

# Seller Applied Portfolio

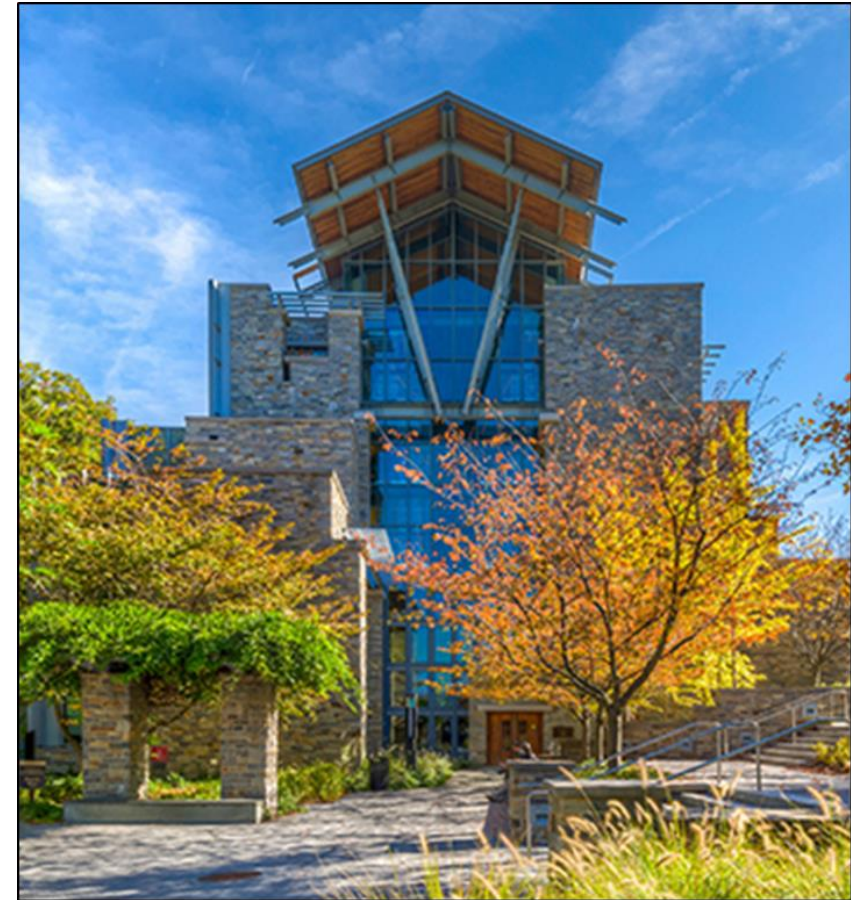
Portfolio Review | Fall 2017





# TABLE OF CONTENTS

- I. Overview
- II. Economic Conditions
- III. Sector Summaries
- IV. Portfolio Strategy & Composition
  - ☐ Growth
  - ☐ Value
  - ☐ Dividend
- V. Risk Analysis
- VI. Performance Review
- VII. Student Biographies





# Fall 2017 **OVERVIEW**

Overview

Economic  
Conditions

Sector Summaries

Portfolio Strategy  
& Composition

Risk Analysis

Performance  
Review

Student  
Biographies



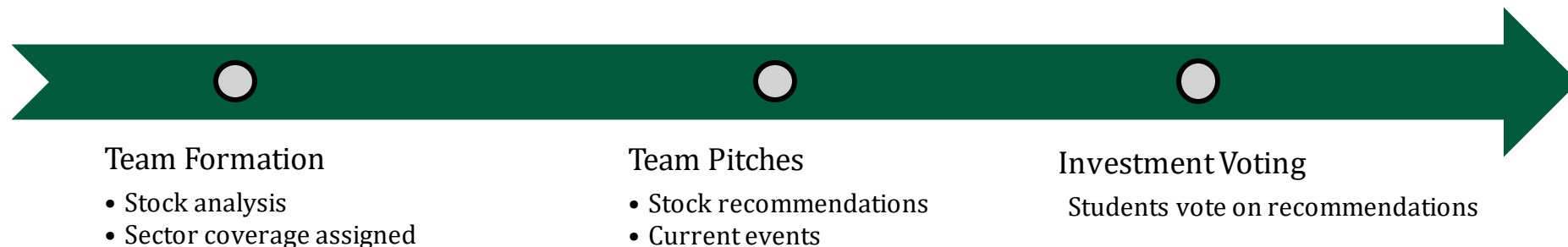
# Sellinger Applied Portfolio Overview

## Background

The Student-Managed Sellinger Applied Portfolio Fund “SAP Fund” was established to provide students with actual portfolio management experience. Students are exposed to various aspects of the portfolio management process, including asset valuation, diversification, portfolio optimization, asset selection, risk management, performance evaluation, and rebalancing. Each year the University may provide the SAP Fund with up to \$500,000 to invest. These funds are a component of the University’s endowment.

## Process

The faculty hand selects 20 eligible students to manage the Sellinger Applied Portfolio Fund each semester. Member participation stems from team formation to analyze and pitch stock recommendations for the fund to invest in. Members in their entirety then vote on whether the recommendations pass and are implemented into the fund.





# Seller Applied Portfolio Overview

## Objective

- Select stocks that are undervalued and will outperform their industry and the S&P 500 index over the course of the investment period.

## Asset Allocation Targets

- Not more than 10% invested in any one stock
- Not more than 20% invested in any one sector
- Not more than 25% invested in any one index
- 40% Value | 40% Growth | 20% Dividend
- No “sin” stocks

## Benchmark

- S&P 500 Index



# Fall 2017 **ECONOMIC CONDITIONS**

Overview

**Economic  
Conditions**

Sector Summaries

Portfolio Strategy  
& Composition

Risk Analysis

Performance  
Review

Student  
Biographies



# Market Overview

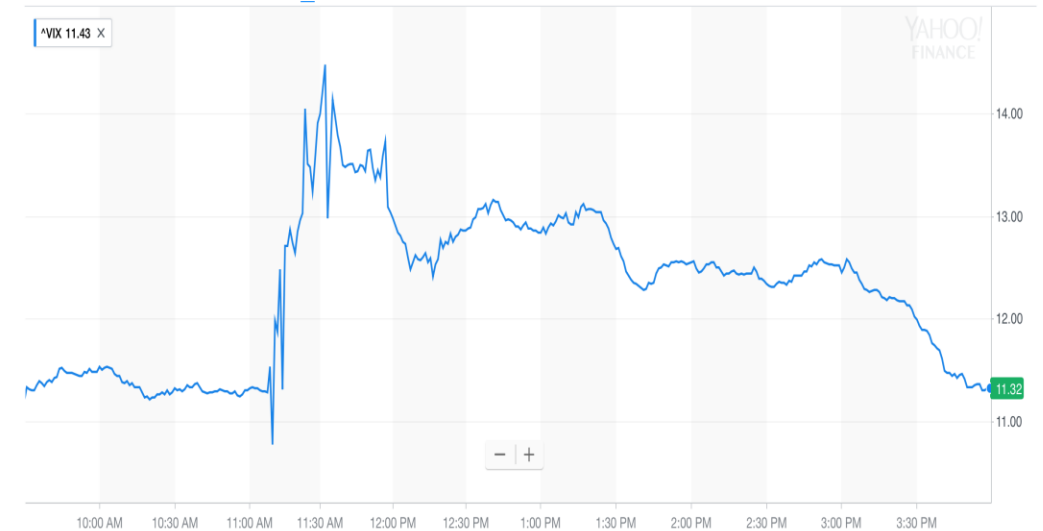
- One rate hike left this year
  - Will occur at the Fed's December meeting
- OPEC extended its agreement to limit output an additional nine months
  - Price has risen over 30% since June
- Chinese Yuan strengthens against the dollar
  - Strengthened around 0.39% against the dollar

## Brent Crude Oil: \$63.04 (As of December 3rd, 2017)



Source: MacroTrends

## VIX: 11.32 (As of December 3rd, 2017)

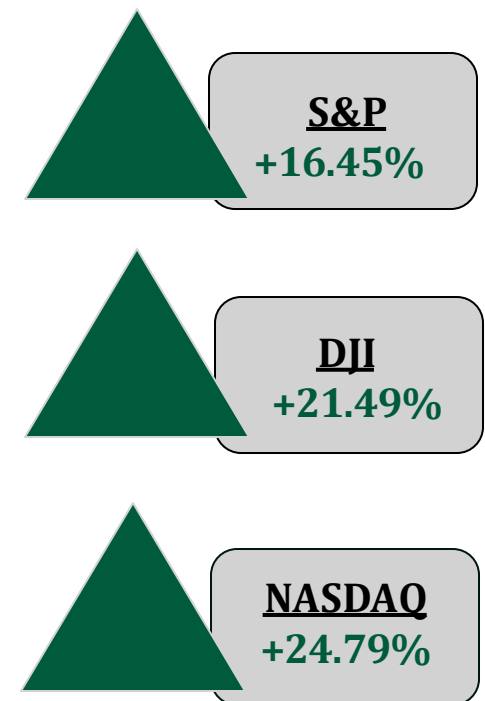
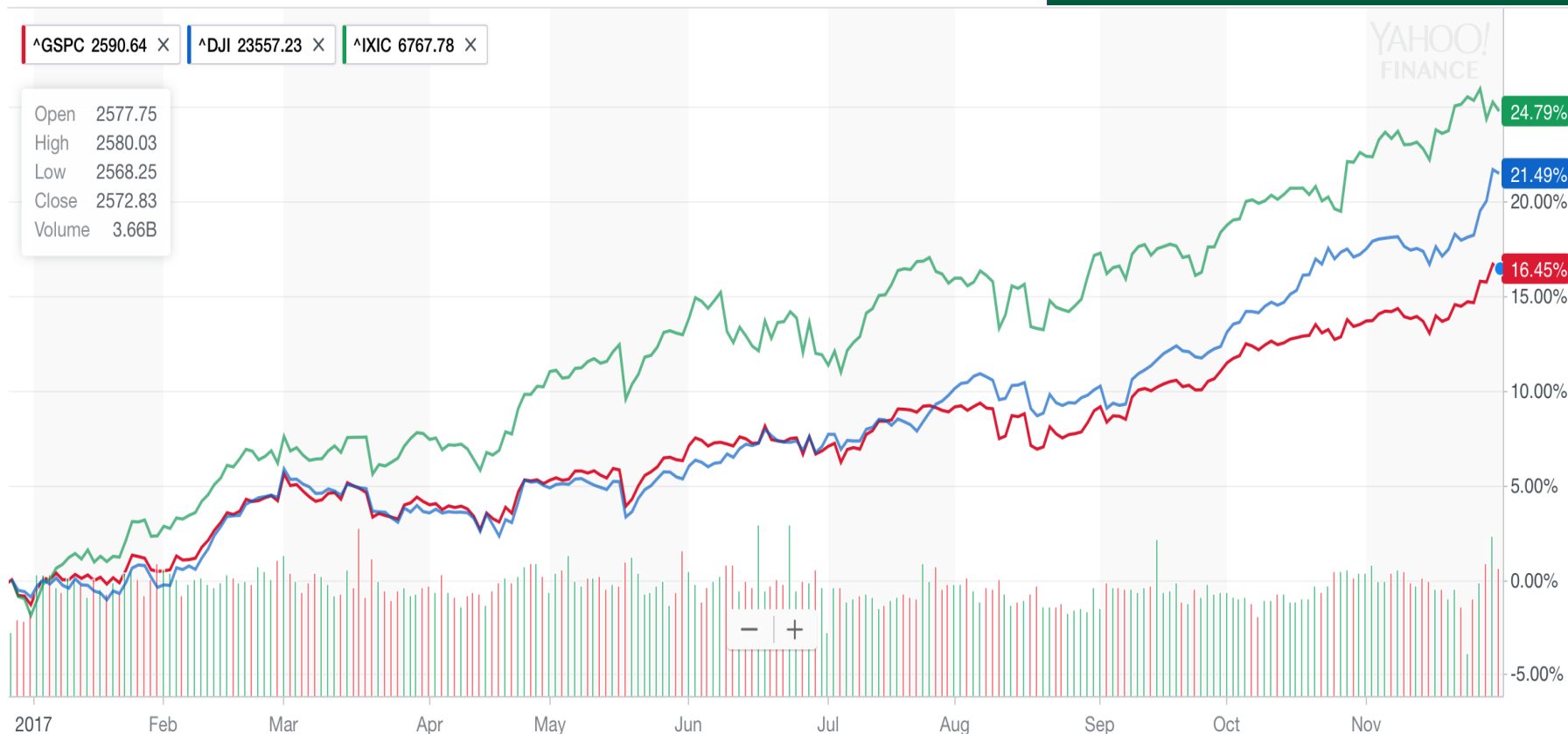


Source: Yahoo Finance



# Major Indices Returns

## Year to Date Return

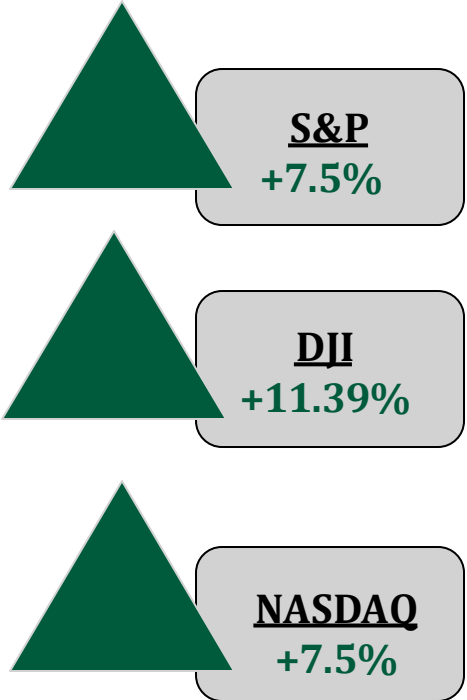
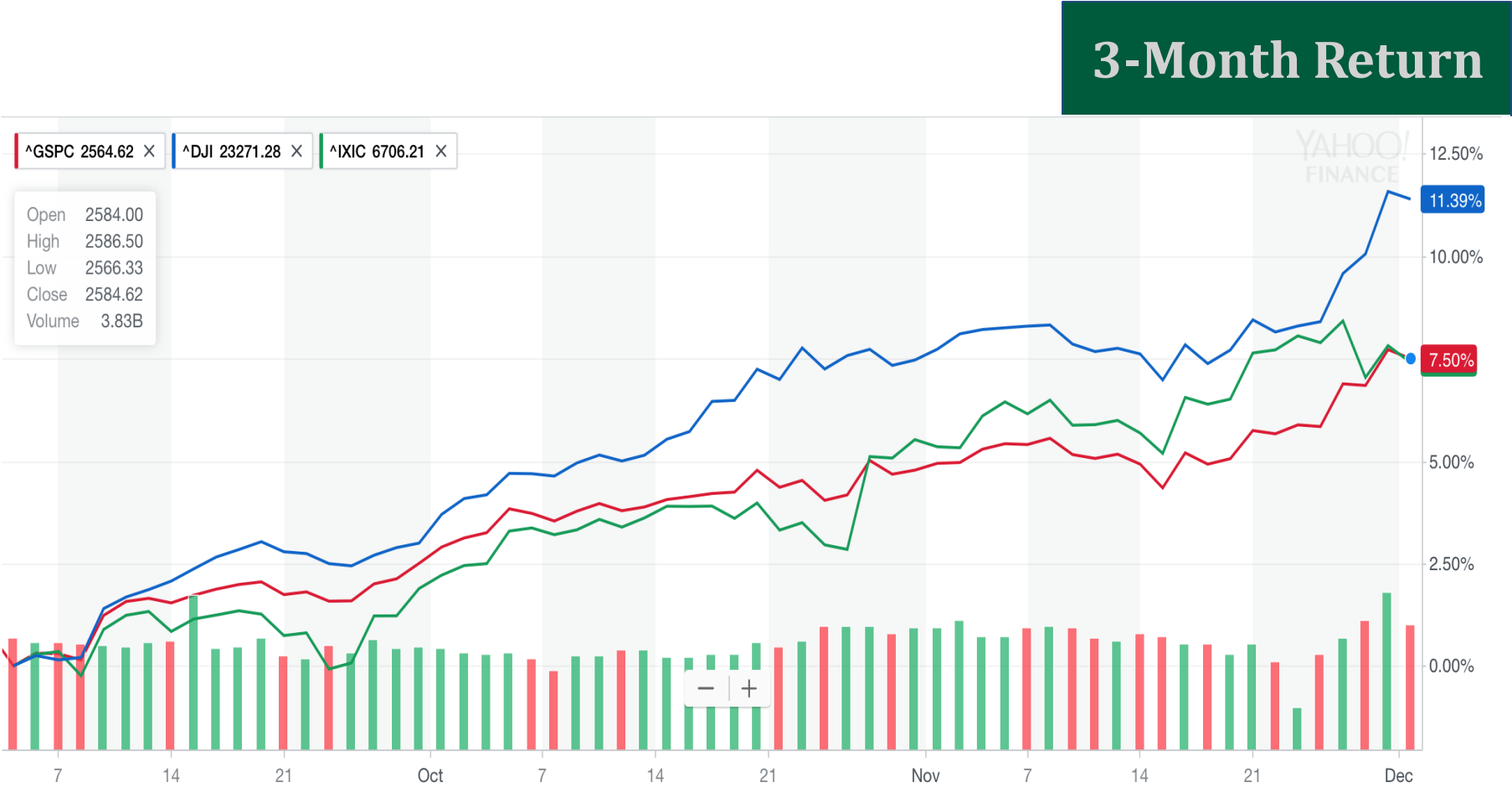


Source: Yahoo Finance





# Major Indices Returns



Source: Yahoo Finance



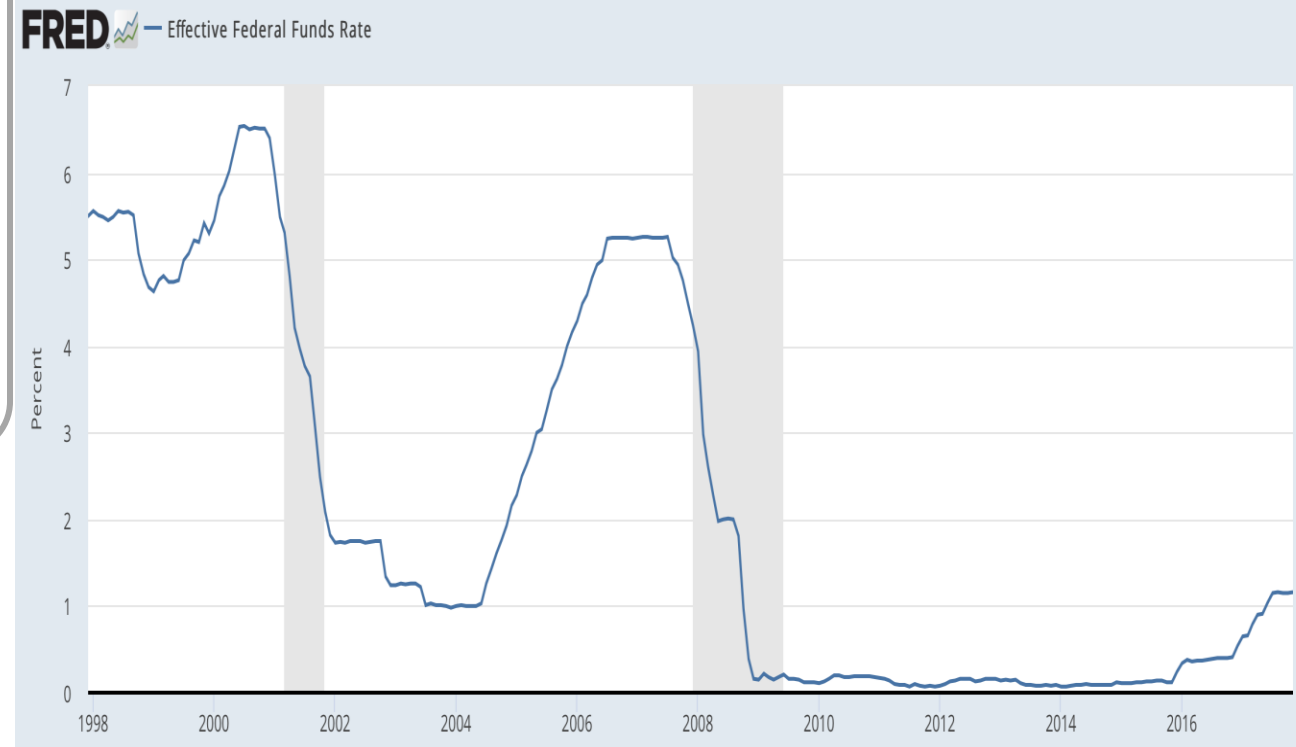
# Federal Reserve Policy

- Current effective Federal Funds Rate: 1.16%
- November: Jerome Powell elected new Federal Reserve Chair
- Anticipated rate hike at next meeting

Fed Policy Spring 2017

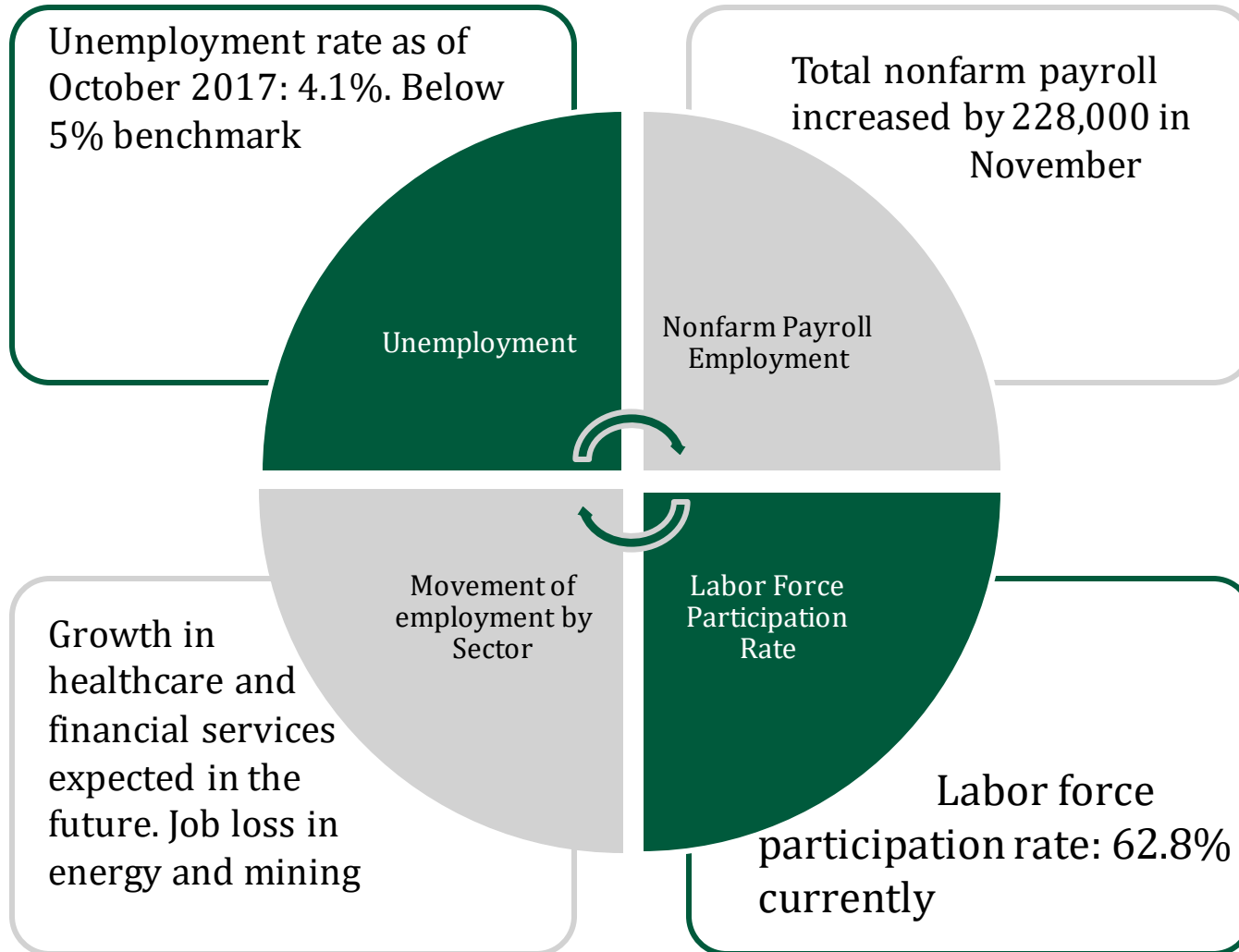
## What Happens When Fed Rate Increases?

