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Overview

The 2016-2017 academic year was the fourth for the School of Business Investment Program. 21 elite students completed the Program and ran the funds associated therewith. Appendix A.1 shows a listing of the students, along with their position and sector of coverage. The year was marked by advancement in many key areas of emphasis. The Program’s stated objectives are as follows:

1. Develop elite students with career-relevant skills who will hold a competitive advantage in the job market.
2. Increase the visibility and reputation of the School of Business as a distinguished resource for potential students, faculty, and employers.
3. Build relationships between the School of Business and members of the local, regional, and national investment communities.
4. Consistently generate returns that exceed relevant benchmarks.

We have improved the processes through within the Program translates academic materials into practical application and — most importantly — career relevant skills. We have increased focus on communication and technical skills, forcing the 21 students in the Program into situations that cultivate, test, and refine these skills, which we feel are the most important to current success in the field. Students exiting the Program now have in-depth knowledge of valuation processes and comprehensive portfolio management. Further, they have developed maturity and professionalism in settings abnormal to those experienced by average college students.

To the second and third objectives, we have made great strides in developing relationships within the financial industry and local business community. This has occurred in a number of ways, including the following:

- We hosted two formal firm visits over the academic year. Goldman Sachs returned for the fourth time on September 7, 2016. We also welcomed the third visit from Raymond James on February 9, 2017. In addition, throughout the year, several individuals and representatives of other firms visited the classroom to interact with the student cohort. Going forward, we plan to extend these visits to include more firms and at a deeper level.

- We cohosted an event at the beginning of November with the CFA Society SC. This was the fourth such event that we have been honored to cohost with the Society over the years and it was another strong success. David Haythe of Morgan Stanley was the keynote speaker and we welcomed over 50 individuals, several of which were first time visitors to the School. Mr. Haythe spoke of the current global state of investing, paying particular attention to the current political and socioeconomically climate in Europe – and how that might affect asset management around the globe.
In early April, six members of the Investment Society traveled with the Director to the Global Asset Management Education (GAME) forum in New York City. There, over 1,600 students, faculty, and professionals associated with student investment education gathered to listen to dozens of internationally-recognized speakers, mingle with like-minded peers, and develop valuable connections to aide in future professional pursuits. Students were able to view best practices in student managed funds, while learning of current trends and upcoming changes in the financial markets landscape. In addition, it served as an introduction to many to the center of the financial world. While in NYC, the contingent had the opportunity to visit the venerable New York Stock Exchange and received eye-opening exposure to the rapidly evolving world of stock exchanges. They also got the opportunity to visit George Weiss and Associates, a boutique investment management firm with a nearly 40-year history. Finally, the cohort also toured the beautiful state-of-the-art Bloomberg building in NYC, which included the opportunity to briefly meet veteran newsman Tom Keene. See appendix A.2 for photos of the students enjoying these activities.

Near the end of the year, we hosted for the third time our premier annual external event—the CofC Strategic Investment Symposium. This event focuses on strategic asset management and was a distinct step up in both content and quality over the first two efforts. The itinerary included over 25 distinguished professionals, including keynote speaker Mr. Charles Brandes, Founder and Chairman of Brandes Investment Partners in San Diego, CA. We welcomed nearly 150 attendees to the symposium and received very positive feedback overall. More importantly, this event served as a launching point for “Phase Two” of the Investment Program as an entity. We used the opportunity to put the Program in front of many new people and lay out our vision for scaling the Program to influence more students more dramatically. We were very much encouraged by the response to our vision and look forward to continuing momentum. Please see Appendix A.3 for a collection of photos of the event. Appendix A.4 displays the program for the second annual Symposium. Further, we are excited to announce that we are already planning the fourth Strategic Symposium in April 2018.

An extremely exciting addition to the Investment Program this year was the implementation of the Kenan Value Investing Scholar program. The student Portfolio Managers are also given the honor of being members of the Kenan Value Investing Scholar program. This is thanks to a very generous gift from an alumni donor. As such, the two titles of “Portfolio Manager” and “Kenan Value Investing Scholar” will be used interchangeably going forward. We approach our public asset portfolio with a value-based strategy following the seminal foundation of Benjamin Graham and made more famous by his most devoted student, Warren Buffett. This aligns with the passion of the donor, Mr. Frank H. Kenan II, and, as such, creates a natural synergy between the purpose of the gift and the benefit to the Program and recipient(s). The Kenan Value Investing Scholar(s) also allows for a monetary award that can used to fund a value investing based professional development experience for the recipient(s). The total amount of funds available to recipients each year is expected to be $2,500. The expectation is that either one (1) or two (2) Kenan Value Scholars will be named each year. Recipients will propose a plan, including a budget, for the use of the award to the faculty director for approval prior to the start of the academic year in which they
participate in the Investment Program. The article in Appendix A.5 discusses an amazing opportunity for the two inaugural Kenan Scholars.

All of these examples of the Program’s outreach and development helped to increase the visibility of the Program, the School, and the College. Most importantly, it helped our students gain valuable insight into the professional world and encouraged firms and potential future employers to interact with our students. We are confident that, if continued, this aggressive outreach initiative will pay dividends with more and higher paying jobs, as well as recognition for the quality of student the College can produce.

Of the 21 students, all 16 were graduating seniors and 5 were juniors returning for another year in 2017-2018. Of the 16 that graduated, most have secured high level jobs in the industry. We are pleased with the mixture of nationally recognized placements alongside placements in local firms that will both keep key young CoC talent in the area and help further develop the Charleston financial community. Examples of key placements include the following:

- J.P. Morgan: Summit, NJ
- BP: Houston, TX
- Ernst and Young: Boston, MA
- Family Asset Management: Charleston, SC
- Landfall Capital: Charleston, SC
- Frontier Capital: Charlotte, NC

Finally, to the fourth objective, our students managed $150,000 in the public asset fund over the course of the academic year according to the policy statement and the procedures in place. The discussion of performance will occur in a later section, but we are content with the performance of the fund, given the abnormal conditions the students faced with the election, Brexit, and the many suffering economies around the globe. Many mistakes were made, but they were offset by not only many positives, but also by the education the mistakes provided. Towards the end of the academic year, we made a holistic attempt to restructure our investment process to be more consistent with our value-based philosophy while also creating more flexibility in our procedures for investment and exit. We are very excited to incorporate those changes going forward – as they will not only advance the portfolio, but will also enhance the realistic nature of the fund and its operations.

Further, we also depended our venture into the early stage private equity space by completing an add-on investment into a local company in which we were already invested. Working alongside the Charleston Angel Partners (CHAP) continues to be a wonderful opportunity for our students and our existing investments are just the beginning of what is planned to be a permanent component of the Investment Program. Allowing students go through the complete process (including viewing the pitch and assisting in the diligence) allowed the Program to take the final step in allowing students to manage funds that can invest in both public and private assets. This provides a very unique opportunity for the Investment Society, as we are aware of no similar universities that allow for the same group of students to experience both public and private portfolio management.
Markets Analysis

Financial market performance over the last year has primarily been driven by changes in the political landscape throughout the world. When we began the school year in August, the United Kingdom had just voted to exit the European Union on June 23, 2016. This was followed by David Cameron’s resignation as Prime Minister and the subsequent appointment of Theresa May. The United Kingdom saw the Sterling hit 30-plus year lows. Article 50 was not triggered at the time of the vote as it is enacted at a later date by the Prime Minister. The two-year time limit on formal negotiations regarding an exit does not begin until Article 50 is triggered.

Back in the United States, the presidential election was quickly approaching. By the end of July, the candidates had been narrowed down to two: Hillary Clinton and Donald Trump. The potential policy changes and course of action to be taken by each candidate, should they be elected president, was expected to have a significant effect on the market. On November 9th, Election Day had finally arrived. As the day drew to a close, it became clear that Donald Trump had secured the presidency. Based on some rhetoric used during the campaign, markets reacted quickly. Financials saw a rally based on conservatives’ preference for a more lenient regulatory environment. According to an article published by The Economist, “...there is enough disquiet in the financials sector about Mr. Trump’s rhetoric to suggest that markets may be easily spooked.”

As the year continued with no news from the Federal Reserve regarding a rate hike, the likelihood that a change would have to be made before the end of the year seemed to increase. Increased speculation was fueled by the presidential election, coupled with seemingly positive economic indicators that would result in a necessary increase. On December 14th, the Federal Reserve raised rates for the first time since December 2016. A 25 basis point change was made and there seemed to be little reaction in the markets. Less so than in 2016, when the 2016 rate hike was the first to be seen post-recession. Nevertheless, this action led many analysts to predict three rate hikes for 2017. The Federal Reserve surprised markets a bit by raising rates again on March 15, 2017. The move was made on the basis of positive economic data and a healthy economy overall. Government yields dipped lower and several major market averages edged higher. Immediately after the news, the probability of a June rate hike, followed by another in December, increased slightly.

On January 25th, the Dow Jones Industrial average officially broke 20,000 buoyed by what many analysts have credited as the effects of a Trump presidency. By the end of January, the S&P 500 had also seen significant gains, increasing 6.57% on the prospect of lowered corporate tax rates and expected deregulation within certain sectors. Figure 1 depicts movements of market indices over the 2017 YTD time period, documenting distinctly positive trends. Further, throughout early 2017, the Chicago Board Options Exchange’s VIX Index, which is considered a measurement of fear in the markets, reaching historically low levels. As the end of the rally directly related to post-election sentiment reached an end, volatility jumped from around 12 to just below 16 in early April. The 2017 YTD VIX movements are displayed in Figure 2.
Through the end of 2016, the worst performing sectors for the year were Health Care, Consumer Staples, and Consumer Discretionary. Energy, Materials, and Industrials were leading the pack by a significant margin. Only Financials was close to the growth of top three for the year. Economic data released during early 2017 showed that consumer spending was lower than expected during the 2016 holiday season, which could have contributed a lag in both consumer sectors. In early November, prior to the start of the holiday season, Consumer Discretionary and Health Care were both in the bottom three, with Financials also lagging.

Figure 2: VIX Movement 2017 YTD

Year to date for 2017 shows that the best performing sectors are Information Technology, Health Care, and Consumer Discretionary. Energy has been the worst performer after seeing quite a rally in 2016. Sentiment was good for Energy in 2016 following OPEC cuts that were expected to boost crude prices. Further, the possibility of a Trump presidency lead many to believe that the
industry would see decreased regulation. Today, there is a lag in the sector due to high inventories and a dim outlook on demand. Figure 3 displays performance by sector.

**Figure 3: Performance by Sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Performance</th>
<th>Price per Earnings (TTM)</th>
<th>Price to Sales (TTM)</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Discretionary</td>
<td>+1.24%</td>
<td>15.5x</td>
<td>1.0x</td>
<td>1.27%</td>
</tr>
<tr>
<td>17 Industries</td>
<td>+4.47%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+7.13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>+0.11%</td>
<td>15.1x</td>
<td>1.0x</td>
<td>2.86%</td>
</tr>
<tr>
<td>9 Industries</td>
<td>+6.17%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+5.68%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>+2.49%</td>
<td>14.0x</td>
<td>1.2x</td>
<td>1.74%</td>
</tr>
<tr>
<td>3 Industries</td>
<td>-5.37%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-6.24%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>-4.77%</td>
<td>15.2x</td>
<td>2.1x</td>
<td>1.91%</td>
</tr>
<tr>
<td>12 Industries</td>
<td>-0.01%</td>
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<td></td>
<td></td>
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<tr>
<td>+0.34%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td>-2.09%</td>
<td>18.2x</td>
<td>1.2x</td>
<td>1.86%</td>
</tr>
<tr>
<td>8 Industries</td>
<td>+4.78%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>+8.09%</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Industrials</td>
<td>-0.03%</td>
<td>15.7x</td>
<td>1.1x</td>
<td>1.85%</td>
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<td>17 Industries</td>
<td>+3.06%</td>
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<td></td>
<td></td>
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<tr>
<td>+4.16%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Technology</td>
<td>-0.28%</td>
<td>14.8x</td>
<td>2.1x</td>
<td>0.90%</td>
</tr>
<tr>
<td>10 Industries</td>
<td>+7.09%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+10.18%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>+1.19%</td>
<td>13.2x</td>
<td>1.1x</td>
<td>1.79%</td>
</tr>
<tr>
<td>6 Industries</td>
<td>+3.18%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+5.80%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecommunication Services</td>
<td>-2.23%</td>
<td>22.6x</td>
<td>1.3x</td>
<td>4.63%</td>
</tr>
<tr>
<td>3 Industries</td>
<td>-3.60%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-5.32%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>+1.84%</td>
<td>17.1x</td>
<td>1.3x</td>
<td>3.78%</td>
</tr>
<tr>
<td>6 Industries</td>
<td>+5.69%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+5.63%</td>
<td></td>
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Source: Bloomberg

**Market Outlook**

This year could be summed up in a few main points that drive our market outlook going forward. It is our view that we are not “due” for a recession. We are in one of the longest economic expansions on record, and, fortunately, recessionary risks continue to remain low until the Federal Reserve fully normalizes interest rates. The Federal Reserve is currently being extremely accommodative with their monetary policy, allowing the economy to absorb imbalances that might otherwise lead to a recession.

