Rutgers University
Student Managed Fund

2023 Annual Report

RUTGERS
Student Managed Fund

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Mission

Our mission is to educate our members on the principles of financial analysis and valuation and apply these skills to identify undervalued stocks in the market to generate superior returns. We prepare our members for successful careers in high finance through practical investing experience, exposure to industry professionals, and in-depth technical workshops and fund meetings.

History

The Rutgers University Student Managed Fund (Rutgers SMF) is an investment fund created for the undergraduate community at Rutgers. Founded originally as the LIBOR Hedge Fund Live desk by a group of 8 traders, it offers members a unique, hands-on experience in the field of portfolio management and equity research. Since 2015, the fund has grown to 50 members, and has increased its total equity value by 216%.

Key Facts and Figures

~$300K AUM	**50 Members**	**100% Student Run**	**216% Return[1]**

1. Since Sept. 2015, Equity Only

Letter from the Portfolio Manager

Dear All,

For the year, the Rutgers Student Managed Fund returned **+28.4% versus the S&P 500’s +24.2%** and the Russell 2000's +16.9%.

This year’s rebound was driven by a cohort of large US companies growing in tandem with secular trends in the technology space, inclusive of artificial intelligence, with the "Magnificent Seven" (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla) far outpacing the other stocks in the S&P 500 Index.

Our fund's strategy remains the same: Invest in companies where expectations are low, earnings are growing, and the competitive environment is getting easier. We continue to hold businesses we believe display qualities of strong business economics, seasoned management teams, customer retention, and judicious capital allocation. We are looking forward to bringing this investment strategy into the new year, for which we believe the investment landscape remains challenging following a broad year of success.

This past recruitment cycle, we were happy to accept 15 freshmen and sophomores from diverse backgrounds to the fund to start their investing journey. In December, they completed “New Member Training”, a rigorous semester-long training course teaching the intricacies of capital markets analysis, equity and company valuation, and most importantly, “value investing.”

We also hosted an exclusive alumni panel with SMF alumni from Evercore, Goldman Sachs, Bank of America, Roark Capital, and BNP Paribas, across investment banking, capital markets, and private equity. Our students were able to learn from and interact with industry professionals and gain invaluable advice from alumni eager to give back to the system that continues to support them.

I want to close this letter by thanking, first and foremost, Greg Francfort for not only entrusting us with his capital but always providing the fund with the guidance and insight we greatly appreciate. This opportunity would not be possible without the generosity, flexibility, and kindness of Greg.

Ritvik Sharma
Portfolio Manager
Rutgers Student Managed Fund

A Special Thank You

This report is dedicated to Greg Francfort, who entrusted his funds to us almost a decade ago. With years of Wall Street and Finance experience, Greg has been a valuable resource and teacher for the fund, acting as a mentor for many of the fund's members. His market insights and constructive feedback have played a major role in refining the fund’s investment processes, and his knowledge on “value investing” has shaped the culture of the fund to always put value first. Greg has given the fund full autonomy over the investments we buy, and for this, we are grateful.

Thank you, Greg

Economic Overview

Save the Best for Last… Q4 Rally

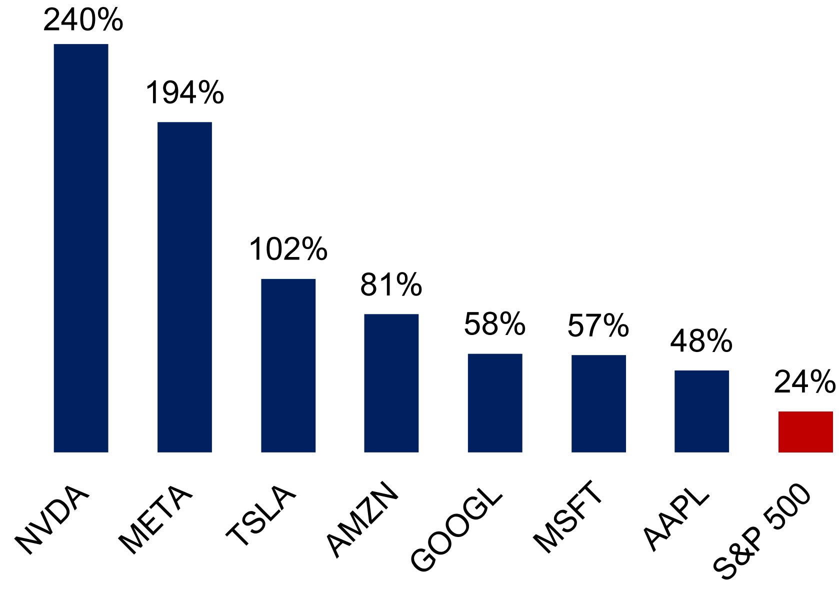
In the fourth quarter, there was a significant and rapid reversal in longer-term yields, undoing most of the increase seen in Q3 2023. In the third quarter, concerns about the U.S. economy's strong performance and the growing fiscal deficit led to a notable increase in Treasury yields.

Investors worried about the Federal Reserve maintaining high interest rates to combat inflation and the potential imbalance between Treasury bond supply and demand.

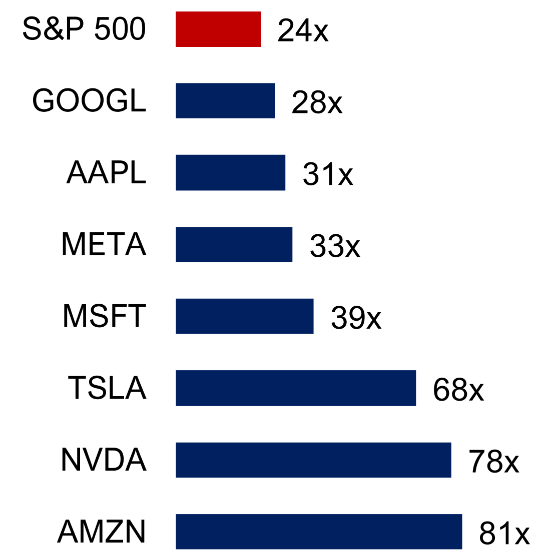
However, in November, there was a notable change. The U.S. Treasury announced plans to slow the pace of bond issuance, alleviating concerns about an oversupply. The market became more confident in the demand for new bonds, reducing the likelihood of rising yields. Additionally, economic data indicated a decline in inflation despite continued economic growth surpassing expectations. As a result, investors' concerns about persistent inflation and high interest rates diminished, leading to a decline in yields.

Overall, technology performed the best through 2023, fueled by the AI wave and optimistic mindset of investors regarding future innovations.

2023 Magnificent Seven Return



2023 Magnificent Seven P/E



What Recession?

