

Friday, December 1st
Investment Club



ANNOUNCEMENTS:

- ❑ Bloomberg Trading Challenge
 - ❑ 3-5 person teams
 - ❑ \$1 mil invest across multiple securities using Bloomberg terminal
 - ❑ ***Bloomberg Swag Bag for winners
 - ❑ Also you get an iPad and \$2,500 to charity of choice
 - ❑ Register Wednesday, December 6th
- ❑ Switching Accounts from Schwab to ML
- ❑ Meeting Wednesday, December 6th
 - ❑ 12:15 Kunkel 102
 - ❑ Partnering w/ Real Estate Club for Alumni Lecture in Real Estate and Investing



3 Month Summary: Market Update

Anna Evinski & James Lind



3rd Quarter Performance:

- Strong earnings growth, low unemployment, and calm equity markets propelled stocks to their 8th consecutive winning quarter
 - Global markets have been making significant gains
 - 70% of companies beat their sales estimates. The highest number since 2011
- In the third quarter, the Dow added another 5% and the S&P 500 gained 4%. The Nasdaq led the way again with a gain of nearly 6%. The S&P 400 MidCap Index posted a relatively modest advance of 3%. On the year, mid-caps and small-caps are up around 8%, large-caps are up 13% and the Nasdaq has gained more than 20%

Major Indices

❑ S&P:

- ❑ September 29: 2,510.06
- ❑ October 31: 2,575.26
- ❑ November 30: 2,647.58

❑ Dow:

- ❑ September 29: 22,405.09
- ❑ October 31: 23,377.24
- ❑ November 30: 24,263.75

❑ NASDAQ:

- ❑ September 29: 6,495.96
- ❑ October 31: 6,727.67
- ❑ November 30: 6,873.97

❑ 10-Year:

- ❑ September 29: 2.33%
- ❑ October 31: 2.38%
- ❑ November 29: 2.37%



Market summary > Dow Jones Industrial Average

INDEXDJX: .DJI - Nov 30, 4:46 PM EST



24,272.35 ↑ 331.67 (1.39%)

1 day

5 day

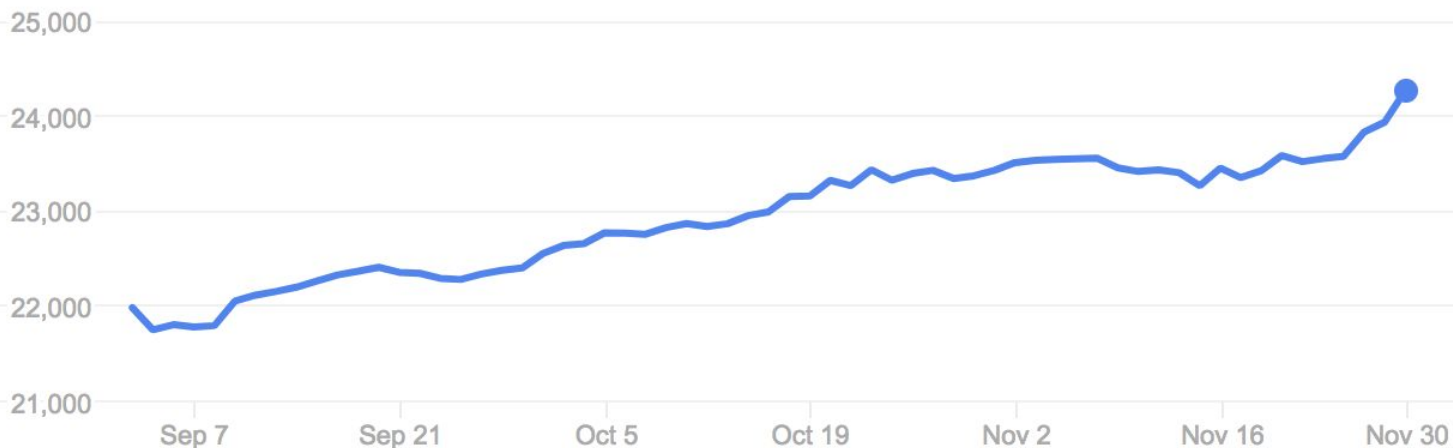
1 month

3 month

1 year

5 year

max



Open 24,013.80
High 24,327.82
Low 24,013.80

Mkt cap -
P/E ratio -
Div yield -

Market summary > S&P 500 Index

INDEXCBOE: .INX - Nov 30, 4:46 PM EST



2,647.58 ▲21.51 (0.82%)

