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Archway Investment Fund

Archway Investment Fund

12-2018

Equity Fund Monthly Report, December 2018

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The Archway Investment Fund - Equity Portfolio

Bryant University

Monthly Report
Data as of 12/31/2018

Portfolio Description

The primary objective of the Archway Investment Equity Portfolio (the Portfolio) is to provide students in Bryant University's Equity Portfolio Management course with a hands-on learning experience. Student portfolio managers are organized into teams responsible for managing the holdings in their assigned sectors. The Portfolio launched in August 2005 with \$200,000.00. Including subsequent inflows and outflows the net capital contributed has been \$450,000.00, and the cumulative investment return is \$712,519.54.

Investment Strategy

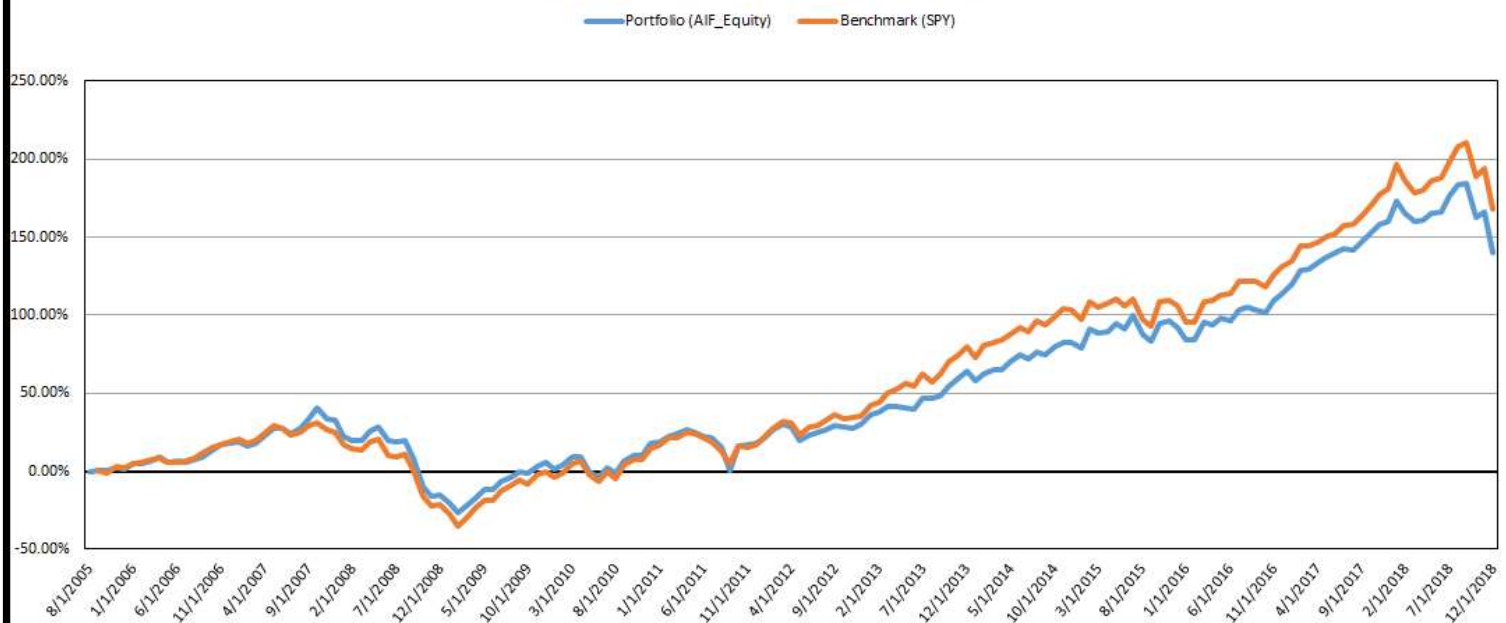
The Portfolio strategy is to purchase stocks for less than their intrinsic value based on both value and growth considerations to achieve risk adjusted returns that equal or exceed benchmark returns. The overall benchmark used for performance evaluation is the State Street SPDR S&P500 Exchange Traded Fund (SPY), while benchmarks used for individual sectors are the corresponding SPDR sector ETFs. Each sector is initially weighted in the portfolio based on their weighting in the S&P500 Index and are then adjusted to reflect portfolio manager expectations about the performance of each sector. While the purchase of international equities is allowed, the Fund remains heavily weighted in domestic assets. At times, the Fund uses options as a method to control risk. Option use is limited to covered call and protective put strategies. Options are used only to control risk and the underlying security must be held in the Fund.

The inclusion of ESG factors into the stock selection process has been a recent enhancement. Both portfolio managers and security analysts utilize ESG metrics to identify risk factors and aid in generating excess returns after adjusting for risk. Further enhancement to this process were adopted in 2018, as was the introduction of monthly performance reports, performance attribution analysis, and factor risk modeling.

