

Davis Investment Group
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ANNUAL REPORT

FY 2020

The Davis Student Investment Management Group presents its annual performance review for the calendar year 2020. The Davis fund achieved a return of 10.54% compared to the 15.56% return of our benchmark, the S&P 500. As the business cycle rediscovers its path, the defensive-oriented Davis fund continues its conservative stance. This report provides a qualitative & quantitative review and discussion of the Davis fund for 2020. We welcome any questions, comments, or suggestions regarding this report, or anything related to the Davis fund and its members.

THE DAVIS GROUP

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Performance Report

In a year defined by unprecedented challenges, adaptability was key for driving performance. Our benchmark, the S&P 500 Total Index Return, ended 2020 with an impressive 15.56% return compared to our portfolio's return of 10.54%. On a risk-adjusted (using beta) basis, our portfolio underperformed our benchmark by 1.13%. Considering our relatively higher weight in value and defensive equities, this difference is to be expected. We remain confident that our holdings represent a style that is the most appropriate to uphold our fund objectives of capital preservation and growth. Our approach has proven successful in past years, and portfolio leadership continually refines our strategy to ensure that we remain competitive. In 2021, the current market environment, characterized by volatility, sentiment, and strong tailwinds from accommodative monetary policy, may prove to further drive performance.

In 2020, we made significant reallocations to better perform in accordance with our portfolio's objectives. We saw not only the shortest bear market in history but also an incredible recovery driven by renewed strength from market leaders (technology and growth equities). Our portfolio added five holdings during the year consisting of SolarEdge Technologies (SEDG), Blackstone (BX), McDonalds (MCD), Compass Minerals (CMP), and Caterpillar (CAT). We closed our positions in Exxon Mobil (XOM), UBS Group (UBS), PebbleBrook Hotel Trust (PEB), and Five Star Senior Living (FVE). All decisions to buy or sell positions are presented to the group and are backed by in-depth fundamental analysis.

In addition to presentations to buy or sell holdings for our portfolio, Davis members had the opportunity to expand their investment knowledge through research presentations covering various topics relating to the financial industry. These presentations provide valuable insight that can be used when making decisions for portfolio allocations. Ongoing discussions on asset allocations have resulted in a more proactive strategy to capitalize on shifting market dynamics. The Davis Student Investment Group's strong commitment to uphold our portfolio objectives has allowed the group to provide over \$100,000 in scholarships to University of Idaho students. Additionally, members of the group regularly build skills such as networking and leadership through activities like the Financial Management Association Conference held in New York City. Although capital preservation and growth remain our top priorities, creating a unique learning experience that our members can take with them into their future careers is vital for continuing the Vandal legacy.

Going forward, our holdings, updated target allocations, and member perseverance will help position us for continued success on our mission. This past year presented endless learning opportunities, and we look forward to applying these lessons into an actionable strategy to outperform our benchmark.

Reilly Dahlquist
Portfolio Manager

Economic Review

In 2020, the Davis group experienced one of the most volatile years relative to global market activities consisting of many drivers that essentially led to one of the worst market declines in our most recent history. COVID-19, a looming presidential election, and early declines in treasury yields were key discussion points for the Davis group this past year. These drivers led to unprecedented uncertainty early in the year, but by the end of 2020, we rallied to new highs in the equities markets. Fiscal and monetary policy were key drivers in 2020 to our continuation into a bull market late into 2020.

Of the three drivers listed, COVID-19 was the most significant factor for the volatility seen in the stock market this last year. The market began to overheat leading into March of 2020, and when the first cases of COVID-19 began to spread, it caused a market-wide sell-off around the globe. A nationwide stay at home order was set into effect and all nonessential businesses were shut down for an extended period. By September 2020, 60% of small businesses that closed due to COVID-19 were permanently closed. By April 2020, there were 20.8 million jobs lost in the US and there was one of the highest unemployment rates since the Great Depression. By the end of 2020, the unemployment rate declined back to 6.7% as the nation begins to slowly recover. In the second quarter of 2020, GDP declined 31.4%, but in the third quarter, it grew by 33.4%. Consumer spending also drastically declined in the second quarter by 33.2%. In March, Treasury yields hit extreme lows for all maturities. Threats of deflation began in early April but have since rebounded. The Fed took swift action in the early stages of the pandemic and implemented monetary and fiscal policies. For their monetary policy response, the FOMC called emergency meetings and reduced the target federal funds rate to near zero, while also discussing possible interventions that included emergency lending and the purchase of certain assets. For their fiscal policy, they enacted the CARES Act and other legislation totaling \$3 trillion. These packages provided necessary liquidity for financial markets while also supplementing unemployment insurance, paycheck protection programs, and stimulus checks. Their swift action pulled the economy out of one of its worst recessions in recent history when third quarter GDP rebounded at one of its fastest rates.

After a swift recovery in the stock market, more volatility was introduced as uncertainty of our next president began to bear weight on investor outlooks. The effects were minimal in comparison to the COVID-19 recession, but with the change in power to a new Democratic president, the markets responded positively and continued their bull run into the close of the year.

The equity markets closed out 2020 on a strong note, but it is hard to forget some of the hardships caused by the market wide sell off in March. This crash of 2020 ended an 11-year bull market, but with the introduction of the COVID vaccine in late 2020, the outlook for 2021 looks strong. With the vaccine rollout plan, we could see COVID completely disappear by the end of 2021. There are talks of other possible stimulus packages for 2021 to help with our continuation towards a full recovery, but now the future looks bright as government intervention helped immensely with the economic recovery of our nation in 2020.

Konner DeLeon

Junior Portfolio Manager Fall 2020

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 \$100,000 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.

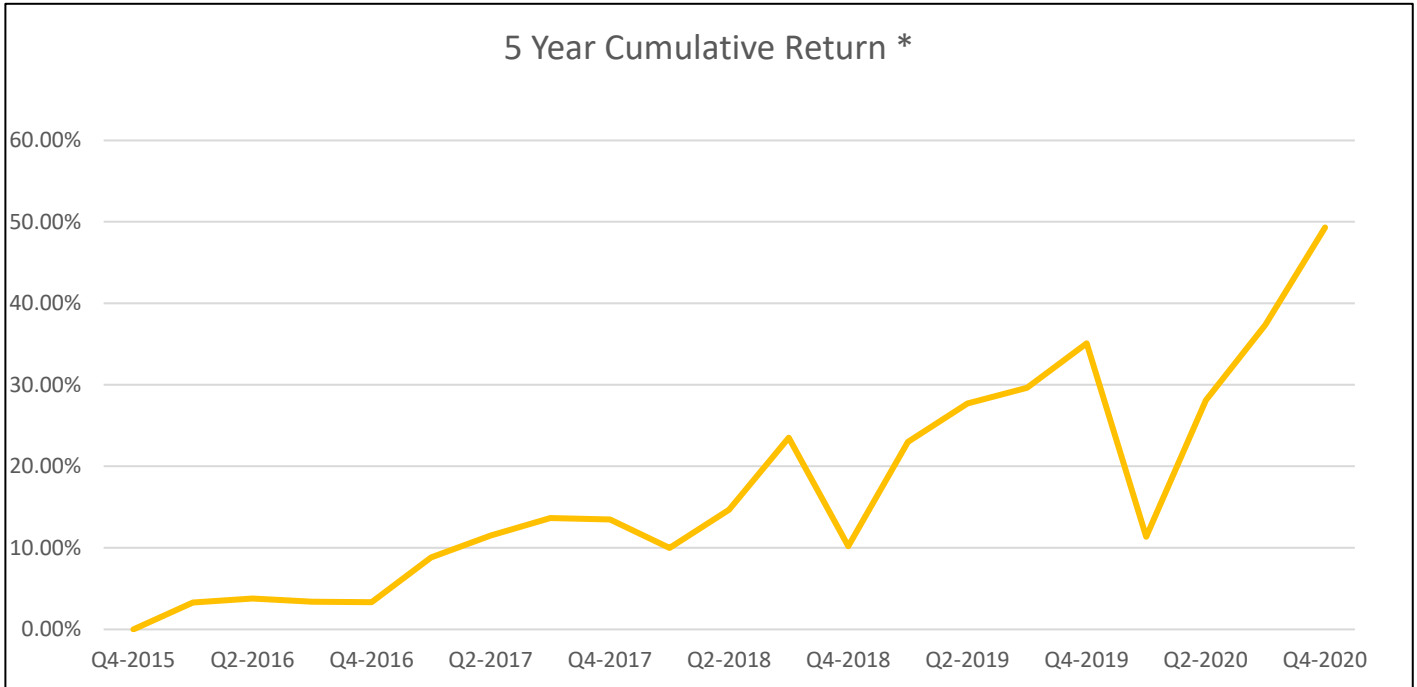
Students manage the fund with the following investment objectives:

