

A photograph of the main building of Loyola University Maryland. The building is a large, multi-story structure made of light-colored stone with Gothic architectural features, including a prominent arched entrance and a large window above it. The building is surrounded by lush green trees and manicured lawns. In the foreground, there are several black lampposts with white lanterns. One lamppost on the right has a green banner hanging from it that reads "LOYOLA UNIVERSITY MARYLAND" with the university's crest. Another lamppost further back has a white banner with a green "L" and the text "LOYOLA LEAGUE". A black signpost in the foreground has a yellow top with the text "Admission" and a small crest. The overall scene is bright and sunny, with shadows cast on the lawn.

Sellinger Applied Portfolio

Portfolio Review | Summer 2018



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Summer 2018 Overview



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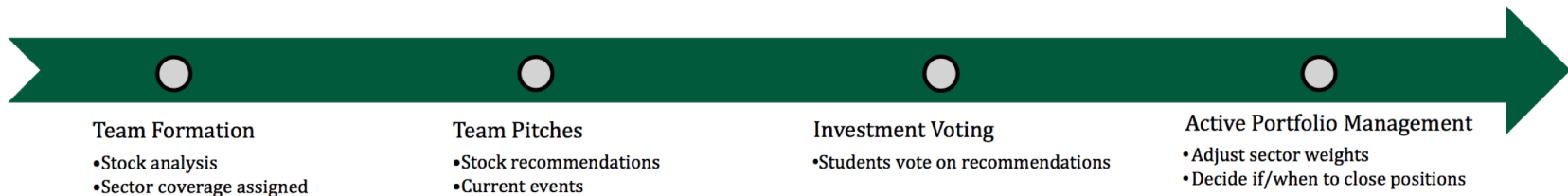
Sellinger Applied Portfolio Overview

Background

The Student-Managed Sellinger Applied Portfolio Fund “SAP Fund” was established to provide students with actual portfolio management experience. Students are exposed to various aspects of the portfolio management process, including asset valuation, diversification, portfolio optimization, asset selection, risk management, performance evaluation, and rebalancing. Each year the University may provide the SAP Fund with up to \$500,000 to invest. These funds are a component of the University’s endowment.

Process

The finance department selects approximately 20 eligible students to manage the Sellinger Applied Portfolio Fund each semester. Member participation stems from team formation to analyze and pitch stock recommendations for the fund to invest in. Members in their entirety then vote and give the recommendations a pass or fail - passing recommendations are implemented into the fund. Students then manage the fund by adjusting sector weights and reducing or closing positions to create room for other opportunities.





Sellinger Applied Portfolio Overview

Objective

Select stocks that are unique and will outperform their industry and the S&P 500 Index over the course of the investment period.

Sector Allocation Targets

Consumer Discretionary **12.76%**
Financials **18.90%**
Consumer Staples **8.60%**
Industrials **6.79%**
Telecommunications **0.00%**
Utilities **0.00%**
Energy **9.00%**
Healthcare **8.00%**
Information Technology **27.95%**
Materials **2.95%**
Real Estate **0.00%**

Benchmark

S&P 500 Index



Summer 2018 Economic Conditions



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Dow Jones Performance

Market Summary > Dow Jones Industrial Average

INDEXDJX: .DJI

24,356.74 +181.92 (0.75%) ↑

Jul 5, 4:41 PM EDT · Disclaimer

1 day

5 days

1 month

1 year

5 years

Max



Open 24,285.82
High 24,372.80

Low

24,177.44

Quarter 2 DJIA
Performance .7%.

Only broad index that is
down for the year.



S&P 500 Performance



Quarter 2 S&P 500 Performance 2.9%.

S&P more volatile this year than last year. 36 days with more than 1% losses across 1st and 2nd Q's.



Nasdaq Performance

Market Summary > Nasdaq Composite

INDEXNASDAQ: .IXIC

7,586.43 +83.75 (1.12%) ↑

Jul 5, 5:15 PM EDT · Disclaimer

1 day

5 days

1 month

1 year

5 years

Max

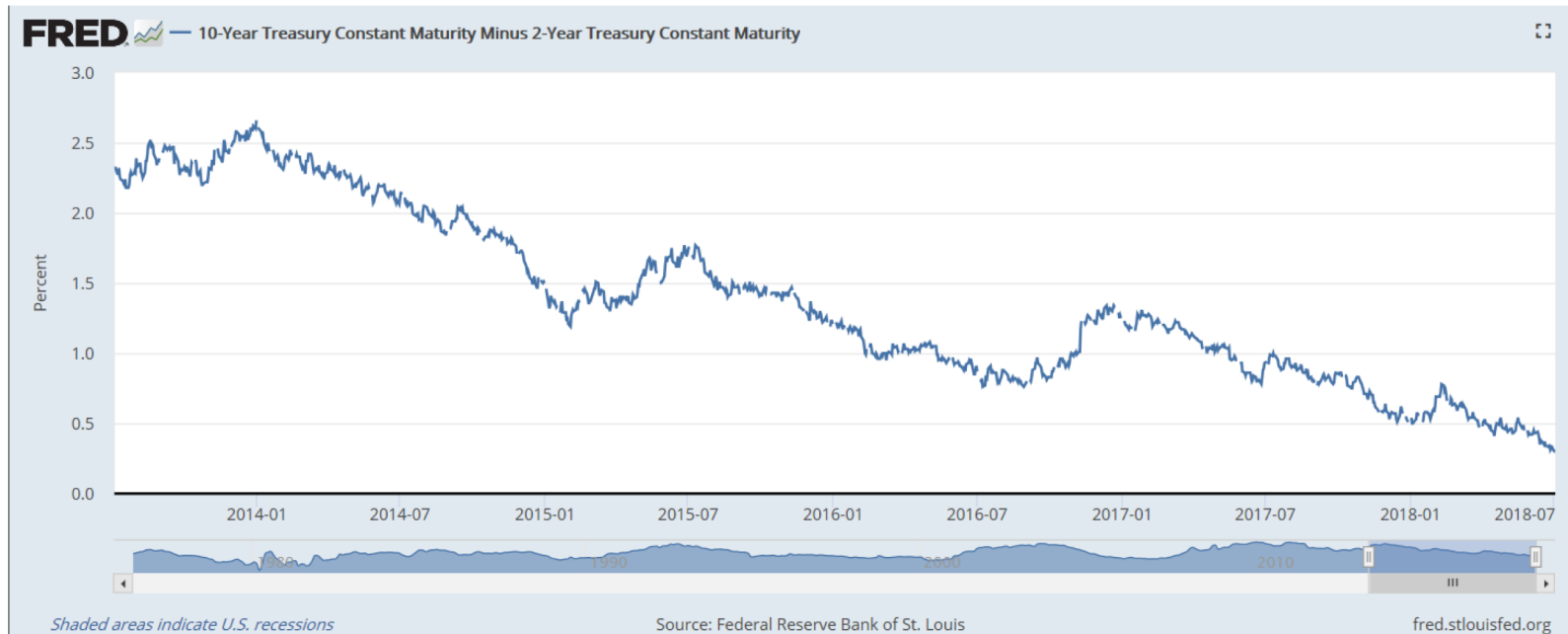


Open	7,550.66	Low	7,511.43
High	7,589.19		

Quarter 2 Nasdaq Performance 6.3%



Flattening Yield Curve-Sign of Impending Recession? Experts Are Wary.



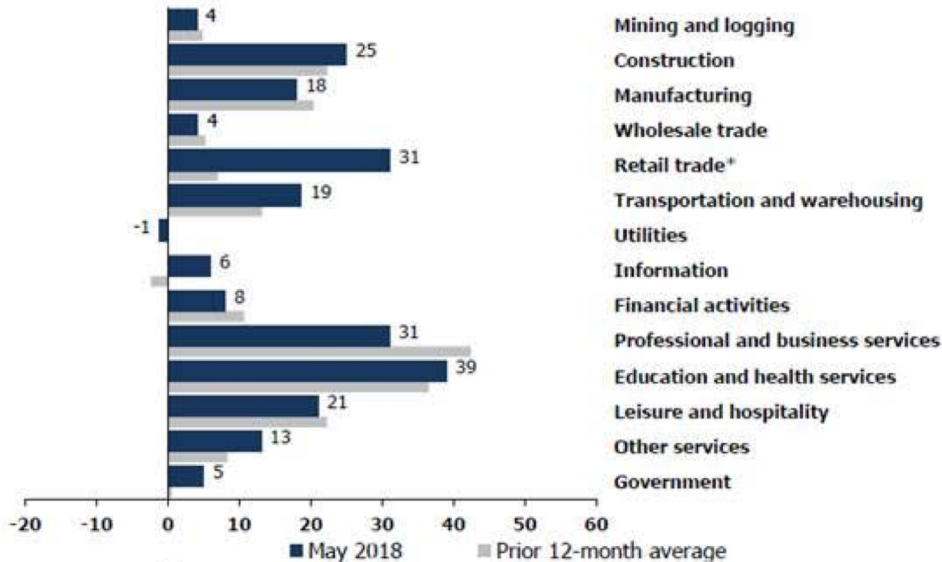


Employment Numbers May 2018

Employment in total nonfarm
Over-the-month change, May 2018
Seasonally adjusted, in thousands

Total nonfarm:
223*

Despite tariff fears, unemployment rate is down to 4% and job growth is above 200,000 for consecutive months this year.



Bureau of Labor Statistics, Current Employment Statistics survey, June 01, 2018.
Data are preliminary.
* denotes significance



Summer 2018 Sector summaries



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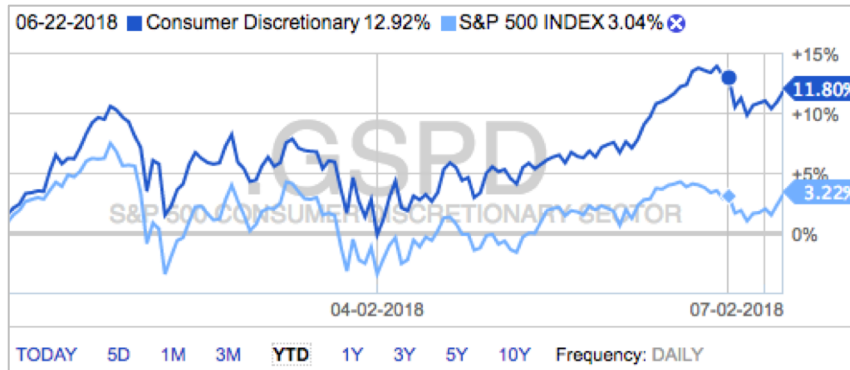
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Consumer Discretionary

The Consumer Discretionary Sector encompasses those industries that tend to be the most sensitive to economic cycles and is comprised of two segments - manufacturing and services. Its manufacturing segment includes automotive, household durable goods, textiles & apparel and leisure equipment. The services segment includes hotels, restaurants and other leisure facilities, media production and services, and consumer retailing and services.