The Federal Reserve is slowly raising short-term interest rates in an effort to keep the markets from overheating. While the Federal Reserve has done this, stocks have continued to climb while bond yields have remained low. Borrowing costs for businesses and households continues to stay relatively low, and the continuance of these easy financial conditions creates a risk that the market could overheat and then snap back. The divergence in central bank policy and the
markets reactions supports that investors have aligned their expectations with the Fed’s normalization strategy. We expect the Federal Reserve to stick to their long-term plan of withdrawing accommodation in a predictable fashion as their focus shifts to promoting long-term sustainable growth.

The second topic that we focused on this year was policy uncertainty. With new leadership not only in the US, but also other large economies around the world, political uncertainty is high. However, this uncertainty has done little to slow the market. While a change in expected policy paths could force investors to reassess their portfolios, potentially prompting a repricing in equities, that has not happened due to the markets anticipation of beneficial new legislation.

One of the benefits of recent political change has been growing optimism in small and midsized businesses in America. Due to their elevated confidence, businesses are expanding their workforces and making new capital investments, leading to a strong labor environment. This year we have seen unemployment remain around the natural rate of unemployment. The unemployment rate is currently at 4.3%, the lowest level in 16 years, even with the pace of hiring slowing in May. This impressive labor market shows that businesses and hiring managers are not only worried about a slow economy when increasing staff, even as borrowing costs are slowly climbing. We feel the labor market will remain at or near full employment while the economy continues on its path of steady growth for the mid-term future.

This year we also spent time discussing the differences in how businesses and people say they feel and how the economy is actually performing. Consumers have been optimistic over the course of the past year, judged by the Consumer Sentiment Index which hit a 13-year high in January. However, separate reports during the same period show the economy growing at a disappointing pace and while consumer spending fades. Consumer behavior is changing, and retailers are having to adjust their strategies according to these changes. With consumer sentiment gauges remaining high and unemployment remaining low, we expect consumer spending reports to continue to strengthen through the remainder of the year, eventually catching up to what would be expected of such high consumer sentiment reports.

Lastly, consider Gross Domestic Product (GDP). We did not put a lot of emphasis on GDP, because we felt that there are better economic indicators to consider. Since the recession, America’s expansion has undoubtedly slowed. Entire sectors of the economy have been driven by improvements in technology, which should lead to productivity gains. Investors are not looking at GDP as the only source of information about the economy. If they were, investors would be pricing in a decline in anticipated future revenues, leading to lower current stock prices. Instead, the market seems confident that technological advances will continue to improve worker productivity and the potential for future revenue growth is undiminished.

When taken as a whole, we believe the market will continue to grow at a healthy rate over the coming year. We believe that hard economic data will catch up to sentiment surveys which will boost the bottom line number, GDP. There will continue to be upward pressure on interest rates. There are still changes to economic policies that will happen this year with the new administration which can provide a positive impact on economic growth.
Fixed Income

After a nearly 9-year span of near zero-interest rates, the Fed finally raised the Federal Funds Target Rate from 25 basis points to 50 basis points in December of 2015. The market did not react well and saw the worst start to a calendar year in financial history. After this rocky start, Janet Yellen announced in her March Congressional testimony that she hoped to see two rate hikes in 2016. However, we would not see another hike until December 2016 once again.

The Third and Fourth quarter of 2016 would prove to be very volatile and unprecedented territory for the fixed income markets. Political waves would drive investors into haven assets based off a short headline or tweet causing anxiety in the markets. As we saw steady growth in the economy and the Fed was playing a wait-and-see game, a rate hike seemed unclear as they watched for key metrics to hit certain points.

The 10-Year T-Bond yield was maintaining a range between 1.45% and 1.70% from July to late October. However, after an unconventional presidential election win by Donald Trump, the yields skyrocket almost 40 basis points. Much of this was due to investors betting on inflation increases, and significant change in fiscal, foreign, and monetary policy. Many believed Trump’s pro-growth policies would get through congress unscathed. This sentiment would change substantially over the next 4 months.

By the onset of December, the 10-Year T-Bond yield was sitting at 2.45% and the CME Future’s watch for potential Federal Reserve rate increase was almost at 100% for the December meeting. Many investors were cheering as they saw strong potential growth in the economy and jobs numbers with Donald Trump already starting to make cabinet and political moves to position his economic boost before he even entered the White House. Figure 4 depicts the last 6 months of the 10-Year T-Bond yield curve. Note the drastic increase immediately following the election that has been largely maintained.

During the winter months, the fixed income market stayed relatively stable as most investors held their breath over potential bills and reforms President Trump was planning to put into place. It was not until mid-Spring 2017 that we saw a pullback in yields as America saw both his tax reform plan and healthcare plan get politically blocked and publicly scrutinized. Investors saw that many of the public works and tax breaks promised might not come to fruition and federal debt might not be the haven wanted by the masses.
Looking forward, fixed income markets look to maintain relatively stability. Outside forces such as European political elections and countries with negative interest rates could help to see increase interest in American markets as international investors look for a safer haven in their more volatile domestic markets. The Fed has stated a desire to see rates increased between four and six times before the end of 2018. The timing of each rate increase is up to Fed Chair Yellen and what she and her colleagues see as economically fit. Recently, future economic and global data has been very optimistic and shows steady domestic growth – which is exactly what the Fed desires. As we can see from the last two rate increases, the market has handled them well and even prospered at times.

Asian Markets

The Asia-Pacific markets finished 2016 higher than expected after the volatility they experienced early in the year. The pickup in momentum during the first half of 2016 was driven by domestic demand, including stronger growth in government consumption and investment across most regional subgroups. Towards the beginning of September, focus was put on the Bank of Japan and their monetary policy. Due to the monetary decisions being made in both the Eurozone and U.S., and the push to increase interest rates, many were concerned if Shinzo Abe was going to keep negative interest rates as the centerpiece of monetary easing.

China’s economy showed strength in Q4 and expanded at the fastest pace in a year, while GDP grew 6.8% annually during the quarter. The Japanese economy also grew faster than expected in Q4 as private consumption managed to grow mildly and investment was expansionary. GDP rose 1.2% in Q4. The healthy growth momentum in the market carried over into China’s start to the year, surprising market analysts on the upside, as a booming real estate market and stronger global growth are boosting manufacturing output and investment. In the January-February period, industrial production expanded 6.3% over the same period last year, coming in above December’s 6.0% rise.

The outlook for East Asia is expected to remain broadly positive over the next three years with growth driven by robust domestic demand, a gradual recovery in the global economy, and commodity prices. China’s economy is expected to grow 6.5 percent in 2017 and 6.3 percent in 2018, compared with 6.7 percent in 2016, as the government rebalances toward consumption and services.

In China, growth will continue to moderate, reflecting the impact of the government’s measures to reduce excess capacity and credit expansion. We expect the real estate sector to slow as a result. The government can sustain its efforts to reduce corporate debt and restructure state-owned enterprises, tighten the regulation of shadow banking, and address rising household mortgage debt.

In other parts of the region, including the large economies in Southeast Asia, growth is expected to pick up slightly to 5 percent in 2017 and 5.1 percent in 2018, up from 4.9 percent in 2016. Poverty in the region is likely to continue to fall, driven by sustained growth and rising labor income. Growth in the region will continue to be driven by strong domestic demand, including public and private investment. This trend will also be supported by gradually rising demand for...
exports as emerging markets and developing economies recover. Future risks to the region include faster-than-expected interest rate hikes in the U.S., protectionist sentiments in some advanced economies, and rapid credit expansion and high levels of debt in countries like China.

European Markets

One frequently discussed topic over the course of the year was the political and socioeconomic activities in the UK. On June 23, 2016 the United Kingdom voted by 51.9% to 48.1% to leave the European Union after being a member for 43 years. What this means for the economy was not clear to most citizens until after the vote. In fact, there remains less than desired information about the actual impacts. Nine months later, the Article 50 was triggered on March 30, 2017, starting a two-year process of negotiations about the exit of the EU. Theresa May needs to find agreement on topics like immigrants, trade agreements and related policies and rights. She is aiming to maximize barrier-free access to European single markets as well as ease the contribution to EU's budget. The negotiations are likely to exceed a period of two years due to their complexity and perceived excessive demands of May. As an initial response, the British pound dropped greatly against the dollar, a trend that continued into the fall. This drop in value resulted in an increased trade deficit by November and making foreign products more expensive in GBP terms.

Opposed to the UK sentiment, the majority of Scotland wants to stay part of the EU and be more independent. As part of the UK, Scotland decided during March to hold another vote of independence and a referendum to renegotiate membership in the EU, which gives future hope for the Union. The process will take at least two to three years.

Looking at the monetary policy of the Bank of England, the QE program was extended further during August with the goal to force down government bond yields. Further, in October the CPI in the UK reached its highest level in almost two years, rising to 1%. This may be a positive sign, but the strengthening trade deficit and decrease in industrial production in December (-1.1%) impact both the pound against other currencies and the economy negatively. Overall, the exit of the EU created an environment of economic instability, and increased insecurities. Therefore, we contend this is not a good time to invest in the UK from an American standpoint – a conclusion we will remain until agreement on major topics in the exit process is derived.

One main reason that the UK decided to leave the EU is the fact that they would also have to take immigrants as part of the relocation scheme. The Eurozone has and still is experiencing huge numbers of immigrant arrivals. Most of the immigrants arrive in Italy and Greece and need to be relocated across the Eurozone. Theresa May also stated that she would be willing to leave EU as single market and instead take control of immigration, which makes it clear that England does not want to be part of the relocation scheme.

Leading over to the ECB, a frequently discussed topic in the Eurozone is the still continued Quantitative Easing program initiated by Mario Draghi, the chair of the European Central Bank. Mario Draghi decided to decrease government bonds bought per month in April 2017, but is still confident that the program is beneficial to the Eurozone as inflation rates are reaching their targets. The interest rates remained at 0% over the last two semesters, but the likelihood of a rate
hike by the end of 2017 has increased. A rising concern of Draghi after the election of Donald Trump is that Trump will pass bills to ease the banking regulations and therefore achieve a competitive advantage over the Eurozone, which that may decrease the benefits of investing in Europe.

The political situation in the Eurozone remained uncertain throughout both the Fall and Spring semester, which was and still is mainly driven by a number of upcoming elections. The populist movements in Europe are on the rise, and their leaders are voting to leave the European Union following the Britain’s. We still have the French and German elections coming up (and potentially Italy) by the end of the year. Marine le Pen is leading the populist movement in France, but polls currently state that she is unlikely to win the election against Emmanuel Macron which makes a “Frexit” more unlikely. The final vote will take place at the end of April. Overall, the trend is that populists are powerless against centrist in the Eurozone and Europe, which gives a positive outlook for the European Union and its economic and political stability. These are positive indicators in addition to the fact that European markets seem underpriced in comparison to the US which have been on the rise for a while now, opening potential for investments in this area - excluding some high risk countries.

Examples of countries that are of concern to the European Union are Greece and Italy. Greece is finally pulling out of a deep recession to reach an inflation rate of 1.7% in March. But the economic output of the country is below crisis level in any other country, so the question arises how Greece will be able to repay any of the debt and help packages over the next few years without fundamentally changing the economy and society. Italy is also facing major challenges. Reports in August 2016 showed that banks in Italy have bad loans piling up with a gross value of non-performing loans of around $360m, almost one-fifth of Italian GDP, which greatly increases the systemic risk in Italy as well as the EU. Further, economic reports indicated an economic slowdown. Towards the end of the year Italian loans finally seemed to stabilize after a very volatile end of the year. This was supported by a stock market rally happening in response to the ECB promising to buy more of the nation’s government bonds and (potentially) increasing interest rate. Both of these promises helped to further stabilize the markets. Additionally, the unemployment rate hits a record low of 9.6% for the EU and economic growth rose by 1.7% in 2016, which is faster than the U.S. and further supports the suggestion to look for investment opportunities in the EU.

Germany – one of the strongest economies in the EU – is facing some political instability with elections coming up in September. Angela Merkel is attempting another reelection. Populist parties like the ‘Alternative für Deutschland’ won’t have much chance of receiving a majority vote. At the end of the year Deutsche Bank stocks were dropping low as the bank was facing a legal battle with the US Justice Department as a part of resolving crisis-era mortgage securities. This triggered a selloff across European Banks and also caused bond yield to move deeper into negative territory. The German government bond yield hits a record low in December with 2 year bonds yielding -0.7%. Towards the end of the year, the German trade surplus – opposed to the UK – keeps trending higher as a result of stagnating demand within Germany and the large amounts of goods exported out of the country. This trend of rising imbalances is going to create problems in the near future.

