

The Colorado College
Department of
Economics & Business



Perspectives on Business in a Changing World
2015-16 Schlessman Foundation Annual Report

Prepared December 2016

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Letter from the 2015-16 Schlessman Fund Advisor

DEPARTMENT OF ECONOMICS AND BUSINESS MISSION STATEMENT

We engage exceptional students
who think critically, analytically and creatively,
with intellectual competence and confidence,
by leveraging the advantages of the Block Plan
and drawing on the art and science of the discipline,
at home and abroad,
for now and for life.

Our students can:

COMMUNICATE EFFECTIVELY

- Write effectively
- Speak and present effectively
- Use the language of economics and business accurately and persuasively

ANALYZE DATA

- Interpret evidence in a reason-based approach
- Generate insightful analysis in a theoretical context

WORK INDEPENDENTLY

- Demonstrate initiative and perseverance
- Manage projects effectively

FRAME AND RESOLVE ILL-DEFINED PROBLEMS

- Apply relevant knowledge creatively
 - Appreciate the complexity of multiple perspectives
-

Dear Friends,

We hope this letter finds all well with you and yours. We are delighted to write to you and reflect on the 2015-16 academic year, which yielded some significant changes with the Economics & Business Department. Overall, things couldn't be better...

For starters, after 37 years of distinguished service to the college, Professor Judy Laux retired leaving yet another vacant business professor position in the Economics & Business Dept. to fill. Over the past six years, we have had a complete turnover of our business faculty. However, the good news is that we have had great success in our hiring and expect to have significant stability for the very bright, foreseeable future.

This past year, we were fortunate to hire Katrina Miller-Stevens as Judy's successor. Professor Miller-Stevens, originally from Colorado, got her Ph.D. in nonprofit management from the University of Colorado and upon graduation, took a tenure-track position at Old Dominion University where she taught for the past six years. We were successful in attracting her away from ODU to join Colorado College and couldn't be happier.

The year prior, as you'll likely recall from our previous letter, we were equally delighted to have hired Christina Rader, who is now in her second year with our department. Christina specializes in negotiation, judgment and decision-making and had a great first year. She originally attended Carrolton College as an undergrad and completed her doctoral coursework at Duke. Like Katrina (and me), Christina is also originally from Colorado, and all of us hope to remain with the college for many years to come.

On the "economics side" of the department, we have also hired Jessica Hoel out of the University of Michigan and Bill Craighead who taught at Wellesley prior to taking a position with our department at CC. We're excited to have such a superbly balanced departmental faculty. Aside from a great deal of breadth and depth of experience and academic disciplinary specialties, we are also now approximately 50/50 in terms of gender balance and are committed to remaining one of the most diverse economics & business faculties in the country.

We continue to implement the "Perspectives on Business in a Changing World" program in ways to further the shaping our departmental programming in profound ways – most importantly in the real-world experience and expertise that we have been able to build. Notably, over the past few years, we have actively (and diligently) worked hard to expand our Visiting Executives-in-Residence program that had originally been established by this gift fund.

In the 2015-16 year, we continued to bring in John Mann, former head of market research for the Coors Company, to teach a suite of marketing courses for both our departmental majors as well other students from across CC. John is quickly becoming one of the most adored professors on campus. We also are continuing to work with Adam Press '84. Mr. Press is not only a very well-respected and committed philanthropist to the college (the new athletic center is named after him), he has also been an active collaborator with our entrepreneurship and strategy business courses. Additionally, we were also fortunate to bring aboard Sue Allon, CC alumna class of 1980, who started two successful Wall Street firms and is now teaching a course titled, "The Workings of Wall Street," for us. We have also been able to bring Dean Mike Edmonds into our program who is teaching "Business Communications" for us every other year. You can see our list of collaborating Executive-in-Residence departmental faculty on our webpage at: <https://www.coloradocollege.edu/academics/dept/economics/people/executive.faculty.in.residence.html> We would be remiss not to mention that it is because of the generous philanthropy of the financial support afforded to us by this fund that has made all of these new developments possible, and for which we are deeply grateful.

Last, but certainly never least, are the students who are the principal beneficiaries of the structure we have been able to build. The feedback we get from our courses taught by our Schlessman Executives-in-Residence continues to be exceptional. This program also continues to financially support our student Investment Club and the Student Advisory Board. Both extracurricular

student groups are entirely student-organized and student-run. Attached are their reports. We appreciate the opportunities we have had to support them as we have and hope to continue doing so for many years to come.

In closing, we are happy to report that our department has never been stronger and more engaged. With our newly revised curriculum and a dedicated track of business elective courses, we are structured to preserve business in our curriculum for generations to come.

Finally, a genuine heartfelt thanks to Gerri Anne Reed as our Administrative Assistant, Nancy Heniecke as our Office Manager and Jackie Dugan, our departmental paraprof for their outstanding support of our programs and funds. We could do this without them.

If you have any questions or would like more details, please do not hesitate to reach out to me by phone or email.

