

The background of the cover is a photograph of a building hallway. On the right side, there are rows of lockers, with the top half being light-colored and the bottom half being dark. The walls are a warm, brownish-orange color. A red banner runs horizontally across the middle of the image, containing text. The main title is in large, bold, white letters, and the subtitle and university name are in smaller white letters on the red banner.

GRADUATE STUDENT INVESTMENT FUND

END OF 2013 / 2014
Academic Year Report

California State University
Northridge

CONTENTS

ABOUT THE CSUN MBA PROGRAM

01
DEAN'S
WELCOME

02
HISTORY

03
MESSAGE

04
INVESTMENT
POLICY

05
TRANSACTIONS

06
PORTFOLIO
HOLDINGS

08
PERFORMANCE

10
ANALYTICS

12
PORTFOLIO
MANAGERS

The graduate portion of the CSUN Student Portfolio is managed by graduate students with a Finance emphasis in CSUN's award winning MBA program.

California State University, Northridge's College of Business and Economics Graduate Programs are created to satisfy the wants and needs of the working professional adult. These programs are constantly being modified and updated to adapt to the ever-changing domestic and international business environment.

Students in our MBA program are mid-career professionals seeking to advance their careers while working full-time. Designed to be accessible to the fully employed student, the interdisciplinary program focuses on developing leaders with an in-depth understanding of general business strategy, collaborative teamwork, leadership, and the skills and ethical framework to practice principled business decision-making. The program also emphasizes analytical thinking, communication, a global perspective and practices. A spirit of collegiality among the students, faculty, and community is fostered through social and professional activities.

The graduate program also includes a Graduate Certificate in Business Administration, a Master's of Science in Taxation, and a Master's

of Science in Accountancy. There are plans to introduce additional programs during the coming years.

In addition to being an AACSB accredited program, the College of Business and Economics was listed in the 2009 Princeton Review as one of the "best business schools".

There are many opportunities to support the MBA program, participate as a guest speaker (or student), and sponsor a graduate field studies team in a consulting project for your business. Please contact mba@csun.edu for additional information.



Sincerely,

Kenneth R. Lord, Ph.D.
Dean

Welcome to the Year-End Report for the Graduate Student Investment Fund.

The Student Investment Management class is one of the special opportunities for finance students at California State University, Northridge. In this class, students actively manage part of the University's endowment, and through that, develop and sharpen their investing skills and knowledge.

The undergraduate course was started in 1993 by Professor William Jennings with an initial endowment of \$500,000. Since then, more than three hundred and forty students have participated in the class, growing the portfolio to around \$2,200,000.

In the Fall of 2007, building on the success of the undergraduate class, \$500,000 was carved out to create an investment management class for MBA students - FIN 638. This class is open to a small number of select students, with each student expected to research individual companies and present their investment recommendations to the class.



The course is a mix of hands-on practice, lectures on investment analysis and management and guest lectures from executives from the investment and business community who share their knowledge and real-world experience.

We believe that this combination of practical and theoretical education is essential for preparing our graduates for future careers as investment professionals. We would particularly like to thank the many finance professionals from the Southern California business community who have supported this course over the years. We would also like to acknowledge support from The University Corporation and the Office of Graduate Programs, College of Business and Economics.

Sincerely,
James P. Dow, Jr., Ph.D.
Chair, Department of Finance, Financial Planning and Insurance

FROM THE FACULTY ADVISOR

On behalf of the MBA Student Investment Management class of 2014 at California State University Northridge, I am pleased to present the "Academic Year 2013-2014 Report".

2013 -2014 was a good year for the MBA Student Investment Fund. On May 31, 2014 the value of the portfolio was \$777,835, compared to \$664,887 a year earlier. For the 2013-2014 year, our portfolio gained 17%, compared to a growth of 18% for S&P 500. Our portfolio performance compares well with professional managers, as research from Vanguard found that two thirds of the fund managers underperformed their equity benchmark before costs and expenses. Recent research also shows that since the recovery from the financial crisis the median hedge fund have lagged in almost every category.

