SCHOOL OF BUSINESS INVESTMENT PROGRAM

Annual Report
Academic Year 2015-2016
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Overview

The 2015-2016 academic year is the third for the School of Business Investment Program. 20 elite students completed the Program and ran the funds associated therewith. Appendix A.1 shows a listing of the students, along with their position and sector of coverage. The year was marked by advancement in many key areas of emphasis. The Program’s stated objectives are as follows:

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

We have improved the processes through within the Program translates academic materials into practical application and — most importantly — career relevant skills. We have increased focus on communication and technical skills, forcing the 20 students in the Program into situations that cultivate, test, and refine these skills, which we feel are the most important to current success in the field. Students exiting the Program now have in-depth knowledge of valuation processes and Excel-based problem solving. 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 three firm visits over the academic year. First, on October 27th, the Program hosted HDH Advisors from Atlanta to campus for the first time. HDH has hired several CoFC alums and actively recruit both in and out of the Program. This was followed closely by the return of Goldman Sachs, the third such visit from the company, on November 17th. See Appendix A2 for more information about the Goldman visit. Finally, we welcomed another return visit to campus from Raymond James on February 17th. In addition, throughout the year, we welcomed several individuals and representatives of other firms to visit the classroom.
- We co-hosted an event at the beginning of November with the CFA Society SC. This was the third event that we were honored to cohost with the Society over the years and it was a great success. Jason Baron of U.S. Trust was the keynote speaker and we welcomed well over 50 individuals, several of which were again first time visitors to the School. Please see the article in Appendix A.3 for more information on this event.
- In early April, six members of the Investment Society traveled with the Director to the Global Asset Management Education (GAME) forum in New York City. There, over 1,600 students, faculty, and professionals associated with student investment education gathered to listen to dozens of internationally-recognized speakers, mingle with like-minded peers, and develop valuable connections to aide in future professional pursuits.
Students were able to view best practices in student managed funds, while learning of current trends and upcoming changes in the financial markets landscape. In addition, it served as an introduction to many to the center of the financial world. While in NYC, the contingent had the opportunity to visit the venerable New York Stock Exchange and received eye-opening opening exposure to the rapidly evolving world of stock exchanges. They also got the opportunity to visit George Weiss and Associates, a boutique investment management firm with a nearly 40-year history. Please see the article in Appendix A.4 for more information on the trip.

- Near the end of the year, we hosted for the second time our premier annual external event— the CofC Strategic Investment Symposium. This event focuses on strategic asset management and was a great success. The itinerary included 15 distinguished professionals, including keynote speaker Mr. Scott Phillips, Jr., Portfolio Manager and Head of Research at Templeton and Phillips Capital Management in Chattanooga, TN. Appendix A.5 displays the program for the second annual Symposium. We welcomed nearly 150 attendees to the symposium and received very positive feedback overall. An article in Appendix A.6 helps expand on the event. We are excited to announce that we are already planning the third Strategic Symposium in April 2017.

All of these events 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 20 students, all 20 were graduating seniors. Of the 20 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:

- Goldman Sachs: Dallas, TX
- J.P Morgan: Washington D.C.
- Dixon-Hughes: Charleston, SC
- Vanguard: Malvern, PA
- M&T Bank: Buffalo, NY
- Citizens Financial Group: Boston, MA
- Snapcap: Charleston, SC
- Spawar: Charleston, SC
- Regions Bank, Atlanta, GA
- Tandem Investment Advisors: Charleston, SC

Finally, to the fourth objective, our students managed $150,000 in the public asset fund over the course of the academic year. They began the fall semester with approximately $100,000 in invested capital, left from the holdings of the previous cohort, and $50,000 of new cash with which they could invest according to the policy statement and the procedures in place. The discussion of performance will occur in a later section, but we are content with the performance
of the fund, given the abnormal conditions the students faced. Many mistakes were made, but they were offset by not only many positives, but also by the education those events provided.

Further, this year marked an exciting addition to Program activities also dipped into the private equity space by investing in a local venture play alongside the Charleston Angel Partners (CHAP). This first investment of $10,000 marks the beginning of what is planned to be a permanent component of the Investment Program. Being able to finalize the investment procedure, and having students go through the complete process (including viewing the pitch and assisting in the diligence) allowed the Program to take the final step in allowing students to manage funds that can invest in both public and private assets. This provides a very unique opportunity for the Investment Society, as we are aware of no similar universities that allow for the same group of students to experience both sides of the investing landscape.

Markets Analysis

This year’s cohort entered an interesting market. The week before school started, we saw what appeared to be the start of a significant market correction. From August 17, 2015 to August 25, 2015, the S&P 500 dropped approximately 13%, marking the first time it was under 2,000 since January 2015. However, the drop was relatively short-lived and the market quickly rebounded. Since the S&P hit an all-time high in 2015, it has remained relatively close to this elevated level. As such, our cohort has faced the challenge of finding undervalued companies in a market where most everything appears expensive. After the third quarter 2015, we saw earnings declining in a large number of major companies and guidance being reduced for Q4 2015, but no significant drop in market value. This has led to high valuation ratios and many expensive stocks.

We’ve consistently seen the market driven by three factors: falling oil prices, slowing growth in China, and the possibility of the Fed raising interest rates. These topics have been greatly influencing the global marketplace, led by expensive oil, which has been a huge topic of conversation for over a year. Oil has dropped in value by over 40% during that period, down from $70/barrel to $40/barrel (and bottoming out south of $30/barrel). Globally, growth in China slowed to 6.9%, which – while still relatively high – produced one of the reasons the Fed did not raise rates in October.

Building upon the rebound momentum during the Fall, the markets remained strong during the start of December and were near all-time highs. Then, the moment we all had been waiting for – the Federal Reserve finally raising rates – occurred on December 16th. An increase of 25 basis points lead nearly all investors to fear a negative effect on the market. However, the result was relatively low volatility through the end of the year, which suggests the Fed’s rate hike had already been priced into the market. With the Tech and Healthcare sectors performing very well in 2015, the Nasdaq ended 2015 up 5.75% for the year. The S&P 500 ended nearly flat, down 73 basis points, while the Dow was down -2.23% for the year.

Moving into 2016, the S&P 500 started off the year on a downward trend, dropping -7.6% from January 4th through January 20th and continued to drop until it hit its bottom for the year on February 11 at 1829 as you can see in Figure 1.
However, since this bottom, the S&P 500 has again recovered to where they were at the end of last year; regaining an impressive 14%. While this bullish trend is certainly a net positive, it again resulted in higher valuation ratios, which made it difficult to identify undervalued companies. Another issue is that the most recent two times the market was at these elevated levels, it was followed by a market sell-off. This includes the most recent sell off in January as well as in August of 2015.

Year-to-date, both the S&P 500 and DJIA are up, whereas the Nasdaq is down. The makeup of the Nasdaq, being made up heavily of the Tech and Healthcare sectors explains this relative performance, as these two sectors have been lagging others this year. Sector performance this year has been a completely different story than last year. The energy sector is now the best performing, up 11.54% year-to-date. This is nearly solely due to an increase in crude oil prices, which have only risen $3/barrel since the beginning of the year, but have still given investors hope that oil prices have started to turn.

The worst performing sectors include Financials, Healthcare, and Technology. The Financial sector has struggled due to the inherent riskiness of their exposure to energy firm debt. This year, markets have seen investors flee to the traditionally safer sectors such as Materials, Utilities, and Telecom. These three sectors are all up around 10% YTD. The majority of earnings reports for the first quarter of 2016 in the S&P 500 have been estimate beats. The market naturally responded favorably, but it is important to note analyst's revisions prior to the reporting period for Q1. Analysts have revised estimates significantly downward for every single sector for Q1 2016 as you can see in Figure 3.
Figure 2: Sector Performance 2016 Year-to-Date

<table>
<thead>
<tr>
<th>Sector</th>
<th>Performance</th>
<th>Price per Earnings (TTM)</th>
<th>Price to Sales (TTM)</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 Month</td>
<td>3 Month</td>
<td>YTD</td>
<td></td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>+1.71%</td>
<td>-9.23%</td>
<td>-1.63%</td>
<td>16.5x</td>
</tr>
<tr>
<td>17 Industries</td>
<td></td>
<td></td>
<td></td>
<td>1.0x</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>-0.77%</td>
<td>-5.68%</td>
<td>-2.53%</td>
<td>15.1x</td>
</tr>
<tr>
<td>9 Industries</td>
<td></td>
<td></td>
<td></td>
<td>1.0x</td>
</tr>
<tr>
<td>Energy</td>
<td>+7.05%</td>
<td>+21.16%</td>
<td>+11.54%</td>
<td>14.0x</td>
</tr>
<tr>
<td>3 Industries</td>
<td></td>
<td></td>
<td></td>
<td>1.2x</td>
</tr>
<tr>
<td>Financials</td>
<td>+3.54%</td>
<td>+10.53%</td>
<td>-0.75%</td>
<td>15.2x</td>
</tr>
<tr>
<td>12 Industries</td>
<td></td>
<td></td>
<td></td>
<td>2.1x</td>
</tr>
<tr>
<td>Health Care</td>
<td>+6.47%</td>
<td>+6.23%</td>
<td>-1.52%</td>
<td>18.2x</td>
</tr>
<tr>
<td>8 Industries</td>
<td></td>
<td></td>
<td></td>
<td>1.2x</td>
</tr>
<tr>
<td>Industrials</td>
<td>+1.79%</td>
<td>+16.29%</td>
<td>+6.00%</td>
<td>15.7x</td>
</tr>
<tr>
<td>17 Industries</td>
<td></td>
<td></td>
<td></td>
<td>1.1x</td>
</tr>
<tr>
<td>Information Technology</td>
<td>-0.07%</td>
<td>+7.55%</td>
<td>-0.33%</td>
<td>14.8x</td>
</tr>
<tr>
<td>10 Industries</td>
<td></td>
<td></td>
<td></td>
<td>2.1x</td>
</tr>
<tr>
<td>Materials</td>
<td>+5.38%</td>
<td>+24.12%</td>
<td>+10.20%</td>
<td>13.2x</td>
</tr>
<tr>
<td>6 Industries</td>
<td></td>
<td></td>
<td></td>
<td>1.1x</td>
</tr>
<tr>
<td>Telecommunication Services</td>
<td>-1.95%</td>
<td>-9.44%</td>
<td>-9.65%</td>
<td>22.6x</td>
</tr>
<tr>
<td>3 Industries</td>
<td></td>
<td></td>
<td></td>
<td>1.3x</td>
</tr>
<tr>
<td>Utilities</td>
<td>-1.80%</td>
<td>+8.63%</td>
<td>-9.58%</td>
<td>17.1x</td>
</tr>
<tr>
<td>6 Industries</td>
<td></td>
<td></td>
<td></td>
<td>1.3x</td>
</tr>
</tbody>
</table>

Source: Bloomberg

Some revisions have been more significant than others, such as those to the Energy and Materials sectors. The market reacts positively when companies “beat” on earnings, but it appears that investors are ignoring the fact that the firms are clearing lowered hurdles. This has led the Society to be wary of earnings as indicators of financial health and creates an interesting juxtaposition between market reactions and firm fundamental values.

To summarize, there remains uncertainty in the markets due to the same issues that have been prevalent for more than a year (e.g., oil prices, interest rates, global economic factors), but also with new issues to be aware of (such as the current presidential election looming). The Nasdaq is the weakest index compared to the S&P 500 and the Dow Jones Industrial Average and investors seem to be more risk averse this year, flocking to the safest sectors with strong dividends.
Market Outlook

In our view, the current market is expensive and should be approached with caution going forward. The macro environment, while showing signs of slight improvements since the start of the calendar year, is still lacking signs that bring widespread optimism. Just nine months ago, the masses thought that the decrease in the price of oil would be positive for the consumer and the economy. At the same time, many also claimed that Fed rate hikes would be reflective of positive forecasts and should be embraced by the market. These two factors, coupled with the rise in S&P earnings allowed us to regain the reins on the secular bull market and reach new highs. Since then, the backdrop has changed while the sentiment has remained the same. Many bulls now say that the recent rise in oil is positive for the market, and that the recent dovish attitude from the Fed will surely send the market to record levels. Furthermore, we have yet to observe the expected increase in earnings. One thing is certain; however – fundamentals have continued to deteriorate in the face of the recent market rally.

