

University of Virginia Chapter

smartwomansecurities

Annual Report

2013-2014



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Overview of Smart Woman Securities

Smart Woman Securities (SWS) is a nonprofit organization aiming to educate and train college students, especially women, in the areas of personal finance and investing. Through instructive seminars, mentoring initiatives, and meetings with successful investors such as Warren Buffett, SWS provides resources with which women can build greater knowledge of financial markets and investing. SWS also helps undergraduate women acquire critical financial skillsets through its education programs, mentoring initiatives, and real-life investing practices. SWS is not only dedicated to educating its members, but also determined to create a movement that brings financial empowerment to women everywhere.

As of spring 2014, SWS has 17 chapters, at Boston College, Brown University, Carnegie Mellon University, Columbia University, Cornell University, Dartmouth College, Duke University, Fordham University, Georgetown University, Gettysburg College, Harvard University, Massachusetts Institute of Technology, New York University, Princeton University, University of Chicago, University of Virginia, and Yale University.

Overview of SWS U.Va. Chapter

University of Virginia Smart Woman Securities (SWS) strives to educate women in the fundamentals of investing and finance. The primary goal of the organization is to provide women within the University of Virginia community with the opportunities and resources to become involved in finance and investment in a manner that suits their interests and career aspirations. Through an intensive seminar series, investment project, mentorship program, and significant networking opportunities, University of Virginia SWS aims to create a cohesive and supportive environment in which women can gain financial confidence and explore new career paths. After completing the seminar series, official members have the opportunity to manage the University of Virginia SWS investment fund and participate in a national portfolio competition. SWS continues to work toward creating a community of women who are knowledgeable—and influential—in finance.



Letter from the 2013-2014 CEO

2013-2014 has been a year of growth and achievement for Smart Woman Securities (SWS) at the University of Virginia (U.Va.). In keeping with the SWS philosophy, the U.Va. chapter aims to empower a new generation of women investors by giving them direct investment experience during their college years. Through a combination of educational, research, investment and mentoring initiatives, SWS UVA has empowered more than 300 female students by providing them with the skills and knowledge they need to become future business leaders.

Affiliated with the McIntire School of Commerce, SWS UVA offers significant learning opportunities to female students interested in finance and investing. SWS UVA doubled its membership this year. Some 80 female students completed our bi-annual education series to become full members of SWS UVA. We also grew our research team from 25 to 40 analysts. Many members also chose to join our marketing and fundraising committees, allowing them to hone their leadership and organizational skills.

SWS UVA also strives to benefit the McIntire and U.Va. communities. In addition to offering seminars and investment research opportunities, we brought in speakers from such leading financial organizations as Sands Capital Management, J.P.Morgan, Mangham Associates, Bluestem Asset Management, and University of Virginia Investment Management Company. Our speaker sessions offer outstanding opportunities for students to learn more about careers in finance and engage in lively discussions with our speakers. Additionally, we have hosted numerous career-related workshops on key subjects such as internships and successful interviewing to assist members along their chosen career paths. In spring 2014, we presented a panel on MBA programs and early-career challenges with Darden's Graduate Women in Business.

SWS UVA has had a strong presence at national programs. We sent 10 teams to the preliminary round of the 2013 National Stock Pitch Competition, held in Washington, D.C. Three of those teams were chosen to compete in the final round of competition, held at Fidelity's headquarters in Boston. SWS UVA teams won both first- and third-place honors among the 12 finalist teams. Additionally, seven SWS UVA members were selected to visit Warren Buffett and select Berkshire Hathaway portfolio companies in Omaha in the spring, and were privileged to have an exclusive dinner with Mr. Buffet.

Our members also actively participated in the National Mentorship Program with J.P.Morgan, and some members were invited to attend the Mentorship launch event in New York at the J.P.Morgan headquarters. Through these programs, our members brought back invaluable information to share with everyone.

The success of our programs cannot be achieved without the contributions of our members. SWS UVA has recently reached the \$10,000 fundraising goal it set for its investment fund, and we will be able to start trading soon. Because of our achievements and contributions to the University, SWS UVA was featured on the McIntire and U.Va. homepages, as well as in *The Cavalier Daily* and local media; coverage recognized us as one of the most influential and well established student organizations on Grounds. SWS UVA also won the “2013-2014 Outstanding Student Organization” award at McIntire, and our officers received “2013-2014 Outstanding Student Leader” titles.

We would like to express our utmost gratitude and appreciation to our speakers, sponsors, donors and advocates for their generous support of our programs. Additionally, special thanks are due to the executive board, investment board, and members who hold leadership positions. We truly appreciate the tremendous amount of time and effort that all of you have contributed; you have done so much to help grow the organization. We are excited about our energetic and strong new boards, and we look forward to another great year of success.

