

An aerial photograph of the College of New Jersey School of Business campus during sunset. The main building is a large, symmetrical, red-brick structure with a central white portico and a clock tower. In front of it is a green lawn with a paved walkway. To the right is a modern glass-walled building. The sky is a mix of orange and blue.

Herbert B. Mayo Student Investment Fund Annual Report

The College of New Jersey
School of Business

Fall 2023 - Spring 2024



**Not Pictured: Tyler Rummel, Manvir Singh*

LETTER FROM 2024 SPRING SIF MANAGEMENT TEAM

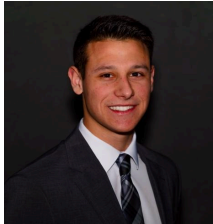
The TCNJ Herbert B. Mayo Student Investment Fund (SIF) is an actively managed equity fund by highly motivated students within the School of Business. The fund members are gaining a proper understanding and hands-on experience in portfolio management in this course. They are also given the opportunity to use the skills that they have gained during their time at TCNJ and apply them to a work-like setting. Some financial knowledge these students gain includes investment analysis, market research, valuation techniques, macroeconomic trends, risk management, presentation skills, public speaking, teamwork, and collaboration. The opportunities in SIF are endless, and students can use these skills in the fund and transfer them into their full-time positions post-graduation. As the spring semester ends, the fund has \$770,000+ in assets under management comprising 49+ tickers. One of the fund's primary objectives is growing the portfolio as well as outperforming the S&P 500 benchmark. Additionally, the fund prides itself in using the returns generated during the year as a one-time scholarship offering to incoming TCNJ first-year students from the Ewing Community.

This Spring the fund was tasked with navigating a difficult macroeconomic and investing environment. Some of the challenges that the fund faced included a higher-for-longer interest rate environment, elevated inflation rates, waning consumer confidence, and geopolitical risks. Fund members made sure to take these factors into consideration when making decisions for the portfolio. This is evident when looking at the risk averse nature of the transactions this semester. This semester mainly consisted of

sell pitches, but there were also a couple of buy pitches of tickers that are considered “safer.” Despite this challenging investing environment the portfolio outperformed the S&P 500 by 323 basis points.

We greatly appreciate Dr. Mayo and Dr. Choi for giving us the opportunity to partake in one of the best experiences within TCNJ’s School of Business. Thank you for facilitating our meetings and for providing us with the skills and insight that will allow us to be successful. With the skills developed and knowledge gained throughout our time in the fund we are confident that we will be able to make significant impacts in our careers.

Drafted by Nicholas Borgese and Emanuel Palatianos on behalf of the Spring '24 SIF Management Team



Nicholas Borgese | [Linkedin](#)



Emanuel Palatianos | [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.

Navigating 2024: Inflation and Interest Rate Dynamics

From March 2022 to June 2023, the Federal Reserve implemented a significant monetary policy tightening cycle, increasing the fed funds rate by 525 basis points. This robust policy was aimed at bringing inflation back to the Federal Reserve's 2% target.. In November 2023, the Federal Reserve set the stage for market expectations of potential rate cuts in 2024. In 2024, the Federal Reserve's rate cut expectations had a substantial impact on the equity market, particularly noticeable in the first quarter with a 10% advance. However, inflation proved to be more persistent than anticipated, prompting many to speculate about the timing and frequency of the Federal Reserve's interest rate cuts. Despite the 2023 gains driven by mega-cap stocks, the market was looking forward to a more diversified advance in 2024, with expectations of growth in U.S. small-cap, international stocks, and AI-themed names.

