HSIF

Hylander Student Investment Fund

2019 Fourth Quarter Review

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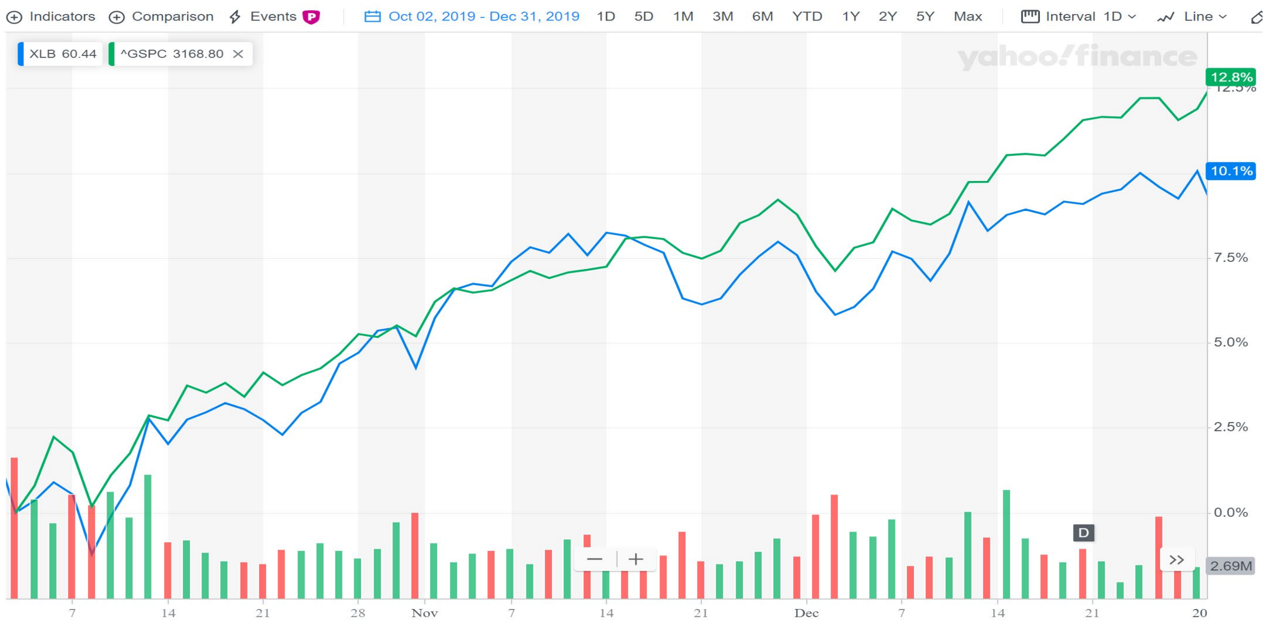
Disclosure for Sectors of Non-Investment

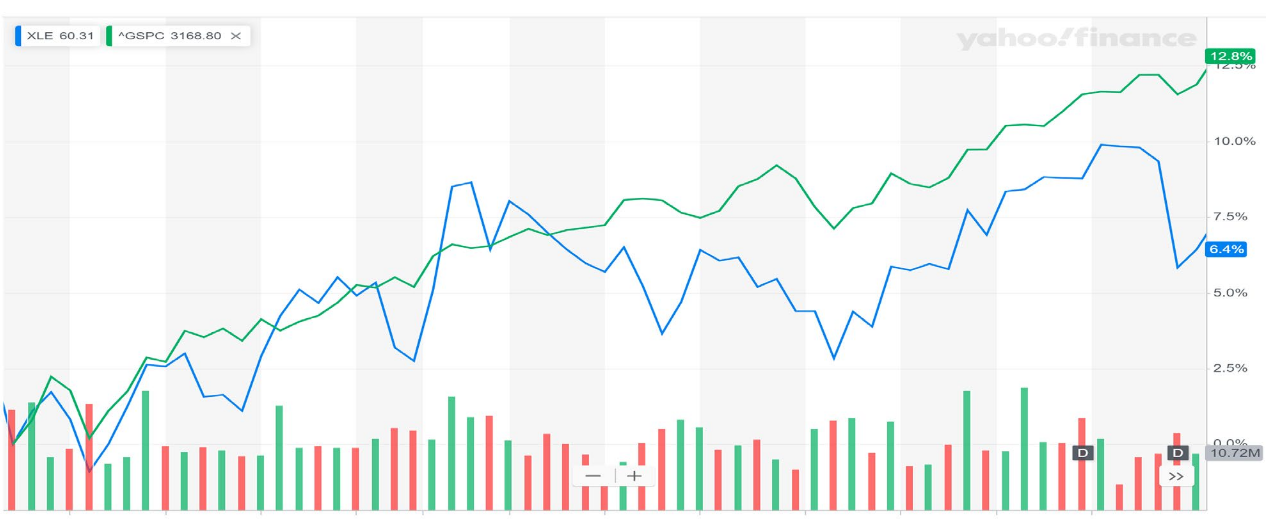
Currently the Hylander Student Investment Fund does not own assets in the materials, energy, or real estate sectors. The reasoning for non-investment for each sector is as follow:

Materials:



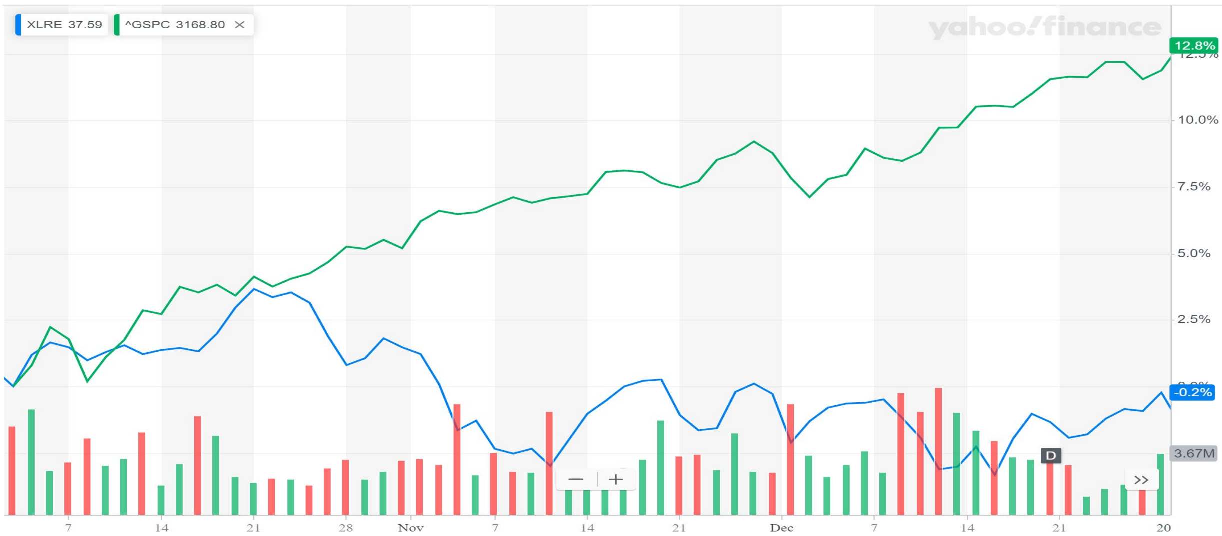
The materials sector underperformed the market by 2.7%. We believe a majority of the run up in the price of the materials sector ETF is due to the rise in the price of precious metals. Gold rose 3%, platinum rose 14%, and palladium rose 15% during the last quarter. The increase in these prices were likely the main factor in the growth of the sector in the quarter. We were too late in trying to capture the gains in these metals and as valuations rose we were deterred from the sector. We continue to look for opportunities in the sector and may expose ourselves to metals should prices begin to settle to a range we are comfortable with.

Energy:



The energy sector greatly underperformed the market returning just 6.4% versus the markets 12.8% in the last quarter. We considered investment in the sector during the quarter, but due to high trade tensions we were unsure of our outlook of oil prices. We continue to look for investments that can offer us exposure to the changes in energy prices and will look to invest when we are confident in energy prices.

Real Estate



Real Estate was the worst performing sector in the last quarter of the year. We sold our position in Public Storage eliminating our exposure to real estate. As the prices of real estate stocks have slumped after the last quarter we are now looking to re-enter the sector and gain the benefits of the income that real estate trusts can provide.

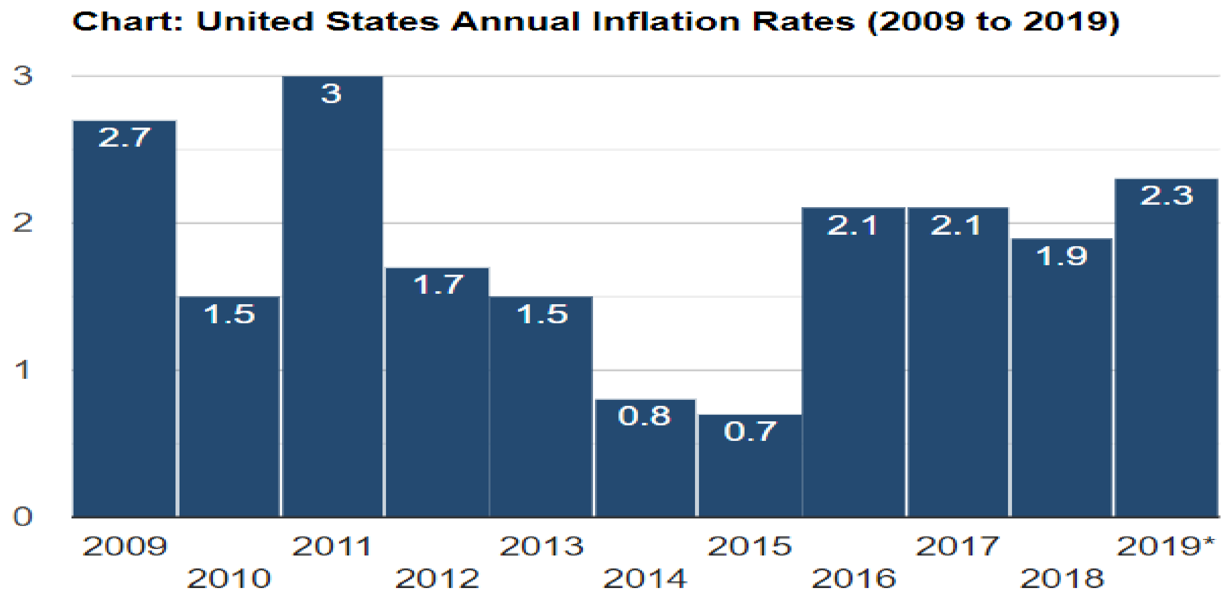
Current Positions:

Fixed Income

Overview:

The Fixed Income Sector had an abnormal period during Q4 2019. For investment-grade bonds, we use the Barclays Aggregate Bond Fund (AGG) as a benchmark, and that fund had a loss of .39% for Q4. The Federal Funds Rate remained at the range of 1.50%-1.75% during the quarter. The 10- and 2- year treasury rates have remained pretty constant with little fluctuations throughout this time. The last decrease in the Fed Funds Rate in September has caused inflation to increase in the last quarter from 1.7% at the end of Q3 to 2.3% at the end of Q4. The Federal

Reserve kept its position on the Fed Funds Rate to keep it constant even with the increase in inflation. The US-China trade war has bolstered the markets, including fixed income, because the



stock market has continuously hit record highs towards the end of December, which started to cause worry in the market resulting in investors seeking fixed income securities.

Outlook:

While our benchmark for investment-grade corporate bonds had a 0.39% loss in the quarter, we continue to remain optimistic about the fixed income market and the probability of returning positive returns. The increase in the inflation rate has caused many bonds to lose some value, but we believe investment-grade bonds will continue to return near their 3- and 5-year average returns during 2020. The trade war seemingly ending created a positive outlook on the market, including the fixed income market. The S&P 500 hitting unprecedented highs in the last few weeks has created some worry in the stock market, so fixed income securities have become more valuable as investors are starting to shift their assets from equity to fixed income. The Fed Funds Rate is expected to stay the same for Q1 2020. Changes may occur later in the year, depending on how the Federal Reserve wants to react to the increasing inflation rate. We are looking into trimming or exiting, our positions in VTIP and VGSH to intermediate-term maturity and duration ETFs focused on investment-grade corporate bond ETFs.

Performance:

The fixed income market turned out to have a relatively negative 4th quarter of 2019. Based on AGG (Barclays Aggregate Bond Fund) as a benchmark for investment-grade bonds, the last quarter of 2019 had a return falling below 1.8%, with no upward trend afterward. Investment in bonds will change in value based on changes in interest rates: if rates rise, the value of these investments generally drops. Following the September cut, which has been the second time the Federal Reserve cut the rate, the Federal Reserve left interest rates unchanged and signaled it would stay on hold through 2020. The aim is to keep it on the sidelines in an election year, while also opening the possibility to buy short-term coupon-bearing securities to ease the money-market strain.

Our fund has around 23% weight in fixed income, which is similar to the end of Q3 2019. Our fixed income securities have exposure to the U.S. Government and inflation through Vanguard Short-Term Treasury ETF (VGSH), Vanguard Short-Term Inflation-Protected Securities ETF (VTIP), and speculative-grade debt through VanEck Vectors Fallen Angel High Yield Bond ETF (ANGL).

VanEck Vectors Fallen Angel High Yield Bond ETF (ANGL):

ANGL's price increased by 2.4% since purchasing it on November 8, 2019, for $29.17 a share and 3.2% for the entirety of Q4 2019. We decided to purchase ANGL because it included everything we wanted in a high-yield fund. The fund searches for valuable securities in the high-yield space by targeting fallen angels. Fallen angels are bonds under duress or downgraded due to recession. The inclusion of high-yield debt increased the risk of the portfolio; however, ANGL's composition of fallen angels means that most of the high-yield debt comes from businesses that were investment-grade but downgraded due to duress during recessions. ANGL's returns still match many high-yield bond ETFs but do not add as much risk compared to other high yield ETFs due to the fallen angel composition.

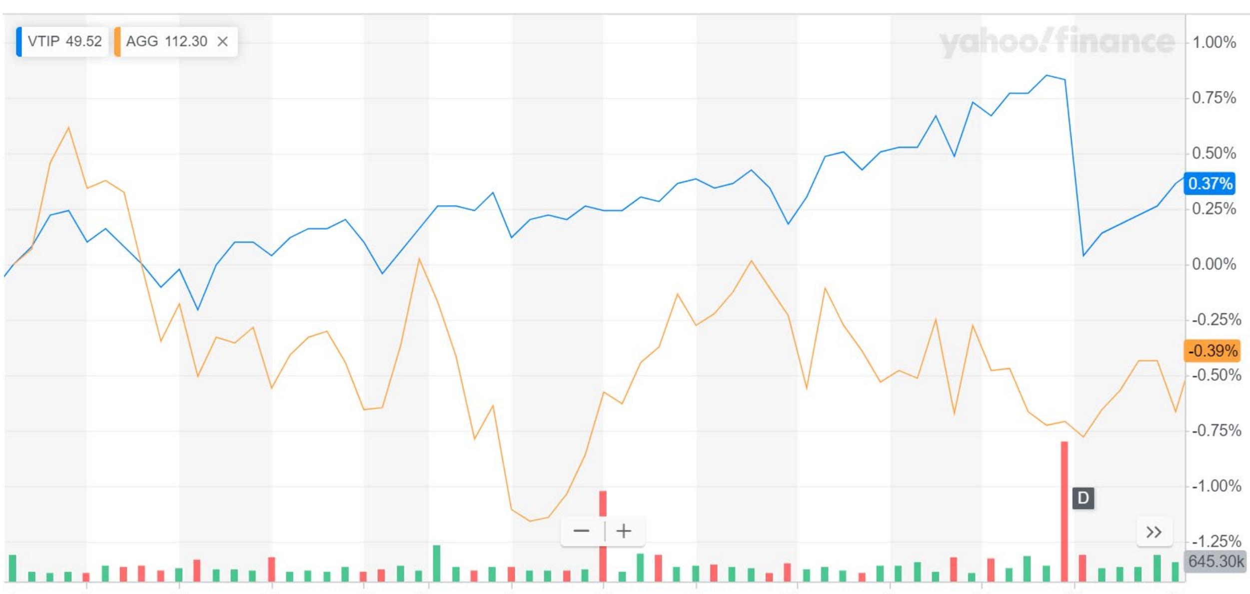
The increase could be attributed to the US-China trade war, the S&P 500 hitting new highs causing worry in the equity market, and the Fed Funds Rate decrease during this period. Treasury bills and notes have seen little change in their interest rates while being relatively flat for most of Q4. We currently have no intention of selling ANGL in the foreseeable future since it has strong earnings for the last 5 years, and the lower interest rates are allowing corporations to take on more debt.

Vanguard Short-Term Inflation-Protected Securities ETF (VTIP):

VTIP continues its stable performance as the average daily yield for Q4 2019 (October 1 to December 31) is 0.019%. In terms of average daily return, it outperforms the bond market benchmark AGG by 1.6 bp while having half as much volatility and risk. This behavior is slightly different from what we observed for the first 3 quarters of the year, where AGG outperformed VTIP overall. The very different and contrasting announcements about the US-China trade war in this period is a possible cause for the underperformance of AGG. Since T-Bill rates and Treasury Bond rates stayed relatively flat throughout this period and have little fluctuations, VTIP with 100% holdings in treasuries that mature in less than 5 years will not give a significant return, but rather a constant and safe stream of income. One important aspect to take into consideration is the inflation rate has been gradually increasing in the last four months of 2019, ending at a year high of 2.3%, while the year-long average is 1.8%. It is still safer than necessary but might become a decent asset to hold in the near future should the market goes bust after a long bull run.

We recommended trimming VTIP for another fixed income asset and we still stand by our judgement. However, the strategy might differ slightly from what we expected at the end of the third quarter, changing from scrapping the whole position to trimming a major amount. With the S&P 500 hit a record high of $3,335.42 on January 22nd, 2020, the demand for fixed income ETFs is higher than ever. Perhaps the market senses investors' nervousness as these numbers have never been seen before in history. We should also take into consideration that corporate debts are ballooning in the current situation where the economy is expanding rapidly. However, it is unlikely for default rates to go up, as these companies typically have sufficient cash on hand.

VTIP is expected to maintain its characteristics coming into the second quarter of 2020 but might become more valuable in the long run. Its one-year return is currently at 4.86%, much better than last year's 3.43%. The fund's main risk factor is still inflation, which reached 2.3% in December of the previous year, much sooner and larger than the FOMC's prediction. The Fed's estimation and intentions are to let inflation rise to 2.2% at the beginning of Q2 2020. With the latest report, the Fed might consider adjusting rates in their next meeting. For our position, trimming VTIP is still a viable strategy as we see more potential in another investment grade corporate bond ETFs.



Vanguard Short-Term Treasury ETF (VGSH):

VGSH focused on tracking the short-term Treasury bond index that is designed to track the performance of Barclays Capital U.S. 1-3 Year Government Float Adjusted Index. During the fourth quarter, VGSH price experienced some volatility. At one point, the price was $61.11 in October, then fell heavily in the next days. The lowest price was recorded in the middle of December at $60.68.

We choose AGG as the benchmark to make comparisons for investment-grade bonds. The average daily expected return in the fourth quarter for VGSH was 0.005%, higher than AGG at 0.0031%, but lower than VGSH in the third quarter at 0.01%, and far below to the average of all year, 0.0138%. We saw the price of VGSH become volatile, but compared to AGG, VGSH fluctuated less. From the risk statistic, the standard deviation of VGSH in 3-, 5-, and 10-years was captured at 0.97%, 0.95%, and 0.82%, compared to AGG at 2.91%, 3.07%, and 2.88% respectively. So far, VGSH has been less risky than the overall benchmark.

