OAKLAND UNIVERSITY™

Student Managed Investment Fund
Winter 2018 Portfolio Report

Powered by the Kresge Foundation

Table of Contents

Letter from Dean Michael A. Mazzeo

Attempting to maximize societal benefit from an educational perspective, especially that originating from the learned processes of investment finance, requires a dedication not only from educational facilities such Oakland University's School of Business Administration (SBA), but supportive institutions such as the Kresge Foundation (KF). Together, the collaborative efforts of the SBA and the KF have produced substantial results, most notably the successful initiation and operation of the investment finance course FIN 4900 Student Managed Investment Fund (SMIF). In this course, students learn the fundamentals of not only the multitude of investments and choices therein, but also the tangible skills of portfolio construction, diversification, and risk minimization necessary to the successful operation of investment management so prevalently endemic and necessary to society.

In the present day environment of financial threats and realities occasioned upon the world such as stability disruption, bubbles, crashes, deficits and their resulting debt, taxation, regulation, and political influences herein, the importance of proper portfolio management takes an ever greater stage of societal significance. Through the joint efforts of the SBA and the KF in implementing the SMIF course since inception, tangible progress is evident through the graduates of the course embarking upon promising and successful investment careers. In addition, the networking connections generated through the SMIF course continues to offer students future opportunities. As the financial investment industry becomes ever more regulated, a fronting challenge is occasioned upon the course: imparting the experiential skills offered by the course while framing the context of the ever-evolving regulatory landscape. From pension funds, hedge funds and mutual funds to insurance, commercial/investment banking, and private equity, the skills offered by the SMIF course will be increasingly demanded throughout the financial services industry.

In a more direct operational sense, the SBA and SMIF have directly benefitted from the generosity of the Kresge Foundation through the implementation of Bloomberg terminals in the classroom. In today's environment, an ever-increasing number of employers specifically state and look for qualified student candidates with "Bloomberg experience". Endowed with the world's most comprehensive financial database and the continuing on-going support of the KF, the SBA and the SMIF will be able to maximize societal impact for many years to come- hopefully, in more ways than are currently known!

I would like to specifically thank Professor Robert A. Uptegraff, Jr. for his ongoing association and extraordinarily supportive efforts and general leadership of the course. He brings an expansive and comprehensive real-world experience to his stewardship of FIN 4900 SMIF course with a capability of relating topics and concepts in a direct hands-on sense to students in the course. Professor Uptegraff's unyielding mentorship, guidance, and dedication as evidenced by student testimonials and efforts to develop the on-going curriculum for the course are vastly appreciated!

In addition, I wish to specifically point out and recognize the graciously supportive efforts of the Advisory Board with their time and efforts to share their financial skills and provide information and feedback. Whether that entails being a guest speaker on a specific topic to taking time from personal schedules to grant an audience for the formal Final Presentation each semester!

Lastly, the outstanding generosity and supportive efforts of the Kresge Foundation Chief Investment Officer Rob Manilla (Oakland University Alum) along with Kresge Foundation CEO Rip Rapson and the balance of all who are associated with the Kresge Foundation are tremendously appreciated beyond words! Their efforts create and continually allow the ongoing amazing experiences documented by current and former students of the SMIF course. With the realities of access to a Bloomberg lab so funded by the Kresge Foundation, students benefit from the tangible real-world experience of managing real money. There is great reinforcing pleasure when students exert their efforts and positive financial results occur as well as great lessons imparted when actual money is lost.

In closing, the collaborative efforts of Professor Uptegraff, the Advisory Board, and the Kresge Foundation with SMIF students in terms of providing real-world skills and experiences are tremendously appreciated. In addition, the networking connections and alliances our SMIF students have been so endowed with, resulting from these collaborative efforts, will naturally assist in moving them into successful careers establishing a strong foundational base for their future!

Dr. Michael A. Mazzeo

Dean, School of Business Administration

Oakland University

Letter from Faculty Adviser Robert A. Uptegraff

On behalf of the Winter 2018 class of Oakland University's Student Managed Investment Fund (SMIF) – endowed by the Kresge Foundation – it is a pleasure to present our sixth Portfolio Report!

Students in the SMIF class diligently worked to develop a process through Bloomberg terminals to screen securities, discern the viability of screened securities through financial analysis, and compare relative valuations of said securities within sectors of the S&P 500 – the goal being to develop, manage, and maintain the SMIF portfolio. In the due operational process of the course and hence the portfolio, the class implemented a rigorous and disciplined approach to determine which currently held securities would be retained or liquidated on a sector basis along with new recommendations, if any, for said sector and hence the portfolio. The following concise sections of this report highlight the analysis herein.

The sixth semester of the SMIF course exhibited a dichotomous array of events that took the financial markets on a roller coaster ride from that of a bull market to a quick and serious correction; the effects of which are still lingering. Tax reform was officially passed on December 21, 2017, reducing the marginal corporate income tax rate to 21%. This, combined with the palliative effects of regulatory reform, ignited the ongoing bull market for the first month of 2018. With the expectation of faster economic growth came the market expectation for higher future expected inflation which raised the yield on the 10-year Treasury bond to 2.95% providing tangible competition for the stock market! The next hurdle was a shifting of American trade policy to an active stance with blanket tariffs on steel and aluminum that proved more transitory than real as a more targeted tariff stance against China ensued. These inconsistent policies produced two separate 1,000 + point daily declines in the Dow Jones Industrial Average within the same week! The third phase of the correction ensued with the public relations disaster confronting Facebook stemming from the commercial use of customer data. This event raised uncertainty with respect to the business model of large cap tech firms and hence their future growth rates in terms of revenues and earnings. Since this sector represents overall market leadership, widespread uncertainty prevailed in financial markets. Not only were currently held portfolio positions affected, but newly recommended positions were also affected causing students to revisit our valuation models. I am pleased to report that our students responded to these challenges very effectively, professionally, and in a timely manner!

Used as an overarching theme for the course, the Bloomberg terminal proved the most important tool used by students in the SMIF, all of which were possible by the generous support of the Kresge Foundation! The Bloomberg terminal is the most comprehensive financial data base system used by governments, corporations, markets, and educational institutions worldwide. This is the second semester that students were required to become Bloomberg certified within the first month of the course! Becoming Bloomberg certified is an educational experience unto itself and builds the resume of everyone in the course. As a second major class tenant, every student was assigned an Excel model to evaluate all currently held portfolio positions as well as new recommendations for each sector and the portfolio as a whole.

Lastly, the third theme of the course centered around instilling the drive and motivation along with the necessary skills to put all students in the course on a path to becoming a Chartered Financial Consultant (CFA). These three major tenets are becoming increasingly demanded by employers and developing into an expectational standard in the world of business finance. I am proud to say my SMIF students have a huge relative advantage in developing their careers along these course themes!

During the Winter 2018 semester, the SMIF course had three returning students serving as Senior Portfolio Managers: Saso Dimcevski, Bradley Albright, and Michael Spasovski. All three-displayed absolute initiative, leadership and hard work as they took control of the course with great perseverance. All three Senior Portfolio Managers went far above and beyond expectations in such things as one-on-one student assistance, creating and revising Excel models, creating data formats, charts, tables, and graphs, generally organizing class information, and creating PowerPoint slides and instilling a sense of urgency with respect to deadlines. In addition, their contributions during regular class time, as well as each weekend, show their selfless efforts were on display as they dedicated their free time to helping all students on an individualized basis. Mr. Spasovski even contributed from his bed as he recovered from knee surgery! The Senior Portfolio Managers continued their overall investment education, as all three were responsible for coordinating and helping the 13 new Portfolio Managers who joined the class this term. Their skill and expertise in the use of the Bloomberg terminal and the functional use of Excel were extremely valuable, in many ways unparalleled in my experience. Any one of the Senior Portfolio Managers would be an exceedingly valuable addition to ANY organization in a career sense.

Oakland University's SMIF would not be in existence today without the drive and ongoing material support of The Kresge Foundation. Specifically, we extend the highest sense of gratitude and appreciation to Rob Manilla, OU alum and Kresge Foundation Chief Financial Officer; Rip Rapson, Kresge Foundation CEO; and Oakland University School of Business Administration Dean Michael A. Mazzeo for their dedication, vision and the drive necessary in every respect to make the SMIF course a current day reality and the expectation of a prosperous future. In addition, the successful execution of the SMIF course would not be possible without the ongoing support and encouragement of the Accounting and Finance department faculty. We also extend our sincere appreciation for the support and assistance of our Advisory Board members. It is greatly appreciated that they so generously contribute their time out of their demanding schedules to help make this course a reality and a valuable educational experience in every way possible.

Oakland University's SMIF course offers an incredible opportunity to secure real world investment asset management skills and experiences for students in an effort to prepare for successful investment careers as they develop their skills and education into the future!

Robert A. Uptegraff, Jr.

Special Instructor-Finance

Oakland University

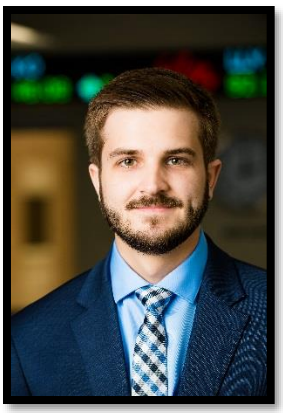
OU SMIF Portfolio Managers

Sasho Dimcevski

Graduating April 2018

Lead Portfolio Manager

Sasho is a result-driven and detail-oriented engineering professional. He is currently working for a Tier One Automotive Supplier. He also develops quant models, and day trades futures and e-minis on the side. Sasho is Series 3 and BMC certified with two years of experience on Bloomberg Terminals. He is seeking a career transition into Finance with emphasis on equity investing and active portfolio management.



Brad Albright

Graduating April 2018

Senior Portfolio Manager

Brad is a goal-oriented and uniquely driven individual studying finance at Oakland University, with interests in equities investing and financial modeling. On campus, he is a member of the Oakland University Student Congress Executive Board as the Financial Affairs Director, creating and overseeing cash flows of a $120,000 budget, as well as participating on the Oakland University Senate as a student committee member. Brad is actively seeking employment in the equities investing industry, and plans on studying for his CFA certification after graduation. After a few years of learning from experienced professionals, he ultimately plans to attend graduate school to further his education.

Michael Spasovski

Graduating April 2018

Senior Portfolio Manager

Michael is a highly motivated and relationship-driven individual serving in the capacity as a Student Buyer for Fiat Chrysler Automobiles. Michael's collaborative efforts and support of activities including Financial Analysis, Sourcing, Cost Reduction, and Future Strategy Development within the Powertrain Purchasing Department offer real and positive outcomes. His strong team-based approach focused on high quality and profitable returns while building internal, vendor and client relationships is instrumental. Michael has a passion for Finance and carries an exceptional work ethic. He is currently Bloomberg certified and wishes to obtain his CFA certification post-graduation.

Fadi Mona

Graduating April 2018

Portfolio Manager

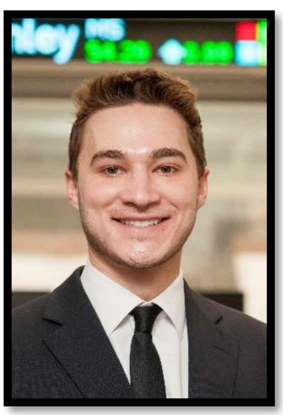
Fadi is an entrepreneur who is highly motivated and is very well rounded. He spent over five years owning and operating multiple locations throughout the Detroit Metropolitan area, in the cellular communications industry. Owning his own business has broadened his skills in leadership, financial bookkeeping, and decision making. Currently, Fadi holds a Project Management position at Mona General Contractors, a construction company owned and operated by his family. He initiated, planned, executed, monitored and controlled for various construction projects. The project management position helped establish strong relationships with land developers, builders, and suppliers. Fadi is passionate about furthering his education with an MBA degree after obtaining a graduate degree.

Hannah Browe

Graduating December 2018

Portfolio Manager

Perceptive and diligent, Hannah Browe is a senior finishing up her degree in Finance and Accounting by December 2018. Throughout her college career, Hannah has excelled at balancing her course load while taking advantage of opportunities at both a tier one automotive supplier in business and financial controlling as well as at a public accounting firm conducting audits and preparing returns. After graduating, Hannah will be starting full time at the public accounting firm, Plante Moran, while earning her CPA. Having a strong interest in finance as well as a comprehensive background in both academia and corporate will allow her to better serve her clients in the future.



Ari Siegel

Graduating April 2018

Portfolio Manager

Ari is a creative, analytical, and highly motivated individual who is driven by his passions for business and investing. Ari has been investing for over a decade and as a result has developed a long-term investment philosophy. He derives his main influences in investing from Philip Fisher, Peter Lynch, and Benjamin Graham. A result driven individual, Ari measures his performance based on outperforming the broader indexes. He prides himself on his ability to effectively communicate and establish relationships. Upon graduating from Oakland University, Ari plans to further his Financial Education as well as obtain employment in Wealth Management or Personal Finance.

Betira Shahollari

Graduating April 2018

Portfolio Manager

Betira is an ambitious student dedicated to succeed in her professional career. She serves as the president of the Albanian-American Student Organization and the Treasurer of the International Allies Organization on campus. Having recently completed an internship at General Motors Financial for International Operations, she was responsible for reporting on the daily available liquidity, forward rates, and improving current processes. Betira has taken on a new role as a Project Controlling Intern for Brose Group Automotive for the winter semester. She plans to complete her graduate degree in the near future and aspires to one-day break the glass ceiling in the corporate world.

Bhrugisha Shah

Graduating April 2018

Portfolio Manager

Bhrugisha is a hard worker that exceeds with self-motivation to attain her goal. She completed an internship at a non-profit organization in Summer 2016 as Accountant intern. During this time, she worked extensively with excel, invoices, journal entries, and under the Chief Financial Officer at Helping Hand for Relief and Development. She is a Finance major and planning on graduating in April 2018. Throughout her college career she has bounced around major to major from science to accounting to finally finance. After graduation Bhrugisha plans on starting her career in investments as a Financial Advisors, and become a certified Chief Financial Officer.

Paul Gjelaj

Graduating June 2018

Portfolio Manager

Paul is a first generation college student who values a strong work ethic and futuristic thinking. In his sophomore year of high school, Paul made his first investment in commodity based futures and immediately developed a passion for capital markets. He currently is a Wealth Management Intern at Coffield & Associates, a private wealth firm in Troy, MI. Growing up, Paul worked in the restaurant business for his family where he has learned a majority of his management and relationship building skills. He has always worked in a start-up driven work setting and hopes to work with a small wealth management firm before beginning his own venture in the hospitality industry.

Matthew Spence

Graduating April 2018

Portfolio Manager

Matthew is a student of Finance that values hard work and analytical thinking. He is currently working for an automotive supplier as a Finance Intern that has produced a yearly budget and monthly forecasts. He also has produced and developed multiple data tracking models for the Marketing department to measure the strength of strategies used. Working closely with executives, he has learned how to analyze and present important findings. Matthew's new project is working with the WCE Cost Deployment team to produce an audit for the first quarter of 2018. Matthew has a passion for Finance and plans on obtaining his Masters of Science in Finance. His goal is to acquire a CFA certification and have a career as a Financial Analyst.

Conor Bowers

Graduating April 2018

Portfolio Manager

Conor is a tireless worker who excels with self-motivation to accomplish his goals. He completed an internship position in the Hungry Howie's Inc. legal department in Summer 2017. During this time, he worked extensively with franchising agreements, as well as with the company's transition between advertising firms. In his undergraduate career he has been a member of the Varsity Baseball teams competing in the NCAA. The experiences that he has had have given him an insight on leadership, interpersonal skills, and time-management. After obtaining his degree in Finance, Conor looks forward to attending law school in the fall, as he is currently deciding his best fit.

Daniel Poppe

Graduating April 2018

Portfolio Manager

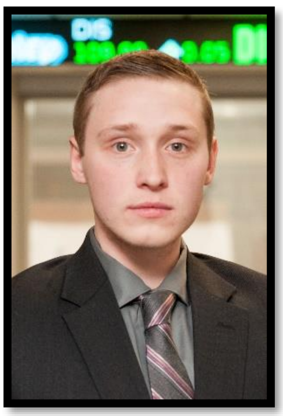
Daniel is a keen and responsible individual who has experience working at the world headquarters of American Axle & Manufacturing in the Internal Audit department during an internship for the summer of 2017. During this internship, he used his knowledge of accounting and finance along with his strategic analytical abilities to ensure the company's assets were being properly safeguarded. He also ensured proper corporate governance was in place and remedies were formulated and put into action if any issues were found. He is currently seeking employment in the financial services industry for after graduation this April and plans on becoming CFA certified.

Alexandru Ilovan

Graduating December 2018

Portfolio Manager

As a Client Associate at Merrill Lynch, Alexandru Ilovan puts his knowledge of finance into practical, problem-solving solutions for the investment team. He supports his team with portfolio attribution analysis, new investment research, and client on boarding. At Oakland University, Alexandru is a Business Scholar who solves practical business case competitions and competed at the 53rd International Collegiate Business Strategy Competition. As a studious and prudent individual, Alexandru seeks to build a career at Merrill Lynch and pursue higher education.



Leonard Dietrich

Graduating April 2018

Portfolio Manager

Leonard is an ambitious and diligent working professional committed to entrepreneurial growth and client satisfaction. With nearly three years of experience within the Lending Industry, he currently works as a residential Loan Officer for a private broker in Macomb County. While being a consecutive full time honors scholar, Leonard's astute capacity has allowed him to originate loans on a monthly basis from the pre-qualification stage through the funding milestone. He has extensive experience with maintaining client and business associate relationships, analyzing financial data, and developing technical approaches to creating additional business. Leonard has continued interests in financial modeling, portfolio management, and real-estate investments. Upon graduation, Leonard anticipates obtaining a post-graduate certification and enrolling into graduate school.

William Falvey

Graduating June 2018

Portfolio Manager

William Falvey is an award-winning scholar from Southeastern Michigan. In the early part of his career he began in the field of hospitality management where he developed interpersonal skills, coordinating abilities, communication skills, and a value for teamwork. After several years in the industry, he discovered his passion for corporate finance while studying at Oakland Community College. With the goal of obtaining an undergraduate degree, and a new career in investment banking, he obtained a scholarship and enrolled at Oakland University. Over the ensuing years he grew as a person, won the Certificate of Merit from the Department of Mathematics and Statistics, and is set to graduate with two sets of honors. Over the next several months he intends to uncover a position in strategic analysis at a boutique investment bank in Detroit.