- **Growth of Capital.** The asset value of the portfolio should increase in the long term and earn a yearly rate of return at least equaling 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, and 10% 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 as of December 31st, 2020.

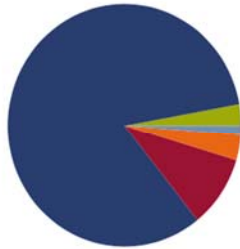
THE DAVIS GROUP

Portfolio Snapshot

Portfolio Value

Analysis

Asset Allocation



- Cash
- US Stock
- Non US Stock
- Bond
- Other
- Not Classified

	Portfolio	B-mark
Cash	2.86	0.00
US Stock	82.88	99.12
Non US Stock	9.61	0.88
Bond	3.43	0.00
Other	1.21	0.00
Not Classified	0.00	0.00
Total	100.00	100.00

Equity Investment Style %

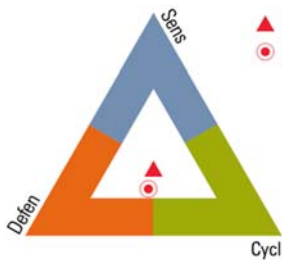
	Value	Core	Growth
Large	25	32	17
Mid	6	3	6
Small	4	6	0

Total Stock Holdings: 1030
Not Classified %: 0.00

Value Core Growth
0-10 10-25 25-50 >50

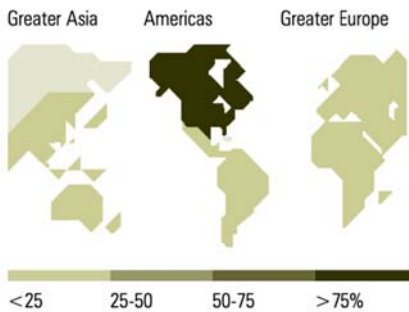
Stock Analysis

Stock Sectors



- ▲ Benchmark
- Portfolio

Stock Regions



	Portfolio %	Bmark %
Defen	32.05	23.31
Cons Defensive	15.96	6.66
Healthcare	7.03	13.89
Utilities	9.06	2.76
Sens	33.65	46.18
Comm Svcs	3.82	10.71
Energy	2.07	2.41
Industrials	11.02	8.46
Technology	16.74	24.60
Cycl	34.29	30.50
Basic Matls	4.40	2.24
Cons Cyclical	13.03	12.62
Financial Svcs	14.92	13.18
Real Estate	1.94	2.46
Not Classified	0.01	0.01

	Portfolio %	Bmark %
Americas	89.78	99.13
North America	89.78	99.13
Central/Latin	0.00	0.00
Greater Asia	7.41	0.05
Japan	2.29	0.00
Australasia	0.00	0.00
Asia Developed	0.02	0.05
Asia Emerging	5.10	0.00
Greater Europe	2.81	0.82
United Kingdom	0.59	0.49
Europe Developed	2.22	0.32
Europe Emerging	0.00	0.01
Africa/Middle East	0.00	0.00
Not Classified	0.00	0.00

THE DAVIS GROUP

Portfolio Holdings



As of: 12/31/20

EQUITIES

Sector	Company	Ticker	Current Price	Quantity	Current Value	% of Portfolio	Purchase Date	Unit Cost	Unrealized P/L To Date	Annualized P/L To Date
<i>Basic Materials</i>	ECOLAB INC.	ECL	\$ 212.40	100	\$ 21,240.00	2.89%	2/11/13	\$ 75.66	180.73%	13.63%
	COMPASS MINERALS INTERNATIONAL, CMP	CMP	\$ 66.09	200	\$ 13,218.00	1.80%	4/24/20	\$ 43.53	51.83%	61.01%
<i>Consumer Discretionary</i>	LOWE'S COMPANIES, INC.	LOW	\$ 163.66	150	\$ 24,548.25	3.34%	4/16/12	\$ 31.68	416.59%	20.25%
	NIKE, INC.	NKE	\$ 135.37	100	\$ 13,537.00	1.84%	10/11/19	\$ 92.76	45.94%	30.65%
	MCDONALD'S CORPORATION	MCD	\$ 209.43	60	\$ 12,565.80	1.71%	4/24/20	\$ 183.31	14.25%	16.41%
	THE WALT DISNEY COMPANY	DIS	\$ 199.80	110	\$ 21,978.00	2.99%	5/13/19	\$ 134.14	48.95%	24.36%
<i>Consumer Staples</i>	PEPSICO, INC.	PEP	\$ 133.16	185	\$ 24,634.60	3.35%	11/3/08	\$ 58.06	129.35%	6.95%
	Philip Morris International Inc.	PM	\$ 87.32	300	\$ 26,194.50	3.56%	4/23/14	\$ 83.86	4.12%	0.59%
	COSTCO WHOLESALE CORPORATION	COST	\$ 315.41	50	\$ 15,770.50	2.15%	12/5/16	\$150.45	109.64%	18.96%
	Mondelez International, Inc.	MDLZ	\$ 55.49	500	\$ 27,745.05	3.78%	1/25/18	\$ 44.25	25.40%	7.52%
	THE PROCTER & GAMBLE COMPANY	PG	\$ 128.32	100	\$ 12,832.00	1.75%	12/16/19	\$ 124.78	2.84%	2.30%
<i>Energy</i>	ATMOS ENERGY CORPORATION	ATO	\$ 91.90	150	\$ 13,785.00	1.88%	2/23/17	\$ 75.53	21.67%	4.97%
	SOLAREdge TECHNOLOGIES, INC.	SEDG	\$ 248.60	150	\$ 37,290.00	5.07%	2/28/20	\$ 134.77	84.46%	81.19%
	CHEVRON CORPORATION	CVX	\$ 110.04	150	\$ 16,506.00	2.25%	12/2/10	\$ 83.72	31.44%	2.70%
<i>Financials</i>	VISA INC.	V	\$ 223.00	420	\$ 93,660.00	12.74%	4/20/12	\$ 30.71	626.15%	24.97%
<i>Healthcare</i>	CVS HEALTH CORPORATION	CVS	\$ 72.03	400	\$ 28,812.08	3.92%	10/31/12	\$ 46.98	53.32%	5.24%
	GILEAD SCIENCES, INC.	GILD	\$ 65.87	150	\$ 9,880.52	1.34%	11/16/17	\$ 73.49	-10.37%	-3.25%
<i>Technology</i>	INTERNATIONAL BUSINESS MACHINES	IBM	\$ 126.09	60	\$ 7,565.40	1.03%	3/30/10	\$ 131.42	-4.06%	-0.38%
	ORACLE CORPORATION	ORCL	\$ 72.66	444	\$ 32,261.04	4.39%	2/23/11	\$ 33.46	117.15%	8.02%
	AVNET, INC.	AVT	\$ 39.21	500	\$ 19,605.00	2.67%	4/19/11	\$ 33.74	16.21%	1.53%
	MICROSOFT CORPORATION	MSFT	\$ 228.87	105	\$ 24,031.35	3.27%	10/24/18	\$ 109.84	108.37%	36.17%
	INTEL CORPORATION	INTC	\$ 60.65	200	\$ 12,129.00	1.65%	12/16/19	\$ 56.76	6.84%	5.52%
<i>Industrials</i>	SNAP-ON INCORPORATED	SNA	\$ 218.14	100	\$ 21,814.00	2.97%	11/4/15	\$ 172.96	26.12%	4.43%
	LOCKHEED MARTIN CORPORATION	LMT	\$ 343.97	45	\$ 15,478.65	2.11%	2/22/18	\$ 357.04	-3.66%	-1.22%
	CATERPILLAR INC.	CAT	\$ 222.90	100	\$ 22,289.50	3.03%	11/12/20	\$ 169.66	31.38%	132.60%
<i>Utilities</i>	AMEREN CORPORATION	AEE	\$ 74.71	150	\$ 11,206.50	1.52%	11/13/08	\$ 33.19	125.10%	6.80%
	UGI CORPORATION	UGI	\$ 40.98	247	\$ 10,122.06	1.38%	11/17/10	\$ 20.17	103.17%	7.11%
	DUKE ENERGY CORPORATION	DUK	\$ 90.77	300	\$ 27,229.50	3.71%	4/19/18	\$ 78.02	16.34%	5.37%
<i>International Markets</i>	TOYOTA MOTOR CORPORATION	TM	\$ 148.96	100	\$ 14,896.00	2.03%	3/27/13	\$ 105.54	41.14%	4.42%
	Fresenius Medical Care AG & Co KGaA	FMS	\$ 34.89	400	\$ 13,954.00	1.90%	3/4/19	\$ 38.61	-9.65%	-4.90%
	Alibaba Group Holding Limited	BABA	\$ 227.86	100	\$ 22,786.00	3.10%	12/12/19	\$ 206.43	10.38%	8.26%
	iShares:MSCI China	MCHI	\$ 81.62	200	\$ 16,323.00	2.22%	10/25/17	\$ 65.23	25.12%	6.86%

