



STUDENT MANAGED  
INVESTMENT FUND  

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FORDHAM UNIVERSITY

**Winter Break - Spring 2023**  
**Asset Allocation Decision**

*Student Managed Investment Fund*

Fordham Gabelli School of Business





Macro Team

**Commodities**

*Joseph Nussbaum*

**Emerging Markets**

*Benjamin Lukens*

**Fixed Income & Foreign Exchange**

*Richard Lazzaro*

*Daniel Kelly*

**Real Estate**

*Jacob Cowen*

Equity Team

**Financials**

*Bobby Singh*

**Healthcare**

*Rebecca Ona*

**Information Technology**

*Elaine Sionov*

**Communication Services**

*Katie Bagin*

**Consumer Staples**

*Alex Facini*

**Energy**

*Wynne Scheffler*

**Industrials**

*Aneliesa Cartledge*

**Utilities**

*Timothy Gallagher*

**Consumer Discretionary**

*Natalia Kimmelshue*

**Basic Materials**

*Joseph Nussbaum*



## Key Themes

### Inflation and Rates

- November CPI down to 7.7% from 8.2% in October
- Labor market and services are primary drivers of inflation
- Federal Reserve must be reactionary to labor market data

### Recessionary Risks

- Inverted yield curve → 2s10s indicator
- US household debt rose 8.3% in 2022, fastest pace since 2008
- Recent increases in delinquencies

### Geopolitical Influences

- Supply chain constraints and disruptions continue
- Uncertainty with Russia and Ukraine

### Goals

- ✓ **Uncorrelated Positions**
- ✓ **Minimize Downside Risk**
- ✓ **Preservation of Capital**

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<u>Asset Class</u>	<u>Benchmark</u>	<u>New Target</u>	<u>Difference vs Benchmark</u>
Equities	50.00%	60%	10%
Fixed Income & FX	40.00%	25.00%	-15%
Commodities	6.00%	7.00%	1%
Real Estate	4.00%	5.00%	1%
Options & Exotics	0.00%	3.00%	3%
<b>Total:</b>	<b>100.00%</b>	<b>100.00%</b>	

- ✓ Maintaining relative overweight Equities
- ✓ Increasing allocation to FI/FX by 300 bps
- ✓ Reducing allocation to Commodities, Real Estate, Exotics & Options by 100 bps each



## Foreign Exchange

### INVESTMENT OUTLOOK / FACTORS

- **Higher Destination, Longer Time Frame**
  - US economic data will continue to print hot as the economy wards off the Fed's meaningful attempts to slow it down
  - This will lead the Fed to pursue a terminal rate that is higher than the 500bp that is currently priced in by the market
  - The Fed will *pause* not cut rates once they reach the terminal rate, keeping dollar yields elevated

### CURRENT HOLDINGS

Foreign Exchange	% of Sector	% of Assets
Invesco DB US Dollar Index Bullish Fund (UUP)	14.30%	3.35%
	<b>14.30%</b>	<b>3.35%</b>

### RISK FACTORS

- ✗ **Labor Market Shows Signs of Weakness**
- ✗ **Inflation Data Prints Softer than Expected**

### WHAT WE LIKE

- ✓ **Opportunity for Continued Gains as the Fed Continues to Hike Rates**
- ✓ **Performance Serves as a Hedge Against the Equity Portfolio**
- ✓ **Highly Correlated to a Stagflationary EUR**



## Fixed Income

### INVESTMENT OUTLOOK / FACTORS

- **Interest Rates will continue to rise throughout 2023**
  - Short Duration Relative to Benchmark to hedge against inflation and interest rate risk
  - Adjust allocation to decrease exposure to interest rate risk and credit risk by increasing our position in investment grade and floating rate ETFs
  - Focus on floating rate ETFs as floaters are not only defensive in a rising rate environment, but will outperform all other F.I. instruments

### RISK FACTORS

- ✗ Continued High Inflation
- ✗ The Fed's Monetary Policy and Rising Interest Rates
- ✗ Unanticipated Fed pivot

### CURRENT HOLDINGS

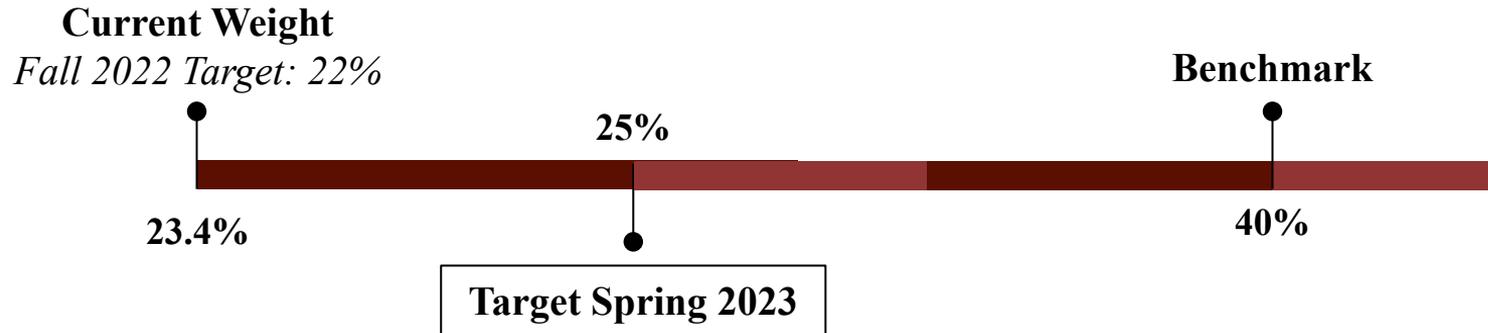
Fixed Income	% of Sector	% of Assets
Invesco Taxable Municipal Bond ETF (BAB)	5.91%	1.38%
Vanguard Total Bond Market Index Fund ETF (BND)	13.04%	3.06%
SPDR Bloomberg Convertible Securities ETF (CWB)	5.86%	1.37%
iShares \$ Floating Rate Bd UCITS ETF USD Dist (FLOT)	10.47%	2.45%
SPDR Blackstone Senior Loan ETF (SRLN)	9.40%	2.20%
iShares 0-5 Year TIPS Bond ETF (STIP)	23.11%	5.41%
Cash [Does not include exotics cash]	17.92%	4.20%
	<b>85.70%</b>	<b>20.08%</b>

### WHAT WE LIKE

- ✓ **Floating Rate ETFs**
- ✓ **Low Duration**
- ✓ **High Credit Rating**



Proposed allocation: ***Maintain Overweight***  
*Overweight Fall 2022 Target*



***Overweight to Benchmark***

## INVESTMENT OUTLOOK / FACTORS

- **Homes Owning Costs Expected to Maintain at Heightened Levels**
  - As mortgage rates continue to increase in tandem with FED interest rate hikes, home sales are expected to continue to decline.
- **Development Efforts Expected to Slow**
  - Increased costs across the board (materials, insurance, etc.) have led to strong efforts in reconsideration for future developments.
- **Sunbelt Demand and Growth Expected to Slow**
  - Previously strong geographic markets during the pandemic are seeing trending decreases in demand increases in cap rates.

