

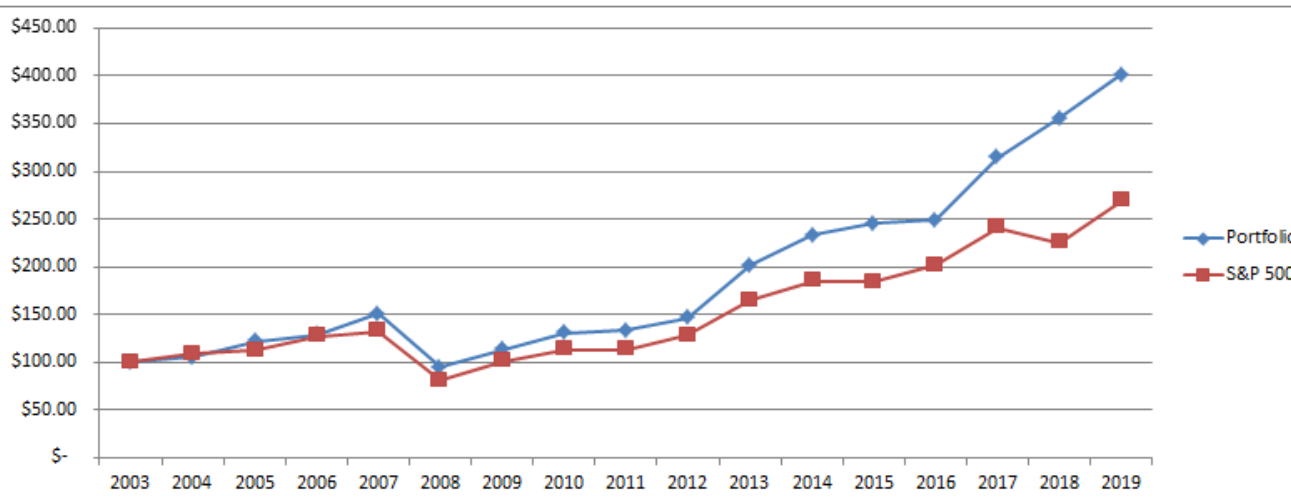
# Saint Joseph's University Hawk Fund: 13.02% YTD

S&P 500: 11.84% YTD



As of 3/3/2019

Total Market Value	\$264,767	Beta	0.99
Total Cash	\$2,590	Forward PE	24.46
Total Value	\$267,357	Return on Capital %	15.52



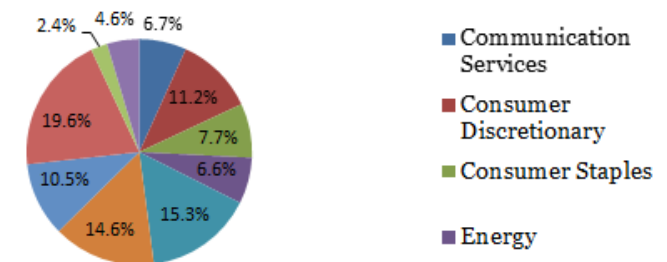
## Top 10 Holdings

Company	% Invested
Exponent, Inc.	3.62%
Visa Inc. Class A	3.52%
American Tower Corporation	3.33%
Arista Networks, Inc.	3.22%
Intuitive Surgical, Inc.	3.13%
Anthem, Inc.	2.88%
Graco Inc.	2.65%
Veeva Systems Inc Class A	2.47%
Adobe Inc.	2.47%
Apple Inc.	2.29%

## Top Performance by Sector

Sector	Company	Return
Consumer Discretionary	Alibaba Group Holding Ltd. Sponsored ADR	34.15%
Consumer Staples	MGP Ingredients, Inc.	43.58%
Energy	Warrior Met Coal, Inc.	20.95%
Financials	Ebix, Inc.	26.97%
Healthcare	Anthem, Inc.	17.15%
Industrials	A. O. Smith Corporation	23.14%
Information Technology	Arista Networks, Inc.	35.99%
Materials	Steel Dynamics, Inc.	26.07%
Communication Services	Netflix, Inc.	33.50%
Utilities	SJW Group	9.98%

## Sector Allocation



**Portfolio as of 03/03/2019**

Name	Ticker	Beginning Date	Beginning Price	Number of Shares	Beginning Value	Current Prices	Current Market Value	Gain (Loss)	Return	% of Portfolio	% of SPX	% Over (Under) SPX
<b>Communication Services</b>										<b>6.7%</b>	<b>10.00%</b>	<b>-3.3%</b>
Alphabet Inc. Class A	GOOGL	12/31/18	1,044.96	5	5,225	1,148.52	5,743	518	9.9%	2.1%		
Alphabet Inc. Class C	GOOG	12/31/18	1,035.61	5	5,178	1,140.99	5,705	527	10.2%	2.1%		
Netflix, Inc.	NFLX	12/31/18	267.66	7	1,874	357.32	2,501	628	33.5%	0.9%		
Walt Disney Company	DIS	12/31/18	109.65	35	3,838	114.01	3,990	153	4.0%	1.5%		
<b>Consumer Discretionary</b>										<b>11.2%</b>	<b>9.9%</b>	<b>1.3%</b>
Alibaba Group Holding Ltd. Sponsor	BABA	12/31/18	137.07	31	4,249	183.88	5,700	1,451	34.2%	2.1%		
Callaway Golf Company	ELY	12/31/18	15.30	110	1,683	17.52	1,927	244	14.5%	0.7%		
Five Below, Inc.	FIVE	1/10/19	121.77	50	6,089	119.15	5,958	(131)	-2.2%	2.2%		
Malibu Boats Inc Class A	MBUU	1/10/19	37.85	60	2,271	46.46	2,788	517	22.7%	1.0%		
Marcus Corporation	MCS	12/31/18	39.50	70	2,765	42.97	3,008	243	8.8%	1.1%		
NIKE, Inc. Class B	NKE	12/31/18	74.14	40	2,966	87.16	3,486	521	17.6%	1.3%		
Ross Stores, Inc.	ROST	12/31/18	83.20	25	2,080	94.86	2,372	292	14.0%	0.9%		
Starbucks Corporation	SBUX	12/31/18	64.40	65	4,186	70.85	4,605	419	10.0%	1.7%		
<b>Consumer Staples</b>										<b>7.7%</b>	<b>7.4%</b>	<b>0.3%</b>
Coca-Cola Company	KO	12/31/18	47.35	40	1,894	45.38	1,815	(79)	-4.2%	0.7%		
Constellation Brands, Inc. Class A	STZ	12/31/18	160.82	15	2,412	171.94	2,579	167	6.9%	1.0%		
CVS Health Corporation	CVS	12/31/18	65.52	50	3,276	58.13	2,907	(370)	-11.3%	1.1%		
Dollar General Corporation	DG	12/31/18	108.08	35	3,783	119.50	4,183	400	10.6%	1.6%		
McCormick & Company, Incorporated	MKC	12/31/18	139.24	30	4,177	136.71	4,101	(76)	-1.8%	1.5%		
MGP Ingredients, Inc.	MGPI	12/31/18	57.05	60	3,423	81.91	4,915	1,492	43.6%	1.8%		
<b>Energy</b>										<b>6.6%</b>	<b>5.3%</b>	<b>1.3%</b>
Chevron Corporation	CVX	12/31/18	108.79	30	3,264	122.03	3,661	397	12.2%	1.4%		
ConocoPhillips	COP	12/31/18	62.35	80	4,988	68.93	5,514	526	10.6%	2.1%		
Kinder Morgan Inc Class P	KMI	1/10/19	17.25	160	2,760	19.74	3,158	398	14.4%	1.2%		
Valero Energy Corporation	VLO	1/10/19	77.11	35	2,699	82.89	2,901	202	7.5%	1.1%		
Warrior Met Coal, Inc.	HCC	12/31/18	24.11	80	1,929	29.16	2,333	404	20.9%	0.9%		

