

TUFTS  
FINANCIAL  
GROUP

**ANNUAL  
REPORT**

2021

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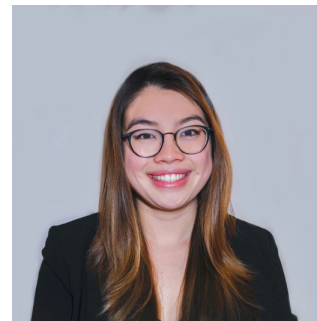
# Letter from the President

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Looking back at my time as a member of Tufts Financial Group since freshman year, I am extremely grateful for the experiences and opportunities provided by the organization, as well as the people I've met along the way. This past year, Tufts Financial Group has undergone numerous structural changes as our Executive Board has continued to find new ways to improve upon how to best serve students and their exploration of the financial services industry.

With the addition of Tufts Investment Banking Club (TIBC), Tufts Trading Fund (now Tufts Trading Club) (TTC), and Tufts Private Equity and Venture Capital Club (PE/VC) to TFG, we reorganized the club structure to streamline students' journey through the organization as they continue to learn and discover their potential in finance. We replaced the Analyst Training Program (ATP) with the Career Development Course (CDC), where students learn about the different areas of finance and which role may best suit their skill sets. Students also learn the fundamentals of how to secure an internship including workshops on networking, resumes, cover letters, interview preparation, etc. TIBC also offers a Freshmen Crash Course in the Fall for students to learn more specifically about Investment Banking and the technical knowledge required for interviews. At the beginning of the Spring semester, our Heads of Education run a Boot Camp to catch students up if they were not a part of TFG in the Fall semester. As students develop a background in the financial industry, they are encouraged to join any of the subdivisions of TFG that interest them. Tufts Alpha Fund and TIBC's Freshmen (held in the Spring) and Sophomore Accelerator Courses are application-based, while TTC and the PE/VC Club are open to all interested students.

Due to limitations presented by COVID-19, the majority of our alumni events were held virtually over Zoom. Alumni speakers included: Ben Harburg (Managing Partner at MSA Capital), Evan Rothenberg (Senior Managing Director and Head of Financial Sponsor Group, Americas at Barclays), Bianca Tubiana (Vice President at Bank of America), Anita Ramaswamy (Fintech Reporter at TechCrunch), George Pantazopoulos (Vice President at Optum Ventures), Tim Chiang (Analyst at Bank of America), Jeremy Javidi (Lead Portfolio Manager at Columbia Threadneedle Investments), Caroline Nowak (Growth Equity Associate at Blackstone), Stephanie LoGiudice (Associate at Morgan Stanley), and Jill Ford (Managing Director and Head of ECM Americas Syndicate at Credit Suisse).



Breanna Lau served as TFG's President during the Spring 2020 and Fall 2021 semesters. This past summer, she interned as an Investment Banking Summer Analyst at Nomura Securities, where she will be returning upon graduation. Breanna has previously interned at FTV Capital, a private equity firm.

# Letter from the President

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During the Spring semester, TFG successfully held its first-ever virtual New York Trip, providing students an opportunity to learn more about and network with alumni across the financial services industry. This was followed by an equally successful virtual New York Trip held in the Fall. Each virtual trip was held during a span of a week, during which each day provided students insight into a specific division in finance. Students spoke with alumni on the sell-side working in investment banking, capital markets, and wealth management, as well as alumni on the buy-side investing in both private and public markets. After a 40 minute panel, students were separated into breakout rooms with individual alumni to allow for more individualized interactions. Thank you to all of our alumni for your continued support of our organization.

While this past year has been transformative and extremely rewarding for the Executive Board, we are excited for what is next for TFG as it continues to evolve to best serve our students. With that, I would like to introduce President Smrithi Eswar, who has been serving as President this Spring. Smrithi has been a dedicated member of TFG since her freshman year and has held various roles as Vice President and Head of Diversity Initiative In-Training, and we all look forward to seeing how the club evolves and grows under her leadership.

- Breanna Lau, President

# Letter from the Portfolio Manager

The return to in-person meetings for the Alpha Fund was welcomed by all our members, and we took advantage of the opportunity re-evaluate our approach to programming and research.

Our current membership is an incredibly involved and talented group of individuals, and we've taken to using our weekly meetings as a time to learn from each other while we pursue long-term research projects on our own time throughout the week. This year members shared sector knowledge, investment concepts and modeling techniques, learned from prior internships, and presented to the rest of the portfolio committee. As a group, we worked through different stages of the fundamental research process, including screening, reading reports, understanding compensation structures, utilizing primary sources, and modeling. We're always excited to learn about something new and the meetings are a highlight of every week.

Early in 2021, the fund began an effort to evaluate legacy portfolio positions and follow up on our library of existing research. On concerns of thesis drift and valuation, we exited our relatively small positions in Exxon, Regeneron, Boston Omaha Corp, PepsiCo, CF Industries and Stonebridge Biopharma.

The fund also exited its position in Collector's Universe following its acquisition by an investor group, and in the fall, sold its position in Golden Nugget Online Gaming following the announcement of an acquisition by DraftKings.

Toward the end of the spring semester, the Fund added a position in Axon Enterprises. We believe the market underappreciates long term international expansion opportunities, and a business model shift in which Axon will generate high margin, recurring revenue by cross-selling body cams and evidence management software to existing Taser customers.