## CURRENT HOLDINGS

Commodities	% of Sector	% of Assets
Apple Hospitality REIT Inc (APLE)	14.82%	0.81%
Apollo Commercial Real Est. Finance Inc (ARI)	12.38%	0.68%
National Storage Affiliates Trust (NSA)	10.52%	0.58%
Prologis Inc (PLD)	33.92%	1.86%
SPDR Dow Jones Global Real Estate ETF (RWO)	14.93%	0.82%
AvalonBay Communities Inc (AVB)	13.43%	0.74%
	<b>100.00%</b>	<b>5.48%</b>

## RISK FACTORS

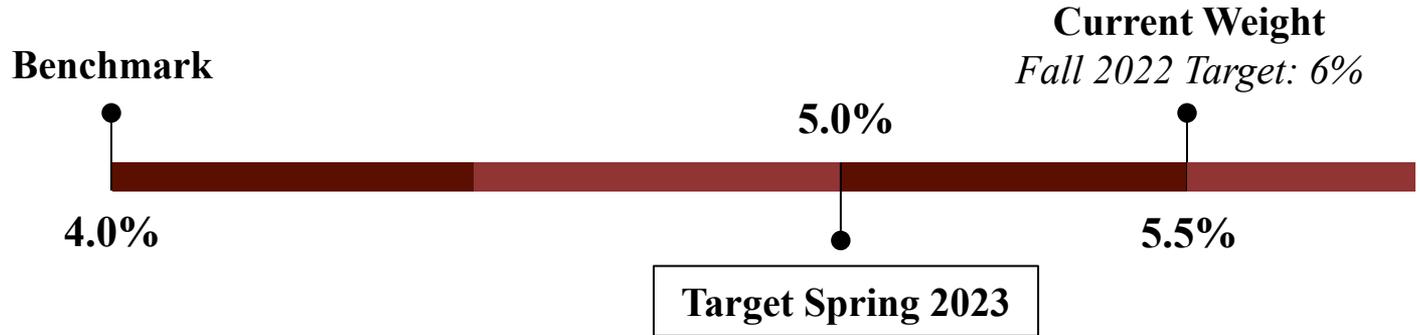
- ✗ **Slowing Portfolio Growth for REITs**
- ✗ **Bargaining Power of Buyers Increasing**

## WHAT WE LIKE

- ✓ **Opportunities for Steady Returns with High-Dividend Holdings**
- ✓ **Key Sub Sectors Expected to Maintain Demand Growth**
- ✓ **Strong YoY Earnings Growth**



Proposed allocation: ***Maintain Overweight***  
***Underweight Fall 2022 Target***



***Overweight to Benchmark***



## INVESTMENT OUTLOOK / FACTORS

### • High Inflation Environment

Reflecting the value of real assets during high inflation, investor interest towards gold should become more fashionable as Fed policy lessens yield upside

### • Geopolitical Forces of Nature

The war in Ukraine and European energy policies are generating strong headwinds for supply levels across agriculture, energy, and chemicals.

## RISK FACTORS

- ✗ **Decreased Economic Output**
- ✗ **Strong Dollar**
- ✗ **High Rates**

## CURRENT HOLDINGS

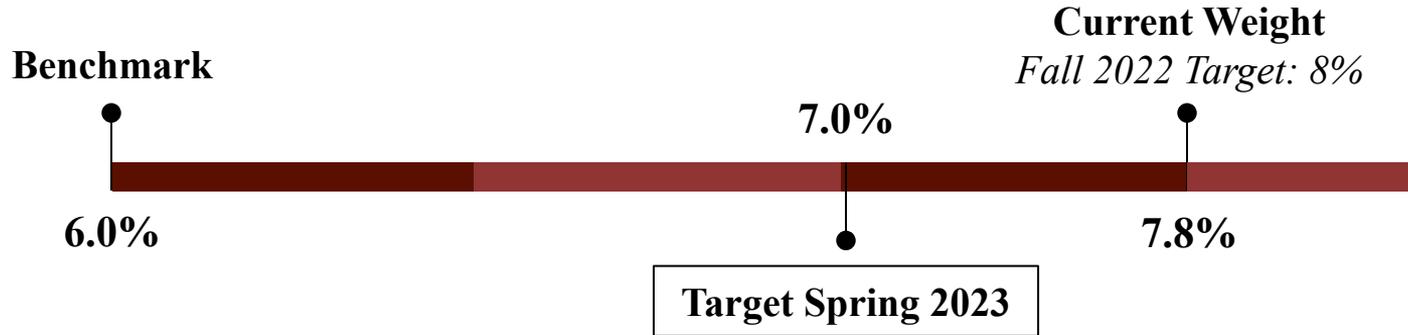
Commodities	% of Sector	% of Assets
Invesco DB Agriculture Fund (DBA)	31.46%	2.45%
Invesco DB Commodity Index Tracking Fund (DBC)	29.01%	2.26%
Franco Nevada Corp (FNV)	11.85%	0.92%
abrdn Physical Palladium Shares ETF (PALL)	8.43%	0.66%
abrdn Physical Platinum Shares ETF (PPLT)	19.25%	1.50%
	<b>100.00%</b>	<b>7.79%</b>

## WHAT WE LIKE

- ✓ **Geopolitical Upside**
- ✓ **Inflation Hedging**
- ✓ **Long-term precious metal demand**



Proposed allocation: ***Maintain Overweight***  
***Underweight Fall 2022 Target***