Portfolio as of 03/03/2019

Name	Ticker	Beginning Date	Beginning Price	Number of Shares	Beginning Value	Current Prices	Current Market Value	Gain (Loss)	Return	% of Portfolio	% of SPX	% Over (Under) SPX
<b>Financials (Real Estate)</b>										<b>15.3%</b>	<b>16.3%</b>	<b>-1.0%</b>
American Tower Corporation	AMT	12/31/18	158.19	50	7,910	177.92	8,896	987	12.5%	3.3%		
Berkshire Hathaway Inc. Class B	BRK.B	12/31/18	204.18	20	4,084	203.13	4,063	(21)	-0.5%	1.5%		
Chubb Limited	CB	12/31/18	129.18	45	5,813	134.12	6,035	222	3.8%	2.3%		
E*TRADE Financial Corporation	ETFC	12/31/18	43.88	67	2,940	50.52	3,385	445	15.1%	1.3%		
Ebix, Inc.	EBIX	12/31/18	42.56	47	2,000	54.04	2,540	540	27.0%	0.9%		
Essent Group Ltd.	ESNT	1/10/19	36.87	120	4,424	43.69	5,243	818	18.5%	2.0%		
JPMorgan Chase & Co.	JPM	12/31/18	97.62	50	4,881	104.43	5,222	341	7.0%	2.0%		
Morgan Stanley	MS	12/31/18	39.65	70	2,776	42.50	2,975	200	7.2%	1.1%		
Travelers Companies, Inc.	TRV	12/31/18	119.75	20	2,395	133.03	2,661	266	11.1%	1.0%		
<b>Healthcare</b>										<b>14.6%</b>	<b>15.5%</b>	<b>-0.9%</b>
AbbVie, Inc.	ABBV	12/31/18	92.19	25	2,305	80.10	2,003	(302)	-13.1%	0.7%		
ABIOMED, Inc.	ABMD	1/10/19	330.51	15	4,958	348.06	5,221	263	5.3%	2.0%		
Anthem, Inc.	ANTM	12/31/18	262.63	25	6,566	307.68	7,692	1,126	17.2%	2.9%		
Biogen Inc.	BIIB	12/31/18	300.92	15	4,514	334.10	5,012	498	11.0%	1.9%		
Cigna Corporation	CI	12/31/18	189.92	30	5,698	178.25	5,348	(350)	-6.1%	2.0%		
Intuitive Surgical, Inc.	ISRG	12/31/18	478.92	15	7,184	558.55	8,378	1,194	16.6%	3.1%		
Pfizer Inc.	PFE	12/31/18	43.65	50	2,183	43.36	2,168	(15)	-0.7%	0.8%		
UnitedHealth Group Incorporated	UNH	12/31/18	249.12	13	3,239	246.15	3,200	(39)	-1.2%	1.2%		
<b>Industrials</b>										<b>10.5%</b>	<b>9.2%</b>	<b>1.3%</b>
A. O. Smith Corporation	AOS	12/31/18	42.70	60	2,562	52.58	3,155	593	23.1%	1.2%		
Eastman Chemical Company	EMN	12/31/18	73.11	60	4,387	83.21	4,993	606	13.8%	1.9%		
Exponent, Inc.	EXPO	12/31/18	50.71	170	8,621	56.99	9,688	1,068	12.4%	3.6%		
Graco Inc.	GGG	12/31/18	41.85	150	6,278	47.19	7,079	801	12.8%	2.6%		
Illinois Tool Works Inc.	ITW	12/31/18	126.69	22	2,787	144.41	3,177	390	14.0%	1.2%		
<b>Information Technology</b>										<b>19.6%</b>	<b>20.100%</b>	<b>-0.5%</b>
Accenture Plc Class A	acn	12/31/18	141.01	20	2,820	164.20	3,284	464	16.4%	1.2%		
Adobe Inc.	ADBE	12/31/18	226.24	25	5,656	264.01	6,600	944	16.7%	2.5%		
Apple Inc.	AAPL	12/31/18	157.74	35	5,521	174.97	6,124	603	10.9%	2.3%		
Arista Networks, Inc.	ANET	12/31/18	210.70	30	6,321	286.54	8,596	2,275	36.0%	3.2%		
Microsoft Corporation	MSFT	12/31/18	101.57	35	3,555	112.53	3,939	384	10.8%	1.5%		
Stamps.com Inc.	STMP	12/31/18	155.64	30	4,669	94.99	2,850	(1,820)	-39.0%	1.1%		
Synopsys, Inc.	SNPS	12/31/18	84.24	47	3,959	103.19	4,850	891	22.5%	1.8%		
Veeva Systems Inc Class A	VEEV	1/10/19	97.00	55	5,335	120.24	6,613	1,278	24.0%	2.5%		
Visa Inc. Class A	V	12/31/18	131.94	63	8,312	149.47	9,417	1,104	13.3%	3.5%		

**Portfolio as of 03/03/2019**

Name	Ticker	Beginning Date	Beginning Price	Number of Shares	Beginning Value	Current Prices	Current Market Value	Gain (Loss)	Return	% of Portfolio	% of SPX	% Over (Under) SPX
<b>Materials</b>										<b>2.4%</b>	<b>2.7%</b>	<b>-0.3%</b>
Simpson Manufacturing Co., Inc.	SSD	12/31/18	54.13	64	3,464	59.79	3,827	362	10.5%	1.4%		
Steel Dynamics, Inc.	STLD	12/31/18	30.04	65	1,953	37.87	2,462	509	26.1%	0.9%		
<b>Utilities</b>										<b>4.6%</b>	<b>3.3%</b>	<b>1.3%</b>
Avangrid, Inc.	AGR	12/31/18	50.09	73	3,657	48.71	3,556	(101)	-2.8%	1.3%		
OGE Energy Corp.	OGE	12/31/18	39.19	75	2,939	42.43	3,182	243	8.3%	1.2%		
SJW Group	SJW	12/31/18	55.62	40	2,225	61.17	2,447	222	10.0%	0.9%		
WEC Energy Group Inc	WEC	12/31/18	69.26	40	2,770	76.03	3,041	271	9.8%	1.1%		
<b>Other</b>										<b>0.0%</b>	<b>0.0%</b>	
							Stocks	<u>\$ 264,766.64</u>	<u>\$ 24,277.12</u>			
							Cash	<u>\$ 2,590.46</u>			<u>1.0%</u>	
							Portfolio	<u>\$ 267,357.10</u>			<u>100.0%</u>	100%

