

Undergraduate Student Investment Management Fund

Semi-Annual Presentation

Friday December 6th, 2013

Fund Members

Fund Managers

Fund Analysts



Clayton Jenners



Adrian Reiter



Andrew Farber



Dylan King



James Hert



Jasmine Anglen



Logan Hurst



Justin Eastman



Kyle Heck



Dakota Boyd



Paul Farrington



Sean Gormley



Tro Panosian



Alex Green



Alasandro Fenston



Vikas Bhagavatula



Marcus Schafer

Portfolio Strategy

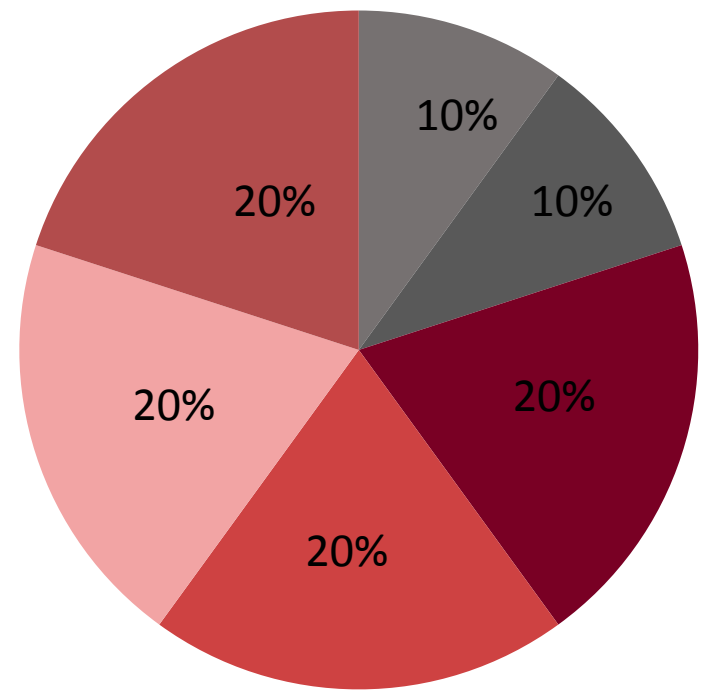
Insider transactions:

- Continue to develop more automated implementation
- Develop more informative signal, adjust weighting scheme

ADR Momentum:

- Diversify to international
- Avoid Universe overlap and conflicting trade signals
- Implement completely new strategy

Portfolio Composition



- ADR Constituent 1
- ADR Constituent 2
- Insider Constituent 1
- Insider Constituent 2
- Insider Constituent 3
- Insider Constituent 4

Insider Transactions

Insider Research

- “Decoding Inside Information” – October 2010
 - By: Lauren Cohen, Christopher Malloy, & Lukasz Pomorski
- Data Parameters
 - Form 4 – filed within 2 days of trade
 - January, 1986 to December, 2007.
 - Open-market purchases and sales
 - Exclude options exercises and private transactions
 - “Opportunistic” vs. “routine” traders
- Excess monthly returns
 - Opportunistic buys: 1.58%
 - Routine buys: 0.87%

