

Legendary Investors

Ken Griffin's Picks Citadel Advisors

Filtered by risk

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Anil Kumar, CFA, CAIA, CIPM

Tiwi Investment & Consultancy, Muscat, Oman

GSM: (+968) 9010 1438 / 9133 9784

Email: anil.neerukonda@tiwiinvestment.com

Citadel's Investment strategy and key holdings

AUM \$86 bn

- Ken Griffin founded and runs Citadel Advisors, a macro hedge fund. He is a quant legend who hires smart mathematicians and scientists to analyze huge amounts of data in real time.
- Citadel returned a record \$16 billion in profit for clients in 2022, against an overall \$208 bn loss made by the hedge fund industry in the same year
- Macro hedge funds did well in 2022 returning 14.2% led by Citadel, D.E. Shaw and Millenium
- He's had only two down years in the past 31, earning his investors an average of 19% per annum making him the "king of hedge funds"
- He is also the founder of Citadel Securities, one of Wall Street's biggest market-making firms, responsible for one of every five stock trades in the U.S.

Company Name	% of Portfolio	Value	Average Buy Price	
Meta Platforms Inc	1.12%	\$ 967.42M	\$172.93	(+25.0%)
Tesla Inc	1.07%	\$ 926.22M	\$211.46	(-12.5%)
Apple Inc	0.93%	\$ 800.06M	\$35.72	(+361.0%)
Adobe Systems Incorporated	0.61%	\$ 530.06M	\$149.28	(+155.0%)
Caterpillar Inc	0.60%	\$ 519.36M	\$175.03	(+19.5%)
Paypal Hldgs Inc	0.56%	\$ 481.06M	\$76.76	(-2.3%)
Becton Dickinson & Co	0.53%	\$ 461.69M	\$239.21	(+6.5%)
Wells Fargo Co New	0.53%	\$ 457.80M	\$41.4	(-8.5%)
Workday Inc	0.52%	\$ 448.82M	\$150.51	(+30.8%)
Intuitive Surgical Inc	0.52%	\$ 447.49M	\$264.77	(-3.0%)
Jpmorgan Chase & Co	0.51%	\$ 440.01M	\$102.98	(+23.8%)

Source:
SEC 13F
filing

PayPal

Consensus target
\$101 (+34%)

Portfolio weight: 0.56%

Market price: \$75

Investment : \$481 mn

Citadel's average cost: \$77

Profile: PayPal Holdings is a technology platform firm enabling digital and mobile payments for consumers and merchants around the world. Around 92% of net revenues is derived from charging fees for completing payment transactions. The other 8% of net revenue is derived from other fees and value-added services such as subscription fees, interest on loans/credit.

Fundamentals		Outlook
Mcap	\$85 bn	PayPal had 435 mn active accounts at the end of 2022, 45% of which are outside the US. It leads in terms of retailer acceptance in the US and Europe ahead of similar payment solutions from Apple, Google and Amazon.
P/E (2023E)	15.4x	
Year end	December	
EPS 2024E	\$5.61	Total Payment Volume (TPV) and net revenue continues to grow despite increased competition recording \$1.36T and \$27.5B at the end of 2022. Its newly launched BNPL business grew 160% YoY in 2022 in terms of transaction volume
EPS 2023E	\$4.88	
Next earnings day	Apr 25, 2023	PayPal has been a steady generator of FCF and had returned a large portion of it to shareholders through stock buybacks. The remainder was spent on acquisitions, the largest being Paidy, a Japanese Buy Now Pay Later (BNPL) firm and Zettle, a payment processor in Europe and Latin America.
Div yield (Excl. withholding tax)		
ROE	11.5%	
Institutional holding	77%	The company has guided an 18% YoY non-GAAP EPS growth in 2023 factoring in layoffs, a higher effective tax rate and credit costs. It expects a slightly lower FCF of \$5 bn. Key risks include a slowdown in discretionary spending and e-commerce growth

M&T Bank Corp

Portfolio weight: 0.35%

Market price: \$118

Consensus target
\$163 (+38%)

Investment :\$298 mn

Citadel's average cost: \$158

Profile: M&T is the holding company for M&T Bank (14th largest bank in the US by deposits) and Wilmington Trust. M&T Bank provides retail and commercial banking products and services in the North-East corridor of the US owning total assets of \$200 bn at the end of 2022. Commercial real estate is another segment accounting for 12% of revenue and 22% of profit. M&T Bank acquired . M&T Bank acquired People's United Financial in 2022 to expand its scale.

