

Herbert B. Mayo Student Investment Fund

Annual Report



The College of New Jersey
School of Business

Fall 2022 - Spring 2023



TCNJ THE COLLEGE OF
NEW JERSEY



LETTER FROM 2023 SPRING SIF MANAGEMENT TEAM

The TCNJ Herbert B. Mayo Student Investment Fund (SIF) is a student-run organization of ambitious junior and senior business majors. These members share a passion for investment analysis and portfolio management. Leveraging the skills learned in their time at the School of Business, these fund managers oversee a portfolio comprising 53 positions across multiple industries. As of the close of Spring '23, the fund is valued at \$650,000+. The primary objective of the fund is to expand and grow the portfolio; thereby outperforming the S&P 500 benchmark. Additionally, the income generated by the fund is distributed in a one-time scholarship offering to incoming TCNJ freshmen from Ewing Community. As a whole, the fund allows students to gain invaluable experience managing real world assets; enhancing their knowledge of the market, investments, and the global environment.

During the Spring 2023 semester, the fund continued to adjust the portfolio in response to macroeconomic headwinds; market volatility, high inflation rates, and geopolitical risks. The management team was aware of systematic risk to several sectors within the portfolio. The Fund's managers evaluated the portfolio as a whole by scrutinizing all positions by their annual dividend yield. As part of the fund's societal mission (see the section: *Giving Back To The Community*) it is dependent on generating income through dividends. After considering the portfolio as a whole, the leadership team divested several positions and used the cash to acquire financially resilient and undervalued equities. For additional information on each transaction see the *Spring 2023 Transactions* section of this report.

Through their strategic actions, the 2022-23 Student Investment Fund was able surpass their S&P 500 benchmark by 275 bps. The SIF remains one of the most valuable experiences offered by TCNJ's School of Business. We extend our gratitude to Dr. Mayo and Dr. Choi for their consistent presence and valuable guidance during each presentation, enhancing the learning experience. We are confident that the SIF has equipped us with a unique skill set that will benefit each in our future professional careers.

Drafted by Joseph Fiordaliso and William Parr on behalf of the Spring 2023 SIF Management Team



Joseph Fiordaliso | [LinkedIn](#)



William Parr | [LinkedIn](#)



**Not Pictured: Joe Campbell*

NOTES FROM 2022 FALL SIF MANAGEMENT TEAM

The Herbert B. Mayo Student Investment Fund (hereinafter the SIF or the Fund) is a group that consists of driven TCNJ Business Students who are in their junior or senior year of college and have a passion for the stock market. This group of young men and women work together as fund managers to operate a fund worth \$635,000+. Managers of the Fund have the mission of expanding and growing the portfolio while continuously expanding their knowledge of the market, investing, and the economic atmosphere.

For Fall 2022, the Fund's focus was to adjust the portfolio in accordance with macroeconomic factors such as rising interest rates, high inflation rates, and geopolitical risks. In response, the Fund sold a few positions and used the cash to purchase more promising/resistant stocks. Details for each transaction can be found in the "Highlights of Transactions" section of this report.

The SIF is one of the best experiences TCNJ's School of Business offers to its students. Thank you to Dr. Mayo and Dr. Choi for sitting in on each presentation this past semester and enhancing the learning experience. We are certain that the SIF has provided us with a unique set of skills that will benefit us in the rest of our professional careers.

Drafted by Madison Donohue and Jerry Lin on behalf of Fall 2022 SIF Management Team



Madison Donohue | [LinkedIn](#)



Jerry Lin | [LinkedIn](#)

Letter from the Faculty Advisor

The Herbert B. Mayo Student Investment Fund provides undergraduate students an opportunity to develop and increase their knowledge of investments through the hands-on experience of selecting and managing the Fund's assets. The Fund was initially created by a gift from a faculty member, Dr. Herbert B. Mayo, and contributions from alumni. Since its inception in 2000, well over three hundred undergraduate students have participated in determining the portfolio's allocation and selecting individual securities to buy and/or sell. This process has improved the participants analytical and presentation skills in portfolio decision-making.

