59,643.45	60.21	0.63
H2	-	-	-	-
Tenure	37,376.10	59,643.45	60.21	0.63

H1 Actions: Held. Total dividend payment of $236.25 during this period.

Holding Description:
Headquartered in San Jose, CA, Broadcom Inc. is a global designer, developer, and supplier of semiconductor and infrastructure software solutions. The company is separated into two reportable business segments: Semiconductor Solutions and Infrastructure Software, which represent 62.00% and 38.00% of revenue, respectively. Broadcom is unique among many of its peers in the semiconductor industry due to its combination of its semiconductor and infrastructure software businesses.

Positive Drivers:
Broadcom was the Haslam Fund's top performer during H1, returning 60.21%. This followed last period's H2, where Broadcom returned 70.04% and only missed out on being the fund's top performer by 36 bps. Despite equity capital markets seeing little deal flow during 2022, Broadcom announced its intent to acquire the cloud computing giant VMware for $70.30 B in May 2022. Despite scrutiny, this deal closed near the beginning of H1. While Broadcom has stated it will take over a year to fully integrate VMware in its operations, the firm should benefit from the synergies provided by the deal. Another positive is the added diversification provided by VMware's acquisition. The revenue share of Infrastructure Software in Q1 2023 was 20.00%, compared to 38.00% in Q1 2024. While many technology companies seem to be the subject of unjustified AI optimism, the fund views Broadcom as providing real exposure to AI through its networking chip segment.

Negative Drivers:
As the highest performing holding in the Haslam Fund in H1, a concern going forward with Broadcom is its valuation. Although Broadcom had significant earnings growth throughout H1, it had greater multiple expansion. Another risk subject to almost every company in the semiconductor industry is the ongoing "chip war" between the U.S. and China. Management has cited increasing expenses as a result of export regulations and the risk of losing customers altogether due to being forced to suspend sales to certain customers.[7] Another risk, though less likely would be a war or blockade of Taiwan by China. Taiwan Semiconductor (TSMC) is a large supplier of Broadcom, and Broadcom would suffer if trade routes from Taiwan were shut down.

Microsoft Inc. (MSFT)

Sector: Information Technology
Fund Manager: Caden Mitchell

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	89,673.00	119,484.48	33.72	0.48
H2	-	-	-	-
Tenure	89,673.00	119,484.48	33.72	0.48

H1 Actions: Held. Total dividend payment of $426.00 during the period.

Holding Description:
Microsoft is a diversified global technology & software company headquartered in Redmon, WA. It is geographically diverse, with 50.00% of sales originating in the U.S. and the other 50.00% originating in the rest of the world. MSFT operates in three business segments: Intelligent Cloud, More Personal Computing, and Productivity and Business Processes. Intelligent Cloud represents 40.00% of sales and consists of server products and cloud services, with the Azure cloud computing service generating the majority of the sales. The Productivity and Business Processes segment accounts for 35.00% of sales and contains LinkedIn, Office 365 suite, SharePoint, and Skype. Finally, More Personal Computing makes up 25.00% of sales and includes devices like Surface tablet, Windows operating system products, Xbox, and more.

Positive Drivers:
Microsoft had an extremely successful H1, passing Apple to become the most valuable company in the world by market cap.[8] Throughout the period, Microsoft was able to demonstrate its leadership in generative AI, and also demonstrated its quasi-control over OpenAI when it backed then-ousted CEO Sam Altman to return to OpenAI, and ended up with a seat on a newly formed board.[9] In February, Google had a disastrous rollout of its AI product, Gemini.[10] This rollout cemented Microsoft as being in pole position to benefit from AI adoption and rollout. Another industry with Microsoft has made strides toward leading is cloud infrastructure. Microsoft's already successful Azure product, paired with its relationship with AI, may be poised to challenge Amazon Web Services for the position of number one cloud provider.

Negative Drivers:
In the current political environment, it will be extremely hard for Microsoft to grow through M&A activity. This inability to grow through M&A means Microsoft must spend on capital expenditures for AI projects, or risk falling behind competitors like Google, who are still making progress despite earlier setbacks. Microsoft's number of subscribers to its products could be reduced due to layoffs in the technology industry. Despite a robust economy, many firms are continuing to reduce their headcount, with over 25,000 jobs cut in January alone.

