

UConn

SCHOOL OF BUSINESS

Undergraduate Student Managed Fund 2015 Spring Presentation

March 12, 2015



Portfolio Managers

Lead Manager: Alexander Thalassinos

Portfolio Manager: Kelly McCourt

Treasurer/Secretary: Mitesh Mistry

Bloomberg Specialist: Stephen Vento

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Ryan Conforti

Nicolas Chapman

Michelle Filippi

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Kelly McCourt

Mitesh Mistry

Andrew Novitski

Akanksha Singh

Alexander Thalassinos

Stephen Vento

Undergraduate Supervisor: Patrick Terrion

Fund Director: Chinmoy Ghosh



Portfolio Overview

Objective

- Outperform the S&P 500
- Learn to analyze as value investors

Philosophy

- Search for undervalued securities based on estimation of intrinsic value compared to current market price

Approach

- Focus on the business – Bottom Up Approach



Portfolio Overview

Risk Management

- Business Model Risk
- Balance Sheet Risk
- Management Risk
- Aggregation Risk

Stop Loss Orders – 20% on each investment

Diversification

Focus on long-term growth



Economic Outlook

- U.S. economy has seen a drop in unemployment
- Drop in Oil Prices over last several months
- End of QE in U.S. and start of QE in Europe
- Slow European Growth
- Lower growth in Asia and Emerging markets



Investment Process



Investment Process Highlights

Strong Business Model



Shareholder Return Policy



Competitive Position



Sustainable Growth



Return on Invested Capital



Sustainable Barriers to Competition



Investment Tools



Bloomberg

Google
Finance

MORNINGSTAR

charles **SCHWAB**



Sector Allocation

Sector	% of Invested Portfolio	S&P 500 Sector Breakdown
Consumer Goods	11%	10%
Consumer Services	0%	12%
Energy	11%	14%
Financials	21%	16%
Basic Materials	0%	3%
Healthcare	14%	13%
Industrials	13%	11%
Technology	29%	21%
Total	100%	100%

