

# ANNUAL REPORT

2007-2008

# SEED

STUDENT-MANAGED ENDOWMENT  
FOR EDUCATIONAL DEVELOPMENT



VirginiaTech

*Invent the Future*

# ANNUAL REPORT

2007-2008



The members of SEED would like to give special thanks to John Cusimano, Dr. Ray Smoot, the Virginia Tech Foundation, the Department of Finance, the Pamplin College of Business, our Faculty Advisors, and our Alumni. With their support, we hope that SEED will continue to provide boundless opportunities for future Virginia Tech students.

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# SEED ANNUAL REPORT

## 2007-2008



1st Row L-R: Seth Berman, Timothy Ahearn. 2nd Row L-R: Andrew Dyche, Michael Bury, Sarah Kellogg, Kristina Davis, Christina Todd, Emily Morrison, Scott Reina, Linh Chi Phu. 3rd Row L-R: Samuel Preston, Stephen Huntzinger, Benjamin Chapin, Victor Tessier, Alfredo Romero. 4th Row L-R: Stephen Wojdyla, Brian Colleran, Eric Sammons, Caleb Magruder, Joshua Friedman.

Not Pictured: Stacey Fuller, Kristina Harrison, Sean Quinn, and Patrick Sheridan.



Dr. Arthur Keown

### Faculty Advisors



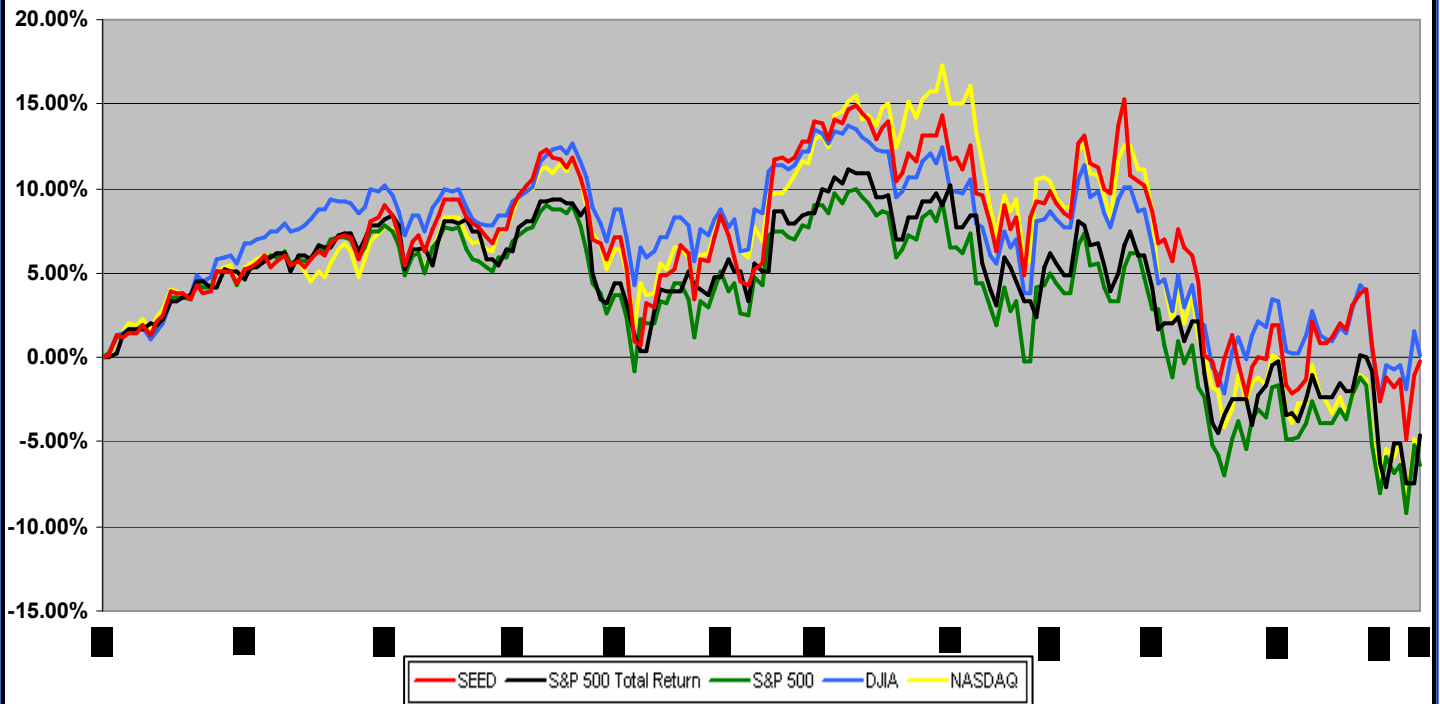
Dr. Randall Billingsley



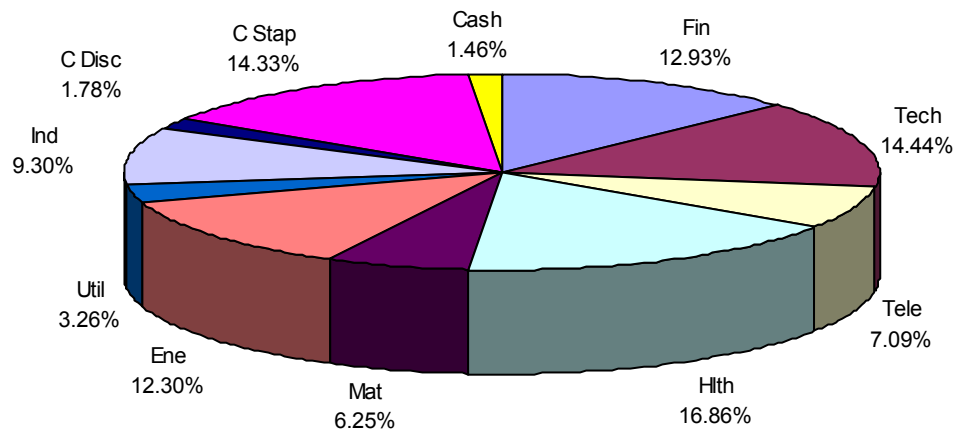
# PORTFOLIO OVERVIEW

## PERFORMANCE ALLOCATION

SEED Performance vs. Major Indices



SEED Portfolio Allocation



# U.S. & GLOBAL MARKETS

## ECONOMIC YEAR IN REVIEW

The 2007-2008 team inherited the portfolio on April 2, 2007. We believe the four most notable events our team had to constantly consider while evaluating trading ideas were (1) turmoil in the Financial and Housing Markets, (2) rising oil prices, (3) hungry emerging markets, and (4) market fears of a U.S. recession.

