MBA SIMFund Spring 2025

Portfolio Update

Deepak Baru, Kathryn Clark, Samuel Johnson, Brendan Knight, Carson Thrift

Arizona State University

Copyright © 2023 Arizona Board of Regents

Agenda

- Meet the Team
- Investment Strategy
- Implementation
- Performance
- Takeaways
- Q&A

Copyright © 2023 Arizona Board of Regents

Meet The Team

Deepak Baru

MBA, Supply Chain Management & Business Analytics

Kathryn Clark

MBA, Finance & Certificate of Sustainability

Samuel Johnson

MBA, Finance

Brendan Knight

MBA, Finance

Carson Thrift

MBA, Finance & Real Estate

Copyright © 2023 Arizona Board of Regents

Learning Objectives

- Bloomberg Terminal Experience
- How to Build and Seed a Portfolio
- Understanding of Rebalancing
- Learn More about ADR's
- How Volatility affects our Strategy

Copyright © 2023 Arizona Board of Regents

~~Learning Objectives~~

What we learned!

Unexpected Market Chaos!

Copyright © 2023 Arizona Board of Regents

Momentum Strategy

- **Momentum**: Tendency of stock prices to persist in a direction.
- **Strategy**: Buy rising stocks, sell falling ones.
- **Jegadeesh, N., & Titman, S. (1993)**. "Returns to Buying Winners and Selling Losers: Implications for Stock Market Efficiency"
- **Why momentum?**
    - Ability to integrate ADR application
    - Implementation given our manpower constraints
    - Strategy aligns with our time horizon
    - Strategy Aligns with our Investment Policy Statement

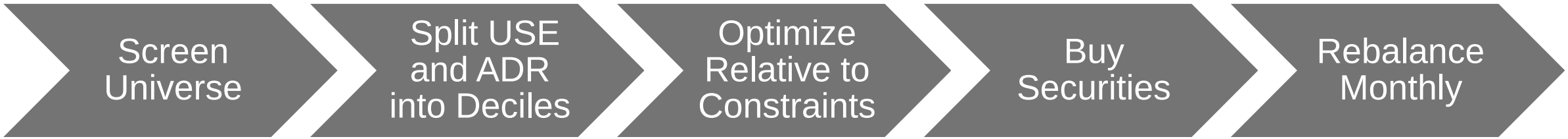
Copyright © 2023 Arizona Board of Regents

Investment Policy Restrictions

- ADR's limited to 25% of Fund's MKT Value
- Must invest in at least 30 different securities
- No more than 20% of Fund's MKT value may be invested in any one sector
- MKT cap of at least $500mm
- Stay within +/- 7.5% of Russell 3000 Sector Weights

Copyright © 2023 Arizona Board of Regents

Initial implementation approach



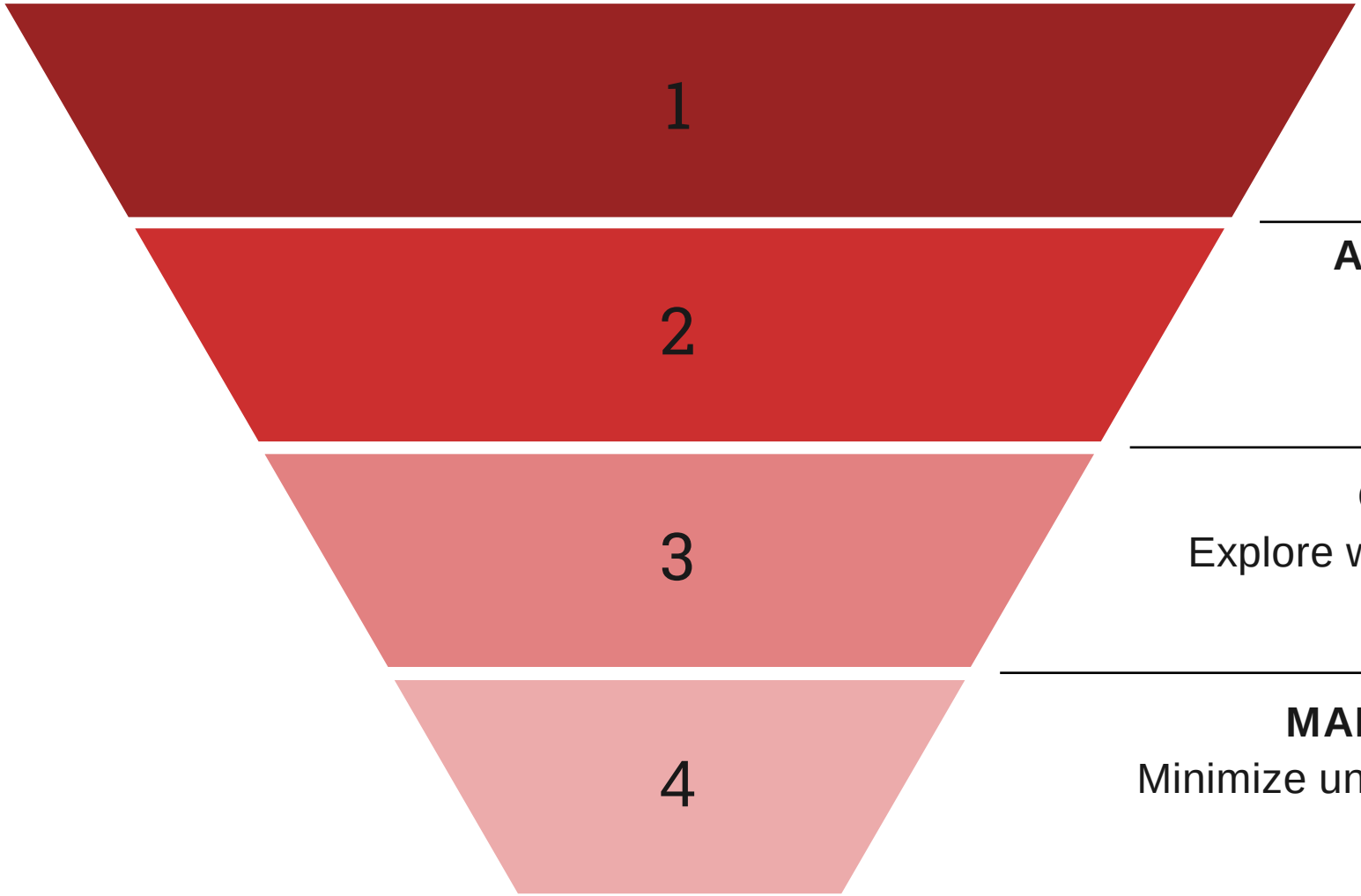
Copyright © 2023 Arizona Board of Regents

