May 8, 2023

2023 Q1 Quarterly Report

Executive Summary

HSIF Fund Overview

AUM	USD 234,904.11
Number of Holding	29
Equity Return	8.23%
Rusell 300 Return	14.07%
Benchmark Return	8.90%
Fixed Income Return	-1.31%
FI Benchmark	-3.15%
Portfolio Return	7.22%

Sharpe Ratio	0.45
Information Ratio	7.11
Standard Dev.	13.66
Tracking Error	9.46

Portfolio Statistics Q1 2023

Asset Allocation	0.31%
Sector Allocation	-0.43%
Stock Screening	-0.66%
Underperformance	-0.78%

Top	Ret.	Ret.	Bott.
NVDA	90.07%	-20.80%	AIG
APPL	26.14%	-20.64%	ENPH
MSFT	20.22%	-20.26%	CVS
GOOGL	17.57%	-12.71%	RFJ
TSLA	15.51%	-7.80%	NEE

Fund Performance

I. Investment Approach

The HSIF fund's investment approach involves using fundamental analysis to select securities. This strategy focuses on analyzing the financial health and performance of companies to identify those with strong growth potential or undervalued assets. The fund's target asset allocation is 80% equity and 20% fixed income, which reflects a preference for higher risk and potential returns from equity investments. Furthermore, the investment strategy of the fund is a combination of growth and value, seeking companies with strong growth potential as well as those that are undervalued by the market. The fund's benchmarks consist of a blend of 70% Russell 3000 and 30% Bloomberg Barclays Aggregate Bond Index, providing a comparison point for measuring the performance of the fund's equity and fixed income investments respectively.

II. Portfolio Statistics

Asset allocation is the best performance driver, contributing 0.31% to the portfolio's performance. As interest rates hikes are supposed to come to an end, the team is eager to evaluate new investment opportunities in the fixed income space. Until then, we are confident that the portfolio will keep benefit from an 80/20 asset allocation. The team has consistently tracked the benchmark throughout the quarter. However, the challenging macroeconomic environment, marked by high interest rates and market volatility caused by the collapse of multiple regional banks, has negatively impacted some of our growth positions, leading to underperformance. The exposure to volatile firms such as Google, Enphase Energy and Albermarle as well as the downturn in all our holdings in financials sector, have been the main reasons why we underperformed by 78bps.

III. Economic Overview, (Asset Allocation) and Future Outlook

The US economy has demonstrated resilience with a significant increase in real GDP for 46 states, primarily due to increases in private inventory investment, consumer spending, nonresidential fixed investment, and government spending, despite decreases in residential fixed investments, imports, and exports. The Consumer Price Index (CPI) consistently rose during the first quarter of 2023, mainly due to price increases in medical care inputs and transportation services. The Fed suggested additional decisive policies to maintain investor confidence in the banking system while ensuring a timely return of the inflation rate to the 2% mark. Thus, the federal funds rate increased by 50 bps to the 4.75%-5.00% range, leading to a deceleration in future growth outlooks. Given the Fed's intention to continue raising the target interest rate to the 5.00%-5.25% rate in the upcoming May meeting, it is highly likely that the CPI will begin to fall into the second quarter of 2023, as food prices continue to fall, and shelter prices stabilize. During Q1, our team primarily focused on investing in the equity markets due to significant returns in Tech, Communications, and Consumer Discretionary making returns of 21.7%, 21.2% and lastly 16.2%. Moving forward, our team will continue keep track of inflation and strategize our entries to get a discount on our equities. We will also reevaluate our holdings to ensure we sell at our target price.