First quarter rolling GAAP EPS is expected to be $88.06, a number last seen in March of 2013. Adjusted numbers are similarly uninspiring, as they are expected to be $99.99, a number that was last surpassed in the third quarter of 2013. U.S. companies profits have effectively become stagnant; however, since the end of the first quarter in 2013 the S&P 500 has risen over 30%! This indicates a disconnect between earnings and price. We have now seen four consecutive quarters of earnings decline in the S&P 500, which has never occurred without a coinciding recession. While this does not necessarily mean that a recession is imminent, it is certainly worth noting. Additionally, the S&P’s current GAAP P/E is 23.75x earnings. We haven’t been this value north of 23.5x earnings since 2008. In light of these conditions, one of two things must
happen for the S&P to look attractive again; either price levels must fall, or companies must earn their way out of the current earnings recession. We are currently more concerned about the former than encouraged for the latter.

In the face of these facts, market timing remains critical in order to best optimize returns. The S&P 500’s current price-to-sales ratio is 1.86. Since 2000, investing in the S&P 500 when it has a P/S greater than 1.75 has on average generated a -0.8% annualized 5-year return, and a -15.4% 1-year return. Investing in an overly expensive market can be devastating. All in all, unless companies can either buck their recent stagnation, or prices contract, the market as a whole remains expensive and offers few opportunities for entry at an attractive valuation point.

On the other hand, not all is lost. We do contend there is still some value to be found in the marketplace, but we feel one should be tread carefully in identifying these opportunities. Some names and sectors appear to have been beaten up unfairly. For example, this past November we invested in Scripps Network Interactive, Inc. (SNI). Scripps had been beaten down over 30% off of its 52-week high due to macro concerns about the TV industry. However, we identified this as a value opportunity and have been rewarded with a 15%+ gain to date. Similarly, J.P. Morgan was down nearly 25% off their highs when we invested in early Spring. Again, we have been rewarded with a 15%+ return in just two months. The point is that value can still be found in this marketplace, but the opportunities are relatively rare and often require investment activity that is contrary that of the popular sentiment.

Since the beginning of Quantitative Easing (QE) and Zero Interest Rate Policy (ZIRP), rates have been held down at artificially low numbers, leaving many people to ask when we will return to normal. More to the point, it raises the question of whether we have reached a point of a “new normal.” Ten years ago the Fed Funds Rate was 4.81% - today it is 0.38%. What’s more we haven’t been north of 1.00% in almost 8 years! Fed intervention has given us three problems. First, it has crowded out the fixed income world, which in turn has inflated equities. As seen in the nearby Figure 4, the S&P 500 has grown in tandem with the Fed’s balance sheet since the inception of QE.

Secondly, investors seeking yield now have to reach for this yield. Utilities and Telecommunications, two of the best performing sectors this year, have shot upwards indiscriminately as the Utilities sector recently hit an all-time high, while Telecomm hit a post-recession high. This trend should continue as investors seek yield that they cannot find in the artificially low debt market. Lastly, the market has become addicted to Fed policy decisions. The S&P 500 peaked on October 9th, 2007, and subsequently had a total return of 31.6%. Since that time, 2,134 trading days occurred and the Fed met 124 of those days. If one were to strip out all days in which the Fed met, the S&P 500 would have a total return of -13.8%. Consider that for a moment – 5.8% of the trading days have generated over 100% of the total return during that time period. Put differently, if one would remove the days in which the Fed met, the market has is effectively flat over the past decade. Figure 5 presents this data.
In sum, a great deal of uncertainty remains in the marketplace. There is potential future political instability, uncertainty in oil and OPEC actions, and ambiguity in what action the Fed will take. All in all, we remain cautious and selective. There is still value to be found — though it is becoming increasingly harder to find — but uncertainty will only continue to bring us potential mispricing opportunities. We feel the health of the overall market must be called into question until companies either begin to grow, or price levels are corrected.
Fixed Income

During the Summer of 2015, there was much discussion about the Federal Funds Rate and the potential increase from the current near-zero level. The Federal Reserve set a target month for the potential rate hike to be September 2015, which would have been the first rate hike in nine years. The Federal Reserve had been emphasizing their goal of 2% inflation, and the 5% unemployment level would have been the lowest level since 2008 and close to the ‘full employment’ mantra. However, August brought about a great deal of volatility. Following the 10% decrease in mid-August, the Federal Reserve was trying to settle the dust going into September. The general consensus going into September was that there was a 50-50 chance of a rate hike even after the volatile week that ended the month.

Jobs reports, spending reports, housing reports, foreign affairs and domestic outlook were all on Yellen’s watch list leading into September. The Fed met on the 16/17th, and came to the decision to maintain rates that the current near-zero level. In Chairwoman’s Janet Yellen’s press conference after the deliberations, she noted that the United States economic outlook was not as bright as she and the Reserve would have liked to justify a rate hike. In addition, the jobs numbers were weaker than expected and they felt the inflation rate pace was not on the correct path to the 2% inflation goal.

Global economic events in China and Europe also added to the reasoning behind the decision to maintain rates. Yellen mentioned how the volatility and decline in China’s markets affected the decision because of the United States reliance on- and alliance with – China and Asia in general. Central Europe was a factor because of the issues in Greece that occurred during the summer months with the European Central Bank (ECB). The ECB had to bail Greece out of their national debt and discussions on whether Greece was going to be able to make the payout schedule were still on going after the agreement had been made.

Thus, the domestic market and investors looked turned their attention to October, which was more of an update meeting month, and more importantly December which became the new target period for a rate increase. The Federal Reserve wanted to emphasize that all economic data and market movement would be tallied into the decision that was going to be made in December. In early November, the United States jobs report surprised most experts in a positive manner. Unemployment fell nearer to the Fed’s desired level, which supplied hope that the economic outlook was turning around. Some analysts took this information less enthusiastically because they saw this as a last ditch effort to turn around the December rate hike. Since the announcement of the positive jobs report of October, the Federal Reserve has held true to their new outlook and there was an immediate increase in probability. The increase in probability was twofold as some saw it as an economic turnaround and others saw it a reaching effort to get this done in 2015, before the beginning of a Presidential campaign year.

Thus, the United States Federal Reserve raised the Federal Funds Target Rate from 25 basis points to 50 basis points on December 16th, 2015. This marked the first time that the FOMC raised the FFR in over 9 years – or about 80 meetings. The decision was announced around 2pm
with Janet Yellen holding her press conference at 2:30. The Fed accompanied the decision of a rate hike with many predictions and estimations regarding monetary policy in the United States along with economic outlooks for the terms ahead. The FOMC stressed to expect only gradual increases to the Federal Funds Rate, but they expected about four per year for the next few years. Janet Yellen harped on the 2% inflation goal in the ‘medium term’ and how the future ability to continue these gradual rate hikes will be dependent on economic data. She also mentioned that international complications and data will be a driver of the FOMC monetary policy.

After the announcement was made, the markets reacted in a relatively stable manner. It seemed that markets had already priced in this rate hike, as there had been so much talk in previous months. While banks responded with the obvious of changing their prime rates, they did not alter their deposit rates (thus muting any positive impact to the consumer). More interestingly, the market value of these assets did not react in a significant manner.

This changed as the calendar turned to 2016. Negative day after negative day made 2016 one of the worst starts to the calendar year in financial history. This volatility and turmoil in the market put pressure on the Fed as their rate hike did not seem to stimulate the economy and markets the way they believed it would. Instead, it actually served to do the opposite. The Federal Reserve has constantly kept the mantra of ‘wait and see’ and that the data will matter up to the very day of the FOMC meetings. One topic that Janet Yellen did discuss that may have been taken the wrong way or blown up into the media was her discussing the possibility of a negative interest rate. While we contend this is a longshot domestically, the fact that it was even brought to the attention of the average investor was likely an error and one that resulted in negative market impacts.

About a month after the Congressional testimony, the FOMC met and decided not to raise rates in March. After about a quarter of the year had elapsed, Yellen made the announcement that she hopes for two rate hikes in the 2016 calendar year which is half of what they expected back in December. She emphasized the ‘wait and see’ mentality which may have helped her case as the markets were beginning to rally from the January sell-off.

During her speech, Yellen spoke of the good and bad economic data that was coming out weekly that made decisive Fed movement difficult. Finally, she mentioned that at this point the FOMC expected foreign growth to be weaker than previously thought. However, she did not believe that the United States (or the world) was in for another global fallout like in January, which did relieve some investors and analysts. Another point mentioned was that the FOMC average projections for the FFR were now half of a percent down from their 2015 end of year estimate.

Figure 6 presents a chart from the Wall Street Journal following the 10-Year T-Bond yield. This chart shows the yields over a one-year span, including August's volatility, December's rate hike and January's market turmoil. Since the August volatility, we have seen a strong movement to the treasury market and other widely considered “safe” assets.

Figure 6: 10-year Treasury Bond Yields
Asian Markets

Since the departure of last year’s Investment Society in May 2015, the Asian stock markets have seen large amounts of volatility. Many countries in the region have seen record amounts of outflows of money. Most of this can be attributed to the extreme slowdown in the influential economy of China. Being one of the biggest economic players, when China’s numbers lose steam, the other countries in the region and even world-wide tend to be affected. China’s economic slowdown can be demonstrated through their low Purchasers Manufacturing Index (PMI) and low import and export numbers. The slowdown has caused the government to intervene several times by lowering interest rates and devaluing their currency, the Yuan.

In late June, and then again in late August, China’s stock market corrected itself from the record highs by declining over 25% in just a few trading days. This was an impactful correction as the economy was growing at its slowest pace since 2009, which can be represented by export, import, and PMI numbers. Chinese exports decreased by 5.5% in August, 3.7% in September, and 6.9% in October. While exports were slowing at moderate paces, imports were decreasing at rapid rates. Imports decreased by 13.8% in August, 20.4% in September, and 18.8% in October.

The large gaps between imports and exports led to a serious trade surplus. The Chinese PMI measures the performance of manufacturing which since July has shown extreme contractionary numbers for manufacturing businesses. The indicator hit an all-time low in September with a reading of 47.2 (any number below 50 shows an economic contraction). China was not the only country affected by its slow growth and extreme stock selloffs, as Japan and South Korea saw declines in exports because China is the major importer of their goods. South Korea’s exports decreased by 8% in September, 15% in October and 4.7% in November. Japan also recently went into a recession with their Global Domestic Product (GDP) decreasing .8% from July to September. It is clear that China’s slowdown has had negative consequences for all countries in the Asia-pacific region.
In order to reduce the economic slowdown, China had to implement monetary easing. The government has cut interest rates six times in the last year down to an extremely low 4.35%. This was designed to induce lending from banks to spur increases in businesses investments. Lowering the interest rates was not having the desired effect, so China also devalued their currency by 4.4% in one week at the end of August. This was a major factor in the major stock sell-off and international decline in markets.

Since the beginning of the year the Asia-Pacific markets have seen large amounts of volatility as China seeks to switch their industrial output focused economy to a more services oriented one. China is one of the largest economies in the world and many smaller countries in Asia depend on China to boost their own economies. Therefore, when China suffers, the rest of the region falls as well.