Performance Commentary

The Archway Equity Portfolio returned -9.69% in December, while the benchmark returned -8.81%. The Federal Reserve increased the target rate for the Fed Funds rate by another 25 basis points, as expected. The accompanying statement and forward guidance was not as dovish as the market hoped, triggering further declines in equity prices in the days following the meeting. A failure to pass a continuing resolution prior to the Christmas holiday led to a partial shutdown of the US Government, further shaking investor confidence. Despite what was a strong holiday shopping season, December was the worst month for US equities since the 2008 financial crisis. At one point, the S&P 500 was down just under 20% from its previous peak, before a strong rally between Christmas and New Year. We saw significant declines in oil prices, wider credit spreads, and lower US Treasury yields as part of a general risk-off trading mentality. Every sector had negative returns in December, with the Energy Sector SPDR down 12.43%, the Financial Sector SPDR down 11.12%, and the industrial Sector SPDR down 10.65%. Sector Allocation contributed -0.02% of alpha, while Security Selection contributed -0.68% of alpha during the month. Positive security selection alpha came in Energy, Communication Services, and Utilities, while the portfolio experienced negative security selection alpha in all other sectors. A number of stop loss triggers on individual holdings that were put in place to limit losses over the semester break were triggered in late December. For the Fall Academic Term, the portfolio returned -15.17% while the benchmark returned -13.02%. For the 2018 calendar year, the Fund returned -7.60%, while the benchmark returned -4.55%. Since the inception of the fund in August 2005, the portfolio has an annualized return of 6.80% and the benchmark has an annualized return of 7.68%.

Cumulative Return Since Inception



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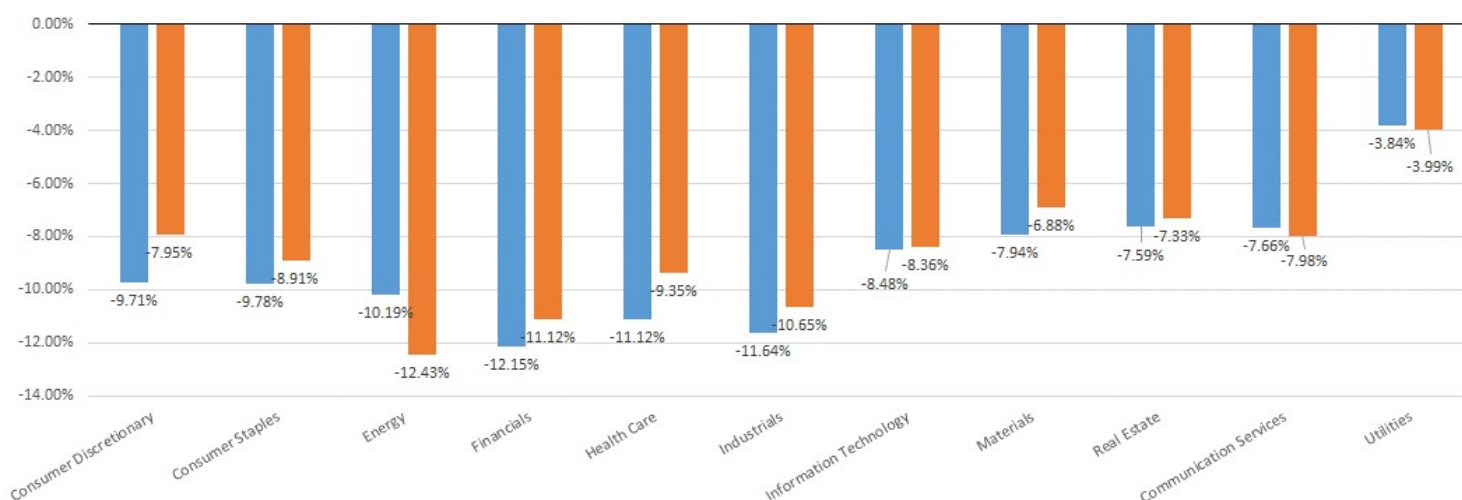
Performance data is calculated from the official portfolio valuation data provided by National Financial Services LLC, the custodian for the Fund's Fidelity Brokerage Account. Additional security price and analytic data has been obtained from Bloomberg LP. Returns for the portfolio and benchmark include reinvestment of income distributions, and realized and unrealized gains. Returns have not been audited.

