SCHOOL OF BUSINESS INVESTMENT PROGRAM

Annual Report
Academic Year 2017-2018
# Table of Contents

Overview ........................................................................................................................................ Page 3
Markets Analyst .......................................................................................................................... Page 6
Market Outlook ............................................................................................................................ Page 7
Fixed Income ................................................................................................................................ Page 8
Asian Markets ............................................................................................................................ Page 9
European Markets ....................................................................................................................... Page 10
Latin American Markets ............................................................................................................ Page 11
Emerging Markets ...................................................................................................................... Page 12
Public Investment Strategy and Process ..................................................................................... Page 15
Public Asset Portfolio Activities ................................................................................................ Page 15
Private Equity ............................................................................................................................... Page 16
Appendix ...................................................................................................................................... Page 21
Overview

The 2017-2018 academic year was the fifth for the School of Business Investment Program. 19 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.

We have improved the processes through which the Program translates academic materials into practical application and — most importantly — career relevant skills. We have increased focus on placing students into situations that cultivate, test, and refine essential communication and technical 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 four formal firm visits over the 2017-2018 academic year. We welcomed the fourth visit from Raymond James on August 30, 2017. This event was a momentous occasion for the Program, as it directly led to five interviews and three job offers for students in the College of Charleston (four of which were in the Investment Program). For the first time, we hosted Lincoln Financial on campus on September 7, 2017, which also led to numerous interviews and job offers. Goldman Sachs returned for the fifth time on September 27, 2017, continuing to build upon that relationship. We again were able to obtain numerous interviews and offers, due in large part to these continuing firm days. HDH Advisors visited in the Investment Program on November 10th, 2017 with the first “mini firm day.” These events are scaled down versions of our traditional firm days and are designed to expose our students to smaller, more focused firms in the industry. We learned a lot from this experience and look forward to continuing these types of events. 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 continue these visits to cultivate relationships with the firms on a deeper level.
- We cohosted an event at the beginning of February with the CFA Society SC. This was the fifth event that we have been honored to cohost with the Society over the years and it was another strong success. Jay Tucker of George Weiss in NYC was the keynote speaker, discussing global interest rates, central bank debt levels, volatility, and their impact the
overall global economy.

- In late March, twelve members of the Investment Society traveled with Program Directors (Drs. Pyles and Huerta) to New York City. While there, students were able to receive a tour of Bloomberg’s headquarters and view day-to-day operations. In addition, the students attended a round table discussion with professionals from Morgan Stanley, BlackRock, and Millennium set up by CofC alumnus Kevin Day, of Systematica Investments. Students were able to ask questions about career development while learning more about the broader market and its current trends. Following this, 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. During their visit they were able to witness the closing ceremony and how the NYSE has changed over the decades (some were even seen on live television!). Students were also able to tour the city in their free time, visiting landmarks like One World Center and the Charging Bull in the Financial District. See appendix A.2 for article discussing the trip.

- Near the end of the year, on April 6, 2018, we hosted for the fourth time our premier annual external event— the CofC Strategic Investment Symposium. This annual event focuses on strategic asset management from a wide variety of viewpoints. The itinerary included over 20 distinguished professionals, including keynote speaker Mr. Mason Hawkins, CFA, Chairman and CEO of Southeastern Asset Management in Memphis, TN. We welcomed over 150 attendees to the symposium and received very positive feedback overall. Please see Appendix A.3 for an article detailing the Symposium. Appendix A.4 displays the official program for the event. Further, we are excited to announce that we are already planning the fifth annual Strategic Symposium in Spring 2019, but plan to move this event earlier in the academic year to avoid overlap with the large number of other events that occur in April in Charleston.

These Program’s outreach and development activities 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 19 students in the program this academic year, 15 were graduating seniors and 4 were juniors returning for another year in 2018-2019. Of the 15 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 CofC talent in the area and help further develop the Charleston financial community. Examples of key placements include the following:

- Raymond James: Tampa, FL
- Capital One: Washington, DC
- Ernst and Young: New York, NY
- Cornerstone Wealth Management: Charleston, SC
- Morgan Stanley: Orlando, FL
- HDH Advisors: Atlanta, GA
In addition to the external events, our students managed nearly $200,000 in the public asset fund over the course of the academic year according to the policy statement and the procedures in place. We are content with the performance of the fund, given the abnormal conditions the students faced with the bull market that runs counter to traditional value-based investment strategies, the European election surprises, and the market correction beginning in February 2018. Many mistakes were made, but they were offset by not only many positives, but also by the education the mistakes provided. During this academic year, we adapted to a holistic attempt at a restructure of our investment process to be more consistent with our value-based philosophy while also creating more flexibility in our procedures for investment entry and exit. We are excited to reiterate these changes going forward – as they will continue to advance the portfolio, and will also enhance the realistic nature of the fund and its operations.

Further, we deepened our portfolio of early stage private equity investments by adding a second portfolio company to the mix. 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 to go through the complete private equity investment process (including viewing the pitch and assisting in the diligence) permits the Investment Society to take the final step to manage funds that can invest in both public and private assets. This provides a very unique opportunity 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 markets continued to defy gravity for much of the past year as the goldilocks scenario for equities led stock markets to historical heights and continued one of the longest running uninterrupted bull markets in history. When we began the school year in August 2017, the S&P 500 had already notched a double-digit year-to-date gain, the VIX was flirting with single digits at a nearly all-time low, and the U.S. 10 Year Treasury yielded just 2.15%.

Several natural disasters and geopolitical events were simultaneously occurring throughout the months of August and September. The cohort closely monitored new developments as consensus seemed certain these issues would be headline risks to the overall market. However, investors continued to shrug off relatively pressing issues as they had for much of the year -including the devastation caused by hurricanes Harvey, Irma, and Maria in the Southeastern United States and the Caribbean as well as North Korea firing missiles into the Sea of Japan and over Japanese airspace.

October was a month full of records for financial markets, which were primarily driven higher on the back of strong economic data and corporate earnings. The Dow Jones Industrial average surpassed 23,000 for the first time mid-October, taking just 76 days to advance 1,000 points. The DOW also logged its longest period without a 1% intraday move since 1930, while the S&P 500 completed its longest streak ever without a 3% intraday drawdown. Investors pointed to persistent synchronized global growth as the catalyst for markets to move higher as all major economies around the world reported stronger than expected growth.

The three major stock indexes: DJIA, S&P 500, & NASDAQ all reached record highs again in November and December. More than $5 trillion worth of equity value had been created since President Donald Trump was elected into office just a year prior. Rapidly rising home prices around the country pushed home equity levels to all-time highs above their post-financial crisis peaks and the strength of the jobs market resulted in the highest Consumer Confidence Index reading in 17 years. Fund managers cut cash holdings in their portfolios to the lowest levels since October 2013, showing investor optimism and willingness to increase risk exposure. By year end 2017, the S&P 500 had returned 21.83% and the VIX recorded its all-time lowest close of 9.13.

Figure 1: S&P 500 Index 1-Year Performance
The broad market rally propelled stocks to new levels into the new year. The DOW and S&P 500 had their best 10-day start to a year since 2003. Individual investors showed up to the aging bull market in full force, plowing $68 billion into U.S. listed ETFs in January alone – the largest total for any one month in history. Consensus was split among analysts as to what was fueling such a rapid rise in stocks in January: some pointed to FOMO (or the fear of missing out) after 2017’s record breaking year as the key driver; while others referred to the move as a “melt-up” predicting another goldilocks year on Wall Street. The S&P 500 went on a 7% run over just 18 trading days to peak at a record closing high of 2872.87 on January 26th, 2018.

February proved the old mantra that what goes up must eventually come down. Stronger than expected economic data in early February – specifically hiring and wage growth – sparked an increase in the U.S. 10-Year Treasury yield and 3-Month LIBOR rate, which began putting pressure on equities and spooking investors. The S&P 500 began its rapid descent from its all-time highs, correcting 10.16% in only 9 trading days. Volatility ripped higher during this period spiking from below 10 to above 50 leaving investors who crowded into the short volatility trade scrambling to cover their positions. The S&P 500’s 14-day RSI swung 57 points within the two-week period making it the largest reversal ever, only to be rivaled by the 48-point swing during the crash of 1987.

Markets recovered from their lows over the course of February as the yield on the U.S. 10-year leveled off into a range between 2.85-2.95%, putting investors at ease. Increased competition for yield from bonds resulted in more than a fifth of the companies in the S&P 500 boosting their dividend payout to shareholders since the new year. Markets struggled to sustain their recovery levels throughout February and early March, and were unable to maintain those levels as President Trump announced trade policies that sparked a fear of a trade war between the United States and China in late March. Markets have appeared to be range bound since the March sell off, searching for support and looking to corporate earnings and fundamentals to serve as the catalyst to lead stocks higher in the near future.

**Market Outlook**

In 2017, the dominant drivers behind the market momentum were synchronized global expansion, ongoing low inflation in the U.S., central bank policy, and tax and regulatory reform. The bull market turned nine years old in March of 2018 and we think that the economy still has some room to run given the current conditions in 2018. Interest rates should continue to rise as economic data supports gradual hikes and equities should expect modest gains this year. The near-term outlook looks extremely favorable for investors and the economy as a whole. We anticipate that consumer spending will continue to grow at a moderate pace with increasing wage growth and continued employment gains. This is being accompanied by rising home prices (+7% on a national level over the past year) and a modest 4% increase in household debt. Despite this household debt figure being marginally higher than growth in personal income, the household debt service burden is low which reflects the continued period of low interest rates.

