

Davis Investment Group
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ANNUAL REPORT

FY 2023

The Davis Student Investment Management Group presents its annual performance review for the calendar year 2023. The Davis fund achieved a return of 11.57% compared to the 26.29% return of our benchmark, the S&P 500. As record-high inflation crippled the economy, the defensive-oriented Davis fund upheld its conservative stance. This report provides a qualitative and quantitative review and discussion of the Davis fund for 2023. We welcome any questions, comments, or suggestions regarding this report, or anything related to the Davis fund and its members.

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Performance Report

The year 2023 unfolded as a year of resilience and strategic navigation for the Davis Group through a complex financial landscape. Amidst lingering inflation concerns and the Federal Reserve's continued efforts to stabilize the economy via interest rate adjustments, we focused keenly on sectors poised for long-term growth, such as technology and green energy. This focus was maintained despite the overshadowing geopolitical tensions and macroeconomic uncertainties that affected investor sentiment throughout the year.

Our benchmark, the S&P 500 Total Return Index, mirrored the market's cautious optimism, reflecting noticeable periods of volatility amid broader economic challenges, with an overall return of 26.29%. Our risk-averse portfolio demonstrated resilience through strategic allocations that emphasized strength and growth potential amidst prevailing market conditions. The defensive investment strategy our group implores, focusing on sectors and assets with a lower correlation to market swings, allowed us to maintain a degree of stability not observed in broader indices. In 2023, the Davis Portfolio underwent pivotal adjustments to align more closely with our strategic vision and the evolving market landscape. Noteworthy was our approach toward incorporating assets poised to benefit from macroeconomic trends, particularly those related to high inflation and the interest rate environment. The Davis Group actively managed our investment portfolio, making strategic adjustments to enhance alignment with our financial objectives, achieving a return of 11.57%.

Throughout the year, we optimized our asset distribution through various transactions. Notably, we expanded our portfolio by purchasing shares in Salesforce.com Inc. (CRM), Air Products and Chemicals, Inc. (APD), and Pfizer Inc. (PFE). Conversely, we divested certain assets, resulting in the sale of shares in Intel Corporation (INTC), Oracle Corporation (ORCL), CVS Health Corporation (CVS), Compass Minerals International, Inc. (CMP), and The Walt Disney Company (DIS). Our commitment to capital preservation and growth remained paramount, guiding our investment decisions and portfolio reallocations. Key portfolio adjustments included the strategic addition of assets poised to leverage the dynamic market environment, while divesting from those no longer aligning with our forward-looking strategy. Each decision was supported by rigorous fundamental analysis, ensuring they met our objectives of mitigating risk and capturing growth.

Reflecting on the year and looking towards the future, the Davis Investment Group remains steadfast in its commitment to excellence in portfolio management. Our investment in knowledge and strategic adaptability positions us well to capitalize on emerging opportunities and navigate challenges. Our success is measured not solely by portfolio performance but also by the development and achievements of our members, whose contributions drive our collective success. The Davis Investment Group's dedication to fostering educational excellence and opportunity was reflected in our increased cumulative scholarship contribution, reaching a total of \$374,700 since our founding. We stand firm in our conviction that the triumphs of our scholars serve as a cornerstone for our own success in portfolio management.

Overall, 2023 was a year of strategic recalibration and resilience for the Davis Portfolio. Amidst market volatilities and economic uncertainties, our focused approach and commitment to our foundational objectives of capital preservation and growth have served us well. As we advance, we remain dedicated to adapting our strategies to evolving market conditions, ensuring the continued success and legacy of the Davis Investment Group.

Kelvin Cobbley,
Portfolio Manager

Economic Review

In 2023, the Davis Group navigated through a year of remarkable resilience, as the world around us grappled with a year of previous turmoil yet showed signs of emerging resilience. Despite facing lots of geopolitical tensions, fluctuating global markets, and the rapid movement of inflation and interest rates, the Davis Group and our holdings found ways to not only withstand the storm but also to seize opportunities amongst the chaos.

The Federal Reserve continued the battle against the inflationary changes and orchestrated interest rate movements with an eye towards sustaining growth while keeping inflation in check. The economic landscape of 2023 presented a complex puzzle of managing growth expectations against the inflationary pressures. The GDP grew 2.5%, echoing the resilience of 2023, showing a stable and growing market. The Bureau of Labor and Statistics painted a picture of a stabilizing economy, with consumer prices moderating, showing optimism as energy and commodity prices began to come down in pricing. In 2023, the US also saw 2.5 million new jobs added to the US, while inflation came down to 3.4%. The change in prices, alongside strategic policy interventions, helped soothe the rattled nerves of the consumer market, hinting at a recovery of consumer confidence from the depths it had plunged to in 2022.

As we stood at the crossroads of 2023, the Davis Group remained strong and showed stability. In the face of the new path, our conviction in our strategic approach to investment and growth has never been stronger. We are confident in our resilience and adaptive strategies. The Davis Group is going to successfully navigate the uncertainties of 2024. We are ready to capitalize on opportunities that arise from the continuously changing and evolving times.

Jeremy Clemens
Junior Portfolio Manager

THE DAVIS GROUP

The Davis Group

The Davis Student Investment Management Group is an exclusive program that gives students of all majors a unique opportunity to gain real-life investment experience by managing a portfolio of securities. Davis Group members gain valuable skills in security analysis, investment discipline, professional presentations, economic analysis, and portfolio allocation.

A donation of \$100,000 from James E. and A. Darius Davis, the founders of the Winn-Dixie grocery chain, established the Davis Group in 1989. The College of Business and Economics matched this amount, and the fund has grown significantly since its start. The Group has helped provide funding for numerous scholarships and donations to the CBE and the University of Idaho's General Scholarship Fund. Realized income and capital gains provide this funding. To date, the Davis Group has donated \$200,000 to the completion of the J.A. Albertson Building and awarded \$329,000 to both the CBE and UI general scholarship funds.

FUND OBJECTIVES: The Davis Group provides students practice in their decision-making and presentation skills in the context of investment management. Monetary gains feed into a general scholarship fund for University of Idaho students. The group's goal is to prepare students for real-life investment and business decisions.

Students manage the fund with the following investment objectives:

- Growth of Capital. The asset value of the portfolio should increase in the long term and earn a yearly rate of return similar to the return on the S&P 500.
- Preservation of Capital. Asset growth should exceed the rate of inflation given by the CPI in order to preserve the capital of the portfolio's assets.

The target asset allocation of the portfolio is 70% domestic equities, 10% international equities, 10% fixed income, 5% alternative investments, and 5% cash or cash equivalents. The Davis Group adopts a conservative approach to investing, taking into consideration long term rates of return, volatility, investment vehicles, and diversification among sectors.

