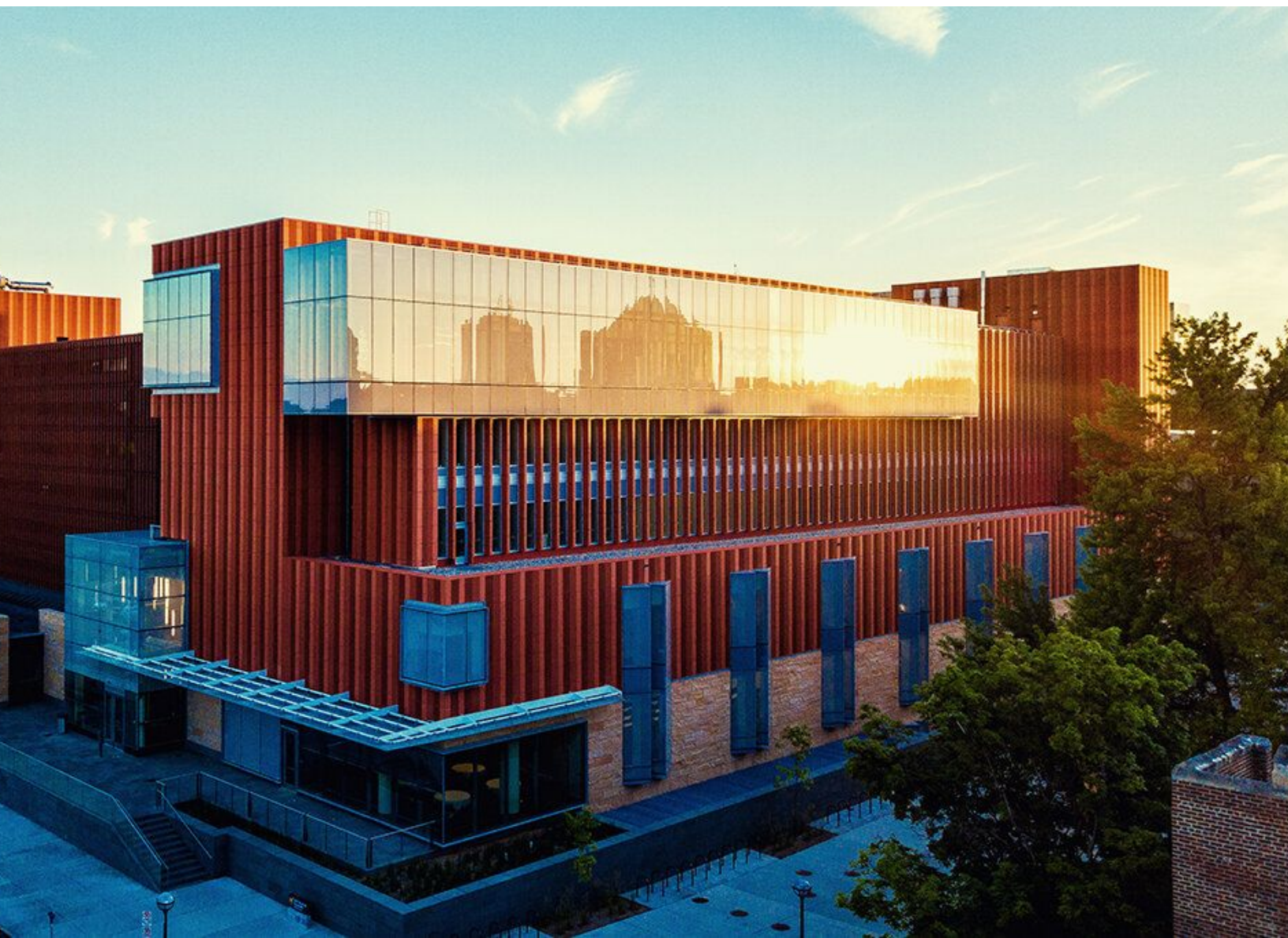


# **M** | **Maize & Blue** Endowment Fund

**Maize and Blue Fund Newsletter**  
2nd Issue, Winter 2025





## *President's Address*

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Dear Members and Friends,

As the Spring 2025 semester wraps up, we would like to take a moment to reflect on the incredible progress our fund has made and express our gratitude to each of you for your continuous support and dedication. This semester, a new cohort of students joined our legacy members in bringing new ideas to the fund as well as adding new investments to our portfolio.

