

LAKER ASSET MANAGEMENT

SPRING 2021 REPORT

MAY 4

Laker Asset Management
Authored by: Drew Hoover, Derek Kagen,
Brentyn Muir, Vincent Agostinelli, Eric Bartos



Overview

As Laker Asset Management approached the second semester of the 2020-21 school year, the Board Members were prepared to really get the ball rolling at the pace that had been left off since Winter Break. The decision to add two new board members had been made, bringing the total board back up to five individuals. General members of LAM discussed new trends and analyzed the particularly volatile market throughout this semester to finalize investment decisions.

As an organization, an ample amount of time and energy was put forth towards determining how the market would react to the major events taking place during the Spring semester. Much research was dedicated to find themes that could benefit from changing social trends and had potential to add value to the portfolio. The research and plans will be discussed furthermore in the *Portfolio Research* portion of this report.

As we approach graduation this Spring, the departure of LAM President, Drew Hoover is imminent. Drew has dedicated a massive amount of time and effort into managing Laker Asset Management over the past four years. We will talk more about LAM's departure with Drew in the *Graduating Board Member* section later in the report.

The overall mission for next semester is to not only increase the number of students in attendance to meetings but also increase the individual participation of students in the organization. The Board Members regularly discuss different ways to create constructive conversation and how to create an environment where members feel comfortable yet challenged simultaneously. The long-term success of the portfolio performed well overall. The short-term competition between different teams of analysts did not result ideally and will be addressed more in the performance section.

Current Leadership

Moving through the Spring semester, Laker Asset Management has been operating under the leadership of five Board Members. The expertise and skill set of each Board Member varies and plays a huge role in their position in the organization. The current leadership team has done a great job communicating regularly to improve different aspects of LAM.

Continuing Leadership

The semester was led by our President and only graduating senior [Drew Hoover](#) with the assistance of [Derek Kagen](#) (Sophomore) as the Vice President. Both Drew and Derek were able to provide the organizational and leadership skills that led to a strong 2020-21 academic year. Additionally, [Brentyn Muir](#) (Sophomore) continued to bring new perspectives and ideas to LAM in his second semester as a Board Member. The two newest additions to the Board, [Eric Bartos](#) (Senior) and [Vincent Agostinelli](#) (Sophomore), both acclimated well to their leadership positions in the Spring.

This semester and moving forward, the Board made a point to place Board Members based on the personal skills of each member. This appointment of different positions and duties worked very efficiently, and there is a plan to further this technique going forward. One of the larger tasks of this semester was the transfer of knowledge from our graduating President. Drew Hoover has done a particularly good job transitioning his positional duties and knowledge to the rest of the Board. The remaining Board Members have effectively communicated and delegated duties to each other.

Graduating Board Member

[Drew Hoover](#) has been a contributing member of LAM since his freshman year in 2017 and quickly rose through the ranks. He has continually added new aspects to the organization while using his many skills to improve how LAM operates. Drew not only started and has administered the LAM website (lakerasset.com), but also

revolutionized the online portfolio tracking system, bringing the organization to highly a capable, yet easy-to-understand model in place today. Many of the members have had the privilege to watch Drew develop as a person and a leader during his time with LAM. Without a doubt, he has been the backbone of Laker Asset Management over the past year, and we hope that he continues to stay in contact with the group in the years to come.

Drew has done a substantially great job with the transition of his knowledge and skills to help LAM continue to do well. Drew will be graduating in May with a bachelor's degree in both Finance and Business Economics. He currently has a position secured as a Jr. Financial Analyst with Union Home Mortgage which he will start full time in late May after beginning as an intern in May of 2020. Drew and his fiancée, whom he asked to marry him in October, will be living together in Canton, Ohio for the time being after graduation. We wish him the best of luck in his career and life after Mercyhurst.

Other Officer Positions

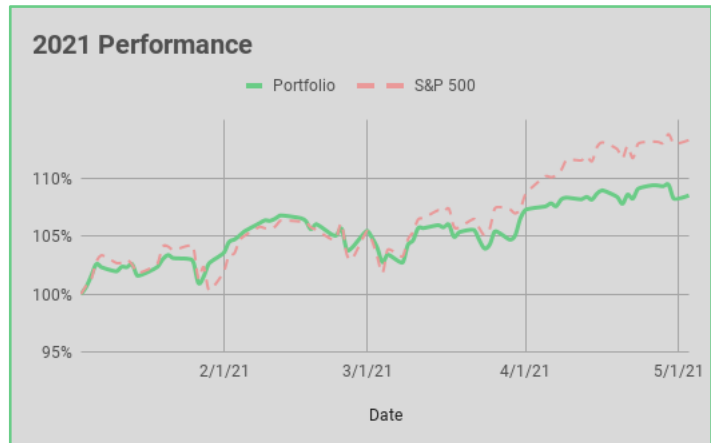
Moving forward, the Board Members have voted to fill the President role with [Brentyn Muir](#). Brentyn has shown very strong leadership, interpersonal skills, and financial knowledge that are necessary to fill this position. [Derek Kagen](#) has done an excellent job in filling the VP position this year but will be stepping down from the position in the Fall semester of 2021.

