

# STOIC CAPITAL

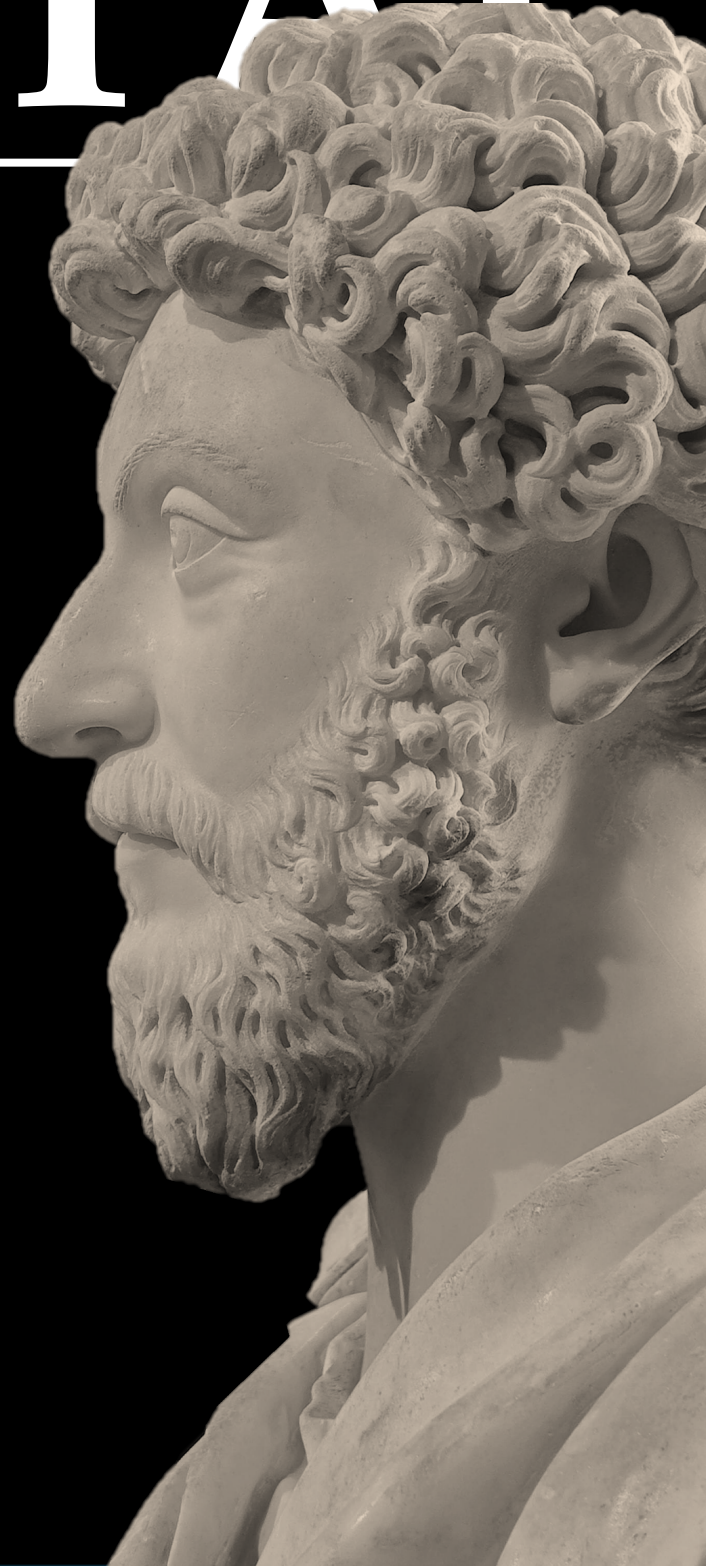
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## Quarterly Report

Andrew Grignano | Danny Huang  
February 2025

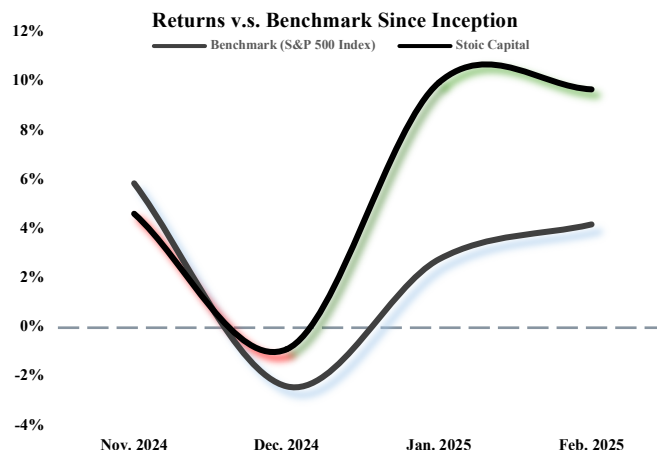
Return Since  
Inception: +9.69%

Benchmark  
Return: +4.2%



## I. THE NUMBERS

Stoic Capital has returned 9.69% since our November 2024 inception. In this same time, our benchmark S&P 500 index has returned only 4.20%. At its peak before the A.I.-driven selloff in the final days of January, our returns exceeded the benchmark nearly thrice over at 12.26%.



