Carroll Fund

H1 Performance Report

October 1, 2024 – March 31, 2025

Portfolio Managers

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Letter to the Carrolls

Dear Mr. Larry and Mrs. Vivian Carroll**,**

We would first like to thank you for your continued support of the Torch Fund program. Torch Fund is more than just another class; it is an invaluable experience, and we are truly honored to serve as fiduciaries on your behalf. Over the course of this semester, we developed critical thinking, clear communication, and collaborative decision-making under real-world pressure. We challenged one another, supported each other's growth, and enhanced our collective capabilities. Our experiences managing the Carroll Fund during this period sharpened our ability to cut through the noise and stay grounded when opinions—and markets—shift quickly. This opportunity has shaped not just how we invest, but how we think.

The defining highlight of the semester was our visit to Charlotte to spend the day with Carroll Financial. Shadowing the team was a transformative experience, and our insights from the visit are frequently revisited during our weekly meetings. We adopted the idea of prioritizing a healthy work-life balance for ourselves, with an emphasis on not letting work seep into our personal lives. We remain mindful of our sources when consuming information, our audience when publishing our work, and where our portfolio differs from our benchmark. Mr. Carroll's reminder that markets may fluctuate short-term while trending upward long-term has now become a mantra for our fund.

Our returning managers have now navigated the Carroll Fund through both bull and early bear markets; our new managers anticipate a similar experience of exposure before their tenure concludes. Developing our strategy in vastly different market environments has allowed us to reflect critically on our approach and adapt effectively to adversity. Our decision to maintain overweight positions in previously high-performing areas delivered headwinds for the portfolio in H1 (October 1, 2024 to March 31, 2025). Remaining overweight in our equity allocation, as well as our relative weights in the Communication Services and Utilities sectors, had historically delivered strong returns; however, our inability to pivot away from these positions contributed to the underperformance in H1. We now understand the perils of overconfidence, the importance of long-term capital allocation, and the necessity for discipline during market upturns and downturns. We will continue to collectively adjust the portfolio to reflect our consensus economic outlook.

As we conclude this semester, we realize that the ultimate goal was not beating our benchmark, it was developing as a team of young professionals and learning from our mistakes. This experience has pushed us beyond our comfort zones, forcing us to think independently and apply our learning beyond classroom theory. The Torch Fund program has taught us to trust our instincts and research, to act with conviction, and to refrain from overreaction to general market sentiment. As a result, we are confident that this semester will serve as the foundation for the rest of our professional careers.

Sincerely,
Blake Wyman, Cayle Beltran, Christian O'Brien, Dhruv Patel, Jeet Patel, Lily Hatfield, Nathaniel Insko, Patrick Moody, Sydney Pewitt, Zachary Snipes.

Economic Outlook

Domestic Economy

The Carroll Fund maintains a slightly optimistic outlook on the United States economy. While GDP growth slowed to 2.30% in Q4 2024, down from the historical average of 3.00%, inflation cooled in the tail end of H1, and the labor market remained resilient.[1] The Federal Reserve held rates steady through March, signaling its data-driven approach as inflation trends closer to target levels.[2] We are concerned about the impact of trade policies and tariffs moving forward, as consumer confidence fell to its four-year low in March. The expectations index dropped to a twelve-year low of 65.20, breaching levels historically associated with recession risk.[3] Despite weakening sentiment, wage growth and improved credit access buoyed consumer spending. Businesses were resilient amid policy uncertainty, and while tariff implementation may weigh on sentiment in the short term, we do not expect these measures to persist long term.[4] The Carroll Fund maintained a ~70% equity allocation and a ~3% cash target, reflecting confidence in domestic growth potential while acknowledging near-term volatility. We expect further inflation and trade policy clarity by the second half of 2025, potentially unlocking additional opportunities across equity markets.

Global Economy

On the contrary, we adopted a slightly pessimistic outlook on the global economy. Global GDP is projected to grow at only 3.30% in 2025 and 2026, trailing the 20-year average of 3.70%, as Europe and China face continued slowing momentum.[5] Rising global trade tensions have created additional uncertainty. The United States enacted tariffs on China, Mexico, and Canada, and if fully implemented, global GDP could contract by 1.40%.[6] Additionally, geopolitical conflict remains a concern, with the ongoing Russia-Ukraine war, instability in the Middle East, and escalating tensions between China and Taiwan contributing to risk across energy and supply chains. Given these risks, the Carroll Fund opts for selective international positioning and continues to monitor developments in global trade and foreign policy. Our lone international holding, the iShares MSCI India ETF (INDA), limits vulnerability to these geopolitical risks by granting us exposure to Indian equities of various market capitalizations.

Outlook

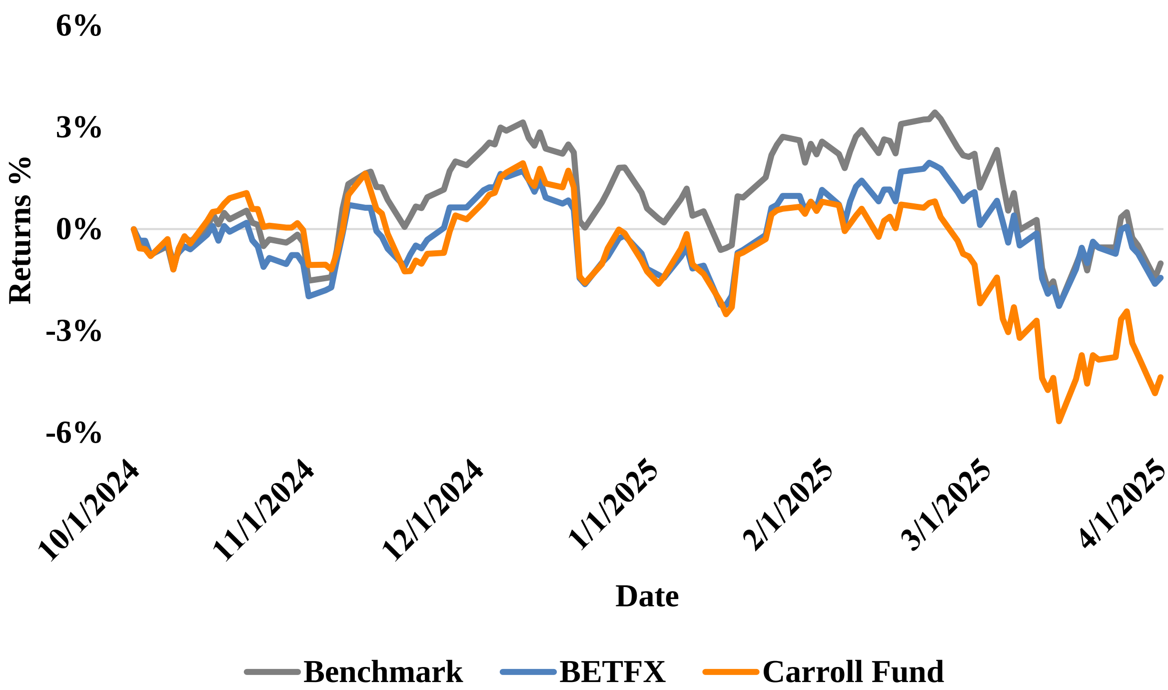
As we transition to H2, our team maintains a balanced and opportunistic view of the market environment. Despite elevated uncertainty regarding tariffs, trade policy, consumer sentiment, and geopolitical tensions, the domestic economy displays continued signs of resiliency. As inflation gradually eases, we believe the Federal Reserve’s approach to the rate-cutting cycle will favorably position the United States economy relative to global competitors. We expect improved macroeconomic conditions in the second half of the year to create a more favorable environment for economic growth and bullish equity markets. Moving forward, the Carroll Fund aims to build on areas of strength while reevaluating exposure to sectors where performance was disappointing. By targeting overweight positions in high-conviction, outperforming industries like Consumer Staples, Information Technology, and Real Estate, the Carroll Fund is positioned to capitalize on its strategic equity allocation in H2.

Portfolio Performance

Overarching Mission
To manage the funds entrusted to us by our benefactor with integrity, sound fiduciary practice, and insightful financial analysis, while outperforming our benchmark.

H1 refers to the six-month period of October 1, 2024 – March 31, 2025.

Period	Carroll Fund Return	Benchmark Return	S&P 500 Return	Spread from Benchmark
H1	**-4.50%**	**-1.32%**	**-1.96%**	**-3.18%**



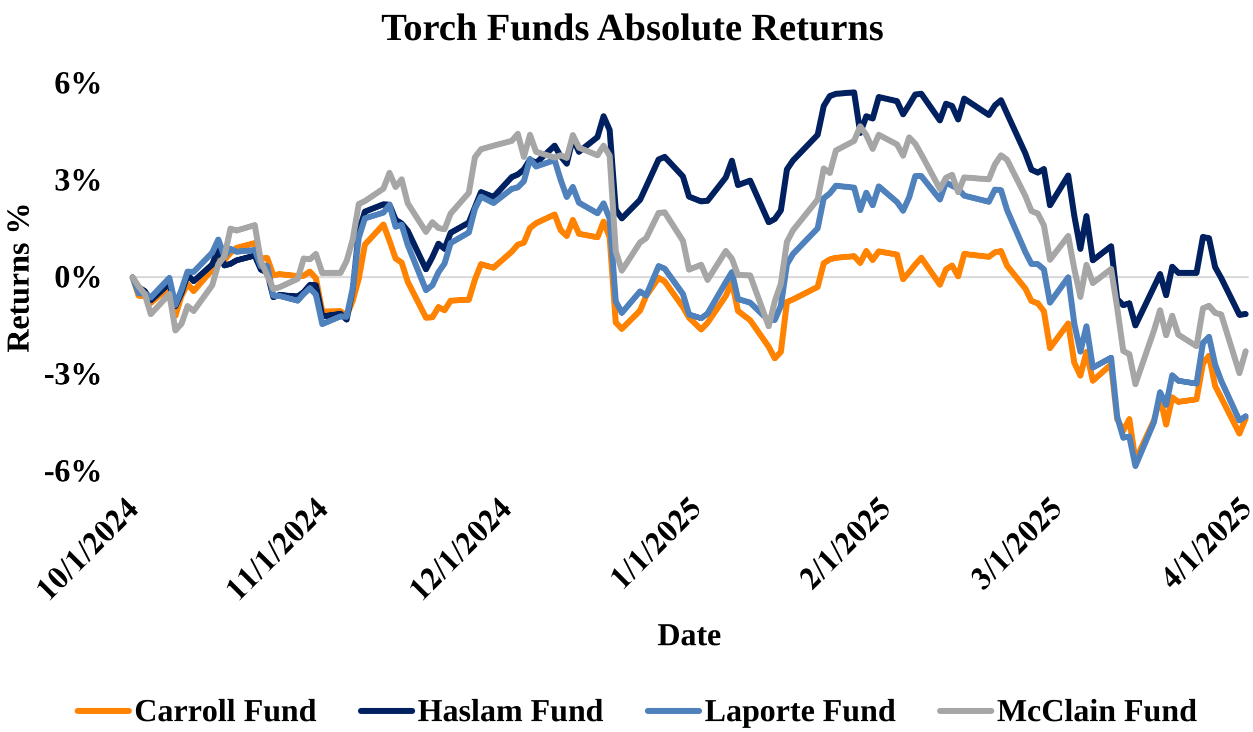
The Carroll Fund's benchmark is a weighted average of the S&P 500 Index and Bloomberg Barclays US Aggregate Total Return Value Unhedged Index, weighted at 60% and 40%, respectively.

BETFX is the Morningstar Balanced ETF Asset Allocation Portfolio and serves as an investable version of our benchmark.

Torch Fund Returns

Torch Fund H1 Absolute Returns				
Fund	**Carroll**	**Haslam**	**LaPorte**	**McClain**
H1	-4.50%	-1.39%	-4.47%	-2.56%

Torch Fund H1 Relative Returns				
Fund	**Carroll**	**Haslam**	**LaPorte**	**McClain**
H1	-3.18%	-0.07%	-3.15%	-2.23%

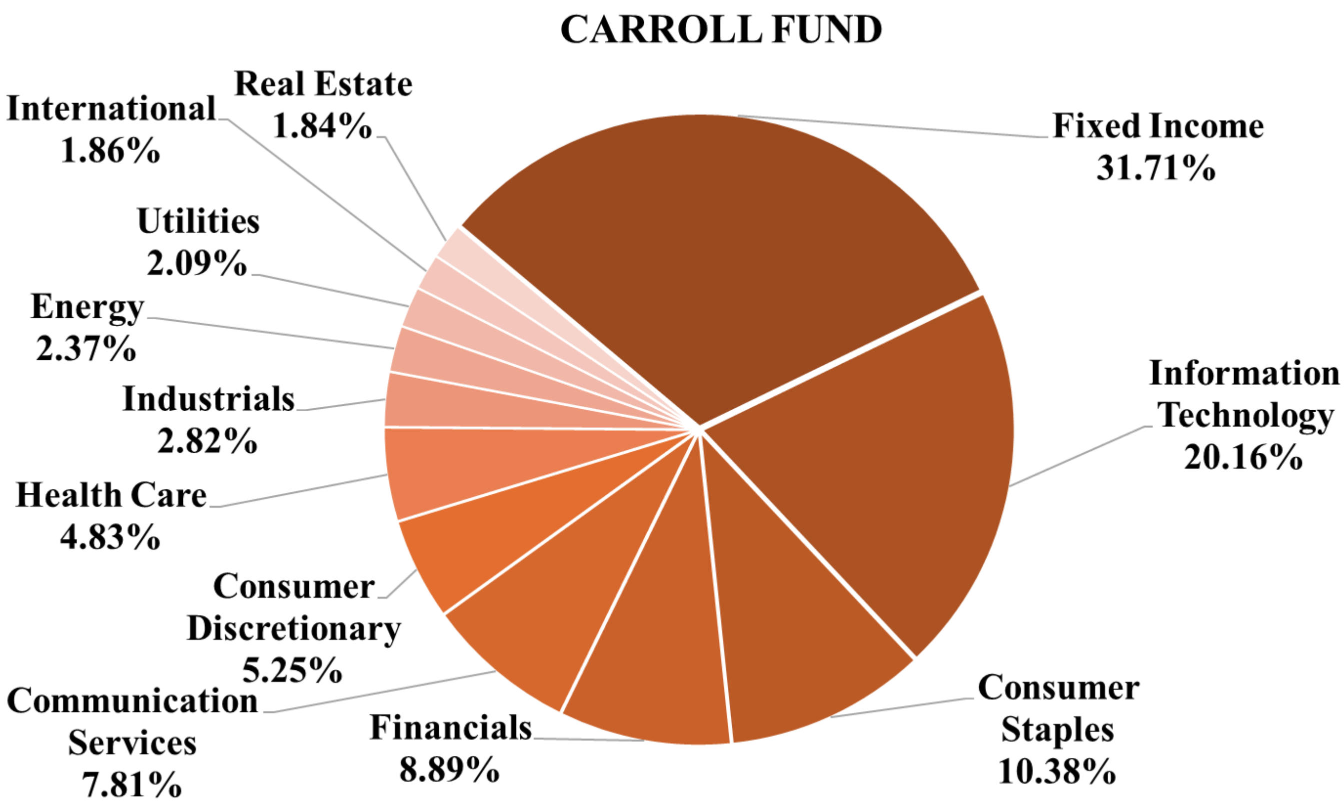


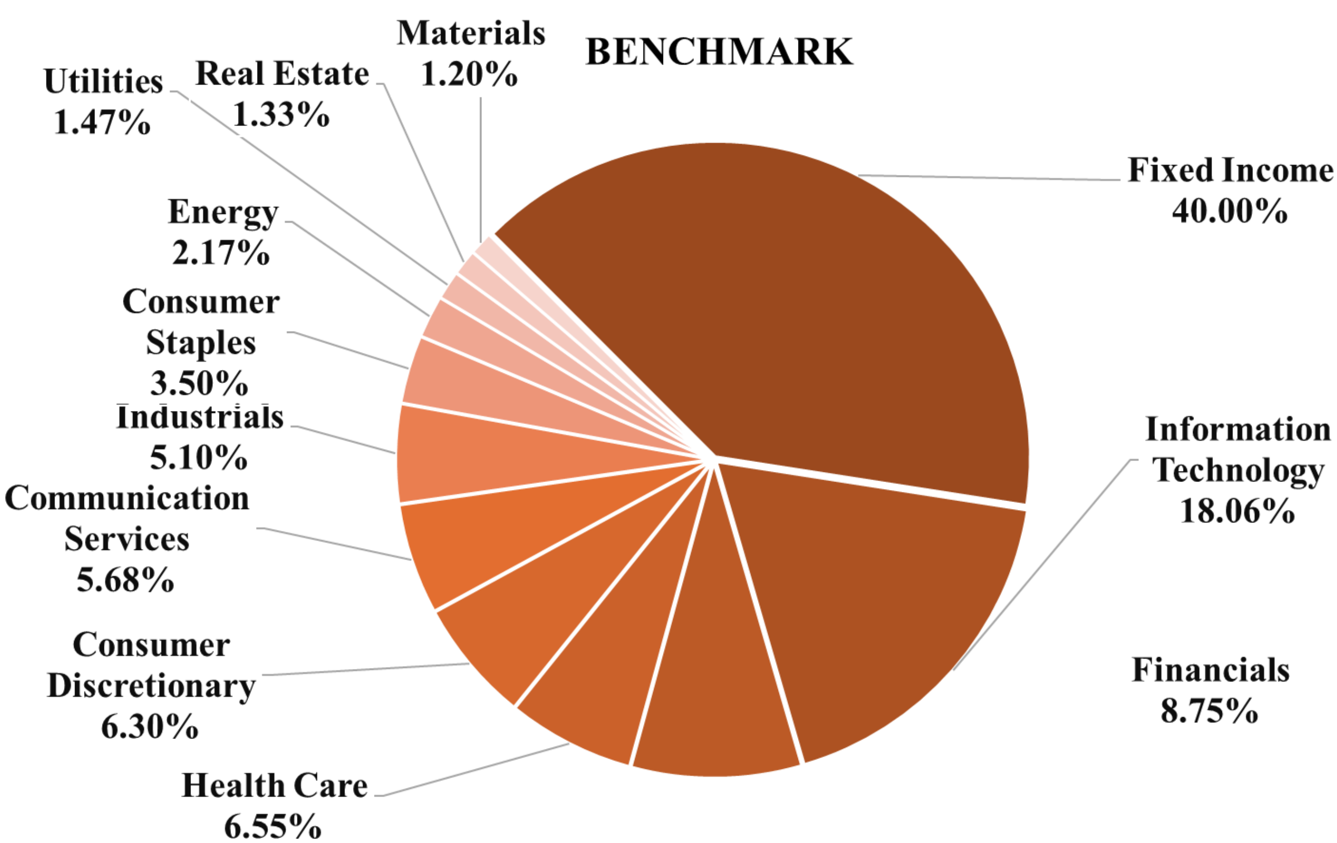
Risk Metrics

Carroll Risk Metrics	
Metric	**H1**
Sharpe Ratio	-1.22
Treynor Ratio	-0.12
Information Ratio	-2.02
Tracking Error	0.03
Standard Deviation	0.10
Beta vs. Benchmark	1.02
R^2 of Beta	0.88
Beta vs. S&P 500	0.62
R^2 of Beta	0.85

Comparable Risk Metrics	
Metric	**H1**
Benchmark	
Sharpe Ratio	-0.57
Treynor Ratio	-0.05
S&P 500	
Sharpe Ratio	-0.42
Treynor Ratio	-0.06
BETFX	
Sharpe Ratio	-0.62
Treynor Ratio	-0.07