In a trading environment marked by increased volatility and constantly evolving material news, the team has done an excellent job of coming up with variant views on market events. Staying true to our roots in long-term value stocks, we developed thoughtful views on all of the ways that uncertain lines of reasoning might play out. Furthermore, each Q&A session continued to challenge our ideas and help us deliberate pitch viability.

Beyond financial performance, this semester has also been about growth—both as investors and as a community. We have welcomed new members, hosted our third annual investment competition, and invited a host of terrific speakers to learn about cases where investment cases worked, as well as ones that went awry.

Investments aside, the fund wouldn't be possible without an amazing community of people. We are thankful for all of the loyalty from alumni who continue to stay involved through mentorship year-after-year; and we recognize the members of the fund who bring strong ideas to the Tozzi Center each semester. Finally, we are especially grateful for the staff and faculty who make the fund possible in the first place. Your contributions are invaluable, and we greatly appreciate them.

As we look ahead, we are excited to build on this momentum and see how the fund continues to evolve.

Best,  
Valarie Sherr  
MBEF President

# Who We Are

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The [Maize and Blue Fund](#) is Michigan's premier student-managed investment fund, providing students with a unique opportunity to manage a portion of the University of Michigan's endowment amounting to over \$800,000. By joining the Fund, students gain access to an expansive array of resources, advanced discussions, an alumni network, professional mentorship, and top-tier investing education comparable to true investment firms.

The Maize and Blue Fund provides members with the opportunity to meet professionals in the field of investing. Throughout the pitch process, members have the opportunity to get feedback on their investment ideas as they refine their pitches. Additionally, students can connect with investors first-hand during the fund's live speaker series. This semester, we were proud to host several guest speakers, including Eric Sealove (Global Head of Equity Capital Markets at Squarepoint Capital), Harris Brown (PM at Armistice Capital), and Matt Sporer (Managing Director at Lakewood Capital Management). We also are grateful to our alumni, Pranav Srinivasan and Ari Bosse, for leading a discussion on distressed credit investing this Spring.

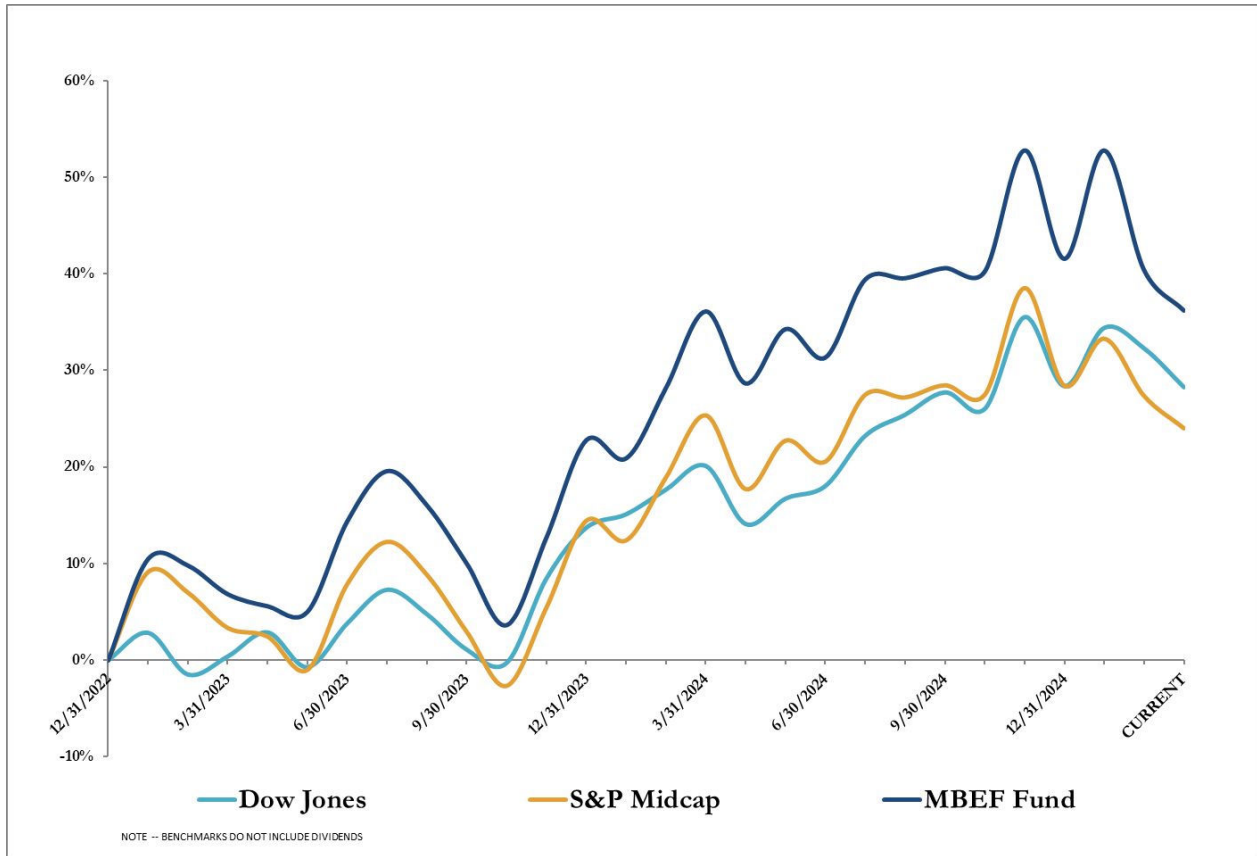
The Fund focuses its efforts on identifying undervalued US equity securities for long-term investment by leveraging industry research, financial statement analysis and valuation analyses, including discounted cash flow modeling, comparable companies and precedent transactions. The S&P MidCap 400 Index is utilized as a performance benchmark, giving the Fund an inherent bias towards investment in public companies with a market capitalization between \$2 and \$10 billion. All members are responsible for sourcing and pitching public equity investment opportunities as well as monitoring ongoing investments. This provides students with an invaluable opportunity to develop action-based investing skills by assisting in managing a long equity portfolio.