The U.S. economy grew a surprising 3.1% from a year earlier fueled by strong consumer spending and hiring. A year ago, economists saw a recession as very likely and projected 0.2% growth for the year. Despite consumers facing high credit-card interest rates, resuming student loan payments and higher insurance costs, retail sales continue to exceed optimistic forecasts. American Express got a boost last quarter from card holders' appetite for spending on restaurants, and the company expects spending to be roughly in line with the growth seen in 2023. Consumers are headed into 2024 on a strong footing thanks to a healthy labor market, cooling inflation and steady wage gains. Those factors helped the U.S. economy defy most economists' expectations for a recession last year.

2023 Market Commentary

From Fear to Fury

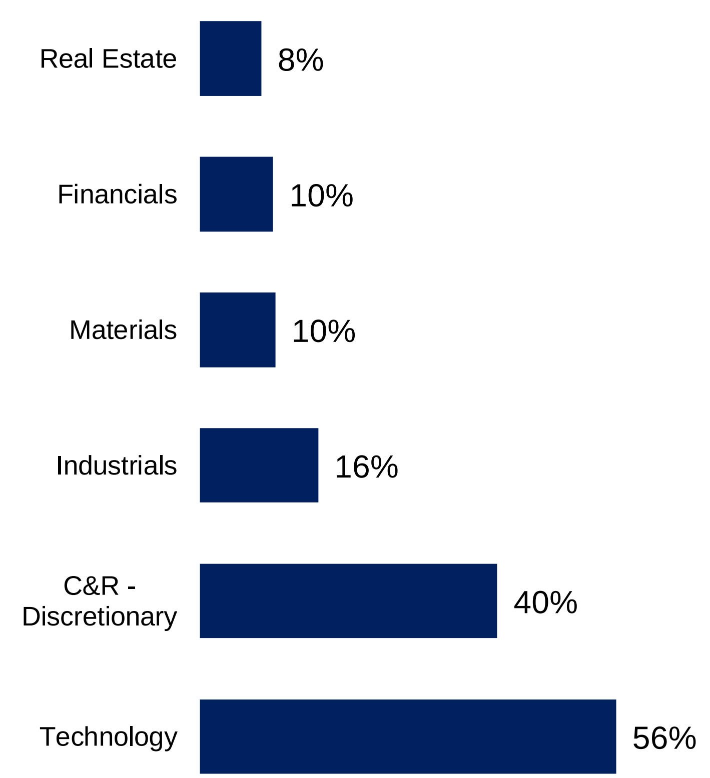
In 2023, investors were initially concerned about inflation and anticipated a recession by the second half of the year. However, contrary to expectations, inflation subsided, and the economy remained robust despite a regional banking crisis in the first quarter. The Federal Reserve, which raised interest rates four times during the year, signaled no further increases in December and hinted at potential rate cuts in the coming year. Looking ahead to 2024, the focus is on scrutinizing individual company and sector fundamentals rather than macroeconomic and behavioral catalysts.

In 2023, the S&P 500 delivered a return of 24.2%, with the Magnificent Seven significantly driving this performance, boasting an average total return of 104.7% and contributing over 62% to the S&P 500's gains. The surge was largely fueled by investor enthusiasm for AI.

The Magnificent Seven, currently sporting an average P/E of 50, evoke comparisons to the high valuations of the Nifty 50 and dot-com stocks before their crashes. While not a prediction of a crash, this serves as a warning that these stocks, constituting around 30% of the S&P 500's total market cap, are at historically elevated valuations, contrasting with the more moderate valuations seen in the rest of the market.

High P/E ratios signal elevated expectations for future earnings growth. Investors need to recognize that sustaining such growth is challenging, and any failure to meet these optimistic expectations could lead to a correction in the stock price. Companies with high P/E ratios are under pressure to consistently deliver robust earnings growth. If a company falls short of these high expectations, it could result in disappointed investors and a subsequent sell-off in the stock.

2023 S&P 500 Performance[1]



Category Performance Breakdown[2]

	Q4 2023	FY 2023
Cyclical		
Basic Materials	11%	15%
Consumer Cyclical	12%	39%
Financial Services	15%	16%
Real Estate	18%	12%
Sensitive		
Communication Services	12%	54%
Energy	(7%)	(1%)
Industrials	14%	21%
Technology	17%	59%
Defensive		
Consumer Defensive	6%	2%
Healthcare	7%	2%
Utilities	9%	(7%)

1. Industry Sector Performance (Benchmark – S&P 500)
2. Source: *Morningstar Benchmark*

Dovish Fed

Optimism that the Fed is heading towards the finish line for its fight against inflation has improved. The members of the Federal Reserve Open Market Committee (FOMC) pivoted to a more dovish stance in their last meeting of the year on December 13, holding rates steady and signaling that the inflation outlook has improved more quickly than anticipated. They also penciled in three rate cuts through 2024. Two major factors driving consumer spending are largely unrelated to current Fed policy: Households are running out of excess savings and student-loan payments are restarting. The combination of these two dynamics increases the odds of a meaningful slowdown in consumer expenditures, a key driver of US growth.

Capital Markets Implications

The rise of private credit funding available in the market offers an attractive opportunity today given higher yields in general and on senior secured debt in particular, allowing investors to boost income generation in their portfolios with downside protection. Opportunities in private equity are likely to continue to emerge among potential distressed companies that come along with the combination of slowing growth and high rates. Moreover, we see opportunities in assets that can offer some level of inflation protection, such as infrastructure. Public equities are as unappealing as they have been in 20 years due to stretched valuations. Public bonds—with risk-free yields on 10-year Treasuries hovering around 4.0% as of this writing—appear attractive to investors interested in "locking-in" higher rates in their fixed-income portfolios. That said, attention to duration risk remains warranted.

Rising Interest Burden Will Test Corporate Issuers Globally

The corporate sector proved surprisingly resilient in 2023, with sustained consumer spending, notably in the U.S., and supportive tailwinds from capital investment. Still, difficulties are apparent with default rates edging higher, net downgrades, and contracting annual revenues and EBITDA. The challenges will grow in 2024, as higher interest costs continue to filter through to effective interest rates, refinancing pressures start to build, and the economic backdrop remains difficult.

