

# **William C. Conner Foundation**

## **Educational Investment Fund**

### **2022 Annual Report**



## **Celebrating 50 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 26, 2023



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***Educational Investment Fund***

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## Preface

2022 marked the beginning of the 50th 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 2022, 37 student analysts - 29 undergraduates, 7 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 2022.

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

### Economy in Review

After experiencing the most rapid growth since 1984 in 2021, the US economy expanded by 2.1% in 2022, despite a downturn in the year's first half. The Federal Reserve initiated rate hikes in March as temporary inflation turned out to be more enduring than expected, reaching a peak of 9.1% in June. Responding to a 40-year inflation record, the Federal Reserve quickly raised interest rates to control price levels. By the year's end, the Federal Funds Rate settled between 4.25% and 4.5%, signifying the swiftest rate hiking cycle in the Fed's history. In 2022, the M2 money supply experienced an unusual decline of 1.5%, after an unprecedented aggregate growth of 40.2% during the prior two years.

Although inflation saw a steady increase in 2021, the Federal Reserve delayed raising rates until the Russia-Ukraine conflict erupted. The most significant military clash since World War 2 raised considerable economic and security concerns, causing investors to grow cautious. As Ukraine is a major agricultural exporter and Russia supplies a large portion of the world's oil, the war intensified inflation due to supply chain disruptions and the implementation of sanctions. As a result, oil prices soared to a 15-year peak of over \$117 per barrel in June. This development further hindered economic growth, discouraging bond and equity investors in 2022.

In the face of escalating inflation and interest rates, trade and military conflicts, and a shrinking economy, major stock indices ended notably below their peak levels. The stock market experienced its worst year since 2008, with the Nasdaq plummeting 33.1%, the S&P 500 declining 18.1%, and the Dow Jones dropping 8.8%. Tech stocks underperformed as rising interest rates diminished growth and high multiple stocks' valuations. Among the most significant laggards were prominent names like Tesla, SVB, Meta, and PayPal, all reporting losses exceeding 60% for the year. The third largest crypto exchange, FTX collapsed in November after cryptocurrency assets declined and fraudulent behavior was exposed. Expecting a recession, investors transitioned from growth to value stocks,

with large cap-value outpacing growth by over 20%. The energy sector's exceptional performance, surging 64% in 2022, helped mitigate losses in the overall market.

Despite economic obstacles, the average American persevered. In 2022, the unemployment rate persistently decreased, hitting 3.5% in both July and September, which matched a five-decade low previously observed in February 2020. Consumers remained resilient amidst challenges, boosting personal consumption expenditures by 21.7% while keeping credit card delinquencies below pre-pandemic levels at 2.25%, albeit marginally higher than the preceding year. Over the year, average hourly earnings increased by 4.8%, trailing the inflation rate in the US.

The lingering effects of COVID continued to permeate in the global economy and specifically in China. 2022 marked a reopening of China as fears of the virus receded and consumers began spending once again. This helped ease supply chain issues and gave confidence in global trade. Despite this, tensions between the US and China increased as US officials opposed China's increasing desire to raid Taiwan. Consequently, the CSI 100 (100 largest Chinese stocks) traded -22.1% in 2022, underperforming other foreign markets. European stocks shook off some of the turmoil with the FTSE 100 (100 largest stocks on the London Stock Exchange) returning 0.9% and the DAX (40 largest German stocks) finishing with a -12.4% return. Despite rising rates in the Eurozone, these stocks generally performed better than those in the US.

### EIF Operating Summary

The EIF is primarily an equity-based investment fund with a conventional equity allocation ranging from 70% to 75%. In 2022, the total return for the EIF portfolio was -19.18%, compared to -17.73% for the passive Vanguard Balanced Fund Index and -14.37% for the Lipper Balanced Fund Index, representing the average of the 30 largest professionally managed balanced funds. Throughout 2022, the EIF maintained an average equity allocation of 74.4%, yielding total returns of -22.9% as opposed to -18.1% for the S&P 500, and

-17.0% for the Lipper Large Cap Core Index, reflecting the average of the 30 largest professionally managed large-cap equity funds.

The average fixed income allocation for the EIF stood at 17.1% with returns of -13.1%, while the passive Barclay's Aggregate Bond Index recorded -12.6%. Mid-year, the 2/10-year yield inverted and continued to a 53-bps inversion by year-end, while the 3-month/10-year yield inverted later in the year and concluded with a 54-bps inversion. Yield curve inversions typically precede economic downturns, which further exacerbated investor concerns.

We take pride in allocating \$81,358 to our beneficiaries, Texas Christian University, and the Department of Ophthalmology at the Baylor College of Medicine. Including the 2022 contribution, the cumulative disbursement of the William C. Conner Foundation Educational Investment Fund soared past \$3.5 million to a total of \$3,542,368. Every member of the fund deeply values the philanthropic aspect of the EIF.

### **Year Highlights**

The EIF maintains a robust standing in Fort Worth and nationwide. In 2022, numerous EIF members earned recognition on the Dean's Honor List for the Neeley School of Business and obtained various scholarships. These include the Meredith Fraker Thompson Memorial Scholarship, Luther King Capital Management Center for Financial Studies Scholarship, TCU Academic Achievement Scholarship, and TCU Chancellor's Scholarship. Three EIF members passed the CFA<sup>®</sup> Level I exam.

Participants of the EIF have also assumed mentorship and leadership positions in diverse organizations across the TCU and DFW region, including the Neeley Fellows, Neeley Leadership Program, and Carter Hosts. Additionally, numerous EIF members serve as mentors to students involved in the Transaction and Investment Professionals Board Program, providing crucial support to help them secure highly competitive internships.

Many EIF members were successful in their search for post-graduation employment. Some of the companies hiring EIF members in the upcoming year include Goldman Sachs, Bank of America, Jefferies, Stephens, Crestline, William Blair, Capital Southwest, UBS, Truist, and ARA Asset Management.

### **Ending Comments**

On behalf of the 2022 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, and our Finance Department Chair, Steve Mann. 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 profound gratitude to Dr. Larry Lockwood, as the 2022 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 likewise commemorate Dr. Stan Block for his numerous years of commitment to the EIF and honor his enduring impact at TCU. Dr. Stan Block's foresight, in conjunction with the unwavering assistance from faculty advisors, has established the groundwork for an applied learning program in financial markets. This program has served as a source of inspiration for a multitude of other student-managed funds throughout the nation.

