Semi-Annual Report

April – September 2017

Student-Managed Endowment for Educational Development

SEED

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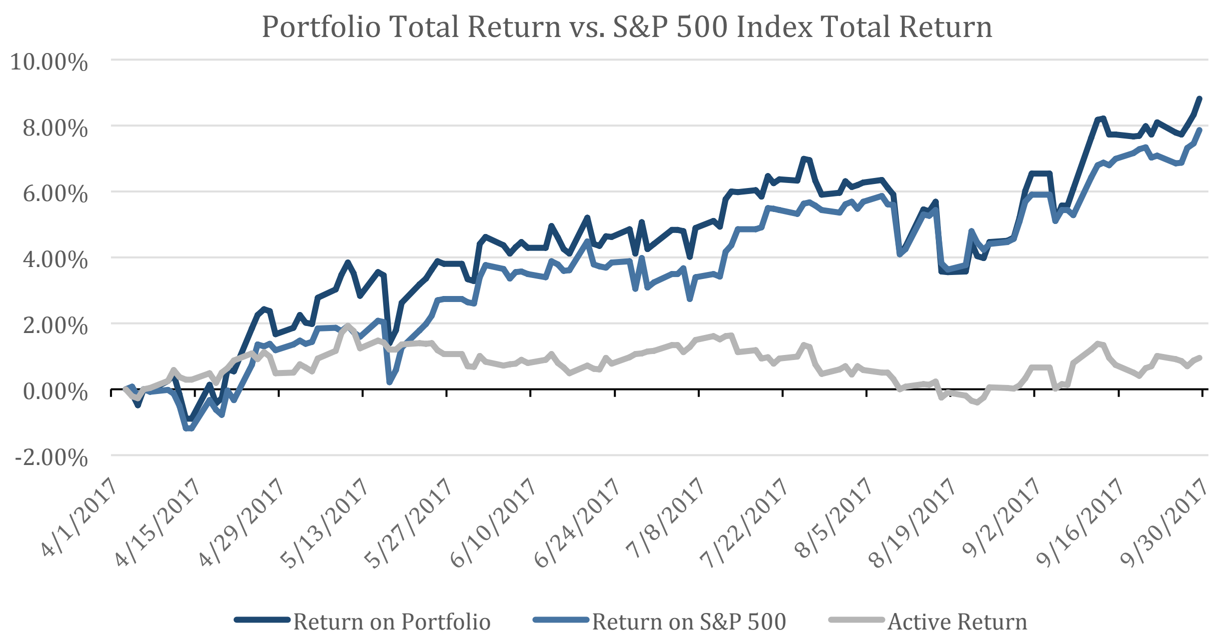
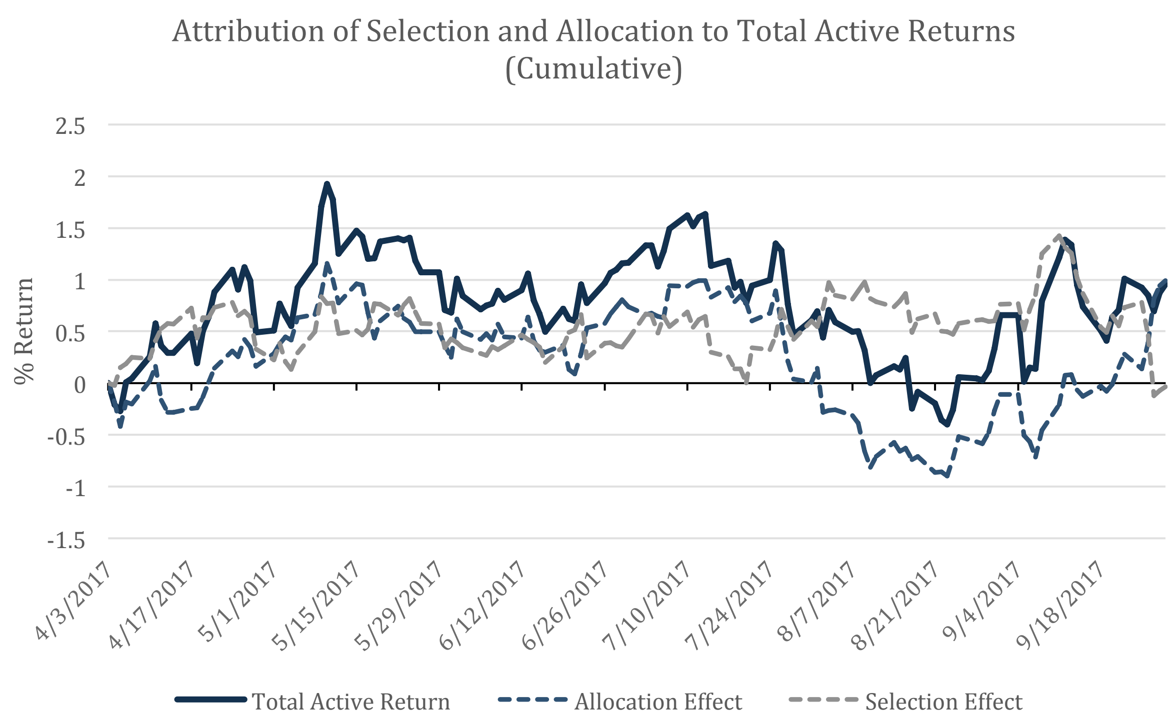
Portfolio Performance Overview

