2021 Q1 REPORT

HYLANDER STUDENT INVESTMENT FUND

PREPARED BY
HSIF TEAM

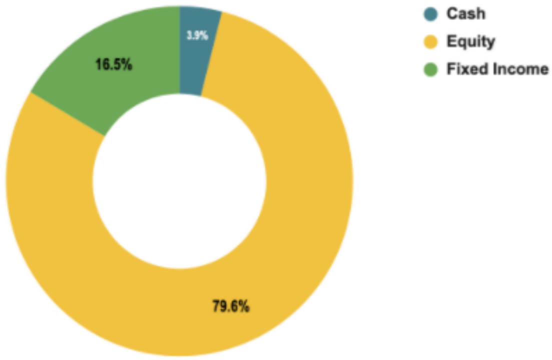
UCR School of Business
A. GARY ANDERSON GRADUATE SCHOOL OF MANAGEMENT

HSIF

HSIF INVESTMENT APPROACH

The HSIF fund uses fundamental analysis when selecting securities. Our investment strategy uses growth and value. Our target asset allocation is 80% equity and 20% fixed income. Our benchmarks consist of 70% Russell 3000 and 30% Bloomberg Barclays Aggregate Bond Index.

End of Q1 Asset Allocation

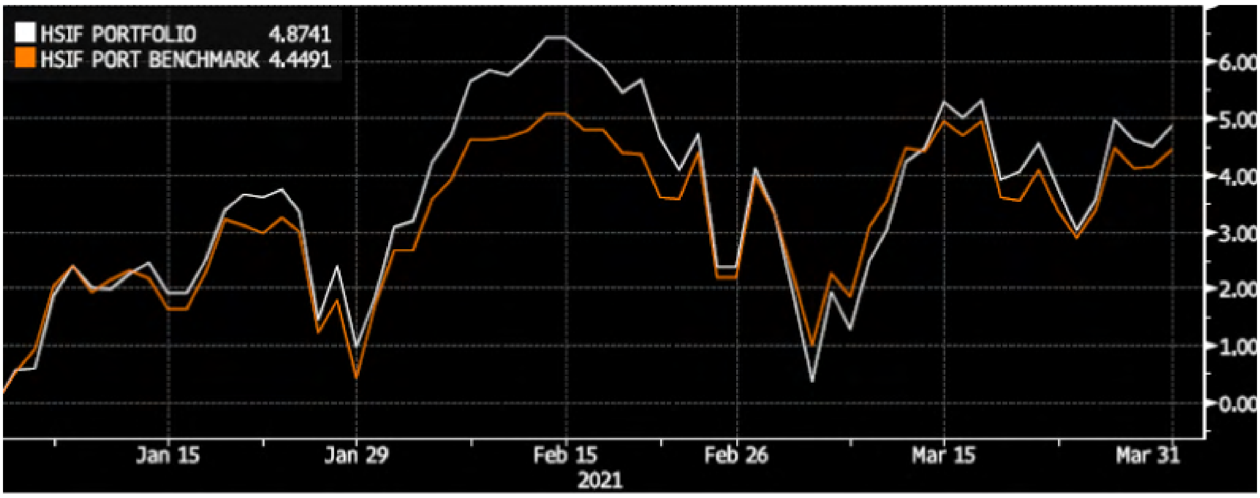


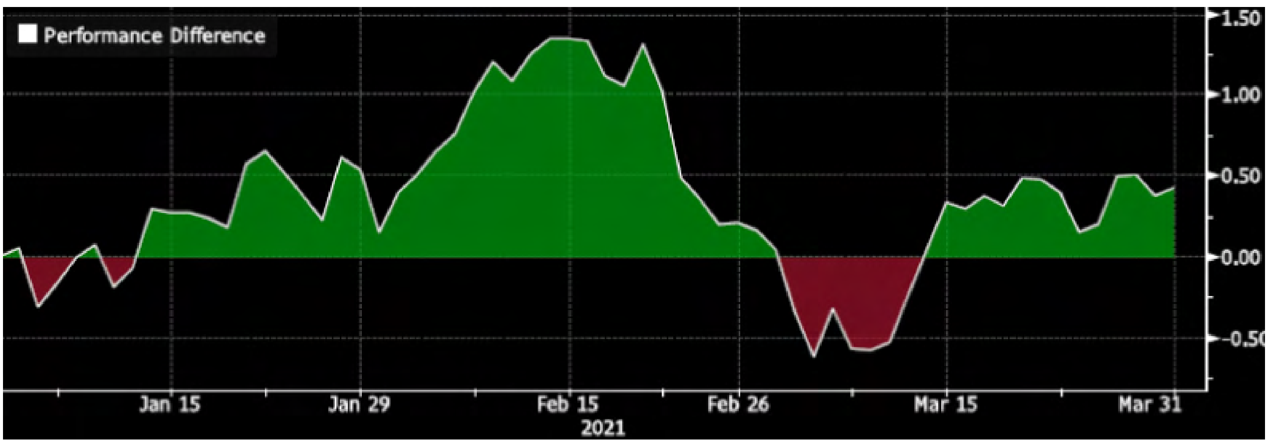
Statistics Q1 2021

Tracking Error	0.50%
Information Ratio	0.85
Beta	1.03

PERFORMANCE DURING Q1 2021

For Q1 2021, the HSIF portfolio returned **4.87%**, while the benchmark returned **4.45%.**





OVERVIEW

Normalizing returns to the beginning of the 1st quarter of 2021, the HSIF portfolio returned 4.9%, while the benchmark returned 4.4%. We had a 43-basis points outperformance during Q1 in the HSIF portfolio. During the quarter, HSIF decided to invest in Materials, Industrials and Energy. These were sectors the portfolio had no exposure to prior to entering the quarter. The decision was made to continue overweighting the technology and consumer discretionary sectors. Industrials, Materials, and Energy were left at market weight, while utilities, real estate, and healthcare were left underweight. Entering the quarter, the team felt strongly that technology companies would continue to perform well, as they had during 2020, with companies posting their end-of-year earnings and investors seeking these fundamentally sound, growth companies. In consumer discretionary, we felt this sector