However, several risk factors could potentially influence the stock market in 2024. The market is perceived as overvalued, and large technology stocks are under pressure to demonstrate their growth potential. Key market benchmarks could cause confusion, and consumer unease is on the rise. Inflation continues to be a concern, and government spending is rising. Additionally, persistent inflation may reduce the likelihood of the Federal Reserve lowering interest rates in the near future. These combined factors could introduce additional uncertainty into the equity market. Furthermore, 2024 is a year marked by numerous elections worldwide, contributing to geopolitical complexity in the global elections supercycle. The geopolitical risks we face today have the potential to drive fundamental changes in global markets. These economic, financial, and other risks must be taken into account in investment strategies and risk management, as they can significantly influence market trends. Consequently, our fund members are encouraged to focus on the fundamentals of portfolio management and conduct a thorough analysis of risk factors impacting the firms which they plan to invest. Slowing inflation, positive GDP growth, and low unemployment should provide in general a constructive economic environment in 2024.



Seung Hee Choi, Ph.D.

HBM SIF Faculty Advisor & Professor of Finance
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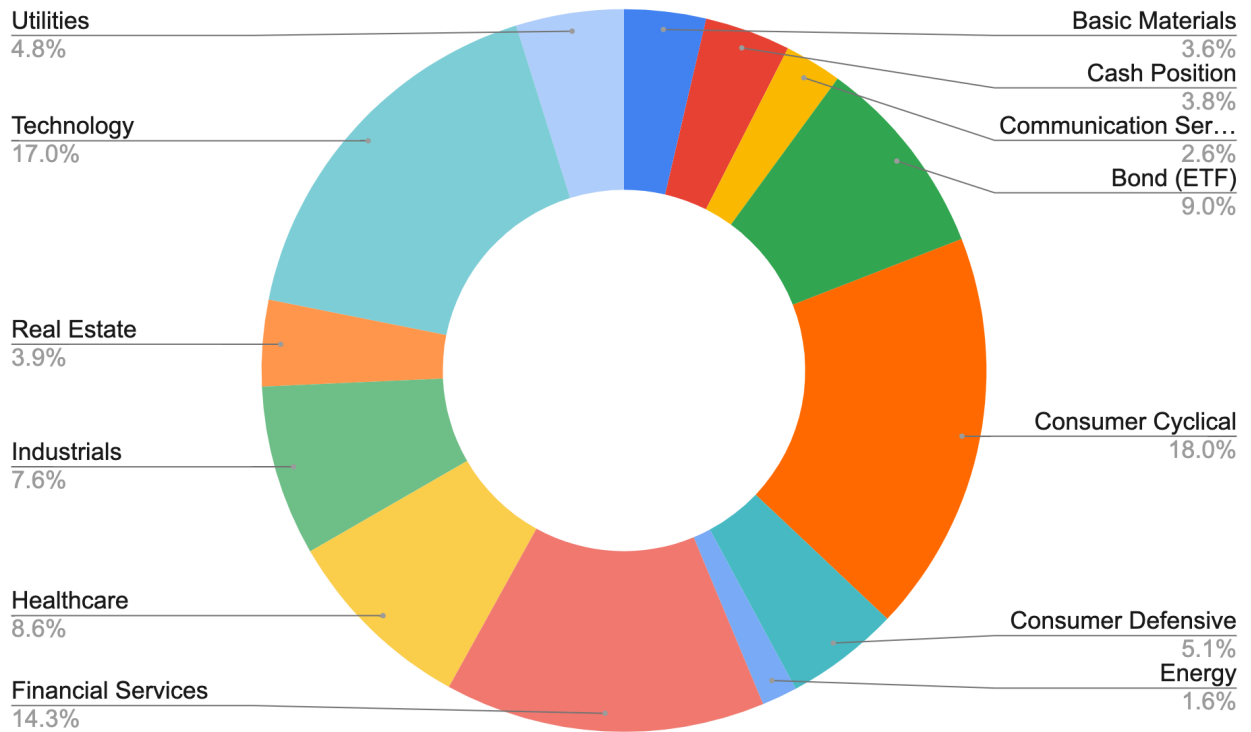
HOW THE FUND WORKS