Rebalancing Process through Early January

REPULL THE DATA	REANALYZE PORTFOLIO	UPDATE PROFORMA	REVIEW & FEEDBACK	EXECUTION OF TRADES
Capture the latest market trends.	Based on the updated momentum scores and strategy parameters.	Updating the weight distribution and expected impact on returns.	Incorporate the professor's insights	Execution of trades with Northern Trust

Copyright © 2023 Arizona Board of Regents

Anticipated concerns: Turnover and Costs



EVALUATE TURNOVER

align with the momentum strategy's target efficiency.

ASSESS TRANSACTION COSTS

To remain cost-effective.

OPTIMIZE EXECUTION

Explore ways to minimize transaction costs.

MAINTAIN EFFICIENCY

Minimize unnecessary turnover and costs.

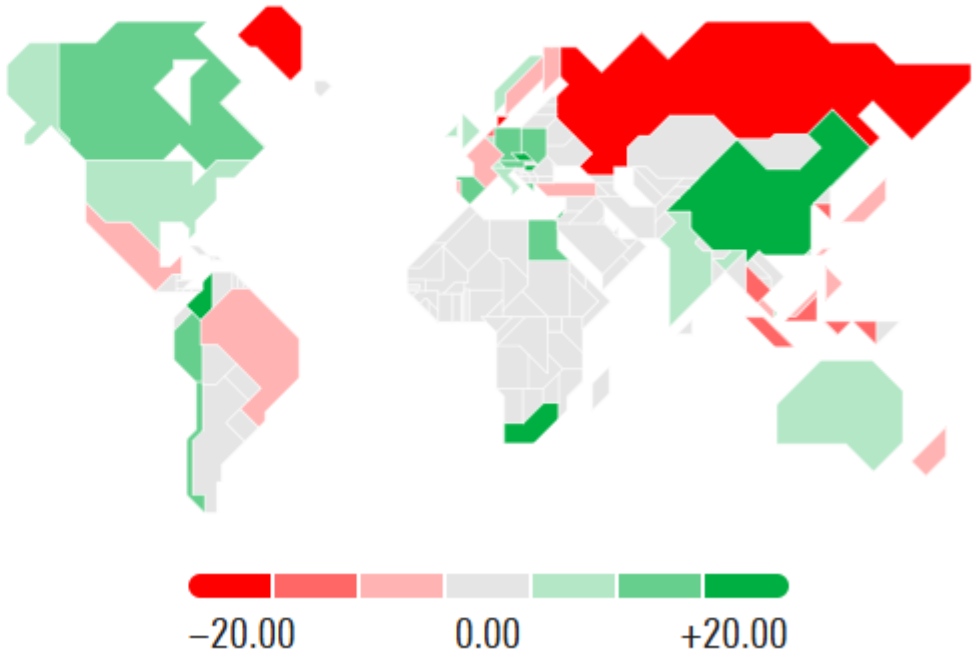
Copyright © 2023 Arizona Board of Regents

Market – 3 x 3 matrix

with 12-month Lookback period

1 Day | 1 Month | 3 Months | **1 Year** | 5 Years | 10 Years

	Value	Core	Growth
Large	+9.18	+6.98	+17.33
Mid	+5.45	+2.36	+9.38
Small	+0.97	−2.89	+4.23