Classifying Insiders

December

2010

Su	M	T	W	Th	F	Sa
		X				
			X			

2011

Su	M	T	W	Th	F	Sa
				X		

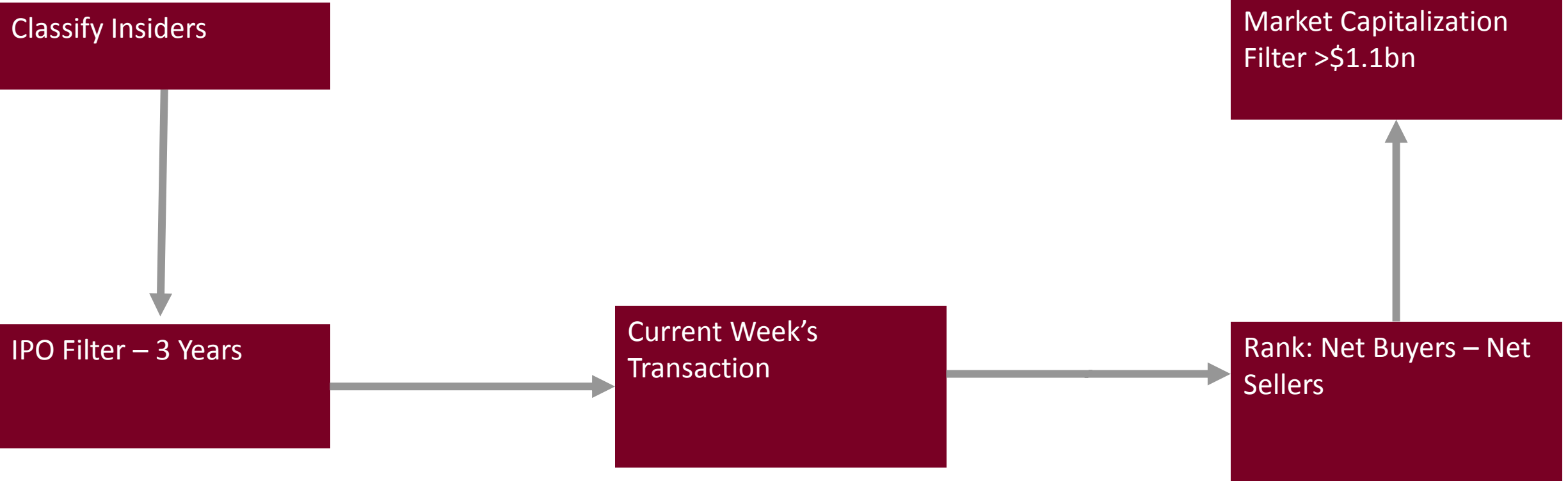
2012

Su	M	T	W	Th	F	Sa
		X				
				X		
			X			

X = Routine Trader

X = Opportunistic Trader

Sorting & Filtering



Portfolio Strategy

Week 1
VRX
ABM
ACN
COV
ED
DVA
PCYC
ERIE
T
BRC

Week 2
AYR
SNV
RDN
MOG-A
FAST
NLY
RLI
HTS
CDE
PXD

Week 3
BCOR
MDLZ
Y
SSS
AYR
FICO
EOG
SANM
ANDE
GPN

Week 4
GMCR
HMSY
LEG
SPG
WEC
KMT
PPS
MOG-A
NCT
OKE

ADR Momentum

What is Momentum?

- Jegadeesh and Titman
- Buy past winners, short past losers
- Time period: 1965 to 1989
- Calculated monthly returns for a variety of portfolios

		Panel B			
<i>J</i>	<i>K</i> =	3	6	9	12
3	Sell	0.0083 (1.67)	0.0079 (1.64)	0.0084 (1.77)	0.0083 (1.79)
3	Buy	0.0156 (3.95)	0.0158 (3.98)	0.0158 (3.96)	0.0160 (3.98)
3	Buy-sell	0.0073 (2.61)	0.0078 (3.16)	0.0074 (3.36)	0.0077 (4.00)
6	Sell	0.0066 (1.28)	0.0068 (1.35)	0.0067 (1.38)	0.0076 (1.58)
6	Buy	0.0179 (4.47)	0.0178 (4.41)	0.0175 (4.32)	0.0166 (4.13)
6	Buy-sell	0.0114 (3.37)	0.0110 (3.61)	0.0108 (4.01)	0.0090 (3.54)
9	Sell	0.0058 (1.13)	0.0058 (1.15)	0.0066 (1.34)	0.0078 (1.59)
9	Buy	0.0193 (4.72)	0.0188 (4.56)	0.0176 (4.30)	0.0164 (4.04)
9	Buy-sell	0.0135 (3.85)	0.0130 (4.09)	0.0109 (3.67)	0.0085 (3.04)
12	Sell	0.0048 (0.93)	0.0058 (1.15)	0.0070 (1.40)	0.0085 (1.71)
12	Buy	0.0196 (4.73)	0.0179 (4.36)	0.0167 (4.09)	0.0154 (3.79)
12	Buy-sell	0.0149 (4.28)	0.0121 (3.65)	0.0096 (3.09)	0.0069 (2.31)