would continue performing well as the economy and retail businesses continued to recover. As the quarter continued, stocks encountered significant volatility heavily led by spikes in the long-term treasuries. Technology was one of the sectors significantly affected by this event, for which our portfolio was heavily weighted in. Thankfully, our team was able to underweight this sector, towards the end of the quarter nonetheless. In the HSIF portfolio, consumer discretionary returned +12.41%, while the sector benchmark returned 4.45%. The HSIF tech sector saw a +3.32% return when compared to +2.67% from the sector benchmark.

ECONOMIC EVENT HIGHLIGHTS DURING Q1 '21

- On March 11th, President Biden signed the third round of COVID-19 stimulus package, and payments were received by households in the days shortly after.
- The vaccine rollout, coupled with fiscal stimulus, has exceeded expectations. It is estimated the 2020 and March 2021 fiscal stimulus equated to 14% of GDP, while 30% of the population has already been vaccinated (Nasdaq).
- Q1 experienced significant market rotations away from technology and growth stocks and towards more cyclical value sectors, such as energy, industrials, and materials. Value stocks outperformed growth stocks in Q1 2021.
- The 10-year treasury increased by as high as 83 basis points in Q1. Expectations of inflation emerged during the quarter.
- The equities market experienced bouts of volatility, but both the Dow [+6.8%] and S&P 500 [+4.7%] ended the quarter on a high note.

Q1 SECTOR RETURN VS RUSSELL 3K BENCHMARK

During Q1 2021, we outperformed the Russell 3K sector benchmark in Technology, Consumer Discretionary, Real Estate, and Utilities.