1 day

5 day

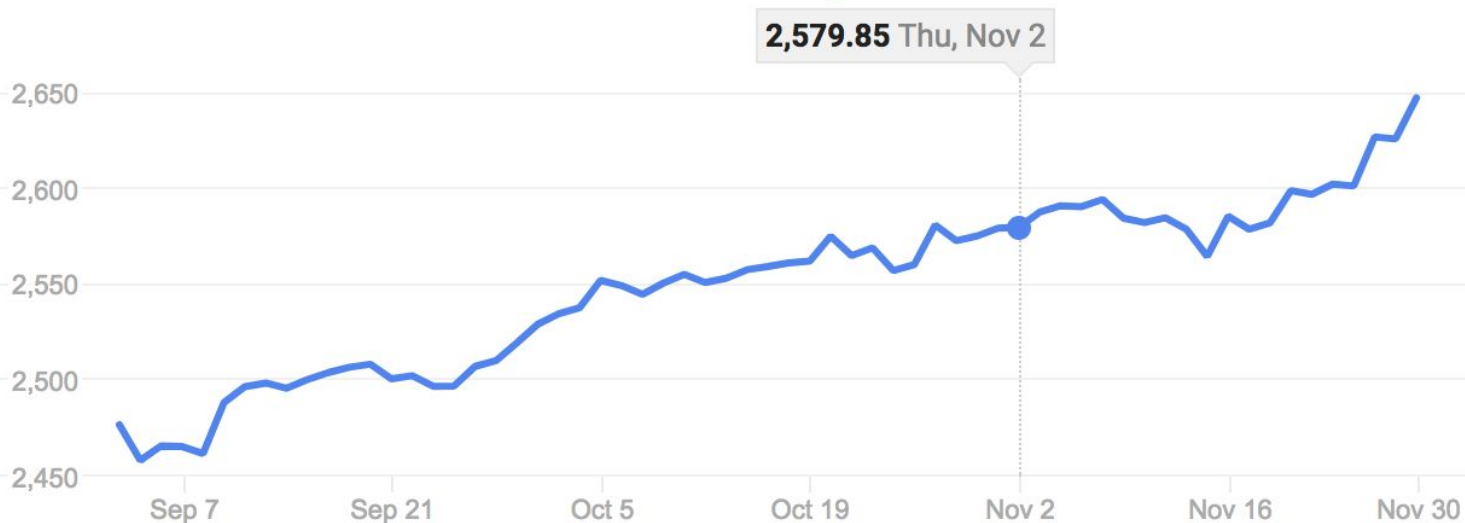
1 month

3 month

1 year

5 year

max



Open 2,633.93
High 2,657.74
Low 2,633.93

Mkt cap -
P/E ratio -
Div yield -

Market summary > Nasdaq Composite

INDEXNASDAQ: .IXIC - Nov 30, 5:15 PM EST



6,873.97 ▲49.58 (0.73%)

