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Objective

The primary objective of the Bauhard Student Managed Fund is to provide an experiential learning process for student. The secondary objective of the fund is to match the return of the S&P 500 Index Fund.

Constraints

Several constraints are in place to regulate the management of the Bauhard Fund. Holdings within the portfolio are limited to U.S. equities. The management team does not engage in either the trading of derivatives or the short selling of securities. Further portfolio constraints include a minimum per share price of $5.00 and stock positions limited to a maximum of five percent of the portfolio’s value at the time of acquisition.

Procedures

Student analysts prepare and present equity analysis reports to the investments and portfolio management classes. Students consider portfolio diversification and a long-term investment horizon while analyzing each potential equity. All trading decisions require a two-thirds anonymous vote in order for an equity to be added or removed from the fund.
BAUHARD FUND HISTORY

The William L. Bauhard Student Managed Investment Fund provides students at the University of Nebraska at Kearney a hands-on learning experience by allowing the managers to invest in the stock market. Mr. Bauhard, a former financial service and telecommunications executive, provided a generous leadership gift to start the fund. Additional funds were provided by Jack Connealy of JFC Financial Services in Lincoln, NE; Ron Eckloff, a certified financial planner serving the Kearney community; Financial Leaders Student Association; Jay Landell of the Wells Fargo Foundation; and Securities America of Kearney.

The student investment portfolio is managed by senior-level undergraduate students specializing in finance and accounting. The program exposes students to real-world training in securities analysis and portfolio management. Student analysts are responsible for researching industry sectors and periodically presenting potential investment opportunities to the class. Throughout the learning process, students also have the opportunity to learn about career-enhancing opportunities by competing in investment competitions to showcase the skills they have acquired. In addition to the experiential learning opportunities, income generated from the fund’s investments may be utilized for future student scholarships.
INVESTMENT METHODOLOGY

Top Down Allocation
The student managed fund follows a top-down investment strategy. This method entails an allocation process whereby a certain percentage of the Bauhard Fund’s performance is attributable to the selection of equity securities. The S&P 500 Index is used as a comparable benchmark portfolio to the Bauhard Fund, and as such, its investment sector allocations are considered in the equity selection process. From there, managers study equities in underallocated sectors to determine their true value in the market.

Equity Selection
The decisions to add or reject securities are based on the student analysts’ opinions regarding the valuation of the securities compared to the current market prices. Student fund managers compile extensive reports that detail a company’s vital characteristics, including the stock’s underlying financial strengths and possible opportunities. These reports are reviewed and critiqued by all of the student analysts in the class. Furthermore, the smaller student groups present their findings to the class upon the completion of their reports. These presentations allow student managers not associated with the presenting group the opportunity to ask questions and make comments regarding the presenting analysts’ assumptions and conclusions. After a brief period to formally respond to student questions and inquiries, the entire class of student analysts vote on whether to purchase, sell, or hold the proposed securities. The motion to purchase, sell, or hold a proposed security passes if two-thirds of the student analysts vote positively in an anonymous vote.

Portfolio Monitoring
As a means of tracking the Bauhard Fund’s performance throughout the course, student analysts are asked to present market updates to the class. These presentations include the weekly performance of each of the individual securities held within the Bauhard Fund and their corresponding public news stories. In addition, student analysts report the performance of the sector allocations within the fund and the returns of the appropriate comparable exchange traded funds. Furthermore, the performance of the Nasdaq, S&P 500 Index, and Dow Jones Industrial Average are highlighted and compared to the Bauhard Fund’s weekly returns.
As of January 1, 2020, the Bauhard Fund was composed of 40 equity positions across 11 sectors. The Bauhard Investment Fund is overweight in four sectors when compared to the S&P 500: Consumer Staples (+1.03%), Consumer Discretionary (+2.18%), Industrials (+4.84%), and Information Technology (+5.37%). There are six sectors that are underweight: Utilities (-1.33%), Real Estate (-1.62%), Financial (-1.67%), Communication Services (-1.91%), Energy (-2.75%), and Healthcare (-3.19%). The Material sector holdings of the portfolio approximately match the S&P 500 in terms of percentage of total portfolio holdings.
As of December 31, 2020, the Bauhard Fund was invested in 49 equity positions allocated across 11 sectors. At this time, there are three sectors that are overweight: Consumer Staples (+1.26%), Industrials (+3.04%), and Information Technology (+5.91%). Underweighted sectors included Consumer Discretionary (-1.16%), Financials (-1.18%), Energy (-1.51%), Communication Services (-1.64%), and Healthcare (-4.11%). The Materials, Real Estate, and Utilities sector holdings of the portfolio approximately match the S&P 500 in terms of percentage of total portfolio holdings.
SECTOR OVERVIEW

Communication Services

Description

The communications services sector comprises companies that participate in communication on a global scope. Often this communication takes place over the phone, internet, airwaves, cables, wires, or wirelessly. These firms laid the groundwork that allowed media to be transmitted via audio, video, voice, or words. The largest enterprises within this sector are firms that provide services through the internet, telephone, satellite, and cable.

Value Drivers

In the communication services sector, constant innovation and new technology drive the industry. Streaming services have become a key value driver in this industry. Many of the companies either have a streaming service or are working to get one. Consumers are shifting away from cable and are looking for streaming to take its place. Another value driver is the shift towards 5G. This shift should boost growth potential for the firms rolling out 5G, but it will increase expenses in the short term. Once 5G is fully operational and becomes the new normal, like 4G currently is, the communication services sector is expected to see good growth and returns.

2020 Risk Factors

The slow rollout of 5G was the biggest risk factor that affected the communication services sector. The infrastructure for 5G is slowly pacing forward but the technology is moving at about the same pace. Investors expected 5G to be further along than it is so that brought some uncertainty into the sector’s investors. The pandemic benefitted the sector due to people using their technology a lot more than normal. This benefit was seen through streaming services and social media sites. Overall, the sector saw a positive return of 23.6 percent in 2020.

Forward Looking Risk Factors

In digital media, users are increasingly more concerned with security and privacy. Many firms are facing lawsuits due to the consumer’s concerns about their security. This could result in some expensive changes for the firms that are affected by these lawsuits. The slow rollout of 5G could make investors lose faith in the companies and they could invest elsewhere. The rapid expansion of streaming services could oversaturate the market and leave firms with lower-than-expected revenues. Moving forward, the results of the lawsuits and the speed of the 5G rollout could affect the sector the most in 2021.

Consumer Discretionary

Description

The consumer discretionary sector, also known as consumer cyclical, includes non-essential goods and services. Operating industries are: fashion, hotels, restaurants, entertainment,
retail, and automotive, etc. These products are consumed normally when the economy is in a healthy state. During times of financial distress, consumers tend to decrease consumption in these industries. Consumer discretionary can then be divided into two sub-categories: durable and non-durable. The durable segment produces goods that have a long lifespan; for example, items such as jewelry and vehicles. Conversely, non-durable goods and services are consumed within a short amount of time like vacation and travel.

Value Drivers

The consumer discretionary sector is largely driven by how well the economy is performing and positive trends in consumer spending. When consumer confidence is high, companies perform well. These trends tend to be cyclical over time. The companies within this sector tend to operate and perform at a similar level to the overall economy. Low interest rates also tend to be a positive driver for the sector. This encourages borrowing and spending.

2020 Risk Factors

The sector performed well in 2020 despite government shutdowns and travel restrictions imposed by COVID-19. The airline and travel industries saw large losses. Despite this, COVID-sensitive retailers have nearly fully recovered amid stimulus to households and businesses. However, the high unemployment rate is still a risk factor. The performance of the sector was driven by a shift to online retail and the home improvement movement sparked by at-home working; specifically, Amazon.com, which makes up 33 percent of the sector’s market capitalization. In 2020, the sector reported a 33.3 percent return.

Forward Looking Risk Factors

An economic recovery and vaccinations may lead to an increase in travel and may result in positive gains in companies operating in these industries. However, a delay in an economic recovery or vaccination rollouts may impose some risk. Moreover, some investors believe the sector is overly concentrated in the online retail and automotive industries, which could lead to volatility. Further, any antitrust action imposed on Amazon.com could impose great risk for the sector, as the company makes up a large percentage of the sector’s market.

Consumer Staples

Description

The consumer staples sector is comprised of companies that produce food, beverages, tobacco products, non-durable household goods, and personal products. It also includes companies that sell pharmaceutical drugs. Any product that is considered a consumer staple is essential or necessary for basic living.

Value Drivers

Innovation is a value driver within this industry. All the different consumer ages and demographics allow there to be many firms competing for market share and innovation is a way to appeal to the consumers. For example, a college student with little money probably has different
preferences than an older person with plenty of money. This leads to different firms innovating and attracting different customers with different tastes and preferences. Another value driver is the consumer’s shift towards health-conscious choices. The firms that can take advantage of this health-conscious shift could drive this sector forward.

2020 Risk Factors

In 2020, the consumer staples sector had disruptions within the supply chain due to COVID-19. The industry saw heightened demand at the start of the pandemic due to the uncertainties of the virus. These risks and benefits seemed to balance each other out as the consumer staples sector saw a return of 10.8 percent in 2020.

Forward Looking Risk Factors

The economy continuing to rebound could hurt the consumer staples sector. Traditionally this hurts this sector because investors will move out of defensive sector investments and move toward higher growth sectors. Any additional COVID-19 stimulus could reduce the demand for consumer staples as spending moves away from necessities and more toward economic expansion purchases. Additionally, the vaccine distribution will allow more people to feel safe resulting in consumers leaving their homes. This trend will reduce the stay-at-home food and staples demand. This sector’s success in 2021 will depend on the pace of the economic recovery.

**Energy**

**Description**

The energy sector consists of companies that participate in supplying energy or producing it through a means of exploration and development of oil or gas reserves, or oil and gas drilling and refining. This sector also encompasses firms that partake in renewable energy practices and coal.

**Value Drivers**

The energy sector is mainly driven by energy prices. The sector thrives when energy prices are increasing and suffers when energy prices decline. A strong economy typically helps this sector because the consumer will be spending more and causing transportation needs to go up in order to get the goods to the consumer which increases the demand for oil and gas. This will help grow revenues for the energy sector firms. Another value driver of the energy sector is advancements in technology. Many of the advancements focus on the way oil and coal are harvested and refined. As it becomes easier for firms to harvest and produce their goods, investors begin to see larger yields due to consumers having quicker and easier access to products.

2020 Risk Factors

The main risk factor in 2020 was the decrease in oil demand and prices. As COVID-19 hit, many people worked from home or were not comfortable to leave their house. This led to the decrease in demand for gas which affected the demand for oil. The low crude oil prices negatively affected this sector throughout most of 2020. These low gas prices are beneficial for consumers
but bad for the investors in this sector because typically energy stock performance is tied to the price of gas and oil. In 2020, the sector had a return of negative 33.7 percent.