***Overweight to Benchmark***



## Equity Allocation Spring 2022

Equities Weight	Benchmark	Current	Fall 2022 Target	Spring 2023 Allocation	Diff v. Benchmark
EM	1.70%	<b>1.70%</b>	1.60%	<b>2.50%</b>	0.80%
Consumer Discretionary	5.33%	<b>5.34%</b>	5.00%	<b>5.50%</b>	0.17%
Consumer Staples	3.79%	<b>7.88%</b>	8.00%	<b>7.50%</b>	3.71%
Energy	2.69%	<b>4.28%</b>	4.00%	<b>3.00%</b>	0.31%
Financials	7.13%	<b>8.34%</b>	8.00%	<b>8.00%</b>	0.87%
Healthcare	6.78%	<b>6.92%</b>	7.50%	<b>8.00%</b>	1.22%
Industrials	4.99%	<b>7.28%</b>	7.00%	<b>7.50%</b>	2.51%
Materials	2.24%	<b>3.96%</b>	4.00%	<b>4.00%</b>	1.76%
IT	10.48%	<b>6.86%</b>	7.20%	<b>8.00%</b>	-2.48%
Comm Services	3.44%	<b>3.98%</b>	4.50%	<b>3.00%</b>	-0.44%
Utilities	1.44%	<b>3.10%</b>	3.20%	<b>3.00%</b>	1.56%
Total	50.00%	<b>59.65%</b>	60.00%	<b>60.00%</b>	10.00%

## INVESTMENT OUTLOOK / FACTORS

- **Significant undervaluation in metals and emerging markets**
  - Room for price appreciation, particularly among mining companies as higher commodity prices can serve to benefit companies within the materials sector.
- **Positioning for a housing market bear case if market conditions continue**
  - The oversaturation of new constructions and demand decay from high rates is expected to hurt the entire housing supply chain

## CURRENT HOLDINGS

Materials	% of Sector	% of Assets
Air Products & Chemicals, Inc. (APD)	16.88%	0.67%
Boise Cascade Co (BCC)	18.74%	0.74%
Chemours Co (CC)	13.13%	0.52%
Ternium SA (TX)	11.44%	0.45%
Materials Select Sector SPDR Fund (XLB)	39.80%	1.58%
	<b>100.00%</b>	<b>3.96%</b>

## RISK FACTORS

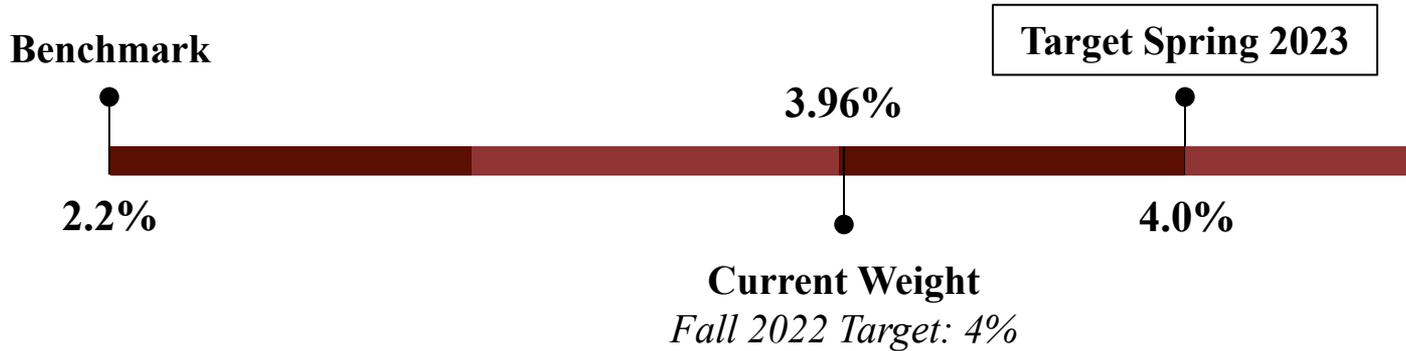
- ✗ **Dollar Strength**
- ✗ **Geopolitical Tension**
- ✗ **Housing Market Stability**

## WHAT WE LIKE

- ✓ **Real Asset Exposure**
- ✓ **Emerging Market Valuations**
- ✓ **Diversification**



Proposed allocation: ***Maintain Overweight***  
***Maintain Fall 2022 Target***



***Overweight to Benchmark***

## Emerging Markets



### INVESTMENT OUTLOOK / FACTORS

- **Strain on European and Asian markets**
  - Energy prices/inflation are not really a huge issue with Asia, but slowing Chinese growth and the no COVID policies have hampered that region.
- **Higher commodity prices**
  - Latin American countries that are strong materials/commodities exporters have benefited from rising commodity prices, and countries like Mexico remains strong as an alternative manufacturing hub for companies looking to nearshore out of China.
- **Interest Rates and Inflation**
  - Overweight in South American economies as their central banks have largely combatted rising inflation, due to aggressive interest rate policy.

### RISK FACTORS

- ✗ **Rising Inflation**
- ✗ **Rising energy prices from war**
- ✗ **GDP Growth declining**
- ✗ **EM Debt**

### CURRENT HOLDINGS

Emerging Markets	% of Sector	% of Assets
iShares Msci Brazil ETF (EWZ)	17.17%	0.29%
iShares MSCI Mexico ETF (EWW)	19.07%	0.32%
iShares India 50 ETF (INDY)	19.16%	0.33%
Vinacapital Vietnam Opporntny Fd Ltd (VCVOF)	12.13%	0.21%
iShares MSCI Chile ETF (ECH)	14.55%	0.25%
Vanguard Emerging Markets Stock Index Fund ETF (VWO)	17.92%	0.30%
	<b>100.00%</b>	<b>1.70%</b>

### WHAT WE LIKE

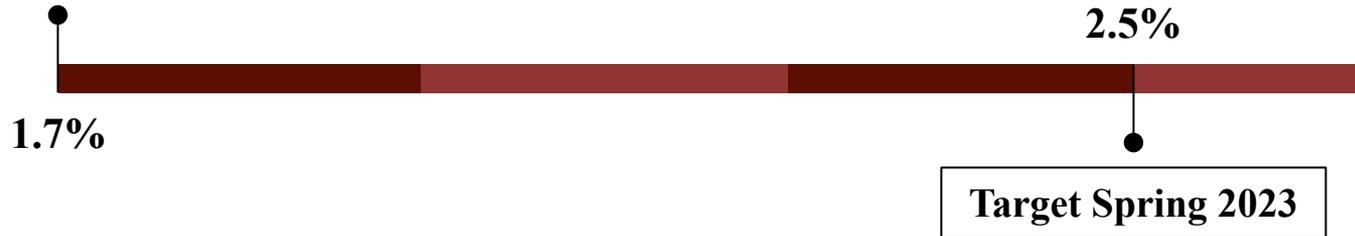
- ✓ **Latin American markets**
- ✓ **Commodity driven economies**
- ✓ **Isolation from Europe/Asia**

## Emerging Markets



Proposed allocation: ***Increase to Overweight***  
***Overweight Fall 2022 Target***

**Current Weight &  
Benchmark**  
*Fall 2022 Target: 1.6%*



***Overweight to Benchmark***





## INVESTMENT OUTLOOK / FACTORS

- **Streaming Video Services and Consolidating Business Models**
  - Top SVOD players have been spending billions on content development and companies are streamlining their business models
- **Reduction of Ad Spending**
  - There has been a constant reduction in ad spending due to tightening budgets and economic headwinds.