Central bank monetary policy moves have largely been absorbed by the markets and this trend will likely continue throughout the year. Interest rate normalization continued into 2018 amid a tightening and stronger labor market with emerging signs of a pick-up in inflation. Three rate hikes were scheduled throughout the year to bring the federal funds rate to around 2.25% heading into
2019. This was a more rapid pace than what was expected a few months ago at the end of 2017. This faster-than-expected normalization of interest rates ultimately reflected stronger demand and inflation pressure under further expansionary fiscal policy. Markets are currently pricing in two additional increases in 2018 with ease after the Fed’s March meeting where they increased the fed’s funds rate by 25 basis points.

As the Fed aims to slowly increase interest rates their dual mandate is becoming a balancing act. Upside surprises to inflation pose a dominant risk but we anticipate that the Fed to remain cautious. Our outlook is that unemployment could go lower than the current 4.1% rate with demand outpacing supply. However, if inflation picks up as we expect it to, and possibly surpasses the Fed’s 2% target during 2018, the Fed will most likely have to increase the unemployment rate to prevent the yield curve from inverting going into 2019. There is a risk of the economy overheating even in our current state of having low inflation by the Fed’s standard. The U.S. economy is growing above trend even before the boost it will receive from the recently enacted tax legislation. The Federal Reserve has often found it difficult to put the brakes on an overheating economy, especially when unemployment falls below the rate that keeps inflation stable.

To further note, we do expect the yield curve to stay relatively flatter (than what we’ve seen in the past) in the current environment while the Fed unwinds their balance sheet and increases the fed funds rate. With that said, we do not anticipate an inversion in the shorter term as monetary policy is not yet tight and investors do not currently believe that short-term interest rates are high.

**Fixed Income**

The Fixed Income scene has had quite a vibrant year thus far, highlights being leadership changes and the interest rate environment. Fed Chairman Janet Yellen was replaced by lawyer and ex-investment banker Jerome Powell, signaling the likelihood of a different approach to new policy by the Trump Administration and Federal Reserve.

Over the first quarter of 2018 the macro environment played out much to speculators anticipations. The new tax reform and fiscal stimulus supported higher yields globally and added fuel to U.S. growth prospects. The U.S. market has now caught up with the median interest rate path projected by policymakers (shown in graph to the right). Three rate hikes have been priced in to the market so far with many analysts arguing a fourth has as well. The Federal Reserve has seen the economy pick up momentum in recent months, while inflation remains a nuisance. Inflation has still yet to hit the Fed’s target of 2%, but is expected to move up in the coming months and stabilize around the 2% benchmark in the medium-term.

In the current investing scene, higher yields favor short-term maturities for the first time since the financial crisis. This can be credited to technical factors such as the surging budget deficit brought on by the increase in U.S Treasury bills. Ultimately, outlooks for the rest of the year suggest that the Fed will continue to gradually raise rates, while trying to balance the economy heating up and puzzling sluggish inflation. The next Federal Open Markets Committee (FOMC) meeting is May 2nd and analysts are forecasting a 98.5% probability of no change in the Federal Funds Rate.
Looking abroad, global rates have also rallied through mid-March. Yields have become slightly softer, mainly due to signs of slowing economic momentum internationally and on the concerns of rising trade tensions and the potential impact. Although global growth is strong there could be darker times ahead. Key events to watch as 2018 unfolds would be the overall reduction in Central Bank liquidity, particularly as the European Central Bank ends its buying program, and the Bank of Japan’s control over the yield curve and potential rise in target rates. Amid geopolitical tensions tightening these events could serve as the “tipping point” many investors are asking when will happen.

Asian Markets

In 2017 all of the major indices in Asia performed well with the Hang Seng Index (Hong Kong) leading the way by returning 42% for the year. The Nikkei (Japan) returned just over 17%, while the Shenzhen Shanghai returned only 12%. The beginning of 2018 has been much more volatile than 2017 in terms of markets as well as political uncertainties. North Korea’s nuclear program has been causing panic in many Asian countries. China was reluctant to place sanctions on North Korea early in the year, which caused fears of war, and thus market volatility followed. More recently, the North Koreans seem to be more open to negotiations, which adds hope that this may not turn into conflict. On top of this, the US and China are now entangled in trade negotiations (perhaps as far as a “trade war”) with no end in sight and no clear winner. There is currently significant speculation as to what sort of damages will be felt (and by whom) after all is said and done.

Due to these political pressures creating volatility in the markets, safety is a key component of any Asian exposure in a current portfolio. Historically speaking, whenever Asia sees any sort of recession, the Japanese Yen becomes much stronger compared to the dollar because it is considered the safest currency in Asia. This suggests that if markets continue to falter we need to move into the Japanese currency market or own value-based equities that trade in Yen.
Australia has become a scary place for foreign investment over the last year. The government has started to take more control in utilities companies due to fears of terrorism, which in turn is creating a lack of competition. The Australian housing market is also beginning to look like a bubble – housing prices have run up much more quickly than in any other country in the last couple of decades. On top of that, homeowners have been rapidly increasing their debt usage to acquire homes. The Australian markets have seen little growth over the past several years and will likely be first to go in the case of a recession.

Ultimately, many of the major economic indicators coming out of Asia, especially China, have been positive, but the looming threat of trade wars and military wars continue to cause volatility. Until many of these conflicts can come to be resolved, the Japanese currency seems to be the safest place to wait out the uncertainty. The largest fear for loss comes from the Australian markets, and it will be best to steer clear until they can figure out how to normalize their housing market and start taking on less debt.

**European Markets**

European markets have been of particular interest over the past year. Beginning in Q1 2017, Europe presented round after round of favorable economic data and the area appeared well-poised for future growth, especially once pro-eurozone Emmanuel Macron won the French presidential election in May. Further political developments would later test markets in Q3, but the months leading into Q3 were characterized by the same story of broad-based economic improvement across the Eurozone, with employment growth and improved consumer confidence.

In June 2017, the Eurozone unemployment rate, spurred by low interest rates and synchronized global growth, fell to an eight-year low. Every country in the Eurozone reported a decline in their unemployment rate that month, with the exception of France. Notably, Germany reported the lowest unemployment rate of all Eurozone contenders, at 3.2%. One month later in July, economic sentiment for the Eurozone reached a new decade high. All of these factors combined lifted European equity markets, and with it, investors’ attention.

Continued easy monetary policy also helped European equity markets throughout 2017, as the ECB made little change to its current stimulus program. After World Central Bank leaders met in late August, it was decided that labor market factors weighing on wage growth and subduing inflation, warranted a continuance of quantitative easing until underlying inflation picks up. The ECB meeting in October officially gave notice that stimulus would loiter a bit longer, however, it also declared a new plan of gradual stimulus unwinding. The new plan would extend bond purchases through September 2018, but cut the current number of monthly bond purchases in half.

Businesses and households appeared to be undaunted with news of withdrawal of stimulus by the ECB, as the European Commission reported in October that European economic sentiment had reached its highest level since 2000. Still supported by synchronized global growth, and continued economic recovery, European markets continued to climb higher, and the DAX in Germany reached record highs again and again throughout the same period.
Around the same time, Spain was amidst a constitutional crisis following the Catalanian independence referendum on October 1. A major source of Spain’s overall GDP, Catalonia’s illegal separatist vote had the potential to wreck Spain’s economy - as the region generates the highest foreign exports of all others in the nation, and is the most indebted to the Spanish government. Despite the fall in Spanish equities as a result of political turmoil, elsewhere in Europe remained relatively unscathed.

At year-end 2017, the European recovery remained largely on track, with Eurozone GDP growth outpacing both the U.K. and the U.S., at 2.5%, 2.3% and 1.8% respectively. The year posted the fastest GDP growth since 2007. Long-term unemployment for the region came in at a six-year low of 4.3% at year-end, with sentiment still at a multi-year high.

In contrast, the U.K. has certainly been left out of the larger narrative of economic improvement and global growth. The FTSE has lagged both regional and global peers throughout 2017 and into 2018, as the uncertainty surrounding Brexit continues to cloud expectations. Additionally, the U.K.’s economy was hurt by slowdowns in consumer spending, industrial production, and manufacturing production, accompanied by rising inflation. In November, the European Commission cut the full-year 2017 growth outlook for the U.K. from 1.8% to 1.5%, with the U.K. having the potential to be the slowest growing economy after Italy. In a no-change scenario, the Commission reported growth projections of 1.9% at best, by 2019.

The environment in the U.K. has fared no better leading into 2018, with industrial production and construction output continuing to decline - the latter having reached the highest yearly decline in two years as of March. The U.K. remains on par to leave the EU in March 2019, and an agreement was reached on a 21-month transition period for post-Brexit relations.

Elsewhere in Europe, equity markets entered 2018 on tailwinds of continued economic recovery, until the February correction/sell-off that was felt globally. Weaknesses in global markets weighed on sentiment for Europe, and coupled with disappointing production numbers for major players (both Germany and France), slowed the recovery from the initial sell-off. The end of Q1 2018, despite the turn of the year slowdown from a record high in December, saw solid growth overall with Q1 average manufacturing PMI for the Eurozone signaling expansion at 58.2.

Moving into Q2 and the rest of 2018, the economic backdrop for Europe remains favorable, although leading indicators have softened. The region is still fairly early in the economic cycle compared to the U.S., and in March, the ECB revised its 2018 growth forecast for the Eurozone to 2.4% from 2.3%. Future risks to the area include geopolitical trade tensions, lingering uncertainties with Brexit and the EU, and further appreciation of the euro - threatening already-weak inflation and the phasing out of ECB monetary stimulus.