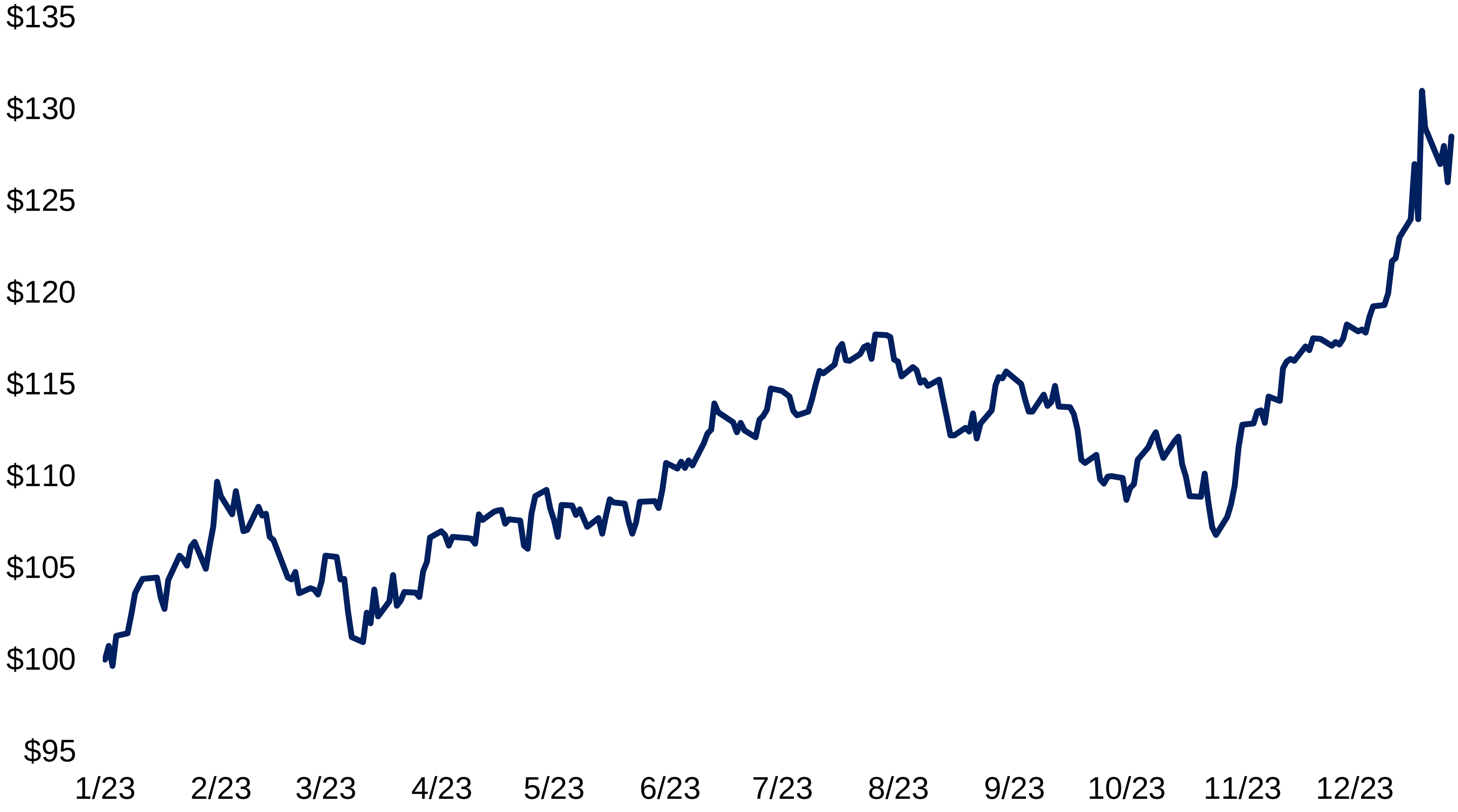
Structural Changes Applying Pressure to Capital Structures

The era of ever cheaper borrowing costs is over, as is the steady uptrend in profitability wrought by globalization, muted labor cost inflation, and reduced energy intensity. Trade and political tensions are unlikely to fade in the near term, although AI may be a productivity wildcard. Sustained higher financing costs will likely mean that credit metrics such as interest coverage, which had ceased to be of much relevance, will again be of value. More broadly, the end of financial repression (defined as interest rates being held below the inflation rate) may bring risks from unsustainable capital structures to a head.

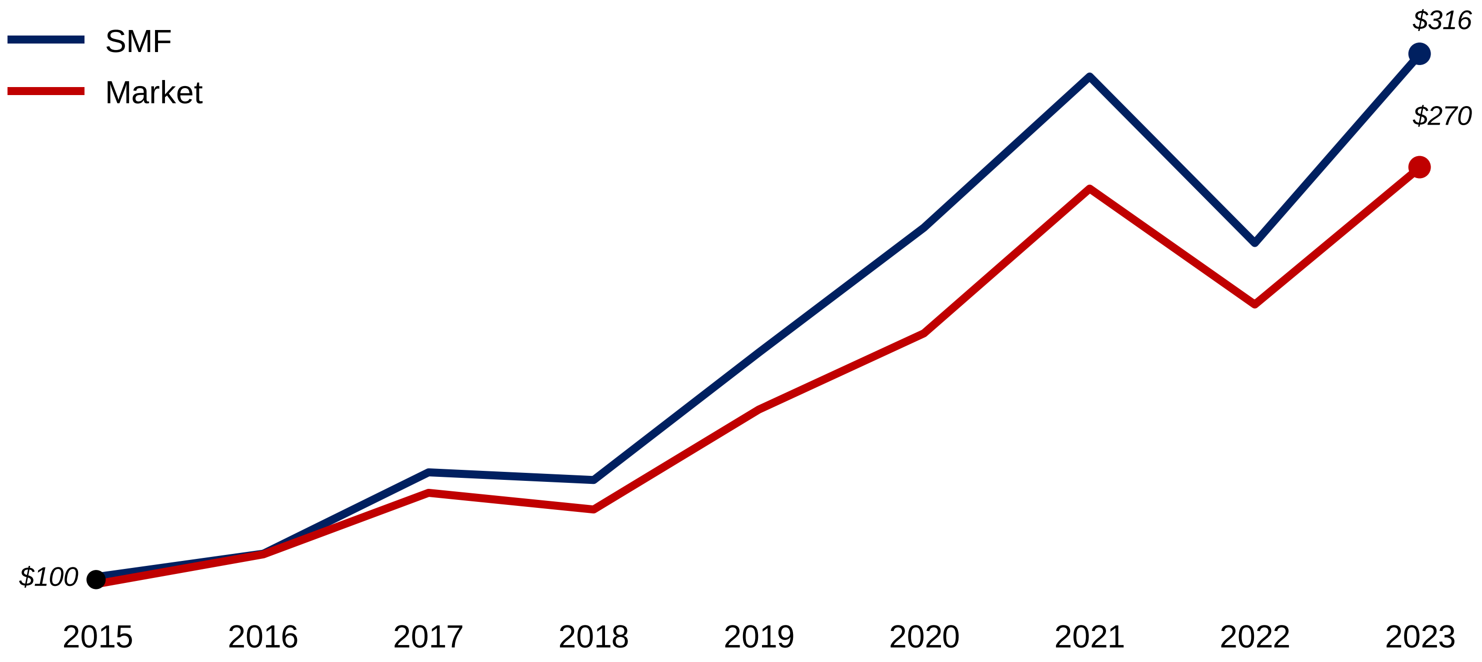
State of the Portfolio

State of the Portfolio

$100 of Invested Capital Invested YTD equates to $128, offering a 28.4% Return[1]



