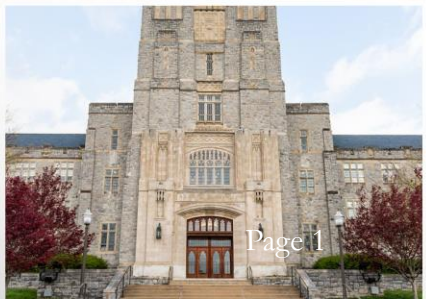


Virginia Tech SEED

January Newsletter
January 2024



PAMPLIN COLLEGE OF
BUSINESS
VIRGINIA TECH.

A Letter From The New Co-CEO's

To the SEED Community,

As we begin 2024, we first want to welcome the new team in charge of keeping stakeholders up to date on the organization through the monthly newsletter. To Zach Schwartzman, Ruba Gari, and Supraja Ashok, we thank you for your ongoing contribution to the group and look forward seeing what you all do this year. With that, we would like to give another thank you to Max Skirkanich and Sebastian Franks for their hard work and dedication in producing our 2023 reports. As we celebrate the one-year anniversary of our newsletter, it is important to recognize that this would not have been possible without their efforts in 2023. To new and familiar readers, we welcome you to enjoy the regular updates on what SEED is doing as an organization and what our current and past members are working on. As always, we appreciate any feedback to continue improving, so please reach out if there is anything you would like to see in our future monthly editions.

Since the start of 2024, SEED has been working not only to improve performance, but also to continue innovating our operations. As we start the semester, we have been working with our team of lead analysts to get an outlook on where they plan to continue expanding through the Spring. Through the transition of these positions, we believe that there will be an increased focus on risk mitigation while the markets are just beginning to stabilize, preventing us being too exposed to any crises in the market. Our analysts continue to stay up to date on our holdings through earnings reports, updated models, and constant review of company news and releases. Along with this, we have started a new committee to begin producing additional reports on where the organization stands on several topics. Over the next few months, Sebastian Franks will be leading this research team with the first report coming out in February. While the members of SEED are very well-rounded students, we believe this will continue to grow their interest in the financial industry, better preparing them for the workplace.

Even as our main priority is to outperform our benchmark, we have a lot of plans for the year that work on developing our members to the next level and improving the efficiency of the organization. To start, we have implemented some Corporate Finance Institute learning into the training process. Along with their sector assignments and weekly market updates, analysts-in-training (AIT's) are assigned a course that goes along with our meeting agenda for the following week. Thus far, we have already seen how this has positively impacted the AIT's as they have been about two to three weeks ahead of the topics covered, and specifically the financial modeling section, of the AIT process. Because we can move through the information taught so quickly, we plan to add additional topics into our syllabus that expand their market knowledge and financial analysis. Aside from this, with the help of Zach Schwartzman, we have started a bi-weekly markets talk amongst the four investment groups at Virginia Tech. While our analysts may be up-to-date on their own holdings and industries, we believe it is important to continue widening our knowledge through talks with students whose strengths rely in other asset classes in finance. Overall, there are many programs and initiatives that we plan to implement this year and are greatly excited to get started on our work!

Best,
Kennedy Kabance & Salma Khorramshahgol
Co-CEOs of Virginia Tech SEED

Introduction – 2024 Executive Team

Kennedy Kabance

Co-Chief Executive Officer



Kennedy is a junior from Fairfax, Virginia, pursuing a degree in Finance and minoring in Political Science and International Business. Prior to joining the executive team, Kennedy spent two semesters as an Analyst in the Financials Sector. This summer she will be working as a Summer Analyst for Citi's Sales & Trading division in New York. Outside of SEED, Kennedy is a part of the Consulting Group at Virginia Tech, the Alpha Delta Pi Sorority, the Finance Club, Finance for Females, and works as a referee for Intramural Sports.