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Portfolio Returns



*Returns include scholarships paid through December 31st, 2023

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Portfolio Holdings

Portfolio Value	\$855,887.39	(as of 12/31/2023)				
EQUITIES						
Sector	Company	Ticker	Market Price	Quantity	Current Value	% of Portfolio
<i>Basic Materials</i>	Ecolab Inc	ECL	\$ 198.35	100	\$ 19,835.00	2.32%
	Air Products & Chemicals	APD	\$ 273.80	50	\$ 13,690.00	1.60%
<i>Consumer Discretionary</i>	Lowe's Companies Inc	LOW	\$ 222.55	150	\$ 33,382.50	3.90%
	Nike Inc	NKE	\$ 108.57	100	\$ 10,857.00	1.27%
	McDonald's Corp	MCD	\$ 296.51	60	\$ 17,790.60	2.08%
<i>Consumer Staples</i>	PepsiCo Inc	PEP	\$ 169.84	185	\$ 31,420.40	3.67%
	Costco Wholesale Corp	COST	\$ 660.08	50	\$ 33,004.00	3.86%
	Mondelez International Inc	MDLZ	\$ 72.43	500	\$ 36,215.00	4.23%
	Procter & Gamble Co	PG	\$ 146.54	100	\$ 14,654.00	1.71%
	Walmart Inc	WMT	\$ 52.55	300	\$ 15,765.00	1.84%
<i>Energy</i>	Atmos Energy Corp	ATO	\$ 115.90	150	\$ 17,385.00	2.03%
	SolarEdge Technologies Inc	SEDG	\$ 93.60	150	\$ 14,040.00	1.64%
	Chevron Corp	CVX	\$ 149.16	150	\$ 22,374.00	2.61%
<i>Financials</i>	Visa Inc	V	\$ 260.35	220	\$ 57,277.00	6.69%
	JPMorgan Chase & Co	JPM	\$ 170.10	150	\$ 25,515.00	2.98%
<i>Healthcare</i>	Gilead Sciences Inc	GILD	\$ 81.01	150	\$ 12,151.50	1.42%
	Pfizer Inc	PFE	\$ 28.79	200	\$ 5,758.00	0.67%
<i>Technology</i>	Oracle Corp	ORCL	\$ 105.43	222	\$ 23,405.46	2.73%
	Avnet Inc	AVT	\$ 50.40	500	\$ 25,200.00	2.94%
	Microsoft Corp	MSFT	\$ 376.04	105	\$ 39,484.20	4.61%
	Salesforce	CRM	\$ 263.14	40	\$ 10,525.60	1.23%
	International Business Machines Corp	IBM	\$ 163.55	60	\$ 9,813.00	1.15%
<i>Industrials</i>	Snap-on Inc	SNA	\$ 288.84	100	\$ 28,884.00	3.37%
	Lockheed Martin Corp	LMT	\$ 453.24	45	\$ 20,395.80	2.38%
	Caterpillar Inc	CAT	\$ 295.67	100	\$ 29,567.00	3.45%
	Delta Air Lines Inc	DAL	\$ 40.23	100	\$ 4,023.00	0.47%
<i>Utilities</i>	Ameren Corp	AEE	\$ 72.34	150	\$ 10,851.00	1.27%
	UGI Corp	UGI	\$ 24.60	247	\$ 6,076.20	0.71%
	Duke Energy Corp	DUK	\$ 97.04	300	\$ 29,112.00	3.40%
<i>International Markets</i>	Toyota Motor Corp	TM	\$ 183.38	100	\$ 18,338.00	2.14%
	iShares: MSCI China	MCHI	\$ 40.74	100	\$ 4,074.00	0.48%
	iShares: Emerging Markets	EEM	\$ 40.21	200	\$ 8,042.00	0.94%
	iShares: Core MSCI Europe	IEUR	\$ 55.02	150	\$ 8,253.00	0.96%
	Taiwan Semiconductor Manufacturing Co., Ltd.	TSM	\$ 104.00	100	\$ 10,400.00	1.22%
	Nestle ADR	NSRGY	\$ 115.63	50	\$ 5,781.50	0.68%
FIXED INCOME						
Sector	Company	Ticker	Current Price	Quantity	Current Value	% of Portfolio
<i>Funds</i>	iShares: Pref and Inc Sec	PFF	\$ 31.19	262	\$ 8,171.78	0.95%
ALTERNATIVE INVESTMENTS						
Sector	Company	Ticker	Current Price	Quantity	Current Value	% of Portfolio
<i>Private Equity</i>	Blackstone Group LP	BX	\$ 130.92	500	\$ 65,460.00	7.65%
	KKR & Co Inc	KKR	\$ 82.85	100	\$ 8,285.00	0.97%
<i>Real Estate</i>	CubeSmart	CUBE	\$ 46.35	415	\$ 19,235.25	2.25%
CASH						
	Cash/Money Accounts				\$ 81,395.60	9.51%

ENERGY SECTOR 2023 YEAR REVIEW

The energy sector has a major pullback and underperformed the rest of the market during 2023 largely due to a shift in investor preferences, with investors favoring tech stocks and other high growth sectors. Additionally, fears of an economic slowdown could potentially reduce energy demand. Energy, specifically oil, is fundamentally driven by supply, demand, and cost of oil. When an economic slowdown occurs, demand tends to diminish. Fears of economic slowdown have started because China has been grappling with a significant economic downturn, in which will end up reducing its overall energy demand. Our benchmark ETF, XLE saw a 4.15% decrease in 2023.

The Davis portfolio holds three different companies within the industry sector, Chevron Corp (CVX), Atmos Energy (ATO), and SolarEdge Technologies (SEDG). In 2023, Atmos Energy saw a 3.42% gain, Chevron came in second with a 16.9% loss, and SolarEdge Technologies came in last with a 66.96% loss. Atmos Energy beat the XLE benchmark, while Chevron Corp and SolarEdge Technologies substantially came short of the benchmark. Even though natural gas and renewables had a poor year, we forecast these two markets to gain in value in 2024 given that oil and gas prices are expected to remain elevated due to constrained supply, heightened geopolitical risk, and growing demand. While renewables are poised with strong growth trends, regulatory support, and technological advancements.

HOLDINGS:

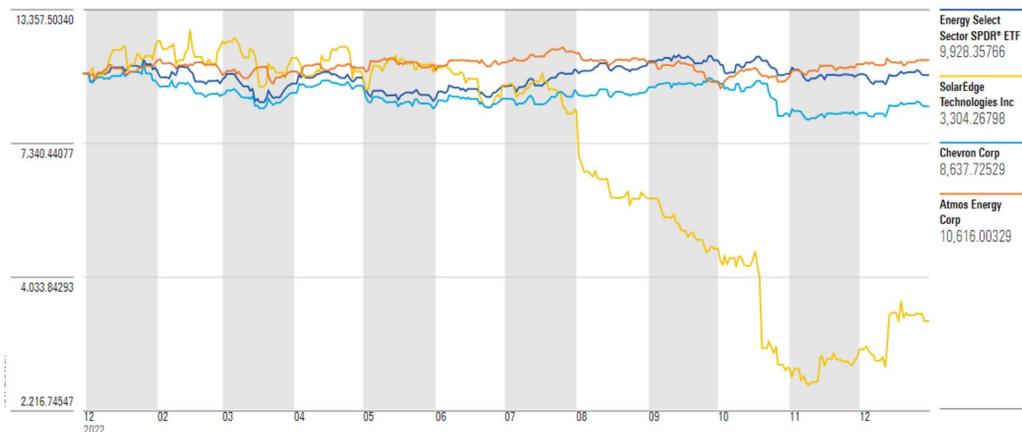
Chevron Corp (CVX): Chevron is an integrated energy company with exploration, production, and refining operations worldwide.

Atmos Energy (ATO): Atmos Energy is the largest publicly traded, fully regulated, pure-play natural gas utility in the United States, serving more than three million customers in Texas, Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee, and Virginia.

SolarEdge Technologies INC (SEDG): SolarEdge Technologies designs, develops, and sells direct current optimized inverter systems for solar photovoltaic installations.

BENCHMARK

SPDR Select Sector Fund – Energy (XLE): XLE is an ETF that tracks the energy sector including companies like ExxonMobil, Chevron, etc.



Industrials

Analyst: Catherine Hubinger

INDUSTRIALS SECTOR 2023 YEAR REVIEW

The industrials sector encompasses a wide range of industries spanning from aerospace and defense to transportation. These companies play a crucial role in the economy, as they lead infrastructure development, manufacturing, and more. It was influenced by several factors in 2023 and indicates economic growth and expansion. The annual return came to 18.13%, a stark contrast to the 2022 annual report, recording -5.58%. This positive shift indicated that the market is shifting towards infrastructure repair, increased manufacturing, and higher consumer spending.

Caterpillar Incorporated reported an annual return of 25.9%. This has been attributed to heightened infrastructure spending and contracts with the US. Lockheed Martin's annual return was down -4.311, making it substantially the worst performing company in the group. This is accredited to supply chain issues and issues with their F-35 fighter jets. Snap-On Incorporated had annual returns of 29.6%, as they integrated a rapid continuous improvement program which has increased their operating margin to 22% in 2023. They were the highest performing company in the group. Delta Air Lines reported operating revenue of \$54.7 billion- an increase of 20% over 2022.

HOLDINGS

Caterpillar Inc. (CAT): Caterpillar Inc. is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, and industrial turbines.