- Increased cost of borrowing for businesses and individuals
- Contractionary monetary policy
- Slower GDP growth





# Employment







# International News



## China

China's debt is growing at its fastest rate in four years. The debt in the real estate sector has multiplied over the last five years, as well as industrials.

China is fighting the EU for recognition as a market economy, a designation that would lead to dramatically lower anti-dumping duties on Chinese goods by prohibiting the use of third-country price comparisons. This recognition would weaken many countries' trade defenses against a flood of cheap Chinese goods, putting the viability of more western industries at risk.



## North Korea

North Korea has continued to test nuclear missiles and recently confirmed that the latest rocket launch was a new type of intercontinental ballistic missile capable of reaching U.S. mainland.

The North Korean regime is believed to use a complex network of front companies to do business in China and other countries in order to dodge sanctions. In September, President Trump signed an executive order that would penalize any company or person doing business with North Korea by either cutting off their access to the U.S. financial system, freezing their assets, or both.



## Europe

Central and southeastern European economies are on course for their strongest year of growth since the global financial crisis, in part due to a surge in wages and stronger demand from the recovering eurozone. The European Bank for Reconstruction and Development now expects Poland's economy to grow by 4.1% in 2017, having projected an expansion of 3.2% in May. It now expects Romania's economy to grow by 5.3% in 2017, having previously forecast an expansion of 4%.



Fall 2017  
**SECTOR  
SUMMARIES**

Overview

Economic  
Conditions

Sector Summaries

Portfolio Strategy  
& Composition

Risk Analysis

Performance  
Review

Student  
Biographies



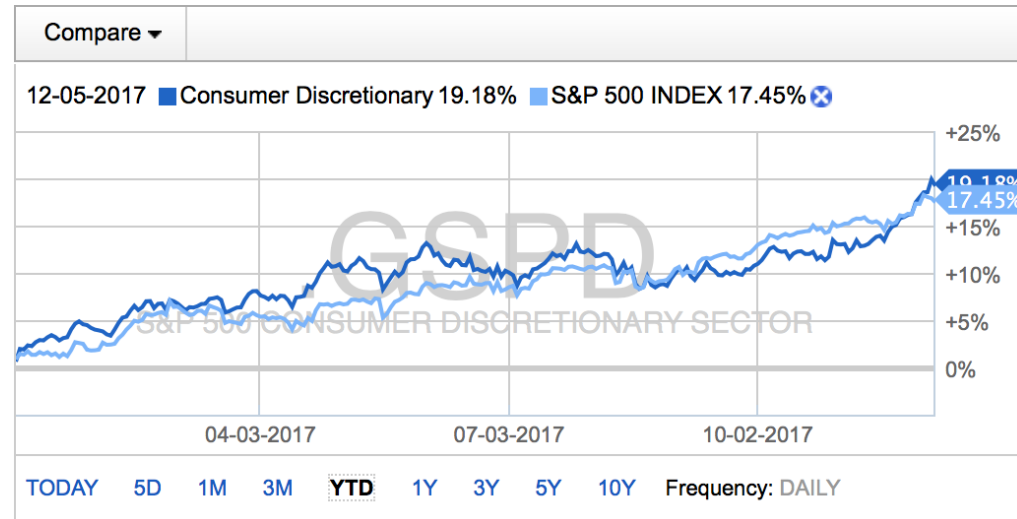
# Consumer Discretionary

The Consumer Discretionary sector of the economy is businesses that produce, and sell goods or services that are non-essential. Companies this sector can include traditional retailers, media, automobile, and component companies. Generally speaking, in a bull economy, companies in this industry will perform well. In a bear market, these stocks will underperform other segments as consumers have less disposable income.



-Growing economy  
-Increased consumer spending  
-Improving job market  
-Hurricane damage spending

-Slowing economy  
-Falling wages  
-Negative growth  
-Trend of declining retail sales



Performance (YTD):

19.18%

Portfolio:

- Consumer Discretionary ETF (XLY)
- Smucker JM Company (SJM)
- Thor Industries, Inc. (THO)
- Vail Resorts, Inc. (MTN)

Stocks to Watch:

- Amazon (AMZN)
- Shopify (SHOP)

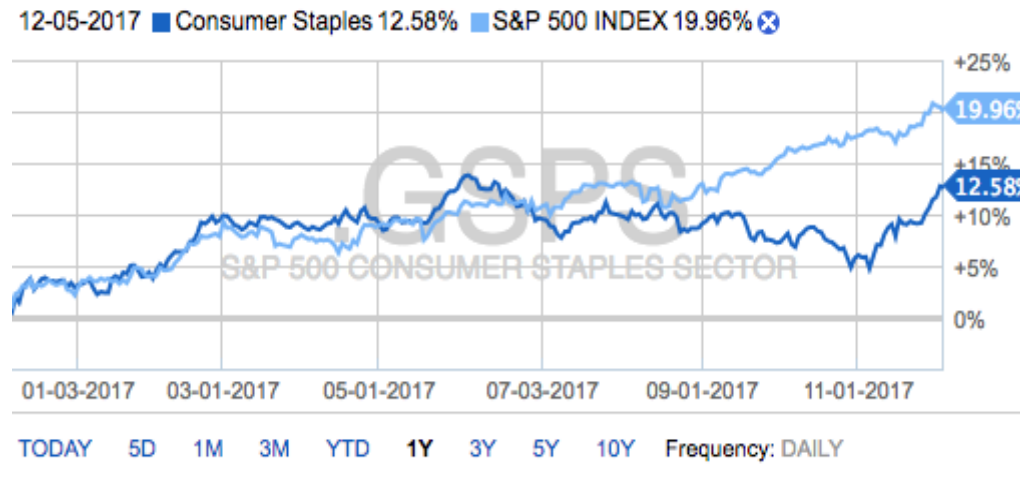




# Consumer Staples

The Consumer Staples Sector comprises companies whose businesses are less sensitive to economic cycles. Any product considered a consumer staple is something that is essential or necessary for basic living. The top industry in the sector is beverages, which is then followed by cosmetics, agriculture, food, retail, household products, and sovereign.

- A safe haven during periods of market volatility or economic downturn
- Aggressive cost cutting
- Increase in mergers and acquisitions
- Possible increase in an accommodative monetary policy
- Evolving preferences
- Increased competition



Performance (YTD):

**12.58%**

Portfolio:

- Consumer Staples ETF (XLP)
- Procter & Gamble (PG)
- Wal-Mart Stores Inc. (WMT)

Stocks to Watch:

- Kroger (KO)
- Johnson & Johnson (JNJ)
- Nestle (NSRGY)



# Energy

The Energy Sector includes companies that develop or explore oil or gas reserves, oil and gas drilling, or power firms. Supply and demand for worldwide energy drives the performance in this sector. When oil and gas prices are high, energy producers perform very well. This sector is very sensitive to the political climate and news releases. Although the S&P 500 is up more than 12% this year, the S&P 500 Energy sector is down more than 9% for the year.

- Trump is favorable for the natural gas industries
- War can drive up energy prices
- Weather and natural disasters
- Currency and political forces



Performance (YTD):

**13.78%**

Portfolio:

- None

Stocks to Watch:

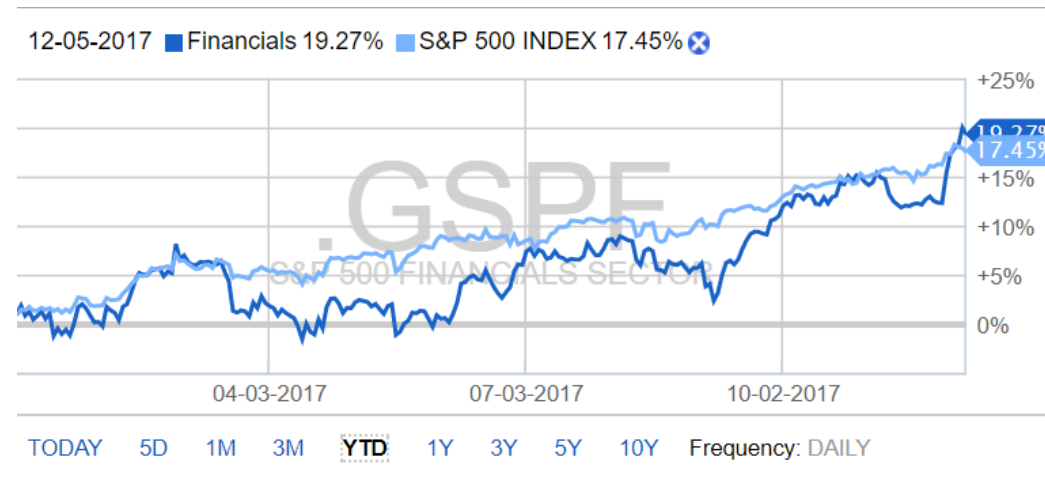
- Anadarko Petroleum (APC)
- Tesla (TSLA)
- Exxon Mobil (XOM)
- EOG Resources (EOG)



# Financials

The Financials Sector contains firms that supply various differing financial services to both retail and commercial consumers. These firms include insurance companies, investment funds, banks, money management firms, and real estate. Currently, the largest industry in the financials sector is banks, followed by insurance companies. The rest of the industries are categorized as diversified financials. The overall health of the economy is also strongly linked to the health of the financials sector. When the economy does well, usually so does financials. As we continue to go through a rising interest rate environment, financials stand to benefit.

- Grows with the rest of the economy
- Less risky due to reforms enacted since 2008
- Subject to economic cycles



Performance (YTD):

**12.58%**

Portfolio:

- Financial Sector ETF (XLF)
- BOFI Holding Inc. (BOI)

Stocks to Watch:


- Bank of America (BAC)
- Citigroup (C)
- JP Morgan (JPM)
- Wells Fargo & Co (WFC)





# Healthcare

The Healthcare sector consists of companies dealing with products related to health care as well as research and development. Industries classified under this sector include: Biotech, Pharmaceuticals, and various health care providers, tech and equipment providers.



- International Growth
- Personalized Medication
- Advances in IT
- Opioid Crisis
- Uncertainty with healthcare reform



Performance (YTD):

**18.85%**

Portfolio:

- Healthcare ETF (XLV)
- Pfizer, Inc. (PFE)
- Becton Dickinson & Company (BDX)

Stocks to Watch:

- Aetna Inc. (AET)
- Johnson & Johnson (JNJ)
- Regeneron Pharmaceuticals, Inc. (REGN)



# Industrials

The Industrials sector is quite extensive and covers areas from Aerospace and defense to the engineering of products and providing of services. The industries found within the sector consist of: Airline, Machinery, Road & Rail, Construction, Equipment and various services.

- GOP Tax Reform
- AI/Tech Advances
- Lower Oil Cost
- NAFTA Uncertainty
- International Competition
- Environmental Awareness



Performance (YTD):

**15.04%**

Portfolio:

- Industrials ETF (XLI)
- Stanley Black & Decker (SWK)
- USG Corporation (USG)
- Honeywell International, Inc. (HON)

Stocks to Watch:

- General Electric Co. (GE)
- 3M Co. (MMM)
- Emerson Electric Co. (EMR)

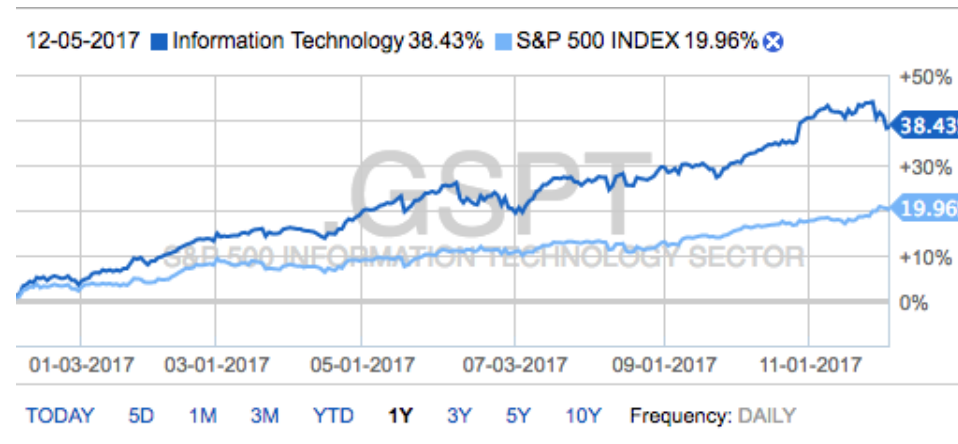


# Information Technology

The Information Technology Sector is made up of sixty-nine companies that are engaged in developing and manufacturing semiconductors, communications equipment, computer hardware and technology-related office equipment, and providing consulting and IT services.

-Artificial intelligence and cloud computing  
-A demand IT security by large companies to protect customer information  
-Outperformed the S&P since 2009

-Recent government intervention in IT  
-Possible Russian-linked social media accounts



Performance (YTD):

**38.42%**

Portfolio:

- Technology ETF (XLK)
- Facebook (FB)
- Cognizant Tech (CTSH)
- Stamps.com, Inc. (STMP)
- Lam Research Corp. (LRCX)
- Softbank Group ADR (SFTBY)

Stocks to Watch:

- Microsoft Inc. (MSFT)
- Apple Inc. (AAPL)





# Materials

The Materials sector of the market encompasses a wide range of commodity-related manufacturing industries. This sector includes companies engaged in chemicals, construction materials, packaging products, metals and mining, paper products, and materials sector ETFs.

-Devastation from the 2017 hurricane season  
-Increase in mergers and acquisitions  
-Low unemployment

-Low commodity prices  
-Chinese demand might be slowing down  
-Impacted by cyclical demand and volatility in raw material and energy prices



Performance (YTD):

**18.68%**

Portfolio:

- Materials ETF (XLB)
- DowDuPont, Inc. (DWD)

Stocks to Watch:

- Masco Corp. (MAS)
- CVR Partners (UAN)



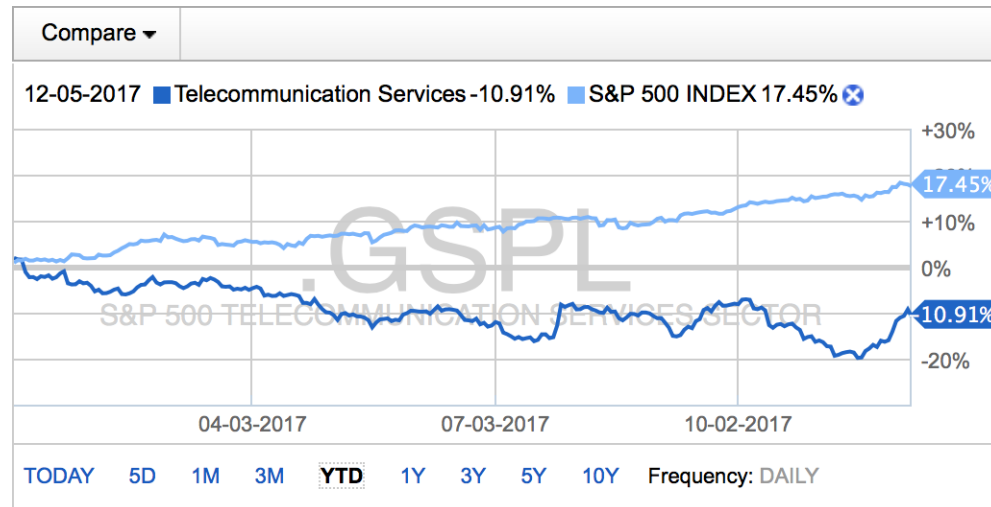
# Telecommunications Services

The Telecommunications sector, or telecom, consists of companies that provide communications services primarily through fixed-line, cellular, wireless, high bandwidth, and/or fiber-optic cable networks. The sector can be split into three sub-industries; integrated or diversified telecommunication services, alternative carriers, and wireless telecommunication services.



- Increased demand for smartphones
- Large firms are looking to expand and acquire smaller companies

- "Cord-cutting"
- Increased competition from communications and media companies in the consumer discretionary index



Performance (YTD):

**-10.91%**

Portfolio:

- Vanguard Telecomm ETF (VOX)
- Comcast Corporation (CMCSA)

Stocks to Watch:

- AT&T (T)
- Verizon Communications, Inc. (VZ)

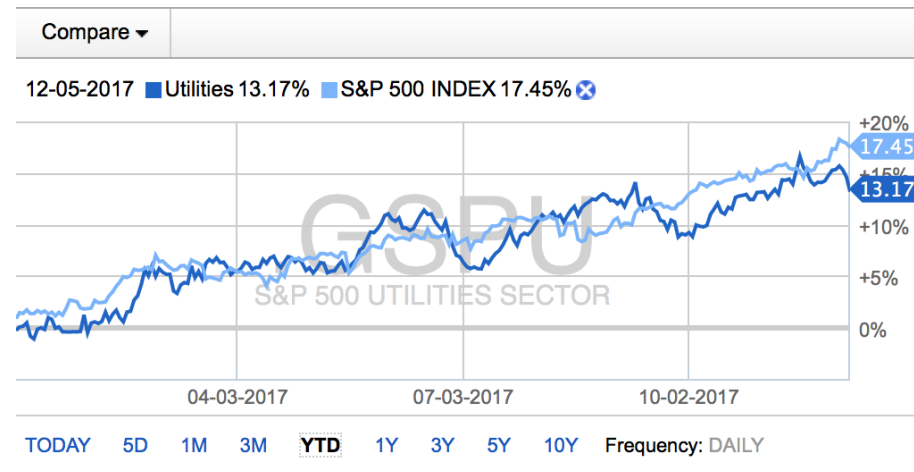


# Utilities

The Utilities Sector is comprised of four distinct industries: gas, water, and electric firms, as well as independent companies that produce or distribute power. Utilities falls under the defensive super sector. In order to provide this huge amount of power to large amounts of homes and businesses, utility companies need to undertake a serious amount of infrastructure, and to do that must hold a lot of debt.