The year of the monkey, 2016, did not start as anyone had hoped for in this region. A large drop in the oil prices and the unpegging of the yuan led to a $590 billion stock sell-off in China during the first weeks in January. In fact, China had to terminate trading twice because the market had lost over 7% in a single day. On top of these occurrences, China reported that GDP growth for the year 2015 slowed to a 25-year low at 6.9%. This decrease was expected, but it still reignited fears about the entire region’s value as both Australia and Japan neared bear territory at the same time with their markets down over 18% from their 52 week highs. These events caused China to act. Trying to reduce the fear of investors and boost their markets, the Chinese banks decided to inject $67 billion into their financial system.

In light of those downturns, Japan decided to adopt negative interest rates as part of their strategy to ensure inflation targets of 2% were reached. This at first caused Japan’s Nikkei to rise dramatically. However, any long term positive impacts have yet to be realized in Japan. On top of that, both China’s manufacturing PMI and their nonmanufacturing PMI contracted in the month of February to show that their transition to a services oriented economy has slowed. To boost lending China reduced their required reserve ratio by .5%. As banks were pressured to increase their lending more people were able to take loans out for houses which drove the retail housing prices up 24% year-to-date.

These pressures also led to unauthorized lending to borrowers who may not be worthy of a loan. This has caused the amount of bad loans in China to increase over 250% in the last six years, and threats of a housing and credit bubble still loom today. To make matters worse, in March the Chinese government made it easier for investors to borrow money to buy stocks. This move was designed to push investments into the markets and away from the housing sector, as well as to allow corporations to replace debt with equity and free up their balance sheets. However, this is very similar to what happened in the summer of 2015 which led to speculative investing and ultimately, a tank in the market.

The Asia-Pacific economies seemed to be picking up steam in the month of April. Regulators in China started to scrutinize real estate financing and prevent margin loans for down payments to try to reduce the potential of a bubble. Indicators were also released for January-February that suggested industrial profits in China were up almost 5% year over year. Also, China’s manufacturing PMI in March was up to its highest level since August with a reading of 50.2. The
nonmanufacturing PMI also rose to 53.8 from 52.7. These indicators all show that the biggest economy in the region could be slowly rebounding, which should pull the other countries along with it. As promising as these numbers look, the rating agency S&P still cut its outlook for China's credit rating to negative and the World Bank expects the region's growth to be 6.3% instead of 6.5% for 2016.

Clearly, China is the most impactful economy in this region. The region as a whole had a very volatile start to the year 2016 and although some indicators are showing that recently the economies have been improving, there is still a credit bubble looming in China. If China doesn’t act to diminish the size of the real estate and credit bubbles then we could see another market crash similar to August 2015. Not to mention there is still a lack of transparency in many of China’s reports. Therefore, to use these recent positive reports as rationale for an investment decision would be a risky venture and could lead to serious miscalculations of the value of the market.

Currently, one of the only viable investments that could be made in this region would be an ETF that follows an index of a country that doesn’t rely on China to grow. A possible option would be the Philippines stock market ETF because, in this country, China is not heavily relied upon for exports or other activities. A possible downside to such an ETF is that the average investor wouldn’t realize the lack of impact China has on the country and would assume that if China fails than so will this country. There are opportunities in this region. It may not have reached the trough yet, but, for an investment with a longer time horizon, the region presents a great buying opportunity.

Emerging Markets

Emerging markets equities (EME) have been in a relatively steady decline since 2010. As reported by the European Central Bank, aggregate annual EME GDP growth is expected to decrease from over 7% in 2010 to around 4% in 2015. However, it was not until the second half of August 2015 when EEM equities sharply declined, that investors seemed to reach their breaking point and began to exit the sector. Since this significant drop, it seems that investor negative sentiment has been reinforced. Doubts about emerging markets have continued to increase, as investors worry that emerging markets might be the next victims in the series of crises that began in 2007-08 with the U.S. subprime mortgage crash and then continued in the Eurozone from 2010-12. The main causes for the slowdown in emerging markets lie in lower commodity prices, tighter financial conditions, rebalancing in China, and geopolitical distresses. Speculation over when the Fed is going to raise rates is also contributing to overall volatility in emerging markets.

Thus far in 2016, emerging markets have seen a deep decline in January followed by a significant rally following February lows. For many emerging economies, 2015 was the worst year since the global financial crisis of 2009. However, many investors and analysts now see 2016 as a comeback year for these countries after hitting bottom. After years of declining GDP growth, emerging markets are forecasted to slightly rebound in 2016 from 3.9% (2015) to 4.1% according to the most recent IMF estimates. It is certainly not the end of headwinds for these economies in
the overall slowing global growth environment (3.2% this year recently revised from 3.4% by the IMF), however the situation looks more promising than it did in August of 2015.

Figure 7: Emerging Markets GDP Growth

According to data provided by the IFC, March 2016 marked the strongest month since June 2014 for emerging markets with inflows of $36.8 billion. The MSCI EEM ETF is up 6.62% YTD and is outperforming the S&P500 by more than 4%. The MSCI FM ETF that has also recovered significantly from January lows. However, this ETF still remains in a slightly negative territory YTD.

There are a few reasons why investors’ sentiment toward emerging markets has changed recently. The concern over China’s slowdown is settling somewhat, and we are seeing a rebound in commodity prices, still low U.S. interest rates and a weaker dollar. This, combined with the now attractive valuations of emerging markets equities generates a bullish sentiment. According to the most recent IMF forecast, China’s growth is decelerating but at a slower rate than the country experienced in 2015. China still is predicted to grow at an impressive pace of 6.5% and 6.2% in 2016 and 2017, respectively.

As many emerging markets depend on commodities to drive growth, rebound and stabilization of their prices are crucial for the health of these economies. Commodities (e.g., cooper, soy, and platinum) have been recovering since February, and as of today, oil prices are up more than 50% from February lows. Emerging markets equities are highly driven by changes in oil price; this stabilization of oil prices plays an important role in the overall stabilization of emerging markets equities.

Last December, the Fed raised interest rates for the first time in nearly a decade, giving the already strong dollar another rally. The Fed also predicted that rates would rise four times in 2016. We have not seen any increases so far, and chances for a rate hike this year are close to zero. These conditions have caused emerging market currencies to gain on the dollar in recent months. It provides not only relief for commodity exporters, but also positions many emerging
countries in a better situation to pay off their dollar denominated debt. Emerging market stocks offer a compelling value story as well. Emerging markets stock are trading on much lower P/E valuations than U.S. stocks. For example, the MSCI EM index is trading at 11.6 times P/E ratio, compared to the S&P 500 which is trading at about 17.5 times forward earnings.

There is no doubt that conditions for emerging markets still remain challenging. Developing countries are also inherently risky. The future challenges of developing countries include possible volatility in oil prices as OPEC continues to try and reduce the world’s oil surplus. Another pressing matter may be raising corporate debt, especially if the dollar becomes stronger again. As reported by the Financial Times, private sector debt in EM is now greater as a percentage of GDP than it was in developed markets on the eve of the global financial crisis. Debt in emerging markets has risen from 150% of GDP in 2009 to 195% in 2016. Excluding financials, emerging-market companies have an average debt level of 90% of GDP according to HSBC. Slower growth makes it more difficult to repay this debt, especially in the environment of declining emerging market currencies, repaying the portion of dollar denominated debt may be a tough challenge for emerging markets in the coming years. With the slowing global growth, forecasts for the emerging markets are not necessarily bullish either. However, the recent commodities' and currencies' rallies may indicate that the worst is over for these economies.

Public Investment Strategy and Process

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

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

All materials must be completed and placed on the Program's Google Drive for review by the remainder of the cohort a minimum of 24 hours in advance of the scheduled pitch. The sector analysts then pitch the asset during class hours and ultimately the entire student cohort votes on the proposed action. If the proposal is supported by the supermajority of the students, the trade is registered and enters the portfolio.

Once an asset enters the portfolio, it becomes the obligation of the sector analysts to continually monitor the asset for changes in the fundamental investment thesis that would require an adjustment to the position. Our standard investment horizon is 1-2 years, although there are certainly deviations based upon abnormal market conditions or changes in the outlook for the firm. In addition, in rare instances, we will enter an investment designed solely for short-term returns.

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

Portfolio Activities

During the period of May 2015-April 2016, the students in the Investment Program made a total of 52 votes on potential trading activity. Of those, 44 passed the supermajority requirement for action. Of the 44, 20 were buy actions and 24 were sell actions (some of the latter were stop or trailing in nature and never transacted). Please see Appendix A.7 for a detailed listing of all the trading activities of the Fund.
Current Portfolio Construction

As of April 25, 2016, our current portfolio was constructed as in Figure 8.

Figure 8: Portfolio Holding Allocations

Further, our sector breakdown for equity positions is approximated in Figure 9. This represents 7 of the 10 S&P sectors, with the exceptions being Materials, Utilities, and Telecommunication. The remaining 23% of our invested assets are in three different ETFs. HEDJ is an inverse Euro hedged ETF that tracks European companies, PHB is a high-yield corporate bond ETF, and EEMV is an emerging markets low volatility ETF. In addition, as of the end of April 2016, we held approximately 22% cash.

Figure 9: Sector Allocations
Performance

<table>
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<th>Portfolio Performance vs. S&amp;P 500</th>
<th>Portfolio</th>
<th>S&amp;P</th>
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<tbody>
<tr>
<td>May 2015 – April 2016</td>
<td>4.16%</td>
<td>1.33%</td>
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<tr>
<td>2015 Calendar Year</td>
<td>-6.87%</td>
<td>-.72%</td>
</tr>
<tr>
<td>2016 YTD</td>
<td>8.88%</td>
<td>3.39%</td>
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By Month*

<table>
<thead>
<tr>
<th>Month</th>
<th>Portfolio</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2015</td>
<td>2.06%</td>
<td>1.05%</td>
</tr>
<tr>
<td>June 2015</td>
<td>1.54%</td>
<td>-2.10%</td>
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<td>July 2015</td>
<td>-1.26%</td>
<td>1.97%</td>
</tr>
<tr>
<td>August 2015</td>
<td>-5.41%</td>
<td>-6.26%</td>
</tr>
<tr>
<td>September 2015</td>
<td>-4.03%</td>
<td>-2.64%</td>
</tr>
<tr>
<td>October 2015</td>
<td>4.37%</td>
<td>8.30%</td>
</tr>
<tr>
<td>November 2015</td>
<td>3.68%</td>
<td>0.05%</td>
</tr>
<tr>
<td>December 2015</td>
<td>-4.83%</td>
<td>-1.75%</td>
</tr>
<tr>
<td>January 2016</td>
<td>-5.56%</td>
<td>-5.07%</td>
</tr>
<tr>
<td>February 2016</td>
<td>-1.35%</td>
<td>-0.41%</td>
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<tr>
<td>March 2016</td>
<td>6.44%</td>
<td>6.60%</td>
</tr>
<tr>
<td>April 2016</td>
<td>4.28%</td>
<td>1.02%</td>
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*Portfolio returns are calculated net of dividend disbursements
*Please see the monthly portfolio summaries in the appendix for detailed discussion of returns.

May 2015 – April 2016: Performance Relative to the S&P 500

Please view Appendix A.7 for month summaries of the portfolio activities, performance, and analysis.
Private Equity

In August of 2015 the Private Equity Team went to their first CHAP meeting for the 2015 to 2016 academic year. For their first meeting they were introduced to two companies: EZ Waves and Electronic Health Network. EZ Waves (http://ezwaves.com/login) is a local, Charleston, SC, based start-up. The company has developed an online platform for scheduling boating excursions which allows consumers to search, book, go boating, and process payments in real time. For captains, the platform includes comprehensive and easy-to-use online resource that will help captains enhance customer relationships through a simple system that manages the captain’s schedule, delivers immediate confirmations, and manages customer feedback requests. This functionality can be managed by a mobile app on a captain’s smartphone. The Private Equity team and the CHAP Members voted to pursue due diligence.

