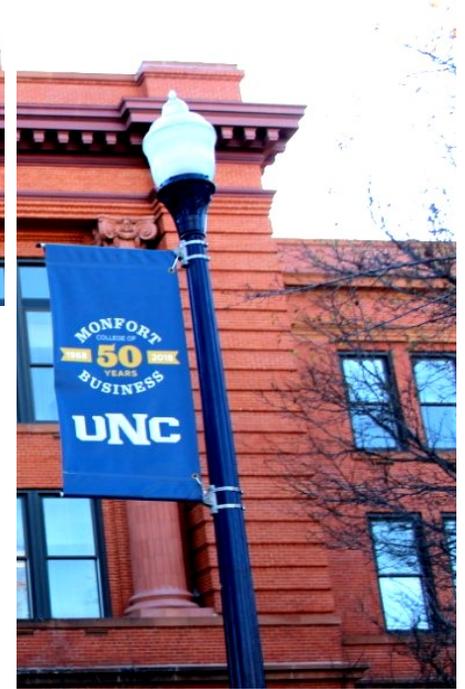




Monfort College of Business | University of Northern Colorado



# SAFF BRIEFING

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## Letter from the Portfolio Managers

The Spring 2019 Student and Foundation Fund (SAFF) delivered outstanding results both financially and educationally. Our class focused on two main objectives this semester: education and the implementation of a new portfolio management strategy.

We ensured that each manager was able to utilize our resources in a way that promoted efficiency and effectiveness for our operations. Each member of SAFF is required to learn the Bloomberg Market Concepts certification prior to the start of the semester. We believe it makes us a more proficient class as a whole. Through this, as well as the standardization of buy and sell pitches, we ran this class as though it were a business, not just a high-value classroom experience.

Our SAFF team was committed to ensuring students who follow us feel as though they can pick up the class seamlessly; our goal as to leave the class and portfolios better than we found them. Results of this semester's efforts are apparent with the restructuring of the portfolio toward a transparent strategy that can be implemented across multiple portfolios. We reduced the number of holdings in the portfolio to lessen incoming students' learning curves and devised straightforward, overarching guidelines for our holdings. These guidelines consist of an understandable business model, a favorable valuation based on current price, a well-structured management team and clear corporate governance. Maintaining continuity is a work-in-progress that we are improving each semester. We tried to leverage the experience of returning students by pairing them with incoming students. Similarly, our lone returner this fall will serve as mentor to a new batch of recruits.

We look forward to seeing what future classes do with these the base we have built. We are confident our contributions provide something that future classes can continue to build upon.

The SAFF class thanks the foundation, the Monfort College of Business (MCB), and the faculty and staff for giving us the opportunity to gain real-world experience in investing. We view this class as a unique career opportunity and have grown both professionally and intellectually. We would like to especially express gratitude to Professor Jares, who has pushed us throughout the semester and not allowed us to settle for less than our best. We are deeply grateful for everyone's contributions that will help us all in the future.

-Brian Lund & Nathan Price

## Letter from the Editor

Our student managers witnessed a four month streak of stocks rising after a dismal correction during the month of December. We also experienced volatility in the market due to uncertainty in trade talks and sell-offs before earnings report releases. Outside of the classroom, the students had the exciting opportunity to visit New York, NY to attend the Quinnipiac G.A.M.E. Forum as well as tour the NYSE trading floor, which fueled their passion for SAFF.

Through hard work, cooperation, determination, and communication, our team continued the management of both the SAFF and CIBEF portfolios. Each member of SAFF is leaving this semester with real-world knowledge and hands-on experience in portfolio management. In the last four months our team collaborated to construct the portfolios in a manner that made it more streamlined and organized for future SAFF classes.

We are proud of the decisions that have been made in the Spring 2019 semester, and we believe our current portfolio showcases each of our current and former SAFF student manager's abilities. We would like to thank each of you for your continued support and welcome you to the Spring 2019 SAFF Briefing.

- Jared Brauchler



### Spring 2019 SAFF Student Managers

(Top-to-bottom, left-to-right)

*Astwin Almeida, Jared Brauchler, Connor Lake, Dr. Timothy Jares, Brian Lund, Nathan Price  
Brandon McEldowney, Josh Heifetz, Andy Aberbook, Nolan Lankriet  
Brendan Lyles, Ryan Lee, Leilani Herrera, Garrett Olsen*

## About SAFF and CIBEF

The Student and Foundation Fund is a class offered at the MCB for upper-level business students. SAFF provides the opportunity for students to learn and manage two portfolios, as well as generate money for scholarships.

The class was founded by Dr. John Clinebell in 1992. At the time, the portfolio contained \$200,000 in one portfolio and over the years it has increased to over \$2 million. The class is currently under the guidance of Dr. Tim Jares, CFA, Department Chair and Professor.