## RISK FACTORS

- ✗ **Cyber Security**
- ✗ **Highly Competitive**

### Market

- ✗ **Prone to Volatility**

## CURRENT HOLDINGS

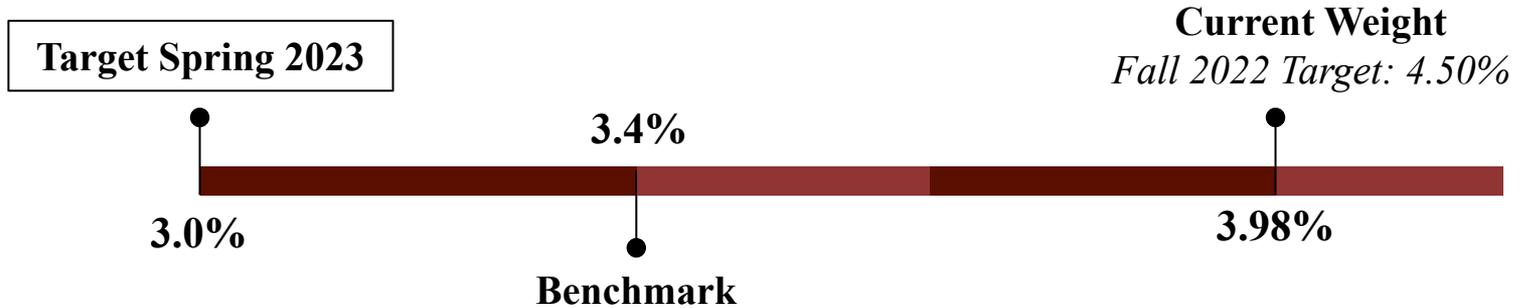
Communication Services	% of Sector	% of Assets
Fox Corp Class B (FOX)	22.44%	0.89%
Alphabet Inc Class A (GOOGL)	25.43%	1.01%
iShares Global Comm Services ETF (IXP)	20.08%	0.80%
AT&T Inc. (T)	20.29%	0.81%
Warner Bros Discovery Inc (WBD)	11.77%	0.47%
	<b>100.00%</b>	<b>3.98%</b>

## WHAT WE LIKE

- ✓ **Brand loyalty**
- ✓ **M&A Growth Opportunities**
- ✓ **Attractive Dividends**



Proposed allocation: *Decrease to Underweight*  
*Underweight Fall 2022 Target*



*Underweight to Benchmark*



## INVESTMENT OUTLOOK / FACTORS

- **Pricing Power**
  - Commodity-driven inflation
  - Passing increased costs on to consumers
- **Strong Recovery Potential for Food Overall Better Positioning**
  - Likely recovery of demand and efficiencies for food products
  - Stronger diversity across sector and targeted growth opportunities
- **Defensive Positioning of Staples Sector**
  - Due to inelasticity of demand for products

## RISK FACTORS

- ✗ **Foreign Exchange Risk**
- ✗ **Continued Supply Chain Constraints**
- ✗ **High Input Costs in Inflationary Environment**

## CURRENT HOLDINGS

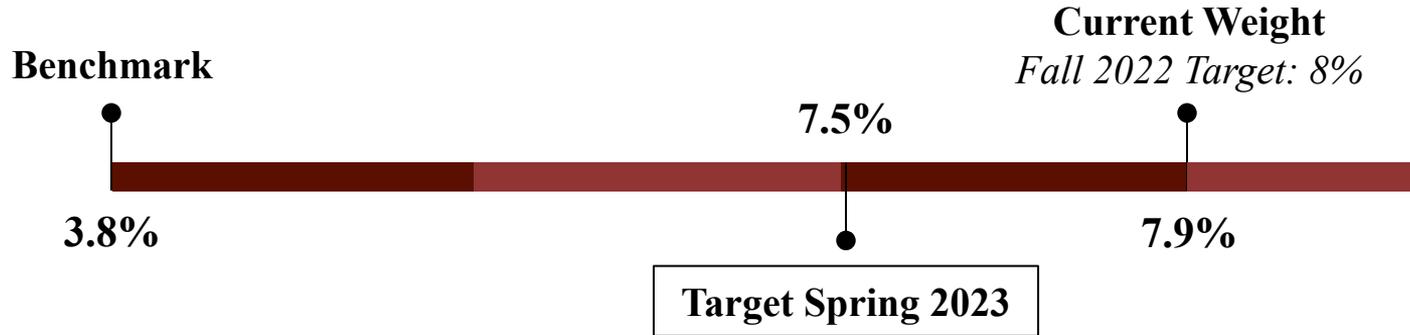
Consumer Staples	% of Sector	% of Assets
Ingles Markets, Incorporated (IMKTA)	12.55%	0.99%
iShares Global Consumer Staples ETF (KXI)	27.40%	2.16%
Procter & Gamble Co (PG)	9.97%	0.78%
Reynolds Consumer Products Inc (REYN)	12.00%	0.95%
SpartanNash Co (SPTN)	13.06%	1.03%
Tyson Foods, Inc.(TSN)	11.56%	0.91%
Unilever plc (UL)	13.46%	1.06%
	<b>100.00%</b>	<b>7.88%</b>

## WHAT WE LIKE

- ✓ **Geographic Selectiveness**
- ✓ **Stable Dividends and Defensive Nature**
- ✓ **Value Positioning**
- ✓ **Strong Pricing Power**