**Forward Looking Risk Factors**

Much of the risk factors heading into 2021 are the same as those of 2020. The sector will continue to be affected by the volatility within gas and oil prices. New regulation or expansion of old regulation could prevent growth within the industry. Also, clean-energy alternatives could negatively affect demand for oil and gas. Most of these risk factors are not if, but when so time will tell when these risk factors will affect this sector.

**Financials**

**Description**

The financial sector includes commercial banks, insurance companies, consumer lenders, investment firms, and other institutions that provide financial services to the public and private sectors. Companies within this sector are usually considered blue-chip, mature firms. The sector is one of the most heavily regulated in the S&P 500 due to the sector's ability to drive economic growth by fueling consumer and business wealth.

**Value Drivers**

The spread between lending rates and interest rates on loans and mortgages is the primary driver for the financial sector. Rates provided by financial companies are primarily based on the monetary policy decisions of the Federal Reserve. Expanding economies may also drive the sector. As the economy expands, people look for financing options to capitalize on the increased spending in the economy. An increased demand for lending can provide larger revenue generation for companies within the sector.

**2020 Risk Factors**

During 2020, the Federal Reserve lowered interest rates due to the economic recession caused by COVID-19. At the start of the pandemic, loan defaults and bankruptcies increased. However, fiscal and monetary stimulus from the federal government softened the hit from loan defaults and bankruptcies. Further, as two stimulus payments were delivered to the Americans who qualified, the industry saw a spike in demand for money borrowing. This was a positive for the sector. This helped companies with lending-based revenue. Companies in the sector also boasted strong balance sheets partly due to the regulations put in place after the financial crisis of 2008. Despite this, the sector returned a negative 1.7 percent return in 2020.

**Forward Looking Risk Factors**

Future stimulus payments and the Federal Reserve’s commitment to maintain low interest rates may bode well for the sector. As the economy recovers and unemployment rates fall, monetary borrowing may continue. However, the risk of economic and financial distress is critical for companies operating in lending. The high unemployment rate is also a risk factor for the sector.
These risks may lead to a further increase in loan defaults and bankruptcies. However, companies are reporting high loan loss reserves.

Healthcare

Description

The healthcare sector consists of companies that provide healthcare supplies and services and companies that research or produce healthcare products. The sector is further subdivided into a multitude of categories. Firms operating in the sector include hospitals, nursing homes, healthcare equipment and supplies, healthcare technology, and pharmaceutical companies. Firms with patients must ensure that they are both providing proper patient care and offering an adequate return to their investors.

Value Drivers

A shift toward value-based care has been an important value driver for companies in the healthcare sector. Increases in mergers and collaborations between health plans and care delivery organizations have allowed firms to capitalize on their strengths while mitigating exposure to the firms’ weaknesses. Another value driver for the sector is the development of technology. The use of artificial intelligence and telemedicine have allowed companies to increase its operating efficiency by streamlining its operations. This may continue to result in reductions in manufacturing costs, a reduction in cost to consumers, improved quality of care, and an overall more positive consumer experience. The overall population is another driver for this sector. An aging population and growing population in emerging markets will increase the demand in this sector.

2020 Risk Factors

In 2020, the COVID-19 pandemic hit the healthcare sector right away, as this sector would be one of, if not the most pivotal towards managing the virus. The sector was volatile, as investors sought the companies with the best hopes to curate a vaccine or discover a cure. Moreover, hospitals saw high COVID-19 expenses, which posed risks for companies operating in this industry. Further, elective procedures saw large decreases in demand, as hospitals were mainly focused on COVID-19 patients. Part of these risks were mitigated by federal stimulus, and as a result, companies in the sector boasted relatively strong balance sheets at year end 2020. The sector, overall, had a 13.5 percent return.

Forward Looking Risk Factors

The healthcare sector will face complex challenges moving forward. With President Joe Biden campaigned on a public healthcare option, which will either be “free” or more affordable to consumers. This may come in the form of the Affordable Care Act and/or limits on drug prices. This may impose a risk on companies’ profit margins in the sector. However, with the Democratic party having only a slight Senate majority, it might be difficult to pass very progressive and anti-business policies. Moreover, a resurgence of the COVID-19 virus or another pandemic may once
again result in a decrease in demand for elective procedures. This may further increase hospital expenses and limit their revenue streams.

**Industrials**

**Description**

The industrial sector includes companies that provide products and services that help other corporations operate. This includes aerospace and defense, building products, electrical components and equipment, construction machinery, transportation, construction, and engineering. Some of the services the industry provides include air travel, defense, railroads, and trucking. Such services are essential for an efficient economy.

**Value Drivers**

A value driver for the sector is technological advances within the industries. Efficiency in production has revolutionized how the sector has grown. Products are made with more precision and control, which results in an increased lifespan of products. Another value driver for the sector is the state of the economy. If the economy is doing well, the demand for companies operating in the sector will be steady or increase. However, if the economy is doing poorly, the demand for the products and services within the sector may decrease.

**2020 Risk Factors**

During 2020 and the COVID-19 pandemic, the airline industry took a huge hit. As international travel became restricted for both goods and people, airlines saw a huge decrease in demand. Moreover, freight and other transportation also saw large decreases in demand in the early part of 2020, which presented great risk. These industries were able to partly recover along with the economy towards the end of the year. Due to the early signs of great risk in 2020, companies within this sector ended the year with cash heavy balance sheets. The sector ended with an 11.1 percent return.

**Forward Looking Risk Factors**

Industrial companies are implementing cloud services, online ordering, and integrating the web now, more than ever before. Like most sectors, technological advances could be a key player moving forward. However, the generational gap of production has a shrinking talent pool for employees in the industrials sector. This skill gap can pose a risk moving forward. On the contrary, the gap in talent could provide opportunity. As unemployment rates remain relatively high, the high demand for skilled workers could provide a solution. An economic recovery may help continue the demand for transportation and air travel, however, a slower recovery and/or a COVID-19 resurgence may pose great risk to the industry.

**Information Technology**

**Description**

The information technology (IT) sector includes companies that produce software, hardware, and semiconductor equipment. Many of the firms within this sector specialize in
providing technological services and solutions. Some products produced by the companies in the sector include phones, computer systems, and technological equipment. Firms provide services, as well, that range from IT consulting to application and systems software.

Value Drivers

The information technology sector’s primary value driver is innovation within its products and services. This sector performs at its best when the firms are driving innovation to the consumers. The firms that are the most innovative will be the most successful in this sector because consumers will be willing to pay a premium in order to have the newest tech product or service. The growth in stay-at-home work and the surge in online retail will drive the need for cloud computing infrastructure and software as more people continue to work and shop from home. Large businesses are also a key driver of this sector because many firms look to improve their productivity by investing in new technological advances.

2020 Risk Factors

The primary risk factors that influenced firms in 2020 included data security, weak capital expenditures, and semiconductor shortages. Data security lawsuits were a big issue in 2020 with many people questioning the security of their private information. These lawsuits will continue to carry on into 2021. The semiconductor shortage came in the latter part of 2020 but has already made a big impact on supply chains and the overall economy. Unlike many other sectors, COVID-19 benefitted the information technology sector because more people needed the products provided by this sector for work-at-home and stay-at-home needs. Overall, the information technology sector had a 43.9 percent return in 2020.

Forward Looking Risk Factors

Looking forward there are a few factors that could affect the sector’s performance. A looming risk factor is the many antitrust lawsuits that are being brought against firms within this industry. Along with the lawsuits, the new administration could reverse former President Trump’s tax cuts that were enacted in 2017. This would be a negative because the firms will have to pay more in taxes decreasing their net income. The semiconductor shortage has and will continue to affect some products and product lines within this sector. As a result of this, productions might be halted or stopped for a period of time in 2021. Also, this sector is heavily concentrated with a few large companies, including Apple and Microsoft, representing more than 50% of the sector. Typically, if these few companies are doing well then the sector will too. If 5G rolls out more efficiently in 2021, this will increase the demand for semiconductors and telecommunication components which will benefit this sector.

Materials

Description

The materials sector primarily includes the discovery, development, and processing of natural resources and raw materials. The most common types of raw materials are metals, silver, gold, oil, and timber. Raw materials are natural substances that can be reused but are limited in
quantity. Firms and companies in this sector include production in metal refining, mining, forestry, and construction.

**Value Drivers**

The material sector’s drivers are dependent on a growing and strong economy. The most common driver of the sector is the condition of the construction industry. Most of the companies within this sector supply construction companies. Moreover, another common driver in the sector is the condition of the mining industry, which may include the production of metals, ores, paper, and lumber. Another driver for the sector is a weakened U.S. Dollar. The sector performs well when inflation is higher, and the economy is growing. Higher demand in other consumer goods can also drive the demand for basic materials due to the required resources. The raw materials sector is a driver for overall economic growth because of the other sectors’ dependency on said materials used to produce goods and services.

**2020 Risk Factors**

Companies within the materials sector tend to be more sensitive than other sectors to fluctuations in the market. The COVID-19 pandemic was the biggest risk factor of 2020. It affected many companies within the materials sector due to the economic shutdown and global imports and exports being shut down for a short time. Low oil prices caused demand for oil rigs to decrease which also led to oil chemical demand to decrease. Overall, the basic materials sector in 2020 was hit by COVID-19, but it demonstrated relatively strong and stable growth after the initial COVID-19 market shock. The sector had a 20.7 percent return in 2020, outperforming the S&P 500.

**Forward Looking Risk Factors**

Optimism in a recovering economy, post COVID-19, and increased stimulus spending are the two main risk factors for the materials sector moving forward. If the economy struggles to move forward, the sector could remain stagnant, as economy growth drives the sector’s growth. Increased stimulus spending could lead to increased consumer spending and a weakened U.S. Dollar, which are two key drivers for the sector. However, if consumer spending does not increase and inflation remains low, the sector could also remain relatively stagnant. The sector’s dependency on the overall economy can be either a positive or a negative.

**Real Estate**

**Description**

The real estate sector consists of companies focused on residential, commercial, and industrial real estate. These companies frequently operate as equity real estate investment trusts (REIT). The sector generates income from owning, operating, and/or financing real estate.

**Value Drivers**

A value driver for the sector is land, which generally appreciates in value over time due to its scarcity. This appreciation provides companies increased revenues in the form of both gains on the sale of properties and increased rent revenue on their properties. This income is usually paid
out in dividends, especially in the case of REITs. Innovation in the sector is also a value driver. Developments on properties raise demand for the property and its surrounding area can greatly enhance the returns seen by investors. Low interest rates are also a value driver for the sector. This allows companies in the sector to borrow and develop properties.

2020 Risk Factors

The economic distress caused by the COVID-19 pandemic led to the increase of risk in lease defaults. Retail and hotel REITs took a hit, as a result of travel restrictions. The high unemployment rates also created risk for companies in the home industry. The federal government put in place an eviction moratorium, which aided renters who were affected financially by the pandemic. Further, as people shifted to a work-from-home approach, office REITs accrued risk of potential loss in future revenue. Overall, the risks were reflected in the sector’s return, which was a negative 2.2 percent.

Forward Looking Risk Factors

The low interest rates maintained by the Federal Reserve allow opportunity in the sector. Nonetheless, a quicker-than-expected rise in interest rates could affect companies within the sector negatively. The shift to online retail created a high demand for warehousing in 2020. While this is expected to continue, a return to brick-and-mortar shopping post-pandemic could create risk for REITs operating in the segment, such as Prologis, a current holding. On the contrary, the further shift to online retail could create great risk for the brick-and-mortar REITs.

Utilities

Description

The utilities sector comprises of companies that participate in the supply of basic resources such as water, sewage, electricity, dams, and natural gas. The utilities sector typically generates a steady profit however the sector is heavily regulated because the companies are providing a public service.

Value Drivers

In the utilities sector, securities tend to perform better when the economy starts to slow down. This is because the sector historically has been a more defensive sector due to its steady revenues and the constant consumer need for utilities no matter how the economy is doing. The sector tends to underperform when the economy is in the expansion cycle because investors move to other higher-growth sectors. Additionally, falling interest rates positively impact this sector. This is due to investors turning to the utility sector for dividend income instead of receiving the low interest rate payment.

2020 Risk Factors

The utilities sector tends to perform better when the economy is in a slowdown. In 2020, the low interest rates provided plenty of borrowing opportunities that firms took advantage of in order to improve their grids. The largest risk that impacted the utilities sector during 2020 were
regulations. Many of the firms that operate within this sector conduct business in multiple states. This means that firms have to tread lightly in order to abide by the different rules and regulations set by the different states they operate in. The sector had a return of .5% in 2020.

Forward Looking Risk Factors

The economic recovery could negatively affect this sector in 2021. Also, the new administration’s push for renewable energy could force firms to change their business plan and invest more into ways to produce renewable energy. Interest rates could rise again as the economy recovers, which could threaten some firm’s borrowing plans. Overall, this sector could be negatively or positively impacted in 2021 by governmental policies regarding renewable energy.
CURRENT SECTOR HOLDINGS

Communication Services

Alphabet

Ticker: GOOGL

Beta: .912

Description

Alphabet Inc. is a holding company that provides web-based search advertisements, maps, software applications, mobile operating systems, consumer content, enterprise solutions, commerce, and hardware products. Alphabet is the company behind Google, Android smart phones and YouTube. Alphabet was founded in 1998 by Larry Page and Sergey Brin while they were students at Stanford University. The firm created the search engine that used links to determine the importance of individual pages on the internet. GOOGL generates revenue from across the globe, this firm has a market capitalization of $1.37 trillion and is headquartered in Mountain View, California.

Performance

With Alphabet’s return of 30.85% during 2020, the firm outperformed the communication services sector by 8.67%. Throughout 2020 GOOGL followed the communication services sector quite closely, but continuously doing slightly better than the sector. Alphabet can attribute this positive return to the impacts that COVID-19 had on the world. As people were stuck in their homes the main entertainment was online. This traffic to websites and views of GOOGL’s ads was beneficial to Alphabet. There is also a spike around November that can be attested to people’s curiosity and increased searches about the Presidential election and the results. These positive outcomes for Alphabet showed in growth in revenue.
Comcast
Ticker: CMSCA
Beta: .889

Description

Comcast Corp. provides media and television broadcasting services, the firm also offers video streaming, television programming, high-speed internet, cable television, and communication services. CMSCA has over 30 million subscribers to the company’s cable system. Comcast is headquartered in Philadelphia, and operates across the entire US, as well as in UK, Italy, and Germany. Ralph Roberts, Daniel Aaron, and Julian Brodsky bought American Cable Systems in 1963, and expanded and changed the firm’s name, in 1969, to Comcast. CMSCA has a market capitalization of $257.89 billion.

Performance

Comcast Corp. had a return in 2020 of 16.52%. Although CMSCA underperformed the sector the firm is in, the return for the firm is positive. Just as every company was affected by COVID-19, Comcast Corp. was also negatively impacted. The return for this firm fell along with its sector in early March of 2020. CMSCA did not rebound as well as the communication services sector did. Based on the firm’s financial analysis, Comcast was attempting to protect itself from any more market volatility. CMSCA’s cash holdings doubled while the amount of asset holdings rose quite a bit. The underperformance from CMSCA was also shown in the firm’s income statement. Revenue, gross profit, and net income all fell in 2020.
Walt Disney Co.
Ticker: DIS
Beta: 1.059

Description

Walt Disney Co. is a mass media and entertainment conglomerate with multiple divisions, film, media networks, parks, experiences, and products. Disney Parks has 14 theme parks around the world. DIS started as a cartoon studio founded by Walt and Roy Disney in 1923. The firm established itself as animation leaders before diversifying into live-action film production, television, and theme parks. This firm has become a large company with a market capitalization of $339.29 Billion. Walt Disney Co. is headquartered in Burbank, California, and operates across 29 countries.

Performance

The return on the year for Walt Disney Co. was 25.27%, which outperformed the communication service sector by 4.68%. Walt Disney Co.’s theme park sector of revenue took a toll in the early part of the year due to lockdown. As the year progressed DIS came out with ways to make up for lost revenue from parks shutting down. Walt Disney Co. was able to sell products sold in parks online. DIS also saw a spike in Disney+ subscriptions as consumers were stuck at home. Walt Disney Co. saw a spike in the firm’s stock price towards the end of 2020 as a COVID-19 vaccine was released and people started to go back to DIS parks.
AT&T Corp.
Ticker: T
Beta:.883

Description

AT&T Corp. is a communication holding company that provides local and long-distance phone service, wireless and data communications, internet access, IP-based satellite television, security services, telecommunication equipment and directory advertising and publishing. AT&T has nearly 5,800 stores in the US, and is starting to stretch into international markets, mainly Latin America right now. AT&T began as a subsidiary of the Bell Telephone Company, that was founded by Alexander Graham Bell in 1877. The firm was forced to break up the company’s monopoly in the early 80’s and have grown into the company with a large market capitalization of $214.52 billion. AT&T is currently headquartered in Dallas, Texas.

Performance

The Bauhard fund purchased AT&T on March 6 of 2020. From March 6 of 2020 to the end of 2020, AT&T had a return of -26.35%. To compare AT&T to the communication service sector, our analysts found the return of the sector from the same time was 31.37%. AT&T underperformed the communication sector in this period by 57.72%. AT&T’s drop in price can be explained by the pandemic. However, T did not rebound from the initial beginning of the year drop that took place. AT&T did not produce a rebound like other companies in the Bauhard fund were able to.
Verizon
Ticker: VZ
Beta: .618

Description
Verizon Communications is a telecommunication conglomerate. This firm is the second largest US wireless communications service provider as of 2019. VZ is one of the last remaining “baby bells” that resulted from the breakup of the Regional Bell Operating Company. The main Bell company was forced to split in 1984 when the United States Department of Justice decided the firm had a monopoly. Verizon Communication has expanded since by acquiring AOL and Yahoo!. Internationally, VZ earns revenue from providing home internet, phone equipment, TV, phone accessories, and cables. Verizon Communications is based in New York, New York, and has a market capitalization of $237.45 billion.

Performance
Verizon Communications had a return in 2020 of -3.77%. VZ underperformed the communication service sector by 24.36%. Verizon saw a large drop in stock price when people started to quarantine. Right after the initial shock of quarantining had passed, VZ recovered well, but fell below the sector again in May. Verizon did a good job of rolling out 5G and was able to advertise and get more people to join based on the firm’s coverage. Verizon’s attempt to combat future volatility showed in VZ’s financial statements, the firm increased the cash holdings from the year previous and the amount of assets rose.
ViacomCBS
Ticker: VIAC
Beta: .618

Description
ViacomCBS is a multinational mass media conglomerate formed from a merger between Viacom and CBS. VIAC’s main sources of revenue are broken down into CBS entertainment group, Paramount Pictures film and television studios, domestic and international networks, streaming services and Simon & Schuster, a book publisher. ViacomCBS is headquartered in New York City, and has a market capitalization of $41.12 Billion.

Performance
ViacomCBS was purchased by the Bauhard fund on December 11 of 2020. The return from December 11, 2020 to the end of 2020 was positive 4.66%. The communication services sector that VIAC is in had a return for that period of .32%. ViacomCBS outperformed the sector by 4.34%. The firm can attribute a lot of its success in 2020 to consumer’s anticipation of the soon to be released streaming service, Paramount+. ViacomCBS also released several new movies in 2020. Overall ViacomCBS was able to combat the negative impact that COVID-19 had on the stock market.
Consumer Discretionary

Amazon

Ticker: AMZN

Beta: .712

Description

Amazon (AMZN) is an online retailer that offers personalized shopping services, web-based credit card payment and direct shipping to customers for a wide range of products across the globe. Jeff Bezos created Amazon in 1994 and launched his website for the book sales company in 1995. Amazon went public in 1997 and the firm launched online music and video stores and started selling music, videotapes, computers, electronics, home, and garden, and much more. Amazon has a market capitalization of $1.53 trillion.

Performance

Amazon had a return in 2020 of 76.26%. The consumer discretionary sector that Amazon is a part of had a return of 32.07%. Amazon beat the sector by 44.19%. The boom in Amazon’s return can largely be attributed to a growth in online shopping in 2020. As the beginning of 2020 brought a pandemic where people were quarantined to their houses, many people online shopped out of boredom or necessity. The biggest allure consumers had to shop online at Amazon, is the vast variety of products that Amazon offers. This beneficial consumer mindset resulted in Amazon’s net income increasing from $11,584.8 million in 2019 to $21,331 million in 2020.
Booking Holdings, Inc.
Ticker: BKNG
Beta: 1.214

Description

Booking Holdings, Inc. was founded in 1996 by Jay Walker as Priceline. BKNG is an online platform that allows people to make travel reservations with travel services, accommodation reservations, rental cars, airline tickets and vacation packages. BKNG services customers in over 230 countries. BKNG owns Priceline, Agoda, KAYAK, RentalCars and OpenTable. Booking Holdings, Inc. generates revenue from commission, processing fees, advertising, and subscriptions. In 2002 Booking Holdings, Inc. added cruises to the website offerings, and announced plans to sell cars. BKNG has a market capitalization of $92.9 billion and is headquartered in Norwalk, Connecticut.

Performance

Booking Holdings, Inc. had a return of 8.45% for the year, 23.62% less than the consumer discretionary sector. BKNG was hit very hard by consumer’s fears of travel due to the fear of catching COVID-19. Toward the end of the year, Booking Holdings, Inc.’s returns went up as COVID-19 vaccines were released and people started to plan trips again. Booking Holdings, Inc.’s net income and revenue, compared to previous years, were hurt during 2020.
Garrett Motion, Inc.
Ticker: GTX
Beta: 1.727

Description

Garrett Motion, Inc. is an automobile technology provider that offers turbocharging, electric boosting, and automotive software solutions. GTX operates ground vehicles from small passenger cars to large trucks and industrial equipment. Garrett Motion was founded by John Clifford Garrett under the name Aircraft Tool and Supply Company in 1936. Garrett Motion, Inc. is headquartered in Memphis, Tennessee and has a market capitalization of $363.91 million.

Performance

Garrett Motion, Inc. had a return of -56.7% for the year. This is 88.77% lower than the Consumer Discretionary sector. The pandemic of 2020 had a large impact on consumer spending habits. Companies that GTX supplies products to might have cut down on the spending to save themselves from even larger losses. Based on GTX’s financial analysis, the firm’s cash holdings rose as the net income fell.
Description

William Durant founded General Motors Co. after buying Buick Motors with the idea to combine multiple car companies. GM builds, designs, and sells cars, trucks, crossovers, and automobile parts. This firm offers vehicle protection, parts, accessories, maintenance, satellite radio, and automotive financing services. General Motors Co. has broken down the reported revenue into four segments; North America, International, Financial and Cruise. Headquartered in Detroit, GM is most known for brands such as Buick, Cadillac, Chevrolet, and GMC. General Motors has a market capitalization of $81.56 billion.

Performance

General Motors Co. had a return for 2020 of 11.4%. The sector return for consumer discretionary is 20.67% higher than the return for GM. General Motors Co. had a positive return for the year, but still struggled due to COVID-19. With many consumers losing their jobs and scared to go out and shop the big-ticket items, like new cars. GM reported a 39% drop in car sales in 2020. GM was able to turn the negative impact of the pandemic around toward the end of the year to show a positive return overall for the year.
Home Depot
Ticker: HD
Beta: 1.17

Description
Home Depot, Inc. was founded in 1978 in Atlanta, Georgia by Bernard Marcus and Arthur Blank after the two were fired from another home improvement store. HD is a home improvement retailer that sells building materials, home improvement products, lawn, and garden products, as well as providing services such as installation for carpets, cabinets, and others. HD operates mainly through the United States, with over 2,000 stores in all fifty states; however, Home Depot also has locations in Canada, China, and Mexico. HD has a market capitalization of $319.94 billion and is headquartered in Atlanta, Georgia.

Performance
Home Depot had a return of 21.63%, which is only 10.44% lower than the consumer discretionary sector. Home Depot can attribute the positive return for 2020 to the global pandemic. As many consumers were in lockdown in their houses, many took the time to focus on home improvement. This bodes well for HD as much of the firm’s revenue comes from home improvement projects. HD had introduced online ordering in 2019, and this proved profitable for the company as consumers were visiting stores less frequently. This positive impact of lockdown revealed itself in a growth in gross profit and net income.
Lennar Corporation
Ticker: LEN
Beta: 1.433

Description

Lennar Corporation constructs and sells single-family attached and detached homes. The firm buys and sells residential land and provides financial services such as mortgage financing, title insurance, commercial real estate, and investment management. LEN is the largest homebuilding, land owning, loan making group in the US. Lennar Corporation started in 1954 by Leonard Miller and Arnold Rosen, when one of them graduated from Harvard, he had earned money in real estate and bought 42 lots and joined with the other owner to build homes. The firm targets low- and medium-priced single-family homes for first time buyers and retirees. LEN is headquartered in Miami, Florida but supplies the firm’s products across the United States. Lennar Corporation has a market capitalization of $30.32 billion.

Performance

Lennar Corporation outperformed the consumer discretionary sector with a return of 36.64%. The pandemic and lockdown of 2020 proved to be profitable for Lennar Corporation. As people were asked to stay in their homes and not go into public as much, many people looked for opportunities to buy bigger homes away from the bigger cities. Consumers wanted to be able to spend their time in bigger spaces. LEN profited from this consumer mindset, and this was shown in the firm’s net income and revenue growth.
Consumer Staples

Archer Daniels Midland Co.
Ticker: ADM
Beta: 0.92

Description

Founded in 1905, Archer Daniels Midland Company is one of the largest oil seed, corn and wheat processing enterprises in the world. About 2 / 3 of its income comes from the processing of soybeans, peanuts and other oil seeds. The US is Archer Daniels Midlands' largest market, accounting for more than 40% of total sales. Its achievements in the comprehensive processing industry of soybean, corn, wheat and cocoa have been ranked first in the world. ADM adds a profit center to its agricultural products business almost every decade such as flax, flour processing, soybean processing, various value-added products and so on. The advantage of ADM is that the raw materials of grain and oilseed are processed into a variety of products used in the food industry, beverage industry, health care products industry and animal feed market. ADM has a large-scale grain warehouse and transportation network in the world to transport raw materials and finished products to all parts of the world. Archer Daniels Midland Co. has a market capitalization of 33.52 billion.

Performance

Archer Daniels Midland Co. posted a 12.44% return in 2020, which slightly overperformed the S&P 500 Consumer Staple Sector which returned 10.8%. Archer Daniels experienced steep decreases in March due specifically to the Covid-19 outbreak. Adapting and innovating to keep the work environment safe, maintaining its operations to support the global food chain, and providing nutrition around the world are the main purposes in 2020. Its Agriculture Services and Oilseeds Team delivered more than $300 million in capital reduction indicatives. The business process and organizational structure also pull better outcomes. Archer Daniels Midland will continue its focus on achieving environmental goals.
Description

PepsiCo Inc. was founded in 1919. Its products sell well in more than 200 countries and regions. The United States accounts for nearly 60% of the total sales. Its 22 brands generate more than $1 billion in annual sales. Pepsi adapts to changing consumer tastes by responding, for example, to the growing demand for energy drinks and a healthier lifestyle. It also provides a growing dividend and expands its product lines.

Performance

PepsiCo Inc. finished 2020 with a 7.77% return and underperformed the S&P 500 Consumer Staple Sector that returned 10.8% in 2020. Despite the severe impact of the pandemic, it still benefits from the continued popularity of snacks, as well as strong sales of its beverages. PepsiCo Inc. has posted net revenues of $70.37 billion nearly at the end of December, 2020. The operating profit in Asia Pacific, Australia, New Zealand and China increase 24%, accounted for in part by 18% growth in net revenue. PepsiCo Inc. plans to increase its annualized dividends in the coming year.
Proctor and Gamble

Ticker: PG
Beta: 0.72

Description

Founded in 1837, P & G is one of the world's largest consumer goods companies. Procter & Gamble products are sold under a wide variety of brand names. P& G has operations in more than 70 countries around the world, and its products are sold to more than 180 countries. About 45% of the company's revenue comes from businesses in the United States and Canada. As a result of the Covid-19, the sales of health, hygiene and household cleaning products have increased.

Performance

Proctor and Gamble generated an 11.76% return for 2020, while the S&P 500 Consumer Staple Sector generated a return of 10.8%, indicating that Proctor and Gamble slightly outperformed the index. Despite many difficulties in 2020, P&G delivered strong results, beating its financial targets for the year. It has organic sales growth of 6% and core earnings per share growth of 13%. P&G delivered very strong results in its two largest and most profitable markets, the US and China. The sales of nine out of ten product categories grew and family care products grew the most. It built strong momentum heading into the pandemic and overcame a number of challenges.
WALMART INC.
Ticker: WMT
Beta: 0.608

Description

Walmart Inc. was founded in 1945 and is currently headquartered in Bentonville, Arkansas. The company’s core strategy is to offer products at low prices. It does this by having a large and efficient logistics network. Walmart U.S. is a global leader in the retail industry. Most of Walmart Inc.’s business is done within the United States, but the Walmart International segment has a considerable presence outside the United States. Walmart Inc. also owns and operates the Sam’s Club subsidiary. Sam’s Club is a global leader in the wholesale industry.

Performance

Walmart Inc. has a current market cap of $372.73 billion. In 2020, the company produced an annual return of 21.20%. Since being added to the Bauhard fund in October of 2020, the stock has produced a return of -0.07%. During that same period the S&P 500 Consumer Staples Index (S5CONS) returned 1.80%. The underperformance was due to strong competition in the retail industry, as well as the eCommerce area. Walmart saw an increase in demand due to COVID-19, but the pandemic also decreased the number of transactions because consumers made less trips to the store and website. Going forward, the company is focusing on improving the efficiency of its supply chain as well as allocating more capital toward its eCommerce business.
Description

Exxon Mobil Corporation was founded in 1882 and is currently headquartered in Irving, Texas. Exxon Mobil Corporation is an oil and gas company. The company has three different operating segments. The chemicals segment deals with the production of petrochemicals. The upstream segment is where all the oil and natural gas originate. Lastly, the downstream segment involves trading and distributing their petroleum goods. Exxon Mobil Corporation is a well-known company that operates around the world.

Performance

Exxon Mobil Corporation has a current market cap of $239.15 billion. In 2020, the company had an annual return of -40.93%. This was slightly worse than the broader S&P 500 Energy Index (S5ENRS) annual return of -37.31%. COVID-19 was a big contributor to this negative return. Much of the global economy was shut down, thus reducing the demand for oil. Supply was also affected. The benchmark for U.S. oil, the West Texas Intermediate (WTI), was negative during portions of 2020. In addition, for 2020, sales and operating revenue were just 70% of 2019 figures. Going forward, the company is looking to lower its carbon footprint. The 2025 emissions reduction plans are estimated to decrease overall emissions by 30% for Exxon Mobil. Continuing to invest in innovative technology such as carbon capture will also be a priority. In addition, oil prices are expected to rebound from pandemic lows.
Description

Bank of America Corporation was founded in 1904 and is currently headquartered in Charlotte, North Carolina. Bank of America Corporation is a bank holding company that offers banking and financial services. The corporation has many different areas of service that they offer. Services such as consumer banking, investments and wealth management. It also offers a global markets service, a global banking service, and an all other area of service. Bank of America’s investment banking operations due business under the Merrill Lynch name.

Performance

Bank of America Corporation has a current market cap of $332.64 billion. In 2020, Bank of America Corporation had a -13.94% return. This underperformed the broader S&P 500 Financials Index (S5FINL) annual return of -4.10%. 2020 net income slightly underperformed 2019 figures. 2020 net income was $43.360 billion and 2019 net income was $48.891 billion. 2020 quarterly revenue consistently stayed around $8 billion. Due to COVID-19, many banks were forced to update capital allocation plans and pass new Federal Reserve stress test results. COVID-19 also led to the creation of many government aid programs and stimulus packages. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Small Business Association (SBA) loans and Payroll Protection Plans (PPP), have kept bank lenders very busy. Going forward, Bank of America expects business to become more normalized as the world continues to overcome COVID-19.
GOLDMAN SACHS GROUP INC

Ticker: GS
Beta: 1.286

Description

Goldman Sachs Group was founded in 1869 and is headquartered in New York, New York. Goldman Sachs Group is an investment management company. It also operates as an investment banking and securities company. Goldman Sachs has many different service areas including asset management, consumer and wealth management, global markets, and investment banking.

Performance

Goldman Sachs Group has a market cap of $117.10 billion. In 2020, Goldman Sachs Group returned 14.69%. This outperformed the broader S&P 500 Financials Index (S5FINL) annual return of -4.10%. Goldman Sachs share prices tracked or stayed above the S5FINL Index throughout 2020. The company generated $9.46 billion in net earnings during 2020, and $8.47 billion in net earnings during 2019. This was an increase of 12% for the 2020 year. Due to COVID-19, many banks were forced to update capital allocation plans and pass new Federal Reserve stress test results. COVID-19 also led to the creation of many government aid programs and stimulus packages. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Small Business Association (SBA) loans and Payroll Protection Plans (PPP), have kept bank lenders very busy. Going forward, Goldman Sachs continues to work toward achieving company goals and initiatives. The company expects mergers and acquisitions to pick back up in 2021 and continues to improve its consumer banking and wealth management services. Goldman Sachs also wants to help facilitate climate transition and inclusive growth. The company remains optimistic about 2021 and overcoming the pandemic with the help of global vaccine distribution.
Description

PayPal Holdings Inc. was founded in 1998 and is currently headquartered in San Jose, California. PayPal is a financial company that specializes in digital payment solutions and other various transaction platforms. PayPal Holdings has the ability to facilitate transactions and payments in different currencies which helps serve their customers all over the world. One of PayPal’s more well-known products, Venmo, has had great success in recent years.

Performance

PayPal Holdings has a current market cap of $282.58 billion. In 2020, PayPal produced a 116.51% return for the year. This outperformed the broader S&P 500 Financials Index (S5FINL) annual return of -4.10%. PayPal shares steadily tracked the S5FINL Index for the first quarter of 2020, but PayPal shares greatly exceeded the index the remainder of 2020. PayPal net revenue of $21.454 billion was a 21% improvement on 2019 figures. 2020 net income saw a 71% increase to $1.743 billion. At the beginning of 2020, PayPal acquired a company called Honey Science Corporation. Honey Science Corporation specializes in ecommerce and online coupons. PayPal is hoping that users of Honey will help increase demand and engagement for their services. PayPal has benefited from increased online shopping transactions due to the COVID-19 pandemic. PayPal’s Venmo subsidiary has also been very successful due to increasing customer accounts. In addition, PayPal started offering cryptocurrency services. Going forward, PayPal hopes to increase engagement and functionality across platforms by providing customers with a complete portfolio of services.
TRUIST FINANCIAL CORP

Ticker: TFC

Beta: 1.238

Description

Truist Financial Corporation was founded in 2019 and is currently headquartered in Charlotte, North Carolina. Truist Financial Corporation is a bank holding company. The company has insurance holding services, consumer banking services, and corporate and commercial banking services. The company also has various lending services. Truist Financial Corporation is still relatively new and was formerly known as BB&T Corporation.

Performance

Truist Financial Corporation has a market cap of $78.70 billion. In 2020, Truist Financial Corporation had a -14.90% return. The company performed worse than the broader S&P 500 Financials Index (S5FINL) annual return of -4.10%. Revenue for 2020 was $22.830 billion and revenue for 2019 was $12.664 billion. Net income for 2020 was $4.492 billion and $3.237. Despite improving revenue and net income for 2020, company shares consistently underperformed the S5FINL Index throughout the year. During 2021, Truist Financial Corporation would like to focus on realizing more cost saving measures, as well as combining certain areas of their business operations. In addition, the company will be focusing on investing in more client-based products and continuing to implement digital technology.
Healthcare

ABBOTT LABORATORIES

Ticker: ABT
Beta: 0.929

Description

Abbott Laboratories was founded in 1888 and is headquartered in Abbott Park, Illinois. Abbott Laboratories manufactures and sells various kinds of healthcare products. Pharmaceuticals, diagnostic testing equipment, cardiovascular monitoring systems, and nutritional products are just some of the things that the company produces.

Performance

Abbott Laboratories has a current market cap of $213.03 billion. In 2020, Abbott Laboratories produced a 26.05% annual return. This annual return outperformed the 11.43% annual return of the S&P 500 Healthcare Index (S5HLTH). In 2020, Abbot Laboratories saw increased sales of 9.8% compared to 2019 figures. In addition, during 2020 adjusted earnings per share increased by 12.7% from 2019. Shares of Abbot Laboratories tracked the S5HLTH Index for the first quarter of 2020, and then outperformed the index the rest of the year. This positive performance can be attributed to the company’s successful rollout of COVID-19 tests. The company was able to capitalize on the need for these tests throughout 2020. Going forward, Abbott Laboratories launched their 2030 Sustainability Plan. The company plans to prioritize ways to stay on track and achieve this goal by 2030. The company also plans to focus on creating better health for all at a lower cost. Additionally, Abbott Laboratories will continue to provide COVID-19 tests to help overcome the pandemic.
BRISTOL-MYERS SQUIBB

Ticker: BMY

Beta: 0.833

Description

Bristol-Myers Squibb was founded in 1933 and is headquartered in New York, New York. Bristol-Myers Squibb is a pharmaceutical research and development company, as well a manufacturer and retailer of these products. The company specializes in biopharmaceuticals that are produced by a biological process called biologics. Many of these biopharmaceuticals help treat cancers and other disorders.

Performance

Bristol-Myers Squibb has a current market cap of $140.48 billion. In 2020, Bristol-Myers Squibb had a return of -3.37%. This annual return underperformed the 11.43% annual return of the S&P 500 Healthcare Index (S5HLTH). In the first part of 2020, Bristol-Myers Squibb shares followed the S5HLTH Index, but shares underperformed the remainder of the year. Revenue for 2020 increased by 63% from 2019. This is due the Bristol-Myers Squibb Acquisition of Celgene in November of 2019. In 2020, the company acquired MyoKardia for $13.1 billion. Many of Bristol-Myers Squibb’s core products performed well during 2020. COVID-19 also led to increased customer demand for their products in anticipation of supply chain disruptions. In 2021, the company is looking to increase sales of core products as well as invest in innovative and technological advancements to produce new products.
CVS HEALTH

Ticker: CVS

Beta: 1.006

Description

CVS stands for Consumer Value Stores. CVS was founded in 1963 and is headquartered in Woonsocket, Rhode Island. CVS provides healthcare services to people. CVS Health is a parent company to many subsidiaries. Some of the more well-known CVS subsidiaries are CVS retail stores and pharmacies. CVS also provides healthcare benefits and insurance plans to employers.

Performance

CVS has a market cap of $95.96 billion. In 2020, Consumer Value Stores produced a -8.06% return. This annual return underperformed the 11.43% annual return of the S&P 500 Healthcare Index (S5HLTH). Shares of CVS mirrored the S5HLTH Index for the first quarter of 2020, but significantly underperformed throughout the rest of the year. During 2020, revenues saw a 4.6% increase to $268.706 billion. Net income of $7.179 billion in 2020 was an 8.2% improvement from 2019. In 2021, the company expects to see growth in specialty pharmacy products. Store traffic is also expected to return to pre-pandemic levels. CVS will help with the COVID-19 vaccine administration throughout the U.S. by continuing to offer COVID-19 testing.
GILEAD SCIENCES
Ticker: GILD
Beta: 0.686

Description
Gilead Sciences was founded in 1987 and is headquartered in Foster City, California. Gilead Sciences is a biopharmaceutical research and development company. The pharmaceuticals that are produced can be used to treat cancers, viral diseases, and HIV. The company does business in the United States, Europe, and other international areas. Gilead Sciences also does business with Bristol-Myers Squibb.

Performance
Gilead Sciences has a current market cap of $81.00 billion. In 2020, Gilead produced a -10.34% return. This annual return underperformed the 11.43% annual return of the S&P 500 Healthcare Index (S5HLTH). Shares of Gilead Sciences outperformed the S5HLTH Index during the first half of 2020, but underperformed during the second half of 2020. Total revenue for 2020 was $24.689 billion and total revenue for 2019 was $22.449 billion. Gilead Sciences developed remdesivir, a COVID-19 treatment drug, in 2020. The U.S. Food and Drug Administration (FDA) authorized the use of remdesivir in October of 2020, but the company is continuing to improve and perfect the drug. In 2021, the company is focusing on expanding operations in new therapeutic areas, such as inflammation and oncology. In addition, Gilead Sciences has set a goal to bring over ten transformative therapies to patients by 2030.
Description

Merck & Co was founded in 1891 and is headquartered in Kenilworth, New Jersey. Merck & Co is in the healthcare industry. The company develops human healthcare products, and solutions for animals too. The company has four different divisions: healthcare, pharmaceuticals, alliances, and animal health. Merck has worked with AstraZeneca on the development of Prilosec and other drugs.

Performance

Merck & Co has a current market cap of $196.12 billion. In 2020, Merck & Company had a return of -10.06%. This annual return underperformed the 11.43% annual return of the broader S&P 500 Healthcare Index (S5HLTH). Shares of Merck & Co. trended the same throughout 2020, but overall, the company significantly underperformed the S5HLTH Index. In 2019, sales were $46.840 billion. In 2020, sales rose 2% to $47.994 billion. This light growth was attributable to the animal health sales and oncology sales. In 2020, Merck & Co completed acquisitions of ArQule, OncoImmune, VelosBio, and Themis to name a few. Through these acquisitions, Merck & Co. has been able to develop potential COVID-19 treatments. The company continues to develop and refine these treatments.
JOHNSON & JOHNSON

Ticker: JNJ

Beta: .59

Description

Johnson & Johnson is a manufacturer of health care products. The firm provides services for several markets including consumer, pharmaceutical, and medical devices and diagnostics. The company sells a variety of products including skin care, hair care, pharmaceuticals, and surgical equipment to a worldwide customer base. The firm’s pharmaceuticals segment accounts for roughly half of annual revenue, medical devices make up about 30%, and the consumer segment accounts for the remaining 15% of sales.

Performance

When compared with the S&P 500 healthcare sector (S5HLTH) return of 1.97%, Johnson & Johnson had a return of 3.37%, which outperformed the sector by 1.40% over the last three weeks of 2020, when the company was held by the fund. Johnson & Johnson spent many resources to develop the first single-shot COVID-19 vaccination which also had the benefit of easy storage and transportation compared to competitors. However, during trials of its vaccine, participants experienced unexplained illness, causing Johnson & Johnson to pause its trials. In May, the firm stopped selling its talc baby powder in the United States and Canada after facing over 19,000 lawsuits from consumers. Johnson & Johnson is expected to see growth in both earnings and revenue throughout 2021.
Description

3M Company operates in industrial, electronics, and health care markets, among many others. The firm shares technologies and manufacturing operations across their business. 3M has a global customer base. The firm’s safety and industrial segment generates around 35% of revenue, transportation & electronics make up roughly 30%, health care is over 20%, and 15% comes from its consumer business.

Performance

When compared with the S&P 500 industrials sector (S5INDU) return of 7.07%, 3M had a return of -0.92%, which underperformed the sector by 7.99% in 2020. 3M faced a large demand for its products early in the COVID-19 pandemic. The firm announced its plan to produce over one billion N-95 masks by the end of 2020. In addition, 3M partnered with MIT in an effort to develop an affordable rapid COVID-19 test. The firm also teamed up with Ford and General Motors to manufacture ventilators and respirators to be used for some hospitalized COVID-19 patients. 3M is expected to see a sharp increase in revenue with a modest increase in earnings throughout 2021.
HONEYWELL INTERNATIONAL INC.
Ticker: HON
Beta: 1.29

Description

Honeywell International Inc. operates as a technology and manufacturing company. The company has a global customer base. Honeywell provides aerospace products and services and security technologies for commercial buildings, among many others. The firm’s aerospace segment accounts for about 40% of revenue, performance materials and technologies are almost 30%, Honeywell building technologies is over 15%, and the safety and productivity solutions segment is also over 15%.

Performance

When compared with the S&P 500 industrials sector (S5INDU) return of 7.07%, Honeywell had a return of 20.17%, which outperformed the sector by 13.10% throughout 2020. Early in 2020, Honeywell released a new supercomputer, called the Quantum Computer, which is designed to compete with Google and IBM. Additionally, the firm was added to the Dow Jones Industrial Average in late August. To combat the spread of COVID-19, Honeywell expanded their face mask production in Europe and developed a new UV Cabin System designed to disinfect airplane cabins. Honeywell is expected to see both revenue and earnings increase throughout 2021.
Description

Resideo Technologies, Inc. produces security and home comfort products and services. They offer low voltage devices that are connected. These devices deliver access to monitoring and alert features. The company has a global customer base.

Performance

When compared with the S&P 500 industrials sector (S5INDU) return of 7.07%, Resideo Technologies had a return of 78.21%, which outperformed the sector by 71.14% throughout 2020. In early 2020, Resideo Technologies acquired Herman ProAV, which is an audio-visual equipment distributor. Resideo quickly became a top performer for 2020 after posting much stronger than expected third quarter results. Near the year’s end, the firm issued an additional 17 million shares of common stock to the public. Resideo Technologies is expected to see increasing revenue and slightly declining earnings throughout 2021.
UNION PACIFIC CORP.
Ticker: UNP
Beta: 1.08

Description

Union Pacific Corporation is a company involved in rail transportation. Their railroad transports a variety of goods. The company transports these goods by offering long-haul routes from gulf coast and west coast ports to eastern portions of the United States. Their rail system also connects with Canadian and Mexican rail systems. Their railroad freight services account for nearly 95% of sales.

Performance

When compared with the S&P 500 industrials sector (S5INDU) return of 7.07%, Union Pacific had a return of 15.17%, which outperformed the sector by 8.10% throughout 2020. Union Pacific faced several challenges in 2020, including a train derailment in Arizona which caused a partial bridge collapse and fire. Also, the firm’s Bailey Yard in Nebraska saw many rail cars loaded with automobiles destroyed by a fire. As a result of the COVID-19 pandemic, many employees were required to take required unpaid leaves of absence. By the end of the year, however, the firm paid approximately 31,000 $1,000 bonuses to its employees. Union Pacific is expected to see increases in both revenue and earnings in 2021.
RAYTHEON TECHNOLOGIES CORP.

Ticker: RTX

Beta: 1.60

Description

Raytheon Technologies Corp primarily sells aircraft. They offer products such as engines and components, among others. Raytheon Technologies has a global customer base. Customers in commercial and industrial sectors account for around 40% of total revenue. The commercial aerospace market makes up almost 45%, and the aerospace sector is over 15%.

Performance

When compared with the S&P 500 industrials sector (S5INDU) return of 7.07%, Raytheon Technologies had a return of -24.13%, which underperformed the sector by 31.20% throughout 2020. Raytheon Technologies suffered in late 2020 after China imposed sanctions against several U.S. military contractors. In addition, the firm conducted a restructuring of their workforce in response to the COVID-19 pandemic by cutting 15,000 jobs in the second half of the year. Although the firm faced many challenges in 2020, Raytheon Technologies is expected to see increasing revenue and earnings for 2021.
Description

IBM was originally founded as the Computing-Tabulating-Recording (C-T-R) Company in 1911, before renaming as International Business Machines in 1924. IBM’s headquarters are in Armonk, New York. IBM is a worldwide technology company that offers computer services and products. IBM offers application, technology support and consulting, process design and operations, cloud, and network services. IBM also offers business resiliency, strategy, and design solutions for their customers. IBM currently has a market capitalization of $114.67 billion.

Performance

International Business Machines Corp. saw a -7.04% return for 2020, compared to a 39.79% return for the S&P 500 Information Technology Index (S5inft). IBM’s negative return for 2020 can be attributed to a 30.6% decrease in financing revenue and a 23.9% decrease in operating lease revenue from the year prior. The 30.6% decrease in financing revenue was caused by IBM’s decision to wind down their Original Equipment Manufacturer (OEM) operations. This decision to wind down OEM operations is part of IBM’s long-term strategy to reduce debt.
ADOBE INC.
Ticker: ADBE
Beta: .81

Description
Adobe Inc develops computer software technology. Their products allow their users to use information through electronic and print media. The firm offers a variety of products including a line of application software products and type products, among others. The company’s Digital Media segment generates about 70% of revenue while its Digital Experience segment generates about 30%, and the Publishing unit accounts for less than 5% of annual revenue.

Performance
When compared with the S&P 500 information technology sector (S5INFT) return of 42.21%, Adobe had a return of 51.64%, which outperformed the sector by 9.43% throughout 2020. At the end of 2020, Adobe discontinued support for the Adobe Flash software. Instead, the firm’s customers will now be encouraged to switch to the new Adobe HTML5 software. Additionally, the firm made several updates to its photoshop program by adding new features and improving usability across all platforms. Adobe is expected to see growth in both revenue and earnings in 2021.
APPLE INC.
Ticker: AAPL
Beta: 1.04

Description

Apple, Inc. designs and manufactures computers and mobile communication devices. To complement their products, they also design related software and services to support their product line. Apple has a global customer base through online and retail stores, and third-party sellers. The iPhone accounts for 55% of sales, while other products, such as the Mac desktop and laptop computers, along with the iPad, make up roughly 10% or less each. Their services are the second biggest revenue producer, accounting for approximately to 20% of revenue. Their Wearables, Home and Accessories segment of their business accounts for the remainder of their sales.

Performance

When compared with the S&P 500 information technology sector (S5INFT) return of 42.21%, Apple had a return of 80.75%, which outperformed the sector by 38.54% throughout 2020. Throughout 2020, Apple released several new products, including Apple Fitness+, new Apple watches, new iPads, new AirPods, and a new iPhone. Additionally, the firm released the iOS 14 software and the new M1 chip, which is designed specifically for Mac computers. Apple is expected to report an increase in revenue and earnings throughout 2021.
APPLIED MATERIALS INC.
Ticker: AMAT
Beta: 1.56

Description

Applied Materials, Inc. develops and manufactures semiconductor wafer fabrication equipment along with related parts for the global semiconductor industry. The company’s customers include integrated circuit manufacturers and other manufacturers of electronic devices. Semiconductor Systems make up more than 60% of revenue, applied global services around 25%, and the display and adjacent markets segment accounts for about 10% of revenue.

Performance

When compared with the S&P 500 information technology sector (S5INFT) return of 42.21%, Applied Materials had a return of 41.38%, which underperformed the sector by 0.83% throughout 2020. During 2020, one of the highlights for the firm was their newly developed technology which both reduces the number of materials required in chip making as well as increases chip speed. This chip technology has already seen strong demand across the globe, leading to the firm’s strong performance in the last three months of 2020. Applied Materials is expected to see strong growth in revenue and earnings throughout 2021.
Description

Lam Research Corporation was founded in 1980 by David Lam to improve the semiconductor market. LRCX has headquarters in Fremont, California. LRCX designs, produces, and repairs semiconductor processing equipment used in the fabrication of integrated circuits on a global scale. LRCX’s processing equipment is used to deposit films on a silicon wafer that etches away portions of film to create a circuit. LRCX currently operates with a market capitalization of $79.07 billion.

Performance

Lam Research Corp. provided a staggering 58.54% return in 2020, outpacing the S&P 500 Information Technology Index by 18.75%. In 2020, LRCX saw revenues increase by about 4%, which is due to a stronger customer demand for semiconductor equipment. Semiconductors were (and continue to be) in extremely high demand because they are used in nearly all sectors of the economy. Technological advancement also places a huge demand on semiconductors. In the future, LRCX plans to continue investing heavily in innovation.
SALESFORCE.COM INC.
Ticker: CRM
Beta: 1.04

Description

Salesforce.com, Inc. was founded in 1999 by Marc Benioff with Parker Harris, Dave Moellenhoff, and Frank Dominguez. CRM has headquarters in San Francisco, California. CRM provides customer relationship management (CRM) services to businesses globally. These services allow customers to use Salesforce.com to manage sales, customer, and operation data. CRM has a current market capitalization of $196.82 billion.

Performance

Salesforce.com Inc. saw a strong return of 33.92% but lagged behind the S&P 500 Information Technology Index (S5INFT) return of 39.79%. CRM’s revenues grew 24% in 2020. This growth in revenue is due to an increase in their number of customers. In the future, CRM is focusing on multi-cloud adoption, increasing enterprise and international customers, and an increase in vertical software solutions.
Description

SolarEdge Technologies, Inc. was founded in 2006 by Guy Sella, Lior Handelsman, Yoav Galin, Meir Adest, and Amir Fishelov. SEDG is currently headquartered in Israel with offices in the U.S., Germany, Israel, Japan, and Italy. SEDG offers solar power optimization and photovoltaic monitoring solutions worldwide. Their products include power optimizers, solar inverters, monitoring equipment and accessories for power harvesting, conversion, and efficiency. SEDG currently has a market capitalization of $15.16 billion.

Performance

SolarEdge Technologies Inc. is the Bauhard Fund’s top performer which provided a 213.45% return. This strong return outpaced the S&P 500 Information Technology Index (S5INFT) by a staggering 173.66%. In 2020, SEDG saw a 2.5% increase in revenue and a -0.8% decrease in net income. SEDG’s strong return can be attributed to overall growth in the solar industry. By maintaining a stable position in 2020, SEDG was able to realize this growth. Going forward, SEDG is focused on incorporating their battery technology into all their products and expanding their customer base in viable countries.
VISA INC.
Ticker: V
Beta: 1.03

Description

Visa, Inc. originally known as the BankAmericard, was created in 1958 by Bank of America. In 1976, BankAmericard was renamed to Visa. The company currently has headquarters in Foster City, California. Visa facilitates a worldwide network of electronic payments and global financial services. The company provides financial institutions with their products that are then used by the financial institutions to transfer value and information. Visa has a current market capitalization of $494.92 billion.

Performance

Visa experienced a small return in 2020, returning 14.45%, 25.34% below the S&P 500 Information Technology Sector (S5INFT). In 2020, V saw a 10% decrease in revenues from the year prior. This decline in revenues is attributed to declines in transactions resulting from COVID-19. V is focusing on consumer payments, new flows and value-added services, and strengthening their technology, security, and brand in order to grow.
Materials

NUCOR CORP.
Ticker: NUE
Beta: 1.11

Description

Nucor Corporation was formerly known as Vulcraft but was renamed in 1972 to its current title. NUE is currently headquartered in Charlotte, North Carolina. NUE produces steel products. These products include carbon and alloy steel, steel joints, steel deck, cold finished steel, steel grinding balls, steel bearing products, and metal building systems. NUE also serves as a broker for ferrous and nonferrous metals (pig iron and HRI/DRI), supplies ferro-alloys, and processes ferrous and nonferrous scrap. NUE operates with a current market capitalization of $20.58 billion.

Performance

Nucor Corp. saw a -3.50% return in 2020 which underperformed the S&P 500 Materials Index (S5MATR) return of 19.59%. In 2020, NUE saw a 11% decrease in revenues, which can be attributed to COVID-19. The COVID-19 pandemic led to lockdowns worldwide that lowered steel demand and prices in the industry. Through all four quarters of 2020, NUE revenues underperformed from the year prior quarters. NUE plans on optimizing their existing operations, greenfield expansions, and acquisitions to help facilitate long-term growth.
Description

Reliance Steel & Aluminum Co. was founded in 1939 and was originally named Reliance Steel Products Co. before renaming to their current title in 1944. RS is currently headquartered in Los Angeles, California. RS distributes and processes steel and aluminum. Their products include carbon, alloy, stainless and specialty steel, aluminum, brass, and copper. RS operates with a current market capitalization of $9.51 billion.

Performance

Reliance Steel & Aluminum Co. was purchased on November 18th in 2020 and realized a 0.65% return for 2020, which underperformed the S&P 500 Materials Index return of 3.74%. RS saw a 19.7% decrease in revenues from record high revenues in 2019, because of COVID-19 economic circumstances. COVID-19 shutdowns/restrictions lowered steel demand, prices, and efficiency in 2020. Despite these harsh conditions, RS was able to achieve record gross profit margins in 2020. RS will continue to focus on providing the highest levels of quality and service to customers while optimizing efficiency.
Real Estate

PUBLIC STORAGE

Ticker: PSA

Beta: .73

Description

Public Storage started as Private Storage Spaces Inc. in 1972 but renamed shortly after to its current title. PSA is headquartered in Glendale, California. PSA is a Real Estate Investment Trust (REIT) that develops, acquires, owns, and operates self-storage facilities in the U.S. and has equity invested in self-storage facilities within Europe. PSA has a market capitalization of $42.29 billion.

Performance

Public Storage provided a return of 9.23% for 2020 and greatly outperformed the S&P 500 Real Estate Index (S5RLST) by 13.12%. The S5RLST lagged in 2020 and provided a negative return of -3.90% for 2020. PSA revenues increased by about 2% in 2020. This small growth in revenues is due to COVID-19. COVID-19 restricted PSA’s ability to use certain facilities, increase rent, collect rent, evict delinquent tenants, and complete projects. COVID-19 negatively affected PSA’s customers’ ability to pay rent because of shutdowns and restrictions. For future growth, PSA is focusing on improving current facilities and acquiring and developing facilities.
Description

Prologis Inc. was formed in 2011 with the merger of AMB and ProLogis (two multinational real estate companies). PLD has headquarters in San Francisco, California. PLD is a Real Estate Investment Trust (REIT) that owns, operates, and develops logistics facilities. These facilities are then leased to manufacturers, retailers, transportation companies, third-party logistics providers, and other customers. PLD operates with a current market capitalization of $74.50 billion.

Performance

Prologis, Inc. was purchased on November 25th of 2020 and provided a 0.73% return, which is 0.85% higher than the S&P 500 Real Estate Index (S5RLST) negative return of -0.12%, within the same time span. PLD’s revenue increased 34% in 2020 from the year prior. This increase in revenue is due to PLD’s rental segment, strategic capital segment, and development management and other segment all increasing from 2019. PLD’s strategy includes rent growth in the market, creating value from new projects, and working on initiatives to create more value than just real estate.
Utilities

AMERICAN ELECTRIC POWER CO.

Ticker: AEP
Beta: .85

Description

American Electric Power Co. was founded as The American Gas and Electric Company in 1906 and replaced Electric Company of America (a holding company created in 1899). The American Gas and Electric Company renamed to American Electric Power Co. in 1958. Headquarters for AEP are in Columbus, Ohio. AEP is a holding company for public utilities. Their holdings generate, distribute, and sell electricity to the general public and commercial customers in Ohio, Michigan, Indiana, and some midwestern states. AEP currently operates with a market capitalization of $41.38 billion.

Performance

Finishing 2020 with a return of -10.90%, American Electric Power Co. was 9.44% below the S&P 500 Utilities Index (S5UTIL) return for the year. The S5UTIL Index returned a -1.47% for 2020. In 2020, AEP’s revenues decreased by 4%. This decrease is largely due to a decrease in sales in their Vertically Integrated Utilities segment. This segment is responsible for the generation, transmission, and distribution of electricity. AEP’s long-term strategy includes a net-zero carbon dioxide emissions by 2050 and transforming their portfolio to renewable energy.
**DUKE ENERGY CO.**

Ticker: DUK  
 Beta: .82

**Description**

Duke Energy Co. started in 1900 as Catawba Power Company, by Walker Gill Wylie, before renaming to Southern Power Company (in 1905) and Duke Power (in 1927). Duke Power merged with PanEnergy in 1997 to form Duke Energy Co. DUK is currently headquartered in Charlotte, North Carolina. DUK is a utility company that owns a network of energy assets used to provide their customers with natural gas and electric supply, delivery, and trading in the Carolinas, Florida, Ohio, Indiana, Kentucky, and Latin America. DUK operates with a market capitalization of $71.24 billion.

**Performance**

Duke Energy Co. was purchased on October 13th of 2020 and provided a return of -0.07 % for the remainder of 2020. However, DUK slightly outperformed the lagging S&P 500 Utility Index (S5UTIL) by 0.98% in the same time span. in 2020, DUK’s revenues decreased by about 5% from 2019. DUK’s long-term strategy is to achieve a net-zero carbon emissions by 2050 and to modernize their current facilities.

![Chart showing stock price movements from October 15 to December 31, 2020. The chart includes a line graph with the last price set at 280.00 and the range from 195.50 to 280.00. The stock price shows fluctuations throughout the period, with notable peaks and troughs. The chart also includes a legend with symbols for DUK, S5UTIL, and S5UTIL Index.]
Spin Offs

ADVANSIX INC.
Ticker: ASIX
Beta: .90

Description

AdvanSix Inc. originally operated as Honeywell’s Resins and Chemicals division until 2016, when they were spun off as an entirely new entity. Headquarters for ASIX are in Parsippany, New Jersey. ASIX manufactures polymer resins along with products for plastics, fibers, filaments, films, electronic components, carpets, sports apparels, fishing nets, and industrial packaging. ASIX has customers in over 40 countries. ASIX has a current market capitalization of $0.78 billion ($781 million).

Performance

AdvanSix Inc. realized a small return of 0.91% for 2020 but underperformed the S&P 500 Materials Index (S5MATR) return of 19.59%. In 2020, ASIX’s revenues decreased by nearly 11% but their gross margin increased by 1.2%. ASIX’s long-term strategy is to enhance product portfolio resiliency, reduce production costs, and execute on cost-savings projects.
CARRIER GLOBAL CORP.
Ticker: CARR
Beta: .58

Description

Carrier Global Corporation is a manufacturer of HVAC equipment. The firm offers heating, air-conditioning, and refrigeration to its customers. Carrier Global has a worldwide customer base. The company is a spin off from Honeywell which began on March 19, 2020.

Performance

When compared with the S&P 500 industrials sector (S5INDU) return of 64.97%, Carrier Global had a return of 195.84%, which outperformed the sector by 130.87% since March 19, when the firm was acquired by the fund. Shortly after the firm’s spin off from Honeywell, it was added to the S&P 500 index. Additionally, Carrier Global entered into a partnership with Amazon in order to enhance the delivery of refrigerated goods. In late 2020, the firm sold its stake in Beijer Ref AB for roughly $1.1 billion. Carrier Global is expected to see a sharp increase in revenue with a modest increase in earnings throughout 2021.
OTIS WORLDWIDE CORP.

Ticker: OTIS

Beta: .45

Description

Otis Worldwide Corporation manufactures and maintains building systems. The firm sells products such as elevators and escalators, as well as other similar products. Otis Worldwide has a global customer base. The company is a spin off from Honeywell which began on March 19, 2020.

Performance

When compared with the S&P 500 industrials sector (S5INDU) return of 64.97%, Otis Worldwide had a return of 50.11%, which underperformed the sector by 14.86% since March 19 when the firm was acquired by the fund. One of the top highlights for Otis Worldwide in 2020 is the acquisition of Bay State Elevator. In late 2020, Otis had to recall roughly 5,000 private home elevators after receiving reports of user spinal and abdominal injuries. As a result of the COVID-19 pandemic, the firm explored new technology for its elevators that are more hygienic to use. Otis Worldwide expects to see both revenue and earnings increase throughout 2021.
PORTFOLIO PERFORMANCE

Narrative of Performance

Throughout the year, the managers of the Bauhard Fund made several additions to the actively managed portion of the portfolio, which encompassed just under 94 percent of its total assets at year’s end. Despite a complex year due to extreme uncertainties posed by the COVID-19 pandemic, the Bauhard Fund was able to return 29.72 percent in 2020; this increased the total value of our holdings from $190,097.87 on January 1, 2020, to $240,509.34 on December 31, 2020.

The managers of the Bauhard Fund purchased several equities in 2020. In the Spring semester, the fund added an equity position in AT&T; in the Fall semester, the fund added equity positions in Duke Energy, Walmart Inc, Reliance Steel & Aluminum Co, Prologis Inc, Johnson & Johnson, and ViacomCBS Inc. In total, these acquisitions cost $17,812.71.

Additionally, prior to its merger with Raytheon, United Technologies’ Board of Directors approved the spin-off of both United’s Carrier and Otis subsidiaries, which resulted in the Fund acquiring equity positions in both Carrier Global and Otis Worldwide. The fund also experienced a four-to-one stock split with its position in Apple, which resulted in the fund’s 35 shares splitting into 105 shares.

Fund performance vs. S&P 500
The figure above shows the actively managed portion of the Bauhard Fund (about 94 percent of the portfolio’s assets at year-end) graphed against our S&P 500 benchmark; the graph does not include the performance of the fund’s position in a Vanguard S&P 500 tracking mutual fund (VFIAAX) where reserve funds and a small cash position is held. Noted in the figure, the actively managed portion of the Bauhard Fund returned an impressive 29.72 percent, while the S&P 500 index returned only 18.39 percent. Our 11.33 percent gain over the index can be attributed to gains across multiple sectors, as will be outlined later. Additionally, it should be noted that the fund’s position in the Vanguard mutual fund (approximately 5 percent of the fund’s total assets) returned an annualized rate of 18.37 percent, which nearly perfectly mirrored our benchmark S&P 500 Index and contributed additional gains to the portfolio.