**DISCLAIMER:**

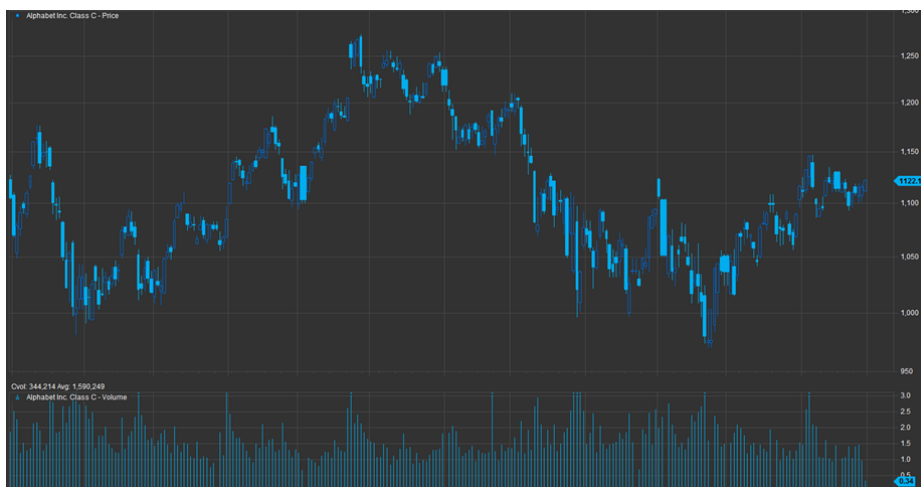
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Any forward-looking statements are solely the opinion of the author, and should not be used for any investment decisions.

# Consumer Discretionary

## Alphabet, Inc. Class C (GOOG)

**Analyst:** Dan Knerr

*Note: All data presented, such as statistics and charts, were pulled through the TD Ameritrade Research Platform thinkorswim or Factset Research Systems*



Alphabet, Inc. is a holding company based in Mountain View, CA which engages in a wide variety of internet software and services, such as their search engine and cloud-based services.

Since the steep market sell-off in December, GOOG has rebounded. YTD, GOOG has increased by 6.75%. Over the past year, which is the time frame in the chart, the stock has traded relatively flat.

GOOG reported earnings on 2/4. Revenues came in at \$39.28 billion versus FactSet estimates of \$38.90 billion (.97% beat). Earnings per share were reported as \$12.77 versus FactSet estimates of \$10.86 (17.6% beat).

Despite the earnings and revenue beats, analysts were critical of GOOG's operating margin during the earnings call, which fell to 21% from 24% one year prior. The decrease in operating margin can be attributed to increased research & development spending in cloud computing and artificial intelligence. Management hopes that these investments will pay off down the road as they attempt to position themselves for an increasingly digital business environment in the future.

On 2/19, GOOG announced that they will be acquiring Aloomo, a company that allows companies to consolidate data from multiple sources into one single cloud-based source. This acquisition should help GOOG streamline its cloud-based services and make it easier for large customers to consolidate their cloud data to GOOG's servers. This goes along with their recent investment strategy in their cloud-based services segment.

1. FactSet Research Systems, GOOG
2. <https://www.investors.com/news/technology/alphabet-earnings-google-stock-q4-2018/>

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# Consumer Discretionary

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## Nike, Inc. (NKE)

**Analyst:** Andrew Kirchner

*Note: All data presented, such as statistics and charts, were pulled through the TD Ameritrade Research Platform thinkorswim or Factset Research Systems*



Nike (NKE) is world's leader in designing and marketing of high-quality athletic footwear, apparel, and accessories. Although Nike holds much of the market with the only close competitor being Adidas, recent global issues have put a dampening effect on the company. Some of Nike's products are manufactured in China and they fall under President Trump's 10% tariff of \$200 billion worth of Chinese goods. Increasing investor's confidence is the fact that Nike has a diversified supply chain with manufacturing facilities in Vietnam, Thailand, and Indonesia. This diversification allows for stability within the company to continue to keep their prices stable for consumers and to not decrease revenue for increased expenses due to the tariffs. The 52-week range for the stock has seen a high of \$86.04 and a low of \$62.84.<sup>1</sup> As of February 23 the stock is trading at \$84.76.<sup>2</sup> Wall Street Journal analysts have a price target of \$88.33 for the stock moving forward.<sup>3</sup>

On December 20<sup>th</sup> Nike released its latest earnings, beating analyst's expectations in every category. Earnings per share was expected at \$0.46, yet Nike posted \$0.52 earnings per share.<sup>4</sup> Nike beat revenue expectations posting \$9.37 billion versus \$9.18 billion.<sup>4</sup> The company said it saw growth in every category, especially in its footwear and apparel growing double digits globally. According to Nike CEO Mark Parker the Thanksgiving shopping week helped fuel more than a 30% increase on their digital business in the 2<sup>nd</sup> quarter.

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# Consumer Discretionary

## Nike, Inc. (NKE) (continued)

**Analyst:** Andrew Kirchner

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Since Nike is in the retail business, having a good reputation is extremely important. On February 20 Duke Basketball freshman sensation Zion Williamson slipped and ripped through his shoe injuring his knee. This rare incident raised concern from customers and investors as fear this might happen again and could become a bigger problem for the company. On the heels of this event Nike stock fell more than 1 percent.<sup>2</sup>

Looking to the future analysts give Nike a medium risk assessment because of their strong financial and operating metrics, offset by a competitive marketplace. Nike's continued strong innovation of their products is seen as a driving force for the company moving forward. Investors see the possible increase of tariffs to 25% on March 1 as potentially having adverse effects on the company, yet due to Nike's diversified supply chain investors have confidence Nike can not only neutralize the effects, but continue to prosper.

<sup>1</sup> Nike, Inc. Stock Report

<sup>2</sup> <https://www.cnbc.com/quotes/?symbol=NKE&qsearchterm=nike>

<sup>3</sup> The Wall Street Journal, <https://quotes.wsj.com/NKE/research-ratings>

<sup>4</sup> <https://www.cnbc.com/2018/12/20/nike-earnings-q2-2019.html>

<sup>5</sup> TD Ameritrade thinkorwim

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# Consumer Discretionary

## Starbucks Corporation

Analyst: Evan Moinvaziri

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### COMPANY OVERVIEW

Starbucks Corporation (NASDAQ: SBUX) purchases, roasts and sells high-quality coffees, along with handcrafted coffee, tea and other beverages, and a variety of high-quality food items through company-operated stores. Its business mix is comprised of Teavana, Seattle's Best Coffee, Evolution Fresh, La Boulange, Ethos, Starbucks Reserve and Princi. The firm maintains its highly-recognized brand via a discipline expansion of global stores. The firm is focused on cultural sensitivity, ethically sourcing high-quality coffee and contributing to their local communities.

The corporation is made of four reportable operating segments: 1) Americas (U.S., Canada, and Latin America); 2) China/Asia Pacific (CAP); 3) Europe, Middle East, and Africa (EMEA); and 4) Channel Development. Total Revenue for FY18 was: 68%, 18%, 4%, and 9% respectively. The lower numbers are attributed to certain markets within CAP and EMEA, where operations are either in various development stages or undergoing business model transformations.