### **Turmoil in Financials / Housing**

At the beginning of 2007, investors were just beginning to understand subprime lending and the potentially hazardous effects of such practices. As 2007 continued into the summer months, we saw the negative effects of excess subprime lending spill over into the corporate and capital markets. Credit became tight as Wall Street banks watched helplessly as underwritten deals sat idly on their balance sheets. The Qualified Institutional Buyers (QIBS) who once lent their capital at relatively cheap rates (fueling corporate growth and record breaking merger / buyout activity) were now demanding higher compensation for the higher risk they perceived. During the time it takes to find such an equilibrium, home foreclosure rates soared and investment banks suffered heavy write-downs, particularly on Mortgage Backed Securities they helped bundle, but were unable to sell. To date, over \$200 billion worth of write-downs have been recorded, and we have seen the melt down of a once prestigious investment bank, Bear Stearns. Since late 2007, Ben Bernanke and the Federal Reserve have actively slashed interest rates by a total of 325 basis points in an attempt to revitalize the financial and housing markets.

### **Rising Oil Prices**

Over our fiscal year, the world has seen oil prices spike due to increases in demand and decreases in supply. Insatiable global demand for oil to satisfy industrialization resource

needs was recognizable before 2007; however, during the year we saw sharp increases in this demand. Further, disruptions in supply such as plant foreclosures in Mexico, political turmoil and violence in Nigeria disrupting production and distribution, and the “dirty” oil sands of the Canadian tundra helped push the price of oil ever higher as the market perceived less and less to be available. SEED estimates the year over year appreciation of Crude Oil Futures at 75.80%, and the effects of this on the market have been obvious.

