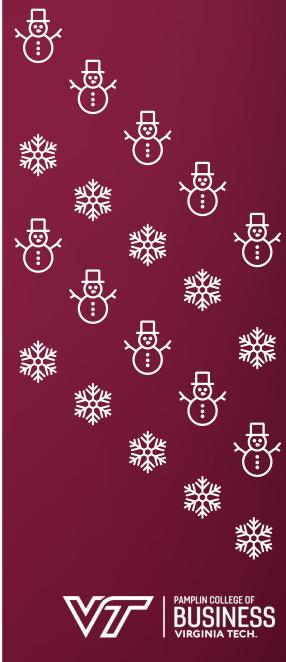


Holiday Edition Newsletter December 2023





Intro and Information



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Key Takeaways

- Read our executive team's note on the holiday season
- Meet the new Analysts for Spring semester 2024
- Catch up on the recent Capstone Projects from our new Analysts, as they graduate their AIT process
- Learn about one of our member's experience running the New York Marathon.
- Read about our CIO's view on the portfolio as a whole, and some recent changes we have made to our trading platform







Executive Team Holiday Letter

To the SEED community,

As we approach the end of another remarkable year, we find ourselves reflecting on the many accomplishments and challenges faced throughout 2023. The holiday season serves as a special time for us to express our sincere gratitude to all of those who have contributed to the continued success of SEED.

Throughout 2023, we have many changes and improvements to the organization's operations, alumni relations, and general processes. Firstly, we revamped the SEED training class, building on its existing framework, and emphasizing the importance of accounting, financial modeling, research, and public speaking. Additionally, we have established the following committees: assessment, alumni relations, investment, newsletter, and social media. This serves as not only a chance for continued learning but also to bring consistent innovation and ideas that will push the organization forward. Also, we expanded the written communication provided through the annual report, semi-annual report, and monthly newsletters. The newsletter highlights monthly operations and successes seen throughout the group and is delivered consistently with a high degree of professionalism. This could not have been accomplished without the outstanding contributions of both Max Skirkanich ('24) and Sebastian Franks ('25). This fall, the team was fortunate to make its annual trip to New York City, visiting seven firms and hosting an alumni happy hour. We would like to say a special thanks to Wolfe Research, Bank of America, Morgan Stanley, Citibank, Atlas SP, RBC, and Goldman Sachs for their wonderful hospitality throughout the trip.

Looking into the coming year, we are excited about the sustained accomplishments of SEED. With ever- changing markets and global volatility, the team will be challenged with new situations creating an ecosystem of learning opportunities. However, as demonstrated throughout the organization's history, we have complete confidence that these potential uplifts and setbacks will be handled with care. The organization will continue to expand on its alumni trips, speaker series, and connections with alumni. In the upcoming months, students in the class of 2026 will pursue careers in investment banking, capital markets, sales & trading, equity research, and wealth management. Internally, the team will look to recruit Virginia Tech's brightest and most ambitious individuals who will become the future of the organization.

Finally, we wanted to take a moment to thank those who go above and beyond for the organization. Firstly, we would like to thank Professor Billingsley for his unwavering support. Whether it's attending executive team meetings, weekly meetings, working with our alumni, or completing various tasks, we would not be in the position that we are without his guidance. SEED has benefited from over 20 years of his wisdom, allowing achievements that otherwise would not be attained. Secondly, we thank Dean Saonee Sarker and Mr. David Greenberg for their support of the organization. Next, we would like to thank Trey Snow for going above and beyond as the chairman of our board of advisors. Trey often makes room in a busy schedule to help us with what we are working on and provides great advice for our membership. Lastly, working alongside Riley King (CIO), Jake Vodovoz (CQO), and Kobey Simon (Recruitment Director) has been a great joy, and we believe their efforts will further the success of the group for years.

Happy Holidays, Carson Kabance and Piyush Pokala Co-CEOs







Spring 2024 Analyst Class

SEED is beyond excited to welcome our Fall 2023 AITs into the organization as analysts as we move into the Spring semester of 2024. Throughout their training process, they have all committed to delving into financial modeling, qualitative and quantitative company research, pitch deck preparation, and various market and company specific primers. We are proud of their output and the distinguishable learning that has occurred over the short span of the semester.