Figure 1:



<u>Notes to Figure 1:</u> Active return is defined as (return on the portfolio - return on the S&P 500). Over the 6-month period from 4/1/17-9/30/17, the portfolio returned 8.82% and the S&P 500 Index returned 7.86%, resulting in an active return of 0.96%.

Figure 2:



Notes to Figure 2: When examining our portfolio attribution, it is important to note that SEED does not actively manage allocation. While we manage it within the context of remaining compliant to our mandate (portfolio sector weightings must be constrained within 4% of the S&P 500 sector weightings), we do not use sector rotation as part of our discretionary investment process. Selection return is what is most important to us. Our selection return was consistently positive throughout the 6 month period from April 1st-September 30th, until falling drastically in the last three days. During the time period from 9/27-9/30 our portfolio correlated positively with the market and our total selection effect was 0.11%. This is largely in part due to our holding Cyberark (CYBR) declining -2.17% over these three days while the Technology Sector ETF (XLK) returned 0.86%.

Figure 3:

Return and Selection Portfolio Analysis

Sector	CTR % (Port)	CTR (Bench)	CTR +/-	Selection Effect	Total Return (Port)	Total Return (Bench)	Total Return +/-
Consumer Discretionary	2.44	0.46	**1.98**	0.92	17.07	3.66	**13.41**
Consumer Staples	0.56	0.05	**0.51**	0.46	17.70	0.33	**17.38**
Energy	0.03	-0.01	**0.03**	-0.06	1.75	0.28	**1.46**
Financials	0.30	1.41	**-1.11**	-0.87	1.90	10.05	**-8.15**
Funds	0.20	0.00	**0.20**	-0.03	5.36	0.00	**5.36**
Health Care	1.35	1.53	**-0.18**	0.26	12.32	10.91	**1.41**
Industrials	0.61	0.95	**-0.34**	-0.13	4.37	9.41	**-5.03**
Information Technology	2.96	2.96	**0.00**	-0.32	11.96	13.33	**-1.37**
Materials	0.34	0.27	**0.07**	0.06	12.62	9.80	**2.82**
Real Estate	0.03	0.11	**-0.08**	0.03	5.70	3.57	**2.13**
Telecommunication Services	0.00	-0.04	**0.04**	0.00	0.00	-1.14	**1.14**
Utilities	0.00	0.17	**-0.17**	0.00	0.00	5.16	**-5.16**
TOTAL	8.82	7.86	**0.96**	-0.03	8.82	7.86	**0.96**

Notes to Figure 3: This chart summarizes our returns by sector from both a Contribution to Return (CTR) and Total Return perspective. Selection effect by sector is also included.