### **Hungry Emerging Markets**

It is no secret that investors began looking outside the United States as 2007 bode fear and discomfort for domestic markets in the near future. As globalization of both capital, ideas, and resources continues, we have seen emerging markets affect the decisions portfolio managers must make significantly in 2007. Along with oil, the prices of commodities and food have seen sharp increases over the past year due to increased demand in emerging markets. As input prices for businesses and the basic costs of living for consumers increased, the equity markets felt the effect of shrinking margins on their bottom lines.

### **Verge of U.S. Recession**

In 2007, many investors worried about the possibility of recession. First, a seemingly endless decline in the U.S. dollar all put pressure on imports and expanded exports. Second, we watched as consumer sentiment indexes dwindled as prices at the pump showed no mercy. Lastly, whispers of stagflation could be heard throughout market communities as mixed earnings from blue chip companies and a rising CPI index cast an ominous shadow.

# PERFORMANCE SUMMARY

## DETAILED NUMBERS

The 2007-2008 team is proud to report our portfolio outperformed the S&P 500 by 330 basis points. We attribute this success to substantial gains in our Energy, Material, and Utility sector, as well as appropriate asset allocation in terms of sectors of the economy. Energy outperformed its S&P 500 component by 10%, returning 23.13% while the S&P returned 22.13%. Materials returned 30.36% while its S&P component returned 9.06%, outperforming by over 21%. Lastly, utilities outperformed its benchmark by 3.39%. Our performance in this sector can be explained by substantial exposure to American Depository Receipts (ADRs). Our EMU team believed international growth was the best play for their sector, and they were able to capitalize significantly in Brazil's market.

Asset allocation also played an important role in the success of the team. During the summer, our Investment Selection Committee voted to underweight Financials, given our pessimistic outlook, by completely liquidating the ETF. As of April 1 2008, Financials made up 12% of the total portfolio compared to 22% for last year's team. Consumer Discretionary was also underweighted at this time in an attempt to mitigate the effects of the recession weary consumer. Funds were redistributed to the Technology and Energy, Materials, and Utilities sectors. Our best performing sector in terms of asset allocation was Financials while our best performing sector in terms of asset selection was Telecommunications. This sector also benefited from investment in ADRs.

### Top Performing Positions by Sector

Sector	Company	Percent Return
Financials	TD Ameritrade	7.73%
Tech. / Telecomm.	Navteq	119.76%
Healthcare	Pharmaceutical Product Development	25.56%
Energy / Materials / Utilities	Companhia Vale ADS	112.96%
Industrials	Mueller Industries	7.57%
Consumer	Pepsico	19.14%

# FINANCIALS

## SCOTT REINA

**SEED's Financials Sector** outperformed its benchmark by 3.88% at an unprecedented time for the industry. We anticipated many of the issues that have plagued the market over the past year. Our overall goal was to be diversified within the sector and not over-expose ourself to one industry because of the uncertainty in the stability of the credit markets. We did thorough analysis on our UBS buy in April. At the time we measured their sub-prime exposure to be less than 2%, and confirmed that number with other analyst reports. UBS later revealed that they carried much more CDOs in their portfolio. This would be a re-occurring theme in financials as numerous banks, brokerages, and diversified financial services companies continued to write-down their securities. Our top performers this year were TD Ameritrade and Bank of New York Mellon. Both companies benefited from increasing business compared to their rivals. Despite a slowing economy, Ameritrade saw new account rates rise and derivative trading volumes explode. Bank of New York also saw its trading volumes rise and was able to achieve higher than anticipated cost synergies from its acquisition of Mellon.

Looking forward to next year the sector is poised to rebound. Exchanges will be the story of 2008. Over the last nine months their valuation multiples have been cut in half despite exploding trading volumes and high growth rates. The 2008 team will benefit from this trade with our position in NYSE Euronext. Regional banks with a stable loan portfolio are also solid investment opportunities.