It is a privilege to hold the position of Chief Administrator for the EIF this term. Representing the 2022 members of the Educational Investment Fund, I express our gratitude for the chance to partake in this priceless learning experience.

With much appreciation,

Cade Peters  
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 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 50 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**

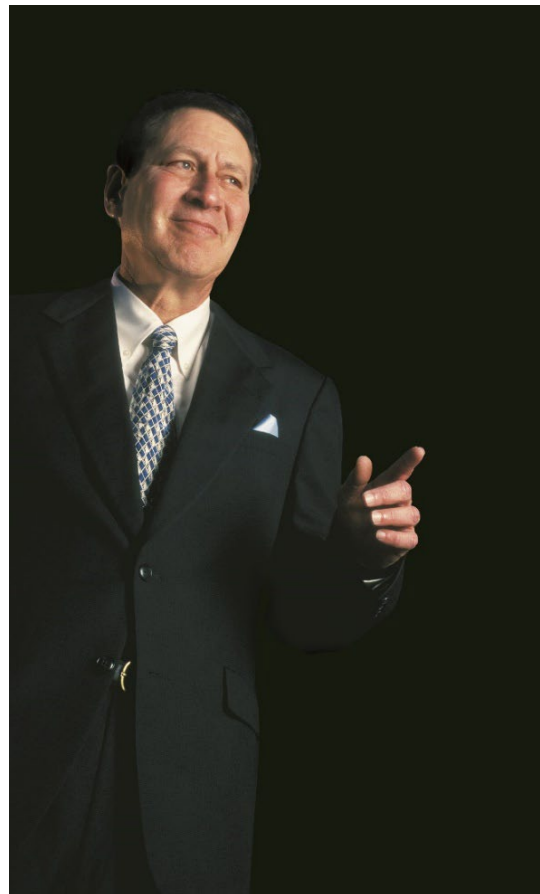
On July 11, 2021, founding father and advisor Dr. Stan Block passed away. As the EIF begins its 50<sup>th</sup> year of operations, we reflect back on the many contributions Dr. Block made to TCU and to the EIF.

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 over \$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.

## Summer/ Fall 2022 Officers



*Kinh Pham, Fall Chief Financial Officer; Jackson Laurent, Summer/Fall Portfolio Manager;  
Grant Knutson, Summer/Fall Chief Administrator; Eva Lopez, Summer/Fall Chief of Operations;  
Trong Nguyen, Summer Chief Economist; Logan Caldwell, Summer/Fall Portfolio Manager;  
Not pictured: Ben Border (Fall Chief Economist)*



## Spring 2023 Officers



*Kinh Pham, Chief Financial Officer; Caleb Hough, Portfolio Manager;  
Teny Noordermeer, Chief of Operations; Gracie Henderson, Chief Economist;  
Cade Peters, Chief Administrator; Cade Peveto, Portfolio Manager*

## Educational Investment Fund Members



*Back Row: Christian Schenkel, Cade Peveto, Jackson Laurent, Mitchell Hansen, Michael Boudreaux*

*Third Row: Reese Mckell, Bryce Wujcik, Teny Noordermeer, Sam Grable, Kinh Pham, Grant Knutson*

*Second Row: Andrew Seehausen, Cade Peters, Eva Lopez, Frederick Gooding, Omopariola Busayo, Logan Caldwell*

*Front Row: Dr. Larry Lockwood, Vivek Mehta, Gracie Henderson, Van Nguyen, Cong Tran, Michael Tseng, Trong Nguyen, Caleb Hough, Not Pictured - Ben Border*

## 2022 Investment Transactions

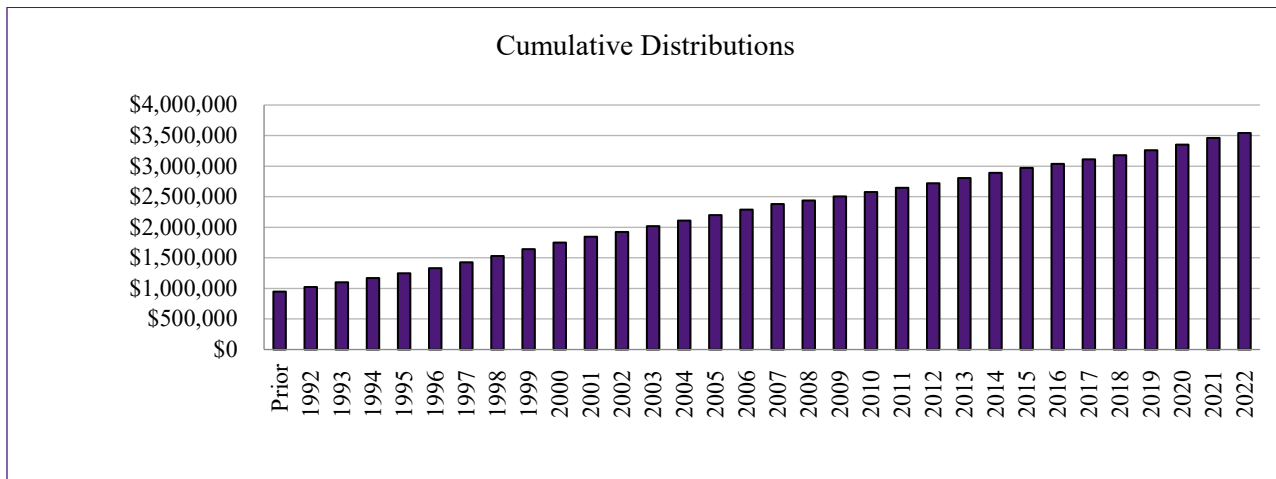
Date	Purchases	Symbol	Quantity	Amount
02/11/2022	META PLATFORMS	FB	46	\$10,537.70
03/23/2022	PUT SPDR S&P 500 ETF TR DUE 07/15/22 410.000		9	\$9,640.25
04/01/2022	ECOLAB	ECL	62	\$11,088.77
04/20/2022	INTUIT	INTU	89	\$43,449.87
04/22/2022	FEDEX CORP	FDX	204	\$42,001.73
04/28/2022	TARGET CORP	TGT	175	\$40,784.93
06/22/2022	VANGUARD INTERMEDIATE BOND FUND	MFVGF	8109	\$84,626.71
06/22/2022	ISHARES GLOBAL HEALTHCARE ETF	IXJ	387	\$30,120.78
07/06/2022	ISHARES GLOBAL CLEAN ENERGY ETF	ICLN	892	\$17,114.75
09/30/2022	PUT SPDR S&P 500 ETF TR DUE 11/18/22 355.000		462	\$32,990.31
09/21/2022	CONSUMERS STAPLES ETF	XLP	23	\$27,057.25
11/09/2022	VERTEX PHARMACEUTICAL	VRTX	112	\$34,383.25
11/18/2022	ENERGY TRANSFER	ET	2462	\$29,473.69
12/07/2022	DIAGEO PLC SPONSORED ADR	DEO	185	\$35,157.15

