
Undergraduate Student Investment Management Fund

Spring 2019 Presentation
Friday, April 26



Team Overview

Fund Manager



Jerry Zhang

Fund Analysts



Michael Calabro



Nicholas DeSantangelo



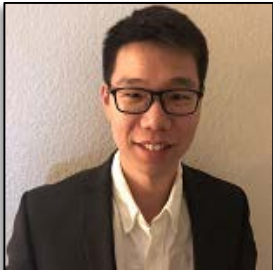
Yanni Dong



Abbas Haider



Lukas Stogsdill



Li Yang



Isaac Zolot

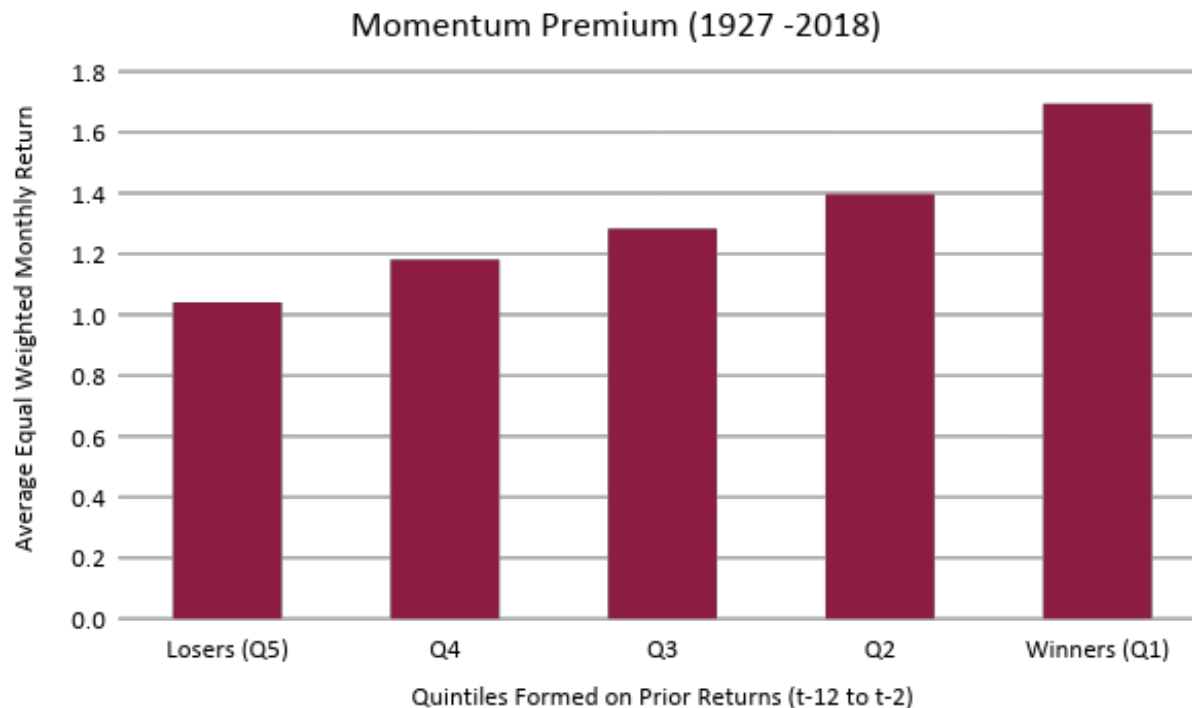


Investment Thesis & Implementation



Momentum Returns

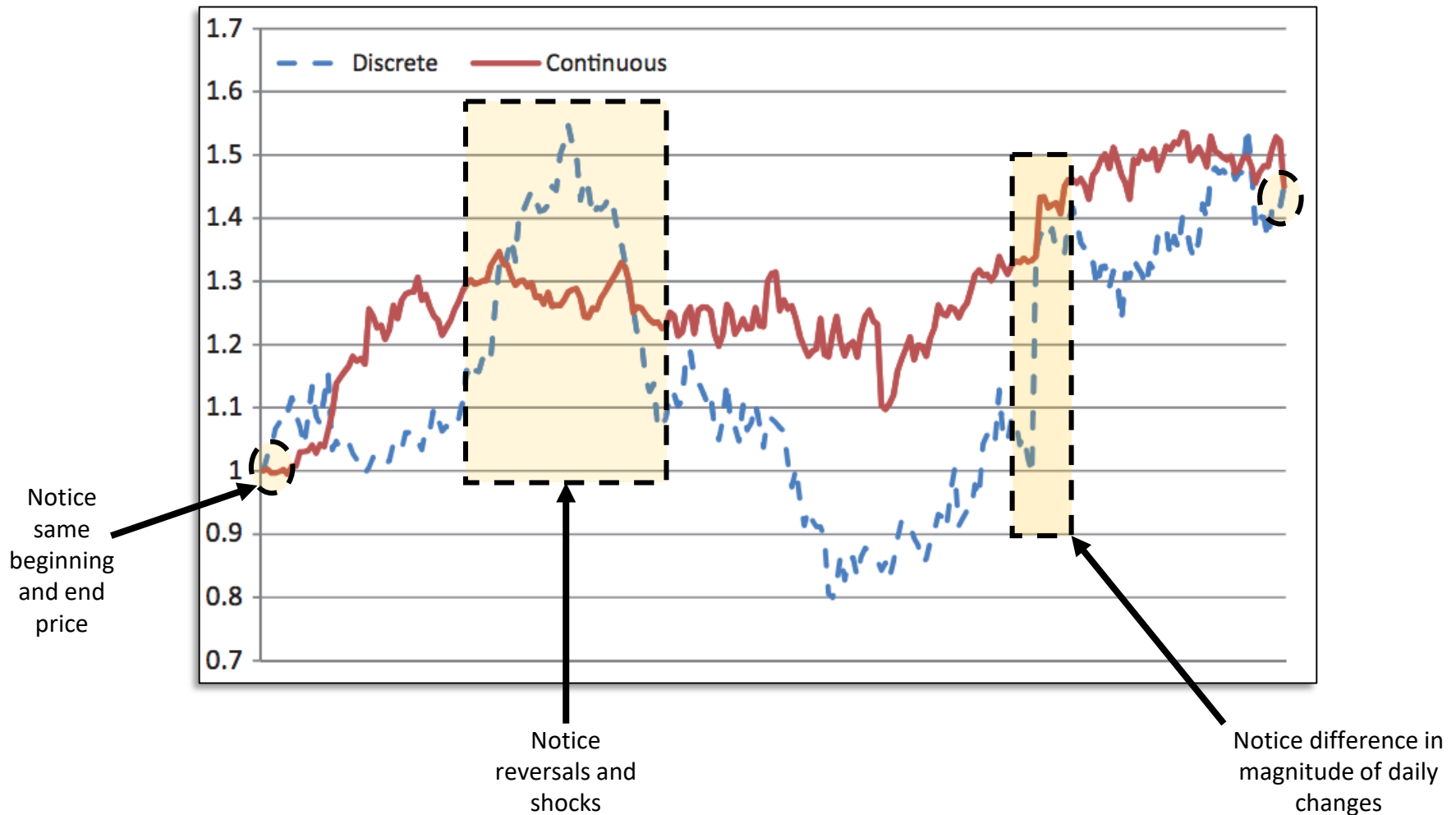
Momentum theory posits that past winners will continue to win while past losers will continue to lose.



Source: Kenneth R. French Data Library



Continuous vs. Discrete Returns



Source: Da, Gurun, & Warachka (2014)

Calculating Information Discreteness

Our fund's investment thesis is derived from Da, Gurun, & Warachka's (2014) analysis on momentum investing conditioned on information discreteness.

