

SAFF BRIEFING

An update on the Monfort College of Business student ran portfolio
established in 1993



LETTER FROM THE PORTFOLIO MANAGERS

By Blake Mattson & Michael Costello

The Fall 2020 Student and Foundation Fund (SAFF) delivered outstanding results both financially and educationally.

It is one thing to prepare, but it is another to pivot- and when Covid-19 created an unprecedented financial crisis, pivoting is exactly what the analysts of the Student and Foundation Fund did. Due to restrictions on the sizes of gatherings, meetings were held over Zoom calls. From there, we weighted each sector of the portfolio as "Overweight," "Underweight," or "Equal Weight," to the S&P 500, taking into consideration opportunities to profit from the market downturn, or to resist it. Furthermore, economic forecasts were crafted that considered the present market downturn, but also how healthy we expected the overall economy to be in the future. When making decisions on whether to buy, sell, or hold a security these forecasts acted as a wonderful tool in analyzing how these securities would perform into the future.

The class was very thankful for all the access to technology from the University to continue operations of our class. During the semester, the class utilized Zoom to conduct our meetings and remote access to Bloomberg and Capital IQ to help guide our decision making.

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A LETTER FROM THE EDITOR

Written by Joshua Gibbs

This semester, as many of you know was full of unprecedented times and full of uncertainty. Our student managers witnessed a pandemic that has pushed on longer than anyone could have expected, an uncertain election, heated political issues rising around the world and have witnessed the world economy come to a standstill.

However because the amazing technology that the University provided us, our class was not only able to continue operations but excel in maintaining the portfolio and further developing our education through real life experiences.

It is safe to say that our class is very proud how we were able to handle such a great challenge, despite so many unfortunate circumstances. We can all say in confidence that there was no better semester to learn how to handle difficult situations, while also forming meaningful connections with our peers and professors.



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"THROUGHOUT THE SEMESTER I LEARNED THAT LIFE EXPERIENCE IS THE GREATEST TEACHER." - JACK VEA (FIXED INCOME MANAGER)



ABOUT SAFF & CIBEF

-Allen Cunningham

The Student and Foundation Fund is a class offered at MCB for upper-level business students. SAFF provides the opportunity for students to participate in real world applications of a portfolio management role. The class was founded by Dr. John Clinebell in 1993 with an initial investment of \$200,000. Over 27 years later, SAFF has increased to an amount of \$2.4 million. SAFF was established for the purpose of meeting the Investment mission established by the UNC foundation and meeting the educational goals established by the Kenneth W. Monfort College of Business and the Department of Finance. The broad goals for each of these areas are identified as follows.

INVESTMENT MISSION

To support and augment UNC programs by responsible stewardship of the funds donated to the Foundation- To promote growth of these in order to realize the greatest return on Foundation assets by building reserves and attracting new donors as a result of the responsible management of current funds.

EDUCATIONAL GOAL

To provide students with an opportunity to make real world decisions and gain experience in a critical area of finance. Also, to provide students with the opportunity to interact with business professionals while studying portfolio management and security analysis.

Each Student is appointed a role with a specific set of responsibilities. Leadership roles include: Portfolio Manager, Equity Manager, Fixed Income Manager, International Equity Manager, Alternative Assets Manager, and Public Relations Director. Apart from these positions, each student is assigned to an equity sector. Sector managers are responsible for their sector strategies, sector allocation relative to targets, and individual holdings in that sector.

Beginning off each semester, managers produce an economic forecast of forward-looking market and economic expectations. Asset allocations are then established to stay within guidelines of the Investment Policy Statement (IPS). Fixed income is implemented with respect to yield curve expectations. Equity managers examine different investment styles, growth, value, and high yield. After the style is determined, equity managers consult with sector managers to set allocations for individual sectors under the guidance of the economic forecast. Students actively manage their area of responsibility throughout the semester.

Pitches to buy or sell are initiated by those students for a variety of reasons – value-based, allocation-based, etc. For a buy or sell decision to be successful, a super majority or simple majority vote is required.

The Colorado Insurance Business Education Fund (CIBEF) was introduced in 2014 and is currently valued at approximately \$830,000. The portfolio operates under a different IPS than the SAFF portfolio allowing our managers to access a variety of alternative assets. CIBEF alternative assets include categories such as high-yield bonds, commodities, and low correlated hedge funds. Having the CIBEF portfolio allows students to experience more investment opportunities, which are otherwise limited with the SAFF portfolio. Both portfolios are comprised of the same base equity, fixed income, and alternative strategies.

