



Monfort College of Business | University of Northern Colorado



SAFF Briefing

Inside this issue:

What is SAFF?	3
What is CIBEF?	4
Meet the Managers	5
Conferences & Speakers	8
Economic Forecast	10
Portfolio Allocations	11
Equity	13
Stock Pitches	14
Fixed Income	15
Alternative Assets	15
Portfolio Returns	16
Special Thanks to Our Donors	17

Letter from the Portfolio Managers

The students for the Spring 2018 Student and Foundation Fund class showed professionalism and impressive work ethic to ensure this class delivered the best results. Our class focused on two main objectives this semester: education and the continuity of the portfolio management process from semester to semester.

We ensured that each manager was able to utilize our resources in a way that promoted efficiency and effectiveness for our portfolios. Every student is required to obtain the Bloomberg Market Concepts certification at the beginning of class. We believe it makes us a more proficient class as a whole. Through this, and the standardization of buy/sell pitches, we were able to run this class as though it were a business, and not just a high-value classroom experience. The class is committed to ensuring that those who come after us are left feeling like they can pick up the class seamlessly. We strive to leave each semester better than we found it. This semester our efforts are shown in several ways. We created detail descriptions on how certain processes in the class are done. We updated our investment guidelines and redefined our holding classifications. We also developed a written process for future students on how to create the economic forecast so the process runs smoothly. We also updated the investment process and risk controls. Maintaining continuity is something that will become reality from here forward. We cannot wait to see and hear about what future classes are able to do with these new practices that have been set in place. We are confident that the future of this class can continue to shine even brighter with the efforts that have been made throughout this semester.

The SAFF class would like to thank the foundation, the Monfort College of Business, and the faculty and staff for giving us the opportunity to gain real-world experience in investing. The managers view this class as a career opportunity and have grown professionally as well as intellectually. We would like to especially express the gratitude for how Professor Jares teaches the class. Professor Jares has pushed us throughout the semester to operate in a very professional manner which will stay with us for the rest of our careers. We are very grateful for everyone's contribution to the portfolio and the student managers' futures.

-Courtney Chrzas & Natalie Schoendaller

Letter from the Editor

This semester the student managers experienced just how volatile the stock market can be first hand. After reaching a record high, the Dow plunged almost 1,600pts in February—the biggest point decline in history during a trading day. The decline amounted to 4.6%, and while it was the biggest drop since August 2011, it was not nearly as destructive as Black Monday in 1987, or the financial crisis of 2008.

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 would simultaneously provide long-term growth as well as steady returns to our investors.

We are proud of the decisions that have been made in the Spring 2018 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 2018 SAFF Briefing.

- Erica Estes



Spring 2018 SAFF Student Managers

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

*Dr. Tim Jares, Lucas Cogswells, Brett Minnick, Courtney Chrzas, Benjamin Polkowske
Zachary Heath, Jack Arken, Natalie Shoendaller, Kathryn Van Dewerker, Kyle Foss, Christopher Campbell
Brendon Davis, Monica Grimm, Erica Estes, Brandon Garza, Adam Gibson*

About SAFF

SAFF is a class offered at the Monfort College of Business (MCB) to upper-level finance students that provides the opportunity to manage two portfolios of real assets that are valued over \$2.5 million. Dr. John Clinebell founded the SAFF class in 1992 with an original value of \$200,000 in assets for students to manage. Members are selected through a competitive interview process conducted by Dr. Clinebell and Dr. Jares.

At the start of each semester, students are assigned various positions which they hold throughout the entire semester. These students are responsible for the duties, which come with each position. Portfolio managers are in charge of overseeing the portfolios. They watch the overall value as well as yearly, quarterly, and monthly returns. Equity and Fixed Income managers are in charge of their respected areas in both portfolios. Similarly, the Alternative Asset managers bear responsibility for these assets in the CIBEF portfolio. The newsletter editor is responsible for putting together the class brochure and newsletter. Our Public Relations Directors keep our Facebook and school website up to date with current pictures and events. Last year we also added an international equity manager. This semester we added a Back Office manager position to help manage and update our complex Excel files.

At the beginning of the semester, the class came to a consensus on an economic forecast for the upcoming 6, 12, and 36 months. In a class with many varying opinions, there was much discussion until a consensus is finally reached. Then, an asset allocation among cash, equity, and fixed income is determined while staying within the guidelines of the Investment Policy Statement (IPS). Next, a strategy is developed for fixed income with respect to the forecasted yield curve. Equity is further allocated among sectors, with target weights based upon the economic forecast. Equity is further classified as growth, core, and value stocks.

Although the class is responsible for all decisions, each student is assigned three to four stocks within different sectors to monitor and analyze throughout the semester.

They perform valuations for each of their assigned stocks to determine if it is over or undervalued. If the stock is overvalued, or does not fit the stock classifications, then a sell proposal must be presented. The students must also recommend buy and sell proposals to meet their target sector and value, core and growth weightings.

The SAFF fund is a very unique student fund in which the class ultimately makes the investment decisions through a vote on student buy and sell proposals. This semester, to simplify the process for future students, we have created current holding theses so the next class will have extensive knowledge about each stock's target range, its growth drivers, a detailed company description, as well as the possible risks. We believe this will increase the future students ability to successfully manage the portfolio.