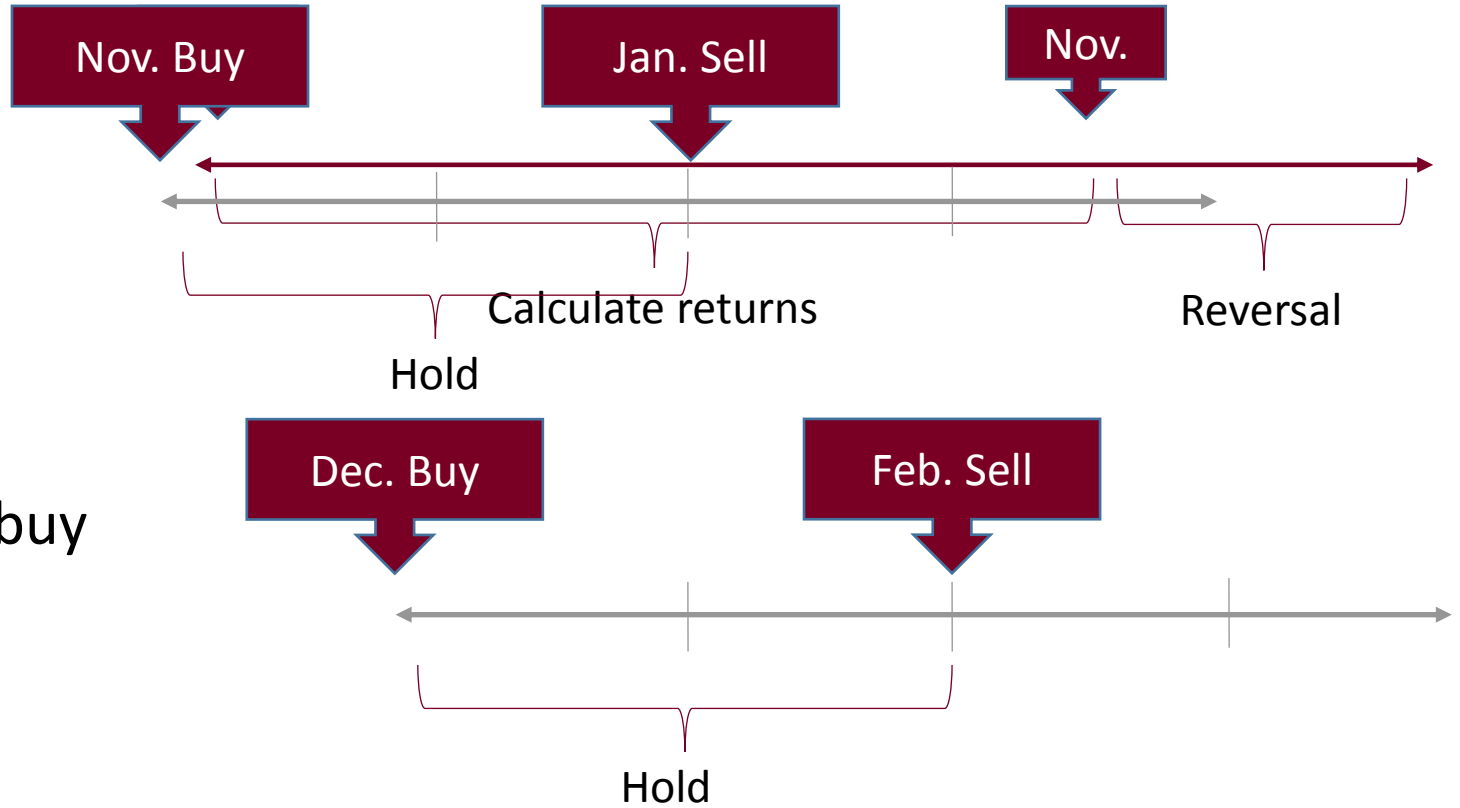
International Momentum

- Rouwenhorst
- Time period: 1980-1995
- International Momentum:
 - 12 developed countries
 - Ex. Austria, U.K, France, Germany, Spain
- Emerging Market Momentum:
 - 20 emerging countries
- Showed that momentum existed in International Equity