Palo Alto Networks Inc. (PANW)

Sector: Information Technology
Fund Manager: Caden Mitchell

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	28,132.80	34,095.60	21.20	-
H2	-	-	-	-
Tenure	28,132.80	34,095.60	21.20	-

H1 Actions: Held. No dividend payments during this period.

Holding Description:
Headquartered in Santa Clara, CA, Palo Alto Networks is a global cybersecurity company. PANW provides firewalls that identify and control applications, evaluate content to stop threats, and prevent data leakage. The company is highly dependent on the U.S., which is responsible for 65.00% of sales, followed by the EMEA representing another 20.00%, and APAC representing the rest. The business of PANW is divided into Subscriptions and Products, which represent 75.00% and 25.00%, respectively. The Subscription segment offers threat prevention, advanced URL filtering, IoT security, and SaaS security. Their product line includes Panorama, a centralized security management solution; hardware and software firewalls, and Cloud NGFW (next generation firewall), that secures applications on AWS or Azure.

Positive Drivers:
The fund views the cybersecurity space as attractive for future growth, largely due to cyberattacks and threats to systems around the world, but especially in the U.S.. The strategy pursued by Palo Alto Networks has been to bundle subscriptions in an attempt to drive revenue. This is possible due to the fact that most of the expenses for software service providers are upfront costs, which can hopefully be returned over time. If the bundling strategy is proven to be successful, Palo Alto Networks might be granted a reprieve from pressure on its firewall sales. Palo Alto Networks has been active in M&A in the past, including their $650.00 M acquisition of Talon Cybersecurity in December. After slowly building up their cash position, Palo Alto Networks has an opportunity to acquire smaller firms that could give it the edge over competitors like CrowdStrike and Datadog.

Negative Drivers:
PANW suffered a large selloff following its earnings report on February 20th. Shares declined as much as 28.00% following guidance being cut by management.[11] Management stated that they were essentially giving discounts to companies who signed longer subscriptions. This spooked the market, as it viewed it as a red flag. It suggested that a barely profitable company had to resort to discounts for customer acquisition and retention. The fund initially believed this was largely an industry wide occurrence, but weeks later CrowdStrike released solid earnings and did not experience the selloff that PANW did. Moving forward, PANW will be under increased scrutiny, and is a potential target for liquidation in the IT sector.

Materials

Fund Manager: Viktoria Eisenstadt

H1 Analysis:
Going into H1 the fund was slightly underweight in Materials, as we held 2.11% of our equity portfolio. The S&P 500 benchmark has a 2.37% weighting in the Materials sector, and we were slightly underweight. We returned 12.47% over the benchmark boasting Materials as a top performer. A singular holding in a rising industry displays our strength in stock picking ability. At the beginning of H1 we relied on our neutral approach to asset allocation and remained close to benchmark allocations in sectors that we believed could experience volatility, including Materials. Materials was expected to have a lot of M&A activity, re-opening of mining in upstream firms, and costly capital expenditures due to high interest rates. Uncertainty in the Materials sector's resilience to the mentioned factors resulted in the conclusion that our current holding has the best chance of weathering these conditions. The fund's confidence in stock picking and maintaining our position did generate alpha in this period with a stellar 31.87% absolute return.

Moving Forward:
Materials experience more sensitivity to interest rate changes as capital expenditures with machinery, exploration operations, and raw materials costs can demand costly financing. Tracking rate cut probability and news will be a high priority as freeing up cash could signal a different set of outperformers. Currently, consistently high inflation in the CPI reports for December, January, and February decrease our confidence in more than three rate cuts by the end of 2024. The sustainable packaging industry, that we are currently invested in by holding GPK, has promise moving forward as recycling's social importance increases. We believe that GPK is a global leader that can take advantage of sustainability's positive sentiments. In order to avoid blind spots by only monitoring current investments we are looking at the spot prices of uranium, copper, and gold as the commodities are doing well for various reasons. Interest rate cuts would greatly benefit mining as production becomes cheaper. Precious metals have the potential to do well as investors move from physical assets into ETFs or individual firms in an attempt to profit from earnings and outperformance instead holding the precious metals to protect against inflation. Forward actions will likely be holding GPK, without additional purchases, as the fund is comfortable with our sector allocation and GPK's expected future performance.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	21,299.68	27,896.08	31.87	19.39	-0.26
H2	-	-	-	-	-
Tenure	21,299.68	27,896.08	31.87	19.39	-0.26

Graphic Packaging Holding Company (GPK)

Sector: Materials
Fund Manager: Viktoria Eisenstadt

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	21,299.68	27,896.08	31.87	0.90
H2	-	-	-	-
Tenure	21,299.68	27,896.08	31.87	0.90

H1 Actions: Held. Total dividend payment of $191.20 during this period.

