

# MBA

## STUDENT INVESTMENT FUND

2015-16 Academic Year-End Report



CSUN

DAVID NAZARIAN  
COLLEGE OF BUSINESS  
AND ECONOMICS



MBA  
Roundtable  
• Innovation Through Collaboration

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# ABOUT THE CSUN MBA PROGRAM

Dear Friends of CSUN's Nazarian College Graduate Programs,

Thank you for your interest in the investment outcomes realized by MBA students in the David Nazarian College of Business and Economics, charged with the management of a portion of the California State University, Northridge endowment. I have followed their strategies and results and am impressed, as I am confident you will be, with their ability to go head to head with (and often outperform) leading professional fund managers. Their finely tuned financial acumen stems from the opportunities they enjoy in the Nazarian College to receive instruction from internationally acclaimed faculty experts and top professionals, and to employ state-of-the-art analytical models and platforms.

CSUN's Nazarian College MBA is included among *U.S. News & World Report's* Best Graduate Programs, the college is consistently named as a Best Business School by *Princeton Review* and as a leading school for financial planners by *Financial Planning Magazine*, its undergraduate accounting program is ranked third in the nation by *CollegeChoice*, and its accreditation by the premier accrediting

organization AACSB International places it within the top five percent of global business-degree-granting institutions. Students are earning Bloomberg certification and receiving instruction in financial modeling at a level never before seen at CSUN.

I invite you to learn about the multiple ways in which you can engage with and support the efforts that underlie the growing contributions and impact of our students and alumni on our economy and society by visiting <http://www.csun.edu/nazarian> or emailing us at [mba@csun.edu](mailto:mba@csun.edu).

Sincerely,

**Kenneth R. Lord, Ph.D.**  
*Dean  
David Nazarian College of Business and Economics*





# MESSAGE



## FROM THE FACULTY ADVISOR

On behalf of the MBA Student Investment Management class of 2016 at California State University, Northridge, I am pleased to present the *Academic Year 2015-16 Report*.

The Student Investment Management class is one of the special opportunities for finance students at CSUN. In this class, students actively manage part of the university's endowment, and through that, develop and sharpen their investing skills and knowledge. 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 and increased awareness and brand name for our programs.

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. 2015-16 was a challenging year for the financial markets around the world as well as the MBA Student Investment Fund. On May 31, the value of the portfolio was \$912,808, compared to \$935,967 a year earlier, a drop of around 2.5% compared to a loss of 0.5% for the S&P 500.

The class would like to thank Mrs. Debbie Simon, president of Simon Financial and Mr. Andrew Crowell, president of Crowell Weedon Asset Management, for sharing their knowledge and experiences with the class this year. The *Report* acknowledges the support of the University Corporation, the Dean and Graduate offices, and CSUN Marketing for editing the report.

Sincerely,

**Vicentiu Covrig , Ph.D., 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 number of narrow focused equity ETFs
- More than 80% allocation to U.S. 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.





# PORTFOLIO HOLDINGS

## TRANSACTIONS

Sales	# of shares transacted	Price per Share	Transaction Date
OCCIDENTAL PETROLEUM	150	\$74.34	OCTOBER 16, 2015
HALIBURTON	400	\$37.81	OCTOBER 16, 2015
LINKEDIN	90	\$117.43	MARCH 3, 2016
CALIFORNIA RESOURCES	60	\$11.90	MARCH 3, 2016
YUM BRANDS	150	\$76.39	MARCH 3, 2016
SIMON PROPERTY	100	\$197.41	MARCH 3, 2016
AMBARELLA	200	\$37.50	MAY 17, 2016
BANK OF AMERICA	800	\$13.97	MAY 17, 2016
<b>PURCHASES</b>			
ARISTA NETWORKS	250	\$66.82	MARCH 3, 2016
CHIPOTLE MEXICAN	30	\$546.76	DECEMBER 8, 2015
GW PHARMACEUTICALS	200	\$81.78	MAY 17, 2016
KIMCO REALTY	700	\$27.75	MARCH 3, 2016
TELEKOM INDONESIA	400	\$56.54	MAY 17, 2016
STRYKER	200	\$112.59	MAY 17, 2016
CHARLES SCHWAB	50	\$35.50	DECEMBER 8, 2015
STARBUCKS	300	\$60.33	OCTOBER 16, 2015
VOLKSWAGEN	600	\$27.81	OCTOBER 16, 2015
LOCKHEED MARTIN	100	\$221.27	DECEMBER 8, 2015