Both U.S. and foreign markets rose during the second half of 2013 and first half of 2014 buoyed by very low inflation and interest rates, historical record lows in debt instruments yield, strong U.S. and developing countries growth and despite of global political turmoil. As of June 2014 the S&P500 had trailing P/E ratio of around 17.5 with valuation levels above historical average. Emerging markets outperformed the developed markets, with Argentina (up more than 75% in local currency) and China the best performers and Russia the worst performer.

The graduate section of the Student Investment Fund, jointly managed by College of Business and Economics undergraduate Business Honors Students and MBA students, are at the end of its seventh year. The course is offered every semester as a finance elective in the MBA program, with a small group of students and a focus on hands on investments and portfolio management experience. In this class the students are constantly

challenged to work smarter, think bigger and do better. The class provides a number of other benefits to our students and the program such as, career opportunities for our students, closer ties to the financial community through students' research and guest speakers and increased awareness and brand name for our programs. The class this year was again careful in making decisions about the portfolio. The students spent the first part of the semester acquiring the research tools and reviewing the existing portfolio, identifying over and underrepresented sectors, and familiarizing themselves with the capital markets conditions. Then they used stock screeners and thorough research to identify the stocks to be sold from, or added to, the portfolio. During the semester the students also went through a rigorous and intensive equity valuation and portfolio management training, based on topics covered in the CFA exams. Additions to the portfolio this past year include Amazon.com, WYNN Resorts, Baidu, Comcast, Bank of America, CVS, Raytheon and Occidental Petroleum . Some of the best performers in our portfolio were Apple, Gilead and Halliburton , and the underperformers were Annaly, Sirius XM, Mattel and Quality Systems.

The class would like to thank Mr. Roy Salter, Managing Director with F.T.I. Consulting, Ms. Kelly Riddle, Investment Banker with Barclays and Doug Christopher, portfolio manager with Crowell, Weedon & Co., for sharing their knowledge and experiences with the class this semester.

The Report acknowledges the support of the University Corporation, the Dean and Graduate offices, and VISCOM for editing the report.

Sincerely,
Vicentiu Covrig , PhD, CFA

INVESTMENT POLICY

OBJECTIVES

The class and the Student Investment Fund's management have both educational and investment goals. The educational goal is to enrich the students' education by applying the academic knowledge to a real life investment management experience. The broad investment goal is to outperform the Standard and Poor's 500 index, taking a risk level very close to the risk of the index. The investment strategy is a top down asset allocation, beginning with the analysis of the current macroeconomics environment, followed by industry analysis and allocation and finishing with the security analysis and selection.

CONSTRAINTS AND SUGGESTED GUIDELINES

- Investments in common equity or a limited numbers of narrow focused equity ETFs
- More than 80% allocation to US Equities
- The majority of the portfolio invested in large capitalization stocks
- Time horizon – 3-5 years
- Taxes – Income and capital gains from the fund are not taxed
- No short sales or derivatives allowed
- No margin trading permitted
- Students will make several buy/sell presentations to the class throughout the semester. The class will discuss the merits of the companies presented and then vote on the potential buys or sells. A stock will be bought or sold upon approval by a majority of the class' students.

TRANSACTIONS

SALES

	# OF SHARES TRANSACTION	PRICE PER SHARE	TRASECTION DATE
DIGITAL REALTY (DLR)	300	\$56.29	OCTOBER 22, 2013
COLGATE (CL)	400	\$63.27	OCTOBER 22, 2013
VERIZON (VZ)	400	\$49.10	DECEMBER 30, 2013
QUALITY SYSTEMS (QSII)	600	\$21.27	DECEMBER 30, 2013
SIRIUS XHM (SIRI)	4,000	\$3.19	MARCH 26, 2014
ANNALY (NLY)	850	\$11.29	MARCH 26, 2014
KLA TENCOR (KLA)	250	\$69.95	MARCH 26, 2014
COGNIZANT (CTSH)	400	\$48.95	MAY 27, 2014
MATTEL (MAT)	800	\$38.73	MAY 27, 2014

