

**Letter from David Lamis, President  
2018 Colorado College Investment Club**

*“Practice, the master of all things.” – Emperor Augustus*

I would like to begin by thanking those who helped me in my first semester as president of the Colorado College Investment Club. Jared Bell and Jack Bush-Joseph, the former President and Vice President of I-Club respectively for their guidance and mentorship, Professor Jim Parco, the club’s faculty advisor for giving me the opportunity to lead, Gerri Anne Reed and Jackie Dugan for administrative support throughout the semester. I would like to thank the Schlessman Foundation and the Department of Economics and Business for supporting the club both operationally and monetarily. I’d like to finally thank my executive board, Vice President Annie Brandstrader, Officer of Diversity and Inclusion Riley Hutchings, and Portfolio Managers Aaron Maslow, Amanda Franks, Amy Bolton, Jordan Stern, and Shane Eckert.

This semester we hosted more guest speakers than at any time in the club’s history. Guest speakers allowed club members to learn first hand about the financial world from distinguished professionals. Our speakers came from many different sectors of the financial world, private equity, investment banking, commodities, risk management, secondary private equity, and more. We hosted CC alumni Dan Almon who works in Private Equity in Denver, Bob Manning who is a member of the Board of Trustees at CC and CC alum. We also hosted two CC parents Mark Connors and Andrew van der Vord.

This was the first semester the investment club had a position for Officer of Diversity and Inclusion. The investment club has a history of being predominantly white men. The goal of this position is to create an atmosphere that is inclusive to all members of the Colorado College community. As an executive board we have held workshops with the Butler Center, discussing positionality, microaggressions, and privilege in the context of the investment club and held discussions on whiteness with the entire club. There is much work still to be done to make the club more inclusive in the years to come.

Looking forward to the fall semester, the I-Club is happy to be engaging in a partnership with the Office of Sustainability to be creating another Sustainable Portfolio, with \$20,000 from that Office. The new portfolio will be co-managed by the I-Club and OoS and will have distinct criteria for what signifies a sustainable investment. This will bring the total AUM of the club to nearly \$100,000, up from \$40,000 less than three years ago.

We are pleased to announce that our entire executive board will stay on through next fall, allowing us to hit the ground running in the fall. We are also excited that we are going to introduce a quantitative portfolio in the fall, run by Aaron Maslow, specifically focused on implementing analytical modeling techniques to value potential investments. We are also contemplating creating a stronger onboarding process, giving students new to the club the tools to understand the language of business and finance. In closing, given the success of this semester, we are excited for what lies ahead in the fall.

**Letter from Jared Bell, Former President  
2018 Colorado College Investment Club**

*“Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results.” – Andrew Carnegie*

The fall semester of 2017 was the first term in which the newly written bylaws were in effect. Given the strength in organization, Mr. Jim Parco gave the club a \$20,000 increase, bringing total AUM to \$67,000 (including returns from the preceding semester). This influx of capital allowed for two new portfolios: an ethically invested portfolio and a passively invested portfolio that bought the S&P 500. The passively invested portfolio served as the benchmark for returns for the other portfolios. With the new moneys, the executive board and general club members were anxious to begin investing.

The year began strong from an operational and investment perspective. The excitement for the club was also the most I had seen since my time with the Colorado College Investment Club. The five managed portfolios were running smoothly and attendance at meetings was consistent. The club meetings consisted of either educational investment lessons, ranging from beginner knowledge to derivatives, or speakers. A couple of quality speakers the CCIC hosted include Andy Fastow, former CFO of Enron, and CC Alumnus Sue Allon, who has sold two companies that managed risk on mortgage-backed securities.

A few blocks into the semester, however, we noticed that the general demographic seemed somewhat homogenous. We had accomplished our goal of introducing physical science majors and humanities majors to our club, but we were missing a presence from women. After speaking with several women about how we should approach this issue, the resounding response was that a room full of men can be intimidating. The executive board and I decided that an effective plan of action would be a “women-only” portfolio; this portfolio was not restricted to only women, but it was a place that provided women investors the opportunity to feel comfortable and learn without fear of being incorrect. The “women-only” portfolio became our largest and most popular portfolio within weeks.

As fourth block approached, the club was stable and returns were solid. The next step was to identify and select successors for the leadership positions. Because the new bylaws prohibit second semester seniors from having leadership roles, most of the executive council required replacement. After a series of interviews, we selected David Lamis as the next President of the CCIC. He is an intelligent and motivated student, and we are certain that the club is in good hands.