FIXED INCOME

Company	Ticker	Current Price	Quantity	Current Value	% of Portfolio	Purchase Date	Unit Cost	Unrealized P/L To Date	Annualized P/L To Date
Vanguard Int Crp Bd;ETF	VGIT	\$ 92.83	300	\$ 27,848.61	3.79%	5/10/16	\$87.87	5.64%	1.14%
iShares:Pref and Inc Sec	PFF	\$ 37.56	262	\$ 9,839.41	1.34%	5/4/11	\$40.66	-7.64%	-0.80%

ALTERNATIVE INVESTMENTS

Sector	Company	Ticker	Current Price	Quantity	Current Value	% of Portfolio	Purchase Date	Unit Cost	Unrealized P/L To Date	Annualized P/L To Date
<i>Private Equity</i>	THE BLACKSTONE GROUP INC.	BX	\$ 67.85	500	\$ 33,925.00	4.62%	11/19/18	\$32.35	109.74%	37.86%
<i>Real Estate</i>	DIVERSIFIED HEALTHCARE TRUST	DHC	\$ 5.20	900	\$ 4,680.00	0.64%	1/2/20	\$8.25	-36.97%	-32.23%
	NEW RESIDENTIAL INVESTMENT CORP.	NRZ	\$ 10.70	600	\$ 6,420.00	0.87%	5/4/17	\$16.67	-35.80%	-10.87%

CASH

	Current Value	% of Portfolio
Cash & Sweep Balance	\$ 11,313.95	1.54%

ENERGY SECTOR 2020 YEAR REVIEW

The energy sector took a massive hit in 2020 due to COVID-19 restrictions, regulations, and shutdowns. Energy, especially oil, is fundamentally driven by demand, supply, and cost of oil. With COVID-19, the demand for oil plummeted while supply increased. Our benchmark (XLE) began 2020 trading around \$59.30 and closed the year at \$37.57 for a total return of -36.64%.

XOM opened the year at \$69.49 and closed at \$41.04 for a -40.94% total return, ATO opened at \$109.66 and closed at \$94.04 for a -14.24% total return, SEDG opened at \$92.06 and closed at \$313.06 for a 240.06% total return, and CVX opened at \$119.23 and closed at \$84.87 for a -40.48% total return. Our three holdings who mainly produce oil (XOM, ATO, and CVX) all saw negative returns due to less demand and increasing supply because of COVID-19. Our renewable energy holding (SEDG) saw a great return as we continue to innovate green energy after Biden's election and green new deal proposal. The overall outlook for 2021 for oil energy consumption is good, but not great with a new administration pushing for more green energy. It seems like it will be slowly phased out year after year. The overall outlook for solar and renewable energy is strong with a new administration coming in and proposing to have net zero emissions by 2035 and likely investments in this area.

HOLDINGS

Exxon Mobil (XOM): Exxon Mobil is one of the largest oil producers with a market share of approximately 13.05%, selling products in the US, Canada, Europe, Asia, Latin America, and the Middle East with 20,251 locations worldwide. It is the world's largest refiner and marketer of petroleum products along with the 8th largest company in the world by revenue, and 5th largest public company by market cap.

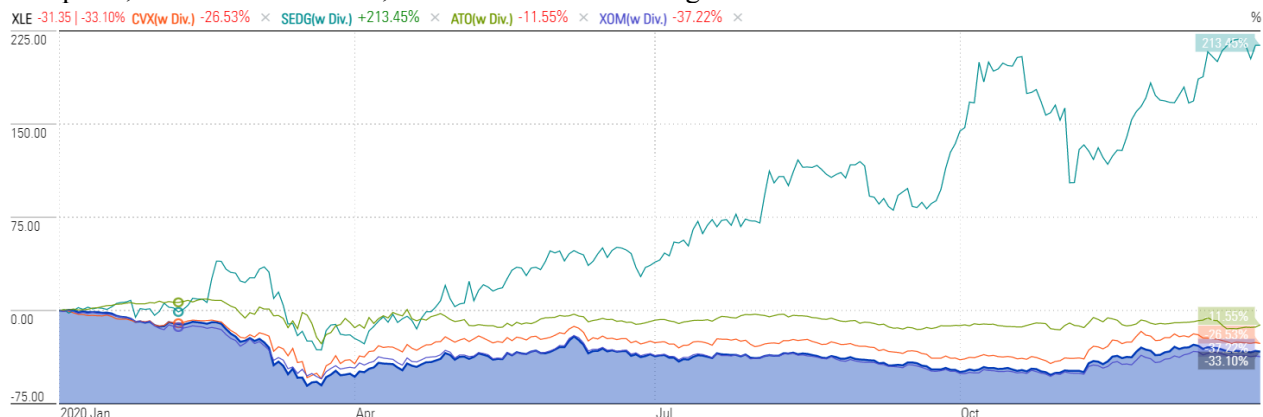
Atmos Energy (ATO): Atmos energy is the nation's largest natural gas-only distributor of safe, clean, efficient, and affordable energy. They serve more than 3 million customers in over 1,400 communities within eight states, including one of the largest intrastate pipeline systems in Texas.

SolarEdge Technologies Inc. (SEDG): SolarEdge is one of the largest solar companies with a 31% market share in the US. They were established in 2006 and developed DC optimized inverter solutions which changed the way power is obtained and managed in PV.

Chevron (CVX): Chevron has an 18.05% market share producing crude oil and natural gas, alongside many other essential energy products. They are the second-largest integrated energy company in the US.