PURCHASES

KLA TENCOR (KLA))	250	\$64.80	OCTOBER 22, 2013
AMAZON (AMZN)	50	\$332.20	OCTOBER 22, 2013
WYNN (WYNN)	100	\$171.92	OCTOBER 22, 2013
SIRIUS XM (SIRI)	4,000	\$3.48	DECEMBER 30, 2013
BAIDU (BIDU)	90	\$174.38	DECEMBER 30, 2013
COMCAST (CMCSK)	300	\$50.17	DECEMBER 30, 2013
AKAMAI TECHNOLOGIES (AKAM)	200	\$58.88	MARCH 26, 2014
BANK OF AMERICA (BAC)	800	\$17.57	MARCH 26, 2014
CVS CAREMARK (CVS)	200	\$77.09	MAY 27, 2014
OCCIDENTAL PETROLEUM (OXY)	150	\$96.64	MAY 27, 2014
RAYTHEON (RTN)	150	\$96.49	MAY 27, 2014

PORTFOLIO HOLDINGS

PORTFOLIO HOLDINGS

Company	Ticker	05/31/2013		12/31/2013	
		Shares	Values	Shares	Values
AMAZON	AMZN			50	\$19,939
ANNALY	NLY	850	\$11,543	850	\$8,474
APPLE INC	AAPL	90	\$40,476	90	\$50,508
AUTOMATIC DATA	ADP	300	\$20,616	300	\$24,240
BAIDU	BIDU			90	\$16,009
COGNIZANT TECHNOLOGY	CTSH	200	\$12,930	200	\$20,196
COLGATE PALMOLIVE	CL	400	\$23,136		
COMCAST	CMCSK			300	\$14,964
COMPANHIA BRASILEIRA DE DIST	CBD	600	\$29,496	600	\$26,802
COSTCO WHSL CORP NEW	COST	500	\$54,815	500	\$59,510
DIGITAL REALITY TRUST	DLR	300	\$21,625		
DISNEY	DIS	400	\$24,924	400	\$30,560
EMC	EMC	625	\$14,939	625	\$15,718
FRANKLIN RESOURCES	BEN	150	\$23,222	150	\$25,978
GILEAD SCIENCES	GLD	600	\$32,688	600	\$45,060
GOLDMAN SACHS	GS	200	\$32,416	200	\$35,452
HALLIBURTON	HAL	400	\$16,740	400	\$20,300
HOME DEPOT	HD	400	\$31,464	400	\$32,936
ISHARES NASDAQ BIOTECH	IBB	150	\$26,925	150	\$34,059
KLA TENCOR	KLAC			250	\$16,115
MASTERCARD	MA	50	\$28,513	50	\$41,773
MATTEL	MAT	800	\$35,800	800	\$38,064
QUALITY SYS INC	QSII	600	\$10,728		
ROSS STORES INC	ROST	600	\$38,591	600	\$44,958
SIMON PROPERTY	SPG	100	\$16,644	100	\$15,216
SIRUIS XM	SIRI			4,000	\$13,960
3M	MMM	300	\$33,081	300	\$42,075
UNILEVER	UN	400	\$16,312	400	\$16,092
Union Pacific	UNP	150	\$23,193	150	\$25,200
VERIZON	VZ	400	\$19,392		
WYNN	WYNN			100	\$19,421
YUM!	YUM	150	\$9,919	150	\$11,341
Total Equity Value			\$658,025		\$761,406
Cash			\$6,862		\$4,488
TOTAL PORTFOLIO VALUE			\$664,887		\$765,894