To calculate information discreteness:

$$ID = \text{sign}(\text{Annual Return}) \times [\%neg - \%pos]$$

Information Discreteness

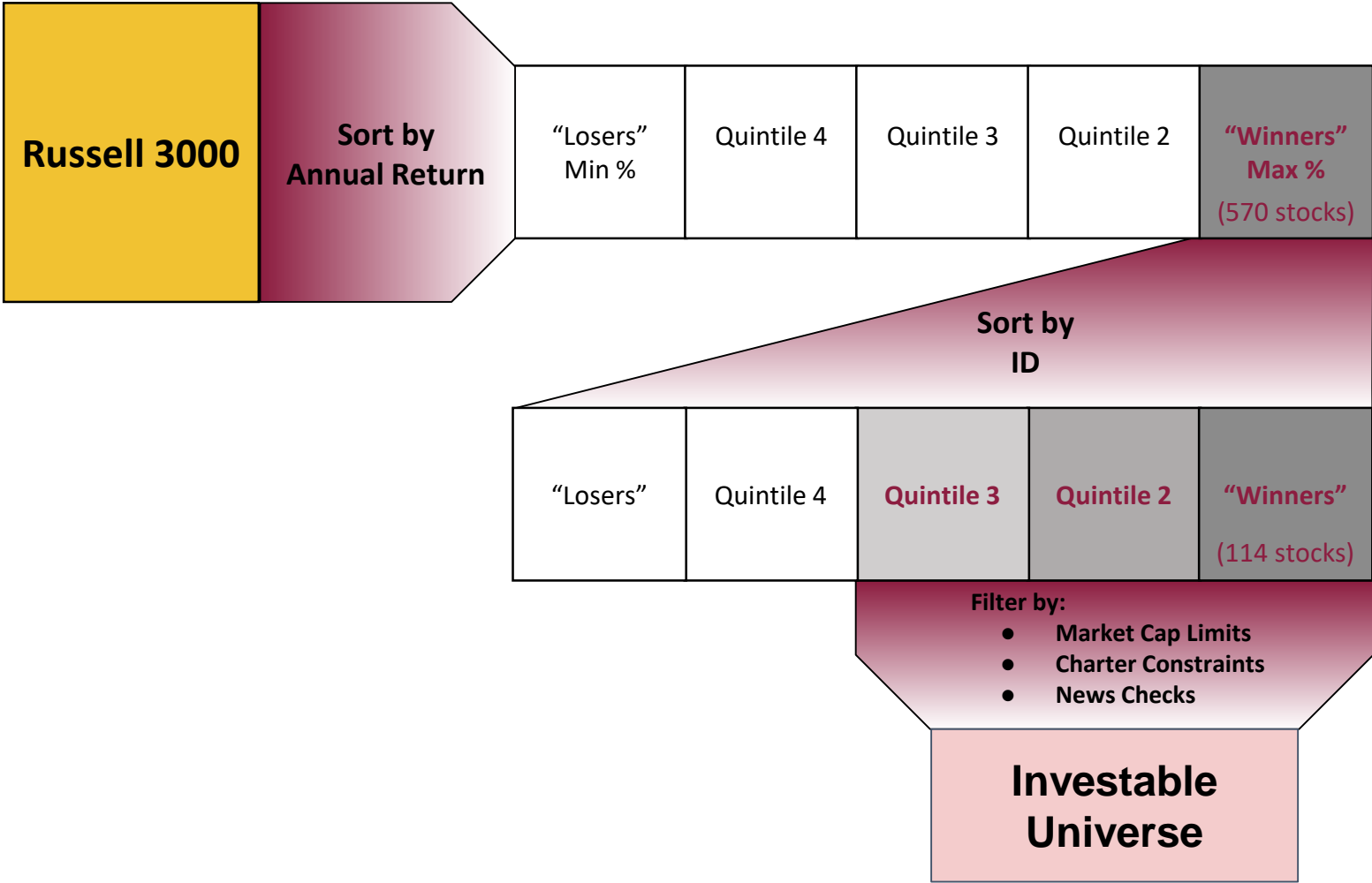
Sign of the cumulative return over t-12 to t-2

Percentage of days during formation period with negative returns minus positive returns

Source: Da, Gurun, & Warachka (2014)



Discussion on Investment Quintiles



Portfolio Construction Process

Cumulative market cap with respect to target portfolio: Consumer Discretionary

Target Portfolio Characteristics

Target # of Stocks In Our Portfolio:
70

Target Aggregate Market Cap:
\$350B

Example: Consumer Discretionary

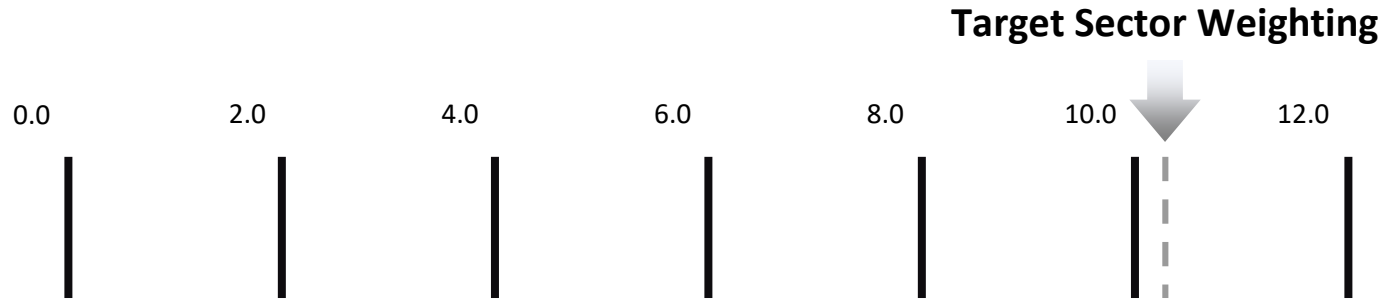
Single Security Actual Market Cap

Target Aggregate Market Cap:
\$350B

Security contribution (%) to
portfolio sector weighting

Portfolio Construction Process

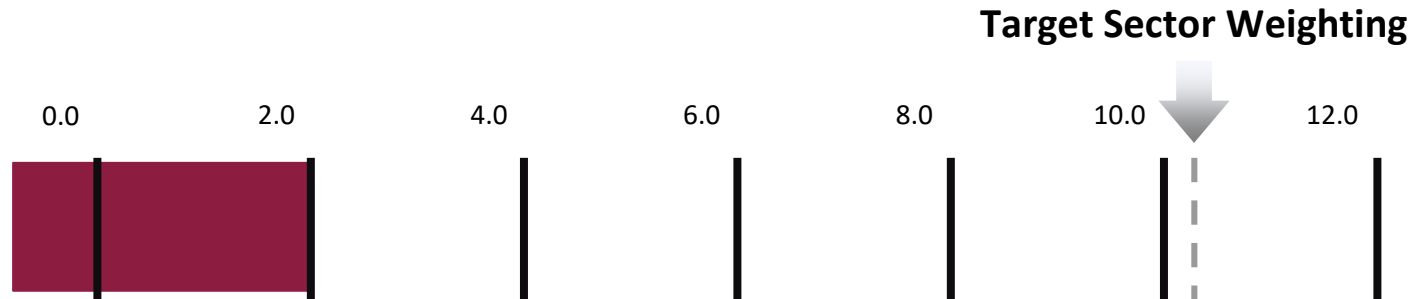
Cumulative market cap with respect to target portfolio: Consumer Discretionary



Security	Market Cap (\$B)	Market Cap Weighting	ID Rank
A	6.84	2.00%	1
B	5.59	1.60%	2
C	9.64	2.75%	3
D	13.26	3.79%	4