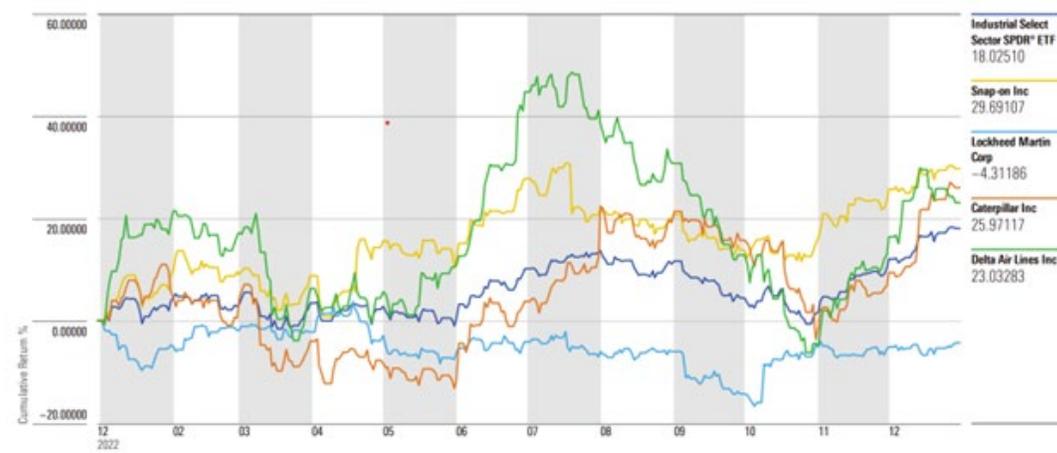
Lockheed Martin Corporation (LMT): Lockheed Martin is an American aerospace, arms, defense, information security, and technology corporation with worldwide interests.

Snap-On Incorporated (SNA): Snap-on Incorporated is an American designer, manufacturer and marketer of high-end tools and equipment for professional use in the transportation industry including the automotive, heavy duty, equipment, marine, aviation, and railroad industries.

Delta Air Lines Inc (DAL): Delta Air Lines is one of the major airlines of the United States and a legacy carrier headquartered in Atlanta, Georgia

BENCHMARK

SPDR Select Sector Fund - Industrial (XLI): XLI is an exchange-traded fund which tracks the industrials sector of the S&P 500.



Technology

Analyst: Justin Kozlowski

TECHNOLOGY SECTOR 2023 YEAR REVIEW

The Davis Group’s Information Technology sector is comprised of companies that are involved in the design, development, manufacture, and sale of hardware, software, and services related to computing and communication technologies. Our holdings included International Business Machines, Oracle, Avnet Inc., Microsoft, and Salesforce. XLK, the benchmark index, saw a 55.97 % increase in 2023. The S&P 500 index gained 26.29 % comparatively. Among our holdings, Salesforce saw the most growth with a 98.46 % increase in 2023, drastically outperforming the sector. The enterprise giant showed signs of traction in its push to boost growth and further enhance their customer relation software. The remaining holdings within our technology sector saw impressive returns with Avnet seeing a 24.40% increase, Microsoft with a 58.19% increase, International Business Machine with a 21.87 % increase, and Oracle with a 30.94 % increase. This is due to constant demand for innovation within our electronics and software. The group remains bullish on these holdings as ongoing talks of cutting rates are on the horizon along with the stimulation within the technology sector.

HOLDINGS

Avnet Inc. (AVT): AVT is a world leader in the distribution of computer products and semiconductors. While providing technical services, engineering design, and supply-chain integration.

Salesforce (CRM): is a leading provider of cloud-based customer relationship management software, offering solutions for sales, service, marketing, and more to help businesses connect with customers and enhance engagement.

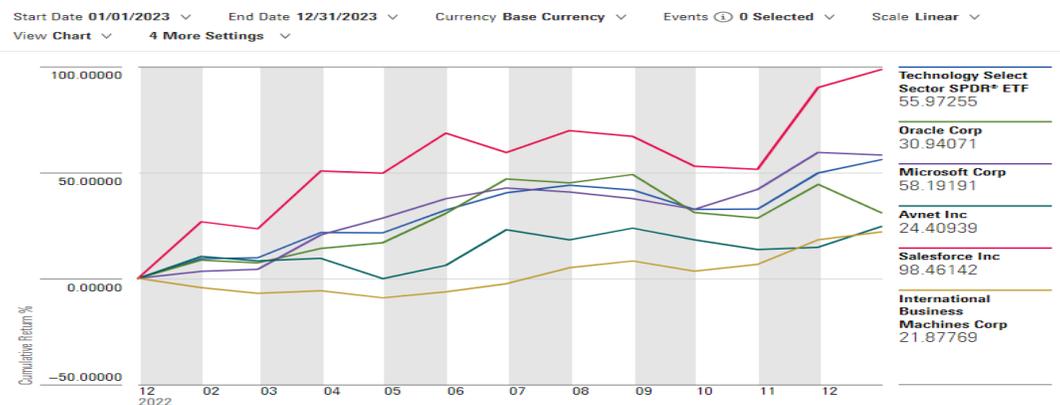
International Business Machines Corporation (IBM): IBM is a global technology company offering IT services, software, and hardware.

Microsoft Corporation (MSFT): MSFT is a multinational technology company that develops, licenses, supports, and manufactures computer software, personal computers, and consumer electronics.

Oracle Corporation (ORCL): ORCL is a leader in the market that provides IT solutions, software, licenses, maintenance, support, and cloud technology.

BENCHMARK

Technology SPDR ETF (XLK): XLK is an index representing the technology sector of the S&P 500.



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Consumer Staples

Analyst: Reece Wimer

CONSUMER STAPLES SECTOR 2023 YEAR REVIEW

The Consumer Staples sector is comprised of companies that produce and sell items considered essential for everyday use. Consumer Staples products include household goods, foods, beverages, and other items that individuals are either unwilling or unable to eliminate from their budgets even in times of financial trouble. These companies are viewed as non-cyclical and can maintain stable growth regardless of the state of the economy. In 2024 the Consumer Staples market underperformed our benchmark, the S&P 500, but still recorded growth in the 12-month span.

In 2024, XLP mirrored the rest of the market movement but with not as much breakout as the Technology sector. With stocks such as Procter and Gamble, Costco, Coca-Cola, and PepsiCo creating a large amount of the ETF, they were able to keep a steady growth throughout the year. The ETF reported a gain of 6.72% over the course of 2024. Out of our holdings, Mondelez saw the only loss with a loss of -0.22% YTD (Year to Date). While the largest gain YTD was by Costco with a gain of 13.27%. Procter and Gamble reported the second largest gain of 10.59%. While Pepsi showed a small gain of 1.73%.

HOLDINGS

Costco Wholesale Corporation (COST): Costco Wholesale is a membership-based retail warehouse with international operations in eight countries.

Mondelez International, INC. (MDLZ): Mondelez is one of the largest snack companies in the world which packages and markets a ton of snack products.

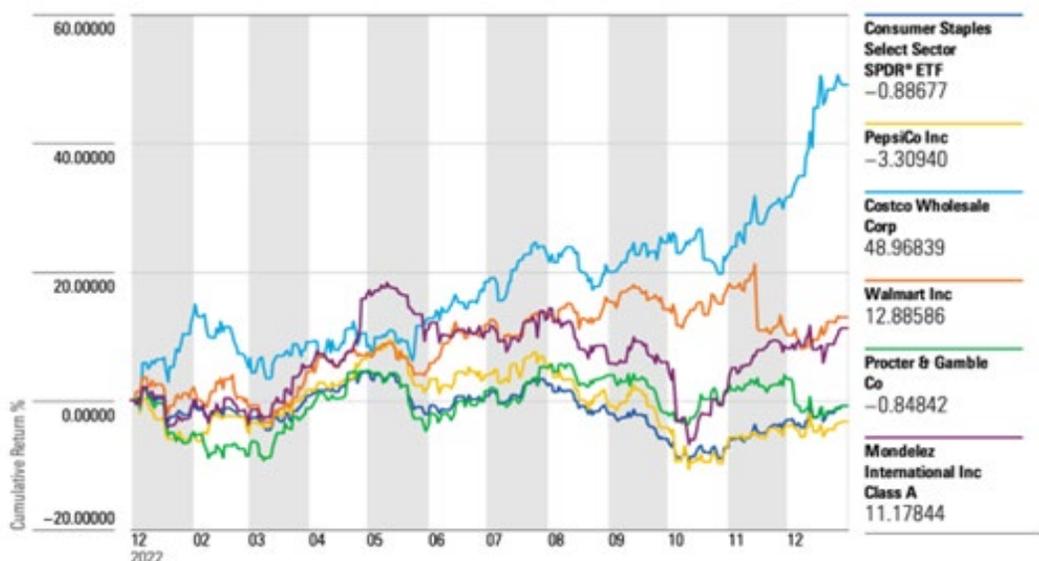
PepsiCo, INC (PEP): PepsiCo's products include a spectrum of foods and beverages, including 23 brands and they span over 200 nations.

The Procter & Gamble Company (PG): The Procter & Gamble Company is an American-based corporation that provides branded consumer packaged goods to consumers globally.

Walmart, INC (WMT): Walmart is an American multinational retail corporation that operates a chain of hypermarkets operating in 24 countries around the world.

