

Bryant University

Bryant Digital Repository

Archway Investment Fund

Archway Investment Fund

2-2021

Equity Fund Monthly Report, February 2021

Bryant University, Archway Investment Fund

Follow this and additional works at: https://digitalcommons.bryant.edu/archway_investment



Part of the [Portfolio and Security Analysis Commons](#)

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. Including subsequent inflows and outflows the net capital contributed has been \$430,000, and the cumulative investment return is \$1,415,870.

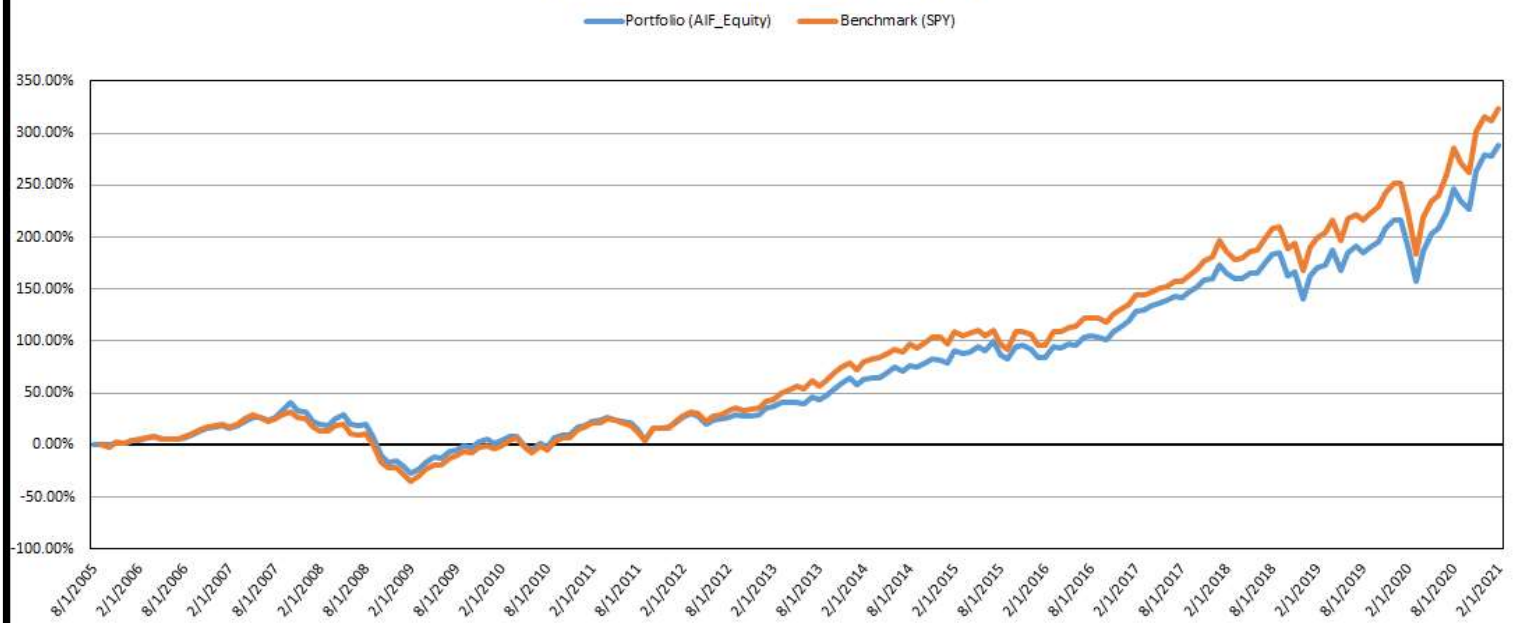
Investment Strategy

The Portfolio strategy focuses on buying 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 investment process is built around sector teams responsible for overseeing the holdings and the weightings of the securities in their sectors. Formal stock pitches are required to add new names to the portfolio. Portfolio managers and security analysts use traditional fundamental analysis and valuation modeling, and they incorporate ESG metrics to identify risk factors and aid in generating risk-adjusted excess returns. The overall benchmark used for performance evaluation is the State Street SPDR S&P 500 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&P 500 Index and are then adjusted to reflect portfolio manager expectations about the performance of each sector. While the purchase of international equities via ADRs is allowed, the Fund remains heavily weighted in domestic assets. 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. Performance attribution analysis, and factor risk modeling are integral parts of the portfolio management and reporting process.