### Consumer Packaged Goods Licensing Addition

August 2018, market a licensing and distribution agreement with Nestle and the Global Coffee Alliance. This move symbolizes a wider reach in retail beyond Starbucks stores through consumer packaged goods (CPG) transitioning a majority of Channel Development to a licensed business model.

### China Growth

China growth is growing fast with plans to build 2,000 stores by FY 2019, with an additional 600 new stores per fiscal year. The company's goal is to have 6,000 stores across 230 cities within Mainland China by 2022. The rapid initial increase in presence caused cannibalization on third-party orders, so the company teamed up with Alibaba to rectify the deficit in delivery services.

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# Consumer Discretionary

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## Starbucks Corporation (continued...)

**Analyst:** Evan Moinvaziri

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### INVESTMENT THESIS

Since 2017, Starbucks has rapidly expanded in China under new CEO Kevin Johnson. This appears good for growth, however the loss in third-party sales suggests that expansion may be happening too quick, eating away profits from its channel development segment. The firm's failure to enter the markets cultural values is also proving to be a problem as the company struggled to figure out Chinese customers would prefer more of a Café environment. From 2016 to 2018 the stock moved sideways only showing gains as of recent. Johnson's plans are said to be more data-driven than Schultz and he is aiming to increase shareholder return. His methodology has been questionable with the suggestion in coffee-delivery, however it may catch on. At the moment the stock is the highest it has been in 3-years leading many to think that it is over-priced. The overall determination of Starbucks as a whole is down the middle, unsure of how the new CEO's actions will continue to gain momentum for shareholders. For now the stock appears to be at a holding point for current shareholders.

### EARNINGS

Total net revenues increased 10% to \$24.7 billion in fiscal 2018 compared to \$22.4 billion in fiscal 2017.

Earnings per share ("EPS") for fiscal 2018 increased to \$3.24, compared to EPS of \$1.97 in fiscal 2017. The increase was primarily driven by the gains from the acquisition of Starbucks East China joint venture and the sale of the Tazo brand. Additionally, the net favorable impact from the Tax Cuts and Jobs Act (the "Tax Act") also contributed to the increase.

Cash flows from operations were \$11.9 billion in fiscal 2018 compared to \$4.3 billion in fiscal 2017. The change was primarily due to receipt of the upfront payment from Nestlé related to the Global Coffee Alliance.

<https://www.wsj.com/articles/starbucks-ceo-kevin-johnson-reins-in-predecessors-ambitions-im-not-howard-11546857001>

<https://seekingalpha.com/news/3433772-starbucks-launches-dining-cafe-china>

<https://investor.starbucks.com/financial-data/sec-filings/sec-filings-details/default.aspx?FilingId=13069596>

<sup>1</sup> Nike, Inc. Stock Report

<sup>2</sup> <https://www.cnbc.com/quotes/?symbol=NKE&qsearchterm=nike>

<sup>3</sup> The Wall Street Journal, <https://quotes.wsj.com/NKE/research-ratings>

<sup>4</sup> <https://www.cnbc.com/2018/12/20/nike-earnings-q2-2019.html>

<sup>5</sup> TD Ameritrade thinkorwim

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# Consumer Staples

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## Coca-Cola Company (KO)

**Analyst:** Alvin Carroll, Jr.

*Note: All data presented, such as statistics and charts, were pulled through the TD Ameritrade Research Platform thinkorswim or Factset Research Systems*



Coca-Cola Company is the world's largest non-alcoholic beverage company in the world. They are a consumer goods brand located in Atlanta, Georgia that was founded in 1886. They started selling products in America and now sell a plethora of products worldwide. Muhtar Kent has been the Chairman of the board since 2009. He became CEO of Coca-Cola Company in 2008 and stepped down in May of 2017. He has planned to step down from the Chairman of the Company come April of 2019. Depending on who becomes his successor of the company could potential change the outlook for Coca-Cola Company.

They own many popular brands of soft drinks such as: Coca-Cola, Powerade, Simply Beverages, Minute Maid, Dasani, Schweppes, Vitamin Water, Gold Peak Teas and many more. Coca-Cola has many different acquisitions in recent years. In the last calendar year, they acquired Costa Coffee from White bread in August of 2018 and finished acquiring them in January of 2019. Costa Coffee is the largest British multinational coffeehouse Chain bringing in about just under 1.2 Billion GBP yearly. The driver of this acquisition seems to be a move to try to break into the coffee business and expand this company more aggressively into Europe and Asia due to declining sales in soft drinks, energy drinks, and sugary drinks in America.

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# Consumer Staples

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## **Coca-Cola Company (KO) (continued)**

**Analyst:** Alvin Carroll, Jr.

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Coca-Cola company acquired a 40% stake in Chi Ltd. in January 30<sup>th</sup> of 2016. Chi Limited is a consumer goods company that supplies dairy, beverages, and snacks sectors headquartered in Nigeria. They were also finished being acquired on January 20<sup>th</sup>, 2019. Coca-Cola company acquired Moxie during August of 2018. Moxie is a brand of one of the first original carbonated beverage. They announced that they took a small interest in Body Armor which a super drink based in Queens, New York. They have numerous competitors in the industry including: Nestlé S.A. (South America), Keurig Dr. Pepper Inc., Groupe Danone, The Kraft Heinz Company, and their Biggest is PepsiCo Inc. Warren Buffet's multinational conglomerate "Berkshire Hathaway" has a minority holding of 13.96% ownership in Coca-Cola. Vanguard holds 10.43% of Coca-Cola Stock and BlackRock holds 8.86%.

Looking at the 6-month chart above (Td Ameritrade) compared to the S&P 500 (Purple line) we see even during the months of November and December when the S&P was pulling back, Coca-Cola was staying strong with its consistent growth and didn't follow the market into the correction. If you look closely at the last month from Mid-February to present, you'll notice that the S&P has come back from its recent correction, but Coca-Cola has Gapped down. A "Gap-Down" is when the stock price moves sharply up or down, with little or no trading in between. This is due to the recent news that analysts, from Citi and wells Fargo, have downgraded Coca-Cola's stock outlook from a buy to a hold with a price target of about \$50 per share.

Coca-Cola has declared a \$.40 dividend for the payable dividend date of April 1<sup>st</sup>. Ex-dividend Date is March 14<sup>th</sup>. Coca-Cola hired a new Chief People Officer, Lisa Chang, to oversee the company's global human resources operations effective March 1<sup>st</sup>. Recently she served as senior Vice President and chief human resources officer for AMB Group LLC in Atlanta.

