BUCKNELL UNIVERSITY STUDENT MANAGED INVESTMENT FUND

WINTER 2023 NEWSLETTER

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INTRODUCTION

The Student Managed Investment Fund (SMIF) is a two semester experiential course that gives students the opportunity to manage approximately $3 million of Bucknell University's endowment. There are twenty-two student analysts that sit on a committee and cover a sector. The committees include Fixed Income, Derivatives, Econ and Strategy, PAR (Portfolio Analytics and Reporting), Corporate Governance, Stakeholder Communications, and Administration.

The SMIF portfolio has a 90/10 asset allocation. 90% Equities which is benchmarked to the S&P 500 and 10% Fixed Income which is benchmarked to the Barclays Aggregate Bond Index. This allocation was chosen by the class considering high interest rates, unpredictable consumer spending, and a hawkish fed. Although our benchmark represents a large allocation to equities, Bucknell's perpetual time horizon gives us the flexibility to invest for long-term growth. Our current asset allocation is consistent with our benchmark.

Sector coverage is based on the S&P 500 sectors. The sectors include Technology, Communication Services, Health Care, Industrials, Materials, Energy, Utilities, REITs, Financials, Consumer Staples, and Consumer Discretionary. Analysts are responsible for understanding their respective sector companies and the companies' impact on the overall portfolio. Each analyst is responsible for pitching a security that best fits the portfolio given our market outlook and asset allocation. Each trade proposal must be approved by two-thirds of the analysts in order to be included in the portfolio.

MARKET OUTLOOK

INTEREST RATES

With respect to the yield curve, we believed that it would remain inverted in the second half of 2023. Looking at the outlook and sentiment of the Federal Reserve, we believed that they were going to remain neutral in rate hikes, without any strikes in the remainder of the year. As the economy slowed during the first half of the year from previous hawkish activity, we would expect the Fed to begin cutting rates in 2024. This would ultimately lead to declines in short term rates and produce a positive yield curve.

GDP

Given the class's conviction that we are no longer headed into a recession, we believe the real annual GDP growth for 2023 will be 2-3% Although we predicted slight economic downturn in the third quarter of the year, we believe that the end to the year will bring real growth. These forecasts are based on trends seen following the 2008 recession and other analyst projections.

Employment

The class believed that the Fed will slow on utilizing aggressive monetary policy in the later half of 2023. With high inflation calming, we believed the unemployment level through the year is to decrease. However we do believe there will be job shortages in the manufacturing and industrial sectors.

CONSUMER SPENDING

With our class consensus that we are narrowly avoiding a recession in the upcoming months

and heading to slightly bullish territory, we were confident in the consumer. We anticipated that holiday spending would surge to new highs at the end of 2023, as consumers continue to increase their consumption of discretionary goods. While we projected consumer staples to exhibit limited growth over the year, our strategic approach involved positions based on our confidence in the everyday spender. Additionally, we deliberated on the potential escalation of credit card indebtedness with this uptick in spending, and its anticipated impact on the financial sector.

HOUSING

Although we've seen an increase in new-builds, the class believes that the total number of new-home purchases will continue to slow. As mortgage rates near concerning ranges of 6 to 7 percent, there is little interest from the average home buyer to sell out of their previous mortgages. While we did not envision the Fed increasing rates more towards the end of the year, we do still find the rates to be too unattractive to the public.

INTERNATIONAL

Several international geopolitical challenges arose unexpectedly during the fall semester, significantly impacting global dynamics. Ongoing conflicts in Europe, the Middle East, and Asia have disrupted global supply chains, altered demand patterns, and influenced investor confidence. Although various European and Asian nations have initiated measures to address these challenges, the United States has pursued a notably assertive approach. The strength of the dollar has posed challenges for corporate earnings, but currencies are showing signs of recovery from their previous lows in the preceding year and early 2023.

TARGET ASSET & SECTOR ALLOCATION

CONSUMER STAPLES

Consumer staples, traditionally considered defensive stocks, encompass companies that provide essential, everyday goods such as food, beverages, household items, and personal care products. These companies are known for their stability and resilience, often proving less sensitive to economic downturns. Investors typically flock to consumer staples during periods of market uncertainty or recession, seeking refuge in stocks that demonstrate consistent demand regardless of economic conditions. Our decision to underweight consumer staples by 175 basis points is driven by our bullish market outlook. In a bullish market we anticipate more favorable returns from riskier, more cyclical sectors.

Consumer staples has seen a return of -5% year to date while the entire S&P 500 experienced a return of around 19%. Since April 30th 2023, our portfolio consumer staples holdings has outperformed the sector as a whole by over 300 basis points. This outperformance is mostly attributed to our ownership in Walmart and Costco, and lack of ownership in PepsiCo. Our current holdings in the consumer staples sector include Walmart, Procter & Gamble, Coca-Cola, and Costco.

CONSUMER DISCRETIONARY

SMIF chose to overweight the consumer discretionary sector by 150 bps versus the S&P 500 weighting. This overweight allocation reflects our confidence in the resilience of the consumer and the continued tight labor market. Despite a high inflationary and interest rate environment, consumer spending has remained strong, and we believe it will continue to do so, which led to our bullish sentiment.

Our current holdings in the sector include Amazon (AMZN), Tesla (TSLA), Home Depot (HD), Chipotle (CMG), Booking Holdings (BKNG), and the SPDR Consumer Discretionary Sector Fund (XLY). Since April 30th, 2023, we have outperformed our sector ETF (XLY) by 1152 bps as of December 3, 2023. This outperformance aligns with SMIF's sector and economic outlook.

On September 29th, the class voted to add 10 shares of Booking Holdings (BKNG) at a cost basis of $30,940 into our portfolio to capitalize on a shift of consumer spending toward experiences and services and increase our exposure to a new market segment. Additionally, the class voted to add the remaining amount toward XLY, the sector ETF, to achieve the desired overweight standing within the sector.

On October 30th, SMIF voted to sell one November 17th 290 Strike Call for Home Depot (HD) when HD was trading at $281, with anticipation that the share price was going to remain below 290 due to earnings expectations. However, on November 15th, we voted as a class to buy the 290 call back at market price and cut our losses to maintain a position in HD as our expectations shifted.

COMMUNICATION SERVICES

The Communication Services sector consists of modern communication activities and a variety of information delivery systems, including telecommunication services, and media, entertainment, and interactive media and services. Based on our overall bullish economic outlook and the cyclical nature of this sector with the market, the SMIF class has chosen to overweight Communication Services by 2.00% compared to the S&P 500. Previously, we were underweight the benchmark by 1.21%.

TARGET ASSET & SECTOR ALLOCATION

Our current holdings within the sector include Meta Platforms, Inc. (META), Alphabet Inc. Class A (GOOGL), and T-Mobile US, Inc. (TMUS). In order to achieve our target active risk in communications of 2.00% overweight, we bought 1,045 shares of XLC and 105 shares of META on 9/27. With this purchase and increased exposure to META, our active risk in META decreased to even with the S&P 500 after previously being underweight 1.61%.

