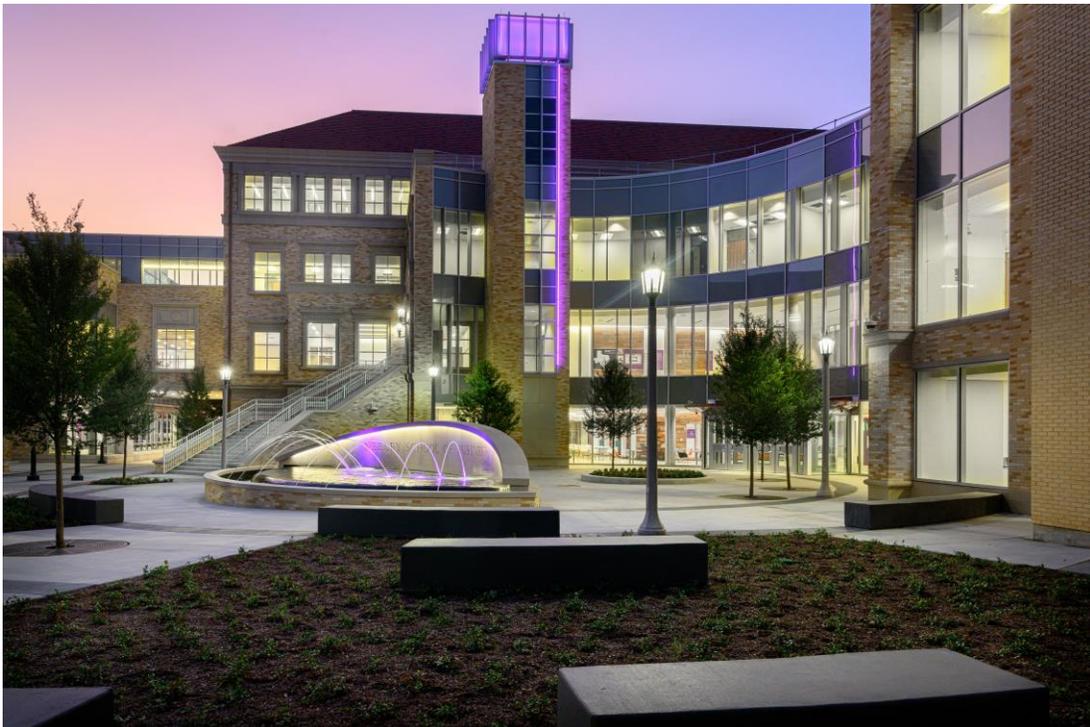


# **William C. Conner Foundation**

## **Educational Investment Fund**

### **2020 Annual Report**



## **Celebrating 48 Years of The Educational Investment Fund**

**Setting the Standard of Excellence in  
Investment Management Education, Experience,  
Ethics, and Philanthropy since 1973**

# **William C. Conner Foundation**

Educational Investment Fund

Neeley School of Business  
Texas Christian University  
Fort Worth, TX

April 27, 2021



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***Educational Investment Fund***

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## Preface

2020 marked the 48th year of operations of the Educational Investment Fund, during which time the William C. Conner Foundation has provided students at Texas Christian University a unique learning experience in fundamental security analysis and portfolio management. In 2020, 45 student analysts - 36 undergraduates, and 9 MBA students - contributed to the management of the Foundation's assets. This report summarizes the activities and events that transpired in 2020.

## To the Trustees of the William C. Conner Foundation

### Economy in Review

The onset of the COVID-19 pandemic in early 2020 and the resulting lockdowns led to a dramatic drop in economic activity during the year. The violent economic downturn and resulting fallout led to record high unemployment and low spending, ushering in the first worldwide recession since 2007. The domestic recession was met with over \$3 trillion in government stimulus to aid households and businesses affected by the pandemic, providing a foundation for a slow resurgence in economic growth in the last half of 2020. On an inflation-adjusted basis, US economic growth fell from 2.3% in 2019 to -3.5% in 2020. According to the World Bank, global GDP growth weakened from 2.8% in 2019 to -4.4% in 2020 as COVID-19 impacts were felt in economies across the world.

Although domestic GDP growth turned negative in 2020, the United States outperformed relative to other developed nations due to an increase in economic activity in the second half of the year. Unemployment rose from 3.6% at the start of the year to a peak of 14.8% in April as all non-essential businesses were forced to close, before steadily decreasing during the remainder of the year to finish 2020 at 6.7%. Although essential workers faced less job risk in 2020, the number of non-farm employees fell by 6.3% in 2020 even as over \$500 billion in Paycheck Protection Program loans were approved by the federal government.

Despite significant government stimulus, business executives showed caution by pulling back their investments due to COVID-19 uncertainty and the global economic shutdown; in 2020 private nonresidential fixed investment showed a modest decline of 0.9% after growing at a rate of 2.5% in 2019. However, manufacturing growth was resilient in 2020 and the US ISM Manufacturing PMI ended the year above 60 and showed a significant rebound from its 2020 low of 41.5 in April during the height of the pandemic. The US ISM Services PMI showed similar resilience in 2020; after reaching a low of 41.6 during May the index steadily improved throughout the remainder of the year and finished 2020 at 57.7. Overall, even though the domestic economy slowed in 2020, future outlook remains

strong as economic growth continues to rebound on the tailwinds of consistent government stimulus and robust consumer spending.

Other major economies across the world suffered in 2020 as their markets suffered from the coronavirus pandemic. Hindered by economic shutdowns and a drop in global demand, Chinese GDP grew at a modest rate of 2.3% during the year and was the only major economy to experience positive growth. Despite its slowest growth rate in years, Chinese industrial production remained robust and grew 7.3% during 2020, with analysts expecting similar growth in 2021. According to the IMF, continued policy support from Beijing and the gradual reopening of the global economy will lead to ~8.2% GDP growth in 2021.

Eurozone economic growth was hit hard in 2020 as the continent faced stringent lockdowns during the year. Eurozone GDP contracted 6.8% during 2020 even after the region experienced GDP growth of 12.4% during the third quarter of the year. Economic performance across the continent varied by country, as countries heavily reliant on tourism suffered the most while countries with strong manufacturing benefitted from the rebound in economic activity later in the year. European consumer sentiment remained weak moving into 2021 at -15.3, well below the long-term average for the European Union of -10.7.

The Federal Funds Target range started the year at 1.50% to 1.75% before being cut twice during the onset of the pandemic to finish the year at 0.00% to 0.25%. At the end of the year, the Federal Reserve detailed the expectation that rates would remain low during the upcoming years as the economic ramifications of the pandemic continue to permeate the domestic economy. After inverting in April, the 2-10 Year Treasury Yield showed strong performance during the second half of the year and finished 2020 at 0.80%. At the end of 2020, the earnings outlook for 2021 remained strong, driven by expectations of a resurgence in growth as economic shutdowns subside, providing optimism for economic performance in 2021 and beyond.

## **EIF Operating Summary**

The EIF is a long-only, equity-focused investment fund with a traditional equity allocation of 70% to 75%. The total EIF portfolio return for 2020 was 18.59% compared to 13.45% for the Lipper Balanced Fund Index, which is the average of the 30 largest professionally managed balanced funds. In 2020, the EIF equity allocation averaged 74.4%, with total returns of 23.05% compared to 18.40% for the S&P 500, and 16.11% for the Lipper Large Cap Core Index. The EIF fixed income allocation averaged 20.2% with returns of 7.10%, compared to 5.40% for the Barclay's Aggregate Bond index. The EIF increased the bond duration slightly above the Barclay's Aggregate duration to position the EIF to benefit from lower interest rates due to COVID-19.

We are proud to distribute \$91,911 to our beneficiaries, Texas Christian University and the Department of Ophthalmology at the Baylor College of Medicine. With the 2020 contribution, the cumulative distribution of the William C. Conner Foundation Educational Investment Fund is \$3,352,106. All fund members take great pride in the philanthropic component of the EIF.

## **Year Highlights**

The EIF continues to have a strong reputation in Fort Worth and across the country. During 2020, many EIF members were recognized on the Dean's Honor List for the Neeley School of Business and received numerous scholarships, including the Meredith Fraker Thompson Memorial Scholarship, Bob Bolen Leadership Scholarship, Luther King Capital Management Center for Financial Studies Scholarship, and TCU Chancellor's Scholarship. We are delighted to announce that a team of EIF members consisting of Connor Fragen, Madelyn Carlson, Jake Lansford, Reilly Cornell, and Dalton Standish won the Southwest Regionals CFA Investment Research Challenge. The team won first place and received \$1,000 scholarships that can be applied to CFA exams.

EIF members also served as mentors and leaders in other organizations across the TCU and DFW area, including the Neeley Fellows and the Neeley Leadership Program. In addition, three members were asked by the Neeley School of Business to teach Advanced Excel in the Workplace, a financial modeling class offered to high-achieving juniors

and seniors. Lastly, several EIF members serve as mentors for students in the Transaction and Investment Professionals Board Program, helping place students in competitive internships.

Many EIF members were successful in their search for post-graduation employment. Some of the companies hiring EIF members include Amazon, Bank of America, Capital One Bank, Citibank, Deloitte, Evercore, Goldman Sachs, Harrison Street Real Estate Capital, Houlihan Lokey, Microsoft, Scotiabank, and Truist Securities.

## **Ending Comments**

On behalf of the 2020 EIF members, I thank the William C. Conner family, the Board of Trustees, the administration of Texas Christian University, Jim Hille, UBS, and all of our guests during the year. We thank the team at Weaver and Tidwell, L.L.P. for their financial review of the EIF accounts. We also thank Professor Mo Rodriguez - Chairperson of the Finance Department and the Board members of the Luther King Capital Management Center for Financial Studies for their continuing support of the students in the EIF.

