



MCCLAIN TORCH FUND

FY PERFORMANCE REPORT

10/01/2023 - 09/30/2024

PORTFOLIO MANAGERS

SARAH CHANDLER

DIAMOND CLARK

CHARLIE CURTIS

MAX MCCAULEY

ALEX MEDEARIS

MAGGIE MILLER

GAVEN PEAL

ALEXA TCHAKANAKIS

DILLON WALDBAUER

Dear Mr. and Mrs. McClain,

We extend our heartfelt gratitude for the invaluable opportunity you have provided, empowering us to deepen our technical appreciation for finance while developing professionalism within the context of portfolio management. We are honored to gain real-world experience in value investing—an opportunity made possible by your generous support of the Torch Fund program and your continued investment in student success.

As fiduciaries, we understand our duty to uphold a disciplined investment approach rooted in diligent analysis and a shared pursuit of generating alpha. Our goal remains steadfast: to identify equities with enduring economic moats, positioned to outperform their competitors at compelling valuations. This investment thesis serves as our guiding principle, informing each decision we make in support of our mission to grow the fund in your best interests.

We finished FY2024 with an absolute return of 21.40%, though we acknowledge falling approximately 6.00% short of our benchmark, the Russell 3000 Value Index. In a fiscal year marked by interest rate policy shifts, recession fears, labor market weakness, and record valuations in growth-oriented sectors, our risk-averse approach impacted performance. Significant cash reserves, in hindsight, could have brought us closer to our benchmark. Although our efforts to deploy cash across all portfolio holdings did not help us to fully achieve our goal of outperformance, the experience provided the McClain Fund a valuable opportunity for both reflection and redirection.

Our conviction in our investment thesis guided strategic adjustments, including exiting positions in CBOE, HII, and MRK after achieving our original investment objectives, as well as re-evaluating and concluding our investments in CLX, CVS, MTCH, and STLA. Our new positions in CMCSA, FDP, PNC, and TPR reflect our refined consensus on value investing, and we are optimistic about positioning the portfolio for future outperformance.

Thank you once again for this extraordinary opportunity to challenge ourselves, our ideas, and one another in the art and science of portfolio management. Through this experience, we have recognized that while not all outcomes may align with our aspirations, thoughtful reflection and informed redirection are essential to driving long-term success—an invaluable takeaway as our professional journeys commence. We are committed to honoring your generosity by striving for excellence in every decision we make.

With sincere gratitude,

The McClain Fund

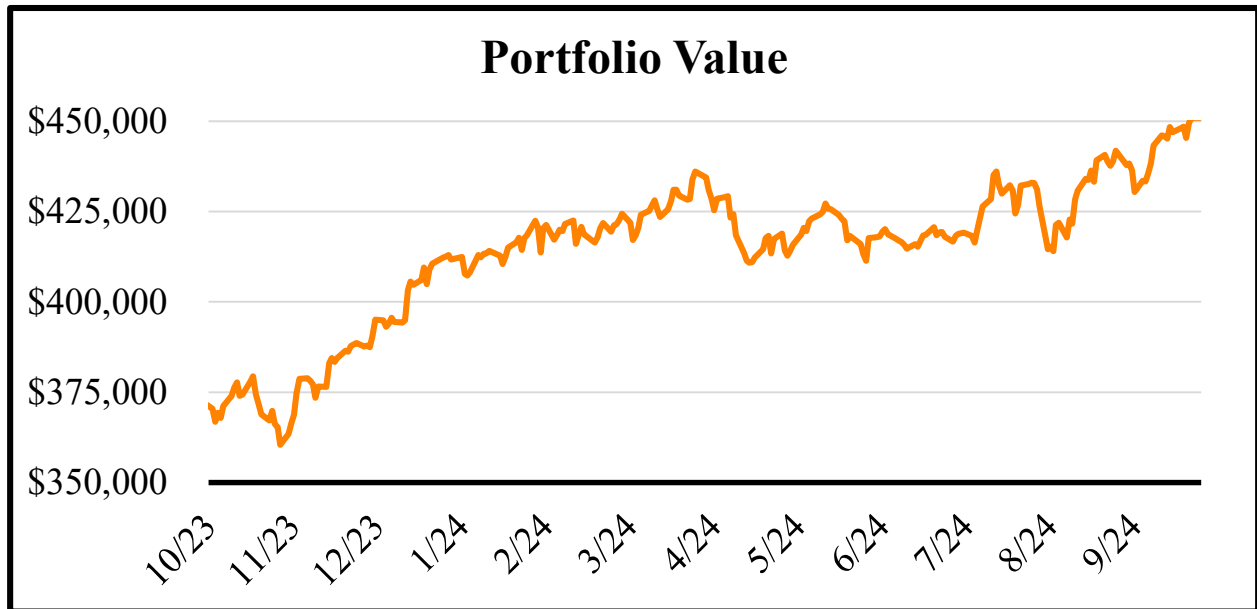
*Smith Clark Diamond Clark Cress Marx McCauley Alex Madaris
Maggie Mir Gwendol Allachuknaks Billen Waldhauer*

FY 2024 Account Summary

McClain Torch Fund

From 10/01/2023 to 09/30/2024

Portfolio Value As of 10-01-2023	\$371,450.11
Contributions	\$ -
Withdrawals	\$ -
Realized Gain	\$7,782.85
Unrealized Gain	\$61,600.15
Interest	\$1,337.10
Dividends	\$8,755.09
Portfolio Value As of 09-30-2024	\$450,925.30



FY 2024 Performance Summary

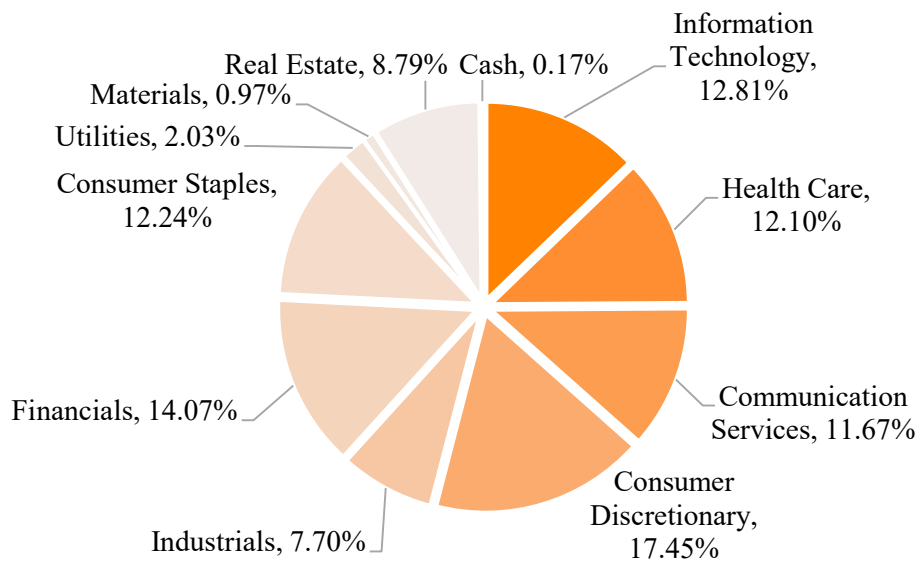
McClain Torch Fund

From 10/01/2023 to 09/30/2024

Top Performers		
Holding	Percent Return	Dollar Return
IIPR	80.52%	\$8,267.32
ICUI	55.26%	\$2,788.63
NEE	45.97%	\$2,935.91

Bottom Performers		
Holding	Percent Return	Dollar Return
ALB	-38.25%	-\$2,736.20
MBUU	-14.05%	-\$2,303.32
AGCO	-12.98%	-\$3,094.29

Sector Allocation



Absolute Return	
McClain Fund	21.40%
Russel 3000 Value Index	27.29%
S&P 500	36.08%
Excess Return to RAV	-5.90%
Excess Return to S&P 500	-14.69%

McClain Fund vs. Benchmark	
McClain Fund Beta vs. RAV	0.83
McClain Fund R ² vs. RAV	0.80
Standard Deviation	11.43%
Tracking Error	5.33%
Information Ratio	-0.96
All values in this table are annualized based on daily values.	

Relative Fund Performance		
Fund	Sharpe Ratio	Treynor Ratio
McClain Fund	1.44	0.20
Russel 3000 Value Index	1.83	0.22
S&P 500	2.25	0.28

Relative Fund Performance		
Fund	Absolute Return	Relative Return
Carroll Fund	25.99%	-0.29%
Haslam Fund	26.30%	0.02%
LaPorte Fund	27.22%	0.94%
McClain Fund	21.40%	-5.90%

Purchases

	Date	Quantity	Price	Security	Ticker	Amount
H1	11/17/23	50	\$ 52.99	Realty Income Corp.	O	\$ 2,649.25
	11/20/23	25	\$ 136.33	Alphabet, Inc. Class A	GOOGL	\$ 3,408.25
	12/1/23	97	\$ 115.77	AGCO Corp.	AGCO	\$ 11,229.69
	2/29/24	149	\$ 47.14	Tapestry, Inc.	TPR	\$ 7,023.68
	3/7/24	221	\$ 41.90	Comcast Corp.	CMCSA	\$ 9,260.74
	3/8/24	112	\$ 42.40	Malibu Boats, Inc.	MBUU	\$ 4,748.80
	3/8/24	40	\$ 42.38	Malibu Boats, Inc.	MBUU	\$ 1,695.20
H2	4/25/24	400	\$ 25.87	Fresh Del Monte Produce, Inc.	FDP	\$ 10,348.00
	5/2/24	64	\$ 153.98	PNC Financial Services	PNC	\$ 9,854.72
	6/13/24	11	\$ 109.26	Albemarle Corp.	ALB	\$ 1,201.86
	6/13/24	28	\$ 40.85	Encore Capital Group, Inc.	ECPG	\$ 1,143.80
	6/13/24	10	\$ 111.95	ICU Medical, Inc.	ICUI	\$ 1,119.50
	6/13/24	19	\$ 61.92	PayPal Holdings, Inc.	PYPL	\$ 1,176.48
	6/13/24	5	\$ 230.48	Salesforce, Inc.	CRM	\$ 1,152.40
	6/14/24	53	\$ 21.82	Fresh Del Monte Produce, Inc.	FDP	\$ 1,156.46
	6/14/24	11	\$ 103.44	AGCO Corp.	AGCO	\$ 1,137.84
	6/14/24	25	\$ 43.95	Altria Group, Inc.	MO	\$ 1,098.75
	6/14/24	19	\$ 60.07	CVS Health Corp.	CVS	\$ 1,141.33
	6/14/24	33	\$ 33.65	Gentex Corp.	GNTX	\$ 1,110.45
	6/14/24	31	\$ 36.25	Malibu Boats, Inc.	MBUU	\$ 1,123.75
	6/14/24	8	\$ 149.44	PNC Financial Services	PNC	\$ 1,195.52
	6/14/24	71	\$ 15.99	Smith & Wesson Brands, Inc.	SWBI	\$ 1,135.29
	6/14/24	27	\$ 41.74	Tapestry, Inc.	TPR	\$ 1,126.98
	6/14/24	3	\$ 392.47	Ulta Beauty, Inc.	ULTA	\$ 1,177.41
	6/17/24	4	\$ 284.38	Accenture PLC	ACN	\$ 1,137.52
	6/17/24	6	\$ 181.51	Amazon.com, Inc	AMZN	\$ 1,089.06
	6/17/24	21	\$ 53.05	Realty Income Corp.	O	\$ 1,114.05
	6/17/24	29	\$ 39.24	Verizon Communications, Inc.	VZ	\$ 1,138.05
	6/17/24	3	\$ 475.60	Vertex Pharmaceuticals, Inc.	VRTX	\$ 1,426.80
	6/18/24	14	\$ 79.42	Medtronic PLC	MDT	\$ 1,111.88
	6/18/24	6	\$ 175.89	Alphabet, Inc Class A	GOOGL	\$ 1,055.31
6/18/24	8	\$ 137.25	The Clorox Company	CLX	\$ 1,098.00	

	6/18/24	18	\$ 62.52	The Coca-Cola Company	KO	\$ 1,125.36
	6/18/24	30	\$ 37.10	Comcast Corp.	CMCSA	\$ 1,112.85
	6/18/24	21	\$ 53.42	First American Financial	FAF	\$ 1,121.82
	6/18/24	3	\$ 458.35	Lockheed Martin Corp.	LMT	\$ 1,375.05
	6/18/24	2	\$ 447.48	Microsoft Corp.	MSFT	\$ 894.96
	6/18/24	16	\$ 69.75	NextEra Energy, Inc.	NEE	\$ 1,116.04
	6/20/24	1	\$ 175.86	Alphabet, Inc. Class A	GOOGL	\$ 175.86
	6/20/24	11	\$ 107.98	Innovative Industrial Properties	IIPR	\$ 1,187.78
	6/20/24	8	\$ 140.13	Kimberly-Clark Corp.	KMB	\$ 1,121.03
	6/20/24	6	\$ 207.00	Laboratory Corp.	LH	\$ 1,242.00
	6/20/24	1	\$ 444.36	Microsoft Corp.	MSFT	\$ 444.36
	6/20/24	4	\$ 274.36	Visa, Inc.	V	\$ 1,097.44
	7/18/24	4	\$ 35.01	Gentex Corp.	GNTX	\$ 140.04
	7/18/24	97	\$ 35.01	Gentex Corp.	GNTX	\$ 3,395.96
	7/18/24	120	\$ 35.01	Gentex Corp.	GNTX	\$ 4,200.60
	7/18/24	3	\$ 58.52	Realty Income Corp.	O	\$ 175.55
	7/18/24	132	\$ 58.48	Realty Income Corp.	O	\$ 7,718.70
	7/18/24	15	\$ 488.37	Vertex Pharmaceuticals, Inc.	VRTX	\$ 7,325.55

Sales

	Date	Quantity	Price	Security	Ticker	Amount
H1	10/27/23	630	\$ 17.99	Stellantis N.V.	STLA	\$ 11,330.45
	11/17/23	87	\$ 176.85	CBOE Global Markets, Inc.	CBOE	\$ 15,385.82
	3/21/24	75	\$ 36.12	Match Group, Inc.	MTCH	\$ 2,708.97
H2	4/9/24	123	\$ 125.71	Merck & Co, Inc.	MRK	\$ 15,462.20
	4/11/24	34	\$ 276.20	Huntington Ingalls Industries	HII	\$ 9,390.72
	5/2/24	33	\$ 258.06	Huntington Ingalls Industries	HII	\$ 8,515.91
	6/20/24	1	\$ 444.37	Microsoft Corp.	MSFT	\$ 444.35
	7/18/24	121	\$ 61.88	CVS Health Corp.	CVS	\$ 7,486.67
	7/18/24	100	\$ 138.71	The Clorox Company	CLX	\$ 13,870.61

FY 2024 Portfolio Appraisal

McClain Torch Fund

9/30/24

	<u>Quantity</u>	<u>Security</u>	<u>Ticker</u>	<u>Unit Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Percent Assets</u>
COMMON STOCK							
Communication Services							
	251	Comcast Corp	CMCSA	\$41.33	\$41.77	\$10,484.27	2.32%
	182	Alphabet, Inc Class A	GOOGL	\$97.74	\$165.85	\$30,184.70	6.69%
	264	Verizon Communications Inc.	VZ	\$38.04	\$44.91	\$11,856.24	2.63%
						\$52,525.21	11.64%
Consumer Discretionary							
	106	Amazon.com Inc	AMZN	\$168.41	\$186.33	\$19,750.98	4.38%
	520	Gentex Corp	GNTX	\$30.84	\$29.69	\$15,438.80	3.42%
	363	Malibu Boats Inc	MBUU	\$48.47	\$38.81	\$14,088.03	3.12%
	931	Smith & Wesson Brands Inc	SWBI	\$16.45	\$12.98	\$12,084.38	2.68%
	176	Tapestry Inc	TPR	\$46.31	\$46.98	\$8,268.48	1.83%
	23	Ulta Beauty Inc	ULTA	\$364.24	\$389.12	\$8,949.76	1.98%
						\$78,580.43	17.41%
Consumer Staples							
	453	Fresh Del Monte Produce Inc	FDP	\$25.40	\$29.54	\$13,381.62	2.97%
	91	Kimberly-Clark Corp	KMB	\$134.45	\$142.28	\$12,947.48	2.87%
	235	Coca-Cola Co	KO	\$62.85	\$71.86	\$16,887.10	3.74%
	233	Altria Group Inc	MO	\$47.92	\$51.04	\$11,892.32	2.64%
						\$55,108.52	12.22%
Financials							
	72	PNC Financial Services Group Inc	PNC	\$153.48	\$184.85	\$13,309.20	2.95%
	162	Encore Capital Group Inc	ECPG	\$37.84	\$47.27	\$7,657.74	1.70%
	210	First American Financial Corp	FAF	\$56.82	\$66.01	\$13,862.10	3.07%
	98	PayPal Holdings Inc	PYPL	\$118.85	\$78.03	\$7,646.94	1.70%
	76	Visa Inc	V	\$143.56	\$274.95	\$20,896.20	4.63%
						\$63,372.18	14.05%
Healthcare							
	43	ICU Medical Inc	ICUI	\$165.79	\$182.22	\$7,835.46	1.74%
	62	Laboratory Corporation of America Holdings	LH	\$139.57	\$223.48	\$13,855.76	3.07%
	111	Medtronic PLC	MDT	\$99.04	\$90.03	\$9,993.33	2.22%
	49	Vertex Pharmaceuticals Inc	VRTX	\$311.93	\$465.08	\$22,788.92	5.05%
						\$54,473.47	12.08%
Industrials							
	205	Agco Corp	AGCO	\$122.20	\$97.86	\$20,061.30	4.45%
	25	Lockheed Martin Corp	LMT	\$371.61	\$584.56	\$14,614.00	3.24%
						\$34,675.30	7.69%
Information Technology							
	50	Accenture PLC	ACN	\$314.30	\$353.48	\$17,674.00	3.92%
	66	Salesforce Inc	CRM	\$213.03	\$273.71	\$18,064.86	4.01%
	51	Microsoft Corp	MSFT	\$237.77	\$430.30	\$21,945.30	4.87%
						\$57,684.16	12.80%
Materials							
	46	Albemarle Corporation	ALB	\$163.05	\$94.71	\$4,356.66	0.97%
						\$4,356.66	0.97%
Real Estate							
	131	Innovative Industrial Properties Inc	IIPR	\$72.80	\$134.60	\$17,632.60	3.91%
	346	Realty Income Corp	O	\$58.12	\$63.42	\$21,943.32	4.85%
						\$39,575.92	8.76%
Utilities							
	108	NextEra Energy Inc	NEE	\$65.46	\$84.53	\$9,129.24	2.02%
						\$9,129.24	2.02%
COMMON STOCK Total						\$449,481.09	99.68%
CASH AND EQUIVALENTS							
		Fidelity Govt. Money Market	SPAXX			\$1,444.21	0.32%
Total Portfolio						\$450,925.30	100.00%

Fund Managers



Sarah Chandler joined the McClain Torch Fund in Spring 2024. She is from Memphis, Tennessee, and is a senior majoring in finance with a collateral in international business. Sarah covers the healthcare and utilities sectors for the McClain Torch Fund, which includes ICUI, LH, MDT, NEE, and VRTX. She is the Chair of the UTK Financial Planning Association, a Senior Bloomberg Analyst for the Masters Investment Learning Center, a Smith Global Leadership Scholar, a Student Alumni Associate, and a member of Chi Omega. Sarah has previously interned at Raymond James in their Fixed Income Research department and Brown Brothers Harriman in their Private Wealth Management group. After graduation, she is excited to return to Brown Brothers Harriman as a Relationship Associate.



