



Harvard Financial Analysts Club
Annual Report

Annual Report 2023

Harvard Financial Analysts Club

Founded in 1996, the Harvard Financial Analysts Club is the largest and oldest finance organization at Harvard, committed to providing educational excellence through hands-on experience and seeking the highest returns of any club on campus.



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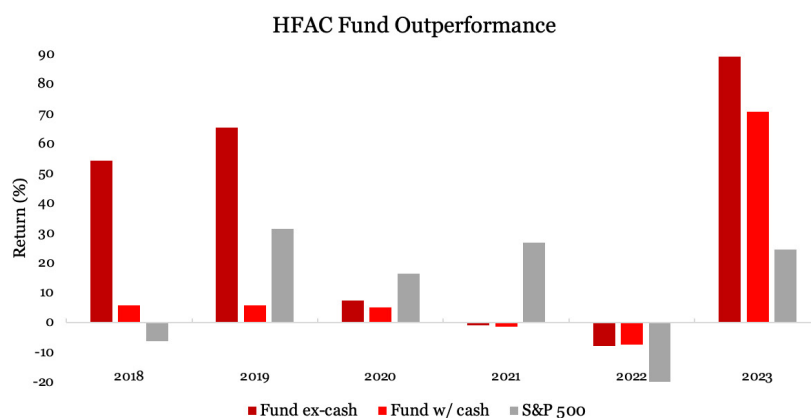
President's Letter

It's been a strong year. The fund is up **+70.8% YTD**, we graduated **176 Fall Compers**, double last fall and including **39** from a **new Quant program**, and we have **12 sponsors**.

Highlights

Education through Seeking the Highest Returns on Campus


+70.8%
 YTD
176
 Fall '23 Comp Graduates
(vs. 88 last year)
7
 2022-23 Stock Pitch
 Competition Wins
(Farallon, P72, Alta Fox, FE, MSD, D&C, Isenberg)



Key Positions:



On the Finance side, S.I.R. had **17 analysts this fall** who were not on board, who helped make 24 strong pitches, available [here](#), from Churchill Downs to Zscaler, Arm, Match, Transdigm, and AMD. **Jonathan** and his team won 1st at Farallon and 2nd at WITG, and **Sree** and his team won 2nd at Oxford Varsity's pitch competition.

Operationally, we helped host **11 information sessions** and **7 speakers**, including Kelley Morrell of Blackstone, David Tunnell of H&F, Collin Roche of GTCR, Purnima Puri of HPS, Gregg Lemkau of BDT/MSD Partners, Josh Rosenbaum of RBC, and Preetam Soundararajan of KKR Menlo Park. This fall, we hosted the **\$5,000 2023 Alta Fox Small-Cap Stock Pitch Competition**. In February, Board conducted **7 New York firm visits**, including to the offices of Tiger Global, Blackstone, Insight Partners, Goldman Sachs, Hellman and Friedman, Coatue, and Silver Lake Partners, followed by a dinner with **12 alumni**. Later in May, we hosted a Boston dinner with **10 alumni**.

The year would not have happened without our incredible Board members, from **Jonathan** leading the Fund, **Nick** leading the formation and execution of HFAC Quant, **Victoria** hosting speakers, **Jessie** and **Kevin** revamping Fundamental Comp with a group project, and more. It's been a privilege to serve alongside all of you, and we cannot wait to see where the 2024 Presidents, **Sreetej Digumarthi** and **Sarah Lao**, take the club next.

Sincerely,

Asher Noel
Co-President

Patrick Rak
Co-President

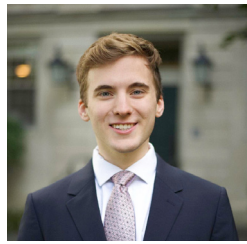
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Board



Patrick Rak
Co-President



Asher Noel
Co-President



Jonathan Liu
C.I.O.



Kevin Wang
C.E.O.



Amy Zhou
C.O.O.



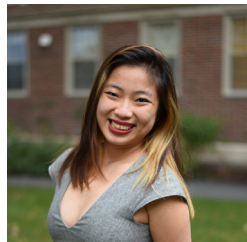
Nick Lopez
Director of Alumni



Cathy Liang
Director of S.I.R.



Daniel Wang
Director of S.I.R.



Mai Hoang
Director of S.I.R.



Sarah Lao
Director of S.I.R.



Sree Digumarthi
Director of S.I.R.



Felix Yeung
Director of S.I.R.