Every student has a specific set of responsibilities. Leadership roles include: Portfolio Manager, Equity Manager, Fixed Income Manager, International Equity Manager, Alternative Assets Manager, and Public Relations Director. Most students are also assigned an equity sector. Sector managers are responsible for sector strategies, sector allocation relative to target, and individual holdings in that sector.

At the beginning of the class, the class produces an economic forecast of forward looking market and economic expectations. Asset allocations are determined while staying within the Investment Policy Statement (IPS). A strategy is then created for fixed income with respect to the yield curve expectations. Equity managers may also form a targeted investment style, growth, value, and core. After the investment style is determined equity managers, in consultation with sector managers, set allocations for individual sectors with guidance from the Economic Forecast. Students actively manage their area of responsibility throughout the semester. Pitches to buy or sell are initiated by those students for a variety of reasons— value-based, allocation-based, etc. In order for the buy or sell decision to be successful, a super majority or simple majority vote, respectfully, is required.

The Colorado Insurance Business Education Fund (CIBEF) was started in 2014 and is currently valued at approximately \$750,000. The portfolio operates under a different IPS than the SAFF portfolio allowing our managers to access a variety of alternative assets. CIBEF alternative assets include categories such as high-yield bonds, commodities, and low correlated hedge funds. Having the CIBEF portfolio allows students to experience more investment opportunities, which are otherwise limited with the SAFF portfolio. Both portfolios are comprised of the same base equity, fixed income, and alternative strategies.

The investment time horizon for both the SAFF and CIBEF portfolios is long-term, with domestic equities and fixed income representing our largest areas of exposure. Every year, 4% of the CIBEF fund is distributed to scholarships for finance students. Additionally, the foundation transfers 80 (SAFF) - 100 (CIBEF) basis points of the market value of our portfolios to a MCB fund, designated for expenses such as technology, travel, competition fees, and other SAFF course related expenditures.

At the end of each semester, the SAFF class presents to the Foundation's Board of Directors, current donors, and speakers who took the time to share their knowledge with the class. In the presentation we discuss the strategic process of how SAFF and CIBEF are managed; key information on the overall performance of the portfolios; and any liquidations, trims, or acquisitions of holdings that were executed throughout the semester.

*-Leilani Herrera*



## Meet the Managers



*Nathan Price*

*Portfolio Manager*

Nathan is a senior graduating in May of 2019 with a Finance degree. During his time at UNC, he has been the president for the eSports club for two years. During his second semester in the class, he has performed as one of the technology sector managers and portfolio managers for the portfolio. After graduating Nathan expects to continue with his education pursuing a masters degree in finance.

*Portfolio Manager*

Brian is a returning SAFF student and senior who is double majoring in Finance and Economics and will graduate in December 2019. Before and during the early years of college, Brian worked for IBM as an IT customer support representative providing a world class level of support to two multi-billion-dollar companies; Hess corporation and Belk department stores. He is looking forward to a summer internship with a private equity valuation firm in Denver called Intrinsic and plans on continuing his education by studying for the December 2019 CFA Level 1 exam.

Brian Lund



*Leilani Herrera*

*Equity Manager*

Leilani is a senior, majoring in Finance. She is from Hawaii and will be graduating in May 2019. She has been on the Swim and Dive team and has been a part of the Student-Athlete Advisory Committee (SAAC) where she is part of the Executive Board. Additionally, she is part of the executive board for the Financial Management Association (FMA) and is a member of the Professional Business Fraternity, Delta Sigma Pi. After Graduation, Leilani plans to stay in Colorado. This is also her second semester in SAFF.

*Equity Manager*

Josh Heifetz

Josh is a senior at Monfort College of Business, graduating in December 2019 with a Bachelor of science in Business Finance. Josh was the founder of the UNC Club Wrestling team as well as a captain on the UNC Men's Lacrosse team. Josh has been on the executive committee in his fraternity for the past three years. He is also on the EC for the Financial Management Association (FMA). This is Josh's second semester in SAFF. His main hobbies are enjoying the outdoors and being active.



## Meet the Managers

### *Head Equity Analyst*

### *Garrett Olsen*

Garrett is a senior Finance major graduating in May 2019. In his second semester participating in SAFF, he serves as the head equity analyst as well as a manager in the communication and consumer cyclicals sectors. Over the past two years, he enjoyed his time learning about financial institutions through an internship on the Supervisory Committee at the Northern Colorado Credit Union. After graduation he will pursue a career in private equity.



### *Fixed Income Manager*

### *Brendan Lyles*

Brendan Lyles is currently a fifth-year senior graduating this May. He was born and raised in Centennial, Colorado, where he attended Arapahoe High School and graduated in 2014. Academic scholarships, and the fact that his older brother was attending UNCO pushed him to come to Greeley. He started as a Management major but switched to finance halfway through his junior year. He is currently majoring in Business Finance, double minoring in Economics and Communication Studies. This semester in SAFF, he managed the fixed income segment of the portfolios, where he implemented a new barbell-ladder hybrid strategy. He is also the materials sector manager within the equity segments. After graduation he will be starting at Charles Schwab in their fixed income department at their Lone Tree location.