We express our profound gratitude to Dr. Larry Lockwood as the 2020 EIF faculty advisor. Although the EIF is student-managed, the Fund generates much of its success due to the time, instruction, and unwavering support provided by Dr. Lockwood. We also extend a special thank you to Dr. Stan Block for his countless years of service to the EIF and his lasting legacy at TCU. The combined wisdom of the faculty advisors has provided the foundation for a program of applied learning in financial markets that rivals any other student-managed fund across the country.

I am honored to serve as the Chief Administrator for the EIF this semester. On behalf of the 2020 members of the Educational Investment Fund, thank you for the opportunity to participate in this invaluable experience.

With much appreciation,

Sam Schaefer  
Chief Administrative Officer  
William C. Conner Educational Investment Fund  
Texas Christian University

## History of the Educational Investment Fund

The TCU Educational Investment Fund was established in 1973 with a \$600,000 donation from William C. Conner, co-founder of Alcon Laboratories. The donation consisted entirely of Alcon Laboratories common stock, which was used to establish the William C. Conner Foundation. The five founding members, James Bowie, Gary Naifeh, William McLaughlin, Ronald Moore, Roy Topham, and faculty advisor Dr. Stan Block used the Alcon stock to establish a margin account against which the Fund could invest.

Within two months of the Fund's founding, the stock market experienced its biggest decline since the end of World War II, providing the original five members with a valuable lesson in the risks associated with investing. The fact that the Fund survived its early setbacks to become the success it is today is a testament to the vision of Dr. Conner, and the determination of its founders.

In 1978, Dr. Conner contributed an additional \$100,000 to the Fund, bringing its total value to slightly more than \$800,000. Through the liquidation of its original holding, the EIF closed its margin account and began investing directly in various securities.

In 1983, the manner of distributions to the beneficiaries changed from an annual payment equal to the realized profit for the year to an annual distribution of 6% of the Fund's year-end net asset value. This change has allowed the EIF to grow, while still providing income to its beneficiaries. In 2016, this distribution rate was lowered to 5%, reflecting the continued mission of allowing the EIF to grow in a lower-growth, lower interest rate environment.

Although the EIF is not the oldest university fund in existence, it is the oldest fund whose operations are controlled entirely by student managers. Since its inception, the Fund has represented an innovating, challenging approach to education in finance. It has allowed students to gain unparalleled investment management experience while still in a university setting. Throughout the history of the EIF, over \$3.35 million has been distributed by the Fund, in

the form of an annual contribution to the William C. Conner Foundation's two beneficiaries: Texas Christian University and the Department of Ophthalmology at Baylor College of Medicine.

Universities across the country continue to recognize the benefits of TCU's student-run investment fund. Over the past several years, prestigious institutions such as UCLA, Rice University, Columbia University, and the University of Chicago have contacted TCU regarding the development of their student-run portfolio program, with many universities using TCU's William C. Conner Educational Investment Fund as the base model for their programs.

The future of the Educational Investment Fund remains bright. The generous contribution made by Dr. Conner 48 years ago has enabled over 1,000 students to benefit from this unique educational experience. The program consistently produces top-rate graduates who go on to achieve success through various industries, but specifically in the world of finance. The Fund is proud to keep good relationships with its alumni and appreciates those individuals who regularly return to Fort Worth to share their professional experiences with current Fund members. This solid network of alumni is indicative of the quality experience provided by participation in the TCU Educational Investment Fund.

The success of the Educational Investment Fund has been made possible by the vision and support of Dr. Conner, the dedication of the William C. Conner Board of Trustees, Dr. Stanley Block and Dr. Larry Lockwood, as well as the numerous other TCU faculty members, alumni, and students who have donated their time and effort to the Fund.

Thank you for being a vital part of Texas Christian University and the TCU Neeley School of Business's Educational Investment Fund experience. Your continued involvement with the EIF ensures that past, present, and future alumni will continue to be recognized for the superb educational opportunities afforded by TCU.

## Summer 2020 Officers



John Harzich      Aiden Chandlee      Lucas Jacob      Johnny Ecklebarger      Nathan Hoelscher  
*Chief Administrator      Portfolio Manager      Portfolio Manager      Chief Economist      Operations Manager*

## Fall 2020 Officers



Aiden Chanlee      Nathan Hoelscher      Huy Nguyen      Dinh Nguyen      Ariel Remley  
*Chief Administrator      Portfolio Manager      Portfolio Manager      Chief Economist      Operations Manager*

## Spring 2021 Officers



Sam Schaefer      Sabrina Kingsbury      Miles Green      Johnny Ecklebarger      Josie Fuhrman      Matthew Develle  
*Chief Administrator      Portfolio Manager      Portfolio Manager      Chief Economist      Operations Manager      Fund Accountant*

## Educational Investment Fund Members



Ethan Alexander



Brian Campbell



Scott Carlson



Aiden Chandlee



Taylor Christensen



Matthew Develle



Johnny Eckleberger



Josie Fuhrman



Haley Geng



Miles Green



John Harzich



Jack Heathcott



Lauren Henrichsen



Yannic Hertig



Nathan Hoelscher



Cole Holmes



Balal Hossain



Charlie Hunt



Lucas Jacob



Sabrina Kingsbury



Blake Larsen



Ellie Mitchell



Huy Nguyen



Dinh Nguyen



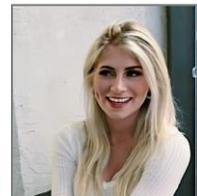
Connor Oehmke



Truett Pittman



Ryal Reddick



Ariel Remley



Victoria Savage



Sam Schaefer



Zhan Shi



Nicholas Vallner

## 2020 Investment Transactions

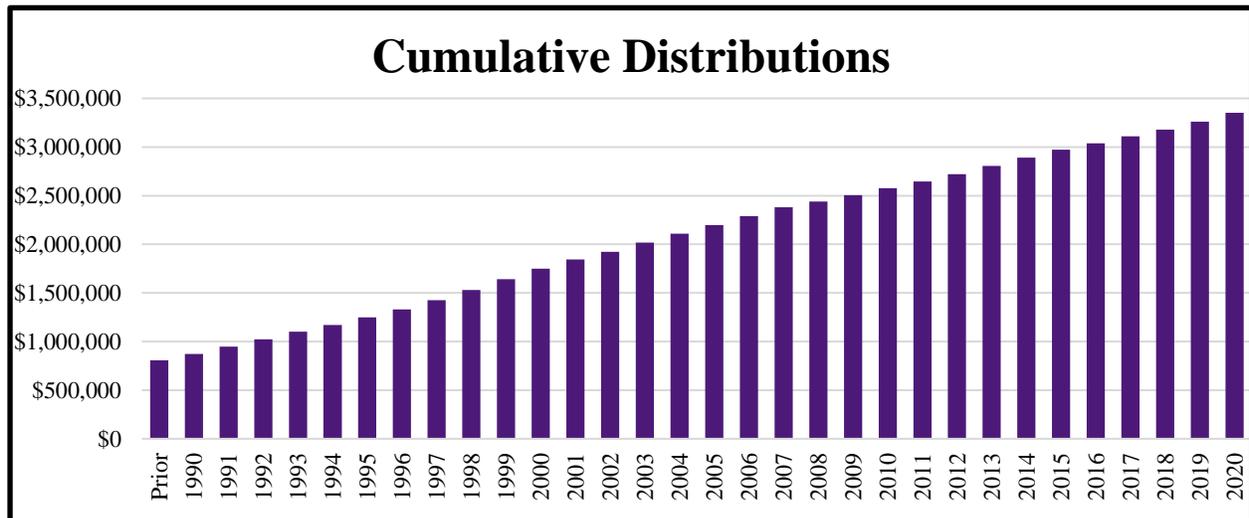
<b>Purchases</b>	<b>Quantity</b>	<b>Date</b>	<b>Amount</b>
INDUSTRIAL SELECT SECTOR SPDR FUND ETF	813	01/31/2020	\$66,532.63
ISHARES IBOXX USD HIGH YIELD CORPORATE BOND	518	02/05/2020	\$45,602.06
VANGUARD LONGTERM CORPORATE BOND ETF	272	02/05/2020	\$28,350.46
SPDR S&P SEMICONDUCTOR ETF	79	02/07/2020	\$8,477.36
TJX COS INC NEW UNSOLICITED	137	02/07/2020	\$8,478.57
ALEXION PHARMACEUTICALS INC	354	03/06/2020	\$32,276.33
VANGUARD SHORT-TERM CORPORATE BOND ETF	518	03/11/2020	\$41,874.94
SOUTHWEST AIRLINES CO UNSOLICITED	929	04/01/2020	\$31,059.42
JOHNSON CTLS INTL PLC UNSOLICITED	1204	04/03/2020	\$31,296.64
ACCENTURE PLC	206	04/17/2020	\$35,594.37
LAUDER ESTEE COS CL A UNSOLICITED	156	04/29/2020	\$26,790.53
ISHARES IBOXX USD HIGH YIELD CORPORATE BOND	553	06/23/2020	\$45,978.03
ISHARES PHLX SEMICONDUCTOR ETF	56	08/28/2020	\$17,043.41
HOME DEPOT INC UNSOLICITED	154	09/30/2020	\$42,128.05
SPDR WELLS FARGO PFD STOCK ETF	768	10/29/2020	\$33,193.68
NVIDIA CORP UNSOLICITED	75	11/06/2020	\$42,335.75
HEALTH CARE SELECT SECTOR SPDR FUND ETF	148	12/17/2020	\$16,625.33
<b>Total Purchases</b>			<b>\$553,637.56</b>