1 day

5 day

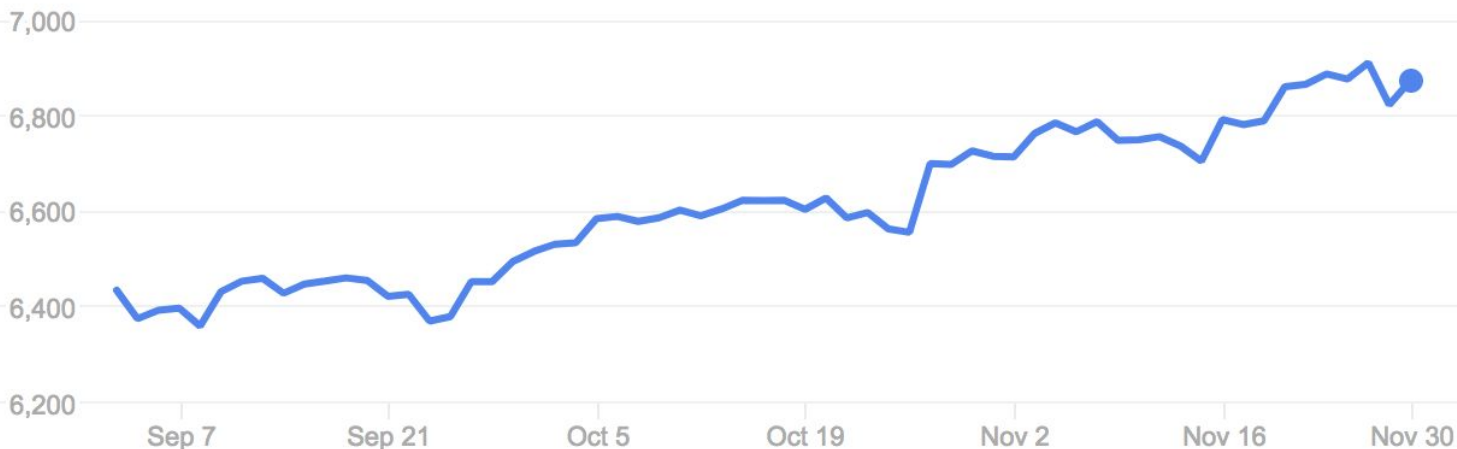
1 month

3 month

1 year

5 year

max



Open 6,852.80
High 6,888.65
Low 6,838.48

Mkt cap -
P/E ratio -
Div yield -



Commodities

THIS WEEK:

- ❑ OPEC has agreed to extend supply cuts through the end of next year
 - ❑ Extended past march of 2018
- ❑ Prices have also risen due to pressing geopolitical tensions and rising global demand
- ❑ “Bitcoin Mania: Even Grandma Is In”
 - ❑ Monday: price approaches \$10,000
 - ❑ Wednesday: down \$2,000, then rallies \$10,214
 - ❑ NASDAQ aims to launch bitcoin futures & Cantor plans derivatives

PAST 3 MONTHS:

- ❑ Anti-Corruption campaign pushed prices to 2 yr. highs
 - ❑ Brent crude: \$62.50/barrel
 - ❑ Current: approaching \$60
- ❑ Copper lifted by weaker dollar and China’s manufacturing sector picking up in November
- ❑ Gold prices fell steadily in October, suggesting economy will deliver strong growth

M&A

THIS WEEK:

- ❑ Nelson Peltz's continuous fight with Proctor and Gamble.
 - ❑ Vote recount in Delaware for board seat
- ❑ Carl Icahn targeting SandRidge Energy
 - ❑ 13.5% stake acquired in the company as of last week.
- ❑ Buffalo Wild Wings to be acquired by Arby's
 - ❑ Taking BWW private for \$2.44 billion in cash plus debt

PAST 3 MONTHS+:

- ❑ They're together:
 - ❑ Verizon & Yahoo
 - ❑ Verizon paid \$4.5 billion
 - ❑ Amazon & Whole Foods
 - ❑ Amazon pays \$13.7 billion (27% premium)
 - ❑ UTX & Rockwell Collins
 - ❑ UTX pays \$23 billion
 - ❑ Gilead & Kite Pharma
 - ❑ Gilead paid \$12 billion
 - ❑ Walgreens & Rite Aid
 - ❑ Walgreens buy 2,186 stores



M&A Past 3 Months Cont...

❑ M&A Pending:

- ❑ Time Warner Cable & AT&T
 - ❑ US Dept. Justice said AT&T must sell Turner Broadcasting (CNN) or DirecTV for approval
- ❑ CVS & Aetna
 - ❑ CVS offers to buy \$66 billion in cash and stock (deal may be announced the Monday)
- ❑ Disney & 21st Century Fox
 - ❑ Move for Disney to launch branded direct-to-customer streaming by 2019
- ❑ SoftBank & Uber
 - ❑ Softbank offers to buy shares @30% discount



❑ It's Over:

- ❑ Sprint & T-Mobile (couldn't compromise)
- ❑ SoftBank & Deutsche Telekom
- ❑ Broadcom bids for Qualcomm
 - ❑ \$130 billion





Alexa, Buy me something from Whole Foods

Sure Jeff, Buying Whole Foods



U.S. News

THIS WEEK:

- ❑ Powell's easy entrance as Fed nominee
 - ❑ He expects raising rates (December)
- ❑ Republicans and Democrats back and forth tax bill
 - ❑ Trump tweets, ruining meeting between Democrats
 - ❑ Republicans can only lose 3 votes
- ❑ Mick Mulvaney vs. Leandra English
 - ❑ Judge rules for Mulvaney
 - ❑ 3 days CFPB 3 days OMB
 - ❑ Twitter

PAST 3 MONTHS:

- ❑ TAXES, TAXES TAXES
- ❑ Fed Chair??
 - ❑ Yellen, Gary Cohen, Jay Powell, John Taylor
- ❑ Speculated Fed interest rate hike
- ❑ Unloading of portion of \$4.5 trillion BS
 - ❑ Allowing bonds run out, decrease money supply
- ❑ California Wildfires
- ❑ Trump meets with China's Xi, talks deals

TAXES, TAXES, TAXES

❑ “Tax Cuts and Jobs Act”