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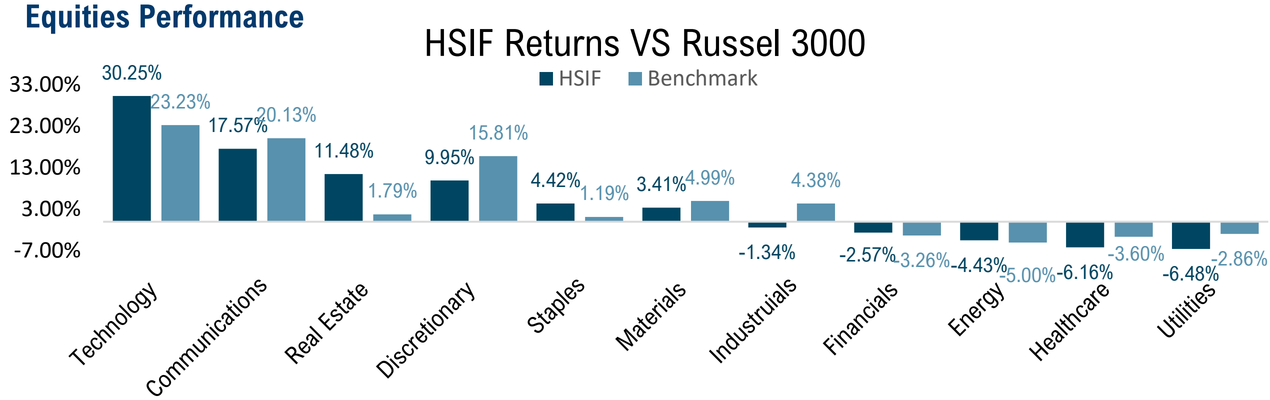
Securities **Performance** Breakdown

Equities Performance



During Q4 2022, we outperformed the Russell 3000 sector benchmark in Technology, Real Estate, Consumer Staples, Financials and Energy. However, we underperformed in Communications, Consumer Discretionary, Materials, Industrials, Healthcare and Utilities.

Sector	Weight
Information Technology	20.15%
Staples & Discretionary	11.01%
Healthcare	12.26%
Communications	2.52%
Financials	10.46%
Real Estate	3.11%
Utilities	4.34%
Industrials	8.06%
Energy	2.18%
Materials	3.47%

I. Healthcare

The healthcare sector of HSIF returned -6.16%, whereas the benchmark returned -3.60%. Our holdings in ABBV and CVS influenced most of the sector's underperformance. CVS suffered from a reduced rating from CMS, which motivated us to sell our position. Moreover, ABBV's major portion of oncology medication sales dropped by 27% nationally, which was detrimental to its financial performance. Due to the economic headwinds that are being experienced, investors will begin investing in recession-resistant sectors such as healthcare. The team plans to increase positions in the healthcare and drug manufacturing sub-industries.

II. Real Estate

HSIF Real Estate sector returned 11.48% outperforming the Real Estate benchmark by 9.69%. This outperformance is due to the Prologis (REITs) strong track record of low vacancies and withholding their prominence in the industrials (REITs) industry. During the release of their Q1 earnings, PLD earnings resulted in a 1% earnings surprise against analyst consensus. As PLD invests primarily in industrial distribution properties which are very local to transportation hubs and urban population it is poised to maintain its increased revenues. Also, as the demand for Ecommerce increases, demand for PLD’s logistics centers is likely to increase as major tenants include DHL and Amazon. The team plans to hold its PLD holding and start researching other industrial REITs to invest in.

III. Utilities

Against the backdrop of government incentives and a potential recession, the team overweighted the utility sector for Q1 2023. While, our primary holding, NextEra Energy (NEE), experienced significant losses early in the quarter as the CEO of one of its major subsidiaries, Florida Power & Light, stepped down in response to a series of scandals, it ultimately returned strong financial results. The company's stock performance was magnified by poor sector results, attributable to inflationary pressures, ongoing supply chain issues and trade barriers, and extreme weather events. Consequently, the portfolio and benchmark returned –6.48% and –2.86%, respectively. Endeavoring to diversify sector risk away from NEE, while maintaining a focus on renewables, the team purchased Clearway Energy. Heading into Q2, our outlook on utilities remains generally positive due to the sector's defensive positioning and with policy incentives simultaneously providing growth opportunities.

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Ticker	Returns
ABBV	-1.39%
ALB	1.93%
GOOG	17.57%
AXP	11.64%
AIG	-20.80%
AAPL	26.91%
CVS	-20.26%
CWEN	1.83%
ENPH	-20.64%
LMT	-2.83%
LOW	0.37%
MRK	-0.50%
MSFT	20.22%
NEE	-7.80%
NVDA	90.07%
RFJ	-12.71%
RTX	-2.96%
TSLA	15.51%
WMT	3.99%