### About the Team

**Scott Reina** served as Area Manager of the Financials Sector for the fiscal year. Scott will be graduating in May with a Bachelor

of Science in Finance. He joined SEED in 2006 as a Healthcare Analyst, and moved to Financials to expand his knowledge of the market. Scott interned at General Electric Healthcare as a financial analyst in the summer of 2007, and will join Lockheed-Martin's Financial Leadership Development Program in June.

**Joshua Friedman** served as an analyst in the Financials Sector, covering the financial services industry. He will graduate in May of 2008 with a Commonwealth Scholar Honors degree in Finance and a minor in psychology. Josh has spent the past three summers obtaining his Realtor designation and selling real estate in Northern Virginia. Upon graduating, he will work in Arlington, VA as an analyst for MCG Capital, a mid-market private equity firm.

**Andrew Dyche** served as an analyst in the Financial Sector, covering the banking industry. Andrew will graduate in may with a Masters of Accounting and Information Systems. He is also a full-time accounting instructor for Principles of Accounting, taught to sophomore-level business students. He has signed full-time with Deloitte in Los Angeles and is currently pursuing CPA licensure.

**Christina Todd** served as an analyst in the Financials Sector, covering the insurance and credit services industries. She is a junior at Virginia Tech majoring in Finance with a minor in Global Business. This summer Christina will be interning with the Securities Division within Goldman Sachs in New York City. Christina will take over CO-CEO responsibilities during the 2008-2009 fiscal year.

# TECHNOLOGY/TELECOMMUNICATIONS

STEPHEN WOJDYLA / PATRICK SHERIDAN

**SEED's Technology Sector** portfolio contains an array of diverse companies in sub-sectors ranging from semiconductors, electronic storage medium, video conferencing hardware, and enterprise software. The sector underperformed the benchmark by 2.66% primarily due to a heavy loss in Radvision Ltd. as a result of below estimate earnings and an uncertain profit outlook. Scientific Games also sustained a substantial loss that has cut into sector returns due to a general decline in the gambling industry and loss of contracts. The sector was boosted, however, by a strong performance in chipmaker Intel and enterprise software vendor Oracle Corp, as well as several former positions as detailed below. The decline of Advanced Micro Devices has put less pricing pressure on Intel's chips and, therefore, allowed Intel to boost its profit margin. This year saw the sale of our positions in Gateway for a gain of 33%, Micron at a loss of 12%, Navteq at a stellar gain of 117%, and Nokia at 63%. Navteq's stellar performance can be attributed to their winning of several key European contracts which led to the buyout of the company by Nokia. Micron underperformed the sector due to the persistence of a NAND and DRAM inventory glut that forced vendors to sell at greatly reduced prices. With the growing number of competitors in the flash-RAM market likely to keep inventories high, it was deemed necessary to sell Micron. Gateway was thought to have reached its price potential and was thus sold on April 4<sup>th</sup> for \$2.22/share; the company was later bought out by competitor Acer Ltd. in August for \$1.90/share.

In the past year, **SEED's Telecommunications Sector** outperformed its benchmark by 32.83%, returning 22.84% versus the S&P benchmark return of -9.99%. This

phenomenal performance is largely due to the decision to invest heavily in the Brazilian economy while the US Telecommunications Sector took a hit. Considering the growth prospects that still exist in Brazil, the Telecommunications Sector remained relatively unchanged, adopting a passive strategy throughout the year adding only Harris Corp.

## About the Team

**Stephen Wojdyla** served area manager for the Technology and Telecommunications Sectors before graduating in December 2007 with a Bachelor of Science in Finance and Business Information Technology. He has accepted a position and is now working with General Electric's Commercial Finance business in their two-year Financial Management Program. His first rotation is as a controllership analyst for Corporate Treasury in Stamford, CT. Prior to his current job Stephen interned at GE providing financial analysis of both public and private companies in the Enterprise Client Group.

**Mike Bury** served as analyst for the Technology and Telecommunications Sectors. He will be graduating with a Bachelors of Science in Finance and a minor in Business Leadership. He is looking forward to beginning work with Capital One this July as an analyst in their Financial Rotation Program.