Ranking Period (J)	Portfolio	Holding Period (K)			
		3	6	9	12
3	Loser	0.0077	0.0087	0.0094	0.0105
	Winner	0.0185	0.0191	0.0190	0.0184
	Winner-Loser (t-stat)	0.0109 (4.29)	0.0105 (4.74)	0.0095 (4.99)	0.0079 (4.64)
6	Loser	0.0072	0.0076	0.0088	0.0106
	Winner	0.0204	0.0205	0.0200	0.0187
	Winner-Loser (t-stat)	0.0131 (4.27)	0.0128 (4.59)	0.0112 (4.50)	0.0081 (3.62)
9	Loser	0.0064	0.0077	0.0095	0.0114
	Winner	0.0209	0.0207	0.0197	0.0184
	Winner-Loser (t-stat)	0.0145 (4.50)	0.0130 (4.36)	0.0102 (3.77)	0.0070 (2.83)
12	Loser	0.0077	0.0093	0.0110	0.0125
	Winner	0.0208	0.0198	0.0188	0.0176
	Winner-Loser (t-stat)	0.0131 (4.03)	0.0105 (3.48)	0.0078 (2.80)	0.0051 (1.98)

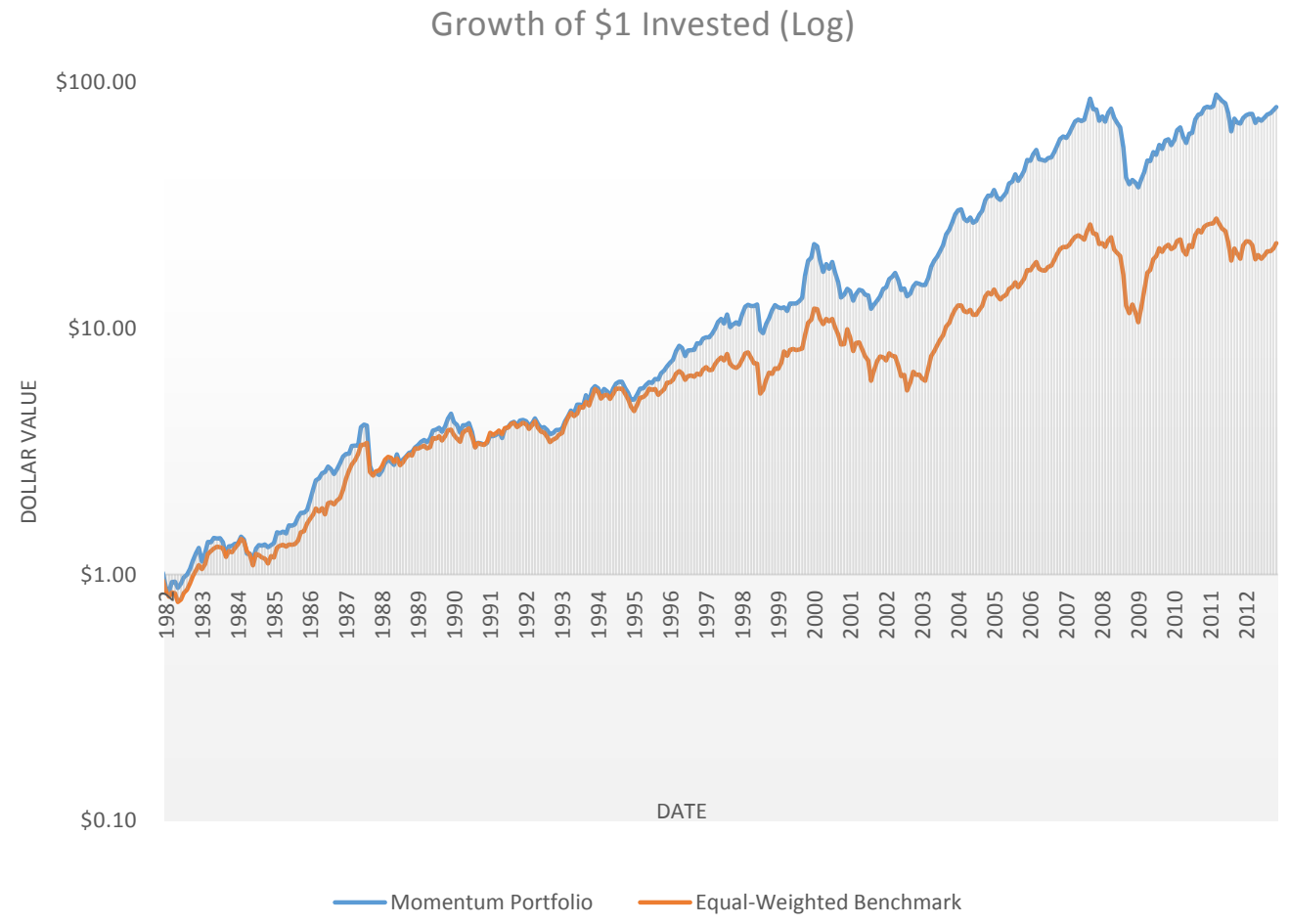
Portfolio Strategy

- Lookback period : 12 months
 - -12 to -2
- Rank ADR's based on returns
- Invest in top decile
- Holding period: 2 months
- 2 rolling portfolios
- Any repeat signals will trigger a rebuy