Portfolio Construction Process

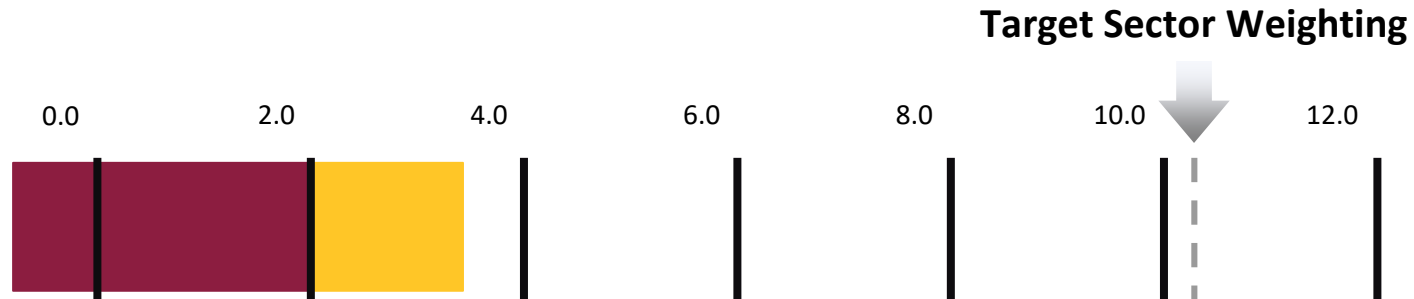
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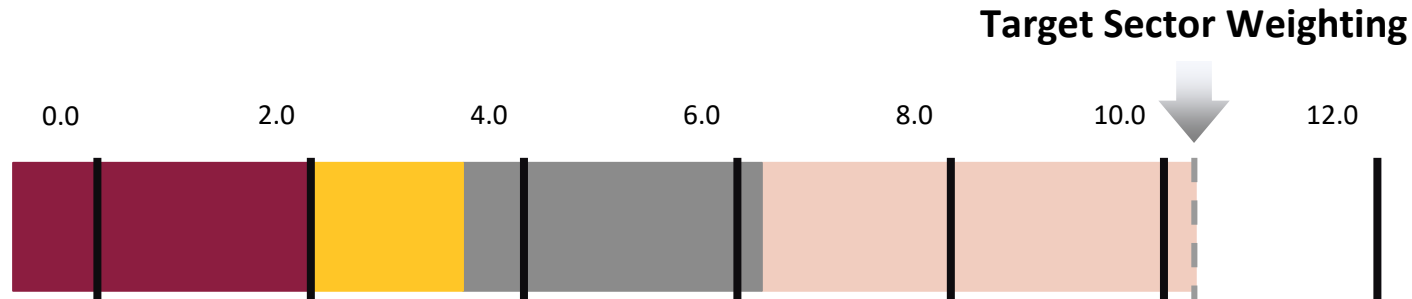
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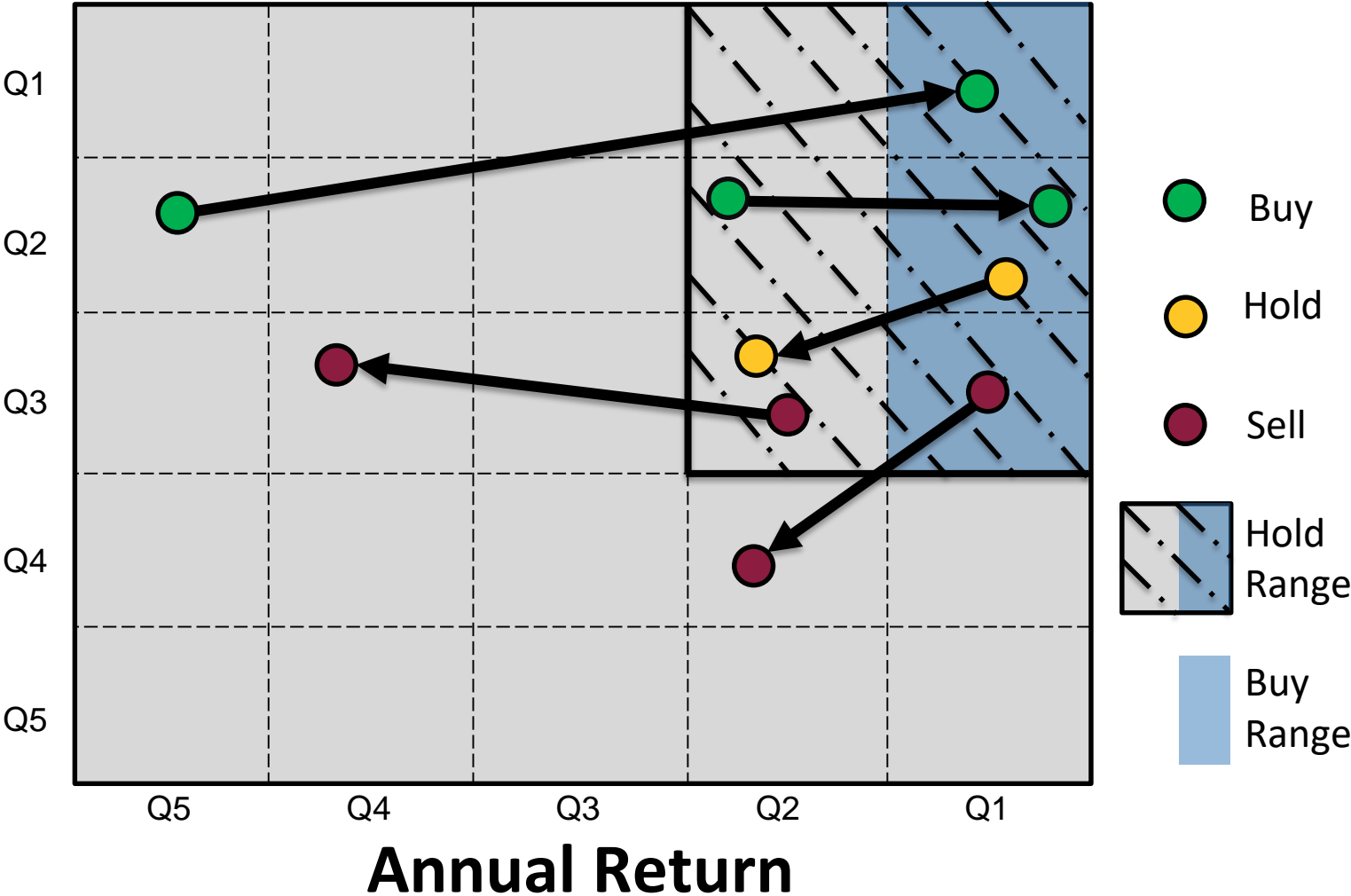
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Rebalancing

