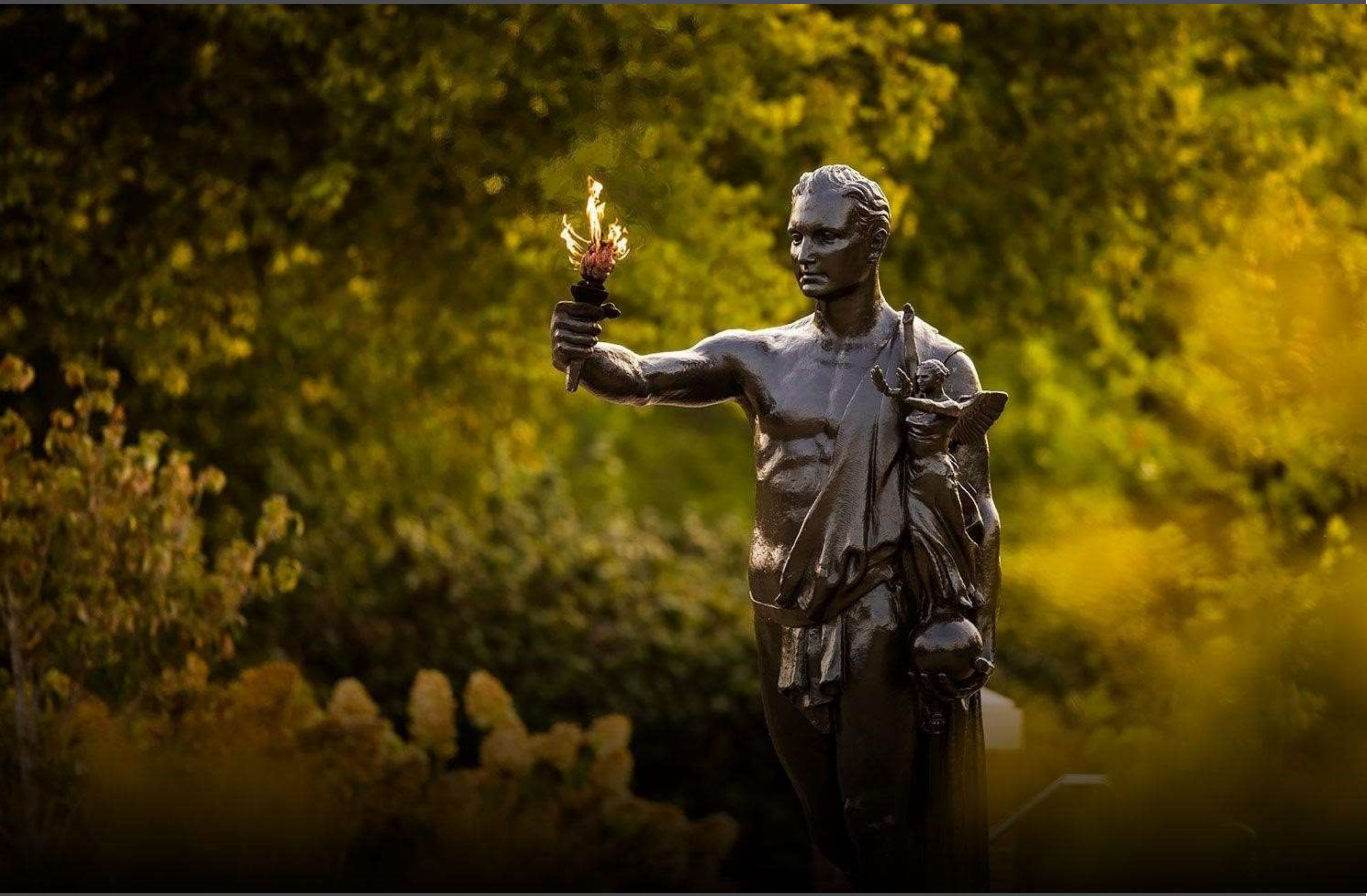

LaPorte Torch Fund

10.1.2023 – 9.30.2024

Managers
Jack Bennett
Margaux Burns
Benjamin Carroll
Collin Cates
Caden Hughes
Alexis Kothawala
Keeghan Krause
Savannah Overton
Rodney Pearce

Dear Mr. and Mrs. LaPorte,

We would like to express our utmost gratitude for the opportunity you have provided us. Participating in the Torch Fund program has been one of the most rewarding experiences of our academic journey.

The value of the Torch Fund program extends far beyond a mere understanding of market mechanics and investment strategies. The lessons learned through this program apply to all careers and aspects of life, both personal and professional. It has taught us how to persevere through adversity and test willpower and commitment as we navigate a demanding workload filled with seemingly daunting tasks. The program fosters collaboration by bringing together students with diverse opinions and perspectives in a challenging environment, encouraging joint solutions while leveraging everyone's talents and expertise.

The core tenet of the Torch Fund program is to adapt to the persistent, tumultuous nature of the global markets. The overall mental fortitude that necessitates this need for adaptability is something that extends far beyond the program; rather, it can be applied to all life's uncertainties, whether this be our future careers or otherwise.

A portfolio manager must adequately prepare for market volatility through a well-constructed portfolio that can capture a wide range of outcomes. This is something we have tried to properly implement through our allocations. We firmly believe this thesis, viewing our investments from a top-down approach, has contributed to generating gains over the fund's tenure.

We are proud to report that the outlook for the LaPorte Fund remains strong. Over the 2024 Fiscal Year, the fund has transformed from an underperformer to outperforming its benchmark and leading its peer group. This turnaround was made possible by adjusting our risk profile and market position to capitalize on broader market movements. This fiscal year, we achieved a return of 27.22%, exceeding our benchmark by 0.94% and ranking first among our peers. Looking forward, we intend to sustain our momentum by targeting areas for improvement while maintaining those that we felt materially contributed to our performance.

Once again, thank you for your unwavering support of the Torch Fund program. It has been a truly enriching experience, and we look forward to ingraining the skills we've acquired into our own professional and personal journeys for years to come.

Thank you,

The LaPorte Torch Fund Team

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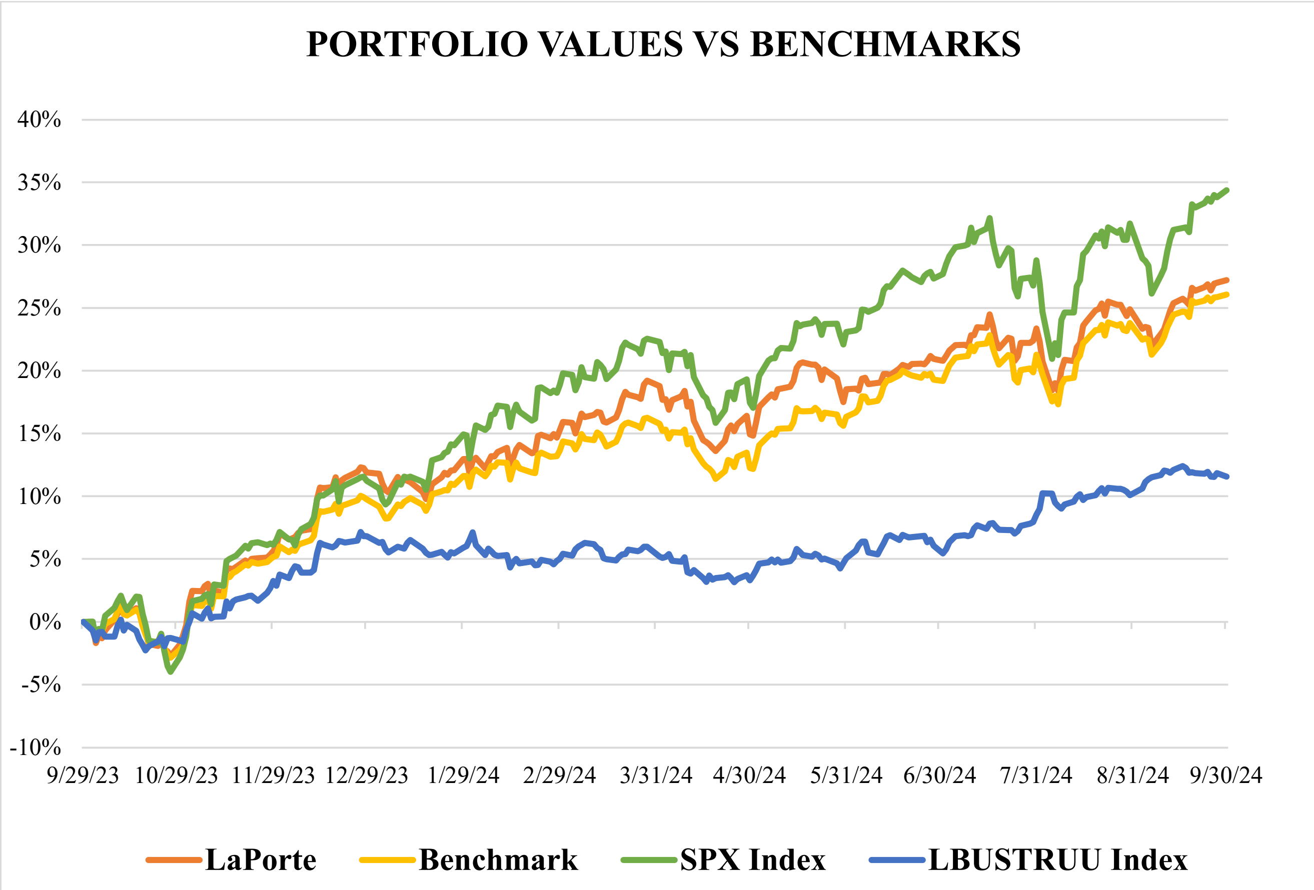
Performance Summary



Torch Fund Performance FY				
Fund	**Portfolio HPR**	**Spread vs Benchmark**	**Spread vs S&P**	**Spread vs BETFX**
LaPorte	27.22%	0.94%	-8.86%	6.42%
Carroll	25.99%	-0.29%	-10.09%	5.19%
Haslam	26.30%	0.02%	-9.78%	5.50%
McClain	21.40%	-5.90%	-14.69%	0.60%

Performance Metrics				
	Portfolio	**Benchmark[a]**	**SPX**	**BETFX[b]**
Standard Deviation[c]	10.65%	8.42%	12.55%	8.28%
Sharpe	1.9701	2.3723	2.2518	1.9642
Treynor	0.1955	0.1997	0.2827	0.1722

Portfolio Metrics	
Tracking Error	0.0337
Information Ratio	0.3012
Beta Compared to Benchmark	1.0735

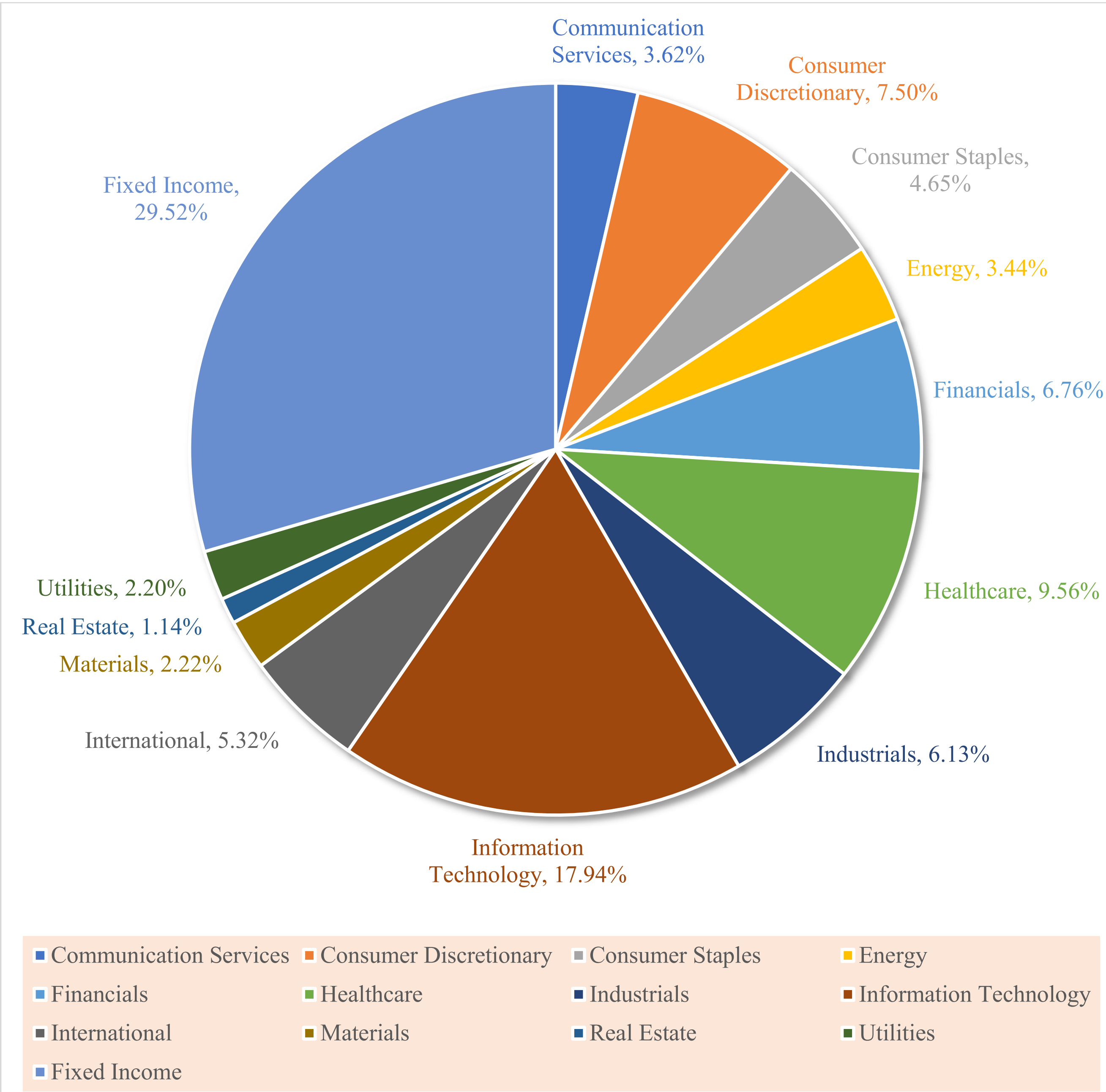
Asset Allocation				
	Beginning	**End of FY**	**Beginning (%)**	**End of FY (%)**
Equities	$448,109.87	$576,461.87	69.70%	70.48%
Fixed Income	$194,802.43	$241,446.57	30.30%	29.52%
Total	**$642,912.30**	**$817,908.44**	**100%**	**100%**

a Weighted benchmark is composed of 60% S&P 500 and 40% Bloomberg Barclays Aggregate Bond Portfolio (LBUSTRUU).

b BETFX is the Morningstar Balanced ETF Asset Allocation Fund.

c Calculations are annualized from daily returns for the period.