Backtest

- Monthly return data for all ADR's
- Time period: 1980 – 2012
- Sample size : 396 months
- Outperformed Benchmark by:
 - .35% monthly
 - 4.31% yearly



ADR Universe

Over 2,500 ADR's on Bloomberg



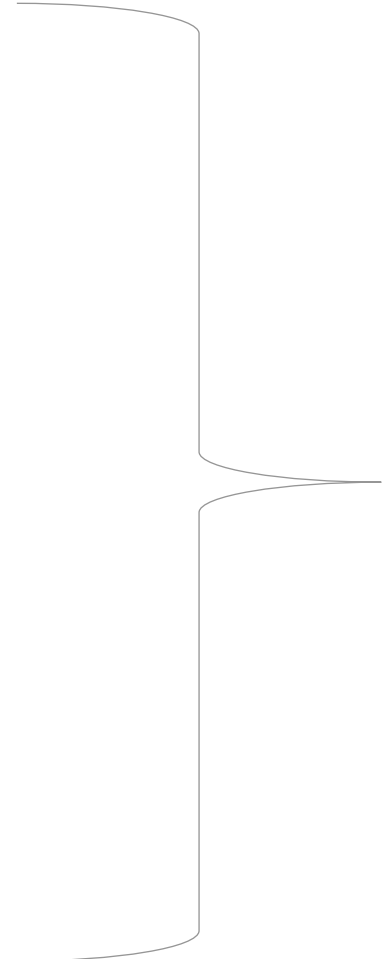
Exchange Filter:
• NYSE, AMEX, NASDAQ



Market Cap Filter:
• Over \$1.1 Billion

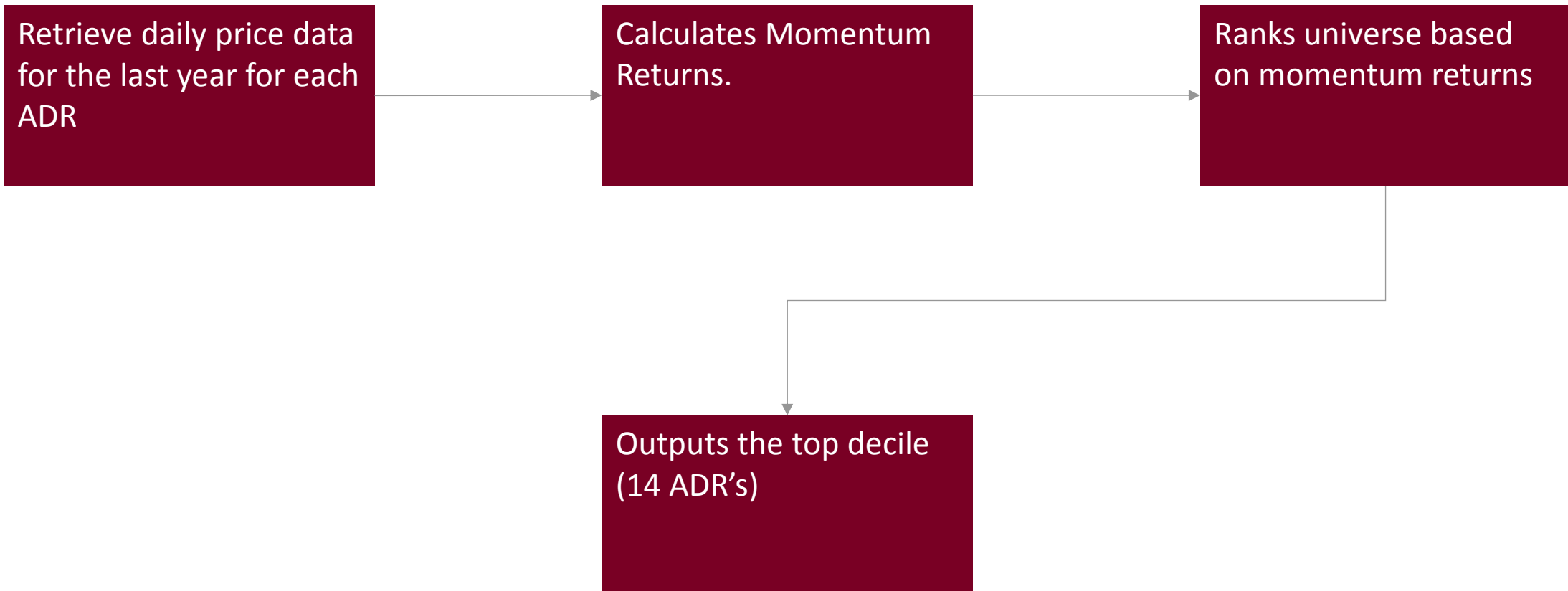


Volume Filter:
• Over 150,000 shares average daily trading



Investable Universe:
• 149 ADR's

Bloomberg Web Scraper



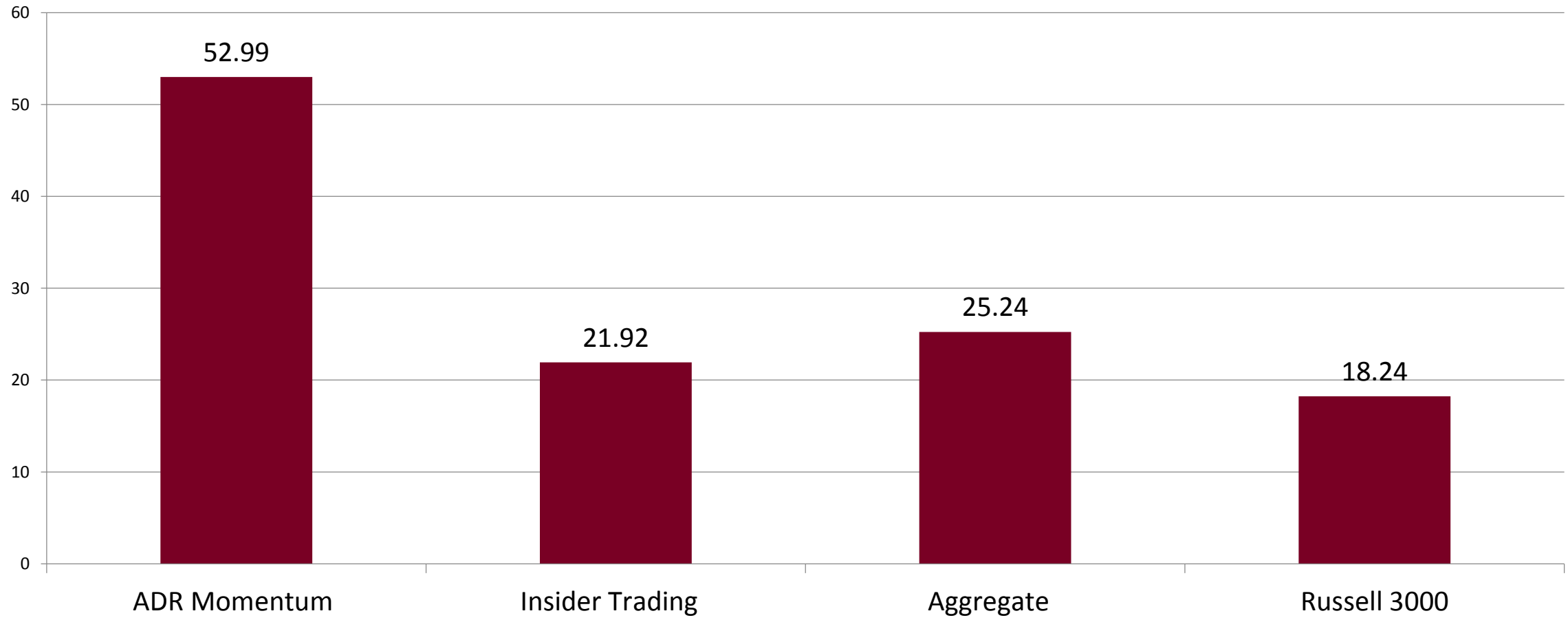
Filtering the Top Decile

- Country of Origin Cap
 - [# of ADRs for x country / total # of ADRs]
 - Capped most of our countries at 1 security
 - 35% filter
 - No country could make up more than 35% of our portfolios
 - Max of 5 stocks per country per portfolio