Considering the commitment by numerous players within the sector to investments in AI, along with projected easing monetary policy by the Fed, we feel the Communications sector is potentially a large source of return for our portfolio, as our holdings are primarily growth stocks, and therefore we view being overweight the S&P as beneficial.

HEALTH CARE

As of December 2023, the health care sector has been down about 3% year to date, while the overall S&P has experienced a 19% return. The sector can be split into six sub-industries, those being pharmaceutical, health care equipment and supplies, health care providers and services, biotechnology, life sciences tools and services, and health care technology industries.

In August 2023, the SMIF analysts adopted a bearish health care outlook given the sector's underperformance and a few market trends that allude to continued struggles for our holdings. Many of these trends are driven by the development and popularity of weight-loss drugs, or glucagon-like peptide 1 (GLP-1) analogs, originally designed to curb effects of type II diabetes. In August, SMIF decided to underweight the sector by 2.25% relative to the S&P 500, following a 3% overweight from the previous semester. The previous class expected a recessionary environment to follow the Federal Reserve's interest rate increases and recognized health care as a defensive sector in times of economic hardship, overweighting accordingly. Given the new economic outlook, underweighting the sector was a necessary adjustment.

This significant swing in active risk meant reducing our holdings. Extensive research on the current and future conditions of our stocks led the analysts to sell out of Cigna Group, Elevance Health Inc., Bristol-Myers Squibb Co., and trim our position in Vertex Pharmaceuticals. That left the portfolio with CVS Health Corp., DexCom Inc, Johnson & Johnson, Thermo Fisher Scientific Inc, UnitedHealth Group Inc, Vertex Pharmaceuticals, and Amgen Inc. In late August, SMIF voted to buy Zoetis Inc. funded by the sale of our entire Amgen Inc. position.

Since April 30, 2023, the SMIF portfolio health care holdings have outperformed the sector as a whole by about 4.00%.

INDUSTRIALS

In light of the Student Managed Investment Fund's optimistic market outlook, the class decided to increase exposure to the Industrials Sector by 100 basis points. At the semester's beginning, the portfolio carried a -170 basis points active risk in the sector. To align with our target, we increased individual security active risk in Honeywell, Raytheon Corp, FedEx, and Delta. Additionally, we consolidated our position by acquiring shares of the sector ETF XLI. Throughout the semester, the portfolio underwent adjustments. Various proposals for new security additions were discussed and approved.

TARGET ASSET & SECTOR ALLOCATION

Noteworthy changes included selling XLI to finance the inclusion of Waste Management, selling Honeywell to introduce Textron (with sale proceeds directed to our current position in Caterpillar), and selling our holdings in Raytheon Corp to facilitate writing a covered call for Eaton Corporation.

The overall bullish sentiment towards the sector is underpinned by factors such as improving supply chains, heightened government spending on infrastructure projects, and increased demand for defense stocks amid geopolitical tensions in regions like Russia and Ukraine, as well as the Middle East with Israel and the Hamas Group.

Since the portfolio's inception under the management of this semester's class on April 30th, 2023, Caterpillar and FedEx have emerged as standout performers, while Raytheon Corp and Honeywell have presented challenges as our negative attributions.

MATERIALS

The Materials sector, constituting 2.44% of the S&P 500 as of the third quarter of 2023, is its second-smallest component. The sector encompasses five sub-industries: chemicals, construction materials, containers and packaging, metals and mining, and paper and forest products. Despite a bullish sentiment, the Materials sector was anticipated to underperform due to decreased demand in construction and chemical markets. Given its modest weight in the S&P and history of neutral performance in growing economies, the class opted to underweight the Materials sector by 75 basis points for the fall semester. SMIF's prior holdings in the sector, including Newmont Corporation, Scotts-Miracle Gro, and the sector ETF XLB, accrued negative attribution through the summer into the third quarter.

Following a class discussion on conviction in the sub-portfolio, the sector ETF was sold to lower the cost basis for NEM and SMG. These two remaining holdings continued to decline from their original pitches in 2021 and 2019, respectively, contributing to underperformance in the SMIF portfolio's Materials sector. In November, SMG was sold out of the portfolio to fund the acquisition of Air Products and Chemicals.

As the semester concluded, the Materials sector faced significant negative attributions, prompting a reassessment of holdings in the first quarter of the new year. With the market's growth and strengthening, there is an anticipated increased demand for raw materials, construction materials, and goods production within the sector.

INFORMATION TECHNOLOGY

The Information Technology (IT) sector comprises companies operating in three broad areas: Software & Services, Hardware & Equipment, and Semiconductors & Semiconductor Equipment Manufacturers. SMIF strategically maintains a 1.5% active risk target on the IT sector relative to the S&P 500. As of November 27, 2023, the IT sector accounts for 31.28% of the SMIF equity portfolio and 29.07% of the S&P 500. SMIF maintains a bullish outlook on the IT sector for the near future due to consumer spending remaining resilient and our belief that interest rates have peaked in the United States. Despite rising interest rates over the past year, consumer spending has held strong, a telling sign of how stocks will perform. Additionally, with increasing developments in Artificial Intelligence, we see IT stocks performing well in the future through taking advantage of these new opportunities.

TARGET ASSET & SECTOR ALLOCATION

SMIF's top holdings in the IT sector are Apple, Microsoft, Nvidia. SMIF recently purchased 900 shares of Arm Holdings with a cost basis of $62.63. To make this trade SMIF sold out of its position in the S&P Semiconductor ETF, XSD, as well as sold 9 ARM 60 strike calls with a January 19th expiration, with the hope of gaining the premium from this call. SMIF looked to gain more exposure into the semiconductor industry to diversify across the sector more; with purchasing ARM, the new holding is one of the sector's highest active risk positions with a 1.7% active risk.

Solid earnings reports, integrated development in technology, and positive outlook in the short term, SMIF hopes that our positive active risk will lead to outperformance when compared to our benchmark for the current fiscal year.

FINANCIALS

SMIF has held a bearish outlook on the financial sector over the past few months, citing depressed capital markets activity and increased regulatory oversight following the banking crisis in March. Although big banks have benefitted from higher rates and industry consolidation to a certain extent, these rates at current levels raise borrowing costs for parties across the economy, ultimately serving to depress economic activity. As a result, the fund decided to underweight the financial sector by 200 basis points.

However, the fund as a whole has reversed course from its bearish sentiments earlier this year and currently has a bullish view on equities going forward. Even with interest rates at multi-decade highs, the economy has continued to show signs of resilience, supported by strong consumer spending and corporate earnings. As of December 3rd, 2023, our sector portfolio includes Berkshire Hathaway (BRK.B), Morgan Stanley (MS), Visa (V), and American Express (AXP). Over the past few months, the fund exited its positions in Citizens Financial Group (CFG), Goldman Sachs (GS), Blackstone (BX), and The Financial Select Sector SPDR Fund (XLF). We have added incrementally to our positions in Berkshire Hathaway and Morgan Stanley, however the majority of funds were used to increase our positions in Visa and American Express to support the fund's view that the consumer will continue to remain strong.