Allocation of Funds





Portfolio Breakdown

Security	Value on 03/31/2025	% of Portfolio
Equity Holdings		
AAPL	$44,426.00	5.40%
AMTM	$14,833.00	1.80%
AMZN	$41,476.68	5.04%
AQST	$8,375.20	1.02%
CELH	$10,935.34	1.33%
COP	$5,145.98	0.63%
COST	$13,240.92	1.61%
FDX	$8,532.30	1.04%
FSLR	$4,677.91	0.57%
GOOGL	$27,525.92	3.34%
HAL	$4,109.94	0.50%
HCA	$18,659.70	2.27%
IAK	$14,332.24	1.74%
INDA	$14,671.80	1.78%
J	$7,495.18	0.91%
JPM	$12,510.30	1.52%
KKR	$21,041.02	2.56%
LMT	$6,253.94	0.76%
META	$19,596.24	2.38%
MO	$37,872.62	4.60%
MPWR	$17,979.38	2.18%
MRK	$11,130.24	1.35%
MSFT	$39,791.34	4.83%
NEE	$16,517.37	2.01%
PANW	$33,786.72	4.10%
PLD	$4,471.60	0.54%
SPGI	$22,356.40	2.72%
SU	$4,840.00	0.59%
TSM	$41,334.00	5.02%
UNVGY	$14,611.80	1.77%
WELL	$10,111.86	1.23%
WMT	$20,016.12	2.43%
Fixed Income Holdings		
AGG	$39,271.24	4.77%
JAAA	$70,994.00	8.62%
PFF	$60,353.72	7.33%
SPAXX**	$52.08	0.01%
TLT	$56,165.51	6.82%
USFR	$23,806.09	2.89%

Best and Worst Performers

H1 Best & Worst Performers by Value		
Holdings	**% Return**	**$ Return**
MO	8.01%	$ 2,852.88
CELH	29.62%	$ 2,498.98
JPM	17.52%	$ 1,883.94
JAAA	2.60%	$ 1,852.85
WELL	20.71%	$ 1,750.32
NEE	-14.86%	$ -2,926.13
TLT	-5.56%	$ -4,010.97
MSFT	-12.15%	$ -5,527.04
AQST	-41.77%	$ -6,007.04
AMTM	-39.80%	$ -9,807.73

H1 Best & Worst Performers by Percentage		
Holdings	**% Return**	**$ Return**
CELH	29.62%	$ 2,498.98
WELL	20.71%	$ 1,750.32
JPM	17.52%	$ 1,883.94
WMT	8.98%	$ 1,652.43
MO	8.01%	$ 2,852.88
ALB	-23.47%	$ -778.12
HDSN	-29.98%	$ -2,675.18
FSLR	-36.15%	$ -2,648.09
AMTM	-39.80%	$ -9,807.73
AQST	-41.77%	$ -6,007.04

Communication Services

Managed by: Christian O'Brien

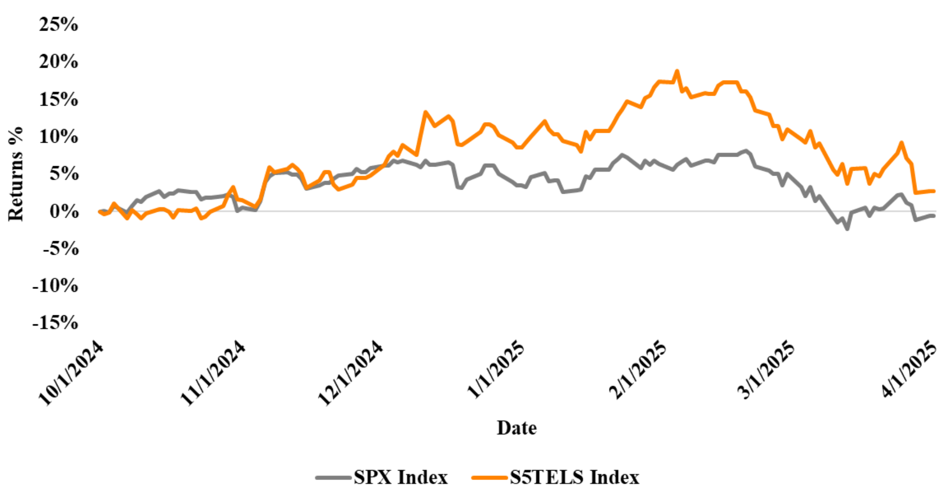
Sector Overview

The Communication Services sector contains companies that facilitate information exchange across platforms. This sector features two primary industry groups: Media & Entertainment and Telecommunication Services. The Media & Entertainment industry segment includes companies involved in advertising, broadcasting, content creation, and social media. This group experiences cyclical profitability driven by discretionary consumer spending. Economic expansions boost advertising spending and demand for industry offerings such as streaming services and video games, while recessions diminish marketing budgets and demand for subscription services. Telecommunication Services provide the global infrastructure necessary for data transmission, enabling access to cloud computing, internet, data, and voice services.[1] This industry segment is defensive, as demand remains relatively stable during periods of economic downturn. Resilience in internet and data usage drives this stability; however, competitive pricing and various factors influence profitability. The Communication Services sector has a total market capitalization of $4.72T and represents 9.20% of the S&P 500, making it the fifth-largest sector in the index.[2] The Carroll Fund maintains an overweight position of 1.50%, holding Alphabet Inc., Meta Platforms Inc., and Universal Music Group's ADR. This overweight positioning modestly contributed to positive allocation attribution in H1, but underperformance from our individual holdings resulted in negative selection attribution relative to the sector benchmark.

Impacts from H1

In H1, the Communication Services sector (S5TELS) returned 2.13%, outperforming the S&P 500 by 4.09%. AI advancements and integration drove performance primarily through adding new features for existing products, enhancing operations, and creating new business segments.[3] 5G implementation also drove significant growth for the sector by providing greater reliability, reduced latency, and faster speeds. This makes it possible for advancements in augmented reality, autonomous vehicles, Internet of Things (IoT), and more. The "5G effect" creates new applications and uses cases across industries, with the full economic impact expected to materialize by 2035.[4] Additionally, social media platforms and streaming services have dramatically improved production and distribution of digital content, leading to unprecedented levels of content creation and consumption.[5] The Carroll Fund maintains a cautiously optimistic outlook as growth drivers could be offset by tariffs, potentially causing economic slowdown and rising prices for sector offerings.

Performance



Alphabet Inc. Class A (GOOGL)

Security Description

Alphabet Inc. (GOOGL) is a multinational technology holding company that restructured in 2015 to separate Google's core search business from its innovative side projects. With a market capitalization of $1.85T, GOOGL maintains its position as a member of the Magnificent 7 peer group. The company's primary segment, Google Services, forms a comprehensive digital ecosystem encompassing essential consumer platforms, including Android, Chrome, Google Maps, and YouTube. Google Services accounts for approximately 90% of revenue, with advertising being the primary contributor.[1] GOOGL drives technological advancement through its "Other Bets" segment, pursuing initiatives in artificial intelligence, autonomous vehicles, and wearable technologies.[2] The company positions itself at the forefront of digital communication and innovative technological solutions.

Impacts from H1

In H1, GOOGL returned -6.52%, underperforming the S5TELS sector index by 8.65%. Overall revenue and earnings per share (EPS) beat consensus expectations in Q3, driven by growth in Google Cloud, with an increase of ~35% YoY. Q3 demonstrated how GOOGL's AI investments paid off by driving user engagement and increasing efficiency in its cloud services.[3] However, this growth halted in Q4 as the company missed revenue expectations with disappointing Google Cloud revenue due to supply constraints. Additionally, GOOGL announced over $75B in 2025 AI capital expenditures, significantly surpassing analyst expectations.[4] Around the Q4 earnings release, AI disruptor Deep Seek launched its R1 chatbot at a fraction of competitive costs.[5] The cost difference raises concerns about necessary capital and computing requirements for AI development, with analysts worrying about returns on GOOGL's increased AI spending.[6] The ongoing DOJ antitrust lawsuit poses additional risks, as proposed remedies could seriously damage GOOGL's competitive edge.

Outlook

Despite GOOGL's unsatisfactory Q4 performance and their DOJ lawsuit, the Carroll Fund remains optimistic. We believe GOOGL will be at the forefront of the AI revolution. A recent breakthrough regarding the company's quantum chip, Willow, suggests an advantage in the data center industry and will likely aid in AI training and inferencing.[7] Additionally, the proposed remedies go far beyond the DOJ's decision scope, suggesting they will not be overly severe.[8] We maintain our confidence in GOOGL's ability to navigate recent headwinds.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$29,521.30	$27,525.92	-6.52%	$71.20

Meta Platforms Inc. (META)

Security Description
Meta Platforms, Inc. (META) is a global social technology company. Formerly known as Facebook, the company commands a dominant position in social networking with 3.35B monthly active users. META is a member of the Magnificent 7 and has a market capitalization of $1.28T. The company's Family of Apps segment includes Facebook, Instagram, Messenger, Threads, and WhatsApp, generating revenue primarily by selling advertising space to businesses across these platforms.[1] META's Reality Labs segment develops and offers augmented and virtual reality hardware, software, and content. This segment focuses on futuristic research, specifically "artificial intelligence, machine learning, neural control interface, life-like haptic interaction, audio enhancement, and full body tracking."[2]

Impacts from H1
In H1, META returned 0.86%, underperforming the S5TELS sector index by 1.26%. In mid-November, META's share price fell to its lowest point in H1. The European Commission fined META approximately $840M for linking Facebook Marketplace to its social network, imposing unfair conditions on rivals, and breaching European antitrust rules. However, META appealed, asserting that no evidence of harm to competitors or consumers existed.[3] Around this time, the company launched its AI on Ray-Ban Meta glasses in Europe, which led to improved performance.[4] In December 2024, META paid a $31.85M settlement for a 2020 lawsuit regarding the misuse of personal user data.[5] The share price fluctuated until mid-January as a result. From late January until mid-February, the share price appreciated due to several positive developments: Oakley-branded version of smart glasses and increased AI spending up to $65B. As a result, Q4 revenue and EPS exceeded expectations.[6,7,8] This upward trend reversed as Magnificent 7 companies experienced selloffs amid investor sentiment and recession fears.

Outlook
The Carroll Fund remains cautiously optimistic about META's future growth. The Reality Labs segment continues to operate at a loss, while the long-term outlook for the Metaverse remains ambitious. META must also navigate ongoing regulatory scrutiny both in the United States and abroad, which could impact business operations. The potential TikTok ban provides optimism as it would likely redirect TikTok's users to META's short-video platform, Instagram Reels.[9] We are maintaining our position in META and believe it will continue to appreciate.

New Transactions
No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$19,462.96**	**$19,596.24**	**0.86%**	**$34.85**

Universal Music Group N.V. ADR (UNVGY)

Security Description

Universal Music Group N.V. (UNVGY) represents UMG, one of the world's largest music companies with operations spanning Merchandising, Music Publishing, and Recorded Music. UMG has a market capitalization of $47.05B.[1] Its portfolio encompasses over 50 labels across all music genres, including some of the biggest names in the industry, such as Taylor Swift, Drake, and Ariana Grande. Digital streaming drives most of the company's revenue, as UMG leverages partnerships with major streaming platforms such as Spotify and Apple Music to maximize artist exposure.[2]

Impacts from H1

In H1, UMG returned 6.93%, outperforming the S5TELS sector index by 4.80%. Revenue beat consensus expectations in Q4, driven by subscriber growth and price increases. UMG experienced short-term volatility in the middle of H1 after Bill Ackman, CEO and founder of Pershing Square Capital Management, expressed interest in delisting the closed-end fund from the Euronext Amsterdam exchange, citing concerns following anti-Semitic attacks on Israelis.[3] Share price trended upward in mid-January after Drake withdrew his lawsuit against UMG that accused the company of illegally inflating the numbers of Kendrick Lamar's inflammatory track "Not Like Us."[4] Spotify signed a new multi-year distribution deal nearly a year ahead of market expectations, accelerating the upward trend. This deal included new paid subscription tiers and bundles of music & non-music content. Near the end of H1, this upward momentum reversed after Pershing Square proceeded with its delisting plans, offloading ~50M shares in UMG.[5]

Outlook

The Carroll Fund maintains a neutral position on UMG's future performance, as the cadence of UMG's pricing benefits threatened to materialize later in the year.[6] Additionally, Pershing Square urged UMG to delist from Euronext Amsterdam and become a United States-domiciled company. Analysts expect the company to maintain its Dutch origin and pursue a dual-listing strategy.[7] Furthermore, for the 2024 FY, advertising-supported streaming flattened due to monetization challenges associated with the shift to short-form videos.[8] These situational developments will provide clearer insight into UMG's future performance.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$13,749.15	$14,611.80	6.93%	$89.78

Consumer Discretionary

Managed by: Lily Hatfield

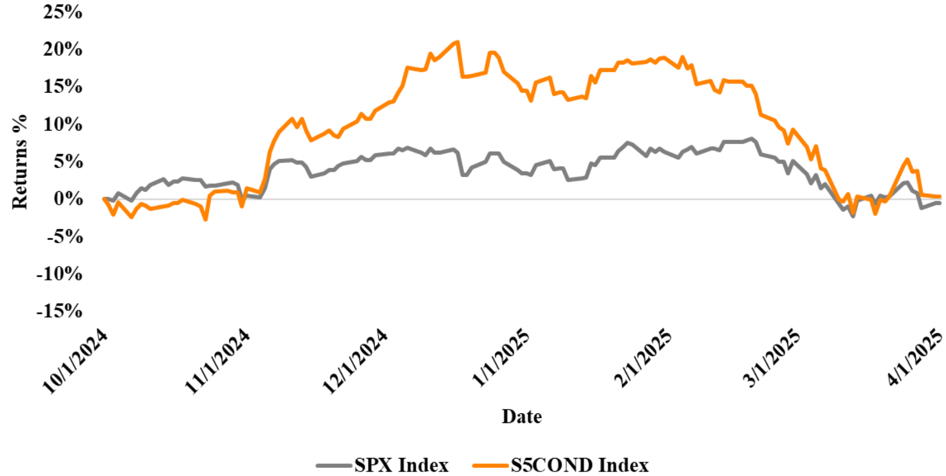
Sector Overview

The Consumer Discretionary sector contains firms that produce non-essential goods and services, including Apparel, Auto Components, Household Durables, Internet Retail, and Specialty Services. The sector includes prominent companies such as Amazon (AMZN), Tesla (TSLA), The Home Depot (HP), and McDonald's (MCD).[1] Discretionary goods are easily removed from consumer budgets, making the sector highly sensitive to macroeconomic conditions. Due to its cyclical nature, the sector is subject to significant fluctuations in response to periodic macroeconomic data releases. It will outperform during periods of strong consumer spending and reduced inflation. Consumer Discretionary is the third-largest sector in the S&P 500, representing 10.62% of the index and totaling over $6T in market capitalization. The Carroll Fund is underweight in Consumer Discretionary by 2.78% relative to the S&P 500, with Amazon as our sole holding in the sector.[2]

Impacts from H1

In H1, the Consumer Discretionary Sector Index (S5COND) returned -1.49%, outperforming the S&P 500 by 0.47%. Although the sector outperformed the broader index in H1, our underweight positioning led to negative allocation attribution, while strong performance from AMZN contributed to positive selection attribution. The margin of outperformance narrowed significantly in the closing weeks of H1 because of the Trump Administration's policy changes surrounding tariffs, which introduced economic uncertainty. Prior to February, sector giants AMZN and TSLA rode the coattails of improved consumer sentiment following the election in November. The bull period lasted through the holidays and into the new year.[3] As of March, the United States inflation rate was 2.60% YoY, which was still elevated from the Federal Reserve target of 2.00%. Although inflation had cooled, its presence, coupled with lackluster economic growth, contributed to the Federal Reserve's decision in March to keep interest rates steady.[4] Tentative action by the Federal Reserve, constant change in trade policy, and underwhelming economic growth were all factors of the intense selloff that the sector experienced towards the end of H1. As a result of uncertain trade policies, the Carroll Fund maintains a neutral outlook on the sector. Once the global trade environment stabilizes, we expect the domestic economy to provide ideal conditions for the sector to outperform.

Performance



Amazon (AMZN)

Security Description

Amazon (AMZN) is the world's largest e-commerce platform, generating revenue through Cloud Services, Retail Sales, and Subscriptions. Success stems from its four core principles: customer obsession, innovation, long-term thinking, and operational excellence. These values drive AMZN's ability to offer competitive prices, retain customers, and fuel ongoing growth. AMZN operates across three main segments: Amazon Web Services (AWS), International, and North America.[1] While North America remains its largest revenue source, AWS led growth in FY 2024 with a ~19% YoY increase**,** outperforming the retail segments. AWS supports global businesses by providing scalable cloud solutions, data storage, and data analytics. AMZN connects over 300M customers to a vast marketplace, competing with firms like Google, Meta, Target, and Netflix across various revenue channels.[2] Amazon is the Carroll Fund's largest equity holding**,** representing 5.04% of the portfolio**.**

Impacts from H1

In H1, AMZN returned 2.11%, outperforming the S5COND sector index by 3.60%. AMZN experienced steady growth until the end of 2024 due to continuous development and demand for AWS and an extremely successful holiday shopping season. AMZN's price peaked just before their Q4 earnings release in early February.[3] Disappointing revenue guidance for Q1 2025 and a 7.60% decrease in free cash flow (FCF) headlined the report despite operating profit and EPS beats of 11.50% and 25.40%, respectively. AWS operating profit also posted a 4.40% beat, suggesting that the segment is not only growing in terms of size but also efficiency.[4] The Trump Administration's tariff policies pose major implications to AMZN's bottom line, considering over 70% of its products are manufactured in China.[5] Although it offers staple products such as household items, health essentials, and groceries, inflation impacts pricing and reduces spending on its more profitable discretionary products.

Outlook

AMZN's ability to outperform the sector index during a bear period exemplifies the resilience and strength of the firm. Amazon's dominant e-commerce market share, combined with the growth and profitability of its AWS cloud segment, reinforces the company's strong foundation and long-term growth prospects. AMZN has proven its ability to innovate and expand its revenue streams, suggesting that it will be a major contributor to the cloud computing and AI spaces. The Carroll Fund remains confident in AMZN as our largest holding and strongest investment.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$40,619.94**	**$41,476.68**	**2.11%**	**$0.00**

Consumer Staples

Managed by: Jeet Patel

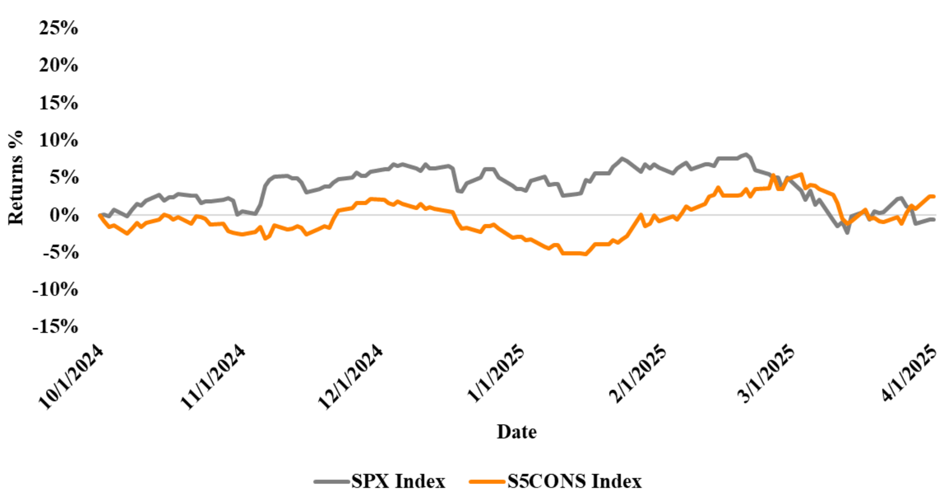
Sector Overview

The Consumer Staples sector includes companies that produce and distribute essential goods, making demand inelastic, which allows the sector to outperform during economic slowdowns while underperforming during recoveries.[1] The three main industry groups are Distribution & Retail, Food, Beverage, & Tobacco, and Household & Personal Products.[2] The Consumer Staples sector is the seventh largest in the S&P 500, and the Carroll Fund finished H1 severely overweight by 8.22%. Walmart, Costco, and Procter & Gamble are the sector's largest companies by market capitalization. The Carroll Fund began H1 with Walmart and Costco as the only holdings. We added two new positions in Celsius (CELH) and Altria Group (MO) throughout H1.

