

William C. Conner Foundation

Educational Investment Fund

2021 Annual Report



Celebrating 49 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, 2022



Educational Investment Fund

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Preface

2021 marked the 49th 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 2021, 47 student analysts - 36 undergraduates, 10 MBA students, and 1 MAC student - contributed to the management of the Foundation's assets. This report summarizes the activities and events that transpired in 2021.

To the Trustees of the William C. Conner Foundation

Economy in Review

Despite the lingering effects of the 2020 COVID-19 pandemic, the economy rebounded in 2021. Overall, the S&P gained 28.72%, the Dow Jones Industrial Average gained 22.57% and the Nasdaq Composite gained 23.02%. The S&P hit 70 all-time highs during the year, which has not happened since 1995. Unpredictable “meme stocks,” Federal Reserve (Fed) responses, labor market recoveries and supply chain bottlenecks heavily influenced the market in 2021.

“Meme stocks” played an interesting role in the economy, as investors witnessed the impact of questionably trendy investing. Most have now heard of Reddit or Wallstreetbets, which are platforms that retail investors utilized to share information about stocks. Retail investors coordinated efforts to initiate short squeezes and other investment strategies to inflate stock prices and company valuations. A prime example is GameStop (GME): its stock price rose 100x during 2021 because of a cult-like following that created a short-squeeze.

The Federal Reserve held Fed Fund Target Rates between 0% to 0.25% in 2020, encouraging banks to borrow and lend money. The Fed also implemented a monthly bond buy-back program that would increase the amount of money supply in the market. These two initiatives continued in 2021, encouraging investments in assets, like stocks, that would provide higher returns. Consumers sat on larger sums of money, nearly \$2.8 trillion in Q1 2021, because of the U.S. stimulus programs. While the Fed’s efforts helped stimulate and speed up the economy’s recovery, its efforts also led to rising inflation rates: inflation surged 6.8% in November, marking the fastest increase since 1982. At the end of the year, the Fed announced its intention to taper its bond buy-back program to combat the rising inflation before it addressed the Fed Fund rates.

In 2020, the unemployment rate peaked at 14.8%. Efforts made in 2021 dropped the rate back to 3.90% by December. In December 2021 alone, 199,000 jobs were added, which was lower than the 2021 average monthly job growth of 537,000.

Increasing vaccination rates assisted in the drop of the unemployment rate; about 61% of the adult population was fully vaccinated by August 2021. Variants of COVID-19, like the Delta and Omicron variants, temporarily affected the markets since investors feared another lockdown. The lockdowns never came, allowing for economic growth.

Supply chains were a hot topic in 2021 since most global supply chains were disrupted, leading to worldwide shortages of products and to changes in consumer spending patterns. Consumers came into 2021 with more cash and demand for products after surviving pandemic-driven lockdowns. Companies struggled to meet these high levels of demand since many manufacturing facilities were slow to return to full capacity. Additionally, numerous shutdowns related to breakouts of Covid-19 occurred within the factories throughout 2021, furthering slowing the recovery of global supply chains.

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 2021 was 23.98% compared to 14.24% for the passive Vanguard Balanced Fund Index and to 13.18% for the Lipper Balanced Fund Index, which is the average of the 30 largest professionally managed balanced funds. In 2021, the EIF equity allocation averaged 76.54%, with total returns of 31.42% compared to 28.72% for the S&P 500, and 26.06% for the Lipper Large Cap Core Index, which is the average of the 30 largest professionally managed large cap equity funds. The EIF fixed income allocation averaged 17.27% with returns of -0.78%, compared to -1.73% for the passive Barclay’s Aggregate Bond index. The EIF bond holdings were strategically allocated toward shorter-term bonds as the EIF forecasted an increase in 2021 interest rates as the economy recovered from the COVID-19-induced recession. Indeed, Treasury rates rose during 2021 from 0.93% to 1.52% for the 10-year treasury note and from 1.66% to 1.90% for the 30-year Treasury bond. The shorter duration on the EIF bonds benefited the EIF relative to longer duration benchmarks while rates rose during 2021.

We are proud to distribute \$108,903 to our beneficiaries, Texas Christian University and the Department of Ophthalmology at the Baylor College of Medicine. With the 2021 contribution, the cumulative distribution of the William C. Conner Foundation Educational Investment Fund is \$3,461,010. 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 2021, 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, Luther King Capital Management Center for Financial Studies Scholarship, TCU Academic Achievement Scholarship, TCU Chancellor's Scholarship, and Trustee Scholarship.

EIF members also served as mentors and leaders in other organizations across the TCU and DFW area, including the Neeley Fellows. Lastly, several EIF members serve as mentors for students in the Transaction and Investment Professionals Board Program, helping place students in competitive internships.

We are proud to announce that three women were elected by their peers to hold officer positions in the Fund. This is the first time in the Fund's history that half of the officer team has been female.

Many EIF members were successful in their search for post-graduation employment. Some of the companies hiring EIF members in the upcoming year include Credit Suisse, Houlihan Lokey, Evercore, Main Street Capital, Citi Bank, Stephens Inc., JPMorgan, and Regions Bank.

Ending Comments

On behalf of the 2021 EIF members, I thank the William C. Conner family, the Board of Trustees, the administration of Texas Christian University, Jim Hille, Jason Safran, the broker/custodian UBS team, Finance Department Chair Steve Mann, and all 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 the Board members of the Luther King Capital Management Center for Financial Studies and Dr. Mo Rodriguez, Center Director, for their continuing support of the students in the EIF.

We express our sincere gratitude to Dr. Larry Lockwood, the EIF faculty advisor. Although the EIF is student-managed, the Fund would not be as successful without the time, instruction, and immense support given by Dr. Lockwood. We also remember Dr. Stan Block for his countless years of service to the EIF and celebrate his lasting legacy at TCU. The vision of Dr. Stan Block, along with the dedication and support from the faculty advisors, has provided the foundation for a program of applied learning in financial markets that has inspired many other student-managed funds across the country.

I am honored to serve as the Chief Administrator for the EIF this semester. On behalf of the 2021 members of the Educational Investment Fund, thank you for the opportunity to participate in this invaluable experience.

With much appreciation,

Anna Murrey
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. Today, the fund has a value of approximately \$2 million.

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 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 \$3.45 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. 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 49 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.

