



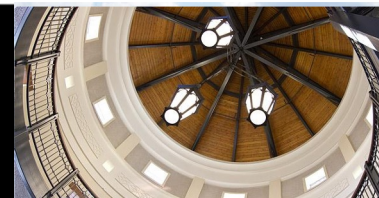
University of Richmond

Student Managed Investment Fund

Annual Meeting
13 April 2020



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2019 - 2020 Managers



Claire Griffiths (General Manager)

Value

Growth

Ben Smith (Manager / Trader)

Sheldon McMeans (Manager / Trader)

Laughlin Ashe

Bennett Cooper

Ross Dimchev

Will Gladstone

Marty Durkin

Blake Goodman

Michael Elliott

Alexandra Kohnert (VP of
Recruitment)

Chris Gilbert

Caleb Michalak

Katrina John

Andrew Nummy

Kirsten Lee

Lexi Serek

Caroline Zerkle

Kathryn Shea

2018 - 2019 Managers



Michael Ukrainskyj (General Manager)

Rachel Perry (ESG Fund Manager)

Value

Growth

John Nugent (Manager / Trader)

Lizzie Reedy (Manager / Trader)

Ben Addeo

Michael Baker

Michael Limongelli

Jack Bonomo

Michael Loughran

Anja Mandic

Isabel Nonemaker

Ayushman Padia

Michael Procaccino (VP of Recruitment)

Susan Pelczar

Jason Reynolds

Fund Performance Overview



2019 - 2020 SMIF

Growth Fund Performance

- AUM 4/1/19 = \$369,136
- AUM 4/6/20 = \$395,232
- Performance Since 4/1/19 = +7.07% (6.19% vs SPYG)

Value Fund Performance

- AUM 4/1/19 = \$294,183
- AUM 4/6/20 = \$205,193
- Performance Since 4/1/19 = -12.94% (% vs SPYV)

ESG Fund Proposal



2019 - 2020 SMIF

- The Student Managed Investment Fund would like to propose the creation of a new Environmental, Social and Governance (ESG) Fund, in which all SMIF managers can participate and learn about the importance of ESG and impact investing, which is becoming very popular and important in the financial services industry.
- We define ESG as the examination of environmental, social, and governance factors which are financially material for the industry or industries in which a corporation operates. ESG integration alongside traditional financial analysis will identify companies positioned well for the transition to the stakeholder model, a more sustainable and inclusive economy, and therefore result in stock price appreciation.

ESG Fund Proposal



2019 - 2020 SMIF

Below is a general list of criteria often used in each component of ESG to score companies.

Environmental criteria encompass a company's performance as a steward of the natural environment and its contribution and vulnerability to climate change.

- Greenhouse gas emissions
- Climate change vulnerability
- Sourcing of raw materials
- Energy management and energy sourcing
- Water and waste management
- Ecological impacts

ESG Fund Proposal



Social criteria evaluate a company's supply chain relationships and treatment of social capital.

- Supply chain management (eg: labor practices)
- Gender pay ratio
- Employee health and safety
- Employee engagement
- Product safety and quality
- Data security
- Customer privacy
- Customer satisfaction
- Social opportunities (access to healthcare or health/nutrition services)

Governance criteria assess a company's management representation, its policies and strategies, and its business conduct.

- Board diversity
- Executive pay
- Ownership and control
- Bribery and corruption
- Accounting and tax transparency

ESG Fund Proposal



2019 - 2020 SMIF

Using several different scoring metrics, we define ESG companies as those that have the following characteristics (if applicable):

Environmental:

- Environmental ranking in Bloomberg for the security must be ranked “Better” vs. History
- Security must have two out of the three following criteria: a RobecoSAM score greater than 50, a Sustainalytics score greater than 50, or an MSCI ESG Score of BBB or higher

Social:

- Employee turnover must be less than 25% if reported
- Security must have no major/relevant data security breaches in the past 5 years

Governance:

- There must be at least 2 women on the board
- Security must have no major/relevant accounting/tax fraud issues in the past 5 years

ESG Fund Proposal



2019 - 2020 SMIF

Growth Holdings ESG Assessment Example

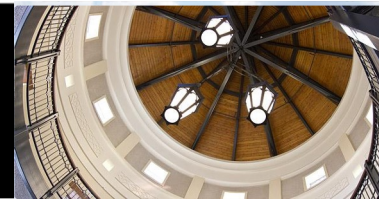
Meets All Criteria Below	40.91%	45.45% of Portfolio
Meets Most Criteria Below	4.55%	
Does Not Meet Criteria	54.55%	

Value Holdings ESG Assessment Example

Meets All Criteria Below	27.27%	36.36% of Portfolio
Meets Most Criteria Below	9.09%	
Does Not Meet Criteria	54.55%	

The two figures above show that 45.45% and 36.36% of the Growth and Value portfolios meet the ESG criteria in the tables below looking at the number of women on the board and meeting two out of the three RobecoSAM, Sustainalytics and MSCI Scores.

ESG Fund Proposal - Current Growth



Name	Ticker	Sector	2 Women on Board	Meets RobecoSAM Score	Meets Sustainalytics Score	Meets MSCI Score
Adobe Inc	ADBE	Information Technology	Yes	Yes	Yes	Yes
Align Technology, Inc.	ALGN	Health Care	Yes	No	No	Yes
AMETEK, Inc.	AME	Industrials	Yes	No	No	No
Amazon.com, Inc.	AMZN	Consumer Discretionary	Yes	No	No	No
Alibaba Group Holding Ltd - ADR	BABA	Consumer Discretionary	No	No	No	Yes
salesforce.com, inc.	CRM	Information Technology	Yes	Yes	Yes	Yes
Equinix Inc	EQIX	Real Estate	Yes	Yes	Yes	Yes
Facebook, Inc. Common Stock	FB	Communication Services	Yes	Yes	Yes	Yes
First Solar, Inc.	FSLR	Energy	Yes	Yes	N/A	N/A
Alphabet Inc Class A	GOOGL	Communication Services	Yes	Yes	Yes	Yes
Illumina, Inc.	ILMN	Health Care	Yes	Yes	Yes	No
KKR & Co Inc Class A	KKR	Financials	Yes	No	No	Yes
L3Harris Technologies Inc	LHX	Industrials	Yes	No	No	Yes
Lululemon Athletica Inc	LULU	Consumer Discretionary	Yes	No	No	Yes
Merck & Co., Inc.	MRK	Health Care	Yes	Yes	Yes	Yes
Microsoft Corporation	MSFT	Information Technology	Yes	Yes	Yes	Yes
Netflix Inc	NFLX	Consumer Discretionary	Yes	No	No	No
Palo Alto Networks Inc	PANW	Information Technology	Yes	No	Yes	No
Paypal Holdings Inc	PYPL	Financials	Yes	Yes	Yes	Yes
Teradyne, Inc.	TER	Information Technology	Yes	No	N/A	No
Visa Inc	V	Financials	Yes	Yes	Yes	Yes
Yeti, Inc.	YETI	Consumer Discretionary	No	N/A	N/A	N/A

