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Investment Management Company Newsletter

Ursinus College Student Managed Investment Fund

Spring 2019

The Ursinus College Investment Management Company Newsletter, Spring 2019

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Ursinus College Investment Management Company Newsletter Spring 2019

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- Michael Fleming '97
- Joseph Pursley '03
- Daniel Myers P '19
- Scott Deacle, PhD
- Johnny Myers '19
- Chris Guy, Associate Controller, Ursinus College

What's New?

The Ursinus College Investment Club was founded by Daniel Uba as a place where students could invest in a simulated market. In 2016, Johnny Myers and Anthony Chang received a donation from the late Reverend Harold C Smith to jumpstart a real world stock investing program.

As of Fall 2018 we have transitioned the Investment Club into a one-credit finance course called the Student-Managed Investment Fund. In addition to transitioning the club to a course, we have also repositioned about 80% of our assets to an endowment style of management.

The fund currently has 35 student managers from all majors and backgrounds. We are working with this increase in membership to reinforce the opportunities granted to new students. This includes two opportunities in which we travelled to Vanguard in Malvern, PA and Allianz G.I. in Manhattan to meet with fund managers and learn about their processes and advice.

Brief History of Ursinus

Ursinus College is a private liberal arts college located in Collegeville, PA. Ursinus was founded in 1869 and is named after the 16th-century academic and theologian Zacharias Ursinus.

Ursinus has roots in the German Reformed church, but now the college is non-sectarian. In 1881, Ursinus became a coeducational institution. The famous author J.D. Salinger attended Ursinus. There are other notable alumni of Ursinus including: Dan Mullen, head football coach at The University of Florida, politician Ryan Costello and famous chemist Joseph DeSimone.

Ursinus was also recently named to U.S. News' list of top 100 Liberal Arts colleges receiving the honor of being ranked 90th in the country.



“Ursinus aims to prepare students from all backgrounds for lives of leadership and service.”

Dr. Bobby Fong, 13th president of Ursinus College



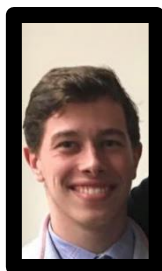
What Our Newest Students Are Saying:



Tim Yarosh: Making the decision to join the talented and established members of the UC Student Managed Investment Fund was such a worthwhile experience. As a graduating senior, the only thing I wish I could have changed about my experience was getting involved with the group sooner. Being a member of the group provided me with every opportunity to increase my financial/investing literacy. From researching and pitching a unique stock to be considered for the fund to hearing industry experts at Vanguard speak to us about their strategies and experiences were valuable opportunities; ones you may not find anywhere else. Finally, as a student who wasn't a finance/business and economics major, I would encourage any student from any discipline wanting to experience the wide world of investing in a controlled and supportive environment to get involved with the UC Student Managed Investment Fund.



Kevin Devlin: I found the opportunity to be a part of the Student Managed Investment Fund incredibly useful and eye opening. The hands-on attention to detail in planning the field trip to Vanguard and the various guest speakers truly allowed for the students to be immersed in the investment world. The ability for Ursinus and its alumni to give students the opportunity of managing real money is a unique and powerful tool to help understand the complexities of stocks and the market alike.



Liam Close: Working with UCIMCO the past two semesters has taught me a lot and given me many opportunities. I have learned different approaches to choosing to stocks to invest in. I was able to take part in a field trip to Allianz G.I. in Manhattan, and I have been able to work on the group's newsletter. All of which have been great experiences that I will be able to apply later on in life. I am grateful to be a part of UCIMCO.



Lucas Olshevski: The Student Managed Investment Fund provides students with a glimpse into the real world of investments. We learn effective stock selection strategies and how to present our research to an audience. The inclusive environment encourages students to ask questions and work together to build our portfolio, all while developing a stronger understanding of the stock market and other aspects of the economy.

What Are “They” Saying?



Eric Parnell, CFA, Professor of Business and Economics at Ursinus: I give a lot of credit to Dr. Deacle and all the students for tirelessly working to ensure the success of the Investment Fund over the last few years. The Fund is a great opportunity for students to learn about investments and develop their analytical skills. The collaboration between new and experienced students makes this a widely accessible and attainable program for all majors. Additionally, witnessing the day to day activities of massive corporations is an invaluable experience the program provides each semester.



Erich Pingel ('11), CFA, CFP, The Vanguard Group: I have been very impressed with the progress of the Investment Fund, particularly its evolution from a club to a 1-credit course. It is a testament to each student's passion and hard work, along with the support of the college and faculty. The research and critical thinking skills that the students are developing, along with the foundational financial knowledge they are gaining, provide benefits to individuals of all backgrounds and majors. Reflecting to my time at Ursinus, I would have relished the opportunity to be a part of the Investment Fund in its current form.



