Dow: 1.62%, S&P 500: 1.03%, NASDAQ: -0.13%, Global Dow: 1.91%
Note: Returns calculated on month to date (MTD) time frame.

THIS ISSUE’S HIGHLIGHTS:

• SJU Grad as CEO
• Amazon buys Whole Foods
• Tesla’s New Toy
• Possible U.S. debt crisis?

FEATURED SERIES:

• Technically Speaking with Dominic Santanasto
• Office Hours with: Professor Matthew Kelly
  • How a Hawk Got that Job
• Student Lectures: A Brief Overview of Financial Securities

AIG HIRES SAINT JOSEPH’S GRAD AS CEO

By Dominic Santanasto

On May 15, 2017, American International Group (AIG) hired Saint Joseph’s alumnus Brian Duperreault as CEO.¹ Duperreault replaces Peter Hancock, who announced his resignation several months earlier.² Duperreault began his career at AIG, learning from former CEO Hank Greenberg.³ He would become the CEO of the insurance company ACE Group Inc.³

Continued in “Keeping up with Current Events”

Source: SJU Alumni Association

DISCLAIMER: All articles are written strictly for educational purposes, not for investment decisions. All forward-looking statements are simply opinion and not investment advice made by the author.
Dear Reader,

First, we would like to thank you for choosing the City Avenue Journal! We, the Capital Markets Board of Directors, wanted to bring you a premier, student led business journal of Saint Joseph’s University that would not only be informative, but also riveting and simply enjoyable to read.

For the first publication of The Journal, we thought it’d be fitting to align our kick-off with the start of the 2017 Fall Hawk Portfolio Challenge! This challenge is open to all students throughout St. Joe’s and is a fantastic way to learn more about investing (We are all going to have to do it one day!).

In addition, we have packed The Journal with a ton of valuable articles, written by students for students (and professors too). When you read the articles, if you come across any questions jot them down. We encourage you to send us Tweets @CityAve_Journal. If you any additional questions, or are interested in joining, send us an email at cityavejournal@gmail.com.

Now, we invite you to sit back, relax, and enjoy an assortment of fascinating student-produced publications.

Sincerely,

The SJU Capital Markets Club Board of Directors

@CityAve_Journal

cityavejournal@gmail.com
MARKET SUMMARY

<table>
<thead>
<tr>
<th>SYMBOL</th>
<th>INDEX</th>
<th>% CHANGE (MTD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>.DJI</td>
<td>Dow Jones</td>
<td>1.62%</td>
</tr>
<tr>
<td>SPX</td>
<td>S&amp;P 500</td>
<td>1.03%</td>
</tr>
<tr>
<td>IXIC</td>
<td>NASDAQ</td>
<td>-0.13%</td>
</tr>
</tbody>
</table>

**DOW JONES**

- 21750
- 22000
- 22250
- 22500

**S&P 500**

- 2450
- 2480
- 2510
- 2540

**NASDAQ**

- 6350
- 6375
- 6400
- 6425

**Sector Change YTD**

- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Materials
- Real Estate
- Technology
- Utilities

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DISCLAIMER: All articles are written strictly for educational purposes, not for investment decisions. All forward-looking statements are simply opinion and not investment advice made by the author.
The Hawk Portfolio Competition

Win a t-shirt and learn about the market!

The Wall Street Trading Room will be sponsoring “The Hawk Portfolio Competition.” This competition gives participants an opportunity to learn about investing in a fun, risk-free way. Students will be able to take full advantage of the many resources at the university including the Wall Street Trading Room. Only students and employees of Saint Joseph’s University are eligible to play. In determining the winners, the cut-off date is November 17, 2017.

Prizes
A T-shirt for students with the best 10 performing portfolios.

How to Sign Up for the Competition
- Go to http://www.howthemarketworks.com/register/97053
- Follow the steps for registering for an account if you do not already have one. If you have an account, just log on.
- This will bring you to a welcome page. There is a green bar at the top. 3rd item over is “Contests” Click there and then click “My Contests”
- You will see a practice portfolio and SJU Fall 2017. Click on SJU Spring 2017.
- In case you have issues, the generic website is howthemarketworks.com . You can search under contests for SJU Spring 2017. The password for this game is hawkfall2017
- Follow the instructions to buy, sell, or short sell stocks. This site is far more robust than the one we used in the past. There are plenty of educational lesson and videos should you choose to use them.