Warmest regards,

Jim Parco, Ph.D.
Gerald L. Schlessman Professor of Economics & Business
Schlessman Executives-in-Residence Fund Coordinator
Co-chair, Department of Economics & Business

cc: President Jill Tiefenthaler
Dean Sandi Wong
Economics & Business Department Chair Pedro de Araujo
Economics & Business Department Associate Chair Kristina Lybecker
Kristina Lybecker, Associate Professor
Dan Johnson, Associate Professor
Aju Fenn, Associate Professor
Vibha Kapuria-Foreman, Professor
Kevin Rask, Research Professor
Esther Redmount, Associate Professor
Mark Smith, Professor
Nancy Heinecke, Academic Administrative Assistant
Gerri Anne Reed, Schlessman Coordinator
Jacqueline Dugan, Paraprof

2015-2016 Student Advisory Board Report

As the 2015-16 year school year comes to an end, we are pleased to announce that we successfully organized several events to benefit the Economics and Business students.

The mission of the Economics and Business Student Advisory Board is to serve as a liaison between faculty members and major students. The Student Advisory Board takes the role of serving and organizing events to further the liberal arts education at Colorado College by promoting opportunities for Economics and Business major students to involve in the department. From early in the year, the Student Advisory Board serves as the platform for our students to speak out loud and express their interests. We organized a variety of events ranging from an information session about different Economics and Business major tracks to a discussion about the experience of writing a thesis.

During the Block 2 we had a meaningful discussion on the way to advocate the Student Advisory Board as a platform to help students connect with faculty members and express their interests. We decided on advocating the club through different kinds of social media and emails. In addition, we exchanged opinions about the new department seminar room being used. During the discussion, students expressed their opinions towards the new seminar room.

In Block 3 we organized a Q&A event that was aimed at students who were newly declared Economics and Business Dept. majors, or students who were thinking about becoming Economics and Business majors. Professors de Araujo, Rappaport, and Rader were at the event to answer different kinds of questions about the different major tracks. One very important theme of this event was the new major track. All professors at the event helped to clarify that the new major track is better than the old one in the way that it is more focused and can help students do better in course work and also in their senior thesis.

During the Block 4 we were pleased to have John White from Wake Forest University to talk about the master in management program. John discussed the program in detail and answered questions our students had about the program.

In Block 6 we discussed details about the Annual Student Research Symposium and started the first stage of planning the event.

During Block 7 we confirmed details about the Student Research Symposium with some of the presenters. Later, we assigned tasks to volunteers and started to organize the event. We also discussed details about the thesis experience-sharing event. In addition, we talked about the re-election of next year's board members. Because there were more applicants than the number of board members needed, we decided to have interviews to decide next year's board members.

We interviewed all the applicants at the very beginning of Block 8. All applicants expressed their understandings of the club and talked about their ideas about possible events. After a careful selection process, we chose Stephen Petersilge ('17), Justin Nyugen ('18) and Onyx Bengston ('18) as next year's Student Advisory Board co-chairs. We also held the thesis-experience sharing event where senior students shared their experiences and suggestions of writing a thesis

with our students who are planning to write thesis in the near future. During Block 8 we also organized the Annual Student Research Symposium. We invited Nathan Lee ('13) to be our keynote speaker at the event. He talked about his experience after graduation from the college. The event lasted for three hours. There were 27 presenters and a total of 29 presentations. The presentations covered various Economics and Business topics.

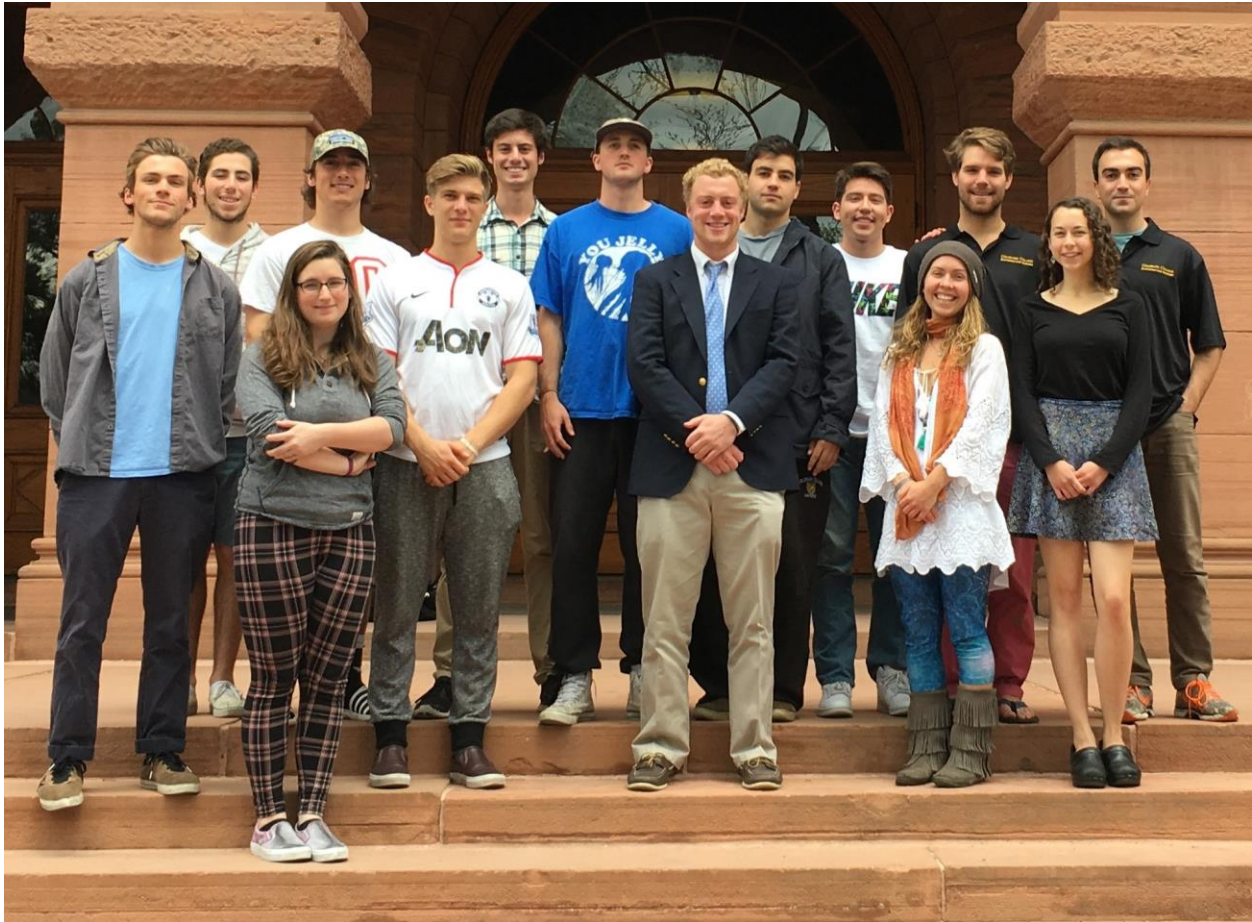
This was a year of transformation for the Student Advisory Board and posed challenges for us since nearly all the previous SAB participants had either graduated or were off-campus. As mentioned, the Student Advisory Board serves as the liaison between faculty members and our students. Therefore, a representative student body of the major students is needed to discuss and talk about different things within the department. By creating an agenda before each meeting and creating minutes for review, we started to gain popularity within the department step and step. We also tried to create rules and a list of possible events to help the Economics and Business Department Student Advisory Board maintain active within.