## II. INTRODUCTION

The last three months have proved to be some of history's most shaky and volatile times in the context of the capital markets and global economic climate. Between a fraught election driving explosive market returns in November, the announcement of Trump's troubling tariffs in December, and January's A.I. meltdown, Stoic Capital has ultimately prevailed in the thrashing seas of the stock market as 2024 closed out and 2025 has been ushered in.

Our advantage in such perilous times is largely owed to our emphasis on equities, being entirely blind to macroeconomics. A homage to the legendary Howard Marks of Oaktree Capital, we seek utility within our strategic defensive portfolio to hedge against broader market uncertainty credited to macroeconomics.

*We don't trade GDPs and inflation numbers. We trade companies.*

This, combined with our growth-oriented approach emphasizing leaders in durable and long-term trends, is what has made this first quarter so successful for Stoic Capital. Looking forward, the volatility and general uncertainty brought upon by global market forces will ultimately be a rigorous test to Stoic Capital's methods and successes. We thus expect our defensive portfolio to prove a titanic hedge as we navigate the thrashing waves of tomorrow's market.

## III. KEY STATS

2.00%

MAX DRAWDOWN

1.20

SHARPE RATIO

3.70

SORTINO RATIO

## IV. CLOSED POSITIONS

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**Company:** Amazon (AMZN)

**Realized Return:** +22.66%

**Underlying Trend:**

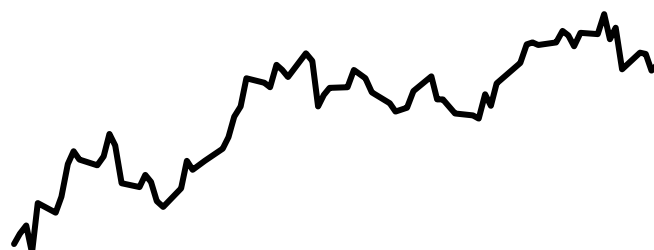
- Sizeable stake in Anthropic A.I. research
- Leading global market share in cloud infrastructure and web via AWS.

**Catalysts:**

- XPU development set to rival Nvidia and integrate Amazon into global A.I. value chain.
- Supply chain and margin optimization credit to practical application of A.I.

**AMAZON**

\$AMZN | +22.66%



**BROADCOM**

\$AVGO | +27.21%



**Company:** Broadcom Inc. (AVGO)

**Realized Return:** +27.21%

**Underlying Trend:**

- International leader in semiconductor and networking infrastructure solutions.
- Critical foundation to Google and Meta's near trillion-dollar A.I. initiatives.

**Catalysts:**

- Enduring global interest in data centre and warehousing development, largely backed by Broadcom's products.

**Company:** Constellation Energy (CEG)

**Realized Return:** +33.80%

**Underlying Trend:**

- America's largest producer of carbon-free energy.

**Catalysts:**

- Exponentially scaling CapEx and by proxy returns via sizable investments in data centre power.
- Reopening the Three Mile Island Nuclear Plant in a joint deal with Microsoft.

**CONSTELLATION ENERGY**

\$CEG | +33.80%



## VERTIV

\$VRT | +31.39%



**Company:** Vertiv (VRT)

**Realized Return:** +31.39%

### Underlying Trend:

- Vertiv is vertically integrated in the explosive A.I. value chain through their absolute global dominance in data centre cooling solutions.

### Catalysts:

- Enduring explosive growth in A.I. use and data warehousing.
- Vertical integration continues to boost margins.

## V. SUMMARY OF REALIZED RETURNS

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+ 31.39%



+ 22.66%



+ 27.21%



+ 33.80%

## VI. OPEN POSITIONS

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**Company:** Arista Networks (ANET)

**Unrealized Return:** +2.00%

### Underlying Trend:

- Global leader in high-speed networking and data centre infrastructure.

### Catalysts:

- Hyperscale CapEx growth and corresponding returns via deals with Microsoft and Meta + the Stargate Project.

## ARISTA NETWORKS

\$ANET | +2.00%



## BLACKSTONE

\$BX | -6.08%



**Company:** Blackstone (BX)

**Unrealized Return:** -6.08%

### Underlying Trend:

- Blackstone is the world's largest alternative asset manager.
- Leading global stake in credit risk, real estate, and private equity all capitalize on rate cuts and lower inflationary environment.
- Upstream exposure to durable trends including data centres and renewable power generation.