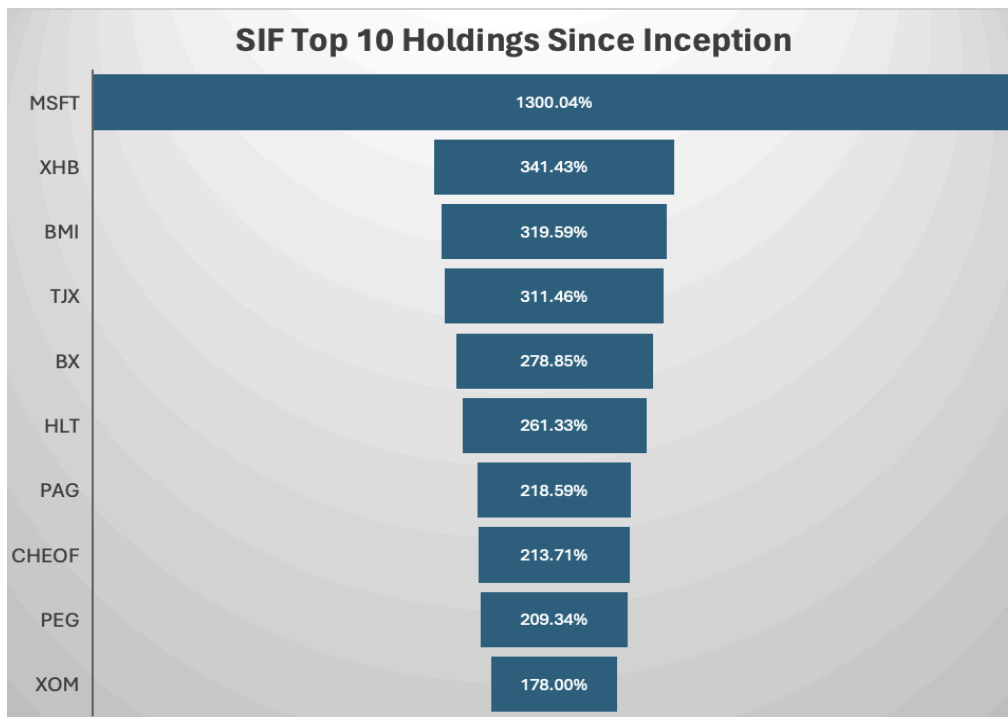
The Student Investment Fund is a group of ambitious students from The College of New Jersey's business school looking to gain experience in equity investing, portfolio management and valuation. It allows students to research, discuss, and execute investments in a fund with a market value of \$770,000+. During the semester, each member of the SIF is responsible for pitching at least one purchase or sale of a stock. The typical investment decision process begins with a member of the Fund researching the market/economy along with the existing portfolio positions, and then selecting a company to buy or sell. Next, a company is introduced to the group, and an open forum for thoughts and feedback is discussed. The group then decides whether or not the investment in the company should be further pursued. Suppose a majority of the group chooses that this discussion is worth continuing. In that case, the individual prepares a more detailed presentation of the potential investment. The second presentation typically consists of the conceptual story behind the buy or sell and a valuation supporting the argument. Questions and a discussion follow the presentation. 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 agrees with the investment proposed, the result is a trade execution.

GIVING BACK TO THE COMMUNITY

Being in the Student Investment Fund is similar to being on a company's board. Therefore, a business has more aspects to understand than just making solid investments to generate higher returns. It is also essential 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

Fall 2023

Sell: Blackstone Inc (NYSE: BX)

Blackstone is a global investment firm specializing in alternative investments, such as private equity, real estate, credit, and hedge fund solutions. The fund elected to trim its position in Blackstone by selling 150 shares to cut its exposure to this volatile investment management firm. Blackstone holds significant positions in illiquid assets, limiting flexibility in a rapidly evolving economy. Additionally, Blackstone's heavy reliance on debt makes it vulnerable to higher-for-longer interest rates.

Buy: The Boeing Company (NYSE: BA)

Boeing operates as an aerospace firm in the industrial aerospace and defense industries. The company develops, manufactures, and services commercial planes, defense products, and space systems for customers in more than 150 countries. The proposal was to buy 25 shares of BA at a price of \$190.62, increasing the position to 2.61% of the portfolio.

