UCONN

SCHOOL OF BUSINESS

PORTFOLIO REPORT

UNDERGRADUATE STUDENT MANAGED FUND

FALL 2017 – TEAM GILSON

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PORTFOLIO OVERVIEW

Investment Managers

Jack Leyland	Ana Walas	Anthony Mottolese
Alex Barriga	Bartosz Walas	Michael Pehota
Josh Weist	Max Janik	Jonathan Stryjek
Shawn McAuley		

Fall Officers

Co-Lead Managers - Jack Leyland & Alex Barriga

Portfolio Manager - Shawn McAuley

Communications Manager - Anthony Mottolese

Digital Media Manager - Ana Walas

Undergraduate Supervisor - Paul Gilson

Fund Director - Chinmoy Ghosh

Investment Philosophy

Team Gilson operates according to a value investing philosophy. Our interpretation of this philosophy is rooted in the principles set forth by the creators of this investment approach, Benjamin Graham and David Dodd. We also draw inspiration from this philosophy's most famous practitioner, Warren Buffett, whose thinking processes have proved instrumental in our evaluations of investment opportunities for the fund. These evaluations are comprised of both qualitative and quantitative analysis. Our quantitative research focuses on rigorous fundamental analysis of each firm's financial data, interpretation of macroeconomic, sectoral and industry data both domestically and abroad, market performance and finally valuation across a variety of standard methodologies. Meanwhile, our qualitative evaluations aim to uncover the drivers of long term value creation behind each business model, their position within the competitive landscape, potential catalysts for future growth and the nature and magnitude of the risks facing each firm.

Investment Strategy

Our investment strategy is one that aims to construct a portfolio comprised first and foremost of companies with strong and well defined competitive advantages. We believe that diversified exposure exclusively to well run, responsibly capitalized companies possessing established business models at an advantage relative to competition and mispriced by the market relative to their intrinsic value will lead to consistent outperformance of the S&P 500 in the long run. As such, we evaluate potential investments assuming a 10 year holding period. Among the many factors on which our strategy focuses, we would like to highlight our focus on dividend yield. In our estimation, in a market where valuations are historically rich, and the period of rapid appreciation following the results of the 2016 presidential election largely behind us, we believe a strong dividend yield to be a good source of investment income to complement capital appreciation. In addition, we believe the consistent source of cash flow it represents is consistent with our mandate as a fund that operates under the umbrella of a university foundation. The figure below outlines the complete list of quantitative and qualitative factors upon which our strategy is founded.

Quantitative	**Qualitative**
● Return on Invested Capital ● Free Cash Flow Yield ● Dividend Yield & Safety ● Margin of Safety ● Debt to Cash Ratio ● Debt to EBITDA Ratio ● Relative Price/Earnings ● Plowback Ratio	● Barriers to Entry ● Growth Catalysts ● Risk ● Innovation ● Brand Strength ● Market Share ● Quality of Management ● Competitor Activity

Risk Management

In accordance with Warren Buffett famous first rule of investing: “Never lose money,” risk management is a critical element of our investment approach. As is outlined in our mandate, we aim to minimize the following main risk factors:

Business Model Risk - unsustainable or easily duplicated business models

Balance Sheet Risk - inappropriate or irresponsible leverage

Management Risk - unreliable management with poor track records or history of scandals

Aggregation Risk - a portfolio sharing too many common risks among holdings

Valuation Risk - companies with inflated prices relative to reasonable estimations of business value

Obsolescence Risk - businesses with products that risk becoming obsolete.

At this time, we do not have more than 9% exposure to any single sector. We currently have approximately 8.8% exposure to the technology sector, which is consistent with its weighting in the S&P 500 index. Our manager sector assignments lead to effective diversification as no more than two pitches for one sector are made each semester. Our diversification strategy has thus far been effective in mitigating aggregation risk.

Throughout our rigorous stock selection process, the above risk factors are actively addressed by our managers. Unless each is addressed during the pitching process, and meaningful mitigants are presented, the proposed investment will not be allowed to be voted on. In addition to this screening, we have placed stop loss orders 15% below the purchase price of each position to protect against losses in the event of a broad market downturn.

Investment Process

Our process begins with our sector teams, where each manager specializes in two to three sectors. Within each sector, we seek to identify those firms that we believe fit the criteria of our previously outlined investment strategy.. Upon finding a suitable investment idea, a team of two managers from that sector will conduct their rigorous analysis process and present the result to the team at our weekly meeting, after which we will engage in a lengthy discussion and Q&A session with the presenting managers to thoroughly address any concerns and decide whether the idea fits within our strategy.

In order to invest in a stock, it must receive 7 or more votes during the team's voting process. In the event that a stock does not pass the vote, a subsequent vote will be made to determine whether the company should be considered in the future following an additional research period if such a vote is motioned for by a manager. Once an investment decision is reached, the level of capital allocation is decided following a consideration of the investment's perceived safety, risk, margin of safety and the level of consensus on the investment decision from the team. Our allocation range from 4% to 6%, the higher percentage allocation going towards those positions we deem to carry less risk and offer more significant upside.

This year, our team has decided to employ a novel purchasing strategy compared to previous years using a mix of market orders and limit orders. We will purchase a stock using a market order only if we do not have any concerns regarding the short term volatility of the stock price during the period we were conducting our research, and view the current market price as the ideal point of entry for the investment. In instances where we identify a short term run up in the price of a stock we have decided to invest in that appears to be reactionary to a piece of news regarding the name, we will decide on an entry price that we believe better fits our investment thesis, and place a limit order at that price in the market. From a value investing perspective, the cost basis of an investment is critical. A stock may be a buy at one price, but not at another. Therefore we believe this approach allows us to be more disciplined in our purchasing to ensure we always enter our positions at the best possible cost basis. We evaluate our outstanding limit orders on a weekly basis, and should the limit price not be reached after a three week period we will reevaluate our analysis of the market price and determine whether conditions have changed enough to warrant investing with a market order, or to move on from the stock.