**Patrick Sheridan** served as the Technology analyst, and then Area Manager for the second part of the year. He will continue in this position on the 2008-2009 team as he pursues his degree with a double major in Mathematics and Computer Engineering.

# ENERGY / MATERIALS / UTILITIES

ALFREDO ROMERO / CALEB MAGRUDER

**SEED's Energy Sector** outperformed its benchmark in the past year by 1%. Oil prices in the last year rose from shifts in supply and demand, geopolitical uncertainty and the weakening dollar. Supply is becoming limited as easily accessible oil becomes increasingly unavailable while demand for carbon-based fuels is largely inelastic, creating a potential for sharp changes in equilibrium energy prices. Geopolitical uncertainty only adds to the volatility of an already unstable system. The energy sector was able to capitalize on fundamental changes in the industry, resulting in higher oil and natural gas prices. Companies specializing in non-traditional drilling techniques became explosively more profitable. An example of this is Diamond Offshore, which returned 25.53% in the past year. The run up in oil prices caused major integrated oil companies as well as oil services companies to take off this year. The best performing stock within the sector was Petrobras. After inheriting the Brazilian integrated oil company the stock rose 88.17% before we completely sold the position. We also bought Yanzhou, a Chinese coal company that captured China's growing demand for energy.

The next year for the sector should be a very turbulent one. Volatile energy prices should remain in the market as shocks in both supply and demand for the resources are likely to continue. Crack spreads, the price differential between the prices for refined gasoline and crude oil are at historical lows. Refining operations may prove to be a very profitable opportunity for us in the next year.

**SEED's Materials Sector** was one of the best performing sectors in the SEED portfolio, performing 21.30% over its benchmark. The sector continued to enjoy the booming commodities sector with many holdings in the mining industry. This rally has mainly been

due to the increasing demand for raw materials in important emerging markets, the so-called BRIC's. Historically, the sector has traditionally outperformed the market during periods of rising inflationary expectations. We expect gold to continue to be the stronghold of the sector on the basis that the U.S. dollar will continue to depreciate with respect to other major global currencies, based on an expected slowdown in the U.S. economy, and relatively lower real interest rates in the U.S. compared to other major countries in the world.

The sector's best performer was Rio, which has returned a fantastic 116.03%; and the outlook of the company could not be brighter. Another solid performer was Freeport McMoran, a copper and gold mining company. The company returned 42.93% for us over the past year.

**SEED's Utilities Sector** performed well over the year, beating our benchmark by 3.39%. These results were driven by a mixed strategy. On one hand, market volatility and worries of a U.S. economic slowdown have driven the demand for defensive stocks not only nationally, but internationally as well. On the other hand, strategic allocations on highly concentrated markets in both emerging and developed economies allowed the portfolio to reap the benefits of pseudo monopolistic markups and constant, stable revenues.

The sector's best performer was Enel, returning 11.82%. Enel's strategy is a solid one, based on a principle of debt reduction and the exploitation of synergies with Endesa. Enel also has a strong position in the European electric market and has plans of positions in Eastern Europe and Russia as well.

# ENERGY / MATERIALS / UTILITIES

ALFREDO ROMERO / CALEB MAGRUDER

## About the Team

**Alfredo A Romero** served as Co-Manager of the Energy, Materials, and Utilities Sector. He is a PhD candidate in Economics at Virginia Tech and a Visiting Assistant Professor of Economics at the College of William and Mary. His previous work experience includes an economic analyst position at the Mexican Central Bank and a financial analyst position at the Mexican Ministry of Finance's Toll Road System.

**Caleb Magruder** served as an analyst for the Energy Sector. In the latter half of the year he also worked with Alfredo Romero as an Area Manager. He is currently a third-year student majoring in Electrical Engineering, Mathematics, and Economics and will be graduating in May of 2010. Next year he will serve as one of SEED's Co-CEOs.

**Victor Tessier** served as an analyst in the Utilities Sector. He is a Senior at Virginia Tech majoring in Finance. Victor interned in Neuflyze OBC Asset Management (ABN AMRO) during the summer of 2007, and will be working for Societe Generale Asset Management in Paris starting June of 2008.