Company	Ticker	12/31/2013		05/31/2014	
		Shares	Values	Shares	Values
AKAMAI	AKAM			200	\$10,868
AMAZON	AMZN	50	\$19,939	50	\$15,628
ANNALY	NLY	850	\$8,474		
APPLE INC	AAPL	90	\$50,508	90	\$56,970
AUTOMATIC DATA	ADP	300	\$24,240	300	\$23,904
BAIDU	BIDU	90	\$16,009	90	\$14,923
BANK OF AMERICA	BAC			800	\$12,112
COGNIZANT TECHNOLOGY	CTSH	200	\$20,196		
COMCAST	CMCSK	300	\$14,964	300	\$15,552
COMPANHIA BRASILEIRA	CBD	600	\$26,802	600	\$27,738
COSTCO WHSL	COST	500	\$59,510	500	\$58,010
CVS	CVS			200	\$15,664
DISNEY	DIS	400	\$30,560	400	\$33,604
EMC	EMC	625	\$15,718	625	\$16,600
FRANKLIN RESOURCES	BEN	150	\$25,978	450	\$24,844
GILEAD SCIENCES	GLD	600	\$45,060	600	\$48,726
GOLDMAN SACHS	GS	200	\$35,452	200	\$31,962
HALLIBURTON	HAL	400	\$20,300	400	\$25,856
HOME DEPOT	HD	400	\$32,936	400	\$32,092
ISHARES NASDAQ BIOTECH	IBB	150	\$34,059	150	\$35,939
KLA TENCOR	KLAC	250	\$16,115		
MASTERCARD	MA	50	\$41,773	500	\$38,225
MATTEL	MAT	800	\$38,064		
OCCIDENTAL PETROLEUM	OXY			150	\$15,953
RAYTHEON	RTN			150	\$14,636
ROSS STORES INC	ROST	600	\$44,958	600	\$41,070
SIMON PROPERTY	SPG	100	\$15,216	100	\$16,646
SIRUIS XM	SIRI	4,000	\$13,960		
3M	MMM	300	\$42,075	300	\$42,765
UNILEVER	UN	400	\$16,092	400	\$17,364
Union Pacific	UNP	150	\$25,200	150	\$29,891
WASHINGTON PRIME	WPG			50	\$995
WYNN	WYNN	100	\$19,421	100	\$21,497
YUM!	YUM	150	\$11,341	150	\$11,596
Total Equity Value			\$761,406		\$27,734
Cash			\$4,488		\$750,101
TOTAL PORTFOLIO VALUE			\$765,894		\$777,835