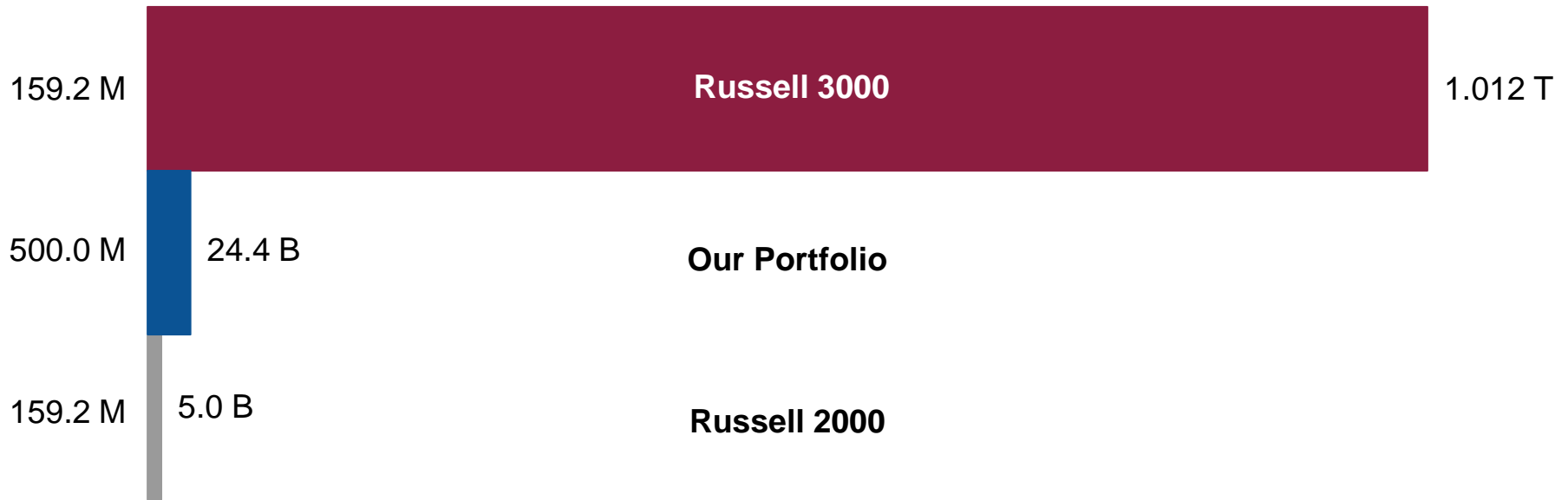
ID



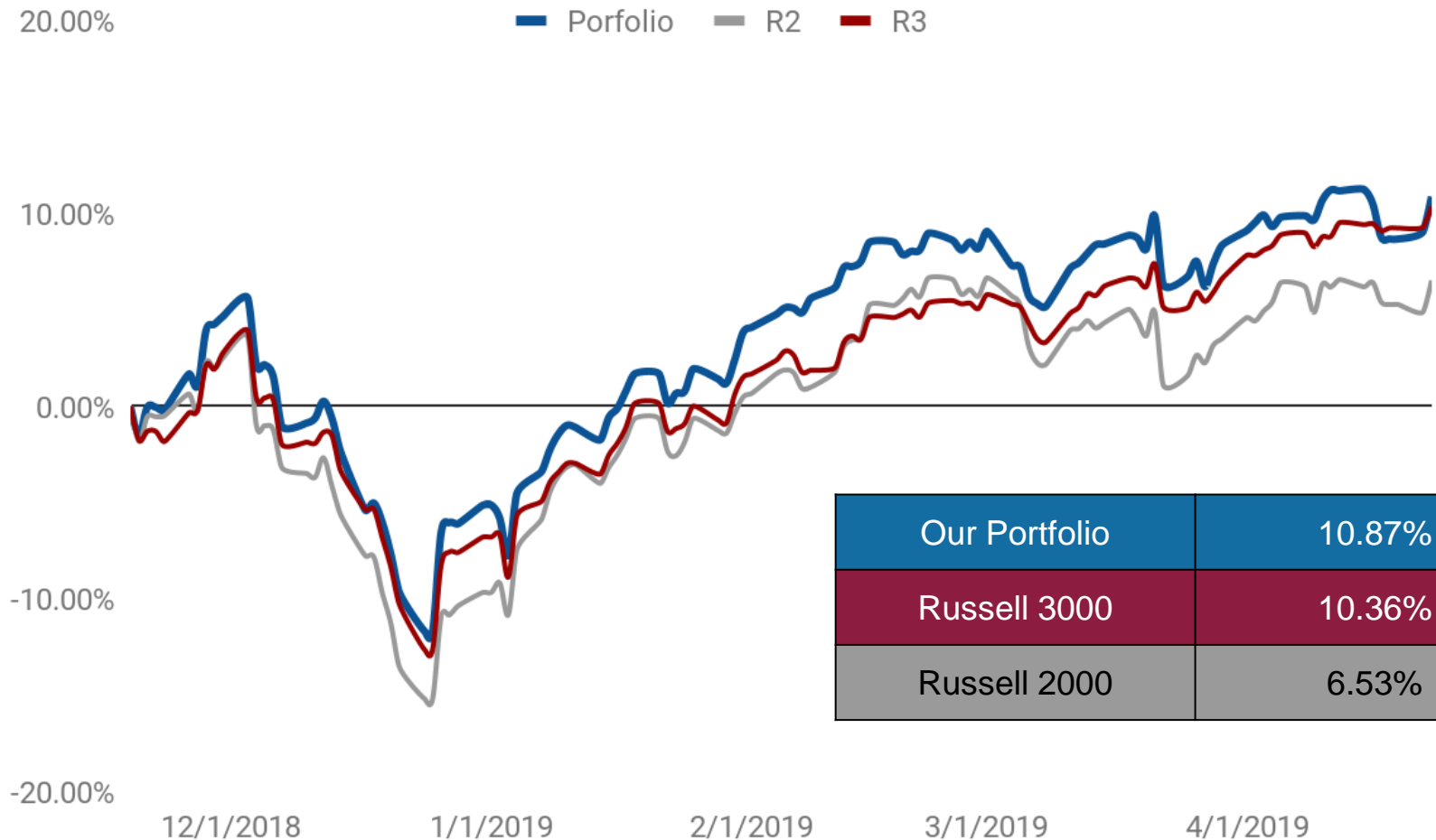
Returns and Attribution



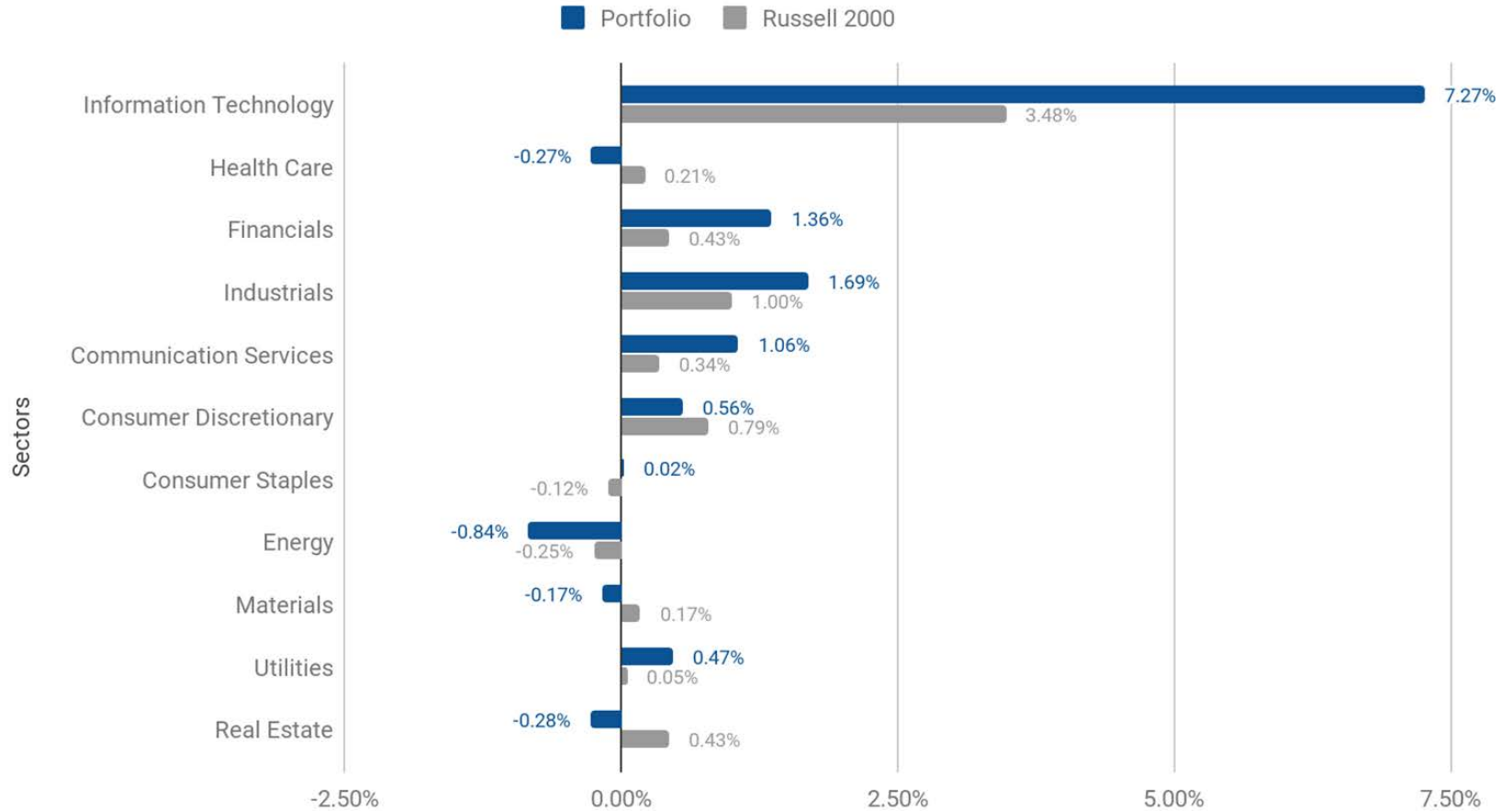
Market Cap Tilt



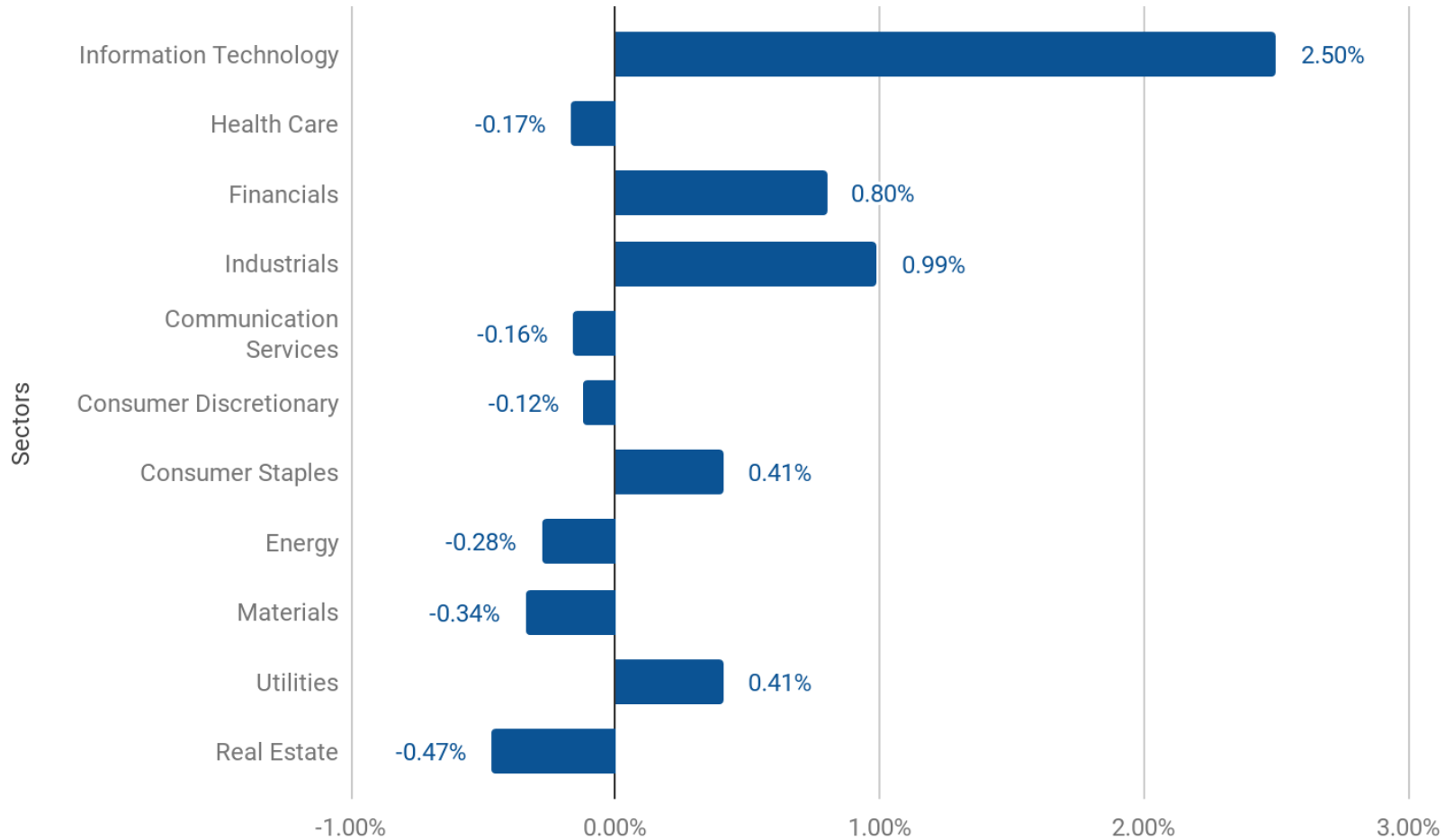
Portfolio Returns



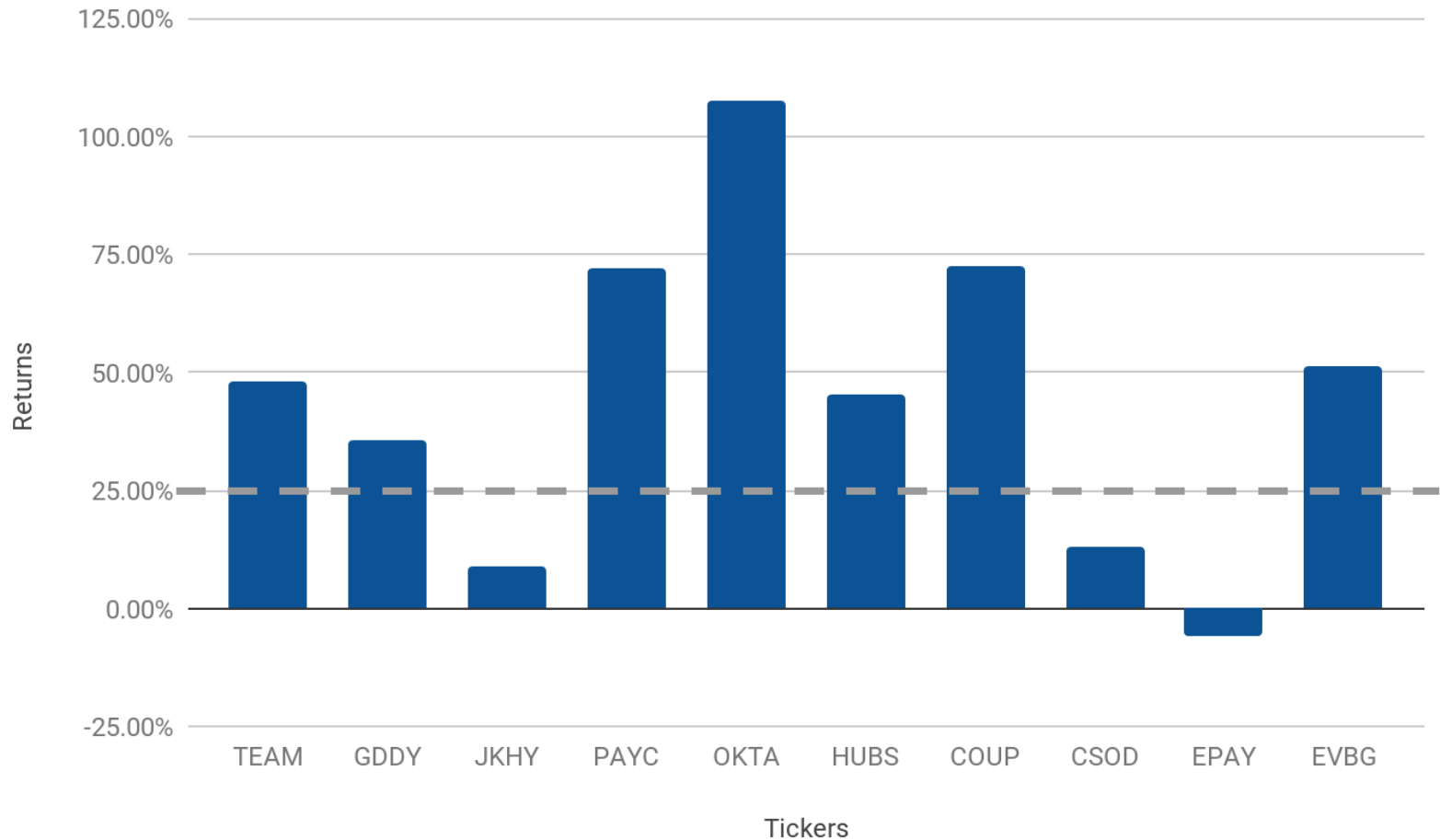
Sector Contribution



Selection