Noah Nicholl

Graduating April 2018

Portfolio Manager

Noah is a disciplined individual who holds integrity in the highest regard. He completed an internship with Plante Moran Wealth Management during the summer of 2017. The entity provides investment advisory, trust, tax, and insurance services for individuals and institutions. While employed, Noah improved his communication, technical, and organizational skills through his involvement in asset allocation analysis, client balance sheet preparation, and client communication. Throughout Noah's career at Oakland University, he has earned the respect of his peers and professors while enhancing his understanding of financial markets and accounting principles. Upon graduating with degrees in Finance and Accounting, Noah is looking forward to beginning his career with Plante Moran Financial Advisors and working toward earning pertinent professional designations.

OU SMIF Advisory Board

Jason Raznick

CEO

Benzinga.com

Chris Liparoto

Director–Wealth Management

Merrill Lynch

Phillip Serra

Senior VP-Wealth Management

Merrill Lynch

Sean Feng

The Kresge Foundation

John Lesser

President

Plante Moran Financial Advisors

Brian Edgar

Senior Vice President

UBS

About the OU SMIF Fund

In the fall of 2015, the Kresge foundation carved out $2 million of its $3.5 billion investment portfolio for the establishment of a student investment fund at Oakland University. The primary purpose of this fund is to provide a learning experience for students in the mechanics of investment portfolio management. The fund complements the business school's *Student Managed Investment Fund (SMIF)* course, which teaches students the essentials of portfolio management, stock selection and research, as well as portfolio evaluation. It provides real-world investment experience to Oakland University undergraduates while simultaneously exposing them to local career opportunities in investment management.

The Kresge foundation is the formal manager of the fund. The SMIF is a sub-account of the Kresge Foundation portfolio, structured as a distinct brokerage account. Student manager decisions to buy or sell a security are only considered as recommendations to the Kresge Foundation. Should the need arise, the Kresge Foundation has the right to deny student recommendations or take independent action at any time.

Investment Policy

Goal

The Student Managed Investment Fund seeks to create and manage a broadly diversified portfolio of equity securities by selecting stocks that are selling at a discount to their intrinsic value. The fund is managed with the intention of obtaining the highest possible total return consistent with risk characteristics similar to the Standard and Poor's 500 Composite Index (S&P 500 Index).

Eligible Securities

Eligible securities for purchase include stocks trading on the New York Stock Exchange (NYSE), American Stock Exchange (AMEX), and National Association of Securities Dealers Automated Quotation system (NASDAQ). If a portfolio holding is delisted from a major exchange, it need not be sold immediately, but no new shares of that security may be purchased. No explicit "social investment" screens restrict purchase of any security. The fund may not short sell any security. The fund may not purchase any security with borrowed money (on margin). The fund may not purchase or sell any option, futures contract or other derivatives.

Identifying Investment Opportunities

Each student manager works towards identifying promising companies for investment from an assigned industry sector. An attractive candidate is in a business with a stable or growing long-term sales trend; declining industries are generally avoided. The student managers have worked towards finding companies with sound fundamentals that are currently out of favor, or have growth potential not fully recognized by the market. Our general approach to identifying undervalued stocks involves the following steps:

Security Screening

Although the NYSE, AMEX, and NASDAQ list thousands of potential investments, there is not time to analyze every security and process the associated information. Our first step was therefore to apply filters consistent with value investing to reduce the security universe to a manageable size. The initial screens that we have used in our analysis are listed below:

- Mid and Large-Sized Companies
- Consistent Revenue Growth
- Low P/E Ratio
- Low PEG Ratio
- Conservative Debt Structure
- High Sustainable Growth Rates
- Ample free cash flow to fund necessary investments (rule of thumb: EBITDA > capital spending)
- High or increasing profit margin relative to the industry
- High or increasing ROE relative to the industry

As most of the ratios and numbers listed above vary considerably across industries, we look at mean and median numbers for the industry, and for direct competitors, before deciding on our screening criteria.

Understanding the Business

Our student managers have gathered information about the business of the identified companies by reading the latest SEC filings, press releases, brokerage reports, and industry publications. They have worked to understand the key economic factors that drive revenues and costs, analyzed competition in the industry, as well as barriers to entry.

Calculating Intrinsic Values

Intrinsic values are derived using sequential valuation from a three-stage discounted cash flow analysis. That is, we first estimate the value of the entire firm or business and then subtract the senior claims to arrive at the value of equity. This requires estimates of future expected free cash flows to the firm (FCFF) and cost of capital. The equity cost of capital is derived from the Capital Asset Pricing Model (CAPM). The betas are estimated using a bottom-up approach, and we use implied equity risk premiums instead of historical. To calculate the cost of debt, we estimate a synthetic rating based on interest coverage ratios for each of our firms. We use the default spread based on synthetic rating to estimate the cost of debt. When dealing with hybrids (convertible bonds, for instance), we break the security down into debt and equity and allocate the amounts accordingly. When dealing with preferred stock, we keep it as a separate component. The cost of preferred stock is the preferred dividend yield.

Managers of the Student Managed Investment Fund have tried to strongly adhere to the fundamental principles of value investing- recommend purchasing stocks if intrinsic value is well above the market price, thus providing a margin of safety.

Portfolio Weights

After identifying the constituent stocks of our portfolio, we calculate the portfolio weights by minimizing the tracking-error of our portfolio relative to the S&P 500 subject to the constraints listed below. Tracking error is defined as the standard deviation of the return of the portfolio minus the return of the benchmark.

The Fund's economic sector weightings can be no greater (lower) than 50% higher (lower) than the weighting of the S&P 500 GICS weights

The portfolio weights are all strictly positive

OU SMIF Investment Risks

Equity Market Risk

The market price of stocks in our portfolio may change because of changes in the overall market or because of changes in a company's financial condition. These price movements may result from unexpected events surrounding individual companies, sectors selected for the Fund's portfolio, or as a result of unexpected economic or political changes affecting the entire economy. Since our portfolio is fairly diversified, we expect unexpected changes in individual companies' financial conditions to have a low effect on our portfolio performance.

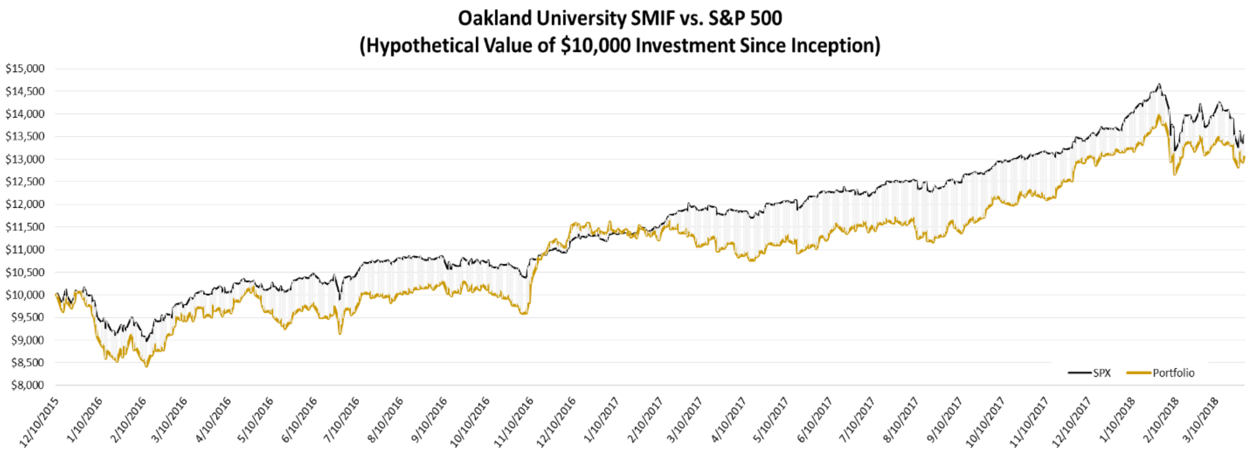
General Market Risk

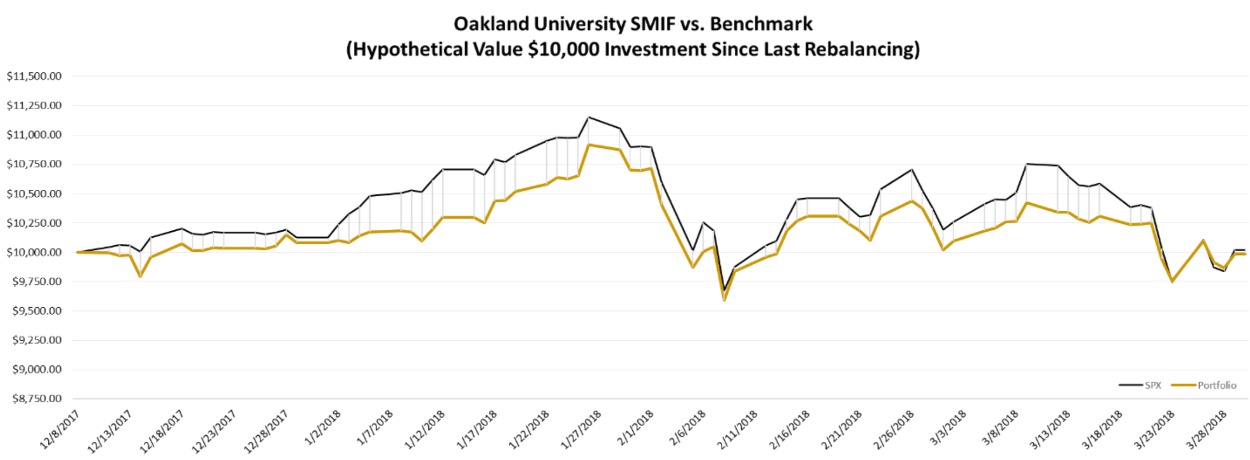
We live in a global world today. Although our portfolio is restricted to only U.S. domestic equity, we understand that financial markets throughout the world have become increasingly interconnected. This increases the likelihood that unfavorable events or conditions in other countries could have an effect on our portfolio.

Mid-Cap Company Risk

Mid-Cap companies might be more susceptible to unexpected changes in economic, market and industry changes than large cap companies might. Therefore, stock price changes may be more sudden than fore prices of large cap equity securities.

Fund Performance Summary



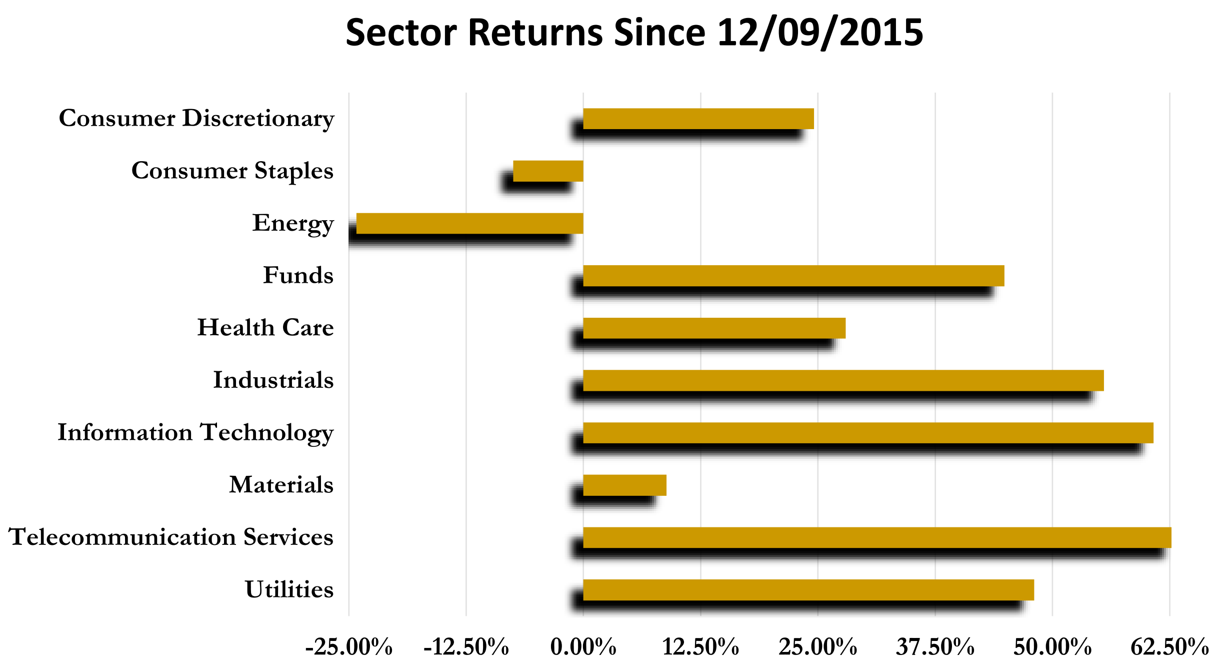


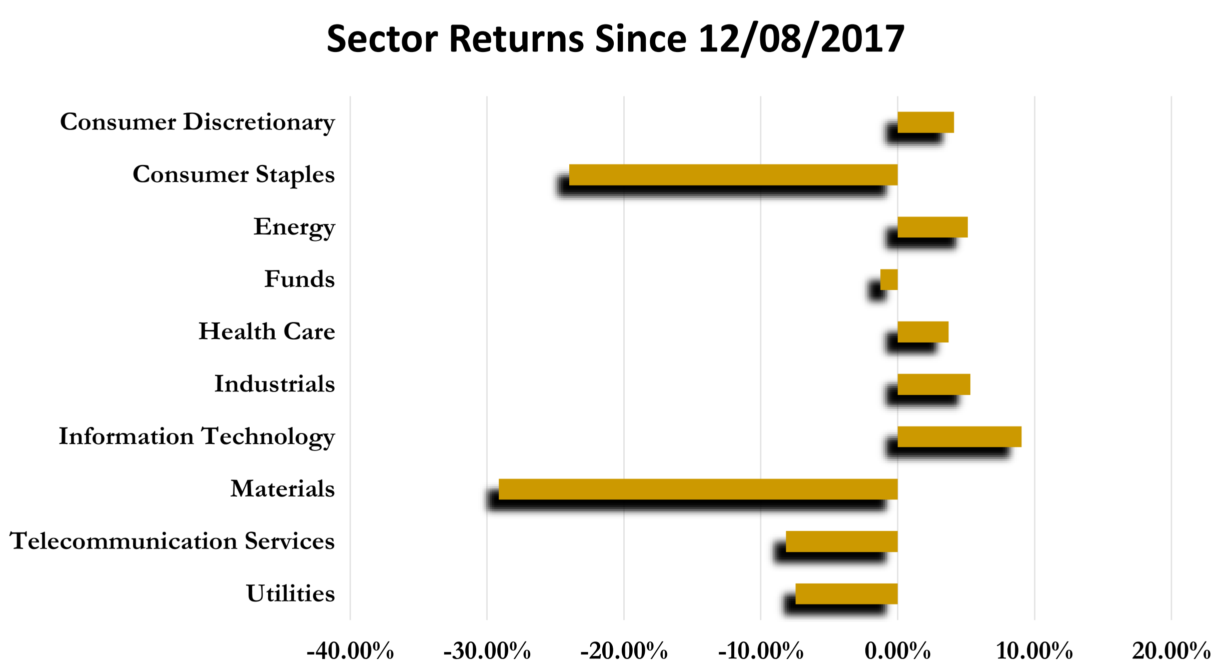
12/9/2015 to 3/30/2018	Portfolio	S&P 500	Russel 2000	Russel 2500
Total Return	30.60%	35.28%	37.95%	36.53%
Standard Deviation	15.55%	11.71%	15.62%	13.99%
Sharpe Ratio	0.80	1.14	0.94	1.00

Portfolio Alpha & Beta

Benchmark	Alpha	Beta
S&P 500	-2.04%	1.10
Russel 2000	-1.20%	0.91
Russel 2500	-1.78%	1.01

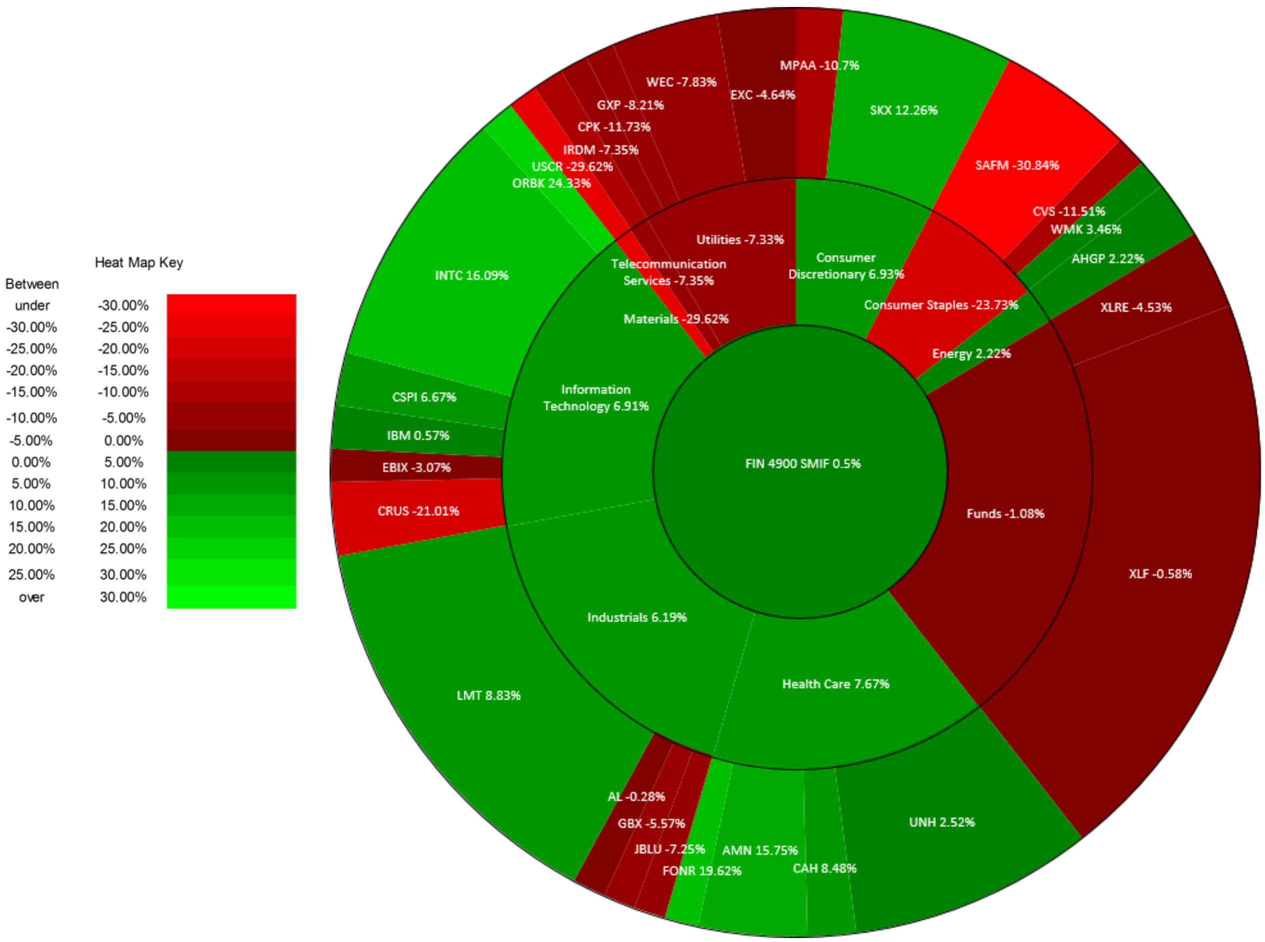
Fund Performance Summary (Continued)





