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Ursinus College Student Managed Investment Fund

Spring 2018

Ursinus College Investment Club Newsletter, Spring 2018

Haley Sturla
Ursinus College

Johnathan Myers
Ursinus College

Scott Deacle
Ursinus College, sdeacle@ursinus.edu

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Ursinus College Investment Club Newsletter

Created by Haley Sturla '20
Director of Marketing

INSIDE THIS ISSUE

1. A Note to Our Readers & Donor Recognition
2. Quantitative Strategies with Matt Yuros '12, TFS Capital
3. Inside Institutional Investments with Michael Fleming '97, Vanguard
4. Bitcoin: Is It A Bubble? with Dr. William Luther, Kenyon College
5. Portfolio Performance, the First Year
6. Looking Forward

Thank You to Our Donors

- Harold C. Smith '55
- The Hirtle Callaghan Co.
- Michael Fleming '97
- Joseph Pursley '02
- Daniel Myers P '19
- Scott Deacle, PhD

A Note to Our Readers

We have been working hard this semester researching publicly traded securities and preparing presentations for the committee and board of trustees. We hosted a mini-guest lecture series, including Matt Yuros '09, Dr. William J. Luther, Michael Fleming '97, Erich Pingel '11, and a board of UC alum who currently work at SEI.

Additionally, we have incorporated more sophisticated analytical techniques to value publicly-traded equities. As members of our club take more advanced finance classes, we have the ability to select stocks with a more rigorous background.

We are preparing for the next step in UCIC's history as a one-credit course (FIN-001), which will be offered in the fall and open to all students. This course will cover the material historically covered by UCIC at a more academic level to give students the vocational and technical skills to succeed in a career in finance.

Our goal is to give students the same academic rigor as industry professionals in order to prepare them for the world after college. We hope you enjoy this issue of the Investment Club's newsletter.

Sincerely,

Scott Deacle and Johnathan Myers
Club Advisor, Club President

Haley Sturla
Director of Marketing

Quantitative Strategies with Matt Yuros '12

Head of Trading at Elmagin Capital, LLC

On January 25th, the Ursinus College Investment Club hosted UC alum Matt Yuros '12, head trader at TFS Capital, an investment company based in West Chester, PA. Yuros works with modern computing software like Python and Excel to develop models that help his firm make buying and selling decisions. Currently, the firm trades electricity contracts on wholesale power markets. For the first part of the session, Yuros discussed a simple quantitative strategy that involved trading two public securities, PepsiCo and Coca Cola, and showed how the 200-day moving average of the stocks' price ratio acts as a mean towards which both stocks should regress. More broadly, he discussed modern-day quantitative strategies and trading techniques used by large quant firms. After discussing the trading strategy, Yuros talked about careers in quantitative finance after college. He encouraged students to apply for jobs and internships at a high scale, and emphasized the importance of cold-e-mailing companies in order to get a foot in the door. Finally, Yuros commended the value of an Ursinus degree, claiming that the point of Ursinus is to immerse one's self in education.



**“That's what
Ursinus gave me
the freedom to do-
the opportunity to
do something to
differentiate myself
from everyone else”**

Matt Yuros '12

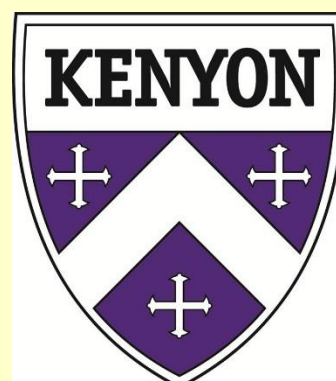
Inside Institutional Investing with Michael Fleming '97, The Vanguard Group

On February 15th, 2018, the Ursinus College Investment club hosted guest speaker Michael Fleming '97 to discuss his role as an institutional investor for Vanguard. Mr. Fleming's title is a sales executive in the Vanguard Institutional Investor Group, where he helps nonprofit organizations with portfolio management issues. These issues include asset allocation decisions, portfolio construction approaches, investment strategies, and fiduciary governance. Currently, Mr. Fleming is working with various types of nonprofit organizations, including endowments, foundations, health systems and hospitals, cultural and religious organizations, and professional associations. Mr. Fleming also discussed the investment management industry, buy side, sell side, and financial intermediaries. He also talked about US Plan Sponsors, Endowments and Foundations, Traditional and Alternative investment firm strategies, and portfolio constructions.



Bitcoin: Is it a Bubble? With Dr. William J. Luther, PhD Kenyon College

On March 15th, UCIC co-hosted with the newly-formed Economic Ambassadors Program Dr. William Luther, professor at Kenyon College. Dr. Luther is actively involved in the American Institute for Economic Research as the Director of the Sound Money Project, works with the Cato Institute, and worked with the Mercatus Center. At the lecture, Dr. Luther discussed what blockchain technology is, how parties can be involved in blockchain, and what some of the risks associated with investing in Bitcoin were. He argued that Bitcoin, because of its novel technology, was not in an asset bubble because the true value of the asset is difficult to determine. Dr. Luther also spoke about other popular cryptocurrencies, such as Ethereum, Litecoin, and Ripple. Because Dr. Luther's background is in monetary policy, he spoke mostly about the benefits of using a decentralized currency over a currency backed and manufactured by a government.



Alternative Investments, Private Equity and Hedge Funds

SEI Investments

On March 29th, UCIC hosted a panel of guest speakers from SEI Investments in Oaks, PA. The panel included UC Alum Britton Bongaardt and Michael Lombardo. Britton spoke about the history of hedge funds and their current role in financial markets today. Hedge funds, according to Britton, take up large fees for their maintenance, which is why they historically have lower performances than ETFs. Michael spoke about private equity and its use as an alternate to investing. Michael also explained the difference between private equity, venture capital, and different private equity manager strategies. The panel then talked about careers at SEI and their experience as Ursinus undergraduates.