Overview:

The consumer staples sector returned 4.9% versus the market's return of 12.8% in the last quarter of 2019. This did not come as a surprise to us as the consumer staples sector is not comprised of high growth companies. As consumer sentiment remains strong we believe the sector will remain strong through 2020.

Outlook:
We believe the consumer staples sector will continue to grow in 2020. As institutional investors begin to rotate back into growth stocks increasing their risk to take advantage of the current economic conditions valuations in the consumer staples sector may become attractive to us once again. The consumer staples sector will continue to benefit from historic low-interest rates and strong consumer sentiment. We continue to view most consumer staples stocks as safe dividend payers, and will begin to build our position in the sector should we decide to lower our overall risk or to capture value in companies we believe are undervalued.

Q4 Holdings Performance:
Monster Beverage Corporation (Ticker: MNST)

The Hylander Financial Group purchased shares of Monster Beverage Corporation on 10/01/2020 with a cost basis of $56.42. Monster currently trades (as of 1/22/20) at $67.36 for a total gain of 19.3%. Monster has been under constant attack by analysts as competition in the space continues to increase. Coca-Cola announced in late July that it would be releasing its own energy drink to the market. This sent Monsters stock price massively downward as analysts were afraid Monster would begin to lose market share. But, this proved not to be the case as Monster remained to be the market leader in the US in overall market share as shown in their Q3 earnings. Monster had begun a shift in its strategy focusing on an increase of prices for its drinks which has contributed greatly to both top and bottom lines.

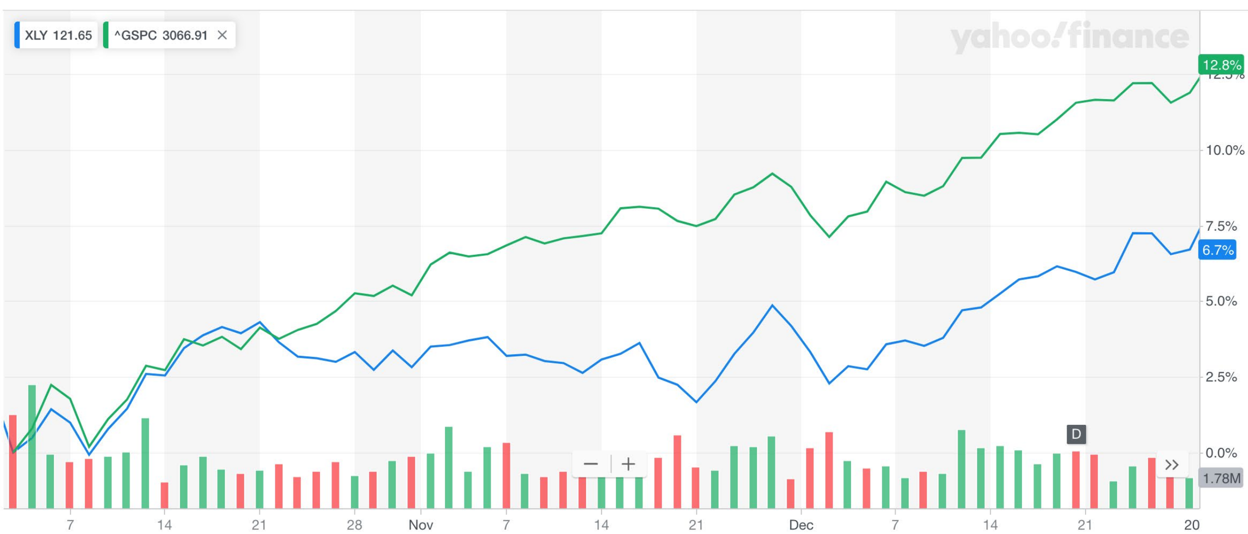
Outlook:

As of now, there are two concerns facing Monster Beverage Corporation. First is the valuation of the company. Monster currently trades at 32.78 times forward earnings far above the sector average of 22.81. But, this P/E is actually 7.67% below the five year average for the company. Monster is a very difficult company to compare to the sector as it continues to focus on growth. We believe the management at monster has proven that the current multiples the company trades at are justified by the growth prospects Monster is undertaking.

The second issue facing the company is the increase in competition that has come in the most recent year. Amazon, Coca-Cola, and Bang are three of the top concerns for investors surrounding Monster right now. We believe that due to the strong brand power of Monster that these companies' products will not take away from the market share of Monster in any significant way. Monster continues to release new products like Reign to compete with Bang and expand into new countries to expand top line capabilities. We will know more about the impact of Coca-Cola and Amazon's energy drink releases with the coming financial results of the final fiscal quarter for Monster that is expected at the end of February.

Consumers Discretionary Sector

Overview:

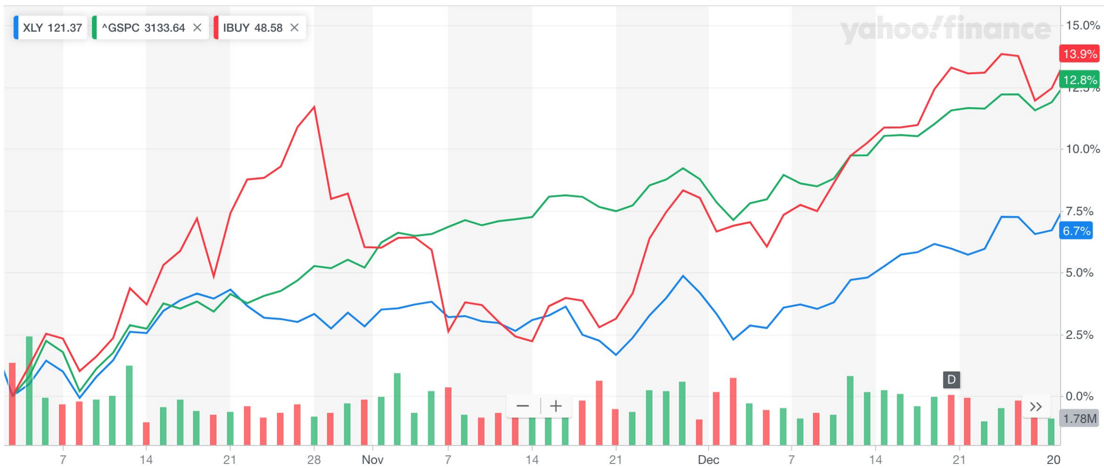


Outlook:

We believe the consumer discretionary sector will regain steam in 2020. With exceptional economic conditions supporting a confident consumer discretionary spending will increase in the beginning of 2020. As trade tensions begin to settle with deals being reached between the US and China investor sentiment will begin to shift back towards the discretionary sector as investors will look to capitalize on growing companies. We continue to view discretionary stocks as investments with high capital appreciation potential and will increase our position in the sector should quality investment opportunities arise.

Current Holdings:

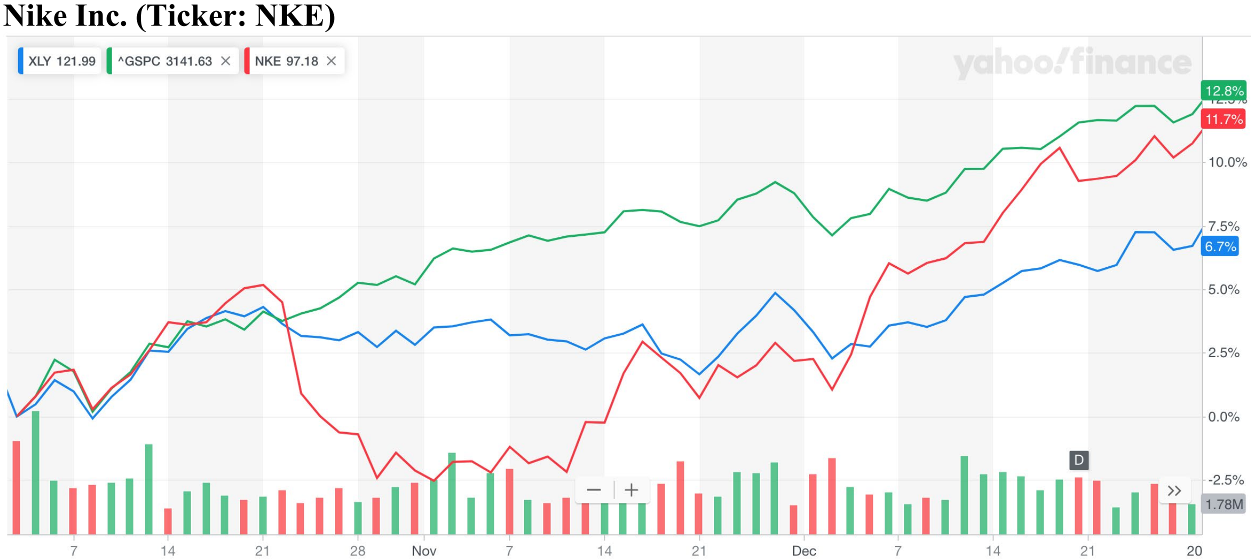
Amplify Online Retail ETF (Ticker: IBUY)



The Hylander Student Investment Fund purchased shares of the Amplify Online Retail ETF on 10/01/19 with a cost basis of $46.44 per share. We hold the IBUY online retail ETF to offer our portfolio diversified exposure to the fast-growing e-commerce industry. We chose IBUY versus other discretionary ETF's because of its targeted company holdings while not allocating towards overweighting Amazon as a majority of other online retail ETF's do. As shown in the chart, IBUY outperformed the market through the last quarter of the year.

Outlook:
We will continue to hold the IBUY ETF for exposure to the growing e-commerce industry. We continue to believe in the asset allocation strategy of the ETF and will use it to capture gains earned by the industry.