**Linh Chi Phu** served as an analyst in the Materials Sector. She also manages SEED's portfolio spreadsheets so that her teammates can obtain accurate portfolios performance information. Currently, she is a Senior at Virginia Tech majoring in Finance and Management – Entrepreneurship. She will be graduating this coming August. She plans to take CFA – Level I exam in December 2008.

**SEED's Industrials Sector** underperformed the benchmark by 19.29%. This sector had a challenging fiscal year with the struggling U.S. economy, rising commodity prices, and tough credit markets providing a difficult environment for industrial stocks to outperform. Both residential and nonresidential construction in the U.S. have struggled to maintain growth due to the credit crunch. High default rates on mortgages have induced tighter lending standards. Consequently, it has become increasingly difficult to obtain loans. Buyers have found that they cannot afford the financing necessary to purchase a new or existing home. Home prices have fallen drastically, and many homebuilders have reported consecutive quarters of losses. In addition to the slowdown in the housing market, oil prices have skyrocketed this year. Crude oil prices reached all-time highs above \$100 per barrel. The price of oil is a huge cost for Industrial stocks because they need to ship their manufactured products to their customers.

In the beginning of the fiscal year, our sector's strategy was to exploit opportunities in strong industries that the market may have missed. This was the logic behind our purchase of Granite Construction. At the time, nonresidential construction in the U.S. was steamrolling. GVA had just come off a restructuring, and we felt the market was not correctly valuing its success in recent quarters. Within a few months of the purchase, nonresidential construction growth slowed and GVA stumbled. At that time, we decided it was best to take more of a defensive approach to our sector.

Our next purchase was Boeing (BA) in November of 2007. The aerospace and defense industry is often considered a safe play because it is not related to consumer

spending and most countries are continuously updating their defense systems. Delays with BA's launch of their 787 Dreamliner presented us with a buying opportunity. Unfortunately, Boeing has continued to have issues with their 787 production. We still feel that the 787 will be a highly profitable aircraft for Boeing once it is launched.

The sector's last big move was to bulk up our position in General Electric (GE). GE's amazing diversification makes it very appealing when there is uncertainty in the market. It is approximately 32% of the sector and 3% of the portfolio.

Moving forward, the Industrials Sector will look at continuing its defensive stance. With the looming possibility of a U.S. recession, another conglomerate or aerospace and defense company could fit nicely into the portfolio. Also, the team will continue to keep an eye on the U.S. housing market and homebuilders. Although it will be hard to forecast a bottom, many buying opportunities should arise when the housing market gains upward momentum.

### About the Team

**Brian Colleran** is a Senior Finance major from Ashburn, Virginia. He served as the Area Manager of the Industrials Sector. This is Brian's third and final year as a member of SEED. Following graduation, he will begin work with General Electric in their Financial Management Program. He is very excited about starting his career with such a renowned company. Brian is proud to be a Hokie, and he is grateful for all that the school has provided him.

**Benjamin Chapin** served as an analyst for the Industrials Sector. He is from Richmond, Virginia and will be returning there to work as Project Manager at Lyttle Utilities, Inc. coordinating proprietary expansion across the eastern seaboard. He will also continue his role as CEO of Chapin Metal Logistics Corporation, a rapidly-growing scrap metal company with sales of over 15,000 processed tons. He will be graduating with a Bachelor of Science in Business – Management in Entrepreneurship, Innovation, and Technology, and a minor in Global Business. This summer, he will be working to complete a thru-hike of the Appalachian Trail.

**Emily Morrison** served as an analyst in the Industrials Sector. She is a Junior at Virginia Tech majoring in Economics with a minor in English. She interned in Investment Management at a boutique firm in New York during the summer of 2006, and will be interning within Lehman Brother's Investment Banking Division this summer. Emily is taking over as the Energy, Materials and Utilities Area Manager for the 2008-09 team.

# CONSUMER

## STEPHEN HUNTZINGER

**SEED's Consumer Sector** performance was mixed as it is divided into a consumer staples portfolio and a consumer discretionary portfolio. SEED's staples portfolio beat its benchmark by 0.89%.