A Tribute to Visionary, Advisor, and Mentor: Professor Stan Block

On July 11, 2021, founding father and advisor Dr. Stan Block passed away. The members of the TCU Educational Investment Fund, both past and present, express our deepest appreciation for Dr. Block and offer our condolences to his family.

Dr. Block taught finance at TCU for more than four decades. In 1973, along with the William C. Conner family and their generosity, he developed the nation's first student-managed investment portfolio known as the Educational Investment Fund. To date, the EIF has distributed nearly \$3.5 million to its beneficiaries, TCU and the Baylor Department of Ophthalmology. Over 1,000 students have graduated from the EIF program and have gone on to manage billions of dollars across the world.

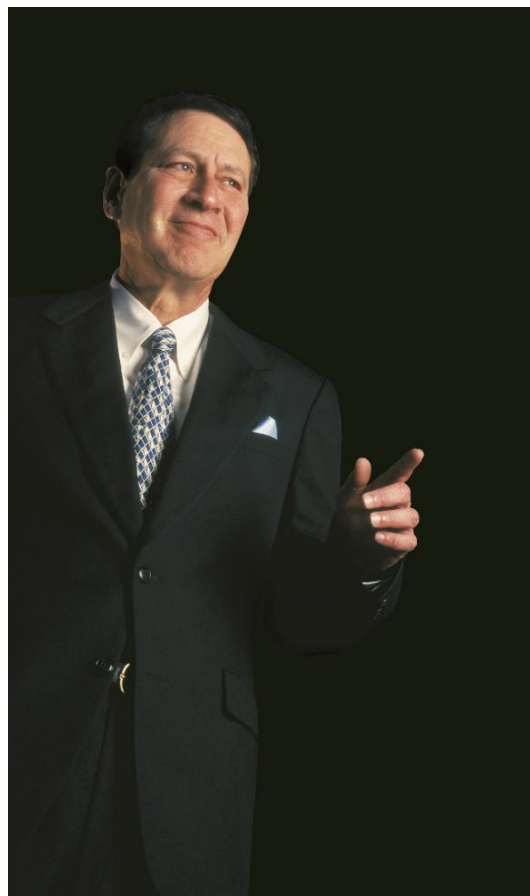
Stan wrote numerous bestselling textbooks, selling over a million copies worldwide. His influence spanned the globe. Stan inspired countless students and colleagues. Students often commented on Dr. Block's depth of knowledge and contagious enthusiasm for investments and, especially the EIF. Dr. Block instilled in students the importance of being balanced and cautious when assuming risk, especially when investing for others. His students remember him as someone who believed in their potential regardless of their backgrounds.

Stan was an avid baseball fan and collected hundreds of baseball memorabilia items over the years. His favorite teams were the Brooklyn Dodgers, New York Yankees, Chicago White Sox, and the Texas Rangers. Dr. Mo Rodriguez, Chair of the Department of Finance at the time, called Stan "a Hall of Fame, Iron Man Professor." At an event in honor of Stan's 60th birthday, Dr. Rodriguez gave Stan a rookie baseball card of Cal Ripken. Cal Ripken was known as baseball's iron man, setting the record for playing in the most consecutive baseball games. The card was given to recognize Stan's remarkable career and legendary work ethic, and of how he inspired others to follow his pursuit of excellence.

Stan ran three miles every afternoon, no matter how hot it was. He maintained a constant schedule. He won 45 first-place ribbons for his age group at races. In 2006, he was the highest point series winner for the Fort Worth Running Club. At age 55, he ran the New York Marathon.

Stan was a true legend - a presence larger than life. Stan's accomplishments were profound. He left lasting impressions, and his influence circled the globe. Stan loved TCU and, in particular, the EIF. Stan devoted much of his time, often without notice, counseling students, placing students in internships and full-time positions, following their careers, and advancing TCU's reputation.

Stan Block was a beloved and loyal mentor and friend. We will forever treasure his leadership, advice, enthusiasm, generosity, and friendship.



Fall 2021 Officers



Matthew Ruff, Chief Fund Accountant; Erin Milsten, Chief Economist; David Evans, Chief Administrator; Anna Murrey, Portfolio Manager; Mathew Young, Chief of Operations; Not pictured: Andres Crosby, Portfolio Manager

Spring 2022 Officers



Erin Milsten, Chief Economist; Matthew Ruff, Chief Fund Accountant; Hunter Kingsbury, Portfolio Manager; Anna Murrey, Chief Administrator; Mathew Young, Chief of Operations; Becca Smith, Portfolio Manager

Educational Investment Fund Members



Back Row: Michael Pendergast, Hunter Kingsbury, Jonny Baldwin, Bryan Robb

Middle Row: Anna Murrey, Jeff Mabee, Matthew Ruff, Van Dodgen, David Evans, Summer Golden, Mathew Young

Front Row: Drew Ciampa, Siena Gailloux, Erin Milsten, Becca Smith, Dr. Larry Lockwood