Fund Performance Summary (Continued)

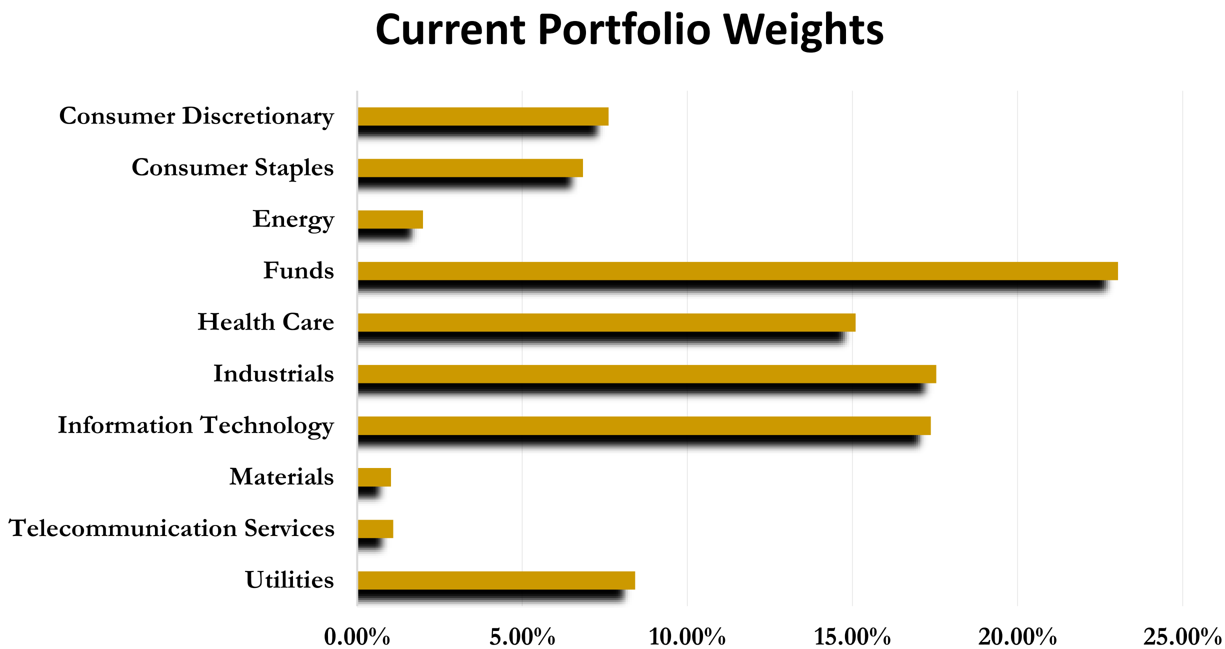
Performance Heat Map Since 12/08/2017



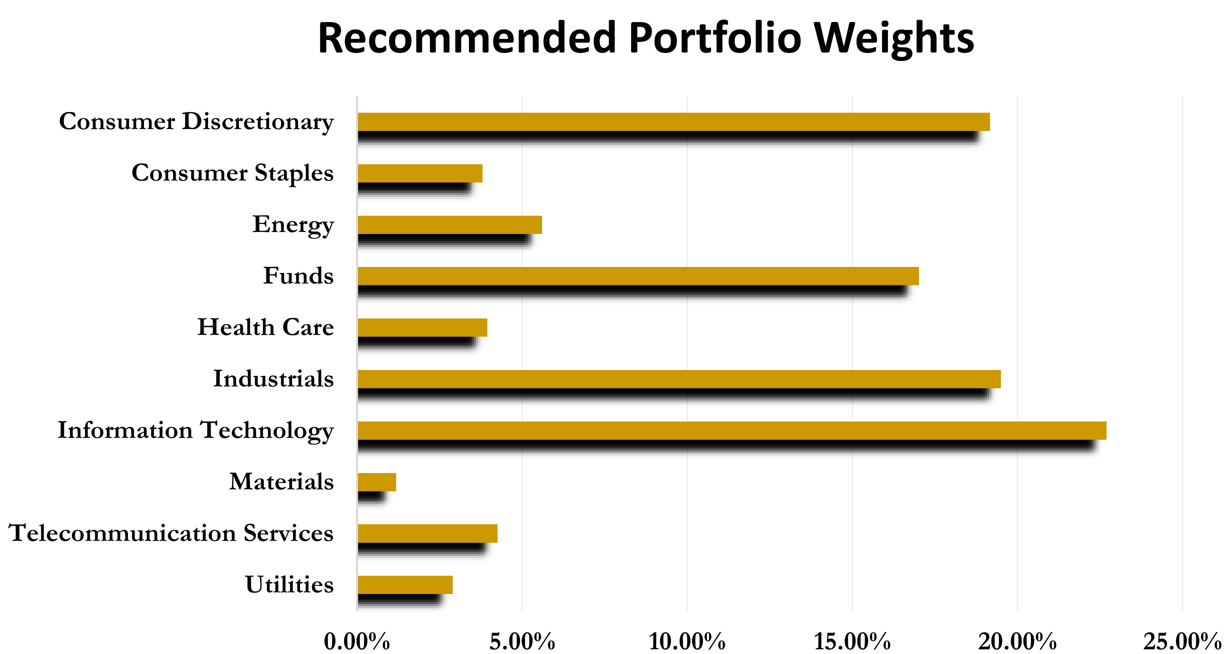
Top 5 Holdings (Since Rebalancing)	Sector	Return
FONAR CORP	Health Care	27.08%
ORBOTECH LTD	Information Technology	24.71%
INTEL CORP	Information Technology	20.94%
AMN HEALTHCARE SERVICES INC	Health Care	13.16%
SKECHERS USA INC-CL A	Consumer Discretionary	9.12%

Bottom 5 Holdings (Since Rebalancing)	Sector	Return
SANDERSON FARMS INC	Consumer Staples	-29.86%
US CONCRETE INC	Materials	-29.15%
CIRRUS LOGIC INC	Information Technology	-18.71%
CVS HEALTH CORP	Consumer Staples	-14.36%
CHESAPEAKE UTILITIES CORP	Utilities	-13.93%

Current Portfolio Sector Allocation



Recommended Portfolio Sector Allocation



Summary of Portfolio Retentions

Name	Sector	Portfolio Weight
Skechers U.S.A., Inc.	Consumer Discretionary	4.25%
CVS Health Corporation	Consumer Staples	1.90%
Sanderson Farms, Inc.	Consumer Staples	1.90%
Alliance Holdings GP, L.P.	Energy	1.55%
Chesapeake Utilities Corporation	Utilities	1.45%
Exelon Corporation	Utilities	1.45%
Cardinal Health, Inc.	Health Care	1.13%
UnitedHealth Group Incorporated	Health Care	1.69%
The Greenbrier Companies, Inc.	Industrials	1.13%
Lockheed Martin Corporation	Industrials	17.21%
U.S. Concrete, Inc.	Materials	1.13%
Ebix, Inc.	Information Technology	1.13%
Intel Corporation	Information Technology	8.56%
International Business Machines Corp.	Information Technology	1.13%
Cirrus Logic, Inc.	Information Technology	7.69%
Iridium Communications Inc.	Telecommunication	4.25%

Summary of Portfolio Liquidations

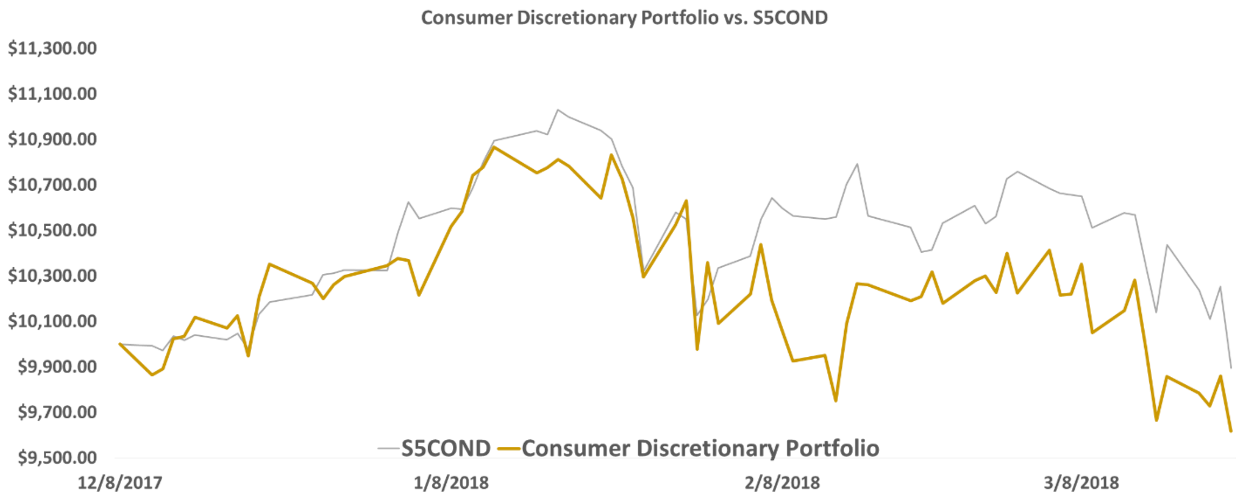
Name	Sector
Motorcar Parts of America, Inc.	Consumer Discretionary
Weis Markets, Inc.	Consumer Staples
WEC Energy Group, Inc.	Utilities
Great Plains Energy Incorporated	Utilities
Fonar Corporation	Health Care
JetBlue Airways Corporation	Industrials
Air Lease Corporation	Industrials
Orbotech Ltd.	Information Technology
CSP Inc.	Information Technology

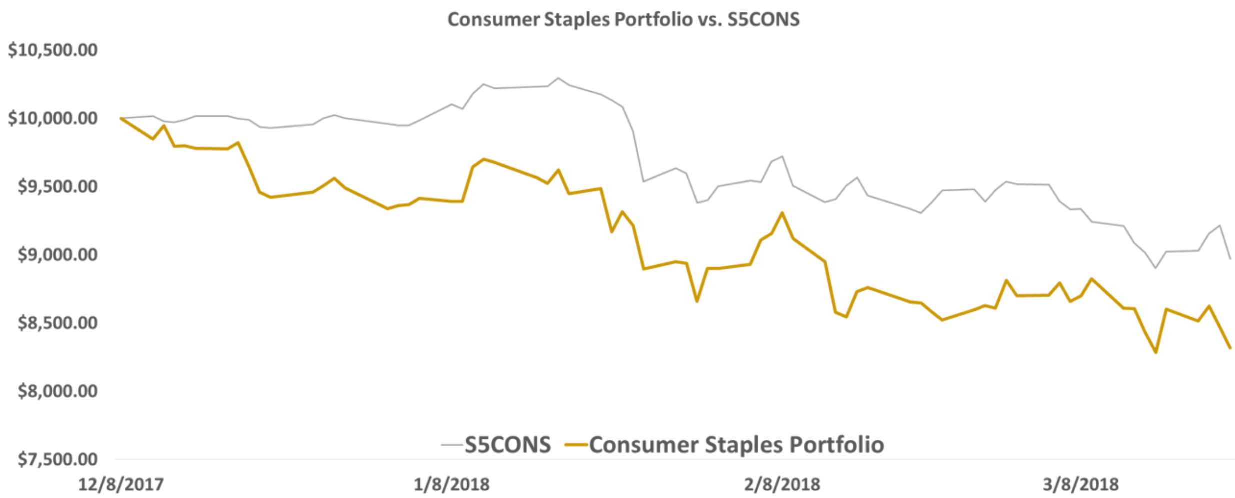
Summary of Portfolio Recommendations

Name	Sector	Portfolio Weight
Amazon.com, Inc.	Consumer Discretionary	14.92%
U.S. Silica Holdings, Inc.	Energy	4.05%
Regeneron Pharmaceuticals, Inc.	Health Care	1.13%
MasTec, Inc.	Industrials	1.13%
Facebook, Inc.	Information Technology	4.25%

Consumer Discretionary & Staples

Sector Performance Since Last Rebalancing & Detailed Portfolio Recommendations





Skechers USA, Inc. (SKX)

Portfolio Recommendation: Retention

Skechers USA Inc. is an American lifestyle and performance footwear company for men, women and children. Skechers has grown into second largest athletic footwear brand in the United States, beginning their journey with products such as utility-style boots and skate shoes. Since then, the company has diversified to include thousands of athletic and casual styles for men, women, and children. Since 2015, the company's e-commerce presence has significantly increased in part due to their double-digit growth in China. Their focus on performance footwear and product development internationally has been a great contribution to their success.

Skechers concept stores also play a key role in the company's growth and operating strategy. The stores are focused in high-traffic tourist areas and key metropolitan shopping malls displaying the entire Skechers product line, acting as a testing ground for new marketing campaigns and products. Skechers utilizes customer feedback and product sales data from these concept stores to adjust new product rollouts and marketing campaigns in other stores to better meet their customer's needs.

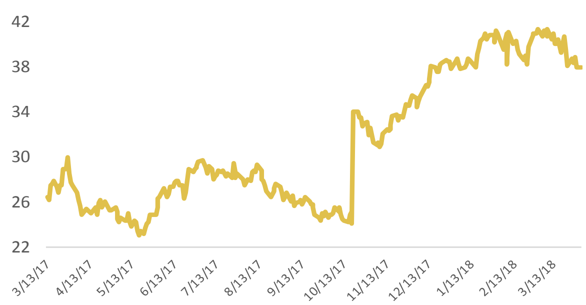
Skechers owes much of its growth to their successful marketing strategy with celebrity endorsements in order to appeal to the younger demographic. Their growth was also aided by extending their product line from children's to young adult market segment. The accommodation of comfort to young adults has been a key driver as consumers look for comfort while working. The growth in international concept stores has helped Skechers international wholesale segment sales triple from fiscal years 2012 to 2017. Skechers had record-breaking results in fiscal year 2017 with more than $4 billion in revenue, over 40% growth in China, and 27% globally.

Skechers has a gross margin of 47% which is nearly double the industry median. Profit margins are expanding as international revenues have risen, and cost are decreasing. Its stock is currently undervalued by 4.2% with high revenue expectations and a strong 2018 outlook for international operations. Skechers has an expected price target of $40.00 – 42.00 per share. With stores in over 160 countries and international territories, Skechers has a robust growth outlook making it a key retention in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$37.93**
Market Capitalization (in Millions)	**$6,076.96**
Trailing 12 Month P/E	**21.42**
Forward P/E	**16.38**
PEG Ratio	**1.09**

SKX - 1 Year Price Chart



CVS Health Corp. (CVS)

Portfolio Recommendation: Retention

CVS Health Corporation is an integrated pharmacy health care provider. The company's offerings include pharmacy benefit management services, mail order, retail and specialty pharmacy, disease management programs, and retail clinics. In addition to its standalone pharmacy operations, the company operates CVS locations inside Target stores and runs a prescription management company, Caremark Pharmacy Services. CVS also offers specialty pharmainfusion services as well as MinuteClinics, providing customers with walk-in health services located in nearly 1,000 CVS retail locations. In late 2017, CVS agreed to acquire health insurer Aetna in a $70 billion deal that is anticipated to close in second-half 2018.

CVS continues to seek additional opportunities in the changing health care market. The company's recently proposed acquisition of Aetna, one of the largest health insurers in the nation, would enable CVS to enhance data informatics, expand beyond retail pharmacy into health care provision, increase bargaining power in the company's negotiations for drug prices, and obtain increased control over patient flow.

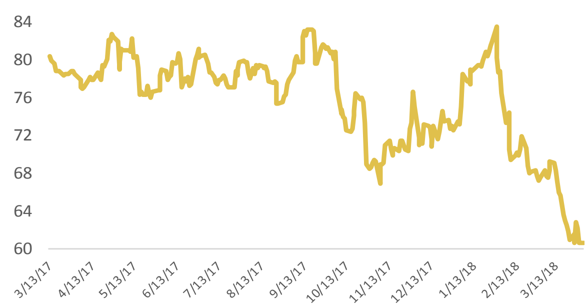
Considering the desire for quality care and the hurried lifestyle of many American consumers, CVS aims to satisfy these demands through an aggressive expansion of freestanding storefronts and by providing flexible, appointment-free access to health care professionals. Despite the pressures of Amazon venturing into the pharmaceuticals market, CVS is strongly poised with over 10,000 physical storefronts and several developed pharmaceutical network relationships.

The company's revenues grew at an average rate of 9.9% over the past three years, outpacing the industry by 4.0%. Moreover, CVS's operating margin of 5.5% over the trailing twelve months emphasizes its operating efficiency compared to the industry, whose median operating margin over the same period was 2.9%. A P/E ratio of 10.5 implies that CVS is undervalued relative to its industry, which has a median P/E ratio of 17.7. CVS also boasts a PEG ratio of 0.9, significantly lower than the industry median of 1.5. With CVS's revenue growth outperforming the industry and their PEG ratio indicating a low valuation of their future growth prospects, we believe that CVS is a strong candidate for retention in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$60.52**
Market Capitalization (in Billions)	**$61.40**
Trailing 12 Month P/E	**11.00**
Forward P/E	**9.43**
PEG Ratio	**0.78**

CVS - 1 Year Price Chart



Sanderson Farms, Inc. (SAFM)

Portfolio Recommendation: Retention

Sanderson Farms, Inc. produces, processes, markets, and distributes fresh and frozen all-natural chicken products. Sanderson Farms sells its chicken to retailers, distributors, and fast food operators throughout the United States and internationally, generating about 90% of its revenue domestically. With ten hatcheries, eight feed mills, and eleven processing plants, Sanderson Farms is the third largest poultry producer in the United States.