Game Rules
- Starting cash equity: $500,000. You can leverage your equity 2:1.
- Commission: $10.00
- Credit Interest Rate & Leverage Interest Rate: market
- Minimum Stock Price: $3.00
- Position limit for stocks: 20%
- Position Limit for mutual funds: 20%
- Short Selling, Margin Trading, Limited Orders & Stop Limit Orders are all allowed.
- All symbols can be traded
- Security Types: Public Companies, Funds, ETFs

Why Play
- Win a T-shirt.
- Apply what you learn.
- Exciting, risk-free way to start learning about investing.
- Learn to use powerful research tools available in the Wall Street Trading Room.

DISCLAIMER: All articles are written strictly for educational purposes, not for investment decisions. All forward-looking statements are simply opinion and not investment advice made by the author.
Welcome to Technically Speaking with Dominic Santanasto, a regular feature of The City Avenue Journal. In this column, I will go over trades I would make in the stock market competition using technical analysis. In order to explain technical analysis, I have developed an FAQ in the following paragraphs.

**What is technical analysis?**
There are two main forms of equity analysis: fundamental analysis and technical analysis. Fundamental analysis values a company based on its underlying metrics. Technical analysis, on the other hand, values a company based upon its stock’s price movements.

**What tools are used for technical analysis?**
There are various indicators for technical analysis. However, the two that I normally use are charts and measures of support and resistance.

**What are support and resistance?**
Support is the point at which the stock price will not fall any further. Resistance is the point at which the stock price will not rise any higher.

**What are the ways to measure support and resistance?**
The most popular one is Bollinger bands. They operate very similarly to the confidence intervals taught in business statistics classes. However, support and resistance are pretty subjective so you can also just eyeball them.

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**Most people say this doesn’t work so why should I use it in the stock market game?**
The best way I can explain technical analysis is with an example. Let’s say you want to go to the 76ers’ game this weekend. You are willing to pay $50 for a ticket. The week of the game, ticket prices drop to $35. Once this happens, you rush to buy the ticket. Conversely, if ticket prices rise to $80 you will more than likely sell the ticket. Since so many people will jump in and buy at $35, the price will not fall any lower. Conversely, since so many people will sell at $80, the price will not rise any higher. This is exactly how technical analysis works except with stocks instead of Sixers’ tickets. However, it should be noted that this analysis only functions correctly if the underlying value of the asset does not change. If the real value of the Sixers’ ticket becomes $15, then no one is going to jump in and buy at $35. Since the stock market game is over a very short period of time, though, this should not become a problem.

**Ok I’m intrigued but want hard evidence and not theory, give me a trade you’d make.**
IBM closed on 9/22 at $145.13. Support seems to have been established at roughly $145. Resistance seems to have been established at roughly $146.
HOW A HAWK GOT THAT JOB (A CAJ SERIES)

This Edition’s Contributor: Robert Jankiewicz ’18  
Experience: Johnson & Johnson, Independence Blue Cross, Nasdaq

One of the hardest aspects of starting your first job, internship, what have you, is certainly making that first leap into a setting that seems completely foreign to you. Anyway, that is certainly how I felt starting my first Co-op the summer after my freshman year. I was young (still am), but had absolutely zero experience working in, what I’ve heard people call before, Corporate America. I was often embarrassed, having made mistakes on almost everything I did for five out of the six months I was there. I also remember not understanding what was going on in half of the meetings I attended. It was certainly challenging and frustrating, but overall, it was rewarding. I often think back to that co-op, and despite some of the stressful moments I faced, I still wouldn’t change a thing if I had to do it all over again. I developed some of the most valuable skills from that Co-op. I learned Excel (Not the Excel Competency version), how to communicate with my co-workers, and finally I learned what I was/wasn’t looking for in my career.