Supraja Ashok Junior in Finance Healthcare Sector



Michael Binyam Sophomore in Finance Financial Sector



Ruba Gari Junior in Finance Technology Sector



Walker Hayes Junior in Finance Consumer Sector



Justin Hoover Sophomore in Finance Energy Sector



Maddy McNiff Sophomore in Finance Consumer Sector



Kritika Parthasarathy Senior in CS Value Momentum Sector



Carson Schubert Sophomore in Finance Industrial Sector



Zach Schwartzman Sophomore in Finance Technology Sector



Brandon Smith Junior in Finance Healthcare Sector



Fall AIT Capstone Highlights

Justin Hoover | Energy | SLB

Justin Hoover is a sophomore pursuing a dual major in Finance (Investment Management Concertation) and Accounting (Financial Accounting Concentration). He is currently the House Manager for his fraternity, Alpha Tau Omega, and enjoys spending his free time staying active, reading nonfiction, and fine-tuning his expertise on the chess board.

To tackle the cumulative project, Justin decided to pitch SLB, formerly Schlumberger, a diversified oilfield services company. They are the largest player in the space, with significant international exposure and expertise within digital integration. Through leveraging the extensive AIT training process, he was able to dive deep into the models' projections and assumptions within his Discounted Cash Flow Valuation. When reflecting on the training, Justin noted that one of the "most valuable lessons [he] learned during the process was the art of integrating the company's narrative into its historic and projected financials, allowing me to employ quarterly projections into the model," furthering his understanding of the company and industry. By utilizing both the Gordon Growth and Exit Multiple Method when calculating the firm's terminal value, Justin determined an upside of over 20% for the equity.

Upon officially joining the Energy Sector, Justin had the opportunity to pitch SLB to the entire organization, solidifying the sector's commitment to investing in the company in the upcoming semester. Looking forward, Justin is eager to contribute to the group through the integration of improved energy valuation methodologies while emphasizing a focus on renewable energy companies.

Zach Schwartzman | Technology | Palantir Technologies

Zach Schwartzman is a sophomore majoring in Finance and minoring in Politics, Philosophy, and Economics (PP&E). Outside of his involvement in SEED, Zach is a Junior Analyst with the Investment Banking Group, a member of the Corporate Relations Team in the Finance Club, and supports the Alumni Relations Committee for his fraternity, Pi Kappa Alpha.

For his Capstone, Zach pitched Palantir Technologies, a cutting-edge data analytics company sitting at the forefront of AI applications in both the public and private sector. Being the first company covered during his AIT process, Zach's interest in Palantir stayed prevalent throughout the semester, and the capstone gave him an opportunity to "jump into the deep end of the complex yet intriguing world of data analytics, the newfound phenomenon of Artificial Intelligence, and develop a holistic understanding of its applications throughout a plethora of industries," while taking on the Capstone. Though an emerging and volatile equity, Palantir's robust go-to-market strategy of AIP Bootcamps supports their impressive private sector growth, as he ultimately determined a 46.4% upside in his bull case.

As an analyst within the Technology Sector, Zach is excited by the opportunity to apply his learnings to research within numerous industries, including observability companies, semiconductor equipment, and international telecommunications companies.







slb





SEED Outside the Office: New York Marathon

Maddy McNiff is a sophomore at Virginia Tech studying finance from Cherry Hill, New Jersey. She is an analyst in the Consumer Sector.

This November, Maddy ran the TCS New York City Marathon. The 52nd annual NYC Marathon began at Staten Island and took runners through Brooklyn and the Queens before entering Manhattan and ending near Central Park.





