

2024 CUSP Market Cap Analysis

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The CUSP Fund Managers pursue a strategy of selecting a mix of large-cap and mid-cap domestic equities to compare favorably to the fund benchmark, the Russell 1000 Index. The CUSP holdings as of April 2024 indicate a large-cap tilt relative to the benchmark, with market caps ranging from \$4.26 billion to \$2.96 trillion. This differs from the Russell 1000 Index components, which have market caps ranging from \$340 million to \$2.96 trillion. The accompanying table highlights how the CUSP is more heavily weighted towards larger companies compared to the Russell 1000 Index benchmark.

Market Cap	CUSP*	Index*
Low	4.26	0.34
Median	59.89	13.77
High	2965.64	2965.64
Average	297.73	50.95

*As of 4/22/24, in billions of dollars

The median market capitalization of the CUSP Fund stands at \$59.89 billion, in contrast to the benchmark Russell 1000 with a median of \$13.77 billion. The CUSP also boasts a higher average of \$297.73 billion compared to the Russell 1000 with an average of \$50.95 billion. One notable distinction between the CUSP and the Russell 1000 is the relative weighting of individual securities. Microsoft, for example, represents 6.52% of the market value of the Russell 1000, while only accounting for 3.48% of the CUSP. This means that the performance of the CUSP is less reliant on the largest cap holdings, and security selection plays a more significant role.

In terms of portfolio composition, the CUSP Fund currently holds 62 different equities, with a higher proportion of large-cap companies. Over 80% of the CUSP holdings have a market capitalization exceeding \$10 billion and over 22% of the companies have market capitalizations surpassing \$200 billion. Remarkably, the CUSP includes five companies with market capitalizations exceeding \$1 trillion. In relative size, just over 56% of CUSP companies fall within the market capitalization range that defines the top 25% of Russell 1000 Index firms. Notably, the CUSP has a unique positioning, with only just over 19% of its holdings categorized as mid-cap equities, falling between a market cap of \$2 billion and \$10 billion.

The investment strategy of the CUSP student managers focuses on identifying financially sound companies across the market cap spectrum. For instance, the inclusion of Microsoft (MSFT) with a market capitalization over \$2.96 trillion aligns with the objective of investing in large, established, companies with a history and expectation for dependable growth and profitability. On the other hand, Albemarle Corp (ALB), with a market capitalization of \$13.2 billion, aligns with the goal of targeting smaller companies with strong growth potential. To be considered for inclusion in the portfolio, these smaller companies must possess two critical attributes: financial stability and long-term growth potential. The CUSP student managers exercise prudent risk management by thoroughly evaluating each investment in relation to the overall portfolio. This approach helps ensure all investments align with the portfolio's investment goals and risk tolerance, while also considering the potential for higher growth over the long term.