Impacts from H1

In H1, the Consumer Staples sector index (S5CONS) returned 1.77%, outperforming the S&P 500 by 3.73% as the sector exhibited its defensive nature while the market faced a combination of economic and geopolitical headwinds. The Carroll Fund's significant overweight position in the Consumer Staples sector contributed to strong allocation attribution, while excellent stock selection drove additional positive attribution, making it one of our top contributors in the first half of the year. One of the most notable developments in H1 was the sweeping announcements of new tariffs by President Trump. This move sparked fears of trade wars, increasing production input costs, and inflation for consumers. Although most Consumer Staple goods are produced domestically, certain goods such as alcoholic beverages imported from Mexico and products with Chinese components experienced price increases.[3] Many companies in the sector have indicated that these tariffs could compress margins; however, many large names implemented cost-cutting measures, such as reducing package sizes and altering product offerings to mitigate increased costs. Some companies have started to explore adjustments to supply chains, such as relocating production to countries less affected by the tariffs, including India, Cambodia, or Vietnam.[4,5] The Carroll Fund maintains a positive outlook for the sector given its insensitivity to economic conditions. It offers an advantage in uncertain economic environments, where growth signals are mixed due to factors like tariffs, rising debt, and conflicting macroeconomic indicators. Furthermore, the Carroll Fund is attracted to the strong, reliable cash flows and consistent dividend growth of Consumer Staples companies.

Performance



Altria Group Inc. (MO)

Security Description
Altria Group Inc. (MO) operates as a holding company that manages subsidiaries in tobacco, cigarette, and nicotine pouch manufacturing and marketing. The company's portfolio includes Philip Morris USA, which produces Marlboro, the leading cigarette brand in the United States.[1] Altria uses a wholesale distribution model to sell its tobacco products, utilizing distributors and large retailers, which enhances regulatory compliance and cost efficiency. MO leverages its strong domestic market position, allowing it to offer premium pricing. The firm balances its traditional tobacco business with strategic investments in reduced-risk alternatives like On! nicotine pouches and NJOY e-cigarettes, aligning with its mission to provide smoke-free options and support tobacco cessation.[2] MO has a market capitalization of $94.08B and a dividend yield of 7.28%.

Impacts from H1
In H1, MO returned 8.01%, outperforming the S5CONS sector index by 6.24%. The Carroll Fund purchased 631 shares of MO using the proceeds attained from liquidating portions of our fixed income holdings. MO's consistent dividend serves as a fixed income proxy that is less affected by interest rates. Throughout H1, MO delivered strong financial performance while navigating growing regulatory and market challenges. The company exceeded earnings expectations, finishing 2024 with an adjusted EPS of $5.12, a 3.40% increase from the prior year. MO issued guidance of 2.00%-5.00% EPS growth and announced a ~$1B share repurchase program.[3] MO became the highest dividend payer in the S&P 500, offering a yield close to 8.00% and continuing its 54-year track record of dividend increases.[4] Despite these strengths, MO faced headwinds from a flood of illicit e-vapor products—especially from China—which hurt the performance of its authorized NJOY e-cigarettes. On the legal front, MO secured a ~$95M win in a patent case against R.J. Reynolds over e-cigarette technology.[5] The FDA proposed a rule to cap nicotine levels in cigarettes to non-addictive levels, creating additional regulatory uncertainty.[6] Overall, MO maintained financial momentum but operated in an increasingly complex environment.

Outlook
The Carroll Fund remains optimistic about its position in MO, as the company's robust dividend yield, ongoing share repurchase program, and reliable earnings growth provide a strong foundation for continued value creation. While regulatory risks and illicit market pressures persist, MO's financial discipline, legal victories, and ability to navigate complex industry dynamics will support long-term shareholder returns. MO continues to play a strategic role in enhancing the fund's income profile while offering the potential for capital appreciation.

New Transactions
The Carroll Fund bought 631 shares of MO at $56.52 on November 22, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$35,663.36	$37,872.62	8.01%	$643.62

Celsius Holdings Inc. (CELH)

Security Description

Celsius Holdings Inc. (CELH) operates as a global beverage company specializing in the development, marketing, and distribution of health-conscious energy drinks.[1] The company generates revenue through its flagship CELSIUS brand of zero-sugar, no-preservative energy drinks designed to improve metabolism and boost performance, appealing to fitness enthusiasts and health-conscious consumers.[2] CELH leverages aggressive marketing strategies, such as partnerships with fitness influencers and athletes, to build a strong brand image associated with healthy lifestyles. The company has carved out a strong presence at the intersection of two growing trends: the increasing consumer demand for healthier beverage alternatives and the expanding energy drink market.[3]

Impacts from H1

In H1, CELH returned 29.62%, outperforming the S5CONS sector index by 27.85%. The Carroll Fund initiated its CELH position in November. In H1, its stock price experienced significant fluctuations. At the start of the period, CELH was recovering from a downturn in retail sales as its exclusive retail distributor, PepsiCo, temporarily halted inventory orders to optimize its supply chain. This disruption triggered a sell-off, especially as CELH was trading near all-time highs. We initiated a position in CELH after identifying several compelling factors: advancement in revenue streams beyond retail segments, expansion in international presence, strong unlevered balance sheets, and strategic positioning in high-growth segments. The most significant catalyst for CELH's price increase occurred toward the end of H1, following its announcement of the acquisition of growing competitor Alani Nu–a female-focused health and wellness energy drink brand.[4] Investor confidence was further reinforced when PepsiCo announced its acquisition of Poppi, a prebiotic soda brand known for supporting gut health. The news underscored rising consumer demand for healthier beverage options, bringing renewed attention to CELH's position in the segment.[5]

Outlook

The Carroll Fund remains optimistic about CELH's growth prospects, driven by its continued international expansion, the resolution of the recent inventory halt with PepsiCo, and the integration of synergies from its acquisition of Alani Nu. These developments are expected to enhance CELH's revenue streams and strengthen its growing market share within the rapidly expanding energy drink industry.

New Transactions

The Carroll Fund bought 307 shares of CELH at $27.48 on November 14, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$8,436.62	$10,935.34	29.62%	$0

Costco Wholesale Corporation (COST)

Security Description

Costco Wholesale Corp. (COST) ranks as the world's third-largest retailer, operating more than 860 membership-only wholesale stores across 14 countries.[1] COST combines a membership-driven model with cost leadership to provide customers access to low-markup, bulk-priced goods, generating consistent revenue and fostering strong customer loyalty. By limiting its inventory to approximately 3,700 SKUs and leveraging economies of scale, COST enhances operational efficiency, maintains pricing power with suppliers, and employs strategic loss leaders to increase foot traffic and drive sales of high-margin items.[2] COST ranks as the seventeenth most valuable company in the S&P 500, with a market capitalization of $419.63B. COST also represents the eighteenth largest company by revenue, generating over $254.45B over the last 12 months.[3] The Carroll Fund concluded H1 holding 14 shares of COST, constituting 1.62% of the portfolio.

Impacts from H1

In H1, COST returned 6.95%, outperforming the S5CONS sector index by 5.18%. Revenue exceeded expectations in Q2, although EPS fell short, as YoY comparable sales growth decelerated to 6.80% from 7.50% in the previous quarter.[4] E-commerce sales demonstrated robust growth of approximately 19.00%, outpacing the previous quarter, and an improved membership renewal rate of 90.50%, a 0.10% increase from the prior quarter.[5] COST's management acknowledged potential margin compression in certain segments due to potential new tariffs but expressed limited concern, citing that only one-third of goods are imported, with less than half of those originating from China, Canada, or Mexico. In H1, COST confirmed the continuation of its growth strategy into the 2025 fiscal year, announcing plans to open nine new stores across the United States and projecting a total of 29 new locations, with 10 situated outside the United States.[6]

Outlook

The Carroll Fund remains cautiously optimistic about COST's effective execution of growth drivers, shown through e-commerce sales growth and steady financial performance. Despite overvaluation concerns following the stock's significant appreciation, COST's relative insulation compared to its Consumer Staples peers provides reason for confidence in its resilience against potential external headwinds.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$12,411.28	$13,240.92	6.95%	$32.48

Walmart Inc. (WMT)

Security Description

Walmart Inc. (WMT) operates as a global retail corporation operating in over 24 countries with over 10,000 stores and employing nearly 2.10M associates worldwide.[1] While WMT is the world's largest company by revenue, generating annual sales of over $681B, its $703.79B market capitalization ranks eleventh among all S&P 500 companies.[2] WMT operates through three segments: 1.) Walmart U.S., 2.) Walmart International, 3.) Sam's Club. The United States division generates 68.00% of revenue through a high-volume, low-margin business model emphasizing cost efficiency and "Everyday Low Prices."[3] As a leader in the Consumer Staples sector, the company maintains operational efficiency through vertical integration of its supply chain while offering a comprehensive merchandise selection spanning electronics, groceries, household goods, jewelry, outdoor supplies, clothes, and appliances. The Carroll Fund ended H1 with 228 shares of WMT, representing 2.33% of the portfolio.

Impacts from H1

In H1, WMT returned 8.98%, outperforming the S5CONS sector index by 7.21%. WMT marked its thirteenth consecutive quarter of growth in both revenue and EPS, demonstrating remarkable performance across several sales segments. Domestic same-store sales increased by 4.60%, while the Sam's Club segment grew by 6.80%. E-commerce performed exceptionally well, with sales increasing nearly 20% YoY, marking eleven straight quarters of double-digit gains.[4] Despite the company's strong growth, WMT's stock declined due to macroeconomic pressures and investor caution. Early in H1, high interest rates and aggressive investing strategies dampened sentiment for WMT. Additionally, management highlighted signs of potential consumer stress and weaker discretionary spending.[5] Margin concerns and tensions with foreign suppliers over new tariff-related price fluctuations further weakened investor confidence.

Outlook

The Carroll Fund maintains cautious optimism as WMT shows strong execution in expanding its growth drivers, and its operational efficiency positions it for long-term resilience. There are signs of potential overvaluation, and the exposure to tariff-related supply chain risks warrants close monitoring. In a potentially weakening macroeconomic environment, Walmart's role as a provider of essential goods with inelastic demand should prove crucial in delivering stable returns and defensive value to the portfolio.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$18,411.00	$20,016.12	8.98%	$47.31

Energy

Managed by: Sydney Pewitt

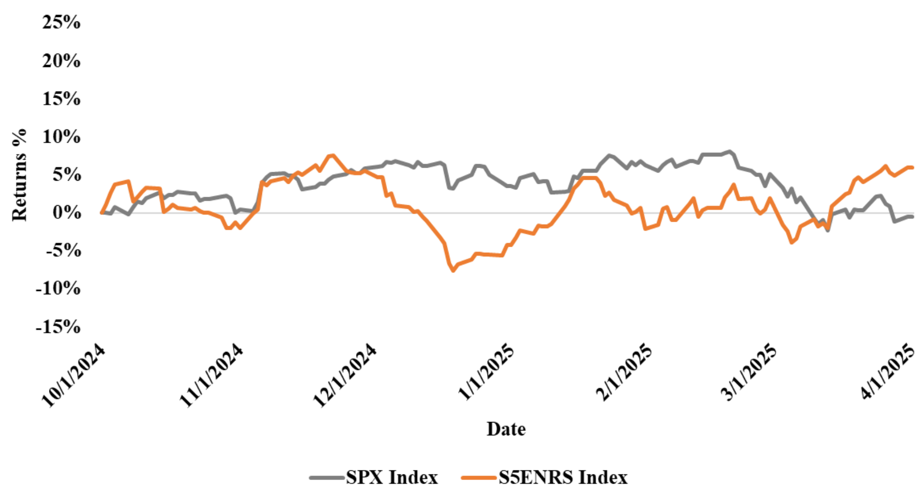
Sector Overview

The Energy sector is highly cyclical, aligning with the broader macroeconomy as demand fluctuates with economic growth. The sector includes firms that facilitate each phase of the energy production process. Oil & Gas Drilling companies extract and procure oil and gas. Oil, Gas, and Consumable Fuel company operations include the exploration, production, refinement, storage, transportation, and marketing of oil and gas.[1,2] Offering a commodity, sector performance is subject to increased volatility due to its correlation with crude oil prices.[3] OPEC policy changes can also produce heavy sentiment fluctuations. The Carroll Fund's Energy sector weight is currently 3.29% of equities, which is 0.36% underweight compared to the S&P 500. The Carroll Fund currently holds ConocoPhillips (COP), First Solar (FSLR), Halliburton (HAL), and Suncor Energy (SU), but liquidated its Phillips 66 (PSX) position during the holding period.

Impacts from H1

In H1, the Energy sector index (S5ENRS) returned 7.47%, outperforming the S&P 500 by 9.43%. Although the sector posted a strong performance in H1, underperformance across our holdings led to negative selection attribution. In January of 2025, the International Energy Agency (IEA) reported a predicted increase in global oil demand for 2025. Tighter sanctions on Russian and Iranian oil boosted oil futures prices, contributing to the sector's impressive performance.[4] Furthermore, increased distribution of oil and pipeline usage generated greater demand for Energy Storage and Transportation services, and technological upgrades have contributed to the outperformance of Energy Equipment and Services companies.[5] Uncertainty surrounding tariff policy and global trade agreements poses significant risks to global distributors. The Trump Administration's agenda supports decreased regulation for pipeline construction. This, combined with technological advances, including AI automation, will increase efficiency and reduce operating costs across the supply chain. As a result, the Carroll Fund maintains its positive outlook on the performance of the Energy sector.

Performance



ConocoPhillips (COP)

Security Description
ConocoPhillips Company (COP) is an independent exploration and production (E&P) company. COP's operations include exploring, producing, transporting, and selling crude oil, natural gas, and bitumen. COP strengthens capital efficiency and reduces exposure to geopolitical and commodity price risks by operating across a broad mix of traditional oil and gas regions. COP's operations are managed through six distinct segments separated by geographic region: Alaska, Lower 48, Canada, Europe, the Middle East & North Africa, Asia Pacific, and Other International.[1] The Carroll Fund currently holds 49 shares of COP.

Impacts from H1
In H1, COP returned 1.23%, underperforming the S5ENRS sector index by 6.24%. This underperformance is attributable to increased emissions and climate regulations, limited capital market access, and expensive projects. Canada is increasing its carbon costs to mandate emissions reductions for facilities that emit over 110,000 tons of CO_2e annually, increasing the company's operating costs. Climate concerns have caused major banks to enforce strict lending policies for fossil fuel projects, which may result in an insufficient supply of funds for COP and limit its ability to accept new projects.[2] Additionally, in November 2024, COP acquired Marathon Oil for $22.50B and attained $5.40B of Marathon Oil's existing debt. The acquisition led to a significant increase in COP's oil-equivalent production, but also a substantial amount of debt, adversely affecting its FCF.[3]

Outlook
COP has many projects underway, including the Willow Project, liquified natural gas (LNG) Infrastructure, and Port Arthur. These projects are expected to generate more than $6B in cash flow annually between 2026 and 2029; however, the successful completion of these projects is crucial.[4] Another opportunity for COP is technological innovation. COP's Optimized Cascade Process (OCP) is a technology for liquefying natural gas, which it licenses to other companies, making COP the second-largest LNG liquefaction technology licenser.[5] Considering COP's impressive opportunities, the Carroll Fund holds an optimistic outlook for COP's future performance.

New transactions
No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$5,158.72	$5,145.98	1.23%	$76.44

First Solar Inc. (FSLR)

Security Description

First Solar Energy (FSLR) is a leading solar technology company and global provider of photovoltaic (PV) solar energy solutions.[1] FSLR designs, manufactures, sells, and provides operational maintenance for PV solar modules by utilizing advanced thin film semiconductor technology. FSLR generates nearly all its revenue from CdTe thin-film PV solar module sales. The thin-film solar modules efficiently convert sunlight into electricity.[2] FSLR boasts high revenue visibility, attributable to its generous backlog.[3] FSLR is committed to sustainable practices and its mission-centric, customer-focused strategy.

Impacts from H1

In H1, FSLR returned -36.15%, underperforming the S5ENRS sector index by 43.62%. In Q4 2024, FSLR reported an EPS of $3.65, which was $1.16 lower than analysts' consensus estimate of $4.81.[4] This large discrepancy was driven by continued manufacturing issues with its solar modules, resulting in a surge of warranty charges amounting to over $50M. Additionally, in Q3 2024, several of FSLR's contracts were terminated before completion, negatively impacting the company's expected cash flows.[5] FSLR has not benefited from new policies implemented by the Trump Administration, specifically the freezing of funding from the Inflation Reduction Act (IRA), which previously provided FSLR with tax credits.[6] Due to these threats, investors fear the company may be overvalued.

Outlook

FSLR is on track to be fully powered by renewable energy in 2028, and the company is expected to reach net-zero emissions by 2050. FSLR is poised for long-term recovery, a result of its substantial backlog and recent demand increase for alternative energy solutions. Our original investment thesis suggested that AI demand growth would surge energy capacity needs, leading to heightened demand for FSLR's utility-scale operations. Due to ongoing IRA funding disputes and manufacturing challenges, FSLR may not recover unless it identifies funding solutions and resolves its manufacturing problems. Until decisions are made about the IRA, the United States government contributes significantly to FSLR's FCF with $659.70M in tax credits, making it difficult for competitors to capture market share.[7] The Carroll Fund holds a neutral outlook on FSLR moving forward.

New Transactions

The Carroll Fund purchased 37 shares of FSLR at $198.00 on November 7, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$7,326.00	$4,677.91	-36.15%	$0

Halliburton Company (HAL)

Security Description
Halliburton Company (HAL) provides energy, engineering, product manufacturing, and construction services to firms involved in Oil & Gas exploration, development, and production. HAL is one of the largest suppliers of energy products and services, with operations including Drillbit and Completion Tool Manufacturing, Geographical Data Management, Hydrocarbon Locating, Pressure Pumping Services, Well Drilling, and Well Production Optimization.[1] HAL's revenue segments include the Completion & Production and the Drilling & Evaluation divisions. The Completion & Production division accounted for approximately 60% of Q4 2024 revenue and includes artificial lift and multi-chem, cementing, completion tools, pipeline and process services, production enhancement, and production solutions. The Drilling & Evaluation division accounted for the remaining approximately 40% of revenue in the same period and includes baroid, drill bits and services, sperry drilling, testing and subsea, and wireline and perforating.[2]

Impacts from H1
In H1, HAL returned -11.50%, underperforming the S5ENRS sector index by 18.97%. HAL relies significantly on domestic revenue, which has experienced weakened drilling activity, leading to pricing pressure. With ~40% of HAL's revenues stemming from North America, the firm is vulnerable to regional fluctuations. In 2024, HAL's North American revenue declined by 8.00% YoY, and the company projects the trend to continue in 2025. While HAL has an established backlog, lower negotiated prices have significantly reduced HAL's top line.[3] Additionally, natural disasters such as hurricanes and tornadoes have caused delays in operations, resulting in bottom-line headwinds. In Q3 2024, HAL launched its automated fracking technology, Auto Frac, which is now used in ~20% of projects. The Auto Frac technology is expected to gain popularity among fracking companies because of its efficiency and cost-reducing capabilities.[4]

Outlook
Investors are concerned that shifting OPEC policies will increase the amount of oil supply in circulation. As a result, oil prices could fall, diminishing HAL's pricing power for its oilfield services and products, and the demand for its onshore fracking activity.[5] HAL expects reduced revenues from international markets in 2025 driven by a sharp decline in demand from Mexico. The lack of activity is a product of Pemex, a Mexican-owned oil company that is currently being restructured to reduce the country's debt and reliance on internationally owned companies.[6] Due to expected declines in both North American and International activity, the Carroll Fund holds a slightly pessimistic outlook on HAL.

New Transactions
No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$4,706.10	$4,109.94	-11.50%	$27.54

Phillips 66 (PSX)

Security Description
Phillips 66 Company (PSX) is an American energy manufacturing and logistics company that refines, markets, and transports oil. PSX is one of the largest oil refiners in the United States, contributing to its advanced chemical manufacturing and power generation capabilities.[1] The majority of PSX's revenue comes from its Refining segment, while its Midstream business provides oil and gas transportation, storage, and processing services. PSX's Marketing & Specialties segment generates significant profits by purchasing and reselling refined petroleum products while manufacturing and marketing specialty products including base oils and lubricants. The company's third most profitable segment, Chemicals, operates as a strategic joint venture with Chevron Phillips Chemical Company, producing and marketing various petrochemical products.[2]

Thesis for Exiting
In H1, PSX returned -4.02%, underperforming the S5ENRS sector index by 3.45%. In Q4 2024, PSX reported a decrease in EPS with a loss of $0.15, primarily due to accelerated depreciation costs and suboptimal metrics in its Refining segment. The company's Chemicals segment also experienced significant setbacks, with high maintenance costs driving down adjusted pretax income by $235M QoQ.[3] PSX's stock price fluctuates due to underlying commodity price changes. The company's refining business is a key revenue generator yet remains exposed to crude oil price fluctuations, and when crude oil prices climb, PSX's margins compress. Unlike upstream companies that can effectively hedge against commodity price shifts through futures or swap contracts, PSX is unable to protect its margins.[4] The company confronts mounting challenges from global energy transition trends as the International Energy Agency (IEA) projects that "the world is set to add more than 5,500 gigawatts (GW) of renewable energy capacity between 2024 and 2030."[5] This significant renewable energy growth, accompanied by intensifying regulatory scrutiny, poses a fundamental risk to PSX's business model, which relies on fossil fuel-reliant enterprises. Though the company has entered the renewable energy space with its Rodeo renewable diesel facility, it continues allocating substantial capital to sustain legacy fossil fuel infrastructure instead of prioritizing energy transition innovations. Given these operational pressures, margin risks, and long-term strategic concerns, The Carroll Fund exited its position in PSX.