The primary goal of the Fund is the growth in the value of the assets, however, the SIF distributes 3 to 4 percent of the value of the Fund as a one-time scholarship/gift to incoming students from Ewing as a giveback to the community. The Fund values the significance of its social impact initiatives. If you want to invest in a finance major's future, I invite you to contribute to the SIF. To make a contribution, please visit give.tcnj.edu and indicate that your contribution is to be directed to the School of Business Student Investment Fund.

Macro View by the Faculty Advisor: The Fight Against Inflation

As we reflect on the last year, the impact of actions taken by the Federal Reserve in fighting inflation has been felt across markets. Last May, the Federal Reserve raised the Fed funds target range to 3/4 to 1%. At that time, it was difficult to foresee seven rate hikes in a year taking the Fed funds target range to 4 3/4 to 5%. With this backdrop, 2022 was a challenging year for the markets as both equity and bond markets posted negative returns for the year. Inflation continues to be materially higher than the Fed target of 2% thus one should expect that monetary policy will remain sufficiently restrictive to return inflation to 2% over time.

In the 1Q of 2023, we have seen signs of easing inflation pressures. Easing inflation could provide a constructive backdrop for the markets for the remainder of the year. As companies continue to adjust to a higher energy and higher interest rate environment, we continue to see a clear separation in firm performance. In 1Q 2023 trouble at mid-tier US banks like Silicon Valley Bank, Signature Bank, and First Republic Bank caused a tightening of financial conditions. In each case, the FDIC, Federal Reserve, and the US Treasury stepped in to ensure that there is minimum contagion. We continue to believe in the strength of the US banking system, but these events point to a secondary impact of the continued tightening of financial conditions. In sum, the question remains as to whether the Federal Reserve can achieve a soft landing for the economy.



Seung Hee Choi, Ph.D.

SIF Faculty Advisor & Professor of Finance

choi@tcnj.edu

[Herbert B. Mayo Student Investment Fund | LinkedIn](#)