BENCHMARK

SPDR Select Sector Fund - Energy (XLE): XLE is an ETF that tracks the energy sector with 67.5% of its holding in ExxonMobil, Chevron, ConocoPhillips, Schlumberger, EOG Resources, Phillips 66, Marathon Petroleum, and 45.68% of its holding in ExxonMobil and Chevron.



INDUSTRIALS SECTOR 2020 YEAR REVIEW

When the pandemic began early last year, our industrial holdings at the time (LMT and SNA) both slid about forty percent. The main reason for the slide was the general sentiment in the market. A fundamental driver of the selloff was the likely decline of the industrial sector because many factories and places where people work on assembly lines had to shut down. However, this slide did not last long. Both LMT and SNA almost completely recovered in four months. LMT is technically non-cyclical which explains the speedy recovery. SNA's strong suit is the fact that they sell directly to consumers as well as to companies. Many small shops and farms continued to operate during the pandemic, and they did not stop purchasing Snap-On's products. Snap-On will continue to perform well if individuals and companies have the capital and need for high-quality tools. Even though we did not purchase Caterpillar until quarter four of 2020, it has been a strong performer. Heavy equipment has been in high demand for quite some time and will continue to be as the population grows and people around the world look for new places to live and invest. Builders have been busy all through the pandemic. LMT opened 2020 at about \$413 and ended at \$355 for a total return of -14%. SNA began 2020 at \$167 and closed at \$172 for a return of 3%. We purchased CAT in November 2020 for \$169.66 at it closed the year out at about \$190 for a return of 12%. Out of these three holdings, CAT has been the best performer. LMT remains the highest dividend payer while CAT and SNA come out nearly tied at second. LMT still has the greatest upside potential because it is a government contractor. The defense industry is constantly in search of better equipment to defend the United States, and LMT is on the cutting edge of technology.

HOLDINGS

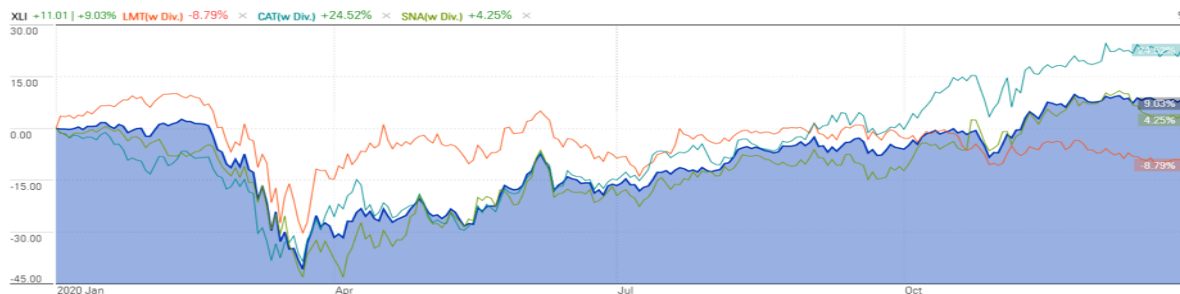
Caterpillar Inc. (CAT): Caterpillar Inc. is an American Fortune 100 corporation that designs, develops, engineers, manufactures, markets, and sells machinery, engines, financial products, and insurance to customers.

Lockheed Martin Corporation (LMT): Lockheed Martin is a global security and aerospace company that is engaged in the research, design, manufacture, integration, and sustainment of advanced technology systems, products, and services.

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

BENCHMARK

SPDR Select Sector Fund - Industrial (XLI): XLI is an ETF that tracks the industrial sector with major stakes in Honeywell International Inc., Union Pacific Corp., United Parcel Service Inc. CI B, 3M Co., and Caterpillar Inc. XLI began 2020 at the \$82 mark and finished the year off at around \$88 for a return of 7.3%.



TECHNOLOGY SECTOR 2020 YEAR REVIEW

2020 was an eventful year for the market across all sectors. After the pandemic fall in March, the S&P 500 rose to record highs, in record time during post pandemic recovery. Leading the market recovery was the technology sector with a 34.04% YTD gain for 2020. For the Davis Group Portfolio, our technology sector saw an overall increase of 182.6% for 2020.

Leading our holdings within the technology sector was our position in Microsoft Corp (MSFT). MSFT closed of the 2020 year at \$222.42 up 102% from our purchase price. In 2020, Microsoft's communication platform, Microsoft Teams, experienced tremendous growth in users due to the pandemic. The company also had great success with their New X-box Series releases, as well as the release of the Surface Duo. Our next best holding for the technology sector was our positions in Oracle (ORCL). ORCL closed 2020 at \$64.69 up 93% from our purchase price. Oracle also saw a 72% increase in revenue during the pandemic expressing how essential their cloud data has been during Covid-19. In our final holding with positive returns for 2020 was Avnet Inc. (AVT). Closing 2020 at \$35.11 down from its post pandemic drop high of about \$48 but still up 4% from our purchase price. In August 2020, Avnet's interim CEO Phil Gallagher said, "We will be absolutely focused on our core strategy --technology distribution -- and driving home our value to suppliers and customers right out of the gate" (ESPSNews). Our fourth holding in the technology sector is International Business Machines Corporation (IBM). Closing 2020 at \$125.88, IBM is down 4.2% from our purchase price. Our final technology sector holding is Intel Corp. (INTC). Closing 2020 at \$49.82, down 12.2% from our purchase price, Intel had a volatile year falling from a high of \$68.47 in March, as well as a high of \$64.34 in June. However, in September 2020 the company announced a quarterly dividend of \$0.33 per share payable December 01, 2020. Looking to the future, I am bullish on INTC as well as our technology sector holdings as a whole.

HOLDINGS

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

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

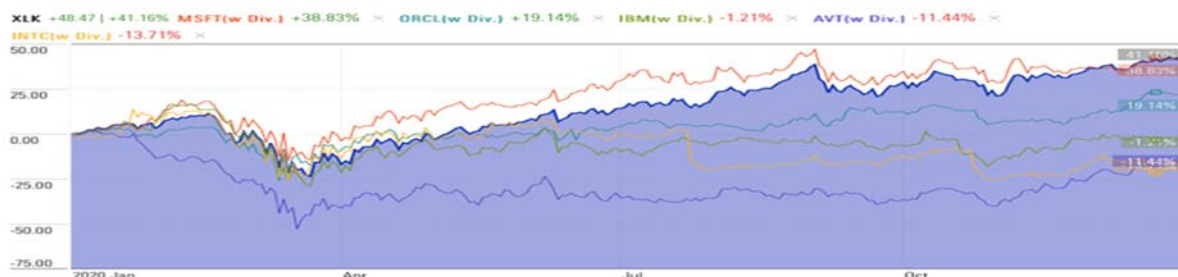
Avnet Inc. (AVT): AVT is a world leader in the distribution of computer products and semiconductors while providing technical services, engineering design, and supply-chain integration.

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

Intel Corporation (INTC): INTC is an American multinational company that produces semiconductor chips, microprocessors, and processors found in many PCs.

BENCHMARK

Technology SPDR ETF (XLK): XLK tracks an index of S&P 500 technology stocks.



CONSUMER STAPLES SECTOR 2020 YEAR REVIEW

The consumer staples sector comprises companies that produce and sell items considered essential for everyday use. Consumer Staples products include household goods, food, beverages, hygiene products, 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. For this reason, the consumer staples sector was able to rebound from the Covid-19 crash. Although they were able to rebound quicker than most sectors, consumer staples have underperformed the broader market over the past year.