New Transactions
The Carroll Fund sold 57 shares of PSX at $126.17 on November 7, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$7,492.65	$7,191.21	-4.02%	$0

Suncor Energy (SU)

Security Description

Suncor Energy Inc. (SU) is an integrated energy company focused on the Exploration & Production, Refining, and Marketing of petroleum resources. Its operations span Crude Oil Refining, Oil Sands Development, and Onshore and Offshore Oil & Gas Production. SU is an industry leader in the trading and marketing of crude oil, natural gas, power, and refined products. The company generates most of its revenue in North America. Its Crude Oil Refining segment produces petroleum and petrochemical products, while its Marketing division manages product distribution, infrastructure, risk management, and trading. In the Oil Sands segment, Suncor extracts bitumen through mining and in situ methods, transforming it into synthetic crude oil (SCO) or diluting it for refining or sale. The Exploration & Production (E&P) segment focuses on offshore operations in Canada and has interests in Libyan oil fields.[1]

Impacts from H1

In H1, SU returned 6.49%, underperforming the S5ENRS sector index by 0.98%. SU built momentum in the back half of H1 due to several key developments. In a notable first, Chinese oil giant Rongsheng Petrochemical opened a Canadian office and selected SU for its initial purchase, signaling the potential for a long-term commercial relationship.[2] Additionally, in January, SU set a new oil production record, driven by increased export capacity and expanded output from the Canadian oil sands following the launch of the Trans Mountain pipeline expansion.[3] However, the company remains exposed to risks tied to environmental regulations and shifting government policy.

Outlook

SU is well-positioned to weather tariff-related headwinds better than many of its competitors. While tariff implications have negatively impacted much of the Energy sector, SU can retain roughly 60–65% of its oil within Canada through its domestic refining network. Its stable asset base and strong cash flows further reinforce its ability to absorb external shocks of potentially harmful tariffs.[4] Given its resilient operating model and continued growth, the Carroll Fund remains optimistic about SU's future performance.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$4,615.00**	**$4,840.00**	**6.49%**	**$74.40**

Financials

Managed by: Nathaniel Insko

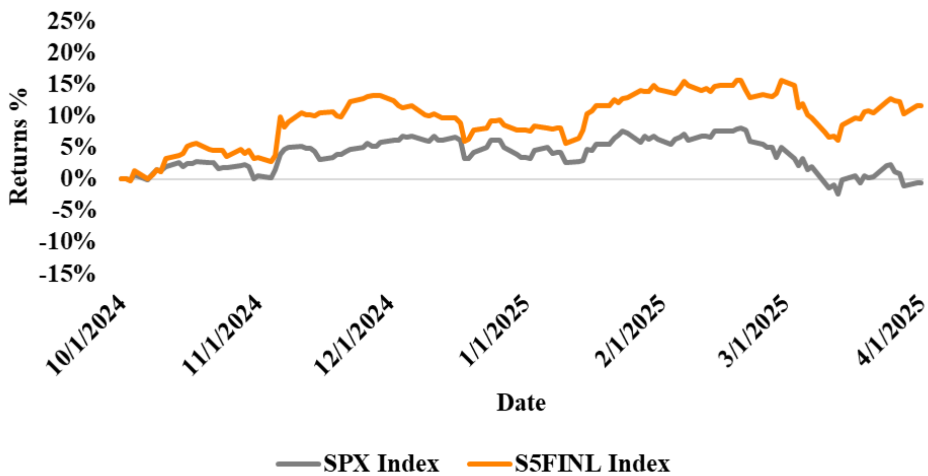
Sector Overview

The Financials sector includes firms that provide various financial services, including lending, investing, fintech, and insurance. Participants include banks, insurance companies, private equity firms, and general advisory services organizations. The sector tends to perform best during environments that reflect economic growth, low consumer debt, and limited government intervention. Financials are the second-largest sector in the S&P 500, comprising approximately 13% of the index's total weight. The Financials sector is highly cyclical, outperforming during economic expansion.[1] The Carroll Fund currently holds iShares US Insurance ETF (IAK), JPMorgan Chase & Co. (JPM), Kohlberg Kravis Roberts & Co Inc. (KKR), and S&P Global Inc. (SPGI)**,** but liquidated its PayPal Holdings Inc. (PYPL) position.

Impacts from H1

In H1, the Financials sector index (S5FINL) returned 10.80%, outperforming the S&P 500 by 12.76%. Despite the sector's strong outperformance in H1, our underweight position and stock underperformance led to negative attribution on both allocation and selection. Over the past six months, the sector navigated a shifting landscape, driven by changing Federal Reserve policy and rising macroeconomic uncertainty. After maintaining high interest rates for much of 2024, the Federal Reserve began cutting the federal funds rate in September, starting with a 50-basis point reduction, and continued easing through year-end, lowering the rate to 4.25%.[2] While these cuts aimed to stimulate growth, they also compressed net interest margins, a key revenue driver for banks. After surging in 2024 by nearly 30%, the Financials sector index declined by ~7% in Q1 of 2025.[3] The Federal Reserve postponed the rate-cutting cycle in March due to concerns over new tariffs introduced by the Trump Administration, raising stagflation concerns.[4] Mid-Cap Financials demonstrated resilience, outperforming the market on recovery optimism.[5] Looking ahead, the sector's trajectory will be shaped by the timing of further interest rate cuts, the durability of economic growth, and continued global trade uncertainty.

Performance



iShares US Insurance ETF (IAK)

Security Description

The iShares U.S. Insurance ETF (IAK) provides exposure to domestic insurance companies across Health, Life Property & Casualty, and Reinsurance segments. The fund's holdings generate revenue by underwriting insurance policies and earning investment income on float — the capital insurers retain before paying claims. These companies benefit from higher interest rates, disciplined underwriting, and diversified product offerings. The ETF's revenue exposure is approximately: 60% Property & Casualty Insurance (e.g., PGR, TRV, CB, ALL), 30% Life & Health Insurance (e.g., MET, AFL, PRU), and 10% Reinsurance & Multi-line carriers (e.g., ACGL, HIG).

Top 10 Holdings			
Progressive Corp.	17.83%	Aflac Inc.	4.60%
Chubb Ltd.	11.95%	Prudential Financial Inc.	4.18%
Travelers Companies Inc.	6.32%	MetLife Inc.	4.14%
Allstate Corp.	5.77%	Arch Capital Group Ltd.	4.06%
American International Group Inc.	4.63%	Hartford Financial Services Group Inc.	3.99%

Impacts from H1

In H1, IAK returned 7.95%, underperforming the S5FINL sector index by 2.85%. IAK's focus on insurance companies, which did not rebound as strongly as banks and asset managers during the period, drove this underperformance. Progressive reported a 38.00% YoY increase in Q1, largely driven by high interest rates, which helped boost investment income.[1] Meanwhile, banks like JPMorgan gained 17.50%. While IAK's defensive positioning helped protect capital, it limited the fund's participation in the broader financials rally.[2]

Outlook

The Carroll Fund believes IAK is well-positioned for steady, reliable performance. However, there are headwinds related to competitive pricing in the personal automotive space and the growing risk of large catastrophe losses that could pressure underwriting results.[3] If the Federal Reserve cuts rates faster than expected, insurers could lose a portion of their investment income advantage. While IAK serves as a sensible defensive holding, it offers limited upside in a risk-on environment. The Carroll Fund maintains a cautious stance, valuing its income stability while keeping performance expectations modest.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$13,421.30**	**$14,332.24**	**7.95%**	**$156.60**

JPMorgan Chase & Co. (JPM)

Security Description

JPMorgan Chase & Co. (JPM) is the largest domestic bank by assets and one of the most diversified financial institutions in the world. Revenue stems from four primary segments: 42% from Consumer & Community Banking, 38% from Corporate & Investment Banking, 15% from Asset & Wealth Management, and 5% from Commercial Banking.[1] Segments can be further broken down into Retail Banking, Credit Cards, Investment Banking, Asset Management, and Treasury Services. JPM's scale and balanced business model drive consistent performance across interest rate cycles and market environments.

Impacts from H1

In H1, JPM returned 17.52%, outperforming the S5FINL sector index by 6.72%.[2] This overperformance was led by the Corporate & Investment Banking segment; revenue grew by ~21% YoY, driven by a ~20% increase in Fixed Income and a ~22% growth in equities trading..[3] Consumer & Community Banking benefited from steady consumer spending and a resilient labor market, resulting in continued loan growth and credit card activity. JPM's credit quality remained strong, with net charge-offs and delinquencies staying near pre-pandemic levels. These factors helped JPM report 2024 Q4 earnings that beat consensus estimates and contributed to its outperformance.

Outlook

The Carroll Fund believes JPM is positioned for strong performance in H2 due to its diversified revenue sources and financial health. With the Federal Reserve maintaining elevated interest rates, JPM should benefit from steady net interest income. If market conditions stabilize and Investment Banking activity increases, this could further support earnings growth. However, there are still risks worth monitoring, including regulatory pressures, potential margin reduction caused by interest rate decline, and ongoing global economic uncertainty. The Carroll Fund maintains an optimistic outlook on JPM, viewing it as a high-quality holding and a long-term leader within the Financials sector.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$10,753.86	$12,510.30	17.52%	$127.50

Kohlberg Kravis Roberts & Co Inc. (KKR)

Security Description
KKR & Co. Inc. (KKR) is a global investment firm known for its leadership in Private Equity, Credit, Infrastructure, and Real Estate. Revenue is distributed across three primary sources: ~60% from management fees, ~25% from performance fees, and ~15% from investment income. These income streams stem from Asset Management and Insurance Operations.[1] KKR's flexible capital structure and focus on long-term value creation allow it to operate efficiently across various economic cycles. And its growing presence in Private Credit and Insurance, through Global Atlantic, adds durable income and complements its traditional buyout business. The Carroll Fund holds 182 shares of KKR, which represent 2.49% of the fund.

Impacts from H1
In H1, KKR returned 4.85%, underperforming the S5FINL sector index by 5.95%. Despite macroeconomic concerns surrounding tariff policy and stagflation risk, KKR was resilient, driven by its expanding Private Credit business and steady fee-related earnings.[2,3] KKR management noted increasing fundraising activity and strong deployment across Infrastructure and Insurance, helping offset softness in Private Equity exits.[4] The market's growing appetite for long-duration, non-bank lending strategies also played to KKR's strengths, particularly as traditional lenders regressed. Overall, consistency and durability drove the stock's outperformance, while navigating uncertainties in the current macroeconomic environment.

Outlook
The Carroll Fund views KKR as a strong, long-term investment thanks to its global presence, disciplined investment strategy, and mix of recurring fee income and growth potential. Its expanding focus on private credit and infrastructure positions KKR well for H2, especially if markets stabilize and deal flow materializes. In the short term, however, the environment remains challenging. High interest rates, slower exits from existing investments, and ongoing macroeconomic uncertainty continue to put pressure on performance. The Carroll Fund maintains a cautiously optimistic view of KKR as we believe in the firm's long-term strength, but will monitor changes in short-term macroeconomic conditions.

Transactions
Carroll Fund bought 182 shares of KKR at $110.26 on March 7, 2025.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$20,066.87**	**$21,041.02**	**4.85%**	**$0**

PayPal Holdings Inc. (PYPL)

Security Description

PayPal Holdings, Inc. (PYPL) operates as a global digital payment platform enabling consumers and merchants to send, receive, and manage money online. The company generates most of its revenue through transaction fees stemming from payment processing across its ecosystem, which includes PayPal, Venmo, Braintree, and Hyperwallet. Additional revenue streams come from value-added services, such as interest on customer balances and credit products. In 2024, PYPL processed $1.68T in total payment volume and generated ~$32B in revenue, reflecting about a 7% YoY increase.[1] The platform concluded the year with ~434M active accounts, adding nearly 9M new users.[2] Transaction fees constitute about 90% of PYPL's revenue, while value-added services account for the remaining 10%. Revenue per transaction varies, as customers pay both a percentage transaction fee and a fixed fee with every transaction. The company's revenue distribution is split 60/40 between domestic and international markets.[3] In H1, The Carroll Fund liquidated its PYPL position.

Thesis for Exiting

In H1, PYPL returned -4.56%, underperforming the S5FINL sector by 15.36%. This underperformance stems from declining Branded Checkout volume growth (a higher margin service), which dropped to 6.00% from 14.00% YoY.[4] Additionally, PYPL lacks a notable economic moat in a highly competitive sector with minimal product differentiation. Mobile payment companies essentially capture a portion of online transactions with little to distinguish their services. Customers wield significant negotiating power in the financial industry as they can easily switch to alternative payment processors with minimal incentives, further threatening PYPL's market share. The combination of diminishing high-margin business and a stagnant user base indicates that both top-line and bottom-line growth will continue to decelerate as active accounts become less productive and margins contract. Given the company's risks, limited upside potential, and more attractive opportunities elsewhere in the financial sector, we determined that reallocating capital to other investments would be more effective. Data relating to PYPL losing its higher-margin customers, coupled with minimal customer acquisition from competitors, reinforces our assessment. Considering these factors, the Carroll Fund exited its position to pursue strong growth opportunities in KKR.

New Transactions

The Carroll Fund sold 200 shares of PYPL at $74.47 on February 25, 2025.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$15,606.00	$14,893.58	-4.57%	$0.00

S&P Global Inc. (SPGI)

Security Description
S&P Global Inc. (SPGI) is a key player in global financial markets, best known for its credit ratings, financial data, and index businesses. The company makes money primarily through fees tied to debt ratings, recurring subscriptions to its data and analytics tools, licensing fees from indices like the S&P 500, and pricing data for commodities and energy markets.[1] The ratings segment represents about a third of the business, but the company's broader data and benchmarks platform offers stability when market activity slows. In 2024, SPGI reported $14.20B in revenue, up ~14% YoY, with all four major segments showing growth.[2] The company has become a core part of how investors and institutions operate, from managing risk to building index-based products.

Impacts from H1
In H1, SPGI returned -1.29%, underperforming the S5FINL sector index by 12.09%. The drag came mostly from a drop in Ratings revenue, which fell ~2% YoY in Q4 2024 as global debt issuance slowed.[3] In contrast, traditional financials like banks and insurers saw stronger performance due to high interest rates and solid credit quality. Even though SPGI's Indices and Market Intelligence businesses demonstrated resiliency, investor sentiment leaned toward rate-sensitive companies. For a firm tied significantly to market activity, slower issuance and macroeconomic uncertainty put pressure on the stock.

Outlook
Management expects 5.00%–7.00% revenue growth in 2025 and EPS of $17.00–$17.25, showing confidence in the company's recurring revenue base and demand for its data products.[4] As capital markets stabilize and debt issuance trends back toward normal levels, we expect Ratings to recover. With rising demand for ESG insights, passive investing, and risk analytics, SPGI remains well-positioned for long-term growth. The Carroll Fund maintains an optimistic outlook as we view SPGI as a long-term outperformer.

Transactions
No new transactions in H1

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$22,731.28	$22,356.40	-1.29%	$82.28

Healthcare

Managed by: Patrick Moody

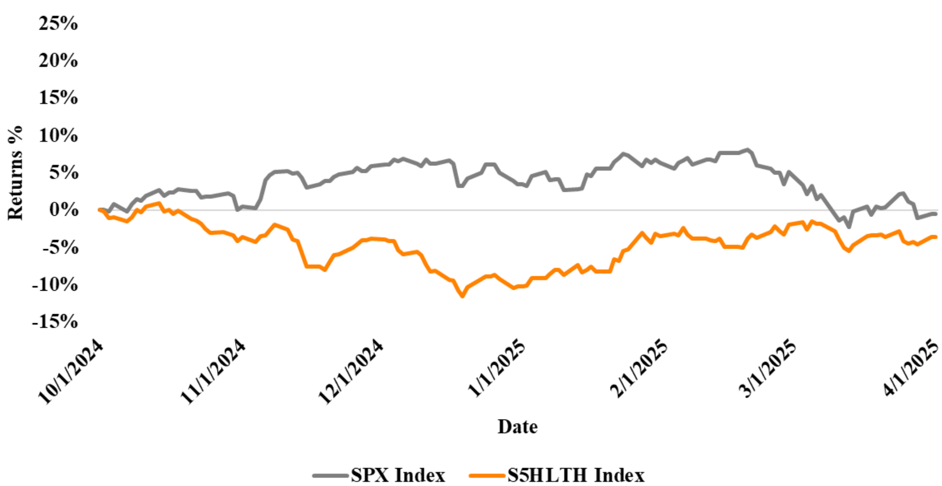
Sector Overview

The Healthcare sector is vast, including companies involved in the production and distribution of medical goods and the provision of medical services. There are several sub-sectors in Healthcare, which include industries such as Biotechnology, Health Insurers, Healthcare Equipment, Healthcare Technology, Life Sciences, Pharmaceuticals, and Providers & Services.[1] Being the third largest sector by weight in the S&P 500, Healthcare represents 11.59% of the index. Healthcare tends to outperform relative to other sectors in the domestic equity markets in the slower stages of the business cycle, as the sector is considered a “safe haven” for investors. Consumers and businesses will continue to spend on Healthcare regardless of the volatility in the economy. It is an absolute necessity, resulting in demand and price inelasticity. The Carroll Fund is underweight compared to the S&P 500 by roughly 4.33% with holdings in Aquestive Therapeutics (AQST), Hospital Corporation of America (HCA), and Merck, Inc. (MRK).

Impacts from H1

In H1, the Healthcare sector index (S5HLTH) returned -4.44%, underperforming the S&P 500 by 2.48%. Weak stock selection drove underperformance relative to the benchmark; however, downside was mitigated by an underweight positioning. Sector underperformance was pressured by the ongoing uncertainty surrounding drug pricing and the post-election policy environment. The appointment of Robert F. Kennedy as head of the Department of Health and Human Services (HHS) has introduced additional ambiguity, with uncertainty lingering around future healthcare legislation.[2] Investor sentiment was further impacted by mixed earnings across large-cap pharmaceutical and biotech firms.[3] Although the sector index underperformed the broader S&P 500 across H1, the Healthcare sector has rebounded in 2025 and has been the second-best performing sector through Q1 of this year.[4] The Carroll Fund maintains a positive outlook on Healthcare due to the current state and performance of markets. Given the continued volatility we have seen thus far in 2025, Healthcare presents a defensive opportunity to offset risk in other areas of the larger portfolio.

Performance



Aquestive Therapeutics Inc (AQST)

Security Description

Aquestive Therapeutics (AQST) is a specialty pharmaceutical company dedicated to improving patient care through innovative drug delivery technology. The company's lead technology, PharmFilm, enables medications to be delivered through orally administered films that dissolve on contact with the tongue or inside the cheek.[1] Existing revenue is driven by the licensing of AQST's lead technology and the co-development of existing medicines for delivery through PharmFilm. AQST also develops its own line of medicines to be delivered orally. Libervant, a buccal film treatment for seizure clusters in epilepsy, was approved by the FDA in 2024 for patients aged two to five and is being marketed nationwide. AQST continues to develop additional products alongside Libervant, most notably Anaphylm. Anaphylm delivers epinephrine via PharmFilm and is a potential first-in-class treatment for anaphylaxis.[2]

Impacts from H1

In H1, AQST returned -41.77%, underperforming the S5HLTH sector index by 37.33%. The underperformance was primarily driven by weak fiscal financials and the inherent volatility of micro-cap biotechnology firms, and by Q4 2024, revenue decreased by 10.00% YoY, resulting in a net loss of $17.10M. This was a substantial increase from the $8.10M loss in Q4 of 2023, and occurred from increased research and development expenditures related to Anaphylm and a decline in licensing and royalty revenue.[3] Given AQST is a micro-cap biotech firm, disappointing financial results and negative news have an outsized impact on the stock price relative to larger firms with more diversified revenue sources. A positive development for AQST is a new drug application for Anaphylm and projects approval by the summer of 2025.