Meet the Runner



Maddy McNiff Consumer Analyst

" In May, when I found out that a certain charity, Camp Comfort Zone, had multiple charity spots open for the NYC Marathon, I immediately jumped on the opportunity. Camp Comfort Zone is a nonprofit organization that gives children who have experienced the death of a parent resources to cope with their grief. When my mom passed away 4 years ago, my brother and I attended this camp and were both heavily impacted by others at the camp. I thought running my first marathon for an organization that has given me so much was the perfect way to give back. I began fundraising right away and raised just over \$10,000. I was blown away by the generosity of others. Not only did I start fundraising right away, but I also started training right away. During the summer, I was lucky enough to train with a few friends I ran with in high school. I would run early in the mornings, then head to my internship at Comcast, in Philadelphia. Then, once school started back up, I learned more about time management, balancing classes with AIT work, as well as my marathon training schedule. Training taught me so much about continuing your passions, even with a full-time job, as well as self-discipline. Once the long-awaited day of the marathon came, it was nothing short of what I imagined it would be. The energy was like no other, with crowds of people from all over the world cheering you on for the whole 26 miles. Running through all five boroughs was an amazing experience, seeing so much of New York that you typically wouldn't see. The final stretch back up to Central Park was a challenge, but crossing that finish line was a moment I will never forget. My time was just under my goal of 3:30. I am so excited to continue my marathon journey to conquer the six major marathons. In April, while I am abroad, I plan on running the London Marathon through another charity, NSPCC, as well as the Chicago Marathon next October."





CIO Update

For the month of November 2023, the Student-managed Endowment for Educational Development (SEED) has delivered a monthly return of +9.00%. When compared to our benchmark, the S&P 500, which returned +8.90% for the same period, we are sitting at an active return of +0.10%. For a broader view of our performance, SEED's Year to Date return currently sits at +19.05%. Our benchmark has delivered a return of +19.45% YTD, therefore leaving us at an active return of -0.40%. Therefore, SEED is currently outperforming relative to our benchmark on the month but underperforming on the year. Our portfolio is a long-only equity fund condensed into seven sectors: Consumers, Energy, Financials, Healthcare, Industrials, Technology, and our quantitative strategy, Value Momentum.

Riley King Chief Investment Officer

Reflecting on the month of November, we were able to see strengths and weaknesses within our overall portfolio. We held both sell and buy pitches, which all reflected our primary goal of continued diversification. On top of this, SEED held meetings surrounding the current macroeconomic environments, as well as meetings with alumni from the organization.

Looking back on my time as CIO, I am incredibly fortunate for all that I have learned while sitting in this role. I am excited to see the new CIO, Grant Goodall, continue the efforts of stable diversification and outperformance during his time in the seat. SEED is excited to head into December and January with new skills that will help us to continue producing strong pitches, as well as strong performance.

Sector Updates

Consumers

The consumer sector underperformed our blended benchmark (XLY/XLP) by roughly 3% for the month of November. The main reason for this was due to the strong performance of the top names within the XLY, who make up a large part of the fund. The sector was led by Decker's Outdoor and Marriot as both companies continued their outperformance while capitalizing on strong demand within their respective industries. Our main underperformer was Alibaba, which has continued its struggles within the hectic economic environment in China. The sector is also very happy to be adding two new analysts to the team, Maddy McNiff and Walker Hayes, who both recently wrapped up their training process and performed strongly with their final capstone. As we look forward to the next calendar year, we see plenty of opportunities within both staples and discretionary as we hope to add a couple of new names to the portfolio in the first half of 2024.











Energy



Viktor Fedotov Lead Analyst

Financials



Kobey Simon Lead Analyst

Healthcare



Maddi Koch Lead Analyst In November, the energy sector outperformed the XLE/XLU blend by 95 basis points. During the period, the price of crude oil fell over 5%, diving from \$80/barrel to just under \$76. Slower industrial production, lackluster economic data from China, and an expansion of supply are playing into the overall weakness in the commodity. This has led to more instability in many of our securities, most notably our upstream and supermajor holdings. On the other side of the coin, our utilities holdings have performed very well this month. Dominion, Duke, and Constellation all surged 12.73%, 3.06%, and 5.39%, respectively. As we approach the end of the year, we are looking into fully liquidating our position in the XLE and replacing it with an oilfield services company: SLB. As a sector, we believe this will offer more dynamic opportunities, diversifying our portfolio into the oilfield products space.

In the month of November, the financials sector saw an overall underperformance of roughly 200 basis points. The underperformance relative to the XLF/XLRE blended benchmark was largely attributed to the drop in Markel's (MLK) share price. Being the sector's largest holding, Markel's Q3 earnings represented a miss relative to most analyst expectations. In addition to the portfolio, the sector welcomed a new analyst, Michael Binyam, to the sector. Michael pitched Ameriprise Financial for his capstone project to top off his analyst-in-training process, a name that the sector has plans to pitch in the Spring semester. Looking to the new year and next semester, the sector will be led by current financials sector analyst Adam Wieczorek. Over the winter, the sector will continue to monitor our positions and continue the initiative to update models for each holding.