Date	SALES	Symbol	Quantity	Amount
02/11/2022	SOUTHWEST AIRLINES	LUV	765	\$35,632.59
03/15/2022	CONOCOPHILLIPS	COP	205	\$19,009.65
03/17/2022	BAXTER INTL	BAX	366	\$28,770.76
04/01/2022	ALLSTATE	ALL	43	\$5,944.08
04/01/2022	BANK OF AMERICA	BAC	70	\$2,866.54
04/20/2022	PAYPAL HOLDINGS	PYPL	176	\$17,886.10
04/20/2022	ACCENTURE	ACN	15	\$4,805.18
04/22/2022	SPDR S&P 500 ETF TR DEPOSITARY RECEIPTS	SPY	92	\$40,143.02
04/28/2022	APPLE	AAPL	53	\$8,426.25
04/28/2022	ALPHABET CL C	GOOG	3	\$6,987.80
04/28/2022	ZOETIS	ZTS	45	\$8,059.52
04/28/2022	PUBLIC STORAGE REIT	PSA	31	\$12,197.91
04/28/2022	THERMO FISHER SCIENTIFIC	TMO	8	\$4,437.56
04/28/2022	UNITEDHEALTH GROUP	UNH	41	\$21,205.72
05/09/2022	PUT SPDR S&P 500 ETF TR DUE 07/15/22 410.000		9	\$23,911.63
06/22/2022	ALIBABA GROUP HLDG SPONSORED ADR	BABA	106	\$11,014.08
06/22/2022	FEDEX	FDX	45	\$10,166.27
06/22/2022	ISHARES IBOXX USD HIGH YIELD CORPORATE BOND	HYG	553	\$40,793.92
06/22/2022	NIKE	NKE	36	\$3,739.06
06/22/2022	UNION PACIFIC	UNP	25	\$5,119.63
06/22/2022	VANGUARD LONGTERM CORPORATE BOND ETF	VCLT	545	\$43,838.04
07/06/2022	CONOCOPHILLIPS	COP	205	\$17,104.91
09/07/2022	ANSYS	ANSS	136	\$33,029.39
09/21/2022	LAUDER ESTEE	EL	135	\$33,094.59
09/30/2022	PUT SPDR S&P 500 ETF TR DUE 11/18/22 290.000		23	\$3,440.67
10/05/2022	KEYSIGHT TECHNOLOGIES	KEYS	88	\$14,682.65
11/09/2022	APOLLO GLOBAL MGMT	APO	695	\$43,610.60
11/09/2022	UNITEDHEALTH GROUP	UNH	21	\$11,591.29
11/18/2022	ISHARES GLOBAL CLEAN ENERGY ETF	ICLN	892	\$18,173.24
12/07/2022	CONSUMERS STAPLES SELECT SECTOR SPDR FUND ETF	XLP	462	\$35,006.05

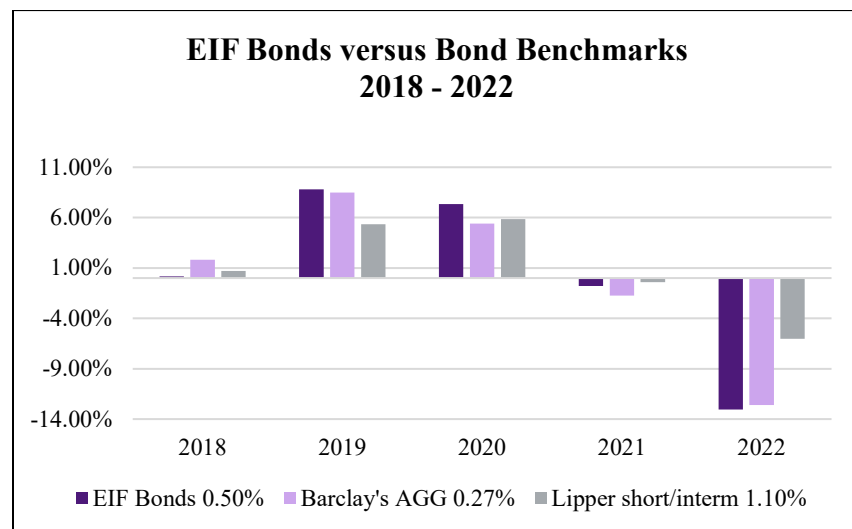
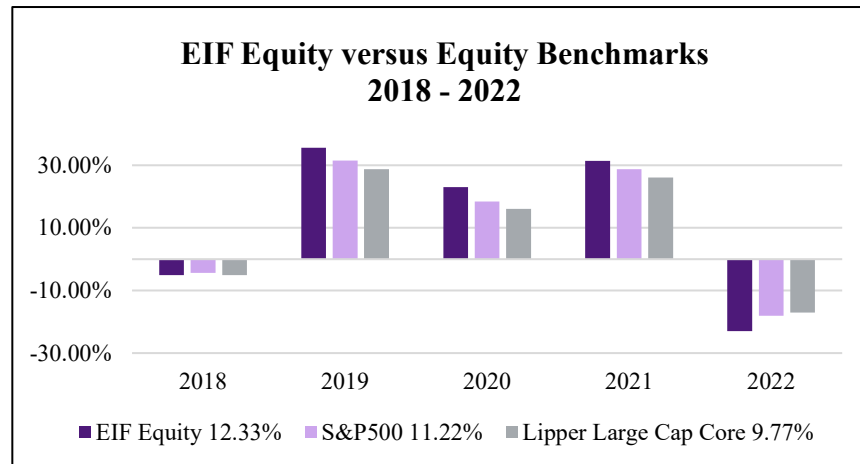
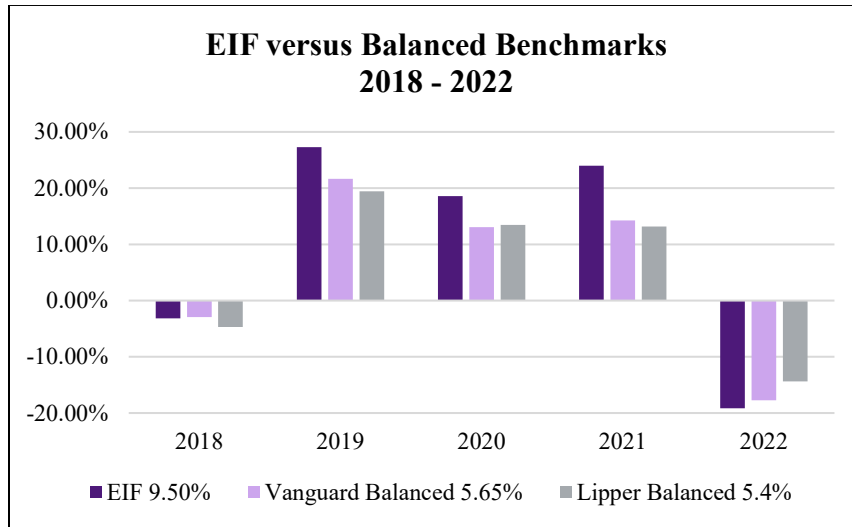
## Distributions