Performance Commentary

The Archway Equity Portfolio returned 2.78% in February, while the benchmark returned 2.78%. Market performance was led by a rotation into value stocks as a result of rising oil prices, improving labor market conditions, and a more positive economic outlook. Economic data releases shed light on the state of the recovery. Unemployment claims remain high, but manufacturing and capital goods orders have been strong. The Fed remains committed to lower interest rates as they continue to monitor the labor market. New daily Covid-19 cases hover around 50,000, which is considerably lower than early February which saw over 100,000 new cases a day and far better than mid-January which saw over 250,000 new cases a day. Equity market volatility continues as some Covid-related benefit programs expire in mid-March, and Congress has yet to extend them. However, vaccination campaigns are expected to be able to put the pandemic's end in sight. The SPDR sector ETFs with the highest returns in February were Energy (+22.5%), Financials (+11.6%), and Communication Services (+7.0%) while the worst performing sectors were Utilities (-6.1%), Healthcare (-2.1%), and Consumer Staples (-1.2%). Sector Allocation contributed 0.34% in alpha, Security Selection contributed -0.52% in alpha, while Index Tracking contributed 0.19% of alpha during the month. Positive security selection alpha came in Industrials (+0.11%), Materials (+0.10%), and Financials (+0.04%), while the portfolio experienced negative security selection alpha in Energy (-0.45%), Consumer Discretionary (-0.22%), and Consumer Staples (-0.08%). The top 3 security selection alpha contributors came from Fortinet, Visa, and KLA. The bottom 3 security selection alpha contributors were Apple, Akamai and Renewable Energy Group. For the calendar year thus far, the portfolio returned 2.36% while the benchmark returned 1.73%. Since the inception of the fund in August 2005, the portfolio has an annualized return of 9.15% and the benchmark has an annualized return of 9.76%.

Cumulative Return Since Inception



Bryant University
 1150 Douglas Pike
 Smithfield, RI 02917-1284
<http://aif.bryant.edu>

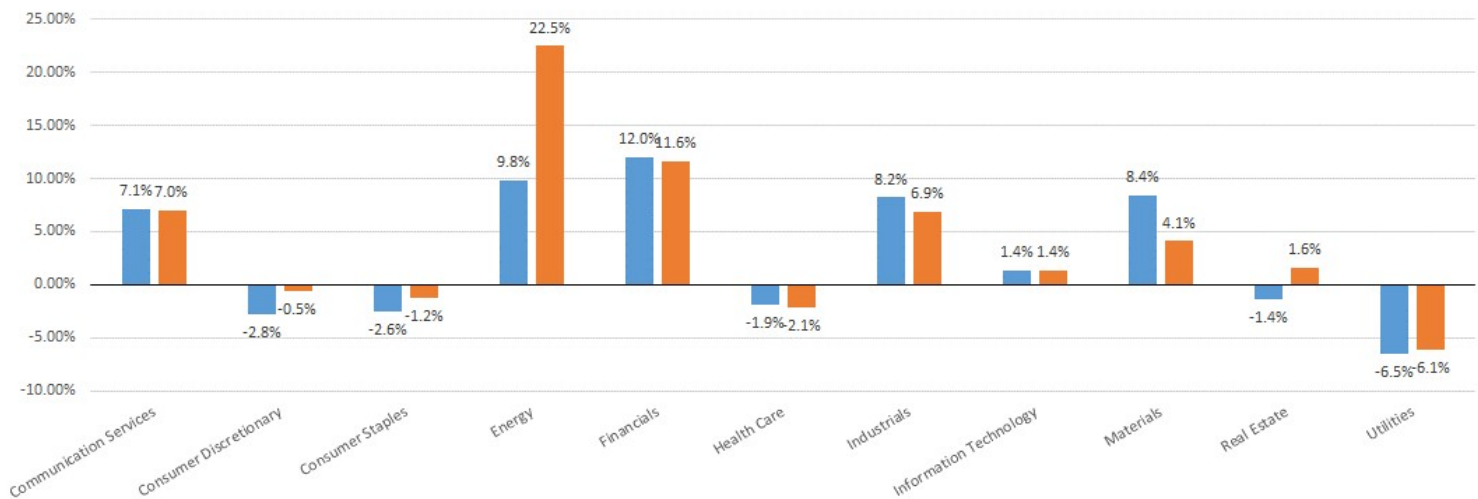
Performance data is calculated from the official portfolio valuation data provided by National Financial Services LLC, the custodian for the Fund's Fidelity Brokerage Account. Additional security price and analytic data has been obtained from Bloomberg LP. Returns for the portfolio and benchmark include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