Outlook

AQST is the most speculative and volatile security that the Carroll Fund holds in its portfolio. Our initial investment thesis was centered around the eventual delivery of Anaphylm through AQST's PharmFilm technology. If Anaphlym's approval momentum holds true, AQST will begin marketing the product in Q1 of 2026. The Carroll Fund holds a negative outlook on AQST because of 2024 financial performance, but if Anaphylm's approval and launch remain on schedule positively, performance should recover. We will closely monitor communications from AQST on these developments that might affect our position and impact our original investment thesis.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$14,382.24**	**$8,375.20**	**-41.77%**	**$0.00**

HCA Healthcare (HCA)

Security Description

Hospital Corporation of America (HCA) operates the largest health system in the United States and United Kingdom, operating over 190 hospitals and more than 50,000 beds. The company maintains well-diversified revenue streams, with no single service line accounting for more than 14% of inpatient revenue. HCA generates revenue by delivering a wide range of services, including: diagnostic imaging, emergency care, maternity care, specialized treatments, and surgeries. Approximately 50% of revenue comes from Commercial and Managed Care payers, and about 40% from Medicare and Medicaid, with the remainder from international and self-pay sources.[1] The company's growth strategy centers on scale and discipline, targeting high-growth, high-income markets with strong labor trends.[2]

Impacts from H1

In H1, HCA returned -12.22%, underperforming the S5HLTH sector index by 7.78%. The company's underperformance stemmed from its Q4 2024 earnings release, which did not meet the analysts' expectations. Despite reporting 11.00% YoY revenue growth, HCA faced higher-than-expected operating expenses and margin compression that weakened profitability. Hurricane disruptions at several key HCA facilities in H1 further impacted operations and contributed to earnings volatility. This earning's miss, combined with conservative full-year 2025 guidance, prompted multiple downward price projections. Throughout H1, investor sentiment remained cautious amid growing concerns about labor cost inflation and HCA's ability to maintain margin stability in a fluctuating reimbursement environment.[3]

Outlook

Despite recent underperformance, HCA has established a narrow moat in the Health System industry, primarily driven by its reputation for service quality, size & scale, and operational efficiency. HCA systematically implements best practices from its main facilities throughout its broader regional networks surrounding central hubs. This approach yields significant cost-related benefits and top-tier profitability compared to industry competitors.[4] The Carroll Fund maintains optimism regarding HCA's market-leading position, particularly considering Healthcare's defensive nature and the company's resilient business model in the current investment environment.

New Transactions

The Carroll Fund bought 14 shares of HCA at $360.36 on October 25, 2025.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$21,302.24	$18,695.34	-12.22%	$72.52

Merck & Co. (MRK)

Security Description

Merck & Co, Inc. (MRK) is a global healthcare company headquartered in Rahway, NJ that produces Animal Health Products, Human Health Vaccines, and Pharmaceuticals. MRK operates in over 140 countries and is an industry leader regarding its approach to research & development, innovation, and sustainability. The organization is highlighted as the most consistent pharmaceutical company and one of the most sustainable companies regardless of industry every year.[1] Its key products include the cancer immunotherapy Keytruda, the Human Papillomavirus (HPV) vaccine Gardasil, and treatments for diabetes and infectious diseases like Januvia and Janumet. In 2024, Keytruda was the top-selling drug worldwide by a wide margin, generating $27.20B in revenue.[2]

Impacts from H1

In H1, MRK returned -19.57%, underperforming the S5HLTH sector index by 15.13%. Following mid-2024 reports of decreasing Gardasil sales in China, MRK announced that it would temporarily halt all Gardasil shipments to the Chinese market on the company's earnings call in February. The company pulled its guidance of $11.00B in Gardasil revenue from China by 2030.[3] As a result, 2025 revenue guidance missed analysts' estimates, and shares fell by more than 9.00% on February 5, resulting in a market capitalization loss of over $30B in a single trading day. This disruption not only raised concerns about revenue from China but also brought to light the company's dependency on a few key products for long-term growth.[4] With Gardasil's revenue trajectory now uncertain, investors are closely watching how MRK plans to mitigate this impact through new product launches.

Outlook

The Carroll Fund holds a slightly optimistic outlook on our current position in MRK. The firm holds a dominant position in the oncology market with Keytruda, although there are growing concerns around this position with an upcoming 2028 patent loss. The Carroll Fund believes that the H1 price movement is an overreaction to the Gardasil news and that MRK's experienced management team and late-stage pipeline will drive positive gains again moving forward.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$14,081.44**	**$11,130.24**	**-19.57%**	**$195.92**

Industrials

Managed by: Cayle Beltran

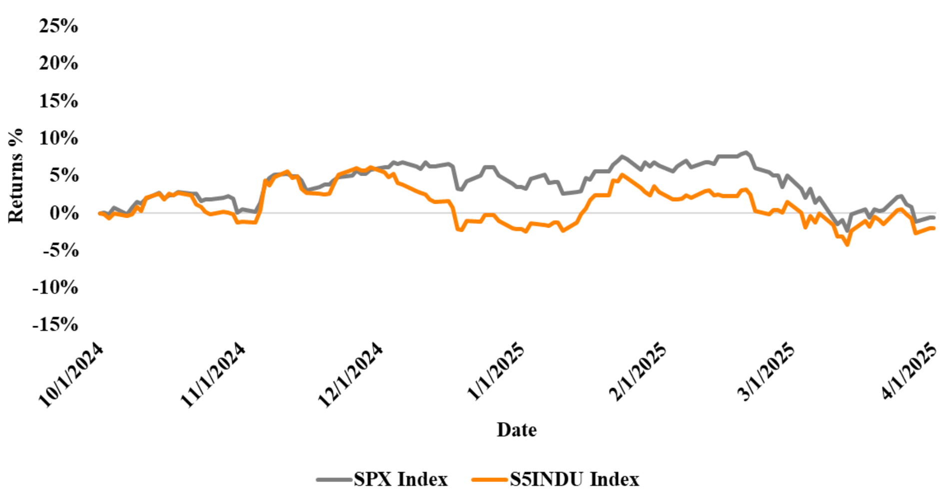
Sector Overview

The Industrials sector ranks as the sixth largest within the S&P 500, currently representing 8.46% of the index.[1] This sector contains three main industry groups. Capital Goods includes companies involved in Aerospace & Defense, Construction & Engineering, Machinery, and Electrical Equipment. Commercial & Professional Services covers diverse service companies spanning Employment Services, Environmental Services, Research & Consulting, and Data Processing. Transportation encompasses Ground Transportation, Passenger Airlines, and Air Freight & Logistics.

Impacts from H1

In H1, the Industrials sector index (S5INDU) returned -2.57%, underperforming the S&P 500 by 0.61%. Though the sector underperformed in H1, our underweight positioning generated positive allocation attribution, but our holdings' weak performance created negative selection attribution. United States manufacturing showed an initial improvement from October through January, but the Purchasing Managers' Index (PMI) began contracting again in early 2025. By late H1, the PMI had dropped below 50.00, indicating slowing demand and reduced industrial output.[2] Tariff concerns significantly impacted sector sentiment, as the new Trump Administration's proposed surcharges on imports from China, Mexico, and Canada increased cost projections for Capital Goods producers and disrupted trade flows.[3] These policies intensified pressure on global supply chains and created an environment of caution that delayed investment and leasing decisions throughout the Industrial sector.[4] Amid these growing risks, investor concerns about a potential slowdown in domestic economic growth placed additional pressure on the sector. Nevertheless, increasing global defense spending continues to serve as a key performance driver, particularly for companies in the Aerospace & Defense industry.

Performance



Amentum Holdings Inc (AMTM)

Security Description

Amentum Holdings Inc. (AMTM) operates as a holding company and is a global leader in advanced engineering and innovative technology solutions. AMTM generates revenue through its Critical Missions Solutions (CMS) and Cyber & Intelligence subsidiaries by delivering services in citizen systems, data analytics, engineering & integration, environmental & climate sustainability, intelligence & counter-threat solutions. Headquartered in Chantilly, Virginia, AMTM employs more than 53,000 people and operates in approximately 80 countries across all seven continents. The company is a trusted partner of the United States and its allies, providing support for complex challenges across science, security, and sustainability.[1]

Impact from H1

In H1, AMTM returned -39.80%, underperforming the S5INDU sector index by 37.23%.[2] The stock initially rose ~22.00% following its addition to the S&P 500 Index, a move that briefly boosted investor sentiment. However, shares declined sharply the next day, following the typical pattern of temporary gains seen in index additions.[3] On December 23, 2024, AMTM was reclassified into the S&P SmallCap 600 Index, reflecting reduced investor confidence and market capitalization.[4] The company reported Q1 earnings on February 5, 2025, which were strong and aligned with analyst expectations, yet the stock continued to struggle. Much of this underperformance was driven by a shift in federal policy under the Trump Administration. The Department of Government Efficiency (DOGE) introduced widespread government spending cuts, creating sector-wide headwinds for federal contractors like AMTM. Consequently, expected revenue growth has slowed with AMTM's EBIT and FCF margins trailing those of peers in the sector, further limiting its ability to generate sustained growth.

Outlook

Despite the challenges, AMTM's large revenue base, including ~$14B in revenue and a ~$45B backlog, provides the company with the scale necessary to drive success within the sector. However, AMTM remains overleveraged compared to its peers, which may deter potential acquirers, especially as uncertainty surrounding the sector continues.[5] The Carroll Fund remains slightly pessimistic about the stock in the near term, but we see potential upside as their Q1 earnings report and forward guidance were strong across all key financial metrics, offering much-needed clarity for investors.

New Transactions

The Carroll Fund bought 727 shares of AMTM at $29.99 on October 17, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$21,802.73**	**$14,833.00**	**-39.80%**	**$0.00**

FedEx Corporation (FDX)

Security Description

FedEx Corporation (FDX) delivers packages and freight to countries and territories worldwide, offering a broad range of business services, e-commerce, and transportation, utilizing its integrated global network. Headquartered in Memphis, Tennessee, FDX is the world's largest express transportation provider, operating in over 220 countries.[1] FDX represents the transportation industry within the S&P 500 Industrials sector, specializing in Customs Brokerage, Express and Freight Delivery, Ground Small-Parcel Shipping, Less-Than-Truckload Services, Supply Chain Management, and Trade Facilitation.

Impacts from H1

In H1, FDX returned -10.09%, underperforming the S5INDU sector index by 7.52%. FDX also lagged the TRAN Index, which tracks NASDAQ transportation stocks, by -1.25%.[2] The Transportation industry faced broad challenges throughout the period, including slowing freight demand, persistent overcapacity, and a weak recovery in freight rates. Inventory adjustments and decreased consumer spending contributed to limited growth across the sector.[3] One of the most significant headwinds came from renewed tariff threats. Higher tariffs could lead to increased prices, which would reduce demand for goods and ultimately slow economic activity. FDX saw its first major drop on February 3, when the stock fell 5.26% following the Trump Administration's announcement of 25.00% tariffs on imports from Canada and Mexico.[4] FedEx's largest single-day decline came on March 31, when shares dropped 6.45% after the company lowered its full-year guidance due to ongoing inflationary pressures and uncertain shipment demand.[5]

Outlook

FDX recently announced plans to spin off FedEx Freight into an independent company. The move is expected to improve operational focus, increase accountability, and provide greater agility, allowing both companies to pursue profit growth and increase market value. Each entity will maintain a strong balance sheet, giving them the flexibility to invest in growth and return capital to shareholders. The FDX brand will remain unified, with the new company operating under the name FedEx Freight.[6] Although we view the spinoff as a long-term positive for investors, the Carroll Fund remains fairly pessimistic on FDX, as ongoing tariff concerns and the potential for a prolonged trade war continue to weigh on the company's outlook.

New Transactions

The Carroll Fund bought 11 shares of FDX at $273.78 on October 25, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$9,579.95**	**$8,532.30**	**-10.09%**	**$81.42**

Hudson Technologies Inc. (HDSN)

Security Description

Hudson Technologies Inc. (HDSN) provides heating, ventilation, and air conditioning (HVAC) products and services, with a focus on environmental sustainability. HDSN's goal is to protect the ozone layer using patented reclamation technology that removes moisture and impurities from refrigeration systems, enabling the recovery and reuse of chlorofluorocarbons (CFCs) used in commercial air-conditioning and refrigeration.[1] HDSN sells both reclaimed and new refrigerants while also purchasing used refrigerants for processing. Chemical refrigerant is used in air conditioners, refrigeration systems, and heat pumps to absorb heat and transfer it to cool down areas. The firm also offers Chiller Decontamination, Refrigerant Oil Analysis, Refrigerant Recovery, Refrigerant Sales, and System Conversions programs aimed at reducing greenhouse gas emissions and improving energy efficiency.

Thesis for Exiting

In H1, HDSN returned -29.98%, underperforming the S5INDU sector index by 27.41%. This underperformance was driven by political uncertainty and deteriorating revenue expectations. The potential for policy rollbacks under the Trump Administration created significant headwinds, particularly as environmental, social, and governance (ESG) initiatives face cutbacks. As the Trump Administration moves away from climate-focused policies, HDSN's core business – refrigerant reclamation aimed at reducing greenhouse gas emissions – has become less of a regulatory priority, weakening investor confidence in long-term demand for reclaimed refrigerants. Although HDSN initially benefited from regulatory tailwinds under the American Innovation and Manufacturing (AIM) Act, the early growth surge has begun to taper. Industry data now projects the company's revenue growth to underperform in the broader market and potentially decline.[2] The HVAC industry's transition to low global warming potential (GWP) refrigerants such as R-454B and R-32 is reducing demand for reclaimed high-GWP refrigerants, HDSN's main product offering.[3] Although the Environmental Protection Agency (EPA) plans to require reclaimed refrigerant use in certain non-residential sectors, such as in Commercial Ice Makers, Refrigerated Transport, and Supermarket Systems in 2029, that timeline falls beyond the Carroll Fund's investment horizon.[4] Given these structural headwinds, increased competition, and weaker financial positioning, the Carroll Fund liquidated its position.

New Transactions

The Carroll Fund sold 1,070 shares of HDSN at $5.84 on March 7, 2025.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$8,923.80**	**$6,248.62**	**-29.98%**	**$0.00**

Jacobs Solutions Inc. (J)

Security Description
Jacobs Solutions Inc. (J) provides technical and professional services to clients around the world. The company generates revenue by offering Construction, Engineering, and Scientific Consulting Services across a variety of industries, including Advanced Manufacturing, Energy, Life Sciences, Transportation, and Water & Environmental. Headquartered in Dallas, Texas, J employs over 45,000 people and serves a diverse client base of corporations, organizations, and government agencies.[1]

Impacts from H1
In H1, J returned -2.33%, outperforming the S5INDU sector index by 0.24%. J traded in line with the S&P 500 for most of H1, with performance influenced by broader economic cycles, fiscal policy shifts, and general market stability. The stock experienced a significant decline of 4.87% on November 19, 2024, after the company reported Q4 earnings that included adjusted EBITDA of $289.00M, missing analyst estimates by 15.00%. Despite the earnings' miss, the stock rebounded afterwards, as investors responded positively to the company's reported ~$21B order backlog. This backlog is supported by key projects across three major end markets: Advanced Manufacturing & Life Sciences, Critical Infrastructure, and Water & Environmental.[2] Since Q1 FY2025 earnings in late-H1, the share price declined, with adjusted net revenue growing by only 5.10%. Net income margin turned negative due to losses from the mark-to-market adjustment of J's ownership stake in Amentum (AMTM).[3]

Outlook
Nuclear energy is expected to see significant growth in 2025, particularly as it helps meet rising power demand driven by the expansion of AI and data centers. As a top advisor and project manager to companies and organizations operating in the Energy sector, J has extensive experience in nuclear projects, including its ongoing contract supporting the United Kingdom's nuclear power plants. J is also delivering value to shareholders through its recent dividend increase to $0.32 per share – a 10.00% YoY increase – and the authorization of a $1.50B share repurchase program, the company's largest ever, which will be executed over the next three years. The Carroll Fund remains optimistic in our position in J and believes the company is well-positioned for future endeavors.

New Transactions
The Carroll Fund sold 26 shares of J at $142.98 on October 17, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$11,519.20	$7,495.18	-2.33%	$37.82

Lockheed Martin Corporation (LMT)

Security Description

Lockheed Martin Corporation (LMT) is a global security and aerospace company that researches, designs, develops, manufactures, and integrates advanced technology products and services. Headquartered in Bethesda, Maryland, the company employs over 121,000 people and maintains approximately 335 facilities worldwide.[1] LMT operates in the Aerospace & Defense industry and serves both domestic and international customers across Civil, Commercial Markets, and Defense with its primary contractor being the United States Government. The company operates through four main business segments: Aeronautics, Missiles & Fire Control (MFC), Rotary & Mission Systems (RMS), and Space.

Impacts from H1

In H1, LMT returned -22.45%, underperforming the S5INDU sector index by 19.88%.[2] The first major decline occurred on October 22, 2024, when shares fell as much as 5.70% due to delays in the funding and authorization of F-35 fighter jets – one of the most expensive defense programs in the United States and the largest revenue generator for LMT.[3] The most significant drop came on January 28, 2025, when the stock declined 9.18% after the company reported disappointing Q4 earnings. EPS fell to $2.22, far below the $6.62 consensus estimate, largely a result of a $1.70B loss tied to classified programs within the Aeronautics and Missiles & Fire Control segments.[4] More recently, shares dropped 6.40% on March 21, following news that Boeing was awarded a contract to develop the United States Air Force's next-generation fighter jet, replacing LMT's F-22 Raptor.[5] On a positive note, Lithuania's defense minister, Dovile Sakaliene, met with executives from several major defense firms, including LMT, where he expressed a "need" for "at least $8B" in additional business with United States defense companies over the coming years.[6]

Outlook

The global defense industry still has a strong growth outlook, driven by rising geopolitical tensions and increased defense spending worldwide. As the largest United States defense contractor, LMT continues to benefit from steady contract flows for its combat-proven products from the Pentagon and United States allies, pushing their backlog to a record high of over $176B.[7] The Carroll Fund remains slightly optimistic regarding LMT as the company remains focused on growing its market share through initiatives centered around AI, 6th-gen aircrafts, and cyber-hardened systems.[8]

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$8,183.84	$6,253.94	-22.45%	$92.40

United Parcel Service Inc. (UPS)

Security Description
United Parcel Service Inc. (UPS) is a global package delivery and supply chain management company that generates revenue through transportation, logistics, customs brokerage, insurance, and freight services. The company operates an integrated air and ground network that supports Global Supply Chain Solutions and Less-Than-Truckload (LTL) transportation. Headquartered in Atlanta, Georgia, UPS delivers approximately 22.30M packages each business day across more than 220 countries and territories. The company employs over 500,000 people and operates through three business segments: International Package, Supply Chain Solutions, and United States Domestic Package.[1]

Thesis for Exiting
Over the Carroll Fund's holding period, UPS returned -3.72%, underperforming the S5INDU sector index by 1.15%. The decision to liquidate the position was driven by several factors, including weakening company fundamentals, heightened customer concentration risk, and a steadily declining competitive edge in key growth areas. UPS faced demand headwinds following labor disputes, including the highly publicized Teamsters negotiations, leading to incremental wage increases totaling $7.50 per hour by 2028.[2] Additionally, Amazon, UPS's largest customer, at around 11% of total revenue has accelerated efforts to insource its logistics operations, creating long-term demand uncertainty.[3] This has contributed to an extended period of declining domestic package volume, which is expected to decrease by 7.51% in 2025.[4] Financially, UPS has experienced a steady decline in both market capitalization and enterprise value. These negative trends, along with lowered revenue expectations for 2025 at ~$88B, down from ~$91B the previous year, and an expected EPS decline of 1.15%, point to weakening financial performance and growing concerns over long-term profitability.[5] Despite new growth initiatives in Asia-Pacific and the Healthcare Logistics space, projected near-term returns did not justify maintaining our position. Leading up to the exit, UPS showed little sign of recovery, and confidence in a turnaround remained low in comparison to other companies in the Transportation industry. As a result, the Carroll Fund liquidated UPS and reallocated the capital to FedEx, where we believe operational improvements and strategic initiatives offer greater upside.