Further, Europe has not only been shaken by political battles, but has also experienced an increasing number of terror attacks over the past 12 months. This increases the feeling of
uncertainly among the population. Nonetheless, the markets in Europe seem underpriced relative to the US, which provides opportunity for investments over the next year. These investments need to be undertaken with cautious consideration of country specific risks, ECB policy, political outcomes, and exchange rates.

Emerging Markets

So far 2017 has been a good year for Emerging Markets, with the MSCI Emerging Markets ETF (EEM) rising more than 18% compared to the 6% increase in the S&P 500. Many investors have cautioned against investing on this recent upturn with doubts that it is sustainable in the long run. Yet, emerging markets have proven to be unshaken this year as they continue their rally. One major concern investors have highlighted is the mounting geopolitical risk and the increased political instability in developing nations. For example, Venezuela’s food shortages, rising tensions between the US and North Korea, and Turkey’s move towards an autocratic government are all major issues that could lead to huge economic changes.

Figure 5: Weekly Flows into Emerging Markets

Figure 5 shows the weekly flows of equity and debt into emerging markets, noting that in 2017 there has been several billion of inflows to developing countries thus far. New investments into Asian Equity Funds reached their highest in over a year, according to data from EPFR Global. In addition, China’s exports, Brazil cutting interest rates, and President Trump’s disinclination to name China a currency manipulator are factors heightening interest in emerging markets. Investors are also wary of emerging-market assets becoming more expensive. However, although emerging markets have seen a positive push the valuation discount on EM stocks relative to developed markets is about 10 percentage points wider than its 10-year average. Since emerging markets typically come from a pretty low basis they have a lot further to run, meaning they have the most potential for greater returns. Of the 142 companies in the MSCI Emerging Markets Index that have reported first-quarter earnings, more than half beat the median sales and profit
estimates of analysts, which could be a signal that strategists have not gotten ahead of themselves when forecasting higher profits.

Ultimately it can be seen that Emerging markets are currently experiencing an uprise, Most notably ETF’s and equities in Turkey (Ishares MSCI Turkey ETF (TUR) up 5.3%), Russia (VanEckVectors Russia ETF (RSX) up 3.6%), and Brazil (Ishares MSCI Brazil Capped ETF (EWZ) up 2.4%) are among the top gainers for emerging markets. Yet with all the positive publicity one should still proceed with caution. Developing countries and their currencies are often heavily dependent on commodities and with oil beginning to flatten the rally in emerging markets could quickly retreat. In addition, when looking to invest in Emerging Markets one should also consider macro factors that could affect the investments. For example, exchange rates, trade agreements, political relations, and global conditions all greatly affect these developing nations and ultimately their economies as well.

Public Investment Strategy and Process

Our public asset fund is value-based and driven by fundamental analysis. Our investment managers (i.e. the students) are divided by S&P sector and careful attention is dedicated to ensuring adequate equity diversification. The portfolio manager(s), along with the help of the associate portfolio managers, ultimately decide the target allocations to each sector based on current and expected future market conditions, deciding to either match, overweight, or underweight each sector respective to the sector weightings of the S&P 500. This mechanic gives the program a flexible way to adapt its tactical asset allocation to take advantage of short term market movements. For example, with the help of the U.S. Economist, current leadership made the decision to overweight defensive sectors and underweight growth sectors. Each sector maintains a watch list and stands ready to pitch a minimum of two times per semester. The ordering of pitches is partially determined by an analysis of the entire portfolio by the portfolio managers to identify areas of need. However, we predominantly prescribe to the best asset available strategy, where student sector analysts that feel most strongly about their asset will pitch at first opportunity.

Once the asset is selected by the student sector group, it is reviewed by the portfolio managers, not for approval, but to act as a devil’s advocate. This step is designed to maximize the impact of pitches by identifying potential issues before an asset is proposed to the entire class. However, it is ultimately the sector analysts’ decision whether to proceed with the pitch. They will then complete a complete valuation with our proprietary automated valuation model, which includes DCF and multiples analysis, among other metrics. The objective is to naturally seek to identify assets that are intrinsically undervalued. In addition, analysts must also analyze the company based upon standard value-based metrics, such as degree of moat and payout ratios. We also incorporate technical analysis, not as the primary method of determination, but to help identify attractive entry (and exit) points from a sentiment-based trend analysis.

All materials must be completed and placed on the Program’s Google Drive for review by the remainder of the cohort a minimum of 24 hours in advance of the scheduled pitch. The sector
analysts then pitch the asset during class hours and ultimately the entire student cohort votes on the proposed action. If the proposal is supported by the supermajority of the students, the trade is registered and enters the portfolio. Once an asset enters the portfolio, it becomes the obligation of the sector analysts to continually monitor the asset for changes in the fundamental investment thesis that would require an adjustment to the position. Our standard investment horizon is 1-2 years, although there are certainly deviations based upon abnormal market conditions or changes in the outlook for the firm. In addition, in rare instances, we will enter an investment designed solely for short-term returns.

The process for removing an asset from the portfolio follows the same design as that for a purchase, as we feel this decision is just as important as the entry. When an exit is made, the proceeds are held in cash until replaced by another holding. Please note that the investment presentation and summary analysis for each asset currently held is placed on our website at http://go.cofc.edu/investment.

Portfolio Activities

During the period of May 2016-April 2017, the students in the Investment Program made a total of 40 votes on potential trading activity. Of those, 27 passed the supermajority requirement for action. Of the 27, 16 were buy actions and 11 were sell actions (some of the latter were stop or trailing in nature and never transacted). Please see Appendix A.6 for a detailed listing of all the trading activities of the Fund.

As of the end of April 2017, our open are as shown in Figure 6.

![Figure 6: Portfolio as of April 30, 2017](image)

Further, our sector breakdown is shown in the Figure 7. Our portfolio represents holdings of 7 of the 10 sectors. The sectors not currently represented in our portfolio are materials, financials, and industrials.
The portfolio’s performance is summarized in Table 1 below and details of each month’s transaction and results are included in the monthly summaries in Appendix 7. In Figure 8, we graph the portfolio returns in relation to the S&P 500 over the May 2016 – April 2017 time period, which is the period over which the outgoing cohort controlled the portfolio.

<table>
<thead>
<tr>
<th></th>
<th>Portfolio</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2016 – April 2017</td>
<td>4.41%</td>
<td>15.45%</td>
</tr>
<tr>
<td>2016 Calendar Year</td>
<td>6.15%</td>
<td>9.55%</td>
</tr>
<tr>
<td>2017 YTD</td>
<td>3.47%</td>
<td>6.49%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Month*</th>
<th>Portfolio</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2016</td>
<td>-0.51%</td>
<td>1.53%</td>
</tr>
<tr>
<td>June 2016</td>
<td>-0.84%</td>
<td>0.09%</td>
</tr>
<tr>
<td>July 2016</td>
<td>4.18%</td>
<td>3.56%</td>
</tr>
<tr>
<td>August 2016</td>
<td>0.70%</td>
<td>-0.12%</td>
</tr>
<tr>
<td>September 2016</td>
<td>-1.04%</td>
<td>-0.12%</td>
</tr>
<tr>
<td>October 2016</td>
<td>-3.01%</td>
<td>-1.94%</td>
</tr>
<tr>
<td>November 2016</td>
<td>2.94%</td>
<td>3.42%</td>
</tr>
<tr>
<td>December 2016</td>
<td>-1.32%</td>
<td>1.82%</td>
</tr>
<tr>
<td>January 2017</td>
<td>1.87%</td>
<td>1.79%</td>
</tr>
<tr>
<td>February 2017</td>
<td>-0.93%</td>
<td>3.72%</td>
</tr>
<tr>
<td>March 2017</td>
<td>-0.77%</td>
<td>-0.04%</td>
</tr>
<tr>
<td>April 2017</td>
<td>3.31%</td>
<td>0.91%</td>
</tr>
</tbody>
</table>

*Portfolio returns are calculated net of dividend disbursements
*Please see the monthly portfolio summaries in the appendix for detailed discussion of returns.
As can be seen, while the portfolio return lagged the S&P over the entire time period and (to a lesser degree) during calendar year 2016 and 2017 YTD, the portfolio returns are positive. The portfolio beta was also less than 1, approximately .75 on a monthly calculated basis over the time period. Further, when dividends are included, the portfolio returns for the 2016 calendar year were in excess of 9% and over 4% 2017 YTD.

Private Equity

Alongside the portfolio of public equities, the College of Charleston Investment Program also manages a portfolio of private equity investments. At the beginning of the 2016-17 school year, the portfolio consisted of one $10,000 investment in ENGAGE, a Charleston-based human capital management software company. ENGAGE, formerly Job Market Maker, has created a proprietary software that helps firms identify higher-quality job candidates when recruiting. The company’s pitch is that current solutions, including Monster, Indeed and LinkedIn, do not utilize enough data points to sufficiently determine “passive” job candidates, who are typically the most qualified. ENGAGE pulls over 100 unique data points from across the internet to target both candidates and companies. Currently, the company is targeting executive search and healthcare search firms as customers and is planning on expanding this reach throughout 2017.

The program invests alongside Charleston Angel Partners (CHAP) and our private equity team attends all CHAP meetings in the College of Charleston Business Center. The meetings begin with a review of current companies in diligence, followed by one or two pitches from new firms seeking investment and conclude with a discussion of the potential investments. CHAP is a group of professionals, who pool their money in seed rounds for technology and healthcare startups. These startups typically reside in the Southeast and have teams of 2-5 people at the time of investment. CHAP often co-invests with other angel groups, VCs, and individuals. The group meets once a month.
Throughout the 2016-17 school year, CHAP saw several potential investments walk through their doors. Of those, about half were sent to diligence, which involves a group of 3-4 CHAP members looking into specifics about the potential investment. At the same time, an Investment Program private equity team member assembles a team of five classmates to take a deep dive into the company and pitch it to the class with a recommendation to invest or pass, assuming CHAP moves to invest.

The program's due diligence process is a thorough look into the potential startup, covering several areas of consideration. Each of the following criteria is given a score on a scale of 1-10: Concept/Vision, Market Size, Competition/Incumbents, Technology, Management Team, Current Progress, Development Plan, Current Financials, Cap Table, and the Deal. The diligence process takes a look at important metrics, including but not limited to annual recurring revenue, monthly recurring revenue, run rate, burn rate, and revenue growth. While our deal flow is limited to what CHAP brings us, we try to put a focus on business-facing software companies with a recurring revenue model.

Members of the Investment Program pitched a total of four potential private equity investments throughout this school year: ENGAGE, Vittl, Tio and Bidr. Each pitch lasts approximately 30 minutes and is comprised of a PowerPoint presentation, one-page handout and full diligence report, followed by a question-and-answer session.

ENGAGE was pitched on January 26, 2017 and was a follow-on investment in a current portfolio company. As highlighted above, ENGAGE is looking to disrupt the talent acquisition industry by utilizing data and analytics to find higher quality and volume of candidates. Almost all business owners would argue that talent acquisition is a major pain point and the current solutions are not doing enough and this claim is backed up by statistics – 52% of United States companies identified skills gap as a major business issue. ENGAGE’s solution to this problem is a software platform that improves the quality of initial applicant screening, accelerates the screening and interviewing process and provides increased transparency to the entire process. They target larger companies directly, recruiting channels and are planning to sell an API to enterprise-level clients. The HR Software market sees $4 billion in revenue each year and is expected to grow 13% year-over-year. The team is led by Joseph Hanna, a serial entrepreneur who has experience at Oracle, JDA and CareerBuilder. Following the pitch, the program voted with a supermajority to invest an additional $2,828.57 into ENGAGE. This investment avoided a dilution that would have occurred to the original position taken, thus maintaining proportional ownership in the company.

Vittl was pitched on March 23, 2017 – the mission of the company is to partner with restaurants that will extend drinks or food items “on the house” via a smartphone app in order to draw new visitors. Management believes that it is an enticing marketing opportunity for the restaurant business because after a user redeems the free drink, it is likely that they will purchase additional items from that particular eatery. The problem they are attempting to solve is that most restaurants rarely see repeat customers on a monthly basis and it is estimated that 60% of people will not revisit a given restaurant over a 30-day span. Because of this, restaurants need to continually acquire new customers in order to stay in business while simultaneously pleasing existing customers. However, this marketing process is expensive and the restaurants see little or no data about the outcome of their campaigns. Vittl ran a pilot test in Greenville, SC and it performed extremely well, as they’ve seen over 10,000 users and 4,000 successful Vittl redeems.
The team covering Vittl for the program did not recommend to invest for a few reasons, most importantly that it is incredibly early in the company’s life. Additionally, market timing-wise, consumer-facing apps are a difficult industry to invest in, as there is stiff competition across the board.