With our capital freed-up, the Alpha Fund hopes to go on the hunt for new opportunities. As valuations slowly began returning to earth towards the end of the year, we are looking to identify quality businesses trading at relative discounts. However, a discount to historical multiples is not a complete thesis in the Alpha Fund's investment philosophy: we seek to invest in businesses trading at a discount to intrinsic earnings power, as we believe that over the long term, the economic profits of a business drive shareholder returns.



Connor served as the 2021 portfolio manager. This past summer, he interned at Susquehanna International Group on the Buyside Equities desk, where he will be returning full-time after graduation.

## **Letter from the Portfolio Manager**

The Alpha Fund is grateful for our supportive network of alumni who have helped us navigate this unusual period and provided invaluable mentorship and guidance to our members. Many of our analysts have developed skills and connections throughout their experience on the Alpha Fund that have helped them succeed in their internships and pursue exciting new opportunities.

- Connor Sheridan, Portfolio Manager

# STOCK SPOTLIGHT

# Joint Chiropractic (JYNT)

## *Chance Bootstaylor*

At a high level, The Joint Chiropractic (JYNT) develops, owns, operates, supports, and manages chiropractic clinics through direct ownership, management arrangements, franchising and the sale of regional developer rights throughout the United States. The company franchises and operates chiropractic clinics that use a private pay, non-insurance, cash-based model.

The fund entered a position in JYNT at ~\$4.40 per share in the spring semester of 2018. It was initially pitched as a micro-cap stock in an unappealing, fragmented industry with little sell-side coverage. Additionally, we believed free cash flow depression due to higher-than-expected initial costs on its corporate-owned clinics led the market to severely underestimate the growth opportunity for a roll-up story within non-invasive chiropractic care. Lastly, we expected continued adjusted EBIT, comp sales, and gross sales growth to lead to a subsequent re-rating by the market to ~\$30 per share at \$ ~\$3 in EPS and 10x comparable earnings.

After it compounded to ~\$55 representing ~1,250% we cut our position in half in December of 2021. While growth is still being reported QoQ, it seems that this roll-up story faces the same challenges as many others. After being tipped off by The Bear Cave's short report, we recognized heavy insider selling, management mumbo jumbo in D&A useful lives and capitalization policies, and other reporting concerns at the company. Additionally, the recent factor rotation served as a macro risk to the 112x earnings multiple. We see JYNT as a going concern in the portfolio worthy of significant reconsideration and are actively reanalyzing its viability as a position.



Chance is a sophomore at Tufts and is a member of the Tufts Alpha Fund. Chance has prior internship experience at Callodine Capital Management and The James Irvine Foundation and Bracebridge Capital and is currently an intern at The Baupost Group. Chance will be spending the summer of 2022 as an Investment Banking Analyst intern at Bank of America.



# STOCK PERFORMANCE



## Annual & Quarterly Performance

YEARS	ALPHA FUND	BENCH-MARK	S&P 500 TR	LBUSTRUU
2017	10.01%	16.19%	17.60%	3.60%
2018	1.08%	-3.57%	-4.38%	0.01%
2019	27.67%	28.47%	32.14%	8.72%
2020	17.45%	17.31%	18.40%	7.51%
2021	22.94%	24.04%	26.89%	-1.64%

QUARTERS	ALPHA FUND	BENCH-MARK	S&P 500	LBUSTRUU
2018 Q1	0.56%	-2.19%	-2.29%	-1.80%
2018 Q2	2.54%	4.33%	5.06%	0.18%
2018 Q3	4.20%	6.52%	7.71%	-0.08%
2018 Q4	-5.92%	-11.29%	13.52%	1.73%
2019 Q1	14.45%	15.86%	18.25%	2.94%
2019 Q2	4.86%	1.94%	1.69%	3.08%
2019 Q3	1.51%	2.41%	2.43%	2.27%
2019 Q4	4.90%	6.21%	7.29%	0.18%
2020 Q1	-16.47%	-21.58%	-24.33%	3.15%
2020 Q2	13.10%	15.63%	17.05%	2.90%
2020 Q3	3.81%	7.44%	8.20%	0.62%
2020 Q4	12.67%	9.82%	10.83%	0.67%
2021 Q1	9.81%	4.84%	5.74%	-3.25%
2021 Q2	11.85%	7.35%	8.01%	1.43%
2021 Q3	-0.15%	0.38%	0.42%	0.04%
2021 Q4	0.25%	9.35%	10.44%	-0.40%

## Largest Positions

POSITIONS	% OF NET ASSETS
Fidelity Government Cash Reserves	20.87%
iSHARES S&P 500 ETF	10.51%
Visa Inc	6.33%
iSHARES Core US Aggregate Bond ETF	5.73%
Blackstone Inc.	4.70%
Alphabet Inc.	4.43%
Axon Enterprise Inc.	4.41%
Starbucks Corp.	4.34%
Magna International Inc.	4.07%
American Tower Corp	3.84%
<b>TOTAL</b>	<b>69.23%</b>

## Industry Breakdown

SECTOR	% OF NET ASSETS
Technology, Media, & Telecommunications	32%
Consumer Discretionary	22%
Financials	15%
Healthcare	11%
Industrials and Materials	8%
Real Estate	5%
Energy	3%
Utilities	3%
Consumer Staples	1%
Cash	
iShares Core S&P 500 ETF	
Fixed Income	
<b>TOTAL</b>	<b>100.00%</b>

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