Company	Ticker	Shares	Values	Shares	Values
AKAMAI	AKAM	200	\$15,254	200	\$10,916
AMAZON	AMZN	50	\$21,461	50	\$36,139
AMBARELLA	AMBA	200	\$18,042		
APPLE INC	AAPL	630	\$82,076	630	\$62,912
ARISTA NETWORKS	ANET			250	\$18,322
AUTOMATIC DATA	ADP	300	\$25,653	300	\$26,352
BAIDU	BIDU	90	\$17,786	90	\$16,068
BANK OF AMERICA	BAC	800	\$13,200		
CALIFORNIA RESOURCES	CRC	60	\$471		
CDK GLOBAL	CDK	100	\$5,329	100	\$5,530
CHEVRON	CVX	200	\$20,600	200	\$20,200
CHIPOTLE MEXICAN	CMG			30	\$13,259
COSTCO WHSL	COST	500	\$71,295	500	\$74,385
CVS	CVS	200	\$20,476	200	\$19,290
DISNEY	DIS	400	\$44,148	400	\$39,688
GILEAD SCIENCES	GLD	600	\$67,362	600	\$52,236
GOLDMAN SACHS	GS	200	\$41,238	200	\$31,896
GW PHARMA	GWPH			200	\$17,824
HALLIBURTON	HAL	400	\$18,160		
HOME DEPOT	HD	400	\$44,568	400	\$52,848
INTEL	INTC	500	\$17,230	500	\$15,795
KIMCO REALTY	KIM			900	\$19,726
KYTHERA	KYTH	400	\$20,148		
LINKEDIN	LNKD	90	\$17,544		
LOCKHEED MARTIN	LMT			100	\$23,623
MASTERCARD	MA	500	\$46,130	500	\$47,950
NIKE	NKE	150	\$15,256	150	\$16,566
TELEKOM INDONESIA	TLK			400	\$21,980
OCCIDENTAL PETROLEUM	OXY	150	\$11,728		
RAYTHEON	RTN	150	\$15,489	150	\$19,451
ROSS STORES INC	ROST	600	\$58,002	600	\$64,080
SCHWAB CHARLES	SCHW			50	\$1,529
SIMON PROPERTY	SPG	100	\$18,140		
STARBUCKS	SBUX			300	\$16,467
STRYKER	SYK			200	\$22,232
UNDER ARMOUR	UA	600	\$23,523	600	\$21,810
UNION PACIFIC	UNP	300	\$30,273	300	\$25,257
VOLKSWAGEN AG	VLKAY			600	\$18,522
3M	MMM	300	\$47,724	300	\$50,496
YUM!	YUM	150	\$13,517		

Total Equity Value	\$861,798	\$883,349
Cash	\$74,169	\$29,459
<b>TOTAL PORTFOLIO VALUE</b>	<b>\$935,967</b>	<b>\$912,808</b>