2021 Investment Transactions

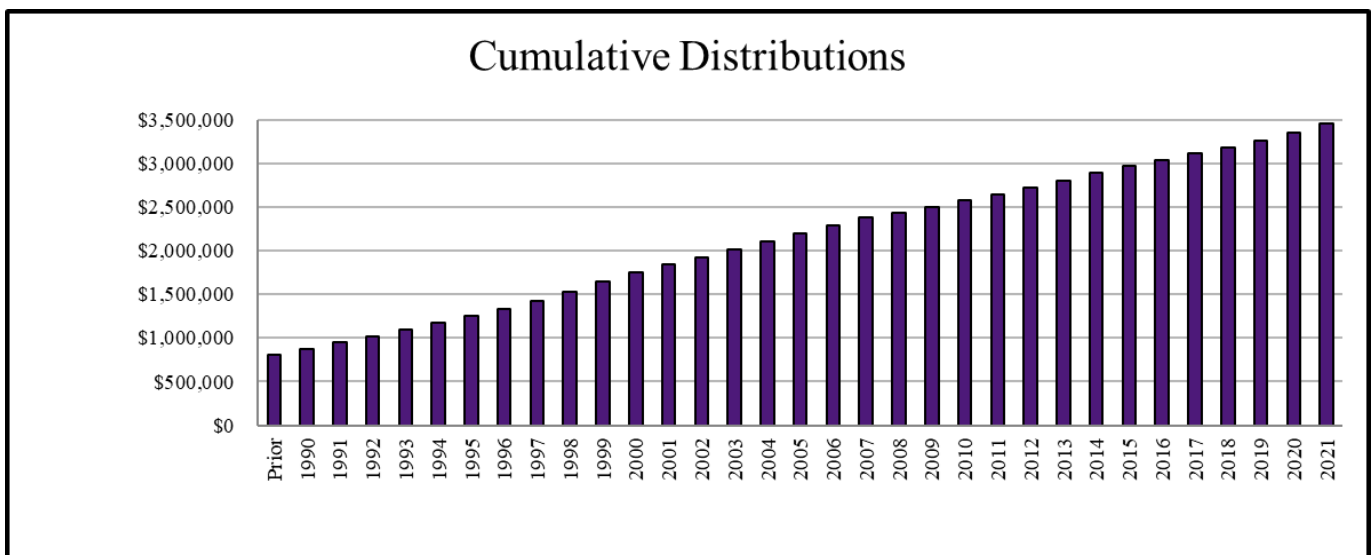
| Date | Purchases | Quantity | Amount |
|------------|--|----------|---------------------|
| 02/10/2021 | ISHARES NASDAQ BIOTECHNOLOGY ETF | 168.00 | \$29,120.93 |
| 03/04/2021 | SPDR GOLD SHARES ETF UNSOLICITED | 114.00 | \$18,180.00 |
| 03/05/2021 | CONSUMER DISCRETIONARY SELECT SECTOR SPDR FUND | 275.00 | \$43,233.00 |
| 03/05/2021 | VANGUARD SHORT-TERM CORPORATE BOND ETF | 341.00 | \$28,163.88 |
| 03/31/2021 | CONSUMER DISCRETIONARY SELECT SECTOR SPDR FUND | 259.00 | \$43,432.57 |
| 04/09/2021 | UNION PACIFIC CORP UNSOLICITED | 200.00 | \$44,193.25 |
| 04/14/2021 | NIKE INC CL B UNSOLICITED | 373.00 | \$49,865.67 |
| 11/15/2021 | CROWDSTRIKE HLDGS INC CL A | 165.00 | \$42,893.42 |
| 12/03/2021 | ALIBABA GROUP HLDG LTD SPON ADR | 450.00 | \$50,104.16 |
| 12/09/2021 | SPDR S&P 500 ETF TR UNSOLICITED TRADE DATE: 12/08/2021 | 92 | \$43,174.73 |
| | Total Purchases | | \$392,361.61 |

| Date | Sales | Quantity | Amount |
|------------|--|----------|---------------------|
| 02/10/2021 | NEXTERA ENERGY INC COM UNSOLICITED | 212 | \$17,953.75 |
| 02/10/2021 | HEALTH CARE SELECT SECTOR SPDR FUND ETF | 148 | \$17,233.73 |
| 02/24/2021 | PAYPAL HOLDINGS INC UNSOLICITED | 47 | \$12,462.20 |
| 03/05/2021 | APPLE INC UNSOLICITED | 124 | \$14,943.71 |
| 03/05/2021 | ALPHABET INC CL C UNSOLICITED | 8 | \$16,529.63 |
| 03/05/2021 | VANGUARD LONGTERM CORPORATE BOND ETF | 291 | \$29,190.10 |
| 03/31/2021 | TRACTOR SUPPLY COMPANY UNSOLICITED | 294 | \$52,317.64 |
| 04/09/2021 | FACEBOOK INC CL A UNSOLICITED | 35 | \$10,847.89 |
| 04/09/2021 | SOUTHWEST AIRLINES CO UNSOLICITED | 164 | \$10,325.90 |
| 04/14/2021 | CONSUMER DISCRETIONARY SELECT SECTOR SPDR FUND | 279 | \$49,991.51 |
| 07/06/2021 | ISHARES BIOTECHNOLOGY ETF | 50 | \$8,060.06 |
| 07/06/2021 | LAUDER ESTEE COS CL A UNSOLICITED | 21 | \$6,662.89 |
| 07/06/2021 | PEPSICO INC UNSOLICITED | 60 | \$8,845.52 |
| 07/06/2021 | PROCTER & GAMBLE CO UNSOLICITED | 60 | \$8,090.92 |
| 08/20/2021 | KEYSIGHT TECHNOLOGIES INC COM | 20 | \$3,311.63 |
| 08/20/2021 | ACCENTURE PLC IRELAND CL A | 37 | \$12,257.00 |
| 08/20/2021 | CONSUMER DISCRETIONARY SELECT SECTOR SPDR FUND | 255 | \$45,148.40 |
| 10/22/2021 | TJX COS INC NEW UNSOLICITED | 724 | \$46,722.15 |
| 11/09/2021 | BLACKROCK INC UNSOLICITED | 13 | \$12,502.46 |
| 11/09/2021 | APOLLO GLOBAL MGMT LLC CL A | 110 | \$8,336.72 |
| 11/09/2021 | ISHARES BIOTECHNOLOGY ETF | 118 | \$18,281.87 |
| 11/15/2021 | KEYSIGHT TECHNOLOGIES INC COM | 74 | \$13,812.29 |
| 11/15/2021 | MICROSOFT CORP UNSOLICITED | 38 | \$12,721.99 |
| 11/15/2021 | NVIDIA CORP UNSOLICITED | 120 | \$36,152.17 |
| 11/15/2021 | ACCENTURE PLC IRELAND CL A | 20 | \$7,351.71 |
| | Total Sales | | \$480,053.84 |

