

# Undergraduate Student Investment Management Fund

Final Presentation  
Friday April 25<sup>th</sup>, 2014

# Fund Members

## Fund Managers

## Fund Analysts



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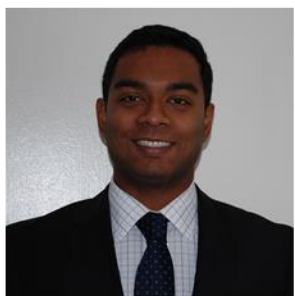
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# Presentation Overview

1. Introduction
2. Performance
3. Holdings & Attribution
4. Concluding Thoughts

# Introduction

# Success Metrics

- **Learn**
- **Maintain fiduciary standards for assets under management**
  - Risk/return profile
  - Manage trade-offs
    - Diversification and idiosyncratic risk
    - Understanding implementation

# Insider Strategy (80%)

- **Look back period of three years**
  - “Opportunistic” vs. “routine” traders
  - Four week holding period
  - Investing in top 10 companies with the most net buyers
- **Developed more automated implementation**
- **Constructed a more informative signal**

# Insider Strategy (80%) – Classifying Insiders

April

2012

Su	M	T	W	Th	F	Sa
		X				
			X			

2013

Su	M	T	W	Th	F	Sa
				X		

2014

Su	M	T	W	Th	F	Sa
		X				
				X		
			X			

**X** = Routine Trader  
**X** = Opportunistic Trader

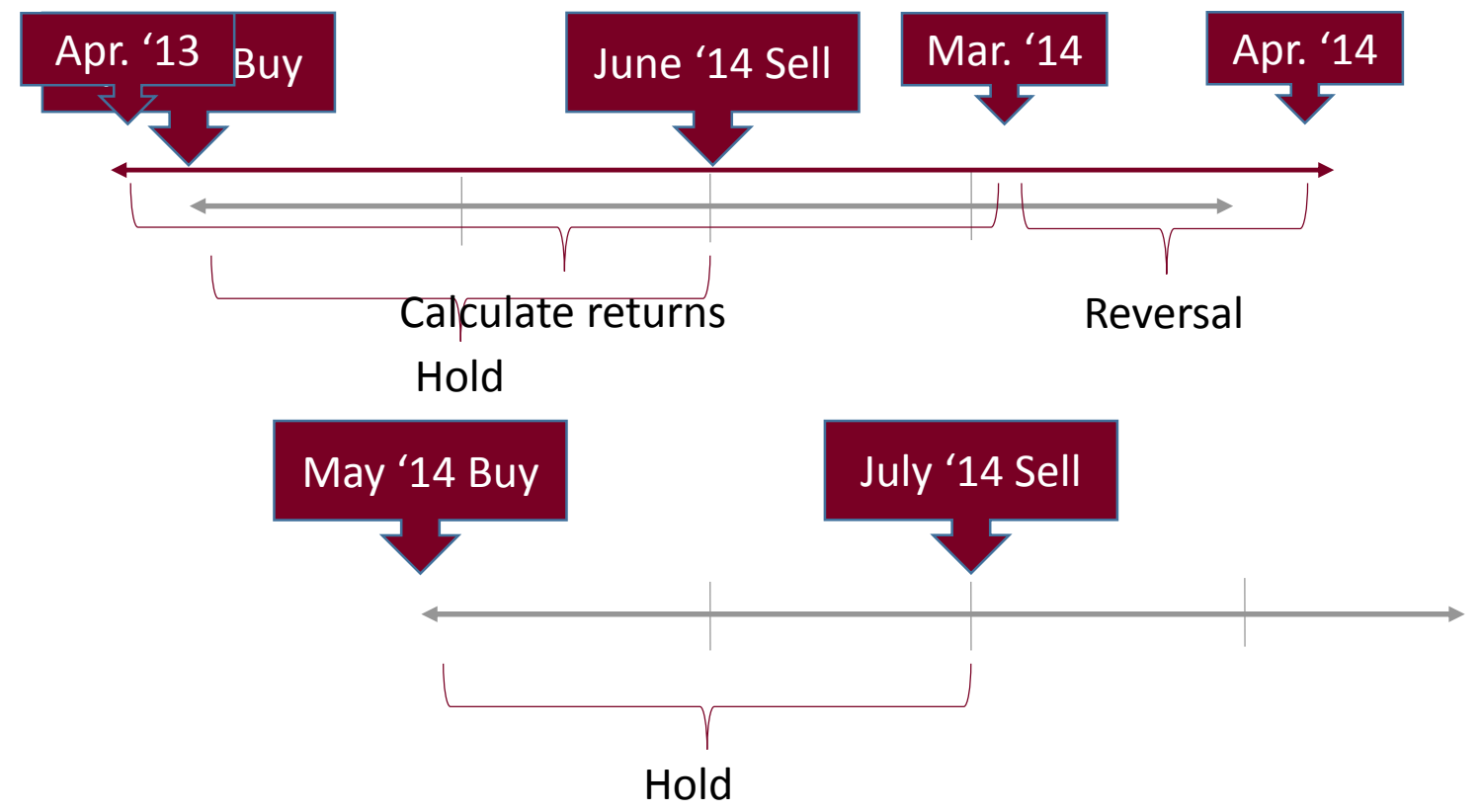
# Insider Strategy (80%) – Constituent Portfolios

Week 1	Week 2	Week 3	Week 4
VRX	AYR	BCOR	GMCR
ABM	SNV	MDLZ	HMSY
ACN	RDN	Y	LEG
COV	MOG-A	SSS	SPG
ED	FAST	AYR	WEC
DVA	NLY	FICO	KMT
PCYC	RLI	EOG	PPS
ERIE	HTS	SANM	MOG-A
T	CDE	ANDE	NCT
BRC	PXD	GPN	OKE



# Momentum Strategy (20%)

- International diversification
- Past winners outperform past losers
- Two rolling constituent portfolios
  - Two month holding period
- Repeat signals trigger repeat buys
- Purchase top decile
  - Dynamic universe
  - Expanded universe in December '13 from 14 to be in range of 22 or 23



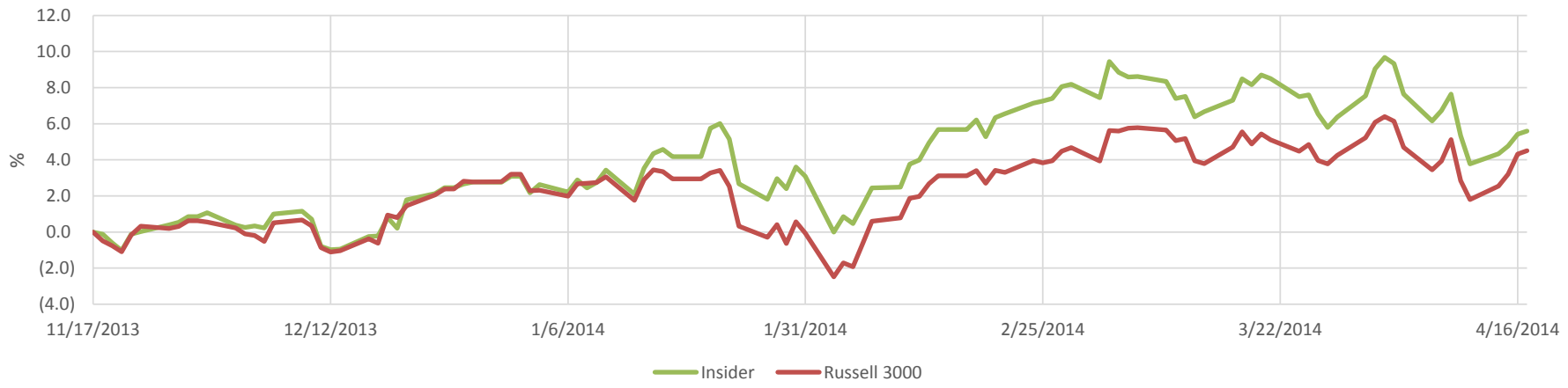
# Performance

# Portfolio Performance

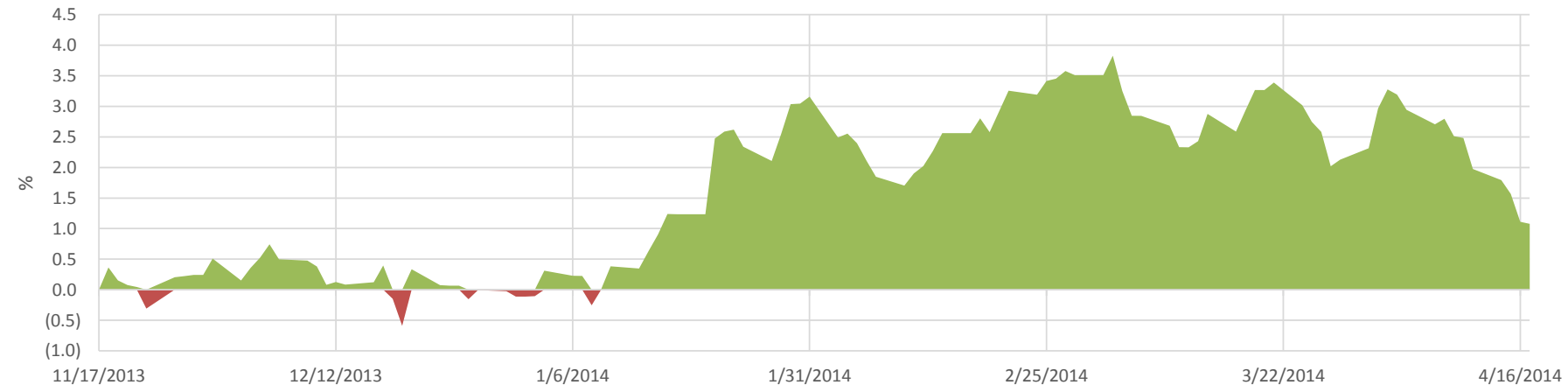
Portfolio	Returns	Benchmark Returns	
<b>Insider</b>	5.59%	4.51% (Russell 3000)	N/A
<b>Int'l MOM</b>	3.49%	2.85% (MSCI ex US)	3.06% (BKADR)
<b>Aggregate</b>	5.37%	4.51% (Russell 3000)	4.24% (Custom)