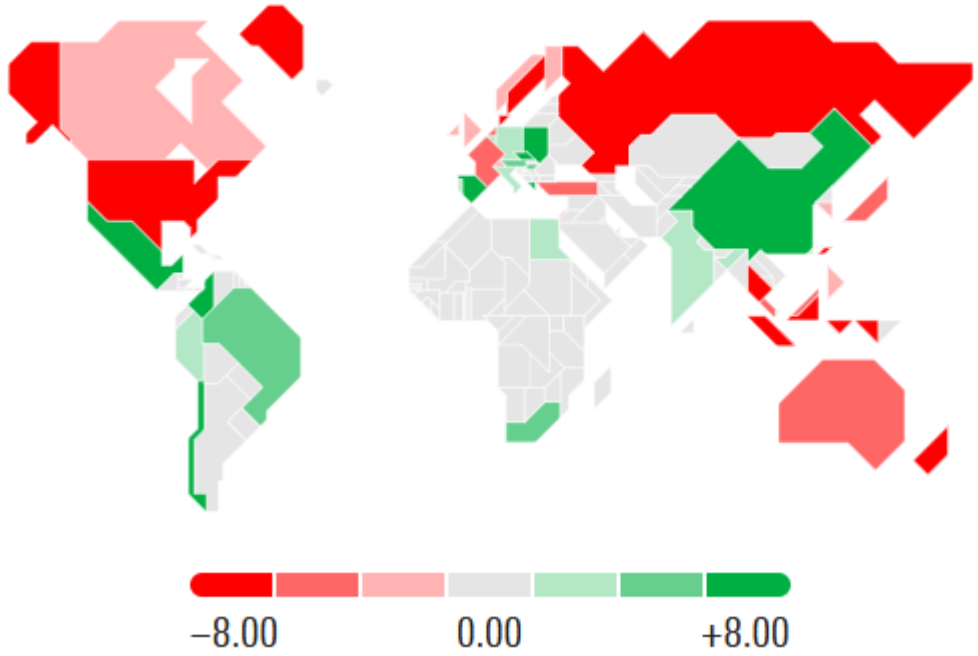
Copyright © 2023 Arizona Board of Regents

Market Dynamics change

With a 3 Month Lookback period

1 Day | 1 Month | 3 Months | 1 Year | 5 Years | 10 Years

	Value	Core	Growth
Large	−3.27	−9.45	−9.99
Mid	−5.61	−9.40	−10.89
Small	−11.78	−13.28	−13.34



Copyright © 2023 Arizona Board of Regents

Rebalancing Process from February

Shorten the lookback period

Additional risk screening

Reassess portfolio based on the updated momentum scores.

Updating the weights max 1.5% per stock.

Incorporate the professor's Insights.

Execution of trades

Kept surplus cash on rebalance

Copyright © 2023 Arizona Board of Regents

Morningstar Investor
Stay informed during market volatility with personalized portfolio notifications from Morningstar Investor.
Start Free Trial →

Momentum ETFs Stall in 2025

Stocks that powered momentum strategies in 2024 have lost steam this year.

Key Takeaways

- Momentum ETFs rode a hot tech rally in 2024, but they've tripped as those stocks stumbled.
- Many momentum ETFs loaded up on Nvidia, Palantir, and other AI favorites.
- As value and defensive stocks (out of favor in 2024) have outperformed, momentum strategies have lagged.

MARKETS & FINANCE | INVESTING | HEARD ON THE STREET Follow

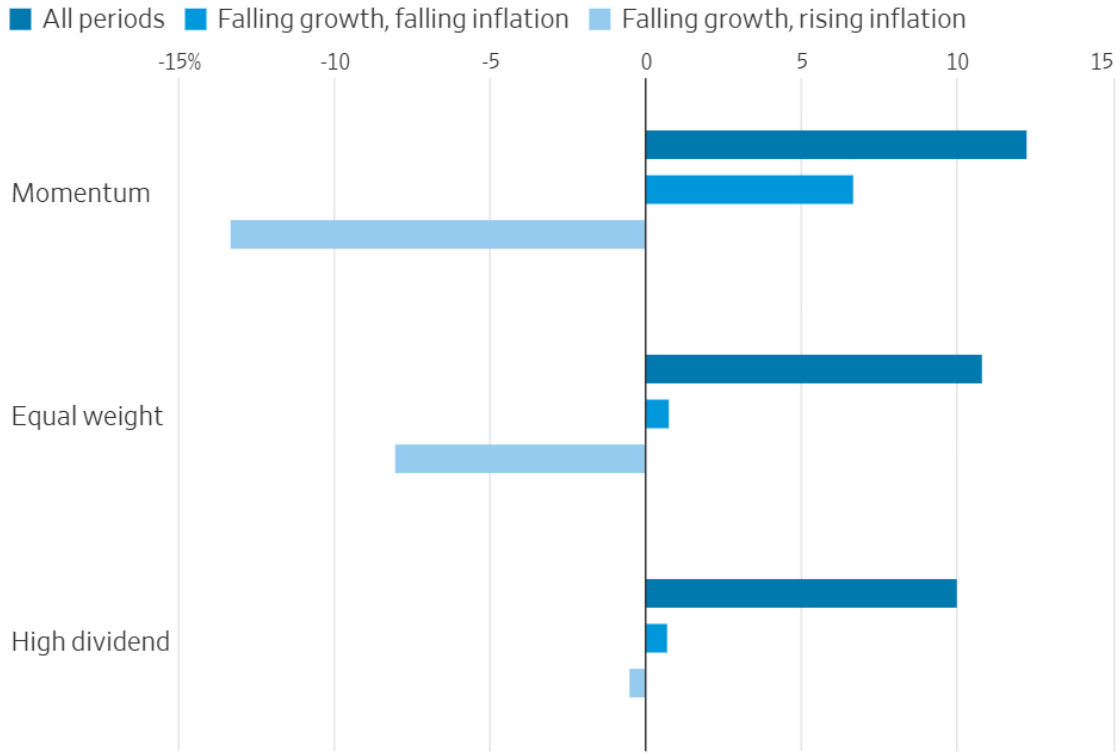
This Investing Trend Is Your Friend—Until It Isn't

Momentum, an oddly successful investment strategy, might be nearing the danger zone