### *Alternatives Manager & Public Relations Director*

### *Connor Lake*

Conner Lake is a senior finance major at UNC and will graduate in May 2019. He served as Vice President for the Student Center for the Public Trust for two years. For the past 4 years, he has worked at Texas Roadhouse to pay his way through college. He is currently the alternatives co-manager and real estate analyst. Conner first heard of this class on a campus tour in 2015 and, as a freshman, made it his goal to join SAFF. He hopes to use the knowledge gained from this class to guide him to a financial analyst role at a startup. In his free time, he enjoys skiing, skateboarding and soccer.



### *Alternatives Manager*

### *Jared Brauchler*

Jared is a senior majoring in Finance. This is his first semester in SAFF and has jumped in feet first by becoming the Alternatives and Technology Sector manager. He has served in the United States Air Force while completing his education here at UNC. After graduation, he will continue his service with the military in hopes of becoming an Officer soon after. Post-military ambitions for Jared will focus mainly on business acquisitions through his partnered LLC with his brother.



## Meet the Managers

### *Financials & Energy Sector Manager*

Andy is a senior, double majoring in Finance and Economics. He entered the Monfort College of Business as a Management major in 2015, but chose to switch to Finance during his Junior year. He serves as an Energy and Financials Sector Manager in SAFF. While in college he has served at Texas Roadhouse. After graduation, he will be taking a full-time position with Fair in Santa Monica, CA as a Dealer Indirect Support Representative.

### *Andy Aberbook*



### *Ryan Lee*

### *Healthcare & Real Estate Sector Manager*

Ryan is a senior Finance Major graduating in May 2019. In his first semester participating in SAFF, he serves as a Healthcare and Real Estate sector manager. He transferred to UNC after his freshman year at Grand Canyon University. His decision was based on the small class sizes allowing him to build lasting and meaningful connections with both his teachers and his peers. Upon graduation, he will begin an internship at Graebel International, where he will serve in the International Operations department in their global headquarters.

### *Staples & Energy Sector Manager*

Astwin was raised in Johnstown, Colorado. He graduated from Roosevelt High School in 2015 and decided to attend Aims Community College right after. He graduated from Aims with a 4.0 GPA in 2017 and transferred to UNC after. UNC has a reputable business program and a student population size that allows for close contact with professors, and that is why he decided to attend UNC. Finance has always been interest of his and it has been something he's good at. For this reason, he decided to pursue a bachelor's degree in Finance. He will be working for FirstBank in their management trainee program to be promoted to a branch loan officer.

### *Astwin Almeida*



### *Brandon McEldowney*

### *Financials & Communications Sector Manager*

Brandon is currently a senior finance major graduating in May 2019. He was born in Chicago, Illinois, and moved to Colorado at a young age. He went to Broomfield High School and graduated in 2015. He went to University of Northern Colorado in the Fall of 2015. He chose UNC due to the academic scholarships, and that his Aunt works there as the Assistant Provost. This semester in the SAFF class he has managed the financial and communication sector of our portfolios. After graduation, he wants to pursue a career in commercial banking and is currently looking for management trainee positions.

## Meet the Managers

### *Utilities & Industrials Sector Manager*

### *Nolan Lankriet*

Nolan is currently a senior at the Monfort College of Business, graduating in December of 2019 with a degree in Finance. This is Nolan's first semester in SAFF, and he got his feet wet with managing the industrials and utilities sector. After a great spring semester, Nolan is excited to hit the ground running in the fall semester. Nolan served on the executive board of his fraternity for two years. After graduation, Nolan plans on pursuing a career in private equity or owning his own business.



## Meet the Man who overlooks SAFF



### *Dr. Timothy Jares*

Dr. Jares is currently a Professor and Chair of the Finance department. As a CFA charterholder he is also an active consultant helping connect his students to the professional community. He is passionate about affording his students the very best educational opportunities and always challenges them to do their best. After 18 years at MCB, Dr. Jares made the difficult decision to leave UNC for a new opportunity.

We thank, Dr. Jares for all that he has done here for MCB, he has provided many students especially the SAFF students knowledge and work ethic that we will never forget. There is no doubt, however, that a part of him will always be here at MCB.

*TJ Jares*

## & Special Thanks to Kristi Cozbey

Kristi is an Administrative Assistant at MCB. She has been working at MCB for 10 years and graduated with a finance degree at UNC back in 1996. Kristi worked in banking for 16 years, which included work in cash management and commercial lending. She has her own shop called, Trinkets-n-Treasures which includes upcycling of furniture and custom handcrafted items.