# Portfolio Performance – Insider vs. Russell 3000

Return



Performance Difference



	Since Inception	
	Insider	Russell 3000

**Return**

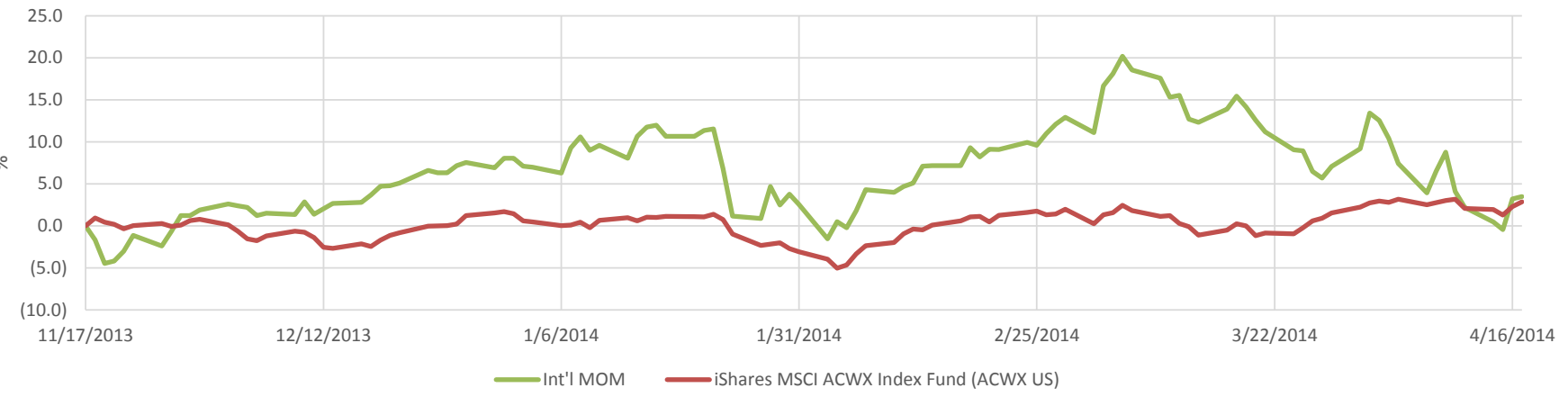
Total Return	5.59	4.51
Mean Return (Annualized)	21.46	17.07
Mean Excess Return (Annualized)	3.75	na

**Risk**

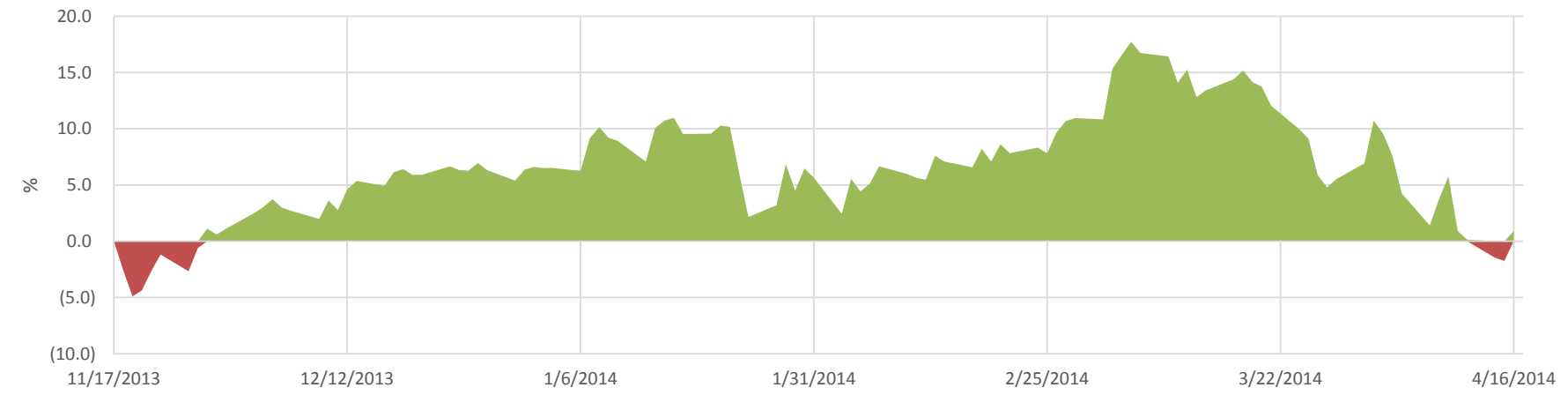
Std. Dev. (Annualized)	13.35	11.96
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# Portfolio Performance – Momentum vs. ACWX

Returns



Performance Difference



	Since Inception	
	Int'l MOM	MSCI ex US

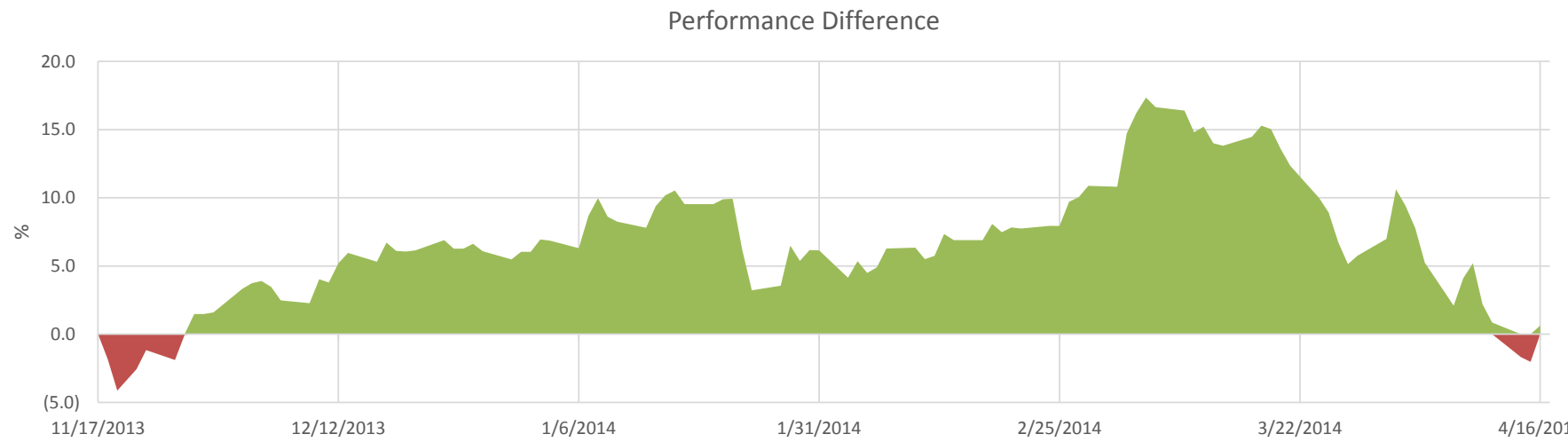
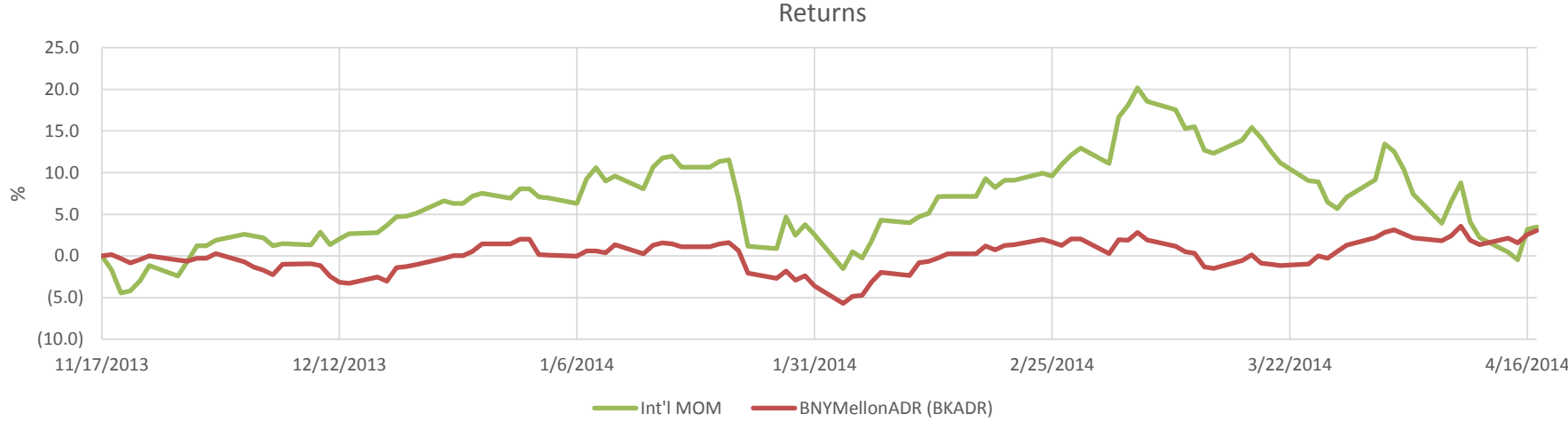
**Return**