$100 of Invested Capital Invested in 2015 equates to $316, offering a 216% Return[1]

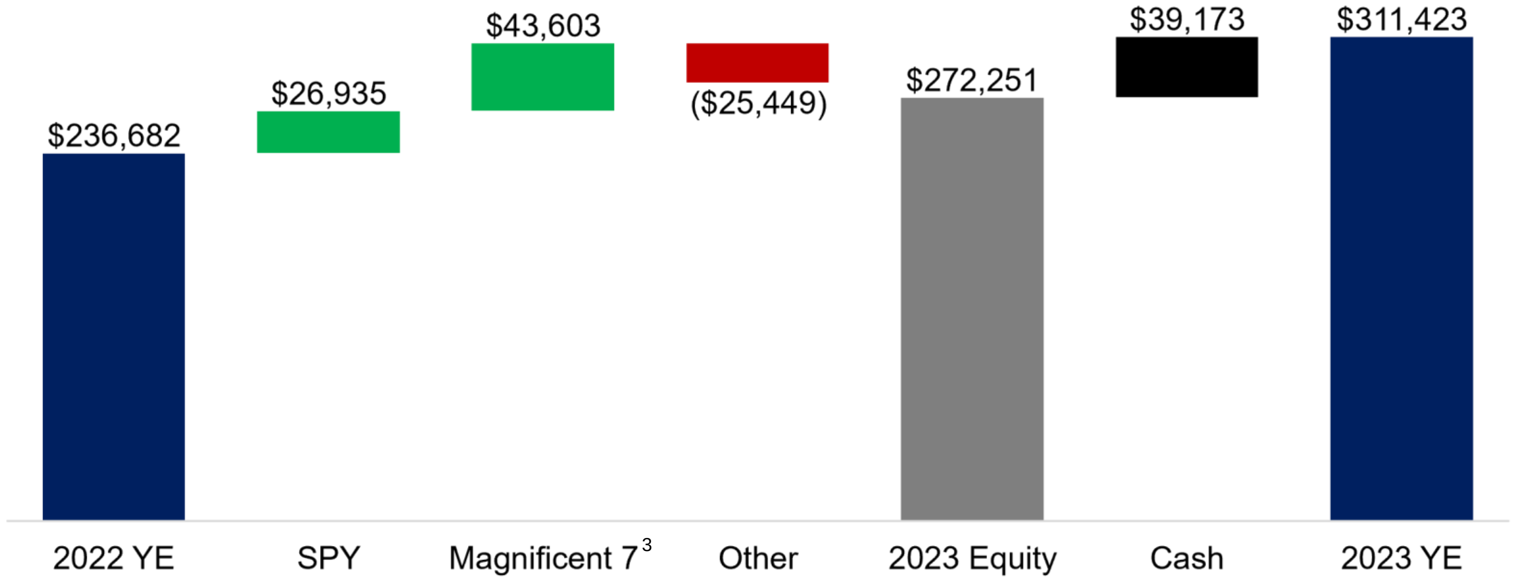


1. Equity Only

Current Portfolio Analysis

Ticker	Shares	2023 Close Price	Total Position	SMF Weight	LTM P/E[1]	2023 Return	Total Return
Energy & Commodities			**$4,309**	**1.4%**	**32.4x**	**(7.3%)**	
Enbridge (ENB)	120	$35.91	$4,309	1.4%	32.4x	(7.3%)	(12.6%)
Consumer & Retail			**$28,314**	**9.1%**	**32.0x**	**(0.2%)**	
CVS Health (CVS)	70	$73.00	$5,110	1.6%	11.2x	(14.0%)	34.1%
Nike (NKE)	105	$102.75	$10,789	3.5%	30.0x	(8.1%)	80.1%
Synchrony Financial (SYF)	150	$39.54	$5,931	1.9%	7.6x	15.2%	16.6%
Walt Disney Co. (DIS)	68	$95.36	$6,484	2.1%	73.9x	1.3%	(8.0%)
Healthcare			**$22,902**	**7.4%**	**78.7x**	**2.3%**	
Medpace Holdings (MEDP)	58	$298.16	$17,293	5.6%	35.0x	46.0%	241.4%
Pacira Pharmaceuticals (PCRX)	175	$32.05	$5,609	1.8%	213.7x	(13.9%)	11.0%
Industrials			**$25,369**	**8.1%**	**21.8x**	**0.7%**	
AerCap Holdings N.V. (AER)	95	$77.82	$7,393	2.4%	7.3x	27.8%	48.2%
CSX Corp (CSX)	80	$35.39	$2,831	0.9%	19.1x	11.6%	5.6%
Danaher Corporation (DHR)	65	$233.00	$15,145	4.9%	29.4x	(2.0%)	170.0%
Technology			**$61,619**	**19.8%**	**35.3x**	**18.3%**	
Adobe (ADBE)	8	$613.93	$4,911	1.6%	51.8x	75.2%	65.0%
Apple (AAPL)	150	$192.42	$28,863	9.3%	31.3x	48.8%	692.0%
Meta Platforms Inc. (META)	44	$394.14	$17,342	5.6%	34.9x	192.3%	250.4%
Microsoft (MSFT)	26	$403.93	$10,502	3.4%	39.2x	54.7%	77.0%
Indexes			**$129,737**	**41.7%**	**26.0x**	**10.5%**	
S&P 500 (SPY)	211	$487.41	$102,844	33.0%	26.6x	26.0%	130.6%
Vanguard S&P 500 (VOO)	60	$448.23	$26,894	8.6%	24.0x	21.6%	16.8%
Total[2]			**$311,423.28**			**28.4%**	**101.05%**

Like most Investment Funds, our portfolio tracked the S&P 500 and the Magnificent Seven Fiasco, in turn driving growth in capital



1. Weighted P/E
2. Total Capital (Equity and Cash Balance as of 12/29/2023)
3. Earnings Include: META, MSFT, AAPL

The Fund Has Bought…

As of January 2024 – The Fund has Bought the Following Companies

MGM Resorts – The proven industry leader in the traditional gaming and lodging space, MGM has invested heavily into its E-Gaming side of the house, BetMGM. The REGL group sees MGM priced significantly under its intrinsic value and feels that the market is missing future revenue growth from the online sector, and in Macau.