New Transactions
The Carroll Fund sold 53 shares of UPS at $131.27 on October 23, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$7,226.02	$6,957.12	-3.72%	$0.00

Information Technology

Managed by: Zachary Snipes

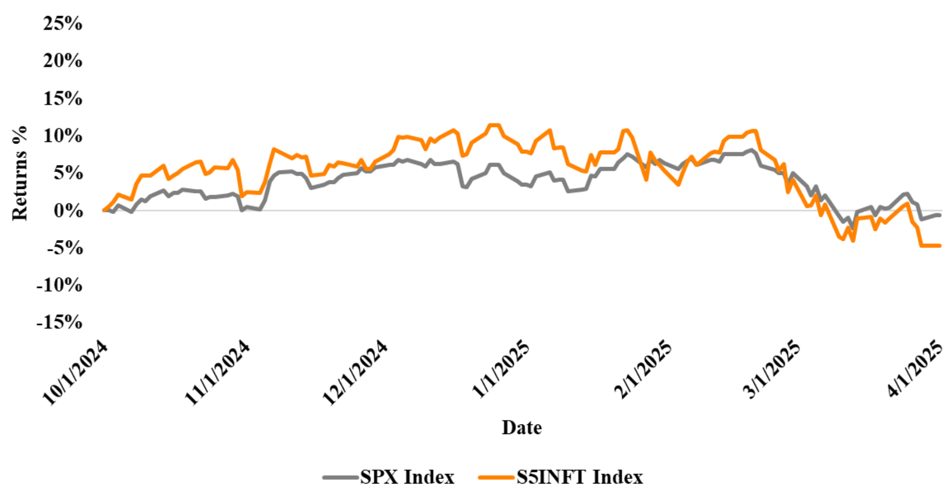
Sector Overview

The Information Technology sector represents 29.83% of the S&P 500 and is the largest of the eleven sectors in the index.[1] The sector includes companies that design, develop, and support computer operating systems and applications; it also includes companies that make computer equipment, data storage products, networking products, semiconductors, and components. Technology companies generally fall under one of three sub-industries: Semiconductors, Software & Services, and Technology Hardware & Equipment. Operations include the creation and maintenance of social and enterprise software applications, the creation and maintenance of hardware devices used to store data and house software applications, cybersecurity, and semiconductor manufacturing.[2] Industries like Semiconductors and Hardware Manufacturing face significant cyclicality in earnings as inventory management exacerbates elastic demand. Conversely, enterprise software and cybersecurity products are essential for customers, resulting in relatively inelastic demand and making these industries more defensive.[3]

Impacts From H1

In H1, the Information Technology sector index (S5INFT) returned -8.39%, underperforming the S&P 500 by 6.43%. Though the sector underperformed in H1, our overweight positioning and strong stock selection allowed us to significantly outperform the benchmark, resulting in positive selection attribution. The index underperformance can be largely attributed to overvaluation selloffs and the underwhelming returns of the three heaviest-weighted equities in the sector index, Apple, Microsoft, and Nvidia, each of which had absolute negative returns in H1. The late January release of China's Deepseek R1 AI model sent investors into a sudden panic as the market lost over $1T.[4] However, economic uncertainty was the leading contributor to the lackluster performance, specifically regarding the impacts of tariff policy changes. The major losses that occurred to close out the period followed an early March interview with President Trump in which he stated that the United States would be entering "a period of transition," and that he did not rule out a recession.[5] Investors are opting to take a more defensive position, and the IT sector has consequently suffered.

Performance



Apple Inc. (AAPL)

Security Description

Apple Inc. (AAPL) designs, manufactures, and markets smartphones, personal computers, tablets, wearable accessories, and various related accessories. Revenue segments can be split into five categories: iPhone, iPad, Mac, and Wearables, Home & Accessories. Wearables, Home & Accessories product offerings include smartwatches, wireless headphones, Apple TV, HomePod, and third-party accessories. The remaining revenue stems from Services, which include advertising, AppleCare, cloud applications, digital content, and payment services.[1] Strategically, AAPL's iOS platform offers unique features like iMessage, AirDrop, AirPlay, FaceTime, FindMy, ApplePay, and various others, allowing devices to function in an interconnected ecosystem that is exclusive to users. AAPL has historically capitalized on its distinguished brand image, high-quality products, strong customer retention, and ability to pioneer cutting-edge technology.[2]

Impacts from H1

In H1, AAPL returned -4.37%, outperforming the S5INFT sector index by 4.03%. The stock built significant momentum following a strong Q4 earnings report on Halloween, highlighted by $94.90B in revenue and iPhone revenue of $46.20B, both of which set Q4 records. The gains were short-lived, as iPhone demand slowed in China, paired with growing economic uncertainty, led to a disappointing Q1. AAPL fell to third place in the Chinese smartphone market, holding a ~15% share in 2024, nearly a 17% YoY decrease. Analysts believe that Chinese consumers are opting for homegrown Vivo and Huawei phones primarily due to the company's sluggish integration of its AI system, which is not yet available in China.[3]

Outlook

The Carroll Fund remains optimistic as AAPL gradually shifts into the mature stage of its life cycle. Growth expectations, while present, have been suppressed, as AAPL transitions into a value-oriented stock. The slow integration is a result of AAPL's privacy-first approach to AI; it aims to reduce reliance on cloud-based data processing in hopes of enhancing user trust and security. The model would distinguish the firm from other large competitors that depend on extensive cloud datasets.[4] AAPL continues to demonstrate its commitment to differentiation and user experience, which promotes sustainability and consistency.

New Transactions

The Carroll Fund bought 13 shares of AAPL at $229.55 on November 21, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$43,571.00	$44,426.00	-4.37%	$96.75

First Trust NASDAQ Cybersecurity ETF (CIBR)

Security Description
The First Trust NASDAQ Cybersecurity ETF (CIBR) is an exchange-traded fund that tracks the NASDAQ CTA Cybersecurity index. The fund invests in companies that build, operate, and maintain electronic security platforms applied to private and public networks, computers, and mobile devices to provide protection of data integrity and network operations. CIBR holds fewer stocks, 33 to be exact, than a typical broad index fund, making it more volatile than similar offerings. The fund charges an expense ratio of 0.59%.[1]

Top 10 Holdings as of November 21, 2024			
CrowdStrike Holdings, Inc.	9.03%	Leidos Holdings, Inc.	4.65%
Cisco Systems, Inc.	8.49%	Fortinet Inc.	4.63%
Broadcom Inc.	8.04%	Booz Allen Hamilton Holding Corporation	4.23%
Palo Alto Networks, Inc.	8.03%	Cloudflare Inc.	3.99%
Infosys, Ltd.	6.93%	Gen Digital Inc.	3.94%

Thesis for Exiting
The Carroll Fund originally initiated its CIBR position to gain exposure to the growing cybersecurity industry without assuming large idiosyncratic risks. However, a continued hold in CIBR demonstrated a distinct lack of confidence in Palo Alto Networks, Inc. (PANW), as we had previously sold a position in CIBR to initiate a position in PANW. After consideration, we concentrated our cybersecurity exposure by reallocating our CIBR position to PANW, making it our primary cybersecurity holding. CIBR was already correlated with PANW, as it represented the fourth-largest holding and 8.03% of the exchange-traded fund (ETF). CIBR demonstrated lackluster risk metrics, posting a raw beta of 1.18 and adjusted beta of 1.12 compared to the S&P 500, whereas PANW posted a raw beta of 1.14 and adjusted beta of 1.09.[2] This suggests that the diversification benefit of holding an ETF as opposed to a single stock is minuscule if not absent entirely. Considering over 60% of CIBR is concentrated in a small number of holdings, the ETF is still subject to idiosyncratic risks that span across multiple companies.[3] We concluded that investing in a single firm with proven growth prospects was a superior strategy than holding a fund of similar risk.

New Transactions
The Carroll Fund sold 145 shares of CIBR at $63.37 on November 21, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$8,588.35	$9,187.67	6.98%	$0.00

JPMorgan Nasdaq Equity Premium Income ETF (JEPQ)

Security Description
The JPMorgan NASDAQ Equity Premium Income ETF (JEPQ) provides incremental income to investors in the form of monthly cash distributions. The fund seeks to reduce risk while maintaining appreciation upside potential by utilizing a covered call option strategy. JEPQ purchases NASDAQ 100 stocks and writes out-of-the-money call option derivatives. As a result, a portion of capital gains returns are traded for immediate cash generation and reduced volatility. The actively managed fund holds $22.77B in assets under management and charges a 0.35% expense ratio.[1]

Top 10 Holdings as of November 21, 2024			
Nvidia Corporation	7.52%	Alphabet Inc.	3.93%
Apple Inc.	7.15%	Broadcom Inc.	3.49%
Microsoft Corporation	6.48%	Tesla Inc.	2.94%
Amazon.com Inc.	4.59%	Netflix Inc.	2.09%
Meta Platforms Inc.	4.21%	Costco Wholesale	1.61%

Thesis for Exiting
The Carroll Fund originally initiated its JEPQ position in April 2024 to protect ourselves from valuation risk and the potential burst of the "AI bubble." We concluded that the AI boom would soon taper off and that the fund would outperform its benchmark and peers if we adopted a defensive strategy within the bullish and volatile IT sector. However, by holding a fund that outperforms other assets in sideways and declining markets, we missed out on potential gains. JEPQ represented a placeholder that shielded the portfolio from market uncertainty. At the time of the proposal, The Carroll Fund held a slightly optimistic economic view, specifically with the goal of being overweight in IT. We concluded that this optimism would persist across our three-to-five-year investment horizon and that this restrictive strategy would not generate alpha in bullish markets. We opted to liquidate the position and use the proceeds to increase weight in our AAPL, MSFT, PANW, and TSM positions.

New Transactions
The Carroll Fund sold 210 shares of JEPQ at $56.32 on November 21, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$11,535.30**	**$11,826.87**	**4.43%**	**$219.29**

Microsoft Corporation (MSFT)

Security Description
Microsoft Corporation (MSFT) is a technology company that offers software applications, cloud storage, operating systems, hardware devices, and advanced security solutions. Revenue stems from three segments: Intelligent Cloud, and More Personal Computing, and Productivity & Business Processes. The Intelligent Cloud segment consists of its public, private, and hybrid server products and cloud services, including its Azure AI platform, SQL Server, and Windows Server. The More Personal Computing segment is headlined by its Windows operating system, Xbox and its related products, and devices such as the Surface tablet. The Productivity & Business Processes segment contains various communication and information products such as Office 365, Bing, Skype, and LinkedIn.[1]

Impacts from H1
In H1, MSFT returned -12.15%, underperforming the S5INFT sector index by 3.76%. The stock saw two significant loss periods, both of which were earnings market reactions. In October, MSFT reported decreases in Cloud segment margins and FCF of 2.00% and 7.00% YoY, respectively, largely driven by AI capital expenditures and infrastructure scaling. LinkedIn reported record engagement, and the gaming segment saw a ~43% YoY revenue increase, allowing the stock to build momentum in November and December.[2] In the two days following the January earnings release, the stock fell ~7% as Commercial Cloud and Intelligent Cloud revenue reports played a major factor. Supply constraints within the AI infrastructure have been handicapping Azure's ability to meet demand. The company plans to spend more than $80B in FY 2025 to build data centers, which will expand its AI platform's capacity.[3] MSFT, along with the broader technology sector, experienced a prolonged selloff period in the closing weeks of H1 due to economic uncertainty.

Outlook
The Carroll Fund remains optimistic about MSFT. Current valuation multiples such as price to earnings (P/E), Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization (EV/EBITDA), and EV/Revenue suggest that the stock is undervalued.[4] When MSFT eventually resolves its AI infrastructure shortage, it will firmly establish itself as a premier player in the AI and Cloud Computing spaces. This will position the firm for long-term growth and sustainability, allowing it to reward its shareholders throughout the mature stage of its life cycle.

New Transactions
The Carroll Fund bought 7 shares of MSFT at $412.69 on November 21, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$42,599.70**	**$39,791.34**	**-12.15%**	**$170.15**

Monolithic Power Systems Inc. (MPWR)

Security Description
Monolithic Power Systems, Inc. (MPWR) is based in Kirkland, Washington, and provides high-performance power solutions as one of the most innovative fabless semiconductor companies in the Information Technology sector. At its core, MPWR embodies deep system-level knowledge, strong semiconductor design expertise, and innovative proprietary semiconductor process and system integration technologies.[1] MPWR operates through two primary product categories: Power Management Integrated Circuits (PMICs) and System Solutions across key end markets.[2] MPWR generates revenue by designing and selling analog & mixed-signal semiconductors used to regulate power in advanced electronic systems, including AI servers, EVs, factory automation, and communications infrastructure.

Impacts from H1
In H1, MPWR returned a modest 0.63%, outperforming the S5INFT sector index by 9.02%. The position was initiated on March 28, offering MPWR minimal time to contribute meaningfully to portfolio performance. However, our position reflects the Carroll Fund's view that MPWR is well-positioned to benefit from long-term demand trends in power management and advanced electronics. MPWR plays a critical role in powering AI infrastructure, supplying key power solutions for Nvidia's graphic processing unit (GPU) platforms. While Enterprise Data remains a key growth driver, MPWR is expanding into Automotive, Industrial, and Communications end markets, which are expected to comprise 38.00% of 2025 revenue.[3] Management projects approximately 10–15% revenue growth above market through 2027, driven by strong execution and rising exposure to electrification and automation.

Outlook
The Carroll Fund holds the opinion that MPWR will benefit from long-term growth in AI, Automotive, and Industrial end markets. The company's fabless model supports operating efficiency and scalability, while its deep relationships with leading customers enable consistent design wins across applications. Expansion into silicon carbide, battery systems, and communications infrastructure further diversifies its revenue base.[4] The Carroll Fund maintains an optimistic view on MPWR's ability to execute its strategy and generate strong results in evolving semiconductor markets.

New Transactions
The Carroll Fund bought 31 shares of MPWR at $576.32 on March 28, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$17,865.80	$17,979.38	0.64%	$0.00

Palo Alto Networks Inc. (PANW)

Security Description
Palo Alto Networks Inc. (PANW), is a global cybersecurity provider, offering general network security, cloud security, and AI-powered solutions. General functions include the identification and control of applications, content threat scanning, and data leakage prevention. Revenue is sourced from two segments: Hardware & Software Products and Subscription & Support. Customers are primarily large enterprises, service providers, and government entities, with revenues stemming from the Americas, EMEA, and Asia Pacific.[1] Strategically, PANW has shifted to adopt a consolidated "platformization" business model at the expense of short-term growth. Rather than offer an array of options, each with its individual function, the company aims to package hardware, software, and cloud security services into one platform purchase.[2]

Impacts from H1
In H1, PANW returned -4.88%, outperforming the S5INFT sector index by 3.51%. The firm benefitted from AI tailwinds and performed well following the election of President Trump and the announcement of the Stargate Project, which includes plans to build twenty data centers as part of a more than $500B AI infrastructure investment. The November earnings release revealed YoY revenue growth of 14.00%, and remarks from CEO Nikesh Arora reinforced confidence in the platformization strategy, which contributed to the initial climb.[3] However, the stock experienced a massive selloff stretch to close out the period, which can be largely attributed to an underwhelming Q2 earnings report in February. Despite a beat, annual recurring revenue (ARR) was down nearly $40M QoQ, suggesting that subscription demand for next-generation security products has deflated, and the market soon realized that PANW may have been overvalued.[4]

Outlook
Palo Alto pioneered the "platformization" strategy and has since seen competitors adopt a similar product offering, such as CrowdStrike's "Falcon." In a highly competitive industry, it's reassuring that PANW continues to lead on the technology front. The Carroll Fund is optimistic that an all-inclusive platform represents the future of the high-growth cybersecurity industry and will provide PANW with long-term sustainability. We demonstrated our confidence in the strategic shift when we significantly increased our position in November.

New Transactions
The Carroll Fund bought 60 shares of PANW at $198.93 on November 21, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$23,584.20**	**$33,786.72**	**-4.88%**	**$0.00**

Taiwan Semiconductor Manufacturing Company Ltd. (TSM)

Security Description

Taiwan Semiconductor Manufacturing Company Limited (TSM) is the world's largest semiconductor foundry, holding roughly 30% of the global market share. The only operating segment is the Foundry, which engages in the design, manufacturing, testing, packaging, and sales of integrated circuits (IC). Wafer Fabrication is the primary revenue source and accounts for ~85% of revenue, while other product offerings include Assembly & Testing, Design Services, Mask Production, and Wafer Probing.[1] TSM collaborates with its customers by licensing IC designs, manufacturing them, and selling the finished products back to the licensors. Currently, TSM delivers everything but high-bandwidth memory (HBM) chips. Last year, the company introduced its "Foundry 2.0" strategic shift, which will expand operations beyond chip manufacturing to include advanced packaging. This change will more than double its total addressable market to ~$250B. The development is critical for AI and high-performance computing (HPC) performance, which will help TSM better align with changes needed by HPC customers.[2]

Impacts from H1

In H1, TSM returned -4.55%, outperforming the S5INFT sector index by 3.84%. The stock had been gaining momentum after beating earnings projections in both the October and January releases, highlighted by 36.00% YoY revenue growth, improved margins, and a target compounding annual growth rate (CAGR) of 20.00% between 2024 and 2029.[3,4] Still, the January 27 release of Deepseek's R1 model triggered a 13.32% drop, dragging down Nvidia and other chip-reliant tech stocks alongside. Deepseek claimed to have created the model with similar capabilities to Open AI's ChatGPT on a shoestring budget, disclosing only the use of 2,000 Nvidia H800 graphics processing units (GPUs) at a price of less than $6M.[5] Uncertainty in both the chip-driven AI industry and the broader domestic economy have contributed to the sluggish performance on the back end of H1.

Outlook

The Carroll Fund remains confident in its TSM position despite recent headwinds. It avoids fierce competition from tech giants by collaborating with them, making it a significant beneficiary of increased demand for AI solutions and HPC. TSM's continued push into advanced packaging underscores its innovation and reinforces its competitive edge as a market leader.

New Transactions

The Carroll Fund bought 17 shares of TSM at $191.55 on November 21, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$40,291.44**	**$41,334.00**	**-4.55%**	**$234.14**

International

Managed by: Jeet Patel

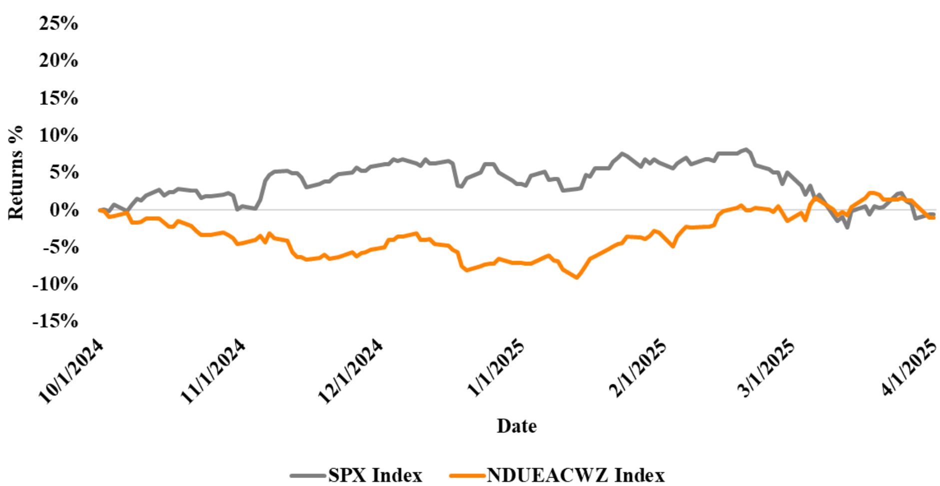
Sector Overview

The International sector encompasses investment securities from global economies outside of the United States through direct listings, American depository receipts (ADRs), ETFs, and other instruments. Countries fall into one of four market classifications. Developed Markets are advanced economies with high living standards, strong economic growth, and high per capita income, such as Japan, Germany, and the United States.[1] Emerging Markets demonstrate growing purchasing power, robust expansion, and globally integrated financial markets, as seen in India, Brazil, and South Africa.[2] Frontier Markets feature limited market liquidity, moderate growth, and typically smaller financial markets, including Vietnam, Nigeria, and Bangladesh.[3] Standalone Markets are characterized by limited investor access, illiquid financial systems, or unique economic and geopolitical constraints — as seen in markets like Russia and Palestine.[4] The Carroll Fund's international benchmark, NDUEACWZ, returned -2.76%, underperforming the S&P 500 by 0.80%. Our sole investment within the sector, iShares MSCI India ETF (INDA), contributed to negative allocation attribution, and INDA's weak returns created further downside through negative selection attribution.

