



Here's What This \$30 Billion Hedge Fund Company Is Up To

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Every quarter, many money managers have to disclose what they've bought and sold, via "13-F" filings. Their latest moves can shine a bright light on smart stock picks.

Today let's look at Citadel Advisors, founded and run by Kenneth Griffin. It's one of the biggest hedge fund companies around, with a reportable stock portfolio totaling \$29.6 billion in value as of Sept. 30.

According to the folks at InsiderMonkey.com, Griffin and his team use "a combination of advanced computer code, complicated financial algorithms, and secrecy." Furthermore, "Griffin was using quantitative, technology-based methods before many other firms had cell phones." The company took a big hit of more than 50% back in 2008, and with an impressive 20% gain in 2011, it finally surpassed its 2008 high.

Interesting developments

So what does Citadel's latest quarterly 13-F filing tell us? Here are a few interesting details.

The biggest new holdings are **Harley-Davidson** (NYSE: [HOG](#)) and **Chevron** (NYSE: [CVX](#)). Other new holdings of interest include **Ebix** (NASDAQ: [EBIX](#)). The provider of software for insurance companies has a strong history of double-digit revenue and earnings growth and [many attractive characteristics](#) to boot. But it [has competition](#), and recent reports of an [SEC investigation](#) sent the shares down sharply. Thus, it's now a company either best avoided, or a big bargain.

Among holdings in which Citadel increased its stake was glass and fiber-optics giant **Corning** (NYSE: [GLW](#)), which is looking forward to a rebound in [LCD TV sales](#). Demand for its Gorilla Glass is strong, as it's [found in](#) millions of smartphones and tablets, and its flexible new [Willow Glass](#) is also promising. At recent levels, the stock [looks attractive](#), and it doesn't hurt that there's some [strong insider buying](#).

Citadel reduced its stake in lots of companies, including domestic tobacco giant **Altria** (NYSE: [MO](#)) and Chinese search-engine giant **Baidu** (NASDAQ: [BIDU](#)). Altria has been a powerful long-term performer, but [its future may not resemble its past](#). It faces some tough challenges as America's base of smokers shrinks and regulations and taxes threaten sales and profits. Many think that its international counterpart **Philip Morris International** (NYSE: [PM](#)) is [more appealing](#).

Baidu stock is down about 30% over the past year, hurt in part by China's slowing growth rate. The company has been a [fast grower](#), with revenue and earnings sporting five-year average annual growth rates of more than 60%. And much of China and other parts of Asia have yet to get online, representing [huge growth potential](#). But Baidu has [serious competition](#), such as from **Qihoo 360 Technology** (NYSE: [QIHU](#)), for example. Still, its forward P/E of only about 16 makes it worth some consideration.

Finally, Citadel's biggest closed positions **Sally Beauty Holdings** (NYSE: [SBH](#)) and **Hertz Global Holdings** (NYSE: [HTZ](#)). Other closed positions of interest include **E-Commerce China Dangdang** (NYSE: [DANG](#)), often thought of as a Chinese version of **Amazon.com** (NASDAQ: [AMZN](#)), though not quite as big so far. It offers [enormous potential](#), serving a huge and growing Chinese population, but growth in China seems to be slowing, and Dangdang does face some significant competition. In its last quarter, it posted [estimate-topping](#) numbers and was rewarded with a stock-price bump.

We should never blindly copy any investor's moves, no matter how talented the investor. But it can be useful to keep an eye on what smart folks are doing, and 13-F forms can be great places to find [intriguing candidates for our portfolios](#).

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On December 13, 2012, at 5:24 PM, [plange01](#) wrote:

that one time 30 billion fund! thats been cut in half from losses!