Investment Club Meeting

Friday, October 19th
AGENDA:

- **Real Estate Boot Camp**
  - Logistics (David Perron)

- **Trading Game Update**
  - Henry Lewand

- **Market Update**
  - Brett Berger
  - Emmett O’Toole
  - Connor Thatch

- **Portfolio Overview - Potential Trimming**
  - Jeff Sikorsky
  - Mac Erb

- **Externship Explanation**
  - Emma Bodner
UPDATES:

- Real Estate Boot Camp
  - Application due TODAY!!
- Trading Game Update
  - Restart
- M&T Bank COO Mr. Rich Gold
  - Friday, November 2nd
  - Q&A
  - M&T Swag to be distributed
  - HUGE hiring presence @LAF
- Trading Floor Visit at BofAML
  - Friday 11/9
Market Update

Emmett, Brett, Connor
The S&P 500 and the Dow are on track to snap a three-week losing streak as the market quietly marks the 31st anniversary of the 1987 crash.

**S&P 500:** 2,791.17
- Among top Performers: CFG +5.00% Today

**Dow Jones:** 25,514.14
Been a tough year for Housing Stocks

WHY?

● Rising Interest Rates
  ○ Borrowing = More expensive
● 10yr Treasury Yield Rising
  ○ Mortgage interest rates rising
● Tariffs
  ○ 463 of 6,000 of Chinese imports
  ○ $2.5 Billion Potential Cost

Results?

● Sector will continue to perform below avg
● Not as bad as 2007
Paypal

52 Week High: $93.70
52 Week Low: $66.16

Current Share Price: $84.06 → Up ~ 8.5% today

- Braintree, payments acceptance platform, used by Grubhub
- EPS growth of 17%, Revenue growth 14% YTD
- Finally starting to make money off of venmo
Uber’s IPO

- Huge evaluation ~$120 Billion
  - >Ford, GM, and Fiat Chrysler combined
- Only valued at 72 Billion in Aug
- Services?
  - Traditional car pickups, UberEats, & Acquisition of JUMP
- Do they have a reliable business model?
  - Living off VC
- Anticipated later in 2019

**Side note: Lyft is only being evaluated at ~15Bill**
“Sorry, You Don’t Get a 20% Tip Just for Handing Me a Muffin”

- Particularly relevant to our generation
- Credit and debit cards vs. cash
- Defeats the purpose of tips
- Tipping before service
- $3 tip for $8.50 purchase?!
  - 35%!!!
- Huge implications for restaurant industry, particularly in cities (youth-dependent)
- Take away: Deceptive

<table>
<thead>
<tr>
<th>No Tip</th>
<th>15% Good</th>
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<tbody>
<tr>
<td>18% Great</td>
<td>20% Wow!</td>
</tr>
<tr>
<td>30% Best Service Ever!</td>
<td>Custom Tip</td>
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</table>
Saudi Arabia

- Following the alleged killing of journalist Jamal Kashoggi, investors and businesses are reassessing the risks of being associated with Saudia Arabia
- Chief executives from global tech and finance firms pulled out of a conference to be held there next week
- Firms are largely worried about damage to their brand
- J.P Morgan, Blackstone, and Uber

Crown Prince Mohammed bin Salman ->
Portfolio Trimming

Jeff Sikorsky and Mac Erb
Why? A couple reasons.

- We currently own things we don’t know much about
- Selling old positions frees up cash
- Strategic
  - Would rather own fewer things that we know more about
Our Portfolio

- We currently have 49 different positions
- Of these, 48 are equities
- One is a Small Cap Value ETF
Balancing

- Been awhile since we looked at balancing our portfolio
- Not currently taking into account any specific level of diversification
- Rebalance sectors
- Overweight individual positions
Need to decide our asset allocation

- We essentially currently only own equities
- Currently do not own fixed income products
- Should establish more definitive weight targets to match what our market outlook is
- What about individual stocks? How largely should they be weighted within our portfolio
- Quality over Quantity
Let's see some examples

- excel
Our Equity Sector Allocation

IC Equity Sector Weights

- Consumer Discretionary: 15%
- Energy: 24%
- Financials: 2%
- Healthcare: 18%
- Industrials: 13%
- Information Technology: 13%
- Consumer Staples: 13%
- Materials: 4%
- Telecommunications: 3%
- Venture Capital: 2%
- Corporate: 2%
- Other: 3%
<table>
<thead>
<tr>
<th>Sector</th>
<th>IC</th>
<th>S&amp;P 500</th>
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<tr>
<td>Consumer Discretionary</td>
<td>14.80%</td>
<td>12.91%</td>
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<td>Energy</td>
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<td>Telecommunications</td>
<td>2.60%</td>
<td>1.99%</td>
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<tr>
<td>Utilities</td>
<td>2.73%</td>
<td>2.95%</td>
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What is the next step?

- Great way for people looking to get more involved
- Going to dig in and go through our positions
- Find areas that we are overweight in
- Discuss what our goals for what we want the portfolio to look like
- Both trimming positions we have made money in
- Selling positions we do not feel as strongly about