By Spencer Jakab Follow

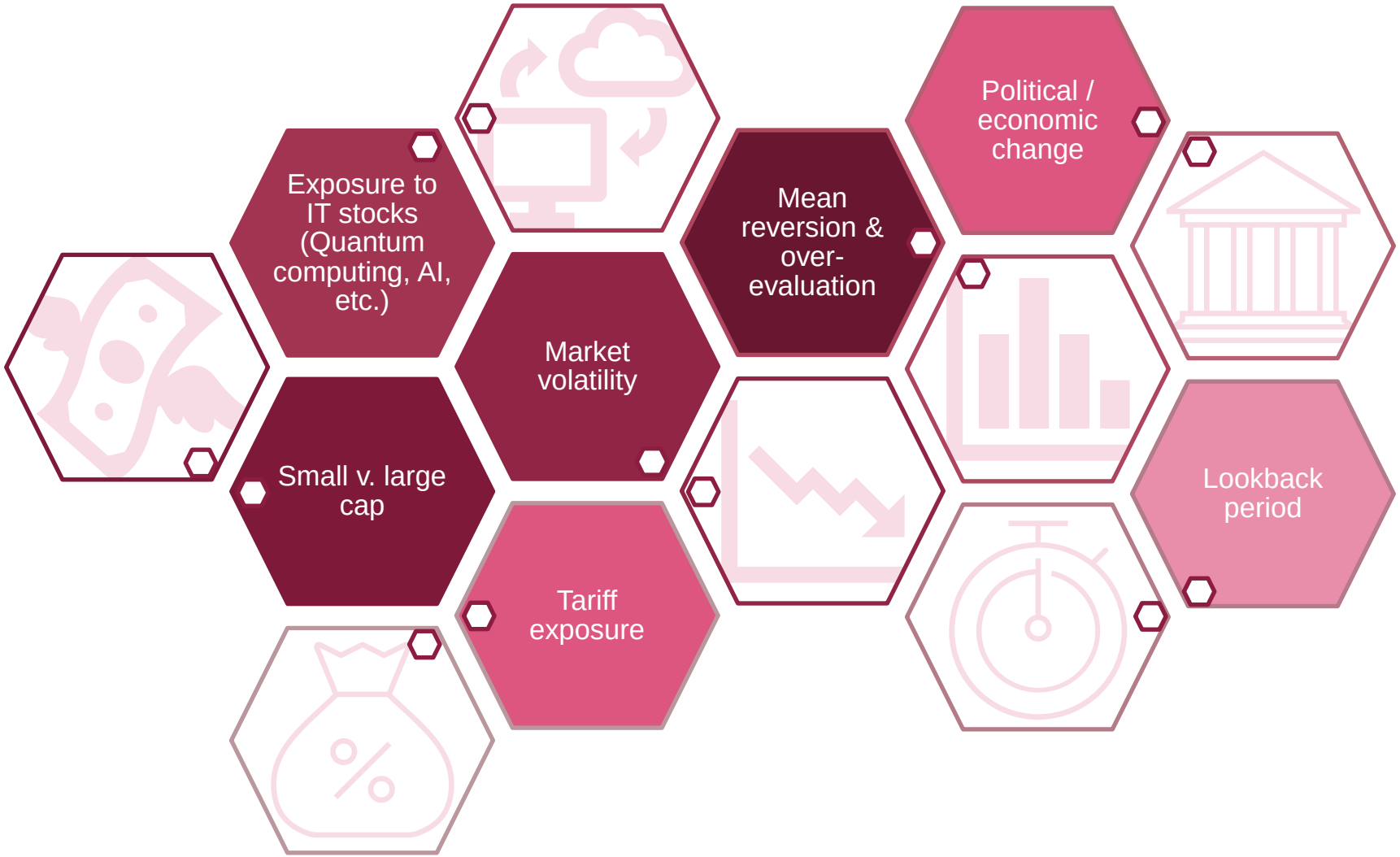
March 31, 2

Performance of S&P 500 index strategies in various macroeconomic conditions



Note: From July 31, 1995 through June 30, 2024
Source: S&P Dow Jones Indices

Realized concerns: Market change!