I would like to close by thanking the Schlessman Foundation for the funds and support to operate such a great club—this opportunity is so unique to Colorado College and I am fortunate to have had a leadership role and enjoy such a generous gift. Further, the experience I had and the success the club had would not have been possible without such a dedicated team, so I would like to give much credit to Gerri Anne, Jim Parco, and my executive board. I am looking forward to seeing where this club goes.

## **Portfolio One**

Portfolio Managers Jordan Stern and Annie Brandstrader

We started off the year with a balance of \$13,316.96, which consisted of six companies: Heron Therapeutics, United Technologies, and iShares US Aggregate Bond ETF, Netflix, Micron Technology, and BHP Billiton. During the first half of the year, the portfolio was completely liquidated and we purchased 45 shares of Tencent Holdings Limited (TCEHY), 60 shares of Intel Corporation (INTC), and 85 shares of Bank of America Corporation (BAC).

At the start of the second semester, the investment club was restructured. The executive board was changed and each portfolio was reorganized. The club also got a big influx of new members during this period, who were mostly underclassmen. As a result, we spent a lot of time bridging the knowledge gap between the more experienced analysts and the new analysts. Another large change was that every week there was a different guest speaker for investment club. This brought a lot of new perspective on different investing strategies, but also reduced the time spent in the all-club meetings that was dedicated to either teaching a specific concept or breaking off into individual portfolio groups. Ultimately, these changes meant what we had limited time to actually execute trades. Before the end of the year, we plan on investing the cash, \$3,735.81, from the liquidation earlier in the year between two more companies. These two companies will be voted on by our team of analysts at our last meeting of the year. Both companies will be in a lower risk class and outside of the three major industries that we are invested in now (tech, finance, airlines).

Tencent Holdings Limited (TCEHY): Tencent is a multinational conglomerate company. They specialize in tech and are based in China. Tencent has immense growth potential, as seen by their continued movement into new tech sectors (social media, messaging apps, video games, AI, cloud services). Tencent's major messaging app, WeChat, has over 1 billion users and the company has continued to add new features to expand the app's functionality.

Intel Corporation (INTC): At the time this stock was valued, it had a PE ratio of 16.5, compared to the other companies whose PE ratios were at least twice that. We believed that this company was undervalued and that the recent acquisitions Intel had made would help boost the stock after the industry had made a slight correction.

Bank of America Corporation (BAC): Bank of America (BofA) has dropped recently in price due to an increase in shares and some one time charges that were made. They have redone their mobile banking app, one of their one time charges, which has in turn helped save the company money.

On March 7th, we purchased 30 shares of Southwest Airlines (LUV) for \$1,732. We initially looked into airlines because we wanted to diversify our portfolio. From there, we narrowed down our options to Southwest, Delta, American, and United. We decided to invest in Southwest Airlines (LUV) after considering a number of factors. Looking at some key ratios, we found that Southwest's metrics were better than those of the other airlines. Southwest has a better business model (cost wise) than the others due to their use of a single type of aircraft. Their airline specific metrics, PRASM (Passenger Revenue per Available Seat Mile), CASM

(Cost per Available Seat Mile), and Passenger Mile Yield, were better than the other airlines' as well. We also thought that Southwest had good growth potential, as it has expansion models for both foreign airlines and flights for places like Hawaii, where there is currently a monopoly by Hawaiian Air.

## **Portfolio Two: ESG Portfolio**

### **Portfolio Manager Shane Eckert**

The 2018 year has been successful for portfolio 2 both in terms of learning investment skills as well as financial returns. The portfolio has based its success off the continued dialogue among group members as well as increased application of investment skills learned from club meetings. Bringing in a completely new team to start the 2018 year, portfolio 2 is managed by Junior Political Science major Shane Eckert in his first term as portfolio manager. Making up the rest of the team are analysts Emma Brossman, Luke Strohbehn, Zach Benevento, Kelly Nguyen, Bryson Camp, and Sam Doggett.

Portfolio 2 is categorized as the sustainability portfolio, representing Investment Club's continued engagement with efforts to invest sustainably with an emphasis on the environment, leadership and governance within a company, and maintained strength as an investment over time. As a framework from which to analyze investments, each company pitched is examined through these lenses in order to gauge the sustainability of its investment. As a mechanism to sustainably invest, portfolio 2 has looked heavily to ESG investments that specifically focus on companies who have made commitments to environmental, social, and governance goals.