Diamond Clark joined the McClain Torch Fund in Spring 2024. She is from Memphis, Tennessee, and is a senior majoring in finance with a collateral in business analytics. Diamond covers the communication services sector for the McClain Torch Fund, which includes CMCSA, GOOGL, and VZ. She serves as the Co-President of the Diverse Organization of Business Students and an advocate for the Office of Access and Community Connections. Diamond has previously interned at J.P. Morgan in their Payments division. After graduation, she will be returning to J.P. Morgan as a Payments Rotational Analyst.



Charles Curtis joined the McClain Torch Fund in Fall 2024. He is from Newtown, Connecticut, and is a junior majoring in finance with a collateral in accounting. Charles covers the consumer discretionary sector for the McClain Torch Fund, which includes AMZN, GNTX, MBUU, SWBI, TPR, and ULTA. He serves as the President of Tennessee Capital Market Society and is a Junior Analyst in the Masters Investment Learning Center. Charles has previously interned at General Atlantic as a General Partner Funds Summer Analyst. This summer, he will be joining Lazard as an Investment Banking Summer Analyst.



Max McCauley joined the McClain Torch Fund in Spring 2024. He is from Edgewood, Kentucky, and is a senior majoring in finance with a collateral in accounting. Max covers the energy and materials sectors for the McClain Torch Fund, which includes ALB. He has been named to the Dean's List every semester he has attended the University of Tennessee and is a member of Sigma Nu. Max has previously interned in the Wealth Management department of Morgan Stanley and Hyde Park Wealth Advisors. After graduation, Max is pursuing a career in wealth management.



Alex Medearis joined the McClain Torch Fund in Spring 2024. He is from Abingdon, Virginia, and is a senior double majoring in finance and business analytics with a collateral in marketing. Alex covers the information technology sector for the McClain Torch Fund, which includes ACN, CRM, and MSFT. He is Director of Trading for the UT Investment Group, a Senior Bloomberg Analyst for the Masters Investment Learning Center, and a member of the Pride of the Southland Marching Band. Alex has previously interned at Tennessee Valley Authority on its Financial Operations and Performance team and 21st Mortgage as a Financial Counselor. After graduation, he plans to pursue a master's degree in business analytics or data science.



Maggie Miller joined the McClain Torch Fund in Fall 2024. She is from Knoxville, Tennessee, and is a senior majoring in finance with a collateral in accounting. Maggie covers the Real Estate sector for the McClain Torch Fund, which includes IIPR and O. Outside of the Torch Fund, Maggie is involved in the UTK Chancellor's Honors Program, Haslam Business Fellows, Beta Alpha Psi, and Women in Accounting. Last summer, she worked as an International Sales Intern at SmartGuide in Prague, Czechia. Maggie is currently an Accounting Intern at Apex Bank, and she plans to pursue a Master of Accountancy at the Haslam College of Business after completing her undergraduate degree.



Gaven Peal joined the McClain Torch Fund in Fall 2024. He is from Nashville, Tennessee, and is a senior majoring in finance with a collateral in accounting. Gaven covers the financial sector for the McClain Torch Fund, which includes ECPG, FAF, PNC, PYPL, and V. He is a member of the University of Tennessee Investment Group and Sigma Alpha Epsilon. Gaven has previously interned at ClearTrust Wealth Advisors, TBH Global Asset Management's sports division, working with professional athletes and their families, and Strategic Financial Planners. After graduation, He aims to leverage this experience to pursue a client-facing role in wealth management.



Alexa Tchakanakis joined the McClain Torch Fund in Fall 2024. She is from Lisle, Illinois, and is a senior double majoring in finance and supply chain management with a concentration in business analytics. Alexa covers the consumer staples sector for the McClain Torch Fund, which includes KO, MO, KMB, FDP. She serves as the Vice President of Finance for Women in Finance Club and is a member of the consulting club. Alexa has previously interned in the treasury department at ND Paper and has most recently interned in corporate finance at Conagra Brands. After graduation, Alexa will be returning to Conagra Brands in Chicago for a corporate finance rotational program.



Dillon Waldbauer joined the McClain Torch Fund in Fall 2024. He is from Knoxville, Tennessee and is a senior double majoring in finance and accounting with a collateral in information management. Dillon covers the industrial sector for the McClain Torch Fund, which includes AGCO, HII, and LMT. During his time at The University of Tennessee, he has been a member of the Financial Management Association and competed in the collegiate Excel competition. Dillon has previously interned at Vanderbilt Mortgage and Finance as a Loan Research Intern. After graduation, he plans to pursue a career as a financial analyst.



Accenture PLC (ACN)

Coverage: Alex Medearis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$353.48	\$433.42	\$221,661.80M	\$11.94	30.21	17.37%

Description:

Accenture PLC (ACN) is an IT services company that provides management and technology consulting solutions. Headquartered in Ireland for tax benefits, ACN leverages its global reach to serve clients across industries such as communications, financial services, and healthcare.¹

Investment Thesis:

The McClain Fund holds ACN due to its strong management, reputation as a leader in IT consulting, long durations among software contracts, and broad service portfolio. Its products and services can be integrated with CRMs such as Microsoft and Salesforce, and its portfolio of top clients has remained intact for over a decade. Growing reliance on consulting services as businesses and individuals attempt to keep pace with the broader market should provide tailwinds for ACN moving forward.

Positive Drivers & Risk Factors:

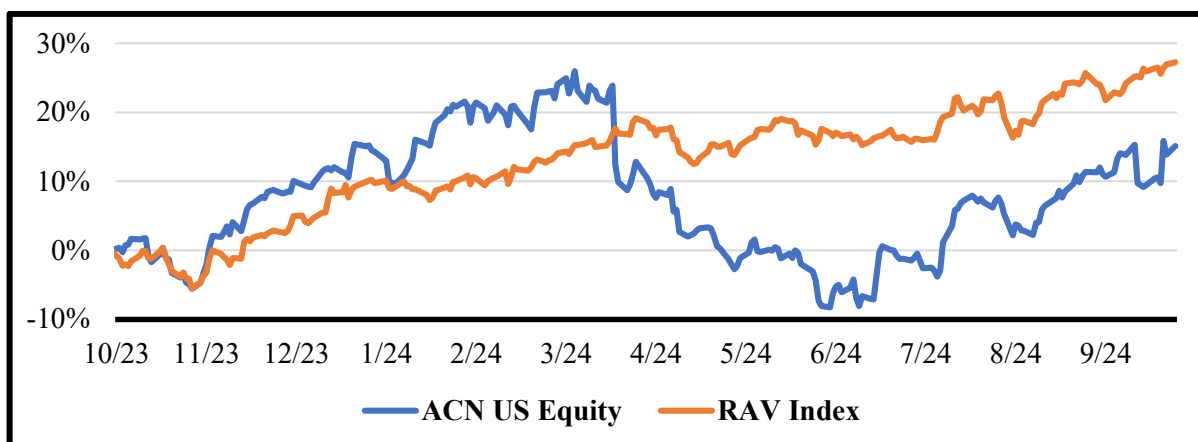
ACN serves clients in over 120 countries, and its revenue is well distributed across its three geographic segments: North America (50.16%), Europe (35.16%), and its growth markets (14.68%).² ACN's ability to capture revenue across diverse geographic segments reinforces its global leadership. Accenture has also partnered with its top 100 clients for over a decade. The firm has built loyalty with its clientele, who are likely to incur high switching costs if they opt for another IT services provider.

Revenue in ACN's Consulting segment declined YoY in 2023 for the first time in over a decade, followed by another decrease in 2024. A shift away from this fixed revenue source likely means more room for volatility when earnings are reported. Additionally, ACN's future revenue and profitability will depend on the broader economy, given the discretionary nature of its services.

FY Actions:

Added 4 shares to the position for \$284.38 on 06/17/2024. Dividend yield of 1.67% returned \$242.52 in dividend payments during FY.

Returns Compared to Relative Indices





AGCO Corp.
(AGCO)

Coverage: Dillon Waldbauer



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$97.86	\$107.69	\$7,304.50M	\$12.51	8.03	-12.98%

Description:

AGCO Corp. (AGCO) operates within the agriculture sector, specializing in the design, manufacturing, and distribution of machinery and precision agriculture technology. The company offers a diverse portfolio of products, ranging from tractors to grain storage solutions and protein production systems. With a workforce of nearly 28,000 employees, AGCO maintains a presence in approximately 140 countries through a distribution network of around 3,100 independent dealers and distributors.¹

Investment Thesis:

The McClain Fund views AGCO as a strong investment opportunity, highlighting the company's commitment to innovation and its broad range of offerings. For instance, AGCO's LiquidLogic sprayer recirculation technology improves efficiency by conserving primes and reducing chemical waste.² Additionally, the GenuineCare warranty program fosters recurring revenue through regular inspections and discounts on parts and labor. As the industry shifts toward sustainability, AGCO is well-positioned to lead this transition.

Positive Drivers & Risk Factors:

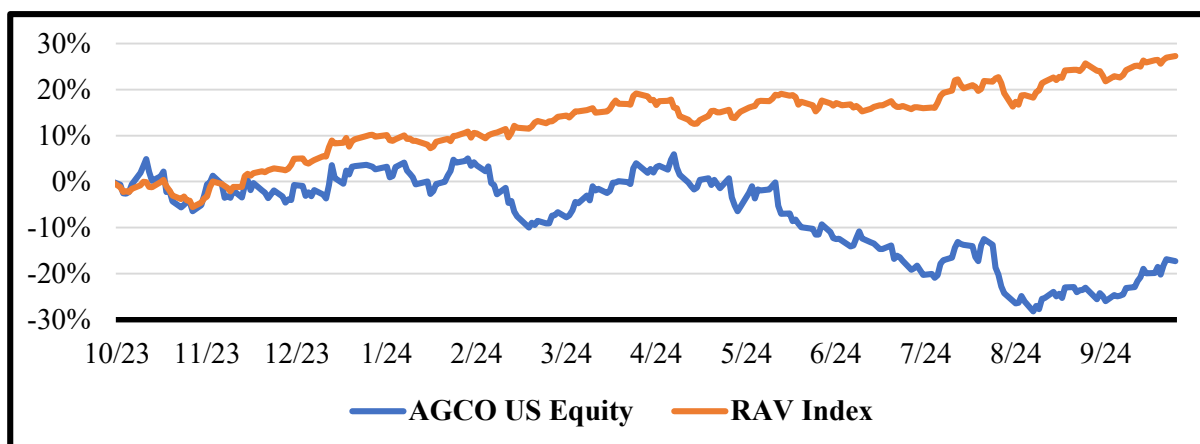
AGCO is poised to benefit as the agricultural sector adopts sustainable practices like electric machinery and precision farming technologies. The launch of products such as the Fendt e100 Vario, an all-electric tractor, demonstrates AGCO's responsiveness to market demands.

While lower interest rates could boost demand for tractors, economic recession concerns may counteract this effect. Farmers typically spend 15.00% of their budgets on equipment, linking AGCO's financial performance to farmers' economic health, which is influenced by crop yields and market prices.³ With a challenging outlook for the year ahead, AGCO may face pressure on its performance.

FY Actions:

Added 97 shares to the position for \$115.77 on 12/01/2023 and added 11 shares to the position for \$103.44 on 06/14/24. Dividend yield of 1.67% returned \$242.52 in dividend payments during FY.

Returns Compared to Relative Indices





Albemarle Corp. (ALB)

Coverage: Max McCauley



Market Price	Target Price	Market Cap	EPS (TTM)	P/S (TTM)	FY Return
\$94.71	\$112.64	\$11,131.57M	-\$1.48	1.49	-38.25%

*ALB reported negative EPS, so the price to sales is used to accurately portray the firm's valuation

Description:

Albemarle Corp. (ALB) produces chemicals for many purposes and industries including grid storage, automotive, aerospace, conventional energy, electronics, construction, and medical devices. ALB holds leading positions in the lithium, bromine, and refining catalysts industries. ALB's segments include Energy Storage, Specialties, Ketjen, and All Other. The Energy Storage Segment holds ALB's lithium products and is responsible for approximately 73.60% of ALB's sales.¹

Investment Thesis:

The McClain Fund invested in ALB, recognizing its strong position in the lithium industry in 2015 after the acquisition of Rockwood Holdings. The fund recognized ALB's potential for growth along with the lithium and EV markets, which are expected to grow with CAGRs of 21.00% and 17.80% through 2033.² The fund has recognized that ALB has a more diversified product portfolio than most lithium companies, which helps mitigate the risk of the volatile lithium industry ALB operates in.

Positive Drivers & Risk Factors:

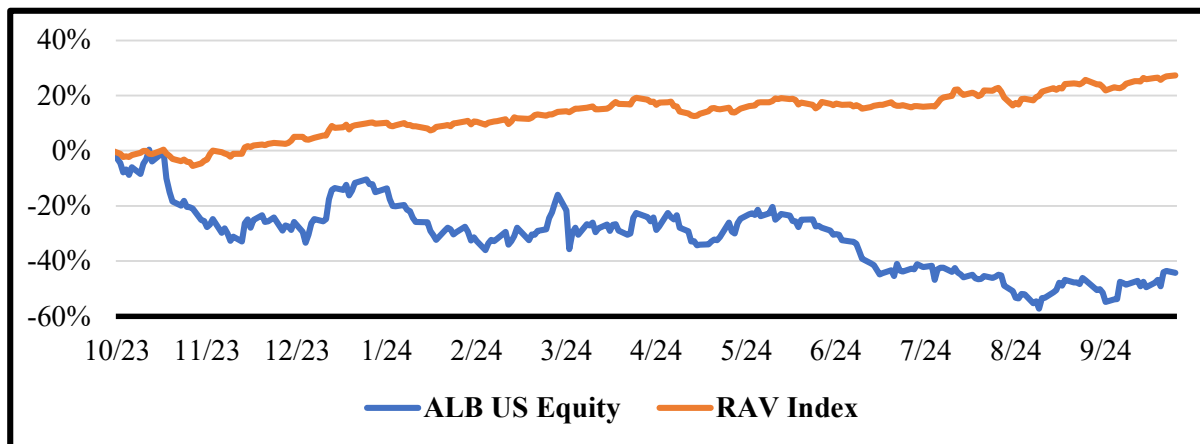
Factors contributing to ALB's growth are the EV markets and technological innovation. EVs run on lithium-ion batteries, which are expected to experience industry growth with a CAGR of 20.30% through 2030 contributing to a further boost in lithium demand.³ ALB holds 1,500 active patents and has 550 patents pending that work towards improving efficiency in ALB's extraction and filtering processes.⁴

ALB's greatest risks are its volatility and cyclical nature. Over the last 5 years, lithium prices have varied greatly ranging from \$3,000.00 to \$55,000.00 per ton.⁵ ALB has a cyclical nature as the industries that drive the price of lithium are cyclical. These industries include the automotive and aerospace industries.

FY Actions:

Held 45 shares for the period. Dividend yield of 1.71% returned \$60.40 in dividend payments during FY.

Returns Compared to Relative Indices





Amazon, Inc.
(AMZN)

Coverage: Charles Curtis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$186.33	\$219.24	\$1,955.64B	\$4.26	44.09	43.11%

Description:

Amazon, Inc. (AMZN) is a global company that provides services across industries, including e-commerce, advertising, cloud services, consumer technology, and digital content. The company continues to expand into new product categories, including grocery, home cleaning, and chip production.¹

Investment Thesis:

The McClain Fund invests in AMZN because of its impressive growth in the past three decades, leaving countless competitors behind in the e-commerce industry. The company's ability to keep prices low by negotiating favorable contracts with suppliers has allowed it to keep prices below competition. AMZN is in a unique position to leverage AI across its business suite, from AWS to its traditional retail business. Analysts expect Amazon to continue increasing revenue by over 20.00% across advertising, e-commerce, and AWS.¹

Positive Drivers & Risk Factors:

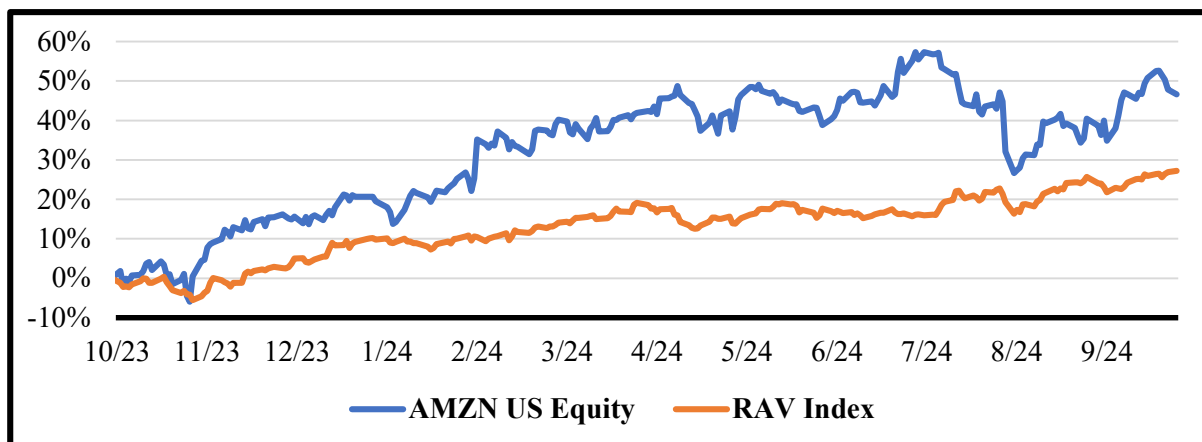
AMZN will continue to hold a dominant market position within a quickly growing cloud services market. As of Q1 2024, AMZN holds a 31.00% share of the cloud services which is expected to grow at a CAGR of 16.00% until 2032.² AMZN has also seen rapid growth within the advertising market and is currently expected to hold around 17.30% of the market in 2026, a steep increase from 10.70% in 2021.³ In addition to this, the company continues to make new acquisitions into horizontal markets, including a recent purchase of iRobot in 2021.

AMZN faces fierce competition from other tech companies looking to steal market share in the cloud computing market, as well as competition from brick-and-mortar stores expanding into e-commerce. Strategic investments that AMZN has made in other companies, including \$1.30 billion in Rivian could prove costly, with companies like Rivian failing to reach profitability.⁴

FY Actions:

Added 6 shares to the position for \$181.51 on 06/18/2024. Dividends were not received from AMZN during FY.

Returns Compared to Relative Indices





**CBOE Global
Markets, Inc.
(CBOE)**



Coverage: Gaven Peal

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$204.87	\$142.12	\$21,436.39M	\$7.71	27.59	13.21%

Description:

CBOE Global Markets, Inc. (CBOE) is the world’s leading derivatives exchange network and has been a reliable investment solution provider for over fifty years. CBOE offers products in several asset classes including equities, derivatives, FX, and digital assets. Subsidiaries include the largest options exchange and the third largest stock exchange in the US.¹

Liquidation Thesis:

The McClain Fund chose to hold CBOE because of its dominance in options exchange and strong position in the financial markets. Its extensive product offerings and diversified revenue streams make it reliable and ensure steady growth even in market downturns. The fund eventually decided to liquidate its position in CBOE in November of 2023 because, at the time, it was trading at above-peer P/E and P/B ratios, hitting a five-year high and yielding a net 106.00% for the position.² The belief was that the market had realized the value of the holding, and it had become potentially overvalued.