1. Coca-Cola 10K

2. <https://www.forbes.com/sites/garystern/2018/09/04/whats-driving-coca-colas-recent-acquisitions/#7b35abfb202a>

3. <https://www.nasdaq.com/symbol/ko/ownership-summary>

4. <https://seekingalpha.com/news/3433929-analysts-reset-expectations-coca-cola>

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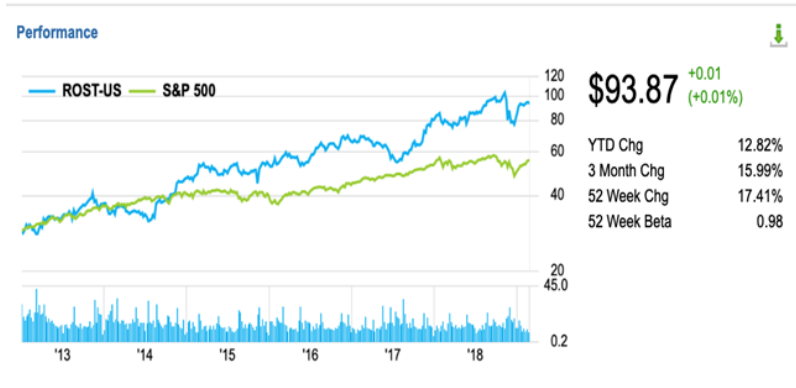
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# Consumer Staples

## Ross Stores, Inc. (ROST)

Analyst: Gabriella Youshock

Note: All data presented, such as statistics and charts, were pulled through the TD Ameritrade Research Platform thinkorswim or Factset Research Systems



Ross Stores, Inc. engages in the operation of off-price retail apparel and home accessories stores. <sup>1</sup> Ross Stores offer many different products from designer brand to discount brands, and offering items such as clothing, accessories, and homeware. The company was founded in 1957 with its headquarters in Dublin, CA. Ross has had a very steady incline of stock prices since 2013.

Two of Ross' biggest competitors would be considered TJ Maxx and Marshalls. Both of these companies are under the same ownership, and both are private companies. It is difficult to say how they would compare to Ross without these figures. One additional competitor for Ross Stores is Walmart. Walmart is a store known for their items for lower prices when compared to any other store. Ross and Walmart carry the same quality clothes and homeware. With that being said, Walmart is a much larger corporation.

Both of these companies are on the rise, and keep expanding. Ross is expected to reach an all-time sales high of 3.818 million, after having obtained \$3.589 million in January of this year. <sup>2</sup>

While Walmart reached their all time sales high of \$122.7 billion, and are projected to make \$125.1 billion in sales next year. <sup>3</sup> Also when we compare market values for these two companies, Walmart reigns supreme, taking up \$287,969 billion. While Ross only makes up for \$34.961 million, they are a company who is on the rise. <sup>4</sup> It is hard to say where Ross will be in a year, but at the steady incline they have had they are bound to be successful.

1. Factset, Ross Stores Inc
2. Factset, Ross Stores Inc
3. Factset, Walmart Inc.
4. Factset, Ross Stores Inc.

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# Consumer Staples

## Tyson Foods, Incorporated Class A (TSN)

**Analyst:** Gabriella Youshock

*Note: All data presented, such as statistics and charts, were pulled through the TD Ameritrade Research Platform thinkorswim or Factset Research Systems*



Tyson Foods, Incorporated operates in the production of processed foods. Founded by John W. Tyson in 1935, Tyson operates through the main segments of chicken, beef, pork and other prepared foods. The chicken segment involves dealing with the raising and processing of chickens, into fresh, frozen, and “value added chicken products.” The beef segment includes growing cattle feed, and then processing beef product into prime and subprime beef cuts, that are case ready. Beef is actually the largest business segment for Tyson, making up 37%, and bringing in 14,823 M in revenue. Next follows chicken with 11,409 M and prepared foods at 7,853 M. One key competitor is Hormel Foods Corporation (HRL). Hormel Foods Corporation (HRL) is involved in the production of meat, and other food products. The main selling components on the market for Hormel is their lines of unbranded pork, beef and turkey. The brand is mostly known for line of refrigerated foods, which makes up nearly 48% of the company’s total revenue, and 588 of operating income.

Tyson earned 38.78 billion in revenue in total revenue for 2017. They were on an upward trend for quite some time, but now things seem to be leveling off. It might be important for them to focus on creating new products or brands under them. Maybe to even expand the products they would offer. For example, they could introduce more beef or pork products, along with their line of chicken products.

1. <https://company-security.apps.factset.com/snapshot/TSN-US>

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# Financials

## Berkshire Hathaway Inc. Class B (BRK.B)

Analyst: Priest Cross

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Berkshire Hathaway is a conglomerate holding company that is within multiple different sectors in the financial realm such as banking, insurance, and housing. In addition, they do some manufacturing as well. It is highly segmented and has footholds in the international market such as Canada, major contributors in the EU, and Australia. Berkshire's holdings are: 27% Insurance groups, 20.8% Manufacturing, 20.5% of the McLane Company, 10.8% service and retail, 8.8% Burlington Northern Santa Fe, 7.7% Berkshire Energy, and 3.4% Financial related groups.

YTD, Berkshire Hathaway Inc. B class has had an 8.3% growth over the course of 2018, compared to the XLF's 6.35%. Berkshire Hathaway continues to beat the market through the careful guidance of both Warren Buffett and Charlies Munger.

BRK.B Q4 '18 estimates were over as the price was only about 201.90 on target of price date wherein the targets were around 239.89. In addition, its YTD EPS is 10.31 at the moment up 2.58%. Having released their quarterly earnings and shown that the direction of the company is a hold and wait approach. Warren Buffett has stated that he "can't find any elephants" right now. This means that it appears as though Berkshire will sit on its cash for a time.

1. FactSet Research Systems, BRK.B
2. Bloomberg

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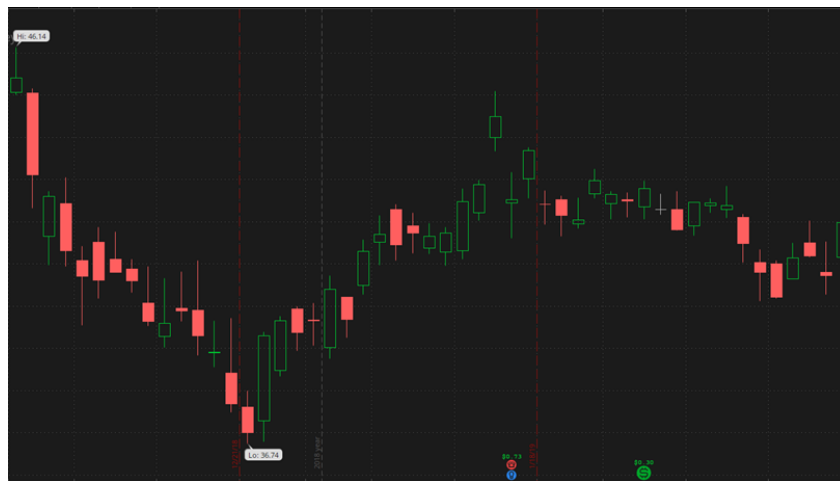
# Financials

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## Morgan Stanley (MS)

**Analyst:** Luke Eisenhardt

*Note: All data presented, such as statistics and charts, were pulled through the TD Ameritrade Research Platform thinkorswim or Factset Research Systems*



Morgan Stanley provides investment banking products and services to its clients and customers including corporations, governments, financial institutions, and individuals. It operates through the following business segments: Institutional Securities, Wealth Management, and Investment Management. The Institutional Services segment provides financial advisory, capital-raising services, and related financing services on behalf of institutional investors. The Wealth Management segment offers brokerage and investment advisory services covering various types of investments, including equities, options, futures, foreign currencies, precious metals, fixed-income securities, mutual funds, structured products, alternative investments, unit investment trusts, managed futures, separately managed accounts, and mutual fund asset allocation programs. The Investment Management segment provides equity, fixed income, alternative investments, real estate, and merchant banking strategies. The company was founded by Harold Stanley and Henry S. Morgan on September 16, 1935 and is headquartered in New York, NY.<sup>1</sup>

During the three-month period spanning 11/22/18 through 2/22/19 Morgan Stanley shares saw a high of \$46.14 on 12/3/18 and a low of \$36.74 on 12/24/18. Over the three-month period Morgan Stanley shares provided a -0.41% return, trailing the S&P 500 return of 0.64%.