### Catalysts:

- Increasing retail and institutional interest in alternative asset classes as a means of hedging traditional investment.
- Hyperscale growth through serial acquisitions led by strong management.

### Notes:

- Existing losses catalyzed by flaring inflation and A.I. selloff.

## NOVO NORDISK

\$NVO | -27.64%



**Company:** Novo Nordisk (NVO)

**Unrealized Return:** -27.64%

### Underlying Trend & Catalyst:

- Global obesity rates are projected to increase from 38% in 2020 to over 50% in 2030. That is, to say, by the end of the decade, more than half of the world's population will be obese.
  - Novo Nordisk holds an absolute dominance over the global weight loss treatment market, to the point where "Ozempic" has evolved to become verbified and synonymized with weight-loss treatment.
- The obesity treatment market is projected to explode from \$6B in 2023 to ~\$150B by 2030 via Goldman Sachs and The Bank of Montreal.

### Notes:

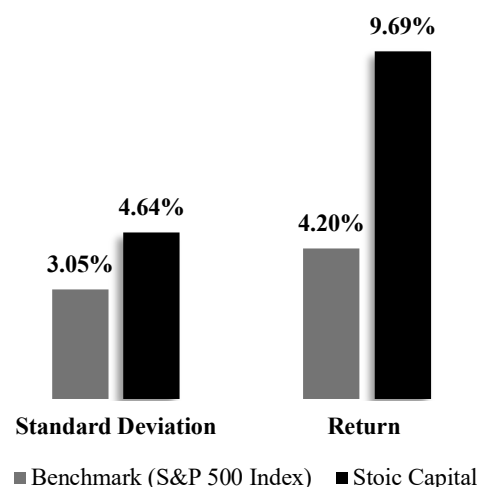
- Retail rotation out of Novo Nordisk was spiked by a ~2.3% miss in results of their CagriSema weight loss trials. We believe this is a wholly unreasonable overreaction credited largely to shaky retail volume considering CagriSema is still over 5% better than lead competitor Eli Lilly's rival flagship product.

## VII. RISKS VERSUS RETURNS

In the most recent quarter, Stoic Capital delivered satisfying risk-adjusted returns. Our fund generated a return of 9.69%, outpacing the S&P 500's 4.2%.

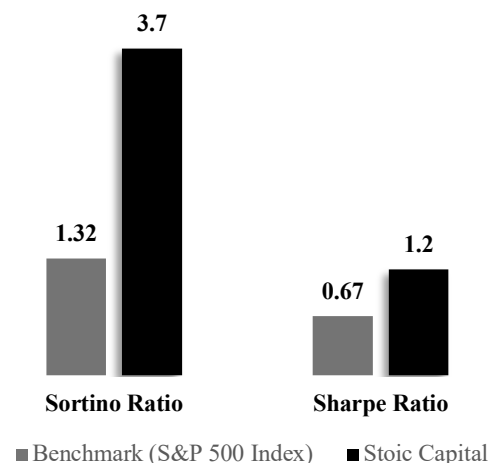
While traditional metrics like the Sharpe ratio and standard deviation treat upside and downside movement equally, we recognize that downside volatility is undesirable but primarily consider upside volatility as a representation of opportunity rather than risk. The Sortino Ratio specifically measures excess return against downside deviation, which is why we select it as our primary measure of risk-adjusted returns.

Our **Sortino ratio of 3.7** is nearly triple that of the **S&P 500's 1.32**, signalling significantly higher returns per unit of downside risk.



## VIII. CLOSING REFLECTION

1. **Why do we sell half of any position at 25% gain?** Our answer is: (a) discipline; and (b) the concession that we often may not immediately identify a change in our thesis for a company. Going forward, we seek to improve our exit strategy based on valuable insights from our mentor, Dr. Ganesh Mani. We will consider a more sophisticated approach that tailors exit points to each stock's unique volatility. Additionally, we are setting up an automated trading agent through Interactive Brokers that will incorporate trailing stop losses for our positions after the initial exit.
2. We believe that the cost reduction brought by DeepSeek marks the beginning of cheap commoditized intelligence. In these circumstances, we believe that companies who hold high-quality data (i.e. Meta) will capture outsized value.
3. We are also expanding our research focus to identify durable trends within India's rapidly evolving economy.
4. **Risk in investing manifests in two forms:** volatility and potential capital loss. While volatility can be measured through statistical tools, the risk of capital loss is unquantifiable. These two risks operate independently - reducing one provides no guarantee of lowering the other. As Howard Marks puts it in his memo [Fewer Losers, or More Winners](#), skilled fund managers either produce stunning returns with tolerable risk or good returns with minimal risk. At Stoic Capital, we seek the former through superior research and strategic portfolio construction focused on uncorrelated investments.



- Andrew Grignano &  
Danny Huang

Handwritten signatures of Andrew Grignano and Danny Huang.