Tio is a fully integrated smart-home hardware and software pitched on March 15, 2017. Currently, smart-home systems either have a high cost of initial installation or are cheap and not effective enough. This leaves a middle ground, which Tio is attempting to penetrate by offering a total home solution, including light switches, thermometers, surround sound and security with no programming required. The system is Wi-Fi based and allows for user customization, fast installation and is controllable via tablets and smartphones. The Global Home Automation Market is estimated to be around $4.41 billion currently, with projections of growth to $21.6 billion by 2020. Their target market is residential and hospitality building and development, with sales occurring through dealers, distributors and homebuilders. Compared to current competitors, Tio is cheaper, more profitable for installers, and better-quality experience. The major risks observed include pricing power of developers, standardized competition, difficult scalability, and the ability of more established companies to develop similar software and products. The group did not recommend an investment in Tio.

Bidr was pitched on April 4, 2017 and is a software used to manage fundraising events, silent auctions and raffles. Bidr aims to increase engagement and income and decrease administration at each event. Organizations can sign up for free, create an event, add tickets, auction and raffle items and Bidr takes a percentage off the top of the event’s revenue. Event planners can also hire Bidr experts to help manage the events. The company was founded in 2014 and accepted into the Harbor Accelerator. In May of 2015, the team won the Dig South Wild Pitch competition and Steve Case’s Rise of the Rest competition in Charleston. The estimated market is $10 billion per year – 8,000,000 event opportunities averaging $1,250 per event. The program has not yet voted on whether or not to invest.

Throughout the year, the private equity portfolio has not seen any additional investments as the program did not feel strongly enough to invest in any of the opportunities we were given. CHAP is a strong organization, comprised of many intelligent investors, and the program greatly appreciates their generosity in allowing us to invest alongside them and attend meetings. Without the organizational support from CHAP, the program would have difficulty generating deal flow and would need to find a different intermediary to invest through, per our organizational agreement. The program looks to next year to find more intriguing early-stage opportunities in which to invest capital.
Appendix
## A.1. 2016-2017 Investment Society

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Gelber</td>
<td>Portfolio Manager</td>
<td>Materials</td>
</tr>
<tr>
<td>Will Dube</td>
<td>Portfolio Manager</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>Ariel Benton</td>
<td>Operations Manager</td>
<td>Energy</td>
</tr>
<tr>
<td>Jackson Foster</td>
<td>Accountant</td>
<td>Healthcare</td>
</tr>
<tr>
<td>Peyton Dalton</td>
<td>Markets Analyst</td>
<td>Financials</td>
</tr>
<tr>
<td>Jennifer Milton</td>
<td>ETF Manager</td>
<td>Financials</td>
</tr>
<tr>
<td>Luke Tiedemann</td>
<td>Fixed Income Manager</td>
<td>Healthcare</td>
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<tr>
<td>Brandon Blackwell</td>
<td>Real Assets Manager</td>
<td>Utilities</td>
</tr>
<tr>
<td>Margaret Snyder</td>
<td>US Economist</td>
<td>Technology</td>
</tr>
<tr>
<td>Erik Markert</td>
<td>Asian Economist</td>
<td>Energy</td>
</tr>
<tr>
<td>Vicky Drechsler</td>
<td>European Economist</td>
<td>Staples</td>
</tr>
<tr>
<td>Zach Garland</td>
<td>Latin American Economist</td>
<td>Industrials</td>
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<tr>
<td>Soraya Sartipi</td>
<td>Emerging Markets Economist</td>
<td>Industrials</td>
</tr>
<tr>
<td>Madison Francis</td>
<td>Director of Communications</td>
<td>Staples</td>
</tr>
<tr>
<td>Nick Windham</td>
<td>Special Events Coordinator</td>
<td>Utilities</td>
</tr>
<tr>
<td>Andrew Manley</td>
<td>Quantitative Model Development</td>
<td>Discretionary</td>
</tr>
<tr>
<td>Madison Dalton</td>
<td>Private Equity Analyst</td>
<td>Discretionary</td>
</tr>
<tr>
<td>Emily Rees</td>
<td>Private Equity Analyst</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>Graham Dick</td>
<td>Private Equity Analyst</td>
<td>Materials</td>
</tr>
<tr>
<td>Max Smith</td>
<td>SRI Analyst</td>
<td>Technology</td>
</tr>
</tbody>
</table>
Students participating in the trip (from left to right): Jennifer Milton, Margaret Snyder, Madison Francis, Madison Dalton, Ariel Benton, Erik Markert, Peyton Dalton, and Brandon Blackwell

The students gained a behind-the-scenes view of the venerable New York Stock Exchange with a 30-year veteran of the floor. While there, they also got to experience a live airing from the CNBC desk.
During the visit, the students and Program Director toured the beautiful, state-of-the-art Bloomberg Tower. The building includes a museum dedicated to noting the history of the terminals.

Located on Lexington Avenue, the building stands 55 stories, which creates amazing views from the top.

Among the most notable benefits of these outings is the team building among the cohort as they bond over shared experiences.
The Symposium offered the opportunity for more than 150 students, professionals, and CofC Faculty to interact in a dynamic laboratory environment.

The primary purpose of the Symposium is to create thoughtful dialogue revolving around widely divergent strategies of putting money to play in the current economic environment.

Among the 25 notable speakers that participated in the Symposium was Mr. Charles Brandes, a legendary value investor.
A.4: Third Annual CofC Strategic Investment Symposium Program
## The Third Annual

**College of Charleston Strategic Investment Symposium**

**April 7, 2017**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00 AM – 9:00 AM</td>
<td>Registration / Meet and Greet</td>
<td>Tate Gallery</td>
</tr>
<tr>
<td>9:00 AM – 10:30 AM</td>
<td>Global Markets Outlook</td>
<td>Wells Fargo Auditorium</td>
</tr>
<tr>
<td>11:00 AM – 12:30 PM</td>
<td>Value Investing</td>
<td>Wells Fargo Auditorium</td>
</tr>
<tr>
<td>12:30 PM – 2:00 PM</td>
<td>Keynote Luncheon Address</td>
<td>Tate 202</td>
</tr>
<tr>
<td>2:00 PM – 3:30 PM</td>
<td><strong>Breakout Session 1</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Session 1A: Value Strategies</td>
<td>Beatty 220</td>
</tr>
<tr>
<td></td>
<td>Session 1B: Private Equity Investment</td>
<td>Tate 207</td>
</tr>
<tr>
<td></td>
<td>Session 1C: Fixed Income Investment</td>
<td>Tate 202</td>
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<tr>
<td>3:45 PM – 5:15 PM</td>
<td><strong>Breakout Session 2</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Session 2A: Real Estate Investing</td>
<td>Tate 207</td>
</tr>
<tr>
<td></td>
<td>Session 2B: Financial Technology</td>
<td>Tate 202</td>
</tr>
<tr>
<td>5:15 PM – 6:30 PM</td>
<td>Cocktail Reception</td>
<td>Tate Gallery</td>
</tr>
</tbody>
</table>

*5 Liberty Street, Charleston, SC*
Jay Tucker – Chief Operating Officer – George Weiss & Associates – New York, NY

Mr. Tucker joined George Weiss in 2008. He began his tenure with the firm as a Portfolio Manager for the Rates/FX strategy. Previously, in 2003, he opened the macro fund, East Wind Capital Partners, LP, as well as East Wind Capital International, Ltd. Prior to that, Mr. Tucker spent a year's managing a macro fund for Troubh Partners. Between 1997 and 1999, he managed $75 million for Caxton in a macro/emerging markets portfolio. He spent 11 years at Credit Suisse First Boston beginning in 1984, managing foreign exchange and local emerging markets trading. Mr. Tucker also worked at Dean Witter trading currencies and began his career in 1980 at Mocatta Metals trading gold and foreign exchange. He is a former board member of the Financial Index Exchange, the Currency Committee of the Chicago Mercantile Exchange, and the Real Estate Finance Alliance at George Washington University. He is a current Board Member of Franklin College in Lugano, Switzerland. Mr. Tucker is also involved in The Disability Opportunity Fund, a non-profit providing housing loans and advice to parents of children with disabilities. He received his BA degree from George Washington University and an AA Degree from Franklin College in Lugano, Switzerland.

Phillip Colmar – Partner, Global Strategy – MRB Partners – New York, NY

Mr. Colmar is a founding partner of MRB Partners. He has extensive experience, both as a strategist and economist. Mr. Colmar focuses on global multi-asset investment strategy, trading opportunities, and financial market risks. His expertise is in identifying and developing macro and investment themes. Mr. Colmar speaks at conferences, seminars and client meetings. Over his career, Mr. Colmar has covered all major global asset classes and has developed comprehensive frameworks, models, and indicators. Prior to forming MRB, he was the Managing Editor of both the Daily Insights and Global Fixed Income Strategy services at BCA Research Inc. Mr. Colmar has a MSc. in Finance from Queen's University, as well as a B.A. in Economics and a Bachelor of Business Administration (Finance) from Bishop’s University.

Richard Yamarone – Senior Economist – Bloomberg – New York, NY

An economist who has roughly three decades of experience on Wall Street, Mr. Yamarone focuses on monetary & fiscal policy, economic indicators, fixed income, commodities, and general macroeconomic conditions. He writes for Bloomberg Intelligence – Economics providing commentary and analysis for Bloomberg Real Time Economics and Bloomberg Brief: Economics, a daily newsletter that features analysis, data, and news on the forces shaping the global economy. He is the creator of the Bloomberg Orange Book – a compilation of macroeconomic anecdotes gleaned from comments CEOs and CFOs make on quarterly earnings conference calls. Earlier in his career, Mr. Yamarone was director of economic research at Argus Research. He has won numerous accolades for his work, including being featured as one of the top 10 economists in the U.S. by USA Today in 2007 and ”Nostradamus of the Financial Industry” by Bank Advisor in 2008 for his prediction of the financial crises.

Paul Meeks, CFA – Chief Investment Officer & Equity Portfolio Manager – Sloy, Dahl & Holst – Portland, OR

Paul Meeks, CFA is the Chief Investment Officer of Sloy, Dahl, and Holst in Portland, OR. He also teaches Finance and Investments courses at Western Washington University in Bellingham, WA. He has been an equity analyst or portfolio manager since 1987. He’s best known for starting and managing the world’s largest technology mutual funds franchise ($8 billion in equities) for Merrill Lynch Investment Managers. He lived and worked in Charleston from 2005 to 2012. He taught at the College of Charleston and The Citadel. His specialties within equities are Technology and Sustainable Investing. He has written for and frequently has appeared on CNBC since 1995. He typically "talks tech" while on air.

Sponsored by:

Steward Partners Global Advisory is a full-service financial services firm, with professionals catering to family, institutional and multigenerational investors. SPGA represents the natural evolution within the financial services industry by combining the best of today’s wire-house, RIA and independent models under a modernized version of the classic Wall Street partnership structure. The SPGA leadership team is composed of senior executives, field leadership, and operational and risk professionals from the largest financial services firms in the world, RIAs and B/Ds. More information can be found at www.stewardpartners.com.
**Value Investing Keynote Panel**

11:00 AM - 12:30 PM - Wells Fargo Auditorium

**Lauren Templeton – Founder and President – Templeton & Phillips Capital Management – Chattanooga, TN**

Lauren C. Templeton is the founder and president of Templeton & Phillips Capital Management, LLC, a value investing boutique located in Chattanooga, Tennessee. The company is the general partner to the Global Maximum Pessimism Fund. Lauren is the great niece of Sir John M. Templeton and is a current member of the John M. Templeton Foundation, which was established in 1987 by renowned international investor, Sir John Templeton. Lauren began her career working with managed portfolios and investments in 1998, beginning as a junior associate at the financial advisor Homrich and Berg and later the hedge fund management company New Providence Advisors both of Atlanta. Ms. Templeton is also the co-author of, Investing the Templeton Way: The Market Beating Strategies of Value Investing Legendary Bargain Hunter, 2007, McGraw Hill, which has been translated into nine languages. Ms. Templeton received a B.A. in Economics from the University of the South. She is the founder and former president of the Southeastern Hedge Fund Association, Inc. based in Atlanta, Georgia. Ms. Templeton currently serves the on the Board of Trustees at the Baylor School, Board of Advisors for The Beacon Center of Tennessee and the Atlas Board of Overseers.