Performance (YTD):

12.92%

Position Strategy:

Overweight

Portfolio Holdings:

- Consumer Discretionary ETF
- Royal Caribbean Cruises
- Tractor Supply Company
- Johnson Outdoors Inc. CL A



- Job market continues to improve with a low unemployment rate
- Wage growth continues to grow
- Consumers are benefiting from tax cuts, which should boost spending on discretionary items

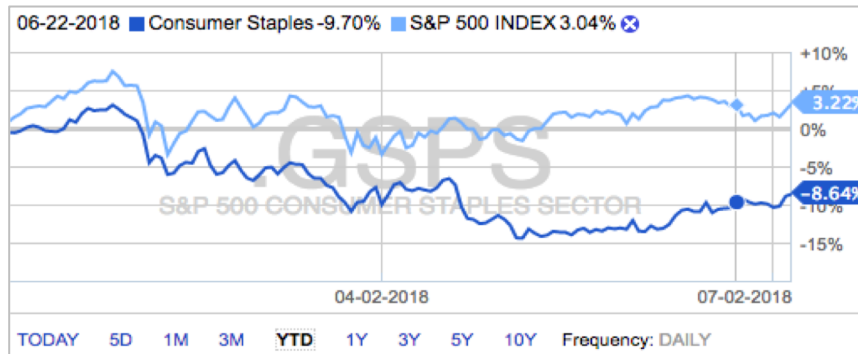


- Highly competitive sector
- Potential tariffs and trade war could raise costs for producers and consumers
- Future rate hikes could reduce consumer spending
- Rising gas prices could reduce ability for consumers to go out and spend
- Changing consumer trends make it difficult for companies to predict
- Online shopping trends continue to affect margins of certain companies



Consumer Staples

The Consumer Staples sector is comprised of manufacturers and distributors of food, beverages, tobacco, and producers of non-durable household goods and personal products. It also includes food & drug retailing companies as well as hypermarkets and consumer super centers. The companies in this sector are less sensitive to economic cycles.



Performance (YTD):

-9.70%

Position Strategy:

Underweight

Portfolio Holdings:

- Wal-Mart Stores
- Unilever NV
- Target Corp



- Low cyclicality - good during periods of market volatility
- Retailers cutting costs creates more perceived value for consumers
- With recent increases in volatility and political tension, investors may seek short-term shelter in sector
- Companies benefiting from recent tax reforms
- Strong dividend yields and growth rates tend to be better in this sector

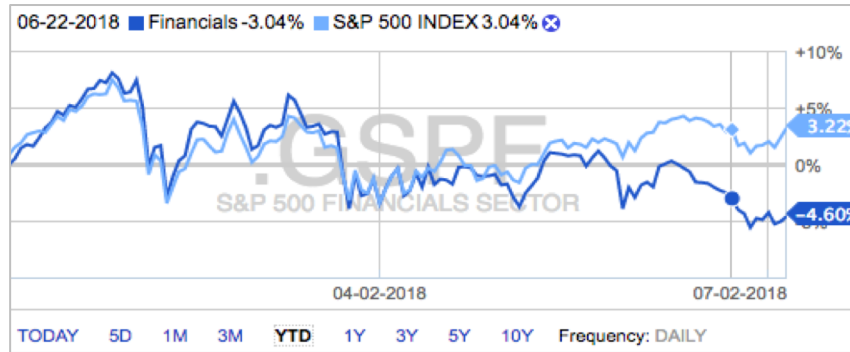


- Highly competitive sector
- Accommodative monetary policy could hurt defensive sectors as it tries to stimulate the economy
- Potential tariffs and trade war could raise costs for producers and consumers
- Future rate hikes could reduce consumer spending
- Rising gas prices could reduce ability for consumers to go out and spend
- Sector struggles if market is doing well



Financials

The Financial sector includes firms that provide financial services to commercial and retail customers. These services include insurance, investment funds, banking, money management, and real estate. The financial sector benefits from a variety of economic factors. On a business upswing, financials benefit from additional investments. Adding on, rising interest rates and reducing regulation, which is currently occurring, positively affect this sector.



- Increased interest rates could mean financial companies earn more on the money they hold and lend
- Reduced debt for consumers lowers risk of default
- Reduced regulations are resulting in lighter regulatory burden
- Increasing investments due to tax reforms

- Increasing interest rates could affect profits in certain areas of the financial sector
- Sector is subject to economic cycles
- If the spread between long-term and short-term interest rates shrink further, the financial sector will likely suffer
- Sector is highly regulated

Performance (YTD):

-3.04%

Position Strategy:

Overweight

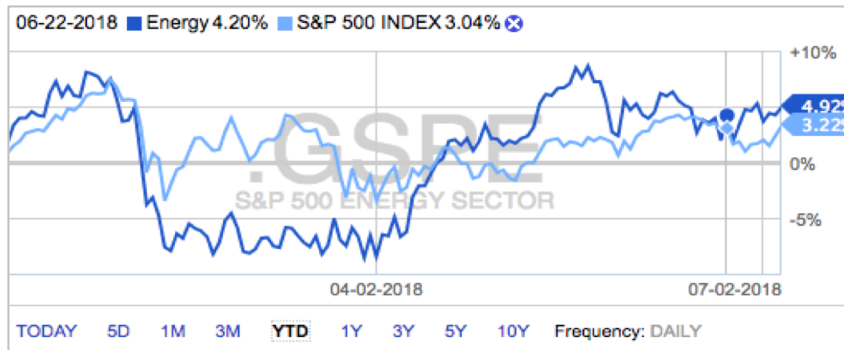
Portfolio Holdings:

- Financials ETF
- BOFI Holdings
- KeyCorp
- Progressive Corporation
- Morgan Stanley



Energy

The Energy sector is comprised of companies that primarily produce and supply energy. This sector includes companies involved in the exploration and development of oil or gas reserves, drilling and refinement of oil and gas, or integrated power utility companies – including renewable energy and coal.



Performance (YTD):

4.20%

Position Strategy:

Underweight

Portfolio Holdings:

- China Petroleum & Chemical Corp ADR



- Potential increase in energy demand as US economy continues to grow
- Accomodative monetary policy could help cyclical sectors such as energy
- Rising geopolitical tensions could result in higher oil prices

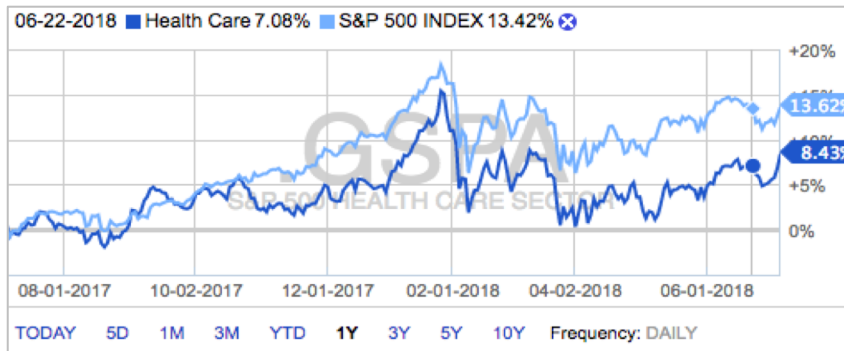


- Volatile market sector
- Energy supply has increased dramatically with a renewed commitment to exploration and technological improvements
- Conservation efforts and new technology could affect the growth in demand for energy products.
- Severe pollution problems could result in mandates to cut energy use



Healthcare

The Healthcare sector consists of companies dealing with products related to health care as well as research and development. Industries classified under this sector include: Biotech, Pharmaceuticals, and various health care providers, tech and equipment providers.



Performance (YTD):

7.08%

Position Strategy:

Underweight

Portfolio Holdings:

- Healthcare ETF
- Pfizer, Inc.
- Becton Dickinson & Company



- Demand for healthcare products and services remains strong and is expected to grow
- Balance sheets of companies in the industry remain strong
- Companies in sector typically have strong dividend yields
- Aging populations require more extensive drug treatments and medical care



- Regulatory uncertainty, including the Affordable Care Act
- Fiscal uncertainty in Washington creates uncertainty regarding the sector



Industrials

The Industrials Sector includes companies whose businesses are dominated by one of the following activities: The manufacture and distribution of capital goods, including aerospace & defense, construction, engineering & building products, electrical equipment and industrial machinery. The provision of commercial services and supplies, including printing, employment, environmental and office services. The provision of transportation services, including airlines, couriers, marine, road & rail and transportation infrastructure.



- Cash rich companies may invest in new efficient industrial equipment to offset weak productivity
- Low manufacturing inventory may signal a rebuilding phase
- Increasing defense spending
- Global manufacturing is depicting expansion



- Potential tariffs and trade war
- Increasing Fed rates could dent industrial shares

Performance (YTD):

- 4.31%

Position Strategy:

Underweight

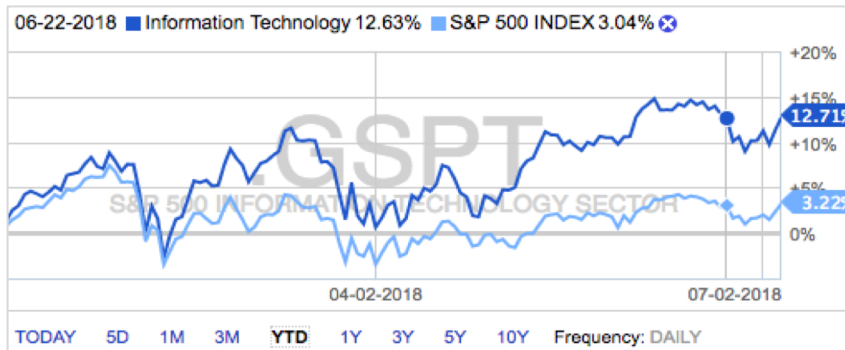
Portfolio Holdings:

- Stanley Black & Decker, Inc
- Argan, Inc.
- Delta Airlines, Inc



Information Technology

The Information Technology Sector is comprised of companies that primarily develop software in various fields such as the internet, applications, systems, databases management and/or home entertainment. The sector also includes companies that provide technology hardware & equipment, including manufacturers and distributors of communications equipment, computers & peripherals, electronic equipment and related instruments. Lastly, the sector includes companies that provide and manufacture semiconductors and semiconductor equipment.



- Overall Strong earnings performance
- Increasing technology spending
- Increasing wages could cause technology to replace human workers

- Potential tariffs and trade war
- Increasing global competition
- Increasing regulations
- Capital spending delays as companies remain hesitant to increase capital investment

Performance (YTD):

12.63%

Position Strategy:

Overweight

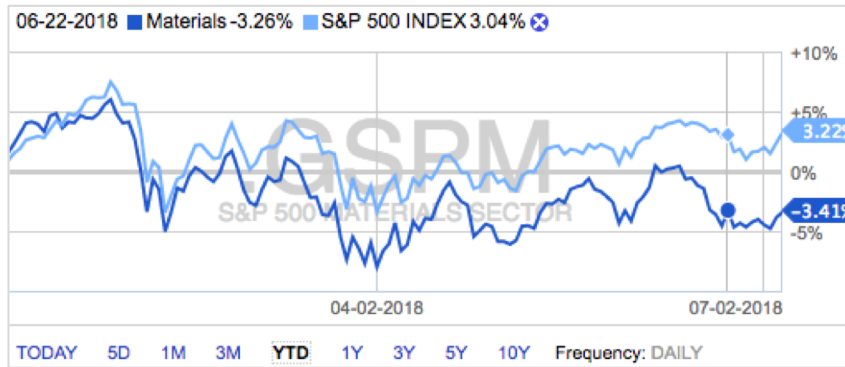
Portfolio Holdings:

- Technology ETF
- Cognizant
- Facebook
- Stamps.com
- Sony Corporation
- Intel Corporation
- Watsco
- MKS Instruments
- Applied Optoelectronics
- Micron Technology



Materials

The Materials Sector encompasses a wide range of commodity-related manufacturing industries. Companies in this sector are involved in the discovery, development, and processing of raw materials. Included in this sector are companies that manufacture chemicals, construction materials, glass, paper, forest products and related packaging products, and metals, minerals and mining companies, including producers of steel.



- Developing countries continue to need more raw materials to support their infrastructure building
- Some global fiscal restraint measures seem to be easing, which could help stimulate growth
- Sector is connected to US and international economies
- Outperforms in late business cycles

- Potential reduction in demand from China as they begin to produce more of their own materials
- Increased labor costs in sector
- Potential tariffs and trade war

Performance (YTD):

- 3.26%

Position Strategy:

Overweight

Portfolio Holdings:

- Materials ETF
- DowDupont, Inc



Real Estate

The Real Estate Sector contains all REITs, with the exception of Mortgage REITs, (which remain in the Financial sector). Additionally, the sector includes Real Estate Management and Development services.