PERFORMANCE

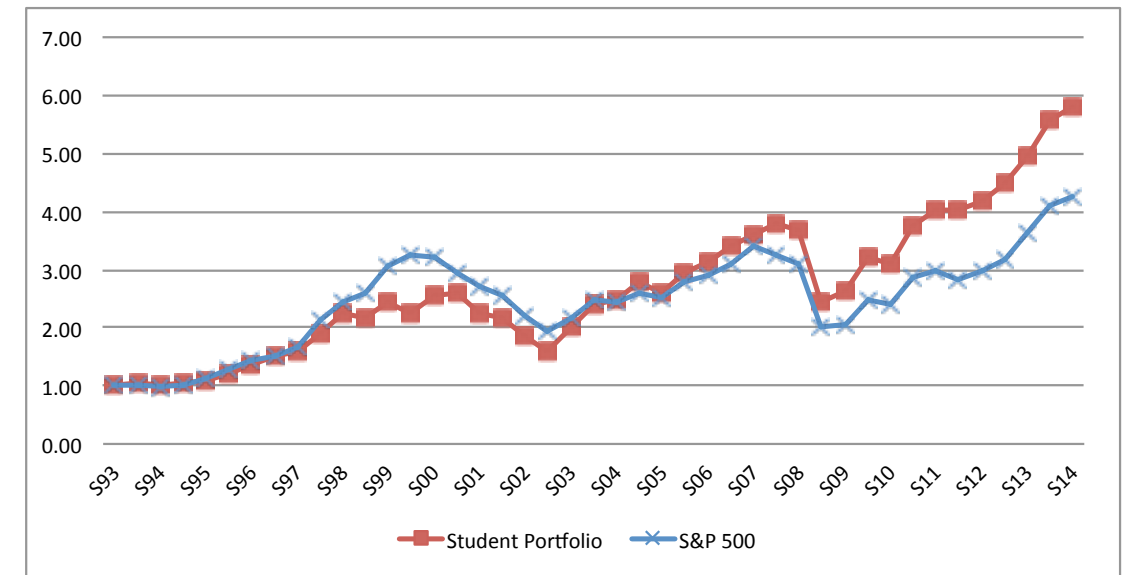
RETURN PERFORMANCE

Company	Ticker	Date of Purchase	Beta ₁	Returns (%)			Risk (%)	Shape Ratio
				YTD ₂	1 YR	3 YR ₃	3 YR STD ₄	3 YR ₅
3M CO	MMM	10/14/10	1.20	2.94	30.93	17.65	19.69	-0.05
AKAMAI TECHNOLOGIES	AKAM	3/25/14	1.86	15.18	15.40	16.99	44.49	0.36
AMAZON.COM INC	AMZN	10/22/13	0.90	-21.63	17.13	16.69	33.52	0.47
APPLE INC	AAPL	11/29/07	0.83	14.14	43.58	23.94	28.44	0.81
AUTOMATIC DATA PROCE	ADP	4/18/13	0.83	-0.78	16.99	16.24	17.42	0.88
BAIDU INC ADR	BIDU	12/30/13	2.47	-6.79	69.59	6.91	41.93	0.14
BANK OF AMERICA CORP	BAC	3/25/14	1.92	-2.70	15.40	16.99	44.49	0.36
COMCAST CORP CLASS A	CMCSK	12/30/13	0.87	4.41	33.83	32.62	21.20	1.49
COMPANHIA BRASILEIRA	CBD	4/28/10	2.20	2.19	-11.13	4.73	32.72	0.12
COSTCO WHOLESALE COR	COST	5/13/03	0.38	-1.96	4.84	15.95	17.65	0.85
CVS CAREMARK CORP	CVS	5/27/14	0.87	10.29	35.27	28.41	19.04	1.44
EMC CORP	EMC	1/12/11	1.54	6.40	8.18	-1.78	26.32	-0.10
FRANKLIN RESOURCES I	BEN	4/18/13	1.82	-4.16	3.57	11.13	29.15	0.35
GILEAD SCIENCES INC	GILD	12/14/12	0.95	8.14	45.54	57.29	31.73	1.78
GOLDMAN SACHS GROUP	GS	11/5/12	1.99	-9.23	-1.45	5.84	30.05	0.16
HALLIBURTON CO	HAL	5/21/13	1.99	27.70	53.32	9.92	34.80	0.26
HOME DEPOT INC	HD	6/8/12	0.86	-2.00	3.12	33.38	20.97	1.55
ISHARES NASDAQ BIOTE	IBB	5/12/11	0.74	5.52	30.81	30.11	23.79	1.23
MASTERCARD INC CLASS	MA	12/14/12	0.77	-8.23	33.32	39.07	28.53	1.34
OCCIDENTAL PETROLEUM	OXY	5/27/14	1.97	5.61	8.25	-0.06	27.79	-0.04
RAYTHEON CO	RTN	5/27/14	0.66	8.23	48.96	28.91	19.41	1.44
ROSS STORES INC	ROST	4/28/10	0.67	-8.39	6.94	19.88	22.65	0.84
SIMON PROPERTY GROUP	SPG	5/20/13	0.87	18.10	7.35	17.83	21.10	0.80
UNILEVER NV ADR	UN	5/20/13	0.80	10.00	8.34	13.98	18.91	0.69
UNION PACIFIC CORP	UNP	5/12/11	1.02	19.21	28.71	26.22	22.84	1.11
WALT DISNEY CO	DIS	3/17/11	1.28	9.96	31.55	28.24	23.09	1.18
WASHINGTON PRIME GRO	WPG	5/29/14	N/A	N/A	N/A	N/A	N/A	N/A
WYNN RESORTS LTD	WYNN	10/22/13	1.59	12.00	62.51	21.07	35.81	0.56
YUM BRANDS INC	YUM	5/13/11	0.78	3.26	14.93	14.00	24.59	0.53
MBA Portfolio [equal weighted]				4.19	23.78	19.72	27.22	0.73
S&P 500				4.07	17.98	12.66	16.56	0.71