-Low beta, risk averse  
-New legislation from Trump administration

-Very sensitive to changes in interest rates  
-Large debt-equity ratios  
-Hurricane season had a strong negative impact



Performance (YTD):

**13.70%**

Portfolio:

- Utilities ETF (XLU)

Stocks to Watch:

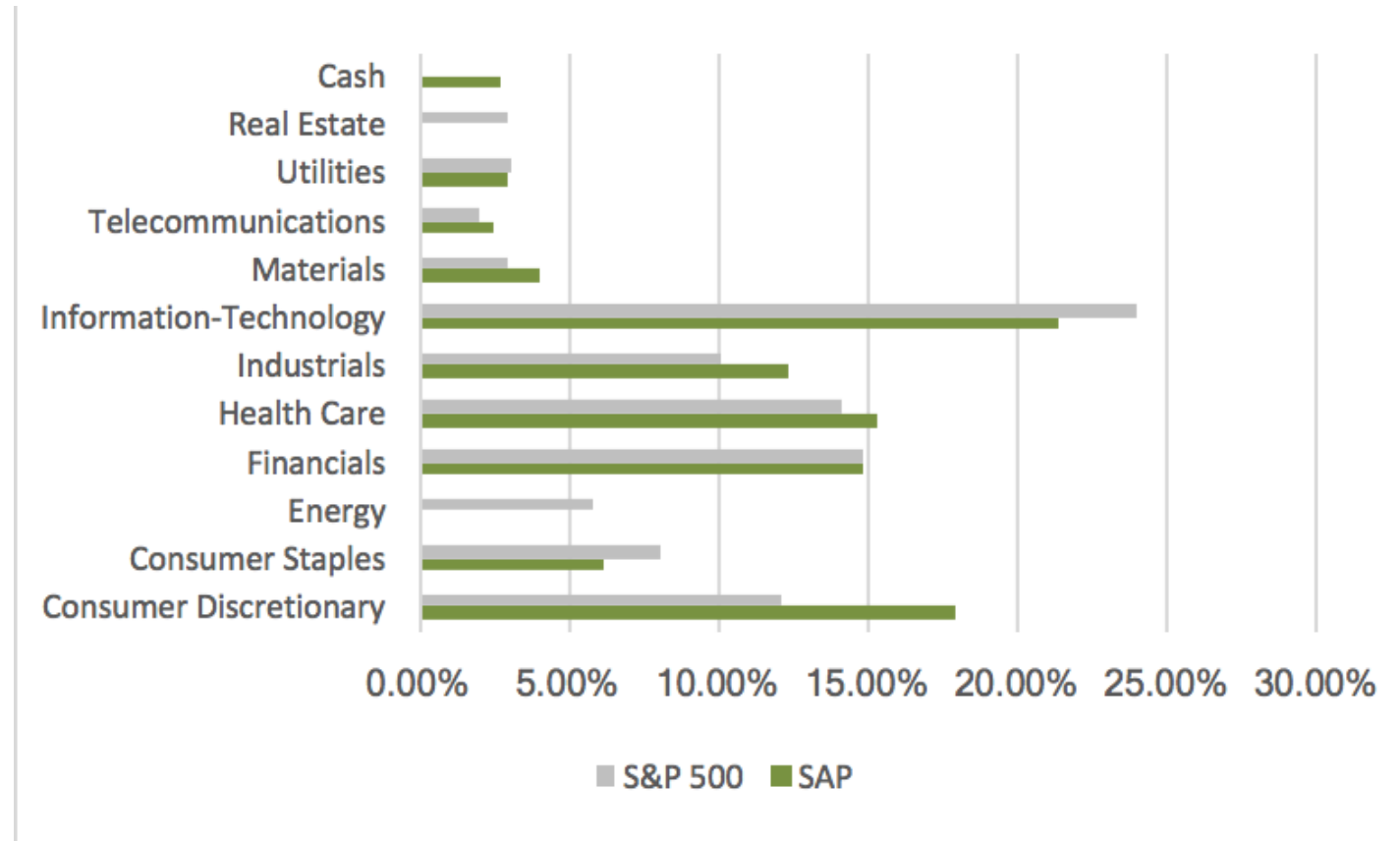
- NextEra Energy (NEE)
- Atlantic Yield Plc (ABY)



# Sector Allocation

## SAP vs. S&P 500

As of December 5, 2017





Fall 2017

# PORTFOLIO STRATEGY & COMPOSITION

Overview

Economic  
Conditions

Sector Summaries

Portfolio Strategy  
& Composition

Risk Analysis

Performance  
Review

Student  
Biographies





# Growth Strategy Overview

To find stocks expected to grow faster than their industry peers

BUY CRITERIA	
<b>Conservative Mentality</b>	Expect stock to perform better than the Industry
<b>Revenue Growth</b>	Industry Average and forecasted to continue to grow
<b>Strong Earnings</b>	5 years of CAGR
<b>ROE</b>	$\geq 15\%$ and $>$ Industry Average
<b>PEG</b>	$\leq 1.2$ and $<$ Industry Average
<b>Debt/Equity</b>	$< 1.5$ (or Acceptable Interest Coverage Ratio when $D/E > 1.0$ )

SELL CRITERIA	
<b>Price</b>	Price reaches 10% below target price or 20% above purchase price
<b>Leadership</b>	The company's leadership position changes
<b>Business Fundamentals</b>	Business fundamentals deteriorate
<b>Company slowdown</b>	Slowing unit volume, revenue decline, weak earnings, etc.
<b>Alternative Investments</b>	Superior investment alternatives are identified



# Growth Strategy Overview

## Stop Loss Criteria

- 20% Loss

## Acquisitions

1. Facebook, Inc. (FB)
2. Cognizant Technology Solutions Corp. (CTSH)
3. BOFI Holding, Inc. (BOFI)
4. USG Corporation (USG)
5. Comcast Corporation (CMCSA)
6. Honeywell International, INC (HON)
7. Thor Industries (TOR)
8. Stamps.com, Inc. (STMP)
9. Vail Industries, Inc. (MTN)

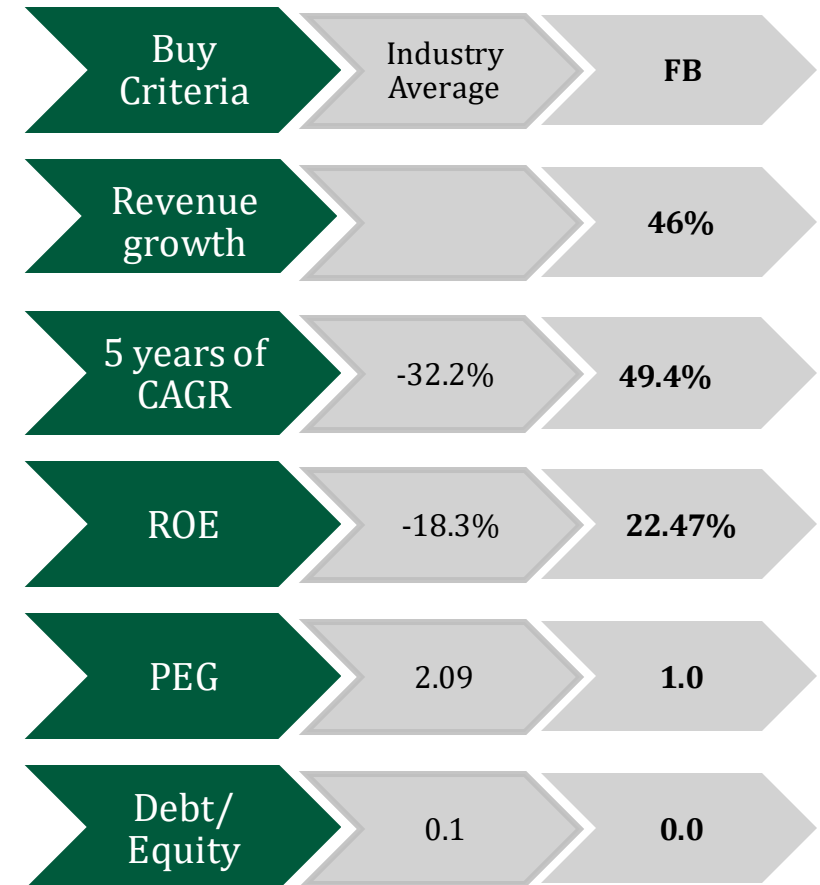


# Growth Strategy Position Changes

FACEBOOK, INC | FB

**Position (Date Purchased: 09-25-2017)**  
**87 Shares | \$14,958.78**

Facebook is currently known to be the number one social network in the world. It is headquartered at 1 Hacker Way in Menlo Park, California. Facebook, Inc. was founded by Mark Zuckerberg in 2004 and has since grown to employ 20,650+ people. It started publicly traded on the NASDAQ in May of 2012. Facebook's product portfolio includes Oculus, Atlas, Instagram, Facio Metrics, Crowd Tangle, Onavo, and WhatsApp. The company is currently focused on building products that enable people to connect and share through mobile devices, personal computers, etc. Through Facebook, people can share their opinions, ideas, photos and videos, and other activities.





# Growth Strategy Position Changes

COGNIZANT TECHNOLOGY SOLUTIONS | CTSH

**Position (Date Purchased: 10-06-2017)**  
**205 Shares | \$15,059.30**

Cognizant was founded in 1994 and went public in May 1998. They provide a wide range of information technology, information security, and consulting services. Their areas of expertise include: Business & Technology Consulting, Systems Integration, Data Warehousing, IT Infrastructure Services, R&D Outsourcing, Supply Chain Management, and Engineering & Manufacturing Solutions.

Buy Criteria	Industry Average	CTSH
Revenue growth	-	9%
5 years of CAGR	-	17.1%
ROE	-	18.2%
PEG	1.2	1.8
Debt/Equity	1.5	0.5

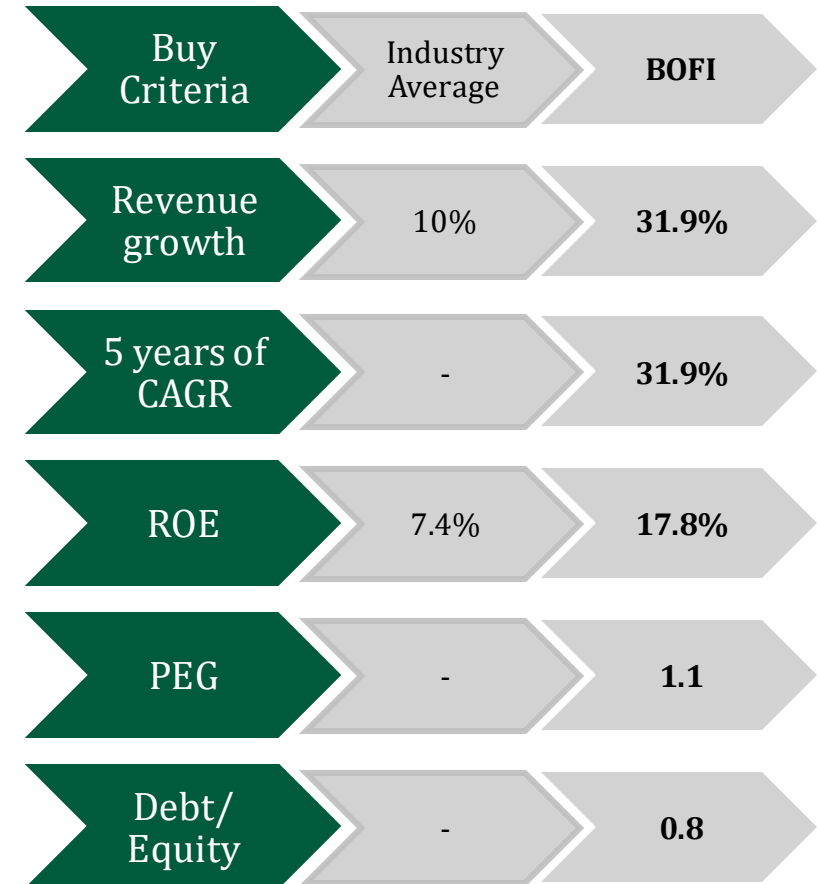


# Growth Strategy Position Changes

BOFI HOLDING Inc. | BOFI

**Position (Date Purchased: 10-17-2017)**  
**727 Shares | 19,914.57**

B of I Holdings Inc. was founded in 1999, and went public in 2005. They are part of the Russell 2000 Index. Bofl Federal Bank is a direct bank that offers business banking, commercial and industrial lending, checking accounts, money market accounts, certificates of deposit and cash management solutions. Also under their company is Bank of Internet USA. This brand is a consumer bank that provides high interest checking, savings, money market accounts, mortgage, personal loans and IRAs. Another brand that caters to wealthier clients is Virtus Bank. It serves as a concierge bank catering to high net worth individuals.







# Growth Strategy Position Changes

USG CORPORATION | USG

**Position (Date Purchased: 10-27-2017)**  
**450 Shares | \$14,868.00**

USG Corporation was founded in 1902, but only recently came out with its' IPO in May 2017. It is headquartered in Chicago, Illinois and employs about 6,600 people. USG Corporation is the leading wallboard manufacturer in the United States. During the 2017 Q2, the company benefitted from a 10% increase in US wallboard volume. USG is focused on sustainable product creation and aims to minimize the overall environmental impact. It has led the General Building Materials industry in offering customers innovative products and services. USG's product portfolio includes wallboard and roofing. It is also a leader in the sheetrock industry.

Buy Criteria	Industry Average	USG
Revenue growth	-	4%
5 years of CAGR	10.09%	21.53%
ROE	7.80%	26.0%
PEG	1.09	1.06
Debt/Equity	0.23	0.20

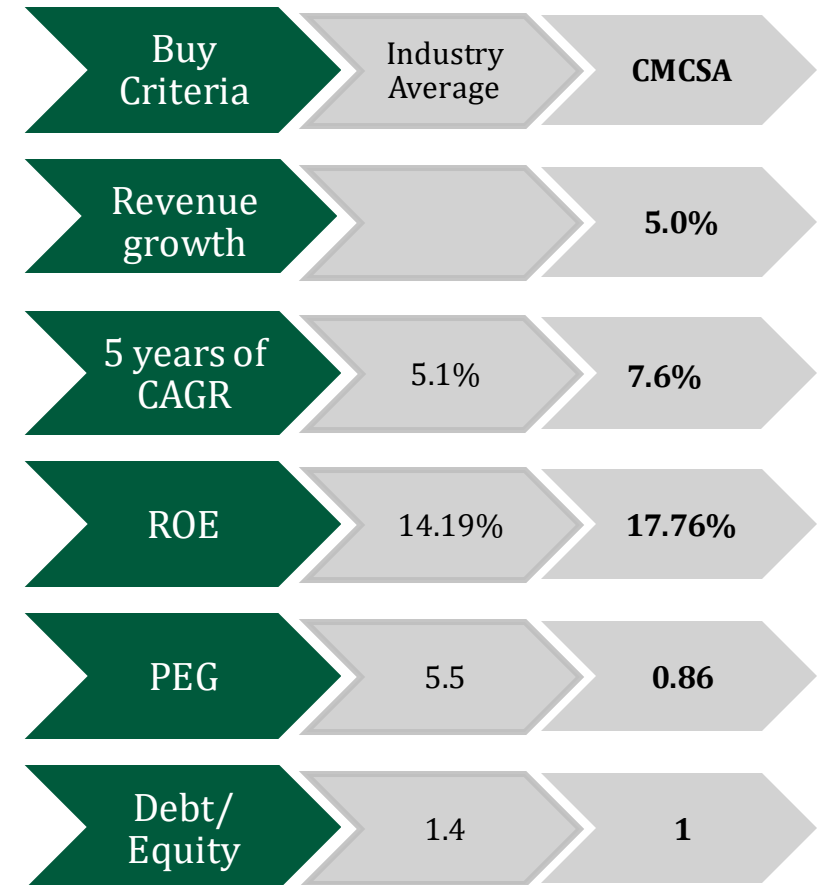


# Growth Strategy Position Changes

COMCAST CORPORATION | CMCSA

**Position (Date Purchased: 10-27-2017)**  
**330 Shares | \$11,998.80**

Comcast was founded in 1963 and is headquartered in Philadelphia, PA. Comcast is a media, entertainment, and communications company, which engages in the provision of video, internet, and phone services. They are part of the communication services sector and they operate in five different segments. They own many large brands such as NBC, Universal, and Xfinity.





# Growth Strategy Position Changes

HONEYWELL INTERNATIONAL, INC | HON

**Position (Date Purchased: 11-02-2017)**  
**200 Shares | \$28,895.06**

Honeywell International operates through four major segments. These are Aerospace, Home and Building Technologies, Performance Materials and Technologies, and Safety and Productivity Solutions. The company produces fire alarm systems, data capturing systems, natural gas systems and equipment, security systems and equipment, aerospace products, including business jets, and helicopters. The company or its subsidiaries are involved in roughly 90% of US space missions. The company was founded in 1885, and has grown through organic growth and acquisitions. The firm is a Fortune 100 company, where it is currently ranked 73<sup>rd</sup>. It has a market cap of \$111.4B at the time of our purchase.

Buy Criteria	Industry Average	HON
Revenue growth	-3.4%	0.2%
5 years of CAGR	-	1.5%
ROE	15.8%	25.3%
PEG	2.5	1.8
Debt/Equity	<1.5%	0.5

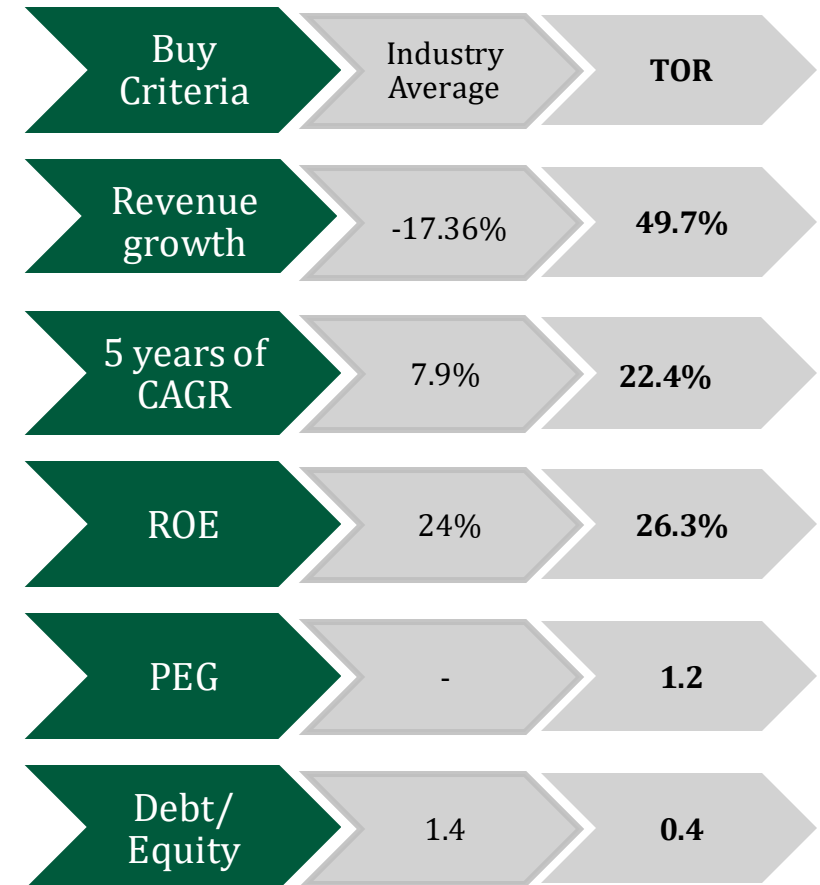


# Growth Strategy Position Changes

THOR INDUSTRIES | TOR

**Position (Date Purchased: 11-09-2017)**  
**130 Shares | \$20,172.02**

Thor Industries is the largest RV manufacturing company in the world. It was founded in 1980, and has grown through acquisitions and through internal start ups of subsidiaries. The company makes various lines of RV and large vehicles such as busses. They target all markets from budget to luxury RVs. It is listed on the NYSE, and has a market cap of \$7.05B (at the time of our purchase)



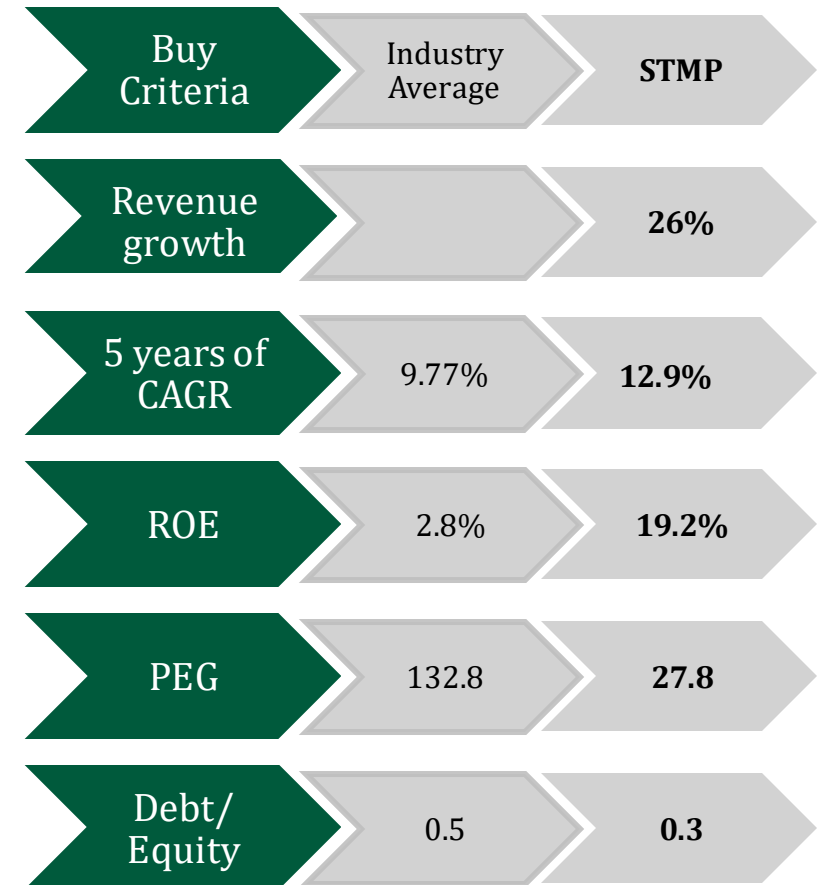


# Growth Strategy Position Changes

STAMPS.COM, INC. | STMP

**Position (Date Purchased: 11-09-2017)**  
**110 Shares | \$20,081.22**

Stamps.com, Inc. was founded in 1996 and is currently headquartered in El Segundo, California. Stamps.com is the leading provider of Internet-based postage services. It came out with its' IPO in June of 1999 and employs about 700 people. Stamps.com is an approved licensed vendor of the United States Postal Service. This means that customers can legally print U.S. Postal Service-approved postage from their personal computers. The company's product portfolio includes NetStamps, labels, hardware, such as printing scales and printers, envelopes, and supplies. It also currently has partnerships with Avery, Microsoft, and HP.







# Growth Strategy Position Changes

VAIL RESORTS, INC. | MTN

**Position (Date Purchased: 11-29-2017)**  
**88 Shares | \$19,865.91**

Vail Resorts Inc. founded in 1962 is classified under the consumer discretionary sector. Vail is the premier mountain resort company in the world and a leader in luxury, destination-based travel at iconic locations. Locations found in Vail Resorts portfolio consist of Breckenridge, Keystone and Park City. Outside of their mountains, other operations include: lodging and real estate.

Buy Criteria	Industry Average	MTN
Revenue growth		
5 years of CAGR	-	13.2%
ROE	11.1%	17.2%
PEG	2.34	1.01
Debt/Equity	-	0.8



# Value Strategy Overview

To find stocks priced less than their intrinsic value

## BUY CRITERIA

<b>Price/Sales</b>	< Industry Average
<b>Price/Book</b>	< Industry Average
<b>Dividends</b>	> Industry Average
<b>Free Cash Flow</b>	Positive

## SELL CRITERIA

<b>Mergers or acquisitions</b>	Any news in regards to M&A activity
<b>Earnings</b>	Significant restatement
<b>Executive Management</b>	Changes to management
<b>Price Targets</b>	Exceeds initial price target
<b>Price</b>	Trending downwards towards a stop loss mark



# Value Strategy Overview

## Stop Loss Criteria

- 20% Loss

## Acquisitions

1. The J.M. Smucker Company (SJM)
2. Stanley Black & Decker, Inc. (SWK)
3. DowDuPont, Inc. (DWDP)
4. Pfizer, Inc. (PFE)
5. Wal-Mart Stores, Inc. (WMT)
6. Lam Research Corp. (LRCX)
7. Softbank Group ADR (SFTBY)
8. Becton Dickinson & Company (BDX)

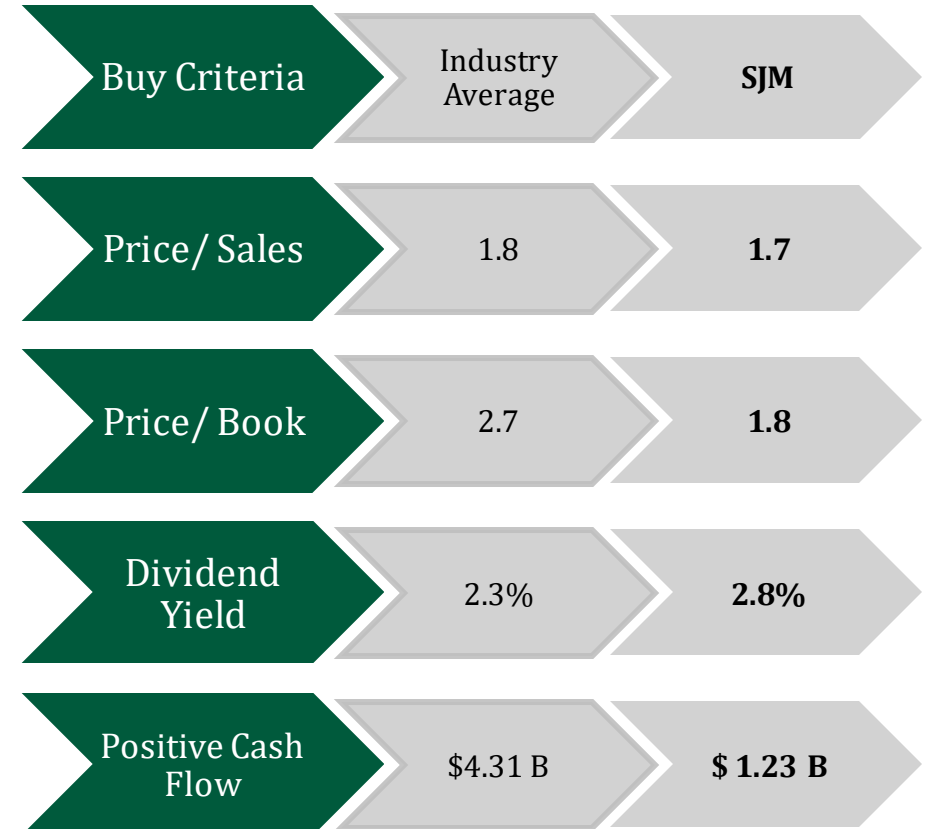


# Value Strategy Position Changes

THE JM SMUCKER COMPANY | SJM

**Position (Date Purchased: 09-25-2017)**  
76 Shares | \$13,904.20

The JM Smucker Company was founded in 1897 and is currently headquartered in Orville, OH. They manufacture and market food products on a worldwide basis. Their principal products include: peanut butter, shortening, fruit spreads, canned milk, and baking mixes. The company is Dividend into four segments: US Retail Coffee, US Retail Pet Foods, International & Away From Home, and US Retail Consumer Foods. Smucker's is part of the Consumer Staples sector and is in the food processing industry.