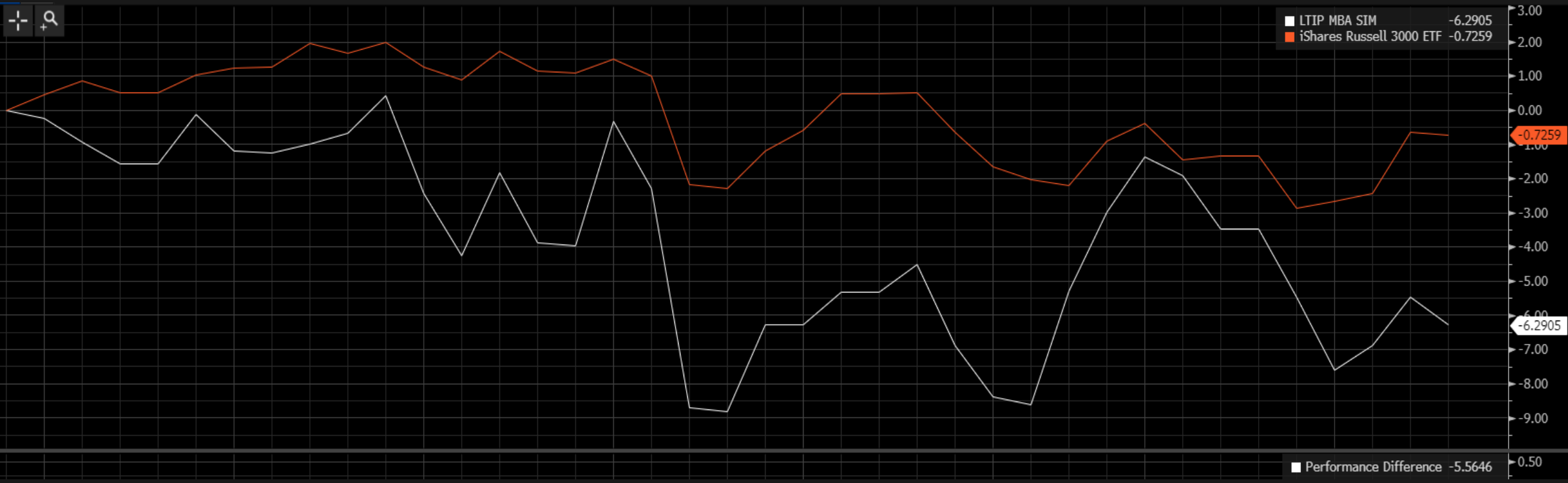


Significant market changes were driving uncertainty

Copyright © 2023 Arizona Board of Regents

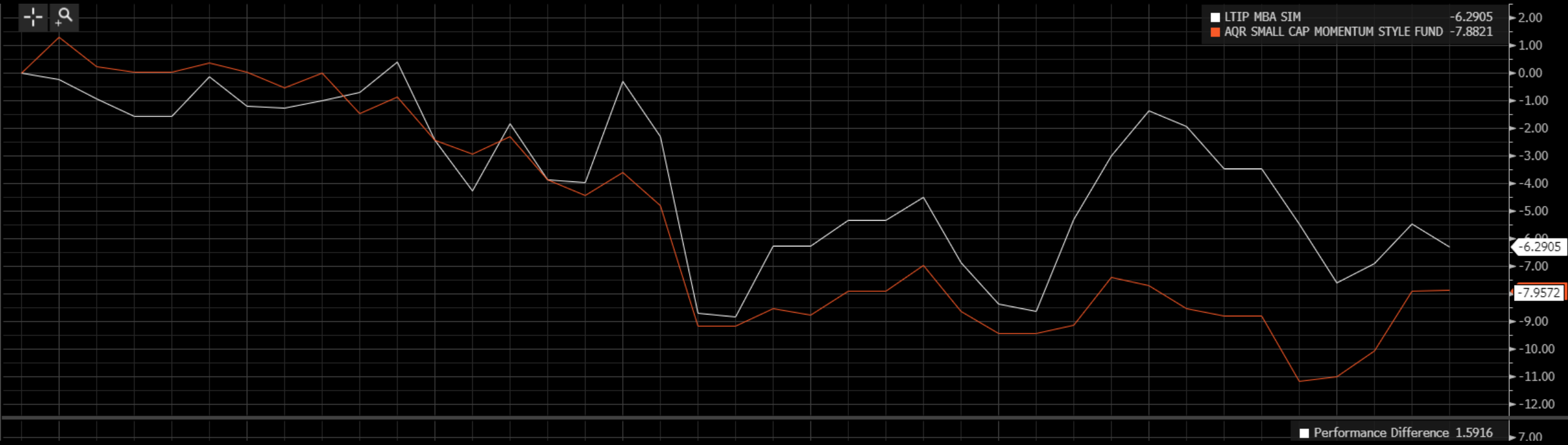
Performance Before Adjustment

Copyright © 2023 Arizona Board of Regents



MBA SIM vs. Russell 3000 (Before Change)

Copyright © 2023 Arizona Board of Regents



MBA SIM vs. AQR Small Cap Momentum (Before Change)

Stock Style

Style Box

	Val	Core	Gwth
Lg	3%	7%	19%
Mid	0%	2%	16%
Sm	8%	18%	27%

Before (Jan)

Stock Style

Style Box

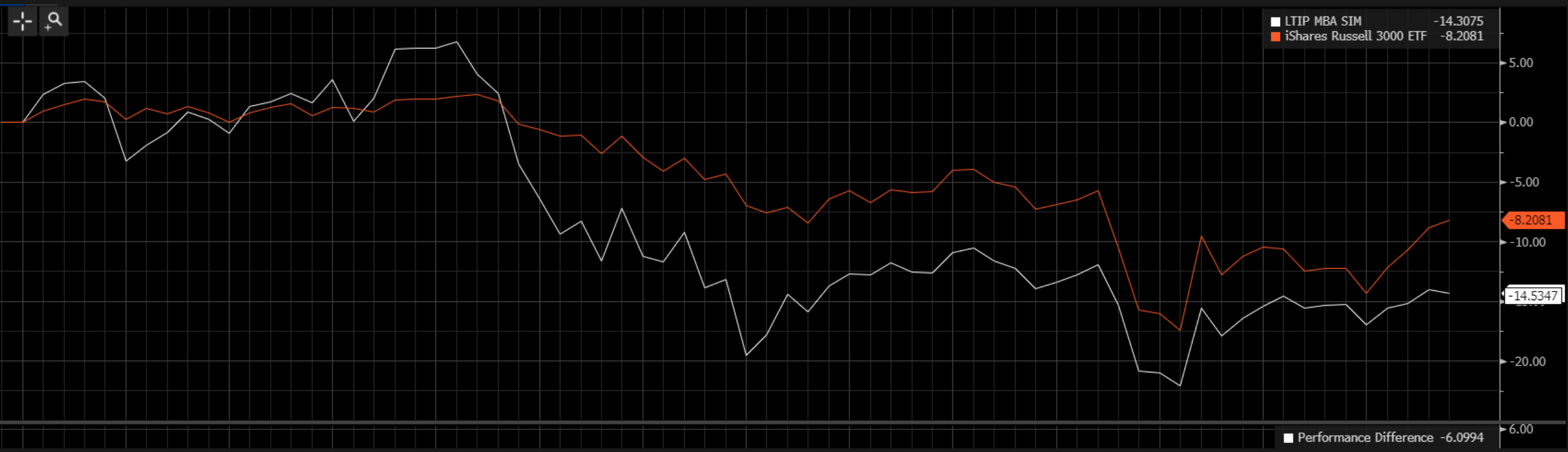
	Val	Core	Gwth
Lg	11%	10%	17%
Mid	3%	5%	15%
Sm	3%	6%	30%