Portfolio Details



Holdings Breakdown		
Ticker	Return %	Return $
	Equities	
AAPL	36.66%	$6,277.00
ALB	-20.12%	-$2,413.80
AMGN	23.19%	$3,116.50
AMZN	43.75%	$14,628.18
BAC	37.18%	$4,326.37
CRM	35.37%	$3,945.15
CVS	-6.22%	-$1,067.64
DG	-32.89%	-$5,760.31
GD	39.24%	$3,641.82
GLIN	17.18%	$2,826.15
HAL	-19.18%	-$2,113.97
HR	26.98%	$2,109.44
IBM	5.42%	$760.88
JPM	48.43%	$8,077.60
KRE	39.29%	$4,103.38
LOW	11.67%	$921.69
MCD	13.38%	$1,962.36
MSFT	37.23%	$5,877.50
NDAQ	45.84%	$9,220.84
NEE	50.97%	$6,223.20
PANW	21.55%	$3,211.80
PEP	3.47%	$417.10
PG	9.34%	$844.22
PRU	33.05%	$4,264.96
RIO	15.00%	$1,160.83
RTX	60.08%	$10,594.42
SBUX	1.57%	$143.26
SMH	68.89%	$15,581.64
TMO	22.50%	$5,352.36
TTD	40.31%	$8,505.00
TXN	15.11%	$2,354.85
UNH	17.54%	$2,653.50
VALE	-8.89%	-$962.78
VGT	42.26%	$9,291.82
WM	38.12%	$5,404.23
WMT	37.97%	$6,072.59

WPC	9.18%	$734.90
XLE	0.43%	$85.45
Fixed Income		
AGG	10.81%	$3,506.53
BLE	27.93%	$8,124.97
GOVZ	17.22%	$4,060.79
MINT	4.85%	$951.86
OAKPRA	7.70%	$1,310.60
SPAXX	0.04%	$85.34
TLT	14.69%	$2,475.37
TRECX	14.07%	$3,107.73
USFR	-2.73%	-$2,216.53
WFCPRL	21.72%	$7,750.40

Transactions

Purchases

Date	Quantity	Price	Security	Ticker	Amount
10/30/23	13	$ 119.30	DOLLAR GEN CORP NEW	DG	$ 1,550.90
10/30/23	59	$ 119.40	DOLLAR GEN CORP NEW	DG	$ 7,044.60
11/3/23	293	$ 50.36	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 14,755.45
11/20/23	80	$ 57.39	NEXTERA ENERGY INC COM USD0.01	NEE	$ 4,590.80
11/20/23	100	$ 155.83	TEXAS INSTRUMENTS INC COM USD1.00	TXN	$ 15,583.00
11/21/23	25	$ 125.64	ALBEMARLE CORP COM USD0.01	ALB	$ 3,140.98
11/27/23	25	$ 122.09	ALBEMARLE CORP COM USD0.01	ALB	$ 3,052.25
12/5/23	25	$ 114.98	ALBEMARLE CORP COM USD0.01	ALB	$ 2,874.50
1/18/24	25	$ 117.08	ALBEMARLE CORP COM USD0.01	ALB	$ 2,927.07
2/2/24	4	$ 50.29	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 201.16
2/2/24	30	$ 50.30	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 1,508.97
3/8/24	53	$ 281.20	PALO ALTO NETWORKS INC COM USD0.0001	PANW	$ 14,903.60
3/22/24	631	$ 24.10	BROOKFIELD OAKTREE HLDGS LLC PFD UT A 6	OAKPRA	$ 15,207.10
3/25/24	41	$ 50.26	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 2,060.46
4/1/24	23	$ 50.30	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 1,156.90
4/19/24	353	$ 46.59	VANECK ETF TRUST INDIA GROWTH LDR	GLIN	$ 16,447.65
4/19/24	54	$ 271.51	MCDONALD S CORP	MCD	$ 14,661.54
4/29/24	305	$ 50.32	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 15,347.60
4/29/24	2	$ 50.33	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 100.65
4/29/24	875	$ 10.27	ISHARES TR ISHARES 25+ YR T	GOVZ	$ 8,986.25
5/1/24	303	$ 36.37	HALLIBURTON CO COM USD2.50	HAL	$ 11,019.14
5/3/24	81	$ 50.37	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 4,079.95
5/3/24	1	$ 50.37	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 50.37
5/3/24	15	$ 100.25	PIMCO ETF TRUST ENHANCED SHORT MATURITY	MINT	$ 1,503.75
5/3/24	82	$ 22.10	BROOKFIELD OAKTREE HLDGS LLC PFD UT A 6	OAKPRA	$ 1,812.20
5/3/24	40	$ 96.17	ISHARES CORE US AGGREGATE BOND ETF	AGG	$ 3,846.64
5/3/24	65	$ 137.18	DOLLAR GEN CORP NEW COM	DG	$ 8,916.69
5/3/24	203	$ 10.53	BLACKROCK MUNICIPAL INCOME TRUST II	BLE	$ 2,137.47
6/28/24	251	$ 50.31	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 12,627.81
8/12/24	122	$ 63.42	RIO TINTO ADR EACH REP 1 ORD	RIO	$ 7,737.24
9/27/24	67	$ 50.23	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 3,365.40

Sales

Date	Quantity	Price	Security	Ticker	Amount
10/30/2023	-31	$ 50.31	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 1,559.59
11/2/2023	-9	$ 10.13	NET LEASE OFFICE PROPERTIES COM	WPC	$ 91.17
11/3/2023	-100	$ 147.91	INTERNATIONAL BUS MACH CORP COM USD0.20	IBM	$ 14,790.88
11/20/2023	-377	$ 50.46	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 19,023.26
11/20/2023	-1	$ 50.45	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 50.45
11/21/2023	-22	$ 143.42	AMAZON.COM INC	AMZN	$ 3,155.21
11/27/2023	-29	$ 102.76	STARBUCKS CORP COM USD0.001	SBUX	$ 2,980.01
12/5/2023	-51	$ 55.56	NASDAQ INC COM STK	NDAQ	$ 2,833.53
3/8/2024	-269	$ 50.36	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 13,547.89
3/22/2024	-425	$ 37.08	BANK AMERICA CORP COM	BAC	$ 15,758.87
4/1/2024	-0.288	$ 9.09	T ROWE PRICE EMERG MRKTS CORP BD INVEST	TRECX	$ 2.62
4/19/2024	-37	$ 59.18	WALMART INC COM	WMT	$ 2,189.50
4/19/2024	-1	$ 203.07	VANECK ETF TRUST SEMICONDUCTR ETF	SMH	$ 203.07
4/19/2024	-5	$ 203.06	VANECK ETF TRUST SEMICONDUCTR ETF	SMH	$ 1,015.29
4/19/2024	-71	$ 87.22	STARBUCKS CORP COM USD0.001	SBUX	$ 6,192.78
4/19/2024	-62	$ 156.59	PROCTER AND GAMBLE CO COM	PG	$ 9,708.50
4/19/2024	-5	$ 173.11	PEPSICO INC	PEP	$ 865.54
4/19/2024	-25	$ 60.17	NASDAQ INC COM STK	NDAQ	$ 1,504.23
4/19/2024	-38	$ 229.90	LOWES COMPANIES INC COM USD0.50	LOW	$ 8,736.01
4/22/2024	-2	$ 50.49	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 100.98
4/29/2024	-100	$ 178.08	TEXAS INSTRUMENTS INC COM USD1.00	TXN	$ 17,807.85
4/29/2024	-2	$ 100.59	PIMCO ETF TRUST ENHANCED SHORT MATURITY	MINT	$ 201.18
4/29/2024	-62	$ 100.58	PIMCO ETF TRUST ENHANCED SHORT MATURITY	MINT	$ 6,236.16
5/1/2024	-211	$ 50.35	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 10,622.71
5/3/2024	-74	$ 59.69	WALMART INC COM	WMT	$ 4,416.65
5/3/2024	-148	$ 56.25	WP CAREY INC COM	WPC	$ 8,324.93
5/3/2024	-95	$ 100.79	RTX CORPORATION COM USD1.00	RTX	$ 9,574.97
6/28/2024	-808	$ 11.22	VALE S.A. SPONS ADS REPR 1 COM NPV	VALE	$ 9,069.29
8/12/2024	-118	$ 50.36	WISDOMTREE TR FLOATNG RAT TREA	USFR	$ 5,942.31

Economic Outlook

Period Performance:

In Q4 2023, the US economy demonstrated positive momentum as housing data showed strength and indications that inflation was beginning to decline. With this outlook, we adopted a moderately optimistic stance for H1 2024. Although our assumption that the first interest rate cut would occur during this period was incorrect, we still comfortably outperformed our benchmark, achieving returns of 19.21% compared to the benchmark's 16.42%. In H2, we maintained our optimistic outlook, adopting an aggressive asset allocation strategy and extending our fixed income duration. While our return of 6.72% came in below the benchmark's 8.33%, we believe our transactions and strategies set in H2 will lead to success in 2025.

Domestic Economy:

Over the past year, the US successfully reduced inflation through a tightened monetary policy. US inflation fell from 3.20% at the start of H1 in October 2023 to 2.40% in September 2024,[2] easing pressure on consumer budgets. This taming of inflation led to the first Federal Reserve interest rate cuts in more than two years, which our team anticipated. The US Effective Federal Funds Rate declined from 5.33% earlier in the year to 4.83% as of September 19, 2024.[3] The economy has grown throughout the holding period, with GDP growth reaching 3.4% in Q4 2023.[4] Currently, US GDP growth aligns with the global average, sitting at 3.0% in Q2 2024, up from 1.60% in Q1.[5] Unemployment has returned to pre-pandemic levels, ranging between 3.70% and 4.30% during the holding period.[6] Overall, the US economy is stable and experiencing steady growth.

Global Economy:

The global economy has faced several shocks during the holding period and is projected to grow 3.20% in 2024.[7] Central banks worldwide are reducing interest rates as global inflation declined to 4.60%.[8] In China, a real estate crisis has led to major bankruptcies, a reduction in Chinese investment capital, and significant impacts on material prices, particularly iron ore. The ongoing conflict from Russia's attempted conquest of Ukraine continues to reshape global oil and gas markets, accelerating Liquified Natural Gas market growth.[9] Rising tariffs and trade friction have begun reducing trade between certain countries, such as the US and China as well as Russia and the European Union. Despite these uncertainties, global economic growth continues.

Looking Ahead:

Looking ahead, we believe that our long-duration strategy will be advantageous as the Federal Reserve is expected to make multiple interest rate cuts in FY 2025. While our aggressive asset allocation was pivotal to this year's success, we aim to achieve a more balanced approach, targeting a 65/35 equity-to-fixed income ratio. Globally, we have started identifying growth markets and will continue operating actively in those spaces as opportunities arise. We recognize that uncertainty may be on the horizon, with the upcoming US election and ongoing conflicts in the Eastern Hemisphere. Thus, we plan to employ hedging strategies where necessary and continue to evaluate the risk levels of our holdings.

Communication Services

Keeghan Krause

Period Performance:

During the FY, the Communication Services sector of our portfolio returned 40.31%, slightly underperforming the S&P 500 Communication Services sector's return (represented by S5TELS) of 42.74%. The LaPorte Fund portfolio's investment in this sector consists of one holding, The Trade Desk (TTD). The sector currently represents 5.14% of our portfolio, which is below the S&P 500's 8.98% weighting for Communication Services. No transactions occurred in this sector over the course of the year.

Looking Ahead:

The Communication Services sector is well positioned for significant growth as technological advancements continue reshaping the industry. The integration of artificial intelligence and edge computing, along with progress in Internet of Things (IoT) and quantum technology, enhances network efficiency, content personalization, and security. Additionally, the growing demand for mobile data, digital media, and improved internet access in underserved regions presents substantial growth opportunities. Despite challenges such as high infrastructure costs, regulatory compliance, and evolving consumer preferences, companies that embrace trends and focus on high-growth areas are likely to succeed in adapting to a rapidly changing media and communications landscape.[10]

The Trade Desk, Inc.

TTD

H1 Total Return: 11.86%	**H2 Total Return:** 25.43%
FY Total Return: 40.31%	**Beta:** 1.998
Initial Shares: 270	**Final Shares:** 270
Initial Value: $21,100.50	**Final Value:** $29,605.50
FY Dividend Yield: 0.00%	**H2 Holding Action:** Hold

Description:

The Trade Desk, Inc. (TTD), founded in 2009 in Ventura, CA, is an advertising technology company that provides a cloud-based, self-service platform for data-driven digital advertising campaigns. Its platform enables clients, including agencies and advertisers, to execute integrated campaigns across various channels such as video, display, audio, and social media on various devices.[11] The company's partnerships in ad inventory and data enhance advertisers' reach and decision-making capabilities. Additionally, TTD's APIs allow clients to customize the platform's functionality to better suit their needs.[12]

theTradeDesk

Growth Drivers:

TTD is well-positioned for growth as demand for online advertising increases, driven by companies recognizing the advantages of digital ads and shifting their campaigns online. With more consumers consuming content digitally, TTD can capitalize on the expanding opportunities in this space. Additionally, the company's roots in data collection provide a significant advantage, as enhanced data insights enable advertisers to execute more effective campaigns. By continuing to innovate in data collection, TTD is set to thrive in the evolving digital advertising landscape.

Risks:

TTD faces several inherent risks as technology evolves rapidly, necessitating ongoing innovation to maintain its competitive edge; failure to adapt could severely impact the company. Additionally, increased competition from firms recognizing the value of TTD's business line poses a threat, particularly if rivals introduce more innovative technologies or if the market becomes oversaturated. Furthermore, government regulations concerning advertising practices and data privacy present critical challenges, as stricter rules could hinder TTD's operations and profitability, especially given its reliance on data-driven strategies.

Consumer Discretionary

Savannah Overton

Period Performance:

During the fiscal year, the Consumer Discretionary sector of the LaPorte portfolio returned 27.93%, exactly on par with the S&P Consumer Discretionary Index. In terms of portfolio composition, the sector makes up 10.68% of the LaPorte portfolio, which is closely aligned with the S&P's weight of 10.14%. Within this sector, a key transaction was the introduction of McDonald's (MCD) to our holdings, with the purchase of 54 shares. MCD has shown resilience in the current market, posting a solid return of 13.38% during the period, which we anticipate will contribute positively to the portfolio's long-term performance. In contrast, we fully divested from our positions in Lowe's (LOW) and Starbucks (SBUX). LOW, which struggled with declining same-store sales and continues to carry significant debt and liabilities, returned -9.75% before our sale. SBUX also faced headwinds, including missed earnings and weakening demand, resulting in a return of -4.56% prior to our sale. These adjustments were made as part of our strategy to optimize returns within the sector by reallocating capital towards assets that align more closely with market trends and portfolio objectives.

Looking Ahead:

Looking ahead, the Consumer Discretionary sector stands to benefit from recent Federal Reserve rate cuts, which have lowered the Federal funds rate by 0.50%, making borrowing more affordable and encouraging consumer spending and business investment. Recent economic reports reflect positive trends, with consumer spending on the rise and retail sales increasing by 2.3% over a three-month period ending in August, indicating a potentially favorable outlook for US economic growth.[13] However, the sector faces risks from persistent supply chain challenges, including ongoing geopolitical tensions in the Middle East and a severe hurricane season in the US, which could disrupt logistics essential to the sector's efficiency. Additionally, fierce competition and the influence of social media trends present challenges for companies vying for consumer attention.[14] Strategic adaptability will be crucial for navigating these evolving market dynamics and seizing growth opportunities amid ongoing economic shifts.

Amazon.com, Inc.

AMZN

H1 Total Return: 39.47%	**H2 Total Return:** 3.30%
FY Total Return: 43.75%	**Beta:** 1.416
Initial Shares: 241	**Final Shares:** 241
Initial Value: $43,471.58	**Final Value:** $44,905.53
FY Dividend Yield: 0.00%	**H2 Holding Action:** Hold

Description:

Amazon.com, Inc. (AMZN) is a Seattle-based global retailer and tech giant known for its broad online marketplace and Amazon Prime membership, offering benefits like free shipping and streaming access. Beyond e-commerce, AMZN's cloud computing arm, AWS, supports businesses with scalable IT solutions.[15] Through strategic acquisitions and private-label expansion, AMZN reaches millions worldwide, shaping both consumer and enterprise markets.

Growth Drivers:

AMZN's growth outlook is strengthened by rising consumer spending and the recent 0.50% rate cut by the Federal Reserve. Lower borrowing costs make financing purchases more accessible, likely increasing consumer activity on AMZN's platform. This rate cut also supports broader economic stability, creating a favorable environment for AMZN to expand its market presence as demand remains robust.