Information Technology Sector Attribution



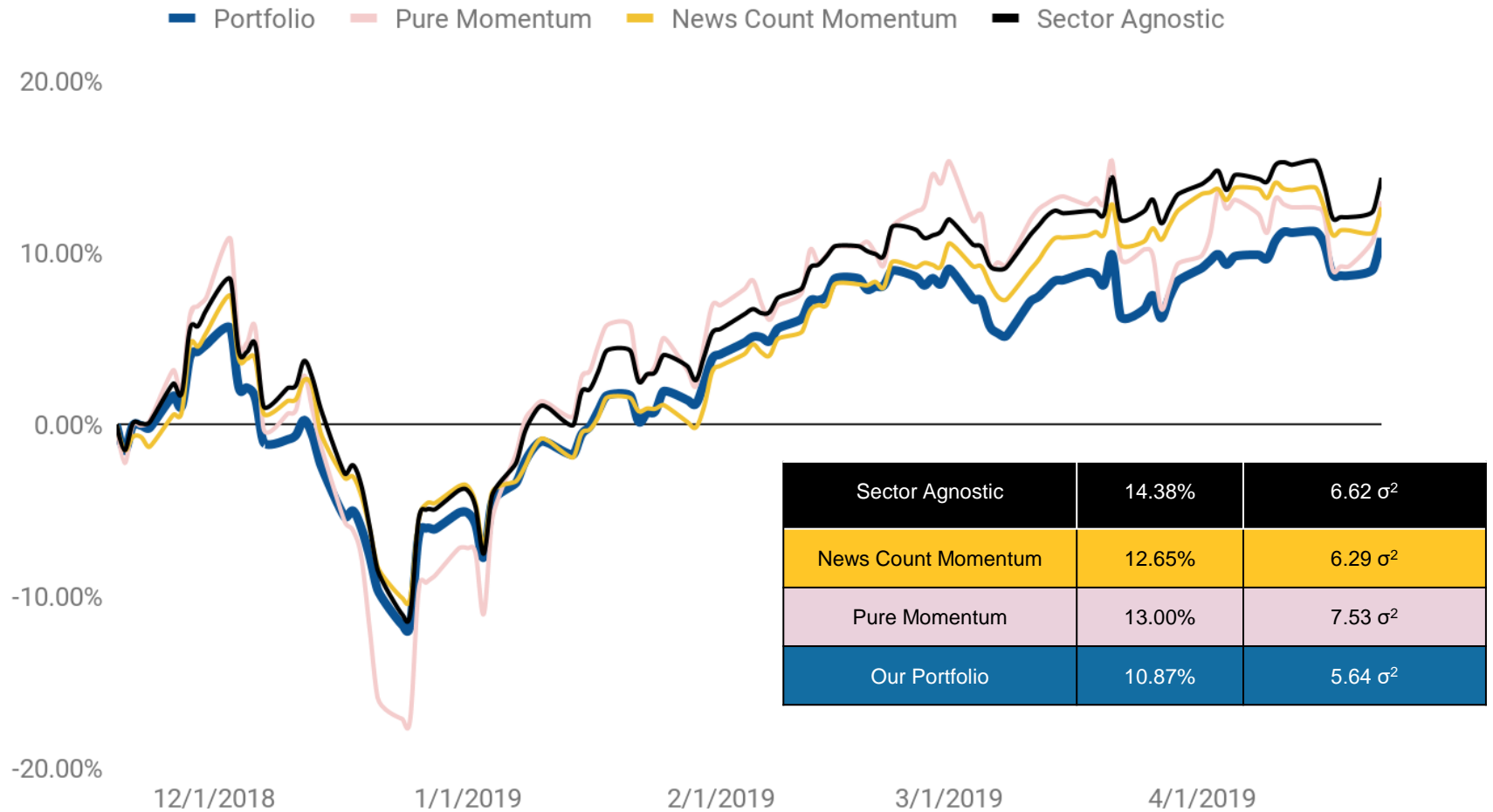
Shadow Portfolios



Shadow Portfolios

00	Our Portfolio	<ul style="list-style-type: none">• Sort by Annual Return• Sort by ID• Sector Neutral
01	Pure Momentum	<ul style="list-style-type: none">• Sort by Annual Return• Purchase Top 60 Securities
