PORTFOLIO REPORT
FALL 2024

UCONN
SCHOOL OF BUSINESS

UNIVERSITY OF CONNECTICUT SCHOOL OF BUSINESS
GRADUATE STUDENT MANAGED FUND MSFERM TEAM

Letter to the Investment Advisory Board

On behalf of the Financial Risk and Enterprise Management (SMF) team members, we would like to extend our sincere gratitude and appreciation to be afforded the opportunity to gain handson investing experience through the funds provided on behalf of the UConn foundation.

Our team consists of students spanning from all across the globe, our diverse backgrounds and experiences provided us with a unique opportunity to discuss a range of differing investment philosophies and gain exposure to several different ways of thinking. Ultimately, the diverse nature of our team, is the driving force of our investing philosophy and how we manage our fund.

Since beginning to meet in early July, our team has grown significantly. Most of our team came into the fund with rudimentary knowledge of value investing and valuation practices. Considering this, we had to quickly develop a plan to manage the fund when the fall trading period opened. Over time, with the help of Professor. Michel Rakotomavo's course on valuations, we have gained a strong acumen in research and uncovering value.

We are excited to continue building on a great Fall semester and mature further as investment analysts and managers. Over this winter break, we are committed to refining our skills and developing a plan for next semester.

Once again, a warm thank you to the Investment Advisory Board, the UConn Foundation, Professor. Rakotomavo and Professor. Martinez for making this possible.

Best,
The MSFERM Graduate Student Managed Fund

Investment Team Roster

Nadav A. – Lead Manager

Lokanshu M. – Lead Manager

Saif M. – Portfolio Manager

Wenyu W. – Risk Manager

Cullin F. – Communications Manager

Zhongyuan H. – Fund Analyst

Xinlei W. – Fund Analyst

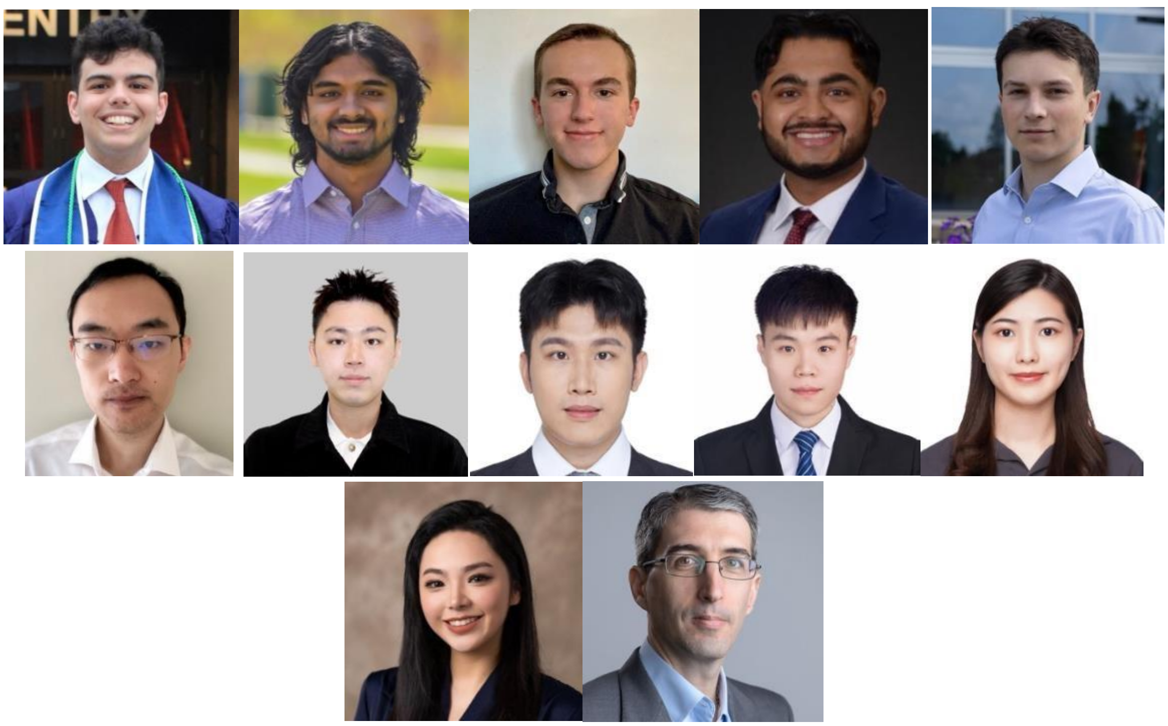
Tyler S. – Portfolio Manager

Yanchunpu L. – Risk Manager

Wenshan B. – Fund Analyst

Pengzhou L. – Fund Analyst

Prof. Jose Martinez – Fund Advisor



Investment Philosophy

Our investment philosophy and company selection are centered around three core drivers: companies run by strong management teams, with strong business models in safe sectors. Our team ultimately had some worry regarding market trends prior and directly following this presidential election. Thus, we began by heavily focusing on companies with those three drivers. We believe these three pillars have tremendously guided us in constructing a portfolio of safe securities with strong upside. This allows us to shift our focus to heavily focusing on managing the idiosyncratic risk of our portfolio.