**Latin American Markets**

Following a 2014-2015 slump, Latin American markets made substantial gains in 2017. The Latin America 50 ETF (ILF) returned 29.50% in 2017, with the Argentina ETF (ARGT) leading the region with a 48.6% gain. Some of Latin America’s recovery can be seen as cyclical, but rising commodity prices and increased trade activity domestically and abroad has bolstered GDP and employment.
Argentina’s president, Mauricio Macri, has shown his commitment to improving the economy with a few key decisions in the past year. In the end of 2017, the government passed a tax reform that would lower corporate tax rates, and a pension reform plan that would decrease government spending. A drought has plagued farmers in the beginning of 2018, but government aided farmers by allowing them to delay paying their taxes until the orders were shipped. These are just a few examples of Argentina’s leadership standing out in a region known for political instability. While economic activity is expanding, inflation remains challenging. After an increase of 21.6% in 2017, this will be a major headwind for the Argentinian continued expansion.

Brazil faces the opposite challenge as it seeks to lower interest rates again this year to 6.25% in order to raise inflation. Inflation in 2017 came up short of the target, but the central bank anticipates inflation rising to 3.8% in 2018 as the economy gains momentum. One major event to watch in October 2018 will be the presidential election. Former president, Luiz Inácio Lula da Silva, currently leads the polls. It is unlikely, however, that he will be able to run as he is currently serving a 12-year sentence on corruption charges. If his appeals are not approved, there will be no clear front runner in the upcoming election.

On the topic of political instability, Venezuela’s crisis has continued to worsen. Due to a fall in oil prices in 2014 and rampant corruption in the government, the country has been plagued with a terrible economic and humanitarian crisis. Inflation in 2017 exceeded 6000%, grocery stores and pharmacies are empty, and the police have been told not to go outside at night. The country is also in the middle of a debt crisis, which they proposed to solve with a petroleum-backed cryptocurrency. However, concerns about its legitimacy may limit interest. There was also a prohibition to invest in it by the US government. As a result of this crisis, one of the world’s former leading oil producers has cut its production to the lowest level in 30 years. As trade restrictions and crippling debt imprison their economy, it may be a long time before Venezuela sees light at the end of the tunnel.

NAFTA negotiations have been a topic of interest throughout the year. Trump is seeking to change the agreement as part of his effort to bring jobs back to the United States. Trump has threatened to pull out of the deal altogether, which has been criticized by US manufacturers and farmers who are concerned that exiting the deal would decrease their sales. Negotiations have been going on for months, and it finally seems as though the countries are reaching an agreement. The goal is to reach an agreement in April, which seems more likely as the countries begin to make concessions.

As we continue through 2018, Latin American markets should continue to grow. Foreign investment in the regions natural resources like oil have been growing. Foreign demand for commodities like copper has also been increasing. The largest risks moving forward will be political instability and fluctuating commodity prices, but the increase in trade and investment should be able to fuel a continued recovery.

Emerging Markets

2017 was a record year for Emerging Markets driven by low interest rates, stabilizing oil prices, and political reform in various developing countries. Emerging Markets overall outperformed U.S. and Global equities throughout the year while the MSCI Emerging Markets Index returned 37.28%, more than tripling its annual performance in 2016 of 11.19%. They ended the year trading at 12.4x forward earnings compared to the S&P 500 at 16.9x forward earnings. Emerging markets proved strength and resilience in 2017 regardless of the tumultuous year characterized with political and economic fluctuations worldwide. Moving into 2018, they have started off the year strong despite
overall market volatility. Investors have maintained their bullish 2017 visions driven by shifts from discounts to gains as well as the growing bond markets, and expect EM to continue their upward rally throughout 2018 projections.

Over the past year, we have seen significant developments in areas including Saudi Arabia, India, and South Africa. In November, Saudi Arabia began a purge of the kingdom’s elite, aiming to diminish the corrupt activity within their government. In 2018, they have focused efforts on building data centers and tech hubs to decrease their dependence on the oil market. The Kingdom plans to borrow $31 billion in 2018 to bridge budget deficit and fund growth plans. India came in as one of the top Emerging Markets performers of 2017 with overall 6.3% growth. Economic growth is projected at 7.2% in 2018 with a rapidly growing middle class and technology driving shifts in the banking and financial services sector. South Africa has been a recent top performer in Emerging Markets as investor confidence has grown since president Zuma’s resignation. Cyril Ramaphosa’s policy reforms are projected to accelerate economic growth to 3% by 2022, with 2018 economic growth revised upwards to 1.9%. Other areas to watch include Brazil, Indonesia, Malaysia, Taiwan, and Mexico.

As displayed in Figure 3, Emerging Markets saw roughly $8 billion funds out-flowed in February, the largest EM net portfolio outflow since the 2016 U.S. Presidential Election. This was reversed in March with modest inflows amounting to $7.6 billion. Emerging Markets seemed to have decreased dependence on external financing in 2017, making them less vulnerable to external shocks, particularly moves in the U.S. Treasury yield. Investors recognize the speed which Emerging Markets savings pools are growing, which leads them to remain bullish in 2018 despite growing tensions and concerns. However, the U.S. fed tightening with at least 3 rate hikes projected over the next year will ultimately push up borrowing costs for Emerging Markets, and trade tensions and worsening diplomatic relations threaten potential growth opportunities. Ultimately, Emerging Markets are expected to continue their upward rally throughout the year end, yet investors should still proceed cautiously due to the unpredictable nature in this space.
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 split into Sector Teams. Some sectors are lumped together under a Team. The number of analysts in each sector is assigned based upon an allotment of our portfolio to the sector(s) and the number of stocks in that sector(s) of the marketplace. Each group is given an Allotment of the portfolio, which is the percentage of the total investable funds that are controlled within their sector(s).

If the allotment is already full, they must propose to replace an existing asset within their sector in order to pitch a new asset into the portfolio. This way, each group has an explicit assignment of populating their area and become explicit experts in their space. 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.

It is ultimately the sector analysts’ decision of what security they want to 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 2/3 of the students, the trade is registered and enters the portfolio. If the class votes no, the Audit Committee reviews the pitch to see if there is reason for a re-pitch. 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 2017-April 2018, 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.5 for a detailed listing of all the trading activities of the Fund.

As of the end of April 2018, our open are as shown in Figure 4.

![Figure 4: Portfolio as of April 30, 2018](image)

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 5, we graph the portfolio returns in relation to the S&P 500 over the May 2017 – April 2018 time period, which is the period over which the outgoing cohort controlled the portfolio. The return on the portfolio tracked the S&P 500 fairly closely over the measurement period of May 2017-April 2018, generally outperforming during the majority of 2017, before dipping significantly during the last two months of the year. During much of the first quarter of 2018, the portfolio trailed the market index before catching up during the first month of the second quarter. The correlation between our returns and the market is approximately .61, which creates a Beta of .87 over the period. However, we had higher total risk (measured by standard deviation), which resulting in a Sharpe Ratio of approximately .28, compared to .32 for the S&P.
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<th>Table 1: Portfolio Performance^ vs. S&amp;P 500</th>
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<tbody>
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<td><strong>May 2017 – April 2018</strong></td>
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<tr>
<td>2017 Calendar Year</td>
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<td>2018 YTD (through April)</td>
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<tr>
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<td>February 2018</td>
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<td>March 2018</td>
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<td>April 2018</td>
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^Portfolio returns are calculated net of dividend disbursements and omit cash holdings.

*Please see the monthly portfolio summaries in the appendix for detailed discussion of returns.

Figure 5: May 2017 – April 2018 Performance Relative to the S&P 500

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 2017-18 school year, the portfolio consisted of one $12,828.57 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.

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 2017-18 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 analyst assembles a team of four 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 five potential private equity investments throughout this school year: PreTel, Raisal, QuadWrangle, GreenJoy, and Nirvana. 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.

To start this year off, we took a look at ENGAGE and their progress since early 2017. ENGAGE’s most recent projections look promising and they are showing signs of sustainable growth. They are projecting revenue of $3 million by year-end 2018 and the number of customers to grow exponentially with revenue. Other promising metrics they are able to produce in real time include an annual recurring revenue of $1 Million starting Q1 2018, 13% month over month growth, and a $6 billion market potential. Some of their current clients include Deloitte, Dell, Prudential, Roper St. Francis, and many more. The investment in ENGAGE began with the 2015-2016 cohort with an initial investment of $10,000. The next cohort in the Spring of 2017
then decided to re-up the position with another $2,828.57 to hedge against the risk of dilution. This year, we had the same opportunity to re-up our investment in ENGAGE, but we decided to remain at our total investment of $12,828.57 and save up our other allotted Private Equity funds to find a new opportunity.

PreTel is another opportunity that came through CHAP and shows serious potential. PreTel is a medtech company that produces a regional contraction sensor (RCS) and uterine coordination/synchronization algorithm to determine true versus false labor and determining the progression of labor, thus avoiding unnecessary invasive internal monitoring, C-section deliveries, and expensive neonatal intensive care nursery stays. The PreTel RCS provides 5X detection performance allowing optimized monitoring of the high BMI/obese population and the only solution addressing the emerging early gestation ambulatory/home market needed to manage PTL reduce preterm birth. PreTel works to solve the problem of the existing technology not being able to detect the difference between false labor (Braxton Hick Contractions) and true labor. PreTel’s revolutionary technology makes the argument that the uterus is divided into regions and the only way to have “true labor” is for there to be synchronization in these regions. There are few competitors in this space, but none of them have the competitive advantage of PreTel’s region sensors and extremely low false positive rate. PreTel was pitched on January 30, 2018 with the recommendation to not invest. Some of the concerns the group had included a current $750,000 funding gap to their goal, high barriers to entry in the medtech space, and that PreTel has not yet been approved by the FDA so marketing and selling their product is not currently an option.