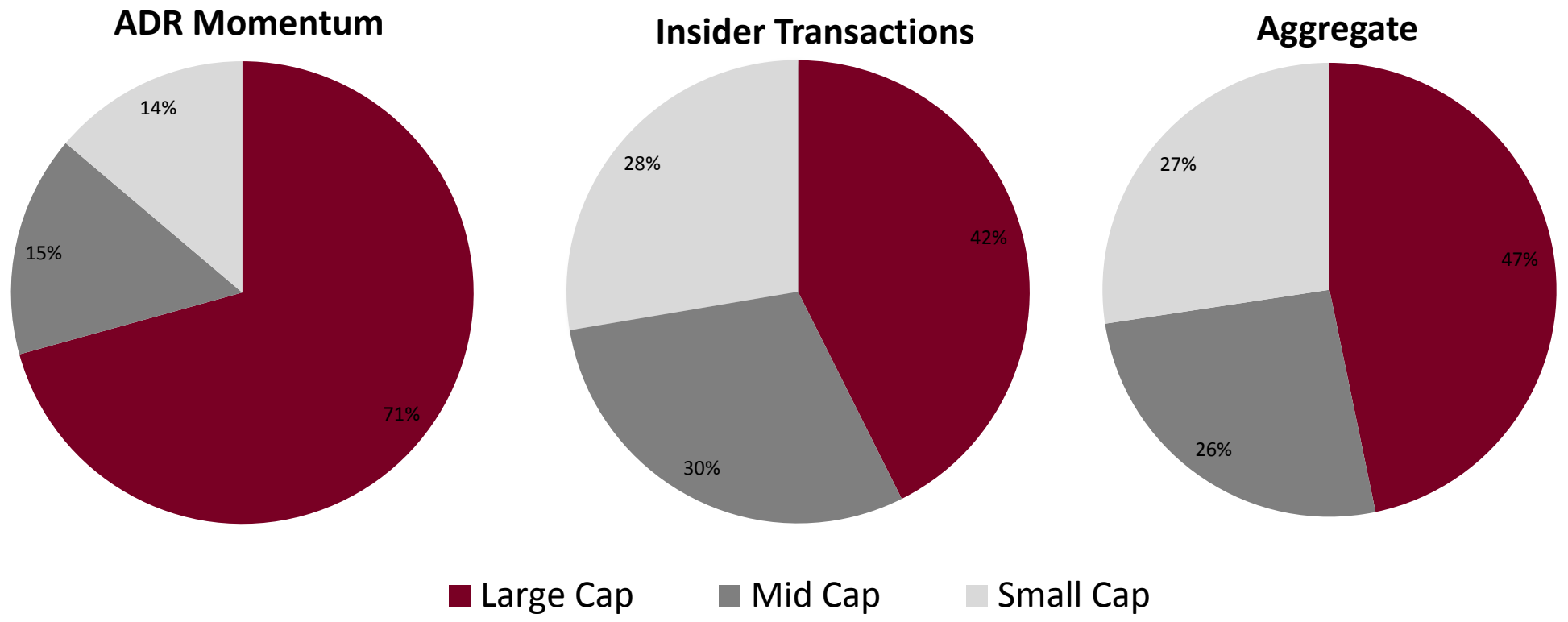
Ticker	Country
VIPS	China
HIMX	Taiwan
QIHU	China
ALU	France
SFUN	China
CTRP	China
NOK	Finland
IRE	Ireland
MPEL	Hong Kong
EJ	China
NMR	Japan
BFR	Argentina
YPF	Argentina
TEO	Argentina

