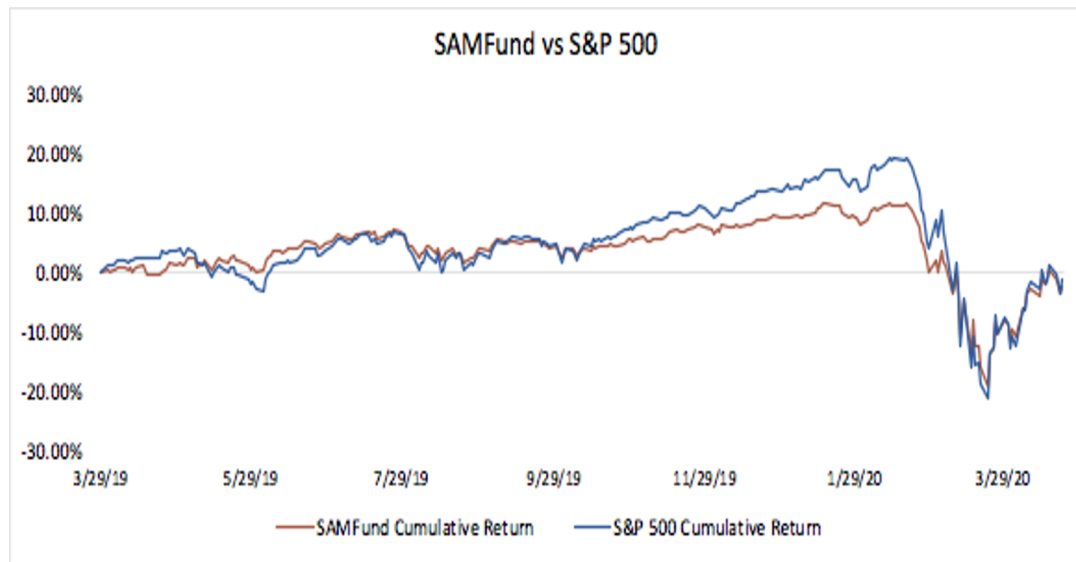




STUDENT ASSET MANAGEMENT

Comprehensive Annual Review

Annual Fund Performance



SAM Fund vs. S&P 500 Returns:

- 2019: 13.34% vs. 33.07%
- April 22, 2019 to April 22, 2020: -4.42% vs. -3.74%
- 2020 YTD: -12.96% vs. -14.03%

Why:

- Sustained cash balance
- Defensive sector allocation

Industry Outlook

Allocation & Sector		Sector YTD Returns	2020 Sector Trends	Outlook Details
25%	Technology	-5.63%		<ul style="list-style-type: none"> Technology stocks outperform the market following a recession Allocation of 25% is due to the expectation of a fast recovery
20%	Healthcare	-.37%		<ul style="list-style-type: none"> Strong defensive sector Very good performance during the late stages of the business cycle
20%	Consumer Goods	-6.01%		<ul style="list-style-type: none"> Consumer Staples are currently outperforming the market We think post COVID recession will cause a quick rebound in the Consumer Discretionary earnings
18%	Financials	-26.86%		<ul style="list-style-type: none"> Macroeconomic conditions hit the financials hard We are forecasting a moderate recovery timeframe and strong early business cycle earnings growth (2021)
10%	Industrials	-22.44%		<ul style="list-style-type: none"> Large retraction expected Q1-Q3 We expect strong performance during the early stage of the business cycle (around 2021)

Industrials

Looking Back:

- Trade war and tariffs
- 737 Max recall (BA)
- Coronavirus - Hardest hit subsectors:
 - Airlines
 - Manufacturers
- A perfect storm for the oil market (OXY, MPLX)

Sector trends:

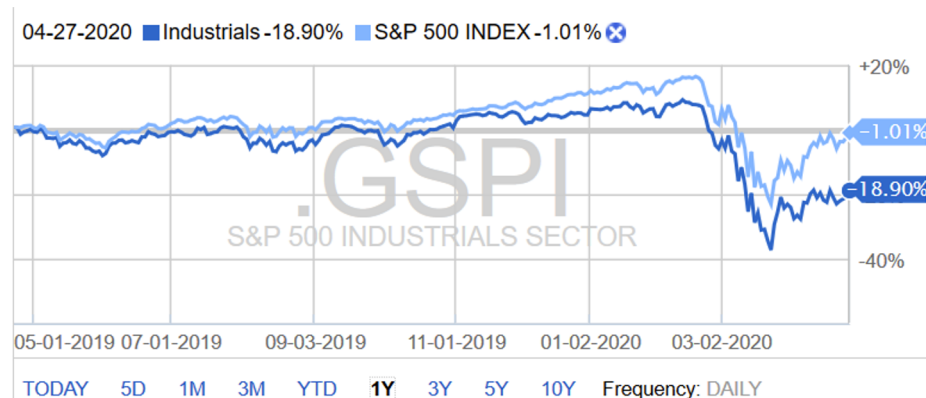
- Fairly flat sector growth through Q3 & Q4 2019
- Flexibility and debt avoidance

Current Holdings: WM, LHX



Looking Forward:

- Reductions of earnings estimates
- Cash-rich balance sheets
- Streamlining of business models
- Degree of financial safety in select sectors
- Continued price volatility associated with COVID-19 & upcoming elections
- **Low-Risk Areas:** Defense, Renewable Energy, Utilities, Environmental & Facilities Services
- **High-Risk Areas:** Commercial Aerospace & Airlines, Petroleum, General Manufacturing



Technology

Current Holdings: Microsoft, Intel, AT&T



Industry Outlook:

- Cloud Computing Artificial Intelligence, Edge Computing, 5G
- **Growth Areas linked to COVID-19:** Industrial & Service Automation, Fintech (Forbes), Virtual Experiences
- **Decline Areas linked to COVID-19:** Connection Platforms (Uber, Airbnb), Tech Hardware (Barrons)

Forward Looking:

- Looking to Buy: Aspen Technology, Kemet

Consumer Goods



Recap

- Product Release
 - Disney Plus
- Consumer Habit Shifting
- Dependence on Restaurant and Fast Food industry
- COVID-19 Impacts

Outlook

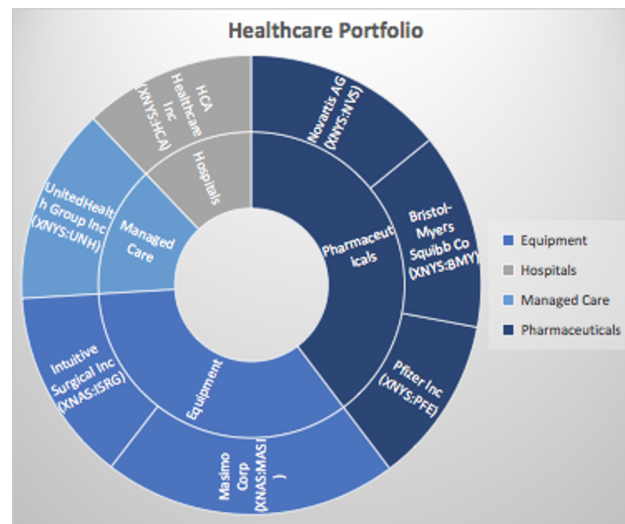
- Consumer Staples: Relatively stable
 - Outperform during uncertainty
 - Drag if market rallies
- Consumer Discretionary
 - Decline: Automotive, Restaurants, & Hotels
 - Increase: Online retail
- Trends
 - Shift towards e-commerce
 - Reduced income and spending
- SAM Fund: Heavily weighted in staples
 - Costco, Dollar General, Kroger, & General Mills





Healthcare

- High amount of volatility due to presidential election
- Efforts to reduce “price gouging”
- COVID-19 adverse impacts



Industry Outlook

- Deloitte anticipates 5-year CAGR of 5%
- Post COVID-19 “digital transformation”
- Increasing amount of elective surgeries post COVID-19
- Industry will continue to experience volatility due to upcoming election





Financial Services

Current Holdings: Capital One (COF),
Berkshire Hathaway (BRK), Kimco
(KIM), Bank OZK (OZK)

Looking Back

- The wave of financial services disruption that will shape the 20s began
- The Fed cut interest rates to 0%
- COVID-19 x SBA --> PPP & EIDL

Looking Forward:

- Digitization of services will become the standard for all.
- Investment managers will need to innovate or be pushed out of business due to the pressures of fee compression, passive investment managers, and consolidation of assets. Firms will need to take bold actions to find growth.
- Banks will move away from interest-driven sources of revenue

Looking Forward

- Improvement of reporting standards
- Increased focus on talent development
- Strengthen communication and interaction among the management team and various sectors