**Jeffrey D. Stacey, CFA – Chairman and CEO- Stacey Muirhead Capital Management - Waterloo, Ontario, Canada**

Jeffrey Stacey is the founder of Stacey Muirhead Capital Management Ltd. Jeff has almost 30 years of investment industry experience. Prior to starting Stacey Muirhead Capital Management Ltd., he was employed with a boutique Toronto investment firm where he was also a shareholder. Jeff has an Honours Bachelor of Business Administration degree from Wilfrid Laurier University and is a Chartered Financial Analyst. He is a member of the Finance and Investment Committee and an Advisory Board Member of the student managed School of Accounting and Finance Investment Fund at the University of Waterloo. He is also an Advisory Board Member of the student managed Ivey Value Fund at the University of Western Ontario. Additionally, he serves as a member of the Dean’s Advisory Council at the Wilfrid Laurier University School of Business and Economics and on the Board of Trustees at Parkminster United Church.

**Jeffrey Everett, CFA – Co-Chief Investment Officer – Invesco Charter – Atlanta GA**

Jeff Everett is Co-Chief Investment Officer (CIO) for the Invesco Global Core Equity team, along with Ron Sloan. He is a seasoned leader of global and international equity teams, with nearly 30 years’ investment management experience. Mr. Everett joined Invesco in 2016 from Wells Capital Management, Inc. (WellsCap), where he was Managing Partner and Portfolio Manager for the EverKey Global Equity team. He joined WellsCap following its acquisition of Ever Key Global Partners, where Mr. Everett serves as a founding Managing Partner since 2007. At EverKey Mr. Everett developed a unique investment approach utilizing fundamental research and risk research in order to construct global portfolios. Prior to founding EverKey, Mr. Everett spent 19 years at Templeton Global Advisors, serving as President from 2001 - 2007. Mr. Everett also served as lead portfolio manager for several funds for both US and non-US investors. Mr. Everett earned a bachelor’s degree in finance from Pennsylvania State University, and is also a CFA charter holder.

**Vitaliy N. Katsenelson, CFA – Chief Investment Officer – Investment Management Associates – Greenwood Village, CO**

Vitaliy N. Katsenelson is Chief Investment Officer at Investment Management Associates. He is the author of Active Value Investing (Wiley 2007) and The Little Book of Sideways Markets (Wiley 2010). His books have been translated into eight languages. While his primary focus is on discovering undervalued companies for his clients, he is also known for his uncommon common sense, which is regularly expressed in articles in the Financial Times, Barron’s, Bloomberg Business Week, and the Christian Science Monitor, among other outlets. He is a regular columnist at Institutional Investor magazine. Previously, he was an adjunct faculty member at the University of Colorado Graduate School of Business, where he taught the Practical Equity Analysis class. He is a CFA charter holder, a member of the CFA Institute, and has served on the board of the CFA Society of Colorado. Katsenelson received both his bachelor of science and his master of science in finance from the University of Colorado at Denver. Forbes magazine called him “the new Benjamin Graham.” You can read his articles at ContrarianEdge.com.

**Sponsored by:**

Founded in 1990 and headquartered in Charleston, SC, Tandem Investments Advisors, Inc. is the leading equity manager for offering limited-volatility client-centric approach to U.S. Large Cap and U.S. Mid Cap portfolios. Tandem portfolios are strategic, defensive, tax sensitive, logical and client friendly. Limiting volatility and providing consistent investment returns has kept investors invested, particularly in turbulent times. Keenly focused on the client, Tandem is willing to be different to achieve results. More information can be found at www.tandemadvisors.com.
Charles H. Brandes, CFA
Founder and Chairman, Brandes Investment Partners
San Diego, CA

Charles Brandes is Founder and Chairman of Brandes Investment Partners, and shares responsibility for driving strategic decisions and monitoring implementation of the firm’s vision and objectives. Mr. Brandes is a member of the All Cap Investment Committee, as well as the firm’s Investment Oversight Committee, which monitors the processes and activities of the firm’s investment committees. He is also a member of the Brandes Institute Advisory Board.

Early in his career, Mr. Brandes became a student of the value investment philosophy and an acquaintance of Benjamin Graham, widely considered the father of the value-investing approach. When the bear market of 1973 - 1974 created unusually large long-term opportunities for disciplined, patient investors, Mr. Brandes decided it was time to launch his own firm, and founded Brandes in 1974.

Mr. Brandes has authored two books on value investing, “Brandes on Value: the Independent Investor” (published in 2014) and “Value Investing Today (published in 2003). He has served on the boards of numerous organizations involved in scientific, charitable and cultural work, including the Salk Institute for Biological Studies, where he also served as Chair of the Investment Committee.

Mr. Brandes earned his BA in economics from Bucknell University. His relevant experience began in 1968, and in 2015 he received lifetime achievement awards from Bucknell University and the London Value Investor Conference. Mr. Brandes is a frequent lecturer at graduate business schools, CFA Society meetings and industry conferences across the globe.

Sponsored by:

CFA Society South Carolina promotes the highest ethical standards and professional excellence within the local investment community. CFA Society South Carolina is an association of local investment professionals, consisting of portfolio managers, security analysts, investment advisers, and other financial practitioners, that has served CFA® charter holders and CFA® Program candidates locally for the last 15 years. CFA Society South Carolina has over 100 members and is a member society with CFA Institute. Our members are part of a global network of more than 130,000 finance and investment professionals in more than 150 countries and territories. Our goal is to make a difference in the future of the profession at local level. For more about CFA Society South Carolina, including our monthly events and how to join, please visit www.cfasociety.org/southcarolina.
Bob Robotti
Founder and Chief Investment Officer, Robotti & Company Advisors
New York, NY

Bob Robotti is the Founder, President and CIO of Robotti & Company Advisors, a registered investment advisor based in New York City. Guided by the classic tenets of value investing, Robotti & Company Advisors uses a proprietary research approach to identify companies with solid balance sheets and the ability to generate significant amounts of free cash flow, yet are misunderstood, neglected, or just out-of-favor. Once identified, Robotti’s investment team focuses on deep primary industry and company research to select investment holdings through the lens of a long-term business owner.

In this capacity, Bob currently sits on the boards of Panhandle Oil & Gas Inc. (NYSE: PHX), AMREP Corp. (NYSE:AXR) and Pulse Seismic Data Inc. (TSX: PSD) for which he also serves as Chairman. Prior to founding Robotti & Company in 1983, he was the CFO of Gabelli & Company.

Bob has been featured in publications such as The Wall Street Journal, Barron’s, Bloomberg, Forbes, Fortune, Outstanding Investor Digest, Value Investor Insight and Graham & Doddsville and is a frequent speaker at business schools and investing conferences around the world. He holds a BS from Bucknell University and an MBA from Pace University.

Sponsored by:

HDH Advisors is a full-service business valuation and consulting firm. Founded in 2007, HDH has offices in Atlanta, Georgia and Des Moines, Iowa. Core areas of practice include business valuation, litigation support, and turnaround and restructuring consulting. The firm strives to provide clients with personal and professional service based on a deep understanding of the issues they face. HDH advises companies, boards of directors, special committees, independent trustees, legal counsel and other trusted advisors. A team of professionals draws upon years of experience in advising clients on complex financial matters. HDH’s reputation has been crafted from the quality of service and is the platform for continued growth. View the companies website at www.hdhadvisorsllc.com.
Breakout Session 1B: Private Equity Investing ---- 2:00 PM - 3:30 PM ---- Tate 207

Wiley Becker – Partner – Alerion Ventures – Charleston, SC

Mr. Becker leads the due diligence function at Alerion Ventures, an early stage venture capital firm focused on investments in enterprise software companies throughout the Southeast. He previously was Principal for Square 1 Ventures, the private equity arm of Square 1 Bank, which went public in March 2014. Wiley also helped found the SouthCoast Angel Fund, a committed capital angel fund in New Orleans. Mr. Becker has a BS from Davidson College, attended Babson College, has an MBA from Wake Forest, and lives in Charleston.

Richard Maclean – Managing Partner – Frontier Capital – Charlotte, NC

Richard Maclean, Managing Partner of Frontier Capital, co-founded the firm in 1999. His primary industry focus has been on the firm’s Managed IT and HCM Software and Services investments. Richard is also involved in setting overall firm strategy and leading investor relations and fundraising. Prior to co-founding Frontier, Richard worked in the Investment Banking Group of NationsBank in Charlotte, NC and was a General Partner with Blue Ridge Capital. Richard currently serves on the boards of ECI (Electronic Commerce, Inc.), Zephyr, TalentReef, and Celergo.

John Osborne – Executive Administrator – Charleston Angel Partners – Charleston, SC

Born and raised in Billings, Montana, John Osborne studied finance and economics while attending Charleston Southern University on a golf scholarship. Mr. Osborne has successfully launched fundingcharleston.com and The Harbor Entrepreneur Center, both in Charleston, SC. Fundingcharleston assists emerging entrepreneurs with launching new ventures and sourcing early stage capital. The Harbor Entrepreneur Center is a non-profit initiative dedicated to creating collision among entrepreneurs in the region. Mr. Osborne took over as EA of Charleston Angel Partners in 2016. Prior work experience includes a decade working various roles in the financial services industry including in commercial banking, private banking and wealth management. A 2008 graduate of Leadership Charleston, John continued his civic involvement and served as Chairman of the Charleston Young Professionals group and board member of the Charleston Metro Chamber of Commerce.

Breakout Session 1C: Fixed Income Investing ---- 2:00 PM - 3:30 PM ---- Tate 202

Stefan Fencl, CFA – Institutional Portfolio Strategist – First Citizens Wealth Management– Charlotte, NC

Mr. Fencl functions as the liaison between the Capital Management Group and institutional clients, working closely with both to develop investment policies, asset allocations, manager structure and performance analytics and reporting. Prior to joining First Citizens, Mr. Fencl worked as the Corporate and Institutional Investment Consultant with NewBridge Bank where he also served on the Investment and Trust Committee. Prior to his time with NewBridge Bank, he served as the Director of Investment Strategy at Square 1 Asset Management, a subsidiary of Square 1 Bank, a division of PacWest Bancorp. Mr. Fencl has more than 18 years of investment management experience with a 12-year focus on fixed income markets. He received his Bachelor of Arts degree in Political Science from Miami University. Mr. Fencl has earned the Chartered Financial Analyst designation and is a member of the CFA Institute and CFA North Carolina Society.

Walter B. Todd, III – Chief Investment Officer and Chair of Investment Committee– Greenwood Capital– Greenville, SC

Walter B. Todd, III oversees a highly experienced Investment Team and the Firm’s diverse offering of investment strategies. He also serves as Portfolio Manager for the GCA Large Cap and Mid Cap strategies. Mr. Todd has more than 22 years of experience in the financial industry and joined Greenwood Capital in 2002. Prior to joining Greenwood Capital, he served as an Investment Banking Associate at Lehman Brothers Global Real Estate Group in New York. He has also worked as an analyst for First Union Capital Markets Group in Charlotte, NC. Mr. Todd received his undergraduate degree in Business Administration from Washington & Lee University, where, upon graduation, he was awarded a Fulbright Scholarship. Mr. Todd earned his M.B.A. in Finance from The Wharton School, where he graduated as a Palmer Scholar in May 1999.

Stephen Liberatore, CFA – Managing Director / Lead Portfolio Manager, SRI Fixed Income – TIAA Investments – Charlotte, NC

Mr. Liberatore is the lead portfolio manager for the organization’s Socially Responsible Investment (SRI) fixed income mandates and holds responsibility for investment strategy and securities selection. He joined the TIAA organization in 2004. Mr. Liberatore has 21 years of industry experience, including positions at Nationwide Mutual Insurance Co. and Protective Life Corporation, where he was responsible for portfolio management, credit research and trading for both total return and liability-driven assets. Mr. Liberatore holds a B.S. from the State University of New York at Buffalo and an MBA in finance and operations from Wake Forest University’s Babcock Graduate School of Management. He also earned the Chartered Financial Analyst designation and is a member of the CFA Society North Carolina and the CFA Institute.

Bob Speer – Managing Director, Senior Portfolio Manager – U.S. Trust – Palm Beach, FL

Mr. Speer is a managing director and fixed income portfolio manager with U.S. Trust, Bank of America Private Wealth Management. Mr. Speer is responsible for managing customized fixed income portfolios for the Southeast Division high net worth individuals by overlaying prudent and tactical solutions to each client’s concerns mindful of the priority the client has placed on capital preservation, risk tolerance, and duration structure. Prior to joining U.S. Trust, Bob was a vice president and senior banker providing financial planning, trusts and wealth transfer strategies, private banking and investments for JPMorgan Private Wealth Management. Prior to that, he was a Senior Vice President for Fleet Financial Group until that entity’s sale to Bank of America. Immediately following that merger, he continued his career with San Francisco based Stone and Youngberg, an independent underwriter of California municipal bonds, and became their New York Division presence. Bob received his B.A. from the Pennsylvania State University.
Dustin Barr, CFA – Director of Research – Carolinas Investment Consulting LLC – Charlotte, NC

Dustin is the Director of Research at Carolinas Investment Consulting LLC, an independent investment management and financial planning boutique serving high net worth, corporate and institutional clients. Dustin joined the firm in 2015 after spending nearly eight years at TIAA. Most recently, Dustin was Director of Investment Product Management, responsible for development and management of TIAA Asset Management mutual funds and variable annuities. A native of Mooresville, North Carolina, Dustin was a recipient of the Guy E. Beauty Business Scholarship while at the College of Charleston, ultimately receiving a BA in Business with a Finance focus. Dustin holds the Chartered Financial Analyst (CFA) professional designation and is a member of the CFA Institute and the CFA North Carolina Society.