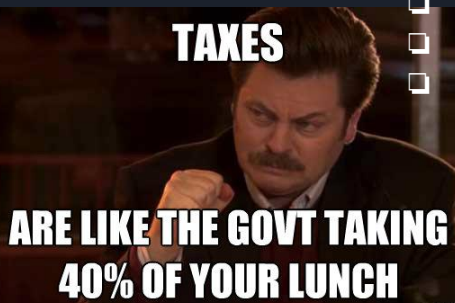
❑ House:

- ❑ 4 tax brackets down from 7
- ❑ Corporate tax: 20% down from 35%
- ❑ No estate tax past 2024

❑ Senate:

- ❑ 7 individual tax brackets
- ❑ Corporate tax: 20%
- ❑ Expands estate tax \$11 mil

- ❑ \$1.5 trillion federal budget deficits
- ❑ Expected GDP growth (will plateau)
- ❑ Pressure post-ACA repeal failure



Republicans’ House and Senate tax plans differ significantly.

	House bill	Senate bill
Top individual tax rate	39.6%	38.5%
Number of individual tax brackets	Four	Seven
Estate tax	Expands exemption to about \$11 million per person, repeals in 2024	Expands exemption to about \$11 million per person
Corporate rate	20%	20%
Corporate tax rate reduction starts	2018	2019
Top pass-through rate	25% with caveats	Above 30%
State and local deduction	Preserves for property tax up to \$10,000	Eliminates
Medical expense deduction	Eliminates	Preserves
Student loan interest rate deduction	Eliminates	Preserves
Personal exemption	Eliminates	Eliminates
Standard deduction	Nearly doubles	Nearly doubles
Alternative minimum tax	Eliminates	Eliminates
Child tax credit	\$1,600 per child	\$1,650 per child

Sources: U.S. House and U.S. Senate

THE WALL STREET JOURNAL.

International News

THIS WEEK:

- ❑ Uncertainties surrounding the fate of Nafta propelled Canada to seek out free trade deals with China
 - ❑ China deal would provide leverage for Canada in Nafta talks.
- ❑ North Korea develops and displays most capable icbm to date.
 - ❑ Flew with the capability to reach the entire United States
- ❑ Global economies continue hot streak.

PAST 3 MONTHS:

- ❑ Spain's Catalonia crisis
 - ❑ Biggest political crisis in Spain for 40 years
 - ❑ October 27th, regional parliament declares independence
- ❑ EU Brexit faces tiffs
- ❑ North Korea
- ❑ Hurricanes devastate Puerto Rico and Gulf Coast
- ❑ Japan's Abe wins, Nikkei stock exchange hits record highs



CEO/Leadership News

THIS WEEK:

- ❑ Chipotle looking to hire new CEO as founder steps down
- ❑ Johan de Nysschen: VW, Audi, Nissan, GM executive and turnaround specialist now faces new challenge at Cadillac
 - ❑ Dara Khosrowshahi: Uber ceo tasked with lifting the dark cloud that has been hovering over the company

PAST 3 WEEKS:

- ❑ Anthem: appointed Joseph Swedish
- ❑ Uber: fired Travis Kalanick
- ❑ Equifax: retired Richard Smith
- ❑ Barclays: 4 execs prosecuted fraud in September





Tech

THIS WEEK:

- ❑ Google may unite with Nest as it combats Amazon
- ❑ Tencent & Alibaba help authorities hunt down criminal suspects
- ❑ Amazon “Alexa for Business”
 - ❑ Voice computing in the workplace
- ❑ The tech sector has been the economy’s best performer for most of the year, and it was the top performer again in Q3
- ❑ Signs of tech slowdown start as Nasdaq takes a dive and people begin to move money into financials

PAST 3 MONTHS:

- ❑ Tech Earnings were fire
 - ❑ Amazon (revenue grew 34%)
 - ❑ Alphabet (profits grew 33%)
 - ❑ Microsoft (up 34% this year)
- ❑ Facebook, Google, Twitter involved in Russia investigation
- ❑ BioTech: Celgene Corp
 - ❑ Crashed 18% in one day (worst 17yr)
- ❑ Tesla warned it will take months longer than expected to make 5,000 Model 3 sedans

Holidays

- ❑ Black Friday:
 - ❑ Expected sales of \$33 billion
 - ❑ Stores open after thanksgiving, close 12PM, re-open Back Friday
 - ❑ Average discount was 45%
 - ❑ Less volume in stores (down 4%), more online (up 18%)
 - ❑ Shopping malls & gyms?
 - ❑ Amazon offers turkeys for discount
 - ❑ Commanded \$0.42 of every dollar spent online in October
- ❑ Cyber Monday:
 - ❑ Adobe says online sales hit \$6.6 billion (17% increase year over year) after \$7.9 billion on Black Friday
- ❑ Projections:
 - ❑ Amazon dominate online retail sales 4th quarter
 - ❑ \$53.5 billion (33% year over year, 21% year over year last year)