The Student Advisory Board Co-chairs for the 2015-16 academic year are grateful to the department for all the resources made available to maintain our student group. We are aware of the importance of extracurricular opportunities within the department and communication between faculty members and students. The Student Advisory Board has elected new co-chairs for the upcoming year and we believed the club will grow bigger and better.

Alan Hurbi '16
Mayss Al Alami '17
Hanbo Shao '18

Student Advisory Board Co-Chairs for the 2015-2016 Academic Year

The 2015-16 Colorado College Investment Club



(A few of the members of the Colorado College Investment Club)

The Colorado College Investment Club aims to educate all members on the basics of personal investing. With the help our Faculty Advisor, Professor Jim Parco, guest speakers who so generously donate their time, and a dedicated team of Board Members, the club succeeds in its pursuit of learning. With a completely refreshed team of Board Members, the club looks forward to a promising and engaging future that will benefit from fresh ideas.

The I-Club gives special thanks to our faculty advisor, Professor Jim Parco, this year's guest speakers, and all Board Members (Spencer Collins, Samuel Keene, Thomas Keene, Anubrat Prasai, and Lauren Bieber).

**Letter from Baran Yildiran, President
2015-16 Investment Club**

It has been a pleasure to serve as the Colorado College Investment Club President for the 2015-16 academic year. As the school year comes to an end, the investment club has its portfolio in a great position for an exceptional 2016-17 performance. The club's purchases made last year and first semester this year saw some great performances. The club effectively navigated several complicated purchases and sales, and I believe that the portfolio is in great shape to provide significant returns through income from dividends and significant returns from some of new holdings.

Along with making purchases to deploy the cash assigned to the four categories listed above, the club will look to reevaluate each security in the portfolio to deem if there are any current holdings that are likely to significantly underperform the broader market. A specific emphasis will be put on the club's bond holdings, which has typically been a category on which the club has spent very little time, due to the fact that most people consider them boring even though they are an important tool in the investment world.

This year's group of exceptional and diverse speakers is something that we will hope to continue with and build upon in the upcoming year; to engage speakers working in different sectors of the financial industry (mutual funds, brokerages, endowment managers, etc.). The club was lucky to have a great group of speakers from a wide variety of areas within the investment field. Speakers included Sam Chapman from the Denver branch of the Kansas City Federal Reserve Bank, Hunter Wolfel from Healthcare Appraisers, Spencer Collins '15 from Goldman Sachs, John Tompkins '89 Founder of Tyvor Capital, and Phil Condit previous Chairman and CEO of Boeing.

For next year, we hope to make small changes to the club to improve its attendance and usefulness. One of our main areas of concentration will be the education aspect of the club, which we will aim to expand since the main mission of the club should be to educate students about investing. This will hopefully help the club more effectively choose stocks as well.

In closing, the Investment Club would like to thank Stacy Lutz Davidson, Colorado College Controller, for both her availability throughout this whole year and her help in providing us with direct access to view our accounts. Also, we would like to thank the Economics & Business Department for their help organizing food for meetings and general support throughout the year.