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	\$473,920	\$473,920	\$947,840	\$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	\$54,451	\$54,451	\$108,903	\$3,461,010
2022	\$40,679	\$40,679	\$81,358	\$3,542,368

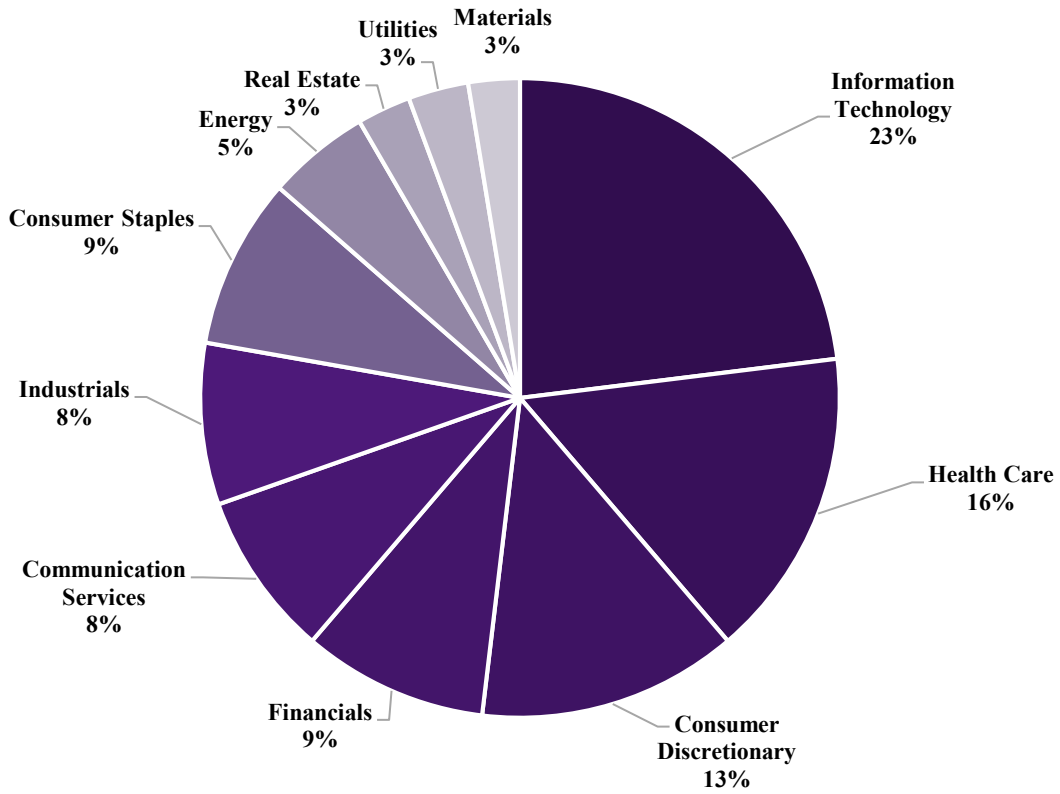


## EIF Performance versus Fund Benchmarks: 2018 - 2022

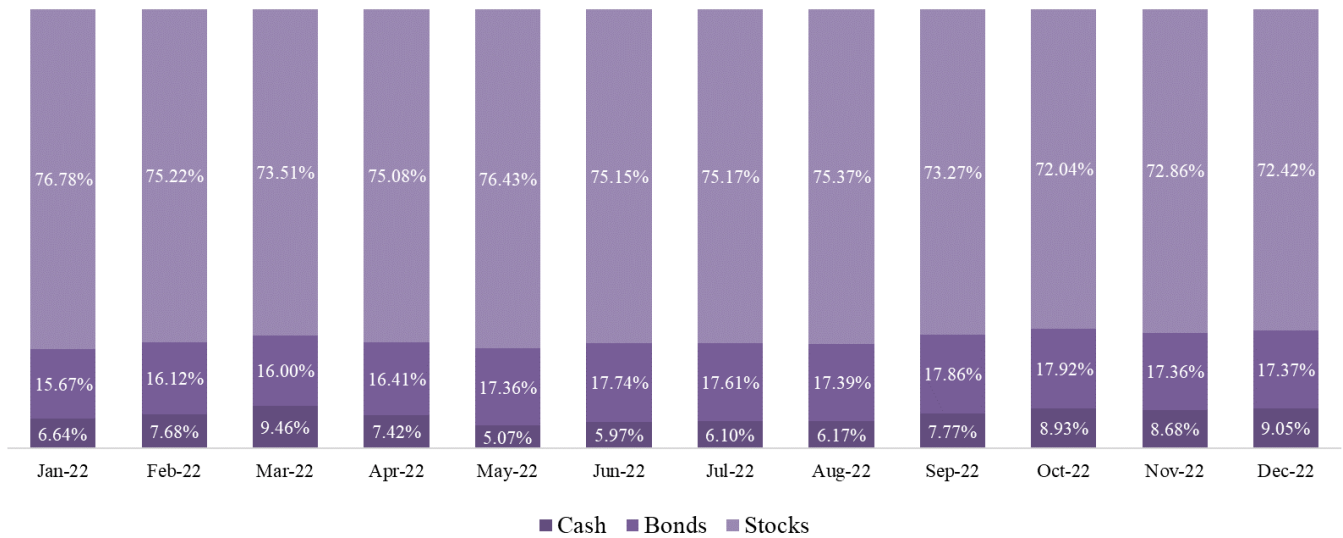


5-year average annual returns appear in the legends.