Total Return	3.49	2.85
Mean Return (Annualized)	18.54	10.69
Mean Excess Return (Annualized)	7.10	na

**Risk**

Std. Dev. (Annualized)	28.22	10.27
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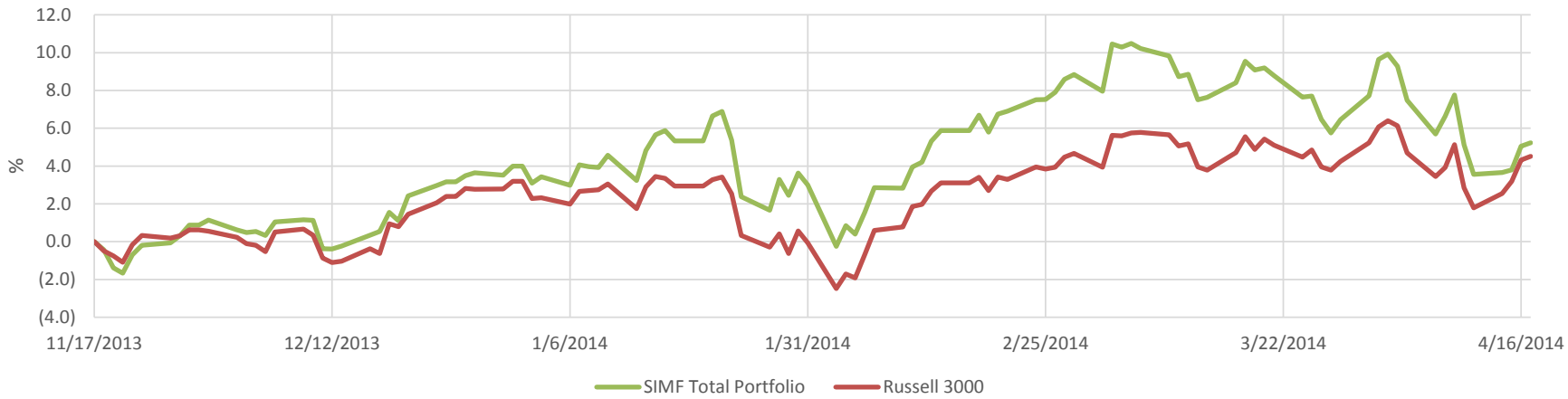
# Portfolio Performance – Momentum vs. BKADR



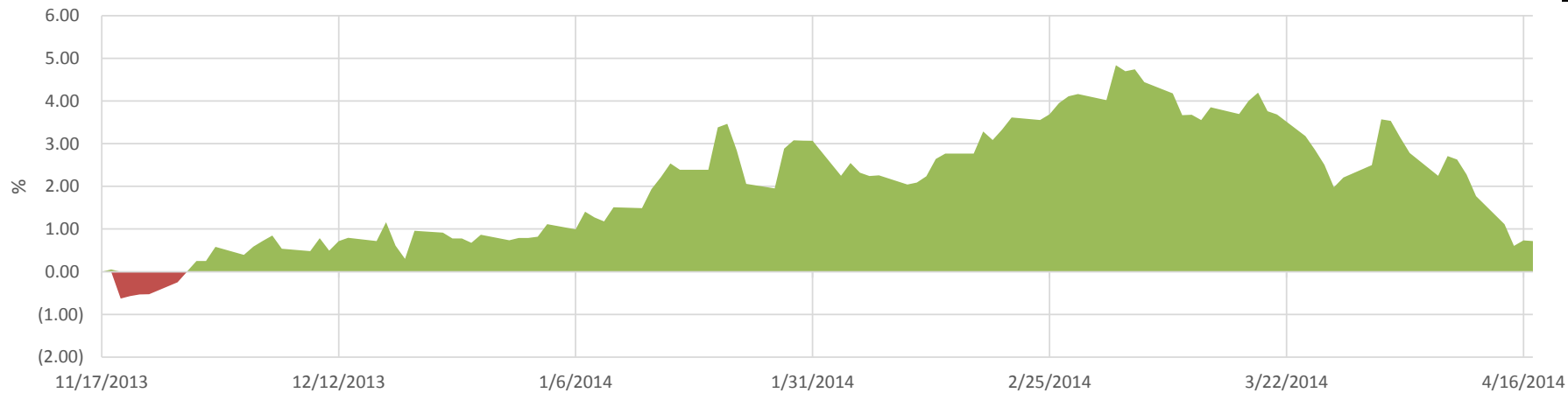
	Since Inception	
	Int'l MOM	BKADR
<b>Return</b>		
Total Return	3.49	3.06
Mean Return (Annualized)	18.54	11.97
Mean Excess Return (Annualized)	5.87	na
<b>Risk</b>		
Std. Dev. (Annualized)	28.22	13.24

# Portfolio Performance – Total vs. Russell 3000

Returns



Performance Difference



	Since Inception	
	SIMF Total	Russell 3000

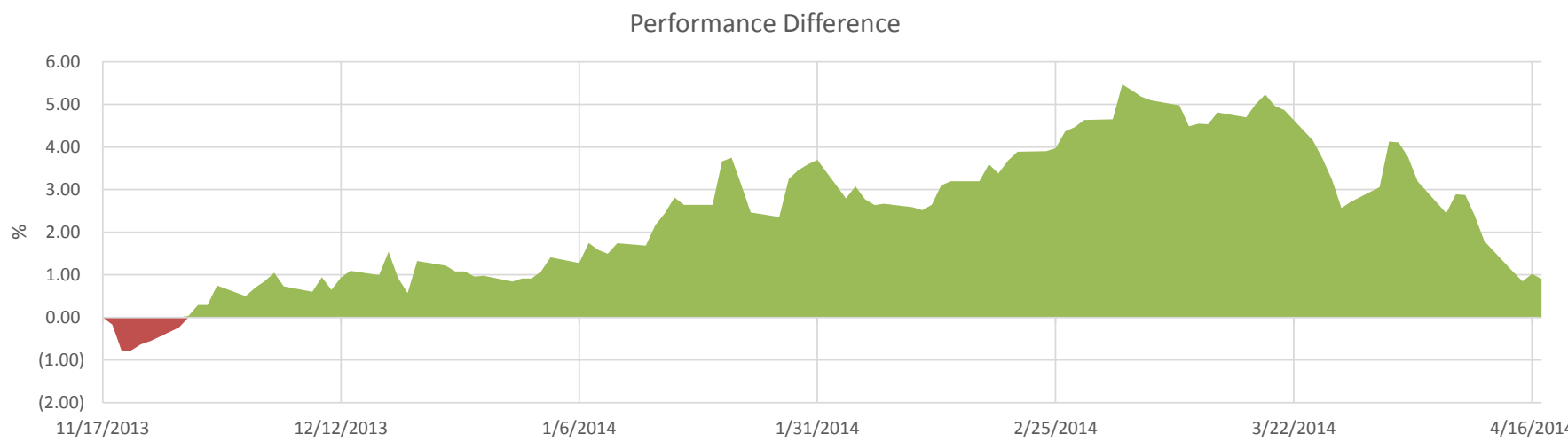
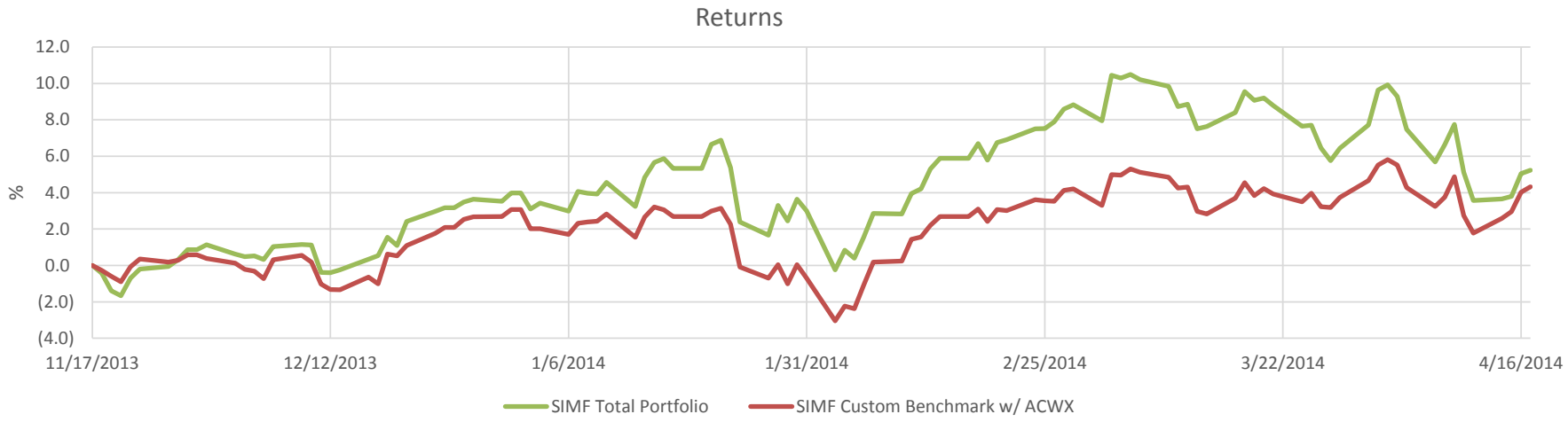
**Return**