REITS

The REITs analysts believe that REITs stocks could look pretty good if there's some stabilization in rates, and the macro factors are driving investor sentiment. To be classified as a REIT, a company must Invest at least 75% of total assets in real estate, cash, or U.S. Treasuries and pay at least 90% of their taxable income to shareholders. Therefore, REITs historically have delivered competitive total returns, based on high, steady dividend income. The SMIF portfolio is currently made up of 1.51% REITs, compared to the 2.43% carried in the S&P 500.

In our current market, although many institutional investors focus on private equity real estate, it tends to favor public real estate as they provide properties with higher quality at substantially discounted prices. At the same time, there was some good growth out of the health care companies, particularly senior housing that was decimated during COVID, and the growth in the Industrial REITs looks likely to be sustained into 2024. REITs are in a favorable position as the Fed nears the end of interest rate increases. Historically, REITs have enjoyed a resurgence in total return performance after monetary policy tightening cycles end.

TARGET ASSET & SECTOR ALLOCATION

UTILITIES

The Utilities sector consists of companies that provide homes and businesses with services such as electricity, natural gas, water, and sewage. Within the S&P 500, the sector is weighted at 2.4% (as of 11/30). The Student Managed Investment Fund is bearish when it comes to this sector, with a weighting set at 0.54% (as of 11/26). Due to the sector's tendency to underperform, investors have fled such high-dividend stocks for other options. Over the past year, environmental concerns with utility companies have caused several stocks within the sector to drop in performance. The sector continues to face challenges in reducing emissions, yet still meeting the demand for energy. SMIF as a class has a bullish sentiment when it comes to the consumer, which has led to the overweighting of other sectors and underweighting of utilities. As a result, the class has decided on an active risk of -200bps.

After much deliberation in the class's market outlook, SMIF has decided to decrease exposure in utilities which means the portfolio now only has one holding: NextEra Energy (NYSE: NEE). In an effort to reallocate active risk, the class decided to sell out of the utilities sector ETF, XLU, as well as sell a portion of NEE. Although the amount of shares owned by SMIF has been reduced, NEE has been carefully evaluated over the course of the semester, and analysts believe that this company will continue to be resilient beyond 2023.

ENERGY

The Energy sector currently makes up 4.11% of the S&P 500 and contains companies in the oil, gas and consumable fuel, energy equipment and service industries.

The SMIF portfolio currently has a 7.31% equity allocation towards the energy sector, an active risk of 3.20% compared to the 3.50% target active risk. Entering this semester, our portfolio holdings were Chevron and Kinder Morgan. Over the course of the semester, we have entered new positions in Occidental Petroleum and Exxon Mobil, along with increasing our position in Chevron by 200 shares, making it our largest active risk position. Furthermore, during the semester, we sold the entirety of our position in the Energy Select SPDR, XLE, to fund the purchase of Exxon Mobil. Our investment in Chevron has suffered, in part, due to the company's planned acquisition of Hess which caused price depreciation in the stock. On the other hand, we purchased Exxon Mobil after its price depreciation caused by the planned acquisition of Pioneer Natural Resources.

Our outlook at the beginning of the semester was that oil prices would remain high and push even higher due to continued OPEC production cuts, strong oil demand both domestically and abroad, and a drained Strategic Petroleum Reserve. These high prices throughout the first three quarters of 2023 amounted from increased demand in China, production cuts in Russia and Saudi Arabia, and the increases in flight demand in the U.S. and Europe. Yet, due to a combination of weaker than expected domestic demand and consumption, along with falling crack spreads, oil prices have dropped over the course of the semester. Nonetheless, our outlook remains that oil prices will push higher into 2024 fueled by not only continued low levels of production from OPEC+ but also a recovering demand for oil both domestically and abroad.

FIXED INCOME

10% of Portfolio in Fixed Income

In our portfolio, SMIF has agreed to allocate 10% towards fixed income. We currently hold the following bond ETFs: AGG, GOVT, LQD, SCHO, SPTL, TIP, VCIT, and VCSH. As a class, we have been able to outperform AGG by maintaining a short duration. This is because as a class we see the rates staying higher for longer since inflation has maintained at 3%, above the FED's goal of 2% on a five-year moving average. As a result, we see the Fed keeping rates the same through year-end to fight this sticky inflation.

On October 11th, we voted to add SPDR Portfolio Long Term Treasury ETF (SPTL) to our portfolio to marginally lengthen our duration trying to move toward even with our benchmark and taking advantage of the rapidly increasing long end of the yield curve. Consequently, we allocated money from Vanguard Short-Term Corporate Bond Idx Fd ETF (VCSH) to SPTL given the tight spreads between corporate-grade and government-grade bonds. This strategy also aimed to mitigate risk in the event of an interest rate decline following the year's end.

DERIVATIVES

Derivatives Strategies in Portfolio Construction

In a semester characterized by an intensely varying VIX, with levels near historic lows following a sustained high level in 2022, derivatives strategies were integral in shaping the risk which exists in the SMIF portfolio. The SMIF charter outlines three options strategies at our disposal: covered calls, protective puts, and put onboarding. The fundamentals of our options strategy has been to be a net seller when the underlying volatiles are high and to be a net buyer when the underlying volatiles are low. This has been accomplished through the implementation of a derivatives tracker which aims to consistently monitor the twenty-five holdings in our portfolio which we have deemed to possess a liquid options market, through an analysis of historical volumes, open interest, and relative bid-ask spread. In addition to these metrics, we have considered other important factors such as implied volatility in relation to historical volatility, option delta, next earnings date, along with the percent off from 52-week highs, to determine call writing opportunities.

As a committee, a lot of our time this semester was spent following NVDA. At the beginning of the semester, it was our greatest negative active risk position. With the stock continuing to push forward, the class decided it was time to stop missing out on the large gains. Our committee recommended a covered strangle strategy right before NVDA earnings on 8/25. After these options expired worthless, we executed the same strategy again on 9/5. We were assigned 100 more shares on 9/18 when the 470 put expired in-the-money, putting our active risk right around neutral. We proceeded to sell calls against this position throughout the rest of the semester but did not have any shares called away.

Examining other strategies utilized since April 30th, 2023, we executed covered calls on ARM and ETN, both of which were pitched by analysts and added to the portfolio this semester. These buy writes allowed us to shape our cost basis closer to that of the price target suggested by pitching analysts. The covered call was suggested over a put onboarding strategy based on the notably higher call premiums than put premiums for the aforementioned stocks. Another recent strategy used was a covered call on HD, with an expiration date shortly after earnings announcement. Due to bearish sentiment on the stock and a highly liquid options market, the class decided to sell a call against our HD holding.

