Financial Sector Report

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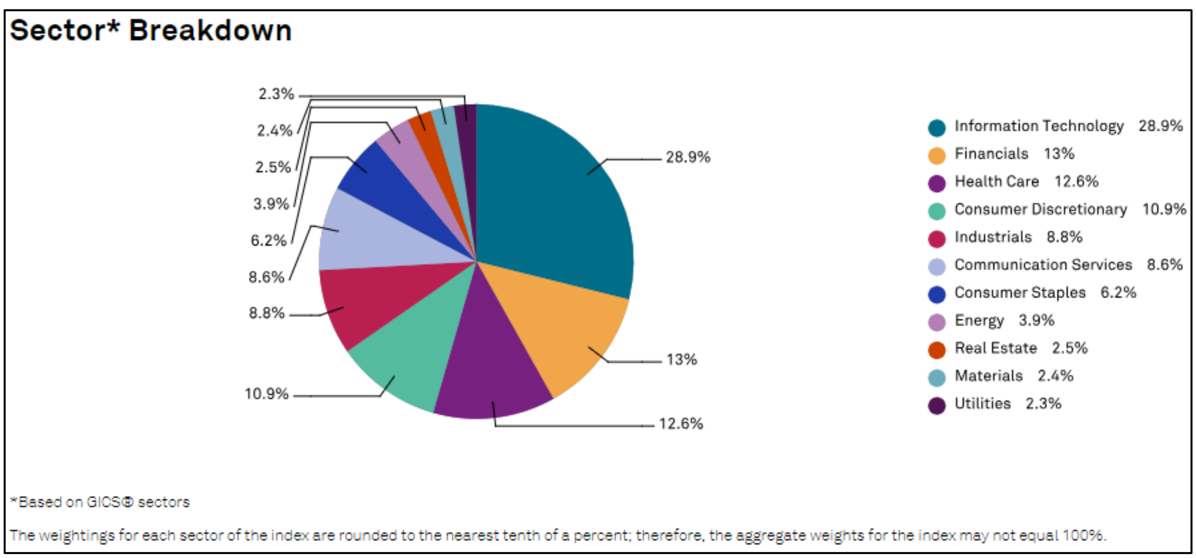
Introduction

The financial sector of the stock market is a group of stocks that represent companies that provide financial services. These companies play a key role in managing and facilitating the flow of money within the economy. Some of the key subgroups that are included in this sector include: Banking, Insurance, Investment Services, Real Estate, and Financial Technology (fintech). The financial sector is influenced by components such as interest rates, economic conditions, regulatory changes, and global financial trends. The financial sector is highly cyclical; thus, the performance of this sector is often used as an indicator of the overall health of the economy.

Wisman Fund Current Holdings

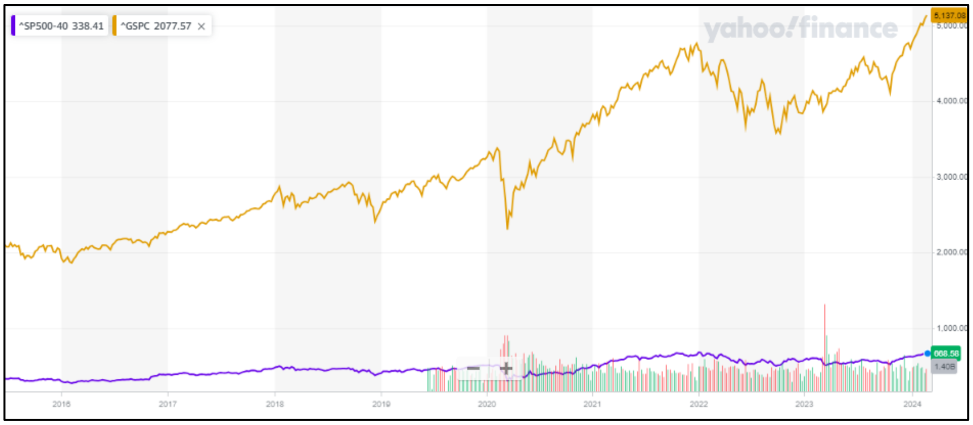
BlackRock, Inc (BLK), Horizon Technology Finance Corporation (HRZN), SPDR S&P Insurance ETF (KIE), Visa Inc. (V)

Size and Comparison



As of December 29th, 2023, the financial sector accounts for 13% of the S&P 500 index's market capitalization (see the figure above). The Wisman Fund weighs the materials sector at 7.7%. The total market capitalization of the materials sector is $42 trillion.