Jessie Pitsillides
Director of Education



Victoria Wilson
Director of Internal



Cassie Liu
Director of Internal



Maya Ganesh
Director of Internal



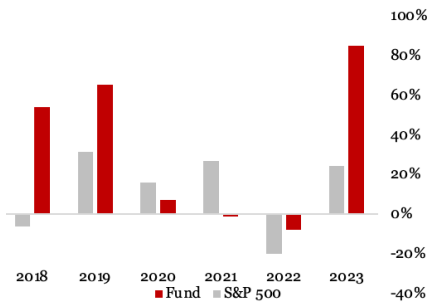
Hailey Chen
Director of External



Armaan Tipirneni
Director of External



Highlights



vs. 24.5% for SPY

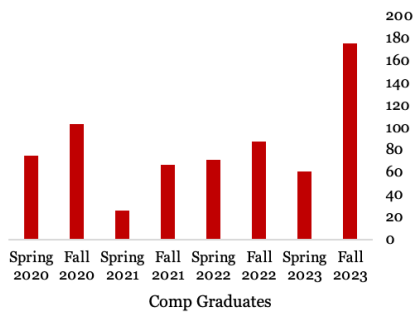
70.8%

Change in Portfolio Value since 1/1/23

vs. -7.4% last year

89.2%

Ex-Cash Annualized IRR from Bivio



as of 12/26/23

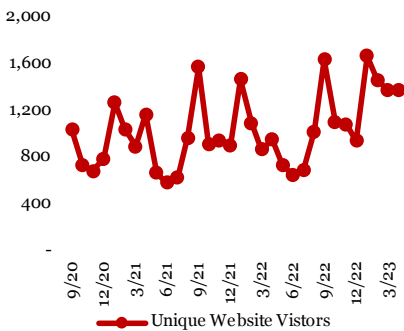
619

General Members

vs. 88 last fall

176

Fall 2023 Comp Graduates



vs. 0 last year

7

NYC Firm Visits

as of 12/26/23

\$67,617

Portfolio Value in Charles Schwab

Portfolio



Amazon

Position Started: 2/2/23

Cost: \$108.71; % Book: 22

We saw cloud spend inflecting and retail profitability starting to show, driving a strong 2023 narrative, with a large part of 2023 venture capital investment going towards AI/ML-first companies hosted by hyperscalers. We note that inferentia spot instance pricing broke out from \$0.07 on March 29, 2023 to \$0.18 and climbing in May.



CrowdStrike

Position Started: 2/21/23

Cost: \$126.56; % Book: 31

At about 20% market share of the endpoint space, we saw CrowdStrike continually taking share from McAfee and TrendMicro. We observed newly strong network effects as a result of AI. Because contract lengths are multi-year, we saw revenue lagging where it would be otherwise. At 4% free cash flow yield, we sized the position at what felt like a great price.



Adyen

Position Started: 9/13/23

Cost: \$7.41; % Book: 16

At 25x '24 earnings, we saw an overreaction to a top-line re-rate from high twenties to mid-twenties growth, so we bought aggressively before the early November Q3 print, which they did not need to disclose, and sized the position to 15% of the book.



Zscaler

Position Started: 10/5/23

Cost: \$153.30; % Book: 20

At 9x NTM ARR growing 30%, we saw adoption of cross-sold Data Protection Gen AI product that intercepts proprietary information when input into ChatGPT on a network inflect from 25 to 31% of their user base, driving record net new ARR quarters before the launch of further Gen AI products.



CHURCHILL DOWNS

Churchill Downs

Position Started: 12/7/23

Cost: \$116.70; % Book: 6

At 11.5x NTM EBITDA vs. 12.5x historically, down from 19x in Jan-21 after a "once in a blue moon" Q2 earnings miss and emergence of an investment cycle with CapEx at 26% of '23E revenue, we saw street missing the complexity of Kentucky Derby growth, as well as pessimism surrounding management's ability to execute on new openings, which we are positive



Spirit Airlines

Position Started: 12/7/23

Cost: \$14.53; % Book: 4

Pitched at \$8.78 with a deal-through price of \$30, we saw JetBlue's \$400M deal-break payout, \$2.50/share prepayment, and Spirit's Boeing order book and fleet as likely to incentive them to close the deal, as well as a view that JetBlue would be unable to claim M.A.E., since recalls had affected the entire industry. We saw the DoJ's case as without merit.



Sponsors

Much of HFAC would not be possible without the generous support of our sponsors!



WARBURG PINCUS



INSIGHT
PARTNERS



RAINE