Baran Yildiran '17
President,
Colorado College Investment Club

**Letter from Jared Bell, President Elect
2016-17 Investment Club**

“Life is about choices” – Jim Parco

I joined the Investment Club last year strictly as a member; I used the year to learn passively. The following summer I earned a position at a boutique middle-market investment bank where I was exposed to a business environment, efficiency methods, and organization skills that are directly applicable to the culture and structure that is desired within the Colorado College Investment Club. In the 2015-16 I-club I applied these skills to the portfolio manager position of Portfolio B, creating a structured group of students that felt like they had a voice in the portfolio while learning important investing fundamentals along the way. The environment of Portfolio B and investing strategy (a conservative foundation with a few riskier positions) led to our 22% return, and my subsequent election as President-elect of the 2016-17 Investment Club.

The 2015-16 year was a solid transition from the two-portfolio format to the four-portfolio format. This format allows for diversified investments and more student influence within their respective portfolios. The overall return was impressive, but may not directly reflect a sustainable model for the club, *id est*, a club that meets on Tuesdays for a casual lunch that lacks education or organization, and then portfolios that are mostly controlled by the managers—not by the committee of analysts.

I will be abroad in Spain for the first semester of the 2016-17 academic year, thus my running mate, Morgan Harrison, and incumbent Baran Yildiran will lead the club in the fall. Our shared vision is one that further emphasizes the commitment of Investment Club members and analysts, educates on the varying investing strategies, and exposes members, of all levels, to riveting and insightful speakers.

The I-club will continue to perform under the same organization, but it will develop a more defined structure that will resonate with motivated students that want to establish a foundation of investment knowledge, and then apply that knowledge to their respective portfolios.

In the end, this is a club of students that is designed to educate for the future. Investing is inherently a long-term and forward thinking tool, and that is the message I want to instill upon the club’s members: that, in true Colorado College praxis, experience is what we do to take advantage of the now, while investing is what we do to take advantage of the future. Knowing how to invest, and being able to practice this skill in a secure setting such as the Colorado College Investment Club is an opportunity that every student should explore; moreover, taking advantage of the opportunity to expand his/her education beyond advanced liberal arts academics by learning pragmatic investment methods is both unique and prudent.

I expect the financial success of the club to continue in the following academic year, and plan to instill a culture of educated and motivated members that will be sustainable as the club continues to mature.

Jared Bell
President Elect
Colorado College Investment Club

2015-16 Annual Investment Report by Portfolio

Discussion of Holdings and Trades: Portfolio A

By Bradley Green, Stephen Petersilge

Semester One

No trades were made during this period. The executive board members of the club chose to take the first two blocks of the year re-organizing the internal structure of the club. In addition, the club was lucky to host several guest speakers this semester. This left the portfolio managers and analysts with limited time to execute any trades. Furthermore, several of the portfolio members are underclassman, thus a large learning process took place during the first few months. The portfolio has several potential investment opportunities and ideas, however, Portfolio A is hoping for the market to recover by the start of the calendar year.

Semester Two

1. Sold 100 shares of Verizon (VZ) for \$5,188
2. Bought 17 shares of Amgen Inc. (AMGN) for \$2,507
3. Bought shares of Allergen (AGN) with all remaining cash (about \$2,500)

Verizon stock had recently shot up and our portfolio has made a net profit of \$227 on the stock. We believed this spike would not continue and it was best to sell when the price is high. We purchased roughly \$2,500 in Amgen Inc. We left roughly \$2,500 for another stock purchase in the future. With this \$2,500 we bought Allergen. The company's stock was valued by many experts to be around \$300, as opposed to its current stock price of \$280 at the time of purchase. Allergen is a leader within their industry and was in the works of a merger with Pfizer. However, as soon as the purchase was made, the merger with Pfizer fell through and the stock price decreased. This was a good learning experience for the team members. Not all mergers are certain and it is important to look at all aspects of a merger before purchase. Even with this decrease in stock price, the portfolio ended up with a total net profit.

Portfolio A- Semester End (Closing Price on 03/31/16)				
END	9729			
BEG	8840.12			
CHANGE	888.88			
% CHANGE	10.06%			
Portfolio A- Semester End (Closing Price on 12/11/15)				
Holding	Ticker	Shares	Market Price	Market Value
Verizon Comms	VZ	100	45.45	4545
Vanguard Intermediate Term Bond ETF	BIV	52	84.19	4377.88
Cash				65.86
Balance				8988.74

Portfolio A- Semester Start (Closing Price on 09/22/15)				
Holding	Ticker	Shares	Market Price	Market Value
Verizon Comms	VZ	100	44.43	4443
Vanguard Intermediate Term Bond ETF	BIV	52	84.56	4397.12
Cash				0
Balance				8840.12
Semester Performance (9/22/15 - 12/11/15)				
Gains		\$148.62		
Returns		1.68%		
Gains Net Costs		\$148.62		
Costs		\$0.00		
Returns Net Cost		1.68%		
PM = Brad Green and Stephen Petersilge				

Discussion of Holdings and Trades: Portfolio B

By Jared Bell, John Bush-Joseph

We started with a balance of \$9,678.10 on September 21, 2015. That sum was divided among Tractor Supply Company, TSCO, and Elbit Systems, ESLT. On November 19, 2015 we purchased a healthcare exchange traded fund, HMSY, and Twitter, TWTR, selling some shares in TSCO and ESLT. After a disappointing period, we sold all shares of TWTR on January 19, 2016. HMSY was stagnating so we sold all shares on February 9, 2016. In order to diversify, on February 23, 2016 we bought Comcast, CMSCA, and an S&P 500 exchange traded fund, SSO. A month later, we recognized our gains potential and wanted to secure profits. We evacuated all positions except for that of ESLT, which was trading at an all-time high. Our portfolio is now just ESLT and cash.