Chad W. Phillips – Managing Director – Guggenheim Real Estate – Charlotte, NC

Mr. Phillips is a Managing Director of Guggenheim Real Estate with a focus on investments and portfolio management. During his tenure at GRE, Chad has participated in the acquisition of over 80 direct property assets with a combined gross acquisition value in excess of $2.4 billion. Chad is the Co-Portfolio Manager of the PLUS Strategy and the Portfolio Manager of the GRE U.S. Property Strategy, as well as a member of Guggenheim Real Estate’s Investment Committee. Prior to joining Guggenheim Real Estate in 2004, Chad was an Associate in Banc of America Securities’ Real Estate Investment Banking and Debt Capital Markets Groups, where he was involved in various mergers and acquisitions and capital raising assignments for corporate real estate clients. He is a graduate of Davidson College and has a certificate in Hotel Real Estate Investments and Asset Management from Cornell University.

Justin Ferira – Founder & CEO – The Seine Group – Charleston, SC

Mr. Ferira serves as the founder and CEO of The Seine Group, a real estate investment firm. The firm’s investments range a variety of product types, and strategies span opportunistic acquisitions and development projects. Mr. Ferira has helped lead over 50 real estate private equity transactions totaling over $3 billion in value. Mr. Ferira previously served as an investment professional at The Baupost Group focused on value-investing, and worked at McKinsey & Company focused on mergers and growth strategy. Mr. Ferira received his BA from the University of Virginia, where he was nominated for the Rhodes Scholarship. He earned an MBA from Harvard Business School and an MPA from the Harvard Kennedy School of Government.

Jonathan Taylor, CFA, CPA – Managing Director – Greystar – Charleston, SC

Jonathan Taylor is managing director of investment strategy and research for Greystar, and assists in the formulation and capitalization of the company’s investment strategies. He also provides ongoing macro research, including monitoring markets and investment performance across geographies and asset classes. Prior to joining Greystar, Jonathan was an equity research associate at Green Street Advisors, a sell-side equity research company focused on independent real estate research; he also worked at EY, where he serviced real estate companies. Jonathan is a CFA charter holder and also has a CPA. He holds a bachelor of science in accounting from Brigham Young University.

Andy Nybo – Director – Burton-Taylor International Consulting – Charleston, SC

Andy Nybo, a Director at Burton-Taylor International Consulting, has more than 30 years’ experience in research and technology in global capital markets. Andy joined the firm in March 2017 and he is responsible for its Exchange vertical, focusing on how competitive pressures are forcing shifts in business models and strategic initiatives of exchanges as they seek to expand revenue across multiple business segments. Andy joined Burton-Taylor from TABB Group where he was a managing director in its research practice. There he was responsible for managing TABB’s listed derivatives practice. Andy is a member of the Board of Governors of the Security Traders Association and a member of its Listed Options Committee. He also has been a Board Member of the Carolina Securities Traders Association since 2012.

Kevin Day – Business Development & Investor Relations – Systematica Investments – New York, NY

Kevin leads sales and business development across the Americas at Systematica Investments. Systematica is a European based quantitative hedge fund which focuses on rigorously applying science and technology to the investment process. The firm manages approximately $20bn on a number of futures and equity based strategies. Prior to joining Systematica Kevin was the Head of Marketing and Investor Relations at Basswood Capital, an equity long/short hedge fund based in New York City. Kevin spent the majority of his career with BlackRock Investment Management in both the London and the New York offices covering institutional clients across the US, Europe, Africa, and the Middle East. He holds master’s degrees from London Business School and Columbia Business School as well as a bachelor’s degree from the College of Charleston.

Tom Fasano – President of Citi Order Routing and Execution LLC – Charleston, SC

Tom Fasano is President of Citi Order Routing and Execution LLC, a wholly owned subsidiary of Citigroup formerly known as Automated Trading Desk Financial Services LLC (ATD) located in Mount Pleasant, SC. Prior to accepting his current role in 2014, Tom held numerous positions in the Electronic Trading Division of Citigroup Markets Inc., with a focus on business development and client services across multiple products, including wholesale equity and options execution, algorithmic trading and ECN/ATS liquidity. In 1998 he co-founded and served as President of Allegiance Securities LLC, a NYSE member firm specializing in institutional agency execution. Tom then managed sales and trading at TD Waterhouse Capital Markets LLC before joining Citigroup in 2005.

Malcolm Prochaska – SVP of Institutional Trading – The Interstate Group / INTL FCStone – Charlotte, NC

As a 30 year veteran of “Wall Street South”, Malcolm has been involved in nearly every aspect of the brokerage industry. After spending the first half of his career making markets in Nasdaq stocks at firms throughout the Southeast, he transitioned to client focused positions as an Institutional/High Net Worth Trader. Currently, he advises and executes equity, options and fixed income orders for clients as a sales trader for The Interstate Group/INTL FC Stone. His FINRA licenses include General Principal, Municipal Principal, Options Principal, Equity Trader, Commodities Representative and Research Analyst. Malcolm is a graduate of Davidson College receiving a BA in Economics and earned an MBA from Virginia Commonwealth University. He, his wife, Sarah, and their three children live in Charlotte.
To truly understand Greenwood Capital is to go back more than half a century to a time when the textile industry was flourishing and Greenwood Mills was one of the leading manufacturers in the world. The beginnings stem from the thousands of South Carolina – based employees who entrusted their pension to the Investment Division of Greenwood Mills. In 1983 this Investment Division would become the independent entity Greenwood Capital Associates. The experience of managing a multi-million dollar portfolio and the retirement incomes of so many hard-working families through turbulent times shaped the investment convictions of the lessons learned in the past and an ever watchful eye on the future, Greenwood Capital’s professionals are decidedly disciplined in the approach taken. Today, Greenwood Capital is one of the largest independent investment firms in the Southeast, managing over $1 billion in assets nationwide through two distinct offerings, GCA Wealth and GCA Investments. GCA Wealth and its team of Private Client Advisors, provide investment advisory services for individuals, families, foundations, endowments and trusts. GCA Investments and its team of investment professionals develop and maintain investment strategies for both GCA Wealth and GCA Investments institutional clients. This legacy has afforded clients prudent growth with a watchful eye toward downside risks. It has brought together a remarkable team of distinguished professionals, rooted in the Upstate with South Carolina values. More information can be found at www.greenwoodcapital.com.

U.S. Trust, Bank of America Private Wealth Management provides investment management, planned giving, and fiduciary services to a range of institutional clients, including not-for-profit organizations, corporations, public funds, insurance companies, and unions. The company provides wealth management services that include investment, financial, tax, and estate planning and private banking services. Planned giving services include administration, tax preparation, and record-keeping. U.S. Trust also offers investment consulting, tax-intelligent investment management, custody and private-label statement, and check distribution services. U.S. Trust also provides investment management, trustee, and fiduciary consulting services to employee benefit plans of all sizes. It serves as a fiduciary for qualified retirement plans, including 401(k) plans; employee stock ownership plans (ESOPs); and defined benefit plans that invest in blocks of employer securities. In addition, in its fiduciary role, the company makes investment decisions; and acts as an independent trustee protecting the interests of plan beneficiaries. It also resolves the conflicts of interest that arise during corporate recapitalizations, mergers, acquisitions, or management buy-outs. For more information, see www.ustrust.com.

Carolinas Investment Consulting is one of the South's premier investment advisory and financial planning firms. Throughout our more than 15-year history we have navigated the complexities of modern finance, coordinating the affairs of individuals and families, corporations and business owners, foundations and endowments. Our institutional resources and reach are realized through a team of experienced in-house experts who hand-craft solutions for each financial challenge. As an employee-owned boutique, we deliver personalized attention in a family-friendly environment that giant banks and Wall Street firms simply can't match. As one of the largest firms of its kind in the Southeast, we have access to industry-leading research, tools, and investment opportunities. Because of our independence, we are free to pursue the best interests of our clients without the inherent conflicts found in well-known financial conglomerates that sell their own proprietary products. Our consultants enjoy decades-long multigenerational relationships with our clients. We work with successful entrepreneurs, accomplished professionals, and their families to establish and achieve financial and life goals. We partner in stewardship with charitable foundations and endowments to advance and cement each significant legacy. Carolinas Investment Consulting delivers comprehensive planning and investment management with extraordinary client service.

Hartford Funds uses its human-centric investing approach to understand the rational and emotional ways investors think about their money, investments, and relationships with financial advisors. Our relationships with leading academics and experts delivers deep insights into investor psychology, demographic trends and behavior. Hartford Funds also delivers investment insight to help advisors and clients navigate the investment landscape. Our product line-up includes more than 55 mutual funds (with the exception of certain fund of funds) sub-advised by Wellington Management or Schroders Investment Management in a variety of styles and asset classes, and five strategic beta ETFs. The firm has $81.5 billion assets under management as of December 31, 2016 (excluding assets used in certain annuity products).

In 1975 the North Carolina Security Traders Association was incorporated as a non-profit organization dedicated to bringing together investment professionals throughout North Carolina to network and enhance the growth of the investment community within the state. In 2005 our organization expanded to include our fellow investment professionals in the state of South Carolina and we changed the name of our Association to the Carolina Security Traders Association — CSTA. Today our organization is comprised of nearly 100 members, representing over 20 firms throughout the Carolinas and is an affiliate of the Security Traders Association (STA), our national organization. Our mission is to promote and protect the interests of our members; to provide a forum for networking and professional growth; to educate and inform our members of the latest industry trends and issues; to promote the highest business and ethical standards; and to support the efforts and initiatives of the Security Traders Association (STA).

Thank you for attending! We hope to see you again next year.

Visit the SB Investment Program website at: http://go.cofc.edu/investment
A.5: Article on Kenan Value Investing Scholars Visit to NYC
Thanks to the Kenan Family Value Investing Scholar Fund, the two student portfolio managers of the College of Charleston School of Business Investment Programs had the privilege of attending the 26th annual Graham and Dodd Value Investing Breakfast hosted by the Columbia School of Business and The Heilbrunn Center for Graham & Dodd Investing. Will Dube and Michael Gelber carry the title of Kenan Value Investing Scholars, thanks to alum Frank Kenan and The Kenan family. Each year, the Program's portfolio manager(s) are given the opportunity to attend and participate in events that align with the value investing strategy of the Program. The portfolio managers are then expected to convey the lessons learned to the rest of the cohort in a means to improve the overall proficiency of each student in the program.

This year the breakfast was held at The Pierre Hotel in Manhattan. It consisted of a panel that discussed the importance of specialization for modern value investors. The panel was moderated by Bruce C.N. Greenwald, who kept the crowd engaged and often while also clearly demonstrating his dedication to the field. Greenwald is the Co-Director of the Heilbrunn Center for Graham & Dodd Investing as well as the Robert Heilbrunn Professor of Finance and Asset Management at Columbia Business School. Greenwald is an authority on value investing however his expertise span into other fields such as productivity and the economics of information, giving him a more informed view of the current economic environment for investing.

The discussion this year was centered around the importance of specialization for value investors as a result of technological adaptation in the markets theoretically diminishing inefficiencies. Market inefficiencies are a key catalyst in value investing and as technological advances make them difficult to come across, specialization in niche businesses can be a paramount advantage. For this reason, the conference explored specialization in the property/casualty insurance market. The two panelists have extensive histories in property/casualty insurance investments. VJ Dowling is the Co-Founder and Managing Partner of Dowling & Partners Securities, LLC, a Hartford based institutional stock brokerage firm specializing in property/casualty insurance and life insurance. The other panelist, Prem Watsa, is the Chairman and CEO of Fairfax Holdings Limited, a holding company which through its subsidiaries, is engaged in property/casualty insurance and reinsurance and investment management.