Risks:

AMZN faces several risks tied to economic fluctuations and external challenges. Its reliance on consumer spending makes it sensitive to changing purchasing behaviors, especially with rising competition from discount platforms like Temu, which could pressure AMZN to adjust pricing strategies.[16] Additionally, the influence of social media trends necessitates constant adaptation to consumer preferences.[17] AMZN's logistics operations are also vulnerable to global disruptions. Geopolitical tensions in the Middle East and trade strains between the US and China may impact supply routes, raise costs, and slow deliveries. To mitigate these risks, AMZN must continuously innovate, refine logistics, and explore diversified sourcing strategies.

Lowe's Companies, Inc.

LOW

H1 Total Return: 23.62%	**H2 Total Return:** -9.75%
FY Total Return: 11.67%	**Beta:** 1.188
Initial Shares: 38	**Final Shares:** 0
Initial Value: $9,679.74	**Final Value:** $0.00
FY Dividend Yield: 0.96%	**H2 Holding Action:** Sell 38 Shares

Description:

Lowe's Companies, Inc. (LOW) is the world's second-largest home improvement retailer, with a substantial footprint in North America, operating over 2,100 locations. Known for its commitment to customer service, LOW provides an extensive selection of home improvement products and offers services such as installation, repairs, and maintenance to meet a broad range of customer needs.[18]

Liquidation Thesis:

We chose to liquidate our position in LOW to generate cash for other targeted adjustments in the portfolio. Given LOW's position within a cyclical sector, we assessed that the stock was unlikely to outperform the market or its sector within the next year. With inflation at elevated levels, consumer priorities have shifted, as people are more focused on essential expenses rather than discretionary home improvement projects. By reallocating funds away from LOW, we aimed to protect the portfolio from sector volatility and pivot towards opportunities better aligned with current market dynamics.

McDonald’s Corporation

MCD

H1 Total Return: 0.00%	**H2 Total Return:** 13.38%
FY Total Return: 13.38%	**Beta:** 0.408
Initial Shares: 0	**Final Shares:** 54
Initial Value: $0.00	**Final Value:** $16,443.54
FY Dividend Yield: 1.10%	**H2 Holding Action:** Buy 54 Shares

Description:

McDonald’s Corporation (MCD) is a global fast-food leader, operating over 41,800 locations across 100+ countries. Known for its iconic menu items, MCD generates most of its revenue through franchised restaurants, supporting a scalable business model. With strategic partnerships and investments in digital ordering, delivery, and technology, MCD continues to innovate, catering to evolving consumer preferences and solidifying its role in convenient, quick-service dining worldwide.[19]

Investment Thesis:

We purchased MCD because it offers a stable, value-driven investment with a proven track record of resilience in challenging markets. During H2 of 2022, MCD outperformed key indices, including the S&P 500, Consumer Discretionary, and Consumer Staples, showcasing its ability to thrive even amid market volatility.[20] In the climate of high interest rates, inflation, and geopolitical uncertainty, MCD’s defensive qualities provide us with lower volatility and dependable returns. Additionally, we identified that the stock was undervalued compared to its historical benchmarks and industry peers, giving it strong growth potential. This purchase aligned with our strategy to add a stable yet growth-oriented stock to the portfolio, one that we expect will generate solid returns as the economy normalizes.

Starbucks Corporation

SBUX

H1 Total Return: 4.81%	**H2 Total Return:** -4.56%
FY Total Return: 1.57%	**Beta:** 1.017
Initial Shares: 71	**Final Shares:** 0
Initial Value: $6,488.69	**Final Value:** $0.00
FY Dividend Yield: 1.57%	**H2 Holding Action:** Sell 71 Shares

Description:

Starbucks Corporation (SBUX) is a global leader in coffee and tea retail, offering an extensive selection of beverages, coffee beans, food items, and other related products. Operating over 16,000 stores in the US and more than 21,000 internationally, SBUX has cultivated a loyal customer base through its welcoming menu and emphasis on trendiness and familiarity. This focus on creating a consistent yet trendy experience has made SBUX a popular and recognizable brand worldwide.[21]

Liquidation Thesis:

We decided to liquidate our position in SBUX to free up cash for other strategic adjustments within the portfolio. Given its position in a cyclical sector, we didn't expect SBUX to outperform the broader market or its sector in the near term, especially with high inflation affecting consumer spending. As costs rise, consumers have been more inclined to save, impacting discretionary purchases like premium coffee.[22] By reallocating funds away from SBUX, we aimed to safeguard the portfolio from potential downturns and position ourselves more defensively amidst ongoing economic uncertainty. Our timing proved beneficial, as SBUX stock dropped 18% following our sale, validating our decision to protect the portfolio from further downside and prioritize stability amidst market volatility.

Consumer Staples

Caden Hughes

Period Performance:

For the fiscal year, the LaPorte Fund's Consumer Staples sector yielded a total return of 2.83%, significantly underperforming the S&P 500 Consumer Staples Index (S5CONS) at a total return of 24.96%. Our portfolio's Consumer Staples sector is comprised of positions in Dollar General (DG), PepsiCo (PEP), and Walmart (WMT). At of the end of the fiscal year, we are currently overweight Consumer Staples at a 6.70% weighing versus the sector's weighting in the S&P 500 of 5.93%. At the beginning of our fiscal year, we decided to purchase Dollar General (DG) as we had a strong belief in its significant undervaluation as well as in the low-cost consumer retail space. This thesis proved to be very promising and brought about a 31.22% return during H1. In May, we decided to buy more shares, feeling strongly that the macro environment would bolster further price appreciation for DG and that it may be our last chance to add shares at an attractive price point. Soon after our second purchase, DG released its August earnings release which led to an approximate 32% single-day decline, the worst in the company's history.[23] This transaction severely impacted our Consumer Staples sector within the portfolio as it was the only holding with a negative return over the course of the fiscal year. Other holdings, such as WMT, delivered far more positive returns (37.97%). During H2, we also decided to liquidate our position in Procter & Gamble. This decision was a part of an effort in which our fund decided to capture a 94% capital gain and reallocate the funds towards a more attractive emerging market opportunity.

Looking Ahead:

The Consumer Staples sector will continue a strong defensive play as we approach the coming months. With the Federal Reserve cutting rates this past September and further anticipated rate cuts on the horizon, the sector is well positioned to benefit from lower borrowing costs and increased consumer stability. The upcoming election may also bring about short-term volatility which the Consumer Staples sector could help to hedge against. We remain comfortable with our overweight position in Consumer Staples, yet we are mindful of individual risks, particularly with DG, and may look to adjust our holdings to manage further potential losses while seeking growth opportunities in other areas.

Dollar General Corp.

DG

H1 Total Return: 31.22%	**H2 Total Return:** -41.90%
FY Total Return: -32.89%	**Beta:** 0.503
Initial Shares: 0	**Final Shares:** 137
Initial Value: $0.00	**Final Value:** $11,586.09
FY Dividend Yield: 1.43%	**H2 Holding Action:** Buy 65 Shares

Description:

Dollar General Corp. (DG) is the largest discount retailer in the United States, specializing in providing a broad range of consumable and non-consumable goods at low prices in small-box locations. The company operates 20,345 stores across 48 states and Mexico, with a strong presence in rural areas where larger retailers are scarce.[24] DG's product offerings span four key segments: Consumables, Seasonal Products, Home Products, and Apparel.

Growth Drivers:

DG is focused on revitalizing growth through targeted store format innovations and digital advancements.[25] By expanding to larger store layouts, DG aims to attract more customers and drive sales by offering a wider range of products, including high-margin non-consumables and fresh produce which are all enhancements intended to improve its current underperformance.[26] Additionally, DG's digital initiatives, such as third-party delivery partnerships, the "DG Fresh" self-distribution model, and the DG Media Network, are set to streamline operations, optimize inventory management, and increase customer engagement, all critical for lifting DG's weakened margins.[27]

Risks:

The company faces multiple risks that could hinder its recovery and long-term performance. DG faces heightened competition in the discount retail market, particularly from Walmart's expanding convenience offerings, which could pressure DG's market share.[28] The need to differentiate continuously in an increasingly crowded space places further strain on DG's ability to retain customer loyalty and grow. The company's shift toward a higher concentration of low-margin consumable sales also limits its ability to drive profitability.[29] This reliance on consumables leaves DG more vulnerable to an uncertain macroeconomic environment, as its budget-conscious customer base may further reduce spending, squeezing margins. The risk of rising labor and operational costs would necessitate that DG achieve significantly higher comparable sales to offset these expenses. Together, these factors underscore the challenges DG faces in attempting to stabilize its performance and return to growth.

PepsiCo, Inc.

PEP

H1 Total Return: 4.03%	**H2 Total Return:** -0.55%
FY Total Return: 3.47%	**Beta:** 0.438
Initial Shares: 71	**Final Shares:** 66
Initial Value: $12,030.24	**Final Value:** $11,223.30
FY Dividend Yield: 3.19%	**H2 Holding Action:** Sell 5 Shares

Description:

PepsiCo, Inc. (PEP) is a global leader in beverages and convenience foods, offering a vast selection of well-known brands like Pepsi, Gatorade, Tropicana, Lay's, and Quaker Oats. With operations in over 200 countries, PEP delivers a diverse range of products through its extensive network of direct operations, authorized bottlers, and partnerships with third parties.[30] PEP's core strategy is centered around expanding its portfolio with consumer-focused products, prioritizing healthier and sustainable options, and enhancing cost-efficiency on a global scale.

Growth Drivers:

PEP's key growth drivers are rooted in its commitment to health, sustainability, and strategic marketing. The company's focus on health and wellness is demonstrated by its continued shift toward healthier product offerings, with targets to reduce added sugars, sodium, and saturated fats across its portfolio, aligning with rising consumer demand for nutritious options. Sustainability initiatives, particularly through the PepsiCo Positive (pep+) program, position the company as an environmentally responsible choice.[31] By reaching 80% renewable electricity usage globally and improving water-use efficiency, the company appeals to eco-conscious consumers while lowering operational costs.[32]

Risks:

Supply chain bottlenecks remain a concern for PEP, as international disruptions or geopolitical tensions could hinder efficiency, especially in crucial markets, such as Latin America and Asia-Pacific.[33] Additionally, eroding brand loyalty, particularly in the soft drink and energy drink segments, poses a challenge as more consumers shift towards price and functionality over brand.[34] Currency headwinds also threaten profitability, as unfavorable foreign exchange movements in regions like Latin America and Europe could dampen the profitability of PEP's international operations, which are essential to its long-term growth strategy.[35]

Proctor & Gamble Co.

PG

H1 Total Return: 11.24%	**H2 Total Return:** -2.87%
FY Total Return: 9.34%	**Beta:** 0.583
Initial Shares: 62	**Final Shares:** 0
Initial Value: $9,043.32	**Final Value:** $0.00
FY Dividend Yield: 1.85%	**H2 Holding Action:** Sell 62 Shares

Description:

Procter & Gamble Co. (PG) is a global leader in branded consumer packaged goods. The company operates through five core segments: (1) Beauty, (2) Grooming, (3) Health Care, (4) Fabric & Home Care, and (5) Baby, Feminine & Family Care. Within these segments, PG manufactures some of the most popular household products such as Tide, Bounty, Head & Shoulders, Pampers, Febreze, Dawn, Crest, Gillette, and many more. PG sells its products in approximately 180 countries through a variety of channels, including e-commerce, mass merchandisers, grocery stores, pharmacies, and direct-to-consumer.[36]

Liquidation Thesis:

Our thesis for liquidating PG was straightforward. In April, the LaPorte Fund convened to evaluate a potential investment in Van Eck India Growth Leaders (GLIN), an emerging market ETF with a focus on India. We were particularly optimistic about India due to its projected GDP growth and expanding middle class. Following our discussion, we collectively agreed to add GLIN to our portfolio. Given limited available capital, PG was selected for liquidation to free up funds, as this decision allowed us to capture an approximate 94% capital gain. Since then, PG has returned 10.16%, while GLIN has delivered a stronger performance at 17.18%. Though PG has continued to perform well, GLIN has outpaced it and has successfully introduced more concentrated international exposure to our portfolio.

Walmart Inc.

WMT

H1 Total Return: 13.23%	**H2 Total Return:** 21.92%
FY Total Return: 37.97%	**Beta:** 0.617
Initial Shares: 300	**Final Shares:** 189
Initial Value: $15,993.00	**Final Value:** $15,261.75
FY Dividend Yield: 1.30%	**H2 Holding Action:** Sell 111 Shares

Description:

Walmart Inc. (WMT) is the world's largest retailer, offering a wide range of products, including groceries, general merchandise, and health items, across physical stores, e-commerce, and Sam's Club warehouses. WMT operates 10,619 stores in 19 countries, focusing on everyday low prices by leveraging its scale and supply chain efficiency to minimize costs. The company operates through three segments: Walmart US, Walmart International, and Sam's Club. WMT's strategy emphasizes an omni-channel model, integrating physical and digital shopping, while maintaining cost leadership through supply chain innovation and private-label growth.[37]

Growth Drivers:

WMT's growth drivers include its omni-channel strategy, expanding membership programs, and a diversified consumer mix. By integrating physical stores with its e-commerce platform, WMT offers more convenience through curbside pickup and same-day delivery, with global e-commerce sales up 21% YoY.[38] This strategy has enhanced their overall customer retention and will continue to broaden their market reach. Walmart's membership programs, such as Walmart+ and Sam's Club, generate recurring revenue and increase loyalty, with Sam's Club membership income up 14.4% YoY, positioning WMT strongly against competitors like Amazon Prime and Costco.[39]

Risks:

A downturn in discretionary spending could compress WMT's already narrow margins, particularly in non-essential categories. The company operates in a highly competitive retail space, contending with traditional players like Target and Costco and e-commerce giants like Amazon, requiring continuous innovation to maintain market share.[40] Rising energy costs pose another risk, as fluctuations in fuel and electricity impact operational expenses across their extensive network. While WMT has committed to renewable energy, sudden energy price spikes could pressure margins, especially given geopolitical instability in regions like the Middle East and Russia.[41]

Energy

Jack Bennett

Period Performance:

In the fiscal year 2024, the S&P 500 Energy Sector Index returned a meager 0.71%, compared to the overall market returning 36.08%. For the LaPorte portfolio specifically, that underperformance was exacerbated, coming in at -6.56%. This underperformance was almost solely due to the acquisition of Halliburton (HAL) in the middle of H2. In an attempt to capitalize on rising oil prices in late April/early May, we made a strategic decision to take advantage of the strong financials and growth prospects of the industry leader. However, since then, it has been the third worst performer in our portfolio, returning -19.18% and a dollar value loss of ~$2,000. Oil prices significantly deteriorated our position, as they had decreased 13.72% since we made the purchase. Our strategy based on the projected success of the Energy industry had not paid off, leaving that sector of our portfolio in question moving into 2025.

Looking Ahead:

Looking ahead, we expect the Energy sector to continue to stall, as the complex relationship between supply and demand for oil projects remains flat in 2025. In Q2 and Q3 of 2024, oil prices saw steady declines, and many publications adjusted their expectations.[42] While outlooks are positive to end 2024, long term confidence is low in the price of oil, citing uncertainty from OPEC+'s plans for production and overall demand from global consumers. We expect uncertainty in the Eastern Hemisphere to cause short spikes of oil prices, but nothing major enough to sustain any price rally. Moving forward, we will continue to assess the complex supply-demand relationship that causes dramatic swings in oil prices. Additionally, we will continue to evaluate opportunities related to clean energy, as it has been one of the most promising growth areas in the sector. Jobs within the clean energy sector are increasing rapidly, as the Biden-Harris administration log record investments in clean energy and manufacturing.[43]

Halliburton Corp.