PORTFOLIO ANALYTICS & REPORTING

As of December 2023, the SMIF Portfolio is valued at slightly under $3.5 million. The portfolio's funds are split between equities and fixed income, 90% and 10% respectively. A nominal amount is held in cash. The benchmark used to track performance is a blended 90% SPY and 10% AGG portfolio.

Asset Allocation

Fixed Income, $331,733, 10%
Cash, $2,738, 0%
Equity, $3,097,533, 90%
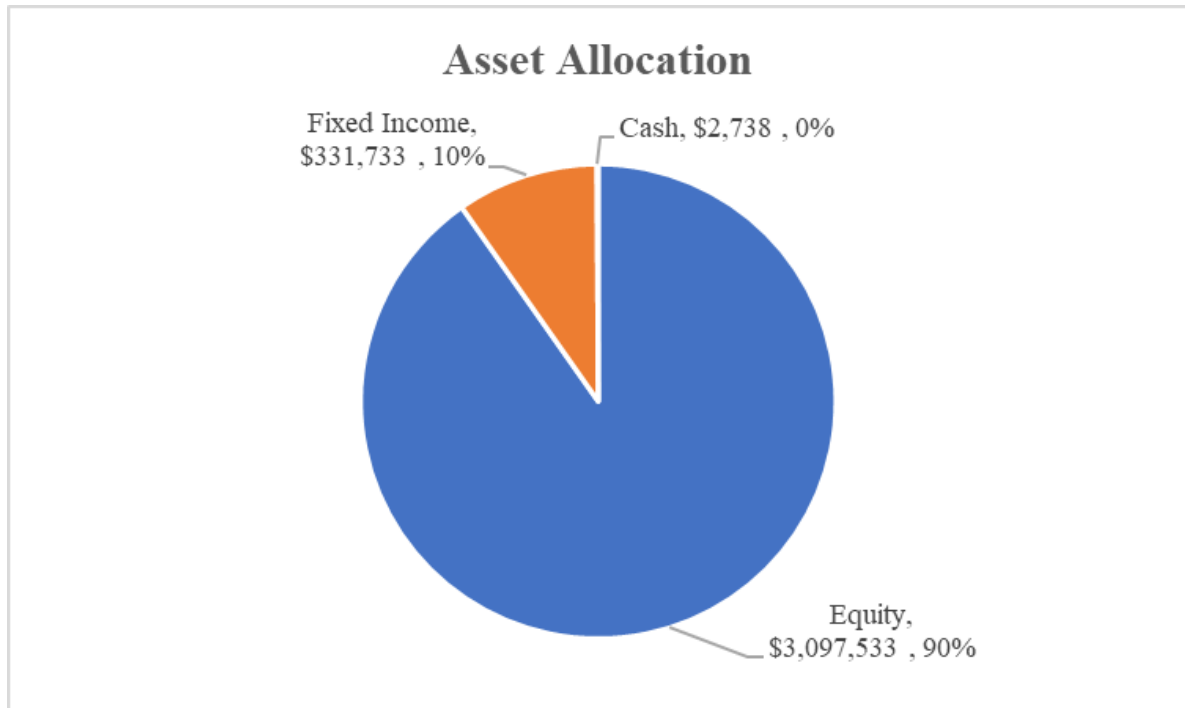
PERFORMANCE SUMMARY

Overall, the SMIF portfolio has underperformed relative to our benchmark. Since this class's inception on April 30, 2023, the portfolio has underperformed 249 basis points. Specifically, the equity and fixed income portions have underperformed 318 and 69 basis points respectively. SMIF strategically determined a target active risk for each sector of the S&P 500, shown in the bar chart below, based on the class's economic outlook. According to the SMIF charter, the fund is permitted a maximum of five basis points of active risk, positive or negative, for each sector.
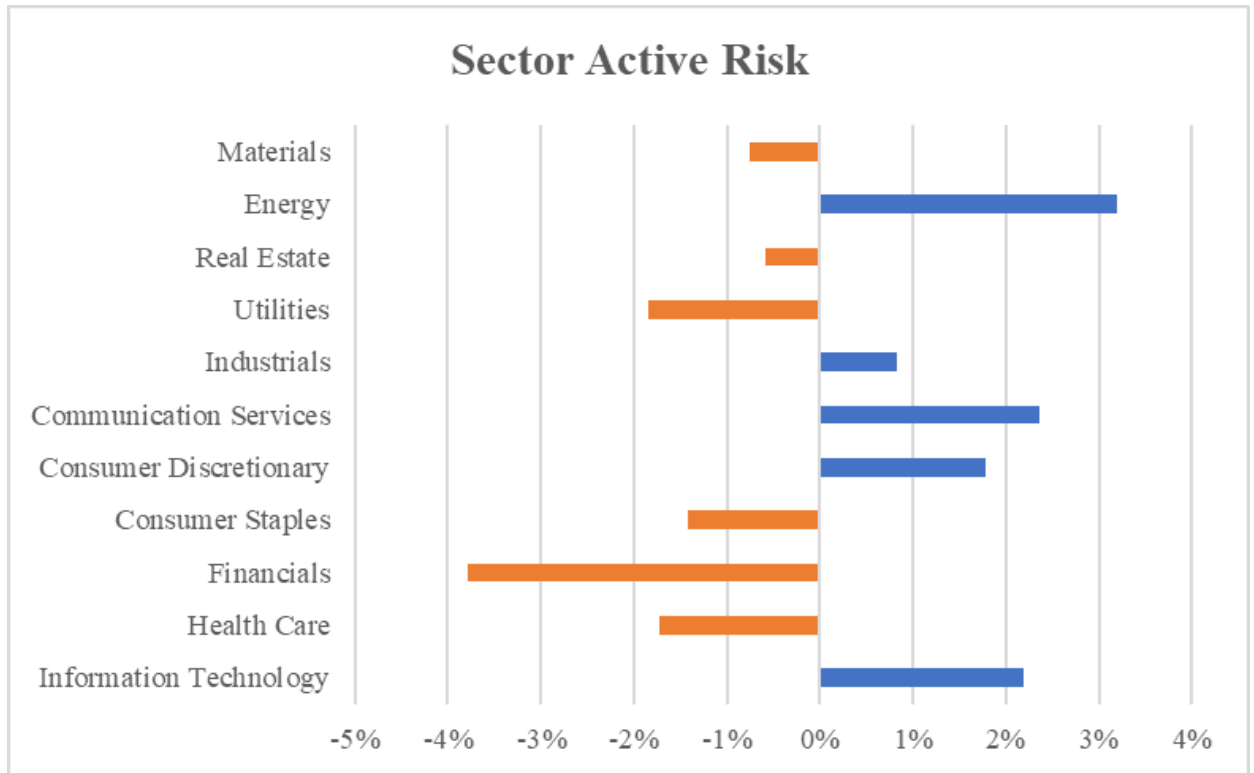
In a time of rising interest rates, SMIF has leveraged a shorter duration in our fixed income portfolio. The portfolio's current duration is 5.8 years, compared to our AGG benchmark of approximately 6.3 years. This has led to an impressive 86 basis point outperformance since April 30th, 2023. In anticipation of the Federal Reserve's next moves, our analysts decided to adopt a gradual extension of the portfolio's duration into the upcoming year.