Positive Drivers & Risk Factors:

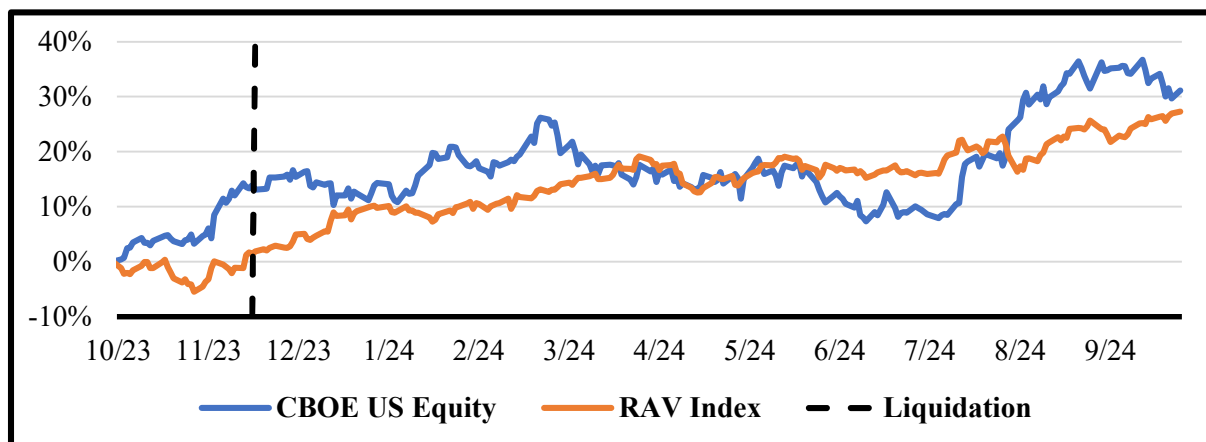
Increasing expansion into global markets has allowed CBOE to diversify income and increase demand for its products. Volatile economic conditions also help to increase demand for options trading due to the need for investors to hedge against market risk or seek other investment strategies. Total volume across CBOE’s exchanges was 3.70 billion, a fourth consecutive record-breaking year.³ These instances have the potential to boost CBOE trading volumes and provide growth opportunities.⁴

The most prominent risk factors affecting CBOE relate to cybersecurity and regulatory risks. Its business heavily relies on technology and operates in a highly regulated environment, and instances where these factors change may be harmful to CBOE’s business and financial condition.¹

FY Actions:

Liquidated 87 shares for \$15,385.82 on 11/17/2023. Dividends were not received from CBOE during FY

Returns Compared to Relative Indices





**The Clorox Company
(CLX)**

Coverage: Alexa Tchakanakis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$162.91	\$146.00	\$20,178.28M	\$5.00	31.34	7.95%

Description:

The Clorox Company (CLX) is a global manufacturer of consumer and professional products. CLX operates under four segments: cleaning, lifestyle, household, and international. It has a portfolio of well-known brands such as Brita, Hidden Valley, Kingsford, Pine-Sol, Burt’s Bees, and Fresh Step.¹

Liquidation Thesis:

The McClain Fund originally invested in CLX due to its strong competitive advantage in the consumer goods industry. CLX experienced significant revenue growth of 9.22% during the COVID-19 pandemic, as consumers were in demand of the cleaning products CLX offered. However, the fund ultimately decided to liquidate CLX due to its increasing product prices, decreasing margins, and high valuation metrics. In addition, CLX ran into a cybersecurity attack in August 2023 which cost them \$49 million and wide-scale distributions in its supply chain.²

Positive Drivers & Risk Factors:

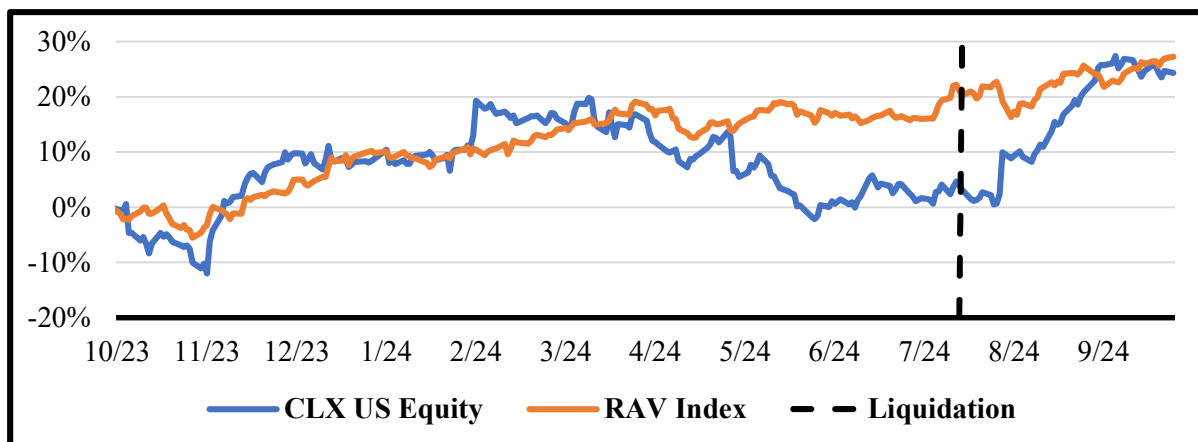
CLX maintains a strong e-commerce presence on platforms such as Walmart and Amazon, leveraging data analytics to conduct brand research and analyze customers' buying patterns. In addition, CLX has a robust portfolio of brands, allowing the company to diversify its product offerings.³

Due to higher input costs, CLX has implemented higher product pricing, which puts customers at risk of leaving CLX for cheaper alternatives. Furthermore, CLX has recently had high P/E and P/B ratios, 31.34 and 59.39, respectively. These metrics are higher than historical levels, suggesting the firm is overvalued in the current market.⁴

FY Actions:

Liquidated 100 shares for \$138.71 on 7/18/2024. Dividend yield of 3.00% returned \$331.20 in dividend payments during FY.

Returns Compared to Relative Indices





Comcast Corp.
(CMCSA)

Coverage: Diamond Clark



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$41.77	\$47.01	\$161,754.39M	\$3.80	10.96	2.48%

Description:

Comcast Corp. (CMCSA) is a leader in the cable and internet services industry, delivering communications products across broadband, media, and entertainment. The firm operates through two primary segments: (1) Connectivity & Platforms, encompassing broadband, wireless, video, and voice services, and (2) Content & Experiences, covering media, streaming, film production, and theme parks.¹

Investment Thesis:

The McClain Fund invested in CMCSA in Spring 2024 due to its diversified interests in both broadband and entertainment at an attractive valuation. CMCSA benefits from its significant capital investment in the United States cable and broadband markets, accounting for 30.00% of US cable subscriptions and 40.00% of broadband fiber-optic services.²

Positive Drivers & Risk Factors:

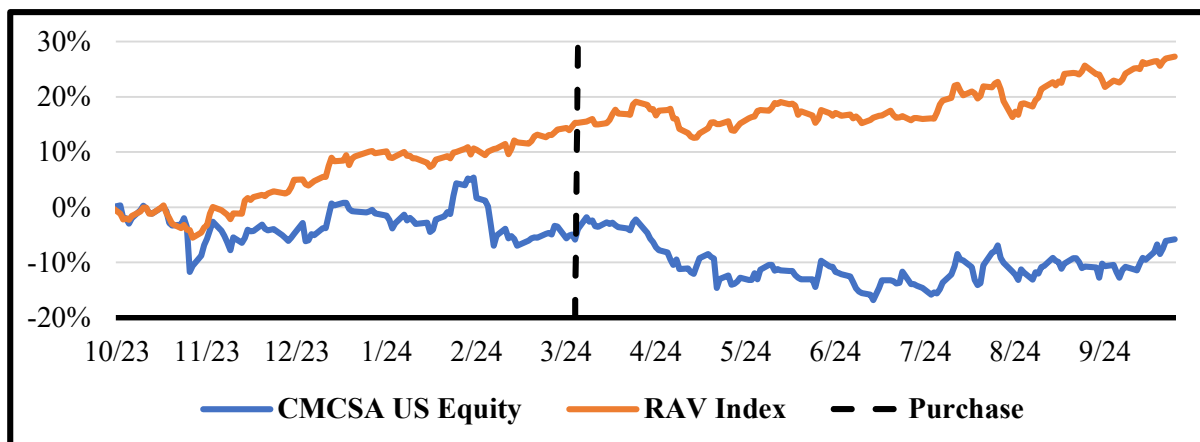
CMCSA remains well-positioned in the connectivity industry due to its substantial broadband presence, being the largest provider of internet services in the United States.³ Additionally, the firm strategically monetizes NBCUniversal's extensive intellectual property library through its streaming platform, Peacock, as well as its theme parks, especially with the anticipated 2025 opening of Universal Epic Universe.⁴

However, it faces challenges from the declining cable industry and mature broadband business, which may limit the long-term growth runway the firm has historically relied on, prompting the strategic pivot towards entertainment.⁵

FY Actions:

Purchased 221 shares for \$41.90 on 03/07/2024. Added 30 shares to the position for \$1,112.85 on 06/18/2024. Dividend yield of 2.97% returned \$146.32 in dividend payments during FY.

Returns Compared to Relative Indices





Salesforce, Inc.
(CRM)
 Coverage: Alex Medearis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$273.71	\$310.31	\$261,666.76M	\$6.07	47.85	33.97%

Description:

Salesforce, Inc. (CRM) is an application software company focused on customer relationship management technology that unites companies with its customers. CRM provides its cloud-based software to a variety of industries, including financial services, healthcare, and manufacturing. It pioneered the software-as-a-service (SaaS) business model, now widely used in technology.¹

Investment Thesis:

The McClain Fund holds CRM due to its market expertise in cloud services and ability to acquire and retain customers at an impressive rate. Its top products include AI offerings such as its Einstein 1 Artificial Intelligence Platform, designed to assist with a variety of business operations.² CRM’s dominant presence in the AI and cloud markets, which are poised for long-term growth, acts as an economic moat for the firm.

Positive Drivers & Risk Factors:

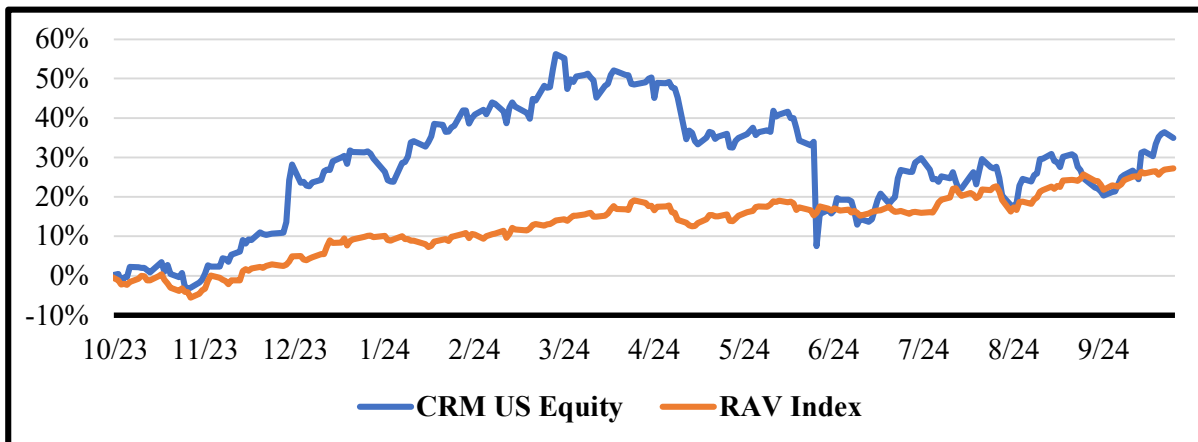
CRM has over 250 distinct customers, none of which comprise more than five percent of its revenue.³ CRM’s diverse customer base, spanning 16 unique industry groups, allows it to implement its products and services across a variety of markets and protects the firm from overreliance on one or several large customers.

CRM stock plummeted 19.74% after the company missed revenue expectations in Q1 2024 for the first time since 2006.⁴ Salesforce’s reputation of exceeding Wall Street’s expectations has created whisper numbers for those metrics, and the excitement around AI only amplifies these numbers. Beating Wall Street estimates may not benefit CRM much if the company cannot live up to lofty investor expectations.

FY Actions:

Added 5 shares to the position for \$230.48 on 06/14/2024. Dividend yield of 0.58% returned \$50.80 in dividend payments during FY.

Returns Compared to Relative Indices





**CVS Health Corp.
(CVS)**

Coverage: Sarah Chandler



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$62.88	\$61.00	\$79,101.74M	\$6.22	9.09	-7.01%

Description:

CVS Health Corp. (CVS) is a leader in healthcare solutions. Through pharmacy benefits management (PBM), healthcare benefits, and retail pharmacies, CVS assists with a wide range of industry needs. CVS aims to be the most customer-centric healthcare company in the United States, reflected in its large customer base of approximately 108 million PBM plan members, 9,000 retail locations, and 1,000 walk-in medical clinics.¹

Liquidation Thesis:

The McClain Fund invested in CVS for its diversified healthcare industry leadership; however, all three of its business segments have significant headwinds. Its PBM business is under FTC scrutiny, its retail drugstore chain faces stiff competition from e-commerce, and its healthcare benefits service is under pressure from Medicare over-utilization and rising costs.² Therefore, the fund believes that the once-perceived economic moat of the company has not defended the company as expected.

Positive Drivers & Risk Factors:

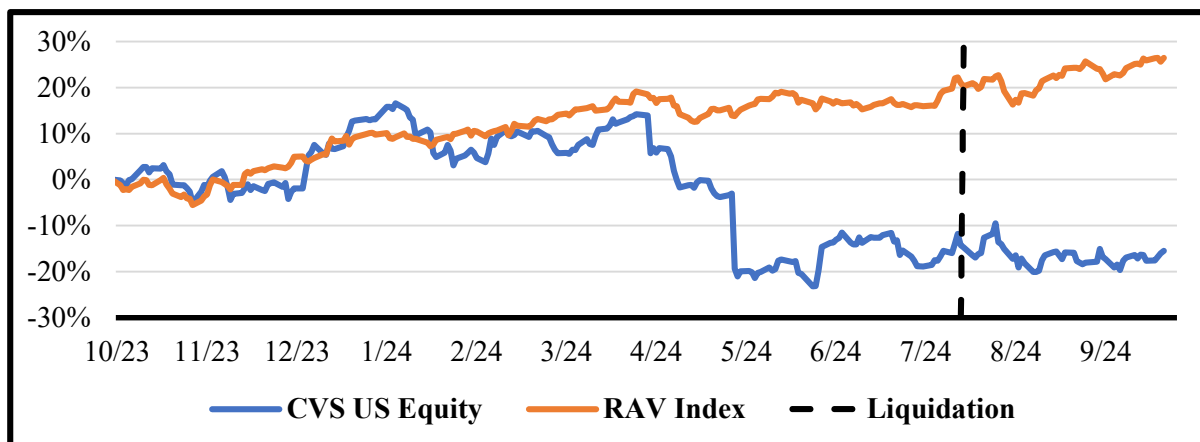
CVS is currently in a leadership transition, as David Joyner takes over Karen Lynch’s role as CEO. Joyner, who was previously President of CVS Caremark and has 37 years of experience in the PBM industry, is expected to reset expectations for the company.³

In Q1 2024, Medicare Advantage enrollment unexpectedly surged from 3.46 million to 4.20 million, negatively impacting the company’s bottom line.⁴ Additionally, the FTC sued CVS's PBM business for \$2.25 million for artificially inflating drug costs, raising concerns about further government intervention.⁵ Furthermore, the rise of online pharmacy services, such as Amazon's PillPack, signals increased competition ahead.

FY Actions:

Added 19 shares to the position for \$1141.33 on 6/14/2024. Liquidated 121 shares for \$61.88 on 07/18/2024. Dividend yield of 4.71% returned \$197.37 in dividend payments during FY.

Returns Compared to Relative Indices





Encore Capital Group, Inc. (ECPG)

Coverage: Gaven Peal



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$47.27	\$60.25	\$1,119.87M	\$2.51	17.95	1.51%

Description:

Encore Capital Group, Inc. (ECPG) is an international specialty finance company that focuses on purchasing and managing defaulted consumer debt portfolios. The firm provides debt recovery solutions and other related services for consumers across a broad range of financial assets. Since inception, it has returned over \$13 billion to the financial credit ecosystem. It operates through subsidiaries in the United States, India, Mexico, and Latin America.¹

Investment Thesis:

The McClain Fund holds ECPG due to its relatively low valuation compared to its peers and its strong market presence in the credit recovery industry. With a market cap of \$1.1 billion and maintaining below-peer P/E (18.16) and P/BV (1.10) ratios, the investment offers significant growth and profit potential.²

Positive Drivers & Risk Factors:

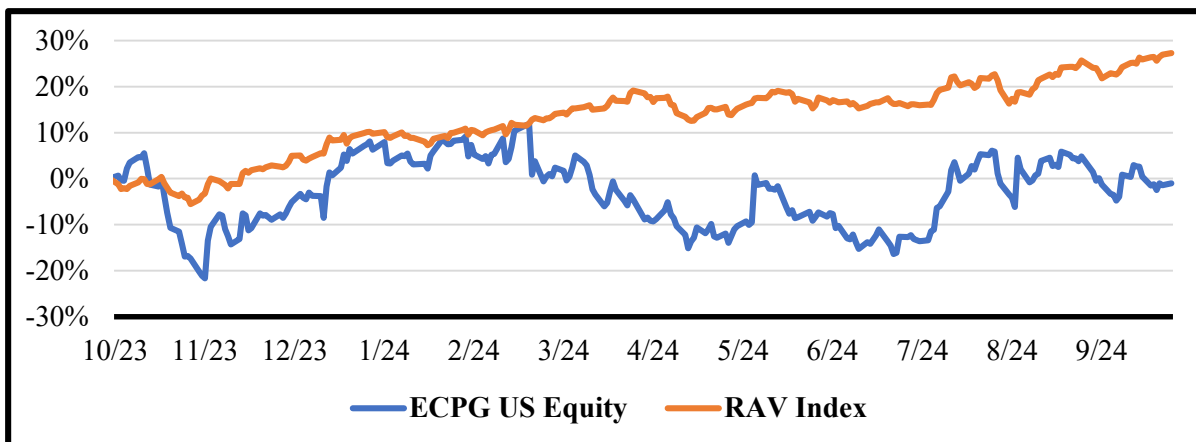
ECPG's growth is driven by three key factors. First, its extensive database of financially distressed consumers enables advanced data analytics, enhancing valuation models and decision-making. Second, the rise of digital transactions and improvements in collection technology allows Encore to increase loan volume and revenue, currently 3,583.30 million and \$355.30 million respectively.³ Finally, economic downturns create favorable conditions, with higher consumer debt and defaults providing more distressed portfolios for Encore to purchase, expanding growth opportunities.