Holiday Spurge

Amazon vs. S&P 500, year to date



Source: WSJ Market Data Group

Created Nov. 30
4:31 p.m., local

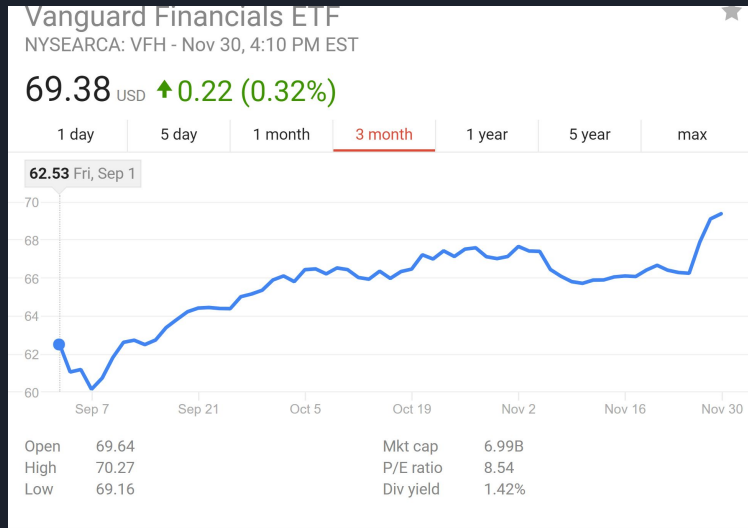


Financials Update

By: Sidney Michelini

Main drivers

- Deregulation and deregulation rumors from the Trump administration
- Overall good year for the rest of the market
- Slowly increasing interest rates make banking more profitable



How we did?

- Barclays-4.14%
- Goldman Sachs-9.63%
- Bank of New York Mellon-4.58%
- JP Morgan Chase-13.98%
- Manulife Financial-5.57%
- Total-8%
- Market-10.9%





Recommendations?

- We need to get into fintech
 - At least one holding would be good
- No reason to panic
 - We are below market because we are heavily weighted in big banks
- Re-evaluate Barclays position
 - Recently had scandals and investigations
 - Re-evaluate original thesis





Energy Update

Oil Glut

...roller coaster ride for oil prices the last two years because of worldwide oil glut and a price sensitivity that responds strongly to worldwide production levels

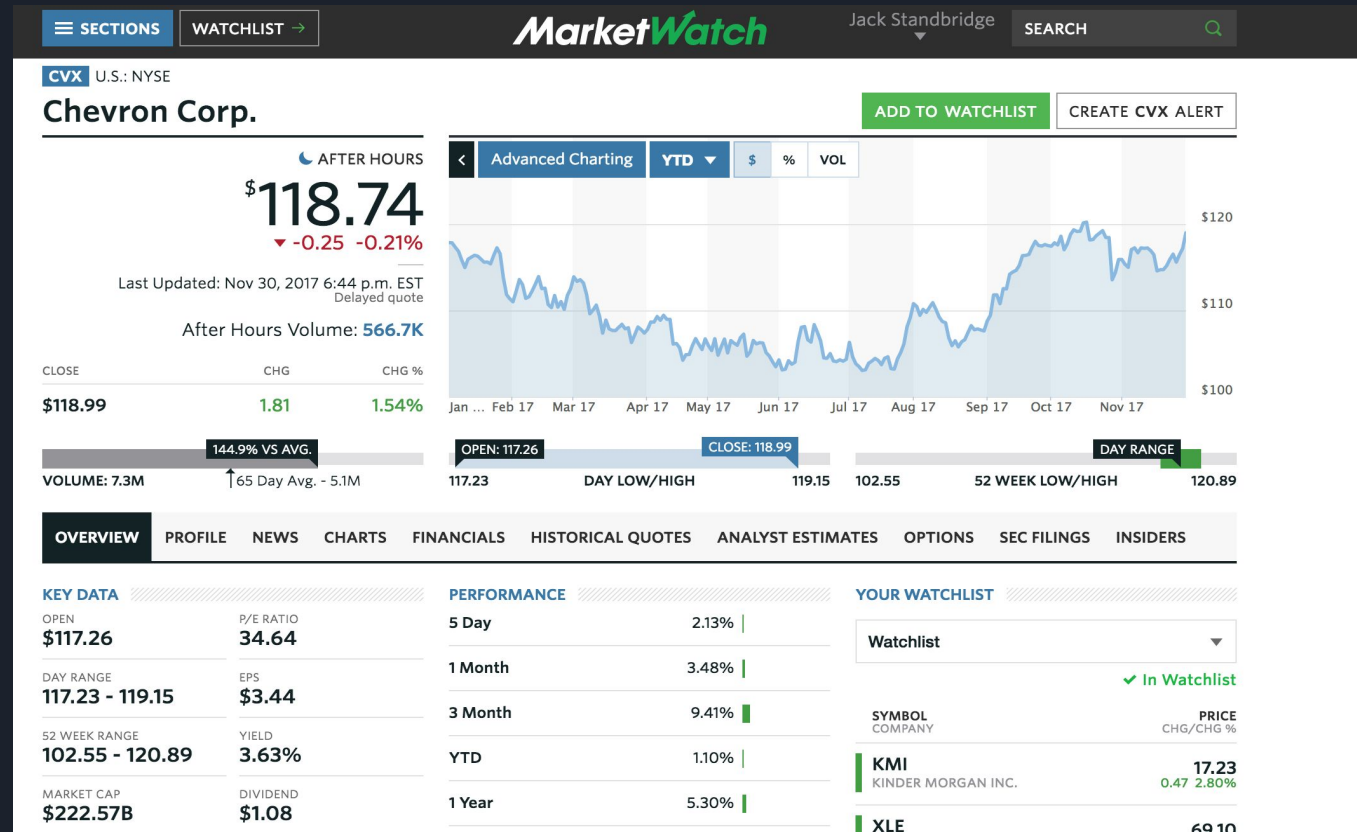
OPEC and its ally countries agreed yesterday to extend their output-cut deal to the end of 2018