HAL

H1 Total Return: 0.00%	**H2 Total Return:** -19.18%
FY Total Return: -19.18%	**Beta:** 1.037
Initial Shares: 0	**Final Shares:** 303
Initial Value: $0	**Final Value:** $8,802.15
FY Dividend Yield: 1.17%	**H2 Holding Action:** Buy 303 Shares

Description:

Halliburton Corp. (HAL) was founded in 1919 and has since grown into one of the world's leading providers of energy-related solutions. Generally listed as an oilfield service company, HAL has been providing integrated solutions to customers for the exploration, development, and production of the oil and natural gas industry. HAL has two main segments in its operations, Completion and Production, and Drilling and Evaluation. HAL is an industry leader in the upstream oil industry, which relates to the exploration and production of petroleum. HAL has been a mainstay in the industry, starting in the oil-rich area of Dunkan, OK, and has since been able to expand its worldwide.[44]

Investment Thesis:

At the end of April, we had identified HAL as a potential buying opportunity for multiple reasons. At the time, it was able to outperform the S&P 500 Energy Sector Index on a return-on-assets (ROA) and return-on-equity (ROE) basis, as well as when compared to its closest competitors Schlumberger and Baker Hughes.[45] Furthermore, from YoY from 2020 to 2023, HAL established a trend of increasing its Gross Profit Margin (GPM) and Net Profit Margin (NPM), showing an ability to control costs. HAL had a cheap P/E ratio and a PEG ratio under 1. Finally, we were generally positive on the future performance of oil prices and wanted to increase our weighting in the Energy sector. We saw HAL as a potential opportunity to take strategic advantage of an industry mainstay regaining its historical performance on the market.

Energy Sector Select SPDR ETF

XLE

H1 Total Return: 6.15%	**H2 Total Return:** -5.47%
FY Total Return: 0.43%	**Beta:** 1.007
Initial Shares: 220	**Final Shares:** 220
Initial Value: $19,885.80	**Final Value:** $19,316.00
FY Dividend Yield: 3.39%	**H2 Holding Action:** Hold

Description:

The Energy Select Sector SPDR Fund (XLE) is made up of twenty-two energy companies in the S&P 500, which mainly focus on oil, gas, consumable fuels, energy services, and equipment. It was created on December 16th, 1998, and is managed by SSGA Funds Management. XLE's benchmark is the SPX index for the Energy sector and has a total AUM value of ~$35,814 million. This ETF allows investors to gain exposure to the energy sector while being able to maintain diversification. SSGA Funds Management rebalances quarterly and has a gross expense ratio of 0.09%, much lower than the average of 0.52%.[46]

Growth Drivers:

In 2023, there was an uptick in new jobs in the US clean energy industry, adding around 142,000 people to the workforce.[47] This is due in part to increased investment in the industry, as many firms are receiving subsidies for clean energy. Adding jobs to an industry allows for more output and greater competition, leading to more skilled workers getting hired. As these firms continue to invest in human capital, their employees should eventually repay them by contributing to the firms' successful operations. Moreover, when the Federal Reserve cuts interest rates, the economy is stimulated, and many firms see growth due to that stimulation. Lower borrowing costs allows for companies to reinvest more back into their company and causes oil and gas demand to increase.

Risks:

One of the mains risks of holding this ETF is its heavy weighting in the Oil, Gas & Consumable Fuels industry, and its heavy correlation with the movement of oil and natural gas prices. Volatility in the energy sector is driven heavily by the changes in oil and natural gas prices. As these prices are set by the market, a lot of movement in prices tend to occur over time. This causes a lot of movement in the Oil, Gas & Consumable Fuels industry, which makes up 91.05% of the sector, and thus the fund.[48]

Financials

Jack Bennett

Period Performance:

For the full fiscal year, the Financials sector performed quite well, outperforming the S&P 500 with a return of 38.61% compared to the S&P's 36.08%. For the LaPorte portfolio, we were able to outpace that success returning 41.79% over the year. This success was due in large part to the performance of industry giants like J.P. Morgan Chase (JPM) and Nasdaq Inc. (NDAQ), which returned 48.43% and 45.84%, respectively. JPM was at the forefront of a key decision for us, as there were conversations about liquidating the holding to fund another purchase. Throughout the year we steadily decreased our weighting in the sector, representing a pessimistic outlook overall. This decrease in allocation allowed us to take advantage of profits in certain industries, like IT and internationals, and make strategic investments in areas we were confident in moving forward.

Looking Ahead:

In the future, decisions made by the Federal Reserve could drive both positive and negative events for the Financials sector. Based on current trends, the Federal Reserve is likely to continue cutting interest rates.[49] Currently, the market is pricing in interest rate cuts at each of the remaining meetings in 2024, which could result in both positive and negative outcomes for companies in the Financials sector. Lower interest rates should cause more stimulation in the economy and expansion overall, resulting in beneficial outcomes for the payment processing and financial services industries. In terms of negative impacts, lower interest rates also cause the average consumer to save less money and the NIM margins in the banking industry to thin.[50] Based on current available information and projected outcomes, we expect the Financials sector to generally underperform the S&P 500, as steadily decreasing interest rates are not conducive to higher gains in the sector. This continuation of decreasing our allocation in the Financials sector will allow us to take advantage of gains from a successful 2024 and increase our weighting in areas which expect higher growth going forward.

J.P. Morgan Chase & Co.

JPM

H1 Total Return: 39.57%	**H2 Total Return:** 6.42%
FY Total Return: 48.43%	**Beta:** 1.003
Initial Shares: 115	**Final Shares:** 115
Initial Value: $16,677.30	**Final Value:** $24,248.90
FY Dividend Yield: 2.09%	**H2 Holding Action:** Hold

Description:

Few institutions in the US have a more storied and robust history than J.P. Morgan Chase & Co. (JPM). It was founded in the late 1800s and has grown into the largest bank in the world, amassing ~$3.5 trillion in assets as of June 30th, 2024. One reason why JPM has been so successful in recent years is due to the direction of its well-known CEO Jamie Dimon. Since ascending to the head of the company in 2006, Dimon has led JPM through several national and global crises and continued profitable operations. Dimon and his cast of board members have helped cement JPM as a global superpower and a sound investment.[51]

JPMORGAN CHASE & CO.

Growth Drivers:

There are many avenues of success for JPM in 2025. As interest rates decrease, there will be many positive impacts that stem from those actions. To start, demand for loans will increase, as it will be cheaper to obtain loans from institutions like JPM. Additionally, global M&A activity has seen increases, most notably in Q1 of 2024. This will drive revenue for the company, and momentum in those deals should provide stability going forward into 2025. Finally, as interest rates decrease, JPM will be able to decrease the yield they pay out to customers who utilized high-yield savings accounts in the increasing interest rate environment

Risks:

While decreasing interest rates have benefits for a large bank like JPM, there are also factors that could impact the firm for the worse in 2025. It is expected that Jamie Dimon will retire soon, which should create some uncertainty for the company moving forward. Another risk moving forward are the negative impacts from the decreasing interest rate environment. While M&A activity and decreased high-yield savings payouts should benefit the company, the suppression of their Net Income Margin and a decreased appetite for consumer savings could introduce speedbumps for the firm in 2025.

SPDR S&P Regional Banking ETF

KRE

H1 Total Return: 22.31%	**H2 Total Return:** 14.11%
FY Total Return: 39.29%	**Beta:** 1.002
Initial Shares: 250	**Final Shares:** 250
Initial Value: $10,442.50	**Final Value:** $14,150.00
FY Dividend Yield: 2.80%	**H2 Holding Action:** Hold

Description:

Formed in 2006, the SPDR S&P Regional Banking ETF (KRE) tracks the regional banking segment of the broader banking industry, specifically the S&P Regional Banks Select Industry Index. Managed by SSGA Funds Management, Inc., KRE is a passive income ETF that follows a modified equal weighting approach and is rebalanced quarterly. Its annual report expense ratio is at 0.35%, which is lower than the category average, and the holdings turnover rate is at 61%, quite a bit higher than average.[52]

KRE

Growth Drivers:

Like many financial institutions, KRE will seek to benefit from a decreasing interest rate environment. For regional banks, this should be amplified as they will be able to eliminate some of the paper deficits they had on their books, from fixed income assets which had taken large losses from increasing interest rates. Housing should also be an area of growth for regional banks in 2024, as lowered interest rates should increase demand for housing for new homeowners, creating more mortgage business for these banks.[53]

Risks:

A persistent issue for regional banks is competition from larger names like JPM, Bank of America (BAC) and Wells Fargo (WFC). These institutions have large networks, a wide assortment of product offerings, and lower rates that regional banks simply cannot compete with. Also, an evergreen speedbump for regional banks is the presence of changing regulations and restrictions. With an uptick in regulations and law amendments, regional banks are finding it increasingly difficult to create margins. New proposals to increase the minimum requirements for short-term loans and decrease swipe fees all pose a challenge for banks going forward.[54]

Nasdaq, Inc.

NDAQ

H1 Total Return: 28.74%	**H2 Total Return:** 15.01%
FY Total Return: 45.84%	**Beta:** 0.956
Initial Shares: 414	**Final Shares:** 338
Initial Value: $20,116.26	**Final Value:** $24,677.38
FY Dividend Yield: 1.30%	**H2 Holding Action:** Sell 76 Shares

Description:

With more than 5,000 companies traded on the exchange daily, the NASDAQ is one of the most frequently used stock exchanges in the world. The NASDAQ is known for the large tech companies that are traded on the exchange such as Nvidia, Apple, and Microsoft. Operationally, they also provide data and analytics solutions, along with software services to the capital markets industry. While Nasdaq Inc. (NDAQ) started out as the world's first fully electronic trading system, they have branched out to become one of the largest financial technology companies in the world.[55]

Growth Drivers:

Looking ahead, NDAQ will be able to benefit from larger macroeconomic trends. As interest rates and inflation continue to decrease, NDAQ will be able to benefit from lowered borrowing rates and a further stimulated economy. As the owner of an exchange that many companies trade on every day, NDAQ is set up well to benefit greatly from the stimulation of the economy. Additionally, its other business lines are set to see more activity as other businesses have more capital to spend on their services. Finally, the lower borrowing rates will help NDAQ expand their business scope and give them an opportunity to invest in new technology that will better serve their customers.

Risks:

As NDAQ is heavily invested in the maintenance and innovation of new data and technology, they are exposed to unique risks. As the Securities and Exchange Commission (SEC) seeks to provide companies and investors with a level playing field, they aim to provide helpful information to as many companies and prospective investors as possible. This puts companies like NDAQ, who make money from providing data to others, at a disadvantage.

Prudential Financial Inc.

PRU

H1 Total Return: 26.41%	**H2 Total Return:** 5.37%
FY Total Return: 33.05%	**Beta:** 1.088
Initial Shares: 136	**Final Shares:** 136
Initial Value: $12,905.04	**Final Value:** $16,469.60
FY Dividend Yield: 4.25%	**H2 Holding Action:** Hold

Description:

Prudential Financial Inc. (PRU) has been a mainstay in the insurance services space since they became public on December 13th, 2001. PRU works with approximately 50 million customers, spanning over 50 countries. PRU has ~$1.5 trillion in AUM and is the second largest public insurance-based company in the United States. Generally, its revenue can be classified under five business segments: (1) US Businesses, broken down into Retirement, Group Insurance, and Individual Life Insurance, (2) International Businesses, (3) Closed Block Business, (4) its total PGIM division, and (5) other miscellaneous revenues.[56]

Growth Drivers:

PRU's growth potential is driven by its ability to expand its presence in growth markets, alternative platforms, and the pockets of consumers in the US. PRU has identified areas of growth around the world and has the ability to expand its operations in smaller revenue segments. PRU has recently made strategic acquisitions to enhance its PGIM section and increase efficiency of operations. Also, as consumer demand increases as an effect of lowering inflation, PRU should see an increase in demand for its services.[57]

Risks:

PRU faces several risks as it attempts to navigate operations through a time of potentially decreasing interest rates. While the fluctuation of interest rates in both directions tend to have both positive and negative impacts for a financial institution, it is generally accepted that decreasing interest rates have a negative impact on profitability and revenue expectations for insurers. This stems from lower payouts on annuities, lowered demand for those annuities, and generally lower investment returns on reserves for future claims.[58]

Healthcare

Alexis Kothawala

Period Performance:

During the fiscal year, the Healthcare sector of the LaPorte portfolio returned 15.85%. LaPorte Healthcare slightly underperformed the benchmark, the S&P 500 Healthcare Index (S5HLTH), which returned 21.5% this FY. LaPorte holds four healthcare stocks: Amgen (AMGN), UnitedHealth Group (UNH), Thermo Fisher Scientific (TMO), and CVS Health Corporation (CVS). There were no transactions in the sector during the fiscal year. AMGN returned 23.19%, UNH returned 17.54%, TMO returned 22.50%, and CVS returned -6.22%. The LaPorte portfolio is slightly underweight in this sector, with a 9.56% weighting compared to the S&P's 11.66%.

Looking Ahead:

As the aging population and the Baby Boomer Generation drive significant growth in demand for healthcare services, particularly in senior care and nursing homes, the healthcare system faces both challenges and opportunities. Older adults typically require more medical attention due to chronic conditions, intensifying the need for innovative solutions. Meanwhile, AI and technology are transforming the industry, with applications in research, clinical trials, surgery, drug discovery, and early disease detection.[59] In the pharmaceutical sector, there is a growing focus on Glucagon-like peptide-1 (GLP-1) drugs, which are crucial for managing diabetes and are increasingly popular in the weight loss market, projected to become a 100 billion dollar industry by 2030.[60] Additionally, election outcomes and new health policies regarding insurance and pharmaceuticals will shape the healthcare landscape moving forward.

Amgen, Inc.

AMGN

H1 Total Return: 7.42%	**H2 Total Return:** 14.91%
FY Total Return: 23.19%	**Beta:** 0.164
Initial Shares: 50	**Final Shares:** 50
Initial Value: $13,438.00	**Final Value:** $16,110.50
FY Dividend Yield: 2.76%	**H2 Holding Action:** Hold

Description:

Amgen, Inc. (AMGN) is a leading biotechnology company within the healthcare industry renowned for its advanced medical research discoveries and effective medicines. The company leverages cellular and molecular biology as the foundation of its work. Its products make a difference around the globe by restoring health and saving lives, reaching more than 100 countries, primarily in the US. The company operates primarily through its human therapeutics segment and has maintained its focus in this area since its beginning.[61]

Growth Drivers:

AMGN is in trial to get Pavblu approved for the market, a biosimilar to the existing eye medication Eylea, aimed at boosting revenue despite ongoing litigation.[62] While Eylea currently dominates the market for macular degeneration, AMGN seeks to capture market share with Pavblu. Additionally, AMGN's GLP-1 drug, Martide, is currently in clinical trials and offers a unique advantage with a single monthly injection. This sets it apart from competitors in the weight loss market, as most existing treatments require weekly injections. The company also has two drugs in Phase 3 testing for eczema and generalized myasthenia gravis, highlighting its focus on research and development for continued growth.

Risks:

Bringing new drugs to market is a complex and expensive process, largely due to FDA regulations and high costs, which can reach up to $1 billion per drug.[63] Development and R&D expenses contribute significantly to AMGN's overall costs. Additionally, the recent merger with Horizon Therapeutics added substantial debt to AMGN, leading to negative net cash flows due to high expenses of investing activities. Furthermore, changes in policy resulting from the US presidential election could affect biotech companies. New administration may implement different rules and regulations impacting the medical sector which could in turn influence the overall sector returns.