Fundamentals		Outlook
Mcap	\$20 bn	<p>In the current meltdown of US regional banks, following the failure of SVB and Signature Bank, one can find good value in M&T Bank. It prudently maintained dry powder (unlike many of its peers) to purchase securities gradually as Fed tightened rates aggressively in 2022. As a result, its tangible book value per share shrunk less than them due to smaller unrealized losses in AFS securities.</p> <p>The bank has guided a 23%-26% YoY growth in NII and a modest 5%-7% YoY growth in non-interest income in 2023. Markets seem to be pricing in that the Fed is close to ending its rate hikes and may do its first rate cut in Q4 2023. Key risks include higher credit costs due to slowdown in commercial real estate and a recession in the US affecting credit offtake.</p> <p>M&T Bank has a track record of lower credit losses through multiple economic cycles owing to its larger share of secured lending and stronger borrowers. It has suffered less credit losses across all its portfolios historically compared to its peers and one can expect it to navigate better in the current environment.</p>
P/E (2023E)	6.9x	
Year end	December	
EPS 2024E	\$17.35	
EPS 2023E	\$17.16	
Next earnings day	Apr 17, 2023	
Div yield (Excl. withholding tax)	4.4%	
ROE	9.6%	
Institutional holding	86%	

Regional banks

US Bancorp

Consensus target
\$50 (+38%)

Portfolio weight: 0.34%

Investment :\$296 mn

Market price: \$36

Citadel's average cost: \$46

Profile: US Bancorp (USB) is the fifth largest U.S. commercial bank by deposits with \$525 billion as of December 31, 2022. It also has a sizable global market position in payment services. USB recently acquired MUFG Union Bank in California strengthening its presence in the West Coast.

Fundamentals		Outlook
Mcap	\$55 bn	<p>USB's management expects that the Union Bank transaction to be 8 to 9% accretive to 2023 EPS due to increased scale and cost synergies. Post its acquisition, USB's LTD ratio dropped to 75% while its CET1 ratio fell to 8.4%. While the bank has more room to grow its loan book subject to market conditions, it would also likely to increase its capital ratio to its target of 9%</p> <p>Management has guided a 5 to 10 bps NIM expansion (around 3.10%) , a 7% increase in average earning assets and a revenue of around \$30 bn (+23% YoY) in 2023.</p> <p>The regional bank meltdown presents an attractive opportunity to enter a strong franchise though volatility in stock price may remain high in the near-term. Key risks include lower loan growth due to a recession and higher credit losses than expected .</p>
P/E (2023E)	7.5x	
Year end	December	
EPS 2024E	\$5.2	
EPS 2023E	\$4.8	
Next earnings day	Apr 19, 2023	
Div yield (Excl. withholding tax)	5.3%	
ROE	11.9%	
Institutional holding	77%	

Uber

Consensus target
\$48 (+54%)

Portfolio weight: 0.31%

Market price: \$31

Investment :\$266 mn

Citadel's average cost: \$37

Profile: Uber generates nearly all of its revenue from fees paid by drivers and restaurants for use of its platform. Its key business segments include Mobility (44% of revenue), Delivery (34%) and Freight (22%).

Fundamentals		Outlook
Mcap	\$63 bn	<p>Uber recorded its best ever quarter till date in Q42022, both on gross bookings and EBITDA margin. Gross bookings rose 19% in Q4 2022 (+26% constant currency), on growth in Mobility (+31%), Delivery (+6%), and Freight (+42%). Revenue rose 49% YoY in Q4 2022 to \$8.6 bn while full year revenue was higher by 83% YoY at \$31.9 bn. EBITDA margin improved across both Mobility (@24%) and Delivery (@8.2%).</p> <p>Free cash flow was \$390 mn in FY 2022 which should improve further in 2023 and 2024 given its global scale and platform strength.</p> <p>Uber owned Careem , which operates ride-hailing in the Middle East has announced a spin-off called Careem Technologies. The latter received a \$400 mn funding from Abu Dhabi's e& (formerly Etisalat) for a 50% stake. Careem Technologies will develop the company's "super app" offering a wide range of non-ride customer services.</p> <p>Uber will retain full ownership of Careem's ride-hailing business .</p>
P/E (2023E)	Negative	
Year end	December	
EPS 2024E	\$0.59	
EPS 2023E	\$-0.1	
Next earnings day	May 02, 2023	
Div yield (Excl. withholding tax)		
ROE		
Institutional holding	75%	