Figure 4:

Portfolio Characteristics as of 9/29/17	Portfolio	Benchmark	+/-
Dividend Yield (%)	1.40%	1.97%	-0.56%
Price to Earnings Ratio (P/E)	17.47	21.58	-4.11
Price to Cash Flow Ratio (P/CF)	11.79	14.32	-2.52
Price to Book Ratio (P/B)	2.83	3.19	-0.35
Current Ratio	1.61	1.38	0.22
Beta (2y Weekly)	1.09	1.02	0.08
Operating Margin	15.22	13.55	1.67
Enterprise Value to Trailing 12M EBITDA	12.26	12.85	-0.60
1 Month VaR 95% Confidence Interval	4.91%	4.45%	1.58%

Figure 5:

Portfolio Characteristics for 6m period 4/1 - 9/29	Portfolio
Beta (6m daily)	1.15
Avg. Market Cap of Companies Held (Billions)	$63.160

Figure 6:

CAPM Alpha 4/1-9/29	Statistics
Portfolio Total Return	8.82%
S&P Total Return	7.85%
Average 1m T-Bill Yield	0.88%
Beta	1.15
Risk-Adjusted Alpha	-0.08%

Notes to Figures 4-6: The 6-month daily beta of 1.15 accounts for all changes over that time frame. Our current portfolio beta of 1.09 is a 2-year weekly beta using our current (9/30/17) holdings. We aim to continue decreasing our beta towards 1. The risk-adjusted alpha of -0.08% is calculated using the formula $\alpha = Rp - [Rf + (Rm - Rf)\ \beta]$ using Figure 6. The risk-free rate used is the daily average of the 1-month T-Bill yield from 4/1-9/30.

Financial Highlights

The Student-managed Endowment for Educational Development (SEED) ended the second and third quarters of 2017 with approximately $5.1MM under active management. During this period, the fund returned 8.82%, gross of taxes and fees. As a result, SEED successfully outperformed our benchmark, the S&P 500 Index. The fund's consumer sector, which combines both discretionary and staples holdings, was the team's top performing sector. Individually, Lam Research Corporation (LRCX), a technology holding, was the fund's top performer, returning 57.90% cumulatively during the second and third quarters. During this same timeframe, the industrial sector's holding in Fluor Corp. was the fund's worst performer, destroying 19.99% of the sector's value.

SEED's performance during the second and third quarters of 2017 was in-line with our benchmark, the S&P 500. The fund completed these two quarters with an active return (as described in Figure 1's PM Summary) of 0.96%. Using our portfolio beta of 1.15 (6-month daily) and the average risk-free rate, our portfolio's risk-adjusted alpha for the time period was -0.08%.

Consumers Sector

Holdings

Company	2nd & 3rd Quarter Returns
Hanesbrands Inc.	11.69%
The Home Depot	15.68%
Hilton Worldwide	26.40%
Diageo Plc.	19.18%
Dr. Pepper Snapple Group Inc.	-5.00%
Crown Holdings, Inc.	12.11%
Estee Lauder Companies Inc.	28.76%

Sector Summary

In late September, we decided to exit a position in Ford Motor Company (F). This decision was driven by our sector's view that new car sales are nearing their cyclical peak and Ford's inability to capture market share with its core brand. At the time of sale our holding period return on the stock was -8.65% gross of dividends.

Performance

The second and third quarters of 2017 have been strong for the consumer sector. During that time, our sector's portfolio has returned 15.13%, 6.81% of which was due to selection effects. During the same time period, the combined consumer discretionary and staples ETFs returned 1.70%. Our best performing holdings were consumer discretionary companies Estee Lauder and Hilton Hotels with period returns of 30.04% and 21.11%, respectively. Our lowest performer, Dr. Pepper Snapple (DPS), was added to our portfolio in April and has missed both earnings reports since our investment. The underperformance of this investment has been mostly due to the company's overexposure to western markets where carbonated beverages have fallen out of favor and lack of lucrative emerging markets exposure. Despite these recent weaknesses, we still see opportunity in the stock as its expansion into innovative, on-trend product offerings - like those gained in the acquisition of Bai Brands - continue to help differentiate the company.

Outlook

We expect consumer spending to remain close to current strength through the end of 2017 and into the beginning of 2018 while rates are still low and consumer confidence is still high. With unemployment low, we see the trajectory of currently high underemployment as a key indicator of future strength in consumer spending. The key factors dictating the performance of both discretionary and staples stocks will be those companies' abilities to expand their online presence, their ability to entice customers back to brick-and-mortar store locations, continued strength in consumer confidence, and the pace of monetary policy through 2018. Our sector sees opportunity in the Consumer Staples sector as investors become increasingly skeptical of the high premiums currently seen market-wide and will seek companies with strong cost-cutting abilities for future positions in the hyper-competitive sector.