She works with Dr. Jares as well as the many other professors here at MCB. Kristi has done a lot for the SAFF class, from booking our New York flights, to answering any and all questions we've had, to making personalized SAFF pen/pencils sets for us, and much more. Kristi is the backbone of the SAFF class and we wouldn't be where we are today without her assistance.



## Upslope Capital Management



Founded in 2017 by George Lividas, Upslope's investment strategy is a mid-cap, long/short, concentrated strategy focused on U.S and other developed market equities; Specifically, western and northern Europe. Upslope's concentrated portfolio, targeting approximately 20 positions, is the outcome of a selective, disciplined investment process. This process provides the benefit of reduced volatility, while allowing security selections to have a material impact on performance. This approach aligns with Upslope's goal of seeking differentiated, attractive long-term returns.

A mid cap equities focus allows Upslope to benefit from the long-term growth potential and material mispricing's not often seen in larger equities. In addition, mid-cap equities' lower volumes make the segment harder for large investment firms of scale to compete in. Dividing the portfolio into four categories: Core longs, tactical longs, alpha shorts and hedges gives Upslope flexibility throughout various market regimes, while also offering lower correlation versus long-only portfolios. As the SAFF class is focused largely on core long equities, Mr. Lividas offered the following advice "Focus on Quality, while keeping an open mind for compelling, out-of-the-box opportunities."

## Guest Speakers Throughout the Semester

-Ryan Lee



First National Bank

Kurt Spieler from First National Bank informed us about their investment process and outlook on the economy for the coming year. First Bank's Investment process includes goals, understanding risk, asset allocation, and diversification. We also had the time to ask him questions about a possible recession and things to look out for in the economy. Mr. Spieler was pivotal in the completion of our economic forecast for the semester.



J.P.Morgan

Jeff Susman from J.P. Morgan paid our class a visit to have a work session to prepare for our first stock pitches of the semester. He gave us beneficial feedback on how to improve our research as well as prepare a convincing argument. He discussed with the class about his past career and current career experiences. We also had the opportunity to learn key functions for the Bloomberg terminal., which expanded our horizons on a powerful system.



INTRINSIC

Evan Lewis and Luke Van Horn from Intrinsic Value had a round-table session with our students to talk about their careers, how they got there, and what a day-in-the-life is really like in a financially-centered workplace. They both discussed personal career tracks in the financial industry and how Intrinsic has allowed them to expand their financial education.



Last, but not least, Jenny Hubbard from Diamond Hill Capital Management prepared an exciting Power point presentation on how DHCM selects their securities. She explained Diamond Hill's strategy and philosophy as well as discussed her personal career path. She also gave us very insightful information about investing in equities and our personal careers.

All of the wonderful men and women that took the time to come speak with our class are extremely appreciated. Every one of the students took something useful from each speaker and kept the lessons close to them throughout the semester. These lessons came to fruition during every pitch and presentation made by the students each week. We hope that guest speakers continue to volunteer for many semesters to come.

## A Trip Down Wall Street | New York :March 26-30, 2019

The SAFF class had an amazing opportunity to attend the Merrill Lynch office, visit the Bank of America Trading Floor, Visit the NYSE, and represent the University of Northern Colorado in the Quinnipiac G.A.M.E Forum. The first day in New York was spent with Brenda Cox from Merrill Lynch who gave us the opportunity to talk and listen to various Merrill Lynch executives including herself - what a great and unique opportunity!

***“During our discussions with different employees of Merrill Lynch, I learned the importance of hard work and perseverance. Nobody ever starts exactly where they want to be, so you must find a foot in the door and climb the ladder.”***

**- Nolan Lankriet**

We then went down to the Bank Of America Trading floor and watched a live broadcast for CNN of Savita Subramanian, Head of U.S. Equity and Quant strategy on the topic of volatile markets and investing in quality. Following Merrill Lynch, the SAFF class went to Wall Street and walked on the NYSE trading floor as well as talk with a few Designated Market Makers(DMM) about what they do. Wilfred Frost, co-anchor to CNBC’s Closing Bell was there and we



had the chance to briefly see him live during a broadcast when we initially walked onto the NYSE Trading floor.



***“My impactful moment is going to the NYSE. I never thought that I would have the opportunity to tour the floor and speak with the individuals that work there. The people that work the floor of the NYSE have such a unique job that they might be one of the only exchanges that still have humans running the floor.”***

**- Brendan Lyles**

The G.A.M.E Quinnipiac Forum is pegged as the “Largest student-run financial conference in the world.” The Conference was a three-day event, which included a day where different panelists were selected and discussed different topics such as the Global Economy, Corporate Governance, and much more. On the first day, Nathan Price was chosen as one of the Keynote student panelist to sit on stage with the Global Economy Panelists which included known individuals such as Dr. Joseph Davis (Global Chief Economist, Vanguard) and Frances Donald (Head of Macroeconomic Strategy, Manulife Asset Management). Mr. Price asked the question, “How do you see algorithmic trading affecting the volatility in the market?” The rest of the conference consisted of sessions that were picked based upon the individual interest. Everyone had the opportunity to network with students around the nation and around the world, as well as to learn from the session speakers on topics including, Investment Banking, Portfolio Management, and much more. The SAFF class was provided the opportunity to create a poster board to showcase our portfolios, as well as present the SAFF & CIBEF portfolios in front of a panel as part of the Quinnipiac portfolio competition.