Regarding potential risks, tightening credit markets could reduce the availability of debt portfolios for purchase, especially as high interest rates discourage borrowing. Regulatory changes and increased compliance costs may also impact operations and elevate costs. Additionally, heightened competition could make it harder to secure receivable portfolios.⁴

FY Actions:

Added 28 shares to the position for \$1,143.80 on 06/13/2024. Dividends were not received from ECPG during FY.

Returns Compared to Relative Indices





First American Financial (FAF)

Coverage: Gaven Peal



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$66.01	\$75.64	\$6,791.61M	\$3.59	17.64	21.00%

Description:

First American Financial (FAF) is a top provider of title insurance, settlement services, and risk management solutions in the real estate sector. The firm also offers banking, trusts, warehouse lending, mortgage sub-servicing, and wealth management services. Headquartered in Santa Ana, California, FAF serves both commercial and residential real estate markets in the United States and internationally, with much of its business reliant on real estate market activity.¹

Investment Thesis:

The McClain Fund holds FAF because of its dominance in the title insurance industry. Holding the highest market share, the firm accounts for an estimated 25.30% of industry revenue and displays stronger profit and revenue growth compared to its peers.² Consistent financials and steady growth make the company a compelling addition to a value fund.

Positive Drivers & Risk Factors:

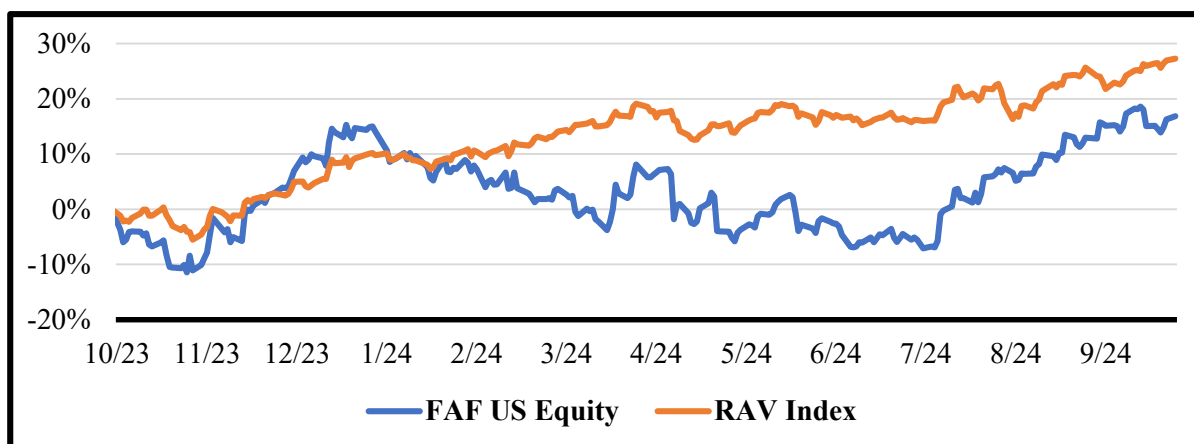
FAF has growth opportunities in several key areas. Expansion into emerging markets with rising commercial real estate transactions offers significant potential. Technological advancements, such as automation and digital closing solutions, can improve efficiency, customer experience, and operational proficiency. Its profitability is well-positioned to benefit from real estate market growth, as rising mortgage demand directly enhances the demand for its services. The Home Purchase Sentiment Index (HPSI) increased by 1.80 points in September to 73.90, the highest it's been in over two years.³

Any downturn in the real estate market could impact FAF's bottom line. Regulatory changes or heightened oversight could also raise compliance and operational costs. Operating in a highly competitive industry, FAF must continue innovating and expanding to maintain its client base and market share.¹

FY Actions:

Added 21 shares to the position for \$1,121.82 on 06/18/2024. Dividend yield of 3.27% returned \$300.51 in dividend payments for FY.

Returns Compared to Relative Indices





Fresh Del Monte, Inc. (FDP)

Coverage: Alexa Tchakanakis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$29.54	\$33.00	\$1,416.05M	\$2.12	13.57	18.17%

Description:

Fresh Del Monte, Inc. (FDP) is a leading worldwide producer, marketer, and distributor of high-quality fresh fruit and vegetables. Its product offerings include prepared fruits and vegetables, canned fruit, juices, beverages, snacks, and desserts sold in over 80 countries worldwide.¹

Investment Thesis:

The McClain Fund invests in FDP due to its leading position in the global fruit and vegetable markets, specifically in the pineapple and banana markets. FDP is one of the world's largest banana suppliers, with bananas contributing to 40.00% of its total revenue.² Furthermore, FDP gives the McClain Fund exposure to the agriculture and packaged food industries and offers a competitive dividend yield of 3.39%.

Positive Drivers & Risk Factors:

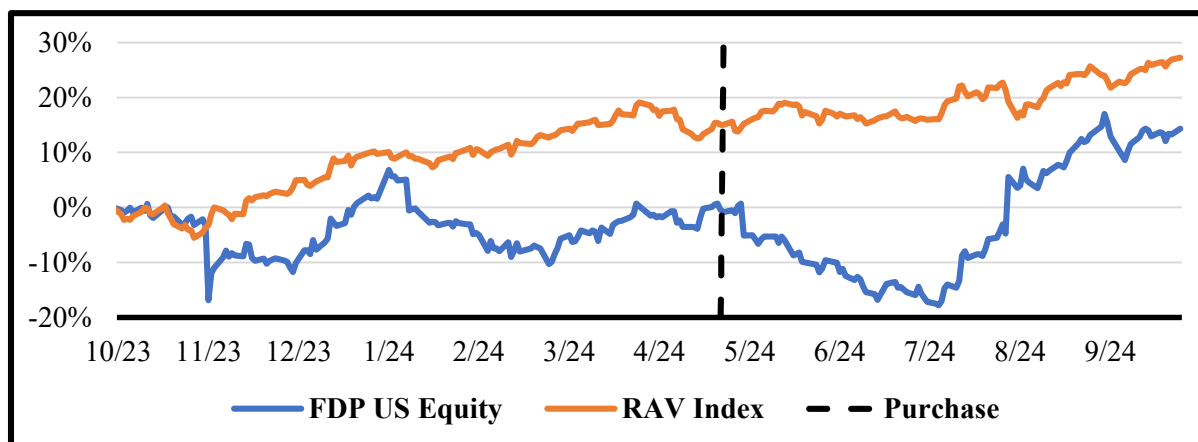
FDP operates a fully integrated robust supply chain. Part of this integration is FDP's trucking arm, Tricont Trucking, which can move products from farms to distribution centers within three days.³ This streamlined supply chain enables FDP to sample produce at every stage of the production process, ensuring quality that meets customer expectations. Additionally, FDP's innovations, such as the Ruby Glow Pineapple, single-serve pudding dessert line, and guacamole, fuel its growth.⁴

A potential risk FDP faces is its customers using their bargaining power to negotiate lower prices. Although FDP has made strides to expand its customer base, its top 10 customers account for about 29.00% of total sales, which means one customer can severally impact FDP's bottom line. Furthermore, Fusarium wilt, a fungus that attacks banana trees at the root, poses a threat to FDP.⁵ To combat this, FDP is creating disease-resistant varieties of bananas and enforcing policies to prevent the disease from spreading through soil.

FY Actions:

Purchased 400 shares for \$25.87 on 4/25/2024. Added 53 shares to the position for \$21.82 on 6/14/2024. Dividend yield of 3.39% returned \$213.25 in dividend payments during FY.

Returns Compared to Relative Indices





Gentex Corp.
(GNTX)

Coverage: Charles Curtis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$29.69	\$36.00	\$6,835.15M	\$1.96	15.97	-11.04%

Description:

Gentex Corp. (GNTX) designs and manufactures dimmable glass and fire protection technology for the automotive and aviation industries. It also creates commercial smoke alarms for the fire protection industry. The company's largest market is automobiles, making up 98.00% of revenues. About 30% of GNTX's revenue comes from the US, but the company serves customers around the world.¹

Investment Thesis:

The McClain Fund invests in GNTX due to patented technology that allows for continued innovation. Gentex has an extremely large opportunity to expand into aviation eyewear. In support of this growth story, Gentex also has an extremely healthy balance sheet with no outstanding debt that will allow it to survive downturns in the auto industry. The company is vertically integrated, allowing Gentex to maintain a higher profit margin than competitors, at 19.20%.²

Positive Drivers & Risk Factors:

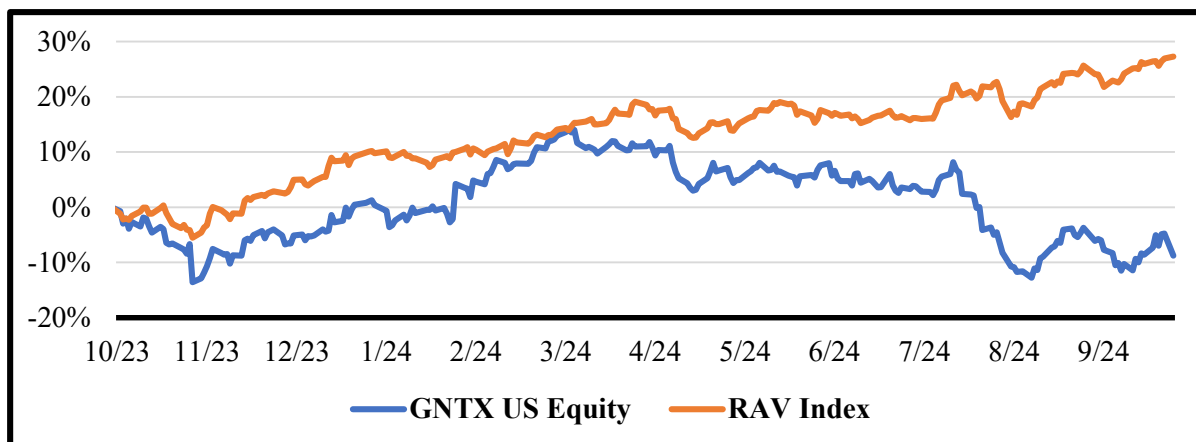
The company has strong growth prospects with machine learning capabilities, currently partnering with other firms to help develop vehicle-forward lighting systems. The fund is also confident in a recent acquisition of eSight that raised \$14.00 million in prior funding.³ This company allows those who are legally blind to regain sight via electronic eyewear.

GNTX will face growing pressure from auto manufacturers who are continuously looking to lower the cost of production for its vehicles. The company also faces competition from Magna Mirrors, a company that is about 10 times the size of GNTX.¹

FY Actions:

Added 33 shares to the position for \$33.65 on 06/17/2024 and added 221 shares to the position for \$35.01 on 07/19/2024. Dividend yield of 1.62% returned \$131.64 in dividend payments during FY.

Returns Compared to Relative Indices





Alphabet, Inc.
(GOOGL)
Coverage: Diamond Clark



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$165.85	\$204.65	\$2,049.68B	\$7.08	23.34	24.67%

Description:

Alphabet, Inc. (GOOGL) is a leading internet media and services holding company, offering diverse web-based and hardware solutions, including a proprietary search engine, advertising services, cloud solutions, and enterprise tools.¹ The company reports its performance across three segments: Google Services, encompassing its core brands and advertising operations; Google Cloud, providing infrastructure, data analytics, and enterprise solutions; and Other Bets, focusing on early-stage technology ventures.²

Investment Thesis:

The McClain Fund invested in GOOGL due to a post-pandemic valuation trough, as well as its leadership in the search engine business, with a market share of 90.00%.³ The firm's extensive portfolio and diverse competencies establish an indisputable economic moat. The fund increased its position in the fall of 2023 following an underwhelming quarterly earnings release, as the firm's fundamentals remained intact despite disappointing results from its cloud services businesses.

Positive Drivers & Risk Factors:

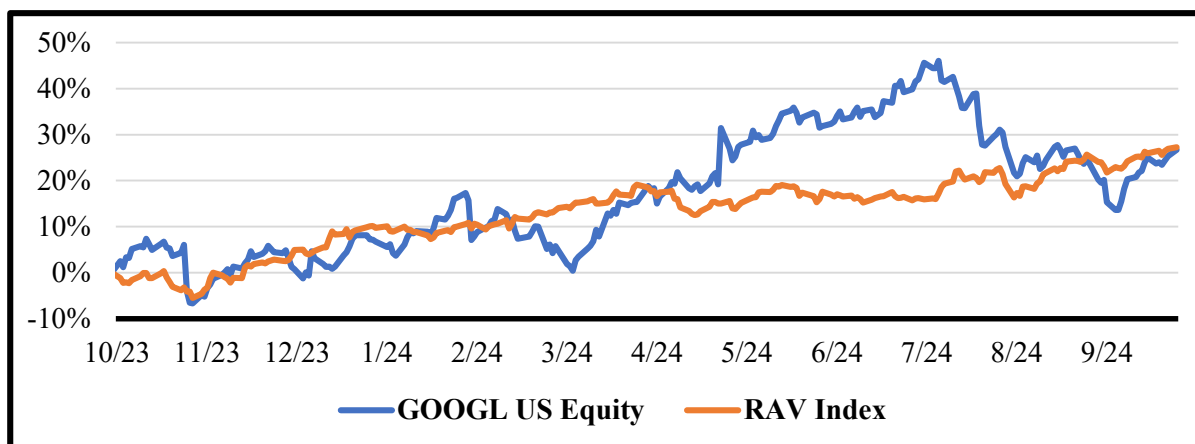
GOOGL's growth is currently being fueled by advancements in artificial intelligence, which is becoming integral to both its Other Bets segment and core businesses such as search and advertising.⁴ Additionally, Google Cloud Platform (GCP) is a key growth driver, as the firm competes in the high-demand cloud services market, which is growing at a CAGR of 17.10%.⁵

However, a looming risk emerges from the ongoing antitrust lawsuits related to Google's search engine dominance, with potential legal remedies that could lead to a restructuring of its businesses.⁶

FY Actions:

Added 6 shares to the position for \$1,055.31 on 06/18/2024. Added 1 share to the position for \$175.86 on 06/20/2024. Dividend yield of 0.48% returned \$71.40 in dividend payments during FY2024.

Returns Compared to Relative Indices





**Huntington Ingalls
Industries
(HII)**



Coverage: Dillon Waldbauer

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$264.38	\$287.69	\$10,367.72M	\$18.03	14.08	31.91%

Description:

Huntington Ingalls Industries (HII) stands as the largest shipbuilder in the United States, having delivered more vessels than any other domestic naval shipbuilder. The United States Navy constitutes the company’s primary revenue source, accounting for 81.00% of total income, while the remainder is derived from contracts with the Coast Guard, the DoD, the DoE, and other federal agencies.¹ HII's product offerings include a diverse range of ships, such as aircraft carriers and submarines.

Liquidation Thesis:

The McClain Fund liquidated its investment in HII due to significant concentration risk from its reliance on federal government contracts.¹ Potential funding cuts or regulatory challenges could threaten revenue. HII's recent acquisition of Alion Science has limited its capacity for new initiatives, focusing resources on debt repayment.² Insider trading suggests executives view the stock as overvalued or fairly valued, as indicated by recent sell transactions.³

Positive Drivers & Risk Factors:

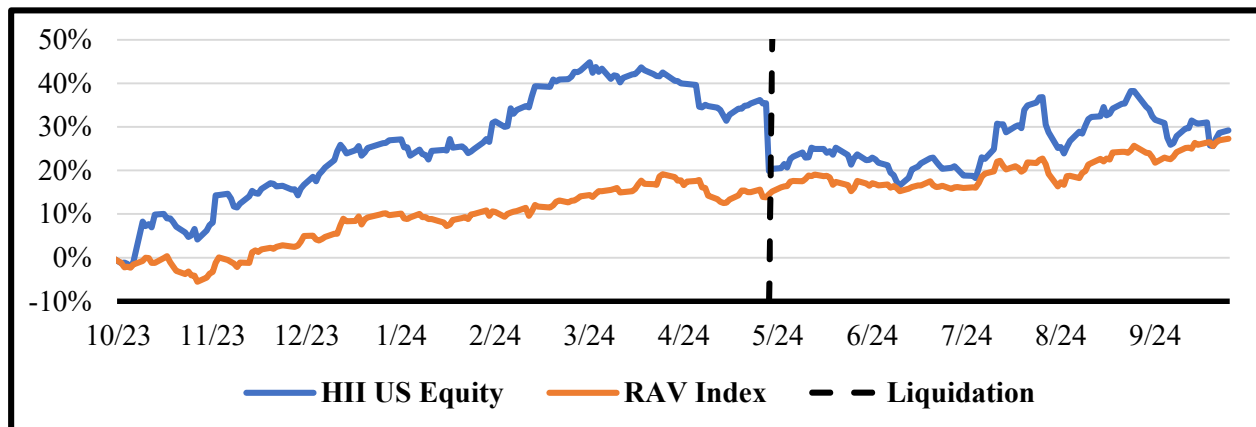
HII benefits from a long-standing history of securing and executing government contracts, making it unlikely for competitors to rapidly capture market share. The company's solid reputation and extensive supplier network of over 2,000 partners ensure production continuity.¹

However, the acquisition of Alion Science has restricted new contracts and R&D investments, risking revenue shortfalls.² The industry’s need for highly trained personnel means losing key staff could significantly impact productivity, as recruitment and training are time-consuming.⁴

FY Actions:

Liquidated 34 shares for \$9,390.27 on 4/11/2024 and the remaining 33 shares for \$8,515.91 on 05/02/2024. Dividend yield of 1.97% returned \$174.20 in dividend payments during FY.

Returns Compared to Relative Indices





**ICU Medical, Inc.
(ICUI)**

Coverage: Sarah Chandler



Market Price	Target Price	Market Cap	EPS (TTM)	P/S (TTM)	FY Return
\$182.22	\$205.00	\$4,450.77M	-\$1.39	1.92	55.26%

*ICUI reported negative EPS, so the price to sales is used to accurately portray the firm's valuation

Description:

ICU Medical, Inc. (ICUI) specializes in IV devices for infusion therapy. ICUI's main segments include infusion consumables, infusion systems, and vital care. By focusing on preventing the transfer of diseases from patients to healthcare workers, ICUI has become a staple in hospitals worldwide.¹

Investment Thesis:

The McClain Fund invests in ICUI due to its strong economic moat, characterized by high switching costs. Once ICUI's consumable products, such as therapy sets and closed system transfer devices, are established, hospitals are less likely to switch to other brands. In fact, the infusion therapy industry grew at a 6.00% CAGR from 2019 to 2023.¹ Additionally, ICUI's innovations in IV solution manufacturing help it maintain a significant market presence, holding an estimated 13.80% market share.²

Positive Drivers & Risk Factors:

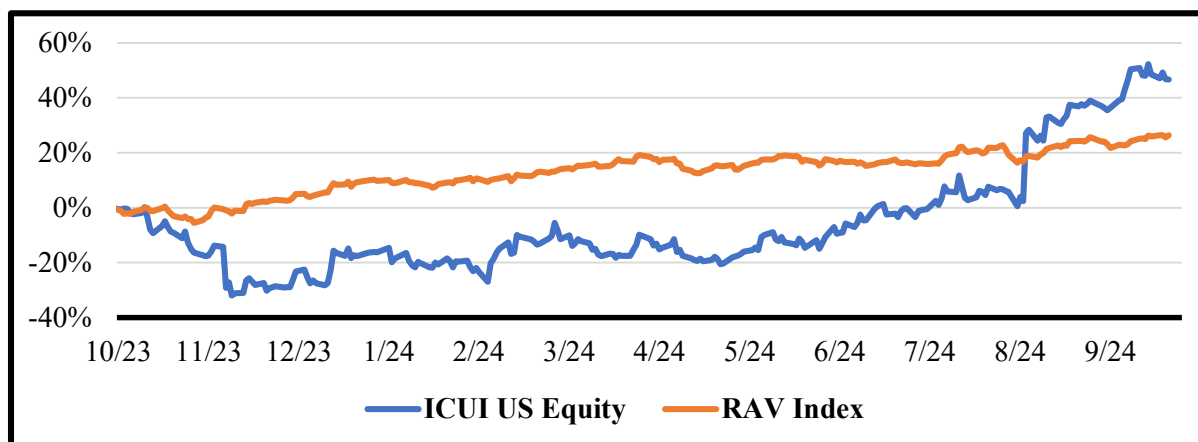
ICUI is positioned to continue being a leader in the infusion system industry. ICUI remains innovating, hence gaining FDA approval for the Plum Duo infusion pump and filing six patents for medical device cybersecurity, which became available in early 2024.^{3,4} In Q2 2024, after a period of losses from its rocky acquisition of Smiths Medical, Inc., ICUI's net income became positive again, putting the company back in a position to leverage its strengths.