After (Feb)

Copyright © 2023 Arizona Board of Regents

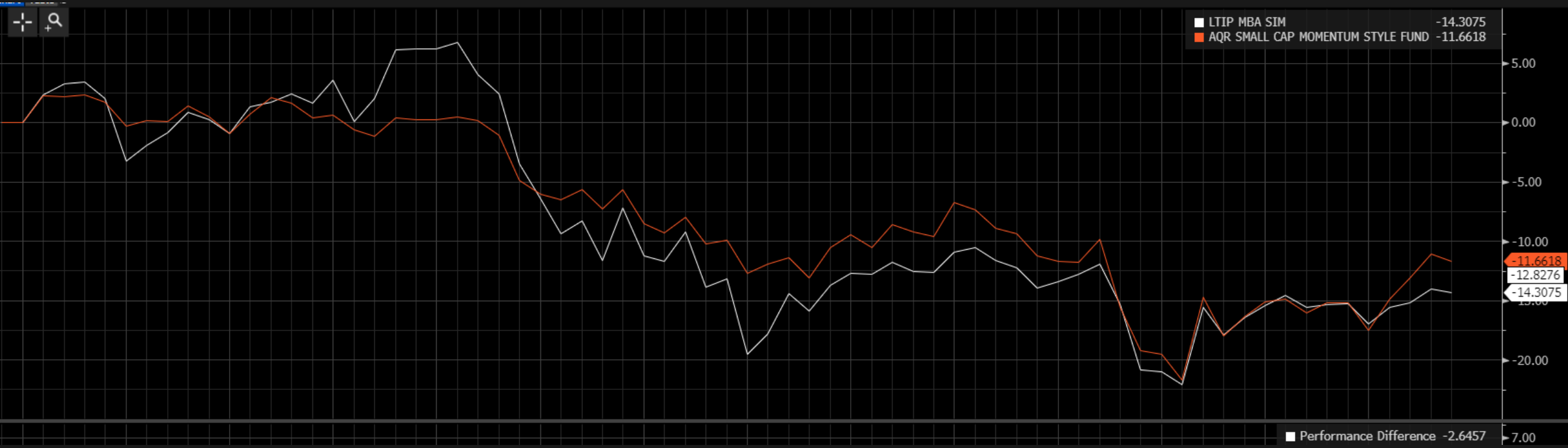
Performance After Adjustment

Copyright © 2023 Arizona Board of Regents



MBA SIM vs. Russell 3000 After Change

Copyright © 2023 Arizona Board of Regents



MBA SIM vs. AQR Small Cap Momentum After Change

Copyright © 2023 Arizona Board of Regents

Takeaways

- **Momentum strategies** are vulnerable during **volatile and declining markets**
- **Fundamental analysis** is crucial to complement quantitative signals
- **Automating mechanical tasks** frees up time for deeper strategic analysis
- **Adaptive strategy changes** are critical to survive factor rotations
- **Benchmarking against factor-based indices** gives a better performance context
- **Controlling drawdowns** matters as much as achieving upside capture

Q&A

Appendix - Attribution

Copyright © 2023 Arizona Board of Regents

Manage | Export | Settings

Workspace: New Workspace | Default | Save Workspace As | Unsaved updates.

LTIP MBA SIM

Intraday | Positions | Aggregate | Trend | Aggregate w/ Returns | Total Return | Attribution | TEV | VaR | ESG

Attribution Navigator

Report Definition
Portfolio: LTIP MBA SIM
Benchmark: iShares Russell 3(
Universe Settings

Currency: Default (USD)

Classification
Asset Type > Sector

Date Ranges
Date Range
From: 11/22/24
To: 03/25/25

Field Settings
Display Units: Percentage

Position Settings
Show Positions: All Universes
Analytics Level: Security

Display Settings
Model Settings
Apply & Reload

Report Layout
Columns: Fields > Universes

Summary

Outperformance
-12.72 %

Port	-18.33
Bmrk	-5.60

Global Details

Attribution Effects	-12.19
FX Allocation & Hedging	0.00

Attribution Effects

Asset Allocation	0.36
Security Selection	-12.55

Top Buckets by Asset Alloc

Equity	0.34
Funds	0.09
Derivatives	0.00
Cash	-0.08

Overview | Asset Allocation & Security Selection | Custom

Top/Bottom Contributors by Security Selection

Neg Outper	Instrument Name	Outper	Pos Outper
	Top Contributors		
	ROOT INC/OH -CLASS A	1.06	
	GRUPO SUPERVIELLE SA-S	0.92	
	SIEMENS ENERGY AG-UNSF	0.82	
	GENEDX HOLDINGS CORP	0.57	
	VITAL FARMS INC	0.51	
	AST SPACEMOBILE INC	0.47	
	PALANTIR TECHNOLOGIES	0.43	
	GRUPO FINANCIERO GALIC	0.32	
	ASICS CORP -UNSP ADR	0.29	
	BANCO MACRO SA-ADR	0.27	
	Bottom Contributors		
	CAPRICOR THERAPEUTICS	-0.91	
	HIMS & HERS HEALTH INC	-0.94	
	CAVA GROUP INC	-0.96	
	FTAI AVIATION LTD	-1.01	
	JANUX THERAPEUTICS INC	-1.04	
	REDWIRE CORP	-1.06	
	MODINE MANUFACTURING (	-1.07	
	LUMEN TECHNOLOGIES INC	-1.12	
	SEZZLE INC	-1.24	
	EVGO INC	-1.47	