BENCHMARK

Consumer Staples Select Sector SPDR Fund (XLP): XLP is an exchange-traded fund that tracks the consumer staples sector with major stakes in Procter & Gamble, Coca-Cola, Walmart, PepsiCo, and more.



THE DAVIS GROUP

Healthcare

Analyst: Augustine Elwell

HEALTHCARE SECTOR 2023 YEAR REVIEW

The Healthcare sector within the Davis group continues to include two main groups. The first includes companies that manufacture healthcare equipment and supplies or providers of healthcare related services. The second group focuses on companies involved in the research development, production, marketing of pharmaceuticals and biotechnology products.

In 2023, the healthcare index, XLV, experienced a notable rise, climbing by 15.91% despite some stagnation following the pandemic, the sector found a way to grow. Our holdings are CVS Health Corp (CVS) and Gilead Sciences (GILD). Both holdings underperformed the overall sector with CVS growing by 7.15% and GILD saw a decline of 4.00%. One of the main focuses of the healthcare sector was the advancement in biotechnologies and pharmaceuticals. Healthcare entities maintained a steadfast commitment to integrating digital health options, including telehealth and electronic health records. Greater investment into AI and analytics aims to boost patient outcomes as well as streamline costs. Patient engagement and population health management are foreseen to be priorities of 2024 with the goal of improving health across communities. The sector is recognizing an increasingly elderly population and is planning to adjust their operational capacities to fit the needs of the demographic. Healthcare providers will continue to address health equity and disparities in healthcare access and outcomes.

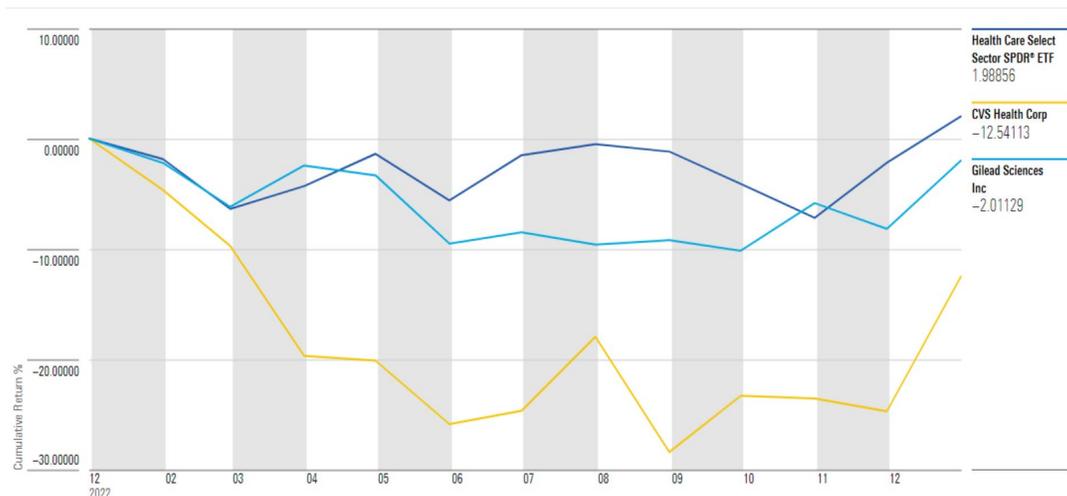
HOLDINGS

CVS Health Corp (CVS): CVS Health Corp is an integrated pharmacy health care provider that operates three different segments: pharmaceutical services, retail pharmacy, and corporate. CVS combines one of the largest retail pharmacy chains and pharmacy benefit managers in the United States.

Gilead Services (GILD): Gilead Services is a biopharmaceutical company that discovers, develops, and commercializes new medicines in the areas of unmet medical needs. Its products target several areas: liver disease, HIV, cardiovascular, and other diseases.

BENCHMARK

Health Care SPDR ETF (XLV): XLV is an exchange-traded fund that tracks the performance of the Healthcare Sector includes companies like Pfizer, Johnson & Johnson, etc.



Utilities

Analyst: Jake Orem

UTILITIES SECTOR 2023 YEAR REVIEW

The Utilities sector encompasses companies specializing in electricity, water, and natural gas. Classified as defensive, utilities often demonstrate resilience during economic downturns and are favored for long-term investments due to their lower volatility compared to other equities, albeit with limited growth potential. A key advantage of utility holdings is their dividend yields. In 2023, utilities faced challenges including rising interest rates, inflation, geopolitical tensions, and global economic slowdown. The ongoing conflict in Ukraine continued to impact energy supplies in the global market. In the latter part of 2023, energy consumption patterns were influenced by weather conditions, with variations in heating and cooling demand affecting utility usage and costs for consumers.

In 2023 most of our Utility holdings unfortunately saw losses. Ameren saw the greatest loss in 2023 of 15.40%, followed by UGI with a return of -5.91%. While Duke Energy also had a loss, they had the better return out of the three holdings. Duke Energy had a return of -2.2%.

HOLDINGS

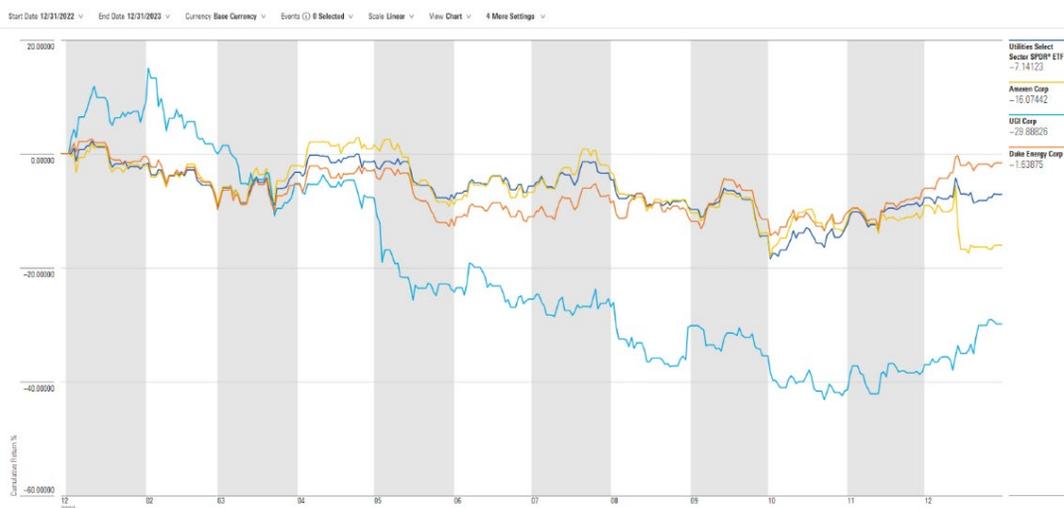
Ameren (AEE): Is an American power company, with a roster of related subsidiaries that work to distribute electrical and natural gas power solutions. AEE supplies electric power to 2.4 million customers and more than 900,000 natural gas customers.

UGI Corporation (UGI): Is a natural gas and electrical power distributor who works through their subsidiaries to deliver power. UGI and their subsidiaries have a footprint in 18 countries with more than 2.6 million customers.

DUKE Energy (DUK): Is one of the largest energy companies in the U.S. DUK supplies electric power to 8.2 million customers and natural gas to 1.6 million customers.

BENCHMARK

Utilities SPDR ETF (XLU): This fund intends to provide investment results that correspond to the price and yield performance of the Utilities Select Sector Index. At least 95% of the held securities must be from the index.



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Basic Materials

Analyst: *Quinlan Hudiburg*:

BASIC MATERIALS 2023 YEAR REVIEW

The basic materials sector within the Davis Group continues to have two holdings with APD replacing compass minerals for 2024. In 2023, the basic materials sector, or the XLB, had a 12.46% increase. This notable rise was a welcoming sign as the sector experienced a down year in 2022. The group's holdings consist of Ecolab Inc. (ECL) and Air Products and Chemicals (APD). ECL had a great year in 2023 followed by an even greater finish to the year. This performance allowed Ecolab to outperform the sector as whole. APD was not as successful in 2023, getting outperformed by the sector and having a negative return for the year. With more and more concerns about sustainability many companies in the sector continued to put efforts towards their ESG score. This included reducing carbon emissions and continuing to hire for diversity within companies. There was a lot of favorable supply and demand for the sector, specifically copper miners and U.S. chemical manufacturers showing long-term investment potential. Some new trends that emerged in 2023 are sustainability-focused materials, surface engineering and smart materials. Overall, the basic materials grew with the rest of the economy in 2023 and even though it did not boom quite some of the other sectors, it remains poised for growth as economic conditions evolve.

