Semi-Annual Report

2020

The Student-Managed Endowment for Educational Development (SEED)

Compiled By:
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Fayçal El Jai, CIO
Michael White, CAO

Virginia Tech Pamplin
College of Business

www.virginiatechseed.com

Contents

Notable Placements

Full Time:

Fayçal El Jai
BofA, IBD

Gretchen Halloran
BofA, DCM

Nathaniel Post
BofA, ECM

Michael White
Walmart, E-Commerce Engineering

Hayden Kickbush
KPMG, Deal Advisory

Chase Babus
AllianceBernstein, Equity Research

Noah Goebel
RSM, Business Valuation

Raya Mufti
Credit Suisse, Fixed Income S&T

Nick Reisenweaver
BofA, Rates & Currencies

Nate Fender
Capital One, Finance Rotation Program

Natalie Khoury
Booze Allen, Consulting

James Compton
KPMG, Deal Advisory

Thomas Rios
J.P. Morgan, Credit Trading

Aryan Kumar
BofA, Software Engineering

To the Virginia Tech Foundation

Strategic Highlights

This report highlights The Student-managed Endowment for Educational Development's (SEED) activity between April 1, 2020 to September 30, 2020. In March of 2020 we indexed 50% of our actively managed portfolio, buying SPY shares to maintain effective operations in a remote environment. We received access to our Bloomberg terminals via the online portal provided by Pamplin College of Business and have been conducting meetings over Zoom since March. These changes allowed us to adjust to our new environment, and we are now looking ahead to returning to full active management given our confidence in our adjusted operations.

SEED has maintained the actively managed part of the portfolio since the adjustments made in March. Following our transition to remote management, the Energy sector bought Chevron, Exxon Mobil, and Kinder Morgan in the spring, reinstating a sector that had been fully indexed. The Technology and Healthcare sectors bought ServiceNow and Merck & Co., respectively. Since the start of the fall 2020 semester, there have been a total of two buys. The Financials sector bought Morgan Stanley and the Technology sector added Microsoft.

We have decided to move coverage of our Utilities companies from SEED's Industrials sector to SEED's Energy sector because of the small weighting of the Energy sector relative to the other S&P 500 sectors, and to make better use of SEED's human capital and coverage capabilities. We expect this transition to take effect at the end of the fall semester.

Financial Highlights

Between April 1st and September 30th, SEED delivered a total return of 37.50%. The S&P 500 index (assuming dividend reinvestment), our benchmark, returned 37.36% over the same period, giving us an active return of 0.14%. We concluded the third quarter of 2020 with $5,306,884 in assets under management (AUM). With 37.50% of absolute return, a risk-free rate of 0.66% based on an annualized average rate for the period of this report, and a weighted portfolio beta of 0.94, we concluded the period of this report with a Treynor ratio of 37.23. This outperformed the market on a risk-adjusted basis as the S&P 500 Treynor ratio was only 34.86. Exhibit 1 shows SEED's performance of 37.50% compared to the return of the S&P 500 of 37.36%, for an outperformance of 0.14%.

Notable Placements

Internships:

Demitri Gamble
Citi, S&T

Tyler Renner
Aronson LLC, Tax & Assurance

Joey Mazzone
BofA, ECM

Emma Roby
RBC Capital Markets, FICC Origination

Shloak Patil
Barclays, Credit Research

Garrett Scranton
Wealthspire Advisors, Wealth Management

Jake Cullen
Morgan Stanley, Wealth Management

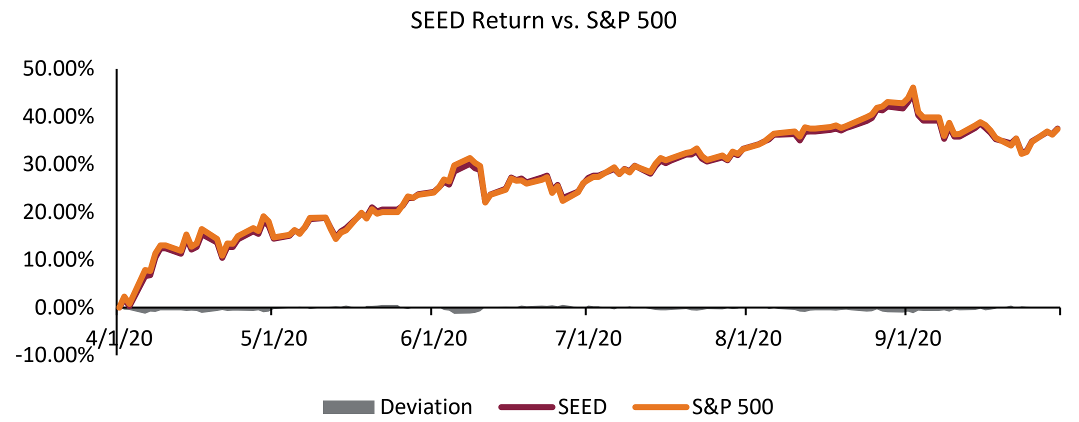


Exhibit 1

Dividends distributed to SEED from our holdings are not immediately reinvested but are placed in a money market account accumulating interest at a current rate of 0.35% and are later reinvested when SEED takes a position in a new company. The period between dividend distribution and dividend reinvestment often varies but can last three to four weeks depending on the rate of turnover in our portfolio. Because of the time delay between dividend distribution and dividend reinvestment, and the disparity between this money market rate of interest and the rate of return on the broader market in 2020, we felt it important to highlight SEED's performance against our benchmark not with S&P 500 dividend reinvestment, but also in absolute returns. Exhibit 2 portrays the performance of SEED's portfolio against the S&P 500. SEED beat its benchmark, to varying degrees, in both categories.

	Absolute Return	***Absolute Alpha***
SEED	37.50%	-
S&P 500	36.13%	1.37%
S&P 500 with dividends reinvested into the Index	37.36%	0.14%

Exhibit 2

For analyst coverage purposes, SEED condenses the eleven sectors of the S&P 500 into six. Real Estate is included in SEED's Financials sector, Materials and Utilities are included in the

Industrials sector, Consumer Staples and Consumer Discretionary make up the Consumer sector, and Information Technology and Communication Services make up the Technology sector. Exhibit 3 outlines our sector allocations across the eleven sectors that make up the S&P 500 and our respective relative weightings to each as of September 30, 2020.

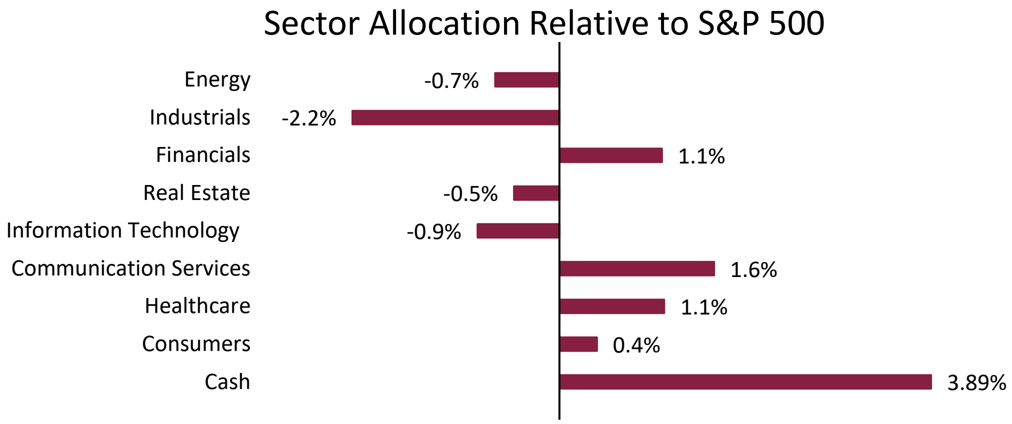


Exhibit 3

At the start of the year, we rebalanced our sector weightings and the weights of our holdings within each sector to reduce our reliance on some of our largest positions. This has remained an area of focus both prior to and during the pandemic. With roughly half the number of holdings we started the year with, each one has a greater effect on our active return.