The class is held once a week for three hours, and students are to come prepared to learn and make investment decisions, as well as arrive prepared with their assignments from the week before. The students work very hard to monitor current holdings and screen for possible buy proposals by using the Bloomberg terminal for information. Towards the end of the semester, the class presents to the Foundation's Board of Directors, current donors, and prospective donors to inform them of the status of the portfolio, as well as future plans.

A valuable addition, used both this semester and last, was the inclusion of guest speakers. It was an insightful and incredibly useful experience to have speakers come in from different backgrounds explaining their investment strategies, and how they attempt to outperform the market.

-Jack Arken

About CIBEF

CIBEF, which was started in 2014, is currently valued at roughly \$740 thousand, has a different investment policy statement (IPS) than that of the SAFF portfolio, and as a result, managed separately.

The CIBEF portfolio allows students to invest in emerging markets and alternative assets in addition to fixed income and equities. The alternative asset categories CIBEF holds includes the following: opportunistic fixed income, high-yield bonds, commodities, REITS, and low correlated hedge funds. This portfolio allows students to gain a more diverse investing experience .

Similar to the SAFF Portfolio, the investment time horizon is long-term with the largest percentage of the portfolio allocated to domestic equities and fixed income. Each year four percent of the CIBEF fund is allocated to various scholarships awarded to Finance students. The foundation makes annual transfers equal to 100 basis points of the market value of CIBEF, to a MCB fund designated to pay for costs such as technology, research, travel, competition fees, and others fees associated with this course.

-Courtney Chrzas



Meet the Managers

This semester had a competitive advantage to the previous semester, in that our team had several returning members. Each member of SAFF was able to find unique areas in which he or she held a deep interest. This gave our team a strengths-focused perspective, and allowed for excellent discussions regarding investment decisions. We believe this strategy has been continually beneficial for our portfolio by allowing the Student Managers that are most deeply interested in their roles to make investment decisions for their sections.

Meet the Managers (cont.)

Courtney Chrzas

CIBEF Portfolio Manager

Courtney is a senior at UNC majoring in Finance and will be graduating in May, 2018. This is her second semester in the SAFF class. After graduation, she plans to take the CFA Level 1 in hopes to become a CFA charterholder. Throughout her time at UNC, Courtney was on the UNC Swimming and Diving team as a student athlete. She is excited to graduate and ready to pursue a career within the field of finance.



Natalie Schoendaller

SAFF Portfolio Manager

Natalie is a senior Finance major and this is her second semester as a SAFF Student Manager. She is also a lab fellow for the trading room in Kepner, here she helps fellow students learn the resources available. After graduating in May she will go work at Kaiser Permanente in the IT Finance Department on the Financial Planning and Analysis team in Greenwood Village, CO.

Brendon Davis

Assistant Portfolio Manager

Brendon is a senior at UNC majoring in Accounting and Finance, and will be graduating in December 2018. He plans on taking the CFA Level 1 test in December following graduation. Brendon is a member of Beta Gamma Sigma and is excited to pursue a career as a financial analyst.



Zachary Heath

SAFF Equity Manager

Zach Heath is a senior, and will graduate this upcoming May with a degree in Finance. He is a second-semester SAFF student, and will pursue a career as an analyst or a Financial Advisor. In the following years, he would like to strive for an MBA, as well as complete the CFA exam. Zach is also playing in his fourth and final year for the UNC Bears baseball team, where he serves as a right-handed pitcher.

Brett Minnick

CIBEF Equity Manager

Brett is graduating in May with a degree in Finance and a minor in Economics. He has spent all four years as a first-basemen for the UNC Baseball team. Brett has considered his two semesters in the SAFF class the most valuable experience of his academic career. Upon graduation, Brett hopes to secure a position as a market or financial analyst. Along with starting his career; he is looking forward to pursuing an MBA in the future.



Meet the Managers (cont.)



Brandon Garza

Alternatives Manager

Brandon is a senior Finance and General Business major and will graduate in May, 2018. During his time at UNC, Brandon has demonstrated academic excellence with a 4.0 Finance GPA. Brandon currently works with the UNC Accounting Department. Upon graduation, he has plans to stay employed with the University. He will either become the new Budget Manager of the School of Music or an Accounting Technician II where he currently works. Outside of school and work, Brandon loves to volunteer his time to coach little-league baseball and basketball for the town of Platteville.

Christopher Campbell

International Equity Manager

Christopher Campbell is a Finance and Accounting major, and will be graduating in May 2018. Christopher is currently the president of four clubs at the University of Northern Colorado Monfort School of Business, and is planning on pursuing his CFA. He would like to pursue a career as a financial analyst or investment manager. He will be joining Marijuana Business Daily as a financial analyst.



Kyle Foss

International Equity Manager

Kyle is a senior Finance major and will be graduating in May 2018. This is his first year participating in SAFF serving as an International Equity Manager. Throughout his time at UNC Kyle played club lacrosse during his freshman and sophomore years, earning the title of captain in his second season. After graduation, Kyle will be sitting for the CFA Level I exam in June and plans on becoming a CFA charterholder.

Lucas Coggsell

CIBEF Fixed Income Manager

Lucas Coggsell is a senior that is graduating in May of 2018 with a degree in Business Finance. During his time at UNC, he was a part of the Financial Management Association and the Club Golf team as well as an Ambassador for the Monfort College of Business. Outside of school, Lucas has a passion for the outdoors where he enjoys skiing, fishing, hiking, and rock climbing. After graduation, Lucas is planning on pursuing a career as a Financial Advisor in the Greater Denver Area.