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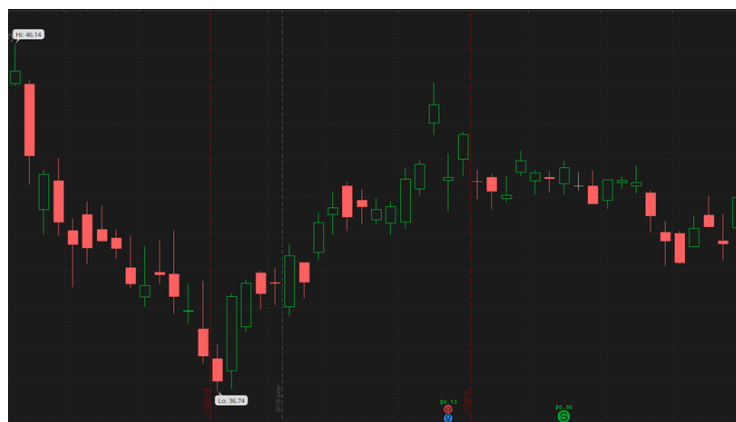
# Financials

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## Morgan Stanley (MS) (continued)

**Analyst:** Luke Eisenhardt

*Note: All data presented, such as statistics and charts, were pulled through the TD Ameritrade Research Platform thinkorswim or Factset Research Systems*



Morgan Stanley reported 4<sup>th</sup> quarter earnings on 1/17/19. EPS came in at \$0.80 missing analyst estimates of \$0.89.<sup>1</sup> Revenues of \$20.98 Billion also came in under analyst estimates of \$21.74 billion.<sup>1</sup> Morgan Stanley's Fixed Income, Currency, and Commodities division reported revenues of \$564 million which was a dramatic 30% lower than analyst estimates of \$806.4 million. Morgan Stanley CEO, James Gorman tried to keep a positive outlook despite the tough fourth quarter saying "In 2018 we achieved record revenues and earnings, and growth across each of our business segments – despite a challenging fourth quarter. We delivered higher annual returns, producing an ROE of 11.8% and ROTCE of 13.5%, as we continued to invest in our businesses. While the global environment remains uncertain, our franchise is strong and we are well positioned to pursue growth opportunities and serve our clients."<sup>2</sup> After the earnings announcement, Morgan Stanley shares gapped down 5% to start the next day.

Morgan Stanley currently trades at 8.84 times earnings and 1.03 times book value.<sup>3</sup> Both JP Morgan Chase and Bank of America trade a higher multiples, while Goldman Sachs trails the other banks. Goldman Sachs is generally a better comparison as they provide very similar service to Morgan Stanley, while JP Morgan Chase and Bank of America have more diversified operations. The combination of being far into a business cycle and a very volatile fourth quarter were factors in the fourth quarter miss and poor returns from Morgan Stanley. Investors may continue to keep their money out of the markets as we go further into the business cycle and if the recent volatility continues, which will hurt Morgan Stanley's earnings moving forward.

<sup>1</sup>FactSet Research Systems, MS

<sup>2</sup><https://www.zerohedge.com/news/2019-01-17/morgan-stanley-tumbles-following-huge-revenue-ficc-miss>

<sup>3</sup><https://finance.yahoo.com/quote/MS/key-statistics?p=MS>

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# Financials

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## Travelers Companies, Inc (TRV)

**Analyst:** Evan Campbell

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Travelers Companies, Inc. (TRV) is engaged in providing a range of commercial and personal property and casualty insurance products and services to businesses, government units, associations and individuals. <sup>1</sup> Travelers Inc. primarily operates in the US, but also holds insurance related services in the United Kingdom as well as Canada. The company comprises of three distinct business segments: Business Insurance, Specialty Insurance and Personal Insurance. Most of their revenue comes from their Business Insurance segment. In 2009, the business insurance side encompassed 53.6% of the company, and now it makes up roughly 56.4 percent of the business. <sup>1</sup> Furthermore, the Business Insurance side sold 30.282 billion dollars' worth of revenue, while growing 4.8 percent over 2018. On the other side of operations, the Personal Insurance side focuses on ensuring safety on an individuals' home, condo, or even jewelry items. This side of the business brought in 17.079 billion dollars' worth of revenue in 2018 and grew a significant rate of 7.4 percent in 2018.

However, Travelers does have its fair share of competitors. The competitors that Travelers faces in 2019 are as follows: WR Berkley, Chubb and All State. Out of the following competitors it appears that Chubb poses the biggest threat, holding \$61.859 billion dollars in market cap for 2019 <sup>2</sup>. To make matters even worse, it appears that Chubb has outsold Travelers within the past year, moving over \$3 billion more in revenue. However, as you can see above, Travelers has had an extremely successful year. The company came into 2019 with a stock price around \$118.

At this point in time it is currently \$129.82 per share, with tremendous upside. The company has had recent success in part to the new Wedding Protector Plan, with coverage limits of up to \$100,000. <sup>3</sup> Since Valentine's Day is one of the most popular days for people to propose, Travelers decided to jump on a business opportunity, to over protect to safeguard couples purchasing expensive jewelry. This is just one sign early in the year for a successful quarter ahead for Travelers. With a strong P/E ratio, solid growth among the first two months and adaptability to the market, I believe that Travelers is a good stock to invest in for 2019.

1. <https://www.factset.com/>
2. <https://www.gurufocus.com/term/ev/CB/Enterprise-Value/Chubb-Ltd>
3. <https://sg.finance.yahoo.com/news/travelers-offers-jewelry-insurance-wedding-144900064.html>

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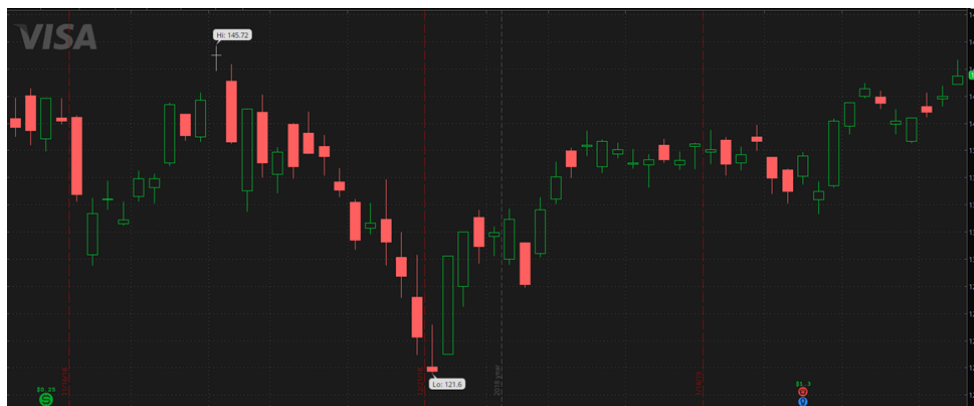
# Information Technology