Total Return	5.37	4.51
Mean Return (Annualized)	18.41	17.07

**Risk**

Std. Dev. (Annualized)	18.75	11.96
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# Portfolio Performance – Total vs. Custom (ACWX)



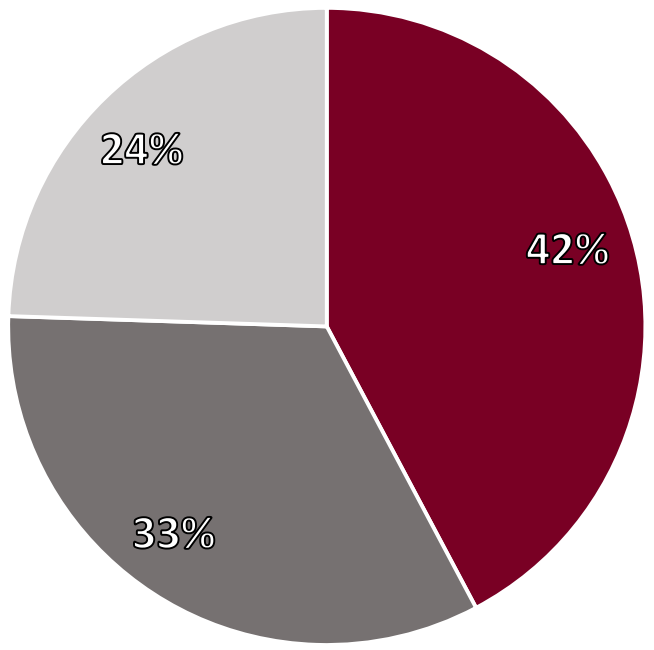
	Since Inception	
	SIMF Total	Custom Benchmark
<b>Return</b>		
Total Return	5.37	4.24
Mean Return (Annualized)	18.41	16.02
<b>Risk</b>		
Std. Dev. (Annualized)	18.75	11.77



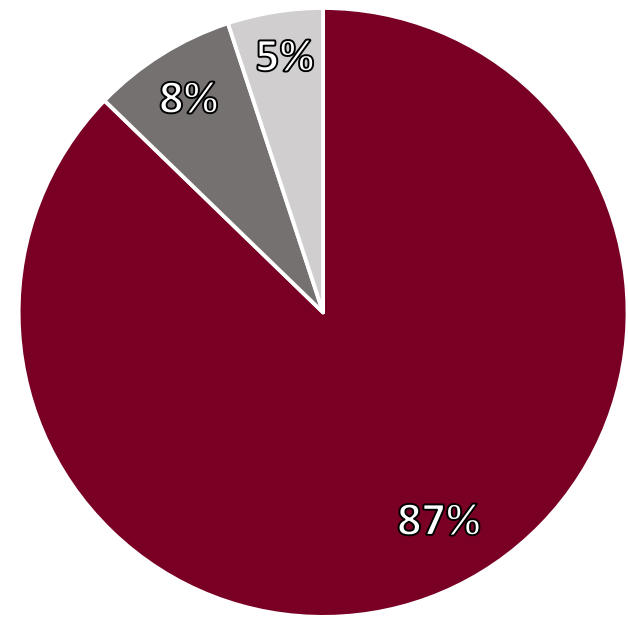
# Holdings and Attribution

# Insider Market Cap Holdings and Attribution

**Insider Portfolio**



**IWV: Russell 3000**

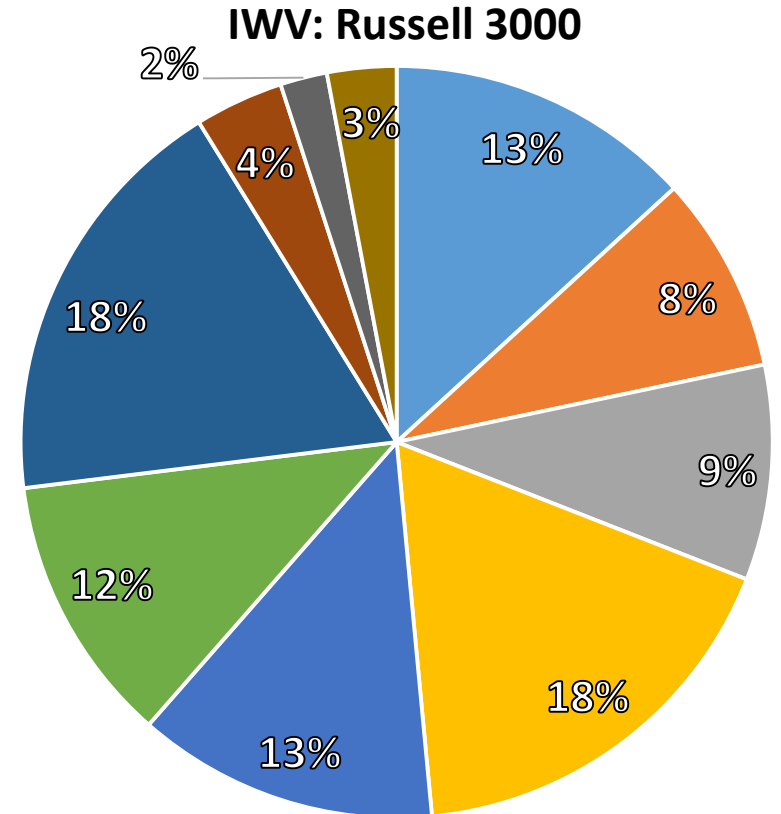
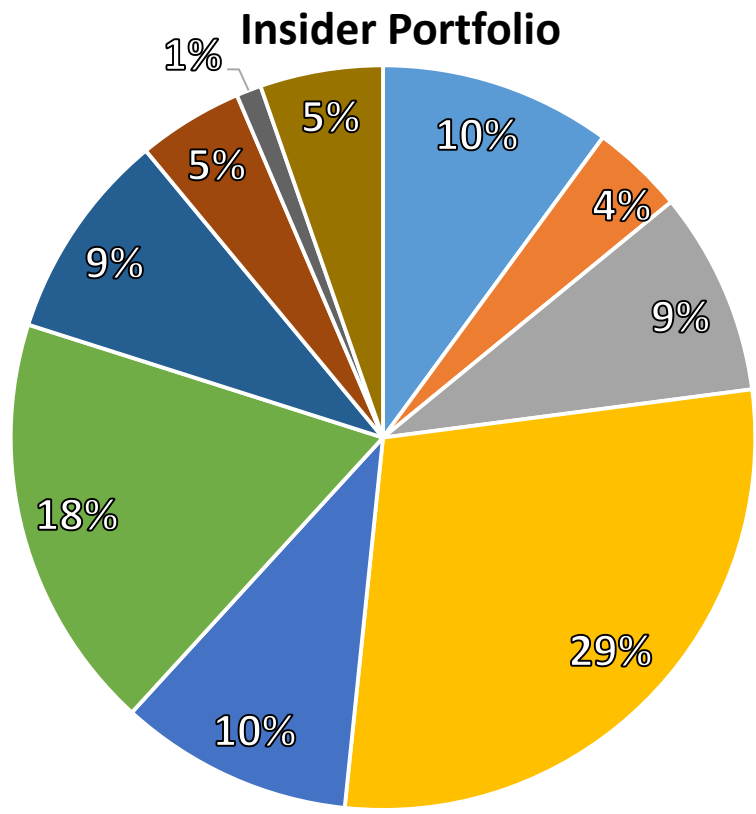


■ Large Cap   ■ Mid Cap   ■ Small Cap

**Attribution Analysis**

	Market Cap	Security Selection
Large Cap	-0.12%	2.38%
Mid Cap	-0.06%	-0.52%
Small Cap	-0.55%	-0.06%

# Insider Sector Holdings and Attribution

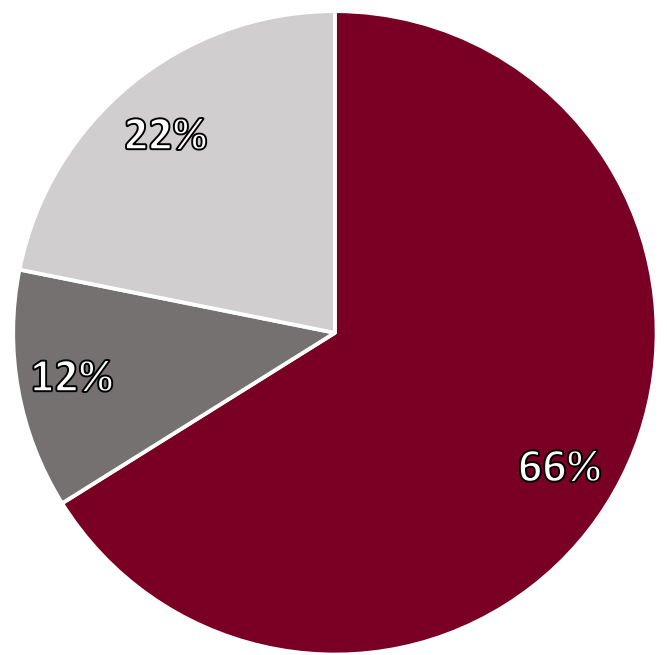


- Cons. Disc.
- Cons. Stap.
- Energy
- Financials
- Health Care
- Industrials
- Info Tech.
- Materials
- Telecom
- Utilities