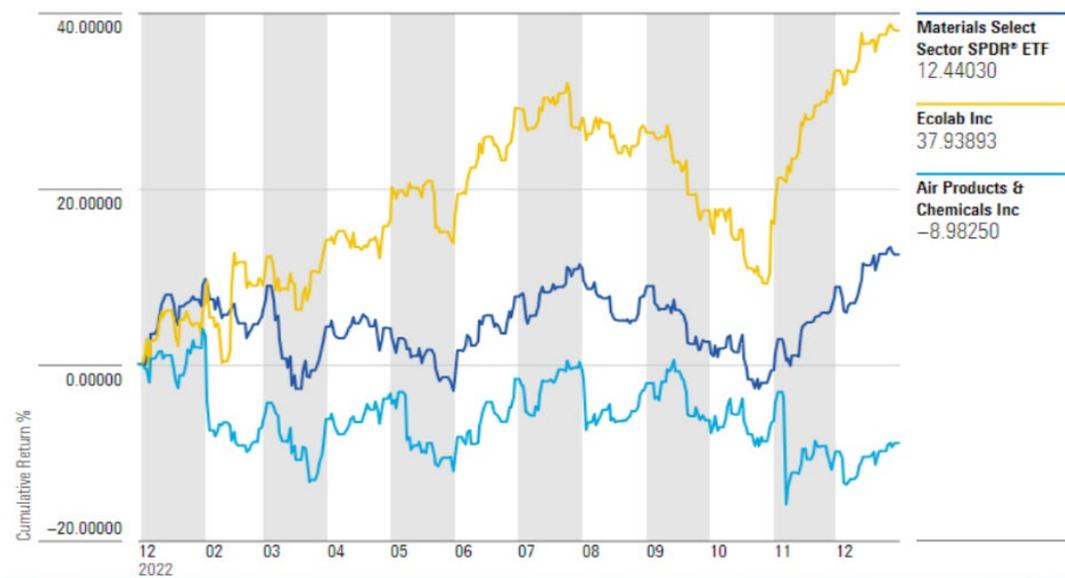
HOLDINGS

Ecolab (ECL): Ecolab is a leader in offering water, hygiene and infection prevention services.

Air Products and Chemicals (APD): Air Products and Chemicals is a global industrial gases company that specializes in providing atmospheric and process gases, equipment, and services to various industries.

BENCHMARK

Vanguard Materials Index Fund (VAW): VAW tracks an index composed of S&P 500 basic materials companies.



Consumer Discretionary

Analyst: Jack Skinner

CONSUMER DISCRETIONARY 2023 YEAR REVIEW

The consumer discretionary sector, known for comprising companies involved in non-essential goods and services such as entertainment, retail, and housing, is notably responsive to economic shifts and consumer sentiment. Characterized by its cyclical nature, this sector often experiences significant fluctuations in demand tied to the broader economic climate. Despite this inherent volatility, the sector is seen by investors as offering substantial growth potential and is considered a key component for portfolio diversification.

Over the course of a year, the Consumer Discretionary Select Sector SPDR® ETF (XLY) displayed a positive trajectory of 14.53%. Individual companies within this sector showed a range of performances. McDonald's Corp exhibited a stable outcome with a return of 7.29%, signifying its consistent strength in the market. Lowe's Companies Inc stood out with an impressive cumulative return of 35.41%, which is reflective of its successful strategies and possibly favorable market conditions for home improvement retailers. On the other hand, Nike Inc faced challenges, ending the period with a return of -18.66%. The company's new outlook has been impacted by increased headwinds, particularly in the Greater China and EMEA (Europe, Middle East, and Africa) regions and a strengthening dollar.

HOLDINGS

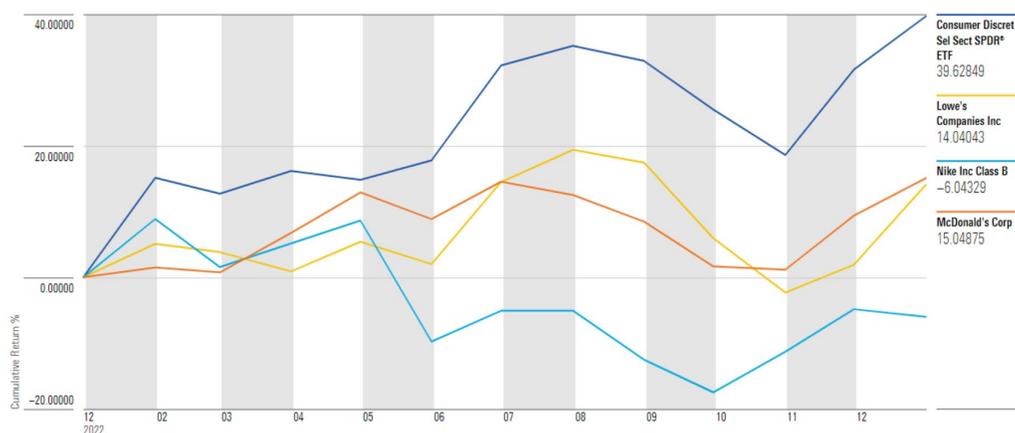
Lowe's (LOW): Lowe's is a massive home improvement and hardware retailer that operates in the United States, Canada, and Mexico. It has over 2,200 stores and sells its products online.

Nike Inc B (NKE): Nike engages in the design, development, marketing, and sale of athletic clothing and equipment. Their reach is massive as they are in over 170 countries.

McDonald's Corporation (MCD): McDonald's Corporation is the largest restaurant company in the world, reaching 120 countries with over 37,000 locations.

BENCHMARK

Consumer Discretionary SPDR ETF (XLY): XLY is an exchange-traded fund that tracks the Consumer Discretionary sector with holdings such as Amazon, Tesla, Lowe's, Ford, and Target.



Financials

Analyst: Jeff Cilley

FINANCIALS-BANKS/INSURANCE 2023 YEAR REVIEW

The Financial Sector encompasses a broad spectrum of companies spanning banking, mortgage lending, investment banking, asset management and custody, insurance, and real estate. Economists frequently gauge the overall health of the economy by assessing the performance of this sector. The accessibility and efficiency of financial services provided by these companies significantly influences economic growth. Consequently, any constraints or weaknesses within this sector can impede both business expansion and real estate development, thereby impacting overall economic vitality.

Of our two holdings in the financial sector, both saw large gains in 2023. J.P. Morgan saw the largest increase in value with a 25.89% gain in value, narrowly outperforming Visa, which saw a 25.54% gain in value. XLF, the financial sector ETF, also saw an increase in value but not to the degree of JPM and Visa. The XLF saw an increase of 9.56% in value over the course of 2023, which is substantially below the performance of the S&P 500 ETF SPX, which saw an increase of 24.73%. The performance of the sector ETF being dramatically different from the performance of the overall stock market can be attributed to the high interest rates seen all throughout 2023 to combat inflation.

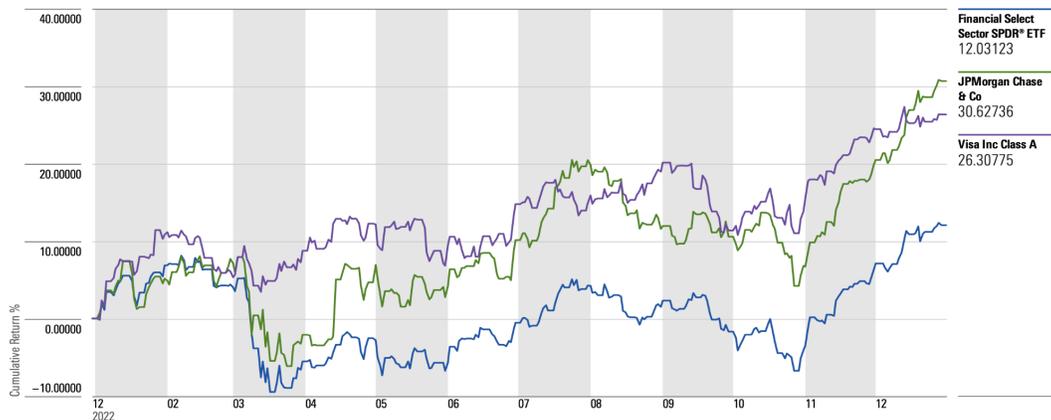
HOLDINGS

J.P. Morgan (JPM): J.P. Morgan is a global leader in financial services, offering solutions to the world's most important corporations, governments, and institutions in more than 100 countries.