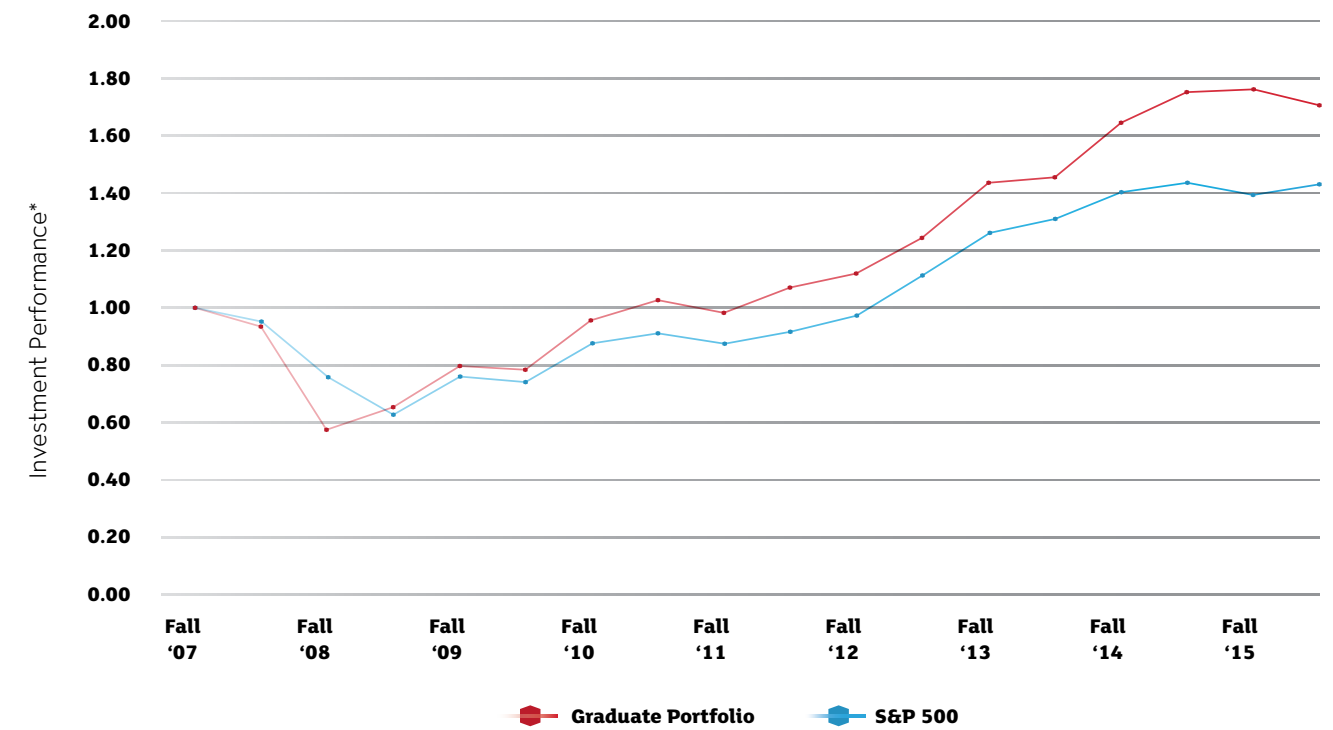


# RETURN PERFORMANCE

Company	Beta <sub>1</sub>	Returns (%)			Risk (%)	Shape Ratio
		YTD <sub>2</sub>	1 YR	3 YR <sub>3</sub>	3 YR STD <sub>4</sub>	3 YR <sub>5</sub>
3M	1.05	16.24%	8.74%	18.63%	16.46%	1.08
Akamai Technologies	1.18	4.34%	-27.67%	7.20%	33.36%	0.19
Amazon.com	1.65	13.47%	67.70%	39.34%	32.73%	1.17
Apple	1.49	-4.12%	-21.59%	18.65%	24.82%	0.71
Arista Networks	N/A	-5.31%	2.35%	15.23%	48.16%	0.30
ADP	0.81	7.70%	5.35%	16.60%	16.55%	0.95
Baidu Inc ADR	2.23	-2.98%	-12.20%	23.43%	38.45%	0.59
CDK Global	N/A	24.05%	15.67%	N/A	N/A	N/A
Charles Schwab Corp	1.56	-3.89%	-2.48%	18.24%	29.21%	0.59
Chevron Corp	1.28	16.33%	3.28%	-2.18%	22.84%	-0.14
Chipotle Mexican	0.30	-1.53%	-27.62%	7.78%	38.35%	0.18
Costco Wholesale	0.85	-6.22%	6.37%	13.30%	16.49%	0.75
CVS Health	0.96	0.85%	-3.84%	20.78%	17.18%	1.16
Gilead Sciences	1.24	-10.74%	-22.31%	20.88%	30.19%	0.66
Goldman Sachs	1.32	-9.21%	-21.55%	1.63%	21.66%	0.03
GW Pharmaceuticals	3.03	30.18%	-25.92%	114.90%	96.20%	1.18
Home Depot	0.97	1.88%	20.81%	23.24%	18.63%	1.20
Intel	1.06	-5.43%	-1.90%	12.12%	23.07%	0.49
Kimco Realty	0.66	10.42%	21.93%	14.14%	18.80%	0.70
Lockheed Martin	0.64	12.40%	27.48%	35.86%	16.76%	2.09