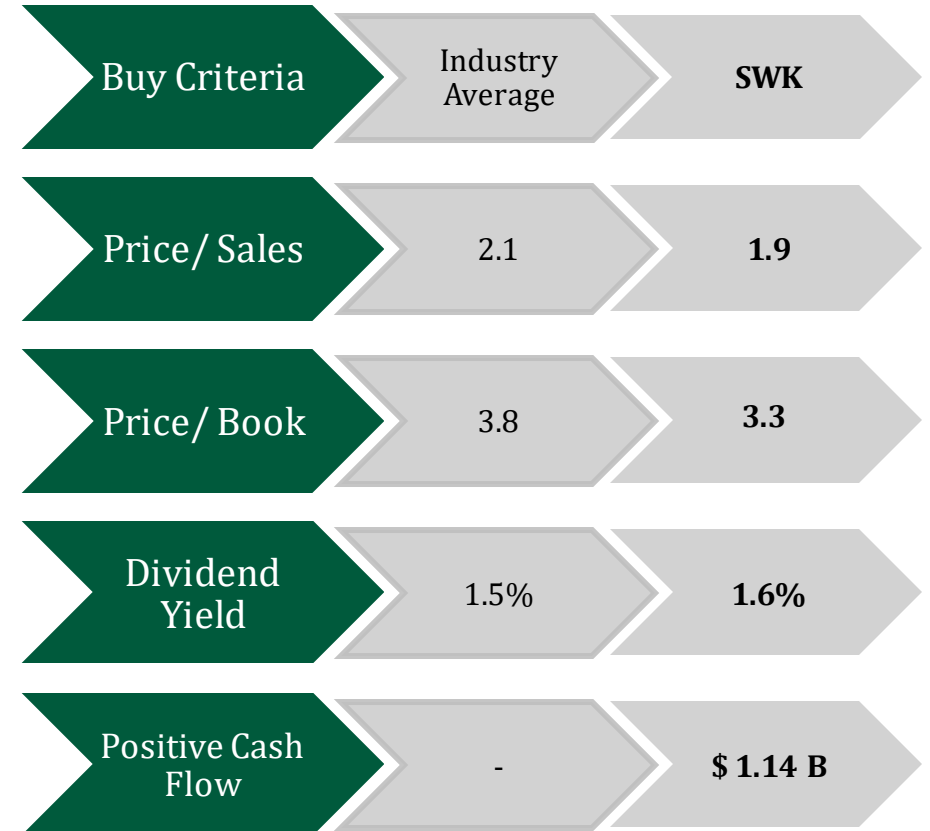


# Value Strategy Position Changes

STANLEY BLACK & DECKER | SWK

**Position (Date Purchased: 09-29-2017)**  
100 Shares | \$14,976.00

In 1843, Frederick Stanley started Stanley Bolt Manufacturing . In 1910 Duncan Black and Alonzo Decker opened a machine shop. By 2010 the companies had completed their merger using an all stock transaction valued at \$4.5B. The company has continued to grow since then by acquisitions and have a presence in 50 countries with majority of their sales in the US.







# Value Strategy Position Changes

DOWDUPONT, INC. | DWDP

**Position (Date Purchased: 10-06-2017)**

144 Shares | \$9,937.44

DowDuPont, Inc. has recently incorporated in 2015. A conglomerate of the Dow and DuPont merger, DWDP has three separate divisions consisting of: Agriculture, Material Science and Specialty Products. The merger has created over \$3 billion in synergies and DWDP has a market cap of \$163 billion. They have a very extensive and diverse portfolio that covers many of the industries in the materials sector.

Buy Criteria	Industry Average	DWDP
Price/ Sales	2.2	1.5
Price/ Book	4.9	5.8
Dividend Yield	2.2%	2.6%
Positive Cash Flow	-	\$ 1.5 B

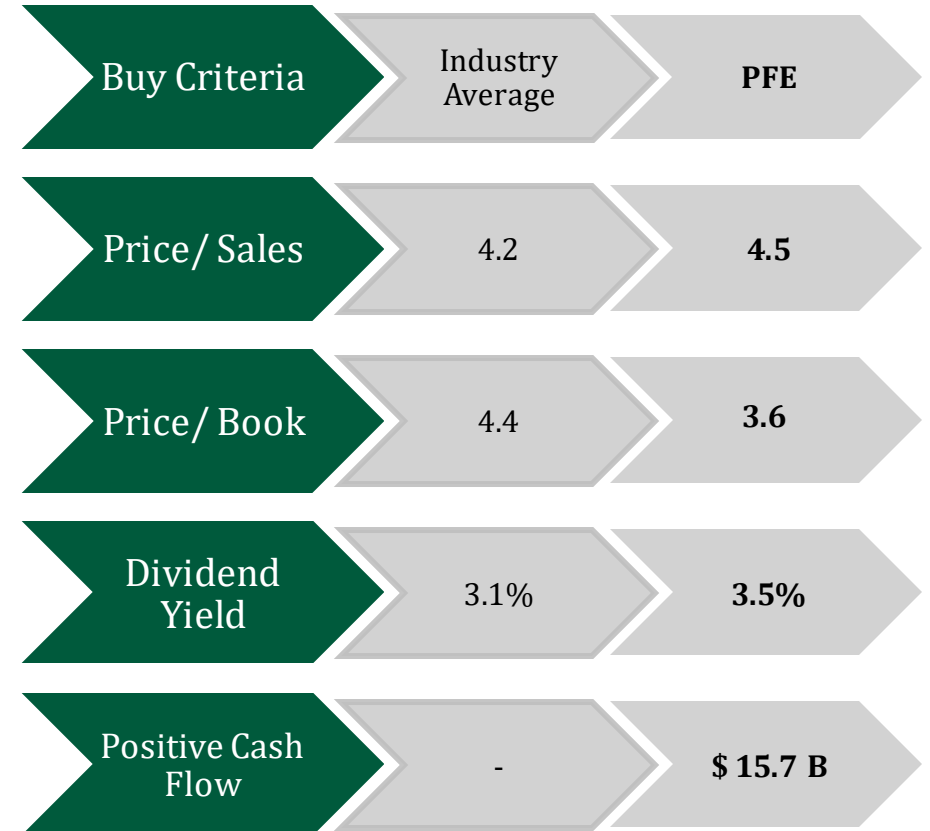


# Value Strategy Position Changes

PFIZER, INC. | PFE

**Position (Date Purchased: 10-11-2017)**  
300 Shares | \$10,815.00

Pfizer, Inc. was created in 1849 and was initially anchored by a wide array of industrial and pharmacological products (i.e., borax, iodine, etc.). Recently, in 2016, IBM and Pfizer accelerated Immuno-Oncology research with Watson for drug discovery. Some of Pfizer's key consumer products include Advil, Caltrate, Centrum, ChapStick, Emergen-C, Imedeen, Nexium, Robitussin, and ThermaCare. Some of the company's key prescription drugs include Prevnar 13, Lipitor, Ibrance, Enbrel, and Viagra. It manages its operations through two business segments: Pfizer Innovative Health (IH) and Pfizer Essential Health (EH). IH focuses on developing and commercializing medicines and vaccines that improve patients' lives, as well as products for consumer healthcare. EH includes legacy brands, branded generics, biosimilars and infusion systems.





# Value Strategy Position Changes

WAL-MART STORES, INC. | WAL

**Position (Date Purchased: 10-17-2017)**  
175 Shares | \$15,036.98

Sam Walton founded the company in 1962 with his first store in Rogers, Arkansas in 1962. His focus was on the “Lowest Prices anytime, anywhere”. Since its founding, it has grown to be one of the biggest retailers, and serves over 260 million customers each week. In 1981, the company went international with its first store in Mexico. In 1993, the company had its first \$1B in sales revenue week. In 2015, the company pledge to invest over \$2.7B in their workforce over the course of 2 years.

Buy Criteria	Industry Average	WMT
Price/ Sales	0.6	0.5
Price/ Book	3.7	3.4
Dividend Yield	1.9%	2.1%
Positive Cash Flow	-	\$ 17.5 B

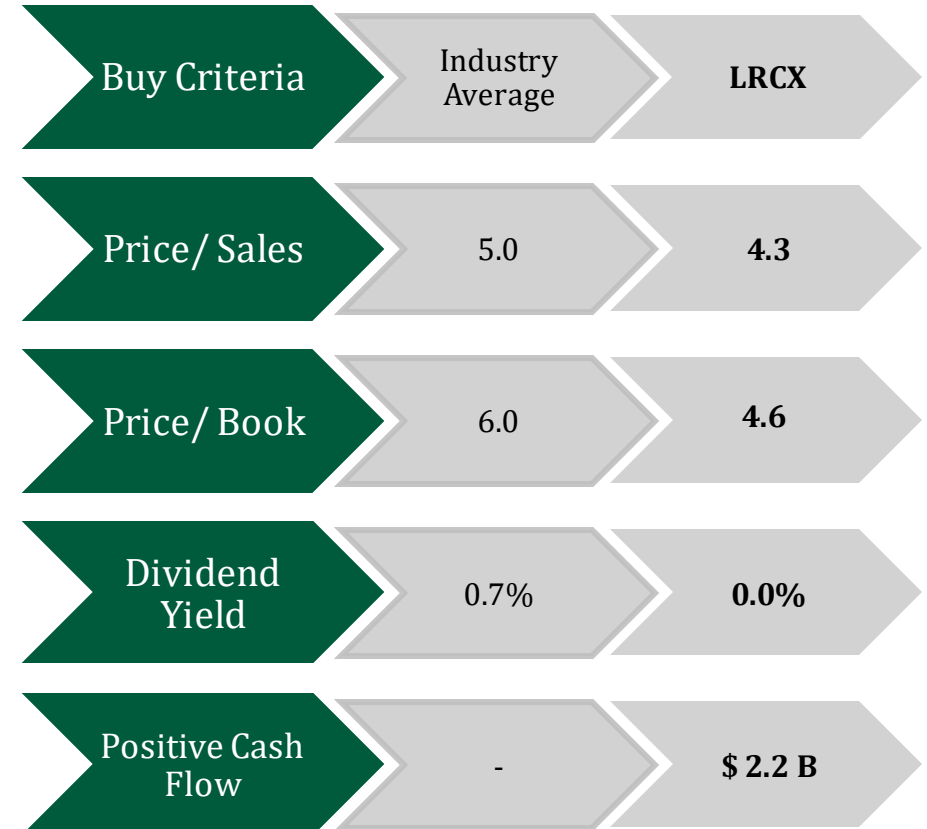


# Value Strategy Position Changes

LAM RESEARCH CORP. | LRCX

**Position (Date Purchased: 11-09-2017)**  
97 Shares | \$20,288.37

Founded in 1980, LAM Research Group is a manufacturing in semiconductor manufacturing equipment. This company also has various subsidiaries: Coventor Inc., Novellus Systems Inc., Lam Research Manufacturing Korea LLC, and Lam Research International BV.





# Value Strategy Position Changes

SOFTBANK GROUP ADR. | SFTBY

**Position (Date Purchased: 11-29-2017)**  
560 Shares | \$24,370.40

SoftBank was founded in 1981 and is headquartered in Tokyo, Japan. The current CEO is Masayoshi Son. They are a Japanese multinational telecommunications corporation and they operate in six business segments: Domestic telecommunications, Sprint, Yahoo Japan, Distribution, ARM, and SVF. SoftBank is part of the communication services sector.

Buy Criteria	Industry Average	SFTBY
Price/ Sales	1.4	1.2
Price/ Book	6.1	2.3
Dividend Yield	-	0.2%
Positive Cash Flow	-	\$ 2.09 B

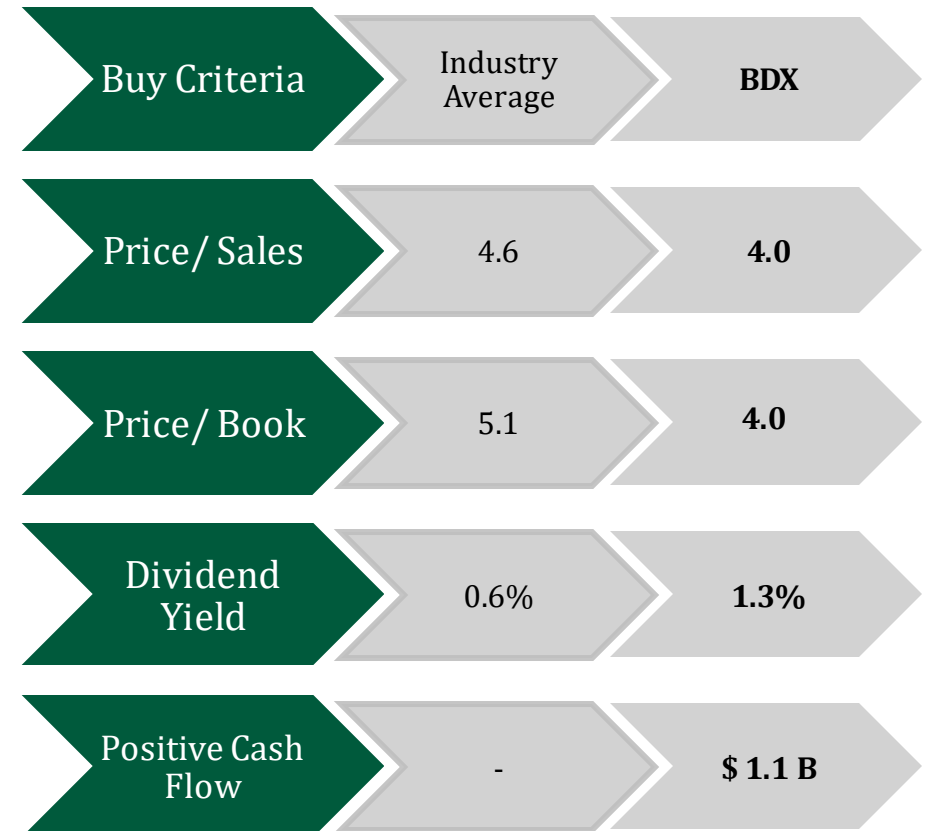


# Value Strategy Position Changes

BECTON DICKINSON & COMPANY | BDX

**Position (Date Purchased: 11-30-2017)**  
104 Shares | \$23,487.36

Founded in 1897, Becton Dickinson & Company is a leading medical tech company that builds advanced medical devices. They produce anesthesia, syringes, diabetes care products, pharmaceutical drug delivery systems, medical waste disposal equipment, software, and educational products. Products that fall under their Medical Management Solution department make up 27% of their revenue.







# Dividend Strategy Overview

To find stocks fairly priced and offering a Dividend yield greater than the S&P 500

BUY CRITERIA	
<b>Dividend Yield</b>	$\geq$ SPDR S&P Dividend ETF
<b>Quick Ratio</b>	$\geq$ Industry Average
<b>Cash Dividends</b>	Positive total cash Dividends paid annually
<b>Positive Total Cash</b>	From investing and operating activities
<b>Constant Dividend</b>	Yes
<b>Dividend Growth</b>	Historical and potential Dividend growth

SELL CRITERIA	
<b>Dividends</b>	Dividends are cut
<b>Free Cash Flow</b>	Diminishes or is no longer positive
<b>Alternative Investments</b>	Superior investment alternatives are identified



# Dividend Strategy Overview

## Stop Loss Criteria

- 20% Loss

## Acquisitions

1. Proctor & Gamble, Inc.



# Dividend Strategy Position Changes

PROCTOR & GAMBLE | PG

**Position (Date Purchased: 10-16-2017)**  
165 Shares | \$15,098.99

William Procter and James Gamble merge businesses in 1837; incorporated in 1890 to create Procter & Gamble. P&G, under the consumer staples sector, is currently one of the largest consumer goods companies in the world. They provide branded products and services of superior quality and value that improve the lives of the world. They operate in 5 business segments worldwide: Baby, Feminine, and Family Care, Beauty, Fabric and Home Care, Health Care and Grooming.

Buy Criteria	Industry Average	PG
Dividend Yield	1.90%	2.94%
Quick Ratio	0.42	40.65.0
Constant Dividend	-	Yes
Positive Total Cash	-	\$ 15 B



# Unique Attributes

## The JM Smucker Company (SJM)

Smucker's has a sustainable growth strategy which focuses on top-line growth, cost savings, and EPS growth. Their four main pillars to achieve this growth are through innovation, investments, acquisitions, and cost savings.

## Thor Industries (TOR)

The company operates in 3 different segments: Towable, Motorized vehicles. And other. They control about 50.7% of the travel trailer market, and 39.6% of motor home markets.

## Vail Resorts, Inc (MTN)

Vail Resorts, Inc. holds a unique grasp on their market. Given they face little to any other competition in their region regarding various types of ski-resorts, their only obstacle is mother nature. The harsher a winter, the better ski season which benefits Vail Resorts.

## Proctor & Gamble (PG)

One of the largest consumer goods companies in the world. Their products range from hygiene and beauty products to snacks and everything in between. The diverse portfolio of products and location in the consumer staples sector provides a strong sense of stability and security.

## Wal-Mart Stores, Inc. (WMT)

Wal-Mart will change their name to Walmart in Feb 2018. This is a strategy to combat Amazon. This matches their website, while their stores are spelled Wal-Mart.



# Unique Attributes

BOFI Holding, Inc. (BOFI)

They do not have a physical bank location- it is part of their low cost business model

Pfizer, Inc. (PFE)

Pfizer's leukemia drug was recently approved by the FDA. Also, Pfizer has two phase-three trials expected to be completed by 2020 (PALLAS and PNELOPE-B)

Becton Dickinson & Company  
(BDX)

Actively involved with partnerships with the American Red Cross, Juvenile Diabetes relief , and other health organizations.

Stanley Black & Decker (SWK)

Currently Stanley Black & Decker is expanding and building a 23,000 foot facility for training and innovation projects in Hartford, Connecticut.

USG Corporation (USG)

It is the largest, with about 25% market share, in the wallboard market that is consolidated and safe from foreign competition. This is due to the relatively low value and high weights of wallboards within the industry.



# Unique Attributes

Honeywell International (HON)

Honeywell will invest in a new joint venture by lending technology to a Chinese Software developer, to increase there presence in Chinese markets

Cognizant Technology Solutions Corp. (CTSH)

In 2015, Fortune magazine named it as the world's fourth most admired IT services company to work for and as an industry leader.

Facebook, Inc. (FB)

Facebook.com hosts 1.32 billion daily active users on average and 2.01 billion monthly active users, as of June 2017. The average person spends about 50 minutes on a Facebook product.

Stamps.com, Inc. (STMP)

Stamps.com allows customers to enjoy the convenience of online postage and avoid waiting in line at the Post Office. For businesses, in particularly, Stamps.com is at least 50% cheaper than traditional postage meters and allows for easy tracking and reporting of postage expenditures.

Lam Research Corp. (LRCX)

Lam Research group stands to face a very favorable operating environments (compared with competitors), with semiconductor material demands rising in the US and China. This is due to their diversified holdings, and international partnerships.



# Unique Attributes

## Softbank Group ADR (SFTBY)

SoftBank is a growing technology firm. Their ARM Holdings segment makes them the world's largest semiconductor intellectual property company. They have recently made some major acquisitions including Sprint and ARM. Their Vision Fund is a +\$100 Billion investment fund, investing in public and private companies that focus on innovation and technology.

## DowDuPont, Inc. (DWDP)

DowDuPont, Inc. is one of the most noteworthy mergers of the past decade. The security only recently began trading under DWDP and looks to continue to realize inherent value. Both Dow and DuPont both were leading competitors of their perspective markets and with the merger they anticipate to gain over \$3 billion in operations as well as growth synergies.

## Comcast Corporation (CMCSA)

Comcast is the nation's largest internet service provider. They also have a 30% stake in Hulu and have lauched their own next-generation cloud-enabled television platform. Some of their major holdings include; NBC, NBC Sports, NBC News, CNBC, USA, Universal, and Syfy.





# Fall 2017 **RISK ANALYSIS**

Overview

Economic  
Conditions

Sector Summaries

Portfolio Strategy  
& Composition

**Risk Analysis**

Performance  
Review

Student  
Biographies



## Portfolio Risk Analysis: Beta

SAP  
 $\beta$  0.78

VS.