Holding Description:
Graphic Packaging Holding Company (GPK) manufactures sustainable paper packaging products. They specialize in fiber-based food service packaging, paperboard, and recyclable folded cartons. They are a global leader; thus, they are highly innovative and develop patented materials and machines to fulfill their goal creating responsible packaging that consumers can use in their everyday lives. Business-to-business operations have been successful in the past few years as they have launched products with Chick-fil-A and have won awards with long-standing organizations. Most of their products, 95.00%, are based on DfE (designs for the environment), as their strategy is to integrate their supply chain through a fleet of conversion plants that utilize the material added from their customer's recycled products maintaining a circular solution to sustainability.

Positive Drivers:
Product line and global market expansions have been carried out by several recent M&A deals, such as Bell Inc., that will expand consumer mailing. GPK's beverage segment is developing a dual-purpose cup (hot and cold), and development has recently succeeded in producing materials and machine capable of printing high quality graphics on recyclables that were previously only possible with virgin materials. A 2022 acquisition of AR packaging has increased EU sales by $200.00M, increased consumption by 45.00%, and has added 26 converting plants.[1] On the domestic side, the 2023 Waco mill acquisition was expected to improve ROIC and EBITDA by 12.00%. In the H1 quarter, GPK's ROA increased by 24 bps, ROIC increased by 69 bps, and EBITDA margin increased by 67 bps. In the first period of operations the mill is already generating a positive effect and proving GPK's management is succeeding in meeting their goals. These efficiencies are greatly helping the company, with net income margin increasing 20.30% in H1.

Negative Drivers:
Raw plastics are a direct competitor to containers produced from recycled plastic chips, or recycled fibers, and the substitution threat is extremely high. Consumer preferences show a clear discrimination toward the experience of using recycled products that are discernable from virgin materials. Many fiber alternatives made from recycled materials do not have the rigidity or function as well as plastics. Paper straws and paper containers often alter the consumer experience of products preventing accelerated adoption of fibrous packaging. Financially, gross margin decreased by 4.80% which can be attributed to the slight revenue decrease. The effective tax rate decreased by 36.87% which is one of the factors contributing to the 60 bps increase in the cost of debt.

Real Estate

Fund Manager: Luke Ireton

H1 Analysis:
Throughout H1, the Haslam Fund secured a 10.97% return in the Real Estate sector. However, our fund underperformed the S&P 500 Real Estate Index by 7.13% as it returned 18.10% within that same period.[1] The Haslam Fund was overweight in the Real Estate sector by 1.17%, while only holding two Real Estate Investment Trusts (REITs): Welltower (WELL) & Camden Property Trust (CPT). Welltower Inc is one of the top healthcare real estate investment trusts, with most of their revenue coming from senior housing and medical offices. On the other hand, Camden Property Trust is a REIT that focuses their business on acquiring, building, and managing multifamily apartments. The Real Estate market has been faced with unfavorable conditions including relatively high interest rates that did not experience a single cut throughout this period. Fortunately, the U.S. economy has stayed resilient throughout this high interest rate period. CPI has been fluctuating from October 2023 to March 2024, but has still been relatively low since the start of H1.[2] Within this same period, unemployment rates have stayed approximately the same at 3.80%; jobless claims have decreased from 210.50 to 208.50; housing starts have increased from 1376.00 to 1521.00; new home sales have decreased from 670.00 to 662.00; and existing home sales have increased from 3.85 M to 4.38 M.[3] The National Association of Home Builder Market Index tracks builders' view of current market conditions where 50.00 and above indicates a favorable time to begin construction. This index decreased below 50.00 throughout H1 until its trough of 34.00 in November 2023. Since then, the index has indicated favorable conditions as the number has risen to 51.00.[4]