Our sector coverage teams are the following:

Basic Materials - Joshua Weist, Bartosz Walas, Anthony Mottolese

Consumer Discretionary - Alex Barriga, Bartosz Walas

Consumer Staples - Jack Leyland, Bartosz Walas

Energy - Anthony Mottolese, Michael Pehota, Ana Walas

Financials - Jack Leyland, Michael Pehota

Healthcare - Jack Leyland, Max Janik

Industrials - Shawn McAuley, Jonathan Stryjek

Technology - Max Janik, Ana Walas, Joshua Weist

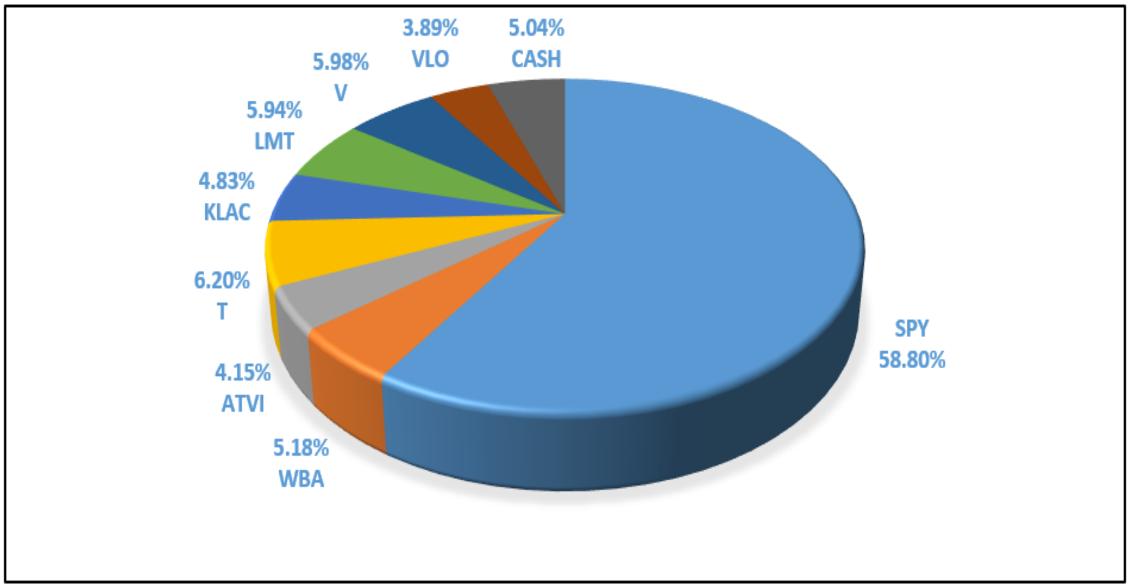
Telecommunications - Joshua Weist, Alex Barriga

Real Estate - Anthony Mottolese, Jonathan Stryjek

Utilities - Shawn McAuley, Ana Walas

Equity Portfolio & Allocation

The Fund has 36.2% of the portfolio invested with 5% remaining in cash and 58.8% remaining in the SPY ETF. Looking forward, the Fund is well positioned to invest the remaining portion of the portfolio into equities throughout the spring semester. The average position size, excluding the SPY ETF, is approximately 4.52%, with our largest positions being AT&T (6.2%/~$62.48k) and Visa (5.98%/~$60.58k). In total, there are 7 positions, including a limit order outstanding for Home Depot. The cash allocation is in place to cover the Home Depot order when it is executed. When this occurs, we will be over 40% invested in equities.



Performance

The charts below depict the performance of the portfolio from October 30, 2017 to November 28, 2017.

Total Portfolio Unrealized Gains

Portfolio									
Ticker	Name	Shares	Purchase Price	Price	Cost Basis	Market Value	% of Portfolio	Change	% Change
SPY	SPDR S&P 500 ETF	2,297	$ 256.91	$ 262.70	$ 589,633	$ 603,422	58.80%	$ 13,789.21	2.25%
WBA	Walgreens Boots Alliance	736	$ 66.23	$ 72.24	$ 48,743	$ 53,169	5.18%	$ 4,425.79	9.08%
ATVI	Activision Blizzard	645	$ 62.06	$ 65.97	$ 40,027	$ 42,551	4.15%	$ 2,523.43	6.30%
T	AT&T	1,795	$ 33.47	$ 35.42	$ 60,074	$ 63,579	6.20%	$ 3,504.74	5.83%
KLAC	KLA-Tencor Corporation	368	$ 109.45	$ 107.16	$ 40,279	$ 39,435	3.84%	$ (844.52)	-2.10%
LMT	Lockheed Martin	191	$ 313.92	$ 319.01	$ 59,959	$ 60,931	5.94%	$ 972.11	1.62%
V	Visa	541	$ 110.83	$ 113.36	$ 59,958	$ 61,328	5.98%	$ 1,369.43	2.28%
KLAC	KLA-Tencor Corporation	95	$ 102.09	$ 107.16	$ 9,699	$ 10,180	0.99%	$ 481.45	4.96%
VLO	Valero Energy	480	$ 83.24	$ 83.24	$ 39,955	$ 39,955	3.89%	$ -	0.00%
CASH		51,673		$ 1.00		$ 51,673	5.04%		
				Total	$ 1,000,000	$ 1,026,221.67	100.00%	$26,221.65	2.62%

Equity Portfolio Unrealized Gains

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Ticker	Name	Shares	Purchase Price	Price	Cost Basis	Market Value	% of Portfolio	Change	% Change
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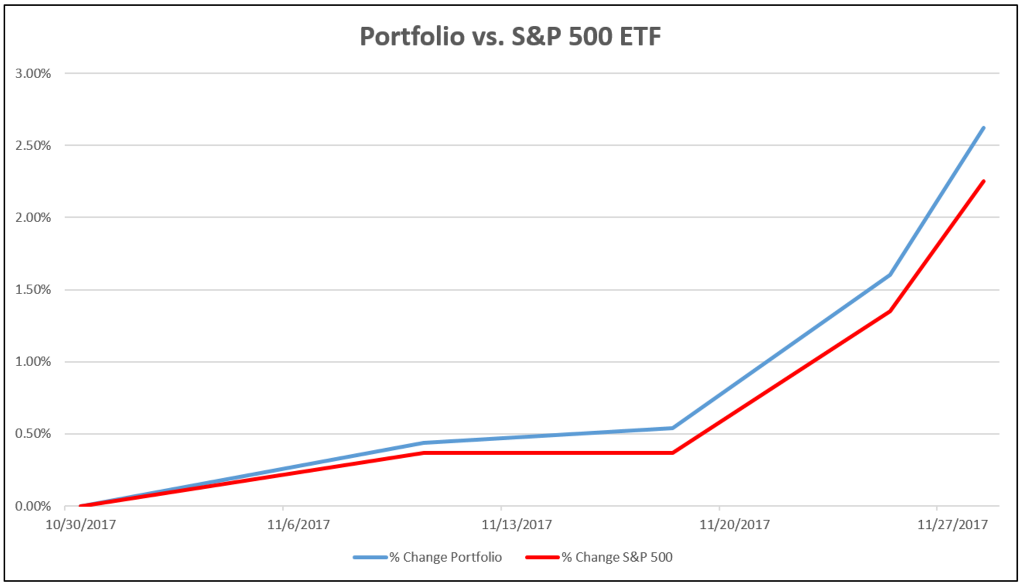
VLO	Valero Energy	480	$ 83.24	$ 83.24	$ 39,955.20	$ 39,955.20	10.77%	$ -	0.00%
				Total	$ 358,695	$ 371,127		$ 12,432	3.47%

Total Portfolio Performance vs. S&P 500 ETF



Individual Stock Performance

Overall, we have seen moderate returns in our portfolio over the course of approximately 1 month. Specifically, we have seen strong returns in Activision Blizzard (6.30%) and Walgreens Boots Alliance (9.08%) contained in the Technology and Consumer Staples industries, respectively. We believe the main catalyst for the performance of WBA is that the market has realized they overreacted to the potential threat of Amazon entering the space. ATVI has performed well mainly due to the major investment from organizations that are now recognizing the future of esports and the growth of the video game industry. Furthermore, both the Technology and Consumer Staples industries have outperformed all others over the past month and are among the top industries in terms of YTD performance. Our only loss so far is KLA-Tencor Corporation (-0.78%) in part due to their last dividend per share, which the market expected to be higher than was announced. Also KLA-Tencor is more volatile than most of our holdings, so it is down for now, but we still believe KLAC remains a strong competitor with significant long term value, leading to our purchase of an additional 1% when the stock price initially declined, resulting in a lower dollar cost average on the position.