Historical Performance



This graph shows the cyclical nature of this sector and the sector's historical underperformance compared to the S&P 500 index.

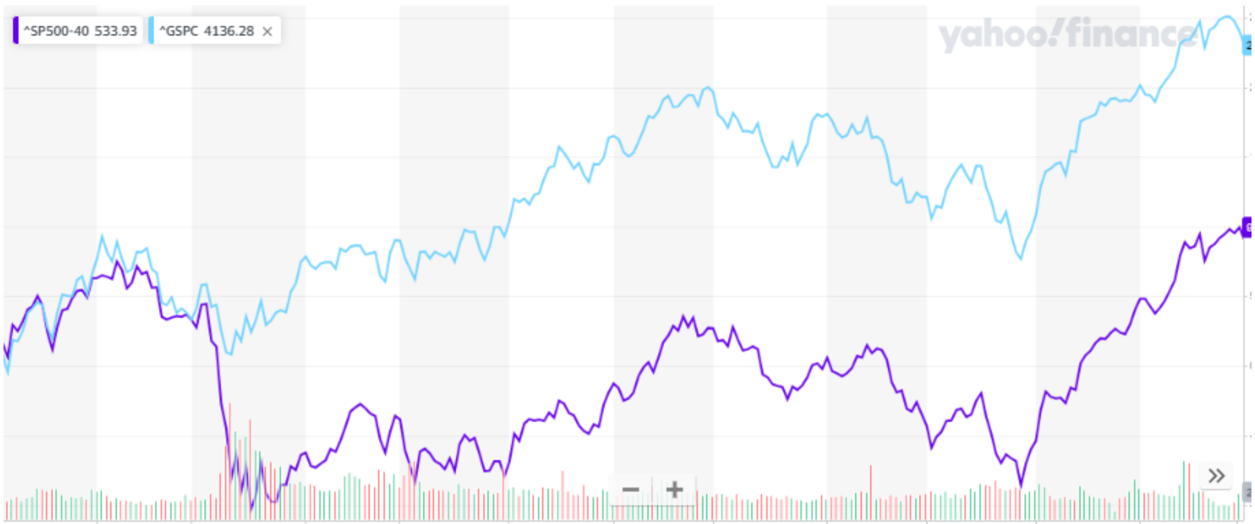
Composition of Financial Sector

The financial sector is made up of 5 different industries: Banking, Insurance, Investment Services, Real Estate, and Financial Technology (fintech). The top ten weighted companies in the S&P 500 index are seen in the list below. The Wisman Fund contains two of the top weighted stocks and 2 of the 69 total in the S&P 500 financial sector, Visa Inc (V) and BlackRock Ins. (BLK).

Ticker	Name	S&P 500 Weight	Mkt. Cap
BKR.B	Berkshire Hathaway B	13.18%	865.89 B
JPM	JP Morgan Chase & Co	10%	543.09 B
V	Visa Inc A	8%	565.91 B
MA	Mastercard Inc A	7%	436.15 B
BAC	Bank of America Corp	4%	278.61 B
WFC	Wells Fargo & Co	4%	202.48 B
SPGI	S&P Global Inc	2%	132.65 B
GS	Goldman Sachs Group Inc	2%	127.27 B
AXP	American Express Co	2%	157.22 B
BLK	BlackRock Ins	2%	123.17 B

Overall, Price Returns

As of December 29th, 2023, 1-year returns for the financial sector in the S&P 500 saw growth at 10.04%, from December 29th, 2022. Whereas the S&P 500 saw a staggering 24.23% increase over the past year. The financial sector in the Wisman Fund accounts for 7.7% of the portfolio and has provided an overall weighted 1-year return of 1.46%. The graph below shows the overall performance data from Dec. 29th, 2022, to Dec. 29th, 2023. This illustrates the vast underperformance of the sector in terms of 1-year returns compared to the S&P 500 index. (*^GSPC is the S&P 500 index ticker symbol, ^SP500-40 is the materials sector ticker symbol*)



S&P 500 YTD Returns

Though it underperformed the overall market, the financial sector has produced positive returns while sitting exactly between the lowest and highest performing sectors. The sectors YTD returns have beaten the health care, consumer staples, utilities, real estate, and energy sectors. This is confirmed in the graphic to the right, computed by calculations completed by the IMP class.