The investment time horizon for both portfolios is long-term, with domestic equities and fixed income representing our largest areas of exposure. Every year, 4% of the CIBEF fund is distributed to scholarships for finance students. Additionally, the foundation transfers 80 (SAFF) -100 (CIBEF) basis points of the market value of our portfolios to a MCB fund, designated for expenses such as technology, travel, competition fees, and other SAFF course related expenditures

At the end of each semester, the SAFF class presents to the Foundation's Board of Directors, current donors, and speakers who took the time to share their knowledge with the class. The presentation covered strategic processes of how SAFF and CIBEF are managed; Equity, Fixed, and Alternate Asset returns; overall portfolios returns; and any liquidations, trims, or acquisitions of holdings executed throughout the semester.



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Meet the Managers



PORTFOLIO & INFORMATION TECHNOLOGY MANAGER

MICHAEL COSTELLO

Michael is a double major in Finance and Economics. He is passionate about rock climbing, hiking, camping and ping pong. Michael has aspirations to enter either management consulting or investment banking.



PORTFOLIO & COMMUNICATIONS MANAGER

BLAKE MATTSON

Blake Mattson is a Business Admin with Emphasis in Finance. In our SAFF class Blake is our Portfolio Manager. Blake is also the President of Spikeball Club and Ethics Ambassador. After college Blake will like to change the world.



EQUITY & COMMUNICATIONS MANAGER

JARED CHICK

Jared is currently entering his final semester at UNC. He was originally focusing on a management concentration before realizing finance was an area he was very interested in and switching over to that. For the last two years Jared has been involved with the supply chain department at Korwell Energy and this summer and is completing my internship with the finance department. Jared is excited for the SAFF class to extend his understanding of the investing field.



EQUITY & FINANCIALS MANAGER

KENNETH KEITH

Kenny Keith is a first-year student in SAFF and is currently serving as one of our Equity Managers. Kenny is currently studying Finance and Economics and will be graduating in May 2021. In his free time, Kenneth is currently working at JBS USA as an Analyst and spends a lot of time developing his E-Commerce businesses. After college, Kenneth plans on pursuing a career in fund management or starting his own business.


FIXED INCOME & INDUSTRIALS MANAGER

AILI BUNDY

Aili is a senior Finance and Management student in the Monfort College of Business. She also has minors in Legal Studies and Communications. Aili is a member of the UNC Women's Golf Team. She is also an MCB Student Ambassador and a member of Fellowship of Christian Athletes. After graduation, Aili will be working for Caterpillar Financial Service Corporation in their Finance Foundation Program in Nashville, TN. Her long-term goal is to move into a treasury role at Caterpillar.


FIXED INCOME & INFORMATION TECHNOLOGY MANAGER

JACK VEA

Jack is currently in his senior year, aiming to finish out his finance degree at the end of this semester. Jack was the only returning member of the SAFF class. During the current semester of SAFF, he was one of two fixed income managers and concentrated on the Information Technology sector. Jack spends his free time lifting weights and investing in financial markets. He is also the past president of the Investment Club at the school. As a native, Jack was born in Colorado and is intending to stay in the state. His plans after graduation are to pursue a career in trading financial markets and continuing to explore other entrepreneurial ventures.


ALTERNATIVE ASSETS & ENERGY MANAGER

BEN GEBHARDT

Ben is currently a senior studying finance and political science here at UNC. After graduating high school in Greeley, Ben decided to stay local and go to the University his father works at. He has had a great time at UNC participating in Study Abroad, Club Lacrosse and Sigma Chi Fraternity. Upon graduation Ben hopes to work as an analyst at an Asset Management Firm and begin work toward my CFA. Mr. Gebhardt's dream one day is to transition and run to be a state legislator, following in the shoes of his grandfather Richard Gebhardt (Colorado House of Representatives 1965). Ben finds both financial markets and political topics fascinating.


ALTERNATIVE ASSETS MANAGER

ZACHARY BARNES

Zachary Barnes is one of our Alternative Assets managers and is currently a senior at Monfort College of Business. During his time at University of Northern Colorado, Zach served at Warden for his Fraternity Pi Kappa Phi. Zach also served a term as IFC Vice President. After College, Zach plans to work as a Financial Advisor in his hometown Colorado Springs.