02	Sector Agnostic	<ul style="list-style-type: none">• Sort by Annual Return• Sort by ID• Sector Agnostic
03	News Count Momentum	<ul style="list-style-type: none">• Sort by Annual Return• Sort by Count of Press Mentions

Shadow Portfolio Returns



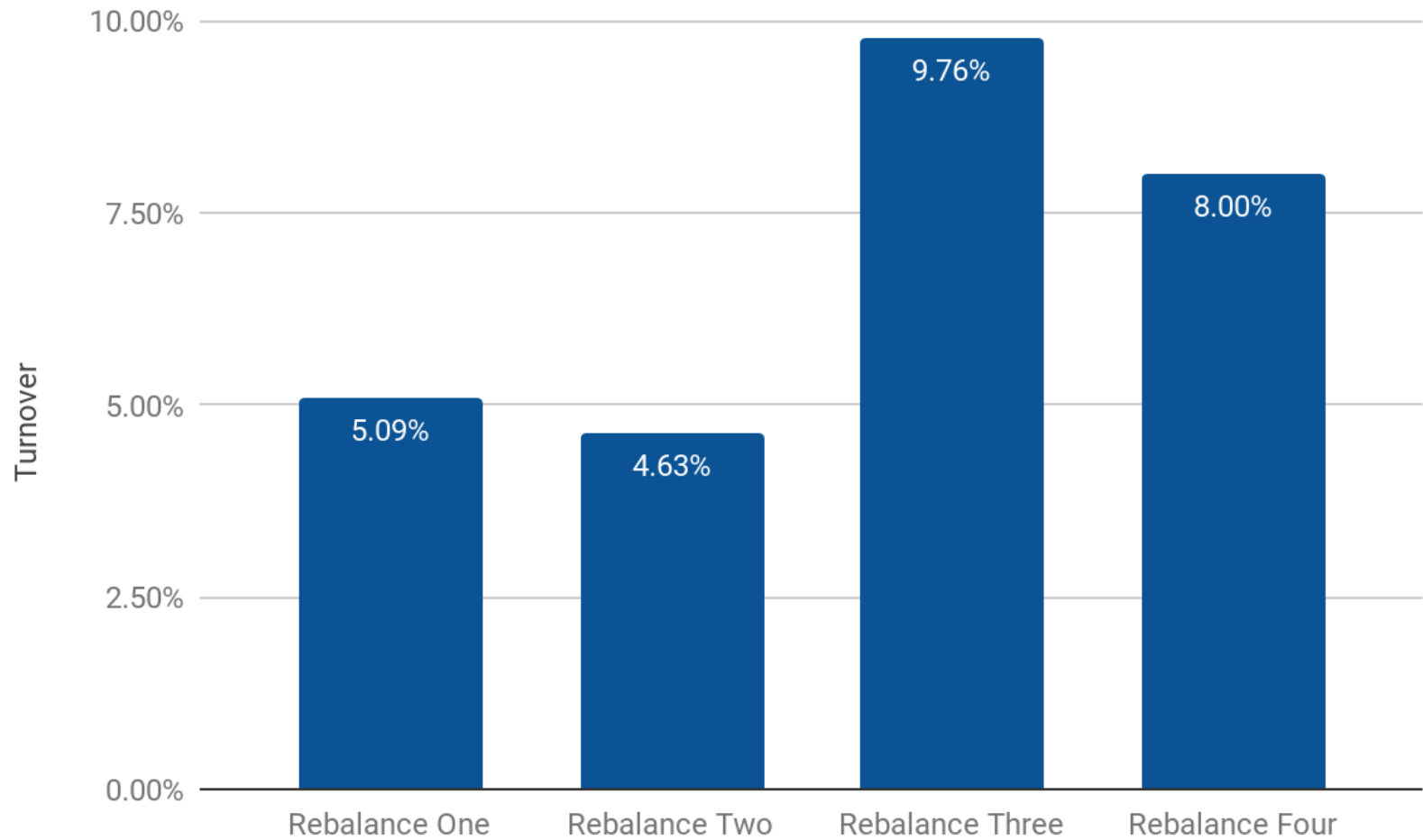
Thank you. Any questions?