Adam Gibson

CIBEF Fixed Income Manager

Adam is a senior, majoring in Finance. He was raised in Monument, CO and eager to be graduating in May 2018. He is a lab monitor for the trading room in Kepner where he helps fellow students learn the available resources. After graduation, Adam plans to pursue a career as a financial analyst or investment manager. Adam is grateful for the opportunity to learn about portfolio management, and looks forward to putting this knowledge to use throughout his life.

Meet the Managers (cont.)

Benjamin Polkowske

Assistant CIBEF Equity Manager

Benjamin is a Finance major who is looking forward to graduating in May, 2018. He has loved his time here at the Monfort College of Business. After college, Benjamin is going to continue his education by studying for the CFA exam. He plans on working as a financial analyst. While attending school Ben has also been a four year starter and a senior captain for the UNC wrestling team.



Back Office Manager



Monica Grimm

Monica is a senior Accounting and Finance student graduating in May. She is currently president of Beta Alpha Psi, the internationally recognized accounting fraternity; as well as the accounting club, the Professional Accounting Association. Monica will be pursuing her CPA license, and will be sitting for the CPA exam upon graduation. She will be joining PricewaterhouseCoopers LLP in Denver upon graduation as a Tax Associate.

Kathryn Van Dewerker

Back Office Manager

Kathryn is a senior Finance and Accounting major, with a minor in Leadership Studies. She will graduate in December 2018 after participating in SAFF again in the fall. In her college career, Kathryn has participated in various case competitions, including ethics, accounting, and finance. She completed the President's Leadership Program and Honors Interdisciplinary Program. She works as a tutor, helping students succeed in finance, accounting, and statistics courses. Upon graduation, she will study and sit for the CPA exam prior to entering the workforce. After passing the CPA, she will start her audit career with Deloitte & Touche in Denver.



Jack Arken

Public Relations Director

Jack is a senior Finance major, and this is his first time as a SAFF student. He will be graduating in May and will be pursuing a job in the Finance field. Throughout his four years in college, Jack has worked for his father which involves many finance related decisions, and he is eager to take his experience and apply it elsewhere.

Erica Estes

Public Relations Director

Erica will be graduating in December, 2018 with a double major in Finance and Marketing. At her time at UNC, she has played four years of D1 Soccer and has been president of the Student-Athlete Advisory Committee (SAAC) for two. Additionally, she has been a Big Sky Conference Representative for UNC speaking on behalf of UNC student-athletes at the conference level. She is investigating careers in Corporate Law, Sports Administration, and Financial Planning/ Advising.





Upslope Capital Management
ALTERNATIVE \ VALUE \ CONCENTRATED

February 21, 2018

One of the speakers who visited the SAFF class this term was George Livadas from Upslope Capital Management. His presentation focused on sharing his investment strategy and process, as well as providing a few examples of stock pitches.

Upslope is a relatively new alternative investment manager, that began in 2017 in Denver, Colorado. Their investment approach utilizes a long/short strategy which focuses on both mid-cap domestic equities and mid-cap Western and Northern Europe equities. They invest in mid-cap equities due to their high growth potential. Upslope's investment categories can be broken into four groups: core longs, tactical longs, alpha shorts, and hedges. They explained to the

class the process through which they choose investments. They focus on investments that are understandable, predictable, and attractive businesses. In order to model this process, Upslope walked the class through a few stock pitches, one of which was for Crown Holdings (CCK). The class was able to compare their own stock pitches to that of Upslope, which was a fantastic learning experience.

Upslope Capital Management provided the SAFF class with an interesting perspective on their unique active management strategy and inspired in the students new and effective ways to research stocks and make investment decisions.

-Kathryn Van Dewerker



Cambiar Presentation | January 31, 2018

Cambiar Investors returned to campus to speak with our class, as well as facilitate the stock pitch challenge. Jeff Susman, Katie Frisch, and Jennifer Mollandor-Owens joined our class and outlined a sample investor presentation. They discussed a myriad of topics, including a brief history of the company, Cambiar's investment process, and explained how the company has been successful.

Cambiar utilizes relative valuations when evaluating potential investments. They expect a total return of 50% in the investments that they make over 1-2 years. This means that in order for Cambiar to invest in a stock, they must see large upside potential. They have a very actively managed portfolio and are able to capitalize by trading on the low end of their valuation targets. Cambiar also classifies themselves as bottom-up managers.

They have a presence in international markets, and although the U.S. market has performed incredibly well over the past year, as believers in mean reversion, they see the potential abroad. As far as the US market was concerned, they mentioned that there might be market corrections in the future. We were also given the opportunity to compare our economic forecast to theirs, seeing where they aligned, and where we differed.

At the end of their presentation, they opened the floor up to stock pitches by our student managers. Each pitch was to be around 1-3 minutes and at the end, the Cambiar representatives picked their "Top 5" pitches. This exercise is done to highlight the analytical skills of our managers and assisted in highlighting some of the good and bad techniques or pitches given by our managers.

The night consisted of pitches from Hershey's to Lululemon showcasing the variety of potential investment opportunities for our portfolio. They also brought small prizes for the class, allowing the winners first choice. They ended the night by thanking the class and highlighting the importance of having women in finance. One of the most important aspects of the night was the ability to network with the professionals that were there.

Professional speakers are a cornerstone of the SAFF experience. It allows for our students to get a glimpse into the financial analyst profession. It is likely that Cambiar Investors will continue to be a key guest for our class, with the stock pitches being an anticipated event.