Looking Ahead

In 2019 we began developing quantitative Value and Momentum models, which have now been voted on and approved for implementation. This project is being overseen by our CAO, Michael White. The implementation of this project has been delayed as we translate the code for the model from the Quantopian platform to the Equities Lab software platform. This change is necessary as the Quantopian platform is closing down.

As of the writing of this Semi-Annual Report, SEED's Advisory Board and the Virginia Tech Foundation have approved our proposal for reinstating full active management. The plan to return to full active management will be carried out over the rest of the fall semester and completed in December. This decision results from SEED's well-defined plan to continue operations, and our confidence in our ability to fulfill all responsibilities.

SEED is grateful to our dedicated alumni; whose continuous support provides members with invaluable mentorship and opportunities. During 2018, SEED established its first advisory board. We are extremely grateful to our Board members for their willingness to serve and we are excited to see what the future holds. We also thank the Board for their guidance on our COVID-19 response.

ENERGY SECTOR

LEAD ANALYST: NOAH GOEBEL

ANALYSTS: HAYDEN KICKBISH, JACK SWEENEY, CHRISTIAN PARANA

Sector Overview

The largest factor that affected the energy sector these past months has been the COVID – 19 pandemic. In March, oil prices dipped below zero for a short period of time, which caused a massive sell-off in the energy sector. SEED had decided to index our entire energy sector portfolio, which severely affected our returns. As a result, we have been slowly rebuilding the portfolio to be prepared for further oil price declines, as well as be in position to capture growth once the demand for oil rebounds.

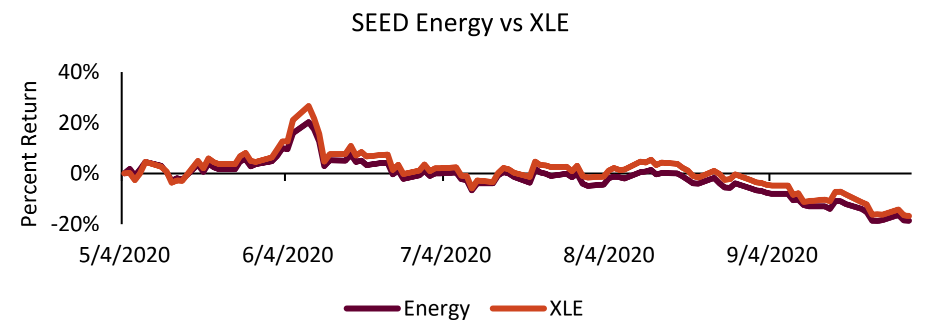
Statistical Highlights

Sector Value: $43,592.84

% of Portfolio Allocated: 1.63%

Holding Period Return: (18.55%)

Active Management Return: (1.80%)



Holdings	*HPR*	*Weight*
Chevron	(21.26%)	40.69%
Exxon Mobil	(22.19%)	39.22%
Kinder Morgan	(15.84%)	20.08%

Portfolio Update

The energy sector started the year with six holdings. These holdings were comprised largely of small to mid-cap companies and were severely affected by the COVID – 19 pandemic. Since the complete indexing of the Energy portfolio, we have been rebuilding the sector with more defensive energy companies.

Shortly after the drastic dip in the market our first purchase was Chevron (CVX). Chevron remains one of the strongest supermajor oil and gas companies within the sector and has consistently outperformed the XLE.

Our next purchase was Kinder Morgan. The firm mainly operates within the natural gas industry and participates in transportation and storage of oil and natural gas. Because midstream companies typically withstand the depressed oil market, we believe that holding KMI should allow us to capture growth potential once the demand for natural gas and oil increase again.

Finally, we purchased Exxon Mobil (XOM) in late spring of 2020 for similar reason as to why we purchased Chevron. As one of the leaders in the industry, these positions provide a stable backbone to our portfolio that should allow us to better withstand another crash in oil prices.

The Energy sector did not have any actively managed holdings until May 4th of this year. Our performance graphed against the XLE represents this.