| Investment Performance | | | | Portfolio and Benchmark Characteristics | | |
|--------------------------------------|-----------|-----------|--------|---|--------------|-----------|
| Historical Returns through 2/28/2021 | Portfolio | Benchmark | Excess | Characteristics as of 2/28/2021 | Portfolio | Benchmark |
| Month to Date Return | 2.78% | 2.78% | 0.00% | Portfolio Market Value | \$ 1,845,870 | |
| Academic Term to Date Return | 2.36% | 1.73% | 0.63% | Number of Individual Equities Held | 60 | 506 |
| Year to Date Return | 2.36% | 1.73% | 0.63% | Number of ETFs Held | 21 | 0 |
| 1 Year Trailing Return | 33.20% | 30.73% | 2.48% | Weight in Individual Equities | 70.27% | 99.90% |
| 3 Year Trailing Return (Annualized) | 13.54% | 13.97% | -0.43% | Weight in ETFs | 23.70% | 0.00% |
| 5 Year Trailing Return (Annualized) | 16.07% | 16.69% | -0.62% | Weight in Options | 0.00% | 0.00% |
| Since Inception Return (Annualized) | 9.15% | 9.76% | -0.61% | Weight in Cash | 6.03% | 0.10% |
| | | | | Wtd. Avg. 2 Year Beta to S&P 500 | 0.94 | 1.00 |