3 Energy Sector holdings within our portfolio

- Chevron Corp. (CVX)
- Exxon Mobil Corp. (XOM)
- Kinder Morgan, Inc. (KMI)

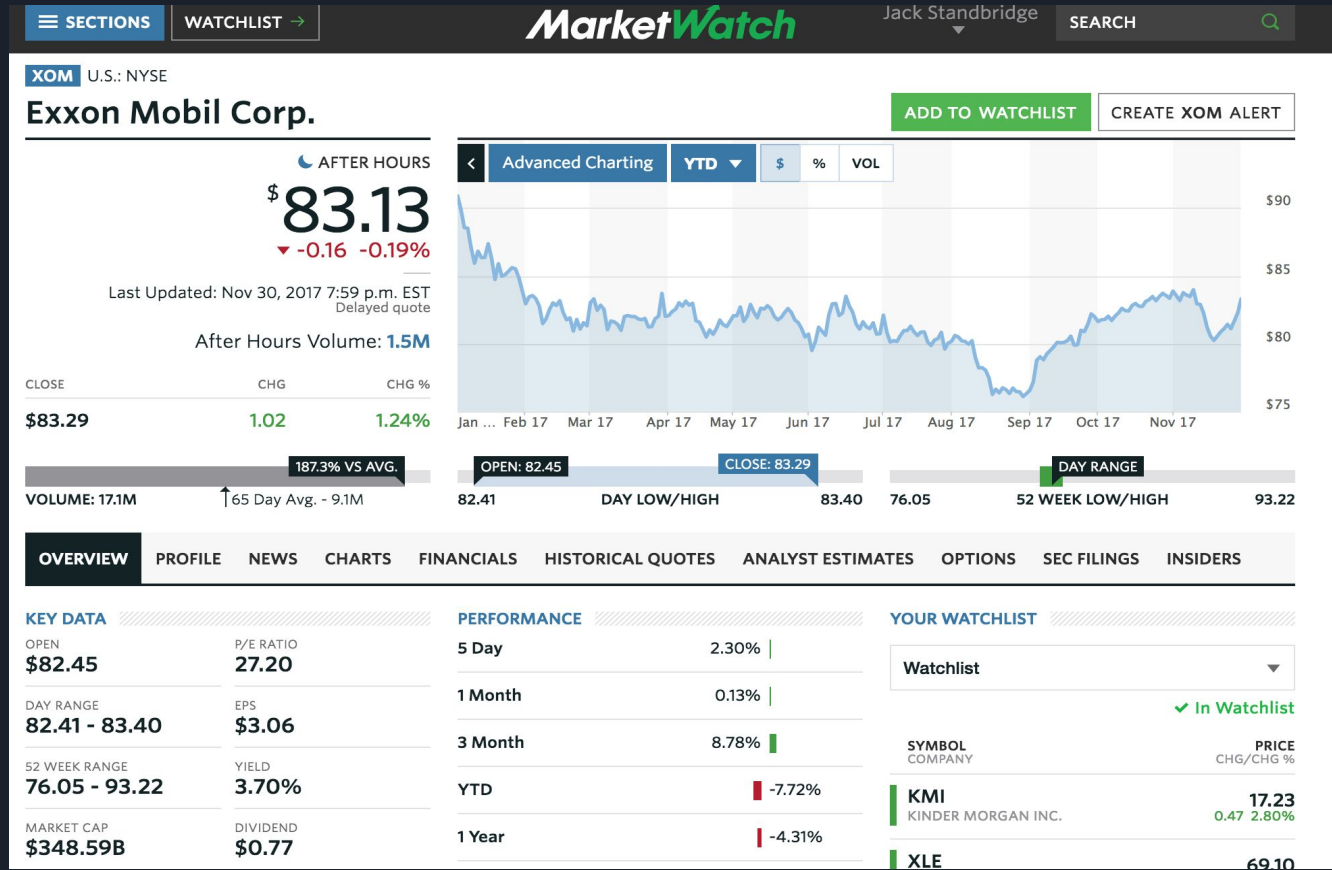
Chevron Corp. Yearly Performance

CVX - 5.3%



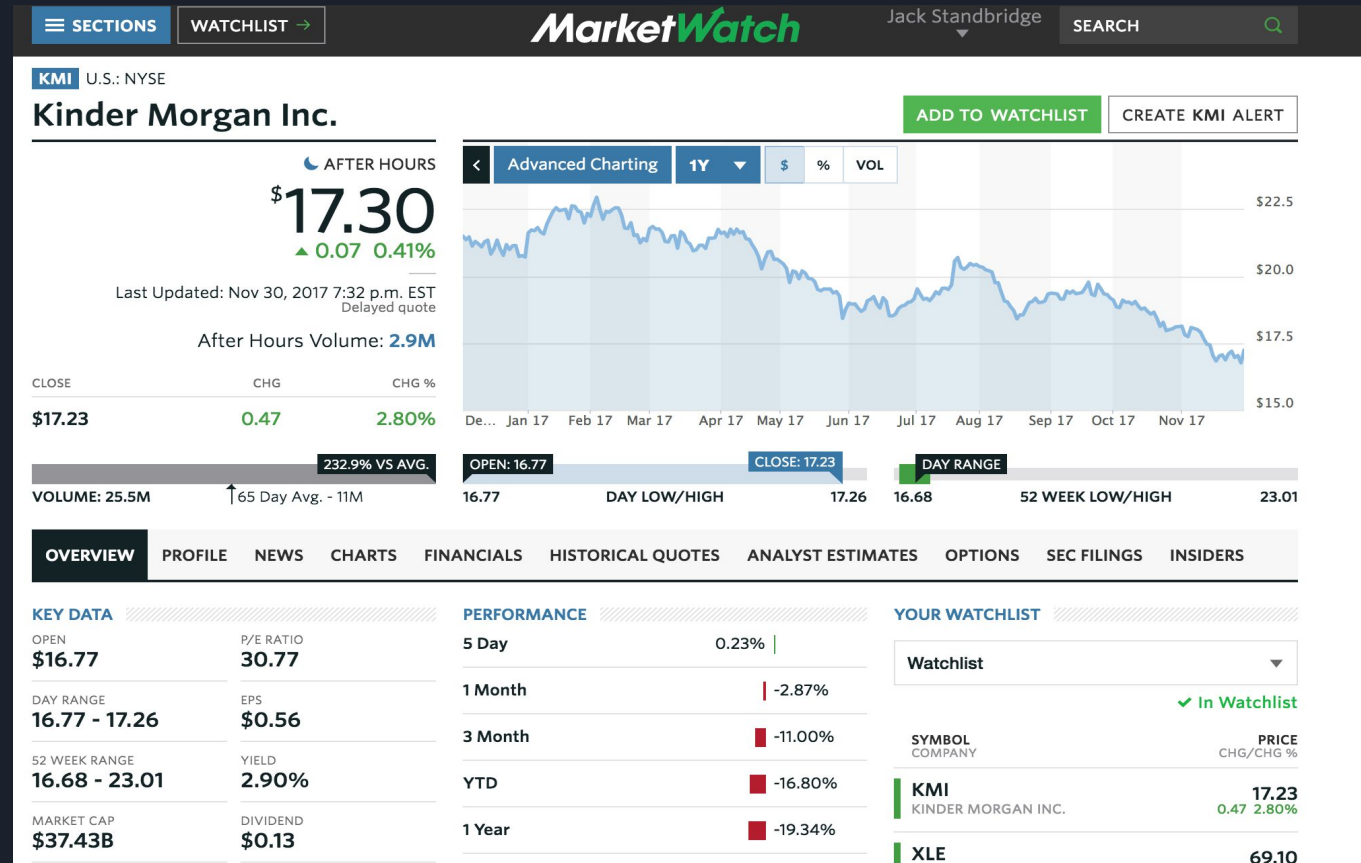
Exxon Mobil Corp. Yearly Performance

XOM: -4.31%



Kinder Morgan Inc. Yearly Performance

KMI: -19.03%





TMT Update

Winners:

- Intel (28%)
- Grunhub (21%)
- Amazon (20%)
- Cisco (15%)

Losers:

- Check PT (-6%)
- Activision (-4%)
- China Mobile (-4%)



TMT Update continued

- Largest Sector - 22% (\$157,378.79)
- Trimmed Activision Blizzard at the right time
- Might be time to trim Microsoft
 - 3.26% of entire portfolio
- Entire TMT sector increased 8.7% over the semester



Industrial Positions Update

Stock	# of Shares	Stock Price	Market Value of Position
Boeing CO (BA)	130	\$276.68 / Share 17.69%	\$35,968.4 \$5,405.97
Caterpillar INC (CAT)	150	\$142.10 / Share 21.09%	\$21,315 \$3,712.18
Kratos Def & Sec Sol (KTOS)	1,730	\$10.46 / Share 22.80%	\$18,095.8 \$5,337.05
Union Pacific Corp (UNP)	160	\$126.53 / Share 20.50%	\$20,244.8 \$3,444.8