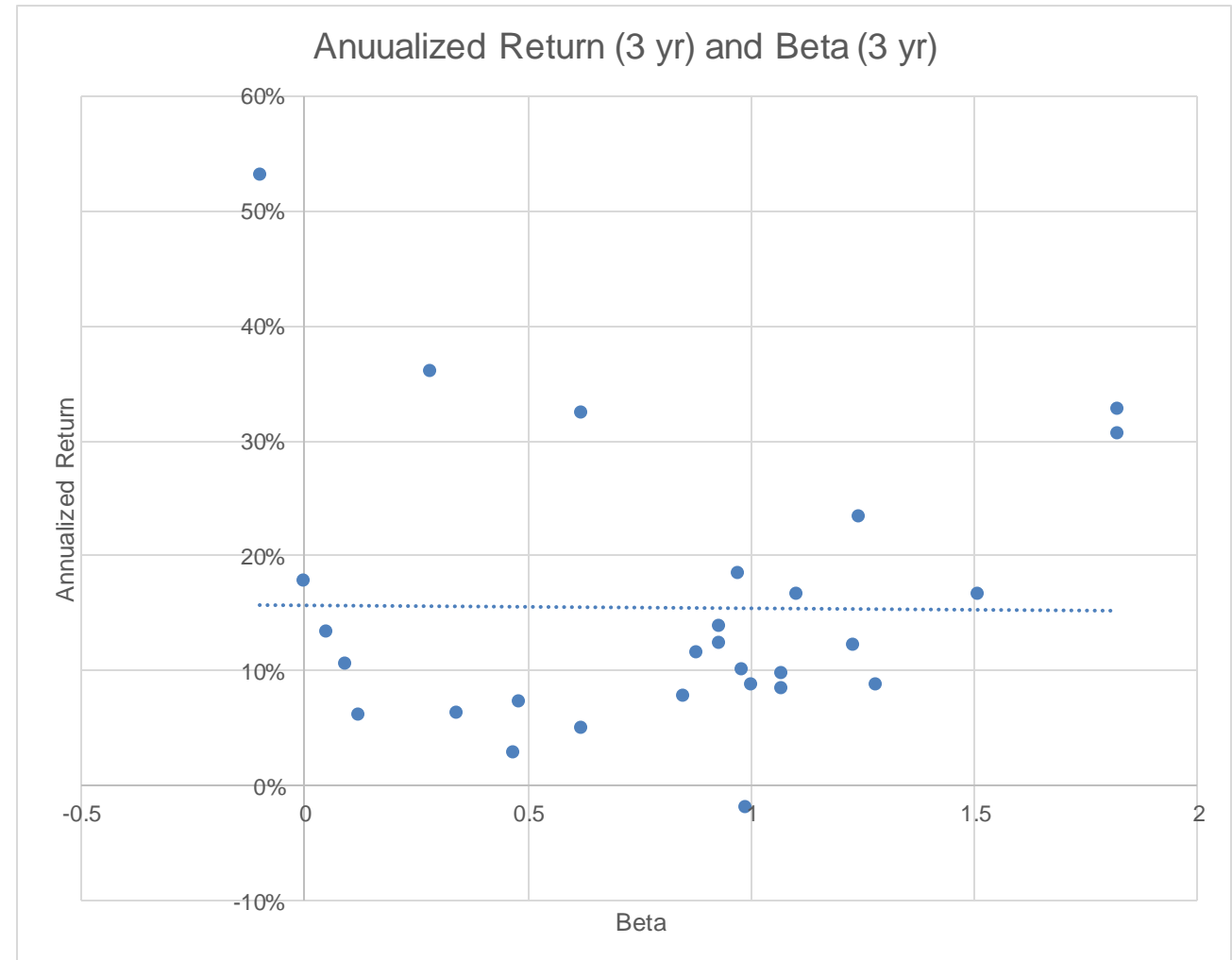
S&P 500  
 $\beta$  1.0

Lam Research,  
DowDupont, Stanley Black  
& Decker

- Highest betas in the Fall 2017 SAP fund

Risk  $\neq$  Reward

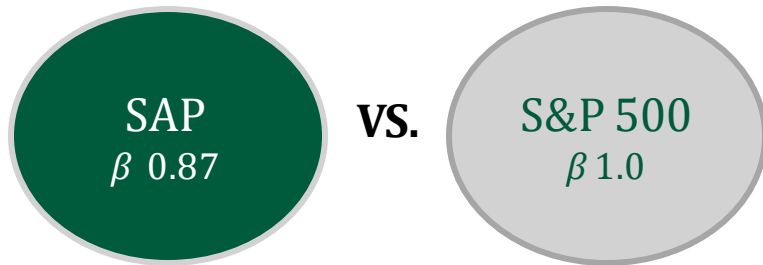
- The high risk stocks in our portfolio did not necessarily generate the highest reward, and we even hold one negatively correlated stock (Stamps.com)



Note: Used most relevant data if 3 year data was unavailable / not on the market for 3 years



## Portfolio Risk Analysis: Weighted Beta

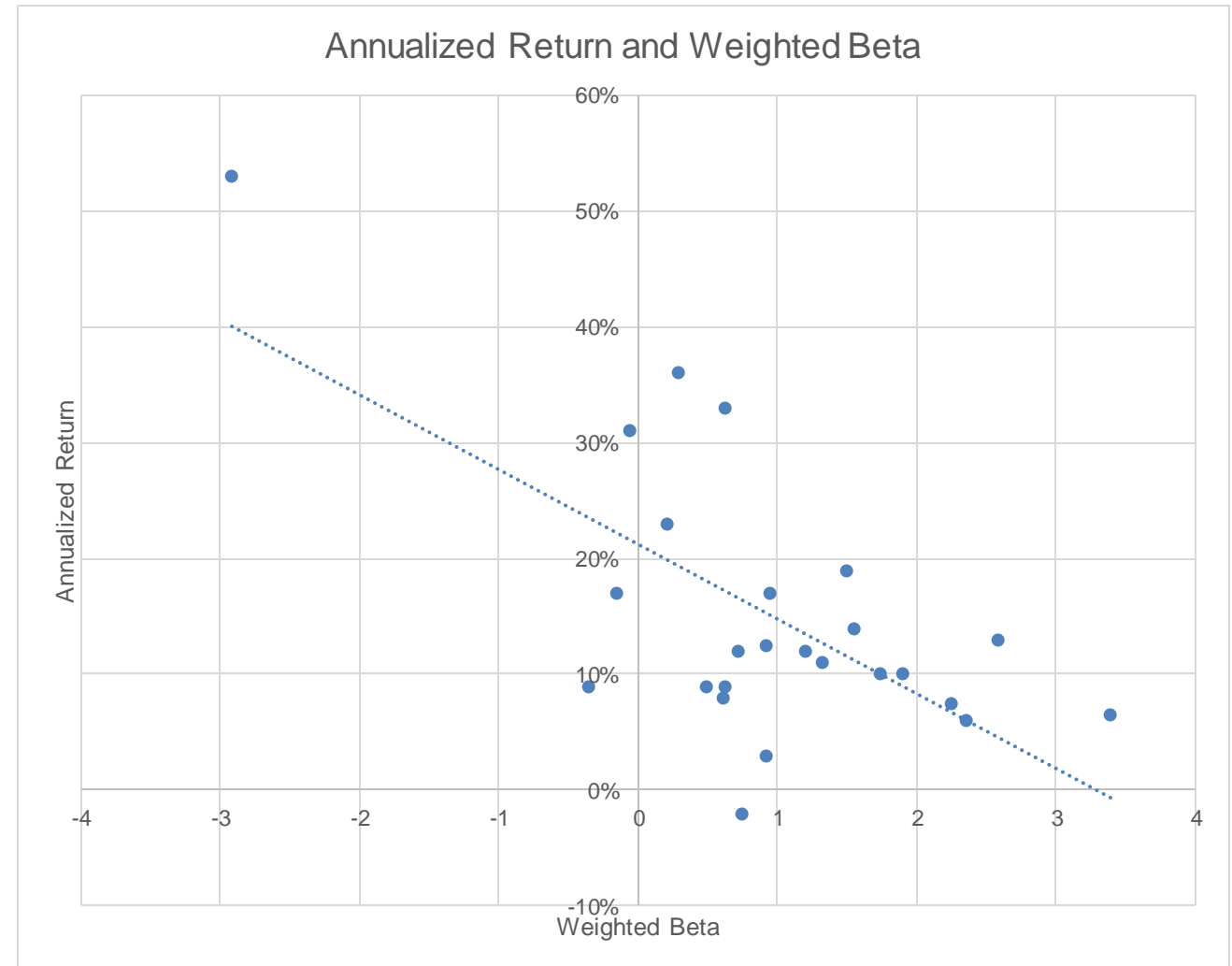


J.M. Smuckers, BOFI,  
Walmart

- Highest weighted betas in the SAP portfolio

### Risk $\neq$ Reward

- The high risk stocks in our portfolio did not necessarily generate the highest reward, and we hold several negatively weighted beta stocks



Note: Used most relevant data if 3 year data was unavailable / not on the market for 3 years



# Covariance Matrix

	XLY	SJM	THO	XLF	XLV	PFE	BDX	SWK	XLK	CTSH	XLE	XLB	DWDP	XLU	FB	PG	BOFI	WMT	CMCSA	USG	HON	STMP	LRCX	SFTBY	MTN	SPY	Beta	
XLY	0.00044	0.00102	0.00003	0.00001	0.00000	-0.00016	0.00049	0.00021	0.00023	0.00010	0.00003	0.00016	-0.00014	0.00028	0.00043	0.00014	-0.00024	0.00088	0.00033	0.00006	0.00041	-0.00194	0.00020	-0.00019	0.00017	0.00020	XLY	0.92
SJM	0.00102	0.00416	0.00099	0.00081	0.00017	-0.00010	0.00158	0.00033	0.00061	0.00049	0.00058	0.00025	-0.00027	0.00093	0.00037	0.00081	0.00214	0.00195	0.00094	0.00058	0.00133	-0.00451	-0.00045	0.00045	-0.00011	0.00072	SJM	3.39
THO	0.00003	0.00099	0.00700	0.00231	0.00086	0.00147	0.00074	0.00107	-0.00052	-0.00039	0.00153	0.00091	-0.00007	-0.00086	-0.00080	0.00016	0.00382	-0.00020	0.00033	0.00423	0.00096	-0.00246	-0.00188	-0.00058	-0.00173	0.00048	THO	2.24
XLF	0.00001	0.00081	0.00231	0.00129	0.00046	0.00084	0.00020	0.00010	-0.00004	0.00069	0.00060	0.00020	0.00005	0.00005	-0.00035	0.00020	0.00208	0.00029	-0.00001	0.00130	0.00050	-0.00087	-0.00085	-0.00044	-0.00064	0.00033	XLF	1.54
XLV	0.00000	0.00017	0.00086	0.00046	0.00036	0.00045	0.00005	0.00002	-0.00012	0.00032	0.00002	0.00005	-0.00004	0.00011	-0.00023	0.00035	0.00072	-0.00010	0.00010	0.00054	0.00025	-0.00021	-0.00075	-0.00006	-0.00013	0.00013	XLV	0.60
PFE	-0.00016	-0.00010	0.00147	0.00084	0.00045	0.00121	-0.00038	0.00000	-0.00026	0.00049	0.00050	-0.00011	0.00012	-0.00005	-0.00078	0.00028	0.00128	-0.00012	0.00005	0.00129	0.00030	-0.00075	-0.00106	-0.00098	-0.00048	0.00013	PFE	0.62
BDX	0.00049	0.00158	0.00074	0.00020	0.00005	-0.00038	0.00116	0.00037	0.00021	-0.00040	-0.00012	0.00028	-0.00017	0.00037	0.00043	0.00024	0.00043	0.00088	0.00058	0.00062	0.00046	-0.00227	-0.00053	0.00016	-0.00010	0.00026	BDX	1.20
SWK	0.00021	0.00033	0.00107	0.00010	0.00002	0.00000	0.00037	0.00082	-0.00002	-0.00035	0.00008	0.00052	0.00013	-0.00015	0.00001	-0.00010	-0.00067	0.00014	0.00015	0.00126	0.00015	-0.00089	-0.00001	-0.00020	0.00011	0.00004	SWK	0.21
XLK	0.00023	0.00061	-0.00052	-0.00004	-0.00012	-0.00026	0.00021	-0.00002	0.00056	0.00058	0.00001	0.00012	0.00010	0.00053	0.00054	0.00002	-0.00006	0.00073	0.00000	0.00003	0.00012	0.00037	0.00097	0.00012	0.00061	0.00020	XLK	0.94
CTSH	0.00010	0.00049	-0.00039	0.00069	0.00032	0.00049	-0.00040	-0.00035	0.00058	0.00274	0.00007	0.00001	-0.00001	0.00100	-0.00012	0.00022	-0.00026	0.00123	-0.00013	-0.00008	0.00037	0.00215	0.00034	-0.00065	0.00062	0.00040	CTSH	1.89
XLE	0.00003	0.00058	0.00153	0.00060	0.00002	0.00050	-0.00012	0.00008	0.00001	0.00007	0.00097	0.00007	0.00002	-0.00033	-0.00017	-0.00007	0.00139	0.00022	-0.00003	0.00072	0.00028	-0.00103	0.00024	-0.00048	-0.00054	0.00016	XLE	0.74
XLB	0.00016	0.00025	0.00091	0.00020	0.00005	-0.00011	0.00028	0.00052	0.00012	0.00001	0.00007	0.00049	0.00009	-0.00006	0.00035	-0.00006	-0.00028	0.00015	-0.00005	0.00073	0.00011	-0.00012	0.00039	0.00004	0.00022	0.00010	XLB	0.48
DWDP	-0.00014	-0.00027	-0.00007	0.00005	-0.00004	0.00012	-0.00017	0.00013	0.00010	-0.00001	0.00002	0.00009	0.00032	0.00000	0.00002	-0.00008	0.00014	-0.00031	-0.00028	0.00040	-0.00020	0.00080	0.00040	0.00006	0.00026	-0.00003	DWDP	(0.16)
XLU	0.00028	0.00093	-0.00086	0.00005	0.00011	-0.00005	0.00037	-0.00015	0.00053	0.00100	-0.00033	-0.00006	0.00000	0.00098	0.00018	0.00039	-0.00008	0.00097	0.00033	0.00011	0.00031	0.00021	-0.00003	-0.00001	0.00065	0.00028	XLU	1.32
FB	0.00043	0.00037	-0.00080	-0.00035	-0.00023	-0.00078	0.00043	0.00001	0.00054	-0.00012	-0.00017	0.00035	0.00002	0.00018	0.00185	0.00001	-0.00067	0.00073	-0.00024	-0.00100	-0.00007	-0.00091	0.00185	-0.00006	0.00079	0.00013	FB	0.62
PG	0.00014	0.00081	0.00016	0.00020	0.00035	0.00028	0.00024	-0.00010	0.00002	0.00022	-0.00007	-0.00006	-0.00008	0.00039	0.00001	0.00086	0.00091	-0.00009	0.00032	0.00017	0.00029	-0.00025	-0.00079	0.00018	0.00021	0.00020	PG	0.92
BOFI	-0.00024	0.00214	0.00382	0.00208	0.00072	0.00128	0.00043	-0.00067	-0.00006	-0.00026	0.00139	-0.00028	0.00014	-0.00008	-0.00067	0.00091	0.00771	-0.00102	-0.00010	0.00153	0.00091	-0.00153	-0.00125	0.00194	-0.00141	0.00055	BOFI	2.58
WMT	0.00088	0.00195	-0.00020	0.00029	-0.00010	-0.00012	0.00088	0.00014	0.00073	0.00123	0.00022	0.00015	-0.00031	0.00097	0.00073	-0.00009	-0.00102	0.00289	0.00073	0.00024	0.00081	-0.00350	0.00043	-0.00168	0.00021	0.00050	WMT	2.35
CMCSA	0.00033	0.00094	0.00033	-0.00001	0.00010	0.00005	0.00058	0.00015	0.00000	-0.00013	-0.00003	-0.00005	-0.00028	0.00033	-0.00024	0.00032	-0.00010	0.00073	0.00073	0.00059	0.00042	-0.00180	-0.00097	-0.00038	-0.00017	0.00015	CMCSA	0.71
USG	0.00006	0.00058	0.00423	0.00130	0.00054	0.00129	0.00062	0.00126	0.00003	-0.00008	0.00072	0.00073	0.00040	0.00011	-0.00100	0.00017	0.00153	0.00024	0.00059	0.00478	0.00058	-0.00091	-0.00142	-0.00101	-0.00033	0.00037	USG	1.74
HON	0.00041	0.00133	0.00096	0.00050	0.00025	0.00030	0.00046	0.00015	0.00012	0.00037	0.00028	0.00011	-0.00020	0.00031	-0.00007	0.00029	0.00091	0.00081	0.00042	0.00058	0.00076	-0.00241	-0.00035	0.00006	-0.00017	0.00032	HON	1.49
STMP	-0.00194	-0.00451	-0.00246	-0.00087	-0.00021	-0.00075	-0.00227	-0.00089	0.00037	0.00215	-0.00103	-0.00012	0.00080	0.00021	-0.00091	-0.00025	-0.00153	-0.00350	-0.00180	-0.00091	-0.00241	0.01763	0.00145	0.00241	0.00181	-0.00062	STMP	(2.92)
LRCX	0.00020	-0.00045	-0.00188	-0.00085	-0.00075	-0.00106	-0.00053	-0.00001	0.00097	0.00034	0.00024	0.00039	0.00040	-0.00003	0.00185	-0.00079	-0.00125	0.00043	-0.00097	-0.00142	-0.00035	0.00145	0.00444	0.00090	0.00149	-0.00001	LRCX	(0.07)
SFTBY	-0.00019	0.00045	-0.00058	-0.00044	-0.00006	-0.00098	0.00016	-0.00020	0.00012	-0.00065	-0.00048	0.00004	0.00006	-0.00001	-0.00006	0.00018	0.00194	-0.00168	-0.00038	-0.00101	0.00006	0.00241	0.00090	0.00423	0.00048	-0.00008	SFTBY	(0.36)
MTN	0.00017	-0.00011	-0.00173	-0.00064	-0.00013	-0.00048	-0.00010	0.00011	0.00061	0.00062	-0.00054	0.00022	0.00026	0.00065	0.00079	0.00021	-0.00141	0.00021	-0.00017	-0.00033	-0.00017	0.00181	0.00149	0.00048	0.00147	0.00006	MTN	0.29
SPY	0.00020	0.00072	0.00048	0.00033	0.00013	0.00013	0.00026	0.00004	0.00020	0.00040	0.00016	0.00010	-0.00003	0.00028	0.00013	0.00020	0.00055	0.00050	0.00015	0.00037	0.00032	-0.00062	-0.00001	-0.00008	0.00006	0.00021	SPY	1.00