So, getting back to the topic of this essay, How I got that Job, it all comes back to stepping out of your comfort zone, in addition to having the right support group. For me, it was #1 my family, and #2 the directors of the Co-op Program here at SJU, Todd Krug and Jackie Bachelor. The Co-op program, which I 110% recommend, is a tremendous opportunity for all students to get involved in. Sure, you have to take classes over the summer, but it truly is worthwhile. You will meet some lifelong friends and you will also end up cementing your resume with experience that will give you an edge over others when searching for your next internship/co-op.

If you are a freshman, sophomore, junior, or even a senior, I encourage you to step out of your shell and get involved. I did it, and I will never regret it.
KEEPING UP WITH CURRENT EVENTS

Amazon, You’re not You when You’re Hungry. Have a Whole Foods!

By Patrick Fennell

Probably one of the biggest headlines of the 2017 Summer is the Amazon (AMZN) acquisition of Whole Foods Market (WFM) for a surprising $42 per share, culminating to a price tag of about $13.7 Billion on June 15 (Kilgore). With this deal involving one of the world’s largest e-commerce companies, and one of the leading groceries in the market today, this merger is historic, and may very well change the super market landscape moving forward. It is obvious that this purchase points to Amazon’s desire to deliver fresh produce and other groceries directly to customer doorsteps, at (hopefully) the reasonable prices Amazon customers have come to expect. This move is telling of Amazon’s strategy to branch out and offer a wider array of products.

Market speculation on this deal is an interesting and important aspect to think about in a merger like this. Amazon, whose reach is so wide did not see that dramatic of an impact in stock price seemingly from the news of purchase. Referring to Chart A, the 3-month ticker for Amazon from Nasdaq, one can see that there was a slight climb in Amazon’s price following the announcement in mid-June, but it does not seem to be out of the norm as far as price movement for the company.

Chart A

Juxtapose that to the movement of Whole Foods in Chart B, also a ticker produced by Nasdaq. In this graph, it is clear the market thinks this merger will be hugely beneficial for the grocery, as its price surged from $33 to $43 per share on the day the deal was announced.

Chart B

The continually innovative infrastructure of Amazon, paired with the premium quality food products of Whole Foods, there are countless possibilities for what the e-commerce giant could offer the market. However, there are concerns that could be barriers to this deal being finalized. An issue raised by Democratic Representative, David Cicilline was that this merger could infringe on Competition Policy (BBC). This concern was brought up due to other groceries in the market consolidating in recent years. Another Democrat, Marcia Fudge raised the problem that we should analyze “what this merger could mean for African American communities across the country already suffering from a lack of affordable healthy food options from grocers” (BBC). With concerns of monopolization and alienating of lower income consumers looming, these problems clearly need to be met with a proper answer before this blockbuster deal can be finalized. These hurdles along with general agreements on specifications of the merger could delay finalization until later in the second half of 2017 through as late as May 2018 (BBC).

DISCLAIMER: All articles are written strictly for educational purposes, not for investment decisions. All forward-looking statements are simply opinion and not investment advice made by the author.
AIG hires Saint Joseph’s Grad as CEO
By Dominic Santanasto

Eventually, he accepted the CEO position at Marsh & McLennan Companies. Marsh & McLennan was dealing with the fallout from a bid rigging scandal when Duperreault took over. He successfully restored the company. After leaving the company, Duperreault started Hamilton Insurance Group in Bermuda. He served as CEO until accepting the job with AIG.

Brian Duperreault returns to a much different AIG than the one that he left. After barely surviving the 2008 financial crisis, most turnaround efforts at the company have been met with limited success. Duperreault’s hiring makes him the seventh CEO at AIG since his mentor Hank Greenberg left in 2005.

In February, the company announced that it was increasing its reserves, the amount of money set aside to pay future claims, by $5.6 billion. The commercial insurance segment continued to decline in 2016, as the company reported a pre-tax operating loss of $2.7 billion in this segment. Pre-tax operating income was as high as $4.2 billion in 2014. In an effort to control losses in this segment, AIG signed a retroactive reinsurance agreement with Berkshire Hathaway’s National Indemnity in January.