CVS Health Corporation

CVS

H1 Total Return: 16.06%	**H2 Total Return:** -19.50%
FY Total Return: -6.22%	**Beta:** 0.469
Initial Shares: 246	**Final Shares:** 246
Initial Value: $17,175.72	**Final Value:** $15,468.48
FY Dividend Yield: 4.13%	**H2 Holding Action:** Hold

Description:

CVS Health Corporation (CVS) provides healthcare and pharmacy services operating in four main segments: (1) Health Services, (2) Pharmacy, (3) Consumer Wellness, and (4) Health Care Benefits. As one of the largest drugstore chains in the nation, CVS has 9,000 retail locations including over 1,000 walk-in clinics, 200 primary care clinics, and a network of 66,000 retail pharmacies.[64]

Growth Drivers:

CVS aims to cut spending by $2 billion through various measures including laying off 3,000 employees and exiting the Coram Infusion Services industry by closing or selling 29 locations. These steps are designed to improve financial performance and address low net income margins. CVS is focused on balancing its business model for long-term growth, capitalizing on the steady demand for pharmacy services during economic uncertainty. The aging population and increasing prescriptions further support CVS's market success. Additionally, CVS's investment in digital innovation enhances accessibility and customer experience. With mobile and web access, customers can easily refill prescriptions and schedule appointments. This digital strategy has attracted 55 million users and reflects a 20% YoY increase.[65]

Risks:

High medical costs from the healthcare benefits segment, Aetna, have unexpectedly increased operating expenses for CVS. Aetna is facing challenges due to soaring medical costs and issues with Medicare Advantage reimbursement. The company's medical star rating has declined, and operating income fell by 40% in Q2. This resulted in potential losses of up to $1 billion this year.[66] These high medical costs have caused the medical benefits ratio to rise to 89.60%, an increase of 3.40% from the previous year.[67] As a result, CVS is considering splitting its retail and insurance business creating caution for investors.

Thermo Fisher Scientific, Inc.

TMO

H1 Total Return: 14.96%	**H2 Total Return:** 6.56%
FY Total Return: 22.50%	**Beta:** 0.939
Initial Shares: 47	**Final Shares:** 47
Initial Value: $23,789.99	**Final Value:** $29,072.79
FY Dividend Yield: 0.239%	**H2 Holding Action:** Hold

Description:

Thermo Fisher Scientific, Inc. (TMO) operates within the medical equipment sector. The company is dedicated to advancing science through a diverse range of products and services. The company manufactures analytical instruments, laboratory equipment, software, consumables, and chemicals. Notable products include chromatographs and spectrometers. TMO serves various sectors, including biotechnology, pharmaceuticals, hospitals, diagnostic labs, and research institutions.[68]

Growth Drivers:

TMO is driving its growth through strategic acquisitions and expanded capabilities, having acquired 40 businesses over the past 40 years. A recent highlight is the $3.1 billion acquisition of Olink Holding AB, which enhances its position in the proteomics market and is projected to deliver $125 million in adjusted operating income synergies by the fifth year.[69] In addition, TMO is significantly increasing its global vaccine manufacturing capacity by collaborating with bioscience and bioproduction companies. This further solidifies its commitment to supporting the development and production of vaccines and therapies worldwide.

Risks:

TMO's revenue relies on an efficient supply chain for timely product delivery. In the medical sector, managing supply chain risks is critical, especially since 50% of its revenue derives from international markets. The company also depends on fluctuating customer capital spending, regulatory compliance, and competition. While demand for COVID testing kits surged during the pandemic, it has since declined. This resulted in reduced revenue. As the pandemic wanes, TMO is focusing on diversifying its revenue streams and exploring new growth opportunities.

UnitedHealth Group Inc.

UNH

H1 Total Return: -1.14%	**H2 Total Return:** 19.04%
FY Total Return: 17.54%	**Beta:** 0.325
Initial Shares: 30	**Final Shares:** 30
Initial Value: $15,125.70	**Final Value:** $17,540.40
FY Dividend Yield: 1.361%	**H2 Holding Action:** Hold

Description:

UnitedHealth Group Inc. (UNH) is the largest health insurance provider in the United States. It offers comprehensive healthcare through four main segments: (1) Health Maintenance Organizations (HMOs), (2) Preferred Provider Organizations (PPOs), (3) Point of Service (POS) plans, and (4) Medicare/Medicaid programs. With a network of 7,200 providers, it extends its services to over 150 countries worldwide.[70]

Growth Drivers:

UNH is transitioning from a fee-for-service model to a value-based care approach, focusing on overall patient health rather than individual services. This strategy prioritizes preventative care to address health issues before they escalate, reducing future treatment costs. Optum is launching a Medicare Advantage plan that will expand coverage to 96% of Medicare consumers, featuring the UnitedHealthcare UCard for seamless digital access. The plan offers no copay for most dental services and covers over 2,000 hearing aids with reduced copayments.[71] Monitoring the Medicare sector's growth as the aging population drives demand for services is essential and requires Optum to stay competitive in this expanding market.

Risks:

In February, UNH experienced a significant cyber-attack attributed to the ransomware group BlackCat which disrupted over 100 systems. This breach primarily affected medical claims processing and led to reported costs of $2.3 billion. Consequently, UNH lowered its adjusted profit outlook for the fiscal year, causing a decline in stock value.[72] According to Yahoo Finance, shares fell as much as 10.30%, marking the largest intraday drop since March 2020.[73] Additionally, UNH is grappling with rising medical expenses and stricter Federal reimbursement regulations, which further impacted its revenue.

Industrials

Collin Cates

Period Performance:

The Industrials sector in the LaPorte portfolio returned 39.05% during FY24, while the sector index returned 35.54%. We were slightly overweight at the end of FY24 compared to the index, at 8.90%, with the index weighting at 8.59%. Only one transaction was completed during the period. We sold 95 of our 245 shares of RTX as we wished to take partial profits from the holding. We maintain some of the position as we continue to see growth potential compounded by the two major global conflicts occurring.

Looking Ahead:

The Industrials sector, despite its diversity, generally aligns with market averages due to its business-to-business customer base.[74] It also has significant public sector exposure. This unique feature allows for strategic opportunities, especially by targeting government contractors and analyzing policy decisions. With major Federal elections approaching at the end of 2024, shifts in infrastructure initiatives, defense spending, and budget allocations are expected, presenting potential growth opportunities for investors who can anticipate and adapt to these changes. Additionally, the continuing global conflict positions defense companies within the sector to generate increased returns from the ongoing supply of munitions and armaments. This, paired with overall expected market improvements, places the industrial sector in a position to benefit in the coming months.

General Dynamics Inc.

GD

H1 Total Return: 29.04%	**H2 Total Return:** 7.98%
FY Total Return: 39.24%	**Beta:** 0.687
Initial Shares: 42	**Final Shares:** 42
Initial Value: $9,280.74	**Final Value:** $12,692.40
FY Dividend Yield: 1.81%	**H2 Holding Action:** Hold

Description:

General Dynamics Inc. (GD) is a global aerospace and defense company engaged in business aviation, shipbuilding, land combat vehicles, weapons systems, and technology services.[75] GD operates through four segments: (1) Aerospace, (2) Marine Systems, (3) Combat Systems, and (4) Technologies, offering key products such as Gulfstream jets, Abrams tanks, and Hydra-70 rockets.[76] Although GD has international operations, most of its revenue is generated from the US, with 71.7% from the US government and 13.8% from US commercial sources in 2023. The company focuses on leveraging its patent base, maintaining consistent R&D spending, to uphold its technological edge.[77]

Growth Drivers:

Growth for GD is closely tied to high levels of defense spending, particularly from the US government. GD benefits from increased defense allocations and maintains its industry leadership through new product releases and a strong patent base. The company's growth is further driven by its cutting-edge research and expansion into international markets, which accounts for approximately 24.6% of its revenue.[78] Despite restrictions from arms embargoes and US government policies, there remains significant potential for GD to grow through increased foreign defense spending.

Risks:

GD faces significant challenges and risks in its volatile industry, including regulatory and legal risks if international customers violate US treaties, potentially leading to fines or loss of customers. A global decrease in defense spending would also negatively impact GD. Additionally, GD is sensitive to supply chain disruptions, which could tighten margins and hinder product delivery due to its reliance on extensive aerospace and international logistics.

RTX Corporation

RTX

H1 Total Return: 37.15%	**H2 Total Return:** 16.92%
FY Total Return: 60.08%	**Beta:** 0.572
Initial Shares: 245	**Final Shares:** 150
Initial Value: $17,632.65	**Final Value:** $18,174.00
FY Dividend Yield: 2.63%	**H2 Holding Action:** Hold

Description:

RTX Corporation (RTX), formerly Raytheon Technologies, is a global aerospace and defense company under the GICS industrial sector, operating through three main subsidiaries: Collins Aerospace, Pratt & Whitney, and Raytheon.[79] RTX aims to lead in technological capabilities, increasing R&D spending by 17.18% from $2,427 million to $2,844 million since 2017 and pursuing aggressive mergers, including one with United Technologies Corp. in 2019.[80]

Growth Drivers:

RTX's operations in aerospace and defense enable it to capitalize on both macro and micro factors that single-focused companies might overlook. Global tensions, such as the war in Israel, have boosted RTX's stock and trading volume due to its role in supplying missiles for Israel's Iron Dome.[81] RTX's internal growth is driven by its R&D capabilities, which are crucial for securing defense and aerospace contracts through cutting-edge technology. Additionally, RTX has expanded through strategic mergers and acquisitions, which are key to its future growth.

Risks:

RTX's position in the global industrial sector exposes it to risks that may be advantageous for other companies. One major risk is global stability; peace negotiations and improved international relations could reduce the need for significant defense spending. The US's relationships with its allies, such as Israel, are crucial for RTX, as seen when RTX was fined $200 million for transferring sensitive technology to China, Russia, and Iran. Changes in government spending on defense, space, or aircraft parts could also impact RTX's revenue. Additionally, supply chain challenges and inflation pose significant risks, especially for a global firm like RTX with fixed contracts that could suffer from inflationary pressures.[82]

Waste Management Inc.

WM

H1 Total Return: 40.78%	**H2 Total Return:** -1.90%
FY Total Return: 38.12%	**Beta:** 0.536
Initial Shares: 93	**Final Shares:** 93
Initial Value: $14,176.92	**Final Value:** $19,306.80
FY Dividend Yield: 1.42%	**H2 Holding Action:** Hold

Description:

Waste Management Inc. (WM) is a North American waste management and processing corporation operating in Canada and 47 US states, excluding Alaska, Hawaii, and Montana.[83] Over the past 30 years, WM has expanded, establishing 263 landfill sites, the largest network in North America. WM's revenue comes from collection, processing, and disposal services.[84] Additionally, WM generates revenue from waste-to-energy conversion. The company's future strategy focuses on managing its extensive landfill network, targeting specific customer groups with unique services, and investing in sustainable practices.

Growth Drivers:

WM's operations are heavily influenced by waste generation rates, presenting growth potential as the US and Canadian populations increase, resulting in more waste and higher demand for WM's services. WM will also grow through its recyclable and environmentally friendly initiatives, attracting government and ESG-focused businesses.[85] Additionally, WM's waste-to-energy production efforts could reduce fuel costs, widen margins, and boost profitability.

Risks:

WM's reliance on vehicles and transportation services for waste collection and transfer exposes it to risks from rising fuel costs, particularly due to geopolitical factors. Increased fuel prices could compel WM to pass costs to customers or accept lower margins.[86] Additionally, WM faces risks from environmental regulatory agencies, which could impose fines and penalties for improper waste processing or collection. WM must acquire land for landfills but encounters challenges from local opposition and competition from other waste management companies seeking the same land.[87]

Information Technology

Margaux Burns

Period Performance:

During the fiscal year, the Information Technology sector of the LaPorte portfolio returned 44.06%. While this is a healthy return, the portfolio still underperformed its benchmark, the S&P 500 Information Technology sector, which returned 52.50%. The LaPorte portfolio is currently underweight Information Technology when compared to the S&P 500 with our portfolio allocating 17.84% of its equity to the sector while it makes up 31.70% of the S&P 500. At the end of the fiscal year, the LaPorte portfolio holds six positions within the Information Technology sector, four of which are stocks and the remaining two are ETFs. These holdings include Apple Inc. (AAPL), Microsoft Corp. (MSFT), Salesforce Inc (CRM), Palo Alto Networks Inc. (PANW), Vaneck Semiconductor ETF (SMH), and Vanguard Information Technology sector ETF (VGT). Throughout the fiscal year, we bought Palo Alto Networks Inc. (PANW), fully liquidated International Business Machine Corp. (IBM), bought and fully liquidated Texas Instruments Inc. (TXN), and partially liquidated our position in Vaneck Semiconductor ETF (SMH).

Looking Ahead:

The outlook of the Information Technology sector is heavily characterized by movement in several areas including artificial intelligence, cloud computing, consumer preferences, environmental sustainability, and increased regulatory scrutiny. Each of these elements presents both significant opportunities and threats to companies within the sector. Despite some challenges regarding high inflation, high interest rates, and geopolitical tensions, the sector remained resilient whilst outperforming the market. The Information Technology sector of the S&P 500 had significant growth over the past fiscal year, returning 52.5%. This growth is likely to carry into next year, with potential deceleration as the buzz for leading technology companies may slow.[88] The Federal Reserve's decision to cut rates can also mean higher valuation for tech companies, especially those in the growth stage. Many technology companies have high expected earnings, therefore, a lower discount rate applied to these future cash flows boosts the company's current valuation. Additionally, these lowered interest rates make it easier for technology companies to invest in expansion. Companies must be agile in a landscape with increasing regulation and consumer pressure for environmental sustainability. The strong push for AI has led to a high demand for data centers and energy.[89] This will likely become an area of concern as well. Overall, the Information Technology sector sits in a promising position with lots of momentum.

Apple Inc.

AAPL

H1 Total Return: 0.44%	**H2 Total Return:** 36.17%
FY Total Return: 36.66%	**Beta:** 1.179
Initial Shares: 100	**Final Shares:** 100
Initial Value: $17.121.00	**Final Value:** $23,300.00
FY Dividend Yield: 0.42%	**H2 Holding Action:** Hold

Description:

Apple Inc. (AAPL) designs, manufactures, and distributes a wide range of products and services worldwide. Its product lineup of hardware and accessories include the iPhone, iPad, Mac, and AirPods, while software and services include iOS, iCloud, and Apple TV.[90] The iPhone generates 52% of AAPL's total revenue, followed by services at 22%, and accessories at 10%, while the remainder of revenue is split across other products.[91] With its strong brand recognition and unwavering customer loyalty, AAPL has firmly established itself as a leader in the sector.

Growth Drivers:

As a top performer, AAPL's future growth will showcase its resilience and innovation. AAPL has expanded into artificial intelligence with its release of Apple Intelligence set to be released on recent models of the iPhone, iPad, and Mac. This new venture could provide a significant growth opportunity for the company if they meet customer expectations.[92] As a company well-known for shaping the industry of smartphones and tablets, AAPL places a high priority on innovation and disrupting the market.[93] The company has already expanded markets with products like the Apple Watch and iPad and the potential opening of new markets can continue to improve and expand AAPL's product portfolio.

Risks:

As technology continues to expand and become more integrated into our daily lives, regulation surrounding technology is becoming increasingly rigid. Because AAPL is such a large company, they face increased amounts of scrutiny and attention both within the US and beyond. AAPL faced criticism from the Digital Markets Act (DMA) in the European Union for having unfair advantages of App distribution and payment channels.[94] Regulatory changes have a large opportunity to impact AAPL and potentially disrupt its business model or revenue streams. Additionally, continued tension with China has disrupted both AAPL's supply chain and revenue streams, as China was the primary manufacturer of AAPL products.[95] Geopolitical tensions have the ability to shake AAPL's business operations and lower profits.

Microsoft Corporation

MSFT

H1 Total Return: 33.72 %	**H2 Total Return:** 2.63%
FY Total Return: 37.23%	**Beta:** 1.116
Initial Shares: 50	**Final Shares:** 50
Initial Value: $15,787.50	**Final Value:** $21,515.00
FY Dividend Yield: 0.70%	**H2 Holding Action:** Hold

Description:

Microsoft Corporation (MSFT) is a leading multinational technology company headquartered in Redmond, Washington. MSFT develops, sells, and licenses hardware, software, and services that cater to several industries and customer segments.[96] The three main areas of business are (1) productivity and business processes, (2) intelligent cloud, and (3) more personal computing. MSFT is most known for lines such as the Windows operating system, Microsoft 365 suite, Azure cloud computing, and Xbox gaming consoles.[97]

Growth Drivers:

MSFT's growth is heavily driven by its cloud segment, specifically Azure, which has seen 30% growth YoY.[98] Microsoft has high expectations that Azure will continue to generate growing revenue for the company. MSFT has also been a large player in the Artificial Intelligence space with its introduction of Microsoft Copilot, a "productivity-boosting generative AI."[99] This software is embedded into many of MSFT's offerings and has a Copilot Pro option available as part of a subscription service. MSFT's stance in two of the highest growth sections of the Information Technology sector offers promising opportunities.