Sincerely,

Lydia Wang
Chief Executive Officer
SWS UVA 2013-2014

2013-2014 SWS UVA Chapter Development

Education Seminar Series

Investment education is the core mission of Smart Woman Securities. Critical to this mission is the ten-week seminar series in which prospective members must participate to become full members of the organization. Taught by industry professionals and business school faculty, our education curriculum provides students with a comprehensive overview of major topics in investing. Seminar topics include personal finance, financial statement analysis, and finding and researching investment ideas. These seminars are supplemented by public speaking and career development workshops designed to help our members become well-rounded investors. The semester-long program culminates in an investment project, for which small groups of probationary members research and select a company to pitch. Using skills gained through the education series, students write an investment memo and pitch their selected stocks to members of our chapter's executive and investment boards.

The seminar series is run in both the fall and the spring, with roughly 50 students participating in the program each semester. Those who attend eight of the 10 weekly seminars and complete the investment project become full SWS members. The SWS "learning-by-doing" model continues for these students: Having achieved full membership, they may apply to join one of our research teams as an analyst. In this capacity, they will work within an industry to conduct in-depth research on particular companies, or join our marketing or fundraising committees.

The SWS model is predicated on more than just the academic experience of attending seminars and writing investment reports. We also aim to give women exposure to successful investors and mentors, as well as practical applied experience managing a real investment portfolio.

Research Teams

Structure

Members who pass the application and interview process each semester will be selected as Smart Woman Securities analysts. This year the selection process yielded an acceptance rate of less than 50%. Based on individual preference, analysts are assigned to one of six research teams, each covering a different industry. The six sectors currently covered are financial, consumer, energy

and industrial, healthcare, technology media telecommunications, and real estate. Each research team comprises five or six members, and is led by a senior analyst. The research teams are led by the chief research officer, who serves as the connection between the research teams, executive board, and investment board.

Responsibilities

Research teams' primary responsibilities are to learn about their respective industries and recommend stocks to the investment board. Research teams meet on a weekly basis to report relevant news within each industry and discuss companies of interest. Below are the responsibilities of analysts and senior analysts each semester.

- **Memo submission and stock pitch:** Each analyst submits one memo to the investment board each semester for review. Among all the memos submitted during each week, the investment board will select the best memo of the week and invite the writer to present to the investment board and all the other analysts during the research team meeting as a "stock pitch."
- **Industry updates:** During research team meetings, each research team is responsible for providing the latest news from their respective industry, including major industry events and trends.
- **Chalk talks:** Each week, one senior analyst presents a "chalk talk" about their industry. Each senior analyst will give an overview of their industry's structure, history, and recent trends, as well as performance metrics to use when researching a company in that industry.

Purpose

The purpose of Smart Woman Securities' research teams is to facilitate the in-depth study of specific industries. By encouraging members to work in relatively small groups, the research teams serve as great platforms for students who want to know more about a specific industry and the investing world in general. Senior analysts serve as both leaders and mentors for other analysts, helping them develop their skills in public speaking and memo-writing, as well as in leading group discussions.

Industry Coverage

Consumer	Healthcare	Leisure	Real Estate
TMT	Energy/Industrial	Financial	

Future Plans

1. Portfolio under McIntire Foundation

In fall 2014, we will establish an educational interactive brokerage account funded by McIntire School of Commerce alumni and other supporters of SWS. We have been fundraising for this educational investment fund for the past year, and are proud to see it come to fruition. This account will operate under the McIntire Fund, and returns will be reinvested. The investment board, which previously worked with a virtual portfolio, will make investment decisions based on stock recommendations made by our analyst teams.

We would like to thank our generous donors for making this valuable educational opportunity possible for SWS members:

Tracey Brownfield
Audrey Cao
Sherri King

Lindsay Larsen
Schuyler Tilney
Chuhan Wang

Lydia Wang
Hanyue Zhao

2. "Careers in Finance 201" Evening

This event will be held in mid- to late-fall 2014, and will consist of a speaker panel and networking reception. An SWS representative will lead a panel of recent McIntire alums in a discussion of the early-career challenges faced by new hires in financial services. The evening will act as a supplement to the annual "Careers in Finance" conference and give fourth-years the opportunity to learn about and prepare for the important choices they will face soon after joining the workforce. The event will be co-sponsored by the McIntire Center for Financial Innovation.

3. Education Seminar Series 2.0

In addition to running our standard seminar series both semesters next year, we also plan on implementing an advanced education program for our research analysts. This program will consist of roughly four seminars focused on discounted cash flow analysis and complex accounting topics. The curriculum will be based on a similar program run by the Harvard chapter of SWS and will be taught by financial services professionals and McIntire faculty members. We believe this program will further elevate the analytical and research capabilities of our research teams.