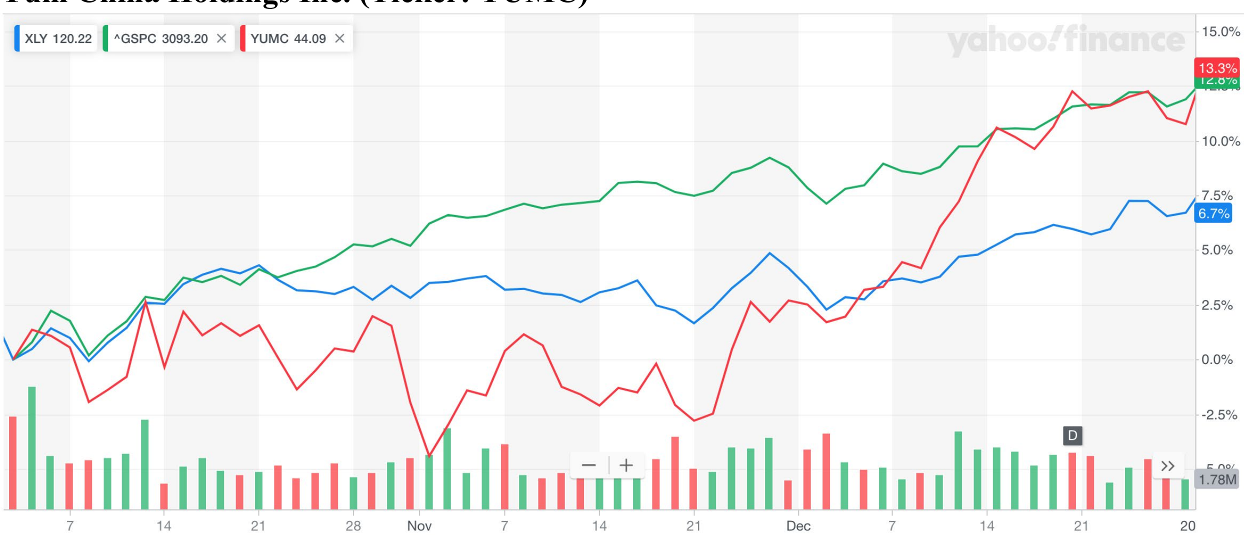
Nike Inc. (Ticker: NKE)



The Hylander Student Investment Fund purchased shares of Nike Inc. on 10/01/19 with a cost basis of $92.28 per share. Nike slightly underperformed the market in the last quarter of the year returning 11.7%. Nike has well outperformed the overall discretionary sector over the same period. Nike reported earnings on December 19th beating estimates for both revenue and EPS. Nike grew sales in North America by 5% through increased strength in the Jordan brand name offsetting weakness in apparel sales. Sales in China continue to grow at a very high rate growing 23% YoY for the quarter. Margins in the quarter were negatively affected by tariffs and currency translations but overall they remain intact.

Outlook:
We continue to believe in the quality company that Nike is. With an industry-leading 39% return on invested capital, Nike has proven its ability to capitalize on its growth levers and grow sales at the domestic and foreign levels. Nike continues to leverage the strength of its brand partnering with a red hot Liverpool FC soccer team and will be the main sponsor of the 2020 Olympic Games. Under current economic conditions, we believe Nike will be a market-beating stock in 2020.

Yum China Holdings Inc. (Ticker: YUMC)

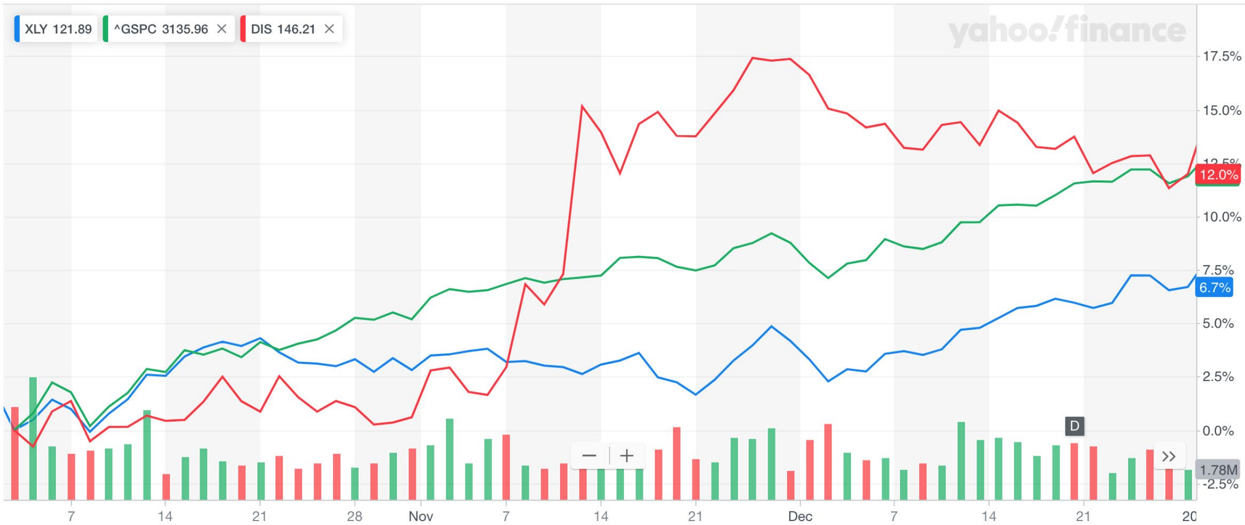


The Hylander Student Investment Fund purchased Yum China shares on 10/01/19 with a cost basis of $44.17 per share. In the last quarter of the year, YUMC returned 13.3% outperforming the market. YUMC reported earnings in October beating estimates for earnings while missing on revenue. The biggest impact of the earnings report came from comparable store sales which YUMC posted 2% comp sales versus the 2.3% estimates from Wall Street. This shook investors causing selling in the stock. But, after the initial earnings shock passed investors looked again at the bigger picture seeing that YUMC was poised for growth with expanding margins leading to a resurgence in the price.

Outlook:
We initially had an optimistic view of the future of YUMC, but the company now faces the disastrous effects of the coronavirus. Since the first case of the virus, YUMC has fallen by more

than 10%. We are examining the potential losses that this may cause YUMC for the rest of the fiscal year and we may decide to allocate capital elsewhere to avoid this risk.

The Walt Disney Corporation (Ticker: DIS)



The Hylander Student Investment Fund purchased shares of The Walt Disney Corporation on 10/01/19 with a cost basis of $129.55 per share. Disney returned 12% in the last quarter of 2019 outperforming the market by a small margin. Disney reported earnings on November 7th beating estimates for both revenue and earnings. Disney reached over $10 billion in global box office sales in 2019. Additionally, the new service Disney+ was released shortly after Disney reported earnings sending the stock higher with 10 million subscribers on the first day.

Outlook:
With releases like "Frozen 2" and "Rise of Skywalker" coming after Disney's November earnings report, we expect the company to continue to beat analyst expectations. Some financial media outlets believe Disney may have over 20 million subscribers for Disney+ in just the first two months of its release. We also remain very bullish on the consistent performance and revenue creation capabilities of the worldwide Disney parks. We expect Disney to be a strong performer and a market-beating stock in 2020.

Utilities

Overview:

The Utilities Sector had a weak fourth quarter, failing to track the S&P 500 by 10%. Weak earnings, changing market expectations due to climate conditions, and multiple interest rate cuts in 2019 (from 2.00-2.25 to 1.50-1.75) attributed to the weak sector performance. With constant interest rate cuts, the economy had consistently grown. The dividend paying Utilities equities must compete with their high debt ratios – making them less attractive when compared to fixed income investments.

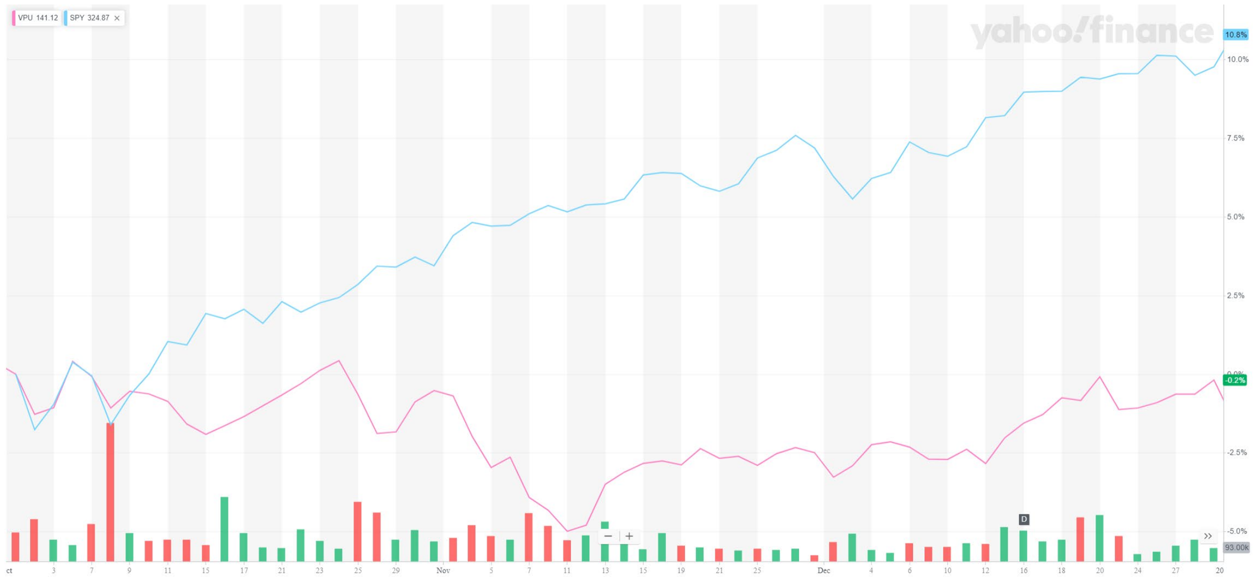


Figure 1Vanguard Utilities ETF ($VPU) used as Utilities Benchmark. VPU tracks Spliced US IMI Utilities 25/50 as its benchmark.