On an individual stock basis, the portfolio's top positive active risk holdings are Chevron Corporation (2.12%) and Visa Inc (1.90%). Our top negative active risk holdings are Broadcom Inc (-0.99%), JPMorgan Chase & Co (-1.13%), and Eli Lilly and Co (-1.21%), none of which are currently in the portfolio.

INDIVIDUAL SECURITY SELECTION

Since April 30th, 2023, our portfolio has experienced both notable successes and challenges. NVIDIA Corp (NVDA) has been the largest negative contributor (+65% since April 30th, 2023). During the summer, our decision not to hold NVDA proved costly as the stock surged on strong industry guidance, driven by heightened demand in the Artificial Intelligence sector. Recognizing this oversight, we tactically positioned ourselves ahead of NVIDIA's earnings call on August 25th. We sold an August 25th put with a strike price of $430 and simultaneously implemented a covered call strategy by purchasing 100 shares and selling an August 25th call with a $500 strike price. Ultimately we were long 200 shares of NVDA at a cost basis of $467.37 per share.
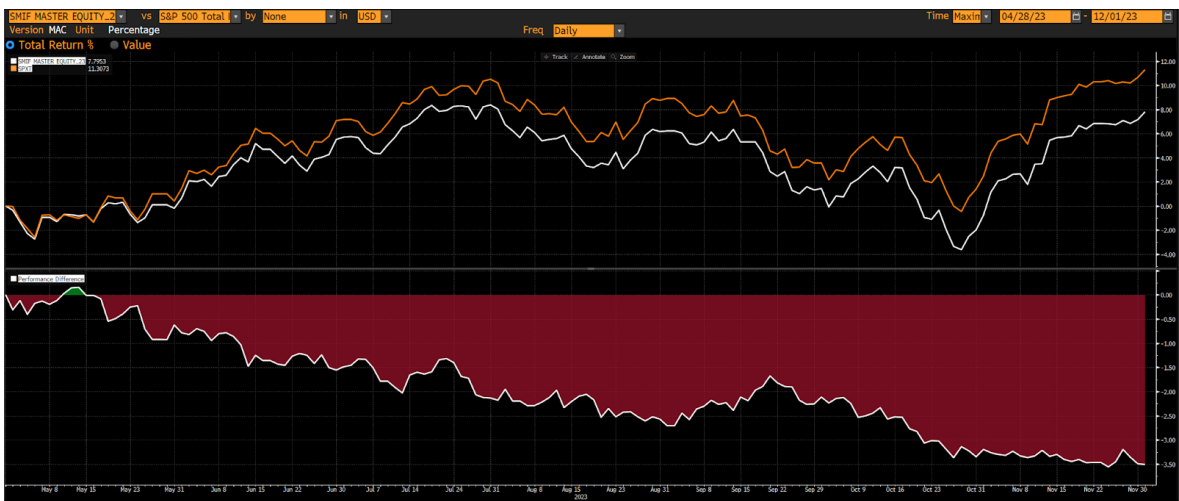
PORTFOLIO ANALYTICS & REPORTING

      To neutralize our active risk to zero, we sold a September 15th put with a strike price of $470 and a call with a strike price of $500. The situation required us to buy back the call, and the put was exercised, leading to an assignment of 100 additional shares.

      Adobe has been a standout performer, contributing significantly to our portfolio's gains (+66% since April 30th, 2023). Currently, we hold 110 shares of Adobe, which exemplifies our strategic foresight in tech investments, balancing out the challenges faced with NVDA.

      These experiences underscore the dynamic nature of our portfolio management strategies and the continuous learning opportunities presented by the market's volatility.

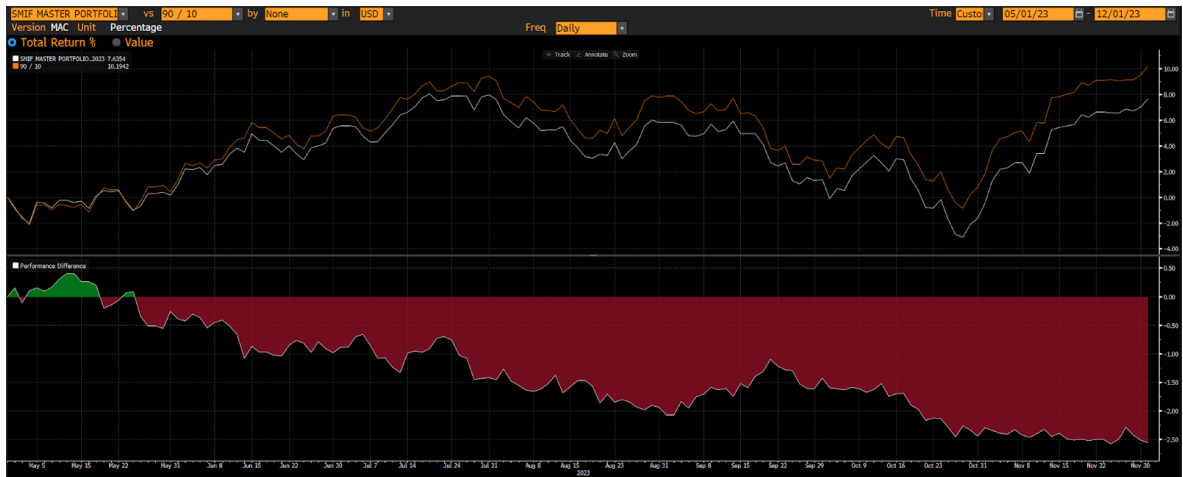## EQUITY RETURN RELATIVE TO S&P 500 (NYSE: SPY)