The next possibility to come our way was a fintech company focusing in the commercial mortgage lending industry. Raisal created an online platform (raisal.com), so borrowers can easily create commercial loan requests and are quickly matched with lenders from among a national network of banks, credit unions, and private lenders. Raisal’s proprietary web application uses a matching algorithm to identify the most suitable lenders who submit competing bids to win the deal. Raisal combines its software with high level customer service and a bank-trained team, offering an unrivaled customer experience. Raisal’s mission is to make the entire process of obtaining a commercial real estate loan simple and easy using an innovative online marketplace platform that intelligently connects borrowers and lenders in an environment that fosters transparent and competitive pricing. Raisal’s revenue is currently earned on a commission-based model. The average commission is 1% of the loan amount (e.g. $5,000 to $50,000 in the target segment). Raisal also earns processing fees and other ancillary fees. The company was revenue positive in the first year of operations, with economic indicators showing a viable and scalable business model. Raisal projects 300% YoY growth in 2018 and 2019. Ultimately the group decided to pass on this opportunity they saw little organization within the company on one aspect to perfect and profit from.

QuadWrangle is an artificial intelligence (AI) powered platform exclusively for educational use in the form of personal engagement and fundraising that was introduced to the group on February 1, 2018. The platform aims to connect a wide variety of sources such as social media and CMS through aspects such as “QuadMail”, “QuadWeb”, “QuadHub”, and “QuadApp”. The platform offers potential nonprofit customers an opportunity to turn their existing college
alumni network into possible donors. QuadWrangle is entering a highly competitive space in the college alumni sphere, but they have a plan to attack expiring contracts to achieve their projected 393% monthly recurring revenue growth. The group is enthusiastic about this opportunity because QuadWrangle is changing the competitive landscape of the alumni domain. In fact, they have been told by potential clients that there is nobody like them which ads promise to their potential contracts. Like with most investments, there concerns about QuadWrangle. One example of these concerns is the length of the deal flow timelines. It takes months, sometimes years, to close contracts with Universities. There has been some concern over the long period of time between deals and their burn rate of $18,000 per month. But, ultimately the group decided to make a $5,000 investment in the company.

Greenjoy, pitched April 3, 2018, was one of the more unique investment opportunities to come through the CHAP dealflow. Greenjoy is a natural health food company producing a plethora of products including salad toppings and salad bars. This is different because CHAP usually focuses in technology and healthcare startups. But, Greenjoy did win the Charleston Angle Conference Award in 2017, so CHAP saw potential in them and allowed them to come before the group. A unique aspect of this company is that they started in 2011 as Aunt Dottie’s, gained brand recognition as Aunt Dottie’s, was able to successful rebrand to Greenjoy recently, as well as accrue revenue from their presence in 220 grocery stores. Greenjoy is projecting to grow revenue to $22 Million by 2021, and achieve 20% distribution growth. We as a group were attracted to Greenjoy because what they’re offering is a physical product rather than a SaaS or concept. They are also showing positive revenue and already have space in national grocery store.

The next opportunity to come to our group thanks to CHAP was a company specializing in fluorescent dye flow cytometry. In layman’s terms, Nirvana Sciences has developed fluorescent dyes, which attach to polymers and antibodies within patients, to track where potential cancer cells are forming and collecting in the body. Nirvana is operating in a highly competitive market, but has an advantage over others because their dyes are brighter making them more visible to doctors. With the project market they are operating in to be over $1.2 Billion by 2020, we think that Nirvana has placed themselves in a valuable position to profit off of the potential. Not only do they have a wonderful product, but they have a great board and management team with experience under their belts already when it comes to sales of companies in this space. The group is keeping a close eye on this opportunity and ultimately will consider participating in their Series B round of funding.

Along with all of the exhilarating investment opportunities we had through CHAP, the whole Private Equity team worked on a special research endeavor. Early in the spring semester, The Charleston Regional Development Alliance (CRDA) reached out to our group to help them with an ongoing project. Specifically, they need help trying to get an idea about the private equity ecosystem here in South Carolina and how much capital is actually in rotation here. What they asked from the group was to find a way to organize the research they are gathering to create a simplified system. The solution the group came up with was to build profiles on all the Private Equity funds, Venture Capital funds, Angel Funds, or any other investment company with a private equity aspect/portfolio, that are either in Charleston or that are outside Charleston, but
have invested capital into Charleston. Therefore, all four members of the Private Equity team worked all throughout the spring semester to research the various funds in the area, along with the research CRDA has already gathered, and create profiles of all these companies. Some information that was included in these profiles includes their AUM, fund size, investment criteria, what stage they usually invest in (seed, growth, etc.), and some examples of their investments/ how they are linked to Charleston.

The purpose of creating these profiles is three-fold: to get an idea of the current private investment atmosphere we have, the trends on where Charleston is heading, and to create an argument that Charleston is a place for entrepreneurs to come to help grow our economy. The Charleston Regional Development Alliance can use these profiles to “sell” Charleston to entrepreneurs by pulling relevant examples of successful companies and funds that are cleanly laid out in these profiles. We were so excited to assist in this project and add value to the argument that Charleston is the place to be, as well as to gain experience in capital research and deal flow mapping. We will be passing this project along to the next cohort to continue and finish while opening the door for more opportunities through the Charleston Regional Development Alliance.
Appendix
A.1. 2017-2018 Investment Society

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alyssa Andrade</td>
<td>US Economist</td>
<td>Telecomm / Utilities / RE</td>
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<tr>
<td>Ariel Benton</td>
<td>European Economist</td>
<td>Financials</td>
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<td>Brandon Blackwell</td>
<td>Portfolio Manager</td>
<td>Discretionary</td>
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<tr>
<td>Natalie Converse</td>
<td>Emerging Markets Economist</td>
<td>Energy / Materials</td>
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<td>Taylor Crawford</td>
<td>Private Equity Analyst</td>
<td>Information Technology</td>
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<tr>
<td>Michael Gude</td>
<td>Portfolio Manager</td>
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</tr>
<tr>
<td>Theodore Harrison</td>
<td>Real Assets Manager</td>
<td>Financials</td>
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<tr>
<td>Carolann Kelien</td>
<td>Private Equity Manager</td>
<td>Energy / Materials</td>
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<td>Christophe Killian</td>
<td>Asian Economist</td>
<td>Telecomm / Utilities / RE</td>
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<tr>
<td>Katherine Linn</td>
<td>Private Equity Analyst</td>
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<td>Kirsten Parker</td>
<td>Private Equity Analyst</td>
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<tr>
<td>Katie Perkner</td>
<td>Front End Developer</td>
<td>Healthcare</td>
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<tr>
<td>Emily Rees</td>
<td>Special Events Coordinator</td>
<td>Staples / Industrials</td>
</tr>
<tr>
<td>Soraya Sartipi</td>
<td>Fixed Income Manager</td>
<td>Healthcare</td>
</tr>
<tr>
<td>Olivia Talbott</td>
<td>Operations Manager</td>
<td>Healthcare</td>
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<td>John Thompson</td>
<td>Latin American Economist</td>
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<td>Colin Warner</td>
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</tr>
<tr>
<td>Jordan Watson</td>
<td>Markets Analyst</td>
<td>Discretionary</td>
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<tr>
<td>Chase Westenfelder</td>
<td>Quantitative Model Development</td>
<td>Information Technology</td>
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A.2. Article on NYC Trip
INVESTMENT SOCIETY VISITS NEW YORK CITY

In late March 2018, the School of Business Investment Society traveled to New York City to participate in various educational and networking events. Program Director Dr. Mark Pyles, Assistant Director Dr. Daniel Huerta, and twelve representatives of the investment society used the opportunity to connect with professionals and gain exposure to experiences offered in this financial center of the world. For many, this was their first trip to the financial center of the universe.

The representatives of the society had the opportunity to tour Bloomberg Headquarters on Lexington Avenue, where the students observed the daily livelihood of the office. The Society was given a tour of the modern office-space and open floor plans that foster the young, vibrant culture at Bloomberg. This allowed the students to see an example of one type of workplace culture that is offered within the financial industry. Included in the tour is a museum displaying the history of the Bloomberg terminal and the opportunity to view live studios as part of Bloomberg TV platform.

“It was amazing to witness how a vibrant and open workplace can easily represent a company’s culture. Seeing the office proved that Bloomberg truly values its employees and invests in the well-being of each individual.” - Olivia Talbott, Society member

The Investment Society was also invited to a roundtable hosted by alumni Kevin Day of Systematica Investments. Mr. Day is responsible for sales and business development across the Americas for Systematica. In addition, Michael Durso, a Financial Advisor from Morgan Stanley, James Winslow, VP of the iShares U.S. Fixed Income Team from BlackRock and Dave Swift, Head of Capital Development Strategy at Millennium, all joined the conversation. Each member had a unique path to their current positions and their advice and insight on both career and personal topics were fascinating for the soon-to-be-graduates as they consider their own path through a career. The Society members left with a renewed sense of belief in their plans and clarity on what it takes to be successful in those pursuits.
“It was an honor to host the Investment Society during their visit to the City. I was blown away by the student’s level of preparation and by the insightful questions that they posed. It is a testament to the College and to its Professors that these students are ready to compete in the financial services industry. The other panelists and I enjoyed our time with them and we look forward to hosting these sessions in the future.” – Kevin Day, Systematica Investments

The program representatives were also lucky enough to receive an informative tour of the New York Stock Exchange trading floor from Peter Costa, President of Empire Executions. The students were able to witness the activity on the floor during trading hours and the ringing of the bell at the end of the day. While the operations of the NYSE have dramatically transformed over the past decades, there is still no place on earth quite like the floor, and it is an experience the students will never forget. Following the closing bell, the group was able to get up close and personal by watching the market wrap on CNBC.

Overall, this year’s trip to New York was an incredibly valuable – and enjoyable – experience for the Investment Society students and faculty. The students were able to make connections that will continue to benefit them for the duration of their college and professional careers, and gain exposure to the fast-paced financial environment New York offers.