Energy Sector

Holdings

Company	2nd & 3rd Quarter Returns
RSP Permian Inc.	-7.64%
Suncor Energy Inc.	14.03%
Andeavor Inc.	23.99%
Marathon Petroleum Inc.	10.66%

Sector Summary

Since the beginning of 2017, the energy sector has been particularly volatile due to fluctuating oil prices and speculation on macroeconomic events, such as the ongoing OPEC production cuts. Over the past few weeks in October, Saudia Arabia and Russia have indicated that they will continue to cap their production, and this will be officially decided upon during the OPEC meeting on 11/30. As a consequence of the production cuts, global output has decreased by around 2%, and inventories have been steadily declining; however, continued increases in U.S. oil production has hindered the rebound in prices until recently. At the end of October, Brent crude oil spot prices hit the $60 mark. Oil is now up over 10% for the year and is at its highest point since 2015. Oddly enough, upstream oil and gas equities are not experiencing as sharp of an upward trend, a unique occurrence for such a highly correlated market. This is likely due to the high-debt levels of many upstream companies, and the underlying risk associated with a decrease in oil prices. Investors are very cautious about entering this market, and as a result it has severely underperformed other sectors.

Performance

In the beginning of 2017, the Energy sector was positioned to take advantage of the improving fundamentals underlying the oil markets. We bought RSP Permian, an upstream company based solely in the highly lucrative Permian Basin, and sold three separate holdings in Schlumberger, Noble, and Apache. From our date of purchase in mid-April, RSP Permian experienced an 8% decline, but this holding has recovered most of these losses over October and November as the outlook for oil prices has improved once again. Over this same period of time our investments in two mid-cap refiners, Andeavor and Marathon, more than offset the losses from our upstream positions. Suncor, an integrated Canadian company, also outperformed the XLE due to its improved refining capabilities and enhanced efficiency with regard to its upstream oil sands segment. Since our portfolio is weighted more towards these mid-cap downstream and integrated positions, we were able to significantly outperform our index benchmark, which was hindered by large integrated and upstream holdings.

Outlook
Going forward, we are looking to enter a midstream position that offers very attractive dividends and much less risk, especially as U.S. crude output continues to rise and furthers the risk of oversupply in oil markets. Simultaneously, midstream services will become more demanded, and these companies will not experience much of a downturn even if oil were to drop towards $50. Oil will likely continue remain quite volatile, and decisions from the upcoming OPEC meeting on November 30 will dictate short-term prices. We want our portfolio to remain weighted more towards downstream holdings, but we will also retain our position in RSP Permian to capture any potential upside from the upstream industry. We expect refineries to increase in value further as crack spreads widen, but certain macro risks such as natural disasters or a market downturn may affect the performance of these companies. While many petroleum products are relatively inelastic and we do not forecast an imminent recession, energy consumption levels will decrease nonetheless in the event of any economic decline.

Financials Sector

Holdings

Company	2nd & 3rd Quarter Returns
Assured Guaranty	2.32%
Bank of Ozarks Inc.	-4.94%
BankUnited Inc.	-3.59%
CBL & Assoc. Prop. Inc.	-5.51%
Capital One Financial Corp.	-0.40%
Discover Financial Services	-4.15%
Everest RE Group	-1.24%
Four Corners Property Trust Inc.	13.57%
PNC Financial Services Group	13.54%

Sector Summary
The Financials Sector enjoyed steady growth, returning 9.21% for the middle of 2017, partly due to the Federal Reserve increasing rates in March and June. These rate hikes helped increase net interest margins for banks and investment yields for insurance companies. We saw this translate positively for most banks, giving a boost to the sector. However, the destruction caused by Hurricane Harvey, Irma, and Maria in the latter half of 2017 spelled major losses for the insurance industry, with total damages/losses still yet to be fully appraised. These hurricanes also attributed to a loss of 102,000 jobs in the Leisure and Hospitality industry from October to September. Thus, the sector suffered a dip of roughly 3.3% in the third quarter. Nevertheless, the sector recovered and continues its uptrend due to the anticipated rate hike in December, despite virtually flat U.S. consumer prices and retail sales posted earlier in the year hinting otherwise. Other factors are also that are bolstering this growth include: impressive job growth (prior to the recent natural disasters), low unemployment, wage growth outpacing inflation, and bond yields recovering back to early year highs.