In 2017, Sanderson Farms experienced revenue growth of 18.7% relative to the previous fiscal year. Prior to this uptick in revenue, Sanderson Farms reported an average sales growth of 7.5% over the previous five fiscal years. With approximately 55% of sales attributed to ten customers, revenues are highly concentrated and provide the company with distributive efficiencies. Recently, the company increased its advertising spending to 6.5% of revenue to combat accusations of controversial antibiotic usage and to differentiate its products from the competition by stressing socially responsible actions.

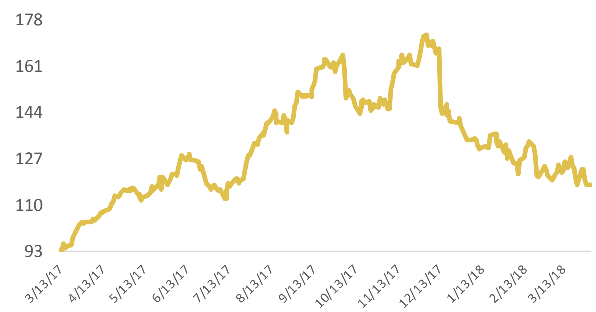
Since 2014, the market price for chicken has steadily declined, down 10% through January 2018. Taking note of these falling prices, Sanderson Farms was still able to increase its operating income by over 40% in the 2017 fiscal year relative to the prior year. The pressure on chicken prices is anticipated to ease in the near future, as prices are predicted to increase at an annual rate slightly below the historic average of 2%. Moreover, the recent weakening of the dollar relative to foreign currencies has helped bolster international sales of the company.

Relative to other companies in the food products industry, Sanderson Farms stock price is currently undervalued. A P/E ratio of 10.5 compared to an industry median P/E of 21.4 and a price to book ratio of 1.9 reinforce this assertion. The company's debt-free position displays management's dedication to responsible capital management. Over the trailing twelve months, Sanderson Farms achieved an ROA of 17.0% as opposed to the industry median of 5.8%. Paired with a total asset turnover ratio nearly twice that of the industry, these measures illustrate the company's operating efficiencies. Considering an expected rebound in chicken prices and anticipated revenue growth coupled with strong fundamentals, we advocate for the retention of Sanderson Farms in the portfolio.

Key Metrics

Price (as of 4/2/2018)	**$117.24**
Market Capitalization (in Millions)	**$2,677.27**
Trailing 12 Month P/E	**9.98**
Forward P/E	**11.50**
PEG Ratio	**3.83**

SAFM - 1 Year Price Chart



Motorcar Parts of America (MPAA)

Portfolio Recommendation: Liquidation

Motorcar Parts of America, Inc. manufactures and distributes automotive parts for imported and domestic cars and trucks in United States and Canada, including alternators, master cylinders, brake power boosters, turbochargers, and hub assemblies and bearings. Motorcar Parts headquarters are located in California, and has manufacturing facilities around the United States, Singapore and Malaysia. Motorcar Parts sells their rebuilt products to distributors, which then sells those products to do-it-yourself consumers through automotive retailers, mainly in the United States and Canada. The major retailers they supply are AutoZone, Advance Auto Parts, and O'Reilly Automotive.

Motorcar Parts' revenue growth has declined from 22.3% in fiscal year 2016 to 14.2% in fiscal year 2017. AutoZone, Motorcar Parts largest client, accounts for more than 50% of their business. AutoZone's same store sales growth has been declining in the past three years. In the most recent earnings report, management alerted investors of "soft" demand due to mild winter weather, customer inventory reductions, and decelerating retail sales across the industry. The company has growth but not promising sales revenue for long time in the near terms based on the "soft" demand.

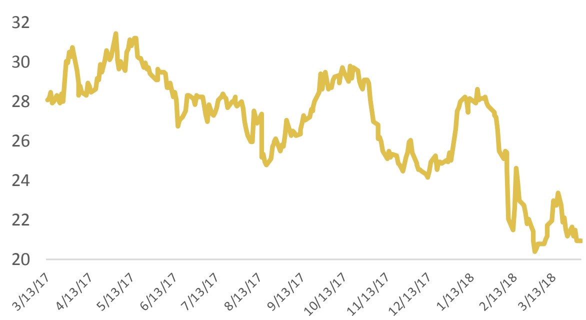
Motorcar Parts of America has expanded operations into Mexico. With the possible proposal and action from President Trump's Administration regarding tariffs on steel and aluminum, Motorcar Parts of America's operating margins are at risk. With tariffs, the company can have their margins dramatically lowered which can hinder earnings performance. Rising interest rates will also have a negative effect on the current situation for Motorcar Parts as a stronger dollar can weaken the prices for commodities, making exports less attractive.

While competing firms are seeing revenue growth at 20% on the median, Motorcar Parts seems to be struggling to stay competitive with 14.2% revenue growth in the most recent fiscal year. Operating margin and sustainable growth are all underperforming the industry median. The seemingly poor performance in the recent year with minimal solidification gives an uncertain outlook for Motorcar Parts of America, making it an excellent candidate for liquidation from our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$20.90**
Market Capitalization (in Millions)	**$398.64**
Trailing 12 Month P/E	**16.73**
Forward P/E	**8.49**
PEG Ratio	**0.34**

MPAA - 1 Year Price Chart



Weis Markets, Inc. (WMK)

Portfolio Recommendation: Liquidation

Weis Markets, Inc. operates a conventional supermarket chain. The company offers groceries, dairy and deli, frozen foods, meats, seafood, fresh produce, floral, pharmacy services, bakery, beer and wine, fuel, and health and beauty care products. Weis Markets serves customers exclusively in the United States and the majority of the company's 200 locations are concentrated in the northeastern region. The grocery chain generates 55% of its revenue through center store sales (grocery, frozen, dairy and alcohol products), 30% of revenue is attributed to fresh food sales, and the remaining 15% of revenue is credited to pharmacy services and fuel sales.

In early 2017, Weis Markets committed $90 million to capital expenditures involving new store acquisitions, remodels, and supply chain improvements in an effort to attract additional market share. In accordance with their market penetration strategy, Weis Markets has pursued aggressive promotional and pricing initiatives. These tactics, coupled with the struggle of efficiently managing inventory costs, have introduced additional pressure on the company's operating margin. As a result, the growth rate of the company's cost of goods outpaced the growth rate of the revenue for fiscal year 2017, leading to a decrease in gross profit percentage from 27.8% to 26.7%.

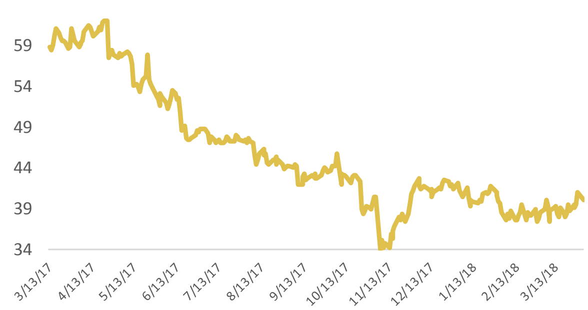
An area of concern for many grocers is Amazon's increasing exposure to the market. In addition to its Amazon Pantry services and Amazon Go store, the recent acquisition of Whole Foods increases Amazon's presence and raises additional concerns for traditional grocers. While not currently in direct competition with Weis Markets, Amazon's focus on price and convenience could create additional revenue and operational headwinds for Weis Markets in the future.

Compared to the food retail industry, Weis Markets' return on invested capital of 4.3% lags the industry median of 6.7% for the most recent fiscal year. A P/E ratio of 21.6 compared to an industry median of 18.5 also suggests that Weis Markets is slightly overvalued. Due to a decreasing operating margin, inventory management issues, and additional competition in the industry, we recommend the liquidation of this position from the portfolio and anticipate the relinquished funds to be more effectively deployed elsewhere.

Key Metrics

Price (as of 4/2/2018)	**$39.96**
Market Capitalization (in Millions)	**$1,074.86**
Trailing 12 Month P/E	**22.15**
Forward P/E	**N/A**
PEG Ratio	**N/A**

WMK - 1 Year Price Chart



Amazon.com, Inc.

Portfolio Recommendation: **Addition**

Amazon.com, Inc. is a global leader of e-commerce that offers a wide selection of retail products and cloud computing services. Jeff Bezos, CEO and founder of Amazon, has been able to transform a book retail venture into one of the largest and most successful corporations in the world. With the implementation of Amazon Prime, consumers are able to receive goods at a quick pace in which competitors struggle to offer. The e-commerce giant has dominated the retail sector in the United States and is slowly venturing into global markets.

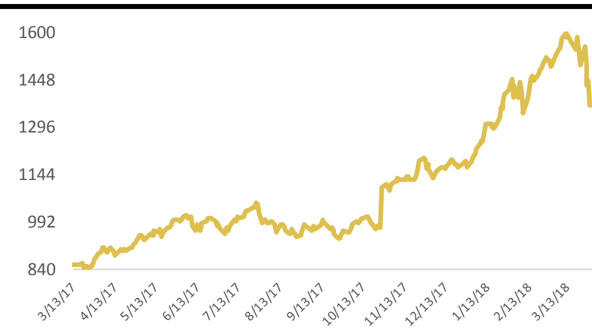
Amazon has many revenue streams that derive from their online user base, grocery, cloud services, and will soon launch various business segments that are expected to hold high demand. Amazon is looking to release their own transportation segment, banking, innovative cloud computing and crowd sourcing, and much more. Amazon has over 150 distribution centers globally which include North America, Europe, Asia, and Australia. Amazon acquired Whole Foods in 2017, which bolsters their increasing presence in the retail grocery industry. In addition to the acquisition, the e-commerce giant has recently launched Amazon Go, a grocery service that has advanced technology which allows the consumer to checkout without cashiers and wait times. Due to their innovative and convenient approach which offer user friendly web services, Amazon Prime delivery, Amazon Go grocery, and many more components, Amazon has sustainable growth prospects looking forward.

Amazon saw record-breaking results in fiscal year 2017. With over $177 billion in sales, 30% revenue growth, increased profit margins, and positive cash flows, Amazon is positioned to have another record breaking year. In 2018, we can expect all business segments to grow such as cloud computing, retail, Amazon Go, marketing services, and many other revenue lines. Amazon's stock is currently undervalued by 5% with an intrinsic value between $1,600 – $1,650 per share. With new product development, global innovation, and an increasing market share, Amazon.com Inc. has a robust growth outlook making it a key addition to our portfolio.

Key Metrics

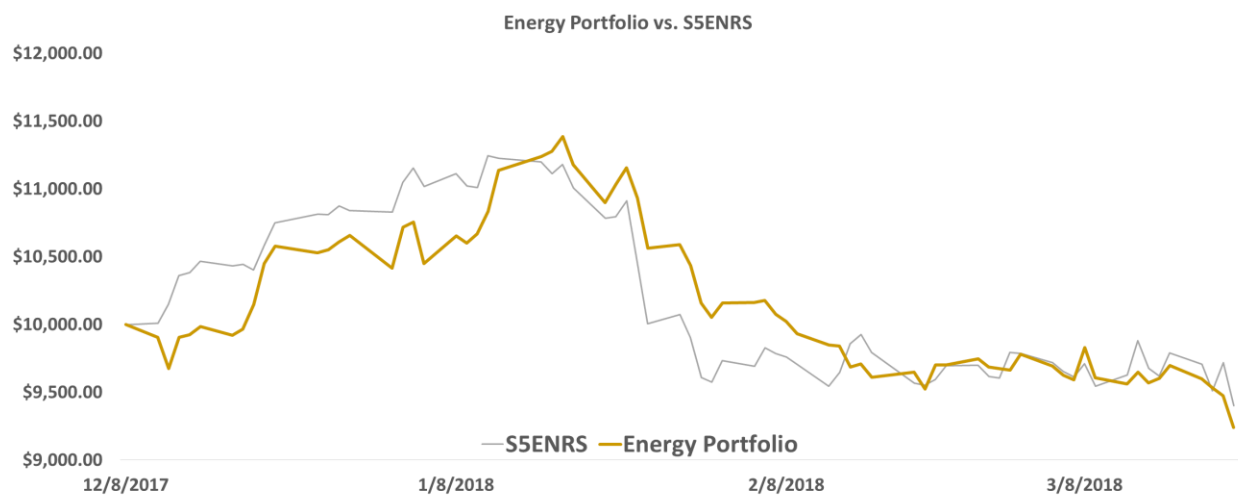
Price (as of 4/2/2018)	**$1,366.47**
Market Capitalization (in Billions)	**$661.52**
Trailing 12 Month P/E	**299.71**
Forward P/E	**83.67**
PEG Ratio	**2.62**

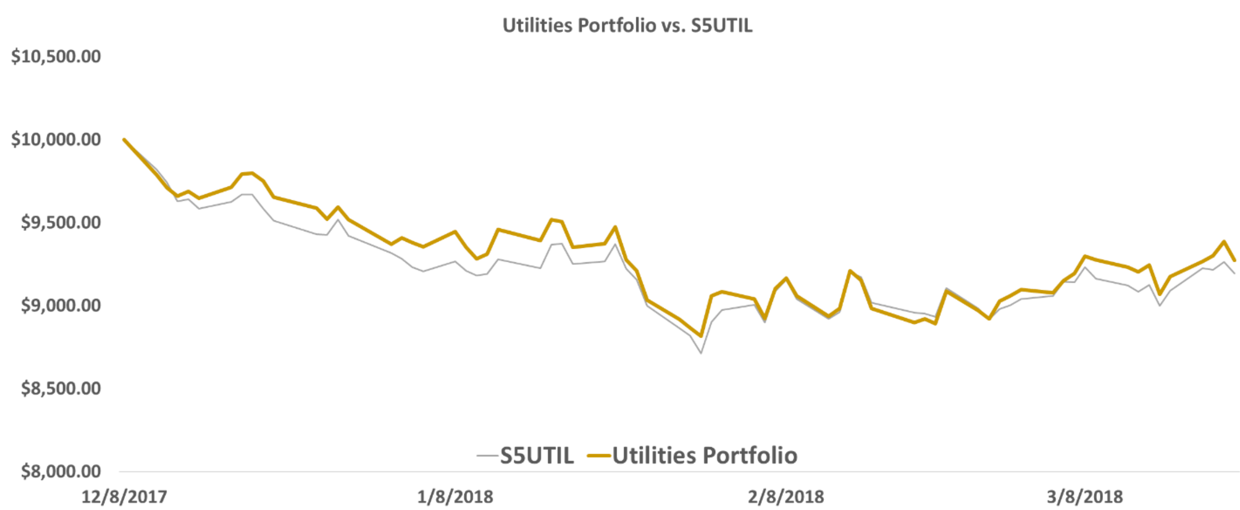
AMZN - 1 Year Price Chart



Energy & Utilities

Sector Performance Since Last Rebalancing & Detailed Portfolio Recommendations





Alliance Resource Partners (AHGP)

Portfolio Recommendation: Retention

Alliance Holdings G.P. produces and sells both thermal and metallurgical coal to domestic utility and industrial users. The company's operations are located in the Illinois Basin and the Appalachian region. In the most recent fiscal year, 72.6% of their mined coal came from the Illinois Basin region.

Basing the majority of mining operations in the Illinois Basin provides Alliance with the potential for growth that is arduous for many other coal miners to attain. The U.S. Energy Information Administration (EIA) projects coal demand from the Western and Appalachian regions to decline from current levels between the present day and 2050. However, the agency projects demand for coal from the Interior region of the nation to increase in the same period. The company has recently announced plans to simplify its organizational structure through a series of simplification transactions with its wholly owned subsidiary, Alliance Resource Partners L.P., to lower administrative costs and improved profitability.

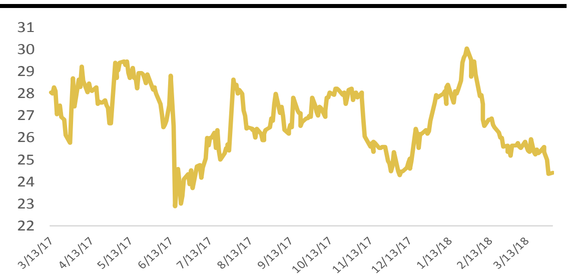
The International Energy Agency (IEA) projects global coal demand to increase slightly in the near future as foreign nations such as India and countries in South East Asia continue to increase coal capacity. Alliance is well positioned to supply global markets through the exportation of coal as it has the human capital necessary to quickly act upon any opportunities that arise from higher international coal prices. A weakening U.S. Dollar could also make coal produced in the U.S. relatively cheaper for foreign companies and increase the amount of coal exported from the domestic marketplace. President Trump's administration has proven amiable to the coal industry through legislation and EPA policy that reduces costs to coal mining operations, with further deregulation on the horizon.

Despite tough industry conditions in recent years, Alliance's management has been able to maintain profitability while many of its peers were forced into bankruptcy. The company has reported a positive operating income every year since 2006 allowing the company to maintain its impressive 11.5% dividend yield throughout the most recent downturn. The company possesses a P/E of 7.97 compared to a median P/E of 7.29 among companies in the coal and consumable fuels industry and it has a PEG ratio of just .54. Based on the company's outstanding performance relative to peers in unfavorable market conditions and the improvement in the firm's operating environment, Alliance is likely to continue growth into the future and is an excellent candidate for retention in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$24.37**
Market Capitalization (in Millions)	**$1,459.15**
Trailing 12 Month P/E	**7.66**
Forward P/E	**7.21**
PEG Ratio	**N/A**

AHGP - 1 Year Price Chart



Chesapeake Utilities Corp. (CPK)

Portfolio Recommendation: Retention

Chesapeake Utilities Corporation provides natural gas transmission and distribution, propane distribution, and information technology services. The company's operations are separated into two reportable segments: regulated energy (natural gas transmission and distribution) and unregulated energy (propane distribution). Chesapeake's information technology services are reported as "other business". For FY 2017, the company derived 85.23%, 14.53%, and .24% of the company's operating income came from the regulated, unregulated, and other areas of the business respectively.

Due to the Energy Information Administration (EIA) projections for increased consumption of natural gas over the next few years, Chesapeake has significant growth opportunities in its natural gas and electric distribution businesses. Chesapeake should be able to grow its revenues by increasing its customer base and delivering more energy to its current customers by investing in new projects to increase the scale of its operations. The company has been active in making such strategic investments recently. Among the company's recent and current investment projects are the investment in Eastern Shore, a TETCO upgrade, and Florida Natural Gas projects.