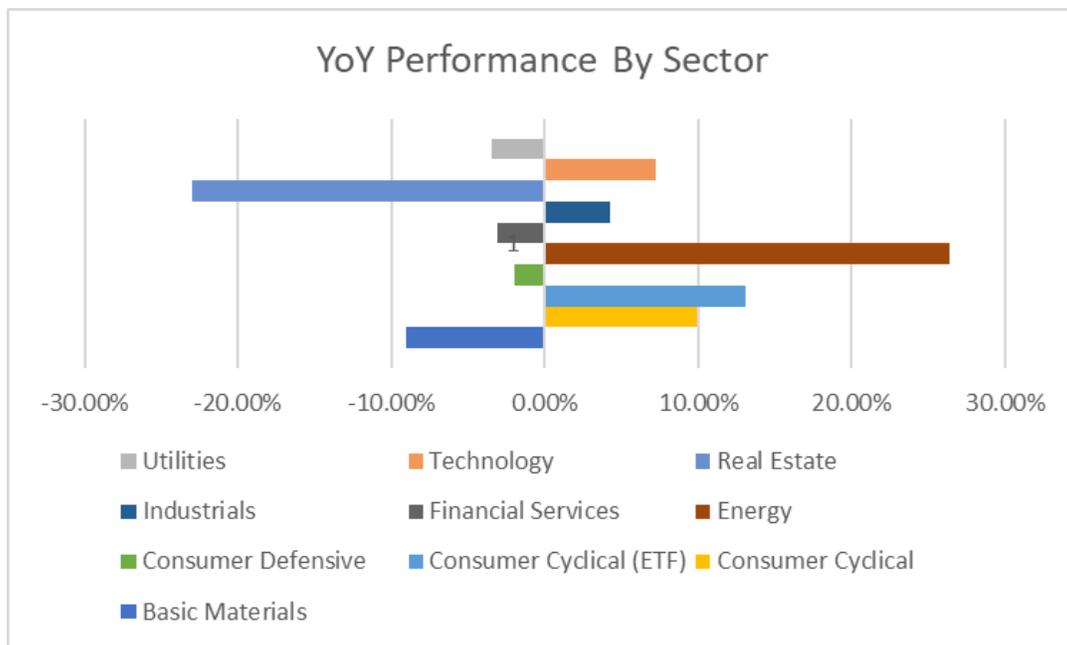
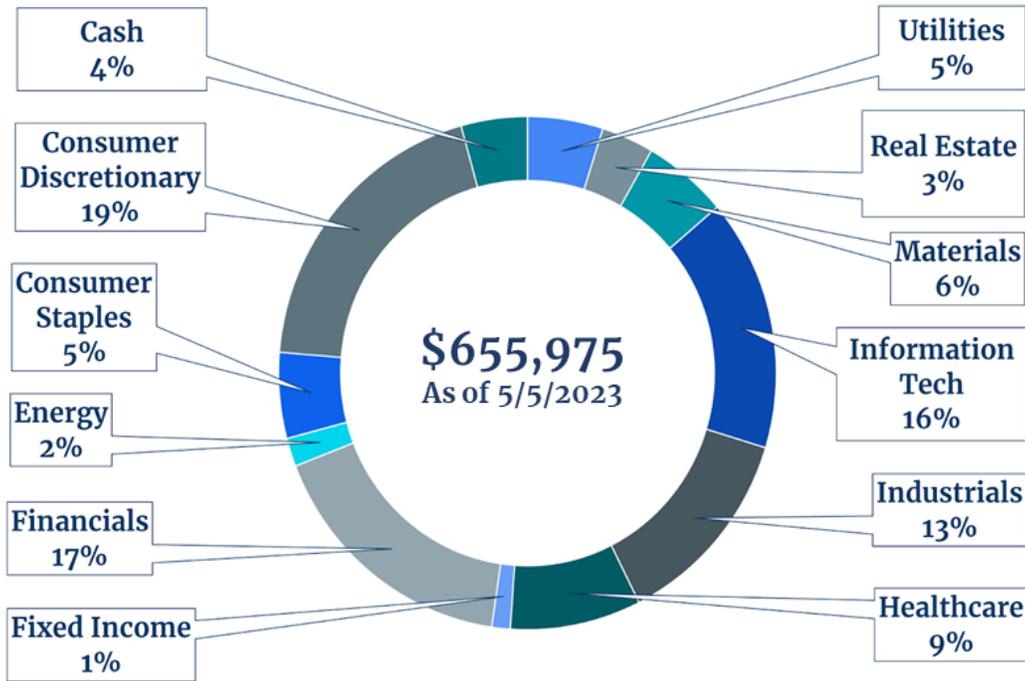
HOW THE FUND WORKS