ECONOMIC OUTLOOK

The US Economy

The U.S. economy is very healthy according to several key economic indicators and we are experiencing the strongest point in recent history. The last two quarters have been the fastest growing consecutive quarter growth in real GDP since 2014. Real GDP increased at an annual rate of 3.3% in Q3 2017 and in the second quarter real GDP grew at 3.1%. In addition, to the acceleration of GDP growth, the U.S. is right in line with the Federal Reserve's target of 2.0% inflation as measured by core PCE. The economy has also recovered from the recent hurricane disasters in the southern U.S. and has reached 4.1% unemployment rate, the lowest in the last 17 years. The labor market is tightening quicker than officials thought as the last two jobless rates have been below the expected level of 4.3%. This is a contributor in consumer confidence index reaching 129.5 in November, its highest level since early 2000. All of these figures support that we are currently in an prosperous time.

The positive outlook on the economy has been partly responsible for the record high stock market indices. It is important to note that although the signs are healthy, this could lead to overconfidence and irrational exuberance, which may create a bubble. The Federal Reserve will be trying to mitigate another recession and is expected to raise interest rates in December and several times in 2018. The SMF team is aware of the problems that arise with overconfidence and is focused on remaining disciplined in our investment decisions.

Major Legislative Initiatives

The most important proposed legislative change in recent months is tax reform. The Republican administration aims to use tax reform to increase consumer spending and make American corporations more competitive globally. Currently, the bill has been approved in the House and was recently approved in the Senate Budget Committee by a narrow 12-11 vote. A number of changes to the original bill were proposed in each chamber of Congress, so it is difficult to predict what the final bill will look like if it is passed. Broadly, the Republican party is looking to reduce the corporate tax rate to approximately 20%, which would be hugely beneficial to our primarily U.S. based portfolio companies. They are also trying to reduce the individual tax brackets, but the levels and scope of these changes are being widely debated in Congress. A consumer tax break would also be beneficial for our portfolio companies, especially in the short-run.

In a rare show of bipartisan cooperation, the Senate Banking Committee is proposing changes to the Dodd-Frank Act. Specifically, the proposed changes would increase the threshold at which companies are considered 'Systematically Important Financial Institutions' (SIFIs). The current threshold is $50 billion in assets for banks and insurance companies and would be increased to $250 billion in assets. The goal of this bipartisan action is to reduce stringent regulatory requirements on community banks. The Senate Banking Committee hopes these changes will allow small banks to increase lending to small businesses and allow consumers greater access to mortgages. Although these changes would not directly affect any companies in our portfolio, they are expected to benefit the economy as a whole.

Regulatory Initiatives

The Consumer Financial Protection Bureau (CFPB) was in turmoil recently when the outgoing director appointed an agency official to take over as interim director. Conversely, President Trump named Mick Mulvaney to be the interim leader of the agency. The conflict over who would lead the agency lasted several days until a federal judge ruled that President Trump held the right to appoint Mulvaney until he chooses a formal replacement to be approved by the Senate. The CFPB is charged with regulating banks to make them fairer and increase consumer access to the financial markets. The agency primarily enforces consumer financial laws. The change is not expected to have much impact despite the outcome because the Trump administration and Republican Congress have actively blocked the agency's rulings and reduced its power since January.

The Global Economy

Global growth projections have been revised upward for the remainder of 2017 at 3.6% and 2018 at 3.7% according to the IMF. While global growth remains positive, commodity exporting countries have struggled as the price of oil remains at relatively low levels. Another concern is below target inflation numbers in advanced economies. China's growth is projected to remain steady at around 6% over the next few years. This projection is positive because China's slowing growth was once a major concern for the global economy.

Global monetary policy continues to proceed cautiously as inflation in Europe is still falling below targets which implies that the ECB will keep rates accommodative. As the United States considers its role in the world economy, global trade has increased from its low levels a year ago. Global trade is expected to grow to 4% in 2017 from 2.5% a year ago according to World Bank.

In the financial markets, Euro Area bond yield remain low as the ECB moves forward with its accommodative interest rate policies. Most foreign equity indexes are up on the year led by Asian markets. Overall, strong global growth is beneficial to the Student Managed Fund and our investment philosophy. Fund managers will continue to monitor global factors that could impact the performance of our portfolio.

Central Bank Policy

In the past month, President Trump nominated Jerome Powell to be the next Federal Reserve chairman following the conclusion of chairwoman Janet Yellen's term in February of next year. Generally viewed as the "continuity pick" should Yellen not be re-nominated, he has not expressed a desire to move away from the Fed's current policy of gradual increases in interest rates, and winding down their balance sheet.

Viewed by his colleagues as a centrist and a pragmatist, Powell has been a member of the Board of Governors since 2012 and consistently voted with Yellen on issues of monetary policy. However, coming from the private sector, there is reason to believe he may depart from the Fed's current view regarding the deregulation of banks and other financial institutions.

We expect the Fed to raise interest rates in their December meeting, followed by a few more gradual raises through next year. Thus, we place emphasis on considering how such a monetary environment will impact both our current holdings and future investments. There is considerable uncertainty regarding the effect that the winding down of the Federal Reserve's bond purchasing program, dubbed "Quantitative Tightening," will have on fixed income markets that some believe have been propped up by artificial levels of liquidity as a result of the Fed's program. As such, this is a situation on which to keep a close eye through 2018.

Oil

In the first quarter of 2017, U.S. West Texas Intermediate ranged from approximately $54 to $57 per barrel. In the second and third quarters we saw a higher variance in prices, with lows decreasing to as low as $44 in July. Since then, oil prices have rebounded and have been in the mid to high $50s in November 2017. Throughout the same time period Brent prices have exhibited the same trends, but at higher price points, as usual. The Brent-WTI spread has been narrow throughout the year and is expected to continue this way into 2018. In November of 2017, OPEC decided to extend output cuts into the end of 2018 and demand for petroleum products is expected to continue increasing as economies around the world improve simultaneously. Due to these reasons, we expect crude prices to continue increasing throughout 2018, though with continually increasing U.S. output questions remain on whether the OPEC cuts will actually translate to meaningful price increases.

