

CUSP Returns Analysis

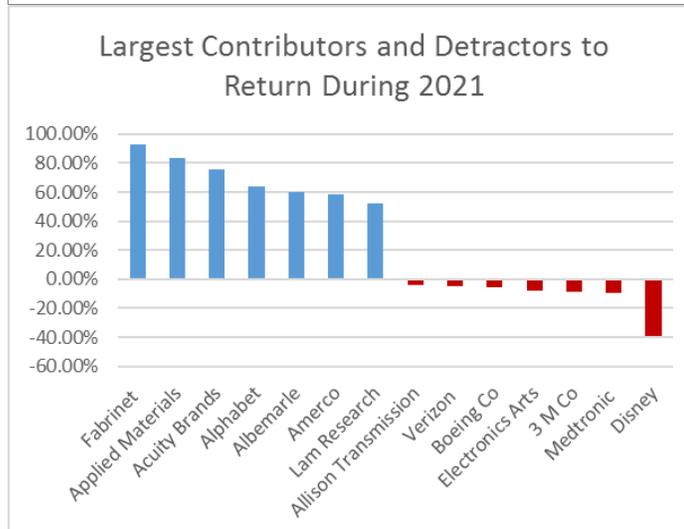
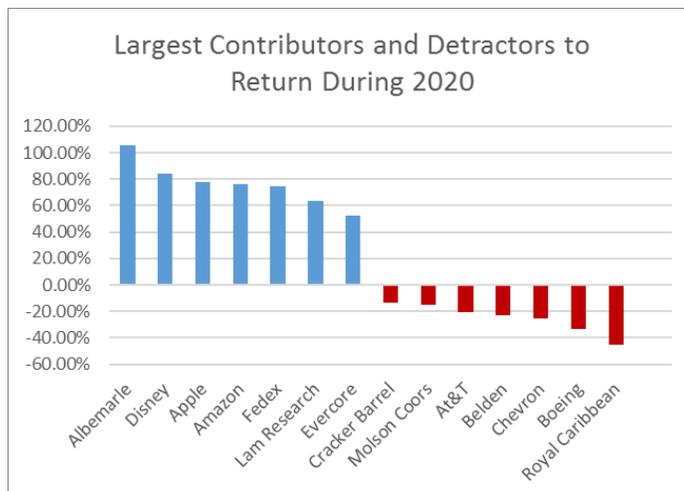
Haley Gilbertson and Izzy Watts

The CUSP portfolio return closely matched the benchmark Russell 1000 in both 2020 and 2021. The CUSP return in 2020 was 18.6% (18.9% for the benchmark), and in 2021 it was 26.4% (versus 24.8%). Over this period, CUSP sector weightings were very similar to the benchmark except for Utilities, in which the CUSP holds no positions

The accompanying tables show portfolio returns for the seven CUSP positions that produced the highest and lowest returns in both 2020 and 2021. Each return is computed as a total return, including dividends and capital gains/losses. During 2020, the three largest contributors to return were Albemarle (105.72%), Disney (84.10%) and Apple (78.10%). The three largest losers in 2020 were Royal Caribbean (-45.04%), Boeing (-33.38%) and Chevron (-25.22%).

During 2021, the biggest gainers were Fabrinet (93.18%), Applied Materials (83.57%) and Acuity Brands (75.34%). The biggest losses came from Disney (-38.97%), Medtronic (-9.84%) and 3 M Co (-9.07%). Each company listed in the table made up an approximately similar percentage weighting within the CUSP during 2020 and 2021. We excluded one Energy sector holding with a very high return from this analysis because its weighting within the portfolio was exceptionally small.

The CUSP managers do not use observed returns as a definitive reason to sell a position or to add more. But, observed returns are utilized as an indicator of when it may be time to update coverage on a portfolio company. For example, the CUSP managers sold Royal Caribbean in 2021 after reviewing the firms' prospects and valuation. Numerous other firms represented in the accompanying table were examined closely by CUSP managers. These include Boeing,



Fedex, Albemarle, Applied Materials, Medtronic and Fabrinet. None of these were eliminated, although some of their weights within the portfolio were adjusted.