2013-2014 SWS UVA Big Events

Social Events

1. Apple picking @Carter's Mountain



2. Bake Sale



3. E-Board dinner



Sarah and Lydia



4. Warren Buffett Trip

Seven SWS UVA members were selected to travel to Omaha, Nebraska to visit several of Warren Buffet's portfolio companies. They were lucky enough to enjoy an exclusive dinner and a two-hour question-and-answer session with Mr. Buffett.



2013-2014 Panels and Speakers Events

1. SWS Internship Panel Discussion

Fourth-year McIntire students shared their summer internship experiences from a variety of industries, including investment banking, asset management, sales and trading, and consulting. The event was open to all U.Va. students, and included a general speaker panel and breakout Q&A sessions by industry.

2. SWS National Stock Pitch Competition

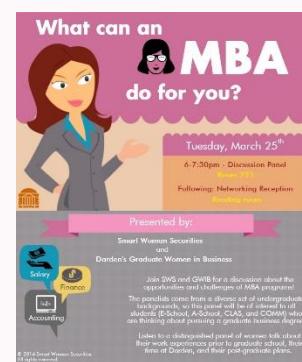
U.Va. once again made a strong showing against other chapters in the SWS National Stock Pitch Competition. We sent 10 teams to the first-round competition in Washington, D.C., and three teams were then invited to the final round of the competition at Fidelity's headquarters in Boston. SWS UVA teams placed first, third, and fourth out of 12 finalist teams; the competition included teams from SWS chapters across the nation.

3. "Navigating Careers in Investing" with Michel Bills from Bluestem Capital

Michel Bills, founder and chief investment officer of Bluestem Capital, outlined a wide variety of finance careers and helped SWS members determine which paths best fit their personal interests and investment styles.

4. "What can an MBA do for you?" Panel with Darden's Graduate Women in Business

A panel of distinguished women from Darden's MBA program spoke to SWS members about their work experiences prior to graduate school, their time at Darden, and their post-graduation plans. A networking reception afterward allowed for ongoing discussion of the opportunities and challenges MBA programs offer women.



5. U.Va. Chapter Portfolio Competition

U.Va.'s inaugural intra-chapter virtual portfolio competition was a great success, with more than 60 members participating. Participants were given a budget of \$100,000 to invest from September to March, and the member with the best return at the end of the period received a gift certificate as her prize. We look forward to running this competition again in the future.

2013-2014 SWS UVA Chapter Portfolio Strategy

Investment Goal

The Smart Woman Securities U.Va Chapter (“SWS” or “we”) will run a fund (“the fund”) under the McIntire Foundation for educational purposes. The fund consists of long-only equities and exchange-traded funds (“ETFs”) that are publicly traded in the United States of America. All returns from the fund will either be reinvested in the fund or allocated to SWS operational expenses. No individuals or contributors may profit from the fund. Our goal is to help students, especially young women, learn how to invest. All investment decisions are made solely by students.

Investment Strategy

We pursue a value-investing strategy, in line with Warren Buffett’s investment philosophy. We hold investment positions for a relatively long time horizon—an average of three years. When evaluating stocks, we value the industry trends and only invest in the stock of businesses that we understand. We look for companies with wide economic moats, and with intrinsic value that is not reflected in the stock price. We believe in Warren Buffett’s investment guideline, “it’s far better to buy a wonderful company at a fair price than a fair company at a wonderful price,” and we purchase stocks that are selling at a decent margin of safety relative to their intrinsic value. To diversify the portfolio and mitigate investment risks, we also invest in ETFs. When making investments, we pursue emotional stability—a calm and careful approach to investing—so that our decisions will not be influenced by “noise” in the market.

Research Strategy

We have seven teams conducting research on seven industries: consumer, energy & industrials, financial, healthcare, real estate, leisure and technology, media & telecommunications. These teams look for promising trends in their respective industries. Besides understanding industry trends and the fundamentals of the companies, we also conduct valuable primary research. Such primary research includes contacting stakeholders of the companies and conducting financial analyses to better understand the businesses.

Investment Process

Investment board members meet every week during the school year to discuss stocks pitched by analysts or senior analysts. Based on the analysts' memo and ensuing discussion, investment board members vote anonymously for each stock. Votes consist of a simple "yes" or "no." If a majority votes "yes" for the stock, we ask each investment board member to write down the percentage weight they think the stock should hold within the overall portfolio. The percentage weight of any one stock is limited at 10 percent of the portfolio. The chief investment officer is responsible for collecting the anonymous percentages and using the average to make the agreed-upon transaction(s) within a week. If a stock receives a vote of "no," it may be placed on a watch-list if the board feels more time or information is necessary to make an investment decision. In addition, investment board members meet regularly throughout the summer. Meetings are held on a bi-weekly basis via online meeting technology.