Moving Forward:
The Haslam Fund's outlook on the Real Estate market is neutral due to a mix of both advantageous and disadvantageous factors. While we have stayed overweight by 1.17% in relation to the S&P 500's weighting, there is a lot of uncertainty where the housing market could turn. While median sales prices have decreased since their record high in Q4 2022 at $479,500.00, they are still relatively high at approximately $417,700.00 in Q4 2023.[5] On the contrary, the Federal Reserve is currently expected to make three rate cuts in 2024 which will dramatically favor the Real Estate market as it will be cheaper to borrow from the bank.[6] This is especially important for our two REIT holdings that expand their business by taking on large amounts of debt. Fortunately, Welltower Inc and Camden Property Trust have both maintained high occupancy rates throughout H1. Furthermore, the record low supply of houses in the market will help protect the economy of a housing crash.[7] One way or another, the Haslam Fund will be diligently cautious while following the Real Estate sector as many of their metrics are leading economic indicators.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	41,715.82	45,543.84	10.97	18.10	1.15
H2	-	-	-	-	-
Tenure	41,715.82	45,543.84	10.97	18.10	1.15

Camden Property Trust (CPT)

Sector: Real Estate
Fund Manager: Luke Ireton

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	20,334.70	21,156.00	6.15	2.11
H2	-	-	-	-
Tenure	20,334.70	21,156.00	6.15	2.11

H2 Actions: Held. Total dividend payment of $430.00 during this period.

Holding Description:
Camden Property Trust (CPT) is a self-managed real estate investment trust (REIT) that primarily owns, manages, develops, improves, acquires, and constructs multifamily family apartments in the U.S..[8] They are one of the largest publicly traded multifamily companies with approximately 1,600 employees and over 170 properties containing more than 58,600 apartment homes. CPT is headquartered in Houston, Texas, where 15.00% of their properties are within the state. However, they also operate in top market states such as California, Florida, Georgia, North Carolina, and Washington, DC.

Positive Drivers:
As a large multifamily housing REIT in a high interest rate environment, Camden Property Trust has been able to maintain an above average occupancy rate of 94.90% in Q4 2023.[9] This number is expected to increase in Q1 2024 and again Q2 2024.[10] CPT recently sold a 714-unit community in California, called Camden Martinique for approximately $232.00 M. This generated a 10.60% unleveraged return for them. They were also able to better manage and decrease the amount of bad debt throughout this period. Camden Property Trust's CEO, Ric Campo, suggested that apartments are expected to double market share to 40.00% from 2024 to 2026 because of home affordability being at a 20-year low. CPT's funds from operations per share and net operating income metrics both have increased throughout H1, which provides an optimistic outlook on their operations.

Negative Drivers:
In H1, Camden Property Trust battled against a high interest rate environment set by the Federal Reserve which inhibited their ability to take on debt. Fortunately, the economy expects the Fed to begin cutting rates in 2024.[11] Multifamily housing had slower growth during the H1 period while the supply stayed at a higher rate. An excess of supply of multifamily housing does not give REITs like CPT much room for leverage, making rent payments lower. Multifamily REITs have also been seeing a decline in construction starts in H1 because units already under construction are at their highest levels since the 1970's.[12] Furthermore, single family apartments have seen more demand and growth than multifamily apartments in recent months. This trend is expected to continue as multifamily housing rental growth turned negative during Q4 2023.

Welltower Inc. (WELL)

Sector: Real Estate
Fund Manager: Luke Ireton

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	21,381.12	24,387.84	15.55	1.49
H2	-	-	-	-
Tenure	21,381.12	24,387.84	15.55	1.49

H2 Actions: Held. Total dividend payment of $318.42 during this period.

Holding Description:
Welltower Inc (WELL) is a top healthcare real estate investment trust (REIT) that invests in a portfolio of over 2,000 in-place properties including senior housing, medical offices, and skill nursing/post-acute care sectors which account for 63.00%, 22.00%, and 15.00% of revenue, respectively.[13] Although WELL is headquartered in Toledo, Ohio, they have expanded to Canada and the United Kingdom where they have over 100 properties. Welltower has four main streams of revenue in their business model: development & redevelopment services, management fees, property sales, and rental income. WELL provides these healthcare infrastructures in order to keep patients out of the hospital and centers their business on a relationship-basis investing platform. This allows senior housing operators to grow.