Portfolio B- Semester End (Closing Price on 03/31/16)				
END	10965.52			
BEG	8980.50			
CHANGE	1985.02			
% CHANGE	22.10%			
Portfolio B- Semester End (Closing Price on 12/11/15)				
Holding	Ticker	Shares	Market Price	Market Value
Berkshire Hathaway Inc-cl B	BRK-B	22	134.09	2949.98
United States Oil Fund Exch Ange-Trade	USO	93	12.93	1202.49
Cash				4768.09
Balance				8920.56

Portfolio B- Semester Start (Closing Price on 09/22/15)				
Holding	Ticker	Shares	Market Price	Market Value
Berkshire Hathaway Inc-cl B	BRK-B	198	27.1	5365.8
United States Oil Fund Exch Ange-Trade	USO	11	14.92	164.12
Vanguard 500 Index Fun	VFINX	19.023	181.39	3450.58
Cash				1099.82
Balance				8980.50
Semester Performance (9/22/15 - 12/11/15)				
Gains				(\$59.94)
Returns				-0.67%
Gains Net Costs				(\$59.94)
Costs				\$0.00
Returns Net Cost				-0.67%
PM = Jared Bell and John Bush-Joseph				

Discussion of Holdings and Trades: Portfolio C

By Parker McVey, Morgan Harrison, Marty Gaspar

Selling 24 shares of VFINX for\$ 4,557.84

As one of our largest and more volatile holdings, in addition to being one of our highest returns, we believe selling our position would benefit the portfolio as a whole. Due to the predicted future Fed announcement that rates will increase this December this will likely reduce future potential losses. As part of our goal of divestment, this index fund invests in many oil and gas companies – holdings our portfolio members hope to eliminate by the end of the year. Corresponding with other predictions that the oil market will soon tank causing countless other losses, this is a great opportunity to hold cash in the money market.

Buying 5 shares of CMG for \$ 2,350

We believe that the current share price of Chipotle is undervalued primarily due to the recent E-Coli outbreak that shattered sales in the past quarter. Now that earning reports have been released and the final effect on share price has occurred, it is apparent to us that we are in a perfect position for long position. Apart from this, we believe Chipotle has amazing potential to grow in the future as they continue to expand in their main brand and subsidiaries. With stagnant wages, low fuel prices, and cheaper access to restaurants, it is likely that we will witness a rise in fast-food sales and consequently in industry profit. Unlike McDonalds and other competitors in the fast-food business, Chipotle provides a healthy alternative that is increasingly attracting more people. We understand

there may be slight bumps along the way, but believe this road to profitability is likely to continue for years to come – making this buy opportunity a solid long- term investment.

Buying 14 shares of AAPL for \$1,301.00 and 20 shares of MSFT for \$1,002.00

After weak earnings reports from each company, Apple Inc. and Microsoft Corp. stocks dipped nearly 15% in the past two weeks. At their current market value, we believe they are undervalued which makes it a great opportunity to buy. In addition to using the rest of the cash in our money market fund, this decision further diversifies our portfolio – balancing risk across a multitude of industries.

While there is no technical analysis that indicates a sharp incline in the near future, there is strong fundamental analysis in support. Not only do most analyst firms hold strong buy ratings on both stocks, but their corresponding price targets also exceed current prices by almost 40% in some cases. These are two of the largest corporations in the world and have the ability to continue the great success they have achieved since their inception. For our last investment of the year, this decision will ideally position our portfolio for strong summer gains leading into next fall.

Portfolio C- Semester End (Closing Price on 03/31/16)				
END			8803	
BEG			9570.41	
CHANGE			-767.41	
% CHANGE			-8.02%	
Portfolio C- Semester End (Closing Price on 12/11/15)				
Holding	Ticker	Shares	Market Price	Market Value
Elbit Sys Ltd	ESLT	76	88.4	6718.4
HMS Holding Corp	HMSY	91	12.13	1103.83
Twitter Inc	TWTR	40	25.4	1016
Tractor Supply Company	TSCO	24	89.35	2144.4
Cash				0.88
Balance				10983.51
Portfolio C- Semester Start (Closing Price on 09/22/15)				
Holding	Ticker	Shares	Market Price	Market Value
Elbit Sys Ltd	ESLT	83	74.4	6175.2
Tractor Supply Company	TSCO	41	82.81	3395.21
Cash				0
Balance				9570.41
Semester Performance (9/22/15 - 12/11/15)				
Gains			\$1,413.10	

Returns	14.77%	
Gains Net Costs	\$1,363.02	
Costs	\$50.08	
Returns Net Cost	14.24%	
PM = Morgan Harrison and Parker McVey		

Discussion of Holdings and Trades: Portfolio D

By Ian Round, William Brokaw

Equity Sales

1. 11/3/15

Lululemon (LULU) – 13 shares – At the time of the sale, Lululemon operated in a highly competitive market, which was not conducive to long-term sustained growth. Because of relatively weak barriers to entry in the apparel industry, we believed that the high-end apparel sector will be flooded with new entrants, shrinking profit margins. LULU’s pricing power signified that it was pursuing a differentiation strategy. With new entrants restricting LULU’s differentiation power and other low-cost competitors emerging with lower prices, LULU was likely to experience a weakening market share. Furthermore, given volatility in the markets at the time, we were skeptical that a consumer discretionary stock like LULU would perform well in the future.