S&P 500 RETURN YTD 2023	
12/31/2023	Price
	RETURN
Energy	-4.80%
Materials	10.23%
Industrials	16.04%
Consumer Discretionary	41.04%
Consumer Staples	-2.16%
Health Care	0.30%
Financials	9.94%
Information Technology	56.39%
Communication Services	54.36%
Utilities	-10.20%
Real Estate	8.27%
S&P 500	**24.23%**

The Wisman Fund

The securities from the financial sector in The Wisman fund provided weighted 1-year returns (for the entire fund) as follows: BLK = 14.6%, HRZN= 13.5%, KIE = 0.7%, and V= 25.3%. The graph on the right shows the 1-year fluctuations and growth for the current holdings.

Industry Returns

The graphics to the right, depict the importance of the financial services industry to the overall financial sector. In summary, the financial services industry is crucial for intermediation, payment services, and facilitating economic policies. Its significance extends beyond the financial services industry, impacting various sectors of the economy. The financial services industry profoundly influences various sectors of the economy by providing access to capital, managing risks, and facilitating investment and wealth management, financial institutions bolster sectors like manufacturing, technology, and healthcare, driving growth and innovation. Additionally, their involvement in infrastructure development, consumer spending, and international trade supports economic activities across different sectors, while encouraging innovation and technology adoption enhancing efficiency and productivity. Financial regulations and governance standards ensure transparency and stability across sectors. In essence, the financial services industry serves as a critical catalyst for economic development and prosperity, shaping the landscape of sectors and their interconnectedness within the global economy.

Industries	1-year
Financials	+12.24%
Banks	+6.58%
Capital Markets	+8.28%
Consumer Finance	+19.03%
Financial Services	+23.26%
Insurance	+17.22%
Mortgage REITs	--

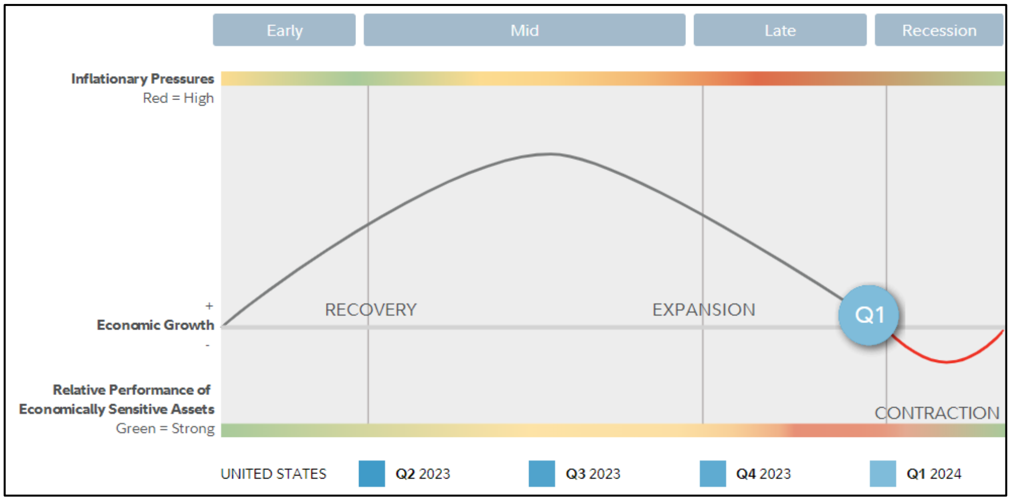
The Wisman Fund

The Wisman fund contains one company from the financial services industry, Visa (V).