IV. Financials

For the first quarter, the Financial sector returned -2.57%, compared to our benchmark return of -3.26% for the Russell 3000. We are still 1.55% overweight. At the end of March 2023, our best-performing stock was still American Express Company (AXP), which was up 41.25%. American International Group, Inc (AIG) is the sector's underperformer, with a -21.55% loss, while Raymond James Financial, Inc (RJF) has a -23.30% loss. With the present bank crisis, the financial industry has been under a lot of strain, and the concern is whether the banking system will remain stable by the Fed's rate rise in 2023. The failure of three major banks in the first quarter prompted many investors to wonder how the banking system safeguards people's money. That is why it is critical for the government to take control of the financial situation so that it does not spiral out of control. As of today, the Fed has raised interest rates from 5.00% to 5.25%, which presents another challenge for them as they strive to figure out their balance sheets and change their strategy to counteract these rate rises. Our team is keeping an eye on the present macroeconomic situation and attempting to establish a better position as we work to balance the sector. If American International Group, Inc (AIG) continues to underperform, we intend to liquidate the entire stake and reinvest in a more promising financial business, such as Houlihan Lokey Inc. This alternative firm has a robust business model as M&A advisers, outstanding management, and a profitable bankruptcy advising business, allowing them to thrive in today's difficult economic conditions.

V. Information Technology

For Q1, the HSIF IT sector returned 30.25% while the benchmark returned 23.23%, which was an outperformance of 7.02%. We market-weighted the sector by 1.21% against the benchmark. As of March 31, 2023, the IT sector holds Microsoft Inc, Apple Inc, Nvidia Inc, and the Global X Cybersecurity ETF, we made no changes from Q4. Our top performances were seen from NVDA and APPL, which both produced 94% and 31.85% respectively, and ENPH underperformed by 16.99%. This market-weight allocation allowed us to gain more exposure to the positive returns that were realized. Going forward, we want to position ourselves in quality and defensive equities that fit our criteria to guard against a pending recession and maintain our market-weight exposure as is. This means liquidating our shares of ENPH, which saw its cyclical consumer demand deflate this year. We will continue to monitor current macroeconomic factors that externally impacted “big” tech companies, such as the labor market, consumer spending, and the ongoing high-inflation environment that has negatively affected the B2C business models of NVDA and MSFT.

VI. Communications

In Q1 2023, the communications sector saw a return of 17.57% compared to the benchmark return of 20.13% with Alphabet stock as the only sector holding during this period. The communications sector remained underweighted during this period at 2.40% worth of the portfolio's holdings. Our team decided to cut half of our position in Alphabet. Investors have some optimism as Alphabet stock currently stands at $103.73. Alphabet's search revenues increased 1.87% year over year and the corporation's recent growth is primarily due to the release of their artificially intelligent chatbot Bard. Alphabet looks to be bullish going forward due to their committed focus towards enhancing Bard's capabilities and features.

VII Consumer Staples

During Q1 2023 we outperformed in consumer staples thanks to our holding Walmart. No matter how the macroeconomic situation will look like, we are confident in holding the stock since it has been consistently outperforming the overall sector and pay a dividend. Although supply chain issues and high price of commodities still remain risk factor, we are not currently looking to replace the stock also because we believe that the stock will be a good edge if we enter a mild recession since consumers will always be looking to buy groceries.

VIII Consumer Discretionary

In terms of consumer discretionary, we underperformed the benchmark mainly because our holding Lowe's fell short in terms of revenue, warning of a slowdown in the home-improvement market. We are currently in the process of finding a good alternative to the stock. On the other hand, Tesla, our other holding in the sector had a great performance during Q1 2023. Although the stock is very volatile we remain confident that the company will generate higher automotive sales and improve its energy generation and storage services.

IX. Energy

In Q1 2023, our energy sector outperformed the benchmark, returning -4.34% compared to the benchmark's –5.00%. Despite a strong performance in 2022, our holding in XLE and many other oil and gas stocks did not participate in the market rally that began the year. In February, a leading oil and gas company, Devon Energy, warned of increased costs, causing a downturn in the industry. Additionally, oil & gas companies are projected to produce roughly 1.5% less oil than expected for 2023. Given these factors, we believe that the energy stock rally of the last year has come to an end, and that a market weight exposure is appropriate for the sector going forward. However, we will continue to monitor the industry for any potential opportunities that may arise.

X. Materials

In Q1 of 2023, our material sector holdings (FMAT, ALB) returned 3.41% while the Russell 3000 Materials Sector benchmark returned 4.38%. The Index ETF has generated a loss of -2.77% in the last 30 days and Albemarle Corporation has generated a loss of -12.51% in the last 30 days. The materials sector is highly cyclical and sensitive and continues facing higher costs due to the Russia-Ukraine war, inflation, the level and volatility of commodity prices, the exchange value of the dollar, and import and export controls. Going forward we are still bullish on FMAT and ALB because of the promising future of Lithium batteries in electric vehicles.