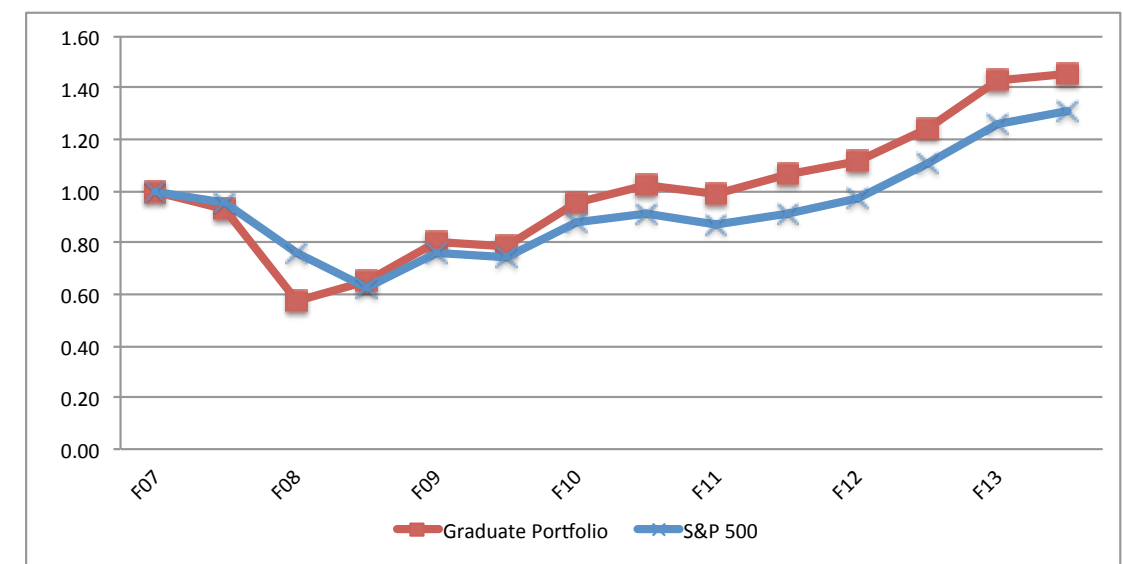
Notes:
 [1] Beta data from Yahoo.Finance.
 [2] YTD calculated to the report cutoff date of May 31, 2014.
 [3] Annual geometric average (Cumulative Growth Annual Rates)
 [4] Standard deviation of returns.
 [5] Sharpe ratio is (3yr Ret - 3yr Treasury Yield)/ Standard deviation. Average 3 yr Treasury Yield was 0.41%.

PERFORMANCE

PERFORMANCE (COMBINED PORTFOLIO SINCE INCEPTION)



PERFORMANCE (GRADUATE PORTFOLIO SINCE INCEPTION)



ASSET ALLOCATION

	%
Cash	3
Stock	89
Foreign Stocks	8
Bonds	0
TOTAL	100

STYLE ALLOCATION

	%
Large Value	6.08
Large Core	22.59
Large Growth	60.21
Mid-Cap Value	0.05
Mid-Cap Core	5.54
Mid-Cap Growth	2.26
Small Value	0
Small Core	0
Small Growth	0
Cash	3.27

STOCK SECTOR

	Portfolio	S&P500	%
CYCLICAL	38.44	30.43	
Basic Materials	0	3.36	
Consumer Discretionary	22.87	10.34	
Financial Services	13.41	14.74	
Real Estate	2.16	1.99	
SENSITIVE	34.55	43.36	
Telecommunications	1.95	4.11	
Energy	5.1	10.61	
Industrials	13.8	10.93	
Technology	13.7	17.71	
DEFENSIVE	27.01	26.2	
Consumer Non-Discretionary	14.68	9.82	
Health Care	12.32	13.4	
Utilities	0	2.98	

STOCK STATISTICS

	Average Portfolio	S&P 500
Forward Price/Earning	16.88	17.05
Price/Book Ratio	3.81	2.34
Return on Asset (ROA)	10.29	8.10
Return on Equity (ROE)	26.47	20.68
Projected EPS growth	16.39	10.18
Yield (%)	1.19	1.92
Average Market Capitalization (\$ mil)	69,420	68,059