Proposed allocation: ***Maintain Overweight***  
*Underweight Fall 2022 Target*



***Overweight to Benchmark***



## INVESTMENT OUTLOOK / FACTORS

- **Significant Growth in Personal Savings Rate**
  - Covid-19 induced saving and wage growth supporting sales momentum in retail, particularly in luxury apparel and accessories
- **Strong Retailer Balance Sheet**
  - Pandemic forced many companies to cut costs and reduce product range, providing unique positioning to return shareholder value
- **New and Low Levels of Inventory Demand Full Pricing**
  - Inventories are returning to healthy levels eliminating need for aggressive promotions, full pricing supports margin improvement

## RISK FACTORS

- ✗ **Inflationary pressures on discretionary spending**
- ✗ **Supply chain complications**
- ✗ **Continued Covid travel constraints**

## CURRENT HOLDINGS

Consumer Discretionary	% of Sector	% of Assets
Alaska Air Group, Inc.(ALK)	15.21%	0.81%
Best Buy Co Inc (BBY)	8.88%	0.47%
Ford Motor Company (F)	22.60%	1.21%
Lowe's Companies Inc (LOW)	16.94%	0.91%
O'Reilly Automotive Inc (ORL)	16.21%	0.87%
Consumer Discretionary Select Sector SPDR Fund (XLY)	20.15%	1.08%
	<b>100.00%</b>	<b>5.34%</b>

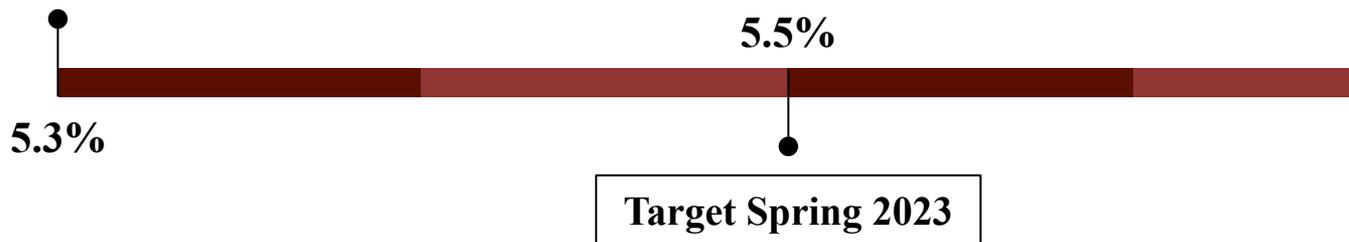
## WHAT WE LIKE

- ✓ **Defensive Nature**
- ✓ **EV, Metaverse Exposure**
- ✓ **Chinese Presence**



Proposed allocation: ***Increase to Overweight***  
*Overweight Fall 2022 Target*

**Current Weight &  
Benchmark**  
*Fall 2022 Target: 5.0%*



***Overweight to Benchmark***

## INVESTMENT OUTLOOK / FACTORS

- **High Interest Rates Through Early 2023**
  - The Fed's hawkish stance on interest rates is expected to continue into 2023
  - High interest rates will continue to raise net interest margin for financials
- **Banks & Insurance Balance Sheets Remain Strong**
  - Q3' earnings reflected strong liquidity and capital cushions to absorb losses in a recessionary environment
- **Strong Insurance Portfolio Will Provide Recession Proof Returns**
  - Dividend paying names in the portfolios will continue to provide a stable source of income in a tough market

## RISK FACTORS

- ✗ **Demand destruction from high interest rates**
- ✗ **Significant rise in unemployment and decrease in savings**
- ✗ **Increase in banking regulations**

## CURRENT HOLDINGS

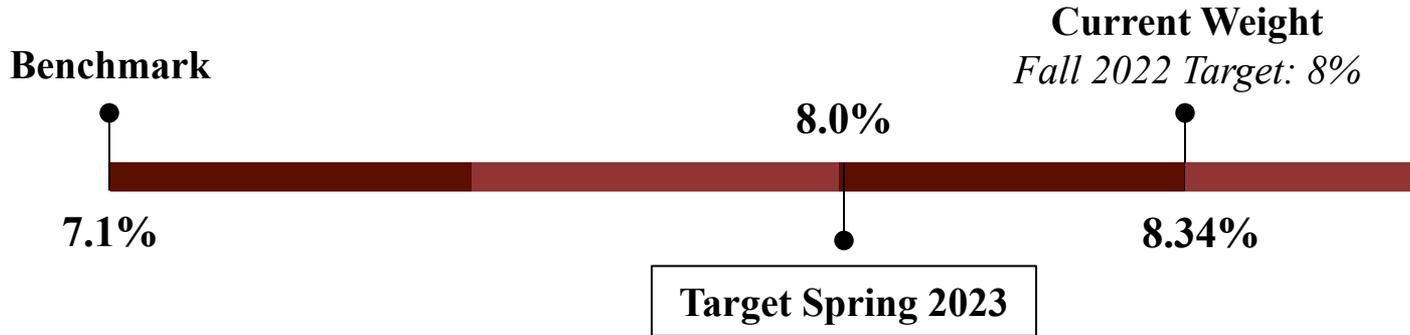
Financials	% of Sector	% of Assets
Berkshire Hathaway Inc Class B (BRK.B)	14.55%	1.21%
Citigroup Inc (C)	11.63%	0.97%
Capital One Financial Corp. (COF)	12.22%	1.02%
Fidelity National Financial Inc (FNF)	10.77%	0.90%
Sun Life Financial Inc (SLF)	14.21%	1.19%
US Bancorp (USB)	13.77%	1.15%
Financial Select Sector SPDR Fund (XLF)	22.86%	1.91%
	<b>100.00%</b>	<b>8.34%</b>

## WHAT WE LIKE

- ✓ **Interest rate hikes leads to an increase in sector profitability**
- ✓ **Stability of dividend income in a tough market**



Proposed allocation: ***Maintain Overweight***  
***Maintain Fall 2022 Target***



***Overweight to Benchmark***



## INVESTMENT OUTLOOK / FACTORS

- **Elevated Energy Prices Going Into First Half of 2023**
  - High energy prices will continue to drive strong earnings
  - Oil prices remaining in \$85-95 WTI range in 2023
- **Russia/Ukraine Conflict is Forcing Countries to Find Energy Elsewhere**
  - High demand not expected to curb with oil/gas levels down 76%
- **Focus On Companies With High Dividend Yields and Low Amount Of Debt To Combat Higher Rates**
  - Healthy balance sheets will create opportunities for investors

