



# Investment Club

September 9th, 2016



**WELCOME FRESHMEN!**

# Agenda

- 1) Board Members Introductions
- 2) Summer Update
- 3) Portfolio Update
- 4) Upcoming Events
- 5) Career Services

# Summer Review

By: Jason, Jesse, Adam and Kevin

# Apple



Third quarter results - June 25, 2016 (relative to Q3 2015)

- Total sales down 15%
  - iPhone down 23%
  - Other Products down 16% (up on nine-month ending data by 25%)

Diluted EPS down 23%

Losing market share for smart phones

Outlook on Apple

“Largely consistent with consensus expectations” -GS

# Mergers and Acquisitions

Reached \$1 trillion this month but down 31% YTD relative to 2015

Government action, geopolitical uncertainty, and market volatility

US inbound M&A totals \$311.5 billion in YTD 2016, up 7% from YTD 2015

China already surpassed 2015 total

Technological transformation, maturing economy and slowing organic growth, and a supportive financing environment

Technology led first half global M&A for the first time on record with a value of \$294.8 billion

Pharmaceuticals, Medical & Biotech was the top-performing sector in North America for the first half of this year

# Healthcare Sector

Healthcare has underperformed the S&P 500

Positives:

- Aging population
- Flush with cash

Dividend payments, share-enhancing stock buybacks, and M&A



# Healthcare (Cont.)

Negatives:

Increased government regulation

Prevent inversions (Pfizer - Allergan), Affordable Care Act (ACA)

Price gouging

Mylan - EpiPen

Potential pricing regulation



# Brexit

Fears of national security

Distaste of EU governance

Economic Sanctions : Banana Rule

Cameron Open Forum/Resign

Nigel Farage - 50 million euro to NHS

Theresa May



# Tesla, SolarCity, SpaceX

First, the boards. SolarCity's board consists of:

Elon Musk -- chairman, largest shareholder

Lyndon Rive -- CEO, cousin of Musk

Peter Rive -- CTO, cousin of Musk

\$2.6B stock merger on August 1st

SolarCity valuation at \$25.83/share, lower than original estimate of \$26.50 - \$28.50

Both companies in debt

"Go shop" period ends September 14th

SolarCity: \$17.44 (\$24.72 August 1st, -41.74%)

TSLA: \$197.36 (\$230 August 1st, -16.53%)

# (Cont.)

SpaceX rocket explodes on launch pad, \$200M communications satellite destroyed (for a Facebook project), could delay NASA ISS cargo deliveries

“As I’m here in Africa, I’m deeply disappointed to hear that SpaceX’s launch failure destroyed our satellite that would have provided connectivity to so many entrepreneurs and everyone else across the continent.”

-Mark Zuckerberg

# Fed Decision

Original inclination last December was there would be two raises this year

Fears over slow job growth spurred by a pathetic May jobs number (Verizon Strike)

Better Numbers Since

Market is pricing a 24% chance of a hike in September

# Hedge Funds

Hedge Funds have grown 3.4% over the last 2 years while the S&P has seen nearly 8%