In 2020, XLP was able to quickly recover from the decline of the Covid-19 pandemic due to the panic initially caused, leading to a shopping craze that ran rampant throughout the country. XLP delivers a conservative approach by only pulling its stocks from the S&P 500 rather than the broader market. With stocks such as Procter and Gamble and Coca Cola anchoring their portfolio, the ETF was able to rebound and eventually end the year off on a high note, marking an 11% growth over the course of the year. Out of our holdings, Costco saw the most growth over the year with a growth of 33%. The company is poised to have another great year in 2021 by continuing to open more stores and expand into other regions. Mondelez, P&G, and PepsiCo all saw steady growth in 2020 taking slightly longer to stabilize after the initial dip in March due to Covid-19. The only stock that did not perform above the XLP was Mondelez international, who trailed by less than one percent. PepsiCo and P&G were above the benchmark with each stock finishing the year up 12% and 15% respectively.

HOLDINGS

Costco Wholesale Corporation (COST): Costco Wholesale is a multi-billion-dollar global retailer with warehouse club operations in eight countries.

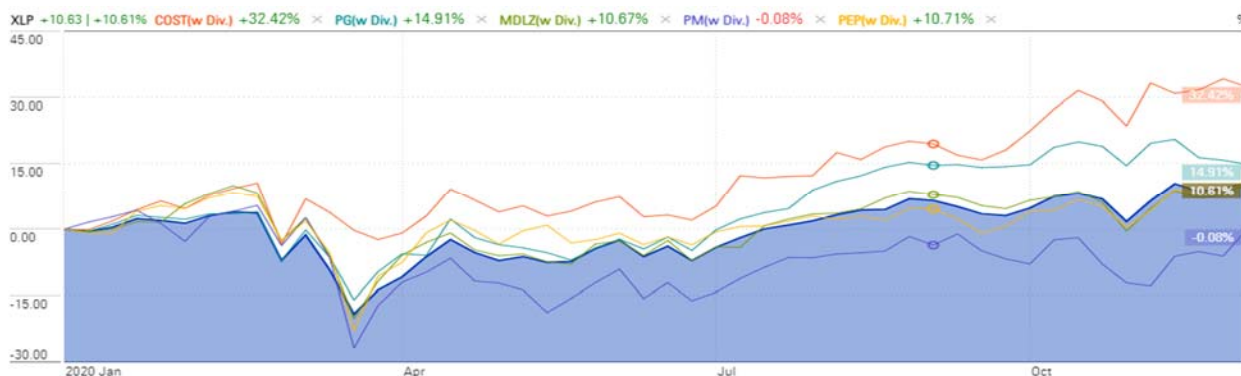
Mondelez International, INC. (MDLZ): Mondelez is one of the largest snack companies in the world with global net revenues of \$25.9 billion and net earnings of \$3.4 billion in 2018.

PepsiCo, INC (PEP): PepsiCo's product portfolio includes a wide range of enjoyable foods and beverages, including 23 brands that generate more than \$1 billion each in estimated annual retail sales.

The Procter & Gamble Company (PG): The Procter & Gamble Company is an American multinational consumer goods corporation headquartered in Cincinnati, Ohio.

BENCHMARK

Consumer Staples Select Sector SPDR Fund (XLP): XLP is an ETF that tracks the consumer staples sector with major stakes in The Procter & Gamble Company, Coca Cola, Walmart. INC., PepsiCo, Inc., and Philip Morris International. Together those holdings comprise 58.47% of XLP's portfolio. XLP began 2020 at the \$62.36 mark and finished the year off at around \$67.48 for a return of 8.22%.



THE DAVIS GROUP

Healthcare

Analyst: Tyler Simonson

HEALTHCARE SECTOR 2020 YEAR REVIEW

The Healthcare sector within the Davis Group encompasses two main industry groups. The first includes companies that manufacture health care equipment and supplies or provide health care related services. The second regroups companies primarily involved in the research development, production, and marketing of pharmaceuticals and biotechnology products.

For the year 2020, the healthcare benchmark, XLV, had a growth of 13.09%. Despite the global pandemic, the healthcare sector performed well in 2020, but as with any sector, healthcare includes a diverse division of industries and companies with varying levels of market performance. The Davis portfolio holds two equities within the healthcare sector. These holdings are CVS Health Corp (CVS) and Gilead Sciences (GILD). Both CVS and GILD experienced negative returns within the year 2020. CVS experienced a -6.98% percent decline while GILD experienced a -4.98% decline. Some key takeaways for the Healthcare sector include that the health care community has come together to develop therapies and testing for COVID-19, at the same time creating new infrastructure for manufacturing that I think will outlast the pandemic. Government investment into the public health infrastructure—including pandemic preparedness, infectious disease awareness, and personal protective equipment—is likely another long-term positive for the sector. With policy fears receding, inexpensive valuations for health care stocks add to the sector's attractive investment potential.

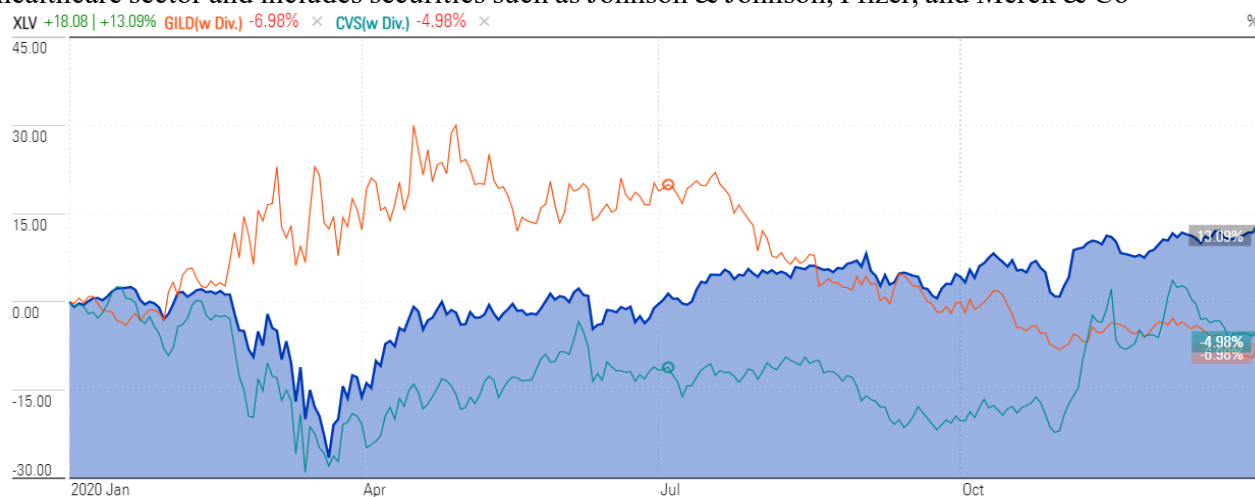
HOLDINGS

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

Gilead Sciences (GILD): Gilead Sciences, Inc is a biopharmaceutical company that discovers, develops, and commercializes new medicines in areas of unmet medical need. Its products target a number of areas, such as HIV, liver diseases, cardiovascular, and other diseases.

BENCHMARK

Health Care SPDR ETF (XLV): XLV is an exchange-traded fund that tracks the performance of the healthcare sector and includes securities such as Johnson & Johnson, Pfizer, and Merck & Co



Utilities

Analyst: Joe Sprinkel

UTILITIES SECTOR 2020 YEAR REVIEW

The Utilities sector is considered to be defensive due to consumers requiring things like heat, electricity, and water throughout the year and in all phases of the business cycle. Dividends within the utilities sector are generally higher compared to other sectors, this can be attributed to the relatively stable price of stocks within the sector.

Utilities finished the year 2020 as the second worst performing sector only behind energy. The sector hit record highs early on in the year but was unable to fully recover after the pandemic hit and is still down 10% from those early highs. Our benchmark (XLU) finished with negative returns at -1.70% along with two of our holdings Ameren Corporation (-3.04%) and UGI Corporation (-14.29%). Our only holding to outperform our benchmark was Duke Energy Corporation who finished with a 3.21% return.