<b>Sales</b>	<b>Quantity</b>	<b>Date</b>	<b>Amount</b>
BOEING COMPANY UNSOLICITED	40	01/21/2020	\$12,744.49
CSX CORPORATION UNSOLICITED	452	01/31/2020	\$34,519.11
SPDR BLOOMBERG BARCLAYS SHORT TERM HIGH YIELD	2509	02/05/2020	\$67,490.65
SPDR GOLD SHARES ETF UNSOLICITED	218	02/06/2020	\$31,911.83
HEALTH CARE SELECT SECTOR SPDR FUND ETF	342	03/06/2020	\$32,430.61
ISHARES IBOXX USD HIGH YIELD CORPORATE BOND	518	03/11/2020	\$41,867.11
INDUSTRIAL SELECT SECTOR SPDR FUND ETF	546	04/01/2020	\$30,914.83
INDUSTRIAL SELECT SECTOR SPDR FUND ETF	434	04/03/2020	\$24,818.91
RAYTHEON TECHNOLOGIES CORP	0.224	04/06/2020	\$12.82
SPDR S&P SEMICONDUCTOR ETF	374	04/17/2020	\$35,462.75
ANSYS INC UNSOLICITED	33	04/27/2020	\$8,650.95
BAXTER INTL INC UNSOLICITED	94	04/27/2020	\$8,722.13
MICROSOFT CORP UNSOLICITED	50	04/27/2020	\$8,746.60
VANGUARD LONGTERM CORPORATE BOND ETF	118	04/27/2020	\$12,140.32
VANGUARD SHORT-TERM CORPORATE BOND ETF	252	04/27/2020	\$20,308.92
VANGUARD MORTGAGE BACKED SECURITIES ETF	204	04/27/2020	\$11,008.99
CONSUMERS STAPLES SECTOR SPDR FUND ETF	446	04/29/2020	\$26,485.62
VANGUARD SHORT-TERM CORPORATE BOND ETF	556	06/23/2020	\$45,858.78
MCDONALDS CORP UNSOLICITED	190	07/16/2020	\$35,295.37
APPLE INC UNSOLICITED	34	08/28/2020	\$17,018.15
PAYPAL HOLDINGS INC UNSOLICITED	65	09/11/2020	\$12,404.97
TRACTOR SUPPLY COMPANY UNSOLICITED	90	09/18/2020	\$12,407.67
THERMO FISHER SCIENTIFIC INC	20	10/07/2020	\$8,957.15
JOHNSON CTLS INTL PLC UNSOLICITED	1204	10/28/2020	\$49,765.17
ISHARES PHLX SEMICONDUCTOR ETF	56	11/06/2020	\$18,817.45
ALEXION PHARMACEUTICALS INC	354	12/16/2020	\$56,470.22
<b>Total Sales</b>			<b>\$665,231.57</b>

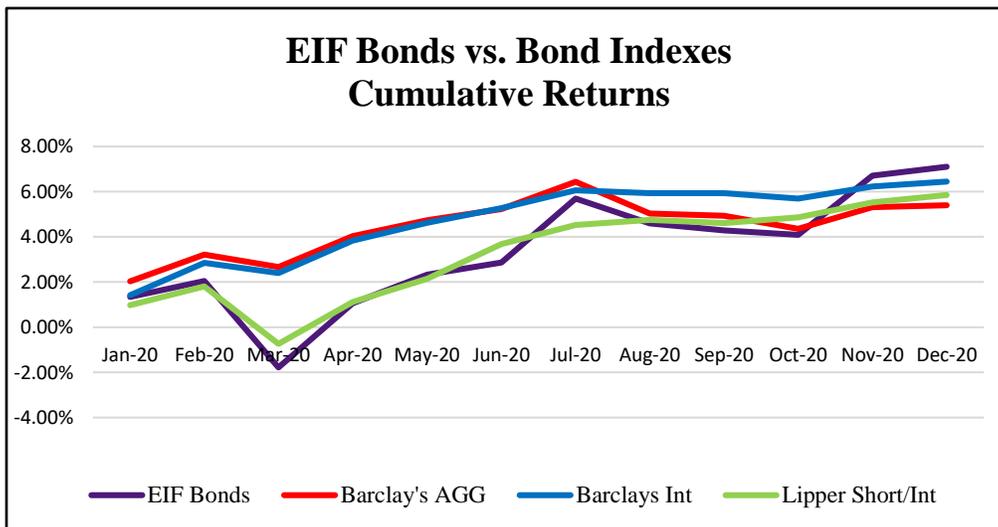
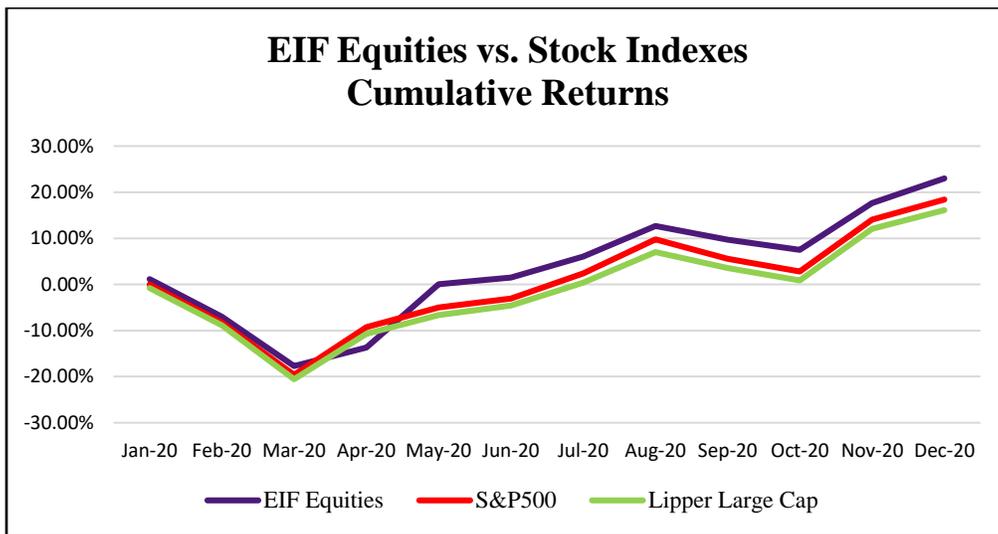
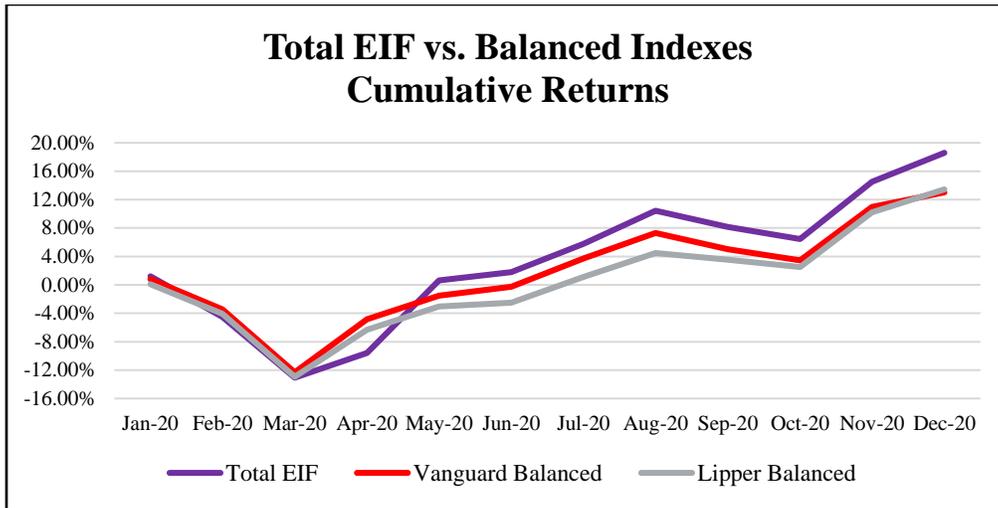
## Distributions

Each year, the Foundation distributes a portion of its ending net asset value as of December 31 year end to its beneficiaries, Texas Christian University and the Department of Ophthalmology at the Baylor College of Medicine. Beginning with the 2005 distribution, proceeds to TCU were paid to the General Fund and the Finance Department. The distribution percentage was changed from 6% to 5% beginning with the 2016 distribution. The payment history is detailed below:

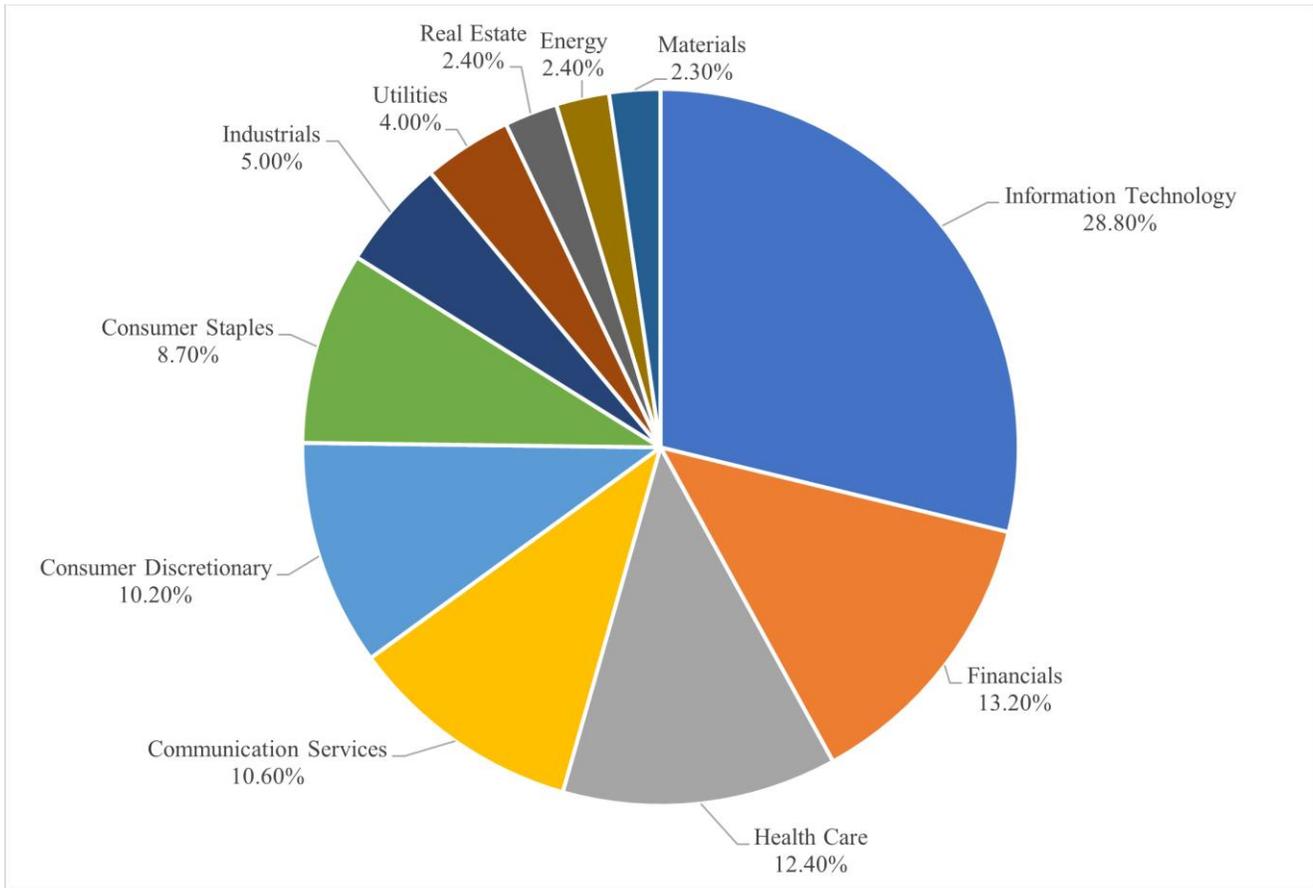
Year	TCU	Baylor	Total Payout	Cumulative Payout
Prior	\$402,783	\$402,783	\$805,566	\$805,566
1990	\$33,690	\$33,690	\$67,380	\$872,946
1991	\$37,447	\$37,447	\$74,894	\$947,840
1992	\$37,364	\$37,364	\$74,728	\$1,022,568
1993	\$38,870	\$38,870	\$77,740	\$1,100,308
1994	\$34,532	\$34,532	\$69,064	\$1,169,372
1995	\$38,998	\$38,998	\$77,996	\$1,247,368
1996	\$41,819	\$41,819	\$83,638	\$1,331,006
1997	\$47,985	\$47,985	\$95,970	\$1,426,976
1998	\$51,280	\$51,280	\$102,560	\$1,529,536
1999	\$56,224	\$56,224	\$112,448	\$1,641,984
2000	\$53,905	\$53,905	\$107,810	\$1,749,794
2001	\$47,754	\$47,754	\$95,508	\$1,845,302
2002	\$38,892	\$38,892	\$77,784	\$1,923,086
2003	\$47,622	\$47,622	\$95,244	\$2,018,330
2004	\$45,616	\$45,616	\$91,232	\$2,109,562
2005	\$44,704	\$44,704	\$89,408	\$2,198,970
2006	\$44,972	\$44,972	\$89,944	\$2,288,914
2007	\$45,524	\$45,524	\$91,048	\$2,379,962
2008	\$29,150	\$29,150	\$58,300	\$2,438,262
2009	\$33,180	\$33,180	\$66,360	\$2,504,622
2010	\$35,864	\$35,865	\$71,729	\$2,576,351
2011	\$34,720	\$34,721	\$69,441	\$2,645,792
2012	\$37,104	\$37,104	\$74,208	\$2,720,000
2013	\$42,570	\$42,570	\$85,140	\$2,805,140
2014	\$42,576	\$42,577	\$85,153	\$2,890,293
2015	\$40,464	\$40,464	\$80,928	\$2,971,221
2016	\$32,899	\$32,899	\$65,798	\$3,037,019
2017	\$37,106	\$37,106	\$74,212	\$3,111,231
2018	\$33,828	\$33,828	\$67,656	\$3,178,887
2019	\$40,654	\$40,654	\$81,308	\$3,260,195
2020	\$45,956	\$45,956	\$91,911	\$3,352,106



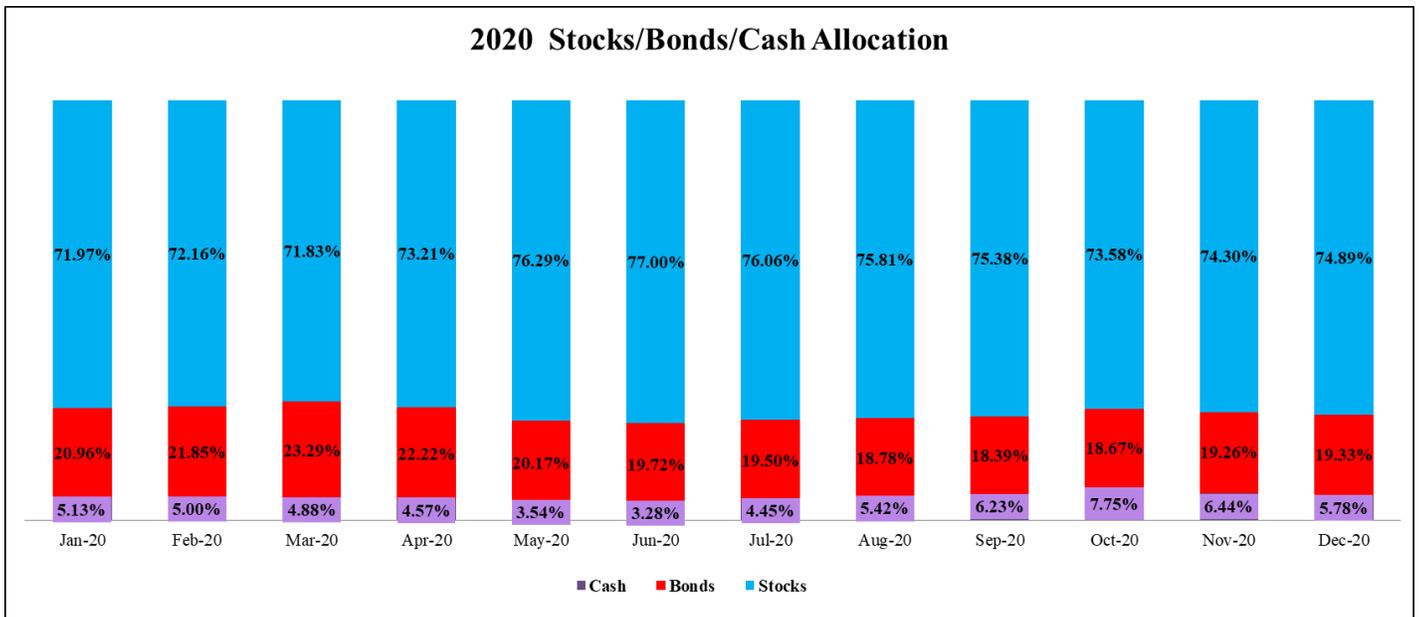
# Cumulative EIF 2020 Performance versus Fund Benchmarks



## EIF Equities Sector Allocation (as of 12/31/2020)



## 2020 Stocks/Bonds/Cash Allocation



## Schedule of Investments

Asset Class: Equity	Shares	Market Value 12/31/2020	Equity % as of 12/31/2020	Total % as of 12/31/2020
<b>Communication Services</b>				
Alphabet Inc. Class C	30	\$52,556.40	3.9%	2.9%
Comcast Corp. Class A	908	\$47,579.20	3.5%	2.6%
Facebook Inc. Class A	193	\$52,719.88	3.9%	2.9%
		\$152,855.48	11.2%	8.3%
<b>Consumer Discretionary</b>				
Garrett Motion Inc.	18	\$79.74	0.0%	0.0%
Home Depot	154	\$40,905.48	3.0%	2.2%
TJX Companies Inc.	724	\$49,441.96	3.6%	2.7%
Tractor Supply Co.	294	\$41,330.52	3.0%	2.2%
		\$131,757.70	9.7%	7.2%
<b>Consumer Staples</b>				
Estee Lauder	156	\$41,525.64	3.0%	2.3%
PepsiCo Inc.	259	\$38,409.70	2.8%	2.1%
Procter & Gamble Co.	322	\$44,803.08	3.3%	2.4%
		\$124,738.42	9.2%	6.8%
<b>Energy</b>				
ConocoPhillips	410	\$16,395.90	1.2%	0.9%
Exxon Mobil Corp.	284	\$11,706.48	0.9%	0.6%
		\$28,102.38	2.1%	1.5%
<b>Financials</b>				
Allstate Corp.	360	\$39,574.80	2.9%	2.2%
Apollo Global Management LLC	805	\$39,428.90	2.9%	2.1%
Bank of America Corp.	1050	\$31,825.50	2.3%	1.7%
BlackRock Inc.	69	\$49,786.26	3.7%	2.7%
		\$160,615.46	11.8%	8.7%
<b>Health Care</b>				
Baxter International Inc.	366	\$29,367.84	2.2%	1.6%
Thermo Fisher Scientific Inc.	94	\$43,783.32	3.2%	2.4%
UnitedHealth Group Inc.	128	\$44,887.04	3.3%	2.4%
Zoetis Inc.	296	\$48,988.00	3.6%	2.7%
XLV Health Care SPDR	148	\$16,789.12	1.2%	0.9%
		\$183,815.32	13.5%	10.0%
<b>Industrials</b>				
Raytheon Co.	357	\$25,529.07	1.9%	1.4%
Residio Technologies Inc.	30	\$637.80	0.0%	0.0%
Southwest Airlines	929	\$43,300.69	3.2%	2.4%
		\$69,467.56	5.1%	3.8%