-Monica Grimm

Quinnipiac G.A.M.E. Forum | March 22-24th, 2018

For many of us, the Quinnipiac G.A.M.E. Forum (QGame) was a highly anticipated event that would require us to be in New York City for five days. Outside of the QGame, the itinerary included lunch with the CFO of Merrill Lynch, a tour of the NYSE, and the closing bell ceremony with NASDAQ. Our class had the honor of sending one representative to NASDAQ to ring the closing bell. We selected Natalie Schoendaller to be our representative.

In an unforeseen turn of events, a Nor'easter prevented us from attending our long awaited trip. This was met with disappointment from all classmates, however, there was a silver-lining. What is reserved for CFO's and CEO's, now had our SAFF class representative's name on it for all of New York City to see. The digital billboard in Times Square read "NASDAQ Welcomes, Natalie Schoendaller."

With our new found time, we rescheduled class, held a pizza party, ate in solidarity, and continued managing the SAFF and CIBEF portfolios.

-Erica Estes



Economic Forecast

The first step our team completes is developing a clear and concise economic forecast. As a class, we assessed the economy including various assumptions and risks. Our economic forecast reviews three types of indicators: leading, coincident, and lagging. Utilizing the information gathered and analyzed on these indicators, we feel confident that in a relatively bullish outlook for 2018.

Leading Indicators

Leading indicators are crucial in developing an informed picture of the future of the economy because of their measurable predictive power in forward looking economic factors.

The overall health of the stock market is a prime example of a leading indicator. Our class analyzed recent historical trends in diverse stock indices as well as various investor outlooks regarding President Trump's election. The recent successfully passed tax reform caused a positive reaction in the market and should help increase the amount of business done on U.S. soil. With international tensions rising due to factors such as North Korea, the U.S. stock market has experienced increased volatility. Additionally, the domestic political environment is increasingly polarized, especially with battles in immigration and budget renegotiations.

International markets also impact our domestic economy, amplifying the importance of anticipating future economic growth as well as various trends in all world markets. We have a positive view towards equities in Europe and emerging markets. We find European equities to be slightly expensive relative to emerging markets and Asian equities.

The increase in short-term interest rates has caused concern. The spread between the 2-year and 10-year Treasury rates has been on the decline. Long-term interest rates have not changed significantly in the past several years. This is cause for the possibility of the yield curve to flatten further and possibly invert.

Coincident Indicators

Rather than predicting future events, coincident indicators are factors that show the current state of economic activity in certain areas of the economy, essentially

confirming our view of economic health.

Wages and salaries are considered coincident factors that give us insight to the conditions of operating businesses. Wages have increased around 3% in 2018. However, inflation is also expected to increase 2%, meaning real wage increases remain semi-stagnant. Therefore, while real disposable income is rising, the effects are diminished.

We see consumer confidence remaining strong in 2018, eventually leveling off later in the year. A majority of consumer confidence can be attributed to record low unemployment and optimism towards several of the proposed economic policies put forth by the current Trump administration. We do not see stimulus that could push consumer confidence even higher, it is already near record highs. This indicates to our group that consumer confidence will likely level off later in 2018.

Lagging Indicators

Lagging economic indicators measure changes only after the economy has begun to follow a pattern or trend. This indicator often trails the price action of an underlying asset, and our class uses these to generate transaction signals or substantiate the strength of a given trend.

Real GDP has been trending upward in recent quarters with a bit more fluctuation from quarter to quarter. We expect GDP growth to be around 2.5% which is similar to 2017 but an increase from previous years. We see a precarious balance. Some of the major headwinds our team found include political tensions increasing in North Korea and/or its allies, an increasing trade deficit which is already at \$56.5 billion, and rising interest rates. On the other hand, we are concerned about the aggressiveness of certain political stimulus proposals. If aggressive legislation continues to occur unchecked, it is possible that the GDP growth could exceed 3%. If growth increases at an unhealthy rate, this could lead to unhealthy inflation.

-Natalie Schoendaller

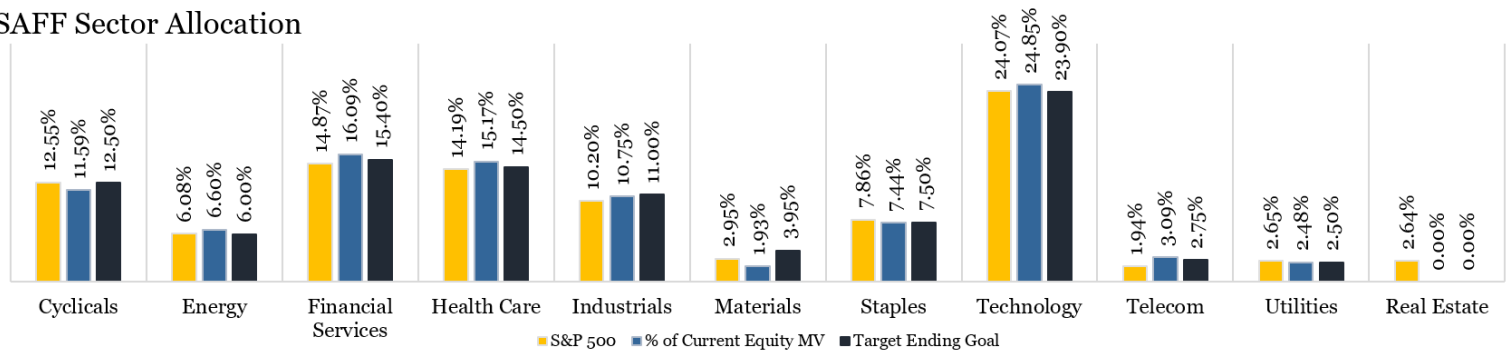
Portfolio Allocations

The economic forecast and IPS guidelines are the two key factors that drive the allocation decisions for both portfolios. The IPS has set guidelines for percentages of the portfolio that need to be dedicated to different asset classes, levels of market capitalization, and international exposure. The student managers utilize the economic forecast to operate within these guidelines and make allocation decisions that will create the most value according to our outlook.