ICUI faces competition risks in the infusion market with companies like Baxter International, Inc. Baxter is a larger, more diversified company with a higher market capitalization of roughly \$18.00 billion.⁵ Its Medical Products & Therapies segment offers similar products to ICUI. However, the company's main IV fluid factory was severely damaged by Hurricane Helene, an unexpected entry point for ICUI to capture greater market share.⁶

FY Actions:

Added 10 shares to the position for \$1,119.50 on 06/13/24. Dividends were not received from ICUI during FY.

Returns Compared to Relative Indices





Innovative Industrial Properties, Inc. (IIPR)



Coverage: Maggie Pearl Miller

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$134.60	\$179.00	\$3,813.46M	\$5.76	22.91	80.52%

Description:

Innovative Industrial Properties, Inc. (IIPR) is a Real Estate Investment Trust (REIT) founded in 2016. IIPR's focus is on acquiring, developing, and leasing industrial facilities to tenants operating in the medical-use cannabis industry.¹ For this fiscal year, IIPR proved to be the best-performing holding in the McClain Fund portfolio with a return of 80.52%.

Investment Thesis

The McClain Fund holds IIPR because of its consistent quarterly dividends, high occupancy and collection rates, secured long-term cash flows, and use of triple-net leases. As a REIT, IIPR is required to pay at least 90.00% of its taxable income out to shareholders.² Furthermore, the company has improved long-term stability due to its high average lease terms of over 14.80 years and generates value through its high property occupancy rate of 95.20% as well as its use of triple-net leases.³

Positive Drivers & Risk Factors:

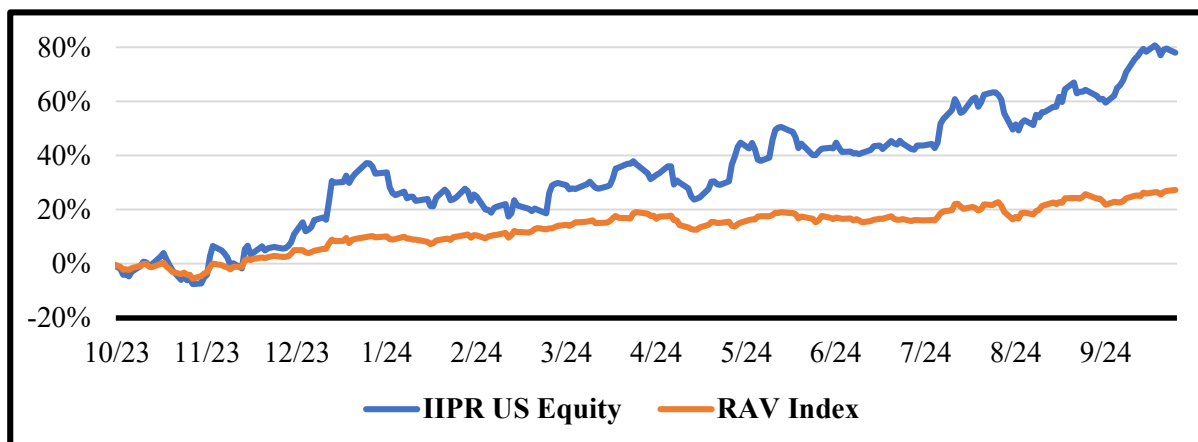
Due to its average leasing term of 15 to 20 years, IIPR benefits from long-term secured growth. Moreover, deregulation and the relaxation of policies surrounding the production and sale of medical-use cannabis products could have an immensely positive impact on IIPR's demand. By 2028, regulated cannabis sales are expected to reach \$46.00 billion (up over 50.00% from \$30.00 billion in 2023).⁴

Conversely, IIPR is at a greater level of risk due to its reliance on regulatory and policy trends. Cannabis sales are heavily intertwined with issues surrounding legalization. Additionally, as the cannabis industry continues to expand, there is a risk that new competitors may reduce IIPR's growth potential.⁵

FY Actions:

Added 11 shares to the position for \$1,187.78 on 06/20/2024. Dividend yield of 5.65% returned \$901.70 in dividend payments during FY24.

Returns Compared to Relative Indices





Kimberly-Clark Corp. (KMB)

Coverage: Alexa Tehakanakis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$142.28	\$159.00	\$47,920.53M	\$11.09	12.22	19.68%

Description:

Kimberly-Clark Corp. (KMB) is a multinational corporation specializing in the manufacturing of consumer goods and personal care products. Its portfolio includes well-known brands such as Kleenex, Huggies, Scott, and Cottonelle, all of which hold a first or second market share position in over 70 countries.¹ In addition to consumer products, KMB produces professional medical supplies and commercial-grade products.²

Investment Thesis:

The McClain Fund invests in KMB because of its strong market position in the personal care industry with a market share of 32.80%. KMB brands are trusted by families worldwide and have maintained a stable reputation for over a century. As a consumer staples stock, Kimberly-Clark is characterized by low risk and consistent performance, qualities that make it a strong investment.³

Positive Drivers & Risk Factors:

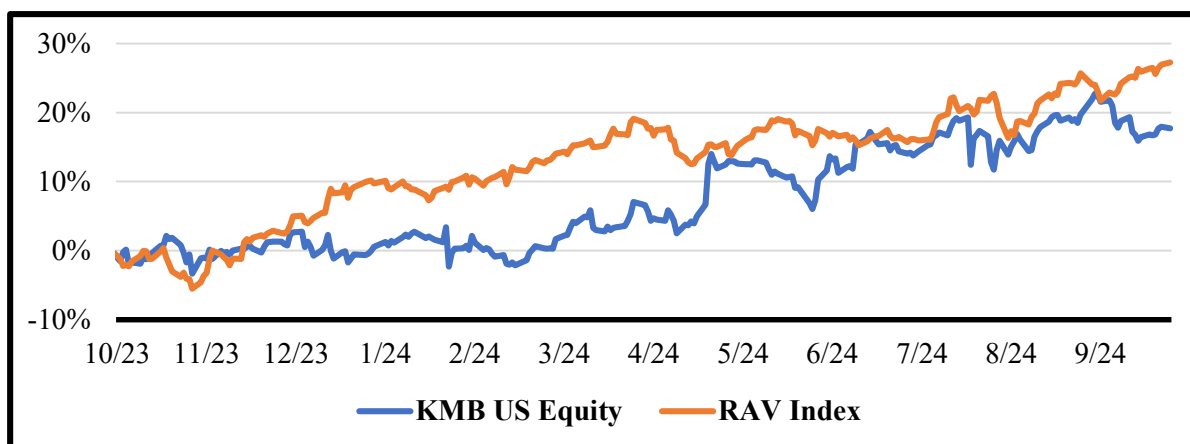
KMB recently announced its plan to focus on its 12 powerhouse brands, which collectively account for 80.00% of the company's net sales. As part of this initiative, KMB is restructuring its operating model by implementing advanced technology to create an integrated supply chain.⁴ This modernization, expected to conclude by the end of 2024, aims to drive \$3.00 billion in gross productivity gains.⁵ In addition, KMB's ability to innovate will continue to propel the company towards success. For example, it was recognized on Fortune's Top 200 List of America's Most Innovative Companies of 2024.⁶

KMB faces the negative effects of foreign exchange rate fluctuations, citing a 5% decrease in sales due to foreign currency translation.⁷ Given KMB's extensive global footprint, sustained currency fluctuations could pose a significant financial risk to its operations.

FY Actions:

Added 8 shares to the position for \$140.13 on 6/20/2024. Dividend yield of 3.43% returned \$398.40 in dividend payments during FY.

Returns Compared to Relative Indices





The Coca-Cola Company (KO)

Coverage: Alexa Tehakanakis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$71.86	\$80.00	\$309,707.13M	\$2.83	23.68	30.32%

Description:

The Coca-Cola Company (KO) is a dominant force in the non-alcoholic beverage industry. Managing a portfolio of over 200 brands, KO strives to be a “total beverage company.” Its products range from Fairlife milk to Topo Chip mineral water, to the classic Coca-Cola soda. KO operates through two primary segments: the concentrate business, which supplies syrups to authorized bottling partners, and the finished product business, consisting of company-owned production plants.¹

Investment Thesis:

The McClain Fund invests in KO because of its strong economic moat, which comes from its three core strengths: branding, maintaining market share, and scale. KO’s loyal customer base supports its 46.30% market share, well ahead of competitors like PepsiCo at 24.70%. Furthermore, KO’s extensive global network, including bottling partners, production facilities, and distributors across 200+ countries, ensures widespread product availability.²

Positive Drivers & Risk Factors:

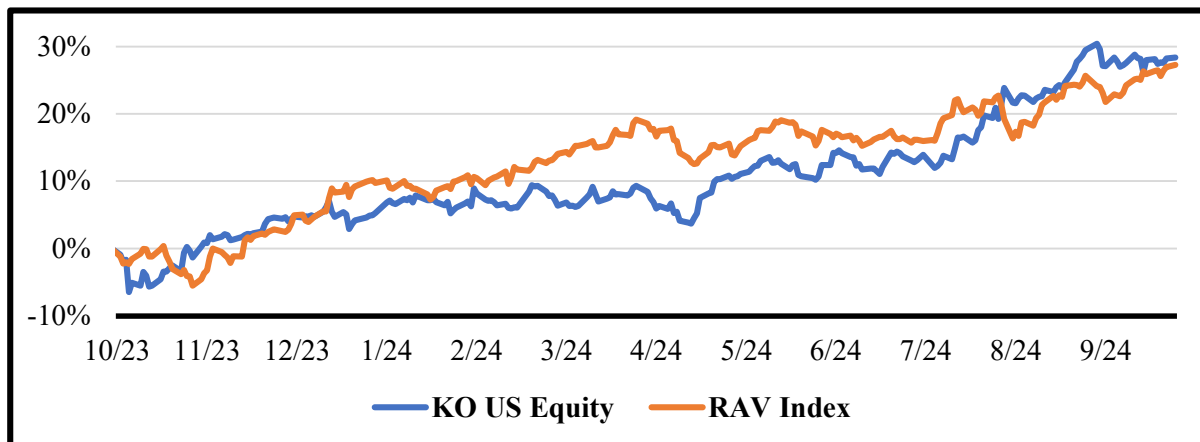
KO’s growth strategy centers on expanding into emerging and developing markets, anticipating a growth trajectory similar to that of developed markets. KO’s established network of bottling partners positions it to seamlessly integrate into new markets. Additionally, KO’s product innovations, such as Freestyle machines’ sustainable packaging, contribute to growth alongside strategic brand acquisitions, such as the acquisition of BodyArmor in 2021.³ These factors position KO to have a 5-year CAGR of 4.15%.⁴

Conversely, KO’s global supply chain makes it vulnerable to operational disruptions from political conflicts, natural disasters, and regulatory challenges. Additionally, bottling partners may use bargaining power to negotiate higher pricing, potentially risking KO’s profit margins.⁵

FY Actions:

Added 18 shares to the position for \$62.52 on 6/18/2024. Dividend yield of 2.70% returned \$410.14 in dividend payments during FY.

Returns Compared to Relative Indices





Laboratory Corporation of America Holdings (LH)



Coverage: Sarah Chandler

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$223.48	\$256.67	\$18,764.11M	\$11.90	19.22	12.16%

Description:

Laboratory Corporation of America Holdings (LH), through its subsidiaries, provides lab diagnostics and clinical trials. The company specializes in allergy, genetic, cancer, diabetes, and pregnancy testing, as well as provides clinical trials for oncology and COVID-19. LabCorp aims to provide clear results to enable doctors to make confident decisions and effectively treat patients.¹

Investment Thesis:

The McClain Fund invested in LH because of its wide economic moat. With low-cost advantages among the limited competition, LH has gained a leading market share of 11.90% in the diagnostics industry.² LH's diverse portfolio and innovative strategies paired with its strong industry position have made it a reliable holding for the future.

Positive Drivers & Risk Factors:

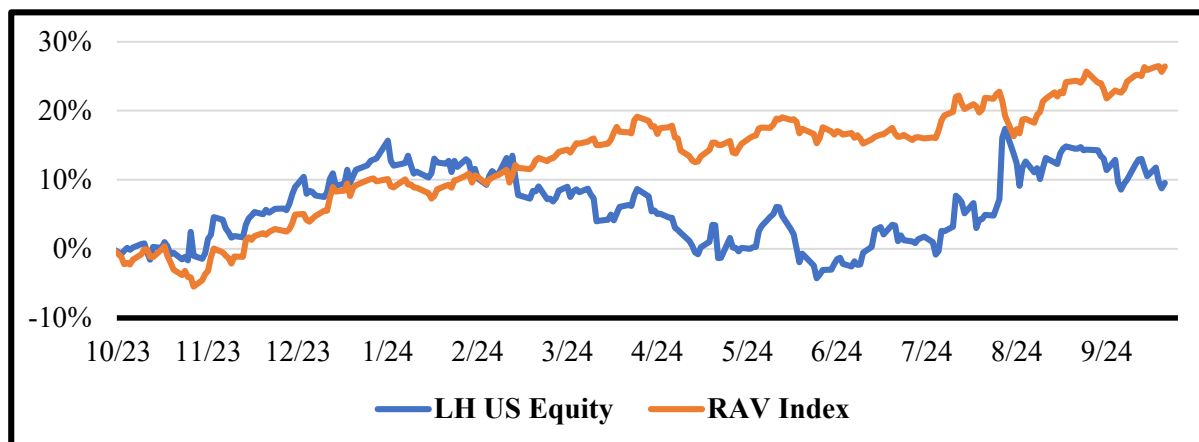
LH stands poised for substantial growth, thanks to its advancements in testing approaches and a solid foundation of resources. Following Fortrea's drug development spinoff, LH has gained \$1.6 billion in proceeds to enhance its robust M&A pipeline and focus on its strengths in diagnostics.³ LH's new BioPharma Laboratory Services segment will provide drug discovery solutions for this rapidly growing pharmaceutical space, which is expected to grow at a CAGR of 4.50% to 7.50%.⁴

The biggest obstacle for LH is the slowing demand for COVID-19 testing, which has contributed to negative revenue growth since 2022. Fortunately, LH is seeing positive sales growth again, with a 7.40% YoY increase in Q3 2024.⁴ The company must continue on this trajectory to recover from past losses.

FY Actions:

Added 6 shares to the position for \$1,242.00 on 06/20/2024. Dividend yield of 1.27% returned \$165.60 in dividend payments during FY.

Returns Compared to Relative Indices





**Lockheed Martin Corp.
(LMT)**

Coverage: Dillon Waldbauer



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$584.56	\$675.00	\$139,334.55M	\$30.82	18.24	43.66%

Description:

Lockheed Martin Corp. (LMT) is a leading global security and aerospace company, operating through four primary business segments: Aeronautics, Missiles and Fire Control (MFC), Rotary and Mission Systems (RMS), and Space. While 73.00% of the company's revenue is generated from United States government contracts, Lockheed Martin also serves a diverse array of international clients.¹

Investment Thesis:

The McClain Fund invests in LMT due to its position as the largest defense contractor in the United States, which is also the highest spender on defense. The company's extensive workforce across the country solidifies its role as a critical partner in the government's future defense initiatives.² Additionally, LMT holds a dominant position in the market for fifth-generation fighter jets and is well-positioned to secure contracts for sixth-generation fighter jets.

Positive Drivers & Risk Factors:

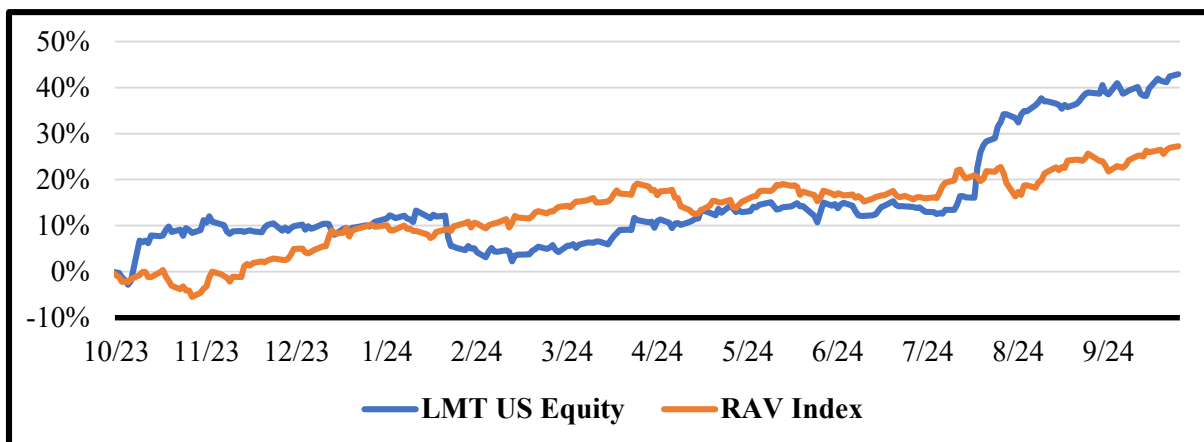
A major growth driver for LMT is the potential awarding of the Next Generation Air Dominance (NGAD) and FA-XX contracts for new fighter jets, representing significant revenue opportunities. LMT is viewed as a frontrunner for the NGAD contract, especially as its main competitor, Boeing, faces operational issues.

However, LMT's heavy reliance on the F-35 contract, which made up 26.00% of net sales in 2023, poses risks; any disruptions could adversely affect financial performance.¹ Additionally, rising inflation may challenge fixed-price contracts, leading LMT to be more selective in contract acceptance.

FY Actions:

Added 3 shares to the position for \$1,375.05 on 06/18/2024. Dividend yield of 2.16% returned \$286.65 in dividend payments during FY.