Performance (YTD):

- 2.00%

Position Strategy:

Underweight

Portfolio Holdings:

- N/A



- Increasing apartment demand and rental rates
- Low interest rates has caused increase in real estate investing
- Improving economy helps real estate area as people look to rent more space
- Changing tax code could help REITs

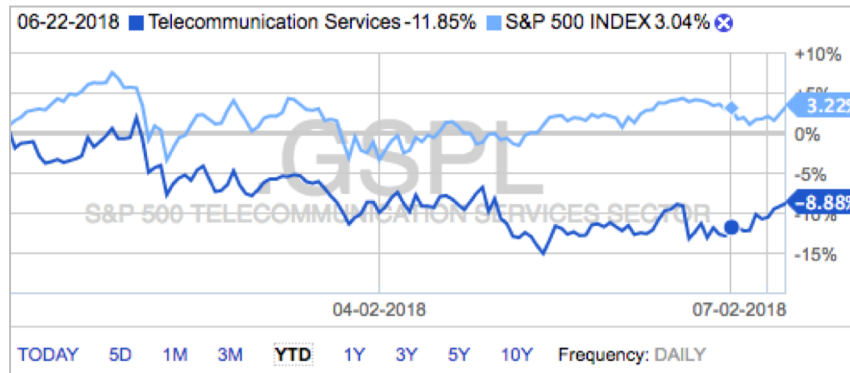


- Rising interest rates makes dividend paying REITs less attractive
- Rising interest rates will increase cost of financing
- Supply is rising which could pressure profitability
- Apartment trends could be at an inflection point
- Ongoing shift away from brick-and-mortar stores could pressure mall REITs



Telecommunications Services

The Telecommunications Services Sector contains companies that provide communications services primarily through a fixed-line, cellular, wireless, high bandwidth and/or fiber optic cable network.



Performance (YTD):

-11.85%

Position Strategy:

Underweight

Portfolio Holdings:

- N/A



- Increasing consumer demand for wireless services
- Recent earnings reports have increase demand
- Increasing merger activity has swayed investors
- Relatively high dividends by sector companies

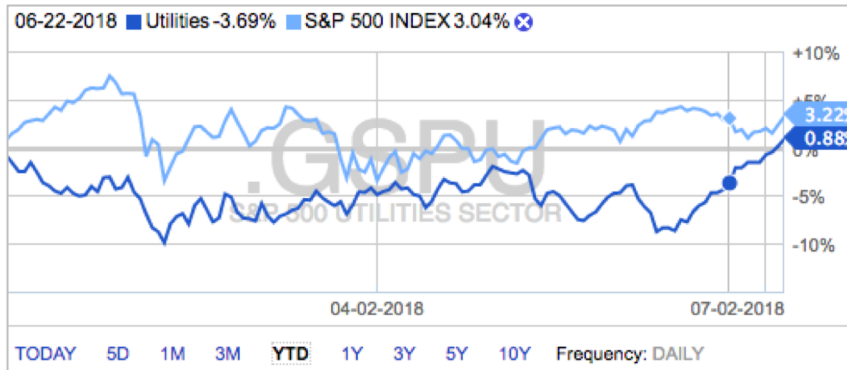


- Rising interest rates could hurt sector
- Extremely competitive as new communication methods enter market
- Declining profits as competition continues to squeeze margins
- Rising expenses as companies expand their networks
- Highest debt-to-equity ratio than non-financial sector



Utilities

The Utilities Sector encompasses those companies considered electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power. Companies in this industry tend to be non-cyclical.



Performance (YTD):

- 3.69%

Position Strategy:

Underweight

Portfolio Holdings:

- N/A



- Electricity production is rising
- Recent spikes in volatility has encouraged investors to seek safety in utility stocks
- Increasing housing market results in higher electricity demand
- Attractive dividends payouts



- Rising inflationary pressure could reduce attractiveness to sector
- Improving economy could push investors into more cyclical sectors
- Increasing fixed income rates causes a movement away from utilities
- Positive global PMIs leads to sector underperformance
- Growing economy and rising interest rates result in sector underperformance
- Increasing need for capacity growth, leading to higher fixed costs



Summer 2018 Portfolio Strategy & Composition



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Growth Strategy Overview

To find stocks expected to grow faster than their industry peers

BUY CRITERIA

Conservative Mentality	Expect stock to perform better than the Industry
Revenue Growth	Industry Average and forecasted to continue to grow
Strong Earnings	5 years of CAGR
ROE	$\geq 15\%$ and $>$ Industry Average
PEG	≤ 1.2 and $<$ Industry Average
Debt/Equity	< 1.5 (or Acceptable Interest Coverage Ratio when $D/E > 1.0$)

SELL CRITERIA

Price	Price reaches 10% below target price or 20% above purchase price
Leadership	The company's leadership position changes
Business Fundamentals	Business fundamentals deteriorate
Company slowdown	Slowing unit volume, revenue decline, weak earnings, etc.
Alternative Investments	Superior investment alternatives are identified



Growth Strategy Overview

Stop Loss Criteria

20% Loss

Acquisitions

1. Progressive Corporation (PGR)
2. Royal Caribbean Cruise LTD. (RCL)
3. Sony Corporation (SNE)

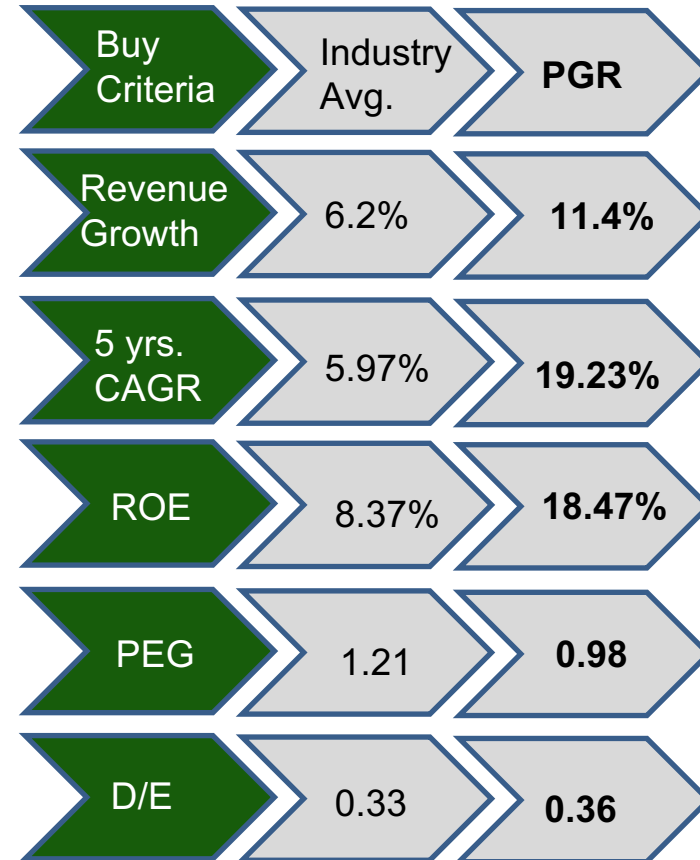


Growth Strategy Position Changes

PROGRESSIVE CORPORATION | PGR

Position: 191 Shares | \$11,973.79
Date Purchased: 06-05-2018

Progressive underwrites private and commercial auto insurance and specialty lines; it has more than 16 million policies in force and is the fourth-largest auto insurer in the United States. Progressive markets its policies through more than 35,000 independent insurance agencies in the U.S. and Canada and directly via the Internet and telephone. Its premiums are split roughly equally between the agent and the direct channel. The company recently entered homeowners' insurance through an acquisition.





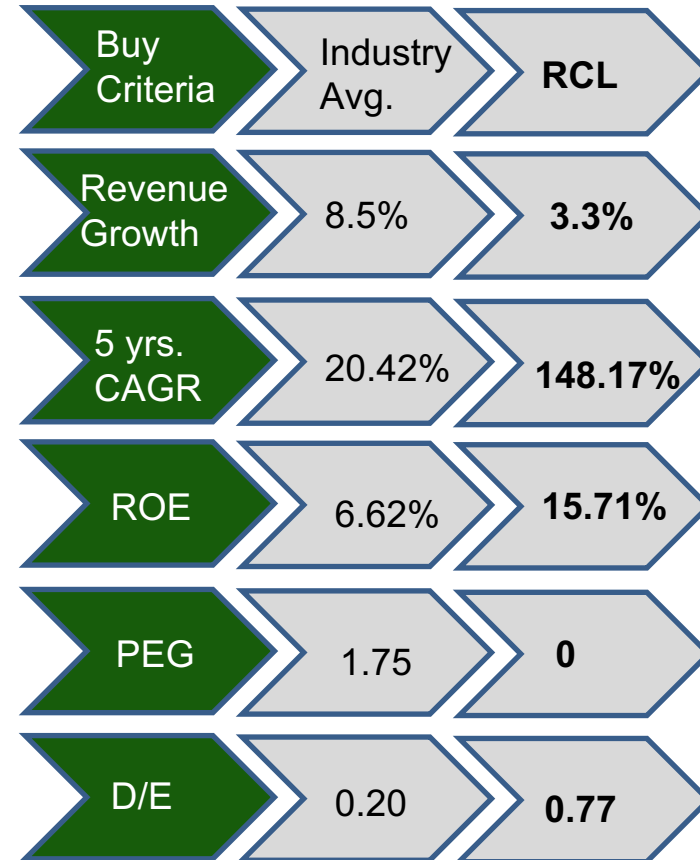
Growth Strategy Position Changes

ROYAL CARIBBEAN CRUISES LTD. | RCL

Position: 93 Shares | \$9,939.84

Date Purchased: 05-30-2018

Royal Caribbean is the world's second-largest cruise company, operating more than 50 ships across seven global and partner brands in the cruise vacation industry by the end of 2018. Company brands include Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises, and CDF Croisieres de France. The company also has a 50% investment in a joint venture that operates TUI Cruises, a 49% stake in Pullmantur, and should close on its majority stake in Silversea Cruises during the third quarter of 2018, allowing it to continue competing on the basis of innovation, quality of ships and service, variety of itineraries, choice of destinations, and price.





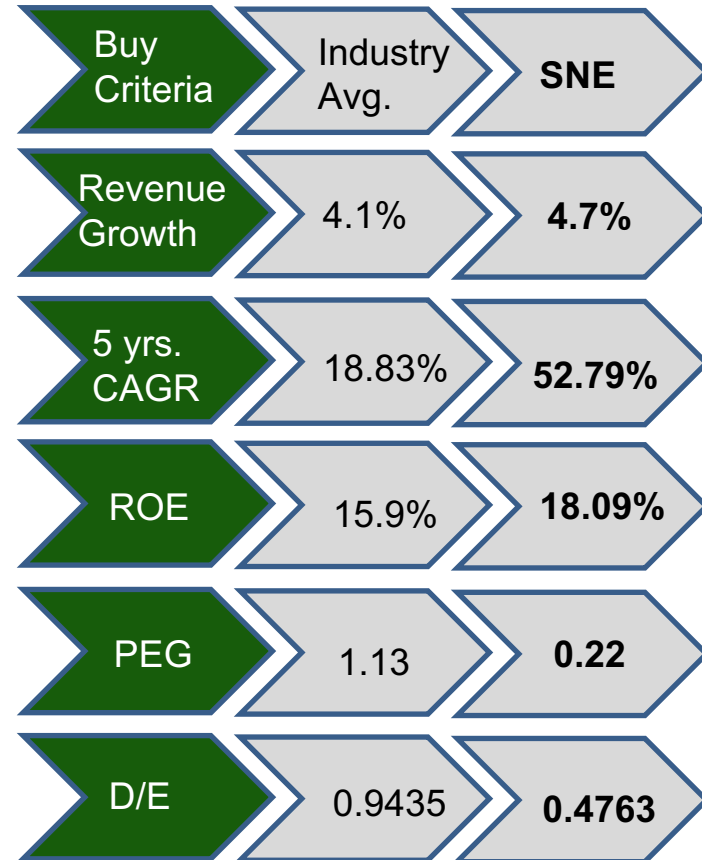
Growth Strategy Position Changes

SONY CORPORATION | SNE

Position: 93 Shares | \$11,242.68

Date Purchased: 06-05-2018

Sony Corp is a conglomerate with consumer electronics roots and various well-known brand names, such as Walkman in portable audio players, Vaio in PCs, Xperia in smartphones, Cybershot in digital cameras, and PlayStation in video game consoles. It currently has nine main business units, operating electronic appliances, games, devices and semiconductors, entertainment content, and financial services.