ESG Fund Proposal - Current Value

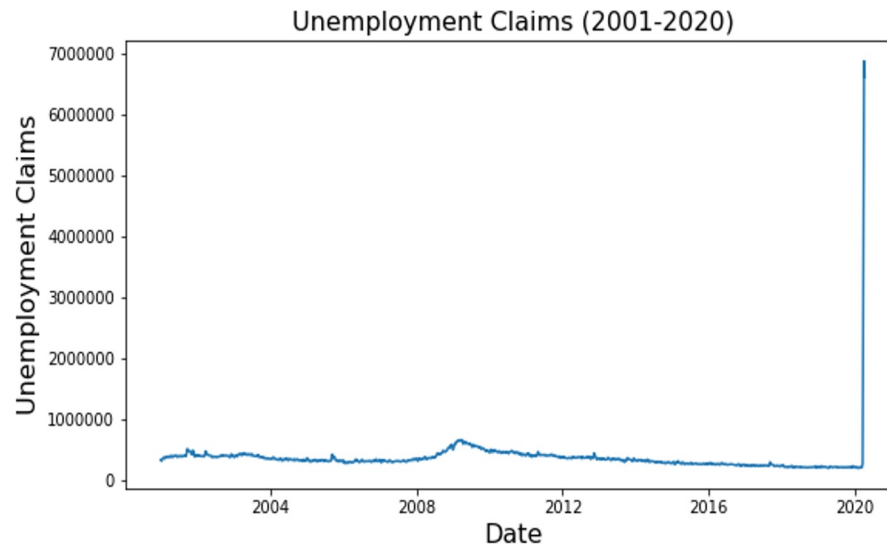


Name	Ticker	Sector	2 Women on Board	Meets RobecoSAM Score	Meets Sustainalytics Score	Meets MSCI Score
Albemarle Corporation	ALB	Materials	Yes	No	No	No
Citigroup Inc	C	Financials	Yes	Yes	Yes	No
Cigna Corp	CI	Healthcare	Yes	Yes	Yes	Yes
Capital One Financial Corp.	COF	Financials	Yes	No	Yes	No
Costco Wholesale Corporation	COST	Consumer Staples	Yes	No	No	No
CVS Health Corp	CVS	Consumer Staples	Yes	Yes	Yes	Yes
Delta Air Lines, Inc.	DAL	Industrials	Yes	Yes	Yes	Yes
Danaher Corporation	DHR	Healthcare	Yes	No	Yes	No
Walt Disney Co	DIS	Communication Services	Yes	Yes	Yes	Yes
East West Bancorp, Inc.	EWBC	Financials	Yes	No	N/A	No
Flex Ltd	FLEX	Information Technology	Yes	Yes	Yes	Yes
HCA Healthcare Inc	HCA	Healthcare	Yes	No	No	Yes
Microchip Technology Inc.	MCHP	Information Technology	No	No	No	No
Micron Technology, Inc.	MU	Information Technology	Yes	Yes	No	Yes
Norwegian Cruise Line Holdings Ltd	NCLH	Consumer Discretionary	Yes	No	No	Yes
NRG Energy Inc	NRG	Utilities	Yes	No	No	No
O-I Glass Inc	OI	Materials	Yes	N/A	N/A	N/A
Penn National Gaming, Inc	PENN	Consumer Discretionary	Yes	No	N/A	N/A
Raytheon Technologies Corp	RTX	Industrials	Yes	No	No	Yes
Simon Property Group Inc	SPG	Real Estate	Yes	Yes	Yes	Yes
Constellation Brands, Inc. Class A	STZ	Consumer Discretionary	Yes	No	No	Yes
Valero Energy Corporation	VLO	Energy	Yes	No	No	Yes

Economic Overview



Unemployment



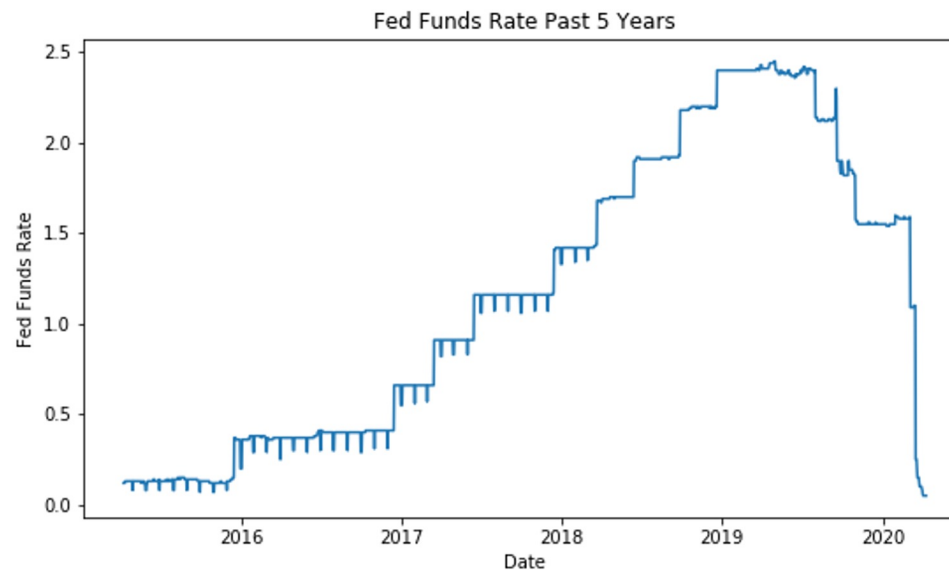
- As a result of COVID-19 non-essential businesses across the US have closed down and unemployment claims have soared over 3,000% to unprecedented levels
- More than 10% of Americans have filed for unemployment in the past 3 weeks
- This rapid rise in unemployment is expected to continue with economists expecting to see an unemployment rate above 10% soon
- Current national unemployment rate of 4.4%, up from 3.5%

Economic Overview



Interest Rates

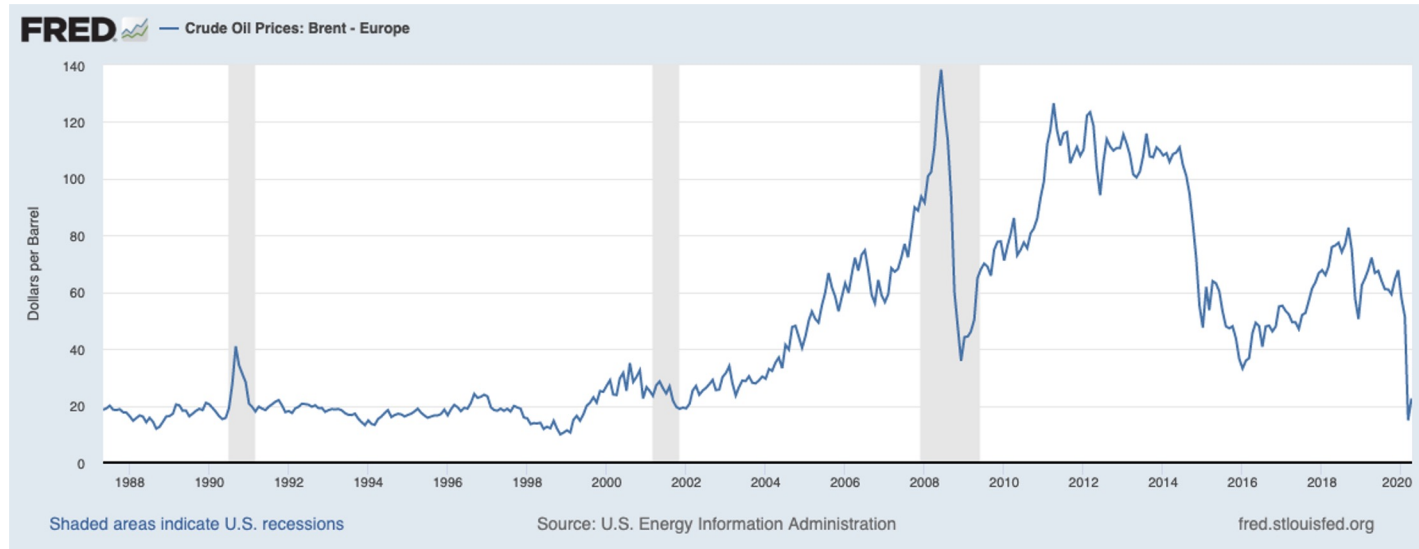
- Due to COVID-19 the Fed has cut its target benchmark rate 1.50%, moving to a range of 0 - 0.25%
- The Fed has started QE by pledging to buy \$500 billion in treasuries and \$200 billion in government guaranteed mortgage backed securities and have since made the purchases open ended
- The Fed also decided to purchase commercial mortgage backed securities in an attempt to support multi-family housing throughout the country