## CURRENT HOLDINGS

Energy	% of Sector	% of Assets
Coterra Energy Inc (CTRA)	13.89%	0.59%
Cheniere Energy Partners LP (CQP)	13.23%	0.57%
Energy Transfer LP Unit (ET)	13.14%	0.56%
iShares Global Energy ETF (IXC)	40.21%	1.72%
Marathon Petroleum Corp (MPC)	19.54%	0.84%
	<b>100.00%</b>	<b>4.28%</b>

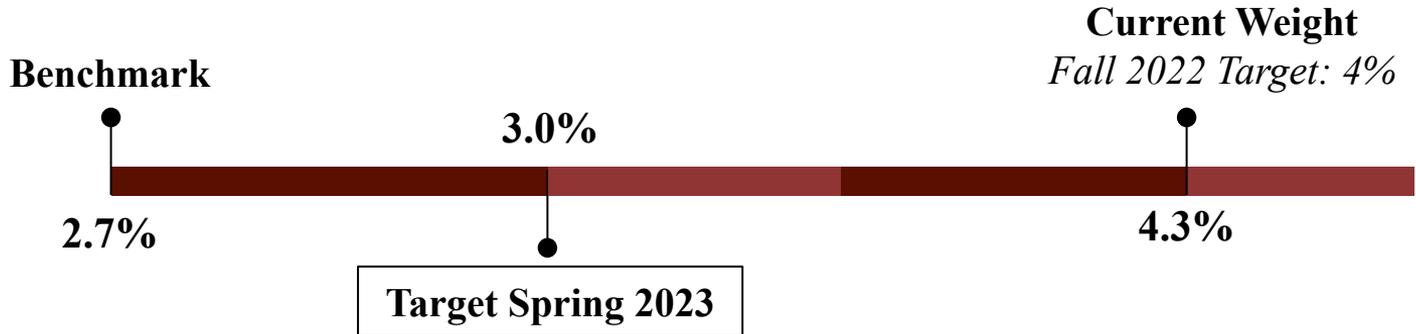
## RISK FACTORS

- ✗ **Decline in Demand for Oil and Gas**
- ✗ **Acceleration of Clean Energy Initiatives Due To Shift To Renewables**
- ✗ **Cyber Attacks**

## WHAT WE LIKE

- ✓ **High Paying Dividend/Low Leverage Companies**
- ✓ **Natural Gas Focused Companies**

Proposed allocation: ***Maintain Overweight***  
*Underweight Fall 2022 Target*



***Overweight to Benchmark***

## INVESTMENT OUTLOOK / FACTORS

- **Increase in National Healthcare Spending**
  - Government spending increase
  - More attention to healthcare by consumer due to pandemic
- **Virtual Care, Automation, and Artificial Intelligence**
  - Telemedicine and digital solutions
- **Aging Global Population**
  - Baby boom generation, increased life expectancy, rise in chronic conditions

## RISK FACTORS

- ✗ **Declining Covid-19 Revenue**
- ✗ **Global Supply Chain Disruptions**
- ✗ **Increase in labor cost due to inflation**

## CURRENT HOLDINGS

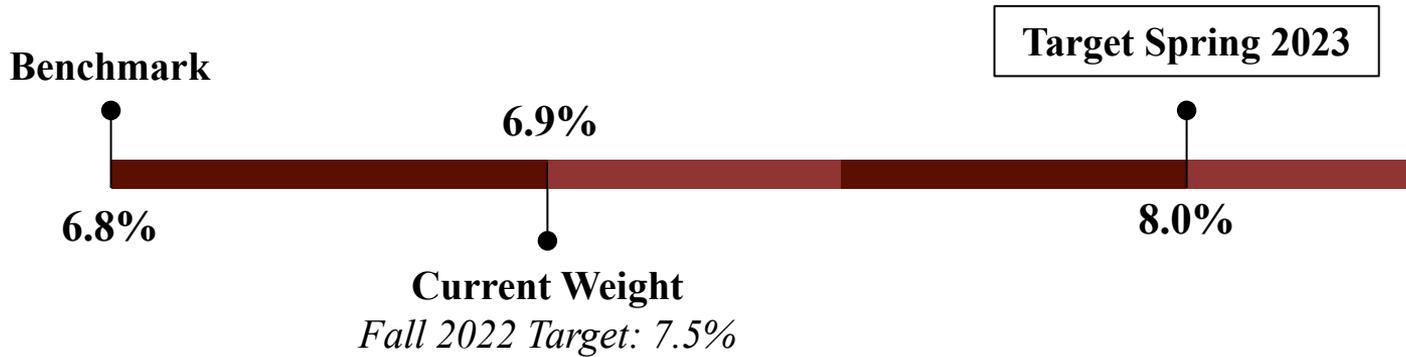
Healthcare	% of Sector	% of Assets
Abbott Laboratories (ABT)	14.05%	1.13%
Cigna Corp (CI)	20.87%	1.68%
CVS Health Corp (CVS)	18.06%	1.46%
Encompass Health Corp (EHC)	14.55%	1.17%
iShares Global Healthcare ETF (IXJ)	15.85%	1.28%
Johnson & Johnson (JNJ)	16.61%	1.34%
	<b>100.00%</b>	<b>8.06%</b>

## WHAT WE LIKE

- ✓ **Stability**
- ✓ **Relatively non-cyclical**
- ✓ **Continued robust growth in sector**



Proposed allocation: ***Maintain Overweight***  
***Overweight Fall 2022 Target***



***Overweight to Benchmark***



## INVESTMENT OUTLOOK / FACTORS

- **Increasing Defense Budgets**
  - The Senate and House has passed a \$45 billion increase in U.S. defense budget next year due to continued tensions in Russia vs Ukraine
  - This increase results in a tailwind to our defense holdings
- **Increasing Waste Spending**
  - Increase in natural disasters has led to an increase in spending for clean-up efforts
  - Large cities issuing long-term contracts to waste companies in the coming year
- **Supply Chain Improvements**
  - Demand easing; still seeing slow downs due to labor shortages and congestion