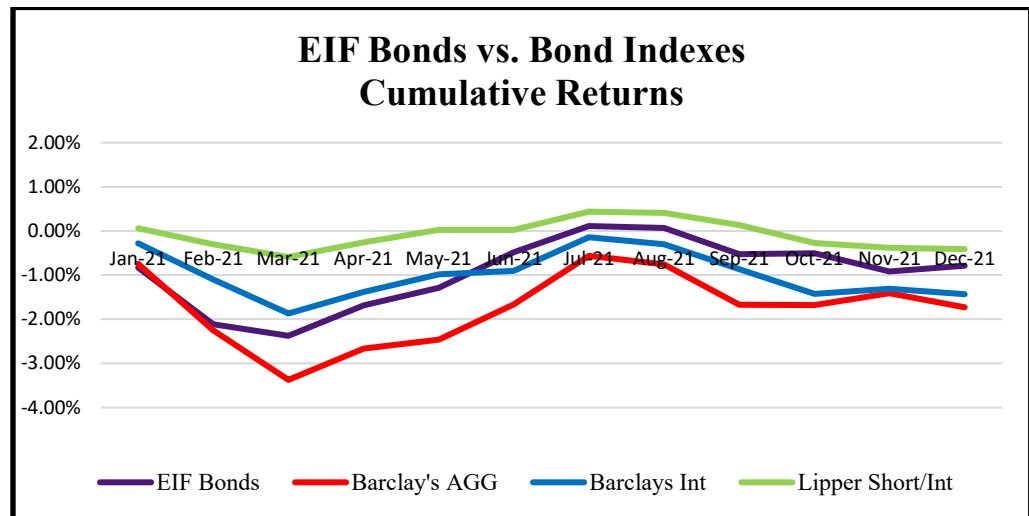
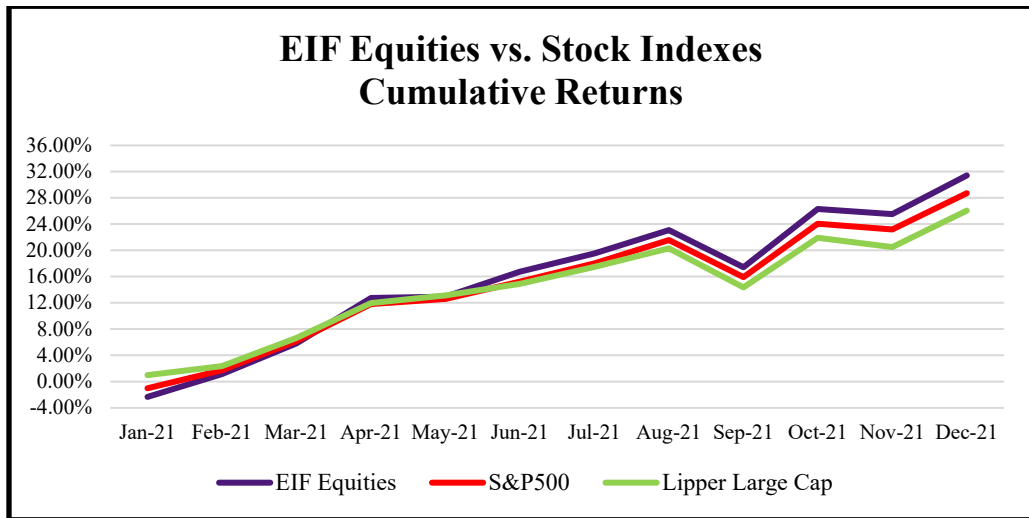
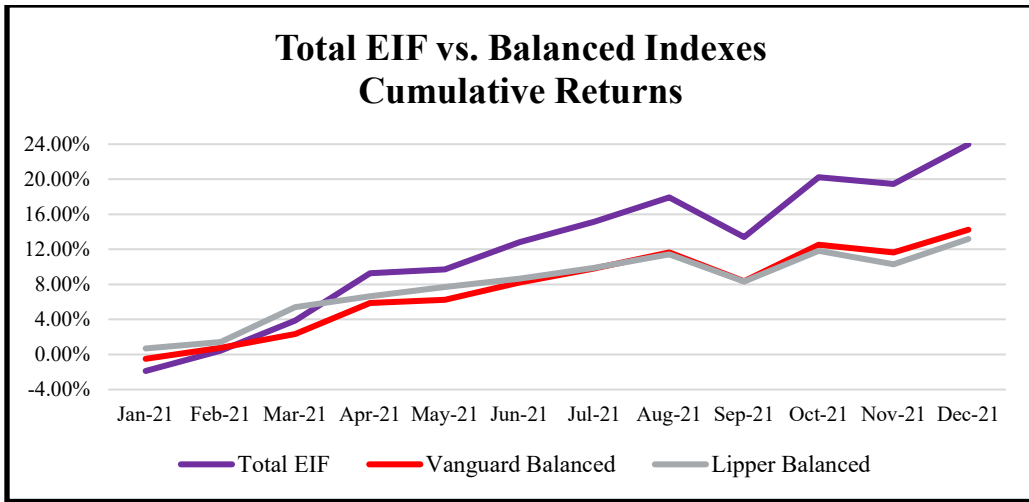
Distributions

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:

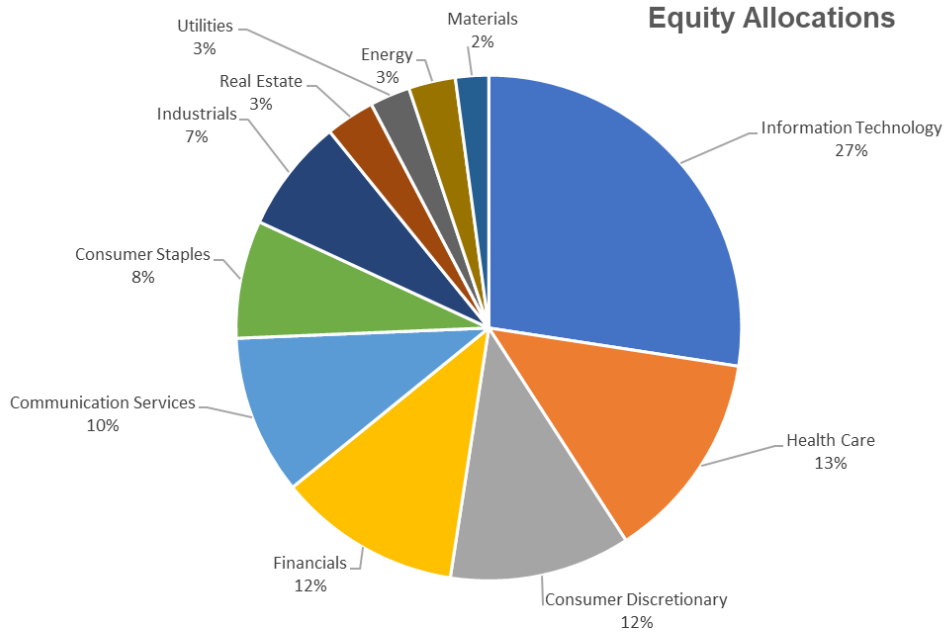
| Year | TCU | Baylor | Total Payout | Cumulative Payout |
|--------------|-----------|-----------|--------------|-------------------|
| <i>Prior</i> | \$436,473 | \$436,473 | \$872,946 | \$872,946 |
| 1991 | \$37,447 | \$37,447 | \$74,894 | \$947,840 |
| 1992 | \$37,364 | \$37,364 | \$74,728 | \$1,022,568 |
| 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 | \$91,912 | \$3,352,107 |
| 2021 | \$54,452 | \$54,452 | \$108,903 | \$3,461,010 |