The Vice Presidency will be succeeded by Board Member [Vincent Agostinelli](#), who has shown a great work ethic and inventiveness to help promote the LAM vision. [Eric Bartos](#) will be returning for his master's degree in the Fall and will continue as a Board Member. He will continue with the main duties of communication between the Members and the Board, as well as managing research teams.

Portfolio Performance

2021 YTD Performance

As of May 4th, 2021, the Laker Asset Management portfolio is underperforming at a margin of **-3.32%**. Year to date, the LAM portfolio has grown **7.55%**, but these gains are humbled in comparison to the 10.88% growth of the S&P 500 during the same period. After the COVID-19 price drop in early 2020, late January to early March of 2021 marks the first period that the portfolio was ahead of the S&P growth, but this run was stunted by an underwhelming Spring 2021 ST competition.



This semester, LAM has further diversified by contributing to their thematic investment strategies. These additions include a new theme, *New Normal*, as well as an extension to the existing *Extreme Weather* theme. These bring the portfolio into new avenues including shipping, fintech, agriculture, and municipal infrastructure.

Theme Performance

LAM's thematic investment strategy has reaped impressive rewards over the 2020-21 academic year. Overall, the thematic strategy alone beat the S&P 500 by 31.40% in 2020 and continued to beat a bullish Spring 2021 market by 5.48%. Before going into each of LAM's theme performances, visit lakerasset.com/portfolio to view the complete research documents for each theme.

Best Performers

Thinking Green, Extreme Weather, and Crisis Reevaluations all stand out in terms of both their mid- and long-term performance. Thinking Green, our theme focused on green energy and a more sustainable energy market, has performed the best by beating the S&P 500 by 142.70%!

Extreme Weather and Crises Reevaluations, our two investment themes made during the COVID market crisis in late Q1 of 2020, have also both performed well by outperforming the S&P 500 (which has rallied 47.31% over the same period) by 12.06% and 38.78% respectively.

Worst Performers

The Safe Havens and 5G themes performed the worst through this recent academic year. 5G is comprised of Verizon and AT&T, which are both trading at levels remarkably close to their price one year ago despite a positive reception of the widespread implementation of 5G across the United States. 5G has underperformed the market by 50.3% since its inception in November of 2018.

Safe Havens on the other hand is a theme that LAM expects to perform negatively when the S&P has a positive performance. Safe Havens is only underperforming the market by 13.4% and being our heavy hedge against a negative market is still a positive investment in the eyes of the LAM Board Members.

New Themes

New Normal

The New Normal theme is centralized around three main ideas: contactless transactions and shopping, gaming, and shipping. Throughout the COVID-19 landscape, methods of transactions have drastically changed. If buying in person, many places and events have begun to require contactless payment options as the only form of accepted payment. As a result of this, companies like Square, PayPal, and Shopify are all profiting from contactless payment and shopping.

The gaming and streaming industry has received an overwhelming increase in revenue due to lockdown orders caused by the COVID-19 pandemic. The population has become more inclined to participate in online gaming, as well as the streaming of these games. As a result, this portion of funds has been allocated to NERD, which is an ETF of gaming and streaming companies.

Companies like FedEx, Deutsche Post, and Shopify are making strides to support the economy throughout the pandemic. Shipping has been very vital for businesses to run. Shopify helps small and medium size businesses which incorporates 99.7% of businesses. All these businesses need sales and the companies that were prepared with an online infrastructure before the pandemic benefited and the companies that needed to catch up went to Shopify. With online shopping comes more shipping which FedEx and Deutsche Post came into play as a solid investment. Also, vaccine distribution is needed which requires shipping all over the world. This need of shipping is never going away, and the demand will always be there.

The New Normal theme has underperformed the S&P 500 by 2.04%. This is largely due to a major technology sell off in recent weeks that looks to continue soon.

Extreme Weather

An addition that was made to the Extreme Weather theme is Smart Agriculture and Waste Management. Smart Agriculture is an investment into the extreme future, success in agriculture rests on the shoulders of operational excellence and logistics. Companies like Archer-Daniels Midland (ADM) and Bunge (BG) are involved in the process and route the food eaten by millions of people, pets, and livestock every day. Each of these two global commodity trading giants continue to advance the industry they dominate.

Waste Management (WM) is a well-positioned company that dominates their industry. As a group, we realize that waste is something that is inevitable, but reduction of waste is something that can be controlled. This company will do well when the markets are good and even better when the markets are bad. There has been a huge increase in the company's stock price as people begin to pull out of some of the overvalued tech companies. WM has also seen a very historically safe dividend yield of 1.74%.

With these stocks being bought on April 30th, there has not been enough time to evaluate performance especially since we are breaking up our buys on Waste Management. Although we do not expect these stocks to very volatile, we do expect a steady ROI.