Starting off the trading year, portfolio 2 inherited a portfolio that was 100% invested, with three quarters of the portfolio spread throughout three ESG etfs and 25% of the portfolio distributed among blue chip stocks. We initiated by liquidating one of the three major ESG etfs in order to gain 25% portfolio liquidity, from which we have attempted to take advantage of recent market volatility by initiating value positions with companies such as Boeing and Facebook. We have maintained positions in Texas Instruments, Align Technology and VF Corp to maintain diversification of blue chip equities. We additionally have initiated a smaller longer term investment in Aphria corporation, a Canadian cannabis company that stands to profit off of continued media coverage and discussion of legalization. We have organized our portfolio to represent a stable and profitable diversification of investments by maintaining our large stake in passively traded ESG etf funds, holding a smaller stake in environmentally committed blue chip stocks, and venturing with a minority stake in longer term value buys. As of March 2018 portfolio 2 has year-to-date gains of 3% despite increased volatility and market corrections.

## **Portfolio 3: Future Quantitative Portfolio**

### **Portfolio Manager Aaron Maslow**

The 2017-2018 academic year has been a tough year for returns due to the volatility in the market. Between the rising interest rates and trade war scares, the market saw multiple large corrections that erased many stocks' 2017 gains. The portfolio has rebounded strongly from these initial losses and the ongoing fluctuations in the market. Portfolio 3 is led by Junior Economics Major Aaron Maslow serving his first term as portfolio manager and are assisted by his team of analysts.

Portfolio 3 began the year with an 100% cash portfolio due to the liquation of its holdings by the previous manager. With the freedom to rework the allocation of the holdings the portfolio agreed upon using fortune 500 blue chips and ETFs to offset the risk taken on by riskier investments. Over the course of the past two months the portfolio has taken on several value positions. These positions include two mutual funds and both JP Morgan and Bank of America. The portfolio also took positions in Netflix and beverage giant Anheuser Busch In-Bev in order to further diversify risk. The last 3 holdings in the portfolio are the riskiest companies but have the highest upside. First, 284 shares of Plug Power, an electrical equipment manufacturing company, were purchased. Second, 56 shares of Carrizo Oil and Gas, an oil and gas company, were bought and finally, 43 shares of Tencent Holdings, a Chinese investment conglomerate, was bought. All three of these companies were chosen because of their strong fundamentals and competitive edge in relation to their competitors.

The portfolio has diligently monitored each investment holding during weekly meetings outside of regular CC Investment Club events. During these meetings, the members of the portfolio discussed current events and how they may impact the portfolio's positions. Overall, the spring semester has been very educational for portfolio 3 because market conditions have been drastically different than 2017's strong growth for stocks.

### **Portfolio 4: Women's Portfolio**

## **Portfolio Managers Amy Bolton and Amanda Franks**

The 2016-2017 year has been the first year the Women's Portfolio has existed. We are striving to increase the diversity and inclusivity of the Investment Club by creating a space that is non-male dominated and is focused on experiential learning of investment basics.

The Women's Portfolio started off with a completely new leadership team from the year prior including Junior Economics Major Amy Bolton and Junior Math Economics Major Amanda Franks. The members came with a wide variety of skill levels, creating a challenge of bridging knowledge gaps.

The Women's Portfolio took over during the January market correction so we started the year off by holding the assets we inherited from the previous group. We then decided to sell 32 shares of BAE Systems because it did not seem to be making any key investments to expand their business. Their dividends to investments ratio was high, and market control is volatile. Liquidity is necessary to reinvest in a defense contractor that will be expanding in the coming months as a defense contract is negotiated in Congress. We also sold 49 shares of T-Mobile because they have been underperforming in the Telecommunications sector, while continually driving a loss. Selling at this price ensures liquidity to diversify our portfolio, while maintaining cost-minimization. Our analysts believe continuing to hold our shares will only result in greater loss. We then bought 176 Shares of VEON, a global telecommunications company. They have brands throughout Europe and Asia and plan on growing global cell networks. We bought them then because they just hit a 52 week low and our analysts determined that they are an undervalued company that have a large potential for growth.

The Portfolio is diligently monitoring our investment holdings at CCIC weekly meetings. At these meetings, we listen to member portfolio pitches, discuss what the stock market is doing, or analyze our current holdings. We also work on educating our members by telling them different tools to use to evaluate and compare different investments. This year has been a great learning experience for all members of the Women's Portfolio and we are excited to continue this learning journey next year!