Those interested may email their resumes to Cecelia Halbert at careers@desktopinfinitypaper.co and add JOB: ASSISTANT to your email subject.



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PUBLIC RELATIONS & INFORMATION TECHNOLOGY MANAGER

JOSHUAH GIBBS

Joshuah is currently in his last semester at UNC and serves as our director of Public Relations Manager and creating the newsletter for the class. During his four years at UNC, Joshuah Gibbs grown passionate in making a difference in the lives of people with disabilities through fundraising and volunteering for local and national philanthropies for people with disabilities. During his junior year summer, Joshuah served as a Financial Coordinator for a cross country cycling event that raised over \$100 thousand for people with disabilities. Joshuah has also been working as a supervisor for three years for our Campus Intramurals and Club Sports program. After college, Joshuah plans to pursue a career in Financial Advising.



INTERNATIONAL EQUITY & UTILITIES MANAGER

RYAN ROJAS

Ryan Rojas is currently a business student at the Monfort College of Business in Greeley. Ryan was born and raised in Greeley by his very hard-working parents. Ryan's dad worked for Swift for over 20 years and so the MCB was a constant topic because he saw the opportunity it could provide for his child's future family. Ryan's mom has been a nurse at the Northern Colorado Medical Center for over 20 years as well. Ryan is currently a senior at the university and plans to complete his bachelor's degree in finance in May 2021.



PUBLIC RELATIONS & MATERIALS MANAGER

SHELDON HAFNER

Sheldon is a senior at the Monfort college of Business studding Finance. He will be graduation in May 2021. In his first semester in SAFF, Sheldon is responsible for monitoring and help making decisions for the material sector. He enjoys playing and watching sport and investing in the stock market. After graduation, Sheldon plans to pursue a field in financial planning where he can expand his knowledge on personal financing.



HEALTHCARE MANAGER

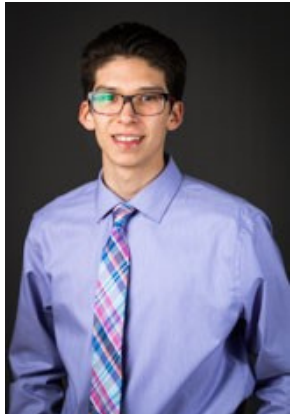
JUSTIN LUND

Justin Lund is a currently pursuing a degree in Business Finance. He is currently in his 3rd year but graduating in the spring. During Justin's time at UNC he was a part of the investment club and partook in intramural basketball. After completing his undergraduate Justin plans on pursuing Masters of Finance or MBA.



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FINANCIALS MANAGER

DIEGO MAESTAS

Diego Ray Maestas is currently in the last year of his undergraduate here at the Monfort College of Business! Diego was born and raised right here in Colorado and loves to be outdoors. He enjoys learning from new environments and challenges that are presented to him. He is currently in a financial planning role and is interested in exploring many of the career paths offered in the financial world. He looks forward to continue developing himself and is so excited to earn his undergraduate degree come May 2021.



CONSUMER STAPLES MANAGER

ALLEN CUNNINGHAM

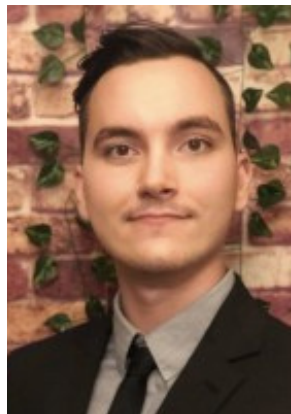
Allen is a business finance student graduating in the spring of 2021 from the University of Northern Colorado. His studies in finance, portfolio management, Investments, and mathematics and have prepared himself with a solid foundation to pursue challenging career paths such as: Investment analyst, CFA or CFP certifications, securities licenses and further educational credentials. Allen enjoys collaborating with people to share and exchange valuable ideas while challenging colleagues to be better. He brings a positive and engaging attitude to all aspects in life and stays a active athlete who enjoys basketball, football, and snowboarding.



PUBLIC RELATIONS & CONSUMER DISCRETIONARY MANAGER

OWEN PASVOGEL

Owen is a senior at Monfort this year and is currently working as one of our Managers for the Consumer Discretionary Sector. Owen has spent his four years at University of Northern Colorado as a member of the Golf Team. Owen is also currently representing Monfort College of Business in this year's CFA challenge. After Owen graduates, he would like to find a job in the field of investments.