SECTOR ANALYSIS

Sector Allocation

The manner in which we allocated our portfolio by sector stems from our team's investment strategy. As previously mentioned, we based our investment decisions primarily on selecting companies that exhibited strong business models and that are trading at a discount relative to their intrinsic value. We did not limit our investment decisions by requiring a certain allocation of the portfolio into specific sectors. We believed that certain sectors, such as utilities contained companies that would not create as much value as other sectors and therefore we did not invest in it as there is not a requirement to allocate into that area.

While the Fund did not set any floor for sector allocation, the team is aware of sector allocation in order to minimize aggregate risk and diversify our portfolio.

The following table highlights the sector breakdown, sector performance, and S&P sector weightings of our portfolio as of November 28, 2017:

Sector	% of Total Portfolio	1-month Performance	S&P 500 Sector Weight
Basic Materials	0.00%	-0.17%	3.00%
Consumer Discretionary	0.00%	3.52%	11.90%
Consumer Staples	5.18%	3.99%	7.90%
Energy	3.89%	-0.12%	5.90%
Financials	5.98%	0.15%	14.70%
Industrials	5.94%	-0.07%	10.00%
Technology	**8.98%**	3.42%	24.50%
Telecommunications	6.20%	1.18%	1.90%
Healthcare	0.00%	0.17%	14.10%
Real Estate	0.00%	3.70%	2.90%
Utilities	0.00%	1.91%	3.20%
Total	**36.16%**		100.0%

Relative to the S&P 500, our investments are not evenly spread across all sectors. This is because we are only about 36% invested. We have not yet invested in the Basic Materials, Consumer Discretionary, Healthcare, Real Estate, or Utility sectors (although we have a pending limit order for the Consumer Discretionary industry). As we continue to invest, we will be able to enter into the remaining sectors. We will continue looking for excellent companies while keeping in mind the remaining sectors that we have not yet invested in.

Consumer Staples

The consumers staples sector is up 8.3% year-to-date compared to the S&P's 18.3% gain over the same period. The sector is underperforming the market this year because of the nature of the sector. Consumer staples companies such as food and beverage manufacturers, household goods, and personal goods tend to be less sensitive to economic cycles. As the post-recession bull market continues, consumer staples is a safe sector to be invested in if the markets were to enter a recession.

Effective cost-cutting has been a primary catalyst for growth in this sector as companies continue to increase profit margins. Strong M&A activity in the sector would promote economies of scale. This along with cost cutting could increase margins in this historically low margin industry.

Although the sector had a strong performance in November, the outlook on the sector remains neutral at best as strong global growth and accommodative monetary policy mean that investors will look to other sectors for returns. The consumer staples sector has performed well in recessions and periods of high volatility as investors look for safe stocks that are only slightly affected from economic conditions.

Current Holdings: WBA

Technology

The technology space is constantly changing and technologies including robotics, virtual and augmented reality (VR and AR), 3D printing, and artificial intelligence (AI) are opening up significant areas of opportunity. Machine learning, digitization, and blockchain technology will all play an important factor when assessing the capabilities of potential investments. The biggest growth drivers in the industry are consumer demand for innovative personal technology, cybersecurity concerns, and economic rebound in the U.S.

Technology enterprise customers are requesting solutions using a pay-per-use or consumption-based models.

In order to maintain the competitive pace of innovation, companies find themselves engaged in a global war for talent. The rise of the "gig economy" is making more flexible, project-based arrangements an acceptable alternative to company based employment. Well established players will want to be aware of competitive threats and how new companies might disrupt their business models and at the same time considering how they can beat them to the punch by disrupting themselves first. The regulatory environment is likely to become more complex, and organizations will need the tools and resources to address new and existing rules, especially as they expand internationally.

Current Holdings: ATVI, KLAC

Telecommunications

The telecommunications sector (telecom) is relatively small compared to the rest of the market. So far this year, the telecom sector is down approximately 11.8% whereas the S&P 500 is up 18.3% as a whole. The telecom sector is comprised of companies that provide fixed-line, cellular, wireless, high bandwidth and fiber optic cable network services.

This sector is experiencing a number of changes to both the technological and regulatory landscape. The most significant technological change is the development of the 5G network. Telecom companies around the world are currently building the necessary infrastructure, and they are expected to introduce the network in limited markets within the next two years. The major telecom carriers must first test their new technology and its capacity, and clear numerous regulatory hurdles. The sector is also seeing tailwinds from a number of developments in consumer electronics. As the number of devices connected to telecom data networks grows, the major carriers expect to increase the amount of service they provide. The new devices that need to be connected include tablets, “wearables” such as smartwatches, autonomous cars, and a number of smart home devices.

In addition to 5G network regulation, the telecom sector is currently on edge over the possible repeal of the 2015 net neutrality regulation. This regulation classified broadband internet providers as common carriers (akin to utility providers) in order to ensure equal access to high-speed internet regardless of user or content. Although the issue remains highly politicized, there are merits to each argument in favor of retaining or removing the regulation. Our opinion is that AT&T stands to benefit from the removal of the regulation due to their ability to throttle certain broadband speeds, however strong consumer sentiment may encourage large telecom carriers to self-regulate to some extent.

Current Holdings: T

Financials

The Financial sector consists of firms that provide retail and commercial financial services to customers. It includes companies that are engaged in activities such as banking, insurance, investing, lending, financial advisory, and securities trading. The Financial industry makes up about 15% of the S&P 500, or a market cap of roughly $3.4 trillion.

The Financial sector has slightly outperformed the S&P 500 over the course of 2017, rising 18.4% compared to S&P 500’s return of 18.3%. We believe that the Financial sector has demonstrated consistent performance throughout the year and is positioned to continue to do well considering a favorable outlook on impending market factors.

The sector has been assisted by rate hikes by the Federal Reserve, which supports loan demand and healthy corporate balance sheets. The federal funds rate is currently at 1.25% and is expected to increase once more by year-end, and multiple times next year as well, which will benefit financial institutions. Recent changes in yields has created some volatility in the sector, but robust economic data such as low unemployment, at 4.1%, steady growth in real GDP, at 3.1%, and historically high consumer confidence levels, at 129.5.

The Financial sector is facing some uncertainty around current tax legislation, given the new tax reform proposal. The new tax bill has gained recent momentum as chances of the Senate passing the bill rise. The Financial sector should remain strong even if the bill does not pass given solid balance sheets and the cautious actions of the Fed to gradually raise interest rates. It is important to monitor the rate at which the Fed unwind its balance sheet and the effect it will have on the market, especially considering the likely event of a change in Fed chairman.