This year, the fund has made some instrumental enhancements:

- A transition to a class format has significantly improved the caliber of pitches put forth during presentations, as students' grades depend on the quality of their investment ideas.
- Industry coverage groups were arranged to help diversify the scope of companies involved in the portfolio as well as expose members to a wide array of investment categories.
- Maize and Blue Connect was implemented to provide students with a unique opportunity to speak with accomplished professionals and gain advice while developing their pitches.
- New software licenses were secured for members to use in gathering a greater amount of data.
- Students gained access to equity research resources from William Blair; we are grateful for William Blair's continued support for the fund.

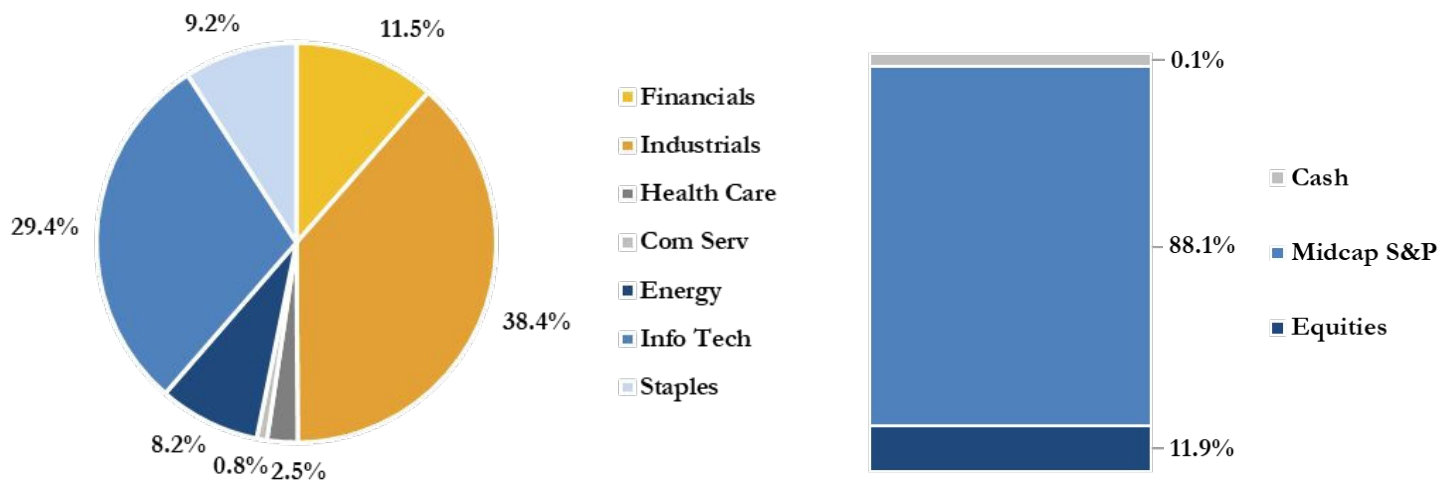


# Fund Performance



This past semester, students pitched 14 stocks across 10 industries. Stocks added into the Fund this semester include Magnera (\$MAGN) and Impinj (\$PI). Today, our portfolio is composed of 15 companies including the holdings listed below. Our fund has returned 9.9% since 2014, 12.4% since 2019, and 7.5% since 2021. Our benchmark, the S&P Midcap Index, has returned 7.4%, 10.0%, and 6.4% respectively.

Company	Ticker	Purchase Price	Current Price	% Return
Victory Capital Holdings, Inc. Class A	VCTR	\$30.09	\$62.18	107%
BlueLinx Holdings Inc.	BXC	\$79.84	\$82.65	4%
CRA International, Inc.	CRAI	\$88.67	\$178.99	102%
Alaska Air Group, Inc.	ALK	\$74.30	\$54.25	-27%
Unum Group	UNM	\$75.50	\$83.90	11%
Hologic, Inc.	HOLX	\$63.10	\$61.17	-3%
Mueller Industries, Inc.	MLI	\$28.88	\$79.38	175%
Frontier Communications Parent, Inc.	FYBR	\$21.70	\$35.77	65%
Atlas Energy Solutions Inc.	AESI	\$22.74	\$18.53	-19%
Arcosa, Inc.	ACA	\$102.03	\$82.22	-19%
Magnera Corporation	MAGN	\$20.55	\$18.71	-9%
CCC Intelligent Solutions Holdings Inc	CCCS	\$10.97	\$9.21	-16%
Impinj, Inc.	PI	\$104.65	\$91.74	-12%
Photronics, Inc.	PLAB	\$26.98	\$21.61	-20%
Lancaster Colony Corporation	LANC	\$195.47	\$178.40	-9%