The investment thesis for the pitch and buying 25 shares of Boeing was eliminating catalyst events in the past. The company seemed to be doing poorly in the past due to unusual events from the 737 MAX, Covid pandemic, and supply chain nonconformance disruptions. However, the demand for commercial planes has increased to pre-pandemic levels, and improvements will be seen in Boeing's financials in early 2024. There is a longer-term focus for Boeing as an iconic American company with a turnaround expected and not focusing on the last three years but instead focusing on pre-pandemic levels. The pitch was successful, with a purchase price of \$190.62 and a total transaction cost of \$4,765.38.

Buy: The Hershey Company (NYSE: HSY)

The Hershey Company is a leading American multinational corporation specializing in producing chocolate and other confectionery products. The investment proposal was to purchase 50 shares at \$184.60 at a total transaction cost of \$9,230. This proposal would increase the consumer staples portfolio weight from 4.62% to 6.07%

The fund agreed to purchase shares of Hershey primarily due to its low volatility against the market with a beta of 0.34, an above-average dividend yield of 2.5%, the stock trading at its 52-week low, its fit within our portfolio of consumer staples, and recent M&A activity acquiring Dot's Pretzels and Amplify Snack Brands that has led to more opportunities for growth within their salty snacks division.

Buy: Innovative Industrial Properties (NYSE: IIPR)

Innovative Industrial Properties is a real estate investment trust that provides capital solutions to the regulated cannabis industry. The company acquires, owns, and manages specialized properties leased to

licensed operators within the regulated cannabis industry. IIPR owns 108 properties in 19 different states, which are leased to 30 different tenants.

The proposal was to purchase 75 shares of IIPR at \$79.32, increasing the SIF real estate allocation from 2.87% to 3.73%. The investment thesis for purchasing IIPR was to provide the SIF with long-term growth through growing dividend distributions at an added tax benefit and capital appreciation due to the undervalued nature of the stock. The cannabis industry boomed during 2021, but a capital crisis in 2022 struck, and financing became a massive obstacle for licensed operators. Total capital raised in the U.S. cannabis market was down 70% in 2022 versus 2021, and equity capital was down over 96%. IIPR's unique position as a publicly traded company on the NYSE allows it to raise and provide capital to cannabis operators through its sale-leaseback program, offering operators an attractive financing option.

In accordance with the SIF bylaws, all members assessed the ESG considerations regarding IIPR's presence in the cannabis industry. The primary ESG concern stemmed from the federal classification of cannabis as a Schedule I drug, despite statewide legalization in several states, including New Jersey. Fund members engaged in a comprehensive discussion and voted on whether the minimum expectation regarding ESG was met about IIPR. After careful consideration, the fund members unanimously agreed that the minimum expectation was indeed met.

Buy: Vanguard Long-Term Bond Fund (NYSEARCA: BLV)

BLV is the ticker symbol for the Vanguard Long-Term Bond ETF. This exchange-traded fund invests in a diversified portfolio of long-term U.S. government, corporate, and international dollar-denominated bonds. The proposal was to purchase 420 shares of BLV at \$29,116.42. In an uncertain economy, the fund significantly increased its position in bond ETFs to provide stability. Furthermore, the long-term bonds in BLV will appreciate from rate cuts, which the fund anticipates due to the erosion of recent macroeconomic tailwinds, including the spending of pandemic savings, a hot labor market, and looser lending. The fund agreed with the thesis and proposal to have more exposure within the portfolio to bond ETFs.

Spring 2024

Sell: General Motors Co (NYSE:GM)

General Motors Company markets, designs, manufactures and distributes vehicles and vehicle parts. The group believed that GM was overvalued due to their DCF and multiple analyses. Additionally, their decreasing market share in China, high labor costs due to the UAW worker's strike, and high geopolitical risk make GM an unattractive company. GM's low dividend yield and low growth potential do not align with the goals of the SIF and cannot be justified as a stock to be held in our portfolio. On February 16, 2024, a vote was held in which all fund members voted to sell; all 60 shares were sold for \$38.99 each.