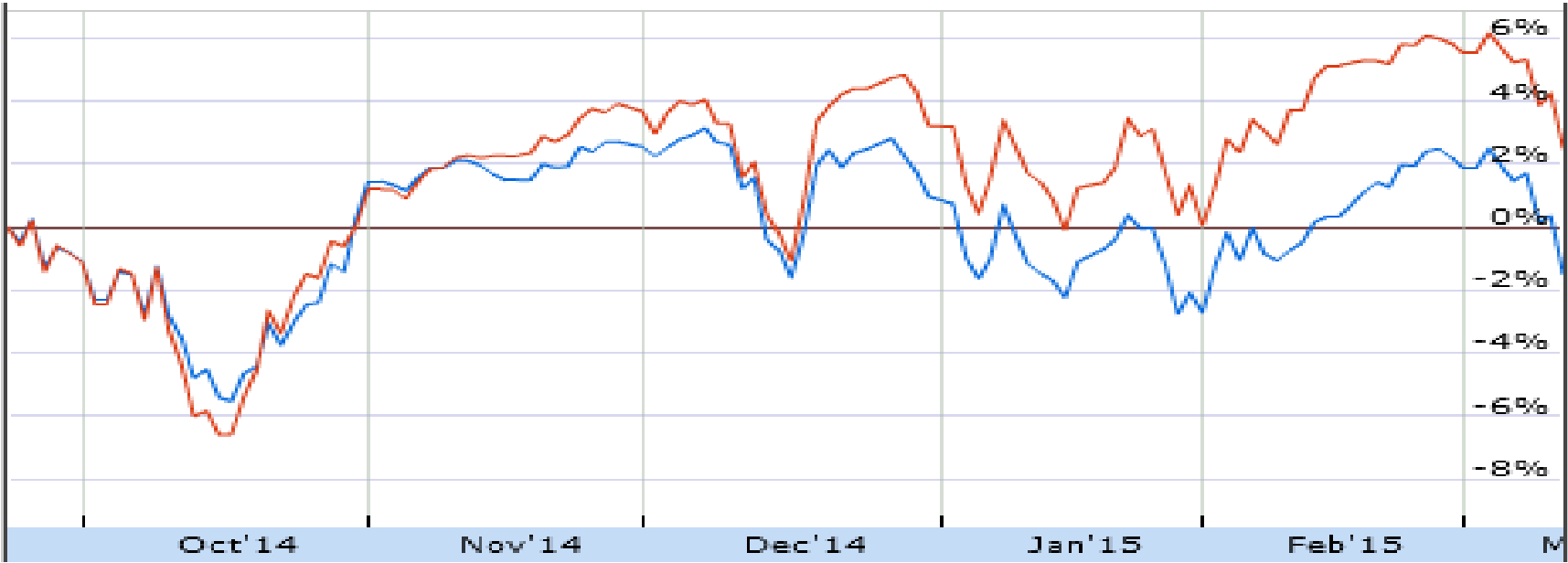


Portfolio vs. S&P 500

*As of February 20th

Indicator	Portfolio	Benchmark
Dividend Yield	1.66	1.95
Price to Earnings Ratio (P/E)	17.18	18.48
Price to Cash Flow Ratio (P/CF)	12.12	11.66
Price to Book Ratio (P/B)	2.90	2.87
Total Debt to Common Equity	67.09	113.63
Current Ratio	1.30	1.41

- Total Portfolio Performance: -1.49%
- Equity Performance: -0.76%
- S&P 500 Performance: 2.5%

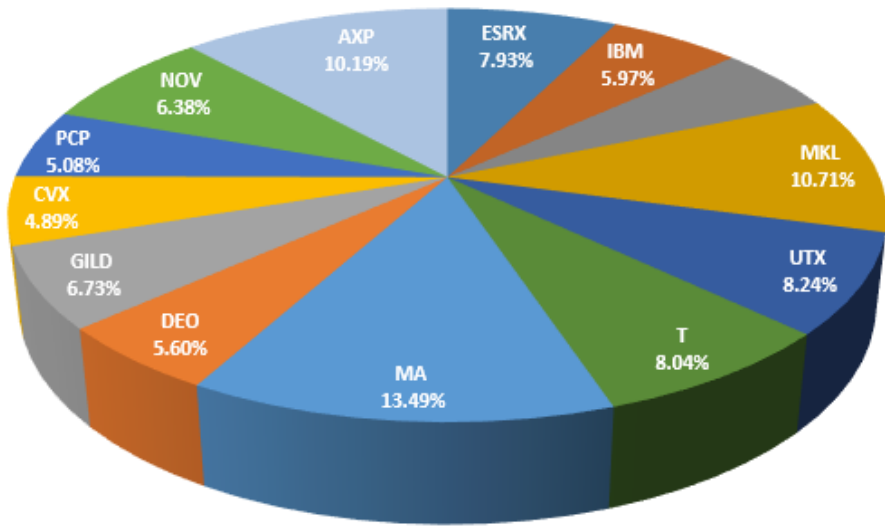


Equity Allocation

General Allocation

- 100% - Equities

Average Position Size – 7.69%



Top 10 Securities in Portfolio by:	Weight
Mastercard Inc.	13.22%
American Express Co.	11.77%
Markel Corp.	10.71%
United Technologies Corp.	7.83%
AT&T Inc.	7.79%
Express Scripts Holding Co.	7.48%
National Oilwell Varco Inc.	7.78%
Gilead Sciences inc.	6.33%
International Business Machines	5.79%
Diageo Plc.	5.31%