Holdings

Portfolio Holdings – P/E Ratio Analysis

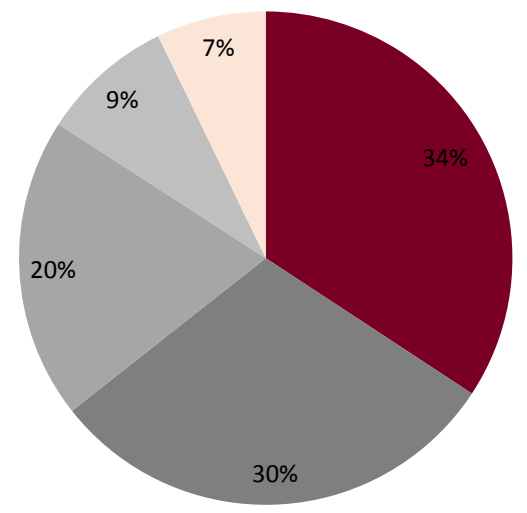


Portfolio Holdings - Size

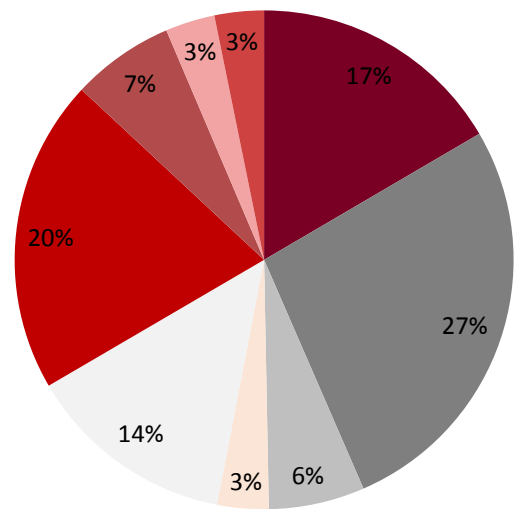


Portfolio Holdings - Sector

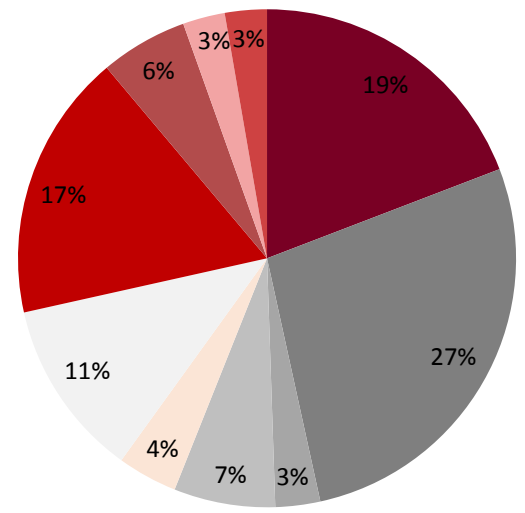
ADR Momentum



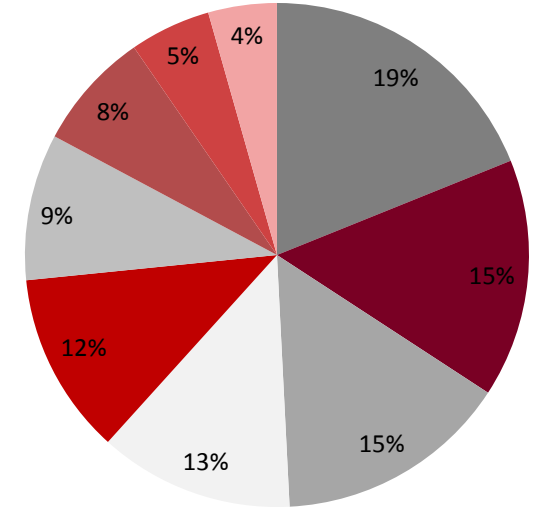
Insider Transactions



Aggregate Portfolio



Russell 3000



- Information Technology
- Financials
- Consumer Discretionary
- Energy
- Telecommunication Services
- Health Care
- Industrials
- Consumer Staples

Conclusion

Portfolio Performance

Portfolio	Returns	Benchmark Returns
ADR	1.87%	-0.0002% (Custom)
Insider	1.06%	0.35% (Russell 3000)
Aggregate	0.81%	0.35% (Russell 3000)

Case Study: Moog Incorporated

- MOG.A – Moog Incorporated
 - Designs control systems for Aerospace and Defense Industries
- Week of 11/11/2013 through 11/15/2013 Insider Transactions generate buy signal
- Purchase order Submitted by SIM Fund on 11/18/2013
- 11/19/2013 Moog Announces call back of \$200MM, 7.25% Senior Subordinated Notes

Future Plans

- Continue weekly tracking of performance, attribution and holdings
- Long/Short simulation for Insider and ADR portfolios
- Signal Strength optimization for Insider
- Continue to automate as much of the seeding process as possible

Questions?