Current Holdings: V

Industrials

The industrial sector seems to be well positioned for 2017. One of the main themes is the increase in the United States defense budget. Expectations are for the defense budget to grow, especially under a Republican controlled Congress. Trump is looking to unravel budget cuts that have been impacting the defense budget in previous years, therefore increasing the current budget. Many top government officials, including Trump and Arizona Senator John McCain, have publicly criticized the aging military infrastructure, including ships, vehicles, and aircraft. They are pushing for an updated, modernized military. The Department of Defense has awarded some contracts already, such as the F-35 Fighter Jet with Lockheed Martin, for a planned order of 2,443 jets worth billions of dollars. As one of, if not, the premier fifth-generation fighter jet, the F-35 program continues to grow internationally, with foreign militaries ordering numerous aircrafts.

International defense budgets are increasing as well, especially with an increase in geopolitical tensions. North Korea missile launches continue to keep many nations on edge. This past summer, the European Union established the European Defense Fund. This fund aims to help countries cooperate and spend money efficiently through joint development of technology and defense equipment and through collaboration with each other.

Another key aspect is the increase in infrastructure investments, both in the United States and abroad. In 2015, Congress passed a bill that increased infrastructure spending by $9 billion per year. In the United States, infrastructure age is also at an all time high. This is also something President Trump has mentioned as problematic. Though these projects are long-term, they are necessities and must be completed. Despite the potential for the lack of significant increases, the budget would most-likely remain the same, if not increased because infrastructure is a vital to the United States. Globally, infrastructure in China has grown steadily during the past years. Companies involved internationally could experience a boost from the continued growth of investment in Chinese infrastructure.

Within the industrial sector, one major competitive advantage lies in the “industrial internet of things.” Ranging from autonomous cars to smart thermostats in homes and office buildings, companies leading in this area will have the edge. The “internet of things” also includes telematics, which uses real-time data to help make a process, such as farming, more efficient. While this concept is relatively new, their remains untapped potential for companies going forward. Those who research and execute the "internet of things" are sure to position themselves well.

Current Holding: LMT

Consumer Discretionary

The status of the US consumer, a key indicator of Consumer Discretionary strength, has been very positive in 2017 and going into 2018. According to the Bureau of Labor Statistics, average hourly earnings have risen by 2.5% over the past 12 months. The Atlanta Federal Reserve Wage Growth Tracker shows an even more astonishing gain of 3.46% over the same period. Furthermore, the Census Bureau revealed a 1.6% gain in sales month over month in their September retail sales report. It is also noteworthy that interest rates remain low, which supports consumer borrowing and spending. This is supported by the Consumer Confidence Index reaching a high of 129.5. In addition, even though the Fed is predicted to raise interest rates over time, this will be done in a slow and gradual manner that consumers will be able to absorb these marginal raises. With a strong housing market and low unemployment, all this cumulates in a strong consumer status; a positive sign for the Consumer Discretionary sector.

One important aspect of the Consumer Discretionary industry to consider is the spending mix. Traditional department stores have been lukewarm in performance due to rising online sales, which has resulted in significant price competition amongst retailers. The Census Bureau indicates a 3% fall in department store sales in 2017. This makes brick and mortar department stores as well as general retailers fairly risky, with particular exceptions such as those that implement online sales heavily or whose business model protects them from online threats. Online shopping has also had the effect of thinning margin and an increased reliance of price since price comparisons are easy to do via online channels. Ultimately, strong brands that in some way control distribution are those that are best positioned to counteract online and mobile shopping moving into 2018.

It is also notable that the price transparency and substitution pressures provided by the online/mobile space affect not only retailers but also the media category of Consumer Discretionary. Traditional subscription-based cable providers, for instance, are being threatened by streaming services present across laptops, tablets, smartphones, and physical television sets. This coupled with an increase in original content on streaming platforms will put pressures on traditional media providers; something to keep an eye out going into 2018.

All in all, the Consumer Discretionary sector definitely has significant disruptors it must worry about entering into the next few years. Nonetheless, there are and will continue to be several tailwinds for consumers. Most economic indicators point towards a healthy spending consumer base. Whilst one in the midst of constant change, this sector has great opportunities for investments.

Outstanding Limit Order: HD

Energy

Although oil prices initially declined to approximately $45 by mid-2017, they have recovered and are currently at the one year high of almost $64 per barrel for Brent, signaling a recovery from the downturn of oil prices over the previous few years. One major factor contributing to the increase in prices has been the decision of the Organization of the Petroleum Exporting Countries (OPEC) to cut oil output.

Given OPEC's recent decision to extend production cuts into the end of 2018, we believe oil prices will continue increasing in the short term. The U.S. Energy Information Administration forecasts an average WTI price of about $50.57 per barrel, and an average Brent price of about $54.07 per barrel in 2018 as the outlook for global consumption of petroleum products remains relatively strong. The West Texas Intermediate Oil and Brent Crude spread is expected to remain in the $4-6 range throughout 2018, allowing WTI to retain is competitive pricing in the short-term.

While oil prices do not directly affect the operating margins of the U.S. downstream sector, the spread between the two benchmarks gives them a competitive advantage since the companies refine petroleum products. Our view that petroleum demand and the spread will remain consistent support our investment thesis to purchase shares of Valero Energy.

Natural gas futures have seen a price decline of roughly 19% since the beginning of 2017 as natural gas production has substantially expanded. The global demand for natural gas is forecasted to grow as global economic growth picks up.

Current Holding: VLO

INDIVIDUAL HOLDINGS

Valero Energy (NYSE: VLO)

On November 8th, we put in a limit order of $75 for Valero Energy. Three weeks later the price of Valero stock had not decreased from the price at which we pitched it, negating our concerns about short-term volatility. A reevaluation of the investment led to confidence in the cost basis we could achieve with a market order. On November 29th, we purchased 535 shares of Valero at a price of $83.46.

Valero Energy is an independent petroleum refining and ethanol producing company based in San Antonio, TX. VLO operates in the US, Canada, U.K., and Ireland. The company owns and operates 15 petroleum refineries and 11 ethanol plants. Refining and ethanol contribute 95% and 5% of total revenues, respectively. The company's major products are transportation fuels, of which gasoline and diesel contribute the most to its revenues. Valero is a majority-owner of Valero Energy Partners LP (VLP), a midstream master limited partnership, which serves as Valero's primary vehicle to expand the transportation and logistics assets supporting its business.

Valero Energy has a major competitive advantage in the refining space due to its ability to process 86 different varieties of crude allowing for increased margins and lower costs. This makes Valero the industry leader in input flexibility. Valero Energy strategically positioned its refineries in Texas where the majority of North American crude oil supplies exist. This allows for transportation costs to be reduced significantly. As a U.S. company, Valero is able to purchase WTI crude instead of the international benchmark of Brent, allowing for lower input costs per barrel of throughput compared to its international competitors.

During the past five years, energy companies have experienced declining profitability due to the high volatility of input costs. In the next five years to 2022, petroleum production, consumption and fuel prices are expected to increase in the U.S. These factors will allow the industry to recover, as industry-wide revenues is projected to increase at an annualized rate of approximately 1.5%. At a global scale, demand for petroleum products will be sustained as economies are improving simultaneously.