Sell: Republic Services Group (NYSE:RSG)

Republic Services Group is a garbage collection corporation that works with residential and commercial pickups while also focusing part of its business on recycling, transportation, and environmental services.

The company is committed to reducing emissions and decarbonizing its operations to create a sustainable world. Republic Services and Waste Management, Inc. are the two leading players in the Waste Management industry, and the fund owns stock in both companies.

After comparing the two companies' financials, dividend payments, operations, environmental impact, and future outlook, it was determined that Waste Management was a better investment, and our funds in Republic Services could be better utilized elsewhere. Fund managers also considered a decrease in our allocation to the industrial sector from ~13.5% to ~11.0%, a decision viewed by all to be wise moving forward. On February 26, 2024, a vote was held in which all fund members voted to sell, and all 100 shares were sold for \$184.80 each.

Buy: NextEra Energy Inc (NYSE:NEE)

NextEra Energy is a leading American energy company primarily engaged in the generation, transmission, and distribution of electricity, as well as in the development and construction of renewable energy projects. NextEra Energy plays a significant role in shaping the energy industry's future by leading the transition to cleaner, more sustainable energy sources while maintaining a reliable and affordable supply of electricity to its customers. The proposal was to purchase 120 shares of NEE at \$55.19 per share at a total transaction cost of \$6,622.80. The proposal would also increase NEE weight to 1.21% and SIF utility sector weight to 4.34%.

Ultimately, The fund decided to purchase 120 shares of NextEra Energy, a US energy and utilities company, due to the safety of the stock in the case of an economic downturn, as well as their strong growth potential due to the expected lower interest rate environment and their exposure to renewable energy. Additionally, this purchase allowed us to reduce our cost basis.

Sell: Norfolk Southern Corporation (NYSE:NSC)

Norfolk Southern Corporation is a major American transportation company primarily engaged in the rail transportation of raw materials, intermediate products, and finished goods. Norfolk Southern plays a critical role in transporting goods across the Eastern United States, providing vital logistics and supply chain solutions to industries and businesses while contributing to the economic development of the regions it serves.

The Fund sold all 100 shares in Norfolk Southern, a freight railroad in the Eastern United States. Concerns included flat projected revenue, a low intrinsic value, an unremarkable dividend yield, questionable management, and volatility primarily from abnormal shareholder activism and poor safety.

Sell: Vanguard Intermediate-Term Bond Index Fund (NYSEARCA:BIV)

BIV is the ticker symbol for the Vanguard Intermediate-Term Bond ETF. The selling of this ticker rolled into the 4/12/2024 BLV purchase. BLV is viewed as a superior medium-term investment due to its holdings' higher weighted average duration, allowing greater returns if interest rates fall. The fund agreed to sell all 100 shares of BIV.

Buy: Vanguard Long-Term Bond Fund (NYSEARCA:BLV)

As mentioned previously, BIV is known as the Vanguard Intermediate-Term Bond ETF, and the proceeds from the sale went into purchasing BLV. The proposal was to buy 600 shares of BLV at about \$69 per share for a total transaction cost of \$41,769. The thesis remains the same from the fall semester in which cuts to the federal funds rate should be completed soon once inflation reaches the Fed's target rate. In addition to the thesis, the fund felt that investing more into a bond ETF would be safer if the economy were in recession and equities dominated less of the portfolio. The fund believes in a rate cut shortly that will provide great returns, and the portfolio will benefit from an allocation of nearly 10% in bond ETFs given the current interest rate environment.

Sell: Arcadium Lithium PLC (NYSE:ALTM)

Arcadium Lithium is a global lithium chemicals producer that harnesses the power of lithium to accelerate the transition into a clean energy future. Back in January 2024, Livent Corporation's shares were converted into ALTM shares after a merger between Allkem and Livent was announced. The proposal was to sell the total holding of 481 shares of ALTM at \$3.78 per share. The group believes that ALTM is overvalued due to their EV/EBITDA and PE Multiple valuations. Additionally, they think that the price of lithium will continue to decrease in the struggling lithium market. There is a lot of uncertainty around ALTM performance post-merger, and no dividend with a low upside in their market growth does not justify it being held in the SIF portfolio.