Positive Drivers:
Welltower's business model revolves around the senior citizen demographic community. This market is currently in high demand of housing and medical services due to the Baby Boomer generation. Fortunately, Welltower is a major leader in these developments and wants to provide low-cost living while maintaining top-quality care. Throughout H1, Welltower was able to sustain a relatively high level of occupancy rate and net operating income growth despite the "higher-for-longer" interest rate environment.[14] Furthermore, they entered into a long-term strategic partnership with Affinity Living Communities where Welltower will acquire a portfolio of 25 adult communities (~3,900 units) for approximately $969.00 M.[15] This partnership expands their business further into the Pacific Northwest and was funded through cash on hand and below-market rate debt. Welltower sustained a robust balance sheet throughout H1 and improved their debt management according to their Q4 2023 earnings report.[16]

Negative Drivers:
Similar to many senior housing REITs in 2024, Welltower experienced a slower inventory growth than in the past.[17] This is because of financial issues such as the current affordability of living in the U.S. economy and the higher interest rates. While many of Welltower's business segments have seen positive growth in multiple aspects, their worst performing segment comes from their triple-net leases. Triple-net tenants pay rent and utilities as well as three other expenses: insurance, maintenance, and taxes.[18] Within their triple-net segment, they have experienced a decrease in the number of properties, revenue, rental income, and NOI growth.

Utilities

Fund Manager: Ethan McNeill

H1 Analysis:

The Utilities sector of our portfolio includes XLU and ETR. These positions yielded a return of 15.11% during H1, outperforming the broader market by 1.73%. Our fund's Utilities sector accounted for 1.69% of the portfolio, 0.51% underweight compared to the Utilities sector in the S&P 500. The Utilities industry experienced a growth in demand during H1, allowing companies in the industry to expand their operations. Clean energy and sustainability were two positive drivers for our Utilities sector holdings in H1. The increasing demand for EV infrastructure and legislation providing grants for clean-energy projects has had a positive effect on the fund's holdings. The 2021 Infrastructure Investment and Jobs Act and the IRA of 2022 are two legislative changes that will eventually deliver $97.00B in funding to companies researching, developing, and deploying clean energy projects and technologies.[1] These acts provided our holdings with the tools for future growth, which are reflected in our H1 Utilities sector performance.

Moving Forward:

The Utilities sector is slowly transitioning to more environmentally friendly sources of energy. In 2024, solar and wind generation are expected to surge past coal for the first time.[2] With legislation supporting this growth, there are opportunities arising in the utilities sector. Innovative technologies and practices in the utilities industry will create demand for infrastructure and allow companies to seek state and federal funds to support future projects. Companies implementing forward-looking strategies are positioned to experience growth moving forward. The Haslam Fund is optimistic about the utilities sector moving forward and our goal is to position our portfolio to capture the growth drivers in the industry. Opportunities are expected to arise in the EV industry as the demand for infrastructure increases. Furthermore, sustainable energy practices are set to grow in the future, potentially creating investment opportunities for the Haslam Fund. New legislation serves as a growth driver for the Utilities sector. In addition, a change in the macroeconomic environment could lay the foundation for years to come. Interest rates will be important to monitor as companies within the Utilities sector look to expand.

Period	Start Value ($)	End Value ($)	Return (%)	Benchmark Return (%)	Weighting Difference from Benchmark (%)
H1	19,738.08	22,288.92	15.11	13.38	-0.51
H2	-	-	-	-	-
Tenure	19,738.08	22,228.92	15.11	13.38	-0.51

Entergy Corporation (ETR)

Sector: Utilities
Fund Manager: Ethan McNeill

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	10,545.00	12,047.52	16.69	2.44
H2	-	-	-	-
Tenure	10,545.00	12,047.52	16.69	2.44

H1 Actions: Held. Total dividend payment of $257.64 during this period.

Holding Description:
Entergy Corporation is an integrated energy company providing electricity to 3.00 M customers.[3] Their company is actively engaged in electric power production, transmission, and retail distribution operations. ETR also owns and operates nuclear plants in the northern United States. Their utility segment produces about 95.00% of revenue through selling electric power meanwhile their remaining revenue is generated through their small natural gas distribution business. ETR's retail business generates 40.00% of sales from industrial businesses, more than 20.00% from commercial enterprises, nearly 30.00% from residential, and the rest from government agencies and other customers. Entergy New Orleans distributes and transports natural gas through Louisiana using 2,600 miles of gas pipeline.