FIXED INCOME RETURN RELATIVE TO BLACKROCK AGGREGATE BOND INDEX (NYSE: AGG)
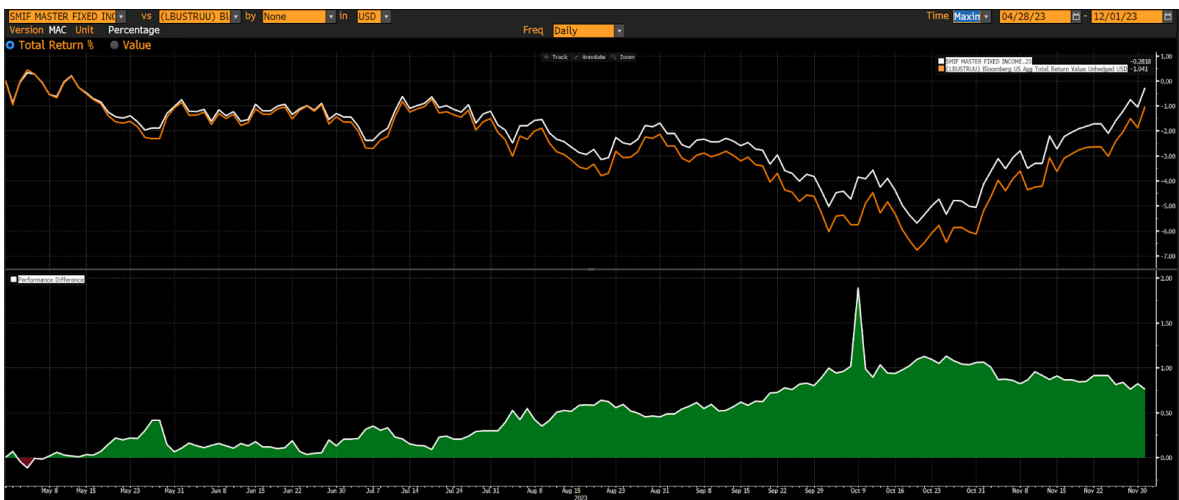
PORTFOLIO ANALYTICS & REPORTING

PORTFOLIO RETURN RELATIVE TO BENCHMARKS (SPY & AGG)

ESG & CORPORATE GOVERNANCE

The Corporate Governance committee is responsible for the oversight of the Student Managed Investment Fund's actions as they pertain to sustainability and ethical issues. This past semester, the committee collected information on holdings within the portfolio, and evaluated them based on active risk levels. Data collected from this research was compiled into a presentation and given to the analysts. Within this presentation, the committee identified trends associated with corporate governance and discussed current news for both top three active risk holdings and top three negative active risk holdings of the portfolio. Overall, the committee's goal was to remind analysts of our current ESG statement, and to evaluate where the companies within our portfolio stand relative to that statement.

Over the course of this past semester, SMIF has been presented with several pitches in which not only has the committee offered opinions from a corporate governance standpoint, but other analysts have as well. This clearly demonstrates the class's overall dedication to ensuring ESG principles are constantly being taken into consideration when discussing additions to the portfolio. Although it cannot be guaranteed that all companies within the portfolio embody our ESG framework to the fullest extent, the class is aware of the discussions that must happen in order to work towards this goal. With this being said, the committee is confident in our positions regarding ESG. To attempt to evaluate this status closer, we used the MSCI ESG Ratings & Climate Search Tool. As of 12/4, our portfolio holds 16 companies that are considered ESG leaders in their respective industries (AA and AAA), 26 at industry average (BB, BBB, and A), and only one position that is considered an industry laggard (CCC and B).

STOCK PITCHES

zoetis

Gabi Tamayo '24 pitched Zoetis (NYSE:ZTS) on October 2, 2023. Zoetis is the world's leading animal health pharmaceutical company. Zoetis has over 300 products and product lines within the companion animal and livestock market, selling in over 100 countries. With a market capitalization of $80 billion, Zoetis sits as the 19th largest stock in the healthcare industry. Gabi's investment thesis focused on the exponentially growing demand for animal health and key advantages to animal health pharmaceuticals compared to human health pharmaceuticals. The main drivers behind companion animal health care growth are the humanization of pets by younger and wealthier individuals and the unmet need for specialty care. The animal health pharmaceuticals industry displays (1) lower drug production costs, (2) faster timeline to approval, and (3) lower generics utilization rates. As the industry market leader, the company is well positioned to be on the receiving end of significant animal health growth and continue to outperform the healthcare sector. The company displays excellent financial health with high margins, profitability, and liquidity. SMIF voted to invest $55,000, funded by the sale of AMGN.

WM
WASTE MANAGEMENT

Natalie Greco '24 pitched Waste Management, Inc. (NYSE: WM) on October 16, 2023. Waste Management is a leading environmental services company that provides collection, transfer, recycling, and disposal services to residential, commercial, industrial, and municipal customers across the United States and Canada. In addition to increasing exposure to a new vertical of the Industrial's sector within SMIF's portfolio, Natalie's investment thesis focused on its industry leading position with a sustainable long term growth plan and the Company's commitment to sustainability that allows them to capitalize on a fundamentally evolving industry. SMIF voted to buy approximately $40,000 of Waste Management (WM), funded by the sale of XLI.

xylem
Let's Solve Water

Claire Brundage '24 pitched to add Xylem (NYSE: XYL) on October 23, 2023. Xylem is a global market leader in the water industry dealing with water infrastructure and technology. Xylem is focused on solving various issues regarding access to clean water, transport of water and wastewater, treatment of wastewater, and the return of water to the environment. The company has operations in over 50 countries and provides solutions to sudden critical water scarcity issues globally. Claire's investment thesis focused on Xylem's unique and broad portfolio of products and solutions that are heavily focused on innovation and the globally increasing demand for clean water access. Due to recent developments including an SEC investigation into Evoqua, an acquisition that closed May 2023, a sudden rotation of the management board, and an overall lack of confidence about the near future of the company's financial position, the class discussed and voted to not add Xylem to the portfolio.

STOCK PITCHES

S&P Global

Kevin Crane '24 pitched S&P Global, Inc. (NYSE:SPGI) on October 23, 2023. S&P Global is a leading capital markets and information services company that provides ratings, market intelligence, commodity intelligence, indices, and automotive intelligence. S&P Global is one of the main three rating agencies along with Moody's and Fitch. In addition to increasing exposure to a new vertical of the Financial sector within the SMIF portfolio, Kevin's investment thesis focused on S&P Global's proprietary data leading to increased profits due to AI advancement. Additionally, S&P Global sits within the financials industry but correlates more to the technology and information sector given its reliance on data; as SMIF aims to underweight financials and overweight technology and information, holding a technology stock hidden within the financial sector will be beneficial. SMIF voted to buy approximately $50,000 of S&P Global (SPGI), funded by the sale of CFG and BX.

TEXTRON

Harrison Shepard '24 pitched Textron Inc. (NYSE: TXT) on November 6, 2023. Textron is a global, leading manufacturer of general aviation aircraft, military helicopters, military tiltrotor aircraft, and unmanned military aircraft as well as commercial industrial equipment including golf carts, all-terrain vehicles, and ground support equipment for the aviation industry. The company is headquartered in Providence, RI. In addition to increasing SMIF's exposure to the growing aviation industry, Harrison's investment thesis focused on Textron's industry-leading aircraft deliveries, the potential outperformance from the company's recent FLRAA U.S. Army contract victory, and management's commitment to returning value to shareholders through substantial share repurchase programs. SMIF voted to buy approximately $40,000 of Textron (TXT), funded by the sale of Honeywell (HON), which provided a significant total return to SMIF over its holding period.