Utilities are expected to be leading investors in renewable energy as the US is set to add approximately 50 gigawatts of solar and wind generation capacity in the next three years based upon current projections and current construction projects. With the government and corporations gravitating towards more environmentally friendly energy policies the outlook for the sector is encouraging.

HOLDINGS

Ameren Corporation (AEE): Ameren is a utility holding company, with subsidiaries in electrical distribution and Nat gas distribution. Their return was negative on the year after having a 20.11% return in the previous year, this is largely attributable to the pandemic. Ameren has its sights set on \$23 billion of opportunities during the next decade, providing a long runway of growth for the company.

UGI Corporation (UGI): UGI Corp is an American holding company that, through its subsidiaries, is involved in the transport and marketing of energy and related services. Its segments include AmeriGas Propane, UGI International, Midstream & Marketing and UGI Utilities. Duke Energy Corporation

(DUK): Duke Energy is a utility holding company with subsidiaries in electricity distribution, Nat gas distribution, electrical infrastructure, and Nat gas infrastructure. Duke also works with solar and wind renewable energy sources. In 2020, management was able to offset earnings headwinds from COVID-19 and unfavorable weather. The loss of the Atlantic Coast Pipeline, which Duke abandoned last year, also negatively affected earnings.

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.



THE DAVIS GROUP

Basic Materials

Analyst: Seth Carnahan

BASIC MATERIALS SECTOR 2020 YEAR REVIEW

2020 has been a surprise for all of us and especially big companies. This year both of our holdings within the basic materials sector saw a fall of 40%. Both Compass Minerals International inc. (CMP) and Ecolab (ECL) are now just reaching the heights they were previously at before COVID struck. ECL has looked to have recovered earlier in the year due to an increased demand in sanitation supplies, which ECL produces but then saw a plateau of growth from June to November before seeing an upturn in its stock again. The plateau is believed to have been caused by the lack of outings to restaurants and hotels during the pandemic which ECL directly supplies cleaning and sanitation solutions. ECL's current trading range is fairly valued by Morningstar. Next in our Basic Materials holdings is CMP which has seen a recovery since the start of COVID in April but because of plummeting salt prices, CMP has reported disappointing 4th quarter results. Because of a reported disappointing 4th quarter CMP is currently undervalued at a 16% discount according to Morningstar.

HOLDINGS

Ecolab (ECL): Ecolab is a global leader in the sanitation and cleaning industry controlling 9% of the global market.

Compass Minerals International Inc (CMP): Compass Minerals is a large distributor of deicing salts, and worldwide distributor of fertilizers such as sulfur.

BENCHMARK

Materials Select Sector SPDR ETF (XLB): XLB is an ETF comprised of companies involved in the materials sector such as Linde plc, Air Products and Chemicals, Inc., Ecolab Inc., and Newmont Corporation. This index acts as a great benchmark for the basic materials sector and against our holdings in Ecolab Inc. (ECL) and Compass Minerals (CMP).



CONSUMER DISCRETIONARY SECTOR 2020 YEAR REVIEW

The consumer discretionary sector is part of consumer cyclicals, in which performance relies heavily on the economic conditions and overall consumer confidence. This category includes goods that are deemed as luxury items like entertainment, retail, automotive, housing, and others that are not considered necessities. During contractions, the demand for lavish goods/services decreases and during a booming economy, the demand rises, given that consumers have more disposable income accessible. The consumer discretionary sector has a very vital role in a diversified portfolio as it denotes greater potential for growth that comes with its distinguished higher volatility.

In the year 2020, Consumer Discretionary SPDR ETF (XLY) showed impressive growth despite high unemployment, COVID-19 restrictions, and lower discretionary spending. We saw the benchmark had a growth of 28.16% for the year. The Walt Disney Company and McDonald's Corporation saw growth lower than the benchmark at 22.25% and 9.56% respectively while Lowe's and Nike Inc B outpaced the benchmark at 35.62% and 39.73% respectively. The high growth from Lowe's and Nike can be attributed by the lockdowns, giving Americans more free time to work on home projects and start at-home exercise that they would not normally do. The overall outlook for consumer spending in 2021 is strong as COVID-19 restrictions loosen up and more vaccine rollouts occur throughout the United States.

HOLDINGS

Lowe's (LOW): Lowe's is the second largest home improvement retailer and operates in the United States, Canada, and Mexico. It operates over 1,970 stores and sells its products online. We added Lowe's to our portfolio on 4/11/2012

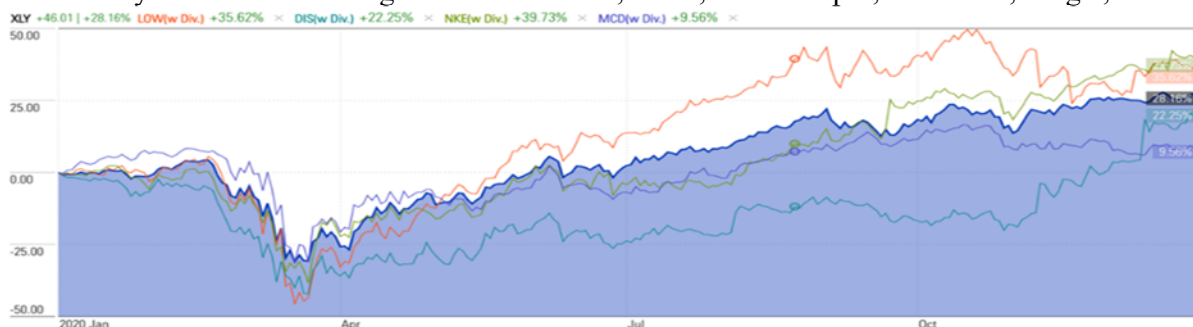
The Walt Disney Company (DIS): The Walt Disney Company is a diversified entertainment company with operations in four business segments: Media Networks, Parks and Resorts, Studio Entertainment, and Consumer Products & Interactive Media. We added The Walt Disney Company to our portfolio on 5/13/2019.

Nike Inc B (NKE): Nike is the largest athletic footwear brand in all major categories and dominates in sports such as running, football, and basketball. Nike faces significant competition but has proved over a long period that it can maintain share and pricing. We added Nike to our portfolio on 10/11/2019.

McDonald's Corporation (MCD): McDonald's Corporation is the largest fast-food chain in terms of sales as they operate 13,682 different locations in the United States. McDonald's has faced competition with the rise of healthy fast food chains but has been able to maintain dominance in the market. We added McDonald's Corporation to our portfolio on 4/24/2020.

BENCHMARK

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



FINANCIALS SECTOR 2020 YEAR REVIEW

The Financial sector is an economic sector that consists of firms and institutions who provide financial services to retail and commercial customers. The industries within this sector include investment funds, insurance companies, banks, mortgage real estate investment trusts, mortgage finance companies, and brokerages. For the financial sector performance, they are typically highly linked to the business cycle and tend to perform relative to our stage in the business cycle. 2020 consisted of extreme volatility throughout the first quarters of the year. When the COVID-19 pandemic first struck in March, it caused a sector wide sell-off that pummeled the financial sector. This was one of the largest selloffs since the financial crisis and treasuries were heavily outperforming equities as GDP took one of its biggest contractions to date. With the low interest rate environment in 2020, banking profitability in mature markets was reduced heavily. There was also a large increase in credit risk for corporate and retail clients involved with banks. Banks had to increase loan loss provisions to make up for the reduction in credit quality overall.