## EIF Equities Sector Allocation (as of 12/31/2022)



## 2022 Stocks/Bonds/Cash Allocation



## 2022 Schedule of Investments

	Shares	Market Value 12/31/2022	Equity % as of 12/31/2022	Total % as of 12/31/2022
<b>Communication Services</b>				
ALPHABET INC-CL C	380.00	\$ 33,717.40	2.96%	2.07%
COMCAST CORP-CLASS A	908.00	\$ 31,752.76	2.79%	1.95%
META PLATFORMS INC-CLASS A	204.00	\$ 24,549.36	2.16%	1.51%
	\$	\$ 90,019.52	7.91%	5.53%
<b>Consumer Discretionary</b>				
ALIBABA GROUP HOLDING-SP ADR	344.00	\$ 30,302.96	2.66%	1.86%
HOME DEPOT INC.	154.00	\$ 48,642.44	4.28%	2.99%
NIKE INC-CL B	337.00	\$ 39,432.37	3.47%	2.42%
TARGET CORP	175.00	\$ 26,082.00	2.29%	1.60%
	\$	\$ 144,459.77	12.70%	8.88%
<b>Consumer Staples</b>				
DIAGEO PLC - SP ADR	185.00	\$ 32,965.15	2.90%	2.03%
PEPSICO INC	199.00	\$ 35,951.34	3.16%	2.21%
PROCTOR & GAMBLE CO	262.00	\$ 39,708.72	3.49%	2.44%
	\$	\$ 108,625.21	9.55%	6.68%
<b>Energy</b>				
ENERGY TRANSFER LP	2,462.00	\$ 29,223.94	2.57%	1.80%
EXXON MOBIL CORP	284.00	\$ 31,325.20	2.75%	1.93%
	\$	\$ 60,549.14	5.32%	3.72%
<b>Financials</b>				
ALLSTATE CORP	317.00	\$ 42,985.20	3.78%	2.64%
BANK OF AMERICA CORP	980.00	\$ 32,457.60	2.85%	1.99%
BLACKROCK INC	56.00	\$ 39,683.28	3.49%	2.44%
	\$	\$ 115,126.08	10.12%	7.08%
<b>Healthcare</b>				
THERMO FISHER SCIENTIFIC INC	86.00	\$ 47,359.34	4.16%	2.91%
UNITEDHEALTH GROUP INC	66.00	\$ 34,991.88	3.08%	2.15%
VERTEX PHARMACEUTICALS INC	112.00	\$ 32,343.36	2.84%	1.99%
ZOETIS INC	251.00	\$ 36,784.05	3.23%	2.26%
	\$	\$ 151,478.63	13.32%	9.31%
<b>Industrials</b>				
FEDEX CORP	159.00	\$ 27,538.80	2.42%	1.69%
RAYTHEON TECHNOLOGIES CORP	357.00	\$ 36,028.44	3.17%	2.21%
RESIDEO TECHNOLOGIES INC	30.00	\$ 493.50	0.04%	0.03%
UNION PACIFIC CORP	175.00	\$ 36,237.25	3.19%	2.23%
	\$	\$ 100,297.99	8.82%	6.16%
<b>Information Technology</b>				
APPLE INC	287.00	\$ 37,289.91	3.28%	2.29%
ACCENTURE PLC-CL A	134.00	\$ 35,756.56	3.14%	2.20%
CROWDSTRIKE HOLDINGS INC - A	165.00	\$ 17,372.85	1.53%	1.07%
INTUIT INC	89.00	\$ 34,640.58	3.05%	2.13%
KEYSIGHT TECHNOLOGIES IN	209.00	\$ 35,753.63	3.14%	2.20%
MICROSOFT CORP	164.00	\$ 39,330.48	3.46%	2.42%
NVIDIA CORP	180.00	\$ 26,305.20	2.31%	1.62%
VISA INC-CLASS A SHARES	192.00	\$ 39,889.92	3.51%	2.45%
	\$	\$ 266,339.13	23.41%	16.37%
<b>Materials</b>				
ECOLAB INC	208.00	\$ 30,276.48	2.66%	1.86%
	\$	\$ 30,276.48	2.66%	1.86%
<b>Real Estate</b>				
PUBLIC STORAGE	115.00	\$ 32,221.85	2.83%	1.98%
	\$	\$ 32,221.85	2.83%	1.98%
<b>Utilities</b>				
NEXTERA ENERGY INC.	456.00	\$ 38,121.60	3.35%	2.34%
	\$	\$ 38,121.60	3.35%	2.34%
<b>Total Equity Value</b>	<b>\$</b>	<b>\$ 1,137,515.40</b>	<b>100.00%</b>	<b>69.91%</b>

<b>Asset Class: Close End Funds &amp; Exchange Traded Products</b>	<b>Shares</b>	<b>Market Value 12/31/2022</b>	<b>Close End Funds and ETPs % as of 12/31/2022</b>	<b>Total % as of 12/31/2022</b>
ISHARES GLOBAL HEALTHCARE ETF	387.00	\$ 32,848.56	100.00%	2.02%
<b>Asset Class: Fixed Income</b>	<b>Shares</b>	<b>Market Value 12/31/2022</b>	<b>Fixed Income % as of 12/31/2022</b>	<b>Total % as of 12/31/2022</b>
SPDR ICE PFD SECURITIES ETF	768.00	\$ 25,205.76	8.82%	1.55%
VANGUARD INTERM-TERM BD	8,195.60	\$ 82,611.67	28.92%	5.08%
VANGUARD MORTGAGE BACKED SECURITIES ETF	1,393.00	\$ 63,409.36	22.20%	3.90%
VANGUARD SHORT-TERM CORPORATE BOND ETF	1,522.00	\$ 114,439.18	40.06%	7.03%
<b>Total Fixed Income Value</b>	<b>\$</b>	<b>\$285,665.97</b>	<b>100.00%</b>	<b>17.56%</b>
<b>Asset Class: Cash</b>		<b>Market Value 12/31/2022</b>	<b>Cash % as of 12/31/2022</b>	<b>Total % as of 12/31/2022</b>
CASH & CASH ALTERNATIVES	\$	\$151,798.56	100.00%	9.33%
<b>Asset Class: Commodities</b>		<b>Market Value 12/31/2022</b>	<b>Commodity % as of 12/31/2022</b>	<b>Total % as of 12/31/2022</b>
SPDR GOLD SHARES ETF	114.00	\$ 19,338.96	100.00%	1.19%
<b>Total Portfolio Value</b>		<b>\$</b>		<b>1,627,167.45</b>