The second company the Private Equity team was introduced to was Electronic Health Network (http://ehhnusa.com/). EHN is a local, Charleston, SC, start-up which allows healthcare providers and related organizations to securely share protected health information with the Medical Interoperability Network (MiNT) Platform. After much deliberation the Private Equity team and the CHAP members decided against immediate diligence. While members were encouraged by the company’s early sales, the general sense was that more time is needed to refine the business plan and strengthen the advisory team.

On September 30th, 2015, at the CHAP meeting, the Private Equity Team was introduced to two companies: Pandoodle and Sensory Analytics. Pandoodle (http://www.pandoodle.com/) is based in Columbia, SC. Publishers need more solutions for advertising and this is where Pandoodle bring relevant ads to life. When a viewer taps on the computer screen the ads come up, attracting viewers to scroll through advertisements that are relevant to them. Pandoodle makes their money by using software as a service (“SAAS Money”). They use real time analysis reporting and management where they sell advertising lines. This increases the value for publishers because from a qualitative perspective it increases the intrinsic value of the advertisement. Pandoodle’s business model is to use a turnkey cloud based platform and to allow for Ad revenue sharing and/or monthly license fee to generate revenue. They estimate they obtain about $218,000 per site and need about twenty-five websites to be profitable. It was decided, by CHAP and the Private Equity Team, to table Pandoodle and revisit Pandoodle at a later date.

The next company is Sensory Analytics (Sensoryanalytics.com). Sensory Analytics has developed a measurement system called “SpecMetrix” to deliver precise real time measurements of coating thickness for manufactures of products such as coated metals, flexible packaging, medical devices and other products. The system is designed to save both time and money by measuring the absolute thickness of applied coatings and thinner film layers in a non-destructive manner as part of a continuous manufacturing process, quality assurance (QA), or R&D testing. CHAP and The Private Equity Team decided to proceed with Due Diligence.

About five weeks later, on November 5th, 2015, The Private Equity Team was then introduced, through CHAP, to Hardscoop Distilling and Job Market Maker. Hardscoop Distilling is located in Charleston, SC with a strong legal barrier of entry: distributing spirits in South Carolina.
Hardscoops has a very diverse and experienced board consisting of members in the alcohol distribution, manufacturing and marketing industry. They have been working for 2.5 years on the process to develop ice cream that is infused with spirits. Their products will range from 12 to 20% alcohol by volume (“ABV”) with the ice cream being anywhere from 24 to 40 proof. CHAP and the Private Equity Team decided to postpone an investment on Hardscoop Distilling until a later date.

The next company observed was Job Market Maker (https://www.jobmarketmaker.com/). Job Market Maker is based in Charleston, SC. They believe that talent acquisition is the biggest problem in business today. With an estimated Human Capital Management Software industry value of $15 Billion and an estimated growth of 11% they believe this is a very large and profitable industry. Over the past 1.5 years they have created a competency model to help firms select the best candidates for selected roles; they look at what they applicant has in comparison to what the company needs. When Job Market Maker looks at candidates they look at over 2000 data points. The firms have a minimum subscription signing for one year. By 2018 they are expecting a 70% Growth Margin. Since their inception Job Market Maker has raised $1.5 million and hopes to raise an additional $2.5 in the next round. The money that they raise will be used for production and then research and development (R&D). The diligence team valued JMM at a pre-money valuation of $4.25 Million.

After going through due diligence the College of Charleston Investment Society decided to allocate $10,000 from the Private Equity portfolio. This served as the Investment Society’s first Private Equity investment in the Program’s history. One of the highlights was the management team behind Job Market Maker. Their CEO has a multitude of experience in startups and selling software to businesses. They have demonstrated a strong discipline in sales processes, methodology, and management of the pipeline. JMM seems to be gaining a solid reputation in the local Charleston market. They have strong representation from industry on their advisory board, and the team has industry contacts to get on the radar with potential acquirers. With a pre-money valuation equating to $4.25 Million it appears to be a very appropriate value, in regards to the company, based on their current stage. The delivery of the Investment Society’s $10,000 investment is contingent upon Job Market Maker raising a minimum of $700,000 in Series A fundraising. The Investment Society is very excited to announce our first investment and look forward to its prosperity.

Hometrackr is a Charleston based technology company that provides and collects important digital data on residential properties. The purpose of their product is to inform homebuyers, sellers and real estate professionals regarding specific pieces of property and to help them make more strategic decisions. They will also inform you on past maintenance and have home valuation tools to give you multiple estimates on the home. They also pull permit records, inspection history, and contractor reports that allow you to get a better grasp of when work was done to the house and if there is anything to be concerned about. Hometrackr offers three products. The first is a basic Consumer Report, which gives an instant digital home history report. The next product is a Professional Reports / Leads. It allows customers to instantly access home history reports at a discounted rate or on a monthly subscription. HomeTrackr is seeking to raise $500k with preferred equity financing at a 2.5M pre-money valuation. Proceeds from investment will be used for hiring key staff for tech and marketing support, and continued
improvement of our existing web application. CHAP and the investment society decided to not proceed into diligence but to revisit Hometrackr's at a later date.

The next company that was observed was Ellipsis (humanpresence.net). They started product development in 2014, proof of concept in 2015, and are now in the process of going to market. Ellipsis is a technology company that assists websites in distinguishing between a human and a “robot” when viewing their site. Ellipsis works by tracking over 50 data points and analyzing over 3 billion. Using real-time behavioral analysis, the software picks up on keyboard strokes, mouse clicks, tablet, and even phone typing. The software allows actual human visitors and non-critical robots into a website while it auto flags and blocks threatening robots. Ellipsis is led by a veteran team of technical and business leaders. The use of the funds will go toward building a full time staff, further improving their algorithms, sales, and marketing. Their exit strategy is a strategic sale to a larger cybersecurity or tech data company with a 2-3 year timeframe. It was decided by CHAP and the College of Charleston to pursue due diligence.

Globekeeper is an Israeli technology start-up company that is turning personal communication devices into cyber-secure operational platforms. The technology enables military-grade secured communication, utilizing cutting-edge technologies to overcome encryption latency and provide real-time media transfer between team, unit and on field agents, regardless of hardware or location. This technology can be easily implemented on any personal communication device and can handle high-bandwidth through a unique peer to peer cast. The current product markets as an extra security measure for government agency and includes multiple features. The first feature is that the mobile application that allows audio streaming, instant messaging, video streaming, and files transfer all in real-time. The next feature is that the Monitor and Control Panel displays real-time user’s location as well as activity history for debriefing capabilities. The last feature includes a panic mode that sends out alerts to all team members through different methods of activation. At the time GlobeKeeper was seeking $800,000 in convertible notes. The company did not have a pre-money valuation. CHAP did not actively pursue due-diligence on GlobeKeeper.

In Sum, the Private Equity team of the College of Charleston School of Business Investment Society observed many start-ups seeking venture funding throughout this academic year. The scope, mission and exit strategies of each of these companies were very diverse. With the conclusion of this academic year, and this cohort, we are proud to announce and celebrate our first Private Equity Investment, Job Market Maker, in the program's history. It has been an exciting year and we look forward to the prosperity and future of the Investment Society.
Appendix
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<td>Charlotte Saxe</td>
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<td>Anthony Crisalli</td>
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<td>Alex Wood</td>
<td>Accountant</td>
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A2: Article on Goldman Sachs Visit
Investment Program Students Welcomes
Goldman Sachs for the Third Time

Renowned financial firm, Goldman Sachs, visited the School of Business Investment Program this fall semester for a third consecutive year. While the College of Charleston does not hold a place as a Goldman Sachs target recruitment school, the School of Business Investment Program invited three guests from two different divisions within Goldman Sachs to both network and assess the members of the accredited program. The representatives of which were present from Goldman Sachs were from the Commercial Real Estate division in Dallas, Texas and the Investment Management division in Atlanta, Georgia; this visit was held on November 18, 2015.

The agenda for Goldman Day began with a lunch hosted by student representatives from the Investment Program followed by a general presentation to the School of Business for students potentially interested in the financial services world. The day continued with an asset pitch for investment in Scripps Network Interactive (SNI), completed by four representatives from the Investment Program to the Goldman team. While the Goldman representatives largely commended the students for their presentation on the topic, the constructive criticism to follow proved to be the most beneficial.

Following this pitch, we were able to have an informal discussion with our guests regarding candid advice they offered to be successful in the financial services industry and specifically Goldman Sachs. As they could see we were all extremely passionate about the industry, they exclaimed we would bode well over others looking to just work for the company based on its impressive reputation. After our discussion we were all welcomed to join a networking reception with our guests from Goldman Sachs, along with others to conclude the day.

Overall the experience went extremely well as the Investment Program 2016 Cohort made a strong impression on the Goldman Sachs representatives while also exposing the School of Business in an extraordinary way. The previous annual visits have already paid significant dividends, as three members of the Investment Program over the past two years have gained employment at Goldman Sachs. This is a significant change in the way the College is viewed as a source of talent arguably the most notable financial firm in the world. Gabe Henderson, a senior finance major who serves as portfolio manager of this years cohort, is one of those fortunate students.
"Before I entered the Program, the likelihood of being able to work at Goldman Sachs was largely a pipe dream," Gabe says. "They simply do not target schools such as the College. However, what I hope that I—and my fellow Society colleagues—have shown is that we are as capable as students at any of the more newsworthy business schools. We simply have to be given the platform on which to present ourselves. Goldman Sachs Day gives us that opportunity and it is not saying too much to state that it has changed my life."

All in all, both the students and local financial professionals were able to create great connections across the industry. Events like these also allow the Investment Program to bring together financial professionals to network and learn from each other. As such, we certainly plan to continue to build relationships with these notable firms and bring them to our beautiful campus.

"I’ve said it many times before, but I cannot say it enough," Dr. Mark Pyles, Director of the Investment Program states, "I believe in our students. I think all of our students are quality and the elite are as good as you will find at any school anywhere. It is our job as academic professionals to give them the opportunity to show what they know. They never disappoint if we do that—they hold up their end of the bargain each time we hold up ours."

We look forward to bring Goldman Sachs back to campus next year, along with other notable firms and continue the pattern of generating career-related connections and experiences for our students.

SCHOOL OF BUSINESS
INVESTMENT PROGRAM
A3: Article on CFA Event
School of Business Investment Program Hosts Another Successful Event Alongside the CFA Society SC

The School of Business Investment Program has had yet another productive semester this Fall. One of the primary points of focus of the Program is to serve as a point of connection between the College and the local financial community. No group better epitomizes the local financial environment than the CFA Society SC. On November 5th, the Program was able to partner with the Society for the third time in hosting an event that focuses on a hot button issue in industry. The CFA charter, being the preeminent certification offered in the financial industry, makes this partnership a wonderful development for the Program.

"The CFA is the ultimate in leveling the playing field," says Dr. Mark Pyles, Director of the Investment Program. "Regardless of your school or previous record, obtaining the CFA is an automatic certification of financial proficiency. As such, we are strongly supportive of students from CofC that wish to get the charter."

Members of faculty and administration joined the students, along with nearly 50 professionals from various areas of the financial industry, for a conversation that centered on the rapidly growing area of socially responsible investing. The talk, titled "From Feel-Good Fad to Respected Investing Strategy: The Evolution of Socially Responsible Investing" was led by Jason T. Baron. As a Managing Director and Senior Portfolio of U.S. Trust, Bank of America Private Wealth Management, Baron has immense knowledge and background in the field of socially responsible investing. Baron’s presentation first addressed the question of why one might choose to invest in a socially responsible fund and how the popularity of these investment funds have grown. The discussion moved further while Baron explained the impacts that socially responsible investing might have on society and why it has built so much popularity in the field of investing. An open discussion ensued regarding the aspects of a company that might be analyzed which could make it have a high Environmental, Social, and Governance score and how this has driven the momentum of popularity of investing in these types of portfolios.