CONSUMER STAPLES MANAGER

ZACHARY DRUMMOND

Zack is a senior who will be graduating in May 2021 with a degree in finance. After completing his courses and internship, Zack hopes to find a career in financial planning.



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HEALTHCARE MANAGER

GAVIN TAFOYA

Gavin Tafoya is senior Finance major at the University of Northern Colorado. He studied abroad in Japan his Junior year of college and plans on returning to Japan post-graduation to work for a global firm. This is his first semester working with his fellow students of the SAFF class, and hopes to bring more value to the portfolio with the goal of assisting other students like himself who rely on scholarships to fund their education in University.

Those interested may email their resumes to Cecelia Halbert at careers@desktopinfinitypaper.co and add JOB: ASSISTANT to your email subject.

QUOTES FROM THE CLASS ABOUT THE SEMESTER

"This semester I have learned how to properly evaluate a company and present it in a professional manner"

-Sheldon Hafner

"Something big I took away from this class was to be entirely emotionless and non-personal when making decisions regarding the portfolios. The class as a whole learned to voice our concerns and entertain others concerns, all for the sake of our portfolios wellbeing. We remained focused and above all else, kept the overall goal in mind to have a solid portfolio for years to come that would grow and create wealth."

-Ryan Rojas

"I have learned to use an investment policy statement to set goals and make decisions for a portfolio I am managing. As a class, we made an economic forecast for the next few years and some specific goals for the portfolio that we wanted to meet before the end of the semester. It has been a learning curve dealing with ever-changing weights of positions and the importance of managing exposure to industries and markets that could affect us according to our economic forecast. I've also learned to better analyze a companies financial statements and balance sheet to help make decisions on how we'll position the portfolios we manage."

-Diego Maestas



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ABOUT THE MAN WHO STARTED IT ALL

JOHN CLINEBELL



Est. 1993



Dr. Clinebell is a Finance Professor at MCB and the founder of the SAFF program at UNC. He has a Doctorate of Business Administration in the Finance field. Dr. Clinebell is passionate about pushing his students to receive the very best educational opportunities by challenging them to perform their best. His passion for teaching and the SAFF class has been the reason for its success for so many years. Dr. Clinebell has also made the difficult decision to retire following the semester.

We thank Dr. Clinebell for all that he had done for MCB, especially starting the SAFF class 27 years ago. Over time, the knowledge and real-life experience the SAFF class has provided for students has been a helping hand entering the workforce. There will always be a part of him at MCB. Dr. Clinebell retires alongside his wife, Sharon Clinebell, as they start their next journey together. Thank you for everything you've done for MCB. We wish you nothing but the very best in your retirement. Congratulations!



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SOME WORDS ON THE LEGACY OF

JOHN CLINEBELL

"Dr. Clinebell was both the finance department chair and my personal mentor for several years after I joined UNC in 1995. His guidance and help in developing my career, and his passion for helping students, have always inspired me. He will be greatly missed, but never forgotten. Best wishes for a wonderful retirement John!"

-Christine McClatchey

"John you are the founding member of this revolutionary class and your dedication to its success has always been commendable. As you transition to new challenges please always feel free to come on back and check in with SAFF as your insight and knowledge is irreplaceable. Good luck and safe travels."

-Michael Martin

"Thank You Dr. Clinebell for being my professor of Finance and SAFF class while I was attending UNC. I learned valuable stock market lessons back in 2001 especially around the 9/11 market drop. I was able to pursue a career as a financial advisor and apply the acquired knowledge. Wishing you an amazing retirement!"

-Norma Barrandey

"John's been a great asset to MCB for many years. It was his idea to develop a Student Managed Fund and MCB was one of the first to develop such a program. He has been untiring in his fostering of students and honing their skills in investment selection and portfolio management. He will be missed but his legacy will live on at the College. My best wishes to him on his next set of ventures."

-Bob Lynch

"Dr. Clinebell has helped me further my knowledge of the stock market and grew my interest in researching companies before investing in them which has made me a better investor."