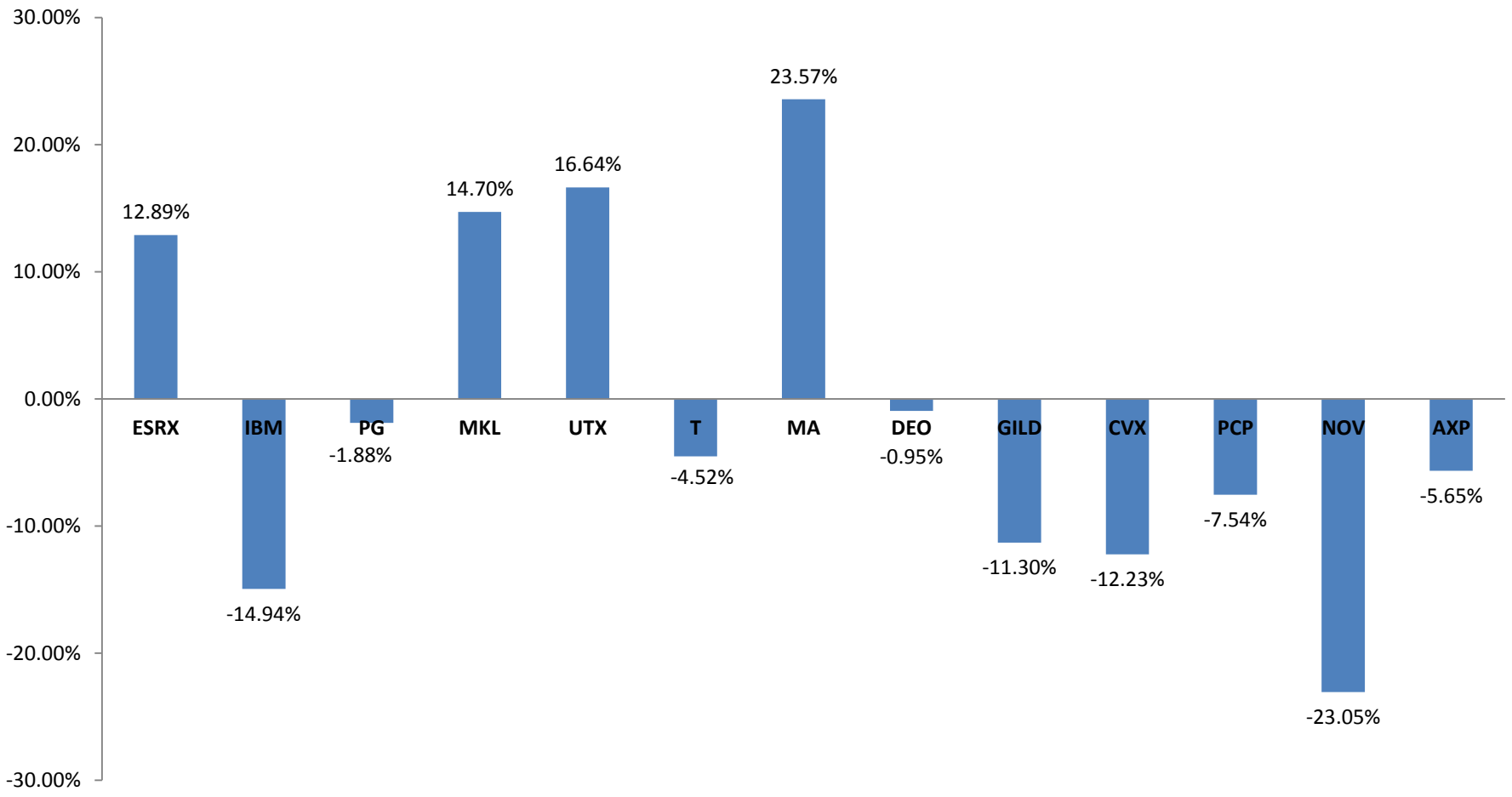
Total Portfolio Overview



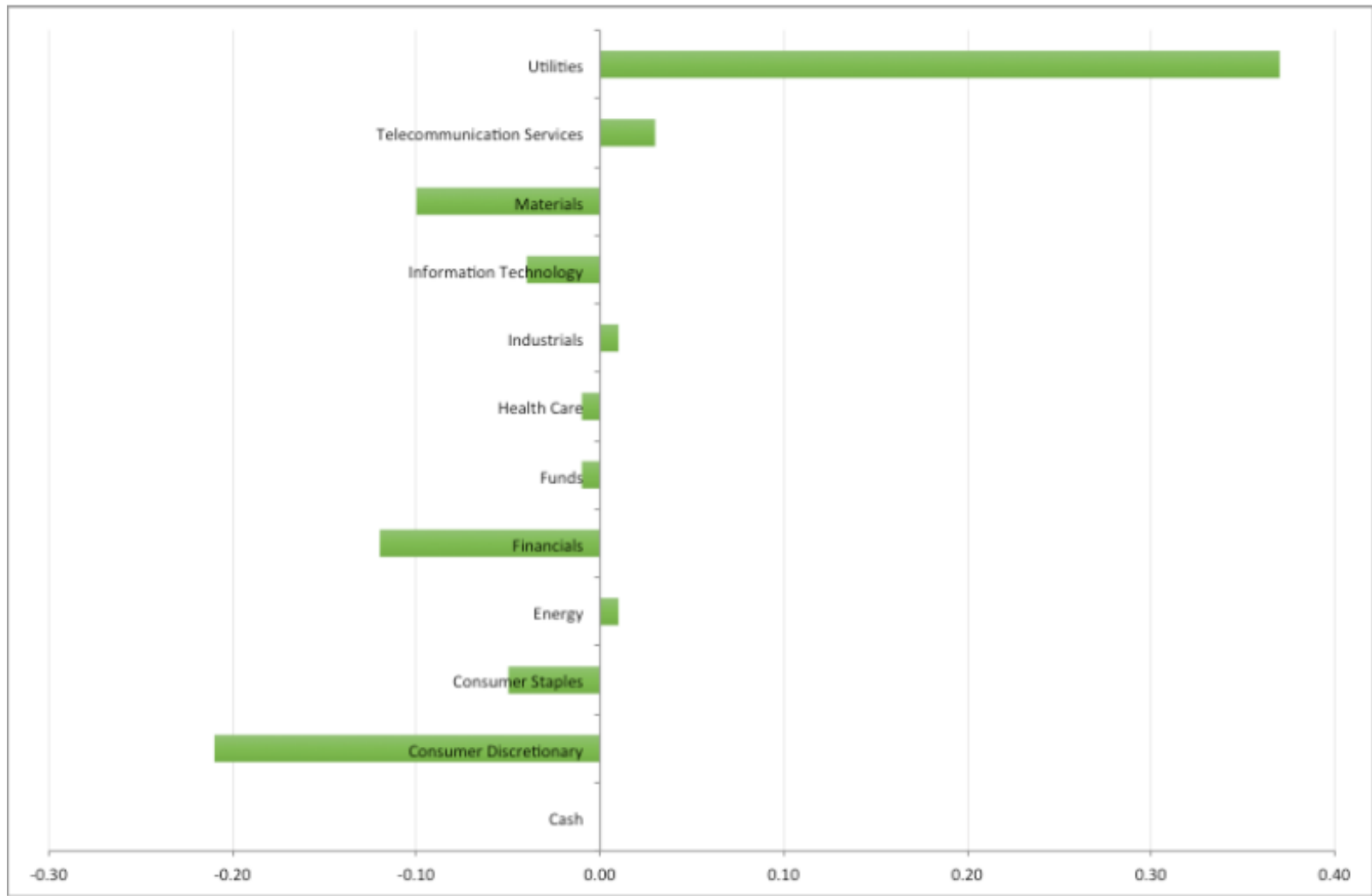
Name	Symbol	Last Price (\$)	Shares	Cost basis (\$)	Market Value (\$)	Gain	Gain %
Express Scripts Holding Company	ESRX	81.39	1716	123721.88	139665.24	15943.36	12.89
International Business Machines Corp.	IBM	157.81	685	127084.45	108099.85	-18984.6	-14.94
Procter & Gamble Co	PG	81.54	1200	99720	97848	-1872	-1.88
Markel Corporation	MKL	738.1	271	174386.6	200025.1	25638.5	14.7
United Technologies Corporation	UTX	117.4	1245	125306.76	146163	20856.24	16.64
AT&T Inc.	T	32.78	4440	152425.2	145543.2	-6882	-4.52
Mastercard Inc	MA	88.84	2778	199716.94	246797.52	47080.58	23.57
Diageo plc (ADR)	DEO	112.01	885	100082.66	99128.85	-953.82	-0.95
Gilead Sciences, Inc.	GILD	-	1,334.00	147,585.63	115,924.70	(31,660.93)	-21.45
Gilead Sciences, Inc.	GILD	98.83	1197	116463.15	118299.51	1836.36	1.58
Chevron Corporation	CVX	102.91	850	99666.65	87473.5	-12193.15	-12.23
Precision Castparts Corp.	PCP	210	442	100393.67	92820	-7573.67	-7.54
National-Oilwell Varco, Inc.	NOV	50.68	2205	145216.38	111749.4	-33466.98	-23.05
American Express Company	AXP	79.11	2621	219772.84	207347.31	-12425.53	-5.65
Portfolio Value				1,783,957.18	1,800,960.48	(14,657.64)	-0.76%