Attribution Effects

Factor	Contr to Outperformance
Asset Allocation	0.36
Security Selection	-12.55

YTD Attribution

Manage ▾ | Export | Settings ▾

Workspace: New Workspace ☆ Default | Save Workspace As | ⚠ Unsaved updates.

LTIP MBA SIM +

Intraday ✓ | Positions | Aggregate | Trend | Aggregate w/ Returns | Total Return | Attribution ✓ | TEV | VaR | ESG | +

Attribution Navigator

Report Definition

Portfolio: LTIP MBA SIM

Benchmark: iShares Russell 3(

Universe Settings

Currency: Default (USD)

Classification: Asset Type > Sector

Date Ranges

Date Range

From: 04/07/25

To: 04/14/25

Field Settings

Display Units: Percentage

Position Settings

Show Positions: All Universes

Analytics Level: Security

Display Settings

Model Settings

Apply & Reload

Report Layout

Columns: Fields > Universes

Summary

Outperformance

+0.08 %

Port	5.81
Bmrk	5.73

Global Details

Attribution Effects	0.09
FX Allocation & Hedging	0.00

Attribution Effects

Security Selection	0.32
Asset Allocation	-0.23

Top Buckets by Asset Alloc

Cash	0.00
Derivatives	0.00
Equity	-0.06
Funds	-0.17

Overview | Asset Allocation & Security Selection | Custom

Top/Bottom Contributors by Security Selection

Neg Outper	Instrument Name	Outper Pos Outper
	Top Contributors	
	ROBINHOOD MARKETS INC	0.19
	SAAB AB-UNSPR ADR	0.17
	THYSSENKRUPP AG-SPON	0.16
	BRIDGEBIO PHARMA INC	0.14
	PALOMAR HOLDINGS INC	0.14
	BAE SYSTEMS PLC -SPON	0.14
	UNICREDIT SPA-ADR	0.13
	LEONARDO SPA-ADR	0.12
	HENSOLDT AG - UNSP ADR	0.12
	COMSTOCK RESOURCES IN	0.12
	Bottom Contributors	
-0.07	TAPESTRY INC	
-0.07	VERISIGN INC	
-0.07	TD SYNNEX CORP	
-0.08	YUM! BRANDS INC	
-0.10	OPTION CARE HEALTH INC	
-0.11	PAYCOR HCM INC	
-0.12	NUTANIX INC - A	
-0.13	SILICON LABORATORIES IN	
-0.18	HEXAGON AB- UNSP ADR	
-0.45	MR COOPER GROUP INC	

Attribution Effects

Factor	Contr to Outperformance
Security Selection	0.32
Asset Allocation	-0.23

Weekly Winners/Losers

Manage | Export | Settings

Workspace: New Workspace | Default | Save Workspace As | Unsaved updates.

LTIP MBA SIM

Intraday | Positions | Aggregate | Trend | Aggregate w/ Returns | Total Return | Attribution | TEV | VaR | ESG

Attribution Navigator

Report Definition
Portfolio: LTIP MBA SIM
Benchmark: iShares Russell 3(
Universe Settings

Currency: Default (USD)

Classification
Asset Type > Sector

Date Ranges
Date Range
From: 03/31/25
To: 04/07/25

Field Settings
Display Units: Basis Points

Position Settings
Show Positions: All Universes
Analytics Level: Security

Display Settings
Model Settings
Apply & Reload

Report Layout
Columns: Fields > Universes

Summary

Outperformance
+96.61 bps

Port	-858.67
Bmrk	-955.28

Global Details

Attribution Effects	96.64
FX Allocation & Hedging	-0.03

Attribution Effects

Security Selection	56.30
Asset Allocation	40.34

Top Buckets by Asset Alloc

Funds	24.24
Equity	16.36
Derivatives	0.00
Cash	-0.26

Overview | Asset Allocation & Security Selection | Custom

Top/Bottom Contributors by Security Selection

Neg Outper	Instrument Name	Outper Pos Outper
	Top Contributors	
	MR COOPER GROUP INC	43.45
	TOTVS SA - ADR UNSP	15.46
	PAYCOR HCM INC	14.01
	PALOMAR HOLDINGS INC	13.62
	STRIDE INC	10.48
	VERISIGN INC	9.44
	THALES SA - UNSP ADR	8.91
	DASSAULT SYSTEMES S-SP	8.79
	PENUMBRA INC	8.31
	GRINDR INC	7.76
	Bottom Contributors	
	UNICREDIT SPA-ADR	-5.88
	ROBINHOOD MARKETS INC	-6.20
	CHEFS' WAREHOUSE INC/TI	-6.66
	ROLLS-ROYCE HOLDINGS-S	-7.04
	NUTANIX INC - A	-7.09
	FOX CORP - CLASS B	-7.42
	THYSSENKRUPP AG-SPON	-8.18
	SILICON LABORATORIES IN	-9.10
	ECHOSTAR CORP-A	-10.33
	DUTCH BROS INC-CLASS A	-13.13

Attribution Effects

Factor	Contr to Outperformance
Security Selection	56.30
Asset Allocation	40.34

Weekly Winners/Losers

Manage | Export | Settings

Workspace: New Workspace | Default | Save Workspace As | Unsaved updates.