## RISK FACTORS

- ✗ **High Material Prices Impacting Margins**
- ✗ **Supply Chain Disruptions**

## CURRENT HOLDINGS

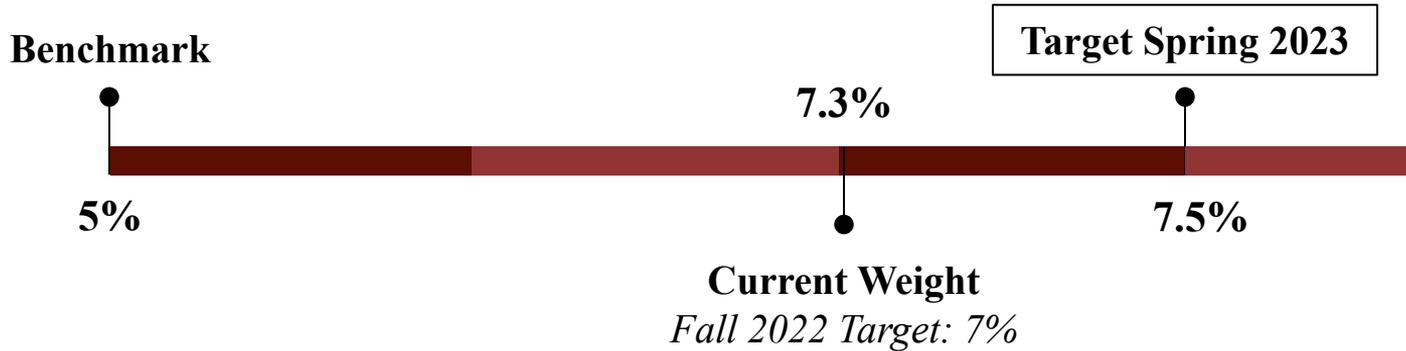
Industrials	% of Sector	% of Assets
Huntington Ingalls Industries Inc (HII)	19.96%	1.45%
Oshkosh Corp (OSK)	16.80%	1.22%
Triton International Ltd (TRTN)	14.40%	1.05%
Waste Management, Inc.(WM)	17.32%	1.26%
Industrial Select Sector SPDR Fund (XLI)	31.52%	2.29%
	<b>100.00%</b>	<b>7.28%</b>

## WHAT WE LIKE

- ✓ **Increased Waste Spending**
- ✓ **Increased Defense Spending**



Proposed allocation: ***Maintain Overweight***  
***Overweight Fall 2022 Target***



***Overweight to Benchmark***



## INVESTMENT OUTLOOK / FACTORS

- **Cloud Migration and Continued Demand for Cloud Computing**
  - Migration to the cloud continues, specifically from on-premises software to software-as-a-service (SaaS), spurring innovation for AI capabilities, intelligent edge services, and advanced wireless connectivity
- **Supply Chain Disruptions & Constraints**
  - Supply chain constraints have caused OEMs to cut their full-year delivery targets and are likely to limit the pace of growth over 2023
  - Semiconductor companies continue to experience constraints in internal and external factories, as well as their related manufacturing supply chains, impacting margins and growth

## CURRENT HOLDINGS

Information Technology	% of Sector	% of Assets
iShares Cybersecurity and Tech ETF (IHAK)	35.25%	2.42%
iShares Global Tech ETF (IXN)	18.66%	1.28%
Microsoft Corp (MSFT)	35.61%	2.44%
IBM Common Stock (IBM)	7.62%	0.52%
Intel Corporation (INTC)	2.86%	0.20%
	<b>100.00%</b>	<b>6.86%</b>

## RISK FACTORS

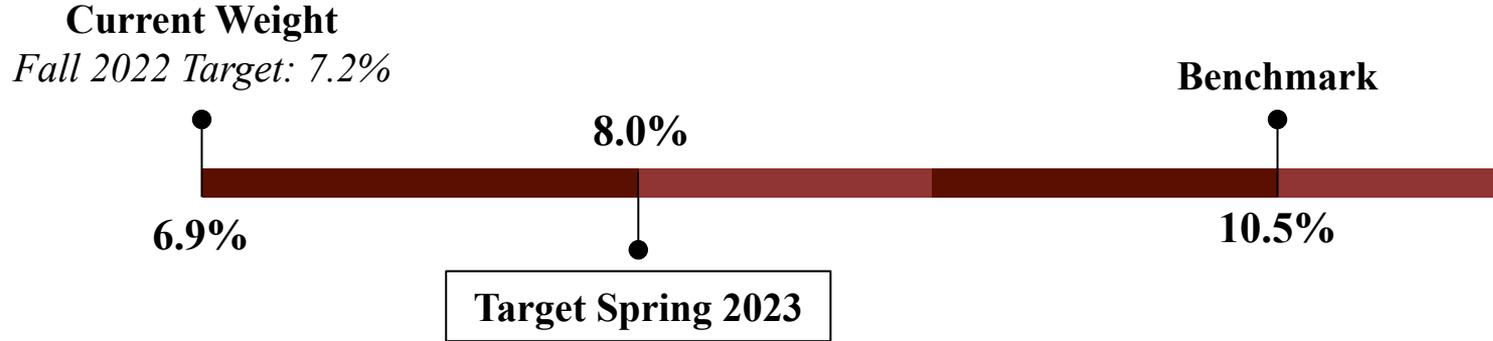
- ✗ **Price and Labor Cost Inflation Pressure Margins**
- ✗ **Supply Chain Disruptions & Constraints**
- ✗ **Weakening Consumer Demand Magnifies the Impact of Supply Chain Disruptions**

## WHAT WE LIKE

- ✓ **Cloud Migration and Continued Demand for Cloud Computing**
- ✓ **Secular Growth for Machine Learning & AI, Software, & Cybersecurity**
- ✓ **Significant Free Cash Flow Generation and Dividend Growth**



Proposed allocation: *Maintain Underweight*  
*Overweight Fall 2022 Target*



*Underweight to Benchmark*





## INVESTMENT OUTLOOK / FACTORS

- **Regulatory Rate Cases**
  - High fuel prices put pressure on regulators to increase rates or regulated utilities will struggle to recover costs.
    - Service areas with poor demographics and/or a weak local economy are likely at the highest risk of regulators deferring cost recovery.
- **Slowing Capex Cycle After Renewable-Driven Upswing**
  - S&P Global projects utility planned renewables capex to reach \$19.2 billion in 2022 before declining to \$14.6 billion in 2023, \$13.4 billion in 2024, and \$10.7 billion in 2025.
- **Historically Recession-Resilient Sector**
  - Despite inflation and recessionary conditions, utilities have historically proven resilient through economic downturns as water and electricity are non-discretionary offerings.