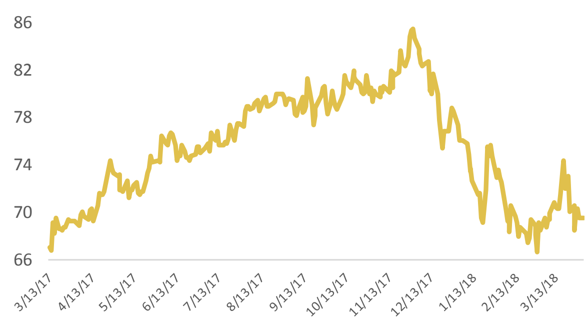
Recently, President Trump's administration passed through tax reform that lowers the corporate tax rate alongside other tax changes. Chesapeake has stated that this tax reform will help the unregulated business of its operations in terms of future profitability. The company has also been receiving rate increase approvals from states such as Delaware and Florida.

From a valuation perspective, the company remains an attractive entity. The firm's relative valuation metrics appear to be in-line with industry standards and the intrinsic value derived from the discounted cash flow model was $77-$84 representing a potential upside of 9.8%-19.7% above the current share price. Considering the potential capital gain embedded in the stock price, the current dividend yield the company is paying out, and the company's admirable performance, we recommend that Chesapeake be retained in the portfolio.

Key Metrics

Price (as of 4/2/2018)	**$69.55**
Market Capitalization (in Millions)	**$1,136.76**
Trailing 12 Month P/E	**24.19**
Forward P/E	**20.16**
PEG Ratio	**2.25**

CPK - 1 Year Price Chart



Exelon Corp. (EXC)

Portfolio Recommendation: Retention

Exelon Energy is a utility services holding company that has operations in the continental United States and Canada. Exelon provides gas and electricity services to its customers through its subsidiaries: Exelon Generation, Constellation, Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO, and Pepco. Customers include residential, commercial, industrial, and wholesale customers. Overall, 50% of Exelon's revenue comes from its power generation business, and derives the other 50% comes from power delivery, via its regulated utilities.

In fiscal year 2017, Exelon successfully completed the Pepco Holdings, Inc. acquisition, a $7.1 billion expansion into regulated utilities. Due to strong expectations of free cash flow increases due to power price forwards at year-end and current margin outlook for Constellation, the company plans to invest $700 million in solar projects to support Constellation, one of the nation's largest retail energy suppliers.

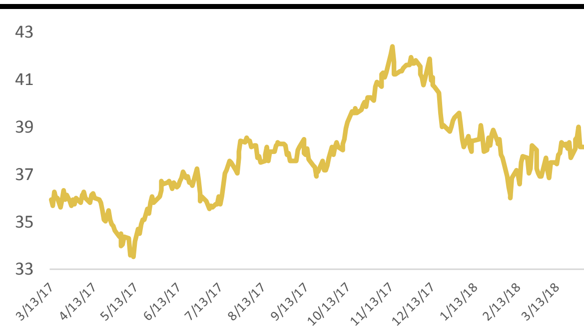
The 2017 tax reform bill provided strong tailwinds for Exelon Energy, as Exelon Generation will benefit from a lower tax rate. This is an estimated earnings benefit of $.10 per share, which will be used to retire debt. Energy usage peaked in 2017 and early 2018 as the recent Nor'easter storms provided strong tailwinds. Lastly, rising interest rates provide a risk to operations by increasing the cost of refinancing debt.

Continuing with tax reform, this event has resulted in Exelon Energy raising projected annual growth to 7.4% from 6.5% while continuing to forecast 6% - 8% EPS growth. Cumulative free cash flow projections for Exelon Generation has increased to $7.6 billion from $6.8 billion for 2018-2021. Dividend growth for the Exelon remains at a competitive 5% rate. After a thorough discounted cash flow valuation, we determined the appropriate intrinsic value for Exelon to be within the range of $48 to $52 As a result, we strongly recommend Exelon Energy as a retention in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$38.19**
Market Capitalization (in Billions)	**$36.85**
Trailing 12 Month P/E	**15.65**
Forward P/E	**12.33**
PEG Ratio	**3.36**

EXC - 1 Year Price Chart



WEC Energy Group, Inc. (WEC)

Portfolio Recommendation: Liquidation

Wisconsin Energy Corp. operates as an electric and natural gas delivery company serving customers in Michigan, Illinois, Minnesota, and Wisconsin through its seven subsidiaries: We Energies, Wisconsin Public Service, Upper Michigan Energy Resources, Michigan Gas Utilities, North Shore Gas, Minnesota Energy Resources and People Gas. Wisconsin Energy Corp. generates 59% of business from electric generation and distribution, 27% from gas distribution, and 14% from electric transmission.

A current and ongoing concern is that the Chief Executive Officer, Allen Leverett, has been absent on medical leave. As Gale Klappa assumes the new role of CEO, his ability to lead the company is being tested. Furthermore, the Wisconsin Public Service Commission approved a flat base rate for 2018 and 2019, suppressing rate growth. On a weather-normal basis in 2017, retail delivery of electricity decreased by 0.4%.

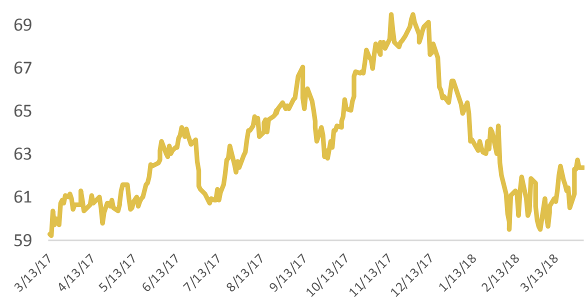
As indicated by Federal Reserve Board Chief Powell, a strengthening U.S. economy will support interest rate hikes. Rising interest rates will cause the cost of refinancing debt to begin to increase and WEC has an $810m principle payment due in 2018. Moreover, Wisconsin Energy Corp. faces regulatory risks associated with its coal-fired electric generating facilities that may render them unprofitable.

Revenue growth in 2017 slowed down to 2% compared to the 5-year average of 12.8%. Furthermore, EPS growth has slowed down to 8.75% in fiscal 2017 compared to 11.20% in 2016. After a thorough discounted cash flow valuation, we determine that an appropriate target price range for Wisconsin Energy Corp. to be $57 to $63. As a result, Wisconsin Energy Corp. is a great candidate for liquidation form our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$62.34**
Market Capitalization (in Billions)	**$19.67**
Trailing 12 Month P/E	**19.89**
Forward P/E	**18.89**
PEG Ratio	**5.51**

WEC - 1 Year Price Chart



Great Plains Energy, Inc. (GXP)

Portfolio Recommendation: Liquidation

Great Plains Energy Inc. is a public utility holding company, providing electricity to the Midwest through its two wholly owned subsidiaries: Kansas City Power & Light Company and Greater Missouri Operations Company. Furthermore, Great Plains Energy Inc. also focuses on investments in energy-related ventures that are unregulated and thus provide a higher growth potential.

In 2017, Great Plains Energy Inc. and Westar Energy agreed to a merger-of-equals that will be completed in the first half of 2018, which was previously blocked by regulators and deemed to be too risky and not in the best interest of the consumer. The current proposal is less beneficial for Great Plains Energy Inc. shareholders than Westar as current Great Plains Energy shareholders are poised to receive sixth tenths of a share in the new company for their current share.

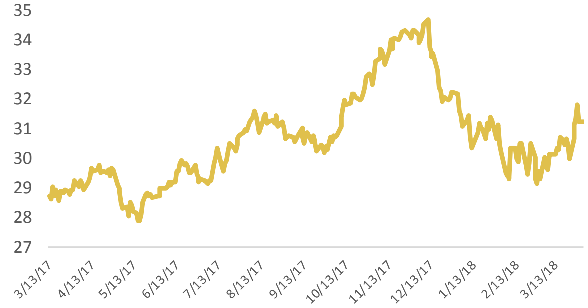
The passing of tax reform will result in ongoing decrease in annual cash flow of approximately $100 million as lower corporate tax rate benefits are passed through to customers. On a related note, management cited milder weather as detrimental to earnings, mentioning an unfavorable weather impact of $0.19 per share. Even so, weather-adjusted sales for industrial customers were down 2.5% in fiscal year 2017. Lastly, rising interest rates will create risk to financing operations as the cost of refinancing debt will increase.

In fiscal year 2017, Great Plains Energy Inc. reported a loss of $0.67 per share compared to earnings of $1.61 in the prior year. The growth in net income is currently at the lowest level since 2011, only 4.75%. Furthermore, revenue growth decreased to 1.2% in 2017 compared to 4.75% the prior year. Analyzing the company using a discounted cash flow valuation, we estimated the intrinsic value of Great Plains Energy Inc. to be in the range of $26 - $28. Therefore, Great Plains Energy is a great candidate for liquidation from our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$31.23**
Market Capitalization (in Millions)	**$6,735.25**
Trailing 12 Month P/E	**49.19**
Forward P/E	**18.99**
PEG Ratio	**4.55**

GXP - 1 Year Price Chart



U.S. Silica Holdings, Inc. (SLCA)

Portfolio Recommendation: Addition

U.S. Silica Holdings is involved in the production of silica and sand proppants. The company operates in two different segments: Oil and Gas proppants and Industrial and Specialty products. The end users of Silica's offerings in the oil and gas proppants segment are oil and gas drillers engaged in fracking activities. In fiscal year 2017, 82.2% of the company's revenues came from the oil and gas proppants segment.

The demand for silica and sand proppants from members of the oil and gas industry is the most important determinant of Silica's growth prospects. From late 2014 to early 2016, falling prices for natural gas and oil led to production drops for both natural gas and oil from early 2015 to late 2016. As a result, demand for Silica's product offerings fell and the company's growth was hindered in 2015 and 2016. We expect the recent recovery in oil and gas production to continue based on estimates made public by the U.S. Energy Information Administration (EIA). The agency projects oil production increasing from 19.34 quads in 2017 to 23.18 quads in 2023, as well as an increase in natural gas production from 33.11 quads in 2017 to 42.53 quads in 2023. With greater production of oil and natural gas going forward, growth opportunities for Silica should be abundant.

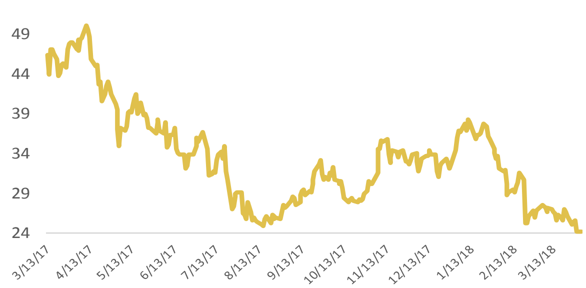
The growth of oil and gas production in the U.S. may additionally be bolstered by the trends occurring in U.S. energy exports. The U.S. has been transforming from a net energy importer to a net energy exporter. The EIA believes the U.S. will become a net energy exporter by 2022. Increasing exports, helped by the recent weakness of the dollar, could put upward pressure on oil and gas production within the U.S.

It is our belief that Silica's stock price was driven below the company's intrinsic value recently due to difficulties in the oil and gas industry and appears quite attractive now given the company's prospects. The company has a P/E of 16.9 compared to a median P/E of 30.6 in the oil and gas equipment and services industry. On a forward basis, the company's P/E falls down to 9.14. The PEG ratio for the company is very low at 0.1, reflecting a cheap valuation given the current earnings of the company and the expected growth of its earnings in coming years. Using a discounted cash flow model, the estimated intrinsic value of the stock was found to be $33-$46, reflecting a potential return of 29.9%-81.1%.Given the favorable outlook for the company and its relative and absolute valuations, we recommend Silica as a new addition to the portfolio.

Key Metrics

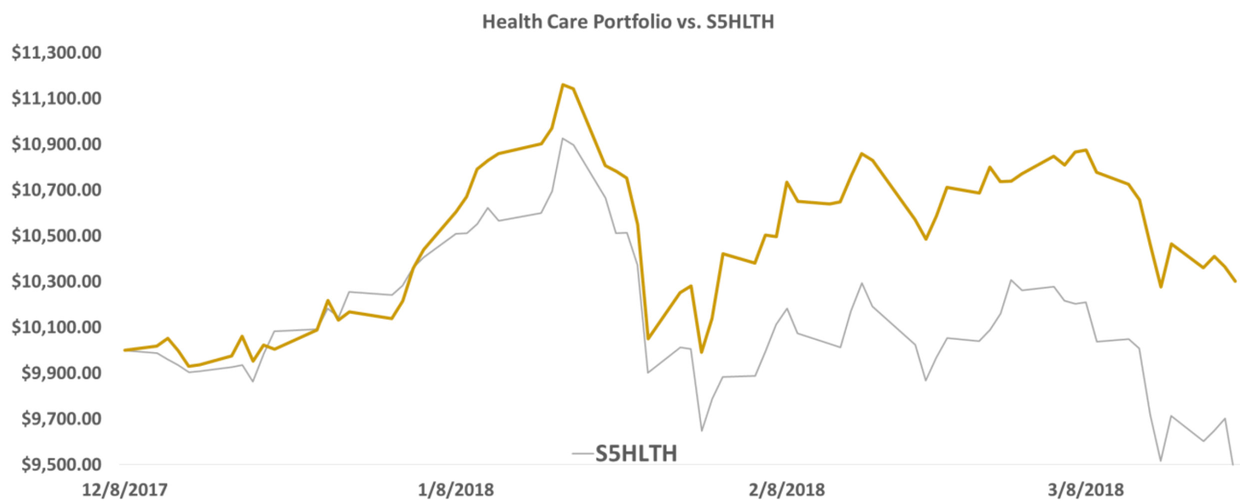
Price (as of 4/2/2018)	**$24.20**
Market Capitalization (in Millions)	**$1,952.83**
Trailing 12 Month P/E	**15.63**
Forward P/E	**8.52**
PEG Ratio	**N/A**

SLCA - 1 Year Price Chart



Health Care

Sector Performance Since Last Rebalancing & Detailed Portfolio Recommendations



Cardinal Health, Inc.

Portfolio Recommendation: Retention

Cardinal Health is a company that provides complementary products and services to health care providers and manufacturers. The company has two large segments within their operations: pharmaceuticals and medical devices. Cardinal is a valuable supplier to pharmacies whom they stock with the supplies necessary for daily operation. They provide systems for all the various channels of health care participants and focus on providing innovative solutions to consumers with more integrated care.

Cardinal Health supports a large framework of distribution channels that allows them to remain prevalent in the market. They continue to be a leader in the production of a wide variety of products, both pharmaceuticals as well as medical devices. Currently, they supply 1/4 of all medications that are being supplied today. This large presence has made them a staple for all distributors and factors in nicely with brand recognition when it comes time to pick an outlet. One of their largest functions is serving an offering of the influenza vaccine that is used in many locations. Their continued research into health care has given them a great reputation within the sector.

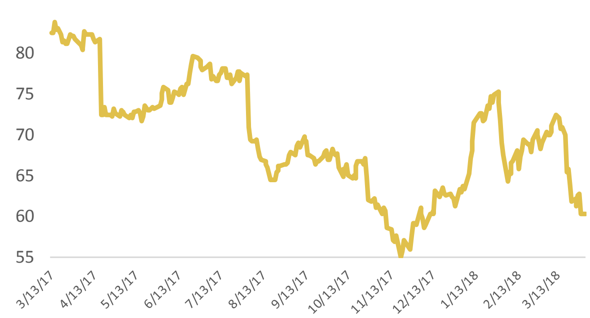
Cardinal specifically has been benefited by the large scale influenza virus that has broken out this current year. With influenza fatalities being higher than any year in recent history, their products are being sought out as a preventative measure. With health care becoming more widespread into rehabilitation centers, pharmacies, and urgent care centers, it has given Cardinal the ability to provide more solutions to a larger customer base.

In the health care distributors industry, they have a market cap that is much larger than the median cap, 22.3 Billion vs. 232.8 Million. Cardinal growth has been shown to be sufficient with a current 1.44 PEG ratio. We believe that this figure works nicely for continued increase in the stock price. They also provide an ROE of 19.4% that is above the subsector median of 14.4%. This has given them more freedom to continue investing in themselves. With fantastic leadership and a continued focus on growth in distribution channels we believe that Cardinal Health is a great candidate for retention in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$60.34**
Market Capitalization (in Billions)	**$18.99**
Trailing 12 Month P/E	**13.95**
Forward P/E	**10.38**
PEG Ratio	**0.76**

CAH - 1 Year Price Chart



UnitedHealth Group, Inc. (UNH)

Portfolio Recommendation: Retention

UnitedHealth is a provider of managed health care coverage, software and data consultancy services. It operates through four segments: UnitedHealth care, OptumHealth, OptumInsight, and OptumRx. OptumHealth has become the world's largest health care company. UnitedHealth has also focused on serving the needs of older Americans, as well as providing specialized care services and sound research to its providers and payers.

As a large provider of insurance for the elderly UnitedHealth has seen growth with the Affordable Care Act in place. While President Trump's Administration is looking to move some of these regulations insurance will be very hard to replace altogether. With the compression of companies within in the health care sector due to regulation that creates barrier for entry will benefit United Health greatly. As the world moves towards more advanced Information Technology services United will only be in a better position as they are the health care sector leader.

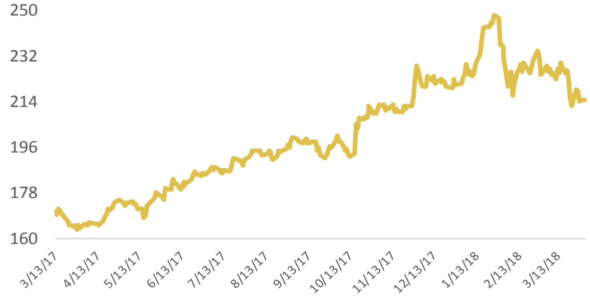
As the United States largest insurance provider, UnitedHealth is benefitted by the lower cost of medical services. By being so large they have a great deal of ability to fund operations for very low cost in bulk and makes them able to invest so much more in other areas. President Trump's insurance bill has provided a greater deal of services from private companies which has benefited United with added customers who under Obamacare would not have been eligible. Insurance laws will continue to stay in this favor over the course of the current administration which is continued success for United. They also have a considerable advantage with the corporate tax rate being decreased due to the size that they operate their company at. With the 22% tax rate they figure to earn a higher amount of income that they will continue to reinvest within their segments.