“The while these students have chosen to go to school in South Carolina, for many of them, their professional pursuits will still, as it has always been, run through New York City. And even for those that won’t ever live or work there, just understanding the history and the energy that comes from this financial industry is an experience that can only be fully understood by being there and being a part of it.” – Mark Pyles, Investment Program Director
A.3. Article on Fourth Annual CofC Strategic Investment Symposium
The School of Business Investment Program Hosts Fourth Annual CofC Strategic Investment Symposium

The Investment Program hosted their annual preeminent event at the School of Business on Friday, April 6, 2018.

Director Mark K. Pyles, along with Assistant Director, Daniel Huerta, and the students of the Investment Society worked throughout the 2017-2018 academic entire year to ensure the success of the event. This work was realized with the 17 exceptional speakers that brought unique and education discussion throughout the day’s events.

The day began with a Global Markets Outlook panel discussion, led by Peter Chung from Bloomberg Intelligence, Peter Costa from Empire Executions, and Ehiwario Efeyini from Bank of America. Following this event Mason Hawkins, Founder and CEO of Southeastern Asset Management, delivered an outstanding keynote address.

After lunch, there were four panel-style breakout sessions for attendees to choose. These topics included: Real Estate, Private Equity, Value, and Impact Investing Strategies. The panels provided valuable insight on current topics and future outlooks of the subject. We were happy to welcome back many repeat speakers, but also welcomed several new friends to Charleston for the first time. You can see the full list of speakers on the Program for the event on our website.

"I never miss the College of Charleston's Annual Investment Symposium. Great speakers come from all over the country. I was particularly impressed with 2018’s keynote speaker Mason Hawkins of Southeastern Asset Management. His participation was a coup for the school. The students and other attendees really benefit. I met Dr. Pyles when I moved to Charleston many years ago. He was fresh from the University of Kentucky with his PhD. Since then he has built a great investment specialty within the College's School of Business. The success of the Symposium is just one example of that. Teammates far and wide, let's keep this going!" – Paul Meeks, CIO, Sloy, Dahl, & Holst

The day concluded with a reception that allowed the incoming and current Investment Society and attendants to discuss the day’s topics with the panelists. The event demonstrated to the
students the importance of networking and provided the opportunity to ask participants any questions about their educational or professional future.

“Hearing the insights of these distinguished speakers excited me about possible future opportunities. I made a great connections with professionals in the field of Real Estate and I look forward to reconnecting with everyone at next year’s Symposium” -Andrew Julian, School of Business Student

The Strategic Investment Symposium was supported by many generous sponsors, including the CFA Society South Carolina, Carolina Security Traders Association, Greystar, HDH Advisors, Tandem Investment Advisors, Southeast Asset Advisors, Blue Granite Capital, Steward Partners Global Advisory, and U.S. Trust.

In total, approximately 150 individuals participated in the Fourth Annual CofC Strategic Investment Symposium. Thus, we feel it was a great success and the incoming class of Society members are already preparing for next year’s upcoming event.

http://go.cofc.edu/investment
A.4: Fourth Annual CofC Strategic Investment Symposium Program
<table>
<thead>
<tr>
<th>Time</th>
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<tr>
<td>8:00 AM – 9:00 AM</td>
<td>Registration / Meet and Greet</td>
<td>Tate Gallery</td>
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<tr>
<td>9:00 AM – 10:30 AM</td>
<td>Global Markets Outlook</td>
<td>Wells Fargo Auditorium</td>
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<tr>
<td>10:45 AM – 12:00 PM</td>
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<td>Breakout Session 1</td>
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<td>Session 1B: Impact Investing</td>
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<td>Session 2A: Real Estate Investing</td>
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<td>Session 2B: Private Equity Investing</td>
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<tr>
<td>5:00 PM – 6:30 PM</td>
<td>Cocktail Reception</td>
<td>Tate Gallery</td>
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</table>

The Fourth Annual
College of Charleston Strategic Investment Symposium
April 6, 2018

5 Liberty Street, Charleston, SC
**Peter Chung – Equity Strategist – Bloomberg Intelligence – New York, NY**

Mr. Chung is an equity strategist for Bloomberg Intelligence. He focuses on US markets specializing in quantitative research, allocation models, and stock selection strategies. Prior to joining Bloomberg, he was a vice president at Wells Fargo Securities with the U.S. Institutional Equity Strategy team. Mr. Chung has over a decade of equity research experience at various sell-side firms, including RBC Capital Markets and Bear Stearns. He began his career on a derivatives and structured products desk at Merrill Lynch. Mr. Chung received his Bachelor's in history from New York University.

**Peter P. Costa – President – Empire Executions – New York, NY**

Mr. Costa is a former governor with the New York Stock Exchange and President of Empire Executions, a boutique trading firm on the floor of the NYSE. Mr. Costa provides valuable insights into volatility of domestic and global markets. He is a sought-after speaker at numerous industry conferences and universities, both nationally and abroad. A seasoned trader for over 35 years, Costa began his career as a clerk on the floor of the NYSE. Holding senior positions at Lehman Brothers, Francis P. Maglio, Bear Sterns and Eckhart & Co., Costa co-founded Empire Executions in 2008. A lifelong New Yorker, Costa graduated from the University of Tennessee, Knoxville, with a degree in forestry, and is actively involved in the university today.

**Ehiwario Efeyini – Senior Vice President – Bank of America – New York, NY**

Ehiwario Efeyini is a senior vice president and senior research analyst within the Global Wealth & Investment Management division of Bank of America. In this role, Ehiwario is responsible for the analysis of global economic and financial market trends, in support of economic forecasts, strategy and tactical asset allocation decisions for investment professionals and high-net-worth clients. He is a regular contributor to the Investment Strategy Overview, Capital Market Outlook and Market Focus reports. Prior to joining Bank of America, Ehiwario was a market strategist with J.P. Morgan Asset Management. He holds a degree in Economics and Management from Oxford University.

**Moderated by: Dr. Mark K. Pyles**

Director of the School of Business Investment Program

**Sponsored by:**

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Mr. Hawkins founded Southeastern Asset Management, Inc., a $18 billion global investment management firm, in 1975. Headquartered in Memphis with offices in London, Singapore and Sydney, Southeastern is the investment advisor to the Longleaf Partners family of mutual and UCITS funds, 130 separate institutional accounts and three investment partnerships.

Mason and his partners are renowned for having most successfully employed a disciplined, concentrated and engaged long-term value approach to equity investing. Mr. Hawkins is a recognized leader in the investment industry and has been the recipient of numerous honors throughout his career. He received Institutional Investor’s Lifetime Achievement Award in 2005.

Morningstar named him and Co-Portfolio Manager, Staley Cates, Domestic Equity Fund Manager of the Year in 2006 and, in 2007, Foundation & Endowment Money Management awarded him their Equity Manager of the Year award. David Swensen of Yale University in Winning the Active Management Game wrote: “Southeastern Asset Management exemplifies every fundamentally important, investor-friendly characteristic conducive to active management success.” Mason graduated from the University of Florida in 1970, completed his MBA from the University of Georgia in 1971 and is a Chartered Financial Analyst.
Bob Robotti – President and CIO – Robotti & Company Advisors – New York City, 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. He 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.

Jeff Everett, CFA – Co-Chief Investment Officer – Invesco Global Core Equity Team – 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 in 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 EverKey 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. He earned a bachelor’s degree in finance from Pennsylvania State University and is also a CFA charter holder.


Ned Johnson has been with Southeast Asset Advisors, Inc. (SAA) since 2012. He holds his FINRA Series 65 (Uniform Investment Advisor) license, and serves at SAA as both the co-head of Alternative Investments and a member of the Investment Committee. Prior to joining SAA, Ned ran a private investment company that invested in commercial real estate, as well as the consumer finance and portable storage sectors. He began his career in real estate development. Focused throughout his 18 years of experience on finding undervalued assets possessing balanced risk profiles and the potential for superior returns, Ned brings that same attention to his work at SAA. His primary responsibilities include portfolio management, manager analysis and selection, valuation and security analysis, and business development. Ned earned a bachelor’s degree in Political Science from the University of Georgia. He currently serves on the boards of two non-profit organizations and two businesses.

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Southeast Asset Advisors is a non-commission, fee-only, registered investment advisory firm serving a select group of families, individuals, businesses, endowments, foundations and other charitable organizations. Southeast Asset Advisors provides wealth and investment management services as a fiduciary. That means we act in our clients’ best interests in all respects — without exception. Our work demands trust, something that is earned over time and proven with every decision and transaction we make. Trust is personal and relational, a bond between people that empowers them to act with confidence, navigate the unexpected and discover new possibilities. We pride ourselves on multi-generational relationships with our clients. In partnership with them, we think in decades and create lasting legacies. Our work is guided by the future our clients intend, not the noisy and misleading present. All of our partners are seasoned CPAs as well as holding other credentials (CFA, CIMA, CFP). View more at www.assetadvisor.com.
As CIO, Mr. Britton is responsible for the overall portfolio management of the suite of investment strategies offered by Work Capital. This includes both the Large Cap and All Cap strategies, as well as specialty offerings including the Faith, Gender, LGBT, and Environmental and Fossil Reserve Free offerings. Prior to founding Work Capital, Mr. Britton was a Managing Director and Head Portfolio Manager for Socially Innovative Investing at U.S. Trust where he was the creator and head portfolio manager on the entire suite of U.S. Trust's proprietary social innovation products. Prior to joining U.S. Trust, Mr. Britton served as the group head for the community investing team at Lehman Brothers and as an equity analyst following the diversified financial sector at Keefe Bruyette & Woods. He received his B.S. in business administration from Georgetown University's McDonough School of Business and his M.B.A. from Yale University's School of Management. He is a frequent presenter and lecturer on social investing and has guest lectured at many institutions, gatherings and universities including Yale, The University of Pennsylvania, UCLA, Harvard, The Massachusetts Institute of Technology, and The University of Chicago.