Outlook:

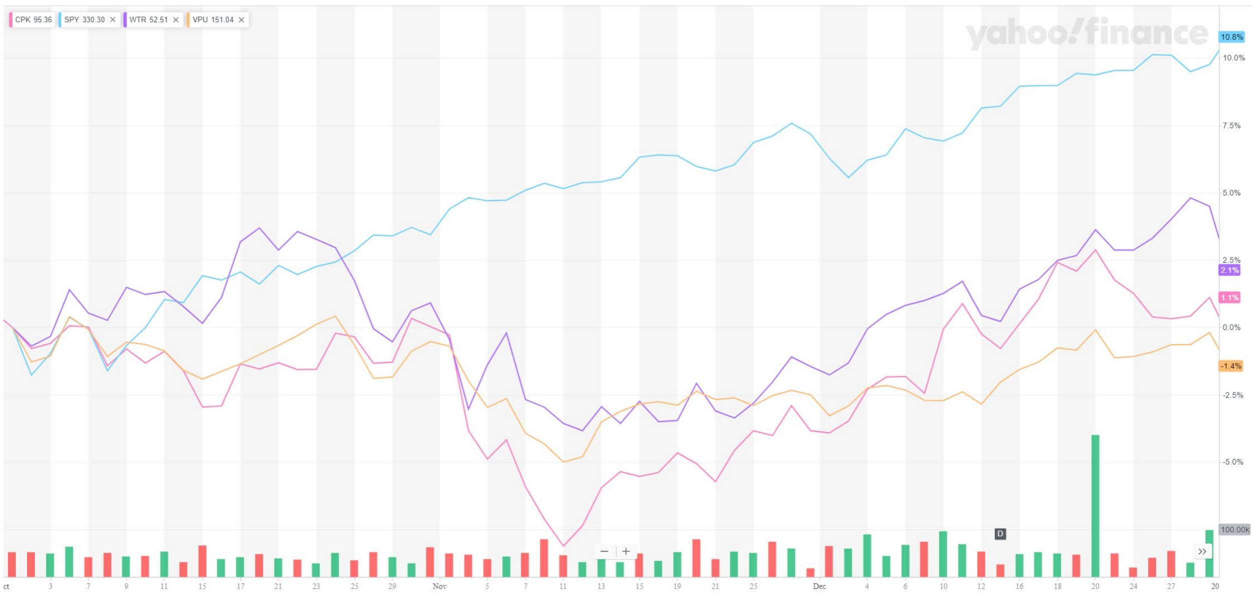
As the world is moving towards decarbonizing our environment, the utility sector as a whole is also taking on efforts to becoming the leader in the clean energy front. As we enter the new decade, we remain optimistic regarding the Utilities Sector for up and coming 2020 year. We expect the strong earnings and outlook throughout the year due to the increasing importance of climate change and prominence of distributed energy resources. Additional factors including becoming the center of carbon efficient cities, new clean energy business models, and EV growth contribute to our optimistic outlook. We see opportunity in a sector ETF but see stronger buys in specific industries and companies – particularly renewable energy and electric companies.

Performance:

After market closure on December 31st, 2019, our fund held ~15% weighting in Utilities. The Utilities Division has exposure to the sector as a whole, Regulated Water Industry, and the Regulated Gas Industry through Vanguard Utilities Index Fund ETF ($VPU), Aqua America, Inc. ($WTR), and Chesapeake Utilities Corporation ($CPK). In Q4 2019, Aqua America met earnings at $0.31 and Chesapeake Utilities missed earnings by $0.10.

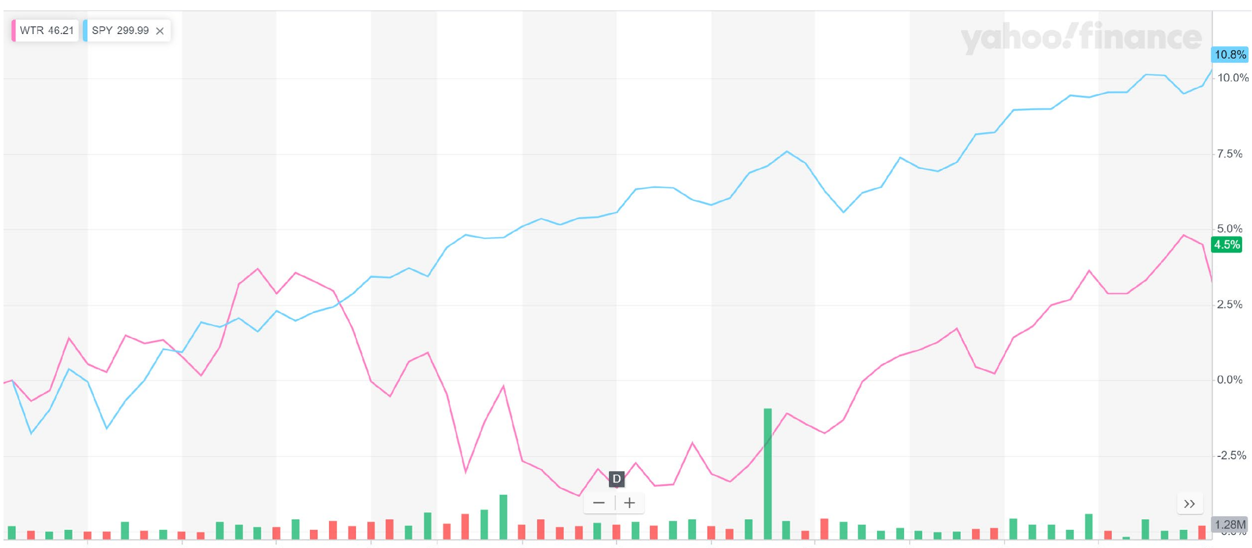
Vanguard Utilities ETF

The general health of the Utilities sector has not been great. Given the recent interest rate cuts, the defensive sectors of the market have been lagging. However, as we move into 2020, we believe that the Utilities sector will grow as its component industries will grow rapidly under the changing political system. The most attractive being the electricity industry as its demand, prce, and pricing



trends all shift upwards. However, this expected growth will also vary on the performance of the natural gas industry.

Aqua America, Inc.

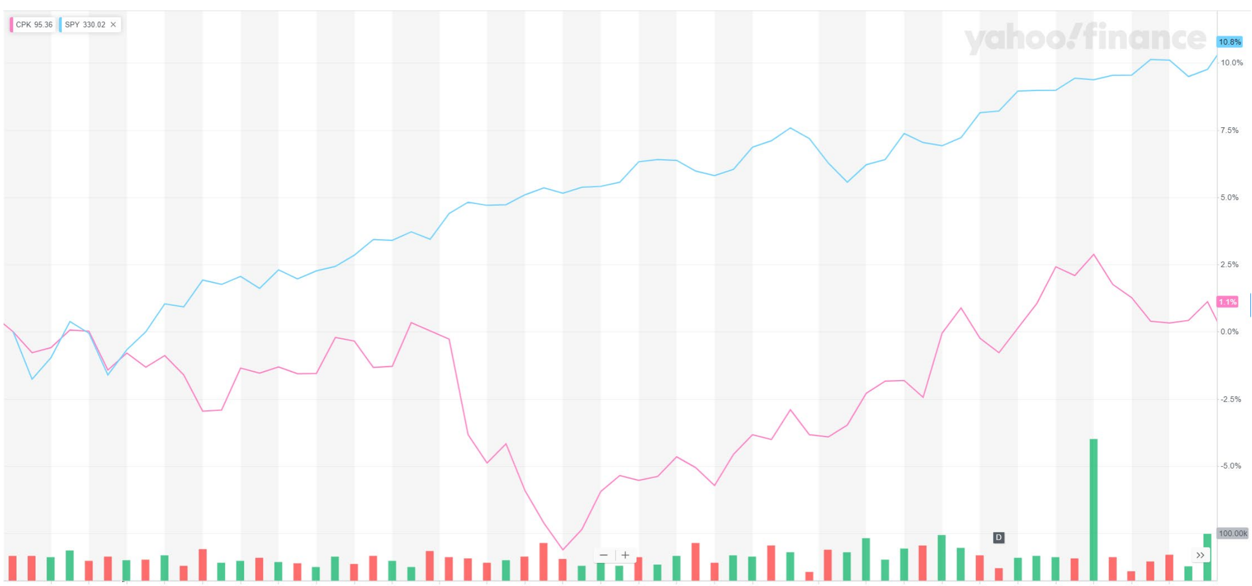


Aqua America is the regulated water company providing service throughout Pennsylvania, Ohio, Texas, Illinois, North Carolina, New Jersey, Indiana, and Virginia. Its stock rose 1.7% in early September thanks to the surprising earnings but lost its earnings "pop" less than a week later. Then in mid-December, Aqua America bought Wastewater System for $50.3M. According to IBISWorld, Sewage Treatment Facilities industries are expected to grow more quickly as the US population increases. Factors including adjusted higher guidance for the full year 2019 due infrastructure investments to rehabilitate and strengthen systems and an increase in the total customer growth through natural growth and acquisitions. Throughout this period, Aqua America has seen a growth of 4.5%, missing 6.3% when compared to the S&P 500.

Outlook:

Aqua America has seen tremendous results. Although it had reached a previous intrinsic value – it has been reworked, and we believe that Aqua America has a lot more room for growth – especially when we take into consideration its recent acquisitions of the sewage treatment facilities as well as its natural monopoly over its area of operations. These factors will see to it that there is growth in the mid-term. These factors will come more into play as we get closer towards the summer and the climate across the service areas begin to warm. We expect these changes to have a positive effect on the top and bottom line. In the long run, we expect Aqua America will continue to grow and service its areas as the human population grows. The firm also remains in line with the Utilities sector's investment strategy as we move into 2020 – focusing on renewable energies.