Value Strategy Overview

To find stocks priced less than their intrinsic value

BUY CRITERIA

Price/Sales	< Industry Average
Price/Book	< Industry Average
Dividends	> Industry Average
Free Cash Flow	Positive

SELL CRITERIA

Mergers or acquisitions	Any news in regards to M&A activity
Earnings	Significant restatement
Executive Management	Changes to management
Price Targets	Exceeds initial price target
Price	Trending downwards towards a stop loss mark



Portfolio Strategy & Composition

Stop Loss Criteria

20% Loss

Acquisitions

1. Intel Corporation (INTC)
2. Morgan Stanley (MS)
3. Tractor Supply Company (TSCO)



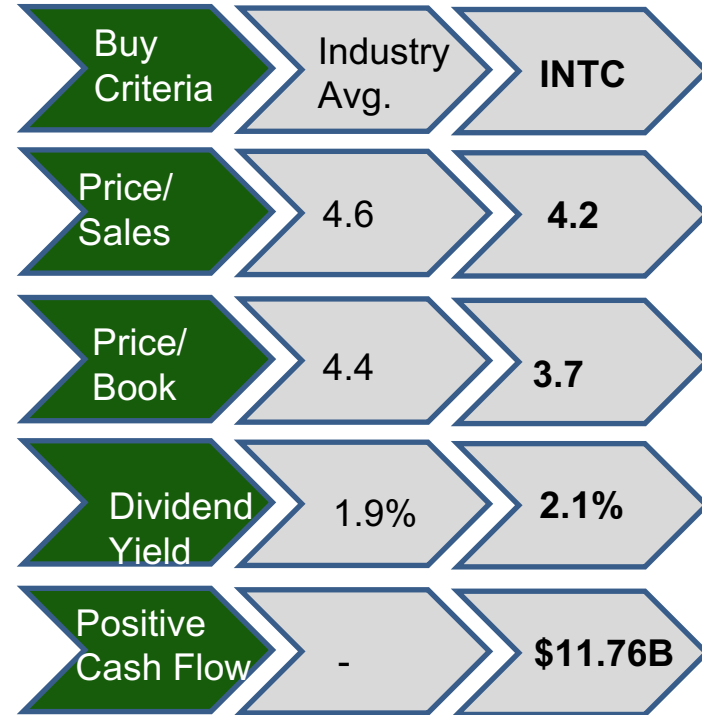
Value Strategy Position Changes

INTEL CORPORATION | INTC

Position: 180 Shares | \$10,141.20

Date Purchased: 06-05-2018

Intel Corporation is an American multinational corporation headquartered in Santa Clara, California. It is the world's second largest and second highest valued semiconductor chip makers and is the inventor of the processors found in most personal computers (PCs). Intel supplies processors for computer system manufacturers such as Apple, Lenovo, HP, and Dell. Intel also manufactures motherboard chipsets, network interface controllers and integrated circuits, flash memory, graphics chips, embedded processors and other devices related to communications and computing. Intel Corporation was founded on July 18, 1968, by semiconductor pioneers Robert Noyce and Gordon Moore.





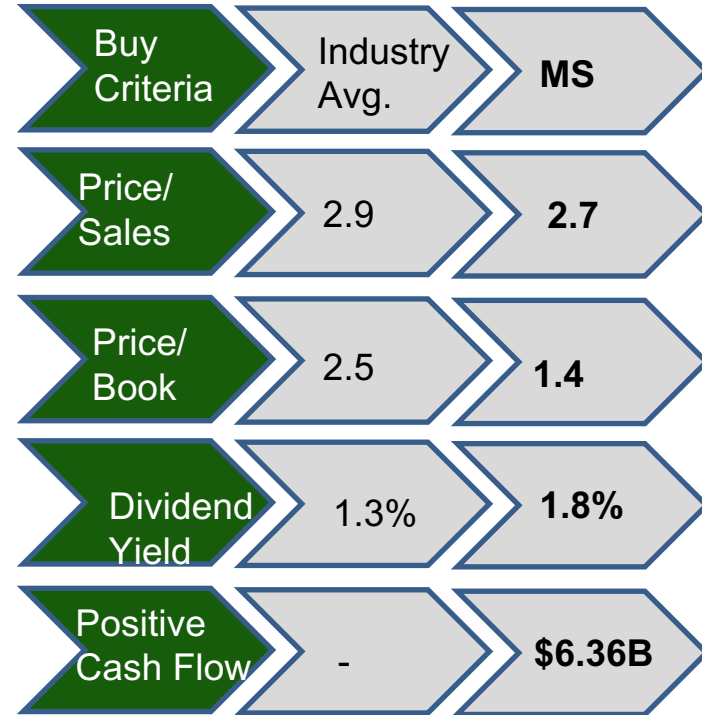
Value Strategy Position Changes

MORGAN STANLEY | MS

Position: 277 Shares | \$14,085.78

Date Purchased: 05-30-2018

Morgan Stanley is a global investment bank whose history, through its legacy firms, can be traced back to 1924. The company has institutional securities, wealth-management, and asset-management segments, as well as more than 50,000 employees. The company derives about 30% of its total revenue outside the Americas.





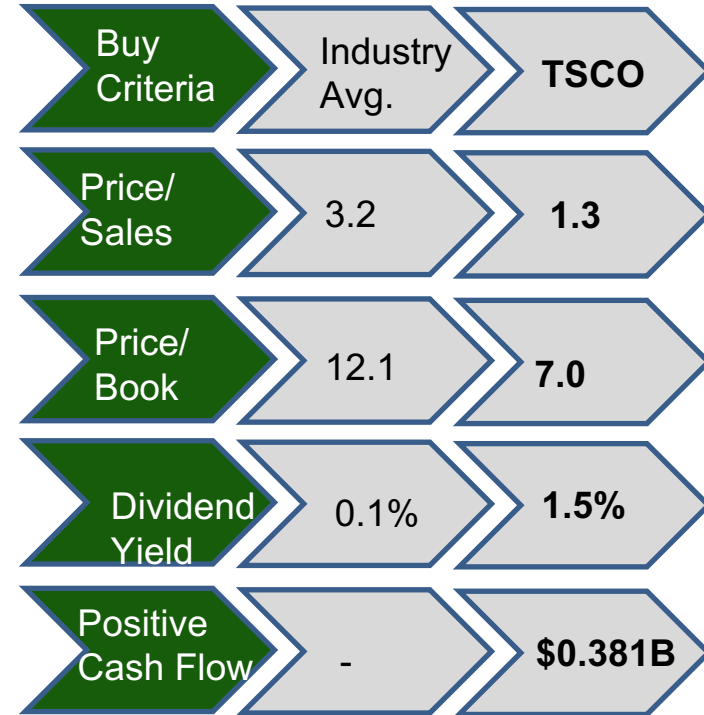
Value Strategy Position Changes

TRACTOR SUPPLY COMPANY | TSCO

Position: 190 Shares | \$14,514.10

Date Purchased: 06-11-2018

Tractor Supply is the largest operator of retail farm and ranch stores in the United States. The company targets recreational farmers and ranchers, and has little exposure to commercial and industrial farm operations. Currently, the company operates 1,700 stores in 49 states, and 172 Petsense stores. Stores are typically located in towns outside of urban areas and in rural communities. 2017 revenue consisted primarily of livestock and pet (46%), hardware, tools, and truck (22%), and seasonal gift and toy (19%).





Unique Attributes

**Progressive Corporation
(PGR)**

Pioneer of Pay as You Drive Insurance

**Royal Caribbean Cruises LTD.
(RCL)**

Largest cruise liner in the world and operates the largest cruise ships.

Sony Corporation (SNE)

Largest music entertainment company in the world.



Unique Attributes

Intel Corporation (INTC)

Pioneer of Moore's Law- to bring smart connected to every person on Earth.

Morgan Stanley (MS)

Large Baltimore presence.

Tractor Supply Company (TSCO)

Double digit year over year growth in unique visitors, stores, ecommerce sales, and popular amongst rural customers



Summer 2018 Risk Analysis

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Risk Analysis: Beta

SAP Beta VS **S&P 500 Beta**
 $\beta = 1.022$ $\beta = 1.0$

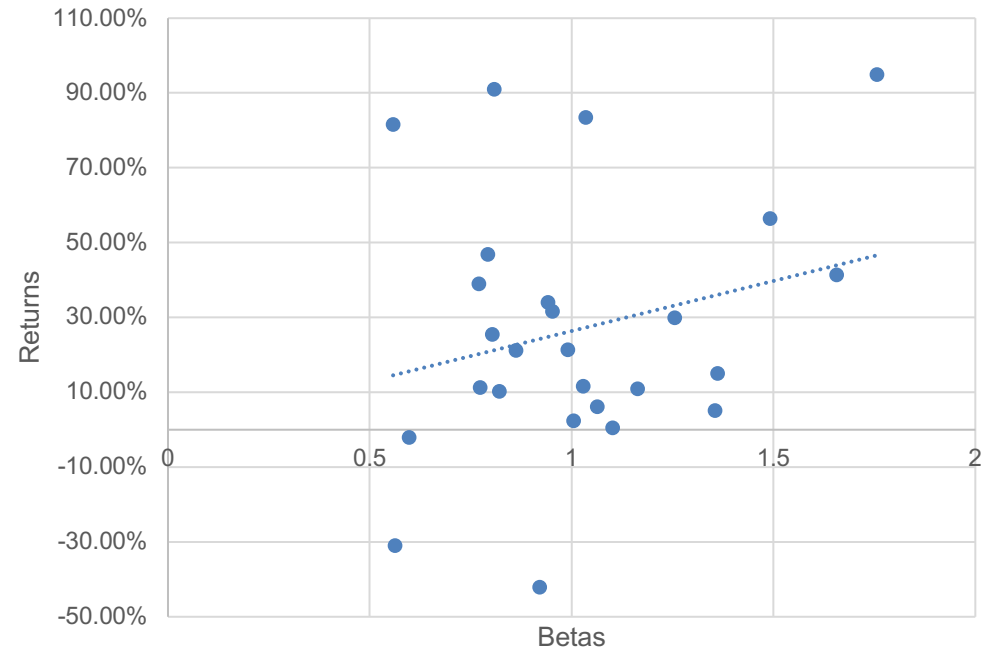
Highest Betas in the Summer I 2018
SAP fund include:

- Micron Technology, Inc.
- MKS Instruments, Inc.
- Intel Corporation

High Risk, high reward:

- Per beta, these stocks represented the highest risks and Micron Technology also represented the highest reward.