## Description of Individual Equity Holdings as of December 31, 2022

*(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. Alphabet has a current market cap of \$1.34T and returned -26.8% for the EIF in 2022, underperforming the Communications Service sector index (XLC) by 0.45%.

**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. Comcast Corporation has a market cap of \$159.6B and returned -30.5% for the EIF in 2022, outperforming the Communications Service sector index (XLC) by 7.70%.

**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 sharing 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 \$546.9B and returned -64.2% for the EIF in 2022, underperforming the Communications Service sector index (XLC) by 26.0%.

### 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 several 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 \$292.9B and returned -23.9% during 2022, outperforming the Consumer Discretionary sector index (XLY) by 12.9%.

**NIKE Inc (NKE):** Nike 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 \$187.2B and returned -29.8% during 2022, outperforming the Consumer Discretionary sector index (XLY) by 7.0% 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 \$255.6B and returned -25.6% in 2022, outperforming the sector by 11.0%.

**Target Corporation (TGT):** Target is a major retail company based in Minneapolis, Minnesota, offering a wide range of products, including apparel, electronics, home goods, and groceries. Operating primarily in the United States, Target serves customers through its extensive network of brick-and-mortar stores and a robust e-commerce platform. With a commitment to affordable prices, quality merchandise, and a seamless shopping experience, Target has established itself as one of the nation's leading retail chains, serving millions of customers daily and contributing significantly to the retail industry. Target has a market cap of \$76.1B and returned -37.0% since its purchase on April 28<sup>th</sup>, 2022, underperforming the index during the same period by 0.2%.

## **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 \$253.4B and returned 4.0% for the EIF in 2022, outperforming the Consumer Staples sector index (XLP) by 7.3%.

**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 \$357.93B and returned -7.4% in 2022, underperforming the Consumer Staples sector index (XLP) during the year by 4.0%.

**Diageo Plc (DGE):** Diageo plc (DGE) is a leading global alcoholic beverages company based in London, United Kingdom. With a diverse portfolio of premium brands, Diageo produces and distributes spirits, beer, and wine, catering to customers in over 180 countries. Notable brands under Diageo's umbrella include Johnnie Walker, Guinness, Smirnoff, Baileys, and Tanqueray, among others. As a testament to its success and influence, Diageo ranks as one of the world's largest producers of alcoholic beverages, generating substantial revenues and contributing significantly to the global beverage industry. Diageo has a market cap of \$82.8B and returned -4.4% since its purchase on December 7<sup>th</sup>, 2022, underperforming the Consumer Staples sector index (XLP) during the same period by 2.4%.

## **ENERGY**

**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 \$473.3B and returned 80.3% for the EIF in 2020, outperforming the Energy sector index (XLE) by 22.7%.

**Energy Transfer (ET):** Energy Transfer is a prominent energy infrastructure company based in Dallas, Texas, specializing in the transportation, storage, and distribution of natural gas, crude oil, and refined products. Operating primarily in the United States, the company serves a wide range of customers, from producers to end-users. Its extensive infrastructure network includes pipelines and processing plants, ensuring energy security and stability. With revenues generated from long-term contracts, Energy Transfer also maintains strategic investments in related businesses, such as Sunoco LP. Energy Transfer has a market cap of \$39.4B and returned -2.5% since its purchase on November 18<sup>th</sup>, 2022, outperforming the Energy sector index (XLE) during the same period by 2.1%.

## 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 automobiles 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 \$30.2B and returned 15.3% for EIF in 2022, outperforming the Financials sector index (XLF) by 27.7%.

**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 \$220.7B and returned -25.6% for the EIF in 2022, underperforming the Financials sector index (XLF) by 13.1%.

**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 offering 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. Blackrock has a current market cap of \$98.5B and returned -22.6% for the EIF in 2022, underperforming the Financials sector index (XLF) by 10.2%.

## HEALTHCARE

**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 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 \$222.8B and returned -17.5% for the EIF in 2022, underperforming the Healthcare sector index (XLV) by 13.9%.

**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 \$476.6B and returned 5.6% for the EIF in 2022, outperforming the Healthcare sector index (XLV) by 9.2%.

**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 \$77.7B and returned -40.0% for the EIF in 2022, underperforming the Healthcare sector index (XLV) by 36.4%.

**Vertex Pharmaceuticals (VRTX):** Vertex Pharmaceuticals Incorporated (VRTX) is a global biotechnology company headquartered in Boston, Massachusetts, focused on the discovery, development, and commercialization of transformative therapies for life-threatening diseases. Specializing in areas with significant unmet medical needs, Vertex primarily targets cystic fibrosis (CF) and other genetic disorders, as well as viral infections and cancer. With a strong commitment to research, innovation, and patient well-being, Vertex has successfully brought multiple breakthrough treatments to market, significantly improving patients' lives and setting new standards in the biopharmaceutical industry. Vertex Pharmaceuticals has a market cap of \$82.6B and returned -7.2% since its purchase on November 11<sup>th</sup>, 2022, underperforming the Healthcare sector index (XLV) during the same period by 8.0%.

## 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 \$144.8B and returned 17.3% for the EIF in 2022, outperforming the Industrials sector index (XLI) by 24.5%.

**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 a rich company history and below outline key events since its founding 159 years ago. Union Pacific has a current market cap of \$119.1B and returned -17.8% for the EIF in 2022, underperforming the Industrials sector index (XLI) by 10.6%.