Salma Khorramshahgol

Co-Chief Executive Officer



Salma is a junior from Centreville, Virginia, pursuing a degree in Finance on a CFA route along with a minor in International Business. After completing her AIT process while studying abroad in Prague, Salma was a member of the Consumers Sector during the previous Fall semester. This upcoming summer, she will be interning with Goldman Sachs in their Equity Capital Markets Division in New York. Elsewhere on Campus, Salma is the Vice President of Operations in the Investment Banking Group, and a member of Collegiate Women in Business, Club Swim, and her sorority, Gamma Phi Beta.

Grant Goodall

Chief Investment Officer



Grant is a junior from Charlottesville, Virginia, majoring in Finance and minoring in Computer Science. Following his training process, Grant was an Analyst within the Technology Sector. This summer Grant will participate in a two-week Investment Banking Bootcamp with Harris William in Richmond, Virginia, before heading south to Charlotte, North Carolina, to join Regions Bank in their Investment Banking Division. In Blacksburg, Grant is the Treasurer of his Fraternity, Pi Kappa Alpha, and Greek Cru Bible Study Leader.

Introduction – New Lead Analysts



Dom Bivins

Consumer Lead Analyst

Dom is a junior from Alexandria, Virginia, studying Finance. Following the Spring semester, Dom will be returning to J.P. Morgan in their Investment Banking Division. In his free time, Dom enjoys working out, traveling, and playing various sports.



Adam Wieczorek

Financial Lead Analyst

Adam is a junior from Aldie, Virginia, studying Finance. In the summer of 2024, he will be an Investment Banking Summer Analyst at Wells Fargo in their Charlotte office. Outside of SEED, Adam enjoys working on cars, cooking, and snowboarding.



Maya Snyder

Healthcare Lead Analyst

Maya is a junior from Wilton, Connecticut, studying Industrials & Systems Engineering. This summer Maya will be an Investment Banking Summer Analyst at TD Cowen in New York. Maya's interests include marathon training, quantum mechanics, philosophy, reading, and raveling.



Lucas LeClair

Industrials Lead Analyst

Lucas is a junior from Vienna, Virginia, studying Finance. This upcoming summer, he will be spending next summer in New York with Goldman Sachs as an Investment banking Summer Analyst in their Industrials Group. When he is not at school, Lucas enjoys fly fishing, cooking, skiing, and golfing.



Eera Rasne

Quantitative Strategy Lead Analyst

Eera is a junior from Westford, Massachusetts, pursuing a degree in Cybersecurity Analytics and Management. This summer Eera will be interning as a Cybersecurity Engineer at Lockheed Martin. Outside of SEED, Eera enjoys running, skiing, and hiking.

Alumni Spotlight



Bryan Kuhn

Co-Founder, Partner at Vestra Advisors

A 2011 Hokie graduate, Bryan was a member of SEED's Energy Sector while he earned his degree in Accounting & Information Systems. Following his time in Blacksburg, Bryan began his career as an Analyst in Citigroup's Capital Markets Division. He joined the Investment Banking Division in 2014, where he provided M&A, capital markets and other strategic advisory services to construction related businesses. Over the course of his twelve-year tenure with Citi, and after rising to the rank of Director, Bryan took a leap of faith in February 2023 to launch a thrilling new venture: Vestra Advisors.

Vestra, the Latin term for your, represents the new firm's commitment to providing their clients best-in-class advisory services. With four cofounders, the group boasts an impressive history with a combined track record of over \$100 billion worth of M&A and Capital Markets transactions, and a consistent top three ranking in the league tables across Wall Street. The boutique advisory specializes in the construction and housing ecosystem, where Bryan supports the group by lending his expertise in emerging growth businesses and construction technology. On a broader horizon, Vestra aims to serve adjacent industries in the construction and housing space and has found great success in doing so since their founding.

After months of laying the foundation for the new shop, Vestra came out of the gate running, advising Smith Douglass Homes on their \$162 million IPO. Just days later, news broke that Landsea Homes announced their \$232.2 million acquisition of Antares Homes, in which Vestra served as Landsea Homes exclusive financial advisor. To round out the white-hot opening run, Vestra was again an exclusive sell-side advisor to M.D.C. Holdings in their merger with Japanese housing manufacturer Sekisui House, an all-cash transaction valued at \$4.9 billion. In this historical deal, Bryan played a critical role in advising the second largest homebuilding M&A transaction of all time as well as the largest homebuilding cross-border M&A deal.