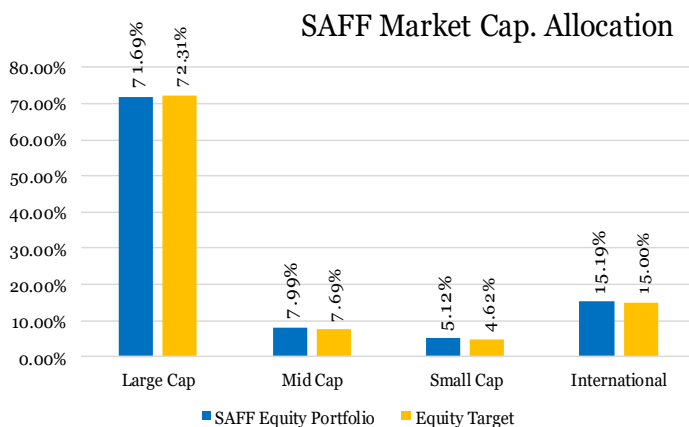
Below, you will find the current portfolio allocations along with our chosen allocation targets for SAFF. The main factors that influenced these targets are the expected rise in interest rates, a continued bullish equity market, and making fixed income unattractive with limited earning potential. Although we expect continued growth in domestic equities, we project financials, industrials, materials, and health care to out-perform the S&P 500 based on tax reform, deregulation, and infrastructure policies. The energy, cyclical, and staples sectors are expected to underperform based on increased volatility in oil prices, climate policy changes, and assumed near peak position in business cycle. The investment choices made by student managers throughout the semester are focused on reaching these allocation targets to maximize value based on our forecasted market conditions.

-Brendon Davis

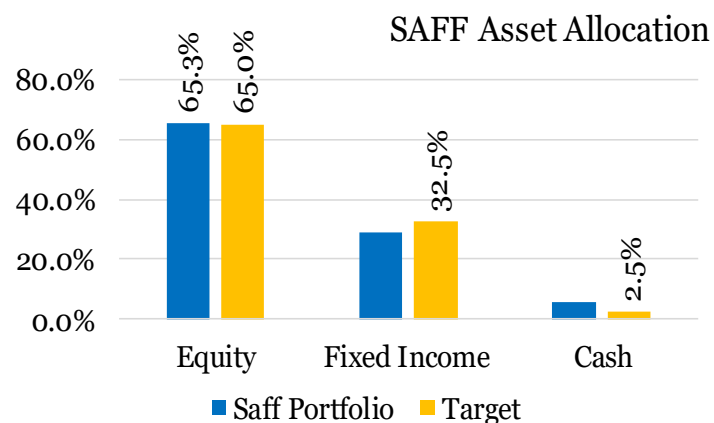
SAFF Sector Allocation



SAFF Market Cap. Allocation



SAFF Asset Allocation

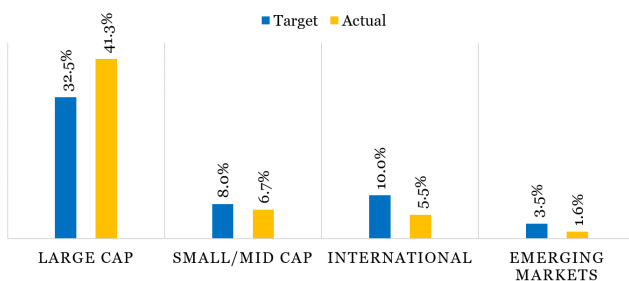


Portfolio Allocations

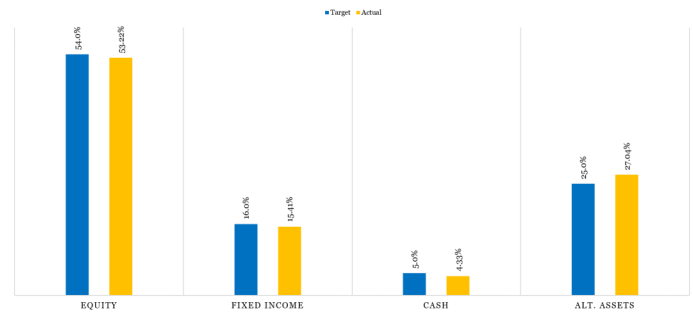
Below, you will find the current portfolio allocations along with our chosen allocation targets for CIBEF. The CIBEF portfolio has similar allocation targets as SAFF, however CIBEF allows for investments in alternative assets which provides opportunities for a lower risk profile and a unique educational experience. The alternative assets in CIBEF consist of commodities, opportunistic fixed income, high yield, real estate, and low correlated hedge funds. Our investment choices throughout the semester are then focused on reaching these allocation targets to maximize value based on our forecasted market conditions.