For the month of November, the sector was underperforming the XLV by 2.6%, with the benchmark sitting at 5.2%. Incoming lead analyst, Maya Snyder, pitched her capstone – Vertex Pharmaceuticals (NASDAQ: VRTX) – to SEED at \$356, and it is currently sitting at \$357. Shortly post-pitch, the stock got approved for the world's first-ever CRISPR sickle cell therapy. This breakthrough treatment is a gene-editing treatment that will target the effects of the disease and offer a one-time transformative therapy for those who have this inherited blood disorder. Fortrea Holdings Inc. (NASDAQ: FRTE), a recent addition to the sector due to Labcorp's spin-off (NYSE: LH), was sold in order to make room for VRTX as well as future holdings. As the semester ends, we would like to welcome our new lead analyst Maya Snyder, who will be taking over the portfolio as well as a heartfelt goodbye to Maddi Koch, who served as lead analyst for two semesters





Industrials

The Industrials sector performed well over the past two months, slightly outperforming both the XLI and XLB on the heels of recovery months by all five of our holdings. This reversal was welcomed as the sector had a rough second half of the year. To close out the semester the sector elected to sell Ameresco (NYSE: AMRC) and pitch Caterpillar (NYSE: CAT) to complete Lead Analyst Max Skirkanich's goal to return to larger-cap industrial companies that will have a more stable performance. Additionally, the sector would like to welcome Carson Shubert, who just completed his analyst in training process and will be a great addition to the sector moving forward. To finish off his semester of training, he pitched Rockwell Automation (NYSE: ROK) and the sector is planning on pitching it to the group in February.

Max Skirkanich Lead Analyst

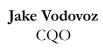
Technology

In the month of November, the Technology sector continued to perform strongly, with slightly less outperformance than in prior months. We returned 10.84%, outperforming our benchmark but 1200 basis points. In the month of November, and the first few days of December, we worked closely with our incoming analysts Ruba Gari and Zachary Schwartzman on their capstone pitches. They pitched Cloudflare (NET), and Palantir (PLTR), respectively. We will closely monitor these companies heading into 1Q24 as potential additions to the portfolio. Additionally, we have continued to stay on top of earnings calls and remain cautious of the volatile environment in tech heading into 1Q. We wish everyone a happy holiday, and wishing all the best going into the New Year. We cannot wait to work with our new analysts next semester!

Value – Momentum

In the month of November, the Value Momentum underperformed the S&P 500 by roughly 600 basis points. This was primarily due to our energy holdings on the value side of the algorithm not performing as well. The value side also currently holds four energy companies out of the maximum of ten allotted. A focus among our analysts this semester will explore potential explanations and solutions, if necessary. The momentum side performed well, with the strongest performer Lowes Corp (L) returning 7.89%. As we approach the holidays, our sector looks forward to the new year with a continuation of old and new projects.

Sebastian Franks Lead Analyst

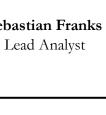








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Newsletter Tradeoff

To our current members and cherished alumni, the SEED monthly newsletter is more than just a publication, it's a chronicle of our collective journey. As we turn the page to a new chapter in the SEED newsletter, we want to express our profound gratitude to the exceptional writers who have been the cornerstone of our monthly publications.

A heartfelt thank you is extended to Sebastian Franks, Kennedy Kabance, and Max Skirkanich for their unwavering dedication, tireless efforts, and invaluable contributions to SEED. Without their hard work, these newsletters would not have been possible.

Now, we are excited to introduce the newest members of our newsletter committee: Supraja Ashok, Ruba Gari, and Zach Schwartzman. We are positive that their fresh perspectives, hard work, and continued excellence will ensure that our monthly newsletters provide the most up-to-date news within our organization. As this year draws to a close, we are sad to say farewell to our current committee, yet we are excited to see all the great things the new team will bring to the publication.

Wishing you all Happy Holidays, and we look forward to seeing you next year for more exciting developments within SEED!

Meet the New Team



Supraja Ashok Healthcare



Ruba Gari Technology



Zach Schwartzman Technology