Benchmarking

Alpha is the key variable that we use to measure whether a security is a good or a bad buy. We run regression to compare the historical risk-adjusted returns (the return on stock minus the return of risk-free bond) against those of the S&P 500 Index. Our goal is to generate a positive alpha for each security, which provides a premium over the market expectation. The security is undervalued and therefore should likely be more heavily weighted in the overall portfolio. Conversely, a negative-alpha security is overpriced and, all else being equal, its portfolio weight should be reduced.

Besides security-specific expected returns, we also measure portfolio performance. We use the S&P 500 Index as a benchmark of the fund, and we use specific market indices to benchmark stock performance in each industry. We also compare the fund's return with similar long-only student-run funds such as the SWS Yale Chapter's fund.

Risk Management

We seek to effectively manage risk—that is, to build safeguards that help control the risk of market uncertainties. The chief research officer of SWS UVA is in charge of risk management. We monitor risk by analyzing the beta of the overall portfolio, calculating its volatility, and measuring the correlations between the stocks' returns. The portfolio beta is calculated by using the Bloomberg betas for all the open positions, including the cash position. The volatility of each stock is found using the two-year daily returns from Yahoo Finance. Correlations between the stocks are found by finding the correlation between the returns of the stocks for the previous two years. All measures of risk take into account the cash position in the portfolio. With a carefully developed risk model, we feel that the fund will increase returns while bearing a minimum level of risk.

2013-2014 SWS U.Va. Chapter Investment Portfolio (Portfolio Summary as of July 14, 2014)

Industry	Symbol	Percentage	Strong vs. Weak Buy	Risk Level	Entry Date	QTY	Entry Price	Last Price	Profit/ Loss	% Return
Energy	EMES	9.0%	S	High	02/10/2014	124	45.22	71.89	3,307.33	58.99%
Industrials	BA	5.1%	W	Medium	03/03/2014	40	127.18	127.92	29.60	0.58%
Consumers	DIS	6.0%	S	Low	10/16/2013	76	66.64	79.99	1,014.60	20.03%
	NKE	6.5%	W	Low	10/16/2013	88	74.09	74.03	-5.28	-0.08%
	HD	7.4%	S	Low	10/16/2013	96	75.44	77.09	158.40	2.19%
Healthcare	COV	6.1%	S	High	11/13/2013	87	64.35	69.86	479.37	8.56%
	GILD	5.5%	S	High	02/10/2014	79	79.92	70.00	-783.68	-12.41%
TMT	MU	4.9%	W	High	03/10/2014	205	24.32	23.91	-84.05	-1.69%
	CMCSA	5.0%	W	Medium	04/08/2014	102	48.64	49.10	46.92	0.95%
Financials	WFC	6.8%	W	Low	02/10/2014	139	45.46	48.93	482.33	7.63%
Real Estate	VTR	5.2%	W	Low	03/03/2014	80	62.10	65.13	249.60	5.03%
Portfolio Value								67,554.92		
Total % Return								7.81%		

Risk Level

Low risk

Low-risk investments include companies such as those considered “blue chips” –America’s largest, most stable, and best-established companies. Companies such as utility companies are also considered low-risk investments. Once bought, the shares will in most cases be held. They will, however, be considered for sale following long periods of underperformance.

Medium risk

Medium-risk investments include shares of middle-capitalized companies, particularly those in which it is felt that unusual growth is likely. In these circumstances, an appropriate stop-loss and unusual profit figure will be set. If the price reaches either of these, the shares will be considered for sale.

High risk

High-risk investments include shares in high risk companies and small companies that appear to be geared for growth. In these circumstances an appropriate stop-loss and unusual profit figure will be set. If the price reaches either of these, the shares will be considered for sale.

Company Snapshots

The Walt Disney Company (NYSE: DIS)

The Walt Disney Company is a conglomerate in the entertainment business, focusing on media networks, parks and resorts, studio entertainment, and consumer products and interactive entertainment. While it is widely known for its movies and theme parks, it has over the years built its edge in the media sector through ownership of television stations, including ESPN and ABC family, among others.



SWS decided to invest in Disney in September 2013. We saw this company as a long-term value investment with a diversified business model. First, it has sustained growth by targeting various customer bases with its different sectors. Second, Disney is able to translate customer attention in one sector (such as movies and interactive departments) into its other sectors (such as theme parks and consumer products) to continue to build customer loyalty and extend business lines. Lastly, its constant innovation across sectors will allow it to follow the technology trend and sustain growth for generations.

Since entering, Disney has been the second-best performer in our portfolio, returning 18% as of April 2014.

NIKE, Inc. (NYSE: NIKE)

NIKE, Inc. is headquartered in Beaverton, Ore., where it engages in the design, development, marketing and sale of athletic footwear, apparel, equipment, and accessories for men, women and children worldwide. The company offers products in seven categories, including running, basketball, football, men's training, women's training, NIKE sportswear, and action sports Under the NIKE and Jordan brand names. It also markets products designed for children, as well as for other athletic and recreational uses, such as baseball, cricket, golf, lacrosse, outdoor activities, football, tennis, volleyball, walking, and wrestling. It sells its products to footwear stores, sporting goods stores and athletic specialty stores in addition to having its own sales website.