Investment Performance				Portfolio and Benchmark Characteristics		
Historical Returns through 12/31/2018	Portfolio	Benchmark	Excess		Portfolio	Benchmark
Month to Date Return	-9.69%	-8.81%	-0.87%	Portfolio Market Value	\$ 1,162,520	
Academic Term to Date Return	-15.17%	-13.02%	-2.15%	Number of Individual Equities Held	38	505
Year to Date Return	-7.60%	-4.57%	-3.03%	Number of ETFs Held	23	0
1 Year Trailing Return	-7.60%	-4.57%	-3.03%	Weight in Individual Equities	60.24%	99.48%
3 Year Trailing Return (Annualized)	7.75%	9.16%	-1.41%	Weight in ETFs	36.03%	0.00%
5 Year Trailing Return (Annualized)	7.91%	8.37%	-0.46%	Weight in Options	0.00%	0.00%
Since Inception Return (Annualized)	6.80%	7.68%	-0.88%	Weight in Cash	3.73%	0.52%

Sector Returns

Monthly Sector Returns: Portfolio vs. Benchmark

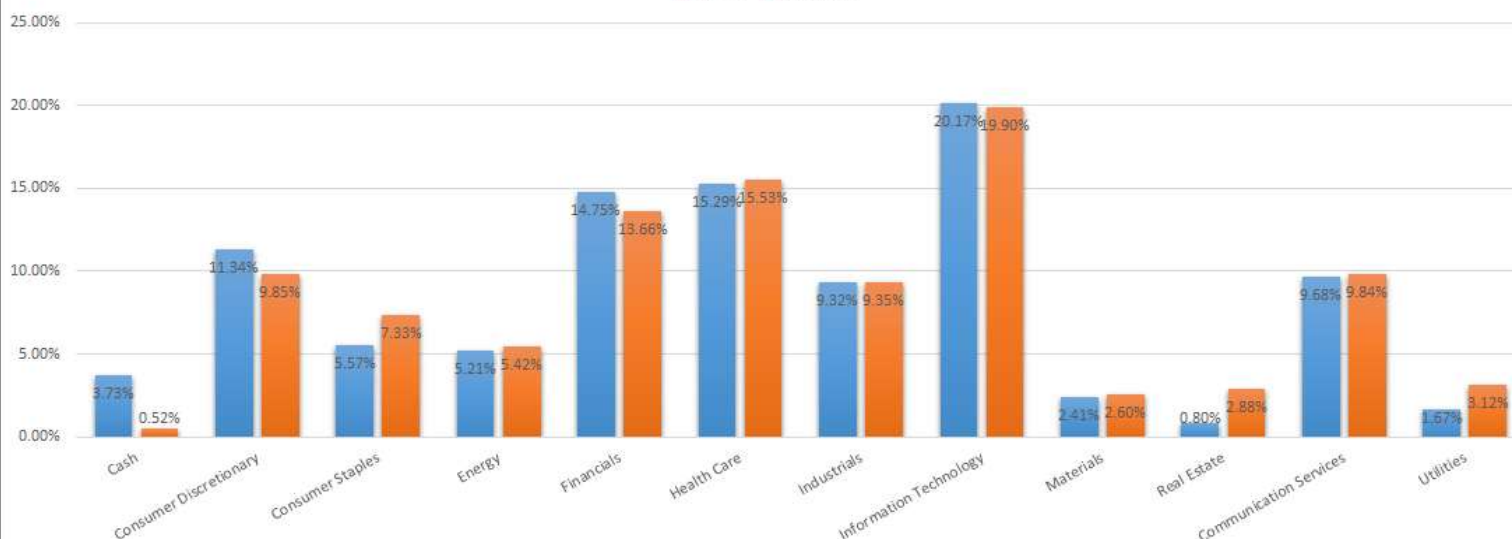
■ Portfolio ■ SPDR Sector ETF



Sector Weights


Sector Weights: Portfolio vs. Benchmark

■ Portfolio ■ Benchmark



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Top 10 Individual Equity and ETF Holdings										
Equities		Ticker	Shares	Price	Market Value	% of Portfolio	Historical Cost	Unrealized Gain/Loss		
VISA INC COM CL A		V	360.000	\$ 132.92	\$ 47,851.20	4.11%	\$34,638.74	\$13,212.46		
HASBRO INC		HAS	430.000	\$ 79.98	\$ 34,391.40	2.96%	\$21,653.09	\$12,738.31		
ALPHABET INC CAP STK CL A		GOOGL	32.000	\$ 1,054.68	\$ 33,749.76	2.90%	\$14,279.82	\$19,469.94		
APPLE INC		AAPL	186.000	\$ 157.92	\$ 29,373.12	2.53%	\$21,524.43	\$7,848.69		
FORTINET INC COM USD0.001		FTNT	410.000	\$ 69.68	\$ 28,568.80	2.46%	\$13,936.27	\$14,632.53		
CVS HEALTH CORP COM		CVS	380.000	\$ 65.58	\$ 24,920.40	2.14%	\$27,786.19	-\$2,865.79		
DISNEY WALT CO		DIS	255.000	\$ 108.97	\$ 27,787.35	2.39%	\$23,405.60	\$4,381.75		
COGNIZANT TECH SOLUTIONS CORP		CTSH	410.000	\$ 63.09	\$ 25,866.90	2.22%	\$12,949.78	\$12,917.12		
BANK OF AMERICA CORP		BAC	975.000	\$ 24.96	\$ 24,336.00	2.09%	\$16,140.89	\$8,195.12		
LULULEMON ATHLETICA INC		LULU	205.000	\$ 123.35	\$ 25,286.75	2.17%	\$29,770.95	-\$4,484.20		
Exchange Traded Funds		Ticker	Shares	Price	Market Value	% of Portfolio	Historical Cost	Unrealized Gain/Loss		
SECTOR SPDR TR SHS BEN INT TECHNOLOGY		XLK	756	62.02	\$ 46,887.12	4.03%	\$ 39,822.05	\$7,065.07		
SELECT SECTOR SPDR TR HEALTH CARE FORMERLY CONSUMER SVCS TO		XLV	447	85.20	\$ 38,084.40	3.27%	\$ 35,356.81	\$2,727.59		
SELECT SECTOR SPDR TR ENERGY		XLE	481	58.48	\$ 28,128.88	2.42%	\$ 33,683.58	-\$5,554.70		