Thomas Kelly ('18), Logan Capital Management: The Investment Fund allowed me to develop the skills necessary to succeed as a recent college graduate. I was able to learn and apply fundamental analytical, financial, and critical thinking skills that I continue to use daily. I found that creating an investment thesis and working with my fellow classmates and professor to determine its viability was an irreplaceable experience. Overall, the Investment Fund has helped create a great baseline of knowledge for my career and I hope many other students will get to experience it.

Vanguard Field Trip

On a sunny Tuesday morning, members of the Ursinus College Investment Management Company took a trip to Vanguard's Malvern, PA campus to gain a greater understanding of the investing world, and ultimately how to possibly manage \$5 trillion.

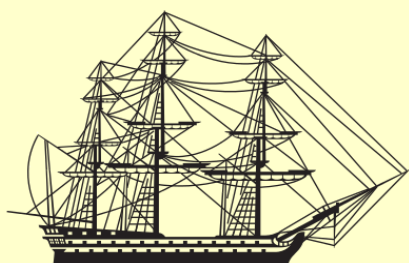
We split up into mini-vans early in the morning and made the short drive to the Malvern campus where we received security badges and went to a swanky presentation room fitted with multiple projector screens and comfortable seating for the group. We were greeted by Ursinus alums Erich Pingel, Lauren Stipa and Jennifer Dunn who work as the Investment Analyst, Emerging Leader Development Program Manager and Human Resources Recruiter, respectively.

Our first presentation of the day saw Ursinus Alums Erich Pingel, Lauren Stipa and Jennifer Dunn provide us with an insight into careers at Vanguard, and how the recruitment process works for various area of the global investing firm. The pair explained how the various leadership programs function, explaining how the firm cultivates top talent to flourish throughout the company in their respective roles. The UCIMCO group was shown a beautiful video about the inclusivity of Vanguard employment, and how the company prioritizes the advancement and networking of marginalized populations, offering numerous chances to network within the firm. After the presentation the pair took question on how to best engage in Vanguards recruitment process, and the particular opportunities which would be available to new college graduates.

The second presentation of the day was given by Ursinus alum Erich Pingel along with Peter Kokulous and Michael Gozdowski (alumni of Susquehanna University and Misericordia University, respectively). The question motivating the presentation was "How do you manage \$5 trillion? The presenters explained how the firm divides up their assets between various fund managers and ETF's, explaining their philosophy of passive management through long-term investing. We were also educated on how analysts at the firm utilize forecasting to project economic risk for various regions across the globe, and the factors which they prioritize when attempting to predict the economic outlook for any given region.

After being provided with a catered lunch we were finally offered the opportunity to talk with a panel of alumni, who answered questions about how life at Ursinus prepared them for the professional world. Kristen Mandi, Jaime Bocanement and Brendan Gifford all explained their transition into the professional world, as well as explaining the educational opportunities Vanguard had offered them, either through sponsorship of their master or additional certifications such as the CFA.

Ultimately the trip to Vanguard offered students involved in UCIMCO the chance to gain a greater understanding of life at one of the world's biggest investment firms. Through conversations with Ursinus alumni we were able to understand the applications of our education, and how best to leverage those skills to gain employment upon graduation.



Vanguard[®]