The relationship between the School of Business and the local financial professionals has grown vastly as a result of this event and other CFA events in years
prior. The discussions the students are able to have with professionals at these events allow them to become accustomed to conversation in a more professional rather than academic manner. The ability for students and faculty to share ideas and learn from these professionals helps to both further and broaden their knowledge on various topics discussed.

Gabe Henderson, the student portfolio manager, sees the value of these opportunities as integral to the experience of being in the Investment Program.

"Over the past two years," Henderson states, "I have seen first-hand how important these opportunities are to me and my fellow student colleagues. There is no amount of classroom preparation or textbook study that can adequately prepare us for interacting in a professional manner. I personally take a great deal of experience from these events that I will use as I begin my professional career."

Following the presentation, there was a reception held in the Tate Center, where guests could continue conversations in a less formal setting and students could further their knowledge of the experience and practices of the financial professionals who attended the event. Networking opportunities presented themselves to both students and professionals looking to meet and share conversation with one another. Thanks to the CFA Society, students were presented the unique opportunity to meet experienced professionals in the financial community and create relationships that may prove critical in the future.

The Investment Program, only half way through its third year since its conception here at the College of Charleston, continues to create and build relationships with impactful financial professionals, such as those with the CFA Society. This would not be possible without an incredible advisory committee and committed professionals who continue to put forth an amazing amount of effort to prepare students for their smoothest transition into their professional careers. We look to continue this mutually advantageous partnership with the CFA Society SC and further benefits for both parties.
A4: Article on G.A.M.E. Forum Trip
Investment Program Students Attend National Conference on Asset Management Education

This March, the College of Charleston Investment Society had representatives present at the seventh annual Global Asset Management Education (G.A.M.E) Forum in New York City, NY. Six students from the current cohort and the Program Director, Dr. Mark Pyles, traveled to the financial center of the world to connect with professionals, learn about the current hot issues in investment management, and to make lasting memories as they represented the College of Charleston. The Quinnipiac University hosts this well-known event, which was this year held in the New York Hilton Midtown Hotel near Central Park. Over 1,600 students and faculty members from 36 Countries and 47 States came to share their common interest.

The first day included keynote sessions that discussed broad-ranging topics such as the global economic market outlook, corporate governance, and investment strategy. During one of the keynote sessions, the CoFC Investment Society’s student European Analyst, Charlie Essi, had the opportunity to be live on Bloomberg radio and TV as he asked a question to the expert panelists.

“It was an amazing opportunity to speak with esteemed professionals who deal with our economic environment on a daily basis,” Essi stated. “It was particularly humbling to have the chance to ask Charles Evans of the Chicago Fed a question on the European Economy.”

On the second day, forum attendees could choose among 61 individual breakout sessions, including panel discussions and workshop presentations. Rachel Hyland, a senior Economics major particularly enjoyed the opportunity to broaden her view of the wealth management. “My breakout sessions were far more than a bland presentation,” she says, “but rather an interactive experience that helped me change the way I had previously looked at a style of investing, as well as the methods that can be used in identifying an attractive investment opportunity,” said Rachel Hyland.

In addition to the G.A.M.E Forum itself, the students had the chance to receive a personalized tour through the New York Stock Exchange Market for the closing bell ceremony. This part of the trip was special for the current student portfolio manager, Gabe Henderson. “Visiting the floor of the NYSE was a once in a lifetime experience,” he stated. “Seeing where fortunes have been made and lost since the beginning of the 20th century was a humbling and eye-opening experience. To see firsthand how much it has changed, but yet stayed the same was something that will stick with me throughout my career.”

Additionally, the CoFC contingent was given the opportunity to visit George Weiss and Associates, a boutique investment management firm with a nearly 40 year history. While there, the students were given a view of what the most successful and enduring financial companies looks for in potential employees. Alex Wood, a senior accounting major says, “Our visit to George Weiss was eye opening. While it is just one example, being able to see the potential for young individuals seeking opportunity in
finance made me hopeful for the future of CofC graduates. It showed me that the connections from the College of Charleston spread far and wide, but it is up to the students to utilize them for opportunities and it is up to the faculty to culture them and keep them strong.”

Also, this trip demonstrated the importance of connections among students, alumni, and instructors. This year’s cohort had the chance to interact with four students from the first Investment Society class, that graduated in 2014. “I thought that the meeting with the four Alumni was impressive and very helpful for us as we transition from school to the real world, said Julia Neumann, the current student ETF manager. It was nice to see how successful that graduates from CofC, and the Investment Program specifically, can be. This gives me certainty about my future.”

Overall, this trip was one of the most valuable experiences for Investment Society students during their College careers. This is a unique opportunity to meet professionals and make valuable connections for the future. Further, as a group, the experience fostered new ideas for their student managed-portfolio. The dual benefit of experiential learning for the students coupled with improving the quality and reputation of the School of Business is really the motivation behind these annual visits according to the Program Director, Dr. Pyles.

“As much as we all love Charleston,” Dr. Pyles says, “I do feel there is significant value in creating an opportunity for these elite students to visit the financial center of the world and experience the palpable energy that it creates. As an added bonus, the opportunity to travel as a group always brings them closer as a cohort. They get to see each other as friends and colleagues in addition to their normal role as classmates. Seeing them bond together in representing our School is always rewarding for me.”

Student attendees included (from left to right): Gabe Henderson, Rachel Hyland, Charlie Essl, Alex Wood, and Julia Neumann. Not pictured: Charlotte Saxe.
A.5: CofC Strategic Investment Symposium Program
# The Second Annual College of Charleston Strategic Investment Symposium

## April 8, 2016

### Schedule of Events

<table>
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<tr>
<th>Time</th>
<th>Activity</th>
<th>Location</th>
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<tr>
<td>8:00 – 9:00</td>
<td>Registration / Meet and Greet</td>
<td>Tate Gallery</td>
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<tr>
<td>9:00 – 10:30</td>
<td>Global Markets Outlook</td>
<td>Wells Fargo Auditorium</td>
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<tr>
<td>11:00 – 12:00</td>
<td><strong>Keynote Presentation:</strong> Value Investing</td>
<td>Wells Fargo Auditorium</td>
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<td>Lunch Break</td>
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<td>1:30 – 3:00</td>
<td><strong>Breakout Session 1</strong></td>
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<td>Session 1A: Private Equity Investment</td>
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<td>Session 1B: Fixed Income Investment</td>
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<td>3:30 – 5:00</td>
<td><strong>Breakout Session 2</strong></td>
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<td>Session 2A: Socially Responsible Investment</td>
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<td>Session 2B: Quantitative Portfolio Management</td>
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<tr>
<td>5:00 – 6:30</td>
<td>Cocktail Reception</td>
<td>Tate Gallery</td>
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D. Scott Phillips, Jr.
Portfolio Manager, Head of Research, Templeton and Phillips Capital Management – Chattanooga, TN

Prior to his current post, Mr. Phillips founded Cumberland Capital Corp, located in Chattanooga, TN, which provided equity research services to Green Cay Asset Management, a hedge fund management company located in Nassau, Bahamas. Scott was previously employed as a research analyst with Green Cay beginning in January of 2004, and before this, was an equity research associate analyst with SunTrust Robinson Humphrey (including its predecessor companies) in Atlanta GA. Scott co-authored with Lauren Templeton “Investing the Templeton Way” released in 2008 by McGraw Hill. Scott is also the author of “Buying at the Point of Maximum Pessimism” a book on forward looking investment themes published by the FT Press in 2010. In addition, Scott co-authored a revision of William Proctor’s 1983 biography of Sir John Templeton titled “The Templeton Touch” released in December 2012. Scott is a member of the John Templeton Foundation and a trustee with the Templeton Foundation Inc.

Richard Yamarone
Senior Economist, Bloomberg – New York, NY

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

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

Philip Colmar is a founding partner of MRB Partners - The Macro Research Board. Mr. Colmar has 13 years of experience in the industry, both as a strategist and economist. He focuses on researching and developing global macro investment themes and works closely with MRB clients to assist them in portfolio strategy decisions. Mr. Colmar writes extensively on multi-asset strategy, trading opportunities and financial market risks. Mr. Colmar has covered all of the major global asset classes and has extensive experience in building economic and asset market models/indicators. Prior to forming MRB, Mr. Colmar was the Managing Editor of both the Daily Insights and Global Fixed Income Strategy services at BCA Research Inc. He has a M.Sc. in Finance from Queen's University, as well as a B.A. in Economics and a Bachelor of Business Administration from Bishop's University.

Mark Hughes
Head of Equity Research, Lafayette Investments, – Bethesda, MD

Mr. Hughes leads Lafayette's equity research team. He has more than 35 years of experience in the investment field. Before joining Lafayette in 1990, he was the managing partner of a private investment partnership. Mr. Hughes received a BS in accounting from St. Francis University (PA) in 1979 and is a Certified Public Accountant. He is married and has two children.
Christian H. M. Albert  
Managing Partner, Bowside Capital – Charleston, SC

Christian Albert is the managing partner of Bowside Capital, a private investment firm that specializes in the private equity, small-capitalization market. Bowside Capital invests in U.S. and Canadian private equity funds with capital commitments of $150 million or less, makes secondary purchases of limited partner interests in funds that meet its target criteria and co-invests with these small funds in direct transactions. Mr. Albert earned an A.B. from Brown University and a M.St. from the University of Oxford.

John Osborne  
Co-Founder & Director, The Harbor Entrepreneur Center  
Executive Administrator, Charleston Angel Partners – Charleston, SC

Mr. Osborne is the founder of both fundingcharleston.com, a consulting and management company for private companies, organizations, and events, and The Harbor Entrepreneurial Center, a non-profit initiative dedicated to creating collision among entrepreneurs in the region. In addition, he has more than a decade of experience working in commercial banking, private banking, and wealth management. Mr. Osborne is also the Executive Administrator of Charleston Angel Partners, the region’s longest tenured angel investment group. Originally from Billings, MT, Mr. Osborne studied finance and economics while attending Charleston Southern University on a golf scholarship.

Jim Butterfield  
Principal, The Riverside Company – Daniel Island, SC

Mr. Butterfield joined The Riverside Company in 2002 from Tampa, FL-based private equity group, Raymond James Capital. He is responsible for generating and managing Riverside’s Southeast/Southwest deal flow for Riverside’s three domestic funds (total capital under management of $4.4B) and establishing relationships with investment bankers and senior industry executives throughout the country. Through such, he has sourced investment opportunities that have led to the successful deployment of over $1B of equity. Earlier in his career, Mr. Butterfield managed corporate finance advisory engagements for privately held middle market companies throughout the Southeast. From 1990-1996, he developed a specialty in corporate liquidity management and consulted to Fortune 250 companies while in the global finance departments of JP Morgan and Bank of America. Mr. Butterfield holds a BA from the University of Notre Dame and an MBA from the University of Georgia’s Terry College of Business.

Sheppard Davis  
Founder, The Beaufort Company – Charleston, SC

Mr. Davis has extensive experience managing absolute return credit portfolios, systematically exploiting credit opportunities through different cycles. Prior to founding the Beaufort Company in Charleston, SC, Mr. Davis was the founder of Wave Management Company, a fundamentally driven, multi-strategy credit hedge fund that used a dynamic approach to portfolio construction and fixed income investment strategy to seek profit throughout all phases of the credit cycle. Prior to founding Wave Management, Mr. Davis was Managing Director and Head of US Credit Strategies and Trading at Barclays Global Investors. He previously held the posts of Managing Director of CSFB and Director of Salomon Brothers. He also formed one of the first credit hedge funds, Seaboard & Co. and was an early non-bank participant in the bank loan market. Mr. Davis received both a BA and MA from Tufts University.