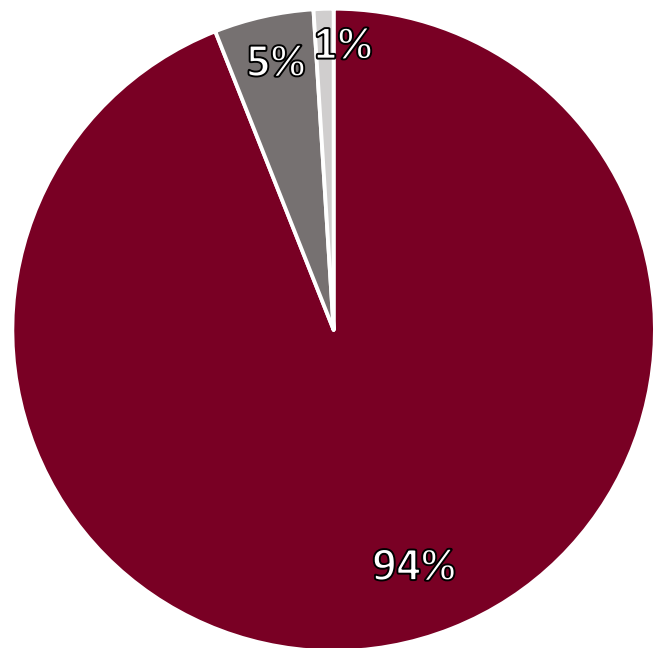
Attribution Analysis		
	Sector	Security Selection
Cons. Disc.	0.09%	-1.15%
Cons. Stap.	-0.15%	1.00%
Energy	-0.24%	1.37%
Financials	0.22%	0.15%
Health Care	0.53%	-0.46%
Industrials	0.12%	-0.52%
Info Tech.	0.23%	0.45%
Materials	-0.02%	-0.20%
Telecom	-0.04%	-0.03%
Utilities	-0.27%	-0.01%

# ADR Momentum Market Cap Holdings and Attribution

**ADR Momentum Portfolio**



**ACWX: MSCI ex US**

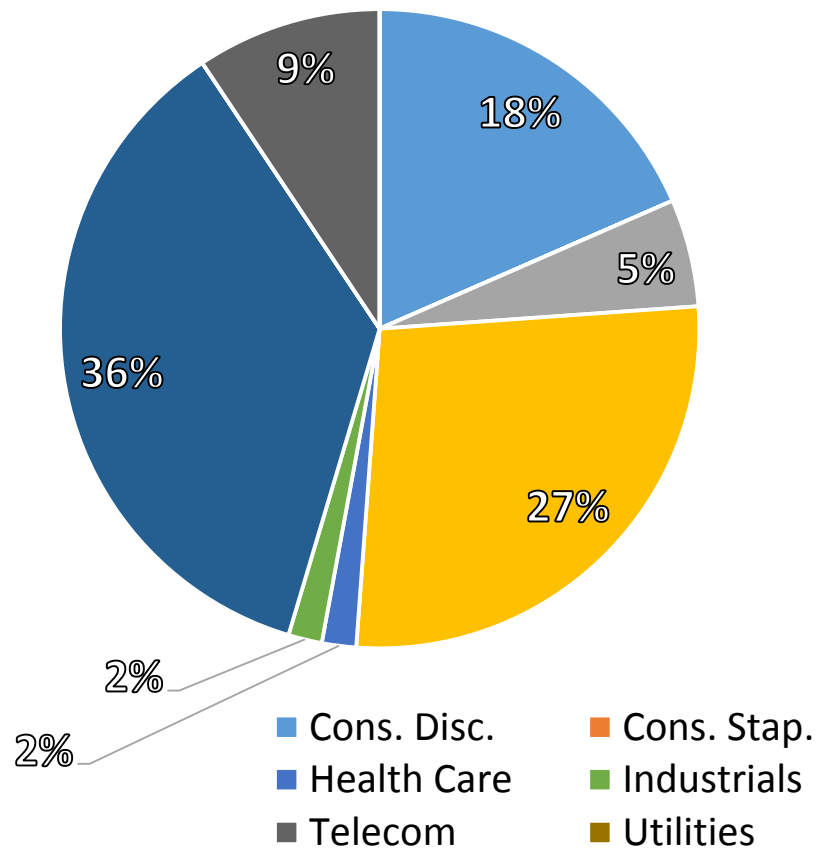


■ Large Cap   ■ Mid Cap   ■ Small Cap

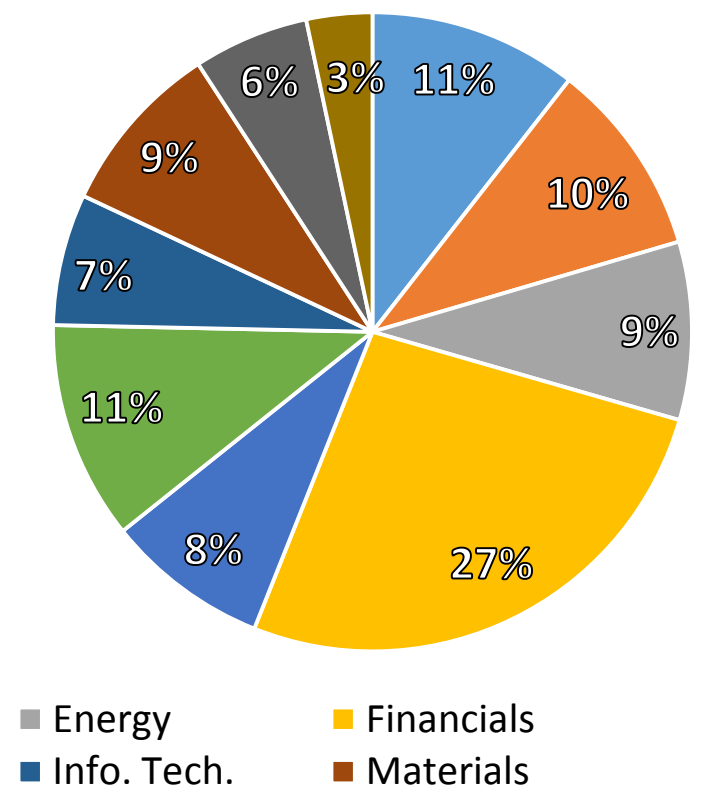
Attribution Analysis		
	Market Cap	Security Selection
Large Cap	-0.05%	1.83%
Mid Cap	-0.04%	1.85%
Small Cap	-2.57%	0.63%