Returns Compared to Relative Indices





Malibu Boats, Inc. (MBUU)

Coverage: Charles Curtis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$38.81	\$45.00	\$775.84M	\$1.76	22.97	-14.05%

Description:

Malibu Boats, Inc. (MBUU) is a company that designs and manufactures a wide range of powerboats, some of which are used for water skiing, wakeboarding, and recreational use. It has used its brand strength to expand into other categories including trailers, clothing, and camping gear.²

Investment Thesis:

The McClain Fund believes MBUU could continue to be a double-digit growth player for years to come, leveraging past and future acquisitions to deliver value to shareholders. It will continue to increase profitability through vertical integration and improved manufacturing. MBUU also holds a competitive advantage over close competitors with close to 50 patents on state-of-the-art boating technology.¹

Positive Drivers & Risk Factors:

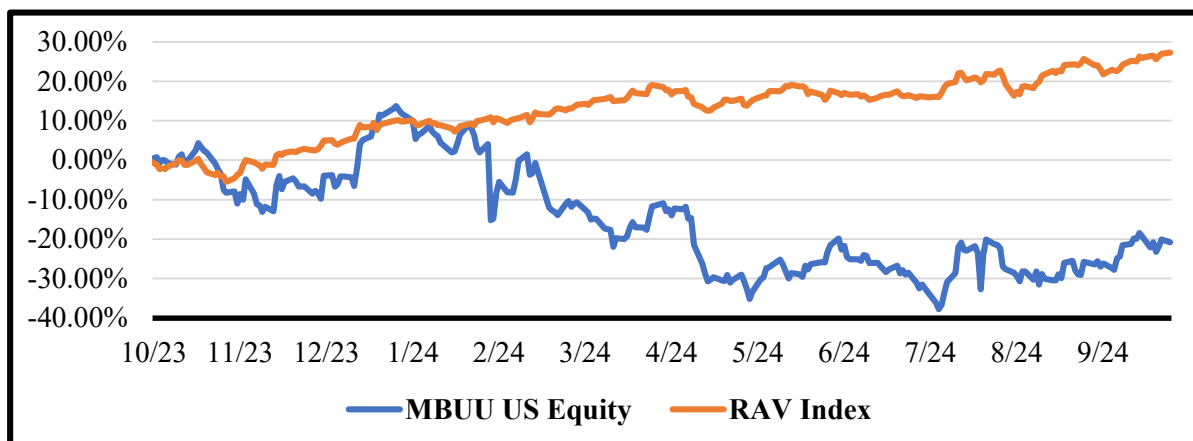
MBUU's strong balance sheet will put it in a great position to continue returning capital to investors through share repurchases and dividends. The company has historically delivered a high ROIC of 20.00%, far above the company's WACC.² MBUU has successfully expanded its market through strategic acquisitions of Maverick, Pursuit, and Cobalt, while still maintaining brand equity.

The company has set an EBITDA margin target of 17.50%, which will take much longer to reach after lagging sales over the past years.² Outside of MBUU, other companies have grown more competitive including Sea Ray and Chaparral. Financing issues also may arise as 75.00% of the company's boats are purchased through floor financing, and heightened interest rates could continue to put pressure on MBUU.³

FY Actions:

Added 40 shares to the position for \$42.38 on 03/12/2024, 112 shares to the position for \$42.40 on 03/12/2024, and 31 shares to the position for \$36.25 on 06/17/2024. Dividends were not received from MBUU during FY.

Returns Compared to Relative Indices





Medtronic PLC (MDT)

Coverage: Sarah Chandler



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$90.03	\$105.00	\$115,462.62M	\$4.15	21.82	17.89%

Description:

Medtronic PLC (MDT) is an American-Irish medical device manufacturer. MDT creates therapeutic and diagnostic medical products, primarily focusing on cardiology, neuroscience, surgery, and diabetes. As a leading pure-play medical device manufacturer, MDT is a dominant player in the med-tech space.¹

Investment Thesis:

The McClain Fund invests in MDT due to its large presence in various medical facilities stemming from its economic moat of high switching costs. Therefore, the company can leverage economies of scale by investing heavily in R&D. By prioritizing swift, cost-effective delivery and maintaining high product quality, MDT holds around 29.30% control over the medical device industry.²

Positive Drivers & Risk Factors:

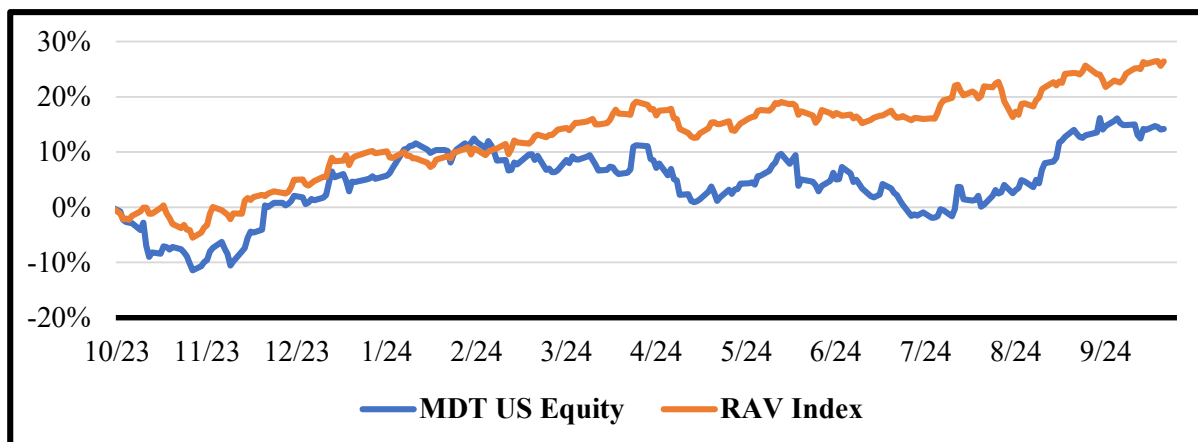
MDT has significant growth potential as it extends its dominance in the cardiovascular segment and expands into new territories. MDT's recent FDA approval of the PulseSelect catheter device will increase its presence in the cardiac ablation field, a result of the 2022 acquisition of Affer, Inc.³ MDT has also experienced growth in its diabetes segment through the new 780G system insulin pump, which is expected to add 1.40% to sales growth this fiscal year end.⁴ Opportunities are also on the horizon in the ears, nose, and throat segment with the 2023 acquisition of Intersect.⁵

The COVID-19 pandemic caused supply chain issues that continue to affect MDT's financial health and narrowing profit margins. To cut costs, MDT plans to close 5 of its 78 manufacturing sites and cut relationships with 200 of its least significant suppliers.⁶ MDT's transitional efforts will need to be successful to overcome this short-term challenge. By innovating to combat these losses, FDA regulation poses another layer of risk for new device approval.

FY Actions:

Added 14 shares to the position for \$1,111.88 on 06/18/2024. Dividend yield of 3.08% returned \$278.39 in dividend payments during FY.

Returns Compared to Relative Indices





Altria Group, Inc. (MO)

Coverage: Alexa Tchakanakis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$51.04	\$58.31	\$87,085.69M	\$3.69	13.48	29.08%

Description:

Altria Group, Inc. (MO) is a holding company that, through its wholly-owned subsidiaries, manufactures and sells a diverse range of tobacco products including cigarettes, cigars, pipe tobacco, smokeless tobacco, and oral nicotine products. Founded in 1985, MO has been a leader in the tobacco industry.¹

Investment Thesis:

The McClain Fund's investment in MO is driven by the confidence that MO will be able to lead the transition of consumers to smokeless tobacco products. MO has a strong footing in the original tobacco space and has the money and resources through economies of scale to develop innovations in the smokeless tobacco space. MO plans to adjust smokeless tobacco products to the changing tobacco environment, positioning the company itself to adapt to industry shifts and regulatory developments. In addition, MO has a strong dividend yield of 7.99% which helps drive its return.²

Positive Drivers & Risk Factors:

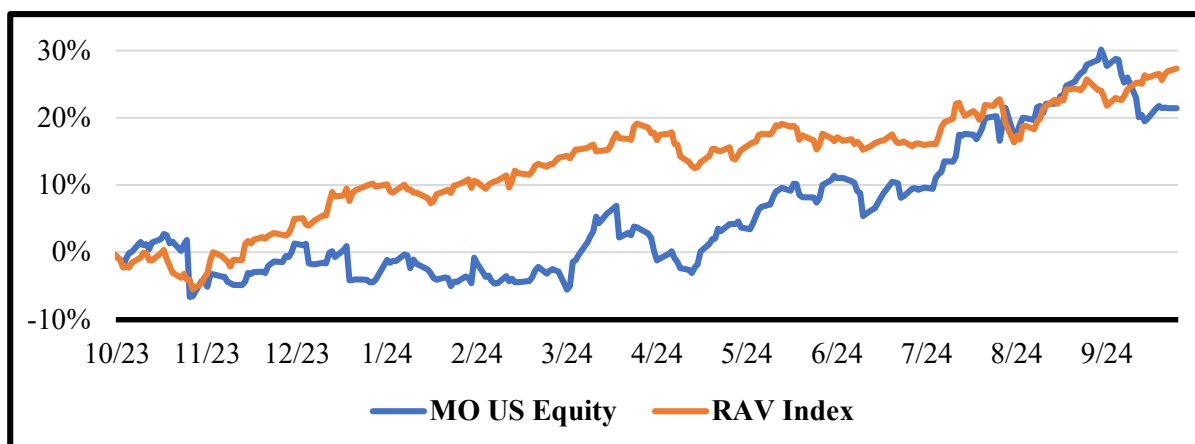
MO has adopted a "Moving Beyond Smoking" strategy which focuses on transitioning adult smokers to smoke-free alternatives.³ One step towards this goal was MO's strategic acquisition of NJOY, an e-vapor brand, whose in-store presence has gone up 115.00% since the acquisition. In addition, MO is a defensive stock, as consumers will continue to buy tobacco products even during economic downturns, making MO a great hedge to have within a diversified portfolio.⁴

Conversely, it is essential that MO continues to remain responsive to changing consumer preferences, as Americans are smoking less due to health risks and regulatory changes. For example, Cook County, New York boroughs, and school zones in Washington DC have banned flavored nicotine products. This poses a risk for further regulations in the tobacco industry.⁵

FY Actions:

Added 25 shares to the position for \$43.95 on 6/14/2024. Dividend yield of 7.99% returned \$815.36 in dividend payments during FY.

Returns Compared to Relative Indices





Merck & Co., Inc.
(MRK)

Coverage: Sarah Chandler



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$113.56	\$102.53	\$287,852.95M	\$6.16	16.87	24.31%

Description:

Merck & Co., Inc. (MRK) is a pharmaceutical company that provides health solutions worldwide. About 90.00% of its revenue comes from pharmaceutical drugs, while the remaining 10.00% comes from animal health solutions.¹ MRK is a trusted provider of life-saving treatments, specifically in the oncology space.

Liquidation Thesis

The McClain Fund originally invested in MRK for its revolutionary lung cancer drug, Keytruda. The product generated \$25.00 billion in revenue in 2023, making up around 42.00% of MRK's total sales.² However, with a looming patent expiration in 2028, we expect the company to face significant competition from the entrance of lower-priced generic versions of Keytruda. With the company's heavy reliance on the product, the fund agreed this was the correct time to take profits from this holding before its oncology industry leadership is tarnished.

Positive Drivers & Risk Factors:

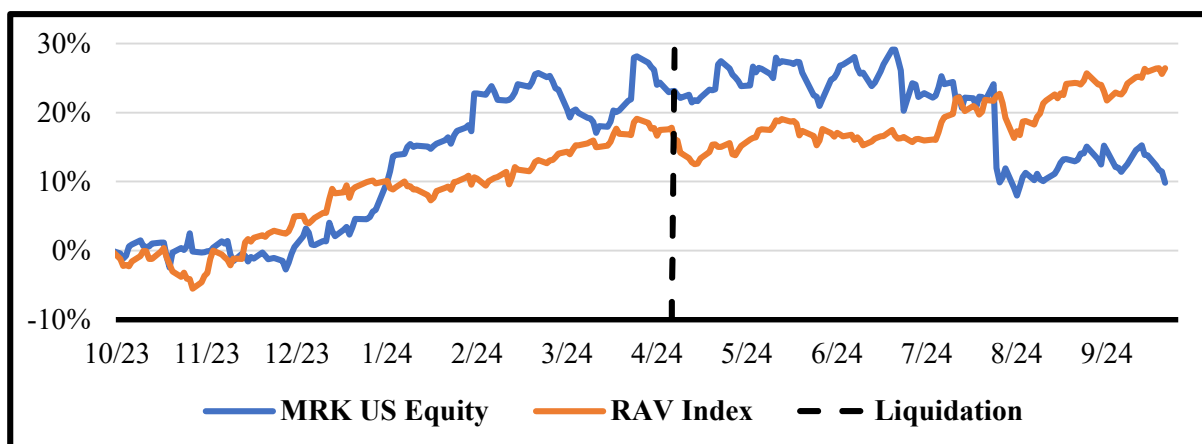
MRK has invested heavily in vertical integration and diversifying its drug portfolio. Major examples include a \$11.00 billion acquisition of Acceleron, a \$10.80 billion acquisition of Prometheus Biosciences, and a \$22.00 billion licensing deal with Daiichi Sankyo.³ Recently, MRK received FDA approval for Winvair, a drug that treats pulmonary arterial hypertension.⁴

The expiration of Keytruda's patent will allow biosimilar products to enter the market, which analysts predict will result in a 19.00% decrease in total sales for MRK.⁵ To compound on these inevitable losses, MRK also grapples with the lengthy FDA process that takes an average of 12 years to approve new drugs.⁶ In December 2023, MRK experienced a failure in the clinical trial process for a new immunotherapy for lung cancer.⁷

FY Actions:

Liquidated 123 shares for \$125.71 on 04/10/2024. Dividend yield of 2.96% returned \$279.21 in dividend payments during FY.

Returns Compared to Relative Indices





Microsoft Corp. (MSFT)

Coverage: Alex Medearis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$430.30	\$500.04	\$3,198.44B	\$11.84	36.17	34.07%

Description:

Microsoft Corp. (MSFT) is an established leader in the technology industry that provides software applications, cloud storage, and advanced security solutions. The firm's presence reaches globally, with 50.90% of revenue generated in the United States and 49.10% generated internationally.¹ Consumers of Microsoft products and services span from the average citizen to the largest companies in the world.

Investment Thesis:

The McClain Fund holds MSFT because of its expertise as a market leader in technology, healthy financials, and strong management. As developments in AI and cloud services continue on a global scale, MSFT is positioned to benefit from the superiority and widespread accessibility of its various products and services, most notably Office 365, Copilot, AzureAI, GitHub, and SQL Server.¹

Positive Drivers & Risk Factors:

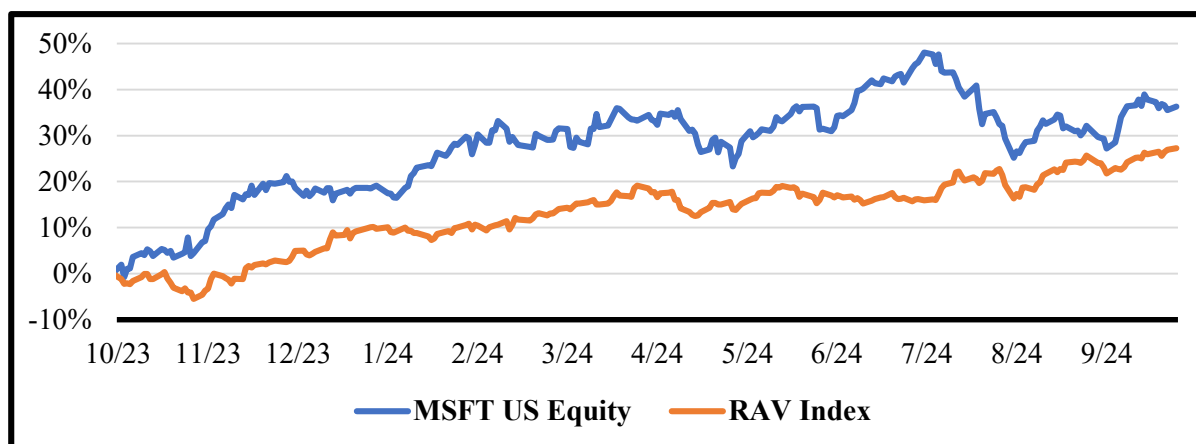
In its most recent earnings call, MSFT CEO Satya Nadella announced the use of the AI assistant Copilot has grown 180.00% YoY with GitHub and 60.00% QoQ with Office 365 products. This has helped GitHub evolve into a \$2.00 billion business. Moreover, AzureAI doubled its users QoQ, now sitting at over 50,000 customers. These products acted as catalysts for Microsoft's 15.70% YoY revenue growth.²

MSFT realizes the potential consequences of cybersecurity failures in its 10-K, including "reduced revenue, increased costs, liability claims, and harm to [its] reputation or competitive position."³ A trend of cybersecurity pitfalls could damage Microsoft's competitive advantage through worsened reputation or legal action. MSFT also must demonstrate that it can convert its \$44.48 billion investment in capital expenditures from fiscal year 2024 into long-term growth without constraining margins.

FY Actions:

Added 2 shares to the position for \$447.48 on 06/18/2024. Added 1 share to the position for \$444.36 on 06/20/2024. Liquidated 1 share for \$444.37 on 06/20/2024. Dividend yield of 0.77% returned \$148.50 in dividend payments during FY.

Returns Compared to Relative Indices





Match Group, Inc. (MTCH)



Coverage: Diamond Clark

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$37.84	\$37.10	\$9,758.75M	\$2.30	16.18	-7.80%

Description:

Match Group, Inc. (MTCH) is a leading provider of online dating services, with a portfolio of application-based dating platforms including Tinder, Hinge, Match, and OkCupid.¹ Through innovations such as the firm's patented Swipe technology and compatibility algorithms, MTCH's diverse brand portfolio aims to foster social connections tailored to various demographic groups. The firm operates through four primary portfolio segments: Tinder, Hinge, Match Group Asia, and Evergreen & Emerging.²

Liquidation Thesis:

The McClain Fund initially received MTCH during the July 2020 spin-off from its former parent company, IAC. However, the fund unanimously decided to liquidate its position due to a declining subscription base, down 5.05% YoY as of Q2 2024, creating significant long-term risks in supporting its \$3.80 billion debt burden.³ Recent social trends reflect a shift away from online dating towards organic, in-person connections, a preference amplified in the aftermath of the COVID-19 pandemic.⁴ Furthermore, MTCH's economic moat is inherently limited; when successful, the customer is no longer incentivized to continue utilizing its services.⁵

Positive Drivers & Risk Factors:

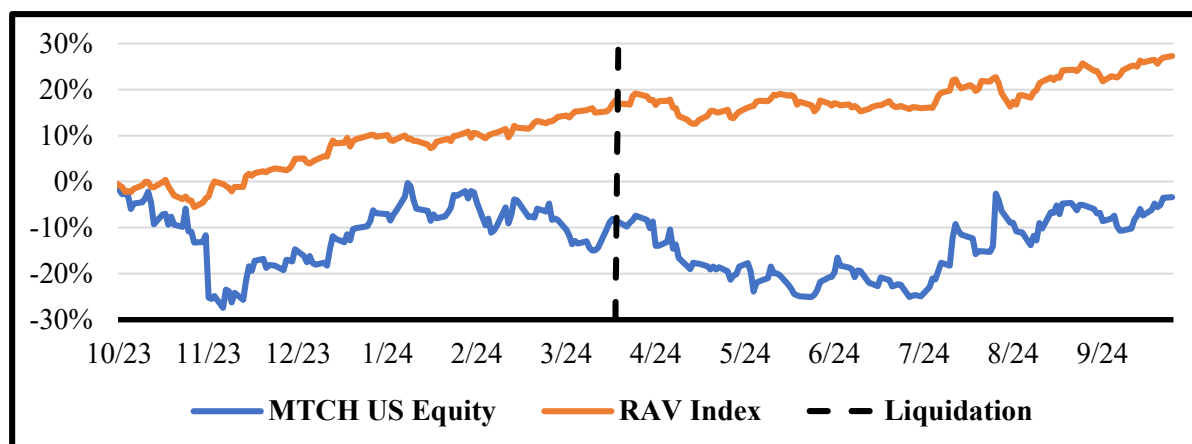
MTCH initially thrived on the social networking boom, transforming dating into a more accessible, digitized experience that appealed widely across various demographics.