MasterCard	1.33	1.56%	3.70%	20.43%	22.07%	0.88
Nike	0.51	-10.01%	8.98%	22.67%	21.81%	1.00
PT Telekomunikasi	0.76	26.55%	30.86%	10.83%	28.76%	0.34
Raytheon	0.62	6.39%	29.29%	28.79%	19.02%	1.47
Ross Stores Inc	1.03	-1.55%	11.17%	19.83%	23.12%	0.82
Starbucks Corp	0.72	-5.15%	7.47%	22.40%	21.21%	1.01
Stryker Corp	0.76	23.93%	17.39%	20.96%	16.80%	1.19
Under Armour Inc Cla	0.00	-5.27%	-3.13%	36.27%	37.49%	0.94
Union Pacific Corp	0.72	8.06%	-14.90%	5.81%	22.09%	0.22
Volkswagen AG ADR	1.89	2.56%	-35.86%	-8.42%	32.24%	-0.29
Walt Disney Co	1.44	-3.65%	-9.31%	17.72%	20.19%	0.83
Yum Brands Inc	0.88	15.08%	-6.50%	8.78%	25.91%	0.30
<b>MBA Portfolio [equal weighted]</b>	<b>1.10</b>	<b>4.22%</b>	<b>1.39%</b>	<b>20.24%</b>	<b>27.81%</b>	<b>0.72</b>
<b>S&amp;P 500</b>		<b>2.59%</b>	<b>-0.70%</b>	<b>8.73%</b>	<b>13.43%</b>	<b>0.58</b>

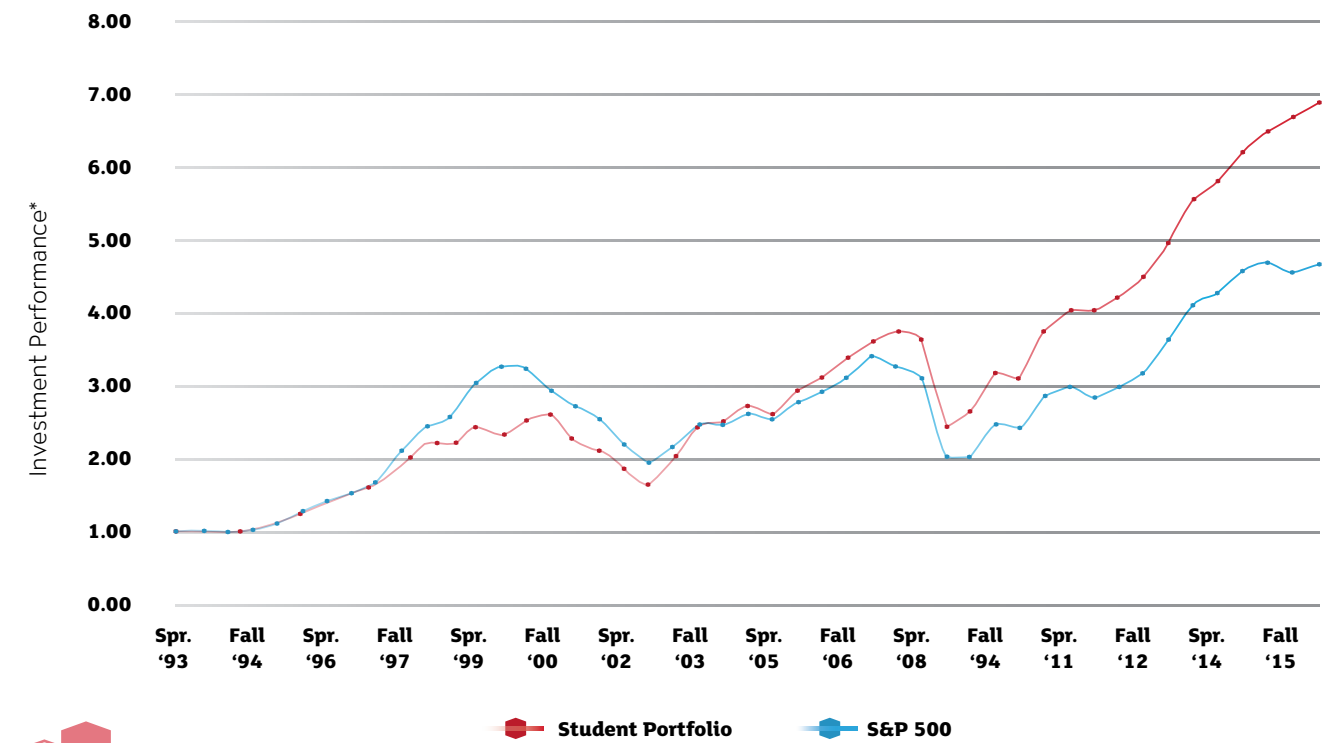
[1] Beta data from Yahoo.Finance.  
 [2] YTD calculated to the report cutoff date of May 31, 2015.  
 [3] Annual geometric average (Cumulative Growth Annual Rates)  
 [4] Standard deviation of returns.  
 [5] Sharpe ratio is (3yr Ret - 3yr Treasury Yield)/ Standard deviation. Average 3 yr Treasury Yield was 0.91%