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## Visa, Inc., Class A (V)

**Analyst:** Luke Eisenhardt

*Note: All data presented, such as statistics and charts, were pulled through the TD Ameritrade Research Platform thinkorswim or Factset Research Systems*



Visa, Inc. engages in the provision of payment services. It also facilitates global commerce through the transfer of value and information among global network of consumers, merchants, financial institutions, businesses, strategic partners, and government entities. It offers debit card, credit card, prepaid products, commercial payment solutions, and global ATM as well. The company was founded by Dee Hock in 1970 and is headquartered in San Francisco, CA.<sup>1</sup>

In the 3 months spanning 11/13/18 through 2/13/19 Visa Incorporated hit a high of \$145.72 and a low of \$121.60. Overall the stock saw a small gain of 1.06% during the past three-month period compared to the .007% return of the S&P 500.

Visa Incorporated announced its 1<sup>st</sup> quarter earnings on 1/30/19. EPS came in at \$1.30 outperforming analyst estimates of \$1.25.<sup>1</sup> Revenue of \$5.51B came in slightly higher than the analyst estimates of \$5.41.<sup>1</sup> Shares initially fell on the news but rose 4% the following day.

Visa Incorporated currently trades at a price to earnings multiple of 31 compared to its competitor, Mastercard, which trades at 40 times earnings.<sup>2</sup> Both Mastercard and Visa trade at close to 15 times sales.<sup>2</sup> Visa most likely trades at a premium to its competitors like Mastercard because of its high margins. Visa's 50.61% profit margin is nearly 12% higher than that of Mastercard's.<sup>2</sup> Visa currently has a market cap of \$318 billion making it almost 40% larger than Mastercard who has market cap of \$218 billion.

<sup>1</sup> FactSet Research Systems, V

<sup>2</sup><https://client.schwab.com/secure/cc/research/stocks/stocks.html?path=/research/Client/Stocks/Peers/Peers/&symbol=V>

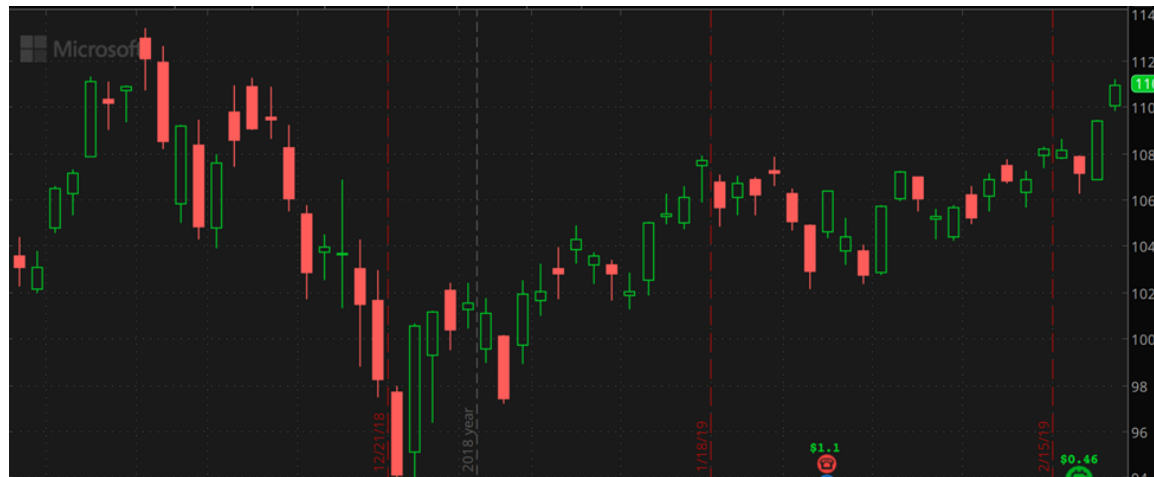
# Information Technology

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## Microsoft Corp. (MSFT)

**Analyst:** Andrew Kirchner

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Microsoft (MSFT) is the world's largest software company, focusing on PC software, the Windows Operating systems, and the Office application software. Recent trends within the technology sector put strong emphasis Artificial Intelligence and cloud services, and Microsoft is an industry leader in both of these segments. Investors have confidence in Microsoft's top priority of having a "mobile-first, cloud- first" strategy. The 52-week range for the stock is \$83.83-\$116.18 and is currently trading near the high side of the range as it currently sits a \$110.95 as of February 22.<sup>1</sup> Analysts for the Wall Street Journal have a target price set at \$125.53 and a consensus among many analysts that Microsoft is a stock that people should be buying.<sup>2</sup>

On January 30 Microsoft released its Quarter 2 earnings beating analyst's expectations with \$1.10 earnings per share versus expectations of \$1.09 per share.<sup>3</sup> The stock missed on revenue projections posting \$32.47 billion Q2 revenue versus projected revenue of \$32.51.<sup>3</sup> Revenue increased 11.65% from Q1 and 12.29% from Q2 in 2018.<sup>2</sup> Microsoft's cloud-based software Azure which is second to Amazon grew 76% and contributed to considerable amount of the revenue for the company, although the exact amount is not disclosed.<sup>3</sup>

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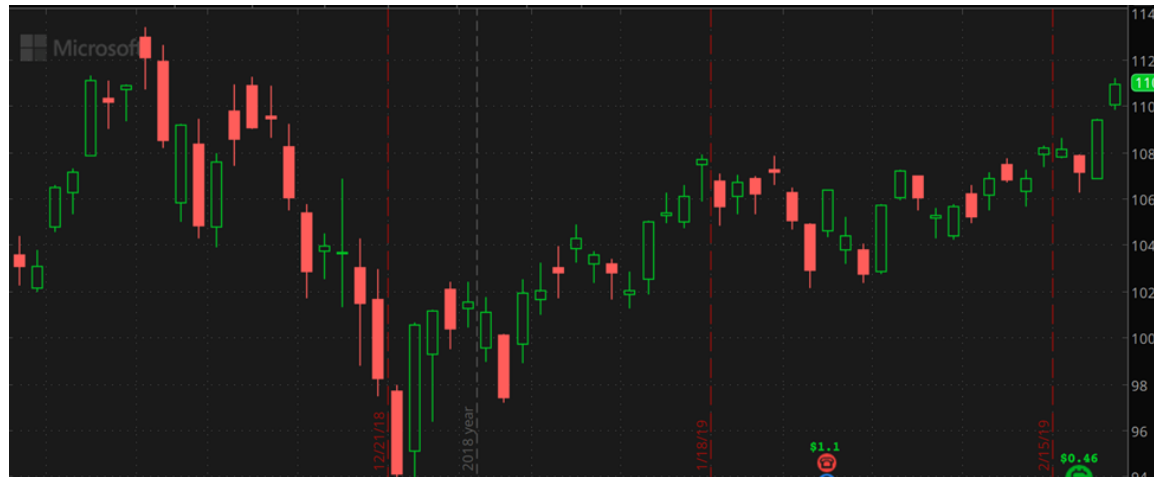
# Information Technology

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## Microsoft Corp. (MSFT) (continued)

Analyst: Andrew Kirchner

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In recent months the stock market has been on a rollercoaster ride, yet for the majority of the time Microsoft has been quite stable. Since hitting a low of \$94.13 on Christmas Eve, the stock has rebounded almost 18% giving investors hope that in 2019 Microsoft will yield positive returns.<sup>3</sup> Analysts' risk assessment for the company is medium as they recognize financial strength within Microsoft yet fear lower than projected PC sales and weakness in the global economy. With the fear comes optimism as analysts see strong cloud opportunities and the financial ability to fund growth in future months.