Returns vs Betas





Risk Analysis: Weighted Beta

SAP Beta VS **S&P 500 Beta**
 $\beta = 1.004$ $\beta = 1.0$

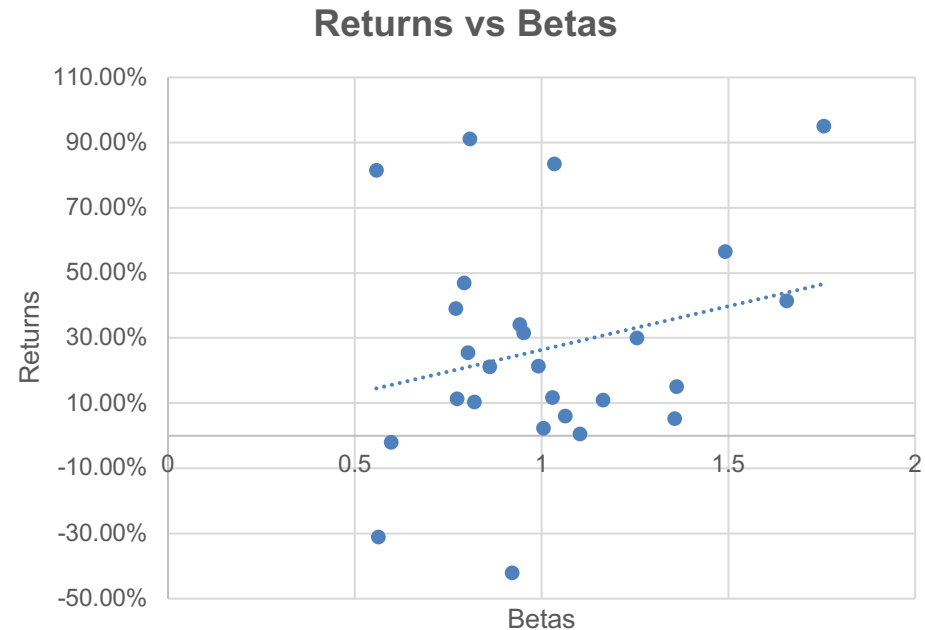
Highest Betas in the Summer I 2018

SAP fund include:

- MKS Instruments, Inc.
- Delta Airlines
- Stamps.com Inc.

High Risk, high reward:

- Information Technology assets represent the highest risks per weight in the SAP portfolio. Again, most of these assets also represent the highest rewards.





	Consumer Discret Sel Sect SPDR® ETF	Royal Caribbean Cruises Ltd	Tractor Supply Co	Johnson Outdoors Inc Class A	Walmart Inc	Unilever NV ADR	Target Corp	China Petroleum & Chemical Corp ADR	Financial Select Sector SPDR® ETF	Boji Holding Inc	KeyCorp	Progressive Corp	Morgan Stanley	Health Care Select Sector SPDR® ETF	Pfizer Inc	Becton, Dickinson and Co	Stanley Black & Decker Inc	Argan Inc	Delta Air Lines Inc	Technology Select Sector SPDR® ETF	Cognizant Technology Solutions Corp A	Facebook Inc A	Stamps.com Inc	Sony Corp ADR	Intel Corp	Watsco Inc	MKS Instruments Inc	Applied Optoelectronics Inc	Micron Technology Inc	Materials Select Sector SPDR® ETF	DowDuPont Inc	SPDR® S&P 500 ETF	
XLY	Consumer Discret Sel Sect SPDR® ETF	1.000																															
RCL	Royal Caribbean Cruises Ltd	0.456	1.000																														
TSCO	Tractor Supply Co	0.459	0.079	1.000																													
JOUT	Johnson Outdoors Inc Class A	0.191	0.017	0.016	1.000																												
WMT	Walmart Inc	0.373	0.148	0.209	0.158	1.000																											
UN	Unilever NV ADR	0.324	0.207	0.184	0.139	0.307	1.000																										
TGT	Target Corp	0.394	0.091	0.344	0.109	0.380	0.147	1.000																									
SNP	China Petroleum & Chemical Corp ADR	0.494	0.230	0.243	-0.051	0.172	0.302	0.223	1.000																								
XLF	Financial Select Sector SPDR® ETF	0.715	0.453	0.351	0.179	0.282	0.306	0.300	0.436	1.000																							
BOFI	Boji Holding Inc	0.407	0.212	0.118	0.166	0.132	0.120	0.227	0.160	0.521	1.000																						
KEY	KeyCorp	0.556	0.356	0.302	0.204	0.162	0.163	0.296	0.323	0.844	0.481	1.000																					
PGR	Progressive Corp	0.415	0.252	0.157	0.041	0.204	0.284	0.138	0.194	0.558	0.340	0.399	1.000																				
MS	Morgan Stanley	0.630	0.420	0.333	0.117	0.254	0.242	0.254	0.378	0.893	0.421	0.785	0.441	1.000																			
XLV	Health Care Select Sector SPDR® ETF	0.710	0.466	0.342	0.148	0.411	0.376	0.272	0.431	0.657	0.338	0.469	0.424	0.558	1.000																		
PFE	Pfizer Inc	0.490	0.328	0.250	0.177	0.351	0.273	0.235	0.293	0.568	0.283	0.430	0.329	0.485	0.759	1.000																	
BDX	Becton, Dickinson and Co	0.495	0.351	0.235	0.069	0.275	0.305	0.160	0.403	0.511	0.229	0.333	0.346	0.441	0.679	0.512	1.000																
SWK	Stanley Black & Decker Inc	0.590	0.366	0.265	0.130	0.208	0.346	0.228	0.357	0.566	0.205	0.405	0.427	0.523	0.584	0.439	0.468	1.000															
AGX	Argan Inc	0.253	0.040	0.237	0.010	0.129	0.244	0.263	0.191	0.214	0.193	0.154	0.134	0.147	0.228	0.147	0.181	0.226	1.000														
DAL	Delta Air Lines Inc	0.517	0.364	0.157	0.099	0.290	0.201	0.244	0.193	0.477	0.323	0.364	0.324	0.409	0.413	0.313	0.244	0.407	0.063	1.000													
XLK	Technology Select Sector SPDR® ETF	0.801	0.472	0.311	0.148	0.329	0.393	0.194	0.466	0.659	0.356	0.454	0.440	0.594	0.746	0.514	0.588	0.612	0.202	0.428	1.000												
CTSH	Cognizant Technology Solutions Corp A	0.539	0.446	0.284	0.092	0.304	0.249	0.148	0.223	0.499	0.290	0.375	0.323	0.443	0.560	0.391	0.418	0.458	0.081	0.390	0.616	1.000											
FB	Facebook Inc A	0.540	0.176	0.226	0.157	0.170	0.234	0.028	0.354	0.355	0.228	0.255	0.263	0.316	0.482	0.278	0.382	0.348	0.168	0.172	0.714	0.351	1.000										
STMP	Stamps.com Inc	0.185	0.166	0.052	0.152	0.095	0.086	0.119	0.132	0.143	0.161	0.088	0.082	0.133	0.161	0.162	0.041	0.125	0.056	0.130	0.184	0.223	0.149	1.000									
SNE	Sony Corp ADR	0.388	0.200	0.163	0.309	0.206	0.288	0.186	0.313	0.292	0.226	0.256	0.216	0.251	0.345	0.246	0.322	0.334	0.162	0.221	0.432	0.304	0.362	0.130	1.000								
INTC	Intel Corp	0.593	0.399	0.288	0.089	0.231	0.231	0.111	0.300	0.493	0.282	0.373	0.293	0.458	0.544	0.440	0.409	0.454	0.154	0.352	0.700	0.423	0.455	0.182	0.304	1.000							
WSO	Watsco Inc	0.520	0.236	0.242	0.132	0.220	0.206	0.188	0.284	0.455	0.256	0.329	0.343	0.408	0.475	0.331	0.346	0.466	0.127	0.289	0.474	0.359	0.339	0.214	0.253	0.354	1.000						
MKS	MKS Instruments Inc	0.463	0.305	0.148	0.203	0.131	0.269	0.056	0.259	0.334	0.230	0.252	0.234	0.338	0.386	0.225	0.318	0.379	0.129	0.187	0.685	0.426	0.521	0.078	0.385	0.520	0.270	1.000					
AAOI	Applied Optoelectronics Inc	0.107	-0.017	0.044	0.021	0.010	0.048	-0.019	0.148	0.088	0.159	0.087	0.099	0.065	0.051	0.071	0.017	-0.013	0.062	0.055	0.117	-0.022	0.146	0.057	0.050	0.091	0.057	0.118	1.000				
MU	Micron Technology Inc	0.401	0.216	0.143	0.093	0.149	0.223	0.037	0.234	0.312	0.156	0.235	0.215	0.305	0.367	0.286	0.247	0.346	0.092	0.227	0.594	0.297	0.392	0.072	0.334	0.396	0.259	0.529	0.070	1.000			
XLB	Materials Select Sector SPDR® ETF	0.794	0.445	0.396	0.141	0.332	0.328	0.325	0.486	0.734	0.352	0.538	0.418	0.656	0.690	0.497	0.517	0.649	0.211	0.459	0.754	0.499	0.476	0.121	0.371	0.533	0.550	0.490	0.041	0.426	1.000		
DWDP	DowDuPont Inc	0.673	0.400	0.350	0.097	0.280	0.268	0.234	0.408	0.646	0.273	0.475	0.335	0.593	0.589	0.449	0.438	0.556	0.140	0.397	0.646	0.423	0.396	0.107	0.323	0.465	0.431	0.419	-0.010	0.403	0.906	1.000	
SPY	SPDR® S&P 500 ETF	0.891	0.512	0.412	0.168	0.418	0.438	0.330	0.522	0.830	0.442	0.613	0.519	0.733	0.858	0.646	0.641	0.687	0.256	0.521	0.919	0.622	0.596	0.187	0.423	0.661	0.553	0.545	0.092	0.481	0.870	0.750	1.000



Summer 2018 Performance Review

Overview

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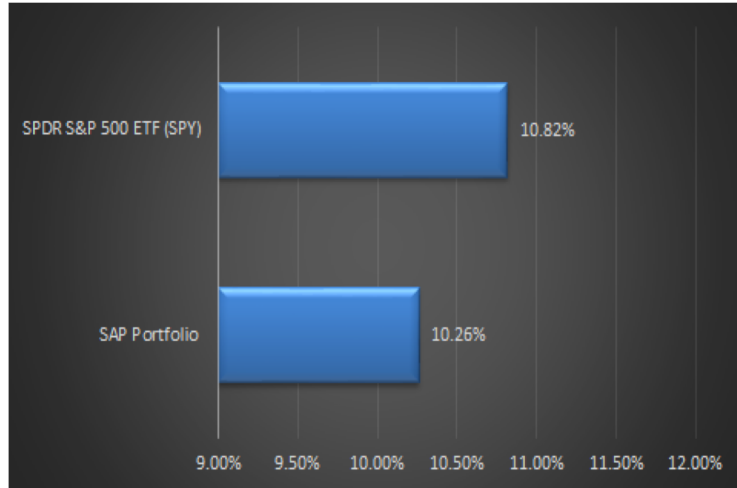
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Portfolio Performance Summer Semester 2018



Performance as of: (09/21/2017) – (6/22/2018)