The Home Depot, Inc. (NYSE: HD)

The Home Depot, Inc. is the world's largest home improvement specialty retailer. The Home Depot stores sell various building materials, home improvement products, and lawn and garden products, as well as provide installation, home maintenance, and professional service programs. HD also sells products online. Currently, it operates 2,263 retail stores in the United States, Canada and Mexico.



SWS decided to invest in Home Depot in February 2013. We valued this company as a long-term value investment with a strong record of historical sales. The company has demonstrated strong organic growth by generating steady revenue and cutting costs in the past five years. Second, Home Depot is up-to-date with the market's emerging trends to ensure it delivers the best customer service. This is shown in its deployment of technology, such as its PayPal "mobile wallet" option at checkout counters, and in its investment in its e-commerce business. Lastly, the rebounding housing market is creating demand for home improvement products, which is expected to drive Home Depot's future growth.

Since entering, Home Depot has been outperforming market expectations in the past year, achieving a 19.8% return as of April 2014.

Covidien PLC (NYSE: COV)

Covidien is a leading global healthcare products company. It manufactures a diverse range of industry-leading product lines. The business primarily operates in two segments: medical devices and medical supplies. The business holds leading positions in the treatment of endomechanical, soft tissue repair and vascular diseases.



We valued Covidien as a long-term value investment. The company is a well-established business that holds a leading position in the marketplace, with strong brand recognition in the U.S. market and a growing presence in non-U.S. markets. It provides low-cost and accessible products that are likely to succeed in the market. The company is also striving to develop new products and has several devices in the pipeline, ensuring future revenue streams. In addition, the company is investing in new R&D and training centers in China, India and South Korea to further develop its capabilities in key emerging markets.

The Boeing Company (NYSE: BA)

The Boeing Company (BA) is the world's largest aerospace and defense company, operating in more than 90 countries and claiming the title of America's largest exporter. It has three divisions: commercial airplanes (the most significant section, forming a duopoly with Airbus airplanes), Integrated Defense Systems (IDS), and Boeing Capital Corporation. Although most commonly recognized for its commercial airplanes, Boeing serves as the premier U.S. military aircraft manufacturer, participating heavily in government air-defense projects. Boeing is also a major contributor to the space program and NASA.



SWS decided to invest in The Boeing Company early in March 2014. We valued this company as a long-term value investment. First, the company has a promising market in the coming fiscal year. In the domestic market, its advanced development plan and long backlog ensures strong demand and promising growth even in a slack market; in its Asian market, rapid economic growth boosts the sales of low-cost model; and its defense operations market, which is often overlooked by investors, is very profitable. Secondly, Boeing holds the lead position in the duopoly with Airbus in three regards: market share, outsourcing and technology. Lastly, the strong growth in revenue and enormous amount of free cash flow ensure a solid financial performance for investors.

Comcast Corporation (NASDAQ: CMCSA)

Headquartered in Philadelphia, Pennsylvania, Comcast Corporation operates as a global media and technology company. Comcast operates through its Cable Communications, Cable Networks, Broadcast Television, Filmed Entertainment, and Theme Parks segments. Their cable component offers business services including cellular backhaul to mobile network operators, Ethernet network services, and online advertising services outside of their high-speed Internet division. The Cable Networks segment operates national cable networks for entertainment, news and information. The Broadcast Television segment operates the NBC and Telemundo broadcast networks.



Gilead Sciences, Inc. (NASDAQ: GILD)

Gilead is a biopharmaceutical company that discovers, develops, and commercializes human therapeutics for the treatment of life-threatening diseases in North America, Europe, and Asia. Its products include medicines for the treatment of human immunodeficiency virus (HIV) infection in adults; liver disease; pulmonary arterial hypertension; and many other life-threatening diseases.



SWS decided to invest in Gilead in February 2014. We valued this company as a good long-term investment. First, the company's blockbuster Hepatitis C drug, Sovaldi, has continued to show strong performance even amidst the concern over its price. Second, we see future growth in the underpenetrated Hepatitis C market, in which Gilead has already gained a strong foothold. Third, the company has a broad pipeline and impressive innovations in other fields such as HIV treatment, which effectively decreases the risk of the company relying solely on Sovaldi. Fourth, the company has strong financial indicators, with revenues growing 98% YOY and EPS growing 208% YOY.

Since entering the portfolio, Gilead has not provided strong returns, as the company's stock price suffered from concerns over the pricing strategy of Solvadi. Although debate over pricing continues, the company's stock price has recovered in recent months, as investors see the company's long-term growth potential.