Information Technology				
Accenture	206	\$53,809.26	3.9%	2.9%
ANSYS Inc.	136	\$49,476.80	3.6%	2.7%
Apple Inc.	464	\$61,568.16	4.5%	3.3%
Keysight Technologies Inc.	391	\$51,647.19	3.8%	2.8%
Microsoft Corp.	202	\$44,928.84	3.3%	2.4%
NVIDIA	75	\$39,165.00	2.9%	2.1%
PayPal Holdings Inc.	223	\$52,226.60	3.8%	2.8%
Visa Inc. Class A	192	\$41,996.16	3.1%	2.3%
		\$394,818.01	29.0%	21.5%
Materials				
Ecolab Inc.	146	\$31,588.56	2.3%	1.7%
		\$31,588.56	2.3%	1.7%
Real Estate				
Public Storage REIT	146	\$33,715.78	2.5%	1.8%
		\$33,715.78	2.5%	1.8%
Utilities				
NextEra Energy Inc.	668	\$51,536.20	3.8%	2.8%
		\$51,536.20	3.8%	2.8%
<b>Total Equity Value</b>		<b>\$1,363,010.87</b>	<b>100.0%</b>	<b>74.1%</b>

Asset Class: Fixed Income	Shares	Market Value 12/31/2020	Fixed Inc % as of 12/31/2020	Total % as of 12/31/2020
iShares iBoxx High Yield Corporate Bond ETF	553	\$48,276.90	13.8%	2.6%
Vanguard Long-Term Corporate Bond ETF	836	\$92,854.52	26.6%	5.1%
Vanguard Short-Term Corporate Bond ETF	1181	\$98,318.25	28.2%	5.3%
Vanguard Mortgage Backed Securities ETF	1393	\$75,319.51	21.6%	4.1%
Wells Fargo Preferred Stock ETF	768	\$34,106.88	9.8%	1.9%
		\$348,876.06	100.0%	19.0%

Asset Class: Cash	Market Value 12/31/2020	Cash % as of 12/31/2020	Total % as of 12/31/2020
Cash & Money Balances	\$126,337.53	100.0%	6.9%

<b>Total Portfolio Value</b>				<b>\$1,838,224.46</b>
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## Description of Individual Equity Holdings as of December 31, 2020

*(all return comparisons are holding period specific)*

### COMMUNICATION SERVICES

**Alphabet Inc. – Class C (GOOG):** Alphabet Inc. is a global technology holding company and a collection of businesses -- the largest of which is Google. Google is the world's leading search engine with as many as 5.6 billion searches a day and more than 2.0 trillion searches per year. They are also the holding company of the world's most used smartphone operating system Android, the world's largest video-sharing site Youtube, Chrome, Gmail, Google Drive, Google Maps, Google Photos, Google Play, and other emerging businesses. Alphabet reports all non-Google businesses collectively as Other Bets, such as Access, Calico, CapitalG, GV, Nest, Verily, Waymo, and X. Alphabet generates nearly all revenue from advertising revenues. Google advertising revenues are generated on Google properties (including Google Search & other properties and YouTube) and Google Network Members' properties. The company continues to make significant R&D investments in areas of strategic focus like advertising, cloud, machine learning, and search. Alphabet has a current market cap of \$1,536.07B and returned 31% for the EIF in 2020, outperforming the Communications Service sector index (XLC) by 4.4%.

**Comcast Corporation (CMCSA):** Founded in 1963, Comcast Corporation is a large media and telecommunications conglomerate, headquartered in Philadelphia, Pennsylvania. The Company services business and residential customers through its Cable Segment that provides Internet, video, and voice services, falling under the Xfinity brand. Additionally, the Company owns NBCUniversal, a large international media provider and the Sky network, a European based service provider of news broadcast and sports. In 2020, Comcast acquired XUMO, an advertising-supported streaming service and Blueface, a Dublin-based global technology provider and leader in unified communications solutions. Comcast Corporation has a market cap of \$245.39B and returned 13% for the EIF in 2020, underperforming the Communications Service sector index (XLC) by 6.7%

**Facebook Inc. (FB):** Facebook operates the world's leading social networking service through its flagship website. The Company develops technologies that facilitate the users to share information, photographs, website links and videos with each other. The Company boasts more than 2.8 billion monthly users and serves 10 million advertisers, making it a powerful platform for businesses to connect with their customer audience. More than anything, Facebook is an advertising company, generating nearly all their revenue from advertisement sales. Facebook has a market cap of \$889.79B and returned 33% for the EIF in 2020, outperforming the Communications Service sector index (XLC) by 6.4%.

### CONSUMER DISCRETIONARY

**Home Depot (HD):** The Home Depot, Inc. is a home improvement retailer that sells building materials and home improvement products. The Company sells a wide assortment of building materials, home improvement and lawn and garden products, and provides a number of services. HD operates throughout the United States, Canada, China, and Mexico. The Company is the world's largest home improvement chains and one of the largest retailers in the U.S. targeting the do-it-yourself and professional markets through 2,300 stores in North America. Home Depot has committed to an \$11 billion, three-year initiative to make or strengthen e-commerce connections to better compete with rival home improvement retailers and Amazon. HD has a market cap of \$343.24B and returned -3% since its purchase on September 30<sup>th</sup>, 2020, underperforming the Consumer Discretionary sector index (XLY) by 13.4% over the same period.

**The TJX Companies, Inc. (TJX):** The TJX Companies, headquartered in Framingham, Massachusetts, is the leading global discount retailer that began as a part of Zayre Corporation. The Company operates four segments, including Marmaxx, HomeGoods, TJX Canada, and TJX International. These segments operate stores under the names of T.J. Maxx, Marshalls, HomeGoods, HomeSense, Winners, T.K. Maxx, and Sierra. The TJX Companies, Inc. operates over 4,500 stores in 9 countries worldwide in retail locations and through their online site. The Company primarily sells clothing, footwear, home fashions, and accessories at discount prices that are 20% to 60% below the original retail price. TJX has a current market cap of \$83.38B returned 12% in 2020, underperforming the Consumer Discretionary sector index (XLY) by 17%.

**Tractor Supply Company (TSCO):** Tractor Supply is the largest operator of retail farm and ranch stores in the United States. The company provides farm maintenance, general maintenance, lawn and garden, light truck equipment, work clothing, and other products. Tractor Supply targets recreational farmers and ranchers and has little exposure to commercial and industrial farm operations. The Company's product suite includes animal products, fencing, tool products, and pet supplies. Currently, the

company operates 1,925 stores in 50 states, and over 180 Petsense stores. Tractor Supply has a market cap of \$20.65B and returned 52% in 2020, outperforming the Consumer Discretionary sector index (XLY) by 23.1%.

## **CONSUMER STAPLES**

**PepsiCo (PEP):** PepsiCo is an American multinational food and beverage company with a strong portfolio of brands, including Frito-Lay, Gatorade, Pepsi-Cola, Quaker, Mountain Dew, Aquafina, and Tropicana. Additionally, the Company owns the Quaker Foods unit, Rice-A-Roni, and Near East side dishes. Through PepsiCo's operations, authorized bottlers, contract manufacturers, and other third parties, the company serves customers in more than 200 countries and territories. In 2020, PepsiCo entered an agreement to acquire Rockstar Energy Beverages. PepsiCo has a market cap of \$196.75B and returned 12% for the EIF in 2020, outperforming the Consumer Staples sector index (XLP) by 1.9%.

**Procter & Gamble (PG):** Procter & Gamble is a multinational consumer packaged goods manufacturer. The company manages a portfolio diversified among the hair, skin, oral, family, feminine, baby care, and health care product lines and boasts prominent brands such as Braun, Crest, Gillette Fusion, Head & Shoulders, Olay, Oral-B, Pantene, Bounty, Charmin, Dawn, Downy, Gain Pampers, Tide, Febreze, Mr. Clean, Old Spice, and Swiffer. In 2020, P&G experienced a 5% increase from the prior year in revenue driven by double digit increases in Health Care and Fabric & Home Care. Procter & Gamble has a market cap of \$335.80B and returned 14% in 2020, outperforming the Consumer Staples sector index (XLP) during the year by 4.4%.

**Estee Lauder (EL):** The Estee Lauder Companies Inc. manufactures and markets a wide range of skin care, makeup, fragrance, and hair care products. The Company's products are sold in countries and territories around the world. EL is one of the world's leading makers of cosmetics, fragrances, and skin and hair care products. Its product suite includes brands like Estee Lauder, Clinique, Bobbi Brown, MAC, Tom Ford, and La Mer. Skin care and makeup represent around 85% of revenue sold in 150 countries and online. In response to trends seen in 2020, EL deployed capabilities to enhance data analytics and marketing capabilities. The Company plans to continue to expand its seamless omni-retail capabilities, social selling, and technology powered distribution facilities. Estee Lauder has a market cap of \$109.60B and returned 52% for the EIF since its purchase on April 29<sup>th</sup>, 2020, outperforming the Consumer Staples sector index (XLP) by 34.8%

## **ENERGY**

**ConocoPhillips (COP):** ConocoPhillips is one of the world's largest independent exploration and production companies based on reserves and oil production. The company assets include conventional and tight oil assets across North America, Europe, Asia and Australia. The Company explores for oil and gas in more than 15 countries and has proved reserves of 5.3 million barrels of oil equivalent, producing about 1.5 million barrels per day. COP has a current market cap of \$69.27B and returned -36% for the EIF in 2020, underperforming the Energy sector index (XLE) by 2.7%.