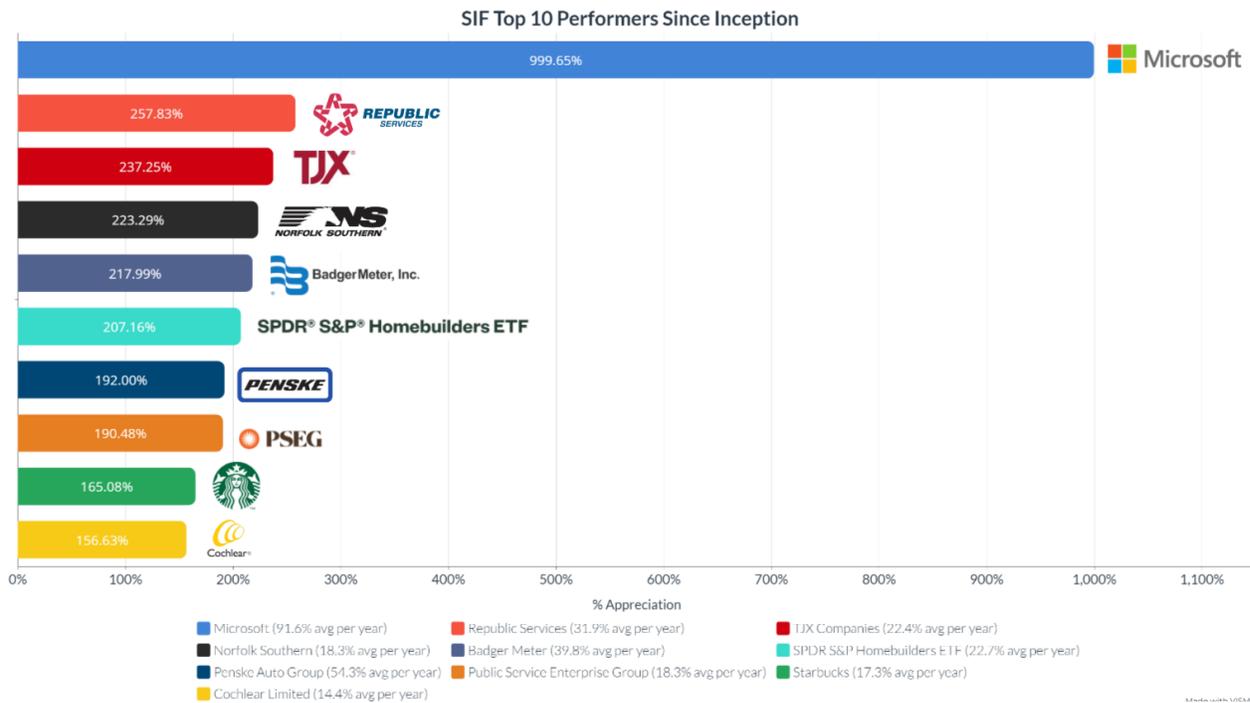
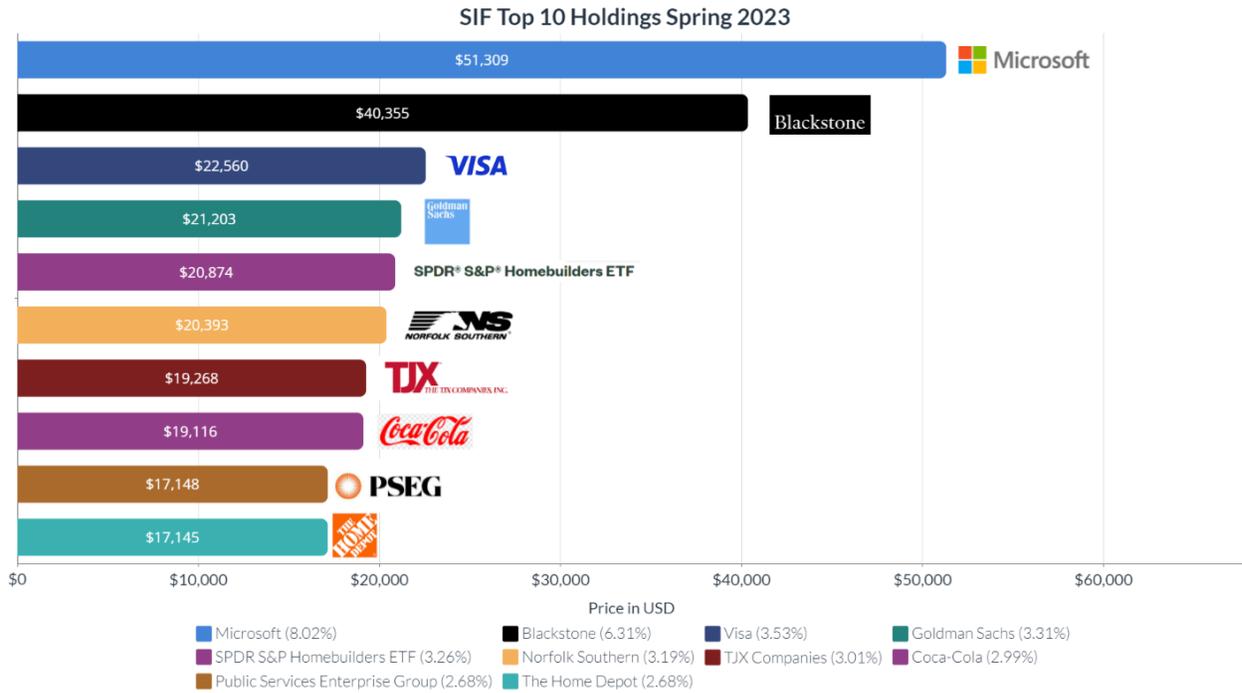
The Student Investment Fund is a group of ambitious students from The College of New Jersey's business school who are looking to gain experience in equity investing and valuation. It provides students the opportunity to research, discuss, and execute investments in a fund with a market value of \$650,000+. During the course of the semester, each member of the SIF is responsible for pitching at least one purchase or sale of stock. The typical process for making an investment decision begins with a member of the Fund researching the market/economy and selecting a company to buy or sell. Next, this company is introduced to the group and an open forum for thoughts and feedback takes place. The group then decides whether or not this company should be further pursued. If a majority of the group decides this discussion is worth continuing, the individual prepares a more detailed presentation of the potential investment. The second presentation typically consists of two parts, the conceptual story behind the buy or sell and a valuation supporting the argument. The presentation is followed by questions and a discussion and once all the members of the Fund feel they have adequate information to make an investment decision, a vote takes place. If two-- thirds of the group is in agreement with the investment proposed, the transaction will be executed.