# Correlation Matrix

	XLY	SJM	THO	XLF	XLV	PFE	BDX	SWK	XLK	CTSH	XLE	XLB	DWDP	XLU	FB	PG	BOFI	WMT	CMCSA	USG	HON	STMP	LRCX	SFTBY	MTN	SPY
XLY	1	0.7535869	0.0172797	0.0193659	-0.0087355	-0.2207927	0.6942717	0.3471489	0.4564286	0.0905612	0.0506417	0.3558061	-0.3665799	0.4316767	0.4731588	0.2244812	-0.1315995	0.7816723	0.5800819	0.0442507	0.7109009	-0.6967327	0.1453035	-0.1362876	0.2126866	0.6398353
SJM	0.753587	1	0.182544342	0.351409229	0.135931137	-0.043986327	0.720942765	0.178317046	0.401697629	0.144972022	0.289188069	0.176186153	-0.237692106	0.458737902	0.134354139	0.426500541	0.377722254	0.56324017	0.535484578	0.130643928	0.747595738	-0.525812421	-0.104822735	0.1061177	-0.044870881	0.76847464
THO	0.01728	0.182544342	1	0.767623261	0.541466825	0.505427066	0.258508323	0.447698461	-0.260662734	-0.08958527	0.586480879	0.495829477	-0.045593299	-0.329576153	-0.223455054	0.066497278	0.519347142	-0.045282043	0.144251351	0.730815904	0.417328846	-0.221253692	-0.337460852	-0.10660255	-0.539609699	0.391928856
XLF	0.019366	0.351409229	0.767623261	1	0.675826834	0.674268351	0.166067	0.099072846	-0.045999803	0.366213935	0.539183002	0.248225389	0.073608446	0.04031314	-0.225933556	0.190923847	0.658596876	0.148766857	-0.00838104	0.521843279	0.500399988	-0.181601562	-0.354206454	-0.186264368	-0.464963217	0.627024634
XLV	-0.00874	0.135931137	0.541466825	0.675826834	1	0.679542943	0.070797337	0.031637791	-0.26917297	0.325179467	0.027800587	0.111597966	-0.129405424	0.184427308	-0.28641396	0.635429793	0.434059725	-0.097653431	0.196549966	0.410079216	0.482320466	-0.0841188	-0.592517868	-0.051901706	-0.179434503	0.464516886
PFE	-0.22079	-0.043986327	0.505427066	0.674268351	0.679542943	1	-0.317636965	-0.001233616	-0.319181812	0.270129379	0.461830235	-0.141568835	0.185727784	-0.049483468	-0.522971955	0.275750544	0.419901647	-0.064792373	0.051122212	0.533916075	0.31040726	-0.162399362	-0.457785394	-0.431264296	-0.358659881	0.260574076
BDX	0.694272	0.720942765	0.258508323	0.166067	0.070797337	-0.317636965	1	0.382422186	0.264241332	-0.227131105	-0.108618459	0.379258907	-0.278552074	0.346288358	0.290915156	0.236638294	0.144222716	0.478791091	0.627307411	0.264096029	0.484850889	-0.502061133	-0.235564001	0.07063835	-0.073425365	0.5164057
SWK	0.347149	0.178317046	0.447698461	0.099072846	0.031637791	-0.001233616	0.382422186	1	-0.022668691	-0.233559536	0.088128786	0.825508935	0.247491032	-0.171059369	0.008592362	-0.118374656	-0.265808289	0.09041448	0.197842172	0.634541125	0.19015322	-0.233197154	-0.004751799	-0.105689166	0.101641391	0.107015693
XLK	0.456429	0.401697629	-0.260662734	-0.045999803	-0.26917297	-0.319181812	0.264241332	-0.022668691	1	0.471464043	0.007161615	0.237177095	0.244975222	0.712136032	0.528415945	0.02161855	-0.030292544	0.577388653	0.003466322	0.020252305	0.182319881	0.116453709	0.616833001	0.078708408	0.669585882	0.577772691
CTSH	0.090561	0.144972022	-0.08958527	0.366213935	0.325179467	0.270129379	-0.227131105	-0.233559536	0.471464043	1	0.043332295	0.011494498	-0.008369351	0.608936466	-0.0541935	0.145858883	-0.056109187	0.435861567	-0.091174703	-0.021686417	0.258644398	0.309719404	0.09798008	-0.192043396	0.308548215	0.528092316
XLE	0.050642	0.289188069	0.586480879	0.539183002	0.027800587	0.461830235	-0.108618459	0.088128786	0.007161615	0.043332295	1	0.097043991	0.037597536	-0.342509501	-0.124690515	-0.07150377	0.506545853	0.128835795	-0.037477496	0.332193297	0.323551915	-0.248266369	0.114285927	-0.234461827	-0.447911612	0.346679927
XLB	0.355806	0.176186153	0.495829477	0.248225389	0.111597966	-0.141568835	0.379258907	0.825508935	0.237177095	0.011494498	0.097043991	1	0.233529437	-0.082140705	0.368279397	-0.096150562	-0.143141496	0.13090206	-0.085848477	0.477578736	0.179904744	-0.040014577	0.269111263	0.029991157	0.254919244	0.315733212
DWDP	-0.36658	-0.237692106	-0.045593299	0.073608446	-0.129405424	0.185727784	-0.278552074	0.247491032	0.244975222	-0.008369351	0.037597536	0.233529437	1	-0.006971748	0.023109722	-0.161942081	0.090333122	-0.325449639	-0.573212527	0.327389203	-0.401709916	0.33954706	0.335578766	0.04897802	0.384144728	-0.127700229
XLU	0.431677	0.458737902	-0.329576153	0.04031314	0.184427308	-0.049483468	0.346288358	-0.171059369	0.712136032	0.608936466	-0.342509501	-0.082140705	-0.006971748	1	0.132024932	0.419334244	-0.028853063	0.572894111	0.389642363	0.052506204	0.353057562	0.051455581	-0.012772587	-0.006110357	0.540816452	0.617450438
FB	0.473159	0.134354139	-0.223455054	-0.225933556	-0.28641396	-0.522971955	0.290915156	0.008592362	0.528415945	-0.0541935	-0.124690515	0.368279397	0.023109722	0.132024932	1	0.006113099	-0.177262142	0.314328479	-0.208480968	-0.33695469	-0.055420965	-0.159245038	0.644678629	-0.01970496	0.480407115	0.210663691
PG	0.224481	0.426500541	0.066497278	0.190923847	0.635429793	0.275750544	0.236638294	-0.118374656	0.02161855	0.145858883	-0.07150377	-0.096150562	-0.161942081	0.419334244	0.006113099	1	0.354671663	-0.058154219	0.398220257	0.084169715	0.3582324	-0.064190223	-0.403957057	0.094514279	0.186687004	0.458487267
BOFI	-0.1316	0.377722254	0.519347142	0.658596876	0.434059725	0.419901647	0.144222716	-0.265808289	-0.030292544	-0.056109187	0.506545853	-0.143141496	0.090333122	-0.028853063	-0.177262142	0.354671663	1	-0.215549939	-0.040141943	0.251448925	0.375629565	-0.131039379	-0.21378342	0.338967834	-0.417477895	0.429668883
WMT	0.781672	0.56324017	-0.045282043	0.148766857	-0.097653431	-0.064792373	0.478791091	0.09041448	0.577388653	0.435861567	0.128835795	0.13090206	-0.325449639	0.572894111	0.314328479	-0.058154219	-0.215549939	1	0.498898938	0.0655013	0.546717943	-0.490747759	0.121109253	-0.480765261	0.101859905	0.638693744
CMCSA	0.580082	0.535484578	0.144251351	-0.00838104	0.196549966	0.051122212	0.627307411	0.197842172	0.003466322	-0.091174703	-0.037477496	-0.085848477	-0.573212527	0.389642363	-0.208480968	0.398220257	-0.040141943	0.498898938	1	0.313250637	0.565439473	-0.499797025	-0.540172726	-0.21669562	-0.16758234	0.380852363
USG	0.044251	0.130643928	0.730815904	0.521843279	0.410079216	0.533916075	0.264096029	0.634541125	0.020252305	-0.021686417	0.332193297	0.477578736	0.327389203	0.052506204	-0.33695469	0.084169715	0.251448925	0.0655013	0.313250637	1	0.302828017	-0.099482949	-0.308640193	-0.225186739	-0.123486975	0.36708484
HON	0.710901	0.747595738	0.417328846	0.500399988	0.482320466	0.31040726	0.484850889	0.19015322	0.182319881	0.258644398	0.323551915	0.179904744	-0.401709916	0.353057562	-0.055420965	0.3582324	0.375629565	0.546717943	0.565439473	0.302828017	1	-0.657566495	-0.189411903	0.031872836	-0.157381898	0.788216207
STMP	-0.69673	-0.525812421	-0.221253692	-0.181601562	-0.0841188	-0.162399362	-0.502061133	-0.233197154	0.116453709	0.309719404	-0.248266369	-0.040014577	0.33954706	0.051455581	-0.159245038	-0.064190223	-0.131039379	-0.490747759	-0.499797025	-0.099482949	-0.657566495	1	0.1634299	0.27873986	0.355800535	-0.321174995
LRCX	0.145303	-0.104822735	-0.337460852	-0.354206454	-0.592517868	-0.457785394	-0.235564001	-0.004751799	0.616833001	0.09798008	0.114285927	0.269111263	0.335578766	-0.012772587	0.644678629	-0.403957057	-0.21378342	0.121109253	-0.540172726	-0.308640193	-0.189411903	0.1634299	1	0.207011829	0.58402311	-0.014820125
SFTBY	-0.13629	0.1061177	-0.10660255	-0.186264368	-0.051901706	-0.431264296	0.07063835	-0.105689166	0.078708408	-0.192043396	-0.234461827	0.029991157	0.04897802	-0.006110357	-0.01970496	0.094514279	0.338967834	-0.480765261	-0.21669562	-0.225186739	0.031872836	0.27873986	0.207011829	1	0.190776001	-0.08060103
MTN	0.212687	-0.044870881	-0.539609699	-0.464963217	-0.179434503	-0.358659881	-0.073425365	0.101641391	0.669585882	0.308548215	-0.447911612	0.254919244	0.384144728	0.540816452	0.480407115	0.186687004	-0.417477895	0.101859905	-0.16758234	-0.123486975	-0.157381898	0.355800535	0.58402311	0.190776001	1	0.108760105
SPY	0.639835	0.76847464	0.391928856	0.627024634	0.464516886	0.260574076	0.5164057	0.107015693	0.577772691	0.528092316	0.346679927	0.315733212	-0.127700229	0.617450438	0.210663691	0.458487267	0.429668883	0.638693744	0.380852363	0.36708484	0.788216207	-0.321174995	-0.014820125	-0.08060103	0.108760105	1



## Fall 2017 **PERFORMANCE**

Overview

Economic  
Conditions

Sector Summaries

Portfolio Strategy  
& Composition

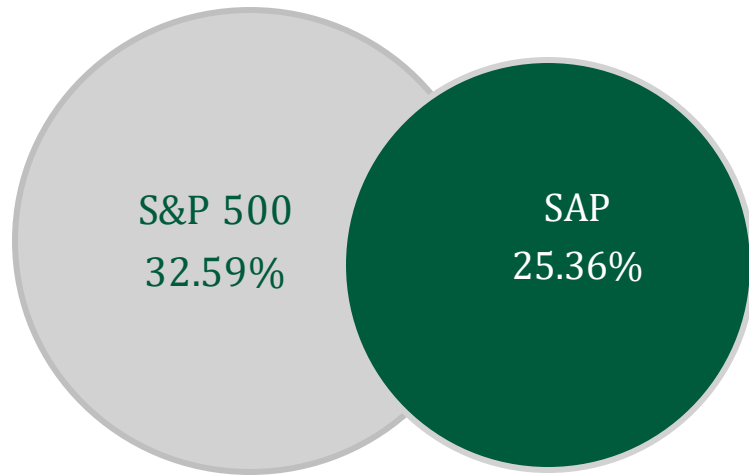
Risk Analysis

Performance  
Review

Student  
Biographies



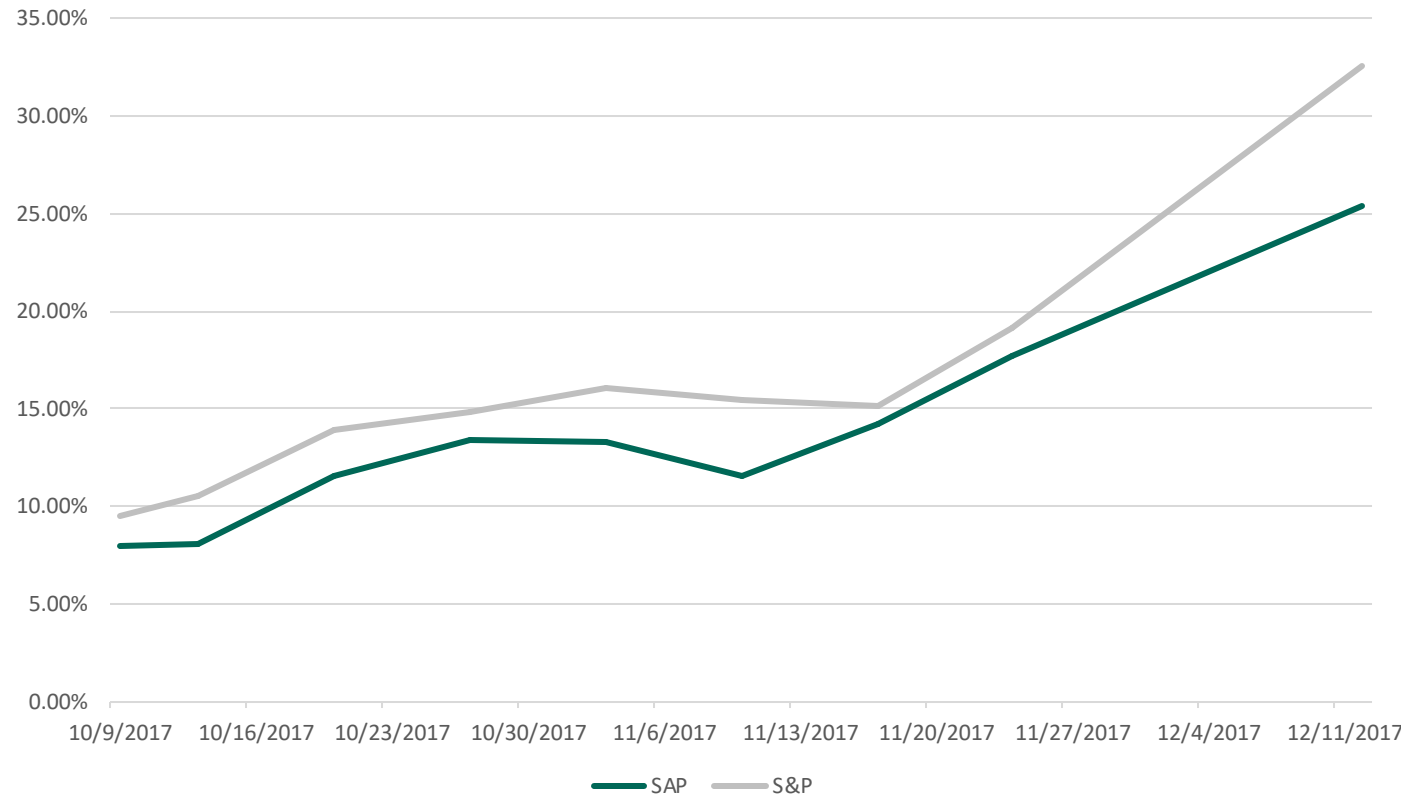
# Portfolio Performance Spring Semester 2017



Performance as of: (09/21/2017) – (12/9/2017)

## Performance Difference

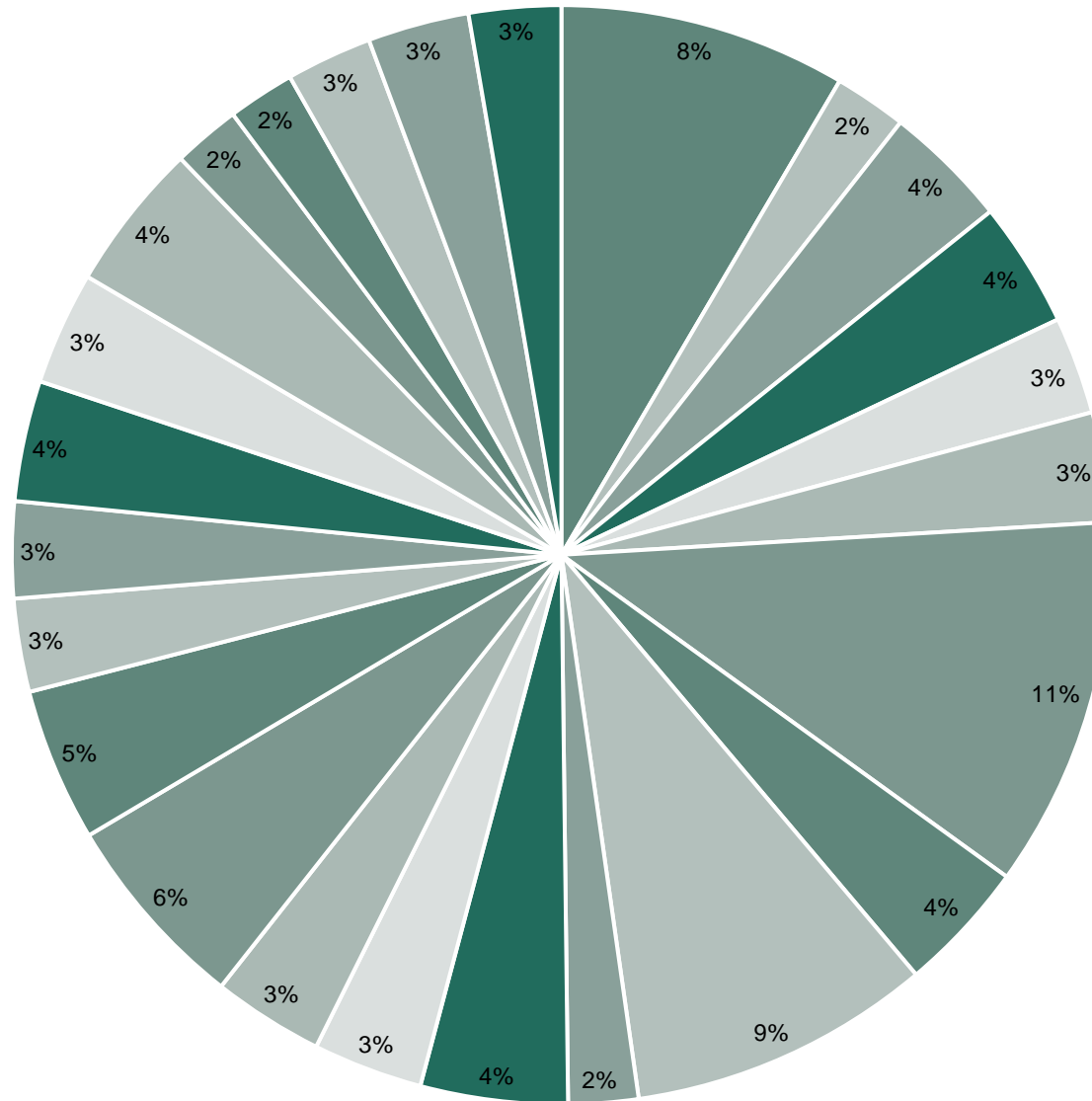
- The bottom graph depicts the performance difference relative to the benchmark. Our portfolio closely followed the S&P 500 throughout the semester.







# Portfolio Allocation

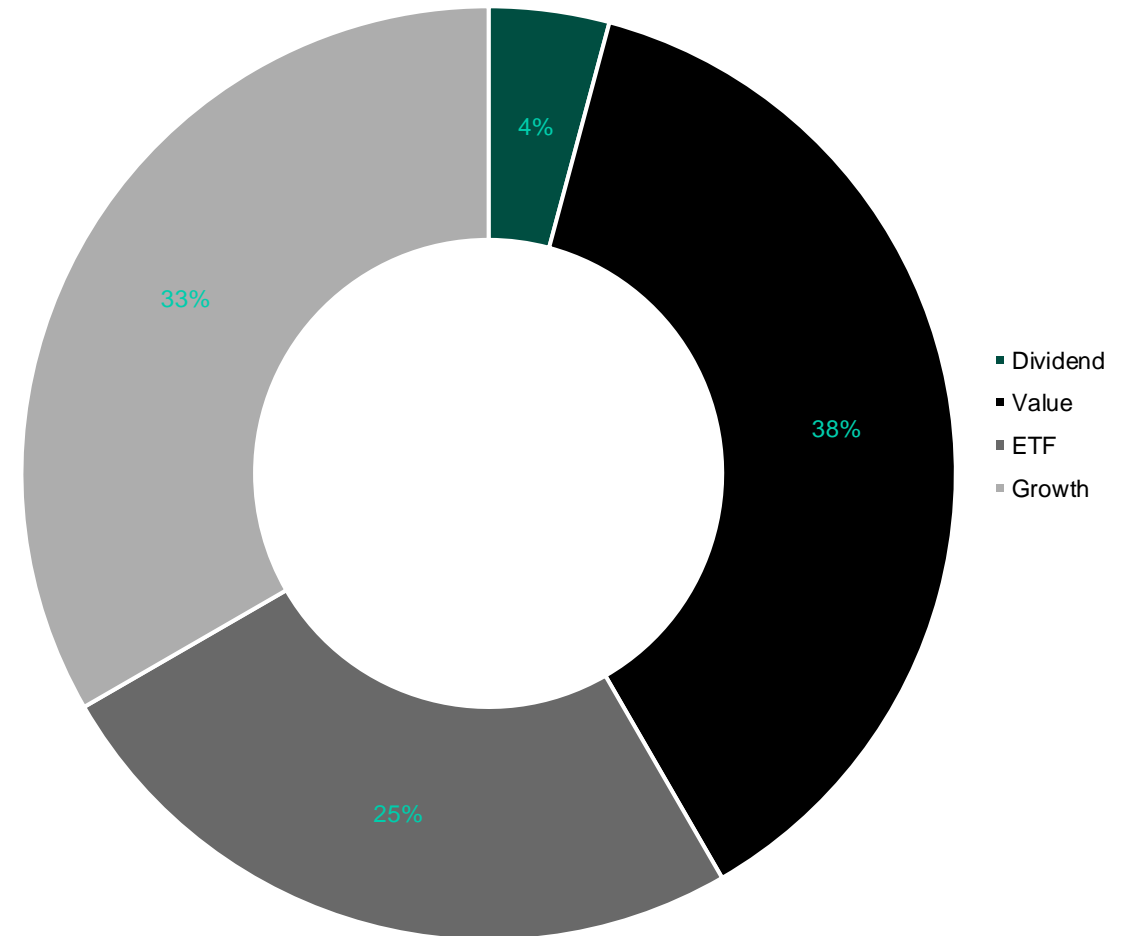
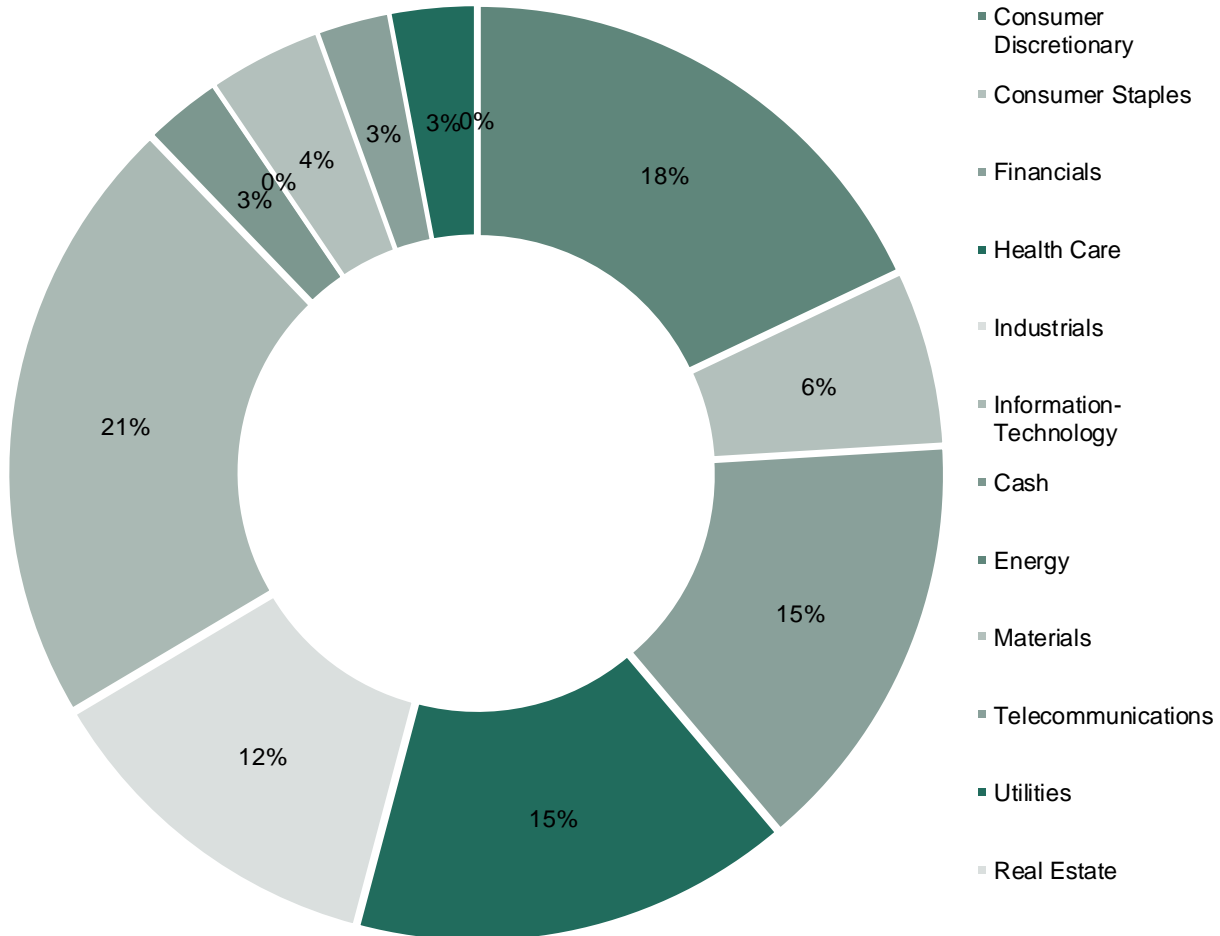


- Consumer Discretionary ETF
- Smucker JM Company
- Thor Industries, Inc.
- Vail Resorts, Inc.
- Proctor & Gamble
- Wal-Mart Stores, Inc.
- Financials ETF
- BOFI Holding, Inc.
- Health Care ETF
- Pfizer, Inc.
- Becton Dickinson & Company
- Stanley Black & Decker, Inc.
- USG Corporation
- Honeywell International, Inc.
- Technology ETF
- Cognizant
- Facebook, Inc.
- Stamps.com, Inc.
- Lam Research Corp.
- Softbank Group ADR
- Materials ETF
- DowDupont, Inc.
- Comcast Corporation
- Utilities ETF
- Cash