Performance
The SEED Financials Sector underperformed the XLF by 254 basis points, with a negative selection return of 81 basis points and a negative allocation return of 25 basis points. Outperformance from Four Corners Property Trust and PNC Financial Services was more than offset by underperformance in Discover Financial Services, Bank of Ozarks, and BankUnited. During the first half of 2016, we sold our remaining downsized position of Citigroup, and used the funds to purchase BankUnited and Everest Re Group. We also sold our stake in Park Hotels & Resorts. BankUnited lagged our expectations due to slimming net interest margins, increases in charge-offs, and increases in loan loss provisions related to taxi medallion loans. Discover Financial Services also lagged our expectations due to accruing expenses and its weak Payment Service segment. Our insurance holdings, particularly Everest RE, started 2017 with strong performance but losses from Hurricane Harvey and Hurricane Irma dropped a majority of those unrealized returns. CBL & Associates performed -20.21% for 2017, despite its 13.1% dividend yield, due to anticipated lower foot traffic of outlet malls that dominate its asset portfolio caused by the disruption of e-commerce retailers. Despite this, our underexposure to REITs came with opportunity costs as some pockets within the industry outperformed expectations, such as Four Corners Property Trust. Four Corners performed exceptionally well, gaining 13.57% in 2017 from stronger than anticipated growth in their high-quality restaurant portfolio and successful returns on efforts to diversify revenue.

Outlook
We anticipate the Federal Reserve rate increase in December to benefit our banking holdings. On the other hand, we have still yet to see industry-moving regulation reform for either banking or card industries since President Trump took office. We are also cautious regarding anticipated oil supply cuts from the upcoming OPEC meeting in November, as declines in oil prices can drag sector growth. The upside for other areas of Financials are more lucrative than the one currently seen for large-cap banks. One of these areas include pockets within the REIT industry, due to industry forces of increasing demand for warehouse space, the rising trend of rental housing, and increases in wage growth. As we currently are underexposed to REITs, we will invest in companies most exposed to these forces. There is also increased demand by millennials in the insurance industry because they make up the largest segment of the American workforce and unemployment in the third quarter was the lowest in the past decade. We will focus on reducing our sector exposure to large-cap banks and refocus more into these “pockets” of the REIT and Insurance industry.

Healthcare Sector

Holdings

Company	2nd & 3rd Quarter Returns
AbbVie Inc.	39.25%
Biogen Inc.	14.83%
Medtronic Plc.	-2.95%
UnitedHealth Group Inc.	19.21%

Sector Summary

The Healthcare Sector has done extremely well considering all of the uncertainty surrounding health insurance reform. The current administration along with congress has failed to come up with a solution to not only begin to reduce the deficit, but also make sure millions of people maintain insurance. Amid this political uncertainty, UnitedHealth Group continues excelling with Net Earnings growing 24% YoY. Most of this is due to their exit from the Affordable Care Act (ACA) market and growth of Optum. All segments of Optum grew more than 10% this past quarter. Earlier in the year, a new head of the FDA was confirmed, Scott Gottlieb. Gottlieb's goals include continuing the "gold standard" of approving safe drugs while also pushing more drugs through the approval process. He hopes for more drugs to be on the market to bring prices down. Pricing pressures have been drastically affecting generics, but orphan drugs have been able to perform better. As a result, Biogen and AbbVie have been performing well YTD. Biogen has seen success in some later trails for their Alzheimer's drug as well as Spinraza has had successful sales growth since the rollout late last year. AbbVie also won a patent lawsuit that extended Humira Protection out until 2021. They also increased their dividend this quarter by 10.9%. This year, we did sell off our positions in Sanofi and Express Scripts to make room for other industries.