Chesapeake Utilities Corporation



Chesapeake Utilities Corporation is a regulated/unregulated energy distributer operating primarily with natural gas. Chesapeake Utilities announced that it was exiting the natural gas market, which caused the stock to drop 3%. Its stock dropped an additional 6% due to two factors: selling its Florida natural gas marketing operations and issuing a dividend. Investors may have seen the sale of its Floridian assets as a means to continue paying off dividends. The massive loss was dissipated when Chesapeake Utilities announced earnings – beating expectations.

Outlook:

Short-term expectations are slightly below average; however we see this equity as a long term hold. We expect Chesapeake Utilities to have a strong 1st quarter 2020. Historically, revenues are highest in the winter season due to higher demand for natural gas as a main source for heating through the winter months. Given changes in the economy and social motivations, it may be more beneficial to train in this equity for another equity that focuses more on electricity or some other renewable energy sources.

Industrials

Overview

The Industrials Sector lagged the SP500 in Q4 2019 by 270 basis points. The lag is mainly attributable to the uncertainty around the possibility of a US-China trade deal. A Phase 1 deal between the US and China was agreed upon in early January 2020 and we expect the Industrials sector to outperform the market as negotiations between the two largest economies continues. The fund is currently weighted just under 11% in Industrials spread across three individual stocks. Real interests in the US has fallen below zero and according to Fidelity, "such monetary accommodation has implied a higher likelihood of recovery in capital spending, which has often benefited industrial stocks. Since 1970, industrials have outperformed the market in 84% of the 12-month periods following negative real interest rates. By contrast, the industrials sector beat the market in only about half of all 12-month periods during that time." We remain bullish moving forward and will continue to monitor the negotiations between the US and China as well as Fed policy with respect to interest rates.

Note: Fidelity Industrials ETF ($FIDU) used as Industrials Benchmark. FIDU tracks the MSCI USA IMI Industrials Index.

Performance:

Caterpillar Inc (Ticker: CAT):

We purchased Caterpillar Inc. on 10/1/2019 with a cost basis of $126.12. Caterpillar outperformed the SP500 in Q4 by 1029 basis points. The outperformance was mainly attributable to anticipation of a trade deal between the US and China as approximately 12% of revenues come from the

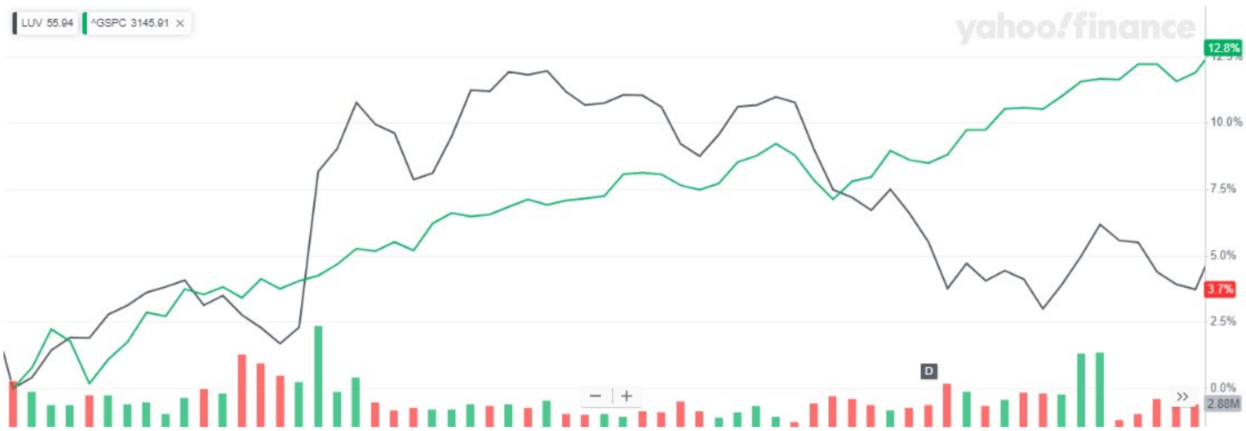
Chinese market alone. Caterpillar Q4 2019 earnings will be released on January 31, 2020. Full year EPS and Revenues are expected to be $2.3 and $13.43B respectively. We still see further upside potential for Caterpillar and are closely monitoring the global demand for heavy equipment machinery.

Caterpillar Inc. vs SP500 Q4 2019

Southwest Airlines Inc. (Ticker: LUV):

We purchased Southwest Airlines Inc. on 10/1//2019 with a cost basis of $54.46 per share. Southwest Airlines lagged the SP500 by 910 basis points. The underperformance is mainly attributable to the grounding of Boeing 737 Max. Though the entire Airline industry was affected, Southwest has the largest order and least diversified fleet of aircrafts relative to its competitors. We remain cautiously optimistic in 2020 as the FAA expects 737 MAX to regain approval in early-to-mid 2020. Effective management, dominant market share and strong growth projections remain amongst the key reasons why we believe Southwest will outperform the market in 2020.

Southwest Airlines vs SP500 Q4 2019



Waste Management Inc. (Ticker: WM):

We purchased shares of Waste Management Inc. on 10/1/2019 with a cost basis of $115.46. Waste Management lagged the SP500 by 1350 basis points. We have not identified specific reasons attributable to the underperformance as Waste Management continues to report better than expected earnings; however, as with many businesses, the uncertainty revolving a US-China trade deals is the likely culprit. Waste Management is one of the most innovative companies in the nation to effectively manage waste, but even the best in the industry is not immune to global factors. We remain bullish on our investment in Waste Management and will closely monitor the effects brought on by the Phase 1 deal between the two largest economies.

Waste Management Inc. vs SP500 Q4 2019

Health Care

Overview

The Health Care sector outperformed the market in the fourth quarter ended 2019 with the Vanguard World Fund Health Care ETF returning 17.25% compared to the SP500 return of 12.78%. The outperformance is mainly attributable to investors seeking refuge in defensive sectors due to uncertainty of a possible U.S.-China trade deal and caution of a slowing global economy. Amongst industries within the Health Care sector, Biotechnology was the only one that outpaced both the SP500 and the Health Care sector returning 23.29% in Q4 2019. From 2019-2023, health spending is expected to rise at a more robust compound annual growth rate (CAGR) of 5 percent, up from 2.7 percent in 2014–18[1]. Moving into 2020, we expect the global narrative to remain unchanged and industries such as Biotechnology, Medical Devices and Equipment, and Lifescience to be the most well positioned to grow. A global aging population, integration of internet of medical things (IoMT), improved financial operations, and personalized health care will play key roles in the Health Care sector'. SP500 vs Vanguard VHT ETF Q42019

Note: Vanguard Healthcare ETF used as Healthcare Benchmark

Performance:

Zoetis Inc. (Ticker: ZTS)

We purchased Zoetis on 10/1/2019 with a cost basis of $125.61. Zoetis lagged the SP500 in Q4 by 400 basis points. The lag was mainly attributable to investor concerns with Zoetis' livestock segment which has showed a decline in growth. Zoetis Q4 earnings report is scheduled to be released on 2/13/2020 with expected EPS of $0.88 and full year revenues of $1.64B. We still see further upside potential for Zoetis and our investment thesis is still in tact, but we are closely

[1] Source: Deloitte 2020 Global health care outlook

monitoring Zoetis' livestock segment performance as growth is dependent on both livestock and companion animal segments.

Zoetis vs SP500 Q4 2019

Stryker Corp. (Ticker: SYK)

10/1/2019 with a cost basis of $215.73. Stryker Corp. Stryker lagged the SP500 in Q42019 by 1200 basis points. The lag was mainly attributable to investor concern regarding the Q3 2019 acquisition of Wright Medical which was funded largely in part through debt. Stryker . Stryker has historically made prudent acquisitions, but the large amount of debt on the balance is now on investor's radar. Additionally, S&P and Moody's downgraded Stryker's debt rating to Aaa-and Baa1 respectively. Strykers is expected to report earnings on 1/28/2020 with $2.46EPS and $4.11B in revenue. We still believe there is further upside potential and are closely monitoring the impact of Wright Medical to top and bottom line growth.

Stryker vs SP500 Q42019

Illumina Inc. (Ticker: ILMN)

We purchased Illumina on 12/3/2019 with a cost basis of $320.74. Illumina outperformed the SP500 in Q4 by 230 basis points. The outperformance was mainly attributable to analyst price target increase, new partnerships with Lexent Bio and Archer DX, and Q3 quarterly report released 10/24/2019 the beat EPS consensus by $0.462. Illumina Q4 earnings report is scheduled to be released on 1/28/2020 with expected EPS of $1.58 and full year revenues of $950.15M. Though we purchased Illumina later in the quarter and were not able to capture the bulk of the returns, we believe the stock remains undervalued.

Illumina Inc. vs SP500 Q4 2019

Real Estate

Overview

The Real estate sector underperformed the market in Q4 2019 with the Vanguard Real Estate ETF (VNQ) returning .5% and iShares Real Estate ETF (IYR) returning a flat 0% when compared to the S&P of 9.8% up to December 30th. Despite the momentum in the sector throughout the year, Real Estate stayed relatively flat despite the market hitting all-time highs to end the year. The positive outlook on the "truce" between the U.S - China trade talks seemed to have pushed investors away from defense/ yield-oriented REITs and into other growth sectors of the market.

Overall, 2019 was a good year for the sector despite the flat performance in the last quarter. Low-interest rates and steady domestic economic growth allowed about $5.3 billion into 11 core Real Estate ETFs when compared to the negative $2.6 billion in 2018. Moving forward, low

mortgage rates will be a primary factor in U.S Real Estate, more specifically in the residential industry.

Sector Outlook

After a strong performance in 2019, the Real Estate sector is expected to remain flat in the short term and contract marginally over the next five years. In the short term, industry revenue is expected to grow an annualized .6%. A low interest rate environment supports a backdrop for consumers to maintain demand for homes. However, in the long run, increased vacancy and homeownership rates due to lower demand will affect the sector as a whole. Rental vacancy rate is expected to rise an annualized 2% as an oversupply begins to reach the market, resulting in falling rent prices and slowed growth. Moreover, a likely slowdown in corporate profit will diminish downstream commercial demand. This includes but is not limited to the construction of offices, retail, hotels, and industrial spaces.