GIVING BACK TO THE COMMUNITY

Being in the Student Investment Fund is like being on the board of a company. Therefore, there are more aspects of a business to understand than just making strong investments to generate higher returns. It is also important for the Fund to understand the importance of social corporate responsibility, which we get to experience first-hand by donating scholarships to the community through the Ewing Community Award. The Ewing Community Award recognizes the value of strengthening and deepening TCNJ's mutually beneficial relationship with the Ewing Township community. These students, who graduated from either Ewing Township High School or Notre Dame High School, often express the value of this relationship in their messages and are proud to be members of both communities.

SIF Asset Allocation





Highlights of Transactions

Buy: Crocs, Incorporated (NYSE: CROX)

Crocs Incorporated is a designer, manufacturer, and distributes clog shoes for men, women, and children. Along with their famous clogs made of the croslite material, Crocs also manufactures sandals and sneakers and recently acquired HEYDUDE a boat shoe designer. Presented by members Dylan Catania and Joe Campbell, the fund believed this stock had growth potential due to its recent acquisition and increased revenues. The members of the fund saw potential in the CROX stock and especially the HEYDUDE brand that has seen an influx into North America.

This pitch went through and the fund purchased 75 shares of CROX at a price of \$95.12 on 11/11/22. As a fund, we are confident in CROX's potential growth and are excited to track its progress in the coming years.

Sell: Activision Blizzard Inc (NASDAQ: ATVI)

Activision Blizzard, Inc. (“ATVI”) develops and publishes video game content on a global scale that is available using a variety of entertainment mediums that include game consoles, personal computers, and mobile devices. Popular franchises that are worldwide successes for Activision Blizzard, Inc. exist as the Call of Duty franchise, World of Warcraft franchise, and Candy Crush on mobile devices. January 18th, 2022, Microsoft announced the ~\$70 billion proposed purchase of ATVI. Having a position devoted to ATVI greater than \$10,000, the managers of the fund met in November of 2022 and discussed the future of the value of equity as the deal had stalled.