Performance

From April through to September, the sector has performed very well. We had a 0.26% selection return and a 1.41% allocation return against the XLV, our benchmark. We have a weighted return of 23.54% beating the XLV, which has returned 19.9%. Most of the return has been from AbbVie, with more than a 50% return YTD and a 68.67% HPR. In Q3, revenues were up 8.8% with operating income up 14.6%. Humira sales are continuing to grow with a 15.8% increase this quarter and Imbruvica, AbbVie's second largest drug, with sales up 37.3%.

Outlook

Moving forward for the rest of the year, we plan to add two different industries to our portfolio in order to reduce some of the risk associated with the potential new insurance policies as well as pricing pressure. We believe the landscape of the entire sector is shifting and consolidating to deal with pricing pressure on all types of drugs. Recently, CVS made a bid at Aetna and pharmacy benefit managers are facing pressure from different players within the Sector, as well as from Amazon, which is positioning to enter the market but has yet to do so. In the future, we want to pursue companies that operate in more than one industry, like UnitedHealth with Optum, to be in-line with the trend. We are looking into entering a position within drug distribution industry, more specifically, McKesson. We are also looking into the hospital industry to see if there is any potential for value within that space. With Trump's decision on ending subsidiary payments to insurers, the outlook for insurance is uncertain. In the near future, we plan on holding UNH and not pursing any other insurance companies.

Industrials Sector

Holdings

Company	2nd & 3rd Quarter Returns
Fluor Corp.	-19.99%
Union Pacific, Corp.	9.49%
Honeywell Inc.	13.51%
Huntington Ingalls Inc.	13.08%
Toll Brothers, Inc.	13.96%
Stericycle Inc.	13.60%

Sector Summary

The Industrials sector has done well in 2017 returning over 17.2% and 108 bps in active management. Two of our holdings have had negative performance, while our other four have done exceptionally well. We continue to benefit largely from the equities bull market. The industrials sector experienced an overwhelming price appreciation following the election of Donald Trump, leaving a big question coming into 2017 if earnings and cash flow could justify the increase in valuations. While there is no doubt multiples are higher, we are looking for our holdings to continue to execute consistently and continue to expand given current conditions. Eric Gallo was added as a full-time analyst following his successful completion of training.

Performance

UNP's price performance can be attributed to its impressive organic growth rates and significant margin enhancement. HII has outperformed due to President Trump and the Pentagon increasing the naval fleet from 274 to 335, as well as an increase in size and volume of defense contracts. HON has hit fiscal year 2018 targets this year and continues to grow revenue and increase margins, Honeywell will spin-off their home/ADI global distribution business (~19% of revenue) in attempt to streamline operations. TOL has benefitted greatly from substantial increase in housing starts and home prices. FLR's price has been dragged down due to multiple cost revisions and lower-than-expected project revenues. The long-term impact of Hurricanes Irma and Harvey on our holdings' operations is minimal. SRCL's price has recently declined on news they are under investigation for their Latin American business and difficulty integrating acquisitions into their model. The selection effect for the Industrials sector was -.13 which we attribute to Fluor's poor performance up to this point.

Outlook

Industrial equities, to this point, have thrived in 2017 with our XLI benchmark up 16.27%. Throughout the year, macroeconomic conditions have continued to improve, with the value of the dollar declining and low interest rates have contributed to positive performance by enhancing bottom-line performance of companies with heavy international exposure. While it seems interest rates are steadily increasing and the dollar has begun to strengthen, we believe our holdings will continue to grow earnings and cash flow. Valuations continue to be in question moving forward as this bull market is running up, our determined intrinsic valuations will become more crucial as this market edges towards a top. Following our portfolio rebalance, we will be adding a position in the Utilities sector and potentially exiting our Fluor position. At its current valuation, we believe Fluor's long-term growth opportunities are attractive if they can pull through some short-term uncertainty.