-Sheldon Hafner



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SOME WORDS ON THE LEGACY OF

JOHN CLINEBELL

"John had heard about some graduate programs that had a student-managed investment fund class and thought it would be a great learning experience for MCB undergraduates. He had to persuade the Dean to allow him to pursue it. Once the Dean agreed to it, John had to sell the Foundation on the idea. The process took about a year. Because UNC's program was an early undergraduate program, was larger than most programs, and was successful, John earned a national reputation as an expert in student-managed investment funds. He has been an invited speaker numerous times at the Global Asset Management Education Forum (G.A.M.E.) and the Redefining Investment Strategy Education (R.I.S.E.) conferences. Both of these conferences brought finance students from around the world to hear from finance professionals. John has also spoken at academic conferences about student-managed investment funds. John's national status as an expert in student-managed investment funds has brought a lot of positive recognition to UNC's program. He is also asked by universities to provide guidance on starting programs. When asked at a conference about starting his program, the faculty advisor at Villanova said, "We just did what John told us to do." Because John is humble about his accomplishments, a lot of UNC and MCB faculty/administrators do not realize the extent to which UNC is seen as a leader in student-managed investment funds."

-Sharon Clinebell

"I've had the privilege of having Professor Clinebell four times throughout my college experience. He has been a key component in my finance education. And for that, I am very grateful. Although this past year has been online, I always appreciate his happy and cheerful spirit in class. He will be missed at MCB, but definitely not forgotten"

-Aili Bundy



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PORTFOLIO STRATEGY

Michael Costello

By the beginning of the Fall 2020 semester, it became evident that these unprecedented times were having an unprecedented impact on financial markets. It was immediately clear to the Portfolio Analysts and the Portfolio's managers that it was our fiduciary duty to provide the best possible returns that we were capable of, despite the ongoing pandemic. As a result, proposals were given additional caution, knowing that COVID-19 was more likely to depress company valuations than it was to enhance them.

In the early weeks of the semester, an economic forecast was created to predict economic indicators such as GDP, Inflation, the Federal Funds Rate, S&P 500 returns, among other metrics. These forecasts were divided into three sections- 6 months from now, 1 year from now, and 5 years from now- while being analyzed under the lens of a best case, neutral case, and worst case situation. This is critical to our decision making process because securities don't perform in an economic vacuum, rather they are dependent upon what we believe the overall performance of the economy will be. In a sense the economic forecast acted as a reliable source that we could reflect back on when weighing the pros and cons of a pitch.

A large part of the success we had for the returns we achieved for the portfolio came from this enhanced caution. Proposals were presented while erring on the side of caution and presented with critical financial and economic analysis towards how these proposals fit into the general portfolio strategy. Managing the risk of a security's performance needs to take into consideration extraordinary or one-off events, and we can only hope that the events that unfolded in 2020 will not unfold into a pattern for the foreseeable future.



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PORTFOLIO ALLOCATION

Jared Chick

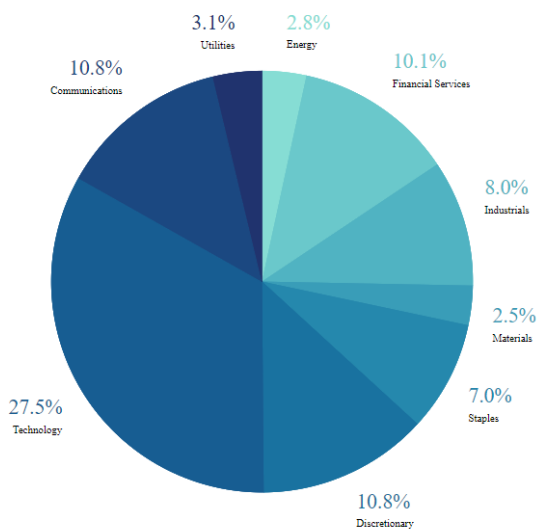
Our economic forecast represents the upside of the economy following the impact of COVID-19 at the beginning of the year. As a class, we came to a consensus on the weightings of each sector.

Our overweight sectors include Consumer Discretionary, Communications, and Energy which we believe will lead our portfolio. The Communication and Energy sector are part of what is considered the "sensitive super sector," which we believed to be undervalued. Each of these sectors took large hits at the beginning of the year with large potential upside. A substantial reason for weighting the Communication sector at 13 percent compared to the S&P at 10 percent was the high-use of communication services during lockdowns. As for Consumer Discretionary, we believe this sector will show rapid growth with any news of a vaccine. This theory showed true towards the end of the semester with the holdings we have in this sector.