## PERFORMANCE (GRADUATE PORTFOLIO SINCE INCEPTION)



\* Investment performance=Portfolio value/Portfolio value at inception

## PERFORMANCE (COMBINED PORTFOLIO SINCE INCEPTION)



\* Investment performance=Portfolio value/Portfolio value at inception



# PORTFOLIO MANAGERS

## CLASS OF FALL 2015

Boutehsaz, Arian  
Christensen, Andreas  
Cruz, Elfego  
Dyce, Nathan Steven  
Favela, Jaime  
Kuebler, Stefan  
Kurdian, Serj  
Liu, Isaiah Constantine  
Singh, Anand  
Truong, Jimmy  
Wattanaporn, Santiparp  
Williams, Ashley

## CLASS OF SPRING 2016

Becerra, Daniel  
Cox, Michael James  
Iskowitz, Eric  
Johnstone, Mia  
Little, Jason  
Nazarpour, Hormoz  
Padilla, Elaine  
Raboy, Allan  
Ramesh, Ramasamy  
Ramirez, Rachel  
Truong, Jimmy  
Veldkamp, Andrew

**FACULTY ADVISOR:**  
Professor Vicentiu Covrig

"What I really enjoyed was the fact that we were actually managing a real portfolio, and a big one. The investigation part, comparison with competition and industry was also a great experience where I learned and started to apply to my personal investments."

— Dareh Gregorian, class of 2015

"The Student Investment Fund management was a great opportunity to get experience of trading for a real stock portfolio. Since I had had no experience in stock trading, this part of the class was very useful for me because it allowed me to apply the theory in practice and obtain stock trading skills. I think the more opportunities to apply academic knowledge in practice, the better because it enriches the studying process and provides valuable experience and skills."

— Dmitry Rogachev, class of 2015

"The class provides a real-world experience to buying and selling securities (Stock Trak). The course covers simple transactions, like mutual fund to stocks, and more complex shorting, option and commodities. The best of all you get to compete with the rest of the class and make recommendations to the school portfolio!"

— Daniel Becerra, class of 2017

"The opportunity to manage the university endowment yielded valuable portfolio-investment experience. The company valuation project and student presentations further strengthened the application of theory into real-life financial practice. Active student involvement through class discussions, portfolio investment decisions, and projects made the class interactive. The course offers a good experience in financial investment. I encourage others to take this class."

— Elfego Cruz, class of 2016

"I have become very interested in the stock market. It is a part of my daily internet searches in the last month or so -- I track my Stock Trak data on Morning Star along with my own portfolio/accounts. This class has really piqued my interest. I love Stock Trak and what I have learned with it. I understand the basics so much better."

— Mia Johnston, class of 2017



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