Performance Differences

The above figure shows the performance of the Bauhard Fund for the year ending December 31, 2020. The S&P 500’s returns are graphed along the horizontal x-axis, and the Bauhard Fund's performance relative to the S&P appears in red (when negative) and green (when positive). The fund had a mixed performance from January to early May and had a positive performance from the latter half of May through the end of December. As the year progressed, the fund’s margins against the S&P widened—eventually surpassing 11 percent. Much of this is owed to the fund’s concentration in the Information Technology sector.
The above chart shows the Value at Risk (VaR) for the actively managed portion of the Bauhard Fund. Value at Risk is a statistical measure of the level of financial risk within a firm, portfolio, or position over a specific period of time. The chart above depicts the Bauhard Fund’s VaR distributed across all sectors over the 2020 calendar year. Altogether, the fund’s VaR in 2020 totaled 32.38 percent, which is helpful in quantifying the significant impact and uncertainty of the COVID-19 pandemic. For example, the fund’s VaR in 2019 was merely 16.11 percent. Still, despite these macroeconomic uncertainties, the fund came out of 2020 performing extremely well. With this higher risk came higher expected returns; this was strongly evidenced by the fund’s two highest VaR sectors—Information Technology and Consumer Discretionary—which contributed to the fund’s highest sector returns of 76.40 percent and 31.90 percent respectively. Not surprisingly, these two sectors held a concentration of 56.55 percent of the fund’s Value at Risk.
The heat map above illustrates the total return for the actively managed portion of the Bauhard Fund by utilizing color to indicate individual sector contribution to the portfolio. The fiscal year 2020 was a year of extreme volatility; the COVID-19 pandemic toppled equity prices near the end of the 1st quarter. Still, equity prices made impressive leaps back to their pre-pandemic levels and in some cases even surpassed those levels. Information Technology had the highest return for the year at 76.40 percent. This sector contained 3 out of the 5 of the fund’s top performers in 2020 and represented 33.43 percent of the entire fund. Consequently, Information Technology had a major impact on the 29.72 percent positive return of the entire fund, which is indicated by the bright green color on the heat map. Other significant gains in the portfolio included a positive return of 31.90 percent in Consumer Discretionary and 17.64 percent in Industrials, which made up 12.87 percent and 12.73 percent of the fund.
The chart above shows the fund’s top five and bottom five equity performers for 2020. Of the top five performers, three of the five are from the information technology sector, and these three commanded the fund’s most significant gains. This further illustrates the impact this sector had on the portfolio throughout the year. In the bottom 5 performers, our losses are diversified across four different sectors. Although these equities ended with negative returns for the year, managers believe they are still fundamentally good companies and add value through their contribution to our diversification. Truist, Bank of America, AT&T, Exxon Mobil, and Garrett Motion were among the hardest hit companies by the pandemic, but we appreciate the fact that they provide our fund with balance in different market situations. Overall, student analysts were satisfied with positive returns across the broader portfolio and felt no reason to liquidate our positions in any of the bottom five companies listed above.
The table above shows the dividend yield of each sector in the Bauhard Fund during the 2020 year. Cash yielded from each equity is directly reinvested into the stock it is yielded from. This technique is called “DRIP”. As the Bauhard Fund receives more dividends from its equity positions, our investment in those dividend-paying companies grows. This dividend reinvestment plan allows the managers of the fund to acquire additional stock at a lower cost. DRIP is an important function of the Bauhard Fund and acts as an additional source of cash flow for the entire fund.
Performance Measures

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<tr>
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<th>Bauhard Fund</th>
<th>S&amp;P 500</th>
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</thead>
<tbody>
<tr>
<td>Return</td>
<td>29.72%</td>
<td>18.39%</td>
</tr>
<tr>
<td>Required Return</td>
<td>20.01%</td>
<td>18.39%</td>
</tr>
<tr>
<td>Beta</td>
<td>1.093</td>
<td>1</td>
</tr>
<tr>
<td>Jensen's Alpha</td>
<td>9.71%</td>
<td></td>
</tr>
<tr>
<td>Treynor Ratio</td>
<td>26.34%</td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the performance of the Bauhard Fund during 2020. The Jensen’s Alpha value of 9.71 percent indicates a successful year for the portfolio, as the fund returned 9.71 percent more than it was expected to, based on its benchmark return and its risk profile. This value was calculated by taking the Bauhard Fund’s 29.72 percent return minus its 20.01 percent expected return. The expected return was calculated using a risk-free rate of 0.93 percent, based on the ten-year U.S. treasury bill rate, a market return of 18.39 percent, based on the S&P 500, and a portfolio beta of 1.093. The portfolio beta was calculated by taking a weighted average of all of the component equities’ betas. The 1.093 beta for the Bauhard Fund indicates that the portfolio possesses slightly higher risk than our benchmark S&P 500 Index. Similarly, the Treynor Ratio shows the rate of return the fund should expect to earn for each additional unit of risk it possesses. The Treynor Ratio showed that the rate of return for the Bauhard Fund, adjusted for the extra risk that it possessed, should have been 26.34 percent. Given the fund returned nearly 30 percent in 2020, this is yet another metric that points to success.

Total Portfolio Value

<table>
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<tr>
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<th>Dec 31, 2019</th>
<th>Dec 31, 2020</th>
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</thead>
<tbody>
<tr>
<td>Total Equities</td>
<td>$163,354.73</td>
<td>$225,034.27</td>
</tr>
<tr>
<td>Total Mutual Funds</td>
<td>$26,399.40</td>
<td>$15,072.68*</td>
</tr>
<tr>
<td>Total Cash</td>
<td>$343.74</td>
<td>$402.39</td>
</tr>
<tr>
<td>Total Portfolio Value</td>
<td>$190,097.87</td>
<td>$240,509.34</td>
</tr>
</tbody>
</table>

*The Bauhard Fund’s year-over-year Mutual Fund balance decreased because it was liquidated in order to fund new equity purchases for the fund’s actively managed portion
The Bauhard Fund Portfolio grew its total assets by $50,411.47 or 26.52 percent in 2020. The fund liquidated some of its Vanguard mutual fund holdings and used cash to make its equity purchases throughout the year. Overall, the managers of the Bauhard Student Managed Investment Fund consider 2020 a successful year for the portfolio. The fund outperformed its target index and produced a positive Jensen’s Alpha. This indicates that the decisions made by past and present student managers regarding sector allocation and individual equity selection were prudent and yielded significantly higher returns than those realized by our benchmark S&P 500 index.
LESSONS LEARNED

“Managing the Bauhard Investment Fund this past year has been a great experience. Ever since I stepped foot on campus as a freshman, this experience was something I always looked forward to. Being able to manage a real portfolio and invest in real companies was a priceless opportunity. Rather than just reading out of a textbook, I was able to apply what I was learning in class to the management of the portfolio. I have learned valuable skills that I can take with me throughout my career, as well as my personal life. The experience I have gained from managing the Bauhard Investment Fund will give me an excellent start to my finance career.”

- Zach Ciboron

“Being able to manage the Bauhard Fund Portfolio has been a great experience. I have learned so much in the past year about stocks and how to run a successful portfolio. This class really helped me become a better student and showed me what it takes to be a true professional. This past year I have improved my presentation skills, communication skills, and teamwork skills thanks to this class. Before taking this class, I had limited knowledge of how the stock market and stock valuations worked but now I believe I could confidently invest for myself and teach others about the market as well. I will continue to carry forward the knowledge I have learned from this class throughout my professional career.”

- Cameron Barnes

“The Student Managed Investment Fund has given me hands-on experience with managing a portfolio. By managing the fund, students are responsible for security selection, asset allocation, and balancing the portfolio. Working with real money requires you to take each decision you make seriously. I will undoubtfully use the information I learned from managing the fund in my professional career.”

- Wyatt Gleason

“Being able to actively manage the Bauhard Fund was a tremendous, first-hand experience. From analyzing companies to analyzing the fund’s current situation, many factors go into the decision of adding or removing a stock. This process allowed me to gain experiences that are very applicable to my personal finances. I am extremely grateful to have been able to learn from this experience.”

- Mark Barrientos

“My experience as a student manager for the Bauhard fund has been great. These two semesters have taught me so much. Before I had taken this class, I thought I knew a lot about finance, but this class had so much more to teach me. I have learned how to value companies, what macro and microeconomic things to watch for on the market and various things about managing an investment portfolio. After taking this class I feel so much more like a financial professional.
This class has made me more comfortable understanding the investment world and has given me the confidence to invest my own money.”

- Alex Dayton

“I have learned a tremendous amount through my two semesters on the portfolio management team. This opportunity is a great way to learn how to manage equities with real money and real investments. Learning how to conduct valuations has definite value and will benefit my personal investing decisions in the future. It is a great lesson of what to look for when analyzing financial statements, comparing companies to their peers, and determining which factors are most important to consider. Overall, the biggest lesson I will take away from my time on the portfolio management team is knowing ways to think through investment decisions. I learned a lot about using the top-down investment strategy specifically and plan to use that for my personal investment decisions in the future.”

- Justin Peterson

"Participating as a student manager of the Bauhard fund has given me an experience that I will never forget. It has provided me with the valuable opportunity to gain real world expectation and knowledge in portfolio management. This class not only taught me to be professional in portfolio management, but how to corparate with team of peers. The fund also made me get used to stay up to date with the market and news surrounding. I am pretty sure this experience can be beneficial to my future career in the finance industry.”

- Yutong Li

"Participating in the management of the Bauhard Fund was an incredible hands-on experience and one of the highlights of my academic career at UNK. I believe I am more marketable having actually valued real companies, managed real money, and participated in real decision-making conversations that likely confront finance professionals each day. Not only do I believe this experience helped to prepare me for a career in professional financial management in the future, but I also believe it has been incredibly valuable for me at the present time in my personal life; as I look to begin investing early for retirement, I feel more confident in my ability to manage my own investments, which could save me a significant amount of money in the long run."

- Max Beal

“Managing the Bauhard Investment Fund has been such a beneficial learning experience. All of the tactics and procedures that I have learned from managing the fund make up the foundation of my portfolio knowledge. I have a high level of confidence when making investment decisions for myself, all thanks to the Bauhard Fund.”

- Daniel Alvarez
STUDENT ANALYSTS

Fall 2020-Spring 2021 Portfolio Management Team

Top Row (L to R): Daniel Alvarez, Yutong Li, Max Beal
Middle Row (L to R): Justin Peterson, Alex Dayton, Mark Barrientos
Bottom Row (L to R): Wyatt Gleason, Cameron Barnes, Zach Ciboron