Positive Drivers:
Entergy Corporation has shifted their strategy towards sustainable practices, adopting plans of decarbonizing their energy. This strategy is beneficial because it makes them eligible for grants towards clean energy projects and attracts ESG-concerned investors. Additionally, their climate and sustainability committee announced a resilience project where 50.00% of costs will be covered through a federal GRIP program grant.[4] ETR announced the $110.00 M resilience project in February 2024, aimed towards building electrical infrastructure in New Orleans to lessen power outages during extreme weather conditions. Entergy Corporation has received grants because of their sustainability strategies which has positioned them well for the future.

Negative Drivers:
Extreme weather continues to be a negative driver for ETR and most of the Utilities industry. Entergy Corporation recently launched a development project in New Orleans in response to extreme weather conditions.[5] Furthermore, higher interest rates have made it more difficult for ETR to fund projects at favorable terms. The Utilities industry requires the borrowing of capital to fund future projects, elaborating on the negative effects of interest rates rising. As rates rise, ETR looks to increase their margins to keep up with costs. These negative drivers serve as a threat to the company's profitability and are important to monitor.

Utilities Select Sector SPDR Fund (XLU)

Sector: Utilities
Fund Manager: Ethan McNeill

Period	Start Value ($)	End Value ($)	Return (%)	Dividend Yield
H1	9,193.08	10,241.40	13.30	1.90
H2	-	-	-	-
Tenure	9,193.08	10,241.40	13.30	1.90

H1 Actions: Held. Total dividend payment of $174.21 during this period.

Holding Description:
Utilities Select Sector SPDR Fund (XLU) is an ETF seeking to provide an effective representation of the utilities sector of the S&P 500. XLU is a passively managed ETF. This fund includes companies in electric utilities, water utilities, multi-utilities, independent power and renewable electricity producers, and gas utilities. Their expense ratio was 0.09% while offering a dividend yield of 3.50%.[6] The top five holdings of this fund are NextEra Energy Inc (13.81%), Southern Co (8.15%), Duke Energy Co (7.72%), Constellation Energy Corp (7.72%), and American Electric Power Co (4.59%). The portfolio weights are allocated to mirror the industry exposure of the S&P 500 Utilities sector. Currently, XLU makes up 0.47% of the portfolio.

Positive Drivers:
XLU offers a valuable tool, especially for long-term investors, to gain a wide array of exposure in the Utilities industry. There are long-term investors that are attracted by XLU because of the industry-wide exposure it offers while maintaining a low expense ratio. Additionally, the Utilities sector has benefited from new legislation providing grants towards clean-energy and sustainable energy projects. One example of this is the Inflation Reduction Act of 2022 which supplies grants to companies investing in clean-energy generation projects. Electric vehicles accounted for 9.00% of new cars in the first three quarters of 2023.[7] Meanwhile, cumulative U.S. grid-scale battery storage capacity doubled in 2023, showcasing the increasing demand for infrastructure to support emerging technologies. XLU allows investors to capture the growth drivers in the Utilities industry while providing their investors with minimized risk.

Negative Drivers:
There is an opportunity cost associated with XLU. In H1, XLU provided our fund with a 13.30% return; however, this figure underperformed the broader market by 0.08%. While this holding provides risk-adjusted returns, it was difficult to generate alpha because of the Utilities sector performance in H1. Additionally, XLU is exposed to common risks throughout the Utilities sector. Interest rate risk and risk associated with extreme weather conditions served as negative drivers for the companies in their portfolio. Increased costs of debt and power outages threaten the margins and reputation for Utilities companies.

Fund Manager Bios

Beckett Anderson

Beckett is a junior from Knoxville, Tennessee pursuing a bachelor's degree in Finance and Marketing with a collateral in International Business. As a first semester manager, Beckett is covering the Industrials sector of the Haslam Torch Fund. Within the Haslam College of Business, Beckett is a Smith Global Leadership Scholar, and works as a Junior Bloomberg Analyst in the Masters Investment Learning Center. During the upcoming summer, he will be working as a Financial Analyst Intern with Eastman Chemical Company. After graduation, Beckett plans to pursue a career in institutional asset management.

Viktoria Eisenstadt

Viktoria is a senior from Knoxville, Tennessee, majoring in Finance with a collateral in Information Management. Before transferring to UTK, Viktoria earned an Associate Degree from Pellissippi State Community College in Business Administration. Viktoria joined the fund in August 2023 and currently covers the Energy and Materials sectors. As a hobby, Viktoria enjoys playing badminton. After graduating in May 2024, Viktoria plans to pursue a Master's in Cybersecurity at UTK.