LTIP MBA SIM

Intraday | Positions | Aggregate | Trend | Aggregate w/ Returns | Total Return | Attribution | TEV | VaR | ESG

Attribution Navigator

Report Definition
Portfolio: LTIP MBA SIM
Benchmark: iShares Russell 3(
Universe Settings

Currency: Default (USD)

Classification: Asset Type > Sector

Date Ranges: Last Week

Field Settings
Display Units: Percentage

Position Settings
Show Positions: All Universes
Analytics Level: Security

Display Settings
Model Settings
Apply & Reload

Report Layout
Columns: Fields > Universes

Summary

Outperformance
+0.66 %

Port	1.29
Bmrk	0.64

Global Details

Attribution Effects	0.66
FX Allocation & Hedging	0.00

Attribution Effects

Security Selection	0.64
Asset Allocation	0.02

Top Buckets by Asset Alloc

Equity	0.06
Derivatives	0.00
Funds	0.00
Cash	-0.04

Overview | Asset Allocation & Security Selection | Custom

Top/Bottom Contributors by Security Selection

Neg Outper	Instrument Name	Outper Pos Outper
	Top Contributors	
	THYSSENKRUPP AG-SPON	0.17
	ROBLOX CORP -CLASS A	0.12
	ROBINHOOD MARKETS INC	0.12
	DARDEN RESTAURANTS INC	0.11
	LIFE TIME GROUP HOLDIN	0.10
	OSI SYSTEMS INC	0.08
	TOTVS SA - ADR UNSP	0.08
	NUTANIX INC - A	0.08
	OPTION CARE HEALTH INC	0.07
	COMSTOCK RESOURCES IN	0.07
	Bottom Contributors	
	BANCO BILBAO VIZCAYA-SI	-0.05
	PALOMAR HOLDINGS INC	-0.06
	GILEAD SCIENCES INC	-0.06
	CIE FINANCIERE RICH-UNS	-0.07
	RHEINMETALL AG-UNSP AD	-0.08
	BAE SYSTEMS PLC -SPON /	-0.08
	LEONARDO SPA-ADR	-0.09
	SAAB AB-UNSPR ADR	-0.09
	HENSOLDT AG - UNSP ADR	-0.10
	THALES SA - UNSP ADR	-0.10

Attribution Effects

Factor	Contr to Outperformance
Security Selection	0.64
Asset Allocation	0.02

Weekly Winners/Losers

Weekly Winners/Losers

Portfolio Return Metrics

Manage | Export | Settings

Workspace: New Workspace | Default | Save Workspace As | Unsaved updates.

LTIP MBA SIM

Intraday | Positions | Aggregate | Trend | Aggregate w/ Returns | Total Return | Attribution | TEV | VaR | ESG

Attribution Navigator

Report Definition
Portfolio: LTIP MBA SIM
Benchmark: iShares Russell 3(
Universe Settings

Currency: Default (USD)

Classification: Asset Type > Sector

Date Ranges
Date Range
From: 11/22/24
To: 02/17/25

Field Settings
Display Units: Percentage

Position Settings
Show Positions: All Universes
Analytics Level: Security

Display Settings

Model Settings
Model: Returns-Based
Local Alloc: Local Rtn

Apply & Reload

Report Layout
Columns: Fields > Universes

Summary

Outperformance
-2.90 %

Port	-0.75
Bmrk	2.15

Global Details

Attribution Effects	-2.31
FX Allocation & Hedging	0.03

Attribution Effects

Asset Allocation	-0.31
Security Selection	-2.00

Top Buckets by Asset Alloc

Derivatives	0.00
Cash	-0.07
Funds	-0.09
Equity	-0.16

Overview | Asset Allocation & Security Selection | Custom

Top/Bottom Contributors by Security Selection

Neg Outper	Instrument Name	Outper Pos Outper
	Top Contributors	
	APPLOVIN CORP-CLASS A	1.26
	PALANTIR TECHNOLOGIES	1.16
	GRUPO SUPERVIELLE SA-S	0.97
	ROBINHOOD MARKETS INC	0.82
	SIEMENS ENERGY AG-UNSF	0.77
	VITAL FARMS INC	0.69
	ROOT INC/OH -CLASS A	0.68
	AST SPACEMOBILE INC	0.64
	RUSH STREET INTERACTIV	0.61
	SOUNDHOUND AI INC-A	0.40
	Bottom Contributors	
	AVIDITY BIOSCIENCES INC	-0.68
	SEZZLE INC	-0.76
	TERAWULF INC	-0.83
	VIKING THERAPEUTICS INC	-0.86
	IMPINJ INC	-0.87
	JANUX THERAPEUTICS INC	-0.90
	FTAI AVIATION LTD	-1.15
	LUMEN TECHNOLOGIES INC	-1.28
	MODINE MANUFACTURING (	-1.28
	EVGO INC	-1.69

Attribution Effects

Factor	Contr to Outperformance
Asset Allocation	-0.31
Security Selection	-2.00