Visa INC. (V): Visa Inc. (Visa) is a payments technology company that provides digital payments across more than 200 countries and territories.

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Select Sector SPDR Financial Fund (XLF): XLF is an ETF that tracks the financial sector of the stock market.



International

Analyst: Aaron Johnston

INTERNATIONAL 2023 YEAR REVIEW

The Davis Group’s international sector comprises companies based outside of the United States. Our international holdings include Toyota Motor Corp., Nestle, iShares MSCI China ETF, iShares Emerging Markets ETF, iShares Core MSCI Europe ETF, and Taiwan Semiconductor Manufacturing Co. In 2023, international markets faced multiple challenges, including lingering supply chain constraints and inflation, geopolitical tensions, and uncoordinated national bank policies. Tensions with China have caused many of the world's largest companies to consider shifting production away from the Asian state, and towards other manufacturing hubs such as India and Mexico. The outbreak of war in the middle east between Israel and the Palestinian state has caused supply constraints on commodities such as oil. These challenges exposed international companies to political and regulatory uncertainties, with winners and losers among producers and consumers of various goods. Inflation expectations and monetary policies were also affected, allowing long-term negative impacts on the global economy. Despite these challenges, some businesses were able to adapt and succeed in the changing landscape, with opportunities arising for those who were able to navigate the complexities of the global market’s uncertainties. Specifically, our international analysts highlight areas of attractive valuation and opportunity in markets such as European luxury goods, Japanese small capitalization companies, and Indian growth equities. Coming off a record low performing year in 2021 for the international sector, the Davis Group sold its positions in Alibaba and Fresenius Medical Care and purchased shares in Taiwan Semiconductor Manufacturing Co in February 2022 and Nestle in November 2022. Overall, valuations outside of the United States remain more attractive, and many opportunities exist to add international exposure.

HOLDINGS

Toyota Motor Corporation (TM): is a Japanese multinational automotive manufacturer that produces a wide range of vehicles, including cars, trucks, and buses.

Nestle (NSRGY): is a Swiss multinational food and beverage conglomerate, with a wide range of products including coffee, bottled water, baby food, pet food, and confectionery.

iShares MSCI China ETF (MCHI): seeks to track the performance of large & mid-cap Chinese stocks.

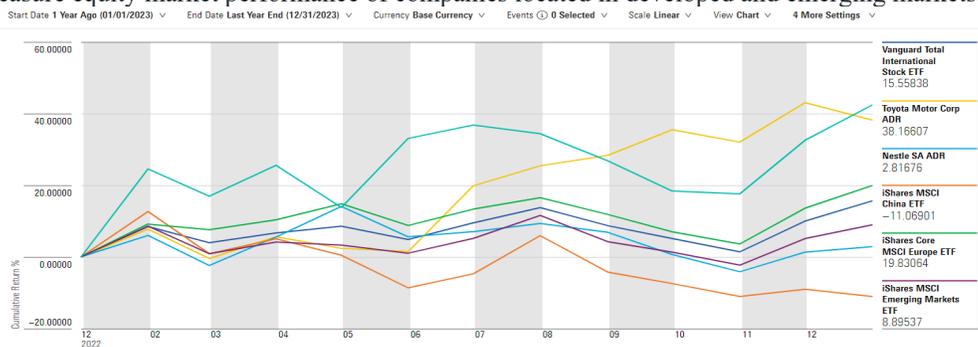
iShares Core MSCI Europe (IEUR): offers broad exposure to the European stock market. Contains over 1,000 companies of which the top 10 make up only 18% of its fund.

iShares Emerging Markets (EEM): is an emerging markets ETF that seeks to track the investment results of an index composed of large and mid-capitalization emerging market equities.

Taiwan Semiconductor Manufacturing Co. (TSM): is a Taiwan based technology company responsible for making 90% of the world's most advanced semiconductor chips. Semiconductor chip designers such as Nvidia, AMD, and Intel are the most influential customers of the company.

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Vanguard Total International Stock Index (VXUS): The Vanguard Total International Stock Index tracks the FTSE Global all Cap ex US Index, a float-adjusted market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets.



Fixed Income

Analyst: Brayden Brusseau

FIXED INCOME 2023 YEAR REVIEW

Fixed income markets avoided a third consecutive year of negative returns with a strong performance to close out 2023. Federal Reserve policy, inflation metrics, and the prospect of a soft landing in the U.S. economy were the fundamental drivers of fixed income markets throughout the year. The Fed’s fight against inflation added another 100 basis points to the Fed Fund target rate of 425-450bp in January to 525-550bp in December, its highest level in decades. The Fed’s fourth and final rate hike of 2023 came in July, where Fed officials warned that rates were likely to remain “higher for longer,” as inflation appeared to be sticky, and the job market remained strong. 10-Year Treasury yields started 2023 at 3.79% and reached as high as 5% in October 2023, the highest since 2007, before falling to 388bp to finish the year. The Treasury Yield Curve remained inverted throughout the year, with the 2-year yielding 50bp over the 10-year in January and 40bp over the 10-year in December.

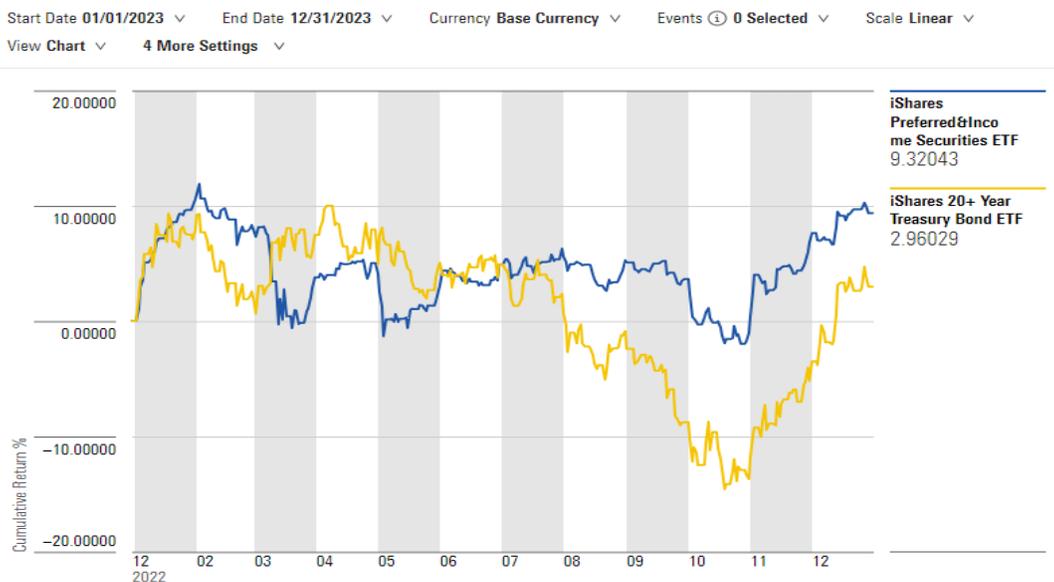
The case for a soft landing became more probable throughout the year as headline inflation fell by 3.1% while real GDP increased by 2.5% due to the resilient American consumer. After a turning point in the jobs market and confirmation from the Fed that it expected to cut rates in 2024, fixed income markets rallied into the end of 2023. Bond yields fell dramatically as the market priced in a path to rate cuts. High-yield bondholders were rewarded with equity-like returns and high-yield spreads tightened.

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iShares Preferred and Income Securities ETF (PPF): The iShares Preferred and Income Securities ETF is a fund that seeks to track, before fees and expenses, the investment results of the ICE Exchange-Listed Preferred & Hybrid Securities Index.

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iShares 20+ Year Treasury Bond ETF (TLT): The iShares 20+ Year Treasury Bond ETF is a fund comprised of 20-year US Treasury securities with remaining maturities greater than 20 years.



Alternatives

Analyst: Dylan Boucher

PRIVATE EQUITY 2023 YEAR REVIEW

The Davis Group’s alternative sector comprises itself of two crucial investments within the umbrella of Private Equity, and a singular holding under the Real Estate Investment Trust (REIT) category. Despite Private Equity being a small fraction of the market, our allocations have been performing well above benchmark standards and little discrepancy can be observed between the relative performance of each asset, which ensures our bullish narrative remains true. Due to Private Equity maneuvering the market differently in comparison to traditional investment instruments, the reliance on investor adoption becomes more relevant. Regardless, Alternatives have seen some highlights since the start of 2023 and holding neutral through the 2022 trough proved to be a worthwhile endeavor. With the nature of market buyers during price discovery, this may very well be conclusive as to why it is that these holdings are doing so well since the COVID-19 recessionary period.