**FedEx Corporation (FDX):** FedEx is a global logistics and transportation company headquartered in Memphis, Tennessee. It specializes in express parcel delivery, freight transportation, e-commerce solutions, and business services. Operating through a vast network of subsidiaries, FedEx serves customers in over 220 countries and territories. The company's primary business segments include FedEx Express, FedEx Ground, FedEx Freight, and FedEx Services. As one of the largest express transportation companies worldwide, FedEx handles millions of shipments daily, demonstrating its significant impact on global trade and supply chain management. FedEx has a market cap of \$57.6B and returned -15.6% since its purchase on April 22<sup>nd</sup>, 2022, underperforming the Industrials sector index (XLI) during the same period by 15.4%.

## 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 has a current market cap of \$186.6B and returned -35.6% in 2022, underperforming the I.T. sector index (XLK) by -7.2%.

**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 \$2.58T and returned -26.8% for the EIF in 2022, outperforming the I.T. sector index (XLK) by 1.6%.

**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 \$30.0B and had a return of -48.6% for the EIF in 2022, underperforming the I.T. sector index (XLK) by 20.2%.

**Intuit Inc. (INTU):** Intuit is a leading software company headquartered in Mountain View, California, specializing in financial and business management solutions. Its products and services cater to individuals, small businesses, and accounting professionals, helping them manage finances, payrolls, and tax filings. Intuit's flagship products include QuickBooks, TurboTax, and Mint, which together serve millions of customers globally. With a focus on innovation, user experience, and data security, Intuit continually enhances its product offerings to simplify complex financial tasks and empower users to make informed decisions. Intuit has a market cap of \$122.5B and returned -19.2% since its purchase on April 20<sup>th</sup>, 2022, underperforming the I.T. sector index (XLK) during the same period by 2.3%.

**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 \$27.9B and returned -17.2% for the EIF in 2022, outperforming the I.T. sector index (XLK) 11.27%.

**Microsoft Corporation (MSFT):** Microsoft Corporation develops, manufactures, licenses, sells, and supports software and computer hardware products. The Company offers operating systems, 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 \$2.11T and returned -28.7% for the EIF in 2022, underperforming the I.T. sector index (XLK) by 0.3%.

**Nvidia Corp (NVDA):** Nvidia Corporation designs, develops, and markets three-dimensional (3D) graphics processors and related software. The company offers products that provide 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 \$658.0B and returned -50.3% for the EIF in 2022, underperforming the I.T. sector index (XLK) by 21.9%.

**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 \$479.1B and returned -4.1% for the EIF in 2022, outperforming the I.T. sector index (XLK) by 24.3%.

## **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 \$47.1B and returned -38.0% for the EIF in 2022, underperforming the Materials sector index (XLB) by 23.7%.

## **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 \$53.8B and returned -25.2% for the EIF in 2022, outperforming the Real Estate sector index (XLRE) by 3.5%.

## **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 \$156.0B. NEE returned -10.5% for the EIF in 2022, underperforming the Utilities sector index (XLU) by 9.0%.

# **William C. Conner Foundation**

Financial Report

December 31, 2022

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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, 2022 and 2021, 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.

We are required to be independent of William C. Conner Foundation and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

### *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, 2023



# William C. Conner Foundation

## Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 151,799	\$ 140,231
Investments	<u>1,475,370</u>	<u>2,037,836</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,627,169</u>	<u>\$ 2,178,067</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>	\$ 25	\$ 25
<b>NET ASSETS</b>		
Without donor restrictions	1,545,786	2,069,139
With donor restrictions	<u>81,358</u>	<u>108,903</u>
Total net assets	<u>1,627,144</u>	<u>2,178,042</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,627,169</u>	<u>\$ 2,178,067</u>

# William C. Conner Foundation

## Statement of Activities

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Investment income (loss)	\$ (417,624)	\$ -	\$ (417,624)
Net assets released from restrictions			
Satisfaction of program restrictions	<u>108,903</u>	<u>(108,903)</u>	<u>-</u>
Total revenues, gains, and other support	(308,721)	(108,903)	(417,624)
<b>EXPENSES</b>			
Program expenses	108,903	-	108,903
Management and general	<u>24,371</u>	<u>-</u>	<u>24,371</u>
Total expenses	<u>133,274</u>	<u>-</u>	<u>133,274</u>
<b>CHANGES IN NET ASSETS</b>	(441,995)	(108,903)	(550,898)
<b>TRANSFER OF NET ASSETS</b>	(81,358)	81,358	-
<b>NET ASSETS, beginning of year</b>	<u>2,069,139</u>	<u>108,903</u>	<u>2,178,042</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,545,786</u>	<u>\$ 81,358</u>	<u>\$ 1,627,144</u>

The Notes to Financial Statements are an integral part of this statement.

# William C. Conner Foundation

## Statement of Activities

Year Ended December 31, 2021

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

The Notes to Financial Statements are an integral part of this statement.

# William C. Conner Foundation

## Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest and dividends received	\$ 29,286	\$ 27,002
Cash paid to beneficiaries	(108,903)	(91,911)
Cash paid to vendors	(24,371)	(10,721)
	(103,988)	(75,630)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments purchased	(449,133)	(392,362)
Proceeds from investment sales	564,689	481,886
	115,556	89,524
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	11,568	13,894
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	140,231	126,337
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 151,799	\$ 140,231
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Change in net assets	\$ (550,898)	\$ 339,843
Adjustments to reconcile change in net assets to net cash used in operating activities		
Realized gain on investments	(102,462)	(171,333)
Change in unrealized gain on investments	549,372	(244,140)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (103,988)	\$ (75,630)

The Notes to Financial Statements are an integral part of these statements.

# William C. Conner Foundation

## Statements of Functional Expenses

Years Ended December 31, 2022 and 2021

	<b>Beneficiary Program</b>	<b>Management/ General</b>	<b>2022 Total</b>	<b>Beneficiary Program</b>	<b>Management/ General</b>	<b>2021 Total</b>
Accounting expense	\$ -	\$ 6,775	\$ 6,775	\$ -	\$ 9,000	\$ 9,000
Other operating expenses	-	17,596	17,596	-	1,721	1,721
Payments to beneficiaries	108,903	-	108,903	91,911	-	91,911
Total expenses	<u>\$ 108,903</u>	<u>\$ 24,371</u>	<u>\$ 133,274</u>	<u>\$ 91,911</u>	<u>\$ 10,721</u>	<u>\$ 102,632</u>

The Notes to Financial Statements are an integral part of these statements.