Sam Holloway

Sam is a senior from Franklin, Tennessee pursuing a bachelor's degree in Finance with a collateral in Supply Chain Management. Sam joined the Haslam Torch Fund in August 2023 and currently covers the Consumer Discretionary sector. On campus, he is a member of the Financial Management Association and the Golf Club. After graduation, Sam will be joining The Trust Company of Tennessee, a wealth management firm in Knoxville, as a Portfolio Analyst.

Luke Ireton

Luke is a senior from Cincinnati, Ohio pursuing a bachelors degree in Finance with a concentration in International Business. As a second-semester manager, he monitors the Real Estate sector for the fund. Luke tries to stay very active within the Haslam College of Business as he is a Smith Global Leadership Scholar, serves as the President of the UT Investment Group, and works as a Senior Bloomberg Analyst in the Masters Investment Learning Center. After graduation in Spring 2024, Luke will be working for Protective Life Insurance where he will obtain necessary financial licenses to begin selling the firm's products such as variable annuities to financial advisors.

Joshua Liebowitz

Joshua is a junior from Boyds, Maryland, majoring in Finance with a collateral in Leadership. He is a first-semester manager covering the Financials sector. Last summer, Joshua worked as an Accounting and Finance Intern at LivTech in Knoxville, Tennessee. Outside of academics, Joshua volunteers as a youth soccer coach for the Emerald Youth Foundation and is also a local musician. After graduation in May 2025, Joshua plans to pursue a career in wealth management.

Ethan McNeill

Ethan is a senior from Swedesboro, New Jersey. He is currently pursuing a bachelor's degree in Finance with a collateral in Entrepreneurship. Ethan joined the Haslam Torch Fund in August 2023, and he is a second-semester manager covering the Utilities sector. His campus involvement includes the Sigma Chi fraternity, Financial Management Association, and the Real Estate Club. Upon graduation in May 2024, Ethan plans to pursue a career in either commercial real estate or corporate finance.

Caden Mitchell

Caden is a second-semester manager for the Haslam Torch Fund, covering the Information Technology sector. He is currently a senior, pursuing a Bachelor's degree in Finance with a collateral in Accounting. On campus, he is the Director of Trading for the UT Investment Group and works as a Senior Bloomberg Analyst in the Masters Investment Learning Center. He is also involved in Tennessee Capital Markets Society, Delta Sigma Pi, and the Financial Management Association. This summer, Caden worked as an Enterprise Credit Intern with Bank of America in Chicago, Illinois. After graduation in May 2024, Caden plans to return to Bank of America as a full-time Corporate Banking Analyst.

Lucas Nulsen

Lucas is a senior from Nolensville, Tennessee, majoring in Finance with a collateral in Economics. As a second-semester manager, Lucas covers the Consumer Staples sector. Lucas spent the past summer as an Investment Analyst Intern for the Tennessee Consolidated Retirement System in Nashville, Tennessee. During his internship, he worked closely with the Fixed Income and Public Equity teams conducting analysis on a variety of securities and economic trends. After graduation in May 2024, Lucas will be joining SEED Planning Group as an Investment Associate in Knoxville, Tennessee.

Chyanne Smailovic

Chyanne is a senior from Knoxville, Tennessee, majoring in Finance with a collateral in Information Management. She transferred to UTK after earning her Associates Degree in Finance at Pellissippi State Community College. She is a second-semester manager covering Fixed Income. Chyanne spent the past summer as an Accounting and Finance Intern at Radio Systems Corporation in Knoxville, Tennessee. In her free time, she loves to spend quality time with her family, spoil the family dog rotten, and frequent local antique stores. After graduation in May 2024, Chyanne will begin her career as a Junior Business Analyst at Toyon Associates, Inc., a healthcare finance firm in Knoxville, Tennessee.

Matthew White

Matthew is a junior Finance major with a collateral in Accounting. As a first-semester manager, Matthew covers Communication Services. On campus, he is a Student Leader at the Christian Student Center, a member of the Financial Management Association, and an avid intramural player. Outside of school, you can find him watching sports or playing golf. During college he has worked as a Student Assistant in the Vol Card office and as a summer youth intern at Clear Creek Church of Christ in Chattanooga, TN. This summer, Matthew will continue his internship with the Tennessee Valley Authority (TVA) on their long-range financial planning team.

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