***“Currently we have a tight labor market that needs more skilled workers in a rapidly changing economy. To be an attractive applicant in this work force, learn to adapt and constantly learn new things”***

**- Brandon McEldowney**

The SAFF students also had the opportunity to explore around the city, visiting Central Park, seeing the statue of Liberty, going to Grand Central Station, taking the subway for the first time for some, watching the closing bell at Nasdaq, and much more. New York brought the SAFF class even closer together as well as providing opportunities and chances to learn from and speak to highly respected professionals in the financial world.



**- Leilani Herrera**

## Portfolio Strategy

A struggle the class has faced in the past has been balancing allocations between the SAFF and CIBEF portfolios, in part, because of the special alternatives allocation designated to the CIBEF portfolio, but also the slightly different IPS requirements in the fixed income and equity asset classes. Because of that challenge as well as holdings creep creating a steep learning curve when students first enter the class, our portfolio strategy has shifted. Our main focus when changing our strategy is to encourage a more seamless transition between semesters by reducing the number of equity holdings to a core set between 20 and 30 positions—held in the same proportions in both portfolios. In doing so we hope to be able to monitor these companies much more closely to provide the better detail when producing our pitches. We also hope this reduction in holdings will provide future classes with a much more transparent strategy in line with our economic forecast so the rationale behind some of our decisions is much more easily transitioned across time.

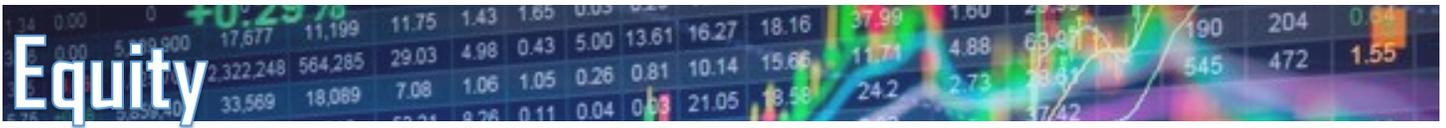
In order to keep our allocation in every sector and track our benchmark adequately, many of the pitches this semester have been centered around selling some individual holdings and replacing them with an exchange traded fund that better represents the sector as a whole. These ETFs also allow us to stay invested in areas such as Biotech which are much harder to understand as a subsector of healthcare. While mutual funds could also accomplish the same goal, trading these ETFs allow us to stay allocated with more liquidity and potentially lower expense ratios, allowing us to continue to search and analyze potential winning investments while avoiding unused cash reserves and the associated drag on our portfolio.

Through these shifts in goals for the portfolio we have also seen a shift in the allocation goals as well. Previously using the S&P 500 as our benchmark we have shifted to tracking against the Russell 3000 as we feel this better represents our portfolio strategy. We also, with the help of Professor Jares, have aligned the target weights between the SAFF and CIBEF portfolios to improve pitches and make them less oriented about balancing between the portfolios and more centered around their role in our strategy moving forward. Our managers have been tasked with reviewing all our holdings this semester in our efforts to reduce the volume using guidelines which the class decided on together. Those guidelines include a share price that we would buy today if we didn't already own it, an understandable business model, management we are confident in, and clear corporate governance.