## *Investment Highlight: Magnera Corp. (\$MAGN)*

Magnera Corp. (\$MAGN) is a manufacturer of nonwoven fabrics selling to major consumer brands like P&G and Kimberly-Clark. The company was formed in November 2024 through a spin-off merger (Reverse Morris Trust) between Berry Global's Health, Hygiene & Specialties (HH&S) division and Glatfelter.

The investment thesis presented suggests MAGN is significantly undervalued, trading at approximately 5x adjusted EBITDA compared to industry peers at 8-10x. This mispricing is attributed to three main factors:

1. Post-spin-off institutional sell-off and low analyst coverage
2. A temporary downcycle in nonwovens due to COVID mask oversupply
3. Concerns about the company's 4.3x leverage ratio

The pitch highlights several catalysts for potential share price appreciation:

1. Market inflection as the nonwoven industry recovers from oversupply
2. Management's guided synergies of \$50M/year over four years
3. Deleveraging potential with a target of 3.0x in three years
4. Strong market position (90% share in diapers, incontinence, and menstrual products)
5. Multiple expansion potential as the company executes on synergies

The analysis suggests a base case implied IRR of 15.1%. Management's experience with integrating acquisitions at Berry Global is cited as a strength for executing the planned synergies. The company has no near-term debt maturities and approximately \$500M in available liquidity, mitigating default concerns.

## *BBA To Watch: Karan Samtani*

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Karan Samtani is a senior in the fund, originally from the Bay Area. Living in a science-focused town, he became interested in research and found investing to be a unique way to perform research and learn about various topics. Coming to Michigan, he became involved with the fund and helped to lead education for Michigan Interactive Investments. Outside of professional life, Karan is an avid hiker, enjoys cooking food from Southeast Asia, and reading about history. Professionally, he will be pursuing a career in finance as he views it as an opportunity to learn about a variety of topics and industries.