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

Paul is the CIO of Portland, OR's Sloy, Dahl & Holst, which is a $1.2B AUM RIA. He oversees their investment models & manages equity SMA strategies including Core Convictions (best ideas), Technology, & High Dividend. Paul is also on the faculty at Western Washington University (WWU) in Bellingham where he teaches Personal Finance, Corporate Finance, Investments, & Environmental Accounting / Sustainability. With a WWU professor, he's co-authoring a book on sustainable measurement & investing. When Paul lived in Charleston (2005-2012), he managed money for family offices & taught Investments at the CoCf and at The Citadel among other tasks. Paul is often in the financial media (broadcast & published). He also has given a TED Talk "Debunking Stock Investment Myths" found on YouTube. He received a BA from Williams College and an MBA from Kellogg School of Management at Northwestern University. Paul has also been a Chartered Financial Analyst (CFA) since 1996.

Keith Sauls, CFA – Managing Partner – Exeter Venture Group – Charleston, SC

R. Keith Sauls, CFA is Managing Partner of Exeter Venture Group, a privately held firm that invests in early stage technology companies with a focus on FinTech, ESG (Environmental, Sustainability, and Governance), and Impact Investments. In addition, Keith provides outsourced business development and advisory services for a number of early stage technology companies, two software development firms, several direct fund managers focused on ESG/Impact Investing, and one national Multi-Family Office with expertise in ESG investing. Sauls began his 25+ year finance career with SunTrust Bank and has had tenures with Bessemer Trust, GenSpring Family Offices, Crawford Investment Counsel, and J.P. Morgan, performing roles as diverse as portfolio management, trust and estate planning, real estate, and business development. He holds a finance degree from the College of Charleston and an MBA from Emory’s Goizueta Business School and is a Chartered Financial Analyst (CFA).

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Blue Granite Capital is a Registered Investment Advisory firm located in historic Charleston, South Carolina. The founding partner has over thirty-five years of diverse investment experience. Blue Granite Capital offers fee-based asset management services that are tailored to each individual clients needs. Through an asset allocation based philosophy, the firm focuses on capital preservation, tax efficient investing and a conservative approach to asset growth by developing a balanced portfolio of stocks and bonds. To view more, visit www.bluegranitecapital.com.
Thomas Carroll – Partner – Watermark Partners Real Estate – Charleston, SC

Mr. Carroll heads investor relations for Watermark Partners Real Estate (www.watermarkpre.com), an income fund acquiring multifamily workforce housing in secondary and tertiary markets in the Midwest. Tom developed the quantitative analytics and pricing tools utilized by Watermark and chairs the firm’s investment committee. Tom has been an active real-estate investor for more than twelve years. His career on Wall Street has spanned the fourteen years prior to joining Watermark, most recently concluding nine years at Goldman Sachs & Co. as a trading desk head on the GS New York Fixed Income, Currencies and Commodities trading floor. His international career at both Goldman Sachs and previously at HSBC, has led him to live and work in New York, London, Dubai, and Sao Paulo. He has headed multiple desks primarily focused on structured financing, complex transaction execution, and institutional investor marketing at Goldman Sachs. He has used his international finance experience to support our growth strategy, with a particular focus on investor relations, marketing, and regulatory compliance. Tom has an MA (Hons) in Economics from the University of Edinburgh in Scotland.

Josh Carper – Executive Director – Greystar – Charleston, SC

Josh serves as Executive Director for Greystar, where he is responsible for the oversight of the company's debt capital markets functions, transaction structuring, and the financial reporting and management of the company's domestic and international portfolio assets. Additionally, Josh oversees the legal functions of the Greystar combined investment management platform, as well as a many of the company's accounting functions. Josh has been active in the multifamily industry since joining Greystar in 2003. Prior to that, Josh worked in the auditing group at KPMG, LLP, with clients in the financial services, non-profit, and real estate sectors. Josh holds a degree in professional accounting from Bob Jones University, and is an inactive Certified Public Accountant in South Carolina. Josh is an active member of the Urban Land Institute and the National Multifamily Housing Council.

Katherine Sayce – Associate – Goldman Sachs – Dallas, TX

Ms. Sayce is an Associate in Goldman Sachs’ Real Estate Financing Group, which participates in the origination of commercial mortgage backed securities. Ms. Sayce graduated from the College of Charleston in 2015 and has been with the firm since. During her tenure at Goldman Sachs, she has helped originate over $850 million in commercial real estate mortgages. While at the College of Charleston, Ms. Sayce was a Honors College graduate, a co-portfolio manager of the Investment Society, and one of ten selected Schottland Scholars for the 2014-2015 academic year.

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Greystar Real Estate Partners, LLC, an integrated real estate company, provides management, development and investment services for residential properties in the United States and internationally. It offers property management services that include national property management, due diligence services, financial services, construction management, master insurance programs, procurement, information technology, education and training, and marketing and communications; and development and construction services for multifamily projects. Greystar Real Estate Partners, LLC was founded in 1993 and is based in Charleston, South Carolina. For more information, go to: www.greystar.com.
**Christian Albert – Managing Partner – Bowside Capital – Charleston, SC**

Christian Albert is the founder and managing partner of Bowside Capital, a private investment firm that specializes in the private equity, small buyout market. Bowside Capital invests in U.S. and Canadian private equity funds with capital commitments of $50 million or less, makes secondary purchases of limited partner interests in funds that meet its target criteria and co-invests with these small funds and independent sponsors in direct transactions. Mr. Albert manages the firm and its investment activities, and serves on numerous investment-related committees. He is chair of the LP Council of the Small Business Investor Alliance and is a member of the Board of Directors of the Brown University Sports Foundation. He earned a M.St. from the University of Oxford and an A.B. from Brown University.

**Jim Furnivall – Managing Partner (retired) – Alternar Capital Partners – Charleston, SC**

Jim retired in September 2016 after 20 years in venture capital/private equity. Most recently he founded and was a managing partner of Alternar Capital Partners. Alternar manages more than $1.2 billion and invests in core capital assets and industrial infrastructure. Previously, Jim was General Partner at Canaan Partners a multi billion dollar venture capital firm with offices on the East Coast and in Silicon Valley. Earlier in his career Jim was an investment banker. Jim received a degree in chemical engineering from Princeton University and an MBA from The Wharton School at The University of Pennsylvania.

**Michael Knox, CFA – President – Gold Ridge Asset Management – Charleston, SC**

Michael Knox has been the President of Gold Ridge Asset Management, a Charleston based private equity firm, since 2005. He is also the Chief Executive Officer of iDisclosure, a legal technology company based in New York. Mr. Knox was previously the Founder and President of Xtract Research, a legal technology firm which provides debt covenant research on high yield bonds and syndicated bank loans. Prior, he spent nearly 20 years as an analyst and portfolio manager with several Wall Street firm, including being a founding partner with Hamilton Investment Management LLC, a multi-strategy hedge fund. He also served a Portfolio Manager with Morgan Stanley Advisors (previously Dean Witter InterCapital) where he managed one of the largest Convertible mutual funds in the country as well as co-managed the firm’s Equity Income fund. Michael received a BA in Economics from Ohio Wesleyan University, a MBA from The University of Chicago Booth School of Business, and holds the Chartered Financial Analyst designation.

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

Richard Maclean is a Co-founder and Managing Partner of Frontier Capital. 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 in 1999, 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 board of VibeHCM, Zephyr, talentReef, and Celergo. Richard graduated from the College of Charleston and received his MBA from the Darden School of Business at the University of Virginia.

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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 up 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 company’s website at www.hdhadvisorsllc.com.
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: Detailed Listing of all Trading Activities

A pass vote requires a super majority (13) 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.

- 9/6/17 – Buy 90 shares of Diageo (DEO) for a total of $12,129?
  - Passed 15 – 4
- 9/26/17 – Buy 390 share of Bank of America (BAC) for a total of $9881.55?
  - Passed 15 – 3
- 10/3/17 – Buy 49 shares of Nvidia (NVDA)?
  - Failed ***
- 10/5/17 – Buy 700 shares of Callaway (ELY) for a total of $10248.00?
  - Passed 17 – 2
- 10/10/17 – Sell 656 shares of Pitney Bowes (PBI)?
  - Passed 16 – 3
- 10/10/17 – Buy 231 shares of Southwest Airlines (LUV) for a total of $13,400.31?
  - Passed 13 – 6
- 10/17/17 – Buy 92 shares of Medtronic (MDT) for a total of $7,195.38?
  - Passed 15 – 2
- 10/17/17 – Sell full position in Boston Scientific Corporation (BSX)?
  - Passed 16 – 1
- 10/19/17 – Sell 100 shares of Andeavor (ANDV)?
  - Failed ***
- 10/19/17 – Sell full position in NextEra Energy (NEE)?
  - Passed 15 – 2
- 10/23/17 – Buy 138 shares of Royal Dutch Shell (RDS.A)?
  - Failed ***
- 10/24/17 – Buy 358 shares of Tanger Factory Outlets (SKT) for a total of $8,799.46?
  - Passed 16 – 2
- 10/31/17 – Buy 200 shares of Oracle (ORCL) for a total of $10,171.16?
  - Passed 16 – 2
- 10/31/17 – Sell full position in CVS Pharmacy (CVS)?
  - Passed 16 – 2
- 11/2/17 – Buy 110 shares of PepsiCo, Inc. (PEP)?
  - Failed ***
- 11/9/17 – Buy 74 shares of Visa (V) for a total of $8,241.01?
  - Passed 16 – 3
- 11/21/17 – Buy 50 shares of UnitedHealth Group (UNH)?
  - Failed ***
- 12/12/2017 – Sell 110 shares of Andeavor (ANDV)?
  - Passed 14 – 4
- 12/12/17 – Buy 50 shares of Home Depot (HD) for a total of
  - Passed 14 – 3 (never transacted)
- 12/12/17 – Sell full position in Centurylink (CTL)?
  - Passed 18 – 0
- 12/21/17 – Buy 142 shares of China Mobile (CHL) for a total of $7,050.23?
• 1/24/18 – Buy 94 shares of EA (EA) for a total of $10,875.80?
  o Passed 17 – 0
• 1/31/18 – Buy 42 shares of Biogen (BIIB) for a total of $14,623.56?
  o Passed 13 – 5
• 2/6/18 – Place a 5% trailing stop on Bank of America (BAC)?
  o Passed 18 – 0
• 3/6/18 – Buy 45 shares of AMG (AMG) for a total of $8,514.20?
  o Passed 15 – 4
• 2/13/18 – Buy 194 shares of MasTec (MTZ)?
  o Failed ***
• 2/15/18 – Buy 55 shares of 3M (MMM) for a total of $12,923.56?
  o Passed 16 – 1
• 2/20/18 – Buy 205 shares of L Brands (LB)?
  o Failed ***
• 3/1/18 – Buy 540 shares of Ladder Capital (LADR) for a total of $8,100.00?
  o Passed 13 – 3
• 3/27/18 – Buy 110 shares of Microsoft (MSFT) for a total of $9,887.90?
  o Passed 16 – 1
• 4/5/18 – Sell full position in Oracle (ORCL)?
  o Passed 13 – 5
A.6: Monthly Portfolio Summaries
The equities market saw little action in the month of May. For the first half of the month, the S&P traded within roughly a 15-point range. The most volatility was seen, unsurprisingly, from political factors as President Trump was accused of obstructing justice and the S&P closed the day down 1.82%; however within a few days, the market was back on track. Emphasis continues to be placed on FAANG stocks as investors seek increasingly higher gains in the short term (accounting for more than 40% of the S&P 500’s returns this year); however for more long-term minded investors, it is probably best to avoid these equities. Over the next couple of months it will be important to keep an eye on the interest rates and the Fed’s stance on both rising interest rates and how they intend to right-size their balance sheet over the next couple of years. It is also of interest to remain watchful of market volatility, as we have seen this at historical lows for many months. In addition, as the political landscape in the US begins to heat up, we should continue to consider how this will affect equities and our portfolio in a broader sense.