HEALTHCARE SECTOR

LEAD ANALYST: NATE FENDER

ANALYSTS: TANNER DOVERSPIKE, CONNOR JOHNSON, BOBBY STOUT, NATALIE KHOURY, GRAYSON PIERPOINT

Sector Overview

Healthcare has outperformed the broader marked by about 1.4% since the year began. One of the largest influences on the sector has unsurprisingly been the COVID-19 pandemic. Healthcare companies have experienced both positive and negative effects due to the virus. The 2020 election has also had a large effect on the sector and, though there has been a positive reaction to the probability of a split government, we are still awaiting the result of the Senate.

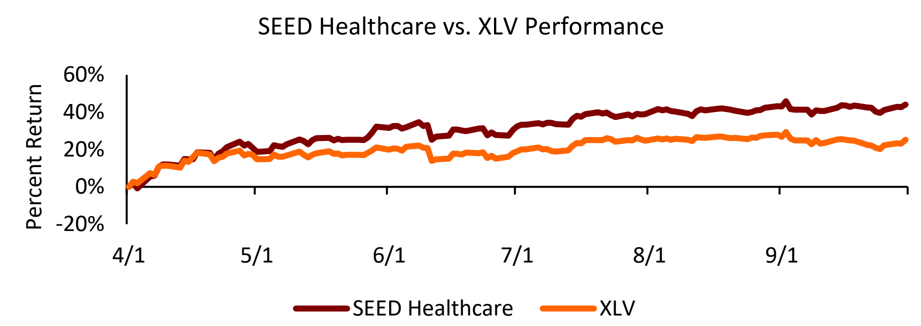
Statistical Highlights

Sector Value: $448,953.53

% of Portfolio Allocated: 16.74%

Holding Period Return: 44.08%

Active Management Return: 24.55%



Holdings	***HPR***	***Weight***
Abbvie	5.82%	12.94%
Cooper Pharmaceuticals	3.33%	14.94%
Jazz Pharmaceuticals	(35.95%)	-
Lab Corp	26.75%	20.20%
Merk & Co.	4.54%	19.04%
United Health	20.55%	7.93%
Veeva Systems	92.94%	24.97%

Portfolio Update

We bought Veeva Systems (VEEV) in late February. VEEV is a healthcare IT company that specializes in CRM software for healthcare companies specifically. They currently have contracts with 19 of the 20 top life sciences companies and have continued to bring new clients into their ecosystem.

We sold Jazz Pharmaceuticals (JAZZ) on March 23rd. We rebalanced our portfolio to trim our positions in United Health (UNH) and Cooper Pharmaceuticals (COO). We then added to our position in Veeva Systems due to our outlook for the healthcare IT industry.

We bought Merk & Co. in early May. They offer a diverse portfolio with strong drugs such as Keytruda which continues to gain approvals to treat new diseases. They also offer more defensive products like Gardasil, a leading hpv vaccine.

We continued to hold LabCorp (LH), United Health (UNH), AbbVie (ABBV) and Cooper Pharmaceuticals (COO) for their strong business models and developing pipelines.

FINANCIALS SECTOR

LEAD ANALYST: THOMAS RIOS

ANALYSTS: COLE LAWSON, QUINN O'NEILL, SHLOAK PATIL, TYLER RENNER

Sector Overview

Throughout the first half of 2020, our sector closely monitored the Fed and changes in interest rates. As the economy faced a pandemic-induced recession, the Fed cut interest rates to 0.00%-0.25% in March and is planning to keep them there for the foreseeable future.