Slow growth forced many funds to make changes

Layoffs - Och Ziff, Paul Tudor Jones, Citadel

Reduced Management Fees

Investors have removed more than \$15bil in funds this year

# DOW, S&P All-Time Highs

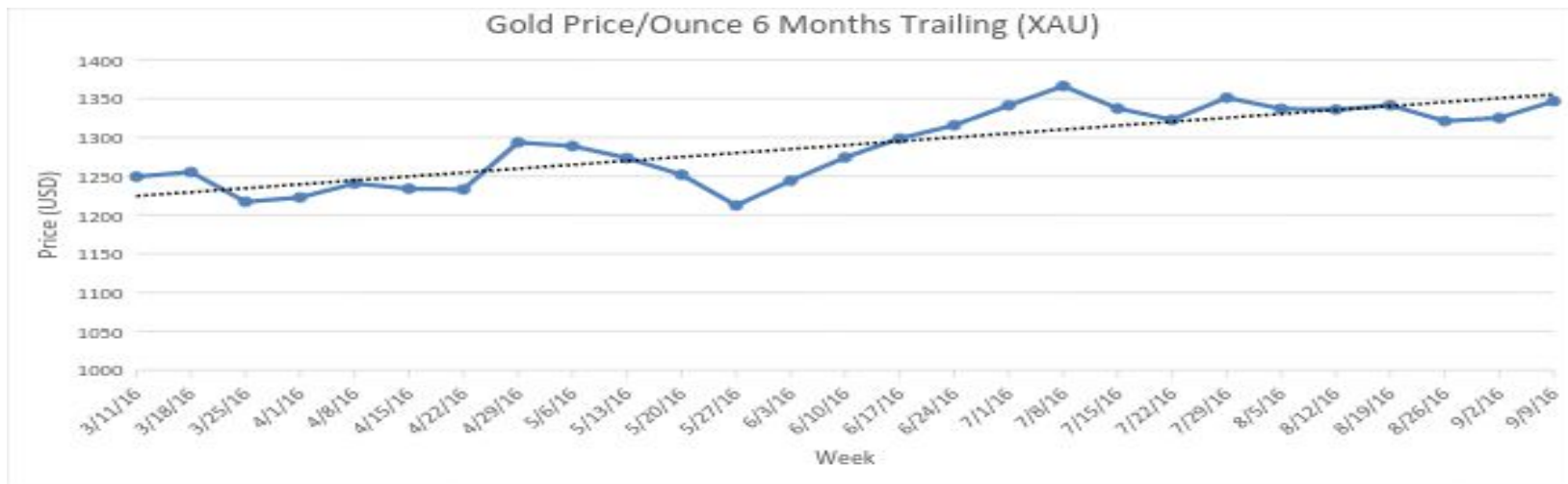
On August 15th, both the DOW and the S&P hit all time highs at 18636 points and 2190.15 points respectively

Stocks got a boost from upbeat earnings by Bank of America, Charles Schwab

“Until U.S. macro data are unambiguously robust enough to allow the Fed to hike safely, we think investors will be cursed by mediocre returns, volatile trading rotation & flash crashes” -Analysts at Bank of America Merrill Lynch



# Gold (AU)



Date	Price/OZ	% Change from start
3/11/16	\$1249.45	xxx
6/10/16	\$1274.24	+1.98%
9/8/16	\$1346.83	+7.79%

# What influences gold prices?

- A) Global Crisis/Geopolitical turmoil (Gold seen as safe investment)
- B) Inflation expectations (Gold as global commodity is more stable than paper currency)
- C) Central Bank Policy (Lower interest rates/ heavy QE can increase demand from gold)



# Summer Rallies

- A) George Soros: In May bought 1.1 million options on SPDR ETF
- B) Brexit: The UK's historic vote to leave European Union caused major economic uncertainty.
- C) Historic low yields (Negative Rates in Europe/Japan)

# Portfolio Update

Othman Guennoun, Austin Drucker and Dave Perron

# Our Portfolio vs S&P 500

	May 31st, 2016	September 8th, 2016	% Change
<b>S&amp;P 500</b>	2096.95	2181.30	4.02%
<b>Our Portfolio (Equity/ETFs)</b>	\$528,194.27	\$555,349.35	5.14%
<b>Our Portfolio (Cash)</b>	\$16.383.97	\$19,488.60	18.95%
<b>Our Portfolio (Total)</b>	\$545,530.34	\$574,837.95	5.37%

# Biggest Winners (May-->September)

KRATOS DEF & SEC SOL **65.32%**

GRUBHUB **64.16%**

EBAY INC **33.91%**

KINDER MORGAN INC **25.18%**

TOYOTA MOTOR CORP **16.97%**

FERRARI N V F **16.59%**

## Biggest Losers (May-->September)

LONG ISLAND ICED TEA -37.51%

Check Point Software -9.60%

GILEAD SCIENCES INC -9.45%

Coca Cola Company -2.38%

# Activision Blizzard (NASDAQ:ATVI)

9.79%

Activision Blizzard, Inc. (ATVI) 43.30 -0.08 (-0.18%) As of 4:00 PM EDT. Market closed.



# Caterpillar (NYSE:CAT)

15.63%

Caterpillar Inc. (CAT) 83.54 -0.18 (-0.22%) As of 4:00 PM EDT. Market closed.