Business Analysis

Economic Cycle

Fidelity indicates that the US economy is in the very late expansion stage of the economic cycle, as seen in the graphic directly below.



The late expansion stage of the economic cycle represents a mature phase of economic growth where growth continues but at a slower pace. It is characterized by low unemployment, rising inflation, higher interest rates, potential stock market volatility, and a focus on preparing for the next economic downturn. These characterizations are addressed in the economic analysis section. Understanding this phase is essential for businesses, and investors to make informed decisions and navigate the economic landscape effectively.

Business Cycle

As seen below, data for the performance of the financial sector is relatively pessimistic during recessionary periods. The financial sector is intrinsically linked to economic cycles and tends to perform relatively well during the early stage. Demand for credit decreses, but the sector faces challenges such as businesses and consumers reduce spending. As the economy progresses further towards a recession, the financial sector may experience a downturn, highlighting its cyclical nature.

Business cycle

Historical performance of sectors during business cycle phases.

Sector	Early	Mid	Late	Recession
Financials	+			−

Financial Sector in the Economy

Relationship with the Economy: The financial sector serves as a cornerstone of the global economy, facilitating economic activities, managing risks, and promoting financial stability and prosperity worldwide. Its functions are important to the functioning of modern economies and the advancement of societies globally.

Product Segmentation:

- *Banking Products*
  - *Deposit Accounts:* This includes savings accounts, checking accounts, certificates of deposit (CDs), and money market accounts, which provide customers with a safe place to deposit and withdraw funds.
  - *Loans and Mortgages*: Banking institutions offer various types of loans, including personal loans, auto loans, mortgages, and business loans, to individuals and businesses seeking financing.
  - *Credit Cards*: Credit card issuers provide revolving lines of credit to consumers, allowing them to make purchases and borrow money up to a predetermined credit limit.
  - *Overdraft Protection*: Banks may offer overdraft protection services, allowing customers to overdraw their accounts up to a certain limit to cover expenses when funds are insufficient.
- Investment Products
  - *Stocks*: Equity securities that represent ownership in a company, offering potential capital appreciation and dividends to investors.
  - *Bonds*: Debt securities issued by governments, corporations, or municipalities, providing fixed or variable interest payments over a specified period.
  - *Mutual Funds*: Investment funds that pool money from multiple investors to invest in a diversified portfolio of stocks, bonds, or other securities.
  - *Exchange-Traded Funds (ETFs):* Similar to mutual funds but traded on stock exchanges, ETFs track specific indexes or sectors and offer intraday trading liquidity.
  - *Retirement Accounts*: Products such as Individual Retirement Accounts (IRAs) and 401(k) plans provide tax-advantaged savings options for retirement.
- Insurance Products
  - *Life Insurance*: Provides a death benefit to beneficiaries upon the insured's death, offering financial protection to dependents and loved ones.
  - *Health Insurance*: Covers medical expenses and provides financial protection against healthcare costs, including hospitalization, surgeries, and prescription drugs.
  - *Property and Casualty Insurance*: Protects against property damage, liability claims, and losses due to events such as accidents, theft, and natural disasters.
  - *Annuities*: Investment products that provide regular income payments to individuals over a specified period, often used as a retirement income stream.

- Asset Management Products
  - *Asset Management Services*: Offered by investment firms, banks, and wealth management companies, asset management services include portfolio management, financial planning, and investment advisory services.
  - *Private Equity and Venture Capital*: Investment funds that provide capital to privately held companies in exchange for equity ownership, with the goal of generating returns through company growth or successful exits.
  - *Hedge Funds*: Alternative investment vehicles that employ various strategies to generate returns for investors, often using leverage and derivatives to hedge risk and enhance performance.
- Payment and Transaction Services
  - *Payment Processing*: Services that facilitate electronic payments, including credit card processing, online payments, and mobile wallets.
  - *Money Transfer and Remittances*: Platforms and services that enable individuals to transfer money domestically and internationally, often used for remittances by migrant workers.
- Fintech Products
  - *Digital Banking*: Online and mobile banking platforms that offer convenient access to banking services, including account management, bill payment, and money transfers.
  - *Peer-to-Peer Lending*: Online platforms that connect borrowers with individual investors willing to fund loans, bypassing traditional banking institutions.
  - *Cryptocurrencies and Blockchain*: Digital assets and decentralized ledger technology that enable peer-to-peer transactions, asset tokenization, and smart contract execution.

