

Portfolio Review: Fundamental – CBRE Group Systematic – Surviving January Blues & High Energy Low Beta

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The Four Risketeers

Jaxon Floyd

Nicole Matamoros



Overview



Fundamental: CBRE Group, Inc – **Sell**



Systematic: Surviving January Blues – **Sell**



Systematic: High Energy, Low Beta – **Hold**

A large, modern building with a curved facade and many windows. The words "SPENCER FOX ECCLES BUSINESS BUILDING" are written in large, capital letters across the top of the building. In the foreground, there is a large mural of a person wearing headphones and a sign that says "David E".

SPENCER FOX ECCLES BUSINESS BUILDING

Fundamental Review

Fundamental – CBRE Group, Inc (CBRE)

CBRE Group is the world's largest commercial real estate services and investment firm, holding #1 market position with 24% market share across all property type on a global basis in 2023.

Original Investment Thesis:

- CRE market survey expected with 70% of investors anticipating improvement.
- Office market bottoming out with leasing activity turning positive.
- Target price of \$147.23 representing 13.1% upside
- Interest rate cuts expected to support valuation expansion.

Considerations:

- US CRE transaction volume increase ~20% YoY.
- Industrial and multifamily rents remain. Overall occupancy remains constant despite new supply.
- Target price exceeded by 9% (\$160.50 vs \$147.23 target) - bull case exceeded.
- Actual and anticipated interest rate cuts.

Position Overview

Inception Date	November 11, 2024
Shares Held	100
Position Size	\$16,050
Original Share Price	\$135.94
Current Share Price	\$160.50
Unrealized Return	18.30%
Portfolio Weight	-
Beta	1.34

Fundamental – CBRE Group, Inc (CBRE)

Metric	At Strategy Inception	Current	Percent Change
Price per share	135.94	160.50	+ 18%
Market capitalization	~39.80B	\$48.30B	+ 21%
P/E Ratio (TTM)	30x	~40x	+ 33%
Shares outstanding	306M	297M	- 3%
EPS (TTM)	\$3.14	\$3.14	0%
Return on equity (ROE)	~12.00%	14.26%	+ 19%
Beta	1.34	1.34	0%
Portfolio weight	-	-	-



Systematic Review

Systematic – Surviving January Blues



Statistics

Total Return	-23.7%
Beta	~1.25
Original Position Size	\$14,268
Original Portfolio Weight	-
Current Position Size	\$0
Current Portfolio Weight	0%
Purchase Date	01/28/2025
Last Rebalance	04/30/2025
Rebalance Frequency	Quarterly

Goals: Capture risk-adjusted excess returns using low price-deviation equities.

Original Thesis: “If a stock has a lower PD then it doesn’t present the typical risk profile that attracts investors. Therefore, they are underpriced relative to the market and have the potential for higher returns.”

Considerations:

- *Parameters don't match research*
- *Unable to replicate criteria in Bloomberg.*
- *Strategy was partially implemented and subsequently unwound without full rebalance.*

Systematic – Surviving January Blues



Parameter	Screening Criteria	Stock Universe
Equity Float	> 100000	8,725
Current Periodic Enterprise Value	> 2000 Million	1,791
Return on Common Equity	>= S&P 500 Index cap weighted average	100
Price Deviation	< S&P 500 Index cap weighted average	49
1-Month annualized Sharpe Ratio	>= 2	22
12M Net Income Profit/Losses	> 0 Million	22
12M EBIT	> 0 Million	22
12M Free Cash Flow	> 0 Million	22
30-day Annualized Volatility	>= S&P 500 index cap weighted average	9
Top 5 Sequential Rank	Higher is better (current market cap)	5

The paper supports systematic, diversified exposure to low-volatility stocks—not narrow, short-term timing strategies.

Systematic – High Energy, Low Beta



Statistics	
Total Return	-1.90%
Beta	~0.71
Original Position Size	\$49,458
Original Portfolio Weight	-
Current Position Size	\$48,520
Current Portfolio Weight	-
Purchase Date	01/28/2025
Last Rebalance	07/07/2025
Rebalance Frequency	Quarterly

Goals: Capture excess returns in the energy sector by targeting lower-beta and lower-volatility equities.

Original Thesis: This strategy seeks to increase the Fund's exposure to the energy sector while maintaining a controlled risk profile by targeting stable, cash-generating energy companies with a low beta and high asset tangibility.

Considerations:

- *Closely follows research*
- *Rebalance repeatable*
- *Favors inflationary economies*