The petroleum refining industry contains high competition, high barriers to entry, and high regulation level. The four largest companies account for 56% of industry revenue in 2017, and Valero controls the second largest market share, of approximately 13%. Large companies dominate the market due to the high capital costs required to maintain refining plants. Valero's major competitors are Marathon Petroleum Corporation, Phillips 66, Andeavor, and Devon. Price is the main basis of competition in the industry, and Valero is able to provide competitive prices due to its leadership in input flexibility.

Valero Energy Corporation faces a number of risks such as political, foreign exchange, regulatory environment, crude oil spread and macroeconomic risks. Although electric vehicles are becoming available and the push for renewable energy is active, hybrid and electric automobiles remain to be a minor component of the transportation sector. Therefore, demand for gasoline is not forecast to significantly decline within our investment timeline of 5-10 years. Spread divergence between WTI and Brent could also have a negative impact on both margins and as a competitive position perspective for Valero Energy.

Currently, we have an unrealized gain of 0.00% on Valero Energy.

Visa (NYSE: V)

On 11/15/2017, we bought 541 shares of Visa at $110.83. Visa operates as a global financial payments technology network and manages financial services. Visa offers global commerce through the transfer of value and information among financial institutions, merchants, consumers, businesses and government entities. It operates a processing network that enables authorization, clearing, and settlement of payment transactions. Visa offers fraud protection for account holders and assured payments for merchants. It offers innovating new technological products to add more value to its clients and network.

Visa operates in the technological payments industry dominated by the duopoly of MasterCard and Visa. Visa is a superior company, operating at more than 10% better margins, having double the amount of volume, transactions, and cards than MasterCard. Furthermore, Visa operates in an open loop network, which moves the credit risk to the issuers, compared to Discover and American Express, which bear this type of risk.

We believe that Visa's major competitive advantages are its strength of its brand, global expanding presence, its scale, its dominant market positioning, and experienced management team. Additionally, global volume is expected to grow 10.9% through 2020, which will aid Visa's revenue growth. Visa has superior market shares in most major markets. As mentioned earlier, Visa has 66% margins, more than 10% better than the next major competitor. Furthermore, Visa has strong focus on innovation, which has resulted in it continually leading the industry in technological developments. Lastly, Visa has no exposure to loan default or interest rate risk, decreasing the company's overall exposure to risk.

Visa faces numerous risks. The most pressing risk facing the company is securitizing data. Visa collects very sensitive personal and corporate data, which can be subject to hacks, but Visa is at the forefront of data security. Another important risk is potential changes in regulatory policy, but we do not see impactful regulatory changes coming in the next years. One potential risk is disrupting companies affecting Visa, but Visa has strong positioning in the industry and is able to adapt to these changes. Additionally, most potential disruptors are a great distance from being able to drastically affect Visa.

Currently, we have an unrealized gain of 2.28% on Visa.

KLA-Tencor (NASDAQ: KLAC)

On October 31st, we purchased 368 shares of KLAC at $109.45 per share for a total investment of $40,279.40. On November 15th, we purchased an additional 95 shares at $102.09 per share, increasing our total investment to $49,978.15, or 5% of our portfolio. The additional purchase was due to the fact that we believe KLAC has strong fundamentals, and the decrease in stock price soon after our initial investment presented an opportunity to reduce our dollar cost average on the position.

KLA-Tencor (KLA) designs, manufactures, and distributes semiconductor process control and yield management equipment. KLA's products lead the industry in performance, and allow users to correct defects through in-line feedback. These products are critical in the semiconductor manufacturing process because they help improve yields through defect identification, determine manufacturing process problems, and facilitate corrective actions.

KLA-Tencor focuses on two major steps in the semiconductor manufacturing process: wafer inspection and metrology. The first step in the manufacturing process is to evaluate a number of characteristics of the incoming silicon wafer, which KLA excels at. The next step where KLA-Tencor provides solutions is metrology and process control for the steps following lithography.

One of the keys to KLA's success is their intense investment in R&D. This is a competitive advantage that allows the company to provide leading technologies and sophisticated products, making it an industry leader. This advantage translates to the bottom line, where KLAC's gross and profit margins are 15-20% and 5-10% higher than their competition, respectively. Furthermore, the industry has high barriers to entry, helping to shield the company from new entrants.

Electronic products ultimately purchased by consumers are the major demand driver for semiconductors. The development of innovative technologies such as artificial intelligence, virtual reality, autonomous vehicles, and internet of things will maintain growth in the semiconductor industry, and ultimately in the process control market, where KLA-Tencor is a market leader. As faster, smarter, and smaller electronic devices continue being developed in the coming years, the need for inspection and metrology will continue increasing, which will favor KLA-Tencor.

Another major driver for KLA-Tencor is its business in China, which is quickly growing. China is the largest consumer of integrated circuits (ICs) in the world and is pushing to create its own semiconductor industry. This would increase demand for semiconductor process control and yield management tools, which in turn would benefit providers such as KLA-Tencor.

One of the risks of an investment in KLA is cyclicality. Semiconductor companies have been cyclical since their inception, due to their close ties to the consumer electronics market. This risk should be mitigated going forward though as semiconductors become ubiquitous in industrial machinery. Another risk is that a larger new entrant could buy their way into the market and outspend KLAC on R&D. This risk does not seem likely though, as regulators have been reluctant in the past to allow such large moves in this industry. A third risk is that new computing capabilities from quantum computing could outpace demand for traditional computers. This is unlikely to affect KLA's core business even in the long run though, because the fundamental uses for these machines are different. The final risk is the purchase price. As KLA is at all-time highs, there is risk that the stock price could suffer if the market corrected.

On October 28th, the company released its 2018 Q1 earnings results, and showed that it started fiscal 2018 with record revenue and shipments. KLA benefited from shipments to logic customers, mainly Intel. On November 1st, the Board of Directors declared a dividend of $.59 per share which will be paid out on December 1st.

As of November 26th, we have an unrealized loss of 2.01% on the first KLAC investment, and an unrealized gain of 4.96% on the second one. This gives us a cumulative unrealized loss of 0.78% on KLAC.

AT&T Inc. (NYSE: T)

AT&T Inc. is a leading telecommunications company in the United States. AT&T is wireless service and entertainment provider. It is split into four business segments: Business Solutions, Entertainment Group, Consumer Mobility and International. The Business Solutions segment supports business customers through wireless services, legacy voice and data services and fixed strategic services, including ethernet, dedicated Internet and VPN. The Entertainment Group provides video entertainment through DirecTV and AT&T U-Verse, as well as high-speed Internet. The Consumer Mobility arm serves retail customers and includes tablet and handset sales. Consumers can prepay for their service or buy a contract. The International division covers all of the business that AT&T does outside of the U.S. Major geographic markets include Argentina, Mexico, Peru and more.