Security Breakdown	P/E Forward	P/B	ROA (%)	ROE (%)	Yeild (%)	Market Cap (\$ mil)
3M Co	17.64	5.32	13.89	27.29	2.22	93,391.79
Akamai Technologies	22.03	3.2	9.92	11.71	0	10,764.62
Amazon.com Inc	83.33	18.8	0.68	1.87	0	153,206.55
Apple Inc	14.14	3.86	17.89	31.56	1.79	606,690.68
Automatic Data Proce	23.81	6.22	4.73	23.58	2.25	40,151.35
Baidu Inc ADR	25.77	9.82	14.58	31.49	0	75,097.06
Bank of America Corp	10.68	0.75	0.46	3.15	0.25	169,620.86
Comcast Corp Class A	16.37	2.56	4.29	14.86	1.55	139,925.79
Companhia Brasileira	0	2.95	0	13.66	0.87	12,803.51
Costco Wholesale Cor	23.75	4.66	6.73	17.75	1.1	53,160.88
CVS Caremark Corp	15.75	2.23	6.42	12.69	1.33	91,769.91
EMC Corp	13.77	2.28	6.3	11.53	1.4	60,129.43
Franklin Resources I	13.74	3.47	12.88	21.38	0.83	34,828.71
Gilead Sciences Inc	10.96	10.13	13.67	54.91	0	157,153.26
Goldman Sachs Group	10.18	1.11	0.9	10.58	1.23	77,308.56
Halliburton Co	12.79	3.17	7.27	19.37	0.85	57,385.10
Home Depot Inc	20.33	8.16	13.29	38.81	1.89	124,494.21
iShares Nasdaq Biote	26.06	6.22	0.68	7.49	0.16	16,449.65
MasterCard Inc Class	21.37	13.33	21.88	49.73	0.51	88,561.64
Occidental Petroleum	13.87	1.96	8.5	14.22	2.66	79,865.12
Raytheon Co	12.82	2.59	7.69	21.35	2.39	30,009.24
Ross Stores Inc	17.57	8.3	21.49	42.86	1	15,736.22
Simon Property Group	30.4	8.24	4.3	26.26	2.98	52,649.86
Sirius XM Holdings I	29.76	7.75	4.26	14.48	0	20,276.96
Unilever NV ADR	17.7	6.14	10.24	39.07	3.55	124,110.99
Union Pacific Corp	16.75	3.61	8.82	22.42	1.61	94,920.95
Walt Disney Co	19.92	2.93	7.55	16.61	0.95	155,330.12
Washington Prime Gro	0	0	0	0	0	3,008.60
Wynn Resorts Ltd	21.55	0	8.7	0	2.37	20,281.83
Yum Brands Inc	17.92	15.46	12.55	53.76	2.04	31,834.99

PORTFOLIO MANAGERS

CLASS OF FALL 2013

Agah, Yashar
 Ben Debba, Mohamed
 Chinthu, Thomas Jose
 Christensen, Lasse
 Cortez, Juan
 Drapkin, Mark
 Goubareva, Marina
 Halim, Chowdhury
 Hashemiye, Pooya
 Jaroonwit, Karoon
 Li, Yanyan
 Nandy, Moujit
 Okolo, Maurice
 Ponomarenko, Irina
 Said, Alexander
 Sekhon, Dilvir
 Shabani, Kathy
 Smith, Kara
 Sobko, Vitaly
 Walters, Deric
 Watson, Conrad
 Ye, Fei
 Zhao, Na
 Zycher, Scott

CLASS OF SPRING 2014

Cao, Fengyu
 Demuth, David
 Kanownik, Joshua
 Nguyen, Van Thi
 Panh, Monica
 Peet, David Nicholas
 Podnebennaya, Ekaterina
 Ponomarenko, Irina
 Saha, Sushmita
 Sekhon, Dilvir
 Shu, Andy Su-En
 Subrata, Johanna
 Terhakopian, Armen
 Walters, Deric
 Yan, Xiaofei
 Zhao, Na

FACULTY ADVISOR:
 Professor Vicentiu Covrig

“Executing real trades in the University Portfolio was a truly one-of-a-kind opportunity! From the initial research and analysis to rigorous peer reviews and final recommendations, the experience leaves you with a unique appreciation for the tremendous amount of effort and discipline that goes into managing a large institutional portfolio.”

— Mark Drapkin, MBA '14

“I found it incredibly useful. The research that went into picking the stocks was the most valuable part of managing the portfolio and I’m using a lot of what we learned on a daily basis with my personal portfolio.”

— Conrad Watson, MBA '15

“The tools learned in the class go beyond the rudimentary knowledge needed in the MBA program but include life skills to build a better more secure financial future.”

— Scott Lubell, MBA '12

“The University Portfolio management provided me the most valuable real-life like experience and helped me learn the importance of portfolio diversification and long term strategy to be successful.”

— Chandran Lakshmanan, MBA '13



California State University
Northridge

COLLEGE OF BUSINESS AND ECONOMICS

California State University, Northridge
18111 Nordhoff St., Northridge, CA 91330
(818) 677-2455

www.csun.edu/mba