Sell: Capital One Financial Corporation (NYSE:COF)

Capital One Financial (COF) is a financial service company that consists of credit card lending, consumer banking, and commercial banking segments. The proposal was to sell all 50 shares of COF at \$148.32 for proceeds of \$7,416.02. In February of 2024, COF announced a proposed acquisition of Discover Financial Services (DFS), a credit card payment network and lending company, for \$35 Billion. If approved, this would make them a direct competitor to Visa (V) which is a ticker that we own. The fund also saw numerous concerns with this stock due to the riskiness of their operations and the current macroeconomic landscape. For example, the company is exposed to credit card delinquencies/charge-offs, auto-loan delinquencies/charge-offs, as well as depreciation of commercial real-estate values. They are at more risk than their competitors due to their nature of lending to riskier consumers, which are more likely to default on loans. With these concerns in mind, along with the goal of reducing the amount of positions within the fund, the group agreed to sell the position.

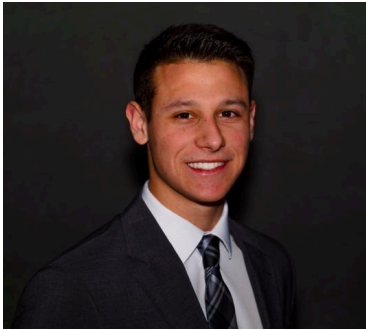
SIF Members



SIF Member - Spring 2023 to Spring 2024

Brandon Perini is a senior finance major with a minor in information systems and technology (IST). He is starting a full time role at Accenture after graduation as a client financial management analyst.

[Brandon Perini | LinkedIn](#)



SIF Member - Fall 2023 to Spring 2024

Nicholas Borgese is a senior finance major at The College of New Jersey, class of 2024. After graduating, he will join Johnson & Johnson in their Finance Leadership Development Program as a financial analyst.

[Nicholas Borgese | LinkedIn](#)



SIF Member - Fall 2023 to Spring 2024

Paige Skene is a senior finance major with a minor in Information Systems and Technology (IST) at TCNJ, Class of 2024. She will be joining ING Financial Services LLC as a Wholesale Banking Analyst after graduation.

[Paige Skene | LinkedIn](#)



SIF Member - Fall 2023

Derek Monteiro is a Senior Finance major at TCNJ. He has previously worked at TD Bank as well as Burlington Stores where he was an intern in the Financial Planning group last summer. After graduation he will be joining Burlington's financial analyst rotational program.

[Derek Monteiro | LinkedIn](#)



SIF Member - Fall 2023

Michael Nolan is a junior finance major at TCNJ. He interned last summer in the Financial Crimes Unit at the Monmouth County Prosecutor's Office. He is planning on graduating in the spring of 2025.

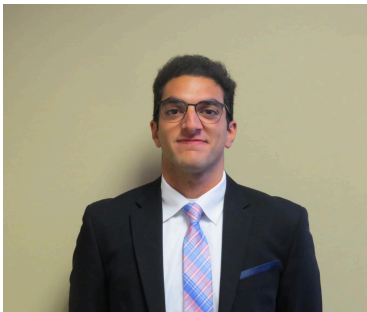
[Michael Nolan | LinkedIn](#)



SIF Member - Fall 2023

Jacob Maurice is a senior finance major with a minor in wealth management and financial planning at The College of New Jersey, Class of 2024. This past summer he interned at New Horizons Wealth Management.

[Jacob Maurice | LinkedIn](#)



SIF Member - Fall 2023

Jeremiah Himaia is a senior finance major graduating in spring 2024. He interned at Novartis Sandoz this summer as a business development and licensing analyst.