Visit the SB Investment Program’s website at: http://go.cofc.edu/investment
Stefan Fenc
Former Senior Vice President, NewBridge Bank – Charlotte, NC

Mr. Fenc specializes in corporate and institutional asset management. In this role as Senior Vice President at NewBridge Bank, he developed and implemented investment strategies for the cash component of client portfolios. In addition, Stefan led the Investment Strategy Committee across the corporate, institutional and retail (HNW) platforms. Prior to NewBridge Bank, Stefan served as the Director of Investment Strategy for Square 1 Asset Management as well as Senior Portfolio Manager with Capital Advisors Group where he oversaw $2.2 billion. He received his BA from Miami University; he is a CFA charterholder and member of the CFA North Carolina Society.

John D. Wiseman
SVP and Director of Fixed Income, Greenwood Capital Associates – Greenville, SC

Joining the Firm in 2006, John D. Wiseman serves as Director of Fixed Income and as Manager of the Crescent Strategic Income Fund. As Portfolio Manager for all Fixed Income strategies, Mr. Wiseman oversees an array of taxable, and non-taxable state-specific municipal bond portfolios. Prior to joining Greenwood Capital, he was Senior Portfolio Manager for a $2 billion fixed income investment firm in Charlotte, NC. Mr. Wiseman also spent four years in the State of South Carolina Treasurer's Office co-managing the fixed income assets of the State and its Retirement System. He was responsible for constructing and implementing investment strategy for the $17 billion pension fund and $5 billion general funds of the State. A graduate of Wofford College, Mr. Wiseman also completed a professional study program at the Institute for Public Finance, Kellogg School of Management at Northwestern University.

"J.T." John T. Grier
Managing Director, Internal Asset Management, Virginia Retirement System – Richmond, VA

Mr. Grier has primary responsibility for the $23 billion Internal Asset Management (IAM) program of the Virginia Retirement System (VRS). The internal strategies span U.S. core fixed income mandates to equity portfolios covering all developed and emerging markets. The IAM team also manages a significant portion of the Funds currency hedging activities and synthetic exposure to equity and fixed income markets. J.T. joined VRS in 1995 and has over 22 years of investment experience. Prior to working with VRS, he was an Investment Officer with Crestar Securities. Corporation consulting downstream correspondent banks. J.T. also serves as the Chair of the VCU Foundation Investment Committee, Chair of the CFA Institute Research Foundation, and is an Associate Director with the Virginia Credit Union Board. J.T. earned a Master of Arts in Financial Economics from Virginia Commonwealth University, a Bachelor of Science in Economics from James Madison University, and is a CFA Charterholder.

Shingo Goto
Clinical Associate Professor of Finance, University of South Carolina – Columbia, SC

Dr. Goto teaches asset pricing theories and investment management to graduate students at the Moore School of the University of South Carolina. In addition, Dr. Goto has been supervising the student-managed investment fund. Dr. Goto's current research has been published in the Review of Financial Studies, the Journal of Financial and Quantitative Analysis, and the Journal of Banking and Finance, among others. Dr. Goto has also been actively involved in the practice of portfolio management. He currently serves as a senior consultant/advisor to Research Affiliates, LLC (Newport Beach, CA) and Nomura Asset Management (Tokyo, Japan). Dr. Goto has also been actively involved in the practice of portfolio management. His current consulting engagements include the enhancement of fundamental indexing for Research Affiliates. Dr. Goto was a Principal for the Active Equity group of Barclays Global Investors between 2007 and 2009. His prior work experience includes corporate banking and financial engineering at The Sumitomo Bank in Tokyo and New York. Dr. Goto holds a Ph.D. and MBA from the Anderson Graduate School of Management at UCLA and a bachelor's degree from the University of Tokyo.
Dr. Hill currently serves as Head of Institutional Investment Strategy at ProShares, a premier provider of alternative exchange-traded funds (ETFs) with over $25B of assets. Her responsibilities include portfolio strategy, product research and education. Prior to joining ProShares in 2009, she spent 17 years at Goldman Sachs, where she was a Managing Director, leading global equity index, quantitative, and derivatives research. Dr. Hill was recently named one of the ten inaugural recipients of the Top Women in Asset Management Awards by Money Management Executive, and she is Co-President of Women in ETFs. Dr. Hill is a recipient of the William F. Sharpe Indexing Lifetime Achievement Award and has published extensively. Earlier in her career, she was an Associate Professor of Finance at University of Massachusetts (Amherst). She received a PhD in Finance and an MBA from Syracuse University.

Mr. Sauls is a recognized expert in Alternative Investments, specializing in investing in private equity opportunities that focus on entrepreneurs, foundations, and family offices. Mr. Sauls has an abundance of industry experience in the Atlanta and Charleston areas. Previous posts include Associate Vice President of SunTrust Bank, Equity Portfolio Manager for City Capital Counseling (an Atlanta boutique money management firm), Senior Vice President at Bessemer Trust Company, Senior Vice President and Wealth Strategist at GenSpring Family Offices, a SunTrust affiliate, and Managing Director of Crawford Investment Counsel. In the later role, he lead the firm’s Diversified Portfolio Group. Mr. Sauls commenced his formal education at the College of Charleston with a Bachelor of Business Administration degree before earning an MBA at Emory University’s Goizueta Business School. Mr. Sauls also holds the Chartered Financial Analyst (CFA) designation.

Mr. Britton is responsible for the day-to-day portfolio management of the suite of investment strategies offered by Sciens GOOD Asset Management, including the Sciens GOOD Asset Management Large Cap and All Cap strategies, as well as specialty offerings including the Faith, Gender, LGBT and Environmental and Fossil Reserve Free offerings. Sciens GOOD Asset Management is a joint venture between Jason Britton and Sciens Capital Management, a New York headquartered, asset manager with expertise in real assets, liquid alternatives and long only accounts. Mr. Britton was previously a Managing Director and Head Portfolio Manager for Socially Innovative Investing at U.S. Trust where he was the creator and 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.

Mr. Kemper co-founded Palmetto™ in 2009 and is responsible for the company’s day-to-day operations. His activities are focused on large customer accounts, capital raising and group-wide strategy. Mr. Kemper built the North American and European operations with an emphasis on structure finance in the real estate and clean energy industries. The company has expanded from a finance company into a vertically integrated operator. Prior to Palmetto, Mr. Kemper worked with Mr. Oza at Tradition Financial Service, a leading institutional inter-dealer broker and was based in London, England. He was a senior broker and focused on clean energy markets in Asia and Latin America where he was responsible for origination, transaction structuring and investment strategy. Previous posts also the United Nations Environmental Sustainability Division and the World Bank, where he gained extensive experience in the area of clean and sustainable energy.
A big thank you to our sponsors...

HDH Advisors LLC
Business Consulting Services

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

Palmetto™ was founded in 2009 with the goal to become the world's largest clean energy and social-impact investment and operations company. Since its inception, the company has financed, built, and managed more than $450m worth of assets throughout Europe and the United States. Today, they are operating as a vertically integrated finance, development, construction and management company. The corporate team has more than seventy years of experience in the asset class and is highly specialized in market strategies, structured finance, energy policy, law and accounting. The corporate team oversees and operates wholly-owned business divisions, which deliver solar solutions to a growing commercial and residential customer-base, Palmetto™ is vertically integrated – originating customers, providing implementation services and financing options. Palmetto™ has flexible capital constraints and an ability to deliver both project and corporate finance in a wide range of capacities such as venture capital, private equity, short- and long-term debt. More information can be found at www.palmetto.com.

Tandem Investment Advisors

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

CFA Society South Carolina

CFA Society South Carolina promotes the highest ethical standards and professional excellence within the local investment community. CFA Society South Carolina is an association of local investment professionals, consisting of portfolio managers, security analysts, investment advisers, and other financial practitioners, that has served CFA® charterholders and CFA® Program candidates locally for the last 15 years. CFA Society South Carolina has over 90 members and is a member society with CFA Institute. Our members are part of a global network of more than 130,000 finance and investment professionals in more than 150 countries and territories. Our goal is to make a difference in the future of the profession at local level. For about CFA Society South Carolina, including our monthly events and how to join, please visit www.cfasmc.org/southcarolina.
A big thank you to our sponsors (continued)...

To truly understand Greenwood Capital is to go back more than half a century to a time when the textile industry was flourishing and Greenwood Mills was one of the leading manufacturers in the world. The beginnings stem from the thousands of South Carolina — based employees that entrusted their pension to the Investment Division of Greenwood Mills. In 1983 this Investment Division would become the independent entity Greenwood Capital Associates. The experience of managing a multi-million dollar portfolio and the retirement incomes of so many hard-working families through turbulent times shaped the investment convictions of the Firm. With lessons learned in the past and an ever watchful eye on the future, Greenwood Capital’s professionals are decidedly disciplined in the approach taken. Today, Greenwood Capital is one of the largest independent investment firms in the Southeast, managing nearly $1 billion in assets nationwide through two distinct offerings, GCA Wealth and GCA Investments. GCA Wealth and its team of Private Client Advisors, provide investment advisory services for individuals, families, foundations, endowments and trusts. GCA Investments and its team of investment professionals develop and maintain investment strategies for both GCA Wealth and GCA Investments institutional clients. This legacy has afforded clients prudent growth with a watchful eye toward downside risks. It has brought together a remarkable team of distinguished professionals, rooted in the Upstate with South Carolina values. More information can be found at www.greenwoodcapital.com.

American Timberlands Company is a vertically integrated holistic land investment management firm organized for the purpose of originating and managing forestland investments with diverse attributes and value-adding opportunities. ATC’s clients, partners, and investors recognize that, with the right management expertise, low risk land investments can yield higher returns than ordinary timberland investments. ATC’s original office was opened in 2005 in Columbia, SC, where the company’s corporate business continues to be conducted. In 2007, the company’s Operations office was opened in Pawleys Island, SC. The Pawleys Island location provides an efficient location for managing the company’s field operations. In 2011, ATC opened an office in Buckhead, near Atlanta, GA, where one of the company’s larger investors and several of the largest institutional forestland owners in the Southeastern US are headquartered. To complement its value-adding investment strategy, ATC has built asset management and land services businesses which perform most of the forestry and land improvement activities required to execute ATC’s strategy. These businesses allow ATC to develop proprietary best practices, train analysts and operators to the highest performance standards, ensure alignment of interests with investors at every level of the management process, lower management costs, and strictly manage quality control to produce outcomes that generate higher investment returns. Since the firm’s strategy was originally developed through PLIC, ATC principals have invested nearly $100 million. More information can be found at: www.americantimberlands.com.

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

In order to receive the specials below, please be sure to show this program to your waiter/waitress when ordering.

**The Kickin' Chicken**
- 337 King Street
- Chicken Wings, Sandwiches - $$
- 10% off lunch

**Mellow Mushroom Pizza Bakers**
- 309 King Street
- Pizza, Bar, Sandwiches - $$
- 10% off lunch

**Boone's Bar**
- 345 King Street
- American (Traditional), Burgers, Bars - $$
- 10% off lunch

**Taziki's Mediterranean Cafe**
- 306 King Street
- Mediterranean - $
- 10% off lunch + a free drink

**King Street Grille**
- 304 King Street
- American (New), Burgers, Sandwiches - $$
- 10% off lunch + a free appetizer

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

Visit the SB Investment Program’s website at: http://go.cofc.edu/investment
A.6: Article on CofC Strategic Investment Symposium
The School of Business Investment Program Hosts
Successful Second Annual CofC Strategic Investment
Symposium

On Friday, April 8, 2016, the School of Business Investment Program welcomed well over attendees to the Second Annual College of Charleston Strategic Investment Symposium.

Dr. Pyles, Director of the School of Business Investment Program, along with the 20 students in the 2015-2016 Investment Society, worked hard all year to make the Second Annual Strategic Investment Symposium a success. These 20 students were able to partake in a yearlong program that provided the opportunity to invest real money into the public and private equity markets.