Risks:

MSFT is positioned in an extremely competitive and fast-paced industry, making it vulnerable to competing companies. MSFT is also facing increased regulation from government agencies that may influence its products and services. These new requirements can shift practices related to user privacy, telecommunications, and data protection.[100] MSFT's cloud service, Azure, has become a large driver of the company's revenue and growth. However, there are many other competitors in this space like Google and a dip in performance may end up costing MSFT.[101]

Palo Alto Networks, Inc.

PANW

H1 Total Return: 1.04%	**H2 Total Return:** 20.30%
FY Total Return: 21.55%	**Beta:** 1.119
Initial Shares: 0	**Final Shares:** 53
Initial Value: $0.00	**Final Value:** $18,115.40
FY Dividend Yield: 0.00%	**H2 Holding Action:** Hold

Description:

Palo Alto Networks, Inc. (PANW) is a leading cybersecurity provider that is headquartered in Santa Clara, California. It provides network and cloud security solutions and services to enterprises worldwide. PANW offers both hardware and software security solutions to help companies secure and protect their networks, clouds, and devices from cybersecurity breaches.[102]

Growth Drivers:

A key driver of growth for PANW has been its continual strategic M&A activity. Some of the more recent and notable acquisitions include Talon Cyber Security (2023), Dig Security (2023), Zycada Networks (2023), and Cider Security (2022).[103] These acquisitions have strengthened the overall business through a broadened portfolio and increased market coverage. Additionally, as organizations increasingly transition to the cloud, the demand for robust cloud security rises - a trend that, alongside growing concerns over cyberattacks, points to a promising landscape for PANW's business operations.[104]

Risks:

As the digital landscape expands, the opportunity for cyberattacks also grows in both scope and complexity. Cybersecurity providers are facing challenges in developing solutions that keep pace with the rapidly evolving threat risks. Furthermore, providers are struggling to find skilled professionals to designs the solutions needed to defend against threats.[105] As a provider of cybersecurity, PANW must protect itself from attacks while also ensuring customers' security. The risk of outages and security breaches can heavily impact PANW's reputation. Additionally, many of PANW's competitors have similar frameworks, which can make it difficult for PANW to attract customers.

Salesforce Inc.

CRM

H1 Total Return: 48.53%	**H2 Total Return:** -8.86%
FY Total Return: 35.37%	**Beta:** 1.579
Initial Shares: 55	**Final Shares:** 55
Initial Value: $11,152.90	**Final Value:** $15,054.05
FY Dividend Yield: 0.29%	**H2 Holding Action:** Hold

Description:

Salesforce Inc. (CRM) is a cloud-based software company and a global leader in customer relationship management (CRM) technology. The company provides tools and applications that unify customers interactions through fully integrated systems, delivered through a Software-as-a-Service (SaaS) model. CRM offers tailored packages suitable for businesses of all sizes, which can be expanded at any time through the cross-selling of products.[106]

Growth Drivers:

CRM's growth opportunities reflect both its core business model and focus on innovation. By leveraging cross-selling strategies to market additional products and services to existing customers, CRM can increase existing revenue streams. This strategy, alongside its subscription-based business model, enables CRM to have superior customer retention, which currently sits at 92%.[107] Furthermore, because the products are fully integrated, the cost of switching to a competing company would be high for customers, as they would need to rework their entire technology system. Additionally, CRM's new AI offering, Agentforce, presents a significant opportunity to set industry trends with its automated AI agents that aid in business decision making.[108] The company currently has 200 million agents in trial phases and is poised to continue expanding and refining these models.[109]

Risks:

Despite holding the largest portion of market share in the CRM space with 21.80%, Salesforce faces risks that could affect its growth.[110] One of the leading threats is that CRM offers so many services that it can be seen as too complex and extensive, leading customers to seek more basic systems. Additionally, much like the transition cost away from CRM is high, there is also a high transition cost away from many of CRM's competitors. CRM is also at risk of cyberattacks as one of the largest CRM providers. The company must invest heavily in security solutions to mitigate this risk.

VanEck Semiconductor ETF

SMH

H1 Total Return: 55.91%	**H2 Total Return:** 8.73%
FY Total Return: 68.89%	**Beta:** 0.999
Initial Shares: 156	**Final Shares:** 150
Initial Value: $22,616.88	**Final Value:** $36,817.50
FY Dividend Yield: 0.44%	**H2 Holding Action:** Hold

Description:

The VanEck Semiconductor ETF (SMH) offers exposure to the semiconductor production and equipment industries through its passively managed portfolio of 25 stocks. SMH is benchmarked against MarketVector's MVIS US listed semiconductor 25 index. The fund includes large and mid-cap companies that generate greater than 50% of their revenue from the semiconductor industry. This ETF has a management fee of 0.35%.[111]

Growth Drivers:

There are several opportunities for growth in the semiconductor industry. The strong performance of the semiconductor industry reflects the recovery in chip demand in the automotive and consumer electronic industries. Semiconductors are increasingly valuable to many industries and are crucial components in driving Artificial Intelligence, another booming industry.[112] Additionally, SMH favors two top performing companies, with Nvidia Corp. (NVDA) holding 22% weight and Taiwan Semiconductor Manufacturing Co. (TSM) holding 13% weight.

Risks:

The semiconductor industry is highly cyclical, with periods of extremely high and low demand. This makes the fund highly volatile. Growing tensions with China have shifted the semiconductor industry and lead to selloffs and negative returns.[113] Additionally, Semiconductor manufacturing is dependent on raw materials like silicon and copper, making the industry sensitive to the availability of those resources. Disruptions to the supply chain and natural disasters also have the potential to heavily disrupt the semiconductor industry.[114]

Vanguard Information Technology ETF

VGT

H1 Total Return: 27.08%	**H2 Total Return:** 12.00%
FY Total Return: 42.26%	**Beta:** 0.694
Initial Shares: 53	**Final Shares:** 53
Initial Value: $21,989.70	**Final Value:** $31,085.56
FY Dividend Yield: 0.63%	**H2 Holding Action:** Hold

Description:

The Vanguard Information Technology ETF (VGT) aims to track and replicate the performance of the Information Technology sector. The fund holds around 323 stocks spanning a wide variety of size and subindustries. VGT is benchmarked against the MSCI US Investable Market Information Technology 25/50 Index.[115] It employs a passive management strategy, with major holdings in Apple, Microsoft, and NVIDIA, which together make up nearly 50% of the portfolio.[116]

Growth Drivers:

Like individual IT stocks, this fund can benefit from its holding's commitments to innovation, which can provide large growth opportunities within the industry. Furthermore, in a world that is shifting towards technology-supported lifestyles, the need for technology is soaring. More businesses and individuals are investing in technology to improve their lives and businesses. The Information Technology sector is a growing market and the expansion of products within this market can increase revenue streams and create additional customer segments.[117]

Risks:

This fund has high volatility due in part to a majority of its weight being held in three stocks. Additionally, focusing on one sector creates a lack of diversification and heavy reliance on the performance of the top weighted stocks. There are various new regulations appearing for technology and software. Given this development, some companies may suffer as they will have to adapt practices and strategies to comply with regulations.[118] Like most markets, the looming threats of geopolitical and global risk can heavily impact this space.

Internationals

Collin Cates

Period Performance:

The LaPorte Fund's dedicated internationals section began with the fund's acquisition of GLIN, a high growth Indian ETF in April 2024. GLIN remains the sector's only holding. While there was not a set benchmark for the sector, the fund's overall FY24 returns for the segment was 17.18%, reflecting GLIN's capital gain. The fund's weighting in internationals was 2.38% at the end of the FY.

Looking Ahead:

The global markets represent a vital component of a well-balanced portfolio. They allow the investor to diversify their holdings across regions, decreasing the possibility of country or region-specific risk. This continues to become ever more important as global instability such as wars, climate-crises, and political volatility could impact investments to a degree that is impossible to hedge without multiple countries. Looking ahead, even the stability the US provides, by being the world's reserve currency, could decrease. With the weaponization of the dollar, through continued sanctions, the US may become riskier in the future.[119] This would make it crucial to utilize foreign investments to mitigate a portfolio's risk profile. Foreign investments are not without their risk, yet through proper management and implementation, they can increase returns while decreasing risk.

VanEck India Growth Leaders ETF

GLIN

H1 Total Return: 0.00 %	**H2 Total Return:** 17.18 %
FY Total Return: 17.18%	**Beta:** 0.954
Initial Shares: 0	**Final Shares:** 353
Initial Value: $16,447.65	**Final Value:** $19,273.80
FY Dividend Yield: 0.00 %	**H2 Holding Action:** Buy 353 Shares

Description:

The VanEck India Growth Leaders ETF (GLIN) aims to replicate the MarketGrader India All-Cap Growth Leaders Index, featuring high-growth Indian companies.[120] As of 09/06/24, it achieved a year-to-date return of 19.63%. The fund's net expense ratio is 0.87%, benefiting from a fee waiver until 05/01/25. Heavily exposed to the Indian Rupee (95.71%), GLIN faces currency risks. It has a beta of 0.63 and a correlation of 0.68 with the S&P 500 and is predominantly large cap (83.625%). The fund's P/E ratio is 19.10 and its P/BV ratio is 3.73, with a concentration in financials (28.12%) and IT (21.93%). While GLIN offers exposure to the broader Indian economy, its performance has been volatile, reflecting the opportunities and risks inherent in the Indian market.

Investment Thesis:

The fund decided to acquire GLIN in April 2024 due to the favorable positioning of the Indian economy. India's GDP growth was projected to be nearly triple that of the United States in the 2024 to 2025 fiscal year. This is attributed to significant government business investment and a rising middle class. GLIN's positive outlook was compounded by its heavy weighting in IT and financials, two sectors believed to be the fastest growing within the economy.[121]

Materials

Rodney Pearce

Period Performance:

Over the fiscal year, the S&P 500 Materials sector (S5MATR) returned 24.97%. The SPX returned 36.05% over the same period. The LaPorte portfolio is overweight in the Materials sector with a weight of 3.16% compared to the 2.19% of the S&P 500 Index. We held 3 securities in the Materials sector over this fiscal year. We purchased 100 shares of lithium and bromine miner Albemarle (ALB), sold 808 shares of iron miner Vale S.A. (VALE), and purchased 122 shares of iron, aluminum, and copper miner Rio Tinto depository shares (RIO). As a result, the fund saw a loss of -20.12% on ALB, -8.89% on VALE, and a gain of 15.00% on RIO. The portfolio's overall return on Materials sector holdings was -7.25%.

Looking Ahead:

US GDP growth of 3.00% in Q2 2024 suggests continuing growth in demand for materials in the US.[122] However, some materials such as lithium have had prolonged price declines due to oversupply on global markets. Meanwhile, iron ore and recycled materials including paper have had decreasing demand due to an ongoing real estate crisis in the People's Republic of China which has decreased construction starts in China.[123] Looking ahead, major projects such as the Saudi Arabian Neom City are expected to significantly increase demand for raw materials like concrete and steel. There has been a significant stimulus package announced by the Chinese Communist Party which may potentially stimulate Chinese demand for construction materials but has had a mixed reception by Chinese markets. The lithium glut may improve as some lithium producers have begun to exit the market due to unprofitability. If lithium demand growth outpaces supply growth in coming years, then lithium prices may rise.[124]

Albemarle Corporation

ALB

H1 Total Return: 10.08%	**H2 Total Return:** -27.50%
FY Total Return: -20.12%	**Beta:** 1.695
Initial Shares: 100	**Final Shares:** 100
Initial Value: $11,994.80	**Final Value:** $9,471.00
FY Dividend Yield: 1.16%	**H2 Holding Action:** Hold

Description:

Albemarle Corporation (ALB) is a specialty chemicals company headquartered in Charlotte, North Carolina. ALB is engaged in the mining and processing of various metals and minerals including lithium and bromine as well as the production of catalysts and other specialty chemicals including fire retardants. ALB is also engaged in providing technical services related to its products and recycling lithium byproducts. ALB's subsidiary Ketjen, produces catalysts primarily for the fossil fuel industry.[125]

Growth Drivers:

The primary determinants of growth for ALB are demand and realized prices for its lithium and bromide products. Lithium products are mainly used for battery manufacturing; therefore, lithium battery industry growth is essential for ALB's long-term growth. The Ketjen catalyst production segment benefits from growth in the fossil fuel industry and refineries.[126]

Risks:

ALB is currently unprofitable and is at risk of eventual insolvency unless it returns to profitability. A prolonged glut in the lithium market has led to low lithium prices which may continue as new lithium projects begin production. ALB derives much of its revenue from lithium, which puts the company at greater risk from low lithium prices than its competitors such as Rio Tinto which have more diversified revenue. Additionally, ALB is at risk of being undercut by lithium competitors which operate in lower cost areas of the world such as China.[127]

Rio Tinto Group

RIO

H1 Total Return: 0.00%	**H2 Total Return:** 12.22%
FY Total Return: 12.22%	**Beta:** 0.822
Initial Shares: 0	**Final Shares:** 122
Initial Value: $7,737.24	**Final Value:** $8,682.74
FY Dividend Yield: 0.00%	**H2 Holding Action:** Buy 122 Shares

Description:

Rio Tinto Group (RIO) is a multinational mining company with headquarters in London, UK and Melbourne, Australia. RIO was originally founded in 1873 with the acquisition of the Rio Tinto mine in Spain and has grown through mergers and acquisitions to become one of the world's largest mining companies.[128] RIO is expanding its operations from its traditional iron ore, aluminum, and copper into new commodities such as lithium. RIO is the world's second largest iron ore company after VALE, and one of the largest aluminum miners operating outside of China and Russia.

Investment Thesis:

RIO offers more diversified exposure to mining and metals than single commodity-focused mining companies such as VALE and ALB. RIO's copper and aluminum assets provide an opportunity to gain exposure to growing technology and electric vehicle markets.[129] RIO has a policy to payout 60% of earnings as ordinary dividends, and the 5-year average dividend yield of RIO has been 7.70%. Rio Tinto operates predominantly in stable democratic countries such as the USA and Australia, which reduces risk from corruption and sanctions. Rio Tinto does not mine or refine in Russia which avoids risk from sanctions impacting the Russian mining sector.[130] RIO is currently expanding both its core iron ore segment as well as diversifying into lithium production. Overall, RIO offered an opportunity to diversify the fund's exposure to different metals while also avoiding some country-specific risks.

Vale S.A.

VALE

H1 Total Return: -1.69%	**H2 Total Return:** -3.55%
FY Total Return: -17.69%	**Beta:** 0.822
Initial Shares: 808	**Final Shares:** 0
Initial Value: $9,849.52	**Final Value:** $9,069.29
FY Dividend Yield: 8.77%	**H2 Holding Action:** Sell 808 Shares

Description:

Vale S.A. (VALE) is a Brazilian mining and logistics company and is the world's largest iron ore producer. VALE and its subsidiaries mine and sell iron ore, nickel, and copper in Brazil and 30 other countries around the world. VALE operates several ports, railways, electric generating stations, and sells fertilizer; however, its largest source of revenue is iron ore.[131]

Liquidation Thesis:

VALE derives over 90% of its revenue from a single commodity. Due to ongoing low steel demand from China, the price of iron ore has remained persistently low. Due to these low iron prices, VALE's profitability and share price have suffered.[132] The president of Brazil, Lula DaSilva, has allegedly been applying pressure on the board of directors of VALE to install specific people in key positions. Previously, Lula DaSilva's administration had widespread corruption networks that diverted large sums of money from other major Brazilian companies such as Petrobras.[133] News of the pressure on the VALE board and the weak outlook for VALE's iron ore revenue prompted the LaPorte fund to exit our position in favor of a more diversified mining investment in VALE's competitor Rio Tinto.[134]

Real Estate

Keeghan Krause

Period Performance:

During the FY, the Real Estate sector of our portfolio yielded a 17.98% return, heavily underperforming the S&P 500 Real Estate sector's return (represented by S5RLST) of 35.21%. The LaPorte portfolio's investment in this sector is currently comprised of one holding, Healthcare Realty Trust. However, for a portion of the year we held W.P. Carey until it was liquidated on May 3rd, 2024. The sector currently makes up 1.61% of our portfolio, which is below the 2.35% weighting of Real Estate in the S&P 500.