AT&T's growth in the coming years will come from the development of the internet of things (IoT), and their ability to capitalize on the changing cable industry. The IoT offers an incredible source of growth for AT&T, because the consumer market is so highly saturated. The IoT will be an important growth vehicle because the traffic on it will be exponentially higher than the consumer mobile network, and the contracts with customers will provide great revenue visibility. Content distribution will also be an important growth vehicle for AT&T. The cable industry is slimming down in favor of content creators and service providers. If AT&T can successfully acquire Time Warner, it will be important for them to quickly integrate the services that each of their three business lines offer in order to attract new customers.

The biggest risks that AT&T faces are tough competitive pressure, and rapidly changing technology. The competition in the industry has the capacity to cause consolidation among competitors, or significantly shift the market structure in favor of a profound disruptor. Additionally, the company's main service faces commoditization risk as networks become increasingly similar. AT&T must also manage the risk of missing out on a new and disruptive technology. Such a development could leave AT&T as the industry laggard if their response is poorly timed or if the new technology made their expensive acquisitions obsolete.

We currently have an unrealized gain of 5.83% on T.

The Home Depot, Inc. (NYSE: HD)

The Home Depot Inc. is an American home improvement supplies retail company that sells tools, construction products, and services. Home Depot serves three types of customers: Do-It-Yourself, Do-It-For-Me, and Professional Customers. Home Depot serves their customers through their "three-legged stool" approach of customer experience, product authority, and productivity and efficiency driven by effective capital allocation. These are all united by the goal of providing an interconnected retail experience for customers. Home Depot operates 1,980 stores in the U.S., 182 in Canada, and 120 in Mexico.

Home Depot competes in the home improvement industry. In 2017 the industry produced $182.5 billion of revenue and annual growth of 5.2% between 2012 and 2017. The home remodeling industry has become more fragmented during the course of the last business cycle with strong growth in the number of firms, particularly of self-employed remodelers. However, larger-scale firms continue to account for significant shares of industry activity as measured by revenues, material purchases, and employment. Employment at remodeling firms is close to peak levels, but the workforce is still smaller than during the last housing boom. The remodeling market continues to benefit from a stronger housing market and rising housing prices.

Online sales of home improvement products have grown 41 percent in the last 12 months, but it is still only a fraction of the total product sales of the industry.The U.S. home improvement industry is dominated by Home Depot with 44.5% market share, followed by Lowe's. The rest is made up of smaller retailers that have more specialized product offerings. Home Depot and Lowe's are very similar companies with both being big box retailers with a variety of product offerings. Home Depot has a greater reach of households within 5 miles of a store and has industry leading margins. Home improvement retailers have had a boost in earnings this year and have had an increase in the amount of sales that come from online. Hurricanes in Texas and Florida led to a strong quarter for the industry.

Home Depot is focused on growing their professional customer base because they spend substantially more per transaction and make up the largest portion of the home improvement industry. The residential remodeling industry has made significant gains and economic trends are favorable for growth within the industry. GDP has grown by 3% in the last two quarters and home construction is up 5%. Home Depot has had same stores sales growth of over 5% even though there is less foot traffic in stores. Revenue from online sales has been increasing and is becoming a larger percentage of total revenue.

Activision Blizzard, Inc. (NASDAQ: ATVI)

On November 6th, our fund purchased 645 shares at $62.06 per share for a total investment of $40,028.70. Activision Blizzard is a sustainable company with a focus on strong franchises and diversity of software-based video game revenue. Their business is prominent in the three major video game channels: console, PC, and mobile. Through their recent acquisitions of Major League Gaming and King Digital Entertainment they have further strengthened their competitive advantage on entertainment platforms. MLG positions it well for the growing eSports market and King positions it well for the growing mobile market. Ultimately, their diverse operations help reinforce and strengthen its franchises. Activision Blizzard's consistent growth efforts in the face of a changing medium propel it to remain at the top. In spite of this, the company's explosive short-term growth, high P/E multiple, and relatively high debt are causing the market to stay conservative in the wake of the company's success, presenting value that we can invest in.

Activision Blizzard is made up of five primary operations: Activision Publishing, Blizzard Entertainment, King Digital Entertainment plc, Activision Blizzard Studios, and Major League Gaming. Activision produces franchises such as Call of Duty and Destiny, focusing primarily on console gaming. Blizzard produces franchises such as World of Warcraft and Overwatch, focusing primarily on online PC games with an emphasis on subscription-based and microtransaction business models. King produces mobile games, emphasizing a freemium (or free with microtransactions) business model. Activision Blizzard Studios is a television and film studios that produces original content based on Activision Blizzard's existing franchises. Finally, MLG is an online eSports broadcasting network. The company sells their products via retail and digital channels, more prominently in the latter. Part of what makes the company such an attractive investment is their multifaceted entertainment channels that are built on established and emerging brands. Established brands have supported Activision Blizzard's consistent and growing revenue streams over the past few years, and this along with the potential success of their emerging brands positions the company to being a top leader in the industry.

The video game industry has been growing at a rapid rate; it grew 8.5% from 2015 to 2016 and is projected to further grow at a rate of 6.2% through 2019. This growth is currently fueled by the success of the mobile gaming scene as well as the emergence of eSports which, whilst still in its early lifecycle, has been solidifying itself as a legitimate medium. By the end of 2017, mobile gaming will account for approximate 42% of the global games market, followed by console at 31% and PC at 27%. Whilst the entire industry is projected to grow, mobile gaming is projected to grow the fastest. It is also noteworthy that eSports revenue growth is 51.7% this year and is projected to grow by 35.6% into 2020. It appears eSports and mobile gaming are the future of the video game industry.

Activision Blizzard's fundamentals and investments will drive its continued growth and position itself as a leader in the global market. Its multifaceted, emerging brands keep Activision Blizzard as a leader in all entertainment platforms as the industry expands. Opportunities such as mobile and eSports gaming are areas that their acquisitions and strong franchises can break into, as well as promote and foster growth in these sub sectors of gaming.

We currently have a 6.30% unrealized gain on ATVI.

Walgreens Boots Alliance (NASDAQ: WBA)

On October 31st of the year we purchased 736 shares of Walgreens Boots Alliance (NASDAQ: WBA) at a share price of $66.23. Walgreens Boots Alliance (Walgreens) is a global pharmacy-led, health and wellbeing enterprise. They are the largest retail pharmacy, health and daily living destination across the United States and Europe. The WBA portfolio is made up of Walgreens, Boots, Alliance Healthcare, Duane Reade, and additional health and beauty brands. Walgreens brand stores occupy the largest market share in the US retail pharmacy space, while Boots stores occupy a similar position in the UK. In additional to these dominant retail pharmacy chains, WBA maintains a strong presence in the global pharmaceutical wholesale business through the Alliance Healthcare brand, which also offers a wide array of services to a vast network of independent European pharmacies.

Walgreens operates in two main industries, the retail and healthcare spaces. The retail space has been crushed because of fears that Amazon continually taking revenues away from brick and mortar sales. Walgreens has not been immune to such fears as Amazon has threatened to enter the pharmaceutical space. The pharmaceutical industry has marked by cost pressures on drugs and consolidation. Walgreens' stock has been hit by all of these pressures, but has a strategy in place to counter such setbacks.