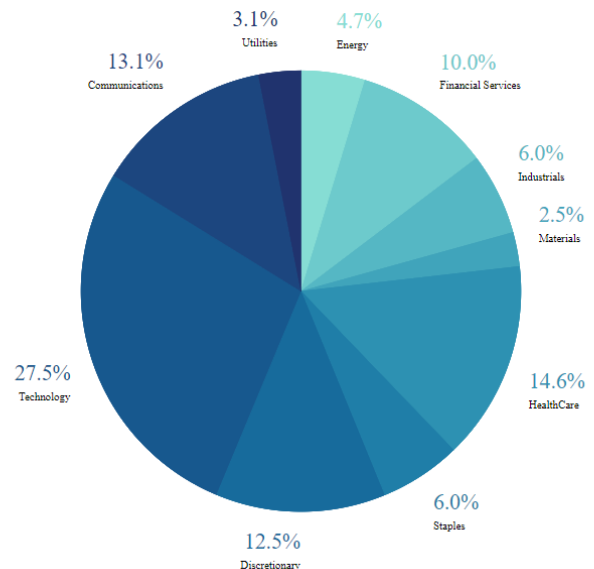
One of our equal weighted sectors, Technology, is another area we believe has high growth potential through these times. Although, at 27 percent we came to the consensus that overweighting would not be necessary. We also equal weighted Financials, Healthcare, Materials, and Utilities. The reason behind equal weighting these sectors is to keep the portfolio in a good, defensive position if the economy were to take an unexpected downturn, while not taking up allocation that can be used for other sectors with higher growth potential.

Our underweight sectors are Consumer Staples and Industrials. We decided to underweight these specific sectors to hedge against potential risk associated with the market and concerns of consumer spending. Although, we are confident the market will continue to progress and stay in a bullish cycle.

S&P 500 Weighting



SAFF & CIBEF Target Weighting



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EQUITY BUYS & SELLS

Kenneth Keith

The criteria for our equity holding rational does not vary semester to semester. Our goal is to analyze each holding to decide whether it belongs in our portfolio. This semester, holdings with potential growth were expanded while holdings with low conviction would be liquidated. Each change implemented was mirrored in both SAFF and CIBEF, with the exception of a few holdings. Although our conviction thesis has not changed, current market environments forced us to make quick decisions about certain equity holdings. Every decision was regarded in our Investment Policy Statement.

Acquisitions

COMPANY	SECTOR
Activision Blizzard (SAFF only)	Communications
Alibaba	Consumer Discretionary
Costco	Consumer Staples
IShared Global Clean Energy ETF	Energy

Expansions

COMPANY	SECTOR
AT&T	Communication

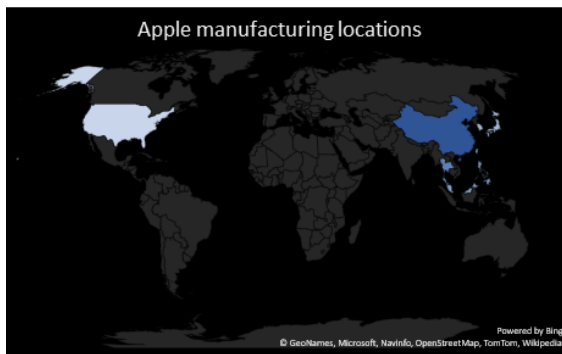
Reductions

COMPANY	SECTOR
Vanguard Consumer Staples ETF	Consumer Staples
Berkshire Hathaway	Financials
Fidelity MSCI Materials Index ETF	Materials
Cabot Corp.	Materials
JP Morgan and Chase	Financials
Morgan Stanley	Financials
HDFC BANK LTD FSPONSORED ADR 1 ADRREPS 3 ORD SHS	Financials
Vanguard Information Technology ETF	Tech
Select Sector Financial (XLF)	Financials

INTERNATIONAL EXPOSURE

Ryan Rojas

The SAFF and CIBEF portfolios have a tremendous amount of international exposure. From points of sales to manufacturing locations our portfolio relies on the success of other countries. Within our portfolio, there are many standalone companies but also a fair amount of ETF's. so, not only do we have to factor the exposure from the stand-alone companies we also have to think about the hundreds of companies within an ETF. With that, it is safe to say we are completely exposed around the world. To drill down and be more specific though, we find ourselves from both a sales and manufacturing standpoint, relying heavily on Asia. Within Asia, we see a majority of manufacturing and sales being made in china. Our portfolios have the heaviest weightings within the technology sector. As most of us know many of the tech giants do a majority of their business overseas. Apple, for example, has their entire phone except for the chip manufactured outside of the US, mainly China. Apple is our largest holding within the tech sector of the portfolios and suffered major losses when we had a shutdown mid-March in china. On a side note, Apple has since recovered and risen approximately by 53% YTD. The graph below represents were most of the components for the iPhone are made and manufactured. China still being the number one location of activity.