Ventas, Inc. (NYSE: VTR)

Ventas, Inc. is a publicly owned real estate investment trust based in Chicago. The company engages in the investment, management, financing, and leasing of properties in the healthcare industry, primarily in the U.S. and Canada. It also invests in healthcare-related facilities such as hospitals, skilled nursing facilities, senior housing facilities, medical office buildings, and other healthcare-related properties.



Micron Technology (NASDAQ: MU)

Micron Technology, Inc., is a leading global manufacturer of semiconductor systems. Micron provides crucial components such as dynamic random access memory (DRAM) products, NAND flash memory products, and NOR flash memory products, all critical components of advanced technologies including computing, networking, and communication products. Their products are embedded in all types of technology used by consumers every day. SWS decided to invest in Micron in March 2014. We perceived Micron to be a strong long-term value investment due to its constant innovation and preeminent patent development in an increasingly technologically oriented world. Although the company has shown some financial volatility over the last few years, it has lately demonstrated strong revenue growth and falling costs. Additionally, it has an extremely diversified business model, with its memory technology products being used in a variety of products. Its continued innovation and growth will allow it to play a significant role in the growing tech industry.



As of the beginning of May, Micron (MU) has delivered a return of approximately 8.5%

Wells Fargo & Company (NYSE: WFC)

Wells Fargo & Company provides retail, commercial, and corporate banking services. The company currently operates in 36 different countries and provides tailored services to individuals, businesses, and institutions. It is organized into five segments: Community Banking, Wholesale Banking, Wealth, Brokerage, and Retirement.



SWS decided to invest in Wells Fargo in February 2014. The company's conservative and efficient operation methods, as well as its diversification of services, impressed us: We believed that the stock was undervalued given the company's revenue growth and lower EPS growth. We compared the risk of the stock to that of its major competitors, and believed that it had a higher operating margin and that its growth in the mortgage market as well as its diversified banking services would serve it well moving forward.

Since entering, Wells Fargo has given us a return of 8%.

Emerge Energy Services LP (NYSE: EMES)

Emerge Energy Services LP (EMES) is an energy services company that operates primarily in two key segments of the industry: sand production and fuel processing and distribution. The sand segment consists of mining, processing and distributing various grades of industrial sand primarily used in the hydraulic fracturing of oil and natural gas wells. This sand is also used in the production of building products and foundry materials. This segment operates via Superior Silica Sands LLC, a company subsidiary. The fuel processing and distribution segment operates two terminals and two transportation mixture processing facilities in Texas and Alabama. This is carried out by Allied Energy Co. LLC. Emerge is also engaged in the sale and wholesale of petroleum products and providing fuel services such as terminaling, reclamation, tank cleaning and blending of renewable fuels. The company was founded in 2012 and is headquartered in Southlake, Texas. EMES provides critical products and services to both the upstream and midstream energy segments.



EMERGE
energy services

The investment board decided to invest in EMES in October 2013. We valued this company as a long-term value investment, as its two segments contribute to the diversification of the company and significant EBITDA scale and balance. With its steady quarterly revenues, earnings growth, and simplified MLP structure, the company has a strong track record of delivering investor returns. EMES continues to drive growth via investing in middle-market companies in asset-intensive sectors, leveraging its expertise to expand geographically, and actively pursuing accretive acquisitions along its business lines. The company maintains its competitive advantage with its direct rail access to every major North American shale basin and its superior sand quality.

As of May 2014, EMES has been outperforming the market by growing at a rate 3.5 times that of the S&P 500.

2013-2014 SWS U.Va. Chapter Membership Update

Executive Board



Lydia Wang '14, CEO, is a fourth-year at the McIntire School of Commerce, concentrating in finance and accounting. She was born and raised in Qingdao, China, before coming to the U.S for college. In addition to her work with SWS, Lydia has also served as the internal vice president for the Mainland Students Network, been a member of the 2014 Class Council, and served as an IRS volunteer for the Income Tax Assistance program. In her spare time, Lydia enjoys playing the piano and traveling with family and friends. Lydia will join J.P.Morgan & Co. Investment Management after graduation.

Audrey Cao '14, CIO, is a fourth-year at the McIntire School of Commerce, concentrating in finance and accounting; she is also minoring in drama. Audrey grew up in Shanghai, China before moving to the U.S for her college education. In addition to her work with SWS, she also serves as president of Global Business Brigades, a business-related student volunteer organization; project leader of Student Entrepreneurs for Economic Development; CIO liaison project leader of the Global Student Council; and district convention chair for Circle K International. She has also worked as a McIntire tutor and TA. She lived on the Lawn during the 2013-14 academic year. She loves fashion, dancing and traveling. She will join Deloitte Consulting as a business analyst in fall 2014.