As both the broader market's sentiment and performance has turned sour as of recent, the staples sector tends to be one of a few safe havens for investors to park their money. We were positioned extremely well in this sector expecting there to be a "flight to quality" as there was. Our positions in Wal-Mart, Colgate Palmolive, Pepsico, and Archer Daniel's Midland more than offset our losses in Walgreen's and Kroger as the difference in initial position size was as much as 60% greater in our winner's compared to our losers. As earnings and cash-flow tend to be very predictable in this sector, this makes the valuation of staples companies much easier than many other sectors. With that said, when we saw a stock trading at a large discount from its intrinsic value, not only did we purchase shares, but we put a greater weight on those shares which were trading at larger discounts. Unfortunately, our performance in the consumer discretionary sector lagged the S&P benchmark by 10.39%. We had a theory that we wanted to be "barbelled" in this sector, which simply meant we wanted to have exposure to only high-end and low-end retailers. It was our effort to avoid everything in the middle-class once we saw consumer spending contract and the economic outlook grow dim. In theory, it sounds promising, but practice yielded a completely different result. To start the fiscal year off, our first selection was Starbucks, which we bought based on the international growth story and thought that it would be somewhat defensive as the median income for a consumer there was \$82,000. It turns out that Starbucks was actually growing at too fast of a pace here in the U.S. and was actually cannibalizing their business, as unit

volume decreased in their stores.

Other selections made we're Ralph Lauren and Tempur-Pedic. We liked Ralph Lauren because of the diversity of their brand and their exposure to what we thought was the high-end market. This selection turned sour once insider's started selling shortly after we initiated a position. We also believe, in retrospect, that this was not "high-end" enough to be defensive.

Tempur-Pedic, in theory, was a great play as it is the highest quality mattress on the market and mattress sales have historically grown 2% annually during past housing downturns. Two issues have destroyed the market value of this stock. The first is that Sealy has come out with a Latex substitute mattress that competes well with Tempur-Pedic for half the price. The second is that this housing downturn has proven different from previous ones in many ways, including the decline of mattress sales. The only thing we seemed to do right in this sector, was to stay under-weight compared to our benchmark. We only had 20% of the exposure the broader S&P 500 had to discretionary stocks.

Though we are thankful we under-weighted this sector, we do realize that if the markets rebound and consumer spending increases anytime soon, being this under-weight will negatively affect the overall performance of SEED.

# CONSUMER

## STEPHEN HUNTZINGER

### About the Team

**Stephen Huntzinger** served as the Area Manager for the Consumer Sector. Stephen is from Fairfax, Virginia and a former member of the varsity Track and Field team at Virginia Tech. He spent last summer interning for Michael Kender, Managing Director of Strategy and Analysis for Leveraged Loans at Citigroup, and a Virginia Tech alumnus. Stephen will relocate to New York this summer, and upon graduating with a degree in Finance will join Citigroup's Sales and Trading department as an Analyst. He is currently studying to take the Level I exam for a CFA charter this June.

**Sam Preston** served as an analyst for the Consumer Sector covering a plethora of industries from food to apparel. He is currently a Junior in the Pamplin College of Business majoring in Finance. He will succeed Stephen Huntzinger as Area Manager of the Consumer Sector in the upcoming 2008-2009 Fiscal year. This summer he will be interning with UBS Wealth Management.

**Stacey Fuller** served as both the Chief Operations Officer, where she assisted the Co-CEO's in all administrative tasks, and as an analyst in the Consumer Sector, covering the Retail and Home industries. Stacey is a Senior Finance and Accounting double-major graduating in May of 2008. After graduation, she will begin her career in the Financial Management Program (FMP) with GE, where she interned this previous summer. Stacey is also getting married in June of 2008, and is currently studying to take the CPA exam this summer.

**Kristina Harrison** has served as an analyst for the Consumer Sector where she covered conglomerates. Kristina is a Senior Finance and Accounting double-major who will graduate in May of 2008. She will be moving to Washington D.C. after graduation to begin her career with KPMG as a Financial Consultant.