**Exxon Mobil Corporation (XOM):** Exxon Mobil is one of the largest publicly traded integrated oil and gas companies. The Company provides operations including exploration and production of oil and gas, electric power generation, and coal and minerals operations. Exxon Mobil also manufactures and markets fuels, lubricants, and chemicals. XOM holds over 22 billion barrels of oil equivalent of proved reserves. Its biggest business is selling refined products through approximately 19,000 gas stations around the world. Exxon Mobil has a current market cap of \$236.53B and returned -36% for the EIF in 2020, underperforming the Energy sector index (XLE) by 2.7%.

## **FINANCIALS**

**The Allstate Corporation (ALL):** Through its subsidiaries, The Allstate Corporation provides property-liability insurance as well as other types of insurance in the United States and Canada. The Company primarily sells private passenger automobile and homeowners' insurance through independent and specialized brokers. They operate through four segments: Allstate Protection, Allstate Financial, Discontinued Lines and Coverages, and Corporate and Other. Allstate has a current market cap of \$35.47B and returned -0.1% for EIF in 2020, outperforming the Financials sector index (XLF) by 2.2%.

**Apollo Global Management, LLC – Class A (APO):** Apollo Global Management is a private equity investment company. Apollo has a contrarian investment style and invests across a range of industries including consumer services, financial services manufacturing and media. Apollo has more than \$330 billion of assets under management spread among credit, private equity, and real assets with offices in United States, Europe, and Asia. Specific areas of interest for the Company are in the cable,

chemicals, packaging, and transportation industries. The Company has a current market cap of \$20.50B and returned 8% for the EIF in 2020, outperforming the Financials sector index (XLF) by 10.3%.

**Bank of America Corporation (BAC):** Bank of America Corporation accepts deposits and offers banking, investing, asset management, and other financial and risk-management products and services to individual consumers, small and middle-market businesses, institutional investors, large corporations, and governments worldwide. Among the United States' largest banks by assets, operating one of the country's most extensive branch networks with nearly 4,500 locations and around 17,000 ATMs. The Company has a current market cap of \$345B and returned -12% for the EIF in 2020, underperforming the Financials sector index (XLF) by 9.6%.

**BlackRock Inc. (BLK):** BlackRock Inc. provides investment management services to institutional clients and to retail investors through various investment vehicles. The Company manages funds, as well as offers risk management services. BlackRock serves governments, companies, and foundations worldwide with over \$8 trillion in assets under management. The Company specializes in equity and fixed income products and alternative and money market instruments. Clients include pension plans, governments, insurance companies, financial institutions, endowments, foundations, charities, third party fund sponsors, and retail investors. The Company has a current market cap of \$124.16B and returned 47% for the EIF in 2020, outperforming the Financials sector index (XLF) by 49.5%.

## **HEALTHCARE**

**Baxter International (BAX):** Baxter International provides numerous healthcare products on a global scale to hospitals, kidney dialysis centers, rehabilitation centers, research laboratories, and nursing homes. The company has a large portfolio of subsidiaries and provides dialysis therapies, sterile intravenous (IV) solutions, generic pharmaceuticals and surgical products. Additionally, the company is focused on expanding into emerging and developing countries to continue to grow its global footprint. BAX has a current market cap of \$42.95B and returned -3% for the EIF in 2020, underperforming the Healthcare sector index (XLV) by 16%.

**Thermo Fisher Scientific, Inc. (TMO):** Thermo Fisher supplies laboratories with equipment for research, analysis, discovery, and diagnostics. Their products range from analytical instruments, scientific equipment, consumables, and other laboratory supplies. TMO focuses on supplying to laboratories in the pharmaceutical, biotech, government, and industrial markets tallying more than 400,000 customers worldwide. The Company also supplies specialty diagnostic testing products and clinical analytical tools. Thermo Fisher has a current market cap of \$188.21B and returned 44% for the EIF in 2020, outperforming the Healthcare sector index (XLV) by 30.7%.

**UnitedHealth Group Inc. (UNH):** UnitedHealth Group Inc. is the largest diversified health and well-being company in the United States. The Company actively works to help people choose healthier lifestyles and improve the overall health system. The company aids its clients and provides health benefits to Employer and individual, Medicare and Retirement, Community and State, and International. Optum is a health services business serving those who need, provide, and pay for care, which includes OptumHealth, OptumInsight, and OptumRx. UNH has a current market cap of \$355.72B and returned 21% for the EIF in 2020, outperforming the Healthcare sector index (XLV) by 8.2%.

**Zoetis (ZTS):** Zoetis is a global leader in the discovery, development, manufacturing, and commercialization of animal health medicines, vaccines, and diagnostic products with a focus on both livestock and companion animals. Zoetis is diversified with ~300 product lines across eight core species and six major product categories. In early 2020, Zoetis acquired Ethos Diagnostic Science, a veterinary reference lab business dedicated to serving leading specialty animal hospitals, the greater veterinary community, and researchers with accurate, reliable results. Zoetis has a current market cap of \$75.93B and returned 26% for the EIF in 2020, outperforming the Healthcare sector index (XLV) by 12.7%.

## **INDUSTRIALS**

**Raytheon Co. (RTX):** Raytheon Co. is a globally diversified manufacturer of defense systems. The Company provides state-of-the-art electronics, mission systems integration, products and services sensing, effects, and mission support services. Raytheon operates through five segments: Integrated Defense Systems (IDS); Intelligence, Information and Services (IIS); Missile Systems (MS); Space and Airborne Systems (SAS), and Forcepoint. On April 3rd, 2020 Raytheon Company and United Technologies

Corporation merged. The deal has formed the world's second largest aerospace and defense company. Raytheon has a current market cap of \$118.79B and returned -17% for the EIF in 2020, underperforming the Industrials sector index (XLI) by 27.1%.

**Southwest Airlines (LUV):** Southwest Airlines Co. is a domestic airline that provides primarily short-haul, high-frequency, and point-to-point services. The company offers flights throughout the United States as the largest domestic carrier of passengers, resulting in almost half a century of profitable years amid the airline industry's ups and downs. The company has expanded its low-cost, no-frills, and no-reserved-seats approach to air travel throughout North America, Mexico, and the Caribbean. Southwest has a current market cap of \$37.50B and returned 45% for the EIF since its purchase on April 1<sup>st</sup>, 2020, outperforming the Industrials sector index (XLI) by 13.4% over the same period.

## **INFORMATION TECHNOLOGY**

**Accenture PLC (ACN):** Accenture PLC provides management and technology consulting services and solutions. The Company delivers a range of specialized capabilities and solutions to clients across all industries on a worldwide basis. Accenture operates a network of businesses providing consulting, technology, outsourcing, and alliances. The company's corporate clients span a broad spectrum of more than 40 industries from retail to communications. Accenture is described to be in a period of intense acquisition activity as it continues its pivot to digital, cloud, and security. Accenture has a current market cap of \$183.16B and returned 50% for the EIF since its purchase on April 17<sup>th</sup>, 2020, underperforming the I.T. sector index (XLK) by 7.4% over the same period.

**ANSYS, Inc. (ANSS):** ANSYS, Inc. develops, markets, and supports software solutions for design analysis and optimization. The Company's software accelerates product time to market, reduces production costs, improves engineering processes, and optimizes product quality and safety for a variety of manufactured products. ANSYS product family features open, flexible architecture for easy integration. The Company licenses its software to customers and by maintaining and servicing those accounts. ANSYS has a current market cap of \$31.95B and returned 41% for the EIF in 2020, underperforming the I.T. sector index (XLK) by 1.8%.

**Apple Inc. (AAPL):** Apple Inc. sells products and services including iPhone, iPad, Mac, iPod, Apple TV, the iOS and Mac operating systems, iCloud, and various accessory and support offerings. It also sells and delivers digital content and applications through the iTunes Store, App Store, Apple TV+, and Mac App Store. In addition, the Company operates retail stores both nationally and internationally. Apple has a current market cap of \$2,232.73B and returned 82% for the EIF in 2020, outperforming the I.T. sector index (XLK) by 39.2%.

**Keysight Technologies (KEYS):** Based in Santa Rosa, CA, Keysight Technologies provides electronic measurement instruments including oscilloscopes, meters, network analyzers, and design, test and measurement software used to make electronics equipment. Additionally, the Company offers productivity solutions such as calibration and repair as well as consulting services throughout the product life cycle. Keysight operates 140 facilities worldwide and serves over 47,000 customers. Keysight has a current market cap of \$27.21B and returned 29% for the EIF in 2020, underperforming the I.T. sector index (XLK) 14.4%.

**Microsoft Corporation (MSFT):** Microsoft Corporation develops, manufactures, licenses, sells, and supports software and computer hardware products. The Company offers operating system, server application, and business and consumer software. In addition, the Company offers software development tools and internet and intranet software. Microsoft also develops video game consoles and digital music entertainment devices. Furthermore, Microsoft is one of the biggest players, along with AWS, in the intelligent cloud computing space. This intelligent cloud segment consists of public, private, and hybrid server products and cloud services that can power modern business and developers. This space offers a lot of opportunity and growth for Microsoft in the future. The Company has a current market cap of \$1,929.68B and returned 43% for the EIF in 2020, underperforming the I.T. sector index (XLK) by 0.6%.