However, Duperreault has gained a reputation for being a turnaround artist in the insurance industry. Duperreault took over Marsh & McLennan in 2008. After closing at $26.47 per share on December 31, 2007, the company’s stock price closed 30 percent higher at $34.47 upon Duperreault’s retirement on December 31, 2012. He is also credited with turning ACE into one of the major insurance companies in the industry.

In a recent interview with the Wall Street Journal, Duperreault stated that he will attempt to grow AIG through expansion of its life insurance business and mergers and acquisitions. He has also stated that he will end Peter Hancock’s share repurchase program.

Duperreault graduated from Saint Joseph’s University in 1969 with a degree in Mathematics. He has received the Shield of Loyola from the Saint Joseph’s University Alumni Association and was inducted into the Haub School of Business Hall of Fame in 2002. He was recently elected to the board of trustees.

Full disclosure: Dominic Santanasto is currently employed by Chubb Limited, which was formed as a result of the merger between ACE and Chubb. The opinions in this article are his and not those of the company.

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Tesla Model 3 – An Electrifying Run
By Chad Grimley

The Tesla Model 3 was one of the most anticipated cars of the summer. The Model 3 is Tesla’s first mass-market electric vehicle (EV) with a base price of $35,000; the other two Tesla vehicles, the Model S and Model X, base around $70,000, considerably out of budget for most consumers. In the week following pre-orders for the Model 3, which began on March 31st of 2016, Tesla reported over 325,000 pre-orders in only one week! To put that number into perspective, the company sold 76,230 cars in all of 2016 (WSJ), so clearly there was strong demand for the car and as one might anticipate, expectations for this mass-market EV drove Tesla’s stock price to new highs.

Tesla’s stock is priced around $350 per share and with market cap of roughly 60 billion, they are the most valuable American car company. The remarkable part is Tesla achieving this despite negative earnings and sales numbers that are mere fractions of other car companies (consider the fact that GM sells 100 times more cars annually than Tesla). Wall Street has been very bullish on Tesla since pre-orders began as the stock has risen over 50% since, over 2.5 times most indices.

Initial deliveries for the Model 3 began at the end of July. Tesla production has been limited throughout 2017 as the company is estimated to only produce 100 Model 3’s in August and 1500 in September with the goal of increasing production to 20,000 per month by December 2017. Unfortunately, most Model 3 owners have already waited over one year for the car, and best-case estimates have recent pre-orders not being delivered until the end of 2018.

With growing competition in the EV market, ramping-up production is a key component for Tesla’s success. Any substantial delays may turn customers to other vehicles; 63,000 pre-orders have already been canceled! Overall, the Model 3 positions Tesla in direct competition with other mass-market EVs like the Chevy Bolt and Nissan Leaf. Expectations are sky-high as seen through the pre-orders and rising stock price but in the end, time will tell if the Tesla Model 3 can truly deliver an unmatched EV experience.
Low ceilings: uncomfortable, constricted, and potentially risky. Well, the United States Government is currently in this strange predicament. According to the Treasury, the debt ceiling is too low, and if Congress does not act to increase it by late September, we could potentially see negative ripples throughout the markets.¹

If you have taken your ECN 101 course, you might have come across what a “ceiling” is. No. Not a tiled ceiling. Rather the upper limit, or maximum, for the price of a product, or in this case the level of debt that the U.S. Government is allowed to borrow to meet its financial obligations (social security, Medicare, military salaries, tax refunds).² The current debt ceiling is set at $19.8 Trillion, and Treasury Secretary Steven Mnuchin has recently been pressing Congress to act on raising the ceiling before summer’s end, as he estimates that the government will only have enough revenue to fund payments through the end of September.¹