# ADR Momentum Sector Holdings and Attribution

**ADR Momentum Portfolio**



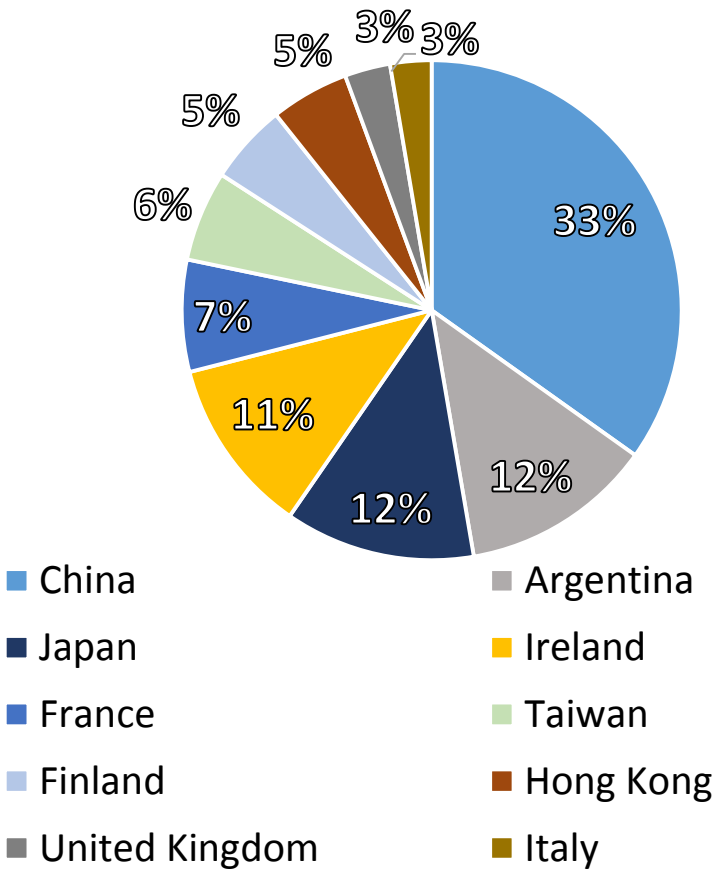
**ACWX: MSCI ex US**



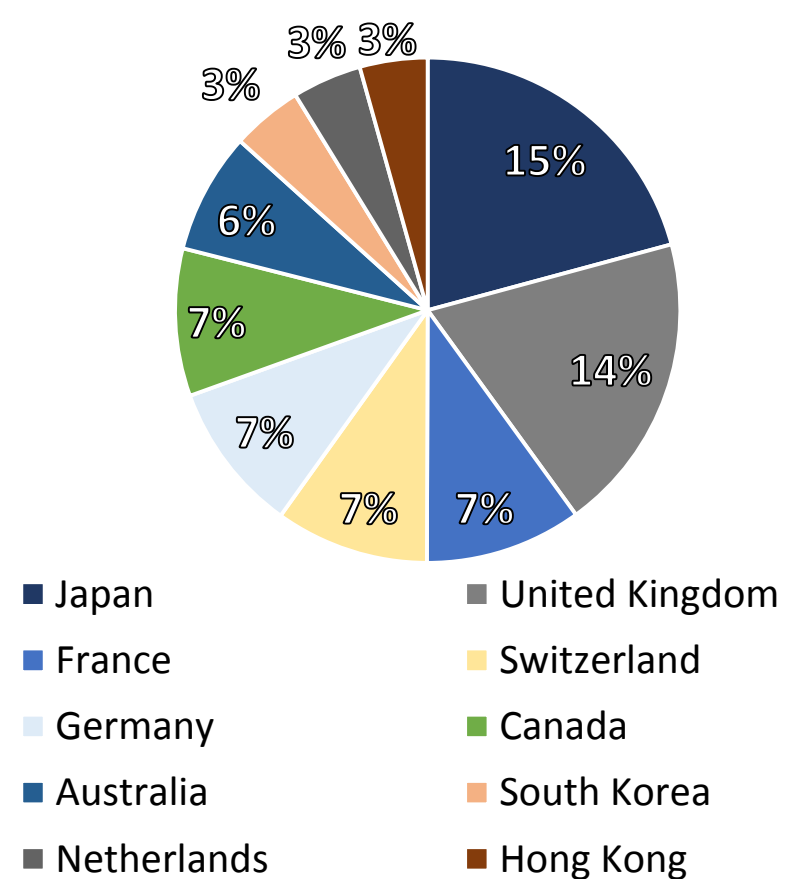
Attribution Analysis		
	Sector	Security Selection
Cons. Disc.	0.01%	1.84%
Cons. Stap.	0.11%	0.00%
Energy	-0.15%	1.47%
Financials	0.05%	-0.78%
Health Care	-0.19%	-0.52%
Industrials	-0.07%	0.08%
Info. Tech.	1.20%	0.05%
Materials	0.12%	0.00%
Telecom	-0.19%	-1.31%
Utilities	-0.11%	0.00%

# ADR Momentum Region Holdings and Attribution

**ADR Momentum Top Ten Country Holdings**



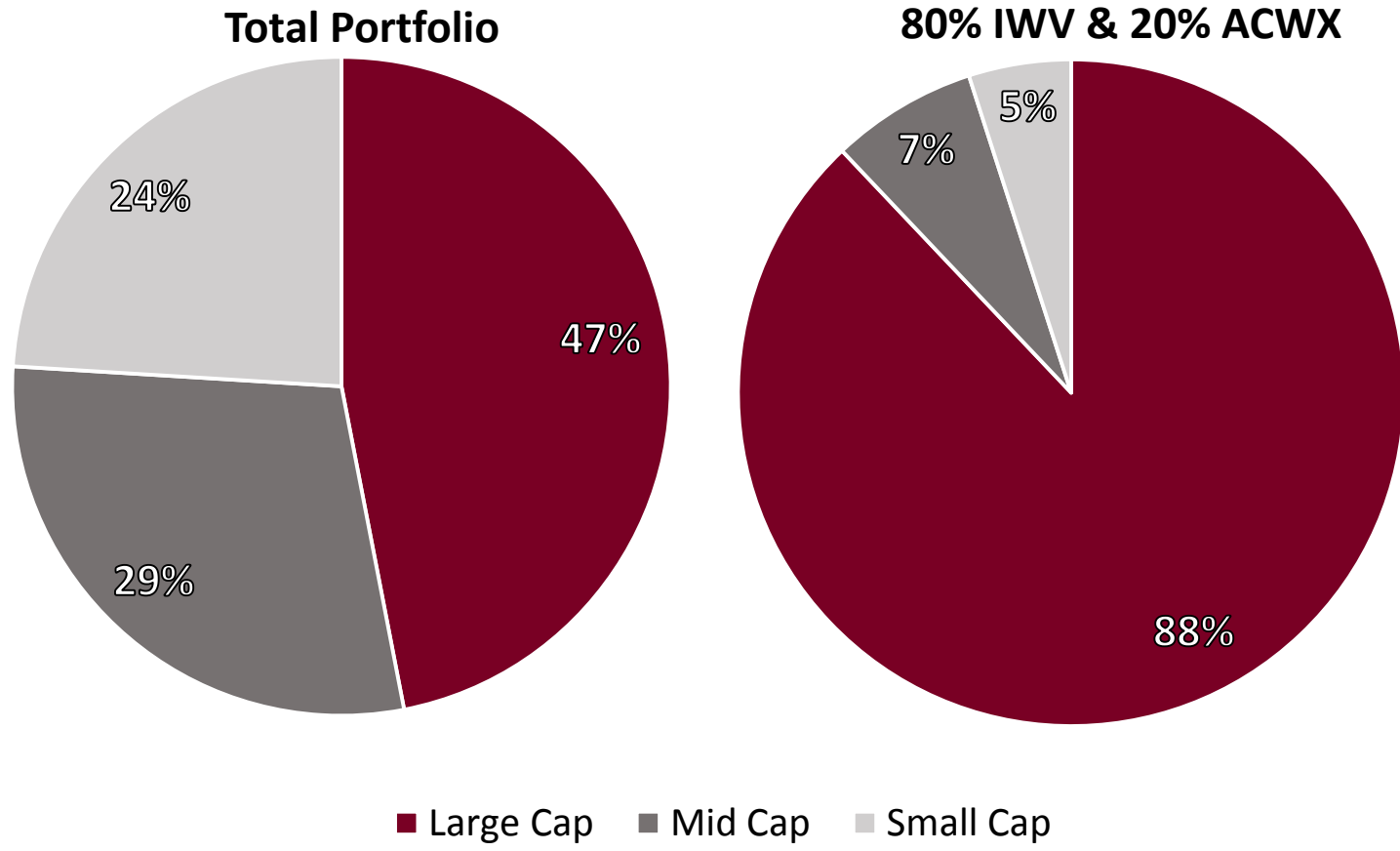
**ACWX: MSCI ex US Top Ten Country Holdings**



**Attribution Analysis**

	Country	Security Selection
	China	-0.51
	Argentina	1.88
	Japan	0.00
	Ireland	-0.49
	France	-0.15
	Taiwan	0.24
	France	-0.41
	Taiwan	0.04
	Finland	0.20
	Finland	-0.16
	Hong Kong	-0.16
	Hong Kong	1.08
	United Kingdom	0.17
	United Kingdom	-0.45
	Italy	0.21
	Italy	0.20

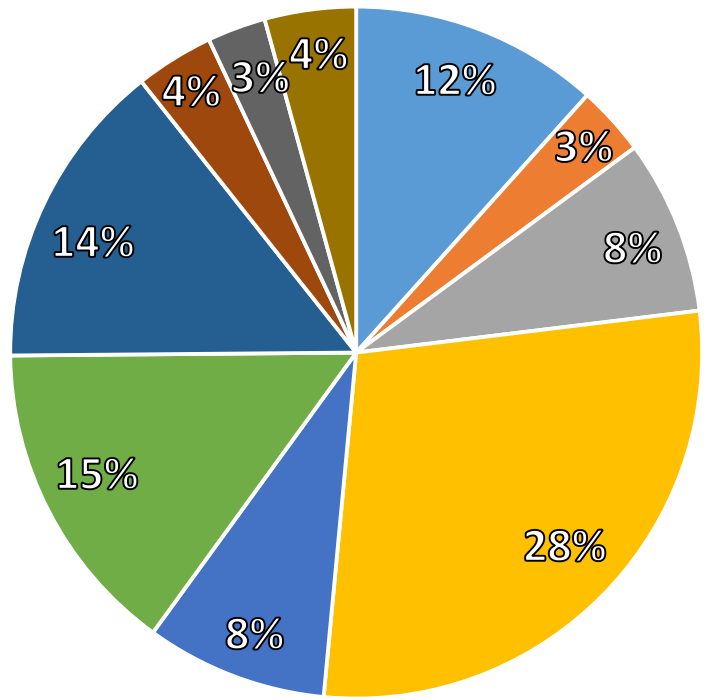
# Portfolio Market Cap Holdings and Attribution



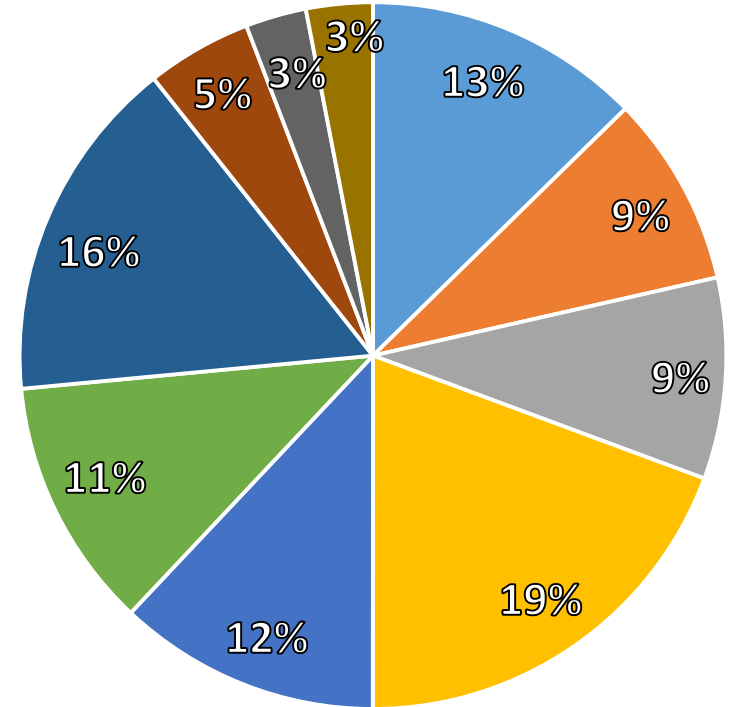
Attribution Analysis		
	Market Cap	Security Selection
Large Cap	-0.11%	2.27%
Mid Cap	-0.06%	-0.05%
Small Cap	-0.95%	0.08%