### Equity Portfolio Snapshot



-Nathan Price

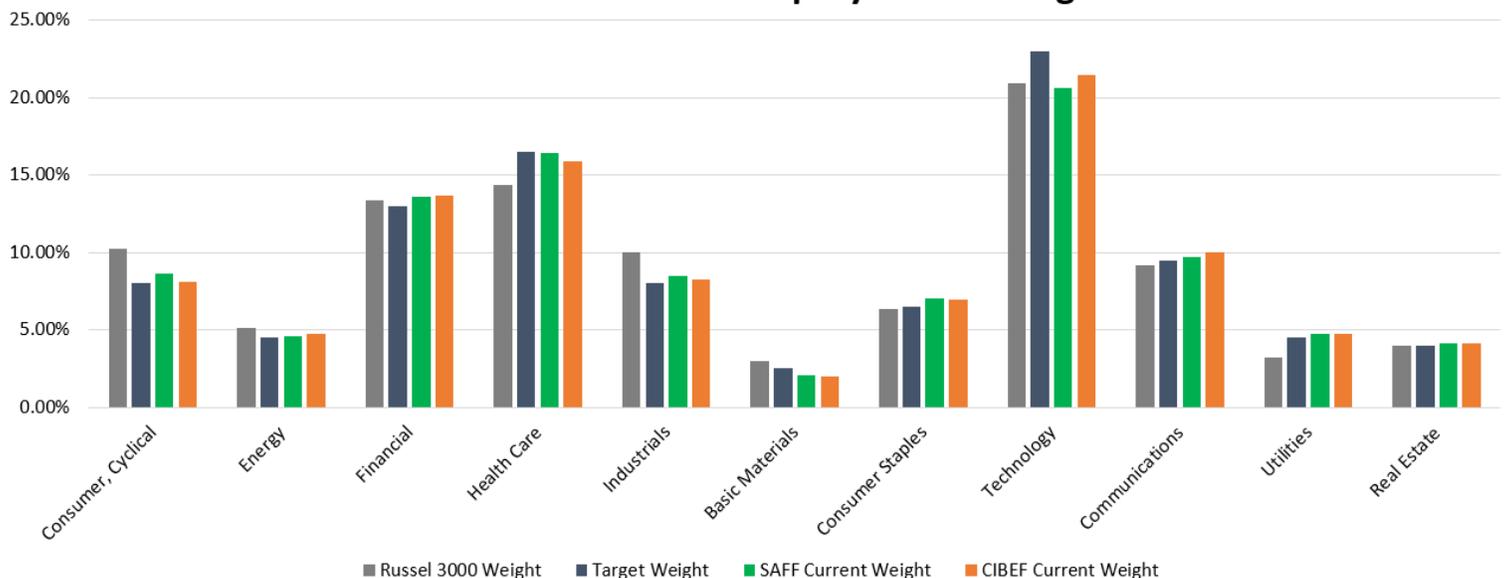


## Sector Allocation

Our economic forecast, detailed continued economic growth but at a slower pace domestically and internationally. Our equity managers came to a consensus on the weightings of each sector. Our overweight sectors include Technology, Healthcare, and Utilities which we believe will lead our portfolio. One of our largest sector weightings is Technology at 23%, which we expect to outperform after the sharp decline in December 2018. Due to the correction, the Technology sector signals a significant upside for the year. Longer term, we also believe that technology is a key to economic growth. As for Healthcare and Utilities, both of these sectors are defensive in nature. The reason for over weighting these are due to our cautious optimistic outlook. These sectors tend to perform well during an economic downturn. Certainly there is still a need for medical help and services. Moreover, the Healthcare sector is strong, with good dividend yields, and improved cost structures. Overall, Healthcare has outperformed the S&P 500 over the past decade. Utilities is another defensive sector we expect to protect our portfolio if the economy struggles. Utilities have been the best performing sector since September 2018. Our underweight sectors include, Cyclical, Industrials, Energy, and Materials. We decided to underweight Cyclical because many goods and services are seen as nonessential needs to the consumer so frequently they are the first to be cut from a consumers budget. Industrials, Energy, and Materials do have the potential grow, but we remain underweight with these three sectors due to uncertainty of consumer confidence and concerns with respect to trade policies. We felt it prudent to underweight these sectors to hedge potential risk. Communications, Consumer Staples, Real Estate, and Financials are equal weight. While we don't anticipate significant changes to the yield curve, a potential decrease is concerning for the Financial sector's ability to generate earnings. Continued deregulation may help offset the impact. For Consumer Staples, the reasoning behind equal weighting the sector is to keep the portfolio in a good, defensive position if the economy were to take an unexpected downturn, while not taking up allocation that can be used for other sectors with greater growth potential. For Real Estate, with factors that pose a generally positive outlook such as low interest rates, but relatively high stock market valuations and the prospect of interest rate increases may hinder the real estate market. The telecom subsector of communications traditionally outperforms the market during late stages of the business cycle, while the higher growth companies will struggle. With the prospect of a slowing economy and potential increases in interest rates, the managers chose an equal weight of the communications sector.

- Leilani Herrera & Josh Heifetz

### SAFF & CIBEF Equity Sector Weights





Rising interest rates will decrease the value of the bonds we hold; however, increasing the duration of our fixed income securities will help offset the volatility in the equities market, which we have been experiencing. Though our duration remains slightly less than our benchmark, we were able to increase the duration using a barbell-ladder hybrid strategy, where we overweighed the 1-year and 10-year treasuries and built a ladder through that barbell. We implemented this same strategy in the corporate segment using Invesco BulletShares. Based on our economic forecast and an analysis of fixed income spreads, we chose to overweight mortgage and asset backed securities, equal weight government securities, and underweight corporate bond holdings. As market volatility increases, we expect that fixed income will be a significant risk reducer in our portfolio.

