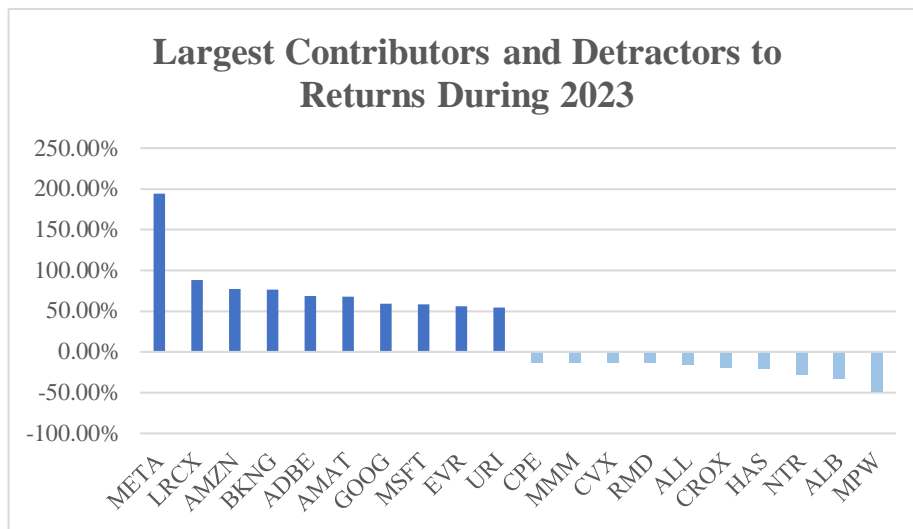


## CUSP 2023 Returns Analysis

By Rachel Bullerjahn and Ethan Doan

The CUSP underperformed its benchmark, the Russell 1000, in 2023. The CUSP returned 23.9% compared to the benchmark return of 26.5%. Over this period, CUSP sector weightings did not exactly match the Russell 1000. At the start of the year, the



CUSP was slightly underweight in the Information Technology sector relative to the benchmark. As such, the CUSP missed out on a large amount of the returns driven by the magnificent 7 during 2023. Since the CUSP tends to sector weight match against the index, the managers' value add comes from selecting the best subset of companies within each sector.

Throughout the spring semester we evaluate how the portfolio has performed on both an absolute and a relative basis. As a part of this analysis, we examine the performance of each of our individual holdings. This is a key component of analyzing the performance of the CUSP as the portfolio is essentially sector-weight matched, meaning that differences in holdings within the sectors drive portfolio returns. The accompanying table shows the ten largest contributors and detractors for the CUSP's returns over the year 2023 in terms of total return, including dividends. The three largest contributors to positive return were Meta (META) at 194.13%, Lam Research (LRCX) at 88.06% and Amazon (AMZN) at 76.83%. The three largest detractors were Medical Properties Trust Inc (MPW) at -48.64%, Albemarle (ALB) -32.64% and Nutrien Ltd. (NTR) at -28.34%. Although we attempt to have the portfolio match the index sector weights, some sector holdings may vary slightly due to market fluctuations. The main drivers of the CUSP's 2023 returns were the Technology, Communication Services, and Industrials sectors which returned 46.77%, 32.73%, and 31.04% respectively.

The CUSP made the decision to divest Medical Properties Trust (MPW) late in 2023. As a class, we questioned the future outlook of the company, management transparency, and their revenue generation practices. Due to what we perceived to be significant operational and financial risks within the REIT's portfolio of hospitals, we decided to divest. We also sold 3M (MMM) over the summer of 2023 due to ongoing concerns related to several substantial lawsuits.

The University has mandated the divestment of publicly traded fossil fuel companies by the end of 2025. CUSP managers chose not to make that divestment this year in part because of the

performance of the sector relative to others, but to leave the decision of how best to replace these companies to future classes