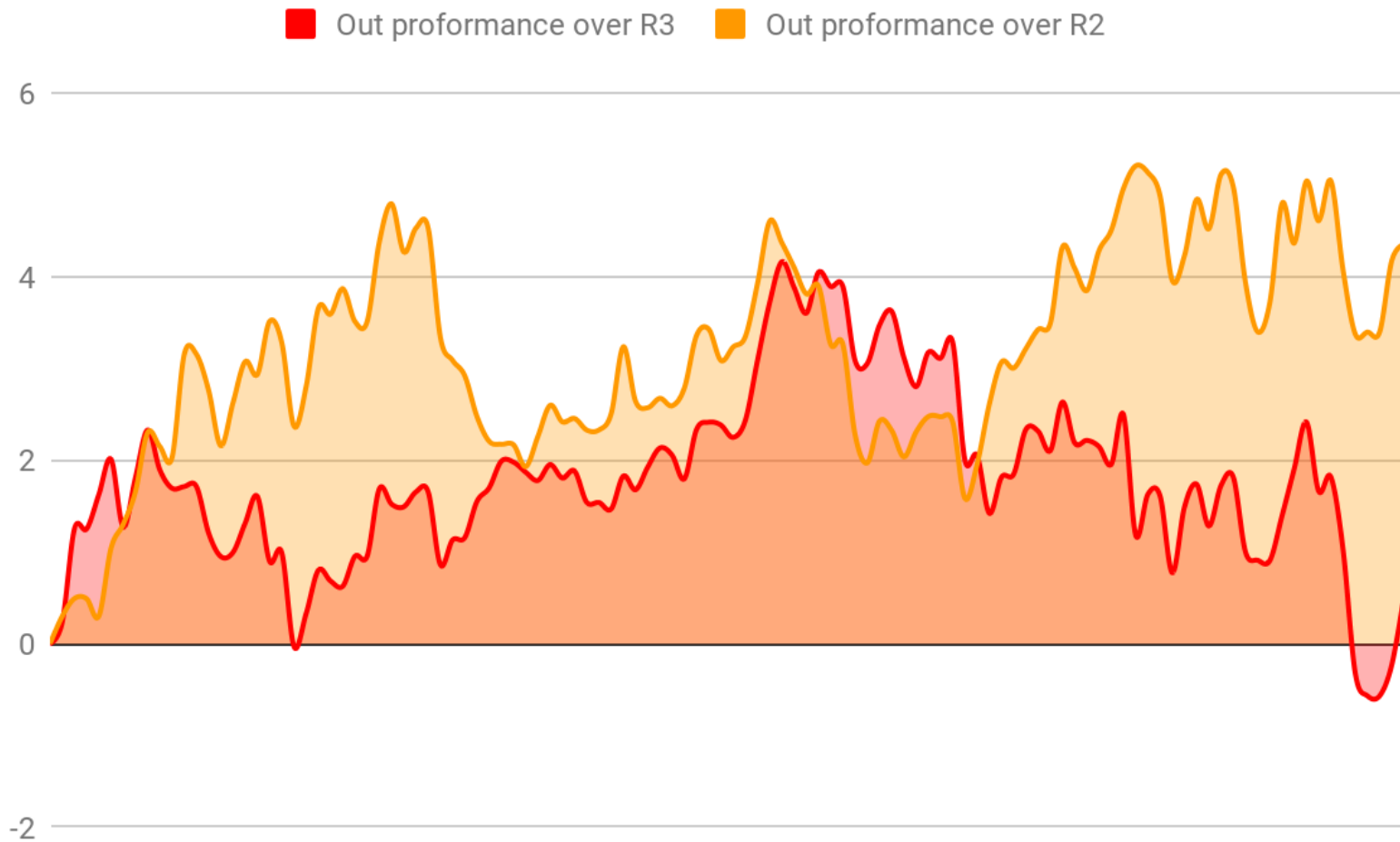
Appendix



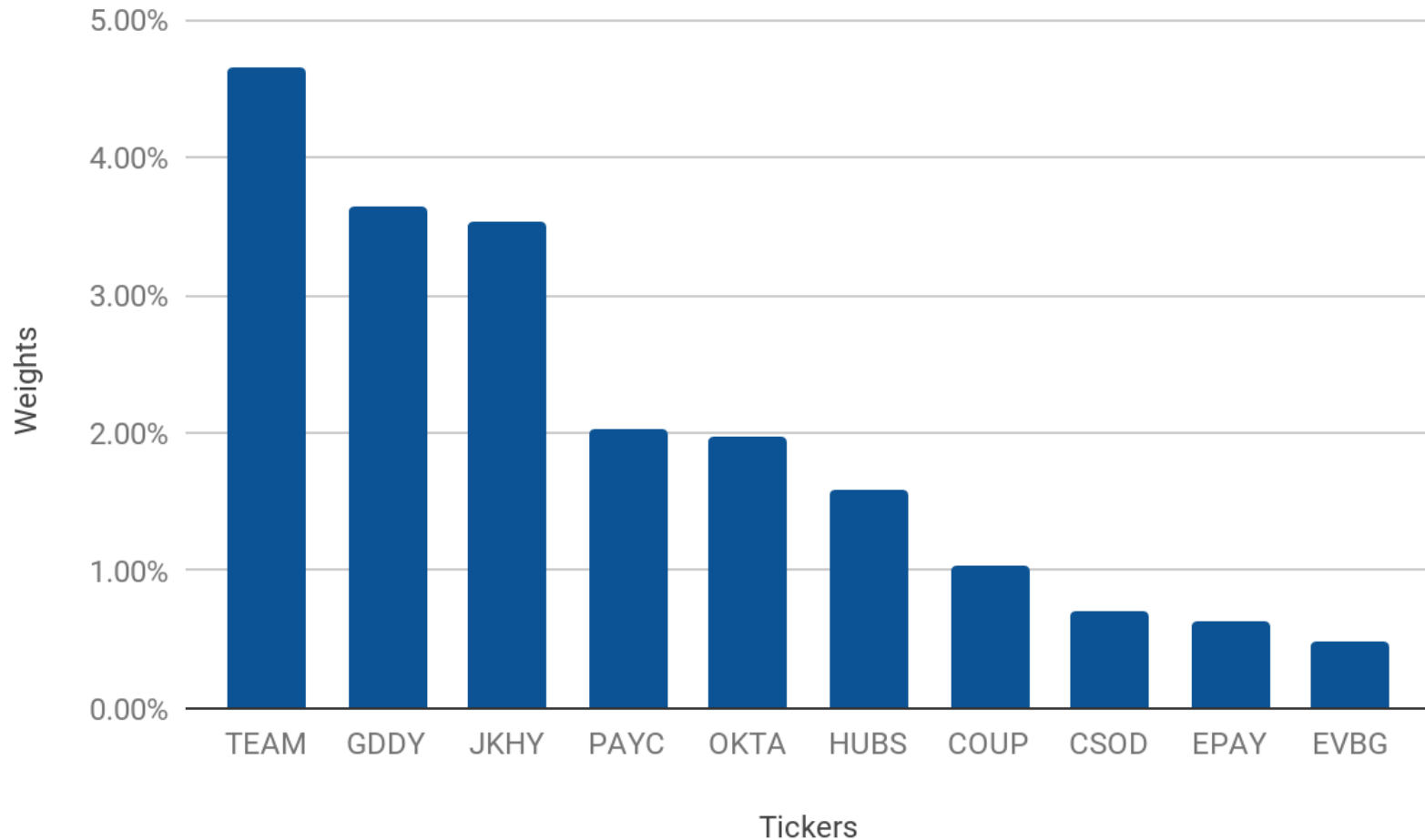
Turnover



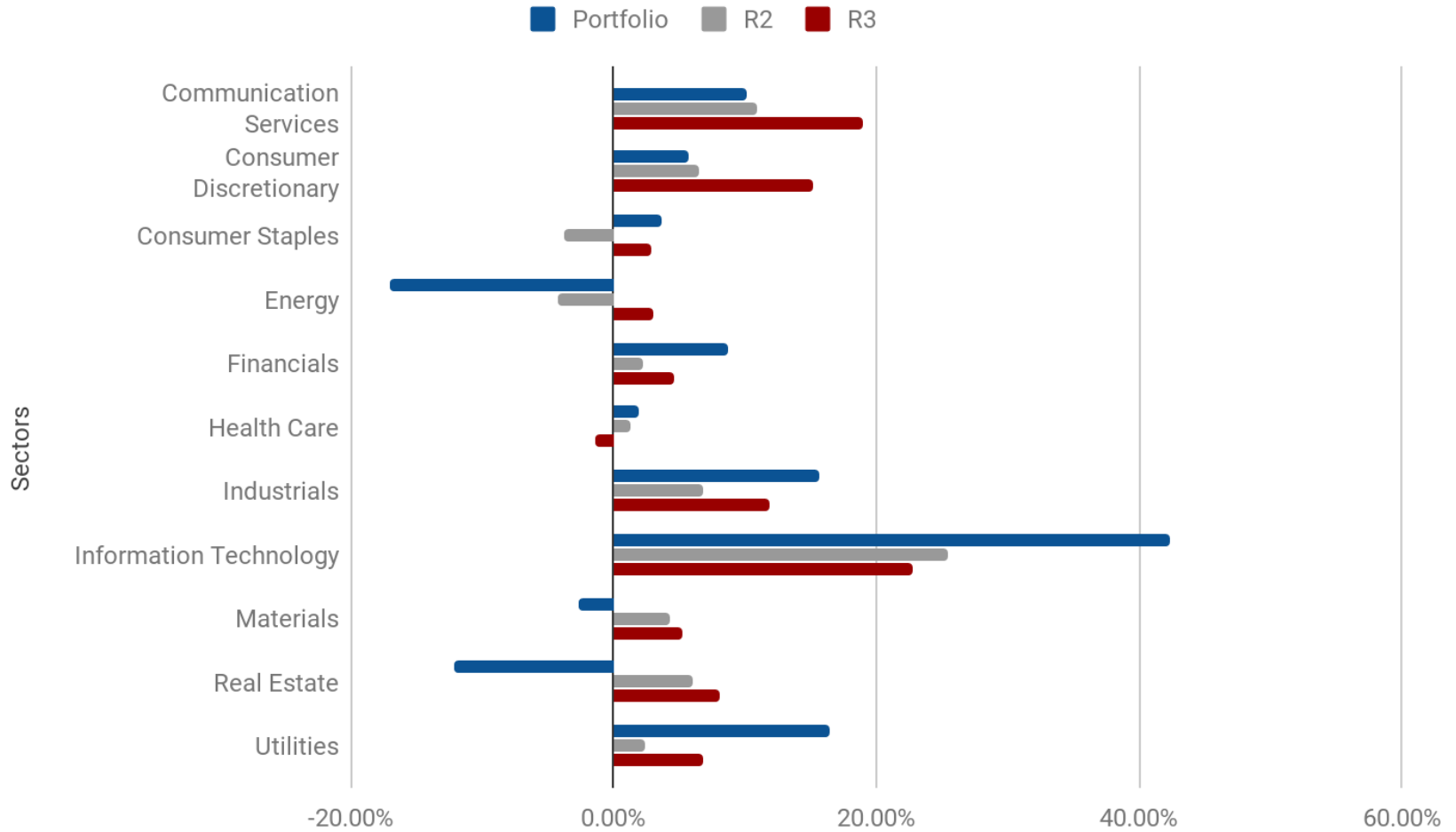
Outperformance



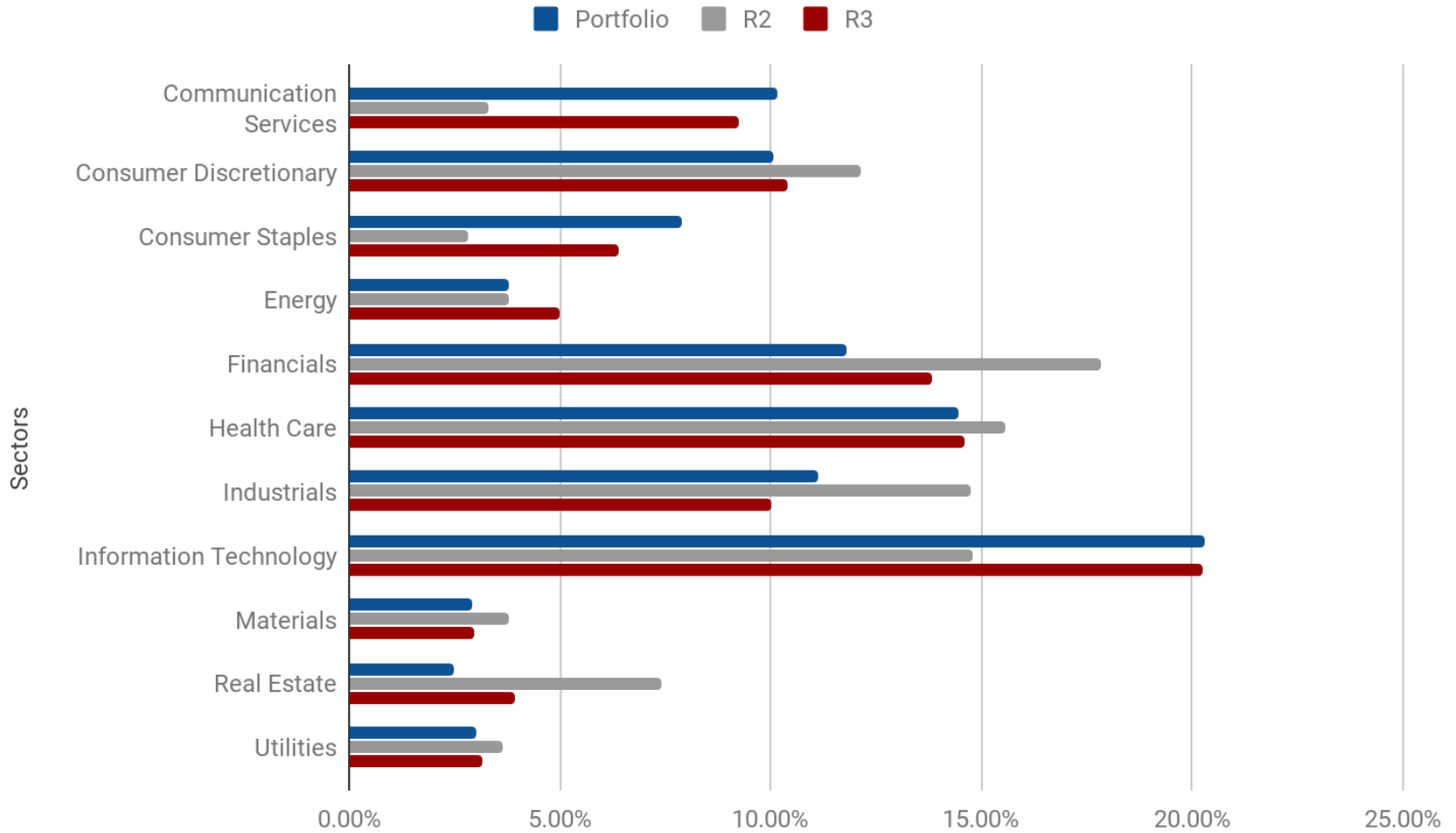