Walgreens faces a number of risks, including but not limited to: Amazon entering the pharmacy space, widespread changes in pharmacy reimbursement practices, changes made to Medicare and Medicaid programs, increased pricing pressure on pharmaceutical products. We believe WBA is positioned well to mitigate these risks in the long term and do not see any of the potential threats from major legislative changes to healthcare policy materializing. In addition, we do not see any significant balance sheet risk or valuation risk as we will be able to purchase the shares during what we believe to be a downturn driven by a market overreaction to the Amazon threat

We believed WBA presented a strong buying opportunity for several notable reasons. First, we believed the market was overreacting to the news that Amazon could potentially enter the pharmaceutical space. After thorough diligence, we determined that Amazon's entry into the space would not impact Walgreens as greatly as the market was predicting. Also, the company's new cash-only deal to acquire 1,932 Rite Aid stores will put them ahead in terms of store count in the US by a wide margin, with the added benefit of not having to take on Rite Aid's debt load as would have been the case in the initially rejected deal structure.

In addition, Walgreens' business model puts it in the unique position of being the only global pharmacy-led business of its type. We believe this global presence will allow it to effectively weather any major industry headwinds, and opens up a wider array of growth opportunities compared to its competitors. This belief is strengthened by favorable demographic trends in the geographies in which they operate and significant hidden assets in the form of their large minority stake in major supplier AmerisourceBergen. The company is led by a management team that has proven able to act decisively in adjusting to industry trends evidenced by their increasing focus on specialty pharmacy products, as well as cost management, where they have successfully implemented a cost transformation program ahead of schedule, resulting in a 2.7% improvement in gross margin since 2014.

We currently have an unrealized gain of 9.08% on WBA.

Lockheed Martin (NYSE: LMT)

On 11/8/17, we purchased 159 shares of Lockheed Martin (Lockheed) at a price of $313.92 a share. Lockheed Martin is a global security and aerospace company, principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. Lockheed Martin is the largest defense contractor for the United States of America, and plays an essential part in its national defense. Its four main business segments include aeronautics, missiles and fire control, rotary and mission systems, and space systems. Lockheed's largest source of revenue is from its F-35 program, which is the world's only fifth generation multi-role stealth fighter jet.

The aerospace and defense segment within the industrials sector has outperformed the S&P 500 year-to-date because of favorable trends and catalysts. The largest trend in the industry has been increased government defense spending both domestically and abroad. Lockheed's largest customer is the Department of Defense who just increased their budget this year by 10% which has helped the entire industry. Also, international governments are being pressured to increase their defense spending. The industry has been very stable as there are few factors that could negatively affect the industry and government spending has increased.

Lockheed's competitive advantage stems from its wide array of products within their portfolio. Recently acquired Sikorsky helicopters adds to their already strong performance in the defense sector. The F-35 program is the elite fifth generation fighter jet and is the leading defense program in the world today. This program comprises of nine partner countries, all which contribute to the development of the F-35 fighter jet. Their strong brand results in increasing global partnerships, with more countries showing interest in Lockheed's aircraft, as well as their state-of- the-art missile defense systems THAAD and PAC-3. Lockheed continues to push the boundaries of what is possible, with research and development on fiber lasers as well as robotic and unmanned, autonomous submarines for the US Navy.

The company faces numerous risks, including but not limited to: political, international, environmental, as well as competition and cyber security threats. President Trump has criticized the F-35 program for cost overruns and delays. A delayed government budget could also have adverse effects on Lockheed. International sales are heavily regulated, and issues can arise from political and economic factors. Lockheed deals with numerous environmental regulations and laws, which can result in additional costs and are rapidly changing. In terms of competition, Boeing is and has been trying to rival Lockheed with their own version of the F-35 fighter jet. In addition, due to the nature of their business, Lockheed Martin is the target of numerous cyber security threats. A significant breach could not only have a negative impact on the company, but on the United States as well.

Lockheed Martin presented a strong buying opportunity because of the company's wide economic moat, industry leading relationship with the Department of Defense, increased defense spending both domestically and abroad, and the mitigated risks the company faces. On top of this, we believed based on our valuation the intrinsic value of the stock was well above the value of the stock at the time. Lockheed not only fits but defines the type of companies we are looking to buy outlined in the Student Managed Fund prospectus. Favorable industry trends, specifically in the segments that Lockheed Martin operates in, will continue to boost revenues and the stock higher than what the market is predicting. To date, no changes have been made in our investment thesis for Lockheed and we will continue to monitor the stock closely.

We currently have an unrealized gain of 1.62% on LMT.

LESSONS LEARNED

The opportunity to be a part of the University's premier undergraduate accelerator program for business majors is not one that we take lightly. Every member of the team began the semester with intent of taking full advantage of everything it has to offer, and as such, this semester has been an incredible learning experience for all of us. Following the expansion of the SMF program this year, we were presented with the unique opportunity to build an investment strategy and process from the ground up, an experience that proved to be extremely rewarding. We have certainly come to a greater understanding of the amount of discipline required to successfully run an investment fund.

Through our rigorous stock pitching process and classroom case studies and discussions, we have developed a framework with which to view companies from a value creation perspective. We have learned to identify competitive advantages and strong business models, view companies within the greater competitive landscape, assess quality of management, sustainability, brand power, and identify both value creating and value destroying catalysts for the companies we analyze. In addition, we have learned the importance of investing with a margin of safety to the success of value based strategy. Though we may be diligent in our risk management practices, investing only in companies trading at a discount to their intrinsic value adds another important layer of security to our portfolio.

From a technical standpoint, we have effectively used financial data to complement our qualitative assessment of the quality of a business. Our ability to successful sift through and identify important pieces of information on a company’s 10-K form improves with every stock we pitch. We have learned the importance of certain financial ratios in quantifying the type of value that our strategy demands from our investments. Additionally, we have employed a variety of valuation methodologies, including discounted cash flow analysis, comparable companies analysis, dividend discount analysis and a novel way of looking at company value from a yield perspective using a firm’s plowback ratio taught to us by the program’s founder, Pat Terrion. Despite the efficacy of these methods, we have learned of the importance of being comfortable with the uncertainty that permeates the security analysis process. There are no right answers, and despite the rigor of our analyses, the markets may not reflect our judgments.

In conclusion, we have learned what to look for, how to look at it, and how to behave as managers of an investment fund. In essence, we have and are continuing to learn how to think in an investment context, though the applications of learning good thinking extend far beyond the investment field. Perhaps most importantly, we have learned discipline, and how to maintain it in the face of market developments that can lead to irrational, emotionally driven decision making. This skill may well be the most important skill of all for an investment manager. It would not be an exaggeration to say that being a part of this program has been one of the most pivotal experiences in our undergraduate careers.