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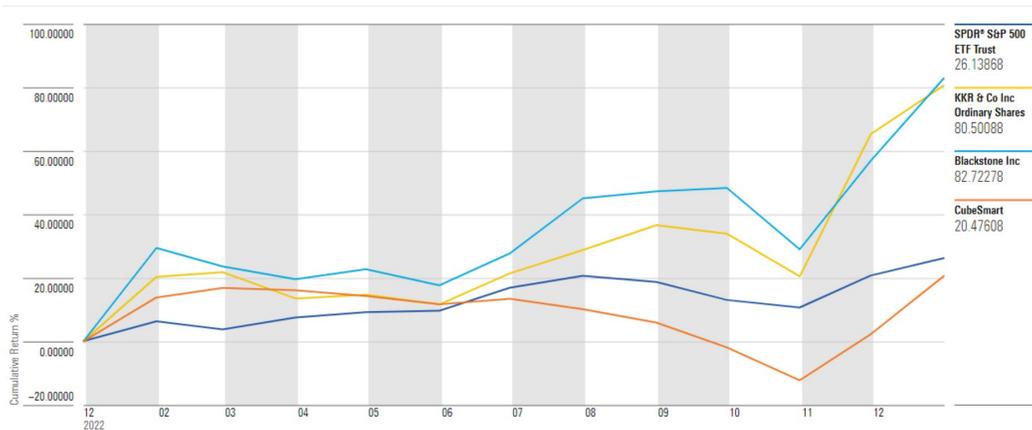
KKR & Co Inc (KKR): Since our October 2022 inception, it has rallied beyond our entry point and has recently started to show our portfolio meaningful returns. Buying volume spiking, positive open interest, and outstanding analyst ratings on the entire Private Equity sector on a macro time frame reflects our confidence in maintaining the bullish policy made here in 2021. Following January 2024, KKR has realized a 26 percent positive price movement to the upside and is currently creating new all-time highs alongside the resoundingly bullish current market sentiment.

Blackstone (BX): Since our position’s inception in 2018, Blackstone has gained 288 percent in value, proving itself worthy of our time. Blackstone has outpaced the Zacks Financials - Miscellaneous Services industry in 2023, but elevated expenses within the company could have a negative impact on Blackstone’s bottom line overall. While the lack of a new high is concerning, it does little to the magnitude of the returns seen so far for Davis’s portfolio.

CubeSmart (CUBE): Due to the nature of CUBE’s business structure, the close relation to the benchmark is proper and ended up performing marginally over it. The cyclical nature of REIT’s, following the general inflation rate, raises no concerns and the gravity of any temporary drawdown is reflected without fear in our long-term allocation hypothesis. CUBE fell into mild capitulation midway through 2023 but has since recovered and rallied back respectively with the benchmark.

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Standard & Poor’s 500 Index (SPX500): This is the best benchmark to track performance of both types of our holdings under Alternatives, as the spread of assets within the index is highly correlated to the price drivers of KKR, BX, and CUBE respectively.



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The 2024 Davis Group Members

KELVIN COBBLEY– PORTFOLIO MANAGER

Kelvin Cobbley is a graduating senior with degrees in Finance and Economics with a focus on Risk/Wealth Management, boasting a solid foundation from his studies at the University of Idaho and experience moving from analyst to Portfolio Manager with the Davis Investment Group. Skilled in market research, financial analysis, and risk management, Kelvin has advanced his academic career at the Davis Investment Group and Barker Capital Management, optimizing financial strategies, and understanding of market patterns. A Boise native and an outdoor enthusiast, Kelvin balances his professional/academic life with activities like skiing and mountain biking. He has also demonstrated leadership as the Executive Director of Finances & Recruitment for the Sigma Chi Gamma Eta Chapter, overseeing recruitment and financial management. Kelvin is grateful for the opportunities and experiences that have shaped his academic career at the University of Idaho and continues to seek new challenges in the financial sector.

JEREMY CLEMENS – JUNIOR PORTFOLIO MANAGER

Jeremy Clemens is currently a Senior at the University of Idaho and pursuing a degree in Finance. This is Jeremy's fifth semester in the Davis group working as a sector analyst, sector coordinator, and junior portfolio manager. At the University of Idaho, Jeremy has been active on campus by serving as an intramural chairman and the vice-president for his fraternity. Jeremy plans to continue taking advantage of the skills learned in the Davis group and apply them to his future endeavors. Jeremy is from Idaho and loves to participate in all outdoor activities, including fishing, boating, and snowboarding.

AUGUSTINE ELWELL – JUNIOR PORTFOLIO MANAGER

Augustine Elwell currently serves as a Junior Portfolio Manager for the Davis Group. He plans to graduate in the Fall of 2024 with a Major in Finance, a Minor in Accounting and a trading and capital management certificate. Although Augustine has only been a part of Davis group for two semesters, he has made his mark by being a sector analyst for the Healthcare sector, a sector coordinator for the Cyclical sector as well as a Junior Portfolio Manager. Augustine hopes to one day enter the Financial services industry and he plans on doing an internship with The Courtright Group of Raymond James this summer. Augustine deeply values all of the professional skills that he has learned throughout his time in the Davis group and hopes to continue to build upon these skills in the semesters to come.

REECE WIMER – JUNIOR PORTFOLIO MANAGER

Reece Wimer is a Junior at the University of Idaho studying Finance and Marketing. He has been a part of the Davis Investment Group since the Fall of 2023. Serving as a Sector Coordinator for the Defensive Sector, the Junior Portfolio Manager, and a Sector Analyst for both consumer staples and basic materials, Reece has made a profound impact in his brief time in the group. Reece is also involved in the Barker Capital Management group and is pursuing

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a certificate in Trading and Capital Management. He is extremely honored to be a part of this group because it helped him seek growth as a leader, an individual, and a presenter. All of this allowed him to increase his knowledge of the market and come across opportunities he may never have had otherwise. With this, he wanted to note all the friendships and connections that he has made while being a member of this team.

DYLAN BOUCHER – SECTOR COORDINATOR

Dylan Boucher is a Junior at the University of Idaho, majoring in Finance and Economics. Additionally, he is an avid member of the Barker Capital Management group as well as the Barker Capital Club and is currently pursuing the Trading and Capital Management Certification. Dylan joined the Davis Group following a retirement from collegiate athletics at Mount Marty University (S.D.) in Spring 2023 as a sector analyst for the Alternative markets. Since then, he has obtained the Sector Coordinator role for Alternatives, with an emphasis on commodities and precious metals. Thanks to his commitment to University of Idaho's opportunities surrounding financial involvement and investment strategy, he has accepted an internship as a Financial Analyst under Clenēra Renewables for the duration of Summer 2024. Dylan holds a certification in Bloomberg Terminal Analysis, Nutritional Coaching, and has been a partner to multiple financial startup projects nationwide including the Southern California based digital assets hedge fund, HIMK Capital.

BRAYDEN BRUSSEAU – SECTOR COORDINATOR

Brayden Brusseau is a senior double majoring in Finance and Accounting at the University of Idaho. He is also pursuing an academic certificate in Trading and Capital Management through the Barker Trading Program. Brayden joined the Davis Group in Spring 2022 as an energy sector analyst and has since served as a sector coordinator, a junior portfolio manager, and the portfolio manager in Fall 2023. He now is the sector coordinator for the fixed income sector. In his free time, Brayden enjoys spending his time outdoors. He will graduate in May 2024.

JEFF CILLEY– SECTOR COORDINATOR

Jeff Cilley is a Junior at the University of Idaho studying finance. He is also part of the Barker Capital Management Group and is pursuing a Trading and Capital Management Certificate. Jeff joined the Davis Group in the Fall of 2023 and has enjoyed his time in the group and values the hands-on learning it provides. Outside of the classroom, Jeff works in the Vandal Athletic Ticket office and serves as the president of the Zeta Mu chapter of the Pi Kappa Alpha fraternity. After college, Jeff hopes to start a career in the finance sector using the knowledge he learned throughout his time at the University of Idaho. Jeff was born and raised in Boise, Idaho and is passionate about sports and the outdoors.