Macroeconomic Factors: The financial sector within the S&P 500 index is a significant component of the broader economy, and its performance is closely tied to various macroeconomic factors. Here's how the financial sector interacts with these factors:

- *Interest Rates*: Interest rates set by central banks influence borrowing costs for consumers and businesses. Lower interest rates typically stimulate borrowing and spending, benefiting banks through increased demand for loans and other financial products. Conversely, higher interest rates can lead to higher profitability for banks through increased net interest margins but may reduce borrowing and investment activity.
- *Economic Growth*: The financial sector tends to perform well during periods of robust economic growth. Strong economic expansion leads to increased demand for loans, mortgages, and other financial services, boosting the revenues of banks, asset management firms, and other financial institutions.
- *Regulatory Environment*: Changes in financial regulations can significantly impact the operations and profitability of financial institutions. Stricter regulations may increase compliance costs and restrict certain activities, while deregulation can provide opportunities for growth but also potentially increase risk.
- *Market Volatility*: Market volatility affects trading volumes, asset prices, and investor sentiment, which can impact the revenues of investment banks, brokerage firms, and

asset managers. During periods of heightened volatility, trading revenues may increase, but asset management fees may decline as investors seek safer assets.

- *Credit Quality and Default Rates*: The health of borrowers directly affects the performance of financial institutions' loan portfolios. Improving credit quality and lower default rates reduce loan loss provisions and boost profitability for banks and lending institutions.
- *Housing Market*: The housing market plays a significant role in the financial sector, particularly for banks heavily involved in mortgage lending. Trends in home sales, mortgage rates, and housing prices impact mortgage originations, refinancing activity, and the overall profitability of mortgage lenders.
- *Global Economic Conditions*: The financial sector is increasingly interconnected with global markets. Developments in international economies, trade policies, and geopolitical events can affect interest rates, currency exchange rates, and investment flows, influencing the performance of multinational financial institutions.
- *Technological Innovation*: Technological advancements and the rise of fintech companies are reshaping the financial sector. Innovations such as digital banking, mobile payments, and blockchain technology are disrupting traditional banking models and creating both opportunities and challenges for established financial institutions.

SWOT Analysis: Financial Sector

- **S**trengths (Internal):
  - *Diversification: The financial sector encompasses various sub-industries, including banking, insurance, asset management, and fintech, providing diversification within the sector.*
  - *Strong Market Position: Many financial firms within the S&P 500 have established market leadership and brand recognition, enabling them to attract clients and investors globally.*
  - *Barriers to Entry: Stringent regulatory requirements and capital adequacy standards act as barriers to entry for new competitors, protecting established financial institutions.*
  - *Technological Innovation: Adoption of technology and digital transformation initiatives have improved operational efficiency, customer experience, and product offerings, enhancing competitiveness.*
- **W**eaknesses (Internal):
  - *Regulatory Risks: Constant regulatory changes and compliance costs can pose challenges for financial institutions, leading to increased operational complexity and potential legal risks.*
  - *Interest Rate Sensitivity: Financial firms are sensitive to changes in interest rates, which can impact net interest margins, lending activity, and investment returns.*