-Brendon Davis

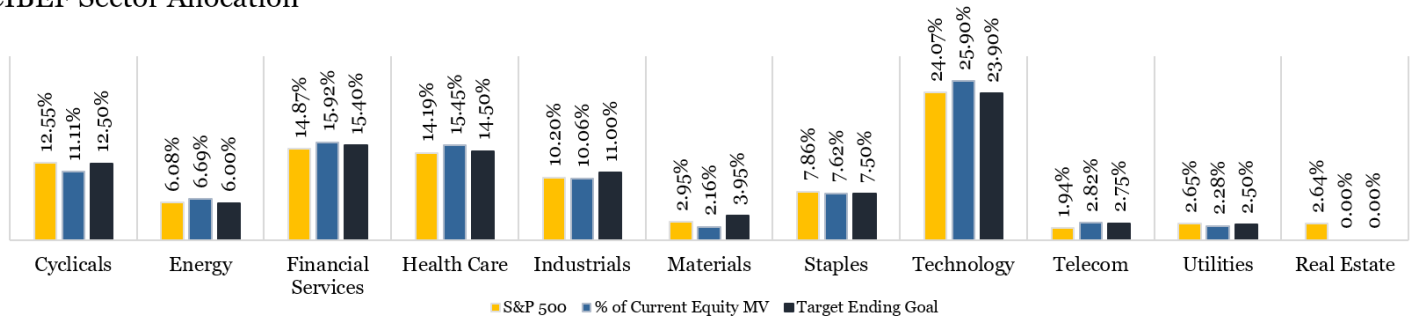
CIBEF MARKET CAP ALLOCATION



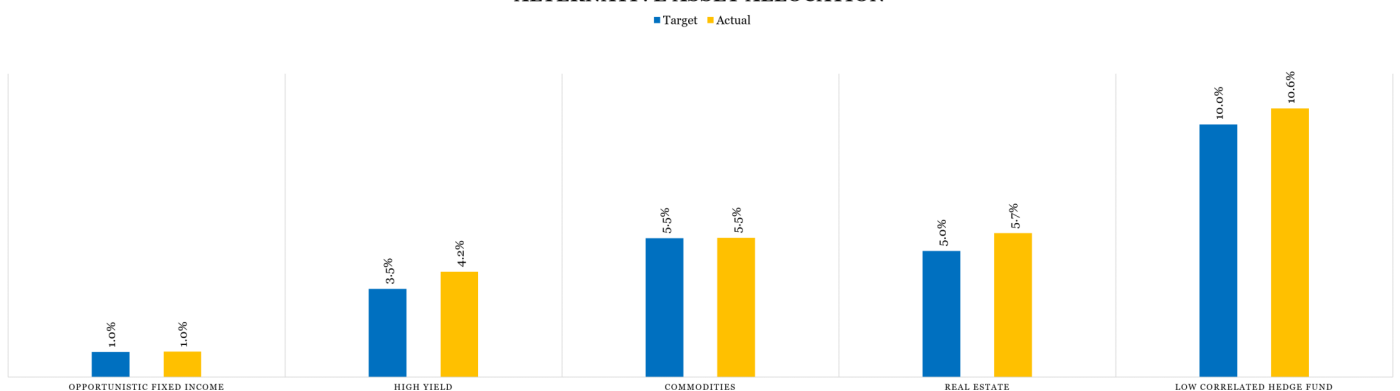
CIBEF MARKET CAP ALLOCATION

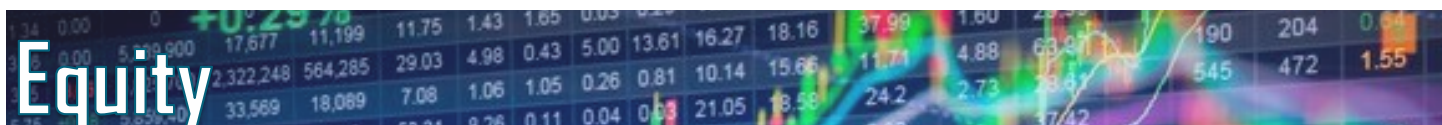


CIBEF Sector Allocation



ALTERNATIVE ASSET ALLOCATION





There are two additional factors that our team considers when making investment decisions. The first is *style allocation* and the second is *sector allocation*.

Style Allocation

Our equities are classified into three style categories: growth, value, and core, targeted at 40%, 35%, and 25%; respectively. After developing our economic forecast, we were more biased toward growth stocks. We reallocated 5% from our value style to our growth style. The blend style was created in the Fall of 2017, and was reclassified and renamed this semester to core style. Some key guidelines for core are as follows: Core holdings must have a market capitalization of more than \$10 million, industry leader in one or more industries, a beta between 0.5 and 1.5, and a dividend yield of less than 3%. All of our equity holdings are classified by a set of criteria from our IPS.

Sector Allocation

Following our economic forecast, which detailed a plateauing market and a bullish outlook on equities, our sector specialists came to a consensus on the weightings of each sector. Our overweighed sectors include: Financials, Cyclical, Industrials, and Materials. We expect these sectors to outperform. One of our largest sector weights, Financials, is expected to outperform due to the prosperous economic outlook, rising interest rates, and less stringent regulations of the financial industry. Also, we believe the Materials sector will be a better performer due to the expected increases in housing development and manufacturing. Conversely, we underweighted the following sectors: Technology, Consumer Staples, Health Care, Energy, Utilities, and Telecommunications. We underweighted Consumer Staples this semester as this sector has been recently underperforming. We expect consumer staples to continue underperforming due to rising interest rates. With these rising interest rates, investors will be more likely to move away from high dividend slow growth stocks within the consumer staples sector. Also, we decided to slightly underweight Technology, our largest sector in both portfolios. Technology has shown substantial growth over the past year; however, we believe technology is approaching its peak in the economic cycle. Because the technology sector can be volatile, we wanted to limit our exposure.

