

# Virginia Tech SEED

Monthly Newsletter  
April 2023



## Intro and Information

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## Key Takeaways

- Catch up with a SEED alumnus and learn more about how Tyler Arthur got to where he is now
- [Connor Jordan-Hyde has had the experience of being on the Men's soccer team throughout his college years. Click here to read more](#)
- [Get a glimpse into our annual advisory board meeting.](#)
- See how SEED performed in the month of April and get organization update from the Co CIOs

## Capstones – A Sneak Peek Into The AIT’s Final Project

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At the end of SEED’s training process, members must complete a capstone project, consisting of researching a company, making a pitch deck, and building a financial model to represent the future upside of a company. The capstone project is meant to combine all the skills learned throughout the semester and is the last step before being accepted as an analyst in the organization. Students have about two weeks after getting their sector placement to finish the project. Because of this, outside of research or analytical skills, the project greatly develops the time management skills of the analysts-in-training, as it typically takes place the two weeks before final exams each semester.

### Grant Goodall

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Grant Goodall is a rising junior majoring in Finance and recently joined the Technology sector after finishing his AIT program. At school, he is also the Treasurer for Pi Kappa Alpha fraternity, involved with Greek Cru, a campus ministry for students in greek life organizations, and will be helping manage the portfolio this summer as a member of SEED’s summer team.



After getting placed in technology, Grant was told to research into unique markets that the sector had no exposure to. He saw renewable energy as a very lucrative industry in the future, so he screened for companies involved with the necessary technological developments in the market. Grant chose Enphase (ENPH) because of its control of the microinverter market, a type of inverter installed directly to solar panels, enabling a more efficient capture and retention of solar energy. Understanding the industry and Enphase’s competitive advantage was initially difficult, given the unique business model and complexity of the subsector, but taught him how to research more thoroughly. Aside from the work, Grant talked about how the project showed him the importance of time management and prioritizing important tasks. Overall, he said “this project has taught me a lot about how to be efficient and thorough on a tight deadline, in addition to being an enjoyable experience.”

### Maya Snyder

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Maya Snyder is a rising junior majoring in Industrial and Systems engineering and recently joined the Healthcare sector after having finished her training in SEED. Maya is also a member of the Calhoun Honors Discovery Program, Vice President of her class, President of The Consulting Group, a member of the Investment Banking Group, and is helping manage SEED’s portfolio on the summer team.



To find her company, Maya did research on the subsectors the Healthcare Sector was interested in and then looked at various top performing players in the space. She selected Vertex Pharmaceuticals (VRTX), a pharmaceutical company that uses rational drug design to identify disease modifying solutions for genetic medical conditions. After choosing her company, Maya did a lot of thorough research, as this space involves a significant level of understanding of the science of the illnesses, medical solutions, and important market factors such as patent laws, the FDA approval process, and the likelihood of competitors to make a competing product. After learning more about Vertex, she was able to create a ten-year DCF with assumptions made for each individual drug and item in the R&D pipeline. With a heavy course load and high level of involvement outside of SEED, this continued to develop her time management skills, but she enjoyed the project, nonetheless. Maya said, “this was made possible by the support of the executive board, healthcare sector, and others in her AIT class to leverage their knowledge for a better final product.”

## Alumni Spotlight – Tyler Arthur

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### Tyler Arthur

Investment Analyst at Cinctive Capital Management L.P.

Tyler graduated from Virginia Tech in May of 2014. He joined SEED in 2012 and was a Trey Snow Service Award winner. Upon graduation, Tyler took a role as an investment banking analyst in Citigroup's Real Estate and Lodging group. During the two-year analyst program, Tyler worked on three M&A deals, including Starwood's strategic alternatives review (concluding with an acquisition by Marriott International). After investment banking, he accepted a role at a dedicated real estate hedge fund (V3 Capital Management L.P.) where he spent the next four years working on special situations across the capital structure. In early 2020, Tyler transitioned to the multi-manager world by joining Citadel as a Senior Associate. From there, and after a brief period at Millennium, he joined a new multi-manager called Cinctive. Tyler is the REIT analyst on a financials team and helps manage \$300mm GMV in the REIT sleeve.

As an investment analyst, Tyler is responsible for Real Estate coverage, plus assisting with portfolio risk management. Cinctive employs a 'factor aware, not constrained' risk model that allows for investment flexibility, while maintaining above-average Sharpe ratios.

Tyler aspires to become a Portfolio Manager and exploit opportunities in the REIT universe. Outside of work, Tyler spends his time playing golf, traveling, and reading. In the future, he hopes to travel to Egypt and see the Sphinx and Great Pyramids.



## SEED – Outside the Office

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### Connor Jordan-Hyde

Analyst, Healthcare Sector

Connor is a senior from Overland Park, Kansas. He is a student-athlete, pursuing a triple major in Aerospace Engineering, Ocean Engineering, and Finance, while also playing goalkeeper for the Men's Soccer team. Connor joined SEED in August of 2020, and was a full-time analyst in the Healthcare Sector from Spring 2021 to Spring 2023. After graduation, Connor plans on pursuing a career in engineering, where he has an offer in project management for general contractor ARCO National Construction.

Connor began playing soccer at a young age and never looked back. He played through his youth and when he was eight years old, he had the chance to walkout for a game with premier league team Chelsea FC. Connor attributes this experience to his passion for the game, “Immediately, I knew I had a love for the game”. Connor plays the position of goalkeeper, which he found at a young age suited his ability on the field. He played soccer in high school and began sending out recruiting emails to college coaches. He heard back from Virginia Tech and was invited to attend a talent ID camp on campus during his senior year of high school, “From there, I took a visit to the school during the fall season and was offered a spot on the team”.

When asked what he has learned by being a part of the soccer team throughout college, Connor answered, “Mainly, I’ve learned the values of work ethic, accountability, and teamwork. Being on a Division I team, there are various pressures that you must deal with, including the pressure to perform, to not let your teammates down, and to balance academics, sports, and a social life. I know that the quality of your relationships with peers/teammates is incredibly valuable, and that’s something I’ve applied to my time here in SEED”.

*“The lessons I’ve learned throughout my years on the team are countless”.*



## Advisory Board: Annual Meeting Recap

In April, SEED held our annual Advisory Board meeting. This meeting serves as an opportunity to update our board on progress we have made as an organization, to stay involved with the group through hearing our opinions on the markets, and virtually meeting our new analysts, executive team, and lead analysts. Additionally, we had two of our new analysts, Lucas LeClair and Lily Shiveley, pitch U-Haul, which they had pitched for their group pitch project in the middle of their training process. This new element to the meeting gave our board the opportunity to see the work we are doing and the results of a semester long training process. Most importantly, the analysts received feedback from the board, which serves to benefit the group as a whole.

Other points of discussion were an update to the board on the newly revamped training process covered in last month's newsletter, a mention of our recent placements, our progress on our alumni relations committee, sharing about our recent events like the New York Trip, and SEED serves. Additionally, our CIO's, Justin Smith and Riley King, gave their updates on performance for 2022 and an outlook for 2023. Lastly, our CQO, Jake Vodovoz, updated our alumni board on our newest sector: Value Momentum, sharing a background on its concept, and the sectors performance throughout 2022.

Ultimately, we seek to share all different kinds of updates within the group, like those mentioned above, to seek feedback from our board. As an extremely knowledgeable and experienced group with diverse career paths, we constantly seek insight into how we as a student organization can not only improve the group from an asset management perspective, but also how we can improve the opportunity of learning for our members. We look to expand learning opportunities in any way we can, to better prepare our members for the endeavors both within the Finance industry, and in the general professional environment.

To close, the organization would like to extend a special thank you to all members of our advisory board, we appreciate your commitment to bettering the organization, and committing to us as students outside of your career. The board encourages us to push the limits as a student organization, bringing our work to new levels, and pushing our students to learn, be creative, and work hard.



**Trey Snow**  
Chairman



**Chad Meade**  
Member



**Christina Todd**  
Member



**Dan Ward**  
Member



**Duffy Fischer**  
Member



**James Rosenstock**  
Member



**Kevin Bennet**  
Member



**Nick Cullen**  
Member



**Nick D' Angelo**  
Member



**Patrick Moody**  
Member



**Tracy Castle-Newman**  
Member



**Vanessa Bradford**  
Member

## CIO Market Outlook

For the month of April 2023, the Student-Managed Endowment for Education Development (SEED) has delivered a return of +4.27%. When compared to our benchmark, the S&P 500, which returned +7.80% for the same period, we are sitting at a monthly active return of -3.57%. Therefore, SEED is currently underperforming the benchmark during the month of April.

Risk Adjusted Performance		SEED vs. S&P 500 Performance	
SEED Return	+4.27%	S&P 500 Return	+7.80%
Beta	1.02	Active Return	-3.57%

Throughout the month of April, the Student-Managed Endowment for Educational Development (SEED), has experienced many learning opportunities that have helped shape us as an organization. We have continued to experience times of market volatility, and throughout those times we have continued to produce strong pitches that align with this with our overall organization goal. As we have spoken about in previous newsletters, our main goal this year is to continue to diversify our portfolio away from the benchmark as we believe it is crucial to capitalize upon areas with unrealized market potential. Therefore, we have been encouraging analysts to broaden their research and valuation into areas we do not currently allocate capital towards in hopes of finding an undervalued market. Since our last newsletter, we have begun issuing a “Trade Summary” whenever a trade has been placed. This has continued our other goal of become more transparent as an executive team to the organization and we hope to continue doing things like this in the future. It is important to note that in the coming weeks we will be rebalancing to better align with the new GICS and S&P 500 rebalancing. As CIO, I continue to be excited for the future of our organization, as I believe our human capital is only continuing to improve and will only better our ability to capitalize on unrealized market potential in the future.

## Sector Updates

### Consumers

Throughout the month of April, the Consumers sector was able to outperform our blended benchmark by 1.62%. The sector experienced some major changes to the portfolio. Led by analyst Alex Nazari, we were able to successfully pitch a buy for Marriott (MAR) and add exposure to the travel and hospitality industry. By doing so, we shaved off about half of our holding in the XLP as we were looking to increase our exposure to discretionary. Along with this, we closed out our holding in Vacasa, which has experienced severe underperformance as the company undergoes restructuring. Lastly, we also trimmed our largest holding AutoZone, which has given us an HPR of over 130% since being purchased. Overall, these changes will result in Marriott representing roughly 11% of the portfolio. We are also extremely excited to welcome our new analysts Salma Khorramshahgol and Dominique Bivins as they have recently completed their training program and we cannot wait to see what they accomplish going forward.



**Justin Harrison**  
Lead Analyst

## Energy

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**Jackson Oleyar**  
Co-Lead Analyst



**Kevin Wang**  
Co-Lead Analyst

In April, the Energy sector closely tracked the SPY index, roughly outperforming by 17 basis points. However, XOM, one of our portfolio holdings, experienced heightened volatility following a series of noteworthy events. Firstly, the company officially terminated its drilling project in Brazil after an unsuccessful attempt to locate oil reserves. Additionally, XOM discussed its intentions to acquire Pioneer Natural Resources (PXD), a prominent upstream energy company. These developments caused market participants to reassess XOM's future prospects, which contributed to increased fluctuations in the company's stock price. On a broader macroeconomic level, OPEC's decision to limit oil supply helped to sustain oil prices, contributing to the Energy sector's strong performance. As we look ahead to the next school year, we are excited to welcome two new analysts, John Bruns and Andrew Hockersmith, into the sector after completing their capstones on FANG and SLB, respectively. Though we are saddened by the graduating seniors, we are excited on what the future holds for them. The Energy sector has had an excellent year, and we look forward to capitalizing on the opportunities that the future holds in the next school year.

## Financials

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**Kobey Simon**  
Lead Analyst

In April, the Financials sector saw yet another extremely volatile month. With the Silicon Valley Bank collapse spreading to other regional banks, the sector felt the pressure from the crisis continuing into April. The SEED financial sector underperformed our XLF / XLRE benchmark by 1300 basis points. This underperformance largely reflected losses related to First Republic, one of our former regional bank holdings that failed during the month. Fifth Third bank also dropped harshly, reflecting looming fears surrounding regional banks after the collapse of First Republic. The sector also welcomed in two new analysts to the sector in April, Adam Wieczorek and Lily Shiveley. For their capstone presentations, Adam pitched Realty Income, a REIT, and Lily pitched Bank of America. We hope to explore the option of pitching both companies to our portfolio in the fall. Looking forward, the sector continues to monitor our last regional bank holding, Fifth Third, to ensure that it maintains healthy deposits and liquidity. Into the summer, each analyst has a set of names that they will be covering and monitoring in our portfolio while school is not in session.

## Healthcare

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**Maddi Koch**  
Lead Analyst

In the month of April, the healthcare sector had gotten the new analysts that pitched at the end of the month. AIT Maya Snyder pitched Vertex Pharmaceuticals (NYSE: VTRX), and Elan Parandeh pitched Eli Lilly (NYSE: LLY) as their capstones. Vertex is a biotech company that holds a large moat due to their cystic fibrosis treatments. Eli Lilly is a large pharmaceuticals company with a large footprint in the insulin market. Analyst Liam Desmond pitched the medicinal cannabis Trulieve (TCNNF) with a 48% upside case. If passed, we plan on doing a full sell of Veeva Systems Inc. (NYSE: VEEV) which makes up 12% of our portfolio. We would move 7% of the sell into InMode Ltd, and 5% into Trulieve. The sector is happy to have our new analysts and is look forward to seeing what they contribute as next semester comes. As May graduation quickly approaches, we say goodbye to our four seniors, Giorgio Saade, Connor Jordan-Hyde, Tyler Phillips, and Jake Alley who served as Lead Analyst two semesters prior to Maddi Koch.



## Industrials

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The portfolio underwent a large change this month, with the completion of two trades that completed our goal of eliminating the XLI and XLB from our portfolio. These trades were the purchasing of Nucor Corporation (NYSE: NUE), which was pitched by analysts Maddy Marietta and Max Skirkanich and U-Haul Holding Corporation (NYSE: UHAL), which was pitched at the Annual Advisory Board meeting by AIT's Lucas Leclair and Lily Shiveley. With the completion of these buys, the sector was able to completely close our position in the XLI and XLB. The sector also welcomed two new analysts this month, Lucas LeClair, and Gabby Latino. Both Lucas and Gabby presented their capstone projects earlier in the month and the sector is excited to look further into both Paccar Incorporated (NYSE: PCAR), pitched by Lucas, and CECO Environmental Corporation (NYSE: CECO), pitched by Gabby.



**Joaquin Baquerizo**  
Lead Analyst

## Technology

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In April, the technology industry saw a rally following strong earnings, and increasing profitability through trimming workforces, and the ongoing hopes of an interest rate hike pause. Meta, Google, and Microsoft, to name a few, saw strong earnings; not only driving the tech rally but bolstering markets through the recent financial turmoil. In April, the technology sector had modest gains of 2.79% which outperformed the blended benchmark of the XLC/XLK by 207 basis points. The Technology sector also made some long-awaited portfolio changes while closely monitoring our holdings during a pivotal earnings season. Analyst Nick Carbone pitched a sell on our TSM holding, following this, the capital was moved into our AMD holding. Lastly, we moved our remaining capital in the XLC to our GOOGL position. The sector is also excited to welcome Grant Goodall and Luke Jackman to the sector for the upcoming semester. They worked hard throughout the Spring during their analyst-in-training semester, concluding their training with capstone pitches of Enphase Energy (ENPH) and Arista (ANET), respectively. We encouraged them to look for unique sectors we are not exposed to, and both did a great job finding and pitching their companies. The sector will continue to monitor both companies for a potential buy pitch next semester.



**Patrick Caiafa**  
Lead Analyst

## Value – Momentum

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The value – momentum sector took numerous steps forward throughout the month of April. After conducting research and gathering supporting backtesting results for the value screener, the value strategy now includes companies in the financial services sector into the screening process. We were able to do so through adding an additional clause into Equities Lab, the financial software we use for our strategy. The clause we added has the capability to assess financial companies value amongst non financial companies and then weight them both in a fairly manner. Overall, this gives us more confidence in our strategy, as we believe by taking this approach of assessing value based upon sectors, we will be more precise in identifying companies trading below their intrinsic value. On top of this, on April 3<sup>rd</sup> we rebalanced the strategy and identified 14 new holdings for the 2<sup>nd</sup> quarter of 2023. Of those holdings, 10 were value and 4 momentum, respectively. Since rebalancing, the strategy has been slightly trailing the S&P 500, as VLO stopped out on the 24<sup>th</sup>, after investors reacted to news of additional banking scares.



**Jake Vodovoz**  
CQO