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CHASE DELEON – SECTOR COORDINATOR

Chase DeLeon is a Senior at the University of Idaho, double majoring in Finance and Economics with a minor in accounting. Additionally, he is a part of the Barker Capital Management group and is pursuing the Trading and Capital Management certificate. Chase joined the Davis Group in the Fall of 2021 as a sector analyst for the Healthcare sector of the economy. He has since served as Sector Coordinator for the Cyclical sector group, Junior Portfolio Manager, and Portfolio Manager. He now serves as a sector analyst for the Fixed Income sector, with an emphasis in U.S. Treasuries. He is extremely grateful for the experience he has attained in managing real funds, improving his leadership skills, working in cohesive groups, and solving problems throughout his time with the Davis Group. Thanks to his experience and involvement within the Davis Group, Chase was able to land a full-time position as a First-Year Analyst at a prestigious Seattle-based wealth management firm, Brighton Jones, that he will be starting in June 2024 after he graduates.

AARON JOHNSTON – SECTOR COORDINATOR

Aaron Johnston is graduating this Spring with his Master's Degree in Environmental Science, with an emphasis in Natural Resources and Economics. He graduated from the University of Idaho in 2022, with his Bachelors in Environmental Science. Aaron joined the Davis Group in the Fall of 2023, and has taken on the roles of sector analyst and sector coordinator for the international and cyclical sectors. Aaron has secured a job after graduation as a Forest and Rangeland Collaborator for a Non-profit Natural Resources organization in eastern Oregon. The hands-on investment analysis and business skills Aaron has perfected as a member of the Davis Group will allow him to connect and collaborate with stakeholders of all sorts in issues relating to Rangeland and Natural Resources Management.

TASNIM BENATIA– SECTOR ANALYST

Tasnim Benatia is an international student hailing from Tunisia, currently participating in an exchange program at the University of Idaho. She is a junior, pursuing a degree in Business Administration and Management. In the spring semester of 2024, Tasnim joined the Davis Investment Group, where she was appointed as a Developed Market Sector Analyst. Throughout her tenure, Tasnim has gained invaluable insights into the world of investments, explored various markets, and acquired hands-on experience, all thanks to her involvement with the Davis Group

ETHAN ERIKSEN – SECTOR ANALYST

Ethan Eriksen is a Sophomore at the University of Idaho, double majoring in Finance and Marketing Analytics. Additionally, he is a part of the Barker Capital Management group and is pursuing the Trading and Capital Management certificate. Ethan joined the Davis Group in the Spring of 2024 and has worked as the sector analyst for the Energy sector of the economy. Outside of the Davis Group, he is the Director of Academic Affairs for his fraternity, Delta Tau Delta. Ethan is very grateful for the investment skills

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and deep understanding of market dynamics that he has learned while in the Davis Group and looks forward to carrying this into the future. His goal is to use the skills learned from the Davis Group to pursue a career in the financial field.

MICAH GREEN – SECTOR ANALYST

Micah Green is a Junior at the University of Idaho, majoring in Finance. Additionally, he is pursuing both the Trading and Capital Management Certificate and the Portfolio Management Certificate. Micah joined the Davis Investment Group in the Spring of 2023 as a sector analyst for the Alternative Sector of the economy. He is extremely grateful for the experience he has attained in managing real funds, collaborating with some of the brightest minds in the College of Business and Economics (CBE) and navigating complex challenges throughout his time with the Davis Investment Group. Micah is looking forward to the plethora of opportunities that await both in the CBE and in the financial sector as a whole.

CATHERINE HUBINGER – SECTOR ANALYST

Catherine Hubinger is a sophomore at the University of Idaho, studying Business Finance. This is her first semester in the Davis Investment Group, where she has analyzed the Industrials sector. She is also a part of the Barker Capital Management and Trading Program, where she is working towards a Trading and Capital Management Certificate. She currently serves as a Vice-President in her sorority, Delta Gamma. This summer, Catherine will be studying at the Wharton School of the University of Pennsylvania before interning at a buy-side investment firm through the Girls Who Invest Summer Intensive Program. She is very thankful for the financial knowledge she has gained through the Davis Investment Group and the greater CBE.

QUINLAN HUDIBURG – SECTOR ANALYST

Quinlan Hudiburg is a Senior at the University of Idaho pursuing a degree in Finance. Quinlan has been a part of the Davis Investment for two semesters now. He has had the opportunity to be a sector analyst for emerging markets as well as the basic materials sector. He has appreciated the learning opportunities within the Davis group, gaining real world skills and analysis. Once graduated, Quinlan hopes to get a finance-entry level position and begin his journey in the world of finance. Quinlan is grateful for his time in the Davis group and knows the experience will be extremely helpful in the real world.

JUSTIN KOZLOWSKI – SECTOR ANALYST

Justin Kozlowski is an ambitious finance professional from Moscow, Idaho, set to graduate with a Bachelor of Science in Finance from the University of Idaho in May 2024. Justin's academic journey is distinguished by his focus on essential finance disciplines such as portfolio management, financial risk and insurance, market trading, market strategies, and financial institutions. At Schweitzer Engineering, Justin excelled as both a Finance & Accounting Intern and a Marketing Intern, where he honed his skills in cash management, financial forecasting, budget planning, and market analysis. His

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role at Barker Capital Management Group as an Equity Trader showcases his analytical prowess, managing a portion of the Barker Endowment Fund and providing insightful analysis in the healthcare sector. Furthermore, his contribution as a Sector Analyst at the Davis Investment Group demonstrates his collaborative spirit and analytical skills in aligning a substantial Student Investment Fund with the investment philosophy.

JAKE OREM – SECTOR ANALYST

Jacob Orem is a Junior at the University of Idaho, Majoring in Finance with an emphasis in Dental. He is a part of the Dental Club as well as Beta Alpha Psi, a national honors society in the College of Business and Economics. Jacob joined the Davis group in the Spring of 2024 as a sector analyst for the Utilities sector of the economy. He is a member of the fraternity Delta Tau Delta, where he has previously served as the Financial Treasurer and Social Chair for the house. Jacob has learned a lot from his time in the Davis Investment Group, and is very thankful for the investment skills and comprehensive understanding of market dynamics he has acquired during his time. He looks forward to applying these skills in his future pursuits.

JACK SKINNER – SECTOR ANALYST

Jack Skinner is an astute Senior at the University of Idaho, with a formidable academic record in Finance, complemented by a minor in Business Analytics and a certificate in Trading and Capital Management. Anchoring his academic excellence is a notable GPA of 3.84. An active participant in the university's Davis Investment Group, Jack has been instrumental and grateful for the opportunity to manage the Consumer Discretionary sector. This helps to apply his theoretical knowledge to real-world financial analysis and strategic investment decisions. His role in managing this sector has helped grow his analytical skills and brought out leadership capabilities. Jack's involvement with these groups has provided him with invaluable experience in fund management, team collaboration, and problem-solving. As he prepares to transition from academic theories to industry practices, Jack's experience with the Davis club has positioned him nicely to step into the financial sector with confidence and expertise.

AIDAN SMITH – SECTOR ANALYST

Aidan Smith is a Sophomore at the University of Idaho, double majoring in Economics and Finance. This is Aidan's first semester in the Davis Group, and he is currently a sector analyst for commodities. So far, he is enjoying the real world, practical learning experience the Group provides and is excited for future semesters. Aidan is also an associate for Vandal Solutions at the University of Idaho and loves to mountain bike, ski, climb, and backpack all over the Pacific Northwest.

KATRIN SOUZA – SECTOR ANALYST

Katrin Souza is a Junior at the University of Idaho majoring in Statistics. Katrin joined the Davis group in the Spring of 2024. In her first semester in the Davis Group, she served as a sector analyst for the healthcare sector of the economy. Katrin is grateful for all she has learned during her first semester in the Davis group and looks forward to learning more in future semesters.

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JOSE SURYADINATA – SECTOR ANALYST

Jose Suryadinata, currently in his senior year, is pursuing a degree in finance with a minor in accounting, all while maintaining a 4.0 GPA. Jose joined Davis Investment Group in the Spring of 2024 as a sector analyst. He recently passed Level I of the CFA program and has been named a two-time All-America Scholar for NCAA Division I. His interest in finance stems from his curiosity about the intricacies involved in creating and valuing financial products. Last summer, Jose gained experience as a summer analyst at Bridge Investment Group, where he focused on multi-family asset acquisition. Upon completing his undergraduate studies, Jose will work at Micron Technology Inc. as a corporate treasury intern and progress toward further studies at the Kelley School of Business for a Master of Science in Finance degree.

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