Equity Buys and Sells

Throughout the course of the semester, multiple securities underwent thorough research to determine if they could earn a position in either of our portfolios. Not every purchase was for a new security; some buys were initiated to increase current positions that displayed significant growth potential.

Our team made several liquidations and trims to our equities throughout the semester. Some equities did not show future growth potential or fell out of our risk control guidelines. Our risk controls consisted of 50% upside and 20% downside from a 12-month target price we forecasted. If any equity fell out of our risk control range or a significant event occurred, the equity is automatically considered for reevaluation. We then decide to either hold, trim, or sell the equity.

-Zachary Heath & Brett Minnick

Equity Buys & Sells

Acquisitions | SAFF

Company	Sector
Allergan Plc.	Health Care
Cabot Corporation	Utilities
T-Mobile	Telecom
Vestas Wind Sys/ADR	Energy

Liquidations | SAFF

Company	Sector
Medtronic Plc.	Health Care
Applied Optoelectronics, Inc.	Technology
Celgene Corporation	Health Care
Fidelity MSCI Financials	Financials
Utilities Select Sector SPDR	Utilities

Equity Stock Pitches

The Spring 2018 semester provided many of our student the opportunity to explore areas of interest. These passions were seen with some of the amazing stock pitches that were done. As a special in this edition of the SAFF Briefing, we are including some of these pitches.

The class really appreciated the level of understanding these student managers had about the sector they were following. These students also showed vast knowledge about the industries, competitors and how the organizations made money. They identified opportunities and risks associated with the positions, and ultimately demonstrated exceptional application of the theories and concepts within the finance field.

- Erica Estes

Cabot Corporation (NYSE: CPT)



Cabot Corporation is a specialty chemicals and performance materials producer. They have a market cap of about \$3.38 billion. Their revenues are comprised of four segments: reinforcement materials, performance chemicals, purification solutions and specialty fluids.

After researching Cabot Corp., we have determined that this stock is currently undervalued and trading at a discount. We arrived at this conclusion by evaluating the price to EBITDA multiple compared to its industry peers. With further calculations in regards to Cabot's discounted cash flow evaluation we arrived at the same conclusion that the stock price is undervalued. Pair these evaluations with an in depth look into Cabot's business model and product line, we believe that they have the right products and forward looking management team that will continue to grow in value in the economy for the foreseeable future.

- Benjamin Polkowske & Kathryn VanDewerker

T-Mobile US, Inc (NasdaqGS: TMUS)



T-Mobile, the Un-carrier is redefining the way people buy wireless services through industry by leading in both product and service innovation. The U.S. telecommunications sector as a whole has reached maturity, while other players like Verizon and AT&T have begun to diversify their businesses, T-Mobile has intensified its focus on the domestic wireless market. Their mission is to "eliminate customer pain points," which has been addressed by increased device transparency and unlimited data plans.

This customer-focused strategy has delivered over 5 million net subscriber adds annually over the past four years, nearly five times the amount of competitor Verizon in 2017. Large spectrum buys in 2017 also set this company up to become the first true 5G provider amongst its peers. T-Mobile is building out 5G in 30 cities this year with plans for nationwide 5G by 2020. T-Mobile's stock price took a hit after a merger with Softbank fell through and we believe it is now trading at a discount. T-Mobile's P/E is now around 11 down from over 30 for the first time in years, with strong fundamental growth SAFF agreed that this will make a great addition to our portfolio.

- Brendon Davis



Fixed Income

The fixed income portion of the portfolio provides diversification through the utilization of government bonds, corporate bonds, and mortgaged backed securities (MBS). The targeted allocation to fixed income is 32.5% and 16% of the SAFF and CIBEF portfolios, respectively.

All fixed income is benchmarked against the Bloomberg Barclays Aggregate Bond Index. We chose to underweight government, overweight corporate, and equally weight MBS. Corporate bond spreads continue to be exceptionally low, but we felt the strong economic forecast justified a slight overweight. We felt the additional risk premium we earn for corporate credit risk outweighed the risk premium we would earn via longer-term government issues. Although there is redemption risk, MBS were held neutral because of steady coupon payments and respectable past performance. With the anticipation of the Federal Open Market Committee (FOMC) increasing the federal-

funds rate throughout the year, we decided that to keep the duration of our investments as low as possible.

One significant transaction was the trim of SPDR Barclays Mortgage Backed ETF (MBG) by \$4,000. This decision was made to help meet target allocations while keeping our duration in range. As for our largest acquisition, we purchased multiple 3-year U.S. Treasury Notes, \$50,000 in SAFF and \$6,000 in CIBEF. We chose to make this investment after the FOMC announced a federal-funds rate hike of 25bps. We locked in the 10-year-high yield on the 3-year note. Being a safe government asset, this purchase allowed us to maintain risk reduction for our portfolios. The funds gave us the opportunity to keep the duration as low as possible while still meeting IPS guidelines.