Sector Returns

Monthly Sector Returns: Portfolio vs. Benchmark

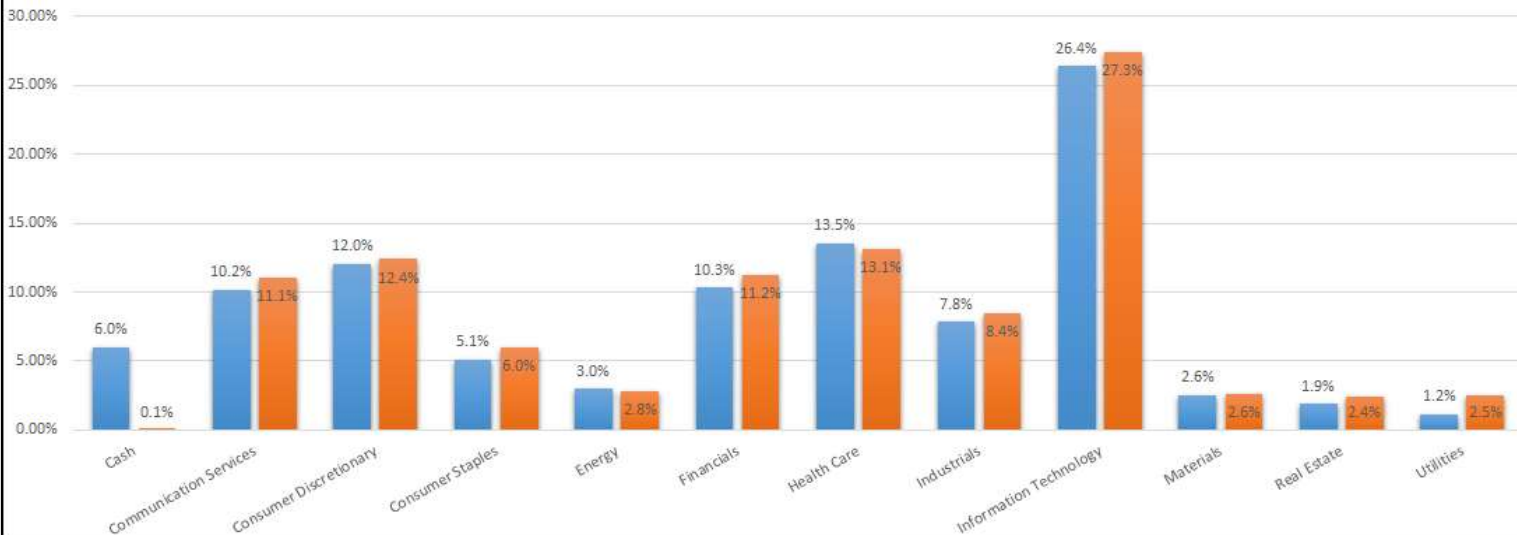
■ Portfolio ■ SPDR Sector ETF



Sector Weights

Sector Weights: Portfolio vs. Benchmark

■ Portfolio ■ Benchmark



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.

Top 10 Individual Equity and ETF Holdings

| Equities | Ticker | Shares | Price | Market Value | % of Portfolio | Historical Cost | Unrealized Gain/Loss |
|---|--------|--------|-----------|---------------|----------------|-----------------|----------------------|
| APPLE INC | AAPL | 760 | 121.26 | \$ 92,157.60 | 4.99% | \$24,332.55 | \$67,825.05 |
| MICROSOFT CORP INC | MSFT | 312 | 232.38 | \$ 72,502.56 | 3.93% | \$43,234.87 | \$29,267.69 |
| ALPHABET INC CAP STK CL A | GOOGL | 35 | 2021.91 | \$ 70,766.85 | 3.83% | \$19,218.39 | \$51,548.46 |
| AMAZON INC | AMZN | 21 | 3092.93 | \$ 64,951.53 | 3.52% | \$48,709.46 | \$16,242.07 |
| VISA INC COM CL A | V | 260 | 212.39 | \$ 55,221.40 | 2.99% | \$25,016.87 | \$30,204.53 |
| NVIDIA CORP | NVDA | 89 | 548.58 | \$ 48,823.62 | 2.65% | \$17,527.28 | \$31,296.34 |
| KLA CORPORATION | KLAC | 130 | 311.23 | \$ 40,459.90 | 2.19% | \$20,254.00 | \$20,205.90 |
| FORTINET INC COM USD0.001 | FTNT | 223 | \$ 168.85 | \$ 37,653.55 | 2.04% | \$7,579.97 | \$30,073.58 |
| DISNEY WALT CO | DIS | 169 | \$ 189.04 | \$ 31,947.76 | 1.73% | \$15,511.95 | \$16,435.81 |
| BERKSHIRE HATHAWAY CLASS B | BRK/B | 120 | \$ 240.51 | \$ 28,861.20 | 1.56% | \$26,049.70 | \$2,811.50 |
| Exchange Traded Funds | Ticker | Shares | Price | Market Value | % of Portfolio | Historical Cost | Unrealized Gain/Loss |
| SELECT SECTOR SPDR TR CONSUMER DISCRETIONARY | XLY | 386 | \$ 161.15 | \$ 62,203.90 | 3.37% | \$ 43,295.00 | \$18,908.90 |
| SELECT SECTOR SPDR TR HEALTH CARE | XLV | 441 | \$ 112.61 | \$ 49,661.01 | 2.69% | \$ 39,225.30 | \$10,435.71 |
| ISHARES TR U.S. MED DVC ETF | IHI | 138 | \$ 329.39 | \$ 45,455.82 | 2.46% | \$ 23,837.76 | \$21,618.06 |
| SECTOR SPDR TR SHS BEN INT TECHNOLOGY | XLK | 292 | \$ 130.69 | \$ 38,161.48 | 2.07% | \$ 15,381.00 | \$22,780.48 |
| SPDR SER TR S&P PHARMACEUTICALS ETF | XPX | 518 | \$ 53.36 | \$ 27,640.48 | 1.50% | \$ 23,345.62 | \$4,294.86 |
| SPDR SER TR S&P INS ETF | KIE | 725 | \$ 34.99 | \$ 25,367.75 | 1.37% | \$ 20,365.19 | \$5,002.56 |
| SELECT SECTOR SPDR TR RL EST SEL SEC | XLRE | 480 | \$ 37.34 | \$ 17,923.20 | 0.97% | \$ 16,572.43 | \$1,350.77 |
| SELECT SECTOR SPDR TR COMMUNICATION | XLC | 247 | \$ 71.57 | \$ 17,677.79 | 0.96% | \$ 11,511.16 | \$6,166.63 |
| SECTOR SPDR TR SHS BEN INT INDUSTRIAL | XLI | 192 | \$ 90.61 | \$ 17,397.12 | 0.94% | \$ 11,374.34 | \$6,022.78 |
| INVESCO EXCHNG TRADED FD TR II S&P SMLCP FINL | PSCF | 304 | \$ 54.66 | \$ 16,617.04 | 0.90% | \$ 12,580.15 | \$4,036.89 |
| Cash | | | | \$ 111,354.29 | 6.03% | | |