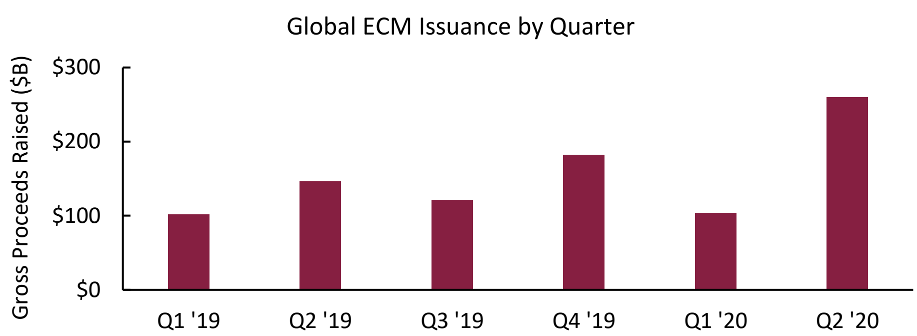
Statistical Highlights

Sector Value: $317,395.88

% of Portfolio Allocated: 14.39%

Holding Period Return: 18.57%

Active Management Return: (4.04%)



Holdings	*HPR*	*Weight*
Assured Guaranty	(10.23%)	18.44%
Everest Re	8.99%	17.93%
First Republic Bank	33.55%	38.05%
Welltower	35.69%	25.56%
XLF	23.12%	-
XLRE	21.11%	-

Portfolio Update

During April 1, 2020 to September 30, 2020, financials realized a positive Holding Period Return of 18.57%. Our portfolio was heavily exposed to the COVID-19 pandemic. We are currently maintaining our position in RE as we believe there is value to be realized given its attractive exposure to P&C premiums. Our only REIT holding (WELL) has performed exceptionally well through this period, outpacing the XLRE by 14.58%. However, healthcare REITs were highly exposed to the pandemic and the fundamental shift in the economic landscape leaves a slim chance for full recovery until a vaccine is widely distributed. FRC has been another top performer for the sector as it has delivered great results through this period due to its strong business model and exposure to high net worth clientele, making it insulated from credit risk and the pandemic.

Capitalizing on macroeconomic trends, we added Morgan Stanley to the portfolio. We believe their fee-based revenue structure, as opposed to interest income-based structures, and boom in capital markets activity are tailwinds for outperformance. We are already seeing results as MS posted great quarterly earnings and we have a strong bullish outlook on their future performance.

Going forward, we are looking at REITs with exposures to favorable industries such as cell towers, data centers, and logistics. Apart from that, we are satisfied with our exposures within our portfolio. We expect our sector to outperform as we start realizing the performance from our new investments and rebalancing.

INDUSTRIALS SECTOR

LEAD ANALYST: PARKER EYERMAN

ANALYSTS: JAKE CULLEN, EMMA ROBY, JAMES COMPTON

Sector Overview

Industrials experienced reduced revenue growth due to supply chain disruptions and decreased demand earlier this year. Despite the slowdown, the U.S. Manufacturing PMI has recently increased to 53.4, reflecting stronger demand and higher new order inflows moving forward. Decisions concerning defense and environmental policies will be highly influential factors for Industrials and Materials performance in 2021.

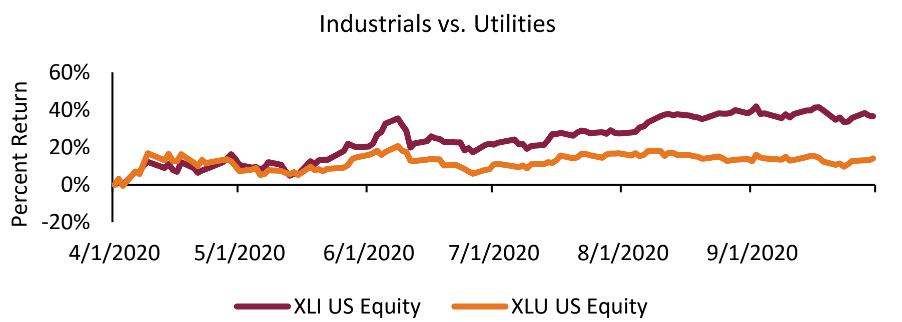
Statistical Highlights

Sector Value: $322,696.97

% of Portfolio Allocated: 12.04%

Holding Period Return: 22.86%

Active Management Return: (13.75%)



Holdings	*HPR*	*Weight*
HON	26.91%	24.57%
ROP	34.55%	30.39%
DUK	14.17%	24.86%
D	12.87%	20.18%

Portfolio Update

From April 1st to September 30th our Industrial holdings have returned 32.33%, underperforming the XLI by 4.29%. This is largely attributed to Honeywell (HON), who's performance initially better withstood the market volatility but dragged behind the benchmark when the market began to recover. Throughout the same time frame, our Utility holdings have returned 16.55%, outperforming the XLU by 2.54. Due to market uncertainty regarding the Coronavirus and Presidential Election, %. we decided to keep Duke (DUK) and Dominion (D). Overall, our blended return was 22.86% and is underperforming the XLU and XLI's blended return -0.25% during the same period.