[Jeremiah Himaia | LinkedIn](#)



SIF Member - Fall 2023

Logan Flaherty is a senior finance major and member of the football team at The College of New Jersey. Last summer Logan completed an internship with Major League Baseball within their Enterprise Products department.

[Logan Flaherty | LinkedIn](#)



SIF Member - Fall 2023

Nicholas Sacco is a junior finance major with a minor in Information Systems Technology at The College of New Jersey, Class of 2025. He is interning at RSM this summer as a Risk Consultant under Healthcare and Life Sciences.

[Nicholas Sacco | LinkedIn](#)



SIF Member - Fall 2023 to Spring 2024

Emanuel Palatianos is a senior finance major graduating from The College of New Jersey with the Class of 2024. After graduating, he will be joining Ernst & Young as a member of their Business Valuation Staff within their Financial Services Office.

[Emanuel Palatianos | LinkedIn](#)



SIF Member - Fall 2023 to Spring 2024

Dan Philhower is a senior accountancy major and finance minor, graduating in Spring 2024. He will be joining CohnReznick LLP as an Assurance Associate following graduation.

[Dan Philhower | LinkedIn](#)



SIF Member - Fall 2023

Malin Jasinski is a senior finance major at the College of New Jersey. Last summer, he worked for a local business within their accounting and finance department and is currently seeking a job after graduation in Spring 2024.

[Malin Jasinski | LinkedIn](#)



SIF Member - Fall 2023

Scott Toohey is a junior finance major at the College of New Jersey, Class of 2025. Last summer, he interned at Aflac and is currently seeking an internship for the summer of 2024.

[Scott Toohey | LinkedIn](#)



SIF Member - Fall 2023 to Spring 2024

Alex Jacobsen is a senior finance major at The College of New Jersey. He will join the Borough of Wharton's Accounting & Finance Department following graduation.

[Alex Jacobsen | LinkedIn](#)



SIF Member - Spring 2024

Patrick Gallagher is a Junior finance major with a minor in Wealth Management and Financial Planning. He will be interning at Northeast Financial Network this summer.

[Patrick Gallagher | LinkedIn](#)



SIF Member - Spring 2024

Joseph Dunn is a Senior finance major at The College of New Jersey with a minor in Information Systems and Technology. He has previously interned with Syneos Health as a Commercial Business Development and Strategy Operations Intern.

[Joseph Dunn | LinkedIn](#)



SIF Member - Spring 2024

Sean Kearns is a junior finance major with a minor in Information Systems Technology. He is starting the Johnson & Johnson Finance Co-Op over the Summer and through Fall.

[Sean Kearns | LinkedIn](#)



SIF Member - Spring 2024

Michael Pressimone is a junior finance major with a minor in management at The College of New Jersey. This past summer, he worked at Shearman and Sterling as a Revenue Administration Intern

[Michael Pressimone | LinkedIn](#)



SIF Member - Spring 2024

Tyler Rummel is a junior Finance major with a minor in Information Systems Technology at The College of New Jersey. This past summer he worked as a HR/Recruiting intern at Leap Brands in West Caldwell, NJ.

[Tyler Rummel | LinkedIn](#)



SIF Member - Spring 2024

Manvir Singh is a senior finance major graduating in the spring of 2024. He previously interned at abrdn as an Investment Analyst and will be joining M&T Bank as a Leveraged Finance Analyst after graduation

[Manvir Singh | LinkedIn](#)



SIF Member - Spring 2024

Jake Rubin is a senior finance major graduating in the Spring of 2024. He previously interned at J.P. Morgan and will join QuidelOrtho this summer as a Financial Analyst.

[Jake Rubin | LinkedIn](#)



SIF Member - Spring 2024

Alex Martino is a senior Accountancy major with minors in Finance and Wealth Management/Financial Planning, graduating in the Spring of 2024. He will be joining KPMG as a Tax Associate following graduation.

[Alex Martino | LinkedIn](#)

HOW TO MAKE A DONATION

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