



# MEF

MINUTEMEN EQUITY FUND

*Fall 2017 Newsletter*

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Yoav Barkai, Head of Operations & Fund Development



Yoav is a junior and has been in the fund for four semesters. In his role, Yoav will be focused on the day-to-day operations of the Fund, including setting the schedule, arranging and leading club meetings, ensuring timeliness and quality of work, and coordinating with faculty and administration. Also, Yoav will focus on marketing for the Fund, both within UMass and externally to alumni and companies.

Jim Chappuis, Chairman



Jim is a junior and has been in the fund for four semesters. Jim's primary responsibility is to support the career development of all members of the Fund. His focus is on helping everyone get an internship or full-time job. He also works to create recruiting opportunities and helps lead MEF's recruiting process.

## INCOMING LEADERSHIP CHANGE

Leadership of the Fund will change hands after the Fall 2017 semester. Current Portfolio Manager Michael Canale, Chairman Nick Wiles, and President Anthony Battista, appointed the following members:

Kyle Menges, Portfolio Manager



Kyle is a junior and has been in the fund for four semesters. As the Portfolio Manager, he will be responsible for leading the pitch process and for the overall performance of the portfolio. Kyle will also lead financial modeling and valuation learning workshops for the fund.

## PORTFOLIO

During the past two semesters, the portfolio has undergone dramatic changes. When leadership changed hands in Spring 2017, our portfolio had grown to over 30 different positions ranging in values from \$2,400 to \$10,000, while our AUM had grown to over \$210,000. Tired, underperforming companies were beginning to build in our portfolio, giving us equity risk exposure without contributing to our upside.

We began to place equal importance on reexamining current holdings and pitching sells as we did with pitching buy recommendations for new holdings. The shift in focus, combined with high-quality pitches, allowed us to spur portfolio turnover and sell underperforming companies. The process of transforming our portfolio from a disjointed index fund to a high conviction, high concentration equity fund began.

Concurrently, given the dramatic appreciation in our AUM and decreased target number of holdings, we began to open new positions with an average size of \$8,000, a large but necessary increase from the former average size of \$4,000-5,000. Through these initiatives, we were able to make tremendous progress over the past year. We have been able to reduce our number of holdings from 32 positions to 22 positions, a decrease of 31%. Also, the average position size went from \$5,060 to \$7,345, an increase of 45%. The following trades were made over the past two semesters to achieve this:

Spring 2017		Fall 2017	
Sell	Buy	Sell	Buy
Ingevity	Teekay LNG Partners	Footlocker	HealthSouth Corporation
Chipotle Mexican Grill	Footlocker	Oaktree Capital Management	Tapestry
Adient		General Mills	<b>Additions to Current Positions</b>
Akorn		Johnson Controls	Hologic
		Schlumberger	Sherwin Williams
		WD-40 Company	Westrock
		Canadian National Railway	
		Amgen	
		Starbucks	

The current AUM of the fund is over \$250,000. We are extraordinarily pleased with our performance, especially given the fact that we have maintained an average cash balance of roughly 30%. The large cash balance is the product of two factors:

- 1) Portfolio Level Initiatives
- 2) Paucity of value-oriented opportunities in the U.S. equity market

The portfolio level initiatives meant to reexamine existing holdings and sell underperforming holdings unsurprisingly led to a significant increase in our cash balance. We strive to put this cash to work, however we are not willing to lower our standards in terms of margin of safety or conviction for a pitch in order to deploy cash. The subsequent difficulty of finding truly promising value-oriented stocks has created a build up in our cash balance. Given current market valuations, we are comfortable having a large cash balance that we will be able to deploy as we find opportunities and/or as valuations become more reasonable.

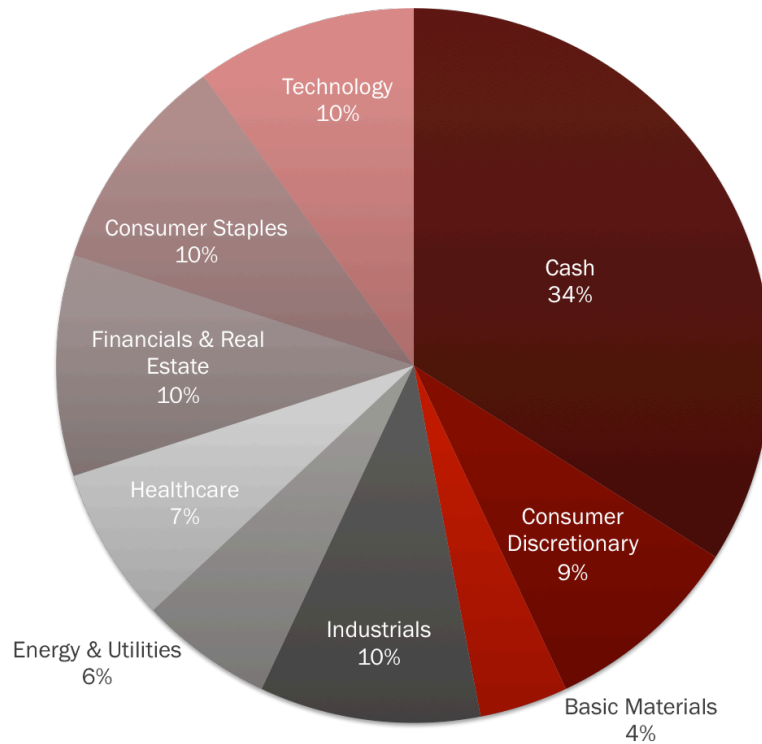
Over the long run, we believe that our larger position sizes, combined with the reduced overall number of positions, will allow us to focus more effectively on our existing holdings while allowing for our highest conviction purchases to truly contribute to our outperformance.

# PORTFOLIO PERFORMANCE VS. S&P 500 YEAR-TO-DATE

Year-To-Date Performance:  
MEF Portfolio: +15.8%    S&P 500: +19.4%



## CURRENT SECTOR ALLOCATION



## FULL-TIME JOB & INTERNSHIP PLACEMENT

Career placement is one of our focal points and we are currently in the mix of recruiting season. We are off to a great start for next year. Here is a summary of our members' placements so far.

We still have several members looking for internship and full-time job opportunities. If you have or know of any opportunities, please let us know!

### Full-Time Placements

Nick Wiles Citigroup Sales & Trading Boston, MA	Anthony Battista Wayfair Corporate Finance Boston, MA
Michael Canale Berkeley Research Group Management Consulting Boston, MA	Nick Ziner Goldman Sachs Internal Audit, Securities New York, NY
Drew McGeary Citigroup Sales & Trading New York, NY	Austin Flinn Aegis Capital Investment Banking New York, NY

### Internship Placements

Kyle Menges Eaton Vance Equity Research Boston, MA	Edden Nativ MassMutual Investments Investment Management Springfield, MA
Jim Chappuis Miller Buckfire Investment Banking New York, NY	Penelope Martin Goldman Sachs Commercial Banking New York, NY
Sophia Nolasco Fidelity Investments Investment Research Boston, MA	Nathan Hallock General Electric Financial Management Program Boston, MA
Dan Cornelius Citigroup Sales & Trading New York, NY	