Although the panelists focused on a unique industry, their discussion reaped bountiful guidance for value investors of any kind. They did not imply that taking on a broad focus as a value investor no longer works, rather they expressed the advantages that their in depth understanding of the property/casualty insurance business has provided them with. Each panelist gave extensive examples outlining cases where the market misperceived the intrinsic value of certain investments which they were able to take advantage of given their in depth understanding of the underlying business. This concept was then expressed on a broader scale explaining how various businesses can be inaccurately valued due to a lack of understanding that can be rectified only by having extensive experience and knowledge of the specific industry.

The College of Charleston School of Business Investment Program can use this wisdom to their advantage. The cohort is separated by sector, with two analysts dedicated to each. While sectors are specialized, they are also very broad, overgeneralizing companies that are unique. The program can act on this issue by allowing each analyst to further specialize in their sector to a certain sub-sector that interests them. Having a more specialized understanding of these sectors will allow the students to cultivate complex inefficiencies within companies and industries.

The College of Charleston School of Business Investment Program sincerely thanks the Kenan Family. The fund is a unique opportunity that has and will continue to catalyze growth within the cohort and the program as a whole.

For more information regarding the Investment Program please visit our website at: go.cofc.edu/investment
A.6: Detailed Listing of all Trading Activities

A pass vote requires a super majority (14) of Society members present for the pitch. The following are the votes from each pitch of the 2016-2017 cohort in order from oldest to newest.

- **8/31/16** – Buy 528 shares of GameStop (GME) for a total of $14,990?
  - Passed 15 – 5
- **9/7/16** – Buy 100 shares of Lowe’s Home Improvement (LOW) for a total of $7,601?
  - Passed 15 – 5
- **9/15/16** – Buy 250 shares of Greenbrier Companies (GBX) for a total of $8,327.50?
  - Failed ***
- **9/15/16** – Place a 7% trailing stop on Apple (APPL)?
  - Passed 16 – 2
- **9/20/16** – Buy 335 shares of Reynolds American, Inc. (RAI) for a total of around $16,000?
  - Failed ***
- **9/22/16** – Buy 200 shares of Skyworks Solutions Inc. (SWKS) for a total of $15,304?
  - Passed ***
- **9/27/16** – Buy 450 shares of AmTrust Financial Services (AFSI) for a total of $11,779?
  - Failed ***
- **9/29/16** – Buy 245 shares of Genesis Energy (GEL) for a total of $9,018.45?
  - Failed 12 – 9
- **10/13/16** – Buy 100 shares of United Therapeutics Corporation (UTHR) for a total of $11,744?
  - Failed 11 -10
- **10/18/16** – Buy 194 shares of Target (TGT) for a total of $13,044.56?
  - Passed 19 -2
- **10/20/16** – Buy 250 shares of Public Service Enterprise Group (PEG) for a total of $10,355?
  - Failed 13 - 8
- **10/25/16** – Buy 100 shares of CVS (CVS) for a total of $8,800?
  - Passed 19 -1
- **11/1/16** – Buy 147 shares of Chase Corporation (CCF) for a total of $10,047.45?
  - Failed 13 – 8
- **11/2/16** – Place a 5% trailing stop on Cal-Maine (CALM)?
  - Passed 19 -1
- **11/10/16** – Buy 70 shares of Affiliated Managers Group?
  - Passed 18 – 0
- **11/15/16** – Sell full position in Scripps Network (SNI)?
  - Passed 20 – 0
- **11/16/16** – Sell full position in iShares Edge MSCI Min. Vol. Emerging Mkt ETF (EEMV)?
  - Passed 17 – 1
- **11/29/16** – Buy 900 shares of Mueller Water Products (MWA) for a total of $12,105?
  - Failed 8 – 12
- **12/1/16** – Buy 656 shares of Pitney Bowes Inc. (PBI) for a total of $10,004?
- Passed 14 – 6
  - 12/6/16 – Buy 189 shares of WebMD (WBMD) for a total of around $10,000?
    - Passed 19 – 1
  - 12/6/16 – Sell full position in GameStop (GME)?
    - Failed 13 – 7
  - 12/6/16 – Sell full position in Pattern Energy Group (PEGI)?
    - Passed 15 – 5
  - 12/8/16 – Sell full position in Marathon Petroleum Corp. (MPC)?
    - Passed 17 – 3
  - 12/8/16 – Buy 185 shares of Tesoro Corporation (TSO) for a total of $16,823.50?
    - Passed 20 – 0
  - 12/8/16 – Place a 5% trailing stop on Disney (DIS)?
    - Passed 17 – 3
  - 12/8/16 – Place a 4% trailing stop on Affiliated Managers Group (AMG)?
    - Passed 18 – 2
  - 12/14/16 – Buy 62 more shares of CVS (CVS)?
    - Passed 15 – 3
  - 1/17/17 – Buy $20,000 of Discovery Networks (DISCA)?
    - Failed 13 – 8
  - 1/19/17 – Buy 62 more shares of Target (TGT) for a total of around $5,357?
    - Passed 17 – 3
  - 1/26/17 – Place a 5% trailing stop on Skyworks Solutions (SWKS)?
    - Passed 21 – 0
  - 1/26/17 – Buy 782 shares of CenturyLink (CTL) for a total of $20,011?
    - Passed 20 – 1
  - 2/3/17 – Place a 5% trailing stop on Disney (DIS)?
    - Passed 20 – 0
  - 2/7/17 – Buy 161 shares of NextEra Energy (NEE) for a total of $20,018?
    - Passed 21 – 0
  - 2/7/17 – Buy 500 more shares of Pitney Bowes Inc. (PBI)?
    - Failed 2 – 18
  - 2/14/17 – Buy 320 shares of Cisco Systems (CSCO) for a total of $10,000?
    - Passed 14 – 7
    - Proposal was later rescinded
  - 2/21/17 – Buy 510 shares of Boston Scientific (BSX) for a total of $13,005?
    - Passed 18 – 2
  - 3/1/17 – Place a 5% trailing stop on Lowe’s Home Improvement (LOW)?
    - Passed 20 – 1
  - 3/15/17 – Invest an additional $2,828 in Engage (Private Equity)?
    - Passed 19 – 1
  - 3/20/17 – Sell full position in Lowe’s Home Improvement (LOW)?
    - Passed 17 – 2
  - 5/26/17 – Buy position in AB Inbev (BUD) contingent on funds available?
    - Failed 13 - 8
A.7: Monthly Portfolio Summaries
Increasing oil prices and overall improving economic data lead the S&P 500 index into its third consecutive month of positive returns. The S&P closed near its all time high record level, last achieved in May of 2015. Unlike the month prior, US equities outperformed international equities as the S&P 500 index gained 1.8% trumping the 0.9% decline in the MSCI EAFE index. Oil prices gained heavily with Brent hitting $50 a barrel within the month.

First quarter GDP growth was revised up from 0.5% to 0.8%, adding to overall market confidence. This positive news lead to mixed reactions in the fixed income markets. As the probability of a June rate hike increased, short-term Treasury Bond yields rose but long-term yields did not follow suit. The increased probability lead to a 2.0% rally in the Financials sector. The IT sector rebounded 5.6%, helping the sector recover from an April decline caused by subpar quarterly reports.

In May, the S&P outperformed the portfolio by 2.04%, as the portfolio lost 0.51%. Some of the largest losses this month came from Cal-Maine Foods (CALM), Marathon Petroleum Corporation (MPC), and the Walt Disney Company (DIS). CALM dropped as the prices of eggs continues to fall from 2015 all-time highs. We will continue to monitor the market sentiment on the future for egg prices. We attribute the fall in MPC to the lack of investor confidence in the future price of oil. Investors sold out of DIS after a rare earnings miss amid difficulties at ESPN. The biggest gainers in May came from Apple (AAPL), JP Morgan Chase (JPM), and Scripps Networks Interactive (SNI). AAPL shares shot up following Berkshire Hathaway’s announcement that they bought $1 billion worth of AAPL stock. The increase in price for JPM can be attributed to a positive reaction to their decision to lay off more employees in the private bank division and an indication by three Fed officials that a rate hike in the near future is probable. Investors renewed their confidence in SNI after they beat on earnings and revenues for Q1.

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June proved to be a very interesting month as the result of two major surprises dealt to the market. The first was the jobs report for the month of May which was released on the third day of the month. The report of 38,000 jobs added significantly missed expectations of 158,000. While the unemployment rate fell from 5.0% to 4.7%, this was mainly due to workers leaving the - a notion supported by a decline in the market participation rate to 62.6%. Markets soon rebounded however, as the expectations of a rate hike subsided in lieu of the data released. The second surprise occurred later in the month when the UK voted to leave the European Union. The market initially had a negative reaction with the S&P 500 index by declining 5% in the two days after the vote. A reversal soon followed, as verbal support from central banks reassured investors. This allowed the S&P 500 to finish slightly positive for the month. Support from central banks caused further downward trends in yields across the globe, leading the 10-year German and 30-year Swiss government bonds into negative territory for the first time.

The portfolio underperformed the S&P in June, losing 0.84% as the market went up 0.9%. As mentioned above, the post-Brexit market movement had significant effects on all holdings, but we feel it is more important to put equivalent focus on the non-Brexit related impacts on particular stocks. The biggest losers in June included WisdomTree Europe Hedge Equity Fund (HEDJ), JP Morgan Chase (JPM), and Apple (AAPL). As expected, HEDJ took a massive hit following Brexit and its later recovery was not enough to compensate for the losses. JPM went down as financial stocks took a broad beating after Treasury yields slid to multi-year lows. AAPL led the charge in the drop in the US equities market in early- and mid-July. The biggest gainers in the portfolio this month included Marathon Petroleum Corporation (MPC), Pattern Energy Group (PEGI), and iShares Edge Minimum Volatility Emerging Markets ETF (EEMV). The rise in MPC was largely due to a settlement with the fed over an oil pollution dispute across five US states and the rebound in oil prices following Brexit. Emerging markets stocks rose after Federal Reserve Chair Janet Yellen signaled that policy makers might be taking a more cautious outlook on the economy, which led to positive gains for EEMV.
Public Asset Portfolio Summary
July 2016

In July, markets seemed to shrug off concerns about the repercussions surrounding Brexit as positive economic data and stagnant central bank action led markets into a powerful rally. The shockingly low May jobs report was countered by a better than expected June numbers of 287,000. Several high profile companies also released positive earnings reports in July including large banks, tech, and healthcare companies. Retail sales beat expectations and existing home sales rose to a nine year high. The Federal Reserve, the European Central Bank, and the Bank of England each held interest rates steady in their July meetings. Some weak economic data was released later in the month including a lower than expected second quarter GDP growth estimate. In spite of this mixed data, the S&P 500 finished the month of July up 3.6% and over 6% on the year. Not surprisingly, the S&P hit seven record high closing levels within the month.

Throughout July, the portfolio finished up 4.18%, outperforming the S&P by 0.62%. The largest losses of the month can be seen in Cal-Maine Foods (CALM) and the Walt Disney Company (DIS). CALM posted a loss as egg prices have been dropping steadily since November of 2015. Egg producers are talking about how to reduce egg output to get prices back above cost of production. The loss in DIS is attributed to multiple-day selloff on heavy volume as investors are worried about the future of the company’s ESPN division, which makes up a significant portion of their revenues. The competition for sports broadcasting rights has never been greater. The biggest gains in July came from Amgen (AMGN), Apple (AAPL), and Pattern Energy Group (PEGI). The spike in AMGN was due to them receiving FDA approval for their biosimilar of Humira, a $14 billion drug. Investors bought into AAPL after their Q2 earnings beat expectations. PEGI rose after announcing that they acquired the development rights to the King Pine Wind power project in Maine from SunEdison early in the month.

**TRANSACTIONS FOR JULY 2016**

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As US economic data continued to improve throughout the month of August, the S&P 500, the Dow Jones Industrial Average, and the NASDAQ indices each reached record highs. Early gains were partially offset by a spike in volatility towards the end of the month. Janet Yellen and several other Fed officials publicly hinted that a rate hike was becoming more likely due to economic improvements. New home sales rose 12.4% to a nine year high, durable goods orders were up 4.4%, beating expectations. July nonfarm payrolls came out and had increased by a better than expected 255,000. Corporate earnings also proved to be better than expected with 71% of reports released before the end of August beating expectations for the second quarter. Oil prices also improved ending the month with a gain of more than 4% and settling at their highest level in 6 weeks.

The portfolio outperformed the S&P by 0.82% during the month of August, providing an overall return of 0.70%. The largest declines in the portfolio were Scripps Networks Interactive (SNI), Pattern Energy Group (PEGI), and The Walt Disney Company (DIS). SNI came up $8 million short on their total revenue, which led to a steep decline in price on August 8th. The decline in PEGI can also be attributed to their missing expectations on revenues. Investors also sent the stock down when they announced a common stock public offering of $239 million. DIS steadily went down throughout the month, as there is increasing speculation on the future of ESPN, one of their core media components. The largest gains in the portfolio came from Cal-Maine Foods (CALM), Marathon Petroleum Corporation (MPC), and Apple (AAPL). CALM stock was sent up after announcing their intent to acquire the egg production assets of Foodonics International. Investors sent MPC up after news broke of them acquiring a $2 billion stake in the Bakken pipeline.