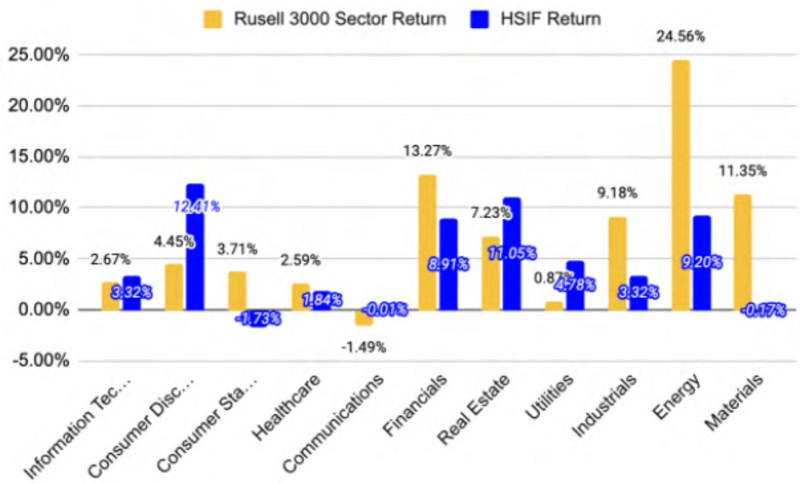
The **consumer discretionary** outperformance was attributed to continued e-commerce and home improvement retail store growth. The latest stimulus check also contributed to higher consumption in this sector. Among the HSIF holdings, Lowe's Companies Inc (LOW) achieved the highest return in Q1 [+18.58%], Target Corporation(TGT) returned 11.51%, while iBUY, a long-term held e-commerce ETF, returned 9.84%. With the Biden administration's plan to invest in infrastructure and clean energy, our sector analysts have shifted their focus towards the electric vehicle industry, which is included in the consumer discretionary sector by GICS standards.

The **technology** sector saw increased volatility during Q1. Increasing treasury rates caused investors to shift from growth stocks (such as tech) into cyclical stocks. The gradual re-opening of the economy and increasing vaccination numbers have also pushed investors out of this growth sector. During Q1, the best performing holding was LOGI [+6.12%]. We see opportunities from companies in this sector to capitalize on the economic recovery. We remain bullish long term on tech and we feel it will remain a good performer in 2021.

The **real estate** sector performed unusually well in Q1. Our holding CCI returned +11.05% during the quarter. With businesses reopening and workers returning fully to work onsite, we feel this sector (heavily impacted by the pandemic) will continue performing okay. We have decided to continue holding our allocation in this sector.

In **financials,** our portfolio saw good returns as a result of a higher yield, however not higher than the benchmark. During the start of Q1, our portfolio was underweight in Financials but in the middle of March, our Financials team proposed buying GS and overweighting the Financials sector. AXP delivered a great performance at +19.82% during the quarter. AJG (+0.86%) and GS (-2%) have lagged the benchmark, however. Going forward, we remain bullish on Financial stocks as treasury yields continue to rise and we see this sector benefitting from the higher interest margin. We also feel strongly that the growth prospects in the Financial sector remain solid, considering the positive impact from sector rotation and improving economic fundamentals (for AJG especially, a favorable clean energy policy is a plus).