Sarah Rennich '15, CDO, is a third-year in the McIntire School of Commerce with a concentration in finance and minors in economics and business analytics. Sarah is originally from Knoxville, Tenn., and came to U.Va. through the generous support of the Jefferson Scholars Program. Sarah has been with SWS for three years, serving as a research analyst and, beginning last year, as CDO. In addition to her work with SWS, she is also an RA in the first-year dorms and the treasurer of College Council. In her free time, Sarah loves doing anything outdoors, from rock climbing to mountain biking. This summer, Sarah will be interning with Bain & Company in Atlanta.



Katie Ardiff '14, CRO is a fourth-year studying finance and global commerce at the McIntire School of Commerce and pursuing a minor in economics. While not working with the Smart Woman Securities research teams, Katie works as an executive member of the Women's Business Forum at McIntire and leads the animals and environment programs at Madison House, U.Va.'s student-led volunteer organization. She is a member of the Raven Society and has worked as a research assistant for five professors during her time at U.Va., including in the Economics Department, the Darden School of Business, and the McIntire School of Commerce. In her free time, Katie loves to cook, run, and travel. She completed an internship with Capital One Financial last summer, and after graduation she plans to join Bain & Company as an associate consultant in Chicago.



Penny Zhang '15, CMO is a third-year from Shanghai, China. She is enrolled in the McIntire School of Commerce, concentrating in finance and management and pursuing a minor in economics from the College of Arts & Sciences. In addition to her work with SWS, she is involved in the COMM Buddy Program and Student Council Appropriation Committee. Penny likes reading, watching movies, cooking, singing, playing tennis and travelling with the people she loves. This summer, Penny will be interning in Treasury and Trade Solutions at Citibank in Hong Kong.



Taylor Jordan '15, COO is a third-year from Great Falls, Virginia. She is studying in the McIntire School of Commerce, concentrating in accounting and marketing with a business analytics track. She is also pursuing a minor in religious studies. Taylor is involved in many other organizations in addition to SWS. She leads a student volunteer program that seeks to solve problems faced by adults in Charlottesville. Additionally, she plans service events as the Service Chair of Commerce Council, the McIntire School's student governance council. She is also part of the University Dance Club, a student-run performance group. Her other interests include yoga, pilates, and traveling. This summer she worked as a risk advisory intern in Ernst & Young's Washington, D.C. office.



From left to right:

Taylor Jordan, Penny Zhang, Katie Ardiff, Sarah Rennich, Audrey Cao, Lydia Wang

Thank you very much for your contributions to SWS!

2014-2015 SWS U.Va. Chapter Executive Board

CEO: Sarah Rennich

CIO: Grace Lim

CRO: Dawn Lu

CDO: Sarah Rennich

CMO: Penny Zhang

COO: Taylor Jordan

CCO (new): Rui Gong

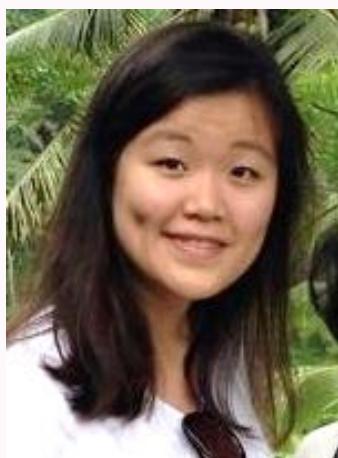
Investment Board

CIO: Audrey Cao'14 (member of the Executive Board)



Catherine Tong '14, is a fourth-year concentrating in finance and accounting at the McIntire School of Commerce, with an additional major in mathematics. She interned at Pacific Global Advisors, an investment management firm, during summer 2013 and will return as a full-time employee upon her graduation from U.Va. During the academic year, Catherine is involved with Smart Woman Securities as an investment board member. She is an eager participant in SWS, and enjoys new learning experiences of all kinds. In her spare time, she enjoys hiking and travelling.

Joyce Foo '14 is a fourth-year student at the McIntire School of Commerce. Besides serving on the SWS investment board, Joyce has been involved in the McIntire Mentors Program, Madison House's Adopt-a-Grandparent program, the Women's Business Forum at McIntire, Student Entrepreneurs for Economic Development (SEED), and Singapore Students Association. She is proficient in Mandarin, Japanese and Cantonese. In her spare time, she enjoys baking, traveling and studying European art history. Last summer, she interned as a credit research analyst at CreditSights in New York. After graduation, she plans to join Citibank in Singapore.



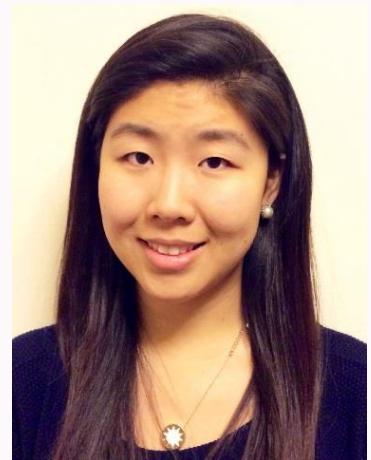
Huijuan Chen '14, is a fourth-year student at the McIntire School of Commerce, concentrating in finance and accounting. Originally from Singapore, she enjoys listening to music and travelling. Huijuan will be joining Citibank in New York as a corporate banking analyst after graduation.