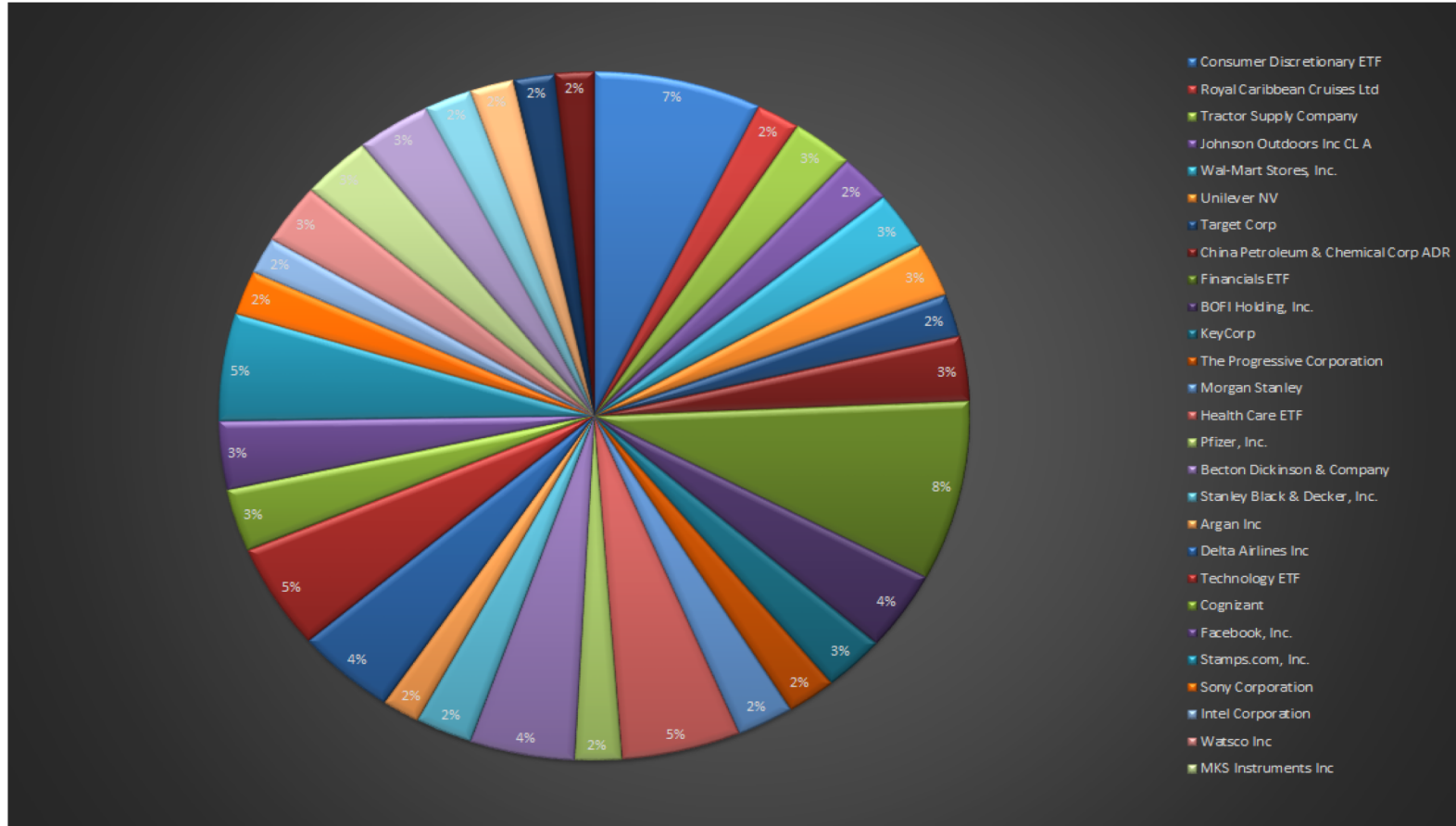
Performance Difference

- The bottom graph depicts the performance difference relative to the benchmark. Our portfolio closely followed the S&P 500 throughout the semester.





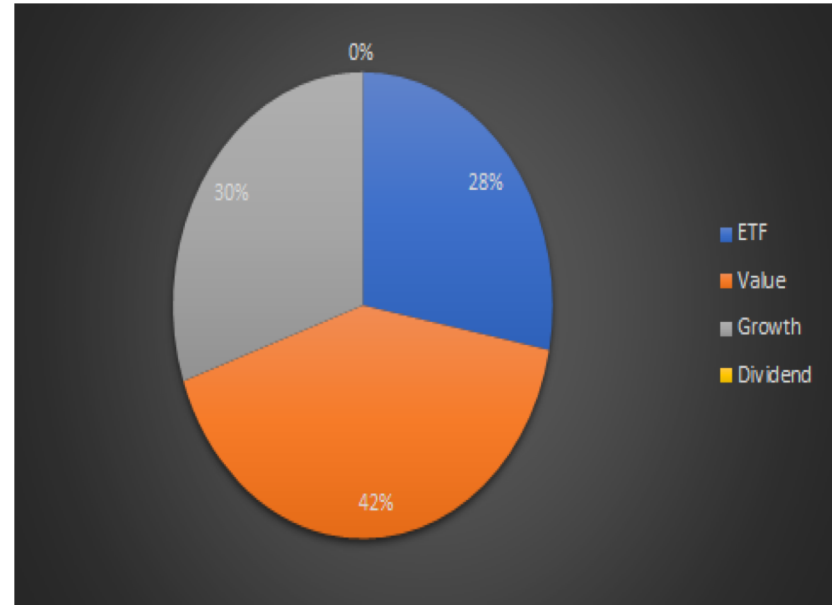
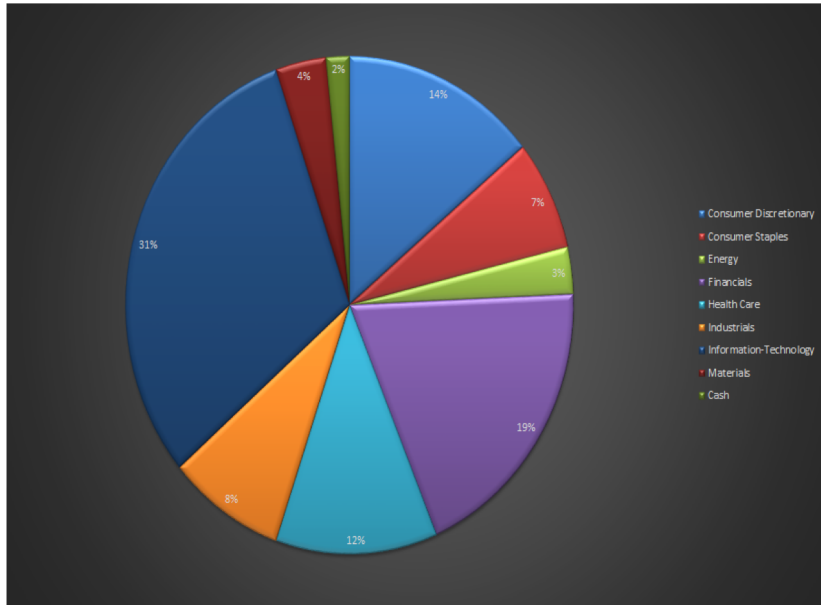
Portfolio Allocation