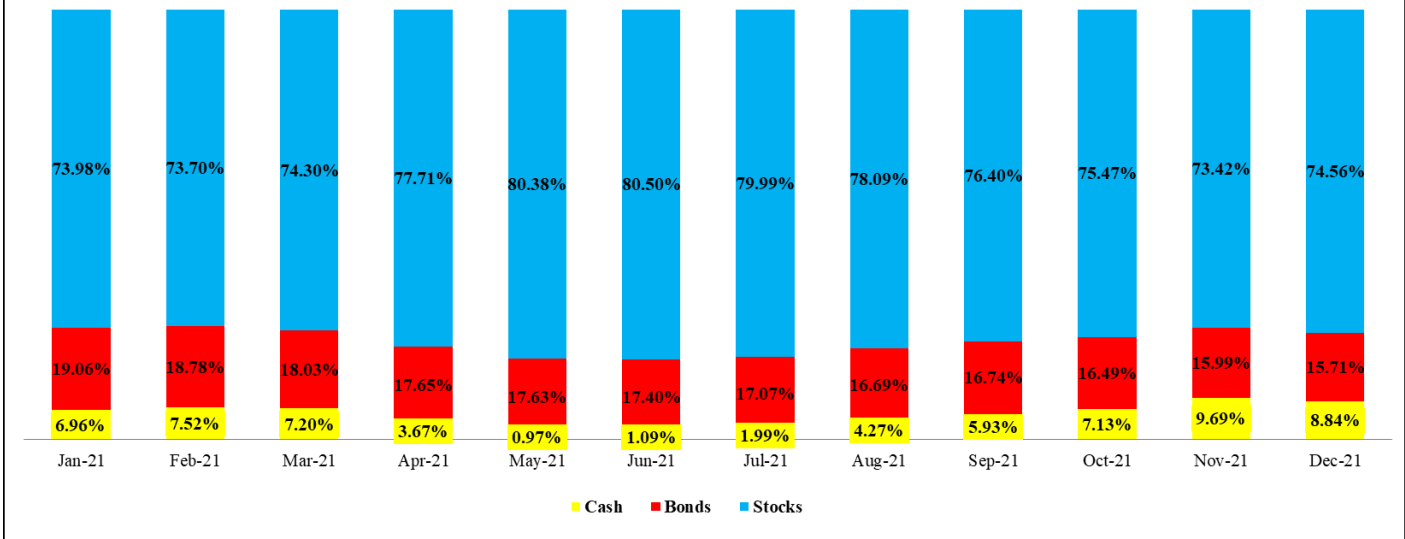
Cumulative EIF 2021 Performance versus Fund Benchmarks



EIF Equities Sector Allocation (as of 12/31/2021)



2021 Stocks/Bonds/Cash/Commodities Allocation



2021 Schedule of Investments

| Asset Class: Equity | Shares | Market Value 12/31/2021 | Equity % as of 12/31/2021 | Total % as of 12/31/2021 |
|-------------------------------|----------|----------------------------|------------------------------|-----------------------------|
| Communication Services | | | | |
| ALPHABET INC-CL C | 22.00 | \$ 63,658.98 | 3.88% | 2.92% |
| COMCAST CORP-CLASS A | 908.00 | \$ 45,699.64 | 2.79% | 2.10% |
| META PLATFORMS INC-CLASS A | 158.00 | \$ 53,143.30 | 3.24% | 2.44% |
| | | \$ 162,501.92 | 9.92% | 7.46% |
| Consumer Discretionary | | | | |
| ALIBABA GROUP HOLDING-SP ADR | 450.00 | \$ 53,455.50 | 3.26% | 2.45% |
| HOME DEPOT INC | 154.00 | \$ 63,911.54 | 3.90% | 2.93% |
| NIKE INC-CL B | 373.00 | \$ 62,167.91 | 3.79% | 2.85% |
| | | \$ 179,534.95 | 10.96% | 8.24% |
| Consumer Staples | | | | |
| ESTEE LAUDER COMPANIES-CL A | 135.00 | \$ 49,977.00 | 3.05% | 2.29% |
| PEPSICO INC | 199.00 | \$ 34,568.29 | 2.11% | 1.59% |
| PROCTER & GAMBLE CO/THE | 262.00 | \$ 42,857.96 | 2.62% | 1.97% |
| | | \$ 127,403.25 | 7.78% | 5.85% |
| Energy | | | | |
| CONOCOPHILLIPS | 410.00 | \$ 29,593.80 | 1.81% | 1.36% |
| EXXON MOBIL CORP | 284.00 | \$ 17,377.96 | 1.06% | 0.80% |
| | | \$ 46,971.76 | 2.87% | 2.16% |
| Financials | | | | |
| ALLSTATE CORP | 360.00 | \$ 42,354.00 | 2.58% | 1.94% |
| APOLLO GLOBAL MANAGEMENT INC | 695.00 | \$ 50,338.85 | 3.07% | 2.31% |
| BANK OF AMERICA CORP | 1,050.00 | \$ 46,714.50 | 2.85% | 2.14% |
| BLACKROCK INC | 56.00 | \$ 51,271.36 | 3.13% | 2.35% |
| | | \$ 190,678.71 | 11.64% | 8.75% |
| Health Care | | | | |
| BAXTER INTERNATIONAL INC | 366.00 | \$ 31,417.44 | 1.92% | 1.44% |
| THERMO FISHER SCIENTIFIC INC | 94.00 | \$ 62,720.56 | 3.83% | 2.88% |
| UNITEDHEALTH GROUP INC | 128.00 | \$ 64,273.92 | 3.92% | 2.95% |
| ZOETIS INC | 296.00 | \$ 72,232.88 | 4.41% | 3.32% |
| | | \$ 230,644.80 | 14.08% | 10.59% |
| Industrials | | | | |
| RAYTHEON TECHNOLOGIES CORP | 357.00 | \$ 30,723.42 | 1.87% | 1.41% |
| RESIDEO TECHNOLOGIES INC | 30.00 | \$ 780.90 | 0.05% | 0.04% |
| SOUTHWEST AIRLINES CO | 765.00 | \$ 32,772.60 | 2.00% | 1.50% |
| UNION PACIFIC CORP | 200.00 | \$ 50,386.00 | 3.07% | 2.31% |
| | | \$ 114,662.92 | 7.00% | 5.26% |
| Information Technology | | | | |
| ACCENTURE PLC-CL A | 149.00 | \$ 61,767.95 | 3.77% | 2.84% |
| ANSYS INC | 136.00 | \$ 54,552.32 | 3.33% | 2.50% |
| APPLE INC | 340.00 | \$ 60,373.80 | 3.68% | 2.77% |
| CROWDSTRIKE HOLDINGS INC - A | 165.00 | \$ 33,783.75 | 2.06% | 1.55% |
| KEYSIGHT TECHNOLOGIES IN | 297.00 | \$ 61,333.47 | 3.74% | 2.82% |
| MICROSOFT CORP | 166.00 | \$ 55,156.48 | 3.37% | 2.53% |
| NVIDIA CORP | 180.00 | \$ 52,939.80 | 3.23% | 2.43% |
| PAYPAL HOLDINGS INC | 176.00 | \$ 33,190.08 | 2.03% | 1.52% |
| VISA INC-CLASS A SHARES | 192.00 | \$ 41,608.32 | 2.54% | 1.91% |
| | | \$ 454,705.97 | 27.75% | 20.88% |