Cirrus Logic (CRUS) – 120 shares – In January of 2016, Cirrus Logic publically disclosed that Apple represented 78% of its fiscal year Q3 revenue. That said the University of Wisconsin sued Apple last summer for using their patented processors in the iPhone 5-7s models and the courts initial damage liability estimate was a substantial \$860 million. Since this was still in motion, we found it wise to decrease our holdings in CRUS, which composed over 50% of our portfolio at the time.

2. 12/10/15

Cirrus Logic (CRUS) & United Technologies Corporation (UTX) – 17 & 4 shares, respectively – At the time of the trade our holdings, UTX and CRUS, made up roughly 23% and 26.5% of our portfolio respectively. Given our relatively large allocations to these securities, we aimed to transfer some of our funds away from these holdings and into the healthcare services sector to provide further diversification to our portfolio. Both CRUS and UTX prices had noticeably increased since September; therefore, we believed it was an opportune time to realize some of those gains. Because CRUS is at an all-time high, we wanted to sell relatively more of our CRUS holdings compared to UTX.

3. 2/17/16

Walt Disney Company (DIS) – 23 shares – Although Disney had record-breaking Q1 earnings in 2016, its stock price had fallen from roughly \$105 to \$96 since December 2015. While this followed the wider market selloff, we believed that Disney’s prospects were not very bright in the near future. In the past year ESPN had been steadily losing revenue, which analysts contribute to the “cord cutting” trend where viewers were moving away from traditional cable television. While Disney had strong fundamentals and growth prospects in the long run, we believed that in the near future the stock would continue to decline.

Express Scripts Holding Company (ESRX) -14 shares – With a high PE ratio (21.57) and uncertainty in the continuation of its contract with Anthem, we believed Express Scripts was in a very risky position. According to the contract, Anthem –Express Script’s biggest client- had the ability to negotiate prices and terms of the contact, which would have adversely impacted Express Scripts. Given such conditions and Express Script’s 20.6% decline since December, we believed it was worth selling off.

iShares U.S. Core Aggregate Bond ETF (AGG) – 6 shares – We purchased AGG last November and since it has only experienced minimal 0.63% returns. We initially bought this holding to provide greater diversification to our portfolio. We chose to downsize our holdings in AGG in attempts to provide our portfolio with a more aggressive allocation. However, we chose to maintain roughly 20% of our portfolio in AGG for diversification purposes.

United Technologies Corporation (UTX) – 6 shares – After analyzing our portfolio performance, UTX had produced -2.13% returns since our portfolios inception last October. Although the historical volatility of this stock indicated potential for growth in the following months, we chose to downsize our holdings to exploit other growth opportunities.

Equity Purchases

1. 11/3/15

Walt Disney Company (DIS) – 12 shares – Although subscriber numbers were down for ESPN, we believed that Disney had great potential for growth in the fall. The slight drop in Q2 earnings caused by a decrease in subscribers reflected an industry wide decline in traditional television demand. However, the change in consumer demand did not adversely affect Disney as a whole. Additionally, the upcoming release of the new Star Wars movie at the time was likely to raise the DIS stock value over the course of the fall as the series has a large, loyal fan base.

iShares U.S. Core Aggregate Bond ETF (AGG) – 25 shares – Given the volatility in the markets at the time, we believed that it would be beneficial to diversify our portfolio with a low risk bond. AGG follows the US Barclays Aggregate Bond index very closely with

holdings in US Treasury Bonds, mortgage backed securities, government-related bonds, and corporate bonds. This investment would expose our portfolio to wide range of domestic bonds, which tend to outperform stocks during recessionary periods. Given the market had been relatively bearish in the past year, we concluded the diversification from AGG would benefit our portfolio's risk-adjusted performance.

Although bonds are typically vulnerable to increases in inflation and interest rates, we believed that inflation and interest rates would remain moderately low over the year. Given AGG's exposure to short and long term maturity bonds, increases in interest rates would have moderate effects on the ETF. Because of the volatility in the markets and uncertainty of the future at the time, we believed allocating \$2749 or roughly 27% of our portfolio in bonds would increase our risk prevention.

2. 12/10/15

Express Scripts Holdings (ESRX) – 14 shares – Due to the uncertainty of the markets, we believed that our portfolio would benefit from increased diversification through exposure to the pharmaceutical service industry. Express Scripts Holding Company (ESRX) operates as a pharmacy benefit management (PMB) company in the United States and Canada, and operates with a fairly large economic moat from competitors. Compared to its competitors, ESRX had the highest gross margin in the past four years. PBMs are highly price competitive, which signals that ESRX had the lowest COGS in the industry. ESRX's low COGS was largely a consequence of not having a retail pharmacy network. Its competitors, primarily CVS, could not compete with its margins because of the extra costs associated with physical stores.