# Portfolio Sector Holdings and Allocation

**Total Portfolio**



**80% IWV & 20% ACWX**



- Cons. Disc.
- Cons. Stap.
- Energy
- Financials
- Health Care
- Industrials
- Info Tech.
- Materials
- Telecom
- Utilities

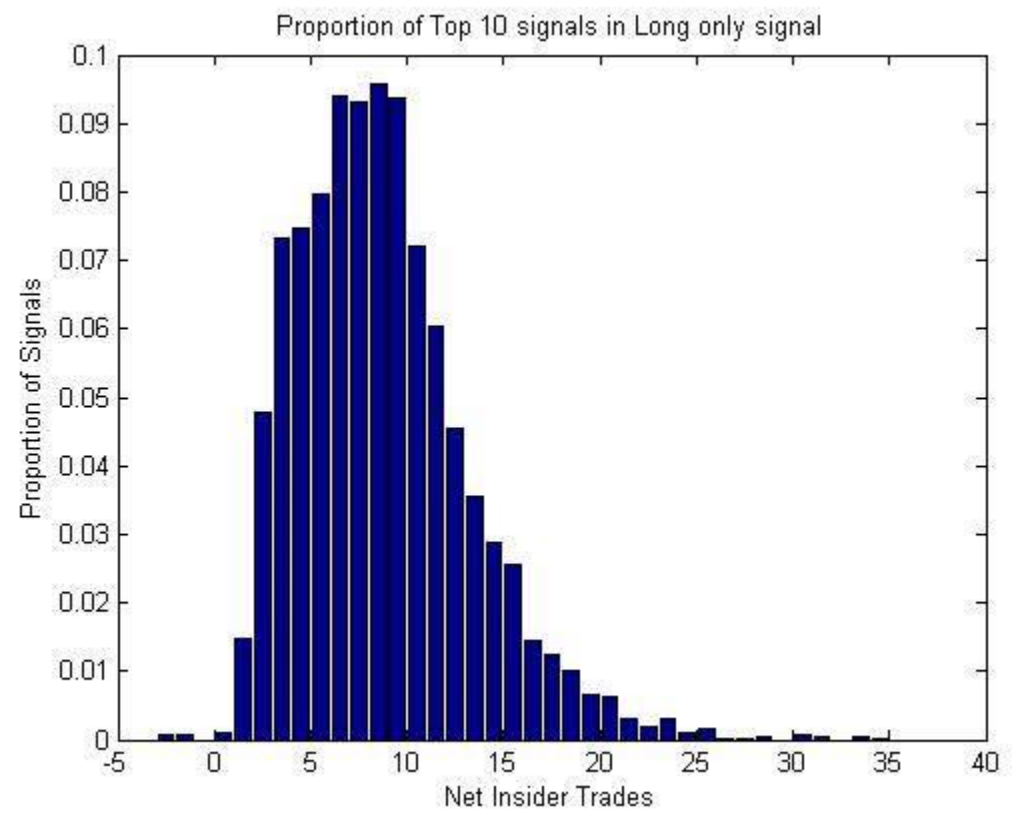
**Attribution Analysis**

	Sector	Security Selection
Cons. Disc.	0.07%	-0.55%
Cons. Stap.	-0.10%	0.80%
Energy	-0.22%	1.39%
Financials	0.19%	-0.04%
Health Care	0.39%	-0.47%
Industrials	0.08%	-0.40%
Info Tech.	0.42%	0.37%
Materials	0.01%	-0.16%
Telecom	-0.07%	-0.29%
Utilities	-0.24%	-0.01%



# Concluding Thoughts

# Insider Strategy – Signal Strength



# Case Study

- Viropharma acquired by Shire
  - Announced on November 8th
  - Viropharma was purchased in the Insider Strategy
    - January 15<sup>th</sup> at \$49.97 per share
  - Viropharma acquired January 23<sup>rd</sup>
    - \$50.00 cash tender
  - Shire was purchased in the Momentum Strategy
    - February 6<sup>th</sup> at \$153.33 per share
  - Shire was sold March 31<sup>st</sup>
    - \$147.72 per share



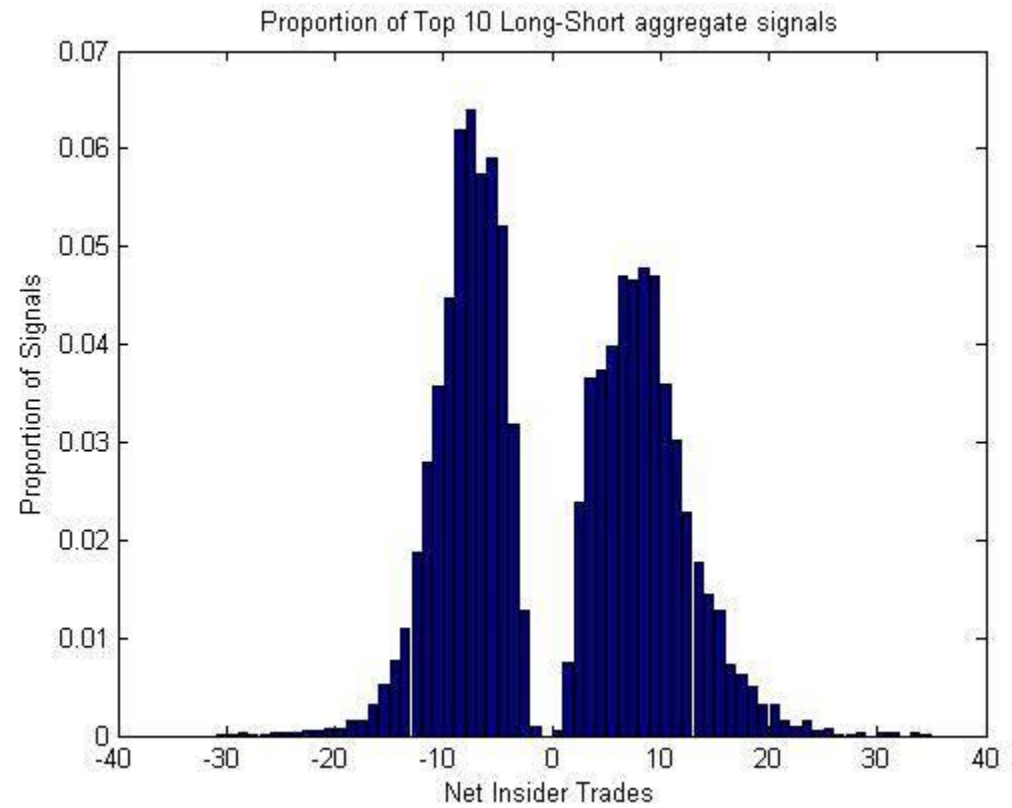
# Success Metrics

- **Learn**
- **Maintain fiduciary standards for assets under management**
  - Risk/return profile
  - Manage trade-offs
    - Diversification and idiosyncratic risk
    - Understanding implementation

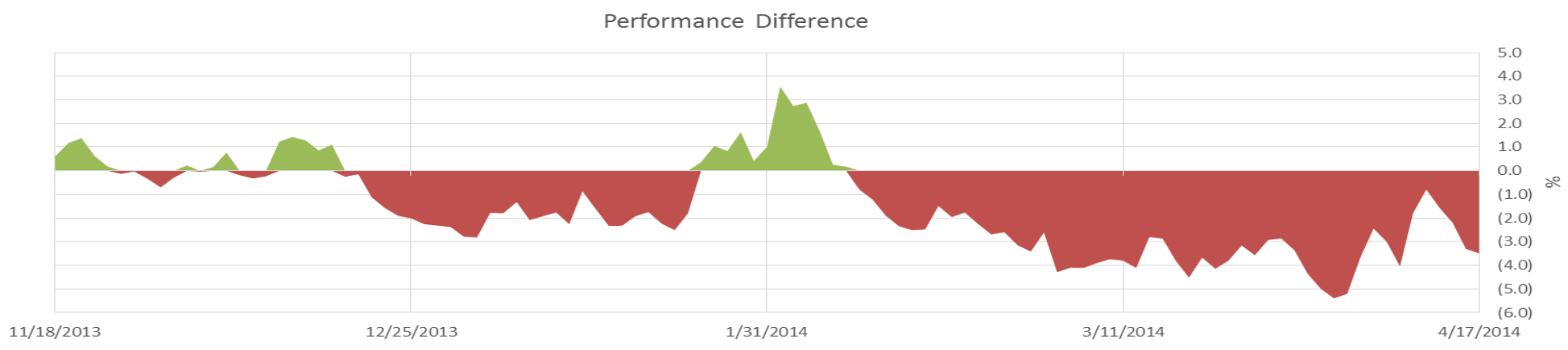
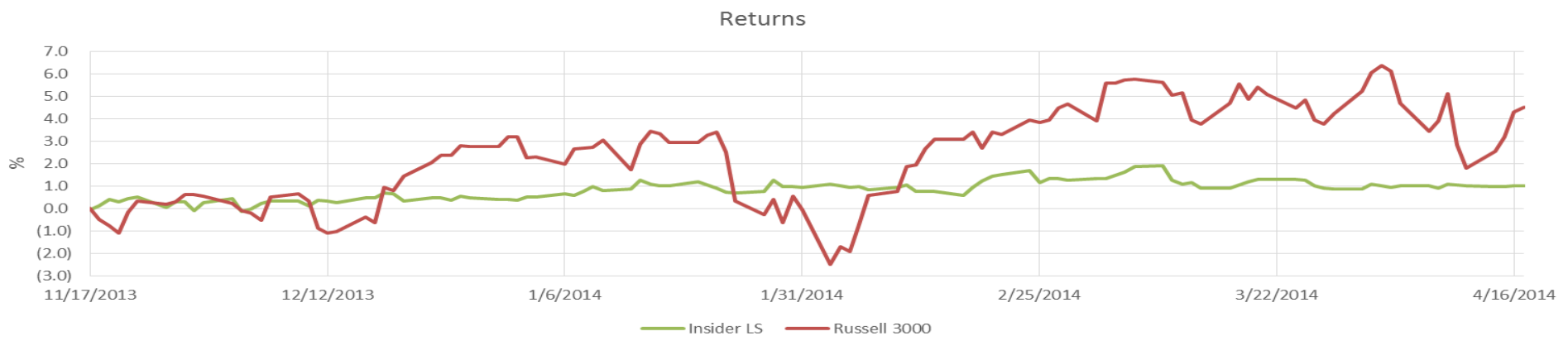
# Questions?