Target Corp – A favorite among retail shoppers, Target has continued to improve margins in 2023. The company has recovered from COVID-induced supply chain issues and has been able to control its inventory much better over the past 12 - 18 months.

Abbot Laboratories – Abbott has positioned itself perfectly in the MedTech sector, along with the global healthcare manufacturing space. 70% of revenues are generated in markets outside the U.S, and 50% in regions where healthcare spending outpaces GDP growth. We are projecting extreme growth in their Medical Devices sector through their Glucose Monitoring and other product lines in the MedTech space.

Hewlett-Packard – While not as flashy as its peers, HP will be able to capitalize and ride the AI wave just as much as its competitors. With their "AI PC" expected to hit the shelves in 2025, HP is poised to regain some of its market share in the affordable PC market.

2024 Purchases

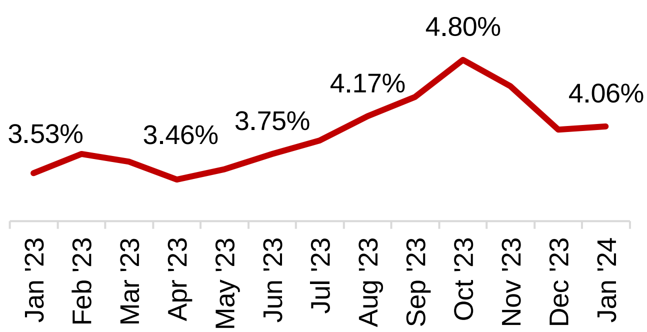
Company[1]	Ticker	Price	Quantity	% of Fund
Target Corp	TGT	$142.13	18	0.85%
Abott Labratories	ABT	$113.53	22	0.82%
MGM Resorts International	MGM	$43.59	23	0.33%
HP Inc Com	HP	$30.05	33	0.33%

Macroeconomic Trends Impacting Our Portfolio

We see the following:

- With the Fed ending their most aggressive rate hike in nearly half a decade and penciling in three rate cuts, equities are starting to look attractive again.
- Strong consumer spending and a healthy labor market will help the US avoid a recession.
- As interest rates have risen, we see the demand for liquidity more poignant than recent years.

Treasury Yield [2]



1. Purchased 1/11/2023
2. 10-year Treasury Yield

The Fund is Confident in these Equities in 2024:

Walt Disney – Popular theme parks continue to be the face of Disney as the streaming and television businesses are struggling. A major decline in price over the past few years has created a potential discount opportunity due to Disney + continued loss of subscribers, uncertainty with ABC and ESPN, and increasing political risk after battles with the Florida Governor.

Nike – Strong brand recognition, increasing digital sales, and a stable stock price over the past year make Nike a safe investment. Still, it is trading at 31x earnings, which is higher than peers, and declining foot traffic in-store locations will force Nike to continue to move online, which it has done quite successfully through it's mobile app and website.

Enbridge – With the natural gas market expected to increase, and the renewable energy market expected to increase, ENB is expected to retain more of each market due to client preference for vertically integrated businesses.

Medpace – Pharmaceutical companies are increasingly focusing on their core competencies of drug discovery and development (non-core activities and competencies are getting outsourced), and MEDP offers a one-stop, full-service model with strong track record of success.

Danaher Corporation – The Abcam acquisition yielded significant synergies through the alignment of complementary services and offerings between the two companies. This strategic move enhanced Danaher's market presence in Europe, potentially augmenting global revenue streams. Nevertheless, the pharmaceutical industry, including Danaher, has experienced notable deceleration due to reduced purchasing activities amid the waning impact of the COVID-19 pandemic.

AerCap – The current aircraft production shortage drives demand for leases. AerCap's leading market position has no major threats on the horizon and is bolstered by increasing fleet sizes. Strong management has been able to minimize risk despite geopolitical instability.

CSX Corporation – Management remains firm on commitments to stock buybacks/dividends, and the company boasts the strongest operating efficiencies and long-term strategy when compared to peers. However, instability in fuel prices and uncertain economic conditions for the transportation industry, in general, weigh down on major appreciation in the short term.

Meta – As the market leader in the social media space, Meta is driving innovation with recent product launches in virtual reality (VR) and eyewear. Meta's strategic focus on the metaverse and generative AI positions the firm at the forefront of transformative advancements.

Microsoft – Microsoft's recent acquisition of Activision, coupled with the strategic stake in OpenAI, positions the company well. Additionally, significant growth in the cloud computing space further underscores the commitment to market leadership in the growing cloud market.

Where the Fund Placed a SELL Rating:

Apple – Since purchasing shares of Apple in 2015, the fund has made an astonishing return of 661% on our investment. Our long-term view on the company has not changed, however, we feel it is time to collect some of our profits to fund new purchases in sectors and companies trading below intrinsic value. We sold 18% of our position in Apple.

661% Return
27 Shares Sold
18% of Position

Danaher Corporation – Although Danaher has not changed its business operations, the fund chose to sell the company as part of the fund's portfolio reallocation. We sold 33% of our position in Danaher and intend to hold the rest into 2024.

165% Return
22 Shares Sold
33% of Position

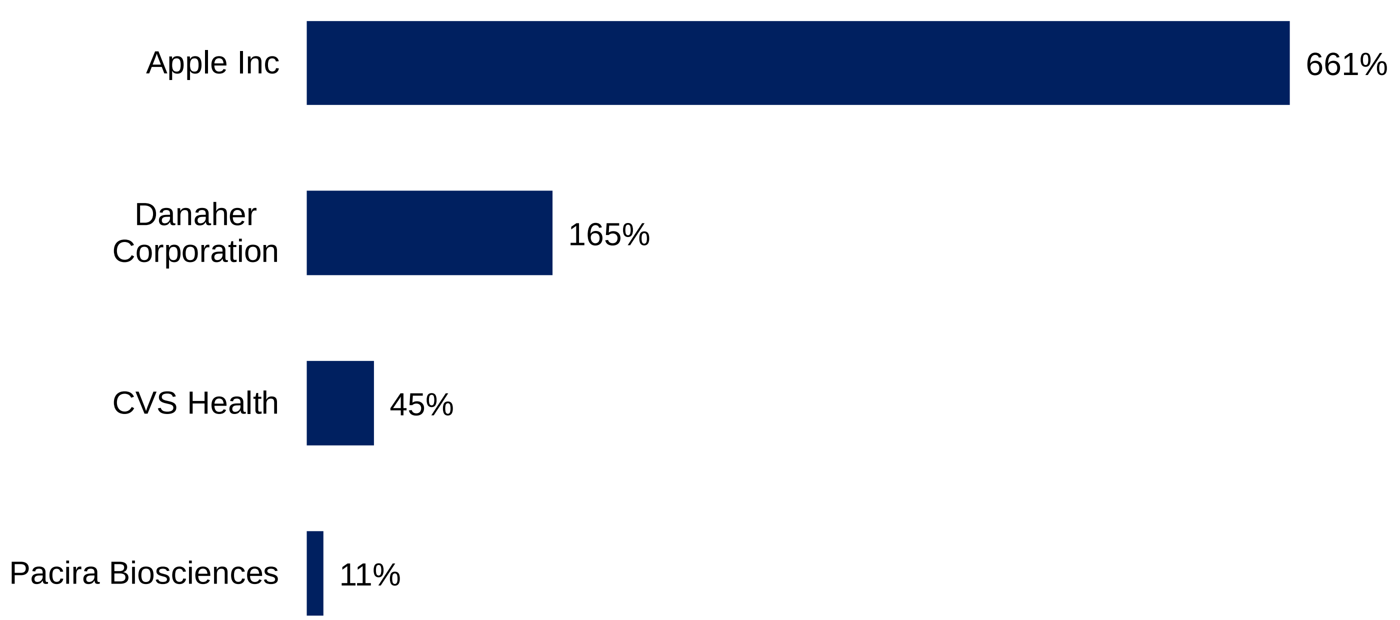
CVS Health Corporation – Since the company has announced it's "downsizing" through the closure of 900 physical stores (9% of stores), the company is less attractive. CVS has struggled so far transitioning its core operations online, leaving much uncertainty on the table into 2024. In addition to its downsizing, we project lower revenue growth to slow in the coming years as competition increases, specifically in the online market.