Furthermore, we believed that the market undervalued ESRX at the time. According to a Morningstar valuation, ESRX fair value estimate was \$100 a share compared to its price of \$85.99. While its PE ratio was 26.9 (above industry average of 18.8 and S&P 500 of 19.3), we believed that its steady increase in earnings would sustain the profitability level. ESRX's EBITDA had steadily increased from \$2,578 million in 2011 to \$5,892 million in 2014. Due to ESRX's low cost structure compared to industry competitors, we believed strong earnings would continue in the future.

3. 2/17/16

LinkedIn (LNKD) – At the time, market activity had been unfavorable for LNKD. Given the stock was evaluated in excess of \$250/share in November, we believed this was a great growth opportunity for our portfolio. In addition, the 52-week range of 98.25-276.18 and its low price at the time, we found that the opportunity for growth outweighs the risks. We believed substituting this holding for DIS adequately complemented the sector diversification in our portfolio.

Heron Therapeutics (HRTX) – While Heron Therapeutics had lost nearly half of its market value in the past year, this was largely a consequence of the broader selloff in biotech stocks. Heron's financials and growth prospects had not changed in these volatile times.

Having solved its past management problems and with the likely FDA approval of its treatment, Sustol, for chemotherapy induced nausea and vomiting, we believed Heron had great potential to rebound over the spring.

Portfolio D- Semester End (Closing Price on 03/31/16)				
END			10806.4	
BEG			9786.83	
CHANGE			1019.57	
% CHANGE			10.42%	
Portfolio D- Semester End (Closing Price on 12/11/15)				
Holding	Ticker	Shares	Market Price	Market Value
Cirrus Logic Inc Common	CRUS	78	33.11	2582.58
Walt Disney	DIS	23	108.04	2484.92
The EXONE Company	XONE	27	9.65	260.55
United Technologies	UTX	27	93.3	2519.1
iShares U.S. Aggregate Bond ETF	AGG	25	108.7	2717.5
Cash				304.71
Balance				10869.36
Portfolio D- Semester Start (Closing Price on 09/22/15)				
Holding	Ticker	Shares	Market Price	Market Value
Cirrus Logic Inc Common	CRUS	198	27.1	5365.8
Walt Disney	DIS	11	102.49	1127.39
The EXONE Company	XONE	27	7.44	200.88
United Technologies	UTX	27	88.2	2381.4
Lululemon	LULU	13	54.72	711.36
Cash				0
Balance				9786.83
Semester Performance (9/22/15 - 12/11/15)				
Gains	\$1,082.53			
Returns	11.06%			
Gains Net Costs	\$1,032.44			
Costs	\$50.09			
Returns Net Cost	10.55%			
PM = Ian Round and William Brokaw				

**Members & Special Thanks
2015-16 Investment Club**

Name	Title	Name	Title
Jim Parco	Faculty Advisor	Collin Hartland	Member
Baran Yildiran	Co-President Fall	Edmund Link	Member
Alan Hurbi	Vice President Fall	Elliot Mamet	Member
Brad Green	Portfolio "A" Manager	Felix Pronove	Member
Stephen Petersilge	Portfolio "A" Manager	Haley Parco	Member
Jared Bell	Portfolio "B" Manager	James Rajasingh	Member
John Bush-Joseph	Portfolio "B" Manager	John Finch	Member
Parker McVey	Portfolio "C" Manager	Jordan Keny-Guyer	Member
Morgan Harrison	Portfolio "C" Manager	Julian Neylan	Member
Marty Gaspar	Portfolio "C" Manager	Lauren Bieber	Member
Mansour Al-Amin-Dyer	Portfolio "D" Manager	Malcolm St. John	Member
Ian Round	Portfolio "D" Manager	Perry Fitz	Member
William Brokaw	Portfolio "D" Manager	Sebastian Pretzer	Member
Anubrat Prasai	Analyst	Thomas Keene	Member
Bradley Hale	Analyst	Samuel Ayers	Member
Connor Haney	Analyst	Olivia Foster	Member
David DeMay	Analyst	John Ye	Member
Derek Bell	Analyst	Maddie Walden	Member
Emilio Izquierdo	Analyst	Bowen Clymer	Member
Isabelle Stepien	Analyst	Olivia Foster	Member
Junnor Shin	Analyst	Jacqueline Dugan	Member
Liam Baldrige	Analyst	Ian Round	Member
Maddie Walden	Analyst	William Harlow	Member
Madeline Pillari	Analyst	Marcel Havasi	Member
Madeline Pitkin	Analyst	Adam Gerken	Member
Madeline Polese	Analyst	Pedro Senra	Member
Matthew Pesner	Analyst	Sean Barr	Member
Nicholas Edel	Analyst	Charles Pasciucco	Member
Peter Wailles	Analyst	Eli Bresler	Member
Philip Ward	Analyst	Desmond Kelly	Member
Phillip Engh	Analyst	Emilio Nunez-Garcia	Member
Sophie Merrifield	Analyst	Zijing Wu	Member
Thomas Riley	Analyst	Conor Terhune	Member
Trevor Houghton	Analyst	Nathan Andersen	Member
Zachary Holman	Analyst	Susie Frechter	Member
Aiden Acquisto	Member	Shin Olsan	Member
Anita Lombri	Member		