However, the industry now faces headwinds as consumers grow weary of the gamified, transactional, and often pay-walled app model that MTCH popularized, posing a structural challenge for the firm that risks losing relevance and retention across its most coveted demographic groups.

FY Actions:

Sold 75 shares for \$2,708.97 on 3/21/2024. Dividends were not received from MTCH during FY2024.

Returns Compared to Relative Indices





NextEra Energy, Inc. (NEE)

Coverage: Sarah Chandler



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$84.53	\$96.00	\$173,709.15M	\$3.24	25.17	45.97%

Description:

NextEra Energy, Inc. (NEE) is a leading clean energy company headquartered in Juno Beach, Florida. NEE owns America's largest electric utility company, Florida Power & Light (FP&L), and the world's largest generator of renewable energy, NextEra Energy Resources, LLC (NEER).¹

Investment Thesis:

The McClain Fund invests in NEE due to its leadership in the clean energy market, established through the success of its utility and energy provider business models. NEE also benefits from government initiatives such as the Inflation Reduction Act.² The company has built a wide economic moat by delivering cost advantages while maintaining attractive margins.

Positive Drivers & Risk Factors:

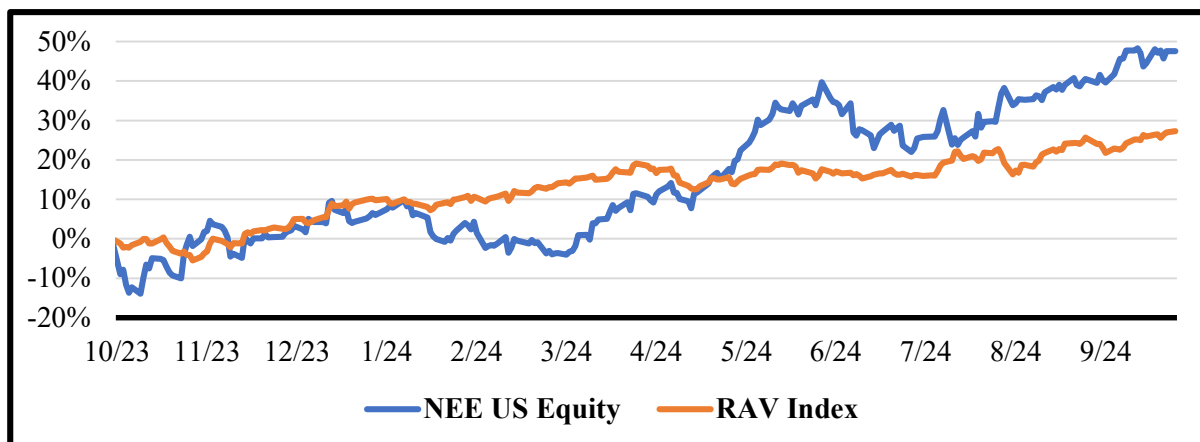
NEE is positioned in an industry with massive secular growth drivers. United States power demand is at an inflection point, as it is expected to increase by 38.00% over the next twenty years, compared to a 9.00% growth in the past two decades.³ Additionally, society is shifting its focus to cleaner energy sources, such as wind and solar. NEE is strategically positioned ahead of its competition by securing prime locations for infrastructure and locking in 20-year contracts with price escalation clauses.⁴

As a capital-intensive company, NEE faces higher costs due to increased interest rates. Since utility companies, including NEE, rely heavily on debt financing, the interest rate environment is a critical factor in the performance of utility stocks.⁵ Although the utility industry is generally less volatile than others, it is crucial for these companies to be prepared to manage these additional costs. Fortunately, recent interest rate cuts are mitigating this risk.

FY Actions:

Added 16 shares to the position for \$1,116.04 on 06/20/2023. Dividend yield of 2.42% returned \$193.39 in dividend payments during FY.

Returns Compared to Relative Indices



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$63.42	\$81.60	\$53,230.42M	\$1.42	43.19	21.16%

Description:

Realty Income Corp. (O) is a Real Estate Investment Trust (REIT) operating primarily in the commercial real estate segment of the overall real estate sector. The company was founded in 1969 and specializes in leasing single-tenant retail locations to both regional and national chains on a long-term basis. O owns over 15,000 properties across the United States and Europe and operates in 90 industries.¹

Investment Thesis:

The McClain Fund continues to hold Realty Income Corp due to the following key characteristics: strong monthly dividends increasing approximately 4.30% annually, high market share, and secured long-term cash flows from leases of 9.60 years on average.² Moreover, O is attractive due to its reputable client base. Some of its key tenants include Dollar General, Walgreens, 7-Eleven, Dollar Tree, and FedEx.³

Positive Drivers & Risk Factors:

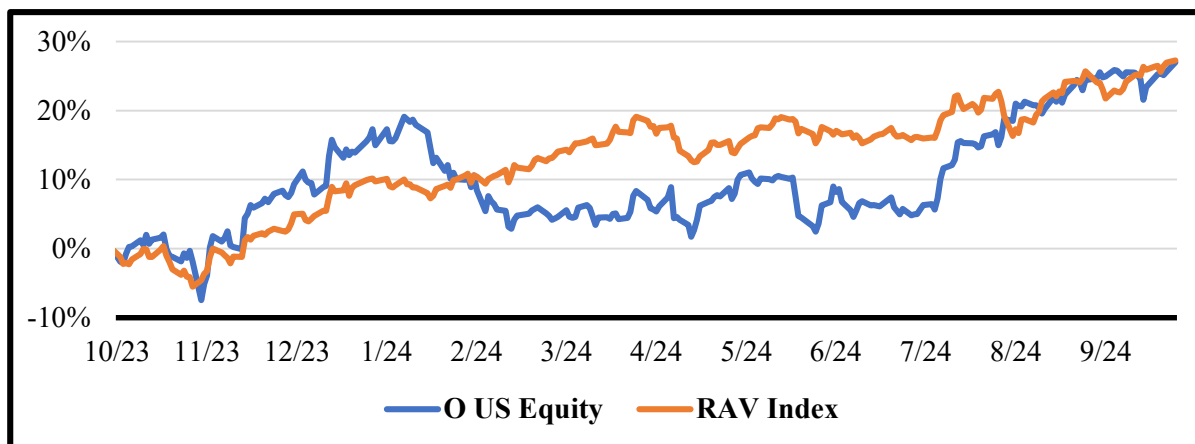
Expansion into the European market is a key opportunity for Realty Income Corp. The company has already begun expanding into the United Kingdom and six other countries across Europe.⁴ In the coming months, interest rate cuts can be expected to have a positive impact on O. As the company is highly reliant on capital for new asset purchases, lower borrowing costs could mean massive growth opportunities for O.

As O is highly intertwined with the retail industry, consumer trends surrounding in-store purchases and online shopping could have a negative effect on demand for commercial real estate within the retail space. Furthermore, increased competition could adversely impact O’s profitability and market share as more REITs emerge within the commercial real estate segment.

FY Actions:

Added 50 shares to the position for \$2,649.25 on 11/17/2023. Added 21 shares to the position for \$1,114.05 on 06/20/2024. Added 135 shares to the position for \$7,894.25 on 07/18/2024. Dividend yield of 4.99% returned \$651.57 in dividend payments during FY24.

Returns Compared to Relative Indices





PNC Financial Services (PNC)



Coverage: Gaven Peal

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$184.85	\$230.00	\$73,477.18M	\$13.40	13.87	21.49%

Description:

PNC Financial Services (PNC) is a leading United States bank holding company that offers a wide range of services such as retail banking (64.10% of revenue), corporate and institutional banking (48.70%), asset management (7.40%), and residential mortgage solutions (-20.30%). PNC currently ranks as the sixth largest commercial bank by assets in the United States.¹

Investment Thesis:

In 2023, PNC generated a record revenue of \$21.50 billion, driven by rising interest rates that boosted net interest income by 7.00%.¹ The McClain Fund chose to invest in the firm due to its consistent growth, financial improvements, a 3.95% dividend yield at the time of purchase, and its commitment to conservative risk management.

Positive Drivers & Risk Factors:

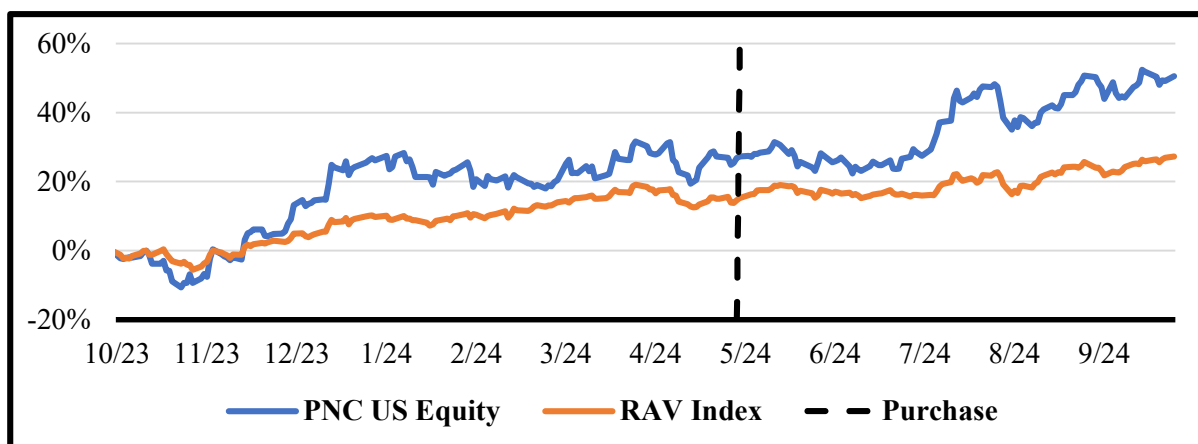
PNC has several growth opportunities, including its investment in digital banking to enhance efficiency, reduce costs, and improve customer experience. In a strong economy with low interest rates, higher business loan demand could boost profitability. Additionally, mergers and acquisitions offer a fast route to expand market share and reach.² PNC has recently acquired a portfolio of loans and financing from Federal Deposit Insurance Corporation³, expanding its market share and diversifying its revenue streams.

Risks primarily stem from PNC's sensitivity to economic conditions; economic downturns, unemployment, or inflation can reduce demand for products and services and increase credit risk. Regulatory changes may add compliance costs or alter demand. Lastly, increasing reliance on technology introduces cybersecurity risks that could be detrimental to operations.

FY Actions:

Purchased 64 shares for \$9,854.72 on 05/06/2024. Added 8 shares to the position for \$1,195.52 on 06/14/2024. Dividend yield of 3.46% returned \$115.20 in dividend payments during FY.

Returns Compared to Relative Indices





PayPal Holdings, Inc. (PYPL)



Coverage: Gaven Peal

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$78.03	\$86.00	\$79,772.67M	\$4.26	19.18	31.96%

Description:

PayPal Holdings, Inc. (PYPL) is a global online payment platform built to enhance payment solutions for merchants and consumers alike. The firm enables customers to connect, transact, send, and receive payments, online or in person. As of January 2024, PYPL operates on a global scale with 426 million active accounts across 200 markets. Providing a wide range of services, users can link bank accounts or credit/debit cards to their PayPal accounts, allowing for easy and seamless transfer of funds. Some of PayPal's subsidiaries include Swift Financial, Braintree, Venmo, Xoom, Zettle, Paldy, and Honey.¹

Investment Thesis:

PYPL dominates the digital payments industry and has continuously rising transaction rates. Total payment volume grew 13.00% from 2022 to \$1.53 trillion. The firm has cemented itself at the top of its industry and shows stable and consistently improving financials, increasing 7.54% from 2022 to 2023.¹ With an expanding user base and innovative services, PYPL remains well-positioned to capitalize on the increasing global shift toward digital payments.

Positive Drivers & Risk Factors:

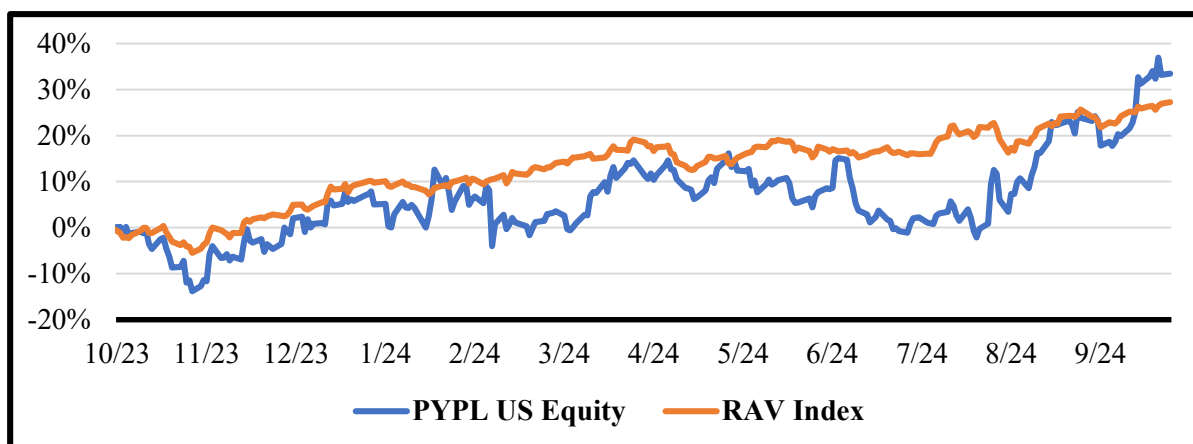
To continue growth, PYPL can leverage the digital payments shift to increase its market share, continue its technological innovations, and pursue strategic mergers and acquisitions to expand reach and profitability. PYPL recently participated in the partial acquisitions of Monese Ltd. and PPRO Financial Ltd., digital payment platforms, and these investments have helped PYPL expand its market share.²

PYPL operates in a highly competitive and regulated industry. It faces challenges from intense competition, regulatory changes, and economic downturns. These factors have the possibility to reduce transaction volumes, operations, market share, and overall revenue.

FY Actions:

Added 19 shares to the position for \$1,176.48 on 06/13/2024. Dividends were not received from PYPL during FY.

Returns Compared to Relative Indices





Stellantis N.V. (STLA)



Coverage: Charles Curtis

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$14.05	\$12.10	\$42,474.97M	2.73	4.67	-5.99%

Description:

Stellantis N.V. (STLA) is a global auto manufacturer founded in 2021 as a result of a merger between Fiat Chrysler and Peugeot S.A. Stellantis NV. The company's current segments include luxury vehicles, premium vehicles, sports vehicles, and are composed of brands in the United States and Europe.³

Liquidation Thesis:

The McClain Fund originally decided to invest in STLA due to a high dividend yield and a positive outlook on the company's EV production. Ultimately, we liquidated STLA due to a decrease in the conviction that STLA would be able to keep an advantage over competitors that were quickly innovating. The fund saw an opportunity to liquidate holdings during a period of inflated interest rates, as well as ongoing negotiations with the UAW. In addition, the fund believed that our indirect exposure to automakers through GNTX would decrease the fund's risk.

Positive Drivers & Risk Factors:

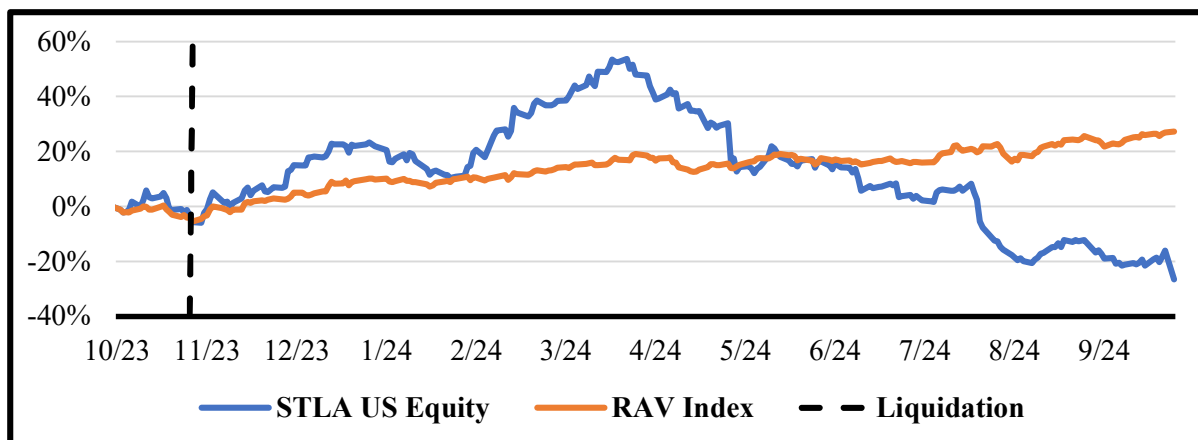
Despite higher interest rates in the United States and Europe, demand for cars remained robust, with European car sales rising 9.20% in September 2023, and United States light vehicle sales increasing 17.70% YoY in Q3 2023.¹ Additionally, STLA has a diversified automotive portfolio, allowing the company to attract a wide range of customers.

The McClain Fund saw ongoing UAW strikes as a setback for the company, involving approximately 34,000 employees.² In addition to this, rising geopolitical tensions across the world could have a negative impact on STLA, including trade wars between global superpowers.

FY Actions:

Liquidated 630 shares for \$11,330.45 on 10/31/2023. Dividends were not received from STLA during FY.