45% Return
70 Shares Sold
100% of Position

Pacira Biosciences Inc – Pacira has not traded at our expectations for quite some time now. Due to the lack of catalysts projected in the future that could boost the market value price over it's 2-year trading range, we feel that the capital held up in Pacira would be better invested elsewhere.

11% Return
175 Shares Sold
100% of Position

Where We are Taking a Return



Sector Commentary & Performance

Healthcare

Portfolio Weight: 7.4% **LTM P/E:** 78.7x **2023 Performance:** 2.3%

Overview:

The MedTech subsector, focused on developing instruments or machines which help prevent, diagnose, or treat diseases through less-invasive procedures and non-opioid technologies, has been innovative through their widespread M&A activity and abundant financing to meet market needs. According to the Centers for Medicare and Medicaid Services, annual US healthcare spending on medical devices is projected to reach around $300 billion to $400 billion — 5-6% of $6.8 trillion in total healthcare spend — by 2030. With the average age (65+) expected to exceed children under 18, a huge opportunity exists as individuals further enhance their life expectancy. Top players in the MedTech sub-sector include Medtronic, Johnson & Johnson, and Abbott Laboratories. Larger players that can afford to allocate capital towards R&D have better opportunities for expansion and development in non-COVID-related technologies (ex. Abbott Laboratories received FDA approval for several cardiology-related devices and glucose monitoring devices).

2024 Outlook:

The top players in the MedTech sub-sector, Medtronic, Johnson & Johnson, and Abbott Laboratories, sport price to earnings ratio ranges from 26 to 32x and earnings per share ranges from $2.71 to $4.85. The industry has faced supply chain constraints and drops in COVID-testing throughout 2022 and early 2023, but larger players that can afford to allocate capital towards R&D have better opportunities for expansion and development in non-COVID-related technologies (ex. Abbott Laboratories received FDA approval for several cardiology-related devices and glucose monitoring devices.

A Changed Landscape: Healthcare has relatively been underweighted in the eyes of many investors, citing the impacts of Covid-19 and Supply Chain breaks for its pitfall, decreasing R&D across the board. Secular trends emerging from the pandemic include increased consumption for personal health and alternative medicines. Healthcare expenditures are expected to reach $6.2 trillion by 2028 according to the Centers for Medicare and Medicaid Services.

Increasing Market Demand for GLP-1 Drugs: There is a big push towards T2 diabetes, sleep apnea, cardiovascular end points and orthopedics. With 7 out of 10 adults being obese, there is an estimated $4.3B cost by employers. Through the advent of Ozempic and Wegovy, there is a greater emphasis on servicing a broader market. Analysts predict the market will be worth over $150 billion by 2031, making it most valuable among prescribed medication. With rising interest in GLP1s', doctors expect GLP1 usage to increase by ~1000 bps to ~45% of pts (less than half of diabetic patients). 27% are expected to dis-continue therapy at 6 months…and Continuous Glucose Monitor (GCM) usage will increase in patients on GLP-1s.

Our Holdings

Company	*Performance*[1]
Abbott	22 Shares[2] (1.3%) Return
MED PACE	58 Shares 241% Return
PACIRA BIOSCIENCES, INC.	175 Shares 10.9% Return

Industry Trends

Evolving Industry Landscape

MedTech Subsector on the Rise

Market Demand for GLP Drugs

1. Total Performance
2. Shares purchased in 2024

Consumer & Retail

Portfolio Weight: 9.1% **LTM P/E:** 32.0x **2023 Performance:** (0.2%)

Overview:

The consumer and retail industry are split broadly into two different segments – consumer defensive and consumer cyclical. Consumer defensive represents companies that produce/sell essential goods, like food or hygiene products. Consumer cyclical companies focus on discretionary goods, like leisure or premium clothing. The consumer and retail space are highly competitive, with many established brands competing for market share. These companies work to adapt to changing consumer needs and preferences, such as an increase in online retail. They also need to be ahead of the curve when predicting macroeconomic patterns which change will impact consumer spending habits, and ultimately, the demand for the goods and services found in the industry.

2024 Outlook:

The consumer defensive subsector of C&R has a positive outlook compared to the rest of the market as we head into uncertain times. The consumer defensive sector is made up of companies that sell staple products, such as food, beverages, and hygiene products. Because there will always be demand for these goods, companies in this sector are less sensitive to the economic cycle. In potential recessionary periods, this is good news and will enable these companies to outperform the overall market.

Expanding Online Retail: Online retail has steadily grown throughout the 2000's, but there was a massive increase in 2020 because of the pandemic. This has established a new baseline for the market share that online retail owns in the broader retail sector. Steady growth in online retail returned in 2021 and it continues to cut into traditional brick-and-mortar sales. There will always be a place for in-person shopping, but online retail is the way of the future, and the companies that best adapt will thrive going forward. Enhancing online platforms and increasing investment in distribution hubs are strong indicators for future performance.

Retail Crime on the Rise: Retail crime, a major problem for numerous companies throughout the country, is only going to continue facing issues. There has been calls for stricter law enforcement on petty crime in several cities across the country, with some stores closing or having to lock items due to excessive theft.