Technology Sector

Holdings

Company	2nd & 3rd Quarter Returns
Apple Inc.	7.28%
Salesforce.com Inc.	13.25%
Cognizant Technology Solutions Corp.	21.88%
CyberArk	-19.40%
Electronic Arts Inc.	31.10%
Lam Research Corp.	44.16%
Oracle Corp.	8.38%
Qualcomm Inc.	-9.59%

Sector Summary

AAPL remains our largest holding at 5.04% of the total portfolio. With a market cap of over $842B, APPL continues to prove itself as a good indicator of sentiment in both the technology and consumer industries. Lam manufactures wafer fabrication equipment, which is used in the production of semiconductors. Salesforce is a provider of enterprise software with a focus on consumer relationship management. CRM delivers its software through the cloud. QCOM has a large portfolio, most notably their integrated circuits. Additionally, they create software used in mobile devices and wireless networks. EA creates, delivers and markets video games and content that can be consumed on a wide range of platforms. ORCL is a one stop shop for IT in the corporate environment, providing cloud software, as well as hardware products and hardware support for its clients. CYBR provides cybersecurity solutions and services to protect its clients from cyberattacks.

Performance
Overall, the sector has experienced a strong period of growth and high performance. In April, we moved into the video game space with our position in EA. The stock has performed exceptionally well due to a strong showing of sales and earnings from its diversified product line, as well as confirmation from executives that the pipeline of future games would be just as strong. Lam has reaffirmed its status as a leading manufacturer of wafer fabrication equipment. Lam's impressive earnings growth has lead us to maintain our long position with a readjusted price target. QCOM hit a rough patch following news of their legal dispute with AAPL, coupled with a delay in their acquisition of NXP. They are however, starting to show signs of recovery. AAPL was not affected by the QCOM dispute, and experienced strong growth over the past few months. To celebrate the 10-year anniversary of the iPhone, they recently unveiled the iPhone X, their newest model in the line. CTSH, also bought in April, showed in their quarterly reports that they are experiencing impressive growth in international revenue in excess of 20%, which has helped the stock rally. ORCL grew their total cloud revenues 64%, and improved margins handsomely. CEO Mark Hurd sees massive growth in the future for Oracle's cloud offerings. CRM continues to show why it is a leader in its space with increased revenues and impressive subscription growth. They have also hinted at focusing more on Artificial Intelligence in the future as a key innovation/growth driver. CYBR had been giving mixed signals through guidance, and did not experience the same growth as its competitors. Additionally, we felt they were dealing with a more competitive market in the cybersecurity space, forcing us to sell the stock. Our selection effect over this period, relative to the Technology Sector ETF, was -0.32. We believe that our stake in CYBR was a large factor in calculating this number. The company's beta, when tracked with the ETF over this period, was -0.35 which indicates an inverse correlation with the sector.

Outlook
We have experienced phenomenal returns from the sector so far, and we see growth continuing for the foreseeable future. Semiconductor demand will continue to grow as more industries begin to incorporate this technology into their products. Additionally, we see video game consumption increasing as large scale events (Star Wars movie and the FIFA World Cup) increase awareness and improve branding. While we did sell out of CYBR, we expect the need for cybersecurity to continue to increase as hacking and ransomware attacks become more common. We will look to reenter this space shortly with a fundamentally stronger company. Finally, we have seen progress in President Trump's plan to cut corporate taxes. We feel that this cut would allow all companies in the sector to improve margins and earnings for the foreseeable future.

Full-Time and Internship Placement

This year is proving to be another exceptional year for placement on Wall Street and in the consulting field. Our analysts have secured both full-time and internships offers at the following firms. We thank all of our alumni who have been strong advocates for our members throughout the placement process. We are proud to have maintained a 100% job placement rate.

Full-Time		Internship	
Dimensional Fund Advisors	***Institutional Services***	*Citigroup*	***Sales and Trading***
Citigroup	***Sales and Trading***	*EY Financial Services*	***Audit Times Square Office***
Goldman Sachs	***Sales and Trading***	*PricewaterhouseCoopers*	***Audit***
Credit Suisse	***Investment Banking***	*Citigroup*	***Capital Markets***
Morgan Stanley	***Sales and Trading***	*RSM*	***Management Consulting***
PricewaterhouseCoopers	***Public Sector Advisory***	*Morgan Stanley*	***Wealth Management***
Capital One	***Product Management and Analytics***	*Goldman Sachs*	***Investment Banking***
Baker Tilly	***Government Contract Advisory Services***	*Credit Suisse*	***Investment Banking***
Capital One	***Finance Rotational Program***	*Deloitte*	***Audit***
		BP	***Integrated Supply and Trading***

SEED Team

The 2017-18 SEED Team

Management Team

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