Roper (ROP) has been our best performer due to their exposure to industrial technology, which has witnessed excessive growth since markets began to recover. Honeywell (HON), on the other hand, has dealt with issues throughout the Coronavirus pandemic due to lower than expected free cash flow, which is essential to conglomerates business models. DUK and D have both been steady performers as defensive plays during this pandemic. Therefore, they have the lowest weighting within our portfolio.

CONSUMERS SECTOR

LEAD ANALYST: RAYA MUFTI

ANALYSTS: NICK REISENWEAVER, DEMITRI GAMBLE, ALEX ROWE, JOEY MAZZONE

Sector Overview

The Consumers sector was substantially affected by the COVID-19 crisis. Initially, the discretionary companies within the Consumers sector were hit the hardest. Coupled with a sharp jump in unemployment and economic shutdowns, there was initially less disposable income. With record amounts of government stimulus, consumer spending increased significantly, which allowed the discretionary sector to outperform staples.

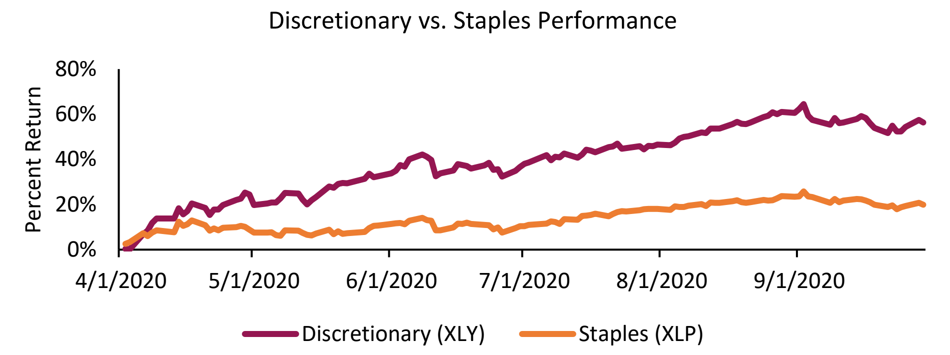
Statistical Highlights

Sector Value: $491,191.55

% of Portfolio Allocated: 18.33%

Holding Period Return: 40.73%

Active Management Return: (6.61%)



Holdings	HPR	Weight
DG	36.86%	21.19%
CAG	19.99%	18.16%
STZ	38.45%	20.35%
BABA	56.16%	18.92%
AZO	51.59%	21.37%

Portfolio Update

The Consumers sector portfolio returned 40.73% between April 1, 2020 to September 30, 2020. Our staples holdings returned 29.75%, while our discretionary holdings have returned 47.61%. Our staples holdings outperformed the XLP by 10.05%, while our discretionary holdings underperformed the XLY by 9.25%.

Our top performers were Alibaba (BABA) and Dollar General (DG). BABA is prominent in both cloud industry and ecommerce, which both benefited from the Chinese lockdowns and work from home policies. Our second-best performer, DG, invested heavily in their digital strategy which mainly focused on online orders and store pickups. During the lockdowns, DG's prior investment gave them an edge over similar retailers, fueling their outperformance. Prior to COVID, the sector purchased AutoZone (AZO) which is classified as a consumer discretionary company but resembles a staples company more than a discretionary company. Our investment thesis for AZO was that the rising age of vehicles on the road and low oil prices would increase the need for car repairs and new hard parts. COVID-19 helped facilitate our investment theses, as well as reinforce our belief that AZO can be more competitive as they build out their e-commerce and same-day delivery. Constellation Brands (STZ) plummeted in March due to the association of its flagship brand Corona with COVID-19. Conagra (CAG), a packaged foods company, gained from the consumer shift toward at-home eating, beating its benchmark by 19 bps. However, they rebounded quickly due to the increase in alcohol consumption reaching historical highs.