HSIF Return vs Russell 3000 Sector Return

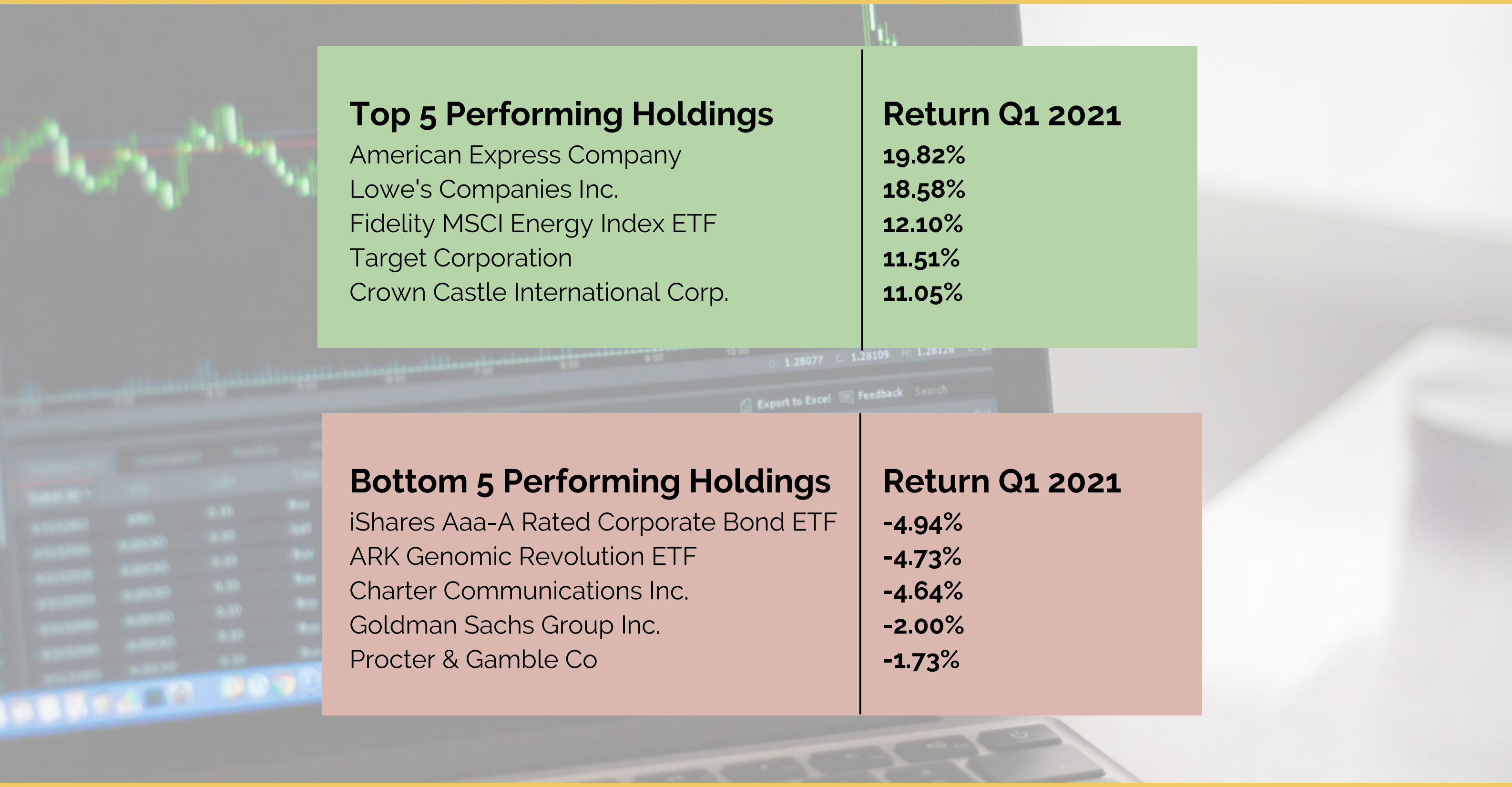


With the Biden administration's plans to invest in infrastructure, our team feels bullish on the **industrials** sector. Critical companies in the industrial sectors such as Caterpillar, Komatsu, and other construction companies will see a sharp increase in demand in case this bill passes fully. Additionally, an area that is expected to see a major impact is air travel. Airliners are likely to expect a sharp increase in consumer traffic to travel again, once the country reaches herd immunity later this year. The aerospace and defense industries will also continue to see consistent revenue growth through new Federal contracts with the U.S Government. Entering Q2, our team has overweight this sector and has added LMT to the portfolio.

While the **energy** sector performed well during Q1 [highest winning sector in Q1], we have found many companies in this sector remain overvalued and volatile. We feel at the moment, many companies in renewable energy have grown faster than the wider sector, therefore, our team has decided for now we will keep the energy sector in line with our current allocation of 2.44%. Our team will continue searching for solid renewable energy and have begun analyzing companies such as REGI, ENPH, and PLUG. In the HSIF portfolio, we held DVN during Q1 which returned +6.53%.

The **materials** sector was another winner in the market during Q1. Our position in the sector was NEM. While the benchmark returned 11%, NEM underperformed at -0.17% by the end of the quarter. Newmont's attributable gold production for the fourth quarter declined 11% year over year to 1.63 million ounces in the quarter, impacted by the sale of Red Lake and Kalgoorlie, reduced production at Cerro Negro, and lower ore grade mined at Ahafo. The company has since recovered and is now at a +9% unrealized return. We remain bullish on NEM. We also feel bullish on the materials sector overall and have overweighted the sector to capitalize on well-performing value companies within the sector. Additionally, our team has already begun looking into companies such as Air Products and Chemicals, Inc, and Linde plc as they show strong operating margins and robust cash flows.