AIR PRODUCTS

Lea Codispot '24 pitched Air Products and Chemicals, Inc. (NYSE:APD) on November 6, 2023. Air Products provides essential industrial gasses, related equipment, and applications expertise to customers in a wide range of industries, including refining, chemicals, metals, electronics, manufacturing, and food. The company also develops, engineers, builds, owns, and operates some of the world's largest industrial gas and carbon-capture projects, supplying clean hydrogen for global transportation, industrial markets, and the broader energy transition. Lea's investment thesis focused on Air Product's long-term growth strategy that is tied to industry leading innovation in sustainable and low-carbon practices. The class voted to buy approximately $20,000 of APD, funded by the sale of Scott's Miracle-Gro.

STOCK PITCHES

ExxonMobil

Aidan Cassidy '24 pitched Exxon Mobil Corp (XOM: WM) on November 13, 2023. Exxon is an integrated oil company involved in all aspects of the energy industry including exploration, production, refining, and selling of petroleum products. In addition to the long-term potential growth within the company, Aidan's investment thesis plays into SMIF's current strong conviction in the energy sector. Additionally, Exxon's increasing dominance in the Permian Basin allows for greater stability in times of ongoing geopolitical uncertainty beyond its already diversified portfolio. SMIF voted to buy approximately $77,000 of Exxon Mobil (XOM), funded by the sale of XLE.

airbnb

Brad Schultes '24 pitched Airbnb (NASDAQ: ABNB) on November 13, 2023. Airbnb operates a global marketplace, where hosts offer guests stays and experiences on their platform. Airbnb is a community based on connection and belonging. They have over 4 million hosts with 7 million listings that have welcomed over 1.5 billion guest arrivals to over 100,000 cities and towns in almost every country and region across the globe. Brad's investment thesis highlighted Airbnb's dedication to lifelong customers with its community-centric approach, along with a scalable business model that positions the company as a software-centric entity in the Consumer Discretionary sector. Due to fellow students' views on business travel recovering to pre-pandemic levels and growing, the class concluded that Booking.com (BKNG) would be better suited for business travel needs. As a result, the class voted not to add ABNB to the portfolio, opting to retain BKNG instead.

arm

Fisher Smith '24 pitched Arm Holdings plc (ARM) on November 27, 2023. Arm operates in the semiconductor industry and licenses its intellectual property (IP) out to companies for use in their own semiconductor products. The company recently completed its initial public offering on the NASDAQ in September of this year. Fisher's investment thesis cites ARM's dominance across the smartphone and mobile segments and its forward-looking strategy to diversify into other high-growth semiconductor applications, including automotive, IoT, and data centers. Given increasing demand for more powerful, energy-efficient, and compact semiconductors, ARM CPUs look well-positioned to benefit from increased industry adoption going forward. SMIF voted to buy approximately $56,000 of Arm Holdings plc (ARM), funded by the sale of XSD.

EAT•N

Luke Lambropoulos '24 pitched Eaton Corporation PLC (NYSE: ETN) on November 27th, 2023. Eaton is a diversified power management company and global technology leader in electrical systems for power quality, distribution and control that services largely in the United States as well as globally. The prevailing megatrends of reindustrialization, electrification, and digitization are fueling a robust demand for electric grid and storage infrastructure, benefiting Eaton's end markets. Additionally, as the U.S. power grid faces increasing strain due to these megatrends, urgent reform is needed for the aging infrastructure. As a result, hundreds of billions of dollars in government spending are allocated to enhance electric infrastructure, presenting Eaton Corp as a compelling investment opportunity. Ultimately, SMIF had voted to buy approximately $43,000 of Eaton in the portfolio through a covered call funded by the sale of Raytheon (RTX).

SMIF WELCOMES BOB GAMGORT

The Student Managed Investment Fund (SMIF) had the opportunity to have lunch with Bob Gamgort on November 3rd, 2023. Bob is currently the Chairman and CEO of Keurig Dr. Pepper. Under his leadership, Keurig Dr. Pepper has become one of the largest food and beverage companies in the United States, with inclusion in the S&P 500 and Nasdaq 100. He has over 30 years of experience serving in various marketing leadership roles at Kraft, CEO of Pinnacle Foods, as President of Major League Baseball Properties, and North American President of Mars Inc. He has been recognized by the media for his influence in the fields of marketing, sports business and the beverage industry, including BEVNET's "Person of the Year" award in 2018.

Our meeting with Bob fostered discussion with the SMIF analysts about strong leadership and his confidence in his company. He shared his thoughts about current market trends such as weight-loss drugs and how he sees consumers changing to healthier options, which is why Keurig Dr. Pepper offers all different variations of products.

We thank Bob for taking the time to speak with SMIF and for offering an insightful conversation from a leadership perspective.

MEET THE ANALYSTS

Paris is a senior Business Analytics major from Cold Spring Harbor, NY. On campus she is an admissions ambassador, a Freeman Fellow, and a member of Greek life. This summer she interned with MediaHub and did analytics for Remy Cointreau and the NBA.

Paris Abbott
Committee: Corporate Governance
Sector: Utilities

Claire is a senior Finance major and Russian minor at Bucknell. This summer she was in New York City doing an internship with Sumitomo Mitsui Banking Corporation working in their Finance Change department. On campus she is involved with the Russian Club.

Claire Brundage
Committee: Econ & Strategy
Sector: Industrials

Connor is a senior Accounting major from Columbus, OH. On campus, he is a member of the Bucknell Football Team and FIJI Fraternity. This summer he completed an internship at Ares Wealth Management Solutions in Denver, CO, and he plans to return full-time upon his graduation in May.

Connor Carretta
Committee: Corporate Governance
Sector: Financials

Aidan is a senior Finance major from Glen Rock, New Jersey. On campus, Aidan is a MGMT 101 Teaching Assistant, a Supervisor at the Student Calling Program, and is a Bison Finance Society Board Member. This past summer, he worked as a Private Wealth Management Summer Analyst at Goldman Sachs in their West Palm Beach office. Following graduation, Aidan will be working as a Private Banking Analyst at JP Morgan in the Greenwich Office.

Aidan Cassidy
Committee: Econ & Strategy
Sector: Consumer Discretionary

Lea is a senior Business Analytics major from Butler, Pennsylvania. On campus, Lea is a Presidential Fellow, Lead Residential Advisor, and Director, Choreographer, and Dancer with the Bucknell Dance Company. Off campus, she works as a Student Consultant for the Lewisburg Small Business Development Center. Lea has had analytics internships with the Pittsburgh Penguins and Dick's Sporting Goods and will return to Dick's Sporting Goods as a retail analyst following graduation.

Lea Codispot
Committee: PAR
Sector: Health Care

Kevin is a Senior accounting major from Katonah, NY. On campus, he is a member of the Bucknell Men's Swim Team, the Vice President and Treasurer of the pickleball club, a TLC study group leader for Corporate Finance, and a member of the Chi Phi fraternity. For the past two semesters, Kevin has performed financial research with Professor Tom Geurts to determine the impact of the ISO 14001 certification. This past summer Kevin worked at EY with their Audit and Assurance team.