XI. Industrials

During Q1 of 2023, ABB was added to our industrial sector holdings (LMT, RTX). While the Russell 3000 Industrials Sector benchmark returned 4.38%, our sector holdings returned –1.34%. LMT and RTX have fell –0.2% and –2.88%, respectively. With Goldman Sachs downgrading LMT from neutral to sell and RTX's inside traders selling off large parts of the company's stock in the last 12 months, both companies were driving down the overall sector performance. However, both companies have been able to surpass Q1 earnings and revenue estimates, leading with a promising sentiment into Q2.

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Fixed Income

Portfolio Statistics Q1 2023

Weight	**21.53%**
HSIF Return	**1.22%**
Benchmark Return	**2.96%**
Underperformance	**-1.74%**

Holdings

PTBP
Weight: 3.44%
Returns: - 0.33%

*Sold March 9th**

VGSH
Weight: 13.55%
Returns: - 0.56%

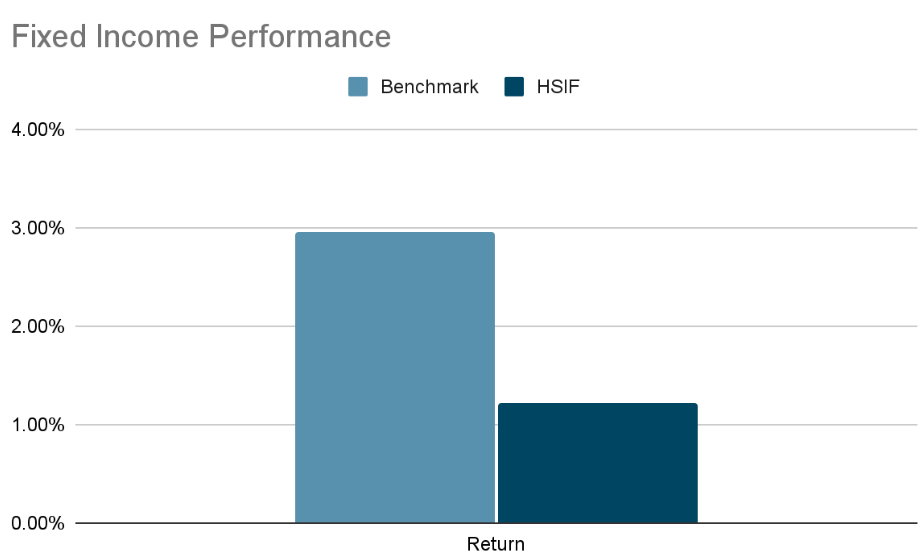
Fixed Income Recap

Q1 of 2023 the HSIF Fixed Income portfolio returned 1.22%, while LBUSTRUU returned 2.96%. With 21.53% allocated to fixed income, our holdings in Invesco Pure Beta 0-5 Yr US TIPS ETF (PBTP) and the Vanguard Short-Term Treasury Index Fund ETF (VGSH) underperformed the benchmark Bloomberg index return by 1.74%. Towards the end of the quarter, we sold our holding in PBTP due to losses, the reasoning for which steam from the fact that this holding was purchased prior to the FED's rate hikes which this ETF was unable to keep up with. We continue to position our fixed income investments in the short-duration, high-quality sector of the market, as we maintain our view that the Fed will leave rates higher for longer.

Outlook on the Fed

As we move into Q2, we anticipate a slowdown in economic activity, which would be favorable for the Federal Reserve's objectives of controlling inflation and achieving a "soft landing." However, we assume that the Fed funds rate will remain or increase depending on the change in economic data. Unemployment rates being at 50-year lows shows that inflation might stick around longer than the Fed initially anticipated.

In saying this we want to continue the strategy of short-duration and high-quality investments. Due to the probability of recession, the potential for losses on speculative-grade investments is not worth the risk. Sticking with a lower duration rules out mortgage-backed securities as well as long-term corporates. Over the long term, The Fed will gradually decrease rates, however, in the short and medium term we expect the Fed to maintain or raise rates contingent on the most recent economic data.