| Materials | | | | | |
|---------------------------|--------|----|---------------------|----------------|---------------|
| ECOLAB INC | 146.00 | \$ | 34,250.14 | 2.09% | 1.57% |
| | | \$ | 34,250.14 | 2.09% | 1.57% |
| Real Estate | | | | | |
| PUBLIC STORAGE | 146.00 | \$ | 54,685.76 | 3.34% | 2.51% |
| | | \$ | 54,685.76 | 3.34% | 2.51% |
| Utilities | | | | | |
| NEXTERA ENERGY INC | 456.00 | \$ | 42,572.16 | 2.60% | 1.95% |
| | | \$ | 42,572.16 | 2.60% | 1.95% |
| Total Equity Value | | \$ | 1,638,612.34 | 100.00% | 75.23% |

| Asset Class: Close End Funds & Exchange Traded Products | Shares | Market Value 12/31/2021 | Fixed Inc % as of 12/31/2021 | Total % as of 12/31/2021 |
|---|--------|----------------------------|---------------------------------|-----------------------------|
| SPDR S&P 500 ETF TR | 92 | \$ 43,696.32 | 100.00% | 2.01% |

| Asset Class: Fixed Income | Shares | Market Value 12/31/2021 | Fixed Inc % as of 12/31/2021 | Total % as of 12/31/2021 |
|---|--------|----------------------------|---------------------------------|-----------------------------|
| iShares iBoxx High Yield Corporate Bond ETF | 533 | \$ 48,116.53 | 14.32% | 2.21% |
| SPDR ICE Preferred Securities ETF | 768 | \$ 32,954.88 | 9.81% | 1.51% |
| Vanguard Long-Term Corporate Bond ETF | 545 | \$ 57,682.80 | 17.17% | 2.65% |
| Vanguard Short-Term Corporate Bond ETF | 1522 | \$ 123,677.72 | 36.80% | 5.68% |
| Vanguard Mortgage-Backed Securities ETF | 1393 | \$ 73,606.12 | 21.90% | 3.38% |
| Total Fixed Income Value | | \$ 336,038.05 | 100.00% | 15.43% |

| Asset Class: Cash | Market Value 12/31/2021 | Cash % as of 12/31/2021 | Total % as of 12/31/2021 |
|--------------------------|----------------------------|----------------------------|-----------------------------|
| Cash & Cash Alternatives | \$ 140,230.74 | 100% | 6.44% |

| Asset Class: Commodities | Market Value 12/31/2021 | Commodities % as of 12/31/2021 | Total % as of 12/31/2021 |
|--------------------------|----------------------------|-----------------------------------|-----------------------------|
| SPDR GOLD SHARES ETF | \$ 19,489.44 | 100% | 0.89% |

| | | | |
|------------------------------|--|----|---------------------|
| Total Portfolio Value | | \$ | 2,178,066.89 |
|------------------------------|--|----|---------------------|

Description of Individual Equity Holdings as of December 31, 2021

(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 \$1.71T and returned 64.2% for the EIF in 2021, outperforming the Communications Service sector index (XLC) by 45.9%.

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 1.7% for the EIF in 2021, underperforming the Communications Service sector index (XLC) by 16.6%.

Meta Platforms Inc. – Class A (FB): Meta, formally known as 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. Meta has a market cap of \$587.99B and returned 16.4% for the EIF in 2021, underperforming the Communications Service sector index (XLC) by 1.9%.

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 \$316.75B and returned 59.8% during 2021, outperforming the Consumer Discretionary sector index (XLY) by 37.5%.

NIKE Inc (NKE): Nike Inc. (NKE) is a worldwide designer, manufacturer, and seller of athletic footwear, apparel, equipment, and accessories based in Beaverton, Oregon. Their products are marketed to all genders and age groups and are offered across the world, but particularly in North America, EMEA, China, and Asia Pacific. In fact, Nike generates roughly 60.0% of its revenues outside of the United States. The Company offers its products through several mediums including its own retail stores, wholesale retail, online, and through distributors. The Company also owns subsidiary brands such as Jordan Brand, Converse, and Nike Golf. While Nike is a firm with diverse revenues, over 60.0% of revenues are driven by footwear and the remaining 40.0% is brought in by apparel (~30.0%) and equipment (~10.0%). Nike has a market cap of \$215.35B and returned 13.27% during 2021 since its purchase date of April 13, 2021, outperforming the Consumer Discretionary sector index (XLY) by 15.5% over the same period.

Alibaba Group Holdings (BABA): Alibaba Group Holding Limited (BABA) operates as a holding company based in China. The company provides internet infrastructure, electronic commerce, online financial, and internet content services through its subsidiaries. Alibaba Group can be viewed as the Amazon of China, selling consumer products with the backing of internet infrastructure. Alibaba has a market cap of \$253.74B and returned 13.27% since its purchase date of December 2nd, 2021, outperforming the sector by 9.3%.

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 \$237.66B and returned 15.5% for the EIF in 2021, outperforming the Consumer Staples sector index (XLP) by 6.8%.

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 \$379.76B and returned 12.1% in 2021, outperforming the Consumer Staples sector index (XLP) during the year by 3.4%.

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 \$96.8B and returned 29.2% for the EIF in 2021, outperforming the Consumer Staples sector index (XLP) by 20.5%.