In his freshman year, Karan worked for a lower-middle-market private equity firm in Palo Alto and sparked his interest in investing and deep due diligence. Then, in his sophomore year, he worked for Fidelity as a summer research associate, where he learned about investing in public markets. Finally, over his junior summer, he worked at Blackstone in financial institution acquisitions.

Following graduation, Karan will be working at Dodge & Cox in San Francisco as an Equity Research Associate covering industrials. Longer-term, he would like to work at other long-only investment firms or pursue a career in value-focused long/short firms.

# *Maize and Blue Stock Pitch Competition*

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The Maize and Blue Endowment Fund's 2025 Stock Pitch Competition was a tremendous success. Seven students were selected as finalists, presenting their investment theses before a panel of esteemed judges:

- Arjune Budhram: Treasury, Millennium Management
- Matt Finn: Head of Equity Investments, Thrivent
- Jordan Hymowitz: Managing Principal and Portfolio Manager, Philadelphia Financial
- Corey Tobin: Partner and Investment Management Analyst, William Blair

The competition enabled students to showcase their stock-pitch skills to a panel of investors, with opportunities to gain mentorship, network with firms, and win prizes. Students worked directly alongside mentors to refine their pitches and attended a dinner with the judges. Junior BBA student Arun Kodumuru claimed the grand prize, taking home a \$5,000 check. Second place was awarded to Zevik Citron, while third place was shared by Aman Daga and Valarie Sherr.

## **Pitch Competition Sponsors:**

*William Blair*

*Philadelphia Financial Management*

*Thrivent*

*Arjune Budhram*



### ***Competition Highlight: Short Pitch on Red Cat Holdings (\$RCAT)***

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“RCAT sells plastic ‘Teal’ drones to the DoD for ~\$15-25K per drone. Despite selling a product that is 20x more expensive, and has lower reliability versus comps (according to calls with comps/clients), the business trades at 45-50x revenue. The stock’s 416% surge between Nov-Jan 2025 is likely due to: (1) drone hype—4x spike in Google trends of ‘drone’ and (2) Media—with the CEO doing Youtube interviews and hiring Red Chip Co. for IR who posts videos/articles on the firm. Consequently, Red Cat has been left with a 67% retail ownership, and limited underlying fundamentals.

There are several theses to warrant downside. First, mgmt. projects a 50-70% GPM, when my channel checks found that figure impossible. Second, after RCAT missed their Q2 revenue guide, mgmt. raised their midpoint revenue guide to \$100M FY25, when the DoD only budgeted \$69M for FY25 RCAT drones. Finally, RCAT has suspect connections. Barry and Jonathan Honig, who are HF managers that have been litigated in the past by the SEC for rug pulling microcaps, run a fund called Titan Multi-Strategy. This HF owns a high stake (30% of float) in Unusual Machines, which is RCAT’s sister company that makes most of its ‘Fang FPV’ drones. All of these theses, along with recent mgmt. selling and RCAT’s 2 quarters of cash runway, lead me to underwrite a 40-50% drop in stock within 2-6 quarters.”

-Arun Kodumuru

### ***Competition Highlight: Long Pitch on Impinj (\$PI)***

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“Impinj (\$PI) is the leading pioneer of RFID chips (endpoint ICs) and systems. Its endpoint ICs are essentially consumable silicon (i.e., recurring revenue for PI) that allow enterprises to locate, identify, and authenticate tagged items through an integrated platform, enabling efficient inventory and supply chain management. The chips enable reading of up to 1,000 items per second at a 30-foot range without direct line-of-sight or batteries. PI has a presence in over 85% of all RFID read points globally and commands approximately 50% of the endpoint IC market. The industry has grown at a 29% unit volume CAGR since 2010, yet the long-term market opportunity is forecasted to be ~10 trillion chips annually, suggesting 0.5% penetration at current volumes. PI’s competitive advantages include its unique position as both an endpoint IC and reader provider, mfg. excellence through its TSMC partnership, and unrivaled customer touchpoints through its complete platform solution. PI continues to expand its use cases beyond traditional retail and supply chain applications, into large markets such as logistics and food/beverage tracking.