Short-Term Performance

The short-term competition is a competition that allows new and experienced members to come together as a team to create their own portfolio of stocks. This Spring semester, the competition consisted of three teams with \$20,000 each. This gives all members a chance to do their own research on stocks and put money in stocks they individually all believe in. Therefore, this is a fantastic opportunity to show the rest of LAM your personal research for why your team chose these stocks.

This semester's short-term competition was a learning experience. We learned as a group that when it comes to high-risk technology stocks, they can go down as fast as they can go up. Team 0 had very good value stocks such as GLW (up 15.6%) and MDT (up 12.17%), while laggards include WKHS (down 60% due to a USPS contract falling through) and NIO (down 21% largely due to chip shortage).

Teams 1 and 2 each had crypto exposure, which led to great conversation throughout LAM's weekly meetings from their extreme volatility. In the end, Team 1 came out victorious with finishing in the green up 5.1% with COST and AAPL leading the way.

Asset Inventory

Equities

Asset	Qty	Market Value ¹	% chg ¹	YTD % ²	Acquired	Theme
GOOG	1	\$2,337.42	125.7%	33.4%	04/13/18	Smart Manufacturing
MSFT	10	\$2,465.50	85.3%	10.9%	04/13/18	Smart Manufacturing
IBM	6	\$873.48	-7.8%	15.7%	04/13/18	Smart Manufacturing
BABA	5	\$1,137.15	11.6%	-2.28%	04/13/18	Smart Manufacturing
ORCL	21	\$1,645.98	69.4%	21.1%	04/13/18	Smart Manufacturing
ABC	13	\$1,618.89	33.0%	27.4%	04/30/18	Aging Population
MCK	8	\$1,540.64	21.4%	10.9%	04/30/18	Aging Population
CAH	19	\$1,169.45	-6.7%	14.9%	04/30/18	Aging Population
SCI	25	\$1,399.50	-6.7%	14.9%	04/30/18	Aging Population
T	64	\$2,043.52	3.5%	11.0%	11/13/18	5G
VZ	33	\$1,933.80	-0.9%	-0.3%	11/13/18	5G
BAC	128	\$5,231.36	76.3%	34.8%	04/14/20	Crisis Reevaluation
GS	15	\$5,229.15	93.8%	32.2%	04/14/20	Crisis Reevaluation
JPM	30	\$4,644.30	64.2%	21.8%	04/14/20	Crisis Reevaluation
MS	76	\$6,270.00	112.1%	20.5%	04/14/20	Crisis Reevaluation
HD	17	\$5,615.44	58.9%	24.4%	04/14/20	Extreme Weather
LOW	38	\$7,538.06	36.2%	14.4%	04/14/20	Extreme Weather
FDX	13	\$3,949.27	14.8%	--	03/15/21	New Normal
DPSGY	105	\$6,218.10	10.5%	--	03/15/21	New Normal
PYPL	15	\$3,730.65	0.0%	--	03/15/21	New Normal
SHOP	2	\$2,259.18	-1.5%	--	03/15/21	New Normal
SQ	8	\$1,852.32	-6.3%	--	03/15/21	New Normal
ADM	6	\$390.12	3.2%	--	04/30/21	Extreme Weather (2)
BG	4	\$347.76	2.9%	--	04/30/21	Extreme Weather (2)
WM	7	\$982.94	1.4%	--	04/30/21	Extreme Weather (2)

¹ Value based on unit price as of 05/04/21 close

² Blank values resulting from security not being purchased prior to 12/31/20

Exchange Traded Funds

Asset	Qty	Market Value ¹	% chg ¹	YTD % ²	Acquired	Theme
VEA	111	\$5,593.55	16.5%	6.9%	04/20/18	--
VTI	124	\$26,682.45	36.1%	36.2%	04/20/18	--
VWO	194	\$10,144.65	23.3%	23.3%	04/20/18	--
SOXX	22	\$8,997.34	132.8%	7.9%	04/06/18	Smart Manufacturing
HACK	28	\$1,566.88	58.0%	-2.8%	04/06/18	Smart Manufacturing
TAN	137	\$10,544.89	145.6%	-25.1%	10/18/19	Thinking Green
GLD	149	\$24,836.81	13.75%	-6.5%	01/28/20	Safe Havens
DBA	171	\$3,160.08	36.3%	14.5%	04/14/20	Extreme Weather
NERD	237	\$7,427.58	-4.3%	--	03/15/21	New Normal

Other Assets

Asset	Qty	Market Value ¹	% chg ¹	YTD %	Acquired	Theme
WELL	37	\$2,227.04	32.5%	15.9%	04/30/18	Aging Population
Cash	--	\$86,712.56 ³	--	--	--	--

³ \$60,000 of the \$86,712.56 is allocated to the Short-Term competition, while the outstanding amount are the proceeds from previous competitions

Appendix