Impacts from H1

In H1, major geopolitical developments shaped the International sector. In the Middle East, Israeli Palestinian hostilities escalated with widespread attacks in Gaza before both parties agreed to a Qatar-facilitated ceasefire mid-period.[5] Concurrently, the Russia-Ukraine war intensified as Russian forces advanced into eastern territories. Despite President Zelensky's optimism for a ceasefire, Baltic nations warned that any pause could redirect Russian aggression toward NATO's northeastern borders.[6] On the economic front, sluggish Eurozone growth and continued disinflation prompted the European Central Bank to maintain steady interest rates. The Bank of Japan raised its benchmark rate by 25 basis points to 0.50%—its highest in seventeen years—after inflation reached 3.60% in December 2024, while signaling caution about further hikes amid export concerns and global uncertainty.[7] Currency markets saw increased volatility, with a strengthening United States Dollar impacting emerging markets and export-driven economies.[8] President Trump's announcement of new tariffs on Chinese, Canadian, and Mexican exports triggered retaliatory measures, raising fears of a broader trade war. Though the administration suspended these tariffs, it indicated potential additional measures beyond H1.

Performance



iShares MSCI India ETF (INDA)

Security Description
The iShares MSCI India ETF (INDA) is an investment vehicle that allows investors to gain broad exposure to the Indian equity market. INDA tracks the MSCI India Index (NDEUSIA), enabling greater exposure to Indian companies of various market capitalizations. The ETF's top three sector allocations are: Financials at 29.07%, Consumer Discretionary at 12.36%, and Technology at 10.28%.[1]

Top 10 Holdings			
HDFC Bank Ltd.	6.63%	Tata Consultancy Services Ltd.	3.23%
Reliance Industries Ltd.	5.44%	Blk Cash Fund Treasury SL Agency	2.85%
ICICI Bank Ltd.	4.89%	Axis Bank Ltd.	2.13%
Infosys Ltd.	4.59%	Mahindra and Mahindra Ltd.	2.08%
Bharti Airtel Ltd.	4.27%	Bajaj Finance Ltd.	1.82%

Impacts from H1
In H1, INDA returned -11.36%, outperforming the NDEUSIA benchmark index by 2.57% and underperforming the S&P 500 by 9.40%. Throughout this period, India faced significant challenges that influenced its economic landscape. The economy maintained growth, albeit at a decelerated pace. India reported YoY GDP growth of 6.20% for Q3 2024 on December 31, falling short of India's central bank's estimates of 6.80%. Despite this, strong government and personal spending provided support, with the incumbent Bharatiya Janata Party favoring robust government spending measures.[2] Manufacturing growth remained weak due to uncertainties over trade with the United States as the Trump Administration considers imposing reciprocal tariffs on India. However, investor attention returned to Indian markets when the Reserve Bank of India implemented a 25-basis point rate cut towards the end of H1. This marked the first rate cut in nearly five years, boosting both investor confidence and potential economic growth amid mixed signals in the global macroeconomic environment.[3]

Outlook
Despite current macroeconomic concerns and softening economic growth, the Carroll Fund remains cautiously optimistic about INDA. This optimism stems from India's favorable young labor force, expanding middle class, and rising significance on the geopolitical stage.[4] We continue to view INDA as a strategic opportunity to diversify our portfolio and hedge against risks present in the United States economy.

Transactions
No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$16,681.05	$14,671.80	-11.36%	$113.82

Materials

Managed by: Zachary Snipes

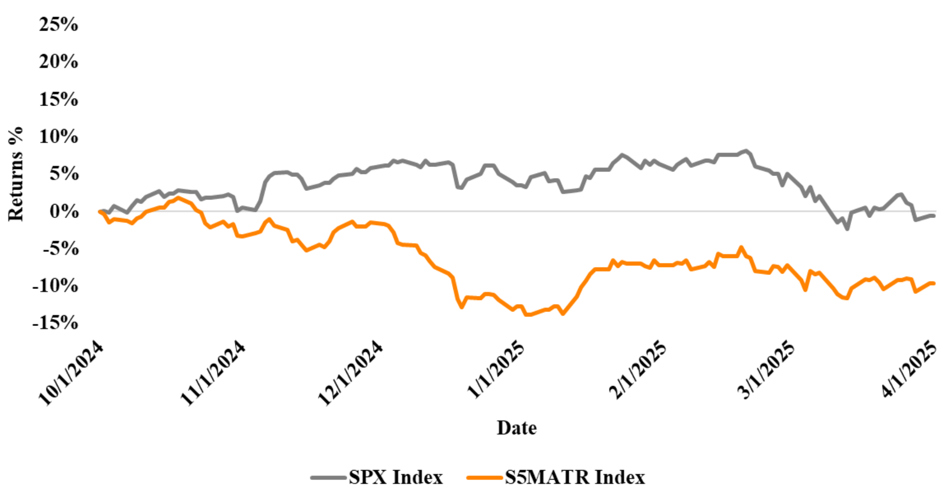
Sector Overview

The Materials sector is the smallest of the eleven sectors in the S&P 500, holding a weight of only 2.02%.[1] The sector includes all businesses that manufacture building materials, chemicals, and paper products, as well as companies engaged in commodities' exploration and processing.[2] The four industries of operation are Chemicals, Construction Materials, Forestry, and Metals. Operations include the discovery, extraction, and refinery of natural substances, or the creation of aggregate substances, which are then sold to firms in various industries.[2] The supply chain for all consumer goods and new developments is inaugurated by sourcing the raw materials necessary for operation, making demand for materials highly cyclical. The performance of materials companies will often be heavily correlated with the commodity prices of the material(s) offered. The Carroll Fund held one materials company, Albemarle (ALB), throughout H1.

Impacts from H1

In H1, the Materials sector index (S5MATR) returned -9.93%, underperforming the S&P 500 by 7.97%. The sector experienced a prolonged selling period in the weeks that followed the presidential election on November 5. The administration's campaign promises might have swayed investors' expectations for the sector in 2025, with tariffs on imported goods likely to top the list. This, as well as increased material import costs, and in turn, production costs for firms led to deteriorating market sentiment for many investors. President Trump's economic plans support oil drilling infrastructure developments, and thus increased material demand, so the bearish period may have been an overreaction.[3] The index stabilized early into the new year but continued to decline gradually in the final stretch of the period, suggesting that many investors are opting for a "wait and see" approach rather than aggression in the sector.

Performance



Albemarle Corporation (ALB)

Security Description

Albemarle Corporation (ALB) is a United States-based specialty chemical manufacturer. Providing mobility, energy, connectivity, and health solutions, it serves over 1,900 customers in 70 countries, with about 90% of its revenue coming from international customers. Operations are present in end markets such as aerospace, automotive, agriculture & food, electronics, grid storage, and pharmaceuticals. They can largely be grouped into three revenue segments: Energy Storage, Specialties, and Ketjen. The Energy Storage segment manufactures various lithium-based products, including lithium-ion batteries, lithium hydroxide, and lithium chloride, while also offering chemical handling and recycling services. Lithium-ion batteries are a major component of electric vehicle (EV) production. The Specialties segment focuses on sales of bromine and highly specialized lithium products. The Ketjen segment offers three main products: clean fuels technologies, fluidized catalytic cracking catalysts & additives, and performance catalyst solutions.[1]

Thesis for Exiting

In H1, ALB returned -23.47%, underperforming the S5MATR sector index by 13.54%. The significant decline was primarily driven by a continuous decline in lithium prices. ALB's stock price has a 63.80% correlation with SOLLIT, the Global X Lithium and Battery Tech ETF.[2] Throughout the period, lithium prices decreased by 6.49%. The original investment thesis was to capitalize on the deflated lithium market. At the time of the proposal in April 2023, lithium prices sat nearly 60% below the all-time highs of November 2022.[3] We concluded that, with decreased production costs for automakers, demand for EVs and lithium would return to all-time highs over a three-to-five-year horizon. This was clearly not the case. The holding accounted for only 0.31% of the total portfolio weight, so we decided to reallocate the funds rather than double down on the thesis and add weight to the position. We believe that EV-dominated auto production is more distant than our three-to-five-year investment horizon, citing the infrastructure insufficiency of charging grids, deteriorating consumer sentiment, and policy differences between the Biden Administration and the Trump Administration.[4] China has predatorily oversupplied lithium to benefit its superior EV producers, which are vertically integrated with lithium suppliers. There is no indication that China plans to cease this activity, so prices will continue to remain low.[5]

New Transactions

The Carroll Fund sold 35 shares of ALB at $71.67 on March 28, 2025.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$3,315.85	$2,508.37	-23.47%	$28.36

Real Estate

Managed by: Sydney Pewitt

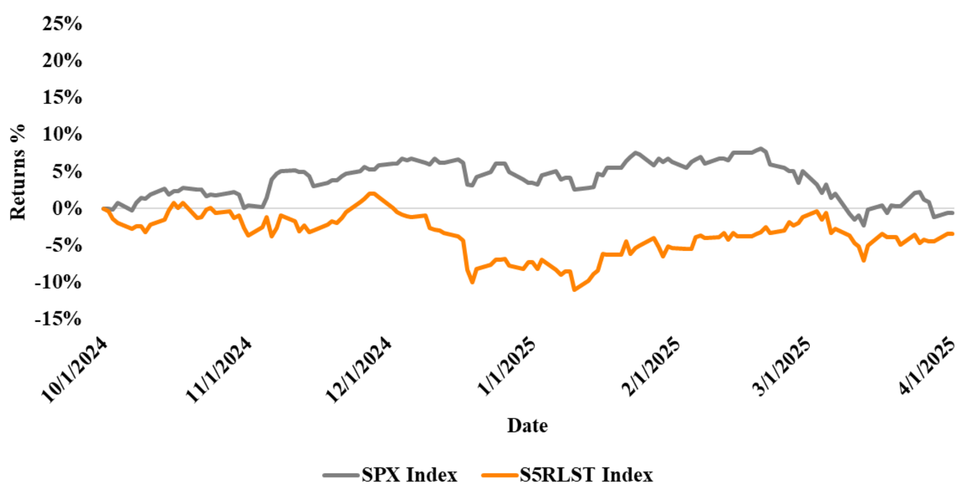
Sector Overview

The Real Estate sector comprises companies that acquire, develop, manage, and operate real estate property. The sector is highly cyclical and fluctuates through the various phases of the business cycle.[1] Shifts in housing market dynamics and interest rate environments can induce significant performance swings. Real Estate can be divided into two primary industries: Equity Real Estate Investment Trusts (REITs) and Real Estate Management & Development. REITs operate, manage, own, or finance profit-generating real estate. Different types of REITs include Health Care, Hotel & Resort, Industrial, Office, Residential, Retail, and Specialized.[2] Real Estate Management & Development companies provide analytics, property development, advisory, and valuation services. The Real Estate sector accounts for 2.52% of our equities portfolio, 0.26% above its weight in the S&P 500.

Impacts from H1

In H1, the Real Estate sector index (S5RLST) returned -4.65%, underperforming the S&P 500 by -2.69%. Though the sector underperformed in H1, our overweight positioning and strong stock selection generated positive selection attribution, offsetting the slight drag from negative allocation attribution. Office REITs have underperformed compared to previous years due to the increasing proportion of people working from home post-pandemic. Additionally, Hotel & Motel REITs have significantly underperformed due to reduced demand and the high operating costs associated with the hospitality industry.[3] However, Healthcare REITs have remained resilient due to their stable foundation and inelastic demand for healthcare services. The Carroll Fund holds a neutral outlook on the performance of the Real Estate sector moving forward. Real Estate demand in recent periods has been driven by two key trends: declining interest rates, which have reduced mortgage costs, and the rapid growth of AI, which is fueling the need for more advanced data centers.[4]

Performance



Prologis Inc. (PLD)

Security Description

Prologis Inc. (PLD) is a global logistics leader for high-barrier, high-growth real estate markets and is organized as an Industrial Real Estate Investment Trust (REIT). PLD owns, operates, and develops industrial real estate and leases distribution facilities to manufacturers, retailers, and other enterprises.[1] PLD operates within two business segments: Real Estate and Strategic Capital. The Real Estate segment drives long-term revenue growth through operating leases and cost reimbursements, supported by rent increases, expense control, and high occupancy rates.[2] The Strategic Capital segment provides asset and property management services, raising funds through partnerships with institutional investors for facility development.[3]

Impacts from H1

In H1, PLD returned -9.91%, underperforming the S5RLST sector index by 5.26%. This poor performance is a result of an ongoing oversupply of industrial real estate.[4] After the presidential election in November, PLD continued to see strong leasing activity and reported a 66.30% increase in net-effective rent and a 40.10% increase in cash rent from Q4 2024. Additionally, as of Q4 2024, PLD's diluted net EPS was $1.37, increasing 101.50% YoY, driven by profits from asset sales and impressive REIT performance. PLD's same-store net operating income (NOI) rose by 6.70% QoQ, experiencing significant growth.[5]

Outlook

While PLD underperformed the S5RLST sector index over the holding period, the company boasts a dominant position in global logistics real estate, demonstrating financial strength and cost efficiency. Additionally, PLD intends to invest between $750M-$1.25B in property acquisition, along with $2.25B-$2.75B for new construction projects in 2025, driving the company's revenue growth from industrial and logistics spaces.[6] As e-commerce demand grows, PLD continues to expand its vast geographic footprint and lean into Emerging Markets such as data center development, PLD will see significant revenue growth. The Carroll Fund currently has a neutral-positive outlook on the future of PLD.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$5,051.20	$4,471.60	-9.91%	$78.80

Welltower Inc. (WELL)

Security Description

Welltower Inc. (WELL) is a real estate investment trust (REIT) that invests in healthcare infrastructure, health systems, post-acute providers, and senior housing operators.[1] More specifically, it features senior housing solutions, including assisted living facilities, independent living for seniors, memory care communities, outpatient medical office buildings, and post-acute care rehabilitation centers. WELL generates revenue by collecting fees for senior living services and leasing its rental properties.[2]

Impacts from H1

In H1, WELL returned 20.71%, outperforming the S5RLST sector index by 25.36%. This impressive performance is attributable to WELL's launch of a private funds management business in January that manages third-party capital by investing in healthcare and wellness real estate to target potential senior housing portfolios for acquisition.[3] Additionally, WELL and other healthcare REITs are strategically positioned to absorb the demand from the steadily aging population. A decline in birth rates will decrease the number of familial caregivers, and the population of those 80 or older has grown by 4.40%.[4] In WELL's March Business Update, the firm announced it will complete its acquisition of Amica Senior Lifestyles, which is expected to generate over 10.00% in unlevered IRR annually. The acquisition comes with almost $400,000 of debt, although the interest rate is significantly below the market average, at only 3.60%.[5] Finally, in Q4 2024, WELL's same-store NOI increased by almost 24%, showing significant growth. WELL attributes this to limited supply and strong demand for healthcare real estate.

Outlook

WELL expects continued same-store NOI growth in 2025, continuing the ~20% growth QoQ trend for the past nine quarters.[6] REITs often have overleveraged balance sheets; however, WELL has reduced its net debt to adjusted EBITDA 3.5x in Q4 2024.[7] WELL is poised to sustain revenue generation and significant growth because of its numerous acquisitions. We believe an aging population and WELL's respected reputation in the Healthcare Real Estate industry will support positive future returns.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$8,449.98**	**$10,111.86**	**20.71%**	**$88.44**

Utilities

Managed by: Blake Wyman

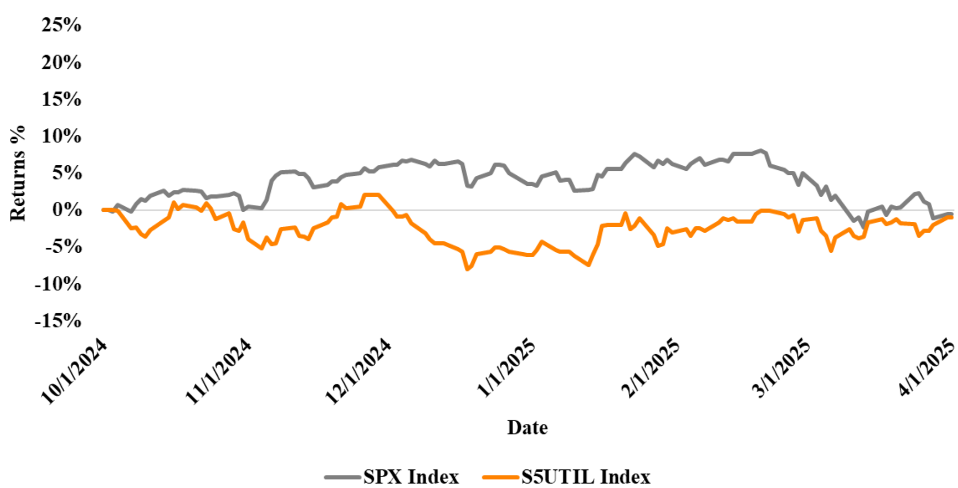
Sector Overview

The Utilities sector is an essential component of the global economy, which focuses on producing, transmitting, and distributing electricity, natural gas, and water. Within the sector, there are five sub-industries covering a collection of companies that provide critical services: Electric Utilities, Gas Utilities, Independent Power Producers, Multi-Utilities, and Water Utilities.[1] Exposure to the Utilities sector offers investors some of the highest dividend-yielding companies, stability, and long-term growth potential. Due to its defensive characteristics, the Utilities sector tends to underperform during periods of economic expansion, as investors favor higher-growth cyclical industries. However, during economic downturns or recessions, Utilities outperform many cyclical sectors, as their services remain essential for consumers and businesses.[2] The Carroll Fund is currently overweight by 0.30% compared to the Utilities sector of the S&P 500, with a weight of 2.83% and NextEra Energy (NEE) as our lone holding.

Impacts from H1

In H1, the Utilities Sector Index (S5UTIL) returned -0.86%, outperforming the S&P 500 by 1.10%. Though the sector slightly outperformed in the first half of the year, underperformance from our sole holding drove negative selection attribution. As a defensive sector, Utilities held up relatively well despite ongoing macroeconomic uncertainty and elevated interest rates, as it was supported by rising electricity demand, growing investment, and continued momentum from structural tailwinds. Utility-scale power generation reached approximately 3,287B kWh in H1, a 3.00% YoY increase. This growth was fueled by ongoing electrification and expanded data center activity, which emerged as a significant demand driver.[3] EV adoption also contributed to demand growth, and while EVs currently account for just 0.50% of total electricity consumption, the expansion of charging infrastructure began to place upward pressure on load requirements.[4] Utilities responded with record capital spending and revised load forecasts, though they also faced operational headwinds, including extended transformer lead times and significant weather-related damages.

Performance



NextEra Energy (NEE)

Security Description

NextEra Energy Inc. (NEE) is a leading provider of clean energy solutions and one of the most significant electric power & energy infrastructure companies in North America. NEE operates through two primary subsidiaries: Florida Power & Light (FPL) and NextEra Energy Resources (NEER).[1] FPL, the largest electric utility in the United States by retail electricity sales, contributes the majority of total revenue by generating and delivering electricity to over 5.80M customers in Florida. NEER, the world's largest generator of renewable energy from wind and solar, complements FPL's regulated business with unregulated operations that include battery storage, natural gas, nuclear, oil-fired generation, solar, and wind. NEE continues to expand its zero-emissions portfolio while retiring older, less efficient assets, a transition expected to reduce environmental impact and lower fuel costs for customers.[2] The Carroll Fund maintains a 2.83% weight in NextEra Energy, reflecting an overweight position relative to the Utilities sector benchmark.

Impacts from H1

In H1, NEE returned -14.86%, underperforming the S5UTIL sector index 14.00%. As a capital-intensive business, NextEra Energy is highly sensitive to interest rate conditions. With the Federal Reserve maintaining elevated interest rates, borrowing costs remain high, limiting access to low-cost capital and reducing the profitability of new project development. Additionally, uncertainty around the Trump Administration's stance on Inflation Reduction Act (IRA) tax credits weighed on sentiment, while escalating trade tensions introduced potential risks to supply chains and equipment costs.