Systematic – High Energy, Low Beta



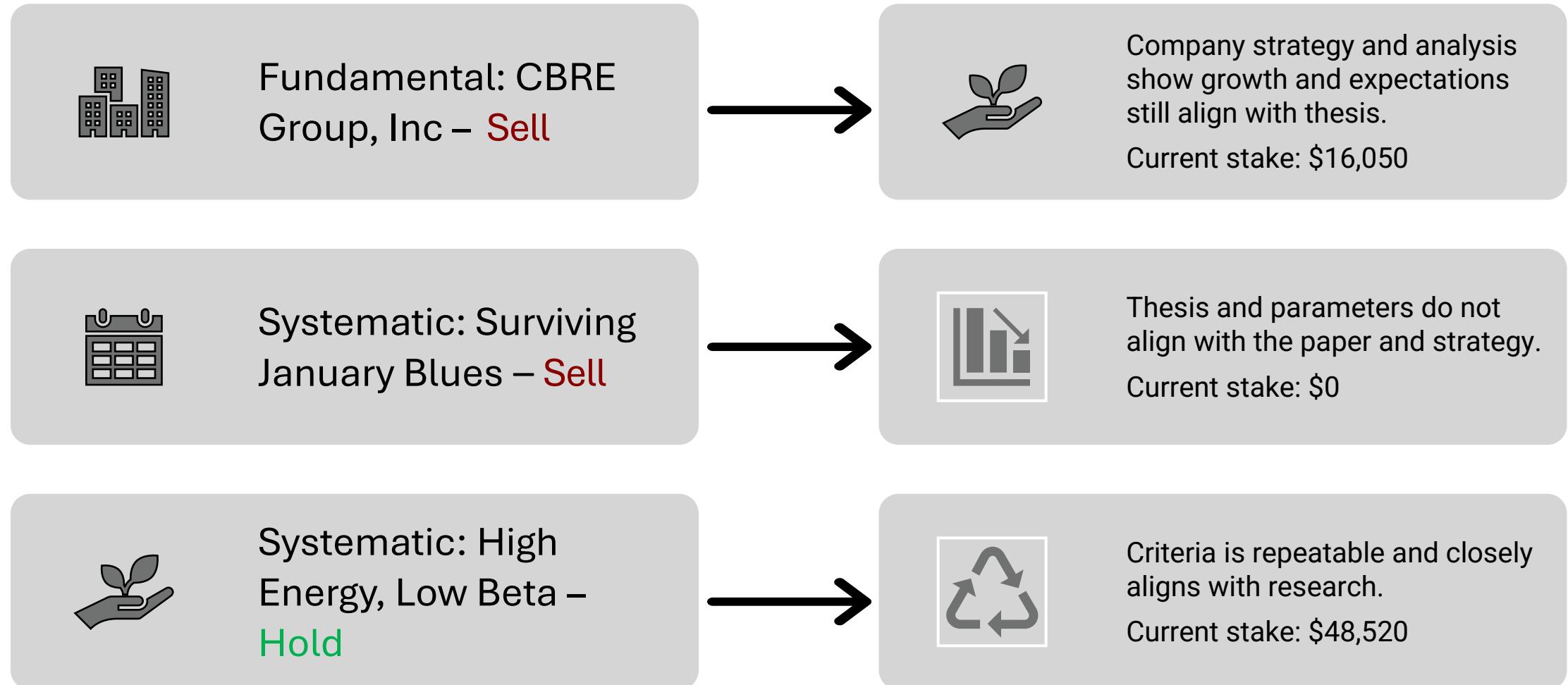
Parameter	Description	Stock Universe
[Country/Territory of Domicile]	United States	12,723 stocks
[Sectors]	Oil & Gas; Renewable Energy	569 stocks
[Current Market Cap]	> 3 Billion	73 stocks
[5yr Monthly Beta]	<= 1	36 stocks
[Current Free Cash Flow Yield]	> 5%	12 stocks

[Rebalance Freq.]	Quarterly
[Weighting Scheme]	Market Cap Weighted



Conclusion

Conclusion





Appendix

Fundamental – CBRE Group, Inc (CBRE)



FREE CASH FLOW PROJECTIONS

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5
	2024	2025	2026	2027	2028	2029
Revenue	\$ 35,767.00	\$ 40,774.38	\$ 45,667.31	\$ 50,234.04	\$ 54,252.76	\$ 56,965.40
Revenue Growth	0	14.0%	12.0%	10.0%	8.0%	5.0%
Operating Margin	3.95%	4.56%	5.17%	5.78%	6.39%	7.00%
Operating Income (EBIT)	\$ 1,413.00	\$ 1,859.50	\$ 2,361.16	\$ 2,903.64	\$ 3,466.81	\$ 3,987.58
Less: Taxes on EBIT	\$ (282.60)	\$ (371.90)	\$ (472.23)	\$ (580.73)	\$ (693.36)	\$ (797.52)
NOPAT	\$ 1,130.40	\$ 1,487.60	\$ 1,888.92	\$ 2,322.91	\$ 2,773.45	\$ 3,190.06
Plus: D&A	\$ 674.00	\$ 768.36	\$ 860.56	\$ 946.62	\$ 1,022.35	\$ 1,073.47
Less: CapEx	\$ (307.00)	\$ (349.98)	\$ (391.98)	\$ (431.18)	\$ (465.67)	\$ (488.95)
Less: Δ Working Capital	\$ -	\$ (25.04)	\$ (24.46)	\$ (22.83)	\$ (20.09)	\$ (13.56)
Unlevered Free Cash Flow	\$ 1,497.40	\$ 1,880.94	\$ 2,333.05	\$ 2,815.52	\$ 3,310.04	\$ 3,761.01

Terminal Value Assumptions	
Terminal Growth Rate	3.0%
WACC	9.19%
Terminal Value Calculation	
Year 5 FCF	\$ 3,761.01
Terminal Value (Gordon Growth)	\$ 62,610.46
PV of Terminal Value	\$ 40,344.84
Enterprise Value	\$ 50,939.79
Bridge to Equity Value	
Enterprise Value	\$ 50,939.79
Less: Net Debt (Book)	\$ (3,245.00)
Plus: Cash	\$ 1,114.00
Equity Value	\$ 48,808.79
Shares Outstanding (millions)	298
Implied Share Price	\$ 163.79
Current Stock Price	\$ 160.50
Upside / (Downside)	2.0%

CBR EPS