UC INVESTMENT CLUB
PRESENTS



UC Alumni
Bryan Astheimer, Britton Bongaardt, and Michael Lombardo

LEARN ABOUT
TRADITIONAL & ALTERNATIVE
INVESTMENTS FROM SEI
EXPERTS

Bomberger 128 Thursday, March 29 7pm

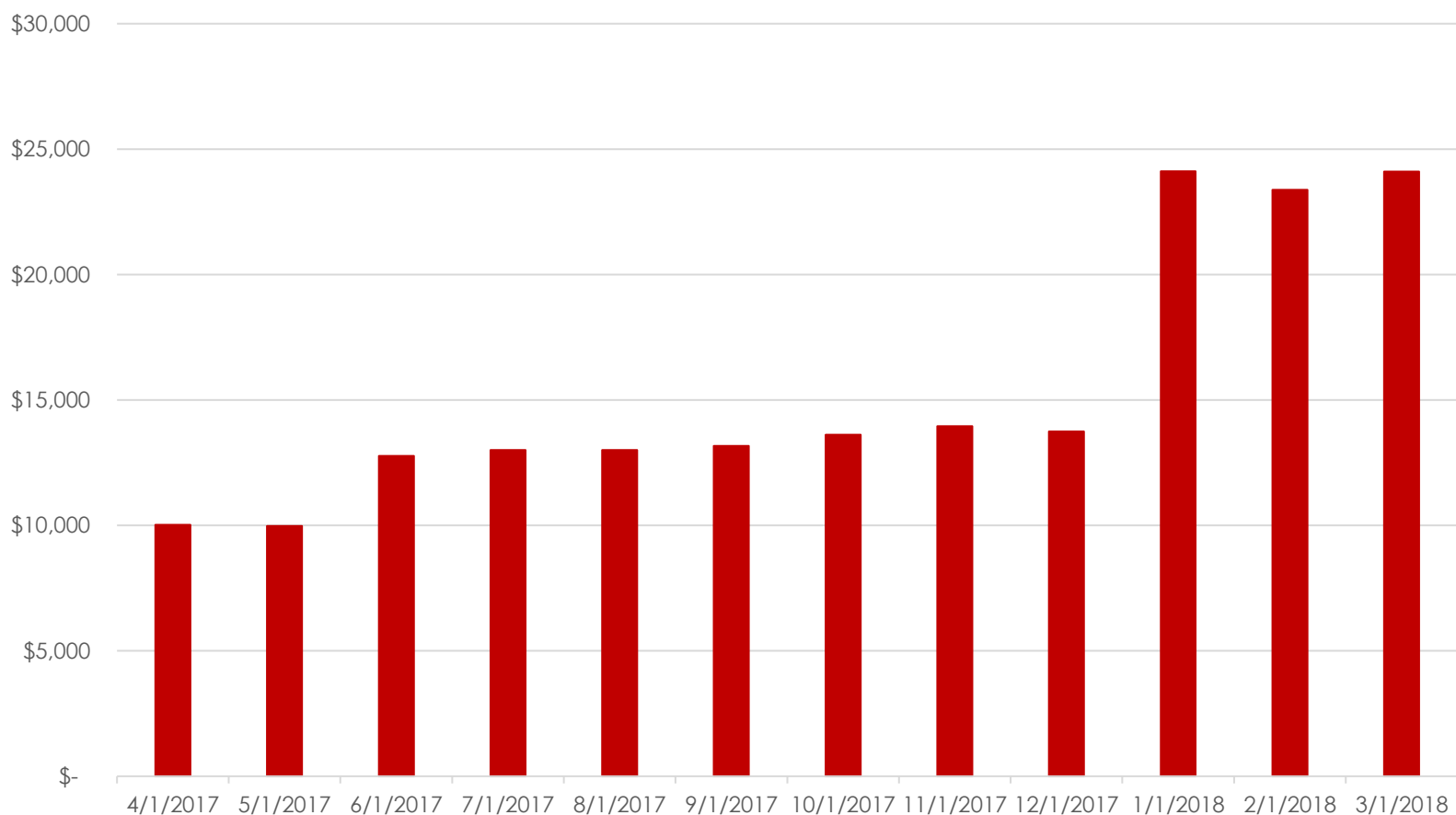
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SEI New ways.
New answers.®

UC Investment Club's *Harold C. Smith Fund* Performance: A Year in Review

Our performance this year was driven by our adherence to the investment strategy as laid out by Edgar Wachenheim III in his book, *Common Stocks and Common Sense*. We have been using this strategy for the past two years. This year, we were eager to adopt strategies that are more sophisticated that demand more advanced research, such as downloading equity reports, conducting a thorough financial statement analysis, and using financial modeling in excel in order to determine the fair value of stocks. The Spring 2018 round of stock selection will include more in-depth analysis of company operations. Starting Fall 2018 with the one-credit course FIN-001, we will begin creating industry-level equity reports on companies for presentations to further develop analytical skills.

Harold C. Smith Fund NAV, Academic Year 2017-2018



Looking Forward: Upcoming Changes to UCIC

Beginning Fall of 2018, we will sunset the Ursinus College Investment Club, transforming an extracurricular activity into a one-credit course. The reason for doing so is to increase retention throughout the semester, build a stronger relationship with the Business and Economics department, and fully immerse students in the liberal arts practice of financial analysis from both an interpersonal and vocational standpoint. This refinement of the Investment Club's program also highlights an Ursinus career to incoming students, as few other liberal arts colleges offer such a program with no cost. We are excited for these changes and to begin the process again with a new generation of students who are as eager about the study of finance as we have been these past two years.