During the month of May, the portfolio outperformed the S&P 500 by a thin margin. This was due to a relatively stable market, and both leaders and laggards in our portfolio. Leading the return in the portfolio was PBI which returned 11.89% during the month of May, followed by NextEra Energy (5.90%) and Tesoro Corporation (4.43%). On the other end of the spectrum the portfolio was hit with negative returns from Target (-6.80%), CVS (-6.80%), and CenturyLink (-2.80%). During the month of May we also sold half of our shares of Skyworks and all of our Disney position as they reached our target selling prices discussed during the final class period of the spring semester.
June 2017 was largely impacted by the Fed, regulation, and favorable economic metrics. The U.S. equity market continued to rise, as all major equity indices have hit multiple record highs throughout 2017. The low volatility environment and steady increase in equity valuations prevailed in June. Financial markets have continued to react to the prospect of President Trump pulling back restrictions on the financials sector as well as implementing a new tax plan. On June 14th the Federal Reserve raised short-term interest rates for the third time since December by a quarter point to a new range of 1% to 1.25%. The move by the Fed reflects the continued strength and progress of the U.S. economy. Along with the rise in rates the Fed also upgraded its forecast for U.S. economic growth and unemployment this year. Fed leaders see the unemployment rate remaining at about 4.3% this year, its lowest level since 2001.

This month the portfolio beat the S&P 500 with a 1.00% increase, greater than the S&P 500’s 0.48% advance. The main contributor to the portfolios outperformance was Tesoro Corp (TSO), a San Antonio-based oil and gas refining company, which gained 12.45% on the month. This is primarily due to the $6.4B dollar deal closed in June when they merged with El Paso-based Western Refining Inc. (WNR). The newly merged company has been named Andeavor Corp (ANDV). CenturyLink (CTL) was the worst performer of the month. The poor performance can be attributed to an action filed against CTL on June 16 by a former CTL customer service and sales agent for wrongful termination after she was fired for blowing the whistle on CTL’s high-pressure sales culture that allegedly cost customers hundreds of millions of dollars in unauthorized charges for services or lines they did not request. We will be monitoring this situation going forward.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: go.cofc.edu/investment
July 2017 has brought another month of all-time highs in the equity markets. The U.S. equity market continued to rise, as all major equity indices have hit record highs throughout the month. The low volatility environment and steady increase in valuations prevailed in July. The S&P 500 finished the month up 1.93%, the Dow Jones climbed 2.54%, the Nasdaq gained 3.38% powered by the FANG stocks, while the Russell 2000 was only up 0.69%. The S&P 500 Total Return Index has been positive for 9 months in a row and 16 of the 17 past months. The S&P has also not had a 5% correction since June 2016, which marks the fourth longest streak in history. These metrics bring into question how much longer the market has to run, and investors are being very precocious as we are in territory that is brand new.

This month the portfolio beat the S&P 500 with a 3.42% increase, greater than the S&P 500’s 1.93% advance. The main contributor to the portfolio’s outperformance was WebMD, a technology company focused on bringing medical advice to the everyday consumer, which gained 12.45% on the month. This is primarily due to the merger that was announced for the company expected to be closed in the near future. Boston Scientific (BSX) was the worst performer of the month, losing 3.97%. Using technicals, the company appears to be fairly, if not, overpriced on the market, and investors are beginning to sell. BSX has also reached our price target that was set in the pitch, which could indicate the need for a sell in the near future. Overall, the equity market saw great tailwinds in July, with both the market and our portfolio showing significant gains.
August is a notoriously unpredictable month for the markets as most traders are on vacation. When an event occurs and the market responds, the absence of traders can cause the movement to be larger than it would normally be. August 2017 followed this trend with volatility increasing and the large returns the S&P 500 had been posting declining. Hurricane Harvey and North Korea were the two big events that shaped August 2017. Hurricane Harvey devastated Texas wiping out oil refineries in its path. The destruction of the storm hurt the economy as it stalled productivity in the areas it impacted. That being said it also helped certain sectors that benefit from the rebuilding and relief efforts. Investors remained weary of North Korea as they reacted to missile launches and the threat of nuclear warfare. While the unemployment rate did not change much, at 4.4%, there were strong job gains in manufacturing, construction and technical services.

This month the portfolio trailed the S&P 500 with a 3.45% decrease. Which is worse than the S&P 500's 0.05% gain. The main contributor to the portfolio's underperformance of the benchmark was Pitney Bowes (PBI), a global technology company providing innovative technology solutions to power commerce. PBI decreased 18.36% this month. This is mainly due to their earnings report which fell short of analyst estimates. Their profit decreased 7% YoY and their FCF saw a 72% decline YoY. CenturyLink (CTL) also contributed to the poor performance for the month. Their Q2 earnings were disappointing, reporting profit of 17 million compared to 196 million a year ago. The decrease in profit can partially be attributed to one time charges related to the sale of their data centers and colocation business.
Public Asset Portfolio Summary
September 2017

The month of September included more gains and low volatility. The S&P 500 hit record highs and showed no signs of pulling back. The market continued to shrug off events that would usually spark a reaction. It ignored the threat of North Korea and their nuclear program. Perhaps the most surprising was the lack of reaction in regards to the Equifax data breach which potentially affected more than 145 million Americans. Washington’s failure to take action on their agenda didn’t seem to phase markets either. While it is great that markets continue to post gains, the complacency is concerning. Going forward we will continue to monitor how the market reacts to these kinds of events.

This month the portfolio beat the S&P 500 with a 2.3% increase. Which is better than the S&P 500’s 1.93% gain. The main contributor to the portfolios outperformance of the benchmark was Target (TGT), a large retailer. TGT posted a gain of 8.22% this month. This was fueled by coming off strong earnings in August and their focus on moving stores to densely populated locations. CVS also contributed to the outperformance by posting strong gains. During the month we made some changes to the portfolio. We bought shares of Diageo, a alcohol company based in the UK, as well as Bank of America which we believe will benefit from rising rates and possible deregulation. WebMD, one of our portfolio companies, was bought and taken private by KKR.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: go.cofc.edu/investment
Public Asset Portfolio Summary
October 2017

October 2017 has brought another month of all time highs in the equity markets as the bull market continues to run. Not only the U.S. equity market, but all major equity indices have hit record highs throughout the month. We still see a continuance in the low volatility environment and steady increase in valuations observed in months prior. Much of this run in the market can be attributed to the Fed continual increase of their balance sheet, which may become problematic in the future. Some things to be aware of coming from the Fed in the future that could change the tide of the bull market would be the continued gradual increase of the Fed Funds Rate, the appointment of a new FOMC Chair, and finally the plan to taper the government’s balance sheet could all put a strain on the market. In addition to the equity market, investors continue to find yield in the fixed income world as we continue to see a flattening of the yield curve. Many investors are going into international bonds that pay high yields, but are also inherently risky.

This month the portfolio lagged behind the S&P 500 with a 0.41% increase, lesser than the S&P 500’s 1.82% advance. Bank of America drove much of the gains this month with a return of 8.09%. This mimics the rest of the financial sector, as it has been performing very well in comparison to the rest of the market. In addition, NextEra Energy drove many of the gains in the portfolio this month, especially as it was one of the biggest positions we had. NextEra was voted on to sell which took place on 10/23. Over the holding period of 8 months NEE the portfolio saw a gain of 23.3% CVS saw the most decline over the month, losing 15.73% due to a weak earnings report and disrupters such as Amazon attempting to enter their market.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: go.cofc.edu/investment
The market continued its momentum in the month of November with the S&P 500 posting strong gains. Valuations continued to rise and volatility remained low as people took a risk on approach to the market. While these gains were being realized Washington was working on a tax cut that could help support the current valuations and possibly give them another boost. It is hard to complain when the stock market is performing historically well but we are unsure how long the runway is for this continued streak and think that now more than ever it is important to be selective with the securities we pick. As a value fund we have trouble competing with the S&P 500 in this kind of bull market but believe we are well positioned to not only post gains in the near term but outperform when the current bull market slows or even reverses.