    - *Cybersecurity Threats: Increased reliance on technology exposes financial institutions to cybersecurity risks, including data breaches, ransomware attacks, and financial fraud.*
    - *Market Volatility: The financial sector is prone to market volatility, which can affect trading revenues, asset prices, and investor confidence, leading to fluctuations in earnings.*
- **O**pportunities (External):
    - *Fintech Innovation: Collaboration with or adoption of fintech solutions can enhance customer engagement, streamline operations, and tap into new revenue streams.*
    - *Global Expansion: Growth opportunities exist in emerging markets and through expansion into new geographic regions, driven by rising middle-class populations and increasing demand for financial services.*
    - *Wealth Management: Aging populations and wealth accumulation trends present opportunities for asset management firms to expand their wealth management and retirement planning services.*
    - *Economic Recovery: Potential economic recovery post-pandemic could boost demand for loans, mortgages, and investment products, benefiting financial institutions.*
- **T**hreats (External):
    - *Economic Recession: Economic downturns can lead to credit losses, reduced loan demand, and increased loan delinquencies, negatively impacting financial institutions' profitability.*
    - *Regulatory Changes: Shifts in regulatory policies, both domestically and internationally, could increase compliance costs, restrict certain activities, or impose additional capital requirements.*
    - *Competition: Intense competition within the financial sector, including from fintech startups and non-traditional players, could erode market share and pressure margins.*
    - *Geopolitical Risks: Geopolitical tensions, trade disputes, and global events such as Brexit or conflicts can create uncertainty, disrupt financial markets, and affect investor sentiment.*

Economic Analysis

This economic analysis will consider important factors like PCE Inflation, Unemployment, the FED interest rate and monetary policy.

- *Inflation:* The PCE (Personal Consumption Expenditures) inflation rate is at 2.8%, which is above the Federal Reserve's target of 2%, but lower than the 3.3% projection. This indicates that there is currently elevated inflation in the economy. The FED acknowledges this and expresses its commitment to returning inflation to its 2% objective.

- *Unemployment:* The unemployment rate is at 3.8%. This suggests a very tight labor market with low levels of unemployment, which is typically associated with a strong job market.
- *Economic Activity:* The Federal Reserve indicates that economic activity has been expanding at a solid pace. This is a positive sign for the overall health of the economy, although it mentions that job gains have slowed in recent months. Despite this slowdown, the job market remains strong. 2023 percent change in GDP was well above the September projection.
- *Monetary Policy:* The Federal Reserve has decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent. This suggests that the FED is holding interest rates steady at a relatively high level, likely to combat inflation. The Fed also mentions its commitment to reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, which is a part of its strategy to normalize its balance sheet.
- *Uncertainty:* The FED acknowledges uncertainty regarding the effects of tighter credit conditions on economic activity, hiring, and inflation. This uncertainty suggests that the central bank is closely monitoring economic developments and may adjust its monetary policy as needed.

The table below acknowledges changes, and projections in real GDP, unemployment, PCE inflation and core PCE inflation.

Percent

Variable	Median[1]					Central Tendency[2]					Range[3]				
	2023	2024	2025	2026	Longer run	2023	2024	2025	2026	Longer run	2023	2024	2025	2026	Longer run
Change in real GDP	2.6	1.4	1.8	1.9	1.8	2.5–2.7	1.2–1.7	1.5–2.0	1.8–2.0	1.7–2.0	2.5–2.7	0.8–2.5	1.4–2.5	1.6–2.5	1.6–2.5
September projection	2.1	1.5	1.8	1.8	1.8	1.9–2.2	1.2–1.8	1.6–2.0	1.7–2.0	1.7–2.0	1.8–2.6	0.4–2.5	1.4–2.5	1.6–2.5	1.6–2.5
Unemployment rate	3.8	4.1	4.1	4.1	4.1	3.8	4.0–4.2	4.0–4.2	3.9–4.3	3.8–4.3	3.7–4.0	3.9–4.5	3.8–4.7	3.8–4.7	3.5–4.3
September projection	3.8	4.1	4.1	4.0	4.0	3.7–3.9	3.9–4.4	3.9–4.3	3.8–4.3	3.8–4.3	3.7–4.0	3.7–4.5	3.7–4.7	3.7–4.5	3.5–4.3
PCE inflation	2.8	2.4	2.1	2.0	2.0	2.7–2.9	2.2–2.5	2.0–2.2	2.0	2.0	2.7–3.2	2.1–2.7	2.0–2.5	2.0–2.3	2.0
September projection	3.3	2.5	2.2	2.0	2.0	3.2–3.4	2.3–2.7	2.0–2.3	2.0–2.2	2.0	3.1–3.8	2.1–3.5	2.0–2.9	2.0–2.7	2.0
Core PCE inflation[4]	3.2	2.4	2.2	2.0		3.2–3.3	2.4–2.7	2.0–2.2	2.0–2.1		3.2–3.7	2.3–3.0	2.0–2.6	2.0–2.3	
September projection	3.7	2.6	2.3	2.0		3.6–3.9	2.5–2.8	2.0–2.4	2.0–2.3		3.5–4.2	2.3–3.6	2.0–3.0	2.0–2.9	
Memo: Projected appropriate policy path															
Federal funds rate	5.4	4.6	3.6	2.9	2.5	5.4	4.4–4.9	3.1–3.9	2.5–3.1	2.5–3.0	5.4	3.9–5.4	2.4–5.4	2.4–4.9	2.4–3.8
September projection	5.6	5.1	3.9	2.9	2.5	5.4–5.6	4.6–5.4	3.4–4.9	2.5–4.1	2.5–3.3	5.4–5.6	4.4–6.1	2.6–5.6	2.4–4.9	2.4–3.8

