

CUSP Return Attribution for 2021

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The CUSP Fund's investment policy statement identifies the Fund's benchmark as the Russell 1000. Our portfolio attribution analysis evaluates the Fund's performance relative to the benchmark. The total attribution, the CUSP Fund's alpha, is separated into sector allocation and security selection effects. The allocation effect shows how underweighting or overweighting sectors impacted the CUSP Fund's relative performance, while the security selection effect highlights the CUSP managers' stock-selection skills within each sector. As a general rule, the CUSP managers focus on security selection while attempting to mostly match CUSP sector weightings to the benchmark. Deviation from benchmark sector weightings are most commonly accidental, resulting from changes in the values of the underlying holdings. Even so, the sector weighting differences can have a meaningful impact.

The accompanying table reports the Fund's 2021 attribution analysis relative to the Russell 1000. Both the CUSP Fund and the benchmark had positive returns, 26.20% and 24.72%, respectively. The strong market performance in 2021 was reflected in most sectors, which benefited the Fund's value-oriented portfolio. For 2021, the CUSP Fund beat the benchmark with an alpha of 1.52%.

The most notable sectors that positively impacted the Fund's alpha were the Industrials and Consumer Discretionary sectors. The Industrials sector generated a return of 24.23% and contributed the largest component to Fund alpha of 1.61%. Consumer Discretionary provided a total return of 23.10%, which contributed 1.36% to alpha.

The largest negative contributions to alpha came from the Communication Services and Information Technology (IT) sectors at -1.66% and -0.90%, respectively. These results were largely driven down by the allocation effect of Communication Services, resulting in alpha of -1.76%, and the selection effect within Information Technology, resulting in alpha of -1.08%.

Overall, sector allocation contributed -0.79% to Fund alpha, but stock selection contributed 2.22%, resulting in the Fund's total alpha of 1.52%. Overweighting Financials and Information Technology proved to be effective as they produced positive allocation effects. In addition, underweighting Industrials, Consumer Discretionary and Utilities proved to be effective as all three sectors also produced positive allocation effects.

Stock selection was extremely favorable for the Industrials and Consumer Discretionary sectors, at 1.30% and 1.08%, respectively. The Fund produced positive stock selection effects in six other sectors, including Energy, Real Estate, Financials, Materials, Consumer Staples and Communication Services. Those six sectors produced an average stock selection effect of 0.29%. Unfortunately, stock selection produced relatively disappointing results for the Information Technology, Utilities and Health Care sectors, at -1.08%, -0.44% and -0.39%, respectively. However, these negative results did not significantly affect the Fund's positive stock selection effects.

Sector	CUSP Return	Benchmark Return	Difference	Allocation Effect	Selection Effect	Total
Energy	66.83%	45.23%	21.59%	-0.25%	0.49%	0.24%
Real Estate	46.60%	35.08%	11.52%	-0.05%	0.36%	0.31%
Financials	34.28%	32.43%	1.85%	0.14%	0.19%	0.33%
Information Technology	32.36%	36.34%	-3.98%	0.18%	-1.08%	-0.90%
Consumer Discretionary	23.10%	16.68%	6.43%	0.28%	1.08%	1.36%
Materials	39.61%	22.82%	16.79%	-0.03%	0.31%	0.28%
Health Care	18.54%	21.58%	-3.04%	0.03%	-0.39%	-0.37%
Industrials	24.23%	14.83%	9.40%	0.31%	1.30%	1.61%
Utilities	0.00%	15.25%	-15.25%	0.27%	-0.44%	-0.17%
Consumer Staples	20.97%	14.93%	6.05%	0.08%	0.32%	0.40%
Communication Services	4.95%	2.32%	2.63%	-1.76%	0.09%	-1.66%