The barbell-ladder hybrid strategy that we implemented this semester was put in place to help clean up the fixed income segment, as well as control more of our interest rate risk exposure. Before, the fixed income segment was comprised of several MBS, government, and corporate ETFs, some actively managed mutual funds, and some individual holdings. To clean up the MBS segment, we trimmed down to our two best ETFs. Government security ETFs were taken out of the portfolio and replaced with individual treasuries targeting specific points on the yield curve. The corporate segment is now comprised of Invesco BulletShare ETFs, replacing actively managed mutual funds. Individual holdings within the government segment, and BulletShares were selected because of how their definite maturities support our strategy. The strategy was set up so that future classes can easily rebalance this part of the portfolio with minimal transaction costs.

*-Brendan Lyles*



The alternatives assets sleeve of the CIBEF portfolio is comprised of six categories: opportunistic fixed income, high yield fixed income, real estate, commodities, low correlated hedge funds, and most recently, market neutral strategies such as derivatives and short positions. The primary purpose of holding alternative assets is to seek unique return drivers while maintaining a low correlation relative to our portfolio. The recent addition of market neutral strategies allows us to capture unique returns from short-term volatility and hedge our riskier investments long-term. With the restructuring of the portfolio this semester, the market neutral holdings were out of our scope for a majority of our time. One protective put pitch on our largest holding, OLED, has been tabled, largely due to the lack of a semester-to-semester information carryover strategy. We did place some limit orders in an attempt to capture possible upside moves and create an “auto trim” over the summer.

We focused primarily on restructuring our real estate investment trust (REIT) sleeve. We trimmed the overall sector allocation, with equal weight trims for United Health Realty Income (UHT) and Camden Property Trust (CPT). Additionally, we completely liquidated our position in Liberty Property Trust (LPT) and purchased Prologis (PLD). This was due to LPT’s strategy change that saw them sell off their more profitable office properties and take on more debt. We decided to purchase PLD due to their attractive dividend yield and attractive balance sheet. We have experienced solid growth as PLD reached their 52-week high on April 30th.

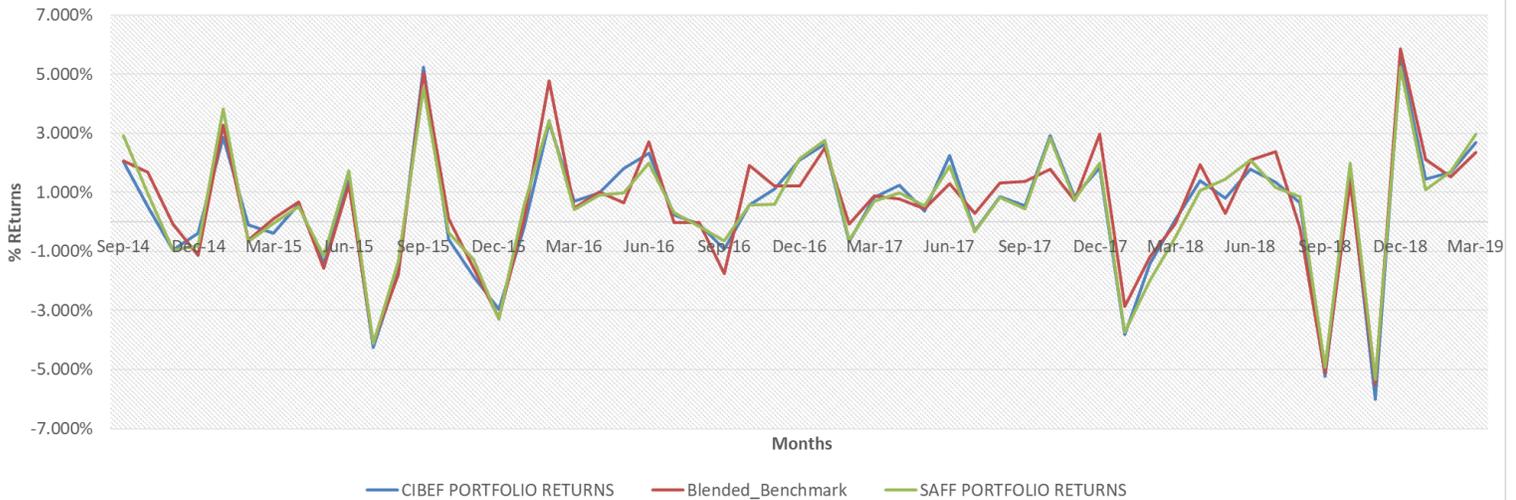
*- Connor Lake & Jared Brauchler*

# Portfolio Returns

## Monthly Returns

We compare our monthly portfolio returns with a blended benchmark for a meaningful representation of performance for both SAFF and CIBEF. Our blended benchmark uses the Russell 3000 index total return and the Barclays Aggregate index with weights of 65% and 35% respectively. We selected this blend because this represents the midpoint of the IPS guidelines for the SAFF portfolio and a useful comparator for the CIBEF portfolio. When comparing our portfolio returns to the blended benchmark, our diverse fund produces returns right around the same returns from our blended benchmark. We are optimistic with respect to our efforts. For short-term positive feedback, we noticed that when we started transforming the portfolios in March 2019 they started to outperform the benchmark. We expect strong returns as our refined equity, fixed income and alternatives strategies take hold.