Short term dips like these in our portfolios returns made us give more respect to our international exposure and the countries statuses.

Graph of international exposure



The graph to the left represents our international exposure from our top five holdings, with international exposure. The darker the color the more we are exposed in that area.



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FIXED INCOME

Aili Bundy & Jack Vea

This semester, the fixed income section of our portfolio continues to exceed our benchmark. In quarter 2, both funds returned an average 3.12% to the Bloomberg Barclays Aggregate Bond Index's (AGG) 2.79%. In quarter 3, both funds returned an average .66% to the benchmark's -.12%. The average 12-month figure for both funds is 6.33% to the benchmark's 4.31%. The class decided to keep fixed income at the minimum asset allocation of 30% in SAFF and keep closer to our strategic allocation at 22% in CIBEF. There are better opportunities in equities now because of the volatility this year, although we did not want to clear out CIBEF's fixed income because of the more aggressive and uncorrelated nature the fund has.

The bond portfolio continues to hold onto government, corporate, and mortgage-backed securities (MBS). Currently, SAFF and CIBEF hold 23.46% and 24.06% respectively in government bonds to the benchmark's 42.74%. They hold 33.17% and 39.15% in corporate bonds to the benchmark's 28.22%, with the rest of the portfolio being in MBS at 43.37% and 36.79% to the benchmark's 27.69%. The benchmark has traditionally held more treasuries in the mix, however our portfolios have moved away from treasuries due to the low returns offered currently in this environment. In replacement of these treasuries, SAFF has picked up more Bulletshares in corporate bonds as well as the IGSB 1-5 Year Corporate Bond ETF that holds a majority of BBB credit rating corporate bonds.

The class foresees higher interest rates in the future which combined with the volatility of this year's events entails a lower duration for our bond portfolio to help offset interest rate sensitivity in the marketplace. At the time of writing (12/9/2020), the benchmark (AGG) has an effective duration of 6.0, while the SAFF and CIBEF portfolio have a duration of 4.47 and 4.25 respectively. Just as last semesters class, we continue to implement a ladder-barbell strategy with weightings emphasized on the 2021 and 2029 maturities with other funds in MBS that have an average duration of 3.36 to balance out the middle section of the maturity schedule. The corporate bonds available through Invesco's bulletshares have given us the flexibility to control our duration and maturity schedules tightly.

ALTERNATIVE ASSETS

Benjamin Gebhardt & Zachary Barnes

This semester the Alternative Assets portfolio in the CIBEF fund included four categories: high yield fixed income, real estate, commodities, and low correlated hedge funds. The objective is to diversify the portfolio and seek unique returns with low correlation to general market movements. This semester we continued to trim underperformers and evaluate our REIT holdings during the COVID-19 Pandemic. We beat three out of our four benchmarks, while slightly lagging in our low correlated hedge funds. The pandemic negatively affected our commodity and REIT holdings, showing the true depth of the situation. Our position in gold (IAU) gained 24.07% in Q1-3, offsetting many of our losses in commodities. The REIT market has been slow to recover, and our holding in Universal Health Reality Income Trust (UHT) was surprisingly hit the hardest. The class has decided not to sell low, and is confident that the REIT market will recover as more Americans find financial stability post-pandemic. Although our alternatives did not beat the HFRI benchmark this semester, we are confident in future growth for this exciting part of the portfolio.



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PORTFOLIO RETURNS

Blake Mattson

We compare our monthly portfolio returns with a blended benchmark for a meaningful representation of performance for both SAFF and CIBEF. Our blended benchmark uses the Russell 3000 index total return and the Barclays Aggregate index with weights of 68% and 30% respectfully, putting the extra 2% in Cash for needed liquidity. We selected this blend because we had a bullish outlook for the economy and the stock market with the opportunities presented by Covid-19.

