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Archway Investment Fund

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2-2024

Equity Fund Monthly Report, February 2024

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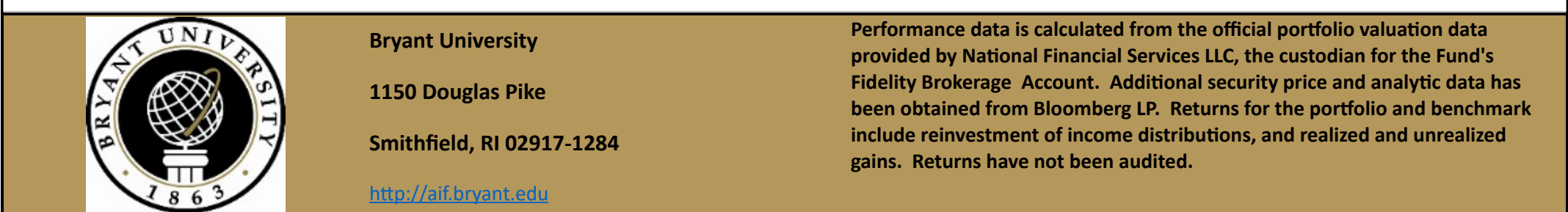
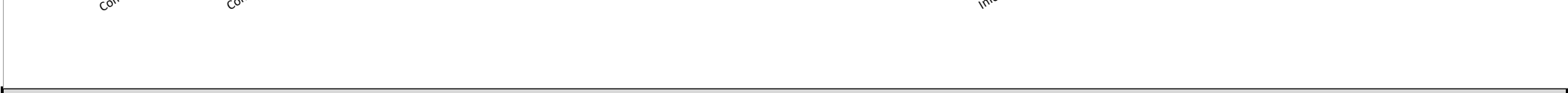


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The primary objective of the Archway Investment Equity Portfolio (the Portfolio) is to provide students in Bryant University's Equity Portfolio Management course with a hands-on learning experience. Student portfolio managers are organized into teams 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 \$10,000 and the cumulative investment return is \$2,044,076.

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.

The Archway Equity Portfolio returned 3.87% in February, while the benchmark returned 5.22%. Economic data released for this month showed no signs of an impending recession, but no evidence of a strong growth rebound. Consumer Confidence reports show a decline to 106.7 down from January's report of 110.7, but that decline followed three consecutive months of positive reports. A notable data releases showed privately-owned housing starts 14.8% below the revised December estimate of 1,562,000. Employment data for the month of February is set to be released March 8th, with unemployment expected to remain around 3.7%, and hourly wages to increase by 0.2%. Real GDP for 2024 is expected to grow 2.2% following real GDP growth of 2.5% in 2023. For the month of February, the highest returns across the portfolio sector ETFs came from Consumer Discretionary (+7.89%), Industrials (+7.18%) and Materials (+6.51%) sectors. The lowest returns across the portfolio's ETFs came from Utilities (+1.06%), Consumer Staples (+2.10%) and Real Estate (+2.57%) sectors. Sector Allocation contributed -0.10% in alpha. Sector allocation alpha was lost from overweight positions in both Cash and Healthcare relative to the SPY. We regained some of our lost sector allocation alpha through underweight positions in Real Estate and Financials. Security Selection contributed -0.70% of alpha for the month. Technology (-35 bps) and Health Care (-25 bps) were the largest contributors to the fund's negative selection alpha. Communication Services (+11 bps), Consumer Staples (+8 bps) and Consumer Discretionary (+5 bps) contributed positive security selection alpha, limiting our overall alpha loss. Cash added 1 bp while index tracking subtracted 0.56% of alpha during the month. For the calendar year thus far, the portfolio returned 5.42% while the benchmark returned 6.89%. Since the inception of the fund in August 2005, the portfolio has an annualized return of 9.61% and the benchmark has an annualized return of 10.08%. The macro team recommended adjusting the equity and fixed income weights in the overall Archway program leading to an outflow of \$35,000 mid month. A variety of trades were executed on 2/15 to adjust sector weights to the macro team targets. The Health Care (-22K) and Consumer Staples (-15K) sector teams did the largest net selling.

Sector Returns

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Cash	\$	57,915.56	2.82%	
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Tracking/Rounding Difference	0.01%	0.57%	-0.56%	KLAC	1.80%	0.2677%	MDT	1.37%	-0.0622%
Performance data is calculated from the official portfolio valuation data									

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