Ursinus College Investment Management Company: 2019 - A Year in Review

Percent Return

UCIMCO 7.19%

SPY 10.64%

Standard Deviation

SPY 2.29%

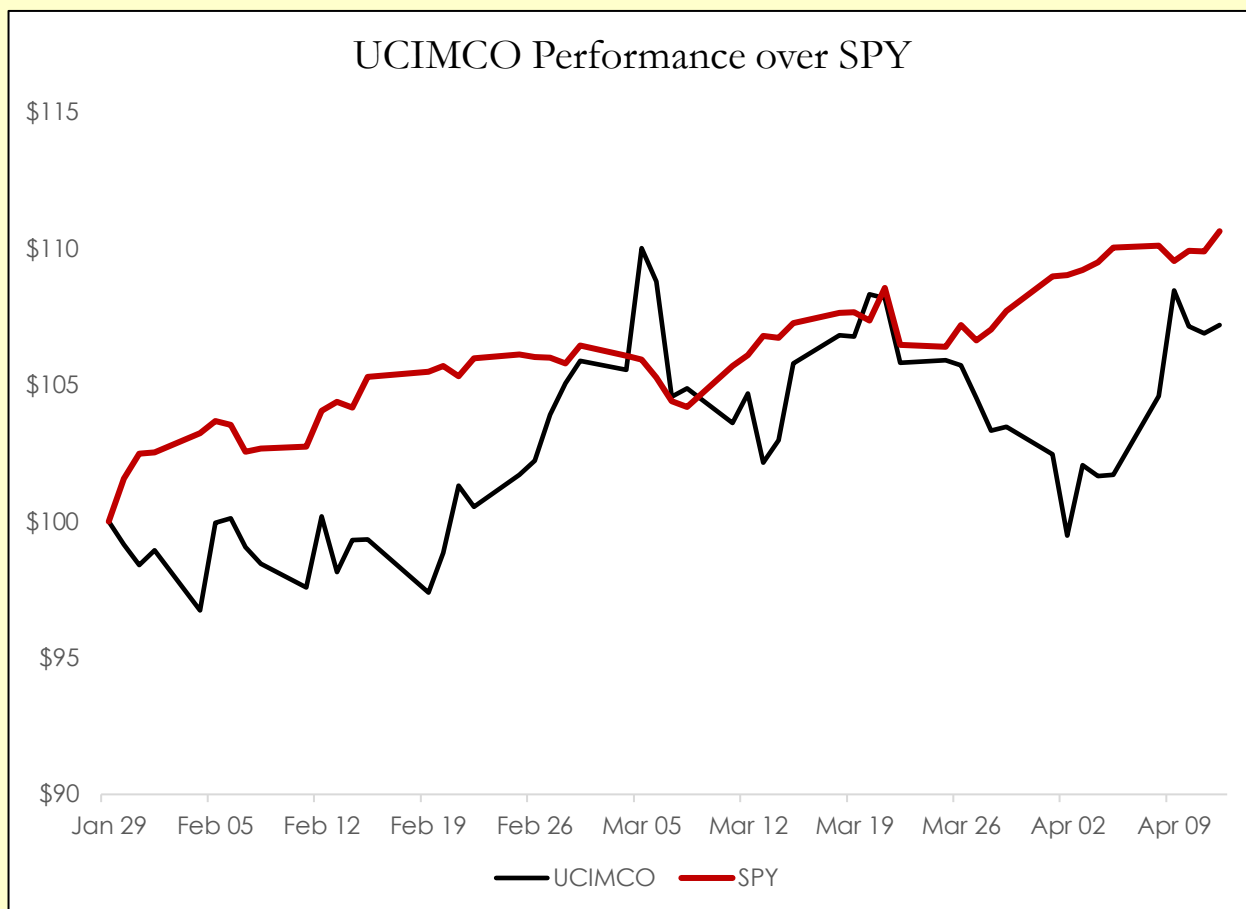
UCIMCO 3.46%

Correlation Coeff.

SPY

UCIMCO 0.58

An important part of UCIMCO's work is determining the performance of the fund each semester. During the period beginning January 29th 2019 and ending April 12th 2019, the UCIMCO Stock Fund returned 7.19%, while the S&P500 Benchmark returned 10.64%. Additionally, the standard deviation metric for UCIMCO was measured at 3.46%, while the standard deviation for the S&P 500 Benchmark was measured at 2.29%. This underperformance may be attributed to a number of factors. Low interest rates and high investor confidence has created fantastic market returns for the first quarter of 2019, with the market returning 16% from January 1 to April 12. Additionally, the underperformance of LGL and CMTL caused our portfolio to suffer. These stocks both have market capitalizations under \$1 billion, which makes research and analyses on these stocks difficult. Because of this semester's performance, we have decided to implement a \$1 billion market cap minimum in order to conduct thorough research on the performance of stocks.



Looking Forward, What's Next?

The Finance and Liberal Arts Initiative seeks to integrate the college's developing programs in finance with its existing strengths in liberal arts education. The initiative's advisory group will provide support to faculty and students as the initiative develops.

Looking forward to the near future, the UCIMCO will be sharpening its focus and developing the program in a few key areas. Our primary goal is to ultimately sharpen and refine the financial analysis skills of our members to an advanced level, with the intention of developing an industry-standard framework for assessing the ethical and social implications of financial decision making. This will be accomplished through increased exposure and practice of presenting professional-level investment research within the student-managed fund, as well as competing in high-level collegiate finance competitions.

In order to supplement the existing and future work of the student investment fund, an advisory group comprised of Ursinus alumni, parents of Ursinus students, and faculty of the college will be charged with providing mentorship and diverse resources to ensure consistent growth of the program. This advisory group will have approximately 15-20 members with diverse demographic and financial service backgrounds. Diversity and representation of various groups within the student investment fund will become the main focus in the coming months. Increased exposure and recruitment will be spearheaded by Professor Scott Deacle of the Business and Economics department at Ursinus as he will be presenting this opportunity perpetually at the Crigler Institute.



Future Fundraising & Gallery

The Ursinus College Investment Management Company welcomes your contributions to help with its continued growth. Alumnus Joseph Pursley '03 has generously offered to match donations made to the fund starting now through June 30, up to \$7,500. Because of this one-time matching challenge, now could be the ideal time to contribute to this endeavor. Double your impact and help provide more opportunities for students to learn about the field of investments. Gifts to the fund are tax deductible to the extent allowed by law. Donate today at www.ursinus.edu/makegift and be sure to select Student Investment Fund in the drop-down menu.