Financial Analysis

These financial fundamentals are used together to assess the financial health and performance of a company. Analysts often consider them alongside other metrics, industry benchmarks, and qualitative factors to form a comprehensive view of a company's financial situation and prospects. It's important to note that the interpretation of these metrics can vary depending on the industry, company size, and economic conditions, so they should be analyzed in context.

Financial fundamentals

Why these factors?

- *ROE:* a financial ratio that shows how much net income a company generates per dollar of invested capital. It helps investors understand how efficiently a firm uses its money to generate profit.
- *EPS Growth Rate:* the net income generated in a given period as allocated to each common share outstanding.
- *ROA:* measures how efficient a company's management is in generating profit from their total assets on their balance sheet.
- *Profit Margin:* represents the portion of a company's sales revenue that it gets to keep as a profit, after subtracting all its costs.

	S&P 500	Financial Sector
ROE	23.24%	19.33%
EPS Growth Rate	3.2%	36.49%
ROA	4.44%	4.74%
Net Profit Margin	10.7%	3.1%

The S&P 500 outperforms the materials sector in terms of ROE and profit margin. However, it lags in terms of ROA and EPS growth rate. These differences may be attributed to the specific characteristics and challenges within the financial sector, such as global economic conditions.

Major Companies

	Berkshire Hathaway B (BKR.B)	JP Morgan Chase & Co. (JPM)	Mastercard Inc. A (MA)
ROE	18.62%	16.89%	169.428%
EPS Growth Rate	7.90%	-2.00%	1.29%
ROA	9.53%	1.27%	27.58%
Net Profit Margin	21.90%	30.82%	17.40%

These major companies in the S&P 500 index financial sector tend to outperform the market and the sector on every front, except ROE.

Valuation Analysis

Valuation ratios, including metrics like the P/E ratio, P/B ratio, P/S ratio and DY play a crucial role in evaluating a company's worth. These ratios are evaluated in conjunction with other financial indicators, industry benchmarks, and qualitative factors to develop a comprehensive understanding of a company's financial standing and future potential.

Why these ratios?

- *P/E:* a way to value a company by comparing the price of a stock to its earnings.
- *P/B:* measures the market's valuation of a company relative to its book value.
- *P/S:* an investment valuation ratio that shows a company's market capitalization divided by the company's sales for the previous 12 months.
- *DY:* a financial ratio that tells you the percentage of a company's share price that it pays out in dividends each year.

	S&P 500	Financial Sector
P/E	23.27	13.13
P/B	4.04	1.76
P/S	2.33	1.89
Dividend Yield	1.51%	2.99%

The financial sector has a lower P/E ratio, and P/S ratio indicating potentially more attractive valuations based on book value and sales. These ratios conclude that the financial sector is either undervalued or the sector is not worth as much. However, the financial sector offers a higher average dividend yield, implying a potentially better income generation for investors.

Major Companies

	Berkshire Hathaway B (BKR.B)	JP Morgan Chase & Co. (JPM)	Mastercard Inc. A (MA)
P/E	10.16%	11.42%	37.18%
P/B	1.57%	1.70%	63.46%
P/S	1.94%	3.33%	16.67%
Dividend Yield	0.00%	2.27%	0.53%

These major companies show an undervaluation in regard to the market and sector comparison with the exception of Mastercard. Despite the attractive nature of some individual companies, it is important to remember that the overvaluation and the current economic outlook suggest that investors wait to purchase such securities.