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Portfolio Holdings

New Investments

TESLA

AIG

MERCK

Clearway

	Description	Sector	Quantity	Cost Basis Per Share	Cost Basis Total	Last Price	Current Value	Unrealized Gain/Loss
SPAXX	Fidelity Money Market	Cash			$19,082.62	$1.00	$18,936.98	-0.76%
AAPL	Apple Inc	Information Technology	75.12	$147.17	$11,056.10	$168.54	$12,661.40	14.52%
BUG	Global X Cybersecurity ETF	Information Technology	172.00	$26.70	$4,592.40	$20.90	$3,594.80	-21.72%
BUG	Global X Cybersecurity ETF	Information Technology	292.00	$23.88	$6,971.70	$20.90	$6,102.80	-12.46%
BUG	Global X Cybersecurity ETF	Information Technology	138.00	$21.45	$2,960.10	$20.90	$2,884.20	-2.56%
XLK	Technology Select Sector SPDR Fund	Information Technology	22.00	$131.82	$2,900.04	$149.51	$3,289.22	13.42%
NVDA	NVIDIA Corporation	Information Technology	40.05	$133.65	$5,352.15	$282.10	$11,296.98	111.07%
MSFT	Microsoft Corp	Information Technology	27.00	$321.79	$8,688.33	$305.41	$8,246.07	-5.09%
WMT	Walmart Inc	Consumer Staples	60.00	$153.83	$9,229.54	$151.18	$9,070.80	-1.72%
LOW	Lowe's Companies Inc	Consumer Discretionary	46.82	$150.83	$7,061.86	$205.97	$9,643.52	36.56%
TSLA	Tesla Inc	Consumer Discretionary	41.00	$179.61	$7,364.01	$160.31	$6,572.71	-10.75%
XLV	Health Care Select Sector SPDR Fund	Healthcare	89.96	$106.86	$9,613.23	$133.64	$12,022.39	25.06%
CVS	CVS Health Corp	Healthcare	55.27	$73.00	$4,034.86	$72.76	$4,021.59	-0.33%
ABBV	AbbVie Inc	Healthcare	57.00	$156.49	$8,920.12	$151.62	$8,642.34	-3.11%
MRK	Merck & Co Inc	Healthcare	33.00	$106.92	$3,528.36	$117.89	$3,890.37	10.26%
GOOGL	Alphabet Inc Class A	Communications	55.00	$143.11	$7,871.05	$105.32	$5,792.60	-26.41%
FNCL	Fidelity MSCI Financials Index ETF	Financials	134.66	$57.22	$7,704.40	$44.69	$6,017.82	-21.89%
AXP	American Express Company	Financials	58.29	$105.35	$6,140.32	$153.25	$8,932.18	45.47%
RJF	Raymond James Financial Inc	Financials	57.18	$108.67	$6,213.03	$86.55	$4,948.58	-20.35%
AIG	American International Group Inc	Financials	92.00	$63.59	$5,849.82	$51.93	$4,777.56	-18.33%
PLD	Prologis Inc	Real Estate	56.83	$111.01	$6,308.44	$122.48	$6,960.54	10.34%
NEE	NextEra Energy Inc	Utilities	74.00	$80.78	$5,977.45	$75.94	$5,619.56	-5.99%
CWEN	Clearway Energy Inc Class C	Utilities	147.00	$29.49	$4,335.02	$30.01	$4,411.47	1.76%
RTX	Raytheon Technologies Corp	Industrials	51.00	$83.94	$4,280.88	$98.87	$5,042.37	17.79%
LMT	Lockheed Martin Corp	Industrials	18.00	$443.40	$7,981.20	$458.89	$8,260.02	3.49%
ABB	ABB Ltd	Industrials	150.00	$34.09	$5,113.50	$36.01	$5,401.50	5.63%
ENPH	Enphase Energy Inc	Energy	17.00	$241.96	$4,113.32	$152.88	$2,598.96	-36.82%
XLE	Energy Select Sector SPDR Fund	Energy	30.00	$80.39	$2,411.55	$80.51	$2,415.30	0.16%
FMAT	Fidelity MSCI Materials Index ETF	Materials	23.28	$44.83	$1,043.73	$44.73	$1,041.40	-0.22%
FMAT	Fidelity MSCI Materials Index ETF	Materials	69.00	$43.39	$2,993.94	$44.73	$3,086.37	3.09%
ALB	Albemarle Corporation	Materials	22.00	$259.69	$5,713.29	$173.40	$3,814.80	-33.23%
VGSH	Vanguard Short-Term Treasury Index Fu	Fixed Income	549.38	$61.08	$33,556.01	$58.44	$32,105.65	-4.32%