



# LAKER ASSET MANAGEMENT

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Spring 2020 Report

MAY 19

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Laker Asset Management  
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# Overview

Although the academic year ended rather abruptly, the club members of Laker Asset Management have continued to continually meet on a weekly basis in order to ensure that the club is still properly being managed and the market volatility is not overlooked.

The club has evolved in many ways since the last endowment committee meeting in early February. Details will be shown through the entirety of this report, but first we would like to honor the dedication that co-founder, President, and Board Member Adrian Larsen put forth to the life of the club. Since the start of the club in 2017, Adrian has tirelessly worked to make sure LAM is constantly improving week to week.

Upon graduation of the Mercyhurst Class of 2020, Adrian and several other dedicated seniors will be leaving the club, allowing club officer positions to open for younger club members to fill. These positions essentially include all executive board positions that the club has to offer since three out of the five available roles were filled by graduating seniors. Details on what is next to come can be found in a following section.

Laker Asset Management's strategies have been harshly tested by the market's recent volatility due to economic uncertainty from the COVID-19 pandemic, but in the end, faith is restored through market recovery and long-term outlooks for the future. In-depth descriptions on all strategies will follow in addition to changes in leadership as mentioned above.

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# Changes in Leadership

First and foremost, the Club is happy to welcome two new Board Members to the leadership of the club. These two individuals were particularly outstanding among other club members, and their dedication to the club was recognized enough to allow them to become an active role in the club. Rising sophomores Derek Kagen and Brentyn Muir have accepted the offer and are officially among the four total Board Members of the club now. Biographies of these gentlemen can be found on the members page of the website at [lakerasset.com/members](http://lakerasset.com/members).

The pool of officer positions that the club has to offer include President, Vice-President, Treasurer, Secretary, and Chief of Marketing. Each of these positions' descriptions are able to be found in the club's constitution at [lakerasset.com/constitution](http://lakerasset.com/constitution).

President and Vice-President positions are appointed by the existing Board Members, and the decision has been made for Drew Hoover to fill the shoes of Adrian's previous position as President. Additionally, Derek Kagen will be assisting Drew in the duties of the officers and making sure the club is operating smoothly day-to-day. This will be the first time that a non-founding member of Laker Asset Management is leading the club, but Adrian assured that this is the right leadership team in the long run.

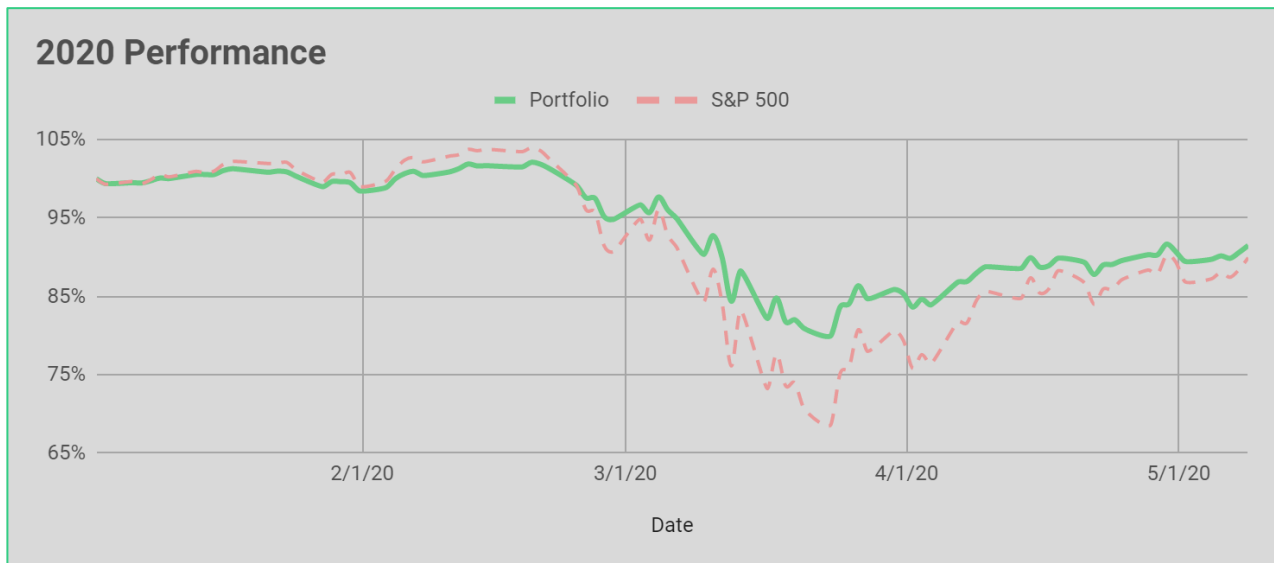
Regarding the open officer positions, the Treasurer, Secretary, and Chief of Marketing will be elected in the beginning of the Fall semester to allow incoming Freshmen a chance to run for one of the positions.

The current and new Board Members look forward to meeting once again face to face in the Fall once everyone is back on campus and the club is once again functioning after the long summer hibernation. Board Members plan to communicate on a bi-weekly basis throughout the summer in order to keep the portfolio top priority.