**Nvidia Corp (NVDA):** Nvidia Corporation designs, develops, and markets three-dimensional (3D) graphics processors and related software. The company offers products that provides interactive 3D graphics to the mainstream personal computer market. The Santa Clara, California-based company's graphics process units (GPUs) are used to generate computer game images in PCs and game consoles in the gaming market. Its GPUs work well in applications for autonomous vehicles and deep learning, a branch of artificial intelligence. The company has a current market cap of \$357.12B and returned -10% for the EIF since its purchase on November 6<sup>th</sup>, 2020, underperforming the I.T. sector index (XLK) by 17.5% over the same period.

**PayPal Holdings Inc. (PYPL):** PayPal Holdings Inc. is the leading online payment processing company. The Company operates as a technology platform company that enables digital and mobile payments on behalf of consumers and merchants. The Company's open digital payments platform gives 280 million active account holders the confidence to connect and transact in new and powerful ways, whether they are online, on a mobile device, in an app, or in person. PayPal serves customers worldwide with nearly 25 million merchant accounts across more than 200 markets, earning fees from payment transactions, foreign exchange, and withdrawals from foreign bank accounts. The Company processes approximately 12.4 billion payment transactions a year. PayPal has a current market cap of \$312.43B and returned 117% for the EIF in 2020, outperforming the I.T. sector index (XLK) by 73.4%.

**Visa Inc. (V):** Visa Inc. is a multinational financial services corporation, headquartered in Foster City, California. Visa focuses on connecting consumers, businesses, financial institutions, and governments to fast, secure and reliable electronic payments. Visa helps facilitate authorization, clearing and settlement of payment transactions through its processing network. The Company has more than 3.4 billion credit and other payment cards in circulation across more than 200 countries, with the ability to process an average of 553 million transactions a day. The Company has a current market cap of \$491.65B and returned 17% for the EIF in 2020, underperforming the I.T. sector index (XLK) by 26%.

## **MATERIALS**

**Ecolab Inc. (ECL):** Ecolab Inc. develops and provides water, hygiene, and energy technologies and services to customers across the food, hospitality, healthcare, industrial, and oil and gas industries. The Company focuses on providing customers with solutions that will help keep the environment safe, while operating efficiently to achieve their sustainability benchmarks. The Company provides cleaning and sanitizing operations, products for textile care, water care, healthcare, food and beverage processing, and pest control. Their three operating segments include Global Industrial, Global Institutional, and Global Energy. Ecolab has a current market cap of \$62.78B and returned 13% for the EIF in 2020, underperforming the Materials sector index (XLB) by 6.7%.

## **REAL ESTATE**

**Public Storage (PSA):** Public Storage operates as a real estate investment trust. The firm engages in acquiring, developing, owning, and operating self-storage facilities. The Company owns and operates approximately 175 million square feet of space in over 2,700 properties through its Public Storage brands and interests in Shurgard Europe and PS. Business Parks. Public Storage has a current market cap of \$214.04B and returned 13% for the EIF in 2020, outperforming the Real Estate sector index (XLRE) by 14.7%.

## **UTILITIES**

**NextEra Energy Inc. (NEE):** NextEra Energy, Inc. serves as a holding company for Florida Power & Light ("FPL") and NextEra Energy Resources ("NEER"). Florida Power & Light is a regulated electric utility that generates, transmits, and distributes power to the state of Florida. The Company generates more than 28,000 MW of electricity and delivers it to more than 5.6 million residential customers under the FPL brand. NEER generates around 24,000 MW of energy via wind and solar source and operates one of the largest nuclear power fleets in the United States. NextEra Energy Resources develops, owns, and operates electric generating facilities in wholesale energy markets primarily in the U.S., as well as in Canada and Spain. NextEra Energy is the World's largest utility company with a current market cap of \$152.88B. NEE returned 30% for the EIF in 2020, outperforming the Utilities sector index (XLU) by 30%.

# William C. Conner Foundation

Financial Report

December 31, 2020

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## Independent Accountant's Review Report

To the Board of Trustees of  
William C. Conner Foundation  
Fort Worth, Texas

We have reviewed the accompanying financial statements of William C. Conner Foundation (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
April 13, 2021

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# William C. Conner Foundation

## Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 126,337	\$ 77,374
Investments	<u>1,711,887</u>	<u>1,548,783</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,838,224</u>	<u>\$ 1,626,157</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>	\$ 25	\$ -
<b>NET ASSETS</b>		
Without donor restrictions	1,746,288	1,544,849
With donor restrictions	<u>91,911</u>	<u>81,308</u>
Total net assets	<u>1,838,199</u>	<u>1,626,157</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,838,224</u>	<u>\$ 1,626,157</u>

# William C. Conner Foundation

Statement of Activities Year Ended

December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Grants, donations and other income	\$ -	\$ -	\$ -
Investment income	302,383	-	302,383
Net assets released from restrictions			
Satisfaction of program restrictions	81,338	(81,338)	-
	<u>383,721</u>	<u>(81,338)</u>	<u>302,383</u>
<b>EXPENSES</b>			
Program expenses	81,338	-	81,338
Management and general	9,003	-	9,003
	<u>90,341</u>	<u>-</u>	<u>90,341</u>
<b>CHANGES IN NET ASSETS</b>	293,380	(81,338)	212,042
<b>TRANSFER OF NET ASSETS</b>	(91,941)	91,941	-
<b>NET ASSETS, beginning of year</b>	<u>1,544,849</u>	<u>81,308</u>	<u>1,626,157</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,746,288</u>	<u>\$ 91,911</u>	<u>\$ 1,838,199</u>

# William C. Conner Foundation

Statement of Activities Year Ended

December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Grants, donations and other income	\$ 16	\$ -	\$ 16
Investment income	356,298	-	356,298
Net assets released from restrictions			
Satisfaction of program restrictions	<u>67,656</u>	<u>(67,656)</u>	<u>-</u>
 Total revenues, gains, and other support	423,970	(67,656)	356,314
 <b>EXPENSES</b>			
Program expenses	67,656	-	67,656
Management and general	<u>15,626</u>	<u>-</u>	<u>15,626</u>
 Total expenses	<u>83,282</u>	<u>-</u>	<u>83,282</u>
 <b>CHANGES IN NET ASSETS</b>	340,688	(67,656)	273,032
 <b>TRANSFER OF NET ASSETS</b>	(81,308)	81,308	-
 <b>NET ASSETS, beginning of year</b>	<u>1,285,469</u>	<u>67,656</u>	<u>1,353,125</u>
 <b>NET ASSETS, end of year</b>	<u>\$ 1,544,849</u>	<u>\$ 81,308</u>	<u>\$ 1,626,157</u>

**William C. Conner Foundation**  
 Statements of Cash Flows  
 Years Ended December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributors and grants	\$ -	\$ 16
Interest and dividends received	27,685	31,372
Cash paid to beneficiaries	(81,338)	(67,656)
Cash paid to vendors	(8,978)	(15,626)
	(62,631)	(51,894)
Net cash used in operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments purchased	(553,638)	(1,003,778)
Proceeds from investment sales	665,232	1,054,316
	111,594	50,538
Net cash provided by investing activities		
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	48,963	(1,356)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	77,374	78,730
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 126,337	\$ 77,374
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Change in net assets	\$ 212,042	\$ 273,032
Adjustments to reconcile change in net assets to net cash used in operating activities		
Realized gain on investments	(67,404)	(95,209)
Change in unrealized gain on investments	(207,294)	(229,717)
Increase in due to TCU	25	-
	(62,631)	(51,894)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (62,631)	\$ (51,894)

**William C. Conner Foundation**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2020 and 2019**

	<b>Beneficiary Program</b>	<b>Management/ General</b>	<b>2020 Total</b>	<b>Beneficiary Program</b>	<b>Management/ General</b>	<b>2019 Total</b>
Accounting expense	\$ -	\$ 9,000	\$ 9,000	\$ -	\$ 13,226	\$ 13,226
Printing and copying expense	-	-	-	-	695	695
Other operating expenses	-	3	3	-	1,705	1,705
Payments to beneficiaries	81,338	-	81,338	67,656	-	67,656
<b>Total expenses</b>	<b>\$ 81,338</b>	<b>\$ 9,003</b>	<b>\$ 90,341</b>	<b>\$ 67,656</b>	<b>\$ 15,626</b>	<b>\$ 83,282</b>

# William C. Conner Foundation

## Notes to Financial Statements

### Note 1. Summary of Significant Accounting Policies

#### Nature of Organization

The purpose of the William C. Conner Foundation (the Foundation), incorporated under the laws of the State of Texas, is to benefit Texas Christian University of Fort Worth, Texas, and Baylor College of Medicine, Department of Ophthalmology, of Houston, Texas. Pursuant to the 1982 amended articles of incorporation, the Foundation shall distribute an amount equal to five percent of the net fair value of all its investment assets at least annually in equal shares to Texas Christian University and Baylor College of Medicine, Department of Ophthalmology.

Texas Christian University (TCU) provides administrative support services to the Foundation, and advances payments to vendors on behalf of the Foundation. TCU periodically receives reimbursements from the Foundation for these advances. As TCU operates on a different fiscal year than the Foundation, at any given time accounts between the Foundation and the TCU business office may not be entirely settled, but the amounts due to or due from are not material.

#### Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### Basis of Presentation

The Foundation is required to report information regarding its financial position according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenues, other support, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restriction – represent resources that are available for the support of operations.

Net assets with donor restriction – include grants, contributions and other program income expendable only for purposes specified or approved by the grantor or donor to be invested or held in perpetuity.

#### Expense Allocations

Expenses are generally charged to program and supporting services on the basis of the underlying expenses when incurred. Management and general expenses include those expenses that are not directly identifiable with any specific program or supporting services but provide for the overall support and direction of the Foundation.

# William C. Conner Foundation

## Notes to Financial Statements

### Investments

Investments are carried at fair value. Realized and unrealized gains and losses are netted and included in investment income in the statement of activities as increases or decreases in without donor restrictions net assets.