# China Mobile Limited (NYSE:CHL)

9.72%





# Check Point Software Technologies (NASDAQ:CHKP)

**9.60%**



# Long Island Ice Tea (LTEA)

**-37.51%**



# GrubHub (GRUB)

64.16%



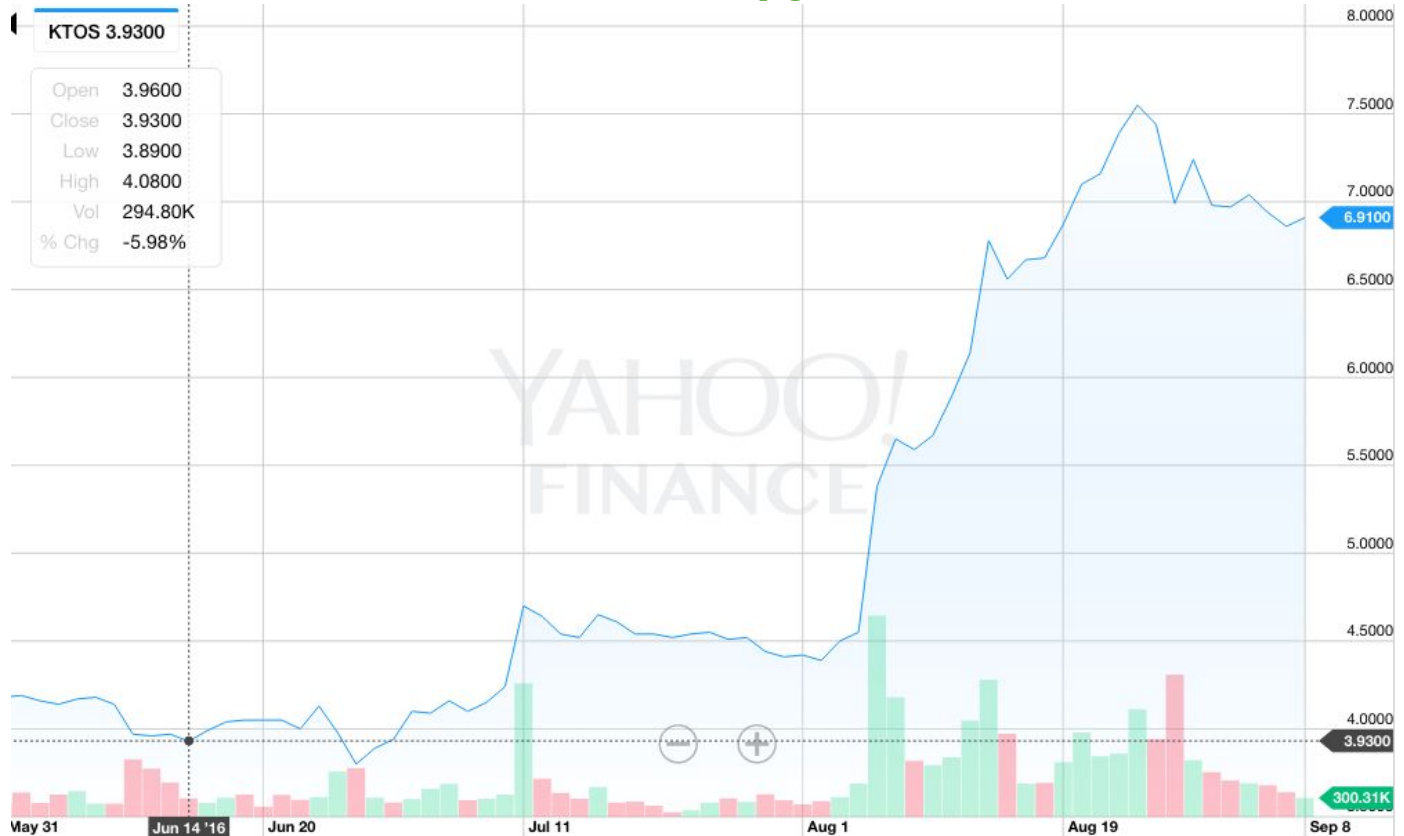
# Ebay Inc. (EBAY)