This month the portfolio lagged behind the S&P 500 with a 0.22% increase. The S&P 500 posted a 2.81% gain. The main contributor to the portfolios underperformance of the benchmark was Century Link (CTL), a telecommunications company. CTL posted a loss of –23.17% this month. This major decrease in value was due to an earnings miss and lowered guidance on future revenues. We are currently re-evaluating our position in CTL. While CTL caused a drag on our portfolio’s return for the month, we had strong returns from two other holdings. Both Southwest (LUV) and Tanger Factory Outlets (SKT) posted strong gains. We also made some changes to our portfolio during November. We sold our position in CVS and took a position in Oracle and Visa. We believe Oracle will benefit from strong growth in their cloud business and believe Visa will continue to benefit from the global shift toward digital commerce.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: go.cofc.edu/investment
During 2017 the market continued to surprise investors and ultimately leaves a lot of concern and/or excitement for the coming year. Over the past year, the S&P has risen nearly 20% - even though investor expectations were considerably lower given an economic stabilization and a moderate pace of growth. The markets continue to reach all time highs as valuations become more and more expensive; which leads investors to carefully consider what might happen next. After facing a 9-year bull market, many wonder if there is still room for continued growth in the new year. Mixed signals in the government continue to add worry to investors in the market—on one hand the Fed is attempting to tighten monetary policy, on the other a new tax bill was signed by the Trump administration that suggests more profits will be recognized by businesses in the coming years. This massive tax reform will most likely leave a positive offset to the rising interest rates, sporadic economic growth, and the extenuating bull market that has concerned investors in the past.

This month the portfolio exceeded the S&P 500 in regards to return with a 5.73% increase, 4.75% greater than the S&P 500’s .98% CenturyLink drove much of the performance this month with an increase of 14.32% after declining over 23% the month prior. In addition, consumer discretionary saw gains, specifically regarding Target with an return of 8.93% for December, again after seeing a long period of losses in 2017. Some of our smaller positions saw slight declines this month, mainly Calloway Golf and Oracle. Calloway’s loss can be partly attributed to the amount of capital they have invested in TopGolf and the decrease in traffic seen in Q4. Oracle, like many other technology companies, also saw moderate declines in December.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: go.cofc.edu/investment
Public Asset Portfolio Summary
January 2018

The market started 2018 with strong gains that excited some and worried others. It certainly was a great month to be invested in the market as volatility remained low and stocks were boosted by strong earnings and the results of the tax cut. Companies were investing cash that was realized by the tax cut as well as passing it down to shareholders through repurchase programs and dividends. Money was being poured into ETFs as retail investors were looking to get a piece of the gains. While we are excited about the up market we see rising interest rates as stormy skies on the horizon. As rates continue to rise it could cause investors to reconsider their positioning in the equity market. Higher interest rates will not only make investing in the FI asset class more attractive but it will also increase the discount rate causing lower equity valuations.

Our portfolio posted a 3.61% gain in January. A little over two percent behind the S&P 500’s 5.62% gain. Target and Electronic Arts both had great months while Southwest and Andeavor refrained from participating in the market rally, each experiencing declines in stock price. EA benefited from an earnings beat and the reinstatement of microtransactions in their Battlefront II game. Target’s gains are attributed to higher than expected holiday sales and a positive outlook as well as an improving online sales segment. Southwest was hurt by rising oil prices in January as well as the price competition in the airline market in which fares have been driven lower. Their were no transactions during the month of January.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: go.cofc.edu/investment
While we saw a strong start to the year, the market in February acted in a way that some investors had been expecting for some time. With the “correction” that was seen in early February, volatility reach its highest point since 2013, and for the first time since then the market posted more than a 3% movement in a single day. While this decline in performance in the broader market, as well as our portfolio, is not what the Program is hoping for, it teaches us valuable lessons about how Mr. Market works. First, it is impossible to time the market, and doing so has proven to diminish profits in the long term. Second, it is important to diversify your portfolio to hedge against a specific sector underperforming during a specific time period. And lastly, it is important as value investors to take advantage of this underperformance to find equities that are fundamentally sound to invest in.

Our portfolio posted a 6.44% loss in February. Roughly 2.55% behind the S&P 500’s 3.89% loss. Calloway was our strongest position, and essentially the only positive return in our portfolio during the month, posting a 4.81% gain. 3M had a fairly even return, given its purchase in the middle of the month. Biogen and Andeavor carried the majority of the portfolio’s loss during February, each experiencing declines in stock price of 17% or higher. Calloway showed a gain following the earnings call on February 8th which showed that Q4, and FY17 were both up, spurring investment in the stock. 3M remained relatively stable in the portfolio due to our purchasing after the market correction earlier in the month. In regards to the corrections in the market that were seen, Biogen and Andeavor were hurt the most; making this Andeavor’s second consecutive month in the largest decline. Below is a list of transactions that occurred during the month.

### BIGGEST MOVERS

#### Advances
- ELY 4.81%
- MMM 0.53%

#### Declines
- BIIB -17.00%
- ANDV -17.14%

### MONTHLY RETURNS

<table>
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<tr>
<th>Month</th>
<th>Portfolio</th>
<th>S&amp;P</th>
<th>Excess</th>
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</thead>
<tbody>
<tr>
<td>June 2017</td>
<td>1.00%</td>
<td>0.48%</td>
<td>0.52%</td>
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<tr>
<td>July 2017</td>
<td>3.42%</td>
<td>1.93%</td>
<td>1.49%</td>
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<td>August 2017</td>
<td>-3.45%</td>
<td>0.05%</td>
<td>-3.50%</td>
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<td>September 2017</td>
<td>2.30%</td>
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<td>October 2017</td>
<td>0.41%</td>
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<td>November 2017</td>
<td>0.22%</td>
<td>2.81%</td>
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<tr>
<td>December 2017</td>
<td>5.73%</td>
<td>0.98%</td>
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<tr>
<td>January 2018</td>
<td>4.56%</td>
<td>5.62%</td>
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<tr>
<td>February 2018</td>
<td>-6.44%</td>
<td>-3.89%</td>
<td>-2.55%</td>
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### TRANSACTIONS FOR FEBRUARY 2018

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<thead>
<tr>
<th>Action</th>
<th>Ticker</th>
<th>Company Name</th>
<th>Date</th>
<th>Shares</th>
<th>Price</th>
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<tbody>
<tr>
<td>Buy</td>
<td>BIIB</td>
<td>Biogen Inc.</td>
<td>2/1/18</td>
<td>42</td>
<td>$348.18</td>
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<tr>
<td>Sell</td>
<td>BAC</td>
<td>Bank of America</td>
<td>2/8/18</td>
<td>390</td>
<td>$30.16</td>
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<tr>
<td>Sell</td>
<td>STLD</td>
<td>Steel Dynamics</td>
<td>2/9/18</td>
<td>201</td>
<td>$42.20</td>
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<tr>
<td>Buy</td>
<td>MMM</td>
<td>3M</td>
<td>2/16/18</td>
<td>55</td>
<td>$234.97</td>
</tr>
</tbody>
</table>

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: go.cofc.edu/investment
Following a very rough February the market continued to slide in March with the S&P falling a little over two and a half percent. The month of March was characterized by concern over a trade war, volatility, and a flattening of the yield curve. The thought of a trade war had investors concerned due to the impact it could have on the supply chains of companies. Another event in March that troubled investors was when the 10 year treasury rate came within 6 basis points of 3%. While this was good news in regard to the economy, it threw the equity markets for a loop since it poses the question of whether being in equities is worth the risk when fixed income is starting to provide more yield. Mathematically it also lowers valuations in the equity market due to the risk free rate’s effect on the discount rate.

Our portfolio posted a .49% loss in March, which was roughly two percent better than the S&P 500’s 2.69% loss. Andeavor and Callaway both had great months while Oracle and Target suffered losses. Andeavor outperformed as they were expecting to close their Delek US Holding acquisition which is expected to provide synergies of $350M. They also benefitted from analysts raising their price target. Oracle fell 8% when it missed on revenue expectations and cloud growth expectations. The firm also gave lower guidance and told investors to look beyond the cloud. Our investment thesis for Oracle was centered around the cloud growth which makes this news a red flag. We are currently reviewing our position in the company to determine if our investment thesis still stands. On the first of the month we sold our position in Electronic Arts locking in a solid gain of 6.8%.

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April saw a positive return in the markets overall, with the S&P gaining 27 basis points over the month. The Dow and Nasdaq also gained ground by small positive returns during the month. This was a welcome event following two consecutive negative months. The ride to positive returns wasn’t a smooth one, however. Returns increased fairly consistently throughout the first half of the month, peaking on the 18th north of 2700. The remainder of the month saw a sell-off however. The month saw an influx of earning reports, with more than 3/4ths of the S&P beating estimates. Headwinds included geopolitics, including concerns about a trade war with China. The 10-year Treasury climbed above 3% for the first time since 2014, which can certainly lead some investors to retreat from riskier equity securities.

Our portfolio had an exceptional month, driven primarily by a single holding, ANDV, which saw a nearly 40% return due to being acquired by MPC for a near 25% premium. We plan to exit our holding soon to capture the gains and reduce uncertainty heading into the summer months. On the other end of the spectrum, AMG and MMM both saw double digit retreats during the month. Overall, the strong month of April catapulted the portfolio’s YTD returns above that of the S&P. During the month, we sold off two holdings, ORCL and LUV, while adding none.