# Portfolio Allocation

## PORTFOLIO WEIGHTS

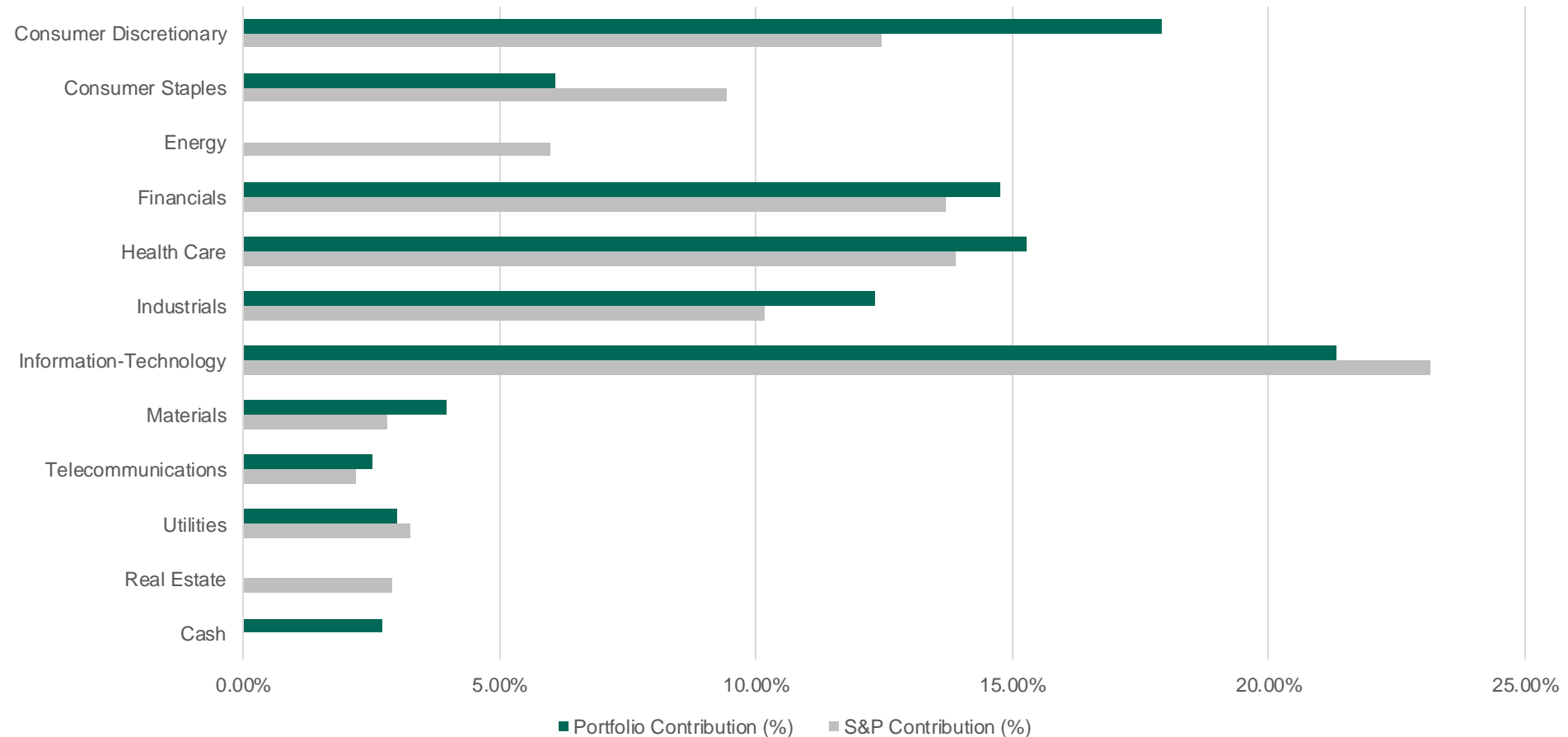




# Sector Allocation

## SAP vs. S&P 500

As of December 9<sup>th</sup>, 2017

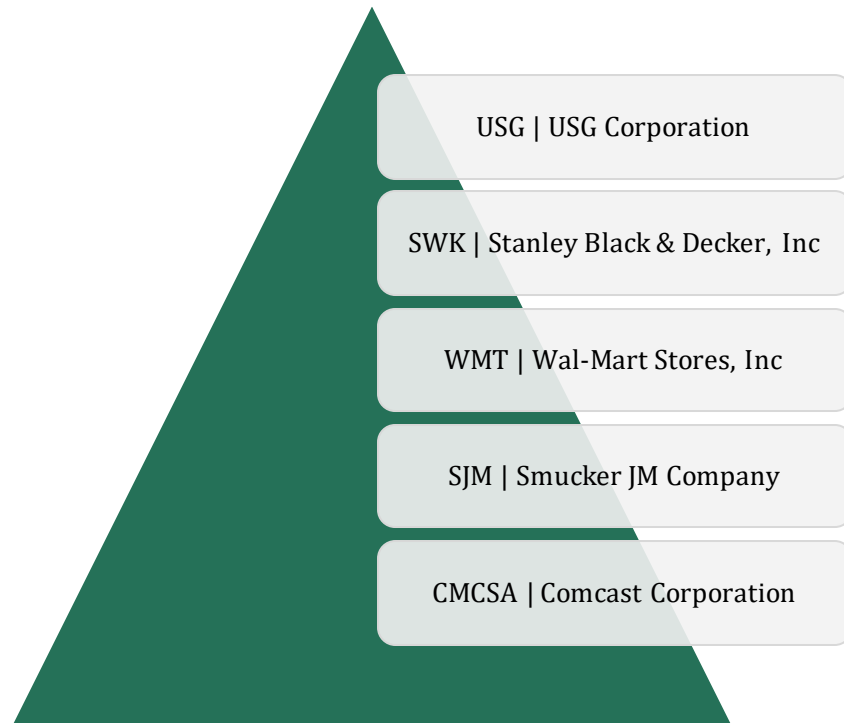




# Performance Attribution

As of December 6<sup>th</sup>, 2017

## TOP OUTPERFORMERS



## TOP UNDERPERFORMERS





# TOP OUTPERFORMERS





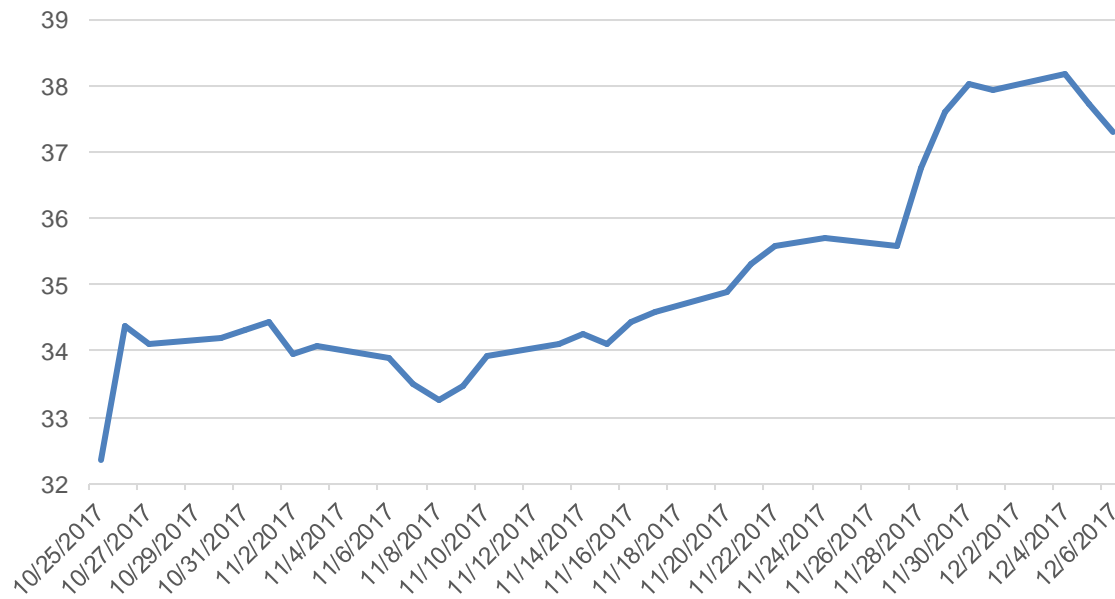
# Top Outperformers

USG Corporation | USG

**Position**

450 Shares | \$14,868

USG Price



Picked up midway through the semester on October 25th, USG has performed very well since, returning 15.49% and being our number one returning individual stock.

As a company in the building materials industry, USG has a lot to gain from this year's reckless hurricane season on top of proposed infrastructure expansion. They reported net income of \$66 million, partially as a result of an overall 5% increase in US wallboard demand.

USG is a growth stock, which is evident in its acquisition of Ceilings Plus and expansion of operations in Jacksonville. Chief officers recently announced a desire to form a deeper relationship with their shareholders at their first Investor Day, scheduled for next quarter.



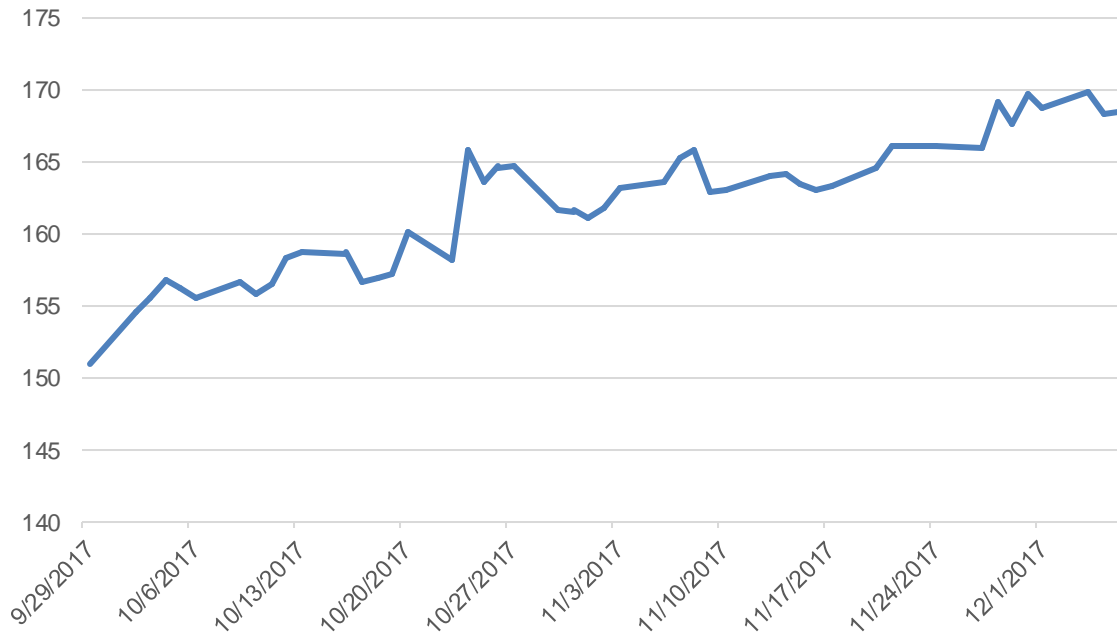
# Top Outperformers

Stanley Black and Decker, Inc. | SWK

## Position

100 Shares | \$14,976

Stanley Black & Decker Price



One of the first stocks purchased was Stanley Black & Decker on September 29th, yielding a return of 13.28% since then. SWK was an enticing stock because of its long standing history and solid deliverance of Dividends, with 49 years of consecutive growth.

As a leader of the Tools & Accessories industry, Stanley Black & Decker is another company that stands to benefit from this year's destructive hurricane season and expansion in infrastructure. Due to massive rebuilding efforts, there is a large expected demand increase by both individuals and companies like Home Depot.

Playing into Trump's political agenda, Stanley Black & Decker is capitalizing on American jobs by opening an Advanced Manufacturing Center of Excellence in Hartford, CT to accelerate its global industry 4.0 "smart factory" initiative.





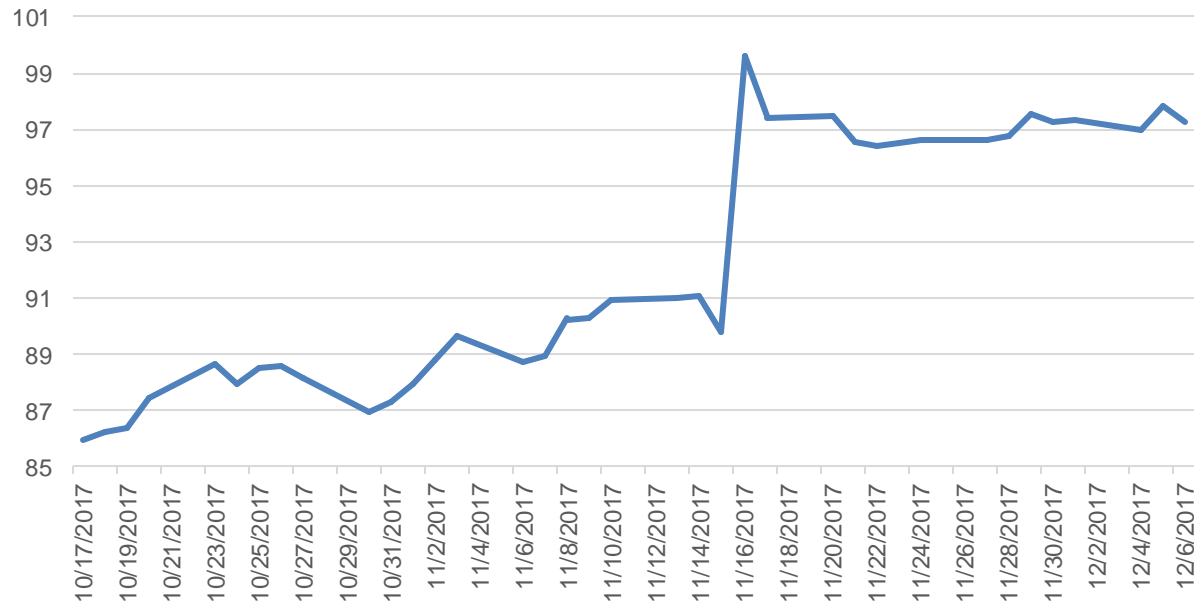
# Top Outperformers

Wal-Mart Stores, Inc. | WMT

## Position

175 Shares | \$15,036.98

Wal-Mart Price



Over the course of the semester, we saw Wal Mart's share price increase by 12.9% from the investment date of October 17th.

One of the main catalysts for Wal Mart's rise this semester was from an earnings report in November. The report showed that e-commerce sales surged by 50% in the fiscal third quarter. This proves that Wal Mart can be competitive with Amazon in the online market, at least for the moment. Same store sales for American stores were up by 2.7%, beating the expected 1.8% increase.

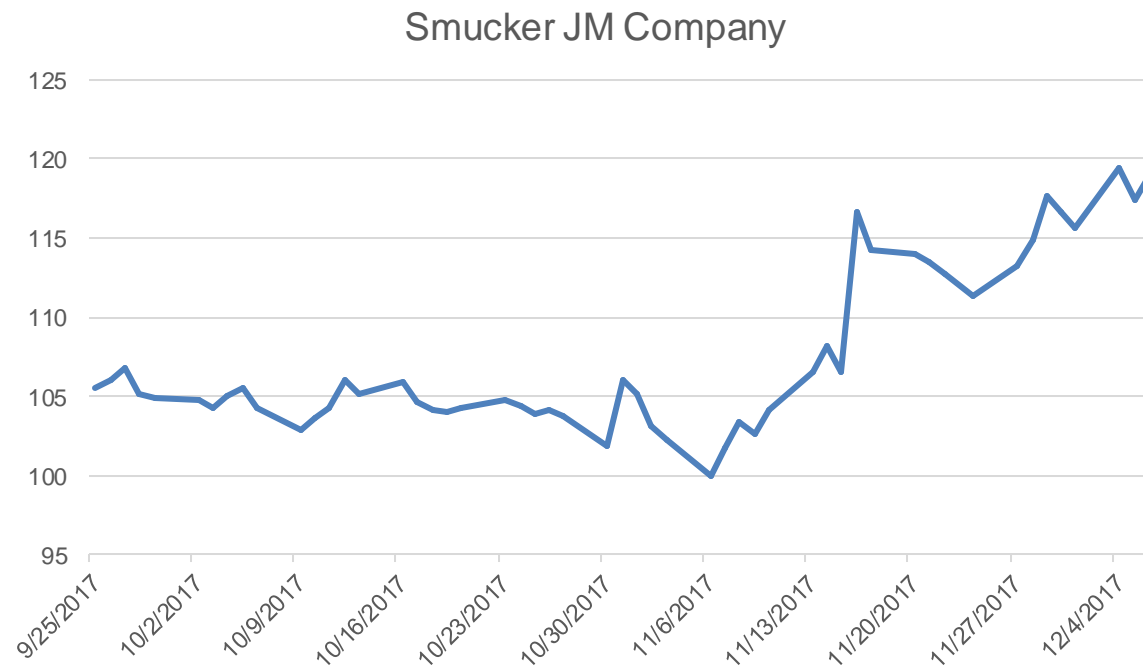
Wal Mart has also been acquiring companies at a rapid rate since 2016. Over that period, they have acquired Jet, Moosejaw, Bonobos, Shoebuy, and Parcel. These moves show that Wal Mart are preparing themselves going forward to compete with Amazon in the online marketplace.



# Top Outperformers

Smucker J M Company | SJM

**Position**  
94 Shares | \$9,964



One of the earlier stock purchases for the class was the Smucker JM Company on September 25th. Over the course of the semester, the stock saw a return of 12.6%.

For the majority of the semester, Smuckers actually lost the fund money, up until an earnings report in November. The firm beat analyst's expectations with sales growth in pet food and a price increase for Jif peanut butter.

Smuckers sees future growth in their pet food business, as sales continue to beat analyst expectations. The firm's move into the pet foods category in 2015 is regarded as a smart one, as they have seen much growth in that business segment.



# Top Outperformers

Comcast Corporation | CMCSA

**Position**  
330 shares | \$11,998.80

Oct 27, 2017 - Dec 06, 2017 • CMCSA

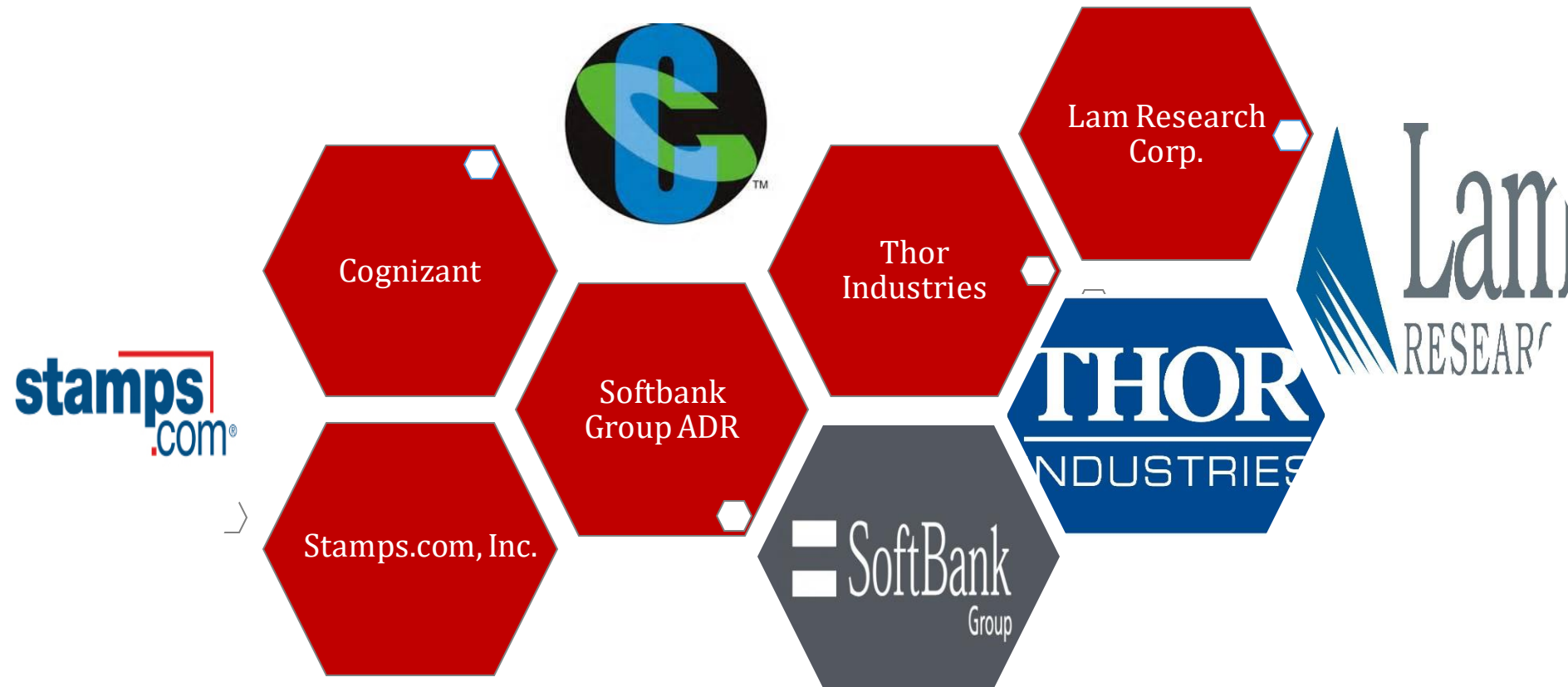


Comcast is a global media and technology company headquartered in Philadelphia, Pennsylvania. Their two primary businesses are Comcast Cable and NBCUniversal. Comcast Cable is one of the nation's largest video, high-speed internet and phone providers to residential customers and businesses. NBCUniversal operates news, entertainment, sports cable networks, NBC networks, television production operations, television station groups and Universal Studios.

The stock performed well in the final month of the semester. With net neutrality rules set to be repealed, Comcast and other telecommunications should see a boost.



