

Financial Risk Management Graduate Program

Team 2 Student Managed Fund

Spring 2023 Presentation

Presenting:

Thomas Whuck - Lead & Communications Manager

Sean Sigmund - Co-Portfolio Manager

Team Members:

Sayem Lincoln - Co-Risk Manager

Kyle Kuhlthau - Macro Analyst, Fund Analyst

Jasmeet Mand - Digital Media Manager

Jeremy Szawerda - Co-Portfolio Manager

Marat Sarmanaev - Co-Risk Manager

Xiuhan Lin - Fund Analyst

Luomeng Yang - Fund Analyst

Ningyi Zhu - Fund Analyst



April 19, 2023

UConn

FRM Fund Team 2



Thomas Wnuck
Lead Manager



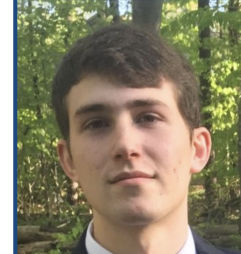
Jeremy Szawerda
Co-Portfolio Manager



Sean Sigmund
Co-Portfolio Manager



Sayem Lincoln
Co-Risk Manager



Kyle Kuhlthau
Macro-Manager



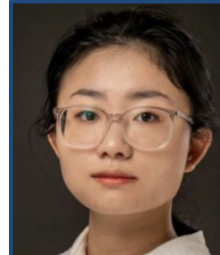
Jasmeet Mand
Digital Media
Manager



Marat Sarmanaev
Co-Risk Manager



Ningyi Zhu
Fund Analyst



Luomeng Yang
Fund Analyst



Xiuhan Lin
Fund Analyst



Administrative Processes



Process	Member Requirement
Quorum for a Meeting →	7/10 Members Present
Voting on Administrative Issues →	Majority of Members Present
Stock Pitch Approval →	7/10 Members Supermajority Vote
Exit a Position →	7/10 Members Supermajority Vote
Stop Loss Parameter →	20% Downside Set Upon Purchase



Philosophy & Processes



Research

- Lower Beta than market or comparatively lower than sector rivals
- Stocks with Better Return Performance (5Yr, 1Yr, YTD, 6 Months, Quarterly)
- Stocks with Better EPS Growth Rate
- Stocks with Better Ratio Analysis: ROIC, ROA, ROE
- Stocks with Favorable Insider Trading - More Buybacks
- Stocks with High Dividend Yields
- Recent News & Developments in regard to macroeconomic view

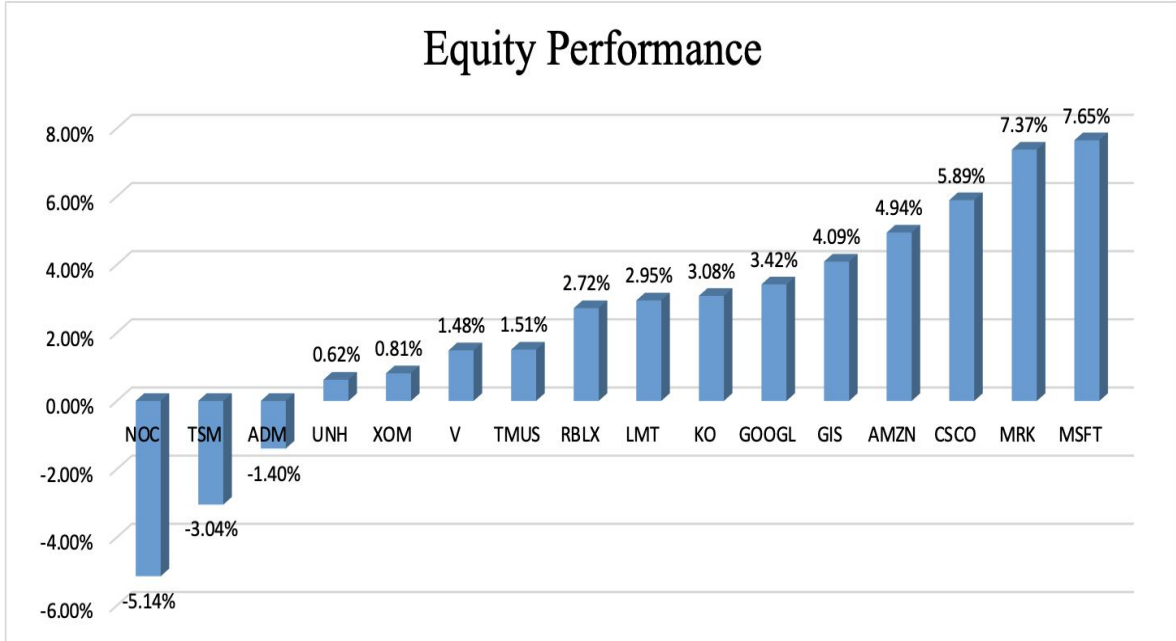
Stock Pitch



Portfolio Summary *(As of April 10, 2023)*



Total Portfolio vs. S&P 500 Performance		
Total Portfolio Performance	5.34%	
S&P 500 Performance	6.48%	
Difference in Performance	-1.14%	
S&P 500 Index Performance		SMF Portfolio
Beginning Value	\$ 3,859.11	\$ 500,000.00
Current Value	\$ 4,109.11	\$ 526,701.30
Absolute Change	\$ 250.00	\$ 26,701.30
% Change	6.48%	5.34%

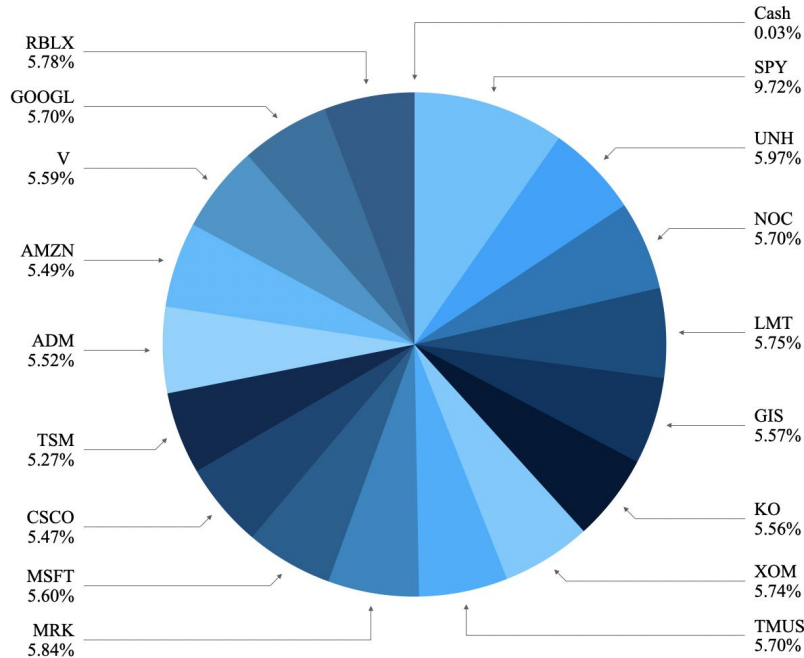


8 new stocks have been added to our portfolio this semester

EOG stop loss triggered at -20%



Portfolio Allocation *(As of April 10, 2023)*



Portfolio Beta:
0.84

Invested Amount	\$ 526,701.30
SPY	\$ 51,201.25
Cash	\$ 165.51
Portfolio	\$ 475,334.54
% Invested	90.25%

Sector	S&P 500 Sector Weight	% Of Invested Equity	Spread
Energy	4.60%	6.36%	1.76%
Materials	2.60%	0.00%	-2.60%
Industrials	8.70%	12.69%	3.99%
Utilities	2.90%	0.00%	-2.90%
Health Care	14.20%	13.08%	-1.12%
Financials	12.90%	6.19%	-6.71%
Consumer Staples	7.20%	18.45%	11.25%
Information Technology	26.10%	18.11%	-7.99%
Communication Services	8.10%	19.03%	10.93%
Real Estate	2.60%	0.00%	-2.60%
Consumer Discretionary	10.10%	6.08%	-4.02%
Unclassified*	-	-	-
Cash*	-	-	-
Attribution Total	100.00%	100.00%	



Derivatives Pitched



Derivatives, Protective Puts Pitched:

Company	Ticker	Contract expiration date	Strike	Price of Purchase	No. of contracts
Northrop Grumman Corporation	NOC	August 18, 2023	\$455.00	\$3,400.00	1
UnitedHealth Group, Inc.	UNH	September 15, 2023	\$470.00	\$2,950.00	1
Exxon Mobil Corporation	XOM	October 20, 2023	\$100.00	\$950.00	2

Why we chose to pitch Protective Puts against these 3 companies

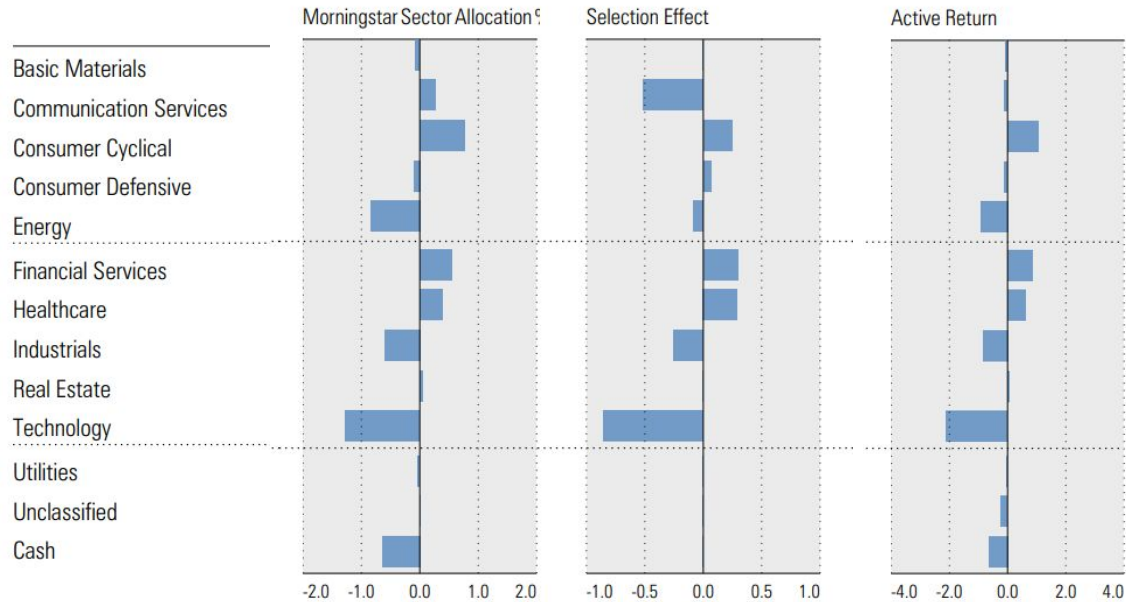
- ❖ Defense budget cut proposed by GOP may impact Northrop Grumman, posing future cash flow risk and stock price decline.
- ❖ UnitedHealth Group's performance was poor, down 8% from initial position, mitigated losses through averaging down and pitching Protective Puts.
- ❖ Protective Puts pitched for Exxon Mobil Corporation due to potential losses in Energy spot market and to protect portfolio after hitting Stop Loss on EOG Resources, Inc. (EOG).

Protective puts against existing positions were not executed due to:

- ❖ Technical issue on the trading platform.
- ❖ Depreciating premiums from the pitched derivatives contract
- ❖ Time-value of the contracts declined substantially



Performance Attribution



ESG Risk Consideration



Ticker	Morningstar ESG Score
UNH	15.30
NOC	27.10
LMT	30.33
GIS	22.20
KO	22.27
XOM	43.55
TMUS	25.82
MRK	21.64
MSFT	15.01
CSCO	12.40
TSM	14.12
ADM	32.33
AMZN	30.28
V	17.81
GOOGL	24.56
RBLX	15.62

Avg. ESG Score of Held Stocks	SPY ESG Score
23.15	21.55

UnitedHealth Group Inc UNH Morningstar Rating

ESG Risk Rating



Both our Portfolio and SPY ESG Risk scores are in the Lower Medium range



Lessons Learned



Biggest Takeaways From Our Experience:

Learned to develop and implement our own investment processes

Gained proficiency in qualitative and quantitative valuation techniques, becoming industry experts in stock screening

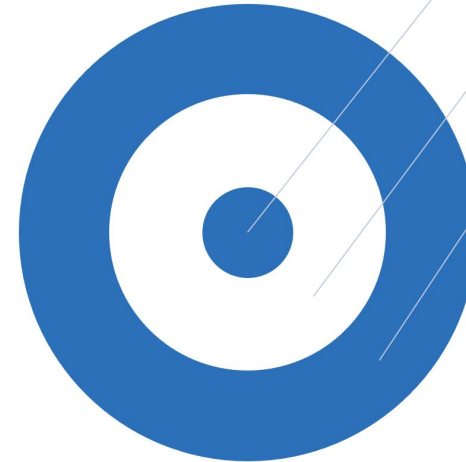
Learned effective use of research tools such as Bloomberg, MorningStar, and Net Advantage

Gained understanding of derivatives investing, including Options, Greeks, Black Scholes modeling, and other pricing methodologies

Improved critical thinking, due diligence, teamwork, communication, and discipline skills to create a successful investing experience



Goals For The Future:



Learn from our mistakes, specifically in sector allocation and stock selection

Explore all sectors (some have no weight in our portfolio)

Evolve our portfolio management to include more hypothetical trading results, providing more insight to big picture outcomes



Thank You

UConn