Information Technology Portfolio Weights



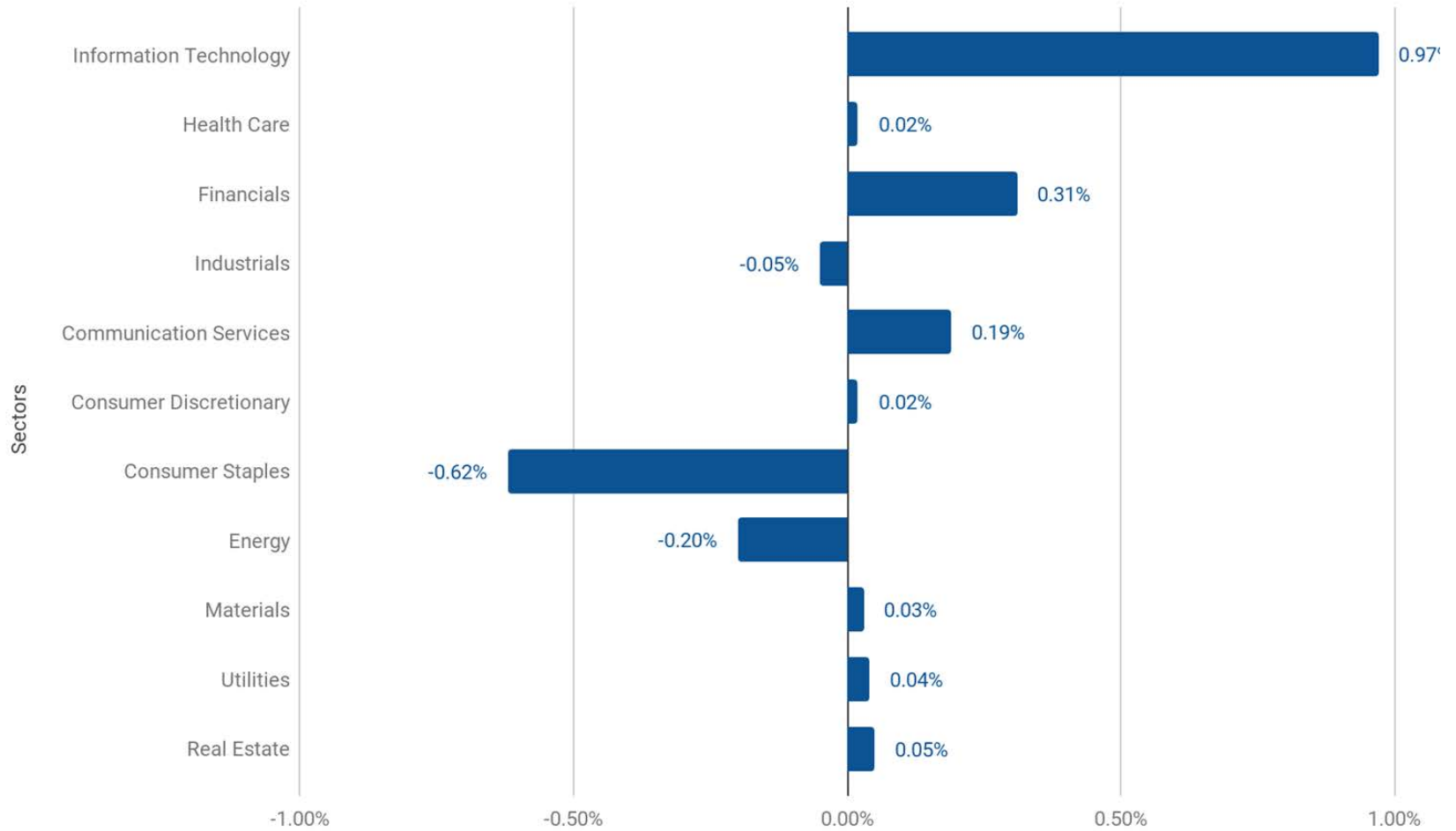
Sector Returns



Sector Weights



Allocation



Discussion on Investment Quintiles