Outside of his work with Vestra, Bryan lives in Brooklyn with his wife, Stephanie, and his golden retriever, Tribeca. When he finds himself with extra time, he enjoys cooking, training for and competing in triathlons, traveling, and cheering on the Hokies.



Russell Devendorf (Left) and Bryan Kuhn (Right) as Smith Douglass Homes rang the opening bell at the NYSE.

SEED Outside the Office: Antarctica Study Abroad



Maya Snyder

Healthcare Lead Analyst

As previously introduced in the newsletter, Maya is a Junior studying Industrials and Systems Engineering and is the Lead Analyst in the Healthcare Sector in SEED.

“From January 1st to 15th, I participated in a study abroad program in Antarctica hosted by Virginia Tech. This experience consisted of a fall semester course where we learned about the history, ecology, and geology of the continent, followed by a two-week trip during which we engaged in research. I chose to participate in the Fjord Phyto research project, a NASA-funded citizen science program. In this project, we sampled various sites we visited to collect data for a more comprehensive understanding of the effects of climate change on phytoplankton populations. We collected water samples, as well as temperature and salinity data, to assess the relative abundance of diatoms at the fjords we visited. This information allowed us to identify statistically significant relationships between water temperature, water salinity, and diatom abundance.

We traveled to Antarctica on a tourist ship via the Drake Passage, enabling us to explore the continent along with the rest of the ship's passengers and conduct sampling and analysis during our free time on the ship. Throughout the trip, we observed numerous species of penguins, seals, whales, and birds. We also witnessed unique events, such as an iceberg flipping and a glacier caving. Additionally, we had the opportunity to partake in the polar plunge, jumping into the 2-degree Celsius water. We were fortunate to experience incredible weather during the crossing and our time in Antarctica. However, on the return journey, we encountered the infamous rough seas of the Drake Passage with waves reaching 20-30 feet.”

CIO Update

For the month of January 2023, the Student-managed Endowment for Educational Development (SEED) delivered a monthly return of 2.86%. Our benchmark, the S&P 500, had a monthly return of 2.64%, giving us an active return of +0.22%. This active return has mainly been from SEED's concentration in the mega-cap Technology stocks which have continued their run-up in 2024. Holding changes in our portfolio in January include the addition of Caterpillar, Inc. (CAT), and the full sell of Fortrea Holdings, Inc. (FTRE) and Ameresco, Inc (AMRC).



Grant Goodall

Chief Investment Officer

Looking forward, SEED plans to lower our exposure to these mega-cap names and look for opportunities in smaller companies. This will help us increase our active return and improve our diversification. Additionally, SEED consistently maintains a beta lower than 1.00, our benchmark beta and our efforts to increase exposure to small-cap companies will help bring this closer to 1.00. In further efforts to increase diversification, we plan on looking into more ADRs to increase our international exposure.

Sector Updates

Consumers

The consumer sector underperformed our blended benchmark (XLY/XLP) by roughly 7% for the month of December. The main reason being the performances of the top names in the XLY finishing the year strong as they have been all year. 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. Alibaba, a consistent underperformer for us also saw positive gains. As we head into the new year, we will be looking to sell off a few of our current holdings, specifically Alibaba and Dollar General, and readjust accordingly, as we are looking to adjust our portfolio and have a better performance in 2024. The portfolio is currently heavily discretionary, so we plan on trying to become more balanced over the course of the new year.