There was a total of 15 distinguished speakers who provided the content for four panel-type sessions, a Global Markets Outlook discussion and a Keynote Address.

Registration began at 8 am on Friday morning and the Global Markets Outlook discussion began an hour after that. The Keynote Address followed the discussion where after the conference participants had time venture out into Charleston to enjoy lunch. After lunch, there were the four breakout panels that participants had the choice to attend two of.

The breakout panel topics were private-equity investing, fixed income investing, socially responsible investing and quantitative finance. The panelists participating featured individuals both from the Charleston area and around the country (traveling from Tennessee, New York, DC, among other places. Each session involved discussion among the panelists on the respective topic while being moderated by a member of the Investment Society, as well as Q&A with the audience.

The keynote speaker was Mr. D. Scott Phillips Jr., Portfolio Manager and Head of Research at Templeton and Phillips Capital Management in Chattanooga, TN. Mr. Phillips was able to share with the Investment Society and the entire audience of conference attendees his experiences with value investing and how difficult it can be to not let one’s emotions get involved when in an economic downturn. Mr. Phillips also went deep into the human brain and explained what actually occurs when an investor loses money. Mr. Phillips kept everyone in the audience very intrigued and the Q&A session after was full of hands.

Dan Adams served as the assistant student portfolio manager of the Investment Program over the past academic year and sees this event as eye-opening.
"As a value investing focused fund, I believe that all of the students gained a lot of insight from Mr. Phillips' presentation. I personally learned a lot more about the human body and how it reacts, than I ever thought I was going to coming into this presentation." Dan also added, "Mr. Phillips is an extremely well-known value investor and the Investment Program cannot thank him enough for coming to Charleston."

The Symposium culminated in a reception, sponsored by the CFA Society SC. This gave the outgoing and incoming classes of the Investment Society, the panelists and speakers, conference attendees, and faculty of the College of Charleston and the School of Business an opportunity to network and discuss in detail lingering questions.

The second Annual Strategic Investment Symposium could not have been made possible without the sponsorship of many groups, especially the generous sponsorship provided by the CFA Society SC. The Investment Program would also like to extend sincere appreciation to the follow firms: Tandem Investment Advisors, HDH Advisors LLC, US Trust, Greenwood Capital, Palmetto Group and American Timberlands Company.

While the Second Annual College of Charleston Strategic Investment was a large success, the incoming Investment Society of 2016-2017 is already planning a Symposium for late spring 2017. Please be sure to check back for more details as that time nears!
A.7: Detailed Listing of all Trading Activities

A pass vote requires a super majority of Society members present.
The following are the votes from the 2015-2016 cohort in order from oldest to newest.

- 9/8/2015 - Buy more Benefit Focus 100 shares at Market Price?
  - Passed 14-6
- 9/10/2015 Place a 10% trailing stop on RYAY?
  - Passed 19-1
- 9/10/2015 Motion to sell out of all shares of HEDJ
  - Filed 10-9
- 9/15/2015 Motion to buy 130 shares of PLKI at market price
  - Passed 14-6
- 9/22/2015 Purchase 165 shares of MPC at market price for $7590?
  - Passed 17-0
- 9/24/2015 Place a 7% trailing stop on PANW?
  - Passed 17-0
- 9/24/2015 Purchase 88 shares of SSS at market price?
  - Passed 18-2
- 9/28/2015 Motion to sell HEDJ at market price?
  - Passed 17-2
- 9/29/2015 Purchase 100 more shares of AT&T (T) at current market price?
  - Passed 16-3
- 10/8/2015 Buy 132 shares of CALM at market price(~$54.50)?
  - Passed 16-4
- 10/8/2015 Sell all shares of RYAY?
  - Passed 19-0
- 10/8/2015 Buy 53 shares of AMGN @$143 for $7,579?
  - Passed 16-2
- 10/8/2015 Place a 5% trailing stop on our shares of MDT?
  - Passed 17-1
- 10/9/2015 Place a 15% trailing stop on PNFT?
  - Passed 20-0
- 10/13/2015 Buy 70 shares of UPS @ market price for ~ $7,260?
  - Failed 13-5
- 10/22/2015 Sell out of all shares of PCG at market price?
  - Passed 17-2
- 10/22/2015 Purchase $10,000 work of DUK @ Market price?
  - Passed 18-1
- 10/28/2015 Purchase 108 shares of CHRW at market price for ~$7,500?
  - Passed at 15-4
- 11/5/2015 Replace a 15% trailing stop with a 9% trailing stop on BNFT?
  - Passed 15-2
- 11/9/2015 Sell 262 shares of BNFT @ 39.69 (Friday's Close)?
  - Passed 16-1


- 11/10/2015 Buy 77 shares of UTX for about $7,500?
  - Failed 15 - 4
- 11/12/2015 Buy 160 shares of HEDJ at market price for ~ $10,000?
  - Passed 14-5
- 11/18/2015 Place a 5% trailing stop on SSS?
  - Passed 16-0
- 11/18/2015 Purchase 133 shares of SNI @ market price?
  - Passed 14-6
- 12/1/2015 Purchase 110 shares of LABL at market price?
  - Passed 15-4
- 12/1/2015 Purchase 65 shares of Apple @ market price?
  - Passed 17-3
- 12/1/2015 Sell out of all shares of Ford?
  - Passed 15-5
- 12/3/2015 Purchase 625 shares of HQP @ market price for about ~$7,500?
  - Failed 17 - 3
- 12/10/2015 Place a 7% trailing stop on BNFT
  - Passed 20-0
- 12/10/2015 Place a 5% trailing stop on JNJ?
  - Passed 20-0
- 12/10/2015 Sell out of all shares of CSL?
  - Passed 18-2
- 12/10/2015 Keep the 5% trailing stop on SSS?
  - Passed 19-1
- 12/10/2015 Place a 5% trailing stop on MDT?
  - Passed 19-1
- 12/10/2015 Sell out of half of T at $35.50?
  - Passed 16 – 4
- 12/10/2015 Sell out of half of CHRW at $70?
  - Passed 17-2
- 12/10/2015 Sell out of all shares of Duke?
  - Failed 12-8
- 12/10/2015 Place a stop at of Duke $65?
  - Passed 16-4
- 12/20/2015 Buy 23 more shares of Apple at market price?
  - Passed 18-2
- 1/20/2016 Purchase 60 shares of Boeing (BA) at market price?
  - Passed 16-4
- 1/28/2016 Sell out of all shares of Discover?
  - Passed 19-0
- 2/3/2016 Place a 3.5% trailing stop on Popeyes?
  - Passed 20-0
- 2/9/2016 Place a 3% trailing stop on DUK?
  - Passed 19-1
- 2/10/2016 Sell out of all shares of AT&T (T)?
  - Passed 18-2
• 2/10/2016 Sell out of all shares of CHRW?
  o Passed 20-0
• 2/15/2016 Place a limit order for 182 shares of JPM at $55?
  o Passed 16-4
• 2/23/2016 Purchase 196 shares of XLP at market price?
  o Failed 17-3
• 3/1/2016 Purchase 64 shares of MCK at market price?
  o Passed 20-0
• 3/1/2016 Purchase 100 shares of Disney at market price?
  o Passed 17-3
• 4/3/2016 Purchase 562 shares of PHB at market price?
  o Passed 16-4
• 4/12/2016 Purchase 90 shares of PG at market price?
  o Failed 12-7
• 4/13/2016 Purchase 145 shares of EEMV at market price?
  o Passed 15 - 4
• 4/18/2016 Purchase 122 shares of VIG at Market Price?
  o Failed 18-2
A.8: Monthly Portfolio Summaries
School of Business Investment Program

Public Asset Portfolio Summary

May 2015

May was a mixed month for global equities. International equities fell, particularly emerging markets, however domestic equity markets experienced a positive gain. In the United States, Q1 GDP growth was revised downwards, from an originally reported +0.2% down to –0.7%. This poor performance was attributed to the rising value of the dollar, as the ECB and Bank of Japan continues their quantitative easing programs, as well as due to poor weather in much of the United States.

The portfolio outperformed the S&P 500 by 1.01% during the month of May, providing a year to date return of –0.63%. The largest decline in the portfolio for the month of May was National Oilwell Varco (NOV), which is attributed to the continued decrease in oil prices, as global supply continues to remain high. However, NOV looks able to weather a sustained downturn in the industry, with their large backlog and low debt holdings. The largest gain in the portfolio was Palo Alto Networks (PANW), a cybersecurity firm. As news continues to emerge about corporations being hacked, publicity for cybersecurity stocks has increased and PANW has benefited.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: go.cofc.edu/investment
June was a negative month for global equities, as rising concerns over the Greek debt crisis coupled with worsening economic conditions in China. Greece defaulted on a €1.5 billion payment to the IMF, and Greek voters rejected a proposed bailout plan that would require additional austerity measures. China cut interest rates, as the Shanghai composite index fell nearly 25%. Although conditions in the United States continue to look positive, poor global economic conditions could present a headwind to domestic markets moving forward in 2015.

The portfolio beat the S&P 500 by 3.44% for the month of June, and the portfolio is now up 0.89% year to date. The biggest loser for the month was Pacific Gas and Electric Company (PCG), as expectations mount that the Federal Reserve will increase interest rates in September of 2015, driving down the utility sector. The biggest gainer for the month was Benefitfocus (BNFT), as the stock was upgraded from a market perform to outperform by analysts at William Blair. Goldman Sachs (GS), a long time hold for the portfolio was sold for a gain of 31.65%, after hitting a pre-designated trailing stop.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at:

go.cofc.edu/investment
School of Business Investment Program

Public Asset Portfolio Summary

July 2015

July saw a continued slide in oil prices due to a strong dollar, increased Saudi production, and turbulence in the Chinese stock market. Greece managed to stay in the Eurozone after the reforms demanded by its creditors received passing votes. The agreement helped quell investor fears, which contributed to positive market returns in developed economies with the S&P rising 2.1% and the MSCI EMU index gaining 4.7%. The U.S. job report produced results in line with expectations, adding 215,000 non-farm jobs and unemployment remaining stagnant at 5.3%. The positive macroeconomic indicators placed downward pressure on emerging markets as expectations of a September rate-hike in the U.S. increased. The largest movements in our holdings for the month are detailed below:

↑ PCG—The gains in PCG reflect investor movements to safer and more dependable assets as global markets proved volatile.
↑ PANW—PANW hit a new high July 21, closing at 197.07. Continued improvements in its top and bottom line paired with an increasing market share have continued to push PANW to new levels.
↑ MDT—Attributable to growth in emerging markets (12% YOY growth), largely due to acquisition of Covidien. The firm has seen headwinds in the US due to an increase of cost-conscious hospitals, and an introduction of a medical device tax.
↓ BNFT—Experienced decline due to secondary offering of 2,854,560 shares at a price of $38.50 per share.
↓ NOV—Continued decline due to lower global oil prices and lower global activity.
↓ DFS—Beat estimates, although declined on a YOY basis. Despite the decline in gas prices, retail spending in the United States failed to see a corresponding surge as consumer bolstered savings and reduced debt.