Current Holdings Trialing Returns

Why Trailing Returns?

Trailing returns on an absolute basis can give you an idea of how much an investment has grown on a nominal basis, which can be compared to the benchmark. Trailing returns relative to a benchmark can tell you if an investment has outperformed or underperformed the benchmark over the measured time horizon.

Horizon Technology Finance Corp. (HRZN)

Total Return %	15-Year	10-Year	5-Year	3-Year	1-Year	YTD	3-Month	1-Month	1-Week	1-Day
HRZN	—	5.72	7.17	6.16	15.00	-8.58	-2.49	-10.10	-9.77	-0.92
Industry	9.27	7.65	10.78	8.03	19.76	4.78	12.93	4.74	0.84	-0.57
Index	16.48	12.04	13.98	9.93	26.45	6.41	11.65	3.17	0.05	-1.05

HRZN consistently underperforms both its industry peers and the broader market. HRZN, over the long-run, significatly underperforms the industry and index.

Visa Inc. Class A (V)

Total Return %	15-Year	10-Year	5-Year	3-Year	1-Year	YTD	3-Month	1-Month	1-Week	1-Day
V	22.81	17.93	14.15	9.70	25.72	7.51	9.93	1.57	-1.34	-0.41
Industry	21.41	12.86	10.98	1.97	21.19	7.91	13.32	2.35	-1.31	-0.46
Index	16.48	12.04	13.98	9.93	26.45	6.41	11.65	3.17	0.05	-1.05

Though relatively slight dips in short-term performance, V has demonstrated resilience and strong performance, particularly in the medium term to longer term, consistently outpacing both its industry peers and the broader market index.

BlackRock Inc. (BLK)

Total Return %	15-Year	10-Year	5-Year	3-Year	1-Year	YTD	3-Month	1-Month	1-Week	1-Day
BLK	17.16	12.03	15.97	7.76	21.82	1.86	10.29	5.59	3.30	-0.90
Industry	—	—	—	—	—	—	—	—	—	—
Index	16.48	12.04	13.98	9.93	26.45	6.41	11.65	3.17	0.05	-1.05

Though relatively slight dips in performance BLK has demonstrated resilience and strong performance, particularly in the medium term to longer term. BLK matches the industry performance and outperformed in 5-year performance.

Recommendation

Based on the current market conditions and historical performance, we recommend the following actions regarding the Wisman Fund's allocation within the materials sector:

Underweight Financial Sector: Considering the cyclical nature, economic outlook, historical data, current financial data, and the SWOT analysis, the financial sector should be **underweighted**. The weight of the financial sector in the S&P 500 Index as of December 29th, 2023, was 13.00%. It is recommended that the fund find a target weight between 7.5%-8.0%. Underweighting this sector will help mitigate potential risks associated with the sector's underperformance in the rate-cut environment.

The Wisman Fund Current Holdings: Considering the underweighting recommendation, it is crucial to look at the current holdings. The information regarding these stocks can be found below.

	BlackRock Inc. (BLK)	Horizon Technology Finance Corporation (HRZN)	SPDR S&P Insurance ETF (KIE)	Visa Inc. (V)
YTD Return	14.6%	13.5%	0.70%	25.3%
Holding Return	-3.3%	5.4%	0.70%	296.6%
Total Time Held	2 years 7 months	3 years 9 months	23 days	8 years 8 months
Portfolio Weight	1.54%	0.71%	1.23%	3.24%
Sector Weight	22.9%	10.6%	18.4%	48.2%

Market Cap (Size)	123.17 B	394.76 B		565.91 B

The Wisman Fund holdings in Visa are very strong positions in the materials sector. Year after year this stock has performed very well in the IMP portfolio. The IMP cohort should look to underweight this sector by maintaining its position in this security and not purchasing anymore. If change were to be made to this decision, it would be to decrease the weight of the sector by selling off portions of HRZN. The fund has reaped major benefits of holding these securities and will continue to see returns into the future.

Sources

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