Portfolio Monthly Returns (09/14-04/19)



## Annual Returns

Date	SAFF Value	SAFF Annual Return	CIBEF Value	CIBEF Annual Return	Blended Benchmark Returns
Dec-12	\$ 1,220,953	9.14%	--	--	10.50%
Dec-13	\$ 1,501,643	22.99%	--	--	19.41%
Dec-14	\$ 1,614,339	7.50%	\$ 699,738	--	8.88%
Dec-15	\$ 1,622,399	0.50%	\$ 672,437	-3.90%	-0.76%
Dec-16	\$ 1,714,651	5.69%	\$ 694,901	3.34%	7.70%
Dec-17	\$ 1,949,284	13.68%	\$ 765,143	10.11%	13.50%
Dec-18	\$ 1,828,019	-6.22%	\$ 690,512	-2.83%	-5.66%
YTD-19	\$ 2,038,453	11.5%	\$768,072	11.2%	12.4%

## An Update on New Initiatives—Thank you to our supporters!

Dear SAFF Alum and Supporter:

This spring semester marks the close of the 52nd SAFF class, having proudly served 352 SAFF alumni, and counting. Most students from this class are graduating from MCB, some with job offers in hand, some pursuing graduate school and still others remain as “free agents.” Dr. Clinebell and I, as well as several guest speakers and guest SAFF instructors, have worked hard to continue to improve this outstanding class. Last fall I outlined some proposed changes to the class. I’d like to update you briefly on our progress.

Last November the UNC Foundation board embraced our plan to restructure the investment policy guiding the SAFF and CIBEF portfolios. We now have three clear strategies— equity, fixed income, and alternatives— that, through asset allocation differences, we can use in different portfolios to achieve a variety of risk/return profiles. This spring the class took on that challenge and implemented the strategy thoughtfully, efficiently and effectively. In short, they turned over the equivalent of the entire portfolio in the past few months. To be sure, they have not sacrificed our long-term investment mindset for a short-term trading strategy. In our equity strategy, for example, we now hold 25 “high conviction” positions which, I believe, our managers understand quite well. If you’d like to know more about those changes and where we’re going as a class, please give me a call.

Last fall I also shared with you the plan to expand our use of state-of-the-art Bloomberg Terminals through our Bloomberg Sponsorship and Intern Program. While we still have a lot of work to do, I am very happy to report that we have received some amazing donor support to get the project started. Thank you to Innovest Portfolio Solutions for stepping up as our first Silver Level Sponsor. While we have yet to fully fund the project, Innovest’s leadership got the program off the ground. In the fall, we will have 12 Bloomberg Terminals available for our students, an incredible improvement from the one terminal we currently have, making this valuable resource accessible to so many others in MCB.

As you all know, Bloomberg Terminals come with a significant annual cost. Every new sponsorship we receive will help ensure the longevity of the program. As loyal alumni and friends of the SAFF Class, I would ask all of you to consider supporting this cause. I can envision a terminal sponsored by only by SAFF alumni — that would be very cool! If you would like more information, please let us know.

Sincerely,



Timothy E. Jares, Ph.D., CFA  
Chair and Professor of Finance

P.S. Please contact me ([tim.jares@unco.edu](mailto:tim.jares@unco.edu) or 970-351-2275) if you would like to discuss either opportunity further. You may also contact John Paradis at the UNC Foundation ([john.paradis@unco.edu](mailto:john.paradis@unco.edu) or 970-351-3369).



## Special Thanks to Our Investors

The SAFF Spring 2019 class would like to give a special thank you to everyone involved in ensuring this class is as beneficial and educational to the portfolio managers and student analysts as it can be. We greatly appreciate all the time and effort that goes into this experience.

We would like to extend a thank you to Timothy Jares, our instructor. Professor Jares works tirelessly to ensure we are getting the most out of the class. Without Professor Jares, we would not receive many of the great opportunities he has worked incredibly hard to provide for us.

We would also like to thank the Finance Department Administrator Kristi Cozbey. Kristi goes above and beyond helping our class keep everything in order. We would not be able to do nearly as much work as we are without Kristi's help.

The class would like to extend a wholehearted thank you to the University of Northern Colorado Foundation, the Monfort College of Business, and the Colorado Insurance and Business Education Fund for the contributions they have made. We cannot express enough the gratitude that we hold for the opportunity to be a part of a class that entrusts us to be its fiduciaries. The students have gained knowledge that they will carry for the rest of their lives, and it is only through the time and effort from of all of you that this is possible.

-Nathan price

*Robert L. Silber, Ben Lund, John Hefetz, Kristi Cozbey, Timothy Jares, B. McElbourne, M. W. B., Brent Jefe, Chris Alvi, Mike Lohst, Steve G.*