ISHARES TR U.S. MED DVC ETF		IHI	133	194.48	\$ 25,865.84	2.22%	\$ 20,322.14	\$5,543.70		
SELECT SECTOR SPDR TR COMMUNICATION		XLC	602	41.83	\$ 25,181.66	2.16%	\$ 27,821.77	-\$2,640.11		
SELECT SECTOR SPDR TR CONSUMER DISCRETIONARY FORMERLY CYCLIC		XLY	245	99.76	\$ 24,441.20	2.10%	\$ 19,365.31	\$5,075.89		
SPDR SER TR S&P PHARMACEUTICALS ETF		XPH	552	36.91	\$ 20,374.82	1.75%	\$ 23,879.35	-\$3,504.53		
SECTOR SPDR TR SHS BEN INT FINANCIAL		XLF	785	24.02	\$ 18,855.70	1.62%	\$ 21,476.60	-\$2,620.90		
INVESCO EXCHNG TRADED FD TR II S&P SMLCP INFO		PSCT	255	69.36	\$ 17,686.80	1.52%	\$ 16,051.80	\$1,635.00		
SPDR SER TR S&P INS ETF		KIE	625	28.23	\$ 17,643.75	1.52%	\$ 14,540.16	\$3,103.59		
Cash					\$ 43,407.61	3.73%				
Performance Analytics										
Historical Risk Statistics and Ratios		Annualized Portfolio Volatility	Annualized Benchmark Volatility	Annualized Tracking Error	Annualized Information Ratio	Correlation to Benchmark	Beta to Benchmark	Jensen's Alpha	Treynor Ratio	Sharpe Ratio
Since Inception		13.97%	14.04%	4.30%	-0.21	0.95	0.95	-0.49%	6.08	0.41
1 Year Trailing		15.15%	15.18%	2.09%	-1.45	0.99	0.99	-3.08%	(9.37)	(0.61)
3 Year Trailing		10.73%	10.86%	2.13%	-0.66	0.98	0.97	-1.12%	5.34	0.48
5 Year Trailing		10.54%	10.91%	2.72%	-0.17	0.97	0.94	0.08%	5.66	0.50
Monthly Performance Attribution Results		Portfolio	Benchmark	Excess	Top 5 Return Contributors			Bottom 5 Return Detractors		
Total		-9.69%	-8.81%	-0.87%	Ticker	Month End Weight	Return Contrib.	Ticker	Month End Weight	Return Contrib.
Return Contribution from Sector Allocation		-9.02%	-9.00%	-0.02%	FDRXX	3.73%	0.0038%	CVS	2.14%	-0.4334%
Alpha from Equity and ETF Selection and Trading		-0.68%	0.00%	-0.68%	AWK	0.00%	-0.0088%	XLK	4.03%	-0.3345%
Alpha from Option Selection and Trading		0.00%	0.00%	0.00%	XLU	1.13%	-0.0113%	HAS	3.00%	-0.3257%
Income from Cash Account		0.00%	0.00%	0.00%	GPK	0.16%	-0.0189%	XLE	2.37%	-0.3075%
Tracking/Rounding Difference		0.01%	0.21%	-0.20%	ABBV	1.13%	-0.0231%	AAPL	2.52%	-0.3011%
		Bryant University 1150 Douglas Pike Smithfield, RI 02917-1284 http://aif.bryant.edu			Performance data is calculated from the official portfolio valuation data provided by National Financial Services LLC, the custodian for the Fund's Fidelity Brokerage Account. Additional security price and analytic data has been obtained from Bloomberg LP. Returns for the portfolio and benchmark include reinvestment of income distributions, and realized and unrealized gains. Returns have not been audited.					