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 | 14.41% | 14.89% | 3.48% | -0.18 | 0.97 | 0.94 | -1.17% | 8.52 | 0.56 |
| 1 Year Trailing | 22.38% | 23.70% | 2.68% | 0.92 | 0.99 | 0.94 | 4.33% | 35.13 | 1.47 |
| 3 Year Trailing | 18.39% | 18.35% | 2.29% | -0.19 | 0.99 | 0.99 | -0.35% | 9.31 | 0.50 |
| 5 Year Trailing | 14.84% | 14.93% | 2.24% | -0.28 | 0.99 | 0.98 | -0.33% | 10.75 | 0.71 |
| Monthly Performance Attribution Results | Portfolio | Benchmark | Excess | Top 5 Return Contributors | | | Bottom 5 Return Contributors | | |
| Total | 2.78% | 2.78% | 0.00% | Ticker | Weight | Return Contrib. | Ticker | Weight | Return Contrib. |
| Return Contribution from Sector Allocation | 3.31% | 2.97% | 0.34% | GOOGL | 3.83% | 0.3792% | AAPL | 4.99% | -0.4441% |
| Alpha from Equity and ETF Selection and Trading | -0.52% | 0.00% | -0.52% | FTNT | 2.04% | 0.2993% | AKAM | 1.37% | -0.2467% |
| Alpha from Option Selection and Trading | 0.00% | 0.00% | 0.00% | V | 2.99% | 0.2771% | DGX | 1.25% | -0.1448% |
| Income from Cash Account | 0.00% | 0.00% | 0.00% | VLO | 0.83% | 0.2657% | AMZN | 3.52% | -0.1104% |
| Tracking/Rounding Difference | 0.00% | -0.19% | 0.19% | JPM | 1.17% | 0.2478% | BABA | 1.29% | -0.0895% |



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.