Dividends are recognized as income when declared and interest income is recognized on the accrual basis as earned. Dividend and interest income are included within investment income in the statements of activities as part of without donor restrictions net asset.

### Contributions, Pledges and Support Revenue

Contributions primarily represent cash received from Foundation donors.

### Contributed Services

During the years ended December 31, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation. Donated services of volunteers to the Foundation's program services that do not require specialized skills are not reflected in the accompanying financial statements.

### Concentration of Credit Risk

Financial instruments which may subject the Foundation to a concentration of credit risk consist principally of investments. Investments consist primarily of equities, closed end funds, and exchange traded products (ETFs). The Foundation manages credit risk exposure by monitoring the overall quality of its investments and adhering to internal investment guidelines.

In the normal course of business, substantially all of the Foundation's securities transactions, money balances, and security positions are transacted with its broker. The Foundation is subject to credit risk to the extent any broker with which it conducts business is unable to fulfill contractual obligations on its behalf. The Foundation monitors the financial condition of such brokers and does not anticipate any losses from these counterparties.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash equivalents at December 31, 2020 and 2019 consists of \$76,884 and \$75,176, respectively, held in a money market account held at the Foundation's broker.

### Income Taxes

The Foundation is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

The Internal Revenue Service has also determined that the Foundation will not be a private foundation subject to the provisions of the Internal revenue Code Sections 507(a), (c) and (g) relating to the imposition of excise taxes on a private foundation.

# William C. Conner Foundation

## Notes to Financial Statements

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Uncertain Tax Positions

The Foundation recognizes in its financial statements the financial effects of a tax position, if that position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Management is of the opinion that material positions taken by the Foundation would more likely than not be sustained by examination. Accordingly, the Foundation has not recorded an income tax liability for uncertain tax benefits.

### COVID-19

The Foundation has considered the impact of the global novel coronavirus pandemic (COVID-19 or pandemic) on the financial statements. In addition to the COVID-19 impacts already experienced, there may be future impacts, the extent of which is uncertain and largely subject to the impact on the financial markets and resulting change in fair value of the Foundation's investment portfolio. Consequently, this may subject the Foundation to future risk of increased volatility in investments and investment income.

### Note 2. Investments

The following investments were held by the Foundation as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equities	\$ 1,346,222	\$ 1,069,035
Closed end funds and ETFs	<u>365,665</u>	<u>479,748</u>
	<u>\$ 1,711,887</u>	<u>\$ 1,548,783</u>

The components of investment income for the years ended December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Realized gain, net	\$ 67,404	\$ 95,209
Change in unrealized gain, net	207,294	229,717
Interest and dividends	<u>27,685</u>	<u>31,372</u>
	<u>\$ 302,383</u>	<u>\$ 356,298</u>

# William C. Conner Foundation

## Notes to Financial Statements

### Note 3. Fair Value Measurements

The Financial Accounting Standards Board (FASB) has established a framework for measuring fair value and requires disclosure about fair value measurements of assets and liabilities. Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy has been established, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The three levels of the fair value hierarchy are:

Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access as of the reporting date.

Level 2 inputs: Observable inputs (other than level 1) such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs: Unobservable inputs that are supported by little or no market activity and are significant to the fair value measurement of the assets or liabilities.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used during the year ended December 31, 2020.

Equities, closed end funds and exchange traded products (ETF): Valued at the closing price reported on the active market on which the individual securities are traded and are classified within level 1 of the valuation hierarchy.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## William C. Conner Foundation

### Notes to Financial Statements

The following table sets forth, by level, within the fair value hierarchy, the Foundation's assets measured at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Technology	\$ 453,089	\$ -	\$ -	\$ 453,089
Real estate	33,716	-	-	33,716
Financial	254,838	-	-	254,838
Industrial	100,418	-	-	100,418
Energy	79,639	-	-	79,639
Consumer	256,496	-	-	256,496
Healthcare	168,026	-	-	168,026
Closed end funds and ETFs				
Equity	16,789	-	-	16,789
Fixed Income	348,876	-	-	348,876
	<u>\$ 1,711,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,711,887</u>

The following table sets forth, by level, within the fair value hierarchy, the Foundation's assets measured at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Technology	\$ 278,833	\$ -	\$ -	\$ 278,833
Financial	186,633	-	-	186,633
Industrial	110,450	-	-	110,450
Energy	115,097	-	-	115,097
Consumer	225,717	-	-	225,717
Healthcare	152,305	-	-	152,305
Closed end funds and ETFs				
Equity	107,768	-	-	107,768
Commodities	31,152	-	-	31,152
Fixed Income	340,828	-	-	340,828
	<u>\$ 1,548,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,548,783</u>

## William C. Conner Foundation

### Notes to Financial Statements

The following table is a summary of assets measured at fair market value at December 31, 2020:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Equities	\$ 831,312	\$ 542,953	\$ (28,043)	\$ 1,346,222
Closed end funds and ETFs	<u>348,556</u>	<u>17,109</u>	<u>-</u>	<u>365,665</u>
Total assets at fair value	<u>\$ 1,179,868</u>	<u>\$ 560,062</u>	<u>\$ (28,043)</u>	<u>\$ 1,711,887</u>

The following table is a summary of assets measured at fair market value at December 31, 2019:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Equities	\$ 758,276	\$ 322,742	\$ (11,983)	\$ 1,069,035
Closed end funds and ETFs	<u>465,783</u>	<u>14,442</u>	<u>(477)</u>	<u>479,748</u>
Total assets at fair value	<u>\$ 1,224,059</u>	<u>\$ 337,184</u>	<u>\$ (12,460)</u>	<u>\$ 1,548,783</u>

#### Note 4. Derivative Instruments

The Foundation may engage in the trading of stock and stock index options (collectively derivatives) which exposes the Foundation to both market risk, the risks arising from changes in the market value of the contracts, and credit risk, the risk of failure by another party to perform according to the terms of a contract. As a buyer of options, the Foundation pays a premium at the outset and then bears the risk of unfavorable changes in the price of the asset or other indicator underlying the option. Purchased options expose the Foundation to a risk of loss limited to the premiums paid. The Foundation had no open derivative positions at December 31, 2020 or 2019 and realized a net loss of \$1,451 during 2019 and realized no gain or loss during 2020, on derivative positions, which is included in investment income in the accompanying statements of activities.

#### Note 5. Net Assets with Donor Restrictions

Net assets are restricted based on the spending policy of the Foundation. The Foundation is to distribute an amount equal to five percent of the net fair market value of all its investment assets at least annually in equal shares to Texas Christian University and Baylor College of Medicine, Department of Ophthalmology. As of December 31, 2020 and 2019, the Foundation had restricted \$91,911 and \$81,308, respectively, for this purpose to be distributed subsequent to December 31, 2020 and 2019. During the years ended December 31, 2020 and 2019, the Foundation distributed \$81,338 and \$67,656, respectively, related to the spending policy.

# William C. Conner Foundation

## Notes to Financial Statements

### Note 6. Liquidity

As a not-for-profit entity, the Foundation receives gifts, donations and contributions, which may be donor restricted to be used in a particular manner. The Foundation must maintain sufficient resources to meet those responsibilities in a timely manner. Thus, certain financial assets may not be available for general expenditure within one year. As part of managing the financial assets, the Foundation ensures resources are available to meet these obligations as they come due.

The following reflects the Foundation's financial assets as of December 31, 2020, including amounts not available within one year. Amounts not available include the amounts to be paid to the beneficiaries subsequent to year end.

Cash and cash equivalents	\$	126,337
Investments		<u>1,711,887</u>
Total financial assets, end of year		1,838,224
Less donor-imposed restrictions		
Purpose restrictions		<u>(91,911)</u>
Total financial assets available to meet general expenditures within one year	\$	<u>1,746,313</u>

### Note 7. Subsequent Events

The Foundation evaluated all events or transactions that occurred after December 31, 2020, through April 13, 2021, the date the financial statements were available to be issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

## **Educational Investment Fund Members**

### **Spring 2020**

Sarah Goldberg  
Jake Lansford  
Conner Lovely  
Dalton Standish  
Madelyn Carlson  
Zach Hood  
James Bayless  
Reilly Cornell  
John Harzich  
Alex Lindquist  
Duong Luong  
Katie Meneses  
Cody Morsching  
Lorenzo Racca  
Joyce Shen  
Arthur Yeager

Chief Administrator  
Portfolio Manager  
Portfolio Manager  
Chief Economist  
Operations Manager  
Fund Accountant

### **Fall 2020**

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Nathan Hoelscher  
Huy Nguyen  
Dinh Nguyen  
Ariel Remley  
Taylor Christensen  
Matthew Develle  
Josie Fuhrman  
Miles Green  
Lauren Henrichsen  
Cole Holmes  
Balal Hossain  
Charlie Hunt  
Lucas Jacob  
Sabrina Kingsbury  
Blake Larsen  
Ellie Mitchell  
Connor Oehmke  
Truett Pittman  
Ryal Reddick  
Sam Schaefer  
Zhan Shi

Chief Administrator  
Portfolio Manager  
Portfolio Manager  
Chief Economist  
Operations Manager

### **Summer 2020**

John Harzich  
Aiden Chandlee  
Lucas Jacob  
Johnny Eckelbarger  
Nathan Hoelscher  
Haley Geng  
Jack Heathcott  
Yannic Hertig  
Balal Hossain  
Huy Nguyen  
Dinh Nguyen  
Ariel Remley  
Victoria Savage  
Nicholas Vallner

Chief Administrator  
Portfolio Manager  
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Chief Economist  
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### **Faculty Advisor**

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# **William C. Conner Foundation**

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