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In September, the S&P remained largely flat and has returned investors a bit over 6% year-to-date. It was outperformed this month by both the Russell 2000 and the MSCI Emerging Markets index, which showed increases of 1.1% and 1.3%, respectively. Throughout the month, concerns about potential changes to monetary policies continued to be the primary driver of asset prices. The Fed declined to raise its policy rate at its September 21st meeting, raising the potential for a rate hike in December. September saw mixed economic news – labor markets continued to see increases in job openings, lower unemployment claims, and wages all compared to 2015, however the industrial side of the economy continues to weaken with industrial production down again. The housing market has also slowed its growth, with housing starts, existing home sales, and new home sales all declining compared to August. Finally, the price of oil moved higher on reports of inventory drawdowns and on the surprise agreement by OPEC to limit production.

This month, the portfolio saw a return of –1.04%, contributing to our 7.76% gains year-to-date. The biggest gains in September were seen in our holdings of Apple Inc. (AAPL), GameStop Corp. (GME) and Lowe’s Companies, Inc. (LOW). AAPL returned 6.55%, as they announced their new iPhone 7 and saw strong demand for the product – we also feel that they are in prime position to capitalize on Samsung’s loss of market share due to issues with the Galaxy Note7. After buying into GME on September 14th, the stock has quickly returned 2.26%, as the firm expects high demand this fall for new games and virtual reality hardware. LOW gained 1.63% on high price targets set by analysts. The biggest losses were seen from Cal-Maine Foods, Inc. (CALM), Pattern Energy Group, Inc. (PEGI), and Marathon Petroleum Corporation (MPC). As the price of eggs has continued its decline from all-time highs earlier this year, CALM lost 16.11% in September. PEGI is down 5.50% for the month after acquiring a 50% stake in the Ontario, Canada-based Armow Wind Farm. Finally, MPC saw losses of 4.52% despite West Texas ending the month at $48.24, up from $44.70 the prior month.
Public Asset Portfolio Summary
October 2016

The month of October proved to be tricky for equity markets with the S&P losing 1.94%. The majority of the month was spent in the red due to concerns about weak economic news and the upcoming presidential election. Corporate earnings had some positive implications as 58 percent of S&P 500 companies having reported earnings by October’s end generally beat growth expectations. Expectations for a rate hike by the Fed were high for the month of October which also contributed to the market volatility and lead to an increase in the 10-year yield from 160 bps to 182 bps. Within fixed income, high yields continued to outperform. The BoFA ML US High Yield index returned 0.3% for the month and high yield credit is now up 15.7% YTD. In the equities market, Financials, Utilities, and Information Technology were the top performing sectors for the month while Health Care and Telecom were the weaker performing sectors.

This month, the portfolio saw a return of -3.01%, contributing to our 4.60% gains year-to-date. The biggest gains in October were seen in our holdings of Marathon Petroleum, (MPC), Skyworks Solutions (SWKS) and Target (TGT). MPC returned 6.42%, as oil shot up following an API report of a surprise 7.6-million-barrel inventory draw. SWKS increased 2.14% in October, hitting new 52-week highs leading up to their earnings on November 3. After buying into TGT this month, it quickly gained 1.94% and we see continuing growth opportunities in the online and flexible format store segments of their business. The biggest losses were seen from Amgen. (AMGN), GameStop (GME), and Lowe’s Companies (LOW). AMGN lost 15.64% throughout the month, including a 9.76% drop after their earnings release included a negative outlook for their arthritis drug Enbrel. GME saw a steady decline to a final return of -13.43% % for the month. Finally, LOW saw losses of 7.67% following a survey indicating continued moderation in remodel spending.

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This November we learned two lessons; we can never be too certain of an outcome and that the markets love Trump. The market seemed to be adversely affected at first when S&P futures traded down overnight. This was however, mostly recovered by market open. Once the bell rang, it was off to the races and the Trump rally took hold of the reigns for the rest of the month. On a sector by sector basis, Financials took the lead with a 13.39% increase in the SPDR ETF, XLF. This month was the sectors best performance since October 2011. The main reasons for this are expectation of de-regulation under the Trump Administration and rising interest rates. The runner up, Industrials, was not a close competitor with a much smaller, yet still notable, 8.98% increase. On the other end of the spectrum we have Utilities which were down 4.21%, according to the SPDR ETF, XLU likely due to the rally and an outflow from safe assets. The second worst performing sector was Consumer Staples which was down 3.31% according to the SPDR ETF, XLP. In fixed income, we saw a 55 bps increase in 10 year treasury yields leaving us with the largest monthly climb since December 2009.

While the portfolio lacked exposure to the Financial sector, we did not miss out on the up-capture. The portfolio finished up 11%, with dividends, beating the S&P by 3.42%. The three winners of the month, Scripps, Target, and Marathon provided strong advances that outweighed the portfolios biggest losers. After the significant return that Scripps provided us with, we decided to part ways with the stock about half-way through the month. We also decided to sell five of our holdings throughout the month while only adding one, for various reasons. The excess cash however did not significantly dilute our returns. We believe that our portfolio is well positioned to move forward into a new year and a potentially funky market.
Public Asset Portfolio Summary
December 2016

The month of December capped an eventful 2016 in domestic markets. The year began with a significant decline across most asset classes and in a broad sense. By mid-February, the market had declined by double digits, only to rebound by more than double this amount during the course of the year. Specifically during December 2016, the Fed raised the rates for only the second time since the financial crisis. The rate increase—contrary to the same in December 2016—was met with a largely indifferent market reaction. Most view the fiscal action as necessary to return the financial system to a state of “normalcy” and perhaps offset the extreme debt levels that many firms have taken on during the extended low rate environment we have seen for the better part of a decade.

The portfolio this month retreated, primarily due to significant declines in Pitney Bowles (PBI) and Target (TGT). These declines were partially offset by strong months from Disney (DIS) and Gamestop (GME). The month also served as a very active month, with a total of 8 transactions being placed. Of those, we took strong positions in Tesoro (TSO), CVS (CVS), and WebMd (WBMD). In addition, we divested positions in Pattern Energy (PEGI), Marathon (MPC), and Affiliated Managers Group (AMG). As a result, we completed the month with a total of 8 positions. The S&P advanced 1.82% over the month to end the year with a relatively successful 9.54% return. Our portfolio managed just over 6.5% excluding dividends. Once dividends are included, the portfolio earned in excess of 9.50% over the year.

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The first month of 2017 was largely impacted by political headlines, including Donald Trump’s inauguration. The U.S. equity market continues to rise, as all major equity indices hit record highs during January and the S&P 500 gained 2% throughout the month. Financial markets have continued to react to the prospect of increased fiscal stimulus and the possibility of President Trump pulling back restrictions on the financials sector. Economic data has remained positive, as the global manufacturing Purchasing Managers’ Index (PMI) reached its highest level since early 2014 at 52.7. This has caused markets everywhere to stay bullish and the MSCI World Index is up 1.3% on the year. The U.S. 10-year yields finished the month flat and the U.S. dollar retreated by 1.4%. Despite all of the positivity circling the market, the U.S. GDP rate of growth has slowed, as the fourth-quarter GDP released showed the U.S. economy grew by 1.6%, the lowest rate since 2011.

This month the portfolio slightly beat the S&P 500 with a 1.87% increase. This is just greater than the S&P 500’s 1.79% increase. As you can see the portfolio was slightly more volatile yet still highly correlated to the market. The main contributor to overperformance of the portfolio was Skyworks Solutions (SWKS). SWKS was up 22.88% over the entire month. This is mainly due to their first quarter earnings release after market close on January 19th. They came in ahead of the high end of most of managements guidance. The short-term results and the long-term optimism of the company caused the stock to skyrocket and hold its ground for the remainder of the month. Target (TGT) was the worst performer of the month. Their earnings indicated a significant increase in their digital commerce sales but a higher than expected decrease in brick and mortar sales. This sent the stock on a steady decline for the month. The cohort also decided to “park” some cash in SPY an S&P 500 index fund. This is to prevent the opportunity cost of market gains by holding cash.
This month, U.S. equities have continued to perform well, as the S&P 500 is now up 5.57% year-to-date due to increased optimism in the market. U.S. economic data has also been positive, with employment numbers and manufacturing purchasing managers’ indices showing growth, however hourly wage growth slowed to 2.5%, from 2.8% in December. Expectations that the Federal Reserve (Fed) will increase base rates at their next meeting have continued to rise, as minutes from the Federal Open Market Committee meeting for January 31—February 1 revealing that many members think that a rate increase should occur “fairly soon.”

Donald Trump announced his commitment to streamline the regulatory approval process for new drugs, causing pharmaceutical companies to bounce back in February after performing poorly the month before. Eurozone, Japanese and emerging market equities all saw positive gains in February.

The portfolio performed poorly this month with a 0.92% decrease as the S&P 500 returned 3.72%,. This downturn left the portfolio up only 0.93% year to date while the S&P 500 is enjoying a 5.57% return. Generally the good positions in the portfolio were not good enough, and the bad positions were far too bad. Pitney Bowes (PBI) was the leaders of the losers for the month. This is mainly due to their fourth quarter earnings release in the beginning of the month which sent the stock on a 21% plummet within the day. PBI missed on both earnings per share estimates and revenue growth estimates. The cohort decided to hold on after the price dip and we have seen slow recovery through the rest of the month. Target (TGT) also was a victim of earnings expectations. Mainly, TGT saw a larger than expected decline in same store sales which strengthens the markets worries of market share deterioration due to online retailers. An increase in their online sales further supports the cohorts value thesis.
United States equities continued their strong start to the year in March, with the S&P 500 returning 5.53% year-to-date, however the markets have slowed their growth, largely due to U.S. investors’ optimism over the benefits of potential reform decreasing. Global optimism for equities remains strong with the All Country World Index rising 1.22% this month. The U.S. economy has seen some of its strongest job growth since 2008, with nearly 300,000 jobs being added and the unemployment rate falling to 4.7%. The Federal Reserve (Fed) raised rates for their second time since December and equity markets responded positively that day. Despite this decision by the Fed, which was widely suspected, the Bloomberg Barclays U.S. Aggregate Bond Index was flat in March. Despite optimism across major economies, there are a few concerns to be weary of, as China continues to support its growth with high levels of debt, the European Union continues to be under threat from nationalist movements and the Trump administration has largely disappointed thus far.

This month both the portfolio and the S&P 500 were rather stagnant. The portfolio was on the slightly lower side at a 0.77% decrease, leaving it up only 0.15% year to date. This grossly lags the S&P 500 which is up 5.53% year to date. Lowes (LOW) was the strongest performer in the portfolio yet clearly not the strongest contributor to performance. LOW was up in the beginning of the month due to their fourth quarter earnings release where they beat revenue growth expectations. The cohort however saw this growth to be unsustainable in the long-run and decided to sell out of their position towards the months end to preserve the gains. On the other end of retail, Target (TGT) was the worst performing stock in the portfolio. The portfolio weigh occupied by TGT was much greater than that of LOW, for this reason, the gains from LOW were nearly perfectly offset by the position in TGT.

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The global markets were dominated by news out of Europe in April, as the first round of the French presidential election saw centrist candidate Emmanuel Macron make it through to the second round and the UK triggered Article 50, which saw a calm response by the market. However, there has been some caution over the upside in markets as some strength of global data has gone away, leading to bonds almost matching the return from equities this month. Elsewhere, emerging market stocks have continued their strong performance. In the U.S., the S&P has now returned 6.49% to investors in 2017 and the country was shocked by Trump’s decision to drop a MOAB bomb on Afghanistan, the largest non-nuclear destructive force possible, and to fire more than 50 cruise missiles at a Syrian air field in response to their poison-gas attack on their own people. We will wait to see how the markets respond to the added level of violence in the Middle East.

For the first time in a long time, the portfolios returns significantly exceeded those of the S&P 500 for the month. The portfolio, thanks to a lack of declining holdings, was up 3.31% for the month of April. The S&P 500 lagged behind significantly at a 0.91% return for the month. This helped to close the gap for year to date returns, bringing the portfolio up to a 3.46% year to date return which is significantly close to the S&P 500’s 6.49% return. Century Link (CTL), Boston Scientific (BSX), and CVS Health (CVS) led the portfolio. Each of these stocks seemed to increase steadily over the last half of the month. Notice that both BSX and CVS are in the healthcare sector, albeit in much different verticals. This roughly correlates to the 3.05% increase experienced by the NASDAQ Health Care Index (IXHC) in the last 15 days of April.

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