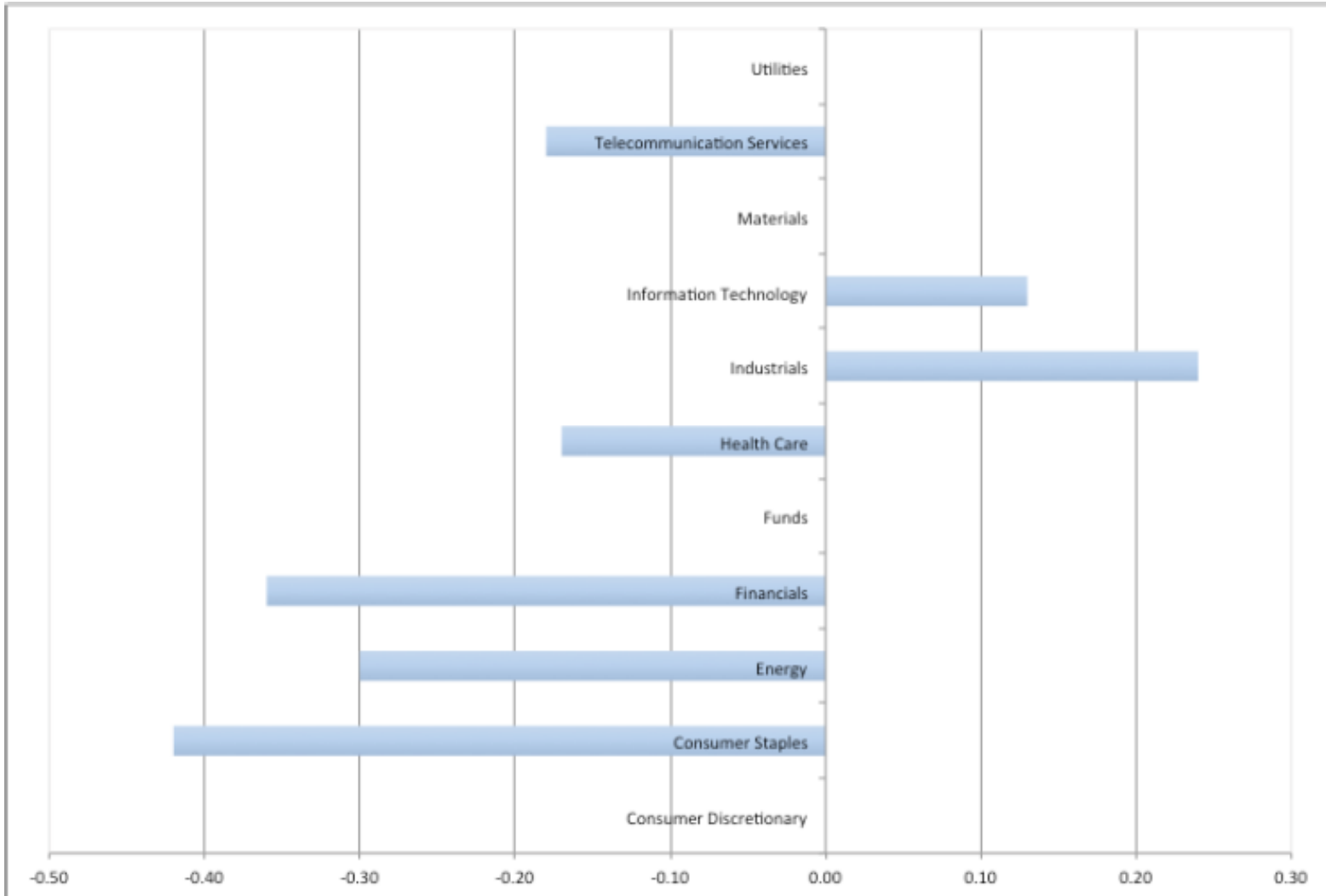
Portfolio vs. S&P 500



Allocation Effect



Selection Effect



Interesting Holding: GILEAD

- Healthcare Sector
- Unrealized loss of 11.30%
- Volatility:
 - Express Scripts
 - CVS Caremark

Future Outlook

- CVS Caremark – exclusive coverage
- Continued Pricing Pressures



Underperforming Stocks:

- Technology Sector
- Unrealized loss of 14.94%
- Disappointed on Q3 earnings
 - Stagnant/Decreasing revenues
- Issues implementing the new cloud system

Future Outlook

- Established relationships with large corporations
 - Companies are already integrated with IBM, tough to switch away
- Ability to manage incredible amounts of data has IBM set up for future opportunities



Underperforming Stocks:

- Energy Sector
- Unrealized loss of 23.05%
 - Less exploratory drilling
 - Strong 2014 financials

Future Outlook

- Market share is unaffected
- \$12.5 billion backlog
- Volatility not risk



Best Performing Stocks:

- Technology Sector
- Unrealized gain of 23.57%
- Strong Q4 earnings, up 17% YoY from the 4th quarter and revenues rose 14%
- New opportunities in China to couple increased global presence



Best Performing Stocks: **United Technologies**

- Industrials Sector
- Unrealized gain of 16.64%
- 2014 EPS of \$6.82, a 10% growth in EPS YoY
- Increased demand in China and India for infrastructure



Lessons Learned

- Investment Philosophy
- Allocation of Capital
- Thinking Process
- Teamwork and Diversity of Ideas