Microsoft is the creator and owner of the Xbox game consoles, and purchasing such a large video game developer and the largest video game franchise of all time, Call of Duty, was concluded to undermine the competitive landscape of the video game industry. With knowledge of the more conservative historical rulings given by UK and European regulators in regard to large mergers and acquisitions; the fund decided to sell the entire position before any formal announcement was made with the assumption that the deal would fall through in the event of regulator rejection as well as the then current value of the stock being inflated with the announcement of the acquisition. On November 25, 2022, the entire ATVI position consisting of 150 shares valued at \$11,351 was sold. As of April 26, 2023, UK regulators have blocked the Microsoft acquisition citing that the deal would be problematic for competition within the cloud gaming space.

Buy: Nintendo ADR (OTCMKTS: NTDY)

Nintendo is a video game company that sells consoles, games, and licensed products. Dylan Catania and Joseph Fiordaliso looked into purchasing it after it was downgraded by two large firms, which sparked a largely negative reaction and made it look quite undervalued. We trust its veteran management team and the potential for their projects in development, which helped as well. Nintendo's partnership with Universal and Illumination, along with some heavy-hitting games and a looming console announcement in the near future made us confident that growth was likely. Our assumptions included the box office success of The Super Mario Bros. Movie, a console announcement within 2 years, strong sales for slated

games releasing in 2023, future expansions to Nintendo theme parks in Universal Studios, and that the significant drop in price was an overreaction based on the downgrades from Citi and Goldman Sachs.

We purchased 1,000 shares of NTDOY valued at \$9.52 on March 21, 2023, for a total of \$9,519.95. Since then, The Super Mario Bros. Movie has grossed over \$1 billion.

Buy: Dow Inc. (NYSE: DOW)

Dow Inc. is an American multinational chemical company headquartered in Midland, Michigan. The company was formed in April 2019 as a result of the spin-off of DowDuPont Inc., which was itself a merger of Dow Chemical and DuPont. Dow Inc. produces a wide range of products, including plastics, chemicals, and agricultural products, that are used in various industries such as packaging, transportation, infrastructure, and consumer care. Dow Inc. has a history of solid financial performance, with steady revenue growth and strong cash flows. The company has also been focused on improving its operational efficiency, reducing costs, and optimizing its portfolio of businesses to drive higher profitability.

We purchased 159 shares of DOW valued at \$51.87 on March 30, 2023, for a total of \$8,253.08.

Sell: Vanguard Emerging Markets Stock Index Fund ETF (NYSEARCA: VWO)

VWO tracks the performance of the FTSE Emerging Markets All Cap China A Inclusion Index which tracks the performance of large, mid, and small-cap stocks in emerging markets. Which include China, Brazil, Africa, India, Taiwan, etc. Around 45% of the stocks in VWO are companies based out of China and Taiwan. VWO has a wide range of industries within its portfolio including but not limited to banking, semiconductors, oil and gas, telecommunications, retail, chemicals, etc. The pitch proposal was to sell 75 shares or our entire holding of VWO at around \$3,036.75 in total which made up 0.47% of our portfolio.

The investment thesis for selling VWO was the following. We have previous exposure to EMs because of international operations from companies like MSFT, TSM. As an actively managed fund, we have the ability to invest in the largest positions within VWO because of the nature of their investment strategy. Which made the allocation based on market cap. Therefore it is easy to invest in large companies that are a part of EM. The expense ratio for holding the ETF was also higher than the industry average and seeing as it was down roughly 2% since inception (2014), we did not see the point in losing more money on top of its poor performance. It also made up 0.47% of our portfolio or around \$3,065 which we decided could be reallocated towards a specific company in an emerging market that we further researched. Lastly, geopolitical risk between China and Taiwan was a major reason for selling as 45% of the companies in VWO were based in China or Taiwan, and there is quite a bit of risk in regards to those two countries as China sees Taiwan as a part of mainland China that needs to be reunited with them.