So, what would happen if the U.S. Government defaulted (failed to pay) on its obligations? Well, for starters, the risk-free rate probably wouldn’t be considered risk-free anymore (Note: The U.S. government has never defaulted), especially since the perception of U.S. T-bills being risk-free is based on the “full faith and credit” of the United States Government.⁴ As you may be familiar, many financial models rest on Treasury Bills being the only financial security that is completely free of default risk. Just look at CAPM, or Black-Scholes (if you’re unfamiliar, send us a Tweet! We’d be more than happy to explain). The point is that a heavy-duty amount of financial theory is based on the U.S. Treasuries actually being risk-free. Therefore, one could expect immediate consequences such as a substantial impact throughout financial markets and increasing interest rates.⁵

Nonetheless, if you’re worried that we are headed towards the next financial crisis, I wouldn’t stress too much just yet. As it turns out, Congress has always ended up raising the limit just in time (despite some occasions leading to uncertainty to Treasury operations).³

Editor’s Note:

Since this article was written, President Trump signed legislation in early September to temporarily suspend the debt ceiling and to provide $15.25 billion in hurricane relief.⁶
This journal’s first edition features Professor Matthew Kelly, visiting professor of finance. Prof. Kelly is the faculty advisor of the Capital Markets Club and has agreed to provide some insights from his experience in the field, along with some recommendations and advice for students.

For those unfamiliar with Prof. Kelly, you will likely find him teaching finance to his Investments, Student Managed Funds, or Business Policy classes. Outside of lectures, Kelly serves as the director of the Wall Street Trading Room and also leads the Investment Scholars Program.

Before coming to St. Joe’s, Kelly began his career as an examiner for NASD Regulation (now known as FINRA), a self-regulatory organization (SRO) responsible for monitoring those in the securities industry. Within this role, Kelly notes that one has to assume the notion that somebody in the industry is constantly doing something wrong. Though some parts of the job could be tedious, it could be very rewarding, as it allows one to learn a lot about the industry. As Kelly suggests, this is certainly a good area for recent graduates who may want to end up in compliance for Wall Street or maybe return back to law school.

Afterwards, Kelly transitioned into a small broker-dealer called Greenwood Partners. Kelly started in compliance and eventually became CFO, as well as compliance principal, overseeing most aspects of the firm. During his tenure, some of the events that he was involved in included structuring private placements and even structuring some underwritings.

Through his time at Greenwood, Kelly found himself explaining many financial concepts to others in the industry and developed the realization that he wanted to teach. After leaving Greenwood, Kelly began teaching as an adjunct while consulting, coaching collegiate rowing, and serving as an interim finance director for a municipal authority in the background. Overall, all of his experience from Wall Street, to regulatory, to government, all compiled into a well-diversified background in finance.

Kelly’s Recommendations to Students:

**Truly learn/understand the concepts taught in class.** Why? If you memorize a concept and end up forgetting it, you are constantly restarting in each class, which is no good, as the classes gradually become tougher and build upon one another.

**Appreciate other disciplines** (Especially for Haub students). For example, say you are a finance major. You don’t need to be an expert in marketing, but at least have an understanding of it. If you want to be a leader in business (entrepreneur, director, executive), you have to know the other areas that are taught to you in college.

**Look for a job where you will learn the most.** If you learn the most, you will become either a) super valuable to that firm OR b) super valuable to another firm.

**Build your technical and presentational skills.** Learn industry software that you can put on your resume (Excel, FactSet, Bloomberg, etc). Even if the company you are interviewing with doesn’t use/ know something you have, it becomes a conversation point that you can use to distinguish yourself amongst other applicants.

Overall, Kelly suggests that students not to wait to get involved. Instead, be proactive and look for things you want to do.
GET INVOLVED

SJU CO-OP PROGRAM

Interested in getting real-world experience to boost your resume?

Check out the SJU Cooperative Program!

The co-op program at SJU unites the classroom and the workplace by giving students two full-time, paid work opportunities, creating one full year of job experience while they are still in college. By participating in co-op, students are exposed to job opportunities that are educationally enriching and professionally meaningful.

For more information, please visit:

https://sites.sju.edu/hsbresources/co-op-program/

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Do you want to contribute to the City Avenue Journal, the premier, student led business magazine of the Haub School of Business?