Looking Ahead:

The real estate sector is set for potential future growth as recent and expected future interest rate cuts create a more favorable financing environment, likely boosting activity in both residential and commercial markets. Lower rates could encourage homebuying and attract commercial investors, providing relief from the high mortgage rates and sluggish rental markets of recent years.[135] Population growth and ongoing urbanization are expected to drive demand for various property types, with multi-family and commercial real estate particularly well-positioned to benefit. However, challenges such as high construction costs, regulatory pressures, and changing consumer preferences will continue to test the adaptability of REITs and development firms.[136] As young homebuyers enter their prime purchasing years, shifts in demand for both single-family and multi-family housing will shape the sector's long-term outlook.

Healthcare Realty Trust, Inc.

HR

H1 Total Return: -3.27%	**H2 Total Return:** 32.65%
FY Total Return: 26.98%	**Beta:** 0.837
Initial Shares: 512	**Final Shares:** 512
Initial Value: $7,818.24	**Final Value:** $9,292.80
FY Dividend Yield: 6.83%	**H2 Holding Action:** Hold

Description:

Health Care Realty Trust, Inc. (HR) is a Real Estate Investment Trust (REIT) which invests in medical office and healthcare related assets. It owns medical office buildings, hospitals, and assisted living facilities in the United States. Its portfolio currently consists of ~673 properties across 35 states, totaling ~39.7MM square feet and ~$13.4BN in value. The company provided leasing and property management services to 92% of its portfolio.[137]

Growth Drivers:

Economic growth, driven by increasing GDP, employment, and consumer spending, is leading healthcare businesses to expand their facilities, thereby raising property values and rents in the healthcare commercial real estate (CRE) market. Concurrently, the aging Baby Boomer population and overall population growth are heightening the demand for healthcare services and space.[138] Additionally, if government policies make healthcare more affordable, it could encourage more individuals to seek care, further expanding the patient base for healthcare providers. This convergence of factors presents significant growth opportunities for HR as well as the broader healthcare CRE market.

Risks:

Investing exclusively in real estate exposes the company to inherent market risks, such as fluctuations in property values, occupancy rates, and overall demand. Additionally, as a REIT, HR is particularly sensitive to interest rate changes; rising rates can increase financing costs, compress profit margins, and lead investors to seek safer fixed-income alternatives, potentially driving down share values. Furthermore, operating as a healthcare-focused REIT introduces unique risks, such as reduced demand for physical healthcare spaces due to the rise of telehealth, and challenges in re-letting specialized properties, which can increase vacancy rates and negatively impact property values and expected payouts.

W.P. Carey Inc.

WPC

H1 Total Return: 11.59%	**H2 Total Return:** 1.20%
FY Total Return: 9.18%	**Beta:** 0.620
Initial Shares: 148	**Final Shares:** 0
Initial Value: $7,835.65	**Final Value:** $0.00
FY Dividend Yield: 4.97%	**H2 Holding Action:** Sell 148 Shares

Description:

W.P. Carey Inc. (WPC) is a global diversified net lease Real Estate Investment Trust (REIT) that provides financing solutions to companies worldwide. Its portfolio consists of ~1300 diversified commercial real estate properties totaling more than 170MM square feet and $15BN. The company was founded in 1973 and is headquartered in New York, NY.[139]

Liquidation Thesis:

At the time of the liquidation, WPC represented 1.12% of our AUM, 1.52% of equities, and 53.16% of our real estate sector allocation. It had been one of the portfolio's poorest performers, with a capital loss of 19.45%, amounting to a $1,624.96 loss over our holding period. After a 6.47% drop due to a Q4 2023 earnings miss, its price had stabilized around $55. Among our four equities with over 5% capital losses (HR, NEE, VALE, WPC), WPC stood out as the second smallest, just larger than HR. At the time of the proposal Bloomberg ANR's 12-month target prices suggested a 10.40% upside for WPC ($61.20) and 12.90% for HR ($16.13), while VALE's target suggested a 31.60% gain potential. WPC's price had continued to trend downward, whereas NEE rose 16.17% over three months, and VALE, down just 2.62% year-to-date at the time, offered a stronger dividend yield. Over the prior year, WPC had experienced significant changes and volatility, partly due to the NLOP spinoff announcement.[140] This turbulence led to WPC underperforming both the sector and its spinoff, which we liquidated in November of 2023.

Utilities

Rodney Pearce

Period Performance:

Over the fiscal year, the S&P 500 Utilities sector (S5UTIL) returned 40.94%. The S&P 500 (SPX) returned 36.08% over the same period. The LaPorte portfolio is slightly overweight in the Utilities sector with a weight of 2.98% compared to the 2.49% of the S&P 500 Index. NextEra Energy common stock (NEE) is our single holding in the Utilities sector. We purchased 80 additional shares of NextEra in H1 for a total of 213 shares. NEE has had a FY return of 50.97% including a dividend yield of 2.38%. The LaPorte portfolio's Utilities sector has considerably outperformed the S5UTIL sector during the period.

Looking Ahead:

The Utilities sector growth is closely tied to increasing economic activity and population growth. The US population and economy are both currently growing. US economic growth of 3.00% suggests that Utilities sector growth will continue at a 3.00% or higher growth rate. In addition to population and economic growth, societal trends towards more technology use are increasing demand for electricity. The continuing growth of datacenters and AI is increasing energy consumption which is driving further growth in energy utility companies such as NextEra. Data centers are actively seeking out nuclear power as a reliable, low-cost power source for their server farms. There is a growing trend towards increased renewable energy and nuclear energy production to reduce greenhouse gas emissions to mitigate climate change. Despite efforts to increase renewable energy production, the US energy grid is reliant on the more consistent nuclear and fossil fuel energy production.[141] In the future it is expected that fossil fuel energy production will decline as a share of power generation. Water utilities are likely to experience significant changes in the US as decreased precipitation and lower water tables in the South-Eastern US lead to water scarcity. Desalination, water recycling, water storage, and water transport are all potential growth areas in the future.

NextEra Energy Inc.

NEE

H1 Total Return: 13.20%	**H2 Total Return:** 33.88%
FY Total Return: 50.97%	**Beta:** 0.793
Initial Shares: 133	**Final Shares:** 213
Initial Value: $7,619.57	**Final Value:** $18,004.89
FY Dividend Yield: 2.38%	**H2 Holding Action:** Buy 80 shares

Description:

NextEra Energy Inc. (NEE) is a Florida-based energy and utilities company that conducts business in the US and Canada. NEE generates electricity from sources including wind, solar, fossil fuels, and nuclear power generation stations which it then sells to consumers or to distributors. NEE also produces and transports natural gas and provides financial services. NEE's subsidiaries are the world's largest generator of renewable energy.[142]

Growth Drivers:

NEE's utilities operations are generally stable as they face few competitors for residential customers. Revenue growth is primarily driven by economic and population growth in Florida which in turn drives demand for NEE subsidiary Florida Power and Light's (FPL) electricity. Between 2023 and 2024, Florida's population grew by 1.62%, increasing the potential customer base and revenue for NEE.[143] NEE has heavily invested in renewable power generation and storage and has benefited significantly from renewable energy subsidies such as the Inflation Reduction Act.

Risks:

NEE subsidiary FPL is reliant on government regulators that set its prices. NEE is reliant on natural gas for most of its power generation. FPL is particularly vulnerable to natural gas price increases. Additionally, rising risks from natural disasters, such as hurricanes and flooding in Florida and the southern US, threaten NEE's infrastructure and revenue stability.[144]

Fixed Income

Benjamin Carroll

Period Performance:

In fiscal year 2024, our Fixed Income asset class delivered a 14.79% return, surpassing our benchmark by 3.42%. We ended the year with a portfolio duration of 9.38, compared to the benchmark's 6.20, and intend to maintain this longer duration as the Federal Reserve's rate-cutting cycle progresses.[145] Previous decisions had strategically positioned the portfolio in anticipation of rate cuts, enabling us to capitalize on favorable conditions. We increased duration in earlier fiscal years and added GOVZ and BLE in April and May, which became two of our top-performing securities with returns of 17.22% and 27.93%, respectively. Among our nine fixed income holdings, only three returned below 10%: OAK-A, USFR, and MINT, with USFR and MINT's lower returns aligning with their short-term durations under one year. Oaktree Series A preferred returned a solid 7.70%, though it fell behind our other preferred holding, Wells Fargo Series L preferred, which delivered an outstanding 21.72%. WFCPRL benefitted significantly from Wells Fargo's higher lending and interest income during the current heightened rate environment. Overall, our holdings are well-positioned to sustain both diversification and strong returns for the portfolio.

Looking Ahead:

In the upcoming fiscal year, we aim to exceed our benchmark once again. Our portfolio is strategically positioned to benefit from the Federal Reserve's ongoing rate cuts, while still capturing attractive returns from the current elevated rates.[146] Short-term holdings like USFR and MINT will secure immediate returns, while positions in BLE, GOVZ, OAK-A, and WFCPRL are expected to appreciate as rates decline further. Currently, our Fixed Income allocation represents 29.52% of the portfolio, with plans to increase this to 35% by mid-2025. To reach this target, we are considering additional investments in emerging markets and select corporate bond issuances. Our existing emerging market debt fund, TRECX, returned a solid 14.07% over the past fiscal year, and we anticipate continued strong performance from this asset class. While we'll actively monitor market conditions and adjust as needed, we are confident in our current positioning and look forward to building on our success.

iShares Core U.S. Aggregate Bond ETF

AGG

H1 Total Return: 5.42%	**H2 Total Return:** 5.39%
FY Total Return: 10.81%	**Beta:** 0.922
Initial Shares: 304	**Final Shares:** 344
Initial Value: $28,588.16	**Final Value:** $34,836.88
FY Dividend Yield: 3.64%	**H2 Holding Action:** Buy 40 shares

Description:

iShares Core U.S. Aggregate Bond ETF (AGG) mirrors the performance of the Bloomberg Barclay's U.S. Aggregate Bond Index. The fund is comprised of a diversified pool of US Treasuries, MBS, ABS, as well as Government and Corporate bonds. AGG keeps the fund tied to our Fixed Income benchmark while providing liquidity during volatile market conditions. AGG maintains a low expense ratio of 0.03% and pays out monthly dividends.[147]

Growth Drivers:

AGG will generally see price appreciation when interest rates are cut due to the inverted relationship between prices and yields. The ETF also pays out dividends based upon a weighted average of coupon payments of the underlying holdings.[148] The higher the average yield of the underlying asset, the higher the dividend payment will be. AGG's structure is meant to mirror the overall performance of the Bloomberg Barclay's Aggregate Bond Index, therefore whenever the overall bond market does well, AGG should perform well.

Risks:

There are four main risks that AGG faces including credit, interest rate, turnover, and reinvestment risk. The underlying holdings in AGG are all investment grade, with almost half being US Treasuries therefore credit risk is not much of a concern.[149] Regarding interest rate risk, the Federal Reserve began cutting interest rates at the end of our fiscal year thus increasing the price of the underlying holdings in AGG but decreasing the yields. Turnover risk is less common in Fixed Income ETFs, but high rebalancing leads to greater turnover, increasing transaction costs and taxes. Declining interest rate environments lead to greater reinvestment risk. When cash flows of current investments such as coupon payments or revenue from maturity is reinvested at lower rates there is a lower profitability in the investments.

BlackRock Municipal Income Trust II

BLE

H1 Total Return: 21.23%	**H2 Total Return:** 6.70%
FY Total Return: 27.93%	**Beta:** 0.229
Initial Shares: 2,949	**Final Shares:** 3,152
Initial Value: $26,953.86	**Final Value:** $35,491.52
FY Dividend Yield: 5.75%	**H2 Holding Action:** Buy 203 shares

Description:

The BlackRock Municipal Income Trust II (BLE) is a closed end bond fund that invests in 80% investment grade municipal bonds exempt from Federal taxes. The underlying bonds are issued by both state and local governments to finance public projects. The fund holds a diversified portfolio of municipal bonds to mitigate concentration risk.[150]

Growth Drivers:

Unlike most other investments, municipal bonds are generally exempt from federal taxation. This generates significant appeal from investors when tax policies are heightened or for investors in higher tax brackets looking to minimize tax expense. A unique attribute of BLE is its use of leverage to borrow cash to purchase more municipal bonds.[151] This is a great way to generate higher returns as long as the rate of borrowing is lower than the yield generated from those investments. Another differentiating attribute of BLE is that it is a closed fund. There is a set number of shares of BLE issued at a given time allowing it to trade at a premium or discount regarding its NAV.

Risks:

The risks associated with BLE are credit, interest rate, liquidity, and leverage risk. Financial distress in municipalities of underlying holdings could lead to credit downgrades significantly impacting the price of those bonds. The municipal bonds that comprise BLE are mostly long duration bonds which have greater sensitivity to interest rate movements.[152] Municipal bonds are traded at a much lower volume than other Fixed Income instruments like US Treasuries greatly decreasing liquidity. If the fund is unable to exit a position quickly the potential of increased losses is much greater. Lastly, if the fund is unable to obtain returns at a greater rate than the rate at which they borrow cash, the use of leverage becomes obsolete.

iShares 25+ Year Treasury STRIPS ETF

GOVZ

H1 Total Return: 7.37%	**H2 Total Return:** 9.85%
FY Total Return: 17.22%	**Beta:** 0.238
Initial Shares: 1,398	**Final Shares:** 2,273
Initial Value: $14,595.12	**Final Value:** $26,844.13
FY Dividend Yield: 4.16%	**H2 Holding Action:** Buy 875 shares

Description:

The iShares 25+ Year Treasury STRIPS ETF (GOVZ) mirrors the performance of the Bank of America ICE STRIPS index. STRIPS are traded at a discount to their face value because they provide no coupon or interest payments. GOVZ only invests in US Treasury STRIPS with remaining maturities of at least 25 years. GOVZ is a long-term bet on interest rate decline.[153]

Growth Drivers:

Cumulative return on STRIPS is the difference between the purchase price of the original security and the face value received at maturity. Although STRIPS provide no interest or coupon payments, the ability to buy at such a low discount and receive par value upon maturity is the main appeal for investors. STRIPS are contingent upon interest rate decline overtime, due to the inverted relationship between yields and prices. As interest rates decline the prices of these STRIPS will increase, thus detailing why STRIPS are a great investment when you predict future interest rate decline. GOVZ also provides a dividend which is contingent upon market demand for the ETF.[154] The dividend provides a cash flow that investing in individual STRIPS would not otherwise provide.

Risks:

GOVZ is subject to interest rate risk and opportunity cost. If interest rates do not go down significantly from the time of purchase to maturity, the overall gain of STRIPS will be insignificant and possibly negative due to the time value of money.[155] With no incremental cash flows to offset those potential losses, the opportunity cost of investing in other Fixed Income assets during interest rate hiking cycles should be considered.