United has seen revenue growth each year since 1998. This has been a steady progression from $17.55 Billion to $201.16 Billion in 2017. This has helped them create a market cap of $220.5 Billion that is well above the subsector cap of 4.72 Billion. The company has also seen a valuable P/E ratio of 23.98 that is also above the median of 23.02. Finally, United has posted a ROE of 21.76% that is well above the subsector median of 12.89% which allows them to continue to increase the money that shareholders continue to invest. With these figures we see them continuing to grow amongst their already fantastic profitability. We believe that UnitedHealth will be valuable to retain within our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$214.93**
Market Capitalization (in Billions)	**$207.98**
Trailing 12 Month P/E	**22.62**
Forward P/E	**17.17**
PEG Ratio	**1.28**

UNH - 1 Year Price Chart



AMN Healthcare, Inc. (AMN)

Portfolio Recommendation: Liquidation

AMN Healthcare services is a third-party staffing company that provides nurses and other professionals for health care facilities. Within this field they focus on staffing three segments: nurses, temporary replacement professionals, and other workforce needs. Their concentration within the sector has led to them becoming the nation's leader in health care staffing.

AMN is able to operate as an independent third party provider for staffing, giving them the ability to move their labor from facility to facility relatively seamlessly to cover staffing needs. However, AMN has trouble retaining quality talent as large health care providers have become more attractive to industry professionals as a permanent workplace. As this continues to be the case, third party staffing is become a less lucrative staffing option to the major health care providers in the industry.

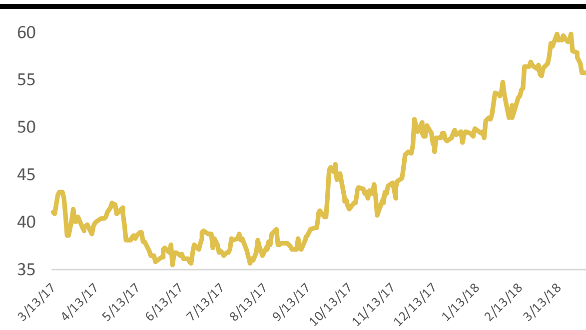
There has been a focus on mergers and acquisitions in the U.S. health care industry. This has impacted health care providers especially hard and has involved 102 hospitals in 2017 alone. This has created an ability for large umbrella providers to move employees easily amongst health care facilities. The growing size of the modern health care provider has eliminated the need for third party staffing, as large networks maintain the ability to satisfy staffing from within. AMN poses a higher cost alternative to health care providers and is not well positioned for growth within the health care staffing industry.

AMN, being adversely affected by the mergers, realized one-year revenue growth of 4.5% while the Health Care Services subsector is seeing 6.7% on the median. After performing a discounted cash flow valuation, we estimated AMN to have an intrinsic value of $36-$38, representing a potential downside of 26-27% to our portfolio. An overall low-growth outlook for third-party healthcare staffing providers, along with an unfavorable discounted cash flow valuation, we believe that it is the proper time to recommend AMN for liquidation from our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$55.80**
Market Capitalization (in Millions)	**$2,668.28**
Trailing 12 Month P/E	**21.27**
Forward P/E	**17.30**
PEG Ratio	**1.15**

AMN - 1 Year Price Chart



Fonar Corp. (FONR)

Portfolio Recommendation: Liquidation

FONAR Corporation, engages in the design, manufacture, sale, and servicing of magnetic resonance imaging (MRI) scanners for the detection and diagnosis of human diseases, abnormalities, and other medical conditions and injuries. It operates in two segments: Medical Equipment, and Physician Management & Diagnostic Services. The company offers unique capabilities of an Upright MRI scanner that allows patients to be scanned in weight-bearing conditions, such as standing, sitting, bending, or lying down.

FONAR's revenue growth in the most recent fiscal year was 6.3%, which is below the industry revenue growth of 27.9%. FONAR derives its revenue mostly from one product. The company has discovered a plateau or a slow revenue growth as of late. Management believes the increase in sales revenues although positive, more likely reflects the volatility resulting from low sales volume.

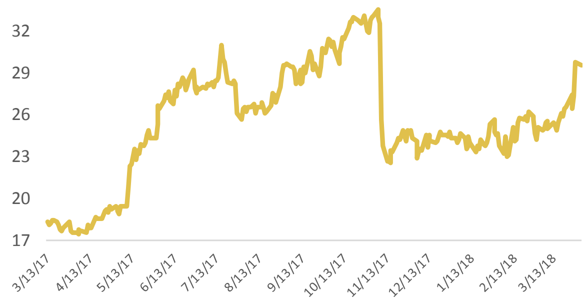
The implementation of the Patient Protection and Affordable Care Act (PPACA) profoundly impacted the health care industry, as FONAR is experiencing reduction of reimbursement rates and fewer sales of the MRI equipment. Efforts to repeal, replace, or modify the PPACA may result in further significant changes in the health care industry and the company's business.

Tight credit and economic uncertainty of the repeal and replacement of the PPACA, have depressed the market for the MRI scanner products. Continuing lower sales volumes have been a factor ultimately contributing to the decrease in service revenues. The revenue from new scanners being placed under service agreements, following the expiration of their warranties, is insufficient to replace the revenue lost. With a depressing outlook on a single product dependent company like FONAR and a slow revenue growth substantially below the median, we believe this is a great candidate for liquidation.

Key Metrics

Price (as of 4/2/2018)	**$29.60**
Market Capitalization (in Millions)	**$197.44**
Trailing 12 Month P/E	**10.65**
Forward P/E	**N/A**
PEG Ratio	**N/A**

FONR - 1 Year Price Chart



Regeneron Pharm., Inc. (REGN)

Portfolio Recommendation: Addition

Regeneron Pharmaceuticals, Inc. operates as a biopharmaceutical company to discover, develop, manufacture, and commercialize medicines for the treatment of serious medical conditions. The company is also involved in marketing medicines for eye diseases, colorectal cancer, and rare inflammatory conditions, and has product candidates in development in other areas of high-unmet medical need: hypercholesterolemia, oncology, rheumatoid arthritis, asthma and atopic dermatitis. Regeneron has a prolific drug portfolio that includes cholesterol-lowering drug Praluent, eczema drug Dupixent, and rheumatoid arthritis drug Kevzara.

Regeneron achieved double-digit revenue growth for the past six fiscal years, growing 20.8% in the most recent year. In 2017, Regeneron sold $139 million of Dupixent in the U.S., second only to its top seller EYLEA, which had sales of $975 million. In January 2018, EYLEA received approval for sale in Japan and in Canada, growing their geographical footprint. Although it is a smaller market, Dupixent's combination of initiating sales in new markets along with sales growth in the U.S. will drive drug sales higher over the next fiscal year.

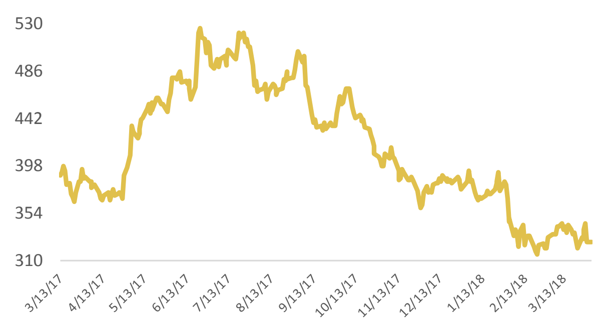
Regeneron has 15 more products in clinical development, and expects to advance four to six of them as new product candidates in 2018. On March 2, the FDA accepted Regeneron's application allowing Dupixent to be marketed to treat asthma, and the drug is under a Phase 3 study for treating children between 6 months and 17 years of age. The company expects a decision on its supplemental Biologics License Application (BLA) for Dupilumab in treating uncontrolled asthma by second half 2018. Regeneron will file another BLA submission for Cemiplimab, which treats squamous cell carcinoma, and may receive regulatory approval within the calendar year.

Gaining FDA approval for Praluent, a next-generation cholesterol-lowering injection, ahead of Amgen's Repatha was a key success factor for Regeneron. Regeneron continues to add revenue-driving products to its portfolio, which will continue its revenue growth positively. Regeneron's Return on Equity last year was at 29.1% compared to the median of -3.6%. The company's Return on Invested Capital last year was 29.6% compared to the median of -0.67%. This is a sign of good management and a healthy and competitive enterprise. Excellent revenue growth and positive return on equity and invested capital, we believe Regeneron can be a strong addition to the portfolio.

Key Metrics

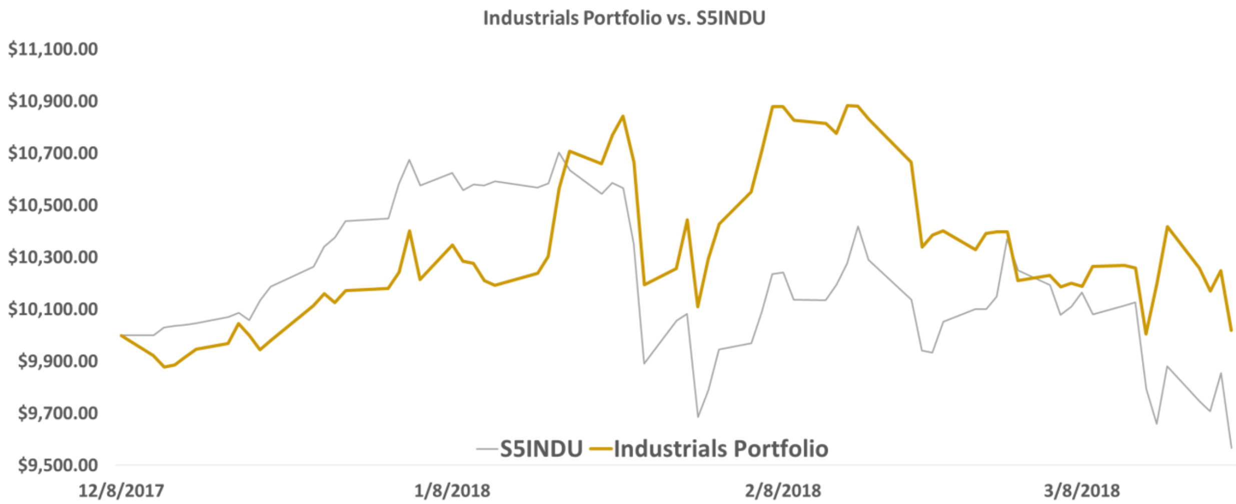
Price (as of 4/2/2018)	**$326.45**
Market Capitalization (in Billions)	**$35.16**
Trailing 12 Month P/E	**24.54**
Forward P/E	**17.91**
PEG Ratio	**1.25**

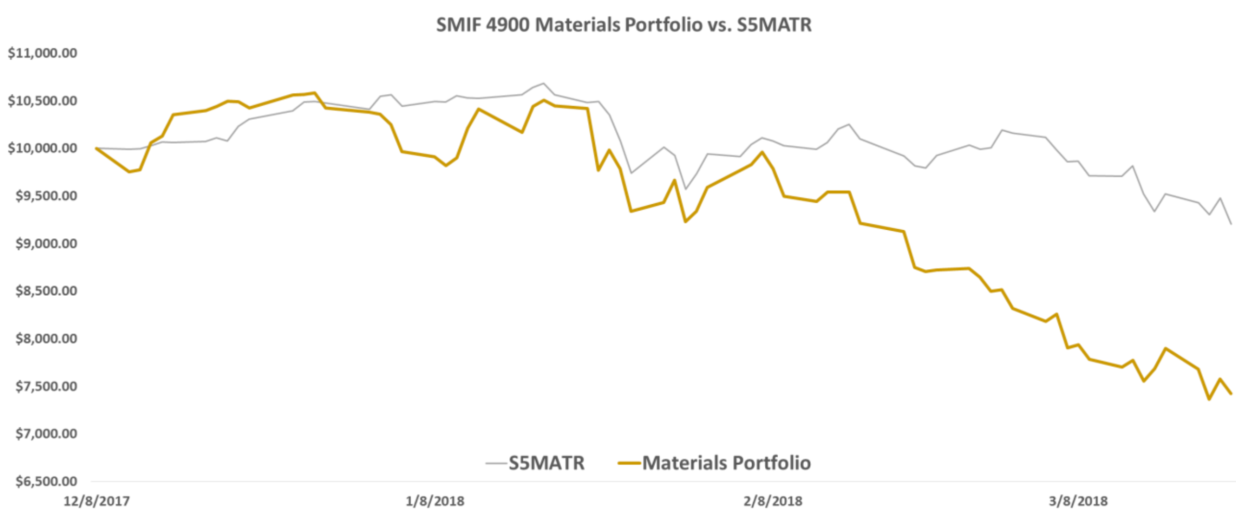
REGN - 1 Year Price Chart



Industrials & Materials

Sector Performance Since Last Rebalancing & Detailed Portfolio Recommendations





The Greenbrier Companies (GBX)

Portfolio Recommendation: Retention

Greenbrier Companies Inc. manufactures and supplies transportation equipment on a global scale with major operations in the United States, Canada, Mexico, and Europe with additional rail services being offered in South America. Greenbrier operates in four business segments; manufacturing, wheels and parts, leasing and services, and GBW joint venture.

As a company with a diverse product portfolio, Greenbrier has developed a business strategy that focuses on producing their product mix at lower cost with flexible manufacturing facilities, enhancing leasing activities to capture more value throughout the railcar life cycle, and expanding their geographic reach in Romania, Brazil, and Saudi Arabia and increasing throughput in current markets.

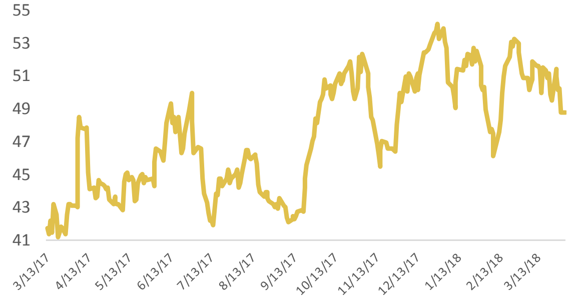
The domestic rail freight sector is expected to growth at a compound annual growth rate of 8.8% through 2020. In 2021, the United States rail freight sector is forecast to have a value of $78,212.7 million, an increase of 36.4% since 2016. To take advantage of this growth, Greenbrier Management Services, a subsidiary of Greenbrier has expanded its railcar fleet being managed by approximately 85,000 railcars since August 31, 2016, an increase of more than 30%. With 355,000 railcars in its management portfolio, GMS now provides management services for over 20% of the total North American railcar fleet. In addition to their expanded fleet, Greenbrier's multiyear agreement with Mitsubishi UFJ through 2023 began in the final quarter of 2017. Through this multi-year purchase commitment, MUL committed to purchasing 6,000 newly-manufactured railcars from Greenbrier through 2020 and to obtain all its newly-manufactured railcars exclusively from Greenbrier through 2023. The combined value of the multi-year agreement exceeds $1 billion.

Over the past 5 fiscal years, Greenbrier has boasted revenue growth of 6.14% compared to the construction machinery and heavy trucks' average of 5.8%. Greenbrier had a strong start to 2018, delivering 4,400 units in the first quarter compared to the 4,000 units they delivered in the first quarter of 2017. Their 2018 outlook includes a 4 to 6 thousand unit increase over prior year and revenue to grow from 2.169 billion in 2017 to 2.4 – 2.6 billion in 2018. Their partnerships through both multi-year agreements and mergers, along with their continued growth makes them a strong consideration for retention.

Key Metrics

Price (as of 4/2/2018)	**$48.75**
Market Capitalization (in Millions)	**$1,399.15**
Trailing 12 Month P/E	**14.65**
Forward P/E	**11.36**
PEG Ratio	**1.20**

GBX - 1 Year Price Chart



Lockheed Martin Corp. (LMT)

Portfolio Recommendation: Retention

Lockheed Martin is a global military contractor, operating in four major segments: aeronautics, space systems, missile fire and control, and rotary and mission systems. Lockheed Martin spun-off its information systems and global solutions segment midway through 2016 to re-focus on its core aerospace and defense operations. The company's largest client is the United States government, accounting for approximately 70% of revenue. However, Lockheed Martin maintains a global reach servicing over 30 countries across the world, driving over 25% of its total revenue.

Lead by the F-35 Lightning II program, the company's aeronautics segment revenue grew by 13% in the most recent fiscal year. The F-35 program is of particular importance as it is only in the low production stage. The PAC-3 interceptor missile (the only field-tested Hit-to-Kill interceptor in the world) and a $100 billion total backlog as of year-end 2017 provide other near-term revenue growth prospects. Regarding long-term growth, the company has recommitted funds to research and development. This funding will help generate new revenue driving programs as the near-to-medium term drivers eventually subside.

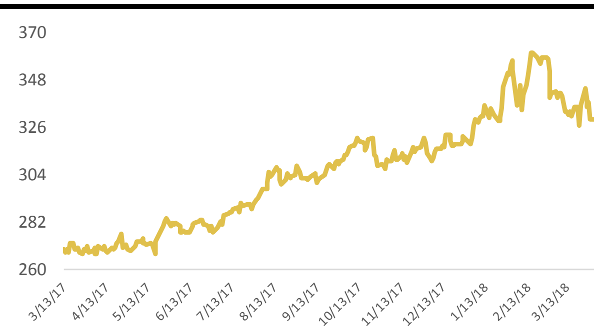
Lockheed Martin's macro environment looks favorable as well, with United States military modernization efforts ramping up, punctuated by current legislation increasing the U.S. defense budget $165 billion for 2018-2019. Lockheed Martin will also benefit from the recent tax reform bill introduced at the end of 2017. Reducing its effective tax rate from approximately 28.9% to an estimated 17-18%. These funds represent additional investments in new programs and specialized training for employees among other opportunities to enhance competitive advantage.

Given that Lockheed Martin outperforms peers in most major categories, analysis indicates the company to be undervalued. The company's PEG ratio stands at 1.03 versus the Aerospace & Defense sub industry median of 1.78, while their 8.0% CAGR of revenues has almost doubled the industry median in the most recent fiscal year. In addition, Lockheed Martin also outpaces their sub industry group in EBITDA growth, profit margin, and asset turnover. Discounted cash flow estimates for intrinsic value also reveal the company's stock to be undervalued by 7-18%. Considering the company's dominant position in an environment poised for growth, Lockheed Martin is an excellent candidate for retention in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$330.07**
Market Capitalization (in Billions)	**$94.34**
Trailing 12 Month P/E	**23.64**
Forward P/E	**21.17**
PEG Ratio	**1.00**

LMT - 1 Year Price Chart



U.S. Concrete, Inc. (USCR)

Portfolio Recommendation: Retention

U.S. Concrete Inc. operates solely within the domestic market offering products and services to the construction industry through its two segments: ready mixed concrete and aggregate products. The ready-mixed concrete segment engages principally in the formulation, production and delivery of ready-mixed concrete to its customers' job sites. The aggregate products segment produces materials such as sand, gravel, and crushed stone. As of January 2018, the company operates 184 standard and volumetric ready-mixed concrete plants, 18 producing aggregates facilities, six aggregates distribution terminals, two lime slurry facilities and one recycling operation.