United Technologies (UTX)	80	\$121.21 / Share 10.85%	\$9,696.8 \$948.8



Industrial Positions Update

Winners

- Boeing CO
- Caterpillar INC
- Union Pacific Corp
- United Technologies

Losers

- Kratos Def & Sec Sol



Industrials Review

- The market value of our positions in this sector is \$105,320.8 as of Dec. 1, 2017
 - This value has increased by \$8,174.7 (8.41%) this semester.
 - The S&P 500 grew by about 7.42% this semester.
- Positions in the sector account for about 14.72% of Portfolio.
 - This is about 4.5% higher than the S&P 500 weighting.
- Kratos Def & Sec Sol
 - Cheap and fairly volatile stock with a Beta of 2.84.



Healthcare

- Amgen 2.43%
 - Medtronic PLC 2.71%
 - Pfizer Incorporated 1.87%
 - United Health Group 4.43%
 - Gilead Sciences 2.09%
- Healthcare comprises 13.53% of our portfolio
 - S&P 500 14% is Healthcare
 - We are relatively balanced in healthcare



Healthcare Update

Winners

- Amgen Incorporated (1.7%)
- Medtronic PLC (3%)
- Pfizer Incorporated (8.2)
- Unitedhealth Group (16%)

Losers

- Gilead Sciences, INC (-7.9%)