PORTFOLIO SNAPSHOT

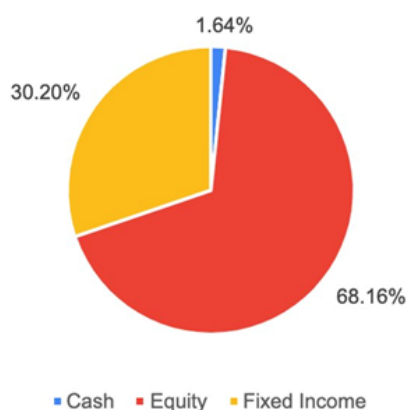
There are three main components that allocation decisions must be made: asset allocation, weightings and sector allocation. Each target allocation must meet the guidelines set in the Investment Policy Statement, as well as reflect the economic forecast the SAFF team created. This semester our team came to the consensus the economy and stock market were going to grow at fast rates due to the record market lows from the corona virus, and that their would be rapid growth from the lows.

ASSET ALLOCATION

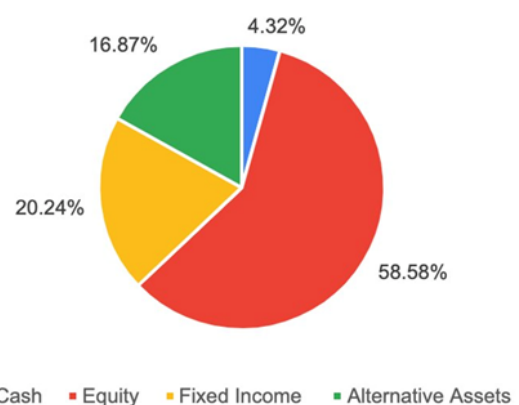
The target strategic allocations in both portfolios (SAFF and CIBEF) reflect our confident stance from our economic forecast. Our team came to a consensus that this type of stance would allow the portfolios to capitalize and mitigate risk this semester.

In the SAFF portfolio we set a target weighting of 68% equity, 30% Fixed Income, and then 2% Cash. We chose these weightings because of our optimistic economic forecast, and we wanted to be as aggressive as possible within the ISP. For the CIBEF portfolio we chose target weightings of 61% equity, 22% fixed income, 15% alternative assets, and then 2% in cash.

SAFF Current Asset Allocation



CIBEF Current Asset Allocation



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PORTFOLIO RETURNS

Blake Mattson

We compare our portfolio returns with a blended benchmark for a meaningful representation of performance for both SAFF and CIBEF. Our blended benchmark uses the Russell 3000 index total return and the Barclays Aggregate index with weights of 68% and 30% respectively, and then 2% cash to maintain liquidity. We selected this blend because we had a bullish outlook for the economy and the stock market with the opportunities presented by Covid-19. When comparing both portfolios to our set benchmarks you can see that in the SAFF portfolio we are continually outperforming the benchmark, and then in CIBEF we lagged behind the benchmark.

Our outperformance in the SAFF portfolio can be attributed to our target weightings, being so heavily weighted in equities. The under performance in the CIBEF portfolio can be attributed to the more risky nature of the CIBEF portfolio, in which we have a 15% weighting in alternative assets which were hit especially hard by the Covid-19 pandemic, and took much longer to recover compared to our equities.

SAFF RETURNS

	SAFF	BENCHMARK
Q2	13.07%	12.47%
Q3	7.85%	5.27%
12-Month	12.21%	11.17%

CIBEF RETURNS

	CIBEF	BENCHMARK
Q2	10.21%	16.93%
Q3	5.83%	5.16%
12-Month	3.62%	11.33%



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A SPECIAL THANKS TO OUR INVESTORS

Diego Maestas

The SAFF Fall Class of 2020 would like to thank all that are involved in ensuring this class is beneficial and educational to its members. We deeply appreciate the time, effort, and collaboration that goes into the experience.

We would like to extend our best wishes and appreciation to Dr. John Clinebell. We thank you for your continued dedication to the fund over the years and the continued dedication to your students. The Student and Foundation Fund could not have been such a success without you! The class would also like to thank Kristi Cozbey and Chris Vegter. We thank you for all that you do to help us perform our duties smoothly. We would not have the ability to accomplish so much without you.

Our class extends deep gratitude to the University of Northern Colorado Foundation, the Monfort College of Business, and the Colorado Insurance and Business Education Fund for the contributions they have made. Every member of the SAFF class deeply appreciates the opportunity to gain the experience you have granted upon us. The members of this class gain knowledge, experience, and valuable lifelong connections, it is only through the efforts of you all that this is possible.