Three market misperceptions suggest PI is underappreciated: (1) viewing endpoint ICs as commodity products (failing to recognize PI’s platform differentiation and Gen2X technology), (2) underestimating growth potential beyond enterprise adoption (missing consumer use cases enabled by smartphone RFID readers and EU Digital Product Passport regulation), and (3) overestimating threats from low-cost competitors (ignoring PI’s mfg. advantages and Western skepticism toward foreign chips). These factors create an opportunity for patient long-term investors to realize significant upside on PI as the company emerges as the winner in the emerging “boundless IoT” industry.”

-Zevik Citron



## *Alumni Commitment to Empowering Students*

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### *Corey Tobin*

**Partner and Investment Management  
Analyst, William Blair**

We are excited to feature an interview with Corey Tobin, a proud Michigan Ross alumnus and Partner in William Blair's Investment Management group, focusing on the technology sector. With experience spanning investment banking, private equity, equity research, operations, and more, his winding path illustrates the importance of continuous learning.

Corey's career began in M&A due diligence at Coopers & Lybrand (now PwC), where he learned how to effectively communicate with management teams and ask questions strategically and efficiently. He later worked in Merrill Lynch's investment banking division before joining Willis Stein & Partners as a private equity associate. In 2000, Corey saw the early signs of technology's proliferation across industries. In alignment with his philosophy of "run toward complexity," Corey returned to school, earning an MBA from Northwestern University's Kellogg School of Management and a Master's in Computer Science from the University of Chicago.

Corey then joined William Blair in their equity research division. This role was instrumental in gaining experience in capital markets, valuation, and communication. Next, he took on an operating role at Trustwave, a cybersecurity firm; Corey describes operating experience as extremely helpful in an investor's toolkit because it helps one understand how companies and management teams translate strategies and slides into tangible results. In 2012, Corey returned to William Blair's investment management division in the position he currently holds. He also served as the group's Co-Director of Research from 2017 to 2022.

As a Maize and Blue Endowment Fund Pitch Competition judge, Corey looks for several key elements when evaluating stock pitches. First, the business description should be clear, explaining the company's value proposition to its clients and an analysis of the competitive moats. Second, Corey emphasizes a calculation of the market opportunity, not merely based on management projections, but also via direct calculation of the total addressable market based on unit volumes and price. Third, analysts should also provide an assessment of the management team, focusing on their key strategic decisions as well as the financial performance and capital returns. Finally, and perhaps most important, an excellent stock pitch requires a detailed description of the inefficiency - i.e., what are other investors missing? - that grounds the investment thesis, preferably supported with data.

For students seeking to pursue a career in investment research, Corey has three recommendations:

1. Seek out great investors and learn from their successes and mistakes, via books, podcasts, and interviews;
2. refine persuasive writing and speaking skills; and
3. gain direct experience through a paper portfolio: document your decision-making, and continually review which investments worked, which didn't, and why.

Corey emphasizes several necessary qualities that shape success in investment management. As an industry built on trust, high integrity is a non-negotiable trait. He also values grit: the resilience to persevere and transform inevitable mistakes into learning experiences. Corey notes that "change is the only constant" and recommends the continual pursuit of new knowledge and skills. Further, investors must be comfortable making decisions with incomplete information, as the window of opportunity will often close if one waits too long while seeking perfect clarity. Finally, Corey advocates for probabilistic thinking: it's better to understand the probabilities around a range of outcomes rather than try to precisely predict one single result.

Corey is a great friend of the Maize and Blue Endowment Fund and has been instrumental in its success over the past several years. Beyond several appearances as a guest lecturer, his role in co-founding, sponsoring, and judging the annual stock pitch competition has enabled tremendous learning opportunities for students at the University of Michigan. His generosity inspires current students to pay it forward one day and remain actively involved as alumni.

The logo for William Blair, featuring the name "William Blair" in a white, elegant script font centered on a dark blue rectangular background.

*William Blair*

Please feel free to reach out to any of us with questions.

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If you are interested in financially supporting the educational activities of the students in the fund, speaking at the fund, or mentoring our students please do not hesitate to reach out to Professor Nezafat at [nezafat@umich.edu](mailto:nezafat@umich.edu). Your contributions and insights are invaluable to our mission.