# TOP UNDERPERFORMERS





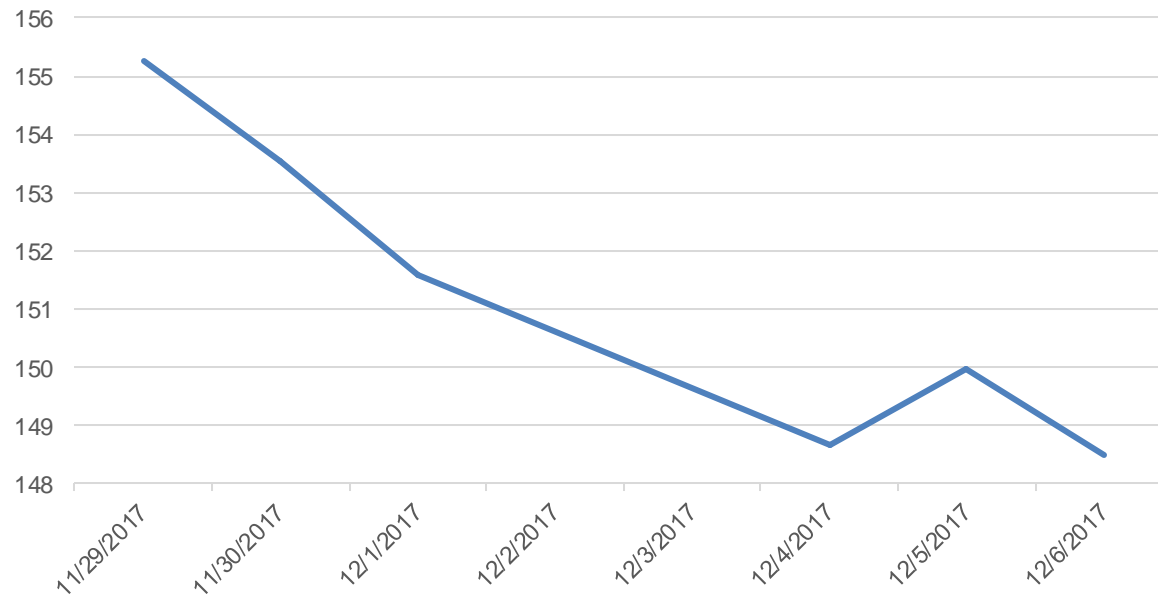
# Top Underperformers

Thor Industries, Inc. | THO

## Position

130 Shares | \$20,172.02

Thor Industries Price



Thor was one of the last stocks bought for this semester, purchased on November 29th, and over the course of a week returned -4.18%. As a manufacturer of recreational vehicles, Thor saw a decline in stock price along with most other consumer cyclical stocks in this time frame.

As the largest RV manufacturer in the world, Thor just posted its best quarterly revenue and profitability in the company's history. This past earnings was Thor's third straight beat in a row, with revenue at an all time quarterly record of \$2.28 billion and gross profit at 14.9%. Clearly demand has ramped up, and Thor is matching this demand with increased production.

Despite all of this, we bought in right after all of the good news and only had THO in our portfolio for one week of market declines.



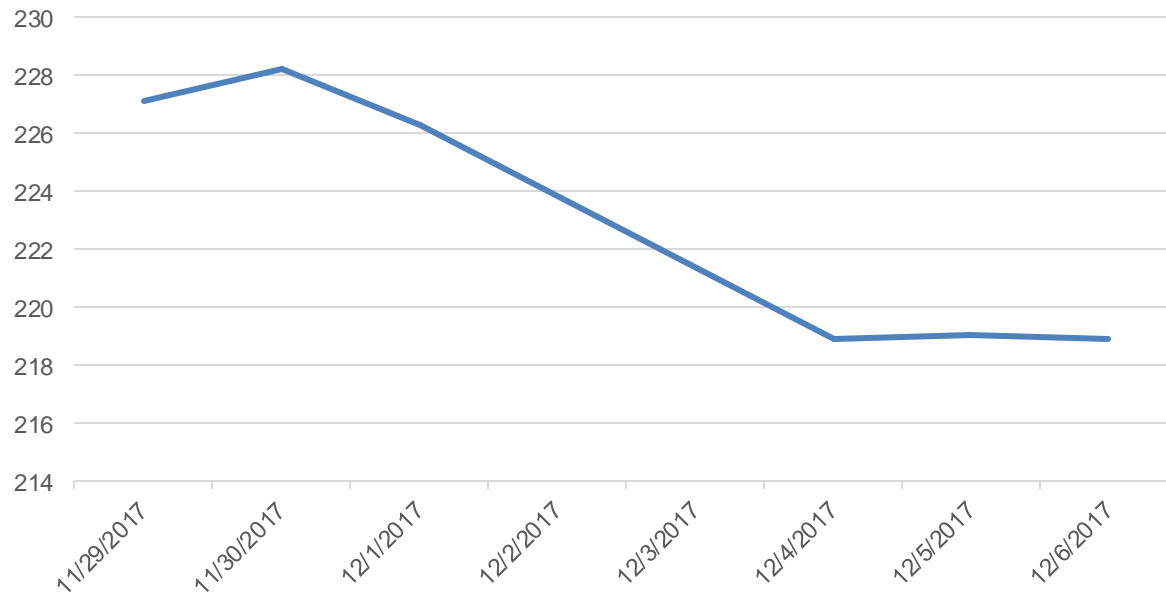
# Top Underperformers

## Becton Dickinson & Company | BDX

### Position

104 Shares | \$23,487.36

Becton Dickinson & Company Price



Becton Dickinson Co. is an American medical technology company. We were only in this stock for the last week of the semester after having purchased it on November 30th. We purchased 104 shares for \$225.84.

A major problem for BDX was timing the market. When the stock was pitched it was trading for \$220, but the price jumped \$6 between the time it was presented and when it was actually purchased.

BDX Declared a \$.75 Dividend payable on 12/29 to shareholders of record on 12/8. 2017 is the 46th consecutive year with a Dividend increase.



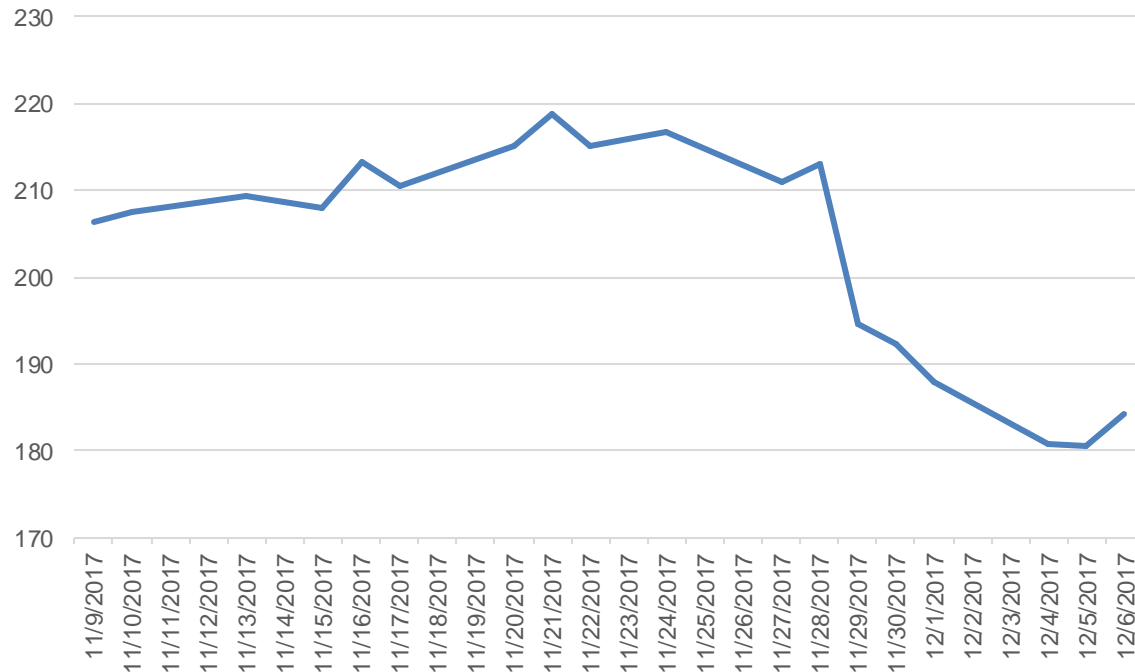
# Top Underperformers

Lam Research Corp. | LRCX

**Position**

97 Shares | \$20,288.37

Lam Research Price



Lam Research was purchased on November 9th by our class later in the semester, being the first stock in the red-hot semiconductor sector our class invested in. By the end of the semester the stock saw a loss of 13.5%.

Lam is a firm that makes the machines used in the semiconductor manufacturing process. Since the start of 2016 the entire sector has seen massive gains, prompting our class to try and get in on the potential returns.

By the 25th of November, Lam had given us a 3.66% return. During the closing weeks of the semester however, there was a massive sector rotation out of tech stocks and into financials. The semiconductor sector was hit especially hard, as Lam saw a 17% loss in the last two weeks of the semester.



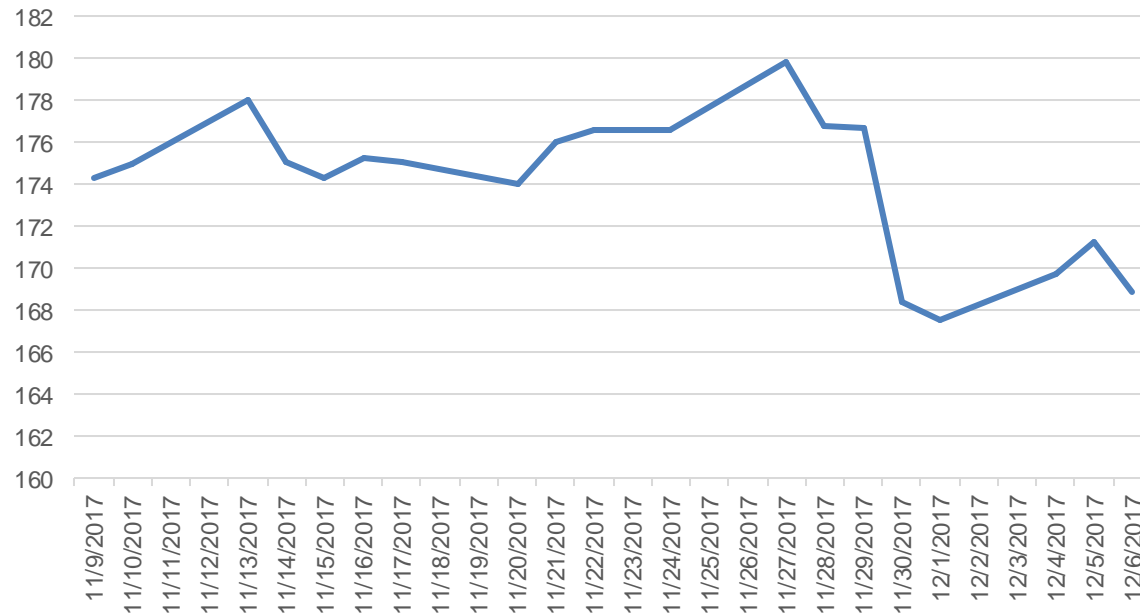
# Top Underperformers

Stamps.com, Inc. | STMP

**Position**

110 Shares | \$20,081.22

Stamps.com Price



Stamps.com is an american company that provides internet based mailing and postal service. We bought 110 shares on November 9th.

In an unlucky turn of events, STMP decrease by 5% in the days after we purchased it. Despite exceeding EPS expectations, revenues were about 3.8% lower than expected. STMP is contracted by Amazon and is used to return items purchased on the site. It was in the portfolio for less than a month.





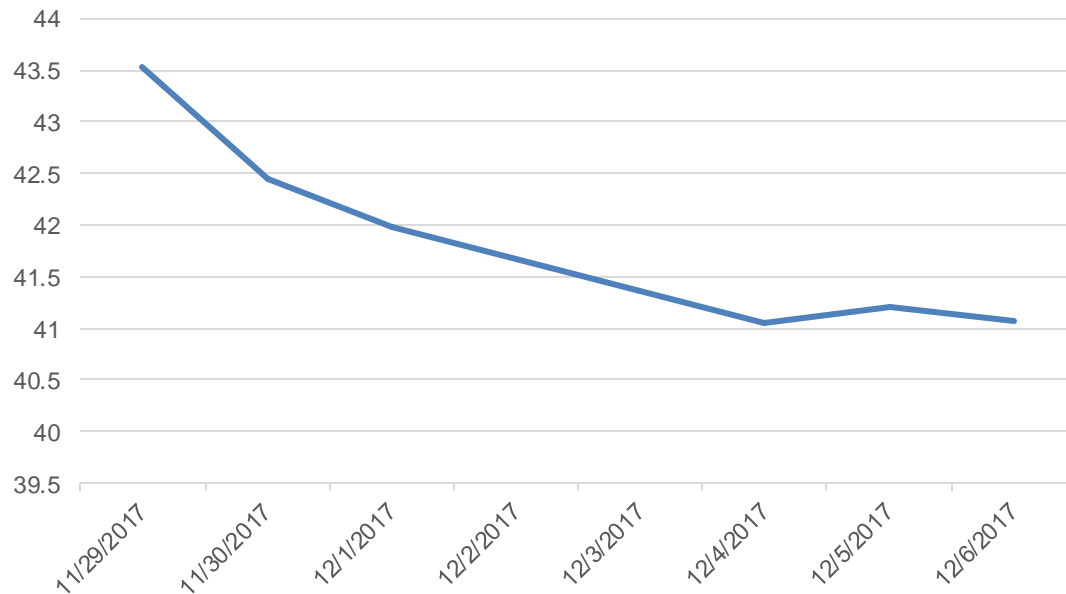
# Top Underperformers

Softbank Group ADR | SFTBY

**Position**

560 Shares | \$24,270.40

Soft Bank ADR Price



SoftBank is a Japanese multinational telecommunications company. It is the third largest public company in Japan and is aggressively expanding outside of telecommunications. This was the one and only ADR purchase this semester. Recently, SoftBank made an offer to buy Uber at a discount due to Uber's poor performance over the past year. Due to the diversity in their operations, we were able to classify SoftBank as an IT stock. SoftBank's was on a steady decline since the portfolio invested on November 29th. SoftBank depreciated around 5% in the short period of time it was in our portfolio.



Fall 2017  
**STUDENT  
BIOGRAPHIES**

Overview

Economic  
Conditions

Sector Summaries

Portfolio Strategy  
& Composition

Risk Analysis

Performance  
Review

Student  
Biographies



# Biographies



**Matthew Babcock**

**Matt** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance and a minor in Mathematics at Loyola University Maryland. In addition to his studies, Matt was Vice President of the Investment Club and a member of Beta Gamma Sigma. After graduation in May 2018, he will likely attend the Hopkins Carey School of Business in pursuit of an MBA.



**Nicholas DeProspo**

**Nick** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance and a minor in Information Systems at Loyola University Maryland. As a junior, Nick spent a semester in Singapore at Nanyang Technological University, where in addition to his classes, he got to travel the region to experience the culture, and its rich heritage. He has previously interned with Bank of America, as an analyst on their product pricing team in Charlotte, North Carolina. Originally from New Jersey, Nick will be working at Morgan Stanley in Baltimore after graduation.



# Biographies



**Robert DiBias**

**Rob** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance and an Information Systems minor at Loyola University Maryland. He is a president of the Loyola Film Society and brother of Alpha Kappa Psi Business Fraternity. Rob has previously interned at the Wealth Advisory Group, NASA and will begin working as a Business Management Analyst at Northrop Grumman in Summer 2018.



**Bridget K. Fitzpatrick**

**Bridget** is an undergraduate student pursuing a B.B.A. in Finance and a minor in Information Systems at Loyola University Maryland. In addition to her studies, Bridget has held internships with Stanley Black & Decker on the Business Development and Commercial Finance teams and is a member of Loyola's club sailing team and the Financial Management Association National Honor Society. She will be traveling to China in January of 2018 with the Sellinger School in order to study foreign exchange rates. Upon graduating in May of 2018, Bridget will be rejoining Stanley Black & Decker as a member of their Finance Development Program.



# Biographies

---



**Kristen Harold**

**Kristen** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance from Loyola University Maryland. Previously, Kristen interned at Stifel Nicolaus and Neuberger Berman in the Wealth and Asset Management departments. Along with her studies, Kristen currently interns at T. Rowe Price. Originally from Long Island, New York, Kristen enjoys going to the beach with her family and friends. Kristen has 1,370 more Facebook friends than her fellow fund manager, Sam James.

**Samuel James**

**Samuel** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance and a minor in Information Systems from Loyola University Maryland. Sam has interned at Nuveen and is currently an intern at UBS Wealth Management. Sam is known around campus as “the guy from the gym.” Sam has webbed toes.



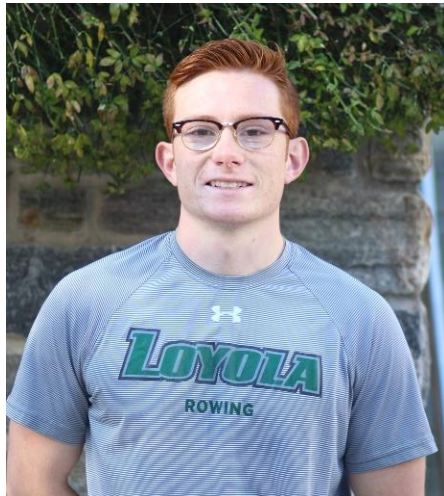


# Biographies



**Krysta M. Lipinski**

**Krysta** is pursuing a Bachelors of Business Administration with a double concentration in Finance and Economics at Loyola University Maryland. She is Vice President of the Financial Management Association, a member of the CFA Research Challenge Team, and a member of Alpha Sigma Nu, the Jesuit Honor Society. Last January, she spent two weeks in China studying foreign exchange rates with the Sellinger School. She has spent the last two summers at Republic Bank in Philadelphia as a Commercial Banking Intern and currently interns at McCormick & Company in their Credit & Risk Department. She is looking to further her career in either Philadelphia or New York.



**Liam T. Marmo**

**Liam** is pursuing a B.B.A. in Finance from the Sellinger School of Business at Loyola University Maryland, graduating in May 2018. Liam serves as President of the Financial Management Association and Beta Gamma Sigma. Additionally, he was a member of the Federal Reserve Challenge Team that won the 2017 Regional Championship. Furthermore, Liam is on the CFA Challenge Team and on Loyola's Varsity Men's Crew Team. Liam completed a Sales & Trading internship this summer at the investment firm INTL FCStone, Inc. in New York City and on the weekends worked as a Caddie at Sleepy Hollow Country Club in Westchester County, New York. In his free time, Liam loves to sing, play pick-up soccer with his buddies and appreciates a beautiful sunset. Upon graduation, Liam will be joining Citi's Middle Market Commercial Banking Team as an Analyst in the Washington D.C. office.



# Biographies



**Raymond McEvoy**

**Ray** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance at Loyola University Maryland. Ray is from Brooklyn, New York and has spent the past two summers and winters working as a tax intern with Starr Companies in New York City. Upon graduating, Ray intends to continue his education and earn his MBA while working alongside the start-up, Save Pharmaceutical, where he intends to fulfill the role of Chief Financial Officer.



**Andrew Muscarella**

**Andrew** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance at Loyola University Maryland. He is a member of the Sellinger Scholars, Beta Gamma Sigma, and the Financial Management Association Honor Society. Andrew previously interned with Israel A. Englander & Co. on the Options Trading floor of the NYSE and at the U.S. House of Representatives as a Financial Services intern. Upon graduation, he hopes to further his career in finance in either the New York or Boston area.



# Biographies



**Frank Musuruca**

**Frank** is a Finance/Accounting Double major and President of Loyola's Fixed Income Society. He interned at Metropolitan Commercial Bank in Summer 2017. During the fall semester, he did equity research for Blue Point Investment Management until switching to a Planner Assistant role at Maller Wealth Advisors. Upon Graduation, he will work as an Assurance Associate at PriceWaterhouseCoopers Baltimore office, specializing in Financial Service companies.



**Delia Oldak**

**Delia** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance at Loyola University Maryland. She is a member of the Financial Management Association Honor Society. Delia previously interned with Legg Mason on the Global Sales Analytics team. She plans to further her career in Asset Management following graduation in May 2018.



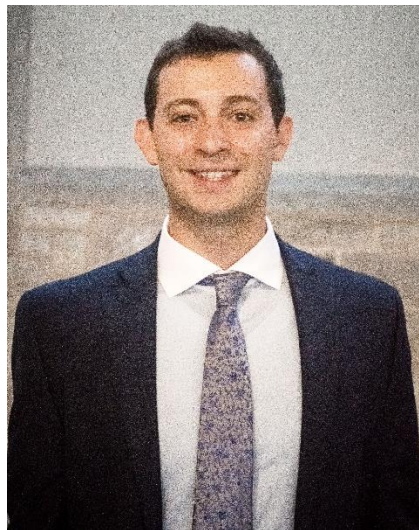


# Biographies



**Nicole Postighone**

**Nicole** is an undergraduate student pursuing a Bachelors of Business Administration with a double concentration in Finance and Economics at Loyola University Maryland. In addition to her studies, Nicole holds a leadership position at Loyola's Phonathon and is a member of the Beta Gamma Sigma Honor Society. She previously interned with Nielsen and Cigna near her home in Connecticut. Upon graduation, Nicole will remain in Baltimore where she will begin her career at Morgan Stanley.



**Zachary Russo**

**Zach** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance and a minor in Economics at Loyola University Maryland. Aside from being a student, Zach is a member of Loyola's Sellinger Scholars Program, the Financial Management Association, volunteers for the York Road Micro-Finance student consulting team, and is the founder of Greyhound Consulting Group on campus. He has previously held internships with Aetna inc., CFG Capital Markets, and Under Armour. In his free time, he enjoys playing golf with his family and friends. Following graduation, Zach will be working for EY in the Chicago office as a member of the Business Advisory Program.



# Biographies



**Alexander Saffadi**

**Alex** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance. He is a member of the Men's Cross Country team, Investment Club and Financial Management Association. Alex has previously interned at Tata Global Beverages and he will be pursuing a career in Commodities trading.



**Vincent Sireci**

**Vinny** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance and Accounting. He is a member of Beta Alpha Psi and was the Vice President of Loyola Rugby. He interned at PricewaterhouseCoopers in Baltimore and will begin full time in the Fall of 2018.



# Biographies



**Dan Tun**

**Dan** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance at Loyola University Maryland. He is an international student who is a co-president of the Loyola Investment Banking Club. In addition, he has interned for the International Labor Organization, AXA Advisors, foreign banks, and various charitable organizations. He is currently seeking employment upon graduation and enjoys spending his time with friends, reading, and going to the movies.



**Elizabeth Verzella**

**Elizabeth** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance. In addition to her studies, she is a member of the Division I swimming & diving team at Loyola as well as the Financial Management Association and Student Philanthropy Council. Elizabeth has previously spent two summers as an intern with Philadelphia Insurance Companies at their headquarters near Philadelphia. Following graduation, Elizabeth will be beginning her career at Vanguard within the Fund Financial Services department. Her lifelong dream is to be on the Amazing Race but is still looking for the perfect partner.



# Biographies



**Brian Wright**

**Brian** is an undergraduate student pursuing a Bachelors of Business Administration with a concentration in Finance and a minor in information systems. He is the captain of the rugby club, member of the financial management association, and part of Loyola's CFA Challenge team. He interned at Morgan Stanley throughout the summer and fall, where he will begin full time after graduating.



**Joshua A. Zingaro**

**Josh** is an undergraduate student pursuing a Bachelors of Business Administration with a double concentration in Finance and Marketing at Loyola University Maryland. Josh has previously interned with Sony, Fallston Group LLC, CBS, Obsidian Financial Services, and T Rowe Price. Aside from his studies, Josh is involved with Loyola's Financial Management Association and plans on pursuing a Master of Finance degree after graduation.