-Lucas Cogswell & Adam Gibson



Alternative Assets

The alternative assets portfolio in the CIBEF fund is made up of five different categories: opportunistic fixed income, high yield fixed income, real estate, commodities, and low correlated hedge funds. The main objective when holding alternative assets is to seek a low correlation to the rest of our portfolio.

Based on an expected increase in inflation from our economic forecast, we decided to overweight to commodities. Commodities tend to be hedges against inflation. Subsequently, we focused on restructuring the commodity funds that we held this semester.

Previously, the commodities investment strategy involved investing in individual commodities through ETFs and rebalancing the weights in accordance with SAFF class market expectations. Alternatively, we decided to minimize risk and let management of two well-diversified funds allocate according to their relative index, thus providing our desired exposure. This strategy was funded by a complete liquidation of our oil ETF (USL), and two funds (DCMSX and BRCYX). We found that the CIBEF portfolio contained unnecessary short-term risk of future spot prices of oil, which was not in line with our invest-

ment horizon. A thorough review of DCMSX indicated that it was not the best investment vehicle for our portfolio. BRCYX is an actively-managed fund, but is hindered by a relatively high expense ratio. Two well-diversified and actively-managed funds (PDBC and JCRIX) were purchased to provide not only exposure to energy, but to minimize risk through market cycles. PDBC allocates a larger weight to energy, where JCRIX has historically performed well and provided less downside risk.

One disadvantage of active management is that, in exchange for additional services, one must often pay higher fees. PDBC features an expense ratio on the lower side of the spectrum. On the other hand, JCRIX has an expense ratio slightly higher than the average. These changes were still in the best interest of the CIBEF fund because we minimized risk resulting from oil price volatility, while still providing exposure to the energy sector. We also reduced the number of holdings. We felt that two holdings offered enough exposure to the commodities market. In the future, we expect our commodity funds to decrease the volatility of the alternative assets portfolio, and therefore the volatility of the CIBEF fund as a whole.

-Brandon Garza

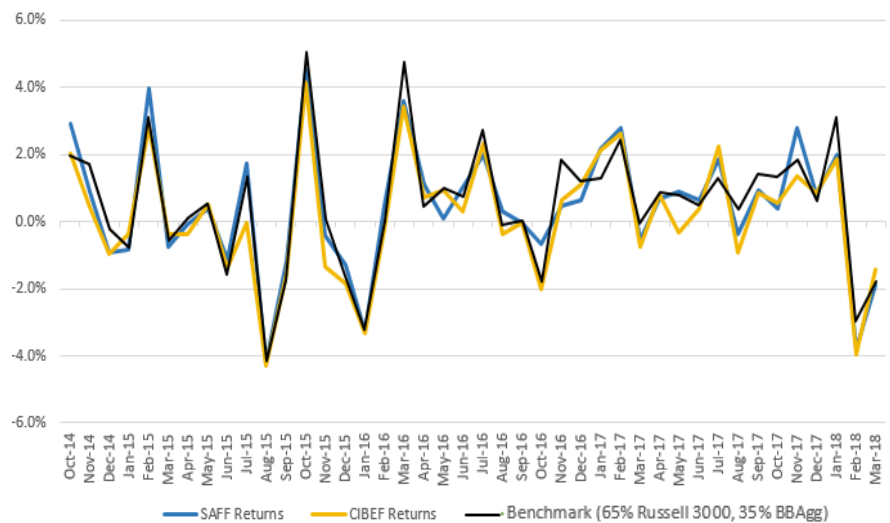
Portfolio Returns

Monthly Returns

The year of 2018 has been tough on the financial markets. Falling in line with the market indices, our portfolios have had to weather unfavorable conditions. Sector, market and individual exposures that propelled our portfolio in Q4 of 2017 proved to hinder our growth during Q1 of 2018. Despite challenging conditions in the financial markets, we are confident that our current exposure positions our portfolio for success in 2018. We are excited to see our portfolios continue to perform positively in the future.

-Courtney Chrzas

Portfolio Monthly Returns



Annual Returns

Date	SAFF Value	SAFF Annual Return	CIBEF Value	CIBEF Annual Return	Benchmark Return
12-Dec	\$1,220,953	9.14%			10.50%
13-Dec	\$1,501,643	22.99%			19.41%
14-Dec	\$1,614,339	7.50%	\$699,738	1.52%	8.88%
15-Dec	\$1,622,399	0.50%	\$672,437	-3.90%	-0.76%
16-Dec	\$1,714,651	5.69%	\$694,901	3.34%	7.70%
17-Dec	\$1,949,284	13.68%	\$765,143	10.11%	13.50%
YTD	\$1,878,747	-3.62%	\$742,677	-2.94%	-1.22%

The table above shows the annual values and returns for both SAFF and CIBEF dating back to 2012. Year-to-date we have seen a drop in both the SAFF and CIBEF portfolios of -3.62% and -2.94% respectively. Compared to the blended benchmark, which has a year-to-date return of -1.22%, we find ourselves falling just short. However, given our exposure in internationals, value based stocks, and relatively large initial cash holdings, we have underperformed during the first quarter of 2018. Nonetheless, we are confident about our position moving forward as the bull market extends. We will continue to monitor our risk, manage our exposure, and grow value for both of the portfolios.

-Kyle

Special Thanks to Our Investors

The Spring 2018 Student and Foundation Fund 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 of the time and effort that goes into this experience.

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- Christopher Campbell

Benjamin D. ... Bj. Erica ...
Natalie Schendeller Kathryn Van Dusen Courtney ...