![Graph](image-url)

<table>
<thead>
<tr>
<th>MONTHLY RETURNS</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Portfolio</td>
<td>S&amp;P</td>
</tr>
<tr>
<td>November 2014</td>
<td>1.70%</td>
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<tr>
<td>December 2014</td>
<td>-1.52%</td>
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<tr>
<td>January 2015</td>
<td>-5.47%</td>
</tr>
<tr>
<td>February 2015</td>
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<tr>
<td>March 2015</td>
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<tr>
<td>April 2015</td>
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<td>May 2015</td>
<td>2.06%</td>
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<tr>
<td>June 2015</td>
<td>1.54%</td>
</tr>
<tr>
<td>July 2015</td>
<td>-1.26%</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
School of Business Investment Program
Public Asset Portfolio Summary
August 2015

U.S. markets fell sharply during the month of August, primarily due to signs of an economic slowdown in China, uncertainty in U.S. interest rates, and oil prices. All major US indices fell in excess of 6% during the month. However, despite this month’s drawbacks, the NASDAQ still remains positive on the year at +85 basis points. The VIX saw its sharpest increase in almost 3 years, beginning the month at 13.12, peaking at 40.74 on August 24th, and ending at 28.43. U.S. investors fled to safety, moving out of sectors such as healthcare, financials, and consumer discretionary, towards more defensive sectors such as telecom and utilities, which both outperformed the broader market on the month. Although oil prices showed a significant pullback, the energy sector also outperformed the broader market due to an end-of-month rally in both energy stock prices and oil prices.

The largest losses of the month can be seen in Gilead, the Euro-hedged ETF (HEDJ), and Palo Alto Networks. Gilead and Palo Alto’s losses can be attributed mainly to the overall market sell-off. Given the risk profile of both of these companies, we would expect both of these stocks to underperform along with their respective sectors during times of high market volatility and selling. HEDJ’s price movement is driven mainly by the EUR/USD exchange rate rather than the change in value of the assets held within the ETF. During the month of August, the Euro increased in value in respect to the USD by nearly 3.5%, contributing to HEDJ’s underperformance. The stocks held within HEDJ also experienced a month of increased volatility and selling as European and American equity markets are highly correlated. National Oilwell Varco ended the month up 93 basis points as oil prices rallied with news of a declining US rig count.

<table>
<thead>
<tr>
<th>MONTHLY RETURNS</th>
<th>Portfolio</th>
<th>S&amp;P</th>
<th>Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2015</td>
<td>-5.47%</td>
<td>-3.10%</td>
<td>-2.37%</td>
</tr>
<tr>
<td>February 2015</td>
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<td>5.49%</td>
<td>5.45%</td>
</tr>
<tr>
<td>March 2015</td>
<td>-3.41%</td>
<td>-1.74%</td>
<td>-1.67%</td>
</tr>
<tr>
<td>April 2015</td>
<td>0.33%</td>
<td>0.85%</td>
<td>-0.52%</td>
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<td>May 2015</td>
<td>2.06%</td>
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<td>June 2015</td>
<td>1.54%</td>
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<td>July 2015</td>
<td>-1.26%</td>
<td>1.97%</td>
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<tr>
<td>August 2015</td>
<td>-5.41%</td>
<td>-6.26%</td>
<td>0.85%</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
U.S. equity markets faced another volatile month as the ripples from August’s correction made their way through the markets, but eventually began to show signs of normalcy. Concerns over China’s poor economic reports and indecisive monetary policy were still apparent as the U.S. Federal Reserve chose to ultimately not raise interest rates in September. Despite negative news from abroad, U.S. Q2 GDP was revised upward and 200,000 jobs were created in the month of September, building a stronger case for a U.S. rate hike later in 2015.

The S&P 500 closed in September down -2.5% while the VIX volatility index also closed down on the month at 26.13. Also during September the S&P hit what many investors call a "double bottom", trading down -5.08% during the last few days of the month before rebounding. This is believed to indicate that the correctional behavior the markets saw during the month of August is over and a recovery is soon to be seen.

During September, the portfolio underwent major strategic shifts as we aimed to increase exposure to more defensive equities such as high dividend paying stocks, REITS, and defensive sector stocks. We see success in this strategy as PCG was the biggest winner finishing the month up 6.49%, reflecting investor’s flight to defensive sectors such as utilities. Our overall economic forecast for the U.S. warrants these decisions and we believe we will begin to see the repercussions from strategic shifts in greater magnitude throughout 2016.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at:
October saw a significant rise in the global equity markets, brought on by speculation of looser monetary policy abroad. The Chinese central bank implemented a rate cut after GDP data for Q3 indicated growth slowing to 6.9%, and with similar cuts expected in both Japan and the Eurozone. In the US, the Dow experienced a point gain of 1,379—its largest ever. Similarly, the S&P realized a notable increase of roughly 8.3%. At their final meeting of the month, the Federal Reserve surprised investors by strongly suggesting a rate hike at their December meeting. The YTMM on the 30 year treasury increased by 6 basis points, closing at 2.93%.

For the month of October, our portfolio gained roughly 4.37%. Despite a miss in earnings towards the end of the month, several of MPC’s business segments experienced substantial growth. As a result, our holding returned roughly 11.81%, with realized synergies from the Speedway acquisition of Hess’s retail business and improved operating efficiencies serving as key catalysts. MPC is part of the part of the Oil & Gas Refining & Marketing subsector, and therefore unaffected by the global downward pressures in the oil market. Our other notable gains come from the healthcare sector, as MDT and GILD each climbed 10% following the biotech selloff towards the end of September. This selloff can largely be attributed to Hillary Clinton’s tweet regarding a potential plan to alter the pricing structure of the biotech industry.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at:
Global equity markets were up slightly for the month of November gaining 0.7%, however going into the holiday season signs of weakness in the retail market have continued to grow. Despite these blips, the Federal Reserve shows every sign of raising interest rates in December, a sharp contrast to the EU, where the ECB has been slashing interest rates deeper into negative territory, and continuing their version of Quantitative Easing. Oil prices have continued to slide downward as well, as a glut of global supply and weak demand shows no signs of letting up.

In the month of November, the Portfolio gained 3.68%, vs. a 0.05% return for the S&P. This gain can be largely attributed to the surge in both Benefitfocus (BNFT) and Marathon (MPC). Benefitfocus beat their Q3 earnings, at a time when many companies have failed to meet expectations, sending the stock soaring. Marathon has continued to benefit in a low oil price environment, as the crack spread continues to be on the higher end of the 5 year average.

Laggards included Duke Energy (DUK), as well as Scripps Network (SNI) and Ford (F). Duke has continued to be hit by speculation that interest rates will rise, potentially increasing the cost of borrowing for them as well as driving investors back to bonds. Ford is also suffering from a similar fear, as fears grow that an increase in interest rates will prevent people from purchasing new vehicles with loans.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: www.charlestoncollege.edu/business
The month of December presented disappointing results to end the year. Slowing growth in the Chinese economy was a prevailing negative influence, along with falling energy and commodity prices. Building upon the rebound momentum during the fall, the markets actually remained strong during the start of December and were near all-time highs. The moment we all had been waiting for—the Federal Reserve finally raising rates—occurred on December 16th. They increased rates by 25 basis points and all investors feared a negative effect on the market. However, the result relatively low volatility through the end of the year, which indicates the Fed’s rate hike had already been priced into the market. With the Tech and Healthcare sectors performing very well in 2015, the Nasdaq ended 2015 up 5.73% for the year. The S&P 500 ended nearly flat, down 73 basis points and the Dow Jones Industrial Average was down -2.23% for the year.

Our portfolio weathered the negative month fairly well, losing only 1.75%, less than half that of the S&P. We attribute this to the defensive attitude prevalent in our selections throughout the fall, which had served to hurt returns relative to the increasing markets during October and November. The portfolio was paced by strong months by our REIT holding (Sovran Self Storage) and Duke Energy, while we saw significance retractions in Cal-Maine Foods, Marathon, and our hedge European ETF.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at:
Rough market conditions led to the worst January for equities since 2009. Investors were concerned over fears of China’s slowing growth as well as the continued sell-off in oil. This decrease placed a downward pressure on other commodities as well, and led to investors fleeing emerging market funds. These emerging market funds, as measured by the MSCI EM IMI Index fell -6.7% compared to a fall of -5.07% for the S&P 500.

Economic statistics for the month continued to be mixed. Some positive statistics included the consumer confidence rating increasing to 98.1 from 96.3 in December, existing home sales increasing to 14.7% for December compared to a -10.5% in November, and the unemployment rate dropping from 5% to 4.9%. However, negative statistics such as the decrease in durable goods, factory orders, and retail sales have meant that as a portfolio, we continue to maintain a defensive allocation.

This defensive allocation has paid off, as the S&P 500 was down -5.07% for the month compared to the portfolio which was down -3.05%. This outperformance can be attributed to a few stocks; specifically some of our more defensive holdings such as CALM and T, which were up 10.62% and 6.57% respectively.

On the other hand MPC, GILD, and DFS were all hit hard during the month. MPC fell due to behavioral forces of the market; however with decreasing oil prices, the crack spread should continue to widen, a condition favorable for the company. We remain bullish on both MPC and GILD, and are re-examining DFS to ensure our catalysts still remain.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at:
School of Business Investment Program
Public Asset Portfolio Summary
February 2016

Volatility and sharp sell-offs continued into February, as issues such as falling oil prices, slowing growth in China, expectations of a U.S. rate hike, and mixed results from corporate earnings drove the markets further into negative territory to begin 2016. Global equities, high yield corporate bonds, and oil moved lower while government bonds and gold prices moved higher as investors sought to find safer investment vehicles during troubled times. In the United States, the S&P 500 hit its lowest point for February on the 11th, down 6.7% on the month, driven by sentiment around oil prices, which also seemed to bottom at $25 per barrel. Conversely, gold reached a 12 month high and the yield on the U.S. 10 Year reached 1.67%, highlighting investors efforts to find safety. February 11th seemed to be an inflection point for most markets which began to inch higher to post small positive gains on the month, with the exception of the S&P 500.

Again, the defensive shift in our allocation has proven to be beneficial as the fund has outperformed the S&P 500 by 257 basis points year-to-date. During the month of February however, holdings such as LABL and MPC drove fund returns lower due to poor earnings and declining oil prices. LABL also breached a key technical level in a bearish manner, coupled with overall market negativity, which ultimately drove the stock lower. Also during the month of February, the fund sold out of its defensive holdings such as Duke Energy and AT&T, both hitting predetermined target prices, which in our view, valued the companies fairly or over valued. This drastic increase in telecomm and utility stock prices was driven, again, by investors negative sentiment and desire for safety. We continue to watch these stocks for more attractive entry points.

SCHOOL OF BUSINESS INVESTMENT PROGRAM
PORTFOLIO HOLDINGS AS OF FEBRUARY 28th

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at:

TRANSACTIONS FOR FEBRUARY 2016

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<th>Action</th>
<th>Ticker</th>
<th>Company Name</th>
<th>Date</th>
<th>Shares</th>
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<td>JP Morgan Chase &amp; Co</td>
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<td>Sell</td>
<td>CHRW</td>
<td>CH Robinson Worldwide Inc</td>
<td>2/10/2016</td>
<td>108</td>
<td>70.15</td>
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</tbody>
</table>
As investors continued to transition from risk-off to risk-on, global indices continued to climb in March. Broadly speaking, one of the key drivers behind the global rally was a rally in crude oil prices. This improvement was primarily driven by increased hopes of production freezes from major producers. Recently, equity markets have moved in conjunction with oil, and we expect this trend to continue. Another key driver behind the rally was promising economic data from the United States, easing investor fears of a potential U.S. recession. With respect to central bank developments, the Fed indicated a reduced rate-hike schedule from four increases down to two. Abroad, the ECB cut lending rates while bolstering its bond purchasing program to include European corporate bonds, and increased the program scope from €60 billion to €80 billion.

Alongside the markets, our portfolio experienced significant gains. As expected, National Oilwell Varco (NOV) caught relief from the extreme downward pressures imposed by oil. Given this support, we determined it to be an appropriate time to sell. Apple announced several new products aimed at combating the slowing smartphone market, and moved positively with improved U.S. economic data. Meanwhile, Scripps Network Interactive (SNI) continued to receive positive support from impressive earnings growth in 2015, and also moved from the NYSE to the NASDAQ.

For information pertaining to our purchases of McKesson and Disney, please see our research posted on the Investment Program Website.

For more information regarding the Investment Program, the portfolio, and individual assets selected, please visit our website at: