

2023 CUSP market cap analysis  
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The CUSP Fund managers pursue a strategy of selecting a mix of large-cap and mid-cap domestic equities to compare favorably to the Russell 1000 Index. The CUSP holdings as of April 2023 indicate a clear tilt towards large-cap equities, with market caps ranging from \$1.82 billion to \$2.56 trillion. This differs from the Russell 1000 index components, which have market caps ranging from \$0.43 billion to \$2.56 trillion. The accompanying table highlights how CUSP is more heavily weighted towards larger companies, particularly in comparison to the benchmark. The table below provides the latest data in \$B.

| Market Cap | CUSP*    | Index*   |
|------------|----------|----------|
| Low        | 1.83     | 0.43     |
| Median     | 57.44    | 12.23    |
| High       | 2,563.63 | 2,563.63 |
| Average    | 214.72   | 42.10    |

\*As of 4/11/23

The median market capitalization of the CUSP Fund stands at \$57.4 billion, in contrast to the benchmark Russell 1000 with a median of \$12.23 billion. The CUSP also boasts a higher average of \$214.72 billion compared to the Russell 1000's \$42.10 billion. One notable distinction between the CUSP and the benchmark is the relative weighting of individual securities. Apple, for example, represents 6.0% of the market value of the benchmark index, while only accounting for 2.42% of the CUSP. This means that the performance of the CUSP is less reliant on the largest cap holdings, and security selection plays a more significant role.

In terms of portfolio composition, the CUSP Fund currently holds 60 different equities, with a higher proportion of large-cap companies. Over 78% of CUSP holdings have a market capitalization exceeding \$10 billion, and 22% of companies have market caps surpassing \$200 billion. Remarkably, the CUSP includes four companies with market caps exceeding \$1 trillion. In relative size, just over 63% of CUSP firms fall within the market cap range that defines the largest 25% of Russell 1000 index firms. Notably, the CUSP has a unique positioning, with only 20% of its holdings categorized as mid-cap equities, falling between a market cap of \$2 billion and \$10 billion.

The investment strategy of the Portfolio Practicum student managers focuses on identifying financially sound companies across the market cap spectrum. For instance, the inclusion of Microsoft (MSFT) with a market cap of over \$2.15 trillion aligns with the objective of investing in large, established and dependable companies. On the other hand, Snap-On Inc (SNA), with a market cap of \$12.3 billion, aligns with the goal of targeting smaller companies with strong growth potential. To be considered for inclusion in the portfolio, these smaller companies must possess two critical attributes: financial stability and long-term growth potential. The portfolio managers exercise prudent risk management by thoroughly evaluating each investment in relation to the overall portfolio. This approach ensures that all investments align with the portfolio's investment goals and risk tolerance, while also considering the potential for higher growth over the long term.