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 \$131.72B and returned 87.8% for the EIF in 2021, outperforming 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 \$370.51B and returned 58.6% for the EIF in 2021, outperforming the Energy sector index (XLE) by 11.3%.

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 \$38.77B and returned 2.5% for EIF in 2021, underperforming the Financials sector index (XLF) by 28%.

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 \$33.34B and returned 48.4% for the EIF in 2021, outperforming the Financials sector index (XLF) by 17.9%.

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 \$318.20B and returned 48.4% for the EIF in 2021, outperforming the Financials sector index (XLF) by 17.6%.

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 \$106.88B and returned 26.7% for the EIF in 2021, underperforming the Financials sector index (XLF) by 3.8%.

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 \$38.45B and returned 0.1% for the EIF in 2021, underperforming the Healthcare sector index (XLV) by 15.1%.

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 \$224.07B and returned 33.8% for the EIF in 2021, outperforming the Healthcare sector index (XLV) by 18.6%.

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 \$506.77B and returned 33.1% for the EIF in 2021, outperforming the Healthcare sector index (XLV) by 17.9%.

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 \$87.66B and returned 35.5% for the EIF in 2021, outperforming the Healthcare sector index (XLV) by 20.3%.

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 \$156.45B and returned 20.0% for the EIF in 2021, outperforming the Industrials sector index (XLI) by 3.1%.

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 \$27.99B and returned -2.3% for the EIF in 2021, underperforming the Industrials sector index (XLI) by 19.2%.

Union Pacific Corp. (UNP): Union Pacific Corporation was founded in 1862 and is one of the largest rail transportation companies in the United States, operating 8,300 locomotives over 32,200 miles nationally. Union Pacific freights operate in 23 U.S. states that span from New Orleans, LA, north to Chicago, IL, and west to California. The Company carries and transports bulk, intermodal, and automotive products. Union Pacific has rich company history and below outline key events since the founding 159 years ago. Union Pacific has a current market cap of \$153.91B and returned 11.3% for the EIF in 2021, outperforming the Industrials sector index (XLI) by 7.2%.

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 \$210.42B and returned 40.4% in 2021, outperforming the I.T. sector index (XLK) by 12.8%.

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 \$25.25B and returned 8.4% for the EIF in 2021 underperforming the I.T. sector index (XLK) by 19.2%.

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 \$2.72T and returned 25.4% for the EIF in 2021, underperforming the I.T. sector index (XLK) by 2.3%.

CrowdStrike Holdings Inc. (CRWD): CrowdStrike Holdings Inc. provides cloud-delivered protection across endpoints and cloud workloads, identity, and data. Services include threat intelligence, managed security services, IT operations management, threat hunting, Zero Trust identity protection, and log management. The company services customers worldwide and primarily sells subscriptions to its Falcon platform and cloud modules. CrowdStrike has a market cap of \$52.94 and had a return of -31.48% since its purchase date of November 15th, 2021, underperforming the I.T. sector index (XLK) by 23.1% over the same period.

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 \$26.84B and returned 47.7% for the EIF in 2021, underperforming the I.T. sector index (XLK) 20.1%.

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 \$2.13T and returned 47.9% for the EIF in 2021, outperforming the I.T. sector index (XLK) by 20.3%.

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 \$554.46B and returned 130.3% for the EIF in 2021, outperforming the I.T. sector index (XLK) by 102.7%.

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 \$121.98B and returned -21.1% for the EIF in 2021, underperforming the I.T. sector index (XLK) by 48.7%.

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 \$465.46B and returned -6.8% for the EIF in 2021, underperforming the I.T. sector index (XLK) by 34.4%.

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 \$51.72B and returned 6.8% for the EIF in 2021, underperforming the Materials sector index (XLB) by 12.1%.

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 \$72.24B and returned 50.2% for the EIF in 2021, outperforming the Real Estate sector index (XLRE) by 17.4%.

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 \$160.04B. NEE returned 17.8% for the EIF in 2021, outperforming the Utilities sector index (XLU) by 9.4%.

William C. Conner Foundation

Financial Report

December 31, 2021

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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, 2021 and 2020, 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 15, 2020

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201

Main: 972.490.1970

CPAs AND ADVISORS | WEAVER.COM

William C. Conner Foundation

Statements of Financial Position December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 140,231 | \$ 126,337 |
| Investments | <u>2,037,836</u> | <u>1,711,887</u> |
| TOTAL ASSETS | <u>\$ 2,178,067</u> | <u>\$ 1,838,224</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | \$ 25 | \$ 25 |
| NET ASSETS | | |
| Without donor restrictions | 2,069,139 | 1,746,288 |
| With donor restrictions | <u>108,903</u> | <u>91,911</u> |
| Total net assets | <u>2,178,042</u> | <u>1,838,199</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,178,067</u> | <u>\$ 1,838,224</u> |

William C. Conner Foundation
Statement of Activities Year Ended
December 31, 2021

| REVENUES, GAINS, AND OTHER SUPPORT | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|---------------------|
| Investment income | \$ 442,475 | \$ - | \$ 442,475 |
| Net assets released from restrictions | | | |
| Satisfaction of program restrictions | <u>91,911</u> | <u>(91,911)</u> | <u>-</u> |
| Total revenues, gains, and other support | 534,386 | (91,911) | 442,475 |
| EXPENSES | | | |
| Program expenses | 91,911 | - | 91,911 |
| Management and general | <u>10,721</u> | <u>-</u> | <u>10,721</u> |
| Total expenses | <u>102,632</u> | <u>-</u> | <u>102,632</u> |
| CHANGES IN NET ASSETS | 431,754 | (91,911) | 339,843 |
| TRANSFER OF NET ASSETS | (108,903) | 108,903 | - |
| NET ASSETS, beginning of year | <u>1,746,288</u> | <u>91,911</u> | <u>1,838,199</u> |
| NET ASSETS, end of year | <u>\$ 2,069,139</u> | <u>\$ 108,903</u> | <u>\$ 2,178,042</u> |