**Our club would like to extend our sincere appreciation to
Professor Jim Parco his tremendous dedication to the Investment Club!**

Summary of the “Perspectives Program” 2015-16 Funded Events

Block 1

September

- 10 Student Advisory Board lunch meeting
- 15 Investment Club lunch meeting
- 16 Student Advisory Board leadership lunch meeting

Block 2

- 22 Investment Club Lunch Meeting
- 24 Student Advisory Board Lunch Meeting – Discuss 2015-16 Schedule of Topics
- 29 Investment Club Lunch Meeting
- 30 *Food for Economic Thought Lunch Meeting* – Hunter Wolfel with Healthcare Appraisers

October

- 06 Investment Club Lunch Meeting

Block 3

- 20 Investment Club lunch meeting
- 22 Student Advisory Board lunch meeting
- 27 Investment Club lunch meeting
- 28 Student Advisory Board Leadership Meeting

November

- 03 Investment Club Lunch Meeting
- 04 *Food for Economic Thought* lunch presentation by David Harding, CC Parent & Retired Bain Consulting Partner: “*Case Interview Preparation*”

Fall Break November 23-27, 2015

Block 4

- 15
- 18 Student Advisory Board lunch meeting

December

- 01 Investment Club lunch meeting with CC’s Innovation Institute Director Patrick Bultema
- 01 *Food for Economic Thought Lunch* – Heather Powell Browne with CC’s International/Off-Campus Study
- 02 *Food for Economic Thought Lunch Meeting* – SKYPE with 4 CC students attending the Paris Climate Conference (a.k.a. COP21)
- 07 *Food for Economic Thought Lunch Meeting* – Gavin Nachbar ‘14 with Drop Box
- 08 Investment Club lunch meeting

Winter Break: December 21, 2015 – January 3, 2016

Half Block: January 4-15, 2016

Block 5

January

- 19 Investment Club Lunch Meeting
- 21 Student Advisory Board Lunch Meeting
- 26 Investment Club Lunch Meeting – Welcome Spencer Collins ‘15 from Goldman Sachs

February

- 02 Investment Club Lunch Meeting

Block 6

- 16 Investment Club Lunch Meeting with Joel Gheen, Managing Director at Core Capital
- 18 Student Advisor Board Lunch Meeting
- 23 Investment Club Lunch Meeting

March

- 01 Investment Club Lunch Meeting

Spring Break: March 14-18, 2016

Block 7

- 22 Investment Club Lunch Meeting
- 24 Student Advisory Board Lunch Meeting – Spring Symposium Planning Meeting
- 29 Investment Club Lunch Meeting
- 30 IPESAC for Freshmen and Sophomores – What is an IPE Major? What credits are associated?

April

- 05 Investment Club Lunch Meeting
- 06 *Food for Economic Thought* lunch presentation by Student Advisory Board: “Senior Thesis: What to Expect!”

Block 8

- 18 Student Advisory Board 2016-17 Leadership Interviews Lunch
- 19 Investment Club Final Lunch Meeting and Annual Report
- 21 Student Advisory Board Lunch Meeting – Review Senior Research Symposium & next year’s Board Members
- 22 *Food for Economic Thought* Lunch Meeting – Welcome John Tompkins ’89, Founder of Tyvor Capital
- 26 *Economics & Business Dept. Senior Research Symposium*

May

- 11 Last Day of 2015-16 Academic Year

In addition to the above, a number of Executives-in-Residence and visitors rounded out the curriculum during 2015-16, and we are grateful for the support of the Schlessman family in helping support our efforts to find innovative ways to preserve business topics in our curriculum.

STATEMENT OF INCOME AND EXPENDITURES
(For the year ending June 30, 2016)

<i>Income</i>	
Schlessman Budget for the 2015-16 Academic Year*	\$ 86,232.00
<i>Expenditures and Commitments of Funds</i>	
-Endowment Administration Fee	\$ (4,312.00)
-Staff Salaries and Benefits	\$ (10,070.83)
Executives in Residence	
Block Visitors	
-Salaries/Honoraria/Professional Fees	\$ (30,259.00)
Classroom Guests	
-Lodging, Mileage, Meals, Ground Transportation, Airfare, CC Parking, M&I, etc.	\$ (12,337.95)
Executive Support Expenses	
-Student Clubs (Investment Club, Student Advisory Board (SAB), Food for Economic Thought [FFET] Lunches, Leadership & Analysis Lunches), Meeting Refreshments, Official Functions	\$ (8,954.48)
-Advertising, Publicity, Gifts	\$ (8,274.12)
-Instructional & Office Supplies, Books, Printing, Mailing	\$ (2,225.54)
<i>Reinvestment</i>	
-Reinvestment of unused annual budget	\$ (9,798.08)

*Note: Payout from the corpus for the Schlessman Executive-in-Residence Endowment. This budget does not include Investment Club portfolio activities, only operating budget activities. The Investment Club portfolio activity is a separate budget and highlighted in the Investment Club Portfolio reports above (pp. 6-10).

**Available total budget for the next (2016-17) academic year is \$93,794.00.