Please reach out to cityavejournal@gmail.com

Email us your name, class (freshman, sophomore, etc), major, and what you’d be interested in contributing.

We encourage submissions from all students including topics such as:

• Recent business news
• Prior internship/Co-op experience
• HSB events

Remember, not only will you get to show off your writing skills, but you will also get to put this on your resume!

Trust us, employers will love it!
Finance is Filled with S.O.B.’s!!!! (Stocks, Options, Bonds)

By Robert Jankiewicz

If you’re reading this magazine, you’ve probably heard of stocks, options, and bonds, right? If not, no worries— we’ve got you covered (like a call option).

Anyway, let’s start with a stock. A stock, or a share, is probably the most common term used for when people think about investing. When you buy a stock of a specific company, you are essentially claiming a right to a portion of that company’s income. Stocks are generally considered a riskier security for a handful of reasons. One, they’re volatile. If the market acts poorly, chances are your stock will slump. Two, there’s no guarantee that you’ll get your money back (I.e. the company could default). Finally, you end up having a negative return for an unknown period of time. Nonetheless, for taking on these risks, you can expect a higher return (when it comes).

Options are one of the several wonders of the financial world. They are classified as derivatives because their value is derived off of an underlying asset. When you buy the option, either a call or a put, you are buying the option to either buy or sell an asset. All that fancy jargon is nice, but what does that mean?! Let’s say you buy a call option for a share of Apple (AAPL) stock at a strike price (the price at which you have the option to buy the stock) of $100.00. The option sells for $3.00, which you have paid upfront (Remember, you are buying the right to buy the stock at a fixed price). When it comes close to the time your option expires, AAPL is trading at $110. This means that you are not only in-the-money, but you’re also about to make some money ($7.00 to be exact)! Ever heard of the strategy buy low, sell high? Same concept applies here. You are exercising your option to buy the stock for a price that is less than what it currently costs, and therefore you are making a profit.

Now we get to bonds. Bonds are considered less risky because in its simplest form you earn interest payments, coupons, throughout the life of the bond and a lump sum, or face value/par, at the end. You can buy bonds issued by certain companies, or you can also buy bonds issued by the U.S Government, either T-bills or T-bonds. The easiest way to differentiate between the two is that T-bills are considered short-term, while T-bonds are considered long-term.

Overall, this is a very basic overview of a very small list of securities that are available to investors. If you’re interested in learning more about a specific security, reach out with questions to cityavejournal@gmail.com and Tweet us @ CityAve_Journal.
A five-student board leads the Saint Joseph’s University Capital Markets Club. The board serves as the acting body that represents the Capital Markets Club and works to ensure success of the City Avenue Journal.

**Dominic Santanasto**
Co-Chairman  
**Majors:** Finance & Risk Management/Insurance  
**Internships:** Chubb  
**Short Term Goals:** Win the stock market game.  
**Interests:**  
Sports and running

**Robert Jankiewicz**  
Co-Chairman  
**Majors:** Finance & Economics  
**Minor:** Spanish  
**Internships:** Johnson & Johnson  
Independence Blue Cross  
NASDAQ  
**Interests:**  
I play hockey for the SJU club roller hockey team.

**Patrick Michael**  
**Major:** Finance & Economics  
**Internships:** Bryn Mawr Trust, Buy-Side  
Equity Research Analyst  
Nest Multi-facility Management, Data Analyst

**Patrick Fennell**  
**Majors:** Finance & Accounting  
**Internships:** MassMutual  
JP Morgan Chase  
**Interests:**  
I enjoy fishing and cooking. I am also a volunteer coach on my high school's wrestling team.

**Chad Grimley**  
**Major:** Finance & Accounting  
**Internships:** Merrill Lynch, Catholic Charities, Getting More Inc, and Grimley Financial Corporation  
**Short Term Goals:** Begin working for my father’s company, Grimley Financial, a 32-year old financial services company. Concurrent with working, I plan on working toward my master's degree in business intelligence.  
**Interests:**  
In the summer, I am the general manager and play for a semi-pro baseball team. Also enjoy playing golf and going down the shore.