Economic Overview



Oil



- Oil prices have fallen sharply in 2020 to a low of \$25 per barrel in March amid global demand disruption due to the coronavirus outbreak, combined with the Saudi-Russian price war
- Currently, there are negotiations to cut global production by more than 15 million barrels daily or around 10%
- Citi expects prices to fall to \$17 and possibly under \$10 before the end of April, with Brent crude futures expected to average \$20 in the current quarter
- Yesterday, OPEC and allies reached a compromise with Mexico to finalize oil act. US, Saudi Arabia and Russia agreed to deal to combat dropping oil prices

Economic Overview



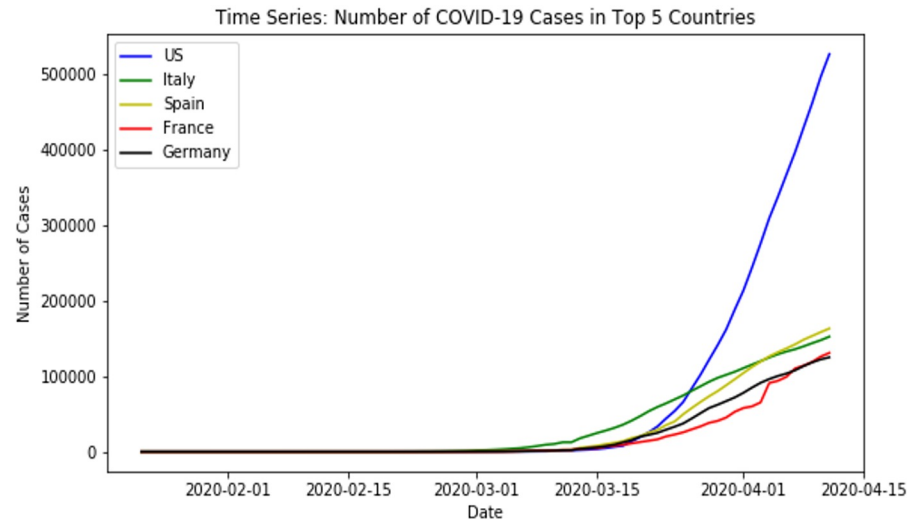
World Economy

- **China:** 2020 moved from trade war worries to Covid-19 worries. China's 2020 GDP growth expected between 4.9-5.8% compared to 6.1% in 2019. \$394 billion fiscal stimulus package and the People's Bank of China, cut its one-year loan rate 10 bps to 4.05%
- **Brazil:** Projected growth of -1.2% for 2020, down 3.3% from February estimates. Brazil's government debt-to-GDP ratio reached 75.8% at the end of 2019, compared to 58.6% in December 2008, leaving Bolsonaro's administration with far fewer resources to spur recovery
- **Germany:** GDP growth was hovering near 0.0% and the economy is likely to shrink 5-8% due to the halting of business with the COVID-19 pandemic. 750 billion euro stimulus package. Germany's 5-year long term interest rate at -0.47% monetary stimulus is hindered. The EU will likely face economic losses at a scale greater than or equal to that of Germany and may be worse than the 2008 recession.
- **Italy:** Worst-hit country in Europe with lockdown since early March and cut to most economic activity. A 25 billion euro (\$27.35 billion) fiscal package released last month to support businesses. Worries about Italian banks due to piles of bad loans and great risk of a recession with grim economic outlook
- **Turkey:** The Central Bank cut interest rates 100bp to 9.75%. The decline in international commodity prices and broader economic slowdown will lower inflation in the country more than expected. In the second half of last year, inflation surged to a 15-year high at over 25% and the CBRT raised its interest rates to nearly 24% to curb inflation
- **European Central Bank:** In early March, the ECB announced measures to support bank lending and expanded its asset purchase program by 120 billion euros. Banks can now borrow with an interest rate of -0.75% to incentivize banks to lend the borrowed money to businesses and people and spur the economy. The ECB's main rate stands at -0.5%, contrary expectations of a 10bp cut. Inflation is at 0.7%, well below the target of "below but close to 2%" and evidence of a stagnating Eurozone economy

COVID-19 Overview



COVID-19 Epidemic



- There are currently **1,771,514** confirmed cases in the World, of which 108,503 have resulted in deaths and 402,110 have recovered. The current death rate of confirmed cases stands at 6.12%
- US (526,396 cases), Spain (163,027 cases), Italy (152,271 cases), France (130,727 cases), and Germany (124,908 cases)
- US (20,463 deaths), Italy (19,468 deaths), Spain (16,606 deaths), France (13,851 deaths), and United Kingdom (9,892 deaths)

COVID-19 Overview



Market Volatility

- At YE 2019 the S&P 500 had a 28.88% positive return over the past year and an overall positive market outlook going into 2020
- Since the start of 2020 the S&P 500 has fallen 22.97% erasing most of the market gains throughout 2019
- As COVID-19 continues to spread and cases continue increasing throughout the US we can expect more volatility and difficult times ahead for the United States and equity markets





Growth Fund

Sheldon McMeans



SMIF - Growth Fund



Performances

	SMIF - Growth	SPYG
Initial Value 4.1.19	\$369,136	\$37.57
Current Value	\$395,232	\$37.90
Change (\$)	\$26,096	\$0.33
Change (%)	7.07%	0.88%
Performance vs Benchmark	+6.19%	

SMIF Growth vs Benchmark (Apr. 1, 2019 = 100)

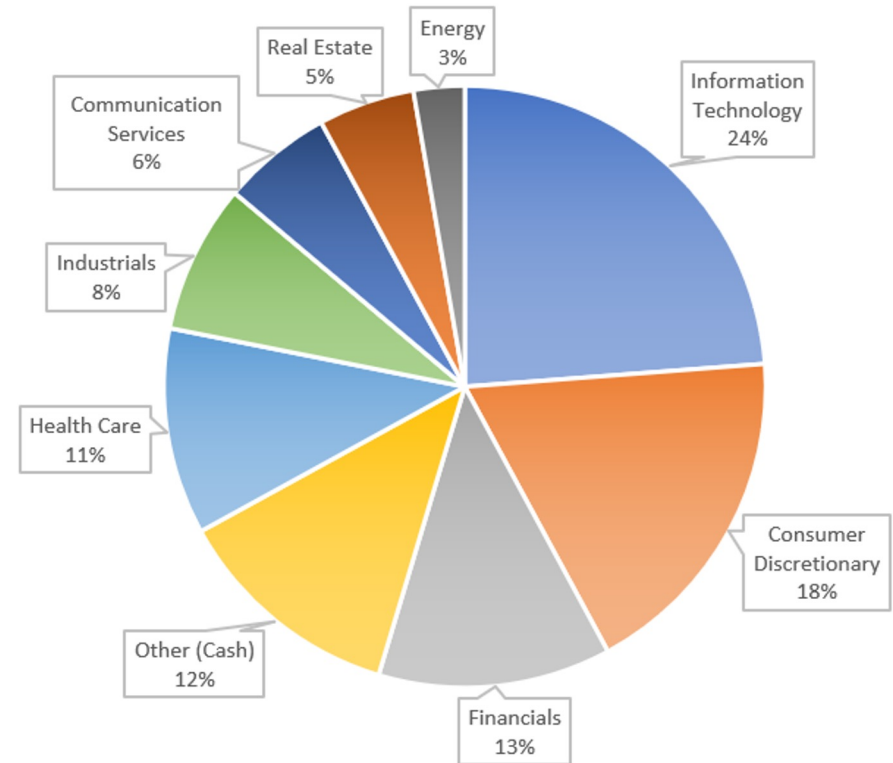


SMIF - Growth Fund



Portfolio Sector Weightings

Sector Allocation			
GICS	SMIF	SPYG	Difference
Other (Cash)	12.4%	0.0%	12.4%
Financials	12.5%	5.1%	7.5%
Consumer Discretionary	18.3%	13.8%	4.6%
Real Estate	5.2%	3.1%	2.1%
Energy	2.7%	0.7%	2.0%
Industrials	8.0%	7.5%	0.5%
Health Care	11.1%	10.9%	0.2%
Utilities	0.0%	0.8%	-0.8%
Materials	0.0%	2.3%	-2.3%
Consumer Staples	0.0%	5.1%	-5.1%
Communication Services	5.9%	12.6%	-6.6%
Information Technology	23.8%	38.2%	-14.4%



SMIF - Growth Fund



Portfolio Holding (Sorted By Performance)

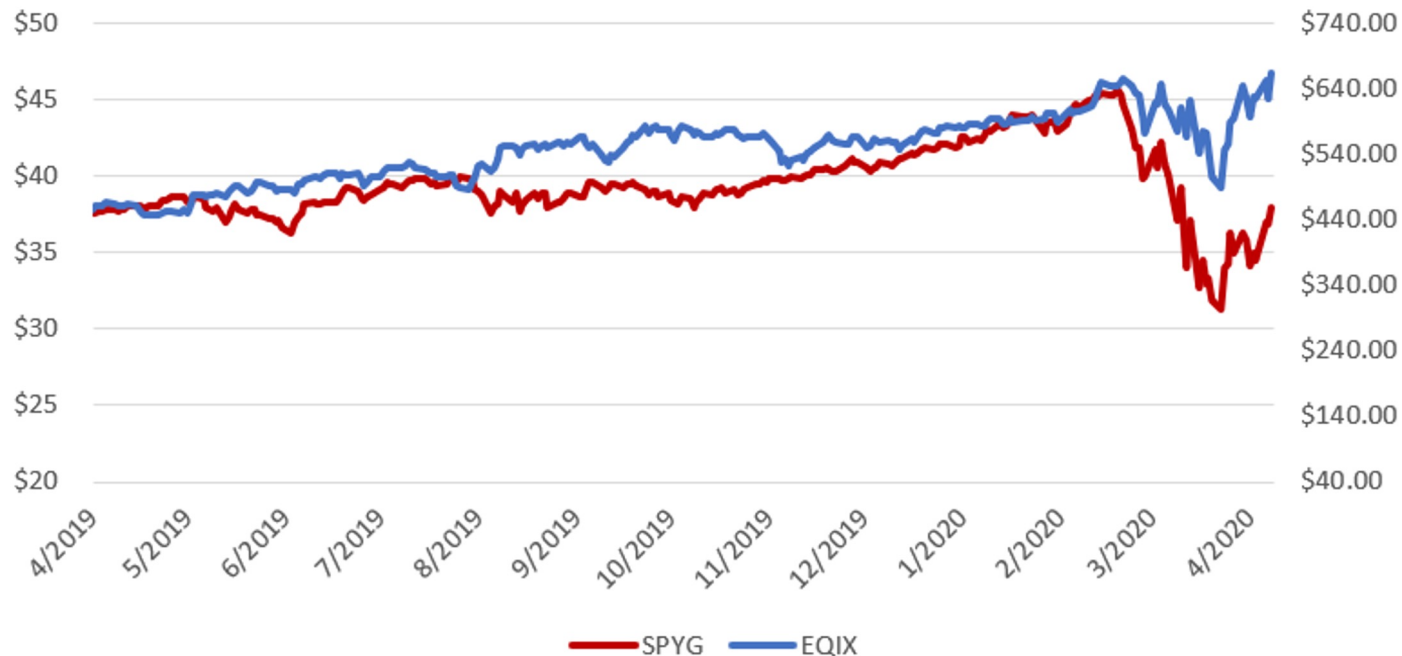
<u>Name</u>	<u>Ticker</u>	<u>Weight</u>	<u>Performance</u>	<u>Date Acquired</u>
Microsoft Corporation	MSFT	5.85%	89.38%	11/16/2017
Teradyne, Inc.	TER	5.53%	63.85%	9/17/2018
Adobe Inc	ADBE	5.85%	48.23%	3/1/2018
Amazon.com, Inc.	AMZN	6.16%	36.58%	10/13/2017
Lululemon Athletica Inc	LULU	3.27%	31.92%	10/8/2018
Netflix Inc	NFLX	3.35%	30.50%	11/14/2018
Equinix Inc	EQIX	5.18%	20.71%	10/30/2019
Visa Inc	V	5.76%	20.69%	10/8/2018
Alphabet Inc Class A	GOOGL	3.03%	17.53%	12/4/2018
Facebook, Inc. Common Stock	FB	2.91%	9.91%	1/1/2016
Alibaba Group Holding Ltd - ADR	BABA	3.21%	8.37%	5/8/2017
Align Technology, Inc.	ALGN	2.43%	7.78%	9/26/2019
Paypal Holdings Inc	PYPL	4.52%	3.26%	11/13/2019
Merck & Co., Inc.	MRK	4.77%	-0.01%	10/3/2019
AMETEK, Inc.	AME	4.66%	-2.88%	9/17/2018
L3Harris Technologies Inc	LHX	3.36%	-5.22%	11/2/2020
salesforce.com, inc.	CRM	3.88%	-5.67%	11/20/2019
KKR & Co Inc Class A	KKR	2.23%	-13.03%	11/3/2020
Yeti, Inc.	YETI	2.34%	-21.23%	3/5/2020
Illumina, Inc.	ILMN	3.90%	-22.27%	10/1/2018
Palo Alto Networks Inc	PANW	2.68%	-27.91%	11/18/2019
First Solar, Inc.	FSLR	2.74%	-38.24%	9/26/2019

SMIF - Growth Fund



Equinix, Inc. (EQIX)

- Up 20.71% Since Purchase
- Strong network effects and high-switching costs for users
- Movement towards off-premises data solutions
- Positive demand shock from Coronavirus
- Pitched By: Bennett Cooper

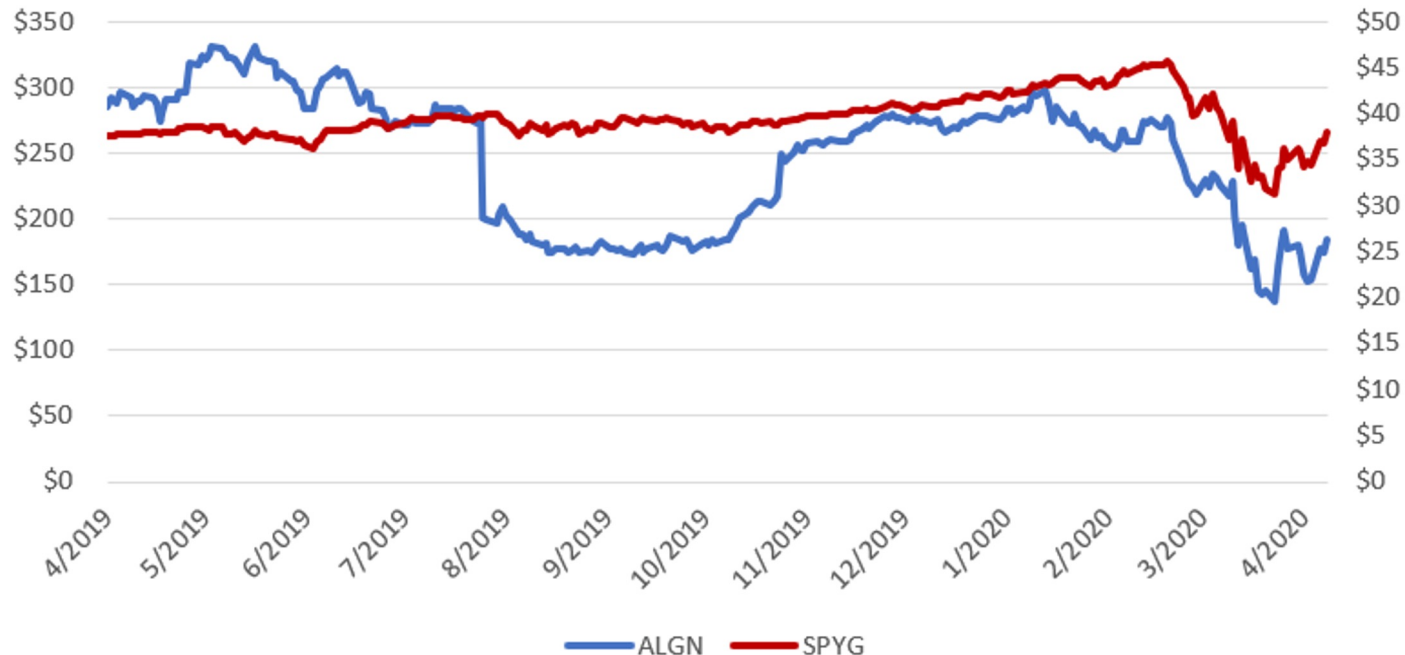


SMIF - Growth Fund



Align Technology (ALGN)

- Sold 50 shares at \$272 for a 58% HPR
- Best positioned to capture shift from traditional braces to clear aligners
- Robust Invisalign-trained Doctor growth
- ITerio Scanner volume growth
- Pitched By: Sheldon McMeans

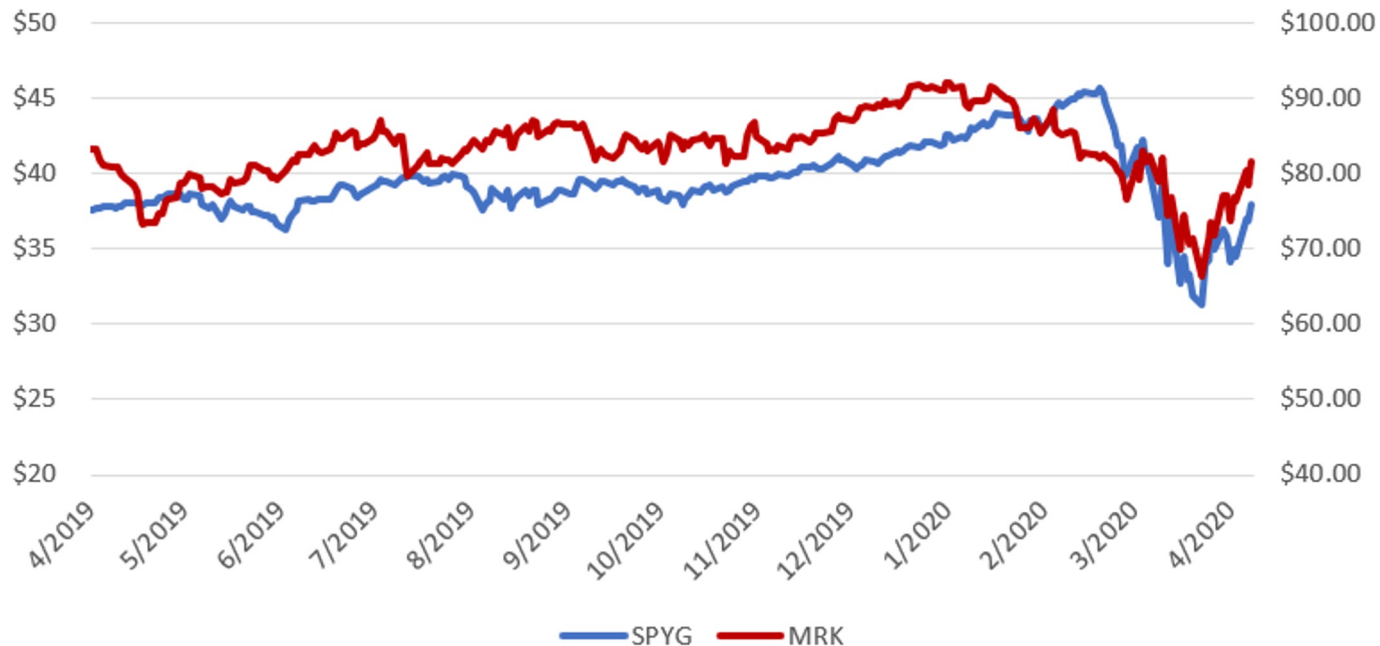


SMIF - Growth Fund



Merck & Co. (MRK)

- Keytruda success expected to drive strong sales growth
- Well-positioned, growing vaccine portfolio
- High barriers to entry
- Dominance in growing Non-Small Cell Lung Cancer market
- Pitched By: Lexi Serek



SMIF - Growth Fund



Attribution Model

Sector GICS	Average Port Weight			Return			Contribution		
	SMIF	Benchmark	Diff (-)	SMIF	Benchmark	Diff (-)	SMIF	Benchmark	Diff (-)
Information Technology	18.60%	30.02%	-11.42%	27.34%	9.19%	18.14%	5.08%	2.76%	2.32%
Consumer Discretionary	14.83%	12.87%	1.96%	12.03%	-1.48%	13.50%	1.78%	-0.19%	1.97%
Industrials	8.69%	7.97%	0.72%	-0.92%	-13.68%	12.76%	-0.08%	-1.09%	1.01%
Other	12.69%	0.13%	12.56%	3.71%	0.00%	3.71%	0.47%	0%	0.47%
Consumer Staples	4.91%	5.42%	-0.51%	14.34%	4.80%	9.54%	0.70%	0.26%	0.44%
Financials	10.93%	5.38%	5.55%	0.82%	-3.72%	4.54%	0.09%	-0.20%	0.29%
Energy	1.74%	2.41%	-0.67%	-37.80%	-36.93%	-0.87%	-0.66%	-0.89%	0.23%
Communication Services	13.02%	13.98%	-0.96%	2.63%	1.00%	1.63%	0.34%	0.14%	0.20%
Materials	0.00%	2.21%	-2.21%	N/A	-4.98%	N/A	0.00%	-0.11%	0.11%
Real Estate	1.83%	3.13%	-1.30%	16.30%	6.39%	9.91%	0.30%	0.20%	0.10%
Utilities	0.00%	1.57%	-1.57%	N/A	15.92%	N/A	0.00%	0.25%	-0.25%
Health Care	12.77%	14.89%	-2.12%	3.95%	8.80%	-4.85%	0.50%	1.31%	-0.81%
Return / Excess Return							8.54%	2.44%	6.10%

Contribution to Total Return by Security





Value Fund

Benjamin Smith

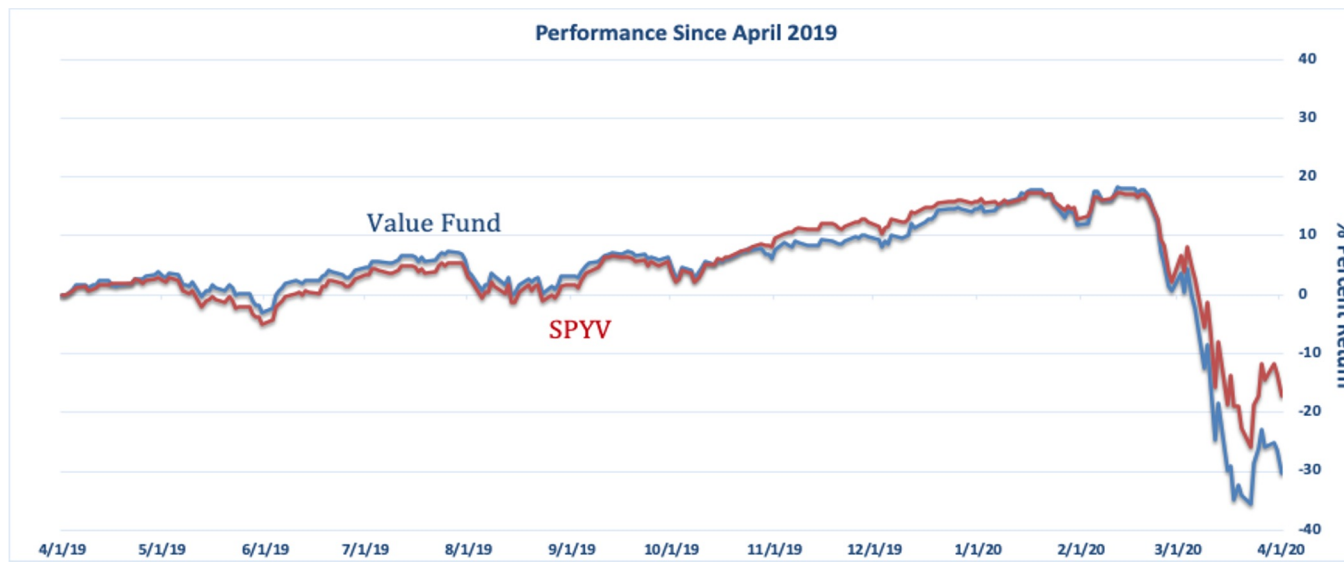


SMIF - Value Fund



Performances

	SMIF - Value	SPYV
Initial Value 4.1.19	\$294,183	\$30.67
Current Value	\$205,193	\$25.36
Change (\$)	(\$88,990)	(\$5.31)
Change (%)	(30.25%)	(17.31%)
Performance vs Bench		-12.94%