Profitability Pressures: With inflation nearly at the Fed's target, retailers now must increase operational efficiencies to increase profit margins as they can no longer pass on higher costs to the consumer. As a result, some companies are resorting to laying off excess staff, and shifting towards leaner inventory management methods such as just-in-time.

Our Holdings

Company	*Performance*[1]
CVS	70 Shares 34.1% Return
target	18 Shares[2] 0.3% Return
	105 Shares 80.1% Return
Disney	68 Shares (7.9%) Return
synchrony FINANCIAL	150 Shares 16.6% Return

Industry Trends

Persistent Theft

Increased Efficiency

Just-in-Time Inventory

1. Total Performance
2. Shares purchased in 2024

Real Estate, Gaming and Lodging

Portfolio Weight[1]: NA **LTM P/E[1]:** NA **2023 Performance[1]:** NA

Overview:

The gaming and lodging industry, specifically casinos, is a hot sector that combines entertainment, hospitality, and gambling. Casinos have evolved from only offering in-person table games and slot machines, to offering 24/7 on-demand games (I-Gaming) in select states. Casinos have also partnered or created their own sportsbooks to accommodate the recent surge in sports betting. In addition to gaming, companies in the gaming and lodging space offer customers luxurious lodging, fine dining, live entertainment, and other amenities to attract and retain guests. As a highly competitive industry, companies must constantly evolve to cater to changing consumer preferences and technological advancements while adhering to all gaming regulations.

2024 Outlook:

Following the pandemic, tourism and travel have exploded into the gaming and lodging industry. With casino room occupancy rates rebounding to 2019 levels and average daily rates (ADR) higher than 2019 levels, guests are eager to head to the tables. Compared to traditional hotel occupancy rates, casino occupancy rates have recovered much quicker and closer to 2019 levels. Gaming companies are capitalizing on the rise of in-person gaming by increasing food and beverage (F&B) and entertainment opportunities. Not only are companies benefiting from in-person activity, but they can also retain business from guests after their stay by offering online gambling options, like sports betting and I-gaming.

Online Gambling: I-gaming and online sports betting are expected to continue to grow as more states legalize online gambling. Traditional casinos with their own sportsbooks have a unique opportunity to tap into their already-existing loyal in-person guests by extending their stay online. The casino industry is known for points, rewards, and benefits that bring the high rollers onto the floor, and online gambling makes it easier than ever for the high rollers to place bets at any time.

Hotel Recovery: Occupancy rates in casinos have outpaced traditional hotel occupancy rates, showing a large disconnect from traditional lodging. While some analysts see a decline in traditional hotel occupancy due to a decline in consumer spending, it is possible that a decline would not affect casinos as much due to their loyal guest base and reward offerings. While traditional hotels can lower room prices and offer more amenities, casinos can offer free bets, shows, and dining to retain guests in a higher-rate environment.

Recovery of Macau: With Macau moving away from the Covid era, casinos strategically positioned there such as MGM are only going to reap the rewards. Gamblers are flocking to the tables again and table drops are going no where but up. Macau is hungry to take back its crown as the world's most lucrative gambling hub from Las Vegas.

Our Holdings

Company	*Performance*
	23 Shares[1] 0.2% Return

Industry Trends

- Increased Occupancy Rates
- I-Gaming Demand
- Commercial Real Estate Woes

1. Shares purchased in 2024

Technology

Portfolio Weight: 19.8% **LTM P/E:** 35.3x **2023 Performance:** 18.3%

Overview:

The technology industry encompasses businesses involved in electronics, software, artificial intelligence, and more. The industry has undergone a profound digital transformation that has revolutionized communication, accessibility, and productivity. The hardware subsector encompasses the design, manufacturing, and distribution of computer hardware, data storage devices, and peripheral equipment. Major components include (CPUs), memory modules (RAM), storage devices, monitors, and input devices like keyboards and mice. Trends in the subsector are influenced by technological advancements, such as the development of new and faster processors, increased storage capacities, and innovations in peripheral devices.

2024 Outlook:

Artificial intelligence has taken center stage, transitioning from theoretical concepts to practical applications. Information technology has increased accessibility, fostering a seamless integration of various technologies. As the industry evolves, the demand for AI hardware will soar, exemplified by significant share growth and integration of AI chips. Additionally, sustainable technology practices are gaining prominence, reflecting a broader commitment to environmental responsibility within the tech sector. Quantum computing, automation, and advancements in web technologies are also notably shaping the hardware landscape.

Artificial Intelligence: The integration of AI technologies is expected to lead to a surge in innovation, particularly in AI-optimized hardware. This includes the development of specialized chips tailored for generative AI workloads, contributing to a market forecast of over $50 billion in 2024. In three years, it is expected for 40-60% of PCs will be AI PCs. Many leaders in the hardware industry are expected to capitalize on this transition in the second half of 2024.

E-Commerce: To adapt to the surge in online shopping and declining in-store traffic, hardware companies are prepared to prioritize digital experiences, efficient purchasing processes, and cutting-edge technologies like augmented reality and AI-driven personalization. This evolving landscape, marked by e-commerce trends such as enhanced customer experience, video content, voice search, and influencer marketing, will require hardware retailers to establish a seamless online presence.

Sustainability and Manufacturing: Hardware companies are placing an increasing focus on developing devices with longevity in mind. They are refining products to use durable materials, modular components, and easily repairable designs to reduce the need for electronic waste. The optimization of manufacturing practices, including the usage of 3D printing and robotic automation, to enhance production efficiency and flexibility.

Our Holdings

Company	*Performance*[1]
Apple	150 Shares 691% Return
Microsoft	26 Shares 76.9% Return
Meta	44 Shares 250% Return
Adobe	8 Shares 65.0% Return
HP	33 Shares[2] (0.2)% Return

Industry Trends

Artificial Intelligence | E-Commerce | Sustainable Manufacturing

1. Total Performance
2. Shares purchased in 2024

Energy

Portfolio Weight: 1.4% **LTM P/E:** 32.4x **2023 Performance:** (7.3%)

Overview:

The energy and commodities industry is largely split up into a conglomeration of firms that compose sub-sectors. Examples of sub-sectors include natural gas, crude oil, and renewable energy. These items are sold as products to a variety of consumers, ranging from clientele in the public, private, and residential consumer groups. Demand for these commodities are typically symmetric with population growth as new buyers enter substituent markets. Additionally, demand tends to rise when consumers tend to be more relaxed with their spending. Increasing airline demand, for instance, gives rise to more demand for energy.