Sell: Invesco Water Resources ETF (NASDAQ: PHO)

PHO tracks the performance of US exchange-listed companies as 90% stocks in the water industry: water utilities, water infrastructure, and water equipment/materials. The ETF is based on the US Water Index (NASDAQ: OMX US). The pitch proposal was to sell all 200 shares of PHO in the portfolio. Purchased in October of 2021 for \$57.58 per share, the position in PHO made up about 1.63% of the portfolio.

The investment thesis for selling PHO was to add exposure to natural resources or water utilities through individual stocks. Having an ETF in our portfolio like PHO gives us access to around 35-40 stocks but as investors, our fund makes a small dividend each year of around \$20-22. With PHO not being actively managed and having a high expense ratio there is less return on investment for SIF. For the next members, it would be interesting to look into individual stocks that possibly make up this ETF like Danaher Corporation, Xylem Inc., Roper Technologies, or American Water Works Company. The conclusion to this pitch was to sell all shares and focus on individual stocks rather than the whole package of stocks.

Buy: VMware, Inc. (NYSE: VMW)

VMWare (NYSE: VMW) is a U.S.-based prepackaged software SaaS (software as a service) company specializing in enterprise-grade virtualization services. Their services include cloud management systems, Anywhere Workspace, cybersecurity solutions, and app development. The pitch proposal was to buy 100 shares of VMW at a price of \$125.12. The position would represent 1.9% of the portfolio.

The investment thesis for buying VMW was to increase portfolio exposure to SaaS companies, geared towards subscription-based income. The portfolio only owned one absolute SaaS company, Sales Force Inc. (NYSE: CRM). Also, the fund's cash balance was almost at \$40,000, a number that was thought to be too high heading into the summer months while the fund is not being actively managed. The investment thesis also included taking advantage of potential capital appreciation as a result of a merger between target VMWare and acquiring company Broadcom Inc. (NYSE: AVGO). If the merger were to pass through numerous regulators, the fund will be entitled to either \$142.50 cash per share of VMW or .2502 shares of AVGO. Both options would represent a sizable gain over the purchase price.

SIF Members



SIF Member - Fall 2022 to Spring 2023

Madison Donohue is a Senior Finance major at TCNJ. She held an internship position at TD Securities in Investment Banking. After graduating, she will be joining TD Securities in their Investment Banking Division.

[Madison Donohue | LinkedIn](#)



SIF Member - Spring 2022 to Fall 2022

Jerry Lin is a Senior Finance major at TCNJ. In the past, he interned at Management Planning Inc., U.S. Bancorp, and U.S. Securities and Exchange Commission.

[Jerry Lin | LinkedIn](#)



SIF Member - Fall 2022 to Spring 2023

Joe Campbell is a Senior Finance major at TCNJ. Beginning his Sophomore year he interned and continued part time with Canon Financial Services. Following graduation in May, he will be joining the CORE Finance Program with Comcast NBCUniversal.

[Joe Campbell | LinkedIn](#)



SIF Member - Fall 2022 to Spring 2023

Dylan Catania is a Senior Finance major at TCNJ. After graduation, he will be working at Bank of America in the Advisor Development Program. He previously completed the Disney College Program in 2021 and interned at Bank of America last summer.

<https://www.linkedin.com/in/dylancatania/>



SIF Member - Fall 2022

Kevin Gertz is a Senior Finance major visiting TCNJ for the semester. He previously completed work experience at Skadden Arps in Private Equity Business Development and Solu-M. After graduation, he is looking to work in investment banking.

[Kevin Gertz | LinkedIn](#)



SIF Member - Fall 2022

Matthew Goldfarb is a Senior Finance major at TCNJ with a minor in statistics. Last summer he worked as a Retail Associate with Valley Bank, and he is looking forward to starting his career in finance.