PIMCO Enhanced Short Maturity Active ETF

MINT

H1 Total Return: 2.83%	**H2 Total Return:** 2.02%
FY Total Return: 4.85%	**Beta:** 0.001
Initial Shares: 181	**Final Shares:** 132
Initial Value: $18,125.34	**Final Value:** $13,291.08
FY Dividend Yield: 5.12%	**H2 Holding Action:** Sell 49 shares

Description:

PIMCO Enhanced Short Maturity Active ETF (MINT) is an actively traded ETF designed to provide current income, liquidity, and capital preservation by investing in short-term, investment-grade fixed income instruments. Its asset mix includes corporate bonds, mortgage-backed securities (MBS), asset-backed securities (ABS), and other short-term assets. PIMCO generally allocates 70-90% of the portfolio to investment-grade or securitized debt.[156]

Growth Drivers:

MINT is actively managed by PIMCO, one of the world's leading bond trading firms, providing it with a competitive edge over many other actively managed funds. While MINT carries a higher risk profile than typical money market funds, it offers greater potential for higher returns.[157] Unlike USFR, which focuses solely on US Treasuries, MINT invests in a diversified asset pool across various countries, with up to 5% of its allocation permitted in emerging markets. Despite its broader investment scope, the fund remains highly liquid.

Risks:

MINT is exposed to credit, geographic, and interest rate risks. While much of the fund is allocated to investment-grade debt, its holdings in lower credit grade debt and emerging market debt carry a higher risk of default compared to US Treasuries and other standard investment-grade instruments. Geopolitical uncertainties may lead to price volatility in securities tied to emerging markets and other foreign regions.[158] Although MINT's short-term maturity structure reduces interest rate risk, sudden rate fluctuations can still impact yields and prices.

Brookfield Oaktree Holdings Series A Preferred Stock

OAK-A (CUSIP: 674001300)

H1 Total Return: -0.80%	**H2 Total Return:** 8.51%
FY Total Return: 7.70%	**Beta:** N/A
Initial Shares: 631	**Final Shares:** 713
Initial Value: $15,080.90	**Final Value:** $17,739.44
FY Dividend Yield: 6.63%	**H2 Holding Action:** Buy 82 shares

Description:

Brookfield Oaktree Holdings Series A Preferred Stock (OAK-A), functions as a holding company for Oaktree Capital Management, Oaktree was purchased by Brookfield in 2019 but remains a separate entity. Howard Marx founded Oaktree in 1995 to specialize in alternative investments, with a focus on credit strategy. They have become one of the most well-known firms in the credit space due to their risk-controlled approach and superior investment strategy.[159]

Growth Drivers:

Oaktree's position as a leading firm in alternative investments, combined with the support of its parent company Brookfield, gives it a strong track record that fosters investor confidence. This positive sentiment can drive demand for its stock and open new opportunities for growth. OAK-A offers an attractive dividend yield of 6.63%, delivering steady cash flows and providing stability during volatile market conditions. An advantage of preferred shares is their senior claim on debt, offering added security to shareholders in the unlikely event of bankruptcy.[160] Preferred stocks like OAK-A tend to perform well in low-interest-rate environments, where their yields exceed those of short-term US Treasuries.

Risks:

OAK-A is exposed to credit, interest rate, liquidity, and call risks. At fiscal year-end, it held a credit rating of A-, well within investment-grade bounds, though a downgrade during a downturn could significantly impact the preferred shares' price. Preferred stocks generally perform best in low-interest-rate environments, and as the current rate-cutting cycle progresses, OAK-A may become more appealing as shorter-term yields decline.[161] However, liquidity can be a challenge with preferred shares due to lower trading volumes; for instance, if we needed to liquidate its position, this could take time. Additionally, OAK-A is callable at $25.00 on specific dates in the near term. If the shares are called, dividend cash flow would decrease, and the fund would need to find a new allocation for the returned capital.

iShares 20+ Year Treasury Bond ETF

TLT

H1 Total Return: 9.06%	**H2 Total Return:** 5.63%
FY Total Return: 14.69%	**Beta:** 0.171
Initial Shares: 190	**Final Shares:** 190
Initial Value: $16,851.10	**Final Value:** $18,639.00
FY Dividend Yield: 3.86%	**H2 Holding Action:** Hold

Description:

iShares 20+ Year Treasury Bond ETF (TLT) tracks the performance of the ICE U.S. Treasury 20+ Year Bond Index and consists exclusively of US Treasury bonds rated AA or higher. The fund aims to offer investors exposure to long-duration bonds, which are often considered safer investments during periods of uncertainty. In higher interest rate environments, TLT can benefit from locked-in yields and potential price appreciation when interest rates are subsequently reduced.[162]

Growth Drivers:

TLT's focus on long-duration bonds allows it to benefit from potential declines in interest rates or prolonged periods of low rates. In the current high-rate environment, these long-maturity US Treasuries can provide stability as rate cuts by the Federal Reserve become more likely. Due to their fixed payments and lack of credit risk, long-term Treasuries are seen as safe-haven investments during uncertain times. They are especially appealing in low-inflation environments, where yields remain stable without being eroded by inflation.[163] Additionally, TLT serves as a valuable diversification tool for investors, given its typical negative correlation with equities.

Risks:

TLT faces inflation, interest rate, and liquidity risks. When inflation rises, the real purchasing power of bond interest payments decreases, reducing TLT's appeal. Due to its long duration, TLT is particularly sensitive to interest rate changes; long-term bonds experience greater price fluctuations in response to rate shifts than short-term securities. While US Treasuries are generally highly liquid, extreme economic events could disrupt Treasury market liquidity, potentially leading to price declines. Additionally, investing in long-term Treasuries like TLT carries an opportunity cost in high-rate environments, as investors may favor shorter-term bonds with higher yields. However, TLT can be a strong option for those looking to benefit from potential rate declines in a high-rate setting.[164]

T. Rowe Price Emerging Markets Corporate Bond Fund

TRECX

H1 Total Return: 8.11%	**H2 Total Return:** 5.95%
FY Total Return: 14.07%	**Beta:** 0.052
Initial Shares: 2,551	**Final Shares:** 2,551
Initial Value: $22,094.15	**Final Value:** $23,979.40
FY Dividend Yield: 4.95%	**H2 Holding Action:** Hold

Description:

T. Rowe Price Emerging Markets Corporate Bond Fund (TRECX) is an actively managed fund that focuses on corporate bonds from emerging market countries. By investing in TRECX, our fund gains broader diversification across the international landscape and access to developing markets that typically offer higher yields than domestic debt issuances. While investing in emerging markets carries a higher level of risk, the potential returns are often significantly greater, especially when domestic interest rates are low.[165]

Growth Drivers:

Rapid economic growth in emerging markets is a significant driver for TRECX, as corporate bond issuances continue to rise. These bonds often offer high yields, delivering returns that exceed those of US Treasuries. Increases in credit ratings for the underlying bonds in TRECX can lead to significant price appreciation due to reduced default risk.[166] As the LaPorte portfolio aims for broader international exposure, TRECX enhances our diversification not only within our fixed income holdings but across our entire portfolio.

Risks:

TRECX is exposed to various risks, including credit, currency, geopolitical, and interest rate risk. The credit ratings of the underlying bonds are highly dependent on regional performance and fiscal policies, meaning that credit downgrades can significantly increase default risk. While most of TRECX's holdings are dollar-denominated, those that are not are subject to fluctuating exchange rates, which can diminish overall returns due to transaction costs. Limited geopolitical tension is critical for emerging markets to sustain growth and attract foreign direct investment. Sudden political strife or changes in regional stability can heighten the likelihood of defaults or lead to rising inflation.[167] Additionally, since the underlying bonds in TRECX primarily consist of medium-duration bonds, they are more sensitive to interest rate fluctuations compared to short-term bonds.

WisdomTree Floating Rate Treasury ETF

USFR

H1 Total Return: 3.20%	**H2 Total Return:** -5.93%
FY Total Return: -2.73%	**Beta:** -0.002
Initial Shares: 514	**Final Shares:** 536
Initial Value: $25,864.48	**Final Value:** $26,917.92
FY Dividend Yield: 5.02%	**H2 Holding Action:** Buy 22 Shares

Description:

The WisdomTree Floating Rate Treasury ETF (USFR) mirrors the performance of the Bloomberg U.S. Treasury Floating Rate Bond Index. USFR is AAA credit rated and invests in four US Treasury floating-rate securities with maturities between 1-3 years.[168] Due to the funds low expense ratio of 0.15% along with low volatility USFR is used as a short-term piggy bank for leftover cash.

Growth Drivers:

USFR is a safety asset that allows investors to have access to a highly liquid fund that performs well in economic downturn and uncertainty. The current rate environment has been a huge driver for USFR as short-term US Treasuries have had higher yields than long term US Treasuries due to the inverted yield curve.[169] As the curve begins to normalize and the Federal Reserve cuts rates, the yield of USFR will begin to lower. However, returns have never been the key demand driver for the fund. Continuous low volatility and high liquidity will remain the reason why investors look to park their cash in USFR over short periods of time.

Risks:

USFR's main risks include credit risk, interest rate risk, and turnover risk. Credit risk is minimal due to its holdings in US Treasury floating-rate notes, which are investment grade and highly liquid. However, as interest rates begin to lower and market volatility declines, demand for USFR may fall. In such environments, investors might prioritize higher-yielding fixed-rate Treasuries over floating-rate notes, reducing USFR's appeal.[170] Lastly, portfolio turnover presents a risk, as frequent transactions can lead to increased fund expenses, impacting overall returns.

Wells Fargo Series L Preferred Stock

WFCPRL

H1 Total Return: 13.49%	**H2 Total Return:** 8.23%
FY Total Return: 21.72%	**Beta:** N/A
Initial Shares: 32	**Final Shares:** 32
Initial Value: $35,680.00	**Final Value:** $41,030.40
FY Dividend Yield: 7.50%	**H2 Holding Action:** Hold

Description:

Wells Fargo is a financial services company offering a wide range of products, including banking, investment management, credit lending, insurance, and commercial financing. As the third-largest US bank by total assets, Wells Fargo has a long-standing reputation dating back to its founding in 1852.[171] Wells Fargo Series L Preferred Stock (WFCPRL) provides an attractive yield of 7.50%, with quarterly dividend payments providing guaranteed cash flows to the LaPorte fund.

Growth Drivers:

WFCPRL offers the LaPorte portfolio stable cash flows with a strong 7.50% yield. Although preferred stock traditionally performs best in low-interest-rate environments due to higher spreads, WFCPRL has delivered solid returns over the past fiscal year, largely supported by Wells Fargo's own performance. The bank has benefited from increased revenue through higher interest income and lending rates, contributing to appreciation in our preferred shares.[172] As interest rates begin to decline, WFCPRL is positioned to continue performing well. Additionally, WFCPRL provides a senior claim on assets over common stockholders, along with a conversion option, allowing preferred shareholders the flexibility to convert shares into common stock at their discretion.

Risks:

WFCPRL is subject to credit, dividend, interest rate, and liquidity risks. A downgrade in its credit rating or a decline in Wells Fargo's common stock could significantly impact the preferred share price. If Wells Fargo faces financial challenges, it may choose to reduce or suspend dividend payments, which would reduce cash flow and could signal financial concerns to credit agencies. Preferred stock generally performs best in lower interest rate environments due to wider spreads and increased demand for riskier assets.[173] However, WFCPRL has remained resilient in a high-rate environment and stands to benefit from upcoming rate cuts. Although WFCPRL has higher trading volume than many preferred stocks due to Wells Fargo's large market presence, "liquidity risk remains, and exiting the position may be difficult, depending on specific factors, such as low trading volume and wide spreads.

Biographies

Jack Bennett

Jack is from Robbinsville, New Jersey and is a Senior at the University of Tennessee. He is dual majoring in Finance and Business Analytics with a collateral in Information Management. This is his second semester on the LaPorte Fund, focusing on the Financials and Energy sectors. In the past, he has served as Treasurer for the Tennessee Epsilon chapter of Phi Kappa Psi fraternity. After graduation he will be joining CAT Financial, working in their rotational program in Nashville, Tennessee.

Margaux Burns

Margaux is from Chicago, Illinois and is a Senior at the University of Tennessee, majoring in Finance with a concentration in International Business. This is her first semester as a manager on the LaPorte Fund where she covers the Information Technology sector. On campus, Margaux is a member of the Greg and Lisa Smith Global Leadership Scholars program, Co-Vice President of Women of Haslam, a Peer Mentor for the Haslam College of Business, and a member of the Zeta Tau Alpha fraternity. This past summer, Margaux worked as a summer analyst in the Asset and Wealth Management Operations Division at Goldman Sachs in Salt Lake City, Utah. Margaux will return full-time as an Analyst upon graduation in May.

Benjamin Carroll

Benjamin is a Senior at the University of Tennessee from Saint Simons Island, GA dual majoring in Finance and Accounting with a collateral in International Business. This is his first semester on the LaPorte Fund, where he covers the Fixed Income sector. Outside of class, Benjamin works in the Masters Investment Learning Center as a Senior Bloomberg Analyst, serves as the President of the University of Tennessee Investment Group, competes on the UT Excel team, and serves in the UT Student Government Association as a Senator for the Haslam College of Business. After graduation Benjamin is looking to work as a Financial Analyst.

Collin Cates

Collin is from Shelbyville, Tennessee and is a Senior at the University of Tennessee dual majoring in Finance and International Business with an Advanced Foreign Language collateral and a minor in Italian. This is his first semester as a LaPorte Fund manager, where he covers the Industrial sector and International Markets. On campus, Collin is the Director of Finance for the Tennessee Capital Markets Society and the 1794 Scholars Program. Off-campus, this past summer he held a Legislative Intern role in Washington, D.C. and is currently an Investment Analyst Intern at the UT System's Investment Office.

Caden Hughes

Caden is from Memphis, Tennessee and is currently in his fourth year at the University of Tennessee, majoring in Finance with a collateral in Accounting. This is his second semester on the LaPorte Fund, where he covers the Consumer Staples sector. He most recently interned at AllianceBernstein in Nashville, Tennessee as a Fixed Income Summer Analyst. Outside of class, Caden is a member of the UT Investment Group, Financial Management Association, and Beta Gamma Sigma Honors Society. Upon graduation, he will be returning to AllianceBernstein as an Investments Associate.

Alexis Kothawala

Alexis is a Senior at the University of Tennessee, dual majoring in Finance and Marketing with a collateral in International Business. This is her first semester on the LaPorte Fund, covering the Healthcare sector. Alexis is from Kalamazoo, Michigan and recently completed a data analytics internship at MasterCraft Boat Company. On campus, Alexis works as a Senior Bloomberg Analyst in the Masters Investment Learning center and has served two terms in her Sorority Kappa Delta as the Shamrock Philanthropy Chair.

Keeghan Krause

Keeghan is from Raleigh, North Carolina and is a Senior at the University of Tennessee, majoring in Finance with a collateral in International Business. This is his first semester as a LaPorte Fund manager, where he is covering the Communication Services and Real Estate sectors. On campus Keeghan serves as the Director of Development for the Tennessee Capital Markets Society and is also involved with the on-campus sports radio show "WUTK Rock Solid Sports." He has completed multiple internships in Private Equity and Investment Banking during his time at Tennessee, most recently with Truist Securities in its Atlanta headquarters as a Corporate and Investment Banking Summer Analyst, covering the Energy sector.

Savannah Overton

Savannah is from Hong Kong and is a Senior at the University of Tennessee, majoring in Finance with a collateral in International Business and a minor in Economics. This is her second semester as a manager on the LaPorte fund, where she covers the Consumer Discretionary sector. On campus, Savannah serves as Co-President of Women in Finance, Director of Finance for Alpha Omicron Pi sorority, and a member of 1794 Scholars Program. She also works as a Junior Bloomberg Analyst in the Masters Investment Learning Center. Last summer, she interned with J.P. Morgan Chase as a Private Bank Summer Analyst in the Los Angeles office. Savannah will join the team as a full-time analyst following her graduation in May.

Rodney Pearce

Rodney is a Haslam MBA class of 2024 student at the University of Tennessee with a concentration in Finance. He is currently working towards a career in international finance. He is also a member of the Big Orange Consulting Club. Rodney's hobbies include media analysis and classic musical theatre.

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