# 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).

#### New Accounting Standard Adopted

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958). This ASU requires that not-for-profit entities present nonfinancial assets, in a separate line item in the statement of activities. Not-for-profits will also be required to disclose: disaggregated contributed nonfinancial assets by amount and category that describes the type of contributed nonfinancial assets, qualitative information about amounts used by category during the reporting period, the entity's policy regarding monetizing any contributions instead of utilizing them, any donor-imposed restrictions tied to contributions received, a description of valuation techniques utilized to fair value any contributions, and the principal market used to fair value any contributions. The Foundation adopted ASU 2020-07 effective January 1, 2021 using the modified retrospective approach. Adoption of ASU 2020-07 did not have a material effect on the Foundation's financial statements. The Foundation's disclosure of contributed nonfinancial assets is included in Note 1.

#### 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.

# William C. Conner Foundation

## Notes to Financial Statements

### 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.

### Investments

Investments are carried at fair value. Realized and unrealized gains and losses are netted and included in investment income (loss) 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 (loss) is recognized on the accrual basis as earned. Dividend and interest income are included within investment income (loss) in the statements of activities as part of without donor restrictions net asset.

### Contributed Services

During the years ended December 31, 2022 and 2021, 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, mutual funds exchange traded products (ETFs) and mutual funds. 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, 2022 and 2021 consists of \$147,638 and \$17,302, respectively, held in a money market account at the Foundation's broker.

# William C. Conner Foundation

## Notes to Financial Statements

### 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.

### 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, 2022 and 2021:

	2022	2021
Equities	\$ 1,137,516	\$ 1,638,613
Closed end funds and ETFs	255,242	399,223
Mutual Funds	82,612	-
	<u>\$ 1,475,370</u>	<u>\$ 2,037,836</u>



# William C. Conner Foundation

## Notes to Financial Statements

The components of investment income (loss) for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Realized gain, net	\$ 102,462	\$ 171,333
Change in unrealized gain, net	(549,372)	244,140
Interest and dividends	29,286	27,002
	<u>\$ (417,624)</u>	<u>\$ 442,475</u>

### 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, 2022.

Equities, closed end funds, exchange traded products (ETF) and mutual funds: 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 fair value 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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Technology	\$ 226,449	\$ -	\$ -	\$ 226,449
Real estate	32,222	-	-	32,222
Financial	155,016	-	-	155,016
Industrial	130,574	-	-	130,574
Energy	98,671	-	-	98,671
Consumer	253,085	-	-	253,085
Healthcare	151,479	-	-	151,479
Communication	90,020	-	-	90,020
Closed end funds and ETFs				-
Equities	32,849	-	-	32,849
Fixed Income	203,054	-	-	203,054
Commodities	19,339	-	-	19,339
Mutual funds-fixed income	82,612	-	-	82,612
	<u>\$ 1,475,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,475,370</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, 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
Fixed Income	336,038	-	-	336,038
Commodities	19,489	-	-	19,489
	<u>\$ 2,037,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,037,836</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, 2022:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equities	\$ 884,761	\$ 334,733	\$ (81,978)	\$ 1,137,516
Closed-end funds and ETFs	278,308	3,945	(27,011)	255,242
Mutual Funds	85,514	-	(2,902)	82,612
Total assets at fair value	<u>\$ 1,248,583</u>	<u>\$ 338,678</u>	<u>\$ (111,891)</u>	<u>\$ 1,475,370</u>

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	<u>\$ 1,261,677</u>	<u>\$ 791,444</u>	<u>\$ (15,285)</u>	<u>\$ 2,037,836</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. When a put option is written, the Foundation receives a premium and is obligated to purchase the underlying security per the terms of the option, which is only limited to the strike price. The Foundation had no open derivative positions at December 31, 2022 or 2021. During the year ended December 31, 2022 and 2021, the Foundation recognized losses of (\$12,786) and \$0, respectively on purchased put options and gains of \$3,441 and \$0 on written put options.

### 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, 2022 and 2021, the Foundation had restricted \$81,358 and \$108,903, respectively, for this purpose to be distributed subsequent to December 31, 2022 and 2021. During the years ended December 31, 2022 and 2021, the Foundation distributed \$108,903 and \$91,911, 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, 2022, 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	\$	151,799
Investments		<u>1,475,370</u>
Total financial assets, end of year		1,627,169
Less donor-imposed restrictions		
Purpose restrictions		<u>(81,358)</u>
Total financial assets available to meet general expenditures within one year	\$	<u><u>1,545,811</u></u>

### Note 7. Subsequent Events

The Foundation evaluated all events or transactions that occurred after December 31, 2022, through April 13, 2023, 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 2022**

Anna Murray  
Hunter Kingsbury  
Becca Smith  
Erin Milsten  
Mathew Young  
Matthew Ruff  
Jonny Baldwin  
Drew Ciampa  
Van Dodgen  
Siena Gailloux  
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Bryan Robb

Chief Administrator  
Portfolio Manager  
Portfolio Manager  
Chief Economist  
Operations Manager  
Chief Financial Officer

### **Fall 2022**

Grant Knutson  
Logan Caldwell  
Jackson Laurent  
Ben Border  
Eva Lopez  
Kinh Pham  
Ryan Debish  
Frederick Gooding III  
Sam Grable  
Mitchell Hansen  
Gracie Henderson  
Caleb Hough  
Reese Mckell  
Teny Noordemeer  
Cade Peters  
Cade Peveto  
Andrew Seehausen  
Bryce Wujcik

Chief Administrator  
Portfolio Manager  
Portfolio Manager  
Chief Economist  
Operations Manager  
Chief Financial Officer

### **Summer 2022**

Grant Knutson  
Logan Caldwell  
Jackson Laurent  
Trong Nguyen  
Eva Lopez  
Ben Border  
Michael Boudreaux  
Ryan Debish  
Dillon Dewald  
Anthony Petrine  
Michael Tseng

Chief Administrator  
Portfolio Manager  
Portfolio Manager  
Chief Economist  
Operations Manager

### **Faculty Advisor**

Dr. Larry Lockwood  
For further information about the Educational  
Investment Fund, please contact:  
Educational Investment Fund  
TCU Box 298530  
Fort Worth, TX 76129  
Phone: (817) 257-7420

# **William C. Conner Foundation**

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