Chen Huang '14, joined SWS during her second year at U.Va. She started out as a research team member for the financial industry and has also served as senior analyst and investment board member for the financial industry. She really loves the friendly and supportive environment of SWS and made many close friends during the years she was involved with the organization. She enjoys volunteering her time for VISAS. She is pursuing her Bachelor's degree in economics and foreign affairs. She will work as the construction coordinator for Southern Development Homes. In her spare time, she enjoys spending time with her friends and managing her own investment portfolio.

Helen Kang '15, is a rising fourth-year, double-majoring in finance and history. She has been actively involved with SWS since her first year at U.Va. After taking the educational seminar, she became an analyst on the financial industry team. She served as a senior analyst on both the financials and REITs teams during her second year, and became an investment board member in the spring of that year. This summer, she will be interning as a sales and trading analyst at a bank. Outside of work and SWS, she is the president of Student Ambassadors and a member of the Mainland Student Network. She has been practicing yoga since high school, Ashtanga in particular.





From left to right:

Helen Kang, Catherine Tong, Audrey Cao, Joyce Foo, Huijuan Chen, Chen Huang

Thank you very much for your contributions to SWS in the past year!

2014-2015 SWS U.Va. Chapter Investment Board

Grace Lim (CIO)

Wei Huang

Cathy Lai

Victoria Tran

Abby Huang

2013-2014 Research Team

	Senior Analysts	Analysts
Consumer	Grace Lim	Allison Wilhelm Shan He Yanre Wu
Energy & Industrials	Dawn Lu	Celina Bulk Fang Yuan Zoe Ma
Financials	Jessica Gao	Teresa Lin Sylvia He Qi Li
Healthcare	Becky Ling	Kathryn McCann-Slaughter Baijie Li Huiqian Ma
TMT	Victoria Tran	Anat Gilboa Blaire Huang Kelly Pease
Real Estate	Wei Huang	Liz Keller Xiaoying Zheng Yingying Qian
		Caroline Mann Lijiao Huang Rui Gong
		Micaela Mastrogiovannis Shusen Li
		Caroline Glen Caroline Kulger Chun Jiang
		Avery Tang Margo Swomley Yingjie Liu
		Ruisi Xiong Wei Xiong Xiaowei Wu
		Jiaer Zhuang Kaylee Nichols Kelsey Lin

2013-2014 SWS U.Va. Chapter Star Awards

	Fall	Spring
Star Senior Analysts:	Victoria Tran	Dawn Lu
Star Analysts:	Baijie Li Kelly Pease	Celina Bulk Zoe Ma

2013-2014 Marketing Committee

Committee chair (CMO): **Penny Zhang**

Committee members: **Xiaoying Zheng** **Sophia Ahl**
Wei Huang **Sheena Garg**

2013-2014 Fundraising Committee

Committee chair (COO): **Taylor Jordan**

Committee members: **Ada Cahill** **Akshita Agarwal**
Pengbo Wu



Special Thank You

We would like to give special thanks to the dedicated faculty members who have contributed their time, knowledge, and energy to SWS this past year. We sincerely appreciate the learning opportunities they provided by sharing their expertise. We thank them for their thoughtful and thorough presentations, which not only offered knowledge, but inspired all SWS members. We greatly appreciate Professor Karin Bonding, Professor Adam Koch, Professor Felicia Marston and Professor Marcia Pentz for holding the education seminars. We would also like to thank the professionals who taught in our seminar series: Mr. Thad Glowacki from Mangham Associates, Ms. Sherri King from UVIMCO, Ms. Denise Egan and Ms. Pam Henderson from Commerce Career Services, Mr. Michael Bills from Bluestem Capital, Darden's Graduate Women in Business organization, and members of the Sands Capital Team. Additionally, we would like to give a special thanks to our faculty sponsor, Professor David Smith.

We would also like to thank last year's executive board, who contributed tremendous time and effort to SWS. These individuals are Lydia Wang, CEO, Sarah Rennich, CDO, Katie Ardiff, CRO, Taylor Jordan, COO, Audrey Cao, CIO, and Penny Zhang, CMO. During the past semesters, SWS has become more efficient, more influential and stronger in every regard. None of this would have happened without your hard work. Thanks to the time, energy, and tireless efforts of these strong and courageous individuals, SWS continued impacting and empowering a new generation of women to become future leaders of the world.

Sincerely,

SWS U.Va. Chapter Marketing Committee
July 2014