Portfolio Allocation

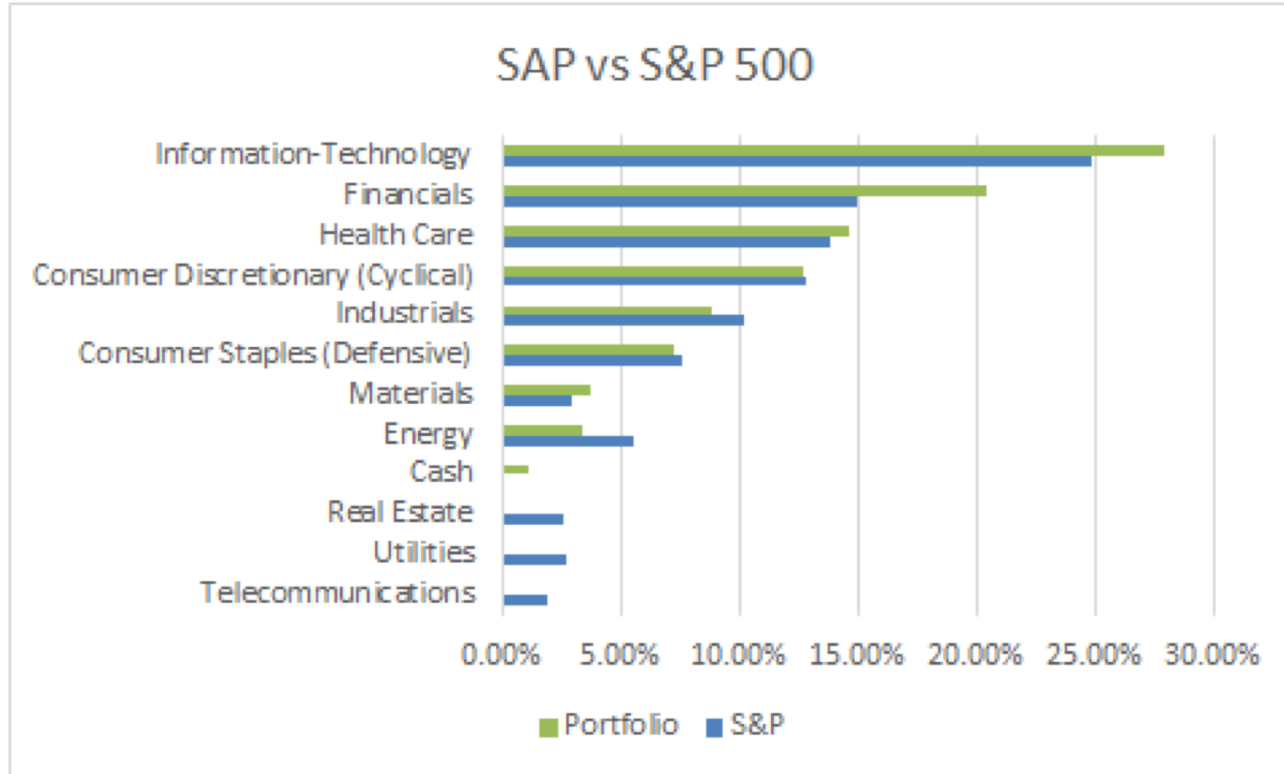
PORTFOLIO WEIGHTS





Sector Allocation

As of June 22, 2018

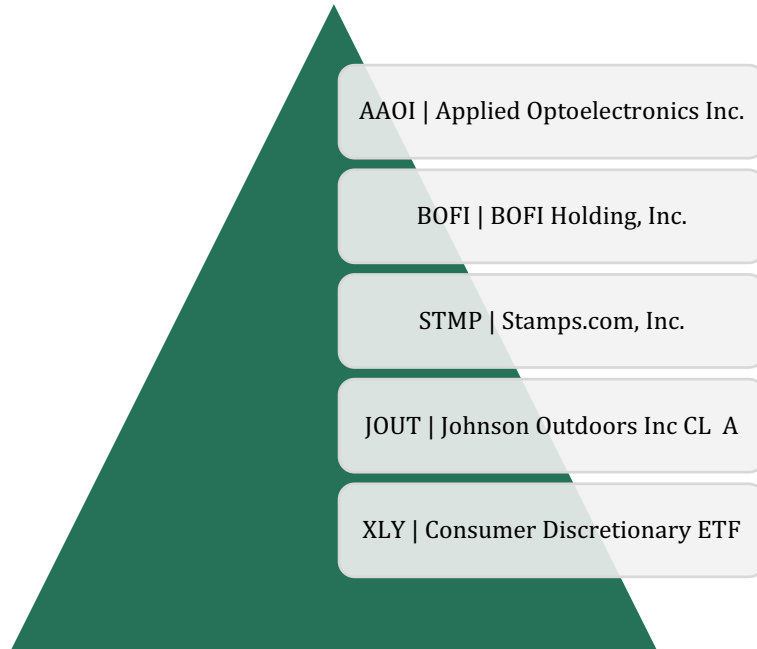




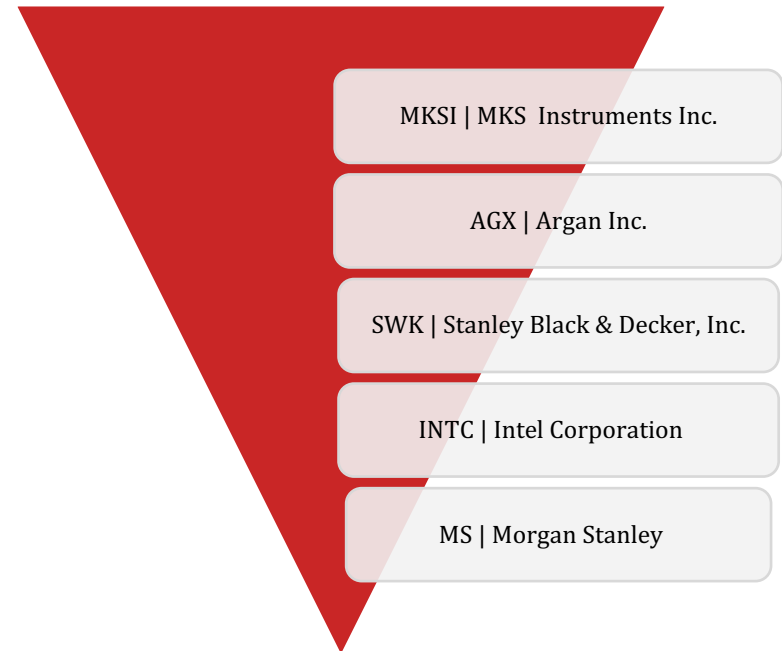
Performance Attribution

As of June 22nd, 2018

TOP OUTPERFORMERS

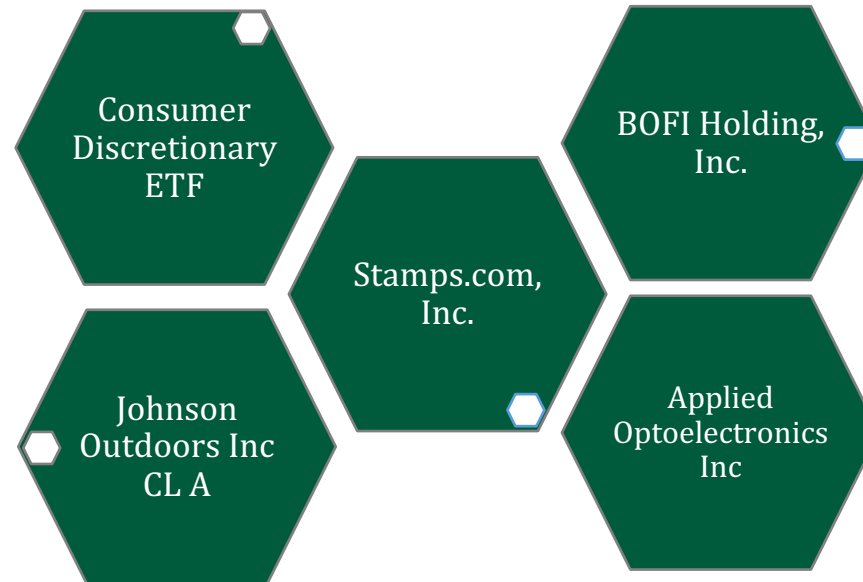


TOP UNDERPERFORMERS





TOP OUTPERFORMERS





Top Outperformers

Applied Optoelectronics, Inc. | AAOI

Position

405 Shares | \$17,718.75

Applied Optoelectronics, Inc. was purchased on April 5th at \$24.75 per share and closed at a market price of \$43.75. This was a return of 76.776%.



Applied Optoelectronics, based in Sugar Land, Texas, is a provider of fiber-optic networking products. The company provides to four end markets: internet data center, cable TV, telecom, and fiber-to-the-home. As a leading fiber-optic networking provider, the large-scale switch over from 40g switch ports to 100g switch ports will benefit AOI and regain significant market share.

The spring semester class purchased this company and we felt that this security still had great unrealized opportunities for growth. The stock has surged, as announcements of continued growth in sales at Amazon and Facebook, have propelled earnings/growth potential.



Top Outperformers

BOFI Holding, Inc. | BOFI

Position

477 Shares | \$20,477.61

BOFI Holding, Inc. was purchased during the fall semester on October 19th for \$27.39 per share and at close had a market price of \$42.93 for a 56.72% return.



BOFI, which stands for Bank of Internet, operates under eight different business segments. BOFI operates a branchless bank, reducing its overhead and operating costs to enable it to offer competitive rates for its customers.

Since the purchase, BOFI has continued to experience organic growth in lending, deposits, and fee income. BOFI's return on equity continues to be strong at 17.75% and the current P/E ratio of 20.23 shows that the company's earnings growth has closely underpinned the stock price jumps. As rates continue to rise and the Net Interest Margin rises for lenders, BOFI is poised to perform very well given their operating model.



Top Outperformers

Stamps.com, Inc. | STMP

Position

110 Shares | \$27,791.50



Stamps.com was purchased during the fall semester on November 9th for \$182.56 per share and at close had a market price of \$252.65 for a 38.396% return.

Stamps.com is a leading provider of Internet-based mailing and shipping solutions. Having been the first company approved by the U.S. Postal Service that allows customers to purchase and print postages online, Stamps.com offers its customers a secure solution through their existing systems without having to go to the Post Office.

Acquisitions have vaulted Stamps.com from an online postage firm to cloud-based shipping services—handling everything from managing orders to return authorizations. Major online retailers like eBay and Amazon.com now use Stamps' services. Stamps.com has a very high ROE of 34.6%, with gross margins of 79.68%. The company saw EBITDA growth of 31.6% in 2017 and is projected to see higher gains over the next year due to growing partnerships with major online retailers.



Top Outperformers

Johnson Outdoors, Inc. Class A | JOUT

Position

148 Shares | \$12,602.95

Johnson Outdoors, Inc. was purchased during the Spring semester on February 7th, 2018 for \$67.87 per share and at close had a market price of \$87.53 for a 28.966% return.

Johnson Outdoors Inc. designs, manufactures, and markets outdoor recreational products. The Company offers products includes outdoor clothing, tents, canoes, compasses, sailboats, flotation devices, diving equipment, and motors. Johnson Outdoors serves customers in the United States.

Johnson Outdoors, Inc. is a small-cap company in the Consumer Discretionary sector. The company had invested heavily in innovation which drives its growth. The recent tax cuts benefited the targeted consumer of JOUT, and their 1Q18 sales rose 42.2%. This led to a higher outlook potential for the company, especially as the outdoor/recreational space continues to growth with new consumers to the market.





Top Outperformers

Consumer Discretionary ETF | XLY

Position

358 shares | \$39,805.81



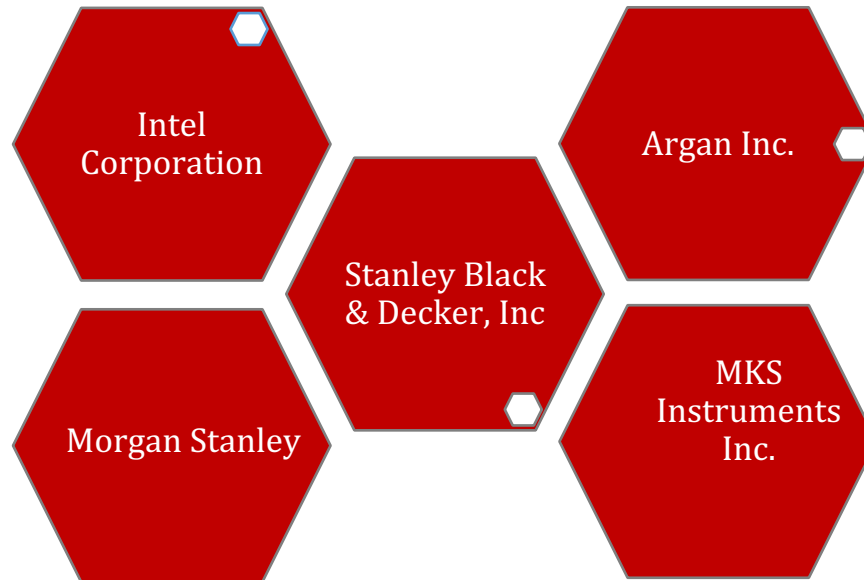
Consumer Discretionary ETF was purchased during the Fall semester on September 21st, 2017 for \$89.41 per share and at close had a market price of \$110.30 for a 23.364% return.

Consumer Discretionary Select Sector SPDR Fund is an exchange-traded fund incorporated in the USA. The ETF tracks the performance of the Consumer Discretionary Select Sector Index holding primarily large capitalization companies domiciled in the US. The ETF weights its holdings using a modified market cap approach, generally investing at least 95% of its assets in the index.

The Consumer Discretionary sector saw large gains during the 2Q18, due to increased health of the U.S. economy and as a result of the personal tax reform, higher consumer spending. Unemployment dropped below 4% and consumer confidence has also risen. This sector is mainly comprised of large-cap companies with high free cash flow and from the tax cuts, these companies saw margins increase.



TOP UNDERPERFORMERS





Top Underperformers

MKS Instruments, Inc. | MKSI

Position

167 Shares | \$16,549.70

MKS Instruments Inc, was purchased during the Spring semester on April 5th, 2018 for \$113.31 per share and at close had a market price of \$97.30 for a -14.129% return.

MKS Instruments, Inc. develops, manufactures, and supplies instruments and components used to control and analyze gases in semiconductor and similar industrial manufacturing processes. The Company offers products to manufacture flat panel displays, magnetic and optical storage devices and media, solar cells, fiber optic cables, and diamond thin films.

While some of the recent pullback in MKSI can be attributed to fear that a prolonged trade war with China will be a big negative for chip makers, the industry has also faced questions about how long the unprecedented chip cycle driven by data centers and internet-of-things devices can last and how long memory chip prices can stay at such elevated levels. This unease for the stock led to a large drop over the semester.

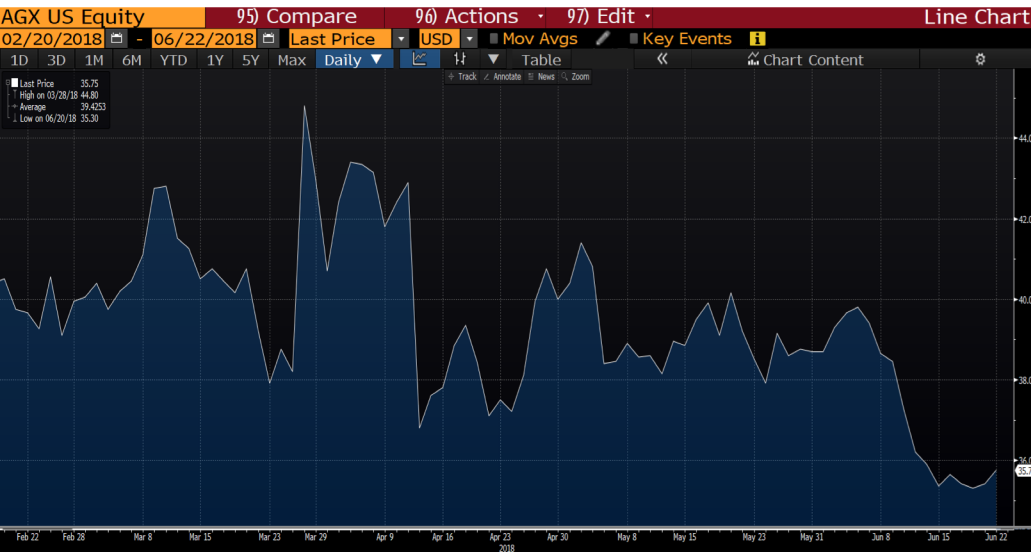




Top Underperformers

Argan, Inc. | AGX

Position
250 Shares | \$8,937.50



Argan Inc was purchased during the Spring semester on February 20th, 2018 for \$40.52 per share and at close had a market price of \$35.75 for a -11.768% return.

Argan, Inc., through its subsidiary, designs and builds energy plants. The Company's energy plants include traditional gas as well as alternative energy including biodiesel, ethanol, and renewable energy sources such as wind power and solar.

Argan is a small-cap company, with a market cap of \$639.1 and a beta of 1.17. This highlights the potential volatility of the stock price. The U.S.-China trade tensions and pending tariffs have had a direct impact on the solar industry, as the price of materials imported from China will be hit the U.S. trade tariffs. This has weighed on the Argan stock price and resulted in a major loss for the semester.



Top Underperformers

Stanley, Black & Decker | SWK

Position

100 Shares | \$13,550.63

Stanley, Black & Decker Inc was purchased during the Fall semester on October 3rd, 2017 for \$149.76 per share and at close had a market price of \$133.14 for a -11.098% return.