## CURRENT HOLDINGS

Utilities	% of Sector	% of Assets
American Water Works Company Inc (AWK)	14.72%	0.46%
Brookfield Renewable Corp (BEPC)	11.60%	0.36%
National Grid plc (NGG)	9.96%	0.31%
Otter Tail Corporation (OTTR)	6.56%	0.20%
Utilities Select Sector SPDR Fund (XLU)	57.16%	1.77%
	<b>100.00%</b>	<b>3.10%</b>

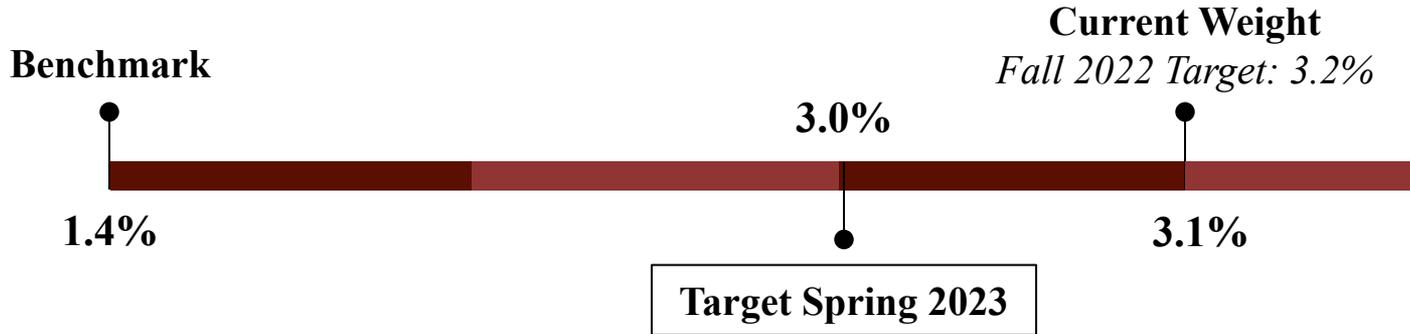
## RISK FACTORS

- ✗ **Rising interest rates**
- ✗ **Lack of regulatory support**
- ✗ **High debt levels**

## WHAT WE LIKE

- ✓ **Strong dividend payers**
- ✓ **Operational efficiency**
- ✓ **No near-term maturities**

Proposed allocation: ***Maintain Overweight***  
***Underweight Fall 2022 Target***



***Overweight to Benchmark***



### INVESTMENT OUTLOOK / FACTORS

- **Uncorrelated Returns**
  - Providing diversification that is especially key amidst volatile market conditions with exposure to assets whose returns are driven by other factors
- **Hedging the Portfolio**
  - Steady returns that cushion against inflationary pressures
  - Provides additional exposure to real assets, as well as assets that may not be neatly bucketed in any of our sectors

### RISK FACTORS

- ✗ **Liquidity (certain vehicles)**
- ✗ **Expertise Required for More Complex Exotic Vehicles**

### CURRENT HOLDINGS

Exotics	% of Sector	% of Assets
Preferred & Income Securities ETF (PFF)	11.69%	0.29%
Invesco Water Resources ETF (PHO)	32.39%	0.79%
Gladstone Land Corp. (LAND)	16.43%	0.40%
Farmland Partners Incorporated (FPI)	17.29%	0.42%
Planet Labs (PL)	22.19%	0.54%
	<b>100.00%</b>	<b>2.44%</b>

### WHAT WE LIKE

- ✓ **Uncorrelated Returns**
- ✓ **Portfolio Diversification**



## Options

### INVESTMENT OUTLOOK / FACTORS

- **Covered Call Writing**
  - Writing covered calls in securities that we believe will trade in a range to generate income for the fund
- **Implementing Protective Puts**
  - Purchasing protective puts on indices to act as insurance in a downturn

### COVERED CALL HISTORY

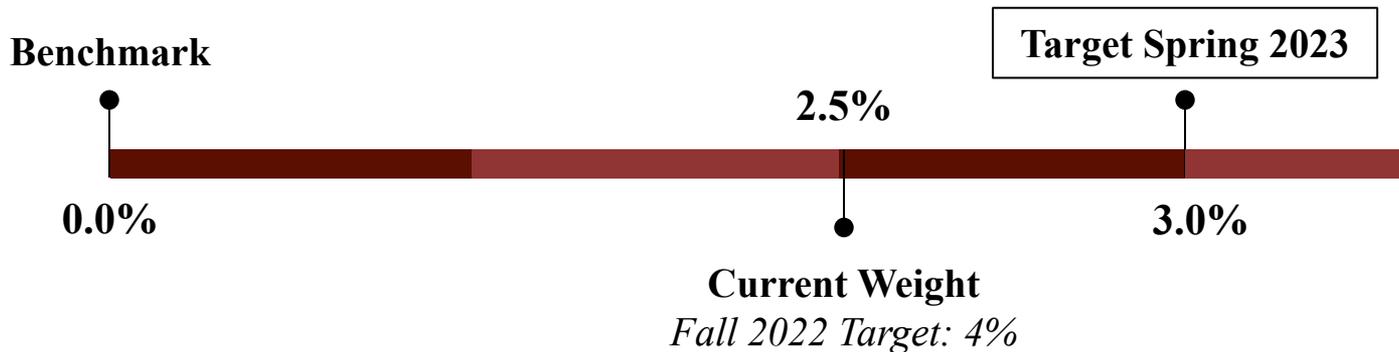
- PLD C115 11-18-22
- CC C34 11-18-22
- F C15 11-18-22
- ALK C50 11-18-22

### CURRENT HOLDINGS

Options	Status
SPY P345 12-16-22	OTM
BBY C80 12-16-22	ITM
UUP P28 1-20-23	OTM



Proposed allocation: ***Maintain Overweight***  
*Overweight Fall 2022 Target*



***Overweight to Benchmark***



## *Fund Strategy/Structure*

- ❖ Capture value opportunities within the current macro environment
- ❖ Position the fund defensively in high risk sectors
- ❖ Implement a value-creating options strategy to take advantage of market volatility and our security outlook
- ❖ Agile approach to security selection amidst evolving Fed outlook
- ❖ Improve fund position/performance transparency

STUDENT MANAGED  
INVESTMENT FUND  

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FORDHAM UNIVERSITY



*Thank you!*

STUDENT MANAGED  
INVESTMENT FUND  

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