With our only holding in the financial sector being Visa, they took a large decline in March, but were able to recover and outperform their benchmark XLF. While XLF finished down 2.60% on the year, Visa finished with positive growth of 15.16%. This was mainly attributed to their digital payment business, as technology-based portions of business prospered in the environment set forth by COVID-19.

HOLDINGS

Visa Inc. (V): Visa is a global e-payment processing company which uses innovative technologies and products to improve automation of financial services and processes. The firm is a global leader in providing customers and businesses a convenient payment experience.

BENCHMARK

Financial Select Sector SPDR ETF (XLF): The Financial Select Sector SPDR Fund is a US-based ETF which monitors the overall performance of large-cap financial stocks of the S&P 500.



INTERNATIONAL SECTOR 2020 YEAR REVIEW

The Davis Groups international sector is comprised of companies based outside of the United States. In our 2020, our international holding included Alibaba, Fresenius Medical Care, iShares MSCI China for emerging markets, and Toyota. During the Spring of 2020, we liquidated our shares of UBSGroupAG and have not added any new international holdings during the year. 2020 was a tough year for the international markets due to the COVID-19 pandemic shutting down businesses and negatively impacting supply chains. Despite the downturn, markets rebounded and are hitting new highs. Alibaba has benefitted greatly from the pandemic as they are an online retailer, often considered the “Amazon of China”. Alibaba has a wide economic moat, boasts a 47.67% 3-year annualized revenue growth rate, and outperformed our benchmark for the majority of 2020. Contrary, Toyota has been underperforming compared to our benchmark. New car sales in 2020 reached low levels similar to levels seen in 2012 as people were forced out of work. Toyota’s revenue declined in 2020 with a 2.74% 3-year annualized revenue growth rate. Additionally, Toyota possesses an ESG of 30.49, likely due to the carbon emissions Toyota cars produce compared to electric vehicles. Overall, the Davis Group feels confident international markets will improve as the world pushes through the COVID-19 pandemic.

HOLDINGS

Alibaba (BABA): BABA engages in providing online and mobile marketplaces in retail and wholesale trade. It operates through the following business segments: Core Commerce; Cloud Computing; Digital Media and Entertainment; and Innovation Initiatives and Others.

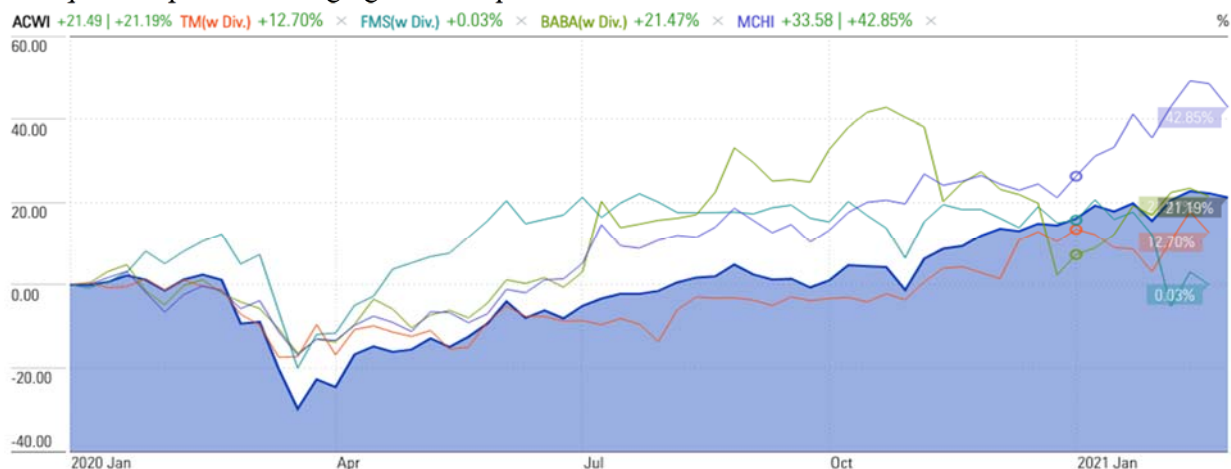
Fresenius Medical Care (FMS): FMS engages in the provision of products and services for patients with chronic kidney failure. It was founded in Bad Homburg, Germany

iShares MSCI China (MCHI): MCHI is an ETF comprised of mid-large cap companies operating in China.

Toyota (TM): TM is a car manufacturer based in Japan. Their most popular vehicles include the Sienna and the Corolla.

BENCHMARK

iShares MSCI ACWI ETF (ACWI): ACWI tracks the investment results of an index composed of large and mid-cap developed and emerging market equities.



Fixed Income 2020 YEAR REVIEW

2020 was a year full of surprises, unexpected market conditions, and our fixed-income sector was not immune to this market volatility. Several of our holdings underperformed our benchmark. VCIT had an initial price drop in March as many of our holdings did, however, it recovered quickly and set a new high in August. PFF was able to weather the COVID sell-off well and was also able to recover with a strong trajectory towards a new high. NRZ sold off in March 2020 and has yet to recover, however is slowly showing stable growth towards pre-sell of prices. BX outperformed the benchmark and has been a strong performer for the portfolio this year. Similar to the others, BX was performing week in the first few months of the year, however, they sharply corrected and reached a year high in December. Our holdings in DHC have not performed well this year. We have sold over half our holdings in DHC and might consider selling the rest of our position in the coming year. Treasury yields are at historic lows to increase confidence in borrowers. Due to the pandemic and crashing markets, 10-year note yields have dropped from 1.354% in early February, to 0.555% in August. Jerome Powel, chairman of the Federal Reserve, has promised to keep “easy money” available for the foreseeable future by keeping the interest rate low.

HOLDINGS

Vanguard Intermediate-term Corporate Bond (VCIT) – The Vanguard Intermediate-Term Corporate Bond ETF is composed primarily of investment grade corporate bonds. The bonds for this fund have a dollar-weighted average of maturity of 5 to 10 years. Our holdings in VCIT over 2020 performed well, up 6.16%.

S&P US PFD Stock Index (PFF) - This holding is the largest preferred stock exchange-traded fund in the US. It follows an index of preferred stocks traded on the New York Stock Exchange or the NASDAQ. Its top five holdings include preferred stock from Allergan, HSBC Holdings, Barclays, GMAC Capital, and Wells Fargo. It raised 1.83% this year.

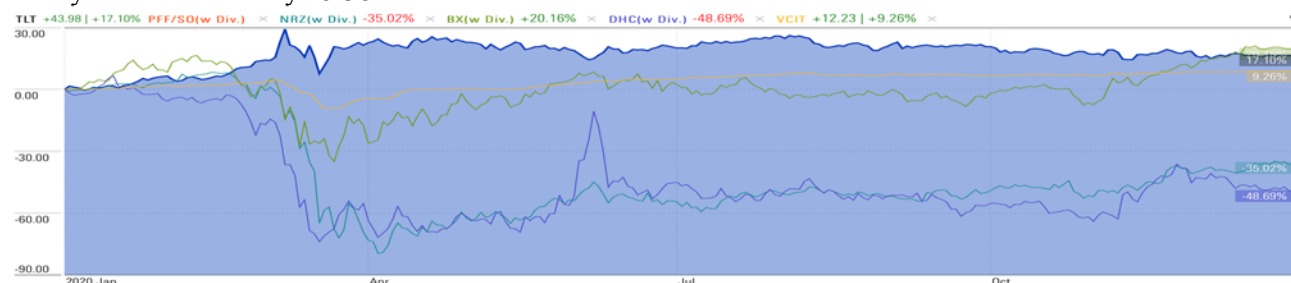
New Residential Investment Corp (NRZ) - NRZ is a REIT that revolves around residential real estate by managing residential securities and loans, and mediating consumer mortgage service rights. It had a hard year falling 38.91%

Blackstone Group LP (Private Equity) (BX) - The Blackstone Group is large-scale asset management company with a diverse portfolio including real estate, private equity, hedge fund solutions, and credit. It had a 16.15% increase.

Diversified Healthcare Trust (DHC) - DHC is focused on the diverse spectrum of health care services, holding over an \$8.6 billion investment portfolio. They are a healthcare Real Estate Investment Trust (REIT), which owns office buildings leased to medical providers for medical practice and other related business. They had a tough year and fell 50.06%

BENCHMARK

iShares Barclays 20+ Year Treasury Bond ETF (TLT): TLT is an exchange-traded fund that tracks the results of investment in United States Treasury bonds with more than twenty years until maturity. This year it increased by 15.38%



THE DAVIS GROUP

The 2020 Davis Group Members

REILLY DAHLQUIST– PORTFOLIO MANAGER

Reilly Dahlquist is a junior at the University of Idaho double majoring in Finance and Economics. He has been a member since the Fall of 2019 and has served in his role of Portfolio Manager since the Fall of 2020. Reilly explores other areas of finance by also serving as Portfolio Manager in the Barker Capital Management and Trading Group. Outside of the business college, he remains active in the Interfraternity Council as VP of Finance as well as serving as an Intern at the University of Idaho Foundation. In his free time, Reilly's main hobbies include serving in his fraternity, backpacking, skiing, and traveling.

KONNER DELEON– PORTFOLIO MANAGER

Konner DeLeon is currently a junior at the University of Idaho majoring in Finance and Financial Economics. This is Konner's fourth semester in the Davis group, and he has been a junior portfolio manager for two semesters and also been an analyst for industrials and utilities. At the University of Idaho, Konner has been active on campus by serving as a Chapter President, Director of Academic Affairs, Treasurer, and Philanthropy Chair for his fraternity. In his free time, he enjoys hanging out with friends, golf, and stay active. He plans of graduating in the Spring of 2022

SIMON NGUY – PORTFOLIO MANAGER

Simon Nguy is a junior at the University of Idaho double majoring in Finance and Information Systems and minoring in Economics along with pursuing the Trading and Capital Management Trading academic certificate. He joined Davis in the fall of 2020 as a consumer discretionary sector analyst and was promoted to junior portfolio manager the following semester. Outside of the Davis group, Simon is a member of the economics club and an analyst for the Barker Capital Management Group. He enjoys the real-world experience that these programs provide. In his free time, Simon likes to spend time with friends and girlfriend, snowboard, and experience unique cuisine when he travels. He plans on pursuing a career as an asset management analyst or equity research analyst when he graduates in spring of 2022.

GRANT CLARY

Grant Clary is a junior at the University of Idaho majoring in finance. He joined the Davis Group in the fall of 2020 as an energy sector analyst and went into spring 2021 as a basic materials sector analyst. Alongside the Davis Group, Grant is a part of the Barker Capital Management Group. Grant began his college career attending Cal Poly – San Luis Obispo where he studied architectural

JADON MADER

Jadon Mader is a senior at the University of Idaho majoring in Finance. He joined the Davis Group in the fall of 2020 as an industrial sector analyst and became a real estate sector analyst in the spring of 2021. Outside of the Davis Group, Jadon is a member of the economics club and an analyst for the Barker Capital Management Group. He appreciates the hands-on experience that these three programs provide. During his free time, Jadon enjoys spending time with his friends, skiing, and discussing business, politics, and economics. He plans on pursuing a career in insurance and becoming an entrepreneur.

THE DAVIS GROUP

JOSEPH BRUEHER

Joseph Brueher is a senior at the University of Idaho majoring in Finance, Accounting, and Spanish. He joined the Davis Investment Group in the Spring semester of 2020 and has focused his market analysis on the cyclical and sensitive sectors for the group. During his time at the university, he has been actively involved in fraternity life serving as the Chapter President as well as the Interfraternity Council President. He will be studying abroad in Spain this summer and graduating in May 2021. Outside of school he enjoys playing basketball, skiing, and spending time with his family and friends.

SAMUEL SLUSSER

Samuel Slusser is a sophomore at the University of Idaho studying Finance with an Emphasis in Golf Management as well as working towards his certificates in Trading and Capital Management and Entrepreneurship. Sam has been in the Davis program for two semesters as an analyst of the healthcare sector and has learned a lot. He is looking forward to interning at Sand Valley this summer, a golf course in Wisconsin. In his free time Sam likes to fish, golf, and learn about different trading strategies to try in the markets.

MASON BARSTOW

Mason Barstow is currently a Sophomore at the University of Idaho majoring in Finance and Economics. This is Mason's second semester in the Davis Group, working as an analyst for Consumer Staples and Private Equity. At the University of Idaho, Mason has been active on campus serving as new member educator and intramural chair for his fraternity. Mason has also been a part of Vandal Solutions as a coordinator for the college of business and economics outreach team and as vice president of services. In his free time he enjoys playing basketball and hanging out with his friends. He plans on graduating in spring of 2023.

SEBASTIAN HOUK

Sebastian Houk is a senior at the University of Idaho majoring in finance and minoring in accounting. He joined Davis in the Spring of 2020 as an analyst tracking technology under the Sensitive Sector. Since then, Sebastian has been the sector coordinator for the International/Fixed Income sector and is currently the Sector Coordinator for the Sensitive Sector. As a member of Davis, he had the opportunity to travel to New York City and participate in a Financial Management Association conference. Sebastian enjoys spending time outdoors, playing video games, and lifting weights. Upon graduation in May 2021, Sebastian was selected to attend United States Marine Corps Officer Candidate School on a student naval aviator contract.

MICHAEL CARBERRY

Michael Carberry is a junior studying finance & accounting at the University of Idaho. He is an ASUI student senator, sales manager, and sector coordinator for the Davis Student Investment Group. Within the Davis group, Michael has been able to work as the sector analyst on the fixed income sector, and as sector coordinator for the alternative investment sector. After graduation, he plans on working as a financial analyst or in equity research. Outside of school, you'll be able to find Michael outside camping or participating in numerous shooting sports.

THE DAVIS GROUP

RYAN COCKERILL

Ryan Cockerill is a handsome senior at the University of Idaho double majoring in Accounting and Finance in addition to pursuing academic certificates in Trading and Capital Management as well as Agricultural Commodity Risk Management. He also is the current president of the University of Idaho's accounting club called Beta Alpha Psi. Additionally, he operates his own accounting business doing monthly accounting and payroll for small businesses. Outside of school, work, and writing biographies of himself in the third person, Ryan loves to play ping pong, build spreadsheets, and do extreme activities like skydiving.

NATHANIEL APPELL

Nathaniel Appell is currently a Junior at the University of Idaho studying Business and Finance. He joined the Davis Investment Group in the Fall of 2020. From there he worked as the sector analyst for the technology sector and is now currently the Sector Coordinator for the Davis Group Fixed Income Sector. Nathan is also a member of the University of Idaho's Barker Capital Management Group and brings 5 years of investing experience with him to the Davis Group. Nathan is from Alaska and when he is not watching the markets he is an avid outdoorsman who enjoys activities such as trail running, mountain climbing, playing hockey, and skiing.

THOMAS RIZZO

Thomas Rizzo is a Sophomore at the University of Idaho double majoring in Finance and Accounting, along with pursuing an Academic Certificate in Trading and Capital Management. He joined the Davis group in the Spring of 2021 as a Financials Sector Analyst. Outside of the Davis group, Thomas is a member of the Barker Capital Management Group. He is excited to learn and take advantage of the opportunities that these programs provide. In his free time, Thomas enjoys hanging out with friends and hitting the slopes at the various ski resorts in the area. After college, Thomas is looking to pursue a career in investment management.

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www.uidaho.edu/cbe/enterprises/davis-investment-group