Outlook

NextEra is positioned for long-term growth driven by favorable regulation at FPL and NEER's sizable renewable energy pipeline. Management expects to develop 36.50-46.50 GW of solar, wind, and storage through 2027 and deliver 6.00%-8.00% annual EPS growth with 9.00% dividend increases through 2029.[3] The Carroll Fund remains optimistic on NextEra's ability to recover amid near-term rate-related and policy challenges.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$19,695.49**	**$16,517.37**	**-14.86%**	**$251.99**

Fixed Income

Managed by: Dhruv Patel

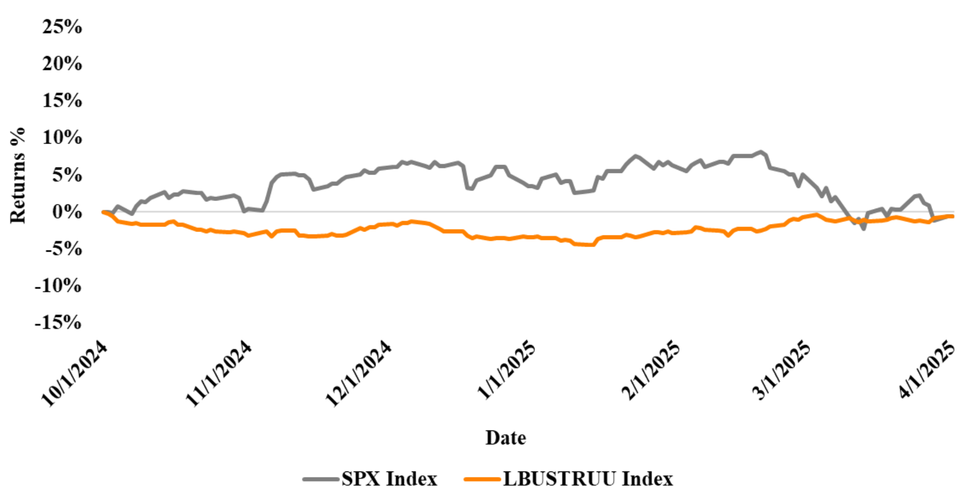
Sector Overview

The Fixed Income sector comprises a broad range of debt securities issued in financial markets. Capital is raised through lenders issuing debt to borrowers with an obligation to pay interest at a predetermined time and repay the principal by a specified date.[1] Bonds have an inverse relationship with interest rates—when rates rise, bond prices fall, and when rates decline, bond prices increase. The Fixed Income market includes an array of security types, including asset-backed securities, emerging markets, corporate bonds, government bonds, mortgage-backed securities, and municipal bonds. Fixed Income tends to provide investors with steady returns at lower yields, whereas equities provide elevated yields but at the cost of increased volatility. Each bond comes with a fixed coupon rate, ensuring steady cash flow, and a yield to maturity, which is determined by the creditworthiness of the issuer. Treasuries have limited default risk as they are backed by the full faith of the United States government.

Impacts from H1

During H1, the Fixed Income sector index (LBUSTRUU) returned -0.37%, outperforming the S&P 500 by 1.59%. Although the sector index underperformed, our underweight fixed income position led to negative allocation attribution. Financial markets experienced heightened volatility due to changes in monetary policy, fluctuating economic indicators, and uncertainties surrounding tariff policy. Tariffs were a major contributor to the decline in equity markets, and the Federal Reserve's decision to maintain interest rate levels raised inflation fears for investors. Investors shifted their focus from the equity markets to the Fixed Income market. Treasury yields fell in the beginning of H1, as we saw rate cuts of 25 basis points in November followed by an identical cut in December. Due to surprising economic growth and higher than expected CPI results, the long end of the curve saw a steepening, pushing long-term yields higher. As a result of sticky inflation, the Federal Reserve held rates between 4.25%-4.50%, remaining data-dependent amid a strong economy and persistent inflation.[2] As the Carroll Fund continues to adjust the Fixed Income portfolio to handle inflationary pressures, reducing duration will be key to mitigating risks from further yield increases.

Performance



iShares Core US Aggregate Bond ETF (AGG)

Security Description
The iShares Core US Aggregate Bond ETF (AGG) is one of the largest and most liquid exchange-traded funds (ETFs) that tracks the Bloomberg Barclays US Aggregate Bond Index (LBUSTRUU). With 12,372 holdings, AGG holds a broad range of securities, including treasury bonds, asset-backed securities (ABS), mortgage-backed securities (MBS), and investment-grade corporate bonds. Approximately 81.59% of AGG's maturities fall within the 0-10-year range, while the remaining 18.41% are in long-term maturities, bringing its effective duration to 5.87. This excludes tax-exempt municipals, floating rate bonds, and speculative (junk) bonds that are rated Ba2 or worse, since they represent the core taxable investment grade market.[1]

Impacts from H1
In H1, AGG returned -1.29%, underperforming the LBUSTRUU sector index by -0.92%. To start the period, AGG saw a sharp decline in returns, despite rate cuts and economic resilience pushing yields to the long end of the curve. Since nearly 18% of AGG's holdings are long-duration bonds, higher yields have an outsized impact on the ETF relative to short-term yield gains from rate cuts.[2] In January, the ETF rallied as fears of economic slowdown and a potential recession set in.[3] The Carroll Fund divested a portion of its AGG position as we saw more advantageous opportunities for capital allocation.

Outlook
The Carroll Fund maintains its AGG position because of the diversification it provides within our Fixed Income portfolio. AGG represents an anchor for our Fixed Income segment, matching our benchmarks for duration and yield to maturity. Transitioning to H2, maintaining our AGG position presents several risks, particularly related to tariffs and immigration, which lead to higher inflation. Since AGG holds high-duration treasury bonds, it is more vulnerable to rising rates compared to floating-rate bonds, which adjust with interest rate changes and perform better in inflationary environments. This interest rate risk makes AGG a less favorable investment compared to other Fixed-Income options with lower duration or varying sector exposure. The Carroll Fund will monitor inflation levels in H2 as we develop an exit strategy.

New Transactions
The Carroll Fund sold 219 shares of AGG at $97.83 on November 22, 2024.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$62,382.32**	**$39,271.44**	**-1.29%**	**$878.38**

iShares Preferred and Income Securities (PFF)

Security Description

The iShares Preferred and Income Securities ETF (PFF) is a hybrid security that combines features of both Fixed-Income investments and equities.[1] Similar to bonds, PFF provides Fixed-Income payments through dividends. Preferred stockholders also benefit from higher priority claims on assets relative to common equity holders. Bondholders have the highest priority and the lowest yields, followed by preferred stockholders and then common stockholders. Of the ETF's 445 holdings, its income payments are ~77% fixed, while ~23% are floating rate payments that fluctuate with interest rates.[2] Additionally, ~71% of the holdings consist of financial institutions, providing significant exposure to the Financials sector. Due to its intermediate position in the capital structure and their higher risk, preferred stocks typically offer more attractive yields relative to investment-grade and treasury bonds.

Top 10 Holdings			
Boeing Co	4.04%	Apollo Global Management Ord Shs	1.23%
Wells Fargo & Co	2.38%	BlackRock Cash Fund Treasury Agency	1.19%
Citigroup Inc.	1.57%	NextEra Energy Inc.	1.13%
KKR & CO Inc.	1.50%	JPMorgan Chase & Co	1.03%
Bank of America Corp	1.34%	Albemarle Corp	0.96%

Impacts from H1

In H1, PFF returned -4.45%, underperforming the LBUSTRUU sector index by 4.08%. In the beginning of H1, the Federal Reserve cut rates twice to stimulate the economy, but inflation surprises caused long-term yields to steepen, diminishing returns on higher duration securities.[3] Since the ETF holds a hefty position in the Financials sector, it is more sensitive to credit risks of leveraged loans issued by the financial institutions.

Outlook

The Carroll Fund is slightly pessimistic about PFF transitioning to H2. PFF was initially pitched for its high duration and fixed-rate payments, which seemed attractive at the time. PFF's investment thesis was centered around taking advantage of future rate cuts and spreads, but as tariff and inflation uncertainties rose, our rate cut expectations declined, and our duration play was not fruitful. The Carroll Fund plans to shift into lower duration products, allowing us to limit interest rate risks.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$65,263.72**	**$60,353.72**	**-4.45%**	**$2,004.96**

iShares 20+ Year Treasury Bond ETF (TLT)

Security Description

The iShares 20+ Year Treasury Bond ETF (TLT) is a long-duration bond fund that seeks to track the ICE US Treasury 20+ Year Bond Index, which is composed of United States treasury bonds that hold maturities greater than 20 years.[1] The fund offers exposure to long-term government debt, making it a popular choice for investors looking to hedge against economic downturns and realize income through relatively higher yields compared to shorter-term treasuries. While TLT provides stability backed by the full faith and credit of the United States government, its 16.13-year duration increases its sensitivity to interest rate fluctuations. As a result, it tends to perform well in declining rate environments but can be vulnerable to stalls or rising rate environments.

Impacts from H1

In H1, TLT returned -5.56%, underperforming the LBUSTRUU sector index by 5.19%. In the beginning of H1, longer-term yields rallied despite two rate cuts, as the market paired strong economic growth with higher-than-expected inflation. The 10-Year Treasury yield topped 4.80% earlier in January in the hopes that President Trump would accelerate the domestic economy through tax cuts.[2] Later in H1, Core Personal Consumption Expenditures (PCE) was reported at 2.65%, a 21-basis point decrease from the previous month, which indicates cooling inflation. As a result, long-term treasury yields decreased from their previously elevated levels.[3] Personal spending also declined, while jobless claims rose, implying slowing GDP growth. Concerns around tariffs also caused yields to plummet at the end of the period, as we saw a 55-basis point drop in yields from their peak in January.

Outlook

The Carroll Fund acquired TLT with the goal of increasing our duration and taking advantage of future rate cuts. Recent macroeconomic data releases displayed a slowdown in economic activity, promoting further rate cuts and decreasing yields. However, with growing tariff uncertainty, inflation concerns have remained persistent. The Carroll Fund will be closely monitoring this security, as we anticipate higher-than-expected inflation in H2.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$72,103.50	$56,165.51	-5.56%	$1,248.96

Janus Henderson AAA CLO ETF (JAAA)

Security Description

The Janus Henderson AAA CLO ETF is an ultrashort duration investment product designed to provide investors with exposure to the highest-rated tranches (AAA) of collateralized loan obligations (CLOs). CLOs are made from pools of bank loans consisting of investment-grade and high-yield products, which are then packaged together and securitized. These products are separated into tranches based on risk tolerance and return preferences. The tranche order determines the order in which investors are paid in the event of a bond default. Higher-rated tranches, such as AAA, receive payments first and offer lower yields. Lower-rated tranches are riskier and paid last, providing higher upside. JAAA focuses on the safest AAA-rated tranches while still holding AA and A tranches. JAAA’s 6.09% yield and effective duration of 0.10 years are appealing, offering investors exposure to floating interest rates.[1]

Impacts from H1

During H1, JAAA returned 2.60%, outperforming the LBUSTRUU sector index by 2.97%. This was primarily driven by JAAA’s floating rate feature, making macroeconomic trends less impactful. The Federal Reserve cut rates by 25 basis points in both November and December; as a result, short-term yields declined, but long-term yields rallied.[2] This caused a sharper decline in yields within high-duration products. The Federal Reserve’s decision to hold rates between 4.25% and 4.50% generated consistent returns for JAAA.

Outlook

The Carroll Fund purchased JAAA to diversify the portfolio beyond treasury and corporate bonds while hedging against inflation. JAAA's low duration feature provides a hedge against rising inflation, which increases sensitivity towards the long end of the curve. Given that markets expected one to two potential rate cuts due to slow economic growth, CLO growth may slow due to refinancing risks. Inflationary fiscal policies — like tariffs — may prompt the Federal Reserve to pause cuts or even raise rates later this year. The Carroll Fund maintains an optimistic outlook in our JAAA position, as its inflationary shield makes it an appealing investment as we head into H2.

New Transactions

No new transactions in H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	**$71,232.00**	**$70,994.00**	**2.60%**	**$2,090.85**

WisdomTree Floating Rate Treasury Fund (USFR)

Security Description

The WisdomTree Floating Rate Treasury Fund (USFR) is an ultrashort bond fund that tracks the Bloomberg U.S. Treasury Floating Rate Bond Index, which measures the performance of United States Treasury floating rate securities. The fund is designed to benefit from rising short-term interest rates, adjusting with changes in 3-month Treasury bill spreads.[1] It offers the United States government floating rate notes and AAA-tranche bills, resulting in reduced interest rate risk and duration. Since these securities are backed by the full faith and credit of the United States government, default risk is nonexistent. With a yield to maturity of 4.40% and a relatively low expense ratio of 0.15%, USFR remains a strong choice for investors seeking stability and income.[2]

Impacts from H1

In H1, USFR returned 1.33%, outperforming the LBUSTRUU sector index by 1.70%. USFR's floating rate feature allows it to hedge against economic uncertainties and rising inflation. The federal funds rate decreased 25 basis points, but a combination of concerning inflationary data releases and disappointing macroeconomic activity forced rates to remain steady.[3] USFR benefited, and its yields outperformed expectations. The Carroll Fund features USFR as our short-term cash account, a result of its higher yields than SPAXX, a money market account that represented its previous choice.

Outlook

Transitioning to H2, the Federal Reserve is expected to cut rates twice throughout the 2025 CY. However, uncertainties surrounding fiscal and tariff policies could drive inflation higher, leading to steady rates or the potential for additional hikes. Given USFR's strong H1 performance and its resilience against inflation risk, the Carroll Fund believes it remains an attractive investment and will continue to contribute to the portfolio.

New Transactions

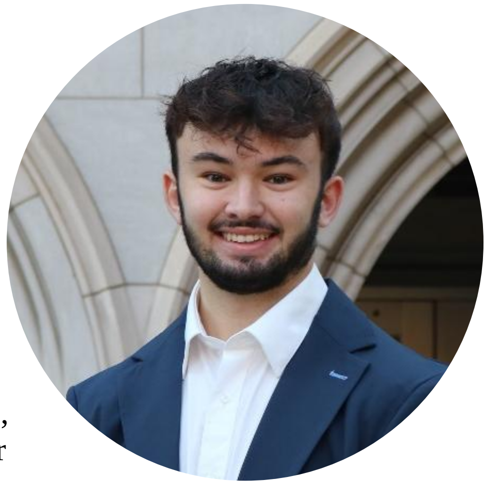
The Carroll Fund purchased 699 shares of USFR at an average price of $50.39 throughout H1.

Period	Beginning Value	Ending Value	% Return	Dividends Received
H1	$5,908.06	$23,806.09	1.33%	$758.28

Carroll Fund Managers

Blake Wyman is a senior from Richmond, Virginia pursuing a degree in finance with a collateral in marketing. He is currently in his second semester as a portfolio manager for the Carroll Fund and manages the Utilities sector. Outside of the classroom, he spends his time watching sports, working out, and spending time with his friends and family. After graduation in May 2025, Blake plans to pursue a career in investment banking, equity research, or asset management.

Cayle Beltran is a junior from El Paso, Texas, pursuing a degree in finance with a collateral in international business. He is currently serving his first semester as a Portfolio Manager for the Carroll Fund, where he oversees the Industrials sector. On campus, Cayle is actively involved in multiple organizations, serving as the Director of Sales & Trading for the University of Tennessee Investment Group, Co-Director of Development for the Tennessee Capital Markets Society, and a member of the Financial Management Association. Outside of academics, he enjoys playing golf, spending time with family and friends, and watching sports. This summer, Cayle will be working in the Tech & Defense coverage group at Regions Bank in Charlotte, North Carolina.



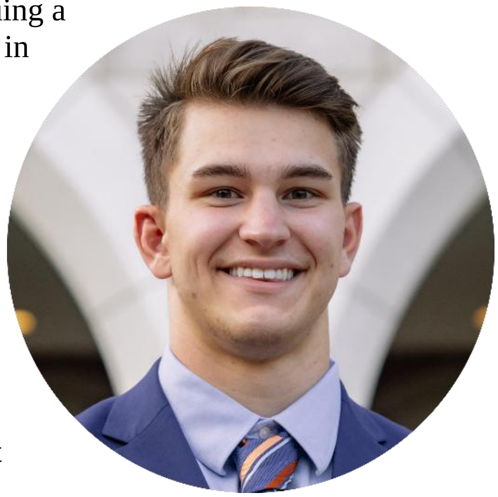
Christian O'Brien is a junior from Long Island, New York, pursuing a dual degree in finance and accounting with concentrations in business analytics and information management. This is his second semester on the Carroll Fund, where he currently manages the Communications sector. On campus, Christian participates in several programs, including the University of Tennessee Investment Group, the Financial Management Association, and the University of Tennessee Consulting Club. Outside academics, he enjoys spending time with family and friends, working out, and playing golf. After graduating in May 2026, Christian plans to pursue a career in portfolio management or corporate finance.

Dhruv Patel is a junior from Dayton, Tennessee, majoring in finance and accounting with a collateral in real estate. This is his first semester of managing the Carroll Fund, where he oversees the Fixed Income sector. On campus, Dhruv is a brother of Sigma Beta Rho and participates in many different programs including the University of Tennessee Investment Group and Asian Business Club. Outside academics, Dhruv spends his time weightlifting, playing pickleball, and watching sports. Over the summer, Dhruv will be interning as a Corporate & Investment Banking Summer Analyst at Truist.

Jeet Patel is a senior from Chattanooga, Tennessee, pursuing a degree in finance with a collateral in business analytics. This is his second semester as a manager for the Carroll Fund, overseeing the Consumer Staples and International sectors. He recently finished a Wealth Management Internship for Raymond James & Associates in his hometown, Chattanooga. Jeet enjoys playing basketball, hanging out with friends and family, and watching comedy movies. After graduation in May 2025, Jeet is looking to build on the skills he attained in managing the Carroll Fund and hopes to pursue a career in asset management, portfolio management, or equity research.

Lily Hatfield is a senior from Knoxville, Tennessee, studying finance with a collateral in economics. She is currently a second-semester manager for the Carroll Fund and oversees the Consumer Discretionary. Outside of the classroom, Lily enjoys playing golf, cooking new recipes, and watching sports. After graduating in May, Lily plans to get her Master of Science in Finance at the University of Maryland, College Park.

Nathaniel Insko is a junior from Charlotte, North Carolina, pursuing a double major in Finance and Business Analytics, with a collateral in International Business. This is his first semester on the Carroll Fund, where he oversees the financial sector. On campus, Nathaniel serves as President of the Business Analytics Society, Treasurer of the Delta Sigma Pi Professional Business Fraternity, is a member of the Tennessee Excel Esports team, and is currently completing a remote spring internship with an Australian search fund. Outside of his academic pursuits, Nathaniel enjoys bodybuilding, running, and backpacking. This summer, he will be joining Sumitomo Mitsui Banking Corporation in New York City as a summer intern. After graduating in May 2026, he plans to pursue a career in investment banking, consulting, or private equity.



Patrick Moody is a first-year MBA candidate from Nashville, Tennessee, pursuing a concentration in finance. This is his first semester as a manager for the Carroll Fund, overseeing the Healthcare sector. Prior to returning to Tennessee for his MBA, Patrick worked as a commercial portfolio manager for FirstBank and as an Account Executive for Udemy and Deel. Outside of the classroom, Patrick enjoys playing golf, staying active through running and yoga, and spending quality time in the mountains with family and friends. After graduating in December 2025, Patrick plans to pursue a career in capital markets, specifically in venture capital or healthcare-focused mergers and acquisitions.

Sydney Pewitt is a senior from Franklin, Tennessee, pursuing a degree in finance with a concentration in business analytics. She is currently in her second semester as a manager for the Carroll Fund, overseeing the Energy and Real Estate sectors. Outside of Torch, Sydney is a tutor for the Thornton Athletics Student Life Center, where she tutors student-athletes in math, finance, accounting, and more. Sydney also enjoys hiking, intramural volleyball, and spending time with friends and family. After graduation in May 2025, Sydney is looking forward to returning to HSBC in New York, New York, to pursue a career as a Wealth and Private Banking Analyst.

Zachary Snipes is a senior from Roswell, Georgia, pursuing a degree in finance with a collateral in information management. This is his second semester as a Carroll Fund manager, where he oversees the Information Technology and Materials sectors. Over the summer, Zachary worked as a Commercial Banking Intern at SouthState Bank in Atlanta, Georgia. Outside of the classroom, he enjoys golfing, traveling, trying new restaurants, and following sports. After graduation in May, he will be pursuing a career in commercial real estate valuation.

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