A decorative graphic on the left side of the slide consisting of two overlapping parallelograms. The front one is blue and the back one is light green. Both are tilted at an angle.

Consumer Spending

Jeff Sikorsky

How'd We Do?

- Not much change
- Large negating swings in both directions
- Compare to some indexes
- \$XLY (Select Sector SPDR Consumer Discretionary ETF) up 7.3%
- XRT (Retail ETF) up almost 9%
- So lets take a look

Winners

- Lets goooooo
- Dollar Tree 21.12%
 - Dolla, dolla bill yo
- Grubhub 18.33%
- Home Depot 20%

Losers

- Nooooo
- Anheuser Busch (3.6%)
- Ebay (4.62%)
- Expedia (17.35%)
- Ferrari (5.15%)
- Newell Brands (35.85%)
- Under Armour (17.66%)

What Happened to Newell Brands?

- Hit extremely hard by Hurricane Harvey
- Lost a lot of supplies
- High costs
- Lowered EPS estimates, market reacted

No Change

- Booooooring
- Coca Cola
- Toyota

Other Happenings

- Sold Long Island Iced Tea,
- Down ~10% since we sold it
- Didn't buy Lululemon 😞
- Up 15.21% since pitch

Moving forward

- Possibly look to trim Dollar Tree
- Has done great for us, but we may want to look at its growth moving forward
- One of our larger positions