Q1 SECTOR RETURN VS RUSSELL 3K BENCHMARK



Top 5 Performing Holdings	Return Q1 2021
American Express Company	19.82%
Lowe's Companies Inc.	18.58%
Fidelity MSCI Energy Index ETF	12.10%
Target Corporation	11.51%
Crown Castle International Corp.	11.05%

Bottom 5 Performing Holdings	Return Q1 2021
iShares Aaa-A Rated Corporate Bond ETF	-4.94%
ARK Genomic Revolution ETF	-4.73%
Charter Communications Inc.	-4.64%
Goldman Sachs Group Inc.	-2.00%
Procter & Gamble Co	-1.73%

Q1 PERFORMANCE ATTRIBUTION

Our portfolio outperformance in Q1 continues to be largely attributed to our decision to allocate 80% in equities and 20% in fixed income. The benchmark, however, is weighted by 70% in equities and 30% in the AGG bond index. In Q1, the equities market continued to rally and though it experienced some volatility, investors continue to prefer these higher return equity assets to fixed income securities. A 70% weight on the total return for the Russell 3000 in the 1st quarter was +5.29% [HSIF equity portfolio returned +5.37%], while we underweighted fixed income to the minimum allowed by UCR's guidelines, 20%. A 30% of the fixed income benchmark, AGG, returned -0.99% while HSIF's bond portfolio returned -0.50%.

Another contributing factor was stock selection in the portfolio. Since Q4, the team has actively seeked good quality and fundamentally sound companies to add to our portfolio. New trades during Q1 '21 included CAT, NEM, DVN, GS and CVS. Below are the top 5 outperformers during the quarter:

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Unfortunately, early in the quarter, we missed on overweighting our allocation into cyclical sectors such as energy, industrials, financials, and materials. While we have already overweight these sectors, the allocation happened until the end of Q1 and the beginning of Q2. The energy sector benchmark returned +25%, industrials +9.18%, financials +13.27% and materials +11.35% during the quarter.

Performance Drivers	
Asset Allocation	0.93%
Sector Allocation	-0.88%
Stock Selection	0.38%
Outperformance	0.43%

INDIVIDUAL HOLDINGS (AS OF 4/2/2021)

Description	Quantity	Cost Basis Per Share	Share Price (4/2/21)	Return	Total Value	% of Holdings
Fidelity Money Market			$1.00	0.00%	$9,583.04	3.91%
First Trust Cloud Computing ETF	193	$56.66	$98.27	73.44%	$18,937.81	7.72%
Technology Select Sector SPDR Fund	120	$117.62	$135.48	15.18%	$16,218.04	6.61%
Logitech International SA	64	$81.15	$107.98	33.06%	$6,910.72	2.82%
NVIDIA Corporation	10	$534.41	$552.47	3.38%	$5,528.01	2.25%
Target Corporation	40	$156.75	$200.72	28.05%	$8,091.42	3.30%
Amplify Online Retail ETF	135	$43.16	$126.46	193.00%	$17,090.82	6.97%
Lowe`s Companies Inc	46	$150.88	$191.32	26.80%	$8,833.05	3.60%
Procter & Gamble Co	62	$142.89	$134.28	-6.03%	$8,376.52	3.42%
ARK Genomic Revolution ETF	49	$68.00	$89.51	31.63%	$4,423.05	1.80%
Health Care Select Sector SPDR Fund	144	$106.42	$116.39	9.37%	$16,710.81	6.81%
CVS Health Corp	54	$72.83	$74.30	2.02%	$4,012.20	1.64%
Communication Services Select Sector SPDR Fund	18	$59.74	$74.58	24.84%	$1,358.40	0.55%
Charter Communications Inc	13	$619.09	$608.58	-1.70%	$7,911.54	3.23%
AT&T Inc.	317	$29.05	$30.47	4.88%	$9,645.00	3.93%
Goldman Sachs Group Inc	14	$333.67	$327.64	-1.81%	$4,586.96	1.87%
American Express Company	73	$104.86	$144.57	37.87%	$10,490.43	4.28%
Arthur J Gallagher & Co	69	$89.32	$126.61	41.75%	$8,712.92	3.55%
Crown Castle International Corp	37	$150.00	$174.46	16.31%	$6,476.48	2.64%
Utilities Select Sector SPDR Fund	32	$62.46	$63.98	2.43%	$2,058.36	0.84%
Fidelity MSCI Industrials Index ETF	253	$48.37	$52.43	8.40%	$13,252.52	5.40%
Caterpillar Inc.	23	$215.26	$232.74	8.12%	$5,353.02	2.18%
Fidelity MSCI Energy Index ETF	175	$11.82	$13.61	15.14%	$2,380.14	0.97%
Devon Energy Corp	109	$20.51	$23.50	14.58%	$2,572.64	1.05%
Newmont Corporation	93	$60.37	$61.81	2.39%	$5,737.14	2.34%
iShares Aaa - A Rated Corporate Bond ETF	236	$56.55	$55.62	-1.64%	$13,145.40	5.36%
Vanguard Short-Term Treasury Index Fund ETF	437	$60.83	$61.51	1.12%	$26,885.41	10.96%