# Appendix

# Insider Strategy – Signal Strength

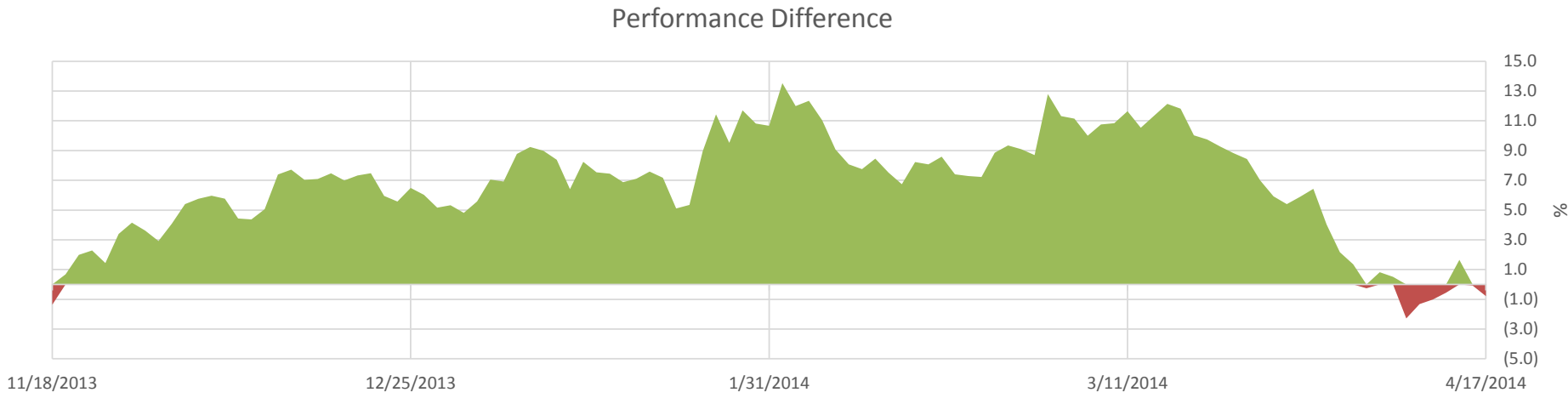
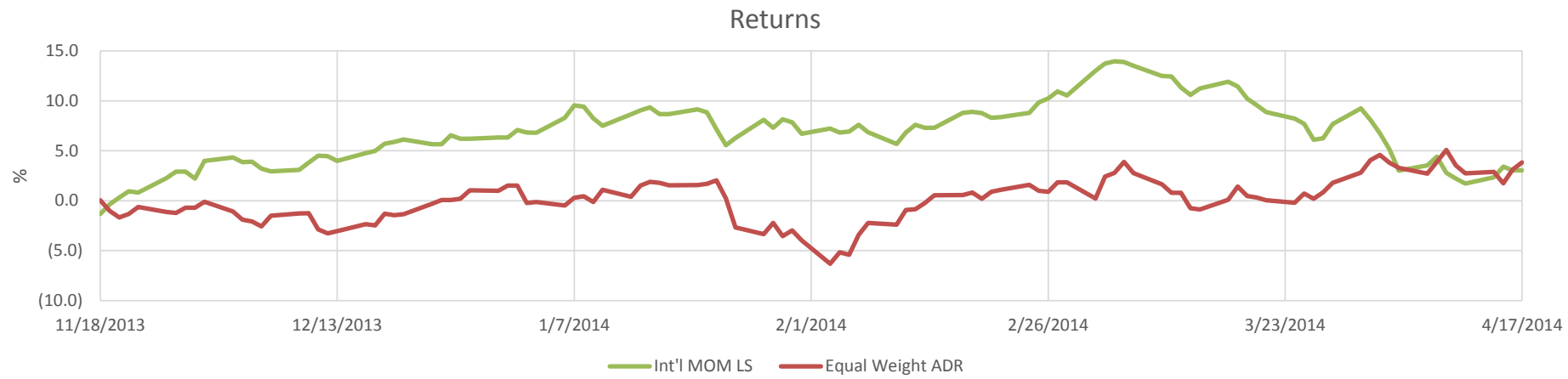


# Portfolio Performance – Insider L-S vs. Russell 3000



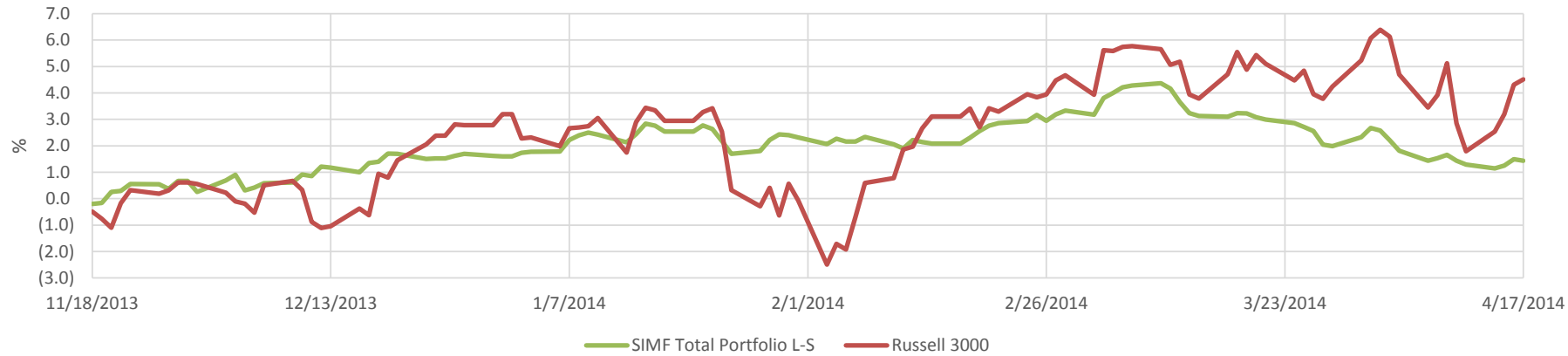


# Portfolio Performance – Momentum L-S vs. Equal ADR

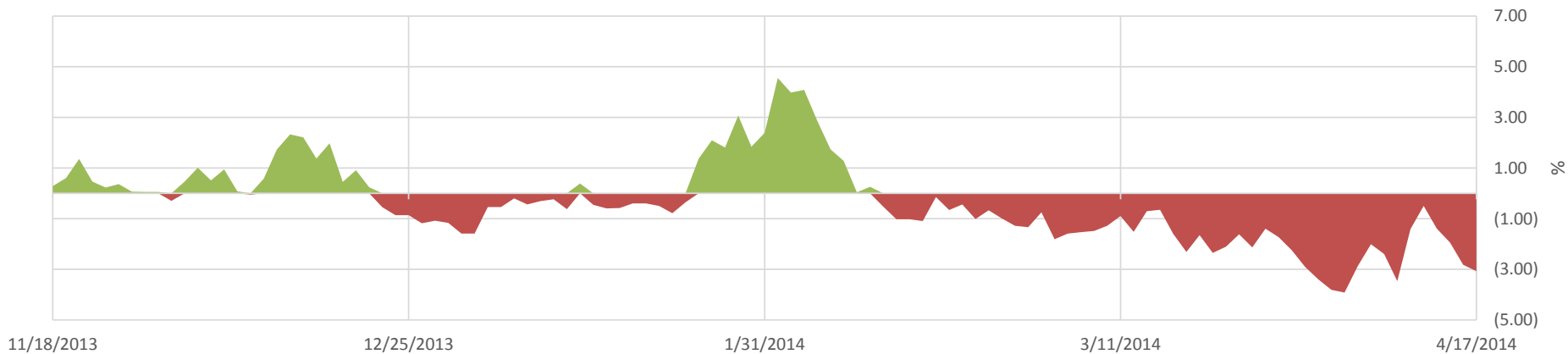


# Portfolio Performance – Total L-S vs. Russell 3000

Returns



Performance Difference



# Portfolio Performance – Total L-S vs. Custom (Eq. Wt. ADR)