SMIF - Value Fund

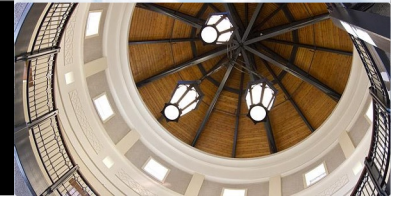


Portfolio Holdings¹

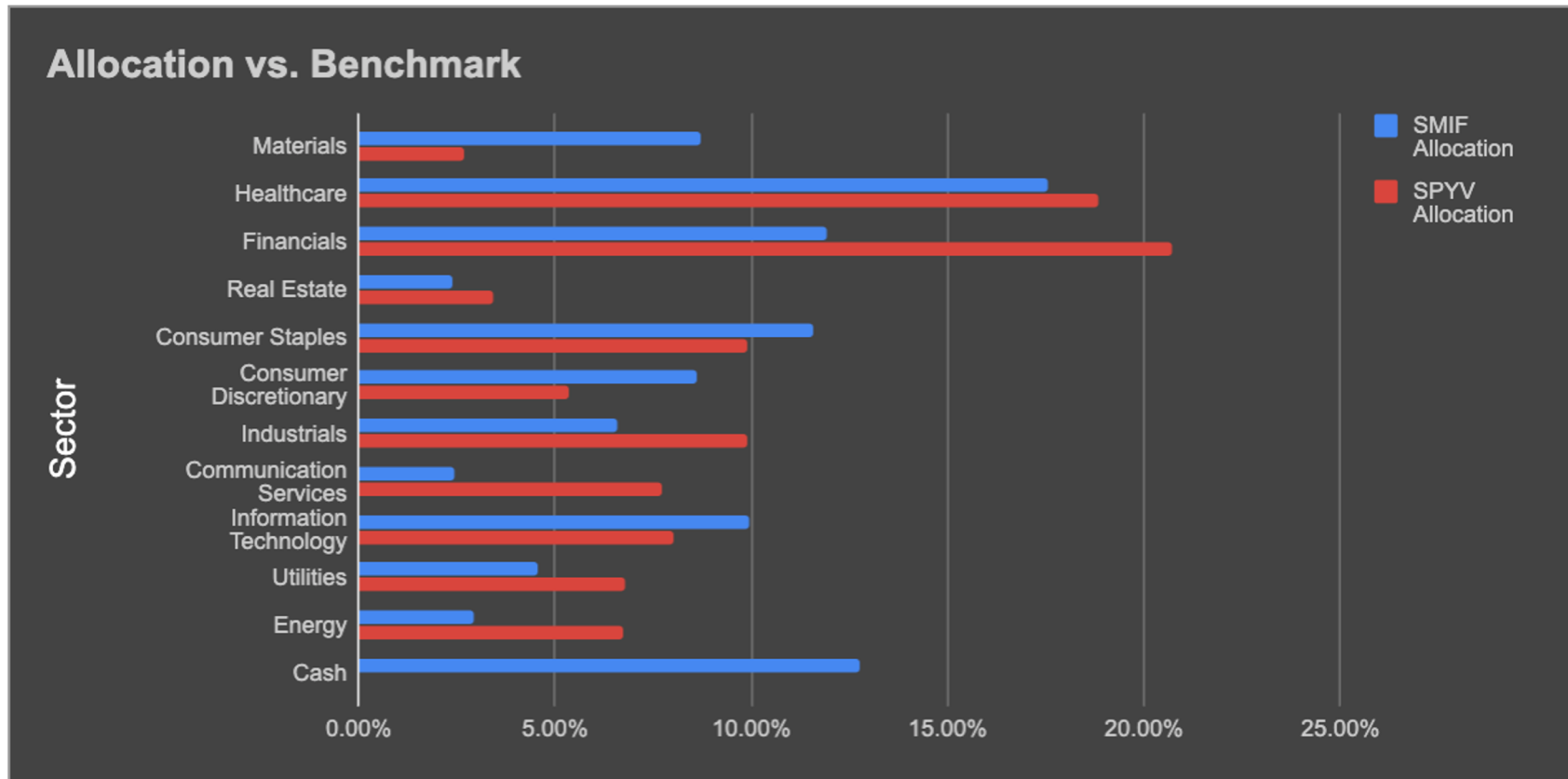
Name	Ticker	Weight	Performance	Performance vs. Benchmark	Data First Acquired
Costco	COST	5.13%	17.44%	34.75%	28-Sep-2017
CVS Health	CVS	6.01%	7.66%	24.97%	29-Jan-2015
Danaher Corp.	DHR	6.30%	-2.37%	14.94%	7-Oct-2016
Cigna	CI	5.67%	-7.35%	9.96%	8-Nov-2019
Micron	MU	2.97%	-11.30%	6.01%	11-Oct-2019
Walt Disney Co	DIS	2.22%	-15.63%	1.68%	4-Dec-2018
Albemarle Corp	ALB	4.08%	-20.20%	-2.89%	11-Oct-2019
Constellation Brands	STZ	3.67%	-22.92%	-5.61%	28-Feb-2017
Raytheon Company	RTX	2.37%	-31.40%	-14.09%	7-Nov-2018
NRG Energy	NRG	4.00%	-32.00%	-14.69%	11-Oct-2019
Flex Ltd	FLEX	3.42%	-32.12%	-14.81%	31-Oct-2019
O-I Glass	OI	3.16%	-33.06%	-15.75%	11-Oct-2019
Microchip	MCHP	2.14%	-33.84%	-16.53%	11-Oct-2019
HCA Healthcare	HCA	3.46%	-36.56%	-19.25%	5-May-2015
Citigroup	C	3.97%	-40.16%	-22.85%	1-May-2017
East West Bancorp	EWBC	2.90%	-49.10%	-31.79%	20-Feb-2020
Valero	VLO	2.41%	-52.56%	-35.25%	5-May-2015
Capital One	COF	2.49%	-53.95%	-36.64%	8-Nov-2019
Delta Airlines	DAL	2.64%	-54.25%	-36.94%	30-Oct-2018
Penn National Gaming	PENN	2.09%	-65.32%	-48.01%	27-Feb-2020
Simon Property Group	SPG	1.64%	-69.35%	-52.04%	8-Nov-2019
Norwegian Cruise	NCLH	0.93%	-81.80%	-64.49%	29-Oct-2019

1: Data as of market close 4/01/20

SMIF - Value Fund



Portfolio Sector Weightings¹



¹: Data as of market close 4/01/20

SMIF - Value Fund



Costco Wholesale Corp.

- Originally purchased on September 28, 2017 at \$164.47 with portfolio weight of 4.5%. Has been in the portfolio since then, though a portion was sold off this February
- Net Return on Investment is 87.7% since 28-Sep-2017, including this divestment

Company Description:

- Largest membership-only warehouse club in U.S.
- Mainly operates in grocery industry, but also offers auto, optical, travel, and online services
- Main competitors include Sam's Club(Walmart) and BJ's
- Their operational efficiency affords them the ability to reduce margins below competitors, and generate the bulk of Net Income from membership fees, and a 90% renewal rate

Reasons for Holding:

- Consumer spending is rising, and Costco captures both Cons. Disc. and Cons. Staples
- International Growth story is promising, and they maintain a very healthy balance sheet; could take on leverage if needed given the stability of cash flows
- Probably the lowest risk of default in the portfolio; Interest Coverage = 31.6x and lowest implied default risk among wider peer set
- Membership loyalty and customer experience remain strong → membership growth
- International expansion will see store count 2x over next few years, justifying a higher P/E multiple

SMIF - Value Fund



COST 5 year Performance, Interaction



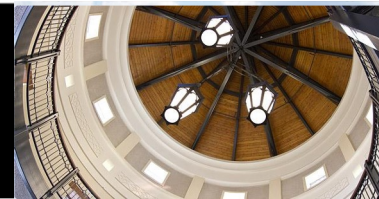
SMIF - Value Fund



COST 1 year performance vs. SPYV



SMIF - Value Fund



O-I Glass, Inc.

- Originally purchased on October 11, 2019 for \$9.65, with a Target Price of \$19. Was a play on our small-cap Value thesis and seemingly misplaced value within Food & Beverage packaging.
- Sold a quarter of the position on February 5, 2020 at \$15.32, feeling that it escaped its natural path to realizing our Target Price

Company Description:

- International leader in heavily-fragmented glass packaging industry; caters to the some of the largest food/beverage brands in the world
- Majority of revenue comes from beer, wine, spirits
- 2015 Vitro acquisition and Constellation Brands JV have increased exposure to Mexico, Mexican imported beer
- Revenue has been pressured by general trend of glass losing market share to aluminum. New focus is capital efficiency, improving balance sheet, returning cash to shareholders.

Reasons for Holding:

- **Heavily** discounted Materials stock with Consumer Staples exposure, with a clear path to answering skeptical investors' concerns
- Near-term liabilities seem manageable, and no significant LT obligations until 2024
- We believe its ability to steal market share from plastic is overlooked
- Company is well-insulated on top-line due to multi-year customer agreements, and margins should expand due to processes improvements (MAGMA) and lower fuel costs