Individual Holdings Performance Review

In Q4, the fund did sell its position of Public Storage ($PSA) of 29 shares. Negative returns combined with a pessimistic outlook drove our decision to move out of the position. At its 52 week high Public Storage hit $266.54 but has continually fallen due to increasing competition surrounding their industry. After a lackluster Q3 Earnings, Public Storage continued to fall due to lower than expected revenue as well as an increase in expenses. $PSA reported a top-line of $729.34M and growth of same-store cost of operations by 6.4% yoy. Specifically, this was attributed to their higher marketing expenses and property taxes. It is not expected that Public

Storage will recover in the short term. Furthermore, a negative outlook on the backdrop of the company prompted the sale of $PSA.

Overview:

The Technology fidelity sector returned 31.02%, while the S&P 500 returned 17.04%. The Technology sector had a really outstanding performance YTD as of December 30th, 2019, outperforming the S&P 500 by 10.8%. Despite some pessimism surrounding the U.S and China trade agreements and the cut-back in the borrowing costs which have caused the overall equity market to slow down in the late 2019, the technology sector still reported impressive earnings.

Outlook

Despite the cuts in interest rate and rising concerns over U.S-China trade agreements, we stand bullish on the outlook for tech. We expect strong earnings and new disruptive innovations across sector-wide, and we believe the influences of technology can be profoundly impactful to both the corporate world and the dynamic business groups. There is enormous opportunity for robust growth with increasing expectations on business valuations, eventually leading up to more strategic mergers and acquisitions. We have seen enormous examples of companies that have built lasting, durable and sustainable competitive advantage by being early adopters of technology, moving forward, we believe more companies from various industry groups will begin to embrace the pace of technological innovations, which is rapidly accelerating, in an attempt to establish long-term value creation. Thus, despite the pressing concerns over political interventions which have disrupted companies across industry, we stand bullish on technology sector and its tremendous opportunity for double digit performance.

First Trust NASDAQ Cybersecurity ETF (Ticker: CIBR)

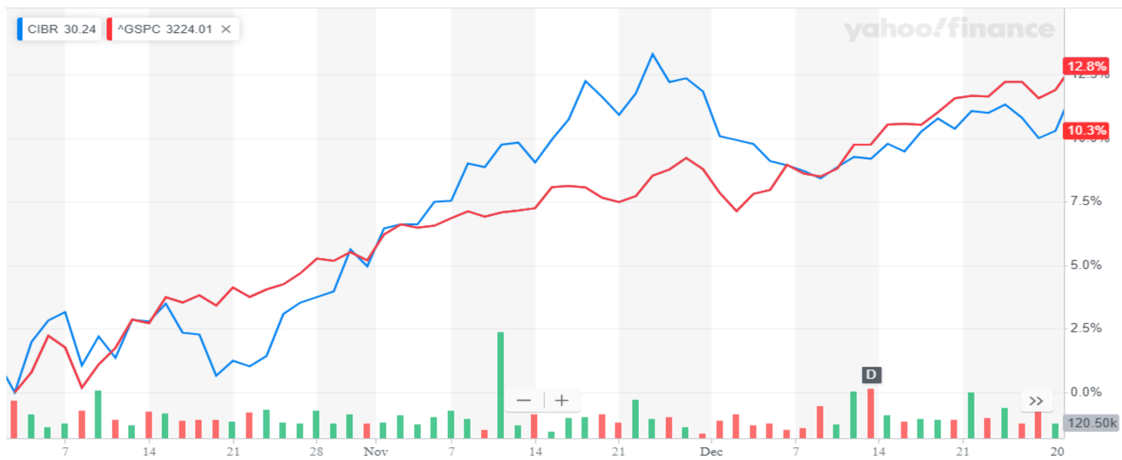
Performance

The Hylander Financial Group purchased 286 shares of First Trust NASDAQ Cybersecurity ETF fund with a cost basis of $27.68. In the past three months starting in October, the fund has returned 10.3%, which slightly underperformed the S&P 500 by roughly 200 basis points.

Technology

Outlook

We decided to hold CIBR ETF to receive a diversified exposure on the cybersecurity industry within the broad technology and industrial sectors, in which we believe holds tremendous potential for massive growth in the future. We perceive the needs for data security protection as a rising demand for the corporate world, hence, we chose CIBR because the fund primarily invests in companies that are involved in the building, implementation and management of security protocols which align with the rising demand for cybersecurity protection among corporate giants. We will continue to hold CIBR as we wish to continue having exposure to cybersecurity holdings.



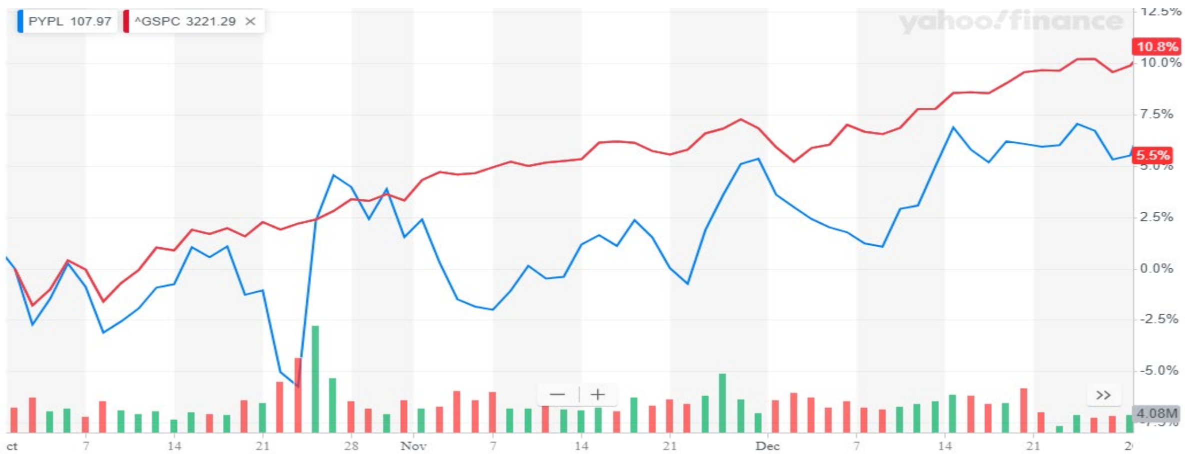
Paypal (Ticker: PYPL)

Performance:

The Hylander Student Investment Fund purchased 76 shares of Paypal with a cost basis of $103.29. We chose PYPL as our holding because the company is a pioneering representative of the digital payment industry, a rising need for businesses and consumers in the technology era. As seen by the chart below, PYPL dropped lower to 8.5% underperforming the S&P 500, which returned 12.8% as of December 30th, 2019. With over $124 billion in market capitalization, we believe the company is a dominant player in the first-person digital payments sphere. As of Q4 earning which is expected to be January 29, 2020, the company is expected to report EPS of 0.83, up 20.29% from prior year quarter. The forcasted revenue for the coming quarter will stand firmly at $4.94 billion, up 16.96% from the year-ago period. The payment giant also has more than 295 million active users, and management expects the number to climb close to 305 million users.

Outlook:

Analysts believe Venmo will be an increasingly important market driver for Paypal, where it's expected that Venmo will exit 2020 with a "900 million revenue checkmarks". Top management also highlighted that the company has obtained a domestic payment license in China, which we believe will create room for aggressive expansion in the future. In addition, the company is also partnering with other trusted brands, for example, it's collaborating with American Express (Ticker: AXP), VISA (Ticker:V), and Master Card (Ticker:MA) whereby credit cardholders can use their earned points on the respective cards when they use PYPL to pay third party merchants. The company also worked with Walmart in an effort to reach out to U.S residents without digital payment methods, by building an in-store ATMs so that Paypal customers can withdraw cash at Walmart store across the States.



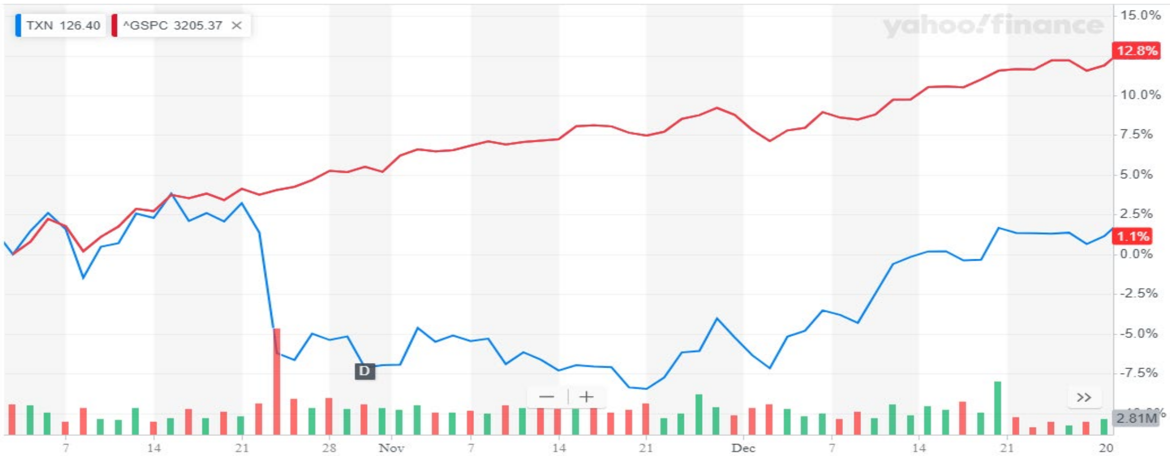
Texas Instruments (Ticker:TXN)

Performance:

The Hylander Student Investment Fund purchased 32 shares of Texas Instruments with a cost basis of 128.29. Beteween October 1st, 2019, and December 30th, 2019, the company has returned 5.5 %, wheresa the S&P 500 has remained strong at 10.8%. Given its current relatively reasonable price-to-earnings ratio of 23.46, we believe the company's value still has strong upbeat potential. As of Q4 earning, the company reported better-than-expected earning of $1.12 per share, surpassing Zack Consensus Estimate by 9.8%. However, the reported figure declined 11.8% and 24.8% year over year and sequentially, respsectively. The company also reported strong revenue of $3.35 billion, which beats the estimate by 3.9%. However, the figure declined 10% from the year-ago quarter and 11.2% from the previous quarter. Majority of the decline was due to the company's persistent weakening in end market conditions which resulted to poor performance in the company's Analog and Embeded Processing segments. Thus, in turn, hurt the top line.