<sup>1</sup> Microsoft Corporation Stock Report

<sup>2</sup> The Wall Street Journal <https://quotes.wsj.com/MSFT/advanced-chart>

<sup>3</sup> <https://www.cnbc.com/2019/01/30/microsoft-earnings-q2-2019.html>

<sup>4</sup> TD Ameritrade thinkorswim

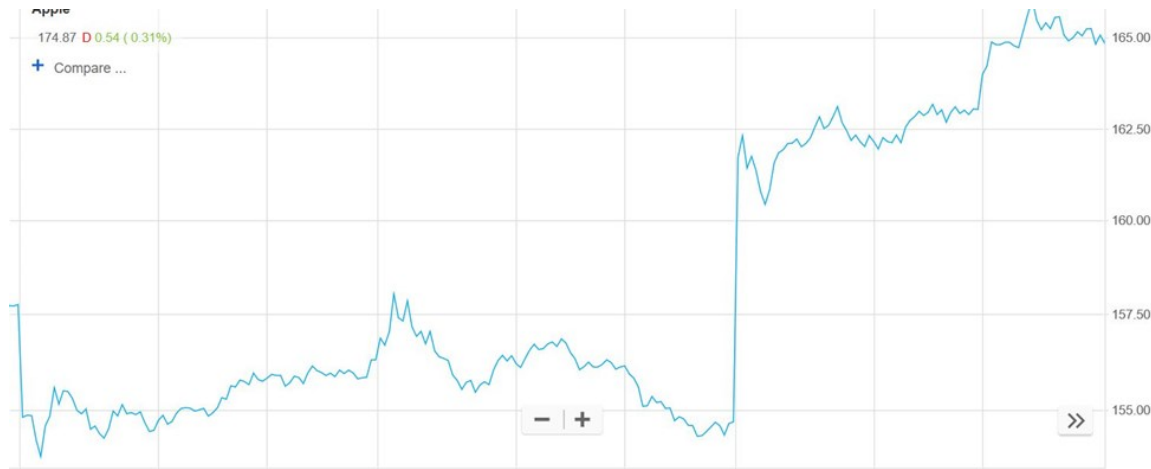
# Information Technology

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## Apple Inc. (AAPL)

**Analyst:** Ryan Reeves

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Apple Inc. (AAPL) is renowned as one of the global leaders in technology and innovation throughout the world. With their recent earnings for Q1 2019, investors found themselves a mix of emotions. Revenues from iPhone's declined 15% from the previous year, whereas service revenue was up 19% over the previous year at an all-time high of \$10.9 billion. Mac and Wearables also reached highs growing at 9%, and iPad revenue grew 17%. All this good news did leave room for some bad, though, as Tim Cook, Apple's CEO, admitted that they were disappointed to miss on revenue guidance. Apple's price was up approximately 4.5% the day following their Q1 2019 earnings.

In other related news, JP Morgan suggested AAPL to consider buying Netflix (NFLX) in a recent report. With Apple sitting on nearly \$250 billion in cash, they have the funds to make the acquisition possible. The acquisition would fit Apple's business model, according to JP Morgan, due to Netflix's subscription service and it being considered a visual content provider<sup>2</sup>. The potential for advertising revenue coupled with the diversification of product mix would provide Apple with differentiated revenue streams.

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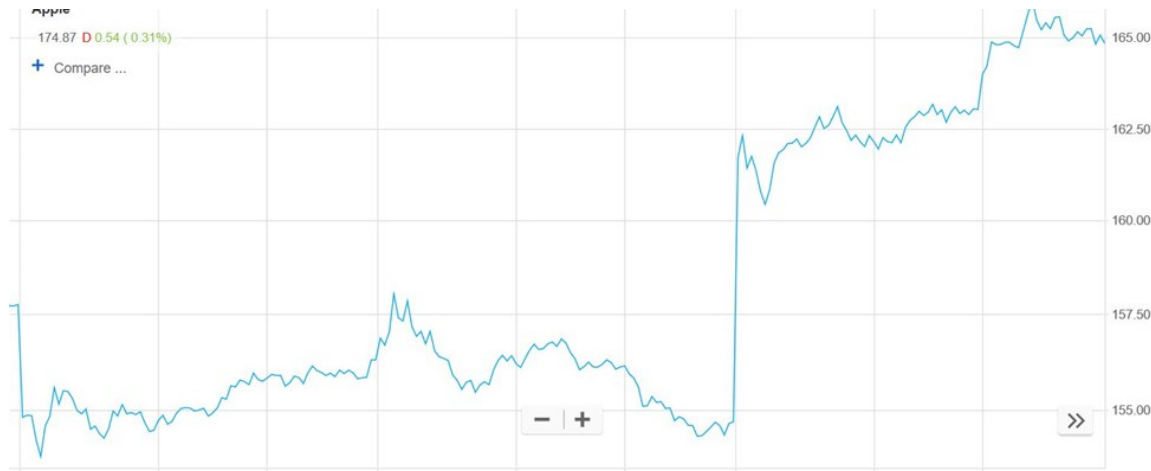
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# Information Technology

## Apple Inc. (AAPL) (continued)

Analyst: Ryan Reeves

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Investors have grown increasingly worrisome over Apple within the past several months due to their lack of product mix. Products like the iPhone, which have been a staple for Apple for over a decade now, has slowly fallen out of consumer preferences. It is not that their iPhone is an inferior product anymore, but people are holding onto their older phones for longer periods. Tim Cook, CEO, also went on record to claim that iPhone sales had disappointed due to slow growth in developing markets (namely China).<sup>3</sup>

Looking forward, investors can expect revenue between \$55 billion and \$59 billion for Q2, according to Apple's guidance. Other notable figures include an expected gross margin between 37% and 38% as well as other income of \$300 million. With looming uncertainty surrounding economic conditions that have investors and companies on their toes for the year ahead, Apple has held strong as their stock price is up nearly 11% in 2019.<sup>4</sup> Expect further information in their Q2 earnings coming in March.

<sup>1</sup> FactSet Research Systems, AAPL

<sup>2</sup> <https://www.barrons.com/articles/apple-should-buy-netflix-activision-blizzard-sonos-jpmorgan-says-51549291553>

<sup>3</sup> <https://www.vox.com/the-goods/2019/1/3/18167072/apple-iphone-sales-down-china-upgrades-q1-2018>

<sup>4</sup> FactSet Research Systems, AAPL Q1 Earnings Report

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