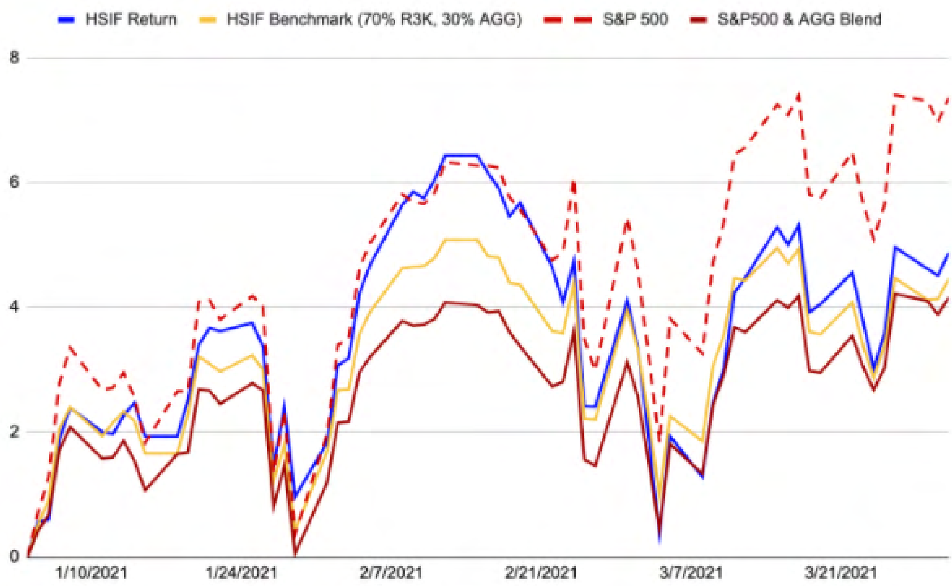
FORWARD GOALS AND OUTLOOK

Our portfolio asset allocation goals and strategies are based on economic, government, and overall market sentiments.

For our fixed income portfolio, bond market movements will act as key indicators of the health of the recovery, as well as corporate performance and consumer confidence in 2021. Our Fixed Income team has allocated the remaining cash into the high yield fund HYGV. We expect the Fed Funds Rate to remain low for the rest of the year as the Federal Reserve has committed to easy monetary policies until the country sees a full recovery. Moreover, higher-yielding debt has performed the best so far this year because it carries the highest spread above treasury yields. Although credit risk is higher in these instruments, this intermediate-term high yield fund will allow for a higher yield pickup and will add value to the portfolio as we take advantage of better market conditions in the short term. The team has also started searching for a replacement for QLTA, our short-term investment-grade fund, which has been underperforming since the beginning of the year.