Fueled by solid growth, both organically and through acquisitions, U.S. Concrete Inc. continues to capitalize on opportunities and sustain competitive advantages. During 2017, U.S. Concrete Inc. expanded their operations with the acquisitions of seven companies; collectively, these acquisitions strengthen vertical integration, support a better ability to compete for non-union projects, and also expansion into new geographically attractive markets. Most notably, the acquisition of Polaris Materials Corporation and Corbett Aggregates enhanced the company's capacity to supply approximately 41.0% of internal aggregate needs.

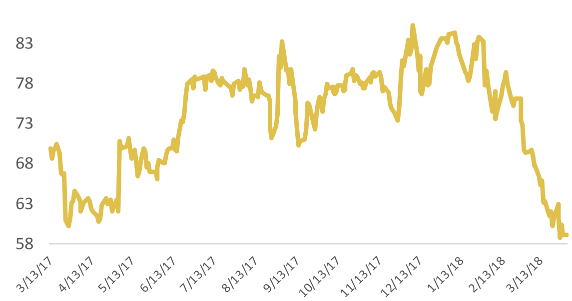
The recently passed tax reform and pre-curser to a potential infrastructure bill leaves the overall economy and construction industry optimistic. The infrastructure modernization plan involves allocating 200 billion dollars in federal funds over 10 years to spur an additional 1.5 trillion dollars of investment funds with partners to the state, local, and private sectors.

In its latest year, U.S. Concrete Inc. experienced revenue growth of 14.3%, compared to the median industry average of 10.0%. At roughly 19.2% ROE, U.S. Concrete Inc. outperformed the median industry average of 13.0%. The company's PEG ratio of 0.47 was approximately 37.5% lower than that of the industry average, indicating great relative value of U.S. Concrete's growth outlook. After our discounted cash flow valuation, we determined that an appropriate target price range for U.S. Concrete Inc. is $74 to $78 dollars; this represents a 23-28% upside in the value of the equity. Given favorable macroeconomic conditions and foreseeable synergistic growth, U.S. Concrete would be an excellent candidate for retention in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$59.05**
Market Capitalization (in Millions)	**$993.28**
Trailing 12 Month P/E	**22.93**
Forward P/E	**12.11**
PEG Ratio	**0.42**

USCR - 1 Year Price Chart



JetBlue Airways Corp. (JBLU)

Portfolio Recommendation: Liquidation

JetBlue Airways Corporation provides air transportation for passengers in the United States, Caribbean and Latin America; in fiscal year 2017, these geographic segments accounted for 71.3% and 28.7% of the company's total revenue, respectively. JetBlue offers customers three pricing options with a certain level of allowances to each: Blue, Blue Plus and Blue Flex.

In 2018, JetBlue faces strong headwinds with rising fuel prices, foreign import tariffs and rising pilot wages. In the last fiscal year, the average price per gallon of fuel for JetBlue increased approximately 21.6%, leading principally to a 23.8% decrease in operating income. The average price per gallon of fuel in the first quarter of 2018 is expected to be $2.16, an increase of approximately 28.0% over the realized fuel price in the first quarter of 2017. JetBlue also remains unhedged, as they do not presently have forward fuel contracts. Additionally, JetBlue will have further difficulty outpacing costs amid rising pilot wages that are likely to increase about 20.0% in 2018.

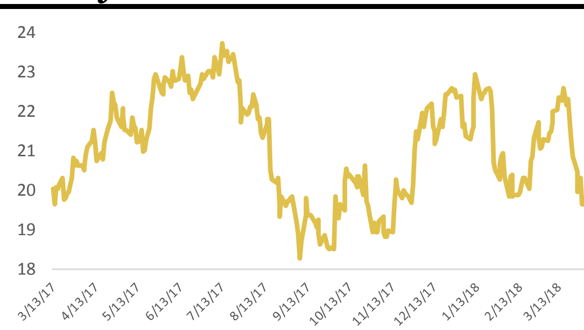
JetBlue also stands to suffer in light of the recently imposed import tariff of 25.0% on steel and 10.0% on aluminum. The institution of these tariffs could create a cascading effect causing a rise in airfare, opening the door for price competition between competitors.

JetBlue seems to be struggling to stay competitive in the marketplace. In the last fiscal year, JetBlue experienced revenue growth of 7.0%, compared to the median industry average of 8.3%. At roughly 25.9% ROE and sustainable growth, JetBlue also underperformed the median industry average of 27.6%. Additionally, with an unimpressive current ratio of .50, JetBlue is in a relatively weak position to cover short-term obligations. Given unfavorable macroeconomic market positions and seemingly less than average market performance, JetBlue is an excellent candidate for liquidation from our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$19.64**
Market Capitalization (in Millions)	**$6,321.32**
Trailing 12 Month P/E	**11.19**
Forward P/E	**10.22**
PEG Ratio	**0.78**

JBLU - 1 Year Price Chart



Air Lease Corp. (AL)

Portfolio Recommendation: **Liquidation**

Air Lease is a leading aircraft leasing company that is principally involved in buying new and used aircrafts from manufacturers, and leasing them to their portfolio of aircraft carrier customers. The company's major markets of operation are Europe, Asia Pacific, Central and South America, North America, the Middle East, and Africa. Owning a fleet of nearly 300 aircrafts, Air Lease's biggest clients are organizations such as Air Canada, Southwest Airlines, and Spirit Airlines.

Air Lease has shown significant declines in revenue growth over the past five years, falling from 30% growth in 2013 to 6.9% in the 2017 fiscal year. Management is hoping to reverse this pattern by doubling the size of its fleet over a five-year period. This program is extremely capital intensive, and given its debt to equity ratio of 2.35 times, the risk of the program is extensive.

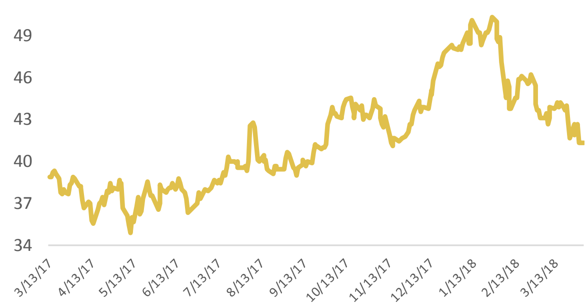
This investment program is set against the backdrop of declining growth in global passenger traffic rising interest rates. The global growth rate of passenger traffic is set to slow from 7.6% in 2017 to 6% in 2018. Meanwhile, fears of inflation are causing analysts to revise estimates of interest rate hikes in the coming quarters and years. This indicates that the debt necessary to complete the program will come from issuing debt with increasingly higher interest costsWith these issues confronting the company, management seems to have employed a "growth at all costs" strategy.

The company operates in a highly capital intensive industry. In order to maintain a competitive fleet, the company operates with a relatively large debt structure that outpaces that of trading companies and distributors by a considerable margin. Evidenced by the industry median debt to equity ratio of 39.6%, relative to Air Lease's 235% D/E ratio. Capital intensity is further apparent in the company's asset turnover ratio, which stands at 0.1 in the latest fiscal year as opposed to the industry median of 1.3. If Air Lease continues to underperform industry results in terms of revenue generation, we will likely continue to see value destruction in the near future. Additionally, operating results have lagged industry results; the company's EBITDA growth of 6.5% in 2017 compares unfavorably against the 17.9% industry median. With the company's challenges and uncertainty confronting its current investment program, Air Lease is a strong candidate for liquidation from our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$41.29**
Market Capitalization (in Millions)	**$4,292.03**
Trailing 12 Month P/E	**11.31**
Forward P/E	**8.65**
PEG Ratio	**1.63**

AL - 1 Year Price Chart



MasTec, Inc. (MTZ)

Portfolio Recommendation: **Addition**

MasTec, Inc. is a specialty construction contractor with a focus on infrastructure. Primarily operating domestically, MasTec's major operations segments include communications, oil and gas, electrical transmission, and power generation/industrial. In addition to U.S. operations, MasTec also has locations in Canada, Latin America, and the Caribbean, offering regional diversification to its portfolio.

Within MasTec's Oil & Gas segment, the U.S. Energy Information Administration has predicted 75% increase in demand over the next 15 years as Mexico continues to invest in its infrastructure growth. MasTec currently has 31,814 miles of pipeline planned or underway in North America. In the communication sector, Deloitte claims that the U.S needs an estimated $130-$150 billion on fiber infrastructure investment in order to meet future broadband needs. Presently, MasTec is under contract over the next three years to complete over $1.5 billion worth of projects for telecommunication providers AT&T, Verizon, T-Mobile, Sprint, DIRECTV, and Windstream.

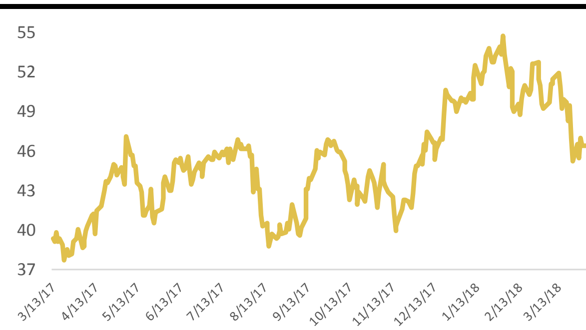
FirstNet, an independent authority within the U.S. Department of Commerce, serves to develop build and operate a nationwide broadband network to equip first responders with the ability to protect U.S communities. FirstNet has awarded the wireless network contract to AT&T, which is planned for all 50 states, territories and tribal lands, and is expected to invest $6.5 billion on top of AT&T's contributed $40 billion. MasTec is well positioned to capitalize on the nationwide tower and fiber buildout through their current relationship with AT&T, who has recognized MasTec for its contributions across a broad scope of criteria, including supplier diversity results, creative cost management solutions, teamwork, customer service, product/service performance.

In the latest fiscal year, MasTec experienced revenue growth of 28.7% compared to the median industry average of 10.7%. With a PEG ratio of 0.77, MasTec's future potential growth suggests a low valuation. At approximately 27.9% ROE, MasTec outperformed the median industry average of 12.8% by a considerable margin; and utilizing a discounted cash flow valuation shows the intrinsic value should lie between $59 and $63 dollars, representing a possible upside of about 26%-28%. MasTec's diversified portfolio and thriving partnerships will continue to drive growth in their common equity, and qualifies MasTec as a strong candidate for addition into the portfolio.

Key Metrics

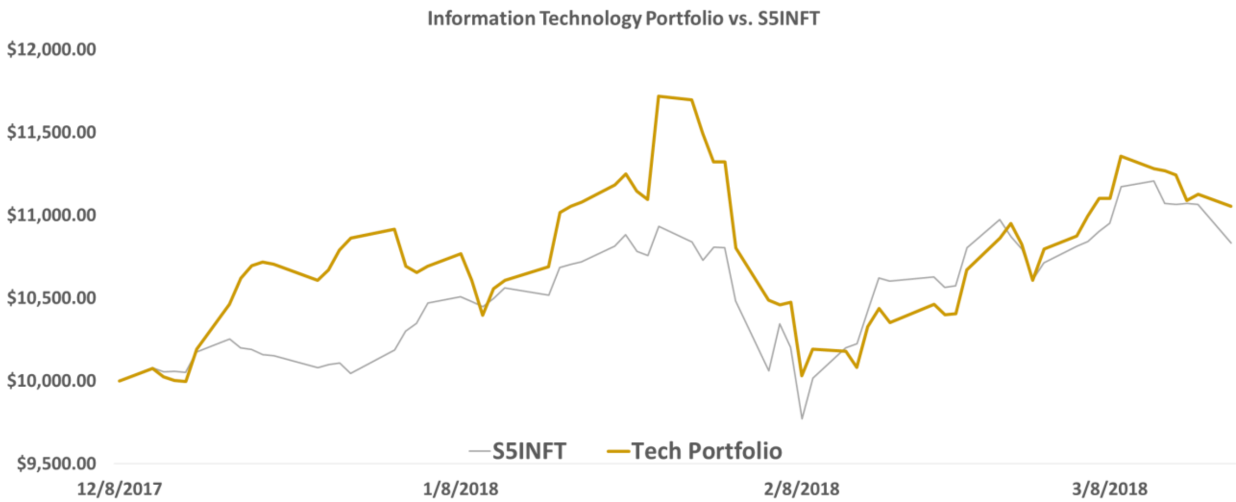
Price (as of 4/2/2018)	**$46.38**
Market Capitalization (in Millions)	**$3,818.24**
Trailing 12 Month P/E	**17.10**
Forward P/E	**13.42**
PEG Ratio	**0.72**

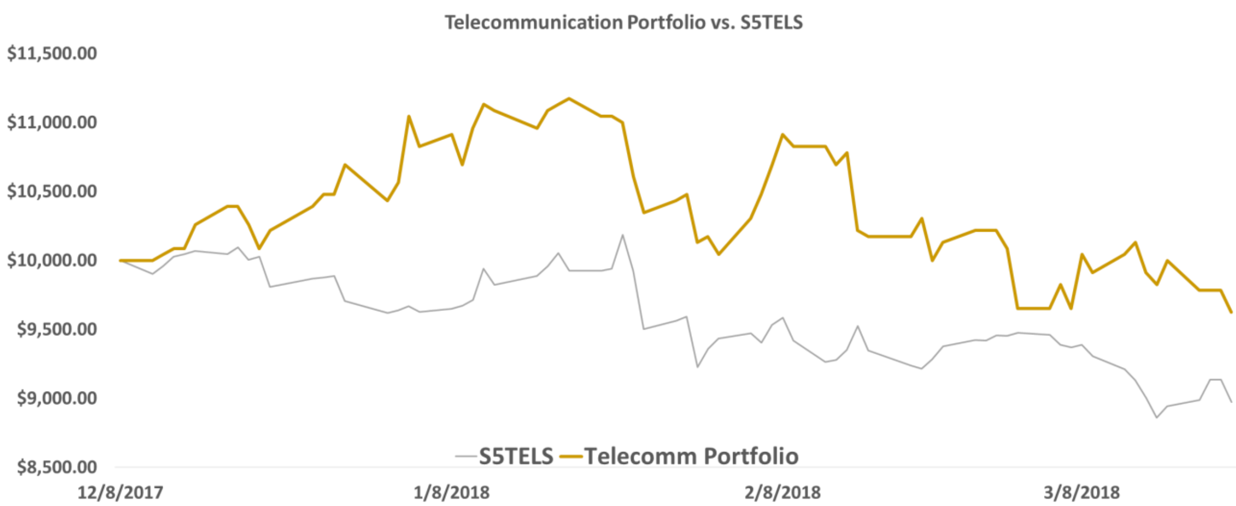
MTZ - 1 Year Price Chart



Information Technology & Telecommunication

Sector Performance Since Last Rebalancing & Detailed Portfolio Recommendations





Ebix, Inc. (EBIX)

Portfolio Recommendation: Retention

EBIX supplies software and e-commerce solutions to entities in the insurance, financial, and health care industries. The company operates through four channels: exchanges, carrier systems, broker systems, and risk compliance solutions. EBIX derives 80% of total revenue from on-demand insurance exchanges with products ranging from agency systems, custom software development, and business process outsourcing (BPO) services. EBIX operates BPO services such as domain intensive project management and consulting as well as on-demand and back-end systems for property and casualty insurance companies. EBIX's largest clients are Aetna, Allstate, Merrill Lynch and United Health Group.

EBIX has taken many innovative initiatives to further increase revenue in 2018. The company is in the process of launching an electronic wallet to put the power of EbixCash on the mobile phones of millions of people, to help them pay for various bills. They also intend to take the EbixCash brand to places such as international airports, international shipping ports, and duty-free shops, allowing consumers to do business regardless of time or location.

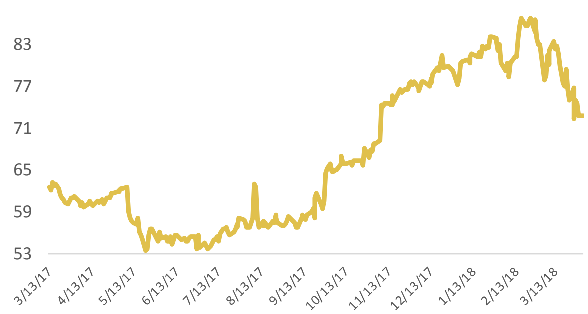
EBIX has made acquisition part of their strategy to further expand their product lines, customer base, and geographical footprint. In 2017, the company acquired Via Travel, Exchange, Paul Merchant (the largest remittance player in India), YouFirst and ItzCash. These acquisitions aim to expand the company's leadership position in financial exchange markets and remittance channels in India. EBIX also has current access to both cash balances and available credit lines of $331 million to fund any of its working capital and share repurchase initiatives.

EBIX's revenue increased 22% in 2017 to $364 million, higher than revenue growth of 8.53% for the industry. Exchanges including EbixCash in India continued to be EBIX's largest channel, accounting for 71% of full revenue in 2017. Operating margins for the year were 31%, significantly higher than industry average of 17.5%. With a positive performance, solid PEG Ratio of 1.69 and a P/E Ratio of 24.41, slightly higher than that of the industry, 24.15, we recommend the retention of EBIX in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$72.80**
Market Capitalization (in Millions)	**$2,292.29**
Trailing 12 Month P/E	**23.11**
Forward P/E	**19.48**
PEG Ratio	**1.30**

EBIX - 1 Year Price Chart



Intel Corp. (INTC)

Portfolio Recommendation: Retention

Intel Corporation designs, manufactures, and sells computer components and related products such as microprocessors, chipsets, and embedded processors, flash memory, graphic, network and communication, and systems management software. Intel controls 80% of the market for microprocessors used in personal computer manufacturing, and is a large supplier of microchips for smartphones and tablets as well as embedded semiconductors for the industrial, medical, and automotive markets. It sells computer chips to cloud computing companies such as Microsoft and Amazon. Intel's three largest customers are Dell, Lenovo Group and HP Incorporation.