# HEALTH CARE

SEAN QUINN

SEED's Healthcare Sector outperformed its benchmark by 7.06%. The sector's performance was aided by healthcare conglomerate Johnson & Johnson, contract research organization Pharmaceutical Product Development, and generic drug manufacturer Teva Pharmaceutical Industries.

Domestic and international large-cap pharmaceutical companies (with the exception of well-diversified Johnson & Johnson) experienced a turbulent year, as stricter regulations from the U.S. Food and Drug Administration met increased competition from generic drug makers.

The remainder of 2008 looks to be volatile for the healthcare sector, as the debate for nationalization is a focal point of the presidential election. Large drug manufacturers will likely suffer further, as their dependence on government reimbursement for prescription drugs continues to rise. U.S. and European demographic trends will continue to favor the healthcare sector, as more of the population reaches the age of 65. Research and development spending by drug makers should remain steady; however, many companies will continue to outsource their spending to labs. The biotechnology and medical research industries are well-poised for growth in the coming year, as their margins should remain unaffected by political and regulatory pressures.

## About the Team

**Sean Quinn** served as Area Manager for the Healthcare Sector. After graduation he will be working for Merrill Lynch as an Investment Banking Analyst in New York City. He is graduating with a Bachelor of Science in Finance. This past summer he

worked at Merrill Lynch as an investment banking intern in New York, NY within their Financial Institutions Group.

**Eric Sammons** served as an analyst in the Healthcare Sector, covering the Pharmaceutical and Generic drug industries. He will be graduating in May with a degree in International Studies: Business, with a minor in Russian. Over the summer of 2007 he interned at Cohen and Steers Capital Management in Equity Research. He will be working in Arlington after graduation with Cambridge Associates as an Investment Performance Associate.

**Kristina Davis** served as an analyst in the Healthcare Sector, covering the Managed Care, Facilities, and Devices industries. She is a Junior at Virginia Tech majoring in Finance with a minor in Global Business. Kristina interned in the Corporate Finance department at Northrop Grumman IT during the summer of 2007, and will be interning with them again for the summer of 2008. Kristina will succeed Sean Quinn as the Area Manager for the Healthcare Sector on the 2008-2009 team.

**Sarah Kellogg** served as an analyst in the Healthcare Sector, covering the Biotech industry. She is a Senior at Virginia Tech, majoring in Finance, and will graduate in May of 2008. Sarah interned as a summer consultant for Navigant Consulting, working in their Disputes and Investigations practice. She will be returning to Navigant as a full-time consultant after graduation.

# ORGANIZATION OF SEED

## STRUCTURAL OVERVIEW

### Organization & Structure

SEED is a multi-million dollar student-run investment portfolio that manages a portion of the Virginia Tech Endowment. Members are from a variety of majors ranging from Business to Engineering. The organization includes 2 Co-CEOs, 6 area managers, and 17 analysts. The Co-CEOs oversee the investment direction of the portfolio and all operations involved in the portfolio. Area Managers manage each sector in the portfolio, working with their analysts to bring new proposals to the portfolio. The Investment Selection committee, which votes on all position changes in the portfolio, consists of the 6 area managers and the 2 CEOs.

The objectives and duties of SEED will focus around professionally managing the portfolio in an attempt to outperform the S&P 500 Total Return Index by 100 basis points. Before a new team takes control of the

portfolio, a strategy is developed for the entire portfolio. Global & domestic growth, political events, and social trends are all studied during this time. Area Managers and the CEOs decide and forecast which sectors are going to perform well in the coming year. Decisions of where to allocate money are made from forecasts that are derived from research. A review of current positions is performed, analyzing which positions should stay in the portfolio and which possible new positions can be added.

SEED reviews the positions daily, researching news the companies and sectors. As needed, positions may be increased, decreased, or eliminated from the portfolio. Sector allocations are studied through out the year by the investment selection committee and adjusted accordingly. The policies, knowledge, and growing experience of the SEED team allows the portfolio to continue to grow and succeed.

SEED Organizational Structure