Outlook:

However, we believe the company's focus on innovation, with growing spending on research and development (R&D), is no doubt proven to be a key catalyst. In addition, the company is also continuing its investments in the lucrative automotive and industrial markets which are anticipated to yield substantial returns in the long run. Moreover, the company is confident on its portfolio strength, efficient manufacturing strategies and optimized capital allocation in growth areas. Over the long term, we believe TXN is still an impressive hold which should perform.



First Trust NASDAQ Cloud Computing (Ticker: SKYY)

Performance:

The Hylander Student Investment Fund purchased 191 shares of SKYY with a cost basis of \$56.60. As of December 30th, 2019, the company returned 10.1%, which is 200 basis points lower than the S&P 500.

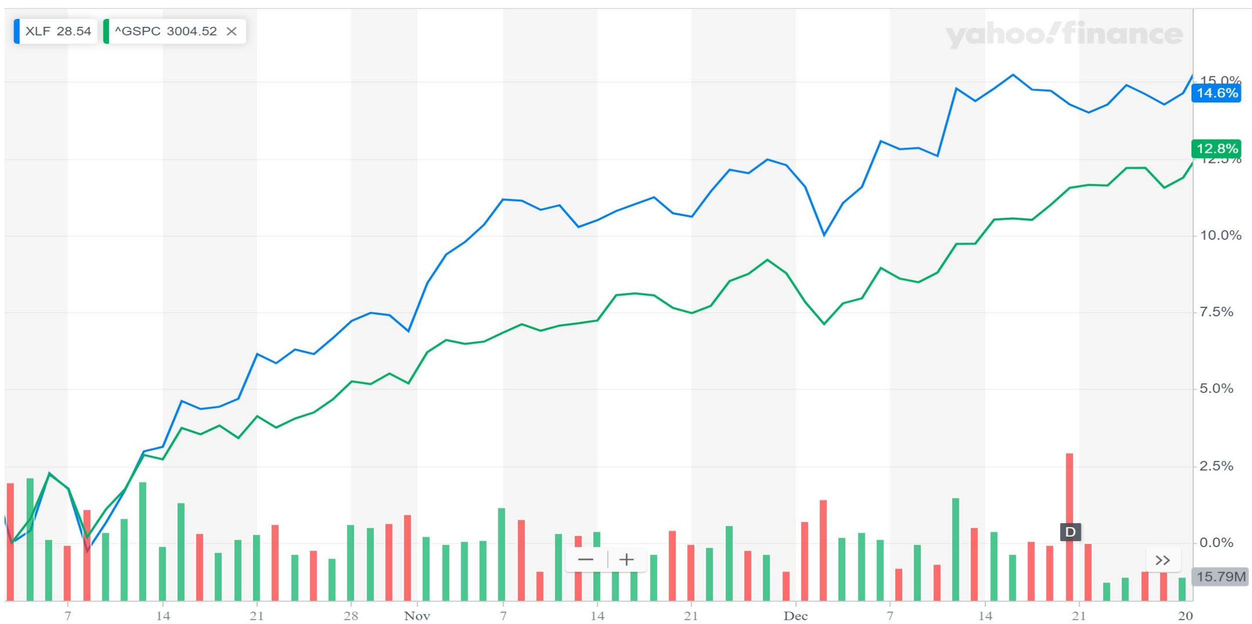
Outlook:

We decided to hold SKYY ETF to receive a diversified exposure to cloud computing stocks, in which we believe is a fastest growing industry in the technololgy sector. However, the risk of investing in individual cloud computing company is also extremely extravagant thus we believe in order to capture the potentially enormous capital gains resided in the cloud computing industry without enduring tremendous risk is to invest in an ETF funds that tracks the cloud computing industry. The fund reported a remarkable 1 year return of 23.12%, with a fairly assesed expense ratio of 0.6%. We will continue to hold SKYY as we wish to continue having exposure to the successive cloud computing industry.

Financials

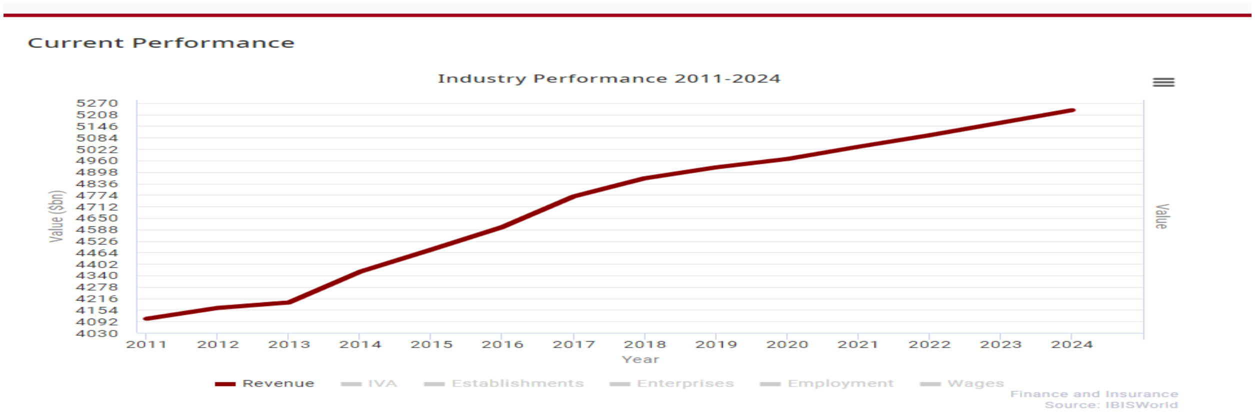
Overview:

In the 4th quarter of 2019 the S&P 500 rose 10.65 percent. During the same period the XLF, which is a Financial Sector ETF, rose 12.71%. The low interest rate has allowed consumers to spend and borrow more, which in turn has been increasing banks profits. Also companies have been beating expected earnings, which allows them to take on more projects and borrow more money from banks.

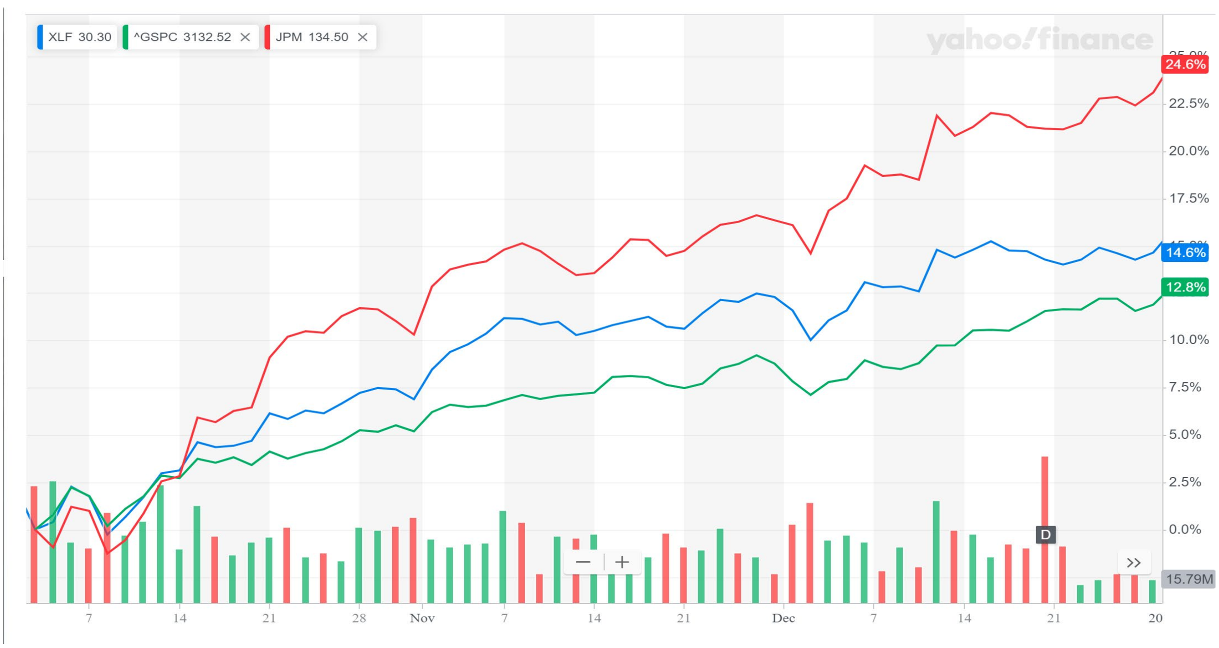


Outlook:

The outlook on the financial sector looks healthy. There has been lots of growth in the past few years, however, we expect it to slow down for the next few years. The sector is expected to have a 1.2% annualized increase through the year 2024. We expect in the next 5 years for an interest rate increase. During this time, banks and insurance companies' profit margins will also increase. Insurance companies will fluctuate between price hardening and softening to find a balance between increasing profits and retaining customers.



J.P. Morgan



J.P. Morgan is currently at record highs. They've had record profits in 2019. They have consistently grown all segments of their business. They have the most assets under management in the United States. We will continue to hold JPM, because we think it will continue to consistently perform well.

Arthur J. Gallagher

AJG is slowly moving towards the target price we set for it at $101.49. They are growing their business by acquiring domestic companies and companies overseas. We have an optimistic outlook and think AJG will hit the price target we set by the end of 2020.