33.91%



# Kratos Def&Sec Sol (KTOS)

65.32%



# MANULIFE FINANCIAL (MFC)

- 6.5%

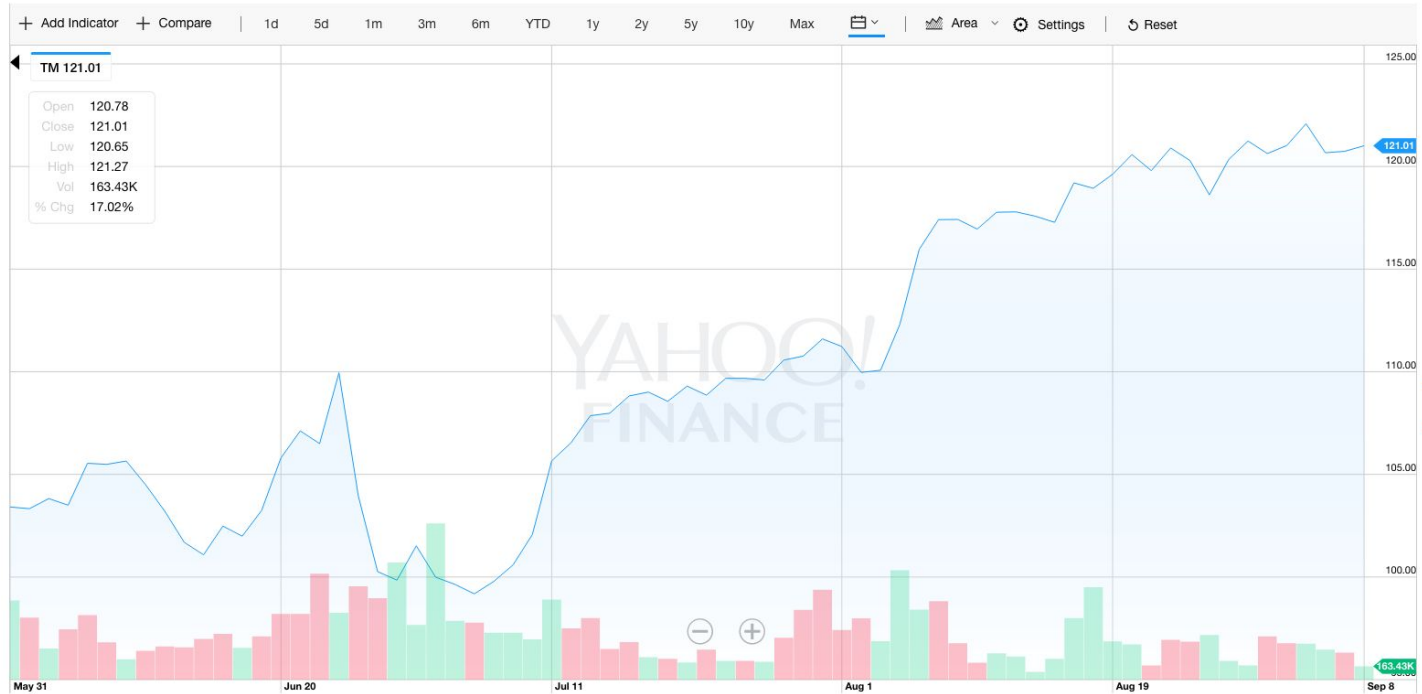
Manulife Financial Corporation (MFC) 13.88 0.14 (1.02%) As of 4:02 PM EDT. Market closed.



# TOYOTA MOTOR CORPORATION (TM)

16.97%

Toyota Motor Corporation (TM) 121.01 0.27 (0.22%) As of 4:02 PM EDT. Market closed.



# UNION PACIFIC CORP (UNP)

14.60%

Union Pacific Corporation (UNP) 96.63 0.35 (0.36%) As of 4:02 PM EDT. Market closed.





# QUALCOMM INC (QCOM)

13.75%

QUALCOMM Incorporated (QCOM) 62.69 0.26 (0.42%) As of 4:00 PM EDT. Market closed.



# Summer Hedge

iShares US Real Estate	5.30%
Proshares Short MSCI	-15.87%
Select Sector UTI	1.03%
Vaneck Vectors Gold	10.86%

# Upcoming Events

- 1) Career Fair: September 14th
- 2) Fidelity Todd Wiltshire '86 → September 14th @ 12.15



- 3) Barclays Panel and much more!!

# Maureen from Career Services