When analyzing securities for the portfolio, our group will evaluate stocks on a time horizon of ten years. Our primary method of valuation is based on a discounted cash flow analysis and dividend discount model (where applicable). Analysts have the ability to perform any additional analysis they deem appropriate. Stocks would be determined to be trading at a fair value with an intrinsic value below the actual market value of the security. The P/E ratio of the stock was also a helpful complement to the financial models and fundamental analyses. Our group focused on U.S. based companies but were not hesitant to invest outside of the country considering the international presence of our team. The team evaluated mid to large cap equities.

Investment Process

The MSFERM team's investment process is structured in a way that offers freedom for all individual analysts, while also offering a collaborative environment in which analysts can share ideas and thoughts in their own model analysis. During the meetings, stock pitches were held in a manner that allowed all members to give feedback and their opinion under the guidance of our faculty advisory. These meetings were held virtually, with the recordings being distributed at large for team members unable to attend.

Analysts were given the freedom of evaluating any security in any sector. The decision not to divide our team out into specific sector coverage was to allow our team to research any company they had interest in and passion for. Sector allocation will be reviewed during the presentation. If the team felt we had too much exposure in a sector, we would manage that through a discussion post-pitch. If there was hesitancy among the team regarding sizing, we would lower the sizing.

Portfolio Allocation and Performance

As of November 22, 2024, we successfully met our portfolio goal: outperforming the S&P 500. We measured this achievement using two metrics. The first was a purely cost-basis return, and the second was a weighted average return, where stocks with higher allocations were given greater weight. The S&P 500's benchmark return from September 16, 2024, to November 22, 2024, was 6.10%. On a cost-basis level, our portfolio generated a 7.15% return, outperforming the S&P 500 by 1.05%. Additionally, the weighted average return for our portfolio was 6.31%, an outperformance of 0.21%. No matter how the results are evaluated, it is clear that we achieved our goal with the investment strategy we implemented.

However, our portfolio experienced mixed results. Of our 12 positions, 7 showed gains, while 5 experienced losses. Our top performer was Interactive Brokers (IBKR), with a 28.29% return, followed by Palo Alto Networks (PANW) at 13.40%, and Walmart (WMT) at 12.94%. On the other hand, our largest losses came from Freeport-McMoRan (FCX), which declined by 15.67%, followed by MGM Resorts (MGM) at 9.36%, and General Dynamics (GD) at 6.34%. Despite these notable losses, the gains were sufficient to ensure our portfolio outperformed the benchmark.

Looking ahead, our team plans to implement more rigorous standards for selecting new stocks to add to the portfolio. Some of the losses we experienced might have been avoided with stricter criteria for evaluating potential investments. Additionally, we intend to streamline the process for divesting underperforming stocks. During this past semester, the threshold for divesting a stock was the same as for adding one: approximately two-thirds of the team needed to vote "yes" to accept or reject a pitch. Moving forward, we plan to lower this threshold to a simple majority, allowing for divestment with just over half of the team's approval.

Portfolio Allocation & Performance Figures

Figure 1. Portfolio Equity Allocation as of November 22, 2024

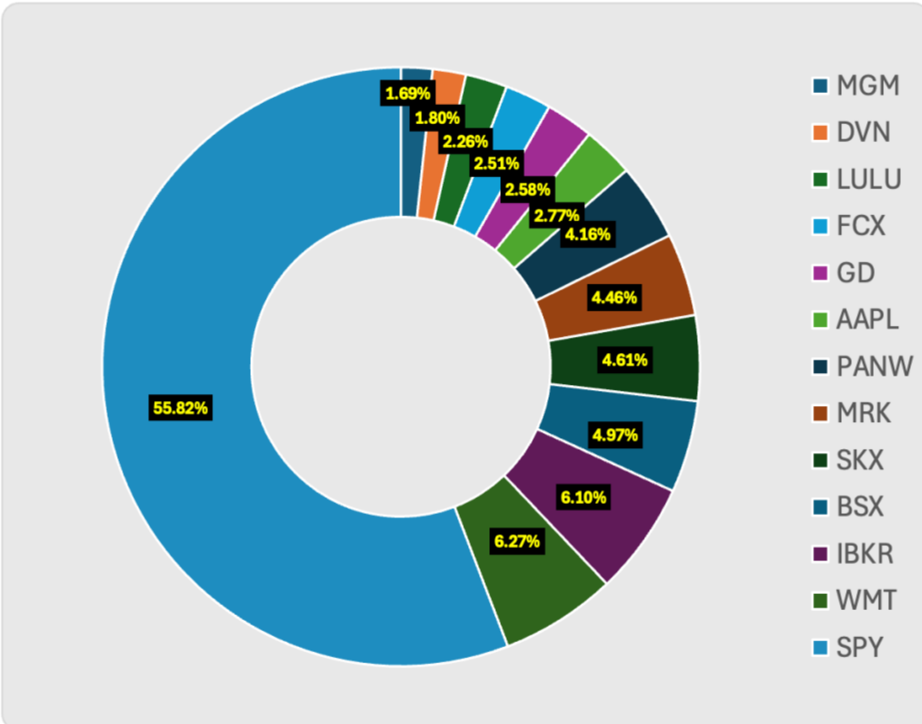


Figure 2. Portfolio performance of each stock as of November 22, 2024

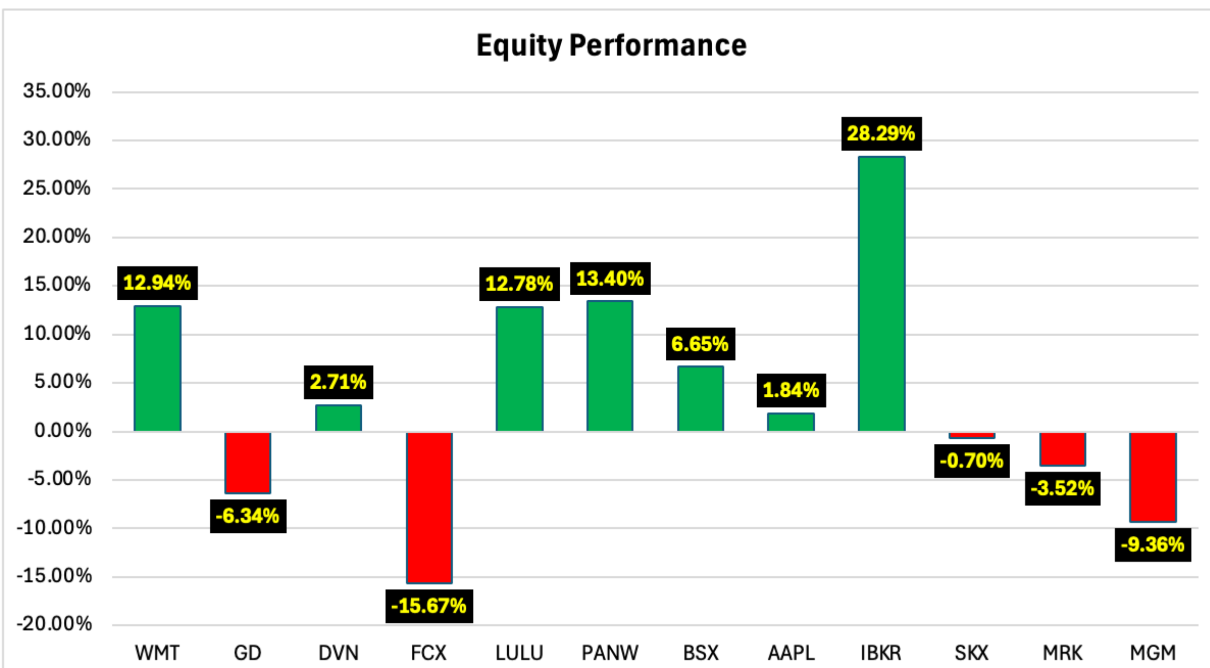


Figure 3. Portfolio performance on a Weighted-Average basis as of November 22, 2024

S&P 500 Performance		SMF Portfolio
Beginning Value (9/13/24)	5625.81	$550,769.80
Current Value (11/22/24)	5968.73	$590,131.18
$ Change	342.92	$39,361.38
% Change	6.10%	6.31%

Figure 4. Portfolio performance on a cost basis as of November 22, 2024

S&P 500 Performance		SMF Portfolio
Beginning Value (9/13/24)	5625.81	$550,769.80
Current Value (11/22/24)	5968.73	$590,131.18
$ Change	342.92	$39,361.38
% Change	6.10%	7.15%

Portfolio Equity Holding Descriptions

Walmart (NYSE: WMT)
For our first pitch, and the first one accepted, we purchased 409 shares of WMT on September 27 at $80.08 per share, representing 6.27% of our portfolio. At the time of the pitch, the intrinsic value of the stock was $85.18. Between the pitch and the purchase, the stock had already climbed about $5, but this did not stop it from rising further. By the end of our investment period, the price reached $90.44. Walmart is a consumer staples merchandise retailer that operates through three segments Walmart U.S, Walmart International, and Sam's Club. The company offers an array of goods ranging from groceries and consumables to health and wellness products as well as electronics. The reason as to why Walmart was accepted was due to its due to its strong fundamentals, consistent performance, and unique positioning in the retail sector. It is the world's largest retailer with a dominant position in the grocery and discount retail markets.

General Dynamics (NYSE: GD)
Our second accepted pitch was GD. We purchased 54 shares at $301.24 on September 27, which made up 2.58% of our portfolio. The intrinsic value of the stock was calculated at $326.07. Unfortunately, this value failed to materialize within the investment window, and the stock ended the period at $282.13. General Dynamics Corporation is a global aerospace and defense company that operates across several segments, providing products and services to military, government, and commercial customers. GD was accepted because of its diversified revenue streams, leadership in key defense and aerospace markets, and strong fundamentals. The company operates in four key segments: aerospace, marine systems, combat systems, and technology. This diversification ensures the reduction of reliance on any single market.

Furthermore, its combination of defense contracts and commercial aerospace ensures stability across economic cycles.

Devon Energy Corporation (NYSE: DVN)
We then invested in DVN, purchasing 268 shares at $38.49 per share on September 27. This represented approximately 1.8% of our portfolio, with an intrinsic value of $71.50. While the stock did not fully meet expectations, it generated a modest return of 2.71%, ending at $39.53. DVN is an independent oil and natural gas exploration, and production company headquartered in Oklahoma City, Oklahoma. The company focuses on producing energy primarily from onshore oil and gas fields in the United States. DVN was accepted due to its strong operational performance, shareholder-friendly policies, and exposure to favorable energy market dynamics. Devon operates in some of the best U.S. shale basins, including the Delaware Basin, Anadarko, Eagle Ford, and Williston Basins, which offer high-quality oil and natural gas reserves. Furthermore, Devon's focus on high-return basins allows it to generate strong cash flows even in lower commodity price environments.

Freeport-McMoRan Inc. (NYSE: FCX)
Unfortunately, FCX was our lowest-performing stock. We purchased 339 shares on September 27 at $51.88, accounting for 2.51% of our portfolio. The stock declined almost immediately and finished the period down 15.67%, with an ending value of $43.75. FCX is is a leading international mining company primarily focused on producing copper, gold, and molybdenum. FCX was accepted because it is a well-managed, strategically positioned mining company with significant upside tied to global megatrends like electrification and renewable energy.

Lululemon Athletica (NASDAQ: LULU)
We invested in LULU on September 27, purchasing 42 shares at $281.74 per share, representing 2.26% of our portfolio. LULU was one of our top performers, generating a 12.78% return. The intrinsic value was calculated at $441.92, and by the end of the period, the stock price reached $317.24, clearly trending toward its intrinsic value. is a globally recognized retailer specializing in high-quality athletic apparel, accessories, and lifestyle products. The company focuses on delivering innovative designs that cater to active lifestyles while emphasizing style, comfort, and performance. LULU has a dominant position in the premium athleisure market, strong growth potential, and proven ability to adapt to evolving consumer trends. The company is synonymous with high-quality, performance-driven, and stylish apparel, commanding strong customer loyalty and premium pricing and is a pioneer in the athleisure space.

Palo Alto Networks (NASDAQ: PANW)
PANW was another of our highest-performing stocks. On September 27, we purchased 64 shares at $338.08 per share, which accounted for 4.16% of our portfolio. The stock delivered a strong

13.40% return, rising to $383.38 by the end of the investment period. Its intrinsic value was $438.60. PANW is a leading global cybersecurity company that provides innovative solutions to protect organizations from a wide range of cyber threats. The company serves businesses, governments, and service providers, offering a comprehensive suite of security tools and services. PANW is a leader in cybersecurity, has robust financial performance, and aligns with global trends driving the demand for advanced cyber defense. PANW is a dominant player in the cybersecurity market, offering comprehensive, cutting-edge solutions across network, endpoint, and cloud security.

Boston Scientific (NYSE: BSX)

BSX closely tracked the S&P 500's performance. We purchased 329 shares at $83.61 per share on September 27, comprising 4.97% of our portfolio. Over the same period, the S&P 500 grew 6.10%, while BSX slightly outperformed with a 6.65% return. BSX is a global medical device company that develops, manufactures, and markets innovative products and solutions for a wide range of medical conditions. BSX has a combination of a diversified product portfolio, innovation-driven growth, and strong financial performance to position itself as a leader in the medical device industry. The company's product lineup addresses cardiovascular, neurological, gastrointestinal, urological, and oncological conditions, reducing reliance on any single revenue stream.

Apple Inc. (NASDAQ: AAPL)

AAPL, one of the most renowned companies globally, was another stock we invested in. On October 9, we purchased 71 shares at $225.85 per share, representing 2.77% of our portfolio. Despite its strong reputation, AAPL returned a modest 1.84%, closing at $230.01 on November 22, just shy of our intrinsic value estimate of $238.63. AAPL is one of the world's largest and most valuable technology companies, known for designing and manufacturing premium consumer electronics, software, and services. AAPL leads the premium segments of the smartphone, tablet, smartwatch, and laptop markets with products like the iPhone, iPad, Apple Watch, and Mac.

Interactive Brokers (NASDAQ: IBKR)

IBKR was our highest-returning investment this semester. We purchased 188 shares at $149.37 on October 9, representing 6.10% of our portfolio. The stock far exceeded our expectations, rising to $191.62 by November 22, well above the calculated intrinsic value of $159.71. IBKR is a leading global brokerage firm that provides a comprehensive trading platform for individual and institutional investors. The company offers a wide range of financial products, tools, and services, making it a go-to platform for active traders, hedge funds, proprietary trading groups, financial advisors, and individual investors. IBKR has a strong competitive position in the brokerage industry, robust financial performance, and exposure to favorable macro trends.

Skechers (NYSE: SKX)

We purchased 446 shares of SKX at $61.43 per share on October 30, comprising 4.61% of our portfolio. Unfortunately, the stock underperformed, losing approximately 0.7% of its value during the investment period. is a global footwear and lifestyle company that designs, develops, markets, and sells a wide variety of footwear and apparel for men, women, and children. Known for its comfort-focused footwear and innovative designs, Skechers is one of the largest footwear companies in the world. Skechers is renowned for its comfort-focused footwear with proprietary technologies like Arch Fit, Memory Foam, and Hyper Burst. These features resonate with a wide audience, driving strong brand loyalty. Furthermore, it is positioned as an affordable alternative to premium brands like Nike and Adidas, Skechers captures a large segment of price-conscious consumers.

Merck & Co. (NYSE: MRK)

Our second-to-last investment was MRK. We purchased 265 shares at $102.96 on October 30, representing 4.46% of our portfolio. MRK underperformed expectations, declining by 3.52% and closing at $99.34 on November 22. MRK is a leading global pharmaceutical and healthcare company. It specializes in the discovery, development, manufacturing, and marketing of innovative medicines, vaccines, and animal health products. MRK is a leader in oncology, has a strong vaccine portfolio, diversified revenue streams. The company's market-leading immunotherapy drug, Keytruda, has been approved for over 30 cancer types and continues to expand its indications globally. Moreover, oncology is one of the fastest-growing segments in healthcare, and Merck is well-positioned with its strong portfolio and innovative pipeline.

MGM Resorts International (NYSE: MGM)

Our final investment for the semester was MGM. We purchased 264 shares at $41.71 per share on October 30, representing 1.69% of our portfolio due to the business's higher risk profile. Unfortunately, the stock significantly underperformed, dropping 9.36% in less than a month. MGM is a leading global hospitality and entertainment company that operates a diverse portfolio of integrated resorts, hotels, and casinos. Its operations encompass gaming, lodging, entertainment, dining, retail, and online betting, catering to both leisure and business travelers. MGM has deleveraged its balance sheet and strengthened its financial position, enhancing its ability to invest in growth. Furthermore, the company actively returns capital through dividends and share repurchases, signaling confidence in its growth outlook.

Future Plans

As next semester quickly approaches, it is imperative to review our holdings and cut some of the losses we have let go in the previous semester. We will be meeting over the next few weeks in preparation for the trading window to open. We will review all instruments we now have access to and find the best solution to minimize risk and continue to outperform the index for the rest of the year and beyond.

To the UConn Foundation, Laurel Grisamer, Jose Martinez, Michel Rakotomavo, and the Investment Advisory Board,

Thank you!

SMF FERM TEAM