Stanley Black & Decker Inc. is a diversified global provider of hand tools, power tools and related accessories, mechanical access and electronic security solutions, healthcare solutions, engineered fastening systems, and more.

The stock price struggled over the course of the semester, with the company's balance sheet and recent earnings report not meeting analyst expectations. SWK has over 20% of its debt in floating-rate terms and has scared investors with the expectation of rising interest rates. Investors view the current state of their balance sheet as worrisome and has sparked a recent sell-off in the company.





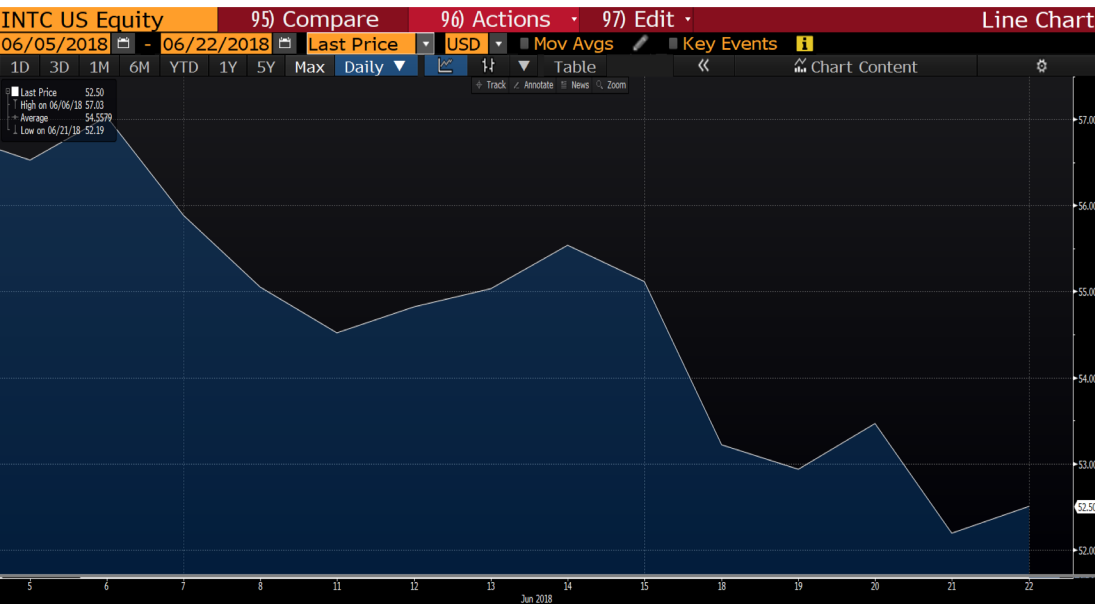
Top Underperformers

Intel Corporation | INTC

Position

180 Shares | \$20,081.22

Intel Corporation was purchased during the Summer semester on June 5th, 2018 for \$56.34 per share and at close had a market price of \$51.37 for a -8.821% return.



Intel Corporation designs, manufactures, and sells computer components and related products. The Company major products include microprocessors, chipsets, embedded processors and microcontrollers, flash memory, graphic, network and communication, systems management software, conferencing, and digital imaging products.

Intel has been largely affected by the US-China trade war. China has imposed blocks on certain chip sales which has dragged down the entire industry. Because of the block, sales for Intel are expected to drop and, as such, the price of the stock as dropped on reduced future earnings.



Top Underperformers

Morgan Stanley | MS

Position

560 Shares | \$24,270.40



Morgan Stanley was purchased during the Summer semester on May 30th for \$50.85 per share and at close had a market price of \$47.09 for a -7.396% return.

Morgan Stanley, a bank holding company, provides diversified financial services on a worldwide basis. The company operates a global securities business which serves individual and institutional investors and investment banking clients. Morgan Stanley also operates a global asset management business.

Morgan Stanley was among the underperformers during the summer class, as they are a financial company and this sector has struggled since the time of purchase. Global political and trade concerns appear to have pushed investors into Treasuries as they look for perceived safe haven, resulting in lower longer-term yields and denting financial sector performance. A lower, and possible inverted, yield curve shakes the outlook for major lenders such as Morgan Stanley. We believe this to be a short-term disruption, and as the Federal Reserve continues to hike rates in the future, MS stands to outperform the financial sector.



Summer 2018 Student Biographies

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Student Biographies



Peter Rouchard is a graduate student pursuing his Masters in Business Administration with a concentration in Finance at Loyola University Maryland. Peter currently works for PNC in the Corporate Banking group focusing on middle market and large corporate transactions. Peter was born in Baltimore, MD and grew up living in both Minnesota and Ohio. He earned his BBA from the Ohio University College of Business.

Scott Camuto is a Workplace Investor Retirement Education Specialist at T Rowe Price where he advises 401k clients on retirement strategies. He will graduate with a MSF from Loyola Maryland in December 2018. His previous education experience includes a Master of Political Science from Boston College and a Bachelors of Political Science from MCDaniel College. Scott is also studying for his CFA Level 1 Exam. Scott's main research interests include the intersection of government public policy and finance, federalism, and retirement scenario modeling. He is hoping to join a mutual fund company as a portfolio analyst or a non profit organization as a financial analyst.





Kelly Murphy is a graduate student pursuing a Master of Science in Finance at the Sellinger School of Business. He has earned an Associate of Science Degree (magna cum laude) in Mathematics from Anne Arundel Community College in MD and a Bachelor of Science Degree (cum laude) in Economics and Business Administration from Shepherd University in WV. He is a member of the Phi Theta Kappa International Honor Society. His professional experience includes working as a financial data analyst in the computer software industry, and as a financial manager with the federal government. He enjoys studying medieval history, traveling, playing sports, and learning foreign languages. Upon graduating from Loyola University Maryland, he is hoping to find a position in investment research with a major financial institution in the U.S. or Europe.

Tyler Nicodemus is a graduate student pursuing a Masters of Science in Finance at Loyola University Maryland and will graduate in the summer of 2018. He previously studied at the University of Maryland, College Park for his Bachelors of Arts in Economics. Tyler currently works for T. Rowe Price in Baltimore, Maryland as a Multi-Asset Investment Liaison supporting the Target Allocation strategies. After graduation, Tyler plans to travel to Peru and Panama in August 2018 as a way to celebrate obtaining his Masters degree.





Hermann Shasha is a graduate student pursuing a Masters in Finance at Loyola University. For the past 2 years, Hermann has been working with Bank of America Merrill Lynch on the Merrill Edge brokerage. He works with the Trade Elevation group, which helps colleagues with advanced trade functions, provides support to clients with margin accounts, handles fixed income trades and option strategies. Hermann earned his bachelors in International Business and Health Care Administration from Lycoming College in May 2013.

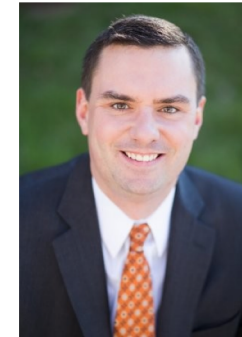
Antonio Tabora is an international student pursuing a Masters in Business Administration with a concentration in Finance at Loyola University Maryland. Prior to the program, Antonio had worked in his home country of Honduras in some areas such as Corporate Banking, where he supervised the deposit corporate accounts department and worked as a corporate loan underwriter executive. His most recent position in Samsung Electronics LATAM as a Marketing country manager - also in Honduras, allowed him to garner experience in trade marketing and telecom sales. Antonio earned his B.S. in Industrial Engineering from Universidad de San Pedro Sula in May 2009. While pursuing his engineering degree, Antonio worked for international companies such as Fruit of The Loom, American Airlines and Kimberly-Clark.

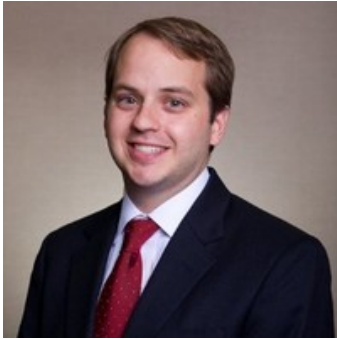




Rodrigo Cordon is a graduate student pursuing a Masters in Business Administration with a concentration in Finance at Loyola University Maryland. He is a member of the Alpha Sigma Nu, the National Jesuit Honor Society of the Loyola University Maryland Chapter. For the past 3 years, Rodrigo has worked for LEDC, a regional microlender with operations in MD, DC and VA. He currently serves as the Risk Manager actively monitoring the portfolio and all aspects of the underwriting process. Rodrigo earned his B.B.A concentration in International Business from Loyola University Maryland in May 2013.

Jordan Russell is a graduate student pursuing his Masters in Business Administration with a concentration in Finance at Loyola University Maryland. For the past 12 years Jordan has been employed by HMS Insurance, a nationally ranked full-service insurance and risk advisory firm based in Hunt Valley. In 2016, Jordan became an equity partner in HMS. Jordan primarily works with larger middle market companies advising on their property and casualty risk programs. Jordan was born in Baltimore, MD and earned his BA in Economics from the University of Maryland College Park. Jordan lives in Hunt Valley, MD with his wife and 3 young children.





Stephen Beauchamp is a graduate student pursuing his Masters in Finance at Loyola University Maryland. Stephen currently works as an Analyst for SVN REALSITE, a commercial real estate brokerage in Baltimore, MD, specializing in multi-family properties. Stephen's responsibilities include underwriting multi-family asset investments, performing financial analysis, researching the market, and coordinating transactions. Prior to his current role, Stephen worked in various positions at T. Rowe Price. Stephen received his undergraduate degree from the University of Delaware.

Murat Jenidi is a graduate student pursuing his Masters in Business Administration with a concentration in Finance at Loyola University Maryland. Murat is currently employed as a Project Engineer at RK&K. Murat has over 11 years of engineering experience and a licensed professional engineer in Delaware. Murat earned his BS from University of Delaware in Civil Engineering. Murat hopes to transition from engineering to the world of business and finance.

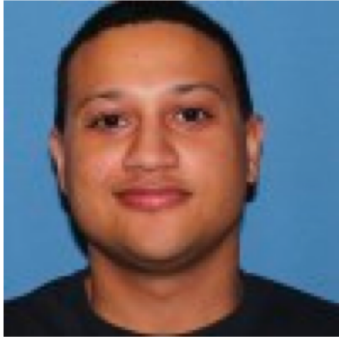




James Berry is a graduate student pursuing a Master of Science in Finance at Loyola University Maryland and will graduate in the summer of 2019. He previously attended Morgan State University in Baltimore Maryland, on a music Scholarship. At Morgan State University, he earned his Bachelors of Science in Accounting. In addition, He received his Master's in Business Administration with a concentration in Human Resources Management from Columbia Southern University. James currently works for the Federal Aviation Administration as a Contracting Officer. After graduation, James intends to pursue a career in the financial sector helping individuals, small businesses, and churches with money management.

Abogan Apetoh can recall being interested in how money and business work at an early age. At age of 14, he was involved in keeping a log for a revenue collection from his parents' farms. Years later, he graduated Cum Laude from University of Baltimore with a Bachelor in Finance. He is currently pursuing a Master of Science in Finance at Loyola University Maryland. Abogan is a financial analyst professional with a passion in financial modeling. Over the years, Abogan has developed a professional style based on excellent analytical skills and an ability to help the City of Baltimore make informed and sound decisions.





Sean Carter is a graduate student pursuing a Masters in Finance from Loyola University Maryland. Sean works as a Staff Accountant at T. Rowe Price and was previously employed by Maxim Healthcare Services as a Financial Analyst. After completing his Masters degree, Sean hopes to transition to a role as a buy-side analyst, where he can apply his passion for investing in the stock market. Additionally, Sean will pursue the Chartered Financial Analyst (CFA) designation. Sean earned a BS degree in Corporate Finance from Salisbury University.





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