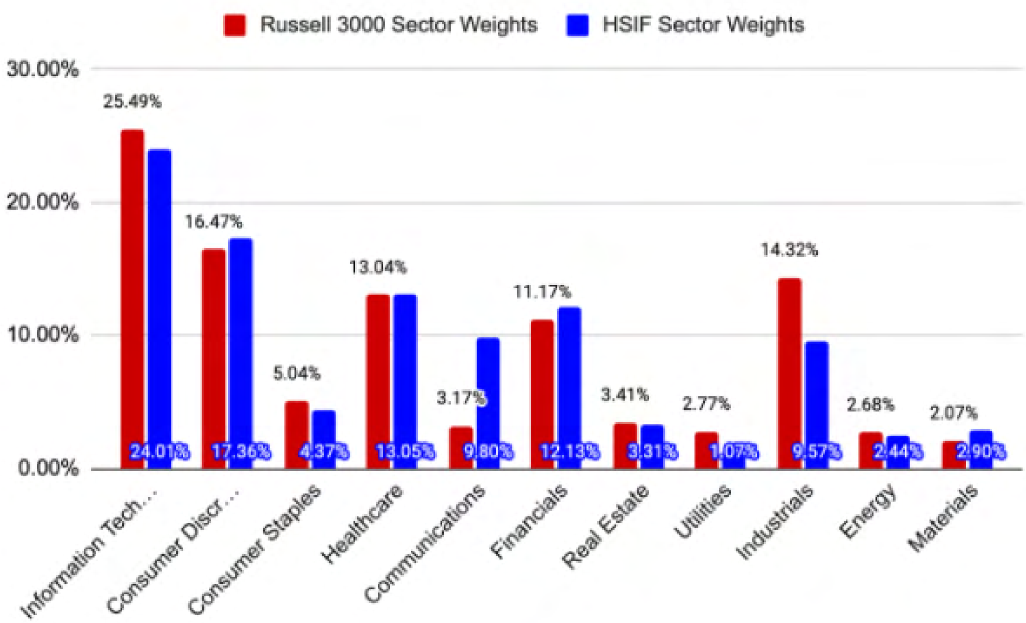
Our equities market forward outlook includes the outperformance of the Industrials, Financials, Materials, Consumer Staples, Health Care, and Technology sectors. While the Energy sector rallied in Q4 '20 and Q1 '21, we strongly believed this sector has peaked and the price per barrel will decrease in the second part of the year, given consensus projections. Moreover, we expect the telecommunications and utility sectors to underperform. Based on our projected sector performance, we are optimizing our portfolio by overweighting sectors we believe will outperform and by underweighting weak performing sectors. We believe the US economy is shifting from Early Cycle to Mid Cycle for the next 3 quarters, and historically sectors that tend to perform well during Mid Cycle are Consumer Staples, Health Care, Industrials, and Technology. We constantly monitor the overall performance of the economy and changes in monetary policy to adjust our portfolio holdings and sector allocation accordingly. Our overall sentiment on the economic recovery remains bullish going forward with moderate concerns over the rising inflation rate.

HSIF RETURN VS S&P 500 & AGG BLEND



Note: we have included an S&P 500 and S&P 500 and AGG blended return for comparison. The HSIF team strives to outperform a blended benchmark of the Russell 3000 [70% weight] and Bloomberg Barclays US Aggregate Bond Index [30% weight], per the portfolio guidelines.

SECTOR ALLOCATION



PORTFOLIO GUIDELINES

INVESTMENT RESTRICTIONS

Capitalization and types of instruments

Investments in the fund should mainly be in equities and fixed income. Part (iii) of this section explicitly states instruments that may not be part of the fund's investments.
All assets of the fund must have readily ascertainable market values and be easily marketable.

(i) Equity investments

Equity investments are restricted to the following instruments:

- Stocks that trade on the NYSE, AMEX, NASDAQ or regional U.S. exchanges
- Common stock
- Exchange-traded funds, excluding structured ETFs that use derivatives
- Stocks of companies with a market capitalization of $500 million or higher
- Stocks of companies that are headquartered in the U.S. or foreign stocks that are listed on U.S. exchanges or that trade in the U.S. as American Depository Receipts (ADRs).

(ii) Fixed income investments

Due to trading costs, fixed-income investments should be done mainly through ETFs. Fixed income funds may only be invested in the following:

- U.S. Treasuries and other U.S. government bonds, including TIPS
- ETFs that focus on Investment-grade corporate bonds of U.S. firms
- High Yield bonds that are mainly U.S. firms
- Developed country bonds that are mainly government bonds
- Less developed countries' government bonds
- Mortgage-backed securities

(iii) Ineligible securities, investments, and trading strategies

The fund may not:

- Engage in short sales or funds that mimic short sales
- Buy on margin or use leveraged ETFs
- Purchase mutual funds
- Purchase preferred stock
- Purchase private placement
- Purchase municipal securities
- Purchase futures, options, or other derivatives
- Trade foreign currencies or purchase ETFs that mainly invest in foreign currencies
- Purchase commodities or commodity ETFs, although stocks of firms that focus on commodities are allowed
- Not make direct real estate investments (REITs or real-estate ETFs are allowed)

Diversification and allocation

The fund will maintain a diversified portfolio. To ensure that no one investment dominates the returns of the portfolio the following rules apply:

- No more than 5% may be invested in any one company's stock (ignoring ETF holdings).
- If an investment in a stock reaches 8% of the fund value, the stock must be sold down to less than 5% of the portfolio.
- No more than 30% of the portfolio may be invested in any one sector. A sector is defined as one of the eleven S&P 500 sectors and does not include fixed income.
- No more than 10% of the portfolio may be invested in any one industry.
- No more than 50% of the equity allocation may be invested in stocks with market capitalizations of less than $2 billion.
- No more than 80% of the fund may be invested in equities.
- No more than 20% of the fixed income allocation may be invested in high yield debt or less developed country bonds.
- Foreign equities and ETFs may not exceed 30% of the equity portfolio at the time of purchase.

Portfolio turnover is limited to 125% if the portfolio is fully held in cash at the beginning of the year and 75% if the portfolio is fully invested at the start of the year.

Asset allocation should have a target of 0- 20% in cash, 60 – 80% inequities, and 20-40% in fixed income

Benchmarking

The performance of the portfolio will be compared to a benchmark that is 70% equities and 30% fixed income. The equity portion of the benchmark will be based on the Russell 3000 Index and the fixed income portion will be based on the Bloomberg Barclays Aggregate Bond Index. While HSIF may deviate from this 70/30 benchmark, as stated in the above asset allocation targets, the team will provide justifications for choosing an allocation from the 70/30 benchmark.

Investment team

To ensure that the investment process is well structured and that UCR has sufficient risk management in place, HSIF will be structured around a team of 10-20 students that are chosen each year for the full academic year.

- The HSIF investment team will consist of 10-20 members.
- Membership on the HSIF team will begin from fall and last until the end of the following summer except for replacement team members, whose terms last until the end of summer.
- Only HSIF team members may vote on HSIF trades.
- The faculty advisor for HSIF will be the same as the advisor for Hylander Financial Group (HFG) and must be a member of the full-time finance faculty at UCR.
- The HSIF team and the HFG club must meet no fewer than five times each quarter during the academic year.
- There are two standing HSIF committees: an asset allocation committee of no fewer than three student members and a portfolio committee of no fewer than five student members.
- The work of serving as faculty advisor will count as the equivalent of a one-quarter course and will be compensated with a course release from the instructor's regular teaching load at the discretion of the Dean.

Investment Decisions

The investments made by the students in HSIF are restricted along several dimensions to ensure that the funds grow over time. Specifically, the asset allocation is constrained in that it must include some fixed income, avoid small-cap stocks and derivatives, and be well diversified. HSIF is subject to the following regulations:

- Investments of the fund must meet the requirements listed in the "Investment Restrictions" section.
- All investment decisions require a research report justifying the change to the portfolio.
- The student team must vote on all investment decisions.
- A quorum for voting is at least 6 members or 50% of the team, whichever is greater.
- Only portfolio proposals that receive 51% or more of the vote will be executed.
- The faculty advisor may veto any single investment decision made by the students.
- The faculty advisor is responsible for ensuring that the portfolio is more conservative in the summer compared to the rest of the year.

Reporting

HSIF will evaluate its performance on a regular basis. Written reports summarizing the performance must be generated each quarter. The HSIF team will also create an annual report that summarizes the results from July 1 to June 30. The report is due by Oct 1.

Investment Fund and Payouts

The goal of HSIF is to provide an educational experience to students that will help them understand wealth management. Therefore, it is imperative that the fund not be depleted, either through poor investment decisions or high payouts. Thus, the fund will have no payouts until it reaches $1 million. After that point, the payout rate will be the norm for the university (4%) and will be used to support the costs of the program. Specifically, the payout will go to paying the cost of a faculty advisor. If it ever gets to a size that supports more than the cost of a faculty advisor the funds will go to items that support the investment analysis work.

Advisory Board

The Board has the ultimate oversight of the fund to ensure its long-lasting success. Ideally, the Board will have little to do in this regard, given that the students will do their work in earnest and skillfully and that the faculty advisor is the first line of defense against excessive risk or incompetence. If the faculty advisor is unable to ensure that the fund is correctly managed, the Board would be expected to take action. Another goal of the Board is to provide a way for trustees to engage with the students, by providing comments on their investment strategies and giving career advice. The Board would ideally be an important part of a bridge between UCR and industry.