[Matthew | LinkedIn](#)



SIF Member - Fall 2022

Alex Green is a Senior Finance major at TCNJ with a minor in Politics, Philosophy, and Law. After graduation, Alex plans to pursue post-graduate education in the field of law as a JD candidate at Wake Forest University.

[Alex | LinkedIn](#)



SIF Member - Fall 2022

Dylan McCrone is a Senior Finance major at TCNJ. His previous professional experience includes having had an internship position at Princeton University in Procurement Services. After graduating, he will be joining Merck in the Finance Leadership Development Program (FLDP).

[Dylan | LinkedIn](#)



SIF Member - Fall 2022

Michael Mutnick is a Senior Finance major at TCNJ. He previously completed an internship at KPMG within Advisory in the Financial Services Regulatory, Compliance and Risk group. He is looking forward to returning to KPMG post-graduation within the same group.

[Michael Mutnick | LinkedIn](#)



SIF Member - Fall 2022 to Spring 2023

William Parr is a senior finance major at The College of New Jersey. Previously he has worked at PNC Bank, Cenlar FSB, and a co-op role at Johnson & Johnson. He is excited to continue with Johnson and Johnson post graduation in the FLDP program.

[William Parr | Linked-In](#)



SIF Member - Fall 2022

Brandon Schoch is a senior finance major at The College of New Jersey. He has experience working in Wealth Management from his time at Merrill Lynch, Bank of America. He is graduating in Fall 2022.

<https://www.linkedin.com/in/brandon-schoch/>



SIF Member - Fall 2022 to Spring 2023

Dean Smith is a senior finance major at The College of New Jersey, Class of 2023. He held an internship position at Management Planning Inc.

[Dean Smith - LinkedIn](#)



SIF Member - Spring 2023

Joseph Fiordaliso is a Senior Finance major at The College of New Jersey with a minor in Information Systems Technology. He is looking forward to starting his career in finance.

[Joseph Fiordaliso - LinkedIn](#)



SIF Member - Spring 2023

Joseph Daddario is a senior finance major at The College of New Jersey, Class of 2023. He is grateful for the opportunity to work alongside other business majors in the Student Investment Fund and looks forward to begin his career in finance.

[Joe Daddario - LinkedIn](#)



SIF Member - Spring 2023

Brandon Perini is a junior finance major graduating in fall 2023. He is interning at Accenture this summer as a client financial management analyst as part of the consulting development program.

[Brandon Perini - LinkedIn](#)



SIF Member - Spring 2023

Vishnumari Muniappan is a senior finance major with a minor in Information Systems and Technology at The College of New Jersey, Class of 2023. He is currently working part-time at Merrill Lynch and will be joining the Pron Wealth Management group after graduation.

[Vishnu Muniappan - LinkedIn](#)



SIF Member - Spring 2023

Matthew Dragoslavic is a senior finance major with a minor in Information Systems and Technology at The College of New Jersey, Class of 2023. He will be joining JPMorgan Chase & Co. within the Global Finance & Business Management Analyst Program (GFBM) post-graduation.

[Matthew Dragoslavic - LinkedIn](#)



SIF Member - Spring 2023

Ivonne Vasquez is a senior finance major at The College of New Jersey, Class of 2023. She held an internship position at Pfizer Inc. She looks forward to starting her career in finance.

[Ivonne Vasquez - LinkedIn](#)



SIF Member - Spring 2023

Brendan Martin is a senior finance major at The College of New Jersey, Class of 2023. He will be finishing up his coursework this summer, afterward he looks forward to starting his career in wealth management

[Brendan Martin - LinkedIn](#)



SIF Member - Spring 2023

Connor Griffin is a senior finance major with a minor in information systems and technology at The College of New Jersey, Class of 2023. He will be taking a role in portfolio valuation at Kroll.

[Connor Griffin - LinkedIn](#)

HOW TO MAKE A DONATION

Thank you to all our donors for your generous donations throughout the years. Without your generosity, this fund would not be possible. Please visit give.tcnj.edu to support the Student Investment Fund.