

Q4 Quarterly Report

Bellarmino University
Investment Group



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Executive Summary

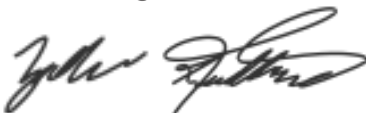
The fourth and final quarter of the year for the Bellarmine University Investment Group (BUIG) provided a performance that was well above our performance benchmark. When considering the recent presidential election and the optimism for the upcoming 2021, our recent performance was expected but very welcoming. Looking at our group from an operational view, we have continued to work together online having meetings on TEAMS to keep having expansive group discussions and reports of our stocks. We've continued to work on becoming more adjusted to online meetings and the growth of daily technology as a whole. We have kept expanding as a group leading us to become a better group as a whole. As we go into the next year, we are excited to continue the recruiting process and to create an environment for the new leaders of the group in the upcoming semester. Although we are still in very uncertain times, our group has maintained a positive outlook on the events that have challenged us, and the numerous obstacles we will face later on.

The Sustained Equity Balanced Fund (SEBF) saw an absolute return of 10.29%, which was greatly accepted beating our Q4 performance benchmark 302 basis points. With the combination of an optimistic market and a positive outlook from our old and new stocks, we have performed quite well over the final quarter. Due to the final report of 2020, we are also glad to say that the SEBF grew 14.24% over the past year, beating the performance benchmark of 12.38% by 186 basis points. While the market grew a lot through the past quarter, we feel as the SEBF has done better due to our specified securities. As the group moves on from 2020, we will continue to seek out these securities and better ourselves as the BUIG.

As the Fall 2020 semester came to a close with our online meetings, the executive board will maintain and continue the online meetings for the upcoming Spring 2021 semester. However, we were still able to give back to our wonderful Louisville community through our service event this past semester with SGA called Cantober. We have also been able to utilize the Rubel School's various social media accounts to help increase awareness of our group at Bellarmine and throughout Louisville. Unfortunately, due to the continued rise of COVID-19 cases and deaths, our situation has still been severely damaged from what the group was able to do before COVID-19. Because of the current COVID-19 conditions, the group has not been able to backtest our securities. Because of this, the importance of Y-Charts keeps growing through our group where we can grow our knowledge by the information that is provided. In the upcoming semester, we are focused on continuing to encourage member professional growth while our transition into a new executive board for the upcoming Spring 2021 semester and the foreseeable future.

As the group enters a new year, we will continue to analyze securities based on in-depth company research. The executive team and the group continue to agree that this process is the most effective way to continue to keep a strong portfolio. Beginning with the new year, our new president will also take over. Hayden Petter is a sophomore Finance major and has been a part of the group since freshman year. With the upcoming change in president and more changes in the executive team within the upcoming year, we are very optimistic about what the future of the group holds. With a positive outlook for 2021, we continue looking forward to all the opportunities to increase our knowledge and experience with the market.

Best Regards,



Zachary Kuebbing, President



Megan Makuta, President



Abigail Oetting, VP



Wilkin B. Savery, VP

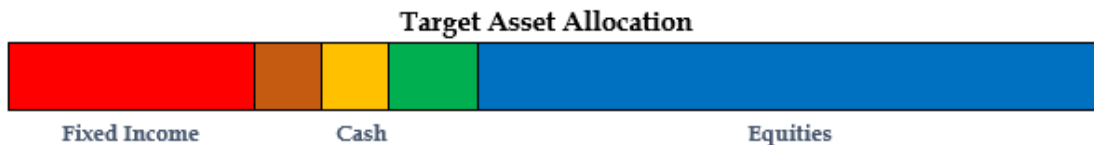


Hayden Petter, Upcoming President

Bellarmino University Investment Group Fund Philosophy

BUIG began operation on December 18, 2014 after gaining the Bellarmine University Finance Committee's approval to invest \$90,000 of the University's endowment fund. A generous donation by Carl Hafele of \$10,000 completed the initial balance.

As a student managed fund, the Sustainable Equity Balanced Fund (SEBF) has two objectives. The first objective is to partake in educational opportunities to ensure that our members gain an enriched knowledge of the equities market, the fixed income market, portfolio management, and any other areas of interest that our members have. The second objective is to achieve superior returns above the benchmark in a risk-controlled fashion. The SEBF aims to hold positions that are trading at a discount to their fair market value, in a healthy financial position, and provide long-term sustainable qualities. SEBF targets an asset allocation of 25-30% fixed income, 65-70% equities, and 5-7% cash.



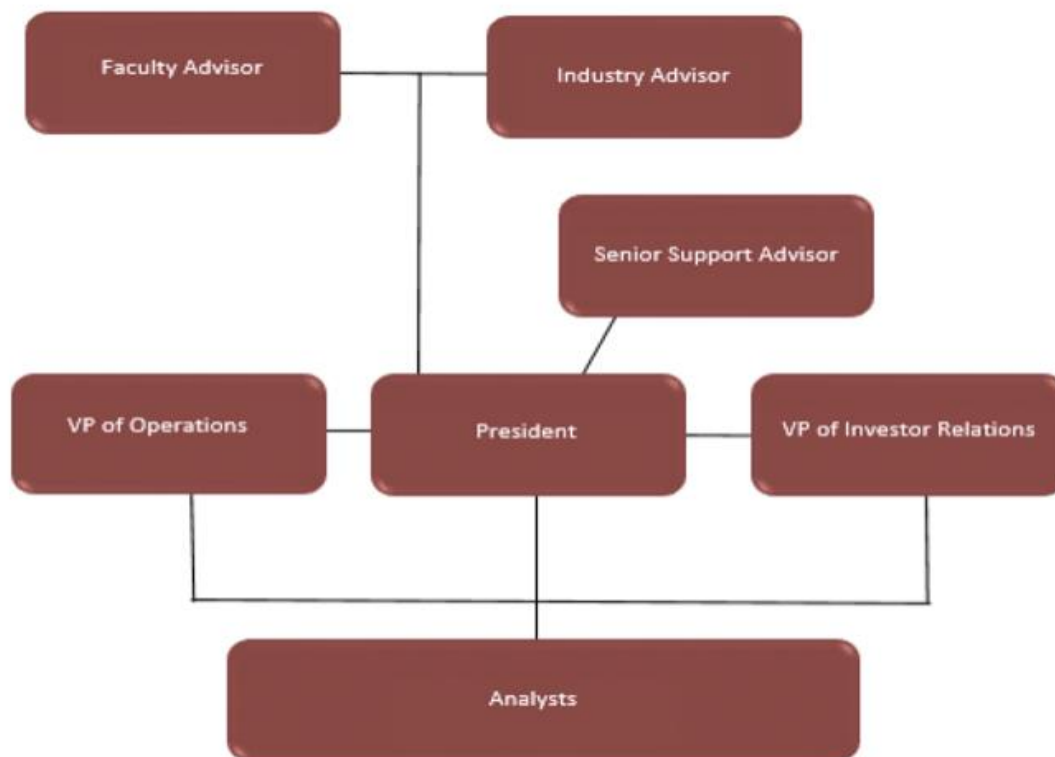
The benchmark for the SEBF is comprised of 65% of the S&P500 and 30% of the Barclay's Aggregate Bond Index to match the intended asset allocation.



February of 2016, the Group received permission to invest in alternative positions up to 10% of the Fund's assets.

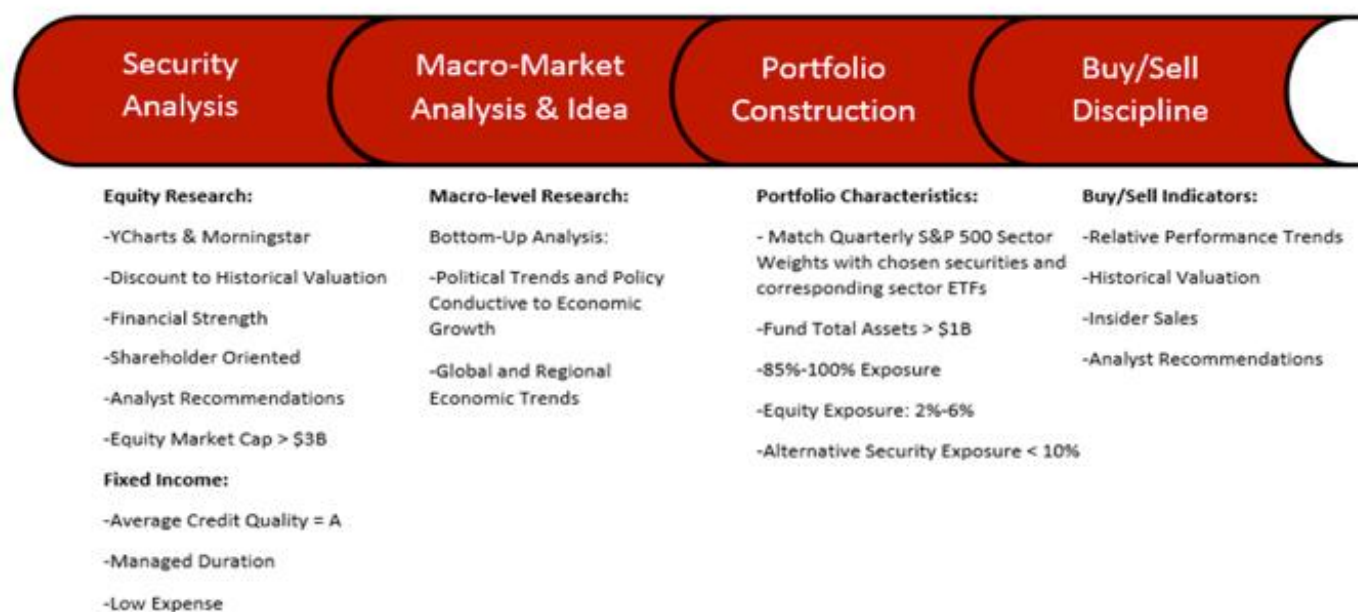
Organizational Structure

BUIG has a pyramidal organizational structure comprised of our advisors, the executives, the senior support advisor, and analysts. The advisors support and moderate BUIG operations and gives the Group access to the network of Louisville financial professionals. The executive board, which consists of the President, the VP of Investment Operations, and the VP of Investment Relations, votes, executes trades on analyst proposals, and ensures the administrative duties of BUIG are complete. The senior support advisor is occupied by the former president and provides insights and advice to the executive team and analysts. Each analyst oversees their holding after it has been approved by the executive team and maintains a watch-list of potential positions to enter. Furthermore, they conduct security specific research on our current positions and provide weekly updates to the Group.



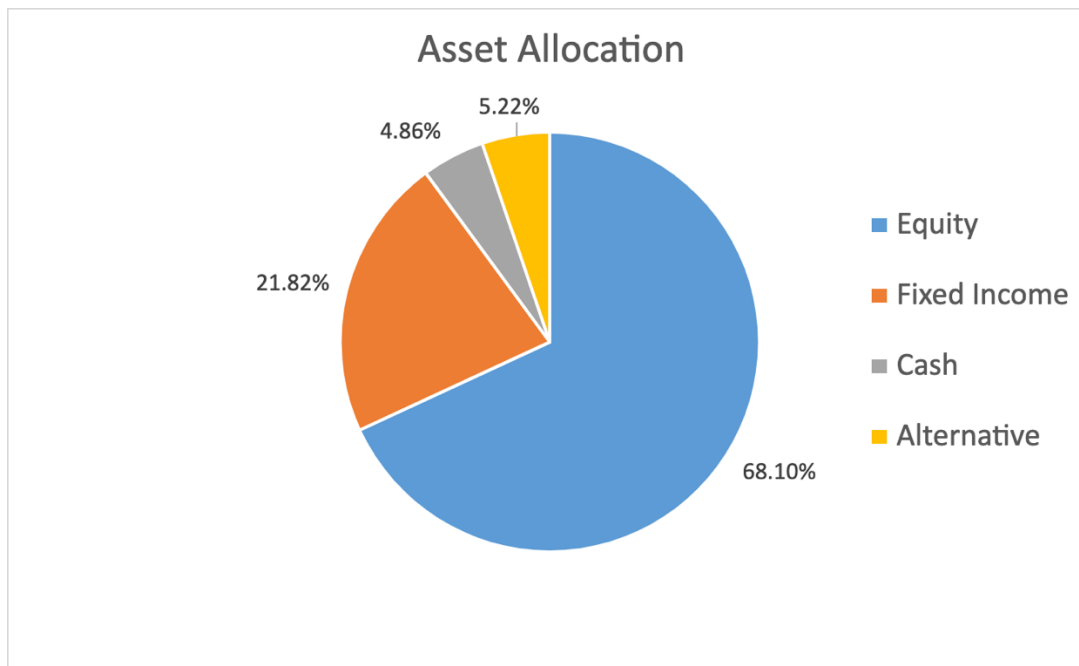
Investment Process

The SEBF utilizes a bottom-up approach when selecting portfolio positions. We first analyze securities with fundamental analysis techniques and evaluate their long-term potential and risk level. Next, we analyze those securities by how they are affected by global economic statistics, trends, and events. When selecting equity positions, we aim to discover companies that have strong business models and products that are well suited for the future and are not susceptible to changing trends or could quickly become obsolete. We use a bar bell approach with the fixed income allocation in order to reduce the overall risk of our fixed income positions. When appropriate we will hedge our fixed income position by purchasing either more short-term bonds or long-term bonds. After purchasing a security, we monitor the position for several indicators that prompt us to sell or purchase more shares; however, we have no hard-set rules that would require the sale of a position unless the analyst covering the position is graduating. We are aiming for a turnover ratio of 50% annually, which we believe is low enough to ensure a long-term orientation and high enough to provide BUIG's members with transaction experience. Given that each analyst has their own security to focus on, we fill the rest of the corresponding sector's weight with that sector's ETF to meet the quarterly sector weights of the S&P 500. This allows the group to observe which securities outperform or underperform their respective sectors.



Current Holdings and Asset Allocation

Ticker	Name	MV	Cost Base	Unrealized Gain / Loss	Unrealized Gain / Loss %	Asset	Sector	Weight as % of Portfolio
ADBE	Adobe Inc	\$2,952.54	\$588.76	\$2,363.78	401.49%	Equity	Technology	1.96%
AGG	iShares Core US Aggregate Bond ETF	\$9,920.35	\$9,568.45	\$351.90	3.68%	Fixed Income	Bond	6.58%
BA	Boeing Co	\$1,872.00	\$3,179.61	(\$1,307.61)	-41.12%	Equity	Industrials	1.24%
COLM	Columbia Sportswear Co	\$3,453.44	\$3,336.28	\$117.16	3.51%	Equity	Consumer Discretionary	2.29%
DIS	The Walt Disney Co	\$4,164.84	\$2,325.98	\$1,838.86	79.06%	Equity	Communications	2.76%
HON	Honeywell International Inc	\$3,450.15	\$1,621.53	\$1,828.62	112.77%	Equity	Industrials	2.29%
JNJ	Johnson & Johnson	\$3,291.40	\$2,736.51	\$554.89	20.28%	Equity	Health Care	2.18%
JPM	JPMorgan Chase & Co	\$3,310.56	\$2,529.31	\$781.25	30.89%	Equity	Financials	2.20%
LLY	Eli Lilly and Co	\$3,833.63	\$2,660.00	\$1,173.63	44.12%	Equity	Health Care	2.54%
MA	Mastercard Inc	\$3,048.75	\$2,853.00	\$195.75	6.86%	Equity	Financials	2.02%
TSM	Taiwan Semiconductor Manufacturing Co Ltd	\$3,963.35	\$2,631.90	\$1,331.45	50.59%	Equity	Technology	2.63%
V	Visa Inc	\$2,932.72	\$1,316.08	\$1,616.64	122.84%	Equity	Financials	1.95%
VCLT	Vanguard Long-Term Corporate Bd ETF	\$10,757.51	\$9,933.35	\$824.16	8.30%	Fixed Income	Bond	7.14%
VCSH	Vanguard Short-Term Corporate Bond ETF	\$12,215.70	\$11,679.15	\$536.55	4.59%	Fixed Income	Bond	8.10%
VEU	VANGUARD FTSE ALL-WORLD EX	\$7,863.84	\$6,186.84	\$1,677.00	27.11%	Alternative	International	5.22%
WMT	Walmart Inc	\$3,030.72	\$1,954.59	\$1,076.13	55.06%	Equity	Consumer Staples	2.01%
XLB	Materials Select Sector SPDR® ETF	\$2,499.68	\$1,999.54	\$500.14	25.01%	Equity	Materials	1.66%
XLE	Energy Select Sector SPDR® ETF	\$3,453.03	\$3,776.22	(\$323.19)	-8.56%	Equity	Energy	2.29%
XLF	Financial Select Sector SPDR® ETF	\$988.16	\$953.60	\$34.56	3.62%	Equity	Financials	0.66%
XLI	Industrial Select Sector SPDR® ETF	\$2,936.01	\$2,552.93	\$383.08	15.01%	Equity	Industrials	1.95%
XLK	Technology Select Sector SPDR® ETF	\$21,246.81	\$15,026.47	\$6,220.34	41.40%	Equity	Technology	14.10%
XLP	Consumer Staples Select Sector SPDR® ETF	\$3,089.78	\$2,997.19	\$92.59	3.09%	Equity	Consumer Staples	2.05%
XLRE	Real Estate Select Sector SPDR®	\$2,542.65	\$2,758.39	(\$215.74)	-7.82%	Equity	Real Estate	1.69%
XLU	Utilities Select Sector SPDR® ETF	\$2,670.36	\$2,902.20	(\$231.84)	-7.99%	Equity	Utilities	1.77%
XLV	Health Care Select Sector SPDR® ETF	\$7,518.55	\$6,555.25	\$963.30	14.70%	Equity	Health Care	4.99%
XLX	Consumer Discret Sel Sect SPDR® ETF	\$7,404.60	\$5,416.62	\$1,987.98	36.70%	Equity	Consumer Discretionary	4.91%
XTL	SPDR® S&P Telecom ETF	\$8,988.45	\$6,549.06	\$2,439.39	37.25%	Equity	Communications	5.96%
	Cash	\$7,320.99						4.86%



Performance

Performance			
	Q4	Year to Date	Since Inception
	10/01/2020 - 12/31/2020	1/01/2020 - 12/31/2020	12/18/14 - 12/31/2020
Sustainable Equity Balanced Fund	10.29%	14.24%	45.71%
65% S&P500 / 30% Barclay Agg Benchmark Blend	7.27%	12.38%	56.02%
Overperformance / (Underperformance)	3.02%	1.86%	-10.30%

Holding Performance Breakdown			
	Holding Performance	Sector ETF Performance	O/U
ADBE	0.12%	10.25%	-10.13%
BA	27.52%	15.37%	12.15%
COLM	-1.03%	7.98%	-9.01%
DIS	46.93%	24.97%	21.96%
HON	29.95%	15.37%	14.57%
JNJ	6.83%	7.91%	-1.09%
JPM	31.04%	22.27%	8.77%
LLY	17.01%	7.91%	9.10%
MA	3.95%	22.27%	-18.32%
TSM	31.98%	10.25%	21.73%
V	7.56%	22.27%	-14.71%
WMT	0.75%	4.64%	-3.89%

Our portfolio overperformed by 302 basis points during Q4 and overperformed by 186 basis points throughout the whole year. The returns from Disney (DIS) and our newly purchased Taiwan Semiconductor Manufacturing Company (TSM) are big reasons why we were able to outperform this past quarter. Disney continued to outperform its ETF throughout the year and ended up outperforming the sector by 21.96%. After countless struggles during Q2 for Disney, both Q3 and Q4 have seen big growth for Disney's streaming services. Disney's services like Disney+, Hulu, and ESPN+ kept receiving growth within Q4 with amazing shows, sports events, and movies like Mandalorian, Soul, and even our Bellarmine Knights playing basketball on ESPN+. TSM was a purchase we made this quarter that ended up outperforming the growing technology ETF by 21.73%. With the growth of the semiconductor sector as a whole, TSM has been one of the leading charges in manufacturing chips for some of the biggest companies like Apple, Sony, Broadcom, and many more. Due to the mass number of products and companies that need microchips, we have high hopes for TSM in the future as well.

Poor performers in an otherwise high performing Q4 from our group were Mastercard (MA) and Adobe (ADBE). Mastercard's poor performance can mostly be credited to a poor Q3 earnings report and limited international travel leading it to underperform its ETF by 18.32%. Due to COVID-19, most travel has been at a halt leading to less use of Mastercard partnered cards with airlines and out of country transactions as a whole. This issue will eventually resolve itself once traveling picks up to what it used to be before COVID-19. Adobe underperformed by 10.13% within Q4 after coming off a new high during Q3. Adobe came out with Q4 earnings before our Q4 ending date and outperformed expectations, being one of the only stocks to do so for the whole year of 2020. However, Adobe came out with news early in Q4 that they would partner with C3.ai and Microsoft to create a CRM with a lot of focus on AI. This news also came with Adobe acquiring Workfront, possibly to help in the creating of the new CRM. Although this opportunity for Adobe to diversify may come with risk, we are still very hopeful for our oldest stock and biggest earner in BUIG.

Portfolio Breakdown and Metrics

Turnover Ratio	
Quarterly Target	30%
Q4 Annualized	20%
2020	5%

Credit Breakdown				
AAA	0	A	BBB	BB
21.53%	7.14%	32.87%	38.47%	0.00%

Fee and Dividend Analysis		
	<u>Fees</u>	<u>Dividends</u>
Q4	\$ 0.15	\$ 600.51
YTD	\$ 1.83	\$ 2,290.54
2020 Total	0.00%	1.57%

Risk Metrics										
Standard Deviation	Beta	Alpha	Correlation	R-Squared	Upside	Downside	Information Ratio	Sharpe	Treynor	Sortino
11.39%	1.13	1.44	0.99	0.97	119.34	111.47	1.22	1.19	11.94	1.58

4th Quarter Transactions

Q4 Transactions					
Date	Ticker	Action	Shares	Price	Realized G/(L)
10/7/2020	ADBE	Sale	1	484.6	385.95%
10/7/2020	COLM	Sale	3	91.0	-12.61%
10/7/2020	DIS	Sale	1	122.0	14.94%
10/7/2020	HON	Sale	1	169.0	53.43%
10/7/2020	JNJ	Sale	1	146.5	7.57%
10/7/2020	V	Sale	1	202.0	116.00%
10/7/2020	VEU	Sale	40	51.4	6.55%
10/7/2020	WMT	Sale	5	141.3	51.70%
10/7/2020	XLB	Sale	2	64.5	10.01%
10/7/2020	XLF	Sale	9	24.7	-17.10%
10/7/2020	XLK	Sale	17	116.9	22.57%
10/7/2020	XLP	Sale	1	64.4	2.03%
10/7/2020	XLU	Sale	4	62.3	-10.39%
10/7/2020	XLY	Sale	2	149.2	18.61%
10/7/2020	BA	Purchase	1	163.8	
10/7/2020	VCLT	Purchase	21	106.2	
10/7/2020	XLRE	Purchase	1	36.6	
10/7/2020	XLE	Purchase	20	29.9	
10/7/2020	VCSH	Purchase	2	82.7	
10/7/2020	XTL	Purchase	7	69.3	
10/7/2020	TSM	Purchase	31	84.9	
10/7/2020	XLV	Purchase	1	105.6	
10/7/2020	AGG	Purchase	10	117.5	