SMIF - Value Fund



OI 5 year Performance, Interaction



SMIF - Value Fund



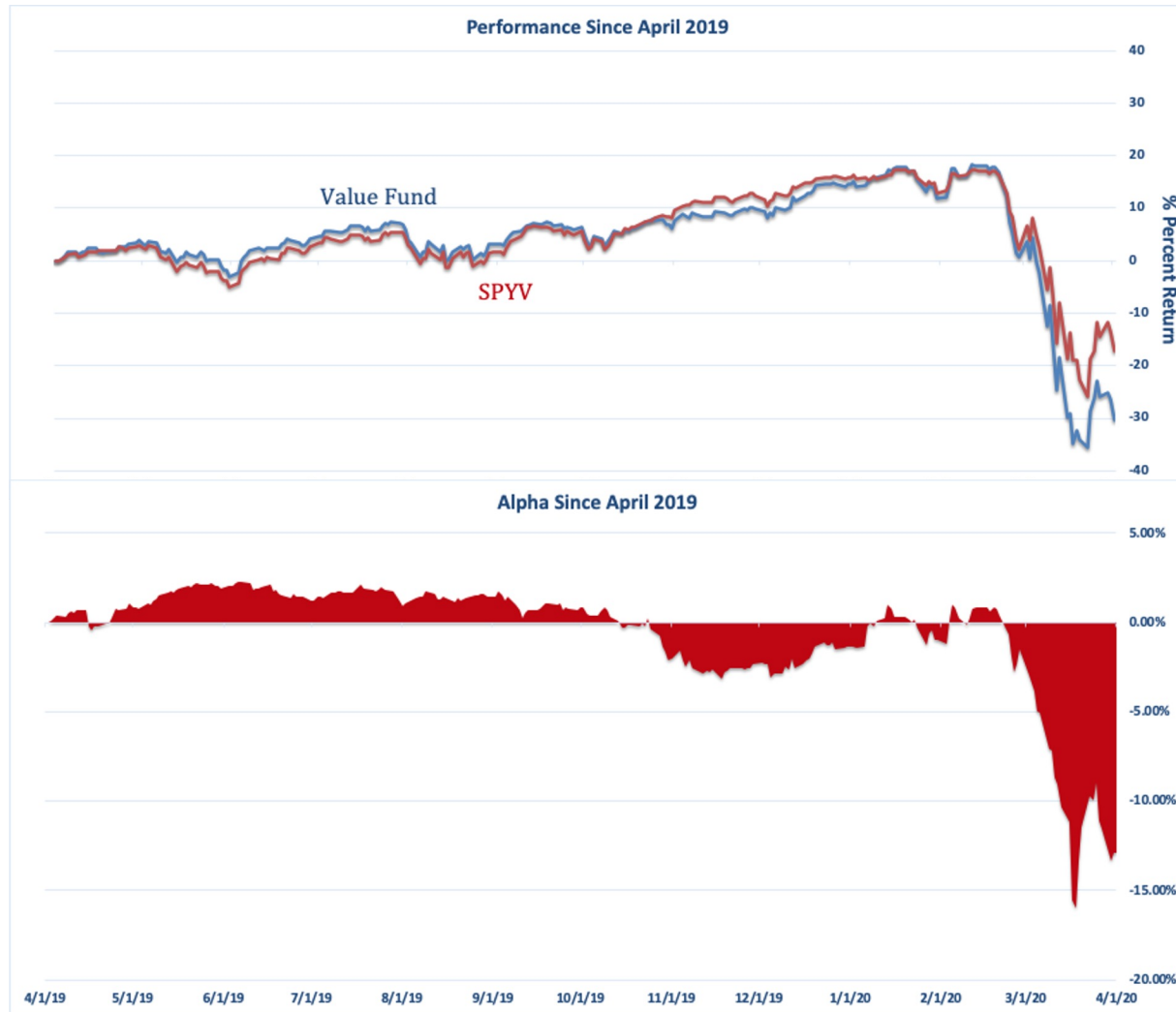
Small-Cap Performance, 20 years



SMIF - Value Fund



Performance & Alpha



SMIF - Value Fund



Attribution Model

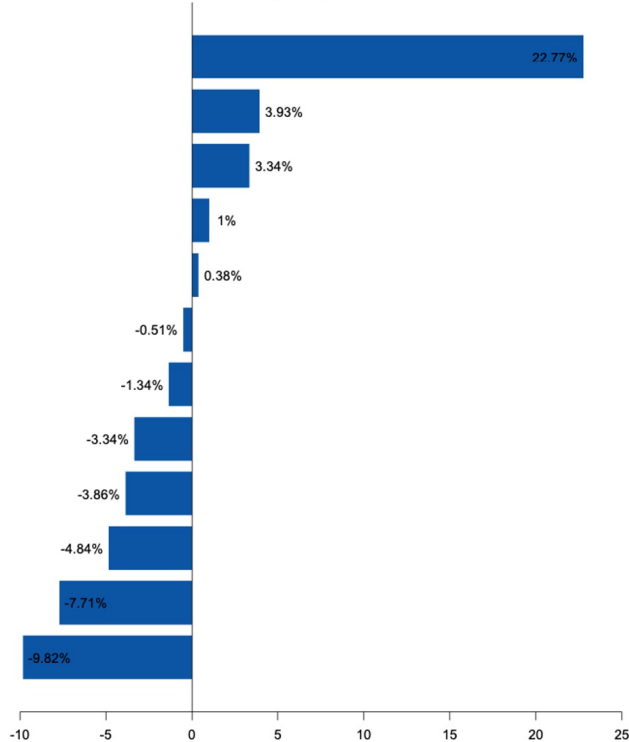
Return Summary

Return Summary	
Portfolio Return	-30.25
Benchmark Return	-17.31
Active Return	-12.94

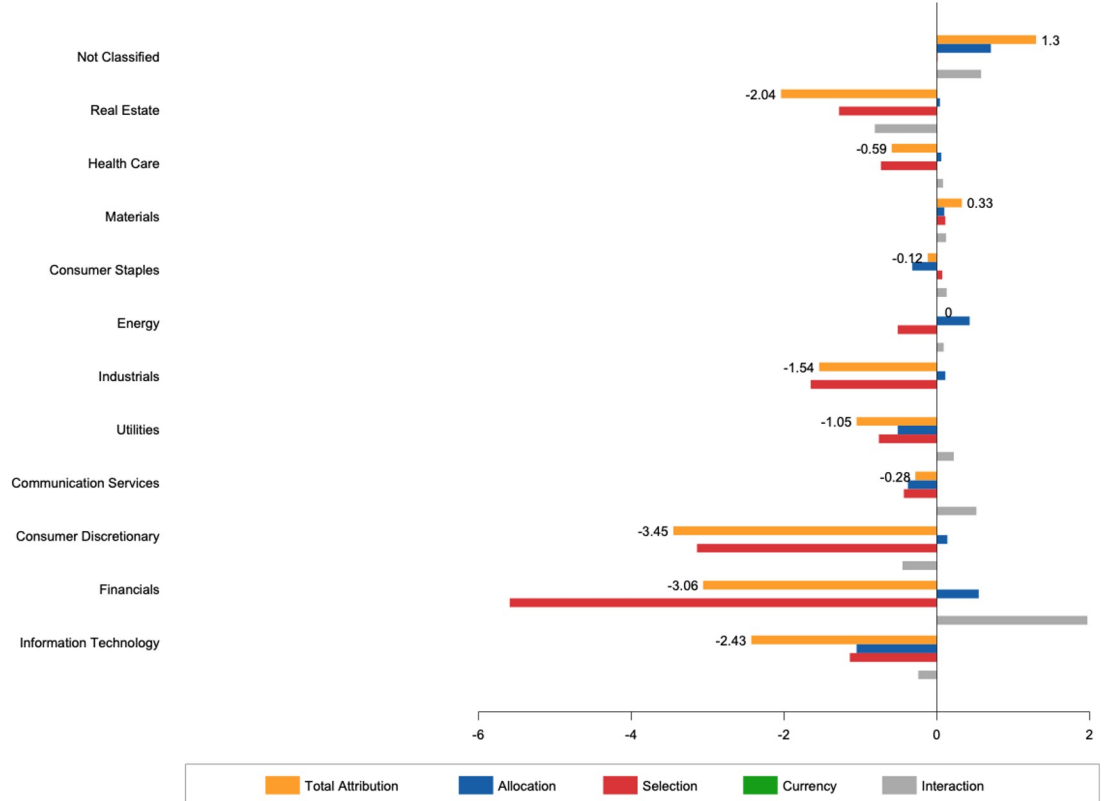
Active Return Attribution Summary

Active Return	-12.94	Interaction	2.20
Allocation	-0.11		
Selection	-15.03		
Currency	0.00		

Average Weight Difference



Attribution Effects



University of Richmond



Student Managed Investment Fund