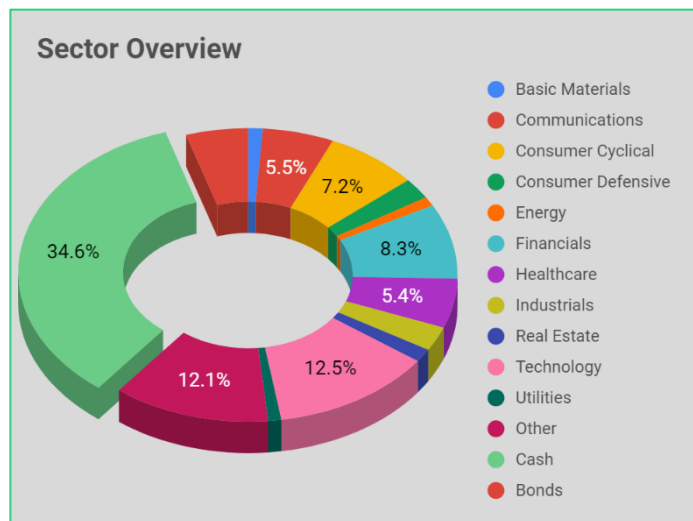
# Portfolio Performance

## YTD Performance

As of April 30<sup>th</sup>, 2020, Laker Asset Management’s portfolio has outperformed its benchmark, the S&P 500, by 1.3% year-to-date. The first four months of the year has given the club members a wild ride, showing losses of as much as 20%, while markets have dropped and since recovered nearly 27% since opening prices on January 1<sup>st</sup> of the year. YTD performance of the portfolio matched up to the benchmark can be seen in the chart below:



Diversification of the club’s \$200,000 allocation has also improved since the last endowment committee meeting in February. Numerous trades have gone through recently, which helped the portfolio diversify greatly. As shown in the chart on the right, the portfolio has holdings in all the main sectors of publicly traded companies, settling heavily in technology and commodities, aside from cash allocated for the club’s short-term strategy.



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## New Themes

Continuing to use the thematic investment strategy for the portfolio's long-term allocation as described in the club's constitution, Laker Asset Management has completed enough research to cap the semester off with three themes: Safe Havens, Extreme Weather, and Crisis Reevaluation.

Firstly, the purpose of the 'Safe Haven' theme was to counter any economic downturn that may happen, thus minimizing any exposed risk to the portfolio. In this purchase, shares of a SPDR Gold ETF tracker were purchased in order to leverage the common markets. Two trades were placed for this purchase: 30% of the existing shares were bought when the theme was originally passed, and the rest were purchased when threats of COVID-19 were initially reaching the United States. Additionally, the purchase of a 2-year Treasury Bond was placed a year prior and will mature later in 2021.

The second theme that was passed titled 'Extreme Weather' consists of a purchase of a bundle of home improvement companies and an agricultural ETF. Statistics of extreme weather events have been gradually increasing over the last few decades, which has been affecting cities and rural areas all around the globe. These extreme weather events include droughts, floods, wildfires, and hurricanes, just to name a few. Further research can soon be found on the club's public website once the details of the research is finalized and published.

The third and final theme that was passed during this Spring semester called 'Crisis Reevaluations' consists of a bundle of large US banks. The main idea behind this theme was to purchase ownership in these corporations after there was a large selloff from the COVID-19 pandemic that hit the US just weeks before the proposal of this theme. Additionally, the Price/Earnings ratios showed great favor toward April and early May being a great time to buy within the financial sector. Research was conducted to compare how this selloff compares to the 2008-09 financial crisis that led to a recession soon after.

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## Short Term Performance

Under conditions of receiving an additional \$200,000 in the Fall of 2019, Laker Asset Management has offered club members to form groups and invest in equities over the course of the semester. This Spring semester, another competition began in the first few weeks of February. If the unforeseen global pandemic would have been known, then surely the groups would have waited a week or two to place their trades, but unfortunately, the three groups that invested happened to buy during the last record-breaking week of all-time highs in the domestic markets. These groups then faced steep declines all through March, and barely recovered in the end.

Due to the volatility of the markets through March and April, as well as investing at record-breaking highs, the three groups that chose to invest did not make a profit once liquidated on April 30<sup>th</sup>. Fortunately, there were three other groups that simply did not coordinate with one another to place any trades, which happened to save the \$60,000 short-term allocation from facing steep losses. Remaining in cash happened to be the right move, but in the end, the overall Spring competition lost approximately 10%.

## Theme Performance

<b>THEME</b>	<b>THEME VS. BENCHMARK</b>	<b>DURATION</b>
SMART MANUFACTURING	21.07%	25 months
AGING POPULATION	-18.43%	24 months
5G / TELECOMM	-11.13%	18 months
THINKING GREEN	12.98%	7 months
SAFE HAVENS	19.36%	4 months
EXTREME WEATHER	10.48%	1 month
CRISIS REEVALUATION	-4.30%	1 month

Data extracted 5/11/20

## Portfolio vs. Benchmark

S&P 500		Portfolio	
Dec. 31 2019:	\$3,230.78	Dec. 31 2019:	\$214,627.36
Price Today:	\$2,930.19	Value Today:	\$201,449.92
% Change	-9.30%	% Change	-6.14%
<b>Are we beating the market?</b>			<b>3.16%</b>

## Second Allocation