Intel announced an acquisition of Mobileye in 2017 to accelerate innovation and position Intel as a leading technology provider in the fast-growing market of autonomous vehicles. The transaction extends Intel's strategy to invest in data-intensive market opportunities that build on the company's strengths in computing and connectivity from the cloud to the device. Intel has also collaborated with BMW, AG and Delphi Automotive to develop its driverless vehicle technology. Furthermore, the acquisition of Altera will enable Intel to pursue data centric strategies through new classes of products in the high-growth data center, cloud, and IoT market segments, a primary focus for the company in 2018.

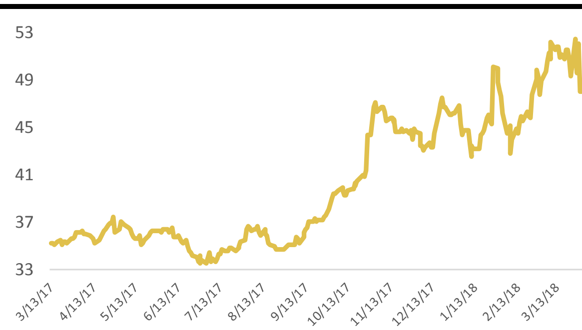
Intel is adding new technologies to its wafer fabrication facilities to turn out chips that are more complex. The company invested most of its $10B 2016 capital expenditures in its factories to improve performance, cost, and power consumption.

The company's revenues have grown 55% over the past decade. Revenue for 2017 increased 9% from the prior fiscal year, slightly higher than industry revenue growth of 8.53%. Intel generated an operating margin of 31.6% for the year of 2017. It expects the new tax law in the United States to improve competiveness, EPS and free cash flows from $10.3 billion in 2017 to $13 billion in 2018. With continuing strong performance and positive outlook, we recommend the retention of Intel in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$47.98**
Market Capitalization (in Billions)	**$223.97**
Trailing 12 Month P/E	**13.23**
Forward P/E	**13.49**
PEG Ratio	**1.65**

INTC - 1 Year Price Chart



International Business Machines (IBM)

Portfolio Recommendation: Retention

International Business Machines Corporation (IBM) provides computer solutions using advanced information technology. The Company's solutions include technologies, systems, products, services, software, and financing. IBM offers its products through its global sales and distribution organization, as well as through a variety of third party distributors and resellers. Although the US companies are their largest customers of IBM, majority of their customers are international, with Japan, UK, India, China, Israel, France, and Germany being among the larger sources of customers.

IBM believes that cognition is the ignition for growth. A global leader in providing computer products and services, IBM is increasingly investing in its cognitive computing system, Watson. The artificial intelligence system helps customers in a wide range of businesses analyze massive amounts of data to make better decisions. The company's information technology, business services, and software units are among the largest in the world. While it has moved from hardware to a large degree, the company maintains industry-leading enterprise server and data storage product lines.

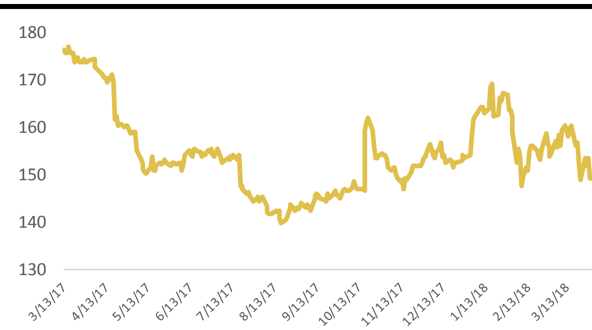
Software and software services continue to lead the IT industry's main growth engine, with emerging technologies such as cloud and analytics paving the way. Software and software services are expected to grow 8.3% in 2018, total tech spending is projected to expand 4.5% bringing it to $2.5 trillion. Software applications are projected to grow up to 11%, which makes it the fastest growing sub sector.

IBM has realized a steady revenue growth in the first three quarters of 2017 followed by a vast acceleration in revenue in the final quarter of 2017, and have reported $22.77 billion dollars. This is a slight increase from the prior year's last quarter, and they are projecting a gradual increase of $80 billion dollars in next coming years. It is projected that the earnings per share will increase to 13.85 in 2018 and 14.18 in 2019. Due to the year over year growth rate of 23.6% in the IT industry and the steady financial performance, IBM is a security that should retain its current position in the portfolio.

Key Metrics

Price (as of 4/2/2018)	**$149.09**
Market Capitalization (in Billions)	**$137.33**
Trailing 12 Month P/E	**11.29**
Forward P/E	**10.77**
PEG Ratio	**8.45**

IBM - 1 Year Price Chart



Cirrus Logic, Inc. (CRUS)

Portfolio Recommendation: Retention

Cirrus Logic, Inc. is engaged in providing integrated circuits (ICs) for audio and voice signal processing applications. Cirrus offers two product lines: Portable Audio, and Non-Portable Audio. The Company's portable audio products include analog and mixed-signal components designed for mobile devices including smartphones, tablets, digital headsets, wearables, smart accessories and portable media players. Its non-portable audio and other products include analog and mixed-signal components targeting the consumer market, including smart home applications, as well as the automotive, energy and industrial markets.

Cirrus Logic operates in an industry where it must maintain its competitive advantage through continued innovation, research and development, and intellectual property. Cirrus has over 2,985 pending and issued patents worldwide. The demand in the audio signal industry is compelling, as it is integrated across many consumer markets and continues to see demand growth year after year. In the most recent fiscal quarter, Cirrus derived approximately 86% of its revenue from Apple, who is their primary customer. The demand for Apple products is a major variable when forecasting the top line growth of Cirrus Logic. This is viewed as a net positive for Cirrus Logic as Apple is expected to expand its product line with the use Cirrus Logic's components.

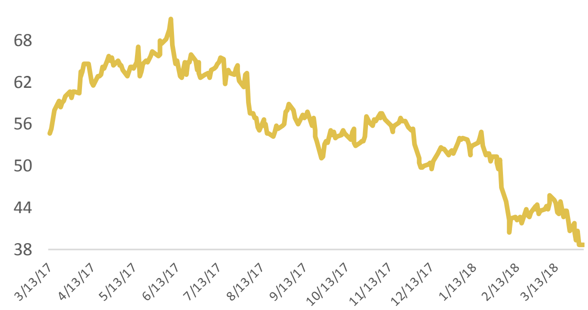
Cirrus reported fiscal year 2017 revenues that were up 32% to $1.5 billion compared to fiscal year 2016 revenue growth of 27%, offering accelerating top line growth. Along with growing operating margins, which are up over 5% over the previous fiscal year, and tripling free cash flow from $102.96 million to $318.46 million in the same period demonstrates Cirrus Logic's strong financial health.

Although the stock price has corrected since initiation into our portfolio, we believe Cirrus Logic is well positioned to continue its success in the audio signal chain due to its industry-leading Integrated Circuits for audio and voice application. Our discounted cash flow model showed a target price range of $52-$55 compared to the current price per share of $44-$45 this represents approximately 20% upside in the share price. An innovative product line, coupled with strong free cash flow growth and consistent operating margins, makes Cirrus a quality candidate for retention in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$38.69**
Market Capitalization (in Millions)	**$2,451.64**
Trailing 12 Month P/E	**10.46**
Forward P/E	**10.13**
PEG Ratio	**1.69**

CRUS - 1 Year Price Chart



Iridium Communications (IRDM)

Portfolio Recommendation: Retention

Iridium Communications Inc. is engaged in providing global satellite communications services and products. The Company utilizes its network of 70 in-orbit satellites and related ground infrastructure to offer global mobile voice and data communications for clients such as the United States Federal Government, foreign governments, non-governmental organizations, commercial organizations, and consumers. The company's commercial end user base includes emergency services, maritime, aviation, government, utilities, oil and gas, mining, recreation, forestry, heavy equipment, construction and transportation.

In 2017, Iridium recently completed a successful launch of 40 Iridium NEXT satellites that will help augment growth in newly addressable markets such as hosted payloads, Iridium Certus, and Iridium Certus IoT, which netted 97,000 new subscribers in 2017. Iridium previously completed four successful launches of its new satellites in fiscal year 2017, which will act as a major catalyst to future top line revenue growth.

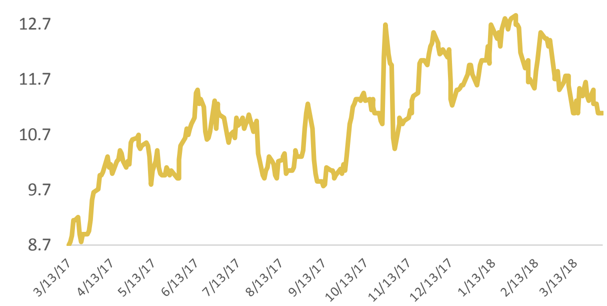
Iridium derives the majority of its revenues from the U.S. government contracts, principally the Department of Defense. Iridium is under a service contract that generates roughly $110.4 million annually in service, engineering, and support service revenue, comprising 25% of the company's total top line. Iridium heavily relies on multi-year, fixed-price contracts to provide satellite airtime services to U.S. Department of Defense subsidiaries, totaling a contractual value of $400 million over its five-year term ending October 2018. With a solid history meeting contractual obligations and maintaining a good relationship with the U.S Government, we believe Iridium is well positioned to continue this partnership with the U.S Government and renew the government contracts.

The company has increased its revenues from $433.64 million in fiscal year 2016 to $448.05 million in fiscal year 2017. The growth in revenue has also trickled down to bottom line earnings growth as net income has also increased from $95.6 million in fiscal year 2016 to $218.42 million in fiscal year 2017. Iridium carries a P/E multiple of 6.35 compared to the industry median of 21.4, demonstrating a relative undervaluation of the equity price. Supporting a growing revenue stream, adding to its user base, generating more earnings, and showing undervalued metrics, Iridium represents a quality candidate for retention in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$11.08**
Market Capitalization (in Millions)	**$1,209.43**
Trailing 12 Month P/E	**20.44**
Forward P/E	**N/A**
PEG Ratio	**5.77**

IRDM - 1 Year Price Chart



Orbotech, Ltd. (ORBK)

Portfolio Recommendation: Liquidation

Orbotech, Ltd. designs, develops, manufactures, markets, and services automated optical inspection systems and imaging solutions. The Company also markets computer aided manufacturing solutions. Orbotech is a leading provider of process innovation technologies, solutions and equipment serving the global electronics manufacturing industry. Orbotech has over 30 years of proven experience in product development and project delivery, providing highly accurate, performance-driven yield enhancement and production solutions for manufacturers of printed circuit boards, flat panel displays, advanced packaging, micro-electro-mechanical systems and other electronic components. Orbotech has a network of marketing, sales, and customer support teams located throughout North America, Europe, Japan, and the Pacific Rim.

Orbotech stock has delivered a great return since it has been placed in the portfolio. The revenues have continued to increase and are projected to increase in the coming years. The earnings per share reported in 2017 is 2.91 and are projected to increase just under 4 in the next two years.

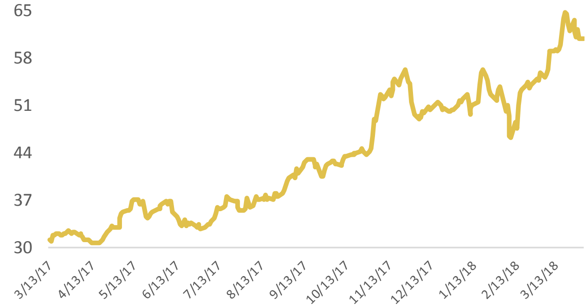
As of recent news, KLA-Tencor Co. recently announced the acquisition of Orbotech Ltd. a global capital equipment company at an equity of $3 to 3.4 Billion . KLA-Tencor is a supplier of process control and yield management systems in the semiconductor industry. Shareholders have been alerted by Levi & Korsinsky, LLP regarding an investigation of the sale of Orbotech to KLA is actually fair to their current investors. The concerns are whether the board of directors at Orbotech have breached their fiduciary duty by failing to sufficiently value the company before entering into this purchase agreement, and whether or not KLA-Tencor is underpaying for Orbotech shares or not, there is unlawfully potential damage to Orbotech shareholders. According to the terms of the transaction, Orbotech shareholders will receive $38.86 in cash along with a 0.25 of KLA common stock for each share of Orbotech they own.

Since Orbotech has been in the portfolio for some time now and generated good return, we believe that the funds for this security could be utilized for a different security in the portfolio. Therefore we recommend that ORBK to be liquidated from this portfolio.

Key Metrics

Price (as of 4/2/2018)	**$60.96**
Market Capitalization (in Millions)	**$2,953.74**
Trailing 12 Month P/E	**26.45**
Forward P/E	**17.73**
PEG Ratio	**0.89**

ORBK - 1 Year Price Chart



CSP Inc. (CSPI)

Portfolio Recommendation: Liquidation

CSP Inc. and its subsidiaries develop and market information technology integration solutions, security and managed services, network adapters, and cluster computer systems. The Company operates in two segments: High Performance Products and Technology Solutions. The High-Performance Products segment comprises two product lines: its multicomputer product portfolio of computing systems for digital signal processing applications within the defense market, and its Myricom product line of network ethernet adapters that are offered to both commercial and government customers. In the TS segment, the Company focuses on value-added reseller integrated solutions, including third-party hardware, software and technical computer-related consulting services.

CSP operates in an R&D driven industry reliant on constant product innovation to stay competitive against competition. Unfortunately, CSP fails to produce a diversified product line that consistently contributes to top line revenue growth. The company relies heavily on its Technology Solutions segment to generate revenues, the segment comprises 88% of the company's total sales. CSP had revenues decline 2% in the U.S. over the past fiscal year, while operations in Asia saw a 7% decline in the same period.

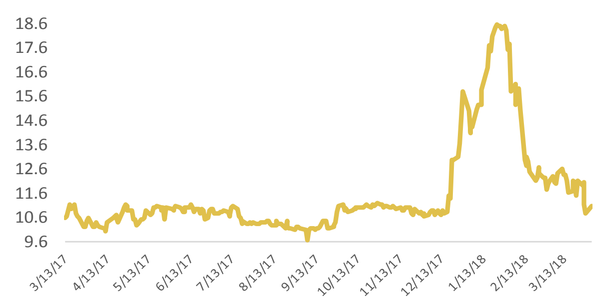
In early 2018, there have been discussions of tariffs in the macroeconomic environment and fears of an ensuing trade war due to protectionist policy and possible foreign retaliation. If this were to occur, it would adversely affect CSP's operations in China, as well its foreign operations as a whole. The company is poorly positioned in Asia and is just starting to see growth in its European product line. Any fruition of trade-war fears will negatively affect CSP's future growth opportunities.

For the full-year fiscal 2017, net income decreased to $2.5 million, from $2.6 million full-year fiscal 2016. CSP has a P/E ratio of 37.8 compared to the industry median of 28.4, demonstrating a relative overvaluation of CSP's share price. The company produces a product line that fails to contend among its competition, relies heavily on a single segment to contribute to its revenue growth, has declining free cash flow and operating margins, and has a seemingly overvalued share price. Due to these fundamental and macroeconomic factors, CSP is an excellent candidate for liquidation from our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$11.04**
Market Capitalization (in Millions)	**$43.97**
Trailing 12 Month P/E	**17.75**
Forward P/E	**N/A**
PEG Ratio	**N/A**

CSPI - 1 Year Price Chart



Facebook, Inc. (FB)

Portfolio Recommendation: Addition

Facebook, Inc. provides various products to connect and share through mobile devices, personal computers, and other surfaces worldwide. Facebook Inc. offers services such as a social media website and mobile application that enable people to connect, share, discover, and communicate with one other on mobile devices and personal computers. Holdings beyond its traditional social media network include: Instagram, a community for sharing visual stories through photos, videos, and direct messages, Messenger, a messaging application to communicate with other people, groups, and businesses across various platforms and devices, and WhatsApp, a mobile messaging application. The company also offers Oculus virtual reality technology and content platform, which allows people to enter an immersive and an interactive environment to train, learn, play games, consume content, and connect with others. As of calendar year-end 2017, it had approximately 1.4 billion active users on a daily basis.

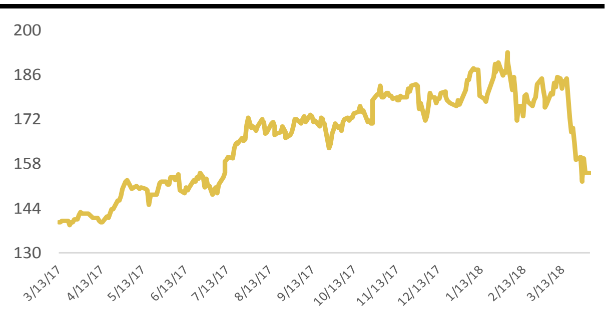
One of the main priorities of the company is to help businesses leverage the power of mobile devices, as the company is investing heavily in small businesses and helping people gain digital skills. In November, they launched the Community Boost program, which provides digital training for people in need of work and helps local businesses and nonprofits get the most out of the internet. Facebook is also focusing on making ads more efficient and relevant, which will help drive the ROI for advertisers and increase demand for their ad products. The company is investing $750 million into a data centers, servers, office facilities and network infrastructure. The data center will be in Stanton Springs Georgia, and will create over 100 full time jobs over the next few years.

Facebook grew total revenues by 47% in fiscal year 2017. Mobile ads revenue grew 56% compared to 2016, and was broad-based across regions, marketer segments and verticals. After performing a discounted cash flow valuation, we determined that a target price of $220 to $280 is suitable to Facebook's shares, representing a 20-30% upside in the value of the equity. Facebook has revolutionized the way people interact throughout social media platforms, and aims to not only progress technology, but also humanity as a whole. Given a strong outlook for revenue ad growth and innovation within the company, we believe that now is the right time to include Facebook Inc. in our portfolio.

Key Metrics

Price (as of 4/2/2018)	**$155.14**
Market Capitalization (in Billions)	**$450.68**
Trailing 12 Month P/E	**25.19**
Forward P/E	**18.52**
PEG Ratio	**0.76**

FB - 1 Year Price Chart



The Road Ahead

The returning and new student portfolio managers for winter 2018 will monitor the performance of the Fund during the semester. The Student Portfolio Managers will use several analytical tools to monitor the portfolio, including the powerful portfolio management tools available on Bloomberg.

At the conclusion of each semester, the Student Portfolio Managers will prepare a performance report, including an evaluation of fund performance relative to the benchmark (S&P 500). Reporting would follow the Global Investment Performance Standards. Student managers are also expected to review the holdings of the portfolio and recommend changes that could potentially result in an increase in the value of the portfolio.