William C. Conner Foundation

Statement of Activities Year Ended December 31, 2020

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

William C. Conner Foundation
 Statements of Cash Flows
 Years Ended December 31, 2021 and 2020

| | 2021 | 2020 |
|--|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest and dividends received | \$ 27,002 | \$ 27,685 |
| Cash paid to beneficiaries | (91,911) | (81,338) |
| Cash paid to vendors | (10,721) | (8,978) |
| Net cash used in operating activities | (75,630) | (62,631) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments purchased | (392,362) | (553,638) |
| Proceeds from investment sales | 481,886 | 665,232 |
| Net cash provided by investing activities | 89,524 | 111,594 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 13,894 | 48,963 |
| CASH AND CASH EQUIVALENTS, beginning of year | 126,337 | 77,374 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 140,231 | \$ 126,337 |
| RECONCILIATION OF CHANGE IN NET ASSETS TO | | |
| NET CASH USED IN OPERATING ACTIVITIES | | |
| Change in net assets | \$ 339,843 | \$ 212,042 |
| Adjustments to reconcile change in net assets to net cash used in operating activities | | |
| Realized gain on investments | (171,333) | (67,404) |
| Change in unrealized gain on investments | (244,140) | (207,294) |
| Increase in due to TCU | - | 25 |
| NET CASH USED IN OPERATING ACTIVITIES | \$ (75,630) | \$ (62,631) |

William C. Conner Foundation
Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

| | Beneficiary Program | Management/ General | 2021 Total | Beneficiary Program | Management/ General | 2020 Total |
|---------------------------|--------------------------------|--------------------------------|-----------------------|--------------------------------|--------------------------------|-----------------------|
| Accounting expense | \$ - | \$ 9,000 | \$ 9,000 | \$ - | \$ 9,000 | \$ 9,000 |
| Other operating expenses | - | 1,721 | 1,721 | - | 3 | 3 |
| Payments to beneficiaries | <u>91,911</u> | - | <u>91,911</u> | <u>81,338</u> | - | <u>81,338</u> |
| Total expenses | <u>\$ 91,911</u> | <u>\$ 10,721</u> | <u>\$ 102,632</u> | <u>\$ 81,338</u> | <u>\$ 9,003</u> | <u>\$ 90,341</u> |

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, accounts between the Foundation and the TCU business office may not be entirely settled at any given time, 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.

Contributed Services

During the years ended December 31, 2021 and 2020, 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, 2021 and 2020 consists of \$17,302 and \$76,884, respectively, held in a money market account 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.

Note 2. Investments

The following investments were held by the Foundation as of December 31, 2021 and 2020:

| | 2021 | 2020 |
|---------------------------|--------------|--------------|
| Equities | \$ 1,638,613 | \$ 1,346,222 |
| Closed end funds and ETFs | 399,223 | 365,665 |
| | \$ 2,037,836 | \$ 1,711,887 |

The components of investment income for the years ended December 31, 2021 and 2020, are as follows:

| | 2021 | 2020 |
|--------------------------------|------------|------------|
| Realized gain, net | \$ 171,333 | \$ 67,404 |
| Change in unrealized gain, net | 244,140 | 207,294 |
| Interest and dividends | 27,002 | 27,685 |
| | \$ 442,475 | \$ 302,383 |

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, 2021.

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, 2021:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------------|---------------------|----------------|----------------|---------------------|
| Equities | | | | |
| Technology | \$ 379,908 | \$ - | \$ - | \$ 379,908 |
| Real estate | 54,686 | - | - | 54,686 |
| Financial | 265,477 | - | - | 265,477 |
| Industrial | 148,913 | - | - | 148,913 |
| Energy | 89,544 | - | - | 89,544 |
| Consumer | 264,080 | - | - | 264,080 |
| Healthcare | 273,503 | - | - | 273,503 |
| Communication | 162,502 | - | - | 162,502 |
| Closed-end funds and ETFs | | | | |
| Equity | 43,696 | - | - | 43,696 |
| Commodities | 19,489 | - | - | 19,489 |
| Fixed Income | <u>336,038</u> | <u>-</u> | <u>-</u> | <u>336,038</u> |
| | <u>\$ 2,037,836</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,037,836</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, 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 | <u>348,876</u> | <u>-</u> | <u>-</u> | <u>348,876</u> |
| | <u>\$ 1,711,887</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,711,887</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, 2021:

| | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
|----------------------------|--------------|---------------------|----------------------|---------------|
| Equities | \$ 868,967 | \$ 784,692 | \$ (15,046) | \$ 1,638,613 |
| Closed-end funds and ETFs | 392,710 | 6,752 | (239) | 399,223 |
| Total assets at fair value | \$ 1,261,677 | \$ 791,444 | \$ (15,285) | \$ 2,037,836 |

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

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

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, 2021 or 2020 and did not realize any gains or losses on derivative positions during the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020, the Foundation had restricted \$108,903 and \$91,911, respectively, for this purpose to be distributed subsequent to December 31, 2021 and 2020. During the years ended December 31, 2021 and 2020, the Foundation distributed \$91,911 and \$81,338, 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, 2021, 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 | \$ 140,231 |
| Investments | <u>2,037,836</u> |
| Total financial assets, end of year | 2,178,067 |
| Less donor-imposed restrictions | |
| Purpose restrictions | <u>(108,903)</u> |
| Total financial assets available to meet general expenditures within one year | <u>\$ 2,069,164</u> |

Note 7. Subsequent Events

The Foundation evaluated all events or transactions that occurred after December 31, 2021, through April 11, 2022, 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 2021

Sam Schaefer
Miles Green
Sabrina Kingsbury
Johnny Eckelbarger
Josie Fuhrman
Matthew Deville
Ethan Alexander
Brian Campbell
Scott Carlson
Taylor Christensen
Lauren Henderson
Yannic Hertig
Cole Holmes
Charlie Hunt
Blake Larsen
Ellie Mitchell
Connor Oehmke
Truett Pittman
Ryal Reddick
Nicholas Vallner
Zhan Shi

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

Fall 2021

David Evans
Andres Crosby
Anna Murray
Erin Milsten
Mathew Young
Matthew Ruff
Carson Alfonso
Jonny Baldwin
Van Dodgen
Siena Gailloux
Summer Golden
Hunter Kingsbury
Michael Pendergast
Becca Smith
Alex Stanulis

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

Summer 2021

Scott Carlson
Andres Crosby
Cody Morsching
Ha Nguyen
Adrian Arguello
Ryan Carricaburu
Jake Davis
David Evans
Lianna Hoxha
Nicholas Palko
Max Power
Austin Speni
Jessica Zarate

Chief Administrator
Portfolio Manager
Chief Economist
Operations Manager

Faculty Advisor

Dr. Larry Lockwood
For further information about the Educational Investment Fund, please contact:
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William C. Conner Foundation

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