2024 Outlook:

The US energy sector is set to maintain its pivotal role in stabilizing prices throughout the year, especially in the face of escalating geopolitical tensions globally, particularly in the Middle East. Following Russia's invasion of Ukraine, Europe found itself in urgent need of natural gas, turning to the US to meet its demand. With the war showing no signs of ending in the near future, the US stands to continue benefiting as Russian gas remains sidelined from the market. Despite the natural gas industry's eagerness to expand its projects, the Biden administration has temporarily halted such efforts due to concerns about the country's environmental impact.

Administration Uncertainty Looming: As the US approaches the Presidential elections in November, energy companies are closely monitoring the political landscape to gauge whether a pro-fossil fuels or anti-fossil fuels administration will take the reins. Renewable energy, while touted as a potential alternative, face challenges, primarily driven by high costs resulting from supply chain disruptions and substantial debt expenses. The industry heavily relies on government tax credits to break even. Moreover, the inefficiency of energy transmission persists due to inadequate infrastructure and the considerable distance from urban areas.

Consolidation of Oil & Natural Gas: Towards the end of the year, energy giants Exxon and Chevron dipped their toes into the M&A market initiating two massive deals for nearly $60 billion. They are not the only ones buying out their competitors, as the industry has been active in M&A which empowers large entities and strengthens their respective countries position in the global energy market.

Green is Not Always Profitable: The renewables industry has increased in popularity over the past years. However, several wind projects huffed, and puffed, and fell with companies pulling away from projects due to supply chain constraints and high cost of debt. The industry also faces challenges integrating energy created into the infrastructure and often loses out in the process.

Our Holdings

Company	*Performance*[1]
ENBRIDGE	120 Shares (13%) Return

Industry Trends

Administration Uncertainty

Oil & Gas Consolidation

Environmental Efforts Slow

1. Total Performance

Industrials

Portfolio Weight: 8.1% **LTM P/E:** 21.8x **2023 Performance:** 0.7%

Overview:

The most attractive subsector is the aerospace parts manufacturing sector, with the market projected to grow by $185 billion with a 3.81% CAGR from 2022-2027. A general trend in the industry is utilizing lightweight and durable parts for aircraft, creating an opportunity for companies to innovate and provide unique products. The federal government supports aerospace parts manufacturing with initiatives to develop innovative technologies for their countries. This subsector details market share by aircraft type including commercial, business, military, and other aircraft. The global market size of this subsector (in 2022) is $899.5 billion. The 2022 revenues of the top players within the subsector are as follows, RTX Corporation - $67.1B, Rolls Royce Plc - $16.38B, Woodward Inc - $2.45B, and Daher Group - $1.37B. The average EV/EBITDA of the subsector LFY was roughly 15.0x (in 2022).

2024 Outlook:

Over the past few years, the industrial sector has dealt with challenging economic conditions such as labor shortages and supply chain issues but has built on momentum found coming out of COVID-19. In the latter part of 2022, the U.S. Inflation Act, rallied investors' optimism as there was an increase in spending on clean energy and infrastructure.

Aerospace Innovation: The aerospace parts manufacturing industry has the potential for strong performance in the next decade with the market projected to grow $185 billion with a 3.81% CAGR from 2022-2027. A general trend in the industry is utilizing lightweight and durable parts for aircraft, creating an opportunity for companies to innovate and provide unique products. The federal government supports aerospace parts manufacturing with initiatives to develop innovative technologies for their countries.

Maintenance Demand: This subsector details market share by aircraft type including commercial, business, military, and other aircraft. The global market size of this subsector (in 2022) is $899.5 billion. The 2022 revenues of the top players within the subsector are as follows, RTX Corporation - $67.1B, Rolls Royce Plc - $16.38B, Woodward Inc - $2.45B, and Daher Group - $1.37B. The average EV/EBITDA of the subsector LFY was roughly 15.0x. The aerospace parts manufacturing industry has the potential for strong performance in the next decade with the market projected to grow $185 billion with a 3.81% CAGR from 2022-2027.

Chip Manufacturing: With geopolitical tensions rising across the Middle-East, Taiwan and Beijing, Biden signed the inflation reduction act which incentivizes chip manufactures to move their production to the US by getting credits from the government. With the emergence of automation and AI the goal is to increase the countries national security by ensuring no technology in the space is leaked to enemies.

Our Holdings

Company	*Performance*[1]
CSX	80 Shares 5.6% Return
DANAHER	43 Shares 205% Return
AER CAP	95 Shares 48.3% Return

Industry Trends

Aerospace Innovation | Maintenance Demand | Domestic Chip Manufacturing

1. Total Performance

Our Team

Our Executive Team

Ritvik Sharma | Portfolio Manager
Ritvik will be joining Bank of America Securities within their Equity Capital Markets group following graduation this Spring.

Ryan Rybka | Director of Operations
Ryan will be joining Prudential Financial within their Global Finance and Emerging Markets group this summer.

Jaideep Boparai | Director of Investments
Jaideep will be joining PGIM Private Capital within their Infrastructure and Private Credit group this summer.

Zach Friedman | Director of Fund Operations
Zach will be joining BNP Paribas within their Investment Banking Division this summer.

Raj Patel | Director of Alumni Relations
Raj is a sophomore majoring in Finance. Raj most recently interned at CastleOak Securities as an Investment Banking Summer Analyst.

Reya Brahmbhatt | Director of Alumni Relations
Reya Brahmbhatt is a sophomore majoring in Finance. Reya currently interns as an Investment Analyst at the Rutgers University Endowment.

2024 Industry Placement

ENERGY & COMMODITIES

Senior Analyst: Derin Kalay

Ashkaan Mulji

Ethan Martin

Neha Sivamurugan

Reya Brahmbhatt

Ryan Rybka

TECHNOLOGY

Senior Analyst: Sahil Desai

Deep Patel

Jasmine Patel

Kevin Ruple

Mukul Kallam

Zach Friedman

REAL ESTATE, GAMING, LODGING (REGL)

Senior Analyst: Akhil Dwasari

Anjili Ghoniya

Dev Joshi

Katie Lew

Lae Park

Yash Srivastava

HEALTHCARE

Senior Analyst: Raj Patel

Anurag Nimmala

Guarav Saini

Jeff Kwon

Mihir Chandra

Tanish Kothari

CONSUMER & RETAIL

Senior Analyst: Leena Abdelsamad

Anisha Atre

Arnav Jain

Chandan Kantamneni

Roma Prasad

Yash Khandelwal

INDUSTRIALS

Senior Analyst: Hugo Tan

Anthony Triolo

Bryson Morales

Gurav Pandey

Harshita Kota

Nick Quatrochi

Involvement in RSMF has placed our Analysts at the following firms:

EVERCORE

LAZARD

GUGGENHEIM

Moelis

Houlihan Lokey

Goldman Sachs

J.P.Morgan

Morgan Stanley

PJT

MIZUHO

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