

## CASH ALLOCATION STRATEGY: MIDAS' MATTRESS

<b>Team:</b>	Profit Prophets
<b>Team Members:</b>	Jackson Ainsworth, Ishmit Makkar, Trevor Johnson, Ryan Wilson
<b>Date Presented:</b>	11/25/2024
<b>Investment Decision:</b>	Invested \$686,858 in SPY, ~1,149 shares and \$294,368 in ICSH, ~5,816 shares

### INTRODUCTION:

Our group's goal was to develop a cash allocation strategy to best meet the fund's goals and parameters. Roughly 95% of our fund's value was stored in raw cash, earning near zero return, meanwhile the 10 Year US bond yield was 4.30%, meaning most of our capital was earning less than our risk-free index. The idea was to create a portfolio with a market ETF and a "risk-free" ETF with a ~70/30 split to match the funds target beta of 0.7, granting the fund exposure to market returns as well as market risks. To keep our beta aligned with portfolio parameters, we suggest that high beta pitches draw down from SPY and low beta pitches draw down from ICSH, in most cases we expect to draw down proportionally from each.

### OVERVIEW OF THE ETFs:

ETF	iShares Ultra-ST Bonds	SPDR S&P 500 ETF Trust
<b>Ticker</b>	ICSH	SPY
<b>Beta</b>	0.05	1.00
<b>Expense Ratio</b>	0.08%	0.09%
<b>YTD Return</b>	4.98%	26.41%
<b>Allocation</b>	~\$294,368	~\$686,858

ICSH is an Ultrashort Bond Active ETF which mostly invests in short maturity debt vehicles such as notes, commercial paper, CDs and so on. Compared to its benchmark (XBIL), ICSH earns 0.53% more return for 0.035% greater standard deviation. ICSH has a weighted average maturity of 6 months, and its highest holding is 1.64% of the portfolio. ICSH has an expense ratio of 0.08%.

SPY is a large blend ETF which seeks to imitate the S&P 500. SPY holds the top 500 publicly traded companies and is weighed by market capitalization. Compared to VTI (similar ETF from Vanguard), SPY earns -0.06% less return for -0.389% lower standard deviation. SPY's most invested sector is Information Technology at 31.77% of the portfolio, and its highest holding is NVDA at 7.17% of the portfolio. SPY has an expense ratio of 0.09%.