TECHNOLOGY SECTOR

LEAD ANALYST: CHASE BABUS

ANALYSTS: WILLIAM VU, DEREK STOUGHTON, GARRETT SCRANTON, ANDREW ISTFAN

Sector Overview

Covid-19 has accelerated the shift to digital for most enterprises. As a result, digital commerce and productivity applications have seen strong demand in 2020. Software products that improve digital business transactions and collaboration among teams have been the primary beneficiaries. Its highly likely that people will keep using these products after the pandemic subsides and employees go back to work.

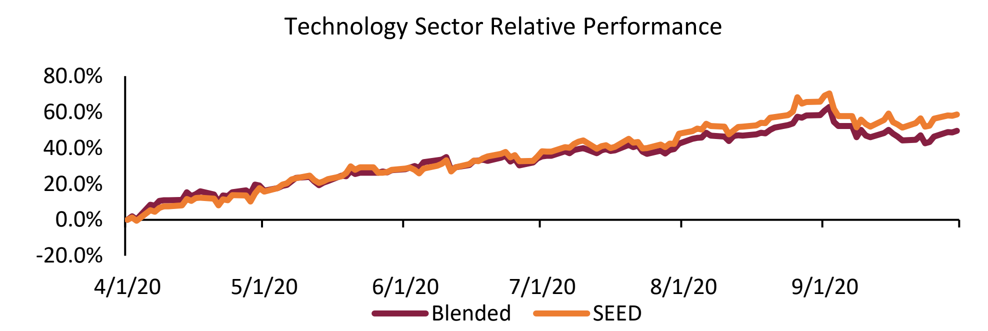
Statistical Highlights

Sector Value: $988,521.09

% of Portfolio Allocated: 36.88%

Holding Period Return: 58.59%

Active Management Return: 8.99%



Holdings	*HPR*	*Weight*
Adobe (ADBE)	62.82%	15.26%
Apple (AAPL)	92.28%	14.55%
Facebook (FB)	64.10%	15.72%
Microsoft (MSFT)	4.96%	18.35%
Oracle (ORCL)	22.56%	4.11%
ServiceNow (NOW)	77.61%	17.52%
Take-Two (TTWO)	42.03%	14.48%

Portfolio Update

The Technology sector's portfolio is currently outperforming our blended benchmark by 676 basis points.

On 9/17, SEED took a $80,396 (398 share) position in Microsoft (MSFT). Microsoft sells computer software, consumer electronics, personal computers, and related services. Its flagship products include Microsoft Azure, the Xbox gaming console, and the Microsoft Office suite. MSFT's business model is centered on "freemium" software packages and developing the cloud computing segment.

On 10/12, SEED sold 1378 shares ($85,105.12) of Oracle (ORCL). Oracle has fallen behind both MSFT and AMZN in key end markets. The company has been able to survive on recurring revenue from existing customers. However, our research suggests that in the future their products will experience higher rates of attrition. The proceeds from the sale were used to purchase an additional 381 shares in MSFT ($83,983.83).

Four of our holdings (AAPL, NOW, MSFT, and FB) reported earnings this past month. Each company beat on both topline and EPS. NOW specifically raised full year guidance.

The Technology sector has been closely monitoring the Senate Committee meetings regarding Big Tech. Moving forward, we will continue to assess our exposure to FB and AAPL.

Contact Information

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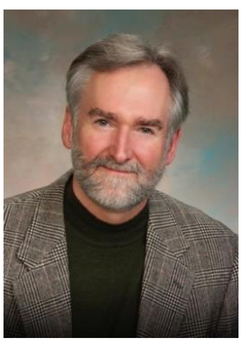

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VIRGINIA TECH SEED