Kevin Crane
Committee: Fixed Income
Sector: Information Technology

Carlyn is a senior Finance major from Darien, CT. On campus, Carlyn is a member of Kappa Kappa Gamma sorority, the former academic chair of Alpha Lambda Delta Honors Society, former co-founder of the Case Analysis Group and a member of Women in Finance and the Bison Finance Society. This past summer, she interned at Houlihan Lokey in their NYC Consumer, Food and Retail group as an investment banking summer analyst. Following graduation, Carlyn will be working as a Private Banking Analyst at JP Morgan in the Greenwich Office.

Carlyn Florio
Committee: Econ & Strategy
Sector: Consumer Discretionary

Natalie is a senior Finance major from Mendham, NJ. On campus, she currently serves as President of the Bison Finance Society, is a Teaching Assistant for Investments, a Freeman Fellow, a member Beta Gamma Sigma, Alpha Lambda Delta and Mortar Board Honor Societies, as well as Women in Finance. This past summer, she interned in Houlihan Lokey's Business Services Group, where she will be returning full-time.

Natalie Greco
Committee: Admin
Sector: Consumer Staples

Chloe is a senior Finance major from Hingham, MA. On campus, Chloe is involved in the Bison Finance Society, Center for Career Advancement, and Kappa Kappa Gamma sorority. This past summer she interned at Goldman Sachs with Ayco doing Executive Financial Management in the Boston office. She is excited to be returning full-time following graduation.

Chloe Green
Committee: Econ & Strategy
Sector: Information Technology

Luke is a senior Economics and Philosophy major from Mineola, Long Island, NY. On campus, he is on the Men's Rowing Team, a member of the Bison Finance Society, and the Membership Director of Chi Phi Fraternity. This summer he interned at AllianceBernstein in their Private Wealth Management division.

Luke Lambropoulos
Committee: PAR
Sector: Industrials

Allie is a senior Finance major from Cape Elizabeth, Maine. On campus, she is involved in the Teaching & Learning Center as a Program Assistant on the Leadership Team and as Study Group Facilitator for Corporate Finance. Moreover, she participates in Alpha Delta Pi Sorority, Women in Finance, Consulting Club, and Spoon University. This past summer she interned on Capitol Hill for Senator Susan Collins.

Allie Lynch
Committee: Fixed Income
Sector: Consumer Discretionary

Maxine is a senior finance major from Aspen, Colorado. On campus, Maxine is a Presidential Fellow, senior advisor of the Women in Finance club, former president of Alpha Xi Delta sorority, and a student consultant at the Small Business Development Center. This past summer, she interned at Morgan Stanley in their Investment Banking division, where she will be returning full-time.

Maxine Mellin
Committee: Stakeholder Communications
Sector: Materials

Alyssa is a senior Finance major from Rumson, NJ. On campus, she is a member of Bison Finance Society, Beta Alpha Psi Honors Society, Women in Finance, and the Mental Health Advocate for Alpha Chi Omega. This past summer, she interned at KPMG LLP in their Risk Management department.

Alyssa Munley
Committee: Stakeholder Communications
Sector: Health Care

Nikhil is a senior from Allentown, PA studying Finance with a minor in Real Estate. On campus, he is a member of the Varsity Baseball team. Last summer Nikhil worked at LLR Partners in Philadelphia as a Summer Analyst on their Healthcare deal team and will be returning following his graduation in the Spring.

Nikhil Patel
Committee: Derivatives
Sector: Energy

Ethan is a senior Finance major from Solon, OH. On campus, Ethan is a member of the Bucknell Football Team, an All-Patriot League honoree, and previously a captain of the team. Ethan previously competed in the CFA Equity Research challenge, having advanced to the regional round of the competition. This past summer, Ethan interned at Campbell Lutyens in New York on the secondary advisory team where he will be returning full time upon graduation.

Ethan Pitzel
Committee: Derivatives
Sector: Energy

Ryan is a senior Finance major from Sleepy Hollow, NY. On campus, he is a member of the Bucknell Football Team, Fellowship of Christian Athletes, and Bison Finance Society. Ryan interned with BODYARMOR Sports Nutrition in the Financial Planning & Analysis department in the New York office.


Ryan Schatzel
Committee: Derivatives
Sector: Communication Services

Brad is a senior from New Jersey majoring in Computer Science & Engineering and Management. This past summer at Bucknell he conducted research on using augmented and virtual reality for healthcare training utilizing Unity software. On campus, he is involved with the Bucknell Finance Society, treasurer of the Chi Phi Fraternity, and in the Bison Triathlon Club.
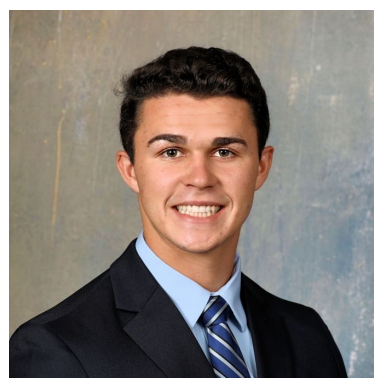
Brad Schultes
Committee: PAR
Sector: Information Technology

Eddie is a senior Accounting and Economics double major from Croton on Hudson, NY. On campus, he is a part of the Men's Squash Team, member of the Bison Finance Society, and is a research assistant. During the summer of 2023, Eddie worked at Stout in their corporate valuation department and will be working full-time at Deutsche Bank in their Fixed Income and Currencies Division.

Eddie Scutari
Committee: Fixed Income
Sector: Communication Services

Harrison is a Senior Finance major from Cincinnati, OH. On campus, Harrison plays for the Bucknell Bison Football Team, is a member of the Freeman College of Management Student Advisory Board, Beta Gamma Sigma Business Honor Society, and Alpha Lambda Delta Honor Society. Last summer, Harrison interned at Guggenheim Partners as an Investment Banking Summer Analyst where he will be returning full-time after graduation.

Harrison Shepherd
Committee: Econ & Strategy
Sector: Communication Services

Fisher is a senior Finance major from Mendham, NJ. On campus he is a member of Bison Finance Society. This summer he worked at KBW in Investment Banking and will be returning there full-time.

Fisher Smith
Committee: Econ & Strategy
Sector: Financials

Gabi is a senior Accounting major from Readington, NJ. On campus, Gabi is a research assistant focusing on cost-deployment-based metrics for the measurement of financial impact of specific ESG related certification implementation. Also, Gabi is a teacher's assistant for The Global Flow Capital, Real Estate Finance & Development, and Personal Finance. This past summer, she worked at RSM's NYC office in the audit division and will be returning after graduation.

Gabi Tamayo
Committee: PAR
Sector: Consumer Staples

Yuqin is a senior Business Analytics major from China.

Yuqin Yang
Committee: PAR
Sector: REITs

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