Dom Bivins

Consumers Lead Analyst

Energy

In January, the energy sector outperformed the XLE/XLU blend by 193 basis points. Once again, Constellation Energy (NYSE: CEG) drove our outperformance, returning nearly 6% in the first month of 2024. We are closely monitoring the conflict in Israel, as it could impact the global oil supply. Additionally, drone strikes in the Red Sea have disrupted oil tanker traffic, escalating tensions between the United States and the Middle East. This month, Viktor Fedotov and Justin Hoover recommended selling Kinder Morgan due to updated price targets and limited growth prospects in the midstream pipeline sector. We intend to reallocate this capital to SLB, a prominent player in the oilfield services industry. Global economic growth, renewable energy initiatives, and the regulatory environment surrounding the utility industry will play a key role throughout the year, which we will keep a close eye on as a sector.



Viktor Fedotov
Energy Lead Analyst

Financials

In the month of January, the financial sector underperformed relative to the XLF/XLRE benchmark by approximately 200 basis points. Market, the sector's largest holding, reported a solid year-over-year increase in revenues to \$3.71 billion, along with a substantial rise in net operating EPS to \$56.48, surpassing the consensus estimate significantly, which indicates strong underlying fundamentals despite the quarter's economic volatility. Looking ahead, the sector is looking to diversify its portfolio by adding an insurance holding. The sector will maintain its vigilant approach to monitoring positions and updating models for each holding, ensuring readiness to capitalize on strategic growth opportunities.



Adam Wiczorek
Financials Lead Analyst

Healthcare

In the month of January, the Healthcare Sector saw an underperformance in the first half of the month of about 50 basis points but ended the month outperforming by about 50 basis points. The Healthcare sector has spent January reassessing our portfolio and distributing the coverage of our holdings among our analysts. This semester we are looking to sell out of 2-3 positions in order to allocate more capital in the larger growth areas such as biotech and life sciences. On February 28th, analyst Supraja Ashok is going to be pitching a sell for Inmode (NASDAQ: INMD), which has been facing unprecedented headwinds as it is headquartered in Israel.



Maya Snyder
Healthcare Lead Analyst

Industrials

The Industrials sector experienced a mixed bag over the past two months. In December 2023, the sector saw an outperformance vs. the XLI / XLB blend of roughly 200 basis points. This can be attributed to a strong end-of-year performance by U-Haul (UHAL). To start 2024, the sector saw an underperformance of roughly 300 basis points. This underperformance falls on an extremely poor start from Ameresco (AMRC). Thankfully, Industrials exited its position in Ameresco (AMRC) at the end of January 2024. As we look in the near future, we will closely watch earnings as all our holdings will report over the next two weeks. Former Lead Analyst Max Skirkanich plans to pitch Clean Harbors (CLH) which we are all looking forward to. The sector continues to appreciate all the hard work of its analysts!



Lucas LeClair
Industrials Lead Analyst

Technology

The technology sector welcomed 2024 continuing the strong performance from 2023, partnered with some key earnings releases at the latter end of the month. The SEED technology sector returned 8.17% over the month, whilst the XLK/XLC blend returned 5.36%, resulting in a delta of 2.80%. That being said, META reported earnings on the last day of the month, announcing a new dividend, and beating the street earnings estimates, leading to a 20%+ spike in AH trading. We also saw strong earnings results from AAPL, and AMD along with other industries not in the portfolio. With rates holding high for the foreseeable future, we are glad to see the industry continue to strengthen profits despite a rocky macro landscape. We expect the industry to continue to face pressure in the first half of the year, but the earnings report this month gives us confidence that volatility may not begin to show until 2H24.



Sebastian Franks
Technology Lead Analyst

Quantitative Strategy

In January, both the Value and Momentum components of our strategy experienced mixed results. The overall strategy showed growth, rising by 2%, while specifically, the Value component saw a decline of 1.71%. This discrepancy suggests a nuanced performance within the value sector. Presently, the value side maintains four energy companies out of the allocated maximum of ten. Before the Q1 rebalance, the sector will propose an altered value strategy. Moreover, the Momentum component exhibited an uptick, with a growth of 3.34%, albeit underperforming the S&P 500 by just 40 points. As we transition into the new year, our sector anticipates a continuation of existing initiatives alongside the pursuit of fresh projects, fostering an optimistic outlook for the future.



Eera Rasne
Quantitative Strategy
Lead Analyst