Returns Compared to Relative Indices





**Smith & Wesson
Brands, Inc.
(SWBI)**



Coverage: Charles Curtis

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$12.98	\$18.67	\$582.18M	\$0.63	20.82	2.26%

Description:

Smith & Wesson Brands, Inc. (SWBI) designs, develops, and manufactures firearms and firearm-related products. Some of these products include handguns, sporting rifles, bolt-action rifles, and suppressors. About 95.00% of the company’s revenue comes from the United States, with handguns making up 60.31% of sales.¹

Investment Thesis:

The McClain Fund invests in SWBI because of its leadership in the firearms market, strong brand recognition, and extremely selective investments. Although the company partakes in a secular industry, it is able to maintain reasonable profit margins through flexible manufacturing and operating processes. Smith and Wesson will be able to continue leveraging its name to actively grow and innovate.²

Positive Drivers & Risk Factors:

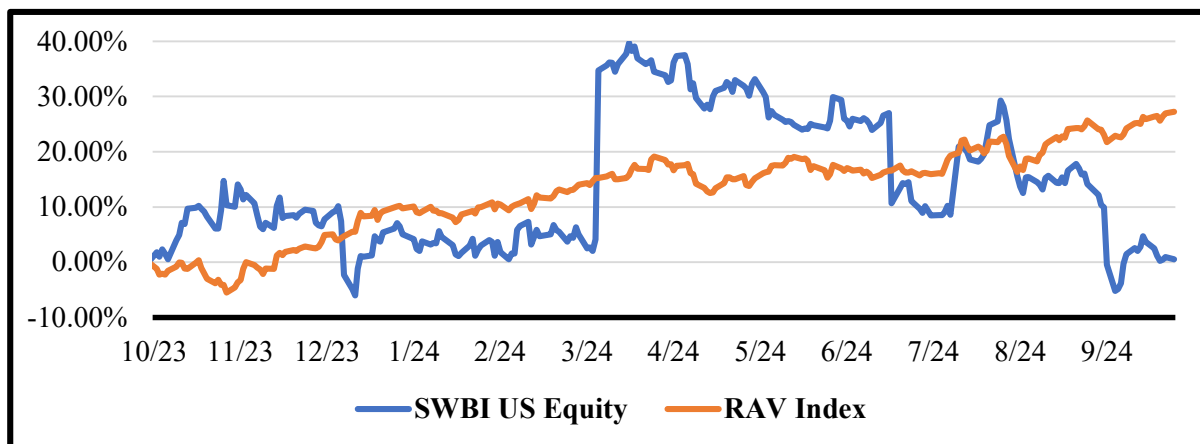
SWBI has committed to a \$50.00 million share buyback program and has a goal to be debt-free before the end of the year.³ The company has a flexible manufacturing process by outsourcing production of some firearm parts, which has allowed SWBI to maintain steady EBITDA margins of around 15.00%.²

The McClain Fund sees great political risk with upcoming elections possibly challenging the ability to purchase firearms. Firearms have also become a highly regulated industry, increasing legal fees and possible lawsuits for SWBI.

FY Actions:

Added 71 shares to the position for \$15.99 on 06/17/2024. Dividend yield of 4.01% returned \$430.63 in dividend payments during the FY.

Returns Compared to Relative Indices





Tapestry, Inc.
(TPR)



Coverage: Charles Curtis

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$46.98	\$62.94	\$10,927.69M	\$3.85	13.10	3.48%

Description:

Tapestry, Inc. (TPR) is a holding company of multiple luxury goods companies, including Coach, Kate Spade, and Stuart Weitzman. TPR’s subsidiaries produce luxury handbags, wallets, cosmetic cases, jewelry, and footwear. The company currently sells its products in department stores and other third-party retailers across geographic locations, including North America, China, Japan, and others.¹

Investment Thesis:

The McClain Fund believes that TPR has led the handbag industry with Coach and will continue to deliver strong results in the coming years. The company has also been able to break into China, helping lead the growth story for the company. Coach has continued to be the most successful company for Tapestry, making up 76.00% of the revenue and 93.50% of operating income.¹ As TPR continues forward, Coach will continue to provide a wide moat for the company.

Positive Drivers & Risk Factors:

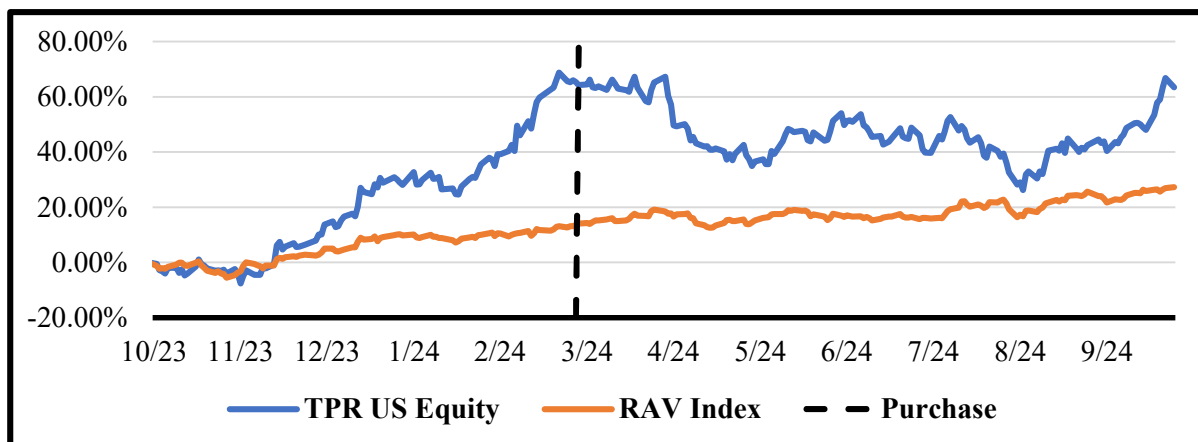
Coach will continue to deliver impressive results for TPR with industry-leading gross margins of over 70.00%.² The company is continuing to grow in China which, according to Bain, will account for 40.00% of all luxury spending worldwide by 2030.³ TPR has also continued to innovate its e-commerce platform, and online sales now make up 30.00% of its revenue.⁴

The McClain Fund sees some pricing power issues with the company’s brands outside of Coach. Both Kate Spade and Stuart Weitzman have not been able to deliver on the same profitability metrics as Coach. The acquisition of Capri will continue to be watched by the fund, as it is currently being held up in federal courts.

FY Actions:

Purchased 149 shares for \$47.14 on 03/04/2024. Added 27 shares at \$41.74 on 06/17/2024. Dividend yield of 2.94% returned \$165.90 in dividend payments during FY.

Returns Compared to Relative Indices





Ulta Beauty, Inc. (ULTA)

Coverage: Charles Curtis



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$389.12	\$440.00	\$18,333.28M	\$25.13	14.86	-2.36%

Description:

Ulta Beauty, Inc. (ULTA) is a large beauty retailer in the United States that offers products including cosmetics, fragrances, hair products, and salon services. ULTA offers a large assortment of beauty products across its expansive footprint throughout the United States. Currently, ULTA offers sales at over 1350 retail stores and has been steadily growing its e-commerce footprint.²

Investment Thesis:

The McClain Fund invests in ULTA because it is the highest-grossing beauty retailer in the United States and continues to expand to more stores in addition to partnerships with Target. ULTA has a loyal fan base with over 40 million active members in its membership program.¹ ULTA has innovated its membership programs and credit card offerings, allowing the company to gain access to more customers data and deliver more personalized products. The beauty segment is also less vulnerable to changes in economic conditions, as for many people these products are a necessary part of their lives.²

Positive Drivers & Risk Factors:

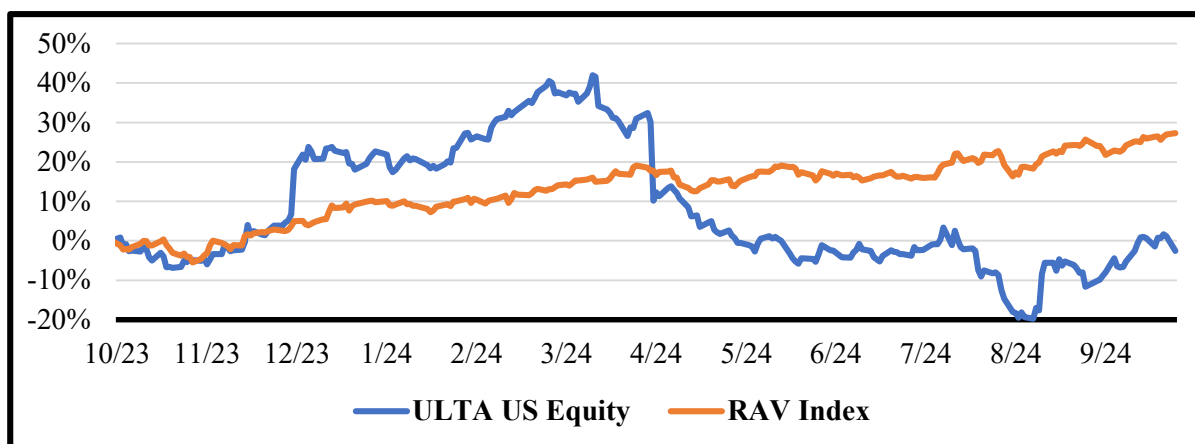
The McClain Fund believes that ULTA will be able to take advantage of its growing rewards program, as it offers a competitive advantage over competitors such as Sephora. The company has also begun to develop its online platform, delivering high single-digit growth and a 30.00% increase in app utilization.¹

ULTA has recently seen an increase in competition from other online retailers including Amazon. The Fund also sees risks in the company's long-term operating margin, which is now expected to fall between 12.00-13.00%, down from previous estimates of 15.00%.²

FY Actions:

Added 3 shares to the position for \$392.47 on 06/17/2024. Dividends were not received from ULTA during FY.

Returns Compared to Relative Indices





Visa, Inc.
(V)



Coverage: Gaven Peal

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$274.95	\$309.14	\$558,231.00M	\$9.42	29.91	19.20%

Description:

Visa, Inc. (V) is a world leader in payment technology, creating one of the most innovative, convenient, reliable, and secure payment networks in the world. Founded in 1958, V earns revenue by acting as a middleman, facilitating payment processes between consumers and businesses in over 200 countries.¹

Investment Thesis:

The McClain Fund holds V due to its dominant market share, consistent production, and growth. In the last five years, the share price has increased 58.02%, and, with a market cap of \$557.20 billion, the firm has displayed a solid foundation and the necessary tools to facilitate sustained performance.² As a value investing fund, V seems to be an ideal fit, given its strong industry position and impressive financial track record.

Positive Drivers & Risk Factors:

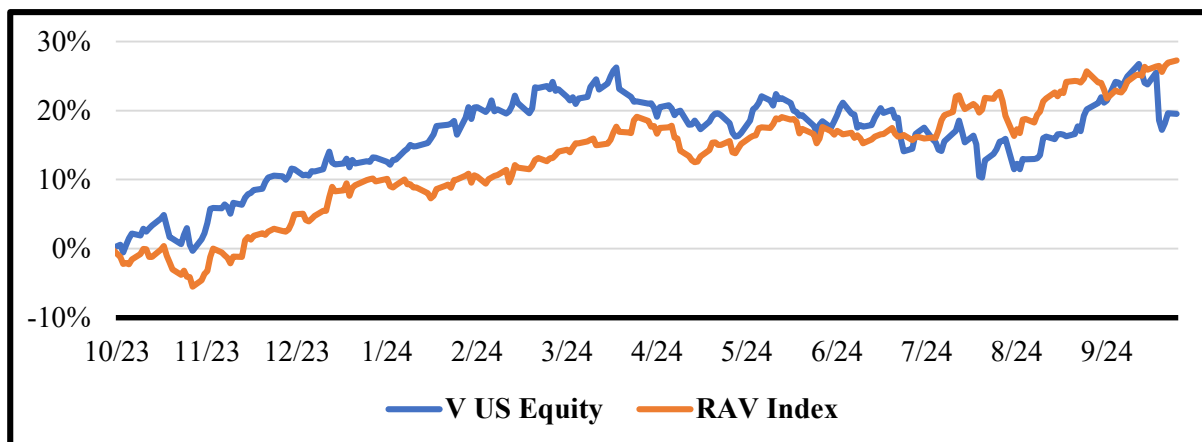
V plans to accelerate its revenue growth in new flows and value-added services. This will be driven by an increase in consumer card transactions and technological advancements. Tap-to-pay functions and tokenization of the firm's accounts will help to incentivize consumer payments.¹ Additionally, the introduction of digital payments to emerging markets, such as business-to-business and government sectors, will tap into new revenue streams. In Q4, these make up 10.10% of revenue, up 2.30% from the previous quarter.²

Several key risks could impact its profitability and growth. Increased regulation may bring higher compliance costs, limiting market expansion or affecting revenue. Moreover, fierce competition and global conflict could put pressure on its bottom line and overall performance.

FY Actions:

Added 4 shares to the position for \$1,097.44 on 06/20/2024. Dividend yield of 0.76% returned \$151.84 in dividend payments during FY.

Returns Compared to Relative Indices





Vertex Pharmaceuticals, Inc. (VRTX)

Coverage: Sarah Chandler



Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$465.08	\$514.17	\$120,038.17M	\$11.77	40.59	16.67%

Description:

Vertex Pharmaceuticals, Inc. (VRTX) is a global biotechnology company that focuses on creating innovative products for the treatment of cystic fibrosis (CF), while also expanding into other diseases such as sickle cell, diabetes, and cancer. VRTX’s strategic approach fuses advancements in the understanding of human diseases with therapeutic science, aiming to propel innovation in human health.¹

Investment Thesis:

The McClain Fund invested in VRTX due to its market dominance in the CF field. VRTX’s highest revenue-generating treatment, Trikafta, faces very little competition. Its growth remains attractive with a 16.36% increase in revenue in 2023, reaching \$9.87 billion.² In addition, VRTX’s robust pipeline of novel drugs makes it a promising investment beyond the CF area.

Positive Drivers & Risk Factors:

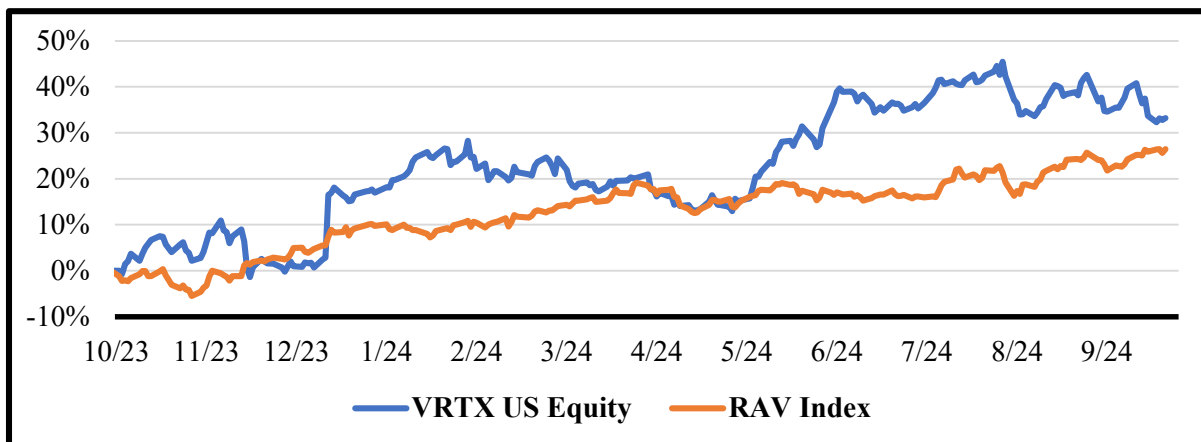
The number of CF patients has risen by 75.00% from 2015-2025.³ This consistent increase in CF cases enhances the demand for VRTX treatments. VRTX is also entering the diabetes field with strategic acquisitions of Semma Therapeutics and ViaCyte.⁴ The company has other revolutionary treatments in its drug pipeline by gaining FDA approval for a sick-cell disease gene therapy and awaiting approval for a non-opioid pain killer.^{5,6}

Gene therapy for the cure of cystic fibrosis poses a significant threat to VRTX’s business. Progress for this treatment has been slow; however, if this innovation corrects the mutation that causes CF, then VRTX’s success in the field may be diminished.⁷ Additionally, Trikafta’s high annual price tag of \$322,000 puts sales pressure on VRTX for consumer affordability.⁸

FY Actions:

Added 15 shares to the position for \$7,325.55 on 07/18/2024. Added 3 shares for \$475.60 on 6/17/2024. Dividends were not received from VRTX during FY.

Returns Compared to Relative Indices





Verizon Communications, Inc.
(VZ)



Coverage: Diamond Clark

Market Price	Target Price	Market Cap	EPS (TTM)	P/E (TTM)	FY Return
\$44.91	\$66.68	\$189,049.54M	\$4.42	9.37	42.79%

Description:

Verizon Communications, Inc. (VZ) is a leading telecommunications firm offering a wide range of products and services, including wireless, wireline voice, data, and internet solutions.¹ As a primary telecommunications provider in the United States, Verizon operates the nation’s largest network, covering over 99.00% of the population with 4G LTE and managing more than 1 million miles of global fiber.² The company is organized into two main segments: Verizon Consumer Group and Verizon Business Group.³ VZ focuses on strategic capital investments to enhance network coverage, advance technology, and expand capacity for both consumer and business markets.

Investment Thesis:

The McClain Fund invested in VZ due to its attractive valuation, strong market leadership, and substantial economic moat within the capital-intensive telecommunications industry. Verizon’s extensive network is backed by significant capital investments and a proactive growth strategy, evidenced by its R&D initiatives and M&A activity targeting smaller telecommunications firms.⁴

Positive Drivers & Risk Factors:

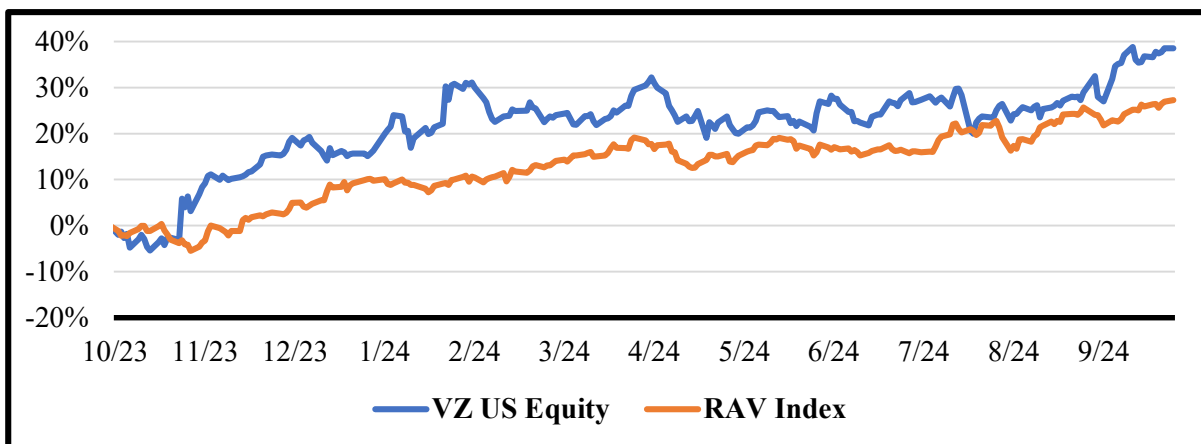
VZ stands to benefit from the expansion of 5G, driven by increasing demand for faster and more reliable connectivity.⁵ Additionally, the proposed acquisition of Frontier Communications’ broadband business will enhance VZ’s broadband footprint and network capabilities.⁶

However, VZ faces risks from the competitive wireless industry oligopoly, characterized by aggressive pricing pressures and promotions. The firm may also be challenged by the incoming iPhone 16 upgrade cycle, as the proposed AI-focused software update may not sufficiently incentivize VZ customers to upgrade their devices or wireless service plans.⁷

FY Actions:

Added 29 shares to the position for \$1,138.05 on 06/17/2024. Dividend yield of 6.03% returned \$644.40 in dividend payments during FY2024.

Returns Compared to Relative Indices



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