

UAS: Investment Presentation

Call to Order:

A UAS meeting was held on April 2nd, 2019. The agenda for the meeting was an investment presentation given by Brad Stark. The meeting was called to order at 6:40pm

Attendees:

- Executive Board: All Present

Speaker:

- Brad Stark: Founder of Mission Wealth (bstark@missionwealth.com)

Investments

- During the meeting, Brad outlined several strategies and illustrated several data points which helped explain how to approach making an investment
- The Investment Approach
 - Asset allocation, or rather looking at how assets all around the world are put, and then create an asset portfolio that brings it all together
 - The core of an asset allocation is usually your large cap companies- S&P 500
 - Large cap usually refers to a company with a market capitalization of more than \$10 billion dollars
 - From there, market cap is found by multiplying the stock price by the number of a company's outstanding shares
 - What about emerging markets, low cap stocks?
 - These make up a smaller part of your portfolio but are generally high-risk, high-reward investments
 - Overall, diversification is key
 - It may end up being the more mundane option, but over time, diversified portfolios consistently outperform others

Investment Beliefs

- Global Exposure (15 asset classes)
 - Popular ones include (ETF's, institutional funds, individual bonds)
 - From passive to active investing
 - Index Funds, Enhanced Index funds, Individual securities, Managed Funds
 - Passive Investing involves less buying and selling and often revolves around index funds. Active Investing involves more buying and selling and is usually managed by a management team which decides how to invest the money.
 - There is a bigger push towards **index funds** as data has shown that specialized **money managers have historically not been as well-performing as bonds**.
 - When making a portfolio, it's about composing a portfolio that measures the amount of risk that you are comfortable with
- Keys to Investment Success

- Focus on the allocation
 - Over 91% of portfolio returns will come from the composition of stocks, bonds, and cash in the portfolio
- Don't let emotions drive decisions
 - Revolves around fear or other emotions making your investment decisions, i.e. if a stock has recently gone up by 40%, immediately buying that share without any further research
- Chasing performance doesn't work,
 - Of the 664 "Top Fund Managers", only 2 stayed on top of the market after 4 years
 - In other words, 99% of fund managers failed to repeat past performance
 - For portfolio return factors, allocation is important, the best exposure will come from the composition of stocks, bonds, and alternatives.
 - Start Asking yourself: Do I own stocks? Do I own one one or a bunch?

Solution to Stock Concentrations

- From 1980-2014 about 40% of stocks experienced catastrophic declines (losing 70% of its value)
- Diversification intends to reduce risk, volatility, and preserve past "winnings"
- The stock market can be thought of as a game of supply and demand
 - If the market goes up on one day, more people were buying stocks than selling
 - If the market goes down on another day, more people were selling stocks than buying

Adjournment

Rebecca Sonn makes a motion to adjourn the meeting, agreed upon at 7:46 pm.

Adil Khan

Internal Vice President
Undergraduate Accounting Society

April 3, 2019

Date of Approval